



# Kansas Housing Cooperative Loan Program

## *Homeowner Guidebook*



*January 2025*

212 S. KANSAS AVE, NORTON, KS 67654 785-874-5150

---

---

---



## ***Kansas Housing Cooperative Preliminary Grant Application***

### ***SINGLE-FAMILY HOME PROJECT INFORMATION***

Developer: Homeowner/Occupant

Homeowner Name:

Requires Demolition: Yes No

Future Project Address/Location:

City:

County:

Construction Methodology (pick one):

New Construction - Stick Built On Site:

Componentized:

Modular:

Other (describe):

# of Single-Family Homes:

Total Sqft. Finished Area:

# BRs:

# Baths:

# Car Garage:

Basement:

or Slab:

Cost or Sale Price per Home(s):

Tot. Dev. Cost/All Home(s):

Projected Start Date:

Units per Year:

# Years:

Zoning:

Site Control Type:

Target Population:

### ***DEVELOPER CONTACT INFORMATION***

Developer Name

Email

Telephone

### ***FUNDING***

Amount Requested:

Proof of Local Match: Yes

No

TBD

Use of Funds:

Other Financial Resources:

Waiver Requested:

### ***COMMENTS:***

# *Kansas Housing Cooperative Loan Program*



## *Summary as of November 2024*

### **Concept:**

*Provide a source of funding in the form of forgivable loans to developers, builders, and/or homeowners to address increasing housing costs and appraisal gaps that challenge the ability of families and individuals to enjoy the opportunity of homeownership or affordable rental housing. In addition to assisting families to gain financial independence, the housing developments will also support community-wide benefits through enhancing local tax bases. The North Central Regional Planning Commission will collect, distribute, and administer program resources. Funding provided by the Hansen Foundation, state of Kansas and local communities.*

### **Governance:**

The North Central Regional Planning Commission (NCRPC) will establish and manage the Kansas Housing Cooperative Loan/Waiver Review Committee (KHCLWRC) to review all funding applications and hear requests for waivers of any established loan program requirements on a case-by-case basis based upon submitted plans and specifications. NCRPC shall serve as fiscal sponsor for Northwest Kansas Economic Innovation Center, Inc. (NWKEICI), which will assist in administering the loan program.

### **Recognition of Housing Needs:**

The housing development must meet a housing need identified in the local community's current Housing Assessment Tool, Housing Needs Analysis, or similar local housing need recognition efforts. These are valid for five years.

### **Eligibility:**

Eligibility for this loan program is based on the location of the project and several other factors as shown below:

- The newly constructed housing must be located in the 26-county service area of the Dane G. Hansen Foundation.
- Communities under 10,000 population are eligible.
- Occupants must be U. S. citizens or persons with legal residency in the U. S.
- The local community must provide matching funds equal to 33% of the total subsidy. Any form of cash resource or forgiveness of fees or other items like RHID that lower the total development costs may constitute local match.
- New construction single-family homes of at least 1,200 square feet and no more than 1,900 square feet; and newly constructed duplexes of at least 1,000 square feet per unit and no more than 1,600 square feet per unit. All square-foot calculations will exclude garages, basements, and porches.
- The single-family home must be the primary residence of the owner and be occupied as such for five consecutive years for the loan to be fully forgiven. In the event of non-compliance, the loan will be partially forgiven.
- Limitations on refinancing, change of property utilization, or other variances of the intended use.
- There may be income limits for the occupants under this program.
- Land financed with the development of the home or duplex must be 5 acres or less.
- State minimum building standards and local codes will be followed concerning energy efficiency and accessibility.
- This program will not be limited to first-time homeowners.

### **Program Funding:**

The financial characteristics of the Kansas Housing Cooperative Loan Program are as follows:

- The total loan amount including the local match will not exceed 17% of the total development cost and be capped at \$55,000 per single-family home and \$50,000 per unit for rental housing.
- Construction must start within 1 year of the payment of the non-refundable loan reservation fee.
- No interest will be charged for use of the loan funds. However, the owner must contribute at least 2.5% equity.
- The developer/builder may use the funds for a cost buy-down, down payment assistance, or both.
- The local community may fund and administer their down payment assistance program to fulfill their match.
- The loan funds provided will be secured by a recorded second mortgage to maintain occupied residency.
- Loans will be made available at the construction loan closing or the permanent loan closing.

### **Program Parameters:**

- Forward commitments may be granted for multi-year construction programs.
- These funds can be leveraged with other funds to further reduce the housing cost burden.

- There may be income limits for homeownership or rental housing developments as may be imposed by other subsidy sources.
- The single family homes must be the primary residency of the program participants
- The developer/builder must sign a loan agreement where they will be liable for the repayment of the loan funds should the funds not be appropriately spent.
- The developer will provide progress summaries of the development quarterly as well as a final accounting of the expenditure of the loan funds. The developer may substitute a progress summary provided to other stakeholders.
- NCRPC reserves the right to require additional information or impose additional program requirements.

**Eligible Use of Funds:**

- Eligible use of the loan funds includes any on-site construction directly related to the specific development.
- The developer/builder must provide copies of 3rd party paid invoices equal to or greater than the total loan portion of the funds provided by the Kansas Housing Cooperative program.
- Reasonable developer/builder profit is an eligible expense.

**Project Application:**

- The Kansas Housing Cooperative Loan Program applications will be funded on a first-come, first-serve basis.
- A non-refundable loan reservation fee of 2% of the total non-local equity contribution will be charged for each home that receives a loan, and said fee will help offset the operational costs of the loan program. The developer must pay their loan reservation fee upon final approval.
- A completed and fully executed one page application form must be submitted to the NWKEICI. Upon conceptual approval, the developer will be asked to provide the following:
  - A letter of support from the local government including its location and verification that what is being proposed meets or exceeds any city ordinance requirements, if any.
  - Proof of site ownership or control.
  - Proposed plans, site plan, plat, and specifications as available.
  - Brief narrative of how the funds will be used.
  - Proof of ability to fund the entire development including debt and other forms of equity (Bank letter).
  - Brief description of the proposed development including a timeline for development.
  - A list of any pending approvals by the local government.
  - A list of the source(s) of the local communities’ match requirement.
  - Resume of developer’s/contractor’s experience and background.

**Post Funding Requirements:**

- The developer will need to submit sufficient 3rd party paid receipts for at least the amount of the loan funds.
- Should the developer not go forward with the development for reasons beyond their control, the loan reservation fee may be refunded with the approval of KHCLWRC.
- There may be periodic inspections to ensure sufficient progress and the appropriate use of the loan funds.
- NWKEICI will have the right to inspect or require proof that there have been no violations of the requirements.

**Example:**

**Subsidy Calculation**

Total Development Costs:	\$300,000
Total Subsidy Percentage:	<u>17%</u>
Total	\$51,000

Amount provided by State & DHF	\$ 34,000
Local Community Contribution	<u>\$ 17,000</u>
Total	\$ 51,000

Local Sources (samples)

Waiver of Utility and Review Fees	\$ 1,000
Donated Land	\$ 6,000
Local Foundation (Down Pmt.)	<u>\$ 10,000</u>
Total	\$ 17,000

**Funds Utilized by Developer/Builder**

Buy Down Costs	\$41,000
Down Payment Assistance	<u>\$10,000</u>
Total Subsidy Amount	\$ 51,000

**Loan Reservation Fee Calculation**

Nonlocal Subsidy	\$34,000
Percentage Calculation	<u>2%</u>
Reservation Fee Owed	\$680

# Kansas Housing Cooperative Program

## *Timeline Targets*

Below are some timeline targets for the processing of applications submitted to the Kansas Housing Cooperative Program. The process will be structured in three stages. First, there will be the “**Threshold Stage**” which will consist of a one-page application. An applicant may, at their discretion, submit the additional project information that will be required at a later stage of processing. NWKEICI staff will do the “Threshold Stage” review and communicate any deficiencies directly to the applicant. If a waiver to one of the program parameters is requested to pass the “Threshold Stage” then that request will be sent to the Loan/Waiver Review Committee which will be comprised of at least 5 individuals. An applicant will be able to know that they can have a fund reservation at the “Threshold Stage” subject to NWKEICI staff review. This agreement to fund after the completion of the Threshold Stage” is known as the “Conditional Commitment”.

The “**Conditional Commitment Stage**” is where most of the project information is gathered. To complete the “Conditional Commitment Stage”, the applicant will need to successfully submit the following items as applicable to their housing development:

- A letter of support from the local government indicating it supports the developer’s proposed housing development including its location and verification that what is being proposed meets or exceeds any city ordinance requirements, if any.
- Proof of site ownership or control.
- Proposed plans, site plan, plat, and specifications as available.
- Brief narrative of how the funds will be used.
- Proof of ability to fund the entire development including debt and other forms of equity (Bank letter of commitment for construction or permanent loan).
- Brief description of the proposed development.
- A timeline for development.
- A list of any pending approvals by the local government that will need to be addressed before the commencement of construction.
- A list of the source(s) of the local communities’ match requirement.
- Resume of developer’s/contractor’s experience and background.

These requirements that are relevant to a particular housing development will be addressed in the Conditional Commitment letter.

The “**Firm Commitment Stage**” is when the information submitted by the builder/developer has been fully accepted by The Northwest Kansas Economic Innovation Center, Inc. and the loan reservation fee has been paid. The loan reservation fee is calculated as 2% of the non-local match amount. In most cases, for a \$300,000 priced

home, the total subsidy will be 17% of the total development cost (\$51,000). The non-local match amount will be \$34,000 (2/3). The 2% fee in this case will be \$680. The builder/developer will then have up to one year to start construction from the date they pay the fee, or the fee will be forfeited.

The Fiscal Agent for the Kansas Housing Cooperative program will be the North Central Regional Planning Commission. (NCRPC). Below are some estimated preparation and processing times for the Kansas Housing Cooperative Program:

<b>Stage</b>	<b>Activity</b>	<b>Preparation Time</b>	<b>Processing Time</b>
<b>1</b>	<b>Threshold</b>		
	Developer/Owner submits one page application	2 days	
	Review of 1-Page Application by NWKEICI Staff		5 days
	Review by Loan/Waiver Review Committee (LWRC)		20 days
	NWKEICI Issues Conditional Commitment		3 days
<b>2</b>	<b>Conditional</b>		
	Developer/Owner Prepares & Submits Conditional Commitment Information	5 - 30 days	
	Review Conditional Commitment Submission by NWKEICI		5 days
	NWKEICI Issues Encumbrance to NCRPC to reserve specific project funds		3 days
<b>3</b>	<b>Firm</b>		
	Developer/Owner Executes Firm Commitment & Pays Loan Reservation Fee	1 day	
	NWKEICI Processes & Issues Payment Voucher to NCRPC		3 days
	NCRPC Wires Project Funds to Lender		3 days

# Steps to Financing Success

## Descriptions & Actions

### Step #1 - Threshold Criteria

Applicant fills out one page application & submits to NWKEICI.



Application reviewed by NWKEICI staff and Loan Waiver Review Committee.



When approved, NWKEICI reserves project funds.



### Step #2 - Conditional Commitment

NWKEICI Issues Conditional Commitment letter describing additional project information if needed.



Applicant submits additional development documents listed in Conditional Commitment letter.



### Step #3 - Final Commitment

Upon review and approval of additional project information, NWKEICI issues Final Commitment letter.



Applicant signs Loan Agreement.



Applicant pays loan Reservation Fee and has up to 1 year to start construction.



### Step #4 - Loan Closing

Kansas Housing Cooperative funds wired to bank to be disbursed as agreed.



Construction Loan closed.



Retention Agreement executed and filed by County Clerk.



### Step #5 - Start of Construction

Applicant provides periodic updates.



Applicant provides proof of expense.

Contact NWKEICI Housing Staff to learn more.



## Neighborhood Revitalization Program Tracking Kansas Housing Cooperative Program

### Community Information

<i>City:</i>	<i>County:</i>	<i>Date:</i>
<i>Appraiser Name:</i>	<i>Appraiser #:</i> 785-456-4456	<i>Appraiser Email:</i>
<i>Treasurer Name:</i>	<i>Treasurer #:</i> 785-456-4457	<i>Treasurer Email:</i>

### Assumptions

<i>Property Valuation Trending %:</i>	1.50%	<i>Current Property Appraisal:</i>	\$10,000	<i>Mill Levy:</i>	134.444
<i>Discount Rate:</i>	7%	<i>Completed Home Appraisal:</i>	\$300,000		

### NRP Analysis

<i>Years of Eligibility</i>	<i>Percentage Rebate</i>	<i>Current Assessed Valuation</i>	<i>Previous Assessed Valuation</i>	<i>Increment With Rebate %</i>	<i>Total Current Mill Levey</i>	<i>Current Year Rebate</i>	<i>Discount Rate</i>	<i>Net Present Value</i>
<i>Year 1</i>	100%	\$34,500	\$1,150	\$33,350	134.444	\$4,484	7%	
<i>Year 2</i>	90%	\$35,018	\$1,167	\$30,465	134.444	\$4,096	7%	
<i>Year 3</i>	80%	\$35,543	\$1,185	\$27,486	134.444	\$3,695	7%	
<i>Year 4</i>	70%	\$36,076	\$1,203	\$24,411	134.444	\$3,282	7%	
<i>Year 5</i>	60%	\$36,617	\$1,221	\$21,238	134.444	\$2,855	7%	
<i>Year 6</i>	50%	\$37,166	\$1,239	\$17,964	134.444	\$2,415	7%	
<i>Year 7</i>	40%	\$37,724	\$1,257	\$14,587	134.444	\$1,961	7%	
<i>Year 8</i>	30%	\$38,290	\$1,276	\$11,104	134.444	\$1,493	7%	
<i>Year 9</i>	20%	\$38,864	\$1,295	\$7,514	134.444	\$1,010	7%	
<i>Year 10</i>	10%	\$39,447	\$1,315	\$3,813	134.444	\$513	7%	

**Total Rebate: \$25,804      Net Present Value: \$19,833**

**Amount of NRP Credit Towards Local Match Requirement: \$19,833**





## Kansas Reinvestment Housing Incentive District (RHID)

### Cash Flow Projection Summary - Single Family Homes - 6 Year Buildout

Property Address: \_\_\_\_\_

Taxing Authority: \_\_\_\_\_

Insert your number values in the Yellow Cells only: Insert #

Green Cells are the results: No Entry

Initial Property Valuation:	\$25,000	Years:	25	Mill Levy:	133.596
Property Valuation Trending %	1.5%			Less: School District:	20
Projected Property Valuation After Development:	\$8,250,000			Less: State Bldg. Fund:	1.5
Cost of home type 1:	\$250,000	# type 1 homes:	15	Reserved Mill Levy:	21.5
Cost of home type 2:	\$300,000	# type 2 homes:	15	<b>Net Mill Levy for RHID</b>	<b>112.096</b>

*Calculation for Multiple Assessment Classifications After Development, If Applicable*

	% Usage	Rate	Adjusted Rate
Assessment Classification % for Residential	100%	11.5%	11.50%
Assessment Classification % for Ag Land	0%	30.0%	0.00%
Assessment Classification % for Vacant Lots	0%	12.0%	0.00%
Assessment Classification % for Not for Profit	0%	12.0%	0.00%
Assessment Classification % for a Public Utility	0%	33.0%	0.00%
Assessment Classification % for Commercial/Industrial	0%	25.0%	0.00%
Assessment Classification % for "Other"	0%	30.0%	0.00%
(Must Equal 100%)	100%	Classification %	11.50%

*This is an approximation only. The County Assessor will most likely appraise each classification of property separately.*

Sharing Calculation				
	Developer	100%	Authority	0%
Total Incremental Tax For Full Term:	\$2,800,172	\$2,800,172	\$0	
Net Present Values of Incremental Tax Payments:	\$1,007,454	\$1,007,454	\$0	
Discount Rate:	8.00%			
% of Final Development Value for Developer From RHID:	12.21%			

*This analysis is offered by the Northwest Kansas Economic Innovation Center, Inc. for comparison purposes only. Any of the numbers can change and there is no guarantee that any of the numbers depicted here are accurate.*

# Kansas Reinvestment Housing Incentive District (RHID) - Staggered Sales - 6 Year Buildout

## Cash Flow Projection

Property Address: \_\_\_\_\_  
 Taxing Authority: \_\_\_\_\_

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
<b>Staggered Sales:</b>	0%	20%	27%	27%	27%	0%
<b>Homes Sold Yearly</b>	0	6	8	8	8	0

<b>Totals</b>	100%
<b>Total type 1 homes:</b>	15
<b>Total type 2 homes:</b>	15

## Assumptions:

Number of years: 25  
 Initial Appraised Value of Property: \$25,000  
 Property Valuation Trending: 1.5%  
 Property Value After New Development: \$8,250,000

<b>Cost type 1 home:</b>	\$250,000	0	3	4	4	4	0	15
<b>Cost type 2 home:</b>	\$300,000	0	3	4	4	4	0	15

<b>Assessment Classifications:</b>	Residential - 11.5%	Not for profit 12%	Other - 30.0%
<b>Classification:</b> 11.50%	Ag. Land - 30%	Public Utility 33%	
	Vacant Lots - 12%	Comm/Industrial 25%	Available Mill Levy: 112.096

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25
Initial Valuation	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Assessed Value	\$2,875	\$2,875	\$2,875	\$2,875	\$2,875	\$2,875	\$2,875	\$2,875	\$2,875	\$2,875	\$2,875	\$2,875	\$2,875	\$2,875	\$2,875	\$2,875	\$2,875	\$2,875	\$2,875	\$2,875	\$2,875	\$2,875	\$2,875	\$2,875	\$2,875
Base Tax	\$322	\$322	\$322	\$322	\$322	\$322	\$322	\$322	\$322	\$322	\$322	\$322	\$322	\$322	\$322	\$322	\$322	\$322	\$322	\$322	\$322	\$322	\$322	\$322	\$322
New Valuation	\$0	\$1,650,000	\$3,874,750	\$6,132,871	\$8,424,864	\$8,551,237	\$8,679,506	\$8,809,698	\$8,941,844	\$9,075,972	\$9,212,111	\$9,350,293	\$9,490,547	\$9,632,905	\$9,777,399	\$9,924,060	\$10,072,921	\$10,224,015	\$10,377,375	\$10,533,036	\$10,691,031	\$10,851,397	\$11,014,167	\$11,179,380	\$11,347,071
New Assessed Value	\$0	\$189,750	\$445,596	\$705,280	\$968,859	\$983,392	\$998,143	\$1,013,115	\$1,028,312	\$1,043,737	\$1,059,393	\$1,075,284	\$1,091,413	\$1,107,784	\$1,124,401	\$1,141,267	\$1,158,386	\$1,175,762	\$1,193,398	\$1,211,299	\$1,229,469	\$1,247,911	\$1,266,629	\$1,285,629	\$1,304,913
New Tax	\$0	\$21,270	\$49,950	\$79,059	\$108,605	\$110,234	\$111,888	\$113,566	\$115,270	\$116,999	\$118,754	\$120,535	\$122,343	\$124,178	\$126,041	\$127,931	\$129,850	\$131,798	\$133,775	\$135,782	\$137,819	\$139,886	\$141,984	\$144,114	\$146,276
Incremental Tax	\$0	\$20,948	\$49,627	\$78,737	\$108,283	\$109,912	\$111,566	\$113,244	\$114,947	\$116,676	\$118,431	\$120,213	\$122,021	\$123,856	\$125,719	\$127,609	\$129,528	\$131,476	\$133,453	\$135,460	\$137,496	\$139,564	\$141,662	\$143,792	\$145,953

Total Incremental Tax for Full Term: \$2,800,172

Net Present Value of Incremental Tax Payments: \$1,007,454

Discount Rate: 8.00%

% of Final Development Value for Developer From RHID: 12.21%

Calculation for multiple Assessment Classifications for same property if applicable

Assessment Classification	% Usage	Rate	Effective Classification Split
Assessment Classification % for Residential	100%	11.5%	11.50%
Assessment Classification % for Ag Land	0%	30.0%	0.00%
Assessment Classification % for Vacant Lots	0%	12.0%	0.00%
Assessment Classification % for Not for Profit	0%	12.0%	0.00%
Assessment Classification % for a Public Utility	0%	33.0%	0.00%
Assessment Classification % for Commercial/Industrial	0%	25.0%	0.00%
Assessment Classification % for Other	0%	30.0%	0.00%
<b>Must Equal 100%</b>	<b>100%</b>		<b>11.50%</b>

Cells in this color are filled from Summary Sheet  
 Cells in this color are results  
 These cells are filled to reflect actual project  
 Staggered Sales Years

Note: This analysis is for conceptual purposes only. Any of the numbers are subject to change. Furthermore, there are no guarantees as to the accuracy of any of the numbers.

This is an approximation only. The County Assessor will appraise each classification of property separately

# Ways to Cover the Local Match Requirements

## Kansas Housing Cooperative Program

### Monetary Contributions

- Local government funds
- Local Foundations or other 501c3 entities
- Private business, family or investor donations
- Community fund raisers
- Funding of low-interest or forgivable loans as down payment assistance

### Real Property Donations

- Vacant ground donations (Current as is value)
- Property donations (Current as is value)

### In-Kind Contributions

- Donations of lumber & materials
- Labor contributions
- Equipment donations

### Tax and Incentive Programs

- Creating a Reinvestment Housing Incentive District (RHID) (net present value)
- Issuing Special Purpose bonds
- Property tax abatements like the Neighborhood Revitalization Program (NRP)
- Purchase of state and/or federal tax credits

### Public Infrastructure Improvements

- Road and sidewalk improvements
- Approved demolition (past or future)
- Contributed site grading and preparation
- Utility installation
- Waiving of utility hook-up fees
- Increasing utility capacity

### Land Use and Zoning Adjustments

- Permit waivers or reductions

### Local Business Contributions

- Corporate sponsorships
- Employer-assisted housing programs
- Creation of Co-development agreements with local businesses