



2021 State Housing Trust Fund Report

Overview: Kansas Housing Resources Corporation (KHRC) is a self-supporting public corporation, which serves as the primary administrator of federal and state housing programs for the state of Kansas. KHRC's mission is to help Kansans access the safe, affordable housing they need and the dignity they deserve.

Working statewide, KHRC:

- Provides down payment assistance to qualifying first time homebuyers.
- Offers rental assistance to low-income families and individuals.
- Funds poverty eradication initiatives to help low-income families and individuals become self-sufficient.
- Promotes energy efficiency improvements for owner-occupied and rental housing.
- Offers developers incentives to finance the construction and rehabilitation of affordable rental housing.
- Administers project-based Section 8 housing across the state for the U.S. Department of Housing and Urban Development.
- Educates multi-family property owners and managers about program compliance to ensure that renters have a safe and affordable place to live.

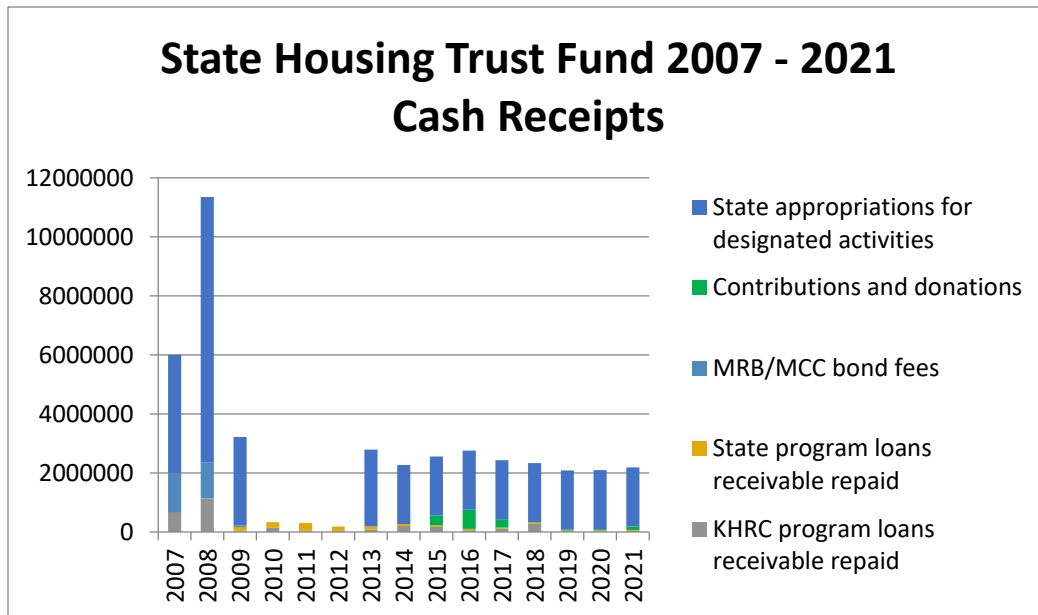
More information on KHRC's programs and services, as well as its audited financial statements, can be found at www.kshousingcorp.org.

History and Funding: Formerly the Division of Housing within the Kansas Department of Commerce & Housing, Executive Reorganization Order No. 30 and 2003 Senate Bill No. 285 transferred the organization to become a subsidiary corporation of the Kansas Development Finance Authority (K DFA). Governed by a Board of Directors, KHRC does not receive operational revenue from the state of Kansas, but sustains itself through fees for services and grant administration cost reimbursement.

State Housing Trust Fund

Establishment and purpose: Established in 1991, the State Housing Trust Fund (SHTF) was created by House Bill No. 2517 as a vehicle to deposit housing funds and provide a necessary match for the Federal HOME Investment Partnerships Program. Now codified at K.S.A. 2017 Supp. 74-8959, the SHTF legislation contains no designated funding sources, functioning as a discretionary, interest-bearing trust account for housing programs and services. The statute

allows KHRC, as the administrator of this fund, to maintain and invest funds outside of the state treasury and to apply for and receive grants, gifts, and donations.



Funding: While many state housing trust funds around the country have robust designated revenue streams from taxes on real estate sales, development charges, or recording fees, the Kansas SHTF does not have these traditional revenue streams in place. Instead, Kansas SHTF activities are funded from diminished MRB/MCC issuance fees (\$1,978 received since 2010) and other miscellaneous revenue streams. KHRC has also made contributions and donations to the SHTF from its fees for services and activities as deemed appropriate by KHRC’s Board of Directors. Please see the graph above summarizing SHTF cash receipts.

Uses: The SHTF funds programs such as the Kansas Accessibility Modification Program (KAMP), Emergency Repair Program (ERP), Kansas City Power and Light Program (KCP&L), Tenant Landlord Counseling (TLC), Habitat for Humanity initiatives, and the Moderate Income Housing Program (MIH).

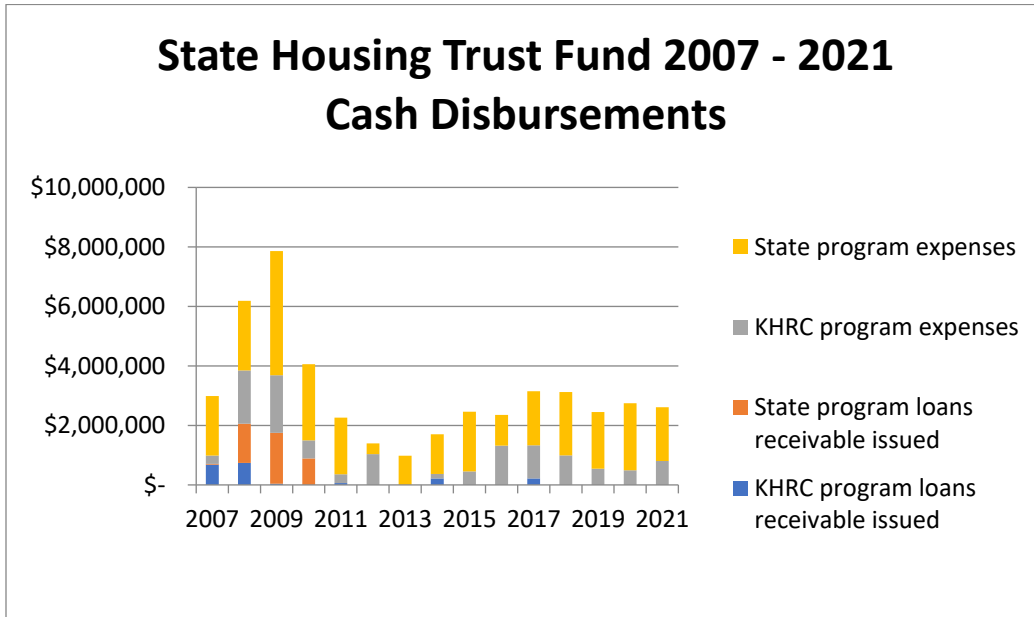
KAMP/ERP. The Kansas Accessibility Modification and Emergency Repair Program provides awards to existing weatherization agencies to facilitate weatherization client repairs with a traditional grant rather than a savings and education program. KAMP/ERP funding allows federally funded weatherization measures to move forward. Funding is provided by transfers from KHRC operations or available SHTF funds.

KCP&L. A partnership between KHRC and Kansas City Power & Light, this program provides weatherization services to KCP&L customers.

Habitat for Humanity. KHRC has supported Habitat affiliates with technology upgrades; marketing initiatives; ReStore expansion, equipment, and tools; mentoring, training, and organizational development; memberships to HFH ReStore Collaborative; construction support; and through the establishment of a full-time statewide coordinator.

TLC. The Tenant Landlord Counseling program, established in 2018, aims to assist tenants and landlords in developing effective relationships.

MIH. The Moderate Income Housing Program, approved by the Kansas Legislature in 2012, helps cities and counties develop moderate income housing and infrastructure in rural areas. Details follow below.



Previously, SHTF dollars have funded other housing community development programs, emergency loans and grants, and landlord-tenant counseling activities. The preceding graph summarizes historical uses of SHTF cash disbursements.

Moderate Income Housing Program

History: In 2012, after the Kansas Legislature allocated \$2 million to the SHTF for administering and supporting housing programs, KHRC created the Moderate Income Housing (MIH) Program. Since 2012, KHRC has supplemented state funding with \$582,951 in existing SHTF resources.

Program overview: The MIH program serves the needs of moderate income households that cannot afford market rate housing, yet do not qualify for federal housing assistance. MIH grants and/or loans are awarded to cities and counties to develop multi-family rental units, single-family for-purchase homes, and water, sewer, and street extensions in communities with populations of fewer than 60,000 people. MIH awards also help finance construction costs, rehabilitate unsafe or dilapidated housing, and offer down payment and closing cost assistance to homebuyers.

Notice of Funds Available (NOFA) process: Each year, KHRC issues a Request for Proposal (RFP) for the MIH program, which details eligible applicants and activities, application

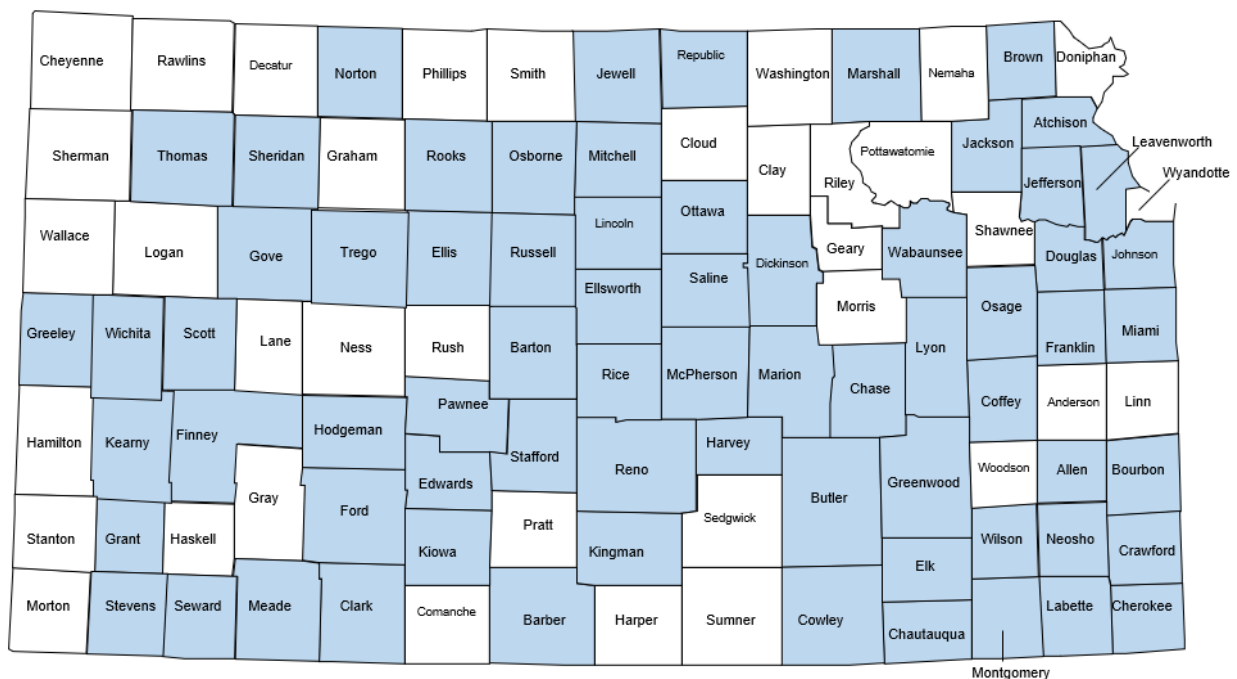
procedures, grant/loan structuring, award criteria, compliance monitoring, and reporting requirements.

Applications received: In the nine years of the program, KHRC has received 185 applications from cities and counties requesting \$57,364,049 in MIH funding. KHRC staff evaluate the applications on several criteria, including housing need, readiness to proceed, and the ability to leverage funds from other sources.

Leverage Factor: The MIH program has achieved a leverage factor of almost \$6 for every \$1 of state resources spent.

Eligible applicants: Cities and counties with a population of fewer than 60,000 are eligible for MIH funding. Applicants are allowed to partner or contract with outside entities or individuals, including public housing authorities, non-profit organizations, community housing development organizations, developers, and local employers.

2012-2021 Moderate Income Housing Program Applications



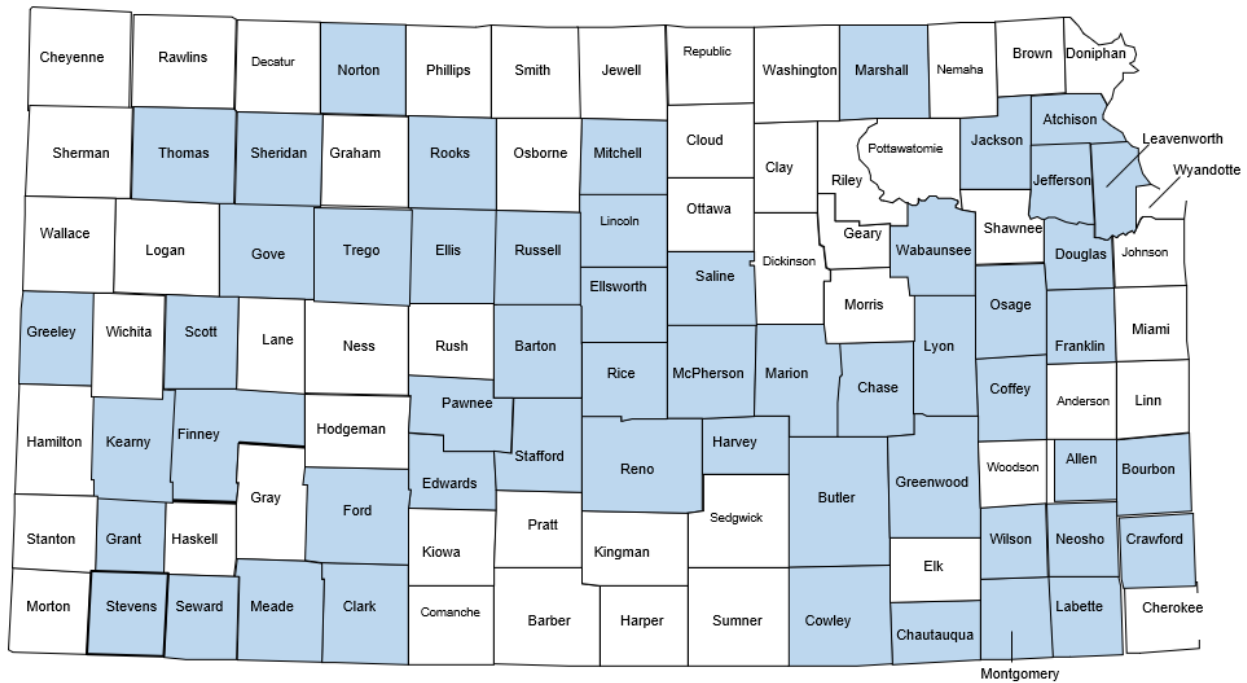
* Blue denotes those counties that have submitted MIH applications.

Eligible activities: Housing development activities funded through the MIH program include developing infrastructure necessary to support housing or housing development, including acquisition of real property, new construction, modular or manufactured housing, and/or rehabilitation of existing housing. Applicants are encouraged to apply for projects with ties to economic development that leverage funds from both private and public sources. For maximum statewide impact, KHRC limits grants or loans to no more than \$400,000 per awardee.

Awards granted: KHRC has awarded \$20,708,444 to 75 communities. Funding has helped finance rental development, single family for-purchase homes, and infrastructure improvements. This includes construction costs, rehabilitation of existing housing, and down payment and closing cost assistance to homebuyers.

Award summaries: The following list offers a summary of the 2021 awards and the housing activities funded.

2012-2021 Moderate Income Housing Program Awards



* Blue denotes those counties that have received MIH awards.



2021 Moderate Income Housing Awards

Allen County receives \$50,000 to help finance the acquisition and maintenance of ten infill units in municipalities across the county.

Augusta receives \$400,000 to help finance infrastructure and construction for 32 homes, 24 of which will meet program criteria. The development will utilize the city's Rural Housing Incentive District to reduce housing costs.

Coffey County receives \$245,000 to help provide financing for three rental units. The Coffey County Housing Authority is contributing \$100,270 of their own funds, while the city of LeRoy will gift the property and provide \$50,000 for infrastructure costs.

Dodge City receives \$250,000 to help finance the construction of three homes. The homes will be built in partnership with Dodge City Community College's Building Construction Technology Program. The city is experiencing a manufacturing expansion, including Hilmar Cheese's new processing plant, creating a need for workforce housing.

Hays receives \$360,000 to renovate a historic school into 12 rental units. This project will leverage Historic Tax Credits and is in a Rural Housing Incentive District.

Lincoln County receives \$150,000 for down payment assistance for the acquisition and rehabilitation of five homes. The county is leveraging homeowner sweat equity, Lincoln & Silvan Grove's Neighborhood Revitalization Programs, and funding from the Lincoln County Economic Development Foundation.

Meade receives \$125,000 to help finance construction and down payment assistance for two homes. The houses will be built on lots where infrastructure and utilities are already provided by the city.

Salina receives \$400,000 to help finance the construction and infrastructure of 36 homes, 24 of which will meet program criteria. The project will be completed by local professionals. To reduce housing costs, the city will also utilize their Rural Housing Incentive District.

Conclusion

For more than 20 years, the State Housing Trust Fund has served Kansas families and communities, promoting affordable, quality housing and related services. In the past decade under KHRC's tenure, the SHTF has been the vehicle to respond to ever-changing housing needs. From natural disasters to economic downturns, the SHTF and KHRC have helped rebuild Kansas communities, allowed seniors and people with disabilities to stay in their homes, and assisted individuals and families in achieving their dream of homeownership.

KHRC's corporate structure and the SHTF's broad flexibility allow rapid response to new challenges, as most recently demonstrated by the MIH initiative. Looking forward, the mechanics of the SHTF and KHRC are in place to serve the state into the future. Addressing the growing need for quality, affordable housing and recognizing its ties to economic

development remain at the forefront of KHRC's mission. Increased costs and housing construction delays only exacerbate the situation. A dedicated, sustainable funding source for the SHTF is vital to serve Kansas families and communities.

KHRC appreciates this opportunity to inform the Legislature and public about these recent successes and looks forward to working with the Legislature, the administration, and our housing partners in meeting our state's ever-changing housing needs.

