

*New Vision,
New Strategies,
Making Impact*

2014 Progress Report



2014 Investment Impact

30,000 +

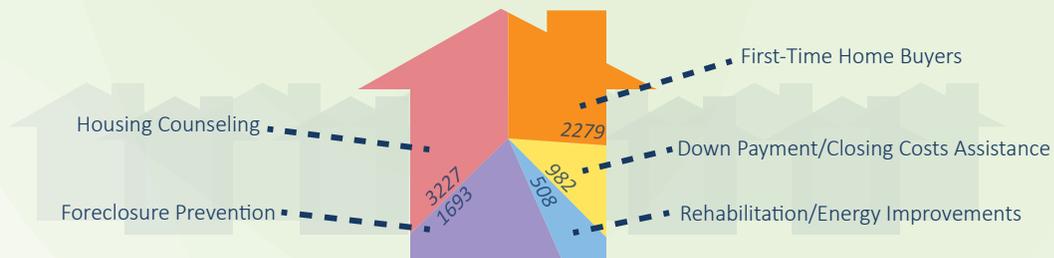


Kentuckians have a place to call home.

\$466 Million*

Invested in housing solutions for Kentucky families and communities.

Homeowners



*Includes LIHTC/Housing Credits.

At KHC, we invest in quality housing solutions for families and communities across Kentucky, through homeownership, rental, and special needs programs, to ensure all Kentucky families and individuals are living in quality housing they can afford.

Renters



KHC helped build or rehabilitate 1,055 rental units.

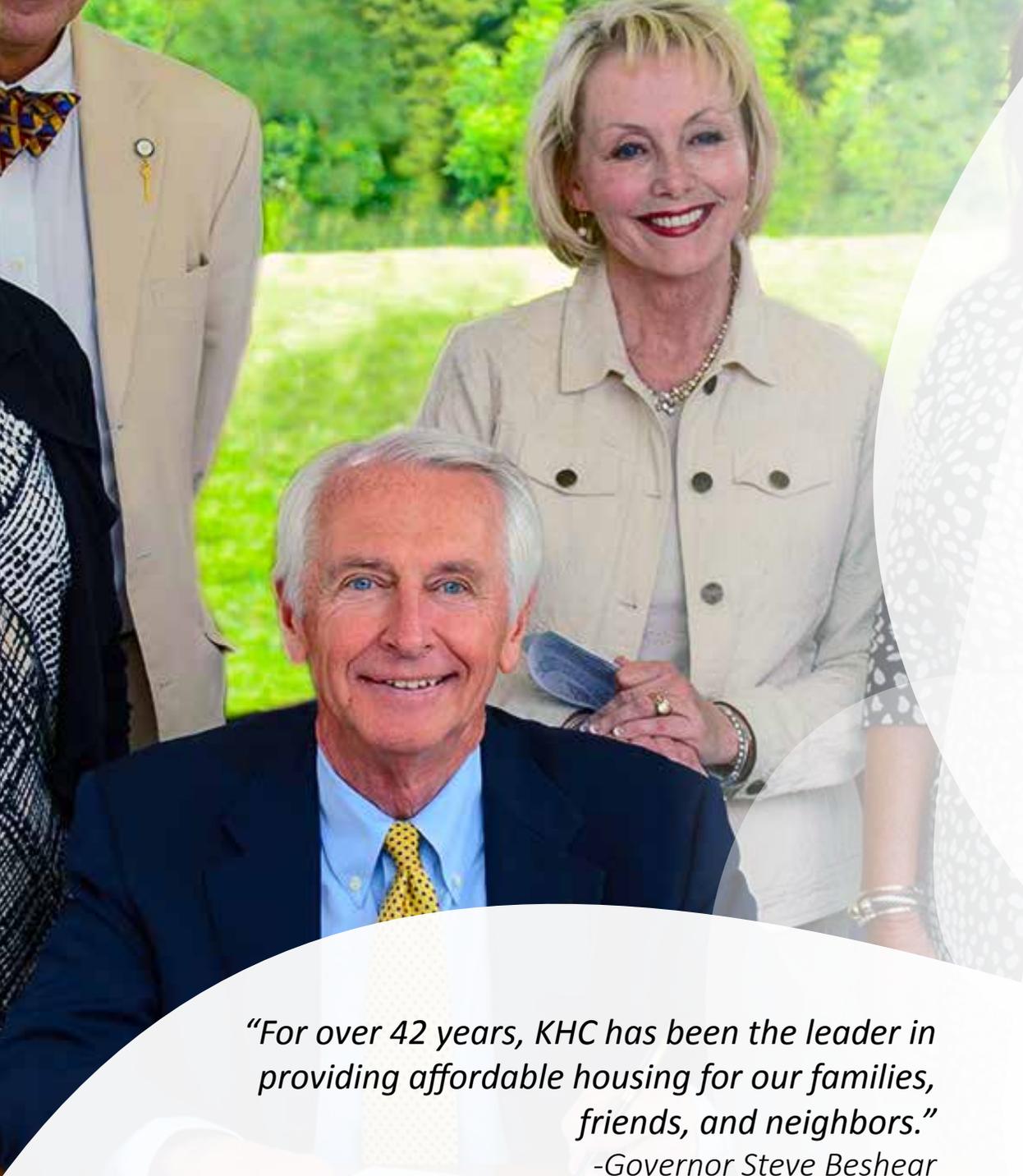


KHC administered rental assistance to 27,919 families.

Persons with Special Needs

- Homeless Prevention 1,036
- Housing Assistance 3,421
- Non-Housing Services to Assist with Sustainability 3,909
- Emergency Shelters 4,315





“For over 42 years, KHC has been the leader in providing affordable housing for our families, friends, and neighbors.”
-Governor Steve Beshear

For over 42 years, Kentucky Housing Corporation (KHC) has been the leader in providing affordable housing for our families, friends, and neighbors. In both strong and weak economies, KHC has consistently provided state and federal resources that balance statewide concerns with local needs. KHC continues its rich tradition as a reliable source of affordable mortgages for low- and moderate-income families. During my tenure as Governor, KHC has made homeownership possible for more than 20,000 Kentuckians and, with its partners, built or rehabilitated more than 11,000 affordable rental homes through an array of multifamily finance programs.

I am proud of the quality investment and long-term commitment that KHC has provided to the Commonwealth – a commitment our citizens certainly deserve.

The Honorable Steven L. Beshear

Governor
Commonwealth of Kentucky

As the state’s housing finance agency, KHC continues to find innovative ways to address the unique challenges of the housing market, while providing consistent services to our customers. This year, we also renewed our commitment to the Commonwealth through rigorous strategic business planning and corporate restructuring. The result is better integrating our programs and services, creating operational efficiencies, and innovating in areas that meet housing needs and grow revenue.

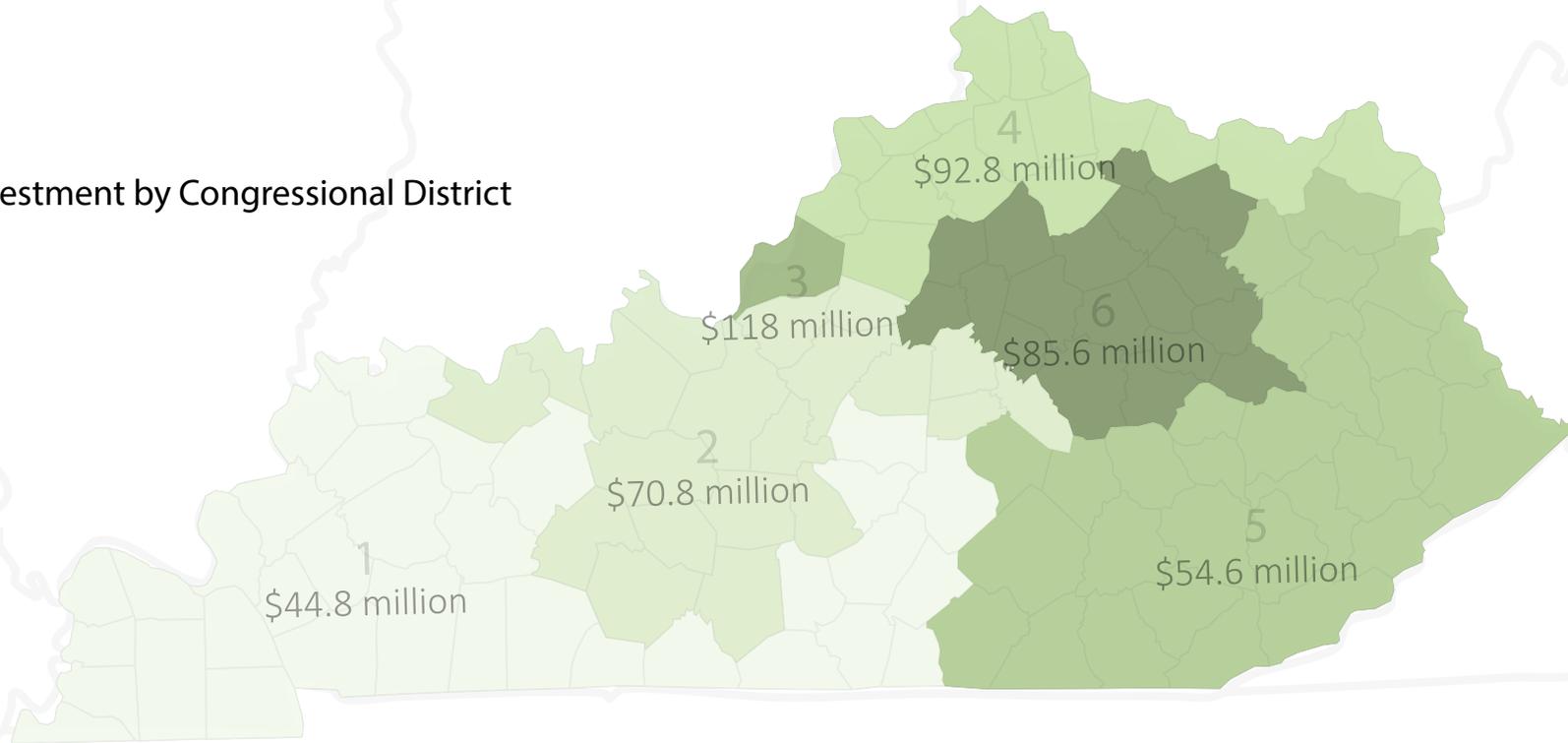
One thing is certain: adapting to change is critical to any organization’s ability to thrive in this fast-paced economy. In partnership with our Board, KHC’s executive team is committed to monitoring the external environment and making adjustments, as needed. We appreciate and depend on the dedication of our staff and partners to meet Kentucky’s housing needs. Together we will continue KHC’s heritage of investing in Kentucky families and communities.

J. Kathryn Peters

Executive Director
Kentucky Housing Corporation

Together, we make an impact with lenders, real estate agents, nonprofits, builders, developers, counselors, homeless shelters, landlords, property owners, Continuum of Care partners, legislators, city leaders, state officials, federal representatives, Area Development Districts, community action agencies, universities, and other partners.

Statewide Investment by Congressional District



Major Statewide Investments by Funding Source



Low Income Housing Tax Credits
\$72.8 million



Rental Assistance for Very Low-Income Families
\$132 million



Homelessness Programs
\$11 million



Affordable Housing Trust Fund (AHTF)
\$2.8 million



HOME Investment Partnerships (HOME) Program
\$13.9 million



Affordable Mortgages and Down Payment Assistance
\$230.6 million



Debra Benton

“My heart is so happy. It’s just an amazing feeling— I wish everyone could experience homeownership!”

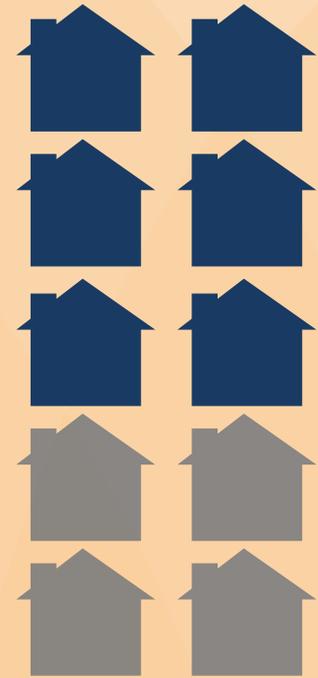
Single-Family Programs

KHC invests in sustainable homeownership solutions for Kentuckians.

Benefits of KHC Financing

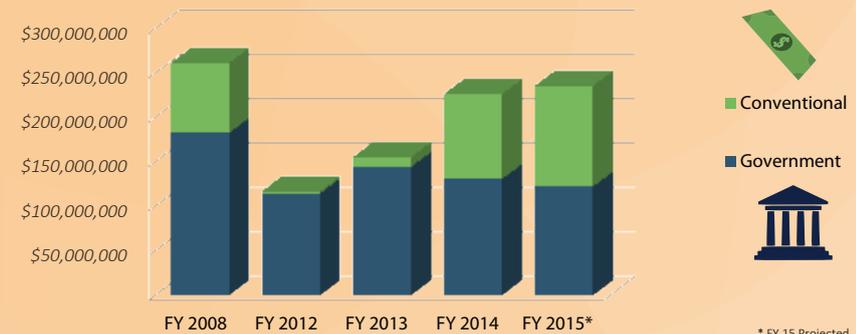
- **Down payment Assistance Program (DAP)**
- **First-Time Home Buyer Tax Credit**
- **Conventional Loans with or without Mortgage Insurance**
Exclusive to Housing Finance Agencies.
- **No Adjustments to Interest Rates**
Not affected by smaller loan amounts, credit scores, or manufactured housing.
- **In-House Loan Servicing**

Loan Production



62% of assisted home buyers use KHC’s DAP.

Loan Production



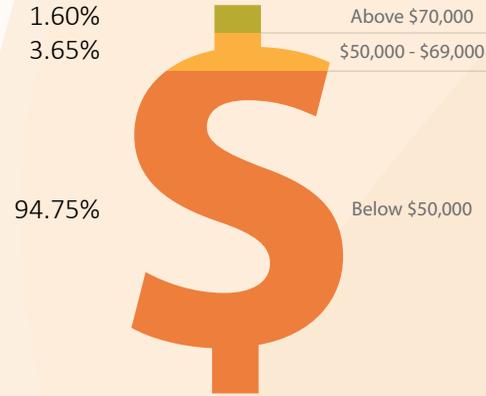
KHC also funded the construction or rehabilitation by its partners of more than 200 homes for low- to moderate-income home buyers through the Affordable Housing Trust Fund and the HOME Investment Partnerships Program.



Unemployment Bridge Program (UBP)

KHC invests in solutions for homeowners at risk of foreclosure.

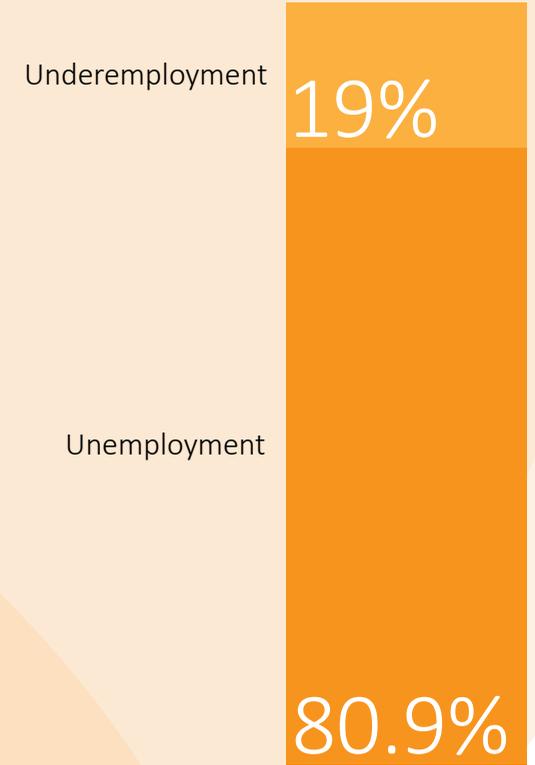
Borrower Income



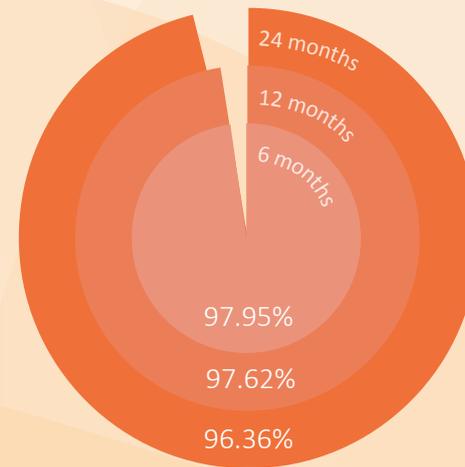
KENTUCKY HOMEOWNERSHIP PROTECTION CENTER

www.ProtectMyKYHome.org

Reason for Assistance



Homeownership Retention



Beverly Haskins

“KHC impacted me by allowing me to stay in my home without worrying about payments and bill collectors calling, while I regained employment.”

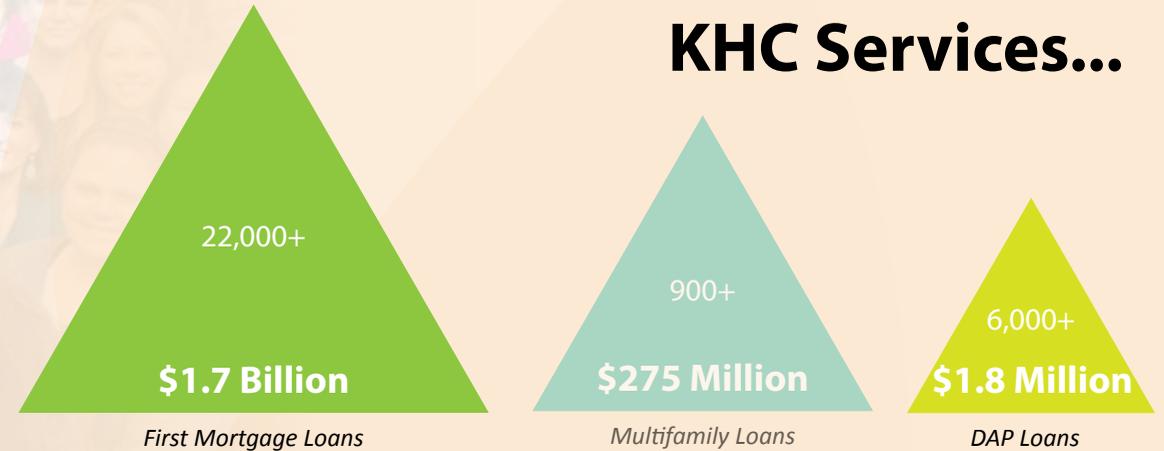
The UBP is a forgivable loan option for Kentuckians who have experienced a loss of income, due to unemployment, or a reduction in income, due to substantial underemployment or a qualifying disability, to assist them in making their mortgage payments. The loss must have occurred within the previous three-year period, and maximum assistance is \$30,000 or 18 months.



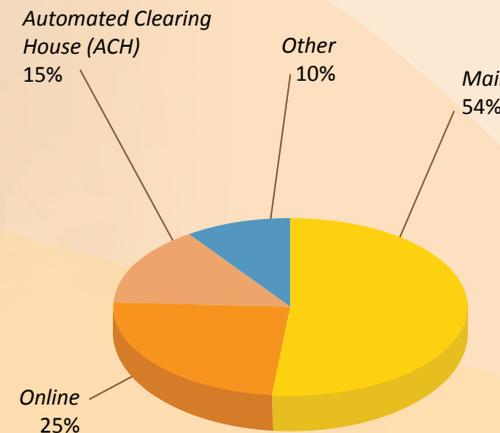
Loan Servicing

KHC invests in the maintenance of all multifamily and single-family mortgage products to better serve our customers.

KHC Services...

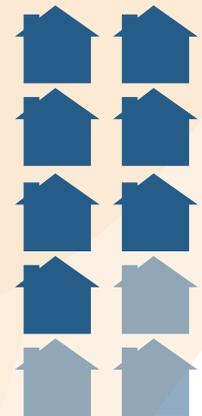


Providing Payment Options that Work for Kentucky



74%

of loss mitigation reviews resulted in successful retention of the home by the borrower.



All loans are serviced in-house, in Kentucky, by staff who are proud to provide quality customer service, helping families remain in their homes, strengthening Kentucky communities.



Energy Programs

KHC invests in energy programs to make homes more efficient and affordable.

Income Levels



Weatherization/LIHEAP Persons Assisted



Elderly Households



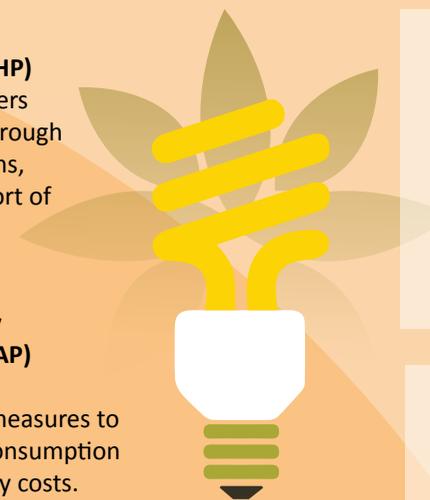
Disabled Housholds

KY Home Performance (KHP)

Helps Kentucky homeowners save energy and money through affordable financing options, while improving the comfort of their homes.

Low Income Home Energy Assistance Program (LIHEAP) and Weatherization

Installs energy-efficiency measures to reduce a home's energy consumption and lower household utility costs.



20% savings

Average energy cost savings on KHP-retrofitted properties.

626

Total households assisted through completion of LIHEAP and KHP retrofits.

Carla McNay

"KHC impacted me through helping me weatherize my home. I was so thankful when I heard I was chosen to receive help. I could have never afforded to do this on my own."

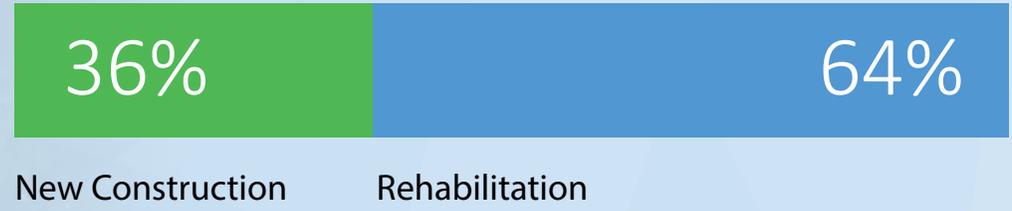
Pictured: The Landings at Maysville High School, Maysville



Multifamily Finance

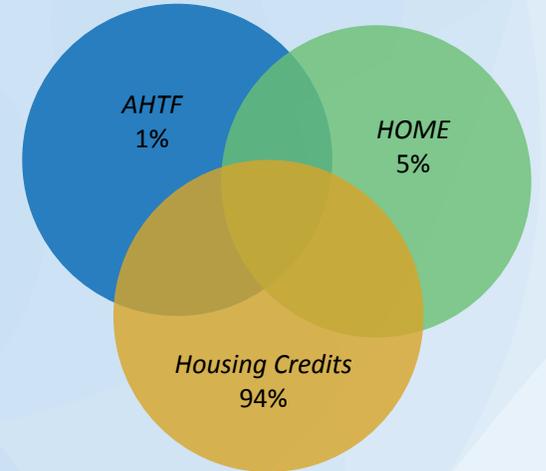
KHC invests in quality, affordable rental options, using a variety of funding sources, across the state.

In 2014, KHC invested in 1,055 rental units.



KHC expects to double the number of rental units financed in FY2015 through increased utilization of Tax Exempt Bonds, combined with gap funding, for larger portfolio transactions that combine multiple affordable housing projects.

Funding Sources



“The unique partnership created between KHC, Buffalo Trace Housing Corporation, Regions Bank, the Kentucky Heritage Council, and Wallick-Hendy Development created 29 affordable housing units, while preserving this vital historic structure at risk of being lost.”

-Matthew A. Shoemacher

Senior Vice President of Wallick-Hendy Development Company, LLC

HOME Investment Partnerships (HOME) Program – Provides a flexible source of funding for various types of affordable housing production and rehabilitation, which allows communities to tailor programs that best fit their needs.

Affordable Housing Trust Fund (AHTF) – Addresses critical housing needs of very low-income Kentuckians, including the mentally and physically disabled and those on the verge of homelessness.

Low Income Housing Tax Credits (LIHTC/Housing Credits) – Promotes development of low-income rental housing through tax incentives, by offering eligible property owners a 10-year tax credit for each unit created for low-income families.

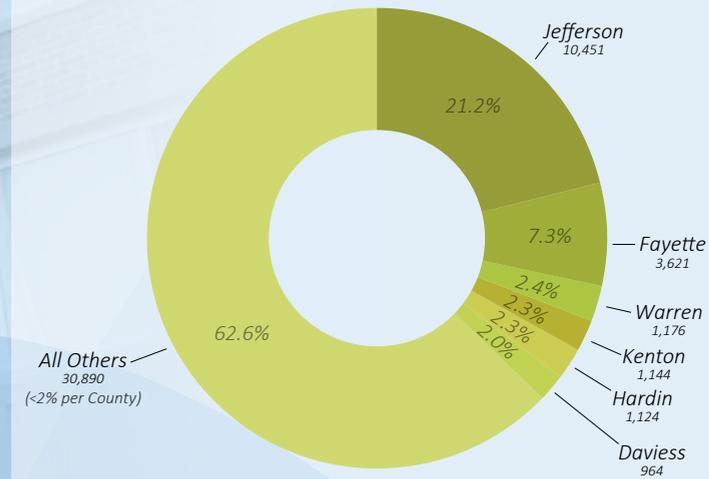
Pictured: Hillebrand House, Louisville

Preservation

KHC invests in the preservation of affordable rental properties across the state.

Kentucky's Challenge: **50,000** estimated rental units at risk of loss by 2020.

Geographic Distribution of At-Risk Units



The Need for Preservation



There are only enough affordable rental housing units for **35%** of extremely low-income households.



There are only enough affordable rental housing units for **76%** of very low-income households.

750+ Affordable Rental Units Preserved by KHC in 2014.

“Every at-risk unit translates to an at-risk family.”

Kathryn Peters
Executive Director,
Kentucky Housing Corporation

“With KHC funding, Beacon Property Management was able to make 210 old apartments new homes.”

-Travis Yates

CPM Beacon Property Management



More than \$220 million is needed to revitalize properties.

KHC's investment is eclipsed by preservation needs. Partners are essential to meeting the challenge.



Rental Assistance

KHC invests in affordable rental solutions to ensure access to rent subsidies for low-income Kentuckians.

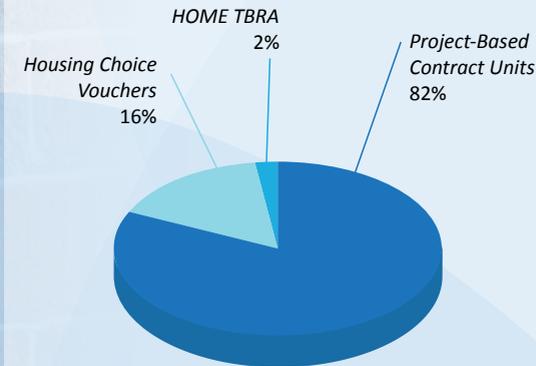
Kentucky Rents
KHC provides a free service connecting property owners with available units to renters seeking units.
kyrents.com

Populations Served



53% of households receiving rental assistance are elderly/disabled.

Assistance by Program



Housing Choice Vouchers (HCV/Section 8) Program – Provides assistance to households through vouchers that can be used at any accepting property. The subsidy stays with the resident when they leave the property.

Project-Based Contract Units – Allows subsidies for eligible residents through a contract with the property owner. The subsidy stays with the property when the resident leaves.

Family Self-Sufficiency (FSS) Program – Provides opportunities for HCV participants to achieve economic self-sufficiency through learning employment skills, money management tips, and homeownership education.

Housing Choice Voucher to Homeownership Program – Assists qualified families to obtain a home loan, while a portion of the house payment is made by KHC.

HOME TBRA – Provides short-term rental assistance to low-income households through housing partners across the state.

FSS Program



69% of the 103 families enrolled at the end of FY2014 have active escrow accounts.

Sherry Hamilton

“Because of the FSS Program, I can now become a homeowner, and I look forward to continuing my education to further better my life and the lives of my kids.”



Homelessness

KHC invests in partnerships and solutions to end rural and urban homelessness across the state.

K-Count
Single-day count of Kentucky's homeless. Statistics include 118 of Kentucky's 120 counties. (Jefferson and Fayette counties are counted separately.)



Prevented Homelessness for 1,036 Households

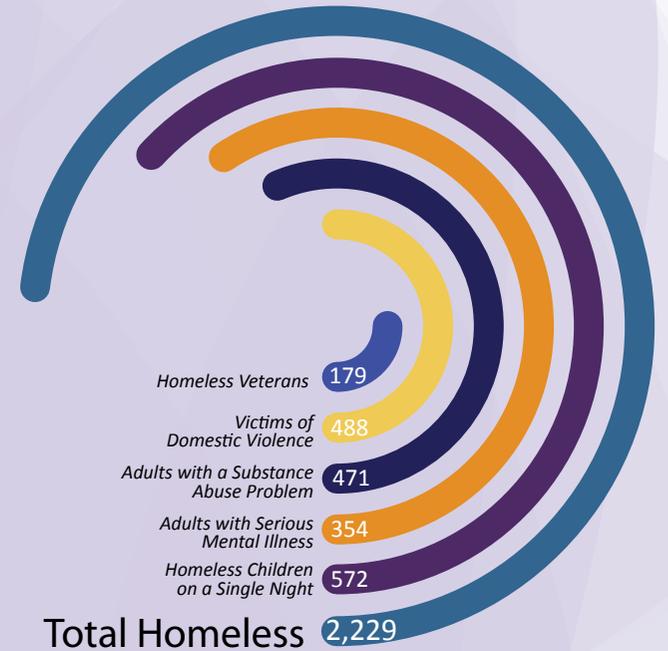
Provided Emergency Shelter to 4,315 Persons

Provided Rapid Re-Housing to 1,650 Households

Emergency Solutions Grant (ESG)—Identifies sheltered and unsheltered homeless persons, as well as those at risk of homelessness, and provides services necessary to help them quickly regain housing.

“Kentucky River Community Care Inc. added two new emergency shelter apartments through use of KHC funding. These apartments are a safe haven for homeless households in the Kentucky River Region.”
-Sharon Hendrickson
Vice President of Community Care Development & Management Co.

K-Count Statistics



Homeless Children on a Single Night





Paula Bowman

“Help from KHC has given me independence!”

Special Housing Programs

KHC invests in programs to meet the unique needs of many Kentuckians who are unable to find housing.

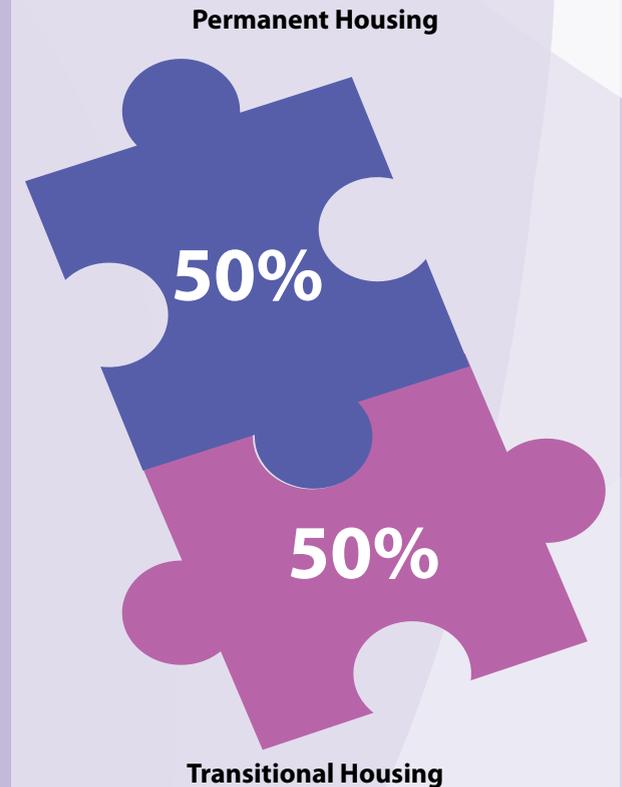
Continuum of Care (CoC)—Provides progressive housing programs and services designed to coordinate emergency, transitional, and permanent supportive housing; rental assistance; and supportive services.

Chafee Room and Board—Provides short-term rental assistance for young adults ages 18-21 who were in foster care at their 18th birthday or who were in the juvenile justice system.

Housing Opportunities for Persons With AIDS (HOPWA)—Provides housing and services to persons with AIDS or related diseases and their families.

Olmstead Housing Initiative (OHI)—Provides housing solutions for people with Severe Mental Illness who are in institutions or who are at risk of institutionalization.

Housing Assistance by Type



What is “Transitional Housing?”

Housing solutions that are time-limited, usually up to 24 months.

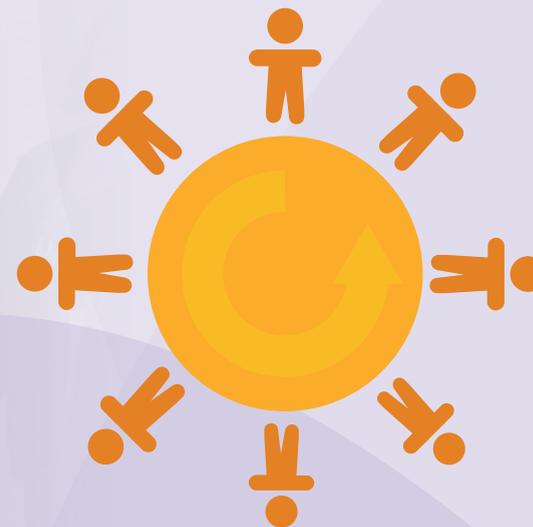


Capacity Building

KHC invests in its partners to strengthen their ability to successfully administer housing programs.

KHC is creating tools that help our partners ensure homeless Kentuckians are successfully housed.

Roundtable discussions provided a broad perspective on the joint efforts to end homelessness.



Top five focus areas in the administration of homeless programs:

1. Client Eligibility
2. Expense Eligibility
3. Personnel Activity Reports
4. Matching Funds
5. Client Rent and Income

1:1

In addition to training, KHC staff provided one-on-one technical assistance to partner nonprofits.

KHC conducted **15** comprehensive, two-day **training sessions** throughout the state, with **57 agencies** that administer KHC specialized housing programs.

Ann Perkins, Safe Harbor

"It's the best training I can remember in the last 25 years!"

Fair Housing

KHC invests in furthering fair housing in Kentucky through the administration of the state's Fair Housing plan and public education.

"Most of us, whether white or black, are mixtures of many races and nationalities...we all have tangled roots."

Representative Mae Street Kidd



KHC requires any agency applying for funding from KHC to demonstrate in their grant application how the proposed project will reduce impediments to fair housing in Kentucky.



KHC requires tenant leases for KHC-funded or Housing Credit properties to include the protections of the Uniform Residential Landlord and Tenant Act (URLTA), even in local jurisdictions where the URLTA has not been formally adopted.



KHC requires all programs and properties to demonstrate that their non-discrimination policies protect the LGBT community, just as they protect other populations under federal Fair Housing law.

KHC is providing greater education on the fair housing process:

- *Emphasizing training and history to staff.*
- *Creating a new multi-cultural customer service and outreach coordinator position.*
- *Educating renters about their housing rights through the Section 8 briefing process.*



KHC's Multicultural Affairs Committee seeks to improve all KHC programs and general operations so fair housing goals are met and minority concerns are addressed.



KHC is expanding and improving responsiveness to individuals whose first language is not English by implementing the Language Access Plan.

In March 2014, KHC representatives attended the 50th Anniversary of the Civil Rights March on Frankfort. Kentucky state legislator Mae Street Kidd (pictured) led civil rights and housing equality efforts in Kentucky, and sponsored legislation in 1970 for a mortgage bill to help low-income people, which created KHC in 1972.



Over the last year, with the guidance of the Board of Directors, KHC has met critical organizational and structural goals that will serve the Corporation well as it adapts to a continually changing environment. One recent accomplishment involved determining the cost of delivering each of our programs. As a self-supporting, quasi-state agency, we must understand where we make money, where we break even, and where we lose money. This information will help us take a sustainable approach to growth and investment.

KHC is evolving from a mature housing finance agency into an innovative and agile organization able to respond to changes in the economy, the housing market, and the state. The members of the Board and I are excited about the future.

William E. Summers, V
KHC Board Chair

“KHC has met critical organizational and structural goals that will serve the Corporation well.”



Crit Luallen*
Lieutenant Governor



Charles Beach III
Representing Consumers



Gail J. Melvin
Representing Local Government



Jack Conway*
Attorney General



Horace Alton Cunningham
Representing KY State Building Trades Council



Porter G. Peeples, Sr.
Representing Homeless



Lori Hudson Flanery*
Secretary, Finance and Administration Cabinet



Stacey Epperson
Representing Nonprofit Housing Organizations



Barry Noffsinger
Representing Manufactured Housing



Larry Hayes*
Secretary, Cabinet for Economic Development



Ann D. McDonald
Representing Real Estate Practitioners



C. Jacob Reid
Representing Financial Institutions



Tony Wilder*
Commissioner, Department for Local Government

Board of Directors

*ex officio

*KHC Audited Financial Statements (June 30, 2014), as well as the digital version of this document, are available at **www.kyhousing.org**.*



No state funds were used to produce this document.