



HOUSING HIGHLIGHTS

2025 Legislature Week One

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The Kansas Legislature convened, and lawmakers were sworn in at 2pm January 13th, beginning their 2025 session. The recent November election resulted in Republicans gaining three seats in both the House and Senate, thereby enhancing their capacity to significantly influence if not entirely control, the legislative agenda for the year. Lawmakers from both parties had already initiated discussions on state budget line items in anticipation of their return, indicating that this session will likely commence and conclude with a strong emphasis on fiscal matters. Additionally, legislators have already expressed plans to address the following issues:

- The Kansas Water Office reported to lawmakers on the state's water crisis, highlighting that all Kansans face water-related issues, with solutions varying by location and cost. Consultant Julie Lorenz emphasized the importance of addressing aging infrastructure and water shortages, noting feedback from a diverse group of residents, including environmentalists and farmers. Kansans expressed a keen desire for clean, safe water for future generations. The estimated cost to meet these priorities is approximately \$140 million annually, with residents concerned about the effective use of their tax dollars in supporting water initiatives.
- The Kansas Department of Corrections is seeking additional funding to address prison overpopulation, including plans for a new facility in Hutchinson, estimated to cost \$453 million. Secretary Jeff Zmuda noted that while inmate numbers have decreased since the pandemic's peak, they are projected to rise by approximately 600 annually, potentially exceeding available bed space for women by late 2026 and for men by 2028. Zmuda also expressed a desire to relocate the Wichita Work Release Facility to a larger downtown space, emphasizing the area's job opportunities. However, he clarified that there are no plans to distribute the workforce across other regions, which has raised concerns among local lawmakers.
- Kansas is projected to see a reduction of approximately \$1.86 billion in tax collections for fiscal year 2025, with even lower expectations for FY 2026. Key factors contributing to this decrease include the food sales tax cut and changes from a special legislative session. Consequently, Kansas taxpayers will bear the financial impact through their sales and income taxes.

On January 15th, 2025, Governor Kelly delivered her 7th annual state-of-the-state address to the joint Kansas legislature, emphasizing significant achievements and future priorities. She celebrated six consecutive years of school funding, balanced budgets, tax cuts, and economic growth while stressing the urgent need for investment in early childhood education and public schools. The Governor proposed the establishment of an Office of Early Childhood to enhance service delivery and called for proactive measures in water supply management to protect resources for future generations. She also advocated for bipartisan cooperation to ensure Kansas's continued prosperity. The next day, Governor Kelly presented the executive branch's projected annual budget, which includes the following key initiatives that reflect a comprehensive approach to addressing the needs of Kansans and fostering sustainable growth across various sectors.

Agriculture and Natural Resource: A \$1 million investment in the Center for Sorghum Improvement aims to promote water-saving sorghum crops through a collaborative research initiative.

Disability and Employment Services: The budget includes \$20 million for Home and Community Based Services Provider Grants to address the needs of a growing aging population.

Early Childhood Care and Education: The budget allocates approximately \$13.4 million to expand childcare slots and build workforce capacity, including \$10 million for the Childcare Capacity Accelerator Grant program and \$1.3 million for Child Care Health and Safety Grants.

Economic Development and Tourism: The budget supports economic development initiatives and includes \$350,000 for improvements to Commerce's Transparency Database.

Foster Care System Repair: The budget includes \$9 million for the Department of Children and Families to support foster youth and \$2.6 million for Behavioral Health Intervention Teams to enhance placement stability.

Free School Meals: The budget eliminates co-payments for students on reduced lunch, providing free school meals to over 35,000 Kansas students.

Health Care Services: The budget prioritizes mental health services, including funding for additional psychologists at Osawatomie State Hospital, with \$2 million allocated for capacity building in hospitals and \$1.5 million for infectious disease training.

Higher Education Investments: Nearly \$50 million is earmarked for the postsecondary sector, including \$14.4 million for need-based aid and investments in cybersecurity infrastructure.

K-12 Education Funding: For the seventh consecutive year, the budget fully funds K-12 public schools, including \$72.6 million in Special Education State Aid, as part of a five-year plan to fully fund special education.

Medicaid Expansion: The budget aims to bring back over \$1 billion in taxpayer dollars to Kansas, expanding Medicaid to provide affordable health care for an additional 150,000 Kansans at no extra cost to taxpayers.

Public Safety Enhancements: To improve educational and career outcomes, critical investments are made in the Kansas Highway Patrol, the Kansas Bureau of Investigation, and the Department of Corrections.

Water Infrastructure: A bold commitment to water funding is reflected in an increase of \$30 million this year, with close to \$90 million appropriated for water infrastructure projects, including clean-up of groundwater contamination and cost-sharing for farmers to implement water-saving technology.

The Kansas Department of Transportation has been awarded a federal grant totaling \$2.69 million to enhance the state's vehicle crash information system and facilitate the implementation of driver's license scanners by local law enforcement agencies, thereby expediting accident reporting. This funding, provided by the National Highway Traffic Safety Administration, will support a comprehensive overhaul of the Kansas Crash Data System, enabling improved integration with law enforcement agencies statewide. The initiative underscores the critical importance of accurate and timely data in developing strategies aimed at reducing both the frequency of vehicular crashes and the severity of resulting injuries. Currently, KDOT receives electronic traffic accident reports from the Kansas Highway Patrol through the Kansas Law Enforcement Reporting System. However, approximately 50% of data related to Kansas crashes is still entered manually, as many local law enforcement agencies do not possess electronic systems compatible with KLER. To address this issue, the initiative includes the distribution of 1,000 driver's license scanners to law enforcement agencies, promoting the transition to electronic reporting. Calvin Reed, Secretary of the Kansas Department of Transportation, remarked,

"Ultimately, this initiative will streamline our current processes, enhance data accuracy, and provide quicker access to actionable information." This program is in alignment with the Federal Bipartisan Infrastructure Law, which allocates grants to states for the standardization of crash data systems.

Governor Kelly, in collaboration with the Center for the Rights of Abused Children, has enacted a first-of-its-kind executive order that terminates the KS legislative practice of utilizing for alternative purposes any federal funds specifically designated for the state's foster care services. As a result, the Kansas Department for Children and Families will assume the role of sole fiduciary for these federal resources. This new responsibility will enable the department to establish trusts or savings accounts for children, thereby facilitating access to additional financial support for life-enhancing activities such as extracurricular programs. The department will now also enhance its efforts to identify responsible adults willing to manage funds for children under the age of 18, streamline the eligibility screening and application process for children in state care, provide financial literacy training opportunities for foster children and their guardians, and ensure delivery of accurate annual reports to promote transparency.

Approximately 200 union members convened at a Statehouse event this week organized by the American Federation of Labor and Congress of Industrial Organizations. AFL-CIO Vice President John Nave spoke to those in attendance, advocating for enhanced local government authority, the rejection of public school vouchers, and an increase in the minimum wage to a living wage of \$15 per hour to ensure families can meet their basic needs. The Kansas AFL-CIO expressed its support for local control and raising the minimum wage, highlighting that union workers typically earn approximately 20% more than their non-unionized counterparts. Additionally, the American Federation of Teachers opposed school vouchers, instead supporting the maintenance of current school funding levels and the full funding of special education programs.

Kansas Supreme Court Justice Marla Luckert addressed lawmakers in her State of the Judiciary speech, highlighting her concern for a future where the rule of law is jeopardized by inadequate legal representation. She emphasized the growing justice gap in Kansas, which reflects a disparity between those who can afford legal services and those who cannot. Luckert shared poignant examples from her courtroom experiences, illustrating the urgent need for action to prevent a crisis in the legal system. She called for collaboration among courts and legislators to find solutions, including simplifying procedures, supporting self-representation, and recruiting attorneys to rural areas. A recent report revealed that only 21% of active attorneys serve 45% of the population in rural counties, with many attorneys nearing retirement age. To address this shortage, Luckert plans to propose legislation offering tuition reimbursement for law students who commit to working in rural Kansas.

The Senate tax committee recently convened to hear testimony regarding Senate Concurrent Resolution 1603, which proposes to limit annual increases in appraised property values to 3%. This resolution includes provisions for exceptions related to new construction, property improvements, changes in property classifications, and ownership transfers. Representatives from the Kansas Farm Bureau and the Kansas National Education Association articulated their opposition to the resolution. Senator Mike Thompson, who co-sponsored the measure alongside 17 other Republican colleagues, advocated for the amendment, emphasizing the need for lawmakers to impose the most stringent restrictions on property taxes. For this resolution to be enacted as a constitutional amendment, it must secure the approval of two-thirds of both the Senate and House members before being presented on the November 2025 ballot, where a minimum of 50% voter support will be necessary for it to take effect in January 2026.

Kansas City, MO launched the \$1 million 'Property Owner Support Program' this week. The initiative is designed to provide financial incentives to landlords who accommodate tenants utilizing housing vouchers, particularly those families or individuals whose income is at or below 60% of the Area Median Income. Property owners may apply for funding of up to \$1,000 for upgrades to comply with the Housing Authority of Kansas City inspection standards, as well as up to \$3,500 per unit for eligible repair costs exceeding the security deposit, applicable for every 10 units on the same property. City leaders emphasized the significance of quality affordable housing in fostering community growth and inclusivity.

A Kansas Housing Resources Corporation representative told legislators this week that rural Kansas needs between 4K and 5K new homes annually to meet housing demand. A significant concern is the availability of affordable housing, as many low-income Kansans and about 27% of all residents spend over 30% of their income on housing costs. Lawmakers were urged to consider various strategies, such as zoning reform and increased tax credits for developers, to boost the housing supply as well as changes to state laws to eliminate barriers to affordable housing solutions, such as permit processes and community land trusts. It was also noted that federal funding for housing in Kansas is limited, making new state programs essential to fill the gaps, including housing investor tax credits and Reinvestment Housing Incentive Districts that support public infrastructure improvements. A representative of the Kansas Association of Realtors advised legislators to use caution when amending zoning law that could significantly impact housing development statewide. A shift from the traditional Euclidean zoning model to form-based zoning codes, which prioritize the appearance of land development over its use could enable local governments to simplify land use regulations and facilitate housing construction in rural regions. It was pointed out to lawmakers that rising construction costs, permitting delays, and changing market conditions have further complicated the situation for developers leading to fewer housing options for Kansans compared to pre-pandemic levels. Senators suggested the need to review state laws and statutes that may hinder local municipalities' flexibility in changing zoning laws and expressed concerns about the lack of builder interest in small towns, which forces local workers to live elsewhere. A legislative proposal recommends allowing homebuilders in cities with populations under 60K to recover certain costs from development increases, which received unanimous support. It was also stressed the importance of evaluating existing programs before introducing new ones, also noting proposals for eviction law reforms would encounter resistance, cautioning that mandatory inspections will not effectively reduce rental costs.

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