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Press Release

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Kansas to Receive \$23 Million in Recovery Act Funds to Create Jobs, Provide Affordable Housing

Topeka - The U.S. Department of Treasury has announced Kansas will receive \$23 million in federal stimulus funds to support the construction, acquisition and/or rehabilitation of affordable rental housing. The monies will be distributed under the American Recovery and Reinvestment Act (Recovery Act) to help create jobs and ease pressures on the housing market. \$336 million will go to the first group of recipients - Kansas, Michigan, Ohio, Wisconsin, and Puerto Rico.

"The construction and development created by this initiative will help the private sector to create much needed jobs and increase the availability of affordable housing for families around the country," said Treasury Secretary Tim Geithner.

Since 2006, housing starts have fallen 80 percent and houses currently under construction are at a 12-year low. This collapse has led to job loss in the residential building and specialty trades sector related to housing.

In response, the Treasury Department and the U.S Department of Housing and Urban Development have launched two programs to provide more than \$5 billion to build quality, affordable housing for individuals and families affected by the current crisis. The Treasury Department created a \$3 billion exchange program to stimulate the recently stalled Low-Income Housing Tax Credit Program.

In strong economic times, Housing Tax Credits successfully incentivize the private sector to invest in the development of affordable rental housing, but depreciation in the housing market has hampered the effectiveness of the tax credit, reducing the availability of financing for developers to initiate projects. The Recovery Act allows state housing agencies that administer this program to receive direct funding assistance instead of a tax credit.

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In addition, HUD is awarding \$2.25 billion in grants to state housing credit agencies under the Tax Credit Assistance Program (TCAP) program to assist construction of qualified housing developments.

Kansas Housing Resources Corporation (KHRC) anticipates the stimulus funds announced by the Treasury will assist the construction of 12 to 15 affordable housing developments that were unable to start this past year when the economy contracted. "Not only will this funding help start construction on quality, affordable housing, it will also create construction jobs and boost the state's economy," said Fred Bentley, KHRC Rental Housing Division Director.

The following are examples of Kansas tax credit housing developments the Treasury funds will support:

Osawatomie - The funds will complete construction of housing that will serve 24 Osawatomie elderly individuals and families. Earlier this year, as the economy deteriorated, the development lost the equity it had anticipated with three fourths of the construction completed. The development, Woodland Hills Estates, replaces housing that was destroyed in the 2007 flood.

Clyde – Assistance will be provided to complete the rehabilitation of a USDA property owned by the Clyde Public Housing Authority and the conversion of a vacated school that will provide a total of 24 units for general population occupancy.

Haysville - Funding will enable the second phase of an apartment complex to begin construction, creating 48 units for general family occupancy.

More information will be made available on other developments assisted with this program throughout the remainder of the year on KHRC's website at www.kshousingcorp.org. If you would like to learn more about the Treasury Department grants as allocated through the economic recovery package, please visit www.treasury.gov/recovery.

An independent, quasi-public entity, Kansas Housing Resources Corporation administers the federal Housing Tax Credit Program for the State of Kansas and offers a variety of other housing programs working to enhance housing opportunities for low and moderate-income residents.