

*Creating Stronger Families, Stronger Communities,
and a Stronger Kentucky*



Housing
is the **KEY**

2011 Kentucky Affordable Housing Conference



2011 REPORT ON PROGRAM ACHIEVEMENTS
Kentucky Housing Corporation

Creating Affordable Housing...

In the Most Challenging Market

The challenging housing market has affected everyone, and Kentucky Housing Corporation (KHC) has been working toward solutions by strengthening current programs, creating new programs, and maximizing resources to do more with less so that, together, we can continue to create affordable housing opportunities.

Housing is a basic human need. It is the key to stability for Kentucky households and communities. Creating new and rehabilitating existing housing creates jobs and stimulates the local economy.

The Corporation financed 1,281 single-family, first-time homes in fiscal year 2011, less than a quarter of KHC's housing production before the housing crisis began. Despite the condition of the housing bond market, KHC remains strong with its AAA bond rating, remains self-supporting, and is proud of its investments and partnerships to provide affordable housing opportunities.

KHC received \$326,548,173 of federal recovery funds (see next page) and is utilizing it to prevent homelessness, develop multifamily housing, weatherize homes, assist unemployed homeowners, and improve Kentucky's existing housing stock for future generations.

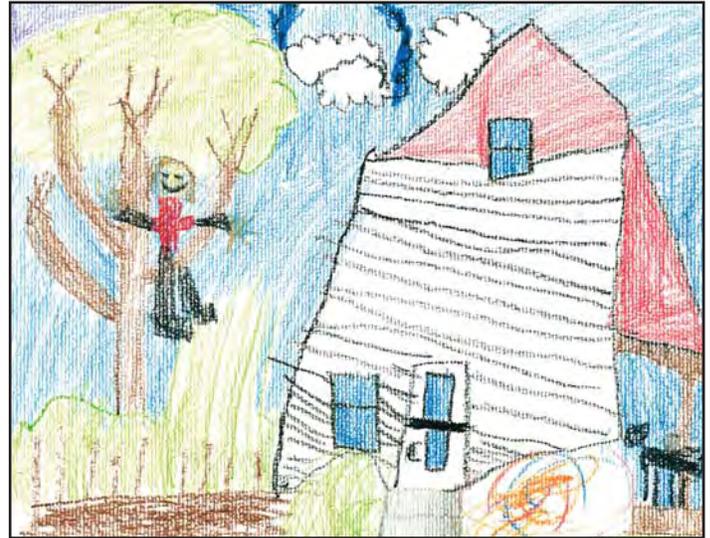
The Kentucky Homeownership Protection Center works to help homeowners find alternatives to foreclosure, and the Unemployment Bridge Program is forecasted to help over 6,250 unemployed homeowners with mortgage assistance while they seek employment.

The Kentucky Affordable Housing Trust Fund (AHTF) leveraged \$5.21 of housing for every \$1 of state investment to improve housing for very low-income and special needs families. In fiscal year 2011, 81 percent of the AHTF helped households with incomes below 50 percent of the area median.

With innovation and resource leveraging, KHC is finding ways to create affordable housing for those who dream of homeownership, need an affordable rental unit, need special assistance through homeless programs, or need a bridge to sustain the place they call home.

Homeownership Programs

Keeping the American Dream of Owning a Home Alive



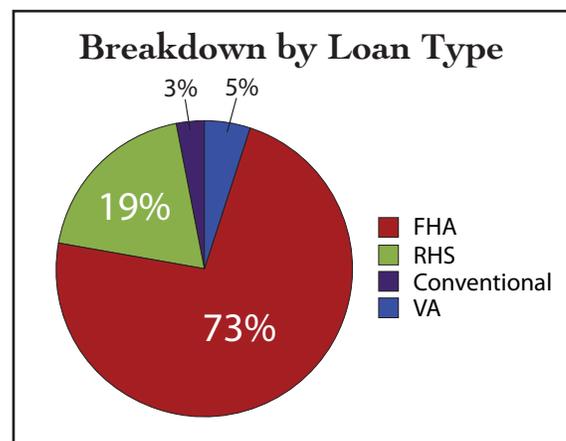
Above: Artwork submitted by Wolfson Goff, age 6, as part of KHC's "My Own Kentucky Home" 2011 Art Contest.

KHC financed 1,281 mortgages for single-family homes in fiscal year 2011 (FY 2011), totaling \$124,417,883.

The Mortgage Credit Certificate (MCC) Program, combined with low-market rates, allowed 198 first-time home buyers to acquire a KHC mortgage.

In FY 2011, 726 Down payment Assistance Program (DAP) loans, totaling \$2,932,285, were a key factor to help Kentuckians obtain their homes.

Despite the economic downturn, KHC continues to have strong clients to serve. The average credit score of a KHC homeowner is 693, and 92 percent of KHC mortgages are for first-time home buyers. Out of the home buyers KHC serves, 24 percent are single parents and 12 percent are minorities.



Housing is the Key is a reminder of how a safe, quality, affordable place to call home is the foundation for a more stable, successful, and happy life to blossom in a demanding world.

Federal Funding Awards

Creating Jobs, Supporting Housing Partners, and Strengthening Housing Stock

KHC received two forms of federal funding to help the Commonwealth prevent homelessness, weatherize homes, assist the unemployed, and improve Kentucky's existing housing stock.

American Recovery and Reinvestment Act (ARRA)

ARRA has had a huge impact on the state and KHC. In all, \$119,683,034 funded five programs administered by KHC in partnership with a handful of other state and federal agencies. These programs provide emergency housing assistance, create affordable housing, and revitalize existing homes to make them more energy efficient.

Kentucky's Housing and Emergency Assistance Reaching the Homeless (KY HEARTH)

Received \$12,157,352 (\$8,133,897 expended*) to assist Kentuckians who are homeless or in danger of becoming homeless. The funds were disbursed as grants to local agencies for financial assistance, security and utility deposits, rental assistance, and housing relocation. In FY 2011, KY HEARTH served 7,013 Kentuckians.

KY Home Performance with Energy Star (KHP)

Received \$4 million, and KHC allocated an additional \$2.1 million to help Kentucky households become more energy efficient and comfortable through cash rebates and below-market financing for improvements to single-family residences. (Details bottom right.)

Tax Credit Assistance Program (TCAP)

Received \$31,616,176 (\$29,255,736 expended*) to stimulate affordable housing construction in Kentucky. After the housing downturn put a strain on the funding KHC received from investors, TCAP allowed 19 affordable housing unit projects throughout the state to keep communities moving forward.

Weatherization Assistance Program

Received \$70,913,750 (\$42,818,120 expended*) to help weatherize homes for low-income households, making them more energy efficient. Energy-efficiency enhancements for 6,414 units have been completed, and another 11,079 are in the pipeline.

Weatherization Training Centers

Received \$995,756 (\$278,276 expended*) to equip community technical colleges and training centers for training current and future energy efficiency specialists.

*As of June 30, 2011

Troubled Asset Relief Program (TARP)

TARP was a U.S. government program to purchase assets and equity from financial institutions and has also contributed greatly to the state of Kentucky. Two of the allowable uses under this program were to strengthen housing stock and assist unemployed homeowners. KHC received \$206,865,139 for these programs.

Tax Credit Exchange Program (Exchange Program)

Received \$67,923,130 in funds, making possible the construction of affordable housing projects. Twenty-nine projects across Kentucky have been financed from this funding pool, expending \$55,447,978, as of June 30, 2011.

Unemployment Bridge Program (UBP)

Received \$148,942,009 to help Kentucky homeowners keep their homes while they recover from a temporary loss of employment income due to the economic downturn. The loss of income must be through no fault of the recipient. Please view the UBP section on the following page for details of the program.

KY Home Performance Progress

As of September 1, 2011, 335 whole-house energy evaluation rebates were distributed, 185 jobs were completed, and another 200 were in process. An additional 300 jobs were in the pipeline. KHP has 125 individual contractors or contractor firms and 25 utility providers participating. Over \$4 million has been leveraged through the program, including the homeowners' repair costs.

Participants Receive:

- Estimated household energy savings: More than 29 percent.
- Cash rebates up to \$2,000 or below-market, low-interest loans up to \$20,000 (terms and conditions apply).
- First 1,000 registrants receive a \$150 rebate for a whole-house energy evaluation, as well as a free, quality-assurance evaluation after improvements.
- Fewer drafts and more comfortable rooms.
- Work performed by specially-trained professionals.
- Third-party quality assurance on home improvements.

For full details, visit the KY Home Performance Web site, www.KYHomePerformance.org.

Kentucky Homeownership Protection Center

Statewide Free Foreclosure Prevention and Assistance Program

The Protection Center is the only statewide foreclosure assistance program created by the Kentucky state government and endorsed by Governor Steve Beshear. Each homeowner who registers with the Protection Center is referred to the nearest counseling agency in their area. The homeowners works with their agency to discover the options that may be available to them. There is no cost to the client for services provided through the Protection Center.

In FY 2011, the Protection Center acquired \$450,000 in funding from the NeighborWorks of American National Foreclosure and Mitigation Counseling Program. This funding allows the Protection Center to continue helping Kentuckians find solutions.

Kentucky Unemployment Bridge Program (UBP)

Unemployment Help for Homeowners

The UBP is a forgivable loan option funded through the U.S. Department of Treasury and available through the Protection Center for eligible homeowners who need help with their mortgage payments. The homeowner must have experienced a job loss or reduction in income due to changing economic conditions, through no fault of their own, and demonstrate a need for assistance. Homeowners who qualify are eligible to receive 12 months of assistance, up to \$20,000.

How many people have requested UBP help?

From January 1, 2011, through September 23, 2011, the Protection Center received 7,200 inquiries for assistance.

Of those, 1,784* are UBP-unique applicants. After initial qualifications and approvals, 1,080* of those homeowners are eligible for UBP assistance.

How many people have been assisted by the UBP?

As of September 23, the UBP has 7 completed loans (successfully found employment), 591 closed loans (currently receiving assistance), 160 approved but not yet closed (assistance not started), and 322 in process (reserved or being underwritten).

How much has been expended and committed from the UBP?

KHC has expended \$2.5 million and committed up to \$11.8 million in assistance* (591 closed loans x \$20,000 maximum assistance each.)

*As of September 23, 2011

Why would someone not qualify for the UBP?

- If the job or income loss was not due to economic downturn, such as divorce, death, or disability.
- If the reduction of income was less than 15 percent minimum.
- If the borrowers are in an active Chapter 7 or 13 bankruptcy (servicers will not accept those in bankruptcy).

Participant Praise

Brighton Center, a UBP counseling partner, received the following letter from a client after she completed the UBP.

I lost my job in May 2010, the same year my son started college. Not only did I suffer from loss of income but I had also promised my son college expenses. I couldn't let him down. Then my brother moved in because he was forced out due to a foreclosure on his home. I was trying to help everyone but myself. I was pulled in so many different directions, not knowing what to do next.

In February 2011, I overheard one of my friends talking about how their past due mortgage payments and approximately seven additional months of house payments were going to possibly be paid through a new program. Well, my ears perked right up knowing that I had been laid off from my job after 15 years and was receiving \$347 per week in unemployment benefits.

I began asking my friend more about the program and she gave me Brighton Center's phone number. I called, completed a phone application, and was asked to schedule a one-on-one appointment the following week.

In March 2011, I was approved for the Unemployment Bridge Program, and I was elated. I went to First Security and Trust Bank in Florence to sign *only* three documents (to my surprise) for this program. Soon all my arrearages (\$400) will be taken care of and my monthly payments of \$725 will be paid up to 12 months, or until I find another job. It was a pleasure working with Brighton Center Financial services. A BIG THANK YOU goes out to your department.

~ Ms. Bonnie

HOME Investments Partnerships (HOME) Program

Helping Communities Find the Solutions They Need

The HOME Program was created by the Cranston-Gonzalez National Affordable Housing Act of 1990 (the HOME Investment Partnership Act) and provides funding for various types of affordable housing production and rehabilitation. HOME is the largest federal block grant program designed exclusively to create affordable housing for low-income households. HOME funds may be used as forgivable and/or low-interest rate loans to provide housing assistance. The program's flexibility empowers people and communities to design and implement programs tailored to their own needs and priorities.

The HOME Program has four objectives:

- Provide quality, affordable housing to lower-income households;
- Expand the capacity of nonprofit housing providers;
- Strengthen the ability of state and local governments to provide housing; and
- Leverage private-sector participation.

The majority of HOME funds are distributed through KHC's competitive funding process to a variety of housing partners across the state – cities, counties, Community Housing Development Organizations, nonprofits, and for-profit private developers.

Kentucky is among a handful of states in the nation to fully embrace the variety of activities allowable under the HOME Program, enabling KHC and the agencies it funds to do any of the activities listed to the right.

Total allocation for the HOME Program in FY 2011 was \$18,628,804.

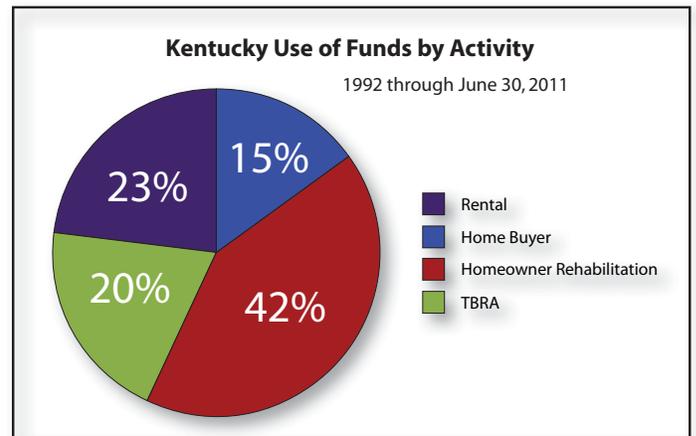
Noteworthy Accomplishments in FY 2011

January 2011

- Implemented the electronic revised Rental Web Application.
- Ability to enter the application and download all attachments, reducing extra copies of documents and eliminating paper.

March 2011

- Electronic application transferred into a new system.
- Eliminated the need to manually enter application data.



Homeowner Rehabilitation

Brings a family's primary residence up to current building code or, if the house is too dilapidated, HOME funds may be used to demolish the existing structure and build a new home. To be eligible, households may have incomes up to 80 percent of the area median. Up to \$30,000 of HOME funds per unit may be used for needed repairs. In FY 2011, 35 homes were rehabilitated or replaced through the program.

Home Buyer Assistance

This may include acquisition of an existing home, new construction, or lease-purchase arrangements. Up to \$40,000 of HOME funds per house may be used for construction, principal reduction, down payment assistance, closing costs, and, if there is an FHA-insured first mortgage, for the required 3 percent down payment. Benefiting households may have incomes up to 80 percent of the area median. In FY 2011, 463 households benefitted through HOME Home Buyer Assistance.

Rental

HOME funds may be used for acquisition, new construction, or rehabilitation of affordable rental housing. For new rental construction, this includes land acquisition, site preparation, and construction. HOME funds may also be used for construction loans, bridge loans, and permanent mortgage loans. Benefiting households may have incomes up to 60 percent of the area median. In FY 2011, 35 additional units of housing were provided through HOME Rental.

Tenant-Based Rental Assistance (TBRA)

HOME funds may be used for rent and utility assistance (similar to the Section 8 Housing Choice Voucher Program), as well as security and utility deposits. Eligible households may have incomes up to 60 percent of the area median. In FY 2011, the HOME TBRA program assisted 589 clients across Kentucky.

Affordable Housing Trust Fund (AHTF)

Filling Gaps and Leveraging Resources in Creative Ways

The Kentucky Affordable Housing Trust Fund (AHTF) leveraged \$5.21 of housing for every \$1 of state investment to improve housing for families of very low-income housing and special needs. In FY 2011, 81 percent of the AHTF helped households

with incomes below 50 percent of the area median income.

The AHTF was established by the Kentucky General Assembly in 1992 and provides funding for production of single and multifamily housing, as well as rehabilitation of existing housing, to meet the needs of low-income Kentuckians.

In 2006, representatives Jim Wayne and Charlie Siler sponsored House Bill 338, creating a permanent funding source for AHTF by implementing a small increase in fees on new mortgages, recorded deeds, and 21 additional instruments recorded by county clerks.

During FY 2011, \$7,087,848 was expended for the creation of affordable housing. Total expenditures for the AHTF since inception equal \$62,727,264. Those funds have been leveraged into \$365,443,383. The AHTF created 2,808 rental units and 6,354 single-family residences in 119 Kentucky counties since its inception.

But there are still unmet needs. In 2010, over \$8.3 million was requested in AHTF dollars by housing partners throughout the state to help fill these needs, but only a little over \$5 million was available.

Rental Assistance Programs

Providing Additional Housing Options and Monthly Assistance

Project-Based Rental Assistance (PBRA)

The KHC PBRA program provides rental assistance for very low- and low-income residents living in designated apartment complexes throughout Kentucky. The subsidy is tied to specific complexes and paid directly to the owner on behalf of the resident, thereby lowering the portion of rent for which the resident is responsible.

In FY 2011, 22,799 units in 379 properties were funded through the PBRA program. Recipients' average household income was \$8,695. Of those recipients, 13,110 were elderly and 637 were disabled.

Housing Choice Voucher Program

The Housing Choice Voucher Program (also known as Tenant-Based Rental Assistance and Section 8 Rental Assistance) is administered by KHC and allows recipients to locate and rent a house, duplex, apartment, or mobile home on their own using a Housing Choice Voucher, as long as the dwelling meets U.S. Department of Housing and Urban Development (HUD) guidelines. HUD pays a portion of the resident's monthly rent to their landlord and the resident pays the remainder, which is usually 30 to 40 percent of their income. There is a waiting list for this program, which is open every January and July.

In FY 2011*, 4,713 vouchers were distributed through the Housing Choice Voucher Program. The average household income for recipients was \$7,205 and 1,568 of those were single-parent

households, 695 were elderly, and 1,731 were disabled. Welfare assistance was given to 61 percent of those in the program and earned income equaled 15 percent.

The average time a household stays in the Housing Choice Voucher program is 3 1/2 years.

Family Self-Sufficiency (FSS) Program

KHC's FSS Program is a voluntary program for people who are receiving housing assistance through the Housing Choice Voucher Program administered by KHC. Participants work with case managers who teach employment skills, money management tips, and homeownership education.

With the FSS Program, KHC opens - and contributes to - a savings account in the participant's name. As the participant's earned income increases, their rent share goes up accordingly; KHC's share decreases and some or all of KHC's payment portion goes into the savings account, which graduates can spend as they wish. In FY 2011, \$34,507 was paid out to seven FSS graduates, one of which was able to buy a new home using FSS funds as the down payment. Others paid off education expenses, car repairs, and reduced debt.

Housing Choice Voucher to Homeownership Program

The Housing Choice Voucher to Homeownership Program is a component of the KHC Housing Choice Voucher Program. The homeownership option provides vouchers to assist first-time homeowners with their monthly homeownership expenses rather than a rental subsidy. The assistance can last from 10 to 30 years, depending on the type of loan and qualification. Down payment assistance may be available for those who meet the requirements. In FY 2011, the Housing Choice Voucher to Homeownership Program provided \$237,888 in assistance to 43 participants.

* Due to the way data is captured for the Housing Choice Voucher Program, a 12-month average of FY 2011 is used.

Specialized Housing Programs *Helping the Hardest-to-Serve Populations*

KHC has multiple Specialized Housing programs, many of which are Continuum of Care (CoC) programs. CoC is a term that refers to the comprehensive approach of addressing homelessness by providing an array of progressive housing programs and services. These programs are designed to coordinate the provisions of emergency, transitional, and permanent supportive housing for homeless people with disabilities, as well as rental assistance and supportive services.

For full details of all of KHC's Specialized Housing programs, please visit KHC's Web site, www.kyhousing.org.

Emergency Shelter Grant Program

The Emergency Shelter Grant Program is designed to help improve the quality of existing emergency shelters for the homeless, as well as create additional shelters and transitional housing, which provides the assistance homeless persons need to improve their situations. The program also helps slow the increase of homelessness through the funding of preventive programs and activities. In FY 2011, \$1,379,030 funded 46 projects serving 13,386 homeless Kentuckians.

Housing Opportunities for Persons With AIDS (HOPWA)

The HOPWA program provides states and communities with the resources and incentives to devise long-term comprehensive strategies for meeting the housing needs of low-income persons with HIV/AIDS and their families to prevent homelessness. In FY 2011, \$493,906 funded 4 projects and served 514 clients.

Kentucky Transitions

The Kentucky Transitions program serves individuals and those with physical disabilities, mental retardation, and developmental disabilities, as well as those with acquired brain injuries. It allows them to live comfortably and safely outside the institutional setting. Services include modifying homes, such as installing grab bars, wheelchair ramps, and lowering light switches. In FY 2011, \$141,928 aided in facilitating 40 participants out of care institutions.

Recovery Kentucky

Recovery Kentucky serves those homeless persons struggling with drug and/or alcohol addiction. Recovery centers are situated throughout the state's congressional districts. Currently, there are five women's centers and five men's, each of which can accommodate 100 clients. Participants pay for their housing and services based on their incomes. In FY 2011, 1,725 persons were admitted to the Recovery Kentucky program. Of those, 170 progressed into Phase II and 625 are still active program participants.

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Shelter Plus Care Program

The Shelter Plus Care Program provides homeless individuals and families where at least one adult has a disability with rental assistance for permanent housing. Programs can be either tenant based, project based, or sponsor based. In FY 2011, \$461,496 funded three Shelter Plus Care projects serving 146 clients.

Supportive Housing Program

The Supportive Housing Program provides homeless individuals and families, including persons with disabilities, with permanent housing, transitional housing, and support services. In FY 2011, \$7,568,220 funded 57 projects and served 3,998 clients through various Supportive Housing Program offerings at KHC.

Samaritan Project

The Samaritan Project is a Supportive Housing Program that offers rental assistance for unaccompanied disabled adults who have been homeless for the past 12 consecutive months or had 4 instances of homelessness within the last 3 years. Utility deposits, security deposits, and 30-day hotel vouchers are available for qualified individuals on an as-needed basis. In FY 2011, \$377,131 provided assistance to 87 individuals.

Point-In-Time Count of the Homeless (PITC)

Ensuring Those in Need are Seen

KHC is mandated by the U.S. Department of Housing and Urban Development (HUD) every other year to conduct a PITC of Kentucky's homeless persons in 118 counties, excluding Fayette and Jefferson Counties, which conduct their own counts. Findings from the PITC demonstrate the need for resources for housing and services for homeless persons in each community. The count also helps determine how much federal funding will be awarded from HUD for homeless programs, as well as assess progress under *Kentucky's Ten-Year Plan to End Homelessness*.

For more information about the PITC, please visit KHC's Web site, www.kyhousing.org.

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