2020 Housing Trust Fund

December 5, 2019

The 2020 Housing Trust Fund (HTF) application is now available. Approximately, $2.7 Million in funding is anticipated for new construction, acquisition and/or rehabilitation of rental housing that will be affordable to and occupied by households with Extremely Low Income (ELI).

THE INFORMATION IN THIS DOCUMENT MAY BE SUBJECT TO CHANGE OR REVISION.
TO OBTAIN AN APPLICATION, PLEASE VISIT OUR WEBSITE OR CONTACT TYRA HANSEN VIA EMAIL:

THansen@kshousingcorp.org

https://kshousingcorp.org/public-notices/

COMPLETED APPLICATIONS MUST BE DELIVERED TO BARRY MCMURPHY, RENTAL PROGRAM MANAGER, NO LATER THAN 4:30 PM ON FRIDAY, FEBRUARY 7, 2020. ONE ORIGINAL APPLICATION FORM IS REQUIRED IN HARD COPY, AND ONE IN ELECTRONIC FORMAT. ATTACHMENTS MAY BE PROVIDED ELECTRONICALLY.

Please note: It is critical that applicants understand the requirements and restrictions of the National Housing Trust Fund (HTF) at 24 CFR Part 93. The statute and guidance can be found online at https://www.hudexchange.info/programs/htf/. KHRC will attempt to answer any questions and provide resources to help you understand the program. We cannot, however, assume responsibility for any lack of knowledge or diligence on the part of the applicant.

Eligible Activities: HTF funds can be used to acquire and/or rehabilitate existing housing or to construct new housing (including acquisition of land for that purpose), for use as affordable permanent rental housing for households with extremely low income. Rental housing assisted with HTF funds is subject to affordability restrictions for 30 years.

Eligible Applicants: Eligible recipients are developers, including for-profit and nonprofit entities with experience developing and operating affordable housing projects with complex requirements and financing. Public housing authorities may be eligible recipients if the proposed activity is consistent with 24 CFR 93.203.

Note: All applicants and principal participants (developer, managing member or general partner of the owner) must be registered in the System for Award Management (www.sam.gov) and provide a DUNS number to determine whether any parties are debarred from receiving federal funds.

Limit of Assistance: The maximum HTF request is $500,000. HTF is intended as gap funding, so the applicant must demonstrate the need for HTF funds to make the project viable and/or to make the project affordable to extremely low-income households. An award of HTF funds, if offered, may be at an amount different from that requested in the application, if KHRC’s evaluation determines that a smaller or greater amount is needed to make the project viable.

Leveraging: KHRC encourages leveraging of HTF with other funds. Applications will receive priority if HTF funds are used as gap financing, rather than the primary source of funds.
Applications for projects where HTF is the primary source of funds will be considered if there is project based rental assistance, or another reliable, long-term source of operating assistance.

**Application Format:** Application forms must be complete and submitted to KHRC in hard copy on the provided form. An electronic copy of the application shall be submitted. Supporting documents and attachments may be submitted electronically to Barry McMurphy at bmcmurphy@kshousingcorp.org.

Developers may submit more than one application each cycle but may not request more than $500,000 in HTF funds per project. The scoring criteria are discussed in the Application Guidelines.

**Relocation:** Property being acquired for development is subject to the Uniform Relocation Act. If property will be acquired through purchase or donation, you must provide the appropriate notices to the current property owners and to any occupants. Existing tenants or occupants must be notified of the intention to redevelop the property, and of their potential eligibility for relocation assistance prior to submission of the application (documentation of this is required). Action is required by the applicant as soon as a decision is made to seek federal funds for the project. Applicants should contact KHRC or HUD for additional guidance. **Failure to provide required notices to owners or tenants prior to the application date, or to otherwise comply with the URA and related statutes may disqualify the project from eligibility for HTF funds.**

**HTF Statute:** HUD requirements for HTF rental development at [24 CFR Part 93](https://www.hudexchange.info/programs/htf/) must be followed for all projects. KHRC assumes that any applicant for HTF funds has thoroughly read and understands the requirements of the statute (the HTF Interim Rule). Consult the Rule for statutory requirements. Additional guidance is at [https://www.hudexchange.info/programs/htf/](https://www.hudexchange.info/programs/htf/). It is the applicant’s responsibility to understand and comply with the HTF Interim Rule, and to understand and comply with related statutes and requirements. KHRC is not liable for lack of diligence on the part of the applicant.

**Environmental Review:** An Environmental Review, specific to the HTF, is required for all projects. Upon submission of the HTF application, no “choice limiting action” may be taken until the review process is completed and you have received written notice of such from KHRC. Choice limiting actions include, but are not limited to acquisition, construction, disturbance of the site (including demolition) or entering into any contract related to those activities. **Failure to comply with statutory Environmental Review requirements, including undertaking any choice limiting action prior to a Notice to Proceed from KHRC may cause the project to become ineligible to receive HTF funds.**

The applicant should obtain as much information as possible related to potential environmental concerns. Doing so will ensure that you are thinking about this critical part of the process early on and help you and us identify issues to be addressed. Be aware that if there are environmental concerns that cannot be reasonably mitigated, the project may not be eligible for HTF funds. Examples could include part of the property being in a floodplain or wetland, close to an airport runway, close to a hazardous facility, in a location with excessive noise from highways, railways, etc.,

If you have questions or need additional information, please contact Barry McMurphy at (785) 217-2024 or by email at bmcmurphy@kshousingcorp.org.
Application Process

1. Request for Application
   Open December 5, 2019

2. Submittal Requirements
   One complete original application must be received by the Kansas Housing Resources Corporation before **4:30 p.m. on Friday, February 7, 2020.** An acknowledgment (receipt) will be provided upon request. Applications submitted via mail or other delivery system should be sent using that company’s return receipt process, as this will be your notice that the application has been received. Please note below that a copy of the application form in electronic format is also required.

   An electronic copy of the application, and any attachments or supporting documents you wish to submit electronically, to bmcmurphy@kshousingcorp.org.

3. Standard Application Forms
   In an effort to provide the required information to the review team, to reduce required paperwork and to encourage all eligible applicants to participate, only applications on standard forms will be considered. A complete set of forms may be submitted electronically or in hard copy. If you are also submitting an application for Low Income Housing Tax Credits or intend to use other federal or non-federal funding sources, the information in the HTF application must be consistent with those applications. **Although some information may be duplicated in a concurrent LIHTC application, the HTF application must be complete in itself.**

4. Double check all of your budget assumptions before submitting the application. KHRC will not be responsible for any errors or cost increases that may be discovered after the application is received. If an application is approved, KRHC assumes that the applicant has done all due diligence to verify costs and expense projections and cannot guarantee additional funds for the project.
Project Selection

1. Overview
   A formal system will be used to evaluate, select and fund applications for loans. The selection criteria are designed to facilitate an objective assessment of the housing needs of the area and the applicant’s ability to provide an effective and timely response.

2. Threshold Requirements
   Before an application is scored and ranked, it must meet the threshold requirements.
   a. The applicant must be, or have contracted with, an experienced developer with the capacity to complete the proposed development and to ensure compliance with the requirements of the HTF Interim Rule at 24 CFR Part 93 for the duration of the affordability period.
   b. The applicant and its principle entities must be registered in the System for Award Management at www.sam.gov and provide a DUNS number for each entity, to allow KHRC to search for exclusion of any participant from use of federal funds.
   c. The application must be received by KHRC prior to the deadline. The application must be complete and signed by the person authorized by the business owner or nonprofit board of directors to do such business on behalf of the applicant entity. All required attachments must be included. Items submitted after the deadline may, at the sole discretion of KHRC, be rejected.
   d. The proposed development must be for a qualified residential rental development that meets the requirements of the HTF Program at 24 CFR Part 93. Eligible activities include acquisition, new construction, and rehabilitation of properties to be used for HTF-eligible rental housing.
   e. The proposed development must be consistent with the housing priorities identified in the Kansas Consolidated Plan and current Action Plan, published on KHRC’s website.
   f. An assessment of the local market must support the need for the proposed new housing with the income, rent and other targeting specified in the application.
   g. An underwriting review must determine that HTF funds are necessary for the long term viability of the property.
   h. The development is ready to proceed as documented by:
      i. Evidence of site control with an option for at least six months beyond the application deadline, and which is subject to approval of the project’s Environmental Review, or a recorded deed executed prior to the HTF/HOME application date;
      ii. Zoning approval or application for zoning approval with a letter from the zoning administrator stating that the zoning request is consistent with the local plan or that the local plan could be changed to be consistent with the zoning request;
      iii. Evidence of availability of adequate utilities at the site;
      iv. Commitment letters for all sources of financing;
      v. Submission of a preliminary analysis of potential issues of environmental impact. Particular attention should be paid to past, present and future land use issues, proximity to other uses or activities with potential adverse impact, and potential noise concerns (such as proximity to highways, busy streets, railroads, airports or other noise-generating activities). The application should address any identified concerns or mitigation.
vi. Evidence of compliance with the notification provisions of the Uniform Relocation Act and related laws.

3. Proposal Evaluation

KHRC evaluates applications for HTF Rental Development funding allocations using the following selection criteria and point system.

- Property Location
- Documented Local Housing Needs
- Development Characteristics
- Applicant Qualifications and Capacity
- Tenant Population Targeting
- Leveraging of other resources

The selection criteria and point system that are used in ranking applications are outlined below. In some instances, an application may receive priority over another application with a higher score, based on the non-point criteria, below.

**NOTE:** For the purpose of comparison, data from the U.S. Census Bureau’s ‘American FactFinder’ website should be used for determination of housing vacancies and costs, poverty rates, etc. Small, rural communities with limited data may require review at the county level. Other sources may be more or less accurate, but a fair comparison requires use of the same source for all applications. [http://factfinder.census.gov/faces/nav/jsf/pages/community_facts.xhtml](http://factfinder.census.gov/faces/nav/jsf/pages/community_facts.xhtml)
2020 HTF Rental Development Selection Criteria
Maximum – 340 Points

A. Project Location and Housing Needs (up to 80 points)

1. The property location will create or support a mixed income community or neighborhood (e.g., project has market rate units; infill or rehab in existing mixed-income neighborhoods or areas of higher economic opportunity).

2. Project location is in a community (or rural county) with greater than 75% of housing stock built prior to 1980. (2010 U.S. Census) *

3. A property is located in a city or county with more than 20% of all people living below the poverty line

4. A property is located in a community with more than 30% of households paying over 35% of household income for rent plus utilities (GRAPI, or Gross Rent as Percentage of Household Income, 2010 U.S. Census).

5. Site locations will be further evaluated for community support, neighborhood consistency, and site usability, accessibility and marketability. 

B. Development Characteristics (up to 100 points)

1. Proposal effectively leverages other funding sources to reduce the amount of HTF funds required. Points prorated for HTF funds as percentage of total HTF-eligible costs.
   - 5 points if HTF is 31-40%
   - 10 points if HTF is 21-30%
   - 15 points if HTF is 20% or less
   - 20 points if HTF is 10% or less
2. Development exceeds minimum (2009 IECC) requirements for energy conservation.
   - Project meet or exceed requirements for LEED, Energy Star, NGBS, or equivalent standards for energy, water and resource conservation.

3. Project location is within ½ mile of essential services, public transportation and supportive services necessary for the health and independence of the target population.

4. At least 80% of all units in the project have rents that are 10% or more below FMR.

5. Project provides safe rooms or storm shelters (current FEMA specifications), in individual units or a community shelter. 5 points for basement or reinforced areas that are not compliant with FEMA specifications.

6. Property will have project based rental assistance (points pro-rated if not all units are assisted), such that tenants are required to pay no more than 30% of adjusted income for rent and utilities.

7. Project exceeds the required minimum number of Section 504 accessible units. 5 points per additional unit.

D. **Applicant/Sponsor Characteristics (up to 60 Points)**

1. Applicant has completed one or more recent affordable housing development of comparable size and complexity (past 4 years).

2. Application identifies a development team with affordable housing experience, including developer, architect, general contractor, legal and accounting team, etc.

3. Applicant has uncompleted developments funded with KHRC resources (LIHTC, HOME or HTC) that were awarded 3 years or more prior to the current application date. (-20 Points)
4. Applicant owns and operates a portfolio of affordable rental housing units (with no projects currently identified by KHRC as ‘troubled’ or ‘distressed’). 5 points for up to 10 units. 10 points for 11-30 units. 15 points for 31-50 units. 20 points for more than 50 units.

E. Tenant Population Characteristics (up to 100 points)  
Maximum Points

1. 100% of units targeted to seniors or disabled populations.  
15 points

2. Development is designed to serve the lowest income tenants by providing:  
Up to 35 points

<table>
<thead>
<tr>
<th>% of Units</th>
<th>50%</th>
<th>45%</th>
<th>40%</th>
<th>35%</th>
<th>30%</th>
<th>Points</th>
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<td>13-14</td>
<td>4</td>
<td>6</td>
<td>9</td>
<td>12</td>
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<td>14</td>
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<tr>
<td>15-16</td>
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<td>28</td>
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<td>19-20</td>
<td>10</td>
<td>15</td>
<td>25</td>
<td>30</td>
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<td>18</td>
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3. Development provides permanent housing for homeless families or individuals, victims of domestic violence, or for individuals exiting a nursing facility or institution.  
15 points

4. Development provides permanent supportive housing to persons with disabilities.  
15 points

5. Development provides housing for families with children (at least 25% are 3-bedroom units)  
10 points

6. Development has a long-term commitment (i.e., a dedicated funding source, or a contract or MOU with a service provider) for supportive services to help a target population maintain stable housing (addressing accessibility, safety, transportation, disabilities supports, financial education, etc.).  
10 points
Non-Point Criteria
Applications will be further evaluated for the following criteria. Applications may be accepted in part or rejected solely on the following criteria:

a) Sufficient development team experience relative to the proposed development: The applicant must have housing development experience sufficient to oversee the development process. That experience requirement will vary with the scope and complexity of the project.
b) The substantial involvement of women or minorities in the development team including MBE/WBE entities as architects, contractors or other significant outside participants.
c) Other developer considerations that could adversely affect development viability.
d) The reasonableness of total development cost as based on final cost data.
e) Commitment of other sources of funding.
f) Input from city, county, state or federal representatives.
g) Comments, support or objections from neighborhood groups and organizations with interests in the proposed project area.
h) Substantial change of market, financing or other conditions between the application and commitment dates.
i) Site considerations based on the suitability of its intended use and occupancy, including but not limited to uncorrectable environmental conditions, neighborhood economics, proximity to other resources, and excessive site development requirements.
j) Considerations related to equitable distribution of HTF funds across the state.
k) An evaluation of the ‘track record’ of the CHDO and its partners with regard to such things as timely project completion, compliance with Federal and State requirements, accurate assessment of market conditions and financial projections, etc.
l) Repeated or unresolved issues related to HTF or LIHTC compliance monitoring, HTF Annual Report submissions, etc.
m) Innovative site, building and program design to enhance sustainability of the project, and/or accessibility, affordability, and livability for the project’s occupants.
Underwriting and Subsidy Layering
KHRC is required to review applications by considering the financing sources, development costs, and operating pro forma to ensure that only the amount of HTF funds necessary for development feasibility and long-term viability is allocated.

In its review, KHRC will assess the comparability and reasonableness of the development cost budget and the proposed property operating pro forma. Proposed debt service will be reviewed to determine if it can be supported by the proposed income. Development costs will be compared to industry cost standards, average costs of competing developments, property amenities, the number and kind of units, property quality and other information which may be necessary for development evaluation. Developers are not penalized for providing extra amenities or quality construction. KHRC may request substantiation of development costs.

The HTF funds allocated to a development will be determined by subtracting the loans, grants and equity from the proposal’s total development cost. Determination of the HTF allocation is not to be construed as a representation or warranty as to the feasibility or viability of the development or its ongoing capacity for success.

Fee Guidelines

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<tr>
<th>Fee Percentages</th>
<th>Developer:</th>
<th>Up to 15%</th>
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<tr>
<td>Contractor:</td>
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<td></td>
<td>Profit</td>
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<td></td>
<td>Overhead</td>
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<td>General Req.</td>
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<td>Architect:</td>
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<td></td>
<td>Design</td>
<td>3%</td>
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<td></td>
<td>Supervision</td>
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<td>Consultant:</td>
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<td></td>
<td>For Profit</td>
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For LIHTC projects, developer fees are limited to a maximum of $18,000 per unit and may not exceed 10% of eligible costs for projects of 50 or more units. Developer fees and consultant fees are a percentage of eligible basis or HOME/HTF eligible costs. Contractor fees and architect fees are a percentage of new construction or rehabilitation costs.
A declaration of subcontractors or suppliers for which there is an identity of interest through joint ownership with the developer must be declared at the application stage and disclosed at completion.

**Developer Fee Limit Exceptions**

Developer fee limitations imposed by the HTF or HOME Program may be waived under the following circumstances for projects where HTF or HOME is a primary source of funding:

1. Innovative developments that go beyond the ordinary in delivering services to people in housing projects.
2. Developments where costs are higher or the number of units is so small that development and management are made more difficult, and the applicant can demonstrate that the higher costs cannot be otherwise absorbed by the project.

**Environmental Review**

All developments utilizing HTF funds are required to assess the environmental effects of that activity in accordance with the requirements contained in HUD Notice CPD-16-14, dated August 8, 2016.

Once the application for funding is submitted to the KHRC, owner/developers **may not** take any choice-limiting actions, including acquisition, demolition, moving of structures, rehabilitation, conversion, leasing, repairing or construction, or contract for or commit or spend Federal or non-Federal funds for any of those activities, until the environmental review process has been completed and the use of funds has been authorized by HUD or KHRC. These actions could have an adverse environmental impact or limit the choice of reasonable alternatives, thus disqualifying the entire development. The only activities that may occur are those that are exempt from the requirements, including completion of the Environmental Review itself, purchase of a real estate option and payment of relocation expenses (if required). KHRC should be consulted before any activity takes place to ensure that it is an eligible exempt activity.

Developers are encouraged to begin the review process as soon the proposed site is identified, and to identify potential concerns to the greatest extent possible. Developers should contact KHRC for a preliminary review and additional guidance.

**Relocation**

If the project involves acquisition of land or acquisition or demolition of occupied buildings, there are certain requirements in Federal law regarding notification of owner, tenants or occupants of their rights under the law. The applicable statutes are the Uniform Relocation Act,
and related statutes and regulations. Notification must be provided to owners and occupants, in the correct form, on or before the time of submission of the application for HTF funds.

Energy Efficiency
New construction developments must meet, at a minimum, the requirements of the 2009 International Energy Conservation Code (IECC). Developers are strongly encouraged to exceed these minimum requirements. Prior to the start of construction, the plans of each new development must be reviewed and approved by a certified energy rater to verify that the planned construction as per design and specification will meet or exceed that standard, as well as the energy efficiency section of KHRC’s Architectural Standards and any state or local requirements. An energy audit performed by a certified energy rater is required on a representative sample of units (size, orientation, etc.) to verify that actual construction meets the requirements.

Market Studies
Market studies are required for developments over 6 units, and strongly recommended for all developments. A market analyst, unaffiliated with the developer, the development or the city where the development is located, who has experience with multifamily rental housing, must prepare the study. All income levels targeted in the application must be addressed in the study. The market study must include information in the following format:

1. An Executive Summary of no more than one page that highlights the significant findings of the study, including the calculated capture rate and estimated absorption period. A table of contents must be provided with page references to the key topics outlined below.
2. A description of the proposed development that identifies the targeted population, the number and size of both HTF and market rate units, the proposed rents and utility allowances, the amenities and other relevant information.
3. A description of the proposed site, the surrounding land, and the neighborhood. Photographs of the site and neighborhood, and a map clearly identifying the location of the development and its distance to jobs, shopping centers, medical services, places of worship, schools, day care, libraries, senior centers, recreational facilities, and transportation linkages must be provided.
4. Definition and location of the primary and secondary market areas must be reasonably drawn, delineated on a map, and justified by an adequate explanation that is supported by the demographics and economics of the area.
5. Economic analysis of the market area. Emphasis should be placed on recent and projected job growth and development, level of wages and salaries being paid, the historical and current unemployment rate, and the commuting patterns of workers.

6. Analysis of household numbers, sizes and types in the market area, including a breakout of family, elderly, and persons with disabilities households, along with owner occupied and renter occupied households.

7. Specification of the number of income eligible households who can afford to pay the rent proposed by the development in question. Eligible households should be identified according to the income stratifications shown on the most recent KHRC income and rent qualification chart. An affordability factor of 30% should be used in all analysis.

8. A description of rent levels, operating expenses, turnover rates and vacancy rates of comparable properties in the market area.

9. Expected market absorption of the proposed development, including capture rate, lease up period, and the effect on other comparable properties in the market area.

10. Communication with KHRC to discuss appropriate market areas, comparable properties, and competing properties in the development and construction stage is required. For proposals which include LIHTC, inquiries should be directed to Fred Bentley, Director of Rental Housing.

11. A certification from the market analyst indicating the methodology, objectives and data sources for the study as well as the qualifications, assignments and accomplishments of the analyst.