

MINUTES OF THE HOUSE ECONOMIC DEVELOPMENT AND TOURISM COMMITTEE

The meeting was called to order by Chairman Lana Gordon at 3:30 P.M. on January 28, 2008 in Room 519-S of the Capitol.

All members were present except:  
Barbara Craft- excused

Committee staff present:  
Kathie Sparks, Legislative Research Department  
Ryan Hoffman, Legislative Research Department  
Jason Long, Office of the Revisor of Statutes  
Matt Todd, Office of the Revisor of Statutes  
Ann Deitcher, Committee Assistant

Conferees appearing before the committee:  
Steve Weatherford, President of KFDA  
Ashley Jones, Asst. Program Officer, Greater Kansas City Local Initiatives Support Corp.

The Chair introduced Steve Weatherford who addressed the Committee regarding date from the State Disaster Funds Status Report as of January 25, 2008. (Attachment 1).

Saying that there was tremendous progress to report, he told them about the \$5 million the Finance Council had designated to help spur redevelopment efforts in disaster declared counties around the state. Of this, \$3 million was allocated to help build affordable rental housing units, with \$2 million going to help homeowners repair storm-damaged homes, build new or purchase existing homes.

Mr. Weatherford said that while housing had always been a problem in rural Kansas, it was now becoming a crisis that needed to be addressed. With the average cost of a 1400 - 1600 square foot, 3 bedroom house, being \$80,000 - 90,000, they were finding that insurance was not sufficient for replacement. He said there were between 240 and 250 families in Greensburg, Kansas who were still living in FEMA trailers. This is approximately half of the population.

Questions and answers followed.

Next on the agenda was Ashley Jones who spoke of the involvement of the Local Initiatives Support Corporation (LISC). (Attachment 2).

Saying how in 2006, LISC sponsored a Kansas Statewide Housing Conference to begin the discussion on housing issues throughout the state, Ms Jones said that this past September, over 350 individuals from across the state took part in their second annual conference.

In hearing this, the Kansas Policy Network decided to hold six regional meetings during the month of November in an effort to identify the housing needs across the state. By expanding and enhancing the current State Housing Trust Fund to meet the needs of Kansans not eligible for federal programs, the available housing options will improve for all Kansans and in turn contribute to the economic vitality of our communities as well as leverage available resources.

Questions and answers followed.

The meeting was adjourned at 4:40 pm. The next meeting is scheduled for Tuesday, January 29, 2008.

**TESTIMONY BEFORE HOUSE ECONOMIC DEVELOPMENT  
COMMITTEE  
REGARDING DISASTER RECOVERY FUNDING**

STEPHEN R. WEATHERFORD  
PRESIDENT, KANSAS FINANCE DEVELOPMENT AUTHORITY  
PRESIDENT, KANSAS HOUSING RESOURCES CORPORATION  
January 28, 2008

**State Disaster Funds Status Report – data as of January 25<sup>th</sup>, 2008**

The State Finance Council this past October took an important step in helping Greensburg and Southeast Kansas communities begin the long and daunting task of rebuilding. The Council designated \$5 million to help spur redevelopment efforts in disaster declared counties around the state. \$3 million was allocated to help build affordable rental housing units, with \$2 million going to help homeowners repair storm-damaged homes, build new or purchase existing homes.

As of today, we have tremendous progress to report. Of the \$3 million allocated for rental housing, KHRC has committed over \$2.8 million. With our federal resources and private investment, a total of \$36.9 million in affordable rental housing is committed and underway. On the rental side, we have approved nine developments, or 302 rental units. Greensburg has four developments with a total of 98 units. Coffeyville has two developments with 108 units. Chanute, Iola, Osawatomie, and each have one development with 42, 30 and 24 units respectively. The state funding, in the form of soft and hard loans, serves as critical gap financing which helps developers lower construction costs.

State funding is also helping homeowners in disaster areas get their lives back on track. Funding is provided for down payment and closing cost for disaster area residents who plan to purchase an existing home, repair an existing home, or build a new home. Loans are limited to 20% of the home's value, up to a maximum of \$25,000. To date, 20 homeowner loans totaling \$484,593 have been committed to help residents repair, build new or purchase a home. Three of the loans were for the purchase of existing homes, one for repair of a damaged home,

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and 16 for construction of new homes. In all, 16 of the loans have been in Greensburg and four in Southeast Kansas communities.

KHRC has conducted various housing events and outreach efforts in Greensburg to get the word out and now is co-hosting five housing fairs in Southeast Kansas. These fairs start next months and will be held in Iola, Erie, Coffeyville, Independence and Osawatomie. KHRC staff is also meeting with numerous employers and organizations in these communities to provide one-on-one educational presentations about down payment assistance available.

In the three months since the State Finance Council appropriated the funds to KHRC, we have committed nearly 95% of the funds planned for rental housing and nearly 25% of the funds for homeownership. With the upcoming spring home buying and new construction season soon upon us KHRC feels certain that the homeownership funds will soon be exhausted as well. Many residents have also expressed an interest in staying in the FEMA trailers until nearer the full 18 months allowed.

**The Future:**

KHRC is concerned that a growing need remains unaddressed. We continue to see a number of Kansans who earn too much to live in our tax credit developments but, for a variety of reasons, do not want to purchase a home. A common example is a senior who lost a family home to either the tornado or flooding. The senior could afford to rebuild a home, but would prefer the security and low maintenance of a rental property. KHRC does not have a funding tool to help with this need. Further, the federal tax credit program we routinely use to provide the bulk of funding for rental housing will not be applicable in this effort. Without the federal funds to rely upon, the State cost will increase rather dramatically. Funding for this need would be a potential use of dedicated funding to the Housing Trust Fund.

We appreciate the opportunity to report on the use of the disaster recovery effort and look forward to any questions the Committee may wish to ask.

**Kansas Housing Resources Corporation**  
**Disaster Funds Status Report**  
As of Monday, January 28, 2008

**\$5 MILLION DISASTER FUNDS**

**Rental Housing Loans/Grants Total Allocation (\$ 3 Million)**

<u>NAME/LOCATION</u>	<u># UNITS</u>	<u>COMMITMENTS</u>	<u>DEVELOPMENT COST</u>	<u>LEVERAGING RATIO</u>
Cornerstone Apts - Chanute	42	\$ 375,000	\$ 4,757,664	12.6
Greensburg Homes - Greensburg	30	500,000	4,761,325	9.5
Prairie Pointe Townhomes-Greensburg	16	250,000	2,250,200	9.0
Oakview Townhomes - Greensburg	16	250,000	1,855,200	7.4
Rolling Hills Apts - Coffeyville	72	367,000	7,209,309	19.6
River Valley - Iola	30	650,000	4,726,448	7.3
Terminal Supply - Coffeyville	36	-	6,684,239	-
Greensburg Housing - Greensburg	36	-	4,132,295	-
Woodland Hills Estates - Owawatomie - PENDING	24	450,000	3,436,848	7.6
<b>Total</b>	<b>302</b>	<b>\$ 2,842,000</b>	<b>\$ 39,813,528</b>	

**Homeowner Loans Total Allocation (\$2 Million)**

<u>NAME/LOCATION</u>	<u># UNITS</u>	<u>COMMITMENTS</u>	<u>DEVELOPMENT COST</u>	<u>LEVERAGING RATIO</u>
Greensburg	16	\$ 412,793	\$ 2,603,992	5.9
SE KS	4	71,800	359,000	5.0
<b>Total</b>	<b>20</b>	<b>\$ 484,593</b>	<b>\$ 2,962,992</b>	

## Narrative

**Terminal Supply Apartments** – This is a historic rehab of two buildings in downtown Coffeyville with great access to a lot of services and stores. Although it is targeted to families it would be ideal for the elderly as the units will be mostly be one and two bedrooms. Garrison Development is the developer. It has great affordability and wouldn't require any state money if they get a decent pricing for the credits. It has high credit per unit because of the historic nature of the development. We could add state money and lower the credit or seek a greater deferred fee. The development cost per unit is very high. The city expressed a preference for this one. It is located in a NRA.

**Rolling Hills Apartments** – The City of Coffeyville had the highest priority for this proposal because it will ultimately result in a larger, more comprehensive development. Dalmark in KCMO is the developer and will use the USDA 538 program. There will be 72 units of family apartments in the middle of a growing residential neighborhood. The 6 one bedroom units have a rent of \$340/month, 48 two bedroom units will rent for \$395/month and 18 three bedroom units will rent for \$445/month.

**Cornerstone Apartments** – This is a proposal for Chanute consisting of 42 units with two and three bedroom units for families. The rent will be \$345, \$450 and \$515 a month for 24 two bedroom units and \$420, \$520 and \$590 a month for 18 three bedroom units. The site is adjacent to the hospital and medical complex and a new school that is being built. An old rest home will need to be demolished on the site. Farnam Group in Omaha is the developer.

**River Valley Homes** – Located in Iola this is a single family development consisting of 30 homes that will be sold to the tenants after the 15 year tax credit period. Carlson Gardner in Springfield, MO is the developer. Rent for the homes will be \$375 a month. The developer is deferring most of their fee.

**Greensburg Homes** – Commercial Group, Inc. in Topeka is the developer of 30 single family homes in Greensburg. There will be 10 two bedroom homes and 20 three bedroom homes with monthly rent at \$350 and \$470. The homes will be sold to the tenants after the 15 year tax credit period. A green design will be used in the construction.

**Greensburg Housing** – Commercial Group, Inc. is also developing a 36 unit apartment complex consisting of 4 one bedroom units with a rent of \$375/month, 20 two bedroom units with a rent of \$475/month and 12 three bedroom units with a rent of \$550/month. It is expected that USDA will provide rental assistance for the tenants.

**Prairie Pointe Townhomes** – This is 16 two bedroom units with an attached garage in Greensburg that is currently under construction. The rents are \$375 and \$400 a month. Manske & Associates in Wichita are the developers. The site was the location of the high

school and was donated by the school district to the developer. The construction is using green design and will be LEED certified.

**Oakview Townhomes** – This is 16 two and three bedroom units for families with an attached garage on the same site as Prairie Pointe Townhomes. Rents will be \$375/month for 4 two bedroom units, \$400/month for 4 two bedroom units and \$450/month for 8 three bedroom units. Manske & Associates are the developers. It is currently under construction using green design and it will be LEED certified.

**Woodland Hills Estates** – Located on the west side of Osawatomie in a new development area, this will be 24 units of elderly housing consisting of two bedroom units that will rent for \$525 a month. Dean & Associates in Overland Park are the developers.

Presentation  
Before the House Economic Development and Tourism  
January 28, 2008  
*Local Initiatives Support Corporation*  
*Ashley Jones*

I want to thank you for the opportunity to speak to you today. My name is Ashley Jones and I am Assistant Program Officer at Greater Kansas City LISC. Greater Kansas City LISC is a program area of the Local Initiatives Support Corporation, the nation's largest community development organization, dedicated to revitalizing urban core and rural neighborhoods. Currently, Greater Kansas City LISC, under our NeighborhoodsNOW program, serves three neighborhoods in Kansas and three in Missouri.

Greater Kansas City LISC started the Kansas Housing Policy Network over 3 years ago. Although it began with only a hand-full of individuals from across the state interested in the creation of community development tools, it has grown to include over 300 members to date. The Kansas Housing Policy Network includes representations from the Homebuilders, Realtors, Homeless Providers and Advocates, Community Development Corporations, and many other interested entities.

In 2006, LISC sponsored a Kansas Statewide Housing Conference to begin the discussion on housing issues throughout the state. This past September, when LISC held the second annual conference in Hutchinson, the number of participants far exceeded our expectations. Over 350 individuals from across the state took part in the conference, including many members of the Kansas Legislature. We heard from legislators, including Senate President Steve Morris and House Minority Leader Dennis McKinney, that because of the recent disasters in Coffeyville and Greensburg, housing was going to be at the forefront of the legislature this session.

In hearing this, the Policy Network decided to hold six regional meetings during the month of November in an effort to identify the housing needs across the state. In doing so, we heard a vast variety of personal testimonials of the housing problem throughout Kansas. For example - in SE Kansas we heard about the struggles in Montgomery County, where currently individuals are being bussed in from Oklahoma to work at Cessna and Amazon.com because of the lack of workforce housing. In NW Kansas, we heard about the need for gap financing. Right now, there is little construction being done because the cost to build a home is significantly more than what the home will appraise for. It was apparent that housing was a problem in Kansas before the disasters, but now has been elevated to a crisis level.

About a year and a half ago, the Kansas Policy Network established its priorities to address the housing problem Kansas was facing. One of the solutions identified was to find a permanent revenue source for the State Housing Trust Fund, which currently exists in statute but has no permanent revenue stream. We looked to what other states have used to fund their trust funds and brought in an expert on Housing Trust funds to make recommendations as to the sources we should look at for Kansas - as our state has a unique mix of rural, suburban and communities.

By creating an ongoing revenue source for the Housing Trust Fund, there will be funds available when and if another disaster occurs. In years that disasters do not occur, or occur on a smaller scale, funds will be available to be applied for on a statewide basis to address each area's specific housing concerns. This will allow communities to engage in long term planning to address their housing needs. Builders, developers, investors and lenders are more likely to engage in addressing the housing needs throughout our state if the state's Housing Trust Fund is funded to acceptable levels. Reliability of the funding source will encourage builders and developers to gear up business operations where the state focuses the money.

**Economic Development & Tourism**

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*Local Initiatives Support Corporation*  
*Ashley Jones*

By expanding and enhancing the current State Housing Trust Fund to meet the needs of Kansans not eligible for federal programs, we will help improve the available housing options for all Kansans; and in turn, contribute to the economic vitality of our communities and leverage available resources.

Currently, under our signature NeighborhoodsNOW program, we are focusing on three neighborhoods in Kansas City, Kansas. Douglas Sumner, Downtown KCK and the St. Peter/Waterway neighborhoods are all a part of LISC's exciting and holistic approach to neighborhood revitalization through partnerships with local community development corporations, builders, and others. In three years, it is hoped that residents will experience greater opportunities for jobs, affordable housing, childcare, health care, education and retail services.

Historically in Kansas, LISC has invested significant staff, technical assistance and funding for projects and programs in the urban core of Kansas City Kansas. Our Investments include new housing developments in Cathedral Pointe, Mt. Carmel Senior Center, Turtle Hill, Strawberry Hill Townhomes and invested capital for operating support of community development corporations such as CHWC, Inc., City Vision Ministries, Habitat for Humanity, El Centro, Mt. Carmel Redevelopment Corporation, Rosedale Development Corporation, and others. We have invested funds in economic development projects such as the 6<sup>th</sup> Street Redevelopment Project, and Downtown initiatives as well as recreation/park programs such as the Bishop Ward NFL Field Program. GKC LISC has also invested significant funding in crime and safety initiatives and community organizing for the urban core neighborhoods.

KHRC has been supportive of our partnership efforts under NeighborhoodsNOW. We appreciate KHRC's continued partnership as we continue to work together for the purpose of ensuring that safe, quality and affordable housing is accessible for all Kansans during all times of need.

Thank you for your time today and I would be happy to answer any questions you may have.