



Mark Tomb
Vice President of Governmental Affairs
Kansas Association of REALTORS®
3644 SW Burlingame Rd.
Topeka, KS 66611
785-414-5155
mark@kansasrealtor.com

To: House Local Government Committee
From: Mark Tomb, VP of Governmental Affairs
Date: February 19, 2024

Re: Neutral Testimony for HB 2734

On behalf of the Kansas Association of REALTORS® (KAR), thank you for the opportunity to provide neutral testimony regarding HB 2734, legislation that imposes a five-year expiration of improvement districts if no improvements are carried out within those five years.

KAR would like to first acknowledge the concerns that this legislation is trying to address. A small number of housing developments within improvement districts have experienced delays in fully implementing the financial cost sharing provisions available under state law. These delays resulted in several homeowners feeling that they were not fully informed about potential costs associated with homeownership. Property owners should always be fully informed as required by K.S.A. 12-6a20 “the seller of the property shall disclose to the buyer that the property is subject to such special assessment or fee or located in an improvement district.”

The approach of this legislation is certainly more favorable than the last time the House Local Government Committee addressed this issue with a hearing on HB 2518 during the 2022 Legislative Session. That legislation invalidated real estate contracts for not disclosing a special assessment or if there was a lack of disclosure that the property is located in an improvement district. That was an unworkable solution that would impact the stability and security of real estate transactions. While that legislation was problematic, there was one aspect of that legislation that should be considered here- requiring an additional notice by local governments in the form of a first-class mailed notice to all property owners within a district.

KAR is neutral on this legislation because there could be unintended consequences with imposing a five-year limitation that begins with the most recent improvement. It would be preferred to establish a time limitation that begins later in the process, possibly with the first issuance of a certificate of occupancy within the district. That would allow for more flexibility in the timeline while still protecting actual homeowners that now reside in the district. It is not uncommon for a district to be created and then encounter years of delays in securing funding, acquiring materials, addressing other regulatory demands, or even scheduling skilled labor. While the legislation suggests an easy process to extend deadlines, there could also be additional pressures that result in further delays or limitations to utilizing this financing tool.

Conclusion

The Kansas Association of REALTORS® would urge members of the House Local Government Committee to consider changes that improve the transparency and flexibility of utilizing improvement districts.