



**SUGAR CREEK CAPITAL**

*A forward approach.*

17 West Lockwood Avenue  
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Dear Chairman Smith and Members of the House Taxation Committee,

Sugar Creek Capital is excited to voice our support for Senate Bill 282, specifically in support of a State Housing Tax Credit program. We are a national leader in state low-income housing tax credit investments, which benefit working families and fixed-income seniors. We work directly with federal syndicators, developers, and state tax credit investors to structure affordable housing investments. We bring decades of experience in the development, syndication, construction and management of diverse residential properties, and our team would like to offer our expertise and lessons learned as Kansas considers the creation of a state affordable housing tax credit program.

With its partners, Sugar Creek Capital has helped to create safe, affordable housing for nearly 20,000 families and seniors in communities throughout the country. These are strong rental housing investments that, if you get an opportunity to tour one, clearly compete with the market for quality, but at rents that are affordable (thanks largely to federal and state tax credit programs).

The Low Income Housing Tax Credit program, commonly referred to as LIHTC, is the largest and most successful program in the United States for building and preserving quality, affordable housing. As states look for ways to effectively use their resources to expand on this work, state housing tax credit programs have quickly become the preferred tool at both the development and government levels. State housing credit programs have risen in use because they are efficient, spur economic activity, and are highly accountable.

State housing tax credits, in fact, are the most efficient way to help the federal tax credit program serve more families. Just like additional equity can buy down a mortgage and lead to a lower monthly payment for a typical homeowner, the equity generated by a state credit program allows for reduced rents for the long haul. The reality is that alternative funding options like loans have to be paid back. Even grant funds create taxable events that cost a deal money, but the equity generated from a state credit program stays in the deal, meaning lower—more affordable—rents. Further, focusing exclusively on new loan or grant programs introduces new levels of administrative overhead and bureaucracy, while a state credit program can simply piggyback on the existing, established federal tax credit infrastructure.



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State credits are also a key tool to spur economic activity and jobs. They quite simply allow Kansas to do more. All this work is done with increased accountability compared to other funding programs because state credit programs only pay for success. The private market shoulders the up-front costs, and the Kansas taxpayers do not spend a dime until the apartments are built and families begin to move into their new homes. Even then, tax payments are spread over a further 10 years to maximize accountability and compliance during operations.

The increased investment and public private oversight of these deals in states that already have a state tax credit program, of which there are now over 20 across the country, generally creates a more desirable investment. As Kansas seeks to remain competitive for these types of developments, which in turn provide the type of affordable workforce housing that can continue to make Kansas competitive for business investment, this program is a win-win for the state.

Sincerely,

Chris Hite  
President

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