

MINUTES OF THE House COMMITTEE ON Federal and State Affairs

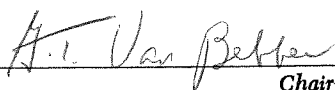
Held in Room 510-S, at the Statehouse at 1:30 ~~a.~~<sup>xx</sup> m./p. m., on April 2, 191975

All members were present except: Mr. Gastl and Mr. Hayes, who were excused.

as announced.

The next meeting of the Committee will be held at xx a. m./p. m., on \_\_\_\_\_, 19\_\_\_\_.

These minutes of the meeting held on \_\_\_\_\_, 19\_\_\_\_ were considered, corrected and approved.

  
\_\_\_\_\_  
Chairman

The conferees appearing before the Committee were: Mr. Arden Ensley

The meeting was called to order by the Vice-Chairman who introduced Mr. Arden Ensley of the Revisor's office to discuss amendments to HB 2612. Mr. Ensley distributed "balloon" amendments and explained that the bill came originally from the Governor's office and incorporates some of Rep. Loux's bill from last year.

Mr. J. Slattery inquired about the reason for the delay, and the Vice-Chairman explained that there was considerable work to be done on the bill and a sub-committee had worked many hours with Mr. Ensley and other consultants in an effort to see that the bill met the original intent.

Mr. Ensley explained that the bill had been drafted rather hurriedly because the time for introduction was getting short, and they had accepted recommendations and incorporated features of the laws in other states; that the sub-committee felt there should be limits in the financing devices, and all references to direct loans and private individuals or individual housing developers were removed, except in developmental costs. The committee felt that "eligible families" should be replaced by "low and moderate income families" because the intent is to provide a means of financing for these people. It was also the feeling of the sub-committee that there should be a larger authority membership to fulfill the purposes and intent of the bill. The amendment has left some requirements concerning the expertise of the membership. The amendments on page 7 makes the division head director of the Department of Housing which will be under the authority of the Secretary of the KCED. The sub-committee did not want them to be exempt from the public bid requirements nor other requirements under which other agencies operate.

Under the bill and proposed amendments, the authority will be authorized to hire appropriate experts, not limited to just financing. Under the original bill there was a broad provision concerning borrowing money and the sub-committee wanted to qualify this, which was done in the amendments.

Mr. Ensley explained that where eligible families are defined on page 4, the authority will decide who they are; that a rigid figure could have been set down but with the constantly changing economy it was felt that the authority should be able to have this flexibility.

Mr. Buzzi explained that the different federal programs sometimes have different rules and regulations in this regard also, and that is another reason for leaving this with the authority.

With regard to procedure in financing residential housing, Mr. Ensley explained, before any mortgages can be purchased, it must be shown there is a need. The developer would have to meet the same guidelines as the federal law requires, and making sure they are renting to eligible families. It was felt that the authority should not be able to do this without going to the Finance Council.

Under this bill, no bonds could be issued prior to February 1, 1976, which will give the Legislature time to get back in session and review the Rules and Regulations.

The pledging of the revenues from the projects are the basic methods of paying the bonds. They can also pledge assets of the authority if they have acquired properties. Section 10 requires reserve funds to make sure they will remain solvent. On page 21 (c) there is a provision that the funds cannot go below certain levels, but the legislature could appropriate money to make up any differences that might be required, in which case notice would have to be given to the Governor and the Coordinating Council.

Mr. R. Miller inquired why one place refers to Coordinating Council and another the Finance Council, and Mr. Buzzi explained that the Coordinating Council can make recommendations for bills or appropriations. The Chairman further explained that they perform different functions; that the Finance Council has more authority and that these are different kinds of requests; that one involves a request to the legislature and the other involves expenditures.

Section 12 sets out the method of recouping losses and Section 13 says the state cannot have the authority to change the rules on any of the bond holders and note holders. Section 14 says these are in fact revenue bonds and in no way become a charge on the state and are not payable by taxes--they are not obligated.

Mr. Feleciano inquired what the bond people had to say about this and the Chairman stated this is a "moral obligation" section.

Mr. Ensley explained that Section 18 is a policy matter and exempts taxes and assessments. Section 19 gives the Act the greatest possible construction to make it go. The sub-committee did not feel these bonds should be totally exempt, and in discussing it with the consultants they said the bonds should be subject to this Act.

Mr. R. Miller inquired if when a project is completed, it would pay property taxes and Mr. Ensley explained that during the time it is financed he didn't think this would purport to take the property off the tax rolls. Mr. Miller inquired why line 29 was stricken and Mr. Buzzi explained that the state won't be making direct loans to the developer; that they will go to the lending institution and will need to meet the requirements of federal laws as well as requirements of the lending institution. Mr. Miller suggested that there is no reason for this, and the Chairman stated the other avenue is for the authority to insure these loans.



Mr. Anderson inquired if this bill meets the requirements of HUD insofar as rehabilitation is concerned and Mr. Ensley stated he didn't know but that he believed some of the sub-committee may have been in contact with these people.

Mr. Feleciano stated he served on a Housing Panel last summer and it seemed there was a great need for rehabilitation programs which could solve some of the housing problems. He stated that one of the consultants had indicated that there was no way to have rehabilitation in this bill.

Mr. Buzzi stated that they have the authority in Section 2 (e). Mr. Ernie Mosher of the League of Kansas Municipalities stated that if a private individual went to a private institution for a rehabilitation loan the institution could make the loan if it wanted to; but that in most cases it is not feasible. The Chairman stated that if the legislature desires to appropriate money to the authority for rehabilitation this would provide the vehicle. Mr. Feleciano stated this is like the matter of pollution--it will take millions of dollars. Mr. Anderson inquired if this bill is geared to multi-type dwellings rather than single units and Mr. Ensley stated he couldn't see where it is necessarily keyed that way. Mr. Buzzi stated the option is there and Mr. Ward, a member of the sub-committee agreed.

Mr. Miller stated he is still not satisfied on the financial institution matter and inquired how many states have these authorities, and Mr. Mills stated there were 22. Mr. R. Miller stated that he thought it could be rewritten around the financial aspect, and Mr. Ensley explained that it had been the thinking that it would require such a large staff if the state worked directly with the developers.

The meeting was adjourned to reconvene at the first possible opportunity.