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Kansas Housing Investor Tax Credit

Proponent

ORAL In-person Testimony

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Investor/Developer, Building Kansas, LLC

Dear Chairman Smith and House Committee on Taxation,

Please accept the following testimony on behalf of the Kansas Housing Investor Tax Credit. Building Kansas, LLC is a development group based in Salina, Kansas. Our most recent development is Stockholm Estates in Lindsborg, Ks. Stockholm Estates was made possible by a Moderate Income Housing Grant and Rural Housing Incentive District. Prior to our development, Lindsborg had struggled to attract new housing development despite a clear desire from people willing to build and/or move to the town. When the city approached us about a development, we went to work to find a way to bring housing to this rural area. Despite our best efforts, the feasibility models made it clear that it is not possible to build a home lot in rural Kansas at or under the price it will sell for. With assistance from the Kansas Housing Resource Corporation, we were able to bring 50 new lots to Lindsborg. We are currently working on plans for 100 more.

By applying the MIH grant money as a discount off of the purchase price of a new home lot, we were able to provide Moderate Income Housing to new families that are now in the Lindsborg community. We built our model on selling 10 lots per year for 5 years (50 total). Due to the MIH grant (and RHID), 25 of the 50 lots sold in the first full year that they were offered. The city of Lindsborg, the County of McPherson, and the USD 400 School District are all thrilled with the results. Local businesses are overjoyed at the growing population that had been stagnant or declining for so many years.

Because of the MIH grant, we were to bring new population to a rural town in Kansas. This is despite many in the industry telling us it still wouldn't work. Without programs like MIH, we would not have been able to try.

Those buying homes have benefited in multiple ways. They are now able to buy a new home within their budget. The equity passed on through the MIH grant means that they will continue to enjoy the economic benefit for many years. These programs put housing within the reach of hard-working Kansans. They also provide students for the school systems, a growing tax base for the city and county, and patrons for the local businesses. We have heard from companies in the region as to how appreciative they are to have housing to complement their expanding operations.

Simply put, the communities of Kansas that need housing to grow and survive can bring development to their town only if there is adequate assistance to bring the prices in line with the market. By the time Stockholm Estates is fully built out, we will have provided a \$50,000,000+ tax base to the City of Lindsborg. The population will have grown by 600+ people and we will have an estimated 200 additional students in their school system. Most Kansas towns talk about having this kind of growth as a long-term plan. Very few will achieve it.

While several towns are eager to replicate the success of Stockholm Estates, most communities are not able to bring in development without additional programs. The Kansas Housing Investor Tax Credit is an excellent way to serve additional Kansas communities in need of housing. For every 5 communities we look at, only 1 can reach a market sustainable price point with the programs currently in place. With the Kansas Housing Investor Tax Credit, we estimate that a majority of Kansas communities will now be able to attract the needed development.

Bottom line, the Kansas Housing Investor Tax Credit will enable housing developments that will replicate the multiplier effect we have seen and proven, providing a significant return on investment to the people and the State of Kansas.

Respectfully,



Derek E. Lee

Investor/Developer

Building Kansas, LLC