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Chair Tarwater and Members of the Committee on Commerce, Labor and Economic Development,

I am submitting this written testimony in strong opposition to HB 2119, which seeks to eliminate the Kansas Affordable Housing Tax Credit, effective July 1, 2025. This measure would have severe and far-reaching consequences for the state's housing market, workforce stability, and economic growth.

Marian Development Group is a full-service real-estate development company having in-house capabilities for design, construction, project management, and asset management. We are dedicated to People, Neighborhoods, and Community, and work to ensure our projects enhance the quality of life for people while strengthening and revitalizing neighborhoods and sparking positive change for the communities we serve. Marian specializes in creating high-quality, affordable living environments, backed by a dedicated team with extensive experience in developing, financing, and constructing communities from the ground up.

Marian Development Group has been actively pursuing a growth strategy into the Midwest markets, with Kansas serving as the focal point of our operations. The Kansas Affordable Housing Tax Credit program is the cornerstone of this strategy. As the program currently stands, it affords us the opportunity to utilize our experience to develop hundreds, or potentially thousands, of units of high quality, affordable housing across Kansas over the next decade. As Kansas addresses its critical housing gap (Based on the 2024 report from Kansas Housing Advocacy Network the estimated statewide shortage exceeds 100,000 units, and as of 2024 80% of low-income Kansan renters earning 30K or less were burdened by housing costs), we are poised to provide tangible housing solutions in a difficult development market for years to come.

The cost of construction in Kansas has and will continue to increase due to factors like inflation, supply chain disruptions, and labor shortages. These rising costs (projections of which are shown in the table attached, which uses data from the Kansas Department of Administration) will lead to higher levels of debt for these projects, which will push rents beyond what many Kansans can afford. This is precisely why state tax credits are crucial; they attract equity investment into these projects, reducing the amount of debt needed and



making the development of affordable housing more achievable. Without these credits, developers will struggle to build, exacerbating the housing crisis and leaving many Kansans without viable living options.

Eliminating this vital tax credit program would significantly disrupt ongoing and planned affordable housing projects, jeopardizing the development of much-needed housing units across Kansas. Many of these projects are already in the pipeline, and their viability depends on the continuation of these incentives. The abrupt removal of this program would leave developers and investors in uncertain financial situations, leading to project cancellations, lost investments, and, potentially, bankruptcies.

Moreover, the construction industry, a critical sector of the state's economy, would suffer substantial job losses as a result of decreased housing development. The ripple effect would be felt by contractors, laborers, suppliers, and countless other small businesses that depend on these projects for their livelihood.

Beyond the immediate economic impact, the elimination of the Affordable Housing Tax Credit Act would drastically reduce the availability of affordable housing for Kansans. Many working families, including employees of major businesses operating in Kansas, rely on these housing opportunities to live within reasonable proximity to their places of employment. By limiting workforce housing, HB 2119 would create additional financial strain on families and employers alike, hindering economic development and business expansion, and ultimately costing Kansas future economic development opportunities.

The availability of affordable housing is essential for attracting and retaining a skilled workforce. Without access to adequate housing, many workers may be forced to relocate to other states, exacerbating labor shortages and reducing Kansas' competitiveness in the job market. Large companies and industries that rely on a stable workforce will face difficulties in recruitment and retention, further weakening the state's economic outlook.

For these reasons, I urge you to oppose HB 2119 and protect the Kansas Affordable Housing Tax Credit Act. Preserving this program is essential to ensuring the continued development of affordable housing, maintaining employment in the construction sector, and sustaining a strong and resilient economy for all Kansans.

Thank you for your time and consideration.

Sincerely,

Katherine Smith

President, Marian Development Group



## Cost Projections

	<b>Yearly Cost Projections from FY24</b>	<b>Monthly Cost Projections from FY2024</b>
FY25	6.00%	0.005000 / month (6% / 12 months).
FY26	10.00%	0.004167 / month (10% / 24 months)
FY27	13.00%	0.003611 / month (13% / 36 months)
FY28	18.00%	0.003750 / month (18% / 48 months)
FY29	22.00%	0.003667 / month (22% / 60 months)