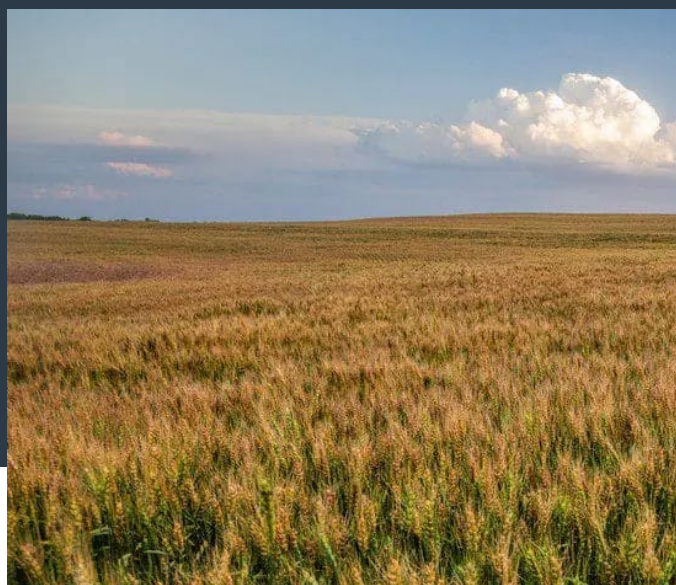


KANSAS VOICES, KANSAS SOLUTIONS NEWSLETTER

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Economic Costs of Homelessness

The growing challenge of housing insecurity for Kansans who have experienced a traumatic event (job loss, eviction, substance use, etc.) is a humanitarian issue, a workforce issue, and often a healthcare issue. And it's more than that.

Homelessness is affecting businesses. When an unhoused family determines the warmest spot out of the wind is at your business's front door, your customers change their behavior. When desperate people sleep nearby in spaces not

intended for human dwelling, your employees who arrive in the morning may experience trepidation that prompts them to look elsewhere for employment.

The result: sometimes businesses close or move. Sometimes their property/liability carrier drops their insurance coverage. Sometimes businesses invest in security systems and stronger locks and protections for their employees.

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Economic Costs of Homelessness Continued

Call the Police

When a business calls 911 for help, the police often have nowhere to direct unhoused people to go for shelter. Enforcing laws against trespassing and camping in the park is difficult and costly. Arresting people means taking them to jail, which usually involves not only costs to taxpayers but also rarely offers real solutions to improve their prospects to return to productive society.

Two Sides of the Same Coin

"Housing and homelessness are two sides of the same coin," said Ryan Baty, Chairman of the Sedgwick County Commission, at KBR's Annual Issues Summit (Sept. 2024). When 25% of households earn less than \$35,000 annually, the portion required just for rent leaves an inadequate amount for other necessities.

More Data Coming

At the request of Sedgwick County and the City of Wichita, economists at the Public Policy & Management Center at WSU are nearing completion of research into the costs to the

Kansas economy of the increasing statewide problem of homelessness. The goal is to have accurate and comprehensive data available to policymakers so they can make informed decisions with the overall public interest in mind.

Themes Emerging from Research

- Housing is increasingly becoming unaffordable across many income brackets. In Sedgwick County, one in four households spend more than 30% of their income on housing.
- Homelessness burdens businesses with expenses for cleanup, property damage, security measures, and increased insurance rates (and difficulty finding insurers).
- Businesses directly affected are stressed about the effects on their customers and employees, frustrated by the lack of support from government and social services, and unsure how to help.
- Responding to life-safety emergencies involving people who are sleeping in vehicles, sheds, and vacant homes consumes an increasing portion of the limited resources of

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Economic Costs of Homelessness Continued

EMS, 9-1-1, fire, police, and code enforcement departments.

What's Next?

Communities across the state are reaching the conclusion that doing nothing is no longer an economic option. Solutions require attacking on multiple fronts using the combined efforts of businesses, nonprofit/charitable, and governments.

The Roundtable's pillars of Civil Society/Good Governance, Infrastructure, and Innovation must be considered to effectively find solutions.

Civil Society/Good Governance

In the 2024 annual survey of Kansans by the Docking Institute, 57% agreed that more government spending is needed in their community for services for the homeless. When asked who was best positioned to deal with the challenge of homelessness, 38% of respondents in the Kansas Speaks survey said "government," 23% "nonprofit sector," and 11% "church."

Survey respondents showed their understanding of homelessness as a problem bigger than just their local jurisdictions when 69% said state government should be responsible for funding services for people who are homeless. The federal government was selected by 64%, and local government was selected by 54% of respondents (Kansas Speaks, Docking Institute at FHSU, Oct. 2024).

Infrastructure

Housing prices and lack of availability in Wichita have resulted in more than 10,000 households on the wait list for a housing voucher, according to Sally Stang, Housing Director for the City of Wichita. The waiting list has grown 400% since 2022, according to Stang (Stefania Lugli, The



KLC Journal, Nov. 8, 2024). Read more [here](#). And Wichita is just one of the many cities in our state.

Infrastructure solutions include not just the obvious need to build more workforce housing but also provide detox centers, shelters, and supportive housing across the state. Robust support for nonprofit organizations devoted to providing a "hand up" to people trying to turn their lives around also is essential.

Innovation

Innovation is needed to address the root causes of homelessness that keep people from reaching such a point of desperation and to get those recently unhoused off the street quickly. Baty calls this "making the back door wider than the front door." Doing nothing, he says, would be "unfair to taxpayers" because action is required to turn things around.

Outdated Investment Policies Affect Kansas Economy

The Kansas Bankers Association brought to the Roundtable's attention in September 2024 that Kansas laws governing how the idle funds of the State and local governments are invested and loaned out are long overdue for modernization.

Local governments sometimes find themselves in the position of seeking investment options through the State's Municipal Investment Pool (MIP) instead of their local banks. Usually this is because (1) the banks are either not able to accept them or not interested due to Kansas law not keeping up with the increased regulatory burden of accepting public funds, or (2) the local governments do not recognize the economic benefits of keeping tax dollars invested locally.

When a local government invests their funds in the MIP, more than 99% of it is then invested outside the state of Kansas—sometimes even in Canada or another country. Also, even though the State has established programs that provide for loaning out such invested dollars for agricultural, housing, and commercial loans in Kansas, these programs are rarely used due to their outdated rates and restrictions.

Reforms Needed

The Kansas Bankers Association has suggested several policy changes that essentially would (1) streamline the process for banks to pledge collateral for public deposits, (2) lower the statutory PMIB bank CD program rate to increase the amount of public deposits that Kansas banks can accept, (3) enable banks and municipalities to negotiate mutually beneficial

rates, and (4) overhaul linked deposit loan programs to remove outdated restrictions and learn from successes in Missouri and other states that have implemented reform efforts and enjoyed significant economic benefits.

What Does the Research Say?

In November, the legislature's Special Committee on Centralized Pooled Collateral and Pooled Money Investment Board (PMIB) Modernization learned more about the issue as well as a recent [Economic Study](#) performed by the Docking Institute at FHSU.

The Docking Institute reported that "the primary advantage of placing deposits in Kansas financial institutions is that these funds are more likely to be loaned to Kansas borrowers, supporting investment projects. This, in turn, boosts the state's capital stock, economic activity, and income."

Docking's research concluded that if Kansas banks could offer interest rates up to 3.15% less than out-of-state banks offer to local governments for deposit of their idle funds, the overall economic activity created by those local deposits would outweigh the direct loss of interest earnings to the local governments.

Shop Local

Keeping more dollars invested locally instead of out of state keeps more resources available for local lending and investment. In turn, this can lead to more capital available for home and

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Outdated Investment Policies Affect Kansas Economy Continued

vehicle loans, business loans, and generally local economic activity.

Such increased economic activity eventually results in increased state and local tax revenue. This model of investing in local economies is the essence of the “Shop Local” slogan usually heard in the retail world.

Housing Required to Prosper

Also in November, the legislature’s Special Committee on Available and Affordable Housing heard that more than just funding is needed to address current housing shortages across the state. Multiple efforts to update policies are also needed.

For example, the committee approved Senate Vice President Tim Shallenburger’s (R-Baxter Springs) proposal to recommend consideration be given during the legislative session to an idea developed by the City of Pittsburg to create essentially a TIF-like program (Tax Increment Financing) using existing state idle funds to incentivize construction of new homes.

The City of Pittsburg came up with the idea after its extensive efforts to attract builders to its rural area, which is desperately in need of residential construction, much like many other Kansas communities.

A Hand Up

The proposal is for a housing revolving fund. Participation would enable a municipality to borrow money from the State or a bank so the municipality could grant a residential builder up to 10% of construction costs. The municipality would pay it back using revenue it collects from property taxes on the new housing over approximately five years.

If considered in conjunction with reforms to the linked deposit loan programs, the State may be able to incentivize more residential construction, making some Kansas communities able to prosper from expanding businesses and job growth.

What’s Next?

The KBA is working with State Treasurer Steven Johnson, the Pooled Money Investment Board, League of Kansas Municipalities, Kansas Association of Counties and the Kansas Association of School Boards on the details of its proposals to bring the legislature a vetted and well-thought-out set of proposals to update policies and learn from successes in other states.



Keith Lawing

President & CEO

Workforce Alliance of South Central Kansas

Founding Member

Kansas Business Roundtable (KBR)

Why did you help start KBR?

Elected officials need to have access to accurate data and quality information when they are considering how to spend taxpayer dollars.

My hope is the KBR will fill a role as a catalyst for creating space to bring business leaders and elected officials together to have respectful conversations on issues to help grow the regional and state economies.

As I have engaged in policy discussions at the state and local levels over the years, way too often the lack of good data and meaningful conversations lead to poor decisions and bad public policy. On the flip side, I have seen when a sincere and deliberate attempt to directly engage elected officials resulted in useful public investments and effective legislation.

At the end of the day, despite political differences, and no matter which part of Kansas we each live in or work at, all of us want economic prosperity and public safety. KBR is a voice to keep a focus on this reality.

What is something you particularly value about the Roundtable?

KBR is different. KBR is not a business PAC, trade group, or secret society. It's a unique collaborative of businesses and organizations that share common values and common goals. I appreciate the different perspectives of the members and always learn something new and valuable during KBR events.

What does the Workforce Alliance hope to achieve?

The goal of joining KBR is to be part of state-level policy conversations that can lead to better outcomes for the Workforce Alliance, which will help grow the regional and state economy. The Workforce Alliance exists to connect employers and job seekers to help grow the economy. This basic function is directly affected by public policy and decisions made by elected officials.

Learn how to get involved in the Kansas Business Roundtable by contacting klawing@workforce-ks.com or Kathy.Sexton@wichita.edu.