



# THE PRIME COMPANY<sup>®</sup>

2021 Vanesta Place, Manhattan, Kansas, 66503

Good afternoon,

I appreciate the opportunity to share the perspective of a real estate developer on the proposed bill SB283. My name is Josh Adrian, and I work for The Prime Company, a development firm headquartered in Manhattan, KS. We operate an architecture firm, a general contracting business, and a property management company. Since our founding in 2005, we have grown to employ over 100 people and are proud to call Kansas our home.

The committee I have the pleasure of addressing today was appointed to focus on economic development across the state. That is why it surprises me that this committee is seriously considering ending the State Tax Credit Program for housing—especially when so many communities across Kansas are telling developers like us that housing shortages are preventing business expansion and causing young people to move away from home.

Garden City is a prime example. The city has made great strides in attracting new and substantial businesses to Finney County. In fact, Garden City has determined that it needs to build 4,000 housing units by 2030 to accommodate this growth. However, according to CoStar (a national firm that tracks apartment and commercial real estate data), Kansas has averaged the construction of only 2,700 apartment units per year over the past five years—and 89% of those units have been built in just three counties: Johnson, Wyandotte, and Sedgwick.

Cities like Garden City, Hutchinson, Hays, Dodge City, Leavenworth, Salina, Emporia, Junction City, Pittsburg, Liberal, Great Bend, McPherson, El Dorado, and Ottawa all face critical housing shortages. Their economies depend on retaining young people, supporting existing businesses, and attracting new employers. New, quality housing is a key factor in achieving these goals and spurring economic development.

If these communities desperately need housing, why hasn't it been built?

As a developer who has long wanted to build in Kansas, I can tell you why: The math simply doesn't work. If it did, developers would already be building in these communities. We actively seek out cities that want us to build, and we would gladly invest if projects were financially viable. But even during the historically low interest rate environment from 2010 to 2022, the numbers still didn't add up for many projects in Kansas. Now, with today's higher interest rates, the financial gap has only grown wider.

A developer must assess the economic feasibility of a project based on the financial returns for the business. A state, however, has the ability to evaluate the broader economic impact—including job creation, business retention, and community growth—and step in to bridge the financial gap to ensure the success of the project and the community.

That's why The Prime Company was thrilled when Kansas introduced the State Tax Credit Program. This year, we were selected for funding for the 3100 Michigan Project on the south side of Lawrence. This project will deliver 250 high-quality apartment homes in a modern four-story complex featuring interior hallways, elevators, community spaces, a gym, and a pool.

According to research conducted by Hoyt Advisory Services for the National Multi-Family Housing Council, the estimated economic impact of constructing this one project will be \$83,553,370, supporting 438 jobs in the community. If you look at all of the 4% projects that were selected for funding in 2024, New Construction and Rehabilitation the economic impact is calculated at \$538,474,747 supporting 2,833 jobs.

As the committee responsible for guiding the economic development of Kansas, I hope these numbers encourage you. The decision to implement a state tax credit program has unlocked enormous opportunities for economic growth. Housing development and economic growth go hand in hand. Instead of reducing or eliminating this program, I urge you to expand it—so that even more communities across our great state can benefit from the growth and prosperity that quality housing brings.

Thank you for your time.



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