

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT.

The meeting was called to order by Chairman Kenny Wilk at 3:30 p.m. on March 13, 2003, in Room 522-S of the Capitol.

All members were present except: Representative Don Hill, Excused

Committee staff present: April Holman, Legislative Research
Rena Jefferies, Revisor of Statutes
Fulva Seufert, Secretary

Conferees appearing before the committee: Steve Weatherford, President, KDFA
Matthew Goddard, Heartland Community Bankers Association
Chuck Stones, Senior Vice President, Kansas Bankers Assn.
Rick Jackson, Capital Federal Savings

Others attending: See attached list

Chairman Wilk asked April Holman, Legislative Research Department, to review **SB 65** for the committee. Ms. Holman refreshed the members' memories by stating that **SB 65** contains all the cleanup amendments to the Capital Formation Company Act better known as the venture capital bill. She reviewed all the changes and stood for questions.

Representative Boyer made a motion to pass **SB 65** out favorably. Rep. O'Malley seconded. Motion carried.

Chairman Wilk reopened the Public Hearing for discussion on the following:

HB 2395 - Authorizing the Kansas Development Finance Authority to issue mortgage revenue bonds

HB 2373 - Amending KDFA to allow loans directly to individuals to finance housing developments

Representative Tom Burroughs distributed two handouts provided by Fannie Mae. (Attachment 1 and 2)

The Chair recognized Steve Weatherford, KDFA, who addressed some of the committee's questions. He said that the KDFA believes very strongly that housing is a part of economic development, and that **HB 2395** would give KDFA all the resources so they could truly become a player. He said that in rural areas, the issue of housing centers around the availability of the housing stock. The use of a statewide home ownership program can be used as a way to encourage new construction, and he specifically focused on the ability to help those who need assistance with down payments.

There was an active discussion among committee members and conferees which resulted in a beneficial learning experience. Several members expressed their appreciation for the open discussion allowing them to ask questions directly to the conferees.

Chairman Wilk closed the Public Hearing on **HB 2395** and **HB 2373**. He thanked the conferees and the committee members for their endurance and active participation.

Representative Novascone made a motion to approve the minutes of the March 11, 2003, meeting. Representative Carlin seconded. Motion carried.

Chairman Wilk announced that the next meeting would be March 18, 2003, at which time there would be a hearing on **SB 235 - Providing for general STAR bond authority throughout the state**. There also could be possible action on bills previously heard.

The meeting adjourned at 5:30 p.m.

HOUSE ECONOMIC DEVELOPMENT COMMITTEE

THURSDAY, MARCH 13, 2003

NAME	REPRESENTING
Brad Snapp	Sedgwick County
Stephanie Buchanan	Budget
Chuck Stone	KBA
Mike Pegoan	Sedgwick County
Rae Anne Davis	KDOCH
Rick Jackson	Capitol Federal
Matthew Goddard	Heartland Community Bankers Assoc.
Sean Harrington	
Steve Weatherford	KDFA
Mark	KTEC
BILL YANEK	KS Assn of REALTORS
J.D. Lakhani	Commercial group Inc
Christine Reimler	KDOCH
Joey Parker	"
DON COOPER	COMMERCIAL GROUP, INC.
Martin Hawver	Hawver's Capitol Report

Kansas Housing & Homeownership

- There are 1,037,891 occupied housing units in the state of Kansas. 718,703, or 69.2% are owner occupied. The national homeownership rate stands at 68 percent.
- Fannie Mae's investment in Kansas totals \$9.8 billion which serves 103,000 Kansas homeowners and 15,000 Kansas renters. Fannie Mae investment supports 14% of all Kansas homeowners.

Home Loan Financing 2001

- During 2001 (the latest available data), 139,111 home loans totaling \$14.7 billion were made to Kansas residents.
- Conventional mortgage loans comprised the majority of this activity, 77% or 107,144 loans, providing households with \$10.7 billion.

Fannie Mae's Role

- During 2001, Fannie Mae invested \$3.3 billion in 2001 for 29,165 Kansas families, (21% of all home loans).
- During 2002, Fannie Mae invested \$5.2 billion for 45,196 Kansas households.

Minority Lending & Homeownership

- 11.2% of Kansas residents are minorities. 8% of lending in 2001 served minorities.
- In Kansas, 75% of white households are homeowners, while the homeownership rate for African-Americans stands at 46%, and for Hispanics, 54 percent.
- In June 2002, President Bush announced "America's Homeownership Challenge to increase minority homeownership.
- Closing the gap in homeownership for minority Kansans can advance housing throughout Kansas as we strengthen families and communities.

House Economic Development
3-13-03
Attachment 1

**2001 HMDA Data of Mortgage Lending in Kansas
State of Kansas**

Lending by Loan Type

	No. Loans	Volume	% of Loans
FHA Loans	11,595	\$1,022,794,000	8%
FmHA Loans	4,191	\$458,305,000	3%
VA Loans	434	\$26,837,000	0%
Mfg Housing	3,079	\$1,589,217,000	2%
Jumbo Loans	2,676	\$87,829,000	2%
Subprime Loans	9,992	\$741,440,000	7%
Conv. Loans	107,144	\$10,739,575,000	77%
Grand Total	139,111	\$14,665,997,000	100%

Lending by Household Income

	No. Loans	Volume	% of Loans
AMI % 0 to 30	1,399	\$46,728,000	1%
AMI % 30 to 50	9,070	\$477,956,000	7%
AMI % 50 to 60	7,078	\$457,846,000	5%
AMI % 60 to 80	16,575	\$1,238,116,000	12%
AMI % 80 to 100	17,889	\$1,542,531,000	13%
AMI % 100 to 120	15,351	\$1,501,491,000	11%
AMI % 120 to 140	13,291	\$1,426,311,000	10%
AMI % Greater than 140	33,446	\$5,005,554,000	24%
Missing Data	25,012	\$2,969,464,000	18%
Grand Total	139,111	\$14,665,997,000	100%

Minority Lending

	No. Loans	Volume	% of Loans
Minority Households	10,628	\$988,219,000	8%
Not Minority Households	91,266	\$9,713,111,000	66%
Missing Minority Data	37,217	\$3,964,667,000	27%
Grand Total	139,111	\$14,665,997,000	100%

Lending by Loan Purpose

	No. Loans	Volume	% of Loans
Home Purchase Loans	50,926	\$5,516,403,000	37%
Refinance Loans	79,958	\$8,919,112,000	57%
Home Improvement Loans	8,227	\$230,482,000	6%
Grand Total	139,111	\$14,665,997,000	100%

Homeownership & Rental Rates: State of Kansas

1-3

U.S.Census 2000	United States				State of Kansas			
	Number		Percent		Number		Percent	
Total Housing Units	115,904,641				1,131,200			
Vacant Housing Units	10,424,540		9.0%		93,309		8.2%	
Total Occupied Households	105,480,101		100.0%		1,037,891		100.0%	
Owner Occupied Households	69,815,753		66.2%		718,703		69.2%	
Median Value – Owner Occupied Residence	\$119,600				\$83,500			
Rental Households	35,664,348		33.8%		319,188		30.8%	
Households paying 35% or more of total income for rent	10,383,959		29.5%		77,683		25.0%	
Median Monthly Rent	\$602				\$498			
Kansas Population in:	White Alone		Black or African American Alone		Hispanic or Latino Alone			
Occupied Housing Units	2,267,972	100%	145,180	100%	171,172	100%		
Owner Occupied	1,713,039	75%	66,782	46%	91,937	54%		
Renter Occupied	554,933	25%	78,398	54%	79,235	46%		

N THEAST KANSAS COALITION FOR REGIONAL ECONOMIC DEVELOPM. T
(NEKCRED)

2003 LEGISLATIVE AND POLICY PRIORITIES

NEKCRED is a regional association of businesses, governments, and individuals in the six counties of Atchison, Brown, Doniphan, Jackson, Jefferson, and Nemaha.

As the State comes to rely more heavily on economic growth to fund increases in the State budget, investment in economic development programs which will create the growth necessary for an increase in State and local revenue without an increase in tax rates is absolutely essential.

ECONOMIC DEVELOPMENT INITIATIVES FUND (EDIF)

In order to provide the resources necessary to fund an active and aggressive economic development effort for Kansas, *NEKCRED SUPPORTS* removing the cap on the Economic Development Initiatives Fund and returning to the original strategy of funding new and innovative job creation and/or retention programs.

STATE INCENTIVES PROGRAMS

For the Kansas economy to thrive, business tax policy must be stable and competitive. *NEKCRED REQUESTS* that as the State reviews incentive programs, these incentives must be designed to accommodate both the needs of small businesses and rural communities and large urban industries.

TRANSPORTATION

NEKCRED OPPOSES attempts that would reduce the amount committed to the 1999 Comprehensive Transportation Program. NEKCRED further supports planned improvements to the U.S. 59 Missouri River Bridge and to U.S. 75 highway in Jackson and Brown counties. NEKCRED further supports funding for maintenance of class III rail in Kansas.

TELECOMMUNICATIONS

NEKCRED SUPPORTS providing affordable access to telecommunications services for rural areas in Kansas that are similar to those offered in urban areas. By maintaining affordable universal service statewide, Kansans will be allowed the opportunity to choose a rural lifestyle without sacrificing the ability to communicate and compete in today's global environment.

TOURISM

NEKCRED SUPPORTS increased funding for promotion of Kansas tourism to out-of-state visitors with proceeds from the sale of the Olathe Travel Information Center.

AGRICULTURE

NEKCRED SUPPORTS additional efforts at the state level to assist the family farm in adapting to changing market conditions. Specifically, NEKCRED supports an increase in funding to our state's research institutions to boost research on additional uses and markets for our state's main agricultural commodities. *NEKCRED FURTHER SUPPORTS* the development of value-added products, direct marketing of agricultural products, and increased in-state processing of agricultural commodities.

HOUSING

NEKCRED SUPPORTS efforts to encourage residential developers to build in local communities and that will address the shortage of affordable housing that continues to exist in many rural counties.

TAX LIDS

NEKCRED BELIEVES each community and county is best qualified to control its own tax levies. We affirm the position of "local control" as in most other local and regional matters. We further oppose any attempt to reduce local budget authority as revised and passed by the removal of the "tax lid" during the 1999 Legislative Session.