



Kansas Moderate Income Housing (MIH) Request for Proposal

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Background

Kansas Housing Resources Corporation (KHRC) is a public corporation that administers federal and state housing programs on behalf of the State of Kansas. KHRC programs address single and multifamily housing development, homeowner rehabilitation, down payment assistance for first-time homebuyers, rental assistance and housing with supportive services. A summary of KHRC programs can be found at www.kshousingcorp.org.

In addition, KHRC administers the State Housing Trust Fund (SHTF), a statutorily created fund with the stated purpose of supporting housing programs and services. While limited in resources, KHRC has historically utilized the SHTF to provide loans and grants for affordable housing development.

Recently, Kansas communities and employers have stressed a growing need for affordable moderate income housing (MIH), defined for purposes of this RFP as housing generally for households between 60 and 150 percent of HUD's state non-metro area median income. Attachment A to this RFP details MIH income targeting based on number of household members. MIH is vital for economic development, yet difficult to achieve given that most federal housing programs serve a lower income bracket, and market supply is limited due to high development costs, low appraisals, tight lending conditions, and lack of investor interest.

In response to the increased need for moderate income housing, the Kansas Legislature passed and the Governor signed House Sub. For SB No. 294 (Bill). The Bill provided \$2 million to the SHTF for the purpose of administering and supporting housing programs, resulting in this MIH RFP. Depending on availability of funds, KHRC may supplement the state funds with up to \$750,000 in existing SHTF resources.

Administration

The primary contacts for MIH are:

Fred Bentley, Rental Division Director
E-mail: fbentley@kshousingcorp.org
Phone: 785-296-3724

James R. Behan, Director of Operations
E-mail: jrbehan@kshousingcorp.org
Phone: 785-296-8609

RFP Overview

Under the MIH RFP, KHRC expects to release up to \$2.75 million. **Under the legislation, KHRC shall only use the funds for loans or grants to cities or counties for infrastructure or housing development in rural areas.** Further definitions of these terms follow.

This RFP contains information on eligible applicants and activities, application procedures, award criteria, grant/loan structuring, and reporting and compliance monitoring requirements.

Eligible Applicants

To be eligible to apply for MIH funding under this RFP, applicants must be either an eligible city or county. For purposes of this RFP an eligible city is defined as any city incorporated in Kansas with a population under 60,000. An eligible county is defined as any county with a population of less than 60,000.

Applicant cities and counties may partner or contract with outside entities or individuals, including but not limited to public housing authorities, nonprofits, community housing development organizations, developers and local employers. Notwithstanding the preceding sentence, the applicant shall retain full responsibility for compliance with all RFP rules and requirements.

Eligible Activities

Under the MIH RFP, applicants may only use funds for: (1) infrastructure necessary to support housing; or (2) actual housing development, including acquisition of real property, new construction, modular or manufactured housing and/or rehabilitation of existing housing.

This RFP has been structured to allow maximum flexibility to applicants in developing proposed activities within the definitions laid out above. Applicants are encouraged to apply for projects with ties to economic development that leverage funds from both private and public sources, preferably for MIH needs.

Grants or loans will be limited to no more than \$400,000 per awardee. Applicants are encouraged to request funds in the form of loans over grants. KHRC will give priority to below market rate loans to ensure maximum impact of this RFP.

Application Process

The deadline to submit proposals under this RFP is the close of business on **Friday, August 31, 2012**. Applications should be sent to:

Moderate Income Housing RFP
Kansas Housing Resources
Corporation
611 S. Kansas Ave., Suite 300
Topeka, KS 66603

Applications must be received by KHRC by the August 31, 2012 deadline and will not be accepted in electronic format. Applicants may only submit one application, but may include more than one proposed activity, so long as the application lists the applicant's priorities.

Application Requirements

All applications shall include the following:

1. Executive Summary: *Provides overview of application;*
2. Housing Needs Statement: *Contains narrative describing housing needs of applicant's community and preferably includes specific housing numbers, type of housing desired, etc.;*

3. Capacity Statement: *Describes capacity of applicant to administer the funds, as well as addresses the capacity of any partner or contractor that will be utilized. Applicant must include a resolution from the applicant's governing body giving applicant the authority to apply for and participate in this RFP;*
 - a. *Comply with the accessibility standards identified in K.S.A. 58-1401, et seq; and*
 - b. *Meet the minimum standards of the 2006 International Energy Conservation Code or Energy Star Program.*

4. Use of Funds: *Describes the applicant's proposed eligible housing activities with the RFP funds;*

5. Community Support: *Demonstrates community support for the proposed eligible housing activities;*

6. Budget: *Provides estimated sources and uses of all funds, including any leveraged funds, needed for the proposed eligible housing activities;*

7. Leveraged Funds: *Provides a certification and supporting documentation of any leveraged funds committed in the application, including how in-kind labor or services have been calculated (see Leveraged Funds section for additional information); and*

8. Certifications: *Subject to exceptions for older buildings, if proposed eligible housing activities involves construction of residential dwellings, the application will include certifications that applicant will:*

KHRC reserves the right to request additional information as it deems necessary to evaluate the applications.

Leveraged Funds

To maximize the impact of this RFP, KHRC is giving priority to applications that leverage other sources of available funding, both private and public. KHRC will consider the applicant's actual contribution of funds or in-kind labor and services in evaluating the applications. KHRC will also consider leveraged funds realized through applicant's proposed partnerships.

For purposes of leveraged funds under this RFP, in-kind labor and services shall be calculated at an hourly rate of \$10.00 for unskilled labor and \$25.00 for professional or trade services.

Further, if an applicant uses funds for single family housing development or assistance, the applicant must implement a recapture provision. The recapture provision shall require the homeowner to repay a prorated amount of grant/loan funds to the applicant if the applicant sells the single family housing

within five years of its construction or rehabilitation.

RFP Award Process

Applications will be collected and evaluated by a review team of experienced KHRC program staff. Evaluation of applications will be based on criteria as described in Attachment B to this RFP – *Kansas Moderate Income Housing RFP Evaluation Criteria*.

The review team will make a recommendation for awards to KHRC's Loans and Grants Committee for approval.

KHRC will notify applicants on the results of their application by October 12, 2012. Unsuccessful applicants may appeal the decision to KHRC's Executive Director, who shall make the final decision.

Successful applicants will receive an award letter specifying any additional requirements deemed necessary by KHRC prior to receiving funds. Additional requirements may include but are not limited to: designs, evidence of site control, a Phase I Environmental Report, and/or a site visit by KHRC staff.

Award recipients will be required to sign an agreement prior to beginning any work, detailing the procedures and requirements for proceeding with the approved housing activity, requesting award funds, and reporting the use of awarded funds. The agreement will require that recipients use any income derived now or at a later time from their

housing activity solely for housing purposes.

If the awardee receives the funds in the form of a loan, KHRC will require a promissory note and mortgage securing any real property acquired or developed with the funds. The term of the loan is negotiable between the awardee and KHRC.

Project completion is expected within 12 months of the awardee receiving the funds. Prior to making any changes in the approved eligible housing activities during the course of the work, awardees must request written approval from KHRC.

Reporting Requirements

Awardees shall submit a monthly status report to KHRC until all funds have been spent. The status report details the use of funds to date, along with a self-assessment comparing that use with the recipient's proposed use from its original application to KHRC. The status report also includes an evaluation of the housing activities to date, the nature and reasons for any changes in the activities, and an evaluation of the use of funds.

When all funds have been used, awardees shall provide KHRC a final accounting of funds verified by an independent auditor, including the use of any income generated from the housing activities within 60 days of project completion.

Compliance Monitoring

KHRC will monitor an awardee's compliance with applicable requirements from this RFP, and any agreement entered into with KHRC under this RFP. All financial transactions of the cities or counties relevant to this RFP may be audited by KHRC, Legislative Post Audit, and other agencies or agents of the State of Kansas.

Attachment A

Moderate Income Housing Income Range

HUD's State Non-Metro AMI

	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons	7 Persons	8 Persons	9 Persons	10 Persons
150%	\$ 42,432	\$ 55,488	\$ 68,544	\$ 81,600	\$ 94,656	\$ 107,712	\$ 110,160	\$ 112,608	\$ 115,056	\$ 117,504
120%	\$ 33,946	\$ 44,390	\$ 54,835	\$ 65,280	\$ 75,725	\$ 86,170	\$ 88,128	\$ 90,086	\$ 92,045	\$ 94,003
100%	\$ 28,288	\$ 36,992	\$ 45,696	\$ 54,400	\$ 63,104	\$ 71,808	\$ 73,440	\$ 75,072	\$ 76,704	\$ 78,336
80%	\$ 22,630	\$ 29,594	\$ 36,557	\$ 43,520	\$ 50,483	\$ 57,446	\$ 58,752	\$ 60,058	\$ 61,363	\$ 62,669
60%	\$ 16,973	\$ 22,195	\$ 27,418	\$ 32,640	\$ 37,862	\$ 43,085	\$ 44,064	\$ 45,043	\$ 46,022	\$ 47,002

HUD's State Non-Metro AMI 54,400 effective December 1, 2011

ATTACHMENT B: KANSAS MODERATE INCOME HOUSING RFP EVALUATION CRITERIA

Applications for grant funds under the Kansas Moderate Income Housing (MIH) RFP will be evaluated based on the following criteria:

1. Need

- a. Ability to identify housing needs of applicant's community
- b. Urgency of housing need, i.e., areas of significant economic development
- c. Ability of applicant to address housing need with existing funds
- d. Community's response to housing need to date

- 2. Capacity:** Capacity of applicant (and applicant's partners or contractors, if applicable) to administer RFP funds, including resolution from governing body approving participation in RFP, history of applicant, organizational structure, and experience with similar grant/loan administration activities.

3. Use of Funds

- a. Specifically identified intended use of funds, including allocation of expenditures and expected outcomes
- b. Targets moderate income housing needs of community
- c. KHRC's analysis of impact of funds on housing, economic development, government, etc., in community

- 4. Community Support:** Ability to demonstrate community support

5. Leveraged Funds

- a. Specifically identifies and values sources of leveraged funds
- b. Proportion of leveraged funds as compared to RFP funds

- 6. Loans Over Grants:** Ability to request and utilize RFP funds in the form of loans (below market) over grants

7. Application

- a. Timeliness of application and responses to requests for follow-up information
- b. Thoroughness of application – application completed in its entirety, questions thoroughly answered, supporting documents submitted
- c. Ability to meet minimum RFP requirements
- d. If multiple proposed housing activities in application, applicant's priorities clearly stated