



TESTIMONY ON SENATE BILL NO. 376
BEFORE THE SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRS

Kansas Housing Resources Corporation
Ryan Vincent, Executive Director
February 7, 2022

Disposition: Neutral
ORAL in-person Testimony

Chairman Olson 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.

The Challenge – A Housing Problem. A lack of affordable, quality housing has been a problem 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 more have effectively closed the housing market to many of our low- and moderate-income citizens. Historically, Kansas lacked concrete data to truly understand each community's and region's unique housing needs, which in turn affected KHRC's and the State's ability to allocate resources effectively to best meet those needs. In partnership with the Office of Rural Prosperity, in 2021, KHRC completed our first [Statewide Housing Needs Assessment](#) in nearly 30 years. The study provides detailed data on our housing market in each [region of the state](#), as well as [Goals and Strategies](#) for tackling the problems. These goals include adding or freeing up more middle-income housing.

Moderate Income Housing (MIH) Program. Fortunately, KHRC offers a number of solutions to help address the ongoing affordable housing problem. One of these programs is the state-funded [Moderate Income Housing \(MIH\) Program](#), which has served rural communities since its inception in 2012. Below is some background and data on MIH:

- Every year, KHRC receives \$2M for MIH through the State Economic Development Initiatives Fund.
- Under the current statute, MIH is limited to cities or counties in rural areas. Funds can be used for loans or grants for eligible activities, including:

- Rental and homeownership housing development (acquisition, new construction, modular/manufactured housing, rehab, and/or homebuyer assistance); &
 - Infrastructure necessary for residential dwellings.
- MIH serves households with income between 60% and 150% of the State's median income. For a household of four, this equates to \$46,425 - \$116,063.
- Upon receipt of the funds, KHRC issues a [Request for Proposal](#). KHRC evaluates applications on several criteria, including:
 - Need
 - Readiness to Proceed
 - Ability to Leverage Funds
- KHRC's 2021 [State Housing Trust Fund Report](#) details MIH's history and successes, including:
 - Since 2012, KHRC has received 185 applications requesting \$57.4M.
 - MIH has awarded more than \$20M to 75 rural communities.
 - KHRC leverages almost \$6 for every \$1 of state resources spent.
- KHRC generally receives three MIH applications for every one it can fund:
 - In 2021, KHRC funded nine out of 28 applications (\$2M out of \$8.7M requested)
 - In 2020, KHRC funded seven out of 24 applications (\$2M out of \$7.7M requested)
- KHRC estimates we have 24 MIH applications requesting \$9M for development that are ready to proceed with funding.

SB 376 proposes to increase MIH funding and expand the communities served by the program. While KHRC does not endorse or advocate for specific policy changes, below are some of the ways SB 376 could impact the MIH program at KHRC:

- Based on the demand we have seen in prior years, KHRC estimates that with \$20M, MIH could build approximately 590 units.
- The current bill would expand the MIH program, allowing 25% of the funds to be used for loans or grants to cities or counties with a population of 60,000 or more. KHRC will incur administrative costs in administering an expanded program. These would be assessed pursuant to our cost allocation plan.

Sustained, long-term funding for MIH will help the program attract communities, developers, and contractors to participate in the program and build homes for Kansas.

As [KHRC's 2021 Annual Report](#) details, the stars are aligning in Kansas to address our underlying housing problems. Long-term, sustained investments in housing will Unlock Home for generations to come. KHRC is pleased to further its mission of Unlocking Home for those we serve through these challenging times and beyond. Thank you for your interest in exploring housing needs and resources. I am happy to answer any questions you may have.