



KANSAS HOUSING RESOURCES CORPORATION

2018 State Housing Trust Fund Report

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, 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 developers incentives to 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.

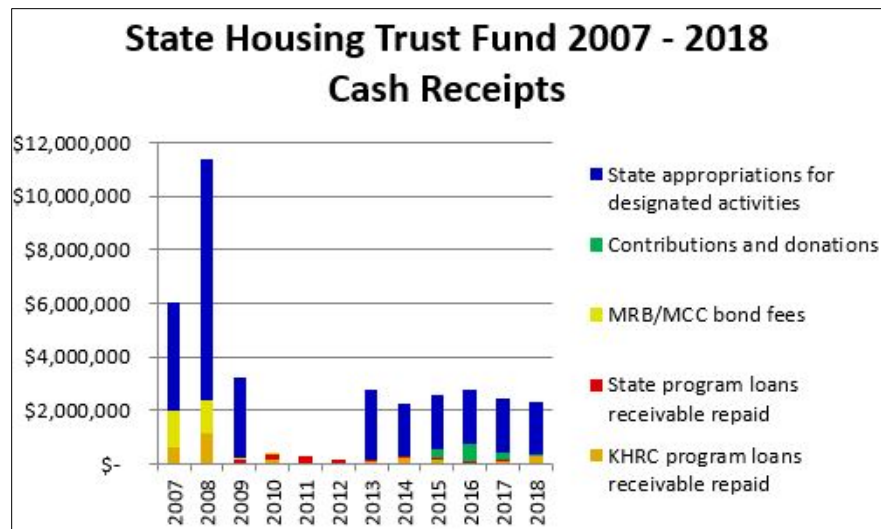
More information on KHRC's programs and services, as well as its audited financial statements, can be found at www.kshousingcorp.org.

History and Funding: Formerly the Division of Housing within the Kansas Department of Commerce & 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 (K DFA). In 2003, KHRC became a subsidiary corporation of K DFA. Governed by a Board of Directors, KHRC does not receive operational revenue from the state of Kansas, but 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 a necessary match for the Federal HOME Investment Partnerships Program. Now codified at K.S.A. 2017 Supp. 74-8959, the SHTF legislation contains no designated funding sources, functioning as 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,

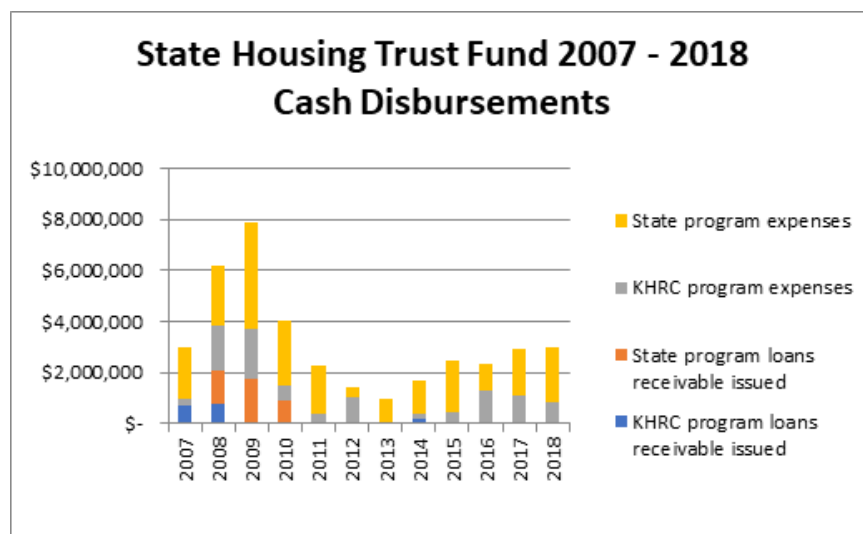


Kansas SHTF activities are funded from diminished MRB/MCC issuance fees (\$1,978 received since 2010) and other miscellaneous revenue streams. KHRC has also made contributions and donations to the SHTF from its fees for services and activities as deemed appropriate by KHRC's Board of Directors. Please see the graph above summarizing SHTF cash receipts.

Uses: The SHTF funds programs such as the Kansas Accessibility Modification Program (KAMP), Emergency Repair Program (ERP), Kansas City Power and Light Program (KCP&L), Tenant Landlord Counseling (TLC), and the Moderate Income Housing Program (MIH).

KAMP/ERP. The Kansas Accessibility Modification and Emergency Repair Program, a three-year program launched in fall 2015, 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 is provided by transfers from KHRC operations or available SHTF funds.

KCP&L. A partnership between KHRC and Kansas City Power & Light, this program provides weatherization services to KCP&L customers. The partnership has resulted in two \$41,000 grants for KHRC.



TLC. The Tenant Landlord Counseling program, established in 2018, aims to assist tenants and landlords in developing effective relationships.

MIH. The Moderate Income Housing Program, approved by the Kansas Legislature in 2012, helps cities and counties develop moderate income housing and infrastructure in rural areas. Details follow below.

Previously, SHTF dollars have funded other housing community development programs, emergency loans and grants, and landlord-tenant counseling activities. The preceding graph summarizes historical uses of SHTF cash disbursements.

Moderate Income Housing Program

History: In 2012, after the Kansas Legislature allocated \$2 million to the SHTF for administering and supporting housing programs, KHRC created the Moderate Income Housing (MIH) Program. Since 2012, KHRC has supplemented state funding with \$582,951 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 of less 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.

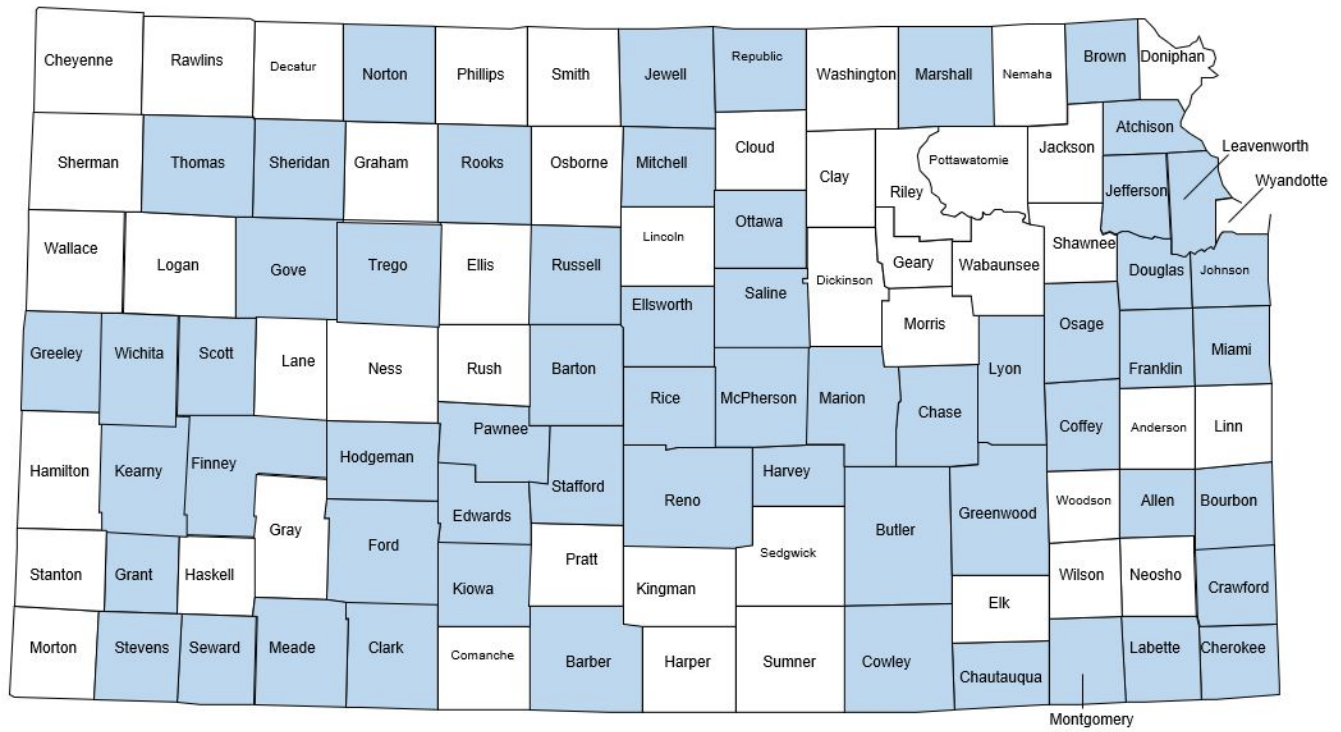
Notice of Funds Available (NOFA) process: Each year, KHRC issues a Request for Proposal (RFP) for the MIH program, which details eligible applicants and activities, application procedures, grant/loan structuring, award criteria, compliance monitoring, and reporting requirements.

Applications received: In the seven years of the program, KHRC has received 122 applications from cities and counties requesting \$35,887,147 in MIH funding. KHRC staff evaluate the applications on several criteria, including housing need, readiness to proceed, and the ability to leverage funds from other sources.

Leverage Factor: The MIH program has achieved a leverage factor of almost \$6 for every \$1 of state resources spent.

2012-2018 Moderate Income Housing Program

Applications



Eligible applicants: Cities and counties with a population of less than 60,000 are eligible for MIH funding. Applicants are allowed to partner or contract with outside entities or individuals, including public housing authorities, non-profit organizations, community housing development organizations, developers, and local employers.

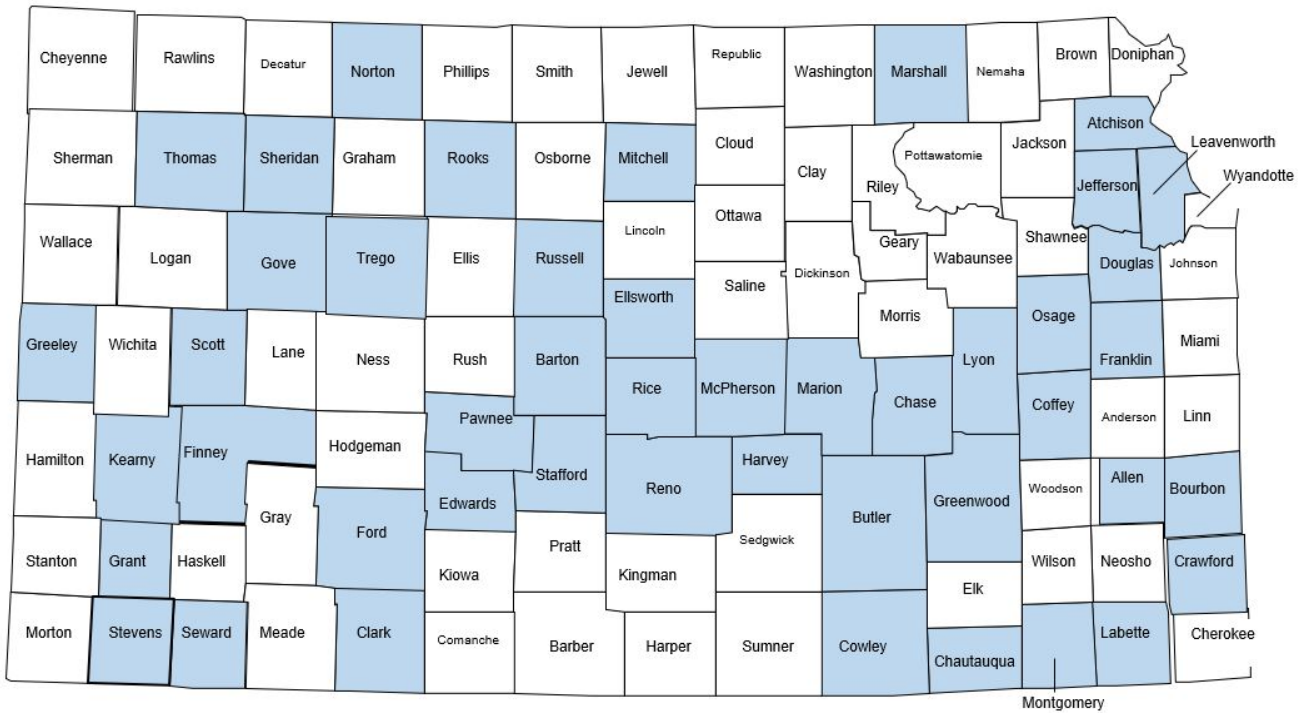
Eligible activities: Housing development activities funded through the MIH program include developing infrastructure necessary to support housing, or housing development, including acquisition of real property, new construction, modular or manufactured housing, and/or rehabilitation of existing housing. 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.

Awards granted: KHRC has awarded \$14,411,830 to 52 communities. Funding has helped finance rental development, single family for-purchase homes, and infrastructure improvements. This includes construction costs, rehabilitation of existing housing, and down payment and closing cost assistance to homebuyers.

Award summaries: The following list offers a summary of the 2018 awards and the housing activities funded.

2012-2018 Moderate Income Housing Program

Awards



2018 Moderate Income Housing Awards

Arkansas City

The city was approved for \$400,000 to pay for approximately 40 percent of the infrastructure costs (sewer, water, and streets) to prepare a site for the construction of 54 single family homes. The city will finance the balance over 10 years with special assessments. There will be a 75 percent tax rebate for seven years through the Neighborhood Revitalization Program. The housing is privately financed. Creekstone is a major local employer and needs to hire 200 employees, but adequate, affordable housing is a barrier.

Atchison County

The county will receive \$400,000 to convert a vacant, historic YMCA building in downtown Atchison into 16 rental units. There are as many as 386 employees at local schools, the hospital, and Benedictine College who do not live in Atchison due to inadequate housing options. Job growth at MGP Ingredients, Bottorff Construction, and several smaller businesses contribute to growing housing needs. A real estate tax rebate will be provided. Private financing and developer equity will supplement state and federal historic credits as the primary sources of financing.

Tonganoxie

The city was given \$400,000 as a gap filler on a 48-unit apartment complex. They will establish a Rural Housing Incentive District for the infrastructure piece. The school district reports that 45 percent of its employees do not live in Tonganoxie. The area is growing as it benefits from development surrounding the racetrack in Kansas City and a new interchange at the turnpike, the future site of a new business park. Bank financing and developer equity will be provided.

Lucas

Lucas has been granted \$150,000 as gap filler to build two duplexes of rental housing at an infill location one half block from Main street. The primary local employer is Great Plains Manufacturing, but only about 25 percent of its employees live in Lucas. The city benefits from employment at the prison in Ellsworth and jobs in Russell. Lucas has obtained \$50,000 of community service tax credits and bank financing. The city is donating the land.

Kinsley

A \$400,000 grant will finance the construction of two duplexes for rental purposes. The land is being donated by a private citizen, and there is a bank loan as well as a city contribution for infrastructure costs. A real estate tax rebate is also provided. The city is experiencing growth of about 50 positions, but employees cannot find suitable housing, which is suppressing further job growth.

Dodge City

The city will receive \$250,000 to build a duplex for sale and to rehab two abandoned single homes for sale or rent. A site is being donated. One house is donated and will be moved to the site. The city is working with the Dodge City Community Building Trades Program to train students for construction jobs. Housing studies indicate a need for 1,651 more housing units by 2030 with steady growth until at least 2064. Growth stems from several sectors including the meatpacking industry, mechanical businesses, hotels and tourism, and \$85.6 million in improvements to the school system. Dodge City uses both the Neighborhood Revitalization Program and Rural Housing Incentive District programs.

Sedan

Sedan was approved for \$230,000 to begin an incentive program of demolishing old houses and replacing them with new houses or duplexes. Local employers including the schools, hospital, and businesses are struggling to attract employees due to a lack of decent housing. Community service tax credits are contributing to expansion of local businesses.

Conclusion

For more than 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 seniors and people with disabilities to stay in their homes, and assisted individuals and families in achieving 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 Legislature, the administration, and our housing partners in meeting our state's ever-changing housing needs.