

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT.

The meeting was called to order by Chairman William G. Mason at 3:35 p.m. on February 17, 2000 in Room 522-S of the Capitol.

All members were present except: Representative Broderick Henderson - E
Representative Bonnie Sharp - E

Committee staff present: April Holman, Legislative Research Department
Lynne Holt, Legislative Research Department
Renaë Jefferies, Revisor of Statutes
Bob Nugent, Revisor of Statutes
Rose Marie Glatt, Committee Secretary

Conferees appearing before the committee: Michael Wojcicki, KTEC
Representative Jerry Aday, Legislature
William Prelogar, Governor's Commission on Housing
Art Brown, Mid-America Lumberman's Assn.
Tom Bishop, Mid-West Regional Director of Housing
Assistance Council
Dick Noon, Bankers Mortgage and Investment Group
Kathy Olsen - KS Banker's Assn.
Irene Hart - Sedgewick County Division of Community Dev.
Matthew Goddard - Heartland Community Bankers
Becca Vaughn, Topeka Independent Living Resource Center
Randy Speaker, KDOC&H
Scott Letts, Kansas Advocacy & Protective Services, Inc.
(written testimony only)

Others attending: See Attached List

The Chairman opened the hearing on **HB 2929** and asked April Holman, Legislative Research Department, to brief the committee. The bill would amend the current law concerning the gubernatorial appointments of KTEC Board of Directors. The bill would have no fiscal impact.

Michael Wojcicki, Chief Operating Officer, KTEC spoke in support of the bill. He stated the amendment would allow the Governor to appoint "senior administrators" from the states' universities as well as "scientists or engineers" from the states' universities to the KTEC Board of Directors (Attachment 1).

The Chairman asked if there was anyone else to speak about the issue. Hearing no one he closed the hearing on **HB 2929**.

Representative Vickrey moved that the bill be passed out favorably and be placed on the consent calendar. Representative Stone seconded and the motion carried.

The Chairman opened the hearing on **HB 2971**. Ms Holman stated the bill would establish a new agency, called the Kansas Housing Development Corporation. The functions currently handled by KDOC&H would be transferred to and administered by the new corporation, effective July 1, 2000. The Governor would appoint a seven member board of directors, with the approval of the Senate. The board would then select a president, after a national search, who would not be a board member, to manage the operations of the agency. She outlined the powers and agency responsibilities specified in the bill. The agency would be prohibited from providing services that would compete with private industry. The fiscal note would take funding from KDOC&H, transferring it to the new agency, with no increases projected.

Representative Aday spoke to the committee about the need for housing development in Kansas. He reviewed the history leading up to the introduction of HB 2971 (Attachment 2). Discussion followed clarifying the bill.

Bill Prelogar, Chairman, Governor's Commission on Housing gave background on the diversity of the Governor's Commission. Through their comparative study they determined that there are funding sources available that the Department of Housing cannot presently tap, because they do not have the legislative tools to do so. He spoke of the advantages of the stand alone agencies in the other forty-eight states compared to the current structure in Kansas. He stated that the Commission supports the bill as written. On the request the Chair, he agreed to provide his general written comments for the record. Discussion followed regarding the inclusion of low and moderate financial services in the bill.

Art Brown, Mid-America Lumbermens Association appeared as a proponent of **HB 2971** (Attachment 3). The purpose of this act is to ensure that as businesses locate to Kansas and as existing businesses continue to expand that the State is able to provide a sufficient supply of adequate, safe and sanitary residential housing in all geographic locations of the State.

Tom Bishop, Director, Housing Assistance Council gave testimony as a private citizen, not as an official representative of FHLB, HAC, or HUD(Attachment 4). He reviewed the 1999 mortgage revenue bond activities comparing the differences between Kansas, Colorado and Missouri. He distributed copies of a Colorado Housing and Finance Authority pamphlet (a copy is on file in the Legislative Research Department). He addressed the need for the bill, housing needs in Kansas and attributable expenses for the program. In summary he presented six reasons that the creation of a state housing is good public policy.

H. Richard Noon, President, Bankers Mortgage & Investment Group spoke about the lack of national lenders in Kansas and the need for an Housing Finance Agency. He stated that economic development and housing go hand in hand and the fact that we are only one of two states without a housing finance agency leaves us short of credibility with the national funding sources and limits our participation in many housing programs (Attachment 5).

Kathleen Olsen, Kansas Bankers Association spoke in support of **HB 2971** and offered three suggestions that clarify terms and language in the bill. She noted that the changes are intended to help assure that the program is accessible to people in need (Attachment 6). She stated that the Kansas Bankers look forward to working with the Kansas Housing Development Corporation in a cooperative effort to resolve the housing shortage problem in the state.

Matt Goddard, Vice President, Heartland Community Bankers Association, stated that although they do not oppose **HB 2971** they have some concerns (Attachment 7). The bill does not apply income standards to the activities of the Housing Development Corporation and they suggested that the Legislature limit the Corporation programs to those that serve low-to-moderate-income households. He suggested that the terms low income, very low income and moderate income, definitions already defined by a number of federal agencies, be adopted by the Legislature. He also suggested that a policy favoring private business firms be added; that is to utilize private business to the greatest extent possible.

Irene Hart, Division of Community Development, Sedgwick County, stated that they neither support or oppose the bill (Attachment 8). She gave background on her agency and stated that there was a discrepancy between the numbers they have and the numbers presented at the hearing. She noted that since 1996 they have provided service statewide, run a good program, yet the bill provided no commitment to continue their program. She asked that this omission be resolved.

Becca Vaughn, Topeka Independent Living Resource Center, appeared in support of the intent of the bill to establish a state housing corporation, however they believe that HB 2971 fails to be inclusive of the real housing needs of people with disabilities (Attachment 9). They recommended four revisions for the bill, that are outlined in her testimony. If those revisions are made they would be supportive of the bill.

Randy Speaker, KDOC&H thanked the Committee and the Governor's Commission for their interest and enthusiasm in addressing the unmet housing needs of Kansas (Attachment 10). He stated that KDOC&H had two major concerns about the bill; the timing of the bill and the scope of the bill. If the bill were to go forward he would recommend the six technical amendments included in his testimony be considered for adoption..

Scott Letts, Deputy Director and the Kansas Advocacy & Protective Services, Inc. submitted written testimony, that was distributed to the committee (Attachment 11). They recommended several revisions to address the needs of people with disabilities.

The Chairman asked if there were any other conferrees, seeing none he closed the hearing on **HB 2971**.

The next meeting is Tuesday, February 22, 2000.

The Chairman adjourned the meeting at 5:05 p.m

HOUSE ECONOMIC DEVELOPMENT COMMITTEE
COMMITTEE GUEST LIST

DATE: February 17, 2000

NAME	REPRESENTING
Tom Bishop	
Becca Vaughn	TILRC
Denise Jackson	TILRC
Christen DuCharme	Rep. Larry Campbell
Matt Goddard	Heartland Community Bankers
Erik Sartorius	Johnson Co. Board of Realtors
Janet Stubbs	Ks. Bldg. IND. ASSN.
Art Broad	min. Jim Linnemann <u>M.C.A.</u>
Kathy Harmon	SRS Health Care Policy
Randy Sparker	KDOC+H
Walter Smith	KMHIA
Gene Hart	Sedgwick County
Brad Snapp	Sedgwick County
Tami Northing	Ransom Housing Cmpl.
Jackie Kubin	Kansas Bankers Assn.
Bill Prelogar	Governor's Comm. on Housing
Roger Trauzel	KBC
Kathy Olson	KBankers Assn.
Whitney Damon	KS Securities Industry Assn.

KTEC

KANSAS TECHNOLOGY ENTERPRISE CORPORATION

Kansas Technology Enterprise Corporation
Michael Wojcicki, Chief Operating Officer

Testimony to the House Committee on Economic Development
in Support of HB 2929

February 17, 2000

Mister Chairman, I am here in support of HB 2929, which would amend current law concerning gubernatorial appointments to the KTEC Board of Directors. The amendment would allow the Governor to appoint "senior administrators" from the states' universities as well as "scientists or engineers" from the states' universities to the KTEC Board of Directors. The advantage to the state is that senior administrators - such as university presidents, vice-presidents, and provosts - are in a position to represent the broader interests of a university rather than the more specific interests of a single science or engineering department which a dean might naturally have. In addition, because a senior administrator is in a position to speak for the university, rather than a single department, the decision-making processes for KTEC-university collaborations would be greatly streamlined.

I suspect that the original 1986 statute limiting university appointments to "scientists or engineers" was intended to assemble the expertise to evaluate the technical merits of proposals submitted to the KTEC Board for funding. In practice, the board has strengthened its evaluation capabilities by forming committees to conduct extensive reviews of the technical and commercial merits of proposals and by supplementing the committees with non-board technical experts. These committees each meet for several hours in advance of board meetings and are, in addition, aided by market research reports and technical peer reviews. Because of this rigorous review process, the replacement of university "scientists or engineers" with university "senior administrators" on the KTEC Board would not diminish the quality of the board's decisions.

I encourage your favorable recommendation on the bill and would be happy to answer any questions.

ECONOMIC DEVELOPMENT COMMITTEE
FEBRUARY 17, 2000
ATTACHMENT 1

PRESENTATION TO
HOUSE ECONOMIC DEVELOPMENT COMMITTEE
OF
HOUSE BILL 2971
BY
JERRY L. ADAY
FEBRUARY 17, 2000

Housing development or the lack there of is a major problem in almost every community in Kansas. Without housing development it is almost impossible for any community to grow, attract new industry or even solidify its tax base. Community are limited by several factors in developing housing opportunities from affordable (both rental or to purchase) or middle level housing.

The lack of housing has presented many communities with problems of how to attach their problem of lack of employment opportunities or other economic development problems. In order for these communities to remain vital the housing issue must be resolved.

This committee has probably heard more on this bill than any bill since I have been a member. I don't want to take up time unnecessary so I will just cover some history. This bill is the result of a joint senate and house economic development committees study conducted this summer. A meeting was held in Pittsburg, Kansas where presentation was made by Kansas Department of Commerce and Housing, housing groups from New Mexico, Missouri and Nebraska, and financing and development companies.

After the meeting, a group of individuals from KDOCH and the Governor's Commission on Housing continued the study by visiting South Dakota and Nebraska to see how they operated. The intent was to see what other states provided that was not available in Kansas. From these meeting and other information the Commission developed a report that each of you have called "Increasing Housing Opportunities for Kansas in the 21st Century".

The bill before you is basically recommendation number 4 presented by the Governor's Commission on Housing to the Governor and Lt. Governor. I strongly support Bill 2971.

...



MID-AMERICA LUMBERMENS ASSOCIATION

TESTIMONY

House Economic Development Committee

House Bill No. 2971

February 17, 2000

Mister Chairman and members of the House Economic Development Committee my name is Art Brown. I come before you today, representing the Mid-America Lumbermen's Association as a proponent of HB 2971, which creates a State Housing Corporation for the purpose of increasing the inventory of available housing in the State of Kansas.

I draw the Committees attention to the report prepared by the Governor's Commission on Housing. This report was presented to the Governor and the Lt. Governor in December. As noted on page one of the report, the Commission acts as a sounding board for new ideas and provides input on the effects Kansas housing policy has upon local communities, private sector businesses and the residents of Kansas. This report delves into a very comprehensive study as to how such a corporation operates in other States in our region, and the need for such a Corporation in Kansas. As you read the report, it is obvious a great deal of research was done to create the best possible model for the State of Kansas. The model suggested by the Commission (as it appears on page 8 of the report) is the prototype that you find in the bill before you. The "bullets" on page nine of the report describe why this particular model is best suited for the Corporation being suggested for Kansas.

ECONOMIC DEVELOPMENT COMMITTEE
FEBRUARY 17, 2000
ATTACHMENT 3

The formation of this Corporation we view as another tool to increase the housing inventory in the State of Kansas. The creation of this Corporation will not have any impact on the price of materials or labor used in the construction of said housing. Controlling the costs of these components is out of your hands as well as ours due to the fact market forces drive the costs involved. As a Legislature, you do have control over the programs and tools that can be made available to the communities of this State for increasing available housing stock. In this arena, we see that you have an opportunity to assist said communities by the creation of this Corporation.

The mandate of this Commission appears on page 2 of the bill starting with New Sec. 2, line 23.

The purpose of this act is to ensure that as businesses locate to Kansas and as existing businesses continue to expand that the State is able to provide a sufficient supply of adequate, safe and sanitary residential housing in all geographic locations of the State.

With the assistance of Steve Kelly, from the business development division of Ks. Dept. Of Commerce and Housing, I would point out to you some facts and figures from the latest annual report from that agency that I feel should be noted to the Committee. These are current projects under the Kansas Existing Industry Expansion Program. (KEIEP). Automate Wire & Cable, Chanute: Projected increase of 50 jobs due to \$25,000.00 award; Automotive Controls Corporation, Independence: \$30,000.00 award will create an additional 40 jobs; Classic Cloth, Plainville: \$15,000.00 award will result in creating 15 jobs; Dyna Glass, Paola: \$100,000.00 in funding will create 129 new jobs over the next 5 years; Fuller Brush, Great Bend: \$100,000.00 award will create as many as 100 new employees; Rock Creek Woodworks, Lebo: \$26,000.00 award will create 10 to 15 employees. The same report notes the Kansas Economic Opportunity initiatives Fund (KEOIF) projects, which are assisting in projects to establish employment opportunities in communities such as Cottonwood Falls, Atchison, Manhattan, Ft.Scott, Emporia, Minneapolis and Lawrence, just to name a few communities impacted by this program.

Pg 3—Testimony before the House Economic Development Committee, Feb. 17, 2000

If you would now indulge me and refer back to the bill and direct your attention to page 3 line 7. Again, under New Section 2, such a municipality would be able to receive assistance from the Corporation as noted under the “distressed community” standard the definition of which starts on page 2, line 33. The powers of this newly formed Corporation outlined on page 8 lines 31 to 38 of the bill would be able to assist this community in providing the needed housing for the business they are trying to attract, or helping expand in their community. In a nutshell, more options are available for the necessary financing through the federal arm of housing creation, which can help solve the concerns of communities wishing to expand their housing needs. This bundling of finance options including federal resources should be attractive to the communities impacted by the criteria listed on page 3, line 7.

In the 1999 session, the Legislature passed a new public transportation plan. Any time you improve transportation, you add a valuable component into the mix of a friendlier climate to attract business to your area. You heard all you wanted to hear last year about how the 1989 transportation plan was a boom to economic development. Well guess what. This will happen all over again as the new transportation plan unfolds into this decade. Communities will put their best foot forward in attracting new business to their area as transportation enhancements, are implemented. The always talked about “agrarian” work ethic of Kansans’, a superior educational system, and the deep faith and congeniality of our citizens make Kansas a very attractive locale for growing businesses, high tech and otherwise. Affordable, attractive and available housing is all part of this mix.

I have traveled this State for 12 years, and I make this observation to you based totally on first hand knowledge of what I have seen over these years: Some communities in this State do not want to grow. I won’t name names in testimony, but at some time off the record, I have quite a few real life examples of communities that simply are afraid of growth, or have a mind set

Pg. 4—Testimony before the House Economic Development Committee, Feb. 17, 2000

that “if it isn’t broke, don’t fix it!” Growth means new families, strangers, crime, congestion, etc. On the other side of the equation are young and middle aged citizens who want their community to grow as they see that is the only way their community will survive. The old guard against the new turks. Whichever group wins the battle in that community will be the direction that community will travel. To the communities where the old guard is winning, this or any other program that promotes housing will be of no value. To the communities that very much want to see growth, this Corporation can be a tool, just like many other such programs that are currently available. It is no panacea or cure all for housing concerns in the State. Taken with other programs, it provides a “menu” if you will of options these communities who do want to expand the opportunity to do so given the selection of programs available.

It does provide sort of a “one stop shopping” for housing needs in the State. As noted in the Commissions report (pages 3 and 4,) this concept has been very effective in filling the need for housing in those States. Rather than interfere with other financing programs in place at the local level we see this corporation enhancing these programs by providing additional access to financial options, to satisfy the end use—more housing in that community.

I would again direct the Committees attention to page 3 of the Commissions report. The first bullet at the bottom of the page addresses the positive impact of a centralized housing authority. It just seems to us that the logic of such efficiencies noted in that statement makes a great deal of sense. If it seems to be good policy, why not move forward with it?

I would close with this thought. The Legislature is inundated with such an overwhelming number of bills every year, that catching all the nuances and impact of them is at best improbable. In your wisdom, commissions and councils have been set up to study many issues in great detail and report to you their findings. This puts you as a Legislature in the much more favorable position of going “up or down” on an issue, rather than becoming a referee. The Judicial Council, the Workers

Pg. 5-Testimony before the House Economic Development Committee, Feb. 17 2000

Compensation Advisory Board, and the Employment Security Advisory Council are examples of such entities.

In our opinion, the Governors Commission on Housing has done the "heavy lifting" on this matter, and leaves it to your wisdom to decide if this is good policy. By approving this legislation, you give the communities a tool they can utilize to expand their growth. You can see in reading this report, that there certainly has been some time spent compiling this information, and that other States have benefited greatly with such a corporation. Given all of this I conclude by asking that this Committee sees this report and this bill as good policy in directing the growth of housing in Kansas and ask that you pass HB 2971 out of this Committee favorably.

I thank you for this opportunity to visit with you about this bill and will stand for comments or questions.

Testimony in support of House Bill 2971, establishing a State Housing Finance Corporation. February 17, 2000

Presented to: Honorable Rep. Bill Mason, Chairperson
House Economic Development Committee

Submitted by: Thomas A. Bishop
12443 Pine Valley Drive
Kansas City, Kansas 66109

Introduction:

I have been involved in housing activity in the state of Kansas since 1986; having worked for organizations that have produced over 500 rental units in 13 multi-family projects, financed over 700 families buying their first home and built or acquired, rehabilitated and sold over 175 homes. The collective investment in this single and multi-family production was in excess of \$63 million.

The Housing Assistance Council, Inc. a national non-profit that provides training and technical assistance, loan funds and research and publications, employs me as the Midwest Regional Director with responsibility for 13 Midwestern states. HAC currently has a contract to provide technical assistance to selected Community Housing Development Organizations in the state of Kansas under a regional contract with the US Department of Housing and Urban Development.

I serve as an Appointed Director of the Federal Home Loan Bank of Topeka. I served on the Bank's Affordable Housing Advisory Council from 1990-1998, as chair from 1994-1998. I was also Chairperson of the AHAC Chairs Council in 1997-1998.

I served a Co-Chair of the Governors Commission of Housing in 1991.

My testimony is as a citizen, and not as official representative of FHLB, HAC, or HUD.

Why is this Bill Needed?

As you have heard in the interim testimony and the Governors Commission report, Kansas is the only state without a housing finance agency. What difference does that make?

I would invite you to explore the internet sites of several of our neighboring states and their housing finance agencies to be exposed to the range of activity and programs offered.

Colorado Housing Finance Authority CHFA
Missouri Housing Development Commission MHDC
National Council of State Housing Agencies

<http://www.colohfa.org>

<http://www.mhdc.com>

<http://www.ncsha.org>

As you explore these sites and the finance activities of these agencies, you will find they have several things in common:

They are established as an instrumentality of the state

They are self-supporting and usually have no allocation of state general fund appropriations

They have a structure that holds the agency accountable to the citizens of the state but removed from the day to day fray of political activity

They have amassed, through their business activity, considerable net worth and reserves that they use to make their products more affordable, and housing more affordable for all citizens of their states

How does Kansas Compare?

The next three pages draw comparisons of just one program of three states, the Mortgage Revenue Bond program, operated under the federal Private Activity Bond program.

The comparisons are striking.

All figures represented are actual loans from 1999 activity in the states of Colorado, Missouri and Kansas.

To compensate for the population differences, I have computed a per capita dollar amount financed by these agencies.

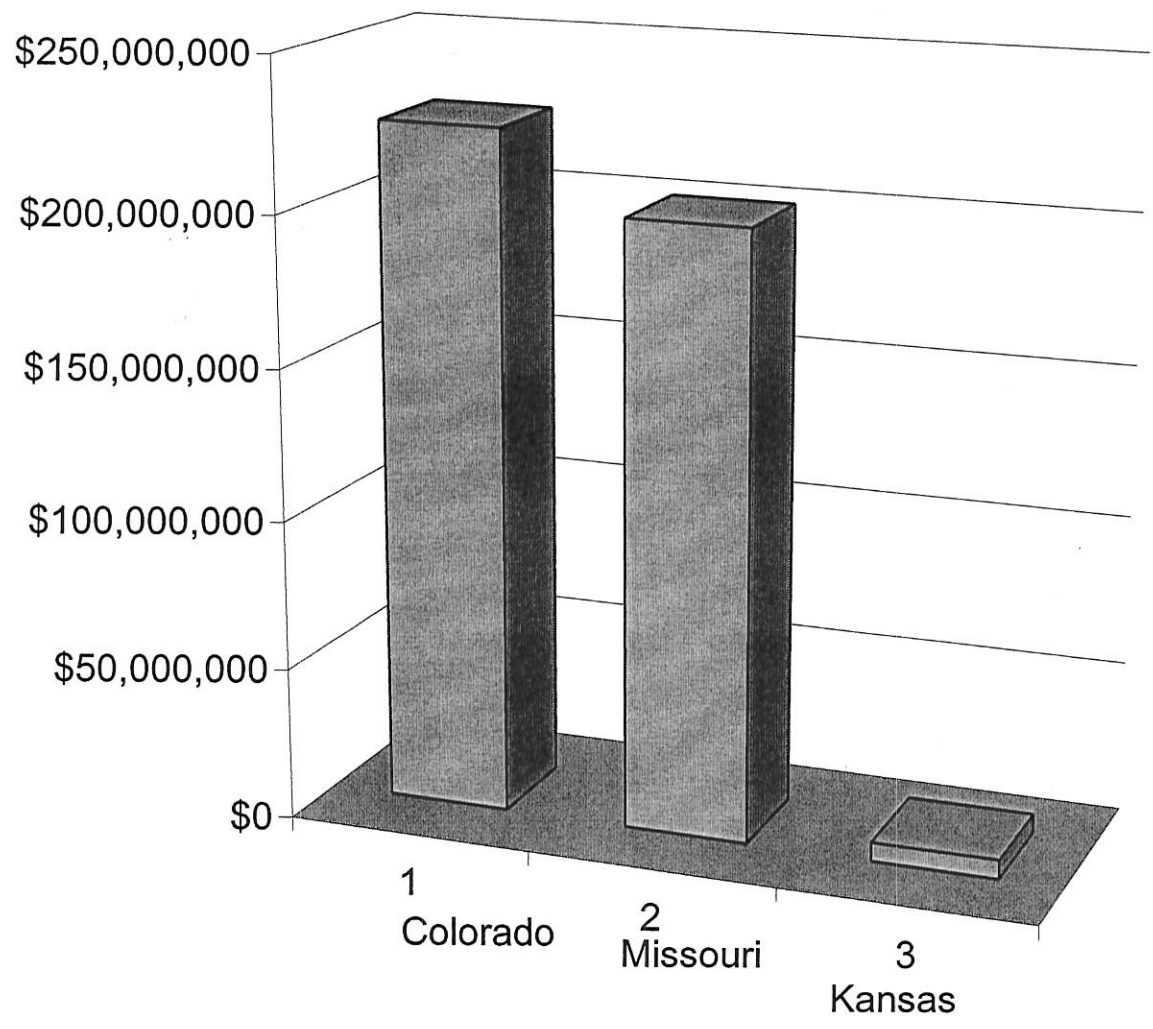
To make it clear, these are loans closed with local lenders that are partners in the programs. These community lenders, whether banks, savings institutions or mortgage brokers receive a fee for originating the loan and closing the loan. This type of program is very needed by rural lenders in rural Kansas.

In addition CHFA closed \$23,925,815 in commercial loans, in 42% of Colorado counties and \$52,723,975 in rental, multi-family loans in 25% of CO counties in 1999.

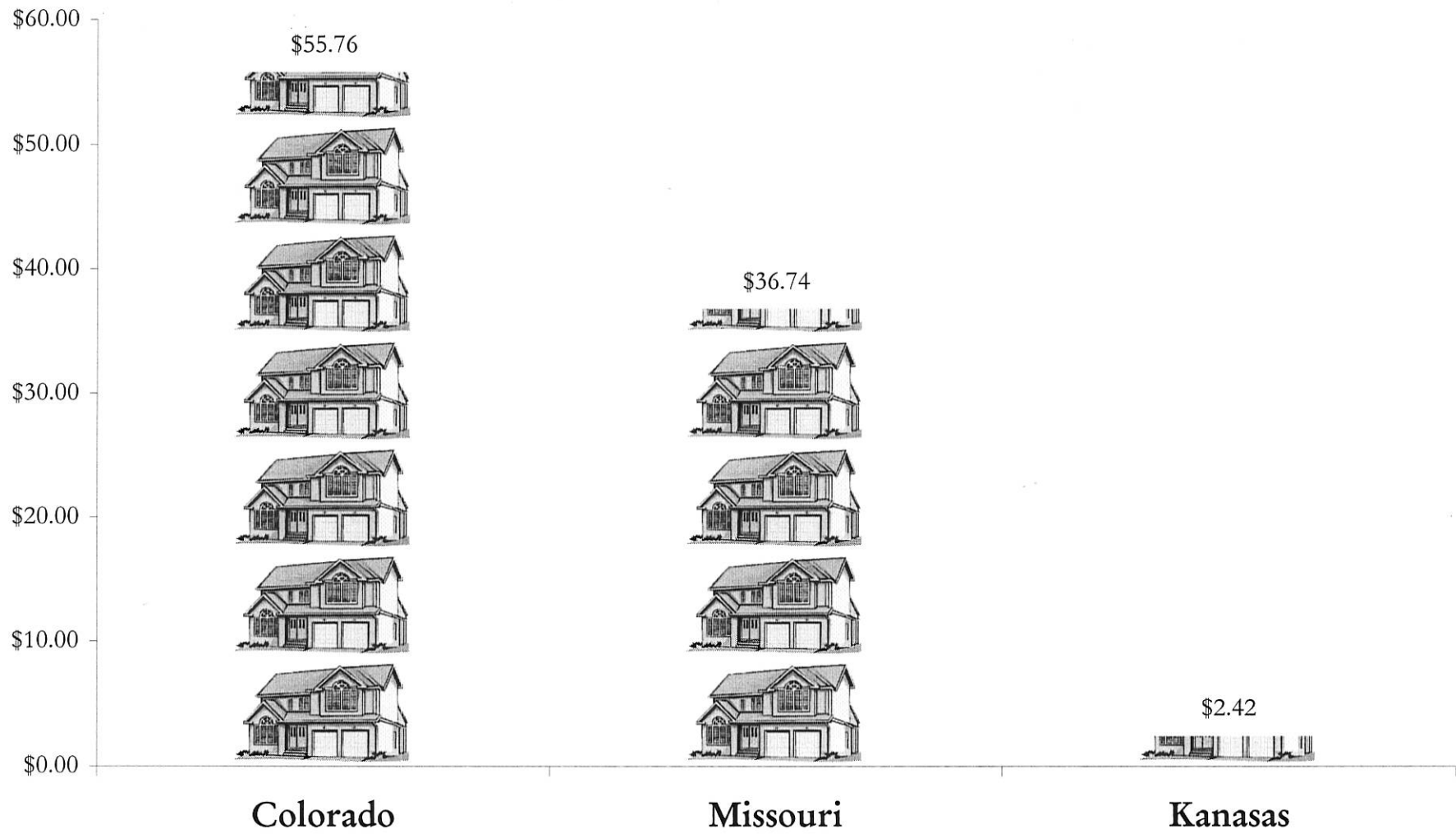
Mortgage Revenue Bond Activity 1999

	Number of Loans	Counties Served	Percent of Total	Average Sale Price
<u>Colorado</u>	2,600	63	100%	\$87,000
Total MRB Loans 1999				\$226,200,000 <u>\$55.76 per capita</u>
<u>Missouri</u>	3,425	86	73%	\$58,671
Rural Loans	\$27,377,290	Total MRB Loans 1999		\$200,949,412 <u>\$36.74 per capita</u>
New Construction	\$15,730,673			
<u>Kansas</u>	109	18	17%	\$58,987
Total MRB Loans 1999				\$6,429,583 <u>\$2.42 per capita</u>
Cowley	3			\$39,566
Finney	1			\$55,500
Ford	2			\$42,950
Geary	3			\$43,100
Harvey	3	Urban		\$59,316
Jackson	1			\$62,800
Johnson	2	Urban		\$68,025
Montgomery	1			\$48,000
Neosho	2			\$28,500
Osage	1			\$50,600
Reno	1			\$60,000
Riley	1			\$53,050
Saline	2			\$57,975
Sedgwick	54	Urban		\$63,176
Seward	2			\$51,750
Shawnee	22	Urban		\$56,340
Wabaunsee	1			\$45,500
Wyandotte	7	Urban		\$67,265
TOTAL Kansas	109			\$58,987

Mortgage Revenue Bond Loan Total 1999



Mortgage Revenue Bond Activity Per Capita 1999



**Federal Home Loan Bank of Topeka Affordable Housing Program
1999 Income Limits AHP/RFHP Owner Projects**

Kansas

Wichita MSA (Counties: Butler, Harvey, Sedgwick)

	1 - 2	3 +
	Person HH	Person HH
MRB Published	\$50,700	\$58,305
80%	\$40,560	\$46,644
70%	\$35,490	\$40,814
60%	\$30,420	\$34,983
50%	\$25,350	\$29,153

Topeka MSA (Shawnee County)

	1 - 2	3 +
	Person HH	Person HH
MRB Published	\$51,200	\$58,880
80%	\$40,960	\$47,104
70%	\$35,840	\$41,216
60%	\$30,720	\$35,328
50%	\$25,600	\$29,440

Kansas City MSA (Counties: Johnson, Leavenworth, Miami, Wyandotte)

	1 - 2	3 +
	Person HH	Person HH
MRB Published	\$54,200	\$62,330
80%	\$43,360	\$49,864
70%	\$37,940	\$40,814
60%	\$32,520	\$34,983
50%	\$27,100	\$29,153

Lawrence MSA (Douglas County)

	1 - 2	3 +
	Person HH	Person HH
MRB Published	\$48,400	\$55,660
80%	\$38,720	\$44,528
70%	\$33,880	\$38,962
60%	\$29,040	\$33,396
50%	\$24,200	\$27,830

All Other Kansas Counties

	1 - 2	3 +
	Person HH	Person HH
MRB Published	\$46,700	\$53,705
80%	\$37,360	\$42,964
70%	\$32,690	\$37,594
60%	\$28,020	\$32,223
50%	\$23,350	\$26,853

* 1999 income limits should be used until 2000 limits are provided for AHP and RFHP

Rural First-time Homebuyer Program (RFHP) uses 80% of median income limits.

Can Kansas catch up, or how do we shut the back door?

The proceeds, profits gained off the Kansas MRB activity have not been dedicated to housing activity. This is statute or regulation in every other state. As a result these funds flow to local government.

Centralizing the activity at the state will stop this but the legislature should consider the restriction of proceeds of existing issues as well. Funds beyond expenses should be dedicated to the Kansas Housing Trust Fund or other fee fund for housing finance.

How much are we talking about?

In the Legislative Post Audit "Examining Mortgage Assistance Programs at the Department of Commerce", December 1991, it was determined that the net proceeds from the restructure or refunding activity for 1986-1989 totaled \$9,482,192.

This is \$9 million of funds that in each other state is restricted to housing activity.

Are their really housing needs in Kansas?

Certainly there are, both from an affordability perspective and from a need for production. From a needs perspective I will share data from the Low Income Housing Coalition. Data for each of your counties in the state of Kansas is available at the web site <http://www.nlihc.org>.

41% of Kansans are unable to afford Fair Market Rent for a two-bedroom unit

The Housing Wage in Kansas is \$9.18 This is the amount a worker would have to earn per hour to be able to work 40 hours a week and afford a two-bedroom unit at Fair Market Rent. This is 178% of the Federal Minimum Wage. At minimum wage that worker would need to work 71 hours a week to afford the unit.

Relative to production there is need, as you know, in especially rural communities throughout the state for new housing units. This is the case in Missouri also, where businesses are locating in communities without the housing. As we reviewed earlier MHDC financed \$15 million in new construction and a total of \$27 million in rural loans in 1999.

Other Suggestions

Missouri created their Housing Trust Fund in 1996 and generates funds through a \$3 fee at the time of recording all real estate transactions. This has generated \$15 million for housing activity in Missouri. Kansas needs a dedicated source of revenue for the Kansas Housing Trust Fund.

In Summary...

Creation of a state housing agency is good public policy because it ensures

A more equal access to resources

A better ability to leverage resources generated

An agency that is not state general fund supported, that is proactive and entrepreneurial

The financing ability, in partnership with the lender partners that actually makes the loans, to build and rehabilitate housing throughout the state.

A state agency partner to assist in leveraging resources for local non-profit and for profit developers and local communities

That housing is a vital part of the state economic development agenda, as well as social policy agenda

TO: Committee on Economic Development Hearing – February 17, 2000
FROM: H. Richard (Dick) Noon

Committee Members and Guests. I thank you for the opportunity of testifying before you today relative to the linkage between Housing and Economic Development.

I am Dick Noon, President and Sole Stockholder of Bankers Mortgage & Investment Group, Inc. located at 7180 W. 107th Street, Overland Park, KS. We have been in business since 1984. Our business is the origination, and servicing of apartment, assisted living, nursing and retirement housing. We are mortgage bankers, that is we originate and service our mortgage loans with our own funds. We are not brokers – we fund the loans with our own bank warehouse lines of credit. We then sell the paper to a large brokerage company such as Merrill Lynch. After converting the loan to a GNMA Security. We service over \$120,000,000 of loans for Government National Mortgage Association – GNMA. We are an approved Federal National Mortgage Association (Fannie Mae) seller servicer, an approved Federal Housing Administration (FHA), United States Department Housing & Urban Development approved mortgagee and a Government National Mortgage Seller – (Ginnie Mae). Our primary work area is Kansas, Missouri, Iowa and Nebraska. Presently we have in Kansas a \$13,500,000 construction loan on apartments (Quarters of Cambridge) in Wichita, have just completed a \$4,000,000 apartment project (Polo) in Wichita, have in process an assisted living project for The Baptist Association in Johnson County and an assisted living project in process for Catholic Charities in the Topeka area and an assisted living project for a Wichita developer in Overland Park. We have also Briarwick in Salina, La Casa Grande in Topeka, Windamere in Wichita, Yeakle Gardens and Sheridan Village in Olathe. Please note they are all in our larger cities.

I am an active member in The Mortgage Bankers Association of America, I am a past chairman of The Multi Family Committee of MBA and presently serve on the Multi Family Housing Steering Committee of MBA. This committee consists of thirteen members who meet regularly with HUD's Assistant Secretary, Mr. William Apgar and occasionally with Secretary Coumo. This exposure and continued involvement over a period of 30 years has provided a real appreciation for the need of affordable housing and the current issues including the need for a state housing agency. I have also had the privilege of testifying on the need for affordable housing at a committee hearing at a House Banking Committee before the Congress of the United States.

Economic development and housing go hand in hand. Economic development occurs after housing exists. Without housing – economic development does not occur. The workers are needed to encourage development and the labor force needs housing. I'm sure this will be discussed in detail in other testimony so I will say no more on the direct relationship of Economic Development and Housing.

I will comment, however, on the need for a State Housing Finance Agency in some form. Currently there are only two (2) states, Kansas and one (1) other that do not have a state agency. As stated, Bankers is an active and involved FHA/HUD Multi Family Lender. The apparent goal of the Department of Housing and Urban Development (HUD) is to use the state agencies as their partner in housing. My experience at the steering committee level confirms this. A recent example is the HUD "Mark-To-Market" Program. This is a program that encourages owners to restore their properties financial and physical condition. It is a program that will insure decent affordable housing is available for tenants using either project based Section 8 or tenant based

assistance that can be used for affordable rental housing elsewhere. This program protects our investment in the affordable housing stock. We are all TAX PAYERS. We need and require the opportunity to protect our housing stock both for the tax payers, the owners of property and tenants.

Congress formed The Office of Multi Family Housing Assistance Restructuring to administer the program. This office is called OMHAR. It is set to sunset and be closed, on October 30, 2001. OMHAR is in partnership with HUD with the goals of social, economic and administrative as it relates to housing. To accomplish the goals HUD has solicited, the state housing agencies as Participating Administrative Entities (PAE) to facilitate the debt restructuring and to develop a restructuring plan at each property. The PAE's are paid fees to facilitate the goals of OMHAR. The State Housing Finance Agencies are the preferred facilitator. If there is not a state agency, a private company's participation in this role is solicited. We in Kansas should have our own agency to take care of this matter. It seems to me that Kansans should be working with Kansans as it relates to our residents and the tax payers social and economic well being. A Kansas State Finance Agency should be available to protect our citizens and our tenants in this process. State Housing agencies are the vehicle of choice, also the awarding of grants, awards for housing programs, the monitoring of housing, the state housing agencies are the vehicle of choice – State housing agencies make money for the state, the control the housing funds coming into the state for housing. They are always given the 1st opportunity to participate also, and very important – they are able to serve the small communities. HUD has contacted with a Texas company to be the PAE for Kansas. Se we don't control our own real estate. You will note, I mentioned doing projects in some of the larger cities in the state, a state housing agency would be the vehicle that would be used in the smaller communities. A state housing agency would allow bundeling,

which would produce housing in communities where say only ten (10) or twelve (12) or twenty (20) units would be required.

OMHAR is only the latest example of the need for a state housing agency. It was not many years ago when single family home loans were in the double digits. States like Missouri enacted a state wide program to bring down the rates on home loans for first time home buyers. This was a state wide program. Here in Kansas we had several local communities do the same but it was only available to residents in certain areas - certainly not throughout the state, and certainly not in our rural areas.

Kansas as we know is a state with several large communities but with many small communities. With a state finance agency, we would be able to "bundle" our housing needs combining the large cities such as Overland Park, Topeka, Kansas City and Wichita with the requirement needs of smaller communities offering a product that is acceptable to the large purchaser of mortgages. The small communities of Kansas with their housing needs are of little interest to the large purchaser of home loans located in the money centers of the United States. To attract such funds to small communities we must find a way to package say loans in Medicine Lodge with loans Overland Park or Topeka. The answer is a state Housing Financing Agency. We do not serve the residents of Kansas well without a State Housing Finance Agency. We have talked here of home loans the same situation exists with apartments, retirement centers and assisted living projects. With a state housing agency, we could provide decent, affordable housing throughout the State of Kansas. Without it our small communities will suffer. Finally, today the concept of risk sharing is important. The federal government wants to partner through HUD with the state providing federal dollars and seeking state participation and expertise in housing

America. At the state level we do many things to encourage business activity and economic development. With a state housing finance agency, we could promote housing without spending state dollars. The fact that we are only one of two states without a housing finance agency leaves us short of credibility with the national funding sources. and limits our participation in many housing programs.

I feel it is absolutely imperative that we have a state wide agency. As a mortgage banking professional and not familiar with the workings of state government, I am reluctant to suggest the form of such an agency within our state government. The State of Missouri has had a very successful Housing Finance Agency which could be an example for its structure. In fact several years ago we financed through the Missouri Housing Development Corporation, a retirement center in St. Joseph, Missouri, 42 units, developed by two church groups. Today, that is a successful project run by the church groups and providing housing for the elderly. This would not have been possible except for Missouri's State Finance Agency.

I appreciate the opportunity of appearing before you today, urge that you consider the formation of a State Housing Agency it will bring many benefits to the citizens of our state with little or no cost to our government. Should you have questions or comments today or in the future, please contact me. I feel it has been a privilege to appear before you today. Thank you.

Testimony of H. Richard (Dick) Noon given on February 17, 2000.



February 17, 2000

TO: House Committee on Economic Development

FROM: Kathleen Taylor Olsen, Kansas Bankers Association

RE: HB 2971: State Housing Program

Mr. Chairman and Members of the Committee:

Thank you for the opportunity to appear today regarding **HB 2971** and the administration of a new state housing program. We are appearing in general support for the bill, and are respectfully asking to make a few suggestions for your consideration.

The KBA was invited to and did participate in many of the sessions conducted by the Department of Housing and Commerce regarding the formation of a state housing program. We, too, are very interested in contributing to the resolution of the housing shortage problem and so recognize the time and thought that has gone into the creation of **HB 2971**. Therefore, we offer just a few comments that are intended to help assure that the program is accessible to the people who truly need it the most.

1. New Section 2, Subsection (b)(3), contains the definition of what a "distressed community" means. We are wondering if the intent is to truly define "distressed" community in terms of income levels of the residents as is done in subsections (A) and (B). If that is the case, then subsection (C) might be unnecessary as it would make the program available to **any** city which is trying to attract an employer which would result in a lack of sufficient housing to accommodate the employer.
2. New Section 2, Subsection (b)(5), would leave it up to rules and regulations to determine how "low income, very low income and moderate income" persons and families are defined. We would suggest using terms and definitions with which lenders are familiar. The Housing and Urban Development (HUD) rules use the terms, "low-income", "moderate-income", and "middle-income". "Low-income" is defined as less than 50% of the area median income; "moderate-income" is at least 50% and less than 80% of the area median income; and "middle-income" is at least 80% and less than 120% of the area median income.
3. New Section 4, Subsection (c), lists types of activities that the Kansas Housing Development Corporation shall **not** engage in. It is our understanding that the purpose of this act is to provide a sufficient supply of adequate, safe and sanitary residential housing. This would imply that the Corporation would not engage in agricultural or commercial lending, as it would neither have the expertise nor the funds to endow to that effort. The experience of some other states leads us to request that there be an express prohibition against engaging in other types of lending such as agricultural or commercial. Should the legislature decided at a later date, that it wished to expand the success of the housing program to other types of lending, it certainly could do so.

ECONOMIC DEVELOPMENT COMMITTEE
FEBRUARY 17, 2000
ATTACHMENT 6

HB 2971

February 17, 2000

Page Two

Again, we wish to thank you for the opportunity to express our support for **HB 2971**, to make a few suggestions that we believe will help the loans get matched up with the people most needy, and to acknowledge that Kansas bankers are looking forward to working with the Kansas Housing Development Corporation in a cooperative effort to resolve the housing shortage problem in our state.

To: House Committee on Economic Development

From: Matt Goddard
Heartland Community Bankers Association

Date: February 17, 2000

Re: House Bill 2971

The Heartland Community Bankers Association appreciates the opportunity to appear before the House Committee on Economic Development to share our thoughts concerning House Bill 2971.

The Heartland Community Bankers Association represents thrifts in Kansas, Colorado, Nebraska and Oklahoma. Our members specialize in residential mortgage lending. In 1998, Kansas thrifts made more than \$2 billion in residential mortgage loans. For the first nine months of 1999, Kansas savings associations made more than \$1.6 billion in residential mortgage loans.

While HCBA does not oppose HB 2971, we do have several concerns with the bill. First and foremost is that the bill does not apply income standards to the activities of the Housing Development Corporation. Under HB 2971, Bill Gates could move to Kansas and take full advantage of the Corporation's programs.

We do not believe it is the intent of HB 2971 to allow the Corporation to assist with building and financing homes on a golf course in an exclusive community. However, House Bill 2971 would allow the Corporation to do just that. HCBA would encourage the Legislature to specifically state in statute that the intent of HB 2971 and the newly created Corporation is to assist low- to moderate-income households.

The bill does not define terms such as low income, very low income and moderate income, instead leaving that task to the Department of Housing and the Corporation. Those terms are already defined by a number of federal agencies and we would recommend adopting those guidelines rather than leaving it to the discretion of the Corporation. "Low income" is traditionally defined as 80 percent of median family income for the area, "very low income" is defined as 50 percent of the median family income for the area and "moderate income," although there is an occasional variance, is generally considered to be 115 percent of the median family income for the area.

It is very low- and low-income Kansans who need the most help from the Corporation. They are more likely to have a bad financial experience that reflects negatively on their credit worthiness than other potential borrowers. With a bad credit history for the applicant, a traditional lender is less likely to be able to make a mortgage loan. Based on 1998 HMDA data for Kansas, approximately 39 percent of all loan applications by very low-income households were denied. Applications from low-income

households were denied less than 28 percent of the time. By contrast, loan applicants making more than 120 percent of the area's median income were denied their loan just 12 percent of the time.

Like many other bills, House Bill 2971 is based on existing laws in other states. One provision that did not seem to be included in the bill from South Dakota law would require the Corporation to utilize private business to the greatest extent possible. From South Dakota Codified Law 11-11-29:

Policy favoring private business firms. It is the intent of the Legislature that the authority shall, to the greatest extent possible, hire and utilize private business firms in the performance of its duties as authorized by this chapter.

HCBA would suggest similar language be added to HB 2971. Preferably, the provision should specify *Kansas* private business firms. Under the bill, for example, the Corporation would have the authority to make decisions concerning loan servicing. The Corporation could allow participating lenders to keep loans they originate in their own portfolios or require that loans be forwarded to a master servicer. The Corporation could select an out-of-state mortgage company as a master servicer. We doubt most Kansans want their mortgage loans sold out of state, so preference should be given Kansas firms.

Finally, HCBA is concerned that the Corporation could compete directly with existing lenders for existing markets rather than focusing on those Kansans who are currently underserved by traditional mortgage lenders. We anticipate the Corporation will receive most of its funding from the sale of tax-exempt bonds. Those bonds will have to be repaid. Due to credit and bond rating concerns, loan underwriting standards must be used that give preference to the higher income echelon of applicants. This is what concerns HCBA that the Corporation may compete for the same borrowers served by financial institutions and mortgage companies in the state.

This concern would be addressed by limiting most Corporation programs to those that serve low- to moderate-income households. That is the segment of our population that most needs help but cannot be helped by traditional financing.

The Heartland Community Bankers Association appreciates the opportunity to share these concerns with the House Committee on Economic Development.



SEDGWICK COUNTY, KANSAS
DIVISION OF COMMUNITY DEVELOPMENT

IRENE HART
Director

510 N. MAIN ● ROOM 602 ● WICHITA, KANSAS 67203 ● TELEPHONE: (316) 383-8041

October 25, 1999

Rep. Bill Mason, Chair
Joint Committee on Economic Development
Room 446N, State Capitol Building
Topeka, KS 66612

Dear Representative Mason:

Thank you for the opportunity to provide information about the Mortgage Revenue Bond program in Kansas, and to respond to questions posed by John McEvoy (Director of the National Council of State Housing Agencies) at your last meeting.

Kansas counties and cities currently have the authority to issue Mortgage Revenue Bonds, and have issued hundreds of millions of dollars of such bonds over the past 20 years. Sedgwick County has issued over \$756,000,000 in bonds since 1984, providing mortgage funds for eligible Kansas homebuyers, mainly first-time homebuyers.

In the 1980's and early 1990's, a number of Kansas counties and cities acted as local area issuers of Mortgage Revenue Bonds. Sedgwick County's issues (in conjunction with Shawnee County) have always made mortgage funds available on a statewide basis to any county interested in participating in the programs. In the last several years the Sedgwick/Shawnee County issues have been the only ones issued, and have been on the basis of statewide availability.

Several years ago, Sedgwick County approached the Kansas Department of Commerce and Housing to suggest a cooperative approach to the Kansas Mortgage Revenue Bond Program. The County solicited and received their suggestions as to program structure and implementation, volunteered to furnish them any program data that would be of interest to them, and have done so on a regular basis.

This program is "lender-driven" in that lender participation is essential to the program. We have worked cooperatively with the lending community for over 20 years to develop a workable,

ECONOMIC DEVELOPMENT COMMITTEE
FEBRUARY 17, 2000
ATTACHMENT 8, 2000

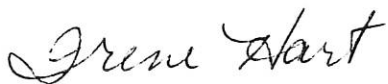
successful program. We believe the lender community likes the availability and workability of the program.

We are proud of the program results and the fact that we have been able to make it available on a statewide basis. Maps are provided in Exhibit 1) showing the number of participating counties and cities, and Exhibit 2) showing the number of loans per county in 1999 Series A. In 1999, 644 first-time homebuyers in 24 counties achieved homeownership using the Single Family Mortgage Revenue Bond Program. Exhibit 3 provides the number of first-time homebuyers per year since 1990.

We have learned that extreme care must be exercised in carrying out the program. Federal requirements are significant, and failure to comply could trigger federal action declaring the bonds issued to be taxable as to the interest income therefrom to bondholders versus tax-exempt status that they enjoy. This would result in significant financial losses to investors, which would probably trigger extensive legislation. We are proud of our efforts to see that that does not happen.

Please call me at (316) 383-8041 if you have any other questions.

Sincerely,

A handwritten signature in cursive script that reads "Irene Hart".

Irene Hart, Director
Division of Community Development

Responses to John McEvoy's Questions

Q1. Does it actually provide as fairly as a state level agency would for first-time home buyer needs of all the counties in the state?

A1. The Sedgwick County and Shawnee County Single Family Mortgage Revenue Bond Program currently cooperates with 66 counties and 184 cities throughout the State of Kansas. Any city or county may participate by authorizing and executing a cooperation agreement with Sedgwick County and Shawnee County. In Exhibit 4, you will find a copy of a Cooperation Agreement and Resolution for cities and counties. More than 200 lenders across the state are invited to participate in every program. This makes the program truly statewide.

The Mortgage Revenue Bond Program is advertised on radio and in newspaper articles, legal publications, and brochures (1999 brochure attached as Exhibit 5)

Q2. Do those agencies have the professional staff state level agencies do to assure that Kansas get the most bang for the buck by taking advantage of the latest financing techniques to stretch Kansas' limited supply of MRB dollars?

A2. Full-time professional staff manages the Sedgwick County and Shawnee County Single Family Mortgage Revenue Bond Program. A nationally ranked investment banker with a national housing reputation for innovation works with the staff. The Counties' banker structures and markets bonds for a number of state and local housing authorities throughout the country including Illinois, Missouri, Colorado, Arizona, Mississippi, Texas, Oklahoma, and California, and continuously monitors housing issues and structures being offered across the nation.

The Counties' recycle program (refunding prepayments of previous mortgage bond issues) has provided millions of dollars for first-time homebuyer mortgage loans in addition to private activity bond allocation provided for programs by the State of Kansas (over \$50,000,000 in the 1998 and 1999 programs alone).

Q3. Does the present system provide Kansas the opportunity to link housing resources to other state priorities, like economic development?

A3. Housing and economic development are directly related. To the extent provided by federal law, State housing priorities may be able to be reflected in the structure of the existing Single Family Mortgage Revenue Bond programs.

Q4. Does it provide you any assurance of the ability to target areas, which the legislature and governor consider to be the highest priorities or areas of greatest need?

A4. Any program may be structured to target a certain area or segment of the population as long as you remain within the Federal income and price guidelines and other State and Federal law. The Sedgwick County and Shawnee County programs currently recognize federally

designated target areas in the State and extra effort is made to market the program with those target areas. The program is willing to work closely with the State on specific housing priority areas.

Q5. What oversight do you have over the operations of these agencies to assure they operate with maximum efficiency and consistent with other state priorities?

A5. Specific State housing priorities can be structured into the programs. Monthly program activity reports are sent to the State on the 15th of each month for the prior month. Quarterly reports are provided to the State on each program showing the number and amount of loans, location of the loans, type of loan and homebuyer demographics (sample shown in Exhibit 6.) Any additional information the State may wish to see will be provided. The Legislature has oversight over the Department of Commerce and Housing, as well as Sedgwick County.

Q6. Is your present system the best, most efficient, most responsive, most effective way for Kansas to leverage the limited resources for housing it has?

A6. As previously stated, the Sedgwick County and Shawnee County Single Family Mortgage Revenue Bond program utilizes recycled money (prepayments from previous programs) to minimize the amount of dollars needed from the State private activity bond allocation. A State program could not utilize those monies, and could only use allocation from the annual \$150,000,000 State private activity authorization. The programs leverage additional dollars by utilizing innovative structures and taxable bonds when it is beneficial. The entire principal amount of the bonds issued is used for mortgage loans. The Programs are structured to pay the issuance expenses.

Q7. Is your present system suited as well as it could be to accept increasing responsibilities for housing as the federal government continues to delegate its housing responsibilities to the states?

A7. We do not know of any reason why a change in mortgage revenue bond issuing authority would make any difference in accepting additional housing responsibilities from the Federal government.

Q8. Forty-eight states, including all your neighbors, have answered these questions differently than Kansas has up until now. Why?

A8. Many State agencies were created a number of years ago when funding such as legal arbitrage on bond programs was available to provide money to operate and build cash surpluses. This is no longer available. Kansas State law provides for cooperation between cities and counties, making the Sedgwick County and Shawnee County Single Family Mortgage Revenue Bond Program truly a statewide program. This unique aspect in Kansas has made it unnecessary to have a State housing agency for mortgage revenue bonds.

HOUSING ISSUES

<u>Issuer</u>	<u>Issue Description</u>	<u>Principal Amount</u>	<u>Issuer Total</u>	<u>Grand Total</u>
Crawford County, Kansas	SFMRB 1980 Series A, Dtd 2/1/80	\$ 18,200,000		
	SFHB 1980 Series A, Dtd 12/1/80	<u>9,670,000</u>	\$27,870,000	
Finney County, Kansas	SFMRB 1982 Series A, Dtd 9/1/82	\$ 14,500,000		
	SFMRB 1980 Series A, Dtd 1/1/80	<u>21,215,000</u>	35,715,000	
Ford County, Kansas	SFHB 1980 Series A, Dtd 12/1/80	\$ 6,925,000		
	SFMRB 1979 Series A, Dtd 9/1/79	<u>13,360,000</u>	20,285,000	
City of Kansas City, Kansas	SFMRB 1983 Series A, Dtd 9/15/83	<u>\$ 25,000,000</u>	25,000,000	
Kansas Housing Dev. Corp, Inc.	Construction Notes Series 1982B, Dtd 10/1/82	\$ 1,653,200		
	MRB Seres 1982B, Dtd 10/1/92	1,755,000		
	Construction Notes Series 1982 A, Dtd 8/1/82	3,515,800		
	MRB Series 1982A, Dtd 8/1/82	<u>3,740,000</u>	10,664,000	
Labette County, Kansas	SFMRB 1998 Series A-1 (Taxable) Dtd 2/1/98	\$ 350,000		
	SFMRB 1998 Series A-2, Dtd 2/1/98	4,555,000		
	GNMA Coll Mtg Loan Rev 1988 Ser A, B & C, Dtd 4/27/89	13,715,000		
	GNMA Coll Mtg Loan Rev 1987 Ser A, Dtd 10/1/87	25,340,000		
	SFMRB 1982 Series A, Dtd 11/1/82	14,165,000		
	SFHB 1980 Series A, Dtd 12/1/80	<u>11,000,000</u>	69,115,000	
Labette & Cowley Co., KS	SFMRB 1991 Series A, Dtd 10/1/91	<u>\$ 6,270,000</u>	6,270,000	
City of Lawrence, Kansas	SFHB 1980 Series A, Dtd 12/1/80	<u>\$ 9,040,000</u>	9,040,000	
Leavenworth Co, KS	SFMRB 1981 Series B, Dtd 11/1/81	<u>\$35,000,000</u>	35,000,000	
City of Olathe & Labette Co., KS	GNMA Coll Mtg Rev Senior 1991 Ser A, Dtd 8/1/91	\$15,000,000		
	GNMA Coll Mtg Rev Senior 1991 Ser B, Dtd 8/1/91	8,838,532		
	GNMA Coll Mtg Rev Sub 1991 Ser C, Dtd 8/1/91	345,000		
	GNMA Coll Mtg Rev 1990 Ser A, Dtd 8/15/90	27,000,000		
	GNMA Coll Mtg Rev 1990 Ser B, Dtd 8/15/90	4,310,000		
	GNMA Coll Mtg Rev 1989 Ser A, Dtd 5/15/89	42,500,000		
	GNMA Coll Mtg Rev 1987 Ser A, Dtd 9/29/88	15,000,000		
	GNMA Coll Mtg Rev 1987 Ser B, Dtd 9/29/88	15,000,000		
	SFMRB 1984 Series A, Dtd 8/1/84	<u>58,000,000</u>	185,993,532	
	City of Olathe, Kansas	SFMRB 1983 Series A, Dtd 4/15/83	<u>\$33,500,000</u>	33,500,000

5
-
00

9-6
89

<u>Issuer</u>	<u>Issue Description</u>	<u>Principal Amount</u>	<u>Issuer Total</u>	<u>Grand Total</u>
Reno County, Kansas	SFMRB 1982 Series A, Dtd 11/1/82	<u>\$20,000,000</u>	20,000,000	<u>Grand Total</u>
Reno & Labette Co. KS	SFMRB 1983 Series A, Dtd 11/1/83	\$53,000,000		
Reno, Sedgwick & Finney Co, KS	SFMRB 1984 Series A, Dtd 10/1/84	<u>43,000,000</u>	96,000,000	
Saline County, Kansas	SFMRB 1984 Series A, Dtd 11/1/84	\$25,000,000		
	SFMRB 1983 Series A, Dtd 11/1/83	30,000,000		
	SFMRB 1982 Series A, Dtd 10/1/82	32,540,000		
	SFHB, 1981 Series A, Dtd 2/1/81	6,945,000		
	SFMRB 1980 Series A, Dtd 4/15/80	<u>19,275,000</u>	113,760,000	
Sedgwick County, Kansas	SFMRB Ser A-1 (Taxable) Dtd 10/1/97	\$ 360,000		
	SFMRB Ser A-2, Dtd 10/1/97	5,180,000		
	GNMA Coll. Home Mtg Rev 1987 Ser A, Dtd Feb, 1987	<u>12,328,811</u>	17,868,811	
Sedgwick & Finney Co., KS	SFMRB 1985 Ser A, Dtd 11/15/85	<u>\$40,175,000</u>	40,175,000	
Sedgwick Co & Shawnee Co., KS	SFMRB 1999 Ser A-1, Dtd 7/1/99	\$65,464,500		
	SFMRB 1999 Ser A-2 (Taxable) Dtd 7/1/99	4,535,000		
	SFMRB 1998 Ser A-1, Dtd 8/1/98	62,255,572		
	SFMRB 1998 Ser A-2, Dtd 8/1/98	2,745,000		
	SFMRB 1997 Ser A-1, Dtd 10/1/97	32,385,000		
	SFMRB 1997 Ser A-2, Dtd 10/1/97	20,905,000		
	SFMRB 1997 Ser A-3 (Taxable), Dtd 10/1/97	6,710,000		
	SFMRB Taxable 1997 Ser B, Dtd 10/1/97	18,605,000		
	SFM Ref Rev Ser 1994A-III, Dtd 11/15/94	4,675,000		
	SFM Ref Rev Ser 1994B-III, Dtd 11/15/94	5,225,000		
	SFM Ref Rev Ser 1994C-III, Dtd 11/15/94	1,550,000		
	SFM Ref Rev 1994A-II, Dtd 9/1/94	5,400,000		
	SFM Ref Rev 1994B-II, Dtd 9/1/94	5,805,000		
	SFM Ref Rev 1994C-II, Dtd 9/1/94	1,795,000		
	GNMA Coll. Mtg Rev Senior 1991 Ser A, Dtd 6/1/91	37,372,445		
	GNMA Coll. Mtg Rev Senior 1991 Ser B, Dtd 6/1/91	24,650,000		
	GNMA Coll. Mtg Rev Sub 1991 Ser C, Dtd 6/1/91	350,000		
	GNMA Coll. Mtg Rev 1990 Ser B, Dtd 6/1/90	49,090,000		
	GNMA Coll. Mtg Rev 1990 Ser C, Dtd 6/1/90	18,665,000		
	GNMA Coll. Mtg Rev 1988 Ser A, B & D, Dtd 3/30/89	22,030,000		
	GNMA Coll. Mtg Rev 1988 Ser C, Dtd 8/1/98	32,999,739		
	GNMA Coll. Mtg Rev 1998 Ser E, Dtd 11/1/88	63,610,000		
	GNMA Coll. Mtg Loan Rev 1987 Ser B, C, & D, Dtd 1/14/88	<u>55,350,000</u>	542,172,256	
Sedgwick, Shawnee & Leavenworth Co., KS	GNMA Coll. Mtg Rev 1989 Ser A, Dtd 6/15/89	<u>\$62,775,000</u>	62,775,000	

8-7

<u>Issuer</u>	<u>Issue Description</u>	<u>Principal Amount</u>	<u>Issuer Total</u>
Sedgwick, Shawnee & Reno Co., KS	SFMRB 1995 Ser A, Dtd 3/1/95	<u>\$51,525,000</u>	51,525,000
Seward County, Kansas	Taxable SFM Ref Rev 1991 Ser A, Dtd 11/1/91	\$4,500,000	
	SFM Ref Rev 1991 Ser B, Dtd 11/1/91	4,185,000	
	SFMRB 1980 Ser A, Dtd 4/15/80	9,200,000	
	SFMRB 1979 Ser A, Dtd 9/1/79	<u>11,660,000</u>	29,545,000
Seward Co. & City of Salina, Kansas	SFMRB 1981 Ser A, Dtd 10/1/81	<u>\$60,000,000</u>	60,000,000
Shawnee County, KS	GNMA Coll. Home Mtg Rev 1987 Ser A, Dtd 3/15/87	<u>\$ 9,234,870</u>	- 9,234,870
City of Wichita, Kansas	SFMRB 1985 Ser A, Dtd 7/1/85	\$25,000,000	
	SFMRB 1984 Ser A, Dtd 9/1/84	25,000,000	
	SFMRB 1982 Ser A, Dtd 6/15/82	30,000,000	
	SFMRB 1979 Ser A, Dtd 4/1/79	<u>30,000,000</u>	<u>110,000,000</u>
			<u>\$1,611,238,469</u>

Don Klausmeyer Construction L.L.C.
10008 W. York
Wichita, Kansas 67215
(316) 554-0001
FAX: (316) 554-0112

February 16, 2000

Committee on Economic Development
Kansas House of Representatives
State Capitol Building
Topeka, KS

Dear Committee Members:

Klausmeyer Construction has taken advantage of the Mortgage Revenue Bond Program and the Kansas Mortgage Savers Program (MCC) to help our future home buyers acquire their dream homes. We have been an active builder to the Wichita Metro area for the past 24 years and we feel that these programs operated within Sedgwick County have been very helpful to our industry and provided great opportunities for all first time buyers.

It is our opinion that these programs have been very successful to Sedgwick County and the state of Kansas and that they should continue to operate within the County. Sedgwick County has been involved in the first time buyer programs for over 10 years and have proven to be very helpful to the housing industry.

Sincerely,



Don Klausmeyer
President



Offices located in
the Historic Crawford Building

Topeka Independent Living Resource Center

785-233-4572 V/TDD ● Fax 785-233-1561 ● Toll Free 1-800-443-2207
501 SW Jackson Street ● Suite 100 ● Topeka, KS 66603-3300

Testimony in Opposition to HR 2971

Presented to the Members of the House Economic Development Committee

February 17, 2000

By

Becca Vaughn of the Topeka Independent Living Resource Center

The Topeka Independent Living Resource Center, Inc.(TILRC) , is a not for profit disability advocacy organization. TILRC employs, serves and are governed by people with all types of disabilities. We are a civil rights organization who promotes the full inclusion of persons with any type or severity of disability into all aspects of society. TILRC provides advocacy and an array of person directed activities which reflect these goals of equality and inclusion.

House bill 2971 fails to be inclusive of the real housing needs of people with disabilities from its beginning in the first Section of the body of the bill. HR 2971 continues to perpetuate an antiquated and costly notion in Section 1 (g) that “facilities” are, 1) housing, and 2) would be of an economic benefit to the state. What we know is that people prefer to remain in their own homes, of their choosing, residing with people they want, and not to be “placed” or “misplaced” into “facilities”. We know it is much more cost effective to provide any services to individuals in their own home, rather than a “facility” and that real housing does not impose any special terms or conditions on the occupants. Would you want to live in a group home or other congregate settings, deprived of the opportunity to live with people who were different from yourself? If you needed a short term treatment for let’s say alcohol abuse, would you consider that facility a home?

It is time for government to discard the past biases which created and continue to support segregated environments. We know that “separate” is not in fact equal and that to perpetuate segregation, on any level is harmful to communities. You can not discuss housing and be referring to non-housing facilities. This bill, while addressing the urgent need to increase housing funding, would encapsulate into law that “facilities”, which segregate on the basis of disability, are morally right and legal in the state of Kansas.

If this bill is truly intended to expand real housing choices and opportunities to Kansans, I would urge this committee to then separate out what is real housing and what is a non-housing “facility”. Is it the intend of this bill to be an act relating to “housing” or an act relating to “facilities”? The title claims to be an act related to housing and thus being should not contain references to “facilities” and non-housing service issues.

Advocacy and services provided by and for people with d

ECONOMIC DEVELOPMENT COMMITTEE
FEBRUARY 17, 2000
ATTACHMENT 9, 2000

TILRC would recommend the following specific revisions to the bill.

- 1) Section 1 (a), first sentence: **add** the word accessible and integrated after decent. The sentence should read;

That there exist within this state a serious shortage of sanitary, decent, accessible, integrated and safe residential housing at prices or rentals which people of the state can afford;

- 2) Section 1 (g), ***delete***

- 3) Section 2 (6), change the definition of “residential housing” or “development” to;

***Residential housing or development means specific work undertaken primarily to provide dwelling accommodations for persons and families, including the acquisition, construction or rehabilitation of land, building and improvements.
Delete remainder of (6).***

- 4) Section 2; Add a number (8) which states;

Accessible and integrated means that dwellings shall be designed, constructed or rehabilitated in such a way which allows for all residents to get into and use the dwelling, integrated in various locations through out a proposed project, which is not for the exclusive occupancy of specific groups or categories of individuals..

TILRC supports the intent of the bill to establish a state housing corporation, if in deed the intent is to address the urgent housing famine in our state. Kansas has experienced the benefits of home and community based options and should not be so quick to pass a law which would allow for future creation of institutions. The nursing home industry is a multi million dollar profit generating machine, HUD's 232 program almost exclusively funds assisted living facilities and nursing homes. This industry needs no financial help from our state, it's the low income people who need the real housing assistance.

Thank you for your attention to our recommendations. I urge this committee to consider and implement these revisions.



 KANSAS DEPARTMENT
of COMMERCE & HOUSING

BILL GRAVES, GOVERNOR
GARY SHERRER, LT. GOVERNOR/SECRETARY

700 S.W. Harrison Street, Suite 1300
Topeka, Kansas 66603-3712

(785) 296-3481 Fax: (785) 296-5055
TTY (Hearing Impaired): (785) 296-3487
www.kansascommerce.com
e-mail: admin@kdoch.state.ks.us

To: Representative Bill Mason, Chairman
House Economic Development Committee

From: Randy L. Speaker, Director of Housing

Subject: House Bill No. 2971

Date: February 17, 2000

The Department of Commerce & Housing would like to thank Representative Aday and all the co-sponsors for their interest and enthusiasm in addressing the unmet housing needs of Kansas. Furthermore, we would like to express our appreciation to the members of the Governor's Commission on Housing for their efforts and ideas in the development of their report titled *Increasing Housing Opportunities for Kansans in the 21st Century*. Their portrayal of how Kansas compares to other states as well as their ideas on how Kansas can prepare for the future are without comparison.

It is the opinion of the Department of Commerce & Housing that now is not the time to create a new agency. Furthermore, this agency does not feel that a bill of this scope is needed to address current housing issues. Consequently, the Department of Commerce & Housing does not support House Bill No. 2971 in its current form.

Should this bill move forward, this agency would suggest some technical amendments. These are attached to this correspondence as Exhibit A.

ECONOMIC DEVELOPMENT COMMITTEE
FEBRUARY 17, 2000
ATTACHMENT 10

EXHIBIT A

Technical Amendments – House Bill No. 2971

Proposed by the Kansas Department of Commerce & Housing

- Page 2 line 35 Change: “70%” to “80%”
- Page 2 line 40 Change: “70%” to “80%”
- Page 3 line 1 Change: “70%” to “80%”
- Page 3 line 5 Change: “70%” to “80%”
- Page 3 line 22 Change: “department of housing” to “federal department of housing and urban development”
- Page 4 line 3 Does this bill create a new entity or utilize the existing corporation?
- Page 4 line 12 Coordinate the terms of officers with other sections and the current articles and bylaws if the existing corporation is going to be utilized.
- Page 4 line 26 Identify and coordinate the term to be used for the chief operating officer — executive director or president.
- Page 7 line 35 Add: “fees not required for these expenses and allowances will be transferred to the state housing trust fund.”



KANSAS ADVOCACY & PROTECTIVE SERVICES, INC.

3745 S.W. Wanamaker Rd.

Topeka, Kansas 66610

(785) 273-9661

(785) 273-9414 Fax

3218 Kimball Ave.

Manhattan, Kansas 66503

(785) 776-1541

(785) 776-5783 Fax

800) 432-8276 TDD/Voice

James Germer, Executive Director

Sherry Diel, Deputy Director

Tim Voth, Attorney

Kari Ramos, Advocate

Scott Letts, Deputy Director

Lori A. Davis, Attorney

Michelle Rola, CFO

Michelle Heydon, Advocate

Memo To: Members of the House Economic Development Committee

From: Scott Letts, Deputy Director

RE: HB-2971--Kansas Housing Development Corporation

Date: February 17, 2000

What is Kansas Advocacy and Protective Services, Inc.?

Kansas Advocacy and Protective Services, Inc. ("KAPS") is a federally funded non-profit corporation. Our agency serves as the designated Protection and Agency for persons with disabilities in the state of Kansas. Each state and territory in the United States has a similar type of organization. Our role is to advocate for legal rights and services for persons with disabilities. Pursuant to federal law, KAPS has authority to pursue resolution of disputes through use of legal, administrative and other appropriate remedies. Because our funding is limited, KAPS utilizes priorities, developed as a result of public input, to advocate for systemic changes in the public and private sector to benefit Kansans with disabilities.

KAPS Generally Supports HB-2971.

Kansas is currently one of only a few states that does not have a separate entity focusing on the development of housing. HB-2971 will remedy this shortcoming by creating a separate housing development corporation. We understand that an important benefit HB-2971 will provide to Kansas is that the independent housing development corporation will have access to additional federal housing funding. Another benefit of this proposed legislation is that the housing development corporation will focus all of its energy on the development of housing throughout Kansas. A board of directors, appointed by the governor with the advice and consent of the senate, helps assure that the new corporation will have a broad range of individuals, with varying interests, involved in housing development. This will help assure that the housing needs of all Kansans will be addressed. Other conferees can explain in detail why the Committee should support the bill. However, the bill does have problems that KAPS wants to bring to the Committee's attention.

Lack of Physically Accessible Housing and Focus on Institutional Services

The bill as written does not acknowledge that a serious shortage of physically accessible housing exists in Kansas. [Page 1, lines 27-28] Individuals with mobility impairments report that they have great difficulty finding housing that is affordable and physically accessible. Such housing shortages for individuals with disabilities contributes to less independence, increases the likelihood of institutionalization and an overall deterioration in the lives of people with disabilities. When the Legislature is considering the creation of a new housing development corporation, the corporation's charge should include a recognition that housing is in short supply for individuals with mobility impairments. The corporation should work to develop more housing for all Kansans, including those with disabilities.

Along these lines, the bill's findings include a statement in Section 1, paragraph (g) that Kansas has a shortage of "facilities providing for the group care and supervision of children, physically or mentally impaired adults and aged adults for short periods of time . . ." [Page 2, lines 12-22]. Such facilities are not the residential housing contemplated by paragraphs (a), (b), (c), (d), (e) and (f) of Section 1. Paragraph (g) addresses a different type of facility — congregate living facilities, whether nursing homes, group homes, or similar living arrangements. Kansas is moving away from residential institutional living arrangements, with a substantial decrease in the number of private facilities for individuals with developmental disabilities and psychiatric treatment facilities. Any shortage of affordable institutional-based services or facilities is better addressed in other legislation that deals specifically with those complex issues and facilities. They are not housing issues and should not be the concern of the new housing development corporation.

The bill also includes a definition of "residential housing" that includes congregate living facilities and includes "social, medical, recreational, educational, nursing, commercial, communal, dining, training, rehabilitation, therapeutic or other nonhousing facilities and services as may be incidental" to such facilities. [Page 3, lines 23-31]. Such a definition is too broad, including many types of facilities that are not residential housing. This definition would give statutory recognition to congregate living facilities as residential housing. Again, if the Legislature is interested in creating an entity to help with the development of facility-based services, this bill is not the best place to do so. This bill should focus on the creation of the housing development corporation and the development of residential housing.

Proposed Improvement to HB-2971

Although KAPS will support HB-2971, we believe that the bill's purpose would be enhanced and supported by more members of the disability community with the following amendments. KAPS respectfully requests that the Committee consider the suggested amendments which KAPS believes will strengthen the housing development corporation's commitment to develop housing that is accessible to individuals with disabilities and show the state's commitment toward developing true residential housing for individuals with disabilities:

Paragraph (g) of Section 1 should be deleted in its entirety.

The definition of "residential housing" and "development" in **Paragraph (b) (6) of Section 2** would better reflect the type of residential housing contemplated in Section 1 if it included the following: "residential housing" or "development" means any building or structure occupied as, or designed or intended as occupancy as, a residence by one or more families, and any vacant land offered for sale or lease for the construction or the location of any such building or structure." The definitions should not include nursing services, medical services, communal services, training services, rehabilitation services or nonhousing facilities."

The bill should make clear that housing for individuals with disabilities is not an afterthought. The shortage of accessible housing should be noted in Section 1. We believe that the following additions to **Section 1** are necessary:

Paragraph (a) "That here exists within this state a serious shortage of sanitary, decent, safe and accessible residential housing at prices or rentals which people of the state can afford:"

Paragraph (d) "that private enterprise and investment have been unable, without assistance, to produce the needed new construction or rehabilitation of sanitary, decent, safe and accessible residential housing and to provide sufficient long-term mortgage financing for this purpose"