

MINUTES OF THE HOUSE COMMITTEE ON FEDERAL & STATE AFFAIRSThe meeting was called to order by Representative Robert H. Miller at  
Chairperson1:30 a.m./p.m. on March 13, 1984 in room 526S of the Capitol.

All members were present except:

## Committee staff present:

Russ Mills, Research Department  
Mary Torrence, Revisor's Office

## Conferees appearing before the committee:

Senator Werts  
Colonel Sobraske  
Tom Kennedy, ABC  
Doris Iott  
Lana Balka, Topeka Housing Authority  
Karen Hiller, Topeka Housing Information Center

The meeting was called to order by Chairman Miller.

Chairman Miller explained a bill draft concerning nursing homes which Representative Harper requested. See attachment A.Representative Smith made a motion, seconded by Representative Sughrue, to introduce the bill as a committee bill. The motion carried.SB561 - Administrative rules & regulations, filing of  
certain documents adopted by reference

Senator Werts explained the bill and why it was introduced. At the time rules and regulations are filed by an agency, items adopted by reference must be also filed with the revisor's office. This is in some cases an inconvenience and expensive.

Hearings were concluded on SB561.

SB585 - Military status not reason to deny membership  
to Class B clubs

Senator Werts explained the bill and why it was introduced. There have been examples in the Ft. Riley Community where, as a matter of club policy, private class B clubs have excluded enlisted men from qualifying for membership. This can create a morale problem. Senator Werts said he felt it inappropriate that a club should be able to discriminate in this way.

Colonel Sobraske, Ft. Riley, gave testimony in support of the bill. See attachment B.Tom Kennedy, ABC, gave testimony in support of the bill and read a letter from Michael Bailey of the Civil Rights Commission. See attachment C.

There was discussion about the Kansas Act against discrimination and whether this applies under this act.

Representative Brady suggested amending the bill to further enhance it to make sure no other groups are discriminated against.

Hearings were conconded.

CONTINUATION SHEET

Minutes of the F&SA Committee on March 13, 19 84

HCR5075 - establishing a housing trust fund

Representative Hensley explained the idea of the bill. See attachment D. The bill calls for an Interim Study into the idea of establishing a Housing Trust Fund in the State of Kansas. Security deposits and escrow would be used for the purpose of building low to moderate income homes.

Doris Iott, Lawrence and Kansas City Housing Authority, stated that the KDED was not taking a stand and explained their five major programs--1. section 8 set asides; 2. KDHC (Kansas Housing Development Corporation); 3. Housing assistance payment program; 4. Mortgage revenue bonds; and 5. Technical assistance in obtaining low housing.

Lana Balka, Topeka Housing Authority, gave testimony in support of the resolution to study the establishment of a Housing Trust Fund that could assist in expanding housing resources for low and moderate income housing. See attachment E.

Karen Hiller, Topeka Housing Information Center, explained to the committee how their center operates and told them they were a local housing counseling agency who deals with 2,000-2,500 households per year. She told the committee of situations in the city which this resolution might be able to help, such as housing for large families, weatherization, housing code enforcements, etc., if a study were made.

Hearings were concluded.

HB2122 - Dr. Martin Luther King, Jr. Memorial  
Highway in Wyandotte County

Representative Vancrum made a motion, seconded by Representative Grotewiel, to remove HB2122 from the table. The motion carried.

Representative Vancrum made a motion, seconded by Representative Brady, to report HB2122 favorable for passage. The motion carried.

SB561 was brought up, but no action was taken.

The meeting was adjourned.

HOUSE BILL NO. \_\_\_\_\_

AN ACT authorizing hospital district No. 1, Linn and Bourbon counties, to enter into a contract to borrow money for the purpose of building an addition to an existing home for the aged; placing certain conditions upon such contract.

Be it enacted by the Legislature of the State of Kansas:

Section 1. The board of directors of hospital district No. 1, Linn and Bourbon counties, is hereby authorized to contract with any individual or individuals for the purpose of borrowing money from such individual or individuals to provide money to be used to build an addition to an existing home for the aged subject to such terms and conditions as the parties may specify in the contract. Before any such contract becomes effective, the board of directors shall cause to be published once in a newspaper of general circulation in the hospital district a copy of the contract which shall state, in addition to such other terms and conditions as may be contained in the contract, that the contract shall become effective on the 30th day after the day of publication of the contract unless protest petitions signed by at least 5% of the registered voters of the hospital district are filed with the county election officer of the county in which the home for the aged is located prior to that day. If within such thirty-day period protest petitions are filed with sufficient signers, the contract shall not become effective until the board of county commissioners of the counties in which the hospital district is located call a special election at which the question of whether the contract should become effective is submitted to the electors of the hospital district and a majority of voters voting at such election vote in favor of the contract becoming effective.

Sec. 2. This act shall take effect and be in force from and after its publication in the Kansas register.

*Atch. A*

B

STATEMENT IN SUPPORT OF SB 585, CONCERNING  
LICENSING AND REGULATION OF CERTAIN CLUBS,  
DENIAL OF MEMBERSHIP BASED ON MILITARY STATUS  
PROHIBITED. SUBMITTED TO THE HOUSE COMMITTEE  
ON FEDERAL AND STATE AFFAIRS, STATE OF KANSAS

Enlisted soldiers stationed in Kansas, and in particular at Fort Riley, often have been denied acceptance into private clubs serving alcoholic beverages solely on the basis of their status as enlisted men. This discrimination has taken place during the tenure of the current Commanding General of Fort Riley and the previous two commanders. In each case it was dealt with on a local basis without assurance of a permanent solution. Perhaps the situation can best be illustrated by an example. Recently, a senior noncommissioned officer from Fort Riley applied for membership to a private club. This person is a Command Sergeant Major, the highest enlisted rank. He has served in the U.S. Army for 27 years. He has served three tours in Germany, two tours at Fort Riley, and a tour in Vietnam. He is a highly decorated soldier, who received three awards of the Bronze Star, nine Good Conduct Medals, the Vietnam Campaign Ribbon with five battle stars, and several other medals reflecting his outstanding performance of duty. Yet when this soldier applied for Club membership he was informed that membership is not open to those in the military who are not officers. This situation is clearly unfair. Moreover, this situation adversely affects the morale and welfare of our soldiers.

Although all enlisted soldiers are volunteers, not all our soldiers are in Kansas by choice. They were assigned to military installations in Kansas

Atch. B



so that the Army might have fully trained, combat ready soldiers, equipped and trained to deploy and fight, if necessary, to protect U.S. national interests. These soldiers are contributing members of the community and should be able to enjoy the recreational and social establishments in this state. It is only fair that our soldiers, who stand ready to defend the State of Kansas, have the same access to social establishments as do its citizens.

In order to correct this inequity, a change in state law is recommended. The proposed law would make it unlawful for a club licensee to deny an application for a membership to a Class B club by reason of the applicants military status or rank. Nothing could be simpler or more fair.

There are presently some federal laws designed to prevent discrimination against military members. For example, 18 U.S.C. § 244 makes it unlawful for a proprietor of a public place of entertainment in the United States to discriminate against any person wearing a U.S. military uniform, just because of the uniform. But these laws do not go far enough to protect service members. Some states have also recognized that current laws do not go far enough to protect service members from discrimination. California and Missouri, for example, have enacted legislation that prohibits any person from discriminating against any service member because of his membership in the service. We ask that Kansas join the forefront of states that have recognized the inequity of discrimination against service members, and that have recognized the detrimental effect on soldier's morale and welfare that such discrimination promotes. We ask that you take this step toward elimination of such discrimination against service members by passing the proposed bill that would make

it unlawful to deny an application for membership in a Class B club because of the applicant's military status or rank.

The committee may also be interested in why we are asking for this change when we maintain separate club facilities. The Army's customs and traditions concerning separate clubs are based upon military necessity. An officer's effectiveness as a leader depends on, among other considerations, the respect he commands from his subordinates. There is an old adage that familiarity breeds contempt. In this same spirit, Army Regulation 600-20 prohibits fraternization between soldiers of different rank. Fraternization is generally defined in the Army as, among other factors, a relationship between service members of different rank that can reasonably be expected to undermine discipline, authority, or morale. To prevent fraternization, the Army has separate club systems for officers and enlisted men. This helps prevent the regular socializing between officers and enlisted men that could undercut the officer's ability to lead and command respect from his subordinates. It also helps to prevent the perception of unequal treatment that results from an overly friendly relationship between senior and subordinate.

Soldiers accept this when entering the Army much like employees of civilian businesses accept executive dining facilities. However, soldiers do not accept exclusion from civilian facilities that should be available to everyone who complies with appropriate rules of conduct.

Thank you for the opportunity to testify on behalf of the U.S. Armed  
Forces stationed in Kansas.

Submitted by: John E. Sobraske  
Colonel, USA  
Deputy Post Commander  
Fort Riley, Kansas

c

MEMORANDUM

TO: Honorable Robert H. Miller  
Chairman, House Federal and State Affairs Committee

FROM: THOMAS J. KENNEDY, Director, ABC Division

RE: Senate Bill 585

DATE: March 13, 1984

PURPOSE

The purpose of Senate Bill 585 is to prohibit discrimination in the granting of class "B" club memberships based on military status or rank.

PERSPECTIVE

Complaints have been received by the Commander, Fort Riley, the Director of ABC and others about private clubs that have consistently denied memberships to military personnel such as enlisted personnel.

Currently, there are no statutes or regulations that prohibit this practice.

We have two statutes that speak to membership qualifications.

First is K.S.A. 41-2601 which requires the management of class "B" private clubs to screen applicants for membership for "good moral character."

The second is K.S.A. 44-1009, which prohibits discrimination in places of public accommodation because of race, religion, color, sex, physical handicap, national origin, or ancestry. Regulations adopted under this statute classify class "B" private clubs as places of public accommodation.

Private clubs are by definition not open to the general public. They are required to exclude from membership people who lack good moral character; and they can legally exclude potential members for any reason not included in the list of suspect classification in K.S.A. 44-1009. As a result, a class "B" private club may, if it chooses, discriminate against all or some military personnel without violating any statutes or regulations.

*ABC*



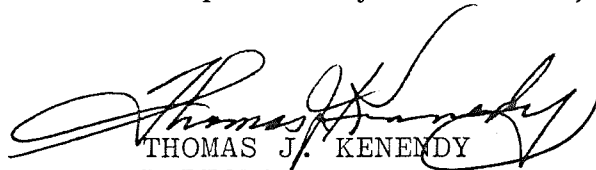
COMMENTS AND/OR RECOMMENDATIONS

The purpose of Senate Bill 585 is one that we totally agree with. However, we have certain reservations about the bill in its present form. Those reservations were expressed in a memorandum dated February 7, 1984 to the Chairman of the Senate Federal and State Affairs Committee. (copies attached). Since that memorandum, I have had the opportunity to discuss this bill with Mr. Michael L. Bailey, Executive Director of the Commission on Civil Rights. Mr. Bailey expressed his opinion that SB 585 does not belong under the Civil Rights Commission for two reasons:

1. The Kansas Act Against Discrimination prohibits discrimination based on inherent qualities over which the individual has no control whereas military status is voluntary.
2. The discrimination laws cover much more general areas than SB 585, which is limited to Class "B" private clubs.

Our position is that we are in favor of the purpose of this bill and in favor of the passage of some form of remedial legislation to correct this situation. Whether we or someone else is charged with the responsibility for enforcing the legislation is strictly a policy matter for the legislature.

Respectfully submitted,



THOMAS J. KENEDY  
DIRECTOR

Alcoholic Beverage Control Division

MEMORANDUM

TO: Honorable Edward F. Reilly, Jr.  
Chairman, Senate Federal and State Affairs Committee

FROM: THOMAS J. KENNEDY, Director, ABC Division

RE: Senate Bill 585

DATE: February 7, 1984

PURPOSE

The purpose of Senate Bill 585 is to prohibit discrimination in the granting of class "B" club memberships based on military status or rank.

PERSPECTIVE

Complaints have been received by the Commander, Fort Riley, the Director of ABC and others about private clubs that have consistently denied memberships to military personnel such as enlisted personnel.

Currently, there are no statutes or regulations that prohibit this practice.

We have two statutes that speak to membership qualifications.

First is K.S.A. 41-2601 which requires the management of class "B" private clubs to screen applicants for membership for "good moral character."

The second is K.S.A. 44-1009, which prohibits discrimination in places of public accommodation because of race, religion, color, sex, physical handicap, national origin, or ancestry. Regulations adopted under this statute classify class "B" private clubs as places of public accommodation.

Private clubs are by definition not open to the general public. They are required to exclude from membership people who lack good moral character; and they can legally exclude potential members for any reason not included in the list of suspect classification in K.S.A. 44-1009. As a result, a class "B" private club may, if it chooses, discriminate against all or some military personnel without violating any statutes or regulations.

COMMENTS AND/OR RECOMMENDATIONS

The purpose of Senate Bill 585 is one that we totally agree with. However, we have certain reservations about the bill in its present form.

First, the bill places primary responsibility for investigation and enforcement on the Director of Alcoholic Beverage Control yet does not specify in any way what evidence is needed to prove discrimination against military personnel. Is one incident of a serviceperson being denied a club membership enough? Five such incidents? Ten? or What?

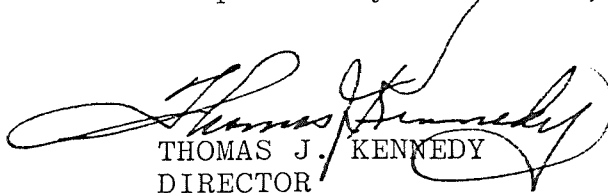
Perhaps, the bill should place primary responsibility on the Commission of Civil Rights which has, as its primary function, the investigation and enforcement of the anti-discrimination statutes. As such, they have the expertise to recognize, investigate, and prove the actual occurrence of discrimination.

K.S.A. 41-2611 empowers the Director of ABC to suspend or revoke a club license for a violation of article 10 of chapter 44 of the Kansas Statutes if the violation is found to have occurred by the Civil Rights Commission. For all types of discrimination that are now prohibited, the Civil Rights Commission is given primary jurisdiction to identify, investigate, and prosecute alleged incidents of discrimination. If the Commission finds a violation, then the more stringent penalties that the Director of ABC may impose under article 26 of chapter 41 may be invoked.

The Director of Alcoholic Beverage Control is in favor of the purpose of this bill and is in favor of the passage of some form of remedial legislation to correct this situation.

The Director of Alcoholic Beverage Control strongly supports the purpose of this bill.

Respectfully submitted,

  
THOMAS J. KENNEDY  
DIRECTOR

STATE OF KANSAS



JAMES BUTLER, CHAIRPERSON  
MANHATTAN  
CORBIN BENHAM  
WICHITA  
SUSAN MARSHALL  
LINCOLN  
EDWARD J. MARTINEZ  
HUTCHINSON  
LOU ANN SMITH  
TOPEKA  
ANITA FAVORS  
KANSAS CITY  
GEORGE M. LATTIMORE  
WICHITA

COMMISSION ON CIVIL RIGHTS  
214 SOUTHWEST SIXTH AVENUE—1ST FLOOR  
LIBERTY BUILDING  
TOPEKA, KANSAS 66603-3780  
PHONE (913) 296-3206

February 16, 1984

MICHAEL L. BAILEY  
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STAFF ATTORNEY  
ARTHUR R. BRUCE  
SUPERVISOR OF COMPLIANCE  
ROBERT G. LAY  
FIELD SUPERVISOR  
NORMA JEAN HODISON  
OFFICE MANAGER

Mr. Tom Kennedy  
Division of Alcoholic Beverage Control  
700 Jackson - 2nd Floor  
Topeka, Kansas 66603

Re: Senate Bill No. 585

Dear Mr. Kennedy:

Pursuant to our discussion this morning I reiterate the position of the Kansas Commission on Civil Rights relative to the above-captioned proposed legislation.

While the Commission supports the philosophy and intent of the bill it does not agree that its enforcement should rest with this agency. This position is based upon at least two striking differences in the laws which the agency now administers and Senate Bill 585:

1. The Kansas Act Against Discrimination prohibits discrimination on the basis of race, religion, color, sex, physical handicap, national origin or ancestry and the Kansas Age Discrimination in Employment Act prohibits discrimination on the basis of age. All the prohibited basis of discrimination are immutable characteristics of an individual, while the basis of military status in the proposed legislation is, at least currently, a purely voluntary status.
2. The areas of coverage of the two acts currently administered by the agency, i.e. employment, public accommodations and housing are quite broad in scope while the proposed legislation addresses only a very narrow segment is already under the close scrutiny and thorough regulation of another agency.

It is therefore the opinion and position of the Kansas Commission on Civil Rights that the bill should be amended to place its administration in the Division of Alcoholic Beverage Control.

Sincerely,

*Michael L. Bailey*  
Michael L. Bailey  
Executive Director

L:B:n

KITE  
MR. K'S  
ROCKIN' K  
AGGIE STATION  
LAST CHANCE

Dear Mr. Barham,

Aggie Station, Inc. is a private club formed under the private club laws of the State of Kansas and as such is not open to general public. Criteria for membership is set by the Board of Directors. Pursuant to current criteria, membership eligibility for military personnel is limited to those individuals who have obtained the rank of Warrant Officer I or the grade of Second Lieutenant and above. If you currently meet these qualifications, please notify us and we will process your membership.

Thank you,

Aggie Station  
Restaurant & Bar

## AUTOBIOGRAPHY

I entered the North Carolina National Guard 24 October 1949 in Zebulon, North Carolina serving until 7 November 1956.

I entered Active Federal Service 8 November 1956. I completed Basic Training at Fort Jackson, South Carolina, after which I obtained my Advanced Individual Training at Fort Dix, New Jersey. My first duty assignment was with the 2d Battalion, 6th Armored Cavalry, at Fort Knox, Kentucky, in April 1957, where I served as Tank Commander, Training NCO, School NCO, and other various assignments until departing for Germany in December 1959 to serve with the 1st Battalion, 32d Armor (Elvis Presley's unit). In Germany I served as Tank Commander, Platoon Sergeant, First Sergeant, Operations NCO, Intelligence NCO, and Company Chemical NCO. My next assignment brought me back to the States in January 1962 to an advisory job with the Florida National Guard, Lake City, Florida, until August 1965. From August 1965 until August 1969, I served with the 3d Battalion, 63d Armor, in Mannheim, Germany; leaving Germany in August 1968 for a tour in Vietnam with the 199th Infantry Brigade as Intelligence Sergeant. My next assignment was at Fort Riley, Kansas, in November 1969 to serve with the 2d Battalion, 63d Armor. I served as Operations Sergeant, First Sergeant, and Acting Sergeant Major until March 1975 when I departed to the 2d Battalion, 37th Armor, in Erlangen, Germany. Upon my promotion to E-9, April 1976, I was selected to be the G-3 Sergeant Major in Ansbach, Germany. After my promotion to Command Sergeant Major, I returned to Erlangen to the 2d Battalion, 81st Armor, October 1976, as Command Sergeant Major. July 1979 I once again returned to Fort Riley, Kansas, as Command Sergeant Major of 4th Battalion, 63d Armor, until June 1981. I am presently the Command Sergeant Major of the 1st Infantry Division Support Command.

### Awards and Decorations are:

Bronze Star (with 2 Oak Leaf Clusters), Army Commendation Medal, Army Achievement Medal, Good Conduct Medal (9th Award), Vietnam Service Medal, NCO Professional Ribbon, Army Service Ribbon, and the Vietnam Campaign Ribbon (with 5 Battle Stars).

Since graduating from Wakelon High School in Zebulon, North Carolina, in 1951, I have been able to get some college which includes Business Administration, Business Law, and Economics.

I am married to the former Shirley Richards for 29 years. We have four children, Tim and Terry, who live near Wakefield, NC; Tami, who is a student at Kansas State University in Manhattan, Kansas and lives at home; and Tonya, who is a student at St George High School and also lives at home.



Hensley

D

# Ways & Means

Reporting on Innovative Approaches to State & Local Government

Vol. 6, No. 5

September/October 1983

## HOUSING TRUST FUNDS: HOW STATES CAN MEET LOW-INCOME HOUSING NEEDS

by David Rosen

An important new concept—state housing trust funds—could provide a vital source of revenue to help finance low- and moderate-income housing in the 1980s.

With the virtual elimination of federal financial support for low-income housing production and rehabilitation, states are increasingly expected to meet the widening gap between the need for and availability of affordable housing. The biggest obstacle to state action is the lack of funds.

Housing Trust Funds (HTFs), created by the interest earned on real estate escrow accounts, are a potential source of revenue for low- and moderate-income housing. State legislation is required to implement such a program. State support is greatly enhanced by the fact that the Housing Trust Accounts concept is based on the highly successful Interest on Lawyers' Trust Accounts (IOLTA) program, which finances legal services to the poor. Twelve states have adopted the IOLTA program to date.

### The Crisis in Low-Income Housing

Finance capital for low-income rental housing has fallen to a perilously low level. Persistent high interest rates, even in the face of an anticipated economic recovery, restrict the amount of housing finance capital for all income levels. Even those able to afford market rate housing frequently cannot find affordable financing.

In addition to the finance crunch, the

housing stock in low-income neighborhoods continues to deteriorate. The same dearth of finance capital for new housing construction severely retards housing rehabilitation efforts in older neighborhoods, particularly in low-income communities.

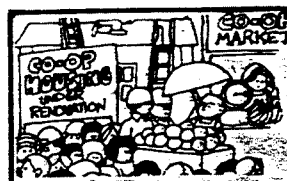
To make matters worse, the Reagan administration all but eliminated federal subsidies for low-income housing construction and rehabilitation. With the evaporation of Section 8 and other federal subsidies to support finance, construction and rent subsidy costs for low-income families, banks, developers and bond underwriters are faced with the prospect of providing these subsidies directly. In most cases, they are unwilling to do so. Consequently, local and state public agencies must scramble to meet the federal requirement without federal support. These agencies can ill afford such costs.

In the midst of this finance crisis, there is no lack of creative housing production strategies. A plethora of crea-

tive ways to provide housing has emerged over the last few years. Tax-exempt bonds, the Community Investment Fund, joint ventures between public and private, profit and non-profit agencies, sweat equity and community equity programs, loans to lenders and cooperatives, tenant purchase and technical assistance programs, manufactured housing and energy-efficient design are but a few production strategies which have proved effective. The common element necessary for the success of each of these strategies is finance capital. Without it, housing is not built, rehabilitated or financed.

To resolve the crisis in housing finance, and its wide-ranging effects on moderate- and low-income citizens, new sources of capital are desperately needed. The Housing Trust Fund program provides that most important, and so often missing, capital needed to bridge the cost of effective low-income

(continued on page 6)



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Conference on Alternative State & Local Policies

Atch. D

# HOUSING

(continued from page 1)

housing strategies with available financing. Without such "bridge" financing, low-income housing strategies will continue to founder. The program provides a predictable source of capital which can be flexibly applied to the particular housing needs of each state. When combined with other finance mechanisms, the trust funds will multiply available capital for already proven low-income housing strategies.

## A Useful Model

For more than a decade, 20 jurisdictions in five English-speaking countries have effectively aggregated attorney/client trust deposits in interest-bearing accounts as a strategy to finance legal services for low income citizens. Interest on Lawyers Trust Accounts (IOLTA) programs collect interest earned on nominal amounts of funds, held for short periods of time. Attorneys routinely receive these funds in trust for future expenses. Individual trust funds are often too small to warrant the administrative expense of depositing and withdrawing them to individualized, interest-bearing trust accounts on behalf of the client. However, the interest earned on such collective amounts statewide are indeed considerable. In 1981, British Columbia's IOLTA program earned \$9.1 million in interest alone through the participation of 4,000 attorneys. The state of California, by comparison, has more than 75,000 attorneys registered with the State Bar.

The IOLTA program has attracted widespread interest and gained significant support in the United States. Florida was the first state to enact an IOLTA law. In a six-month start-up period last year, the Florida program earned more than \$200,000 in interest with the voluntary cooperation of more than 128 financial institutions. Since the creation of the Florida IOLTA program in 1982, ten other states have adopted similar programs: California, Colorado, Idaho, Illinois, Maryland, Minnesota, Nevada, New Hampshire, Oregon and Virginia. The California program, which began in March 1983, collected more than \$300,000 in interest earnings in four and a half months through the participation of more than

800 banking institutions.

## The Housing Trust Fund

More important, the IOLTA concept, applied to other types of nominal and short-term deposits, promises to afford a continuous and annually predictable stream of revenue for other public services. Funds are routinely held in escrow for short periods of time while real property sales are completed. Escrow deposits are held for all categories of real estate sales: residential, commercial, investment, agricultural and other land sales. The size and duration of such deposits vary considerably, as does the disposition of interest income, if any, earned from the escrow deposit. However, the volume of escrow deposits far outstrips that of attorney trust funds described above. By aggregating these funds in an interest-bearing public trust account, significant income can be generated.

Interest earnings on escrow deposits vary from state to state, and within states, among different categories of escrow agents. In some cases, when administratively practical, individual home buyers can earn interest on their deposits. This interest is frequently applied to the down payment upon the close of escrow. For large, commercial sales, investors will strive to minimize escrow deposits required of them by the seller, as well as ensure that their funds deposited in escrow will earn them interest. Realtors, independent escrow companies, title search companies and attorneys, all of whom manage escrow accounts in the case of California, are prohibited by state law from earning interest on their clients' deposits. Financial institutions holding these deposits are not.

A valuable partnership among the state, financial institutions, realtors, the construction and developer industries, and the escrow profession can be formed by creating a housing trust fund supported by the interest income created from escrow sale deposits. Since the source of the fund would be housing and other real property sales, it is most appropriate that the interest income be reinvested in housing. Given the critical shortage of rental housing, particularly for low-income citizens, and given the severe recession experienced by the construction industry over the last three years, trust fund

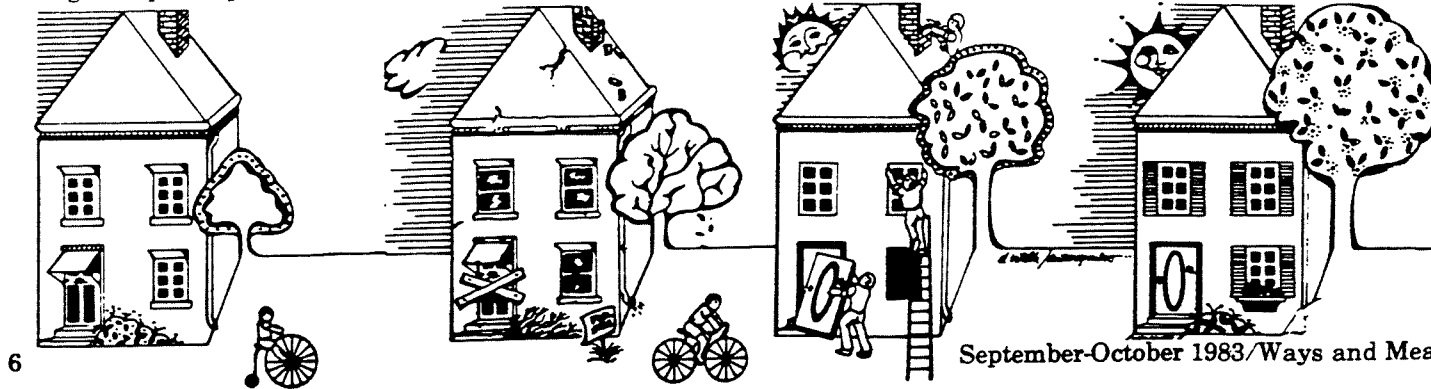
revenue is most appropriately invested in the construction and rehabilitation of low-income rental housing. The loss of federal subsidies for low-income housing further exacerbates the housing shortage experienced most acutely by those families least able to afford decent housing.

The investment of trust fund revenue in low- and moderate-rental housing construction and rehabilitation will yield widespread benefits. One state estimates that a \$100 million investment in new construction generates \$144 million in income, 6,740 jobs and \$16.6 million in state tax revenues. (Figures are based on California wage and tax structures.)

The mechanics of operating the Housing Trust Fund are easy to administer, as the IOLTA experience has shown. Because the HTF requires a change in state escrow law, it is by definition a state initiative. Federal tax and banking law affirm the practicality of the proposal. No change in federal law is needed to enact HTF programs. Once enacted, state HTF programs will generate annually predictable revenues for low-income housing construction, rehabilitation and finance. Since the funds are self-generating, their revenues are not subject to the annual appropriations battles in state legislatures. Nor are they subject to the vagaries of federal budget decisions.

Aggregating real estate sale escrow deposits in interest-bearing public trust accounts, then, will create significant revenue for low-income rental housing construction and rehabilitation. Low- and moderate-income people, realtors, financial institutions, the construction industry and revenue-starved state economies will all reap the benefits.

*David Rosen, originator of the HTF proposal, is director of a national policy and advocacy consulting practice in Oakland, California, specializing in education, employment development, and housing and economic development. He will be establishing a national HTF demonstration project in five to seven states for the Conference. For more information contact David Rosen and Associates, 3521 Midvale Ave., Oakland, CA 94602.*



Housing Authority of the City of Topeka

Pine Ridge Manor  
2701 E. 10th

Jackson Towers  
1122 Jackson

Polk Plaza  
1312 Polk

Deer Creek/Western  
2435 E. 25th 3-31-84

1312 Polk

Topeka, Kansas 66612

913-233-4176

5  
Lana Balka  
Executive Director

Tyler Towers  
600 W. 14th

Northland Manor  
2135 Eugene

Section 8  
235-5346

TO: The Federal and State Affairs Committee  
FROM: Lana Balka, Topeka Housing Authority Director  
SUBJECT: STATEMENT FROM THE CITY OF TOPEKA HOUSING AUTHORITY  
REGARDING RESOLUTION NUMBER 5075

The Topeka Housing Authority supports Resolution Number 5075 to study the establishment of a Housing Trust Fund that could assist in expanding housing resources for low and moderate income housing.

The Topeka Housing Authority supports state action that will result in meeting housing needs.

While I am in no position to speak to the housing needs of the State of Kansas, I can speak to the housing needs of low-income families and individuals in the City of Topeka and provide the following examples:

- (1) On the basis of one, two x three inch advertisement in a Sunday paper, announcing that Section Eight applications would be re-opened, two hundred and seventy eight applications were received in the following two days.
- (2) The Topeka Housing Authority receives an average of fifty (50) new applications for public housing each month. The Topeka Housing Authority is able to house but ten to twenty of these families each month.

Housing needs that exist which are not met are:

- Short-term emergency housing
- Housing for the homeless
- Housing for individuals who do not have sufficient

Atch. E

resources to have utilities turned on in housing where this is required, which includes public housing.

In addition, the Topeka Housing Authority urges the State Legislature to adopt a state housing policy.

Community Development Block Grant funds, now coming directly to the state, could be used for and supplement other housing endeavors and a policy direction could focus these resources on the most critical housing needs.