

Kansas Housing Cooperative Loan Program



North Central Regional
Planning Commission
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Summary as of November 2024 & Amended in March 2025

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 3,000 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.
- Land financed with the development of the home or duplex must be 5 acres or less unless more land is required to accommodate items such as laterals fields. In that case, the maximum acreage will be 10 acres
- 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/builder 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 and lien waivers 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.
- Shomes, Barndominiums and similar mixed-use structures do not qualify. Prefabricated homes must be of the similar style and quality as stick-built homes.

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/builder's experience and background.

Post Funding Requirements:

- The developer must submit sufficient 3rd party paid receipts/lien waivers 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

Policy Clarifications & Amendments:

- 1) Fund homes with up to 3,000 square feet of finished living area.
- 2) All above ground enclosed area will be considered livable square footage and count towards the square foot maximum.
- 3) An unfinished basement (i.e. cement walls, no partition walls, exposed floor joists overhead, etc.) would not count against the square footage maximum, but if the basement were finished or a room was finished the square footage of the finished room or rooms would count.
- 4) Prefab homes are acceptable as long as the build quality and finishes are essentially the same as stick built homes. This will include, at a minimum, 4/12 pitch roofs and 12 inch overhangs.
- 5) Barndominiums, Shouses, Shomes and similar structures are not fundable under this program.
- 6) Up to 3 car, residential style garages are acceptable.
- 7) Detached structures are acceptable as long as the program funds are used solely for the residential home as evidenced by 3rd party paid receipts.
- 8) If the situation presents itself, funding homes within an incorporated city are preferred as a general intent of the program. Going forward, no homes will be funded within the 3 mile jurisdictional radius of any incorporated city that exceeds the program population limit.
- 9) Maximum acreage will be 5 acres unless there are documented local regulatory requirements that dictate larger acreage to accommodate items such as lateral fields or other similar types of local requirements.
- 10) Homeowners are not allowed to be the general contractor or subcontractor unless they are a general contractor or subcontractor by trade, possess the needed licenses and / or certifications, and can provide proof of insurance. An acceptable resume and and/or verified references will also allow a general contractor or subcontractor to be eligible.
- 11) From here forward, any home already under construction will not be eligible for the Kansas Housing Cooperative Loan Program.
- 12) All closings will be conducted through a commercial bank or a licensed title company.
- 13) A lender's title insurance policy will be obtained by NCRPC for all closings.
- 14) Loan funds will go to the first mortgage lender, to the credit of the homeowner, or to the developer/builder. No funds will go directly to the homeowner.

Should there be any conflict between the original program summary and these amendments, these amendments will take precedent.