



MIH/KHITC Technical Assistance (TA) Slideshow

Kansas Housing Resources Corporation



We are here to help!

- Considering KHITC?
 - Jessica Hotaling, Housing Program Developer, jhotaling@kshousingcorp.org
- Thinking about an MIH project?
 - Jason Fizell, Housing Development Liaison, jfizell@kshousingcorp.org
- Currently funded MIH project and need assistance?
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Acronyms

- KHRC – Kansas Housing Resources Corporation
- RFP – Request for Proposals
- FAQs – Frequently Asked Questions
- MIH – Moderate Income Housing
- ARPA – American Rescue Plan Act (not offered in Round 3)
- KHITC – Kansas Housing Investor Tax Credit
- HUD – U.S. Department of Housing and Urban Development
- HAT – Housing Assessment Tool (Kansas Department of Commerce)
- RHID – Rural Housing Incentive District (Kansas Department of Commerce)
- NRP – Neighborhood Revitalization Program
- IRB – Industrial Revenue Bonds

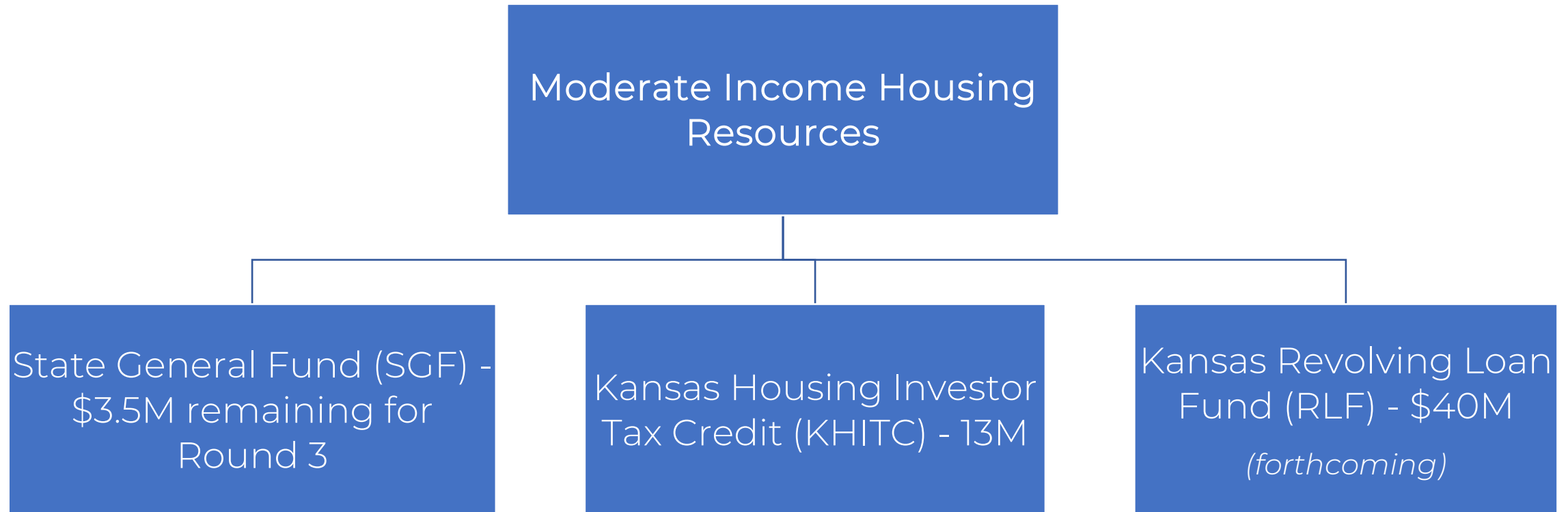


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- How to Apply Video (Round 2 example only)



Moderate Income Housing (MIH) Programs Overview



MIH Overview

- **Eligible Applicants** – City or county with a population <60,000. Counties with a population larger than 60,000 can apply on behalf of a city with a population <60,000.
- **Eligible Activities** –
 - Housing development (rental or homeownership),
 - Infrastructure (loan only) in combination with housing development, or
 - Down payment assistance.
- Maximum award of \$650,000



MIH Overview – Income Limits

Moderate Income Housing Income Range

HUD's FY 2023 Income Limits
Wallace County

	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons	7 Persons	8 Persons
150%	\$ 97,950	\$ 111,900	\$ 125,850	\$ 139,800	\$ 151,050	\$ 162,300	\$ 173,400	\$ 184,650
100%	\$ 65,300	\$ 74,600	\$ 83,900	\$ 93,200	\$ 100,700	\$ 108,200	\$ 115,600	\$ 123,100
60%	\$ 39,180	\$ 44,760	\$ 50,340	\$ 55,920	\$ 60,420	\$ 64,920	\$ 69,360	\$ 73,860

Based upon HUD's FY 2023 County Income Limits



MIH Evaluation Guidelines– see RFP Attachment B

- Housing Need and Urgency
- Job Creation and Economic Impact
- Capacity of Applicant
- Use of Funds and Impact
- Community Support
- Type and Value of Leveraged Funds
- Loans over Grants
- Thoroughness of Application
- Applicant History



Kansas Housing Investor Tax Credit (KHITC) Overview

Eligible Applicants

- Project builder or developer

Eligible Activities

- KHRC will issue tax credits to qualified investors, including the builder or developer for cash investments in a Qualified Housing Project
- Projects that are most likely to provide the greatest economic benefit to and best meet the needs of the community lacking adequate housing
- Qualified Housing Project is a project within a city or county for the construction or rehabilitation of existing vacant housing or single-family residential dwellings, manufactured housing, modular housing, or multifamily residential dwellings or buildings.



KHITC Overview

Credit Disbursement

County Size	Credit/Unit Maximum	Aggregate Credit Max
No more than 8,000	35,000/unit	At least 2,500,000
8,001 – 25,000	32,000/unit	At least 2,500,000
25,001 – 75,000	30,000/unit	Up to 8,000,000

- Maximum of 40 residential units per year.
- KHRC will consider the proposed credit/unit and award based on applications received and evaluation.
- Credit is earned when investment is made to a Qualified Housing Project.



MIH:

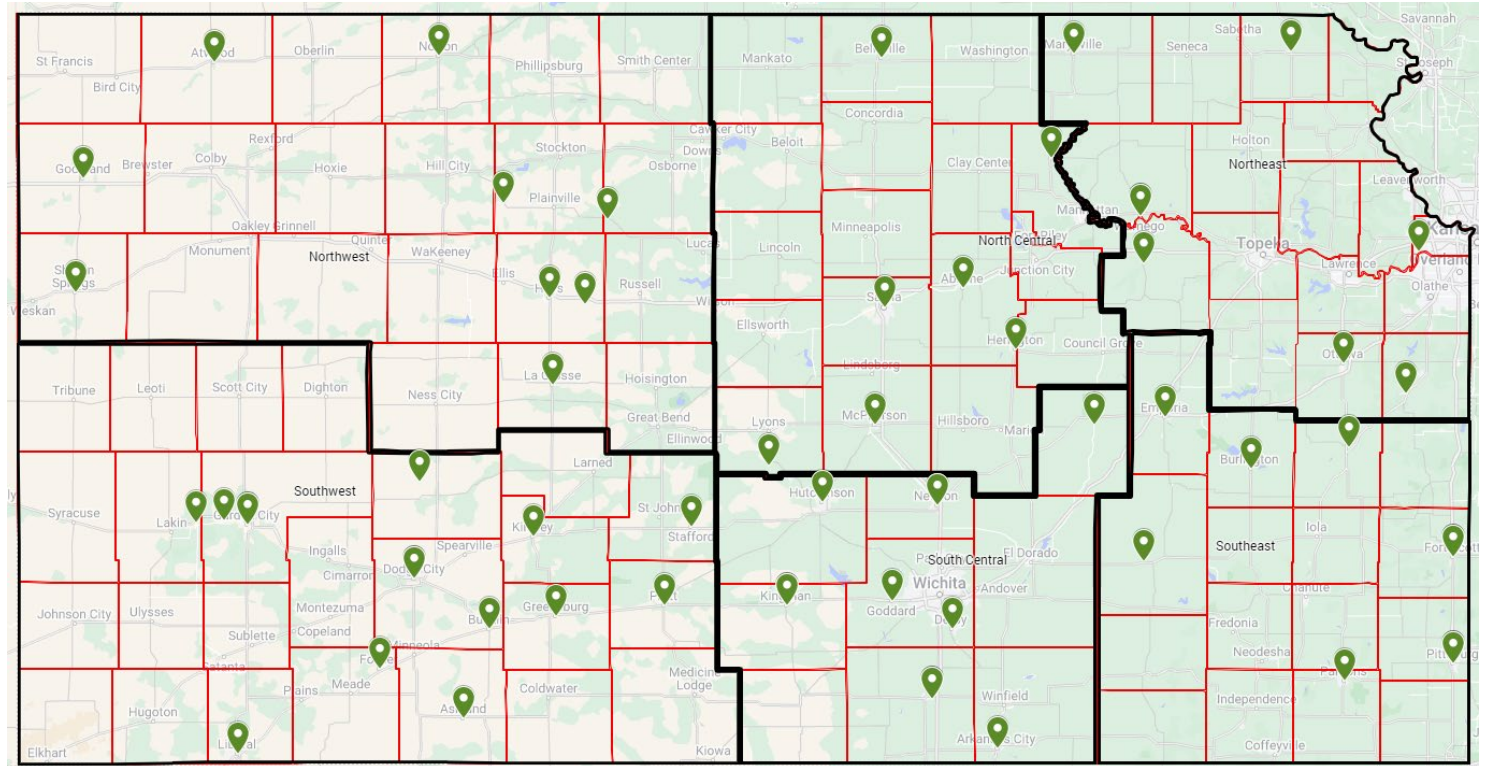
- 32 applications
- \$17,351,086 Requested

KHITC:

- 37 Applications
- 17,090,252 Requested
- Request by County Size:
 - Small – 3,324,252
 - Medium – 3,360,000
 - Large – 10,406,000

MIH-ARPA:

- 16 applications
- \$25,990,352.08 Requested



2023 Round 2 Funding Awarded

MIH

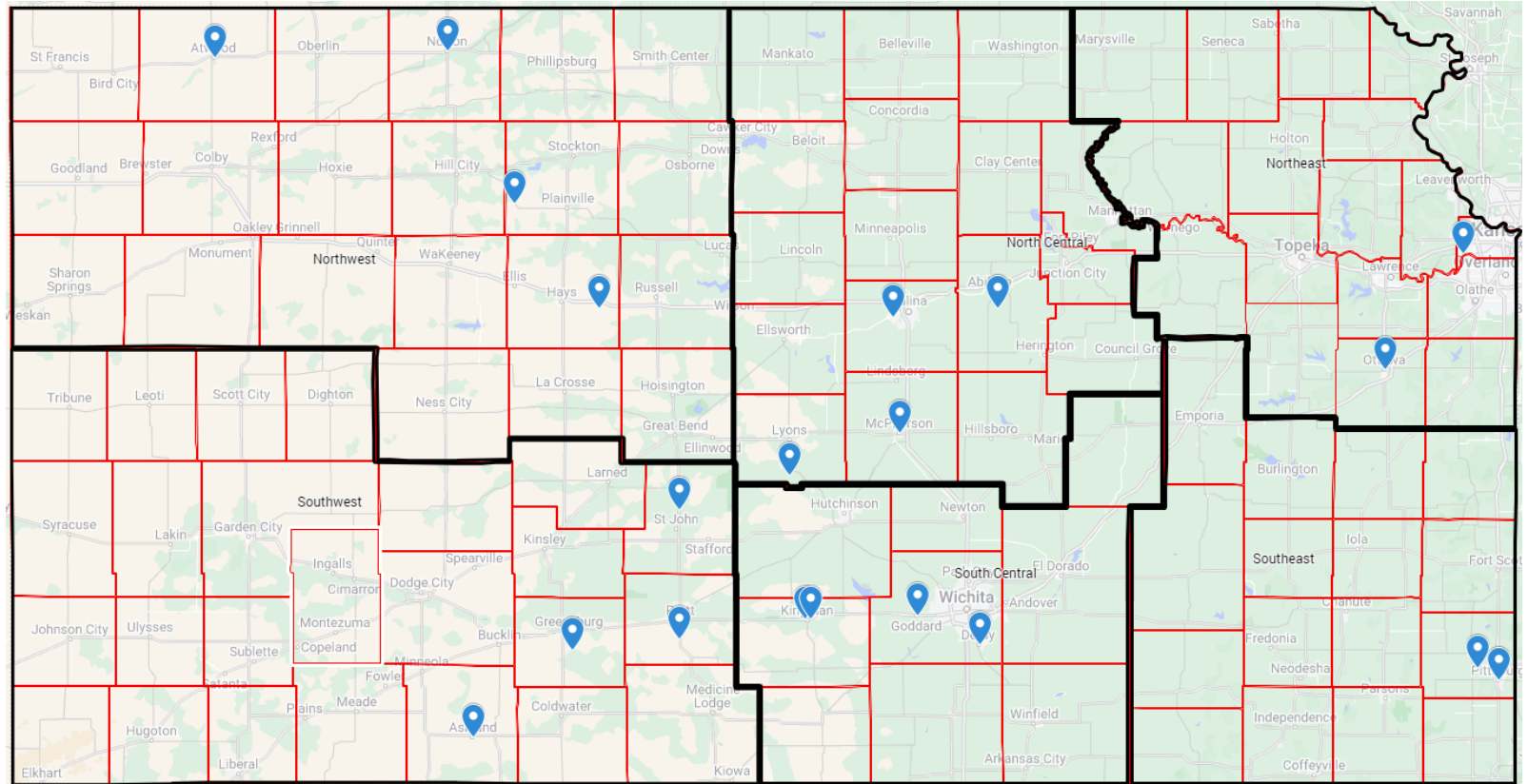
- 10 projects
- \$4,675,000

KHITC

- 13 projects
- 5,474,000 credits
- By County Size:
 - Small – 5
 - Medium – 3
 - Large – 5

MIH-ARPA

- 6 projects
- \$8,946,000



MIH and KHITC Round 3 Timeline – Proposed

Month	Task/Benchmark
September 2023	RFP/Application Open
November 2023	Application Due
January 2024	Award Announcements



Application Review Process

- In 2023 Round 2, KHRC received 86 applications
- Preliminary Review
 - Applications that did not advance received a second review by another team member
- Full Review
- Loans & Grants Committee



Preliminary Review

- Excel Application
- Readiness (*builder/contractor identified, site(s) identified, source of funds*)
- Project Narrative
- Housing Needs Analysis
- Resolution
- Jobs Creation/Economic Impact
- Compliance History



Full Review

- Review application with RFP Evaluation Guidelines
- Understand the big picture
- Understand the project/the community (*2.1 Project Narrative*)
- Understand the need (*5. Housing Needs Analysis*)



Strengthening Your Application

- Use your narrative to tell us (and show us) your community's story.
- Make sure you are serving “Moderate Income”
 - Comply with HUD's 2023 Income Limits – 60% floor and 150% ceiling.
 - Students unlikely to qualify.
 - If serving seniors, make case for down-sizing to free up single-family housing.
- Target market makes sense for proposed unit size and configuration.



Strengthening Your Application

- 5. Housing Needs Analysis – ensure your project fits the needs identified
 - *For example: If your HNA says there are rental vacancies, but lacks single-family homes, a single-family home project is likely more appropriate for your community.*
- 12. Job Creation and Economic Development – draw the connections with unmet housing needs
 - *Include employer-specific numbers and data, not just narrative and anecdotes.*



Strengthening Your Application – Nice to Have

- Follow the order and numbering of the RFP
 - Sub-headers and numbering (i.e., “2.1.3. Capacity of the Applicant”)
 - “See Attachment F, page 72,” instead of just “See Attachment F”
- Highlight key points
 - Use bold text, tables, etc. to draw attention.



Examples from Successful Applications

2.1 Narrative

The Zarah Apartments Project is designed to cater to young and mid-career workers in quintessential American jobs (nurses, teachers, police officers, social workers, etc.) as well as downsizing retirees that seek smaller, lower maintenance housing units. While this project will provide twenty four high quality housing units in downtown Great Bend, the ripple effect of this project also means that at least a handful of high quality single family homes will open up from downsizing as our project achieves full occupancy. The 2021 RDG housing study (pages 94-103) supports a strong demand for many types of new housing, particularly downtown rental units.

3. Project Plan

Our team has spent several months developing the most efficient financing stack to accomplish this housing project. As experienced historic developers, we are well versed in the nuances of tax credit financing. This project relies heavily on the use of tax credit proceeds from the recently expanded state historic tax credit for rural communities and leverages multiple financing sources. We were able to purchase the building and land for \$xx0,000. Our construction team has bid the renovation and new construction project at \$x,xx0,000. After factoring in soft costs, development fees, consulting fees, acquisition costs, and construction period taxes and insurance, the project will cost just under \$x.2 million. Financing sources include \$252,000 in Kansas Housing Investor Tax Credit proceeds, \$xxx,xxx in Kansas Historic Tax Credit proceeds, a 50% deferred developer fee, \$xx,000 in Developer Equity, \$650,000 in KHRC MIH Grant proceeds, and \$x00,000 in long term debt. We have included letters of intent for the tax credit purchases, a construction estimate, a development budget, funding commitments from our construction lender and permanent debt provider, and a project cash flow proforma for post stabilization. We are projecting a comfortable DSCR of 1.35 on the permanent debt at completion. We believe this capital stack is the best way to leverage multiple funding sources to provide affordable housing and clean up a blighted area in the community. By leveraging the state historic tax credits that were recently expanded to 40% for rural areas, KHRC's MIH grant will be invested in a project that is leveraging over 70% in other funding sources.

3.1 *Timeline of Project*

The project is expected to take 15 to 18 months from start to completion. The projected timeline of the project is as follows:

Design development & construction documents	January - March 2023
Notification of MIH and KHITC funding	April 2023
Receipt of private investment contribution	April 2023
Subcontractor bidding	April 2023
Construction Closing	May 2023
Interior demolition commences	May 2023
Structural repairs begin	June 2023
Interior construction begins	July 2023
Construction complete	July 2024
Appliances installed	August 2024
Marketing campaign begins	August 2024
Unit lease-up	August - September 2024

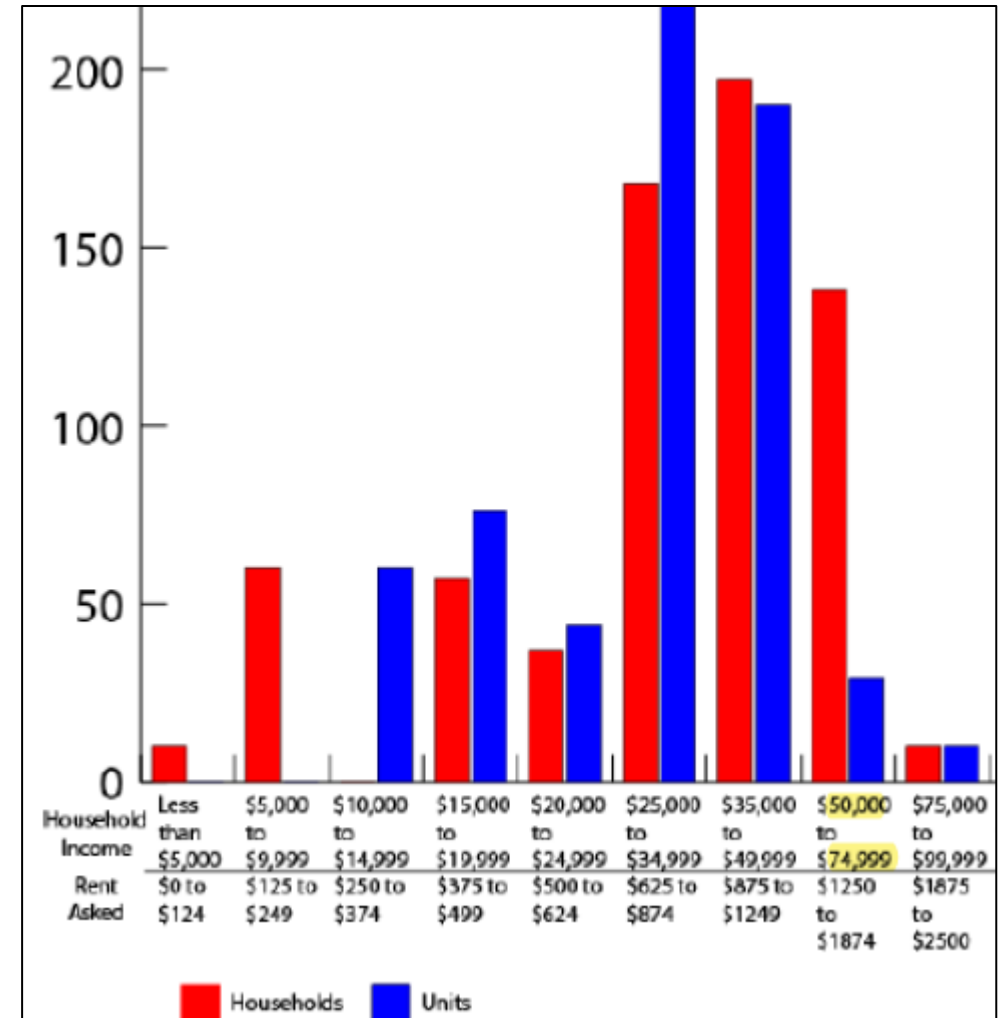
3.4 Intended Market and Anticipated Pricing

The City of Russell is proposing a Moderate Income Housing (MIH) project that will offer affordable living spaces targeted at young professionals desiring smaller, lower maintenance housing units. This strategy seeks to address the mismatch between existing housing inventory and the type of housing that is in demand. The Russell community has a very low inventory of moderate income housing available, and this project will add eleven (11) new units to that inventory.

in use for at least two decades and has fallen into disrepair. The three-story building will be redeveloped into 11 rental units ranging in size from 375 to 813 square feet and will include a mix of studio, one-bedroom and two-bedroom floor plans. The units will be loft-style with exposed brick walls, wood floors, and open ceilings to evoke an urban sense of style geared towards young professionals who cannot afford or do not desire to own a house. Rents are anticipated to range from \$550 to \$900 per month.

5.1 Housing Needs Analysis

The following graph shows the number of households within each income bracket and the number of rental units available for each income bracket. Unit availability is based on household income. Although the graph below shows a surplus of units for households between \$10,000 and \$34,999 annually...there is a significant supply issue in the \$50-\$75k AMI range which fits exactly within the 60-150% AMI range of the MIH program.



5.2 HNA Executive Summary

for sale has continuously declined since its height in 2019. Our Area Median Income is sitting at \$80,000. For someone that makes 80% or less of AMI to afford to purchase a home, their max purchase power is \$2133/month payments, which would only get borrowers a home priced around \$200k. Our average sales price is \$222,137. xxx's current median listing price is \$315k. There is a huge gap in this equation that is looking to be filled. Xxx does not currently have the housing capacity for our workforce. For rental properties, there are only 3 active listings in xxx. There are new housing developments in the works for our area, at an approximate total of 120 homes in the next 2-5 years. The issue is the anticipated minimum sales price will sit at \$350-\$400,000 with current estimates. The new homes for sale will not address the inadequacy of moderate-income housing.

11. Leveraged Funds

- Housing Redevelopment Grant from the City of [REDACTED] (Common Requirements, Section 4.1) \$ 1,000,000
- Rural Housing Incentive District tax rebates (Common Requirements, Section 8) \$ 264,810
- MOU with City of [REDACTED] providing for water and sewer hookups and waiver of building permit fees (Common Requirements, Section 6) \$ 20,001
- Developer overhead and fees waived by [REDACTED] [REDACTED]
- Legal and accounting services provided by local attorney and CPAs on a pro bono basis Unknown
- KSU Development & Planning intern devoted 1/2 time to this project and funded through Nex-Tech's Nex-Generation program and charitable contributions \$ 6,150
- Landfill fees covered by the County Commission and County Attorney's Drug Fund \$ 800

The total amount of leveraged funding is \$1,291,761, which is 46% of the total cost of the development and is almost twice the amount of MIH grant funding requested.

12. Job Creation and Economic Development

As stated above, we know that at least 42 new jobs will be created by existing businesses within the next year. Some of those jobs will need to be filled by those with skill sets that do not currently exist within our community. As such, there will be a need to provide housing for new residents moving to the community. As discussed in Section 5 of the Common Requirements, "Housing Needs Analysis", there is already a shortage of available quality housing in Russell...

The median household income within the community of Russell is \$55,416. The average annual wage of the open positions at Russell Regional Hospital is \$43,472; the base salary for certified staff at USD 407 is \$40,500; PureField ingredients offers an average starting wage of \$23/hour or \$47,840; and the average annual wage of the open positions at the City of Russell is \$66,560. These wages all fall within the moderate income housing range for a single person.

The maximum initial rental rates for this project are expected to be in the range of \$500/month for a studio apartment to \$1,000/month for a two-bedroom. As such, all of the units in the proposed project fall within the moderate income housing range, even at the lower end of the range for one person occupancy (\$36,360).

Highlight Changes in Resubmissions

Since this is an updated application, we thought it may be useful to summarize a few of the changes that we incorporated in our new application and highlight some of the progress that has been made towards this development. We sincerely appreciate your consideration of this project. We hope these changes will further demonstrate our commitment to this project and the importance of an MIH award for this community. Since our last application, the following has been completed:

- Rearranged the narratives in our application to better reflect the RFP requirements from KHRC
- Made technical adjustments to our MIH excel application
- Adjusted KHITC per unit award request
- Received official funding commitment from our lender and updated our financial model to match the term sheet
- Applied for and received SHOVL funding from the Department of Commerce in the amount of \$25,000
- Completed both a Dept of Commerce HAT and a new Housing Needs Analysis modeled off the RHID HNA requirements

How to Apply – Navigating Procorem

[Click to watch YouTube video](#)

(Round 2 example only)



Contact us: We are here to help!

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For More Information

Subscribe to our MIH email List:

kshousingcorp.org/subscribe

More information, *including RFPs and FAQs*, available at:

kshousingcorp.org/moderate-income-housing

