

Approved March 25, 1991
Date

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

The meeting was called to order by Representative Diane Gjerstad at
Chairperson

3:35 ~~xx~~ a.m./p.m. on Tuesday, February 26, 19 91 in room 423-S of the Capitol.

All members were present except:

Representatives Baker, Dean, Edlund and Wagnon. Excused.

Committee staff present:

Lynne Holt, Research
Jim Wilson, Revisor
Betty Manning, Secretary

Conferees appearing before the committee:

Representative Tom Bishop
Representative Anthony Hensley
Allen Bell, President, Kansas Development Finance Authority
John Alquest, Commissioner, SRS Income Maintenance & Medical Services
Noelle St. Clair, Kansas National Assn. Housing and Redevelopment
Karen Hiller, Housing and Credit Counseling
Paul Johnson, Children's Coalition
Jim Olson, Executive Director, Community Resource Council
Mary Ella Simon, League of Women Voters
Winnie Crapson, League of Women Voters of Topeka/Shawnee County
Katie Cline, Salvation Army, Kansas City, KS
Jeanine Blankenship, Director of Homeless Services, Lawrence, KS
Terry Humphrey, Kansas Manufactured Housing Association
Ray Petty, Executive Director, Independence, Inc.
Chuck Bouilly, Kansas Municipal Security Dealers
Dennis Shockley, City of Kansas City, KS

The meeting was called to order by Chairperson Gjerstad at 3:35 p.m.

Chairperson Gjerstad recognized Representative Bishop who presented an overview of H.B. 2373 which would transfer the housing functions under the Office of Housing, Department of Commerce to the Kansas Development Finance Authority (K DFA) to be renamed the Kansas Housing and Development Authority. The homeless issue in Kansas is critical and needs to be addressed, and the new federal legislation now mandates state involvement in housing as a pre-condition to receiving federal assistance. Kansans are at the present being denied modern methods of finance assistance for home ownership. This legislation would address the role the state plays in housing policy development, program development and finance. Attachment 1.

Representative Hensley stated he believed moving the present Department of Commerce, Office of Housing, and the SRS Weatherization Program under the Kansas Housing and Development Authority as outlined in H.B. 2373 would be an effective means of being able to address the critical housing needs in the state, both urban and rural and urged the support of this bill.

The Chair welcomed Allen Bell, President, K DFA, who generally spoke in support of this bill with several reservations. Under the proposed legislation, K DFA's staff would grow from its present size of six positions to a maximum of perhaps twenty positions. K DFA's new emphasis would be a shift from what is primarily a financing operation to one which includes the implementation of federally-funded low income housing assistance programs. This would substantially increase the level of field activities, fiscal management and reporting requirements. K DFA is a state authority, not a state agency and is governed

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENTroom 423-S, Statehouse, at 3:35 ~~xxx~~/p.m. on Tuesday, February 26, 1991

by an independent board of directors and until now has not submitted budgets to nor received appropriations from the legislature. And, as such, personnel are not covered by the state's civil service rules and regulations. The adverse fiscal impact of this bill on KDFA's budget is small considering the major changes proposed. This bill assumes the functions and programs being transferred will receive the same funding and that such funding is adequate to accomplish the purposes of the programs in terms of staffing and operating costs.

On budget costs associated at consolidating and relocating the various operations, they are estimated at +\$180,000. Another reservation is the change of the name. The name should reflect the totality of the program's mission. Another major concern was the authority's governance. Mr. Bell requested that the president of KDFA should remain an appointment by and serve at the will of the governor. Attachment 2. Mr. Bell also distributed a "balloon" showing changes in the bill that KDFA had proposed. Attachment 3. John Alquest, Commissioner, Income Support and Medical Services, SRS, agreed with the concept of a unified housing office but was concerned for the staff who would be transferred, especially the weatherization program staff who are trained personnel needed to maintain program integrity. Attachment 4. Noell St. Clair, spoke on behalf of the Kansas Chapter of Housing and Redevelopment. She stated NAHRO felt that the Department of Commerce is unable or unwilling to carry out the mandates of S.B. 427 and that all functions of the office of housing should be transferred to the Kansas Housing and Development Authority and its roll and duties be expanded to include the current and future housing programs. Attachment 5. Next, Karen Hiller, Housing and Credit Counseling, Inc. stated there is need for a housing office at the state level to meet the funding needs of the housing program. Attachment 6.

Paul Johnson, Director, Public Assistance Coalition of Kansas and Vice Chairman of Children's Coalition feels Kansas needs a comprehensive statewide housing plan to coordinate public/private resources for affordable and accessible housing. Attachment 7. Jim Olson, Executive Director, Community Resources Council testified in support of H.B. 2373 in order for the state to better coordinate housing initiatives and related finance and energy programs. Attachment 8. The League of Women Voters of Kansas was represented by Mary Ella Simon who held that with the recent signing of the National Affordable Housing Act, this bill would help move Kansas toward receiving its fair share of the federal funds. Attachment 9. Winnie Crapson, League of Women Voters of Topeka/Shawnee County, stated their position was that for Kansas to receive their maximum benefits from the National Affordable Housing Act, the state would need a housing and development authority. Attachment 10. Katie Cline, Salvation Army, Kansas City, spoke of their support of H.B. 2373. Jeanine Blankenship, Director of Homeless Services, Lawrence, KS stated the Salvation Army is concerned about the lack of safe, accessible and permanent affordable housing in the state and feels the creation of the Kansas Housing and Development Authority would take responsibility to provide coordination with local agencies in the search for quality housing for all Kansans. Attachment 11. Kansas Manufactured Housing Association representative, Terry Humphrey stated their position was the bill appears to strengthen the state housing focus and connect it to financing and urged the support of this bill. Attachment 12. Final proponent, Ray Petty, Executive Director, Independence, Inc., stressed the needs of the accessibility and adaptability issue need to be addressed and proposed several changes in the bill. With these minor wording changes he fully supports the bill and would encourage its favorable passage. Attachment 13.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT,
room 423-S, Statehouse, at 3:35 ~~am~~/p.m. on Tuesday, February 26, 1991

Chairperson Gjerstad read names of three persons who wrote expressing their support for H.B. 2373, and who were unable to testify before the committee. Federal Home Loan Bank, Community Investment Officer, Christopher Imming, Attachment 14; Karen France, Director, Governmental Affairs, Kansas Association of Realtors, Attachment 15 and Susan Wheatley, Executive Director, Shawnee County Community Assistance and Action, Inc. Attachment 16.

Two persons appeared before the committee in opposition of H.B. 2373. First opponent to appear in opposition was Chuck Bouilly, Kansas Municipal Security Dealers. He wanted the committee to be aware that this bill would increase the power and influence of the Kansas Development Finance Authority and would create a state bond bank concentrating the power to raise and allocate capital in this state authority. He further stated there is already a vigorous municipal securities industry and no need for the expansion of the authority of KDFA. Attachment 17. The other opponent to this bill was Dennis Shockley, City of Kansas City, Kansas, who expressed grave concern about H.B. 2373. The City of Kansas City, Kansas opposes any legislation which would infringe on the current ability to issue mortgage revenue bonds. Attachment 18.

Two letters expressing a neutral position were received from Janet Stubbs, Executive Director of the Home Builders Association of Kansas and from James R. Turner, President, Kansas-Nebraska League of Savings Institutions.

The conferees responded to questions from the committee.

Chairperson Gjerstad announced the hearings were closed on H.B. 2373.

The meeting was adjourned at 4:50 p.m.

: Feb 26, 1991

GUEST REGISTER

HOUSE

Committee on Economic Development

<u>NAME</u>	<u>ORGANIZATION</u>	<u>ADDRESS</u>
Laura Doole	City of Topeka	Topeka
Winnie Crapson	League of Women Voters Topeka-Shawnee Co.	Topeka
Mary Eela Dimer	H.G. of Women Voters of Ks.	Topeka
ART BROWN	KS. LBR Dealers ASSN	KC MO
Paul Johnson	PACK	Topeka
JIM OLSON	Community Resources Council	121 SE 6th Topeka 66603
Doug Bush	City of KCK	Kansas City
DENNIS SHACKLEY	CITY OF KCK	KCK
Thomas McBride	Observer observer	Lawrence
Guy Gibson	AARP	Topeka
Sue Wheatley	Community Action	Topeka
Walter Cole	Ranson & Co	Topeka
Lana Baldu	City of Topeka	Topeka
George A. Duggan	Dept. on Aging	"
Elley Curry		
Jannet Blankenship	The Salvation Army	Lawrence K.S.
Kathie Clime	The Salvation Army	Kansas City, KS
Karen Hiller	Housing + Credit Counseling Inc.	Topeka

THOMAS A. BISHOP
"TOM"
REPRESENTATIVE, 91ST DISTRICT
SEDGWICK COUNTY
1500 W. 32ND N.
WICHITA, KANSAS 67204



TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS
MEMBER: ECONOMIC DEVELOPMENT
GOVERNMENTAL ORGANIZATION
PUBLIC HEALTH AND WELFARE
ADVISORY COUNCIL ON AGING

To: Rep. Diane Gjerstad, Chair

Members of the House Committee on Economic Development

From: Rep. Tom Bishop

RE: Testimony in Support of HB 2373

Date: February 19, 1991

Kansas was the last state in the union to establish an Office of Housing, doing so in 1990.

The Kansas Office of Housing was created during the last session of the Legislature and lodged in the Community Development Division of the Department of Commerce (KDOC) [KSA 74-5082]. Housing functions previously performed by SRS were moved to the new Office of Housing, which was also authorized and empowered to:

1. Prepare, from time to time amend, and administer the state housing plan in accordance with criteria of the federal department of housing and urban development;
2. serve as a clearinghouse and single point of contact for the state regarding information, programs, and resources related to affordable and accessible housing;
3. provide access and management of federal housing programs for delivery to the citizens and businesses of Kansas;
4. work with existing agencies, organizations, and social programs to assist in the development of affordable and accessible housing; and
5. exercise such other powers and preform other such duties as may be prescribed by law."

HB 2373 would transfer these and other functions, including the SRS Weatherization Program, to the Kansas Development Finance Authority (K DFA), to be renamed the Kansas Housing and Development Authority.

*Eco-Devo
Attachment #1
02-26-91*

Why the new legislation? In terms of public policy, programs, and finance mechanisms, housing is virtually a "homeless" issue in this state. Kansas is one of two states without a state Housing Finance Agency, a distinction which would be eliminated by merging the Office of Housing with KDFFA.

What is KDFFA? KDFFA was created by the 1987 Legislature for the purposes of financing capital improvements and facilitating access to long-term capital financing for state agencies, political subdivisions as well as public and private non-profit organizations and businesses. [K.S.A. 74-8901]. Subject to certain restrictions, KDFFA is authorized to issue revenue bonds and various other debt instruments as a means of financing a variety of endeavors, including housing developments. To date, KDFFA has not fulfilled its statutory mandate of capital creation and finance for the private sector but has primarily been involved in bonding state infrastructure projects. HB 2373 would remedy this situation by vesting "all properties, moneys, appropriations, rights and authorities of the [KDFFA] in the Kansas Housing and Development Authority."

What's happened to the "Office of Housing"? The Office of Housing seems to exist in name only and, as part of the KDOC, is destined to languish. Indeed, the Secretary of KDOC began her job this year unaware that housing was even a function of her department. The Community Development Division Director was similarly surprised to learn that a housing office formed part of her division within KDOC.

Yet it appears the previous Secretary of KDOC, who testified that a housing office was not needed and yet had the function given to his department, must assume the responsibility for the failures to date. The "Housing Concerns Advisory Committee" was not formed until December 1990. A preliminary state plan, to be submitted to this session of the legislature, has not been written. The Office of Housing has not served as a clearinghouse for any housing information. In short, the Office of Housing is presently not in compliance with virtually any of the provisions of the legislation which created it.

Why HB 2373? The need for state leadership and coordination in the area of affordable housing has never been greater.

1. New federal legislation (The National Affordable Housing Act of 1990) now mandates state involvement in housing as a precondition to receiving federal assistance. The Act requires states to provide matching funds for new and existing HUD programs as well as requires the development of a statewide "Community Housing Assistance Strategy" (CHAS).

2. Kansans are presently being denied modern methods of finance assistance for achieving the American dream of home ownership. Our inability to provide statewide coordination of single family mortgage bonds and the Mortgage Interest Credit Certificate program results in higher costs for homebuyers and keeps families out of the market. This effects the homebuilding and real estate industries and the economic development of Kansas.

3. The State does have a role to play in housing policy development, program development, and finance. This legislation provides the framework to address each of these areas.

I urge your support for this legislation.

Present Housing Programs

<u>Program</u>	<u>Responsible</u>	<u>Funding</u>
Low Income Housing Tax Credits	KDOC-CD	Federal
Housing Authority for several multi-family projects	KDOC-CD	Federal-HUD
Small Cities CDBG and Rental Rehab.	KDOC-CD	Federal-HUD
Weatherization Program	SRS	Federal-DOE
Single Family Mortgage Bond Program	KDFA-pass through to counties contracted to private vendor	
Clearinghouse for RTC Property Disposition (Federal Home Loan Bank of Topeka has assumed this responsibility)	NA	
Federal Mortgage Credit Certificate Program	KDOC contracted to private vendor	
Homeless programs	KDOC	Federal-HUD

BOARD OF DIRECTORS
H. EDWARD FLENTJE, CHAIRMAN
LAURA NICHOLL
CHRISTOPHER MCKENZIE
DENNIS MCKINNEY
HARRY WIGNER

ALLEN BELL, PRESIDENT



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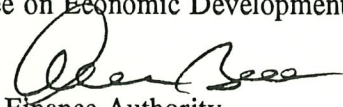
(913) 296-6747
FAX (913) 296-6810

MARTY BLOOMQUIST, PROGRAM MANAGER

February 26, 1991

MEMORANDUM

TO: The House Committee on Economic Development

FROM: Allen Bell, President 
Kansas Development Finance Authority

SUBJECT: Testimony on House Bill No. 2373

The purpose of the above-captioned bill is to centralize all state housing functions within a state housing authority, recognizing that Kansas is one of only two states without one. Instead of creating a new state authority, the bill will alter the mission, change the name and expand the powers and size of the Kansas Development Finance Authority. KDFAS has always considered housing finance to be an important part of its mission, and the KDFAS Act of 1987 clearly gives KDFAS the power to function as a housing authority, with few limitations. KDFAS therefore generally supports House Bill 2373 with a few specific reservations I will mention later.

Under the proposed legislation, the state housing office in the Department of Commerce and the low income weatherization program in the Department of Social and Rehabilitation Services will be transferred to the finance authority, along with pertinent personnel and funding. The programs being transferred include:

- Low Income Housing Tax Credit Program
- Section 221 New Construction (HAP) Program
- Section 8 Operation Homeless Program
- Permanent Housing for Handicapped Homeless
- Emergency Shelter Grant Program
- Weatherization Assistance Program

If enacted, the bill will substantially expand the operations and areas of responsibility of KDFAS. The size of KDFAS's staff will immediately double and continue to grow quickly from its present size of 6 positions to a maximum of perhaps 20 positions. KDFAS's new programmatic emphasis would carry with it a shift from what is primarily a financing operation to one which includes the implementation of federally-funded low income housing assistance programs. The federal grants programs that KDFAS would take over will substantially increase the level of field activities, as well as fiscal management and reporting requirements. New state housing activities (additional to those being transferred) are anticipated as a result of the recent enactment of the federal affordable housing assistance act.

KDFA is a state authority, not a state agency, and it is governed by an independent board of directors. Up to now, we have not submitted budgets to nor received appropriations from the legislature. Our annual operating budget of roughly \$300,000 is approved by the KDFA Board of Directors and is funded from fee income earned from our operations. If HB 2373 is enacted, an annual budget covering at least the federally-funded programs will have to be submitted. The FY 1992 budget submission for the programs being transferred amounted to nearly \$8.5 million, all funded from federal grant revenues.

As an independent authority, KDFA personnel are not covered by the state's civil service rules and regulations. KDFA's statutes authorize the president of the authority to employ such officers as are needed to carry out the purposes of the act and determine their compensation, subject to the approval of the KDFA Board. For the purposes of the state payroll system only, KDFA employees are considered to be in the unclassified service. The bill contains provisions, similar to those enacted for Kansas, Inc. and KTEC, which state that KDFA employees are afforded the same payroll services and fringe benefits as state employees, but that they are not considered to be in either the classified or unclassified service. Although they will retain all retirement benefits and leave credits, any SRS or Commerce personnel transferred by the bill will automatically lose their classified status.

The adverse fiscal impact of the bill on KDFA's budget is relatively small, given the magnitude of the changes being made. This analysis assumes that the functions and programs being transferred will receive the same funding if they are transferred as they would if they were not, and that such funding is adequate to accomplish the purposes of the programs in terms of staffing and operating costs. Additional (unbudgeted) costs associated with consolidating and relocating the various operations are estimated to be \$187,500 based on standard cost factors supplied by the Division of Facilities Management.

As mentioned, the analysis of the fiscal effect of the bill is predicated on the assumption that the legislature will continue to fund the programs being transferred, at least for FY 1992. The long-range picture is not very clear. For example, the oil overcharge funding available for weatherization programs will run out in the near future and it is unknown whether this funding source will be replaced by other revenues. The low-income housing tax credit program's authorizing provision in the federal tax code is due to sunset on December 31, 1991 unless extended by Congress, as it has been twice already. Other federally funded programs appear stable and may in fact grow as a result of the new federal housing legislation. The impact of all this on the state general fund should remain neutral.

At the outset of my testimony, I mentioned certain reservations concerning specifics of the bill. I have attached a balloon of the bill that sets forth certain changes which relate to these reservations. Most are minor and largely technical, but two are major and substantive.

The first major reservation (which is not reflected in the balloon) concerns the proposal to change KDFA's name. I believe that this would be a mistake for two reasons. First, KDFA is statutorily designed to be a multi-purpose finance authority. We are engaged in a wide variety of financing areas, including state facilities, higher education and health care facilities, environmental facilities, and ag and business enterprises. Our name should reflect the totality of our mission. Secondly, KDFA has an established identity which is closely associated with its name. This identity includes national name recognition which carries with it established market acceptance for state bonds. In this sense, a name change could have an adverse financial impact on the state.

The second major reservation we have with the bill involves the proposed changes to the authority's governance structure. Page 9, lines 20-32, increases the KDFA board from five persons to nine, with the four new members having various specific housing experience. A nine person governing board is too big for effective hands-on governance. All members of the current KDFA board are highly engaged in every aspect of KDFA's activities, and the board has been very effective in steering the authority on its proper course. The board operates mainly by consensus and nearly all actions taken so far have been by unanimous vote. I would be surprised if a nine person board could achieve this level of engagement or effectiveness, especially one in which a large block of members have a special interest.

The balloon of the bill contains a counter-proposal with respect to the size and composition of the board. It calls for a seven-member board with not less than two members having experience in at least one of the specific housing areas listed in the bill. A seven-member board is not as good as five members, but it's better than nine. Having at least two members on the board with highly relevant experience will ensure that housing concerns will have a stronger and more specific representation on the board than any other area of KDFA's activities.

One final request: The president of KDFA is appointed by and serves at the will of the Governor. Please don't change that. Although the board members are appointed by the Governor, once appointed they serve a specified term in office and thereby retain an appropriate independence from the Administration. The Governor, however, should maintain direct oversight power over the operation of the authority to guard against occurrences that might be harmful to the state. The power to dismiss the authority's chief executive officer ensures this. Likewise, the director of housing should report to the president, not directly to the board of directors (see page 3, line 20).

As the Committee is aware, KDFA did not initiate this bill. But if the State of Kansas is to have a state housing finance authority, we strongly believe that it should be KDFA. I am not an expert on housing, but my limited exposure makes me believe that the state's responsibilities in the housing area can best be carried out by an independent authority rather than an office within a division of a state agency. With the proposed changes, KDFA supports this bill.

HOUSE BILL No. 2373

By Committee on Economic Development

2-15

8 AN ACT concerning the Kansas housing and development authority;
9 renaming the Kansas development finance authority; transferring
10 certain powers, duties and functions from the secretary and de-
11 partment of social and rehabilitation services and from the sec-
12 retary and the department of commerce to the Kansas housing
13 and development authority; designating the Kansas housing and
14 development authority as the official state agency for purposes of
15 compliance with certain federal acts and programs; amending
16 K.S.A. 1990 Supp. 74-5082, 74-5084, 74-5085, 74-5086, 74-8901,
17 74-8902, 74-8903 and 74-8913 and repealing the existing sections.

18
19 *Be it enacted by the Legislature of the State of Kansas:*

20 New Section 1. The Kansas development finance authority is
21 hereby renamed and shall be referred to as the Kansas housing and
22 development authority. All properties, moneys, appropriations, rights
23 and authorities of the Kansas development finance authority are
24 hereby vested in the Kansas housing and development authority.
25 Whenever the Kansas development finance authority, or words of
26 like effect, is referred to or designated by any statute, contract or
27 other document, such reference or designation shall be deemed to
28 apply to the Kansas housing and development authority.

29 New Sec. 2. (a) (1) All of the powers, duties, functions, records
30 and property of the secretary of social and rehabilitation services and
31 the department of social and rehabilitation services which relate to
32 the weatherization program and which were exercised by the sec-
33 retary of social and rehabilitation services and the department of
34 social and rehabilitation services immediately prior to the effective
35 date of this act are hereby transferred to and conferred upon the
36 Kansas housing and development authority.

37 (2) All of the powers, duties and functions of the secretary of
38 social and rehabilitation services and the department of social and
39 rehabilitation services which relate to application for, receipt, admin-
40 istration, and utilization of grants and other financial assistance that
41 the federal agencies make available under federal acts and programs,
42 and that other public or private entities make available for weath-
43 erization programs, are hereby transferred to and conferred upon

Eco Devo #3
Attachment
02-26-91

1 the Kansas housing and development authority.

2 (b) The Kansas housing and development authority shall be the
3 successor in every way to the powers, duties and functions which
4 are specified in this section and which were vested in the secretary
5 of social and rehabilitation services and the department of social and
6 rehabilitation services prior to the effective date of this act.

7 (c) Whenever the secretary of social and rehabilitation services
8 or the department of social and rehabilitation services, or words of
9 like effect, is referred to or designated by statute, contract or other
10 document with regard to the powers, duties and functions which are
11 specified in this section, such reference or designation shall be
12 deemed to apply to the Kansas housing and development authority.

13 (d) Officers and employees who immediately prior to the effective
14 date of this act were engaged in the exercise and performance of
15 the powers, duties and functions specified in this section and who,
16 in the opinion of the board of directors of the Kansas housing and
17 development authority, are necessary to perform the powers, duties
18 and functions transferred under this section shall become officers
19 and employees of the Kansas housing and development authority.
20 Any such officer or employee shall retain all retirement benefits and
21 all leave credits which had accrued to or vested in such officer or
22 employee prior to the effective date of this act. The service of each
23 such officer and employee so transferred shall be deemed to have
24 been continuous.

25 New Sec. 3. (a) The president and all other officers and em-
26 ployees of the Kansas housing and development authority shall be
27 considered to be state employees and the Kansas housing and de-
28 velopment authority shall be considered to be a state agency for
29 purposes of the laws and procedures governing the payroll accounting
30 system for state agencies under K.S.A. 75-5501 *et seq.*, and amend-
31 ments thereto, the deferred compensation plan developed and ap-
32 proved for state employees under K.S.A. 75-5521 through 75-5529
33 and amendments thereto, the Kansas public employees retirement
34 system, the employment security law, the workers compensation act,
35 including the state workmen's compensation self-insurance fund as
36 provided in K.S.A. 44-575 through 44-580 and amendments thereto,
37 the state health care benefits program and remittances pursuant to
38 the federal social security act, federal insurance compensation act
39 and the federal internal revenue code. ~~The president and all other~~
40 employees of the Kansas housing and development authority shall
41 be considered to be state employees and the Kansas housing and
42 development authority shall be considered to be a state agency only
43 for the purposes specified in this subsection.

and any other such fringe benefits and welfare programs
established for state employees.

1 (b) Except as provided in subsection (f) of K.S.A. 1990 Supp.
 2 74-8903 and amendments thereto for members of the board of di-
 3 rectors of the Kansas housing and development authority, the pro-
 4 visions of article 32 of chapter 75 of the Kansas Statutes Annotated,
 5 any acts amendatory thereof or supplemental thereto, and any rules
 6 and regulations adopted thereunder, shall not apply to officers or
 7 employees of the Kansas housing and development authority. Subject
 8 to policies established by the board of directors, the president of
 9 the authority or the president's designee shall be authorized to ap-
 10 prove all travel and travel expenses of such officers and employees.

11 (c) Nothing in this act or the Kansas housing and development
 12 authority act shall be construed as placing any officer or employee
 13 of the Kansas housing and development authority in the classified
 14 service or the unclassified service under the Kansas civil service act.

15 Sec. 4. K.S.A. 1990 Supp. 74-5082 is hereby amended to read
 16 as follows: 74-5082. (a) There is hereby established within and as a
 17 part of the ~~division of community development~~ *Kansas housing*
 18 *and development authority* the office of housing the head of which
 19 shall be the director of housing. Under the supervision of the di-
 20 ~~rector of community development board of directors of the Kansas~~ president
 21 *housing and development authority*, the director of housing shall
 22 administer the office of housing.

23 (b) Subject to and in accordance with appropriations acts, the
 24 office of housing is hereby authorized and empowered to *Kansas*
 25 *housing and development authority shall:*

26 (1) *Prepare public policy recommendations to the legislature re-*
 27 *garding safe, sanitary and affordable housing for Kansas residents;*

28 (2) *prepare, from time to time amend, and administer the a*
 29 *comprehensive state housing plan for affordable housing in accord-*
 30 *ance with criteria of the federal department of housing and urban*
 31 *development and the provisions of the federal housing acts;*

32 (3) *serve as a clearinghouse and single point of contact for*
 33 *the state regarding information, programs, and resources related to*
 34 *affordable and accessible housing;*

35 (4) *provide access and management of federal housing pro-*
 36 *grams for delivery to the citizens and businesses of Kansas res-*
 37 *idents and communities;*

38 (5) *work with existing agencies, organizations, and social pro-*
 39 *grams to assist in the development and management of affordable*
 40 *and accessible housing programs funded from public or private*
 41 *sources; and*

42 (6) *coordinate with and provide information and other assistance*
 43 *to the department of commerce with regard to the administration*

1 of the small cities community development block grant program; and
2 (5) (7) exercise such other powers and perform such other duties
3 as may be prescribed by law.

4 (c) The office of housing Kansas housing and development au-
5 thority shall prepare and submit to the governor and the legislature
6 an annual report regarding administration of the state housing plan
7 and the recommendations of the authority regarding safe, sanitary
8 and affordable housing for Kansas residents.

9 Sec. 5. K.S.A. 1990 Supp. 74-5084 is hereby amended to read
10 as follows: 74-5084. Whenever the designation of a state agency is
11 required by any federal act or program under which federal financial
12 assistance is made available for housing or housing related purposes,
13 the department of commerce Kansas housing and development
14 authority shall serve as the officially designated state agency of Kan-
15 sas and such department authority shall be responsible for exercising
16 the powers and performing the functions and duties required of state
17 agencies under such federal acts and programs.

18 Sec. 6. K.S.A. 1990 Supp. 74-5085 is hereby amended to read
19 as follows: 74-5085. (a) (1) All of the powers, duties and functions
20 of the secretary of social and rehabilitation services commerce
21 and the department of social and rehabilitation services commerce
22 which relate to housing and housing assistance and which were ex-
23 exercised pursuant to contracts and agreements with the federal de-
24 partment of housing and urban development, through the office of government
25 housing of the division of community development of the department
26 of commerce immediately prior to the effective date of this act
27 July 1, 1991, are hereby transferred to and conferred upon the
28 secretary of commerce and the department of commerce Kansas
29 housing and development authority.

30 (2) All of the powers, duties and functions of the secretary of
31 social and rehabilitation services commerce and the department
32 of social and rehabilitation services commerce which relate to the
33 application, receipt, administration, and utilization of grants, vouch- tax credits,
34 ers and other financial assistance that the federal department of government
35 housing and urban development makes available under federal hous-
36 ing programs, and that other public or private entities make available
37 for housing and housing related purposes, which were administered
38 through the office of housing of the division of community devel-
39 opment of the department of commerce, are hereby transferred to
40 and conferred upon the secretary of commerce and the depart-
41 ment of commerce Kansas housing and development authority.

42 (b) The secretary of commerce and the department of eom-
43 merce Kansas housing and development authority shall be the sue-

1 ~~cessors successor~~ in every way to the powers, duties and functions
 2 which are specified in this section and which were vested in the
 3 secretary of ~~social and rehabilitation services commerce~~ and the
 4 department of ~~social and rehabilitation services commerce~~ prior
 5 to the effective date of this act.

6 (c) Whenever the secretary of ~~social and rehabilitation services~~
 7 ~~commerce~~ or the department of ~~social and rehabilitation services~~
 8 ~~commerce~~ or the director of housing, the office of housing of the
 9 division of community development of the department of commerce,
 10 or words of like effect, is referred to or designated by statute, contract
 11 or other document with regard to the powers, duties and functions
 12 which are specified in this section, such reference or designation
 13 shall be deemed to apply to the secretary of ~~commerce~~ and the
 14 department of ~~commerce~~ *Kansas housing and development*
 15 *authority*.

16 (d) Officers and employees who immediately prior to the effec-
 17 tive date of this act *July 1, 1991*, were engaged in the exercise
 18 and performance of the powers, duties and functions specified in
 19 this section and who, in the opinion of the secretary of ~~commerce~~
 20 *board of directors*, are necessary to perform the powers, duties and
 21 functions transferred under this section shall become officers and
 22 employees of the ~~department of commerce~~ *Kansas housing and development authority*.
 23 Any such officer or employee shall retain all retirement benefits and all rights of civil
 24 ~~service leave credits~~ which had accrued to or vested in such officer
 25 or employee prior to the effective date of this act. The service of
 26 each such officer and employee so transferred shall be deemed to
 27 have been continuous. All transfers and any abolition of person-
 28 nel positions in the classified service under the Kansas civil
 29 service act shall be in accordance with civil service laws and
 30 any rules and regulations adopted thereunder.

31 Sec. 7. K.S.A. 1990 Supp. 74-5086 is hereby amended to read
 32 as follows: 74-5086. (a) There is hereby established the housing con-
 33 cerns advisory committee the members of which shall be appointed
 34 by the secretary of ~~commerce~~ *board of directors of the Kansas*
 35 *housing and development authority*. The housing concerns advisory
 36 committee shall be composed of one member from the commission
 37 on civil rights or its staff, one member from the Kansas association
 38 of counties, one member from the league of Kansas municipalities,
 39 at least one member who is knowledgeable in the concerns of aging
 40 citizens, at least one member who is knowledgeable in mental health
 41 concerns, at least one member who is knowledgeable in the needs
 42 and concerns of the homeless, and such additional members as the
 43 secretary *board of directors* deems necessary for the performance

1 of the functions of the committee. The additional members shall be
2 persons who are knowledgeable in public and private housing needs
3 in both rural and urban areas. Members of the housing concerns
4 advisory committee shall serve on a voluntary basis, without com-
5 pensation or reimbursement for expenses, from the date of their
6 appointment until the date of expiration of this section.

7 (b) The housing concerns advisory committee shall have and per-
8 form the following functions:

9 (1) Assist the office of housing in the development of the state
10 housing plan;

11 (2) address the special populations in need of housing availability
12 and affordability; and

13 (3) work with existing agencies, organizations and social programs
14 to develop affordable and accessible housing.

15 (c) The provisions of this section shall expire on March 31, 1992.

16 Sec. 8. K.S.A. 1990 Supp. 74-8901 is hereby amended to read
17 as follows: 74-8901. The provisions of this act K.S.A. 1990 Supp.
18 74-5082, 74-5083, 74-5084, 74-5085, 74-5086, 74-8901 through 74-
19 8916, and sections 1, 2 and 3, and amendments thereto, shall be
20 cited as the Kansas housing and development ~~finance~~ authority act.

21 Sec. 9. K.S.A. 1990 Supp. 74-8902 is hereby amended to read
22 as follows: 74-8902. The following words or terms used in this act
23 shall have the following meanings unless a different meaning clearly
24 appears from the context:

25 (a) "Act" means the Kansas housing and development ~~finance~~
26 authority act.

27 (b) "Affordable housing" means housing for which the expenses,
28 whether rent or mortgage payments, do not exceed 30% of annual
29 household income.

30 ~~(b)~~ (c) "Authority" means the Kansas housing and development
31 ~~finance~~ authority created by K.S.A. 1988 1990 Supp. 74-8903, and
32 amendments thereto.

33 ~~(e)~~ (d) "Agricultural business enterprises" means facilities sup-
34 porting or utilized in the operation of farms, ranches and other
35 agricultural, aquacultural or silvicultural commodity producers and
36 services provided in conjunction with the foregoing.

37 ~~(d)~~ (e) "Board of directors" means the board of directors of the
38 authority created by K.S.A. 1988 1990 Supp. 74-8903, and amend-
39 ments thereto.

40 ~~(e)~~ (f) "Bonds" means any bonds, notes, debentures, interim
41 certificates, grant and revenue anticipation notes, interest in a lease,
42 lease certificate of participation or other evidences of indebtedness,
43 whether or not the interest on which is subject to federal income

1 taxation, issued by the authority pursuant to this act.
2 ~~(f)~~ (g) "Capital improvements" means any physical public bet-
3 terment or improvement or any preliminary plans, studies or surveys
4 relative thereto; land or rights in land, including, without limitations,
5 leases, air rights, easements, rights-of-way or licenses; and any fur-
6 nishings, machinery, vehicles, apparatus or equipment for any public
7 betterment or improvement.

8 ~~(g)~~ (h) "Construct" means to acquire or build, in whole or in
9 part, in such manner and by such method as the authority shall
10 determine to be in the public interest and necessary to accomplish
11 the purposes of and authority set forth in this act.

12 ~~(h)~~ (i) "Loans" means loans made for the purposes of financing
13 any of the activities authorized within this act, including loans made
14 to financial institutions for funding or as security for loans made for
15 accomplishing any of the purposes of this act and reserves and ex-
16 penses appropriate or incidental thereto.

17 ~~(i)~~ (j) "Educational facilities" means real, personal and mixed
18 property of any and every kind intended by an educational institution
19 in furtherance of its educational program.

20 ~~(j)~~ (k) "Facilities" means any real property, personal property or
21 mixed property of any and every kind.

22 ~~(k)~~ (l) "Health care facilities" means facilities for furnishing phys-
23 ical or mental health care.

24 ~~(l)~~ (m) "Housing development" means any work or undertaking,
25 whether new construction or rehabilitation, which is designed and
26 financed pursuant to the provisions of this act for the primary purpose
27 of providing dwelling accommodations for elderly persons and fam-
28 ilies of low *and moderate* income in need of housing.

29 ~~(m)~~ (n) "Industrial enterprise" means facilities for manufacturing,
30 producing, processing, assembling, repairing, extracting, warehous-
31 ing, distributing, communications, computer services, transportation,
32 corporate and management offices and services provided in connec-
33 tion with any of the foregoing, in isolation or in any combination,
34 that involve the creation of new or additional employment or the
35 retention of existing employment.

36 ~~(n)~~ (o) "Political subdivision" means political or taxing subdivi-
37 sions of the state, including municipal and quasi-municipal corpo-
38 rations, boards, commissions, authorities, councils, committees,
39 subcommittees and other subordinate groups or administrative units
40 thereof, receiving or expending and supported, in whole or in part,
41 by public funds.

42 ~~(o)~~ (p) "Pooled bonds" means bonds of the authority, the interest
43 on which is subject to federal income taxation, which are issued

1 for the purpose of acquiring bonds issued by two or more political
2 subdivisions.

3 ~~(p)~~ (q) "State" means the state of Kansas.

4 ~~(q)~~ (r) "State agency" means any office, department, board, com-
5 mission, bureau, division, public corporation, agency or instrumen-
6 tality of this state.

7 ~~(r)~~ (s) "Eligible Kansas basic enterprise" means any enterprise:

8 (1) Which has been located or principally based in Kansas for
9 one year or more; and

10 (2) which can provide demonstrable evidence that:

11 (A) It is primarily engaged in any one or more of the Kansas
12 basic industries; or

13 (B) it is primarily engaged in the development or production of
14 goods or the provision of services for out-of-state sale; or

15 (C) it is primarily engaged in the production of goods or the
16 provision of services which will attract out-of-state buyers or con-
17 sumers into the state; or

18 (D) it is primarily engaged in the production of raw materials,
19 ingredients, or components for other enterprises which export the
20 majority of their products from the state; or

21 (E) it is a national or regional enterprise which is primarily en-
22 gaged in interstate commerce; or

23 (F) it is primarily engaged in the production of goods or the
24 provision of services which will supplant goods or services which
25 would be imported into the state; or

26 (G) it is the corporate or regional headquarters of a multistate
27 enterprise which is primarily engaged in out-of-state industrial ac-
28 tivities; and

29 (3) which had gross revenues in its most recently completed year
30 of not more than \$1,500,000; and

31 (4) which is not eligible for a loan or loan guaranty from the
32 small business administration or the farmers home administration of
33 the federal government, other than as part of a packaged loan ar-
34 rangement including a loan or loan guarantee from one or both of
35 such federal agencies, for the same project for which an application
36 has been made for a loan under the Kansas basic enterprises loan
37 program.

38 ~~(s)~~ (t) "Kansas basic industries" means:

39 (1) Agriculture;

40 (2) mining;

41 (3) manufacturing;

42 (4) interstate transportation;

43 (5) wholesale trade which is primarily multistate in activity or

- 1 which has a major import supplanting effect within the state;
- 2 (6) financial services which are provided primarily for interstate
- 3 or international transactions;
- 4 (7) business services which are provided primarily in out-of-state
- 5 markets;
- 6 (8) research and development of new products, processes, or
- 7 technologies; or
- 8 (9) tourism activities which are primarily engaged in for the pur-
- 9 pose of attracting out-of-state tourists.

10 (u) "Primarily engaged" means engagement in an industrial
 11 activity by an enterprise to the extent that not less than 51% of the
 12 gross income of the enterprise is derived from such engagement.

13 Sec. 10. K.S.A. 1990 Supp. 74-8903 is hereby amended to read
 14 as follows: 74-8903. (a) There is hereby created, with such duties
 15 and powers as are hereinafter set forth to carry out the provisions
 16 of this act, a public body politic and corporate, with corporate succes-
 17 sion, to be an independent instrumentality of this state exercising
 18 essential public functions, and to be known as the Kansas housing
 19 and development finance authority.

20 (b) (1) The board of directors of the authority shall consist of the
 21 secretary of the department of commerce and ~~four~~ six members
 22 to be appointed by the governor. Not less than ~~three~~ five members
 23 of such board shall be representative of the general public, *not less*
 24 *than four members shall have housing experience* and not more than two
 25 ~~three~~ four members shall be members of the same political party.
 26 ~~Of the members required to have housing experience, at least one~~ The
 27 ~~shall have experience with an agency assisting homeless persons ob-~~ at least one of the following:
 28 ~~tain housing, at least one shall have experience in the housing con-~~
 29 ~~struction industry, at least one shall have experience with a not-for-~~
 30 ~~profit housing development agency, and at least one shall have ex-~~
 31 ~~perience assisting persons with low or moderate incomes obtain~~ programs
 32 ~~housing.~~ to

33 (2) The governor shall appoint, subject to confirmation by the
 34 senate as provided in K.S.A. 75-4315b and amendments thereto, (A)
 35 two public members of the board for a term of two years and two
 36 for a term of four years, and thereafter, upon the expiration of such
 37 terms, public members shall be appointed for a term of four years,
 38 and (B) on or after July 1, 1991, ~~two~~ one housing members of the board
 39 for a term of two years and ~~two~~ one for a term of four years, and
 40 thereafter, upon the expiration of such terms, housing members shall
 41 be appointed for a term of four years.

42 (3) Each board member shall hold office for the term of such
 43 member's appointment and until such member's successor shall have

1 been appointed and qualified. Any vacancy in the board occurring
2 other than by expiration of term shall be filled by the appointment
3 of the governor, but for the unexpired term only.

4 (c) The governor shall designate the chairperson and vice-chair-
5 person of the board from the members of such board.

6 (d) (1) The authority shall have such rights, powers and privileges
7 and shall be subject to such duties as provided by this act.

8 (2) The ~~governor board of directors~~ shall appoint a president governor
9 who shall serve at the ~~will of the governor, pleasure of the board~~ will of the governor

10 ~~of directors~~. The president shall appoint and employ such additional
11 officers, accountants, financial advisors or experts, bond counsel or
12 other attorneys, agents and employees as it may require and shall
13 determine their qualifications, duties and compensation subject to
14 the approval of the board of directors. The president shall be an ex
15 officio nonvoting member of the board and may be elected secretary
16 of the board.

17 (3) The powers of the authority shall be vested in the members
18 of the board of directors and ~~three five~~ four members of the board shall

19 constitute a quorum at any meeting thereof. Action may be taken
20 and motions and resolutions adopted by the board at any meeting
21 thereof by the affirmative vote of a majority of present and voting
22 board members. Any motion and resolution to authorize an issue of
23 bonds, to approve a loan application, to authorize a lease transaction
24 or to approve a bond guaranty shall have the affirmative vote of at
25 least ~~three five~~ four board members.

26 (e) Before the issuance of any bonds, each member of the board
27 of directors of the authority shall execute a surety bond in the penal
28 sum of \$250,000 and the president of the authority shall execute a
29 surety bond in the penal sum of \$250,000, each surety bond to be
30 conditioned upon the faithful performance of the duties of the office
31 by such board member or president, as the case may be, to be
32 executed by a surety company authorized to transact business in the
33 state of Kansas, as surety, and to be approved by the attorney
34 general. At all times after the issuance of any bonds by the authority,
35 each member of the board of directors of the authority shall maintain
36 such surety bonds in full force and effect. All costs of such surety
37 bonds shall be borne by the authority.

38 (f) The members of the board of directors of the authority shall
39 serve without compensation, but the authority may reimburse its
40 board members for mileage and subsistence expenses incurred in
41 the discharge of their official duties as provided by subsections (b)
42 and (c) of K.S.A. 75-3223 and amendments thereto.

43 (g) No part of the funds of the authority shall inure to the benefit

1 of, or be distributed to, its employees, officers or board of directors,
2 except that the authority shall be authorized and empowered to pay
3 its employees reasonable compensation.

4 (h) The authority may be dissolved by act of the legislature on
5 condition that the authority has no debts or obligations outstanding
6 or provision has been made for the payment or retirement of such
7 debts or obligations. Upon any such dissolution of the authority, all
8 property, funds and assets thereof shall be vested in the state.

9 Sec. 11. K.S.A. 1990 Supp. 74-8913 is hereby amended to read
10 as follows: 74-8913. On or before the last day of ~~January~~ *November*
11 in each year, the authority shall make an annual report of its activities
12 for the preceding ~~calendar~~ *fiscal* year to the governor and to the
13 legislature. Such report shall contain an audit of the preceding ~~cal-~~
14 ~~endar~~ *fiscal* year, prepared by a firm of nationally recognized cer-
15 tified public accountants. On or before the last days of January and
16 July of each year, the authority shall provide a written report to the
17 governor and the legislature with respect to all bonds of the authority
18 issued during the previous semiannual period, specifying the terms
19 of sale and the costs, fees and expenses of each such bond issue.

20 Sec. 12. K.S.A. 1990 Supp. 74-5082, 74-5084, 74-5085, 74-5086,
21 74-8901, 74-8902, 74-8903 and 74-8913 are hereby repealed.

22 Sec. 13. This act shall take effect and be in force from and after
23 its publication in the statute book.

THE DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES
Robert C. Harder, Acting Secretary
Testimony of House Bill No. 2373
February 26, 1991

The federally funded Weatherization Program makes physical improvements to housing for the purpose of conserving energy. The Department of Social and Rehabilitation supports consolidating Weatherization with other housing improvement programs operated by the State's Housing Office. There is good rationale for administering Weatherization in tandem with the State's Rental Rehabilitation Program, Low Income Tax Credit Program, Permanent Housing for the Disabled, and the Housing Block Grant Program. Consolidating Weatherization with these housing programs would facilitate coordination of available housing resources. For example, the Weatherization Program must occasionally deny its services when other types of repairs are needed to protect the weatherization measures but which are not paid by Department of Energy funds. This could include roofing needed to protect newly installed insulation. Such uncovered needs could be easily met by using the State's new Housing Block Grant funds available through the Cranston-Gonzalez National Affordable Housing Act of 1990. Its regulations encourage such resource integration by providing considerable state flexibility in developing block grant program design.

Prior to publication of HB 2373, SRS communicated with the Governor and the Department of Commerce proposing an immediate transfer of the Weatherization Program and its staff to the Commerce Housing Office. Because the program operates on the April through March Department of Energy federal year, a timely transfer would allow the Housing Office to award the 1991 local agency grants this Spring. Such a transfer could be accomplished by a Governor's executive order because there are no state or federal statutes currently assigning Weatherization to any particular agency. However, instead of transferring Weatherization to Commerce, HB 2373 proposes moving the Commerce Housing Office and the SRS Weatherization Program to a newly formed Kansas Housing and Development Authority.

SRS agrees with the concept of a unified housing office, regardless of the location of the agency. However, the Department is concerned that HB 2373 does not protect the staff being transferred. Section 3, subsection (c) and Section 6, subsection (d) remove all civil service protection from the transferred staff. Since the Weatherization Program is technical, trained staff are needed to maintain program integrity. The civil service system would promote such continuity by retaining trained staff. SRS requests that the Committee consider this important concern.

The attached handout provides information about Weatherization Program funding sources, average expenditures, and houses weatherized annually.

John W. Alquest
Commissioner of Income Support and Medical Services

*Eco-Devo
Attachment #4*

02-26-91

WEATHERIZATION PROGRAM SUMMARY

The Weatherization Program goal is to reduce residential energy consumption for qualifying households. The maximum income guideline is 125% of the poverty level.

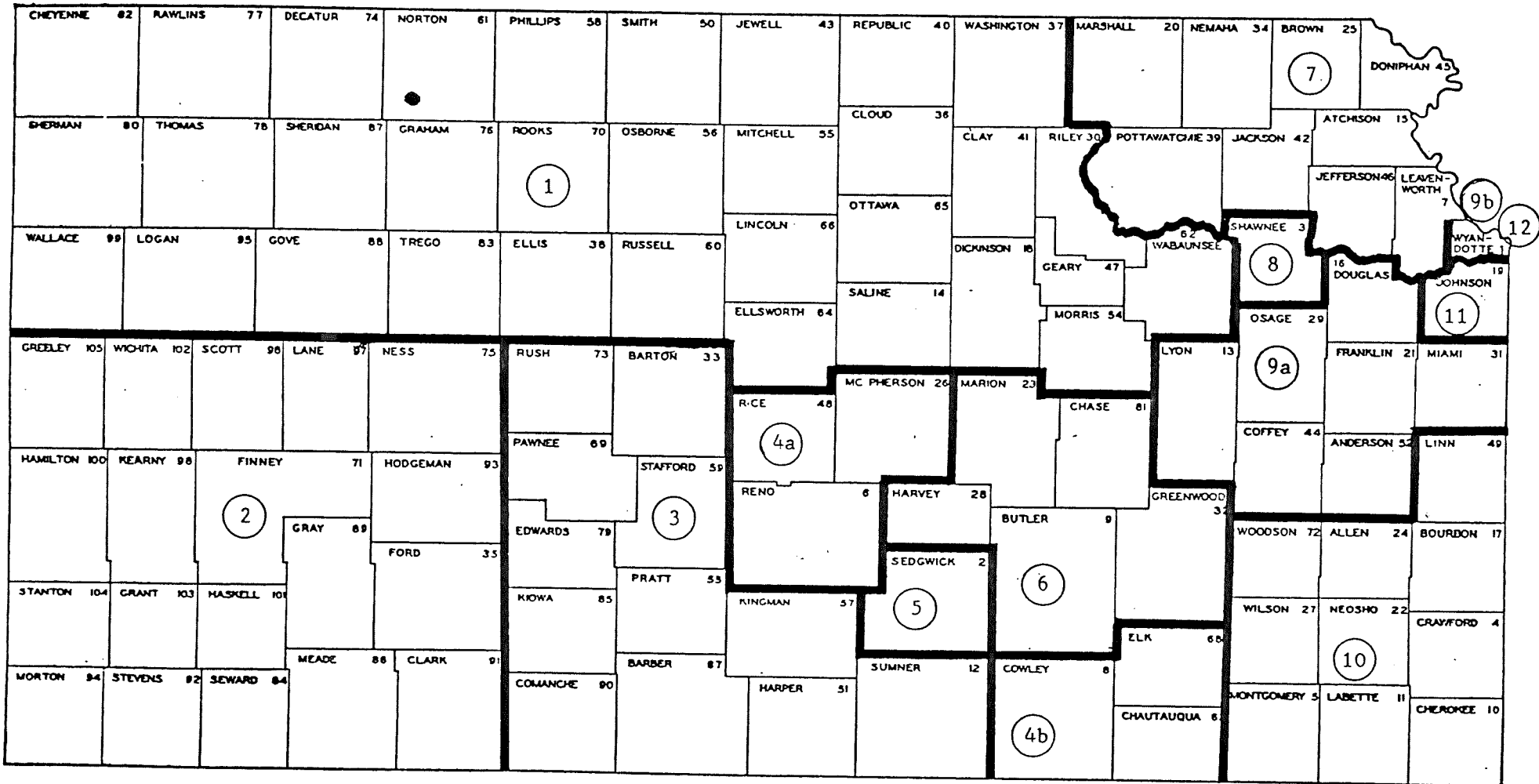
Funding is received from three sources:

- 1) The federal Department of Energy Weatherization Program;
- 2) A set-aside portion of the federal Low Income Energy Assistance Block Grant;
- 3) Kansas oil overcharge funds.

Combined funding has increased by 13% in the last two years with the 1991 GBR being \$5,089,251. Funds are granted to local agencies which provide the weatherization services. An average of \$1,600 is spent per house depending on improvements needed. The number of houses weatherized per year ranges from 2,500 to 3,000 depending upon the funding available, weather conditions and other variables.

Currently twelve local agencies have weatherization grants. Grantees include city and county governments, community action agencies, a community college, a regional planning center, and an economic development district. In addition, the Kansas State University Engineering Extension Service has received a training and technical assistance grant for FY 1991.

WEATHERIZATION SUBGRANTEE AGENCIES



- | | |
|---|---|
| 1. North Central Regional Planning Commission | 7. Northeast Kansas Community Action Program |
| 2. Harvest America Corporation/Southwest | 8. Shawnee County Community Assistance & Action |
| 3. Pratt Community College/AVTS | 9. East Central Kansas Economic Opportunity Corp. |
| 4. South Central Kansas Economic Development District | 10. Southeast Kansas Community Action Program |
| 5. City of Wichita, Human Services Division | 11. Johnson County Human Resources and Aging |
| 6. Mid-Kansas CAP, Inc. | 12. Harvest America Corporation/Wyandotte County |

HUD's FY92 Budget: Same Old, Same Old

The Bush Administration's budget request for Fiscal Year 1992 echoes familiar themes: heavy reliance on Section 8 Rental Vouchers in existing housing, full funding for Secretary Kemp's HOPE (Homeownership and Opportunities for People Everywhere) initiatives, a significant decrease in public housing new construction, and grudging endorsement of the HOME housing grants, which would be funded at half the level authorized in the National Affordable Housing Act of 1990.

The overall budget request is for \$25.5 billion, a \$1.5 billion decrease from FY 91 (see the charts on page 4 and 5 for details). Of that total, \$9.07 billion would be earmarked for low income housing, a drop of \$459 million from FY 91. Of the \$9.07 billion, \$4.09 billion would be used to finance new units of low income housing (ie, incremental units) through traditional HUD housing assistance efforts such as Section 8 and public housing, HOME grants, Shelter Plus Care, and other programs.

All expiring Section 8 contracts would be renewed for five years, at a cost of \$7 billion.

As expected, the HUD budget also contains a request to reprogram substantial portions of the FY91 appropriation approved last year by Congress. HUD is asking to take \$500 million out of current appropriations for public housing development (enough to finance more than 7,000 units) and shift it into the HOME grants for this fiscal year. It has also requested that Congress eliminate all funding for the Section 312 Rehab Grants, HoDAG, Nehemiah Grants, Rental Rehab Grants, and Urban Homesteading. These funds would be made available immediately to fund the HOPE program.

While HUD's budget contains no real surprises, it will undoubtedly face rough sledding on Capitol Hill. Both the House and Senate remain strongly committed to public housing. Moreover, the Administration's request to fully fund HOPE while only asking for half the authorized level of HOME funding is sure to raise congressional eyebrows. For more information on the HUD budget proposal, see the LIHIS *Special Memorandum* on the subject, which was mailed recently to all subscribers. -BZ

Kemp, Gonzalez to Address NLIHC/LIHIS Conference

HUD Secretary Jack Kemp and US House Housing Subcommittee Chair Henry Gonzalez will be among the featured speakers at the NLIHC/LIHIS 1991 conference. The conference, entitled, *Housing is a Human Right: New Tools, New Challenges, New Opportunities*, will be held March 9-11 at the Washington Court Hotel on Capitol Hill in Washington, DC.

In addition to plenary speakers, the conference will feature three workshop sessions that will focus on the new housing act and other pressing housing concerns.

On the last day of the conference, participants will have to opportunity to lobby their members of Congress and to deliver Two Cents for Housing Scrapbooks from their district or state. For more information, contact Frances Williams at 202/662-1530.

HIGHLIGHTS

- ◆ FY92 HUD Budget, 1
- ◆ NLIHC/LIHIS Conference, 1
- ◆ CHAS Planning, 1
- ◆ NAHA Regs Working Group, 2
- ◆ \$20B Block Grant Proposal, 2
- ◆ CD Documentary, 3

Departments

- ◆ National Notes, 3
- ◆ Job Openings, 4
- ◆ Resources, 5
- ◆ Conferences, 6
- ◆ Notes from the Field, 6
 - Housing and Mental Health
 - IL PHA Residents Victory
 - W. Lakeside Story

Five-Year Housing Strategies Challenge State and Local Advocates

Now that the National Affordable Housing Act is a reality, state and local housing advocates across the country have begun hearing the tick, tick, tick of the funding clock. In the next few months, HUD will be contacting state and local governments to tell them how much money they will receive if they elect to participate in the HOME program in FY92. Upon notification, the state and local governments have 30 days to tell HUD if they plan to apply for those funds. Then, if they do plan to apply, they have until October 31, 1991, to file a five-year Comprehensive Housing Affordability Strategy (CHAS). States and localities that neglect either step can forget about getting HOME funds in FY92.

What follows are some questions that advocates are asking as they position themselves for the challenges that lie ahead.

What agency or department is writing the CHAS?

At the state level there is competition between the housing finance agencies and community development-type agencies. Some states have task forces that include both, as well as economic development and human service agencies. Local jurisdictions may have similar jockeying going on between departments. A good first step for coalitions is to find out who's responsible

See CHAS Challenge, p. 3

Eco-Devs
Attachment #5
02-26-91



Housing & Credit Counseling Inc

1195 SW Buchanan Suite 203
Topeka, Kansas 66604-1183
(913) 234-0217

Testimony
To
Economic Development Committee
On
House Bill 2373
By
Karen Hiller
Housing & Credit Counseling Inc.
February 26, 1991

On behalf of Housing and Credit Counseling, Inc., I speak today in support of House Bill 2373 and urge this committee to move it forward for immediate passage.

Housing and Credit Counseling, Inc. recognizes the need for a housing office at the state level and was an active participant when advocates and industry groups joined together last year to support legislation that created a state housing office within the Department Of Commerce under the Community Development Division.

Over a year has gone by since the legislation that created the housing office was passed. The National Affordable Housing Act of 1990 has also been signed by the President and mandates that state involvement in housing be a precondition to receiving federal housing assistance. The Act requires states to provide matching funds .

The Office of Housing as it exists today is having trouble meeting the mandates it was given under SB 427. Since its creation we have watched and waited for the Office of Housing to carry out those mandates. We are concerned that after almost 1 year we have seen little or no activity. For example the Housing Concerns Advisory Committee was to begin work immediately on a Housing Plan for Kansas and report to the legislature this session. That committee was was not formed until December 1990 and the report that was to be made to the legislature has not been written.

With the Housing Office in the Community Development Division in Commerce we are also concerned that they are unable to provide adequate statewide funding mechanisms to meet the match requirement and appear to have no interest or expertise in coordinating housing policy, with program development, and finance.



HUD Comprehensive
Counseling Agency



Consumer Credit
Counseling Service



United Way
of Greater Topeka

*Eco-Devo
Attachment #6
02-26-91*

Kare. A. Hiller/HCCI
HB 2373
February 26, 1991

It now appears logical that if the Department of Commerce is unable or unwilling to carry out the mandates of SB 427 that KDFA's name should be changed to the Kansas Housing and Development Agency and its role and duties be expanded to include current and future housing responsibilities currently held in the Department of Commerce Community Development Division and make the "State" Housing Office a much more viable office.

The need for state leadership and coordination in the area of affordable housing has never been greater. The State has a very important role to play. This legislation provides us the opportunity and framework to address all of our housing needs.

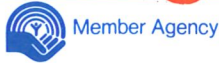
To - House Committee on Economic Development

From - Paul Johnson
Director - Public Assistance Coalition of Kansas
Vice Chairman - Children's Coalition

Date - February 26, 1991

Re - Support for House Bill 2373
Kansas Housing and Development Authority

- 1) Kansas needs a comprehensive statewide housing plan which can coordinate private/public resources.
- 2) Kansas needs a clearinghouse and single point of contact regarding information, programs and resources related to affordable and accessible housing.
- 3) Once the statewide plan is developed, a coordinated housing financial assistance program of private/public resources must follow.
- 4) Given the declining resources into the construction of new moderate/low income housing, the existing housing stock will have to be improved. Weatherization of this existing housing stock will be an important part of improving the existing housing stock.
- 5) Housing rehabilitation and new construction are labor intensive activities that have significant positive economic development impacts. A complete analysis of the job producing potential for housing improvement should be researched and presented to the Legislature. This should be part of the required annual report to the Governor and the Legislature.
- 6) With the federal housing role starting to increase and the new data available from the 1990 census, it's time to get serious about the availability and affordability of housing for all Kansans.



United Way
of Greater Topeka

2/26/91

Jim Olson, Executive Director
Community Resources Council

HOUSING-RELATED ACTIVITIES

- 1985-90 Chairman 1989-90
Kansas Advisory Committee on Energy Assistance and Conservation
 Kansas Dept. of Social & Rehabilitation Services.
 Advisory to SRS weatherization and energy assistance programs.
- 1983-Present Chairman 1988-Present
Kansas Selection Committee, Federal Emergency Food & Shelter Program, Federal Emergency Management Agency.
 Responsible for distribution of \$500,000 annually in FEMA emergency food and shelter funds to needy Kansas counties.
- 1991 Group Discussion Leader and Sponsorship Committee Member
Topeka Town Meeting on Affordable Housing
 Community-wide forum on affordable housing, co-sponsored by Topeka Community Foundation, major lending institutions and others.
- 1991 Chairman
Task Force on Housing for Single Adults
 Conducted review of local housing needs and resources for single adults, including handicapped, chronically mentally ill and developmentally disabled.

TESTIMONY REGARDING HB #2373

I am testifying today in support of HB #2373. This bill will enable the State of Kansas to better coordinate housing initiatives and related finance and energy programs. Of particular concern is the need for effective housing rehabilitation programs to meet the needs of low to moderate income Kansans.

*Eco. Devo
Attachment #8
02-26-91*

TESTIMONY REGARDING HB #2373

In Topeka, Kansas the issue of affordable and safe housing has been the focus of a much community activity during the past year:

- a.) Non-profit corporations such as Cornerstone, Habitat for Humanity, and the Community Housing Resources Board are working to expand the base of available housing and transitional shelters;
- b.) The Topeka Rescue Mission is completing a major fund drive to finish its new shelter for homeless singles and families;
- c.) Topeka's Department of Community and Economic Development has worked with home-owners and landlords to rehabilitate existing properties and improve neighborhoods;
- d.) An agenda for local housing initiatives was generated in the Town Meeting on Affordable Housing, an event co-sponsored by the Topeka Community Foundation, lending institutions and others;
- e.) Landlords are already working with social agencies to provide fee waivers and half-month's rent waiver for prospective tenants who have been screened and counseled by social service case managers;
- f.) Mayor Felker has identified affordable housing as a key issue for 1991 and is working with city officials and citizens to develop ongoing housing initiatives.

Topeka, like other communities, recognizes that citizen volunteers, businesses, social agencies and local government all have a role to play in solving our problem of affordable housing. We also see great promise in the federal Affordable Housing Act of 1990, which mandates broad-based participation and local decision-making by citizens and community agencies.

What is unknown at this time is whether we can look forward to effective state participation in these efforts. The new federal bill requires states to develop housing strategies and commit matching funds to expand the stock of affordable rental housing and create home-ownership opportunities for moderate income families.

Every day our community agencies are helping low-income families with emergency rent, food and utility aid; help that is fast becoming a regular income supplement rather than an emergency transaction. Many of our agencies work with families to improve their wage-earning capacity, or help them become better at family budgeting, but we are seeing too many families whose incomes are so low that budgeting skills are not enough; families whose survival needs cannot be met with the dollars available.

In looking at what we can do to help families meet these survival needs of food, shelter and heat, it is clear we can't significantly lower the price of food or home heating at the local level. What we can do is help families obtain safe, energy-efficient, and affordable housing; so more of the household's monthly income is available to purchase food and heat.

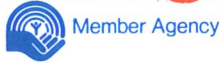
Ask a low income family whether the cost of food, or the cost of heat, or the cost of housing is their chief problem and the answer is yes to all three. If a family with too little income knows there is food help available, the family will pay the rent and utilities and ask for food help. If utility help is available the family will buy food and pay the rent, then ask for help with utilities.

This does not mean we have a food affordability crisis, or an energy affordability crisis -- or even a housing affordability crisis, for most Kansans. We simply have some families with too little income. By making housing more affordable we can solve many of their problems in meeting the high cost of food and home heating. More importantly, what we do today to provide affordable housing represents the best and most long term impact we can make on the quality of life for low and moderate income Kansas families.



community resources council

121 EAST 6TH, SUITE 4, TOPEKA, KANSAS 66603 PHONE 913/233-1365



United Way
of Greater Topeka

2/26/91

CENTRAL FILE FOR EMERGENCY AID*
UTILIZATION REPORT
of
ALL AGENCIES
COMPARISON OF 1989-1990

1990	INTAKE & CLOTHING	FOOD VOUCHER	FOOD ORDER	UTILITY AID	TRANSPOR TATION	LODGING	BUDGET RX COUNSELING
TOTAL HOUSEHOLDS	8,165	1,677	8,869	1,014	713	6	818 616
PERCENT FEMALE HHH	65.0%	64.4%	61.8%	74.9%	45.0%	40.0%	63.3% 73.7%

1989 TOTAL	3,969	2,416	7,574	828	742	5	598 207
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1990	HOUSING COUNSELING	TECHNICAL ASSIST	REFERRAL	ESCORT	HANDY PERSON	OUTREACH	RENT ASSIST	JOB COUNSELING
TOTAL HOUSEHOLDS	171	1,793	2,926	299	29	799	265	115
ABOVE POVERTY	1	14	24	4	0	13	3	0
BELOW POVERTY	23	467	712	111	4	194	69	8
PERCENT FEMALE HHH	60.8%	69.7%	67.7%	80.5%	80.0%	73.2%	68.4%	53.1%

1989 TOTAL	27	973	1,117	0	53	560	205	36
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RENT ASSISTANCE transactions in 1990 increased by 29% over the prior year. Sixty-eight percent of households served were headed by females. Whites made up the largest group of those helped (66%), followed by Blacks (29%), Hispanics (3%) and American Indians (2%). In cases where source of income was recorded, 26% were employed, 18% received AFDC and another 18% had no current income. The average household size was 2.7 persons.

*The Central File for Emergency Aid is a computerized on-line client recordkeeping system shared by four major helping agencies in Topeka: Doorstep, Let's Help, the Salvation Army and Community Action's Emergency Services Center. The system is maintained by the Community Resources Council and is funded by Shawnee County, the City of Topeka and the United Way of Greater Topeka.

LEAGUE OF WOMEN VOTERS OF KANSAS

919½ S. Kansas Topeka, KS 66612 (913) 234-5152

February 26, 1991

To: House Economic Development Committee
Representative Diane Gjerstad, Chairman

Thank you Madam Chairman and members of the Committee.

I am Mary Ella Simon speaking for the League of Women Voters of Kansas in support of HB 2373.

The League has long held positions at the national, state, and local levels in support of programs that provide equal access to housing and promote self-sufficiency for individuals and families, and we believe the establishment of the Kansas Housing and Development Authority is a step in that direction.

In particular, we support the appointment of an eight member Board of Directors representing a cross section of citizens with experience in assisting the homeless and helping low and moderate income families obtain housing.

In December, our League President wrote to Governor Finney asking for the appointment of a State Housing Director, structuring of the state budget to include matching funds for federal programs that require it, and implementation of a State Housing Plan.

With the recent signing by President Bush of the National Affordable Housing Act, we believe that HB 2373 will help move Kansas toward receiving its fair share of those federal funds.

We ask the committee to vote in favor of HB 2373. Thank you.

*Eco-Devo
Attachment #9*

02-26-91

THE LEAGUE OF WOMEN VOTERS OF TOPEKA/SHAWNEE COUNTY

H. B. 2373

Winnie Crapson, Member of Housing Study Committee

The League of Women Voters of Topeka/Shawnee County is completing a two-year study of local housing needs resulting in a position to be presented for approval at our annual meeting March 23, 1991.

Included in our study were the 1990 Federal Affordable Housing Act and the report of the National Task Force on Housing on which it is based. We believe it is essential for Kansas to have a Housing Authority in place and active to prepare a housing plan for Kansas, to formulate public policy on housing, to identify housing needs and resources within our state, and to assist local jurisdictions to benefit from the provisions of the 1990 Affordable Housing Act.

The League of Women Voters of Topeka/Shawnee County was a sponsor of the Topeka Town Meeting on Affordable Housing held November 9, 1990. In addition to the presentation of two studies of housing in Topeka, that meeting included over four hours of discussion in small groups. A multitude of suggestions emerged from those groups for evaluation and implementation. Many of them are immediately viable, others will require further study and the use of provisions in the 1990 Housing Act.

As of today it is unclear how that Act will be defined and administered. (Proposed regulations of Housing and Urban Development are to be published in the Federal Register today for comment.) Final regulations should be published by June 1.

*Eco-Devo
Attachment # 10
02-26-9*

The 1990 Act has been described as a combination of micro-management by Congress and broad stroke intent which will need further legislation to administer effectively. That intent is clear. Among four major themes is the responsibility of the states. States and localities must engage in long-term planning for housing needs and to coordinate their housing programs with tax credit programs. Congress requires this long-term planning recognizing that existing programs were created over a long period of time in a fragmented manner, often growing out of decisions on a project-by-project basis.

The Act encourages states to make housing a part of their normal planning activities and to make certain that participating jurisdictions have a long-term housing strategy. It is important that the Kansas Housing and Development Authority be established, not only to ensure that Kansas has a "designated agency" for compliance with requirements of the federal law, but that it have an agency that can encourage and support our communities in developing local initiatives and partnerships envisioned by the 1990 Act.

If the maximum benefits are to be realized from the well-organized and well-attended Topeka Town Meeting, we will need the assistance of such a Housing Authority.

#

To: House Committee of Economic Development

From: Jeannie Blankenship
Director of Homeless Services
The Salvation Army
Lawrence, Kansas

The Salvation Army is concerned about the lack of safe, accessible, permanent housing in the state of Kansas. In Lawrence, The Salvation Army has responded to the problem of homelessness by offering the services of two shelters, an emergency overnight shelter, and the Safe House, a transitional living facility for families and individuals. In 1990, 410 different individuals were housed in both shelters for up to ninety days. 8,505 nights were spent in one year's time. The Safe House has been full to capacity since it's opening in January, 1990.

It is our concern that persons who are homeless are being forgotten as other issues in the U. S. grab the attention of the media. But, nationally and locally the problem is still as vital as ever. Counting the homeless is impossible, but advocates believe the numbers are increasing. There is no national policy which insures the right to safe shelter, or any shelter, let alone decent, safe, affordable, accessible, permanent housing.

The National Coalition for the Homeless estimates 3,000,000 persons in this country are without housing. One-third are persons with mental disabilities who could function well in their own residences or in a group setting. The fastest growing group of homeless persons are families with children. Twenty-four families were sheltered

Eco-Devo
Attachment #11
02-26-91

by The Salvation Army in Lawrence in 1990. The children in these families are "at risk" for physical illnesses, extreme emotional stress and poor education leading to unemployability, poor health and uneducated parenting, further leading to more "at risk" Kansas children. Many of these problems would be avoided by housing, and generation after Kansas generation would be allowed an equal opportunity for safe living.

The creation of the Kansas Housing and Development Authority means Kansans will take responsibility for Kansans, working to provide coordination with local agencies and aid social service providers in their search for quality housing for all Kansans.

KANSAS MANUFACTURED HOUSING ASSOCIATION

TESTIMONY BEFORE THE HOUSE

COMMITTEE ON ECONOMIC DEVELOPMENT

TO: Representative Diane Gjerstad, Chairperson
and Members of the Committee

FROM: Terry Humphrey, Executive Director
Kansas Manufactured Housing Association

DATE: February 26, 1991

RE: House Bill 2373

Madam Chair and Members of the Committee, I am Terry Humphrey Executive Director of the Kansas Manufactured Housing Association and I appreciate the opportunity to comment on House Bill 2373.

During the 1990 Legislative Session, KMHA supported Senate Bill 486 that created an Office on Housing within the Community Development Division of the Department of Commerce. The creation of an Office on Housing was viewed by our organization as a significant first step by the State in recognizing the critical issue of affordable housing.

In Kansas, housing is a serious concern for many, in fact, manufactured home dealers meet families on a regular basis in need of quality, affordable housing but with little or no means of to attain it.

Like many housing advocates, our primary concern is that the issue of affordable housing be given priority status in State and local governments. In addition, Kansas needs to be prepared to effectively utilize the programs created by the newly passed National Affordable Housing Act.

After reviewing House Bill 2373, I am impressed by the fact that the bill appears to strengthen the state housing focus and connect it to financing, a key ingredient. In short, we feel that this bill deserves your serious consideration.

February 26, 1991

Madame Chairperson and Members of the Committee:

Testimony in support of House Bill 2373

My name is Ray Petty and I am the executive director of Independence, Inc. in Lawrence, an organization which is deeply involved in the promotion of affordable and accessible housing. We support the establishment of an effective housing development authority for the State of Kansas.

We appreciate the inclusion of "accessible" housing in line 40 on page 3 of the bill. I am concerned that accessibility needs to be overtly included elsewhere - for example in lines 27 and 29 on that same page. That way, accessibility and adaptability are integral to the policy recommendations and state housing plan mandated by this legislation.

On page 5, with regard to membership on the advisory committee, at least one member should have knowledge of the concerns of persons with physical disabilities.

On page 6, line 11, please strike the word "special" and substitute "concerns of" and add the term "accessibility", with appropriate commas, after the word "availability".

Also, on page 7, line 27, please consider adding the phrase ", persons with disabilities" after the term "elderly persons".

With these wording changes - which I believe are totally consistent with the spirit of the bill - we heartily endorse, and encourage you to recommend House Bill 2373 favorable for passage.

Thank you. I will be glad to sit (or even stand) for questions.



Independence, Inc.

THE LAWRENCE INDEPENDENT LIVING
RESOURCE CENTER

Ray Petty

Executive Director

1910 HASKELL • LAWRENCE, KANSAS 66046
913-841-0333

*Eco-Devo
Attachment #13*

02-26-91



Testimony in Support of HB 2373
House Committee on Economic Development
February 26, 1991

Christopher Imming, Community Investment Officer
Federal Home Loan Bank of Topeka

Thank you for the opportunity to express support for strengthening the commitment of the State of Kansas to providing affordable housing for its low- and moderate-income citizens.

The enactment of the Cranston-Gonzalez National Affordable Housing Act of 1990 has once again committed the federal government to provide some of the resources necessary to address this country's housing needs. As part of this commitment states and local governments are required to reaffirm their commitment to addressing the housing needs in their jurisdictions. The development of a "Comprehensive Housing Assistance Strategy" is mandated by the act. As part of that strategy each state must address its housing needs and describe how it intends to leverage federal resources with other non-federal resources including the state, local units of government, and other public and private agencies and organizations. Strengthening the commitment of the State of Kansas to housing for low- and moderate-income persons is a necessary step as a result of the successful efforts at the national level to rededicate this country to providing adequate housing for all of its citizens.

In addition to the effects of action taken by the President and Congress the state should play an active role in the development and implementation of housing policy for all areas of the state. Active involvement by the state will help to insure that all areas of the state including rural communities will have equal access to resources available to address housing problems in their area.

As you may know the Federal Home Loan Bank has established special programs for financing affordable housing in our district which includes the states of Colorado, Kansas, Nebraska, and Oklahoma. As a result of these programs the Bank provided \$137 million of subsidized and below market financing in 1990 to financial institutions in our district for financing affordable housing. A key component of the effective use of that financing in Nebraska and Colorado was the involvement and commitment at the state level. The active support and commitment at the state level allows citizens in each area of the state to benefit from housing efforts even if their own city or county doesn't have the resources to obtain such assistance on their own. Communities,

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*Eco-Dev.
Attachment #14*

02-26-91

low-income families, and lenders in Kansas do not have access to an effective statewide resource to help them address their housing needs. A strong and effective commitment to make a statewide resource available to all areas of Kansas would allow the Federal Home Loan Bank of Topeka to respond more effectively to providing low-cost financing for housing affordable to low-income persons in Kansas. Such an effort would enhance not restrict the ability of private lenders in Kansas to address the community reinvestment needs in their area.

The coordination of housing efforts at the state level will insure that housing needs in all areas of the state are addressed on an equal basis. This will allow rural areas and small cities to respond to housing needs in their areas that they would otherwise lack the resources or expertise to obtain. This coordination will also allow the state to provide resources to those areas with the greatest need regardless of the size or wealth of their community. There are many innovative efforts being undertaken by states across the United States to address housing problems within their borders. Housing needs in Kansas are as diverse as the people who live and work in the state. These include the homeless, migrant farm workers, working poor, disabled, single-parent households, very low- and low-income households, residents of public housing, and families unable to purchase their own homes. In addition to these people the housing stock of the state will benefit as a result of the rehabilitation of existing units and construction of new units that would result from an effective state housing effort. Strengthening the involvement of the state combined with a sincere effort to develop a "Comprehensive Housing Assistance Strategy" will result in a significant benefit to the low-income households in Kansas living in substandard housing.



Executive Offices:
3644 S. W. Burlingame Road
Topeka, Kansas 66611
Telephone 913/267-3610

TO: THE HOUSE ECONOMIC DEVELOPMENT COMMITTEE
FROM: KAREN FRANCE, DIRECTOR, GOVERNMENTAL AFFAIRS
DATE: FEBRUARY 26, 1991
SUBJECT: HB 2373

Thank you for this opportunity to testify. On behalf of the Kansas Association of REALTORS®, I appear today to support HB 2373.

First, I want to say that I have represented our association at a variety of meetings of groups trying to establish a state housing authority. We participate because our association has a vested interest in the promotion of home ownership in the state of Kansas. We are always looking for ways to help people achieve the American dream of home ownership.

However, in the past, this process has produced legislative proposals which were overly broad and attempted to do too much too quickly. For example, this is the first time we have ever seen the term "affordable" defined in one of these bills. What is affordable for some, may not be for others. Some people would be happy with a decent apartment to rent, others would like to stop renting and get into their first home. The "affordable housing" definition here of "housing for which the expenses, whether rent or mortgage payments, do not exceed 30% of annual household income", is a workable, solid definition.

While following the lead of other states is not always good public policy, in the area of housing, we think it is significant that Kansas is the only state which does not have a housing authority. We believe that combining our

existing development finance authority with a housing authority is a good step towards long range planning for housing in the state without added fiscal costs for the state budget.

We would be glad to offer any technical assistance in shaping this program in order to bring out its maximum potential. Thank you for the opportunity to testify here today.

TESTIMONY TO COMMITTEE ON ECONOMIC DEVELOPMENT
February 26, 1991

Re: HB 2373

Community Action Agencies in the State of Kansas are active in nine of the twelve designated weatherization service areas. As grantee agencies for the Weatherization Assistance Program, we support the transfer of this program to the Kansas housing and development authority.

The Weatherization Assistance Program focuses on improving energy efficiency in the homes of our low-income, elderly, and disabled citizens. Application for assistance under this program is made to a local agency, such as Community Action, which is a sub-grantee of the State. The local agency will conduct a comprehensive and professional energy audit of the applicant's home. Based upon the audit findings and the funds available, the agency will install and/or activate various weatherization measures in the home. These measures are prescribed by the State and have been determined to be the most cost effective methods available in reducing energy consumption and increasing occupant comfort.

The Weatherization Assistance Program is currently administered under the State of Kansas by the Department of Social and Rehabilitative Services. It is funded, however, by the U.S. Department of Energy and also receives funds from the Low Income Energy Assistance Program funded through the U.S. Department of Health and Human Services.

The major beneficiaries of this program are the low-income, elderly, and disabled. By increasing energy efficiency, the program decreases fuel costs for those least able to afford high usage levels. In the long run, decreased fuel usage results in greater energy conservation for the State and the nation.

Community Action supports the transfer of the Weatherization Assistance Program out of SRS and into the Kansas housing and development authority for a number of reasons. While program beneficiaries are the poor, elderly, and disabled, the professional and educational expertise required in administering the program lies not in the human service field, but in the housing field. Program staff must be able to consult with other professionals regarding housing and development technology and issues. The work performed is not social in nature, rather, it is technical. Bringing together programs in the housing development field is a rationale and logical progression towards greater program effectiveness.

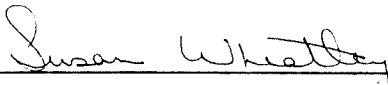
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Attachment # 16

02-26-91

HB 2373 TESTIMONY TO COMMITTEE ON ECONOMIC DEVELOPMENT, Continued
Page Two

In addition, the creation of the Kansas housing and development authority will provide continuity in focusing on the need for affordable, accessible, and decent housing. Most of the clients benefitting from the Weatherization Assistance Program are people who live in substandard housing. Housing problems in Kansas are significant. They must therefore be addressed by those focused on housing issues.

This testimony is presented by Susan M. Wheatley, on behalf of the Kansas Association of Community Action Directors.



Signature



SHAWNEE COUNTY COMMUNITY
ASSISTANCE AND ACTION, INC.

SUSAN WHEATLEY
Executive Director

REMARKS TO THE KANSAS HOUSE OF REPRESENTATIVES
COMMITTEE ON ECONOMIC DEVELOPMENT
REGARDING HOUSE BILL 2373

I appreciate the opportunity to speak with you today. My name is Chuck Bouilly and I have been a professional in the municipal finance business over 10 years.

Today I want to comment on the impact of H.B. 2373 and express the opposition to this bill of the municipal securities industry.

You should be aware that this bill would substantially increase the power and influence of the Kansas Development Finance Authority. Known today as KDFA, this bill would change the Authority's name to Kansas Housing and Development Finance Authority. However, what this bill really does is create a State Bond Bank concentrating the power to raise and allocate capital in this state authority.

The original purpose of KDFA was to finance development as the lender of last resort. As managed, however, KDFA's mission has been to serve as a conduit for bond issuers of the state and local governments. This mission might be worthwhile if in fact there wasn't an existing municipal finance system in Kansas that is

*Eco-Devo
Attachment #17
02-26-91*

ready, willing, and able to provide private sector financing for local governments. Kansas, a relatively small state, has an extensive and competitive municipal bond industry. With firms based in the state and outside Kansas actively competing to provide financing, I know of no cities, counties, or school districts that have been unable to finance their capital needs. Every month numerous firms advertise their services in the Journal of the Kansas League of Municipalities. Small, unrated bond issues for the communities of rural Kansas are routinely underwritten by the Kansas municipal securities industry. Interest rates paid by Kansas local governments are consistently well below those paid by other states--further evidence of a vigorous and competitive industry.

However, I can assure you that as KDFA's bond bank powers are expanded, and the bond bank's share of bond issues increases, there will be fewer and fewer securities firms available to underwrite the smaller more remote issues. State Bond Banks and Pools elsewhere have demonstrated that once established, because of bureaucratic staffing, they tend to finance only the highest quality credits--not credits that lack access to the capital markets. The high quality credits have no problem getting underwritten, but once they are removed from the market the critical mass of issuers is no longer available to support an indigenous municipal securities market. The real casualties of this siphoning off from the private market of quality credits are the smaller cities and school districts who no longer have access to private capital markets.

When this happens, the State will then be asked to subsidize more directly the market for smaller credits and further exacerbating the problem will be the loss of market discipline that takes place when a private sector market is undermined. For example, Cities that know they must raise water rates to finance their debt in the private market will go to the State and say we can't raise rates any further but we still must have your bond bank financing.

In summary, expansion of authority for KDFA is a solution in search of a problem. Kansas is served by a vigorous municipal securities industry. There is no more need for a Kansas Bond Bank than there is for a Kansas Insurance Bank, Kansas Architects and Engineers Bank or Kansas Public Depository Bank.

I would be pleased to respond to any questions of the committee.

TESTIMONY OF DENNIS M. SHOCKLEY
REPRESENTING THE CITY OF KANSAS CITY, KANSAS
REGARDING HB 2373
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT
FEBRUARY 26, 1991

The City of Kansas City, Kansas has long supported innovative housing initiatives on the national, state, and local governmental levels. Therefore, I find myself in the unusual position of appearing in opposition to this bill, about which we have grave concerns.

As we read the HB 2373, it will rearrange the present method by which local units of government may issue Mortgage Revenue Bonds(MRBs) and convey that authorization to the Kansas Development Finance Authority. Since 1979, the City of Kansas City, Kansas has issued \$270 million in MRBs helping over 6000 families obtain affordable housing. Approximately 70% of those families were first time home buyers enabling them to realize this essential aspect of the American dream. About 60% of all families participating in this program had annual household incomes below \$30,000, with 90% below \$40,000.

Authorized by federal law, local units issue these tax exempt bonds secured by the mortgages on the homes purchased under the program. Thus, a low market rate of interest is obtained (often two percentage points below the market rate), families that meet the income guidelines can obtain affordable housing, and since the bonds are mortgage backed, there is no financial risk to the local government issuing the bonds. Local lenders process the loans, so it is win-win-win proposition. It has been a highly successful program in this state since the first bonds were issued by Wichita in 1979. Also, since the bonds are issued locally, each issuer can structure its program to meet the unique needs of its area. To date every county in the state of Kansas has been invited to participate in some MRB issue.

Local units have invested a great deal of money to target where bond proceeds flow within their jurisdictions. This targeting includes major rehabilitation, new construction, and acquisition rehabilitation. To install this targeting mechanism, local units have incurred substantial costs, which the state will have to duplicate if they destroy this program at the local level. In this period of fiscal restraint, we do not believe it is in the state's best interest to duplicate these services and costs. Furthermore, the city conducts ongoing computer analysis which provides background information for federal grant applications that could be jeopardized, if that information stops flowing from local lenders.

In summary, the City of Kansas City, Kansas opposes any legislation which would infringe on or cease our current ability to issue Mortgage Revenue Bonds. These bond programs have been highly successful not just for our city, but for many other Kansas communities. We want that success to continue.

*Eco-Devo
Attachment # 18*

02-26-91