



KANSAS HOUSING ASSOCIATION, INC.

Officers

Pat Michaelis, President

Mark Cox, Vice President

Jan Peters, Treasurer

David Sandir, Secretary

Testimony Before the House Commerce, Labor and Economic Development Committee Senate Bill No. 366 March 9, 2016

Chairman Hutton and Members of the Committee:

Kansas Housing Association (KHA) is an alliance of for-profit and non-profit developers, businesses, financial institutions, public housing associations, chambers of commerce, economic development organizations, service providers, individuals and other organizations to belong and work to strengthen the state's economic vitality by making safe, decent, affordable housing available throughout Kansas. We appreciate the opportunity to submit remarks on Senate Bill No. 366.

Senate Bill No. 366 would prohibit political subdivisions from enacting, maintaining, or enforcing an ordinance or resolution that would control the purchase price agreed upon between the parties to a transaction of privately owned residential or commercial property if political subdivision had no ownership interest in a property.

We understand that the proponents will be offering an amendment that may address our concern, but we have not seen the actual language being proposed. Our Association's concern is with new language in Subsection (b) which changes current law from political subdivision having and "property" interest to an "ownership" interest. It appears "ownership interest" is a narrower designation. We don't want this language in Subsection (b) to limit or restrict our ability to enter into development agreements with governmental units. Our members work closely with cities, counties and other agencies interested in the development of affordable and market-rate housing projects across the state. Our members can voluntarily enter into development agreements with communities and in exchange for incentives, favorable financing and infrastructure improvements we negotiate and construct housing within certain price ranges.

It appears that Senate Bill No. 366 would prohibit these relationships unless an ownership interest in the real estate was provided to or held by the city, county or other political subdivision. It is also possible that the actual development agreement is not adopted by ordinance or resolution, but the incentive plan or program that generated the agreement could have been and Subsection (a) could prohibit this action.

We might suggest that Subsection (b) on line 13 be amended to read:

(b) This section shall not impair the right of any ~~local unit of government~~ *political subdivision* to manage and control *commercial* or residential property in which such ~~local unit of government~~ *political subdivision* has ~~a property an ownership interest~~ **or is party to a voluntarily negotiated development agreement.**

Or an alternate:

(b) This section shall not impair the right of any ~~local unit of government~~ *political subdivision* to manage and control *commercial* or residential property in which such ~~local unit of government~~ *political subdivision* has ~~a property an ownership interest~~ **or the commercial or residential property is part of an incentive program or development district offered by the political subdivision.**

The Committee should also consider a grandfather provision for projects already in place under the property interest conditions of current law, so no adverse impacts or unintended consequences occur to existing developments.

Thank you for your consideration and the opportunity to present written testimony to the Committee. I urge you to support Senate Bill No. 366 with these provisions.

Doug Smith
Kansas Housing Association