



TESTIMONY ON SENATE BILL 283  
BEFORE THE SENATE COMMITTEE ON  
ASSESSMENT AND TAXATION

Kansas Housing Resources Corporation  
Ryan Vincent, Executive Director  
March 5, 2025

Disposition: Neutral  
WRITTEN Testimony

Chairwoman Tyson and members of the Committee, [Kansas Housing Resources Corporation \(KHRC\)](#) is a self-supporting, nonprofit, public corporation committed to helping Kansans access the safe, affordable housing they need and the dignity they deserve. KHRC serves as the state's housing finance agency, administering housing and community programs for Kansans. KHRC does not receive operational revenue from the state but sustains itself through fees for services and grant administration cost reimbursement.

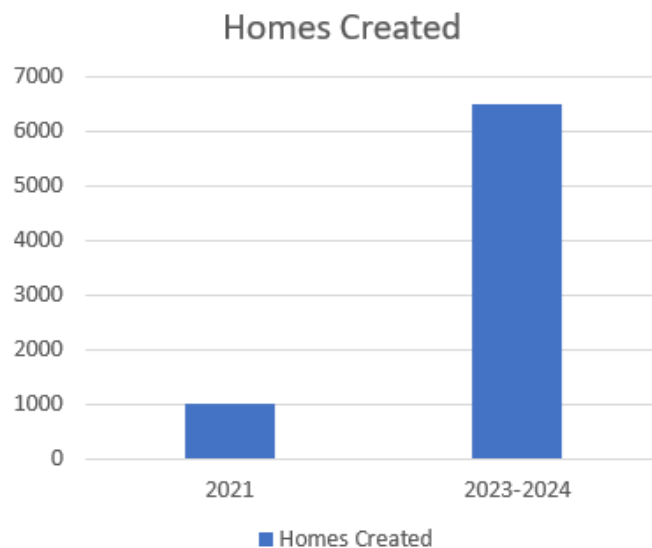
**Background: Kansas Affordable Housing Tax Credit (KAHTC).** In December 2021, KHRC partnered with the Office of Rural Prosperity to deliver a statewide [Housing Needs Assessment](#), which included a survey of the housing and housing-related needs of Kansas households. This study, the state's first in nearly 30 years, revealed an acute shortage of quality, affordable homes, estimating an annual need of 3,800-4,800 homes in rural areas alone. During the 2022 session, the Kansas Legislature responded with passage of the Kansas Affordable Housing Tax Credit Act (K.S.A. 79-32,304, *et seq.*), which established the KAHTC as a 1:1 required match to the federal Low Income Housing Tax Credit (LIHTC). These resources incentivize affordable housing development, creating more homes for Kansans.

KHRC administers both the state and federal tax credit programs, awarding credits through competitive application processes. The state's [Qualified Allocation Plan](#) (QAP) governs the application processes and outlines how credits are awarded each year. In accordance with federal law, the QAP is reviewed, presented through a public hearing, open to public comment, revised, and approved by the current governor on an annual basis. After tax credits are awarded pursuant to the QAP, development owners sell credits in exchange for investment in their housing developments. This helps owners reduce debt, allowing them to offer tenants below-market rental rates. Only after the housing project is completed and occupied will KHRC issue a tax credit allocation certificate under the KAHTC Act, along with the corresponding federal form 8609. At that time, investors who purchase the tax credits can use them to reduce their state income, privilege, or premium tax liabilities for a period of 10 years. In exchange, the state receives quality, affordable homes that would not otherwise be built. That housing will remain affordable for 30 years, meaning that Kansans earning 30 – 80% of an area's median income residing in these homes will pay below-market rental rates throughout that time because of the KAHTC. KHRC monitors the properties during the 30-year affordability period to ensure that program guidelines are met, that the housing serves Kansans in need, and that the properties are well maintained and kept in safe and sanitary condition.

The tax credit is not an outlay of state funds, but an investment in the form of foregone future tax revenue to incentivize housing development. This investment is offset by the anticipated economic benefits the state will receive as a result of expanded housing opportunities. These benefits include job creation, increased property and sales tax revenue, additional spending power, and heightened economic activity. While it is too early to have data on KAHTC's effects in Kansas, other states offering similar programs have found that state housing tax credits generate more state income through enhanced economic activity than is foregone through the credit. In short, the economic benefits of the KAHTC program can yield a higher return than the unrealized revenue itself. KHRC looks forward to sharing the economic benefits of the KAHTC program once it has been in operation long enough to assess economic impact.

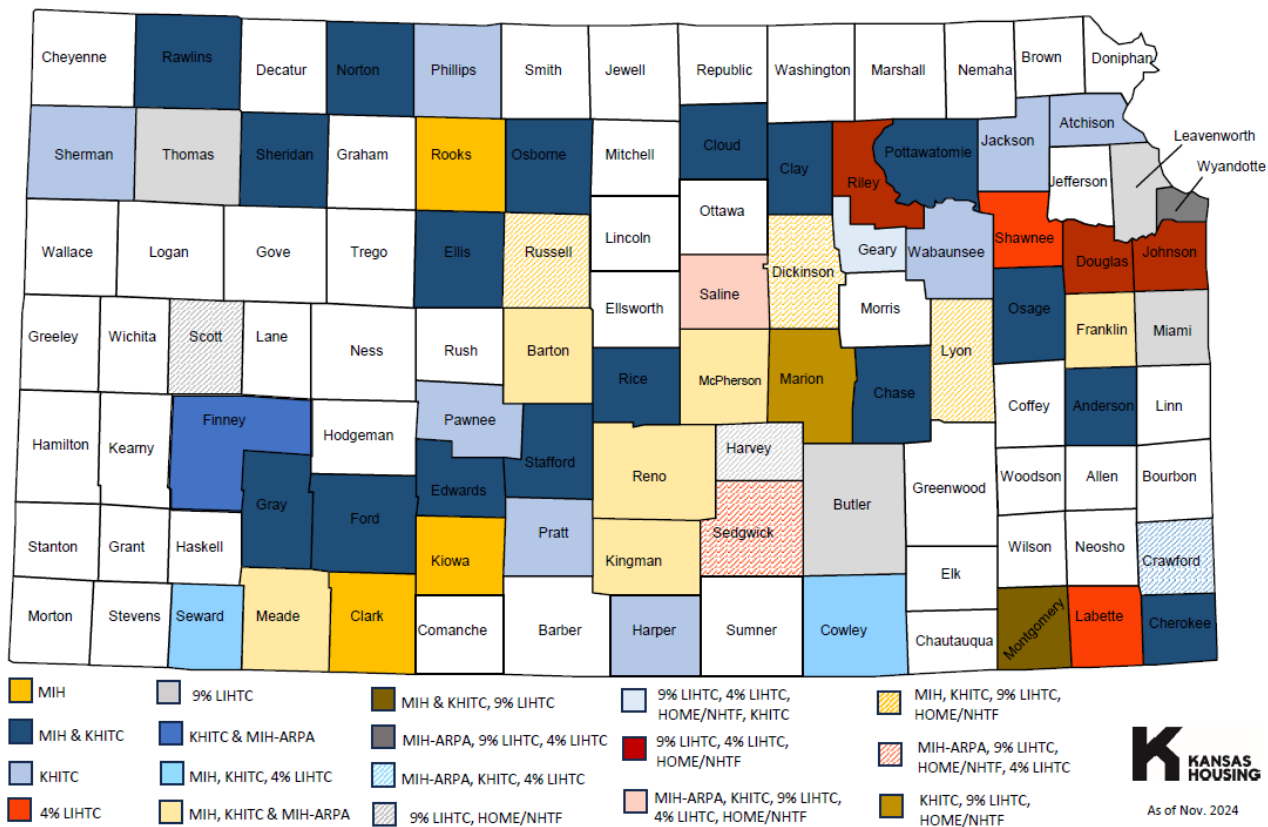
**KAHTC Progress to Date.** In the short time since the KAHTC was enacted, Kansas has enjoyed unprecedented investment in housing.

- *The state's rate of housing development has tripled.* In 2021, total state and federal housing investment resulted in a total of **1,028** new homes for Kansans. In contrast, **6,500** homes were funded in 2023 and 2024 through KHRC's state and federal housing programs, roughly tripling the annual rate of development. Of those 6,500 homes, **4,800** were made possible through the KAHTC Act.

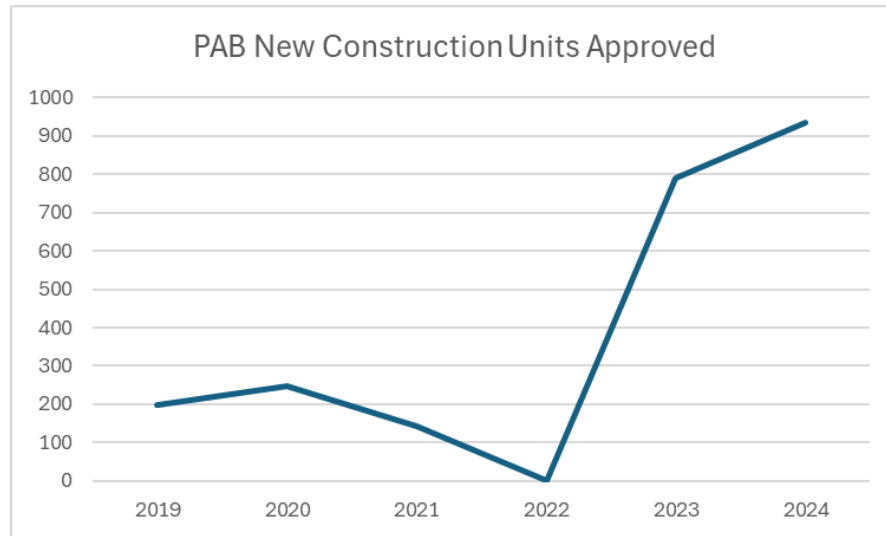


- *More counties and communities reached, particularly rural and underserved areas.* In 2021, those 1,028 homes were limited to just **22** counties. In the years since, we've reached **59** counties through our programs, including counties with projects utilizing KAHTC, some of which haven't seen substantial housing development in decades. KAHTC, in particular, allows developers to more appropriately meet the housing needs of different communities, from smaller projects in rural communities, to large-scale developments in areas with significant housing shortages. This includes communities like Colby, which broke ground on an 18-home complex of duplexes last May; Russell, which is adding 24 homes to its housing stock; Hillsboro, which is also receiving 24 new homes; and large complexes of 110 units in Manhattan and 224 in Lenexa. These deals would not have been possible without KAHTC investment.

## Housing Development Awards 2022 - Present



- *Leveraging underused federal resources.* For decades, Kansas has not fully used its federally allocated Private Activity Bond (PAB) authority. This left hundreds of millions of dollars in federal housing resources on the table each year. Since the establishment of the KAHTC, PAB usage has dramatically increased, from **\$5 million** before the credit was enacted in 2022, to more than **\$251 million** in 2024. The KAHTC provides the resources necessary to make these deals work and leverage previously untapped federal funds. Because PAB-financed deals work best for larger developments in metro areas, this frees up more funding for smaller developments in rural communities.



- *Leveraging private investment.* Housing development takes more than public resources; leveraging private investment is crucial to make deals work. Buy-in from developers, investors, lenders, and employers are essential components of any successful housing initiative. Thanks to KAHTC resources, the state has incentivized **\$1.26 billion** in housing development funds since the program was enacted.
- *A clean program with no findings.* In accordance with statutory requirements, the KAHTC program was audited twice in the last two years to evaluate the impact of the state's investments and ensure that the program is operating as intended. Both audits revealed a program operating as designed in accordance with program guidelines and industry standards, with no adverse findings.
- *Annual reports.* KHRC reports on its program activities in a comprehensive annual report, as well as individual reports on each state-funded program. Access our [2023](#) and [2024](#) KAHTC reports, as well as our archive of [comprehensive annual reports](#), online.

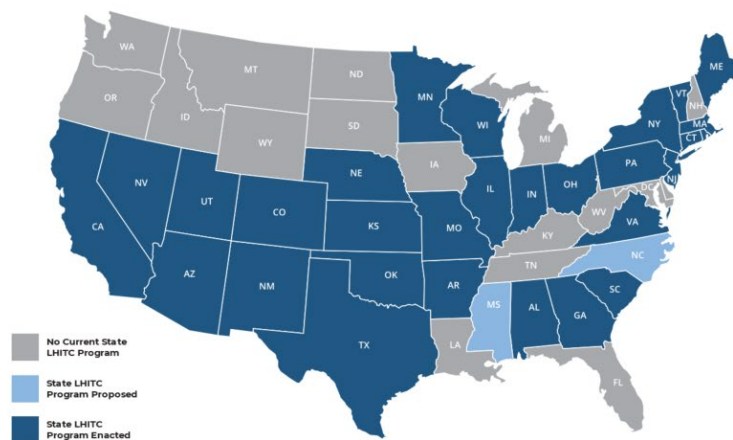
**Potential Impact of Proposed Legislation.** Senate Bill 283 would discontinue the KAHTC effective April 1, 2025. This action could have serious consequences for the state's current and future housing development efforts.

- *Cancellation of applications pending award.* KHRC received nearly 50 applications from developers and communities for 9% credit under the 2025 Qualified Allocation Plan (QAP). These stakeholders (developers, investors,

lenders, and communities) have already invested significant time and financial resources in preparing these applications under the assumption that KAHTC resources would be available. The changes proposed in SB 283 would be disruptive to our stakeholders and communities and undermine the progress the state has made addressing our housing shortage.

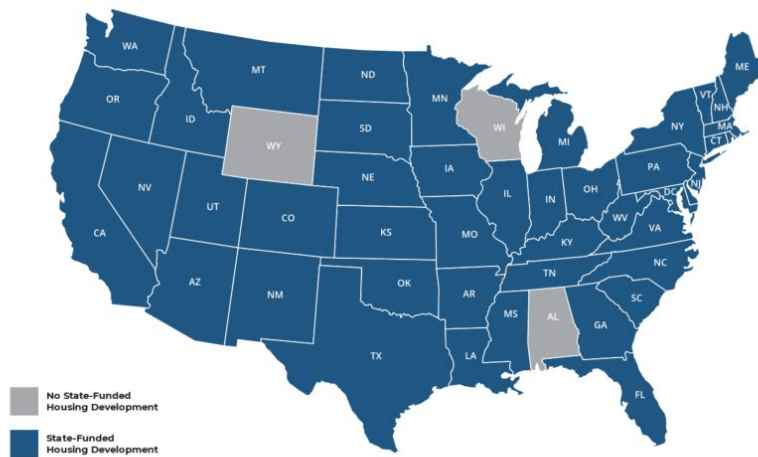
- *Chilling effect on Kansas' housing development landscape.* Eliminating the KAHTC would send a negative message to current and potential investors, signaling that housing development is a risky prospect in our state. Potential partners will avoid investing in an uncertain environment.
- *Divert investment resources to other states.* Kansas is in competition with other states that offer lucrative incentives to attract housing investment. Most states, including all of those surrounding Kansas, have a state housing tax credit and/or other state-financed incentives to support housing development. Eliminating the KAHTC would drive investors and developers to other states with more stable incentives.

## State Housing Development Incentives



\*State LIHTC Program Descriptions, Novogradac, <https://www.novoco.com/resource-centers/affordable-housing-tax-credits/state-lihtc-program-descriptions>

## State Housing Development Incentives



*\*National Council of State Housing Agencies 2024 State Factbook*

- *Interrupts forward momentum on progress addressing housing needs.* After years of disinvestment, our state is finally chipping away at its decades-long housing shortage. Abolishing the KAHTC would severely curtail progress and leave future needs unmet, compromising economic growth and development.

Should committee members determine that the state cannot sustain the long-term fiscal impact of the KAHTC as currently written, KHRC invites policymakers to explore compromise options that would allow our state to continue addressing statewide housing needs while minimizing fiscal impact. Further, as policymakers weigh those options, KHRC encourages leaders to ensure that any changes take into consideration the program structure and processes. As previously mentioned, the 2025 QAP has already been approved for the calendar year, with some applications already submitted and developers working on others that will be due later in the year. The 2026 draft plan will be released in summer 2025. KHRC will invite stakeholders at that time to attend the public hearing and submit comments for consideration as we develop the 2026 plan.

Long-term, sustained investments in housing will *Unlock Home* for generations to come, generating growth and prosperity for Kansans and their communities. I appreciate the opportunity to speak with you today and am happy to answer any questions you may have.