

2023 Round 1 Kansas Moderate Income Housing (MIH) Frequently Asked Questions (FAQ)

Questions and answers regarding the MIH application process are carried over from 2022 as well as those received subsequently. KHRC will continue to update this FAQ document periodically during the open MIH application period through February 17, 2023. **(Changes/additions since the last release are shown in red.)** Submit all questions electronically to MIH@kshousingcorp.org.

A. Background

1. 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

2. Would you be able to provide us with any other entities that have used this program?

You can view previously award projects by going to the [MIH webpage](#), scrolling down to Documents|Forms|Resources, and selecting “Award List.”

B. Administration

C. RFP Overview – Eligible Applicants / Eligible Activities

1. 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](#).

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

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

3. Are contract administration and compliance costs MIH fundable?

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

4. 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.

5. 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.

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

Yes, you are eligible to apply. 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. However, there are going to be a lot of considerations to determine whether it is a strong proposal. If an applicant wanted to start an entirely separate project while the first was in progress, it 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.

7. 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.

8. 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, builder, and/or contractor would be considered for MIH funding. However, they must be working on the same project. Per the 2023 Round 1 RFP Section D. Application Process: **“Applicants may only submit one application per funding round.** Each application may only include one project. Applications that include more than one project will not be reviewed.”

9. How would a project by one developer with multiple locations within the community be viewed (scattered site)?

It is fine if it is part of the same project. One developer, multiple locations is different than multiple developers, multiple locations.

10. Are homeowner occupied units eligible for MIH funds?

MIH does not rehab owner occupied units.

11. Are currently occupied rental units eligible for MIH funds?

The line is not black and white for MIH, although we have determined that units that are habitable are not eligible for the Kansas Housing Investor Tax Credit (KHITC). However, if the units are occupied, but in need of work, then they are likely not as competitive for MIH.

12. Will past MIH grantees 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?

Attachment B. Evaluation Guidelines, 2.d. states: “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” and 2.f. “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?

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

13. 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.

14. 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.

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

Yes, private sewer and water lines are eligible to be funded by MIH. 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?) However, if there is an RHID involved, MIH funds should not be used for these costs. The RHID should be utilized instead.

16. 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.

17. 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.

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

Per the 2023 Round 1 RFP Section D. Application Process: **“Applicants may only submit one application per funding round.** Each application may only include one project. Applications that include more than one project will not be reviewed.”

One application could include requests for the multiple different structures and locations. However, they must be part of the same project.

19. 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.

20. 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.

21. 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.

KHRC needs to ensure that projects are completed in compliance with KHRC’s standards. Additionally, as KHRC administers this finite resource, this restriction helps KHRC evaluate projects with the most need. Projects that do such work may be evaluated as less competitive in the application process. This restriction is meant to address substantive work completed or in progress prior to the project’s application.

Prior to applying, projects that need to address health and safety concerns can do so. For the reasons stated above, projects that complete work beyond health and safety concerns may be evaluated as less competitive in the application process. However, please note that any work done prior to receiving an MIH award is at the developer’s own risk. KHRC cannot guarantee that any project will receive funding.

The Housing Development Team has made the [LIHTC 8823 Guide](#) available on the MIH website under [Documents | Forms | Resources](#). This guide contemplates health and safety concerns. Please feel free to review this guide. If you have questions about how KHRC would view repairs you are making based on this list, our team would be happy to answer any questions.

22. 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.

23. 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.

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

Applicants for MIH-only are not required to have a DUNS/UEI number or active SAM registration. They are required of applicants applying for MIH-ARPA funding only.

25. 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 L.7. below, “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.

26. 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.

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

Construction of a 3-D 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?

28. Is a land bank type project eligible?

Yes, it would be considered as long as there is new construction involved (i.e., you cannot just propose to demolish homes and not replace them with new MIH construction).

29. 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" (row 130 of the Excel "MIH Application")
 - Effect on the units' "Total Monthly Housing Cost" (rows 132-135)

30. 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.

31. 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. Indicate the number of units in Section II. Type of Development of your Excel "ALL Applications" worksheet. Enter the total amount requested in Section II. Funding Information in the "MIH Application" worksheet.

If applying for down payment assistance only, you would not complete following sections of the "ALL Applications":

- IV. Partnership Information – rows 70-78
- VI. Additional Development Information (second half) – rows 126-132

Nor would you complete the "MIH Application" worksheet Section VII. Development Budget rows 137-209.

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

No.

33. If a community gets lots donated, can MIH funds be used for demolition along with new construction?

Yes, MIH funds can be used for demolition as long as there is new construction (i.e., you cannot just propose to tear down homes and not replace them with new MIH construction).

34. Is having historic tax credits tied to a project going to harm my application to MIH given the increase in tax credits for those types of restoration projects?

Historic Tax Credits would be looked at favorably. Please include in “MIH Application” worksheet Section III. Source of Funds and explain in 2.1 Narrative.

35. Can a county make an application for a MIH grant on a project inside the city limits?

Yes, a county can apply for a project within a city's limits in its own county.

36. We are looking at a future project that would build out a new infill neighborhood with single family residential and also accessory dwelling units (ADUs) on top of the detached rear garages. For unit count and HIRC calculation purposes would an ADU count as a unit?

One (1) ADU would equal one (1) unit.

37. Can a city submit one application each round, if the application is for a different development each round?

A MIH applicant could apply for a different project in each application round. However, per the [RFP](#), one of the priorities of the program is “an equitable distribution of funds throughout the state” (page 5). Per statute, KHRC is tasked with distributing funds across Kansas, and so we prioritize funding communities that do not have open awards.

D. Application Process

1. I know only one application can be submitted per round, but does that account for all programs? Can a city submit two applications, one for the regular MIH and the other the MIH-ARPA?

Yes, a city (or county) can simultaneously submit one MIH and one MIH-ARPA application, if they are for different projects. Also note that:

- A city or county cannot submit more than one MIH application.
- A city or county cannot submit more than one MIH-ARPA application.
- While counties can submit an MIH or MIH-ARPA application on behalf of a project within city, a city and a county cannot apply for the same project.
- Section E. Current Funding Priorities of both the MIH and MIH-ARPA RFP prioritizes: “An equitable distribution of funds throughout the state.”

With regards to applications for the Kansas Housing Investor Tax Credit Program (KHITC):

- A city or county can apply for MIH and/or MIH-ARPA with an associated KHITC application.
- A builder or developer can submit a KHITC application without an associated MIH and/or MIH-ARPA application.

2. Is it appropriate to email some items directly to you to supplement the application or should those just be bolded and highlighted in our narrative and other items?

Please include any supplementary materials in your Section F. Application Requirements (see FAQ D.4. below) either in the “2.1 Narrative”, as an attachment at the end of “2. Project Information,” or clearly labeled elsewhere in the application where they make the most sense. Bolding or other highlighting is always helpful for drawing our attention to the most important points.

3. How do we submit our Excel Application and other RFP Section F. Application Requirements?

KHRC requests that the Excel Application and Section F. Application Requirements be submitted via electronic upload to Procorem, an online project portal designed to manage documents and tasks from application, to award, and through construction and compliance (if awarded).

We have posted a ["How to Submit" video to help walk applicants through the Procorem setup process step-by-step](#). It is very straightforward.

The point of contact(s) listed on your [“Notice of Application”](#) will be sent Procorem WorkCenter account setup instructions on Monday, February 6.

If you have difficulty or unable to upload the application electronically, please email MIH@kshousingcorp.org. Applications can be submitted through email; however, if the application is approved, the applicant will be required to move the documents to Procorem.

4. How can we best name and organize our application files and accompanying documents?

Please clearly label each section with headers or coversheets that match the consecutive numbering of Section F. Application Requirements of the RFP. We ask that you follow the following naming conventions in labeling and saving your documents:

- **Excel Application** – "23-01-ALL-NameofApplicant-Application.xlsx"
 - Please print, sign, scan, and include your Excel Application as the first attachment with your Application Requirements below.
- **Application Requirements** – "23-01-MIH-NameofApplicant-ApplicationRequirements.pdf"
 - Please submit all Application Requirements (e.g., attachments, accompanying materials) **as a single, combined, and consecutively numbered PDF document.**

5. In Section III of the MIH application – Source of Funds (Construction & Permanent Financing), how should MIH applicants applying for KHITC resources account for the credits they are requesting?

When completing Section III of the MIH Excel application, there are two options to account for the KHITC resources being requested:

- 1) If you know how much the credits will sell for, you can provide the total amount of equity in the “Amount of Funds” box. Then, in the narrative section directly below, you can explain how you determined the amount of equity you are estimating to be generated by the credits, including the price the credits are anticipated selling for.
- 2) If you do not know how much the credits will sell for, you can enter the amount of credits you are applying for (for example, 1,200,000) in the “Amount of Funds” box. In that scenario, you can use the narrative box to explain that you do not know how much the credits will sell for, and so you have entered the number of credits you are applying for.

E. Current Funding Priorities

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

That is our goal, as stated in the RFP Section E. Current Funding Priorities. 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. If a grant submission is not awarded in prior rounds, will it be looked at favorably on in another round in the future?

An applicant can always reapply. If we get an application and we don't fund it, our Housing Development Liaisons, listed in the RFP Section B. Administration, 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.

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.

3. 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. If a project needs more than \$650,000, we encourage communities to look at the MIH-ARPA funds.

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

RFP Section F. Application Requirement “5. Housing Needs Analysis or Survey of the Community” 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.

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

We prefer that the required Housing Needs Analysis or Survey of the Community be completed in the last 3 years. If all that is currently available is an existing study older than three (3) years, 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.

This is a requirement that we are still defining. We were satisfied with what we received in the last round, and so we have no changes at this time.

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. (See also FAQ F. 27.)

6. Do we need to update the dates on the letters of support to 2023, or will a letter dated 2022 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 2023. 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.

The above calculation is a minimum for compliance. You may choose to include more to be more competitive.

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

Please put this in your 2.1 Narrative and the Development Team “involvement” narrative, rows 106-108 of the Excel “ALL Applications” worksheet and clearly distinguish it from anyone whose current or former relationship to KHRC must be disclosed.

9. How can applicants add more categories to Section III. Source of Funds?

Please include this in your 2.1 Narrative and the Source of Funds narrative, rows 68-72 of the Excel “MIH Application” worksheet.

10. How can applicants reflect municipal bonds for infrastructure?

The Section III. Source of Funds: Permanent Financing section, rows 78-82, should equal Section VII. Development Budget, which is the budget for the entire project, whether that is through municipal bonds or a mortgage. Applicants would utilize Section III. Source of Funds, rows 44, 47, 50, 53, 56, and 59. If there are multiple individual mortgages, applicants can combine them under “Multiple Mortgages” in a single row.

11. 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 narrative in Section III. Source of Funds, row 68. On the budget, it should remain 0.

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

If this refers to Common Application Requirement “5. Housing Needs Analysis or Survey of the Community,” then KHRC will not pay for that. 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.

13. 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.

14. 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-specific Application Requirement “6. Energy Certification (KHRC Form).”

15. 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.

16. On the Excel “MIH Application” worksheet, what are you looking for on row 232 with regards to “community definition”?

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).

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

Per Section F. Application Requirements if the RFP, below are some representative examples of suitable documentation of the following:

“3.1. Proof of site control” – any document showing control of the property, such as a quit claim deed, screenshot of online property record, etc.

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

“4.1 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 III. 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.

18. 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 Section F. Application Requirements 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 under “[Documents | Forms | Resources](#)” and “2023 MIH Round 1” of the drop-down menu on the [MIH webpage](#):

Documents | Forms | Resources

2023 Round 1 – MIH, KHITC, and, MIH-ARPA Excel Application (Download)

2023 MIH Round 1 >

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.

19. What is the “Notice of Application” request/requirement for the MIH applications?

The Notice of Application is a KHRC form that is located on KHRC’s website under Documents|Forms|Resources (see above). The form is due in advance of applications and is to notify KHRC of what applications the applicant intends to submit (MIH, MIH-ARPA, KHITC).

20. If our application was not funded in prior rounds and we are reapplying in 2023, do resolutions, letters of support, and cost estimates need to be updated?

- **City/County Resolutions** – must be updated (See also FAQ F. 27.)
- **Formal letters of commitment**– leveraged funding support, bank letters, city/county commitments, etc. – must be updated.
- **General letters of support** – from local employers or businesses, community members, etc. – do not need to be updated.
- **Cost Estimates** – do not need to be updated, if they are still applicable
- See also FAQ F.6. above.

21. Have the letters of support requirement been removed?

Formal letters of commitment (or equivalent) should be provided under Section F. Application Requirements “4. Leveraged Funds – 4.1. Certification and supporting documentation.”

General letters of support should be provided under Section F. Application Requirements “6. Community Support” and “5. Job Creation and Economic Development – 5.1.4 Supporting documentation.”

22. On the Excel “ALL Applications” worksheet, what people are to be included in the ‘Main Contacts’?

“Main contacts” are those who have the most contact with KHRC. For example, whomever oversees the grant at the city/county level (clerk, city manager, mayor, etc.) and someone from the development team (developer, contractor, builder, etc.). This could also depend on whether it is city/county-led vs. developer-led project, which would impact which party has the most contact with our team.

23. What are the responsibilities that would fall to the city or county to properly administer the funds?

As Section D. MIH-ARPA RFP Overview of the MIH-ARPA RFP notes: “Due to the source of the funds, awardees of MIH-ARPA funds will need to be familiar with and demonstrate their ability to adhere to the applicable Treasury ARPA SLFRF requirements.” However, this is balanced by the fact that “Government services is the most flexible eligible use category under the SLFRF program, and funds are subject to streamlined reporting and compliance requirements.”

The city or county is responsible for the disbursement of the funds and the compliance on the project. They will be a part of all communications and the grant agreement will be with the city or county. We usually see responsibilities divided one of two ways: developer-led projects or city/county-led projects.

In a city/county-led project, the city or county manages all aspects of the MIH project. This includes (but is not limited to) monthly reports, disbursement of funds, compliance management, annual reports, and day-to-day communication with KHRC.

In a developer (or non-profit)-led project, the developer will be involved in these things, as KHRC does work with other organizations in addition to the city/county. However, compliance and other MIH requirements are the responsibility of the grantee, not the organization they designate to manage the project or portions of it. KHRC may consider noncompliance issues when evaluating future MIH applications.

If a grantee elects to do a developer-led project, KHRC would expect the developer to cc the grantee on all communication with KHRC. This is because, whether the grantee elects to do a developer-led project

or a city/county-led project, the grantee for MIH funds will always be the city or county awarded. Thus, all final decisions will always have to be made or approved by the grantee before KHRC can implement them.

24. How is KHRC envisioning the structure of the supplemental information (Section F. Application Requirement”) when a project applies for both MIH-ARPA and KHITC. How would KHRC like the information organized to make it as easy as possible to assess an application?

Please include “Common Requirements” attachments in both your MIH-ARPA and your KHITC applications using the numbering scheme provided. Having each section separated by numbered and titled cover sheets is also very helpful.

“MIH-ARPA-specific” and “KHITC-specific” attachments should be included separately using the numbering scheme provided. Again, cover sheets are helpful.

We have posted a [“How to Apply” video that details the online document upload process](#), including naming conventions, to be followed.

25. What documentation examples are you looking for under 4. Leveraged Funds where it asks for “4.1 Certification and supporting documentation”?

Example of documentation for Leveraged Funds sources include:

- “In-kind labor and services” – letter of support; estimates or quotes
- “Reduced fees and taxes” – letter of support; resolution from the applicable governing bodies
- “City contributed work” – letter from city department; resolution from the city/county

26. Do you make example resolutions available?

We do not – instead, we rely on applicants to use their own form and discretion.

27. May governing bodies draft their resolutions so that, if not funded in the current round, they can be used again in future round applications?

Yes. The resolution should identify the parameters for subsequent applications, including a clause that it is only for a particular project (e.g., project name and/or address). The city/county may put their own time constraints on the resolution; however, we will not accept resolutions that are over a year old. This allows for up to three (3) application rounds.

We will not accept an older resolution for a project that is different than the previous application.

28. Do we need to subtract complex amenities – fitness center, laundry – or ancillary space such as foyers from XI. Development Budget?

No.

29. Will KHRC still review an application if the HAT is mostly finished, and they submit what they have?

A complete, up-to-date housing needs analysis is more competitive than an incomplete one; however, please submit what you have, and we will consider it.

30. If the rural community we are helping apply for an MIH grant does not have a housing assessment, what other options do we have to suffice this section’s requirement?

The [MIH 2023 Round 1 RFP](#) Section F. Application Requirements states: “Each application requires a full submission of the required documents.” It goes on to list Common Requirements, which includes “5. Housing Needs Analysis or Survey of the Community.”

The Department of Commerce’s [Housing Assessment Tool \(HAT\)](#) may be the best option available to such a community. They could submit their own self-assessment, not following a particular template; but it may not be as competitive as a proposal utilizing a more formal process. However, we have seen some self-assessments that were better than some of the commissioned ones.

See also FAQs F.2., F.3., and F.28. above.

G. 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 MIH-specific Application Requirement “4. Leveraged Funds,” please provide “4.1. Certification and supporting documentation” as well as list and describe on rows 65-72 of your Excel “MIH Application” and in your 2.1 Narrative. It is up to the City whether to include additional leveraged funds in their proposal. See also Section G. Leveraged Funds of the RFP.

5. Where should applicants include Neighborhood Revitalization Program (NRP) tax rebates in the budget?

If there is a cash benefit during the construction or permanent periods, list under III. Source of Funds. If is not a cash benefit, detail how NRP benefits the project in the “other items used to leverage the proposal” narrative at rows 65-72 and in your 2.1 Project Narrative.

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.

7. Can lots be donated as part of the in-kind?

Yes, donated lots qualify as leveraged resources.

8. 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.

9. 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.

10. 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.

11. 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.

12. 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.

13. 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.

14. 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 2023 Round 1.

15. 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.

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

There is no specific stage an applicant is required to be at in the RHID process. 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 per Section F. Application Requirements, Common Requirements "8. RHID (if applicable)."

17. 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. RFP Award Process

1. If project is awarded, does the MIH program require the proposed work to be competitively bid? For example, on a rehabilitation project, if a roof needs to be replaced, do you required that work to be competitively bid?

KHRC asks that applicants, if awarded, use their usual procurement policies and processes for bidding out each portion of the eligible activities under the Grant Agreement.

2. For awarded applicants with homeownership projects, would be better to build the homes, have them appraised, and use the appraisal to determine the asking price, or it would be better to sell the homes at construction cost?

This would depend on the area. In some areas, the appraisal might be inaccurate and so the home would not be able to be sold for the appraisal price and still be affordable to the households in the MIH income range (60-150% AMI). The price of the home should be based on what the community can afford (see FAQ H.8).

The 30% referenced in FAQ L.8 is not based on the AMI limits provided in the RFP. The 30% is based on a household's income. It is up to the applicant to determine what best fits their community. An option could be to reach out to local real estate agents and find out what the market can bear for the applicant's locality. If the applicant appraises the property, is the appraisal price affordable to the community?

The intent of MIH is to sell to homeowners within the 60-150% AMI range. If the appraisal price is an amount those households can afford, then that might be reasonable. If the appraisal price is an amount that those households cannot afford, then the applicant might need to price the property accordingly so that the 60-150% AMI range could afford the properties.

3. **If applicant uses funds for rental housing, the applicant may be required to record a Land Use Restriction Agreement (LURA) for a period of five years. What is being envisioned and under what circumstances?**

Simple LURA.

I. Reporting Requirements

J. Fund Disbursement

1. **It sounds as if these funds are reimbursement funds—so we would need to spend \$650,000 to get the money back from KHRC? What do communities do that do not have \$650,000 freed up to spend before receiving funds back?**

Monthly progress reports are required, and reimbursement requests can be submitted at that time and processed at that time.

K. Disclosure of Relationship

L. 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 Section L. Compliance Monitoring of the MIH RFP.

Proposed rental rates are provided by the applicant in Section IV. Annual Rental Operating Income of the Excel “MIH Application” worksheet. See also L.1. Compliance Monitoring answer 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?**

All MIH-specific projects are required, per the RFP’s Section F. Application Requirements, to “6.1 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 [2023 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 [2023 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. **All units must have an insulation inspection and a final attic inspection.**”

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 application, applicants must state how many units are designated for MIH (Section II, row 40 of “ALL Applications” worksheet). 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 Attachment A 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 and 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 the RFP, “Development completion is expected within 18 months of the award notification.” The expectation is that projects start within 6 months of award and that substantial progress, including some completed units, within 18 months.

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 | d) The Energy Guy |
| b) Midwest Energy Consultants | e) Econsultants, LLC |
| c) Clean Efficient Energy | |

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 Section L. Compliance Monitoring of the MIH RFP: “KHRC’s expectation is that the homeownership costs are 30% or less of the household’s income.” In the Excel “MIH Application” worksheet, Section VI. 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.

14. Who owns the house during the life of the grant?

- KHRC Loan Holder?
- Mortgage Holder of home buyer?
- Grant/Loan recipient?

It depends on how the grantee sets up their project. The home could be owned by the applicant (city or county) or the builder/developer until it is sold to an MIH eligible household.

15. Would the KHRC hold a Lien on the house until paid for?

No, KHRC does not hold a lien. However, KHRC asks that grantees place a second mortgage/promissory note or deed restriction on the homes for a five-year compliance period (not until the home is paid for) to ensure affordability of the homes.

16. Is renting to a student with income below the range in Attachment A eligible for MIH grant funds?

No. The grantee shall ensure that tenants are initially qualified with gross incomes within the most current MIH income ranges, subject to change and as [posted on the KHRC website](#).