

Housing Kentucky Families:

new vision
new strategies

2015 Kentucky Affordable Housing Conference



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**Kentucky Preservation Summit:
Using New Initiatives**

KHC's Planning Process for Preserving Affordable Housing

December
2013

- KHC Board Adopts HPAC Recommendations to make Preservation of Affordable Housing a Corporate Priority

January 2014

- KHC incorporated preservation of existing affordable housing it into its allocation and departmental business plans.

February
2014

- KHC determined that over 107,000 units of existing affordable housing are in Kentucky. Source - National Housing Preservation Database.

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KHC's Planning Process for Preserving Affordable Housing

March – May
2014

- KHC convened finance summits with KHC's financial partners. Conveyed the corporate priority, and the need to think long term.

June – July
2014

- KHC developed its database of existing affordable housing.
- KHC developed a NOFA for Tax Exempt Bonds with GAP Funds. NOFA released in July.
- KHC conducted two developer forums for the 2015 QAP with the focus on preservation.

September -
2014

- KHC hosted a Preservation Focus Group meeting with developer community.
- KHC received 5 responses to the NOFA. Total units to be assisted: 1145 proposed

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KHC's Planning Process for Preserving Affordable Housing

October
2014

- KHC conditionally awarded 3 NOFA applications. 21 projects – 739 units.
- KHC Hosts the 2014 Preservation Summit.

Preservation: The Challenge in Numbers

49,380*

Estimated Units At Risk Now or by 2020

24,410

*Project-Based
Section 8*

13,530

*LIHTC, HOME,
202, etc.*

11,440

*USDA Rural
Development*

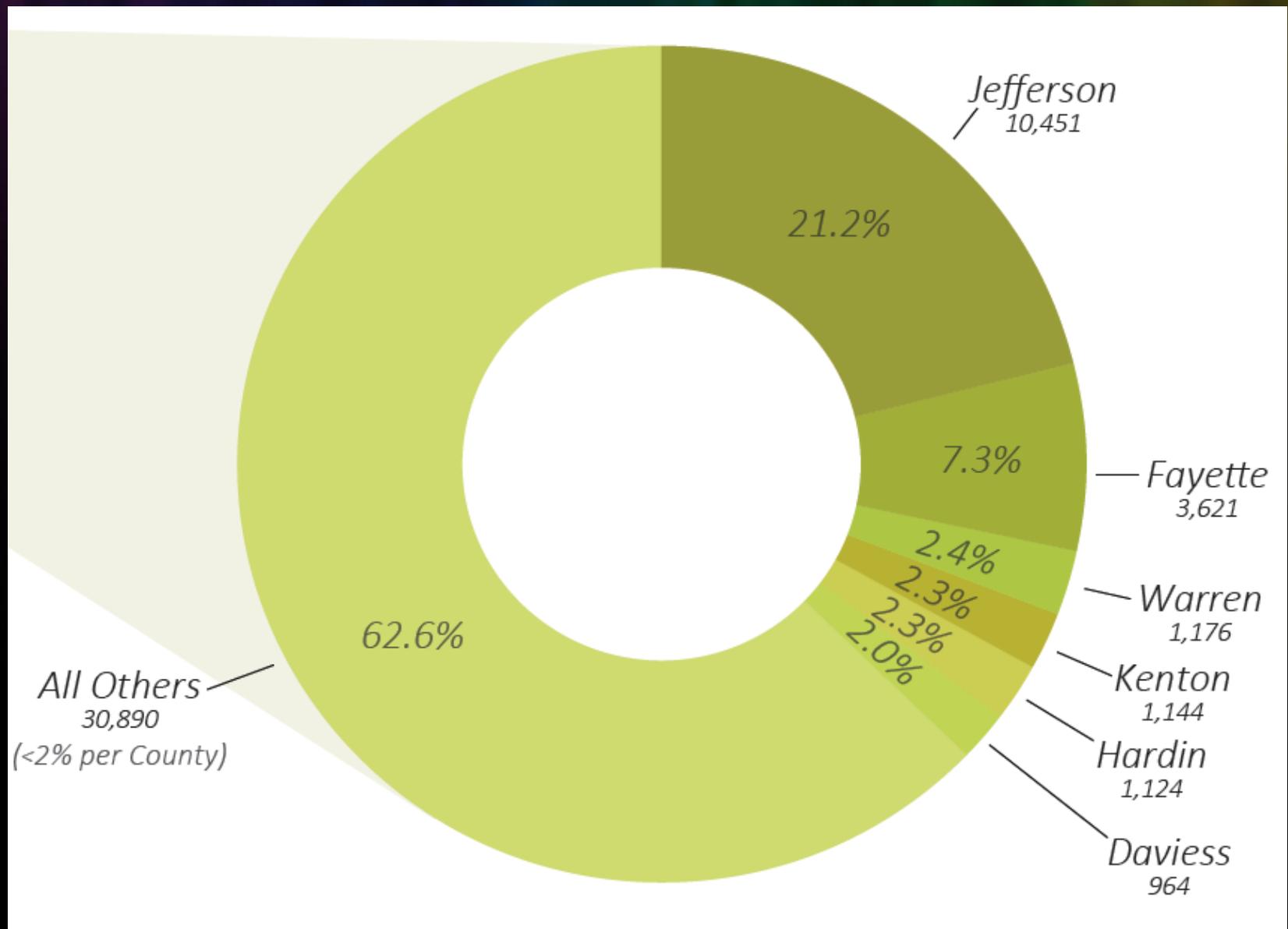
Key Risk Factors

1. No other funds in project except FHA/RiskShare
2. REAC score <70
3. Identified as troubled per KHC
4. Housing Credits expiring by 2020

1. Subsidy expiring by 2020
2. Reaching Year 15 of tax credit compliance period
3. Anticipated changes in ownership structure

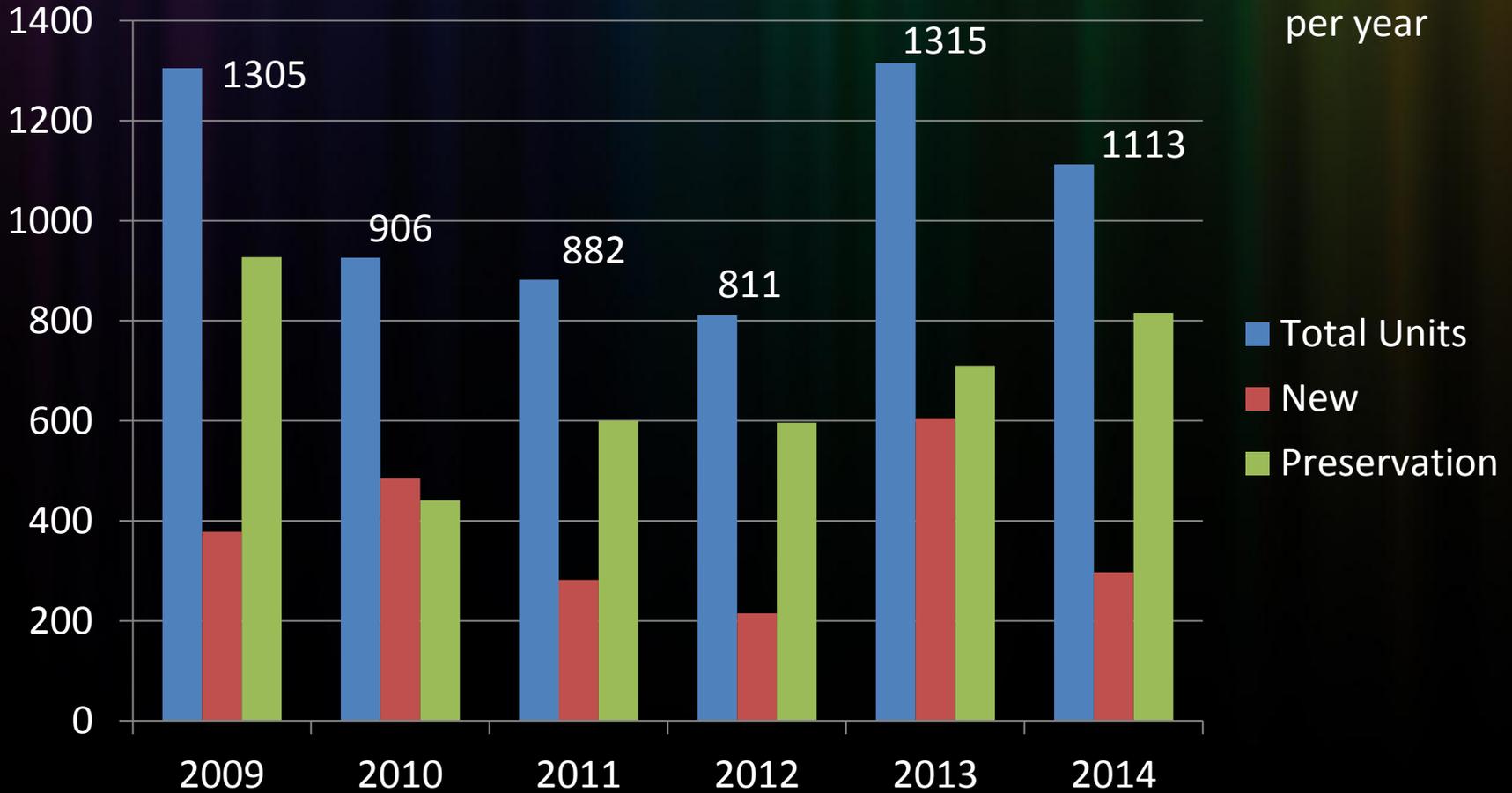
1. Property age 19+ years
2. No transfer/rehab underway
3. No RD Rental Assistance

By County: Units At-Risk Now or by 2020



KHC Production

6 Yr. Avg. 1,055
per year



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Preservation Focus Group Takeaways

September 10, 2014

- Many owners are having or foresee problems with their maturing portfolios.
- Tax Exempt Bonds + 4% Credits are not a sufficient source for portfolio deals
- Rural Development is a much-needed partner for preservation, but RD processes and requirements are not well-aligned with other funding sources.

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Preservation Focus Group Takeaways

KHC should consider:

- Committing more subsidy dollars to preservation (HOME/AHTF)
- Increased flexibility for struggling and/or expiring projects
- Creating a streamlined application process for preservation projects

Preservation Focus Group Takeaways

Owners/Developers may need to organize.

- Advocate for a Kentucky housing tax credit
- Property tax exemption for affordable properties.



KHC's Action Items

- Housing Conference Workshops
 - **Bonus session** – developer discussion on forming an affordable housing organization.
 - Challenges As Opportunities: How to Preserve Affordable Housing in Rural Kentucky
 - Strengthen Your Portfolio for Preservation and Asset Management
 - How Healthy Are You? Evaluating and Leveraging Your Multifamily Portfolio
 - Creative Financing for Multifamily Projects
 - Kentucky Preservation Summit: Using New Initiatives
 - **Bonus session** – Tax Exempt Bonds

KHC's Action Items

- Asset Management
 - KHC issues an RFP for technical assistance for the development of asset management strategies
 - Phase I – Assessment and Recommendations
 - Phase II – Establishment of Asset Management Systems
 - KHC policies for asset management, addressing troubled projects, and preservation, including but not limited to:
 - » **Modification** of more restrictive income and rent restrictions
 - » **New loan products** for existing projects to access for energy efficiency improvements
 - » **Offering Risk Share** loans on an open window basis as a refinance tool.
 - Phase III – Implementation of Policies and Tools

KHC's Action Items

- Property Taxation
 - December 2014
 - KHC met with the Kentucky Department of Revenue to discuss how tax credit properties are valued, and the inconsistency among the local PVA's.
 - KHC will work with the Kentucky Department of Revenue clarify how LIHTC properties are burdened by government restrictions that run with the land, and support fair market valuation of deed restricted property via the “income approach”

KHC's Action Items

- KHC's Allocation Plan
 - Continue to fund construction / bridge lending at \$12 million per year (goal to create a \$60 million revolving loan fund)
 - KHC / HOPE of KY construction bridge program
 - TEB NOFA with Gap Financing
 - Allocating additional GAP Funds for Multifamily activities
 - TEB NOFA with GAP
 - 9% LIHTC

Fair Housing Act's Discriminatory Effects Standard

- “[a] housing practice has a discriminatory effect where it actually or predictably:
 - (1) Results in a disparate impact on a group of persons on the basis of race, color, religion, sex, handicap, familial status, or national origin; or
 - (2) Has the effect of creating, perpetuating, or increasing segregated housing patterns on the basis of race, color, religion, sex, handicap, familial status, or national origin.”
- Final § 100.500(a) provides that “[a] practice has a discriminatory effect where it actually or predictably results in a disparate impact on a group of persons or creates, increases, reinforces, or perpetuates segregated housing patterns because of race, color, religion, sex, handicap, familial status, or national origin.”

Texas Dept. of Housing v. The Inclusive Communities Project

- In the Texas case, the state housing finance agency was accused of setting up a system (LIHTC program) that encouraged developers to produce housing units in minority neighborhoods (QCT's), which conflicted with the goal of racial integration.

Fair Housing in KHC's Multifamily Programs

- KHC provides the discretionary basis boost with the 9% housing credits to balance the QCT basis boost bonus.
- 2015 QAP
 - KHC requires all leases to be compliant with the Uniform Residential Landlord Tenant Act
 - KHC requires all new units created in a QCT to be part of a community revitalization plan and be consistent with the jurisdictions fair housing AI.

Fair Housing in KHC's Multifamily Programs

- 2016 QAP
 - KHC will require all applicants to identify impediments to fair housing that the project will be addressing.
 - KHC identified 25 impediments to fair housing in its AI.
 - For projects in locations covered by another participating jurisdiction (PJ)'s AI, impediments to fair housing in the PJ's AI must be identified.

Michele Huybers

- Project Administrator Multifamily Programs
 - KHC Multifamily Staff
 - Anthony Wright – Project Specialist
 - Diane Beidleman – Project Specialist
 - Joyce Fordjour – Project Specialist
 - Shawn Dyer – Project Specialist
 - Trina Shields – Project Specialist

New Resources

- HUD 811 Grant
 - 150 project based vouchers
 - 50 units set aside with the 2015 application round
 - NOFA – Summer 2015 – high focus areas
 - Bowling Green (Warren County)
 - Hopkinsville (Christian County)
 - Elizabethtown (Hardin County)
 - Lexington (Fayette County)
 - Louisville (Jefferson County)
 - Paducah (McCracken County)
 - Covington (Kenton County)
 - Hazard (Perry County)
 - Owensboro (Daviess County)
 - Ashland (Boyd County)
 - 2015 / 2016 QAP preferences

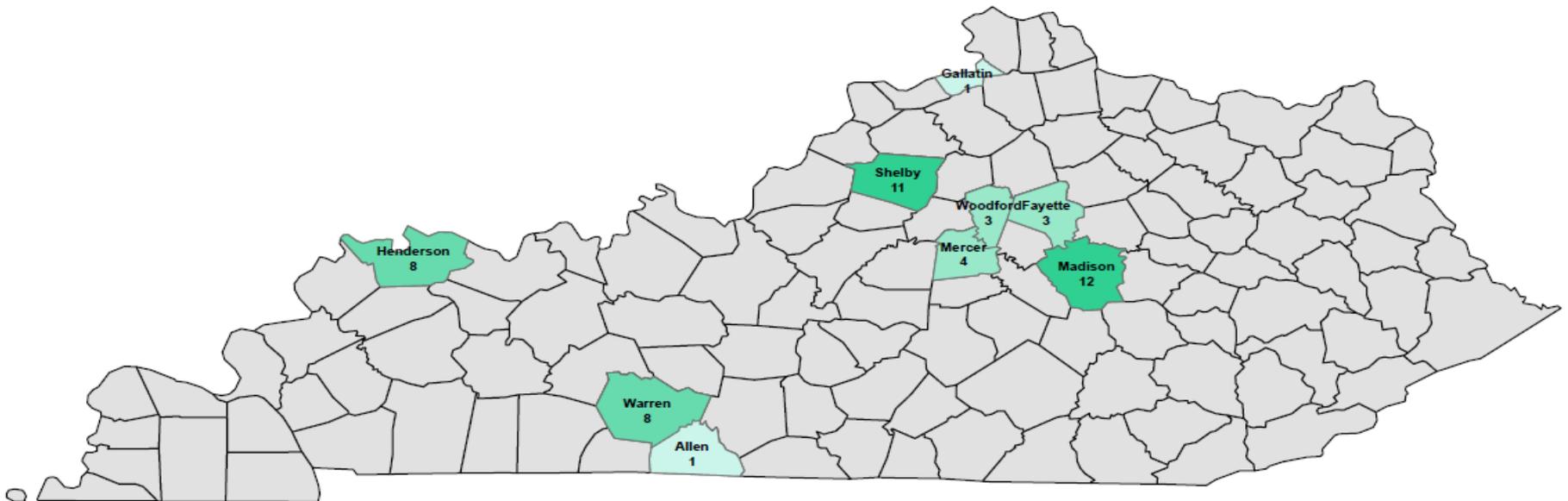
2015 – 2016 QAP Scoring Preferences for HUD 811 Tenants

- Points provided for projects that set aside up to 25% of its units to serve the Olmstead Population
- Units with no rental assistance will receive HUD 811 project based vouchers
- Units with rental assistance will create a tenant selection plan preference for up to 25% of its units to serve the Olmstead Population with existing rental subsidy.

811 Units

SECTION 811 PRA FIRST ROUND NOFA RESPONSE

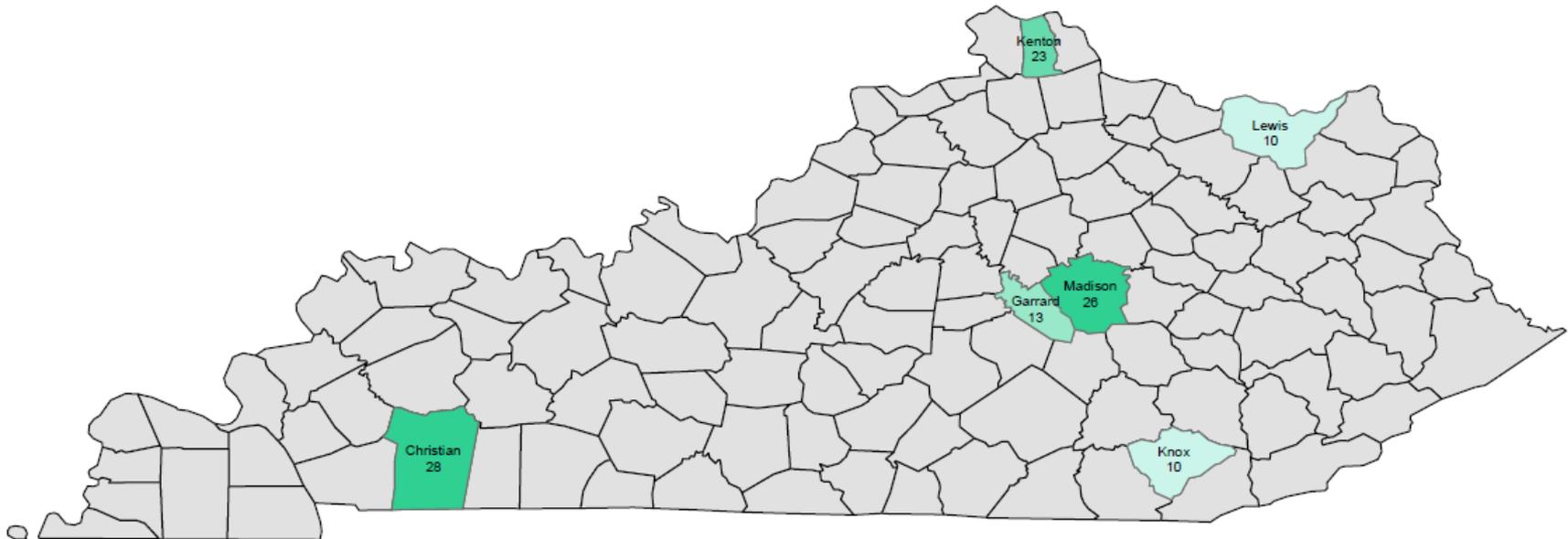
SECTION 811 UNITS 51



Leveraged Units

SECTION 811 PRA FIRST ROUND NOFA RESPONSE

LEVERAGED UNITS
119

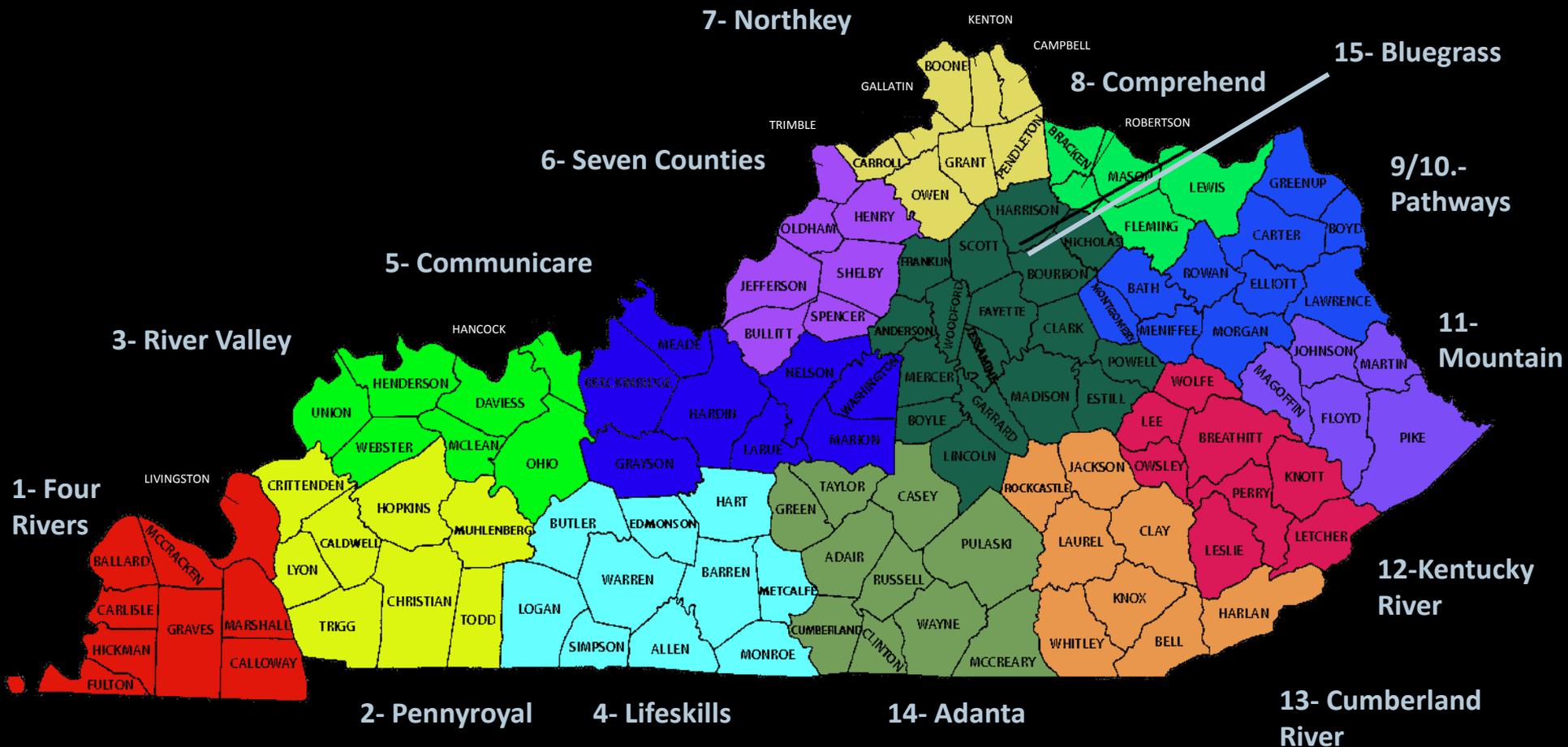


Tom Beatty

Division of Behavior Health

- Housing and Homeless Programs Administrator

Kentucky Community Health Centers



Services Provided

- Tenant referrals to KHC for waiting list, or vacancies.
- Providing the tenant with the appropriate level of care.
 - Routine on-sight visits,
 - Monitoring medications
 - Trips to grocery etc.

Services Provided

Assertive Community Treatment



- Team approach
- Small shared caseload
- Flexible services
- 24/7 crisis services

Services Provided

Supported Employment

- Competitive employment is the goal
- Job search starts with interest in working
- Follow-along supports are continuous



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Services Provided

Peer Support



- Social and emotional support provided by peers
- Assists in achieving specific recovery goals
- Promotes empowerment

Services Provided

Case Management

- Coordinating
- Advocating
- Linking
- Monitoring

Services Provided

Other Services

- Individual and group therapy
- Medication management
- Psychiatric rehabilitation
- Illness management and recovery
- Crisis services

Department of Behavior Health Training

- Training for Developers and Management Company.
- Training for Community Health Centers

New Resources

- Federal Affordable Housing Trust Fund (FAHTF)
 - KHC has been designated by the Governor as the administrator of the FAHTF
 - Minimum allocation of \$3,000,000 per year
 - Restricted to serving households at 30% of AMI or below.
 - 30 year affordability period

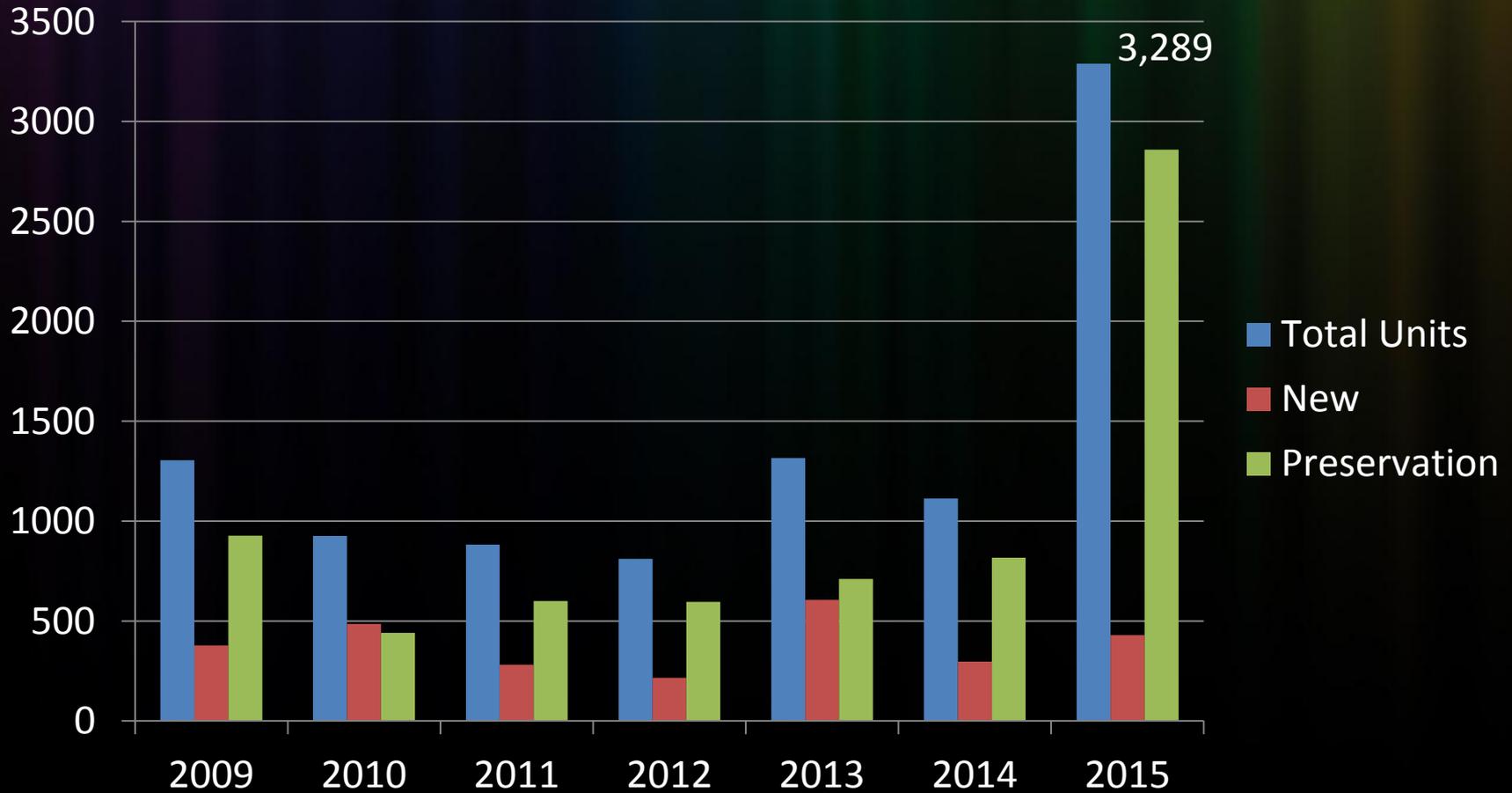
2016 QAP Priorities

- Streamline the application process
 - Work with focus group to reduce the amount of documents needed for application purposes.
 - Reduce the cost associated with the application stage where appropriate.
- Re-evaluate KHC's program limitations:
 - Cost Containment and Credit Per Unit
 - Developer fee calculations
 - Several States have developer fees based on a per unit figure.
 - Different amounts based on development size, type of construction etc.
 - Takes away the perception that developers are driving up the cost to increase the amount of developer fee they can earn.

2016 QAP Priorities

- Maintain a preference for preservation of existing affordable housing
 - Higher percentage of housing credits for preservation activities
 - Considering a general preservation set aside for portfolio projects
- Working with small projects through the non-profit pool
 - Considering a preference (or set aside within the non-profit pool) for projects that consist of a consortium of small developers developing projects consisting of 12 units or less

KHC FY 2015 Production



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2015 Production Breakdown

- 2015 Housing Credit / Non Credit
 - 10 new construction projects 254 units
 - 14 rehab projects 647 units
 - Total 895 units
- 2014 Tax Exempt Bonds
 - No GAP Assistance
 - 3 rehab projects – 1,303 units
 - 1 new construction project - 176 units
 - With GAP Assistance
 - 3 rehab projects - 738 units
 - Total 2,394 units

Important Dates

May

- Draft TEB NOFA with GAP
- Preservation Focus Group Meeting – 2016 QAP

June

- Draft 2016 QAP
- Developer Forum
- Final TEB NOFA with GAP Released

July

- Developer Forum
- NOFA for HUD 811 vouchers for existing affordable housing
- Developer / Management Company **Training** on 2015 unit set asides for Olmstead Population

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Important Dates

August

- Public Hearing on 2016 QAP
- KHC Board Approval of 2016 QAP
- Governor Approval

September

- 2016 QAP Trainings
- TEB w/ GAP NOFA responses due
- Preservation Focus Group – Federal Affordable Housing Trust Fund planning

October

- 2015 TEB NOFA with GAP Awards

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Important Dates

November

- Draft Program Descriptions for New programs
- Preservation Loan Product – energy efficient improvements
- HUD Risk Share – Open window applications (Refinance)
- Modification of LURA restrictions (Post 15 projects)

December

- Final Asset Management Policies
- Final Program Descriptions for New Programs

January

- 2016 QAP Applications Due

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