

# Report of the Special Committee on Available and Affordable Housing to the 2025 Kansas Legislature

**CHAIRPERSON:** Representative Sean Tarwater

**VICE-CHAIRPERSON:** Senator Renee Erickson

**OTHER MEMBERS:** Senators Brenda Dietrich, Robert Olson, Usha Reddi, and Tim Shallenburger; and Representatives Pam Curtis, Robyn R. Essex, Leah Howell, Cyndi Howerton, and Lynn Melton

## **STUDY TOPIC**

The Committee is directed to study and make recommendations concerning:

- Home ownership, with an emphasis on housing priced less than \$200,000, and the availability of such housing in urban and rural areas of the state;
- Rental housing issues, including availability of affordable rental housing, eviction issues for tenants and landlords, and potential amendments to the Kansas Residential Landlord and Tenant Act;
- Housing for populations that face specific housing-related challenges, such as fixed-income senior citizens, individuals undergoing substance abuse or mental health treatment, veterans, adults with intellectual and developmental disabilities, and individuals exiting the foster care system or the correctional system;
- The relationship between affordable housing and economic development specifically considering concerns of the workforce, homebuilders, and businesses creating jobs in Kansas;

- Possible incentives for small businesses that purchase and remodel homes, including policies that other state are utilizing;
- Current housing law and policies in Kansas and other states; and
- Other housing issues identified by the Special Committee.

# Special Committee on Available and Affordable Housing

## REPORT

### Conclusions and Recommendations

The 2024 Special Committee on Available and Affordable Housing makes the following recommendations to the 2025 Legislature:

- Review the proposal from the City of Pittsburg regarding changes to the housing portion of the Linked Deposit Program;
- The House and Senate Committees on Judiciary review eviction proceedings, specifically with regards to the sealing of eviction filings;
- The Kansas Housing Resource Corporation reconsider the denial of the waiver for granting Low Income Housing Tax Credit incentives to the Multi-Agency Center Project in the City of Wichita;
- Review how housing incentives and tax credits can be used concurrently as well as the benefits and detriments of the practice;
- Allow county appraisers to account for capped resale covenants for homes held by community land trusts during the appraisal process;
- Examine whether any state statutes restrict local government zoning authority;
- Pass a bill with the language contained in 2024 HB 2832, as introduced, pertaining to the transferability of the Kansas Housing Investor Tax Credit;
- Review statutes to find provisions that would prohibit local solutions to affordable community housing;
- Further study fast-tracking of permits and the adoption of the recommendations contained within the Pacific Legal Foundation testimony;
- Explore solutions and ideas for vacant homes whose titles are currently encumbered for the purposes of returning the homes to the marketplace; and
- Study the requirement of return on investment component of city building codes in a manner similar to the requirement in Michigan statutes.

**Proposed Legislation:** One bill. The Committee recommends a bill with the language of 2024 HB 2832, as introduced, regarding the transferability of the Kansas Housing Investor Tax Credit.

## BACKGROUND

The Special Committee on Available and Affordable Housing (Committee) was created by the Legislative Coordinating Council (LCC) for the purposes of studying housing issues, such as, but not limited to, homeownership, rental housing, the relationship between affordable housing and economic development, and current housing law and policies.

The LCC authorized the Committee to meet for two days; the Committee met at the Statehouse on November 19 and 20, 2024.

## COMMITTEE ACTIVITIES

### November 19 Meeting

The Committee met the afternoon of November 19, 2024, to hear testimony and presentations from legislative staff and conferees on the issues of the availability and affordability of housing in Kansas and possible legislative solutions.

#### *Overview of Housing Data and Programs*

A Senior Research Analyst with the Kansas Legislative Research Department (KLRD) provided the Committee with an overview of federal and state housing programs, census data on homeownership and renting in the state, and the fair market rate of rent by county in the state, as determined by the U.S. Department of Housing and Urban Development.

The conferee noted that the majority of housing programs, both federal and state, in Kansas are administered by the Kansas Housing Resource Corporation (KHRC), with the Moderate Income Housing Program being the only state program that receives state appropriations.

#### *Overview of 2024 Housing Bills*

An Assistant Revisor of Statutes from the Office of the Revisor of Statutes (Revisor's Office) reviewed housing bills that had been before the 2024 Legislature:

- 2024 SB 28;
- 2024 SB 530;

- 2024 SB 533; and
- 2023 SB 17.

#### *Kansas Housing Resource Corporation*

A KHRC representative provided an overview of the agency. The representative described the agency, how it is governed, and what programs the agency oversees. These programs include, but are not limited to, Emergency Solutions Grants, Tenant Base Rental Assistance, Low Income Housing Tax Credits, Kansas Housing Investor Tax Credit, Home Loan Guarantee for Rural Kansas, Weatherization Assistance, and the Moderate Income Housing Program.

The representative also discussed the 2021 Kansas State Housing Needs Assessment and how it is being utilized by the agency and its programs.

#### *Housing Supply and Affordability in Kansas*

The Founding Director of the Wichita State University Center for Real Estate (Director) presented information on the current state of the housing supply and housing affordability in Kansas and how those compare to historical levels. The Director noted that his focus was not on traditional "affordable housing" but rather the middle rate for market-rate housing and the affordability of homes for families making 120 percent of median family income.

The Director discussed the historic trends in home mortgage rates and home construction rates and that he believes the low interest rates from 2008 to the COVID-19 pandemic were an anomaly and that the current home mortgage interest rates are more of a return to historical norms. He further discussed the impact of the 2008 financial crisis, increased material cost, and lack of skilled labor on the housing supply.

#### *Stakeholder Testimony*

##### *Friends of Historic Preservation*

A representative of the Friends of Historic Preservation testified on the importance of preserving historic buildings throughout the state. The conferee emphasized the importance of both federal and state historic tax credits and other programs to help ensure historic buildings can be preserved.

### *Kansas Association of Realtors*

A representative of the Kansas Association of Realtors provided testimony on the State’s housing crisis. He discussed the impact of the 2008 financial crisis on slowing, if not halting, new home construction in the state for a number of years and how that has impacted the natural housing cycle. He also spoke to the Committee about how state statutes allow only cities and counties to utilize Euclidean, or use-based, zoning and how he believes allowing communities to adopt other types of zoning, such as form-based zoning, could help address housing issues.

### *Hillcrest Transition Housing*

A representative of the Hillcrest Transition Housing provided an overview of his organization and the types of programs it offers to assist unhoused individuals with finding new homes, while providing wraparound services to help ensure long-term success.

### *United Community Services of Johnson County*

A representative of the United Services of Johnson County provided testimony primarily on the challenges faced by renters in attaining affordable housing. Her presentation provided data on both Johnson County and Kansas as a whole and noted the percentages of renters who are “cost burdened” by paying more than 30 percent of their monthly income in rent and utility costs. Additionally, she compared the data to homeownership and the lower rates at which homeowners are cost burdened. The conferee also offered a number of possible solutions to help protect renters and assist them with the high cost of rent.

## **November 20 Meeting**

The Committee met on November 20, 2024, to continue to hear testimony from stakeholders regarding Kansas housing issues and possible solutions.

### ***Stakeholder Testimony***

#### *Kansas Housing Association*

A representative of the Kansas Housing Association provided details of the housing development process from the developer’s perspective. He explained an affordable housing

project could take up to 56 months to complete. He noted the importance for developers of having consistent housing policy.

#### *Kansas Manufactured Homes Association*

A representative of the Kansas Manufactured Homes Association described manufactured homes and reviewed the differing regulations and requirements they face compared to those for traditionally built homes.

#### *Kansas Building Industry Association*

A representative of the Kansas Building Industry Association testified on the need for continued investment in skilled trade training in the state. He specifically noted 2024 SB 5, which would have allowed citizens of Douglas County to vote to establish a special use district for purposes of funding a local technical training center.

#### *National Association of Home Builders*

A representative of the National Association of Home Builders presented information on housing supply and affordability both nationally and in Kansas. He also addressed the lack of “middle housing,” which he defined as home types between large multi-family complexes and single-family homes, such as duplexes, townhomes, courtyard apartments, and multiplexes.

Additionally, the representative noted the challenges that many builders face through local zoning laws, permitting policies, fees, and infrastructure requirements and costs. He also provided the Committee with some examples of successful projects throughout the country.

#### *Home Builders Association of Greater Kansas City*

A representative of the Home Builders Association of Greater Kansas City provided testimony on the local experience of home builders in the Kansas City area. He noted the scarcity of available lots upon which to build a new home and the impact land acquisition has on home supply. He also addressed difficulties that can arise from the different requirements and permitting processes across the various cities that comprise the metropolitan area.

### *Kansas Bankers Association*

A representative of the Kansas Bankers Association testified on the need to have patience with newly implemented funding programs so they have time to become established and see results. He also suggested to the Committee that the Legislature look at altering elements of the linked Kansas Housing Loan Deposit Program and pass some technical cleanup for the Housing Investor Tax Credit.

### *Opportunity Solutions*

A representative of Opportunity Solutions testified on the fast-track permitting process. The conferee explained how, under this policy, local governments have deadlines by which they must process building permits or the permit is automatically approved, the local government must refund the permit fees, or a third party is then allowed to approve the permit. He stated that this can help lower the cost of home building, as studies have shown that permit delays increase building costs.

### *Health Forward Foundation*

A representative of the Health Forward Foundation presented information on the housing programs the organization implements in Allen, Johnson, and Wyandotte Counties. The conferee stated that increased access to affordable housing would also increase health and wealth opportunities for Kansas families. The representative asked the Legislature to appropriate more money to the State Housing Trust Fund.

### *Finney County Economic Development Corporation*

A representative of the Finney County Economic Development Corporation discussed the various housing projects it has assisted with in Finney County and challenges faced in obtaining financing for multi-family developments. In response, the representative discussed new initiatives in which the organization was partnering with local financial institutions and large community employers to get local investments for the purpose of financing multi-family projects.

### *Habitat for Humanity Kansas City*

A representative of Habitat for Humanity Kansas City presented information on the work that Habitat for Humanity does in the state. She noted there are 14 affiliates in 16 counties of the state and that 266 affordable housing projects were completed in fiscal year 2024, 38 of those being new-build homes. She also highlighted the Olathe Pathway Project where Habitat for Humanity Kansas City is building a neighborhood in Johnson County that will provide permanent affordable housing through a combination of a land trust and covenants on the homes that cap the market appreciation retained by a homeowner who sells one of these houses.

### *Habitat for Humanity Flint Hills*

A representative of Habitat for Humanity Flint Hills testified on his organization's support of the suggestions made by the representative of Habitat for Humanity Kansas City regarding county appraisers being able to consider resale caps and other factors when making appraisal decisions on homes built on land held by land banks.

### *Cerebral Palsy Research Foundation*

A representative of the Cerebral Palsy Research Foundation presented on The Timbers community in Wichita and the renovations that have been occurring to all of its units to make the unit more accessible and liveable for its residents.

### *Members of the Wichita City Council*

A member of the Wichita City Council testified before the Committee on affordable housing issues facing the City of Wichita. He discussed issues with manufactured homes being classified as real property and the subsequent loss of value of the home; long-term vacant homes due to either issues of inheritance, absentee owners, or other reasons causing the homes to deteriorate; and the issues of unsafe rental housing due to lack of inspection authority for local governments.

He also provided the Committee with an update on the Multi-Agency Center (MAC) that the city is establishing in a recently closed school building. The purpose of the MAC will be to offer a 24-hour, low-barrier shelter that will also hold staff and office space for the city's various wrap-

around services, such as housing assistance and mental health services.

A second member of the Wichita City Council and City of Wichita staff appeared via Webex to address the Committee on issues of rental inspection and concerns of how to address substandard and unsafe living conditions in rental housing stock. They also addressed various questions from the Committee members.

#### *Mercatus Center at George Mason University*

A representative of the Mercatus Center at George Mason University testified on the need for land use regulation reform to help increase affordable housing. She specifically discussed and provided examples of how limiting minimum lot size requirements, legalizing more apartment construction, and legalizing accessory dwelling units can lead to increased affordable housing.

#### *Pacific Legal Foundation*

A representative of the Pacific Legal Foundation presented information to the Committee on its recommendations to increase affordable housing. The conferee specifically noted:

- Prohibiting discretionary reviews of building permits that meet the area's zoning requirements;
- Ensuring timely permit decisions;
- Limiting frivolous lawsuits against housing developments;
- Making impact fees proportional and transparent; and
- Streamlining the removal process for squatters and treating squatting as a criminal offense.

#### *Institute of Justice*

A representative of the Institute of Justice provided testimony on his organization's suggestions to increase affordable housing. These suggestions primarily revolved around land use

regulation reform and included reducing minimum lot size requirements, facilitating more areas of mixed commercial and residential use, reforming protest petitions regarding zoning changes, and easing restrictions on homeowners building accessory dwelling units on their property.

Following the meeting, the conferee provided the Committee with his organization's model legislation on the aforementioned topics.

### **COMMITTEE RECOMMENDATIONS**

The Committee made the following recommendations to the 2025 Legislature:

- Review the proposal from the City of Pittsburg regarding changes to the housing portion of the Linked Deposit Program;
- The House and Senate Committees on Judiciary review eviction proceedings, specifically with regards to the sealing of eviction filings;
- The Kansas Housing Resource Corporation reconsider the denial of the waiver for granting Low Income Housing Tax Credit incentives to the MAC Project in the City of Wichita;
- Review how housing incentives and tax credits can be used concurrently, as well as the benefits and detriments of the practice;
- Allow county appraisers to account for capped resale covenants for homes held by community land trusts during the appraisal process;
- Examine if any state statutes restrict local government zoning authority;
- Enact a bill with the language contained in 2024 HB 2832, as introduced, pertaining to the transferability of the Kansas Housing Investor Tax Credit;

- Review statutes to find provisions that would prohibit local solutions to affordable community housing;
- Further study permit fast-tracking and the adoption of the recommendations contained within the Pacific Legal Foundation testimony;
- Explore solutions and ideas for vacant homes whose titles are currently encumbered for the purposes of returning the homes to the marketplace; and
- Study the requirement of return on investment component of city building codes in a manner similar to Michigan statutes.