



Draft 2021 QAP Summary of Changes

Priority of Needs

Location: N/A

Change: Removed

Purpose: Priorities are clarified through the selection criteria.

9% Limits and Set-Asides

Location: Section III 9% LIHTC Limits and Set-Asides

Changes:

- Limits on Awards:
 - Maximum Award – \$700,000 in LIHTCs
 - Principal – One award
 - County – One per county, except up to two in Johnson and Sedgewick Counties
- Rehabilitation
 - The lesser of 20% of LIHTCs or five projects
- New Construction
 - 60% of LIHTCs in metropolitan counties – Douglas, Johnson, Leavenworth, Miami, Sedgewick, Shawnee, and Wyandotte
 - 40% in remaining Rural counties
- Non-Profit: At least 10% LIHTCs to qualified tax-exempt organizations
- Unique Opportunities: Up to two applications

Purpose: To ensure Kansas's housing needs can be met across the state and through a variety of construction types and plans.

Application Process

Location: Section II(C) Application/Award Schedule

Changes:

- Preliminary Application
- Invitation to Submit Full Applications
- Full Applications
- Award Announcements

Purpose: To give developers notice of the competition before competing certain work (e.g., zoning) and efficiently utilize KHRC's time when evaluating proposals.

Fee Schedules

Location: Section II(E) KHRC Fees

Change: Pre-Application Fee - \$250

Purpose: To cover staff and travel expenses of site visits.

Threshold Eligibility

Location: Section IV Threshold Eligibility

Changes:

- The applicant must have been awarded an application and is serving as a managing member.
- Property must have been placed in service between January 1, 2015 and December 31, 2019.
- Applications may be disqualified based on a Principal:
 - making misrepresentation or providing materially false information in an application;
 - not having closed LIHTC equity on a property awarded in 2020 or before;
 - allowing an affordable rental housing property to enter into foreclosure;
 - being removed from an LIHTC ownership entity by an equity investor;
 - requesting a qualified contract for a property in Kansas after August 5, 2020;
 - being debarred from any federal housing program;
 - committing acts which violate KHRC's Code of Ethics; or
 - not being in good standing with any affordable rental housing program administrator.
- Proposed management agency must be managing at least three KHRC properties in Kansas or seven LIHTC properties in other states.

Purpose: Threshold Eligibility section reflects the base expectations for LIHTC development in Kansas.

Fee Guidelines

Location: VII(9) Minimum and Maximum Developer Fee

Changes:

- Minimum of \$40,000 and Maximum of \$1,000,000
- Rehabilitation – 15% of Eligible Basis excluding developer fee and acquisition costs

Purpose: The Minimum and Maximum Fees reflect that every development requires a certain amount of effort and risk regardless of size; the rehabilitation fee calculation is to ensure compensation relates to the work completed.

Energy Efficiency

Location: Appendix C

Change: 2018 International Energy Conservation Code

Purpose: To keep up with energy efficiency standards. The 2018 code is also more flexible than the 2012 code in many ways.

Acquisition and Rehabilitation Factors

Location: IV(B) Rehabilitation

Change: Buildings must have at least \$25,000 per unit in rehabilitation hard costs.

Purpose: To ensure that rehabilitation is needed.

Single Family Housing Development Location

Location: VI(J)(2) Conversion to Homeownership

Changes:

- Must be single family units
- Developed by a non-profit
- Includes a detailed, comprehensive plan



Purpose: To ensure that tenant protection and homeownership at the end of the compliance period are the goals.

HOME Funds

Location: II(D) KHRC HOME and NHTF Loans

Change: HOME funds available to developments in counties not currently served by an active CHDO.

Purpose: To assist on developing housing in areas of the state that do not have access to some of KHRC housing resources.

Unique Opportunities

Location: III(E) Unique Opportunities

Changes:

- May award up to two Unique Opportunity applications.
- KHRC may consider:
 - Regional distribution
 - Scale of community impact
 - Extraordinary market and population needs
 - Unique funding and leveraging opportunities
 - Disaster recovery response
 - Competitive rankings of applications

Purpose: To recognize that the QAP criteria may not adequately anticipate certain important proposals.

Private Activity Bond Financing

Location: II(C)(1) – 4% LIHTCs and Bonds

Changes:

- Will not accept applications while a draft QAP is posted
- 4% LIHTC applications that are also requesting HOME and/or NHTF must meet 9% deadlines

Purpose: to ensure that 4% projects are reviewed appropriately, including to eliminate the gray area of which QAP applies and to have an accurate picture of the funding sources.

Income Averaging

Location: IV(A)(7) – Average Income Minimum Set-Aside

Changes:

- Applications must indicate income averaging at application, and cannot change after submission
- Income Averaging projects may not have market rate units

Purpose: All parties must plan for the use of average income early on in the development process.

Combining with unrestricted units creates an unprecedented degree of compliance complexity.

Accessibility Requirements, Training, and Certifications

Location: Appendix C

Changes:

- General Contractors and job superintendents may submit required certification after the development is approved
- KHRC extends KSA 58 Article 14 Accessibility Standards to all LIHTC developments regardless of other State or Federal funding.

Purpose: To ensure the applicable individuals complete the required certification and to clarify a minimum accessibility standard for KHRC developments.

Selection Criteria

Location: V Selection Criteria: Rehabilitation and VI Selection Criteria: New Construction

Changes:

- Rehabilitation proposals will not involve point scoring
- New construction will utilize point scoring (see below)

Purpose: Rehabilitation and new construction are fundamentally different activities, which means the policy priorities also are fundamentally different. In particular, unlike building new, when rehabilitating apartments there is very little variation in what an application reasonably can propose. The selection criteria should reflect the existing realities, including what makes sense to improve or replace. Since distinct preferences necessitate distinct competitions, the two each have a set-aside.

Market Studies

Location: IV(A)(5) Market Need

Change: 2013 Model Content Standards by National Council of Housing Market Analysts

Purpose: To keep up with national market study best practices.

Income and Rent Targeting

Location: IV(D) Income and Rent Targeting

Changes:

- Applicants for properties in Metropolitan counties will elect to comply with one of the following:
 - the average income minimum set-aside with designations set to average 56.0% of AMI or less;
 - another minimum set-aside and at least 20% of units to households at 40% AMI or below. The 40% AMI units must have rents that are within the Public Housing Authority voucher threshold.
- Applicants for properties in Rural counties will elect to comply with one of the following:
 - the average income minimum set-aside with designations set to average 58.0% of AMI or less;
 - another minimum set-aside and at least 20% of units to households at 50% AMI or below. The 50% AMI units must have rents that are within the Public Housing Authority voucher threshold.

Purpose: To ensure affordability to larger numbers of Kansas households.

Required Reserves

Location: VII(A)(3) Required Reserves

Change: Lease-Up, Operating, and Replacement reserves required

Purpose: To increase the stability of LIHTC properties during the compliance period.

30% Basis Boost

Location: VII(A)(7) DDA and QCT Basis Boost

Changes:

- Only properties with 4% LIHTCs and Bonds will receive the 30% increase in eligible basis if located in a Difficult Development Area (DDA) or Qualified Census Tract (QCT).
- 9% proposals will receive the boost for:
 - Rehabilitation – for LIHTC resyndications not requesting acquisition credit because current members/partners will remain in the ownership entity
 - New construction – expensive land because of being in a high-opportunity area and proposal does not include market-rate units

Purpose: The federal methodologies for determining DDAs and QCTs rarely correspond with the need for an increase in eligible basis for 9% LIHTC developments. By contrast, the two approaches in the draft QAP are instances when developers might face funding gaps because of meeting policy priorities. Additionally, the rehabilitation allowance creates an alternative to requesting qualified contracts.

Scoring

Phase	Selection Criteria: New Construction		Addition	Deduction		
		Applicant's and Principals' Experience				
Preliminary		Successful Outcomes	1 point for each		Maximum of 10	
Preliminary		Penalties		up to 15		
		Underserved Areas				
Preliminary		Metropolitan	10		Applicant can only receive one of these categories	
Preliminary		Rural	10			
Preliminary		Subsequent Phase	10			
Preliminary		Residential Character	5			
		Proximity to Amenities				
Full		Private - Primary	Up to 15		Maximum of 25	
Full		Private - Secondary	Up to 5			
Full		Public	Up to 7			
		Below-Market Loans and Support				
Full		Loans	Up to 20		Maximum of 30	
Full		Other Support	10			
		Community Revitalization Plans				
Full		CRP Criteria	5	Maximum of 15		
Full		QCT or RFP	10			
Full		Opportunity Areas	15			
		Supportive Housing, Seniors or Families		Maximum of 15, but app may not earn points in both senior and 3+ bedroom		
Full		Supportive Housing	up to 10			
Full		Senior Housing	5			
Full		Three or More Bedrooms	5			
		Extended Affordability				
Full		40 Year Period	5	Applicant can only receive one of these categories		
Full		Homeownership	5			

