



To: Governor Laura Kelly
Senate Commerce Committee
House Committee on Commerce, Labor and Economic Development

From: Ryan Vincent, Executive Director,
[*Kansas Housing Resources Corporation \(KHRC\)*](#)
Rebecca Floyd, Director of Housing
Kansas Development Finance Authority

Date: January 31, 2025

Subject: KHRC Annual Reporting Requirements:
Kansas Housing Investor Tax Credit Program (KHITC)

[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. A subsidiary corporation of the Kansas Development Finance Authority (KDFA), KHRC is governed by a volunteer Board of Directors appointed by the Governor and confirmed by the Senate. KHRC does not receive operational revenue from the state, but sustains itself through fees for services and grant administration cost reimbursement.

Reporting Requirements. In accordance with statutory requirements, KHRC presents its [annual report](#) detailing program activities and awards for 2024, along with reports on the activities of each state-funded housing program. [Kansas Affordable Housing Tax Credit \(KAHTC\) activity for 2024](#) was summarized in a report submitted to the Legislature on December 31, 2024. KHRC's [2025 State Housing Trust Fund report](#) recapping activities of the Moderate Income Housing (MIH), Home Loan Guarantee for Rural Kansas (HLG), and Revolving Loan Fund (RLF) programs was submitted to the House of Representatives Committee on Appropriations and the Senate Committee on Ways and Means on January 13, 2025—the opening day of the 2025 Legislative session. This memorandum, due January 31 of each year, summarizes 2024 Kansas Housing Investor Tax Credit (KHITC) activity. Complete award details are available on the [KHRC website](#). These reports shall satisfy KHRC's annual reporting requirements.

Background

In December 2021, KHRC partnered with the Office of Rural Prosperity to deliver a statewide [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 housing, estimating an annual need of 3,800-4,800 homes in rural areas alone. In 2022 the Kansas Legislature responded to statewide housing needs with passage of the Kansas Housing Investor

Tax Credit (KHITC). In accordance with K.S.A. 79-32,315, this report details 2024 activities of the KHITC program.

Program Summary. The purpose of the KHITC program is to bring housing investment dollars to communities that lack adequate housing. Housing development complements economic development, enabling communities to attract businesses, employees, and new residents. The KHITC program was established under K.S.A. 79-32,310, *et seq.*, becoming effective July 1, 2022, and revised in 2023.

Program Implementation. KHITC awards were made in the first quarter of 2024 following a competitive MIH+KHITC application round in 2023. In 2024, KHRC conducted three competitive KHITC application rounds. A KHITC Notice of Application Availability was published on the KHRC website as the guiding document for all 2024 KHITC-only application rounds. Additionally, KHRC published a KHITC Notice of Resource Availability in October 2024 as the guiding document for a competitive MIH+KHITC round and anticipates awarding additional MIH+KHITC awards in the first quarter of 2025. The following table reflects the dates the Notices were published, the due date for the corresponding applications, and the award approval dates. Notices for the most recent prior award round are archived on the KHRC website, with materials from earlier rounds deleted to prevent confusion.

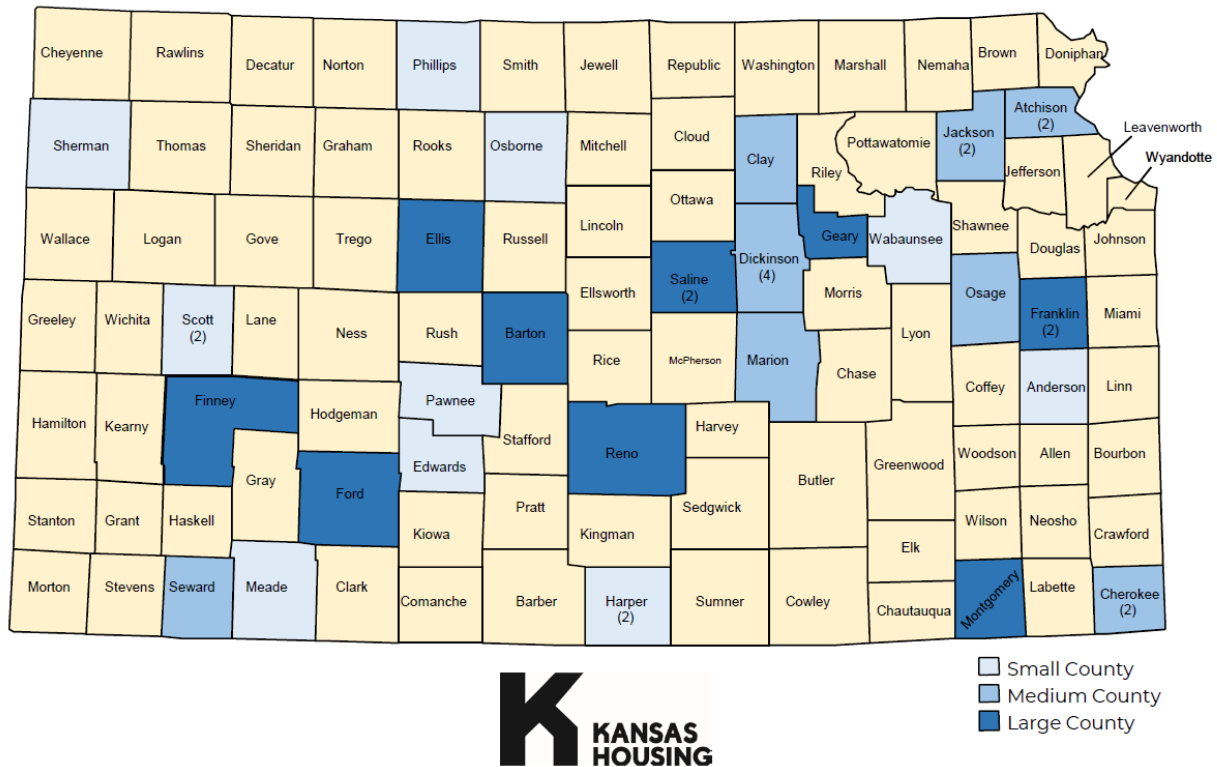
Notice Publication Dates	Application Due Dates	Award Approval Dates
September 11, 2023	November 15, 2023	February 15, 2024
March 18, 2024	April 19, 2024	May 20, 2024
March 18, 2024	May 31, 2024	June 28, 2024
March 18, 2024	July 12, 2024	October 10, 2024
October 1, 2024	November 22, 2024	1 st Quarter 2025

KHITC staff conducted virtual office hours, which provided an opportunity for applicants to ask questions related to the KHITC program and application process. Additionally, in an effort to increase the number of competitive applications submitted, KHITC staff offered technical assistance to any applicant that did not receive a KHITC award.

Applications received by KHRC were reviewed by Housing Development staff. An evaluation matrix, inclusive of all required components outlined in the KHITC statute and Notices, was utilized to determine the thoroughness of each application. Recommendations for KHITC awards were determined by the outcome of the review process as well as the statutory requirement establishing KHITC allocation thresholds for small, medium, and large counties. KHITC awards were recommended to the Executive Director of the Kansas Development Finance Authority as well as KHRC's Loans and Grants Committee for approval. As a result, the full amount of KHRC's 2024 \$13 million annual KHITC allocation, and a partial amount of KHRC's 2025 \$13 million annual KHITC allocation, totaling \$16,543,000 in KHITCs were awarded between 2023 Round 3 and 2024 Rounds 1, 2, and 3. These awards will support the development of **524** housing units in **27** different counties. Due to the fact that more than 20% of

approved qualified housing projects under the KHITC Program are part of larger projects that also receive an MIH grant, the overall number of units developed under KHRCs MIH Program is larger than reflected in the KHITC-only statistics.

2023 Round 3 and 2024 Rounds 1, 2, and 3 KHITC Awards



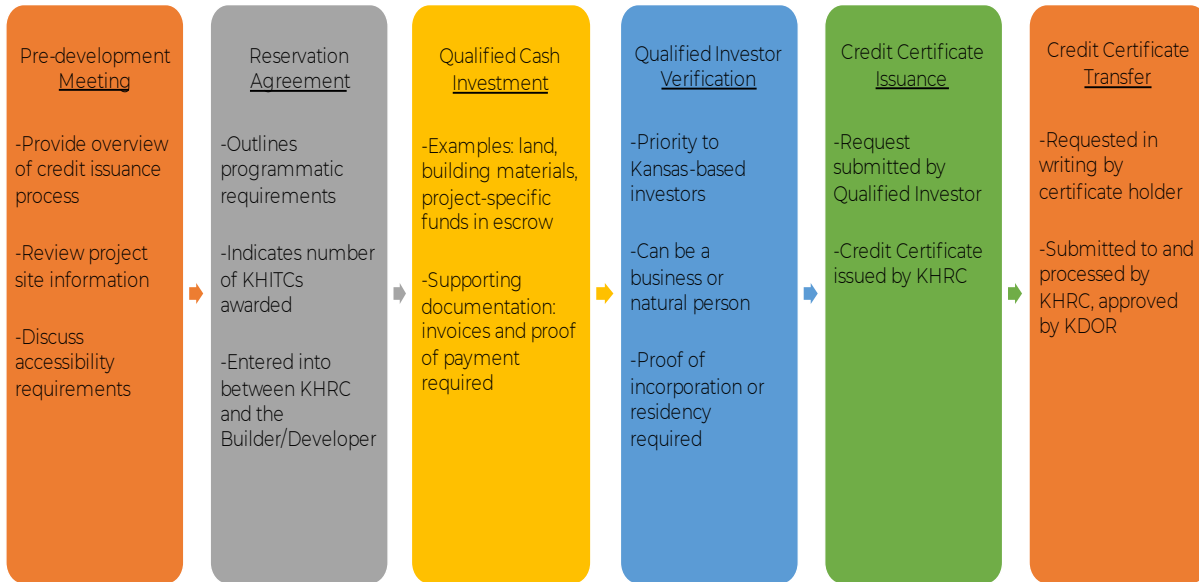
View the complete 2023 Round 3 and 2024 Rounds 1, 2, and 3 KHITC award lists [online](#).

At the time of this report, applications received during 2024 Round 4 are under review. In the final application round of 2024 KHRC received 27 KHITC applications, totaling \$11,446,000 in requests for the development of 418 units.



After KHITC awards are announced, the process of issuing KHITC program Certificates begins. The KHITC Certificate issuance cycle is as follows:

KHITC Certificate Issuance Cycle



Cash Investments for Qualified Securities

The following table reflects the total cash investments made for qualified securities in qualified housing projects. These figures represent confirmed cash investments made as of December 31, 2024. Due to the timing of qualified cash investment dates, submission of KHITC requests, and 2024 Round 4 award announcements, the actual total of 2024 cash investments may realize an increase.

As required by statute, the table includes cash investments made in the preceding year as well as cumulative cash investments since the enactment of the KHITC Act.

	<u>2024 Cash Investments</u>	<u>Cumulative Cash Investments</u>
Small Counties	\$3,732,937	\$5,377,639
Medium Counties	\$ 3,347,127	\$6,508,237
Large Counties	\$8,447,569	\$18,195,989
Totals	\$15,527,634	\$30,081,865

In addition to the cash investments made into qualified housing projects in 2024, 65% of the KHITC Certificates issued in 2024 were transferred to other investors who will utilize the KHITCs to offset their state tax liability. The price per credit of these transfers ranged from \$0.86 - \$1.00, realizing an increase in the average price per credit from \$0.88 in 2023 to \$0.91 in 2024.

Jobs Estimate

KHITC allocations made in 2024 were awarded to 37 projects located in counties from every region across the state. Regardless of location, the following common themes were reflected in applications received:

- Lack of moderate-income housing stock,
- Major employers with job vacancies, and
- Average unemployment rate of 2.77 percent.

Applicants reported job vacancies across many different employment sectors, from Retail to Corrections and Construction to Pharmaceuticals. The top four employment sectors with the highest number of job vacancies consistent across communities that received KHITC awards in 2024 were:

- Manufacturing
- Education
- Healthcare
- Local Government

KHRC relies on data provided by applicants to estimate the number of jobs facilitated by housing developed through KHITC investments. Based on the information provided by awardees of KHITCs in 2024, more than 8,000 positions are either currently vacant or will be coming online within the next one to two years in awarded communities. As reflected in the local needs assessment provided with each program application, the shortage of moderate-income housing stock across the state is directly related to the difficulty employers face in filling vacant positions. Developing 524 units of housing will help address this issue. It is anticipated that this new housing will provide at least a 10% increase in the number of jobs filled statewide.

Jobs estimate information above is derived from details provided by KHITC applicants. The reliability and validity of the information provided relies on the due diligence conducted by the applicant.

Effect on Kansas Economy

In 2020, the National Association of Home Builders published an article on the impact of home building and remodeling,¹ which provides data on the direct and indirect impacts of residential construction on the economy at a national level. Specifically, the study reports on the creation of jobs, impact on wages and salaries, as well as profits generated due to residential construction. In addition to reflecting a positive impact on jobs within the construction industry, the article outlines several other industries that realize a positive impact due to residential construction, including but not

limited to Manufacturing; Real Estate, Rental, and Leasing; and Finance and Insurance.

Along with our partners, KHRC is actively working on collecting data to reliably report on the multiplier effect of the housing investments made through the KHITC program. KHRC anticipates being able to report the positive impacts KHITC has had on the Kansas economy in the future.

In 2024, KHRC issued KHITC Certificates to 30 original qualified investors who made eligible cash investments into qualified housing projects. Of the 30 investors, 63% were the builder and/or developer awarded KHITCs for the development of a qualified housing project, 0% were natural persons, and 37% were businesses associated with the qualified housing project. Additionally, 23 investors transferred or sold KHITCs to 24 unique persons/entities. The largest number of transferees were businesses (46%), followed by financial institutions (33%), and natural persons (21%). According to information provided by the Kansas Department of Revenue, \$1,308,201 KHITCs were claimed in Fiscal Year 2023 by 27 total filers.

Due to the fact that 2024 was the second year the KHITC program completed a full cycle from application to credit issuance, aggregate job creation and capital investment that resulted from the tax credits for a period of five years is not available. KHRC looks forward to being able to report in the future about the positive impact of the KHITC program on aggregate job creation and capital investments statewide.

Home has never been more important for Kansans. KHRC and our partners are pleased to administer the state's crucial investment in housing resources, Unlocking Home for those we serve.

Emrath, P. (2020). *National Impact of Home Building and Remodeling: Updated Estimates*. National Association of Home Builders.
<https://www.nahb.org/~media/NAHB/news-and-economics/docs/housing-economics-plus/special-studies/2020/special-study-national-impact-of-homebuilding-and-remodeling-april-2020>



KANSAS HOUSING

2023 Round 3 - MIH + KHITC

Project Name	MIH Awardee	KHITC Awardee	County	Region	KHITC County Size	Project Type	Request Type	Total Units	MIH Units	KHITC Units	MIH Award	KHITC Award
The Retreat at Paradise Valley	City of Natoma	YHM Holdings, LLC	Osborne	NW	Small	Rental	Rehabilitation	12	12	12	\$650,000	\$420,000
Clay Center Middle Income Housing	City of Clay Center	Austin Gillard	Clay	NC	Medium	Homeowner	Down Payment, New Construction	9	9	9	\$650,000	\$288,000
Logan Pointe	City of Herington	City of Herington	Dickinson	NC	Medium	Homeowner	New Construction	5	3	5	\$180,000	\$160,000
Solomon Housing	-	JC Builders Inc	Dickinson	NC	Medium	Homeowner	New Construction	6	0	6	-	\$192,000
Atchison County Housing Project	-	Pomeroy Development LLC	Atchison	NE	Medium	Both	New Construction	14	0	14	-	\$448,000
Banner Oaks Subdivision ^	-	HHP Holton Banner I LLC	Jackson	NE	Medium	Homeowner	New Construction	3	0	3	-	\$96,000
Osage City MIH Housing Project	City of Osage City	Heartland Design Build, LLC	Osage	NE	Medium	Both	Down Payment, New Construction	15	15	15	\$393,000	\$480,000
Garnett Housing Need	City of Garnett	Confluence Ventures Inc	Anderson	SE	Small	Rental	New Construction, Infrastructure	8	5	8	\$450,000	\$280,000
Landmark Apartments	City of Hutchinson	Meyer Landmark, LLC	Reno	SC	Large	Rental	Acquisition and Historic Rehabilitation	40	24	40	\$650,000	\$1,200,000
United Village Housing Development	City of Dodge City	Capital Development, LLC	Ford	SW	Large	Homeowner	New Construction	40	8	40	\$650,000	\$1,200,000
Fowler MIH	City of Fowler	Fowler Action Committee	Meade	SW	Small	Homeowner	New Construction	3	3	3	\$332,215	\$105,000
Sligo Station	-	Hawkeye Development	Finney	SW	Large	Rental	New Construction	60	44	40	-	\$1,200,000
Totals:								215	123	195	\$3,955,215	\$6,069,000

2024 Round 1 - KHITC

Project Name	KHITC Applicant	City	County	Region	KHITC County	Project Type	Request Type	Total Units		Total KHITC		KHITC Award
Lofts at the Zarah	Lofts at the Zarah LLC	Great Bend	Barton	NW	Large	Rental	Historic Rehab	4		4		\$120,000
Aero Plains	Building Kansas LLC	Salina	Saline	NC	Large	Homeowner	New Construction	40		40		\$1,200,000
Marion, KS 4 Single Family Residence	TCRS LLC	Marion	Marion	NC	Medium	Homeowner	New Construction	4		4		\$128,000
Historic Abilene Downtown Lofts	Rural Rental LLC	Abilene	Dickinson	NC	Medium	Rental	Historic Rehab	6		6		\$192,000
Central School Apartments - Stage Loft	Central School Apartments LLC	Atchison	Atchison	NE	Medium	Rental	Historic Rehab	14		1		\$32,000
Limerick Lofts	324 Investments LLC	Alma	Wabaunsee	NE	Small	Rental	Historic Rehab	2		2		\$70,000
Liberty Theater Project	Liberty Theater LLC	Columbus	Cherokee	SE	Medium	Rental	Rehab	6		6		\$192,000
Columbus Housing Initiative	Crossland Construction Company	Columbus	Cherokee	SE	Medium	Homeowner	New Construction	10		10		\$320,000
Sycamore Development	City of Harper	Harper	Harper	SC	Small	Homeowner	New Construction	6		6		\$210,000

Sunrise Addition	City of Anthony	Anthony	Harper	SC	Small	Homeowner	New Construction	16		8		\$280,000
Sunflower Court Townhomes	Petra Development Partners	Scott City	Scott	SW	Small	Rental	New Construction	24		24		\$840,000
City of Scott City - Chestnut Street MIH Project	East Cambridge LLC	Scott City	Scott	SW	Small	Homeowner	New Construction	7		7		\$245,000
Prairie Flats	Petra Development Partners	Larned	Pawnee	SW	Small	Rental	Rehab	33		33		\$1,155,000
Totals:								172		151		\$4,984,000

2024 Round 2 - KHITC												
Project Name	KHITC Applicant	City	County	Region	KHITC County	Project Type	Request Type	Total Units		Total KHITC		KHITC Award
10th & Walnut Suites	Michael D. Graham Rentals LLC	Hays	Ellis	NW	Large	Rental	New Construction	48		40		\$1,200,000
South View Estates	South View Estates LLC	Salina	Saline	NC	Large	Homeownership	New Construction	32		32		\$960,000
Sutter Highlands/Sutter Woods	Drippe Homes Inc.	Junction City	Geary	NC	Large	Homeownership	New Construction	10		10		\$300,000
Fairway Vistas	ROC EM LLC	Ottawa	Franklin	NE	Large	Rental	New Construction	14		14		\$420,000
Pancake Flats	Petra Development Partners	Liberal	Seward	SW	Medium	Rental	Rehab	22		22		\$704,000
Blue Sky Farms' Housing Project 24R2	Blue Sky Farms	Kinsley	Edwards	SW	Small	Rental	New Construction	6		6		\$210,000
Totals:								132		124		\$ 3,794,000

2024 Round 3 - KHITC												
Project Name	KHITC Applicant	City	County	Region	KHITC County	Project Type	Request Type	Total Units		Total KHITC		KHITC Award
Golden Sunset Addition	Golden Sunset Addition LLC	Goodland	Sherman	NW	Small	Homeownership	New Construction	4		4		\$140,000
Jansonius Development	Northwest Kansas Housing, Inc.	Phillipsburg	Phillips	NW	Small	Homeownership	New Construction	10		10		\$350,000
Golden Belt West - Duplexes	R & R Developers, Incorporated	Abilene	Dickinson	NC	Medium	Rental + Homeownership	New Construction	16		16		\$480,000
ICON Valley Townhomes	IVT, LLC	Wellsville	Franklin	NE	Large	Rental	New Construction	32		16		\$480,000
Aeschliman Addition	Aeschliman Construction, Inc.	Holton	Jackson	NE	Medium	Homeownership	New Construction	3		3		\$96,000
Jefferson Project	First Step Builders LLC	Independence	Montgomery	SE	Large	Homeownership	New Construction	5		5		\$150,000
Totals:								70		54		\$ 1,696,000
2024 Totals:								374		329		\$ 10,474,000