



## 2019 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 help Kansans access the safe, affordable housing they need and the dignity they deserve.

Working statewide, KHRC:

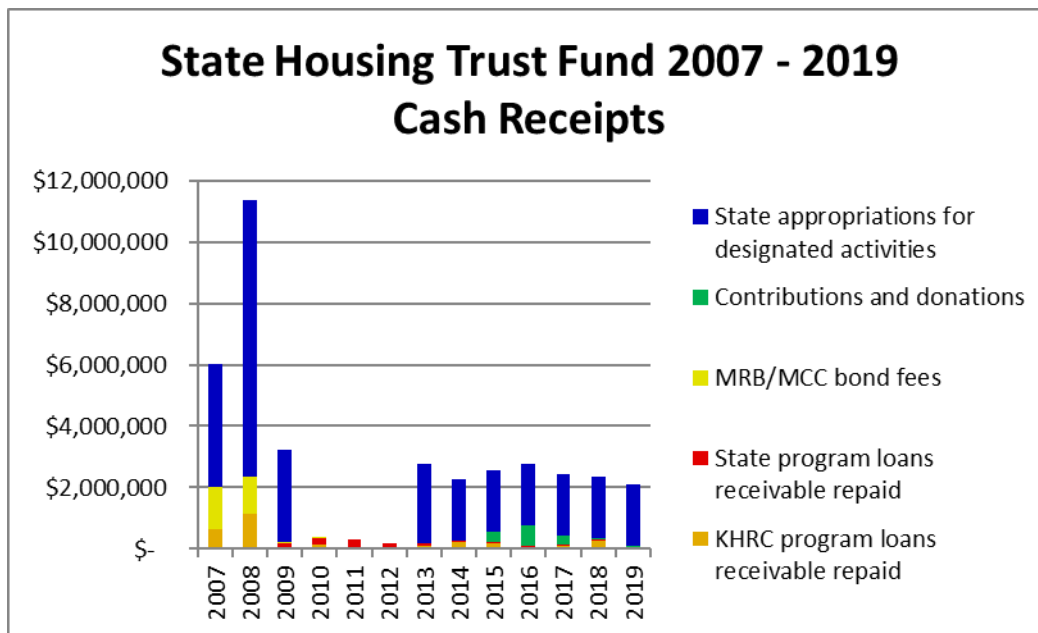
- Provides down payment assistance to qualifying first time homebuyers.
- Offers rental assistance to low-income families and individuals.
- Funds poverty eradication initiatives to help low-income families and individuals become self-sufficient.
- Promotes energy efficiency improvements for owner-occupied and rental housing.
- Offers developers incentives to finance the construction and rehabilitation of affordable rental housing.
- Administers project-based Section 8 housing across the state for the U.S. Department of Housing and Urban Development.
- 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](http://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 subsidiary corporation of the Kansas Development Finance Authority (KDFA). 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.



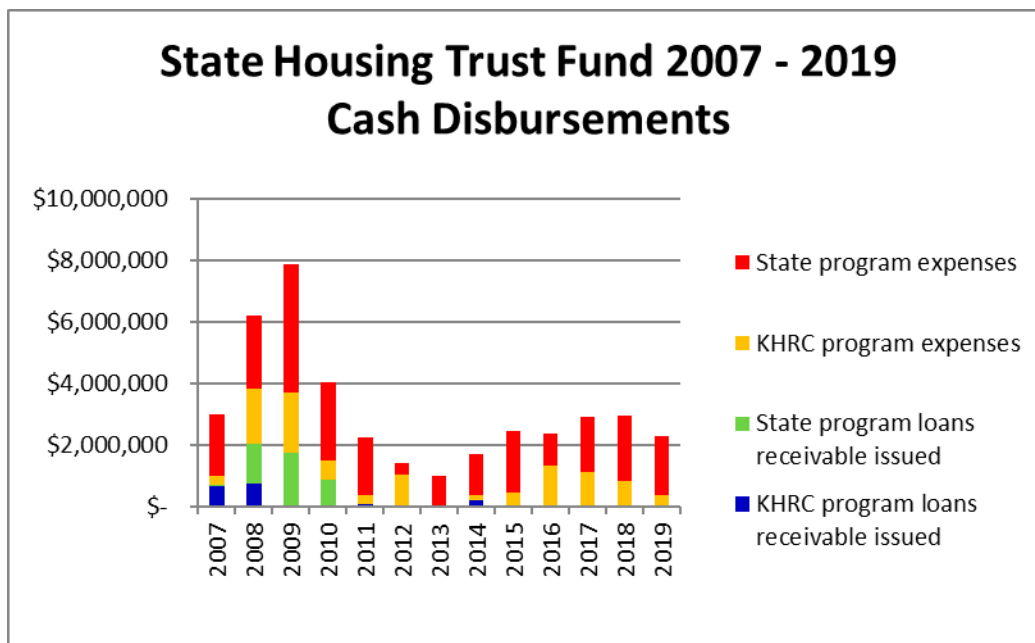
**Funding:** While many state housing trust funds around the country have robust designated revenue streams from taxes on real estate sales, development charges, or recording fees, the Kansas SHTF does not have these traditional revenue streams in place. Instead, Kansas SHTF activities are funded from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



**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 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.

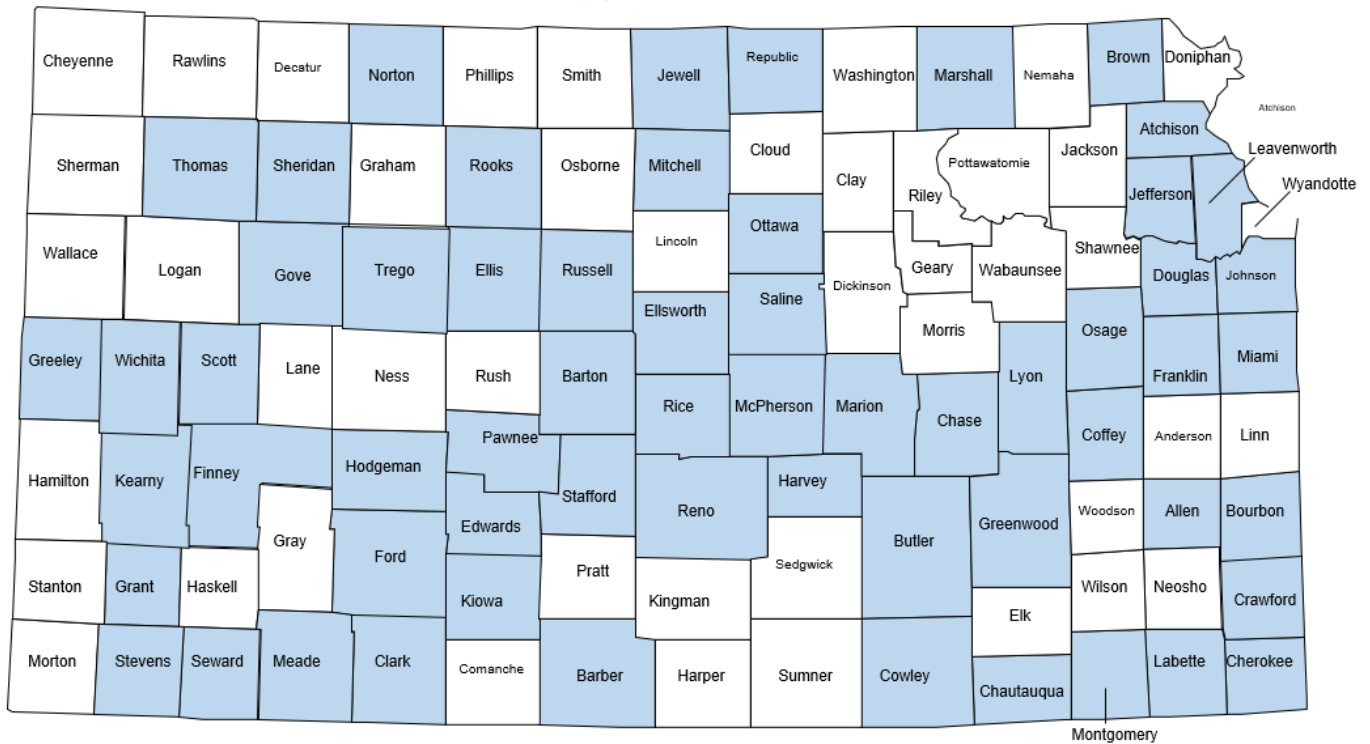
**Notice of Funds Available (NOFA) process:** Each year, KHRC issues a Request for Proposal (RFP) for the MIH program, which details eligible applicants and activities, application procedures, grant/loan structuring, award criteria, compliance monitoring, and reporting requirements.

**Applications received:** In the eight years of the program, KHRC has received 140 applications from cities and counties requesting \$40,863,751 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.

**Eligible applicants:** Cities and counties with a population of fewer 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.

## 2012-2019 Moderate Income Housing Program Applications



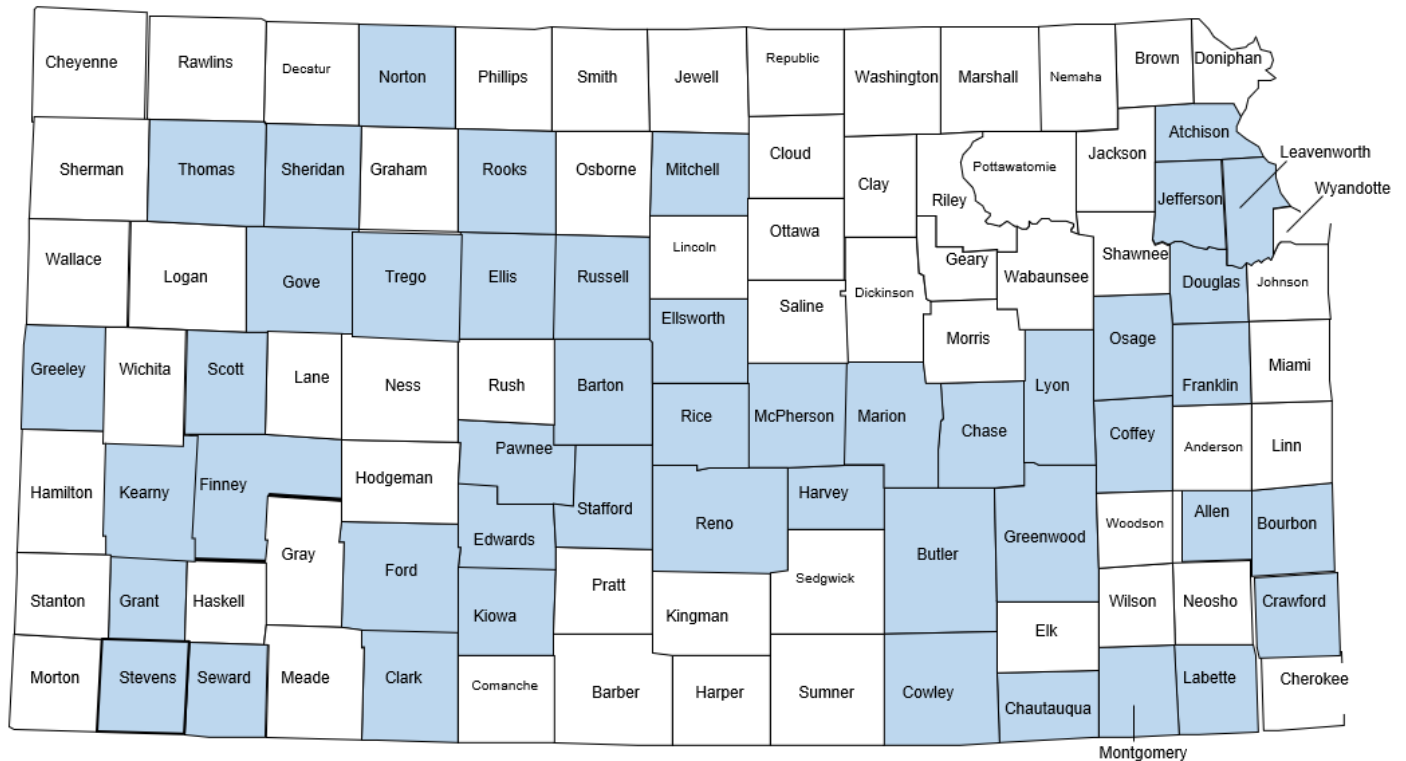
*\*Blue denotes those counties that have submitted MIH applications.*

**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 \$16,731,394 to 58 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 2019 awards and the housing activities funded.

## 2012-2019 Moderate Income Housing Program Awards



*\*Blue denotes those counties that have received MIH awards.*

### 2019 Moderate Income Housing Awards

**Dodge City** receives \$103,006 to help finance one new owner-occupied home and renovate a single family home. The initiative will be executed in partnership with the Community Housing Association of Dodge City, the city’s abandoned housing program, Paint Dodge City, the Community Home Renovation program, and Dodge City Community College. A 2018 housing needs assessment indicated that the city needs 1,651 new housing units by 2030. Wichita State University’s Center for Economic development and Business Research predicts a 36 percent population growth by 2064.

**Fort Scott** receives \$249,675 to rehabilitate four vacant single family homes to support workforce housing. Since 2010, 1,056 jobs have been added to the local economy. Additional growth is expected, but adequate housing is a problem and is documented with letters from three of the city’s largest employers. The city reports that potential employees have not taken jobs in Fort Scott due to the lack of housing, while others must commute from nearby communities.

**Gove County** receives \$100,000 to provide homebuyer assistance for up to seven existing single family homes. The county conducted a housing assessment revealing the local housing need and included letters from six employers underscoring the need for housing, along with mention of a local company that moved to Colorado because there was not adequate housing for their employees as the company grew. The county also provided 10 letters from potential homebuyers who would like to use the program to purchase a home.

**Greensburg** receives \$400,000 to build four rental units on land donated by the city and a private individual. Letters from several local employers highlight the need for more rental housing as the community continues to rebuild following the 2007 tornado. The key employers note that many people who work in Greensburg do not live there due to the housing shortage.

**Hoxie** receives \$95,292 to retire the special assessment for two single-family homes. Retiring the special assessments will increase the value of the houses and make them more affordable to purchase or rent. The community is experiencing significant job growth, documented by a housing needs assessment, survey, and 27 letters from employers and individuals citing housing as a primary barrier when filling new jobs.

**Lindsborg** receives \$400,000 to help develop the first phase of a three-phase single family subdivision with 37 lots in the first phase and 110 lots in all three phases. The first phase of homes will consist of two or three-bedroom, two-bath homes. MIH funding will reduce the cost of the lots to the homebuyer by about \$30,000 per lot.

**Lyons** receives \$75,000 to bolster their successful homebuyer assistance program. Their Housing Assessment Tool findings reveal documented job creation and housing needs. The city has been actively improving infrastructure and rehabilitating older housing to meet the current housing demand.

**Minneola** receives \$50,000 to help finance construction of one rental duplex. The initiative will be executed in partnership with the Minneola Housing Authority. The city's housing study and narrative report demonstrate job growth and a housing shortage documented by letters from employers, the city, the school district, agribusiness, and energy sectors.

**Moundridge** receives \$281,748 for infrastructure and homebuyer assistance to support the construction of seven single-family homes in an area that has tax credit and MIH rental duplexes. The community's strategic plan and Housing Assessment

Tool reveals housing is needed in this growing community for all income levels. The majority of the work force, 65 percent, do not live in Moundridge.

**Osage City** receives \$85,000 to help rehabilitate a closed long term care facility into 14 rental units. The funds will be used to replace windows, add attic insulation, and replace the hot water system. The city is home to 10 employers, but growth has been difficult due to the community's inadequate housing.

**Sedgwick** receives \$179,843 to help develop a five-unit subdivision for single family homes. A housing needs assessment prepared in 2019 showed a low vacancy rate under 5 percent for all housing and a 2.3 percent unemployment rate. A local green energy plant is expected to reopen soon, bringing jobs and growth to the community. Expanded housing will support these efforts.

**Stafford** receives \$125,000 to help rehabilitate three single family homes. A 2012 housing study showed a 7.1 percent vacancy rate with below standard inventory. Letters from the community's top five employers state that 30-60 jobs could be added locally if housing was available. Many employees do not live in Stafford due to the community's housing shortage.

**Wilson** receives \$175,000 to build three rental units at an infill site. The city completed a Housing Assessment Tool which demonstrated a need for housing, supplemented by letters of support from five local employers. Approximately a third of the Wilson workforce does not live in the community. There is potential for job growth, but the lack of adequate housing is a barrier to recruitment and retention.

## 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 exacerbate 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.

