



Housing Contract Administration

HOME INVESTMENT PARTNERSHIPS PROGRAM

MARCH 2016

TENANT-BASED RENTAL ASSISTANCE COMPETITIVE APPLICATION GUIDELINES

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Section I. Introduction

Kentucky Housing Corporation (KHC) is pleased to offer a competitive funding application process to provide Tenant-Based Rental Assistance (TBRA) to organizations across the state.

Through this funding process, KHC provides financial resources and technical support to enable the development and rehabilitation of safe, quality, affordable housing to benefit Kentucky families and to provide TBRA to low and very-low income households throughout the Commonwealth. The primary goals of the competitive funding application process are to ensure that the most viable projects are funded expeditiously and to enhance the state's capacity to create and preserve affordable housing by effectively blending resources.

This guide informs applicants on how to apply for Housing Contract Administration (HCA) resources available through the KHC competitive funding process for TBRA projects. This guide further explains program criteria and basic requirements, application expectations, and review processes. KHC reserves the right to amend these guidelines in order to fully implement and utilize the HOME Investment Partnerships Program (HOME) resources and to administer the program as efficiently as possible.

When applying for HOME Program funds, applicants should refer to the [KHC's HOME Policies Manual](#) for more detailed information that is also part of the application. Applicants are expected to be familiar with the information contained in the manual, as well as all applicable federal regulations, state and local requirements, the HOME Program, and to incorporate them into their project design and implementation procedures.

If funded, TBRA projects will be governed by the cumulative information contained in these guidelines, the HOME Program regulations, KHC's HOME Policies Manual, the applicant's application for funding, the HOME TBRA Administrative Agreement, the funding agreements, and all other relevant and applicable federal and state legal requirements. Recipients of funds will be expected to be familiar with and adhere to the guidelines and project design requirements described in the aforementioned documents and legal requirements.

Pertinent Dates

The following dates are applicable to the competitive funding round:

- March 25, 2016 – Capacity Scorecard Opens
- April 1, 2016 – Application Opens
- April 8, 2016 – Capacity Scorecard Closes
- April 15, 2016 – All Capacity Scorecard Notifications Due to Applicants
- April 29, 2016 – Application Closes

Program Purpose

Through KHC's competitive application process, applicants for TBRA may apply for funding from the HOME Program. When structuring a funding request, applicants are encouraged to review and consider how their request supports the purpose of the Home Program

Program Definition

Created by Congress in 1990, the HOME Program provides funding to applicants for various types of affordable housing production and rehabilitation. KHC administers and monitors the program for the

U.S. Department of Housing and Urban Development (HUD), awarding funding to eligible applicants, including local governments, housing authorities, private developers, and nonprofit housing providers.

The purpose of the HOME Program is to expand the supply of quality, affordable housing for low and very low-income families. The HOME Program can be utilized to expand the supply of decent, safe, and sanitary housing through either new construction or rehabilitation of existing structures with forgivable deferred grants or by providing TBRA to address local housing needs and priorities. The HOME Program's flexibility empowers local communities to design and implement strategies tailored to their own needs and priorities.

Applicants

Applicants that meet the criteria for TBRA may apply for funding in the general competitive funding process. KHC has allocated approximately \$2,000,000 of HOME Program funds for the 2016 TBRA competitive funding round.

KHC reserves the right to use recaptured funds to assist a HOME-eligible project that lies within another participating jurisdiction's area, if deemed necessary by KHC and if HOME funds are available. In addition, KHC may, at its discretion, reallocate HOME Program funds from the competitive allocation to the CHDO set-aside allocation, or vice versa, to meet funding demands.

Public Information and Open Records Act Request

Applicants are advised that materials contained in tenant-based rental assistance applications are subject to the requirements of the Kentucky open records laws at KRS 61.870-61.884 and the application materials may be viewed and copied by any member of the public. Applicants seeking to claim a statutory exemption to disclosure from open records requests, which may be made, must place all documents viewed as confidential in a sealed envelope marked "confidential." Applicants must be aware that if an open records request is made for any of the application materials, KHC will make an independent determination of confidentiality and may or may not agree with the applicant's determination regarding the confidentiality of the materials.

Section II. Minimum Thresholds

HOME Application Thresholds

The following threshold restrictions will determine an applicant's eligibility to apply for funding:

- Applicants with unexpended TBRA funds from a project assigned **TB13** or earlier are not eligible to apply to this round for TBRA funds.
- HOME funds awarded in 2015 (project numbers beginning with **TB15**) are not eligible to apply to this round for TBRA funds.
- HOME funds awarded in 2014 (project numbers beginning with **TB14**):
 - Project numbers beginning with **TB14** with a Project Completion date of **July 2016**:
 - **75%** of funds must be expended no later than the application submission to KHC. All draw requests must be submitted to and approved by KHC no later than the application submission deadline date of **April 29, 2016**.

- Project numbers beginning with **TB14** with a Project Completion date of **December 2016**:
 - **60%** of funds must be expended no later than the application submission to KHC. All draw request must be submitted to and approved by KHC no later than the application submission deadline date of **April 29, 2016**.
- A minimum **final** Capacity Scorecard score as determined by KHC of 60%

Threshold waivers will be granted on a case-by case basis at KHC’s sole and absolute discretion. Agencies wishing to request a threshold waiver must complete the online [HCA Project Modification/Waiver Request](#) form prior to the application opening on **April 1, 2016**.

Applicants requesting a threshold waiver will be notified in writing within 5 business days if waiver has been approved or denied.

Section III. Funding Sources Available

The following funding sources are available for TBRA opportunities through the competitive application process. **Please note the amount of funds available is approximate.**

Funding Source:	HOME Investment Partnerships Program (HOME)	CFDA #
Amount Available:	\$2,000,000	14.239

Maximum Funding Requests

KHC limits the amount of funds an applicant may request:

- Maximum request is **\$200,000** of HOME funds, **exclusive** of HOME administrative fees. KHC reserves the right to reduce requests based on capacity of the applicant or administrator. TBRA applications are for a two-year period.

KHC reserves the right to award lessor or greater amounts than requested. This determination may be based on such factors as, but is not limited to, a project’s readiness to proceed, the number of applications received, geographic distribution of funds, applicant capacity, and any other factors that KHC deems appropriate and necessary.

Match and Leverage Requirements

There is no match or leverage requirements for TBRA.

State Clearinghouse Review

The Kentucky State Clearinghouse review is not applicable to HOME TBRA.

Section IV. Eligibility

All applicants for housing funds must be in good standing with the Kentucky Secretary of State's office. In addition, applicants who are deemed ineligible as a result of KHC's suspension and debarment policy may not participate in any project that receives KHC resources.

Eligible HOME Applicants

Funds may be provided to private developers, nonprofit organizations, Community Housing Development Organizations (CHDOs), faith-based and community service organizations, and units of local government in Kentucky.

The city of Owensboro, the merged governments of Lexington/Fayette and Louisville/Jefferson counties, and the consortia consisting of the cities of Covington, Ludlow, Bromley, Newport, Bellevue, and Dayton receive a direct allocation of HOME funds from HUD. Projects within these areas are not eligible to apply for state HOME funds.

Eligible Projects

For HOME TBRA, a project is defined as assistance to one or more families. The following requirements/allowances apply:

- Utility deposit assistance may be provided only in conjunction with either a rental assistance or security deposit program.
- Applicants proposing to administer a HOME TBRA program must design their program so that assistance is only transferable under the portability program within the applicant's service area.
- Applicants must establish a minimum tenant contribution to rent.
- TBRA may be conditioned on successful participation in a self-sufficiency program.

Tenant Selection

HOME TBRA programs must have a written tenant selection policy that clearly specifies how families will be selected for assistance. This policy must be maintained on file and available to KHC, HUD, and the public upon request. The tenant selection plan, at minimum, should address the following:

- Local preferences outlined in the tenant selection policy cannot be administered in a manner that limits the opportunities of persons based on race, color, religion, sex, national origin, disability, actual or perceived sexual orientation or gender identity, marital status, or familial status. A person given a preference for the HOME TBRA program may not be prohibited from applying for another program for which he or she might qualify.
- HOME TBRA uses the Section 8 Housing Choice Voucher calculation in order to determine the appropriate amount of subsidy for which a tenant is eligible. Additionally, all applicants must use the Section 8 Part 5 definition of annual income to determine eligibility.
- Tenants must be allowed to choose any eligible unit within an applicant's proposed service area. Applicants should clearly identify the service area and should verify that it does not extend beyond the area stated in the agency's by-laws. The applicant's program must be designed to allow portability of the voucher ONLY within the designated service area.
- Eligible income limits must be identified. Refer to Income Limits and Section VI Program Guidelines for additional information.

Eligible Activities

HOME may be used to provide Tenant Based Rental Assistance for the following activities:

- To provide rental assistance to help pay the cost of monthly rent and utility costs for up to 24 months.
- To pay security deposits for tenants regardless of whether rental and utility subsidies are being provided. For those jurisdictions which have adopted the Uniform Residential Landlord Tenant Act, security deposit is defined as “an escrow payment made to the landlord under the rental agreement for the purpose of securing the landlord against financial loss due to damage to the premises occasioned by the tenant’s occupancy other than ordinary wear and tear.” KRS 383.545(13).
- To pay security and utility deposits only.
- In conjunction with a lease-purchase program, *except* for down payment and closing costs.
- Funds may be contingent upon successful participation in a self-sufficiency program.

Utility deposit assistance may be provided only in conjunction with rental assistance and/or security deposit assistance. TBRA funds can cover related soft costs for a TBRA project which include unit inspections and income determinations. HOME TBRA funds may be used to pay for reasonable planning and administrative expenses associated with operating a TBRA program. Administrative funds are limited to ten percent of the project amount.

Ineligible Activities

HOME TBRA funds may not be used for the following activities:

- Application fees for housing units.
- Applicant background checks.
- Telephone and cable deposits.
- Landlord vacancy and/or damage claims.
- Down payment and/or closing costs in conjunction with a lease-purchase program.
- To make commitments to specific owners for specific projects. Tenants must be free to use the assistance in any eligible unit.
- To assist resident owners of cooperative housing that qualifies as homeownership housing. Cooperative and mutual housing may qualify as either rental or owner-occupied housing, depending on the provisions of the agreement applying to the unit.
- To prevent displacement of or provide relocation assistance to tenants as a result of activities other than the HOME Program.
- To provide TBRA to homeless persons for overnight or temporary shelter. Any HOME TBRA subsidy must be sufficient to enable a homeless person to rent a transitional or permanent housing unit that meets Housing Quality Standards (HQS).
- To provide assistance for more than 24 months.
- To duplicate existing rental assistance programs that already reduce the tenant’s rent payment to 30 percent of income. For example, if the household is already receiving assistance under the Section 8 Program, the household may not also receive assistance under a HOME TBRA program.
- To provide assistance outside of the agency’s service area.
- Funds may NOT be contingent upon participation in medical- or disability-related services, and cannot be administered in a manner that limits opportunities for persons with disabilities.

Eligible Units

HOME TBRA voucher holders may select units that are publicly or privately owned. Unit rent must be reasonable compared to rents charged for comparable unassisted rental units. The HOME TBRA applicant shall establish a rent-comparable book, and may utilize the information maintained by the local public housing authority, if available.

Eligible units must pass an HQS inspection. Inspections must be completed at the time of initial occupancy and annually thereafter during the length of TBRA subsidy. If security deposit assistance alone is provided, an inspection is required only at the time of the security deposit assistance.

All projects must comply with 24 CFR Part 58, Environmental Review Procedures for Entities Assuming HUD Environmental Responsibilities. Units of local government must submit an environmental review record prior to release of funds. KHC will perform the review for nonprofit and for-profit organizations. The environmental review record will be solely for the purpose of determining whether the project, because of extraordinary circumstances and conditions at or affecting the location of the project, may have a significant environmental impact. If it is determined that the project may have a significant environmental impact, further steps will be taken in accordance with §58.

Payment Standards

Three options are available for setting the payment standard:

- The payment standard may be based upon the Section 8 Existing Housing Fair Market Rent (FMR). Using this method, the payment standard for each unit size may be no less than 80 percent of the published FMR and not more than the published FMR or HUD-approved community-wide exception rent in effect at the time. This method is attractive because it requires little market analysis on the part of the HOME recipient.
- Because HUD's FMR market areas are quite large, the published FMR may be dramatically high or low for a specific jurisdiction within the FMR area. For this reason, the HOME Program offers a second option for establishing the payment standard. The payment standard may be established at any level (higher or lower than the FMR), based upon the applicant's own market analysis. To exercise this option, the applicant must document the results of the market analysis.
- The applicant may use KHC's Payment Standards, which are updated in October of each year. Those Payment Standards are available on HCA's Help Desk, <https://kyhmis.zendesk.com/home>.

Deposit Assistance

HOME TBRA funds may be used for security and/or utility deposit assistance provided there is a separate determination of need. HOME regulations allow the security deposit payment to be made to the tenant or the owner and the utility deposit payment to be made to the tenant or the appropriate utility company. KHC recommends that deposit payments be made directly to an owner or utility company.

The amount of security deposit paid should be based upon local market practice. However, the maximum amount of HOME funds that may be provided for a security deposit is the equivalent of two months' rent for the unit. Only the prospective tenant, not the owner or landlord, may apply for HOME security deposit assistance.

Utility deposits may be made only in conjunction with the provision of rental assistance or security deposit programs, and cannot be operated separately as a "stand alone" program. Utility deposits may be paid for any of the tenant-paid utility services included on the utility allowance schedule. Telephone

and cable deposits are ineligible. Please note: funds for assistance for security deposits or utilities must be in the form of a grant to, or on behalf of, the tenant.

Eligible Costs and Requirements for HOME Funds

Eligible HOME TBRA costs and requirements are identified in 24 CFR 92.209. The following list highlights some of those requirements, but is not exhaustive.

- Eligible costs include rental assistance, security deposit payments, and utility deposit assistance (if it is provided with TBRA or security deposit payment). Administration of TBRA is eligible only under general management oversight and coordination under §92.207(a), except cost of unit inspections and income determinations are eligible project-related soft costs.
- The term of the rental assistance contract may not exceed 24 months, but may be renewed, subject to the availability of HOME funds.
- KHC reserves the right to disapprove a lease if the rent is not reasonable, based on rents charged for comparable unassisted rental units.
- The tenant's lease must comply with the requirements in §92.253(a) and (b).
- The amount of monthly assistance may not exceed the difference between a rent standard for the unit size and 30 percent of the family's monthly adjusted income.
- The housing must meet the requirements of 24 CFR 982.401.
- The recipient may use HOME funds provided for TBRA to provide security deposits provided the procedures in §92.209(j) are followed.
- TBRA may be provided through an assistance contract with an owner that leases a unit to an assisted family or directly to the family. In either case, KHC must approve the lease.
- In any case, where Section 8 assistance becomes available, recipients of TBRA will qualify for tenant selection preferences to the same extent as when they received HOME TBRA under this subsection.

Income Limits

A household qualifies for TBRA assistance if its annual gross income does not exceed 60 percent of area median income (AMI) indicated on the HOME Income Limits. Programs must ensure that 20 percent of all households served have an income that does not exceed 50 percent AMI. Income of participating tenants must be verified before assistance is provided and re-examined annually thereafter. Income limits are established by household size and revised annually by HUD. If at annual re-examination a household's income exceeds HUD's Low-Income Limit, i.e., exceeds the 80 percent AMI, the household is no longer eligible for HOME TBRA and assistance can no longer be provided.

HUD's income limits are typically updated each spring. Before submitting your application, please verify that you are using the most recent limits for Kentucky. A link to the current income limits can be found on HCA's Help Desk, <https://kyhmis.zendesk.com/home>.

Income Verification

All assisted households must be income-eligible based on the anticipated gross income as determined by the Section 8 method of determining annual income found in 24 CFR Part 5. Income includes all household income and the actual or imputed income from assets of household members. Imputed income must be determined using the current passbook savings rate published by HUD. For specific income inclusions and exclusions refer to §5.609.

When determining income eligibility, source documentation of at least two months must be reviewed. Income and asset verifications are valid for 180 days prior to the execution of the HOME written

agreement. If more than 180 days elapse after the verifications are completed, but before the HOME written agreement is executed, the recipient must re-verify all household income and assets.

Section V. Technical Assistance

KHC offers technical assistance opportunities for both new and seasoned applicants. During technical assistance, KHC staff will assess the applicant's readiness to submit an application. KHC recommends that in addition to the grant writer, the individuals responsible for the day-to-day activities of the project administration and completion also attend the technical assistance session. KHC staff is available to review draft applications and answer general application questions until the day prior to application submission. Working with KHC staff provides applicants with helpful information regarding KHC program regulations and potential funding sources, as well as suggestions on how to enhance the information provided in the application.

Please note: Requesting or attending technical assistance does not guarantee the project will be awarded funds. For more information, contact Rosemary Lockett, toll-free in Kentucky at 800-633-8896 or 502-564-7630, extension 317; TTY 711; or e-mail rlockett@kyhousing.org.

Section VI. Competitive Application Process

Capacity

In an effort to create consistency and equity, KHC utilizes a **"Capacity Scorecard"** for all program areas that have competitive applications. The scorecard is used to determine the capacity of the agency to administer a program based on the knowledge and expertise of the agency, staff, and development team; the financial capacity of the agency and its ability and willingness to meet the ongoing compliance requirements of programs funding through KHC.

A minimum score of 60% will be required in order to be eligible for funding. Capacity scoring will be the first section of the Universal Funding Application (UFA) and is considered to be a minimum threshold. Once the applicant has completed this section, KHC staff will also review the Capacity Scorecard and also assign a score. Once KHC staff has completed the review, the KHC score will be visible to the applicant, so applicants will be able to identify potential areas of weakness prior to completing the entire application.

Applicants are encouraged to review the Capacity Scorecard questions and seek technical assistance from KHC staff if there are questions, or if there are opportunities to make changes that could improve scoring prior to submitting the capacity scorecard. For example, if there are outstanding Compliance Monitoring findings that can be resolved prior to submitting the capacity scorecard, it could improve the capacity score by clearing those outstanding items.

Application

All applicants are required to submit applications for funding electronically via [KHC's Universal Funding Application](#) system. KHC has enhanced the online application to allow applicants to upload required attachments. Each item must be individually attached in the section provided. The application focuses on the overall concept of the proposed project, as well as the more technical components, such as project design, program performance, community need, ready-to-proceed issues, and capacity to undertake the project, anticipated budget, and funding requests.

The application checklist should be used as a guide for the applicant to ensure that all required documentation is included with the application.

Application Preparation and Minimum Submission Requirements

A complete application must be transmitted to KHC. KHC will send an e-mail notification to the applicant once the application has been transmitted successfully. This email only indicates that the application has been received. **If the application does not meet the minimum submission requirements, the applicant will be notified in a second email that the application will not be considered for funding.**

All applications must meet the following criteria:

- **Be submitted to KHC by 5 p.m., ET, Friday, April 29 2016. .**
- Be submitted in the current application version and all applicable attachments must be uploaded to KHC's system as part of the application submittal.
- A minimum score of 60% on the final Capacity Scorecard.
- Be limited to the applicable cap for funding.
- Not include funding from any previous KHC-approved HOME projects, including awards made to any other applicants.
- All applicants must request all KHC funds required for the project in one application. Previously-funded projects cannot access additional funds through this competitive application process.
- For the application to be complete, the Cost Summary in Excel format must be uploaded to the electronic application. The application attachments must be identified with the file name of the attachment.
- In the event that contradictory statements appear in the application, KHC reserves the right to request clarification from the designated contact person.
- There is a \$100 non-refundable application fee for nonprofit organizations and units of local government and a \$250 non-refundable application fee for for-profit applicants. KHC must **receive** the appropriate application fee, via check or money order, to the following address:

**Kentucky Housing Corporation
Housing Contract Administration
1231 Louisville Road
Frankfort, KY 40601**

Applicants are strongly encouraged to submit their application fee prior to submitting their application. KHC must receive the appropriate application fee no more than seven days after the application deadline. If the fee is not received, the application will be rejected.

Section VII. Application Review Process

Notice to Applicants

It is the applicant's responsibility to submit all required documentation to adequately support its Application. Any material deficiency in the Application or omission from the mandatory submissions may result in an immediate rejection of the application. In addition, the Application must meet all eligibility requirements set forth in the guidelines. Any application which does not contain sufficient information to be reviewed will be rejected.

Although KHC will award funds to the highest scoring projects, KHC will make every effort possible to ensure that funds are geographically distributed across the state. KHC reserves the right to allocate funds to lower scoring applications to ensure equitable allocation of resources in each congressional district throughout the state.

KHC may, at its discretion, request information from applicants to address and resolve issues identified during application review. The application will be reviewed and scored as submitted.

Following are the areas KHC staff will review and score:

- Project Need
- Ready-to-Proceed
- Program Performance – Rental Assistance, Security and Utility Deposit
- Project Design
- Capacity of the Applicant/Administrator

Ready-to-Proceed

- Is the plan for client outreach and referral in place, and is it thorough and well documented?
- Has the agency determined that there are enough units that will pass HQS in the service area?
- Will there be a sufficient number of landlords involved in the program to ensure that eligible units will be available to program participants?
- Are waiting list maintenance procedures reasonable and compliant with fair housing laws?
- How many clients are identified as eligible and are income-verified?
- Do identified clients match the proposed program design?
- For security and utility deposit assistance-only programs, is there a well-established and concrete mechanism to ensure households can afford rents and units will remain affordable?

Program Performance

- Is the intake process clear and reasonable?
- Are preferences within the eligible populations (homeless and/or special needs) proposed and are they in accordance with the overall project design?
- Is the voucher management reasonable and well planned?
- How much assistance do clients receive in finding affordable, eligible units?
- What is the rental subsidy/utility deposit payment structure? Has the applicant proposed the most cost effective method of providing rental assistance (payment standards, fair market rents, etc.)?
- What efforts are made to ensure households remain in affordable housing once the TBRA ends?

- Are there any potential delays in implementing the project?

Project Design

- Are support services appropriate for the targeted population (if applicable)?
- What is the range of services offered? Are there gaps in service that are not addressed?
- How long will the services be provided?
- How will services be delivered?
- Are adequate HQS units available versus number of vouchers proposed? How do you know? Describe past and future initiatives to notify landlords of your HOME TBRA program.

Capacity of Applicant/Administrator

- Is the experience of the applicant/administrator clearly described?
- Are qualifications relevant to the proposed project?
- Is the size of the project appropriate based on agency experience?
- KHC will conduct an internal capacity review based on prior experience with the applicant, and for prior grantees will consider success in administering similar projects, overall performance, adherence to deadlines and original program design, quality and timeliness of paperwork, staff turnover, and project management. In addition, staff will consider compliance and/or audit findings and whether such findings have been addressed. The amount of HOME TBRA funding that the applicant has on-hand at time of application and projected to the end date of the grant will also be considered.

Applicants will also have an opportunity for extra points. Those questions are indicated in the application as a **Bonus Question**.

Application Scoring Response Period

Once all applications have been fully reviewed and scored, and prior to submission to the KHC Credit Committee, KHC will make the preliminary project score sheet available to the appropriate contact for each application. Applicants will not be made aware how other applications have scored. KHC will establish a time by which applicants can review their initial scores and offer a written response if they disagree with their preliminary score. This is not a cure period; therefore, applicants will not be able to submit any additional or revised documentation. The purpose of the scoring response period is to allow the applicant the opportunity to address any oversights or calculation errors by KHC staff.

This reconsideration process is described in further detail in Section VIII below.

Conditional Approval Process

Funding recommendations are made by the application review team within KHC's Housing Contract Administration Department. The recommendations are based on application review as submitted by the applicant with possible minor scoring adjustments.

Staff recommendations are presented to KHC's Credit Committee for conditional project approval. Once conditional approval is received, they will be posted on KHC's website and will also be sent through KHC's eGram system. Approved projects will receive a preliminary award letter based upon technical submission requirements. In order to be funded, the applicant will be required to comply with the terms and conditions. If a conditional funding commitment is cancelled, the applicant may reapply in the next competitive funding round. Execution of the HOME funding agreement will occur after the successful completion of the conditional commitment of funding and all terms and conditions are met.

Section VIII. Reconsideration Processes

The processes described in this section are the exclusive means by which an applicant may request reconsideration of a decision by KHC regarding disqualification, scoring, or the award of KHC resources. Information submitted to KHC outside of these processes, whether in writing or otherwise, will not be considered.

Application Deficiency Decisions Review Request

If KHC identifies a deficiency in an application during its review that results in the disqualification of an application or a reduction in the amount of requested KHC resources, KHC will issue a preliminary decision letter to the applicant identifying the grounds for the disqualification or reduction of requested KHC resources. The applicant may then provide a written response specifically identifying the reasons why the applicant believes the application should not be disqualified or why the amount of requested KHC resources should not be reduced. Written responses must be delivered via electronic mail, by hand delivery, or overnight mail, to the attention of the managing director of Housing Contract Administration, and received within five (5) business days of the date of the written preliminary decision letter

Only the application and documents already existing in KHC's file will be considered when reviewing the applicant's written response. No additional documentation will be accepted unless such documentation only serves to explain previously submitted documentation. The burden is on the applicant to demonstrate why the application should not be disqualified or the amount of KHC resources should not be reduced.

The managing director of Housing Contract Administration will forward the review request, along with the applicant's response, to KHC staff involved with the initial scoring of the application and to KHC's Credit Committee for review and decision. The Credit Committee shall consist of members of KHC's Executive Staff or as appointed by KHC's Executive Director.

The Credit Committee shall review the request and KHC's staff's response, if any. The Credit Committee may, in its sole discretion, request additional information or documentation or conduct a meeting or conference with the applicant and KHC staff. After its review, the Credit Committee shall issue a written decision, and KHC will provide a copy of the written decision to the applicant. Applicants may request a meeting with KHC's Credit Committee or its representatives within five (5) business days of the date of the written decision; however, the Credit Committee will only consider the information that is in the project file at the time of the review. At the end of the five (5) day period, if no meeting request has been received, the Credit Committee's decision is deemed final. If a meeting request is received within the five (5) day period, the Credit Committee may modify or affirm its decision based on information presented at the meeting, at which point its decision is then deemed final.

Preliminary Scoring Decision Reconsideration Request

Any applicant wishing to request a reconsideration of a preliminary scoring decision by KHC may do so in writing to the managing director of Housing Contract Administration. Applicants may **only** request reconsideration for applications in which they have an ownership interest. Requests must be sent via electronic mail, hand delivery or overnight mail and received within five (5) business days of the date of the written decision.

Reconsideration requests must specifically identify the basis for the reconsideration request. The burden is on the applicant to demonstrate any alleged errors in the review and/or scoring process.

KHC staff involved with the initial scoring will review the applicant's written responses and, if KHC concurs with the applicant, appropriate scoring corrections will be made. KHC's final scoring decision will be shared in writing with the applicant.

The final scoring decision will be shared with the KHC Credit Committee at the same time funding recommendations are made to the Committee for its review and approval.

If, during the scoring review process, applicants dispute their preliminary scoring and KHC does not concur, the applicant's written request along with KHC staff's written determination will be shared with the Credit Committee for their information and review as part of their consideration of the funding recommendations.

The Credit Committee may, in its sole discretion, request additional information or documentation or conduct a meeting or conference with the applicant and KHC staff.

The Credit Committee's decision regarding the reconsideration request will be provided in writing to the applicant.

Applicants may request a meeting with KHC's Credit Committee or its representatives within five (5) business days of the written decision; however, the Credit Committee will only consider the information that is in the project file at the time of the review. At the end of the five (5) day period, if no meeting request has been received, the Credit Committee's decision is deemed final. If a meeting request is received within the five (5) day period, the Credit Committee may modify or affirm its decision based on information presented at the meeting, at which point its decision is then deemed final.

Communications with Credit Committee Members

Applicants, members of applicants' Development Teams, or other persons operating on behalf of Development Teams are expressly prohibited from having ex parte communications with KHC's Credit Committee regarding any reconsideration or review requests or any related topic, from the issuance of the preliminary scoring decision until KHC renders its final determination. Any violation of this prohibition may result in disqualification of the pending application and suspension from participation in the next competitive funding cycle for the applicant and all of its Development Team members, regardless of which team member initiated the prohibited contact.

Section IX. Program Guidelines

HOME TBRA

The HOME TBRA guidelines are located on KHC's web site at www.kyhousing.org. The following list highlights some of those requirements, but is not exhaustive. It is the applicant's responsibility to review and comply with all HOME TBRA guidelines, including those not expressly included below.

- All projects must comply with the HOME Final Rule, Consolidated Plan, the Action Plan and other items as required.
- Administrative fees are a grant to the administrator.
- KHC will review proposed administrative fees and may, at its discretion, award an amount less than that requested by the applicant. Applicants must draw administrative fees in proportion to the expenditure of project funds. KHC reserves the right to reduce administrative funds if a project does not serve the number of units as proposed in the application.

- Recipients must immediately report to KHC any real, potential, or perceived conflict of interest, as outlined in 24 CFR Part 35 and 24 CFR Part 84 and or 85, as applicable, regarding the receipt of, assistance provided with, or expenditure of HOME funds. For example, a potential or perceived conflict of interest may exist when a relative (sibling, cousin, parent, etc.) of the applicant's staff, developer's staff, etc., applies for housing assistance through a HOME-assisted program or in a HOME-assisted property.
- All projects must comply with 24 CFR Part 58, Environmental Regulations, regarding activity within a floodplain.
- All TBRA households must be at or below 60 percent AMI. Additionally, 20 percent of households served must be at or below 50 percent AMI.
- Applicants must establish a minimum tenant contribution to rent.

Structure and Repayment of KHC Subsidy

There is no repayment of HOME assistance for HOME TBRA activities by the individual households to the sponsoring agency. All HOME TBRA to individual households will be in the form of a grant. In the event of non-compliance by a sponsoring agency, repayment of HOME TBRA funds to KHC will be required.

Recapture of Funds

KHC reserves the right to:

- Withdraw its conditional funding commitment if items are not submitted by the applicant by the date referenced in the commitment letter.
- Recapture funds if funds are not committed and/or expended by the dates referenced in the funding agreement, or if the project substantially changes after the funding commitment.
- Periodically review the applicant's progress toward timely commitment and expenditure of the HOME allocation. If KHC determines that the project is no longer feasible or is not progressing timely so that the imposed deadlines will be met, funds may be recaptured.
- KHC will recapture funds for any applicant who becomes suspended or debarred in accordance with the KHC Suspension and Debarment Policy.

Other examples of situations that constitute recapture are included in the funding agreement. Applicants are advised to read those requirements carefully to avoid recapture of HOME funds.

Project Completion

If the project does not meet the commitment and/or expenditure deadlines as noted in the funding agreement, any uncommitted or unexpended HOME project funds are subject to recapture.

Section X. Program Policies

Program Policies

This includes but is not limited to:

- KHC may, at its discretion, award an amount of funds less than that requested by the applicant. KHC reserves the right to reduce any fees that KHC deems excessive.

- No applicant will be allowed to change the type of activity for which they were funded.
- Applicants are responsible for retaining legal counsel on any legal matter pertaining to the administration of the project.

Recordkeeping

Recordkeeping requirements must be in compliance with 24 CFR 92.508. Documentation of these requirements must be available for review by KHC's compliance monitoring staff or program staff. Applicants are responsible for ensuring that all records are maintained for the appropriate period of time for all HOME-assisted projects, including but not limited to the following.

General

KHC must establish and maintain sufficient records to enable HUD to determine whether KHC has met the requirements of §92.508. At a minimum, KHC must maintain the following records:

- Records concerning KHC's designation as a participating jurisdiction;
- Program records;
- Project records;
- CHDO records;
- Financial records;
- Program administration records;
- Records concerning other Federal requirements, including (i) equal opportunity and fair housing records; (ii) affirmative marketing and MBE/WBE records; (iii) records demonstrating compliance with environmental review requirements; (iv) records demonstrating compliance with the requirements of §92.353 regarding displacement, relocation, and real property acquisition; (v) records demonstrating compliance with the labor requirements of §92.354, including contract provisions and payroll records; (vi) records demonstrating compliance with federal lead-based paint requirements; (vii) records supporting exception to the conflict-of-interest prohibition in §92.356; and (viii) records demonstrating compliance with debarment and suspension requirements.

State Recipients

KHC must require state recipients to keep the records required by §92.508(b).

Record Retention

All records pertaining to each fiscal year of HOME funds must be retained for five years, with the following exceptions:

- For rental housing projects, records may be retained for five years after the project completion date; except that records of individual tenant income verifications, project rents and project inspections must be retained for the most recent five year period, until five years after the affordability period terminates.
- For homeownership housing projects, records may be retained for five years after the project completion date, except for documents imposing recapture/resale restrictions which must be retained for five years after the affordability period terminates.
- For TBRA projects, records must be retained for five years after the period of rental assistance terminates.
- Written agreements must be retained for five years after the agreement terminates.
- Records covering displacements and acquisition must be retained for five years after the date by which all persons displaced from the property and all persons whose property is acquired for the project have received the final payment to which they are entitled in accordance with §92.353.

- (f) If any litigation, claim, negotiation, audit, monitoring, inspection or other action has been started before the expiration of the required record retention period records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the required period, whichever is later.
- (g) The following table includes the regulatory recordkeeping guidance on general administration, costs, and audit requirements.

Applicants	General Administrative	Costs	Audit
State and Local Governments	24 CFR Part 85	2 CFR Part 225	OMB A-133 24 CFR Part 45
Nonprofit Organizations	2 CFR Part 215 24 CFR Part 84	2 CFR Part 230	OMB A-133 24 CFR Part 44

Program Administration

This includes but is not limited to:

- Each applicant must develop and utilize a standard program application form. Each household must complete the standard application form. If necessary, the agency will provide assistance in preparing the form, especially to the elderly, handicapped, non-English speaking persons and persons who are unable to read and/or write. A *Uniform Residential Loan Application* is not considered a program application and cannot be used as such under this program.
- All households deemed ineligible for assistance must be notified in writing of such determination and the reasons for such determination. The household should also be notified of other potential resources.
- Applicants should document their efforts to ensure clients are complying with the requirements.
- Applicants must disclose all real, potential, or perceived conflicts of interest to KHC as outlined in 24 CFR Part 35 and 24 CFR Part 84 or 85, as applicable, regarding the receipt of, assistance provided with, or expenditure of KHC funds. All conflicts of interest must be disclosed and resolved prior to providing KHC assistance to the household.
- HOME applicants must comply with the requirements of the Uniform Relocation Act.
- All funded projects are assigned to a KHC program representative or specialist, who will provide technical assistance to recipients on an as-needed basis. Technical assistance visits are conducted onsite for all open projects to ensure compliance with the HOME regulations as well as KHC imposed requirements. The recipient’s adherence to the terms of the funding agreement(s) will be reviewed annually.

Compliance Monitoring

KHC is responsible for conducting monitoring reviews for all projects. KHC conducts on-site visits of funded projects to monitor for compliance with the applicable program regulations. This includes ensuring funds were used for eligible costs and assisted households meet income eligibility requirements. The compliance staff maintains a tracking system to ensure reviews are completed as

required by the program regulations. Each recipient of HOME funds is required to make available all documentation requested by KHC's monitoring staff.

Conflict of Interest

All applicants must establish a Conflict of Interest policy that adheres to 24 CFR Part 35 and 24 CFR Part 84 or 85, as applicable.

Potential conflicts of interest may arise from many situations. Some of the more common examples are:

- Requests for program assistance from employees, families of employees or board members, or families of board members of recipients or sub-recipients
- Recipients or sub-recipients contracting with or procuring materials from employees, families of employees or board members, or families of board members of recipients or sub-recipients

All HOME recipients are responsible for identifying situations in which a conflict of interest, whether real or perceived, may exist. If a conflict of interest is identified, the agency must seek an exemption.

Draw Requests

All draw requests must be submitted through the Program Funding Draw Management System.

To set-up your account, visit the [Program Funding Draw Management System](#) and follow three easy steps.

1. [Register/Create](#) an account.
2. [Request access](#) to your project(s).
3. After project access is approved, [create and submit](#) the draw request.

It is recommended that you use Internet Explorer 10 or above, or the latest version of Firefox or Chrome when completing your registration. Draw requests and project set-up reports are to be submitted monthly. The final draw request must also include required closeout documentation.

If you have any questions, or need assistance registering, please review the [FAQ](#) section of the System or contact a Contract Management Specialist in the Housing Contract Administration Department.

Section XI. Resources

HCA Help Desk

<https://kyhmis.zendesk.com/home>

HOME Final Rule

<https://www.hudexchange.info/programs/home/>

HOME Income Limits

<https://www.hudexchange.info/home/>

Click on the most current year and then on "Kentucky" to find the applicable income limits.

Technical Guide for Determining Income and Allowances for the HOME Program

<https://www.hudexchange.info/resource/786/technical-guide-for-determining-income-and-allowances-for-the-home-program/>

This guide book provides information on calculating income of program participants. It reviews general requirements for determining and calculating income in order to determine program eligibility; provides an overview of the three allowable definitions of income; and reviews how to determine income using each of the three definitions.

HOME Tenant-Based Rental Assistance Guidance

<https://www.hudexchange.info/home/topics/tenant-based-rental-assistance/>