



KANSAS HOUSING RESOURCES CORPORATION

STATE HOUSING TRUST FUND

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OVERVIEW: Kansas Housing Resources Corporation (KHRC) is a self-supporting public corporation, which serves as the primary administrator of Federal and State housing programs for the State of Kansas. KHRC's mission is to increase the availability of affordable, safe and accessible housing for low- and moderate-income Kansans. Created as a "one-stop shop for housing," KHRC administers affordable housing programs with the following areas of emphasis: Homeownership, Energy Efficiency, Rental Assistance, Rental Housing Development, Emergency Homeless Shelter Services Assistance, Community Services and Program Compliance.

Working Statewide, KHRC:

- *Provides down-payment assistance to qualifying first time homebuyers.*
- *Offers rental assistance to low-income families and individuals.*
- *Promotes energy efficiency improvements for owner-occupied and rental housing.*
- *Offers incentive to developers that finance the construction and rehabilitation of affordable rental housing.*
- *Educates multi-family property owners and managers about program compliance to ensure that renters have a safe and affordable place to live.*

More information on KHRC's programs and services, as well as its audited financial statements, can be found at www.kshousingcorp.org.

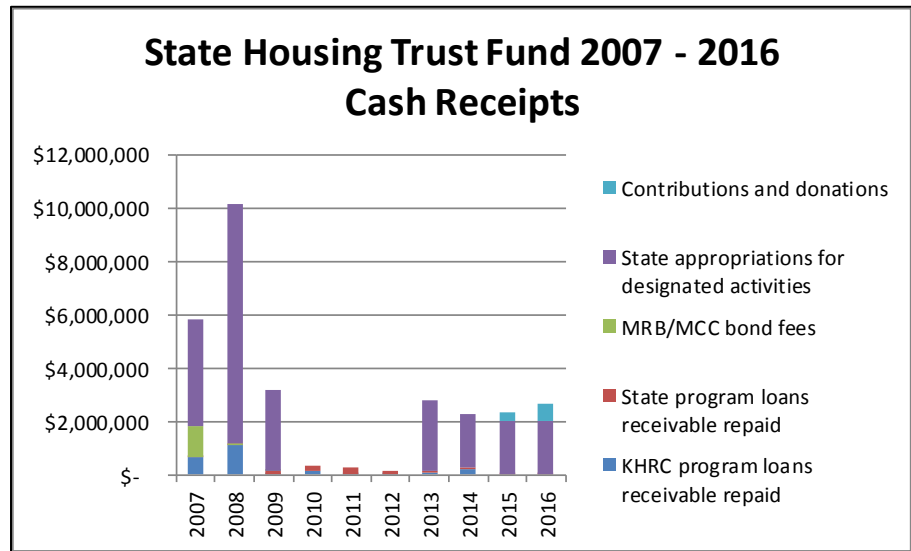
HISTORY & FUNDING: Formerly the Division of Housing within the Kansas Department of Commerce and Housing, Executive Reorganization Order No. 30 and 2003 Senate Bill No. 285 transferred the organization to become a division within the Kansas Development Finance Authority (KDFA). In 2003, KHRC became a subsidiary corporation of KDFA. Governed by a Board of Directors, KHRC does not receive operational revenue from the State of Kansas, but rather sustains itself through fees for services and grant administration cost reimbursement.

STATE HOUSING TRUST FUND

ESTABLISHMENT AND PURPOSE: Established in 1991, the State Housing Trust Fund (SHTF) was created by House Bill No. 2517 as a vehicle to deposit housing funds and provide necessary match for the Federal HOME Investment Partnerships Program. Now codified at K.S.A. 2013 Supp. 74-8959, the SHTF legislation contains no designated funding sources and is essentially a discretionary, interest-bearing trust account for housing

programs and services. The statute allows KHRC, as the administrator of this fund, to maintain and invest funds outside of the State Treasury and to apply for and receive grants, gifts and donations.

FUNDING: While many state housing trust funds around the country have robust designated revenue streams from taxes on real estate sales, development charges, or recording fees, the Kansas SHTF does not have these traditional revenue streams in place. Instead, Kansas SHTF activities are funded from diminished



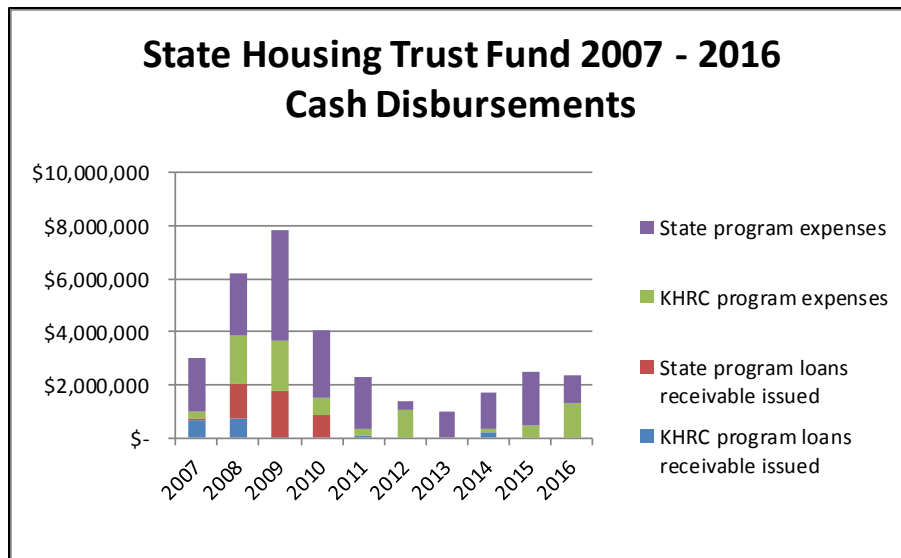
MRB/MCC issuance fees (\$1,978 received since 2010), multi-family bond issuance fees from Private Activity Bonds (\$8,800 received since 2009), and other miscellaneous revenue streams. KHRC has also made contributions and donations to the SHTF from its fees for services activities as deemed appropriate by KHRC’s Board of Directors. (Please see the graph summarizing “SHTF Cash Receipts”)

USES: The SHTF is funding programs such as the Kansas Accessibility Modification Program (KAMP), Emergency Repair Program (ERP), Kansas Gas Service Weatherization Program (KGS-WAP), the Kansas Individual Development Account (IDA) and the Moderate-Income Housing Program (MIH).

KAMP/ERP is the Kansas Accessibility Modification and Emergency Repair Program, a three-year program that began fall 2015 that provides awards to existing weatherization agencies to facilitate weatherization client repairs with a traditional grant rather than a savings and education program. KAMP/ERP funding allows federally funded weatherization measures to move forward. Funding was provided by a \$1,150,000 transfer from KHRC Operations to the SHTF.

KGS-WAP is the Kansas Gas Service Weatherization Program that provided weatherization services to KGS customers over a two-year period (August 20, 2014 through August 20, 2016). Funding was provided by agreement between KHRC and KGS for a one-time \$1.2 million donation as follows: \$60,000 for KHRC administrative costs and \$1,140,000 for KHRC weatherization partner agencies to provide weatherization services.

IDA is the Kansas Individual Development Account Program, a three-year savings and education program effective July 1, 2015. The program awarded \$450,000 to a partner with an existing IDA program. The program assists clients who are saving for housing repairs/rehabilitation, which cannot be funded by federal dollars, and matches client savings in a 2:1 ratio. Funding is provided by a \$450,000 transfer from KHRC Operations to the SHTF.



MIH is the Moderate-Income Housing Program, approved by the Kansas Legislature in 2012, designed to help cities and counties develop moderate-income housing and infrastructure in rural areas. Details on this initiative follow below.

Previously, SHTF dollars have funded other housing community development, emergency loans and grants, and landlord-tenant counseling activities. (This graph summarizes historical uses, “Cash Disbursements”, of SHTF funding, “Cash Receipts”.)

MODERATE-INCOME HOUSING PROGRAM

HISTORY: In 2012, KHRC created the Moderate-Income Housing (MIH) Program after the Kansas Legislature allocated \$2 million to the SHTF for the purpose of administering and supporting housing programs. KHRC supplemented the new 2012 state funding with \$195,000 in existing SHTF resources.

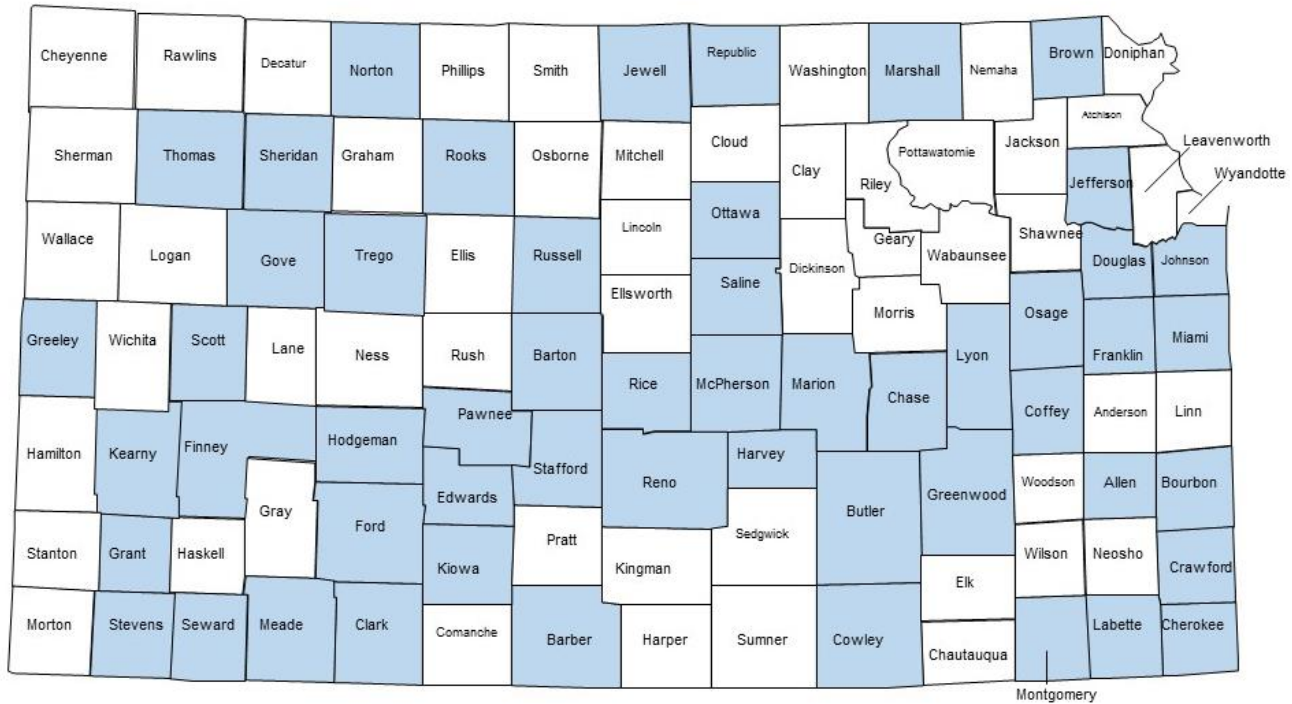
PROGRAM OVERVIEW: The MIH program serves the needs of moderate-income households that cannot afford market-rate housing, yet do not qualify for federal housing assistance. MIH grants and/or loans are awarded to cities and counties to develop multi-family rental units, single-family for-purchase homes, and water, sewer and street extensions in communities with populations fewer than 60,000 people. MIH awards also help finance construction costs, rehabilitate unsafe or dilapidated housing, and offer down-payment and closing-cost assistance to homebuyers.

NOFA (Notice of Funds Available) PROCESS: Each year, KHRC issues a Request for Proposal (RFP) for the MIH program, which details eligible applicants and activities, application procedures, grant/loan structuring, award criteria, compliance monitoring and reporting requirements.

APPLICATIONS RECEIVED: In the five years of the program, KHRC has received 100 applications from cities and counties requesting \$26,285,192 in MIH funding. A review team of KHRC staff evaluates the applications on several criteria, including housing need, readiness to proceed, and the ability to leverage funds from other sources.



2012-2016 Moderate Income Housing Program
Applications



LEVERAGE FACTOR: The MIH program has achieved a leveraged factor of almost \$8 for every \$1 of state resources.

ELIGIBLE APPLICANTS: Cities and counties with a population fewer than 60,000 are eligible for MIH funding. Applicants are allowed to partner or contract with outside entities or individuals, including but not limited to public housing authorities, non-profits, community housing development organizations, developers and local employers.

ELIGIBLE ACTIVITIES: Housing development activities funded through the MIH program include (1) developing infrastructure necessary to support housing; or (2) housing development, including acquisition of real property, new construction, modular or manufactured housing and/or rehabilitation of existing housing. Applicants are encouraged to apply for projects with ties to economic development that leverage funds from both private and public sources. For maximum statewide impact, KHRC limits grants or loans to no more than \$400,000 per awardee.

put into the Abandoned Housing Program. The site is owned by the Community Housing Association of Dodge City.

City of El Dorado

Award Amount \$90,000

The City of El Dorado will receive \$90,000 to build 8 rental duplexes that will be Moderate-Income Housing (MIH). A tax rebate through Neighborhood Revitalization Program will be provided. The contractor is waiving profit. The city has completed a Housing Assessment Tool (HAT).

City of Emporia

Award Amount \$179,839

The City of Emporia will receive \$179,839 to build up to 7 new single family homes within a three-year period on in-fill lots where old structures have been demolished. The city will provide a \$50,000 bridge loan to cover the difference. The city is donating the lots, waiving building permit fees and providing 250 hours of volunteer labor.

City of Eureka

Award Amount \$396,000

The City of Eureka will receive \$396,000 to build 4 rental duplexes, half of which would be Moderate-Income Housing (MIH) units. This will help replace housing that was destroyed in a tornado on July 7, 2016. The city is working with the Eureka Foundation in the endeavor. Land and architectural services are being donated by the Invena Corporation as well as \$20,000 of funding for each duplex. They will also manage the construction process.

City of Granfield and City of WaKeeney

Award Amount \$400,000

The City of Granfield and the City of WaKeeney submitted a joint application and together will receive \$400,000 to help pay for infrastructure and provide gap filler for the construction costs of 4 duplexes of rental housing. There will be two duplexes in each community. The City of WaKeeney is paying for sewer line extensions. Granfield has completed a Housing Assessment Tool (HAT).

City of Hoisington

Award Amount \$100,000

The City of Hoisington will receive \$100,000 to provide down-payment assistance for the purchase of four new single family homes. Hoisington is donating land and waiving fees and permits. A real estate tax rebate will be provided through the Neighborhood Revitalization Program.

City of Inman

Award Amount \$340,000

The City of Inman will receive \$340,000 for infrastructure and down-payment assistance for 10 houses. Central Bank & Trust provides an interest letter for the construction financing. The city has completed a Housing Assessment Tool (HAT).

City of Liberal

Award Amount \$150,000

The City of Liberal will receive \$150,000 for infrastructure and costs associated with building 27 single family homes including 13 that will be MIH. The infrastructure will be for sewer improvements that will serve a total of 27 lots. Rural Housing Incentive District (RHID) is being used for some of the other costs in that area including land, curb and guttering, and lighting. The housing development area will include self-help housing and is close to two new schools.

City of Lyons

Award Amount \$50,000

The City of Lyons will receive \$50,000 to be used for down-payment assistance on two new single family homes. Lyons has been successful in using this model in previous years.

City of Scott City

Award Amount \$280,000

The City of Scott City will receive \$280,000 for infrastructure improvements that includes engineering, staking, grading, streets, curbs, and gutters. This will support \$2,822,094 of immediate development for 12 single family homes with the likely future development of additional housing including 20 tax credit senior units.

Stafford County

Award Amount \$100,000

Stafford County will receive \$100,000 as down-payment assistance on four homes. The County is partnering with Housing Opportunities, Inc (HOI). Each house will be built and sold before the next house is begun so that use of the funding can be maximized.

City of Valley Falls

Award Amount \$150,000

The City of Valley Falls will receive \$150,000 to build one duplex of rental housing which would be adjacent to the tax credit senior duplexes. The City is donating the lots.

CONCLUSION

For over 20 years, the State Housing Trust Fund has served Kansas families and communities, promoting affordable, quality housing and related services. In the past decade under KHRC's tenure, the SHTF has been the vehicle to respond to ever-changing housing needs. From natural disasters to economic downturns, the SHTF and KHRC have helped rebuild Kansas communities, allowed elderly and disabled persons to stay in their homes, and assisted individuals in obtaining their dream of homeownership.

KHRC's corporate structure and the SHTF's broad flexibility allow rapid response to new challenges, as most recently demonstrated by the MIH initiative. Looking forward, the mechanics of the SHTF and KHRC are in place to serve the State into the future. Addressing the growing need for quality, affordable housing and recognizing its ties to economic development remain at the forefront of KHRC's mission. Anticipated and realized Federal funding cuts for housing programs only exasperate the situation. A dedicated, sustainable funding source for the SHTF is vital to serve Kansas families and communities. KHRC appreciates this opportunity to inform the Legislature and public about these recent successes and looks forward to working with the Kansas Legislature, the Administration, and our housing partners on meeting the ever-changing needs of housing in the future.