
Date: February 6, 2025

To: Representative Adam Smith, Chair
House Committee on Taxation

From: Mari Castaldi, Director of State Housing Policy

Re: Written Testimony for House Bill 2074 (Neutral Position)

My name is Mari Castaldi and I'm the Director of State Housing Policy with the Center on Budget and Policy Priorities. The Center on Budget is a non-partisan policy and research institute based out of Washington D.C. In addition to working on federal policy, we partner with state-level affiliate organizations to advance equitable policy at the state level,

I am writing to offer testimony about HB 2074. While we do not have a formal position on the bill, we write to share how we think it could contribute to addressing Kansas's housing affordability crisis.

Put simply, many Kansans can't afford housing, especially in households in low-paying jobs or people who have low fixed incomes. 24% of homeowners with mortgages and 43% of renters in Kansas experience high housing cost burdens (meaning they pay over 30% of their income in housing costs).¹ Even though housing has become less affordable for everyone, the most severe housing needs are very heavily concentrated among the lowest-income Kansans. Among renters with low incomes – who would be the beneficiaries of tax relief under HB 2074 – 62% are cost-burdened.² Experiencing cost burdens can leave a household one emergency away from potential evictions or in the worst cases, even homelessness.

HB 2074 would restore access for eligible renters to the Homestead Property Tax Refund Act by providing up to \$700 in property tax relief to renters who make less than \$42,600, or the equivalent of roughly half of the Median Income in Kansas who also meet the other specified eligibility

¹ U.S. Census Bureau, "DP04: Selected Housing Characteristics." Based on 2023 1-year American Community Survey data.

² PD&R, HUD, "Consolidated Planning/Comprehensive Housing Affordability Strategy (CHAS) Data." Data current as of September 12, 2024. Based on 2017-2021 5-year American Community Survey data.

criteria.³ Given the high prevalence of housing cost burdens among the population, expanding this tax credit could provide meaningful financial relief to help make housing and other essential resources more affordable to these households.

HB 2074 would bring Kansas policy into closer parity to the 23 states that provide tax credits to help renters afford housing, including 11 in the Midwest. Indeed, Kansas was previously among them – the Homestead Refund included renters from when it was established in 1970 until 2013. Many of these renter credits deliver relief by extending targeted property tax relief to renters, like what is proposed in HB 2074. Renters contribute to the property taxes of their rental residence through rent, and as such should be included in any property tax relief measures considered.

While HB 2074 could provide meaningful economic relief to numerous Kansans, the proposal could go further. First, it could be designed more like a “circuit breaker” credit, designed to provide deeper relief to lower income renters who pay a higher proportion of their income in housing costs.⁴ For example, a household of two making 30% of the Median Income in Kansas who paid 30% of their income in rent can afford only \$573/month in rent. Average rents for a two bedroom are more like \$1060 per month, leaving a monthly gap of \$487. In total, that would be almost \$5,844 a year.⁵ For someone working at the minimum wage or someone with a disability who receives SSI, that gap would actually be even greater. Research shows that assistance fully covering the gap between 30 percent of income and the cost of housing sharply reduces homelessness and housing instability, so increasing the proposed credit to cover a larger portion of this gap could greatly increase its impact for the Kansans who struggle most to afford housing.

Second, it could be expanded to all people with low incomes, including groups like low wage workers or other low-income who are currently not included in the population-based eligibility criteria but who still face risk of eviction, homelessness, or other hardships resulting from high housing costs and stagnant incomes.

Third, the proposal could include requirements for outreach and public education about the expansion of the credit to renters, including with information about how to claim the credit. This would be especially helpful for people with extremely low incomes who may not have an income tax liability but who would still benefit from this credit.

³ PD&R, HUD, “FY 2024 State Income Limits,” <https://www.huduser.gov/portal/datasets/il/il24/State-Incomelimits-Report-FY24.pdf>.

⁴ For examples of different types of circuit breaker credits, see: Institute on Taxation and Economic Policy, “Preventing an Overload: How Property Tax Circuit Breakers Promote Housing Affordability,” May 2023. <https://itep.org/property-tax-affordability-circuit-breaker-credits/>

⁵ National Low Income Housing Coalition, “Out of Reach: The High Cost of Housing,” 2024, <https://nlihc.org/oor>.