



Matthew Gillam
Managing Partner
Overland Property Group
5345 W. 151st Terrace, Leawood, KS 66224 and 254 N. Santa Fe Ave, Suite A Salina, KS 67401
matt@overlandpg.com
913-396-6310
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Representative Sean Tarwater, Chair
House Committee on Commerce, Labor, and Economic Development
Kansas State Capitol
300 SW 10th Avenue
Topeka, KS 66612

Dear Representative Tarwater and Members of the Committee,

I am writing to express my strong opposition to House Bill 2119, which proposes the premature termination of the Kansas Affordable Housing Tax Credit (KAHTC) program after June 30, 2025. This legislation, as currently written, poses a severe threat to housing developments, economic stability, and the well-being of Kansas residents.

The KAHTC program has been instrumental in fostering affordable housing development across the state, ensuring that Kansans have access to quality, safe, and sustainable living conditions. The abrupt elimination of this program would jeopardize projects already under development and those in the construction phase, many of which have already received credit allocations and are relying on this financial support to reach completion. The arbitrary deadline of June 30, 2025, does not account for the realities of construction timelines, supply chain challenges, and other unforeseen delays that developers regularly encounter.

The consequences of HB 2119 will be far-reaching:

1. **Financial Instability for Developers and Investors** – Many developers have already made significant financial commitments based on KAHTC allocations. If the program is discontinued without a grandfathering provision, these projects will be left in financial limbo, leading to breaches of contractual obligations, insolvency risks, and potential bankruptcies.
2. **Economic Disruptions for Kansas Businesses** – The impact of this bill extends beyond developers. Lenders, investors, contractors, suppliers, and local businesses that support these housing projects will suffer substantial economic losses, resulting in job losses and financial instability for numerous Kansas-based companies.
3. **Harm to Existing Affordable Housing Communities** – Some of the affected developments involve rehabilitation projects aimed at preserving existing housing stock.

Salina Office:
254 N. Santa Fe Ave, Suite A
Salina, Kansas 67401
785.371.1663

Kansas City Office:
5341 W. 151st Terrace
Leawood, Kansas 66224
913.396.6310

Denver Office:
1732 Wazee Street, Suite 202
Denver, Colorado 80202
303.392.8850



Without the expected KAHTC funding, residents currently living in these communities may face displacement, exacerbating the housing crisis in Kansas.

4. **Hindering Future Housing Development** – The elimination of the KAHTC program will halt the pipeline of future affordable housing developments in Kansas, discouraging investors and developers from considering the state as a viable market. This would have long-term implications for economic growth, workforce retention, and the overall housing market.

Given these severe consequences, I urge the committee not to advance HB 2119 as written. Instead, I encourage legislators to work with housing stakeholders, like the Kansas Housing Association, to address concerns about program funding levels in a way that does not jeopardize existing and future affordable housing developments. Solving the housing crisis in Kansas isn't something we can do overnight, but we are finally for the first time starting to chip away at it. A radical change like HB 2119 will not only stop the momentum but actually undo all the progress being made and even put us into a worse position than when the current program was passed. The stakes could not be higher for our home state.

As a Kansas-based organization committed to providing quality housing solutions, we have seen firsthand the positive impact of the KAHTC program in improving lives, strengthening communities, and fostering economic growth. Eliminating this program without a thoughtful and phased approach will be catastrophic for our state.

I respectfully request that you oppose HB 2119 and instead consider amendments that provide a more balanced and sustainable solution. Thank you for your time and consideration of this critical issue.

Sincerely,

Matthew Gillam
Managing Partner
Overland Property Group