

February 8, 2006

Committee on Financial Services
Subcommittee on Housing and Community Opportunity
Rayburn House Office Building, Room 2128
Washington, DC

Support for H.R. 3186 Introduced by Congressman Jim Ryun

Chairman Ney,
Ranking Member Waters,
Members of the Subcommittee:

It is a pleasure to be here to testify in support of H.R. 3186 introduced by Congressman Jim Ryun. I'm Rod Barnes, City Manager for the City of Junction City, Kansas. With me is Sam Robinson, Military Affairs Director for the Junction City/Geary County Military Affairs Council. Junction City is a community of approximately 19,000. We are located on Interstate 70 in the Flint Hills of Kansas, 125 miles straight west of Kansas City. We are home to Fort Riley, Kansas.

We are growing rapidly due to the increase in force strength and growth at Fort Riley. We currently anticipate receiving over 30,000 people in the next 3 years in our region. That means the region will need over 9,000 additional housing units. We are using every incentive available to insure that quality, affordable housing is constructed.

However, we have a big problem with the Section 42 tax credit program. Military families cannot meet the income guidelines when their base housing allowance is included as income. That means a large segment of our population is being excluded from the ability to live in quality, affordable housing.

Some of the newest, quality, affordable housing units in our community and in the City of Manhattan, 15 miles away is Section 42 tax credit units. The City of Junction City currently has 264 units, 112 of these units were constructed after 1999. The balance of

the units was completely remodeled and updated after 2000. The City of Manhattan has 108 units that opened in 2005 and is currently constructing 112 additional units. The 2 and 3 bedroom units in Junction City rent for \$465 to \$600 per month. In Manhattan, they rent for \$495 to \$695 per month. Market rates in both communities would be \$715 to \$950. This means that when a soldier is forced to live in market rate units, they not only use all of their base housing allowance, they must include additional out of pocket funds to cover utilities and rental insurance, thus reducing their income available for other essential household expenses.

The only soldiers that can qualify for the affordable housing units in Junction City would be an E1 with 3 dependents. In Manhattan, an E1 soldier with 2 dependents can qualify. Currently, it is estimated that 40% of the eligible military families that choose to live off of Fort Riley, choose Junction City or Manhattan to live in; we need quality affordable housing.

Investment Resource Inc. owns 112 units in Junction City and all of the units in Manhattan. Today, Investment Resources are turning away 40 to 50 military families a week. Less than 10% of their occupancy in the 112 Junction City units is attributed to military families. Three years ago, 40% of the units were occupied by the military. The same situation occurs for them in Manhattan. As the military housing allowances increase, these families are squeezed out of the affordable income bracket and forced to pay higher rents. Sometimes this is for inferior housing. Soldiers are forced to live in units that are not inspected and approved by post housing. Investment Resources indicates that qualifying military for tax credit housing is not only a problem in our region, but their research shows it is a problem at Fort Leonard Wood in Missouri, Fort Bliss in, El Paso, Texas, Fort Bragg in Fayetteville, North Carolina, and Fort Benning in Columbus, Georgia. It is clear that our soldiers are being discriminated against.

As I indicated in my opening statement, we need affordable housing in our region. The tax credit units provide a wonderful opportunity to help reduce the risk to developers associated with military deployments. The State of Kansas has set aside millions of dollars to assist with the development of housing in our communities using tax credits. However, with the income problems the military families have in qualifying, developers are reluctant to construct units. The region needs quality, affordable housing for all residents, be it military or civilian. The developers will not assume the risk to construct these units, if a large segment of the population in the area is excluded from living in their housing units. We have developers ready to apply for the tax credit program to build units in Junction City if the income calculation for military families is modified to exclude the base housing allowance from the calculation.

We have included pictures of the tax credit housing units in our community.



All of this housing is of high quality and very affordable. Each of the sites where these units were constructed are located in good locations, adjacent to schools and parks. Please help us insure that our military families have the option to live in high quality affordable housing units.

Please give us the Section 42 tax credit program as an incentive to encourage developers to build enough units to meet the growing demand for affordable housing in our region.

Sam and I appreciate the opportunity to address you today. We hope that you will be able to assist us in moving forward with meeting the affordable housing demands of our military families.

I would be happy to answer any questions you might have.

Thank you,

Rod Barnes
City Manager

Sam Robinson
Military Affairs Director

Attachment: Photos of Housing

Coronado Heights



**2 & 3 Bedroom Units ♦ \$465 to \$600 per month
36 Units**



Coronado Park



**1, 2 & 3 Bedroom Units ♦ \$395 to \$535 per month
76 Units**



GREEN PARK



**1, 2 & 3 Bedroom Units ♦ \$400 to \$695 per month
100 Units**



WASHINGTON COURT



1, 2 & 3 Bedroom Units

