



**DEVINE, DONLEY & MURRAY**  
Governmental Affairs

534 S. Kansas Ave., Suite 830  
Topeka, KS 66603  
Office - (785) 246-8444  
Fax - (866) 588-9472  
[www.devineanddonley.com](http://www.devineanddonley.com)

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March 15, 2022

**House Committee on Appropriations**  
**Representative Troy Waymaster, Chair**

**Testimony of Allie Devine on behalf of the Kansas Farm Bureau and Kansas Corn Growers Association**

**Re: Recommendation for \$50 million to be appropriated to Kansas Housing Resource Corporation**

Mr. Chairman and Members of the Committee:

Thank you for this hearing today. Two years ago, Kansas Farm Bureau, Kansas Corn Growers Association, Sunflower Electric Power Corporation (Sunflower Electric), and Northwest Kansas Economic Innovation Center (EICI) formed a coalition.

The Coalition commissioned a study to identify barriers to agribusiness expansion in rural Kansas. We have gathered substantial information from many sources including economic development professionals, national site selectors, builders, financial institutions, businesses, and Kansas community leaders. The report made 41 recommendations. We know that we cannot immediately address all the recommendations but are focused on two areas: business development and rural housing assistance.

The recently published Kansas Statewide Housing Assessment and our study verify the need for housing in rural areas. The lack of housing is repeatedly cited by businesses, workers, and community leaders as a substantial barrier to rural economic growth. The influx of federal dollars and Kansas' robust budget present a rare opportunity to make a lasting impact in rural Kansas.

We request that the legislature make a one-time appropriation of \$50 million dollars to the State Housing Trust Fund, for distribution to **rural** cities, counties, or specific projects through existing programs and those that are under consideration this session (SB 369, SB 375, SB 376, and HB 2268). Please note we request funding be dedicated to rural areas. Other speakers will outline the need for more funding for rural housing; the difficulties for rural projects to compete with those of major urban areas due to appraisal limitations; building costs associated with smaller scale projects; limited numbers of interested developers; limited availability of funding for city and county infrastructure improvements; limited access to workers; and remote locations of projects. We are pleased to have the support of 17 other entities and trade associations for this request.

Our request for direct funding to the Kansas Housing Resource Corporation (KHRC) and its programs is based on our members' experience with the Corporation and the success of its programs. The Corporation, by statute, is given flexible powers and the Corporation has used that authority to respond quickly in emergency situations and tailor programs to meet the unique needs of Kansas communities. The Corporation is a Kansas entity overseen by an appointed Board and the Legislature. As a Kansas entity it is not bound by mountains of federal regulatory requirements that rural areas may not meet. We ask that you seriously consider appropriations from the state general fund to provide a multi-year flexible source of housing assistance.

The Governor's budget includes \$20 million for the Moderate-Income Housing (MIH) program within the Kansas Housing Resource Corporation (KHRC). We support this proposal but know that housing needs (rural and urban) are much greater.

We have been monitoring federal funding discussions within the Strengthening People and Revitalizing Kansas (SPARK) Executive Committee and State Finance Council. Last fall, the Coalition provided input to the Executive Committee calling for a multi-year fund for rural business development and housing. We have met with SPARK Executive Committee members to outline the needs of rural Kansas and our efforts to forward projects to the SPARK. We have sought clarity of eligibility requirements for access to SPARK funds for economic development infrastructure, including rural housing. We have made an application for SPARK funding. We are uncertain whether our request meets the requirements SPARK and the federal regulations.

We have made similar presentations to the House Financial Institutions and Rural Development Committee (02/02/2022); House Appropriations Subcommittee on Agricultural and Natural Resources Budget (02/10/2022); and the Senate Commerce Committee (03/02/2022)

We believe that this appropriation will make a significant difference to rural Kansas. We support funding to KHRC because of its proven history and ability to be flexible to meet the needs of rural communities.

Thank you for your consideration.

**Request:** \$50 million one-time appropriation to the Kansas Housing Resource Corporation (KHRC).

**Requesting entities:** Twenty organizations with members throughout Kansas and have recognized the need for more quality housing for Kansans.

**Why \$50 million?** Our privately funded study indicated that lack of housing is a significant barrier to economic growth in rural areas. The [Kansas Statewide Housing Needs Assessment 2021 | Kansas Housing Resources Corporation \(kshousingcorp.org\)](#) documented the lack of adequate housing. To rehabilitate or replace only 1% of the poor inadequate housing identified in the housing study in the 96 counties with populations less than 60,000 persons would cost approximately \$105 million. We believe \$50 million is a reasonable starting point to be effective.

**Why place funding in the KHRC?** KHRC is well respected among developers, bankers, and community leaders. They have a proven record of success. KHRC has a variety of existing programs that are available to meet the needs of communities. KHRC is a statutory corporation governed by a board of directors appointed by the Governor and confirmed by the Senate. The Governor indirectly appoints the Director of Housing. KHRC is audited annually and reports to the Legislature annually. Their programs are also audited by the federal government. KHRC's audited financial statements are publicly available on their website. KHRC is subject to the Kansas Open Meetings and Kansas Open Records Act. Program plans are developed with public input to assure KHRC is meeting the needs of communities.

**What programs will this money fund?** KHRC has a variety of programs that may be combined to meet specific needs of a community. Here are the programs most likely to be used for rural projects and our recommended funding levels.

- a. Moderate Income Housing (MIH) program -\$25 million
- b. Tax Credit Development Financing programs- \$10 million
- c. Weatherization and First-time home buyer down payment assistance-\$10 million
- d. Guaranteed Financing for buyers for an amount equal to the difference between the building cost and the appraisal value when the building cost exceeds appraised value-\$5 million.

**What communities are eligible?** Our focus is target assistance to cities and counties with populations of 60,000 or less. Some programs have more restrictions.

**How will funds be awarded?** KHRC will issues requests for proposals and will develop criteria for selection which will include evaluations of need; economic development impact; community and developer support. Funding is expected to be distributed in phases over 1-3 years.

**How will the funds be leveraged?** KHRC has found that \$1 maybe leveraged up to 6 times. In addition, as loans are made and repaid, those funds may be recycled into new investments.

**Why use state funds?** Building, rehabilitating, and financing rural housing has unique challenges because of remoteness of building sites that increase supply and labor costs; lack of comparable sales for valuation of properties; lack of investment in "speculative" properties.

**Original and Coordinating Organizations of the Request:**

**Kansas Bankers Association**-Alex Orel, Senior Vice President, Government Relations

**Kansas Corn Growers Association**-Josh Roe, Vice President Market Development & Policy

**Kansas Farm Bureau**-Allie Devine, Devine, Donley, & Murray LLC, Lobbyist

**Sunflower Electric Power Corporation**-Clare Gustin, VP Member Services & External Affairs and Doug Smith, Pinegar & Smith

**Supporting Organizations:**

**Advantage Capital Partners**- Steven Greene, Dugan Consulting Group

**Communications Coalition of Kansas**- MaryJane Stankiewicz, Executive Director

**Heartland Credit Union Association**-StephanieMullholland, Director of Kansas Legislative & Political Affairs

**Kansas Association of Realtors**-Mark Tomb,Vice President, Governmental Affairs

**Kansas Building Industry Association, Inc.**-Sean Miller, Capitol Strategies, LLC

**Kansas Cooperative Council**-Shahira Stafford

**Kansas Electric Cooperatives, Inc.**-Leslie Kaufman, Vice President Government Relations& Legal Counsel

**Kansas Hospital Association**-Tara Mays, VicePresident, State Legislative Relations

**Kansas Housing Association, Inc.** -Matt Gillam,President

**Kansas Legislative Policy Group**-County Commissioner Mike Baughn, Thomas County -Chair

**Kansas Livestock Association**-Aaron Popelka, Vice President of Government Relations & Legal Counsel

**Kansas Manufactured Housing Association**-Martha Neu Smith, Executive Director

**Kansas Municipal Utilities**-Kimberly Svaty, Gencur Svaty Public Affairs

**League of Kansas Municipalities**-Eric Sartorius,Executive Director

**Regional Economic Area Partnership (REAP)**-Kimberly Svaty, Gencur Svaty Public Affairs

**Southwest Kansas Coalition**-Nick Hernandez, City Manager, Dodge City; Matt Allen, City Manager, Garden City; Cal Burke, City Manager, Liberal