

March 6, 2025

Senator Larry Alley  
Chairman, Senate Commerce Committee  
Kansas State Capitol  
300 SW 10<sup>th</sup> Street, Room 159-S  
Topeka, Kansas 66612

**Opponent Testimony to the Senate Commerce Committee re: House Bill 2119**

Chair Alley and Members of the Committee,

Thank you for the opportunity to submit written opponent testimony for House Bill 2119.

The state of Kansas, particularly Johnson County, is experiencing a period of economic growth thanks to historic commercial investment in our state. Just last year, Johnson County experienced \$1 billion in new commercial construction. This historic economic investment is good for everyone. The more we can grow our tax base, through both commercial and residential development, the more we can spread out the property taxes necessary to fund our quality services.

To lower residential property taxes, we need to build more housing because appraised values are driven by sales prices. Last year, the average sales price for a home in Johnson County was \$557,000. This isn't an accessible price point for new college graduates, young families, retirees or first responders. If we want to lower the price of housing, we need to increase supply by building more units.

The Kansas Affordable Housing Tax Credit (KAHTC) is one tool to increasing housing supply. It provides a match to the federal low-income housing tax credit (LIHTC) and has rigorous requirements and enforcement mechanisms, ensuring housing is available for seniors and lower-income residents for at least thirty years. In the last two years, 4800 units have been built. A Kansas developer who specializes in building affordable housing testified that he would have built 87% less housing in the last two years without the tax credit. In Johnson County, developers utilized the KAHTC to rehabilitate 341 affordable units in De Soto, providing much needed housing for workers in a rapidly developing area in our state.

While I'm sensitive to the need for prudent financial management of taxpayer dollars, investing in tools that unlock housing supply is investment in economic development. The compromise offered in Committee to cut the credit in half would significantly lower the fiscal impact on the state while still incentivizing substantially more housing than before the AHTC became effective in 2023.

If we want to continue to attract private investment in our state, we need places for workers to live.

Sincerely,

Mike Kelly, Chairman  
Johnson County Board of County Commissioners  
Johnson County, Kansas