

MINUTES OF THE HOUSE LOCAL GOVERNMENT COMMITTEE

The meeting was called to order by Chairman Sharon Schwartz at 3:30 p.m. on March 5, 2009, in Room 446-N of the Capitol.

All members were present except:

Representative Mario Goico - Excused
Representative Steve Huebert - Excused
Representative Mike Peterson - Excused

Committee staff present:

Ken Wilke, Office of the Revisor of Statutes
Martha Dorsey, Kansas Legislative Research Department
Jill Shelley, Kansas Legislative Research Department
Carol Bertram, Committee Assistant

Conferees appearing before the Committee:

Representative Stan Frownfelter, Kansas City, Kansas - 31st District
Ashley Jones, Director of State Policy, Local Initiatives
Ed Jaskinia, Associated Landlords of Kansas
Luke Bell, Vice President of Governmental Affairs, Kansas Association of Realtors

Others attending:

See attached list.

Committee members had been sent copies of the minutes of the meetings of February 5, February 10, February 12, and February 17, 2009. Chair Schwartz asked if there was a motion to approve these minutes. Representative Otto moved the February 5, February 10, February 12, and February 17, 2009 of the Local Government Committee meetings be approved as written, seconded by Representative Slattery. The motion carried.

Representative Schwartz, Chair, recognized Martha Dorsey, Kansas Legislative Research Department, who distributed a document which contained the answers to questions raised by the Committee at an earlier meeting regarding SB 35 (Attachment 1).

Chair Schwartz opened the hearing on **HB 2247 - Cities; rehabilitation of abandoned houses; nonprofit corporations**. Ken Wilke, Office of the Revisor of Statutes, explained the bill. He reviewed each amendment to the bill and noted how the changes will affect the handling of properties that have been abandoned.

Questions and answers followed.

Chair Schwartz recognized Representative Stan Frownfelter who presented testimony in support of **HB 2247 (Attachment 2)**. He stated the bill's intent is to help area cities/counties to better handle properties that have been abandoned. He reviewed three steps which would take 90 to 120 days, and after that time, the city/county could start the process to assume the property. Also, he mentioned there has been talk about no tax leniency. He pointed out if the bill changes the tax portion (page 1, line 21) from none to one year or back to two years, the bill's proponents request to change the "and" on line 21 to "or." By doing this, the bill would allow the municipality to respond to the property abandoned quickly before it affects the surrounding properties.

Questions and answers followed.

Chair Schwartz recognized Ashley Jones, Director of State Policy, Local Initiatives Support Corporation, who presented testimony in support of **HB 2247 (Attachment 3)**. She stated her organization is dedicated to revitalizing urban core and rural neighborhoods. She urged the Committee to support **HB 2247**, as it will help create decent, safe and affordable housing in Kansas communities.

Questions and answers followed.

CONTINUATION SHEET

Minutes of the House Local Government Committee at 3:30 p.m. on March 5, 2009, in Room 446-N of the Capitol.

Chair Schwartz referred to the written-only testimony from Mike Taylor, Public Relations Director, Unified Government Public Relations, which was submitted in support of **HB 2247** (Attachment 4). She asked the Committee to read it.

Luke Bell, Vice President of Governmental Affairs, Kansas Association of Realtors, (KAR) came before the Committee to provide neutral testimony on **HB 2247** (Attachment 5). He stated KAR supports the intent of **HB 2247** to make it easier for non-profit housing organizations to redevelop abandoned housing. However, KAR absolutely opposes the proposed language in Section 1 (c) that would eliminate the requirement that taxes be delinquent on residential real estate for the preceding two years before the property could be seized under the Kansas Abandoned Housing Act.

Ed Jaskinia, President, The Associated landlords of Kansas, appeared before the Committee in opposition to **HB 2247** (Attachment 6). He stated the current law is a fair and balanced way to deal with abandoned property, and urged the Committee to reject this bill in its entirety.

Chair Schwartz called the Committee's attention to written-only testimony by John Todd, a private citizen in Wichita, who submitted a letter in opposition to **HB 2247** (Attachment 7). She asked the members to review the letter.

There being no further conferees to appear before the Committee, Chair Schwartz closed the hearing on **HB 2247**.

Since there was no further business to come before the Committee at this time, Chair Schwartz adjourned the meeting at 4:35 p.m.

The next scheduled meeting for the Local Government Committee is March 10, 2009.



Representative Sharon Schwartz, Chair

HOUSE LOCAL GOVERNMENT COMMITTEE

DATE: 9-5-09

NAME	REPRESENTING
Doug Smith	LISC
Chley Jones	LISC
Mr. Stan Frounfelter	STATE OF KJ 31 ¹⁵
ED JASKINIA	THE ASSOCIATED LANDLORDS OF KANSAS
Whitney Damon	City of Topeka
ERIK SARTORIUS	City of OVERLAND PARK
MIKE Taylor	Unifield Government
Luke Bell	Ks Assoc. of REALTORS
Martha Ann Smith	KMHA
David Boucher	Intern-Rep Mah
Michelle Schweder	Damon Court Relations

Please use black ink

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March 3, 2009

To: Members of the House Committee on Local Government

From: Martha B. Dorsey, Principal Analyst

Re: Questions Regarding SB 35

Several questions were raised at the hearing on SB 35, which would establish a one-year moratorium on the interest rate caps for municipal fixed-rate bonds. Members asked for information relating to establishing an alternative interest rate cap instead of suspending the existing caps. Specifically, the state's bond interest rate was mentioned. Members also asked for information regarding whether the Kansas Public Employee Retirement System (KPERS) could invest in municipal bonds.

Possibility of an alternative cap – I spoke to Julian Efird, principal analyst with KLRD, about these questions. Dr. Efird indicated the state's interest rate might not make a valid comparison. Interest rates on bonds vary depending on (1) the revenue source for repaying the bond, (2) the size of the bond, and (3) the length of time before maturation. Most municipal bonds may be smaller in size but may have a dedicated tax source for repayment. Furthermore, according to Dr. Efird, there is not a good answer about rates that are determined by the market since there are very few issues being sold; right now, with fewer institutional buyers, small issues marketed within Kansas are selling to individual investors but there are few large issues being marketed as of yet. When the institutional buyers reappear in the market, then the rates may rise to gain their business and therefore the increased cap may be needed. Dr. Efird found yield curve charts for Kansas secondary market bonds for February 17 and February 26, 2009, which were active trade days (see attached).

I also consulted with the League of Kansas Municipalities for information on other states' rates. I was referred to Gary Anderson of Gilmore & Bell. Mr. Anderson stated Missouri limits its bond interest rates but does not relate the caps to federal taxability. Instead, that state's caps are (1) 10 percent for bonds sold at a negotiated sale, and (2) 14 percent for bonds sold at a public sale.

KPERS-related information – I also asked Dr. Efird about the possibility of KPERS investing in the municipal bonds. Dr. Efird indicated several issues exist. First, Kansas law (KSA 74-4909 and 74-4921) prohibits the state from requiring KPERS to target its investments. Second, KPERS probably would be able to obtain higher yields on taxable bonds, since KPERS is exempted from paying taxes on its investments. (Municipal bonds are tax-free by their nature.) Third, even if KPERS were to desire to invest in municipal bonds, the agency is not considering investments at the present time.

Dr. Efird suggested two possible alternatives for the Committee to consider. First, a temporary increase in the interest rate could be achieved by adding a three-year sunset of the increased rate; and second, a provision for a bond election could be added to require a public vote for higher interest rate, especially if the amount of bonds exceeds a threshold amount. Exactly what that amount would be in either case is a policy question.

I hope this information helps. Please contact me if I may be of further assistance.



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Kansas Municipal Bonds - February 17, 2009

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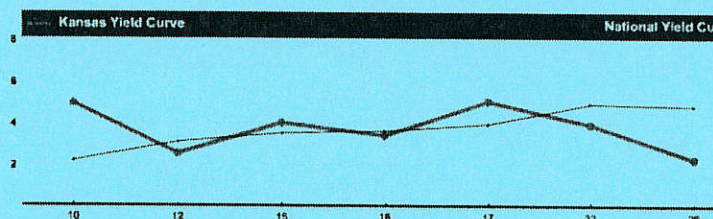
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Kansas Yield Curve



Maturity Year	Number of Trades	Average Yield	Dollar Volume
2009	15	2.002	\$685,000
2010	14	2.404	\$455,000
2011	13	2.110	\$1,705,000
2012	12	2.906	\$380,000
2013	6	3.923	\$560,000
2014	10	2.908	\$530,000
2015	9	2.982	\$1,245,000
2016	9	3.588	\$310,000
2017	2	3.482	\$100,000
2018	6	4.167	\$180,000
2019	14	3.399	\$545,000
2020	4	4.044	\$145,000
2021	5	3.880	\$480,000
2022	8	3.154	\$180,000
2023	1	2.032	\$10,000
2024	8	4.265	\$80,000
2028	4	6.368	\$45,000
2027	4	4.963	\$95,000
2028	1	3.212	\$20,000
2029	2	6.388	\$25,000
2031	3	5.350	\$170,000
2032	3	6.015	\$320,000
2033	5	6.265	\$45,000
2034	1	5.860	\$20,000

All Municipal Bonds

[View all trades on February 17, 2009 »](#)

Municipal Bonds by State

- | | | |
|--------------------------------------|--------------------------------|--------------------------------|
| Alabama | Louisiana | Oklahoma |
| Alaska | Maine | Oregon |
| Arizona | Maryland | Pennsylvania |
| Arkansas | Massachusetts | Puerto Rico |
| California | Michigan | Rhode Island |
| Colorado | Minnesota | South Carolina |
| Connecticut | Mississippi | South Dakota |
| Delaware | Missouri | Tennessee |
| District of Columbia | Montana | Texas |
| Florida | Nebraska | Utah |
| Georgia | Nevada | Vermont |
| Hawaii | New Hampshire | Virgin Islands |
| Idaho | New Jersey | Virginia |
| Illinois | New Mexico | Washington |
| Indiana | New York | West Virginia |
| Iowa | North Carolina | Wisconsin |
| Kansas | North Dakota | Wyoming |
| Kentucky | Ohio | |

Kansas Municipal Bonds Overview February 17, 2009

Total trades: 279
 Dollar volume: \$17,780,000
 Million dollar trades: 2

[Snapshot Report - Yields & Prices Report](#)

Archive Trade Dates

- [Monday, March 2, 2009 - Yields & Prices Report](#)
- [Friday, February 27, 2009 - Yields & Prices Report](#)
- [Thursday, February 26, 2009 - Yields & Prices Report](#)
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<u>2035</u>	32	4.937	\$590,000
<u>2036</u>	2	6.000	\$45,000
<u>2037</u>	1	8.369	\$50,000
<u>2042</u>	12	7.659	\$425,000

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Kansas Municipal Bonds - February 26, 2009

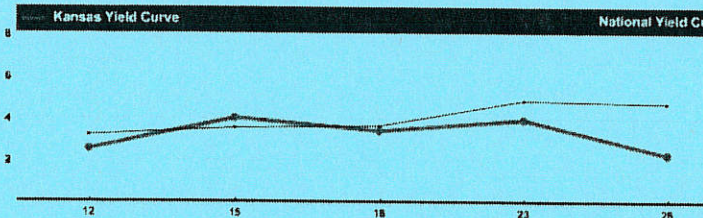
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(Examples: school, water, CUSIP, 2012, 2036)

Kansas Yield Curve



Maturity Year	Number of Trades	Average Yield	Dollar Volume
2009	11	3.315	\$1,950,000+
2010	11	3.238	\$455,000
2011	1	3.162	\$10,000
2012	14	2.714	\$1,235,000
2013	8	3.364	\$745,000
2014	8	2.822	\$270,000
2015	9	3.248	\$220,000
2016	12	4.743	\$540,000
2017	7	4.067	\$305,000
2018	4	4.610	\$170,000
2019	11	3.254	\$265,000
2020	5	4.012	\$465,000
2021	12	3.514	\$915,000
2022	2	4.018	\$30,000
2023	5	4.135	\$245,000
2024	16	4.316	\$965,000
2025	1	4.400	\$10,000
2026	4	5.424	\$30,000
2027	21	4.484	\$790,000
2028	4	5.396	\$105,000
2029	2	5.558	\$35,000
2030	2	2.921	\$20,000
2031	1	5.500	\$40,000
2032	2	5.756	\$35,000

All Municipal Bonds

[View all trades on February 26, 2009 »](#)

Municipal Bonds by State

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Kansas Municipal Bonds Overview February 26, 2009

Total trades: **264**
Dollar volume: **\$18,225,000**
Million dollar trades: **3**

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<u>2033</u>	3	5.313	\$50,000
<u>2034</u>	3	5.913	\$90,000
<u>2037</u>	1	3.895	\$25,000
<u>2038</u>	1	6.144	\$50,000
<u>2042</u>	4	8.205	\$95,000

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STAN FROWNELTER

REPRESENTATIVE, 31ST DISTRICT
WYANDOTTE COUNTY
4527 GIBBS ROAD
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(913) 262-9659
STATE CAPITOL
TOPEKA, KANSAS 66612
(785) 296-7668



TOPEKA
HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS
MEMBER: CORRECTIONS AND JUVENILE
JUSTICE
TAXATION
TRANSPORTATION AND PUBLIC
SAFETY BUDGET

HB 2247

Madame Chairwoman Sharon Schwartz and committee thank you for hearing HB 2247. As we discuss this bill remember that it deals with abandoned houses and only houses. Also it will in no way affect property owned/rented by military personnel while being deployed to active duty.

HB 2247's intent is to help area cities/counties to better handle properties that have been left in some cases eighteen months to two years. All this does is deteriorate and detract from the neighborhood's property value at a time when property tax is so high.

The steps involved in the process are simple and they are as follows:

Step one: Code addresses a property that has a violation by putting a code sticker on the door giving property owner 14 days to respond to the violation.

Step two: After the 14 days have passed the city/county sends a registered letter to the last known address of property owner informing them of the violation. If the letter is returned or not responded to, we go to step three.

Step three: The property is posted in a periodical that has been designated by the city/county for legal posting for a term of 20 to 30 days.

This whole process takes 90 to 120 days. After this time has passed, the city/county will start the process to assume the property.

At anytime the original owner contacts the city/county during the process, they will be given time to submit plans to restore the property in a timely manner. (See page 2© lines 15-25)

After the city/county has completed its obligation, the intent is to turn the property over to CHODO, CDC, NBR, high school or vo-tech for restoration.

There has already been talk about no tax leniency. If you change the tax portion from none to one year or back to two years you will need to change the "and" on line 21 to "or." By doing this it allows the municipality to respond to the property abandoned quickly before it affects the surrounding properties.

Local Government

Date: 3-5-09

Attachment # 2-1

City of Dodge City



CITY HALL
P.O. Box 880
Dodge City, KS 67801-0880
Phone: 620/225-8100
FAX: 620/225-8144
TTY: 620/225-8115
www.dodgecity.org

SENT VIA E-MAIL

February 11, 2009

Representative Stan Frownfelter
300 SW 10th Street
Topeka, KS 66612

Re: House Bills 2246 and 2247

Dear Representative Frownfelter,

Thank you for providing copies of House Bill 2246 and 2247 and for your work in promoting this legislation. The City of Dodge City, and I'm sure many other cities of similar size, would certainly benefit from the enactment of this proposed legislation.

Due in part to the demographics of our community we are continuously confronted with residential properties, many times owned by absentee landlords, which are in a deteriorating or dilapidated condition. On many occasions the properties could be rehabilitated. Unfortunately, the landlord either has no interest in doing so, or lacks the financial resources necessary for such action. Consequently the City is left with a deteriorating property which does not meet the criteria for condemnation, but constitutes a blight on the neighborhood.

In addition, our City currently faces a critical housing shortage. The existing housing inventory falls seriously short of meeting our current needs. At the same time, new housing construction appears to be focused primarily on upper income properties, leaving a serious shortage in low cost housing for either purchase or rental purposes.

Your proposed legislation would provide an important alternative for the City, by which a rehabilitated residential property could be placed on the market in an expedited manor, thus helping to alleviate our existing housing shortage. The City of Dodge City would strongly support enactment House Bill numbers 2246 and 2247.

Thank you again for your work on and interest in this important legislation.

Sincerely,

A handwritten signature in black ink, appearing to read "Ken W. Strobel". The signature is written in a cursive style and is positioned above the printed name and title.

Ken W. Strobel
City Manager

KWS/mlw

Cc: Representative Pat George



CITY OF MULVANE

211 NORTH SECOND STREET
MULVANE, KANSAS 67110
(316) 777-1143
(316) 777-4081 (Fax)

March 2, 2009

Rep. Stan Frownfelter
State Capitol
Topeka, Ks. 66612

RE: Support for HB 2247

Dear Rep. Frownfelter,

This letter is to express support for HB 2247 relating to rehabilitation of abandoned houses in cities.

HB 2247 will strengthen a city's ability to deal with neglected property more readily by shortening the very long time frame it usually takes to address the problem of abandoned houses.

HB 2247 provides another tool for local government to address slum and blight conditions.

A housing stock in good condition is so critical in maintaining property values. HB 2247 will help out in that regard.

We urge you to support HB 2247.

Sincerely,



Kent Hixson
City Administrator
City of Mulvane

CHWC, INC.
COMMON ACRONYMS AND/OR WORDS AND THEIR
DEFINITIONS

Revised 02/25/04

Appropriation – A special line-item designation by a U.S. Senator or U.S. Congressman placed into one of the major funding bills. Appropriation funding approved by Congress bypasses both the federal and local levels and comes straight to the receiving organization. An Environmental Review is necessary before the funds are wired.

CD2000 – Community Development 2000 – Now in its 4th year, this programs primary goal is to increase production of new and rehab house and thus improve neighborhoods. Each year the 20+ metro CDCs

CDC – Community Development Corporation – An agency which works within specific neighborhoods to improve the quality of life for its residents. The CDC Movement is over 25 years old, thus CHWC is one of the newer CDCs. CDCs typically are on the cutting edge of neighborhood development and take on projects which are considered risky by most.

CDBG – Community Development Block Grant - These are United States Department of Housing and Urban Development (HUD) funds passed by Congress every year and provided to the Unified Government of Wyandotte County/Kansas City, KS (UG). Organizations must apply for funding from the UG for specific projects within a specific geographic area. The funds are good for site development work, as long as the homes built on the site are for at least 50% or more low-to-moderate income families.

CHDO – Community Housing Development Organization – There are both State and local CHDOs. Both are governed by the same guidelines, just different reporting mechanisms. The CHDO is a special designation of non-profits working in community development. By federal law, CHDOs are required to receive a certain portion of the HOME funds allocated to a local governing body. CHDOs are required to maintain over 1/3 representation from local neighborhoods within the boundary of the local governing body.

CHIP – Community Housing Incentive Program – A program of the Unified Government to provide soft-second mortgages to persons/families below 80% of median income. The qualified homebuyers can receive up to 20% of the value of the appraised value of the home, or \$19,000 maximum, whichever is greater.

CHWC – Formerly known as Catholic Housing of Wyandotte County, now referred to outside of the predominant Catholic areas as Community Housing of Wyandotte County.

CSI – Crime and Safety Initiative – A LISC funded program which looks to improve crime and safety issues within a certain geographic area.

DAB – Donor Advisory Board - A board comprised of major funders of LISC and CD2000. The DAB sets the tone for LISC.

DIG – Development Incentive Grant – A LISC funded grant for production of single-family new construction and acquisition/rehab. Every new house built and sold is eligible for \$3,000/home up to 5 homes. After 5 homes the DIG increases to \$5,000/home, and after 10 homes it increases to \$7,000/home. For acquisition/rehab the DIG is 4% of acquisition costs, 8% of hard renovation costs up to the appraised value of the home. Acquisition/rehab homes within the NPI neighborhoods are NOT eligible for the DIG, however, new construction is eligible.

Downzoning – The process by the Unified Government which changes the zoning from zoning established around WW II to current actual conditions in neighborhoods. In most cases, the neighborhoods are downzoned from RP-5 (planned apartment 5 units) to R1b (single-family designation) to keep the large, older homes from being cut up into apartments.

Environmental Review – Is a review to see the impact of the federal funds on the area to receive it. Requires clearance letters from the State Housing Preservation Organization (SHPO), Health Department, UG (for flood plain), and several other departments which show the project will not have a negative impact on the area or potential homeowners.

All acquisition/rehabs utilizing federal (primarily CDBG and HOME) funds are required to receive clearance, as well as new construction projects utilizing federal funds.

Fannie Mae – An organization founded by Congress, it is one of the largest, if not largest, purchasers of mortgages from lenders. It also currently provides a line of credit, in conjunction with Security Bank and UMB, for our construction loans for new, single-family homes.

HOME – Similar to CDBG, only HOME funds can be used directly for construction of new, single-family homes and the rehab of existing structures. The persons/families who purchase homes with HOME funding are required to be below 80% of median income.

HSIAC – Hispanic Serving Institutes – This is a grant program from the U.S. Department of Education for Donnelly College. A portion of their last grant proposal was for \$105,000 minor home repair funds for CHWC, Inc. We are to provide up to \$5,000 in grant funds for persons/families living in the St. Peter/Waterway/Bethany, and Prescott Neighborhoods.

HUD – U.S. Department of Housing and Urban Development

KCCDI – Kansas City Community Development Initiative – This group is comprised of the large foundations/philanthropists in the metro Kansas City area. KCCDI funds the NPI program and generally makes the final decisions concerning the program.

LAC – Local Advisory Committee – A working committee of LISC, they generally advise LISC and staff.

Lead-Base Paint Rule – All homes built before 1975 contain lead-based paint. Congress, and LISC, require that any federal funds (HOME or CDBG) expended over \$25,000 requires a complete abatement (which is very costly). Any funds over \$5,000 but under \$25,000 require special remediation (covering or cleaning up), and any funds under \$5,000 requires only notification and

LISC – Local Initiative Support Corporation – Our single-largest funder. They are a national intermediary of funds from some of the larger foundations in the United States, such as the Ford Foundation, State Farm, etc., as well as the U.S. Department of HUD.

Low-to-Mod – A HUD designation which is based on the median income of the entire metro area, including Johnson County. As Johnson County has a high median income it pushes up the entire metro area median income, and thus makes a large percentage of persons/families within Wyandotte County eligible to purchase homes.

LURA – Land Use Restriction Agreement – A document recorded at the courthouse which runs with the property sold. The LURA is usually put in place to avoid the property from becoming rental, or some other criteria.

Median Income – For persons in the Kansas City Metro area, median incomes are designated for families from 1-8 persons. A detailed list of median income per family size is available from me, or Betty, upon request.

MOU – Memorandum of Understanding – An agreement between 2 or more parties detailing the terms of a partnership/program. Currently we are working on an MOU between CHWC and Kaw Valley Habitat for Humanity.

NeighborWorks Organization – There are 220 NeighborWorks organizations which are affiliated with NRC. Each organization is eligible for expendable grant funds, revolving loan funds, and training opportunities for staff and board.

NHSA – Neighborhood Housing Services of America – Part of Neighborhood Reinvestment Corporation, NHSA provides loans through NeighborWorks organizations such as CHWC. The terms of the loans are 30 years, with fixed interest at 5.95% for homebuyers.

NPI – Neighborhood Preservation Initiative – The largest initiative for CHWC. The main focus of the program is the acquisition/rehab of properties on a scale otherwise not attainable through conventional sources. NPI operates on a very concentrated, targeted approach to community development. NPI provides funds for the acquisition/rehab, as well as general operating, funds for neighborhood activities, and a variety of other services/activities.

NRA – Neighborhood Revitalization Act – An important redevelopment act by the Unified Government. This act allows for 95% tax rebate for a 10 year period for new, single-family homes, and certain other development. The property owners pay the tax for the first year and then are to receive back 95% in the form of a rebate check.

NRC – Neighborhood Reinvestment Corporation – This is an organization chartered by Congress 25 years ago. It has an annual appropriation from Congress, the most recent of which was \$115 million this past January. NRC has an annual application process for funding in August, and a secondary cycle in March (if funds are available). CHWC has received over \$30,000 in expendable grant funds and typically around \$75,000 in RLF funds.

RLF – Revolving Loan Fund – CHWC has a RLF which is provided annually by NRC and/or the Unified Government. The revolving loan funds can be used, depending on their original source, to provide grants/loans to persons as determined by the CHWC Loan Committee. In addition, the RLF can be utilized on CHWC-owned buildings.

SHPO – State Housing Preservation Organization – A state organization which is charged with monitoring all Historically designated properties. The SHPO, for example, will be responsible for the oversight on Old Firestation #9 to ensure we adhere to all Federal and State rules.

Soft-Second Mortgage – A mortgage for a homebuyer that is in second position behind the first mortgage from a traditional lender such as a bank. Most of the time for CHWC the soft-second mortgages are federal funds used either in the actual construction of the home, or for the specific purpose of providing assistance to persons/families below 80% of median income in the purchase of the home. The soft-second mortgages are generally for a period of 10 years, up to 15 years (depending on the amount), and are reduced by a set amount each month over the term until zeroed out at the end. If the homebuyer(s) reside in the home for the entire period, there is no repayment. A soft-second mortgage document is recorded at the courthouse, as well as a LURA, spelling out the terms. CHWC is responsible for monitoring soft-second mortgages for the term. In the past, CHWC has been forced to foreclose on property where the homebuyer moved and was renting, as the terms of the soft-second and LURA were both violated.

TIF- Tax Increment Financing – A state law which enables local governments to freeze property taxes at the current level, and then calculate the taxes generated by any new/rehabbed homes within the TIF boundary over the next 20 years. This increment is then bonded, enabling the local government to provide funding to acquire/demolish property, and rebuild infrastructure and any other pre-development activities.

UG - Unified Government of Wyandotte County/Kansas City, Kansas

VOE – Verification of Employment. Required for all purchasers of homes funded by UG programs such as the CDBG and HOME program. Also required for all CHWC RLF and NHTSA

VOI – Verification of Income – Required for all purchasers of homes funded by UG programs such as the CDBG and HOME program. Also required for all CHWC RLF and NHSA









2-12





Ashley Jones
Director of State Policy
Local Initiatives Support Corporation
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www.lisc.org/KansasCity

Testimony
Before the House Local Government Committee
House Bill No. 2247
March 5, 2009

Madame Chair and Members of the House Local Government Committee,

I want to thank you for the opportunity to present testimony this afternoon. My name is Ashley Jones and I am Director of State Policy 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 400 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.

Currently, Greater Kansas City LISC's signature program, NeighborhoodsNOW, serves three Kansas City, Kansas Neighborhoods: Douglas Sumner, Downtown KCK and St. Peters, Waterway. Now in its fourth year, NeighborhoodsNOW has invested more than \$13 million in these neighborhoods.

One of the greatest challenges we face as we work with residents to revitalize their neighborhoods is the number of vacant, abandoned or dilapidated houses in the community. No matter how much funding we put into these neighborhoods, individuals are less likely to move into neighborhoods if they have to live next to one of these poorly kept structures. Property values in the neighborhoods also suffer, which affects both existing and potential residents.

In almost all cases, community development corporations are the developers of last resort. Most of the areas serviced by nonprofits have had severe disinvestment over a prolonged period of time. Working in such disinvestment is hard, time-intensive work. Tools, such as this bill provides by making a simple change, will allow the work we do in these neighborhoods to both move at a pace that will allow our programmatic and monetary resources to be used efficiently and effectively.

We encourage you to support HB 2247, as it will help us create decent, safe and affordable housing in Kansas communities.

Local Government
Date: 3-5-09
Attachment # 3



Testimony

Unified Government Public Relations
701 N. 7th Street, Room 620
Kansas City, Kansas 66101

Mike Taylor, Public Relations Director
913.573.5565 mtaylor@wycokck.org

HB 2247

An Act Concerning Cities; Relating to Rehabilitation of Abandoned Houses

The Unified Government supports any consideration that allows us to partner and empower the specified neighborhood organizations as listed in this bill. HB 2247 appears to be a modification to existing State Statues and is an effort to shorten the time frame on tax delinquency before a specified neighborhood organization can petition for temporary possession.

The longer a residential structure sits abandoned the more detrimental it is to the neighborhood and structure itself. The following are issues that compound as abandoned conditions are existent over time:

- Structure becomes a haven for illegal activity.
- Structure subject to continued vandalism and scrapping efforts.
- After long periods of time and abuses demolition becomes the only feasible option.
- Many abandoned properties are subject to arson and fires.
- Property continues to deteriorate and have an impact on the appearance of the neighborhood.
- Property decreases market value of other properties in the surrounding area.

The quicker an abandoned property can get into responsible parties hands, the less the negative impact/effects it will have on a neighborhood and the greater the chance a successful rehabilitation can be accomplished.

Local Government

Date: 3-5-09

Attachment # 4



To: House Local Government Committee

From: Luke Bell, Vice President of Governmental Affairs

Date: March 5, 2009

Subject: **HB 2247** – Making Various Changes to the Kansas Abandoned Housing Act

Chairperson Schwartz and members of the House Local Government Committee, thank you for the opportunity to provide neutral testimony on **HB 2247** on behalf of the Kansas Association of REALTORS® (KAR). KAR has faithfully represented the interests of the 9,000 real estate professionals and over 700,000 homeowners in the State of Kansas for over 85 years.

Summary of the Legislation

HB 2247 would make various changes to the Kansas Abandoned Housing Act to make it easier for non-profit housing organizations to redevelop abandoned housing in this state. In order to accomplish this objective, **HB 2247** would make the following changes to the act:

- (1) amend the definition of “abandoned property” in K.S.A. 12-1750(c) to eliminate the required tax delinquency period on residential real property;
- (2) amend the definition of “abandoned property” in K.S.A. 12-1750(c) to reduce the required vacancy period on residential real property from 180 to 90 days; and
- (3) reduce the occupancy requirement in K.S.A. 12-1756g for individuals purchasing rehabilitated property from three years to one year.

Although KAR Supports the Underlying Intent of the Legislation, We Absolutely Oppose the Proposed Language in Section 1(c) to Eliminate the Required Tax Delinquency Period of Two Years

In general, KAR supports the intent of **HB 2247** to make it easier for non-profit housing organizations to redevelop abandoned housing. However, KAR absolutely opposes the proposed language in Section 1(c) that would eliminate the requirement that residential real estate must have two years in delinquent taxes for the preceding two years before it could be seized under the Kansas Abandoned Housing Act.

In this struggling economy, we do not think now is the time to loosen the restrictions on the ability of local governments to seize residential properties when the property owners are struggling to pay their property taxes. Unless the property owner is at least two years delinquent on his or her property taxes, we believe it is extremely harsh and unfair to allow local governments to seize property as abandoned housing.

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Local Government
Date: 3-5-09
Attachment # 5

Ed Jaskinia
President
(913) 207-0567

The Associated Landlords of Kansas

Doris Nelson
Vice President (Zone 2)
(785) 223-7226

James Dunn
Vice President (Zone 1)
(785) 843-5272



Kevin Kimmel
Vice President (Zone 3)
(316) 265-7977

P.O. Box 4221 • Topeka, Kansas 66604-0221

The Associated Landlords of Kansas (TALK) was created in 1981 by a group of people from across Kansas to "Promote a strong voice in the legislature, a high standard of ethics, and provide educational opportunities for landlords." Some of our members helped create The Residential Landlord-Tenant Act of 1975, a model of fair law for both landlords and tenants. Our organization consists of members in 18 chapters across the state, and new chapters are in the process of being formed.

In this 2009 legislative session, we continue to work for fair and decent housing for all. We have listed below some of the issues that are of interest to us in this legislative session.

Testimony on HB 2247

This bill attempts to make 3 major changes to existing law on the rehabilitation of abandoned property.

- (1) Instead of requiring that real estate taxes on property be 2 years delinquent, this would change to 0 days.
- (2) Property would only have to be unoccupied for 90 days instead of 180 days.
- (3) The Buyer of a home which has been acquired, rehabilitated and sold thru this process would only have to agree to stay for 1 year instead of 3.

Even if the economy was good, the first 2 changes would place an extremely unreasonable burden on many people who are facing hardships due to job transfers, job loss, death of a loved one, divorce, major (or recurring) illness, unexpected acquisition of a property thru death or illness, or any number of other problems that life often throws at unsuspecting people.

The 3rd change could invite unscrupulous opportunists to acquire the property on a speculative whim, possibly causing the property to be abandoned once again.

We believe that current law is a fair and balanced way to deal with abandoned property, and we urge you to reject this bill in its entirety.

If we can be of help to you in these or any other areas concerning property, tenants, or landlords, please feel free to contact us.

Ed Jaskinia, President

ZONE 1

Landlords of Lawrence Inc.
Landlords of Johnson County, KS Inc.
K.C.KS. Landlords Inc., serving Wyandotte Co.
Eastern Kansas Landlords Assc., serving Miami Co.
Franklin Co. Landlords Assc.
Osage Co. Landlords Assc.

ZONE 2

Landlords of Manhattan Inc.
Labette County Landlords Assc.
Geary County Landlords Inc.
Shawnee County Landlords Assc.
Salina Rental Property Providers Inc.
South Central Kansas Landlord Assc.
Serving Sumner County

ZONE 3

Central Kansas Landlords Assc.
Bourbon County Landlords Assc.
Cherokee County Landlords Assc.
Crawford County Landlords Assc.
Montgomery County Landlords Assc.
Rental Owner Inc., serving Sedgwick County

Local Government

Date: 3-5-09

Attachment # 6

John R. Todd
1559 Payne
Wichita, Kansas 67203
(316) 312-7335

March 5, 2009

Representative Sharon Schwartz, Chair, and
Members of the Committee on Local Government.

Subject: My written testimony in **OPPOSITION** to **House Bill #2247** before the House
Committee on Local Government, March 5, 2009 at 3:30 p.m.

Madam Chair and Members of the Local Government Committee:

As an interested citizen, and as a licensed self-employed real estate broker, I have been following code enforcement, housing rehabilitation, and public housing initiatives in Wichita for a number of years.

It strikes me that this House Bill #2247 gives local government the power to force the sale of "abandoned property" for taxes if a property owner is one day late from the December 20th payment deadline of any year on his/her real estate taxes. The current four-year requirement for tax sale needs to be followed. The word abandoned could apply to a property owned by people who are on vacation, military service, in the hospital, or on temporary job assignment, and needs to be tightened up.

In general, the taking of private property by local governmental units through their code enforcement ordinances, and their Municipal Court powers needs legislative oversight and study.

Private property rights are the bedrock of our freedoms and should not be taken lightly.

I urge you to oppose House Bill #2247.

Sincerely,


John R. Todd

Local Government
Date: 3-5-09
Attachment # 7