



## HB2119

Chairman Alley and members of the committee,

My name is Tommy Lowmon, and I serve as the Director of Housing Policy at Sugar Creek Capital. I am here to testify in opposition to HB2119.

While I agree that the program should be adjusted and scaled appropriately for Kansas, eliminating the state's investment in affordable housing would have significant negative consequences for both residents and the business community.

Over the past two year, Kansas has experienced population growth, with an increase of over 14,000 people in 2023 (+14,176) and more than 19,000 in 2024 (+19,106). Even if the population remained stable or declined, the state would still lose housing each year due to aging properties reaching the end of their useful life, as well as damage from windstorms, fires, and other disasters.

Furthermore, eliminating the state program would not simply return housing production to previous levels—it would drastically reduce it. According to the latest data from the Kansas Department of Administration, construction costs in Kansas have been rising and will continue to do so due to inflation, supply chain disruptions, interest rates, and other economic factors. So it will cost more to build the same number of developments in future years.

### **Cost Projections**

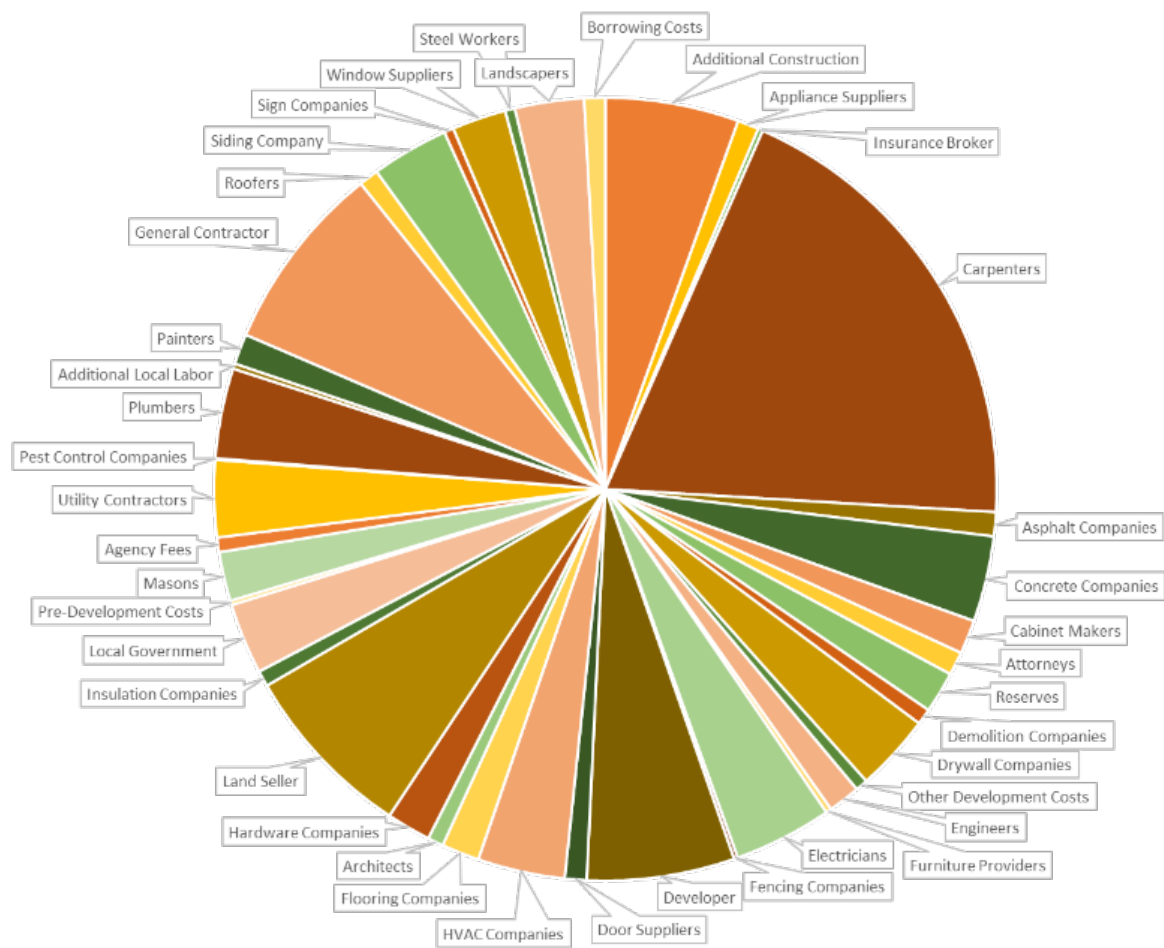
	<b>Yearly Cost Projections from FY24</b>	<b>Monthly Cost Projections from FY2024</b>
FY25	6.00%	0.005000 / month (6% / 12 months).
FY26	10.00%	0.004167 / month (10% / 24 months)
FY27	13.00%	0.003611 / month (13% / 36 months)
FY28	18.00%	0.003750 / month (18% / 48 months)
FY29	22.00%	0.003667 / month (22% / 60 months)

Before I came to work at Sugar Creek Capital, I spent the past 20 years in community and economic development. While at the Georgia Department of Community Affairs, I led their Affordable Housing Development efforts.



A study conducted in Georgia found that for every net \$1 of state income tax invested in LIHTC, an average of \$5.79 in economic activity was generated.

This is largely due to the surge in construction activity driven by these developments. Housing development acts as a powerful economic engine, attracting outside investment while creating jobs for numerous companies and workers within the state. The chart below illustrates the distribution of costs across approximately 41 different sectors involved in building a single development.



It's important to recognize that housing is essential for the workforce—it's where jobs "go to sleep" at night. According to the latest data from the Bureau of Labor Statistics and the Department of Labor, the top five employment sectors in Kansas have an annual median salary of less than \$45,000. This means approximately 325,000 Kansans earn less than



\$21.27 per hour, highlighting the critical need for affordable housing.

Row Labels	Total Number Emp	Hourly Median	Annual Median Salary	Sum of Monthly Household expense
<b>Kansas</b>				
Office and Administrative Support Occupations	171,540	\$18.88	\$39,270	\$982
Transportation and Material Moving Occupations	133,000	\$19.79	\$41,150	\$1,029
Sales and Related Occupations	122,490	\$16.82	\$34,980	\$875
Food Preparation and Serving Related Occupations	118,580	\$13.57	\$28,230	\$706
Production Occupations	113,810	\$21.27	\$44,240	\$1,106

The loss of this credit would slow affordable housing development, creating financial uncertainty for developers and investors and potentially leading to project cancellations. This, in turn, would negatively impact the construction industry, resulting in job losses for contractors, laborers, suppliers, and small businesses.

To ensure stability, any changes should align with the 2026 Qualified Allocation Plan moving forward. Abruptly ending this program could disrupt housing projects, put investments at risk, and weaken workforce stability and economic growth.

Please feel free to contact me if you have any questions.

**Tommy Lowmon**

Director of Housing Policy

[tlowmon@sugarcreekcapital.com](mailto:tlowmon@sugarcreekcapital.com)

M 912.614.8419



17 W Lockwood Ave  
St. Louis, MO 63119