



To: Kansas Legislature
From: Ryan Vincent, Executive Director,
[Kansas Housing Resources Corporation \(KHRC\)](#)
Date: Jan. 13, 2025
Subject: KHRC Annual Reporting Requirements:
Kansas Affordable Housing Tax Credit Act

[Kansas Housing Resources Corporation \(KHRC\)](#) is a self-supporting, nonprofit, public corporation committed to helping Kansans access the safe, affordable housing they need and the dignity they deserve. KHRC serves as the state's housing finance agency, administering housing and community programs for Kansans. KHRC does not receive operational revenue from the state but sustains itself through fees for services and grant administration cost reimbursement.

KHRC is pleased to present its [annual report](#) detailing our program activities and awards for 2024, along with this memorandum, which includes more detail on the Kansas Affordable Housing Tax Credit (KAHTC). In accordance with the Legislature's reporting requirements, supplemental memoranda will be submitted by Jan. 13, 2025, detailing activities supported by the State Housing Trust Fund and Home Loan Guarantee for Rural Kansas, and by Jan. 31, 2025, detailing activities supported by the Kansas Housing Investor Tax Credit Act.

Kansas Affordable Housing Tax Credit Act Program Overview

In December 2021, KHRC partnered with the Office of Rural Prosperity to deliver a statewide [Kansas Housing Needs Assessment](#), which included a survey of the housing and housing-related needs of Kansas households. This study, the state's first in nearly 30 years, revealed an acute shortage of quality, affordable homes, estimating an annual need of 3800-4800 homes in rural areas alone. During the 2022 session, the Kansas Legislature responded to the statewide housing needs. This included the passage of the Kansas Affordable Housing Tax Credit Act (K.S.A. 79-32,304, *et seq.*), which established the KAHTC as a 1:1 match to the federal Low Income Housing Tax Credit (LIHTC). These resources incentivize affordable housing development, creating more homes for Kansans.

KHRC administers both the state and federal tax credit programs, awarding credits through competitive application processes. Development owners sell the credits in exchange for investment in their housing developments. This helps owners reduce development costs, allowing them to offer lower rents. Investors who purchase the tax credit can use it to reduce their state income, privilege, or premium tax liabilities.

Reporting Requirements

In accordance with the provisions of the Act, KHRC submits this written report to the Legislature on or before Dec. 31 of each year and makes such report available [online](#) to the public. Attached please find a spreadsheet detailing each KAHTC award made in 2024, including location, funding source, target population, household income levels, and units created. This annual \$25.5 million investment by the state represents **2,595** new homes added to the state's housing stock to serve seniors and households earning between 30 and 80 percent of an area's median income.

A few considerations in reviewing this data:

- **Affordability.** Tax credits don't just offset the cost of development, they also ensure that the home is properly maintained and remains affordable for 30 years. At a time when 43% of Kansas renters and 33% of Kansas homeowners are cost burdened, this affordability is crucial. Market rate homes are not attainable for Kansans with low incomes. These households include seniors living on Social Security, young Kansans starting their careers, and families working to make ends meet. The LIHTC and KAHTC serve these households. KHRC uses housing market data to ensure that average rent for LIHTC and KAHTC-funded properties is below market rate. These properties have a rent range between 27 and 59 percent of market rate, with the average falling at 43 percent. Critically, affordability is guaranteed not just when homes are developed, but for three decades into the future.
- **Cost of Development.** Creating new homes is expensive and has only become more so in recent years. By generating capital for a development, the KAHTC and LIHTC help reduce the amount of debt taken on by the owner, which then allows for lower, more affordable rents. The equity from the credits is particularly needed in rural communities, where the cost of development often makes building affordable housing impossible without the KAHTC and LIHTC. Because building housing is expensive, addressing our state's decades-long housing shortage requires significant investment. **Economic Benefit.** While the investment is substantial, the economic benefits outweigh the costs. The KAHTC hasn't been in operation long enough to assess economic impact, but states with similar initiatives have observed positive results: a [Georgia study](#) found that for every \$1 of state income tax invested in housing tax credits, an additional \$5.79 of economic activity was generated on average. This impact is evident through the creation of jobs, increased tax revenues, and the injection of disposable income into local economies. An Arizona study found that one \$20 million state tax investment generated more than \$30 million in tax revenues (through state, county, city, school district, and special taxing entities). KHRC looks forward to studying the economic impact of the KAHTC and sharing our findings with legislative leaders when the program has been in operation long enough to measure its impact.
- **Private Activity Bond (PAB) Leverage.** Federally allocated PABs provide low interest, long-term financing options for developers and businesses. This tax-exempt bond program allows for 4% floating tax credits, which offer a source of equity to the developer, enabling them to offer lower rental rates to serve lower-income households. Historically, PABs were not widely used in Kansas, as

the financing structure was not feasible for most developments. This left hundreds of millions of dollars in federal housing resources on the table each year. Since the establishment of the KAHTC, PAB usage has dramatically increased, from \$5 million before the credit was enacted in 2022, to more than \$251 million in 2024. KAHTC provides the resources necessary to make these deals work and leverage previously untapped federal funds.

- **4% vs. 9% Credit.** While all tax credit developments have the same affordability requirements, the major difference between the 4% and 9% credit lies in PAB financing. Because 4% deals must be at least 50% PAB-financed, credits comprise roughly 40% of the equity needed for development. This structure works best for larger, new construction deals and is a good fit for the state's metro areas. Conversely, 9% deals use a more conventional debt financing structure, with credits generating about 70% of the development's equity. This structure works best for smaller developments of 50 units or less and is well suited to rural communities. The KAHTC makes 4% deals possible, freeing up more 9% credits for smaller communities.
- **Investment Stacking.** Each of the housing programs KHRC administers is interrelated, with most developments requiring multiple funding sources to secure adequate financing. Guidelines and target population vary by program: some serve very narrow audiences, rendering the funds practically unusable unless they can be paired with other resources. The federally funded National Housing Trust Fund, for example, has an annual allocation of \$3 million and serves extremely low-income Kansans earning less than 30% of an area's median income. Rents for these units are so low that they must be paired with LIHTC-financed units so owners can use the higher LIHTC rents to cover their costs.

Conclusion

Ultimately, the KAHTC helps create homes that wouldn't exist otherwise. In the years since the credit was enacted, the state's housing production has grown from around 1000 homes in 2021, to more than 6000 between 2022 and 2024, roughly doubling the rate of development. This increase can be attributed largely to the KAHTC, which provides the resources necessary to make housing deals work. The KAHTC is finally helping our state chip away at its decades-long housing shortage, and we must continue the investment to ensure that progress continues.



2024 State Legislative Report

2024 Awards	City	County	4% or 9% Tax Credit	Estimated State Credit Amount	Estimated PAB (if applicable)	Total Development Budget	Target Population	Total Number of Affordable Units	Units Serving Households ≤ 30% AMI	Units Serving Households ≤ 40% AMI	Units Serving Households ≤ 50% AMI	Units Serving Households ≤ 60% AMI	Units Serving Households ≤ 70% AMI	Units Serving Households ≤ 80% AMI	Federal Set-Aside	State Set-Aside	Total Units with Rents at or below HUD's Fair Market Rent
Bonner Springs Senior Villas	Bonner Springs	Wyandotte	9%	\$ 830,000	N/A	\$ 14,432,328	55+	48	8	2	2	36	0	0	Average Income	Unit designations set to average ≤54% AMI	48
Cypress Ridge	Manhattan	Riley	9%	\$ 745,000	N/A	\$ 11,936,047	55+	30	0	0	9	21	0	0	40/60	30/50	30
Flintwood	Russell	Russell	9%	\$ 441,729	N/A	\$ 6,992,000	55+	24	0	0	8	16	0	0	40/60	30/50	24
HOPE Estates	Newton	Harvey	9%	\$ 810,000	N/A	\$ 13,562,730	General	38	6	0	6	26	0	0	40/60	30/50	0
Orchard Ridge	Hillsboro	Marion	9%	\$ 543,000	N/A	\$ 9,180,217	General	24	4	0	7	8	0	5	Average Income	Unit designations set to average ≤57% AMI	19
Paschal's Landing	Eudora	Douglas	9%	\$ 830,000	N/A	\$ 12,892,048	General	30	6	9	0	15	0	0	40/60	30/40; 15/30	30
Peaks of Lawrence	Lawrence	Douglas	9%	\$ 812,500	N/A	\$ 12,682,554	55+	34	8	14	0	12	0	0	40/60	30/40; 15/30	0
Quail Ridge Apartments	El Dorado	Butler	9%	\$ 840,000	N/A	\$ 13,603,620	General	60	0	0	0	60	0	0	40/60	None	0
RL Lofts (fka Presidents Place)	Salina	Saline	9%	\$ 780,000	N/A	\$ 17,984,616	General	49	4	0	0	45	0	0	40/60	None	0
Silo Crossing	Coffeyville	Montgomery	9%	\$ 550,000	N/A	\$ 10,630,648	55+	64	0	0	0	64	0	0	40/60	None	0
Sunflower Flats	Manhattan	Riley	9%	\$ 845,000	N/A	\$ 16,279,545	55+	62	12	0	19	31	0	0	40/60	30/50	0
The Residence at Heritage West	Andover	Butler	9%	\$ 850,000	N/A	\$ 15,222,903	55+	42	7	0	0	35	0	0	40/60	30/50	0
The Timbers Preservation Project II	Wichita	Sedgwick	9%	\$ 700,000	N/A	\$ 11,697,300	General	40	0	13	0	27	0	0	40/60	30/40	0
Whittier Place III	Emporia	Lyon	9%	\$ 422,000	N/A	\$ 7,044,066	General	24	3	0	5	16	0	0	40/60	30/50	24
Chalet Manor	Kansas City	Wyandotte	4%	\$ 699,140	\$ 9,950,000	\$ 15,600,734	General	64	0	0	0	64	0	0	40/60	None	0
Cornerstone Apartments	Bonner Springs	Wyandotte	4%	\$ 1,641,342	\$ 25,000,000	\$ 47,500,361	General	204	31	31	0	142	0	0	40/60	30/40	0
Gateway Plaza	Kansas City	Wyandotte	4%	\$ 1,585,610	\$ 18,000,000	\$ 38,299,966	General	147	0	0	0	147	0	0	40/60	None	0
Northeast Junior High Place	Kansas City	Wyandotte	4%	\$ 594,043	\$ 8,000,000	\$ 13,054,468	General	40	0	0	1	39	0	0	40/60	None	0
Sycamore Village	Pittsburg	Crawford	4%	\$ 1,045,341	\$ 12,637,000	\$ 24,834,769	General	128	0	0	128	0	0	0	20/50	None	0
Union at Tower District	Topeka	Shawnee	4%	\$ 3,160,913	\$ 25,000,000	\$ 64,395,097	General	250	38	0	128	84	0	0	Average Income	Unit designations set to average ≤54% AMI; 15/30	250
Village at Sunflower	De Soto	Johnson	4%	\$ 4,414,362	\$ 35,000,000	\$ 124,176,047	General	341	0	12	24	270	0	35	40/60	30/40	306
Chelsea Plaza	Kansas City	Wyandotte	4%	\$ 1,413,134	\$ 16,000,000	\$ 32,590,076	General	121	0	0	0	121	0	0	40/60	None	0
Glanville Tower	Kansas City	Wyandotte	4%	\$ 1,026,526	\$ 11,500,000	\$ 22,667,655	55+	108	0	0	0	108	0	0	40/60	None	0
Bartell Place	Junction City	Geary	4%	\$ 146,141	\$ 3,714,523	\$ 3,714,523	55+	32	0	0	18	14	0	0	40/60	None	0
Emerald Apartments	Liberal	Seward	4%	\$ 489,683	\$ 7,340,000	\$ 14,178,691	General	110	0	0	0	110	0	0	40/60	None	0
Floret Hill	Lawrence	Douglas	4%	\$ 1,353,443	\$ 20,500,000	\$ 35,486,796	General	121	4	33	0	84	0	0	40/60	30/40	121
3100 Michigan Apartments	Lawrence	Douglas	4%	\$ 3,299,916	\$ 36,793,445	\$ 70,986,696	General	250	0	0	200	0	50	0	Average Income	Unit designations set to average ≤54% AMI	200
Unger Building	Manhattan	Riley	4%	\$ 1,591,000	\$ 22,000,000	\$ 41,249,941	General	110	20	0	63	0	0	27	Average Income	Unit designations set to average ≤57% AMI	83
Totals				\$25,579,640	\$251,434,968	\$557,259,795		2,595	151	114	618	1,595	50	67			1,135