



To: Chairman Waymaster,
Members of the House Committee on Appropriations
Chairman Billinger,
Members of the Senate Committee on Ways & Means

From: Ryan Vincent, Executive Director,
[Kansas Housing Resources Corporation \(KHRC\)](#)

Date: Jan. 8, 2024

Subject: KHRC Annual Reporting Requirements:
Home Loan Guarantee for Rural Kansas, State Housing Trust Fund

Currently in its 20th year, [Kansas Housing Resources Corporation \(KHRC\)](#) is a self-supporting, nonprofit, public corporation committed to helping Kansans access the safe, affordable housing they need and the dignity they deserve. KHRC serves as the state's housing finance agency, administering housing and community programs for Kansans.

KHRC is pleased to present its [annual report](#) detailing our program activities and awards for 2023. This memorandum is intended to accompany the annual report. An additional memorandum will be submitted by Jan. 31, 2024, detailing activities supported by the Kansas Housing Investor Act.

Background

In December 2021, KHRC delivered a statewide [Kansas Housing Needs Assessment \("Needs Assessment"\)](#), which included a survey of the housing and housing-related needs of Kansas households. This was the first comprehensive statewide housing assessment conducted in nearly 30 years. The information obtained from the study continues to help leaders make more informed policy decisions and better address state housing needs.

The assessment revealed several key findings:

- The state is facing a shortage of quality, affordable housing—particularly for middle-income families.
- The state's population is getting older.
- Rural areas are facing depressed housing values.

- Renters are seeing even higher cost-burdens, preventing them from accessing the wealth-building opportunities of homeownership.
- There is a severe shortage of skilled labor, making construction of new homes and rehabilitation of aging ones difficult.

Building on these findings, the study identified several goals to address the state's housing needs:

- Add or free up more middle-income housing.
- Diversify the housing stock to match local demographic and employee needs.
- Extend housing security by preserving and reinvesting in older units.
- Increase reinvestment in older housing stock, including vacant units.
- Address the building trades labor shortage.
- Extend existing human capital resources.

In short, our state needs more housing, in all its varieties. This includes single and multi-family rental housing, manufactured housing, modular housing, and expanded homeownership opportunities for Kansans.

KHRC is grateful to the State Legislature for its 2022 funding allocation to address many of the gaps highlighted by the Needs Assessment, including:

- \$62 million for moderate income housing development;
- Establishment of state tax credit programs to develop more affordable and moderate-income housing; and
- A new Rural Home Loan Guarantee Program to address the financing gap between the cost to build a new home and its appraised value.

Reporting Requirements

In accordance with statutory requirements, KHRC shall submit a report concerning the activities of the State Housing Trust Fund and Home Loan Guarantee for Rural Kansas to the House of Representatives Committee on Appropriations and the Senate Committee on Ways and Means by the opening day of each annual Legislative session. This memorandum, along with the accompanying annual report, shall satisfy the Legislature's annual reporting requirements.

Home Loan Guarantee for Rural Kansas

Established by the Kansas Legislature in 2022, the [Home Loan Guarantee for Rural Kansas \(HLC\)](#) helps financial institutions guarantee the gap under a loan used for land and building purchases, renovation, and new construction costs that may be capitalized or financed within rural Kansas counties. HLC will guarantee the amount of the loan that exceeds 80 percent of the appraised value of the home, up to 125 percent of the appraised value of the home subject to the loan. Each amount of guarantee shall not exceed \$100,000.

The program serves financial institutions that assist existing and prospective homeowners in rural Kansas counties, defined as those with a population under 10,000 as certified by the Secretary of State on July 1 of the preceding year. Eligible financial institutions include banks, trust companies, savings banks, credit unions, savings and loan associations, or any other lending institution. The Kansas Rural Home Loan Guarantee Act allocated \$2 million in Non-Recourse Guaranty to fund the program.

State Housing Trust Fund

KHRC is a subsidiary corporation of the Kansas Development Finance Authority (KDFA). Governed by a Board of Directors, KHRC does not receive operational revenue from the state of Kansas but sustains itself through a State Housing Trust Fund (SHTF) funded through fees for services and grant administration cost reimbursement. The SHTF funds the state's Moderate Income Housing program, among other initiatives. [Audited financial statements](#) are available online.

Moderate Income Housing

Established by the Kansas Legislature in 2012, the Moderate Income Housing (MIH) program serves Kansans who earn too much to qualify for federal housing assistance yet struggle to afford market rate homes. MIH grants or loans are awarded to cities or counties with populations less than 60,000. Funds can be used for new construction, rehabilitation, or conversions of single or multifamily properties for homeownership or rent.

The MIH program received 134 applications in 2023 for MIH and MIH-ARPA funds, totaling more than \$101 million in requests, representing a proposed 3,135 new homes. The volume represents a 279 percent increase over last year's 48 applications and nearly 391 percent increase over last year's requested \$25.8 million. KHRC received an additional 30 KHITC-only applications for an additional 296 units. In 2023 MIH awards totaling \$9,600,400 funded 36 developments in 29 counties, creating 1,057 new homes. A final round of 2023 MIH applications will be approved in January 2024. [A complete list of 2023 applicants and awards is available online.](#)

Conclusion

The Legislature's historic 2022 housing investments represent an important step forward in addressing our state's growing and long-neglected housing shortage. The 1,057 new homes created through the Moderate Income Housing program mark a turning point, and an opportunity to launch a new chapter of economic growth and prosperity through addressing underlying housing needs. KHRC is pleased to administer these vital resources, unlocking home for families across the state.