



TESTIMONY ON HOUSE BILL 2119
BEFORE THE SENATE COMMITTEE ON COMMERCE

Kansas Housing Resources Corporation
Erin Beckerman, General Counsel
March 6, 2025

Disposition: Neutral
ORAL in-person Testimony

Chairman Alley 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.

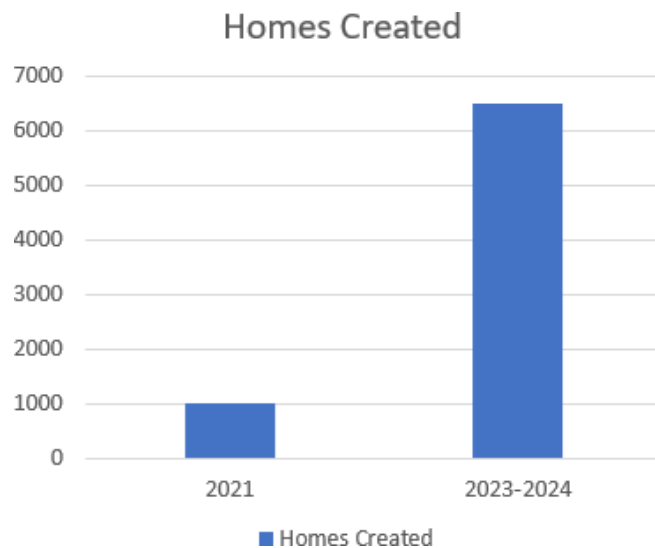
KHRC administers both the state and federal tax credit programs, awarding credits through competitive application processes. The state's [Qualified Allocation Plan](#) (QAP) governs the application processes and how credits are awarded each year. In accordance with federal law, the QAP is reviewed, presented 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 throughout 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 KHATC program once it has been in operation long enough to assess economic impact.

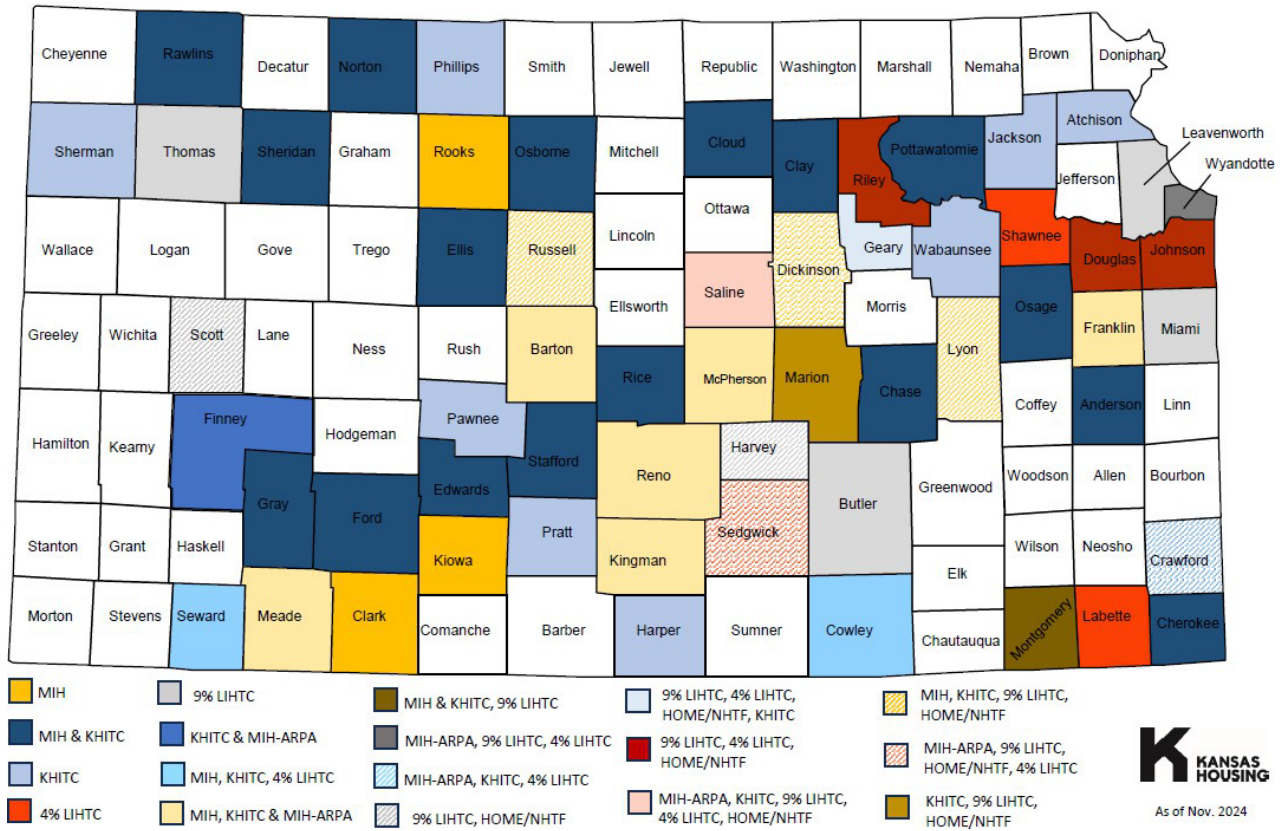
KAHTC Progress to Date. In the short time since the KAHTC was enacted, Kansas has enjoyed unprecedented investment in housing.

- *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.

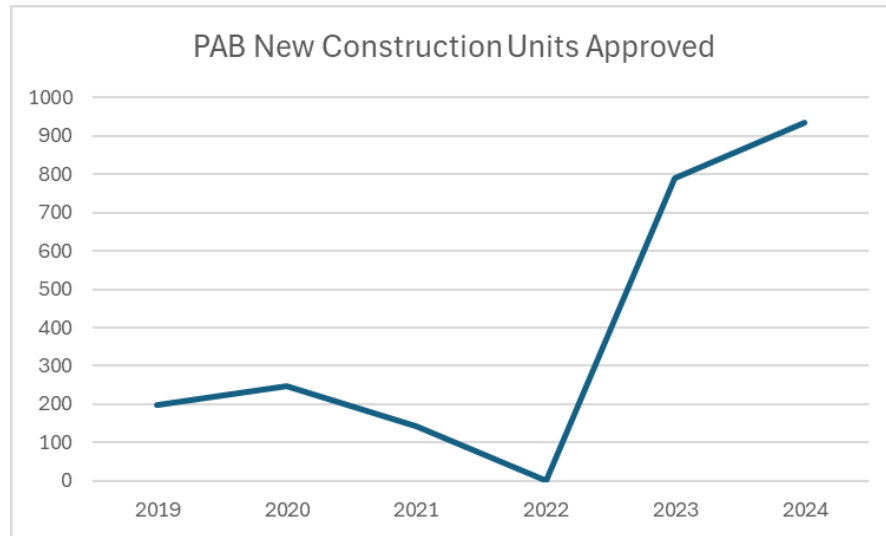


- *More counties and communities reached, particularly rural and underserved areas.* In 2021, those 1,028 homes were limited to just 22 counties. In the years since, we've reached 59 counties through our programs, including counties with projects utilizing KAHTC, some of which haven't seen substantial 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 with significant unit 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. House Bill 2119, as amended, would discontinue the KAHTC as of July 1, 2025, except for those KAHTC awards made pursuant to the 2023, 2024, and 2025 Qualified Allocation Plans. This action could have serious consequences for the state's future housing development efforts.

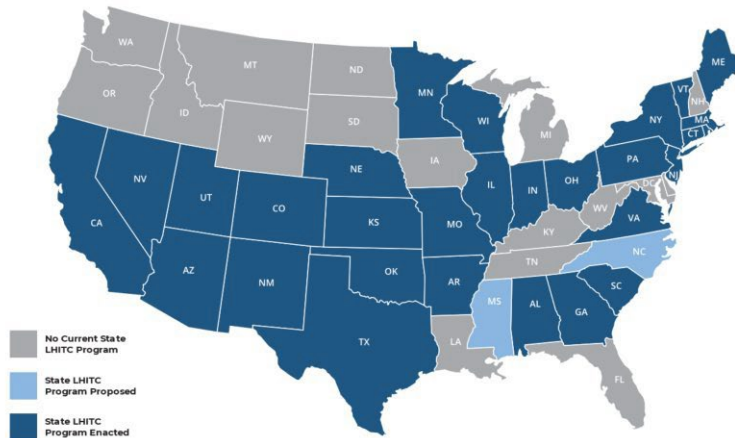
- *Chilling effect on Kansas' housing development landscape.* Eliminating the KAHTC entirely moving forward would send a negative message to current and potential investors, signaling that housing development is a risky prospect in our state. Potential partners will avoid investing in an uncertain environment.
- *Implications for federal LIHTC allocations.* The following language in the current version of HB 2119 refers to the 4% and 9% "low income housing tax credit", instead of referencing the KAHTC:

"The KHRC shall not accept any applications for the 4% low income housing tax credit after August 15, 2025, and shall not approve any applications for the 4% low income housing tax credit after November 14, 2025. The KHRC shall not accept any applications for the 9% low income housing tax credit after May 23, 2025, and shall not approve any such applications after August 8, 2025."

The term "low income housing tax credit" is broader, and in common usage could be considered to include both federal and state low income housing tax credits. Consequently, the language above could arguably preclude awards of the federal LIHTC, as well as the KAHTC. While it is KHRC's understanding that the intent of HB 2119 was only to address the KAHTC, as currently drafted the language could also potentially jeopardize the future use and allocation of the federal LIHTC. To avoid any ambiguity or confusion regarding the allocation of the federal LIHTC, KHRC would recommend that this language be revised.

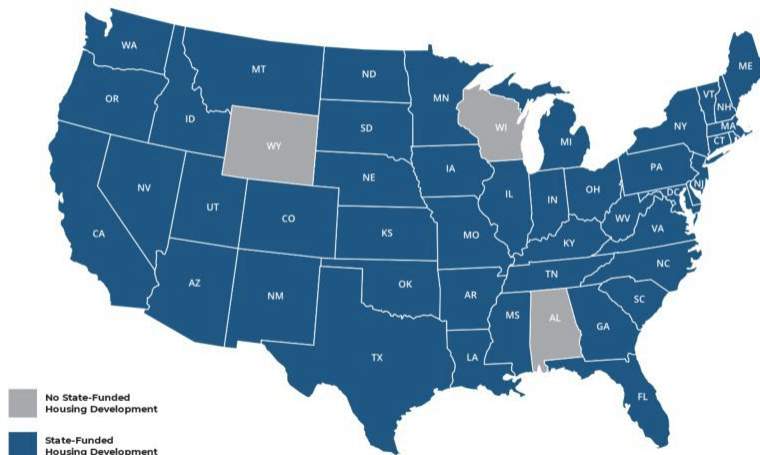
- *Divert investment resources to other states.* Kansas is in competition with other states that offer lucrative incentives to attract housing investment. Most states, including all of those surrounding Kansas, have a state housing tax credit and/or other state-financed incentives to support housing 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, and that those changes do not impact the allocation of federal LIHTC moving forward.

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.



YEAR OF AWARD	CITY	COUNTY	DEVELOPMENT	BUILDING TYPE	CONSTRUCTION TYPE	OCCUPANTS	#HTC UNITS	# MARKET UNITS	TOTAL UNITS	OTHER FUNDING	ANNUAL FEDERAL LIHTC	ANNUAL STATE AFFORDABLE HOUSING TAX CREDIT	DEVELOPMENT APPLICANT	APPLICANT STATE REGIONAL** NATIONAL
2022/2023	Kansas City	Wyandotte	Cross-Lines Retirement Center Phase I	Multi-Story Elevator	A&R	55+	88	0	88	HUD	\$ 1,285,000		Cross-Lines Developer, LLC	State
			Additional Credit Award								\$ 265,000	\$ 265,000		
2023	Abilene	Dickinson	Abilene Court	Duplex	New	55+	32	0	32	HOME	\$ 695,000	\$ 695,000	Mennonite Housing Rehabilitation Services, Inc.	State
2023	Derby	Sedgwick	Brookridge Plaza	Multi-Story Elevator	A&R	55+	46	0	46	HUD	\$ 402,700	\$ 402,700	Dalmark Development Group, LLC	State
2023	Augusta	Butler	Country Club Tower*	Multi-Story Elevator	A&R	55+	48	0	48	HUD	\$ 463,000	\$ 463,000	IRC Manager, LLC	State
2023	Lansing	Leavenworth	Covington Woods II	Garden Apartments	New	Family	50	0	50		\$ 795,000	\$ 795,000	Zimmerman Properties, LLC	Regional
2023	Scott City	Scott	Eastridge Villas II	Duplex	New	55+	16	0	16	HOME	\$ 296,000	\$ 296,000	Housing Opportunities, Inc.	State
2023	Junction City	Geary	Green Park Apartments	Garden Apartments	A&R	Family	100	0	100	NHTF/HUD	\$ 874,000	\$ 874,000	Green Park 2023, LLC	National
2023	Junction City	Geary	Jackson Landing	Multi-Story Walk Up	New	Family	29	7	36		\$ 837,000	\$ 837,000	RR Jennings Developer, LLC	Regional
2023	Kansas City	Wyandotte	Mission 43	Multi-Story Walk Up	New	Family	20	4	24		\$ 530,000	\$ 530,000	Community Housing of Wyandotte County, Inc.	State
2023	Lawrence	Douglas	New Hampshire Lofts*	Multi-Story Elevator	New	55+	49	0	49	NHTF	\$ 1,025,000	\$ 1,025,000	Flint Hills Holding Group, Inc.	State
2023	Olathe	Johnson	Olathe Senior Villas*	Multi-Story Elevator	New	55+	48	0	48	NHTF	\$ 880,000	\$ 880,000	AMD Partners LLC	Regional
2023	Spring Hill	Miami	The Reserves at Sweetwater Flats	Multi-Story Walk Up	New	Family	39	9	48		\$ 837,000	\$ 837,000	Overland Property Group	State
2023	Colby	Thomas	Willow Estates*	Duplex	New	Family	18	0	18		\$ 448,656	\$ 448,656	Midwest Housing Initiatives	Regional
2023	Lenexa	Johnson	Canyon Creek East	Garden Apartments	NC	Family	224	0	224	PAB	\$ 3,120,000	\$ 3,120,000	MRE Capital, LLC	State
2023	Kansas City	Wyandotte	City Hall Place	Multi-Story Elevator	A&R/NC	Family	104	0	104	PAB	\$ 1,392,106	\$ 1,392,106	Eagle Pointe Development	National
2023	Salina	Saline	Oakdale Senior Village	Multi-Story Elevator	A&R	55+	137	0	137	HUD, PAB	\$ 1,081,015	\$ 1,081,015	Overland Property Group, LLC	State
2023	Kansas City	Wyandotte	Residences at Victory Hills	Multi-Story Walk Up	NC	Family	152	0	152	PAB	\$ 1,912,606	\$ 1,912,606	TWG Victory Hills GP, LLC	National
2023	Winfield	Cowley	Canterbury Village	Garden Apartments	A&R	Family	100	0	100	HUD, PAB	\$ 403,022	\$ 403,022	Overland Property Group, LLC	State
2023	Olathe	Johnson	Clarion Park Apartments	Rowhouse/Townhome	A&R	Family	220	0	220	PAB	\$ 1,991,508	\$ 1,991,508	Clarion Park Housing I, LLC	National
2023	Wichita	Sedgwick	Market Centre Apartments	Multi-Story Elevator	Historic	Family	114	0	114	PAB	\$ 1,795,000	\$ 1,795,000	Wichita OPCO	National
2023	Parsons	Labette	Mendota Creek	Multi-Story Walk Up	A&R	Family	100	0	100	HUD, PAB	\$ 552,867	\$ 552,867	3 Diamond Development, LLC	National
2023	Wichita	Sedgwick	Shadybrook Estates	Multi-Story Elevator	A&R	55+	78	0	78	HUD, PAB	\$ 594,324	\$ 594,324	Steele Properties, LLC	Regional
2023	Kansas City	Wyandotte	Terrace Pointe	Garden Apartments	A&R	Family	123	0	123	HUD, PAB	\$ 1,305,993	\$ 1,305,993	Tier One Development	Regional
2023	Wichita	Sedgwick	Union at Purple Heart Trail	Multi-Story Elevator	NC	Family	240	0	240	PAB	\$ 2,320,044	\$ 2,320,044	The Annex Group	National
2024	Bonner Springs	Wyandotte	Bonner Springs Senior Villas	Multi-Story Elevator	NC	55+	48	0	48	NHTF	\$ 830,000	\$ 830,000	AMD Partners LLC	Regional
2024	Manhattan	Riley	Cypress Ridge	Duplex	NC	55+	30	0	30	HOME	\$ 745,000	\$ 745,000	Manhattan Area Housing Partnership, Inc.	State
2024	Russell	Russell	Flintwood	Duplex	NC	55+	24	0	24	HOME	\$ 441,729	\$ 441,729	Housing Opportunities, Inc.	State
2024	Newton	Harvey	HOPE Estates	Garden Apartments and Quadplex/Duplex	NC	Family	38	0	38	HOME	\$ 810,000	\$ 810,000	EmberHope, Inc.	State
2024	Hillsboro	Marion	Orchard Ridge	Duplex	NC	Family	24	0	24	HOME/NHTF	\$ 543,000	\$ 543,000	Mennonite Housing Rehabilitation Services, Inc.	State
2024	Eudora	Douglas	Paschal's Landing	Multi-Story Walk Up	NC	Family	30	6	36		\$ 830,000	\$ 830,000	Timothy Schulte	Regional
2024	Lawrence	Douglas	Peaks of Lawrence	Multi-Story Elevator	NC	55+	34	8	42		\$ 812,500	\$ 812,500	Resource Housing Group, Inc.	National
2024	El Dorado	Butler	Quail Ridge Apartments	Garden Apartments	A&R	Family	60	0	60	HUD	\$ 840,000	\$ 840,000	JCM Ventures, LLC	State
2024	Salina	Saline	RL Lofts	Multi-Story Elevator	A&R	Family	49	12	61	NHTF	\$ 780,000	\$ 780,000	Flint Hills Holdings Group, LLC	State
2024	Coffeyville	Montgomery	Silo Crossing	Multi-Story Elevator and Garden Apartments	A&R	55+	64	0	64	USDA	\$ 550,000	\$ 550,000	Silo Crossing Senior, LLC	National
2024	Manhattan	Riley	Sunflower Flats	Multi-Story Elevator	NC	55+	62	0	62		\$ 845,000	\$ 845,000	Sunflower Flats BP, LLC	State
2024	Andover	Butler	The Residence at Heritage West	Multi-Story Elevator	NC	55+	42	18	60		\$ 850,000	\$ 850,000	Overland Property Group, LLC	State
2024	Wichita	Sedgwick	The Timbers Preservation Project II	Rowhouse	NC	Family	40	0	40	HOME	\$ 700,000	\$ 700,000	Cerebral Palsy Research Foundation of Kansas	State
2024	Emporia	Lyon	Whittier Place III	Garden Apartments	NC	Family	24	0	24		\$ 422,000	\$ 422,000	Merak Development, LLC	Regional
2024	Kansas City	Wyandotte	Chalet Manor Apartments	Rowhouse/Townhome	A&R	Family	64	0	64	HUD, PAB	\$ 699,140	\$ 699,140	Chalet Manor, L.P.	Regional
2024	Bonner Springs	Wyandotte	Cornerstone Apartments	Multi-Story Walk Up	NC	Family	204	0	204	PAB	\$ 1,641,342	\$ 1,641,342	Cornerstone Housing Group, LLC	National
2024	Kansas City	Wyandotte	Gateway Plaza	Rowhouse/Townhome	A&R	Family	147	0	147	HUD, PAB	\$ 1,585,610	\$ 1,585,610	Gateway Plaza 2023, L.L.C.	National
2024	Kansas City	Wyandotte	Northeast Junior High Place	Multi-Story Elevator	A&R	Family	40	0	40	HUD, PAB	\$ 616,691	\$ 616,691	Tier One Development	Regional
2024	Pittsburg	Crawford	Sycamore Village	Garden Apartments	A&R	Family	128	0	128	HUD, PAB	\$ 1,056,368	\$ 1,056,368	CPP East, LLC	National

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