

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 February 21, 2008 in Room 519-S of the Capitol.

All members were present except:
Broderick Henderson- excused

Committee staff present:
Emalene Correll, Kansas Legislative Research Department
Ryan Hoffman, Kansas 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:
Maj. Gen. Tod Bunting, Kansas Adjutant General
Representative Dennis McKenney
Stephen Reece Hardy, Greensburg
Stephen R. Weatherford, President KFDA
Ashley Jones, Greater Kanss City LISC
Jeff Morris, City Manager Coffeyville, KS
Representative Jeff King

The Chair introduced Major General Tod Bunting who addressed the Committee regarding the disasters of 2007. (Attachment 1).

First, speaking of the winter storm of December 2006 - January 2007, he showed pictures of the severe ice damage to residences, livestock and collapsed the main transmission towers.

General Bunting told of the devastation done by the tornado to the town of Greensburg, calling it an EF-5 Tornado (205+ mph). He stressed the importance of bringing the Kiowa County hospital back because it was the only hospital within 30 miles and was the largest employer in the county. He spoke of the prompt response by the National Guard Expeditionary Medical System (EMEDS), arriving within five days.

Going next to the damaging floods of southeast Kansas that began in June of 2007, he spoke of the immediate response of the National Guard. In answer to the question of payment when the Guard is sent to other states to offer assistance, the General said that goes under the Emergency Assistance Compact and the state who receives the assistance is charged to repay them for any expenses incurred.

Questions and answers followed.

HB 2712 - concerning rural housing; development grant program.

The meeting on **HB 2712** was opened.

Matt Todd offered a memorandum in explanation of **HB 2712**. (Attachment 2).

Representative McKenney offered testimony regarding **HB 2712**. (Attachment 3). He said that in his tour of communities affected by disasters this past summer he was struck by the fact that all the communities identified housing as their number one priority need.

Speaking of the City of Greensburg, he said how it will take several years to recover after losing 91A% of its residential valuation and an estimated 96% of its commercial valuation. They were encouraged however with the return of their John Deere and General Motor dealerships.

CONTINUATION SHEET

MINUTES OF THE House Economic Development and Tourism Committee at 3:30 P.M. on February 21, 2008 in Room 519-S of the Capitol.

Next to address the Committee as a proponent of **HB 2712**, was Stephen Hardy, a city planner from Kansas City, who took the place of Steve Hewitt, Greensburg City Administrator who was unable to appear. He gave a power point presentation of the rebuilding of Greensburg. ([Attachment 4](#)).

Mr. Hardy said that prior to the tornado, 70% of Greensburg householders owned their own homes and nearly half no longer had mortgage payments. Approximately 75% of homeowners had insurance; however, the vast majority were underinsured. The average home was valued at \$46,500. Now one of the biggest challenges for homeowners is the gap between what their house was insured for and the \$120,000 - \$160,000 estimated replacement cost of a home.

Next to testify in support of **HB 2712**, Steve Weatherford who told the Committee that it was the mission of his organization to be active in the rebuilding of Greensburg. ([Attachment 5](#)).

Mr. Weatherford said that while the State Finance Council approved a one-time allocation to begin the rebuilding, those dollars along with the programmed federal dollars can only be stretched so far and designated annual funding for both disasters and general housing needs are vitally important.

He said that he felt that **HB 2712** would provide an additional tool for this purpose, initially in disaster areas, but later transitioning to throughout the State.

Ashley Jones spoke of **HB 2712** saying that it did an excellent job of addressing the parts of Kansas affected by the 2007 disasters but it did not cover the housing needs that were present before the tornado and floods. Ms Jones offered an amendment on pages 6-4, 6-5 and 6-6. ([Attachment 6](#)).

Appearing in support of **HB 2712**, Jeff Morris offered pictures of the damage left behind by the flood waters of the Verdigris River that exceeded the height of the levee by four feet. ([Attachment 7](#)).

Representative King spoke briefly to the Committee of the personal cost of the disaster – over 2,000 homes were damaged with at least 50% of them completely destroyed.

Questions and answers followed.

Written only testimony was offered by: Steve Hewitt, ([Attachment 8](#)); Martha Neu Smith, KMHA, ([Attachment 9](#)); Larry R. Baer, Asst. General Counsel, LKM, ([Attachment 10](#)); Chris Wilson, Exec. Dir. KBIA, ([Attachment 11](#)); Jeanette Siemens, Kiowa County Economic Development Dir., ([Attachment 12](#)); Kim Alderfer, Asst. City Administrator, Greensburg, ([Attachment 13](#)); Luke Bell, KAR Dir. of Governmental Relations, ([Attachment 14](#)); Dennis Pruitt, CecD, AICP Director, Montgomery County Action Council, ([Attachment 15](#)) and Stephen Kirk, Vice President Centera Bank, Greensburg, ([Attachment 16](#)).

The hearing on **HB 2712** was closed.

The meeting was adjourned at 5:05 p.m. The next meeting is scheduled for February 25, 2008.



Kansas Disasters
2007

Major General Tod M. Bunting
The Adjutant General
Director of
Emergency Management and Homeland Security

Federal Thresholds

Public Assistance

- **County**
 - \$3.11 per capita
 - **State**
 - \$1.24 per capita
 - Kansas population
 - 2,688,418
- State total: \$3,333,638**

Individual Assistance

- **Small Business Administration (SBA)**
 - 25 homes and/or businesses with more than a 40% uninsured loss
- **FEMA programs**
 - 100 major/destroyed homes
 - \$3 million uninsured housing loss
 - economic impact, fatalities, demographics, etc
 - food, fuel and generators are not eligible

3

Cost share of FEMA programs

Public Assistance

- **75% federal**
- **25% non-federal**
 - 15% local
 - 10% state

Individual Assistance

- **75% federal**
- **25% state**

Direct Federal Assistance

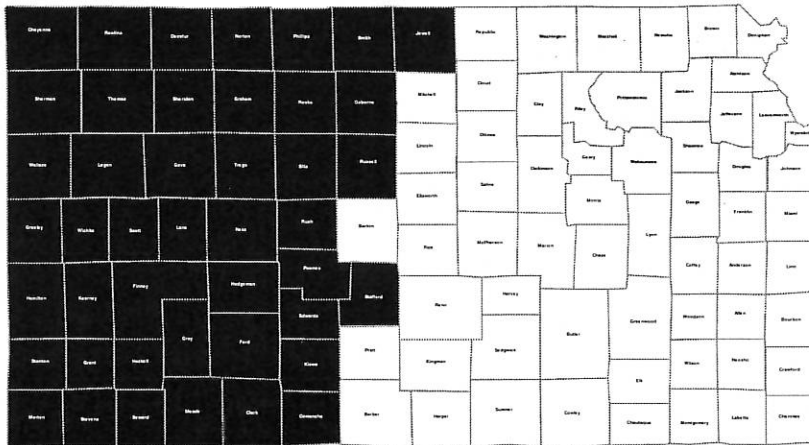
- **75% federal**
- **25% state**

4

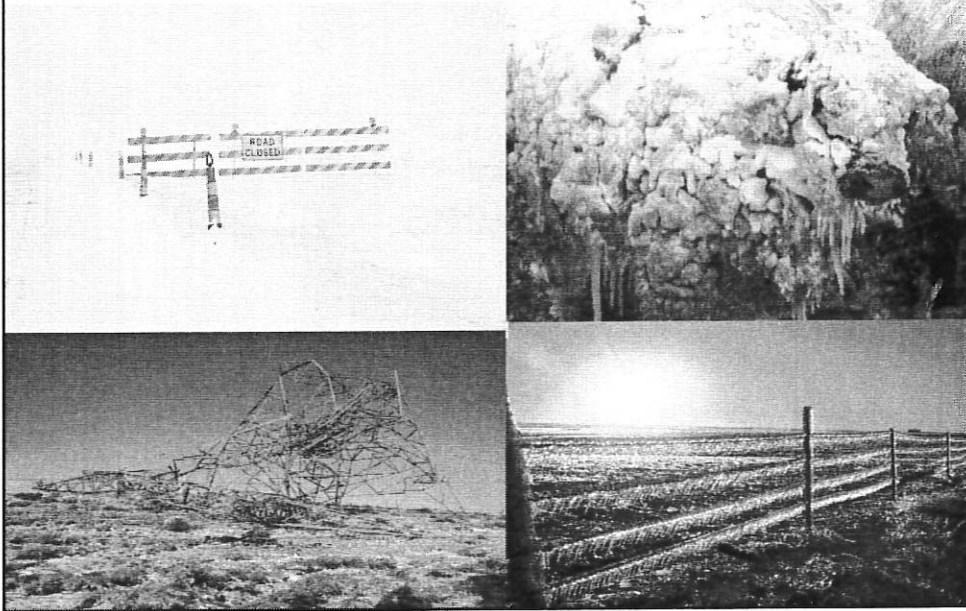
**Winter Storm
December 2006 – Jan 2007**

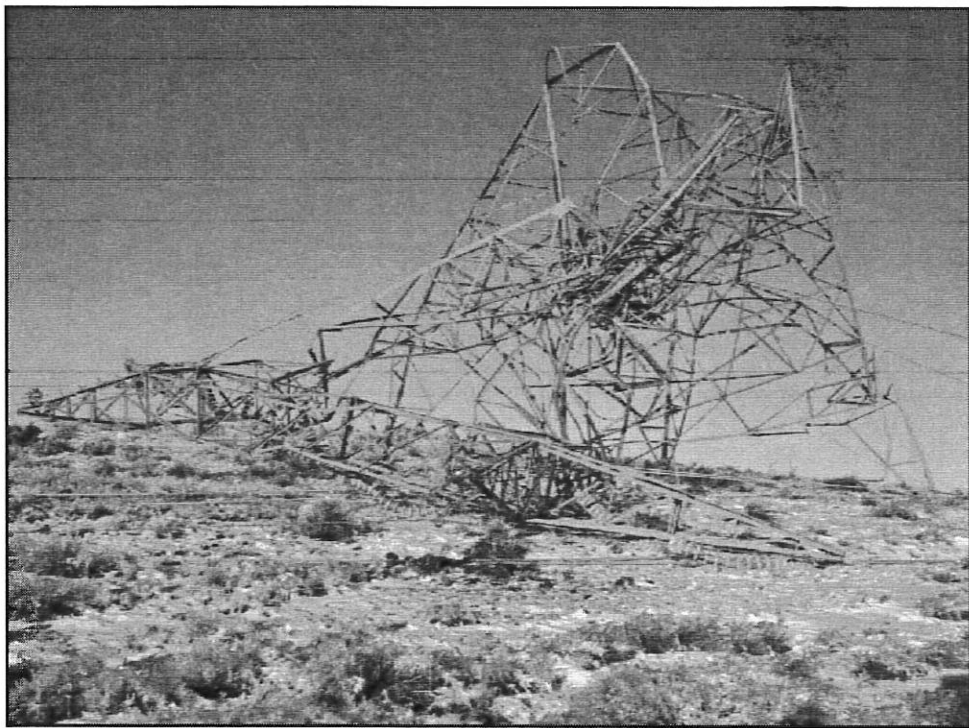
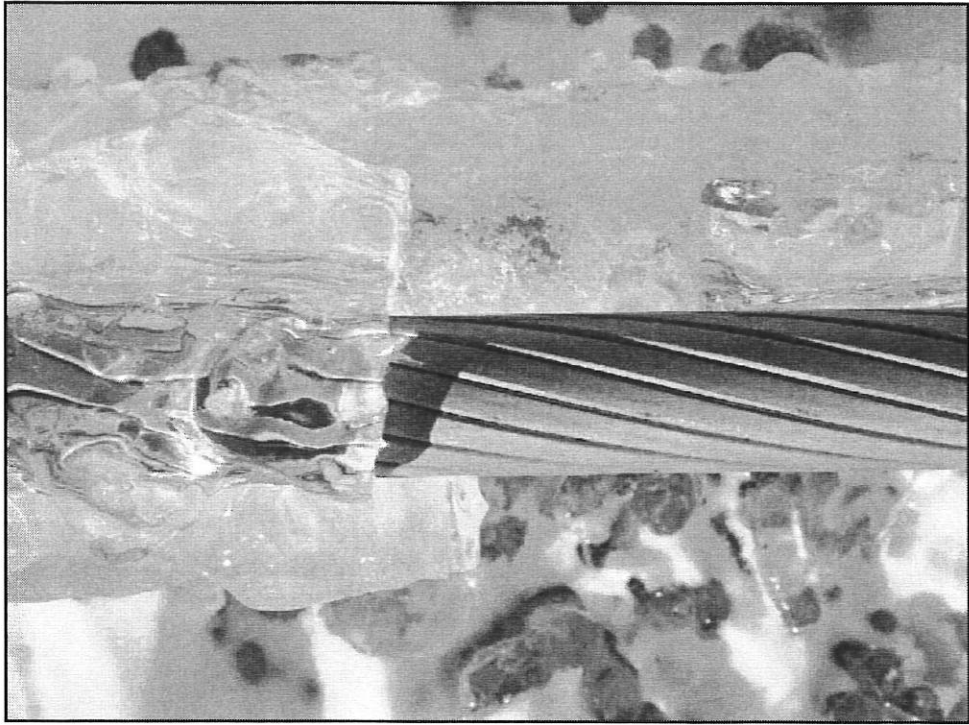
DR-1675-KS

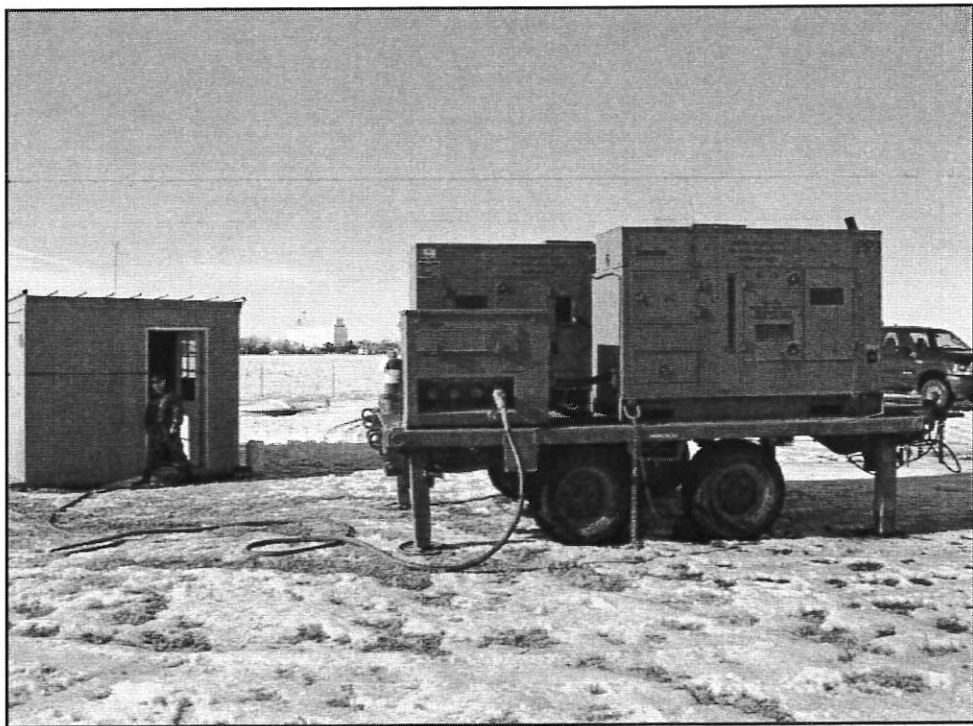
**Winter storm
December 2006 - January 2007
DR-1675-KS**



Western Kansas Winter Storm Dec 2006-Jan 2007







Public Assistance

- **Category A**
 - Debris Removal
 - \$1,090,477

- **Category B**
 - Emergency Protective Measures
 - \$1,660,755

- **Category C**
 - Roads
 - \$9,323,254

13

Public Assistance

- **Category D**
 - Water Control Facilities
 - \$0

- **Category E**
 - Public Buildings
 - \$393,438

- **Category F**
 - Utilities
 - \$342,820,992

14

Public Assistance

- **Category G**
 - Recreational or other
 - \$18,660
- **Total all categories**
 - \$355,307,580
 - 75% federal share
 - 10% state share
 - \$35,530,758

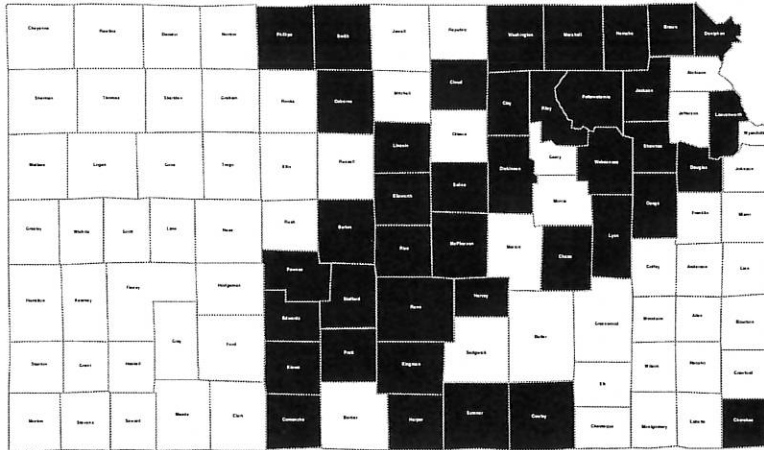
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**Severe storms and flooding
beginning May 2007**

DR-1699-KS

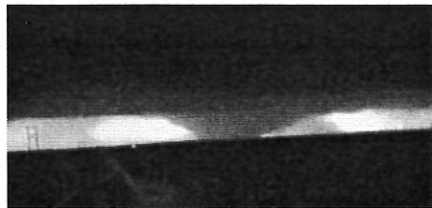
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**Severe Storms and Flooding
DR-1699-KS**



Greensburg Tornado Facts

- **EF-5 Tornado (205+ mph)**
- **Direct hit at 9:42 PM**
- **1½ to 2 miles wide**
- **95% of town destroyed**
- **14 Fatalities (11 Greensburg)**



UNCLASSIFIED

Two tornadoes from same wall cloud

The tornado minutes before destroying Greensburg

Tornado path
 Approximate path and times of the tornadic storm that hit Greensburg Friday night. Based on preliminary radar data.

1 Fatality

1 Fatality

1 Fatality

11 Fatalities

Clatin 1:30 am
 Holyrood
 Blinwood 1:05 am: Significant damage reported.
 Trousdale
 Greensburg
 Tornado strikes around 9:45 pm, causing major damage.

LEWIS & CLARK
 ELLSWORTH
 Ellsworth
 Karapols
 SALINE
 RICE
 RENOV
 Hutchinson
 WICHITA
 PAWNEE
 BARTON
 STAFFORD
 PRATT
 ENWARDS
 TROUSDALE
 ST. JOHN
 GREENSBURG

The Wichita Eagle

19



Aerial view of Greensburg looking south-east



Law Enforcement



City Administration



Community Services

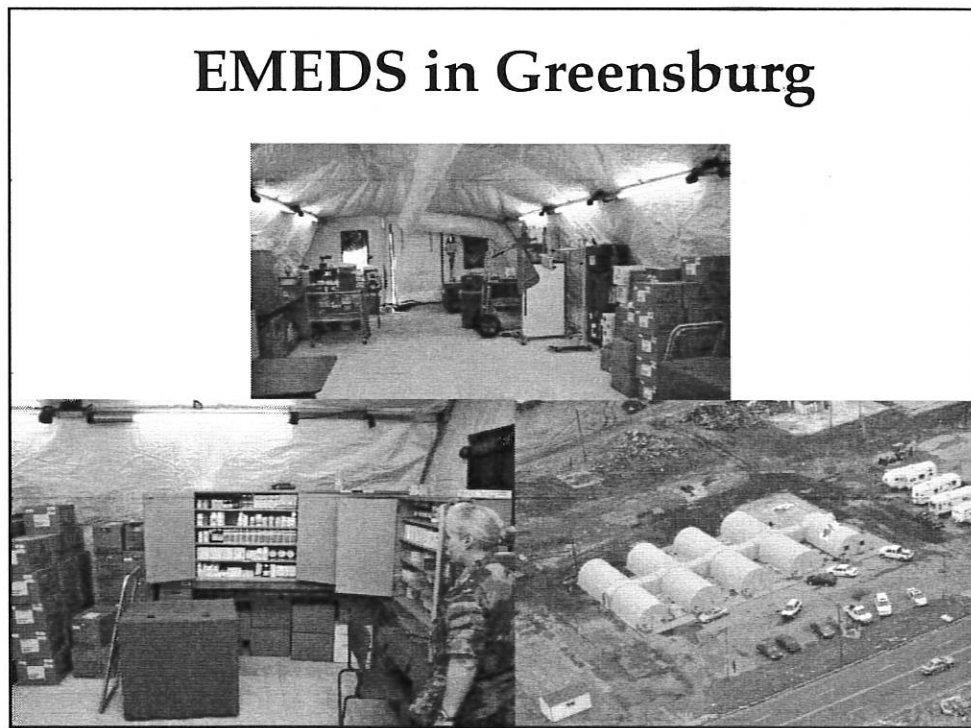
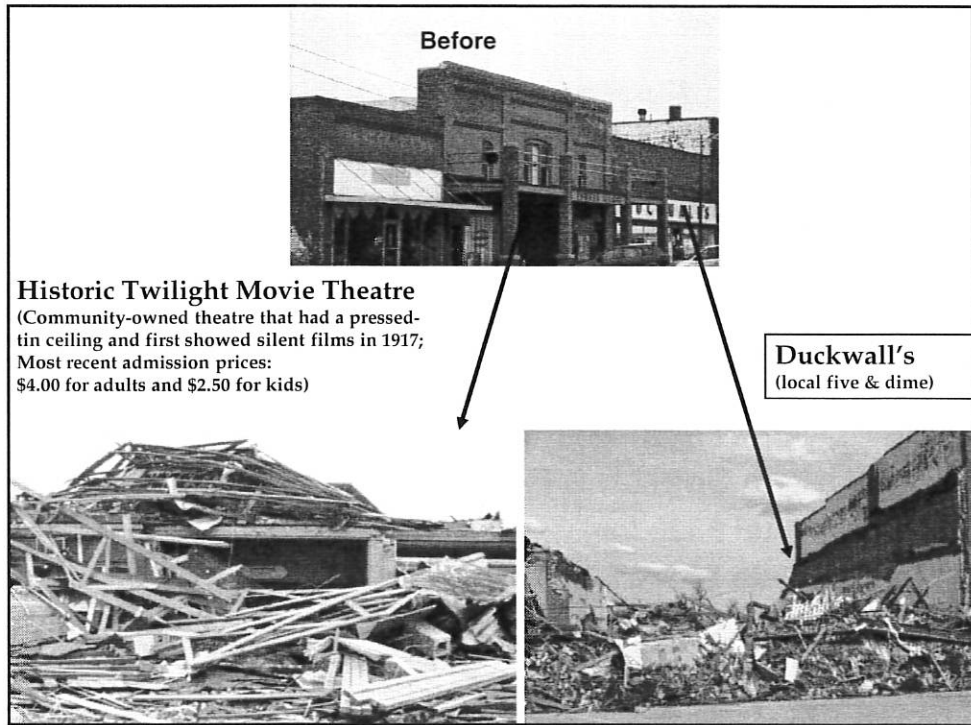


Volunteer Fire Department



Kiowa County Memorial Hospital
(Only hospital for 30 miles)





Federal Assistance

- **Total direct federal assistance**
 - 9 missions
 - Federal Share \$5,915,000
 - State Share \$1,478,750
 - 100% federal cost share adjustment not included
- **Urban Search & Rescue**
 - Total \$329,284
 - State Share \$82,321

27

Individual Assistance

- **Other Needs Assistance - \$1,661,116**
 - 75% federal share
 - 25% state share
 - \$415,279
- **Disaster Recovery Centers - 9**
 - 5,468 visits
 - 100% federal for FEMA staff, facilities, equipment, phones, etc.
 - 100% state expense for staffing
 - Revenue, SRS, KDEM, KDHE, etc.

28

Public Assistance

- **Category A**
 - Debris removal
 - \$4,700,000
- **Category B**
 - Emergency protective measures
 - \$6,075,000
- **Category C**
 - Roads
 - \$15,400,000

29

Public Assistance

- **Category D**
 - Water control facilities
 - \$214,000
- **Category E**
 - Public buildings
 - \$13,500,000
- **Category F**
 - Utilities
 - \$27,000,000

30

Public Assistance

- **Category G**
 - Recreational or other
 - \$1,600,000
- **Total all categories**
 - \$68,389,000
 - 75% federal share
 - 10% state share
 - \$6,838,900

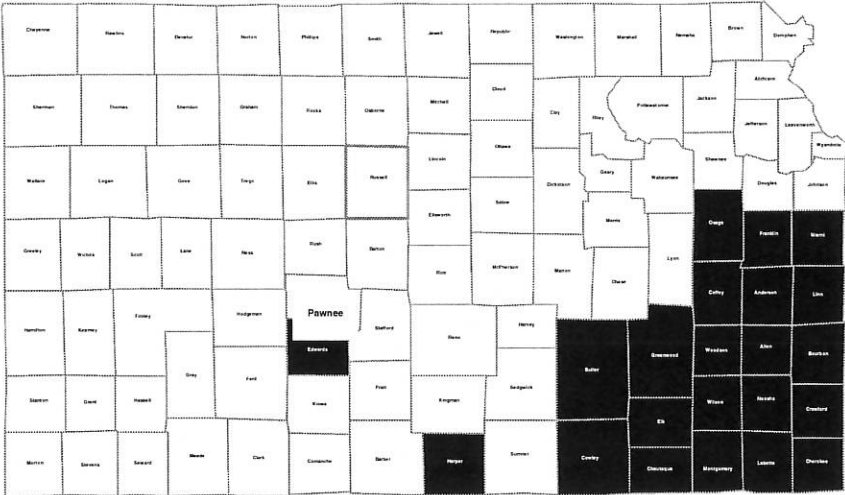
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**Flooding
beginning June 2007**

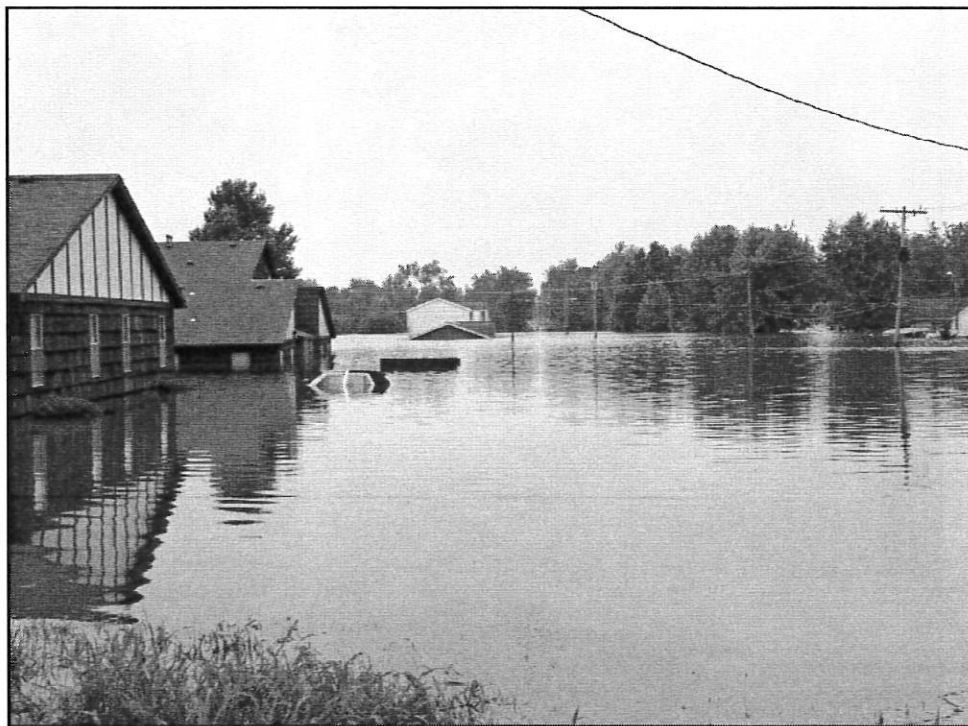
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Flooding DR-1711-KS

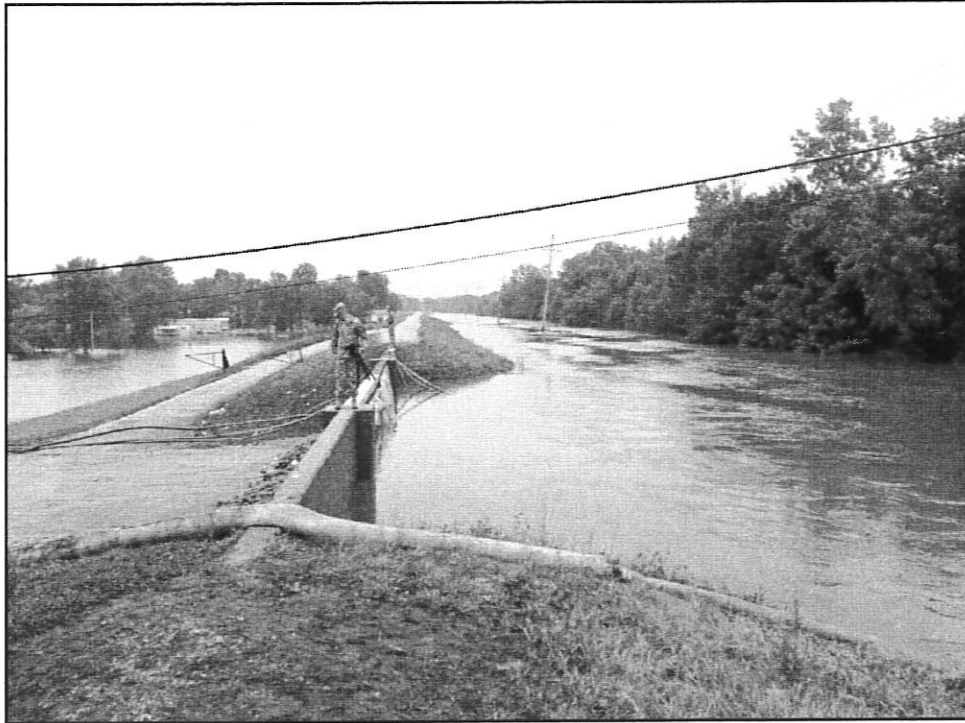












Federal Assistance

- **Total direct federal assistance**
 - 9 missions
 - water and ice
 - **Total \$1,461,202**
 - federal share \$1,169,026
 - state share \$292,256

Individual Assistance

- **Other Needs Assistance - \$3,873,567**
 - 75% federal share
 - 25% state share
 - \$988,316
- **Disaster Recovery Centers - 14**
 - 7,504 visits
 - 100% federal for FEMA staff, facilities, equipment, phones, etc.
 - 100% state expense for staffing state employees
 - Revenue, SRS, KDEM, KDHE, etc.

45

Public Assistance

- **Category A**
 - Debris Removal
 - \$736,704
 - Spiller responsible for oil contaminated disaster debris
- **Category B**
 - Emergency Protective Measures
 - \$2,761,407
- **Category C**
 - Roads
 - \$8,229,063

46

Public Assistance

- **Category D**
 - Water Control Facilities
 - \$930,282
- **Category E**
 - Public Buildings
 - \$2,050,873
- **Category F**
 - Utilities
 - \$10,591,163

47

Public Assistance

- **Category G**
 - Recreational or other
 - \$490,743
- **Total all categories**
 - \$25,790,239
 - 10% state share
 - \$2,579,023

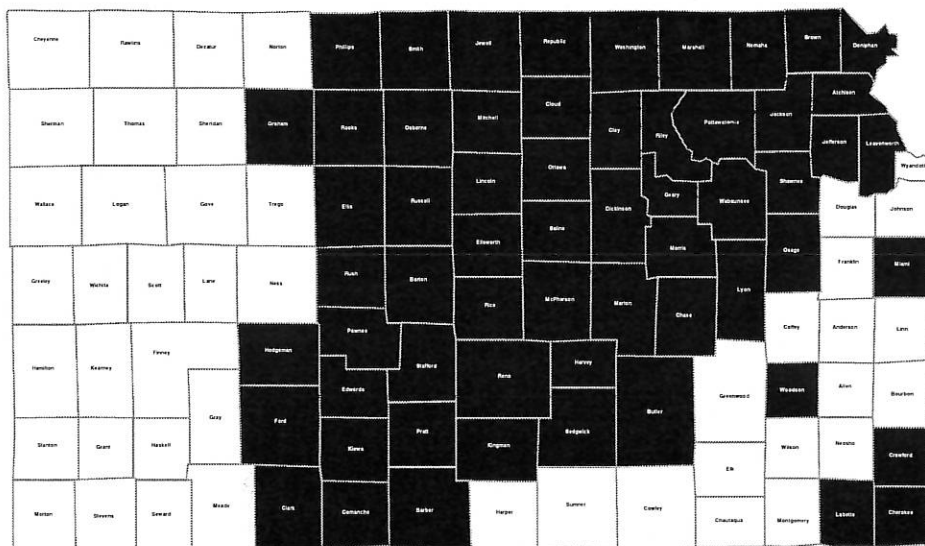
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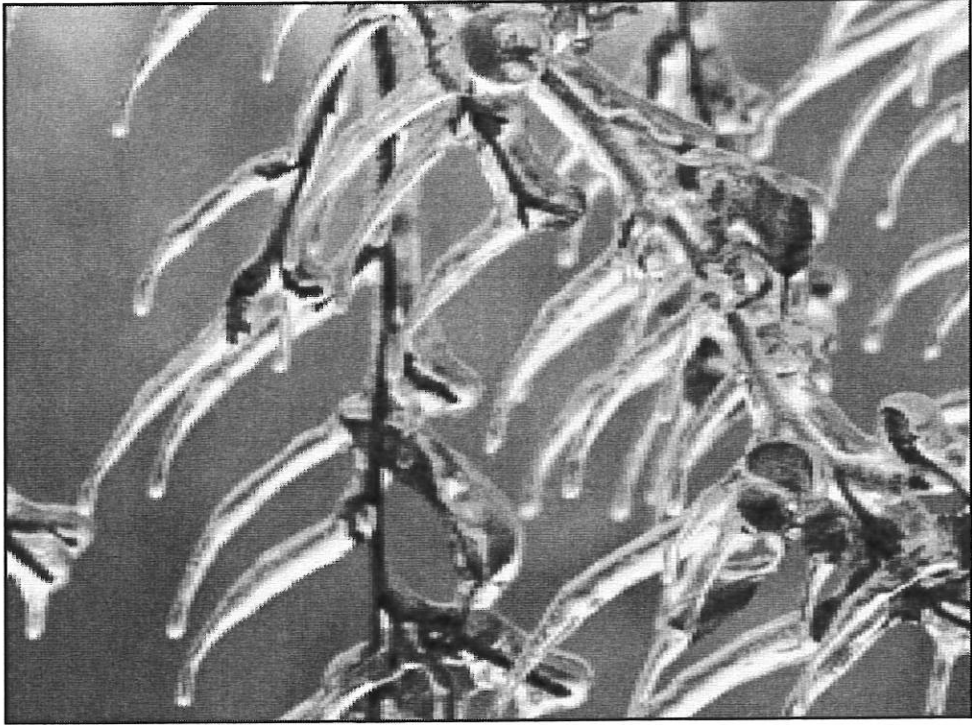
Winter Storm December 2007

DR-1741-KS

49

Winter Storm December 2007 DR-1741-KS











January 2007 vs December 2007

January 2007

- 42 counties declared
- Electrical damage
 - 9 rural electrics
 - 15,128 poles
 - 46,300 meters
 - 21 transmission towers
- Total utility damage
 - \$342,820,992

December 2007

- 60 counties declared*
- Electrical damage
 - 24 rural electrics
 - 10,889 poles
 - 58,505 meters
 - 0 transmission towers
- Total utility damage*
 - \$150,000,000

*estimates-major declaration request pending

58

Public Assistance
Preliminary Damage Assessment (PDA) Data
DR-1741-KS

- **Category A**
 - Debris removal
 - \$17,637,535

- **Category B**
 - Emergency protective measures
 - \$4,075,130

- **Category C**
 - Roads
 - \$694,329

59

Public Assistance
Preliminary Damage Assessment (PDA) Data
DR-1741-KS

- **Category D**
 - Water control facilities
 - no damage reported

- **Category E**
 - Public buildings
 - \$149,562

- **Category F**
 - Utilities
 - \$148,468,303

60

Public Assistance
Preliminary Damage Assessment (PDA) Data
DR-1741-KS

- **Category G**
 - Recreational or other
 - \$6,466

- **Total Estimate - all categories**
 - \$171,031,324
 - federal share (75%)
 - local share (15%)
 - state share (10%)
 - \$17,103,132

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Office of Revisor of Statutes
300 S.W. 10th Avenue
Suite 010-E, Statehouse
Topeka, Kansas 66612-1592
Telephone (785) 296-2321 or Fax (785) 296-6668

MEMORANDUM

To: Committee on Economic Development & Tourism
From: Matthew Todd, Assistant Revisor
Date: February 21, 2008
Re: HB 2712 – Rural housing; development grant program

House Bill 2712 amends the Rural Housing Incentive District Act, K.S.A. 12-5241 et seq., by exempting certain cities from certain requirements for rural housing incentive district financing. It would also establish a housing development grant program to be administered by the Kansas Housing Resource Corporation (KHRC). The act would take effect upon publication in the Kansas Register.

Section 1 adds three new definitions to the Rural Housing Incentive District Act [K.S.A. 12-5242]:

- “City housing authority” means any agency of a city created pursuant to the municipal housing law, K.S.A. 17-2337 et seq., and amendments thereto [pg. 1, lines 27-29].
- “Corporation” means the Kansas housing resources corporation [pg. 1, line 30].
- “Housing development activities” means the construction or rehabilitation of infrastructure necessary to support construction of new residential dwellings and the actual construction of such residential dwellings, if such construction is conducted by a city housing authority [pg. 2, lines 2-5].

Note: For the purposes of the Rural Housing Incentive District Act, “city” means a city with a population of less than 40,000 in a county with a population of less than 60,000 [K.S.A. 12-5242].

Section 2 clarifies the three situations where a governing body’s ordinance or resolution establishing a development or redevelopment plan for the proposed rural housing incentive district may be null and void. Current law requires that the plan undergo public notice and hearing. Within 30 days after the hearing, the plan may be nullified if it is determined by subsequent resolution that the proposed district will adversely affect (1) a board of education of a school district; (2) the governing body of a city within three miles of the proposed district; or (3) the board of county commissioners. The amendment clarifies that the county commission would need to make that determination by resolution [pg. 2, lines 42-43 and pg. 3, line 1].

New section 3 would provide new exemptions from certain provisions of the Rural Housing Incentive District Act for: (a) Any city located in a federally designated major disaster area prior to July 1, 2013; and (b) any city in a county that is declared by the governor to be a state of disaster after January 1, 2008. Such cities may adopt a plan for a designated rural housing incentive district without the approval of the Secretary of Commerce [K.S.A. 12-5244(c)] and without conducting a public hearing on the proposed plan [K.S.A. 12-5245(b), (c) and (d), and 12-5246].

New sections 4 through 8 authorize a new housing development grant program to be administered by the Kansas Housing Resources Corporation (KHRC).

- Cities requesting a grant must include a statement of the proposed housing development activities and a certification that the city will provide matching funds in the amount of either (1) 10% of the funds granted for construction or rehabilitation of infrastructure; or (2) at least 50% of the funds granted for other purposes [section 4].
- The corporation president would be given the authority to make rules and regulations regarding the selection of cities to be awarded grants, application procedure, grant periods, and other matters necessary for administering the grant program [section 4].
- Each city must submit a performance evaluation report concerning the use of grant funds [section 5].
- Proceeds from grant funds may be used only for housing development activities [section 6].
- The bill would establish in the state treasury the housing development grant program fund. On July 1 each year, \$4,000,000 would be transferred from the state gaming revenues fund and credited to the housing development grant program fund [section 7].

Note: For the purposes of the housing development grant program the term “city” means any city that prior to July 1, 2011, is located in a federally designated major disaster area. On or after July 1, 2011, “city” shall mean any city incorporated in accordance to Kansas law [new section 8].

Sections 10 and 11 amend K.S.A. 79-4803 and 79-4804 to provide that the transfers authorized for the housing development grant program—along with transfers to the problem gambling grant fund [K.S.A. 79-4806—would be taken out of the state gaming revenues fund prior to other allocation of that money.

STATE OF KANSAS
HOUSE OF REPRESENTATIVES

DENNIS MCKINNEY
REPRESENTATIVE 116TH DISTRICT
1220 SOUTH MAIN
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(620) 723-2129

STATE CAPITOL, ROOM 327-S
TOPEKA, KS 66612-1504
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TOPEKA

MINORITY LEADER'S OFFICE

Testimony to House Economic Development Committee

February 21, 2008

House Bill 2712

Thank you for the opportunity to testify today on the Housing Grant Program in HB2712.

As the Disaster Recovery Committee toured the communities affected by disasters this past summer I was struck by the fact that all of the communities identified housing as their number one priority need. That lead to our attention on solutions to help with housing development in disaster areas.

To me, the primary thrust of HB2712 is to allow communities to design programs that fit local situations. This is better than a top down prescription from the state. Under this bill, communities would be able to design housing solutions and apply in a competitive grant program for assistance from the state. One community may want to clear dilapidated structures and lay new utility lines to make lots available to new housing while another city may want to provide soft second mortgage subsidies. The point is that cities can design what works to fit the wide range of needs that exist across the state and then we can help them meet those needs.

In Greensburg, we see a need to help working families get back into town and into our work force. Many wage earning families had nice homes that were lost in the tornado. Now, to rebuild a basic home new costs \$100,000 to \$125,000. Clearly this is a barrier to having them back in our work force.

Having lost 91% of its residential valuation and an estimated 96% of its commercial valuation, it will take several years for the City of Greensburg to recover. Helping us to rebuild our housing and our work force will jump start this recovery and, in the end, reduce the amount of assistance we will need from the State of Kansas.

We know we can not say thank you often enough for all of the help we have received from across the state. We do want you to know that we understand that the State of Kansas is our largest partner in our rebuilding effort and we are committed to building a community in which you will be proud to have been a partner.

Economic Development & Tourism
Date: 2-21-08
Attachment # 3

02.21.08
House Economic Development and Tourism Committee
Topeka, Kansas

Dear members of the House Economic Development and Tourism Committee,

As the project manager for the Greensburg Comprehensive Plan, I have had the distinct pleasure of working hand in hand with the residents of Greensburg as they rebuild their community and plan for the future. Their optimism and resolve is a lesson to us all. They have taught us that out of crisis emerges opportunity, and as a community, Greensburg citizens believe they have the chance to build a stronger, thriving town through sustainable community design.

To rebuild an entire community from the ground up requires generosity and endurance on an unprecedented scale. The May 4th tornado had an especially devastating impact on Greensburg's housing stock. 763 homes were damaged or destroyed eliminating 85 percent of the city's housing capacity. This housing shortage has placed an extreme hardship on Greensburg residents as they commit to rebuilding their community.

Prior to the tornado, 70 percent of Greensburg householders owned their own homes and nearly half no longer had mortgage payments. Approximately 75 percent of homeowners had insurance; however, the vast majority were underinsured. The average home was valued at \$46,500. Now one of the biggest challenges for homeowners is the gap between what their house was insured for and the \$120,000 - \$160,000 estimated replacement cost of a home. Renters face similar difficulties in returning to the community. The challenge for builders is to replace destroyed rental units with new construction in a market where the average rent was \$335 per month.

The need for flexible and responsive support is very real. Every day presents different challenges in the community and every day people are making decisions about the way they will be building homes. Because of the scale of disaster, the housing crunch is being felt by all demographics and all income levels. Greensburg residents need help getting their lives back on track.

The immense challenges facing Greensburg's reconstruction and the desire to embrace common sense solutions make it an ideal candidate to become a model for the sustainable rural community. With assistance to get hardworking people back into homes, Greensburg has the opportunity to repair the destruction with a balanced approach based on Kansas values and a promising new way of life. The rebuilding of Greensburg is an investment that will pay back. By righting the lives of community residents, and building innovative economic development tools Greensburg will become an invaluable laboratory and a demonstration of a thriving rural community.

With sincerest thanks,

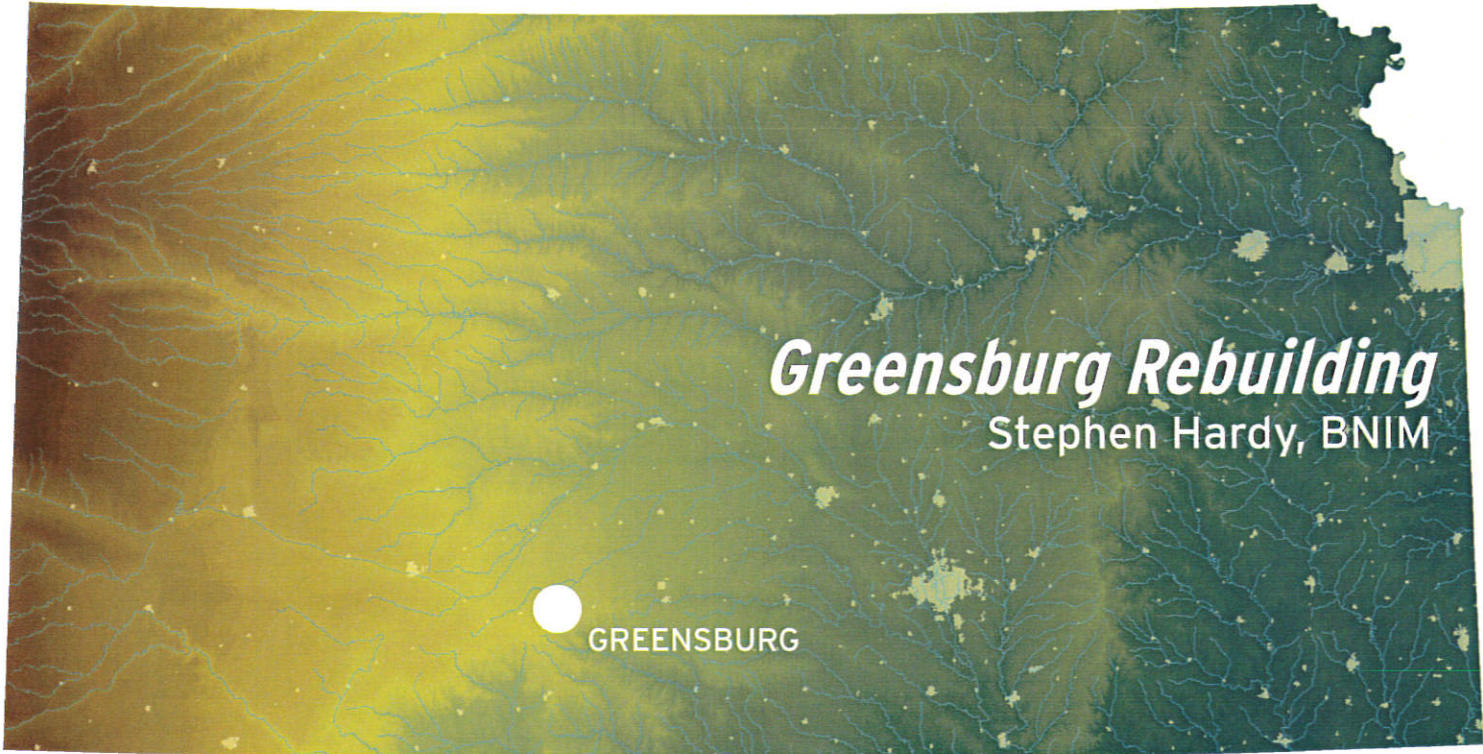


Stephen Reece Hardy, AICP

Economic Development & Tourism

Date: 2-21-08

Attachment # 4-1



Greensburg Rebuilding

Stephen Hardy, BNIM

● GREENSBURG

May, 4th 2007





- H-4



BLESSED WITH A UNIQUE OPPORTUNITY TO CREATE A STRONG COMMUNITY DEVOTED TO FAMILY, FOSTERING BUSINESS, WORKING TOGETHER FOR FUTURE GENERATIONS.

COMMUNITY

A progressive community that offers urban services within the unassuming feel of a rural, Midwestern community.

FAMILY

A community that provides opportunities for its young people in the way of jobs, education and recreation as reasons to stay in Greensburg.

PROSPERITY

A community where entrepreneurial spirit, customer service, and a sustainable economy permeate the business sector and where residents, travelers, and tourists enjoy a full line of locally owned businesses that provide jobs and services to an exceptional example of smalltown America.

ENVIRONMENT

A community that recognizes the importance of the natural environment and balances the need for growth and economic development with the maintenance and improvement of the environment.

AFFORDABILITY

An up-to-date, affordable rural community where housing plans and strategies incorporate energy-efficient design and materials and serve as a regional and national model for integrating residents of all ages and needs with services of all kinds.

GROWTH

A community that opens its doors to new residents and visitors without affecting the values and lifestyles of its current residents.

RENEWAL

A community that makes proactive decisions that use this opportunity to reverse the decline of the community and build a progressive city with a strong future.

WATER

Treat each drop of water as a precious resource.

HEALTH

Improve quality of life by promoting a healthy and active lifestyle.

ENERGY

Promote a high level of efficiency in new construction and look to renewable options for generation.

WIND

Greensburg's vast wind resources are part of an emerging economy and should be harvested.

BUILT ENVIRONMENT

Build a town that encourages interaction between residents, welcomes guests and serves as a model community. New development should be durable, healthy, and efficient. City projects will lead the way by becoming examples of green practices that are built to last.

4-5



- Public Square Steering Committee
- Recovery Action Team
- Business Sector
- Planning Commission
- City Council
- City Planning Staff
- Community-Wide Public Meetings



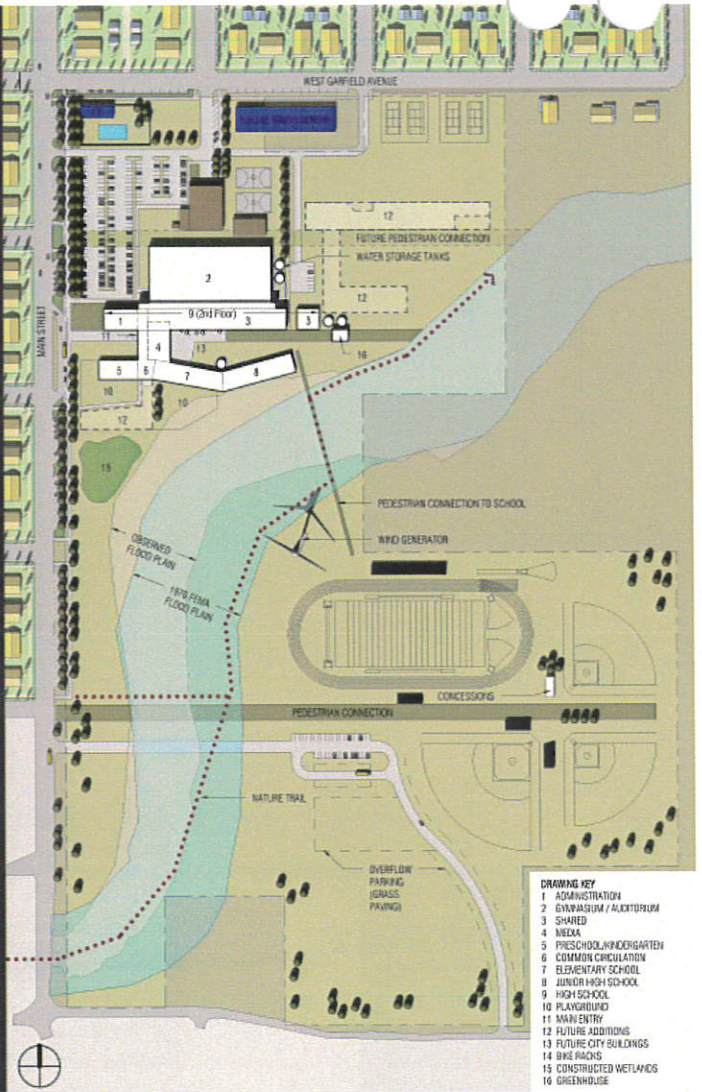
December, 17TH 2007

- Greensburg City Council adopted a resolution that all city projects would be built to LEED Platinum standards and would exceed the baseline code for energy efficiency by 42%.





4-7



4.8

February, 8th 2008

Building or Repair: 337

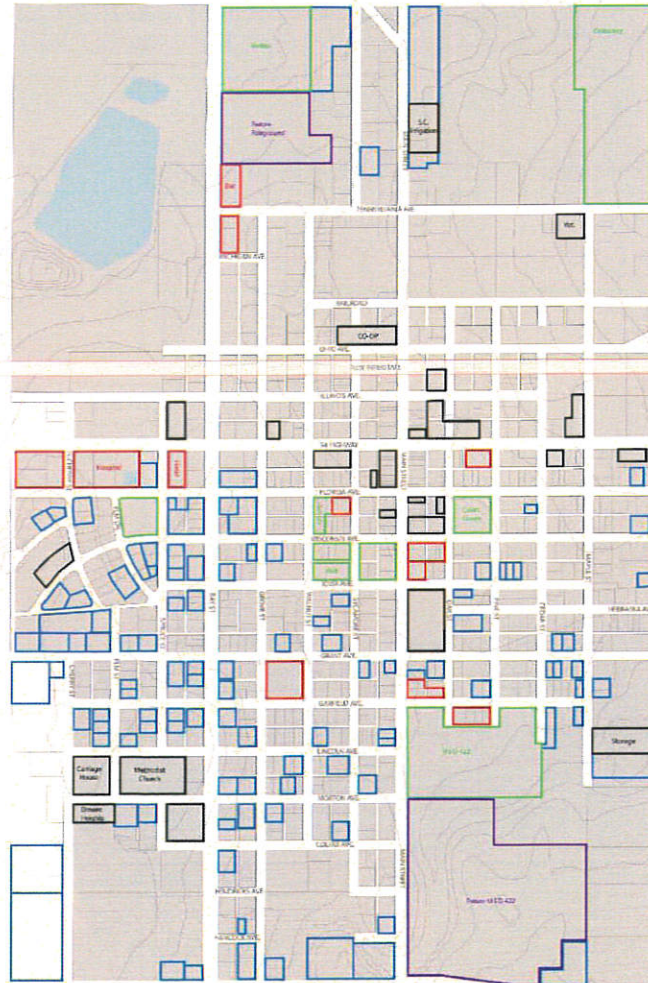
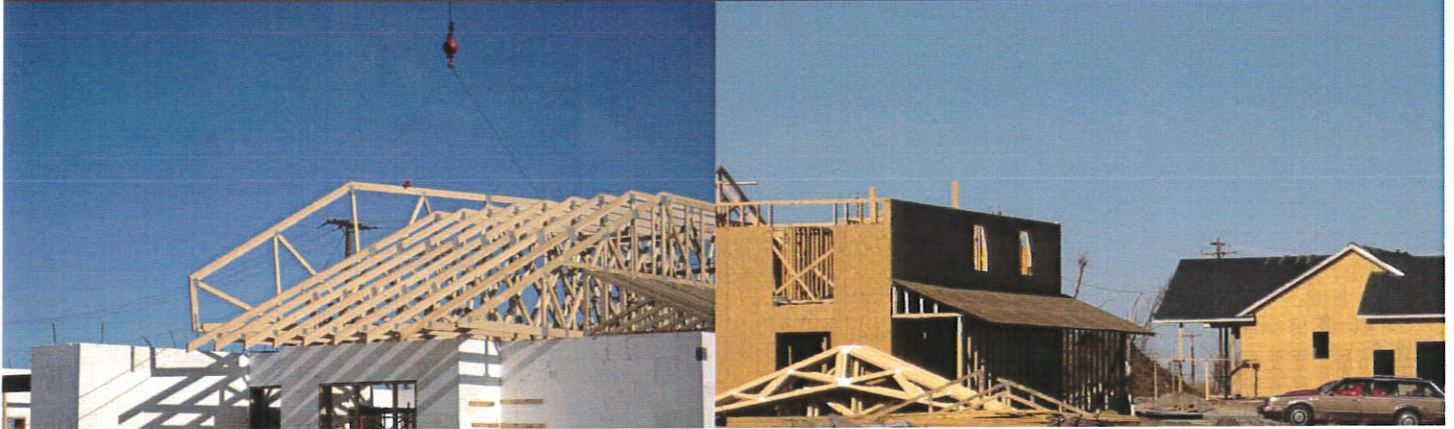
New Homes: 102

Accessory Structures: 57





Permanent Commercial: 39

RVs: 18

Total Permits Issued: 703



CURRENT PROJECTS -
THIS GRAPHIC WILL BE
REPLACED BY THE NEW
ZONING MAP

-  CIVIC/PUBLIC PROJECTS
-  ISSUED RES. PERMITS
-  POSSIBLE CONSTRUCTION
-  "FOR SURE" CONSTRUCTION

4-9



BNIM
ARCHITECTS

4.10

TESTIMONY BEFORE HOUSE ECONOMIC DEVELOPMENT COMMITTEE
REGARDING HOUSE BILL NO. 2712

Stephen R. Weatherford
President, Kansas Finance Development Authority
President, Kansas Housing Resources Corporation

February 21, 2008

Honorable Chairman Gordon and Members of the Committee:

Thank you for this opportunity to address the Committee regarding House Bill No. 2712. Prior to the tornadoes and flooding this past year, many rural Kansas communities faced housing problems, now for many of those communities the problems have turned into a crisis.. The Greensburg tornado destroyed or damaged nearly 1,000 homes. Over 2,300 more homes were affected by flooding in Southeast Kansas. I am sure the Committee will hear testimony from others detailing this need.

I serve as President of Kansas Housing Resources Corporation (KHRC), an instrumentality of the State whose mission is to provide housing opportunities across the state. KHRC relies primarily upon federal funding to help finance safe, decent, and affordable housing. KHRC has been active in rebuilding Greensburg and Southeast Kansas as part of our mission. While the State Finance Council approved a one-time allocation to begin the rebuilding, those dollars along with the programmed federal dollars can only be stretched so far and designated annual funding for both disasters and general housing needs are vitally important.

House Bill No. 2712 would provide an additional tool for this purpose, initially in disaster areas, but later transitioning to throughout the State. The Bill creates a housing development grant initiative (“Initiative”) administered by KHRC. Cities and counties would apply for funds for constructing or rehabilitating badly needed infrastructure. The funds would jump start development initially in disaster areas and later in difficult to develop areas across the state.

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KHRC envisions holding competitive application rounds, beginning with cities in eligible disaster areas. To successfully compete, communities would need to demonstrate specific needs and identify projects to meet those needs. Communities would also demonstrate their commitment to the projects in the form of matching funds. In order to best leverage available funds and make the greatest impact, application and evaluation criteria would likely include preference for workforce, elderly and special needs housing. KHRC employs similar application/grant/compliance methods in several of our federal programs. Flexibility to respond to unique needs of communities is a hallmark of this bill which sets this funding apart from the one-size-fits-all approach of the federal government.

KHRC commits to ensuring transparency in administration of the program and full reporting detailing the uses of these funds. KHRC will consult with communities, community groups, and housing advocates across the State in the development and operation of the Initiative. I offer the accompanying report detailing expenditures of the disaster funding provided by the State Finance Council only a few short months ago, as well as other funding provided by the state. What this report illustrates is the tremendous impact state dollars can have in leveraging substantial private investment in these communities.

KHRC supports the tenet of a permanent funding source for housing initiatives. Long term funding will allow for private enterprise to establish and maintain the capacity necessary for effective creation of housing and housing infrastructure. Limited term or inconsistent funding of this Fund may hinder the program's overall effectiveness. KHRC respectfully brings the following issues to the Committee's attention.

HB2712 designates funding for certain cities in disaster areas until July 1, 2011. Grant funding is available only to those cities with a population of less than 40,000 within a county with a population of less than 60,000. Senate Bill Number 417, a similar bill recently approved by the Senate, restricted funding to cities in the disaster areas until July 1, 2010. Additionally,

SB417 made funding available state-wide after July 1, 2010 without restriction on city or county population.

HB2712 is funded through state lottery revenue. As described in the bill's fiscal note, funding HB2712 would reduce programmed funding for Economic Development Incentive Funds (EDIF), Correctional Institutions Building Fund (CIBF), and Juvenile Justice Facilities Fund (JDFF). KHRC recommends that if the Lottery Fund remains the funding vehicle for this bill, that the current \$50 million statutory cap be increased to \$54 million to hold harmless these other programs. Alternatively, within SB 417, the Senate elected to fund their similar bill with a State General Fund appropriation the first year and with anticipated expanded gaming revenues for subsequent years through July 1, 2014. The Senate further decided to "sunset" funding for SB417 after July 1, 2014.

HB2712 creates a new fund in the state treasury, titled the "Housing Development Grant Fund Program". KHRC recommends that the funds be deposited into the State Housing Trust Fund with direction to use the funds for the purposes described in the Bill. KHRC has full reporting capabilities already established in the Housing Trust Fund. The Senate incorporated a similar recommendation into SB417.

As we continue to work with communities in the disaster areas we hear a consistent message, "housing in rural Kansas was a problem long before the storms hit; the storms have just turned that problem into a crisis." 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. HB2712 will be a tremendous tool to respond to housing issues both in the disaster areas and later statewide.

Once again, thank you for the opportunity to address the Committee and for considering an additional tool in achieving KHRC's housing mission. I am happy to entertain any questions from the Committee.

State Disaster Funds Status Report – data as of February 16, 2008

You will recall that 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 housing redevelopment efforts in disaster declared counties around the state. \$3 million was allocated to help build affordable rental housing units, and the other \$2 million was provided 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 \$2.9 million. With our federal resources and private investment, a total of \$39.8 million in affordable rental housing development is committed and underway. We have approved nine rental developments, representing 302 rental units. Greensburg has four of these developments with a total of 98 units. Coffeyville has two developments with 108 units. Chanute, Iola, and Osawatomie 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 providing resources 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, 45 homeowner loans totaling over \$909,000 have been committed to help residents repair, build new or purchase a home. Nineteen of the loans were for the purchase of existing homes, five for repair of a damaged home, and 21 for the construction of new homes. In all, 18 of the loans have been in Greensburg and 27 in the 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. Similar fairs are underway this month 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 education about the housing resources available.

In the three months since the State Finance Council appropriated the funds to KHRC, we have committed over 96% of the funds planned for rental housing and 45% 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. Some residents who have expressed an interest in staying the full 18 months in the FEMA trailers may also be ready to look into homeownership options.



Testimony
Before the House Economic Development Committee
HB 2712
February 21, 2008
Local Initiatives Support Corporation
Ashley Jones

Madame Chair and Members of the Economic Development Committee,

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.

Greater Kansas City LISC started the Kansas Housing Policy Network about a year and a half 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 testaments 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.

House bill 2712 does an excellent job of addressing the parts of Kansas affected by the 2007 disasters. However, the bill's scope does not cover the housing needs that were present before the tornado and floods. The established Housing Trust Fund could be the catalyst to focus on these housing needs. By creating an ongoing revenue source for the Housing Trust Fund, there will be funds readily available when and if another disaster occurs. In years that disasters do not occur,

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or occur on a smaller scale, funds will be available to be applied for on a statewide basis to address each areas specific housing concerns.

I would like to offer an amendment to HB 2712 – which you can find attached to my testimony and will be added at the end of section 12. The amendment is the text of Senate Bill 605, which is currently in the Senate Ways and Means committee at the request of several of its members including the committee chair, Senator Umbarger. SB 605 creates a permanent revenue source for the Housing Trust Fund by increasing the document recording fee by one dollar. Currently, the average document recorded in Kansas is three and a half pages. We calculate that with a dollar increase, there will be about two million dollars generated annually. It is important to note that a document recording fee is different than the mortgage registration fee – which when we began looking at funding sources was a very controversial option. The document recording fee is the second most common way State Housing Trust funds are funded in the nation. For one of our Housing Policy Network meetings, LISC brought in one of the nations leading experts in Housing Trust Funds, and this funding source was what she recommended given our states diverse mix of urban, suburban and rural communities.

Creating a permanent revenue source 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.

The disasters shed light on the fact that Kansas is lacking in community development tools. In fact, the only community development tools or funding available in Kansas are for federal programs. As most of you know, a major problem with federal programs is that they adapt the mantra that one-size-fits-all. Kansas has a unique mixture of urban, suburban, and rural communities, so a one-size-fits-all solution will not work here. A funded Housing Trust Fund would allow us to tackle the many issues that are specific to each community. Many of Kansas's finest including teachers, police officers and firefighters are not able to find or afford housing in the communities in which they live and work, as they are just above the threshold for qualifying for federal programs. If we don't attack our housing issues now, our state has the potential of losing families and jobs.

We feel that our amendment is one solution to the diverse housing needs across Kansas.

Populations/Kinds of Programs HTF would serve:

- Homeless
- Very low income
- Low income
- Workforce
- Special needs (accessible)
- New construction and rehab of existing homes

Components

- Concentrated in housing - acquisition/new construction/rehab/special needs
- mixed income
- 100-120% area median income
- flexible but within specific guidelines
- in urban environment, connected to overall revitalization strategies
- low income

- workforce
- manufactured housing
- homeless
- address green and universal design

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.

Greater Kansas City LISC strongly encourages you to support House Bill 2712 for the purpose of ensuring that safe, quality and affordable housing is accessible for all Kansans during all times of need. We also hope that as you discuss House Bill 2712, you also consider a consistent and permanent funding source for the Housing Trust Fund.

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

6-9

HOUSE BILL No. 2712

By Committee on Economic Development and Tourism

1-30

9 AN ACT concerning rural housing; relating to creating the housing de-
10 velopment grant program; exempting certain cities from certain
11 requirements for rural housing incentive district financing; amending
12 K.S.A. 12-5246 and K.S.A. 2007 Supp. 12-5242, 79-4803 and 79-4804
13 and repealing the existing sections.
14

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

16 Section 1. K.S.A. 2007 Supp. 12-5242 is hereby amended to read as
17 follows: 12-5242. *Except as otherwise provided, as used in the rural hous-*
18 *ing incentive district act K.S.A. 12-5241 through 12-5251 and sections 3*
19 *through 9, and amendments thereto, the following words and phrases*
20 *shall have the following meanings unless a different meaning clearly ap-*
21 *pears from the context:*

22 (a) "City" means any city incorporated in accordance with Kansas law
23 with a population of less than 40,000 in a county with a population of less
24 than 60,000, as certified to the secretary of state by the director of the
25 division of the budget on the previous July 1 in accordance with K.S.A
26 11-201, and amendments thereto;

27 (b) "City housing authority" means any agency of a city created pur-
28 suant to the municipal housing law, K.S.A. 17-2337 et seq., and amend-
29 ments thereto.

30 (c) "Corporation" means the Kansas housing resources corporation.

31 (d) "County" means any county organized in accordance with
32 K.S.A. 18-101 et seq., and amendments thereto, with a population of less
33 than 40,000, as certified to the secretary of state by the director of the
34 division of the budget on the previous July 1st in accordance with K.S.A
35 11-201, and amendments thereto;

36 (e) "Developer" means the person, firm or corporation responsi-
37 ble under an agreement with the governing body to develop housing or
38 related public facilities in a district.

39 (f) "District" means a rural housing incentive district established
40 in accordance with this act.

41 (g) "Governing body" means the board of county commissioners
42 of any county or the mayor and council, mayor and commissioners or
43 board of commissioners, as the laws affecting the organization and status

- 1 and considerations set forth in the state water resource planning act.
- 2 Sec. 12. K.S.A. 12-5246 and K.S.A 2007 Supp. 12-5242, 79-4803 and
- 3 79-4804 are hereby repealed.
- 4 Sec. 13. This act shall take effect and be in force from and after its
- 5 publication in the Kansas register.

New Section 14. (a) All moneys remitted to the state housing trust fund pursuant to subsection (c) of K.S.A. 28-115, and amendments thereto, prior to July 1, 2010, shall be used for the purpose of funding workforce housing activities, senior housing activities and other housing activities as determined by the president of the Kansas housing resources corporation within the boundaries of a county designated by the United States federal emergency management agency under major disaster declaration FEMA-1711-DR or FEMA-1699. On and after July 1, 2010, all moneys remitted to the state housing trust fund pursuant to subsection (c) of K.S.A. 28-115, and amendments thereto, may be used for the purpose of funding workforce housing activities, senior housing activities and other housing activities as determined by the president of the Kansas housing resources corporation anywhere in the state of Kansas.

(b) For purposes of this section, "workforce housing activities" means any housing program or service assisting persons at or below 120% of the state median income.

(c) Annually, on or before September 1, the president of the Kansas housing resources corporation shall report to the legislature on the remittances and expenditures from the state housing trust fund for the previous fiscal year concerning the housing activities established in subsection (a).

Sec. 15. K.S.A. 2007 Supp. 28-115 is hereby amended to read as follows: 28-

115. (a) The register of deeds of each county shall charge and collect the following fees:

For recording deeds, mortgages or other instruments of writing, for first page, not to exceed legal size page—8 1/2" x 14"	\$6.00
For second page and each additional page or fraction thereof	2.00
Recording town plats, for each page	20.00
Recording release or assignment of real estate mortgage	5.00
Certificate, certifying any instrument on record	1.00
Acknowledgment of a signature50
For filing notices of tax liens under the internal revenue laws of the United States	5.00
For filing releases of tax liens, certificates of discharge, under the internal revenue laws of the United States or the revenue laws of the state of Kansas	5.00
For filing liens for materials and services under K.S.A. 58-201, and amendments thereto	\$ 5.00

(b) In addition to the fees required to be charged and collected pursuant to subsection (a), the register of deeds shall charge and collect an additional fee of \$2 per page for recording:

- (1) The first page of any deeds, mortgages or other instruments of writing, not to exceed legal size—8 1/2" x 14";
- (2) the second page and each additional page or fraction of any deeds, mortgages or instruments of writing; and
- (3) a release or assignment of real estate mortgage. Any fees collected pursuant to this subsection shall be paid by the register of deeds to the county treasurer. The county treasurer shall deposit such funds in the register of deeds technology fund as provided by K.S.A. 2007 Supp. 28-115a, and amendments thereto.

(c) In addition to the fees required to be charged pursuant to subsections (a) and (b), the register of deeds shall charge and collect an additional fee of \$1 per page for recording:

- (1) The first page of any deeds, mortgages or other instruments of writing, not to exceed legal size-8 1/2" x 14";
- (2) the second page and each additional page or fraction of any deeds, mortgages or instruments of writing; and
- (3) the release or assignment of real estate mortgage. If a document fees

6-5

is recorded in multiple counties, the recording fee charged pursuant to this subsection shall only be charged by the county where it is first presented for record. The register of deeds shall remit all fees received pursuant to this subsection to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the state housing trust fund, established in K.S.A. 2007 Supp. 74-8959, and amendments thereto.

(e) (d) For any filing or service provided for in the uniform commercial code, the amount therein provided, shall be charged and collected. No fee shall be charged or collected for any filing made by the department of revenue as required under the provisions of the Kansas inheritance tax act, and amendments thereto.

(e) (e) If the name or names of the signer or signers or any notary public to any instrument to be recorded are not plainly typed or printed under the signatures affixed to the instrument, the register of deeds shall charge and collect a fee of \$1 in addition to all other fees provided in this section.

(e) (f) If sufficient space is not provided for the necessary recording information and certification on a document, such recording information shall be placed on an added sheet and such sheet shall be counted as a page. The document shall be of sufficient legibility so as to produce a clear and legible reproduction thereof. If a document is judged not to be of sufficient legibility so as to produce a clear and legible reproduction, such document shall be accompanied by an exact copy thereof which shall be of sufficient legibility so as to produce a clear and legible reproduction thereof and which shall be recorded contemporaneously with the document and shall be counted as additional pages. The register of deeds may reject any document which is not of sufficient legibility so as to produce a clear and legible reproduction thereof.

(f) (g) Any document which was filed on or after January 1, 1989, which was of a size print or type smaller than 8-point type but which otherwise was properly filed shall be deemed to be validly filed.

(g) (h) All fees required to be collected pursuant to this section, except those charged for the filing of liens and releases of tax liens under the internal revenue laws of the United States, shall be due and payable before the register of deeds shall be required to do the work. If the register of deeds fails to collect any of the fees provided in this section, the amount of the fees at the end of each quarter shall be deducted from the register's salary.

(h) (i) Except as otherwise provided by subsection *subsections (b) and (c)*, all fees required to be collected pursuant to this section shall be paid by the register of deeds to the county treasurer and deposited into the general fund of the county.

Sec. 16. K.S.A. 2007 Supp. 28-115 is hereby repealed.

6-6

Kansas House

Economic Development and Tourism Committee

February 21, 2008



Economic Development & Tourism

Date: 2-21-08

Attachment # 7-1

House Committee on Economic Development and Tourism
February 21, 2008

RE: HB 2712

Members of the Economic Development and Tourism committee, I am Jeff Morris City Manager of Coffeyville located in Montgomery County in Southeast Kansas.

On June 30th of 2007 Coffeyville experienced a major flood event unlike any other in its 139 year existence. Verdigris River flood waters exceeded the height of the levee that was built to protect our city by nearly four (4) feet. The flood waters covered approximately 25% of our community. To make matters worse, the flood waters also brought 90,000 gallons of oil into our community.



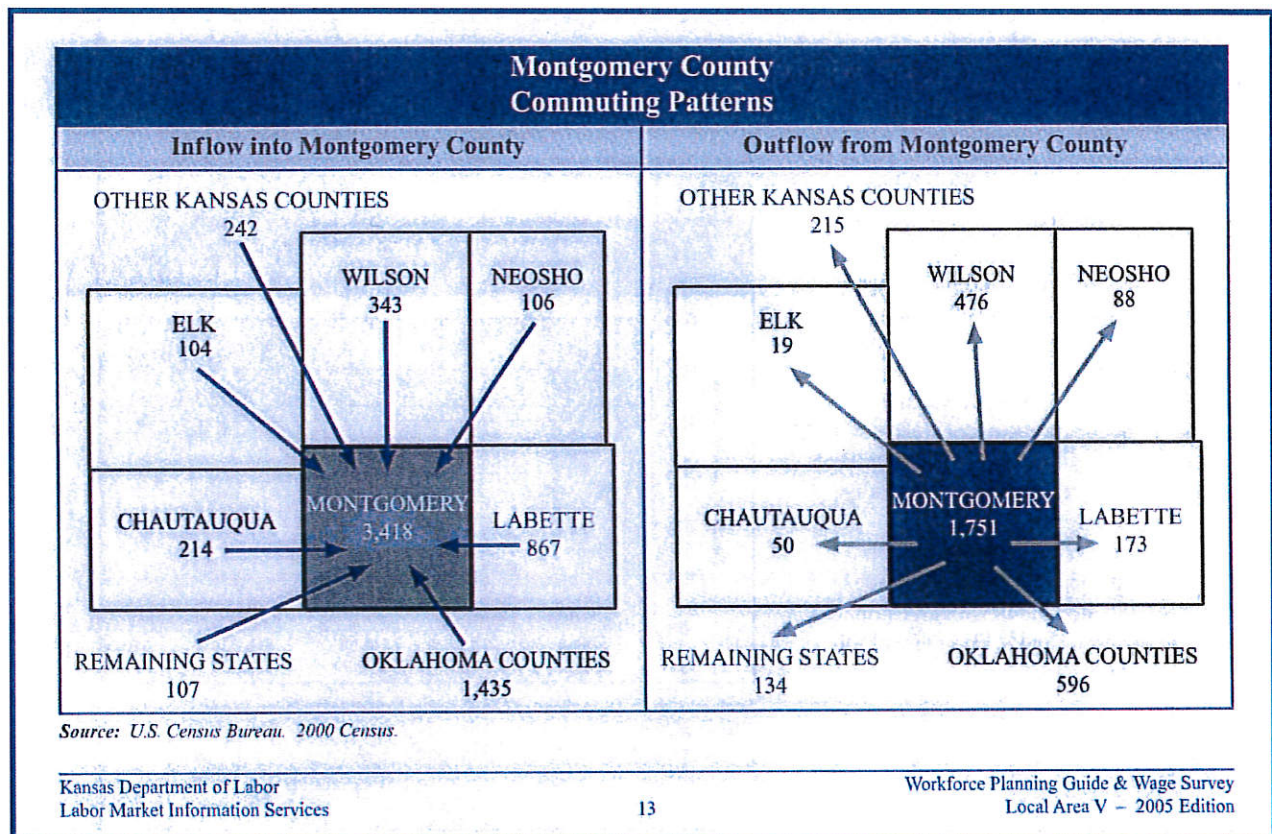
The damage left behind as the waters receded was devastating. Water entered 549 residential and commercial structures in our community. It damaged over 400 homes and displaced 960 residents according to FEMA statistics. Further, the waters damaged over 70 business and non-profit entities including 6 hotels, 5 restaurants, 4 convenience stores/gas stations, 2 mobile home parks, a grocery store and 3 churches. Due to the period of time the water stood in our community, the majority of the structures impacted by the flood will be demolished. To date, 39 businesses remain closed with only a few of that group still working to reopen.

**House Economic Development and Tourism Committee
February 21, 2008**

The estimated 400 homes that have been lost, represents approximately 10% of the City's housing stock. Owners of residential structures impacted by oil were given an option to sell their property to Coffeyville Resources Refinery at 110% of the pre-flood fair market value. To date, the refinery has purchased roughly 350 homes in Coffeyville of which 309 homes have been demolished. While this option has helped many families financially due to the fact very few had flood insurance, and that FEMA's programs were not established to make people whole on their losses, Coffeyville has very few places for them to reinvest in a home. As I've said before, Coffeyville and Montgomery County had a housing shortage prior to the flood, and we now have a crisis.



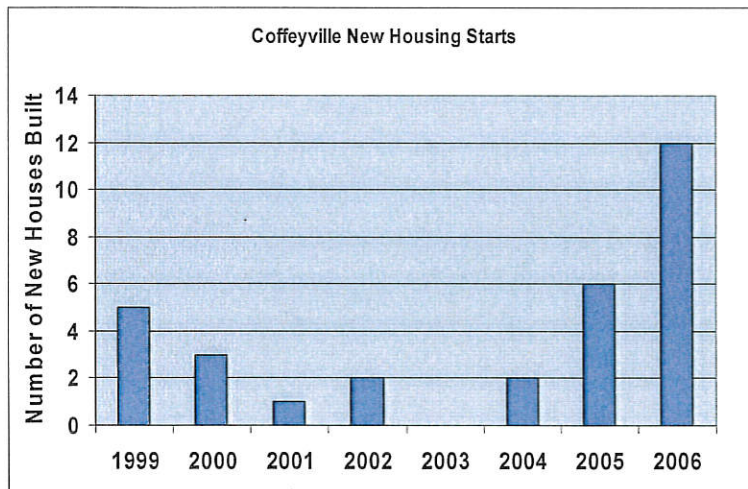
Coffeyville and Montgomery County have been very successful in recruiting new industry and working with existing industry in the last 10 -12 years creating new jobs. Even with our successful job creation, our community has not fully capitalized on that growth due to a lack of adequate, affordable housing. Evidence of this fact is shown on the chart below.



Our population has continued to decline while more and more workers are commuting from other areas. According to census records 3,418 workers come into Montgomery County each day to work, while 1,751 workers leave the county to work. It is interesting to note that 45% of workers coming into Montgomery County on a daily basis come from outside the State of Kansas. Again, this is evidence that Montgomery County and the State of Kansas are not reaping all of the benefits from the investments they have made to assist in creating the jobs.

**House Economic Development and Tourism Committee
February 21, 2008**

Coffeyville had seen very few new housing starts between 1999 and 2004, as shown on the chart below, but had begun to turn the tide in 2005 and 2006 by working with local builders constructing one or two homes at a time. This was accomplished through the establishment of Neighborhood Revitalization Areas providing ad valorem property tax rebate incentives, and establishing a Free Land program offering residents a free lot owned by the City of Coffeyville with the construction of a new home. In addition, the City of Coffeyville is waiving fees for residential water and sewer taps for new construction.



However, this growth had reached a road block in 2007 as nearly all of the available suitable infill lots had been consumed. The remaining lots do not have the necessary infrastructure to the site. Developers have stated that bearing the cost of the infrastructure make the homes unaffordable for the majority of buyers in our community. This is due to the fact that the majority of the jobs in the Coffeyville area are industrial and manufacturing type jobs with pay starting in the \$9 - \$15 per hour range. With the combination of moderate wages and new construction costs of \$100 per square foot, many home buyers cannot afford special assessments to pay for infrastructure.

Now the flood has eliminated another 400 homes from the market and we must rebuild. Coffeyville Resources will not allow housing to be rebuilt on the property they purchased in the buy-out program. Therefore, we must look for new areas to replace the housing that was lost.

**House Economic Development and Tourism Committee
February 21, 2008**

Areas have been identified within and around the city limits of Coffeyville, but infrastructure costs remain a big hurdle to keep the homes affordable.

With the loss of the homes and businesses, Coffeyville will see a decrease in its tax base as well as a decrease in utility revenues. Further, the city must fund its share of repairs to its own facilities and the levee which are estimated at a total of \$5.8 million. (City share estimated at \$957,000 worst case) Therefore, the City of Coffeyville is not in a prime position to step out and fund the cost of infrastructure for new housing developments. However, Coffeyville residents believe they have been handed an opportunity to make Coffeyville better than it was prior to the flood. A "New Coffeyville" steering committee working with Terry Woodbury of Kansas Communities, LLC has been formed and action teams put in place to implement the vision and goals of our citizens for post flood recovery. New housing to bring our residents home is a key part of the vision.

House Bill 2712 will allow us to begin addressing a housing problem that existed prior to the flood and will assist in opening up new areas for housing development while keeping new housing prices affordable to those residents. Therefore, I strongly encourage your support for this bill.

Thank you for this opportunity to share.

Jeffrey D. Morris
City Manager
City of Coffeyville
PO Box 1629
Coffeyville, KS 67337
620-252-6163
jmorris@coffeyville.com

February 21, 2008

Dear Ladies and Gentlemen,

May 4th changed the landscape of Greensburg forever; however it has also given the world an opportunity to see the sprit of a community and a state. There is no doubt that this effort has enormous challenges. One of those challenges is affordable housing. 90% of our assessed value in Greensburg was destroyed. Assistance is critical to this community's survival. Assistance will need to continue for at least the next 4-5 years. This bill will help us close that gap away from State aid more quickly.

Families are facing high rental costs or new construction costs. Many homes 25-40 years in age before the storm housed a community like any average Kansas Rural Town. Currently 158 families continue to reside in FEMA Mobile homes. They are families with children who go to school and work in Greensburg. Without families, there is no need for a new school, hospital, parks, street, etc. Without families, there is no Greensburg.

Any future new economic development (in Greensburg or anywhere in Kansas) will be watching our small community and Kansas. Without recovery, without housing, without support Greensburg and Kiowa County cannot recover. It starts with housing.

Affordable housing affects teachers, contractors, business owners, etc etc. This issue plagues this community and will be an issue to any disaster area. While the demand is high, the supply, particularly of new housing, isn't available. This needs to be a joint effort to meet the need. We understand the need for affordable housing is much larger than Greensburg. However, we will see results immediately due to the disaster on May 4th. Both public and private sectors must work together on developing new programs to solve this issue. Neither the private nor the public sector can produce affordable rural housing on its own. It must be a partnership. However, the public sector must recognize and address the need before town like Greensburg simply fades away.

The City applauds the States efforts. Being proactive is a true sign of a progressive State. Greensburg is not the first disaster or the last. However, legislation today can help the entire state for years to come. Understanding that in all disaster areas, housing is the most critical need. Thank you for your support.

Respectfully,

Steve A. Hewitt

City Administrator

City of Greensburg

Economic Development & Tourism
Date: 2-21-08
Attachment # 8



3521 SW 5th Street
Topeka, KS 66606
785-357-5256
785-357-5257 fax
kmha1@sbcglobal.net

**WRITTEN TESTIMONY
BEFORE THE HOUSE
ECONOMIC DEVELOPMENT AND TOURISM
COMMITTEE**

TO: Representative Lana Gordon, Chairperson
And Members of the Committee

FROM: Martha Neu Smith, Executive Director
Kansas Manufactured Housing Association

DATE: February 21, 2008

RE: HB 2712 – Rural Housing

Chairperson Gordon and Members of the Committee, my name is Martha Neu Smith and I am the Executive Director of Kansas Manufactured Housing Association (KMHA). KMHA is a statewide trade association, which represents all facets of the manufactured housing industry (i.e. manufacturers, retailers, community owners and operators, finance and insurance companies, service and suppliers and transport companies) and I appreciate the opportunity to submit written testimony in support of HB 2712.

The manufactured housing industry provides quality, affordable housing for many Kansas families. However, today many families are being priced out of the American dream of homeownership due to the rising cost of land, materials and labor, etc. Not to mention, that those families impacted by disasters not only have the incredible hardship of losing everything or most of what they own; but they are also hit with the unexpected fact that to replace the home they had will cost far more than what they anticipated.

KMHA supports HB 2712 because we feel it will help bridge the gap in funding the cost to rebuild a community's infrastructure after a natural disaster. HB 2712 provides financial assistance to local governments to help with the construction or repair costs of providing infrastructure. This in turn should help keep some of the costs down for those families interested in rebuilding. For many small communities this type of assistance will play an important roll in whether or not the community is rebuilt and survives or disappears because they cannot afford to rebuild.

After a disaster like the Greensburg tornado or the flooding in Southeast Kansas there is so much need that it is difficult to know where to start in the recovery process. KMHA feels that HB 2712 gets to the heart of the need, by providing assistance to repair or rebuild the infrastructure so families can begin to re-build their lives. Please support HB 2712 in its current form.

Thank you for the opportunity support HB 2712.

Economic Development & Tourism
Date: 2-21-08
Attachment # 9



League of Kansas Municipalities

Date: February 21, 2008
To: House Committee on Economic Development and Tourism
From: Larry R. Baer
Assistant General Counsel
Re: HB 2712
Written Testimony in Support

Thank you for allowing me to present written testimony in support of HB 2712 on behalf of the League of Kansas Municipalities and its 627 member cities.

HB 2712 is one of a series of bills to be introduced this session to assist the citizens of Kansas in their recovery from the large losses sustained in the many natural disasters that befell Kansas last year.

HB 2712 would expand the existing Rural Housing Incentive District Act by establishing a new housing development grant program. Funds from the grant program would be available to eligible cities for housing development activities located in rural housing incentive districts. Grant funds may be used for the construction or rehabilitation of infrastructure necessary to support construction of new residential dwellings and the actual construction of dwellings when the homes are built by a city housing authority. HB 2712 would also simplify the establishment and designation of a rural housing incentive district when a city is located within a designated disaster area.

Cities would be required to put up matching funds in amounts ranging from 10% to 50% of the grant. The actual amount of the match would be determined by the purpose of the grant. The grant provides eligible cities with both an incentive to develop residential housing and a way to give its residents more assistance through the use of grant money in addition to local funds. This is particularly important when a city has suffered a major loss in its tax base by reason of the disaster.

HB 2712 gives cities more flexibility in the types of programs that can be offered under the rural housing incentive provisions. It also has expedited procedures to help make funds more readily available at times of crisis. The use of a mix of the state grant money and local matching funds to encourage redevelopment after a natural disaster is just one way that state and local governments can extend a hand to those in need. The assistance afforded through this program may just be the catalyst that prompts a homeowner to rebuild rather than relocate.

For these reasons the League of Kansas Municipalities stands in support of HB 2712.

Again, thank you for allowing me to present this testimony today.



STATEMENT OF THE KANSAS BUILDING INDUSTRY
ASSOCIATION TO THE HOUSE ECONOMIC
DEVELOPMENT AND TOURISM COMMITTEE

REPRESENTATIVE LANA GORDON, CHAIR

REGARDING H.B. 2712
FEBRUARY 21, 2008

Chairman Gordon and Members of the Committee, I am Chris Wilson, Executive Director of Kansas Building Industry Association (KBIA). Our more than 2300 member companies are involved in the residential housing industry. We support H.B. 2712.

H.B. 2712 would establish a new development block grant program to construct or repair infrastructure for new residential development in areas affected by disaster. This program would be funded through an annual \$4.0 million appropriation from the state budget. Cities in the disaster areas could apply for competitive grants under this program to fund the construction of public infrastructure (sewer, streets, water, etc.) for new residential development. After this program has been in service in the disaster areas for three full years, it would be expanded to include all cities in the state.

Our members are working hard to meet housing needs in disaster-affected areas. We are working hard to provide affordable, energy efficient housing. However, a major impediment to new home construction in those areas that frequently, those who lost homes have not received adequate insurance funds to enable them to afford new construction. Our National Association of Home Builders have provided funding of up to \$5,000 per family to assist families in bridging the gap in order to get them into new homes. (So far, \$150,000 has been provided for this program in Greensburg, with more available there and in Southeast Kansas as needed.)

H.B. 2712 would be very meaningful in helping to bridge the gap for families who have lost their homes to be able to rebuild through providing funding for infrastructure development. If communities are able to put the infrastructure in place, that reduce the cost of the home and make it possible for more families to afford new homes.

KBIA does have a concern that H.B. 2712 not be amended to include additional funding for the state Housing Trust Fund. Some organizations have suggested that disaster legislation is an opportunity to provide annual, non-disaster related, funding for the HTF, which has been created in the statute for some time, but does not have annual state funding. We have several concerns about this proposal: 1. We do not have any information from the Housing Resources Corporation about how such money would be expended. 2. The proposals for this funding do not provide for this to be appropriated by the Legislature. So this money would not have the legislative oversight that we believe is critical. It has been argued that housing is so important and there is a need to plan ahead,

Economic Development & Tourism
Date: 2-21-08
Attachment # 11-1

so it should not go through the annual appropriations process. We would argue that other areas of the state budget are important, with needs for prior planning, but it still has to go through the appropriations process. 3. The source for this revenue that has been suggested is an additional document recording fee. Taxing anyone who files a document in the county and additional amount and using that revenue to fund the HTF is just that – a tax. A “fee” is used to pay for the service rendered. There would be no service rendered related to the recording of the document in exchange for the funding to the HTF, so this is clearly a tax. We oppose this suggested source of revenue.

In conclusion, we support H.B. 2712 in its current form and oppose any amendment that would provide unappropriated revenue for the Housing Trust Fund.

Housing bill testimony, Jan. 18

Speaking from the economic development perspective, housing is a huge issue. There are currently jobs available in Greensburg, but not ones that allow someone to drive daily a minimum of 30 miles. Not only is there the cost of fuel as a factor, but the cost of time for the commute. Affordable housing would help take care of that situation.

New businesses looking at locating in Greensburg, as well as former businesses, ask the question, will I have a workforce if I come to Greensburg? We feel confident in saying yes if people have a place to live.....affordable housing. Workers ask, will there be a job if I come to Greensburg and a place to live? It's a catch 22 or a chicken and the egg...which comes first. Affordable housing that this bill would provide would help take address this issue.

Many of those that moved from Greensburg were those that rented housing so they have no insurance money to rebuild....there are still some that are trying to make a decision.....should I come back or should I move. Those that haven't already done so are needing to make decisions about what they are going to do and where they are going to go. They need a job to sustain their families and if we can't provide something very soon they will have located permanently somewhere else. We need these people for our schools. Enrollment in the high school has maintained but enrollment in the lower grades, who are mainly the people I have been talking about, is down. We need these people for our businesses. We need these people for a workforce. We are also up against a time factor. We are up against the factor of time.

Over 60% of employees of Bucklin, Tractor and Implement employees were from Greensburg and the near area. That has declined to about 50% since the tornado. As I said before, there are jobs available now but now place for someone to live.

We cannot offer anything different than any other county in the state of Ks to entice a business to come to Greensburg. That's not a complaint it's just a fact, making the issue of housing for people even more crucial. I am sure other communities that have faced disaster this past year are facing many of the same issues so this legislation would benefit many parts of the state.

A commitment has been made by the community to rebuild and we are very appreciative of all the resources that have been provided to us and hope that we will all learn from our experiences in Greensburg. At this point in time over 300 building or repair permits have been issued. 99 new home permits have been issued. That says a lot for commitment, however, we still haven't addressed the affordable housing that we have already talked about and that it is necessary to compliment what is being done right now.

Thank you for the opportunity to reiterate our needs to you and for the work you are doing regarding housing.

Jeanette Siemens, Kiowa County Economic Development Director

Economic Development & Tourism

Date: 2-21-08

Attachment # 12

The availability of affordable housing in Greensburg is vital to the success of our city, county, school and hospital. For economic development, we have to have housing to offer. We simply cannot have one without the other.

Prior to May 4, 2007, property values were such that families could reasonably afford a home in the city. Many people had insurance to cover the value of their home, not replacement. Construction costs are higher in Greensburg due to the distance from cities and lack of motels for crews. Insurance issues and construction costs are the two main reasons many people are having a difficult time replacing their home.

We also had many people who rented prior to May 4th and those people have no insurance money to build a home. We do have low income housing and senior living apartments being built, but we are missing a piece, and that is the affordable housing piece.

We will soon have a state of the art school facility. It would seem like this would be THE school to look for a job. But how can the school recruit teachers without housing? They wouldn't qualify to live in FEMA trailers, they weren't here May 4th. They don't have insurance money to build a new house.

We will also have a Bio Diesel plant building here in the near future. They will have the same housing issues as the school, as will the hospital and anybody looking to recruit workforce from outside the area. But, it also pertains to people who lived here before and have moved away. How can we get them to come back if we don't have housing to offer?

The city has issued 106 permits for new homes, 137 home repair permits and 39 commercial permits. There is currently around 185 FEMA trailer remaining in Keller Estates. Thank you for the opportunity to share our needs with you.

Kim Alderfer
Assistant City Administrator
Recovery Coordinator

Economic Development & Tourism
Date: 2-21-08
Attachment # 13



To: House Economic Development Committee
From: Luke Bell, KAR Director of Governmental Relations
Date: February 21, 2008
Subject: **HB 2712** – Rural Housing Development Grant Program

Chairperson Gordon and members of the House Economic Development Committee, thank you for the opportunity to appear today on behalf of the Kansas Association of REALTORS® to offer testimony in support of **HB 2712**. The Kansas Association of REALTORS® has faithfully represented the interests of the 10,000 real estate professionals and over 670,000 homeowners in the State of Kansas for over 85 years.

During this past year, devastating tornadoes in the Greensburg area and massive floods in Southeast Kansas have destroyed or significantly damaged over 3,000 homes. Even though considerable amounts of federal and state dollars have been expended to rebuild these areas of the state, there are significant shortfalls in funding and programs remaining that have the potential to negatively impact future economic development and recovery in these areas of the state.

The major problem inhibiting the construction and development of new residential housing in rural Kansas is the high cost of new home construction. For the most part, it typically costs more to build a new home in rural Kansas than the home is worth in terms of the appraised value. When the cost of the new home substantially exceeds the appraised value, it is very difficult to obtain mortgage financing and property insurance for the new home.

No matter what cost-cutting steps are taken by the developer of a new home, it is generally impossible to build a new home for less than \$100 per square foot. A basic 1,200 square-foot new construction home built in rural Kansas will generally cost around \$115,000 to \$125,000 to build. However, that same home may only have an appraised value of \$80,000 to \$90,000. This \$25,000 to \$35,000 difference is typically referred to as a “valuation gap” and is the main barrier to the development of new residential housing in rural areas of the state.

In our opinion, the development block grant program that would be created under **HB 2712** and its companion legislation **SB 417** has the potential to be the most innovative new tool for the development of new housing in rural areas in the history of the public policy of this state. Providing adequate public infrastructure (sewer, water, arterial streets, etc.) to new residential developments is a daunting obstacle to the creation of new housing opportunities.

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Economic Development & Tourism
Date: 2-21-08
Attachment # 14-1

When the public infrastructure is provided to a new residential development, the developer or homebuilder is able to pass significant cost savings along to the eventual buyers of the new homes in the development. If the local government is able to subsidize approximately \$25,000 to \$35,000 in public infrastructure costs through the development block grant program, the costs savings generated and passed along to the homebuyer can effectively eliminate the valuation gap on the new home.

However, in spite of the overwhelming support for this new program, other conferees will undoubtedly take advantage of this opportunity to suggest other ideas that would be extremely harmful to Kansas families wishing to purchase their own home. As real estate professionals who help thousands of Kansas families obtain quality and affordable housing every day, we are very concerned with the increasing cost of home ownership in this state.

Under legislation proposed by housing trust fund advocates, all Kansas homebuyers would be forced to pay additional closing costs as part of the real estate transaction process to supply increased funding for the housing trust fund. **SB 605**, which currently awaits a hearing in the Senate Ways and Means Committee, would increase the document recording fee by \$1.00 per page on all real estate documents filed in this state.

As part of the real estate transaction process, buyers are required to file certain documents with the county register of deeds' office in order to obtain mortgage financing for the transaction and secure their ownership of the property. These documents include a copy of the deed to the property and the mortgage documents.

Notwithstanding the additional burden that would be generated by **SB 605**, the average Kansas homebuyer already pays an average of nearly \$400 in document recording fees and taxes on the purchase of a each home in this state. This amount includes approximately \$315 in mortgage registration taxes and \$85 in document recording fees.

Tragically, any additional fees added into the closing costs will invariably decrease the number of Kansas families who can afford to purchase their own piece of the American Dream. Considering that document recording fees and taxes in Kansas are already considerably higher than literally every other state in our immediate vicinity (Missouri, Nebraska, Oklahoma and Colorado), we strongly believe that Kansas families cannot afford another unjustified increase in the cost of filing these important documents.

In closing, we urge you to give favorable consideration to the innovative new development tools in **HB 2712** and resist any efforts to amend language into this legislation that would increase the already excessive cost burden on homebuyers in this state.

14-2

Committee on Economic Development and Tourism

Dennis Pruitt, CEcD, AICP

Director

Montgomery County Action Council

P.O. Box 588

Independence, Kansas 67301

620-331-3830

Thank you for the opportunity to discuss with you the economic impact of the flood on Montgomery County. I am the director of the Montgomery County Action Council (MCAC), a public/private economic development agency. The main point I want to make is that Montgomery County had a shortage of employees prior to the flood of 2007 and unless population gains are realized in the near future, this workforce deficit will cause severe economic development hardship.

I. THE FLOOD DESTROYED BUSINESSES

First, let me point out the impact of the flood on businesses. We estimate that 86 businesses in Montgomery County (73 in Coffeyville; 13 in Independence) suffered direct flood damage, with more than \$29 million in losses. Please note this damage report does not include Coffeyville Resources or farmers. As of February 1, 2008 only 26 of the impacted businesses in Coffeyville have reopened.

The problem we heard loud and clear from the business community was the lack of financial disaster relief for businesses. Yes, the Small Business Administration has a "low-interest" loan program but many of these businesses had outstanding loans and a loan on top of a loan is not much help.

II. BUSINESS DAMAGE HURTS GOVERNMENT

The business losses due to the flood will have a negative fiscal impact on state and local governments for years to come. The flood destroyed buildings, homes, machinery, and equipment thus reducing property tax revenue potential. In Coffeyville, six of its seven hotels were damaged, reducing guest tax revenue. Many of the businesses damaged were retail and a decline in sales tax revenue is anticipated. If the families displaced by the flood are unable to relocate in the county there will be a loss of students and less state aid to the school districts. Smart state assistance at this time could pay huge dividends in the future.

III. A DIFFICULT EQUATION: JOB CREATION DOES NOT EQUAL POPULATION GROWTH

One of my main concerns about the economy of Montgomery County is sustainability. We have been successful in creating new jobs and helping our existing companies grow. The number of people participating in the civilian labor force has increased from 16,820 in January 2001 to 17,622 in November 2007 (See Chart 1). The number of people employed has increased from 15,809 in January 2001 to 16,861 in November 2007 (See Chart 2). To summarize: we have 802 more people in the labor pool and 1,052 more

people employed than we did seven years ago. The most recent unemployment rate is 4.3% (November 2007).

However, we have been unsuccessful in translating this employment growth into population growth. We believe a main culprit is the lack of decent workforce housing. According to the US Census Bureau, the population for Montgomery County has declined from 36,252 in 2000 to an estimated 34,692 in 2006, a loss of 1,560 people (4.5%). This population decline hinders the ability of our local industries to fill jobs.

IV. THE MONTGOMERY COUNTY MAGNET

What we also learn from the 2000 US Census is that Montgomery County is a huge employment magnet. The county pulled in 3,418 workers; 1,634 from adjacent counties in Kansas; 1,435 from Oklahoma, and a few from other states and other Kansas counties. One of our leading employers had to run 72 buses a week to meet its employee demand. This bill could be very helpful in getting non-resident workers to settle in Montgomery County.

V. QUOTES FROM BUSINESS LEADERS

I solicited comments from our leading employers for this testimony. One message stands out: they need employees immediately and housing will help.

Cessna

“Cessna will be recruiting more than 200 new team members to our Independence facility in 2008. Many prospective citizens of Independence will be forced to choose homes in more distant communities due to our housing shortage. Many of these people will choose Oklahoma due to their lack of options in Independence. The future growth of our facility could be limited if employee recruitment is hampered by a lack of housing options.”

Terry Clark, Director of Support Services

Amazon.com

“Every peak season we bus from multiple markets to address our peak season labor needs which cannot be satisfied by the local labor pool. In 2007 this was 72 buses running a week. In 2007 we grew our FTE base by 27%, resulting in an incremental cost increase for peak season busing. Our peak employment in the 4th Quarter 2007 was 2,700 with an annual average of approximately 700. We continue to grow as a company, and our job is to support this growth. A key component of supporting growth is people.”

Andy McLenon, Site Leader

USD #445 (Coffeyville)

“The flood that occurred in Coffeyville has created many challenges in a school district where we were just starting to experience growth. It is too early to tell the total outcome this will have on our student population unless our community is able to provide the necessary housing for students as well as staff in the near future.”

Robert J. Morton, Superintendent

CVR Energy (formerly Coffeyville Resources)

“CVR Energy’s refining and marketing company and nitrogen fertilizer business at Coffeyville together make up the largest employer in southeastern Kansas. As such, we constantly recruit new employees, many of whom must have advanced technical degrees or experience and who are available only outside the immediate area. One of our most serious issues in attracting such talent to Coffeyville has always been the lack of available, appropriate housing, and this situation has been exacerbated by the flood of 2007. While housing in Coffeyville is affordable, it is also often unavailable, especially in the target areas, price ranges and time frames needed to attract qualified applicants.”

Gina Bowman-Morrill, Vice President, Government Relations

Spears Manufacturing

“I just hired a guy from Springfield, MO and this is my third week to have him in a hotel in Bartlesville, OK. I looked at houses in Caney with the thought of buying one and renting it to him. Could not find anything. Sure would be nice to have some place with decent rental property or nice housing to help attract new folks. Tax relief is next on my list. We have about 15 open positions today and that will surely grow as our busy season approaches.”

Geoff Collins, Plant Manager

USD # 446 (Independence)

“We’re concerned that the lack of housing could eventually hinder our ability to recruit and retain teachers. Housing is already a problem in Independence and it is limiting our growth. This also has a negative impact on enrollment.”

Fred Meier, Business Manager

Midwest Plastics

“Being a resident of MG County most of my life, I would like to see MG grow in population. My concern is how the loss of homes due to the flood will impact taxes in the coming years. Taxes were up significantly this year without the effect of the flood factored in. While we have potential for growth with the housing loan incentives, some are still calculating that even with the loan incentives it would be cheaper to live across the state line. I don’t think we have felt the financial impact yet and those who live in the county may not realize how significant the loss of valuation will be causing additional increase in local real estate taxes. I am more concerned whether we will have growth or decline in population due to taxes. Finding employees before the flood was difficult, our company did experience a short period where there were few applicants, but overall the labor pool has been steadily slow.”

Renea Cavaness, Owner

John Deere

“It is always difficult to place people in Montgomery County and a big part of it is housing. Another factor is availability. We currently have 15 salary positions open and several production jobs open, too.”

Armeda Shelton, HR

Express Personnel

“Over the past 3 years our demand from area employers for skilled and professional employees has increased by 47%.”

Kym Kays

VI. SOLUTIONS

The battle for good housing in rural Kansas should be fought on multiple fronts. Here are some steps I suggest the legislature take this year:

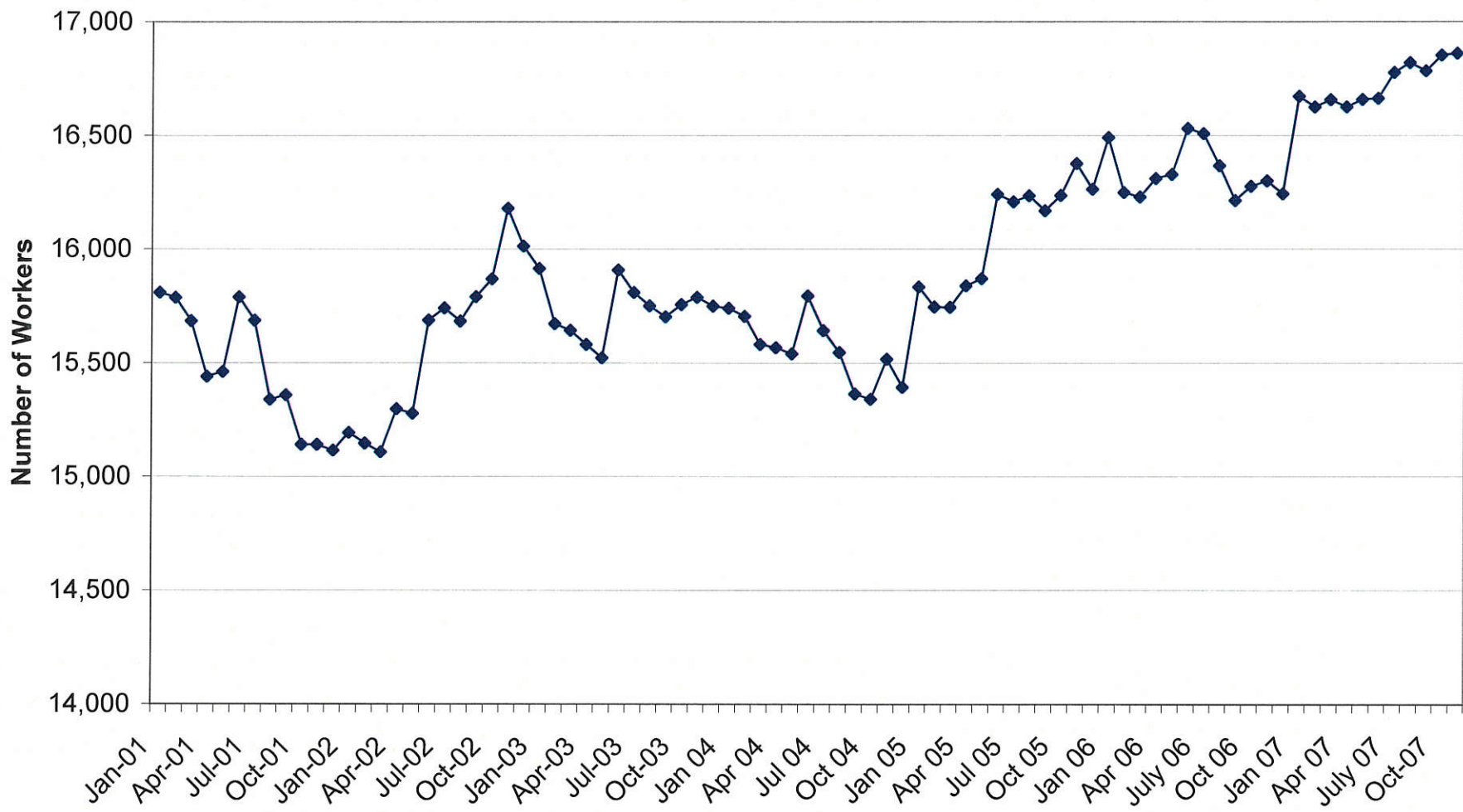
- Create infrastructure grants for market-rate housing
- Fund housing assessment studies in flood-damaged counties
- Target Kansas Housing Trust Fund monies to rural Kansas
- Increase funding for demolition of unsafe structures
- Develop a statewide comprehensive housing plan that includes incentives for workforce housing
- Establish housing loan guarantees to help developers obtain lower interest rates

VII. CONCLUSION

Prior to the flood Montgomery County businesses struggled to fill open positions. The flood destroyed more than 600 homes, turning our existing housing problem into a crisis. Housing is an integral component of a comprehensive economic development strategy. In order for us to obtain the full benefit of our economic development successes we need to capture the workforce. Unless new homes are built soon, our ability to attract new industry and retain the businesses we have will be severely compromised. Thank you.

Chart 2 Montgomery County Employment

Source: Kansas Department of Labor
From January 2001 to November 2007





February 19, 2008

Economic Development

Re: HB 2712 - Housing Grant Program
Thursday, Feb 21, 2008

P.O. Box 877
GREENSBURG, KS 67054
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A deficit of available and affordable housing in Greensburg remains a huge concern to us as housing goes hand in hand with business recovery. Housing needs to be affordable and available to provide a stable work force.

Prior to the storm, the John Deere dealership BTI-Greensburg, employed approximately 30 people. Seventy to eighty percent of those lived in Greensburg or the close surrounding vicinity. After the storm, their total work force in Greensburg reduced by about a third and approximately half of those still employed are currently living in other communities. BTI's goal is to bring staff back up to pre storm levels. Many of their employed desire to move back but will need affordable housing. In the mean time dollars are being spent elsewhere and employees need additional time and money to commute.

We have and will continue to have need for a large temporary construction force working in Greensburg. We do not have adequate housing facilities for all of them. Time and money are lost as they are not able to stay locally. This can have adverse affects on overall availability of workers and ultimately cost of construction.

I have visited with a few people who moved away after the storm and are not working here but would like to come back. Some are retired and just want to come back "home". They don't want the hassle of building a new house on their own but would come back if an affordable solution was available. Others want to come back and seek work here but aren't ready to own a home and would need affordable rentals.

Today I visited with a young man considering moving his family and his small business here from the upper Midwest. He has some contacts in the area and is somewhat familiar with our community and county. He shared with me that he and his family have a strong desire to come here as his business could keep quite busy as Greensburg rebuilds. He is concerned about procuring adequate affordable housing, which will affect his decisions.

We appreciate the work done by the Kansas Legislature and look forward to continue working together on solutions to these difficult issues. Thank you.

Sincerely,

A handwritten signature in cursive script that reads "Stephen Kirk".

Stephen Kirk
VP

Economic Development & Tourism

Date: 2-21-08

Attachment # 16