



**KANSAS
HOUSING**
RESOURCES CORPORATION

**Kansas Housing Investor Tax Credit
(KHITC)**

Request for Proposal

Deadline: 5:00 PM on Friday, February 17, 2023

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A. 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.

One such KHRC program is the Kansas Housing Investor Tax Credit (KHITC) Program. The KHITC Program is a statutorily established program by House Bill 2237. As stated in HB 2237, the Kansas Housing Investor Tax Credit was created for the purpose of facilitating investment in suitable housing that will support the growth of communities that lack adequate housing by attracting new employees, residents, and families, and supporting the development and expansion of businesses that are job and wealth creating enterprises.

In response to the increased need for suitable housing as defined by HB 2237, \$13 million has been made available to KHRC for the purpose of administering and supporting a housing investor tax credit program. KHRC intends to allocate the housing investor tax credits by conducting multiple application rounds throughout the year, beginning with this current KHITC RFP.

B. Administration

The primary contacts for the KHITC Program are:

Alissa Ice	Jessica Hotaling
Director of Housing Development	Housing Program Developer
aice@kshousingcorp.org	jhotaling@kshousingcorp.org
785-217-2036	785-217-2073

General KHITC questions can be directed to MIH@kshousingcorp.org.

C. RFP Overview

Recently, Kansas communities and employers have stressed a growing need for affordable housing. Housing that is affordable for all members of a community 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 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. Applications can be paired with MIH applications.

Under this KHITC RFP, KHRC expects to release up to approximately 6 million in Kansas Housing Investor Tax Credits. KHRC reserves the right not to award the entire KHITC allocation. Further definitions of these terms follow.

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

Applicants should be aware and understand that this KHITC RFP and any KHITC awards are allocated in whole or in part by State of Kansas funds provided through 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 KHITC under this RFP, applicants must be either the builder or developer of a proposed qualified housing project. For the purposes of this RFP, a qualified housing project is defined as a project located within a county with a population of 75,000 or less and includes no more than 40 units. Construction includes, but is not limited to, new construction or rehabilitation of existing vacant housing, single-family residential dwellings, manufactured housing or modular housing, or multi-family residential dwellings or buildings.

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

Eligible Activities

Under this KHITC RFP, KHRC will issue tax credits to qualified investors, including a builder or developer, for cash investments in a qualified housing project. Such tax credits shall be issued for those qualified housing projects that are most likely to provide the greatest economic benefit and best meet the needs of the community lacking adequate housing where the project is located, with priority given to Kansas investors.

For the purposes of this KHITC RFP, a qualified investor includes a natural person, business, bank, other financial institution and/or association, and the project builder or developer. As stated, preference will be given to Kansas investors, which means an individual who is a resident of Kansas, or any business entity domiciled in Kansas, any

corporation, even if a wholly owned subsidiary of a foreign corporation, that does business primarily in Kansas or conducts substantially all of its business activities in Kansas, or a bank or other financial institution/association chartered or incorporated under the laws of Kansas that does business primarily in Kansas and/or conducts substantially all of its business activities in Kansas.

For the purposes of this KHITC RFP, a cash investment is money or money equivalent in consideration for qualified securities. Qualified securities shall mean a cash investment through any form or combination of forms of financial assistance, including equity or debt instruments or bank or financial institution, or association loans.

Pursuant to HB 2237, KHRC shall consider the following when evaluating applications and determining whether to designate a project as a qualified housing project:

- Does the project have the support of the community and the governing body of the city or county where such project is located;
- Will the project enhance the ability of the community that lacks adequate housing to attract new businesses, expand existing business by providing suitable housing directly for employees, make such housing significantly more available, or meet other significant housing needs of the community making the community attractive to new or expanding businesses or their employees;
- Does the project have the financial support, management, planning and market to be successful;
- Does an analysis or survey of the housing needs of the community support the proposed project. The analysis or survey must be provided by the project builder, developer, or governing body of the city or county where the project will be located.

D. Application Process

The deadline to submit applications under this RFP is **5:00 PM on Friday, February 17, 2023**. Please submit the application and PDF documents electronically. Applicants may submit multiple applications. Developer capacity may be considered in the evaluation process.

E. Current Priorities

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

- An equitable distribution of credits throughout the state;
- Proposed qualified housing projects in areas with a demonstrated and ongoing housing need; and
- Proposed qualified housing projects in areas that have difficulty filling employment positions due to a lack of housing stock.

F. Application Requirements

Each application requires a full submission of the required documents. KHRC will not award credits for qualified housing projects that have started construction prior to application approval. Each applicant will be responsible for any costs incurred in preparing an application, and all applications shall include the following:

Common Requirements for MIH, MIH-ARPA, and KHITC Applications:

1. Notice of Application

2. Project Information

2.1. Narrative – the Narrative should address the following:

2.1.1. Description of the project

2.1.2. Administration of the project

2.1.3. Capacity of the applicant

2.1.4. Description of the collaboration with local/city/county housing community, including lenders, employers, economic development organizations, qualified investors, and other housing partners

3. Project Plan

3.1. Timeline of project, including construction closing, construction period, and unit lease-up or sale

3.2. Description of the housing to be constructed with sketches and/or renderings

3.3. Proforma for construction and permanent financing periods including projected sale price and/or monthly rents

3.4. Description of the project's intended market and anticipated pricing for the housing

4. Source of Funds

4.1. Proof of funding source(s),

4.2. Investment and/or equity confirmation including the pay-in structure, fees, and investment requirements.

5. Housing Needs Analysis or Survey of the Community

6. Community Support

6.1. Resolution from Governing Body

7. Accessibility Certification (KHRC form)

7.1. Comply with the accessibility standards identified in K.S.A. 58-1401, et seq., and/or Fair Housing design standards, as applicable.

8. RHID (If applicable)

Requirements for KHITC-specific Applications:

1. KHITC Excel Application

2. Application Fee

3. Developer/Builder Information

- 3.1. The name and address of the project builder or developer and names of all principals or management, including a resume for each team member
- 3.2. If the project builder or developer is seeking tax credits for their cash investment in the project, information, and documentation to detail such investment

4. Statement of Potential Economic Impact

- 4.1. Demonstrate that other housing activities are happening to meet these needs
- 4.2. Detail the projection of housing needs based on the planned economic development

5. Qualified Investors

- 5.1. A statement of the amount, timing, and projected use of the proceeds to be raised from qualified investors
- 5.2. The names, addresses, and taxpayer identification numbers of all investors who may qualify for the tax credit. Such list of investors who may qualify for the tax credit shall be amended as any information on the list shall change
- 5.3. If a Kansas Investor, narrative and documentation demonstrating that the investor is a resident or a business entity domiciled in Kansas, or any corporation, even if a wholly owned subsidiary of a foreign corporation, that does business primarily in Kansas or conducts substantially all of its business activities in Kansas, or a bank or other financial institution or association chartered or incorporated under the laws of Kansas that does business primarily in Kansas or conducts substantially all of its business activities in Kansas

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

G. RFP Award Process

Applications will be collected and evaluated by KHRC's Housing Development KHITC team. Applications will be considered property of KHRC, are matters of public record, may be subject to the Kansas Open Records Act, and may be subject to public disclosure by KHRC after the announcement of awards.

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

KHRC may disqualify applications based on an applicant making misrepresentations or providing materially false information in an application.

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

KHRC will notify applicants of the results of their applications in March 2023.

Successful applicants will receive a conditional award letter specifying any additional requirements deemed necessary by KHRC to define the project as a Qualified Housing Project. Additional requirements to ensure the project meets the definition of a Qualified Housing Project may include but are not limited to:

- Proof of site control
- Designs
- Proof of appropriate zoning
- Building permits
- Updated financial commitments including qualified investor documentation
- A site visit by KHRC staff

KHRC may not distribute Credit Certificates until the project has fulfilled all requirements to be deemed a Qualified Housing Project.

The project builder or developer that applied for the credits will be required to sign an agreement, along with other documents as requested by KHRC, prior to the distribution of any credits or beginning any work. KHITC awards are subject to revocation prior to the agreement being signed. The agreement shall set forth the amount of tax credits to be issued for the project, the requirements for a cash investment and the issuance of tax credits. If the project builder or developer has been approved for tax credits for the project builder's or developer's cash investment in the project, the agreement shall set forth the amount of credits so approved and the amount of credits remaining for issuance to other qualified investors.

Additionally, the agreement shall require, as a condition of the issuance of tax credits, binding commitments by the project builder or developer to KHRC for:

- (1) The reporting of progress and financial data, including investor information. The project builder or developer shall have the obligation to notify the director in a timely manner of any changes in the qualifications of the project or in the eligibility of investors to claim a tax credit;
- (2) The right of access to the project and to the financial records of the project builder or developer;

(3) The provision of information for purposes of the economic development incentive program information database pursuant to K.S.A. 2021 Supp. 74-50,226, and amendments thereto;

(4) The repayment requirements upon loss of designation of a qualified housing project pursuant to section 11 of HB 2237;

(5) Any other terms and conditions required by KHRC.

H. Reporting Requirements

1. Investor/Investment Documentation

Each project builder or developer of a designated qualified housing project shall promptly report to KHRC the following information at the time such information becomes known to the builder or developer:

- The name, address, and taxpayer identification number of each qualified investor who has made a cash investment in qualified securities in the project and has received tax credits for this investment during the preceding year and all other preceding years;
- The amounts of the cash investments by each qualified investor and a description of the qualified securities issued in consideration of such cash investments;
- The name, address, and taxpayer identification number of each person to whom tax credits have been transferred by the original qualified investor; and
- Any additional information as the director may require when requested.

KHRC may require additional information to be detailed on KHRC forms, and the agreement entered between KHRC and the project builder or developer may also include reporting requirements regarding financial information and records and the qualified housing project.

2. Project Progress Documentation

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 tax credits have been utilized. 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.

I. Credit Disbursement

As provided in the reporting requirements stated above, KHRC may request additional documentation from the project builder or developer as KHRC deems necessary and may visit the development site to ensure work completion in accordance with HB 2237.

KHRC may allocate and issue tax credits based on the amount of the cash investment made by the qualified investor; however, the tax credit may be claimed in its entirety in the taxable year the cash investment is made.

Tax credits may be issued by KHRC for a qualified housing project as follows:

- (A) For qualified housing projects located in a county with a population of no more than 8,000, in an amount not to exceed \$35,000 per residential unit;
- (B) For qualified housing projects located in a county with a population of more than 8,000 but no more than 25,000, in an amount not to exceed \$32,000 per residential unit; and
- (C) For all other qualified housing projects, in an amount not to exceed \$30,000.

Of the aggregate amount of tax credits issued in one tax year, KHRC shall allocate:

- (A) No less than \$2,500,000 in tax credits for qualified housing projects located in counties with a population of not more than 8,000;
- (B) No less than \$2,500,000 in tax credits for qualified housing projects located in counties with a population of more than 8,000 but no more than 25,000; and
- (C) Up to \$8,000,000 in tax credits for qualified housing projects located in counties with a population of more than 25,000 but no more than 75,000.

A qualified housing project shall be limited to a total of 40 such residential units per year for both single-family and multi-family dwellings. Credits may be issued to a qualified investor in the amount of a cash investment of up to the total amount that may be issued by the director under this subsection for the qualified housing project, or as provided in the agreement required by section 9, and amendments thereto.

KHRC will evaluate the proposed credit/unit and award based on the applications received and the evaluation factors detailed in Exhibit B.

J. Disclosure of Relationship

Applicants must disclose any current or former KHRC employees acting as a consultant or interested party. 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 their employment ends.

K. Compliance Monitoring

KHRC will monitor an awardee's compliance with the applicable requirements of this RFP and any agreements executed by the parties in connection with this RFP.

If KHRC determines that a project is not in substantial compliance with the requirements of HB 2237, this RFP, or any agreement executed pursuant to this RFP, then KHRC shall inform the project builder or developer of the project in writing that the project will lose designation as a qualified housing project in 120 days from the date of mailing of the notice unless such builder or developer corrects the deficiencies and becomes compliant with the requirements for designation. At the end of such 120-day period, if the project is still not in substantial compliance, KHRC shall send a notice of loss of designation to the project builder or developer, the Department of Revenue, and all known qualified investors in the project.

Loss of designation of a qualified housing project shall preclude the issuance of any additional tax credits with respect to the project, and KHRC shall not approve any subsequent application for such project as a qualified housing project. Upon loss of the designation as a qualified housing project, the project builder or developer shall repay any tax credits such taxpayer has claimed; however, qualified investors other than the project builder or developer who have lawfully made a cash investment in a qualified housing project shall not have tax credits disallowed solely due to the project losing its designation as a qualified housing project.

ATTACHMENT A: Fee Schedule

All fees are non-refundable.

1. Application Fee

- a. \$100 to be included with each project application and mailed to:
Kansas Housing Resources Corporation
Attn: Housing Development
611 S. Kansas Avenue, Suite 300
Topeka, KS 66603

2. Reservation Fee

- a. 3% of KHITC 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: Kansas Housing Investor Tax Credit RFP EVALUATION GUIDELINES

KHRC and the Director of Housing will consider the following when evaluating applications for the Kansas Housing Investor Tax Credit under the KHITC RFP:

1. Overall Application

- a. Thoroughness of application – application completed in its entirety, questions thoroughly answered, supporting PDF documents submitted
- b. Timeliness of application submission and responses to requests for follow-up information
- c. Ability to meet minimum RFP requirements

2. Project Information

- a. Comprehensiveness of project description and organizational structure
- b. Ability to utilize the Kansas Housing Investor Tax Credit
- c. Housing development experience and qualifications
- d. For applicants who have an award history with KHRC, consideration will be given in part based on the applicant's history, experience, loan or grant administration activity and compliance with the relevant programs
- e. Readiness to proceed
- f. Previous responsiveness to requests for information
- g. Evidence of collaboration with community stakeholders

3. Project Plan

- a. Thoroughness and timeliness of project plan including the development timeline, completeness of sketches and renderings, and strength of the proforma
- b. Indication of target market and anticipated pricing for housing

4. Source of Funds

- a. Specifically identified sources and intended use of funds, including allocation of expenditures, and expected outcomes
- b. KHRC's analysis of efficiency and impact of funds on housing and economic development in community

5. Housing Needs Analysis or Survey of the Community

- a. Clear, quantifiable housing needs identified for the target community

6. Community Support

- a. Ability to demonstrate community support through a resolution from the governing body

7. Developer/Builder Information

- a. Submission of full development team information
- b. Plan for utilizing tax credits for cash investment in the project (if applicable)

8. Statement of the Potential Economic Impact

- a. Ability to connect the need for the proposed project with the housing needs identified in the community's housing analysis or survey
- b. Connecting proposed housing to employment opportunities
- c. Urgency of housing need, specifically areas of significant economic development that show a difficulty filling employment positions due to a lack of housing stock

9. Qualified Investors

- a. Preference will be given to Kansas investors, which means an individual who is a resident of Kansas or any business entity domiciled in Kansas, or any corporation, even if a wholly owned subsidiary of a foreign corporation, that does business primarily in Kansas or conducts substantially all of its business activities in Kansas, or a bank or other financial institution or association chartered or incorporated under the laws of Kansas that does business primarily in Kansas or conducts substantially all of its business activities in Kansas
- b. Submission of detailed investor information and investment plan

10. Rural Housing Incentive District (*if applicable*):

- a. Ability to effectively and efficiently combine an RHID and a KHITC award

ATTACHMENT C: K.S.A. Chapter 58 Article 14

Chapter 58. PERSONAL AND REAL PROPERTY 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 sheer 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