



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. 13, 2025

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

[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 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, but sustains itself through fees for services and grant administration cost reimbursement.

KHRC serves as the state's housing finance agency, administering housing and community programs for Kansans. The State Housing Trust Fund (SHTF) administered by KHRC funds the state's Moderate Income Housing program, among other initiatives. Audited financial statements are available [online](#).

Background and Reporting Requirements

In December 2021, KHRC partnered with the Office of Rural Prosperity to deliver a statewide [Housing Needs Assessment](#), which included a survey of the housing and housing-related needs of Kansas households. This study, the state's first in nearly 30 years, revealed an acute shortage of quality, affordable housing, estimating an annual need of 3800-4800 homes in rural areas alone. In 2022 the Kansas Legislature responded to statewide housing needs with expanded investment in the state's Moderate Income Housing (MIH) program, passage of the Kansas Rural Home Loan Guarantee Act, and the establishment of a Revolving Loan Fund program.

KHRC presents its [annual report](#) detailing program activities and awards for 2024, along with this report concerning the activities of the State Housing Trust Fund and Home Loan Guarantee for Rural Kansas. Submitted 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 and accompanying annual report shall satisfy the Legislature's annual reporting requirements.

In accordance with the Legislature's reporting requirements, an [additional memorandum](#) was submitted Dec. 31, 2024, detailing activities supported by the Kansas Affordable Housing Tax Credit Act, and a final memorandum will be submitted by Jan. 31, 2025, detailing activities supported by the Kansas Housing Investor Act.

Home Loan Guarantee for Rural Kansas

The [Home Loan Guarantee for Rural Kansas \(HLC\)](#) helps close the gap between the cost of constructing a rural Kansas home and its appraised value. Financial institutions issue a loan used for land and building purchases, renovation, and new construction costs. HLC guarantees 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. Despite extensive marketing to the lender and Realtor community, the HLC program has not been utilized, likely due to external market conditions. KHRC will continue to work with our stakeholder partners to promote the program.

Moderate Income Housing

Established by the Kansas Legislature in 2012 and administered through the SHTF, 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 application cycle extends beyond the calendar year, with funds awarded in 2024 for applications received in 2023. Similarly, funds have not yet been awarded for applications received in 2024. The following table details all 2024 program activity. The MIH program received 36 applications in 2023, totaling more than \$20 million in requests. At that time \$3.9 million in program funds remained available, with the rest of the year's allocation awarded in previous funding rounds earlier in the year. Twelve of those 36 applications were approved in 2024, awarding communities nearly \$4 million in development funds and adding 215 new homes to the state's housing stock. [Complete award details are available online.](#) The sole 2024 application round yielded 43 applications requesting more than \$26 million, with \$7 million available. These awards will be announced in February 2025. [A complete list of 2024 applicants is available online.](#)

Funding Round	Applications Received	Amount Requested	Funds Available	Applications Approved	Homes Approved	Awards Approved
Nov. 2023	36	\$20,365,750	\$3.9 Million	12	215	\$3,955,215
2024	43	\$26,361,412	\$7 Million	TBD 2025	TBD 2025	TBD 2025

Moderate Income Housing Revolving Loan Fund

In 2022 the State of Kansas allocated \$20 million to establish a Revolving Loan Fund (RLF) program administered through the SHTF. Revolving loans support the development of moderate income housing and infrastructure in Kansas. These loans complement other resources by increasing borrowing capacity and closing funding gaps. After the funds are paid back, they can be reinvested in future housing initiatives. In 2023 the Legislature made an additional investment to the fund and expanded the program to allow a portion of the funds to be used in urban areas. During the 2024 session the Legislature made further enhancements to the program, including exempting participating cities and counties from cash basis and budget laws, which enabled them to access program funds, and allowing for-profit and nonprofit builders and developers to apply.

Following the 2024 session, KHRC launched a pilot program implementing the new changes. The initiative was extremely successful, with seven applications approved, investing \$5 million in Kansas communities. RLF applications are accepted on a rolling basis and are often combined with MIH applications. These funds serve as a supplemental funding source, giving strong applications the final infusion of resources needed to get projects across the finish line and make deals work.

Conclusion

The Legislature’s recent housing investments represent an important step forward in addressing our state’s growing and long-neglected housing shortage. The new homes created through the Moderate Income Housing and Revolving Loan Fund programs 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.

