

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairman Karin Brownlee at 8:30 a.m. on February 25, 2010, in Room 548-S of the Capitol.

All members were present except:
Senator Jay Emler- excused

Committee staff present:
Ken Wilke, Office of the Revisor of Statutes
Reed Holwegner, Kansas Legislative Research Department
Kathie Sparks, Kansas Legislative Research Department
Marilyn Arnone, Committee Assistant

Conferees appearing before the Committee:
Steve Weatherford, President, Kansas Development Finance Authority
Gary Allsup, KHRC Executive Director
Dorsha Kirksey, Director, Sedgwick County Housing Director

Others attending:
See attached list.

Chairperson Brownlee introduced Steve Weatherford, President, Kansas Development Finance Authority, to set the stage for the Community Services Block Grant hearing and review of the Kansas Housing Resources Corporation.

Mr. Weatherford explained the Kansas Development Finance Authority (K DFA) was established by the Legislature primarily to be the conduit office for bond issuance for the State of Kansas. K DFA has certain corporate powers that include the ability to organize and oversee Kansas Housing Resources Corporation. The K DFA board also serves as the KHRC board, but they are two separate entities. There is no co-mingling of funds or other things because of the federal dollars being administered by KHRC. Mr. Weatherford introduced the KHRC Executive Director, Gary Allsup, who is prepared to go through the public hearing for CSBG and also the overview of programs at KHRC.

Mr. Allsup reported the State of Kansas receives from the Department of Health and Human Services nearly \$5.3 million each year in Federal Community Services Block Grant funds. The American Recovery and Reinvestment Act of 2009 (ARRA) has provided an additional \$8.1 million for use in Federal fiscal years 2009 and 2010. In order for the State to remain eligible for these funds, a Legislative Hearing is required once every three years. Since 1992, KHRC has served as the designated administrator for the purpose of carrying out State CSBG activities. (Attachment 1)

The CSBG is a descendant of the 1964 federally legislated Economic Opportunity Act and the War on Poverty. Today, it provides core funding for a nationwide network of over 1,000 local community action agencies to address the causes and effects of poverty. Eight such agencies are designated within the State of Kansas, governed locally, usually by a volunteer board of directors. The eight agencies work closely with KHRC and within the framework of six national goals to plan and deliver activities and services to meet identified local needs. The national goals are: low-income people become more self-sufficient; living conditions of low-income people are improved; low-income people own a stake in their community; partnerships among supporters and providers of service to low-income people are achieved; agencies increase their capacity to achieve results; and low-income people, especially vulnerable populations, achieve their potential by strengthening family and other supportive systems.

Activities supported by CSBG are varied and responsive to local conditions such as the "Brush-Up Mac" where volunteers "brushed up" McPherson County properties with minor home repairs for low income homeowners. CSBG is "level" funded for Federal Fiscal Year 2010, but has no assurance of what might be available in 2011, but do anticipate congressional reauthorization of enabling legislation. CSBG ARRA projects are on target, and as required, funds will be fully obligated by September, 2010.

KHRC staff strives to be an effective partner for both the federal funders and the Kansas agencies that are the

CONTINUATION SHEET

Minutes of the Senate Commerce Committee at 8:30 a.m. on February 25, 2010, in Room 548-S of the Capitol.

CSBG subgrantees. Efforts are focused on two primary activities: First, KHRA strives to provide tools, training and guidance to ensure those who receive the State's CSBG funds are managing for results and accountability; and secondly, to enhance its own administrative procedures to better carry out its obligation to provide oversight that is meaningful to subgrantees, meets requirements of the federal funder and provides Congress with an assurance that CSBG funds produce a measurable impact on the causes and effects of poverty.

Chairperson Brownlee asked if Harvest America Corporation, located in Kansas City, Kansas, is distributing and meeting needs in the western half of the State. She said it would be helpful to have a chart showing the funds, who was the recipient, how many people were impacted, and how was the money utilized. Mr. Allsup said although Harvest America Corporation headquarters were in Kansas City, Kansas, there was a secondary office in Dodge City. He will provide such a chart as Chairperson Brownlee requested.

The hearing concluded, and Mr. Allsup continued with the overview of KHRC. Kansas, along with the nation, has endured record numbers of foreclosures, high unemployment, near collapse of the housing and financial markets as well as natural disasters that devastated thousands of homes. The need for affordable, safe and decent housing has never been greater. KHRC, a public corporation, serves as primary administrator of federal housing programs for Kansas, but does not receive any operational revenue from the state, but sustains itself through federal contracts for service and program administration fees. Revenues and expenses are tracked regularly to ensure adherence to the Financial Plan. In FY 2010 KHRC will administer over \$100 million in federal housing programs. Over the next 3 fiscal years, KHRC will manage an additional \$135 million in ARRA allocations. These administration fees support KHRA's operation fund. KHRA also administers the State Housing Trust (SHTF). This Trust does not have dedicated or consistent funding, so KHRA Operations Fund transfers have been virtually the only discretionary funding source for SHTF. KHRC does not receive administration fees from the state-funded housing programs; 100% of funds are used for programs. KHRC administers six programs either impacted or created by ARRA. The six programs are Weatherization Assistance; Housing Credit Exchange; Tax Credit Assistance; Homelessness Prevention and Rapid Re-housing; CSBG, and State Energy Efficient Appliance Replacement. KHRC is fiscally stable, however it expects a substantial decrease in revenue provided by one of the largest programs, a contract with HUD. KHRC Operations will absorb this loss, but will no longer be able to support some programs such as the Emergency Repair Program. ([Attachment 2](#)) ([Attachment 3](#)) ([Attachment 4](#)) ([Attachment 5](#))

Chairperson Brownlee had previously asked Steve Weatherford to explain why KHRC didn't offer a down payment assistance program on the Federal Homebuyer Tax Credit. Mr. Weatherford said there were two obstacles as to why Kansas couldn't offer this. The first obstacle is a legal prohibition in the enabling act which governs KHRC that prohibits KHRC from making loan directly to individuals to finance housing developments. Secondly, an even greater obstacle is a lack of dedicated funding streams for any kind of meaningful loan program. Chairperson Brownlee would like to look further into this issue. ([Attachment 6](#))

Chairperson Brownlee welcomed Dorsha Kirksey, Sedgwick County Housing Director, for an update on the Kansas Local Government Statewide Housing Program (KLGSHP), a statewide program. Ms. Kirksey related that Sedgwick and Shawnee Counties co-issue this program funded with single family mortgage revenue bonds. The program provides down payment assistance and below market rate loans to income eligible Kansans who wish to buy their first home. Sedgwick and Shawnee Counties have jointly issued mortgage revenue bonds for nearly 20 years, but the loans are available throughout the state.

Currently, 61 lenders are involved in the program. In 2007, Kansas families living in 73 counties used this program to buy their first home with safe, fixed rate, low interest 30-year mortgages. The program helped 3,242 families realize homeownership by issuing \$295,000,000 in bonds. However, since early 2008, Sedgwick and Shawnee Counties have not issued first-time homebuyer housing bonds. Originally this was due to the financial crisis which took most all the bond investors out of the market. In 2009, bond investors have returned, but a different problem affecting the tax-exempt housing bond market has arisen. Historically, tax-exempt bonds have traded at yields below that of taxable mortgage securities. Mortgage rates on the open market are low enough that lower rates cannot be provided through the MRB program. Now lower market mortgage rates combined with federal homeownership assistance programs have stimulated local housing sales and kept the Kansas housing market from experiencing the drastic trends seen in other states, despite the

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absence of KLGSHP.

Since 1990, over \$1.3 billion of mortgage revenue bonds have been issued and 7,164 families have been helped to purchase homes. In addition to social and economic benefits, the program pays a prime activity bond allocation fee to the Kansas Department of Commerce based on every mortgage originated. Since 2001 KLGSHP has provided over \$4.4 million in allocation fees to the state, including \$1.5 million in 2007.

KLGSHP is currently waiting approval from the Treasury Department on a bond structure that will allow the program to begin origination of \$120,000,000 of bonds sold to the Treasury Department in December. KLGSHP hopes to begin originating loans to Kansas first-time homebuyers by March of 2010.
(Attachment 7)

The next meeting is scheduled for March 3, 2010.

The meeting was adjourned at 09:30 a.m..

COMMERCE COMMITTEE GUEST LIST

DATE: 2-25-10

NAME	REPRESENTING
Jowell Helton	COMMUNITY ACTION, INC
SUE WHEATLEY	Community Action, Inc.
Linda Broyles	Southeast Kansas Community Action
Steve Lohr	Southeast Kansas Community Action Program
Jackson Lindsey	Hein Law
Levi Henry	Sandstone Group LLC
Gary Allsup	KS Housing
Steve Weatherford	KS Housing
Irene Hart	Sedgwick County Govt
Dorsha Kirksey	Sedgwick County Housing
Ryan Vincent	KHRC
Martha Ann Smith	KMHA
Paul Johnson	KS Catholic Conf.
SEAN MILLER	CAPITOL STRATEGIES
TAWNY STOTTLEMIRE	KS ASSN of Comm Action Programs
Matthew Goddard	Heartland Community Bankers Assoc.
Jennifer Brown	Federico Consulting, Inc.
MARTON NICHOLS	Mid-Ks Capital



**TESTIMONY BEFORE
THE SENATE COMMERCE COMMITTEE
REGARDING THE COMMUNITY SERVICES BLOCK GRANT
(CSBG)**

February 25, 2010

Gary Allsup, KHRC Executive Director

Senator Brownlee and honorable members, the State of Kansas receives from the Department of Health and Human Services nearly \$5.3 million each year in Federal Community Services Block Grant funds. The American Recovery and Reinvestment Act of 2009 (ARRA) has provided an additional \$8.1 million for use in Federal fiscal years 2009 and 2010. Presently, and in order for the State to remain eligible for these funds, a Legislative Hearing is required once every three years. Thus, my appearance before you today.

Kansas Housing Resources Corporation (KHRC) has, since 1992, served as the designated administrator for purpose of carrying out State Community Services Block Grant activities. I am pleased to provide today's overview of Block Grant activities.

The Community Services Block Grant, commonly referred to as CSBG, is a descendant of the 1964 federally legislated Economic Opportunity Act and the War on Poverty. Today, it provides core funding for a nationwide network of over one thousand (1,000) local community action agencies that are at the forefront of the nation's efforts to address the causes and effects of poverty. These agencies received designations as community action agencies either from the local government, under the provisions of the Economic Opportunity Act, or from the state government under the Community Services Block Grant Act of 1981, as amended. Eight such agencies are designated within the State of Kansas. Each is governed locally, typically, by a

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volunteer board of directors. By formula and as directed by the Federal legislation, these eight agencies receive 90 percent of the “regular” CSBG funds that come to Kansas (Attachment A). The remaining 10 percent of the State’s annual CSBG allocation provides for the administration of the Grant and for discretionary projects that meet the intent of CSBG legislation. ARRA requires that 99 percent of CSBG Recovery Act dollars be passed through to the eight eligible entities. Use of the remaining one percent is prescribed and limited to “benefits enrollment coordination activities.”

Each of the eight eligible entities works closely with the KHRC and within the framework of six national goals, to plan and deliver activities and services that meet identified local needs. The national goals are:

1. Low-income people become more self-sufficient;
2. The conditions in which low-income people live are improved;
3. Low-income people own a stake in their community;
4. Partnerships among supporters and providers of service to low-income people are achieved
5. Agencies increase their capacity to achieve results, and
6. Low-income people, especially vulnerable populations, achieve their potential by strengthening family and other supportive systems

Activities supported by CSBG are widely varied and responsive to local conditions. Here is a sampling:

- CSBG annually supports “Brush-Up Mac.” During 2009, this volunteer initiative “brushed-up” 16 McPherson County properties with minor home repairs for low income homeowners. Through Brush Up Mac, over 500 volunteers have helped a total of 61 homes.
- In Sedgwick County, 80 percent of individuals who participate in a CSBG-supported job preparation and placement initiative remain employed at the 60-day benchmark. And, through a relationship with Project Access, CSBG leverages an estimated \$14.8 million in medical services for low-income citizens. (Project Access is a community-based initiative that provides expanded access to medical services for low-income, uninsured residents of Sedgwick County.)

- In Douglas County, CSBG resources are instrumental in securing and distributing stock for community food banks through the Just Food initiative. Since October 1, 2009, Just Food has provided emergency food assistance to 4,441 individuals representing 1,499 households.
- During the 2009 reporting period and across Kansas, taxpayers who participated in CSBG-supported, no-cost tax return services realized credits and refunds of over \$1.4 million.
- A CSBG discretionary grant to the Kansas City Center for Urban Agriculture has helped transform blighted lots into ones that support entrepreneurial food production. Seventeen urban farmers are currently working one-quarter (1/4) acre plots. The break-out of more land is planned.
- A documented 68 jobs have been created in Kansas as a result of CSBG projects funded by the Recovery Act.

As for the future, CSBG is “level” funded for Federal Fiscal Year 2010. We have no assurance of what might be available in 2011 but do think that a modest increase to the “regular” allocation might be provided. Congressional reauthorization of the enabling legislation continues to be anticipated.

CSBG ARRA projects are on target. As required by the grant’s terms and conditions, funds will be fully obligated by September 30, 2010. There is no suggestion that CSBG will receive additional stimulus dollars.

KHRC staff strives to be an effective partner both for the Federal funders and the Kansas agencies that are the CSBG subgrantees. To that end, efforts remain focused on two primary activities.

First, KHRC strives to provide the tools, training and guidance that will ensure that those who receive the State’s CSBG funds are managing for results and accountability. Within the Kansas network, a system to measure the changes produced in consumers’ lives, in communities and within agencies, has been developed, is supported and is capturing data. KHRC must continue to

move the network toward the collection of meaningful data that guides continuous improvement and effective practice.

Secondly, the KHRC continues to enhance its own administrative procedures to better carry out its obligation to provide oversight in a way that is meaningful to subgrantees, meets the requirements of the Federal funder and provides Congress with an assurance that CSBG funds produce a measurable impact on the causes and effects of poverty.

Thank you for your time and attention. I am happy to entertain questions regarding the CSBG program.

**Addendum #1 KANSAS CSBG-ELIGIBLE ENTITIES
(COMMUNITY ACTION AGENCIES)**

2/19/2010

CITY OF WICHITA

Heidi Cleveland, CDO Supervisor	FFY 2010 CSBG Allocation	\$ 1,098,498.00
444 E. William	CSBG ARRA Allocation	\$ 1,736,332.00
Wichita, Kansas 67202-4411	FFY 2009 Discretionary Award	\$ 50,000.00

(316) 337-9444 • Fax (316) 337-9452
CSBG Service Area: Sedgwick County

COMMUNITY ACTION, INC.

Susan Wheatley, Executive Director	FFY 2010 CSBG Allocation	\$ 438,070.00
1000 S. E. Hancock	CSBG ARRA Allocation	\$ 692,432.00

Topeka, Kansas 66607-1578
(785) 235-9561 • Fax (785) 235-9564
Primary Community Services Block Grant (CSBG) Service Area: Clay, Dickinson, Geary, McPherson, Ottawa, Saline, Shawnee and Wabaunsee Counties
www.cactiontopeka.com

EAST CENTRAL KANSAS ECONOMIC OPPORTUNITY CORP.

Richard Jackson, CEO	FFY 2010 CSBG Allocation	\$ 746,815.00
PO Box 40 – 1320 S. Ash Street, Suite 203	CSBG ARRA Allocation	\$ 1,180,448.00
Ottawa, Kansas 66067-0040	FFY 2009 Discretionary Award	\$ 24,395.00

(785) 242-7450 • Fax (785) 242-1081
Primary CSBG Service Area: Anderson, Coffey, Douglas, Franklin, Johnson, Miami, Morris, Lyon and Osage Counties
www.eckan.org

ECONOMIC OPPORTUNITY FOUNDATION

LaDora Jackson, Executive Director	FFY 2010 CSBG Allocation	\$ 784,641.00
1542 Minnesota	CSBG ARRA Allocation	\$ 1,240,237.00
Kansas City, Kansas 66102-4512	FFY 2009 Discretionary Award	\$ 16,500.00

(913) 371-7800 • Fax (913) 371-0457
CSBG Service Area: Wyandotte County
www.eofkck.org

HARVEST AMERICA CORPORATION

Alfred Kayhill, Executive Director

155 South 18th St., Suite 120

Kansas City, Kansas 66102-5644

(913) 342-2121 • Fax (913) 342-2861

Primary CSBG Service Area: Barton, Ellis, Finney, Ford, Grant, Sherman, Seward, Wichita, and Wyandotte Counties

www.harvestamerica.org

FFY 2010 CSBG Allocation \$ 401,777.00

CSBG ARRA Allocation \$ 635,066.00

MID-KANSAS COMMUNITY ACTION PROGRAM

Joyce Stockham, Interim Executive Director

730 Cliff Drive

Augusta, Kansas 67010-1349

(316) 775-3000

Primary CSBG Service Area: Butler, Chase, Cowley, Greenwood, Harper, Harvey, Kingman, Marion, Reno and Sumner Counties.

FFY 2010 CSBG Allocation \$ 360,373.00

CSBG ARRA Allocation \$ 569,620.00

FFY 2009 Discretionary Award \$ 32,234.00

NORTHEAST KANSAS COMMUNITY ACTION PROGRAM (NEK-CAP)

Rose Sigmund, Interim Executive Director

PO Box 380 – 1260 220th Street

Hiawatha, Kansas 66434-0380

(785) 742-2222

Primary CSBG Service Area: Atchison, Brown, Doniphan, Jackson, Jefferson, Leavenworth, Marshall, Nemaha, Pottawatomie and Riley Counties

www.nekcap.org

FFY 2010 CSBG Allocation \$ 463,628.00

CSBG ARRA Allocation \$ 732,831.00

FFY 2009 Discretionary Award \$ 33,606.00

SOUTHEAST KANSAS COMMUNITY ACTION PROGRAM

Steve Lohr, Executive Director

PO Box 128 – 401 N. Sinnet

Girard, Kansas 66743-0128

(620) 724-8204

Primary CSBG Service Area: Allen, Bourbon, Chautauqua, Cherokee, Crawford, Elk, Labette, Linn, Montgomery, Neosho, Wilson, and Woodson Counties

www.sek-cap.com

FFY 2010 CSBG Allocation \$ 817,867.00

CSBG ARRA Allocation \$1,292,756.00

**KANSAS NON-CSBG ELIGIBLE ENTITIES
CSBG DISCRETIONARY AWARDS**

2/19/2010

KANSAS ASSOCIATION OF COMMUNITY ACTION PROGRAMS

Tawny Stottlemire, Executive Director FFY 2009 Discretionary Award \$ 91,117.00
621 SE Swygart
Topeka, Kansas 66607
(785) 234-8078
www.kacap.org

KANSAS CITY CENTER FOR URBAN AGRICULTURE

Katherine Kelly, Executive Director FFY 2009 Discretionary Award \$ 26,130.00
4223 Gibbs Rd.
Kansas City, Kansas 66106
(785) 248-9591
www.kccua.org

CATHOLIC CHARITIES, INC.

Janet Valente Pape FFY 2009 Discretionary Award \$ 10,000.00
532 N Broadway St.
Wichita, Kansas 67214-5304
www.catholiccharitieswichita.org



**TESTIMONY BEFORE
THE SENATE COMMERCE COMMITTEE**

February 25, 2010

Gary Allsup, KHRC Executive Director

Introduction

Senator Brownlee and Members of the Committee, as our nation has endured record numbers of foreclosures, high unemployment, and the near collapse of the housing and financial markets this past year, Kansas has not been immune from these concerns. In addition, Kansas communities continue to recover from natural disasters that devastated thousands of homes in 2007. For these reasons, the need for affordable, safe, and decent housing in Kansas has never been greater. With this in mind and as Executive Director of the Kansas Housing Resources Corporation (KHRC), I am proud to present this overview of a corporation that continues to meet ever-changing challenges, while remaining financially viable, self-sufficient, and flexible. In addition to my testimony, your packets include several documents which provide detailed information regarding the Kansas Housing Resources Corporation.

- 2010 Financial Plan
- 2010 Housing Resources Guide
- ARRA Programs Report
- 2008 Annual Report

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Attachment # 27

Background of KHRC

KHRC is a public corporation which serves as the primary administrator of federal housing programs on behalf of the State of Kansas. KHRC does not receive any operational revenue from the state, but rather sustains itself through federal contracts for service and program administration fees. KHRC has its own Board of Directors and operates independently of the Kansas Development Finance Authority. KHRC's mission is to enhance Kansas communities with housing opportunities.

KHRC Financial Operations

As a self-supporting entity and with no appropriation from the State for administrative costs, KHRC recovers expenses through fees for services and administrative cost reimbursement from the administration of federal grants. KHRC's Annual Financial Plan is drafted, reviewed, and adopted by its Board of Directors before the commencement of each fiscal year. The Financial Plan itemizes anticipated revenues and proposed expenses by program, and as a policy, total Financial Plan activity must be balanced. Revenues and expenses are tracked regularly to ensure adherence to the Financial Plan. Monthly financial statements and reports are prepared and presented to the Board to review adherence to the Financial Plan and provide an awareness of KHRC's financial position. A copy of KHRC's audited financial statements is provided and is available on KHRC's website at www.kshousingcorp.org.

In addition to KHRC's role as the administrator of federal housing programs, KHRC also administers the State Housing Trust Fund (SHTF). In your review of our financial plans and reports, you will notice that KHRC Operations and the SHTF are reported separately. This two-fund presentation improves and enhances financial management of resources and reporting for timely and effective decision-making and analysis.

KHRC Operations Fund

KHRC's Operations Fund is derived from federal fee-for-service activities and federal grant administration income derived from the administration of our federal housing programs throughout the state. In FY 2010 KHRC will administer over \$100 million in our traditional federal housing programs. Further, over the next three fiscal years KHRC will manage an additional \$135 million in federal American Recovery and Reinvestment Act (ARRA) allocations that provide financial assistance for Tax Credit developments, improve energy efficiency, help reduce homelessness, and expand community action activities across the state. Some of these programs provide administrative dollars, while others provide no administrative dollars or have a matching requirement for every administrative dollar spent.

State Housing Trust Fund

The State Housing Trust Fund was established in 1991. Unfortunately, the Trust Fund has never received dedicated or consistent funding but rather has been funded through a hodge-podge of intermittent and inconsistent sources. For example, SHTF funding sources include Single Family Mortgage Revenue Bond (MRB) bond and multi-family bond issuance fees. Additionally, KHRC has transferred \$1,250,000 to the Trust Fund from the corporations Operations Fund each of the past two years. These sources have been used to fund program needs or gaps not covered elsewhere by federal or state program dollars and include programs such as the Kansas Accessibility Modification Program (KAMP) and Emergency Repair Program (ERP). KAMP and ERP serve very low-income Kansans and have been funded by the SHTF since KHRC was established in 2003. In addition, the SHTF has funded landlord-tenant counseling, housing community development, development loans and grants, and emergency loans and grants. In recent years KHRC Operations Fund transfers have been virtually the only discretionary funding source for the SHTF.

The Trust Fund has been the recipient of state disaster recovery funding, including \$10 million for the Housing Development Grant Program (SB417) following the Greensburg tornado and the flooding across southeastern portions of the state (\$4 million each in FY 2008 and FY 2009 and

\$2 million in FY2010). Though, you may also be aware that a \$2 million transfer from the Housing Trust Fund to the State General Fund is included in the rescission bill which was recently passed by the legislature.

Please note that KHRC has not received any administrative fee for the expenses incurred in the administration of the state-funded housing programs.

ARRA Activity

Kansas Housing Resources Corporation (KHRC) currently administers six programs totaling over \$130 million that were either impacted or created by the American Recovery and Reinvestment Act of 2009 (ARRA). These programs include the following: State Energy Efficient Appliance Replacement Program, Kansas Weatherization Assistance Program, Housing Credit Exchange Program, Tax Credit Assistance Program, Homelessness Prevention and Rapid Re-Housing Program, and Community Services Block Grant Program. The attached report contains a summary of each program, the impact of ARRA, and the current status of program expenditures.

- Weatherization Assistance Program... \$56,441,771
- Housing Credit Exchange Program ... \$45,098,154
- Tax Credit Assistance Program ... \$17,121,110
- Homelessness Prevention and Rapid Re-housing Program... \$8,360,995
- Community Service Block Grant ... \$8,161,336
- State Energy Efficient Appliance Replacement ... \$2,688,559

KHRC Housing Programs

Another addendum provided today is a 2010 Housing Resources Guide. This guide provides a brief summary of the housing programs offered by KHRC. In the guide you will find information on the state-funded, Housing Development Grant Program (the subject of the rescission bill mentioned earlier), as well as federally funded homeownership program,

homeowner rehabilitation program, rental development programs such as HOME and the Low Income Housing Tax Credit, and supportive services programs, such as Emergency Shelter Grant, Community Services Block Grant, Tenant Based Rental Assistance and Weatherization Assistance.

Expectations Going Forward

Since its inception, KHRC has become a “one-stop-shop” for housing programs in the State of Kansas. Although KHRC is fiscally stable, we expect a substantial decrease in revenue provided by one of our largest programs, which is a contract with the U.S. Department of Housing and Urban Development (HUD). Under this contract, KHRC administers contract based section 8 programs on behalf of HUD. We expect HUD’s newly announced bid process will decrease our annual revenue by approximately \$800,000. KHRC Operations will absorb this loss, but will no longer be able to support the State Housing Trust Fund, forcing Trust Fund Programs such as the Kansas Accessibility Modification Program and the Emergency Repair Programs to be suspended.

KANSAS  HOUSING
RESOURCES CORPORATION

May 28, 2009

MEMO FOR: KHRC Board of Directors

FROM: Gary Allsup, Executive Director
Susan James, Controller

SUBJECT: FY 2010 Budget and Financial Plan

Approved
6/4/09

It is our pleasure to present to you a balanced Budget and Financial Plan for the 2010 fiscal year for Board consideration. This document serves as a policy document, an operations guide, and a communications device, as well as a standard budget.

Themes

Our proposed FY 2010 Financial Plan aligns budgetary priorities around a number of key themes:

- Continued efforts to increase resources. For the next three fiscal years, KHRC will manage over \$135 million in federal American Recovery and Reinvestment Act (ARRA) allocations that provide financial assistance for Tax Credit developments, improve residential energy efficiency, help prevent homelessness, and expand community action activities across the state. As these funds are time-sensitive, we will assure their long-term effect as we assess and identify longer term funding opportunities to meet Kansans housing needs.
- Maximizing the use of KHRC Operations and State Housing Trust Fund (SHTF) resources, including state and federal funds through the use of Notices of Funding Availability (NOFA). This process notifies the public of the availability of resources and formalizes the application process, especially with anticipated receipt of ARRA funding.
- Improving our capacity. The proposed financial plan includes funds to improve and enhance network infrastructure and reporting capabilities, increased staffing to meet and address federal ARRA program administration requirements, and additional office space to accommodate increased staffing and conference room needs.
- Enhancing the profile of KHRC and improving communications with our stakeholders. Efforts continue to solidify KHRC as the "go-to" provider of housing resources in Kansas.

Overview of the 2010 Financial Plan

KHRC OPERATIONS

Revenue:

- **Fees for services revenue** is projected to be strong, consistent with 2009.
- **Grant administration revenue**, which is a function of administrative costs incurred, is expected to increase primarily due to the six new federal ARRA DOE weatherization program staff and related travel and training costs.
- **Recognized match income** is proposed to increase from \$1.3 million to \$2.6 million due to HOME disaster declarations expiring in 2009 (disaster area grant payments are not subject to match). With HOME match unearned revenue treatment, as long as KHRC has a match credit, recognized match income and recognized match expense will be recorded in corresponding amounts on KHRC's financial statements with no impact to the "bottom line". KHRC currently has a match carryover balance of approximately \$7.5 million; thus, it's very likely KHRC will be in a match credit position for several years.
- **Federal program revenues** are projected to increase from \$69.2 million to \$150.5 million due to projected receipt of federal ARRA funds for subgrantee grant recipients.

Expenses:

- **Salaries and wages** increased for the six new federal ARRA DOE weatherization program staff.
- **Rents** are proposed to increase for additional office space in the KPERs Building effective October 1, 2009.
- **Travel costs** are proposed to increase primarily due to new federal ARRA DOE weatherization program staff travel.
- **Expensed furniture/equipment costs** are proposed to increase for the new office space furniture.
- **Recognized match expense** is proposed to increase from \$1.3 million to \$2.6 million due to HOME disaster declarations expiring in 2009.
- **Federal program expenses** are projected to increase from \$69.2 million to \$150.5 million due to subsequent payment, or "pass through", of federal ARRA funds to subgrantee grant recipients.

Transfers:

- **Transfers out** are projected to include a \$1.25 million discretionary transfer from KHRC Operations to the State Housing Trust Fund.

Result:

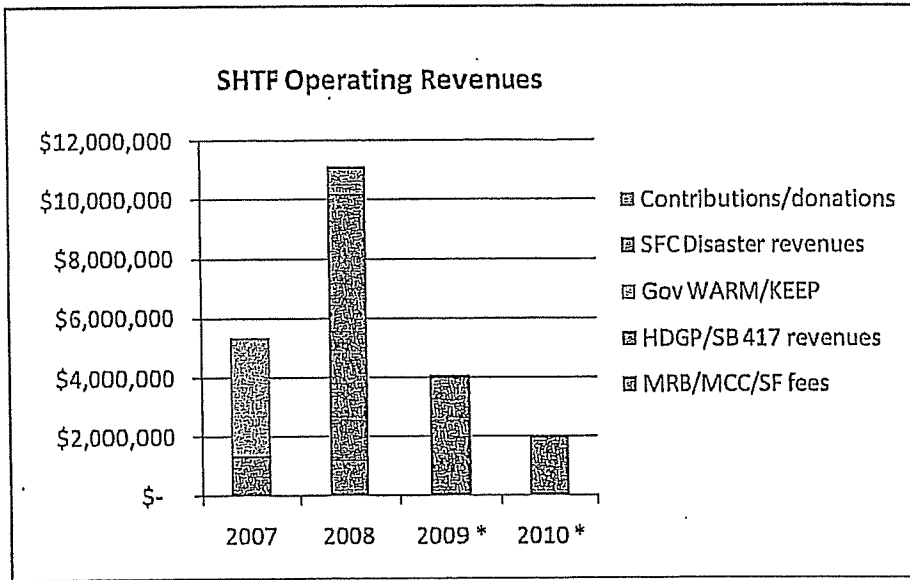
- **KHRC Operations** fees for services activity will remain strong, and program administration activity will grow with receipt of large federal ARRA funding. In addition, as a primary funder

of the State Housing Trust Fund, KHRC Operations proposes a \$1.25 million discretionary transfer funded by its operations. After the transfer, KHRC Operations is projected to provide a positive "bottom line" position of \$52,000.

STATE HOUSING TRUST FUND

Revenue:

- The chart below provides a historical snapshot of state revenues and MRB/MCC/SF housing bond fees. Total operating revenue is estimated at \$2.2 million for 2010 versus \$4.1 million for projected 2009, a reduction of \$1.9 million.



* - 2009 Projected Estimate and proposed 2010 Financial Plan.

- **MRB/MCC/SF housing bond fees** are projected to be \$50,000, which is consistent with the projected 2009 level due to current economic conditions.
- **State program revenues** are projected to fall due to reduced state funding for the Housing Development Grant Program (HDGP) from \$4.0 million in 2009 to \$2.0 million in 2010.

Expenses:

- **Program expenses** include \$800,000 for the Kansas Accessibility Modifications Program (KAMP) and Emergency Repair Program (ERP) grants at \$400,000 each. Historically, KAMP and ERP funding has been \$800,000 per year for FY 2004 through FY 2007 and \$1.0 million per year for FY 2008 and FY 2009. We propose funding these programs for FY 2010 at a reduced level from FY 2008 and FY 2009 due to limited resources in the current market environment. The program year has now been converted from November 1st to July 1st to better correspond with KHRC's June 30th fiscal year end.
- **Provision for loan losses** include projected issuance of disaster-related soft loans representing the balance of the State Finance Council 2008 \$5.0 million disaster allocation.

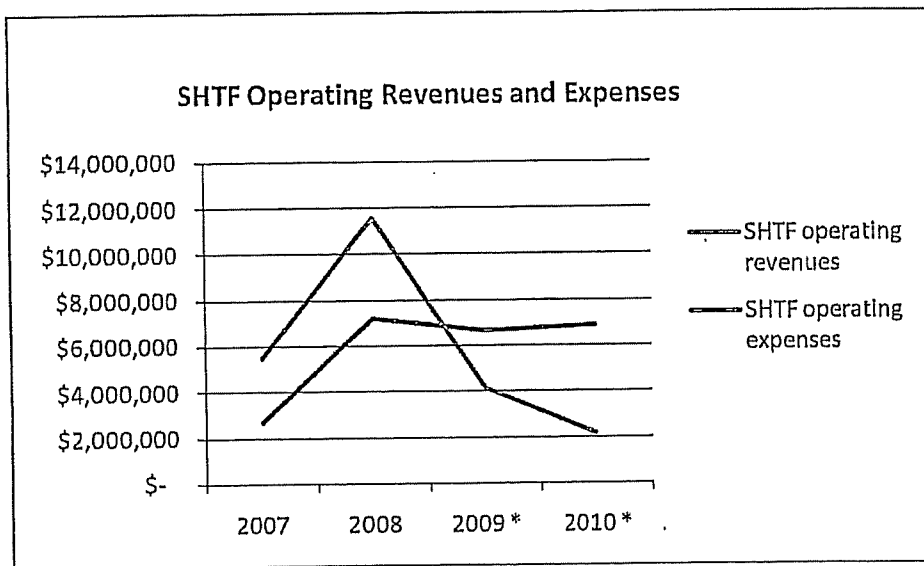
- State program expenses are projected to increase after 2009 as state allocations for the Housing Development Grant Program are expended.

Transfers:

- Transfers in are projected to include a \$1.25 million discretionary transfer from KHRC Operations to the State Housing Trust Fund.

Result:

- The chart below provides a historical snapshot of SHTF operating revenues and expenses. Total operating expenses are projected to remain constant with 2009, while operating revenues are expected to fall from \$4.1 million to \$2.2 million, a reduction of \$1.9 million.



* - 2009 Projected Estimate and proposed 2010 Financial Plan.

- The receipt of funds in one year and the expenditure of funds in a subsequent year create a timing difference. For example, the SHTF had an *excess* of revenues over expenses of \$5.7 million for 2008, while FY 2010 proposes a \$3.4 million *deficiency* of revenues under expenses (please see SHTF Total Operations on page 10, and positive cash position on the Net Assets and Cash Balances schedule on page 12). We will continue to monitor timing difference fluctuations from year-to-year for an overall balanced financial plan approach.

We would be happy to address any questions you might have at the Board meeting. Thank you for your time and attention to this information.

Kansas Housing Resources Corporation

2010 Financial Plan

June 4, 2009

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Overview of Financial Plan

An Overview of the 2010 Financial Plan

The Kansas Housing Resources Corporation (KHRC) administers federal and fee-funded housing programs (KHRC Operations), and also serves as administrator of the Kansas State Housing Trust Fund (SHTF). The SHTF was established by House Bill No. 2517 and is now codified at KSA 74-8959. SHTF resources must be used for the purpose of housing programs and services, which include repair and rehabilitation of existing housing, accessibility modifications, and assistance to low-income or disabled persons. Effective July 1, 2007 separate and distinct balances were established for the SHTF and KHRC Operations. KHRC Operations are defined as fee for service activities, federal grant program administration, and other activities that have the characteristics of an exchange transaction. SHTF activities and resources include funding KHRC receives based solely on its designation as the provider of housing services for the State of Kansas. Examples of SHTF activities include receipt of MRB/MCC bond issuance fees, private activity bond multi-family bond issuance fees, state allocations, and other miscellaneous revenue streams.

The separation of KHRC Operations and the SHTF is provided in the 2010 Financial Plan in the form of separate schedules titled, for example, as follows: "KHRC Operations", "State Housing Trust Fund", and "Kansas Housing Resources Corporation (Combined)".

KHRC Operations and the SHTF's activities combined meet the definition of an enterprise fund from an accounting perspective, since it is the intent of KHRC to recover, primarily through user charges and grant reimbursement, the cost of providing goods or services to the public. This document serves as KHRC's proposed financial plan for the year ending June 30, 2010 (2010 Financial Plan).

The proposed financial plan was developed taking into consideration anticipated continued fee fund and federal program activity at current levels, new federal American Recovery and Reinvestment Act (ARRA) funding, state funding, the need for continued funding and growth of KHRC-administered programs, and preserving and growing cash balances to meet future Kansans' housing needs. In addition, timing differences were also considered for SHTF program funds received, but not spent in the same year. These timing differences can cause an *excess* of revenues over expenses in the first year, and a *deficiency* of revenues over expenses in the next year. For example, the State Finance Council's \$5 million 2008 Disaster Allocation was received in FY 2008, but will not be fully expended until after FY 2008. Please see the table on page 10 labeled "State Housing Trust Fund Total Operations" for examples of timing differences comparing Projected 2009 to the 2010 Financial Plan. Please also see page 12 for Net Assets and Cash Balances and note the SHTF's positive cash position for the 2009 Projected Estimate and 2010 Financial Plan.

Revenues in the 2010 Financial Plan from all funding sources combined are expected to increase by \$81.3 million, or 101.3 percent, from \$80.3 million for 2009 projected revenues to \$161.6 million due to expected receipt of federal ARRA funding, while expenses are expected to grow by \$84.9 million, or 103.0 percent, from \$81.4 million for 2009 projected expenses to \$165.3 million, due to payment of federal ARRA program expenses. Expenses are projected to exceed revenues in 2010 due to timing differences for SHTF program funds spent in 2010, but received in a prior year.

Overview of Revenues

Operating revenues from all funding sources combined estimated to finance the 2010 Financial Plan totals \$161.6 million for 2010 versus \$80.3 million for projected 2009. Operating revenues include fees for service, grant administration fees, and federal "pass-through" program revenues. The 2010 estimate is 101.3 percent higher than the projected 2009 estimate due to expected receipt of federal ARRA program funding. The tables on pages 16 and 17 break out the 2008 through 2010 operating revenues by program. Further discussion of all revenue sources is in the Appendix section.

Operating revenues from KHRC Operations funding sources are estimated at \$159.5 million for 2010 versus \$76.1 million for projected 2009. The 2010 estimate is 109.5 percent higher than the projected 2009 estimate due to expected receipt of federal ARRA funding.

Operating revenues from SHTF funding sources are estimated at \$2.2 million for 2010 versus \$4.1 million for projected 2009. The 2010 estimate is 48.1 percent lower than the projected 2009 estimate due to reduced Housing Development Grant Program funding from \$4.0 million to \$2.0 million in 2010. MRB/MCC/SF housing bond fees are estimated at \$50,000 for 2010, which approximates the projected 2009 estimate of \$47,000, as current economic conditions are projected to continue.

Non-operating revenues from all funding sources combined are estimated at \$335,000. Non-operating revenues include investment income. The 2010 total is a decrease of \$266,000 or 44.2 percent from the 2009 projected revenue estimate. The decrease from projected 2009 to the 2010 Financial Plan is due to reduced cash balances available for investment and reduced yield. The tables on pages 16 and 17 break out the 2008 through 2010 non-operating revenues by program.

Non-operating revenues (investment income) from KHRC Operations funding sources are estimated at \$175,000 for 2010 versus \$225,000 for projected 2009. The 2010 estimate is 22.2 percent lower than the projected 2009 estimate primarily due to reduced yield.

Non-operating revenues (investment income) from SHTF funding sources are estimated at \$160,000 for 2010 versus \$376,000 for projected 2009. The 2010 estimate is 57.4 percent lower than the projected 2009 estimate primarily due to reduced cash balances available for investment and reduced yield.

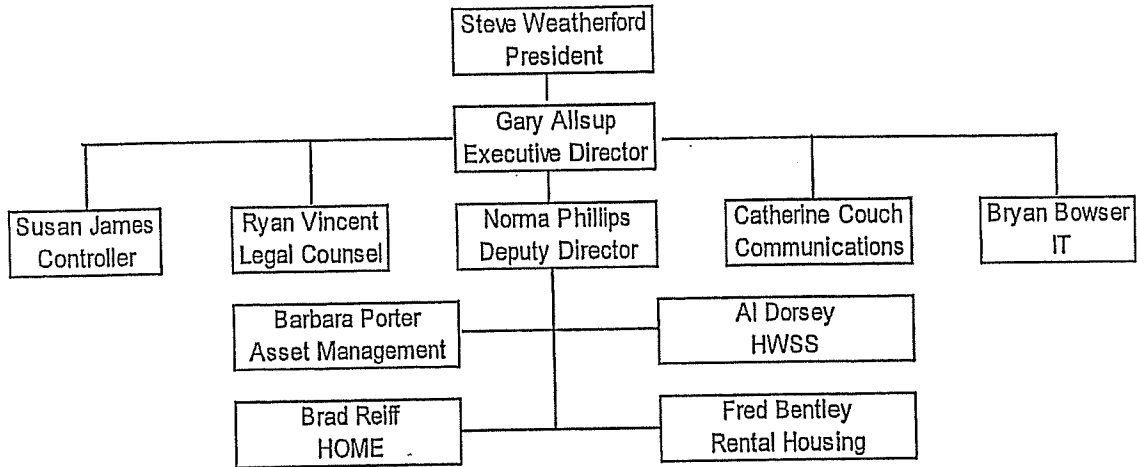
Overview of Expenses

Operating expenses from all funding sources combined are estimated at \$165.3 million for 2010 versus \$81.4 million for projected 2009. Operating expenses include employee salaries and benefits, supplies, professional fees, and federal ARRA and state program expenses. The 2010 estimate is 103.0 percent higher than the projected 2009 estimate due to expected payment of federal ARRA program expenses. The tables on pages 16 and 17 break out the 2008 through 2010 operating expenses by program. Further discussion of all expenses is in the Appendix section.

Operating expenses from KHRC Operations are estimated at \$158.4 million for 2010 versus \$74.8 million for projected 2009. The 2010 estimate is 111.8 percent higher than the projected 2009 estimate due to expected payment of federal ARRA program expenses.

Operating expenses from SHTF activities are estimated at \$6.9 million for 2010 versus \$6.7 million for projected 2009. The 2010 estimate is 2.8 percent higher than the projected 2009 estimate primarily due to increased state program expenses.

General Organization Chart – Corporate Overview



History

The Kansas Housing Resources Corporation (KHRC) was established pursuant to Executive Reorganization Order No. 30 dated February 10, 2003 (ERO 30), and 2003 Kansas Senate Bill No. 285 (SB 285), which transferred the Division of Housing of the Kansas Department of Commerce and Housing to the Kansas Development Finance Authority (K DFA), effective July 1, 2003 to be organized in accordance with the Kansas Development Finance Authority Act (K DFA Act), K.S.A. 74-8901 *et seq.*, as amended. KHRC was incorporated, effective July 1, 2003, by the K DFA to be a subsidiary corporation in accordance with the provisions of K.S.A. 74-8904 (v). That statute further provides that the Board members of K DFA shall constitute all the Board members of KHRC, and that K DFA is the sole member of KHRC. KHRC is an independent instrumentality of the State of Kansas and a public body politic and corporate.

To accomplish its objectives, KHRC has the rights, powers, privileges, and duties conferred by ERO 30, SB 285, and its articles of incorporation and bylaws. These include making bylaws and adopting rules and regulations to carry out the purposes of KHRC; acquiring, holding, and disposing of real and personal property for its corporate purposes; appointing officers, agents and employees; entering into contracts and agreements; collecting fees and charging for its services; accepting gifts, grants, loans, and other aid; investing moneys; procuring insurance; and providing technical assistance and advice to the State of Kansas or political subdivisions of the State.

While the K DFA Act clearly distinguishes KHRC as an independent instrumentality, rather than a State agency, KHRC enjoys State resources when it is to KHRC's advantage to do so. For example, KHRC chooses to process employee compensation and benefits through the State's payroll system and enjoys advantages such as the use of State purchasing contract prices, the central mail system, the printing division's services, and telecommunications services. Use of these State services is efficient for KHRC, saving both staff time and money.

From an accounting and reporting perspective, ERO 30 established that K DFA shall keep separate records and accounts for K DFA and KHRC. In addition, the ERO established that all expenses of K DFA incurred in the performance of its duties shall be payable from funds generated by K DFA, and all expenses of KHRC incurred in the performance of its duties shall be payable from funds generated by KHRC.

Mission and Strategic Plan Goals

Mission

KHRC's mission is to enhance Kansas' communities with housing opportunities. KHRC pursues this mission through the use of a variety of strategies and approaches, including increasing homeownership opportunities, leveraging the construction of more affordable rental housing, promoting energy efficiency improvements for owner-occupied and rental housing, providing affordable housing through rental assistance to low-income families and senior citizens, and creating housing opportunities for underserved persons and communities.

Strategic Plan Goals

KHRC completed its first strategic plan in 2006. Thereafter, KHRC annually reviews its operations and current and future requirements in order to identify improvement opportunities. Improvement opportunities identified in this process can be summarized in three general areas:

Documenting Kansas Housing Needs and Challenges

KHRC will identify the housing needs of Kansans, existing resources committed, and critical unmet housing needs. Working with housing advocates and service providers, KHRC will coordinate statewide needs and programs. Identifying potential resource priorities and potential funding sources will help reduce the gap on critical unmet needs.

Improving Services to Kansans

Opportunities to improve services to Kansans will be identified. KHRC will expand the information available on housing services and programs. KHRC will increase customer knowledge with expanded communications. In addition, KHRC will expand solicitation of feedback from customers and stakeholders.

Using Technology to Improve Effectiveness

KHRC will identify and implement technologies needed to improve its program effectiveness. KHRC will also identify internal and external information needs and the technologies required to meet housing needs.

With the above areas in mind, KHRC developed specific long-term goals during the strategic planning process, which are to be completed within the next three to five years, as follows:

- Assist 10,000 underserved Kansans with unmet critical housing needs
- Educate customers and stakeholders on affordable housing
- Provide accurate and current housing information
- Increase minority participation in programs
- Improve affordable housing services
- Improve KHRC financial system efficiency, accuracy, and timeliness
- Improve the effectiveness of KHRC business processes and staff resources
- Research and implement new technology to improve KHRC effectiveness

Progress on Strategic Plan Goals

To date KHRC has made substantial progress towards these improvement opportunities:

- Now an annual event, the Kansas Housing Conference continues to grow in size. In 2006, the first year of the conference, over 200 participants attended the three-day event in Salina. In 2007, over 300 attendees traveled to Hutchinson and nearly 350 attendees participated in the conference in Pittsburg in 2008. This year, conference organizers estimate nearly 400 registrants will attend the conference in Overland Park. The conference has served as an excellent tool to increase and improve KHRC partnerships with numerous organizations across the state, as well as educate housing providers, advocates, elected officials, builders and developers on the increasing affordable housing needs in Kansas.
- An enhanced mailing list was developed, which can be tailored for various uses and more effective communications.
- The Microsoft Dynamics GP accounting system has been implemented and a new banking structure established to improve KHRC's financial system efficiency, accuracy, timeliness, ability to make effective decisions, and deliver services to its customers both internally and externally.
- KHRC staff continues to develop a comprehensive network of housing providers and advocates throughout Kansas, who have held regular meetings to discuss housing strategies, advocate for housing legislation, and determine ways to better utilize available resources while exploring new sources of funding to meet Kansans' housing needs.
- KHRC staff and resources are continuing to help Greensburg and Southeast Kansas communities rebuild from the 2007 tornado and flooding, and the corporation's efforts are now being recognized nationally. One of KHRC's housing tax credit developments – Prairie Pointe Townhomes, which serves seniors - received top honors from the U.S. Green Building Council and is the first LEED® Platinum new construction affordable housing development in Kansas, and the third tax credit complex in the nation.
- Cross-training occurred with Rental Housing and Asset Management staff so monitoring could be completed for multiple programs in the same compliance visit, resulting in more effective use of KHRC staff time, reduced overall travel costs, and one combined visit for KHRC's customer.
- Electronic communication was enhanced and improved by the purchase and use of more laptop computers, PDAs, and other technology.
- KHRC's new housing locator website, KSHousingSearch.org, is successfully adding new rental properties daily. The site allows free listing of rental properties and enables people to search statewide for rental vacancies. As of April 2009, the site had nearly 23,000 units in 82 counties listed.
- KHRC received an overwhelming response to the corporation's new statewide initiative to help income-eligible families replace inefficient appliances. The Residential Appliance Replacement Program received over 2,300 voucher requests and committed \$4.0 million in funding in only two weeks. The Appliance Replacement Program funded by the State of Kansas' LIEAP grant allows homeowners and renters to replace old, energy-hungry and unsafe appliances with new, energy-efficient and environmentally-friendly models. Appliances eligible for replacement include refrigerators, water heaters, heating and cooling systems and window air units.

KHRC Operations
TOTAL OPERATIONS

	2008 ACTUAL	2009 FINANCIAL PLAN *	2009 PROJECTED ESTIMATE	2010 FINANCIAL PLAN
<u>Operating revenues:</u>				
Fees for services	\$ 3,398,258	\$ 3,485,311	\$ 3,693,644	\$ 3,490,525
Grant administration income	1,431,041	1,862,776	1,833,125	2,701,716
Recognized match income	991,392	2,393,258	1,253,006	2,596,331
Housing bond fees (MRB/MCC/SF)	-	-	-	-
PAB Multifamily Allocation fees	-	-	-	-
Contributions and donations	-	-	-	-
Interest income on loans	48,347	58,485	52,825	53,276
Other income	113,502	130,000	97,924	70,000
Federal program revenues	62,925,675	60,581,584	69,197,547	150,539,352
Federal loan proceeds	349,500	-	-	-
State program revenues	-	-	-	-
State loan proceeds	-	-	-	-
Total operating revenues	\$ 69,257,715	\$ 68,511,414	\$ 76,128,071	\$ 159,451,200
<u>Operating expenses:</u>				
Salaries and Wages	\$ 1,997,773	\$ 2,329,444	\$ 2,194,321	\$ 2,538,744
Employee Benefits	536,919	606,438	545,249	719,176
Communication	41,365	39,075	40,475	43,650
Advertising and printing	19,829	13,025	24,431	29,500
Rent and parking fees	219,172	222,933	218,033	257,510
Equipment repairs and maintenance	21,198	32,560	24,162	25,650
Travel	150,150	124,575	164,815	398,967
Fees - professional and other services	468,329	472,871	618,757	756,326
Office and data processing supplies	82,420	60,477	66,833	61,750
Expensed furniture and equipment	36,969	129,639	80,240	155,000
Recognized match expense	991,392	2,393,258	1,253,006	2,596,331
Program expenses	30,000	-	-	-
Provision for loan losses	250,151	31,360	28,663	-
Provision for bad debts	-	-	110,000	28,735
Depreciation	97,478	116,475	126,103	157,239
Federal program expenses	62,925,675	60,581,584	69,197,547	150,539,352
Federal program income grant expenses	149,950	-	71,468	75,000
State program expenses	-	-	-	-
Total operating expenses	\$ 68,018,770	\$ 67,153,714	\$ 74,764,101	\$ 158,382,929
Operating income	\$ 1,238,945	\$ 1,357,700	\$ 1,363,970	\$ 1,068,271
<u>Non-operating revenues:</u>				
Investment Income	208,164	202,500	225,000	175,000
Total non-operating revenues	\$ 208,164	\$ 202,500	\$ 225,000	\$ 175,000
Transfers in	\$ 333,700	\$ -	\$ 64,652	\$ 58,999
Transfers out **	(1,267,034)	-	(41,243)	(1,250,000)
Excess of revenues over expenses	\$ 513,775	\$ 1,560,200	\$ 1,612,379	\$ 52,270

* - FY 2009 Financial Plan as amended March 5, 2009.

** - The 2008 Actual and FY 2010 Financial Plan Transfers out include a \$1.25 million discretionary transfer from KHRC Operations to the State Housing Trust Fund.

State Housing Trust Fund
TOTAL OPERATIONS

	2008 ACTUAL	2009 FINANCIAL PLAN *	2009 PROJECTED ESTIMATE	2010 FINANCIAL PLAN
Operating revenues:				
Fees for services	\$ -	\$ -	\$ -	\$ -
Grant administration income	-	-	-	-
Recognized match income	-	-	-	-
Housing bond fees (MRB/MCC/SF)	1,210,648	800,000	47,057	50,000
PAB Multifamily Allocation fees	52,400	20,000	-	-
Contributions and donations **	909,489	-	-	-
Interest income on loans	102,310	101,902	100,613	101,524
Other income	2,500	-	-	-
Federal program revenues	-	-	-	-
Federal loan proceeds	-	-	-	-
State program revenues	9,000,000	4,000,000	4,000,000	2,000,000
State program loan proceeds	285,000	-	-	-
Total operating revenues	\$ 11,562,347	\$ 4,921,902	\$ 4,147,670	\$ 2,151,524
Operating expenses:				
Salaries and Wages	\$ 92,653	\$ 168,252	\$ 120,478	134,825
Employee Benefits	23,088	43,722	29,640	38,194
Communication	1,381	1,200	2,674	1,250
Advertising and printing	4,283	1,875	2,070	1,125
Rent and parking fees	6,312	11,376	12,780	11,535
Equipment repairs and maintenance	857	1,440	1,132	500
Travel	24,879	5,375	9,160	5,500
Fees - professional and other services	68,623	108,300	153,936	53,000
Office and data processing supplies	3,191	2,514	3,216	2,000
Expensed furniture and equipment	860	5,586	2,661	3,500
Recognized match expense	-	-	-	-
Program expenses	2,049,754	1,185,285	1,595,165	800,000
Provision for loan losses ***	2,559,303	1,959,127	1,115,000	1,295,869
Provision for bad debts	-	-	-	-
Depreciation	-	2,500	-	-
Federal program expenses	-	-	-	-
Federal program income grant expenses	-	-	-	-
State program expenses	2,340,095	6,800,000	3,630,104	4,520,027
Total operating expenses	\$ 7,175,279	\$ 10,296,552	\$ 6,678,015	\$ 6,867,325
Operating income	\$ 4,387,068	\$ (5,374,650)	\$ (2,530,345)	\$ (4,715,801)
Non-operating revenues:				
Investment Income	\$ 385,338	\$ 472,500	\$ 375,527	\$ 160,000
Total non-operating revenues	\$ 385,338	\$ 472,500	\$ 375,527	\$ 160,000
Transfers in ^	\$ 1,267,034	\$ -	\$ 41,243	\$ 1,250,000
Transfers out ^^	(333,700)	-	(1,064,652)	(58,999)
Excess (deficiency) of revenues over (under) expenses	\$ 5,705,740	\$ (4,902,150)	\$ (3,178,227)	\$ (3,364,800)

* - FY 2009 Financial Plan as amended March 5, 2009.

** - The 2008 Actual Contributions and donations revenue was for receipt of HUD restructured program loans.

*** - The 2009 Projected Estimate and 2010 Financial Plan Provision for loan losses are due to anticipated issuance of disaster-related soft loans from the State Finance Council 2008 Disaster Allocation of \$5 million.

^ - The 2008 Actual and 2010 Financial Plan Transfers in include a \$1.25 million discretionary transfer from KHRC Operations to the State Housing Trust Fund.

^^ - The 2009 Projected Estimate Transfers out includes a \$1.0 million transfer from the State Housing Trust Fund to the State of Kansas State General Fund. This amount represents the balance of loan proceeds from the Governor's WARM Initiatives Program/KEEP revolving loan program.

Kansas Housing Resources Corporation (Combined)

GRAND TOTAL OPERATIONS

	2008 ACTUAL	2009 FINANCIAL PLAN *	2009 PROJECTED ESTIMATE	2010 FINANCIAL PLAN
<u>Operating revenues:</u>				
Fees for services	\$ 3,398,258	\$ 3,485,311	\$ 3,693,644	\$ 3,490,525
Grant administration income	1,431,041	1,862,776	1,833,125	2,701,716
Recognized match income	991,392	2,393,258	1,253,006	2,596,331
Housing bond fees (MRB/MCC/SF)	1,210,648	800,000	47,057	50,000
PAB Multifamily Allocation fees	52,400	20,000	-	-
Contributions and donations	909,489	-	-	-
Interest income on loans	150,657	160,387	153,438	154,800
Other income	116,002	130,000	97,924	70,000
Federal program revenues	62,925,675	60,581,584	69,197,547	150,539,352
Federal loan proceeds	349,500	-	-	-
State program revenues	9,000,000	4,000,000	4,000,000	2,000,000
State plan proceeds	285,000	-	-	-
Total operating revenues	\$ 80,820,062	\$ 73,433,316	\$ 80,275,741	\$ 161,602,724
<u>Operating expenses:</u>				
Salaries and Wages	\$ 2,090,426	\$ 2,497,696	\$ 2,314,798	\$ 2,673,569
Employee Benefits	560,007	650,160	574,890	757,370
Communication	42,746	40,275	43,149	44,900
Advertising and printing	24,112	14,900	26,500	30,625
Rent and parking fees	225,484	234,309	230,812	269,045
Equipment repairs and maintenance	22,055	34,000	25,294	26,150
Travel	175,029	129,950	173,976	404,467
Fees - professional and other services	536,952	581,171	772,693	809,326
Professional and office supplies	85,611	62,991	70,049	63,750
Expensed furniture and equipment	37,829	135,225	82,900	158,500
Recognized match expense	991,392	2,393,258	1,253,006	2,596,331
Program/grant expenses	2,079,754	1,185,285	1,595,165	800,000
Provision for loan losses	2,809,454	1,990,487	1,143,663	1,295,869
Provision for bad debts	-	-	110,000	28,735
Depreciation	97,478	118,975	126,103	157,239
Federal program expenses	62,925,675	60,581,584	69,197,547	150,539,352
Federal program income grant expenses	149,950	-	71,468	75,000
State program expenses	2,340,095	6,800,000	3,630,104	4,520,027
Total operating expenses	\$ 75,194,049	\$ 77,450,266	\$ 81,442,117	\$ 165,250,254
Operating income	\$ 5,626,013	\$ (4,016,950)	\$ (1,166,375)	\$ (3,647,530)
<u>Non-operating revenues:</u>				
Investment Income	\$ 593,502	\$ 675,000	\$ 600,527	\$ 335,000
Total non-operating revenues	\$ 593,502	\$ 675,000	\$ 600,527	\$ 335,000
Transfers in	\$ 1,600,734	\$ -	\$ 105,895	\$ 1,308,999
Transfers out	(1,600,734)	-	(1,105,895)	(1,308,999)
Excess (deficiency) of revenues over (under) expenses	\$ 6,219,515	\$ (3,341,950)	\$ (1,565,849)	\$ (3,312,530)

* - FY 2009 Financial Plan as amended March 5, 2009.

Revised
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NET ASSETS AND CASH BALANCES

	2008 *	2009	2009	2010
	<u>ACTUAL</u>	<u>FINANCIAL</u>	<u>PROJECTED</u>	<u>FINANCIAL</u>
		<u>PLAN</u>	<u>ESTIMATE</u>	<u>PLAN</u>
<i>Kansas Housing Resources Corporation (Combined)</i>				
<u>NET ASSETS:</u>				
<i>Net Assets, beginning as restated</i>	\$ 12,433,380	\$ 21,365,244	\$ 18,652,895	\$ 17,087,046
Excess of revenues over expenses (page 11)	6,219,515	(3,491,950)	(1,565,849)	(3,312,530)
<i>Net Assets, ending as restated</i>	<u>\$ 18,652,895</u>	<u>\$ 17,873,294</u>	<u>\$ 17,087,046</u>	<u>\$ 13,774,516</u>
<u>CASH AND INVESTMENT BALANCES:</u>				
Restricted	\$ 7,995,853	\$ 4,250,000	\$ 6,100,000	\$ 2,100,000
Unrestricted	8,314,450	6,250,000	6,400,000	6,400,000
Total Cash, end of year	<u>\$ 16,310,303</u>	<u>\$ 10,500,000</u>	<u>\$ 12,500,000</u>	<u>\$ 8,500,000</u>

* - KHRC Operations and State Housing Trust Fund balances were combined as of June 30, 2007. Separate and distinct balances were established July 1, 2007 going forward.

<i>KHRC Operations</i>				
<u>NET ASSETS:</u>				
<i>Net Assets, beginning as restated</i>	\$ 5,766,610	\$ 7,962,225	\$ 6,280,385	\$ 7,892,764
Excess of revenues over expenses (page 9)	513,775	1,410,200	1,612,379	52,270
<i>Net Assets, ending as restated</i>	<u>\$ 6,280,385</u>	<u>\$ 9,372,425</u>	<u>\$ 7,892,764</u>	<u>\$ 7,945,034</u>
<u>CASH AND INVESTMENT BALANCES:</u>				
Restricted	\$ 316,517	\$ 200,000	\$ 100,000	\$ 100,000
Unrestricted	4,733,117	4,750,000	5,400,000	5,400,000
Total Cash, end of year	<u>\$ 5,049,634</u>	<u>\$ 4,950,000</u>	<u>\$ 5,500,000</u>	<u>\$ 5,500,000</u>

<i>State Housing Trust Fund</i>				
<u>NET ASSETS:</u>				
<i>Net Assets, beginning as restated</i>	\$ 6,666,770	\$ 13,403,019	\$ 12,372,510	\$ 9,194,283
Excess of revenues over expenses (page 10)	5,705,740	(4,902,150)	(3,178,227)	(3,364,800)
<i>Net Assets, ending as restated</i>	<u>\$ 12,372,510</u>	<u>\$ 8,500,869</u>	<u>\$ 9,194,283</u>	<u>\$ 5,829,483</u>
<u>CASH AND INVESTMENT BALANCES:</u>				
Restricted	\$ 7,679,336	\$ 4,050,000	\$ 6,000,000	\$ 2,000,000
Unrestricted	3,581,333	1,500,000	1,000,000	1,000,000
Total Cash, end of year	<u>\$ 11,260,669</u>	<u>\$ 5,550,000</u>	<u>\$ 7,000,000</u>	<u>\$ 3,000,000</u>

KHRC Operations
FY 2010 Financial Plan Revenues and Expenses by Program

Operating revenues:

Fees for services
 Grant administration income
 Recognized match income
 Housing bond fees (MRB/MCC/SF)
 PAB Multifamily Allocation fees
 Contributions and donations
 Interest income on program loans
 Other income
 Federal program revenues
 State program revenues
 Total operating revenues

Operating expenses:

Salaries and Wages
 Employee Benefits
 Communication
 Printing and advertising
 Rent and parking fees
 Repairs and maintenance
 Travel
 Fees - professional services
 Professional and office supplies
 Expensed furniture and equipment
 Recognized match expense
 Program expenses
 Provision for loan losses
 Provision for bad debts
 Depreciation
 Federal program expenses
 Federal program income grant expenses
 State program expenses
 Total operating expenses

Nonoperating revenues:

Investment income
 Total nonoperating revenues

Transfers in
 Transfers out ^

Excess (deficiency) of revenues over
 (under) expenses

	Tax Credit	Asset Management	HOME	DOE - WAP	LIEAP	CSBG, ESG, HIMS & Corrects	KHRC Corporate	Eliminate Intra-Fund Transfers	KHRC Total
	\$ 842,500	\$ 2,637,725	\$ -	\$ -	\$ -	\$ -	\$ 10,300	\$ -	\$ 3,490,525
Fees for services	-	-	759,968	1,140,486	169,726	631,536	-	-	2,701,716
Grant administration income	-	-	1,800,000	-	-	796,331	-	-	2,596,331
Recognized match income	-	-	-	-	-	-	-	-	-
Housing bond fees (MRB/MCC/SF)	-	-	-	-	-	-	-	-	-
PAB Multifamily Allocation fees	-	-	-	-	-	-	-	-	-
Contributions and donations	-	-	53,276	-	-	-	-	-	53,276
Interest income on program loans	-	-	-	-	-	70,000	-	-	70,000
Other income	-	-	-	-	-	-	-	-	150,539,352
Federal program revenues	46,664,448	45,720,000	8,000,000	27,578,594	6,790,028	15,786,281	-	-	-
State program revenues	-	-	-	-	-	-	-	-	-
Total operating revenues	47,506,948	48,357,725	10,613,244	28,719,081	6,959,754	17,284,148	10,300	-	159,451,200
Salaries and Wages	459,987	759,989	419,027	505,384	101,452	282,292	10,613	-	2,538,744
Employee Benefits	130,305	215,290	118,702	143,166	28,739	79,968	3,006	-	719,176
Communication	8,000	14,000	12,200	4,000	1,200	4,250	-	-	43,650
Printing and advertising	7,500	2,500	2,500	5,000	10,000	2,000	-	-	29,500
Rent and parking fees	64,978	84,549	41,389	27,683	11,535	27,376	-	-	257,510
Repairs and maintenance	3,000	16,500	3,000	1,250	500	1,400	-	-	25,650
Travel	50,000	39,000	24,250	249,917	1,800	34,000	-	-	398,967
Fees - professional services	61,090	266,749	109,900	82,587	11,500	179,500	45,000	-	756,326
Professional and office supplies	20,000	16,000	12,000	7,500	1,000	5,250	-	-	61,750
Expensed furniture and equipment	18,000	38,500	17,000	64,000	2,000	15,500	-	-	155,000
Recognized match expense	-	-	1,800,000	-	-	796,331	-	-	2,596,331
Program expenses	-	-	-	-	-	-	-	-	-
Provision for loan losses	-	-	28,735	-	-	-	-	-	28,735
Provision for bad debts	-	-	-	-	-	-	-	-	-
Depreciation	12,213	25,003	37,383	37,026	38,979	6,635	-	-	157,239
Federal program expenses	46,664,448	45,720,000	8,000,000	27,578,594	6,790,028	15,786,281	-	-	150,539,352
Federal program income grant expenses	-	-	75,000	-	-	-	-	-	75,000
State program expenses	-	-	-	-	-	-	-	-	-
Total operating expenses	47,499,521	47,198,080	10,701,086	28,706,107	6,998,733	17,220,783	58,619	-	158,382,929
Operating income	7,427	1,159,645	(87,842)	12,974	(38,979)	63,365	(48,319)	-	1,068,271
Nonoperating revenues:									
Investment income	-	-	-	-	-	-	175,000	-	175,000
Total nonoperating revenues	-	-	-	-	-	-	175,000	-	175,000
Transfers in	-	-	-	17,700	-	123,949	-	(82,650)	58,999
Transfers out ^	-	-	-	-	-	-	(1,332,650)	82,650	(1,250,000)
Excess (deficiency) of revenues over (under) expenses	\$ 7,427	\$ 1,159,645	\$ (87,842)	\$ 30,674	\$ (38,979)	\$ 187,314	\$ (1,205,969)	\$ -	\$ 52,270

^ - Transfers out include a \$1.25 million discretionary transfer from KHRC Operations to the State Housing Trust Fund.

State Housing Trust Fund
FY 2010 Financial Plan Revenues and Expenses by Program

	SFC Disaster Assistance	Housing Development	KAMP and ERP	General SHTF	SHTF Total
Operating revenues:					
Fees for services	\$ -	\$ -	\$ -	\$ -	\$ -
Grant administration income	-	-	-	-	-
Recognized match income	-	-	-	50,000	50,000
Housing bond fees (MRB/MCC/SF)	-	-	-	-	-
PAB Multifamily Allocation fees	-	-	-	-	-
Contributions and donations	-	-	-	87,224	101,524
Interest income on program loans	14,300	-	-	-	-
Other income	-	-	-	-	-
Federal program revenues	-	-	-	-	2,000,000
State program revenues	-	2,000,000	-	-	2,000,000
Total operating revenues	14,300	2,000,000	-	137,224	2,151,524
Operating expenses:					
Salaries and Wages	-	72,984	61,841	-	134,825
Employee Benefits	-	20,675	17,519	-	38,194
Communication	-	500	750	-	1,250
Printing and advertising	-	275	100	750	1,125
Rent and parking fees	-	6,921	4,614	-	11,535
Repairs and maintenance	-	-	500	-	500
Travel	-	2,500	2,500	500	5,500
Fees - professional services	-	2,500	7,500	43,000	53,000
Professional and office supplies	-	1,000	1,000	-	2,000
Expensed furniture and equipment	-	1,500	2,000	-	3,500
Recognized match expense	-	-	-	-	-
Program expenses	-	-	800,000	-	800,000
Provision for loan losses	1,232,135	-	-	63,734	1,295,869
Provision for bad debts	-	-	-	-	-
Depreciation	-	-	-	-	-
Federal program expenses	-	-	-	-	-
Federal program income grant expenses	-	-	-	-	-
State program expenses	-	4,520,027	-	-	4,520,027
Total operating expenses	1,232,135	4,628,882	898,324	107,984	6,867,325
Operating income	(1,217,835)	(2,628,882)	(898,324)	29,240	(4,715,801)
Nonoperating revenues:					
Investment income	10,000	25,000	-	125,000	160,000
Total nonoperating revenues	10,000	25,000	-	125,000	160,000
Transfers in ^	-	-	-	1,250,000	1,250,000
Transfers out	-	-	-	(58,999)	(58,999)
Excess (deficiency) of revenues over (under) expenses	\$ (1,207,835)	\$ (2,603,882)	\$ (898,324)	\$ 1,345,241	\$ (3,364,800)

^ - Transfers in include a \$1.25 million discretionary transfer from KHRC Operations to the State Housing Trust Fund.

Kansas Housing Resources Corporation (Combined)
FY 2010 Financial Plan Revenues and Expenses by Program

	KHRC Operations	State Housing Trust Fund	Grand Total
<u>Operating revenues:</u>			
Fees for services	\$ 3,490,525	\$ -	3,490,525
Grant administration income	2,701,716	-	2,701,716
Recognized match income	2,596,331	-	2,596,331
Housing bond fees (MRB/MCC/SF)	-	50,000	50,000
PAB multifamily allocation fees	-	-	-
Contributions and donations	-	-	-
Interest income on program loans	53,276	101,524	154,800
Other income	70,000	-	70,000
Federal program revenues	150,539,352	-	150,539,352
State program revenues	-	2,000,000	2,000,000
Total operating revenues	159,451,200	2,151,524	161,602,724
<u>Operating expenses:</u>			
Salaries and Wages	2,538,744	134,825	2,673,569
Employee Benefits	719,176	38,194	757,370
Communication	43,650	1,250	44,900
Printing and advertising	29,500	1,125	30,625
Rent and parking fees	257,510	11,535	269,045
Repairs and maintenance	25,650	500	26,150
Travel	398,967	5,500	404,467
Fees - professional services	756,326	53,000	809,326
Professional and office supplies	61,750	2,000	63,750
Expensed furniture and equipment	155,000	3,500	158,500
Recognized match expense	2,596,331	-	2,596,331
Program expenses	-	800,000	800,000
Provision for loan losses	28,735	1,295,869	1,324,604
Provision for bad debts	-	-	-
Depreciation	157,239	-	157,239
Federal program expenses	150,539,352	-	150,539,352
Federal program income grant expenses	75,000	-	75,000
State program expenses	-	4,520,027	4,520,027
Total operating expenses	158,382,929	6,867,325	165,250,254
Operating income	1,068,271	(4,715,801)	(3,647,530)
<u>Nonoperating revenues:</u>			
Investment income	175,000	160,000	335,000
Total nonoperating revenues	175,000	160,000	335,000
Transfers in	58,999	1,250,000	1,308,999
Transfers out	(1,250,000)	(58,999)	(1,308,999)
Excess (deficiency) of revenues over (under) expenses)	\$ 52,270	\$ (3,364,800)	\$ (3,312,530)

KHRC Operations

OPERATING REVENUES AND EXPENSES BY PROGRAM, AND NONOPERATING REVENUES BY PROGRAM

Program/KHRC Corporate	2008 ACTUAL	2009 FINANCIAL PLAN *	2009 PROJECTED ESTIMATE	2010 FINANCIAL PLAN
OPERATING REVENUES AND EXPENSES BY PROGRAM				
OPERATING REVENUES				
Rental Housing Program (Tax Credit)	\$ 943,799	\$ 966,250	\$ 6,143,416	\$ 47,506,948
Section 8 Contract Admin/HAP (Asset Mgmt.)	44,679,600	43,858,761	47,036,451	48,357,725
HOME Investment Partnership Program (HOME)	11,347,440	10,438,079	9,790,624	10,613,244
Weatherization Assistance Program (DOE-WAP)	2,720,675	3,030,909	2,466,370	28,719,081
Low-Income Energy Assistance Program (LIEAP)	3,097,220	2,544,982	3,158,732	6,959,754
Community Services Block Grant (CSBG), Emergency Shelter Grant (ESG), Homeless Management Information Systems Grant (HMIS), and Dept. of Corrections Reentry Program	6,467,069	7,662,133	7,522,177	17,284,148
KHRC Corporate	1,912	10,300	10,300	10,300
Total Operating Revenues	\$ 69,257,715	\$ 68,511,414	\$ 76,128,071	\$ 159,451,200
OPERATING EXPENSES				
Rental Housing Program (Tax Credit)	\$ 665,186	\$ 743,450	\$ 5,831,799	\$ 47,499,521
Section 8 Contract Admin/HAP (Asset Mgmt.)	43,630,369	42,884,162	45,962,845	47,198,080
HOME Investment Partnership Program (HOME)	11,388,727	10,438,079	9,876,694	10,701,086
Weatherization Assistance Program (DOE-WAP)	2,783,997	2,880,909	2,475,535	28,706,107
Low-Income Energy Assistance Program (LIEAP)	3,032,734	2,544,982	3,184,971	6,998,733
Community Services Block Grant (CSBG), Emergency Shelter Grant (ESG), Homeless Management Information Systems Grant (HMIS), and Dept. of Corrections Reentry Program	6,515,915	7,662,133	7,432,155	17,220,783
KHRC Corporate	1,842	-	102	58,619
Total Operating Expenses	\$ 68,018,770	\$ 67,153,714	\$ 74,764,101	\$ 158,382,929
Operating Income	\$ 1,238,945	\$ 1,357,700	\$ 1,363,970	\$ 1,068,271
NON-OPERATING REVENUES BY PROGRAM				
Rental Housing Program (Tax Credit)	\$ -	\$ -	\$ -	\$ -
Section 8 Contract Admin/HAP (Asset Mgmt.)	-	-	-	-
HOME Investment Partnership Program (HOME)	-	-	-	-
Weatherization Assistance Program (DOE-WAP)	-	-	-	-
Low-Income Energy Assistance Program (LIEAP)	-	-	-	-
Emergency Shelter Grant (ESG), Homeless	-	-	-	-
KHRC Corporate	208,164	202,500	225,000	175,000
Total Non-Operating Revenues	\$ 208,164	\$ 202,500	\$ 225,000	\$ 175,000

* - FY 2009 Financial Plan as amended March 5, 2009.

State Housing Trust Fund

OPERATING REVENUES AND EXPENSES BY PROGRAM, AND NONOPERATING REVENUES BY PROGRAM

Program/General SHTF	2008 ACTUAL	2009 FINANCIAL PLAN *	2009 PROJECTED ESTIMATE	2010 PROJECTED ESTIMATE
OPERATING REVENUES AND EXPENSES BY PROGRAM				
<u>OPERATING REVENUES</u>				
SHTF Disaster Assistance	\$ -	\$ -	\$ -	\$ -
SFC Disaster Assistance	5,000,794	-	14,264	14,300
Governor's WARM Initiatives Program/KEEP	2,500	-	-	-
Housing Development Grant Program	4,000,000	4,000,000	4,000,000	2,000,000
Kansas Accessibility Modifications Program (KAMP) and Emergency Repair Program (ERP)	-	-	-	-
General SHTF	2,559,053	921,902	133,406	137,224
Total Operating Revenues	\$ 11,562,347	\$ 4,921,902	\$ 4,147,670	\$ 2,151,524
<u>OPERATING EXPENSES</u>				
SHTF Disaster Assistance	\$ 890,897	\$ -	\$ 594,685	\$ -
SFC Disaster Assistance	3,426,890	2,713,924	988,109	1,232,135
Governor's WARM Initiatives Program/KEEP	13,212	25,538	23,401	-
Housing Development Grant Program	3,822	6,107,615	3,513,065	4,628,882
Kansas Accessibility Modifications Program (KAMP) and Emergency Repair Program (ERP)	1,038,924	1,109,504	1,048,021	898,324
General SHTF	1,801,534	339,971	510,734	107,984
Total Operating Expenses	\$ 7,175,279	\$ 10,296,552	\$ 6,678,015	\$ 6,867,325
Operating Income	\$ 4,387,068	\$ (5,374,650)	\$ (2,530,345)	\$ (4,715,801)
NON-OPERATING REVENUES BY PROGRAM				
SHTF Disaster Assistance	\$ -	\$ -	\$ -	\$ -
SFC Disaster Assistance	105,997	-	25,000	10,000
Governor's WARM Initiatives Program/KEEP	81,408	-	41,000	-
Housing Development Grant Program	15,475	-	190,000	25,000
Kansas Accessibility Modifications Program (KAMP) and Emergency Repair Program (ERP)	-	-	-	-
General SHTF	182,458	472,500	119,527	125,000
Total Non-Operating Revenues	\$ 385,338	\$ 472,500	\$ 375,527	\$ 160,000

* - FY 2009 Financial Plan as amended March 5, 2009.

KHRC Operations

TRANSFERS BY PROGRAM AND EXCESS OF REVENUES OVER EXPENSES

Program/KHRC Corporate	2008 ACTUAL	2009 FINANCIAL PLAN *	2009 PROJECTED ESTIMATE	2010 FINANCIAL PLAN
TRANSFERS BY PROGRAM				
TRANSFERS IN				
Rental Housing Program (Tax Credit)	\$ -	\$ -	\$ -	\$ -
Section 8 Contract Admin/HAP (Asset Mgmt.)	-	-	-	-
HOME Investment Partnership Program (HOME)	333,700	-	57,654	-
Weatherization Assistance Program (DOE-WAP)	54,163	-	17,700	17,700
Low-Income Energy Assistance Program (LIEAP)	-	-	-	-
Community Services Block Grant (CSBG), Emergency Shelter Grant (ESG), Homeless Management Information Systems Grant (HMIS), and Dept. of Corrections Reentry Program	42,632	-	71,948	123,949
KHRC Corporate	-	-	-	-
Less: KHRC Operations intrafund transfers **	(96,795)	-	(82,650)	(82,650)
Total Transfers In	\$ 333,700	\$ -	\$ 64,652	\$ 58,999
TRANSFERS OUT				
Rental Housing Program (Tax Credit)	\$ -	\$ -	\$ 17,600	\$ -
Section 8 Contract Admin/HAP (Asset Mgmt.)	-	-	-	-
HOME Investment Partnership Program (HOME)	-	-	-	-
Weatherization Assistance Program (DOE-WAP)	-	-	-	-
Low-Income Energy Assistance Program (LIEAP)	-	-	-	-
Community Services Block Grant (CSBG), Emergency Shelter Grant (ESG), Homeless Management Information Systems Grant (HMIS), and Dept. of Corrections Reentry Program	-	-	-	-
KHRC Corporate ***	1,363,829	-	106,293	1,332,650
Less: KHRC Operations intrafund transfers **	(96,795)	-	(82,650)	(82,650)
Total Transfers Out	\$ 1,267,034	\$ -	\$ 41,243	\$ 1,250,000
EXCESS OF REVENUES OVER EXPENSES	\$ 513,775	\$ 1,560,200	\$ 1,612,379	\$ 52,270

* - FY 2009 Financial Plan as amended March 5, 2009.

** - KHRC Operations intrafund transfers represent transfers needed to fund federal program administration shortfalls (i.e., insufficient federal program administration funding).

*** - The 2008 Actual and 2010 Financial Plan Transfers out include a \$1.25 million discretionary transfer from KHRC Operations to the State Housing Trust Fund.

State Housing Trust Fund

TRANSFERS BY PROGRAM AND EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES

<u>Program/General SHTF</u>	<u>2008 ACTUAL</u>	<u>2009 FINANCIAL PLAN *</u>	<u>2009 PROJECTED ESTIMATE</u>	<u>2010 FINANCIAL PLAN</u>
TRANSFERS BY PROGRAM				
TRANSFERS IN				
SHTF Disaster Assistance **	\$ 1,250,000	\$ -	\$ -	\$ -
SFC Disaster Assistance	-	-	8	-
Governor's WARM Initiatives Program/KEEP	13,212	-	-	-
Housing Development Grant Program	3,822	-	23,635	-
Kansas Accessibility Modifications Program (KAMP) and Emergency Repair Program (ERP)	-	-	-	-
General SHTF **	-	-	17,600	1,250,000
Total Transfers In	\$ 1,267,034	\$ -	\$ 41,243	\$ 1,250,000
TRANSFERS OUT				
SHTF Disaster Assistance	\$ -	\$ -	\$ -	\$ -
SFC Disaster Assistance	-	-	-	-
Governor's WARM Initiatives Program/KEEP ***	-	-	1,000,000	-
Housing Development Grant Program	-	-	-	-
Kansas Accessibility Modifications Program (KAMP) and Emergency Repair Program (ERP)	-	-	-	-
General SHTF	333,700	-	64,652	58,999
Total Transfers Out	\$ 333,700	\$ -	\$ 1,064,652	\$ 58,999
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES	\$ 5,705,740	\$ (4,902,150)	\$ (3,178,227)	\$ (3,364,800)

* - FY 2009 Financial Plan as amended March 5, 2009.

** - The 2008 Actual and 2010 Financial Plan Transfers in include a \$1.25 million discretionary transfer from KHRC Operations to the State Housing Trust Fund (2008 Actual for SHTF Disaster Assistance and 2010 Financial Plan for General SHTF purposes).

*** - The \$1.0 million 2009 Projected Estimate Transfers out represents the balance of loan proceeds from the Governor's WARM Initiatives Program/KEEP revolving loan program. Funds were transferred to the State of Kansas State General Fund.

Kansas Housing Resources Corporation
GRAND TOTALS

Program/General SHTF	2008 ACTUAL	2009 FINANCIAL PLAN *	2009 PROJECTED ESTIMATE	2010 FINANCIAL PLAN
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GRAND TOTAL
OPERATING REVENUES AND EXPENSES

Total Operating Revenues	\$ 80,820,062	\$ 73,433,316	\$ 80,275,741	\$ 161,602,724
Total Operating Expenses	\$ 75,194,049	\$ 77,450,266	\$ 81,442,117	\$ 165,250,254
Operating Income	\$ 5,626,013	\$ (4,016,950)	\$ (1,166,375)	\$ (3,647,530)

GRAND TOTAL
NON-OPERATING REVENUES

Total Non-Operating Revenues	\$ 593,502	\$ 675,000	\$ 600,527	\$ 335,000
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GRAND TOTAL
TRANSFERS

Total Transfers In	\$ 1,600,734	\$ -	\$ 105,895	\$ 1,308,999
Total Transfers Out	\$ 1,600,734	\$ -	\$ 1,105,895	\$ 1,308,999

GRAND TOTAL
EXCESS OF REVENUES OVER EXPENSES

KHRC Operations	\$ 513,775	\$ 1,560,200	\$ 1,612,379	\$ 52,270
State Housing Trust Fund	\$ 5,705,740	\$ (4,902,150)	\$ (3,178,227)	\$ (3,364,800)
Excess (deficiency) of revenues over (under) expenses	\$ 6,219,515	\$ (3,341,950)	\$ (1,565,849)	\$ (3,312,530)

* - FY 2009 Financial Plan as amended March 5, 2009.

Kansas Housing Resources Corporation
Capital Outlay

<u>Description</u>	<u>Cost</u>
<i>KHRC Operations</i>	
<u>Information technology:</u>	
Dell Servers (2) to replace domain controllers *	\$ 30,000
MS Exchange Dell Server upgrade *	20,000
Network Router *	5,000
Fax Server *	15,000
MS Exchange Server 2007 *	15,000
Weatherization Program Software Upgrades **	<u>50,000</u>
Total information technology	<u>\$ 135,000</u>
Total Financial Plan 2010 Capital Outlay	<u>\$ 135,000</u>

* - Equipment included in FY 2009 Financial Plan not purchased in FY 2009.

** - Estimated additional software programming as needed due to ARRA recovery funding.

The above items will be capitalized in accordance with KHRC's fixed asset capitalization policy. Computer and other IT equipment not included above totaling \$49,000 will be expensed as expensed equipment.

KHRC Operations
2010 Financial Plan: Federal Funds Summary

	<u>2008 ACTUAL</u>	<u>2009 FIN. PLAN</u>	<u>2009 PROJECTED</u>	<u>2010 FIN. PLAN</u>
SOURCES: *				
Community Services Block Grant (CSBG) ARRA Federal Allocation	\$ -	\$ -	\$ -	\$ 8,161,366
Weatherization Assistance Program (DOE-WAP) ARRA Federal Allocation **	-	-	-	56,441,771
Emergency Shelter Grant (ESG) ARRA Federal Allocation **	-	-	-	8,360,995
Tax Credit Assistance Program (TCAP) ARRA Federal Allocation	-	-	-	17,121,110
Credit Exchange Program (CEP) "Section 1602" ARRA Federal Allocation	-	-	-	45,098,154
HOME Federal Allocation **	8,051,945	7,733,134	7,733,134	8,551,968
HOME Program Income	168,614	100,000	262,570	250,000
HOME Recaptured Funds	428,634	425,000	374,068	400,000
Community Services Block Grant (CSBG) Federal Allocation **	5,120,512	5,307,536	5,307,536	5,679,633
Weatherization Assistance Program (DOE-WAP) Federal Allocation **	2,264,099	2,518,837	2,518,837	5,001,886
Low-Income Energy Assistance Program (LIEAP) Federal Allocation **	2,501,554	2,497,790	2,497,790	6,790,028
Emergency Shelter Grant (ESG) Federal Allocation **	888,683	893,258	893,258	896,331
Homeless Management Information System (HMIS) Federal Allocation **	133,000	-	133,000	133,000
Section 8 Project-Based Rental Assistance	42,222,427	41,350,000	44,496,108	45,720,000
Administration of Section 8 Project-Based Rental Assistance Contracts	2,457,173	2,508,761	2,540,344	2,637,725
Administration of Low Income Housing Tax Credit Program	943,799	966,250	1,143,416	842,500
Low Income Housing Tax Credit Program (per capita)	57,104,050	57,330,320	57,000,000	57,000,000
TOTAL SOURCES	\$ 122,284,490	\$ 121,630,886	\$ 124,900,061	\$ 269,086,467
USES (FUND COMMITMENTS): *				
Community Services Block Grant (CSBG) ARRA Federal Allocation	\$ -	\$ -	\$ -	\$ 8,161,366
Weatherization Assistance Program (DOE-WAP) ARRA Federal Allocation **	-	-	-	56,441,771
Emergency Shelter Grant (ESG) ARRA Federal Allocation **	-	-	-	8,360,995
Tax Credit Assistance Program (TCAP) ARRA Federal Allocation	-	-	-	17,121,110
Credit Exchange Program (CEP) "Section 1602" ARRA Federal Allocation	-	-	-	45,098,154
HOME CHDO, FIHB, ADDI, Homeowner Rehabilitation, and TBRA **	8,649,193	8,258,134	8,369,772	9,201,968
Community Services Block Grant (CSBG) **	5,120,512	5,307,536	5,307,536	5,679,633
Weatherization Assistance Program (DOE-WAP) **	2,264,099	2,518,837	2,518,837	5,001,886
Low-Income Energy Assistance Program (LIEAP) **	2,501,554	2,497,790	2,497,790	6,790,028
Emergency Shelter Grant (ESG) **	888,683	893,258	893,258	896,331
Homeless Management Information System (HMIS) **	133,000	-	133,000	133,000
Section 8 Project-Based Rental Assistance	42,222,427	41,350,000	44,496,108	45,720,000
Operating costs for Administration of the Section 8 Project-Based Rental Assistance Contracts	1,407,942	1,534,162	1,466,737	1,478,080
Operating costs for Administration of Low Income Housing Tax Credit Program	665,186	743,450	831,799	835,073
Program costs from Section 8 Project-Based Rental Assistance Admin.	1,049,231	974,599	1,073,607	1,159,645
Program costs from Low Income Housing Tax Credit Admin.	278,613	222,800	311,617	7,427
Low Income Housing Tax Credit Program (per capita)	57,104,050	57,330,320	57,000,000	57,000,000
TOTAL USES (FUND COMMITMENTS)	\$ 122,284,490	\$ 121,630,886	\$ 124,900,061	\$ 269,086,467
TOTAL FUNDS DISBURSED *	\$ 120,029,725	\$ 117,911,904	\$ 126,197,547	\$ 207,539,352
TOTAL FEDERAL PROGRAMS ADMINISTERED	\$ 122,284,490	\$ 121,630,886	\$ 124,900,061	\$ 269,086,467

HOME and ESG match are not shown above as a source and use for simplicity since no net cash outlay occurred or is expected to occur in FY 2007 through FY 2009.

* - Total Funds Disbursed may exceed Total Uses (Fund Commitments) due to timing differences between when funds were committed and when funds are disbursed.

** - Includes program administration.

APPENDIX

Financial Policies, Guidelines and Practices

KHRC relies on formal policies, State law and established financial principles to guide its financial planning and management. It also has policies established in accordance with generally accepted accounting principles (GAAP) and other best practices. These policies set forth the basic framework for the overall fiscal management of KHRC. The financial policies provide guidelines for evaluating both current activities and proposals and opportunities for future programs. Most policies and procedures represent long-standing principles and practices that guide KHRC to help maintain its financial stability. As KHRC grows and matures, it continues to review, update and establish its financial policies and procedures on an ongoing basis.

Administration

The Administration Department is responsible for the execution of all policies established by KHRC; the overall management and supervision of all programs; the administration of the overall financial plan; and providing information and advice to the Board of Directors and general public. The Department includes the Executive Director, Deputy Director, finance and accounting, legal, human resources, communications, and information technology.

The Administration Department's costs have been allocated to each program's financial plan using the following cost allocation methods: direct application (e.g., travel costs associated with a particular program), relative program activity (e.g., computation based on each program's relative revenue and expense activity), finance and accounting (e.g., number of accounting transactions processed), human resources (e.g., number of personnel), and information technology (e.g., number of telephone and computer connections). During the financial plan preparation process, administrative expense items are evaluated to determine the most appropriate cost allocation method, most notably for salaries and related payroll expenses. As expense items are paid or accrued during the year, they are reviewed from a facts and circumstances perspective, so the most appropriate cost allocation method is used.

Neither Kansas law nor State policies and procedures specifically prescribe the policies or procedures by which KHRC prepares its annual financial plan. However, as KHRC's annual fiscal year begins July 1st, and as KHRC desires to follow sound business practices, KHRC's Board of Directors adopts KHRC's financial plan *before* the commencement of each fiscal year. Financial plan amendments are prepared and submitted to the Board for adoption for material changes on an as needed basis during the fiscal year. The financial plan will itemize anticipated revenues and proposed expenses, detailed by program. As a policy, total financial plan program activity must be balanced so that anticipated total expenses do not exceed anticipated total revenues. Changes from expense category to expense category may be made administratively with the approval of the Executive Director. Revenues and expenses are tracked regularly to ensure adherence to the financial plan and to provide information for effective decision making. Monthly financial statements and reports are prepared and presented to the Board to review adherence to the financial plan and provide an awareness of KHRC's financial position.

State Housing Trust Fund 2010 Financial Plan: SHTF and State Funds Summary

The 2010 SHTF Funds and State Funds Summary provides a summary of State and SHTF program funds administered by KHRC:

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<u>PROGRAMS</u>	<u>2008 ACTUAL</u>	<u>* 2009 FINANCIAL PLAN</u>	<u>2009 PROJECTED</u>	<u>2010 FINANCIAL PLAN</u>
SOURCES:				
State Housing Trust Fund	\$ 2,250,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
State of Kansas State Finance Council Disaster Assistance: 2008 Allocation	5,000,000	-	-	-
State of Kansas State Housing Development Grant: 2008 Allocation	4,000,000	-	-	-
State of Kansas State Housing Development Grant: 2009 Allocation	-	4,000,000	4,000,000	-
State of Kansas State Housing Development Grant: 2010 Allocation	-	-	-	2,000,000
TOTAL SOURCES	\$ 11,250,000	\$ 5,000,000	\$ 5,000,000	\$ 3,000,000
USES (FUND COMMITMENTS):				
Kansas Accessibility Modifications Program (KAMP): 2008 Allocation	\$ 500,000	\$ -	\$ -	\$ -
Kansas Accessibility Modifications Program (KAMP): 2009 Allocation	-	500,000	500,000	-
Kansas Accessibility Modifications Program (KAMP): 2010 Allocation	-	-	-	500,000
Emergency Repair Program (ERP): 2008 Allocation	500,000	-	-	-
Emergency Repair Program (ERP): 2009 Allocation	-	500,000	500,000	-
Emergency Repair Program (ERP): 2010 Allocation	-	-	-	500,000
State of Kansas State Finance Council Disaster Assistance: 2008 Allocation	5,000,000	-	-	-
State Housing Trust Fund Disaster Assistance: 2008 Allocation	1,250,000	-	-	-
State of Kansas State Housing Development Grant: 2008 Allocation	4,000,000	-	-	-
State of Kansas State Housing Development Grant: 2009 Allocation	-	4,000,000	4,000,000	-
State of Kansas State Housing Development Grant: 2010 Allocation	-	-	-	2,000,000
TOTAL USES (FUND COMMITMENTS)	\$ 11,250,000	\$ 5,000,000	\$ 5,000,000	\$ 3,000,000
TOTAL FUNDS DISBURSED **	\$ 5,207,339	\$ 9,709,200	\$ 5,985,269	\$ 6,552,162

* -The 2009 Financial Plan amounts have been amended to more accurately be able to view cascade of timing differences across multiple fiscal years comparing year funds committed to year funds disbursed.

** - Total Funds Disbursed may exceed Total Uses (Fund Commitments) due to timing differences between when funds were committed and when funds are disbursed.

K.S.A. 74-8913 requires that on or before the last day of November each year KHRC provides an annual report of its activities for the preceding fiscal year to the governor and to the legislature. As required by Statute, the report contains an audit of the preceding fiscal year, prepared by a firm of nationally recognized certified public accountants. KHRC is financially accountable to the State, and the State exercises oversight responsibility on financial interdependency and accountability for fiscal matters and scope of public service. The audit of KHRC's financial statements is included in the State's financial reporting entity, and KHRC's transactions are reported in the State's Comprehensive Annual Financial Report as a component unit. KHRC's expenditures of federal awards are included in the State's OMB Circular A-133 audit.

Investment Policy

KHRC recognizes that effective cash management is an integral component of good financial management. KHRC has adopted a formal investment policy. The primary objectives of investment activities, in priority order, are safety, liquidity, and yield. KHRC's investment portfolio is designed and managed in accordance with this policy to ensure public trust and to be consistent with Federal and State of Kansas law. Investments are made at the highest rates obtainable at the time of the investment in accordance with the following criteria:

- **Safety** – Safety of principal is the foremost objective of the investment program. Each investment will be made in a manner which ensures the preservation of capital in the portfolio.
- **Liquidity** – KHRC maintains sufficient liquidity so as to meet all operating needs and expenses. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands.
- **Return on Investment** – The investment portfolio is designed to attain a market rate of return throughout financial plan and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio. Return on investment is of secondary importance compared to the safety and liquidity objectives.
- **Diversification** – Market risk is minimized by diversification of investment types. KHRC diversifies its investments (where prudent judgment dictates) so that reliance on any one issuer (financial institution) or investment type will not place an undue burden on KHRC.
- **Pooling of Funds** – Except for cash in Federal grant program and other restricted funds, KHRC will consolidate reserve balances from all funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping, and administration. Investment income is allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.
- **Collateralization** – Where allowed by State law, full collateralization is required on all demand deposit accounts, including checking accounts and non-negotiable certificates of deposit.

The investment policy also outlines safeguards, investment procedures, legal authority, and other procedures related to the prudent investment of funds.

Program Information

FEDERAL PROGRAMS (KHRC OPERATIONS):

Rental Housing Program (Tax Credit)

The Housing Tax Credit program (Tax Credit) is designed to secure private equity capital for the development of affordable rental housing through tax incentives rather than direct subsidies. Enacted in the Tax Reform Act of 1986, the Tax Credit is a ten-year federal tax credit against a taxpayer's ordinary income tax liability available to individuals (directly or through partnerships) and corporations, who acquire or develop and own the affordable rental housing properties. The Tax Credit historically provides as much as 55-60 percent of the total development cost, which reduces the amount of debt financing in affordable rental housing developments. This allows lower rents and greater flexibility. KHRC receives application, service, and compliance monitoring fees from developers and owners who participate in the Tax Credit program.

Under the American Recovery and Reinvestment Act (ARRA), KHRC will be allowed to "swap" or exchange all returned tax credits from previous years as well as up to 40 percent of its 2009 per capita authority for cash, to enable developments which have been unable to obtain equity, in the current market, to complete their affordable housing projects under the Credit Exchange Program (CEP) also known as the "Section 1602 Funding Program". The CEP will be funded by the U.S. Treasury and is estimated to be over \$45.1 million. KHRC will utilize the CEP swap option, along with the Tax Credit Assistance Program (TCAP) funds from HUD allocated through the ARRA, to enable developments to be completed. (See section on HOME Investment Partnerships Program.)

Section 8 Contract Administration and Housing Assistance Payments Program/HAP (Asset Management)

KHRC is the Section 8 Contract Administrator for project-based Section 8 properties in Kansas. KHRC receives fees to administer the program and incentive-based administrative fees based on the number of units under contract and KHRC's performance level compared to HUD's acceptable quality levels of administration. The Section 8 Housing Assistance Payments Program provides housing assistance payments to participating owners on behalf of eligible tenants to provide decent, safe, and sanitary housing for very low-income families at rents they can afford. KHRC receives fees from HUD to administer the program.

HOME Investment Partnerships Program (HOME)

Congress created the HOME program as part of the National Affordable Housing Act of 1990, and it is funded by HUD. The intent of the HOME Program is to provide decent, affordable housing to lower-income households, expand the capacity of non-profit housing providers, strengthen the ability of state and local governments to provide housing, and leverage private-sector participation. KHRC administers the federal and State (KHRC) match required funds to carry out program activities related to down payment assistance, homeowner and rental rehabilitation, multi-family rental housing finance, and tenant based rental assistance. KHRC receives reimbursement of eligible costs associated with administration of the program, and funds the required State match obligation associated with the program.

For FY 2010-2012, HOME will receive \$17.1 million in ARRA funding, titled the Tax Credit Assistance Program (TCAP). These funds will be used as gap funding for Tax Credit projects which, but for this funding, could otherwise not likely be developed in the current market.

Weatherization Assistance Program (DOE-WAP)

DOE-WAP is a long-term grant program funded by the U.S. Department of Energy (DOE). The purpose of the program is to make low-income households in income-eligible, single or multi-family dwellings, including manufactured homes, more energy efficient, thereby reducing the utility bills of these families. Funds may be used for leakage reduction, incidental repairs, health and safety measures, furnace and cooling system repair/replacement, insulation, and replacement of inefficient refrigerators. KHRC receives reimbursement of eligible costs associated with administration of the program.

In addition to doubling DOE funds for FY 2010, the DOE-WAP program also received \$56 million in ARRA funds for a three-year period. In view of the substantially increased funds as well as the existing subgrantee agencies' ability to ramp up operations to the extent necessary, for the short term, KHRC set aside \$16 million and established a multi-family program to be managed with KHRC staff, to focus on weatherizing Tax Credit properties, USDA Rural Development properties, and project-based Section 8 properties that had no direct HUD funds for energy-efficiency improvements. The balance of the \$56 million, or \$40 million, is expected to be used for single-family dwellings.

Low-Income Energy Assistance Program (LIEAP)

KHRC receives and administers up to 15 percent of a portion of the State of Kansas' LIEAP grant funded by Health and Human Services (HHS) for the same purposes as the DOE-WAP Program. KHRC receives reimbursement of eligible costs associated with administration of the program.

Due to a substantially increased 2010 allocation, in combination with the substantial increase in the DOE-WAP program, KHRC set aside \$4.0 million from the LIEAP allocation to fund the Residential Appliance Replacement (RAR) program. The funds were used to replace old, inefficient refrigerators, water heaters, furnaces, and cooling systems for eligible households. Although the funds were fully obligated in FY 2009, the program will continue into FY 2010 until all funds are expended.

Community Services Block Grant (CSBG), Emergency Shelter Grant (ESG), and Homeless Management and Information System (HMIS) Programs

CSBG is funded by Health and Human Services (HHS) and enables local agencies to provide a range of services and activities having a measurable and potentially major impact on causes and effects of poverty in the community. Services include the following areas: employment, education, making better use of available income, housing, emergency services, nutrition, and providing linkages to other community resources. KHRC receives reimbursement of eligible costs associated with administration of the program.

CSBG will receive \$8.3 million in ARRA funding for FY 2010-2012. Those funds will be used to increase community action activities across the state, with a goal of expanding the number of counties served.

ESG is funded by HUD and provides assistance to units of local government or nonprofit organizations to improve the quality of existing emergency homeless shelters, help meet the costs of operating emergency shelters, and provide certain essential social services to homeless individuals. KHRC receives partial reimbursement of eligible costs associated with administration of the program.

For FY 2010-2012, ESG will receive \$8.3 million in ARRA Homelessness Prevention and Rapid Re-Housing Program (HPRP) funding. These funds will be used to assist families prevent homelessness and to rapidly re-house those families who, with HPRP assistance, will be able to maintain their housing after the funding is expended.

HMS is funded by HUD and provides a database management system to gather unduplicated client level data on the extent of homelessness in Kansas to improve the effectiveness of homeless shelters and service delivery systems. KHRC receives partial reimbursement of eligible costs associated with administration of the program.

STATE HOUSING TRUST FUND PROGRAMS:

Kansas Accessibility Modification Program (KAMP) and Emergency Repair Program (ERP)

KAMP provides assistance to individuals with accessibility limitations by modifying their owned or rented housing so they can live more independently, and increases housing stock that is accessible to persons with disabilities.

ERP provides assistance to homeowners with emergency repair of existing owner-occupied properties when no other source of funding is available in the area, and there is need for an emergency home repair, such as an inoperable or faulty furnace, leaking roof, unsafe electrical wiring and plumbing, or hazardous structural conditions.

Governor's State of Kansas WARM Initiatives Programs

The Governor's State of Kansas WARM Initiatives Programs provided \$4 million in 2007: \$2.0 million for weatherization grants; and \$2.0 million for an energy-efficiency revolving loan fund (Kansas Energy Efficiency Program or KEEP). The weatherization grants were used for the same purposes as the DOE-WAP program and were fully expended in 2007. The revolving loan fund provides interest free loans to qualified homeowners to make improvements to their homes to increase energy efficiency (KEEP).

Because the Kansas Corporation Commission established an ARRA-funded program that duplicates KEEP, the \$1.0 million balance of KEEP revolving loan funds were transferred to the State of Kansas State General Fund and the KHRC-administered KEEP program effectively ceased at the end of 2009.

State Housing Trust Fund Disaster Assistance

In FY 2008, KHRC transferred \$1.25 million from KHRC Operations to the State Housing Trust Fund to provide additional disaster relief funding to assist families with rebuilding or repairing their homes.

State Finance Council Disaster Assistance

The State Finance Council provided \$5.0 million in disaster relief funds in 2008 to assist families with rebuilding or repairing their homes and to also assist developers of rental property with new construction or reconstruction of impacted areas.

Housing Development Grant Program

Senate Bill 417 provided \$4.0 million per year for 2008 through 2014 for housing development grants. However, for 2010, funding was amended to be \$2.0 million per year for two years. The program assists local communities with long-term development of both rental and individually-owned affordable housing. The program initially targeted communities that suffered recent disasters, but eligibility will expand in 2010 to include all cities.

Operating Revenue Descriptions

Fees for Services – KHRC Operations receives fees for services to administer the State's Housing Tax Credit Program (Tax Credit), and Section 8 Contract Administration and Housing Assistance Payments Program (Asset Management). KHRC receives application, service, and compliance monitoring fees from developers and owners who participate in the Tax Credit program, and fees and incentive-based administrative fees from HUD for administration of the Section 8 program.

Grant administration income – KHRC Operations receives reimbursement of eligible costs associated with administering various federal programs. As costs are reimbursed or costs are incurred, they are recognized as grant administration income for services provided to administer the programs.

Recognized match income – KHRC Operations incurs match requirements on its HOME and ESG programs in partnership with HUD, which must be satisfied by non-federal sources. Recognized match income represents match revenue (ESG) or unearned match revenue (HOME) recognized to the extent match expense is incurred.

Housing bond fees (MRB/MCC/SF) – The SHTF recognizes housing bond issuance fee income for various housing bond allocations at closing: Mortgage Revenue Bonds (MRB), Mortgage Credit Certificates (MCC), and Single Family Mortgage Revenue Bonds (SF).

PAB multifamily allocation fees – The SHTF recognizes Private Activity Bond (PAB) issuance fee income for PAB authority used for multi-family housing activities at closing.

Interest income – KHRC Operations and the SHTF recognize interest income on various program loans receivable.

Other income – KHRC Operations recognizes in-kind payroll support and reimbursement of select expenses from the Department of Corrections for the Offender Reentry Program positions.

Federal program revenues – Federal program revenues represent subsidy (pass-through) proceeds and other financial assistance received by KHRC and subsequently transferred to or spent on behalf of secondary (subgrantee) recipients. Revenues of the federal pass-through subsidy programs equal expenses of the pass-through subsidy programs resulting in a net effect, on KHRC Operations' financial plan of zero.

State program revenues – State program revenues represent subsidy (pass-through) proceeds and other financial assistance received by KHRC and transferred to or spent on behalf of secondary (subgrantee) receipts. Revenues of the state pass-through subsidy programs generally do not equal expenses of the pass through subsidy programs, since revenue is recognized when received and expenses are recognized when paid.

Operating Expense Descriptions

Salaries and wages – Includes all KHRC staff salaries and wages (includes regular pay, holiday pay, leave pay, etc.).

Employee benefits – Includes all KHRC employee benefits, including group health insurance and employer payroll taxes.

Communications – Includes local, long distance, and cellular telephone charges, plus State central mail and inter-building mail postage.

Advertising and printing – Includes printing and copying charges for the State printer and commercial printers, plus advertising costs for various program notifications and classified advertising for staff.

Rents – Includes rents for the KPERS office building and garage, equipment, software, and other miscellaneous rents.

Equipment and maintenance repairs – Includes computer equipment maintenance contracts and other repairs.

Travel – Includes travel costs for compliance monitoring and customer training, conference registration fees, and conference travel.

Fees - professional and other services – Includes fees for attorneys, auditors, inspections, rent comparability studies, software training, specialized training, and Section 8 voucher processing. Also includes dues, memberships, commercial insurance coverage, and other miscellaneous fees and services.

Office and data processing supplies – Includes stationery, office supplies, and data processing supplies.

Expensed furniture and equipment – Includes expensed office furniture, software, and equipment (items not meeting the fixed asset capitalization policy threshold of \$5,000 per item or bulk purchases deemed material).

Recognized match expense – KHRC Operations incurs match requirements on its HOME and ESG programs in partnership with HUD, which must be satisfied by non-federal sources. Recognized match expense represents the amount of match expense incurred on HOME and ESG program draws.

Program expenses – Includes Kansas Accessibility Modification Program (KAMP) grants, Emergency Repair Program (ERP) grants, and other miscellaneous grants funded by KHRC Operations or SHTF non-state pass-through resources.

Provision for loan losses – Represents an estimate of program loan receivable principal and interest when, in management's opinion, it is probable KHRC will be unable to collect all amounts due according to the contractual terms of the loan agreement.

Depreciation – Represents a systematic and rational allocation of cost over an asset's estimated useful life for those items meeting KHRC's fixed asset capitalization policy (i.e., any single item costing \$5,000 or more, or bulk purchases deemed material).

Non-operating Revenue Description

Non-operating revenues generally include activities that have the characteristics of non-exchange transactions such as investment income.



SUMMARY OF PROGRAM ACTIVITY UNDER
AMERICAN RECOVERY AND REINVESTMENT ACT

As of February 23, 2010

Kansas Housing Resources Corporation (KHRC) currently administers six programs that were either impacted or created by the American Recovery and Reinvestment Act of 2009 (ARRA). These programs include the following: State Energy Efficient Appliance Replacement Program, Kansas Weatherization Assistance Program, Housing Credit Exchange Program, Tax Credit Assistance Program, Homelessness Prevention and Rapid Re-Housing Program, and Community Services Block Grant Program. This report contains a summary of each program, the impact of ARRA, and the current status of program expenditures. We will begin with the launch of KHRC's newest initiative, the appliance replacement program.

STATE ENERGY EFFICIENT APPLIANCE REPLACEMENT PROGRAM (SEEARP)

ARRA provided \$296 million nationwide to implement Section 124 of the Energy Policy Act of 2005 establishing Department of Energy support for State rebate programs involving residential ENERGY STAR appliance products. States receive formula-based funding to establish or supplement established ENERGY STAR appliance rebate programs. The program is called the State Energy Efficient Appliance Rebate Program or SEEARP.

One of the first states to launch the program, Kansas has already received nearly \$2.7 million for SEEARP. The Kansas plan provides rebates to low-income consumers who purchase ENERGY STAR® refrigerators, clothes washers, freezers, dishwashers and window air conditioners. KHRC expects to issue approximately 4800 appliance rebate vouchers to consumers. Rebates for the high-efficiency appliances will range from \$200 to \$800. New appliances will qualify only if they have earned the ENERGY STAR® label. Old appliances to be recycled must be at least ten-years-old. Point-of-sale rebates will be made directly to

Senate Commerce Committee

Date: _____

Attachment # 4-1

participating retailers.

SEEARP is designed after the successful energy-efficiency initiative launched by KHRC earlier this year called the Residential Appliance Replacement (RAR) Program. This initiative (explained in more detail below) was funded by the Low Income Energy Assistance Program. RAR converted a \$4 million dollar investment into nearly \$19 million in lifetime energy savings for participating families. The SEEARP program has once again been a great success. The program has already received applications in excess of available funding. As of last Friday, February 19th, over 2,700 vouchers have been processed.

RESIDENTIAL APPLIANCE REPLACEMENT PROGRAM (RAR)

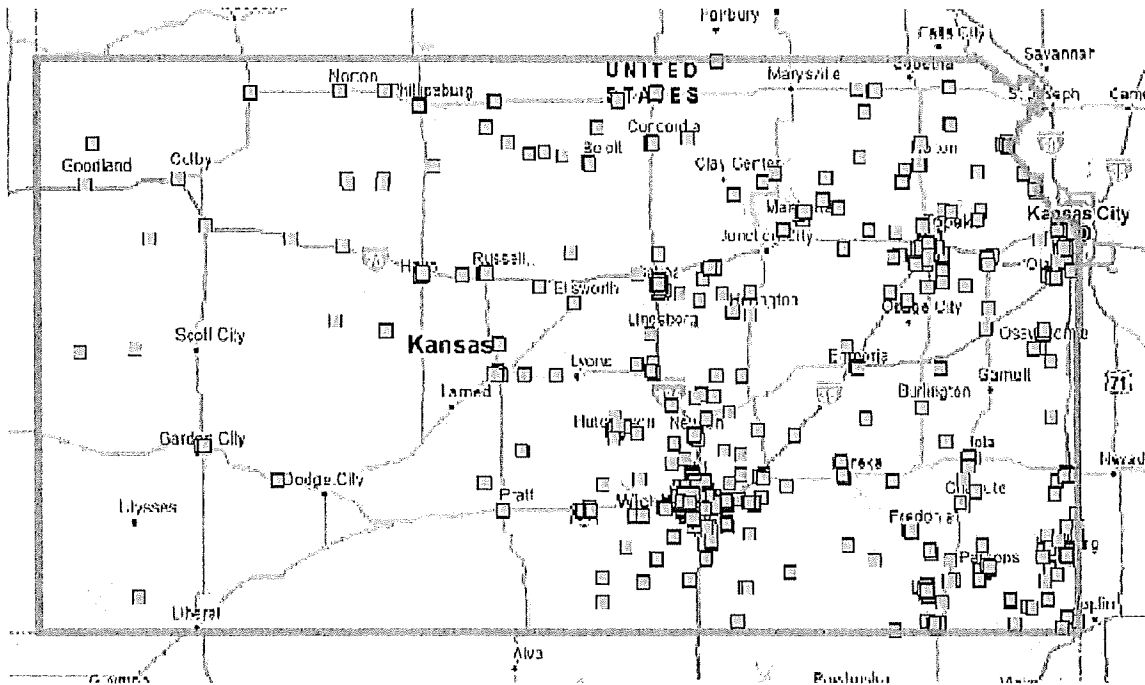
As mentioned previously, KHRC launched the Residential Appliance Replacement Program last summer. While not technically an ARRA program, the large increase in 2009 stimulus funds provided an opportunity to utilize \$4 million in funding from the Low Income Energy Assistance Program for the Appliance Replacement Program. This program allowed income-eligible homeowners and renters to replace old, energy-hungry and unsafe appliances with new, energy-efficient and environmentally-friendly models. Appliances eligible for replacement include refrigerators, water heaters, heating and cooling systems and window air units.

Demonstrating the exceptional popularity of this program, KHRC had to close the application process after only two weeks. In addition to the \$4 million expended in the program, additional applications totaling \$7 million remain unfunded. This program served 1,021 homes across the state and \$3,989,842.50 in program funds has been expended.

The following table and map demonstrates the distribution of homes served across the state.

Residential Appliance Replacement Program (Appliances Replaced)	
Furnaces	573
Window Air Conditioners	127
Central Air Units	533
Tankless Water Heaters	155
Refrigerators	712

Residential Appliance Replacement Program (Distribution Map)



RESIDENTIAL APPLIANCE REPLACEMENT PROGRAM II

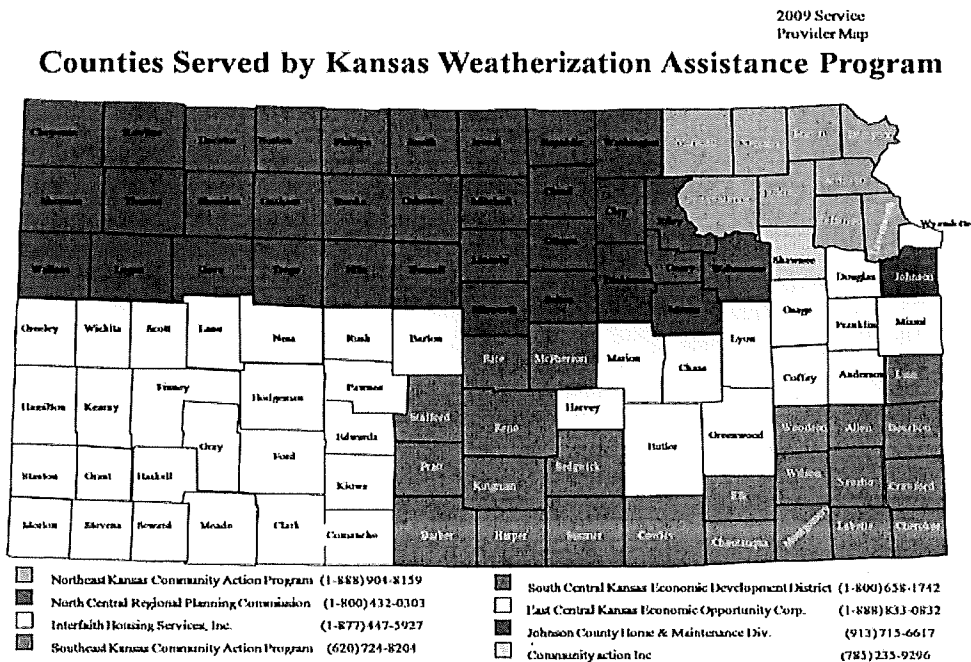
KHRC is pleased to announce that new funding has been secured to offer the Residential Appliance Replacement Program on an annual basis starting in 2010. The Kansas Department of Social and Rehabilitation Services, the agency which allocates funding from the Low Income Home Energy Assistance Program, agreed to increase the allocation to KHRC's energy efficiency program from 15 percent to 20 percent. With this additional funding, KHRC will direct one half of the funds to an annual RAR program with the balance used to leverage the weatherization program. Funding will fluctuate from year to year, however KHRC estimates \$3 million will be available for RAR 2 in 2010. KHRC is still evaluating how the new rebate program will be structured.

KANSAS WEATHERIZATION ASSISTANCE PROGRAM (KWAP)

K-WAP is a U.S. Department of Energy (DOE) funded program that KHRC initially began administering in 1974. The purpose of the program is to make low-income households in single or multi-family dwellings more energy efficient, thereby reducing the household's monthly heating and cooling bills.

Funds may be used for leakage reduction, incidental repairs, health and safety measures, furnace and cooling system repair/replacement, insulation, and replacement of inefficient refrigerators. DOE regulations limit the eligibility to those with incomes at or below 200% of the poverty level (\$20,800 annually for a single person or \$42,400 annually for a family of 4 in Kansas). The new regulations also include an increase in the per-home average cost of repair and improvements from \$2,500 to \$6,500.

The weatherization program is operated through a network of eight local service providers. Each agency provides weatherization for their region of the state. The following map identifies each service provider and the region in which they operate.



The following chart shows a five year history of funding for the Weatherization Program. Funding is based on a program year which begins each April 1 and ends the following March 31.

WEATHERIZATION FUNDING (5 YEAR HISTORY)			
Year	DOE	LIEAP	Total
2009	\$ 5,001,866	\$ 2,856,708	\$ 7,858,574
2008	\$ 2,518,837	\$ 2,497,970	\$ 5,016,807
2007	\$ 2,264,099	\$ 2,501,390	\$ 4,765,489
2006	\$ 2,706,214	\$ 4,415,873	\$ 7,122,087
2005	\$ 2,262,771	\$ 2,149,146	\$ 4,411,917
2004	\$ 2,390,904	\$ 2,548,024	\$ 4,938,928
Average	\$ 2,857,499	\$ 2,828,213	\$ 6,018,994

Impact of ARRA: In addition to doubling DOE funds for FY 2009, the K-WAP program also received \$56 million in ARRA funds for a three-year period. In view of the substantially increased funds as well as the existing sub grantee agencies' ability to ramp up operations to the extent necessary, for the short term, KHRC set aside \$16 million and established a multi-family program to be managed with KHRC staff, to focus on weatherizing multi-family homes, including: Tax Credit properties, USDA Rural Development properties, and project-based Section 8 properties that had no direct HUD funds for energy-efficiency improvements. The balance of the \$56 million, or \$40 million, is expected to be used for single-family dwellings.

Recent Activity: The network agencies have performed weatherization in homes through both the "traditional" DOE funding and the ARRA funding this past year and KHRC's multi-family program is now fully underway with over 1,300 homes complete and an additional 4,800+ in progress.

Overview	Traditional DOE / LIEAP	ARRA Weatherization	TOTAL
Homes Completed (2/23)	856	469	1,325
Homes in Progress (2/23)	82	4,747	4,829
Homes on Waiting List (2/23)	na	951	951
Funds Expended (2/10)	\$6,980,001	\$7,026,733	\$14,006,734

Status of ARRA Expenditures: As of February 10th, the state's network of weatherization providers have expended \$7,026,733 in ARRA funds and, as of February 23rd, completed 469

homes. ARRA funds have been utilized to increase provider capacity including vehicles, equipment, salaries, and perhaps most importantly training and technical assistance. In addition, KHRC has expended \$723,225 for similar capacity enhancement for both multi-family activities and compliance monitoring. In all, a total of over 4,800 homes are now in progress with a waiting list of over 900 pending.

Status of 2009 DOE and LIEAP Expenditures: Kansas received a total of \$7,858,574 in 2009 funding (an increase of nearly 60% over 2008) from both the Department of Energy and Federal Low Income Energy Assistance Program (LIEAP). As of February 23rd, WAP providers in Kansas have weatherized 856 homes and, as of February 10th, expended nearly \$7 million (including some cost for homes that have not yet been reported as completed).

Issues: Utilization of the ARRA funds has lagged somewhat initially. The lag was primarily due to new requirements that the program comply with Davis Bacon regulations. Prior to the ARRA funds, the DOE weatherization program was exempt from complying with these regulations. In order to implement the Davis Bacon regulations, the Departments of Energy and Labor had to work together to establish residential weatherization positions and prevailing wage rates. This process was not completed until November and weatherization agencies have begun utilizing the ARRA funds. Seven of our weatherization agencies have completed their ramp-up and are making good progress with this program. The last agency continues to struggle. KHRC is working closely with this agency to develop and implement a plan to accelerate their production.

HOUSING CREDIT EXCHANGE PROGRAM

Program Summary: Under ARRA, KHRC is allowed to exchange all returned Low Income Housing Tax Credits from previous years as well as up to 40 percent of its 2009 Tax Credit authority for cash, to enable developments which have been unable to obtain equity, in the current market, to complete their affordable housing projects under CEP. KHRC will receive \$45.1 million in CEP funds from the U.S. Treasury and Congress is currently considering renewing CEP for 2010.

Impact of ARRA: KHRC estimates CEP funds will help build an estimated 620 affordable housing units in Kansas. These units likely would not have been developed under the traditional Tax Credit program due to market conditions.

Status of ARRA Expenditures: KHRC is proud to be the very first housing finance agency in the nation to close a housing development deal using CEP funds. On July 30th, KHRC along with the Governor's office and the U.S. Treasury, celebrated Woodland Hills Estates grand opening in Osawatomie, followed by a press conference at the State Capitol. Both events received positive media attention promoting the Recovery Act and the results of the Housing Credit Exchange Program in Kansas.

To date, KHRC has committed virtually all of the CEP funds, and disbursed over 45% (approximately \$20 million) funding 19 housing developments. A list of development locations and units created follows:

- 24 senior units in Osawatomie
- 24 multi-family units in Clyde
- 46 units for the elderly in Atchison
- 48 family units in Haysville
- 30 new construction multi-family units in Iola
- 26 senior housing units in Kansas City, Kansas
- 49 multi-family units in Topeka
- 32 family units in Liberal
- 42 family units in Chanute
- 18 single family homes in Coffeyville
- 36 multi-family units in Park City
- 36 multi-family units in Holton
- 16 multi-family units in Topeka
- 20 multi-family units in Newton
- 46 multi-family units in Pittsburg
- 58 multi-family units in Emporia
- 30 multi-family units in Wichita
- 32 multi-family units in Coffeyville
- 24 multi-family units in Clay Center

TAX CREDIT ASSISTANCE PROGRAM (TCAP)

Program Summary: KHRC will receive \$17.1 million in ARRA funding for TCAP, a sister program to the HOME Program. These funds may only be used as gap funding for Tax Credit projects which, but for this funding, could otherwise not likely be developed in the current market.

Impact of ARRA: KHRC estimates TCAP funds will help build an estimated 165 affordable housing units in Kansas. These units likely would not have been developed under the traditional Tax Credit program due to market conditions.

Status of ARRA Expenditures: KHRC has now closed eight TCAP developments and to date has disbursed over \$4.8 million in funding. TCAP developments include:

- 2 single family homes and 2 duplexes in Bird City
- 32 Senior Units in Wamego
- 20 single family homes in Kansas City
- 20 family units in Topeka
- 28 family units in Independence
- 36 rehabbed units for families in Holton
- 24 rehabbed units for families in Wichita
- 24 rehabbed units for families in Clay Center

HOMELESSNESS PREVENTION AND RAPID REHOUSING (HPRP)

Program Summary: KHRC has administered the Emergency Shelter Grant Program (ESG) for many years, which is funded by the Department of Housing and Urban Development (HUD) and provides assistance to units of local government or nonprofit organizations to improve the quality of existing emergency homeless shelters, help meet the costs of operating emergency shelters, and provide certain essential social services to homeless individuals. For FY 2010-2012, ESG will receive \$8.3 million in ARRA funding for the Homelessness Prevention and Rapid Rehousing Program or HPRP. These funds will be used to assist families prevent homelessness and to rapidly re-house those families who, with HPRP assistance, will be able to maintain their housing after the funding is expended.

Impact of ARRA: HPRP will provide funding for homeless prevention and rapid re-housing for three years with 60 percent of the \$8.3 million being expended within the first two years. This will help ease Emergency Shelter Grant (ESG) funded agencies and service providers. Although the ESG program and HPRP both provide funding for homelessness prevention, HPRP will focus only on housing and services that either assist with obtaining housing or maintain housing.

Examples include utility payments and arrears, short and medium term rental assistance, moving costs, credit repair, housing search and case management. The targeted population is individuals or families that are either homeless or at or below 50% area median income, and in imminent danger of becoming homeless. HPRP will be used to divert individuals and families from entering into emergency shelters whenever possible. In October 2009, KHRC announced the following awards.

HOMELESSNESS PREVENTION AND RAPID REHOUSING 2009 AWARDS	
Organization	Funding Amount
City of Wamego	\$78,000
City of Hutchinson	\$191,000
City of Salina	\$163,000
City of Manhattan	\$495,000
City of Lawrence	\$648,000
Johnson County	\$843,000
Prairie View	\$1,660,000
Area Mental Health Center	\$1,660,500
Wyandotte Center Community Behavioral H.	\$2,160,000
MAAClink- HMIS Data Collection and Reporting	\$120,000
United Way of the Plains- 211 (Referral) Administration	\$133,471
	\$209,024
Total	\$8,360,995

Status of ARRA Expenditures: All \$8.3 million in HPRP has been committed. To date, 239 households have been served and \$203,749 has been distributed to subgrantees.

COMMUNITY SERVICES BLOCK GRANT PROGRAM (CSBG)

Program Summary: CSBG is funded by the Department of Health and Human Services (HHS) and enables local agencies to provide a range of services and activities having a measurable and potentially major impact on causes and effects of poverty in the community. Services include the following areas: employment, education, making better use of available income, housing, emergency services, nutrition, and providing linkages to other community resources.

KHRC will administer \$8.1 million in ARRA funding for FFY 2009-2010. Ninety-nine percent of the Kansas ARRA CSBG funds must be passed-through to community action agencies within the state. The agencies, with guidance from their boards of directors, will use the funds to support locally designed strategies consistent with the requirements of both ARRA and CSBG legislation.

Impact of ARRA – ARRA funds will help community action agencies fund a wide range of activities, such as the hiring of additional case management, planning, fiscal and information technology staff. ARRA funds will be used to enhance emergency shelters, support area food pantries and offer appliance replacement programs. Dental assistance to children from low-income families will be possible because of ARRA funds. In addition, stimulus money will provide housing and credit counseling services to low-income families, enlarge the collection of books and educational materials in libraries which serve low-income areas and provide job training for laid off workers.

Status of ARRA Expenditures: All \$8,161,336 has been allocated with \$4,184,325 disbursed.

2010 Housing Resources Guide



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Senate Commerce Committee

Date: _____

Attachment # 5-1



Housing Resources Guide

The Housing Resources Guide offers information to simplify the initial process of addressing housing needs. The programs included herein are presented in an overview format which will assist you with determining the basic applicability of each program as it relates to housing issues and potential solutions.

In 2003, Kansas Housing Resources Corporation (KHRC) was formed pursuant to K.S.A. 74-8904(v) per the Governor's Executive Reorganization Order (ERO) # 30. KHRC was created as a subsidiary corporation of the Kansas Development Finance Agency, establishing KHRC as a "one stop shop for housing in Kansas." KHRC now serves as the Housing Finance Agency for the State of Kansas. With this in mind, KHRC has four primary areas of emphasis: Homeownership, Rental Housing, Housing with Supportive Services, and Asset Management.

The goal of KHRC's activities in all of these areas is to enhance Kansas communities with housing opportunities. This goal is achieved through a variety of strategies and approaches, including increasing homeownership opportunities, leveraging the construction of more affordable rental housing, promoting energy efficiency improvements for owner-occupied and rental housing, providing affordable housing through rent assistance to low-income families and senior citizens, and creating housing opportunities for previously underserved persons and communities.

The ability to achieve our goals is dependent upon our partnerships with State agencies, local governments, public housing authorities, private developers, lenders, and non-profit organizations.

Funded by the Kansas Legislature in 2008 in response to the 2007 disasters in Southeast and South-Central Kansas, the Kansas Development Grant Program provides funds for infrastructure and for housing construction and rehabilitation.

THE PURPOSE of the Kansas Development Grant Program is to increase housing and related economic development in Kansas communities.

ELIGIBILITY CRITERIA limit the program prior to July 1, 2010, to an eligible city or county, defined as a city or county located within the boundaries of a major disaster area designed by either (1) the U.S. Federal Emergency Management Agency (FEMA) under major disaster declarations FEMA-1711-DR (2007 Southeast Kansas flooding) or FEMA-1699 (2007 Kiowa County tornado), or (2) by the Governor of Kansas upon the finding that the disaster resulted in the destruction of a significant amount of residential housing. After July 1, 2010, an eligible city is defined as any city incorporated in Kansas and an eligible county is defined as any county with a population of less than 60,000.

ELIGIBLE ACTIVITIES include (1) the construction or rehabilitation of infrastructure necessary to support construction of new residential dwellings; and (2) the actual construction of new residential dwellings by a county or city housing authority created pursuant to municipal housing law at K.S.A. 17-2334 *et al.* Applicant cities, counties, and housing authorities may partner or contract with outside entities or individuals, so long as the applicant abides by all program terms and conditions. No more than \$25,000 in grant funds may be used for the construction of a single-family residential dwelling by a housing authority, excluding infrastructure costs.

MATCHING FUNDS are required as follows: At least 10 percent of the total grant if the funds are used for construction or rehabilitation of infrastructure; or at least 50 percent of the total grant if the funds are used by a housing authority for construction of residential dwellings. Match may include:

- Actual contribution of funds
- In-kind labor and services, calculated at an hourly rate of \$10 for unskilled labor and \$25 for professional or trade services
- Assumption of debt or liabilities
- Contributions of funds or in-kind labor and services.

KHRC will also consider surplus match generated from one of an applicant's proposed housing development activities toward the applicant's other match requirements within the same program year. Match contributions made with or derived from State resources or funds, including low income housing tax credit equity or State administered HOME Investment

THE APPLICATION PROCESS is a competitive selection process based on need, the specific planned use of the funds, community support, and match. Applicants are evaluated and ranked based on the organizations' experience and capacity and the characteristics of the development.

PROGRAM STATUS: Recent action by the Kansas Legislature to rescind HDGP funding has resulted in suspension of the program.

The First Time Homebuyers Program provides downpayment assistance and is funded with the federal HOME Investment Partnerships Program. It provides funds to assist qualified buyers with the purchase of their first home. Income eligible homebuyers may apply for a loan in an amount up to 20 percent of the purchase price of a home. The assistance is to be used for down payments, closing costs, and legal fees associated with a purchase. Buyers are expected to make a minimum investment of \$500, or two percent of the sales price, whichever is greater. Private lenders will leverage the funds by providing first mortgage loans.

THE PURPOSE of the First Time Homebuyers Downpayment Assistance program is to increase the opportunity for Kansans to own their own home.

ELIGIBILITY CRITERIA require that the proposed homeowner must be a first time homebuyer and household income must be at or below 80 percent of the area median income.

A FIRST TIME HOMEBUYER, for this program, is defined as an individual or family who has not owned a home during the three-year period immediately prior to the purchase of a home. There are three exceptions: (1) any individual who is an adult, displaced homemaker who has not worked full-time in the labor force for a number of years, but has during such years worked primarily without remuneration to care for the home and family and is unemployed or underemployed and is experiencing difficulty obtaining or upgrading employment. (2) Any individual who is a divorced single parent, or an individual who is legally separated from a spouse and is pregnant, or has one or more minor children for whom the individual has custody or joint custody. To qualify as a first time homebuyer in this situation, an individual cannot have received ownership of the home in the divorce settlement. (3) Any individual who owns a mobile home that is not on a permanent foundation.

ELIGIBLE PROPERTY must be intended to be occupied as the qualified buyer's principal residence upon purchase, and must be outside the legal limits of Kansas City, Lawrence, Topeka, Wichita, or Johnson County. The property must meet state-prescribed Housing Quality Standards at the time of purchase, and be priced at \$150,000 or less. It cannot have been rental property in the last three months unless the renter (at application) is the first time homebuyer. Eligible property types include single-family detached properties, condominiums, two to four unit properties, manufactured homes on permanent foundations, cooperatives, or new speculative site-built (non-custom) construction.

FIRST MORTGAGE LOAN may be a fixed rate not to exceed Freddie Mac's Primary Mortgage Market Survey Rate plus one-half percent. The first mortgage must be provided by a participating lender.

THE APPLICATION PROCESS requires that the proposed buyer contact a participating lender, apply for a first mortgage loan with the participating lender, identify a qualified property, and direct the local lender to initiate the HOME application process.

FOR MORE INFORMATION or to request technical assistance, contact Christine Reimler, Manager, Homeownership, at (785) 296-4818 or creimler@kshousingcorp.org.

The Homeowner Rehabilitation Program, funded with the federal HOME Investment Partnerships Program, assists communities with repair and rehabilitation of owner-occupied housing in their areas. Priority is given to communities that target elderly homeowners, persons with disabilities, and families with school-age children. Kansas communities (cities and counties) outside HUD entitlement areas may apply for up to \$300,000 in funds. Local homeowners apply to the local communities for a loan.

THE PURPOSE of the Homeowner Rehabilitation Program is to enable local communities to improve the condition of existing owner-occupied housing in their communities and to assist income-eligible homeowners with these improvements.

ELIGIBLE APPLICANTS are local units of government (cities and counties), outside HUD entitlement areas, that demonstrate an organizational capacity to comply with all federal and state regulations and other technical requirements. Non-profit or for-profit consulting organizations are encouraged to be retained by smaller local governments that require staff assistance with grant administration, field construction management and code inspection services.

ELIGIBLE ACTIVITIES are those necessary to rehabilitate a housing unit so that building codes and Section 8 Housing Quality Standards are met. Some eligible hard costs include major structural repairs, repair or replacement of major housing systems, costs to meet rehabilitation standards and local codes, reduction of lead-based paint hazards, accessibility modifications, and necessary site improvements. Soft costs are eligible, such as architectural, engineering, or related professional services; credit and title costs; recording fees, building permits, and appraisals. Housing rehabilitated with Homeowner Rehabilitation funds must be owned and occupied by income-eligible occupants whose income does not exceed 80 percent of the area median income.

THE APPLICATION PROCESS is a competitive selection process based on need and a demonstrated organizational capacity to perform and maintain construction. Applicants are evaluated and ranked based on the organization's experience and capacity, knowledge of technical and regulatory requirements, and staffing. KHRC will approve applications that achieve an equitable geographic distribution of funds and are consistent with the overall plan of KHRC, within limitations of available funds. The federal government requires participating jurisdictions to provide 25 percent match. Applicants that contribute full matching funds are rated higher than those that do not. A pre-application conference with KHRC is required.

FOR MORE INFORMATION or to request technical assistance, contact Trish McAllister, HOME Program Director, at (785) 296-3649 or tmcallister@kshousingcorp.org.

The Emergency Repair Program, funded with KHRC funds, assists nonprofit service providers to facilitate emergency repairs for homeowners.

THE PURPOSE of the Emergency Repair Program is to assist homeowners with emergency repair of existing owner-occupied properties to enable residents to live in a safe environment. Examples of emergencies include, but are not limited to, an inoperable or faulty furnace, leaking roof, unsafe electrical wiring or plumbing, or hazardous structural conditions.

ELIGIBLE APPLICANTS are for-profit and non-profit organizations with a demonstrated history of providing construction repairs to low-income households. Low-income homeowners whose income does not exceed 60 percent of the county median income apply directly to the Service Providers for assistance.

SERVICE PROVIDERS are permitted an administrative fee of 10 percent of each completed application. The maximum one-time allowable amount per application for home repair is \$7,500. Weatherization agencies, Community Housing Development Organizations, and other approved non-profit organizations are encouraged to become Service Providers of this program.

THE APPLICATION PROCESS is a competitive selection process based on need and a demonstrated organizational capacity to perform or contract construction. Applicants are evaluated and ranked based on the organization's experience and capacity, with points added for its ability to leverage the funds with other funding sources.

FOR MORE INFORMATION or to request technical assistance, contact Todd Smith, KAMP/ERP Program Manager, at (785) 296-4814 or tsmith@kshousingcorp.org.

PROGRAM STATUS: Due to recent action by the Legislature to withdraw \$2 million in SHTF dollars means the program will likely be suspended.

The Low Income Housing Tax Credit (Housing Tax Credit) is a feature of the 1986 Tax Reform Act. The credit is designed to stimulate private investment into the development of affordable rental housing. It replaced virtually all of the real estate related deductions and credits that existed in the tax code prior to 1986.

THE PURPOSE of the Housing Tax Credit program is to secure private equity capital to develop and maintain affordable rental housing. This influx of equity reduces the cost of debt financing which, in turn, lowers the rents.

BASIC PROGRAM FEATURES include an annual tax credit allocation for ten years. The amount of the credit is based upon a percentage of the eligible basis for a qualified development. Acquisitions utilizing a minimum of \$4,000 per unit for rehabilitation are also qualified uses. Up to nine percent of the project basis per year can be allocated to rental housing projects, which have no other source of federal financing. Some types of federal financing may reduce the credits available to four percent.

THE PROGRAM REQUIRES that at least 40 percent of the units must be set aside for residents who earn 60 percent or less of the area median gross income, or that 20 percent of the units must be set aside for residents who earn 50 percent or less of the area median gross income. The gross rents may not exceed 30 percent of the area median income adjusted for family size. Developments must meet income and rent guidelines for 30 years. Sales may occur during this period under certain conditions.

ALLOCATION PROCEDURES REQUIRE that the owner incurs at least 10 percent of the eligible project cost and has ownership of the land by the end of the first year in order to receive an allocation of credits. When the development is placed in service, a final cost evaluation is conducted by KHRC, a restricted use covenant is recorded against the land, and an IRS FORM 8609 is given to the owner for each building for the purpose of claiming the tax credits.

COMPLIANCE REPORTS must be submitted on an annual basis to KHRC. These records are used to certify and verify resident income and other requirements.

PROGRAM BENEFITS are varied. Developers obtain funding to supplement a primary loan for the development. Investors receive a return on their investment in the development. Renters have access to affordable housing. Communities achieve added housing stock with an enhanced tax base to further their economic and community development efforts.

THE APPLICATION PROCESS is competitive and is administered by KHRC. In 2006, approximately \$5,532,068 of annual credits is available for allocation. There is an application fee of \$10 per unit, not to exceed \$500. Developments receiving Housing Tax Credits must pay a reservation fee of seven percent of the annual credit.

FOR MORE INFORMATION or to request technical assistance, contact Fred Bentley, Rental Housing Director, at (785) 296-3724 or fbentley@kshousingcorp.org.

Private Activity Tax-Exempt Bond financing is available through the State's Private Activity Bond (PAB) allocation. The federal government empowers the State to authorize the issuance of \$232 million per year in PABs.

THE PURPOSE of the PAB is to provide units of government the ability to issue tax-exempt bonds for a number of purposes including, but not limited to, the financing of residential rental developments.

ELIGIBILITY CRITERIA require that at least 95 percent of the net proceeds from the bonds must be used to finance a "qualified development." If 50 percent or more of a development's aggregate basis of buildings and land is financed with the bonds, a four percent annual Housing Tax Credit may be received on the qualified basis of the development. This tax credit is similar to the nine percent Housing Tax Credit described previously.

Regardless of whether or not Housing Tax Credits are used with the tax-exempt financing, at least 20 percent of the units must be set aside for residents who earn 50 percent or less of the area median gross income; or 40 percent of the units must be set aside for residents who earn 60 percent or less of the area median gross income.

The PAB can be utilized for the acquisition of an existing building if rehabilitation expenses equal or exceed 15 percent of the acquisition cost.

THE APPLICATION PROCESS requires that applicants provide KHRC with a bond inducement resolution and an application for the PAB allocation. Applications are processed by the Kansas Department of Commerce's Business Development Division and require action by the Secretary of the Kansas Department of Commerce. All rental housing finance applications are submitted to KHRC using the tax credit application form. The PAB allocation request and the tax credit application are reviewed simultaneously with the threshold requirements and the selection criteria of the Housing Tax Credit program.

The application fee ranges between \$250 and \$1,000 and must accompany the PAB application. A fee of \$10 per unit, up to a maximum of \$500, must accompany the application for the tax credits. Applications may be submitted at any time and will be acted upon at least every 60 days until the bond allocation authority is completely used.

THE PAB ALLOCATION is provided via a certificate of approval from the Secretary of the Kansas Department of Commerce. Housing Tax Credits accompanying the bonds are allocated through a determination letter issued by KHRC. An allocation fee of five percent of the annual Housing Tax Credit is charged. An issuance fee ranging from five to ten basis points, depending upon the size of the issuance, is collected at bond issuance.

FOR MORE INFORMATION or to request technical assistance, contact Fred Bentley, Rental Housing Director, at (785) 296-3724 or fbentley@kshousingcorp.org.

The HOME Rental Development (HOME Rental) program, funded through the federal HOME Investment Partnerships Program, assists communities and developers with increasing the supply of affordable rental housing. Housing developers may apply for a loan in an amount up to \$300,000.

To meet HOME Program requirements, at least 15 percent of the State's annual HOME Investment Partnership Program funding is set aside for Community Housing Development Organizations (CHDO) for HOME Rental Development. Non-profit organizations must meet HOME regulation criteria to be considered a CHDO.

THE PURPOSE of the program is to help communities, via housing developers, respond to housing issues and needs that the private sector has failed to address. CHDOs and other housing developers obtain funding to supplement a primary loan for the development and, in the process, strengthen the capacity of the organization. Communities achieve added housing stock with an enhanced tax base to further their economic and community development efforts. The HOME Rental Development Program is effective in addressing some of the most difficult rental housing development needs that communities have.

ELIGIBLE ACTIVITIES are acquisition and rehabilitation of existing rental housing, rehabilitation of existing rental housing owned by another entity, and new construction of rental housing. The loan allows the owner/developer to lessen the amount of debt required to finance a development, thus allowing rents to be lowered. Ninety percent of the units developed through HOME Rental must be occupied by residents who earn no more than 60 percent of the area median gross income. The rent on these units cannot exceed the lesser of the fair market rent or 30 percent of the imputed income limitations for a family making no more than 65 percent of area median gross income.

THE APPLICATION PROCESS is competitive. KHRC will approve applications that achieve an equitable geographic distribution of funds and that are consistent with the Kansas Consolidated Plan, within limitations of the funds that are available and the applications received. Applications for loans will be evaluated and ranked based on the organization's experience and capacity and the characteristics of the development. Applicants that provide HOME-eligible match will receive preference.

A COMMUNITY HOUSING DEVELOPMENT ORGANIZATION (CHDO) is a non-profit, community-based service organization that has staff with the capacity to develop affordable housing for the community it serves. The certification process is outlined in written form and is available upon request.

FOR MORE INFORMATION or to request technical assistance, contact Bradley Reiff, HOME Program Director, at (785) 296-3649 or breiff@kshousingcorp.org.

The Real Estate Management Section, housed within the Division of Rental Housing, provides regulatory oversight of the Low Income Housing Tax Credit (Housing Tax Credit), Private Activity Bond and HOME Rental Development Programs. In addition, staff oversees the servicing of contracts and covenants between private developers and the Kansas Housing Resources Corporation. This section also reviews events and measures developed to promote equal and fair housing opportunities undertaken by participating organizations of the Kansas Fair Housing Task Force.

THE PURPOSE of the Real Estate Management Section (REMS) is to assure quality housing is built and maintained for a determined period of time, and to promote and protect KHRC's interest in these developments. The Housing Tax Credit, Private Activity Bond and HOME Rental Development programs all have federal rules and regulations that govern their use. It is the responsibility of the REMS to oversee and report on compliance activities with regard to these three programs. Further, private developers who receive an allocation of housing tax credits or are selected for funding through the Private Activity Bond or HOME Rental Development programs sign contractual agreements or covenants in exchange for funding. These contracts carry certain commitments that fall in line with state housing needs identified and outlined in Qualified Allocation Plans. The REMS assures these commitments are honored. The Section also seeks to inform housing providers and consumers about fair housing rights and responsibilities, encourage State-funded housing providers to promote fair housing choice, and enlist decision-makers to advance the cause of fair housing.

PROGRAM ACTIVITIES include 1) the development of instructional manuals and training aides to promote educational opportunities; 2) onsite monitoring to check for owner due diligence, tenant eligibility, financial viability and the physical integrity of properties; 3) handling reporting requirements to the Internal Revenue Service, Department of Housing and Urban Development and Kansas Housing Resources Corporation; and 4) follow up activities including corrective actions, workout plans and recovery plans. The Section also conducts a series of training sessions each year that includes federal and state program compliance and fair housing training on code compliance, the Americans with Disabilities Act and tenant/landlord laws. Staff network and cross train with Asset Management, HOME and Rural Development staff concerning properties that have been refurbished using Housing Tax Credits.

ASSISTED HOUSING for which the Real Estate Management Section currently provides oversight includes 25,000+ units of rental housing. This number increases each year as new developments come on line. The housing is scattered across the state in both rural and metropolitan areas. It includes both single family homes and multi family apartment complexes and can be designed to serve the elderly, disabled, homeless or general family occupancy. The housing can be new construction or rehabilitation with or without an acquisition component and may use one or more federal funding sources. Most of the housing has a 30 year commitment period.

FOR MORE INFORMATION or to request technical assistance, contact Sheila Robles at (785) 296-1134 or srobles@kshousingcorp.org.

The Tenant Based Rental Assistance (TBRA) program, funded with the federal HOME Investment Partnerships Program, assists individuals and families with their rental expenses. Public Housing Authorities (PHAs) and nonprofit agencies may apply for grants in an amount up to \$300,000.

THE PURPOSE of Tenant Based Rental Assistance is to provide individuals and families with security deposits, utility deposits, and/or a portion of monthly rent payments.

THE TBRA PROGRAM provides the difference between 30 percent of the family's adjusted monthly income and the lesser of the established payment standard or federal Fair Market Rent (FMR). The FMRs are published annually by HUD.

PROGRAM BENEFITS include enabling individuals and families to afford their monthly rent payment, thus preventing homelessness, and aligning the resident contribution toward rent in proportion to income so eligible beneficiaries can afford other necessary, life-sustaining expenses.

PROGRAM GUIDELINES require that organizations allocated funds enter into an agreement with KHRC to ensure compliance with all requirements of the HOME program and that all state and local codes are met. Some of the guidelines that grantees must observe are to use the Section 8 definition of "family" as described by the HOME program, to meet Section 8 Housing Quality Standards and federal lead-based paint requirements, to pay rent to landlords rather than residents, to meet minimum resident payment procedures, to observe HUD's Fair Market Rent and Rent Reasonableness for the area, to limit subsidy contracts to two years, to annually re-certify each resident's income, and to protect persons currently on the PHA waiting list by ensuring no one will be harmed through the use of these HOME funds.

THE APPLICATION PROCESS is competitive. KHRC will strive to approve applications that achieve an equitable geographic distribution of funds and are consistent with the overall plan of KHRC within limitations of the funds that are available and the applications received. Applications will be evaluated and ranked based on area need, organizational capacity, and an approved administration plan.

FOR MORE INFORMATION or to request technical assistance, contact Carolyn Rebek, Tenant Based Rental Assistance Program Manager, at (785) 296-0090 or crebek@kshousingcorp.org.

The Emergency Shelter Grant (ESG) program was originally established by the Homeless Housing Act of 1986, in response to the growing issue of homelessness among men, women, and children in the United States.

THE PURPOSE of the Emergency Shelter Grant program is to create a continuum of assistance to prevent homelessness and to enable homeless individuals and families to move toward independent living.

ELIGIBLE ACTIVITIES include rehabilitation of emergency shelters, shelter operational costs, essential services, homeless prevention activities, and administrative costs.

ELIGIBLE APPLICANTS are cities and counties that fund emergency shelter activities within a specified area. Grantees are required to match ESG funding dollar for dollar.

ELIGIBLE PARTICIPANTS are families or individuals who lack a fixed, regular and adequate nighttime residence, or whose primary nighttime residence is a shelter designed to provide temporary living accommodations; persons living in a temporary residence for individuals intended to be institutionalized; or persons living in a place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.

ELIGIBLE SERVICES include assistance with, or provision of, emergency shelter, transitional housing, or permanent housing; essential services such as assistance with employment, health services, drug/substance abuse counseling, education, permanent housing referral, transportation for clients, etc.; and prevention activities such as payment of rent, utilities, mortgage, security deposits, or assistance with landlord disputes.

THE APPLICATION PROCESS is competitive. KHRC will accept applications each year when annual allocations are announced by the federal funding source.

FOR MORE INFORMATION or to request technical assistance, contact James Chiselom, Emergency Shelter Grant Program Manager, at (785) 296-7236 or jchiselom@kshousingcorp.org.

The Kansas Accessibility Modifications Program (KAMP), funded with KHRC funds, assists non-profit service providers to remove barriers to housing accessibility. Funds will be made available by KHRC through the Service Providers to modify owner and tenant occupied residences.

THE PURPOSE of KAMP is to provide accessibility modifications to residences to allow individuals to better use their homes and to gather information, for future planning, regarding the need in Kansas for such modifications.

ELIGIBLE ACTIVITIES are costs necessary to make accessibility modifications based on individual need, up to \$7,500 for owner-occupied residences and \$4,000 for tenant-occupied residences. These accessibility modifications may include, but are not limited to, installation of a ramp, widening doorways, grab bar installation, bathroom modifications, kitchen modifications, and/or placement of light switches. Modifications to rental units will require the owner's prior written approval. Service Providers are permitted an administrative fee of 10 percent of each completed accessibility modification application.

ELIGIBLE PARTICIPANTS are individuals with disabilities who request funds to assist with modifications of their primary residence. Total household income must not exceed 80 percent of the area median income for the county of residence, as established by HUD. In some cases, where verifiable medical expenses may justifiably be deducted from household income, consideration will be given to individuals with total household income of up to 115 percent of the area median income for the county.

ELIGIBLE APPLICANTS are non-profit organizations with a demonstrated history of providing services to persons with disabilities, including accessibility modifications.

THE APPLICATION PROCESS is a competitive selection process based on need and a demonstrated organizational capacity to perform or contract accessibility modifications. Applicants are evaluated and ranked based on the organization's experience and capacity.

FOR MORE INFORMATION or to request technical assistance, contact Todd Smith, KAMP/ERP Program Manager, at (785) 296-4814 or tsmith@kshousingcorp.org.

PROGRAM STATUS: Due to recent action by the Legislature to withdraw \$2 million in SHTF dollars means the program will likely be suspended.

The Community Services Block Grant (CSBG) program funds Community Action Agencies throughout Kansas. Community Action Agencies are organizations designed to develop and implement community-wide solutions to the causes and conditions of poverty in their communities.

THE PURPOSE of the Community Services Block Grant program is to enable local agencies to provide a range of services and activities having a measurable and potentially major impact on causes of poverty in the community.

ELIGIBLE ACTIVITIES include services in the areas of employment, education, making better use of available income, income counseling, housing, emergency services, transportation assistance, nutrition, and providing linkages to other community resources. Agencies may use CSBG funds to provide direct services as well as to pay administrative costs.

ELIGIBLE APPLICANTS are Community Action Agencies and migrant and seasonal farm worker organizations, as defined in the federal Community Services Block Grant Act. These organizations must have a governing board structure that meets the requirements of the CSBG Act. Community Action Agency boards must have at least one-third of their seats reserved for elected representatives of the low-income population, one-third reserved for public officials or their designees, and the remainder for representatives of community organizations or businesses with an interest in poverty issues.

ELIGIBLE PARTICIPANTS are households at or below 125 percent of the federal poverty level who live in areas served by community action agencies.

FOR MORE INFORMATION or to request technical assistance, contact Jennifer Sexson, Community Services Block Grant Program Manager, at (785) 296-0089 or jsexson@kshousingcorp.org.

The Weatherization Assistance Program is financed by a federal allocation from the U.S. Department of Energy and by 15 percent of the State's Low-Income Energy Assistance Program Block Grant.

THE PURPOSE of the program is to provide housing improvements that increase energy efficiency in eligible single- or multi-family dwellings, including manufactured homes.

ELIGIBLE COSTS AND ACTIVITIES include materials, labor, program operations support, liability insurance, automated energy audits, training and technical assistance, and reimbursement for program administration. Services include an automated energy audit by a State-certified inspector; furnace inspection and necessary repair on owner occupied units, or replacement of unsafe units, upper plane and building envelope air leakage; ceiling, sidewall, floor, and perimeter insulation; reduction of air infiltration; incidental repairs for the protection or enhancement of the installed weatherization materials; and a post-weatherization inspection to assure the work has been completed in a correct and professional manner.

ELIGIBLE APPLICANTS are public or private nonprofit organizations that provide services. Due to the high technical investment and expertise required to operate these grants, the grants to weatherization providers are generally continued from year to year.

ELIGIBLE PARTICIPANTS are residents of households with income at or below the greater of 150 percent of the federal poverty guidelines or 60 percent of the state median income. Landlords may be required to contribute to the cost of labor and materials used to weatherize rental units. In addition, households which contain a member who has received cash assistance payments under Title IV or XVI of the Social Security Act or applicable state or local law during the 12-month period preceding the determination of eligibility for weatherization assistance shall be eligible for weatherization assistance.

APPLICATION FORMS are provided annually by KHRC when allocations are announced by the federal funding sources.

FOR MORE INFORMATION or to request technical assistance, contact Larry Bentley, Weatherization Assistance Program Manager, at (785) 296-4990 or lbentley@kshousingcorp.org.

KANSAS ENERGY EFFICIENCY PROGRAM

The Kansas Energy Efficiency Program provides interest free loans to qualified Kansas homeowners to make improvements to their homes to increase energy efficiency. The interest free rate on KHRC funds translates into a lower blended rate than obtained through a normal second mortgage loan.

THE PURPOSE of the Kansas Energy Efficiency Program (KEEP) is to allow homeowners to obtain low interest loans to purchase energy efficient heating systems and to make other energy conservation home improvements.

KHRC Funds half of the loan amounts, up to a maximum of \$10,000. Total loan amounts could be higher as determined by Sunflower Bank. The zero interest rate on KHRC funds translates into a lower blended rate than obtained through a normal second mortgage loan.

ELIGIBILITY CRITERIA requires borrowers to be Kansas homeowners.

ELIGIBLE IMPROVEMENTS allowed under KEEP include: installing specified ENERGY STAR furnaces, central air conditioners, heat pumps, water heaters, ventilation systems, installing wall & floor insulation, new doors and windows and weather-stripping, air sealing, duct work and the purchase of certain ENERGY STAR appliances such as refrigerators, washers, dryers, dish washers and programmable thermostats.

THE APPLICATION PROCESS requires interested applicants to apply directly to Sunflower Bank. Please call your local Sunflower Bank or their customer service line at 1-888-827-5564. Visit their website at www.sunflowerbank.com. Sunflower Bank underwrites, monitors the construction phase, and services the loans.

FOR MORE INFORMATION or to request technical assistance, contact Christine Reimler, Manager, Homeownership, at (785) 296-4818 or creimler@kshousingcorp.org

The Asset Management Division exists to ensure the affordability, safety, and durability of housing units assisted by HUD's Section 8 project-based Housing Assistance Payments program. The staff provides technical assistance and monitoring services to ensure that property owners and management companies comply with federal housing regulations.

THE PURPOSE of the Asset Management Division is to assist in maintaining the financial and physical integrity of the HUD-assisted housing properties throughout their useful life.

PROGRAM ACTIVITIES include monitoring properties that provide HUD's Section 8 assistance to qualified residents. Technical assistance includes, but is not limited to, assurance of non-discrimination, quality control, and safety of the occupants.

ASSISTED HOUSING for which the Asset Management division currently provides oversight and technical assistance includes over 11,000 rental units in the State of Kansas. The Asset Management staff monitors affordable living accommodations for households that qualify under Section 8 guidelines. In some cases, property owners may provide dwelling units to serve one particular group of individuals, such as the elderly or persons with disabilities, or mentally challenged individuals.

FOR MORE INFORMATION or to request technical assistance, contact Barbara Porter, Acting Asset Management Director, at (785) 296-1932 or bporter@kshousingcorp.org.

The Kansas Reentry Program is a partnership between Kansas Department of Corrections and Kansas Housing Resources Corporation which works with public and private sector organizations to help ex-offenders become law-abiding citizens, gain long-term employment and maintain safe and affordable housing. Providing housing opportunities to people with criminal histories helps stabilize their living situation and contributes to public safety. Without the basic necessities of life, individuals are more likely to engage in drug use and commit other criminal acts that will send them back to the criminal justice system.

THE PURPOSE:

The Kansas Reentry Team works with offenders, parole supervisors and property managers in advance of the inmate's release to develop a comprehensive reintegration strategy and identify appropriate housing options available.

REENTRY SPECIALISTS work to 1) Determine the offender's basic needs, such as food, shelter and clothing, 2) Identify education, employment, mental health, substance abuse and legal issues, 3) Help the inmate find safe and affordable housing, 4) Educate a returning offender about their rights and responsibilities as tenants, 5) Teach parole supervisors how to work effectively with property managers, 6) Supervise tenants through case management meetings.

REFERRALS:

The Reentry Team will assist landlords with referrals to ensure safe placements. Landlords will be given information about tenants such as rehabilitation, education, training and areas of risk.

HOME VISITS:

Parole Officers will do random home visits to ensure the tenant is following lease agreements and is a successful tenant.

CRIMINAL HISTORY REPORTS:

Criminal information is available at no cost on KDOC's website: www.dc.state.ks.us/kasper2/default.asp. Contact the KBI for a full official criminal history report.

FOR MORE INFORMATION, contact Carrie Harris at (785) 296-3528 or charris@kshousingcorp.org or Valori Sanders at (785) 296-296-5467 or vsanders@kshousingcorp.org.

HOMELESSNESS PREVENTION AND RAPID-REHOUSING PROGRAM

When eviction cannot be prevented, it's important to ensure that lower income families have the assistance they need to transition successfully to a new living arrangement. To assist families who face experiencing homelessness, Congress, through the American Recovery and Reinvestment Act of 2009, created a \$1.5 billion Homeless Prevention and Rapid Rehousing Program. Kansas received \$8.3 million in HPRP funds. The complete HPRP can be viewed at <http://www.hudhre.info/hprp>

ACTIVITIES: HPRP funds, which are allocated under the Emergency Shelter Grant program formula, must be used to provide short-term or medium-term rental assistance; housing relocation and stabilization services including housing search, mediation or outreach to property owners, credit repair, security or utility deposits, utility payments, rental assistance for a final month at a location, moving cost assistance, and case management; or other appropriate activities for homelessness prevention and rapid re-housing of persons who have become homeless. These funds cannot be used for mortgage assistance.

ELIGIBILITY: Individuals who are homeless or at-risk of becoming homeless are advised to contact their local HPRP service provider directly to determine eligibility for services and schedule an initial consultation with a case manager.

FOR MORE INFORMATION: Please call the United Way Referral Line at 211 or 888-413-4327. You may also contact James Chiselom, Emergency Shelter Grant Program Manager at (785) 296-7236, jchiselom@kshousingcorp.org.

KANSAS MANUFACTURED HOUSING PROGRAM

The Kansas Manufactured Housing Act, located at K.S.A. 58-4216 et seq., gave the Kansas Housing Resources Corporation (KHRC) authority to adopt installation standards for manufactured housing in Kansas, as well as, administer a dispute resolution program for the installation of manufactured homes in the State.

Certified by HUD the Kansas Manufactured Housing Program was established to protect the health and safety of the owners of manufactured (mobile) homes. This protection is enforced by federal manufactured home construction and safety standards and provides for administration of dispute resolution.

FOR MORE INFORMATION: Please contact Todd Smith, Program Manager at (785) 296-4814, tsmith@kshousingcorp.org

STATE ENERGY EFFICIENT APPLIANCE REPLACEMENT PROGRAM

The State Energy Efficient Appliance Replacement Program (SEEARP) is a new program that rewards low-income households for replacing old, electricity-guzzling household appliances with new energy efficient models. SEEARP provides rebates to consumers who purchase ENERGY STAR® refrigerators, clothes washers, freezers, dishwashers and window air conditioners. Funded by the American Recovery and Reinvestment Act (ARRA) of 2009, SEEARP will provide \$2.6 million for the replacement of an estimated 4800 appliances.

HOW THE PROGRAM WORKS: Rebates for the high-efficiency appliances will range from \$200 to \$800. New appliances will qualify only if they have earned the ENERGY STAR® label. Old appliances to be recycled must be at least ten-years-old. For each appliance replaced, an appliance must be surrendered for recycle. Point-of-sale rebates will be made directly to participating retailers.

ELIGIBILITY: Program eligibility will be determined by a first-come, first-served basis. KHRC will mail rebate vouchers to qualifying consumers, who may take the vouchers to participating retailers. Retailers honor the voucher as cash for the new appliance. After the retailer has delivered the new appliance and properly disposed of the old unit, they may then submit the rebate for reimbursement. KHRC will review all submitted documents to ensure program requirements have been met. Once approved, KHRC will make payment directly to the retailer.

NOTE TO RETAILERS: SEEARP rebate vouchers may cover appliance and delivery costs. However, SEEARP does not provide payment for installation charges.

FOR MORE INFORMATION: Please contact our recorded information line: 785-296-8440, or email SEEARP@kshousingcorp.org.

DISABLED ACCESS CREDIT

The Kansas Department of Revenue administers the Disabled Access Credit. Kansas residents with disabilities may claim state income tax credits up to \$9,000 for housing accessibility modifications. The housing must be used as the principal residence of a person with disabilities, including the taxpayer, a parent, and/or child thereof. For more information, contact the Income Tax Section, Kansas Department of Revenue, at (785) 368-8222.

FEDERAL HOME LOAN BANK OF TOPEKA

The Federal Home Loan Bank (FHLB) of Topeka offers grants for rental and owner-occupied affordable housing, economical sources of credit for community-based banks and lenders for financing housing and community development projects, downpayment assistance grants for first time homebuyers in rural areas, funding for rural home ownership counseling and technical assistance for rural communities interested in addressing housing needs. For more information, contact the Bank's Community Investment Department at (785) 438-6035.

HOUSING OR NEIGHBORHOOD DEVELOPMENT

HUD's Community Development Division administers the U.S. Small Cities Community Development Block Grant Program (CDBG). Housing grants are awarded for rehabilitation of owner- and renter-occupied residences within target areas. Under Neighborhood Development, public infrastructure may be addressed along with housing rehabilitation. For more information, contact Carole Jordan, with the Kansas Community Development Block Grant Program, Kansas Department of Commerce, at (785) 296-3084 or cjordan@kansascommerce.com.

NEIGHBORHOOD REVITALIZATION

The Kansas Neighborhood Revitalization Act enables cities to designate neighborhood revitalization areas, and therein, to provide tax rebates to property owners. The rebates equal the amount of incremental increase in property taxes resulting from improvements made to a property. A neighborhood revitalization area is defined by: (1) buildings which, by reason of age, history, architecture or significance should be preserved or restored; (2) deteriorating structures, inadequate streets, or incompatible land uses which impair growth of the city; and (3) dilapidated structures outside the area. A non-profit organization may rehabilitate abandoned properties in the area. For more information, contact Carole Jordan, Community Development Block Grant Program at the Kansas Department of Commerce, (785) 296-3084 or cjordan@kansascommerce.com.

RURAL DEVELOPMENT

The Rural Housing Service (RHS) of USDA Rural Development operates programs to support affordable housing in rural areas. The RHS assists very low to moderate income rural residents to build, purchase, or remodel their homes. The RHS constructs family residences and also provides group housing for persons with disabilities. For more information, contact Tim Rogers, Rural Housing Programs Director, at (785) 271-2718.

RURAL HOUSING INCENTIVE DISTRICT

The Kansas Rural Housing Incentive District Act encourages housing development in rural cities and counties, where housing shortages exist, by authorizing tax increment financing for public improvements. Before utilizing this incentive, however, the governing body of the city or county must conduct a housing needs analysis. KHRC must certify that the findings of the housing needs analysis justify the use of this incentive. For more information, contact Fred Bentley, Rental Housing Director, at (785) 296-3724 or fbentley@kshousingcorp.org.

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TESTIMONY BEFORE THE SENATE COMMERCE COMMITTEE

Presented by Steve Weatherford, President
Kansas Development Finance Authority
Kansas Housing Resources Corporation

February 25, 2010

Analysis of Why KHRC Didn't Offer a Down Payment Assistance Program on the Federal Homebuyer Tax Credit

With the creation of a first time homebuyer tax credit of up to \$8,000 in the American Recovery and Reinvestment Act, a number of state housing finance agencies (HFAs) created programs that provided short-term loans to homebuyers as an advance against their tax credit. These loans served as down payment assistance for those homebuyers and enabled them to use the tax credit, indirectly, to assist in the purchase of their first home. The funds were to be repaid to the HFAs after the homeowners received their Federal income tax refund.

Unfortunately KHRC faced two major obstacles in creating a similar program in Kansas: (1) a legal prohibition in the enabling act which governs KHRC; and (2) a lack of dedicated funding streams for even a short-term loan program. KHRC is prohibited by statute at KSA 74-8904(i) from making loans directly to individuals to finance "housing developments", a term which is broadly defined in KSA 74-8902(m) to include dwelling accommodations for elderly persons and families of low income in need of housing. While there are limited exceptions to the prohibition in the statute, they were not applicable in this case. The end result was that KHRC did not have legal authority to loan funds to individuals (even short term for a Federal tax credit).

The second obstacle KHRC faced was a lack of dedicated funding streams for any kind of meaningful loan program. Most HFAs financed their programs with accumulated revenues earned from their administration of single-family mortgage revenue bond (MRB) programs. KHRC does not have statutory authority to administer a single family MRB program. As a result, KHRC has not enjoyed the opportunity to accumulate a sizable base of reserves like many other states.

Kansas is the only state in the nation that does not have a state housing finance authority with a MRB program. As a result, Kansas lacks the resources to support new and innovative programs like the first time homebuyer tax credit down payment assistance. Moreover, unlike other states, there are no other designated funding sources for the State Housing Trust Fund, which severely limits KHRC's ability to meet the current needs of the housing market.

Senate Commerce Committee

Date: February 25, 2010

Attachment # 6-1



Sedgwick County Housing Department

Dorsha Kirksey – Director

4019 E. Harry Street Wichita, Kansas 67218 T 316-660-7270 F 316-660-1149

Madam Chair Brownlee and members of the Senate Commerce Committee; my name is Dorsha Kirksey and I am the Sedgwick County Housing Director. I want to update you on the Kansas Local Government Statewide Housing Program (KLGSH), which is operated statewide.

Program History

Sedgwick and Shawnee Counties co-issue this Program funded with single family mortgage revenue bonds. This program provides eligible low and moderate income Kansas families, who wish to buy their first home anywhere in the state, with down payment assistance and below market rate loans. Sedgwick and Shawnee Counties have jointly issued mortgage revenue bonds for nearly 20 years.

In 2007, Kansas families living in 73 of the 105 counties in Kansas used this program to buy their first home using over \$288,000,000 in safe, fixed rate, low interest 30-year mortgages. No sub-prime loans have ever been made under this Program in its 20-year history. The average home loan was \$88,800. Currently 61 lenders in 101 counties participate in the Program. Most new lenders join because one of their clients wants to buy a house and tells them about the Program. Actual lender documents are on our web page.

The KLGSH provides below market, 30 year fixed rate mortgage loan financing for homebuyers statewide. In the past, qualified homebuyers were eligible to receive up front cash of 4% of the loan amount which could be used for down payment, closing costs and other prepaid items. The Program's 4% cash assistance was a grant and did not have to be repaid. The mortgage loans and 4% cash assistance were funded from tax-exempt revenue bonds issued by Sedgwick and Shawnee Counties. The State of Kansas is not obligated in any manner for the payment of the bonds. KLGSH was the first local government sponsored housing program in the nation to provide 4% cash assistance in the form of a grant to first-time homebuyers.

In order to qualify borrowers must be 'first time' homebuyers – meaning:

- They have not had ownership interest in a primary residence in the last three years;
- Must occupy the home within 60 days of loan closing;
- At the time of closing, are not permitted to have an ownership interest in another residential property.

The first time requirement is waived if the house being purchased is in a Target Area. These areas are designated by the US Department of Housing and Urban Development and represent

Sedgwick County...working for you

Senate Commerce Committee

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areas with a large concentration of lower-income families or areas in need of economic development or revitalization. Target areas may be found in parts of Douglas County (Lawrence), Geary County, Montgomery County, Reno County (Hutchinson), Riley County (Fort Riley and Manhattan), Saline County, Sedgwick County (Wichita), Shawnee County (Topeka), and Wyandotte County (Kansas City). All Target Maps are on our website at www.sedgwickcounty.org/housing/klgshp_maps.html.

Since 1990, over \$1.3 billion of mortgage revenue bonds have been issued. In the past five (5) years, the Program has helped 7,164 families purchase homes. In addition to the social and economic benefits of encouraging homeownership in communities, the Program pays a private activity bond allocation fee to the Kansas Department of Commerce based on every mortgage originated. Since 2001 KLGSH has sent over \$4.4 million in allocation fees to the state, including over \$1.5 million in 2007.

2008 & 2009

In 2007 alone, the Program helped 3,242 Kansas families realize their dream of homeownership by issuing \$295,000,000 in bonds. However, since early 2008, Sedgwick and Shawnee Counties have not issued first-time homebuyer housing bonds. This dramatic change was originally due to the financial crisis which took most all of our bond investors out of the market. Beginning in 2009, many of these bond investors have returned to the market. However, we now have a different problem which affects the tax-exempt housing bond market.

Historically, tax-exempt bonds have traded at yields below that of taxable mortgage securities. The rates on taxable mortgage securities establish market mortgage rates. The fact that tax-exempt bond rates were lower meant that Sedgwick and Shawnee County could produce Program mortgage rates that were lower than market mortgage rates.

Starting in 2008, the Treasury Department began to purchase taxable mortgage securities in the open market. This action caused market mortgage rates to fall to levels lower than what the market would typically produce; preventing Sedgwick and Shawnee County from being able to generate attractive mortgage rates through our housing bond program. However, lower market mortgage rates combined with federal homeownership assistance programs have stimulated local housing sales and kept the Kansas housing market from experiencing the drastic trends seen in other states, despite the absence of our Program.

Future Plans

In December 2009, \$120,000,000 of mortgage revenue bonds were sold to the Treasury Department as part of their New Issue Bond Program for state and local housing finance agencies. We are currently awaiting approval from the Treasury Department on a bond structure that will allow the Program to begin origination of the \$120,000,000 of bonds sold to the Treasury Department in December. We hope to begin originating loans to first-time homebuyers by March of this year. I would be happy to answer any questions at this time.