

# *Kansas Housing Investor Credit*

Kansas Housing Resources Corporation



# *Agenda*

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1. Background and Overview
2. Proposed RFP
3. Timeline
4. Next Steps



# Background and Overview

## House Bill No. 2237

The purpose of the Kansas housing investor tax credit act is to bring housing investment dollars to communities that lack adequate housing. Development of suitable residential housing will complement economic development of rural and urban areas that lack adequate housing resources and enable such communities to attract businesses, employees and new residents.

- \$13 million/year in credits
  - Set-asides for smaller counties and credit/unit limits
- Counties with a population of 75,000 or less
- Qualified Housing Projects
- Tying this round to Moderate Income Housing (MIH) program



# *Background and Overview*

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## **Current Timeline(s)**

### **First Housing Investor Credit Round**

Draft RFP/Listening Sessions – now through September 2

Final RFP and Application – Released Friday, September 9

\* MIH Applications Due – Friday, September 30

Housing Investor Tax Credit Applications Due – Friday, October 28

Award Announcements – December, 2022

### **Subsequent Housing Investor Credit Round**

Listening Sessions/Feedback Time – now through mid-October

RFP and Application – Released in November, along with the next round of MIH

Application Due – end of January, 2023

Award Announcements – March, 2023



# Background and Overview

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## What are we doing today?

- Review Current RFP
- Considerations for the future rounds
- *Ask your questions, give your thoughts, suggest considerations we should be making*



# Request for Proposal – RFP Overview

## Overview

- *Available credits each round?*

## Eligible Applicants

- Project builder or developer associated with an application under the current MIH RFP

## Eligible Activities

- KHRC will issue tax credits to qualified investors, including the builder or developer for cash investments in a Qualified Housing Project
- Projects that are most likely to provide the greatest economic benefit to and best meet the needs of the community lacking adequate housing
- Priority to Kansas investors
- A cash investment is money or money equivalent in consideration for qualified securities. Qualified Securities is a cash investment through financial assistance, equity or debt instruments
- Qualified Housing Project is a project within a city or county for the construction or rehabilitation of existing vacant housing or single-family residential dwellings, manufactured housing, modular housing, or multifamily residential dwellings or buildings.



# Request for Proposal – RFP Overview

## Required Evaluation Considerations

- *Does the project have the support of the community and governing body?*
- Will the project enhance the ability of the community that lacks adequate housing to attract new businesses or expand existing business?
- Does the project have the financial support, management, planning and market to be successful?
- Does an analysis or survey of the housing needs support proceeding with the proposed project?

## Application Process

- Applicants may submit multiple applications. Developer capacity may be considered in the evaluation process.



# *Request for Proposal – Current Priorities*

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Similar to MIH RFP, will update the current priorities for each RFP:

- *Projects with Competitive MIH applications*
- An equitable distribution of credits across the state
- Proposed Qualified Housing Project in areas with a demonstrated and ongoing housing need
- Proposed Qualified Housing Projects in areas that have difficulty filling employment positions due to lack of housing stock





# Request for Proposal – Application Requirements

*KHRC will review the MIH application components. The proposed list of items below will be in addition to the MIH application.*

- 1. Excel application** – Copy of MIH Excel application and Kansas Housing Investor Credit Excel application
- 2. Application Fee** – Proposed \$100
- 3. Funding Information**
  - Narrative that addresses:
    1. Administration of the project
    2. Capacity of the applicant
    3. Description of the collaboration among housing community, lenders, employers, economic development organizations, qualified investors and other housing partners
- 4. Developer/Project Builder Information**
  - Will the builder or developer seek tax credits?



# *Request for Proposal – Application Requirements*

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## **5. Project Plan**

- Description of the project, including intended market and anticipated pricing for the housing
- Timeline, including construction closing, construction period, and unit lease-up or sale
- Description of the housing to be constructed with sketches and/or renderings
- Proforma for construction and permanent financing periods including projected sale price and/or monthly rents

## **6. Statement of the Potential Economic Impact**

- Other housing activities happening
- Projection of housing needs

## **7. Housing Needs Analysis or Survey**

## **8. Source of Funds**

- Proof of funding sources
- Investment confirmation, including the pay-in structure, fees, and investment requirements



# *Request for Proposal – Application Requirements*

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## **9. Accessibility Certification (KHRC Form)**

- K.S.A. 58-1401

## **10. Qualified Investors**

- Statement of the amount, timing, and projected use
- Names, addresses, and taxpayer ID numbers of all investors. This list can be amended as the information changes.
- If Kansas Investor, a narrative and documentation required confirming such.



# *Request for Proposal – Award Process*

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- First Award notifications will be made in December 2022
  - Second award notifications will be made in March, 2023
- Awardees will receive a conditional award specifying the amount of credits reserved and the requirements for a project to become a **Qualified Housing Project**. Tax credit certificates may not be processed until the project becomes a Qualified Housing Project
  - Proof of site control
  - Proof of appropriate zoning
  - Project designs
  - Updated financial commitments including qualified investor documentation
  - A site visit by KHRC staff
  - Building permits
- Additional Requirements detailed in [House Bill 2237](#)



# Request for Proposal – Reporting Requirements

- Name, address, and taxpayer ID numbers for each qualified investor
- Amounts of cash investments by each qualified investor
- Name, address, and taxpayer ID number for each person to whom a transfer has been made

## Credit Disbursement

County Size	Credit/Unit Maximum	Aggregate Credit Max
No more than 8,000	\$35,000/unit	At least \$2,500,000
8,000 – 25,000	\$32,000/unit	At least \$2,500,000
25,000 – 75,000	\$30,000/unit	Up to \$8,000,000

- Maximum of 40 residential units per year
- KHRC will evaluate the proposed credit/unit and award based on applications received and evaluation – *do stakeholders have additional thoughts on how this should look?*
- *In future years, what should the award schedule look like?*



# *Attachment A – Fee Schedule*

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## **1. Application Fee**

- a. \$100 to be included with each project application

## **2. Reservation Fee**

- a. 3% of Kansas Housing Investor Credit reserved paid upon the Conditional Agreement

## **3. Processing Fee(s)**

- a. For Credit Certificates processed in connection with the Construction Closing, there will be no processing fee
- b. KHRC will process Credit Certificates once per quarter. Each Credit Certificate processed will be assessed a \$50 fee

## **4. Transfer Fee(s)**

- a. Transfer Credit Certificates will be assessed a \$50 fee



# *Attachment B – Evaluation Guidelines*

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## **1. Community support**

- a. Resolution from the governing body

## **2. Enhance the ability to attract and retain businesses**

- a. Connection between proposed housing and employment
- b. Meeting significant housing needs

## **3. Financial Support**

- a. Intended use of funds
- b. Targets moderate income housing needs
- c. Analysis of efficiency and impact of funds
- d. Preference to Kansas investors



# *Attachment B – Evaluation Guidelines*

## **4. Capacity/Management**

- a. Ability to utilize Kansas Housing Investor Credit
- b. Organizational and project structure
- c. Housing development experience, including Award history
- d. Readiness to Proceed
- e. Previous submission of monthly reports and responsiveness to requests for information

## **5. Planning/Market**

- a. Thoroughness and speed of plan
- b. Ability to identify and meet housing needs
- c. Urgency of housing need

## **6. Application**

- a. Timeliness of application
- b. Thoroughness of application
- c. Meeting minimum RFP requirements
- d. Applications paired with applications under MIH RFP





# Timeline

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# Questions...

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- *How many credits should be available each round? Should we consider front-loading the credits each year?*
- *For projects not connected to an MIH application, how should we evaluate community support?*
- *Considering that KHRC will receive applications not connected to MIH applications, we are considering how those applications will look. Many will be part of MIH applications, so KHRC is considering a basic application that would be part of both, and then additional requirements depending on the funding requests.*
- *In relation to an efficient use of credits/unit, do stakeholders have thoughts on evaluation methods and suggestions on how to encourage right-sizing credit requests?*



# Questions...

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- Additional comments and suggestions to [MIH@kshousingcorp.org](mailto:MIH@kshousingcorp.org)

*Thank you!*

