



Chair Tarwater and Members of the Committee,

I strongly oppose HB 2119, which seeks to eliminate the Kansas Affordable Housing Tax Credit effective July 1, 2025. Ending this program abruptly could disrupt housing projects, jeopardize investments, and harm workforce stability and economic growth. The loss of this credit would stall affordable housing developments, causing financial uncertainty for developers and investors, leading to project cancellations. The construction sector would suffer job losses, impacting contractors, laborers, suppliers, and small businesses.

Additionally, based on the latest data from the Kansas Department of Administration, the cost of construction in Kansas has and will continue to increase due to factors like inflation, supply chain disruptions, and labor shortages:

Cost Projections		
	Yearly Cost Projections from FY24	Monthly Cost Projections from FY2024
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)

Developers rely on either debt or equity to finance these housing projects. However, increasing debt levels would force rents to rise beyond affordability for low-income households. This is precisely why state tax credits are crucial; they attract equity investment into these projects, making it financially viable to develop and maintain affordable housing. Without these credits, developers will struggle to build, exacerbating the housing crisis and leaving many Kansans without viable living options.

Affordable housing, especially in rural areas, is crucial for workforce stability. HB 2119 would strain families and employers, making it harder to attract and retain skilled workers, weakening Kansas' job market and economic competitiveness.

I urge you to oppose HB 2119 to protect affordable housing, jobs, and economic growth in Kansas.

Thank you for your time.

Sincerely,

Tommy Lowmon

Director of Housing Policy at Sugar Creek Capital