

# **KANSAS HOUSING RESOURCES CORPORATION**

## **Private Activity Bond Supplement For Housing Developments**

Private Activity Bonds (PAB) are a federally authorized, limited public resource to assist with development in the manufacturing, housing and agricultural sectors of the economy. Each year, the Kansas Housing Resources Corporation (KHRC), the state allocating agency for PABs, receives many more applications for PAB financing than it has the resources to allocate.

One of the purposes of KHRC is to provide affordable housing opportunities for residents of Kansas. It is incumbent upon KHRC to use the PAB resource in an efficient and effective manner in order to maximize its impact throughout the state.

In an effort to be more responsive to the housing needs of Kansans, KHRC has implemented the following requirements in the allocation of PABs for multi-family or assisted living developments that do not request an allocation of housing tax credits:

1. PAB allocation requests must be submitted to KHRC prior to the start of construction or rehabilitation work.
2. The minimum set aside of either 20/50 or 40/60 applies to the rent as well as the income of the tenant. If the tenant can earn no more than 50% of area gross median income as an eligibility requirement, then the rent for the unit must be affordable for a person earning no more than 50% of area gross median income.
3. In the billing process for an assisted living property, the rent for the unit must be separated from the cost of any services.
4. Any rent increases on restricted units and any use of the replacement reserve funds must be approved in advance by KHRC.
5. A copy of the quarterly compliance reports filed with the bond trustee must, also, be provided to KHRC.
6. Submission of the relevant portions of the housing tax credit application with the mandatory supplemental documentation must accompany the bond allocation request.
7. These provisions will be documented in an agreement between KHRC and the owner of the development.