

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT.

The meeting was called to order by Chairman Kenny Wilk at 3:30 p.m. on March 6, 2003, in Room 522-S of the Capitol.

All members were present except: Representative Krehbiel, Excused
Representative Winn, Excused

Committee staff present: April Holman, Legislative Research
Renaë Jefferies, Revisor of Statutes
Fulva Seufert, Secretary

Conferees appearing before the committee:

Steve Weatherford, President, Kansas Development Finance Authority
Melissa L. Walker, President, Kansas Association of Mortgage Brokers
Don Witzke, Coldwell Banker Witzke & Associates, LLC, Liberal, Kansas
Randall Hrabec, Executive Director, Northwest Kansas Planning & Development Commission
and Northwest Kansas Housing, Inc., Hill City
Andrew L. Bias, President and CEO, Mennonite Housing, Wichita
Brad Snapp, Sedgwick County Housing Director
Mike Farmer, Executive Director, Kansas Catholic Conference
Sandra J. Goodwin, Fannie Mae Senior Deputy Director, Kansas City Partnership Office
Dave Holtwick, Staff Vice President of Governmental Affairs, Home Builders Association
of Greater Kansas City
Matt Goddard, Vice President, Heartland Community Bankers Association
Rick Jackson, Capitol Federal Saving Bank-
Chuck Stones, Senior Vice President, Kansas Bankers Association

Others attending: See attached list

Chairman Wilk opened the meeting at 3:30 p.m. by asking April Holman, Legislative Research Department, to brief the committee members on **HB 2373** and **HB 2395**. Ms. Holman went over all the changes in the two bills, specifically pointing out the print in italics.

Chairman Wilk opened the Public Hearing on both **HB 2373** and **HB 2395** by asking which conferees were from out of town. He explained that they would testify first since there were about sixteen conferees, and some of the testimony might have to be carried over until next Tuesday, March 11, 2003.

HB 2373: Amending K DFA to allow loans directly to individuals to finance housing developments

HB 2395: Authorizing the Kansas Development Finance Authority to issue mortgage revenue bonds

The Chair first recognized Mr. Steve Weatherford, President, Kansas Development Finance Authority, who spoke as a proponent for **HB 2395**. He said this legislation is needed because the state and its citizens are facing challenging economic times which require innovative solutions and resources to meet the needs of the people and to boost the state's economy. Mr. Weatherford offered an amendment to ensure that K DFA shall not compete with private lenders. The revised language is in the attachment. He also said that "the single-family mortgage revenue bond program is one of the few federal programs wherein states are permitted to earn and retain certain investment proceeds. These investment revenues allow the program to be self-sustaining and provide additional resources to promote affordable housing." He also offered an amendment to the amendment. (Attachment 1).

Chairman Wilk welcomed Ms. Melissa L. Walker, President, Kansas Association of Mortgage Brokers, who spoke in support of **HB 2395** which grants the K DFA authority to issue statewide single-family mortgage revenue bonds. Ms. Walker said this legislation encourages expansion of home ownership throughout the state and that it would enable mortgage brokers the ability to offer their customers the most desirable programs available. (Attachment 2).

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The Chair recognized Mr. Don Witzke, Coldwell Banker Witzke & Associates, LLC, Liberal, Kansas, who spoke in support of the KDFFA amendment because he said it would make available assistance to all of Kansas. He said he had served on the Governor's Commission on Housing for the past seven years and believes this legislation is needed to help solve our state housing problems. ([Attachment 3](#)).

Chairman Wilk next welcomed Mr. Randall Hrabe, Executive Director, Northwest Kansas Planning & Development Commission, who testified on behalf of Northwest Kansas Housing, Inc., Hill City. Mr. Hrabe spoke as a proponent for both **HB 2395** and **HB 2373** and said that he had recently been to a seminar in Omaha where he said Nebraska has many of the same problems that Kansas has, but they did have an advantage in a statewide homeownership program. ([Attachment 4](#)).

Chairman Wilk recognized Mr. Andrew L. Bias, President and CEO, Mennonite Housing, Wichita, who spoke in support of both **HB 2373** and **HB 2395**. He said that Mennonite Housing has been fortunate in being able to provide affordable housing opportunities the past 27 years. Their community housing development organization in Wichita, Kansas has concentrated in the Sedgwick County area. Since he understood the proposed bill seeks to remove from Sedgwick County the capacity to issue MRB's, he offered a friendly amendment that the authority to issue bonds not be removed from Sedgwick County, and that the state have control over where the funds would be allocated. ([Attachment 5](#)).

The Chair next recognized Mr. Brad Snapp, Sedgwick County Housing Director, who appeared on behalf of the Board of County Commissioners of Sedgwick County and spoke in a neutral capacity pointing out some changes he thinks are needed in **HB 2395**. To preserve the ability of Kansas cities and counties to undertake their own homeownership programs, he requested that **HB 2395** be amended on page 11, beginning at line 10, as follows:

- by deleting New Section 5 and Section 6 of the bill in their entirety
- by deleting the reference to K.S.A. 12-5233 in existing Section 7 of the bill, and
- by re-designating existing Section 7 of the bill as Section 5 ([Attachment 6](#)).

Chairman Wilk welcomed Mr. Mike Farmer, Executive Director, Kansas Catholic Conference, who testified in support of **HB 2395**. Mr. Farmer said that this legislation appears to be a beginning in implementing a program which would expand the availability and affordability of housing in the state of Kansas. He stressed that it provided creative, cost-effective, and flexible programs along with supporting creative partnerships among nonprofit community groups, churches, private developers, government at all levels, and financial institutions to build and preserve affordable housing. ([Attachment 7](#)).

Chairman Wilk recognized Ms. Sandra J. Goodwin, Fannie Mae Senior Deputy Director, Kansas City Partnership Office, who spoke as a proponent of **HB 2395**. Ms. Goodwin said that "this legislation encourages the expansion of homeownership throughout the state of Kansas by allowing the KDFFA to raise mortgage funds for low and moderate income first-time home buyers." ([Attachment 8](#)).

The Chair introduced Mr. Dave Holtwick, Staff Vice-President of Governmental Affairs, Home Builders Association of Greater Kansas City, who spoke in support of **HB 2395**. He said that this legislation will provide the tools to encourage homeownership throughout Kansas by making additional financing options available statewide. ([Attachment 9](#)).

Chairman Wilk asked if there were any additional proponents who wished to testify, and seeing none, called on Mr. Matt Goddard, Vice President, Heartland Community Bankers Association, who expressed opposition to **HB 2395** and **HB 2373**. Mr. Goddard said the Heartland Community Bankers Association represents thrifts in Kansas, Colorado, Nebraska, and Oklahoma. He mentioned that **HB 2395** authorizes the KDFFA to issue mortgage revenue bonds for financing, acquiring, and originating mortgage loans. In addition, he said the bill also makes the following changes to existing law that will expand the powers of KDFFA:

- Removes a statutory prohibition against KDFFA making construction loans directly to consumers;
- Adds moderate-income persons and families to those eligible for construction loans;
- Exempts mortgage revenue bonds from publication and notification requirements; and

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- Prohibits local units of government from administering their own mortgage revenue bond programs.

In closing, he said that **HB 2395** would make KDFA one of the largest mortgage lenders in Kansas, and that he simply does not see the need for the state to be so involved in the mortgage industry. ([Attachment 10](#)).

Chairman Wilk welcomed Mr. Rick Jackson, Capitol Federal Saving Bank, who spoke as an opponent to **HB 2395**. His testimony gave a brief history of the Community Reinvestment Act and the Home Mortgage Disclosure Act which have made the dream of homeownership come true for many Kansans. Mr. Jackson said that if an individual or family wants to own a home, there are adequate resources available now through public and private partnership to make that dream become a reality. ([Attachment 11](#)).

Chairman Wilk welcomed Mr. Chuck Stones, Senior Vice President, Kansas Bankers Association, who said he had some concerns with **SB 2395** as it is currently drafted. These concerns include the following:

- State competition with privately owned mortgage lenders
- Program might end up serving only the urban counties
- Low income Kansans might not be included

Mr. Stones said there is a need for affordable housing in rural areas, but he was not sure that this program meets the stated needs based on the current marketplace. He stressed that some of the objectives are good, and the Kansas Bankers Association wants a program that will meet the stated objectives and not compete with the private marketplace. ([Attachment 12](#)).

Chairman Wilk called the committee's attention to written testimony from the following:

- Ms. Rosalyn Brown, Community Liaison, Unified Government of Wyandotte County/Kansas City, Kansas ([Attachment 13](#))
- Mr. Richard A. Ruiz, President/CEO, El Centro, Inc. ([Attachment 14](#))
- Mr. Michael P. Nedrow, President, Mortgage Bankers Association of Greater Kansas City ([Attachment 15](#))
- Mr. Paul J. Robben, President, Robben Development, Stillwell, Kansas ([Attachment 16](#))
- Mr. John P. Krueger, Director Community Development Department, Executive Director, Housing Authority ([Attachment 17](#))
- Ms. Kelly S. Willoughby, Executive Director, Kaw Valley Habitat for Humanity ([Attachment 18](#))
- Mr. Kirk McClure, Associate Professor, Graduate Program in Urban Planning, University of Kansas ([Attachment 19](#))
- Mr. Richard (Dick) A. Wertzberger, Senior Vice President, Director of Retail & Mortgage Banking ([Attachment 20](#))
- Mr. Thomas A. Bishop, Executive Director, Homestead Affordable Housing, Inc. ([Attachment 21](#))

Chairman Wilk said the Public Hearing on **HB 2373** and **HB 2395** would be recessed until the next meeting, Tuesday, March 11, 2003. He invited all today's conferees back to contribute toward the question and answer portion of the next meeting. The conferees who did not get to testify today will be on the agenda next Tuesday. The Chair also announced that there would be a hearing on **SB 65 - Kansas certified capital formation company act, amendments**.

Representative Hill made a motion to approve the minutes of February 25, 2003, and Representative Burroughs seconded. Motion carried.

The meeting adjourned at 5:25 p.m.