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MEMORANDUM

To: Chairman Olson
Members of the Senate Committee on Federal and State Affairs

From: The Office of Revisor of Statutes

Date: February 7, 2022

Subject: SB 376 – Amendments to the Kansas Rural Housing Incentive District Act.

Senate Bill No. 376 (SB 376) would make amendments to the Kansas Rural Housing Incentive District Act. The Act currently authorizes cities with a population of less than 60,000 and counties with a population of less than 80,000 to issue special obligation bonds to finance infrastructure costs for residential housing and the costs to renovate older residential buildings.

Under SB 376, the definition of "city" would be amended to include the City of Topeka regardless of its population. The bill also expands the list of permitted uses of the special obligation bond proceeds to include renovation and construction of single-family and multi-family dwellings or other structures used exclusively for residential use on existing lots with infrastructure that has been in place for at least 10 years. Further, the bill would permit proceeds to be used for such projects even when owned by or leased to a private developer. Current law prohibits the use of bond proceeds for construction of any buildings owned or leased to a private developer.

SB 376 also increases the transfer of funds from the state economic development initiatives fund to the state housing trust fund. For fiscal years 2020 and 2021, the amount transferred was \$2,000,000. For fiscal years 2022, and 2023, the amount is increased to \$20,000,000. The state housing trust fund is administered by the Kansas Housing Resource Corporation and under current law can only be used for the purpose of making loans and grants to rural cities and counties for housing development in rural areas. SB 376 would amend this provisions to direct that 75% of the moneys in the state housing trust fund would continue to be used for such loans and grants, but that the remaining 25% of such moneys would be used for

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loans and grants to cities or counties with a population of 60,000 or more. Additionally, the bill would establish a limit of \$900,000 for each recipient of a loan or grant under this section.

If enacted, SB 376 would become effective on July 1, 2022.