

Kansas Housing Resources Corporation
Contract Administration Division

Qualification Requirements
State-Certified Real Estate Appraiser
February 27, 2023

Background

Kansas Housing Resources Corporation (KHRC) has an Annual Contributions Contract (ACC) with the U.S. Department of Housing and Urban Development (HUD) to serve as Contract Administrator (CA) for certain Section 8 properties throughout the State of Kansas.

KHRC currently administers the Housing Assistance Payment (HAP) Contracts for approximately 228 Section 8 contracts, with roughly 10,963 units, throughout the State of Kansas. A key component to the administration of these project-based Section 8 contracts is the Contract Renewal process. There are six (6) options from which project owners may choose at the end of a contract period; and depending on the option chosen, owners may be required to submit a Rent Comparability Study (RCS) to determine the level of rent for the new contract period. Since owners are allowed to choose their option for contract renewal, there is no method at this time for determining the number of RCS's that owners will submit for review within the next year.

HUD requires the CA to have the RCS reviewed by a state certified general appraiser before a final determination is made on the amount of rent allowed for the new contract period. KHRC is in the process of developing a pool of state-certified real estate appraisers to review RCS as required.

Purpose of the Substantive Review

The ACC requires each RCS submitted by the property ownership must have a substantive review completed by a state-certified general appraiser. The purpose of a substantive review is to assess and evaluate whether the RCS appraiser's selection of comparables, adjustments, and rent conclusions are reasonable. The substantive reviewer may not agree with every detail of the RCS, but the substantive reviewer's approval of the RCS means that the substantive reviewer has concluded that the suggested market rents presented in the RCS are reasonably supported by market facts. The RCS should contain sufficient information to convince a person unfamiliar with the market areas or properties involved, that the RCS conclusions are reasonable.

Note: The review appraiser should be concerned about the RCS's compliance with Uniform Standards of Professional Appraisal Practice USPAP only if they find significant problems in the research, facts, reasoning, or conclusions noted in the report. The review appraiser should not check for completeness of USPAP clauses for the sake of doing so.

Scope of a Substantive Review

The key focus for a substantive reviewer should be to ensure that the RCS is reasonable, consistent with facts and standard appraisal practice, and complies with the guidance provided in HUD Section 8 Policy Renewal Guidebook Chapter 9. As part of the substantive review request, KHRC staff will provide the following tools and checklists to assist in facilitating the substantive review process. Copies of these tools and checklists can be found in Chapter 9 of the HUD Section 8 Policy Renewal Guidebook found on the HUD website at:

https://www.hud.gov/sites/documents/508FIN_CONSOL_GUIDE6_8_17.PDF

- a. **Detailed Screening Checklist.** The 'Detailed Screening' checklist incorporates key questions that a substantive reviewer must assess and evaluate when reviewing an RCS. These key questions incorporate requirements under HUD Section 8 Policy Renewal Guidebook Sections 9-9 through 9-11, with respect to analyzing the subject project, comparable selection, and data collection. Substantive reviewers must document any concerns or conclusions in the checklist when reviewing the RCS. Listed below are key questions the review appraiser should answer. The review appraiser should document any concerns or conclusions.

- b. **Rent Grid Analysis Checklist.** All substantive reviewers must complete the 'Rent Grid Analysis' checklist using guidance provided under 'Notes for Rent Grid Analysis and Triggers for Second Review' contained in the Appendix 9-5-4 of the HUD Section 8 Policy Renewal Guidebook. The purpose of these checklists is to ensure that the concluded market rent is appropriate and reasonable. Substantive reviewers are not expected to challenge minor differences in RCS adjustments, particularly if correcting those perceived flaws would not affect the rent an owner will receive, or the estimated market rent shown on the rent grid. For example, if the owner is seeking a \$20 rent increase, and the market rent increase will exceed \$20 even if adjustments were revised, then it would not be cost effective to spend extensive time analyzing adjustments that are reasonably close.

- c. **Issues/Certification Memo.** Once the substantive reviewer has completed the detailed screening and rent grid analysis, the substantive reviewer must also complete a certification outlined in Appendix 9-5-5 of the HUD Section 8 Policy Renewal Guidebook. If the substantive reviewer has questions or needs additional clarification, they can use the sample memo provided in Appendix 9-5-6 of the HUD Section 8 Policy Renewal Guidebook for preparing an issues memo for the owner and/or RCS appraiser.

- d. **Field Visits – Must have prior approval from KHRC.** Reviews usually only require a desk review, the review appraisers may request to conduct a field review, if they believe a site visit is warranted to accurately assess the RCS. Appraisers may wish to consider site visits when:
 - 1. The desk review raises major questions.
 - 2. The review appraiser is not familiar with the market area, the subject property, or the comparables.
 - 3. The review appraiser is considering challenging adjustments for condition, appeal, neighborhood, or other factors that can change quickly and that appraiser has not visited the property recently.

- e. **Communicating Results of Substantive Review.** The review appraiser must submit in writing either an approval or a rejection of the RCS within **10 calendar days** after receiving a complete package from KHRC. Rejections are decision letters that either: 1) tell the owner the study must be redone and resubmitted; or 2) challenge the study's rent conclusions and suggest an alternate rent.

Appraiser Qualifications

The KHRC requires an appraiser to have, at a minimum, the following qualifications and provide documentation where required:

- 1. Be a Certified General Appraiser, licensed and in good standing in the state where the property is located. The license may be temporary or permanent. Appraiser must supply a copy of current state approved license.

- 2. Be currently active and regularly engaged in performing RCSs or appraisals of multifamily housing and demonstrate continuing education relating to multifamily housing, market studies, or advanced market analysis and/or separate non-real property features within a property. Appraiser must provide a self-certification of continuing education attended.

3. Meet all the requirements of the current Competency Provision in the USPAP and have read Chapter 9 and the Appendices of the HUD Section 8 Policy Renewal Guidebook and HUD Notice 00-12. Appraiser must provide a self-certification.
4. Have no prospective or present financial interest in a Section 8 property, its ownership or management entity, or the principals of those entities. Appraiser must provide a self-certification.
5. Not be an employee of the owner, the management agent, or the principals of those entities or have a business or close personal/family relationship with those parties that would commonly be perceived to create bias or a conflict-of-interest; provided however, that an appraiser that performs RCS's for property owners may be included in the pool of certified appraisers, but will not be assigned by KHRC a substantive review for any RCS completed by the appraiser.
6. Not be debarred or suspended from doing business with the Federal Government and not be under a Limited Denial of Participation (LDP) imposed by HUD or Program Center having jurisdiction over the Section 8 projects. A search of the Limited Denial of Participation list will be conducted as part of the RFQ approval process.
https://www.hud.gov/program_offices/general_counsel/limited_denial_participation_hud_funding_disqualifications
7. Not currently be debarred from participation in any State funded programs and in compliance with all applicable civil rights laws and statutes. Appraiser must provide a self-certification.

Responses to this Request for Qualification and Bid Submittal should be received by KHRC no later than **5:00 p.m., April 21, 2023**. Please use **Attachment A** as a cover sheet and provide the required documentation and certifications requested. Questions regarding this solicitation and all responses to the solicitation should be electronically submitted to:

Laurie Fritz, Director of Contract Administration
Kansas Housing Resources Corporation
cadirector@kshousingcorp.org

Appraisers meeting the qualifications required by this solicitation will be notified in writing by June 1, 2023, and will be required to enter into an agreement for services with KHRC. **All bid prices will be in effect from 7/1/2023 - 6/30/2024 with the option to renew for two (2) additional one (1) year periods as provided in the agreement between the parties.**