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**Proponent Testimony  
Before the House Committee on Taxation  
Senate Bill No. 282  
March 16, 2022**

Written Testimony

Chairman Smith and Members of the Committee:

My name is Matt Gillam and I am President of the Kansas Housing Association, Inc. The 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 in support of Senate Bill No. 282.

Increasing and preserving the supply of affordable housing in Kansas is a fundamental mission of our members.

Our members are particularly interested in two portions of Senate Bill No. 282, the Kansas Affordable Housing Tax Credit Act (Sections 7-12, pages 4-7 of the bill) which seeks to create a state income tax credit program for affordable housing to be administered by the Kansas Housing Resources Corporation and the Kansas Housing Investor Credit Act (Sections 13-18, pages 7-15 of the bill) a new tax credit program targeted toward facilitating investment in suitable housing to attract new employees, residents, and families.

Housing is central to economic development and job expansion. The recent statewide housing assessment completed in Kansas, demonstrates the true need for additional housing development in our State, a demand for housing that cannot be met without both public and private investment.

The state's housing shortage has numerous causes, both in rural and urban areas, and therefore cannot be solved with a one-size-fits-all approach. Kansas must be flexible, thinking outside the box by creating new unique tools and augmenting existing resources for communities to advance and diversify housing of all types - affordable, workforce, moderate income, single family, multi-family and senior housing. Other legislative measures currently under consideration this session will also enhance housing activities and should be strongly and thoughtfully considered as well.

Kansas homeowners and tenants have experienced intensified challenges to finding housing and communities can struggle to meet the comprehensive needs for development. Significant and consistent funding are required to adequately address shortage areas and created stability in housing.

As prices for construction materials rise and labor remains in short supply, the overall costs increase and margins for affordability shrink. *Over 73,000 renter households in Kansas pay more than 50% of their monthly income on rent, leaving too little for other necessary expenses.* Only through joint effort can we meet demand and help keep rents affordable.

Private investment can be leveraged with public incentives increasing the feasibility of the construction and operation of affordable rental housing developments across the State. Other states have used tools like state income tax credit programs for affordable housing model successfully and Kansas should too.

### **Kansas Affordable Housing Tax Credit Act**

The investment in state income tax credits for affordable housing provide funds to developers to facilitate construction of affordable rental housing projects aimed at serving lower income Kansans.

Low-income housing tax credits, consistent with the federal requirements, are critical to getting more affordable housing and rentals built. A state tax credit will compliment the existing Federal Low-Income Housing Tax Credit (LIHTC) program. State credits can supplement federal credits and allow expanded projects, helping to fill the gap in production and reduce the number of people on waitlists for affordable housing.

Since the federal low-income housing tax credit program was created in 1986 no other program comes close in housing production. Kansas has had more than 37,000 homes developed or preserved and more than 85,000 low-income households have been served. The demand for units is way more than the resources can provide. In 2021, Kansas received 28 full LIHTC applications seeking to build 658 new units and rehab another 575 housing units, yet Kansas was only able to fund nine of these project requests, totaling about 259 units.

### **Kansas Housing Investor Credit Act**

Although the credit is not targeted at affordable properties, we do support programs that help build interest and investment in the development of housing and generate volume for economies of scale to reduce projects. In addition, the program would help promote development and expansion of businesses in our State.

The Kansas Housing Association urges you to support Senate Bill No. 282.

Thank you for your consideration and the opportunity to present testimony to the Committee.

Matt Gillam  
Kansas Housing Association, Inc.