

The Kansas Moderate Income Housing Program: Meeting a Rural Need

Kansas Housing Resources Corporation
Special Achievement

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Summary

In 2022, our state legislature made historic housing investments, including an unprecedented \$60 Million expansion of the Moderate Income Housing (MIH) program. Established in 2012 in response to the 2008 mortgage crisis, the program serves rural Kansans who earn too much to qualify for subsidized housing but struggle to afford market rate housing. Previously funded at an annual rate of \$2 Million, demand for the popular program far outpaced funding. The 2022 investment greatly expands our capacity to meet the housing needs of moderate income Kansans.

Identifying the Need

In 2021, Kansas Housing Resources Corporation commissioned the [state's first comprehensive housing needs assessment](#) in almost 30 years. The study identified a need for more housing of all types and price points, specifically homes to serve moderate-income Kansans. Data revealed fewer new homes on the market since 2008, with most development focused in larger cities where builders and developers can benefit from the efficiencies of mass production. Additionally, Kansas' housing stock is aging. The median construction year of single-family homes in some Kansas counties is in the 1940s, with one county's median housing age at 84 years.

Outside of the Kansas City metro area, there are not enough housing units for households with an income above \$75,000. That means higher income households are staying in less expensive homes that could be affordable to lower income households – naturally occurring affordable homes.

Resources Available

Since 2012, Kansas has had a small Moderate Income Housing Program that grants funds to rural cities and counties for the development of moderate income housing. Building on its success, the state legislature passed a significant funding increase in 2022 and a housing investor tax credit component. In 2022 and 2023, KHRC has rolled out a \$60 Million MIH and 13 Million KHITC program to meet moderate income housing needs across the state.

The \$60 Million is made up of three different funding sources: \$20 Million from the state's general fund, \$20 Million from the state's general fund set aside as a revolving loan fund, and \$20 Million from ARPA. These funds are allocated directly to city and county governments in communities with less than 60,000 people.

The 13 Million is an annual state tax credit for counties with less than 75,000 people for the investment in housing development in areas of economic development. This new resource is a tax credit to builders, developers, and investors for their investment in housing development. Depending on the county's size, up to \$35,000 per unit in credit is available.

Funding Roll Out

KHRC staff hosted a variety of stakeholder meetings across the state with city and county staff, economic development agencies, developers, banks, and employers to determine the best way to administer this one-time investment. At these meetings we heard a variety of things including:

- Allocate funds multiple times per year.
- Make it easy for developers to combine resources.

- Ensure that communities can apply to meet their specific needs –continued flexibility is important.
- Ensure equitable distribution across the state.

In July 2022, we made the first portion of resources available. Four months later, we made an additional \$5 Million available with some KHITC. Next another \$5 Million, KHITC, and APRA funds for larger scale projects. The next round will start the revolving loan fund along with some of the other resources.

We have different goals for the different resources:

- The \$20 Million that was an expansion of the previous MIH program will be distributed largely the same way as the previous funds. We award up to \$650,000 for gap funding for projects. While we have ARPA funds available, we hope to allocate more of the general funds to our smallest communities.
- The \$20 Million from ARPA were set aside for larger scale projects. Kansas has seen significant economic growth in different areas of the state, and their housing needs are particularly dire. To meet needs and better manage staff time, ARPA awards can be up to \$3.5 Million per community project.
- The \$20 Million Revolving Loan Fund is being rolled out now. Our goal is to make loans to communities that have a way to ensure repayment.

At approval, our development liaisons work with unapproved applicants to improve their applications. We also post the next round of RFPs and note any changes from the previous round. This includes noting the updated funding priorities and application submission changes.

Judging Criteria

Are innovative

The MIH program is unique in that KHRC awards funds directly to city and county governments. Often local governments work with developers to complete the project, but this structure builds the state's HFA relationships with communities. We see the benefits of this ripple through our different programs.

Respond to an important state need

Our 2021 Housing Needs Assessment identified multiple goals, four of which include, “Add or free up more middle-income housing,” “diversify the housing stock to match local demographic and employee needs,” increase reinvestment in older housing stock, including vacant units,” and “address the building trades labor shortage.”

With a large investment in the MIH program, we are able to directly work toward the first goal. At the time of this writing, KHRC has approved 32 projects that will develop more than 700 moderate income units across the state.

The beauty of the MIH program is that it is a flexible, ground-up program. Cities and counties assess their own housing gaps and economic environment to submit a proposal that meets their needs, whether that includes down payment assistance, multi-family housing development, rehabilitation of aging housing stock, or construction of single-family homes. Anecdotally, we hear these stories regularly:

- Seniors do not want to leave their community but have a house that is too big for them. MIH funds accessible duplexes, enabling seniors to move to a unit that meets their needs and freeing up larger units for growing families.
- Local healthcare workers and teachers are unable to move to a community because there are no affordable housing options. MIH subsidizes the construction of single-family homes for purchase.
- Dramatic agriculture growth in western Kansas drives the need for more homes. MIH allocates funds to multi-family rental properties. The workers make too much money for LIHTC housing, but many are not ready to purchase a home.
- Downtown buildings sit vacant, falling into disrepair. MIH can be stacked with other resources including historic tax credits and tax incentive districts to bring communities back to life.
- Vacant housing units could be brought back online with a relatively small investment. MIH provides rehabilitation funds and down payment assistance.

Outside of the straightforward connection between more projects and employing more construction workers, MIH grantees have worked with local building trades classes and architecture schools to complete projects. Also, because of the local nature of the program, most of the contractors and developers that work with this program are local to the state of Kansas. Their projects and teams are growing in size and complexity, which will have a long-term benefit to the Kansas housing development community.

Achieve intended results

Noting the stakeholder feedback above, we wanted to continue to provide a program that meets community needs and distributes funds expeditiously and responsibly.

In the first two rounds, we have awarded more than \$17 Million in MIH funds and more than 14 Million in KHITC. Of those not approved, nine applicants re-applied and three were funded. Of the 32 approved projects, 22 combined more than one new MIH resource. Each round we have seen rental and homeownership proposals, new and rehabilitation proposals, downtown and neighborhood proposals. We have approved projects as small as three units and as large as 150 units.

Provide benefits that outweigh costs

We opted to open multiple application rounds and rolled out different funding pieces with each round. While this delays the allocation of funds, it allows communities to put their best application forward. If not funded, we meet with them to improve their applications so they can be resubmitted in the next round. This approach also allows staff to wrap their heads around the different requirements of each resource.

Appendix and Visual Aids

What our Stakeholders are saying:

[MIH is] an extremely powerful, homegrown, locally oriented program that directly invests state dollars into our rural communities. These dollars not only provide safe and affordable housing; they spur local economies, increase property taxes, expand small businesses, provide construction jobs, and encourage investment and revitalization in our main streets. It's a program that truly makes me proud to be a Kansan.

– Tyler Holloman, local developer and general contractor

MIH and KHITC are critical for delivering high quality housing supply into rural communities.

– Justin Pregont, previous city administrator, local developer

Kansas' [2021 statewide housing needs assessment](#) identified creating more middle-income housing as a crucial goal and provided recommendations on how the MIH program might be expanded to achieve this.

News Releases and Earned Media:

[Downtown historic building in Alma provides housing, in efforts to help rural communities, WIBW, Jan. 31, 2022](#)



Governor Laura Kelly tours the Limerick building in downtown Alma, population approximately 800. Spotlighting the development at the beginning of the 2022 legislative session set the stage for a historic state investment in housing for moderate-income Kansans.

[State Designates \\$62 million for Affordable Housing Development, May 13, 2022](#)



State designates \$62 million for affordable housing development

Funding to support moderate income, rural housing; create tax incentives for affordable housing developers

Governor Kelly capped off the legislative session by signing two major bipartisan housing bills into law, representing a significant expansion of resources to support statewide housing development. The measures represent a combined \$62 million in new housing resources, as well as initiatives to incentivize housing development.

“We’ve long known that Kansas has a shortage of quality, affordable housing, but the COVID pandemic turned our state’s housing problem into a crisis,” said Ryan Vincent, KHRC’s Executive Director. “Our [2021 statewide housing needs assessment](#)—the first undertaken in nearly 30 years—illustrated the need for more quality, affordable housing in all regions of the state. We are grateful to state leaders, housing partners, and advocates for prioritizing this historic investment to make that housing a reality.”

The measures include a suite of provisions to expand current housing development initiatives and establish new resources:

- House Sub. For Sub. For [SB267](#), signed April 20, 2022:
 - Designates an additional \$20 million for the 2022 fiscal year from the State General Fund for KHRC’s [Moderate Income Housing \(MIH\) program](#), to be awarded to cities and counties to develop multi-family rental units and single-family for-purchase homes in communities with populations less than 60,000. Previously, the MIH program had been funded at a rate of \$2 million annually since its inception in 2012.
 - Designates \$20 million from the State General Fund for fiscal year 2023 to the State Housing Trust Fund to establish a Rural Housing Revolving Loan Program

- to provide loans or grants to rural communities for moderate- and low-income housing development or related infrastructure.
- Provides \$20 million in ARPA funds for the state's [MIH program](#), to be awarded to cities and counties to develop multi-family rental units and single-family for-purchase homes in communities with populations less than 60,000.
 - [HB2237](#), signed May 5, 2022:
 - Provides \$13 million annually to establish a Housing Investor Credit for qualified investors who make cash investments in qualified housing developments in counties ranging from 8,000 – 75,000 residents (SB375).
 - Establishes the Kansas Affordable Housing Tax Credit Act, a state tax credit offered in addition to the federal Low Income Housing Tax Credit, to incentivize affordable housing development (SB369).
 - Establishes the Kansas Rural Home Loan Guarantee Act allowing KHRC to provide loan guarantees to help address the difference between the cost of construction and the appraised value of single-family homes in counties with populations of less than 10,000.

Kansas Housing hosted a series of regional meetings and webinars in April and May to share information about the new resources and solicit feedback on proposed plans. An additional [public webinar](#) is scheduled on **Thursday, May 19 from 11 – 12:30**. Attendees will learn about existing housing development programs and new initiatives, as well as proposed rules, processes, and timelines for awarding funds. Participants must [register online](#) to attend. Public feedback is welcome and may be sent to housingdevelopment@kshousingcorp.org.

[REGISTER NOW](#)

###

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[Kansas' future may lie in the housing market, but rural development must keep up, Topeka Capital-Journal, May 9, 2022](#)

[Kansas must solve rural affordable housing dilemma. With new programs, it's on the right path. Topeka Capital-Journal, May 15, 2022](#)

[Rural housing in Kansas sees improvements, Salina Post, May 28, 2022](#)

[Governor Laura Kelly Announces Record Interest in Rural Housing Development, Oct. 18, 2022](#)



Governor Laura Kelly Announces Record Interest in Rural Housing Development

Kansas Moderate Income Housing (MIH) program applications up 74 percent

Governor Laura Kelly has announced that months after she signed legislation to fund the expansion of rural housing development, a record number of rural cities and counties are planning to build more homes.

"I've said it time and again: We need to build more housing so that every Kansas family can afford to put a roof over their head – and so we can attract and retain the workers needed to continue our record-breaking economic success," Governor Laura Kelly said. "Thanks to the Kansas Housing Resources Corporation and the bipartisan legislation I signed earlier this year, we are poised to address that need and continue creating a better future for rural communities across the state."

Demand for [Kansas' Moderate Income Housing \(MIH\) program](#) has grown steadily in recent years, reflecting the findings of the state's [2021 comprehensive housing needs assessment](#). The study identified homes for moderate-income Kansans as a major need, particularly in rural areas.

The measures Governor Kelly signed this year provide more than **\$90 million** in new funding to accelerate housing development in the state, including one-time workforce housing projects, **\$40 million** in new funding for the state's popular MIH program and a **\$20 million** investment in a new rural housing revolving loan program.

The MIH program received **48** applications for a total of **\$25,841,818** in requests during the current application cycle, representing a proposed **649** new homes for moderate-income Kansans. The volume represents a **74 percent** increase over last year's **28** applications and a nearly **300 percent** increase over last year's requested **\$8.7 million**.

"Whether it's Hilmar Dairy in Dodge City, Great Plains Manufacturing in Salina or Russell Stover in Iola, major employers in our rural communities need homes for their workers to

thrive and their businesses to expand," said Ryan Vincent, Executive Director at Kansas Housing Resources Corporation. "This historic expansion of KHRC's popular Moderate Income Housing Program has driven an exponential increase in applications that reflects the monumental need for workforce housing in our state. KHRC looks forward to investing these resources to yield enormous returns for our rural homes and jobs."

Several new housing programs were also launched because of the legislation:

- The **Kansas Housing Investor Tax Credit (KHITC)**, with an annual budget of \$13 million, supports investors who make cash investments in qualified housing developments in counties with less than 75,000 residents.
- The **Rural Housing Revolving Loan Program** received \$20 million to provide loans or grants to rural communities for moderate- and low-income housing development or related infrastructure.
- The **Kansas Affordable Housing Tax Credit Act** is a new state tax credit offered in addition to the federal Low Income Housing Tax Credit to incentivize affordable housing development.
- The **Kansas Rural Home Loan Guarantee** provides loan guarantees to help address the difference between the cost of construction and the appraised value of single-family homes in counties with populations of less than 10,000.

Of the current 48 pending MIH applications, 33 intend to apply for the new KHITC program later this month, and 25 have never received MIH funding in the past. [A complete list of this round's applicants is available online.](#)

The MIH and KHITC programs will accept applications during multiple cycles this year. The next application opens in November and will be due in January 2023.

###

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[Kansas Housing awards \\$2.4 million for rural housing development, Nov. 22, 2022](#)



Kansas Housing awards \$2.4 million for rural housing development

Five Kansas communities will receive a combined total of \$2.4 million to develop affordable housing for moderate-income families in rural areas of the state. The funding, made possible through the state of Kansas' [Moderate Income Housing \(MIH\) program](#), provides grants or loans to develop housing and support homeownership programs in cities or counties with populations of less than 60,000.

Combined with the amount leveraged by each community to support the proposed initiatives, the awards represent a total investment of \$4.3 million and a net gain of 32 affordable, quality housing units, primarily in the southwest region of the state. An additional MIH funding announcement – coupled with Kansas Housing Investor Tax Credit (KHITC) program applications – will be announced in December.

This year's awards will:

- renovate three dilapidated Bucklin (*population: 727*) homes into rental units,
- help construct four duplex units in Greensburg (*778*) and Kinsley (*1,467*),
- provide gap financing for the construction of 16 single-family homes in Liberal (*19,025*), and
- convert a historic building in downtown Moundridge (*2,121*) into five rental apartments.

View the 2022 MIH award list online:

[2022 Moderate Income Housing \(MIH\) Awards](#)

Kansas Housing administers the state's housing development programs and oversees the competitive application process. [More details about the MIH program are available online.](#)

Questions? Email the MIH team at MIH@kshousingcorp.org.

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[Kansas Housing awards \\$4.9 million in MIH funds and 7.5 million in KHITC funds for rural housing development, Dec. 16, 2022](#)



Kansas Housing awards \$4.9 million in MIH funds and 7.5 million in KHITC funds for rural housing development

Eleven Kansas communities will receive a combined total of **\$4,998,936** in Moderate Income Housing (MIH) funds and **7,593,000** in Kansas Housing Investor Tax Credits (KHITC). The awards, made possible through the state of [Kansas' MIH and KHITC programs](#), will provide resources to develop moderate income housing for families in rural communities.

Combined with the amount leveraged by each community to support the proposed initiatives, the awards represent a total investment of **\$33,845,101** and a net gain of **175** affordable, quality housing units.

This round of awards will help with:

- Development of 10 rental units in Ellinwood;
- Development of 5 single-family homes in Hoxie;
- Construction of 15 single-family homes in Concordia;
- Construction of 10 single-family homes in McPherson;
- Construction of 20 single-family homes in Carbondale;
- Construction of 4 single-family homes and 2 units in Ottawa;
- Construction of 14 single-family homes in Coffeyville;
- Construction of 24 units in Emporia;
- Construction of 48 units in a multifamily development in Winfield;
- Construction of 1 single-family home and 16 units in Dodge City, and
- Construction of 6 units in Montezuma.

Additionally, KHRC is able to allocate KHITC to MIH projects in progress in Augusta, Neodesha, Lindsborg, Holton, and Chanute.

The MIH and KHITC award list can be found on KHRC's MIH page by viewing the Documents | Forms | Resources section and selecting Awards Lists.

View the 2022 MIH and KHITC award list online:

[2022 MIH and KHITC Awards](#)

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[City of Concordia Awarded MIH Funds, Concordia Blade-Empire, Dec. 19, 2022](#)

[Greensburg a recipient of Kansas Housing award for rural housing development, Kiowa County Signal, Dec. 21, 2022](#)

[Ottawa receives chunk of \\$4.9 million in state funds for rural housing, Ottawa Herald, Dec. 24, 2022](#)

[Kansas Encourages Rural Housing With Massive Influx of Funds, Flatland KC, Feb. 2, 2023](#)

[Kansas Housing awards \\$4.9 million in MIH funds, \\$8.5 million in MIH-ARPA funds, and 6.4 million in KHITC for rural housing development, Apr. 7, 2023](#)



Kansas Housing awards \$4.9 million in MIH funds, \$8.5 million in KHITC funds, and 6.4 million in KHITC for rural housing development

Fifteen Kansas communities will receive a combined total of **\$4,925,400** in MIH funds, **\$8,475,000** in MIH-ARPA funds, and **6,441,000** in Kansas Housing Investor Tax Credits (KHITC) to develop affordable housing for moderate-income families in rural areas of the state. The awards, made possible through the state of [Kansas' Moderate Income Housing \(MIH\), MIH-American Rescue Plan Act \(MIH-ARPA\), and Kansas Housing Investor Tax Credit \(KHITC\) Programs](#), provide resources to develop housing in rural communities.

Combined with the amount leveraged by each community to support the proposed initiatives, the awards represent a total investment of **\$141,077,730** and a net gain of 544 affordable, quality housing units.

2023 MIH, MIH-ARPA and KHITC Awards

This round of awards will help with development of **16 projects**:

- 24 rental apartment units in Great Bend
- 11 rental apartment units in Russell
- 12 rental apartment units in Abilene
- 18 rental townhomes in Salina
- 150 homeownership duplex units in Salina
- 64 rental townhome units in Wellsville
- 12 rental apartment units in Wamego
- 50 homeownership duplex units in Edwardsville
- 6 rental apartment units in Columbus
- 20 rental apartment units in Independence
- 10 rental apartment units in Cottonwood Falls

- 35 homeownership single-family homes and 16 rental duplex units in Hutchinson
- 60 rental apartment units in Garden City
- 48 rental apartment units in Dodge City
- 6 homeownership single-family homes in Cimarron
- 2 homeownership single-family homes in Meade

Additionally, KHRC is able to allocate additional funding to MIH projects in progress in Marion, Scott City, and Ottawa.

Kansas Housing administers the state's housing development programs and oversees the competitive application process. [More details about the MIH, MIH-ARPA, and KHITC programs are available online.](#)

Questions? Email the MIH team at MIH@kshousingcorp.org.

[2023 MIH, MIH-ARPA and KHITC Awards](#)

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[KANSAS HOUSING RESOURCES CORPORATION AWARDS FUNDS TO RUSSELL, GREAT BEND, KRSL, Apr. 7, 2023](#)

[Cottonwood Falls housing development to receive \\$1 million in state funds, KVOE, Apr. 10, 2023](#)

[Almost \\$20M Allocated for Rural Kansas Housing, Flatland KC, Apr. 13, 2023](#)

Selected MIH developments highlight the range of housing types funded by the MIH program.



Duplexes in Lindsborg

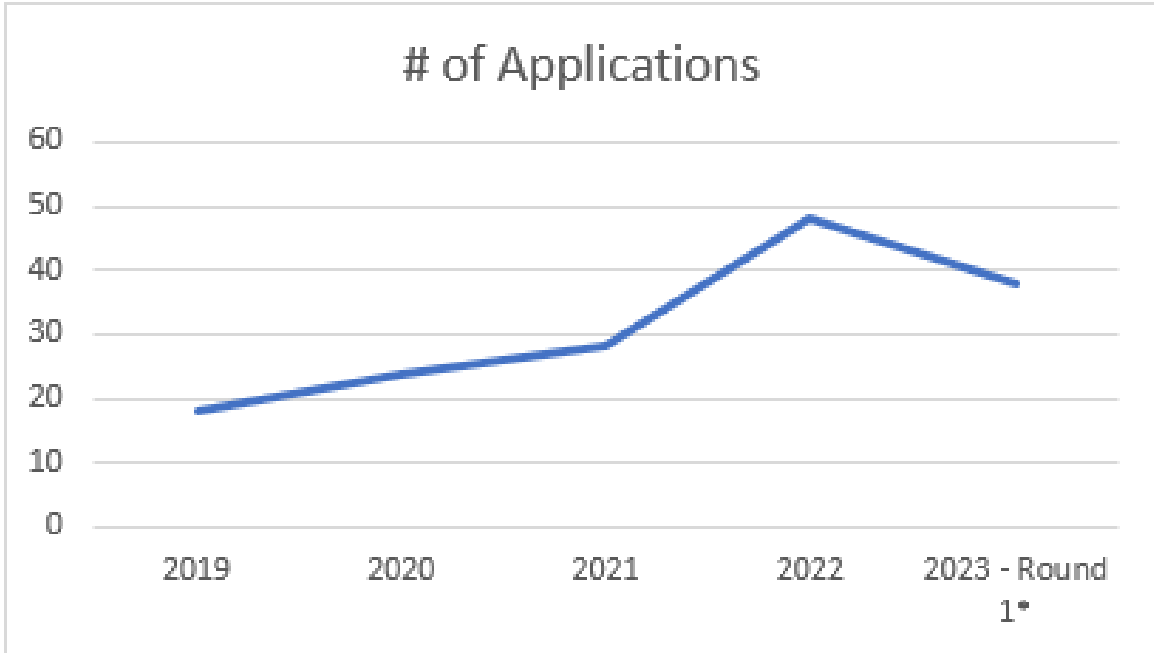


A former YMCA converted to apartments, Atchison

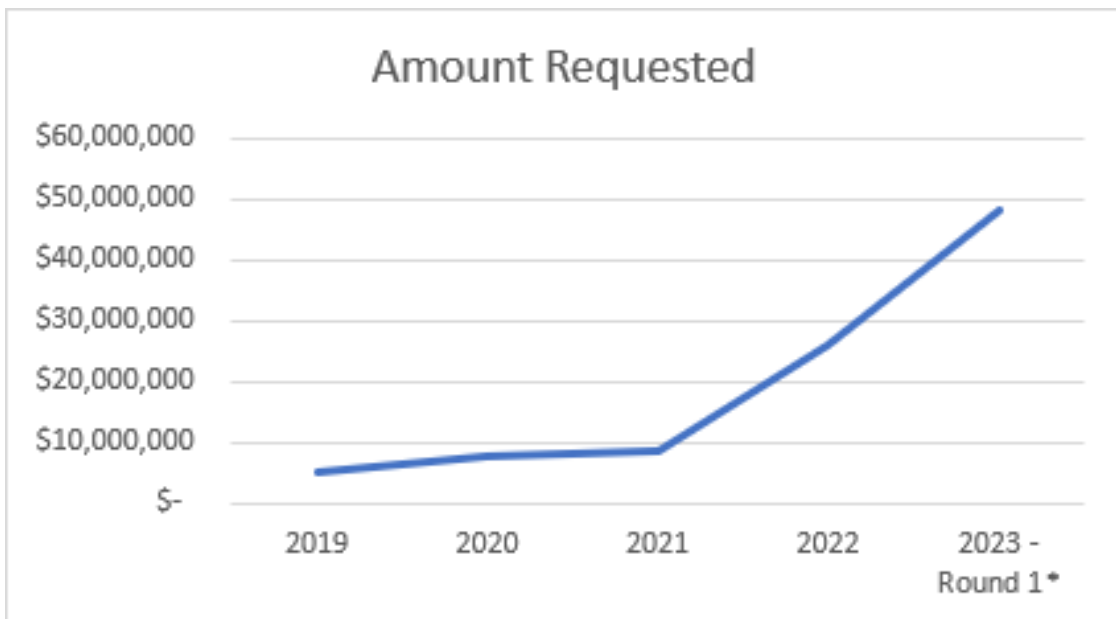
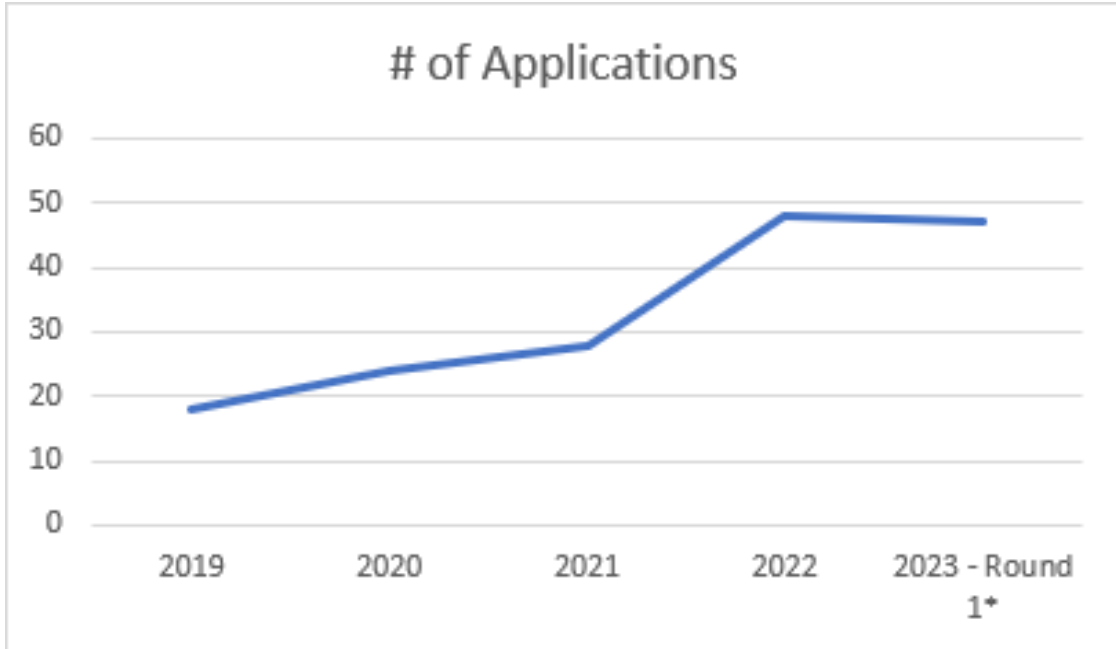


Historic Limerick building converted to apartments, Alma

Below is a simple graph of the number of MIH applications and amounts requested in the last five years. This is for the first round of MIH funds awarded.



The graphs below include the MIH-ARPA requests:



As of the time of writing, MIH leveraged \$121,236,330 through the most recent funding round. We received applications from five new counties that had never applied before--Rawlins, Riley, Linn, Sumner, and Pratt. This means we've now received applications from 80 of our 105 counties (or just over 75%).

Counties in blue have applied for MIH funding.

