



TESTIMONY BEFORE THE HOUSE RURAL REVITALIZATION COMMITTEE
on House Bill No. 2516

Kansas Housing Resources Corporation
Ryan Vincent, Executive Director
February 11, 2020

Chairman Smith and members of the Committee, Kansas Housing Resources Corporation (KHRC) is the public corporation that administers Federal and State housing programs on behalf of the State. KHRC's mission is to help Kansans access the safe, affordable housing they need and the dignity they deserve. Thank you for the opportunity to present before the Committee on KHRC's programs and rural housing needs on January 29th.

Our office has fielded several inquiries about the First-Time Home Savings Account Act proposed in House Bill No. 2516 (Bill). While KHRC is neutral on the proposed bill, as shared with the Committee at my testimony, KHRC welcomes any resources or tools that help address the overwhelming need for safe, quality, affordable housing in our State.

I respectfully offer a few observations on the bill to assist with your review and deliberations:

- In our initial review of the Bill, it appears that the savings account could work in concert with our First Time Home Buyer Program administered through our office. KHRC's program requires that participants contribute a minimum 2 percent down payment toward the purchase price of a home. It appears the proposed First-Time Home Savings Account could be used toward this requirement.
- While the Bill would result in state tax savings for participants, unlike the traditional 529 college savings plans, the program would not result in federal tax savings. Accordingly, there may be less of an incentive to participate than a traditional 529 plan.
- The benefits of the proposed program may skew towards higher income level households that have the financial means to save for housing and the wherewithal to create and fund an account.

- While KHRC will not be administering the program, any administrative costs and ultimate tax revenues lost will have costs to the State. These resources may be better used expanding the existing Moderate Income Housing (MIH) Program administered by KHRC at no cost to the State.

Again KHRC welcomes and encourages the State's interest and investment in housing as best determined by the Legislature. KHRC remains a committed partner in addressing the State's housing needs and unlocking home for Kansans.

Sincerely,



Ryan Vincent
Executive Director

