

# KANSAS HOUSING

## 2021 HOME/CHDO and HTF Rental Development

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December 18, 2020

The 2021 HOME and HTF Rental Development funding application is now available to qualified applicants, for proposals not involving Low Income Housing Tax Credits (LIHTC).

**THE INFORMATION IN THIS DOCUMENT MAY BE SUBJECT TO CHANGE OR REVISION.**

**TO OBTAIN AN APPLICATION, PLEASE VISIT OUR WEBSITE OR CONTACT BARRY MCMURPHY VIA EMAIL:**

[bmcmurphy@kshousingcorp.org](mailto:bmcmurphy@kshousingcorp.org)

**COMPLETE APPLICATIONS MUST BE DELIVERED IN ELECTRONIC FORM (VIA EMAIL OR THROUGH A FILE SHARING SITE) NO LATER THAN 4:30 PM ON FRIDAY, JANUARY 22, 2021 TO BARRY MCMURPHY ([bmcmurphy@kshousingcorp.org](mailto:bmcmurphy@kshousingcorp.org)). ONE ORIGINAL APPLICATION FORM ONLY SHOULD BE SUBMITTED IN HARD COPY VIA U.S. MAIL OR A PACKAGE DELIVERY SERVICE (UPS, FEDEX, ETC.).**

**Please note:** It is critical that applicants understand the requirements and restrictions of HUD's HOME Investment Partnership (HOME) Program at 24 CFR Part 92 and the National Housing Trust Fund (HTF) at 24 CFR Part 93. The regulations and guidance can be found on the HUD Exchange website: <https://www.hudexchange.info/>. KHRC will attempt to answer any questions and provide resources to help you understand the programs. We cannot, however, assume responsibility for any lack of knowledge or diligence on the part of the applicant.

**Eligible Activities:** HTF and HOME Rental Development funds can be used to acquire and/or rehabilitate existing housing or to construct new housing (including acquisition of land for that purpose), for use as affordable rental housing. Rental housing assisted with HOME funds is subject to affordability restrictions for up to 20 years. Housing assisted with HTF funds has a 30-year restrictive use period.

**Eligible Applicants:**

**HOME funds are available only to Community Housing Development Organizations (CHDOs),** certified or eligible to be certified by Kansas Housing Resources Corporation as meeting threshold requirements at 24 CFR 92.2, and having the organizational capacity to carry out the activities proposed in this application.

**HTF funds are available to any qualified for-profit or nonprofit developer.**

**Note: All applicants must be registered in the System for Award Management ([www.sam.gov](http://www.sam.gov)) and provide a DUNS number to determine whether any parties are debarred from receiving federal funds.**

**Limit of Assistance:** The maximum HOME or HTF *request* is \$500,000. The applicant must demonstrate the need for the HOME funds to make the project viable and/or to make the project more affordable to low income households.

An award of funds, if offered, may be at an amount different from that requested in the

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application, if KHRC's evaluation determines that a smaller or greater amount is needed to make the project viable, and based on total available funds. In the case of projects which will combine HTF and HOME funds, KHRC will determine the actual mix of funding offered.

**CHDO Set-Aside:** A minimum of 15% of KHRC's annual **HOME** allocation is the statutory 'CHDO Set-Aside' and can be awarded *only* to Community Housing Development Organizations that are certified by KHRC to meet the CHDO capacity requirements in the role of Owner, Developer or Sponsor (24 CFR 92.300).

**HOME or HTF in LIHTC Partnerships:** Applicants requesting HOME or HTF funds in conjunction with Low Income Housing Tax Credits (LIHTC) must include the that request in the LIHTC application, and *should not* submit this application.

**CHDO Operating Funds:** CHDO Operating grants are available to organizations that receive an award of CHDO Set-Aside funding. CHDO Operating Grants will be a maximum of \$25,000.

**Leveraging:** KHRC encourages leveraging of HOME and HTF with other funds. Leveraging of other resources will be a factor in the evaluation of the proposal

**Application Format:** Applications must be complete and submitted on the current form with all supporting documents. Applications should be submitted in electronic form.

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

**HOME and HTF Regulations:** The requirements at **24 CFR Part 92 (HOME)** and **Part 93 (HTF)** must be followed for all projects. **It is the applicant's responsibility to understand and comply with program requirements, and with related statutes and regulations. KHRC staff are available for questions and to discuss the requirements, but KHRC is not liable for lack of diligence on the part of the applicant.**

**Environmental Review:** HUD requirements for Environmental Review (ER) at **24 CFR Part 58** must be followed for all **HOME** projects. **HTF** funds are not subject to a Part 58 review, but the requirements are similar. Upon submission of the application, no "choice limiting action" should be taken until the review process is completed and you have received written notice from KHRC that the Environmental Review process is complete and approved. *Choice limiting actions* include, but are not limited to acquisition, construction, disturbance of the site (including demolition) or entering into any contract related to those activities. **Failure to comply with statutory Environmental Review requirements, including undertaking any choice limiting action prior to the AUGF from HUD may cause the project to become ineligible to receive the funds.**

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

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

## **HOME and HTF Rental Development 2021 Application Guidelines**

### **Application Process**

#### Submittal Requirements

One complete original application must be received by the Kansas Housing Resources Corporation before **4:30 p.m. on Friday, January 22, 2021**. Applications must be submitted electronically, preferably in pdf form. A 'read receipt' is recommended and will be the applicant's acknowledgement that KHRC has received the application.

Submit an electronic copy of the *application and attachments* to [bmc-murphy@kshousingcorp.org](mailto:bmc-murphy@kshousingcorp.org).

#### Standard Application Forms

Applications must be submitted on standard forms. A complete set of required attachments must be submitted.

Verify your budget assumptions before submitting the application. KHRC will not be responsible for any errors or cost increases that may be discovered after the application is received. If an application is approved, KHRC assumes that the applicant has verified costs and expense projections and cannot guarantee additional funds will be available if those assumptions prove incorrect.

KHRC will charge an annual monitoring fee on HOME rental projects. The monitoring fee is \$40 per HOME assisted unit per year and may be increased periodically to cover monitoring costs (not to exceed 5% annually). The project's operating budget must reflect this cost.

### **Project Selection**

KHRC's Loans and Grants Committee will evaluate, select and fund applications for loans. Non-LIHTC HOME and HTF applications will not be subject to a formal scoring system, but will be evaluated by Housing Development staff and the Committee based on a review of factors including, but not limited to, applicant experience and qualifications; how well the proposal addresses local housing needs; characteristics of the target population (income and rents, special needs, elderly, families with children, etc.); quality (including amenities, energy efficiency, site and street appeal, etc.) of the proposed development, and input from local low-income residents.

### **Threshold Requirements**

For HOME applications, the applicant must be a CHDO in good standing in the State of Kansas, certified by KHRC, with the capacity to complete the proposed development and to ensure compliance with the requirements of the HOME Final Rule at 24 CFR Part 92 for the duration of the affordability period.

HTF applicants must be developers with the experience and capacity to successfully carry out the proposed activity. HTF applications are open to any qualified for-profit or nonprofit entity.

The applicant and principal participants must be registered in the System for Award Management at [www.sam.gov](http://www.sam.gov), and provide a DUNS number.

The application must be received by KHRC prior to the deadline. The application must be complete and signed by the person authorized to do such business on behalf of the applicant entity. All required attachments must be included. Items submitted after the deadline may, at the sole discretion of KHRC, be rejected.

The proposed development must be for a qualified rental development that meets the requirements of the HOME and/or HTF program as contained in those regulations.

The proposed development must be consistent with the housing priorities identified in the Kansas Consolidated Plan and current Action Plan.

An assessment of the local market must support the need for the proposed new housing with the income, rent and other targeting specified in the application.

An underwriting review must determine that HOME and/or HTF funds are necessary for the long-term viability of the property.

The development is ready to proceed as documented by evidence of site control zoning, and utility availability

Commitment letters for all sources of financing;

Evidence of compliance with the notification provisions of the Uniform Relocation Act and related laws.

## **Environmental Review**

All developments utilizing HOME or HTF funds are required to assess the environmental effects of that activity in accordance with the provisions of the National Environmental Policy Act of 1969 (NEPA) and HUD's regulations at 24 CFR part 58 (HOME) or the "Property Standards" section of the HTF Interim Rule at 24 CFR Part 93.

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

## **Relocation**

If the project involves acquisition of land or acquisition or demolition of occupied buildings, there are certain requirements in Federal law regarding notification of owner, tenants or occupants of their rights under the law. The applicable statutes are the Uniform Relocation Act, Section 104(d) of the Housing and Community Development Act, and related statutes and regulations. Notification must be provided to owners and occupants, in the correct form, on or before the time of submission of the application for HOME funds.

## **Energy Efficiency**

New construction developments must meet, at a minimum, the requirements of the 2009 International Energy Conservation Code (IECC). Developers are strongly encouraged to exceed these minimum requirements, with either Energy Star 3.0 (or a similar standard) or the 2018 IECC recommended. Prior to the start of construction, the plans of each new development should be reviewed and approved by a certified home energy rater to verify that the planned construction as per design and specification will meet or exceed that standard, as well as the energy efficiency section of KHRC's Architectural Standards and any state or local requirements.

## **Market Studies**

Market studies may be provided, but are not required for smaller (<12 units) HOME or HTF projects. Applicant must, however, provide evidence that there is an adequate market for the proposed development, at the targeted income and rent levels. KHRC reserves the right to request a formal market study if the need for one is indicated.

## **Matching Funds (HOME Only – does not apply to HTF)**

### **Eligible forms of match (24 CFR 92.220(a))**

Matching contributions equal to 25% of the HOME allocation must be made from non-federal resources and may be in the form of one or more of the following:

- Cash contributions from non-federal sources as described at 24 CFR 92.220(a)(1).
- Forbearance of fees as described at 24 CFR 92.220(a)(2).
- Donated Real Property as described at 24 CFR 92.220(a)(3).
- The cost, of on-site and off-site infrastructure that the participating jurisdiction documents, not paid with federal resources, as described at 24 CFR 92.220(a)(4).
- Proceeds from multifamily and single family affordable housing project bond financing as described at 24 CFR (a)(5).
- The reasonable value of donated site preparation and construction materials, not acquired with federal funding as described at 24 CFR 92.220(a)(6).
- The reasonable rental value of the donated use of site preparation or construction equipment. (24 CFR 92.220(a)(7).
- The value of donated, voluntary labor or professional services as described t 24 CFR 92.220(a)(8).
- The value of sweat equity (see § 92.354(c)) provided to a homeownership project as described at 24 CFR 92.220(a)(9).
- The direct cost of supportive services provided to families residing in HOME-assisted units as described at 24 CFR 92.220(a)(10).
- The direct cost of home buyer counseling services provided to families that acquire properties with HOME funds as described at 24 CFR 92.220(a)(11).

### **Ineligible forms of match (24 CFR 92.220(b))**

The following are examples that do not meet the requirements of paragraph (a) of this section and do

not count toward meeting a participating jurisdiction's matching contribution requirement:

- Contributions made with or derived from federal resources or funds, regardless of when the federal resources or funds were received or expended. CDBG funds (defined in 24 CFR 570.3) are federal funds for this purpose;
- The interest rate subsidy attributable to the federal tax exemption on financing or the value attributable to federal tax credits;
- Owner equity or investment in a project (including donation of land from a member entity); and
- Cash or other forms of contributions from applicants for or recipients of HOME assistance or contracts, or investors who now, are working on, or are proposing to apply for assistance for HOME-assisted project, with exceptions as described at 24 CFR 92.220(b)(4).