

To: Senate Commerce Committee
From: Jamie Sauder
Date: March 11, 2019
Subject: Proponent Testimony on HB 2147

Honorable Chairman Lynn and members of the Senate Commerce Committee:

Thank you for the opportunity to appear in front of you today to provide testimony in support of HB 2147 which would increase the bond maturity limitations under the Kansas rural housing incentive district act.

My name is Jamie Sauder and I am the Broker and Co-Owner of Coldwell Banker Emporia Real Estate in Emporia, KS. I have been a licensed agent in Kansas for 13+ years and have been active working with buyers and sellers and involved with new home construction for the entire time I have been licensed.

My support for this bill stems from my desire to see my community and other rural communities in Kansas have a fighting chance to survive and compete with the larger metropolitan areas of the state in matters of growth and economic development. I have watched the cost of new construction and infrastructure development outpace the value of the real estate, which has led to a virtual standstill in new and infill developments in the rural areas of the state. This lack of development has greatly contributed to the shortage of available housing in communities like Emporia and has made it very challenging for our community to compete with larger areas in economic development matters. Simply put, developers won't take on a project if it is a losing proposition from the outset. Companies looking to expand into rural markets are looking at available housing very early in the selection process, and because there has been reluctance for developers to put in new subdivisions or take on infill projects, we often don't make the cut because we don't have available housing stock to support such growth.

The RHID is a valuable incentive. We are currently using the incentive in Emporia in a new subdivision that was began in in the late part of 2016, and since the infrastructure was complete we have constructed 18 homes in 24 months. Because of the extreme demand for housing in our market, we have been very successful and we are on track to be paid back, barely, at the end of the 15 year period. But, we have been fortunate to have caught "lightning in a jar". The average sale price of the homes in the new subdivision is approximately \$380,000.00, which has exceeded projections. Once the subdivision is built out, it will have generated approximately \$2.15 million in property taxes. But, with the total cost of the subdivision coming in at \$2.1 million, we had to have the "perfect storm" of demand, available land and construction activity to build enough houses fast enough to have enough time to generate enough property taxes to pay back the infrastructure investment. Our community has been fortunate to have the new subdivision and it has gone a long way to alleviate pent up demand for higher valued homes while at the same time creating more inventory in the market as buyers "moved up" in value and sold their existing homes to do so. But, where we are now is a market with minimal demand for high end homes and still short on inventory of affordable homes, homes priced nearer the average sale price, which is approximately \$115,000.00. Extending the timeframe in which a developer can recoup their investment through the collection of property taxes is vital to the survival of rural communities. Allowing more time will:

- Enable developers to pursue projects with lower valued housing options that don't generate as much in property taxes, but will be more affordable to more people.
- Alleviate much of the risk that is associated with developing in non or slow growth areas.
- Encourage infill projects which don't extend a community's infrastructure beyond its physical boundaries.
- Encourage developers to extend into new markets and generate competition that will drive prices down and benefit the consumer.
- Help end the cycle of waiting for demand for a certain type of housing to grow and then developing in reaction to that demand growth and help rural communities to "get out in front" of the current housing shortage.

As I stated before, our first attempt at developing using the RHID incentive has been successful, but it is also circumstantial. Without historical housing shortages, coupled with pent up demand, our development would not have worked under the current restrictions. Furthermore, with the current restrictions in place, we won't be able to afford to develop more until the demand for high end housing once again peaks. Extending the timeframe to 25 years is a vital first step for housing markets in rural communities to grow and thrive under current and future market conditions.

Again, I appreciate the opportunity to appear before you today. I respectfully request that the committee act favorably on HB 2147. Thank you for your time and consideration of this important matter.

Sincerely,



Jamie Sauder