

2021

# Qualified Allocation Plan

Adopted on September 30, 2020 by: Kansas Housing Resources Corporation



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## I. INTRODUCTION

“Unlocking Home” since 2003, the mission of Kansas Housing Resources Corporation (KHRC) is to help our citizens access the safe, affordable housing they need and the dignity they deserve. Codified at K.S.A. 74-8901 *et. seq.*, KHRC is a public corporation and independent instrumentality of the State. KHRC serves as the housing finance agency for Kansas.

KHRC addresses housing issues and needs for the citizens of Kansas by administering essential programs that allow communities and service organizations to help Kansans. KHRC’s “Core Values”, programs and services can be found on our [website](#).

One of KHRC’s most important resources and programs for affordable housing development in Kansas is the Low-Income Housing Tax Credit (LIHTC) Program. KHRC serves as the allocating agency for administering the LIHTC Program in our state. KHRC has adopted this qualified allocation plan for 2021 (QAP) to administer the LIHTC program pursuant to Internal Revenue Code (IRC) Section 42.

The QAP also will govern the award of the following resources to LIHTC properties:

- HOME Investment Partnerships funding (HOME);
- National Housing Trust Fund (NHTF); and
- tax-exempt private activity bonds (Bonds).

### A. PUBLIC INPUT AND DRAFTING PRINCIPLES

KHRC solicited comments on its website, in broadcast emails sent in April 2020, and during an online meeting held May 21, 2020. The official public hearing ~~was~~ held virtually on September 1, 2020 at 10am CDT.

In addition to considering input from interested parties, the following principles guided KHRC in ~~completing~~ ~~drafting~~ the QAP:

- fair distribution of resources across the state;
- value of sustaining long-term partnerships;
- responsibility to low-income households;
- efficient use of time for all parties; and
- selection criteria reflecting:
  - how proposals differ in consequential ways;
  - limits on incentives to make problematic choices; and
  - aspects already in place or within a developer’s control

## B. DISCRETION AND MODIFICATIONS

In the process of administering LIHTCs, HOME, NHTF, and Bonds, KHRC will make decisions and interpretations regarding the QAP, applications, and properties. Unless otherwise stated, KHRC is entitled to the full discretion allowed by law in making all such decisions and interpretations.

In the event of a:

- conflict with state or federal laws or regulations;
- weather-related disaster;
- major disruption in financial markets;
- substantial change in resources available; or
- other similar unforeseen, consequential circumstance;

KHRC may amend, disregard, modify, or withdraw any section of the QAP, including selection criteria, that interferes with an appropriate response.

## II. APPLICATION/AWARD PROCESS AND FEES

Unless otherwise indicated, the criteria in this QAP Section II apply to all applications, including those for 4% LIHTCs and Bonds.

### A. THE APPLICANT

Each application will identify one individual or validly existing entity as the Applicant. An entity may be a corporation (including nonprofits), limited liability company (LLC), or limited partnership. The Applicant must be eligible under QAP Section IV(A)(1) and will:

- execute the application;
- receive all KHRC communications, including from software systems;
- exercise sole authority to make decisions regarding the application (KHRC will not consider agreements regarding the relative rights of joint venture parties); and
- become a managing member or general partner of the ownership entity (may be through a single purpose LLC or limited partnership).

### B. APPLICATION REQUIREMENTS

KHRC will specify the form, manner, and process of receiving applications and may require the submission of information, letters, and/or representations before or after submission deadlines. Applicants must comply with all such instructions to the same extent as QAP requirements.

KHRC will determine how to address erroneous, omitted, or outdated information. Possibilities include:

- contacting the Applicant;
- asking third parties with relevant knowledge;
- making a change and informing the Applicant;

- charging a fee of up to \$1,000 per application; and/or
- determining the application is ineligible.

## C. APPLICATION/AWARD SCHEDULE

KHRC may deem an application ineligible for failure to meet a deadline. The schedule may change to accommodate weather events or other circumstances affecting the logistics of submissions. KHRC will notify local officials of applications submitted, as required under IRC Section 42.

### 1. 4% LIHTCS AND BONDS

KHRC will accept applications for 4% LIHTCs and Bonds year-round, with the exception of the time period between issuing the draft QAP and it taking effect. Applications also requesting HOME and/or NHTF must meet the 9% LIHTC deadlines.

Applicants must provide KHRC with a bond inducement resolution, a request for the bond allocation, and an application for the 4% LIHTCs with accompanying documentation. KHRC will review all submissions simultaneously with the preliminary requirements and selection criteria and make decisions within 60 days of a properly documented request (unless the application includes HOME and/or NHTF).

### 2. 9% LIHTC DEADLINES

Preliminary Applications due	Friday, <del>January 22</del> <u>February 5</u>
Invitation to Submit Full Applications	Friday, <del>March 12</del> <u>February 26</u>
Full Applications due	Friday, May <del>7</del> <u>14</u>
Award Announcements	<del>July</del> <u>August</u> , 2021

## D. KHRC HOME AND NHTF LOANS

Applicants may request HOME and/or NHTF loans, up to \$500,000 of each, by including either or both as a funding source in the application and submitting the required supporting documentation. KHRC will award only the amount needed for project viability, which may be more or less than requested.

Developments proposing to use HOME or NHTF must include a certification that the development team understands and will comply with the requirements for the respective programs. Requirements and further information on HOME and NHTF are in Appendix B.

For LIHTC proposals, HOME funds may be available to developments in a county identified as an underserved county that is:

- not currently served (as identified in the bylaws) by an organization that is eligible for certification by KHRC as a Community Housing Development Organization (CHDO) and which has the capacity to carry out the proposed activity in the role of sole managing member or sole general partner; or
- served by such an organization which has not completed any new LIHTC developments in the county within the past seven years.

HOME funds are otherwise available to LIHTC developments for which the sole managing member or sole general partner is an organization that does qualify as a CHDO.

## E. KHRC FEES

Pre-Application: \$250 for each preliminary application.

Full Application: \$10 per unit for each proposal. Nonprofit applicants are exempt.

Reservation: 7% of the annual LIHTC reserved paid upon closing of the development's construction financing. Nonprofit applicants pay 2.5%. Private Activity Bond reservation fees are due within 5 business days of bond issuance.

Allocation Fee: 3% of the annual LIHTC allocation amount paid at the time the allocation request and documentation are submitted to KHRC. Nonprofit applicants pay 1%. Private Activity Bond credit allocation fees are due when KHRC issues the Forms 8609.

Bond Issuance Fee: Assessed on the amount of allocation actually issued and is due to KHRC:

\$0 - \$5,000,000 - 10 basis points (.001)

\$5,000,001 and above - 20 basis points (.002)

Bond allocation fees and LIHTC fees may be paid together.

Monitoring Fee: \$9.00 per \$1,000 (.009) of the annual LIHTC amount allocated is due for all placed-in-service properties no later than March 15th following the first year of the LIHTC. An annual monitoring fee of \$4.00 per \$1,000 (.004) of the annual LIHTC amount allocated is due for all properties in the 16th year and thereafter no later than March 15. Properties with HOME and/or NHTF funds will pay an additional monitoring fee based on the number of assisted units.

Asset Management Fee: \$100 per unit for all properties that have entered into an Asset Management Agreement with KHRC, unless otherwise agreed upon. The fee is due no later than March 15th following the placed-in-service year of the first building.

## III. 9% LIHTC LIMITS AND SET-ASIDES

The criteria in this QAP Section III do not apply to applications for 4% LIHTCs and Bonds.

## A. LIMITS ON AWARDS

### 1. AWARD

The maximum per award is \$700,000 in LIHTCs. KHRC may waive the limit in this subsection:

- to reduce a request for a HOME or NHTF loan, or
- for applications addressing large-scale, locally important activities.

### 2. PRINCIPAL

No Principal, as defined in QAP Section IV(A)(2), will receive more than the lesser of two awards or 10% of the state's anticipated available annual LIHTCs one award. If the selection criteria would result in exceeding this limit, KHRC will determine which application(s) to award.

### 3. COUNTY

KHRC will generally make no more than one new construction award per county as defined in QAP Section III(C)(2). Metropolitan counties as defined in QAP Section III(C)(1) Johnson and Sedgwick Counties may receive two each. If the selection criteria would result in exceeding this limit, KHRC will determine which application(s) to award.

## B. REHABILITATION SET-ASIDE

Based on the selection criteria in QAP Section V, KHRC will award the lesser of:

- ~~25~~0% of available LIHTC, or
- 5 applications

to eligible applications proposing the rehabilitation of existing housing. In the event of inadequate demand among eligible applications, KHRC will make additional awards in the Urban and/or Rural set-asides.

## C. NEW CONSTRUCTION SET-ASIDE

Based on the selection criteria in QAP Section VI, KHRC will award the remaining LIHTCs, as divided below, to eligible applications proposing new construction or adaptive re-use.

### 1. METROPOLITAN

KHRC will award up to ~~55~~60% of LIHTCs available for new construction to applications in the following counties:

<u>Douglas</u>	<u>Johnson</u>	<u>Sedgwick</u>	<u>Shawnee</u>	<u>Wyandotte</u>
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In the event of inadequate demand among eligible applications, KHRC will make additional awards in the Rehabilitation and/or Rural set-asides.

Douglas	Johnson	Leavenworth	Miami	Sedgwick	Shawnee	Wyandotte
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## 2. RURAL

KHRC will award remaining LIHTCs to new construction applications in other counties. In the event of inadequate demand among eligible applications, KHRC will make additional awards in the Rehabilitation and/or Metro set-asides.

## D. NONPROFIT SET-ASIDE

KHRC will award at least 10% of LIHTCs to applications involving tax-exempt organizations (nonprofits). In order to qualify, the nonprofit must:

- be the listed Applicant;
- have fostering of low-income housing as one of its exempt purposes;
- become a managing member or general partner of the ownership entity; and
- materially participate, as defined under federal law, in the acquisition, development, ownership, and ongoing operation of the property for the entire compliance period.

## E. UNIQUE OPPORTUNITIES

KHRC may award LIHTCs to up to two applications outside the QAP selection criteria.

Applicants must propose consideration for the Unique Opportunities set-aside in the preliminary application. In making awards, KHRC may consider:

- regional distribution;
- scale of community impact;
- extraordinary market and population needs;
- unique funding and leveraging opportunities;
- disaster recovery response; and
- competitive rankings of applications.

The awards count towards the limits of the applicable Principal, county, Rehabilitation, and/or New Construction set-aside(s). The LIHTCs, HOME, and/or NHTF awarded may be greater than the stated maximums.

## IV. THRESHOLD ELIGIBILITY

Unless otherwise indicated, the criteria in this QAP Section IV apply to all applications and properties, including those for or with 4% LIHTCs and Bonds. KHRC may determine eligibility by contacting third parties.

### A. ALL APPLICATIONS AND PROPERTIES

Applications must meet the applicable underwriting criteria in QAP Section V.

#### 1. APPLICANT EXPERIENCE

##### DEVELOPER AND OWNER

The Applicant must:

- have been listed in an awarded application(s) as a developer (may be a joint venture), and
- be serving as a managing member or general partner in the ownership entity,

for at least one LIHTC property in Kansas or three in other states. The Applicant's involvement may be through a single purpose LLC or limited partnership.

##### PROPERTIES

The LIHTC property or properties must:

- have been placed in service between January 1, 2013~~5~~ and December 31, 2019, and
- not be in material noncompliance with any applicable affordable rental housing program requirements.

**Determined at preliminary application.**

#### 2. PRINCIPALS

##### DEFINITION

Principals include the Applicant and any individuals or entities:

- listed as a developer;
- listed as a member/partner of the eventual ownership entity (excluding LIHTC equity providers);
- receiving more than \$20,000 for consulting or providing a guarantee; and
- who are immediate family members or affiliates of the foregoing (immediate family members include spouse, parents, step-parents, grandparents, children, grandchildren, siblings, parent in-laws, and sibling in-laws).

Applicants must disclose all consultants and interested parties.

## DISQUALIFICATION

KHRC may disqualify applications 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 suspended, debarred or otherwise excluded from doing business with ~~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.

**Determined at full application.**

## 3. LIHTC MANGEMENT EXPERIENCE

The proposed management agent entity must be:

- a management agent for at least three KHRC properties in Kansas or seven LIHTC properties in other states, and
- considered in good standing with all affordable rental housing program administrators.

Applications may list two management agents so long as one meets the requirements above. The eligible entity must remain in the lead role for at least two years after the last building places in service.

The other listed management agent can manage the property upon KHRC's written approval.

**Determined at full application.**

## 4. SITE CONTROL

Applications must include documentation of either current ownership or the legal ability to purchase the real estate for the proposed property (may be a long-term ground lease) that is:

- in the name of the Applicant, Principal, or an affiliated entity, and
- valid through at least one month after the anticipated award date.

**Determined at preliminary application.**

## 5. MARKET NEED

Applications must include a study prepared by a market analyst, unaffiliated with the developer or the city where the development is located, who has experience with multifamily rental housing. Market studies must show adequate demand for the property and meet the Model Content Standards Version 3 Adopted on January 14, 2013 by the National Council of Housing Market Analysts.

Determined at full application.

## 6. FUNDING SOURCES

Applications must include documentation of a ~~legally binding~~ commitment for all funding sources, other than KHRC loans ~~and LIHTC equity~~. The debt commitment letters must comply with QAP Section VII(A)(5).

Determined at full application.

## 7. AVERAGE INCOME MINIMUM SET-ASIDE

Applications must indicate the property's minimum set-aside, which cannot change after submission. If the Applicant opts for average income, the market study must specifically reflect it being the choice.

Properties electing the average income minimum set-aside may not:

- contain market-rate units or
- propose average designations exceeding 60% of area median income (AMI) for any bedroom type (a pro-rata distribution).

KHRC may waive the foregoing, if necessary, for a rehabilitation application to better fit the household incomes of in-place tenants.

For projects with more than one building, ~~o~~Owners must select that each building is part of a multiple building set-aside on line 8b in Part II of IRS Form 8609.

Determined at full application.

## 8. DEVELOPMENT COSTS

KHRC may determine an application is ineligible due to excessive per-unit costs. See QAP Section VII(C) for additional limitations on development costs.

Determined at full application.

## 9. PERSONS WITH DISABILITIES AND LEASES

The ownership entity and management agent will:

- expressly include reasonable accommodations in the application for tenancy;
- not ask applicants/residents for medical or other protected information unless and only to the extent legally necessary (e.g., processing reasonable accommodations);
- use standard leases with the same rights available to, and responsibilities expected of, all households, including duration of tenancy (cannot be transitional);
- ensure participation in any supportive services is entirely voluntary (not a formal or implied condition of occupancy); and

- not give a preference based on either disability type (actual or perceived) or being a client of a particular provider.

**A post-award documentation requirement.**

## 10. ACCESSIBLE UNITS

The management agent will offer units with accessibility features:

- first to existing tenants,
- then to the next applicant on the waiting list

who may benefit from such features before offering the unit to otherwise qualified applicants. Offers must respond to individuals' voluntarily stated preferences, not presumptions based on perceptions of medical circumstances.

**A post-award documentation requirement.**

## 11. DESIGN REQUIREMENTS

Properties must be designed and constructed in accordance with applicable Federal and State requirements for accessibility by persons with disabilities, including Appendix C.

**Determined at full application and a post-award documentation requirement.**

## 12. PUBLIC HOUSING AND HOUSING CHOICE VOUCHER (HCV) WAITLIST

At least one month prior to commencing lease-up, the ownership entity will inform the local public housing authority and HCV administrator(s) (Section 8) of the acceptance of their referrals.

**A post-award documentation requirement.**

## B. REHABILITATION

### A. SCOPE OF WORK

Applicants must submit a detailed scope of work describing the proposed activities in either a narrative form or a list broken down by an indexing system that organizes construction data.

In all rehabilitation proposals, the scope of work shall address work to be done in all units within the development. Should any unit not require work, documentation as such must be noted in the scope of work. No unit shall be left unaddressed.

**Determined at preliminary application.**

## B. PHYSICAL NEEDS ASSESSMENT

Applicants must submit a detailed Physical Needs Assessment (PNA) which complies with Appendix C. KHRC must be able to enter the buildings to conduct inspections.

**Determined at full application.**

## C. MINIMUM PER UNIT

Buildings must require an average of at least \$25,000 per unit in rehabilitation hard costs, as determined by the PNA and KHRC's assessment.

**Determined at full application.**

## D. RELOCATION

The Application must include a relocation/displacement plan, including a projected budget and an explanation of efforts to mitigate the impact on residents. For developments requesting HOME or NHTF, the owner must comply with the Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended ("URA").

**Determined at full application.**

## E. INCOME AND RENT TARGETING

Properties will comply with the more restrictive of the:

- elected LIHTC minimum set-aside, or
- applicable requirements of any other affordable rental housing program.

**Determined at full application.**

## C. NEW CONSTRUCTION

### A. INCOMPATIBLE USES

#### HALF MILE

KHRC may determine an application is ineligible due to the site being within a half mile of the following: ~~airport~~;

- chemical or hazardous materials storage/disposal;
- commercial junk or salvage yards;
- industrial or agricultural activities generating odors or pollution;

- landfills currently in operation; or
- wastewater treatment facilities.

### NEARBY

An application may be ineligible if the site is adjacent to, or across a street from, any of the uses listed above or the following:

- adult entertainment establishment;
- distribution facility involving trucking;
- electrical utility substation;
- factory or similar industrial operation;
- jail or prison;
- large swamp;
- source of excessive noise; or
- other factors which create an environmental justice concern, creating undue adverse environmental impact on a low-income, minority, or special population.

### SITE

An application may be ineligible if the site:

- has any portion on a 100-year flood hazard area;
- is in, or would have, an impact on a wetland.

**Determined at preliminary application.**

### B. ZONING

Applications should include documentation of all necessary legislative and quasi-judicial land use approvals, including rezoning, conditional or special use permits, and variance, are in place for the proposed property. If the proposed site is not properly zoned, written confirmation from the municipal zoning authority that the proposed use is within the parameters of existing conforming zoning designations is required. In these instances, the LIHTC reservation will be contingent upon the receipts of land use entitlement approval.

**Determined at full application.**

### C. CONNECTIONS

Applications must include documentation that:

- all necessary utilities are currently available or connections are possible, and
- the proposed property has or will have access to a publicly maintained road.

**Determined at full application.**

## D. INCOME AND RENT TARGETING

The AMI requirements below apply to both the maximum housing expense (affordable to) and household income at move-in (occupied by). Properties with 4% LIHTCs and Bonds are exempt from this subsection. An award of HOME or NHTF will result in additional requirements.

### METROPOLITAN

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~~ the 20/50 or 40/60 election and at least 20% of units to households at 40% AMI or below. The 40% AMI units must have rents that are within the appropriate Public Housing Authority voucher threshold.

### RURAL

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~~ the 20/50 or 40/60 election and at least 20% of units to households at 50% AMI or below. The 50% AMI units must have rents that are within the appropriate Public Housing Authority voucher threshold.

**Determined at full application.**

## V. SELECTION CRITERIA: REHABILITATION

KHRC will invite 9% LIHTC rehabilitation applications which:

- earn 310 points under the Appendix A categories, and
- meet any threshold requirements determined at preliminary application to submit a full application.

Eligible applications will compete under the criteria in this QAP Section V.

### A. USDA RURAL DEVELOPMENT

KHRC may award an eligible application if the Kansas state USDA Rural Development office identifies it as a priority for rehabilitation. KHRC will communicate directly with USDA Rural Development.

**Indicated with the preliminary applications, assessed at full.**



## B. OTHER PROPERTIES

KHRC will make awards based on its evaluation of the factors below. Each factor will result in an application having a higher priority and is listed in declining order of significance.

- Requiring more rehabilitation work, based on KHRC review and/or the PNA.
- A greater percentage of units with project-based rent assistance.
- LIHTC resyndications.
- A greater ratio of hard costs to total development budget.
- Properties identified by a local government as in need of rehabilitation for community revitalization purposes.
- The Applicant's experience as a LIHTC property owner.

Implementation of this subsection will not involve point scoring. KHRC will apply these selection criteria to the applications.

**Assessed at full application.**

## VI. SELECTION CRITERIA: NEW CONSTRUCTION

KHRC will invite 9% LIHTC new construction applications which:

- earn 310 points under the Appendix A categories, and
- meet any threshold requirements determined at preliminary application

to submit a full application. KHRC may also set a minimum number of points based on the criteria scored at preliminary application. KHRC will invite applicants to participate in the full application period, and full applications will compete under the criteria in this QAP Section VI.

### A. APPLICANT'S AND PRINCIPALS' EXPERIENCE

**Maximum of 10 points.**

#### 1. SUCCESSFUL OUTCOMES

KHRC will award 1 point for each Kansas LIHTC property (including 4% LIHTCs and Bonds) placed in service between January 1, 2010 and December 31, 2019 for which the Applicant:

- was listed in the application(s) as a developer (may be a joint venture), and
- served as a managing member or general partner in the ownership entity, and
- remained in good standing with KHRC throughout the development.

#### 2. PENALTIES

~~KHRC will deduct 5 points if any Principal was listed as a developer or ownership entity member/partner in an application awarded in the preceding Kansas LIHTC competitive cycle.~~

KHRC ~~may~~ will deduct 10 points if any Principal was listed as a developer or ownership entity member/partner in an application for a development that placed in service between January 1, 2010 and December 31, 2019 and:

- requested a qualified contract for a property in Kansas after August 5, 2020.
- changed management companies and/or ownership without notifying and submitting required documentation to KHRC at least 30 days prior to the change two or more times, or
- violated any commitment in the Declaration of Land Use Restrictive Covenants (e.g., Fair Market Rate targets, homeless unit set-aside, income level targeting).

The penalty based on requesting a qualified contract will not apply if the ownership entity agrees to record a document reinstating the original Declaration of Land Use Restrictive Covenants terms other than limits on maximum household incomes.

Scored at preliminary application.

## B. UNDERSERVED AREAS

An application may not earn points in this subsection and the Subsequent Phase subsection.

### 1. METROPOLITAN

KHRC will award 10 points to applications not in the following ZIP Codes:

<u>66006</u>	<u>66067</u>	<u>66203</u>	<u>67110</u>	<u>67210</u>
<u>66012</u>	<u>66101</u>	<u>66603</u>	<u>67147</u>	<u>67211</u>
<u>66025</u>	<u>66102</u>	<u>66607</u>	<u>67203</u>	<u>67218</u>
<u>66030</u>	<u>66112</u>	<u>66612</u>	<u>67204</u>	<u>67226</u>
<u>66044</u>	<u>66202</u>	<u>67037</u>	<u>67209</u>	<u>67502</u>

### 2. RURAL

KHRC will award 10 points to applications not in the following counties:

<u>Anderson</u>	<u>Cowley</u>	<u>Franklin</u>	<u>Miami</u>	<u>Riley</u>
<u>Barton</u>	<u>Crawford</u>	<u>Grant</u>	<u>Marion</u>	<u>Saline</u>
<u>Bourbon</u>	<u>Dickinson</u>	<u>Harvey</u>	<u>McPherson</u>	<u>Scott</u>
<u>Brown</u>	<u>Ellis</u>	<u>Jackson</u>	<u>Montgomery</u>	<u>Sherman</u>
<u>Butler</u>	<u>Ellsworth</u>	<u>Jefferson</u>	<u>Morris</u>	
<u>Chase</u>	<u>Finney</u>	<u>Leavenworth</u>	<u>Ness</u>	
<u>Clay</u>	<u>Ford</u>	<u>Lyon</u>	<u>Reno</u>	

Scored at preliminary application.

## C. SUBSEQUENT PHASE

KHRC will award 10 points if the building(s) proposed in the application:

- was/were always planned as part of a phased development;
- is/are the second or third phase; and
- is/are within .25 miles the previous phase(s)is/are physically adjacent, not across the street.

The earlier phases must have:

- less than 5% physical vacancy for 12 months before preliminary application, and
- waitlists representing at least 50% of what would be the proposed phase's units.

KHRC may require documentation that land was paid for only once.

An application may not earn points in this subsection and the Underserved Areas subsection.

Scored at preliminary application.

## D. RESIDENTIAL CHARACTER

KHRC will award 5 points if the proposed site is in or adjacent to existing residential development. The proposed structures should be compatible with existing structures, both in density and architectural style. To receive the points, the site ~~will must~~ be within city limits on land that is in or committed to urban development incorporated and ~~will must~~ not involve conversion of Important Farmland defined in the Farmland Protection Policy Act (FPPA) at 7 CFR 658.2(a).

Scored at preliminary application.

## E. PROXIMITY TO AMENITIES

**Maximum of 25 points (regardless of the total among the subsections).**

Applicants may provide documentation of the driving distances calculated by Google Maps for the amenities described below. Routes must be drivable as of the preliminary application deadline. The measurements will be between the points closest to:

- the site entrance, to or from
- the amenity entrance.

For scattered site properties, the measurement will be from the location with the longest distance(s).

### 1. PRIVATE

The establishments must be open to the general public and operating as of the preliminary application deadline with no announced closing. See Appendix D for the lists of qualifying establishments.

**PRIMARY**

Applicants may submit an Adobe .PDF of the driving distances to Grocery, Shopping, and Pharmacy. KHRC will:

- separate Metropolitan from Rural;
- compile the mileages;
- apply the weighting factors shown in Appendix D;
- add the three (as weighted) and sort the total amounts in ascending order;
- award the maximum points (15 points) to the application with the lowest total mileage, and
- award points to the remaining applications based on their percentage of the lowest.

The driving distance for applications without a valid submission will be 10 miles.

**SECONDARY**

KHRC will award points based on the matrix below for additional qualifying amenities (separate, distinct establishments from Primary) being within driving distances indicated.

County	2 additional	1 additional
Metropolitan, within 1 mile	5 points	3 points
Rural, within 2 miles	5 points	3 points

**2. PUBLIC**

KHRC will award points based on the matrix below for the following facilities being within the driving distances indicated:

- community center owned and operated by a local government with scheduled activities;
- public park owned and maintained by a local government containing, at a minimum, playground equipment and/or walking/bike trails, and listed on a map or website;
- library operated by a local government open at least five days a week;
- bus stop at a fixed location served by a public transportation system six days a week.

County	2 facilities	1 facility
Metropolitan, within 1 mile	7 points	5 points
Rural, within 2 miles	7 points	5 points

Indicated with the preliminary applications, scored at full.

## F. BELOW-MARKET LOANS AND SUPPORT

Maximum of 30 points (~~regardless of the total among the subsections~~).

Applicants may seek points by providing:

- documentation of loan(s) and/or support(s) described below; and
- an explanation of how these loan(s) and/or support(s) will reduce KHRC resources requested, increase rent/income targeting, or both.

### 1. LOANS

Applications proposing market-rate units are ineligible for points under this subsection 1.

#### ELIGIBLE SOURCES

Only loans of or from the following will qualify:

- HOME (jurisdictions other than KHRC);
- Community Development Block Grant;
- Federal Home Loan Bank Affordable Housing Program;
- established local government housing programs;
- public housing authority resources;
- charitable organizations registered in Kansas.

KHRC may approve others in advance of the full application deadline. For scoring purposes, KHRC may disregard a source affiliated with a Principal (excluding public housing authorities).

#### TERMS

The source(s) must be listed as a loan in the full application with:

- an interest rate of no more than 1%,
- amortization of at least 20 years, and
- no commercially unreasonable fees.

#### CALCULATION

KHRC will calculate the total amount of qualifying funds committed per unit (excluding one for an employee/manager). For scoring purposes, KHRC will reduce the amount from a local government by the cost of any land to be sold to the ownership entity by that local government.

#### SCORING

KHRC will award points based on the matrix below.

Points	Sources/Unit	
	Metro	Rural
20	\$40,000	\$20,000

## 2021 Qualified Allocation Plan

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15	\$30,000	\$15,000
10	\$20,000	\$10,000
5	\$10,000	\$5,000

### 2. OTHER SUPPORT

KHRC will award 10 points to applications meeting any of the criteria below.

#### LAND DONATION

The real estate that will contain the proposed property is owned by a local government as of the preliminary application deadline and the application shows no more than \$5,000 in the cost line-items for land and buildings. The local government must not have purchased any portion of the real estate from a Principal.

#### FEE WAIVER

A local government will waive what would have been impact, utility, or other fees totaling at least:

- \$40,000 in Metropolitan counties, or
- \$20,000 in Rural counties.

#### HISTORIC

The property will be eligible for the historic rehabilitation tax credit.

#### APPLICANT-PROPOSED

Applicants may request in the preliminary application that KHRC approve another form of support as being eligible for points. The request should include relevant documentation.

**Scored at full application.**

## G. COMMUNITY REVITALIZATION PLANS (CRP)

**Maximum of 15 points.**

Applications may not earn points in this subsection and the Opportunity360 subsection. In the event an application is eligible under both, KHRC will award whichever amount is higher.

### 1. CRP CRITERIA

KHRC will award 5 points to applications meeting the criteria below.

- As of the preliminary application deadline, a local government formally adopted a plan to revitalize a defined geographic area (CRP) containing the proposed site. A standard land use or comprehensive plan is ineligible unless it contains a specific revitalization component.

- The local government certifies that no Principal initiated the CRP being adopted (other than a public housing authority or a related entity).
- Completing the property proposed in the application would contribute to one or more of the CRP's stated goal(s).
- The local government has made or is committed to making specific investments in non-housing infrastructure, amenities, or services beyond developing the proposed property.

A Neighborhood Revitalization Plan will qualify if it meets the above criteria.

## 2. QUALIFIED CENSUS TRACTS (QCT) OR REQUEST FOR PROPOSALS (RFP)

KHRC will award an additional 10 points if either the:

- defined geographic area includes any portion of a Qualified Census Tract (as of 2020 or 2021), or
- local government selected one of the Principals using a request for proposals/qualifications process.

Indicated with the preliminary applications, scored at full.

## H. OPPORTUNITY AREAS (OPPORTUNITY360)

**Maximum of 15 points.**

Applications may not earn points in this subsection and CRP. In the event an application is eligible under both subsections, KHRC will award whichever amount is higher.

Applicants may submit an Adobe .PDF of the "Community Dashboard" for the property site from <https://www.enterprisecommunity.org/opportunity360/measure>

KHRC will:

- separate Metropolitan from Rural,
- compile the Education, Health & Well-Being, and Economic Security Index results,
- add the three and sort the total amounts in descending order,
- award the maximum points to the application with the highest total, and
- award points to the remaining applications based on their percentage of the highest.

Applications without a valid dashboard submission will receive Index results of zero.

Indicated with the preliminary applications, scored at full.

## I. SUPPORTIVE HOUSING, SENIORS, OR FAMILIES

**Maximum of 15 points.**

An application may not earn points in both Senior Housing with Services and Three or More Bedrooms subsections.

## 1. SUPPORTIVE HOUSING

~~KHRC will award 10 points to~~The applications documentings service coordination by a local government human services agency or qualified nonprofit to assist residents with:

- applying for occupancy,
- implementing plans for success in housing, and
- continuing the linkage to supportive services, as needed.

If an application lists a nonprofit as the service coordinator, it will earn points only if the entity does not qualify as a Principal.

The ownership entity, management agent, and local agency will enter into a Memorandum of Understanding (MOU) outlining their respective roles and responsibilities. All residents will be equally eligible to participate in services.

~~Developments will receive up to 10 points. Supportive housing plans should be tenant centered, accessibly, coordinated, integrated, and sustainable.~~

## 2. SENIOR HOUSING WITH SERVICES

Senior developments that commit to at least three of the following will receive 5 points.

- garages or covered parking,
- storm shelters,
- UFAS units above the minimum required,
- community building or room,
- fitness room with equipment,
- internet access – free Wi-Fi or a computer room,
- walking path, outdoor seating area, community garden,
- adjacent to a senior center or community center with regular programming,
- regular transportation or on-site bus stop, or
- structured recreational or educational programs.

## 3. THREE OR MORE BEDROOMS

The applicant proposes a family property with at least 25% of units containing three or more bedrooms will receive 5 points.

Indicated with the preliminary applications, scored at full.

## J. EXTENDED AFFORDABILITY OR HOMEOWNERSHIP

An application may earn 5 points in one of the two subsections below.



## 1. 40 YEAR PERIOD OF AFFORDABILITY

The applicant agrees the recorded Declaration of Land Use Restrictive Covenants will have a 40 year term (15 compliance, 25 extended use) and that the applicant will not request a qualified contract under IRC Section 42(h)(6)(E).

## 2. CONVERSION TO HOMEOWNERSHIP

The application:

- proposes single family units (no common walls),
- qualifies for the nonprofit set-aside, and
- includes a detailed, comprehensive plan for converting the units to ownership by the tenants after 15 years.

Conversion must be optional to the tenant household. Units will remain governed by the Declaration of Land Use Restrictive Covenants for 30 years or until converted.

Indicated with the preliminary applications, scored at full.

## K. TIEBREAKER

In the event more than one application earns the same total number of points, and there are not enough LIHTCs remaining for all, KHRC will make awards based on which site(s) is/are the best location for the households served, has committed to higher energy standards, has requested the lower amount of LIHTCs, and has the highest percentage of 30% AMI or less units.

# VII. UNDERWRITING STANDARDS

Unless otherwise indicated, the criteria in this Section VII apply to all LIHTC applications, including those with 4% LIHTCs and Bonds. KHRC will determine compliance at full application.

## A. ALL APPLICATIONS AND PROPERTIES

Applicants must correctly complete and submit all required application forms.

### 1. PRO-FORMA

Applications must:

- use a 7% vacancy rate;
- trend rent increases by 2% and expenses by 3%;
- demonstrate a minimum debt coverage ratio (DCR) of 1.15 for ~~1520~~ years.

There is no formal maximum DCR but exceeding 1.50 or \$600 per unit per year may result in a reduction in awarded resources. KHRC will evaluate a high DCR to determine if requested resources are necessary for sustainability.

KHRC will assess the DCR without regard to any deferred developer fees or funds paid to members/partners (e.g., distributions, asset management fees, loan payments).

### 2. OPERATING EXPENSES

KHRC will base the minimum operating expenses for rehabilitation applications on the property's current operations, as may change resulting from physical improvements.

The minimum for new construction is ~~\$34,520~~ \$34,520 per unit per year, excluding real estate taxes and reserve payments. Applicants may request a lower amount by including documentation of comparable properties.

### 3. REQUIRED RESERVES

The requirements in this subsection do not apply to properties with USDA-Rural Development (RD) rent assistance.

#### LEASE-UP

Owners must deposit a reasonable amount based on the projected absorption. For new construction properties, the minimum is \$300 per unit. The management agent will use these funds to pay rent-up expenses. Any amount remaining when the property reaches 93% occupancy must be transferred to the replacement reserve account, operating reserve account, or to pay real estate and property insurance costs.

#### OPERATING

The operating reserve must reflect at least six months of operating expenses and debt service.

#### REPLACEMENT

All developments must fund an annual replacement reserve of a minimum of \$300 per unit, increased annually by 3%.

### 4. EQUITY PRICING

KHRC will conduct a survey of LIHTC equity providers to determine appropriate pricing assumptions as well as announce the results no later than one month prior to the full application deadline. The results will be a range (minimum-maximum) and may vary based on property type, size, and/or geography.

### 5. COMMITMENT LETTERS

Applications must include commitment letters indicating the following for all permanent loans:

- amount,

- term and amortization (minimum of 15~~8~~ years),
- fixed interest rate,
- fees charged,
- reserve requirements,
- anticipated lien position, and
- the election of the average income is acknowledged and affirmed, if applicable.

If the ownership entity will assume a loan, the application must include a letter from the lender stating the loan can be assumed and details of the terms/conditions.

### 6. HOME FUNDS

HOME funds awarded as 'CHDO Set-Aside' may be deferred for the term of the HOME restricted use period. KHRC may structure those loans with repayment terms based on project underwriting. HOME funds awarded to LIHTC developments that do not have a CHDO as sole managing member or sole general partner will be subject to repayment terms based on project underwriting.

### 7. DDA AND QCT BASIS BOOST

Only properties with 4% LIHTCs and Bonds will receive the 30% increase in eligible basis because of being located in a Difficult Development Area (DDA) or Qualified Census Tract (QCT). Applicants for properties with 9% LIHTCs may request the boost based on the criteria in QAP VII(B)(1) or VII(C)(1).

### 8. APPRAISALS

Other than applications requesting the basis boost, Applicants must submit a real estate "as is" appraisal that is:

- dated no more than six months from the full application deadline;
- prepared by an independent, state certified appraiser; and
- complies with the Uniform Standards of Professional Appraisal Practice.

Appraisals for properties with existing structures not to be demolished must break out the land and building values.

### 9. MINIMUM AND MAXIMUM DEVELOPER FEE

Developer Fees must meet the minimum of \$40,000 and the maximum of the lesser of:

- \$1,000,000 or
- as indicated in QAP Sections VII(B)(2) or VII(C)(2).

These totals are inclusive of any consulting fees. The application may not show more than half of the developer fee as deferred.

## B. REHABILITATION

Underwriting standards for rehabilitation proposals will apply to any housing development with existing tenants.

### 1. BASIS BOOST

KHRC may allow an increase in eligible basis of up to 30% for LIHTC resyndications not requesting the acquisition credit because current members/partners or affiliates will remain in the ownership entity. KHRC must order the appraisal.

### 2. DEVELOPER FEE

Developer Fee is limited to the amount in QAP Section VII(A)(9) or the greater of 15% of the Eligible Basis (before any boost) of the Qualified Low-Income Building(s), excluding the Developer Fees and acquisition costs or \$100,000.

### 3. DEVELOPMENT COSTS

KHRC will determine the appropriate amount for each line item based on the:

- appraisal,
- applicant's proposed amounts,
- Physical Needs Assessment, and
- staff's professional judgement.

Maximum contingency is 10% of rehabilitation hard cost line-items.

## C. NEW CONSTRUCTION

Underwriting standards for new construction proposals will apply to both new construction and adaptive reuse.

### 1. BASIS BOOST

KHRC may allow an increase in eligible basis of up to 30% for properties with expensive land because of being in a high-opportunity area or the proposal is in a Rural county as defined in QAP Section III (C). Applications are ineligible if the property will contain unrestricted, market-rate units. KHRC must order the appraisal.

### 2. DEVELOPER FEE

Developer Fee is limited to the amount in QAP Section VII(A)(9) or \$2018,000 per unit.

### 3. DEVELOPMENT COSTS

KHRC will set the maximums according to the criteria below. Adaptive re-use projects will be evaluated on a case by case basis.

## VERTICAL CONSTRUCTION

No later than one month prior to the full application deadline, KHRC will post limits for new construction applications. Specifically, the maximum amounts per unit and/or per square foot for the vertical construction line items. Vertical includes hard construction costs, general requirements, builder's overhead, builder's profit, building permit fee, and construction contingency.

KHRC will determine the limits based on public input, recently submitted cost certifications, and third-party data. The posted limits will be higher for the following proposals:

- detached single family houses;
- within a central business district;
- public housing redevelopment; or
- four or more stories using steel and concrete;

KHRC may approve other limits prior to posting.

## OTHER COSTS

Applicants will propose costs for the non-vertical components. KHRC will determine the appropriate amount for each based on:

- comparisons with other applications,
- recently submitted cost certifications,
- input from third parties, and
- staff's professional judgment.

Maximum contingency is 7.5% of new construction hard cost line-items.

## D. KHRC HOME AND NHTF LOANS

HOME and NHTF designated units ~~should~~ will be floating. In a development with multiple unit sizes or configurations, the HOME or NHTF units shall be a representative mix of those sizes and features. HOME funds will be subject to repayment terms. KHRC may determine funds awarded as 'CHDO Set-Aside' will be deferred.

## VIII. POST-AWARD AND COMPLIANCE

Unless otherwise indicated, the criteria in QAP Section VIII apply to all properties, including those with 4% LIHTCs and Bonds.

### A. CHANGES

At any time between award and issuance of IRS Form 8609, owners must have written approval from KHRC prior to:

- changing the anticipated or final funding amount or terms, including equity;
- increasing the anticipated or final uses by more than 2%;

- altering the designs approved by KHRC at full application;
- ~~starting construction, including sitework;~~
- increasing rents for new construction low-income units;
- increasing rents for rehabilitated low-income units above existing rents at time of award (rents shown in the approved application can be instituted once rehabilitation is complete);
- ~~occupying units;~~
- any other change to the awarded application.

At any time between award and issuance of IRS Form 8609, owners must inform KHRC prior to:

- starting construction, including sitework after the preconstruction meeting has been held;
- occupying units.

Failure to comply may result in a fine of up to \$25,000, revocation of the reservation or allocation, future disqualification of any Principal involved, and/or any other legally available recourse.

## B. DOCUMENTATION

KHRC's forms and agreements will implement federal mandates, QAP requirements, and representations made in the application.

### 1. BONDS AND 4% LIHTC

KHRC will issue a "42(m)" letter stating the estimated amount of 4% LIHTCs.

### 2. 9% LIHTC

## FORWARD COMMITMENT

Awards will be forward commitments of LIHTCs KHRC anticipates will be available in 2022.

## CARRYOVER ALLOCATION AND 10% TEST

The ownership entity must have control of the real estate, in the form of a recorded deed or a long-term lease, before executing the carryover allocation agreement. KHRC may waive this requirement if it has been awarded HOME funds.

KHRC may make additional requirements prior to granting a carryover allocation including but not limited to:

- evidence of construction loan closing;
- owner certification that construction or rehabilitation has started; and/or
- owner certification of all sources of financing.

### 3. DECLARATION OF LAND USE RESTRICTIVE COVENANTS

The ownership entity must sign and record a Declaration of Land Use Restrictive Covenants which will incorporate:

- federal law,
- applicable QAP requirements,
- representations made in the application, and
- an agreement to not request a qualified contract under IRC Section 42(h)(6)(E).

### 4. COST CERTIFICATION AND FORM 8609

To obtain Form(s) 8609, owners must provide KHRC with the following:

- a copy of the recorded title in first position to the real estate of the property in the name of the entity that will appear as the owner on the IRS Form 8609;
- recorded mortgage for permanent financing;
- complete copies of Limited Partnership or Limited Liability Company documents showing ownership entity and terms of investment;
- owner certification of all sources of financing (KHRC Form);
- owner certification of total development cost, qualified basis for LIHTCs and placed-in-service date (KHRC Form);
- itemized contractor general requirements, certified by owner;
- at KHRC's discretion, a legal opinion certifying that each building has been placed-in-service and that the development is in compliance with the IRC, and acquisition credit requirements (if applicable);
- a Certificate of Occupancy issued by the local governing body for each building or by the architect if the jurisdiction does not issue;
- an opinion by a Certified Public Accountant regarding the development's eligibility for LIHTCs;
- a Land Use Restriction Covenant executed by the owner and KHRC, and recorded at the Register of Deeds in the county where the property is located as a first lien on the property;
- an energy audit conducted by a KHRC certified home energy rater;
- Certification of Rents and Basis (KHRC form); and
- currently dated Certificates of Good Standing issued by the Kansas Secretary of State for the ownership entity and the general partner or managing member entity that are within sixty days of submittal to KHRC.

### 5. HOME/NHTF AGREEMENTS

Developments with HOME and/or NHTF funds may require the following documentation:

- written Agreement;
- mortgage;
- assignment of Rents and Leases;
- completion Guaranty;

- Performance and Repayment Guaranty;
- Environmental Indemnity, and
- Promissory Note.

### C. COMPLIANCE MONITORING

Ownership entities and property management companies must use KHRC's Compliance Policy and Procedures Manual.

The ownership entity will:

- allow KHRC and/or its designee to audit any property during the compliance period (includes a physical inspection and review of records);
- submit the Annual Owner's Certification of Continued Program Compliance along with other annual reporting requirements by March 15<sup>th</sup> of each year;
- be a user on the Procorem Compliance work center;
- enter and validate tenant data in the Procorem software system;
- submit required state forms prior to changes in management companies and/or ownership; and
- attend compliance seminars if cited for noncompliance.



## APPENDIX A: ARTICLE 10 CRITERIA

K.A.R. 110-10-1 mandates the categories and points listed below. KHRC will implement each with the stated selection criteria. Applications will not earn partial points in a category.

Category	Points	Selection Criteria
Project Location	50	The application specifically documents the exact real estate to be developed, including any necessary easements.
Housing Needs	45	KHRC determines the resulting property, as proposed, would respond to the needs of area low-income households.
Project Characteristics	80	For rehabilitation, the application proposes physical improvements in all units and common areas. For new construction, the resulting property would comply with applicable federal, state, and local building requirements.
Sponsor Characteristics	10	The applicant is in good standing with KHRC.
Special Needs	75	The application demonstrates compliance with the prohibition against discrimination based on familial status by being either open occupancy or qualifying for a senior housing exemption.
Public Housing Waitlist	5	The applicant formally agrees to comply with QAP Section VI(A)(g).
Market Study	45	The market study documents sufficient demand for the development as proposed.
TOTAL	310	

## APPENDIX B: HOME AND NHTF

Regulations and guidance can be found online at [www.hudexchange.info](http://www.hudexchange.info) under the 'Programs' tab; in the Code of Federal Regulations at 24 CFR Parts 92 (HOME) and 93 (NHTF); or by contacting KHRC prior to submitting an application. Requirements include but are not limited to:

- a restrictive use period during which compliance with rent and income limits must be maintained;
- limits on eligible project costs;
- environmental requirements, which may include a Request for Release of Funds from HUD;
- HUD Lead Based Paint requirements for buildings constructed prior to 1978;
- tenant protection and selection requirements;
- verification that no parties (including contractors and subcontractors) are suspended or debarred from receiving Federal funds;
- displacement, relocation and acquisition requirement, include the URA;
- Section 3, MBE/WBE requirements;
- possible Davis Bacon wage requirements (HOME only);
- federal non-discrimination requirements, Fair Housing and VAWA compliance, and;
- property standards, including ongoing inspections throughout the affordability period.

KHRC will not commit HOME funds to a development until HUD has approved the Request for Release of Funds (RROF). The applicant must avoid taking a Choice Limiting Action at the project site.

HOME funds for rental developments not involving LIHTCs will be awarded through a separate process. Award for such activities may impact the amount of HOME funds available for LIHTC developments.

HOME and NHTF designated units will be floating, except in projects where it is not feasible to construct units that are comparable in size and features (e.g. historic rehab, adaptive reuse, etc.). In such cases, units may be fixed, but the size, configuration and features must be comparable to or better than an average unit with the same number of bedrooms. An architect's evaluation justifying the need for fixed units must accompany the application for funding. Other exceptions will be subject to KHRC's review of clear and compelling reasons.

In order to qualify as a CHDO application, the proposed project must:

- ~~the proposed project must~~ meet the nonprofit application requirements,
- as of the full application deadline, the applicant, any Principal, or any affiliate must not undertake any choice-limiting activity prior to successful completion of the HUD environmental clearance review, and
- the project and owner must comply with regulations regarding the federal CHDO set-aside, including LIHTC developments with a CHDO as the sole managing member or general partner.

## APPENDIX C: DESIGN REQUIREMENTS



### Accessibility, Architectural Procedures & Minimum Development Standards For Residential Construction

## ACCESSIBILITY GUIDELINES

Rental housing properties developed with the assistance of funding from Kansas Housing Resources Corporation (KHRC), including but not limited to the Low Income Housing Tax Credit (LIHTC), Home Investment Partnerships (HOME) and National Housing Trust Fund (HTF) must be designed and constructed in accordance with applicable Federal and State requirements for accessibility by persons with disabilities.

### ACCESSIBILITY CERTIFICATION

Architects, developers, general contractors, and job superintendents must provide KHRC with certifications of training and education within the past two years on Fair Housing, ADA, American National Standards Institute (ANSI) and UFAS design and construction requirements. General Contractors and job superintendents may submit the certification after the development is approved but before construction is commenced. The certification must state that the training session was a least four hours in length, included all major areas of housing construction, and was attended in its entirety by the person being certified. [The session can be done online.](#)

### NEW CONSTRUCTION

#### ADA – AMERICANS WITH DISABILITIES ACT

All publicly accessible areas (leasing offices, common areas open to the public, parking areas, outdoor common areas, etc.) must meet the accessibility requirements of the Americans with Disabilities Act (ADA).

ADA design requirements do not apply to residential units. ADA applies to public accommodations, i.e., to any spaces which are available for public use.

A leasing office, or a community space that is available for use by the general public is subject to ADA. All other structures and spaces that are for tenant use only are covered by one of the other regulations below.

#### FAIR HOUSING ACT

All buildings with four or more units must comply with the Fair Housing Act and Fair Housing Design Standards, regardless of the source of funding.

- Covers all multifamily *buildings of four or more units regardless of funding sources*
- Applies to ground floor units, or all units in an elevator building
- Accessible route within the building or site – 36"
- Accessible building entrance connected by accessible route to parking, loading zones, public streets and sidewalks, etc.
- Accessible and usable public and common use areas
- Parking lots
- Storage areas
- Recreational areas

- Lobbies, mailboxes, laundry etc.
- Accessible entrance – 32” clear, with ½” threshold
- Usable doors – 32” clear opening
- Accessible route through the unit – 36”
- Light switches at 15-48”
- Reinforced bathroom walls for grab bars (bars not required)
- Usable kitchens and bathrooms

### **KSA 58 - ARTICLE 14 - KANSAS STATUTES AT K.S.A. CHAPTER 58-1401, ET SEQ.**

Covers all buildings of one, two or three units (single family, duplex, triplex) with State or Federal funding from KHRC. KHRC extends the same design requirements to LIHTC developments regardless of other State or Federal funding.

- Accessible route to and through the unit – 36”
- Accessible entrance – 32” clear opening, ½” threshold
- All doorways on same floor have 32” clear opening (Including closets of 15 Sq. Ft. or more)
- Light switch and outlet heights 15-48”
- Blocking for grab bars in bathroom

### **SECTION 504 – (UNIFORM FEDERAL ACCESSIBILITY STANDARD (UFAS) – SECTION 504 OF THE REHABILITATION ACT OF 1973**

All developments with five or more units which receive Federal assistance in the development (e.g., HOME and/or HTF) must comply with the accessibility requirements in Section 504 of the Rehabilitation Act of 1973, including a minimum of 5% of the total units being designed and constructed to meet Uniform Federal Accessibility Standards (UFAS). Additionally, a minimum of 2% of the units must have equipment for hearing or visually impaired.

Covers federally funded (HOME, HTF etc.) projects of five or more total units – regardless of # of units per building or number of assisted units.

- Minimum of 5% or one unit must meet UFAS standard for physical accessibility
- Minimum of 2% must have equipment for hearing or visually impaired
- FHA or KSA 58-1402 still apply to all other units in the project
- UFAS has additional requirements beyond FHA or KSA 58-1402
  - Cabinet heights
  - Floor clear spaces
  - Tub or shower design
  - Bathroom and kitchen layout and clearances

### ACCESSIBLE ROUTE

- If the accessible route is through a garage or carport, the garage or carport should be wide enough to accommodate a standard sized vehicle and a minimum 36" wide accessible route for a wheelchair. It must not require moving a vehicle to allow passage by someone with a mobility impairment.
- If the slope of an accessible route is between 1:12 and 1:20, it is considered a ramp, and must be constructed to meet the requirements of a ramp, including handrails, landings, etc. as required.
- If covered by Fair Housing Act or Section 504 accessibility standards, any features or amenities, such as a community room, play area, mailboxes, trash disposal area, or common parking must be on an accessible route to the unit.

### ACCESSIBLE ENTRANCE

- The door threshold cannot exceed ½" in height. If a standard threshold is used, the doorway should have a small ramp or similar modification to allow a wheelchair to pass over the threshold without encountering any obstruction of ½" or more in height.
- A sliding door used as the accessible entrance may have a threshold of up to ¾". However, use of the primary entry door as the accessible entrance is preferred.

### DOORWAYS

- Inward-opening doors in Section 504 (UFAS) units must have 18" clear space on the latch side of the door

### BATHROOMS

- All accessible (ground floor or elevator) bathrooms must have blocking for grab bars, designed to support 250#. It is recommended that all bathrooms have blocking, even if not required.
- KHRC encourages installation of grab bars, especially in senior properties, even where they are not required.
- Shower or tub walls must be in solid contact with the blocking, and not deflect under hand pressure. Tub/shower walls with OSB or similar built-in blocking (if designed for bar installation) are acceptable with documentation (manufacturer specs).
- UFAS units have additional requirements for clear floor space, vanity and cabinet heights, control placement, etc.
- UFAS showers or tubs (if not a roll-in design) must have a seat (can be removable) and a hand-held sprayer.
- Toilets in UFAS units must have the centerline at 18" from the finished wall. Any variance greater than about ¼" will require moving the toilet, so plans and measurements must be accurate.

## ACCESSIBILITY GUIDELINES

### REHABILITATION PROJECTS

#### ADA – AMERICANS WITH DISABILITIES ACT

Applies to all public space at property no matter if new construction or rehab.

#### FAIR HOUSING ACT

Does not apply if property was designed and constructed for first occupancy on or before March 13<sup>th</sup> 1991. If significant renovations are made to a property all reasonable attempts should be made to make units accessible.

#### KSA 58 - ARTICLE 14

KSA 58 – Article 14 will not apply if a dwelling the design or construction of which commenced prior to July 1, 2002, as evidenced by (1) a payment for such design or construction, (2) a contract for such design or construction or (3) or other proof sufficient to the director as prescribed by rules and regulations.

#### SECTION 504 – (UNIFORM FEDERAL ACCESSIBILITY STANDARD (UFAS))

Under Section 504, alterations are substantial if they are undertaken to a project that has 15 or more units and the cost of the alterations is 75% or more of the replacement cost of the completed facility. (See 24 C.F.R. § 8.23(a)). The new construction provisions of 24 C.F.R. § 8.22 apply. Section 8.22 requires that a minimum of 5% of the dwelling units, or at least one unit, whichever is greater, shall be made accessible to persons with mobility disabilities and an additional 2% of the dwelling units, or at least one unit, whichever is greater, shall be made accessible to persons with hearing or visual disabilities.

If the project involves fewer than 15 units or the cost of alterations is less than 75% of the replacement cost of the completed facility and the recipient has not made 5% of its units in the development accessible to and usable by individuals with disabilities, then the requirements of 24 C.F.R. § 8.23(b) – Other Alterations apply. Under this section, alterations to dwelling units shall, to the maximum extent feasible, be made readily accessible to and usable by individuals with disabilities. If alterations to single elements or spaces of a dwelling unit, when considered together, amount to an alteration of a dwelling unit, the entire unit shall be made accessible. Alteration of an entire unit is considered to be when at least all of the following individual elements are replaced:

renovation of whole kitchens, or at least replacement of kitchen cabinets; and  
renovation of the bathroom, if at least bathtub or shower is replaced or added, or a toilet and flooring is replaced; and replacement of entrance door jambs.

When the entire unit is not being altered, 100% of the single elements being altered must be made accessible until 5% of the units in the development are accessible. However, KHRC follows HUD guidance in strongly encouraging a developer to make 5% of the units in a development readily accessible to and usable by individuals with mobility disabilities, since that will avoid the necessity of making every element altered accessible, which often may result in having partially accessible units which may be of little or no value for persons with mobility impairments. It is also more likely that the cost of making 5% of the units accessible up front will be less than making each and every element altered accessible. Alterations must meet the applicable sections of the UFAS which govern alterations.

### PHYSICAL NEEDS ASSESSMENT

KHRC requires a detailed Physical Needs Assessment (PNA) for proposed multifamily rehabilitation projects. The PNA is an evaluation of a property in terms of existing physical condition, future physical needs, and the estimated timeline and cost of the replacement of systems and components. The PNA must identify deferred maintenance, physical needs, remaining useful life of key components, building material deficiencies, and material building code violations that affect the property's use, structure and mechanical integrity, and the future physical and financial needs. KHRC will examine the results of the PNA with respect to the scope of the rehabilitation proposal and the construction cost budget. Abbreviated PNA reports are allowed on small developments.

The PNA should include a narrative description of the development, photographs of typical building characteristics and deficiencies, the developer's proposed extraordinary property improvements that may affect the project's future marketability, and a property inspection and evaluation section.

The property inspection and evaluation section should further examine and analyze the following:

- site, including topography, drainage, pavement, curbing, sidewalks, parking, landscaping, amenities, water, sewer, storm drainage, and gas and electric utilities and lines;
- structural systems, both substructure and superstructure, including exterior walls and balconies, exterior doors and windows, roofing system, and drainage;
- interiors, including unit and common area finishes (carpeting, tile, plaster walls, paint condition, etc.), unit kitchen finishes, cabinets and appliances, unit bathroom finishes and fixtures, and common area lobbies and corridors;
- mechanical systems, including plumbing and domestic hot water, HVAC, electrical, lighting fixtures, fire protection, and elevators;
- potential improvements to energy efficiency, including higher-rated HVAC equipment, specification of energy efficient windows and doors, minimum insulation standards, appliance upgrades, lighting improvements, and enhanced ventilation;
- strategies for conservation of resources during rehabilitation, including use of durable and low maintenance building materials, water-conserving plumbing fixtures and appliances, and drought tolerant and low-maintenance landscaping; and



- any non-compliant component or issue relative to the applicable accessibility code or guidelines.

If any elements are not expected to last through the restricted use period, those elements must be clearly identified, and the operating budget must include adequate reserves for replacement to address those needs when they arise. At completion, all elements must meet or exceed the property condition standards used by KHRC for ongoing property inspections (currently UPCS).

### ENERGY EFFICIENCY

New construction developments must demonstrate compliance with the 2018 International Energy Conservation Code.

Chapter 4 of the 2018 International Energy Conservation Code provides requirements for the thermal envelope of a building, including minimum insulation values for walls, ceilings and floors, maximum fenestration U-factors; minimum fenestration solar heat gain coefficients; and methods for determining building assembly and a total U-factor. A performance alternative, and an energy rating alternative are also provided to allow for energy code compliance other than the prescriptive method.

Prior to the start of construction, the plans of each new development, rehabilitation or conversion **an energy auditor/rater must be designated. The designated energy auditor will review and approve the planned construction, as per design and specifications, ensuring it meets or exceeds the above stated standards. The auditor will provide all appropriate inspections during the build process to ensure project meets standards. Upon completion, a final energy audit should be completed to verify that actual construction or rehabilitation meets the appropriate standards.**

### LEAD BASED PAINT MITIGATION

For property acquisition and rehabilitation, any work on structures constructed prior to 1978 must comply with the Kansas Residential Childhood Lead Poisoning Prevention Act (K.S.A. 65-1, 201– 213) and Kansas Department of Health and Environment regulations concerning the evaluation and control of Lead-based Paint Hazards and the Pre-Renovation Rule (K.A.R. 28-72-01 through 28-72- 54) as applicable. Compliance with Department of Housing and Urban Development (HUD) Guidelines for the Evaluation and Control of Lead-based Paint Hazards, Environmental Protection Administration (EPA) Requirements for Lead-based Paint Activities; 40 CFR Part 745, and Occupational Safety and Health Act (OSHA) regulations on lead 29 CFR 1910.1025 shall apply as required. Rehabilitation projects with Federal (HOME or HTF) funds must comply with the requirements of 24 CFR Part 35, Subpart J. Abatement may be required, depending on the per-unit rehabilitation assistance as defined in that regulation.

## BUILDING CODE

Comply with applicable construction code utilized by the local government unit where the development is located. In the absence of locally adopted codes, the International Building Code (2018), the International Plumbing Code (2018), the International Mechanical Code (2018), the National Electrical Code (2017), and/or the International Residential Code (2018) must be used.

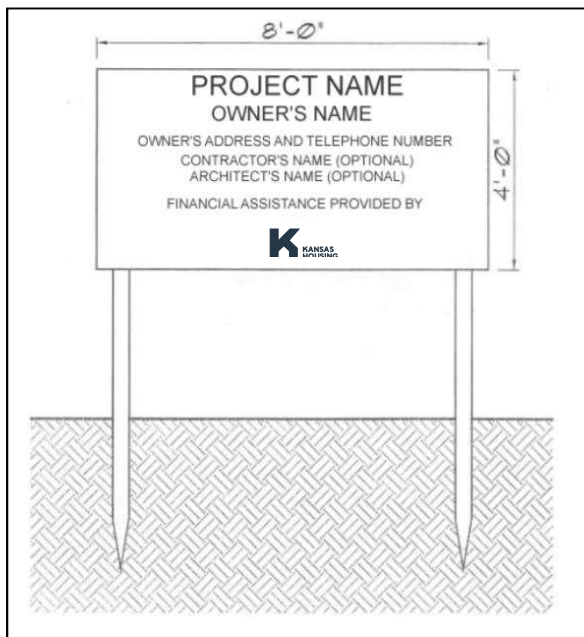
## MARKET STUDY

Market studies on all developments are required. 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.

## PHASE I ENVIRONMENTAL REPORT

A Phase I Environmental Report by an entity qualified to provide a comprehensive site assessment that meets the ASTM Standard E-1527. If this report recommends additional testing, a Phase II Environmental Report will be required prior to closing.

## CONSTRUCTION SITE SIGNAGE



Job/Development site sign must be displayed at the start of construction at the main/most trafficked entrance.

(For company logo, contact KHRC for JPEG/TIFF version of the KHRC logo.)

### **PRE-DEVELOPMENT MEETINGS**

A pre-development conference with KHRC is required prior to the start of construction. The developer, architect and general contractor are required to attend this meeting. At that time, the expectations of KHRC, including a review of accessibility standards, will be discussed.

### **CONSTRUCTION STATUS UPDATE**

Provide construction status update at least once a month. Contact the KHRC project manager to get a copy of the Construction Status Update Form. Along with the form please provide at least two current photos of the site.

### **FINAL INSPECTION**

KHRC shall be notified two weeks in advance of the final inspection. This inspection may be scheduled concurrent with the Inspecting Architect's Punch List Inspection(s), provided that inspection occurs when the work is substantially complete. If the inspection is not scheduled concurrently with the Inspecting Architect's inspection, the Inspecting Architect's Punch List must be available to KHRC staff. Provide the final —incomplete item's list to the KHRC staff. The final inspection will determine the amount withheld from the final construction draw, which will be held in an incomplete construction escrow account. The results of the final inspection shall be provided to KHRC.

### **MINIMUM DEVELOPMENT STANDARDS**

All new construction developments using resources administered by Kansas Housing Resources Corporation must comply with the minimum development standards outlined below:

#### **PRIVACY**

- Common Walls – All walls between living units must be formed on double plates with a minimum space of one inch between the plates or demonstrate a Sound Transmission Coefficient (STC) minimum score of 50 based on USG Corporation ratings to insure maximum sound barriers and privacy.
- Boundaries – Patios must be partitioned with fencing or T dividers that are at least six feet high. Perimeters of properties must include landscaping or fencing that offers barriers to adjoining properties.
- Porches – Front and rear porches and patios must comprise a minimum of 40 square feet of surface to allow for outdoor seating and maneuverability.

## MAINTENANCE EFFICIENCY

- All buildings must have low-maintenance exterior finishes, to include but not be limited to brick, stone, hardy board, fiber cement siding, or vinyl siding. If vinyl siding is used, it must be at least .042 (inches) in thickness, and have a formed, insulating backing. An example of the backing would be Solid Core by Oracle or ThermoWall by CertainTeed.
- Flat insulation or fanfold is not allowed. Siding with a thickness of .050 or greater may be used without the formed, insulating backing with approval from this office. In this case the flat insulation or fanfold may be used.
- Trash dumpsters must be located outdoors in inconspicuous places, shielded by landscaping or an enclosure.

## AMENITIES

- A reasonable amenity package, such as washer/dryer connections, outdoor seating and walking paths, playgrounds, security systems, and community room must be provided consistent with the size and type of development.
- Landscaping must include sodding in prominent areas around the approach to the property and the office. At least two-inch diameter trees must be included in the landscaping scheme.

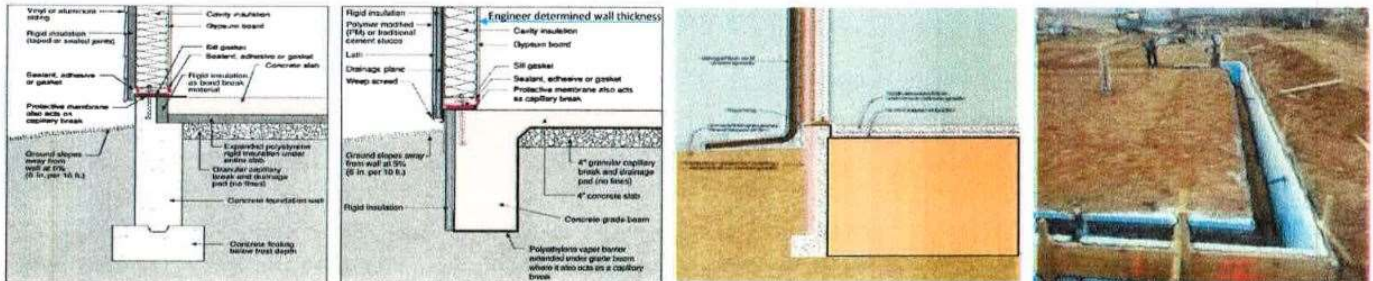
## CHILD SAFETY

- Adequate turning space and loading areas for school buses must be provided in family properties.
- Shelters for children waiting for the school bus must be provided when there is no other natural waiting area.
- Playgrounds must be located in areas that offer maximum protection and visibility, such as near the office or near and around buildings. An apartment community containing more than 100 units must offer several smaller play areas within the property. Playgrounds must include an accessible sidewalk(s) up to and through the playground area.
- Utility connections to buildings should be unobtrusive and should not obstruct windows or access. Shut off valves must have lever handles and be accessible.

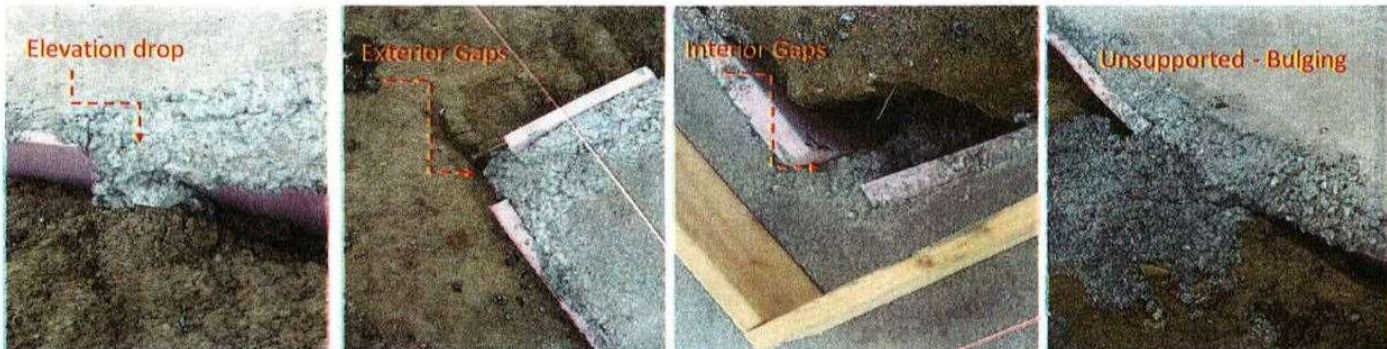
## FOOTING/SLAB INSULATION

All buildings must insulate the footing, install vapor barrier under the slabs, and use Tyvek or other suitable house wrap on the exterior. However, if a building can meet or exceed the 2012~~8~~ IECC or be certified as Energy Star the footing insulation is not required. In addition, footing insulation with visible gaps or bulges at the seams and corners will disqualify the insulation as a value in the building audit.

### Acceptable Footing Insulation



### Unacceptable Footing Insulation



## APPENDIX D: QUALIFIED ESTABLISHMENTS

The following establishments qualify as a Grocery:

Albertsons	Fresh Air Galaxy	Dillons/Kroger	Sprouts
Aldi	Food Lion	Lowes Foods	Super Target
Apple Market	The Fresh Market	Market Basket	SuperValu
Bi-Lo	Giant Food Stores	Meijer	Trader Joe's
Bo's Food Stores	Harris Teeter	Natural Grocers	Walmart Express
Bloom	H-E-B	Price Chopper	Walmart Neighborhood Market
Compare Foods	HyVee	Publix	
Earth Fare	IGA	Ray's Food Place	Walmart Supercenter
Fairway Market	Ingle's Market	Red & White	Whole Foods
Family Foods	<a href="#">Jerry's Thriftway</a>	Sav-Mor	
	<a href="#">Just \$ave</a>	Save-A-Lot	

The following establishments qualify as Shopping:

Big Lot's	Kmart	Walmart
Dollar General	Maxway	Walmart Express
Dollar Tree	Roses'	Walmart Supercenter
Family Dollar	Target	
Fred's Super Dollar	Super Target	

To qualify as a pharmacy, the establishment must have non-medical general merchandise items for sale (not including pharmacies within hospitals). If the pharmacy is located within a grocery or shopping establishment, that should be detailed in the application. KHRC will not assume a pharmacy is located inside a grocery or shopping center.