

KANSAS HOUSING

Draft 2022 QAP Summary of Changes

Below is a list of the substantive proposed changes to the 2022 Qualified Allocation Plan. A clean and red-lined version of the draft are located [here](#). KHRC is accepting comments to the Draft 2022 QAP through Wednesday, September 22, 2021. The virtual public hearing will be held on Tuesday, September 7 at 10:30 am. For additional information, please go to the KHRC website.

PROPOSED CHANGES BY SECTION:

I. INTRODUCTION

- Date changes

II. APPLICATION/ AWARD PROCESS AND FEES

C. APPLICATION/ AWARD SCHEDULE

1. 4% LIHTCS AND BONDS

- 4% applications will not be accepted during the months of September and October.
- Added that, “applicants must request a Procorem Workcenter log-in prior to applying. With the exception of the application fee, all application items will be submitted through the Procorem system.”
- Removed the requirement that the bond inducement resolution is included in the 4% LIHTC application.
- Added, “Principals may have no more than two 4% applications underway and/or developments not yet placed in service at the same time.”

2. 9% LIHTC DEADLINES

- Updated deadlines

D. KHRC HOME AND NHTF LOANS

- Increased the HOME and NHTF request maximum to \$750,000.
- Non-CHDO applicants may request HOME funds in an underserved county that has not completed a new LIHTD development in the county within the past five years.

E. KHRC FEES

- Clarified that applicants applying for the 9% Nonprofit Set-Aside are exempt from the full application fee and that fees are non-refundable.

- Added, “HOME and/or National Housing Trust Fund Soft Costs: KHRC will reserve up to **Twenty Thousand Dollars (\$20,000)** of the HOME and/or NHTF award to reimburse itself for certain project-related soft costs applicable to the development. This includes, but is not limited to, costs incurred by KHRC related to underwriting, review, and oversight. KHRC will include this amount in underwriting and will adjust the HOME or NHTF award accordingly.”

III. 9% LIHTC LIMITS AND SET-ASIDES

A. LIMITS ON AWARDS

1. AWARD

- Increasing the maximum LIHTC per award to \$750,000
- Added, “KHRC expects that requests larger than \$750,000 in LIHTCs will qualify for the Unique Opportunity set-aside.”

B. REHABILITATION SET-ASIDE

- Updated the set-aside to be “at least 20% of available LIHTC”

C. NEW CONSTRUCTION SET-ASIDE

1. METROPOLITAN

- Updated the set-aside to be “at least 36% of LIHTCs available”

2. RURAL

- Updated the set-aside to be, “at least 29% of LIHTCs”

D. GENERAL SET-ASIDE

- Added set-aside, and will read, “KHRC will award the remaining LIHTCs based on
 - the demand and evaluation of the applications,
 - the selection criteria,
 - which site(s) is/are the best location for the households served,
 - committed to higher energy standards,
 - requested the lower amount of LIHTCs, and
 - the highest percentage of 30% AMI or less units.”

E. NONPROFIT SET-ASIDE

- Added, “The preliminary application must include a Resolution from the Board of Directors confirming that the nonprofit meets the requirements and supports the application submission.”

F. UNIQUE OPPORTUNITIES

- Added guidance on 100% Supportive Housing proposals

IV. THRESHOLD ELIGIBILITY

A. ALL APPLICATIONS AND PROPERTIES

11. DESIGN REQUIREMENTS

- Added, “All newly constructed developments must design and construction at least 5% percent of the dwelling units, or one unit, whichever is greater, to be accessible for persons with mobility disabilities, regardless of funding source. These units must meet Uniform Federal Accessibility Standards (UFAS) for physical accessibility. An additional 2% percent of the dwelling units, or one unit, whichever is greater, must have equipment to make it accessible for persons with hearing or visual disabilities.”

B. NEW CONSTRUCTION

D. INCOME AND RENT TARGETING

METROPOLITAN

- Added, “the 20/50 or 40/60 election and at least 20% of units to households at 30% AMI or below. The 30% AMI units must have rents that are within the appropriate Public Housing Authority voucher threshold.”

E. CONVERSION TO HOMEOWNERSHIP

- Added requirements for single family structures: “Developments proposing single family structures (no common walls), must include a detailed, comprehensive plan for converting the units to ownership by the tenants after 15 years. Conversion must be optional to the tenant household. Units will remain governed by the Declaration of Land Use Restrictive Covenants for 30 years or until converted.”

V. SELECTION CRITERIA: REHABILITATION

A. RURAL DEVELOPMENT

- Proposing to remove priority allocation; however, listing a Rural Development priority site as part of the rehabilitation evaluation factor.

VI. SELECTION CRITERIA: NEW CONSTRUCTION

Below is a summary of the 2021 and proposed 2022 New Construction Selection Criteria. It is meant to show the proposed changes from the approved 2021 QAP to proposed.

Selection Criteria: New Construction	2021 QAP			2022 Draft QAP		
	Phase	Points		Phase	Points	
Applicant's and Principals' Experience						
Successful Outcomes - In state	Pre	1 point for each	Maximum of 10	Pre	1 point for each	Maximum of 5, and applicant can only receive either in-state or out-of-state
Successful Outcomes - Out-of-State	Proposed for 2022 QAP			Pre	3	
Successful Outcomes - Below Market Loans and Support	Proposed for 2022 QAP			Pre	5	
Penalties	Pre	up to -15		Pre	up to -15	
Underserved Areas						
Metropolitan	Pre	10	Applicant can only receive one of these categories	Pre	10	Applicant can only receive one of these categories
Rural	Pre	10		Pre	10	
Subsequent Phase	Pre	10		Pre	10	
Residential Character	Pre	5		Pre	5	
Proximity to Amenities						
Private - Primary	Full	Up to 15	Maximum of 25	Pre	Up to 15	Maximum of 25
Private - Secondary	Full	Up to 5		Pre	Up to 5	
Public	Full	Up to 7		Pre	Up to 7	
Below-Market Loans and Support						
Loans	Full	Up to 20	Maximum of 30	Full	Up to 10	Maximum of 30
Other Support	Full	10		Full	20	
Community Revitalization Plans						
CRP Criteria	Full	5	Maximum of 15	Full	5	Maximum of 15
QCT or RFP	Full	10		Full	10	
Opportunity Areas	Full	15		Full	15	
Supportive Housing, Seniors or Families			Maximum of 15, but app may not earn points in both senior and 3+ bedroom			Maximum of 20, but app may not earn points in both senior and 3+ bedroom
Income Targeting	Proposed for 2022 QAP			Full	5	
Supportive Housing	Full	up to 10		Full	10	
Senior Housing	Full	5		Full	5	
Three or More Bedrooms	Full	5		Full	5	
Extended Affordability			Applicant can only receive one of these categories			
40 Year Period	Full	5				Proposing to Remove for 2022
Homeownership	Full	5				Proposing to Remove for 2022

VII. UNDERWRITING STANDARDS

A. ALL APPLICATIONS AND PROPERTIES

4. EQUITY PRICING

- Propose to replace with, "KHRC may use the price outlined in the excel application to evaluate the proposal, provided the price reasonably reflects current market conditions. KHRC may evaluate proposals at credit prices different than outlined in the application."

8. APPRAISALS

- Proposing to remove appraisal requirement at application.

9. MINIMUM AND MAXIMUM DEVELOPER FEE

- Proposing to remove the maximum developer fee of \$1,000,000

10. CONTRACTOR FEE MAXIMUM

- Proposing the following:
"Contractor fees cannot exceed:
General Requirements – 5%
Builder's Overhead – 2%
Builder's Profit – 5%"

B. REHABILITATION

1. BASIS BOOST

- Proposing to add, “Developments located in a Qualified Census Tract or in a Difficult Development Area may be eligible for an increase in eligible basis up to 30%.”

2. DEVELOPER FEE

- Proposing to increase the allowable developer fee to, “20% of the Eligible Basis (before any boost) of the Qualified Low-Income Building(s), excluding the Developer Fees and acquisition costs”

C. NEW CONSTRUCTION

1. BASIS BOOST

- Proposing to remove that KHRC will order an appraisal and proposing to add, “KHRC may allow an increase in eligible basis of up to 30% for properties in a Qualified Census Tract, in a Difficult Development Area.”

2. RENTS

- Proposing to add the following, “Units designated at or above 40% AMI may not exceed 90% of the Housing Tax Credit gross rent limit”

3. DEVELOPER FEE

- Proposing the following:
Developer Fee is limited to the amount in:
 - QAP Section VII(A)(9), or
 - \$20,000 per unit for developments less than or equal to 50 units, or
 - \$18,000 per unit for developments greater than 50 units.

4. DEVELOPMENT COSTS

- KHRC is proposing to remove that KHRC will set cost maximums. KHRC is proposing to review the costs submitted with the application and if the costs are determined to be excessive or deficient, KHRC may adjust the award allocation.

VIII. POST-AWARD AND COMPLIANCE

B. DOCUMENTATION

RESYNDICATIONS

- Proposing the following language: “Developments that involved resyndication of LIHTCs will be required to submit a Change of Ownership and Management forms to the Compliance Division prior to Declaration of Land Use Restrictive Covenants issuance. Owners and property managers must adhere to compliance requirements from the previous allocation until the new credit period begins. “

4. COST CERTIFICATION AND FORM 8609

- KHRC is proposing to not allow multiple BINs for a single building.

5. UTILITY ALLOWANCES

- Proposing to add the following language, “Allowable utility costs shall include all utilities paid by the tenant directly to a utility provider, excluding telephone, internet, and cable television. A separate estimate

is computed for each utility and while the IRC §42 allows for different methods to compute individual utility allowances, KHRC does not.”

APPENDIX C: DESIGN REQUIREMENTS

KHRC is proposing significant edits to the Design Requirements Section. Our intent is not to change the development standards significantly, but to make the existing expectations clear and readily understandable and available.

Below is a list of proposed changes from previous expectations:

- Preliminary applications will include the total number of buildings, total number of units, style of buildings, external rendering or sketches of proposal, and tentative site plan.
- All newly constructed developments must have at least 5% percent of the dwelling units, or at least one unit, whichever is greater, to be accessible for persons with mobility disabilities, regardless of funding source.
- Exterior railings should be made of vinyl, aluminum or steel.
- Newly constructed residential units must have an exterior storage closet (interior common area only for congregate) with a minimum of 16 unobstructed square feet. The square footage utilized by a water heater in the exterior storage closet may not be included in the 16 square foot calculation. Storage closets may not have any dimension smaller than 36 inches in width or depth.
- Through the wall HVAC units are prohibited in all but Studio, Efficiency, and SRO units. They are allowed in laundry rooms and management offices where provided.
- Minimum landscaping budgets of \$300 per residential unit are required. This allowance is for plants and trees only and may not be used for fine grading, seeding and straw or sod.
- Laundry facilities are required for all projects.
- All projects must have an office on site of at least 200 square feet (inclusive of handicapped toilet facility) and a maintenance room of at least 150 square feet. This includes subsequent phases of a multi-phase development.
- Family projects require a minimum of one parking spaces per unit.
- Senior projects require a minimum of one parking space per unit.