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Kansas Moderate Income Housing (MIH) Request for Proposal

Deadline: 5:00 PM on Monday, September 30, 2022

TABLE OF CONTENTS

Background	3
Administration	3
RFP Overview	4
Application Process	<u>45</u>
Current Funding Priorities	5
Application Requirements	<u>45</u>
Leveraged Funds	6
RFP Award Process	<u>6-7</u>
Reporting Requirements	7
Fund Disbursement	<u>78</u>
Disclosure of Relationship	8
Compliance Monitoring	<u>89</u>

ATTACHMENTS

Attachment A.1: RFP Income Target Guidelines	<u>910</u>
Attachment B: Moderate Income Housing RFP Evaluation Guidelines.....	<u>1011</u>
Attachment C: K.S.A. Chapter 58 -Article14.....	13

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Background

Kansas Housing Resources Corporation (KHRC) is a public corporation that administers federal and state housing programs on behalf of the State of Kansas. KHRC programs address single and multifamily housing development, down payment assistance for first-time homebuyers, rental assistance, and housing with supportive services. A summary of KHRC programs can be found at www.kshousingcorp.org.

In addition, KHRC administers the Moderate Income Housing (MIH) Program funded through the State Housing Trust Fund (SHTF). The SHTF is a statutorily created fund with the stated purpose of supporting housing programs and services. While limited in resources, KHRC has historically utilized the SHTF to provide loans and grants for affordable housing development.

Recently, Kansas communities and employers have stressed a growing need for affordable moderate-income housing (MIH), defined for purposes of this Request for Proposal (RFP) as housing generally for households between 60 and 150 percent of HUD's FY2024FY2022 income ranges. Attachment A to this RFP details MIH income targeting based on the number of household members. MIH Housing for moderate income households is vital for economic development, yet difficult to achieve given that most federal housing programs serve a lower income bracket, and market supply is limited due to high development costs, low appraisals, tight lending conditions, and lack of investor interest.

KHRC is seeking quality applications for moderate income housing developments that will provide the best investments of state resources across the state of Kansas. Awards will be given to competitive applicants based on a demonstrated and ongoing housing need, capacity to administer the proposed development, and a complete application.

In response to the increased need for moderate income housing, \$2approximately \$60 million has been provided to ~~the SHTF~~ KHRC for the purpose of administering and supporting housing programs, resulting in. KHRC intends to allocate these funds by doing multiple application rounds throughout the year, beginning with this current MIH RFP.

Administration

The primary contacts for the MIH program are:

<u>Alissa Ice</u>	<u>Jason Fizell</u>	<u>Abigail Phillips</u>
<u>Director of Housing Development</u>	<u>Housing Development Liaison</u>	<u>HOME-ARP Manager and Housing Development Liaison</u>
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RFP Overview

Under ~~the~~this MIH RFP, KHRC expects to release approximately \$~~25~~ million. **Under the applicable legislation, KHRC shall only use ~~the~~these funds for loans or grants to cities or counties for housing development in rural areas.** Further definitions of these terms follow.

This RFP contains information on eligible applicants and activities, application procedures, award criteria, grant/loan structuring, and reporting and compliance monitoring requirements.

Applicants should be aware and understand that this MIH RFP and any awards are funded in whole or in part by State of Kansas funds provided through ~~the Bill-state~~ legislation. In the event the State funds supporting this RFP or subsequent award become unavailable, are reduced, or rescinded, KHRC may terminate or amend this RFP and application without penalty and will not be obligated to pay the applicant from any other sources, including KHRC, SHTF, or State of Kansas monies.

Eligible Applicants

To be eligible to apply for MIH funding under this RFP, applicants must be either an eligible city or county. For purposes of this RFP an eligible city is defined as any city incorporated in Kansas with a population under 60,000. An eligible county is defined as any county with a population of less than 60,000. A county with a population larger than 60,000 can apply on behalf of a city with a population less than 60,000.

Applicant cities and counties may partner or contract with outside entities or individuals, including but not limited to public housing authorities, nonprofits, community housing development organizations, developers, and local employers. ~~Notwithstanding~~ the preceding sentence, the applicant cities and counties shall retain full responsibility for compliance with all RFP rules and requirements.

Eligible Activities

Under ~~the~~this MIH RFP, applicants may only use funds for: ~~(1)~~

- (1) actual housing development, including acquisition of real property, new construction, modular or manufactured housing, rehabilitation of existing vacant housing, and/or home buyer assistance of actual housing development; or ~~(2)~~
- (2) infrastructure in combination with actual housing development. Infrastructure costs should be proportionate to the number of housing units developed. For new

construction, state requirement ~~KSA58~~ KSA Chapter 58, Article 14 applies. (see Attachment C). Fair Housing Design standards may also apply.

This RFP has been structured to allow flexibility to applicants in developing proposed activities within the definitions laid out above. ~~Applicants are encouraged to should~~ apply for developments with ties to economic development that leverage funds from both private and public sources, preferably for MIH needs.

Grants or loans will be limited to no more than \$~~400~~650,000 per awardee. Applicants are encouraged to request funds in the form of loans over grants. KHRC may give priority to below market rate loans to ensure maximum impact of this RFP.

Application Process

The deadline to submit applications under this RFP is **5:00 PM** on ~~Monday~~Friday, **September 27, 2021–30, 2022**. Please submit the application and PDF documents electronically to hhishmeh@kshousingcorp.orgMIH@kshousingcorp.org.

Applicants may only submit one application, but may include more than one proposed activity, so long as the application lists the applicant's priorities.

Current Funding Priorities

Housing needs in Kansas are great, and in an effort to be transparent, KHRC will list the ongoing and temporary funding priorities for each funding round. Below is a list of the funding priorities for this current round:

- A distribution of funds throughout the state;
- Areas with a demonstrated and ongoing housing need;
- Areas with that have difficulty filling employment positions due to a lack of housing stock;
- Applicant that applied for MIH in 2020 or 2021;
 - application is for the same development that was previously applied for, and application was evaluated by KHRC at that time as fundable.

Application Requirements

~~—All applications shall include the following:~~

All applications shall include the following. This will be accomplished through a combination of KHRC application pieces and required documentation. KHRC will not reimburse for costs accrued prior to application approval. Each applicant will be responsible for any costs incurred in preparing an application. :

1. **MIH Application** ~~(which: **The application** includes):~~;
 - a. Use of Funds: *Describes the applicant's proposed eligible housing activities with the RFP funds;*
 - b. Budget: *Provides estimated sources and uses of all funds, including any leveraged funds needed for the proposed eligible housing activities;*
 - c. Leveraged Funds: *Provides ~~a certification and~~ supporting documentation of any leveraged funds committed in the application, ~~including how in-kind labor or services have been calculated (see Leveraged Funds section for additional information);~~*
 - d. Job Creation: *Provide information about job creation, economic development, lack of housing and/or inadequate housing in the community.*
2. **~~Narrative Executive Summary~~**: *Provides overview of application;*
3. A copy of the most recent **Housing Assessment or Market Study** done by or on behalf of the community-;
4. **Capacity Statement**: *Describes capacity of applicant to administer the funds, as well as addresses the capacity of any partner or contractor that will be utilized. Applicant must include a resolution from the applicant's governing body giving applicant the authority to apply for and participate in this RFP;*
5. **Community Support**: *Demonstrates community support for the proposed housing activities; and*
6. **Certifications**: *Subject to exceptions for older buildings, all other proposed housing construction is required to:*
 - a. *Comply with the accessibility standards identified in K.S.A. 58-1401, et seq., and/or Fair Housing design standards, as applicable-; and*
 - b. *Meet the minimum standards of the 2018 International Energy Conservation Code or Energy Star Program. Projects building 10 or more units will be required to contract with an energy rater to demonstrate compliance. For projects building 10 or more units on scattered sites, KHRC will evaluate whether contracting with an energy rater will be required and will notify the awardee at the signing of the grant agreement.*

KHRC reserves the right to request additional information as it deems necessary to evaluate the applications.

Leveraged Funds

KHRC will consider ~~the applicant's actual contribution of funds or in-kind labor and services in leveraged funds when~~ evaluating the applications. ~~KHRC will also consider~~ For evaluation purposes, KHRC will review the requested amount of funding as a percentage of the development budget. ~~Recognizing that calculating leveraged funds realized through applicant's proposed partnerships.~~

~~For purposes of leveraged funds under this RFP, is complicated and nuanced, KHRC will consider sources such as in-kind labor and services shall be calculated at an hourly rate of \$10.00 for unskilled labor, reduced fees and \$25.00 for professional or trade services, taxes, and city contributed work, but please note that these sources will be considered outside the leveraged funds calculation.~~

Applications with a Rural Housing Incentive District (RHID) will be prioritized, ~~given so long as~~ the applicants ~~provides provide~~ the feasibility analysis and description of the project from the RHID redevelopment plan with the MIH application. ~~RHID will not be considered as leveraged funding~~ KHRC expects MIH funding to be targeted toward vertical construction costs if the development is part of a Department of Commerce approved RHID.

~~Further, if an applicant uses funds for single family housing development or assistance, the applicant must implement a recapture provision. The recapture provision shall require the homeowner to repay a prorated amount of grant/loan funds to the applicant if the applicant sells the single family housing within five years of its construction or rehabilitation.~~

RFP Award Process

Applications will be collected and evaluated by KHRC's Housing Development ~~team~~. ~~MIH team. Please be advised that applications will be considered property of KHRC, are matters of public record, and may be subject to public disclosure by KHRC after the announcement of awards.~~

The Kansas Moderate Income Housing RFP Evaluation Guidelines (Attachment B) will be used in the evaluation of the applications ~~in KHRC's sole discretion.~~

The review team will make a recommendation for awards to KHRC's Loans and Grants Committee for approval. ~~KHRC reserves the right to accept or reject any applications, and all decisions by the Loans and Grants Committee are final.~~

KHRC will notify applicants ~~enof~~ the results of their ~~application~~ applications in ~~December 2024~~ November 2022.

Successful applicants will receive an award letter specifying any additional requirements deemed necessary by KHRC prior to receiving funds. Additional requirements may include but are not limited to: proof of site control, designs, a Phase I Environmental Report, updated financial commitments, and a site visit by KHRC staff.

Award recipients will be required to sign an agreement, along with other documents as requested by KHRC, prior to the distribution of any funds or beginning any work, detailing. MIH awards are subject to revocation prior to the agreement being signed. These agreements and documents will detail, among other things, the procedures and requirements for proceeding with the approved housing activity, requesting funds, and reporting the use of awarded funds. The agreement(s) will require that recipients use any income derived now or at a later time from their housing activity solely for housing purposes. KHRC may incorporate other terms and provisions in the agreement(s) in its sole discretion.

If the awardee receives the funds in the form of a loan, KHRC will require a promissory note, a mortgage, and a loan agreement. The ~~term~~terms of the loan ~~is~~are negotiable between the awardee and KHRC.

- Development completion is expected within 1218 months of the awardee receiving the funds~~award notification~~ unless otherwise approved by KHRC— in writing. Prior to making any changes in the approved eligible housing activities during the ~~course~~term of the workgrant agreement, awardees must request written approval from KHRC. All decisions are final and made in KHRC's sole discretion.

Reporting Requirements

Beginning with the first business day of the month following an award being made to an applicant and each month thereafter, the awardee shall submit, in writing, monthly status reports to KHRC until the development is completed and all funds have been expended. The status report should detail the use of funds to date, along with a self-assessment comparing that use with the recipient's proposed use from its original application to KHRC. The status report shall include an evaluation of the housing activities to date as well as the status of construction and the nature and reasons for any changes in the activities. A monthly status report should be filed even if there has been no progress or activity from the previous month.

If an applicant uses funds for single family housing development or assistance, the applicant must implement a recorded recapture provision. The recapture provision shall require that if the homeowner sells the single-family house within a minimum of five years after the homeowner's initial occupancy, then the homeowner shall repay a prorated portion of the profit from that sale to the applicant.

If an applicant uses the funds for rental housing development, KHRC may require the applicant to record a Land Use Restriction Agreement for a period of five years.

When the development has been completed and all funds have been expended, awardees shall provide KHRC a final report packet including, but not limited to, proof of the required recorded documents, the accounting of funds, including detail of the use of any income generated from the housing activities within 60 days of development completion, and a summary of the continued economic development and job creation.

Fund Disbursement

~~For~~Before awarded funds ~~te~~will be disbursed by KHRC, applicants ~~will~~must submit a cover letter requesting the funds with proper supportive documentation, such as an invoice or contract. The funds awarded will be distributed as a reimbursement ~~given so~~long as applicants are complying with the KHRC grant agreement. Applicants can request up to 15 percent of the awarded funds upfront. Applicants must provide KHRC with the proper ~~PDF~~ documentation throughout the project development as proof. ~~KHRC~~KHRC may request additional documentation as KHRC deems necessary and may visit the development site to ensure work completion.

Disclosure of Relationship

Applicants must disclose any current or former KHRC employees acting as a consultant or interested party. ~~Current~~ KHRC employees cannot receive a financial gain from the funding of a project received through KHRC while employed at KHRC and for a period of two years after ~~his/her~~their employment ends.

Compliance Monitoring

KHRC will monitor an awardee's compliance with the applicable requirements of this RFP and any ~~agreement entered~~agreements executed by the parties in connection with KHRC under this RFP. All financial transactions of the cities or counties relevant to this RFP may be audited by KHRC, Legislative Post Audit and other agencies or agents of the State of Kansas. KHRC may withhold a portion of the grant until the project is completed.

Applicants approved for rental developments must submit tenant income information for five years. Applicants must submit the KHRC compliance form annually for the five-year compliance period ~~-,~~ as well as any other documentation requested by KHRC.

Applicants approved for a homeownership project must submit homeowner income information upon sale ~~and~~ proof of the recorded five-year recapture provision, and any other documentation requested by KHRC. KHRC's expectation is that the homeownership costs are 30% or less of the household's income.

Attachment A: RFP Income Target

KANSAS HOUSING

Moderate Income Housing Income Range HUD's FY 2021 Income Limits

	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons	7 Persons	8 Persons
150%	\$ 81,284	\$ 92,906	\$ 104,531	\$ 116,063	\$ 126,344	\$ 134,719	\$ 144,000	\$ 153,284
60%	\$ 32,513	\$ 37,163	\$ 41,813	\$ 46,425	\$ 50,138	\$ 53,888	\$ 57,600	\$ 61,313

Based upon HUD's FY 2021 State Income Limits

KANSAS HOUSING

Moderate Income Housing Income Range HUD's FY 2022 Income Limits

	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons	7 Persons	8 Persons
150%	\$ 90,900	\$ 103,950	\$ 116,850	\$ 129,900	\$ 140,250	\$ 150,750	\$ 161,100	\$ 171,450
100%	\$ 60,600	\$ 69,300	\$ 77,900	\$ 86,600	\$ 93,500	\$ 100,500	\$ 107,400	\$ 114,300
60%	\$ 36,360	\$ 41,580	\$ 46,740	\$ 51,960	\$ 56,100	\$ 60,300	\$ 64,440	\$ 68,580

Based upon HUD's FY 2022 State Income Limits

**The Moderate Income Housing program is intended for households who do not qualify for other housing resources that are restricted to lower incomes. These funds are not intended to substitute housing resources specified for lower incomes. Therefore, if a community needs to develop housing for a population that includes households below 60% of AMI, KHRC has the right to make an exception on a circumstantial basis.*

ATTACHMENT B: KANSAS MODERATE INCOME HOUSING RFP EVALUATION GUIDELINES

Applications for grant or loan funds under the Kansas Moderate Income Housing (MIH) RFP will be evaluated based on the following guidelines:

1. Need

- a. Ability to identify housing needs of applicant's community
- b. Urgency of housing need, i.e., areas of significant economic development
- c. Ability of applicant to address housing need with existing funds
- d. Community's response to housing need to date
- e. Receipt of MIH funding previously

~~2. Capacity: Capacity of applicant (and applicant's partners or contractors, if applicable)~~

- ~~a. Ability to administer RFP funds, including~~
- ~~b. Community's resolution from the governing body approving the participation in the RFP, history of applicant, organizational~~
- ~~c. Organizational and project structure, and~~
- ~~f.d. Housing development experience with similar grant/loan administration activities and qualifications~~

~~2.3. Use of Funds~~

- a. Specifically identified intended use of funds, including allocation of expenditures, and expected outcomes
- b. Targets moderate income housing needs of community
- c. KHRC's analysis of impact of funds on housing, ~~and~~ economic development, ~~government, etc.~~, in community

~~3.4. Community Support: Ability to demonstrate community support~~

~~4.5. Rural Housing Incentive District (if applicable):~~

- ~~a. Housing Needs Analysis submitted to Department of Commerce~~
- ~~b. City/County Resolution~~
- ~~a.c. Redevelopment plan Description of Project Plan submitted to Department of Commerce~~
- ~~b. Redevelopment plan Feasibility Analysis~~
- ~~d. Secretary of Commerce approval~~

~~5.6. Leveraged Funds~~

- a. Specifically identifies and values sources of leveraged funds

- b. Proportion of leveraged funds as compared to RFP funds

~~6-7.~~ **Loans Over Grants:** Ability to request and utilize RFP funds in the form of loans (below market) over grants

~~7-8.~~ **Application**

- a. Timeliness of application and responses to requests for follow-up information
- b. Thoroughness of application – application completed in its entirety, questions thoroughly answered, supporting documents submitted
- c. Ability to meet minimum RFP requirements
- d. If multiple proposed housing activities in application, applicant's priorities clearly stated
- e. Applicant applied in 2020 or 2021; application is for the same development that was previously applied for, and application was evaluated as fundable.

~~8-9.~~ **Applicant History, Experience and Compliance**

- a. For applicants and/or developers who have received awards previously, consideration will be given in part based on the applicant's and/or developer's ~~past~~ history, experience, loan or grant administration activity and compliance with the MIH RFP and grant agreement ~~along with:~~
- b. Readiness to proceed
 - 1. ~~Is the previous development 100% complete?~~
 - 2. ~~Did the previous development begin on time?~~
- c. ~~Submission~~ Previous submission of monthly reports
- d. ~~Responsiveness~~ Previous responsiveness to requests for information

ATTACHMENT C
Chapter 58.--PERSONAL AND REAL PROPERTY
Part 6.--MISCELLANEOUS PROVISIONS
Article 14.--ACCESSIBILITY STANDARDS FOR CERTAIN DWELLINGS

58-1401. Accessibility standards for certain dwellings; definitions. As used in this act:

(a) "Dwelling" means any single family residence and each individual living unit in a duplex or triplex residential building which is constructed with public financial assistance.

(b) "Public financial assistance" means:

- (1) A building contract or similar contractual agreement with any state agency;
- (2) any real estate received by the owner through a donation by the state;
- (3) state tax credits;
- (4) grant assistance from state funds;
- (5) state loan guarantees; or
- (6) federal funds administered by the state or a state agency.

(c) "Director" means the director of the division of housing in the Kansas development finance authority.

58-1402. Same; design and construction standards. (a) Except as provided by this act, dwellings shall be designed and constructed to have at least one accessible entrance on an accessible route. If the entrance is served by a ramp, the ramp shall have a maximum slope not to exceed a ratio of one inch rise to every 12 inch horizontal run and shall have a level landing at the top and bottom of each run.

Accessible entrance doors and doorways shall have a minimum clear opening of 32 inches. The accessible entrance may be any entrance at the front, side, back or garage of the dwelling that is served by an accessible route. The accessible route shall be no less than 36 inches wide with a slope not to exceed a ratio of one inch rise to every 20 inch horizontal run. If a patio door serves as an accessible entrance, a

standard six-foot sliding patio door assembly shall be deemed to be sufficient to comply with the requirements of this subsection. The threshold of such doors shall not exceed 1/2 inch or, in the case of a sliding door, 3/4 inch.

(b) All doorways located on the same floor on which the accessible entrance is located within the dwelling intended for user passage within the dwelling shall be sufficiently wide to allow passage by persons using wheelchairs. Except for doors serving closets having less than 15 square feet in area, all doors located on the same floor on which the accessible entrance is located which are intended for user passage shall provide a minimum 32-inch clear opening with the door open 90 degrees measured between the face of the door and the doorstep.

(c) An accessible route located on the same floor on which the accessible entrance is located shall be designed and constructed in such a manner that a 36-inch wide route is provided with a slope not to exceed a ratio of one inch rise to every 20 inch horizontal run. Such route shall have ramped or beveled changes at door thresholds. Beveled edges of such thresholds shall not exceed 1/2 inch or, in the case of a sliding door, 3/4 inch.

(d) In bathrooms located on the same floor on which the accessible entrance is located, the walls at the bathtub, shower and toilet shall be reinforced so that grab bars may be installed at a later date, if needed. Such reinforcement shall be sufficient enough to support a shear force of 250 pounds.

(e) Light switches, electrical outlets, thermostat controls and other controls located on the same floor on which the accessible entrance is located shall be placed so that a person using a wheelchair can access the controls using either a forward or sideward approach. Such controls shall be placed no less than 15 inches nor more than 48 inches from the floor in the case of a forward approach. Such controls shall be placed no less than nine inches nor more than 54 inches from the floor in the case of a sideward approach. If multiple controls serve the same elements, only one need be accessible.

58-1403. Same; application to new dwellings. Except as provided by this act, the design and construction of all new dwellings shall conform to the accessibility standards specified in K.S.A. 2004 Supp. 58-1402, and amendments thereto.

58-1404. -Same; condition of release of public financial assistance. (a) Whenever public financial assistance for dwellings is available, information concerning the requirements of this act shall be included in any notice or educational material regarding the availability of such financial assistance. Prior to releasing funds to a person receiving such financial assistance, the administrator of the program or other appropriate officer or employee shall require the person who is to receive such financial assistance to sign an affidavit of intent to comply with the requirements of this act.

(b) Except as provided by K.S.A. 2004 Supp. 58-1405, and amendments thereto, any person who accepts public financial assistance and fails to comply with the requirements of this act may be ineligible to receive public financial assistance in the future.

58-1405. Same; waiver of requirements. (a) Upon application therefor, the director may waive any requirement of K.S.A. 2004 Supp. 58-1402, and amendments thereto. Applications for a waiver shall be submitted to the director. If the director determines that such compliance is financially or environmentally impractical, the director may waive such requirement. The director shall render a decision regarding any application submitted pursuant to this section within 60 days of receipt thereof.

(b) Unless otherwise provided by rules and regulations adopted by the director, proceedings to

consider a waiver under this section shall be conducted in accordance with the provisions of the Kansas administrative procedure act.

(c) Appeals from the decision of the director shall be governed by the provisions of the act for judicial review and civil enforcement of agency actions.

58-1406. Same; act not applicable to certain dwellings. The provisions of this act shall not apply to any dwelling which is:

(a) A private residence which is owner-occupied or which is under contract for occupation by the owner;

(b) a private residence for which an individual tax credit is received;

(c) a private residence which is financed with funds from the federal housing administration, rural development programs administered by the United States department of agriculture or under a single-family mortgage guarantee assistance program;

(d) a private residence for which rental vouchers or certificates under 42 U.S.C. §1437 are accepted;

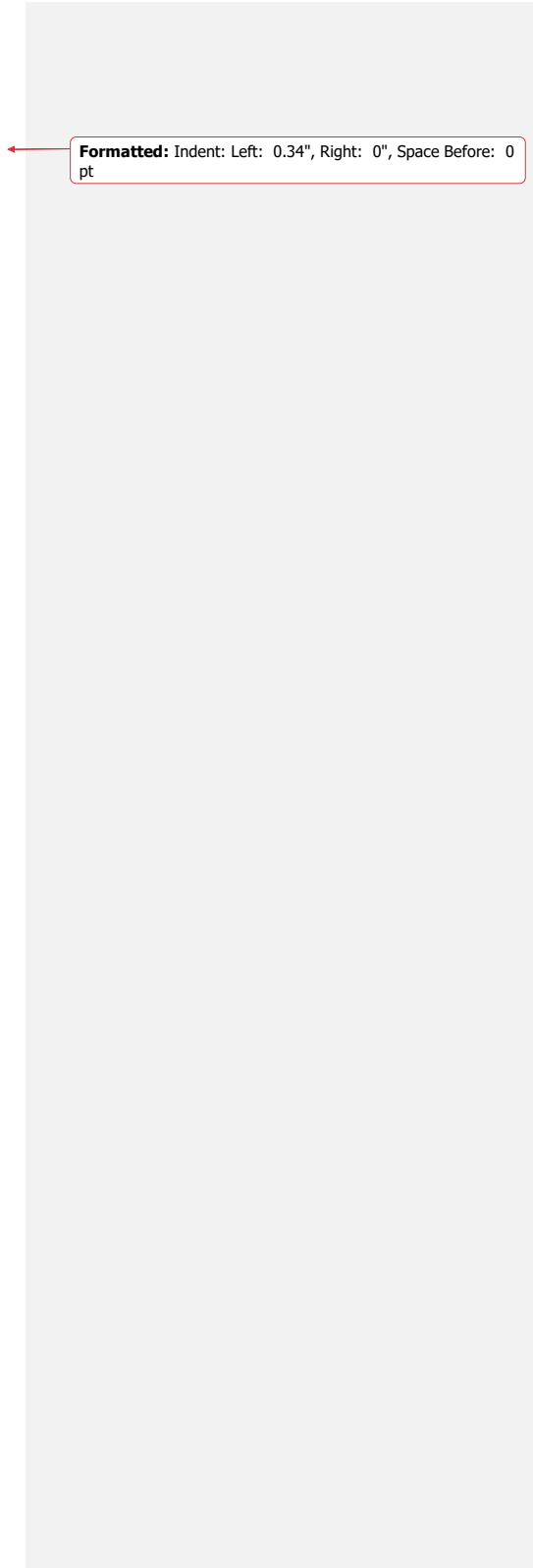
(e) financed with public funds other than state funds or federal funds administered by the state or a state agency; or

(f) 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.

58-1407. Same; rules and regulations. The director shall adopt any rules and regulations necessary to implement the provisions of this act.

History: L. 2002, ch. 175, § 7; L. 2003, ch. 154, § 18; July

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