



TESTIMONY BEFORE THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Kansas Housing Resources Corporation
Ryan Vincent, Executive Director
February 8, 2023

Chairman Longbine and members of the Committee, [Kansas Housing Resources Corporation \(KHRC\)](#) is the public, nonprofit corporation that administers Federal and State housing programs on behalf of the State. KHRC's mission is to help Kansans access the safe, affordable housing they need and the dignity they deserve. While today's hearing addresses SB No. 37 and proposed changes to the Kansas Housing Investor Tax Credit, we have also provided the attached materials containing an overview of KHRC and our initiatives.

Background. As illustrated by the state's 2021 [Statewide Housing Needs Assessment](#), a lack of affordable, quality housing has been a challenge in Kansas for many years. Escalating construction costs, a shortage of skilled construction labor, aging or no infrastructure, low real estate appraisals on new houses, lack of down payment capacity, and the effects of the COVID-19 pandemic have effectively closed the housing market to many of our low- and moderate-income citizens. In 2022 the Kansas Legislature allocated resources to address the housing shortage and expand quality, affordable housing across the state. Today's hearing focuses on one of those new resources: the [Kansas Housing Investor Tax Credit](#), which provides \$13 million annually in tax credits for qualified investors who make cash investments in qualified housing developments in counties with less than 75,000 residents (SB No. 375). KHRC serves as administrator of the program and, as the committee considers the changes proposed in SB No. 37 to the Kansas Housing Investor Tax Credit, is pleased to provide some background on the program and implementation process.

Kansas Housing Investor Tax Credit (KHITC). The purpose of the KHITC is to bring housing investment dollars to communities that lack adequate housing. Development of suitable residential housing will complement economic development of areas that lack adequate housing, enabling such communities to attract businesses, employees, and new residents.

KHRC accepts applications every four months from builders or developers with projects located in counties with a population of 75,000 or fewer. Applicants can apply for up to 40 units of KHITC per year. The eligible amount per unit is dependent on community size:

- Communities with a population of 8,000 or fewer can apply for up to \$35,000 per unit.
- Communities with a population of 8,001 – 25,000 can apply for up to \$32,000 per unit.
- Communities with a population of 25,001 – 75,000 can apply for up to \$30,000 per unit.

Senate Bill No. 37 would expand the transferability of the Kansas Housing Investor Tax Credit Act. Currently, the Kansas Housing Investor Act allows a qualified investor to transfer the full amount on the tax credit certificate one time and only if that investor has no current tax liability. With the changes proposed in SB No. 37, a tax credit received under the Kansas Housing Investor Tax Credit Act, or any portion of the credit, could be transferred with no limitation on the number of transfers. Additionally, SB No. 37 eliminates the requirement that a qualified investor must have no tax liability prior to transferring the credit. While KHRC recognizes the benefits to investors and pricing for increased transferability, it also acknowledges the administrative burden of permitting unlimited transfers. The administrative burden of the changes under SB No. 37 would fall primarily to the Department of Revenue but would also substantially impact KHRC, which will generate the transfers. Under the Act, the investor must provide KHRC, as well as the Department of Revenue, with information regarding the transferee for review and tracking purposes. SB No. 37's allowance of unlimited transfers, and transfers of only a portion of the tax credits allocated to an investor, would likely lead to more administrative work for KHRC. Inserting a limit to the number of transfers may alleviate any administrative burden on KHRC while addressing the goals of the bill.

Conclusion. The attached [KHRC annual report](#) and annual KHITC report to the Senate Commerce Committee and House Committee on Commerce, Labor and Economic Development provide more detail on KHRC's administration of these crucial resources. I appreciate your time and am happy to answer any questions you may have.

