



KANSAS HOUSING ASSOCIATION, INC.

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Testimony of David Rhodes Before the House Taxation Committee In Support to House Bill No. 2714 March 8, 2016

Chairman Kleeb and Members of the Committee:

I am David Rhodes and I serve on the Board of Directors for the Kansas Housing Association (KHA) and would like to thank you for the opportunity to provide written testimony today on behalf of the Kansas Housing Association. I reside in Olathe and own Wheatland Investments Group which focuses on real estate development, property management, and affordable housing for seniors and families. KHA is an association of for-profit and non-profit developers, businesses, financial institutions, public housing associations, chambers of commerce, economic development organizations, service providers, individuals and other organizations to belong and work to strengthen the state's economic vitality by making safe, decent, affordable housing available throughout Kansas. We appreciate the opportunity to submit remarks in support of House Bill No. 2714.

KHA acknowledges the valuation of low-income housing tax credit developments (LIHTC or IRS Section 42 properties) for property taxation purposes can be complex due to federal and state laws and regulations regarding limitation on allowable rents and long-term deed restrictions placed on the property. Yet uniformity and predictability in taxation are part of the project evaluation process and are important factors for the development of affordable housing so not to discourage future development to meet the needs of Kansas residents.

In our Association's support of House Bill No. 2714, we seek a consistent approach to tax policy that takes into consideration value of the income generated by the property and the impact of the rental restrictions to the marketability of the property when assessing the value for ad valorem taxation. House Bill No. 2714 ensures a county appraiser considers rental restrictions when establishing a valuation for an affordable housing and provides a remedy for the taxpayer when prescribed guidelines and methodologies adopted by the Property Valuation Division of the Department of Revenue to determine a valuation are not utilized. This is not an exemption to paying property taxes, but a more accurate reflection of the value based on the use and income of the property.

Thank you for your consideration and the opportunity to present written testimony to the Committee. I urge you to support House Bill No. 2714.

David Rhodes