

2022 Kansas Moderate Income Housing (MIH)

Request for Proposals (RFP) Frequently Asked Questions (FAQ)

KHRC will update this document periodically during the application period. **The additions in this final update (9/15/2022) are shown in red.**

A. Background

1. How much capacity do you expect to have for new projects, after 2020 and 2021 previous projects are funded this round?

Our intent is to put out approximately \$5 million every round, and then we will shift the type of funds available. We have MIH funding out of the State General Fund (SGF). We will also have \$20 million from the American Rescue Plan Act (ARPA). Those are federal funds that will have different requirements and reporting. We are also going to have a revolving loan fund. And so those are all three different pots of money that are all going to have different pieces. We may put \$2.5 million out in ARPA money and \$2.5 million out in straight MIH. Our intent is to put out \$5 million every four months. We will also start putting out tax credits in the second round, so it will have \$5 million plus tax credits.

2. If there is \$20 million available for FY 2022, why three rounds of \$5 million?

Our intent is to do \$5 million every four months, until we run out. The only source of funds that we have a deadline on is the ARPA money. The \$62 million that we received this year is a one-time injection. We do not anticipate that we are going to get another \$62 million next year. So, we plan to keep spending \$5 million every round. We want to make sure we are doing a couple of things. We want to get the best applications we can. So, we want to see people putting their best foot forward. In the past, we get about \$8 million in requests. And that is a lot when we only have \$2 million. What we do not want to see is a lot of requests for subpar projects because we have \$20 million out at one time. What we are trying to do is allow people some time to put a project together and then if they do not get funded, then we will talk about what we viewed as deficiencies, you can clarify some things, and then come back and four months and reapply.

3. A 1,300 square foot home used to cost \$200,000. Now it costs \$300,000. Will you update your numbers?

We try to account for whatever the environment is that we are serving. What we are trying to do with the MIH program is make affordable housing available to moderate income households. We understand that that gap that we are going to have to fill is going to need to be bigger. So, if there are specific places that we need to address numbers for what a house costs, we are open to that.

4. Is there a way to make sure I am on the mailing list in the future?

Subscribe to the “Moderate Income Housing” email list at www.kshousingcorp.org/subscribe

5. Are the current RFP and Application materials posted on your website (on 7/8) being used for both the State General Fund (SGF) and the American Rescue Plan Act (ARPA) allocations?

No, this first round MIH RFP (due 9/30/22) is only for the SGF funds. ARPA funds will require additional compliance, processes, and documentation – which we will incorporate appropriately in subsequent round’s application process.

6. Are ARPA reporting requirements for KHRC or are they for the applicant? How does an applicant applying for the grant/loan know which they are applying for/receiving and what the reporting requirements will be for them?

We will make it clear which funds we are making available. For the first round (due 9/30/22), the funds available will be SGF. Our hope is to make ARPA funds available the next funding round. We are working with the state and federal Recovery Offices to determine the reporting and application requirements.

7. We are preparing an MIH application to create a revolving loan fund to provide a portion of down payment funds to local individuals and developers who would like to construct a new home or rehabilitate a vacant home. How would we fill out the Application for this new program?

MIH funding is not intended to fund the establishment of formal revolving loan funds; however, the proceeds from an MIH project should be reinvested to fund more MIH units.

MIH funding may be used for down payment assistance – please utilize your “2.1. Narrative” to detail their planned use and administration. In your MIH Application, please indicate the number of units in “II. Type of Development and total amount requested in section “III. Funding Information” of the application. If applying for down payment assistance only, you would not complete following sections of the Application:

- IV. Partnership Information – lines 50-57
- VI. Additional Development Information (second half) – lines 104-111, or
- XI. Development Budget – lines 219-291.

4. Are we required to have site control, or lots identified, for proposed down payment assistance?

No. As highlighted in yellow below, you do not fill out lines 104-108 of the MIH Application for down payment assistance projects only:

The following information must be included with application. Answer "Yes" if attached. Not applicable for down payment assistance.

Proof of Site Control: _____

Proper Zoning or Application for Proper Zoning: _____

Sketch Plan: _____

Legal Description of Site: _____

B. RFP Overview

1. Will there be a webinar to go through the final RFP step by step?

Yes, a [2022 MIH Application Overview video](#) is now available on KHRC’s YouTube channel.

2. Can we access the MIH RFP Public Hearing webinar for review?

Yes, it is posted on our [Public Notices page](#) and [our YouTube channel](#).

3. We are not sure who to reach out to for developers to come to our area. Can you provide contacts who we can reach out to get more information?

Please visit the Kansas Department of Commerce's new [Housing Resources Developer Profile Database](#).

5. Are developer and consulting fees an eligible use of MIH program funds?

Yes. Reasonable proposed fees will be evaluated with the application.

6. Are contract administration and compliance costs MIH fundable?

Yes. Reasonable proposed costs will be evaluated with the application.

7. Is there preference given to new or rehab? Or is it really about total number of units/best bang for the buck?

There is not a preference between the two. Every project is evaluated on its merits, including the number of moderate-income housing units proposed with the MIH funding requested.

8. May a city apply for MIH funds to be utilized in a township outside of the city limits?

No; cities may not apply for and spend MIH funds outside of their city limits. However, the county may apply and receive an award. MIH has a history of a county specifying where the funds will be spent within the county. We have previously awarded to a county and stipulated that the funds could not be spent in cities other than the one named in the application.

To do so, the county to request the funds and to clearly state in the application and resolution that any award funds would be designated for the specific township. We would also need a resolution from the township board to see that they on board and cooperating with the county on the project. MIH would then codify this in the award letter and grant agreement with the county.

9. Can MIH applicants be reimbursed with MIH grant funds for their time assisting with the administration of the project, or to count it towards the matching funds?

Yes. Reasonable proposed costs will be evaluated with the application.

C. RFP Overview – Eligible Applicants / Eligible Activities**1. Does a county over 70,000 in population disqualify a project? Several rural towns are smaller in population but are in larger counties.**

We do have MIH projects that are in counties that are larger than the 60,000. That is allowed by MIH, but they are for communities that are smaller than 60,000. The project must be in a community that meets that threshold.

2. If I am in a city in Johnson County that is 2,000 in population, then can the city apply for MIH?

Yes.

3. Is it a stronger application if there is a nonprofit, for profit developer, and a city/county?

No. MIH requires that a city or county be the applicant. However, beyond that, it is what the application is trying to accomplish. What makes a strong app is if the application follows what the housing assessment tool says and if it meets the needs of the of the community.

4. If you have an open MIH project, are you eligible to apply for a new MIH project?

Yes, you are. Of course, we must consider what that project is and where it is in its development timeline. Whether what you are proposing is the same, an extension of something, or something new, it is eligible to apply. However, there are going to be a lot of circumstances to determine whether it is a strong proposal. If an applicant wanted to start an entirely separate project while the first was in progress, again, this would be considered. However, KHRC prefers not to fund new applications that are requesting MIH funding for an MIH project already in progress – if an MIH grantee wanted to do this, we would want to understand the background.

5. A developer is wanting to build two four-bedroom single family homes as group homes for individuals with disabilities. He would make them ADA accessible. Would they be eligible to apply for MIH?

This would be an eligible MIH project, although individual residents would need to need to meet MIH income requirements – between 60 and 150 percent of HUD’s FY2022 income ranges (see Attachment A of the RFP). A City or County, with a population of less than 60,000, must be the actual applicant and recipient of MIH funds, and they can then partner with the developer to complete the project.

6. Is it required that the city or the developer own the lots? Can privately owned lots be part of the MIH project?

It is not required that the City or County own the lots, only that the City or County be the applicant and recipient of MIH funds.

7. Can a project involve more than one developer? For example, if a city wanted to support two different projects, with two different developers, to better leverage the MIH dollars, would this be eligible?

A project with more than one developer would be considered for MIH funding. However, per the 2022 RFP Application Process section: “Applicants may only submit one application, but may include more than one proposed activity, so long as the application lists the applicant’s priorities.” If a city is considering funding multiple projects, the projects will either need to be 1) submitted in separate application rounds, or 2) included in the same application.

The Attachment B: Evaluation Guidelines asks that if there are, “multiple proposed housing activities in application, applicant’s priorities clearly stated.” If you elect to submit an application that has multiple activities, we encourage applicants to take advantage of their application’s 2.1 Narrative to clearly delineate and fully explain the “multiple proposed housing activities” they are seeking funding for, how they relate to the applicant’s overall housing needs, and why.

Additionally, the applicant would need to clearly demonstrate in the application (Attachment B, 2) that they have the “capacity to administer the proposed development,” per the RFP.

8. Is a homeowner occupied unit eligible for MIH funds?

MIH does not rehab owner occupied units, but some projects may be eligible for the new Kansas Housing Investor Tax Credit (KHITC) if the applicant can relate the project to the economic needs of the community.

9. Are applicants required to have received an MIH grant in the past? In Attachment B of the RFP, one of the items listed under “Need” is “Receipt of MIH funding previously.”

The section in the RFP this refers to (Attachment B) is asking the applicant to demonstrate the need in the community for moderate income housing, not things necessary for an application. One of the things that we consider as demonstrating need for this type of housing is funding that has been awarded under this grant in the past.

10. Will past MIH grants be viewed negatively if an applicant applies for 1) a second project in the same city or county, or 2) applies for a second phase of an already completed MIH project?

In Attachment B (number 9), past applicants’ history is considered when reviewing a new application. Per the RFP, “consideration will be given in part based on the applicant’s and/or developer’s history, experience, loan or grant administration activity and compliance with the MIH RFP and grant agreement” such as “readiness to proceed, previous submission of monthly reports, previous responsiveness to requests for information.” We evaluate all parties in the development team, including the developer, the owner, the development company, and the community. **Part of this evaluation involves confirming that the parties involved have the ability to execute the projects they are proposing. Is there enough need in the community to fill the number of units the applicant is proposing? Does the applicant have the experience to administer the project and meet compliance requirements? Does the developer have experience with the type of project being proposed?**

Also be aware that one of the priorities of the RFP is also “a distribution of funds throughout the state” (page 5).

If an applicant would like to apply for an MIH grant to execute a Phase 2 on an already completed Phase 1 that included MIH funds, that would be acceptable.

11. The term “vertical construction” has been used to describe an eligible cost. Does this mean MIH funds can be used to pay for the materials and labor used to construct the building apart from site improvements or public infrastructure?

MIH is for primarily for vertical construction. If there is a Rural Housing Incentive District (RHID) involved, we want MIH to be for vertical construction only. If there is not an RHID, infrastructure can be part of the proposal. Eligible site improvements depend on the type of improvements being done and the necessity of the improvements. Public infrastructure would not be eligible for MIH funding (RHID or not) unless it was somehow necessary for or connected with the MIH project.

12. Is construction of site improvements that will be privately owned (e.g., landscaping on site, sidewalks on site) eligible to be funded by MIH?

Landscaping and sidewalk are okay, so long as it is not causing the cost to the homeowner to go up.

13. Are private sewer and water lines an eligible MIH cost?

Yes, private sewer and water lines are eligible to be funded by MIH – that would all be in the purview of the project. In cases like this, applicants should think about the impact of what they are trying to do (i.e., is it going to meet the housing needs?) But again, if there is an RHID involved, MIH funds should not be used for these costs. The RHID should be utilized instead.

14. Is it correct that MIH should not be used to fund infrastructure if RHID is a potential source of revenue for infrastructure? Does that mean an MIH application that proposes using MIH funds for public infrastructure (e.g., sanitary sewer mains, water mains, streets, and sidewalks) will not be considered?

Yes, that is correct – MIH should not be used to fund infrastructure if there is an RHID involved. Public infrastructure would not be eligible for MIH funding (RHID or not) unless it was somehow necessary for or connected with the MIH project.

15. The MIH materials indicate that the funds will be given to cities and counties. Does this mean private companies cannot access MIH funds or does it mean that cities and counties are where the funds will be deployed by whoever is awarded them?

By statute, MIH can only go to city and county governments. Oftentimes the cities or counties work with and subgrant to developers or private companies for the projects.

16. Could an application that requests funding for multiple projects also have multiple structures and locations?

Yes, one application could include requests for the multiple different structures and locations.

17. Do submission guidelines for an MIH grant allow us to make a submission for all or part of construction cost?

MIH guidelines allow applicants to submit applications for eligible costs up to the current cap of \$650,000. Applicants can apply for all or part of construction costs but cannot apply for more than \$650,000.

18. What would happen if an applicant applied and was approved but not funded because KHRC reached the \$5 million limit? Can the applicant move forward with their project, since their application was approved, or will they need to wait until they are officially funded to continue with the project?

For the MIH program, we only approve applications we intend to fund that round. If applications are not approved because we run out of funds, the applications are denied. Applications do not roll over with MIH – if an applicant is denied, for whatever reason, they are required to reapply to be considered again. If an application is denied for quality reasons, applicants will need to rework and resubmit. If the applicant is not approved because we are over the \$5 million, the applicant will still need to resubmit the application, but it could be with very few changes.

19. What would happen if an applicant applied for an MIH grant and was denied, but then went on to start the first phase of the project anyway and elected to reapply for MIH funds later for phases of the project that had not been started? Would KHRC consider that a project that has been started

(since one or more phases are underway) or not (since other phases have not been started)? Can projects begin prior to being awarded funds?

It could be fine if an applicant did a phase without MIH and then applied for MIH for the other phases that have not been started – not ideal, but fine. There are restrictions on projects starting prior to being awarded funds. In general, KHRC does not fund applications that are requesting MIH funding for a project already in progress.

20. For awarded projects, would the grantee (city or county) write checks for gap financing or down payment assistance?

When it comes to disbursing the funds, KHRC usually requires the grantee to front the costs of the project. The grantee would submit requests for disbursement, along with supporting documentation (e.g., receipts, invoices), and so long as the requests are eligible under the grant agreement – the document the grantee signs with KHRC before administering the project – and there are funds remaining in the grant, KHRC would refund the grantee. In some cases, with larger disbursements such as down payment assistance, KHRC could consider providing the costs up front if proper documentation is provided. As far as who writes the checks themselves, KHRC provides the funds directly to the grantee. After that, it is under the grantee’s discretion as to who writes the checks.

21. Can MIH funds be used to rehab homeowner occupied units?

MIH does not cover rehabilitation of owner occupied units.

22. How are the grant dollars calculated per project? Is there a dollar amount decided for each apartment unit?

KHRC does not have a set-in-stone method for this. We tell communities to look at their project and the needs of their communities, and then present to us a project with a price tag that makes sense for that specific community.

23. Does MIH require applicants to have a DUNS number or active SAM registration?

Applicants for MIH are not required to have a DUNS number or active SAM registration.

24. What happens if another developer has a buyer and they want a lot within an MIH subdivision, and the buyer intends to pay and build a home outside of the MIH program?

As long as the lot is not designated as MIH in the application – or Grant Agreement, should the application be approved – then this would be fine. Per MIH FAQ H.7., “During the compliance period, every household who moves into a unit designated for MIH must fall within the income limits and grantees must verify their income. In special circumstances, the grantee can request permission for an MIH household to be slightly above or below income limits, but this is not allowed without KHRC approval”. But if the lot/home/project is not connected to the MIH project and is simply within the same subdivision, then this would be acceptable.

25. Can an economic development group submit an application for MIH and be the applicant?

An economic development entity can apply for MIH funds on behalf of a city/county, but the applicant would still have to be listed on the application as City of () or County of (). This is a statutory

requirement. The same would apply if the economic development entity is a department of the city/county (and therefore is the city/county). The economic development board can administer the project on behalf of the city/county but could not be listed as the applicant.

26. Would the program consider an application for 3-D printed homes?

Construction of a 3D home would be allowed as long as it is built to meet all required local building codes, required accessibility codes, and meets the energy requirements of the 2018 IECC.

Some questions to consider: Is there a market for this type of home? Resale? Would the applicant have a buyer under contract before starting each 3-D home?

27. Is a land bank type project eligible?

Yes, it would be considered.

28. May we apply for MIH funds for special assessments?

MIH is primarily a vertical construction resource, so while special assessment requests are eligible, KHRC will want to see it paired with vertical construction expenses. You may apply for special assessments for lots where construction has not already started (including excavation or pouring foundations). Please use your 2.1 Narrative to fully explain and justify your request, including:

- The request for paying off the special assessments needs to be clear and specific.
- How it ties to the units for which construction funding is otherwise being requested.
- Describe how paying off will benefit the buyer (i.e., making the new units more affordable).
- Estimate the financial impact both with and without the special assessments paid off:
 - Effect on the units' "Estimated Sale Price" (line 212 of the MIH Application)
 - Effect on the units' "Total Monthly Housing Cost" (lines 214-217)

29. May we propose using MIH funds for moving and renovating an existing vacant home?

Yes. Please include the moving costs under "Rehabilitation" and utilize your 2.1 Narrative to explain and detail the proposed activity and costs more fully.

D. Current Funding Priorities

1. Will the funds be spread throughout the State evenly?

That is our goal, as stated in the RFP. However, we can only fund the applications that we receive. We continue to work hard to make sure that we are getting applications from all areas of the state.

2. Will you consider full funding for projects that were partially funded over the past two years?

We would consider that. It is in line with the projects that we did not fund because we did not have enough money.

3. If previous applications were unfunded, in 2020 or 2021, will those be reconsidered or does a new application need to be submitted?

A new project or a new application will need to be submitted. We know that the costs have increased dramatically, and other things have changed. We want to make sure that the city or the county is still able to carry out the project that they proposed.

4. If a grant submission is not awarded in the first round, will it be looked at favorably on in another round in the future?

Yes, the applicant could and should reapply. If we get an application and we don't fund it, our Housing Development Liaisons, listed in the RFP or at MIH@kshousingcorp.org, will be available to talk with you about what the deficiencies were, how you can improve it, and then submit a stronger application.

5. If an application goes unawarded, and it is a great application, do they have a stronger case than a new application that was not submitted in the first round? Is there a pecking order?

With each round of applications, we must balance many competing priorities. Additionally, each round will be impacted by the nature of the applications received that round. However, we would likely give additional consideration to a strong application that had been previously submitted.

6. The maximum MIH award is \$650,000. Do you think this max will increase in the future?

\$650,000 is an increase from \$400,000 in previous years. It is possible the maximum will increase, but we will see how the next few rounds go.

E. Application Requirements

1. Is it critical to have a developer in place at the time of application?

It is not critical, but, depending on the scope of the project, it could make a project stronger if there is a developer in place.

2. For how many years is a housing study considered valid? Is one completed in 2017 out of date?

Yes, that is out of date. We will accept housing studies that are three years old or less.

3. Is it good to have the have a Housing Assessment Tool (HAT) from Commerce and the Housing Needs Assessment in your application?

Application Requirement "9. Housing Assessment/Market Study," on page 6 of the RFP, requires that a housing needs assessment or market study be included with your MIH application. We will accept a Department of Commerce Housing Assessment Tool (HAT), a third-party assessment, or a RHID-required assessment.

Per slide 8 of the [MIH Application Overview](#), we prefer that the required housing assessment/market study be "Completed in the last 3 years." If all that is currently available is an existing study older than three (3), we will accept it; however, please include an addendum to provide updated data and a narrative detailing the current housing needs in your community that the proposed project will address.

4. Will you review the energy standards required?

For the energy comments, if raters are not available, KHRC will consider a waiver. For proposed increased costs associated, we will balance the costs and benefits as we move forward, but proposals should plan for the energy requirements.

5. Last year we had to pass a resolution at council approving the development and the application, does council need to pass another resolution for your MIH purposes?

Yes, you would need to submit a new resolution.

6. Do we need to update the dates on the letters of support to 2022, or will a letter dated 2021 suffice given the housing need has not changed?

We would like to see updated commitment letters (e.g., bank financing, developer/contractor availability, partners, other units of government) for 2022. However, more general letters of support (from local businesses, etc.) can stay the same, if the information (e.g., jobs, economic impact) is still current.

7. What is the right mix of MIH units to non-MIH units in an application?

At minimum, it should be the percentage of the request to the total development budget. A \$500,000 request of a \$2,000,000 project would mean that 25% of the units would be MIH. KHRC would want to round up to the nearest whole unit.

8. If the applicant's priorities are clearly stated, and one project is denied, will the whole application be denied? Would KHRC fund one over another if it were listed as a higher priority?

If an applicant's priorities are clearly stated, no, the entire application would not be denied just because one part of the application is not approved. Yes, KHRC could fund one project over another if it were listed as a higher priority by the applicant. One example of where this could happen is if KHRC found the application to be competitive, but there were too many competitive applications in that round to fund all the applications as proposed. In this case, KHRC might elect to offer partial funding to one or more (but not all) of an applicant's selected projects.

9. How can applicants add more categories to Section V. Development Team Information?

Please put this in the Development Team "involvement" narrative, rows 85-87 and clearly distinguish it from anyone whose current or former relationship to KHRC must be disclosed.

10. How can applicants add more categories to Section VII. Source of Funds?

Please include this in the Source of Funds narrative, rows 141-145.

11. How can applicants reflect municipal bonds for infrastructure?

The Permanent Financing section, rows 147-158, should equal XI. Development Budget, which is the budget for the entire project, whether that is through municipal bonds or a mortgage. Applicants would utilize Section VII. Source of Funds, rows 117, 120, 123, 126, 129, and 132. If there are multiple individual mortgages, applicants can combine them under "Multiple Mortgages" in a single row.

**12. If land is being donated to the project, how should this be included in the Development Cost?
Where can applicants show the donation to offset the cost?**

Donated land would be considered leveraged funds. Please include this in the appropriate narrative in Section VII. Source of Funds. On the budget, it should remain 0.

13. Are there guidelines or forms for the Property Appraisal (Feasibility) Market Study?

If this refers to Application Requirement 9. Housing Assessment/Market Study, then KHRC will not pay for that. See FAQs E.3. and E.16. for more information on this requirement. If this refers to appraisals prior to unit sale, we will consider that as part of closing cost requirements. We do not have a guideline on appropriate cost, but a local bank might be able to give an idea of how much those run in an applicant's area.

14. Is an environmental report required? If so, what are the parameters?

We require that applicants who are awarded MIH grants complete an environmental checklist prior to beginning construction.

15. Manufactured homes are built to the federal preemptive building code which contains energy conservation standards, is that the energy standard they comply with to qualify for the MIH?

We will accept the National Program Requirements for ENERGY STAR Certified Manufactured Homes, Version 2, dated July 1, 2019, to satisfy MIH Application Requirement "10. Energy and Accessibility Certification" detailed on page 6 of the MIH RFP.

16. How can we access regional and county-specific data from the Kansas Statewide Housing Needs Assessment 2021?

The [Regional Assessment](#) provides regional and county data in PDF form. Online [Storymaps](#) use multimedia tools to explore regions and display report findings.

17. On the Excel spreadsheet summary, what are you looking for on line 314 with "data collected and community definition"?

314 Current Unemployment Rate: _____ Data collected and community definition: _____

It should ask for "Date Collected" not "Data." For "community definition," applicants should note specifically what area the unemployment data is for (i.e., if a city is applying, note if the data provided is for the county).

18. What are you looking for specifically to document Site control, Zoning, and Source of Funds?

Per "Application Requirements" on [page 6 of the MIH RFP](#), below are some representative examples of suitable documentation of the following:

"4.1. Proof of site control" – any document showing control of the property, such as a quit claim deed, screenshot of online property record, etc.)

"4.2. Proof of proper zoning or proper zoning application" – zoning map, planning commission statement, statement that county/city is not zoned, etc.

“5.1 Proof of funding source(s)” – letters of commitment, bank letter, city/county resolution, etc.

This supporting documentation is requested to document and support the Construction and Permanent Financing amounts and leverage narratives provided in Section VII. Source of Fund of the MIH Application. If supporting documentation is not available, please provide a full explanation in your “2.1 Narrative” why that is the case and how it will be addressed.

19. If an applicant submits an incomplete application (i.e., key components are missing or insufficient), will you let the applicant know and allow them to correct the deficiency during the review period?

Application requirements are outlined in the Application Requirements on pages 5-7 of the RFP. Applicants are responsible for submitting a complete application by reading and following the RFP, FAQ, and other resources provided by KHRC. These materials are found on the [MIH page of KHRC’s website](#) under “Documents | Forms | Resources” near the bottom of the page under “2022 MIH RFP and Application” on the drop-down menu:

Documents | Forms | Resources



In the past, KHRC has issued deficiency lists to applicants to give them an opportunity to resubmit information they did not fully provide in their original application submission. However, due to an increased number of applications anticipated, and the availability of three (3) funding rounds annually, KHRC will no longer issue deficiency lists during the MIH application review period.

Future MIH rounds will open every four months. If an applicant does not submit required information or complete documentation, they will have the opportunity to correct any deficiencies and apply again in the next round. KHRC staff will also offer unfunded applicants an opportunity to schedule technical assistance (TA) calls to answer questions and review suggestions for developing a more competitive application in subsequent rounds.

F. Leveraged Funds

1. Is there a requirement for a city to invest in a project?

No, but we do look at, review, and favor projects with leveraged funds.

2. Can leveraged funds come solely from the developer?

Yes.

3. Can the city be the bank for a buyer? Can the city loan the money to the buyer to build the house at a zero percent interest rate?

Yes.

4. If a city gifts land to the developer, does count as their contribution/money for the grant program, or would they need to provide something in addition to that?

The gifted land would be considered a contribution from the city – per the RFP Application Requirements 6.1. please just provide “6.1. Certification and supporting documentation” as well as list and describe in the fields on lines 141-145 of 1. Excel Application. It is up to the City whether to include additional leveraged funds in their proposal. See RFP section “Leveraged Funds” on page 7

5. Where should applicants include the NRP tax rebates in the budget?

If there is a cash benefit during the construction or permanent periods that could be listed under VII. Source of Funds. If you cannot detail the cash benefit, you can detail how it benefits the project in the “other leverage” narratives at rows 138 or 160.

6. Will KHRC review budgets, applications, or drafts ahead of time and provide feedback or advice?

KHRC does not review projects or applications prior to submission. We can answer specific questions, but a budget or other sections of the application will only be reviewed after application submission.

G. Rural Housing Incentive Districts (RHID)

1. Does an MIH project have to be a part of a RHID?

No, an MIH project is not required to be part of RHID. If you are doing an RHID, we just want to know where you are in that process.

2. What do you mean by “assisting with vertical construction” conjunction with a RHID? Do you mean that RHID should assist with actual construction of the structures?

Yes, that is our intent.

3. To confirm, MIH funds cannot be used for any costs for RHID, only vertical, which RHID cannot be used for. So, MIH funds could not be used for a capitalized interest fund for RHID or for engineering costs accrued during the initial steps of the RHID?

Our intent is that MIH would only be used for the vertical construction costs, and it would not be used for a capitalized interest fund or the engineering costs.

4. Can the Upper Story RHID program be used for vertical construction?

Trisha Purdon from the Office of Rural Prosperity confirmed that Upper Story RHID can be used for vertical construction. The [Department of Commerce](#) is the best resource for specific questions regarding RHID.

MIH may also be used for the vertical construction. We will look at the pro forma that budget to see how that would all work together.

5. If an IRB is used for vertical construction, is there any benefit to install an RHID?

Yes, but for sales tax exemption rather than property tax exemption. As it is their program, the [Kansas Department of Commerce](#) is the best resource for specific questions regarding RHID.

6. Can you apply for an MIH grant if you already have an RHID?

Yes. We just want to see where you are in the RHID process to determine if it makes sense for MIH.

7. For new construction, RHID is eligible for many of the infrastructure costs (not vertical construction). However, there are often gaps that are left unfunded when utilizing RHID only. For example, at the end of the repayment period, there are often infrastructure costs not recaptured. Can MIH be eligible for those gaps that are left unpaid by the RHID project?

The expectation that MIH costs do not cover infrastructure when an RHID is in place was made based on the suggestion of stakeholders. KHRC will continue to not use MIH for infrastructure costs when an RHID is in place for the July 2022 round.

8. Will an applicant be penalized for not having an existing RHID if they intend to apply for an RHID in the future?

In a case like this, we would want to stress that if the application has MIH covering infrastructure costs, KHRC would want the applicant to address why they are not using an RHID or something else to cover infrastructure costs.

9. What stage in the RHID process does an applicant need to have completed in order to apply for MIH?

There is no specific stage an applicant is required to be at in the RHID process. In the 2022 MIH Application Attachments, the RHID is number 11, and it lists the different stages of the RHID process (Housing Needs Analysis submitted to Department of Commerce; City/County Resolution; Redevelopment Plan submitted to Department of Commerce; Secretary of Commerce approval). In the application, the applicant would need to demonstrate which part of the RHID process they are in by submitting documentation for each step they have completed.

10. Can MIH be used for a portion of the infrastructure?

MIH is primarily for vertical construction. If there is an RHID involved, we want MIH to be for vertical construction only. If there is not an RHID, infrastructure can be part of the proposal.

H. Compliance Monitoring

1. For rentals, is it 30% of median income?

That is what we want to see. If you have the median income for the different population groups you are looking to serve, we expect that the rents are about 30% of the that income level.

2. How do the MIH income limits relate to rental rates? What is the range of rents that can be charged and still qualify for the MIH grant?

Income guidelines are provided in the RFP Attachment A: "RFP Income Target Guidelines" and compliance details provided in the "Compliance Monitoring" section on page 9 of the MIH RFP.

Proposed rental rates are provided by the applicant in section “VIII. Annual Rental Operating Income” of the Excel Application. See also H.1. Compliance Monitoring immediately above.

3. How do the MIH income limits relate to students?

MIH income limits are provided in the RFP Attachment A: “RFP Income Target Guidelines.” Grantees should be consistent in applying these guidelines to tenants during the five-year compliance period.

4. What is the energy requirement if 10 or more units are proposed? At what stage must these standards be demonstrated?

Per the 2022 RFP, all MIH projects are required to “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.” MIH projects building 10 or more units are required to meet the same standards as projects with less than 10 units. The difference is that projects with 10 or more units will be required to demonstrate compliance with those standards by contracting with an energy rater.

KHRC will be using the same energy rating guidelines for MIH that are used for the Low Income Housing Tax Credit (LIHTC) Program, which can be found in the [2022 Qualified Allocation Plan \(QAP\)](#), which states that, “Upon completion, a final energy audit shall be completed to verify that actual construction or rehabilitation meets the appropriate standards.” Per the QAP, these standards must be met and demonstrated upon completion of the project.

5. For MIH, projects are required to contract with an energy rater for any project with 10 or more units. When testing is completed, how many units are required to be tested?

KHRC will be using the same energy rating guidelines for MIH that are used for the Low Income Housing Tax Credit (LIHTC) Program, which can be found in the 2022 QAP. Here is what the QAP says regarding the stage at which requirements must be met:

“Upon completion, a final energy audit shall be completed to verify that actual construction or rehabilitation meets the appropriate standards. 20% (minimum of 4) of the total units will be rated. The sampling should include one unit from each building and each different floor plan. The sampling should also include a variation of interior and exterior units in a multi-plex building. A random sampling of 20% (minimum of 4) is required for projects containing single family and duplex units.”

6. The other point about the program that jumped out was the income range that this project applies to. Per the information provided by KHRC, the program is geared toward providing housing to people in the \$35,360 to \$90,900 per person income range. But there does not appear to be anything that requires any sort of reporting regarding whether or not grantees have actually rented to people in that income range. Are the reporting requirements for the program only related to reporting how the money is spent, not whether or not the target population is actually benefiting from the project?

There are reporting requirements on how the money is spent. KHRC has a request for disbursement form that grantees submit, along with supporting documentation, prior to being reimbursed for MIH costs.

One of the purposes of the MIH program is to serve moderate income households who make between 60-150% of HUD's area median income (AMI), and KHRC does have a compliance form that grantees are asked to complete during a project's five-year compliance period. This five-year compliance period starts when the project is completed. KHRC does not need to approve each renter, but we do require the compliance form to be filled out and submitted each year for 5 years checking income for new tenants. Tenants do not need to be reverified each year – they only need to be verified at move-in.

7. Do grantees have to take steps to make sure that every renter, or a majority of them, or some other threshold falls within the moderate income limits? If grantees are verifying income, does that mean grantees have to get the renters to provide that information before approving them for occupancy? What happens if grantees cannot or do not meet the threshold number of renters that fall within the moderate income limits?

In each candidate's application, they will state how many units are designated for MIH (Section II, cells I-J 19). This number will be included in the Grant Agreement, which is the document all grantees sign if they are approved for MIH funding. During the compliance period, every household who moves into a unit designated for MIH must fall within the income limits and grantees must verify their income. In special circumstances, the grantee can request permission for an MIH household to be slightly above or below income limits, but this is not allowed without KHRC approval.

Yes, households will need to provide some kind of proof of income in order to be approved. Grantees can determine what they consider to be proof of income, but KHRC will need to approve the method. Typically, we see grantees use tax returns as verification. Once the method is approved, grantees must consistently use it for all households.

As far as what would happen if grantees were unable to fill their units, this should be considered when writing the application. Grantees should demonstrate in their application that there is a need for moderate income housing in their community. Grantees should apply for the amount of funds and number of units that (among other things) the grantee 1) has the capacity to develop and 2) has the capacity to fill based on the need in the community. If special circumstances arise *despite a thoughtful application*, KHRC will work with the grantee to achieve their grant agreement criteria. If, after multiple attempts, working with the grantee to achieve our affordable housing goals does not succeed, KHRC has the ability to rescind the grant.

8. A group wants to construct five (5) new homes, all in the \$220,000 range per home. Based on the MIH income limits, does the cost per home exceed the range of application acceptability?

Since MIH housing is designed to serve the 60-150% AMI income bracket (see page 11 of the RFP), we want to ensure that the housing is affordable to those households. For homeownership projects, we are looking to make sure the homeowner's costs are affordable to the homebuyer. We like to see costs (monthly mortgage + interest, insurance, and taxes) at 30% or less of the owner's income, so we know that costs are affordable to the homeowner.

9. If homeownership is proposed, when the home is built and sold, does the five year recapture agreement transfer to the purchaser? Which means they would have to income qualify and not sell the unit for five years? Is that correct?

For homeownership projects, the five-year recapture agreement should always be with the purchaser (the initial MIH household purchasing the home). The house would be built and sold by the grantee, and the MIH household would sign documents (such as a deed restriction or second mortgage/promissory note) that would protect the affordability of the home for the compliance period of five years. This discourages the homeowner from selling the home and making a profit during the compliance period. The first homebuyer will have to qualify under MIH income guidelines. After that initial household is qualified as meeting MIH guidelines, no subsequent households need to be verified.

If you are asking if the recapture provision would transfer to the subsequent buyer if the MIH home sold during the five-year compliance period, no, it would not. However, if the MIH homeowner elects to sell during the compliance period, they will be subject to repayment penalties in the deed restriction/second mortgage that was signed.

10. We understand that, if need be, awarded grantees can request an extension in writing for additional time to complete the project if events occur that are out of the grantee's control. However, what if the project itself extends beyond the 18 months?

Awarded grantees may request extensions on projects. Per page 8 of the RFP, "Development completion is expected within 18 months of the award notification" and the expectation is that projects start within 6 months of award.

For applications that are submitted with the understanding that the project will take longer than 6 months to start or 18 months to complete, this will be part of the evaluation process of the application. The length of time a project takes to complete is part of the competitiveness of applications and will be evaluated during the application review.

11. Does KHRC have a list of raters that could be used for the energy rating requirements?

- a) Redfox Inspections
- b) Midwest Energy Consultants
- c) Clean Efficient Energy
- d) The Energy Guy
- e) Econsultants, LLC

This is not meant to be an exhaustive list but rather the ones we are familiar with. If a developer wants to use a different group, please let us know.

12. Is the 30% debt-to-income ratio for housing loans only? Or is other debt (e.g., car payment, credit cards, student loans) included in the 30%?

Per "Compliance Monitoring" on page 10 of the MIH RFP: "KHRC's expectation is that the homeownership costs are 30% or less of the household's income." In the MIH Application, "Section X. Homeownership" we ask only for monthly Mortgage, Utilities, and Interest, Taxes & Insurance costs.

13. We understand that once our homes are built, homebuyers will need to prove they fall within the moderate household income range. Will assets be considered, or only direct income?

Only income, not assets, is considered.