



HOUSING HIGHLIGHTS

2026 Legislature Week Three
January 30, 2026
Volume 12 Issue 3

The House Financial Institutions and Pensions Committee is currently considering HB 2497, designed to tweak the Kansas Contracts and Promises law governing mortgage lending practices. Under the current law, lenders are not allowed to calculate prepayment penalties on any home loan discharged more than six months after origination. This is also the case at present with owner-occupied homes as well as investment properties. The proposed statute tries to differentiate these segments of borrowers, while leaving the penalty prohibition for consumer personal loans intact and giving lenders clear scope to include “prepayment penalty clauses” in contracts for real estate investment properties. The new regulation reflects the testimony offered at the hearing by industry participants suggesting that loan requirements will increase financing for commercial borrowers. Supporters of its provision that lenders can impose payment penalties on prepayments say it allows lenders to offset the damages of missed returns from early payoffs, so they can offer investment loans at lower interest rates. As a result, the bill would allow real estate investors to decide on a low-rate or high-rate with unduly flexible repayment terms depending upon their interests.

A key issue for state legislators this session is to implement a property tax relief bill through a proposed constitutional amendment. To control for rapid increase of costs resulting from unrealized gains, this amendment would cap annual increases in property tax values at 3%. This aims to insulate homeowners from financial distress, but it does come with concerns about which elements of the law may conflict with such an amendment. Dissenting law-makers claim the bill merely replicates an earlier proposal that failed in the House. Further, their alternative proposals involve a public vote for every local tax entity that wants to run a revenue-neutral rate higher than the amendment would allow. Nevertheless the measure passed out of the Committee on Assessment and Taxation and is set for a Senate floor vote.

Currently under consideration, HB 2428 would mandate a full slate of changes designed to standardize curriculum, evaluate faculty, and manage assignments in postsecondary teaching and student orientation programs. To that end, the State Board of Regents would be required to put into effect statutory legislation that dictates specific concepts regarding diversity and critical theory in a manner consistent with high scholastic standards. Such legislation should not include language to encourage or force faculty to include these conceptual models in the subject matter of their teaching and/or to use them as a requirement for tenure, promotion, or performance appraisal. The law would also provide for academic freedom through curricular guidance on instances of historical discrimination, as well as provision for specific courses in areas of race, ethnicity, or gender, so long as those subjects are not requirements for a path to a different degree. Along with these regulatory changes, the act introduces new curricular mandates for the 2027-2028 academic year. General Ed coursework on American institutions must be implemented into all undergraduates’ bachelor’s degree plans, specifically covering

things like the U.S. Constitution, the Declaration of Independence, the Federalist Papers, and a comparative study of democratic governance versus totalitarian regimes. In addition, the bill overhauls freshman orientation protocols and focuses on instruction related to the First Amendment and free expression. Orientation materials about diversity or social theory frameworks must be optional, offered with other topics, and available to open access.

Governor Kelly has announced that 10 communities have received \$2.5 million from Federal Aviation Administration's Airport Infrastructure Grants. The program is a joint financial investment with more than \$145,000 statewide matching money from the Kansas Infrastructure Hub and Build Kansas Fund as well as local contributions, leading to a total of more than \$2.6 million investment for this round. This state-level expansion supports higher connectivity that is required for state economic development, has been projected to increase the life of infrastructure by over a decade, and to save money in future reconstruction. To date, the Build Kansas Fund has made substantial investments in implementing federal dollars by dedicating more than \$47.7 million, leading to more than \$153.4 million in federal grant awards for nearly 80 projects throughout the state.

Governor Kelly has revealed that 14 communities have received more than \$45.7 million from the U.S. Department of Transportation's Safe Streets and Roads Program. Focused on upgrading and maintaining critical infrastructure, the project was designed to increase both the safety and living standards of residents of the state. This federal funding will be accompanied with more than \$10.8 million in matching resources from the Kansas Infrastructure Hub and the Build Kansas Fund and local cash for transportation projects overall, up to \$57 million immediately. This demonstrates a high-level partnership for local, state, and federal partners in harnessing effective use of available resources. The Build Kansas Fund is generating substantial returns on investment to the state, too—up to now it has offered matching capital for 79 separate federal awards—beyond this one specific announcement. As a result, over \$47.7 million of combined state investment in the Fund has delivered over \$153.4 million worth of federal grant awards for development projects across Kansas

Lawmakers are working to reform how we publicly access the state's supreme court judicial selection process. A Senate committee is poised to vote on legislation that would require the disclosure of specific records — such as names and cities of residence — regarding applicants to and members of the Supreme Court Nominating Commission. The suggestion would make a statutory provision that would override the current Supreme Court rule that states most of these records are kept secret. And though the nine-member commission — comprising elected attorneys and a variety of governor-appointed laypersons — can give some latitude to publish limited data on judicial candidates, it is still restricted in terms of what the commissioners' own rules mean about transparency. Supporters assert that protecting this information stifles oversight that is needed and that commissioners in these cases are entitled to similar transparency standards as the public officials hired to serve the state. In contrast, at committee level, questions were raised about whether confidentiality affords members real security, but no testimony was brought against the bill formally. Voters will decide in August whether this constitutional amendment should alter the path from merit-based appointments to direct elections for Supreme Court Justice selections.

Legislators are currently considering HB 2329, a bill that would make sweeping structural changes to the state's juvenile justice system. If passed, it would roll back parts of the 2016 reform statutes emphasizing rehabilitation and restricting incarceration to high-risk cases. The proposed bill aims to increase judicial discretion and let young people convicted of lower-level offenses, misdemeanors, or low-risk offenses that have been largely eliminated over the last decade get into jail. Under present standards, however, attention has continued to turn to community-based approaches

which did, in turn, have the effect of shrinking the youth prison population from 347 in 2010 to 110 by July 2025. The bill provides stronger restrictions by doubling the maximum detention time for youths, from 45 days to 90, and— those who are found to have a gun, regardless of whether the weapon was used. To support these changes, the bill requires the Department of Corrections to contract for 35 to 45 additional beds in secure residential facilities. Support for these new placements would shift money away from current programs focused on evidence-based prevention efforts like family therapy, substance-use prevention, and behavioral-health services. The Department of Corrections, Juvenile Justice Oversight Committee, and advocacy groups oppose the measure, insisting that expanding out-of-home placement is counterproductive and tied to negative long-term outcomes. Police departments and foster care providers who support it say that reforms in 2016 have ended up creating unintended openings because not all services are good enough. Foster homes now constitute a default system for juvenile offenders because there is currently no alternative for them.

Lieutenant Governor David Toland officially launched the Downtown Revive & Thrive Rehabilitation for Innovation and Incubator Spaces Program. Kansas provides \$500,000 in funding for communities with populations of 5,000 or less for projects that provide practical business incubator spaces or facilities capable of temporary retail or restaurant operations. Rural communities are hubs of innovation and entrepreneurship but often do not have enough financial resources to maximize their economic potential. This program will assist in the rehabilitation of spaces, particularly in the state's historic downtown assets, for communities to activate underutilized assets and drive the growth of their local economies. Rural downtowns are seeing an increase in vacant and underutilized properties, many of which are historic buildings in dire need of rehabilitation. Simultaneously, there is a significant demand for spaces that entrepreneurs can utilize for product testing, the establishment of commercial concepts, and the early prototyping of new retail or restaurant ventures.

For more info and application click here: <https://www.kansascommerce.gov/downtown-revive-and-thrive/>

The Department of Transportation has announced a major \$135 million investment in infrastructure to replace bridges along the Central Avenue corridor in Kansas City. State transportation officials and Wyandotte County's Unified Government have partnered to take steps to fix critical infrastructure needs using shared resources and is a part of this strategy. The project aims to replace the Unified Government-owned bridge over the Kansas River, which has been shut down since 2021 for safety reasons, as well as state-owned bridges over I-70 and the Union Pacific Railroad, which are near the end of their operating lives. Some of the new funding is expected to reconnect vital regional access points to downtown and neighborhood communities by reopening West Bottoms and other industrial regions.

The House Federal and State Affairs Committee recently advanced House Concurrent Resolution 5022, a legislative effort proposing a constitutional amendment to establish term limits for members of the U.S. Congress. Led by Representative Bill Sutton in collaboration with the nonpartisan nonprofit U.S. Term Limits, the measure secured committee approval through a voice vote and has already garnered the signed support of more than 85 state lawmakers. Data from RMG Research indicates a strong consensus regarding the issue, with 80% of likely Kansas voters favoring the proposal across all ideological spectrums. Should the resolution pass both chambers of the state legislature, Kansas would officially submit an application to join a national movement calling for a convention exclusively dedicated to this issue. Under the U.S. Constitution, 34 state legislatures must file similar applications to trigger such a convention, with subsequent ratification by 38 states required to enact the amendment, a process proponents argue is essential for restoring the concept of the citizen legislator.

The Office of Early Childhood has released its first Annual Report to the state legislature. Scheduled to become fully operational on July 1, 2026, the KOEC will unify more than 20 different programs into one central body, linking families, providers, and communities. The reorganization is intended to meet the high demand for care among the state's nearly 180,000 children under age five (67% of whom live in households where all parents are in the workforce), as it cuts through bureaucracy, simplifies access, and brings greater accountability to publicly funded services. Working with inaugural director Christi Smith, the report presents the steps needed to turn this siloed situation into an effective and transparent environment. It offers recommendations for this office's first year, focusing on strategic planning, efficient use of resources and increased cooperation to help meet the long-term commitment of the state to become a premier place to raise families.

The State Board of Education and the Board of Regents have jointly mobilized to address a significant reduction in student reading ability since the passage of two separate statutes: the 2022 'Every Child Can Read Act' and the 2024 'Blueprint for Literacy'. Literacy is an absolutely critical driver of future economic, health, and justice outcomes so it is alarming that current state assessments indicate 55% of students in grades 3 through 10 are only performing at a limited or basic reading level. Program directors are calling for a united approach to implement a proposed new focus on evidence-based instruction, particularly structured literacy and explicit phonics instead of rote memorization. Universal screening, improved communication with parents, and targeted interventions — including tutoring and summer school — are the means by which the State Board of Education will ensure third-graders can read.

KANSAS HOUSING ASSOCIATION, INC.

513 SW VAN BUREN STREET, TOPEKA, KANSAS 66603

PHONE: 785-235-6283 FAX: 785-235-8676

KHA@KANSASHOUSINGASSOCIATION.COM

WWW.KANSASHOUSINGASSOCIATION.COM

HOUSING HIGHLIGHTS IS A WEEKLY LEGISLATIVE SUMMARY
PREPARED BY KHA, INC. KANSAS GOVERNMENT AND STATEWIDE
NEWS ARE GATHERED AND COMPILED INDEPENDENTLY FROM
VARIOUS MEDIA REPORTS.

KHA BOARD OF DIRECTORS

KELSEY HERR, PRESIDENT

JOSH YUREK, VICE PRESIDENT

TONY KRSNICH, SECRETARY

AUSTIN KACK, TREASURER

TREY GEORGE, PAST PRESIDENT

DIRECTORS AT LARGE

Director - Andrew Danner

Director - Matt Fulson

Director - Chris Hite

Director - Lloyd Rainge

Director - Dan Sallier

Director - Mollea Lightner