



## **House Bill No. 2119**

### **Opponent Testimony to the Senate Committee on Commerce March 6, 2025**

Chairman Alley and Members of the Senate Committee on Commerce:

The Kansas Housing Association (KHA) appreciates the opportunity to submit our comments on House Bill No. 2119.

KHA represents over 67 organizations, including leading companies, industry experts, and advocates dedicated to affordable housing across Kansas. Together, we work to strengthen the state's economy by promoting the availability of safe, quality, and affordable housing. We believe that affordable housing is foundational to building healthy, thriving communities.

We oppose HB 2119. As currently drafted, the bill proposes to eliminate the Kansas Affordable Housing Tax Credit (KAHTC) program at the conclusion of the current Qualified Allocation Plan (QAP) process. However, we are pleased that the amended legislation allows projects approved or awarded under the 2025 QAP or prior QAPs, the opportunity to fulfill the housing needs of the communities they are intended to serve.

The KAHTC program has proven instrumental in housing development. In 2022, before the state credit was implemented, 462 homes were built. In contrast, 4,734 units have been approved for development in 2023 and 2024, with a total development budget of almost \$1.1 billion. Many more units are expected for 2025.

Economic development and housing are deeply interconnected. The first question companies ask is where will my employees come from, and where will they live? Housing plays a critical role in economic development by providing a foundation for a stable workforce, driving community growth, and stimulating various sectors of the economy. Quality, affordable housing allows people to live closer to their jobs, improving productivity and reducing commuting costs. Moreover, housing construction generates jobs in industries like construction, real estate, manufacturing, and retail.

When housing markets are strong and accessible, they attract investment, leading to greater economic stability and growth. Conversely, a lack of affordable housing can stifle economic mobility and exacerbate inequality, underscoring the importance of housing in fostering sustainable development.

A complete repeal of the KAHTC program would not only halt the momentum of housing production, but it would also harm Kansas' development teams, architects, engineers, contractors, and suppliers involved in local projects, negatively impacting both economic growth and housing opportunities in the state. Eliminating the program would drastically reduce the production of affordable housing, potentially bringing development levels below 2022 standards.

KHA understands that the success of the program has raised concerns about its fiscal impact. We propose that a limit be placed on the Kansas credit, acknowledging that this would result in fewer units being built. However, this approach is a better alternative than the outright repeal of the program. KHA also recommends granting the Kansas Housing Resources Corporation (KHRC) the authority to determine the optimal annual distribution of federal and state tax credits and to regularly adjust this distribution in the Qualified Allocation Plan (QAP). This flexibility would enable Kansas to leverage other funding sources more effectively.

Beyond the immediate effects on individual projects, the elimination of the KAHTC program would introduce significant uncertainty into Kansas' housing and economic development landscape. The state would lose valuable energy in addressing its housing shortage, and future investors and developers may lose confidence in the stability and reliability of Kansas' housing programs.

For these reasons, we strongly oppose the elimination of the KAHTC program and urge you to not advance House Bill No. 2119.

Thank you for your consideration.

Tony Krsnich  
Kansas Housing Association, Inc.