

Executive Summary

AP-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)

1. Introduction

The Commonwealth of Kentucky Federal Fiscal Year 2018 Action Plan (the state's FY 2019) represents a collaborative endeavor and outlines the affordable housing and community development strategies the state will utilize in allocating funding it receives from the following U.S. Department of Housing and Urban Development (HUD) block grant programs:

- HOME Investment Partnerships Program (HOME)
- Community Development Block Grant Program (CDBG)
- Emergency Solutions Grant Program (ESG)
- Housing Opportunities for Persons with AIDS Program (HOPWA)
- National Housing Trust Fund (National HTF)

KHC and DLG undertook efforts to collaborate with the public, local governments, non-profit housing and services providers, other state agencies, and housing developers to focus on notifications to minorities and persons with limited English proficiency and other interested parties through public hearings and developer forums.

This Consolidated Plan covers non-entitlement areas of the state of Kentucky. Entities requiring a Certificate of Consistency with this plan should access the Web link at: <http://www.kyhousing.org/Resources/Planning-Documents/Pages/Consolidated-Plan.aspx>.

2. Summarize the objectives and outcomes identified in the Plan

This could be a restatement of items or a table listed elsewhere in the plan or a reference to another location. It may also contain any essential items from the housing and homeless needs assessment, the housing market analysis or the strategic plan.

Federal statutes governing these grant programs communicate three basic goals by which HUD evaluates performance under the plan. Kentucky's strategy for pursuing these three statutory goals is:

Decent Housing, which includes

- assisting homeless persons obtain affordable housing;
- assisting persons at risk of becoming homeless;

- retaining affordable housing stock;
- increasing the availability of affordable permanent housing in standard condition to low-income and moderate-income families, particularly to members of disadvantaged minorities without discrimination on the basis of race, color, religion, sex, national origin, familial status, sexual orientation, or disability;
- increasing the supply of supportive housing which includes structural features and services to enable persons with special needs (including persons with HIV/AIDS) to live in dignity and independence; and
- providing affordable housing that is accessible to job opportunities.

A Suitable Living Environment, which includes

- improving the safety and livability of neighborhoods;
- eliminating blighting influences and the deterioration of property and facilities;
- increasing access to quality public and private facilities and services;
- reducing the isolation of income groups within areas through spatial de-concentration of housing opportunities for lower income persons and the revitalization of deteriorating neighborhoods;
- restoring and preserving properties of special historic, architectural or aesthetic value; and
- conserving energy resources and use of renewable energy sources.

Expanded Economic Opportunities, which includes

- job creation and retention;
- establishment, stabilization and expansion of small businesses (including micro-businesses);
- the provision of public services concerned with employment;
- the provision of jobs to low-income persons living in areas affected by those programs and activities, or jobs resulting from carrying out activities under programs covered by the plan;
- availability of mortgage financing for low-income persons at reasonable rates using non-discriminatory lending practices;
- access to capital and credit for development activities that promote the long-term economic and social viability of communities; and
- empowerment and self-sufficiency for low-income persons to reduce generational poverty in federally-assisted housing and public housing.

3. Evaluation of past performance

This is an evaluation of past performance that helped lead the grantee to choose its goals or projects.

The current five-year Consolidated Plan includes goals and strategies to preserve existing multifamily housing and increase the supply of affordable multifamily housing units, as the state is in danger of losing a substantial portion of its affordable housing over the next several years. Programs that focus on assisting persons with special needs and the homeless has resulted in new programs and the revision of existing programs to focus on homelessness prevention, rapid re-housing of homeless persons, and supportive housing for persons with disabilities.

Overarching housing needs that remain constant over time are: persons with special needs require supports to obtain and retain housing; households in the lowest income categories are housing cost-burdened in high numbers; and there remains a severe shortage of affordable, decent housing. Aging housing stock remains of great concern. Older single-family homes may not be energy efficient and contribute to housing cost burden. Multifamily housing units constructed decades ago need rehabilitation. Affordable rental projects financed years ago are nearing the end of their affordability periods and are at risk of loss.

Future focus, for the near term, will remain on improving the existing housing stock, creating new affordable housing units, coordinating housing and services in partnership with other agencies for persons with special needs, and creating economic opportunities for Kentucky's families. Additional information on past performance can be found in the Consolidated Annual Performance and Evaluation Reports (CAPERS) that KHC and DLG submit to HUD each year in September. These reports are available on KHC's web site at www.kyhousing.org, under Resources. CAPER reports include data on the number of housing units funded, number of housing units completed, economic development, infrastructure, and other community projects, as well as demographic information on households assisted under each program.

4. Summary of Citizen Participation Process and consultation process

Summary from citizen participation section of plan.

KHC and DLG value input from Kentucky citizens in the planning process. Participation was solicited by announcing the time and location of the public hearing and comment period through legal notices, electronic mail notification to a list of over 15,000 subscribers, direct email to numerous agencies serving minorities and persons with limited English proficiency, and social media. DLG held a public hearing before the State and Local Government Committee of the state legislature to present the CDBG plan on February 7, 2018. A full public hearing covering all programs was held on February 14, 2018, at KHC. The public hearing held on February 14, 2018, at KHC was attended by five partners who provided comments. Additional partners provided written comments after the hearing.

KHC and DLG consulted with numerous agencies and partners throughout the process. These consultations included direct contact, public hearings, and presentations at meetings of statutory committees and other groups. The state made a concerted effort to solicit input from organizations that serve minorities and persons with limited English proficiency, such as placing notices in *Al Dia*, a Spanish-

language publication. During the public comment period, KHC placed notices in Al Dia and El Kentubano, both Spanish-language publications.

5. Summary of public comments

This could be a brief narrative summary or reference an attached document from the Citizen Participation section of the Con Plan.

At the public hearing, representatives from KHC and DLG presented information on each program area. The partner agency representatives who attended commented that they appreciate that KHC has preserved and continues to fund tenant-based rental activities with HOME funds and hope that KHC will continue to do so. Agencies also urged KHC to continue to fund single-family construction and rehab activities with HOME dollars, specifically in the Appalachian counties of eastern Kentucky, where homeownership is more prevalent than multifamily projects that need to be preserved.

The plan's public comment period resulted in comments pertaining to: continued investment and support of CHDOs; consideration for the SOAR initiative and Promise Zone designation; CDBG investments in rehabilitation or reconstruction and facilities such as the Recovery Kentucky Program; HOME allocations; the administration of ESG funds; how NHTF funds are used to serve the rental needs of extremely low-income households; VETT vouchers; and support to end youth homelessness in the Promise Zone of Eastern Kentucky.

Further details can be found in the written comments attached to this plan.

6. Summary of comments or views not accepted and the reasons for not accepting them

There were no comments or views not accepted.

7. Summary

PR-05 Lead & Responsible Agencies - 91.300(b)

1. Agency/entity responsible for preparing/administering the Consolidated Plan

The following are the agencies/entities responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source.

Agency Role		Name	Department/Agency
CDBG Administrator	KENTUCKY	Dept for Local Government/Office of Federal Grants	
HOPWA Administrator	KENTUCKY	KHC Housing Contract Administration	
HOME Administrator	KENTUCKY	KHC Housing Contract Administration	
ESG Administrator	KENTUCKY	KHC Housing Contract Administration	
HOPWA-C Administrator	KENTUCKY	Specialized Housing Resources	
	KENTUCKY	KHC Multifamily Programs	

Table 1 – Responsible Agencies

Narrative

Consolidated Plan Public Contact Information

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AP-10 Consultation - 91.110, 91.300(b); 91.315(l)

1. Introduction

KHC and DLG endeavor to consult with partners, state and federal agencies, local governments, non-profit and for-profit housing developers, citizens, and many other parties interested in providing input prior to and during the drafting of this Action Plan. Consultation with all entities is ongoing throughout the year. In addition to formal public hearings prior to drafting the Annual Action Plan, KHC and DLG engaged partners and other interested parties at meetings of the Continuum of Care, Housing Policy Advisory Committee, Kentucky Interagency Council on Homelessness, and others. These forums offer the opportunity for constant communication and feedback on needs and priorities.

With federal funding for the four block grant programs in danger of continued decrease or outright elimination, and great need continuing, many discussions were held with partners. The activities included in this plan reflect the balance between needs and available resources as DLG and KHC have best been able to balance them.

Over the last several months, KHC undertook a statewide housing needs assessment, and asked its partners to participate. The findings of this assessment, available after June 2018, will assist KHC in allocating scarce and decreasing resources and will also be used as the basis for the next five-year Consolidated Plan housing needs assessment and market analysis.

Provide a concise summary of the state's activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health and service agencies

One way that state enhances coordination is through the state's Housing Policy Advisory Committee, which plays an active role in advising KHC regarding affordable housing issues. The advisory committee consists of 10 ex-officio state government members, 17 at-large members appointed by KHC's Board, a member of the Senate, and a member of the House of Representatives.

KHC and the state Cabinet for Health and Family Services (CHFS) work very closely together on numerous initiatives, including Chaffee Room and Board, Olmstead Housing, Weatherization, and LIHEAP. KHC has full-time dedicated staff tasked to coordinate housing and services initiatives funded by KHC and the Cabinet.

KHC partners with the state Division of Behavioral Health to host SOAR (SSI/SSDI, Outreach, Access, and Recovery) trainings throughout the state. SOAR teaches case managers how to thoroughly complete disability applications. With techniques from these trainings, more disability applications will be approved upon the first submission. Although SSI/SSDI will not lift households above the poverty line, it

certainly can help households sustain an income and medical insurance, and with housing assistance, can be as sufficient as the individual has capacity to be.

Permanent supportive housing projects funded through the Continuum of Care (CoC) Program serve homeless individuals and families with documented disabilities. These projects are designed as part of the CoC strategy to promote the development of housing and supportive services to assist homeless persons in the transition from streets and shelters to permanent housing and maximum self-sufficiency. It is renewable annually through the CoC application.

Local partnerships with community mental health agencies have been established so referrals to the Olmstead program are easily made.

KHC, through its Housing Choice Voucher program available in 87 counties, created the Kentucky Moving On initiative in 2017. The program is a partnership with the Kentucky Balance of State Continuum of Care whereby persons currently in CoC-funded permanent supportive housing units who are no longer in need of intensive case management and supportive services may transition out of the PSH-funded resource into a Housing Choice Voucher within the community. The program allows people who have achieved housing stability to transition into community-based housing and frees up limited PSH resources for persons with more severe needs, such as those experiencing chronic homelessness.

Describe coordination with the Continuum of Care and efforts to address the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans, and unaccompanied youth) and persons at risk of homelessness

KHC serves as the collaborative applicant and lead agency for the Kentucky Balance of State Continuum of Care (KY BoS CoC), which includes 118 Kentucky counties. KHC also is the recipient of approximately 50 CoC grants, which it sub-grants to partners across the state or administers itself (e.g., HMIS). Working with the KY BoS CoC, KHC establishes scoring criteria for the CoC Competitive Application process that encourages projects to reallocate funds from transitional housing projects to permanent housing; adopt low barrier Housing First models that focus on quickly housing participants without setting preconditions such as participation in recovery programs or setting minimum income requirements that can keep people from getting off the streets and out of emergency shelters. As of 2017, over 94 percent of the CoC's CoC program-funded projects are using the Housing First model. Beginning in 2018, 100 percent of CoC-funded projects will be using the Housing First model. In addition, permanent supportive housing projects that dedicate their beds to serving chronically homeless persons receive considerably higher scoring than those who do not. In the last CoC application round, 100 percent of the CoC's PSH beds were dedicated to serving chronically homeless. The CoC has also adopted CPD Notice 16-11, which establishes the order of prioritization for chronically homeless and persons with the highest needs. This prioritization order is used by PSH projects in the BoS regardless of if their beds are formally dedicated for chronically homeless. The CoC, through the CoC program and the ESG program, has

significantly increased its inventory of Rapid Rehousing (RRH) resources, which is particularly help for families experiencing homelessness.

The CoC continues to value transitional housing projects funded through the CoC program, for projects serving youth, persons in recovery, and victims of domestic violence—all of which are subpopulations HUD has deemed appropriate for transitional housing. The BoS is in the process of fully implementing its Coordinated Entry System, which is designed to move people with the highest needs as quickly as possible into permanent housing or divert people from the homeless emergency response system entirely, if possible. Through coordinated entry, limited resources are used more effectively and collaboration with multiple organizations, including those not receiving federal funding, is enhanced.

The KY BoS CoC was recently selected as one of ten communities nationwide out of 130 applicants to participate in HUD's Youth Homeless Demonstration Program. It will provide \$1.9 million to create a coordinated community plan to prevent and end homelessness and fund demonstration projects serving youth Kentucky's eight-county Promise Zone.

In addition to coordinating the Balance of State CoC, KHC works with the state Cabinet for Health and Family Services to manage programs that assist homeless veterans and persons with persistent mental illness, both populations that are at high risk.

KHC is a member of the Kentucky Interagency Council on Homelessness (KICH). KICH is composed of representation from state government, nonprofit agencies, and advocacy agencies that collaborate and perform duties related to serving special needs populations, including the homeless. Representatives of state cabinets and nonprofit organizations (including, but limited to, those who serve veterans, homeless, families with children and youth aging out of foster care) are active participants on the executive committee and subcommittees.

Describe consultation with the Continuum(s) of Care that serves the State in determining how to allocate ESG funds, develop performance standards for and evaluate outcomes of projects and activities assisted by ESG funds, and develop funding, policies and procedures for the operation and administration of HMIS

The Kentucky Balance of State CoC encompasses 118 counties and is divided into six regions. The planning process begins at the local level with regional planning committees. The City of Lexington and the City of Louisville have their own CoC application processes and are funded separately from the Balance of State CoC. In addition, Louisville and Lexington are entitlement communities, receiving a direct allocation of ESG funding from HUD.

In the Kentucky Balance of State CoC, service providers, developers, community leaders, advocates, financial institutions, and homeless service clients participate at the local level and as members of the BoS CoC full membership. At local planning meetings held throughout the year, participants evaluate

their service delivery system, coordinate plans to avoid duplication, share resources, and establish goals for eliminating gaps in the local delivery system. This community-based process assesses services from prevention to self-sufficiency in permanent housing. Most importantly, the implementation of the CoC's Coordinated Entry System allows local planning areas to quickly identify gaps and determine if CoC and ESG resources need to be repurposed. For example, the BoS CoC, which includes ESG and CoC funded agencies, uses the VI-SPDAT as its common assessment tool to determine the best housing intervention for persons who are homeless and scores people based on their severity of need. In some areas, many people are recommended for RRH, but there are currently not enough RRH resources in that area. This information is used to inform the next ESG and CoC program funding priorities.

In addition, in 2016 HUD formally established the System Performance Measures. CoCs must use this system to evaluate how they are doing at ensuring homelessness is rare, brief, and non-recurring. The measures are used by HUD to evaluate CoCs as part of the annual competitive application process. ESG and CoC are using these measures to evaluate their own programs and to monitor progress as a system. The CoC reviews progress on the measures and will make funding decisions, in part, based on the information it gleans from these outcomes.

KHC, as the Collaborative Applicant for the Balance of State CoC, has the unique opportunity and ability to reach out to members of the CoC to obtain feedback and guidance. Through regional CoC meetings, information is routinely shared on the anticipated timeline for the allocation of the Emergency Solutions Grant funds. CoC Webinars give KHC ESG staff an opportunity to present information about the annual plan and to field questions from CoC partner agencies on the potential roll-out of the funding as well as request feedback on potential changes to the allocation process in future funding rounds. KHC staff also participate in the CoC process for the Louisville and Lexington areas, attending their meetings on a regular basis or as needed. This allows them to provide regular information about and receive feedback on the Kentucky ESG process. In addition to the webinars and regional CoC meetings, KHC, as Collaborative Applicant coordinates the Balance of State CoC Board which guides the decisions affecting the CoC. The Balance of State CoC Board, made up of 14 agency representatives from across the state and of a cross-section of homeless and special needs service providers as well as a representative who is experiencing homelessness or has previously done so, will continue to be a pivotal link to the CoC and the larger services community.

KHC also communicates often with partners via eGram service. Thousands of people subscribe to this service for periodic messages on ESG and other programs. KHC often uses this tool to invite comments on various programs and policies.

2. Agencies, groups, organizations and others who participated in the process and consultations

Table 2 – Agencies, groups, organizations who participated

1	Agency/Group/Organization	Kentucky Interagency Council on Homelessness
	Agency/Group/Organization Type	Housing PHA Services - Housing Services-Children Services-Elderly Persons Services-Persons with Disabilities Services-Persons with HIV/AIDS Services-Victims of Domestic Violence Services-homeless Services-Health Services-Education Services-Employment Service-Fair Housing Services - Victims Health Agency Child Welfare Agency Publicly Funded Institution/System of Care Other government - Federal Other government - State Other government - County Other government - Local Regional organization Planning organization Business Leaders Civic Leaders Business and Civic Leaders Statutory Advisory Committee

	What section of the Plan was addressed by Consultation?	Housing Need Assessment Public Housing Needs Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy Non-Homeless Special Needs HOPWA Strategy Economic Development
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	KICH is an active, ongoing partner in advising KHC regarding issues pertaining to homelessness. KICH consists of numerous entities that coordinate housing and services. More information about KICH is included in the above narratives.
2	Agency/Group/Organization	Homeless and Housing Coalition of Kentucky
	Agency/Group/Organization Type	Housing PHA Services - Housing Services-Children Services-Elderly Persons Services-homeless Regional organization Planning organization

	What section of the Plan was addressed by Consultation?	Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Public hearing attendee. This entity is consulted year-round and is a partner in the management of KICH.
3	Agency/Group/Organization	KENTUCKY COALITION AGAINST DOMESTIC VIOLENCE
	Agency/Group/Organization Type	Housing PHA Services-Victims of Domestic Violence Services - Victims Regional organization Planning organization
	What section of the Plan was addressed by Consultation?	Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Strategy Non-Homeless Special Needs
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	

Identify any Agency Types not consulted and provide rationale for not consulting

There were no agency types not consulted or provided an opportunity to consult.

Other local/regional/state/federal planning efforts considered when preparing the Plan

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
Continuum of Care	Kentucky Housing Corporation	Both plans focus on the priority populations and activities including Opening Doors, the Federal Strategic Plan to end Homelessness (Chronically Homeless, Veterans, Families with Children and Unaccompanied Youth). ESG funds and COC funds both give local scoring preference to agencies that target funds to be used for those populations. Additionally, Rapid ReHousing continues to be encouraged as a successful housing delivery method under both federal funding sources.
Comprehensive Economic Development Strategy	Area Development Districts	This plan is updated annually and coordinates with other economic development strategies undertaken by the Cabinet for Economic Development.

Table 3 - Other local / regional / federal planning efforts

Narrative

Kentucky cooperates and coordinates with units of general local government extensively regarding the CDBG program. These contacts and relationships include, but are not limited to:

- Conference round tables and the Kentucky Local Issues Conference, Kentucky Association of Counties, and Kentucky League of Cities meetings
- Meetings with Area Development District Directors, including CDBG guidelines training Information on the Department for Local Government web site contains information related to CDBG, and is accessible to local governments to aid in project planning and application submission
- The annual Public Hearing held by KHC for the Action Plan, as well as the CDBG annual hearing held with the Legislative Research Commission also acts to coordinate implementation of the program.

KHC's legislation includes provisions for statutory advisory committees, including the statewide Housing Policy Advisory Committee (HPAC) and Affordable Housing Trust Fund (AHTF) Advisory Committee. These committees include representatives from state government, the federal government, nonprofit and for-profit agencies, service agencies, homeless agencies, community housing development organizations (CHDOs), agencies who serve the homeless, and housing industry professionals. KHC encourages all members of these advisory bodies to participate in the process, provide needs and market data, and to assist KHC in soliciting feedback from other agencies and the public.

KHC has also hosted numerous developer forums specific to multifamily housing. These forums are routinely attended by between 30 and 50 people representing developers, service providers, investors, and other partners in housing development and preservation.

AP-12 Participation - 91.115, 91.300(c)

1. Summary of citizen participation process/Efforts made to broaden citizen participation Summarize citizen participation process and how it impacted goal-setting

Prior to final development of the Action Plan, KHC and DLG held a public hearing to obtain views of citizens, public agencies, and other interested parties on community and housing needs. The hearing was advertised at least 14 days in advance of the date of the hearing and was publicized using direct electronic mail notification, web announcements, social media announcements, and newspaper advertisements, including two Spanish-language publications. At this hearing, KHC and DLG presented information regarding the amount of assistance the State expects to receive and the range of activities that may be undertaken.

Citizen Participation Outreach

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
1	Newspaper Ad	Minorities Non-English Speaking - Specify other language: Any Persons with disabilities Non-targeted/broad community Residents of Public and Assisted Housing General Public	Advertised for public hearing for the Action Plan via newspaper ads and eGram service to a list of over 28,000 subscribers. Advertisement included information for those with disabilities, stating the facility is accessible. Also included information for those who do not speak English who may request an interpreter. The notices were also placed in Al Dia and El Kentubano.	None	None	

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
2	Internet Outreach	Non-targeted/broad community	Advertised for public hearing for the Action Plan via newspaper ads and eGram service to a list of 5,500 subscribers. Advertisement included information for those with disabilities, stating the facility is accessible. Also included information for those who do not speak English who may request an interpreter.	None	None	
3	Direct email contact	Minorities Non-English Speaking - Specify other language: Any	Sent direct email to the Governor's Office of Minority Empowerment. Information was shared about the public hearing.	None	None	

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
4	Public Hearing	Non-targeted/broad community	Advertised for public hearing for the Action Plan via newspaper ads and eGram service to a list of over 28,000 subscribers. Advertisement included information for those with disabilities, stating the facility is accessible. Also included information for those who do not speak English who may request an interpreter.	None	None	

Table 4 – Citizen Participation Outreach

Expected Resources

AP-15 Expected Resources – 91.320(c)(1,2)

Introduction

In addition to newly allocated block grant funds, an estimate of program income and recaptured funds from prior years are included in each year's allocation plan. Total allocations to activities may not equal total expected resources, because administrative funds, CHDO operating funds, and contingency funds are not included in allocations to activities.

Anticipated Resources

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
CDBG	public - federal	Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services	25,137,103	520,266	0	25,657,369	46,000,000	CDBG funds continue to be in danger of being cut and the expected amount of funding for future years is an estimate and may change.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
HOME	public - federal	Acquisition Homebuyer assistance Homeowner rehab Multifamily rental new construction Multifamily rental rehab New construction for ownership TBRA	13,818,654	750,000	6,801,658	21,370,312	18,000,000	HOME funds continue to be in danger of being cut and the expected amount of funding for future years is an estimate and may change.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
HOPWA	public - federal	Permanent housing in facilities Permanent housing placement Short term or transitional housing facilities STRMU Supportive services TBRA	700,717	0	0	700,717	1,000,000	During the coming years, it is anticipated that the state allocation will increase due to the passage of the Opportunities Through Modernization Act of 2016 (HOTMA). Under the HOTMA, the overall state allocation is expected to increase up to 5 percent per year using the new formula unless HUD's funding is changed under the new administration's policies.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
ESG	public - federal	Conversion and rehab for transitional housing Financial Assistance Overnight shelter Rapid re-housing (rental assistance) Rental Assistance Services Transitional housing	2,365,442	0	18,291	2,383,733	5,500,000	The 2017 allocation included a one-time additional allocation of over \$700,000 dollars. The 2018 allocation is anticipated to return to the regular, formula based-allocation.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
HTF	public - federal	Acquisition Admin and Planning Homebuyer assistance Multifamily rental new construction Multifamily rental rehab New construction for ownership	0	0	0	0	0	
Other	public - federal	Multifamily rental new construction Multifamily rental rehab	3,000,000	0	0	3,000,000	9,000,000	Housing Trust Fund, multifamily housing for extremely low-income and very low-income households. National HTF funding is a federal resource. The amount of funds available for future allocations may vary.

Table 5 - Expected Resources – Priority Table

Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied

Federal funds will be leveraged with other resources to achieve the objectives of this plan. Matching requirements will be achieved through a variety of methods. Kentucky is fortunate in that a majority of recipients have contributed a large amount of matching funds. HOME recipients have provided enough matching funds annually to allow the state to carry match forward to future years. KHC will continue to provide matching funds, if needed. Periodically, the amount of HOME matching funds required is reduced due to high unemployment rates, natural disasters, or other factors determined by HUD. KHC does not anticipate requiring recipients of HOME funding for single-family activities to contribute funds towards the required match in 2018 due to the balance of match funding contributed in previous years. Recipients of HOME funding for single family activities are still encouraged to leverage other funding. Through a competitive application process, applicants for HOME single-family funding are eligible to receive “Community Collaboration Bonus” points for leveraging additional cash and in-kind funding for their projects. The block grant programs governed by this Action Plan are allocated by the state through a competitive system. This system provides an incentive for applicants to include leverage and matching funds in the project that count toward federal match requirements. Some programs award points to applicants that propose more than the required leverage and matching funds. This encourages applicants to blend funds with other programs to provide for affordable housing opportunities. Other programs require a set amount of proposed match and/or leverage to be eligible for funding.

KHC encourages all HOME Program applicants to bring additional resources to their proposed programs. These funds help to extend the reach of HOME funds to assist a greater number of households. Applicants are also encouraged to contribute additional funds to their project, including, but not limited to, bank loans and other state and federal grants/loans. KHC and DLG encourage applicants to utilize several sources of funds from the private sector, state programs and local programs, which may be used to assist in meeting HUD matching requirements to increase the amount of funds available to provide affordable housing.

ESG recipients must match the funding provided with an equal value of contributions from other sources. Recipients may include the value of any donated material or building, the value of the lease of a building, staff salaries paid by the grantee, and volunteer time. The recipient may not include funds used to match any previous ESG grant or any other grant. Matching funds will come from a variety of sources, both public and private.

HOPWA recipients are not required to meet a minimum match requirement, but recipients must coordinate their funding with the administration of federal and state AIDS service funding. At any time, leverage may be one of the factors used in evaluating and ranking HOPWA proposals.

In general, CDBG applicants receive higher priority for funding if they provide matching funds.

There is no matching funds requirement for national HTF project applicants. However, because these funds constitute the smallest portion of total project costs, matching and leverage funds will be provided by project-based rental assistance, bond financing, low-income housing tax credits, and other financing mechanisms. Non-federal funding will constitute a substantial portion of overall financing, ensuring adequate levels of leveraged funds. Projects proposing to locate in Louisville Metro will be required to leverage private funding that qualifies as HOME match to count toward Louisville Metro HOME match requirements.

If appropriate, describe publically owned land or property located within the jurisdiction that may be used to address the needs identified in the plan

None.

Discussion

KHC is the administering agency for the Low-Income Housing Tax Credit. This program is coordinated with HOME and other funding, including state Affordable Housing Trust Fund, National Housing Trust Fund and KHC Housing Assistance Funds to produce and rehabilitate the maximum number of affordable rental units possible. Entities applying for tax credits apply for other forms of funding/financing through KHC by way of a consolidated application.

Several additional affordable housing and economic development programs are active in the state of Kentucky although not administered under this plan or by KHC or DLG. Additional agencies and entities that offer programs and funding are:

- Bluegrass State Skills Corporation
- Kentucky Small Business Development Centers
- Department of Behavioral Health, Developmental and Intellectual Disabilities
- Kentucky Economic Development Cabinet
- Fannie Mae
- Federal Emergency Management Agency and Kentucky Emergency Management Agency
- Federal Housing Administration
- Federal Home Loan Bank
- Kentucky Historic Preservation Office
- U.S. Department of Housing and Urban Development
- Kentucky Association of Counties
- Kentucky Department of Veterans Affairs
- Kentucky Domestic Violence Association
- Kentucky Economic Development Finance Authority (KEDFA)
- Kentucky Infrastructure Authority
- Kentucky Justice Cabinet/Department of Corrections
- Kentucky League of Cities
- Kentucky Rural Economic Development Authority
- Kentucky Transportation Cabinet
- USDA Rural Housing Service
- US Small Business Administration
- US Army Corps of Engineers
- US Veterans Administration

Annual Goals and Objectives

AP-20 Annual Goals and Objectives – 91.320(c)(3)&(e)

Goals Summary Information

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	HOPWA Activities	2015	2019	Non-Homeless Special Needs	Non-Entitlement Geographic Area	Homelessness Prevention Other Housing and/or Service Needs Rental Assistance	HOPWA: \$618,580	Tenant-based rental assistance / Rapid Rehousing: 190 Households Assisted
2	HOME Homeowner Activities	2015	2019	Affordable Housing	Non-Entitlement Geographic Area	Production of New Affordable Housing Rehabilitation of Affordable Housing	HOME: \$4,317,014	Homeowner Housing Added: 38 Household Housing Unit Homeowner Housing Rehabilitated: 4 Household Housing Unit
3	HOME Rental Assistance	2015	2019	Affordable Housing	Non-Entitlement Geographic Area	Rental Assistance	HOME: \$750,000	Tenant-based rental assistance / Rapid Rehousing: 200 Households Assisted

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
4	HOME Multifamily Activities	2015	2019	Affordable Housing	Non-Entitlement Geographic Area	Acquisition/Rehabilitation of Affordable Housing Production of New Affordable Housing Rehabilitation of Affordable Housing	HOME: \$2,000,000	Rental units constructed: 40 Household Housing Unit Rental units rehabilitated: 40 Household Housing Unit
5	ESG Activities	2015	2019	Homeless	Non-Entitlement Geographic Area	Emergency/Transitional Housing For the Homeless Homelessness Outreach Homelessness Prevention Other Housing and/or Service Needs Rapid-Rehousing	ESG: \$2,388,905	Homeless Person Overnight Shelter: 4000 Persons Assisted Homelessness Prevention: 1400 Persons Assisted Other: 1900 Other
6	CDBG Housing	2015	2019	Affordable Housing	Non-Entitlement Geographic Area	Production of New Affordable Housing Rehabilitation of Affordable Housing	CDBG: \$2,900,000	Homeowner Housing Rehabilitated: 30 Household Housing Unit
7	CDBG Economic Development	2015	2019	Non-Housing Community Development	Non-Entitlement Geographic Area	Economic Development	CDBG: \$4,300,000	Businesses assisted: 7 Businesses Assisted

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
8	CDBG Public Facilities	2015	2019	Non-Housing Community Development	Non-Entitlement Geographic Area	Public Facilities	CDBG: \$5,284,771	Other: 35000 Other
9	CDBG Services	2015	2019	Recovery Kentucky Services	Non-Entitlement Geographic Area	Public Services	CDBG: \$3,100,000	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 1100 Persons Assisted
10	CDBG Public Improvements/Infrastructure	2015	2019	Non-Housing Community Development	Non-Entitlement Geographic Area	Public Improvements/Infrastructure	CDBG: \$6,500,000	Other: 30 Other
11	HTF Multifamily Activities	2015	2019	Affordable Housing	Statewide	Acquisition/Rehabilitation of Affordable Housing Production of New Affordable Housing Rehabilitation of Affordable Housing	Housing Trust Fund: \$3,000,000	Rental units constructed: 15 Household Housing Unit Rental units rehabilitated: 5 Household Housing Unit

Table 6 – Goals Summary

Goal Descriptions

1	Goal Name	HOPWA Activities
	Goal Description	Provide decent affordable housing to eligible clients and assist in gaining permanent housing or maintaining current housing stability by way of supportive services, case management and financial assistance for housing.
2	Goal Name	HOME Homeowner Activities
	Goal Description	Rehabilitation of owner-occupied housing, new construction, and/or financing of affordable homeowner housing. Includes CHDO activities.
3	Goal Name	HOME Rental Assistance
	Goal Description	Short-term tenant-based rental assistance.
4	Goal Name	HOME Multifamily Activities
	Goal Description	Funds for new construction and/or rehabilitation of multifamily housing units.
5	Goal Name	ESG Activities
	Goal Description	

6	Goal Name	CDBG Housing
	Goal Description	<p>DLG hopes to assist in the rehabilitation of 30 housing units during this program year.</p> <p>Goal: To improve the condition of housing and expand fair housing opportunities especially for persons of low and moderate income (LMI).</p> <p>Description:</p> <ul style="list-style-type: none"> a. Encourage the rehabilitation of appropriate existing housing units. b. Encourage the creation of new housing units including adaptive reuse of suitable structures. c. Encourage the purchase and preparation of sites for construction of new housing units for persons of low and moderate income. d. Eliminate blight conditions in residential areas through demolition, code enforcement and related activities.
7	Goal Name	CDBG Economic Development
	Goal Description	<p>The economic development program would like to assist at least seven businesses.</p> <p>Goal: To improve local economies and the economic well-being of the people of Kentucky while protecting the environment.</p> <p>Description:</p> <ul style="list-style-type: none"> a. Encourage private investment that will result in the creation of new jobs, primarily for the unemployed and underemployed. b. Discourage the out migration of businesses that employ and serve the local population

8	Goal Name	CDBG Public Facilities
	Goal Description	<p>The DLG Public Facilities section had 47 open activities last year and completed 18. The program hopes to have similar numbers this year. Expect beneficiaries to exceed 35,000. These are the same beneficiaries described in the public improvements goal.</p> <p>Goal: To improve the quality of life through funding community projects requested by individual communities to enhance community pride and involvement and perpetuate local identity.</p> <p>Description:</p> <ul style="list-style-type: none"> a. Enable local communities to provide services they have determined are important but generally cannot afford. b. Foster a revitalization of community structure to help communities help themselves. c. Promote energy efficiency in new construction and rehabilitation projects especially the use of Energy Star qualified products.
9	Goal Name	CDBG Services
	Goal Description	<p>Expect to assist at least 1,100 persons annually.</p> <p>Goal: To improve the lives of citizens by helping them overcome chemical addictions and avoid the risk of homelessness.</p> <p>Description:</p> <ul style="list-style-type: none"> a. Provide operational costs to support new and existing residential substance abuse centers. b. Provide support to educational programs for at-risk or LMI persons with substance abuse issues.

10	Goal Name	CDBG Public Improvements/Infrastructure
	Goal Description	<p>Activities funded under this category are included in the public facilities goal and make up a significant portion of the LMI beneficiaries assisted.</p> <p>Goal: To provide public facilities to eliminate conditions which are detrimental to the public health and safety and which thus detract from further community development or which are necessary to meet other essential community needs.</p> <p>Description:</p> <ul style="list-style-type: none"> a. Improve existing public facilities. b. Provide new facilities when warranted by recent population growth or when essential needs exist.
11	Goal Name	HTF Multifamily Activities
	Goal Description	New construction or rehabilitation of existing affordable multifamily rental units for households that are extremely low income or very low income.

AP-25 Allocation Priorities – 91.320(d)

Introduction:

Kentucky’s block grant funds will be distributed throughout the state on a competitive basis for eligible activities through several methods described in the program guidelines for each program. Units of local government, nonprofit and for-profit entities will be able to apply for funding to carry out eligible activities. This distribution system allows eligible agencies to apply for funding for activities that will address the priority needs for their community. In addition, funds awarded to local communities will also address the needs addressed in the state’s Consolidated Plan.

The allocation distribution in the table below is an estimate. Depending upon the types of applications received, DLG and KHC may reallocate funding between eligible activities. The distribution in the table below does not include administrative costs, contingencies for disasters, CHDO operating, and HMIS. CHDO set-aside has been included in homeowner activities, although CHDOs are eligible to apply for funding for all activities.

Funding Allocation Priorities

	HOPWA Activities (%)	HOME Homeowner Activities (%)	HOME Rental Assistance (%)	HOME Multifamily Activities (%)	ESG Activities (%)	CDBG Housing (%)	CDBG Economic Development (%)	CDBG Public Facilities (%)	CDBG Services (%)	CDBG Public Improvements/Infrastructure (%)	HTF Multifamily Activities (%)
CDBG	0	0	0	0	0	13	20	24	14	29	0
HOME	0	24	12	64	0	0	0	0	0	0	0
HOPWA	100	0	0	0	0	0	0	0	0	0	0
ESG	0	0	0	0	100	0	0	0	0	0	0
HTF	0	0	0	0	0	0	0	0	0	0	100
Other Housing Trust Fund	0	0	0	0	0	0	0	0	0	0	0

Table 7 – Funding Allocation Priorities

Reason for Allocation Priorities

Housing priorities are considered equal.

How will the proposed distribution of funds will address the priority needs and specific objectives described in the Consolidated Plan?

Funds are distributed based on an estimate of the types of applications the state expects to receive.

AP-30 Methods of Distribution – 91.320(d)&(k)

Introduction:

Each program covered by this Action Plan has a unique timeline and method for distributing its funds.

Kentucky's block grant funds will be distributed throughout the state on a competitive basis for eligible activities through several methods described in the program guidelines for each program for the purposes of preserving existing affordable housing as well as fostering new affordable housing opportunities. Units of local government, nonprofit, and for-profit entities will be able to apply for funding to carry out eligible activities, subject to the limitations of each program. This distribution system allows eligible agencies to apply for funding for activities that will address the priority needs for their community. In addition, funds awarded to local communities will also address the housing needs outlined in the state's Consolidated Plan. Eligible activities and recipient types for each block grant program are specifically addressed in their distribution plans.

Distribution Methods

Table 8 - Distribution Methods by State Program

1	State Program Name:	Community Development Block Grant Program
	Funding Sources:	CDBG

<p>Describe the state program addressed by the Method of Distribution.</p>	<p>The HUD CDBG Program provides assistance to communities for use in revitalizing neighborhoods, expanding affordable housing and economic opportunities, assisting with community emergency relief, providing infrastructure, improving community facilities, and providing operational costs for Recovery Kentucky substance abuse centers. With the participation of their citizens, communities can devote these funds to a wide range of activities that best serve their own particular development priorities.</p> <p>DLG works directly with eligible units of local government in distributing CDBG funds, which are awarded on a competitive basis through an open application process. Local governments are best equipped to understand the needs of their individual communities and, through an open application process, present projects for funding that are ready to proceed. To strengthen gaps in this process, DLG conducts training for local officials and grant administrators. Training acquaints the officials with the regulatory requirements of the program. Information included that assists in ensuring strong applications and successful projects includes environmental requirements, labor standards, procurement standards, fair housing and equal opportunity and concerns related to construction and housing.</p>
<p>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</p>	<p>All cities and counties in Kentucky are eligible for participation in the CDBG Program with the exception of the cities of Ashland, Bowling Green, Covington, Elizabethtown, Henderson, Hopkinsville, Owensboro, the City of Lexington/Fayette County and City of Louisville/Jefferson County Metro Government which receive a direct allocation of CDBG funds from the federal government.</p> <p>Applications are reviewed based on the following criteria: need, necessary and reasonable expenditures of funds, and project effectiveness.</p>

<p>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</p>	<p>The CDBG Program Guidelines, including detailed information about each eligible activity, are available at: https://kydlgweb.ky.gov/FederalGrants/CDBG_cities.cfm</p>
<p>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</p>	<p>N/A</p>

<p>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</p>	<p>N/A</p>
<p>Describe how resources will be allocated among funding categories.</p>	<ul style="list-style-type: none"> • Public Facilities - \$6,500,000 • Economic Development - \$4,300,000 • Housing - \$2,900,000 • Community Projects - \$5,284,771 • Public Services (Recovery Kentucky) - \$3,100,000 • Community Emergency Relief Fund - TBD based on need <p>Some minor adjustment of the split of funds is possible depending on the actual number of applications and amount requested by applicants. DLG reserves the right to make those adjustments as necessary.</p> <p>The Commissioner of DLG reserves the right to adjust the amount and split of funds in case of a natural disaster based on an Emergency Declaration by the Governor. The resulting projects must meet the qualifying factors for Activities Designed to Meet Community Development Needs Having a Particular Urgency. In such instances, funding levels can be adjusted as necessary based on the extent and severity of the emergency.</p>

<p>Describe threshold factors and grant size limits.</p>	<ul style="list-style-type: none"> • Economic Development (Traditional) - \$1,000,000 Individual; \$2,000,000 Multi-Jurisdiction • Economic Development (Non-Traditional) - \$250,000 Individual; \$500,000 Multi-Jurisdiction • Public Facilities - \$1,000,000 Individual; \$2,000,000 Multi-Jurisdiction • Self-Help - \$250,000 Individual; \$500,000 Multi-Jurisdiction • Housing - \$1,000,000 Individual • Community Projects - \$500,000 Individual • Community Emergency Relief Fund (CERF)- Determined on need • Public Services (Recovery Kentucky) Existing Facilities - \$200,000 • Public Services (Recovery Kentucky) New Facilities - \$300,000 <p>Each jurisdiction must choose whether to submit a Public Facilities, Housing or Community Project application. Only one application may be submitted per year for the three areas listed above. In addition, an applicant may submit one application in the Public Services (Recovery Kentucky) program area. A jurisdiction is not limited in the number of applications in the CERF and Economic Development program areas. Only one program area may be applied for per application.</p>
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	<p>What are the outcome measures expected as a result of the method of distribution?</p>	<p>Recipients must acknowledge that they will be required to submit performance measure information to DLG in order to meet this reporting requirement. As part of this process, each recipient will be required to complete a Program Completion Report at closeout. Some recipients, due to the nature of their projects (housing rehab and job creation), will report annually.</p> <p>There are three main components of the Performance Measurement System: Objectives, Outcomes and Indicators. Each component relates to a project activity. DLG will assign one of three objectives related to the type of activity, funding source and goal/program intent.</p> <p>Objectives include:</p> <ul style="list-style-type: none"> • Suitable Living Environment • Decent Housing • Economic Opportunity <p>The next step will be selection of an outcome based upon the purpose of the activity.</p> <p>Outcomes include:</p> <ul style="list-style-type: none"> • Improved Availability/Accessibility • Improved Affordability • Improved Sustainability <p>In addition to selecting an objective and outcome for each project activity, certain indicators will be required to be identified and quantified. These indicators vary by program area (CERF, Community Projects, Economic Development, Housing, Public Facilities, and Public Services).</p>
2	<p>State Program Name:</p>	<p>Emergency Solutions Grant Program</p>
	<p>Funding Sources:</p>	<p>ESG</p>

<p>Describe the state program addressed by the Method of Distribution.</p>	<p>ESG is designed for the rehabilitation or conversion of buildings for use as emergency shelter for the homeless, for the payment of certain expenses related to operating emergency shelters, for essential services related to emergency shelters and street outreach for the homeless, and for homelessness prevention and rapid re-housing assistance.</p>
<p>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</p>	<p>In 2017, KHC implemented a new process whereby annual ESG funding would be awarded through a competitive application process every two years. Therefore, recipients that were awarded funding through the 2017 formula allocation are eligible for renewal through the 2018 allocation without having to complete a competitive application. In 2017, applicants were evaluated on such areas as: local needs, applicant experience/capacity/performance, project design, community coordination, and other factors. Recipients receiving renewal funding in 2018 will continue to be required to address Impediments to Fair Housing and how they will address and help eliminate fair housing impediments. In 2017, KHC most heavily considered an applicant’s capacity, project design, and community collaboration efforts.</p> <p>In the event recipients funded in 2017 elect not to renew funding in 2018 or if the 2018 allocation is larger than the 2017 allocation, KHC reserves the right to award excess funds proportionately to the remaining renewal projects or to other special initiatives, such as Coordinated Entry, to meet Continuum of Care established goals and objectives.</p>
<p>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</p>	<p>N/A</p>

<p>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</p>	<p>Through a competitive application process, KHC will make ESG funds available to eligible non-profits and local governments from the 118 counties in Kentucky that do not receive a direct allocation of ESG as an entitlement area. All funds will be obligated to sub-grantees within 60 days of the date KHC enters into its funding agreement with HUD. KHC accepts applications from all eligible applicants (including first-time applicants and faith-based groups).</p> <p>KHC implemented a two-year competitive funding cycle beginning in federal fiscal year 2017, whereby programs that receive funding in FFY 2017 will be eligible for renewal in FFY 2018 so long as certain thresholds are met and assuming funds are available from HUD. This move is intended to allow for more program consistency for clients accessing services and will allow programs the opportunity to plan beyond one year. In the event the 2018 formula allocation is greater than 2017 or if 2017 recipients elect not to renew their projects in 2018, KHC reserves the right to determine the most effective process for redistribution, which may include another competitive process, a proportional distribution, or another method deemed most judicious at the time.</p>
<p>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</p>	<p>N/A</p>

<p>Describe how resources will be allocated among funding categories.</p>	<p>To reduce the time that families and individuals remain homeless, shorten the length of stay in the homeless system, and prevent homelessness from occurring, it is important to dedicate the resources necessary to achieve those outcomes. With the implementation of the BoS Coordinated Entry System, it is important to consider the unique needs of local prioritization areas where collaboration is occurring. The BoS Coordinated Entry System is being implemented by utilizing smaller groupings of counties (e.g. area development districts) that work together to pool resources to serve those with the highest needs and divert people from the system as appropriate. Some already have RRH resources through the CoC program while other areas may not. Some areas may need more street outreach or prevention resources based on their configuration of existing community resources. In the 2017 ESG competitive allocation, KHC strongly emphasized RRH, but it encouraged local areas to request the funding components most needed in their communities and justify such a decision accordingly. Agencies awarded funding through the 2017 formula allocation will be eligible to renew funding for these same activities in 2018.</p>
<p>Describe threshold factors and grant size limits.</p>	<p>As previously stated, 2018 ESG funding will be distributed to recipients awarded formula funding through the 2017 competitive funding round, which was the first year of a two-year competitive application. In 2017, no single application could request more than \$150,000 of the total amount of funds available. The only time a single applicant could submit more than one application is if the project's facilities are located in different counties. No more than two applications were accepted from any single applicant.</p> <p>KHC made every attempt to award limited resources as prudently as possible and awarded those agencies with the greatest capacity to effectively administer the funds. The amount of funds awarded depended on how well an application scored as well as the expenditure rate of 2016 ESG funding by each agency. Applicants that scored less than 85% did not receive funding. KHC funded projects based on project viability, applicant capacity, performance, community collaboration, and program design. It is our goal to achieve as much geographic distribution as possible, while ensuring that the strongest applications receive funding based on their total scores.</p>

	<p>What are the outcome measures expected as a result of the method of distribution?</p>	<p>The distribution of funds is intended to allow partners to most effectively make progress towards the CoC’s goal of homelessness being rare, brief, and non-recurring in the Balance of State. The primary outcomes KHC will monitor will be those established by HUD as part of the CoC System Performance Measures that are relevant to ESG programs, which includes:</p> <ul style="list-style-type: none"> • Reduction in the average and median length of time persons remain homeless; • Reduction in the percent of persons who return to homelessness; • Reduction in the number of persons who are homeless; • Number of persons who become homeless for the first time; • Successful placement from Street Outreach; and • Successful placement in or retention of Permanent Housing <p>KHC will also focus on outcomes established in Opening Doors: The Federal Strategic Plan to End Homelessness, which calls for coordinated efforts to end homelessness for veterans, youth, families, and chronically homeless in addition to persons experiencing homelessness overall.</p> <p>Through implementation of the CoC’s Coordinated Entry System, partners will focus on moving people as quickly as possible from the streets and emergency shelters into permanent housing and making sure limited permanent housing resources are used for those persons with the highest level of need. Data from this process will inform where the CoC has gaps in needed services (e.g. areas that need more RRH or less RRH and more PSH) so that programs can reallocate resources or make other program adjustments to improve outcomes for persons in need.</p>
3	<p>State Program Name:</p>	HOME Investment Partnerships Program
	<p>Funding Sources:</p>	HOME

<p>Describe the state program addressed by the Method of Distribution.</p>	<p>Possible activities eligible for funding include, but are not limited to:</p> <ul style="list-style-type: none"> • Rehabilitation for homeowner, home buyer or rental properties • Acquisition, including down payment and closing cost assistance • New construction or preservation of rental or home buyer properties • Tenant-based rental assistance • Demolition in conjunction with rehabilitation or new construction • Reconstruction housing • Adaptive reuse • Homeless assistance (restricted to housing development activities for transitional or permanent housing, and tenant-based rental assistance) <p>KHC may undertake additional activities permitted by federal regulation. Assistance may be provided for rental housing or to promote homeownership. Any activity that qualifies under the HOME Final Rule, Sections 24 CFR 92.205-209, may be financed by the state HOME Program, provided it is consistent with the Consolidated Plan and this Action Plan. KHC may hold a portion of its HOME allocation as a contingency for disasters and other emergencies as declared by the governor. These funds may be used for TBRA for displaced households.</p>
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<p>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</p>	<p>Eligibility to apply for HOME funds will be no more restrictive than that required by HUD regulations. In addition to meeting basic eligibility criteria, additional minimum threshold requirements may be set by KHC during each funding round. These thresholds will be outlined in specific funding round application guidelines. Applications may be submitted for homeownership, tenant-based rental assistance and rental activities. Announcements of funding availability will be announced via KHC's eGram web service.</p> <p>Applications may be evaluated on factors such as: performance measures; project need/demand; financial design and feasibility; project design; capacity of the development team; and readiness to proceed. KHC will make every effort to work with applicants and offer technical assistance when completing an application. After an application is given a conditional commitment of funding, the applicant must submit necessary technical submission items to receive a full release of funds. In the event a recipient has not satisfactorily performed under the terms of a prior written agreement with KHC, KHC reserves the right to not accept subsequent applications.</p> <p><i>Plan for determining compliance with the 95 percent median purchase price 92.254(a)(2)(iii):</i></p> <p>The Final Rule published on July 24, 2013, established new homeownership value limits for the HOME program. These new limits apply to homeownership housing when HOME funds are committed on or after August 23, 2013, and remain in effect until HUD issues new limits. KHC will fully comply with the 95 percent median purchase price limits established annually by HUD. For newly constructed housing, KHC may further restrict the purchase price/after-rehabilitation value limits to \$150,000 for projects within KHC's jurisdiction.</p> <p>For existing housing, the new HOME homeownership value limit is the greater of the 95 percent of the median purchase price for the area based on Federal FHA single-family mortgage program data and other appropriate data that are available nationwide for sale of existing housing in standard condition, or the minimum limit (or floor) based on 95 percent of the statewide, nonmetropolitan area median purchase price using this data. This limit encompasses the total purchase/rehabilitation price, regardless of source of financing. KHC will use the Homeownership Value limits released by HUD annually at:</p> <p>HOME Maximum Purchase Price/After-Rehab Value - HUD Exchange</p>
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<p>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</p>	<p>N/A</p>
<p>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</p>	<p>N/A</p>

Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)	N/A
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<p>Describe how resources will be allocated among funding categories.</p>	<p>KHC cannot predetermine the use of HOME funds by activity. The amount of funds allocated for each activity will be based on the nature of applications received by KHC, the criteria described in the application process and the extent to which proposals are consistent with the priorities identified in this plan. KHC will make every attempt to distribute funds geographically, contingent upon overall housing demand.</p> <p>KHC has estimated the distribution of funds by activity based on anticipated funds and has included program income and recaptures. The distribution may change based on actual demand by activity. KHC anticipates that fiscal year 2017 funds will be distributed approximately as follows (as of the date of publication for comment, HUD had not announced funding):</p> <ul style="list-style-type: none"> • Homeowner activities, including new construction, rehabilitation, acquisition/rehabilitation/rehab - \$3,000,000. This includes CHDO set-aside funds. • Tenant-Based Rental Assistance - \$1,500,000 • Rental Production/Rehab - \$8,000,000. This includes carryover funds directed to specific projects. <p>KHC will utilize program income, reprogrammed administrative funds and carryover funds from prior years, recaptured funds and matching funds provided by KHC (if any) as necessary to meet the objectives of the state. Additionally, if necessary, KHC reserves the right to adjust funding levels between these activities as determined by KHC. KHC may allocate funding on a contingency basis for disasters and emergencies as declared by the governor. It is anticipated that these funds would be used to provide short term rental assistance to displaced families.</p> <p>CHDO operating funds, administrative funds and disaster contingencies are not included in the above allocations toward eligible activities.</p>
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<p>Describe threshold factors and grant size limits.</p>	<p>KHC imposed performance based thresholds for HOME funds. Applicants will be required to meet annually-established expenditure and commitment thresholds as spelled out in application guidelines prior to application submission.</p> <p>In FFY2018, KHC will allow eligible applicants to request up to \$500,000 of HOME funds for multifamily activities unless the project was preapproved for additional funding, \$600,000 for CHDO set-aside activities, or \$500,000 non-CHDO single-family activities. KHC will allow eligible applicants to request a maximum of \$600,000 of HOME funds during an application round. The amount may decrease depending on the amount of available HOME funds. KHC may impose a smaller amount for first time applicants, or applicants with limited experience. KHC may allow higher amounts for multifamily projects utilizing tax-exempt bonds or based on the size and complexity of projects. In addition, KHC reserves the right to allow single-family and TBRA activities to request higher amounts if it is necessary to fully distribute HOME funding.</p> <p>Additionally, KHC will review the capacity of applicants and may require applicants for HOME funds to meet a minimum capacity score to be eligible for funding. Consideration will be given to factors such as past performance, current debt obligation to KHC and compliance with past funding.</p> <p>KHC will reserve a minimum of 15 percent of the total amount of HOME funds received for Community Housing Development Organizations (CHDOs). CHDOs apply to KHC to develop, sponsor or own projects and will be eligible to undertake any eligible activity in accordance with 24 CFR Part 92 Subpart G. Due to the extensive network of nonprofit housing providers in the state, KHC anticipates that the annual participation of CHDOs will exceed 15 percent of total HOME funds. To apply for funds from the CHDO set-aside, an organization must be eligible to be a CHDO. KHC does not accept certifications of other participating jurisdictions.</p> <p>KHC will evaluate the performance of any eligible organization wishing to receive CHDO designation at the time of application. If the organization is successful in the application process and is deemed a CHDO, CHDO operating funds may be awarded. CHDO operating funds will be provided on a year-by-year basis provided funds are available and the CHDO has demonstrated acceptable performance. To document its performance and be eligible to receive operating funds, the CHDO must provide semi-annual progress</p>
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		<p>reports. CHDO operating funds are awarded on a yearly basis coinciding with KHC's fiscal year. Draw requests for eligible expenditures may be made on a calendar quarter reimbursement.</p> <p>KHC has imposed a maximum subsidy cap of \$40,000 per unit for homeownership activities and a maximum subsidy cap of \$40,000 per unit for homeownership activities. However, KHC reserves the right to allow subrecipients to exceed this maximum with prior written approval. All HOME funds used for homeownership activities will be required at a minimum to meet the HOME affordability period as established in 24 Part 92.254. Additional guidance on maximum subsidy cap and affordability periods will be detailed in the Homeownership Application Guidelines and Scoring Criteria as well as the KHC Single-Family HOME Policy Manual.</p>
	<p>What are the outcome measures expected as a result of the method of distribution?</p>	<p>KHC anticipates that due to the capacity and threshold requirements, there may be fewer applicants for funding, but by increasing the allocation amounts, applicants with greater capacity will be awarded funds. This will also allow KHC to meet newly imposed expenditure deadlines imposed with the new HOME regulations in effect after August 23, 2013.</p> <p>Outcome measures include availability/affordability/accessibility of decent affordable housing.</p>
4	<p>State Program Name:</p>	Housing Opportunities for Persons with AIDS
	<p>Funding Sources:</p>	HOPWA

<p>Describe the state program addressed by the Method of Distribution.</p>	<p>Any activity that qualifies under the HOPWA federal program rules may be awarded by KHC through the federally funded state HOPWA Program, provided it is consistent with the Consolidated Plan and this Action Plan. Activities eligible for funding include Tenant-Based Rental Assistance; Short-Term Rent, Mortgage, and/or Utilities; Supportive Services; Resource Identification; Housing Information Services; Permanent Housing Placement; and Administrative Fees.</p> <p>KHC reserves the right to further restrict any of the HOPWA program guidelines, as approved by HUD.</p>
<p>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</p>	<p>HOPWA applications are received through a competitive process using KHC's online application software. Applicants are scored on criteria such as: performance measures, previous compliance and/or program issues, reporting, project need, geographic coverage, and agency experience. Applications are open every three years with an annual renewal allocation of funding based on the same performance measures as in the original application as well as expenditure rates, compliance issues and capacity. 2017 was the first year of the most recent three-year competitive application. Therefore, recipients awarded funding through the 2017 allocation will be eligible to renew funding without completing a competitive application in 2018. KHC reserves the right to adjust the amount of funding each agency receives in 2018 based on their rate of spending for the 2017 allocation. KHC allows recipients 24 months to spend each annual allocation.</p>
<p>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</p>	<p>N/A</p>

<p>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</p>	<p>N/A</p>
<p>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</p>	<p>KHC will continue to provide funding for the five Care Coordinator regions within the balance of state.</p> <p>These regions are:</p> <ul style="list-style-type: none"> • Barren River Region • Cumberland Valley Region • Lexington Region • Northern Kentucky Region • Purchase Region <p>Currently, project sponsors have been administering federal funds, including HOPWA, for several years and have the knowledge and qualifications needed to encourage successful client outcomes.</p>

<p>Describe how resources will be allocated among funding categories.</p>	<p>While KHC has not established minimum or maximum funding amounts by category, in general, most agencies request the largest amount of funding for STRMU, TBRA, and services. Housing assistance in the form of long- and short-term rent subsidies continues to be in high demand in all areas of the state.</p>
<p>Describe threshold factors and grant size limits.</p>	<p>At this time, threshold limits are not restricted. The amount of funds allocated for each activity will be based on the nature of applications received by KHC. KHC will make every attempt to distribute funds geographically, contingent upon overall application submission scoring.</p> <p>KHC will utilize carryover funds from prior years and/or recaptured funds as necessary to meet the objectives of the state.</p>

	<p>What are the outcome measures expected as a result of the method of distribution?</p>	<p>HOPWA programs will be evaluated based on the outcome measures currently identified in the HUD 40110-D CAPER (Housing Status at program exit, reduced risk of homelessness and access to care and support), with emphasis on housing status at program exit.</p> <p>Because the housing portions of STRMU and TBRA are where most of the funds are utilized, the housing results will be most important.</p>
5	<p>State Program Name:</p>	<p>National Housing Trust Fund</p>
	<p>Funding Sources:</p>	<p>HTF</p>

<p>Describe the state program addressed by the Method of Distribution.</p>	<p>The National Housing Trust Fund (HTF) program will be used to finance the construction or rehabilitation of affordable rental housing whose units receive rental subsidy.</p> <p>Activities eligible for funding include demolition in conjunction with rehabilitation or new construction, adaptive reuse of an existing structure into affordable rental units, new construction of affordable rental units, and rehabilitation of existing rental units.</p> <p>KHC may fund additional activities permitted by federal regulation. Activities that qualify under the HTF Rule, Sections 24 CFR 93.200 – 203, may be financed by the HTF Program, provided it is consistent with the Consolidated Plan, this Action Plan, and any NOFA or QAP issued to award HTF funds, as they may be amended from time to time.</p> <p>Eligible recipients will be multifamily housing developers who meet KHC's capacity threshold and who meet the criteria for successful applications for funding for new construction or rehabilitation of affordable multifamily projects in Kentucky. Capacity is based on experience and capacity, compliance monitoring history, financial management, and additional criteria related to the status of projects in process, uncorrected compliance findings or concerns (if any), success of current projects/properties, and credit rating of members of the development team.</p> <p>KHC supports development teams that have successfully undertaken multifamily development or preservation projects for affordable housing utilizing tax-exempt bonds during the preceding five years.</p> <p>Application submissions will be in response to the 2018 Tax-Exempt Bond NOFA, as well as 2019 Low Income Housing Tax Credit (LIHTC) Funding Round. Notification that applications are being accepted will be made via KHC's eGram service. The LIHTC application is competitive. In addition to the bond and housing credits allocated, successful applicants may be funded from other available sources for multifamily housing, including HOME and state Affordable Housing Trust Fund.</p> <p>LIHTC applications will be reviewed and scored during the competitive process. The development team information received will be reviewed to ensure the development team has the capacity and financial strength to develop, construct and manage a LIHTC project. KHC's credit committee will meet to discuss and prioritize each response according to the final score and available credit.</p>
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<p>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</p>	<p>KHC will focus on projects with some form of project-based rental assistance. Projects that have the highest scores based on the scoring criteria established for the 2019 LIHTC Funding Round will be considered for funding.</p> <p>Respondents must meet the requirements of the 2019-2020 Qualified Allocation Plan (QAP) and 2019 Multifamily Guidelines located at: http://www.kyhousing.org/Development/Multifamily/Pages/Applications-Guidelines-Scoring.aspx.</p> <p>Projects utilizing tax-exempt bond financing must engage an attorney or attorneys who: have acted as bond counsel or counsel for the bond trustee, bond purchaser, or the borrower in connection with at least one KHC multifamily bond issue within the previous five years; or can demonstrate a comprehensive understanding of KHC’s general bond policies and procedures. Also, funds will only be available to projects that have not yet received or applied for an allocation of Tax-Exempt Bonds.</p> <p>Projects must be completed and placed in service no later than 36 months after the date of the closing of all KHC funds.</p> <p>All projects must clearly address one or more impediments to fair housing. Respondents must identify fair housing impediments in KHC’s Analysis of Impediments to Fair Housing (AI). If the project is located in a HOME participating jurisdiction, the project must also address one or more impediments in the local jurisdiction’s AI.</p> <p>Project Characteristics - projects that preserve multifamily property; adaptively reuse a building as affordable housing; new construction projects that are part of a Community Revitalization Plan and the community has dedicated funding to support the plan. Projects that have project-based Section 8 or other rental subsidy for at least 75 percent of units across the collective project.</p> <p>Market Absorption and Market Capture Requirements - all projects, define and justify the absorption period, absorption rate and capture rate for the property noting when the project is expected to achieve 93 percent occupancy. Capture rates and absorption rates are required to recognize other funded projects in its market study review. In the event two or more projects are submitted from the same geographical region, KHC staff will determine, through market study reviews, that the targeted market for that</p>
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	particular region will be able to absorb each project, noting the impact that capture rates and market absorption will have on existing and proposed projects in the area also funded by KHC. Market study considerations may cause a property or a project to be denied funding or have funding reduced during the application and technical submission phase.
If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	N/A
Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)	N/A

<p>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</p>	<p>N/A</p>
<p>Describe how resources will be allocated among funding categories.</p>	<p>The single funding category for this program is the production of new multifamily housing or rehabilitation of existing multifamily housing for households who are extremely low income (or very low income in years where adequate funding allows for more than one income level to be served under the program regulations.)</p>

<p>Describe threshold factors and grant size limits.</p>	<p>Pursuant to HUD Notice 15-003, Interim Policy On Maximum Per-Unit Subsidy Limits for the HOME Program, KHC has elected to utilize the per-unit limits provided by the Louisville HUD Field Office on December 6, 2017 (included in the HTF Allocation Plan attached to this Action Plan) that establishes the following per unit maximum:</p> <p>0 Bedroom - \$141,089</p> <p>1 Bedroom - \$161,738</p> <p>2 Bedroom - \$196,673</p> <p>3 Bedroom – \$254,431</p> <p>4+ Bedroom – \$279,286</p> <p>There is no maximum award amount associated with this program.</p> <p>KHC will make every effort to distribute HTF funds geographically. The ability to do so may be limited by the location of eligible applicants and projects that receive adequate scoring to be funded.</p> <p>Projects must be completed within 36 months of the date of the award of HTF funds. Recipients must present a project timeline demonstrating the ability to close on all funds requested, including any bond transaction, by the end of May 2019.</p> <p>KHC’s NHTF program includes a requirement that assisted units also include rental subsidy. The exception may be if funds remain unallocated after the issuance of a NOFA for NHTF funds. A second funding round to allocate remaining funds may not include this provision.</p> <p>KHC’s program includes a 30-year recorded land use restrictive covenant for all projects receiving NHTF Funding.</p> <p>While KHC’s priority housing needs include affordable rental and homeowner housing, and tenant-based rental assistance as equal priorities, KHC has focused on rental projects that serve special needs and the elderly as well as those that preserve existing housing stock. NHTF funds will be allocated in conjunction with LIHTCs and Tax Exempt Bonds.</p>
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	<p>Projects funded under the NHTF will be those that receive LIHTCs and Tax Exempt Bond financing, both of which are non-federal sources of funding, and leveraged funds will be the majority of funds in the total financing of these projects.</p>
<p>What are the outcome measures expected as a result of the method of distribution?</p>	<p>Outcome measures include availability/affordability/accessibility of decent affordable housing.</p>

Discussion:

Each program has a specific, individual method for distribution of funds. KHC and DLG periodically announce funding rounds via eGrams and on their websites.

AP-35 Projects – (Optional)

Introduction:

State participating jurisdictions do not identify specific projects that will be funded. Funded projects for HOPWA will be added after funding decisions are made. If HUD determines that additional programs meet this requirement, minor amendments to the Action Plan will be made to include other projects funded during the program year from the funds covered by this plan.

#	Project Name

Table 9 – Project Information

Describe the reasons for allocation priorities and any obstacles to addressing underserved needs

AP-38 Project Summary
Project Summary Information

AP-40 Section 108 Loan Guarantee – 91.320(k)(1)(ii)

Will the state help non-entitlement units of general local government to apply for Section 108 loan funds?

Yes

Available Grant Amounts

The Section 108 Loan Guarantee Program will allow Kentucky to leverage up to five times its annual CDBG allocation for large-scale economic development and community projects. Considering current market conditions and to encourage development in Kentucky, the Commonwealth is now considering applications from non-entitlement communities that the Commonwealth may submit to HUD on behalf of these communities for the Section 108 Loan Guarantee program. Funds borrowed using Section 108 requires a pledge of the Commonwealth's current and future CDBG allocations. The Section 108 program provides an additional source of funds to address significant economic development and community projects which have a regional or statewide impact.

Acceptance process of applications

Applicants must submit an original and one (1) copy of a program specific project application. Activities described in the application are reviewed to determine if they meet the fundability criteria as established in the Housing and Community Development Act. Project activities must meet one of the three National Objectives as referenced in Section II.

CDBG program staff review applications and prepare a project summary/review. Staff submit their summary to a review committee designated by the Commissioner. The committee will meet and evaluate projects based on the review criteria and staff comments. The committee will determine approval, rejection, or deferral. In the event demand exceeds the amount of funds available, those projects with the greatest need and effectiveness are for funding.

AP-45 Community Revitalization Strategies – 91.320(k)(1)(ii)

Will the state allow units of general local government to carry out community revitalization strategies?

Yes

State’s Process and Criteria for approving local government revitalization strategies

DLG allows communities, within the regular guidelines, to carry out various kinds of eligible revitalization activities particularly through the Community Projects program area. Projects such as senior centers, health and wellness centers, slum and blight removal, and other community revitalization activities are often done. Many projects include partnerships with funds from other sources and participation of non-project agencies.

AP-50 Geographic Distribution – 91.320(f)

Description of the geographic areas of the state (including areas of low-income and minority concentration) where assistance will be directed

CDBG: All cities and counties in Kentucky are eligible for participation in the CDBG Program except for the cities of Ashland, Bowling Green, Covington, Elizabethtown, Henderson, Hopkinsville, Owensboro, the City of Lexington/Fayette County and City of Louisville/Jefferson County Metro Government, which receive a direct allocation of CDBG funds from the federal government.

HOME: Based upon demand for available funds, KHC will make every effort to ensure that the HOME funds are disbursed geographically. Reservations of HOME funds will be monitored throughout the year. If deemed appropriate, KHC may discontinue allowing applications from certain areas of the state if the area has already received greater funding as compared to other areas of the state. Such a hold on applications would only continue until KHC could ascertain the demand for funds in all areas of the state. In the FFY2016 program year, KHC may allocate up to \$2 million in HOME funds in entitlement jurisdictions to support tax-exempt bond transactions for multifamily housing.

ESG: Kentucky's ESG funds will be made available to Balance of State Continuum of Care cities and counties or private, non-profit organizations that were awarded funding through the 2017 competitive application process. KHC reserves the right to award any additional funding received in 2018 in the most judicious manner, which may or may not include a competitive application, depending on the level of funding available and CoC-established goals. Because funds requested are always more than what is available, KHC will continue the practice of only funding ESG applicants serving clients in non-entitlement ESG areas. It is KHC's intention to fund eligible applicants representing a broad geographic area in the state.

HOPWA: Eligible applicants are nonprofit agencies and local governments across the state. HOPWA funding application awards have been very consistent for several years with funding reaching the entire state. HOPWA-funded agencies cover large service areas, which allows for all counties within KHC's balance of state to be covered by HOPWA funding.

HTF: Eligible applicants are affordable multifamily housing entities applying for 4% LIHTCs in combination with HTF funding and tax-exempt bonds. KHC will make every effort to distribute HTF funds geographically. The ability to do so may be limited by the location of eligible applicants and projects that receive adequate scoring to be funded. While other block grant programs may be limited to non-

entitlement areas of the state, HTF funds will not be subject to this restriction.

All funds are allocated through competitive funding applications submitted for eligible activities.

Geographic Distribution

Target Area	Percentage of Funds
Non-Entitlement Geographic Area	95

Table 10 - Geographic Distribution

Rationale for the priorities for allocating investments geographically

In general, investments are not allocated geographically. However, KHC will make every effort to distribute HTF funds geographically (by congressional district) dependent upon market need and eligible projects. Tax Exempt Bond projects must adhere to Kentucky Housing Corporation’s QAP, which includes a provision allowing KHC to allocate resources to achieve a mix of resource usage or geographical distribution of resources among Kentucky’s congressional districts. Funding allocation proposals are finalized through KHC’s credit committee review. One of the purposes of the QAP is to provide as many rental housing projects as possible while considering geographical need, size and cost per unit, long-term viability depending on the funds available, applications received, and their location. As part of the credit committee’s selection process, the location of all proposed projects is reviewed to determine if allocations are distributed across the state.

Discussion

Funds under HOME, ESG, and HOPWA are targeted to areas of the state that do not receive a direct allocation from HUD. HTF funds may be allocated to projects located anywhere in Kentucky, based on project ranking and limitations addressed in any NOFA issued. For this reason, the state estimates that 95% of funds will be allocated in the target area. Additional information on HTF funds is included in the HTF Allocation Plan included in this Action Plan.

Affordable Housing

AP-55 Affordable Housing – 24 CFR 91.320(g)

Introduction:

ESG shelter activities are included in the rental assistance goal.

One Year Goals for the Number of Households to be Supported	
Homeless	3,400
Non-Homeless	400
Special-Needs	189
Total	3,989

Table 11 - One Year Goals for Affordable Housing by Support Requirement

One Year Goals for the Number of Households Supported Through	
Rental Assistance	3,400
The Production of New Units	70
Rehab of Existing Units	64
Acquisition of Existing Units	0
Total	3,534

Table 12 - One Year Goals for Affordable Housing by Support Type

Discussion:

Homeless one-year goal includes those who received rapid-rehousing assistance. Non-homeless are those assisted with homeless prevention funds. Special needs goals include those receiving HOPWA rental and/or short-term rental/mortgage/utility assistance.

One-year goals also include:

- Rental assistance - HOME TBRA, HOPWA Rental Assistance, and ESG Rapid-Rehousing Assistance
- New Units - Homeownership and rental new construction units under HOME and HTF
- Rehab Units - HOME and CDBG homeowner rehab units and HOME and HTF rental rehab units.

Goals in both tables represent units completed during the year, rather than those awarded funding, in keeping with HUD's annual reporting requirements. Because HTF is a new program, it is possible that the actual units reported at the end of this program year may not include HTF units, as those projects will most likely not close out in the same program year that funds are awarded.

AP-60 Public Housing - 24 CFR 91.320(j)

Introduction:

Although public housing is primarily administered at the local and not the state level, there have been many efforts undertaken to encourage and assist the population served through public housing to obtain economic self-sufficiency.

The KHC Tenant Assistance Programs department administers the Housing Choice Voucher Program in areas of the state that are not served by a local public housing authority (PHA). For many years, KHC has been at maximum capacity under its voucher program the waiting list remains closed for the most part. KHC does periodically open its waiting list for short periods of time. KHC aggressively pursues any new voucher funding opportunities.

There are approximately 106 public housing agencies in Kentucky that manage conventional public housing units. PHAs play an important role in filling the gap between the need and supply of affordable rental housing. These agencies provide housing for over 23,000 families statewide.

Actions planned during the next year to address the needs to public housing

The Family Self-Sufficiency (FSS) Program, administered by KHC, provides supportive services to participants who possess a housing choice voucher when they sign a five-year contract of participation. The goal of this program is to help participants become self-sufficient by obtaining employment and becoming free of government assistance, including public housing. FSS participants receive employment skills training, budget and credit counseling, money management tips and homeownership education. KHC also establishes a savings account with monthly deposits based on the participant's increased earnings. FSS graduates are encouraged to use the escrow funds as a down payment on a home, but this is not mandatory. Currently, 121 families are participating in FSS and 80 of these participants have funds in escrow.

Replacing the *Yes You Can...Own A Home* Program, the new *Realizing the American Dream Program* is sponsored by KHC and local lenders, also targets people currently living in rental or public housing who would like to own their own home. Classes are offered to participants to teach the basics of becoming a homeowner. Classes discuss the mortgage loan process, finding the right house, budget and credit, loan closing, foreclosure prevention, basic home maintenance and more. This program will continue into the next fiscal year and will attempt to further reduce the number of Kentuckians dependent upon public housing assistance to survive. The class is available in multiple languages.

Actions to encourage public housing residents to become more involved in management and participate in homeownership

Homeownership education programs allow families housed by local housing authorities the knowledge

and qualifications to access KHC's single-family loan programs.

If the PHA is designated as troubled, describe the manner in which financial assistance will be provided or other assistance

In the event KHC is notified by HUD that a public housing agency in Kentucky is designated by HUD as "troubled", KHC will determine if it can provide financial and/or technical assistance to the public housing agency.

Discussion:

AP-65 Homeless and Other Special Needs Activities – 91.320(h)

Introduction

The state uses a multi-pronged approach ensure that homelessness is rare, brief, and non-recurring. Central is the creation of the Kentucky Interagency Council on Homelessness (KICH) - the state policy advisory entity on homelessness. KICH is composed of representation from state government, nonprofit, and advocacy agencies for fostering cross-sector collaboration and to perform several functions:

- Serve as the single statewide homelessness planning and policy development resource for the Commonwealth of Kentucky.
- Review, recommend changes and update Kentucky's *Ten-Year Plan to End Homelessness*.
- Monitor and oversee implementation of Kentucky's *Ten-Year Plan to End Homelessness* to ensure that accountability and results are consistent with the plan.
- Serve as a state clearinghouse for information on services and housing options for the homeless.
- Conduct other activities as appropriate.

Kentucky has three Continuum of Care geographic areas—Lexington, Louisville and the KY Balance of State (BoS) (remaining 118 counties). KHC, as the Collaborative Applicant for the CoC Program for Kentucky's BoS CoC, awards sub-grants to homeless service providers throughout the BoS. Through the CoC program, the ESG program, and other related programs such as the VA's SSVF program, persons experiencing homelessness or at-risk of homelessness can be served with supportive services, transitional housing, permanent supportive housing, rapid re-housing programs, and prevention, as appropriate. The KY BoS CoC is governed by an advisory board made up of representatives from each of the six regions within the KY BoS CoC and works to improve collaboration, coordination, and system-wide performance in preventing and ending homelessness.

KHC's CoC programs are for families and individuals who, in addition to safe, decent and affordable housing, need access to supportive services to stay housed permanently. Supportive housing combines permanent, affordable housing with flexible support services to help the tenants stay housed and build the skills to live as independently as possible. The ESG program is used, in part, to provide emergency services when people experience crisis situations. Through the KY BoS CoC system, emergency shelters work with permanent housing providers to quickly move people out of shelters and into permanent housing destinations. By using a common assessment tool, the CoC can determine which clients have the highest level of need so that the most intensive resource, PSH, can be reserved for those cases. Rapid rehousing is an effective intervention for people needing less supportive services.

The KY BoS CoC, in partnership with Kentucky's other CoCs (Lexington and Louisville), are actively working towards meeting the goals set forth in *Opening Doors: The Federal Strategic Plan to End Homelessness*. To meet these goals, the KY BoS CoC established the following objectives:

- Increase access to safe and affordable housing units for homeless families, individuals and

youth.

- Increase funding for and access to comprehensive supportive services that help assure housing stability and encourage self-sufficiency.
- Increase funding for prevention services to reduce the numbers of persons falling into homelessness.
- Increase scope and quality of data collection through the statewide Homeless Management Information System to document both project and system performance and continuing need.
- Implement a client-centered Coordinated Entry System to move people with the highest needs into permanent housing as quickly as possible.

Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including

Reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs

Because Kentucky is a primarily rural state, developing a single outreach plan to cover the full CoC geographic area is a challenge. Many of the common places for rural, unsheltered homeless are remote and difficult to identify. Through the outreach efforts of the point-in-time count volunteers, the CoC has been able to identify local people in each county most likely to know of rural homeless locations (i.e., police officers, mail carriers, school bus drivers, etc.). Additionally, working with the ESG recipients, KHC encourages inclusion of street outreach as an eligible use for the state ESG allocation. Training on the eligible uses of ESG street outreach funding was made available across the state. Furthermore, the KY BoS CoC is implementing a statewide Coordinated Entry System. Since the geographic area is so large, the CoC is implementing coordinated entry by using smaller regions, which mirror existing area development districts (ADDs). All areas are utilizing a common assessment tool and are following policies and procedures adopted by the CoC Advisory Board. The KY BoS CoC received a CoC grant for coordinated entry and it is in the process of developing a plan to subgrant the funds to agencies across the BoS to support coordinated entry implementation.

KHC will continue to work closely with KICH, CoC and ESG agencies, other state agencies, and other service providers to increase coordination of efforts to maximize limited resources focused on homeless

and special needs populations in the following areas:

- Supportive services including medical and mental health services
- Adequate discharge planning
- Homeless prevention funding
- Utilities assistance funding
- Connecting those in need of services to those who offer services.

Addressing the emergency shelter and transitional housing needs of homeless persons

While the ESG funding application places a priority on Rapid Rehousing (RRH), programs serving both individuals and families with children, KHC is still allowing a large portion of the allocation to be requested and used in the Emergency Shelter Component. Since the BoS CoC is largely rural, there are very little, if any, resources available within communities to address the needs of people when they experience a crisis necessitating a temporary housing solution, which is why the ESG program is so critical to Kentucky's homeless response system. Through coordinated entry, emergency shelters are working closely with permanent housing providers to move people as quickly as possible out of the crisis response system and into permanent housing. The KY BoS has been aligning its funding priorities with those expressed by HUD in recent years. One area that HUD has emphasized is reallocating funding from transitional housing programs to permanent housing. After this most recent CoC competitive funding round, the KY BoS CoC has reduced its number of CoC transitional housing programs to just two out of more than 50 projects. The other transitional housing programs reallocated their resources to either permanent supportive housing or rapid rehousing. The KY BoS CoC still values transitional housing as an option for clients, especially programs for youth, persons in recovery, or victims of domestic. There are other transitional housing options funded with resources besides CoC or ESG within the state that may be more appropriate for some people experiencing homelessness, such as substance use recovery programs or transitional housing programs for veterans.

Both emergency shelter and transitional housing programs include some or all of the activities below:

- Provision of essential services to homeless individuals and families. This includes services concerned with employment, health, drug abuse, education, transportation and staff salaries necessary to provide these services.
- Provision of rental assistance for homeless individuals and families.
- Working closely with the Cabinet for Health and Family Services to ensure persons in need of services have access to them.

Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals

and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again

By prioritizing ESG funds for use with RRH programs, working with the CoC to identify agencies to apply for CoC RRH and PHS projects, and finding other innovative ways to create supportive housing opportunities, resources are becoming better aligned with the need to reduce the time individuals and families remain homeless as well as giving them access to sustainable, permanent housing options. Kentucky has a variety of services and housing that assist homeless veterans. Through the Kentucky Interagency Council on Homelessness, it has been successful in identifying resources and gaps in veterans' assistance. In addition, service providers are being linked with organizations serving veterans, both private (local SSVF programs) and public (VA Service Centers). With several VASH programs and SSVF programs operating in Kentucky, the services to veterans have never been more accessible as they are now. Additionally, both the Balance of State CoC and the ESG applications provide scoring incentives for agencies targeting veterans as well as chronically homeless individuals or homeless families with children.

Activities planned for the coming year to address housing needs of homeless individuals and families and to prevent low-income individuals and families from becoming homeless include the activities listed below.

- Acquisition, construction, renovation, major rehabilitation or conversion of structures for use as transitional and permanent supportive housing for homeless persons.
- Payment of maintenance, operation, rent, repair, security, equipment, insurance, utilities and furnishings of transitional and permanent housing.

KHC has partnered with HUD to end veteran homelessness in Kentucky. KHC has dedicated housing assistance for 100 homeless Kentucky veterans to be available through the Veterans Emerging Towards Transition (VETT) Program, which was created in 2015. Through the VETT program, KHC will designate a preference for up to 100 Housing Choice Vouchers (HCV) for qualified homeless veterans in the 87 counties KHC serves under the HCV program. This special assistance will help qualified veterans pay for housing and ultimately reduce the number of homeless veterans in Kentucky. Unlike other VA-related programs, the VETT program can be accessed by veterans regardless of the length of service or the type of discharge status, which allows the state to reach a broader population of homeless veterans.

KHC, as the PHA for 87 Kentucky counties, has partnered with the KY BoS CoC to create the Kentucky Moving On program, an initiative designed to transition people who no longer need intensive services offered through a permanent supportive housing program (PSH) into a HCV within the community. CoC-funded PSH providers assess the housing readiness of existing PSH clients to identify those who have already achieved housing stability. The agencies then refer the clients to the Moving On program. In addition to helping people transition into independent, stable housing, the program allows PSH programs to use the resources that have been freed up to serve people with higher needs, especially

people experiencing chronic homelessness. The KY BoS CoC was recently selected by HUD as one of 10 communities nationwide to participate in the Youth Homelessness Demonstration Program (YHDP). The KY BoS CoC selected the eight-county Southeastern Kentucky Promise Zone as the demonstration community. As part of the YHDP, the Promise Zone, in partnership with the CoC, must develop a coordinated community plan to prevent and end youth homelessness. In addition, the area will receive up to \$1.9 million to create projects allowed through the CoC program and innovative projects to serve homeless youth. The demonstration will provide important information about how to address the unique challenges of homeless youth through the state and nationally.

Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs

Under the Emergency Solutions Grant program, the state continues to allow funds to be allocated to Homelessness Prevention. These funds are usually in high demand from agencies.

The CoC collaborates with the Cabinet for Health and Family Services (CHFS), which implements discharge planning for youth who age out of foster care. Independent living coordinators and Cabinet social workers develop a transition plan help to identify appropriate, sustainable housing options prior to discharge from foster care, giving them access to stable housing through age 21. The program provides up to six months of initial rental assistance plus an additional six months if needed, through the Chafee Room & Board program. This program is expected to assist approximately 175 persons this year.

Discharge planning efforts from health-care facilities in Kentucky takes place according to the health-care venue and/or program. Kentucky participates in Medicaid and Medicare programs and is required to adhere to all applicable standards of care, including discharge. The Center for Medicaid and Medicare Services (CMS) Condition of Participation requires that hospitals must have in effect a discharge planning process that applies to all patients. The evaluation process includes determining an appropriate discharge site. A very small percentage of persons exiting health-care facilities are discharged to homeless programs. The State has established a policy to prevent individuals with serious mental illness from being discharged into homelessness. Instead, the policy requires discharge from inpatient psychiatric hospital settings and other facilities to permanent community-based housing. Facility staff collaborate with family members, guardians, service providers and others to ensure that discharge planning begins upon admission, that the individual's preferences are honored through person-centered planning and that every effort be made for community integration in housing and services. The majority of persons discharged from state psychiatric hospitals return to their own homes. KHC partners with the state on two programs specifically targeting this population. KHC's Olmstead housing initiative is

expected to assist nearly 100 persons this year through a combination of rental assistance vouchers, permanent supportive housing rental units, and the HUD Section 811 Program.

The Department of Corrections' discharge policy and procedures ensure every effort to secure safe housing for offenders prior to release. The first option is to determine if the individual can return to his/her home then to consider housing options with family or friends. Many offenders recognize that returning home may not allow them to be successful, and they choose to secure a home placement in a transitional living program. The transitional housing has specific requirements and seeks to assist the offender in his/her reentry process. Offenders typically return to home placements with family or friends. The Department of Corrections works directly with contracted halfway houses and transitional housing placements when a family member or friend is not available to support the offenders' transition into the community. The Recovery Kentucky program assists persons with addictions. The centers are funded by DLG, KHC, the Department of Corrections, and other funds, and are expected to assist more than 1,000 persons this year. CDBG services funding and KHC rental assistance funding support more than 10 centers across the state.

Discussion

KHC will continue to provide technical assistance and training to HIV/AIDS housing and service providers to increase capacity. Also, HOPWA grantees are encouraged to participate in the COC system where they may be more successful in partnering services and housing with other providers who may serve the same or similar populations.

HTF funds may be awarded to projects serving special needs and/or homeless populations. Additional information about HTF is available in the allocation plan included in this Action Plan.

AP-70 HOPWA Goals – 91.320(k)(4)

One year goals for the number of households to be provided housing through the use of HOPWA for:	
Short-term rent, mortgage, and utility assistance to prevent homelessness of the individual or family	160
Tenant-based rental assistance	30
Units provided in permanent housing facilities developed, leased, or operated with HOPWA funds	0
Units provided in transitional short-term housing facilities developed, leased, or operated with HOPWA funds	0
Total	190

AP-75 Barriers to affordable housing – 91.320(i)

Introduction:

Many of the barriers to affordable housing in Kentucky are concentrated at the local level, rather than at the state level, as cities and counties establish regulations, plans, and policies that affect their jurisdictions. The overall demand for affordable housing and the lack of funding to fulfill the demand continues to be the biggest barrier statewide.

Actions it planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment

On the state level, there are numerous examples of state agencies working in cooperation to reduce barriers to affordable housing:

- The Kentucky Infrastructure Authority has enacted a Water and Waste-Water Plan.
- The Recovery Kentucky program is an example of state agencies working together to remove barriers that unintentionally arise because of compartmentalization.
- The Governor’s Re-Entry Task Force has identified criminal backgrounds, especially sex offenses, as significant barriers to affordable housing and has solicited input from the Kentucky Interagency Council on Homelessness (KICH) and other stakeholders to develop a legislative agenda to address these barriers. Just recently the state legislature passed, and Governor Matt Bevin signed, legislation to assist those convicted of low-level felonies.
- The Kentucky Interagency Council on Homelessness (KICH) maintains four subcommittees that are also exploring regulatory barriers specifically affecting the homeless population. KICH identified lack of fair housing policies and limited or lack of affordable housing policies at the local government level as barriers. The need for additional access to permanent housing options is a pressing need.

The Notice of Funding Availability for Gap Financing and Tax-Exempt Bonds, includes funding under multiple pools of monies including HOME, tax credits, bonds, and Housing Trust Fund monies. Applications are ranked based on several factors including new construction multifamily projects that apply through the Community Impact and Historic Adaptive Reuse Pool. Projects that are part of an overarching local Community Revitalization Plan where the community has dedicated funding to support the plan and whose financial structure features waived local fees are included in the ranking factors.

Discussion:

AP-85 Other Actions – 91.320(j)

Introduction:

Actions planned to address obstacles to meeting underserved needs

KHC plans to address the following obstacles to meeting the housing needs of underserved populations:

There is only one affordable rental housing unit available for every three low-income households in need. Existing rental housing is being lost due to expiring contracts and affordability periods. KHC is undertaking a plan to preserve existing housing including offering financing programs to update and preserve properties and extend affordability periods, ensuring the housing remains available to low-income households. Part of KHC's efforts to meet this underserved need by increasing the supply of affordable rental housing for extremely low-income and very low-income households includes combining sources of funding (Housing Tax Credits, Tax-Exempt Bonds, Housing Trust Fund) to fund projects using a blend of financing mechanisms and block grant funds along with project-based rental assistance. This method of financing has allowed KHC to increase the number of housing units it can produce each year to meet this underserved need. Projects funded under the National Housing Trust Fund must be deed-restricted to remain affordable for 30 years – a time period much longer than other sources of funding.

Youth aging out of foster care have a high risk of becoming homeless and need assistance transitioning from foster care to independent living. Obstacles facing this population include the lack of income to pay the costs associated with establishing an independent household, and short-term case management. Chafee Room and Board is administered by the state Cabinet for Health and Family Services and KHC. The program provides household setup funds and short-term rental assistance to assist this population in transitioning from foster care to independence. This program continues to assist this population. Homeless youth will also be assisted under a new CoC demonstration project funded recently.

Actions planned to foster and maintain affordable housing

Kentucky's block grant funds will be distributed throughout the state on a competitive basis for eligible activities through several methods described in the program guidelines for each program for the purposes of preserving existing affordable housing as well as fostering new affordable housing opportunities. Units of local government, nonprofit and for-profit entities will be able to apply for funding to carry out eligible activities. This distribution system allows eligible agencies to apply for funding for activities that will address the priority needs for their community. In addition, funds awarded to local communities will also address the housing needs outlined in the state's Consolidated Plan.

The Consolidated Plan addresses a variety of needs for affordable housing and community development that were derived from input at local levels across the state and utilizing housing data. The plan

represents a wide array of needs. While one community may need rental housing production at a specific site, another community may need homeowner rehabilitation over a scattered site. For the state to address its community needs, the block grant programs need a level of flexibility for eligible activities to be undertaken. The state will support any application for funding under both federal and private sources that will assist the state in meeting any category of need for affordable housing and community development. The Housing Policy Advisory Committee consists of 10 ex officio state government members, 17 at-large members appointed by the chairman of the Board of Directors of KHC, a member of the Senate and a member of the House of Representatives. The advisory committee submits an annual report of activities and recommendations to the governor. The Housing Policy Advisory Committee includes numerous subcommittees, including a data subcommittee. This subcommittee reviews needs data annually and makes recommendations to KHC on priorities, which are considered when drafting each annual action plan.

Actions planned to reduce lead-based paint hazards

Both KHC and DLG have a commitment to ensure that recipients of HOME, CDBG, ESG, HTF and HOPWA funds administer programs that adequately limit the risks associated with lead-based paint. Program administrators assist in statewide and local efforts to detect and abate lead-based paint as appropriate. Recipients of funding through these block grant programs are required to comply with all federal, state and local lead-based paint regulations. KHC and DLG staff members take several steps to fulfill their responsibility regarding lead-based paint hazards. Applicants for HOME, ESG, HTF and HOPWA funds are made aware of the requirements of the lead-based paint regulations as they apply for funds. If funded, applicants receive additional formal training and individual technical assistance provided by staff. This technical assistance is available through the life of the project. Inquiries regarding lead-based paint hazards, evaluation and screening are often referred to the Environmental Lead Program administrator at the Kentucky Department of Public Health. To assist with the cost of lead-based paint removal activities, KHC allows HOME funds to be used in the form of a grant for homeowners receiving assistance for homeowner rehabilitation activities. KHC adopted an environmental assessment policy several years ago. During the next fiscal year, KHC anticipates a review of the current policy to determine whether it requires revision. The current policy requires a Phase I environmental assessment for many projects. Dependent upon the findings of a Phase I review, a Phase II review may be required. KHC staff members perform visual inspections to identify possible lead-based paint hazards for projects wishing to use block grant funds. Several inspections of projects involving rehabilitation are performed during the construction process. In addition, Housing Quality Standards (HQS) inspections are performed at rental properties throughout the state.

DLG has adopted a policy on lead hazard reduction in keeping with federal regulations. For projects involving a home constructed prior to 1978, grantees are notified of the hazards of lead-based paint. In addition, if housing built prior to 1978 is being rehabilitated, the housing must be inspected for

defective paint. If surfaces are found to be defective, they must be treated during rehabilitation.

Full abatement of lead-burdened housing is a worthwhile goal. However, it is costly and caution must be taken to ensure that the work is performed in a safe manner by certified workers. Additional information about lead-based paint abatement is available through the Department of Public Health, the federal Environmental Protection Agency, KHC and DLG.

Actions planned to reduce the number of poverty-level families

KHC and DLG have been providing affordable housing and economic development opportunities to decrease the number of poverty-level families living in unsafe and unaffordable housing. KHC's programs range from homeless assistance and Section 8 rental assistance to homeownership and housing financing programs. DLG housing programs are typically, but not limited to, single-family housing rehabilitation. DLG offers many non-housing programs that focus on community and economic development to combat poverty.

Long-term anti-poverty CDBG objectives include:

- Encouraging private investment that will result in the creation of new jobs for the unemployed and underemployed.
- Discouraging the out-migration of businesses that employ and serve the local population.
- Fostering a revitalization of community structure to help communities help themselves.
- Enabling local communities to plan for future community development needs.

Housing – whether rental or ownership – is viewed as one of the major components in assisting individuals and families in overcoming the struggles of poverty. It takes a combination of many activities, such as job training and education, health and child care assistance as well as a place to call home to effectively assist families on the continuum towards self-sufficiency. A variety of affordable housing programs across the state not only provide direct financial assistance with housing costs, but combine housing assistance with social programs, such as life skills training, job training, post-secondary education, and homeownership counseling.

To meet the goal of raising the standard of living for all low-income individuals and families, the state is committed to assisting individuals in achieving employment; continuing adult education and postsecondary education; childhood development intervention; adequate and affordable child care for working families; increased access to health insurance coverage and the provision of affordable housing opportunities.

KHC will continue to fund the Scholar House program, designed to assist single parents in obtaining higher education. These programs have been established at several universities across the state, and provide housing and childcare for single parents enrolled in college. After graduation, the family may

obtain housing using a rental voucher.

DLG will continue to fund traditional economic development activities that create or retain jobs principally benefiting low- and moderate-income persons. Nontraditional economic development projects are those which provide funding of activities including, but not limited to, job training and placement of other support services including peer support counseling, child care and transportation.

KHC will continue to participate in the newly-formed SOAR initiative, focused on assisting the Appalachian area of the state, where the highest levels of poverty have remained for decades.

(continued in discussion section below)

Actions planned to develop institutional structure

KHC and DLG will continue to partner with a diverse number of entities from private industry, non-profit organizations and public institutions in carrying out activities under the Consolidated Plan. DLG works directly with eligible units of local government in distributing CDBG funds. KHC is responsible for the administration of the HOME, ESG, HTF, and HOPWA Programs. Eligible applicants include, but are not limited to, units of local government, Community Housing Development Organizations (CHDOs), nonprofit housing organizations and for-profit developers. Direct technical assistance from program staff for the HOME, ESG, HTF and HOPWA Programs is provided on a statewide basis to all eligible applicants. After funding is awarded, implementation and administration training is available to all recipients. In addition to administering the federal block grant programs, KHC and DLG administer other programs that partner with units of local government, CHDOs, nonprofit housing organizations and for-profit developers.

Both KHC and DLG depend on the active participation of partners to accomplish the overall goals of these programs of providing affordable housing opportunities to lower-income families and individuals across Kentucky:

- KHC administers Housing Choice Voucher Program funds in counties where there is no local housing authority.
- KHC works directly with HUD in the administration of the Risk-Sharing Program in order to increase the number of safe, decent and affordable rental units throughout the state. When funding is available, KHC processes and underwrites the loan applications and, in the event of default, the mortgage insurance risk is shared between KHC and HUD.
- The Governor's Local Issues Conference is held annually and is attended by local officials from cities and counties throughout the Commonwealth.
- The annual Kentucky Affordable Housing Conference will be attended by representatives of various housing and related service organizations.
- KHC and DLG work with the Recovery Kentucky Task Force that advocates for substance abuse

recovery services through long –term supportive housing, recovery programs aimed at addressing homelessness and recovery from addiction within the commonwealth.

- KHC coordinates the state’s Housing Policy Advisory Committee and participates on the Kentucky Interagency Council on Homelessness.
- KHC works with nonprofit organizations across the state through the various programs offered at KHC.
- Many private housing developers utilize the Housing Credit Program and HTF program as well as other federal and state housing programs for the development of affordable rental housing across the state. Likewise, KHC continues to maintain relationships with several private developers who utilize HOME funds to provide homeownership opportunities for low-income Kentuckians.

KHC works with over 250 private lending institutions in the origination and processing of KHC mortgages. The statewide lender network enables lower income families the opportunities to access KHC’s loan products.

Actions planned to enhance coordination between public and private housing and social service agencies

The Kentucky Interagency Council on Homelessness (KICH) is composed of representation from state government, nonprofit and advocacy agencies to collaborate on homeless issues. KICH Executive Committee consists of the CEO of Kentucky Housing Corporation, Secretary of Health and Family Services Cabinet, Secretary of Justice and Public Safety Cabinet, Secretary of Education Cabinet, Secretary of Transportation Cabinet, Executive Director of Administrative Office of the Courts, State Budget Director, Commissioner of Veterans Affairs, Executive Director of the Homeless and Housing Coalition of Kentucky and one member from each house of the Kentucky General Assembly appointed by the Governor.

The KICH Steering Committee consists of representatives of the Executive Committee, state government agencies, homeless advocates and service providers. The KICH Steering Committee has five policy subcommittees that mirror the core concerns identified in the Ten-Year Plan to End Homelessness. The policy subcommittees are: supportive housing, services/prevention, public will, and data.

The Kentucky Commission on Community Volunteerism and Service is a statewide, bi-partisan group comprised of at least 15 members, appointed by the governor, with diverse service and volunteerism backgrounds. The KCCVS actively engages citizens in community service opportunities that enable volunteers, organizations and businesses to share ideas and effectively collaborate to address Kentucky’s needs. The KCCVS funding is provided by the Corporation for National and Community Service and the Kentucky General Assembly. The Governor’s Reentry Task Force – Statewide Reentry Steering Team was established to develop policy recommendations regarding the reduction of recidivism, enhancement of public safety and the furtherance of reentry efforts. The mission of

Kentucky's Reentry initiative is to integrate successful offender reentry principles and practices in the Commonwealth of Kentucky state agencies and communities resulting in partnerships that improve public safety, enhance offender self-sufficiency, and reduce recidivism. The Kentucky Statewide Reentry Steering Team is developed to create a multidisciplinary work team to develop recommendations and provide information to the Governor's Reentry Task Force.

KHC and the state's Department of Mental Health/Mental Retardation coordinates funding focused on the needs of that portion of the Olmstead population with severe and persistent mental illness. These funds are used to move individuals from psychiatric hospitals and nursing facilities to apartments in the communities of their choice and for the construction of permanent supportive housing as funds become available.

The Recovery Kentucky Task Force provides oversight and direction for a network of 100-bed Recovery Kentucky Centers - drug and alcohol-free housing for persons who are homeless or at risk for homelessness due to their continued dependence on alcohol and drugs. These housing centers provide a safe and secure environment for men and women to begin a process of "self-help" and "peer-led" education that leads to long term sobriety. The Recovery Kentucky program model is designed to help the recovering alcoholic/addict regain a life of sobriety and to begin a journey toward permanent housing and self-sufficiency.

The FSS Provider Coordinating Committee (PCC) is established to assist KHC with planning and implementing the FSS Program. Members are representatives from state, local and private groups who have resources to assist low-income families and have a commitment to family self-sufficiency.

Discussion:

Continued from above:

Recipients of federal funds from DLG and KHC are required to adhere to federal Section 3 regulations that provide economic opportunity to low-income residents of the neighborhoods affected by the project and businesses owned by persons of low income.

KHC's multifamily production programs include incentives to de-concentrate poverty for new construction projects. The state's Analysis of Impediments to Fair Housing discusses de-concentrating poverty as well. KHC's housing choice voucher program is adapting materials in the briefing process to educate families about seeking housing that is not in a racial or ethnic area of concentrated poverty or concentrated area of housing vouchers.

Program Specific Requirements

AP-90 Program Specific Requirements – 91.320(k)(1,2,3)

Introduction:

Community Development Block Grant Program (CDBG)

Reference 24 CFR 91.320(k)(1)

Projects planned with all CDBG funds expected to be available during the year are identified in the Projects Table. The following identifies program income that is available for use that is included in projects to be carried out.

1. The total amount of program income that will have been received before the start of the next program year and that has not yet been reprogrammed	0
2. The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee's strategic plan.	0
3. The amount of surplus funds from urban renewal settlements	0
4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan	0
5. The amount of income from float-funded activities	0
Total Program Income:	0

Other CDBG Requirements

1. The amount of urgent need activities	0
2. The estimated percentage of CDBG funds that will be used for activities that benefit persons of low and moderate income. Overall Benefit - A consecutive period of one, two or three years may be used to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low and moderate income. Specify the years covered that include this Annual Action Plan.	88.00%

HOME Investment Partnership Program (HOME)

Reference 24 CFR 91.320(k)(2)

1. A description of other forms of investment being used beyond those identified in Section 92.205 is as follows:

KHC will invest HOME funds as interest-bearing loans or advances, non-interest-bearing loans or advances, interest subsidies, deferred payment loans, forgivable loans, and grants. Assistance may

be provided to private developers, nonprofit organizations, CHDOs, and governmental agencies.

An applicant that proposes to use any other form of investment not described in 25 CFR 92.205 must provide the following when applying:

- A description of the form of investment;
 - Justification for the need for the form of investment; and
 - A description of the proposed means of securing the investment, if any. KHC will not permit other forms of investment without prior HUD approval.
2. A description of the guidelines that will be used for resale or recapture of HOME funds when used for homebuyer activities as required in 92.254, is as follows:

See the HOME Recapture Provisions attached to this Action Plan.

3. A description of the guidelines for resale or recapture that ensures the affordability of units acquired with HOME funds? See 24 CFR 92.254(a)(4) are as follows:

All HOME funds used for homeownership activities will be required, at a minimum, to meet the HOME affordability period as established in 24 CFR Part 92.254. Additional guidance on maximum subsidy cap and affordability periods will be detailed in the Homeownership Application Guidelines and Scoring Criteria. Additional information is included in the HOME Recapture Provisions attached to this Action Plan.

4. Plans for using HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds along with a description of the refinancing guidelines required that will be used under 24 CFR 92.206(b), are as follows:

KHC will not allow HOME funds to be used in the refinancing of existing debt secured by multifamily housing.

**Emergency Solutions Grant (ESG)
Reference 91.320(k)(3)**

1. Include written standards for providing ESG assistance (may include as attachment)

ESG Written Standards are attached to this plan.

2. If the Continuum of Care has established centralized or coordinated assessment system that

meets HUD requirements, describe that centralized or coordinated assessment system.

The Kentucky Balance of State CoC has fully implemented its coordinated entry system (CES) in accordance with the minimum requirements. The CoC began implementation of its CES in July 2015, with the establishment of a pilot project in a 16-county area of the 118 county BoS. With the lessons learned from that pilot, coordinated entry has been implemented across the entire geographic area. The BoS CoC has adopted a set of policies and procedures that will guide implementation to ensure consistency. The CoC has elected to utilize the VI-SPDAT as its common assessment tool. All ESG and CoC funded agencies are required to utilize the VI-SPDAT and to work with other housing and service providers in their local prioritization areas to enroll participants in permanent housing based on the participant's level of need. The KY BoS CoC was awarded a CoC Supportive Services Only (SSO) grant to support coordinated entry. KHC has subgranted these funds to partners across the state to support local implementation efforts. The KY BoS CoC Advisory Board has established a coordinated entry committee, which is charged with overseeing the implementation of coordinated entry. The committee has worked closely with the Kentucky Coalition Against Domestic Violence to develop a process for victims of domestic violence to have access to the coordinated entry system without compromising potential privacy concerns.

3. Identify the process for making sub-awards and describe how the ESG allocation available to private nonprofit organizations (including community and faith-based organizations).

KHC will make ESG funds available to eligible non-profits (including community and faith-based organizations) and local governments from the 118 counties in Kentucky that do not receive ESG allocations from HUD as entitlement areas.

In 2017, KHC implemented a two-year competitive funding process whereby applicants awarded ESG formula funding will be eligible for renewal in 2018.

In 2017, applications were ranked based on score and allocations were made based on applicant ranking, overall request, and expenditure rates from the 2016 allocation.

2017 applicants were evaluated on such areas as: local needs, applicant experience/capacity/performance, project design, community coordination, and other factors. Applicants were and will continue to be required to also address Impediments to Fair Housing.

4. If the jurisdiction is unable to meet the homeless participation requirement in 24 CFR 576.405(a), the jurisdiction must specify its plan for reaching out to and consulting with homeless or formerly homeless individuals in considering policies and funding decisions regarding facilities and services funded under ESG.

KHC can meet this requirement, as KHC's subrecipients are required to include at least one homeless or formerly homeless individual on their Board of Directors, or as a participant on an advisory board

that reports directly to the subrecipient agency's Board of Directors.

5. Describe performance standards for evaluating ESG.

KHC has implemented ESG Performance Standards for all subrecipient agencies.

Performance Standards for all subrecipient agencies. The primary outcomes KHC will monitor will be those established by HUD as part of the CoC System Performance Measures that are relevant to ESG programs, which includes:

- Reduction in the average and median length of time persons remain homeless;
- Reduction in the percent of persons who return to homelessness;
- Reduction in the number of persons who are homeless;
- Number of persons who become homeless for the first time;
- Successful placement from Street Outreach; and
- Successful placement in or retention of Permanent Housing

KHC will also focus on outcomes established in Opening Doors: The Federal Strategic Plan to End Homelessness, which calls for coordinated efforts to end homelessness for veterans, youth, families, and chronically homeless in addition to persons experiencing homelessness overall.

Housing Trust Fund (HTF)
Reference 24 CFR 91.320(k)(5)

1. How will the grantee distribute its HTF funds? Select all that apply:

Applications submitted by eligible recipients

2. If distributing HTF funds through grants to subgrantees, describe the method for distributing HTF funds through grants to subgrantees and how those funds will be made available to state agencies and/or units of general local government. If not distributing funds through grants to subgrantees, enter "N/A".

N/A

3. If distributing HTF funds by selecting applications submitted by eligible recipients,

a. Describe the eligibility requirements for recipients of HTF funds (as defined in 24 CFR § 93.2). If not distributing funds by selecting applications submitted by eligible recipients, enter “N/A”.

Eligible recipients will be multifamily housing developers who meet KHC's capacity review and criteria for successful applications for funding for new construction or rehabilitation of affordable multifamily projects in Kentucky. Capacity is based on experience and capacity, compliance monitoring history, financial management, additional criteria related to the status of projects in process, uncorrected compliance findings or concerns (if any), success of current projects/properties, and credit rating of members of the development team.

To create consistency throughout the Corporation, KHC utilizes a Capacity Scorecard for all program areas that have a competitive application or formula grant allocation process. The scorecard determines the overall capacity of the Entity or Development Team member(s) that will administer the proposed project and/or program they are applying for. The scorecard is divided in to three sections: Capacity Scorecard Threshold Requirements, Capacity Scorecard Self-Certifications, and Capacity Scorecard Overall Performance.

An example of the 2018 capacity scorecard is attached. The Capacity Scorecard Overall Performance section is where KHC staff will indicate if a capacity deduction will be applied. Guidance on the type of infractions that KHC will consider for possible capacity deductions are listed in this section of the scorecard. The list is not all inclusive, but guidance as to what criteria is used to determine a potential capacity deduction. A capacity deduction can be determined at any time throughout the administration of a project/program, through the affordability/compliance period. The capacity deduction can apply to the Entity or any member of the Development Team.

Application submissions will be in response to the 2018 Gap Financing and Tax-Exempt Bond Notice of Funding Availability and 2019 Low Income Housing Tax Credit (LIHTC) Notice of Funding Availability (and any successor notice if NHTF funds remain unallocated). Notification that applications are being accepted will be made via KHC's eGram service.

KHC supports development teams that have successfully undertaken multifamily development or preservation projects for affordable housing utilizing LIHTC or tax-exempt bonds during the preceding five years. The development team information will be reviewed to ensure that it has the capacity and financial strength to develop, construct and manage a LIHTC or Tax-Exempt Bond project. KHC's credit committee will discuss and prioritize each response according to the final score and available credit/bond cap.

Projects will also be evaluated on:

Project Characteristics, with points awarded for projects that preserve three or more existing affordable multifamily housing properties (portfolio projects); projects serving elderly populations, projects serving youth. Project age and occupancy rate will also be eligible for points. Points will be awarded to projects

that have project-based Section 8 or other rental subsidy for at least 75% of units across the collective project. Points will be awarded to respondents assisting the greatest number of units.

Financial Characteristics, with points awarded to projects with commitments of gap funding sources outside KHC funding.

Market Absorption Requirements, KHC may require a project to recognize other funded projects in its market study review. In the event two or more projects are submitted from the same geographical region, KHC staff will determine, through market study reviews, that the targeted market for that region will be able to absorb each project. If the market review shows the target region cannot absorb multiple projects, then the highest scoring project will be approved. Market study considerations may cause a property/project to be denied funding or have funding reduced during the application and technical submission phase.

b. Describe the grantee's application requirements for eligible recipients to apply for HTF funds. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

KHC will focus on projects with some form of project-based rental assistance. Projects that have the highest scores based on the scoring criteria established for the 2019 LIHTC Funding Round will be considered for funding.

Respondents must meet the requirements of the 2019-2020 Qualified Allocation Plan (QAP) located at: [http://www.kyhousing.org/Development/Multifamily/Documents/2019-2020%20Qualified%20Allocation%20Plan%20\(QAP\)%20-%20DRAFT.pdf](http://www.kyhousing.org/Development/Multifamily/Documents/2019-2020%20Qualified%20Allocation%20Plan%20(QAP)%20-%20DRAFT.pdf)

Projects utilizing tax-exempt bond financing must engage an attorney or attorneys who: have acted as bond counsel or counsel for the bond trustee, bond purchaser, or the borrower in connection with at least one KHC multifamily bond issue within the previous five years; or can demonstrate a comprehensive understanding of KHC's general bond policies and procedures. Also, bond funds will only be available to projects that have not yet received or applied for an allocation of Tax-Exempt Bonds.

Projects must be completed and placed in service no later than 36 months after the date of the closing of all KHC funds.

Respondents proposing projects in Jefferson or Fayette counties (regardless of whether the respondents are seeking gap subsidy from Louisville Metro or LFUCG) must share their project concept with Louisville Metro and/or LFUCG, and must secure a letter of interest from Louisville Metro or LFUCG. The letter of interest should express the municipality's support of a NOFA response but need not express any firm

commitment of funds.

c. Describe the selection criteria that the grantee will use to select applications submitted by eligible recipients. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Application submissions will be in response to the 2019 Low Income Housing Tax Credit (LIHTC) Funding Round or through a Tax-Exempt Bond Notification of Funding. Notification that applications are being accepted will be made via KHC's eGram service. The LIHTC application is competitive. In addition to the housing credits allocated, successful applicants may be funded from other available sources for multifamily housing, including HOME and state Affordable Housing Trust Fund.

Applications will be reviewed and selected in a multi-tier process. The required documentation received with each NOFA response will be reviewed and evaluated for completeness, accuracy and detail. The development team information received will be reviewed to ensure the development team has the capacity and financial strength to develop, construct and manage an LIHTC or tax-exempt bond project. After all NOFA responses have been reviewed, KHC's credit committee will meet to discuss and prioritize each response according to the number of funding preferences the proposed project will meet. Projects which will address the majority of the preferences will be invited to submit a full application until all available KHC funds have been allocated.

All projects must clearly address one or more impediments to fair housing. Respondents must identify fair housing impediments in KHC's Analysis of Impediments to Fair Housing (AI). If the project is in a HOME participating jurisdiction, the project must also address one or more impediments in the local jurisdiction's AI.

Project Characteristics -

Project Characteristics, with points awarded for projects that preserve three or more existing affordable multifamily housing properties (portfolio projects); projects serving elderly populations, projects serving youth. Project age and occupancy rate will also be eligible for points. Points will be awarded to projects that have project-based Section 8 or other rental subsidy for at least 75% of units across the collective project. Points will be awarded to respondents assisting the greatest number of units.

Market Absorption and Market Capture Requirements - all projects, define and justify the absorption period, absorption rate and capture rate for the property noting when the project is expected to achieve 93 percent occupancy. Capture rates and absorption rates are required to recognize other funded projects in its market study review. In the event two or more projects are submitted from the same geographical region, KHC staff will determine, through market study reviews, that the targeted market for that region will be able to absorb each project, noting the impact that capture rates and market

absorption will have on existing and proposed projects in the area also funded by KHC. Market study considerations may cause a property or a project to be denied funding or have funding reduced during the application and technical submission phase.

Additionally, KHC will focus on projects that meet the following (in no particular order):

- Project Age and financial characteristics
- Average Occupancy Rate
- Projects with rental assistance
- Projects with funding from outside sources
- Access to schools, health care, and employment opportunities
- Projects serving seniors or youth

To see a full breakdown of applicant scoring please see the 2019-2020 QAP located at:

[http://www.kyhousing.org/Development/Multifamily/Documents/2019-2020%20Qualified%20Allocation%20Plan%20\(QAP\)%20-%20DRAFT.pdf](http://www.kyhousing.org/Development/Multifamily/Documents/2019-2020%20Qualified%20Allocation%20Plan%20(QAP)%20-%20DRAFT.pdf).

d. Describe the grantee's required priority for funding based on geographic diversity (as defined by the grantee in the consolidated plan). If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

KHC will make every effort to distribute HTF funds geographically. The ability to do so may be limited by the location of eligible applicants and projects that receive adequate scoring to be funded. KHC's credit committee reviews final scoring and awards to ensure geographic diversity.

e. Describe the grantee's required priority for funding based on the applicant's ability to obligate HTF funds and undertake eligible activities in a timely manner. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Projects must be completed and placed in service no later than 36 months after the date of the closing of all KHC funds. Recipients must present a project timeline demonstrating the ability to close on all funds requested, including any bond transaction within the specified timeframe.

f. Describe the grantee's required priority for funding based on the extent to which the rental project has Federal, State, or local project-based rental assistance so that rents are affordable

to extremely low-income families. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

KHC's national HTF program includes a requirement that assisted units also include rental subsidy. The exception may be if funds remain unallocated after the issuance of a NOFA for national HTF funds. A second funding round to allocate remaining funds may not include this provision.

g. Describe the grantee's required priority for funding based on the financial feasibility of the project beyond the required 30-year period. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

KHC's national HTF program includes a requirement that assisted units also include rental subsidy. The exception may be if funds remain unallocated after the issuance of a NOFA for national HTF funds. A second funding round to allocate remaining funds may not include this provision.

KHC's program includes a 30-year recorded land use restrictive covenant for all projects receiving national HTF Funding.

h. Describe the grantee's required priority for funding based on the merits of the application in meeting the priority housing needs of the grantee (such as housing that is accessible to transit or employment centers, housing that includes green building and sustainable development features, or housing that serves special needs populations). If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

HTF funds will be made available with the 2019 Low Income Housing Tax Credit (LIHTC) Funding Round. In accordance with the 2019-2020 QAP, LIHTC applications will be scored based on meeting certain

priority housing needs.

KHC will focus on projects that meet the following criteria (in no particular order):

- Project Age and financial characteristics
- Average Occupancy Rate
- Projects with rental assistance
- Projects with funding from outside sources
- Access to schools, health care, and employment opportunities
- Projects serving seniors or youth

i. Describe the grantee's required priority for funding based on the extent to which the application makes use of non-federal funding sources. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

HTF funds will be made available with the 2019 Low Income Housing Tax Credit (LIHTC) Funding Round. In accordance with the 2019-2020 QAP, LIHTC applications that apply in the new supply will score additional points if they have direct contributions from businesses or non-governmental entities.

Contributions can be donated cash or materials only and must be included in the underwriting model. Contributions must be valued at \geq \$10,000 for rural projects and \geq \$20,000 for urban projects and come from a non-affiliated organization/company. All contributions must be evidenced by a letter from the donating entity stating the type and value of the contribution. The spirit of this scoring item is to incentivize investment by the local business community.

4. Does the grantee's application require the applicant to include a description of the eligible activities to be conducted with HTF funds? If not distributing funds by selecting applications submitted by eligible recipients, select "N/A".

Yes

5. Does the grantee's application require that each eligible recipient certify that housing units assisted with HTF funds will comply with HTF requirements? If not distributing funds by selecting applications submitted by eligible recipients, select "N/A".

Yes

6. Performance Goals and Benchmarks. The grantee has met the requirement to provide for performance goals and benchmarks against which the grantee will measure its progress, consistent with the grantee's goals established under 24 CFR 91.315(b)(2), by including HTF in its housing goals in the housing table on the SP-45 Goals and AP-20 Annual Goals and Objectives screens.

Yes

7. Maximum Per-unit Development Subsidy Amount for Housing Assisted with HTF Funds.

Enter or attach the grantee's maximum per-unit development subsidy limits for housing assisted with HTF funds.

The limits must be adjusted for the number of bedrooms and the geographic location of the project. The limits must also be reasonable and based on actual costs of developing non-luxury housing in the area.

If the grantee will use existing limits developed for other federal programs such as the Low Income Housing Tax Credit (LIHTC) per unit cost limits, HOME's maximum per-unit subsidy amounts, and/or Public Housing Development Cost Limits (TDCs), it must include a description of how the HTF maximum per-unit development subsidy limits were established or a description of how existing limits developed for another program and being adopted for HTF meet the HTF requirements specified above.

Pursuant to HUD Notice 15-003, Interim Policy On Maximum Per-Unit Subsidy Limits for the HOME Program, KHC has elected to utilize the per-unit limits provided by the Louisville HUD Field Office on December 6, 2017 (included in the HTF Allocation Plan attached to this Action Plan) that establishes the following per unit maximum:

0 Bedroom - \$141,089

1 Bedroom - \$161,738

2 Bedroom - \$196,673

3 Bedroom – \$254,431

4+ Bedroom – \$279,286

There is no maximum award amount associated with this program.

8. Rehabilitation Standards. The grantee must establish rehabilitation standards for all HTF-assisted housing rehabilitation activities that set forth the requirements that the housing must meet upon project completion. The grantee’s description of its standards must be in sufficient detail to determine the required rehabilitation work including methods and materials. The standards may refer to applicable codes or they may establish requirements that exceed the minimum requirements of the codes. The grantee must attach its rehabilitation standards below.

In addition, the rehabilitation standards must address each of the following: health and safety; major systems; lead-based paint; accessibility; disaster mitigation (where relevant); state and local codes, ordinances, and zoning requirements; Uniform Physical Condition Standards; and Capital Needs Assessments (if applicable).

See attached Minimum Design Standards for New Construction, Adaptive Reuse, and Rehabilitation for Multifamily Attached Housing Units and Health and Safety Standards Chart.

The State's rehabilitation standards apply to all projects that will receive HTF funds.

9. Resale or Recapture Guidelines. Below, the grantee must enter (or attach) a description of the guidelines that will be used for resale or recapture of HTF funds when used to assist first-time homebuyers. If the grantee will not use HTF funds to assist first-time homebuyers, enter “N/A”.

N/A

10. HTF Affordable Homeownership Limits. If the grantee intends to use HTF funds for homebuyer assistance and does not use the HTF affordable homeownership limits for the area provided by HUD, it must determine 95 percent of the median area purchase price and set forth the information in accordance with §93.305. If the grantee will not use HTF funds to assist first-time homebuyers, enter “N/A”.

Any limitation or preference must not violate nondiscrimination requirements in § 93.350, and the grantee must not limit or give preferences to students. The grantee may permit rental housing owners to limit tenants or give a preference in accordance with § 93.303(d)(3) only if such limitation or preference is described in the action plan.

N/A

12. Refinancing of Existing Debt. Enter or attach the grantee’s refinancing guidelines below. The guidelines describe the conditions under which the grantee will refinance existing debt. The grantee’s refinancing guidelines must, at minimum, demonstrate that rehabilitation is the primary eligible activity and ensure that this requirement is met by establishing a minimum level of rehabilitation per unit or a required ratio between rehabilitation and refinancing. If the grantee will not refinance existing debt, enter “N/A.”

N/A

Discussion:

Attachments

**Minimum Design Standards for New Construction, Adaptive
Reuse, and Rehabilitation
Multifamily Attached Housing Units**

**Kentucky Housing Corporation
April 2014**



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KHC Minimum Design Requirements

The following minimum design items are for all newly constructed multifamily attached units. Some standards also apply to rehabilitation and adaptive reuse activities where stated.

KHC's Minimum Design Standards are used as a guideline to meet and exceed all applicable local, state, and national codes. These standards also serve as vehicle to promote and enforce modern construction and design practices for builders, contractors, and design professionals who wish to utilize funding from the Kentucky Housing Corporation's Department of Housing, Finance and Construction (HFC). Other methods of construction and design may be acceptable on a case by case basis. If your

design does not satisfy KHC's Minimum Design Standards, please contact the Department of Design and Construction Review for further assistance.

Division I: General Requirements

1) Minimum Design Standards:

- a) Minimum Design Standards shall apply when KHC funding exceeds ten percent (10%) or more of cost per unit to all new construction and reconstruction of multifamily attached homes, all applications involving adaptive reuse converting a former use to residential use and limited rehabilitation projects constructed with funds from the HOME Investment Partnerships Program (HOME), Affordable Housing Trust Fund (AHTF), SMAL, Risk Sharing, Housing Tax Credits and Tax Exempt Bonds. These funds are available through KHC's Department of Housing Finance and Construction (HFC).
- b) **This standard shall apply to the extent covered in the proposed scope of work for all rehabilitation of existing multifamily properties and structures.**

2) Waiver Process: Understanding that no single code or standard can cover the infinite number of possible configurations and circumstances that may arise during rehabilitation or construction, a written request for waiver to a KHC requirement will be earnestly considered.

- a) The request must detail the necessity of variance from this code. Photographs are encouraged where necessary to convey understanding.
- b) All requests are to be submitted electronically to the Assistant Director of Design and Construction at KHC and copied to your agency's KHC representative in multi or single family program, respective to the funding being used.

3) Codes: All construction shall comply with applicable code and standards listed below:

- a) Kentucky building and residential construction codes
- b) Local planning and zoning requirements
- c) Local authorities' rules and regulations

- d) The Fair Housing Amendment Act of 1988,
 - e) Section 504 of the Rehabilitation Act of 1973
 - f) Americans with Disabilities Act of 1990
- 4) **Soil Treatment-Termite Protection:** A proper and complete termite inspection and appropriate treatment of all property is required.
- a) **The inspection** must be completed by a licensed exterminator who shall report any termite activity located and treatment applied.
 - b) **A warranty** for a period of a minimum of one year on all inspections is required.
- 5) **Radon Reduction:** Passive radon venting is required in all new construction. Rehabilitation projects and adaptive reuse projects where radon levels are known to be at or above four pCi/l (Picocuries per liter of air) shall be retrofitted with a venting system.
- a) A design professional shall design the venting system for all existing structures.
 - b) **The radon vent pipe shall pass through** a heated portion of the structure and an accessible attic space or chase which will allow adequate working space to possibly install an inline fan.
 - c) **Electrical provisions** shall be roughed in, in an accessible attic or chase, for possible future installation of an inline fan.
- 6) **Energy Efficiency:** Documentation and/or calculations that the building envelope exceeds the 2012 IECC requirements must be provided from REScheck or other approved software. REScheck is a US Department of Energy free download at: <http://www.energycodes.gov/rescheck/>
- a) **New Construction:** All newly constructed residential building envelope designs shall exceed minimum energy efficiency requirements of the 2012 International Energy Conservation Code (IECC).
 - b) **Adaptive Reuse:** All projects involving any combination of adaptive reuse which requires reclassification of building Use groups as defined by Kentucky Building Code shall exceed the minimum energy efficiency requirements of the 2012 IECC.
 - i) **This section shall apply to the extent not exempted by the Historic Preservation Office of the State of Kentucky.**

- c) **Rehabilitation:** Rehabilitation projects which do not involve use group changes are not subject to energy efficiency requirements except where new construction or alterations to existing structures occur. In these instances exposed building cavities and alterations shall be upgraded to comply with applicable provisions of the 2012 IECC.
 - i) **This section shall apply to the extent not exempted by the Historic Preservation Office of the State of Kentucky.**

7) Testing:

- a) Building envelope leakage testing must be completed in accordance with the 2012 IECC and reported to KHC for all new construction and adaptive reuse structures.
 - b) Rehabilitated structures shall be tested to verify minimum ventilation rates are met per ASHRAE standards.
 - c) Testing must also verify compliance with the applicable ASHRAE Standard for ventilation and acceptable indoor air quality. (ASHRAE 62.2 or ASHRAE 62.1)
 - d) A minimum of ten percent of the total units shall be tested at or before final inspection.
 - i) Units shall be selected by KHC for testing.
 - e) **Diagnostic testing** shall be reported by one of the following methods:
 - i) Documentation from a licensed and certified HERS rater.
 - ii) Documentation from a Building Analyst, licensed and certified, by the Building Performance Institute.
 - iii) Documentation from a licensed and certified HVAC contractor, qualified in pressure diagnostic testing of the duct systems and total air infiltration.
 - iv) Documentation from a Weatherization Assistance Program trained Dwelling Needs Evaluator or Energy Auditor.
 - v) Other methods will be considered upon written request.
- 8) Quality Assurance:** General Contractors and/or subcontractors shall furnish a written material and labor warranty on all units for a period not less than one full year after occupancy.

- 9) **Unit Size Requirements:** In new construction and adaptive reuse projects the following minimum square foot measurements are required for different types of units. For purposes of this requirement, net square feet are the heated and cooled area of the unit.
- a) **SRO units:** shall contain at least 150 square feet (common kitchen and bath)
 - b) **Efficiency units:** shall contain at least 400 square feet
 - c) **One-bedroom units:** shall contain at least 600 square feet
 - d) **Two-bedroom units:** shall contain at least 800 net square feet
 - e) **Three-bedroom units:** shall contain at least 1,000 net square feet
 - f) **Four-bedroom units:** shall contain at least 1,100 net square feet
- 10) **Universal Design Requirements:** New construction and adaptive reuse projects that receive debt or subsidy financing from KHC equal to fifty percent (50%) or more of the total project hard cost for the purpose of constructing single family or multifamily housing shall comply with KHC's Universal Design Policy.
- a) Please consult KHC's web site for the most current version of the KHC Universal Design requirements:
http://www.kyhousing.org/uploadedFiles/Housing_Production/Design_and_Construction/UniversalDesignStandards.pdf?n=7407
 - b) **Units which are covered by the Fair Housing Amendments Act of 1988** are not required to satisfy Universal Design requirements.

Division 2: Existing Conditions

1. **Soil boring and Testing:** All new construction which contains 12 or more units will be required to have a soils analysis test performed by a Commonwealth of Kentucky approved testing laboratory. KHC reserves the right to require a soils test on any project regardless of construction type or unit size. Results of the test shall comply with KHC requirements.

Division 3: Concrete

1. **Exterior Concrete:** Shall conform to the latest revised Standard Specification for Portland cement, ASTM C595.
 - a. **All exterior concrete** shall have a minimum 28-day compressive strength of 4000 psi and be entrained with 5 percent air with a minimum cement content of 520 lb per cubic yard (5.5 sacks).
 - b. **Expansion-joint material** shall be 1/2" thick asphalt-impregnated pre-molded fiber, ASTM D1752. Follow American Concrete Institute (ACI) 318.
 - c. **Concrete driveways and parking areas** shall be minimum 5" thick with a minimum 8" inch thick encroachment apron extending to the property line.
 - d. **Exterior concrete for walks, porches, and stoops** shall be minimum 4" thick.
2. **Concrete Finishes:**
 - a. **Exposed Foundations:** Brick, stone, or texture formwork patterns shall be used for all poured in place walls exceeding 3 feet or more exposure.
 - b. **Walkways:** Provide a non slip finish and provide 1/4 inch per foot crown or cross slope in the direction of drainage.
3. **Concrete Testing:** All new structural concrete construction containing twelve (12) or more units will be required to have concrete strength tests performed by a Commonwealth of Kentucky approved testing laboratory. Results of the test shall comply with the KBC.

Division 4: Masonry

- 1) **Face Brick:** Shall be ASTM C 216, Type FBS, Grade SW, or equivalent, modular size.
- 2) **Concrete Masonry Units (CMU):** Stucco or split face shall be used for all CMU walls exceeding 3 feet or more exposure.

Division 5: Metals

- 1) **Metal Ties:** For newly constructed units, metal tie-down or "hurricane" straps shall be used at each bearing location of each roof truss, rafter and ceiling joist.
 - a) Correct nails and nailing pattern as required by the manufacturing company of the strap shall be used.
- 2) **Steel Lintels:** Steel lintels, when specified for openings in masonry walls, shall be primed and painted.

Division 6: Woods/Plastics/Rough Carpentry/Millwork

- 1) **Stair Riser and Tread Construction:** Except stairs in individual dwellings, all newly constructed steps shall have a riser not greater than 7" and a tread of 11".
- 2) **Wood Exposed to Weathering Elements:** All exterior wood shall have a minimum preservative retention rate of 25 percent for above ground applications and a minimum preservative retention rate of 40 percent for all wood in contact with the ground.
- 3) **Wood Decking:** Exterior decking shall consist of composite or pressure treated wood material.
- 4) **Exterior Wood Stairs:** Exterior wood stairs shall be constructed with properly treated dimensional lumber.
- 5) **Exterior Handrails:** Exterior handrails shall be constructed of metal or plastic and must meet all other code requirements pertaining to handrails.

Division 7: Thermal and Moisture Protection

- 1) **Minimum masonry siding:** Siding material of all attached newly constructed units shall consist of a minimum of fifty percent (50%) brick, stone, or other KHC approved materials. The bricked area calculation of fifty percent shall not include window and door areas or brick below finished grade.
- 2) **Weather Protection:** All exposed wood shall be protected from weathering by a minimum of one or more of the following materials or methods.
 - a) **Paint:** One coat primer and two coat exterior enamel.
 - b) **Meta:** 0.019" minimum thickness aluminum, factory finish (coil stock).
 - c) **Naturally Durable Wood:** Redwood, Cedar, or other naturally durable woods may be exposed to weathering conditions without cladding or other protective coverings. Stain or sealing exposed wood is required.
 - d) **Composites:** Cement fiber board or other durable material may be used as approved by KHC.
 - e) **Pressure treated Lumber:**
- 3) **Roof Covering:**
 - a) **Shingles:** Seal tab type over 15 lb. felt, with minimum 25-year product warranty or better.
 - b) **Meta:** 26 gauge minimum thickness aluminum or galvanized steel with factory finish.
- 4) **Gutters and Downspouts:** All structures shall have gutters and downspouts and be appropriately designed with a minimum 5" gutter and a 2"x 3" downspout. All downspouts shall empty onto concrete splash blocks or be piped to an appropriate location.
- 5) **Siding:** Exterior siding shall consist of one or more of the following materials.
This section shall apply to the extent not exempted by the Historic Preservation Office of the State of Kentucky.
 - a) **Composite:** Fiber cement siding, primed, with two-coat minimum finish or factory finish.
 - b) **Meta:** 26 gauge minimum thickness aluminum or galvanized steel with factory finish.
 - c) **Vinyl:** 0.42" minimum thickness, UV protected.
 - d) **Wood:** Cedar or redwood stained or primed once with 2-coat minimum finish.
 - e) **Brick Veneer:** Shall be ASTM C 216, Type FBS, Grade SW, or equivalent, modular size.
 - f) **Artificial Stone or Brick:** Install to manufacturer's installation instructions.
- 6) **Insulation:** In new construction, adaptive reuse, and rehab to the extent the structure is exposed, The building thermal envelope shall be insulated to the following minimum values unless documentation by REScheck or other approved software allows different values:
 - a) **Floors over unconditioned space:** R-19

- b) **Exterior walls:** R-20
- c) **Ceilings:** R-49
- d) **Slab Foundations:** R-10 continuous
- e) **Conditioned Crawl Walls:** R-10 continuous
 - i) For rehab projects exposed cavities shall be insulated to the maximum extent possible utilizing the existing cavity and high density insulation or foam.
 - ii) **This section shall apply to the extent not exempted by the Historic Preservation Office of the State of Kentucky.**

Division 8: Doors, Windows, and Glazing

This section shall apply to the extent not exempted by the Historic Preservation Office of the State of Kentucky.

- 1) **Exterior Doors:** Exterior Doors shall be 1 ¾" thick, made of steel or other equally durable material, insulated unless of solid wood (not particleboard) and be appropriately finished as recommended by the manufacturer.
 - a) **Door Energy Ratings:**
 - i) **All opaque exterior doors** shall have a U-factor equal to or less than 0.21.
 - ii) **Doors less than fifty percent (50%) glass** shall have a U-factor equal to or less than 0.27.
 - iii) **Doors greater than fifty percent (50%) glass** shall possess a U-factor equal to or less than 0.32.
 - b) **Exterior hardware:** All exterior doors shall have a lever key-lock latch, doorknocker, and security accessories (eyelet and deadbolt).
- 2) **Interior Doors:** Solid Wood, Composite or hollow core panel doors.
 - a) **Interior doors** shall be a minimum of 1 ¾" thick.
 - b) **Interior Hardware:** All doors except closets shall be equipped with lever-handle hardware.
 - i) **All bedrooms and bathrooms** shall be equipped with privacy locks.
- 3) **Windows:** All new construction and replacement windows shall meet the following requirements:
 - a) **All window frames** must be of solid vinyl, thermally broken aluminum, fiberglass, wood or wood clad.
 - b) **The vapor seal** on the glazing must have a minimum ten-year warranty.
 - c) **The operation** of all windows shall have a minimum one-year warranty.
 - d) **All windows** shall have a **National Fenestration Rating** meeting minimum energy code requirements for Zone 4, as shown in the 2012 International Energy Conservation Code zone map.

- i) **All windows** shall have a U-Factor equal to or less than 0.32 and an SHGC rating equal to or less than 0.40.

Division 9: Finishes

- 1) **Exterior Ceiling:** When using vinyl or aluminum material for porch ceilings, provide a rigid, solid backing such as OSB or plywood.
- 2) **Exterior Finishes:** Exterior building elements of the following materials shall be properly finished.
 - a) **Posts and Columns:** All new posts columns and guardrails at deck level and above shall be factory made and finished.
 - i) **This section shall apply to the extent not exempted by the Historic Preservation Office of the State of Kentucky.**
 - b) **Handrails:** Exterior handrails shall be smooth, weather resistant, and painted or factory finished.
 - c) **Fiber Cement Siding:** Shall be factory finished or be painted with at least two coats of exterior grade paint.
- 3) **Entry Door Floor Finish:** On the interior side of the main entry door within each dwelling unit, there shall be an uncarpeted, finished floor area.
 - a) **This area** shall be no less than sixteen (16) square feet.
- 4) **Finished Floor Treatments:** All interior floor finishes shall meet one or more of the following standards:
 - a) **Sheet Carpet:** 25 oz. minimum, 100 percent nylon. Other options include Berber type with blended fiber. In high traffic areas, 30 oz. Minimum is required.
 - b) **Carpet Padding:** Minimum 7/16" thick, 8-lb. re-bond polyurethane.
 - c) **Sheet Vinyl:** Shall be Armstrong or equivalent minimum 10 mil wear layer.
 - i) Provide product adhesive and underlayment as recommended by the manufacturer.
 - ii) All surfaces shall be clean, dry, and appropriate temperature during installation.
 - iii) Vinyl sheet flooring shall conform to the requirements of ASTM F 1303, Type I.
 - d) **Vinyl Tile:** Shall be Armstrong or other approved equal, 1/8" x 12" x 12".
 - i) Provide product adhesive and underlayment as recommended by the manufacturer.

- ii) All surfaces shall be clean, dry, and appropriate temperature during installation.
 - iii) Follow manufacture's recommendation for pattern layout.
 - e) **Wood Flooring:** Flooring shall be tongue and groove hardwood; factory finished, or have a minimum of three coats of site-applied, UV-protective polyurethane.
 - f) **Other Flooring Products:** Ceramic tile and laminates shall be installed in accordance with manufacturer's specifications.
- 5) **Interior Doors:** Interior doors shall be appropriately finished, painted, or stained as follows:
- a) **Paint:** primed once, with two-coat enamel finish on all sides and faces.
 - b) **Stain:** stain or oil on all sides and faces, with three-coat varnish, polyurethane finish
- 6) **Moisture-Resistant Drywall:** Moisture-resistant gypsum board (commonly called "green board") or equivalent must be used on all walls in the bathroom and within six feet of water sources, where the drywall can be splashed, such as kitchen sink, next to water heater, and/or clothes washer.
- a) Water-resistant gypsum board or equivalent shall be provided behind any tub/shower unit located on an exterior wall.
 - b) Water-resistant gypsum, when used on ceilings must be rated for the span.
- 7) **Interior Wall Finishes:** Primed once, two-coat finish or sufficient coatings to provide coverage where no underlying finishes are visible when using combination finish paint with primer included in the paint.

Division 10: Specialties

- 1) **Trash Collection:** Provisions for dumpsters or trash cans are required.
 - a) **Screening** of trash cans and/or dumpsters shall be provided.
- 2) **Laundry:** All newly constructed units including adaptive reuse, except SROs and efficiencies, shall be equipped with washer and dryer hookups.
 - a) Unless individual units are supplied with laundry hookups, all projects including adaptive reuse and rehabilitation consisting of twelve (12) or more units shall provide common laundry facilities including a minimum of one (1) washer and one (1) dryer per every twelve units.
- 3) **Roof Offsets:** Projects of four (4) or more attached units shall incorporate varying the roof line with offsets, gable porch roofs, etc.

- 4) **Roof Pitch:** The minimum slope on all newly constructed roofs except porch roofs shall be 4" vertical to 12" horizontal.
- 5) **Entries:** The main common entry to each group of newly constructed dwellings or each main exterior entry to individual dwellings shall have a concrete, treated wood, or other hard surface exterior stoop, porch or deck, a minimum of 5' x 5'.
 - a) **All main entries** shall have a roof or awning over the minimum 5' x 5' entry area.

Division 11: Equipment

- 1) **Refrigerator:** A refrigerator shall be provided in all dwelling units on all projects including new construction and adaptive reuse projects as well as rehabilitation projects where identified in the PCNA (physical/capital needs assessment).
 - a) **All refrigerators must be Energy Star qualified.** The Energy Star mark must be clearly marked on the product, clearly displayed in product literature, and listed on the manufacturer's Internet site.
- 2) **Range:** A range shall be provided in all dwelling units on all projects including new construction and adaptive reuse projects as well as rehabilitation projects where identified in the PCNA (physical/capital needs assessment).
- 3) **Dishwasher:** A dishwasher shall be provided in all newly constructed units and those resulting from adaptive reuse. Dishwashers shall also be provided in units resulting from rehabilitation activities where they had either previously existed or dwelling units were newly created due to structural change.
 - a) Standard dishwashers shall use less than 4.25 gallons per cycle and 295 kWh per year.
- 4) **All clothes washers provided in individual units** shall have an MEF equal to or greater than 2.0 and a WF equal to or less than 6.0.
 - a) **All laundry facilities located above any habitable space** shall be equipped with a properly installed washer overflow pan piped to carry the overflow into the DWV, positive outside drain or an approved floor drain.
- 5) **All clothes washers provided in common laundries** shall have a Modified Energy Factor (MEF) equal to or greater than 2.2 and a Water Factor (WF) equal to or less than 4.5.
 - a) **All laundry facilities located above any habitable space** shall be equipped with a properly installed washer overflow pan piped to carry the overflow into the DWV, positive outside drain or an approved floor drain.

Division 12: Furnishings

- 1) **Cabinets and Drawers:** Cabinet fronts shall be made of solid wood (not particleboard); doors, draws and fronts shall be factory finished.
 - a) **Cabinet ends** shall be finished with appropriate veneer.
 - b) **All cabinets** shall be Kitchen Cabinet Manufacturers Association (KCMA) approved.
- 2) **Countertops:** Countertops shall be molded roll-backed, laminate plastic or Formica with finished ends and scalloped at the cut out for sink.
 - a) **Other appropriate materials** may be used such as Corian™. Consult the KHC Department of Design and Construction Review.
- 3) **Closet Storage/Accessories:** Clothes closets shall contain a 12" deep shelf, including a coat rod. Shelves with integrated hangar hooks may also be used.
- 4) **Mailboxes:** All units shall have a USPS approved mailbox either at each individual unit or in a common area.
- 5) **Bath Accessories:** Dwelling unit bathrooms shall be equipped with the following:
 - a) **Medicine cabinet** with mirror 16" wide by 20" tall (minimum)
 - i) Other combinations of mirror and storage may be acceptable by approval of KHC.
 - b) Wall hung **toilet paper dispenser**
 - c) 18" (minimum) towel bar
 - d) Shower rod

Division 13: Special Construction

This section shall apply to the extent not exempted by the Historic Preservation Office of the State of Kentucky.

- 1) **Storage areas:** Exterior or interior tenant storage areas are required on all newly constructed units and adaptive reuse projects, unless exempted by SHPO and excluding SROs and efficiency units.
 - a) The storage area shall be a minimum of twenty-five (25) square feet and provide 7 feet of headroom.
 - b) Structures must satisfy applicable building code requirements.

- c) Prefabricated plastic structures are prohibited.
 - d) All storage areas shall match exterior building veneer, trim, and possess identical shingles.
- 2) **Ramps:** All newly constructed accessible ramps shall meet the following specifications and applicable accessibility standards:
- (1) Ramps shall be constructed a minimum of 42" wide.
 - (2) Each landing shall have 5' turning areas at the top and bottom of each ramp run.
 - (3) Ramps shall not exceed a maximum slope of 1:12 and a maximum rise of 30".
 - (4) Ramps and landings shall have a minimum load capacity of 300 lbs. concentrated load applied in a 4 square inch area and a uniform live load of 100 pounds per square foot.
- a) **Existing ramps** not part of an accessible route may be no steeper than 1:8.
 - b) **Portable or temporary ramps are prohibited** and may not substitute for locations requiring a permanent ramp.
 - c) **Ramp construction materials:** Ramps may be constructed of the following materials:
 - i) **Composite:** PVC or other with non-skid surface.
 - ii) **Concrete:** with non-skid surface.
 - iii) **Metal:** galvanized steel, or aluminum with non-skid surface.
 - iv) **Wood:** All exterior wood shall have a minimum preservative retention rate of 25 percent for above ground applications and a minimum preservative retention rate of 40 percent for all wood in contact with the ground. Use of CCA treated lumber is prohibited.
- 2) **Playgrounds:** Playgrounds shall meet the following standards and be approved by KHC prior to installation.
- a) ASTM F1487-11, Standard Consumer Safety Performance Specification for Playground Equipment for Public Use
 - b) ASTM F1292-09, Standard Specification for Impact Attenuation of Surfacing Materials Within the Use Zone of Playground Equipment
 - c) ASTM F1951-09b, Standard Specification for Determination of Accessibility of Surface Systems Under and Around Playground Equipment
 - d) ASTM F2223-10, Standard Guide for ASTM Standards on Playground Surfacing
 - e) ASTM F2479-12, Standard Guide for Specification, Purchase, Installation and Maintenance of Poured-in-Place Playground Surfacing
 - f) ASTM F2049-11, Standard Guide for Fences/Barriers for Public, Commercial, and Multifamily Residential Use Outdoor Play Areas
 - g) ASTM F2075-10a, Standard Specification for Engineered Wood Fiber for Use as a Playground Safety Surface Under and Around Playground Equipment
 - h) DOJ 2010 ADA Standard for Accessible Design

Division 21: Fire Suppression

- 1) Reserved for future use

Division 22: Plumbing

- 1) **Minimum Grade of Fixtures:** The following specifications shall be the minimum size and/or quality for new or replacement plumbing fixtures.
 - a) **Bath Tub:** Tubs shall be 30" minimum width; made of fiberglass, acrylic, porcelain cast iron, enameled steel, or cultured marble.
 - b) **Shower:** Showers shall be 36" x 36" minimum; made of fiberglass, acrylic, ceramic, or, cultured marble.
 - c) **Water Closets:** Water closets shall be maximum 1.28 GPF and made of porcelain.
 - d) **Faucets:** Polished chrome polished brass, brushed nickel, and similar plated finishes. Lever handles are required. Faucets containing plastic material for exterior housing are prohibited.
 - e) **Lavatories:** Sinks shall be 15" minimum diameter; made of fiberglass, acrylic, porcelain, or, cultured marble.
 - f) **Kitchen Sink:** Except roll under sinks required in mobility impaired dwelling units, sinks shall be a minimum eight inches (8") deep, stainless steel double bowl.
- 2) **Water Supply Piping:** Water Supply Lines shall be of approved material.
 - a) Installation in exterior walls except for hose bibs is prohibited.
 - b) Lines located in all crawl areas shall be insulated.
 - c) All hot water lines shall be insulated equal to or greater than R-3.
- 3) **Overflow Protection Accessories:** Water heaters located above any habitable space shall have an overflow pan properly plumbed into DWV, positive drain outs de or an approved floor drain.
- 4) **Water Heater Efficiency:**
 - a) **Electric water heaters** shall have a minimum Energy Efficiency rating of .92.
 - b) **Gas fired water heaters** shall an EF equal to or greater than 0.87.
 - c) **Instantaneous gas water heaters** shall have an EF equal to or greater than 0.82.

Division 23: Heating Ventilating and Air Conditioning

- 1) **Heating Ventilating and Air Conditioning Equipment:** All new construction and rehabilitation units where replacement HVAC units are included in the scope of work shall be heated and cooled using high-efficiency equipment.
 - a) **Heat pump systems** shall have a minimum SEER (Seasonal Energy Efficiency Rating) rating of 14.5 with a minimum HSPF (Heating Seasonal Performance Factor) rating of 8.5.
 - b) **Fuel oil, gas fired furnaces and boilers** shall have an Annual Fuel Utilization Efficiency (AFUE) equal to or greater than ninety-two percent (92%).
 - c) **Electric-resistance-only** heat systems are **prohibited**.
 - d) Alternative HVAC systems may be approved by KHC's Department of Design and construction Review.
- 2) **Duct Insulation:** All supply air, return air, and exhaust air ducts installed in unconditioned spaces outside the thermal envelope shall be sealed and insulated with a minimum R-8 insulation wrap and installed free of restrictions.
- 3) **Programmable Thermostats:** All new and replacement individual HVAC systems shall be controlled by a programmable thermostat.
- 4) **Range Hoods:**
 - a) New construction and adaptive reuse dwelling units shall be equipped with energy efficient, minimum 150 CFM, range hoods or recirculation fan microwave ovens.
 - i) Use ducting material sized per manufacturer recommendation.
 - ii) Exposed ducting is prohibited and where installed above cabinets, ducts shall have a finished cover.
 - iii) Recirculation combination microwave hoods or range hoods shall be equipped with an activated charcoal filter.
 - b) Rehabilitated units shall be equipped with a vented range hood, recirculation range hood, vented microwave oven, or an unvented microwave oven.
 - i) Use ducting sized and ducting material per manufacturer recommendation.
 - ii) Exposed ducting is prohibited and where installed above cabinets, ducts shall have a finished cover.
 - iii) Recirculation combination microwave hoods or range hoods shall be equipped with an activated charcoal filter.
- 5) **Exhaust and Ceiling Paddle Fans:** All new construction, newly installed in rehabs due to ventilation rate code requirements, and replacement paddle and ventilation fans shall be Energy Star qualified.
 - a) The Energy Star mark must be clearly marked on the product, clearly displayed in product literature and listed on the manufacturer's web site.

Division 26: Electrical

- 1) **Common Area Lighting:** Luminaries shall be located at all entrances and common areas.
 - a) The electrical supply for all common areas, stairways, and walkways shall not originate from an individual unit.
- 2) **Parking Lot Lighting:** All onsite parking areas shall be lighted.
 - a) The electrical supply for all parking areas shall not originate from an individual unit.
- 3) **Dwelling Unit Lighting:** In new construction and adaptive reuse projects each room, hall, stair, and walk in closet shall have a minimum of one switch-operated overhead light.
 - a) Kitchens shall include switch-operated lighting over the cooking area, sink and the general or dining area.
 - b) Bathrooms shall be equipped with switch-operated lighting over the lavatory area and the general area.
- 4) **Energy Efficient Lighting:** All newly installed or replacement interior luminaries shall be Energy Star qualified.
 - a) The Energy Star mark must be clearly marked on the front/top of the product, clearly displayed in product literature and listed on the manufacturer's Internet site.

Division 27: Communications

- 1) **Telephone Access:** All dwelling units shall be wired for telephone service.
- 2) **Cable Access:** All dwelling units shall be wired for cable service or a local antennae system.
- 3) **Internet Connectivity:** All dwelling units shall have the ability to connect to the internet by one or more of the following means.
 - a) **Telephone Connection:** Connectivity may be accomplished by prewired telephone jacks installed within the dwelling.

- b) **Cable Modem:** Connectivity may be accomplished by prewired cable jacks installed within the dwelling.
 - c) **Wireless Connection provided by the property:** A secured wireless router may be provided for internet connectivity by the residents of the property in lieu of wired connections.
 - i) All dwelling units shall be supplied with signal strength adequate for connection to the internet.
 - ii) Common areas accessible by the residents shall be supplied with signal strength adequate for connection to the internet.
- 4) **Help/Call for Aid:** Where installed, help/ Call for Aid systems shall at minimum alert persons outside the dwelling unit by visual and/or audible means.
- a) Audible systems shall produce sound at a level of at least 15 decibels above ambient noise levels near the dwelling unit.
 - i) The notification sound shall not be similar to a fire alarm notification.
 - b) Visual notification systems shall be visible to persons within 200 feet from the dwelling and be a flashing strobe.
 - c) An activation device shall be installed in all bedrooms, bathrooms, and living rooms of the dwelling unit.
- 5) **Sensory Impaired Units:** All sensory impaired dwelling units shall be equipped with audible and visual notification devices for the benefit of the occupant to know when someone is at the entry door, when the telephone rings, and when there is smoke or carbon monoxide detected within the dwelling or building.

Division 28: Electronic Safety and Security

- 1) **Fire Detection and Alarm:** Installation of smoke alarms is required in all new construction, adaptive reuse, and rehabilitation projects.
- a) All local ordinances shall be observed.
 - b) Written manufacturer specifications for the proper installation of individual alarms shall be observed and maintained on site throughout construction.
 - i) Instructions for specific locations and other installation details shall be strictly observed.

- ii) Individual smoke alarms shall be installed on all floors and in all bedrooms and hallways no more than eight (8) feet from any bedroom door within the dwelling unit.
- 2) **Carbon Monoxide Alarms:** UL listed carbon monoxide alarm(s) shall be installed outside each sleeping area in the immediate vicinity of all bedrooms if the dwelling or building contains fuel burning appliances and/or has an attached garage.

Division 31: Earthwork

- 1) **Soil Testing:** All new construction that contains 12 or more units and/or building sites determined necessary by KHC's construction specialists will be required to have a geotechnical investigation performed by a design professional registered in the Commonwealth of Kentucky.
- a) **Investigation Report:** Results of the test shall comply with the applicable building code requirements and be submitted to KHC.
 - i) At a minimum the report submitted to KHC shall contain recommendations for foundation type and design criteria, including but not limited to: bearing capacity of natural or compacted soil; provisions to mitigate the effects of expansive soils; mitigation of the effects of liquefaction, differential settlement and varying soil strength; and the effects of adjacent loads.
- 2) **Steep Slopes:** Setbacks or clearances may occur where units are placed on sites that have adjacent steep slopes of 33.3% (1 foot rise: 3 feet run) or greater.
- a) Setbacks indicated in the current Kentucky Building or Residential Code, from the top or bottom of the slope, shall be observed and included in the building's design.
 - i) Building foundations located within the required setback indicated in the building codes shall be designed by a registered design professional.

Division 32: Exterior Improvements

- 1) **Landscaping:** Adequate landscaping is required on all multifamily projects.
 - a) **Installation:** Landscaping shall be installed according to the **approved** landscape plan submitted to KHC as part of final plans and specifications.
 - b) **Turf:**
 - i) **All side and rear lawn** areas shall be seeded with the seed variety, lime, and fertilizer application rate, which is appropriate to establish a good lawn cover.
 - ii) **Sod is required** in building front yards and common areas for all projects requiring establishment of new grass.
 - iii) **All slopes in excess of 33.3% (1:3)** within 10 feet of the building, driveway and/or walkway shall receive sod or other approved erosion control materials which will enhance the establishment of a permanent ground cover.
- 2) **Parking/Driveways:** All multifamily projects shall have adequate parking as determined by KHC.
 - a) All on-site parking lots and access drives are to be paved.
 - i) Asphalt shall consist of a hot mix asphaltic pavement, manufactured by local asphalt plants and be placed a minimum of 4" thick.
 - ii) Pervious concrete parking surfaces shall be properly drained to prevent accumulation of water.
 - iii) Parking for places of historic significance shall comply with the State Historic Preservation Office's requirements.
 - b) Unless prohibited by urban location, local code, jurisdiction, or structural constraints, all projects shall have a minimum of one parking space per unit.
 - i) Parking spaces shall have wheel stops or curbs.
 - (1) If walkways are used as wheel stops, the walkway shall be 6' wide.
- 3) **Walkways:** All dwelling units and common use facilities shall have a paved walkway from the parking area to the main entrance and connecting dwelling units to common use areas and public sidewalks.
 - a) All entry walks shall be a minimum of 42" wide.

Division 33: Utilities Services

- 1) **Availability:** Required building utility services shall be available before construction begins at the building site in sufficient size to adequately provide sufficient power, flow, volume, pressure, and drainage to allow for safe, dependable service of appliances and fixtures.
 - a) **Septic or sewage treatment systems** may be constructed onsite as construction progresses and shall be capable of performing intended functions prior to occupancy.
- 2) **Electric:** Electrical service to newly constructed units shall be installed underground except in cases where deemed structurally infeasible.

Kentucky Housing Corporation Housing Trust Fund (HTF) Allocation Plan
Recipient Application Requirements, Maximum Subsidy, and Rehabilitation Standards
Addendum – September 2016

Recipient Application Requirements:

As part of the application process, applicants must fully describe the scope of work for their proposed project, the number of units and the type and area median income (AMI) of the population the project will serve. Within the underwriting model the designated rent limits and AMI for all the units is identified. Upon approval of the project, KHC will issue a preliminary commitment letter for the project, again identifying, among other conditions for closing, the rent and income limits, the rate and terms of all KHC funding associated with the project, and the affordability period for each funding source.

Prior to the loan closing, the owner must again review the final financial structure of the project which includes the rent and income limits for the units and is required to certify that they are in agreement.

The affordability period will be codified in a signed, restrictive covenant recorded in the real estate records of the county in which the project is located. KHC's compliance monitoring team will monitor compliance throughout the affordability period.

Maximum Per-Unit Development Subsidy Amounts:

Historically, KHC has used the HOME subsidy limits to determine the maximum amount of HOME funds that can be allocated to a project. Because of the similarity between the HTF and HOME program requirements, and to ensure consistency between programs, KHC will continue to use these limits to determine the maximum amount of HTF that can be allocated to a project. While HOME limits issued in the past differed between geographical regions in the state, the most recent limits received from KHC's local HUD field office established a single subsidy limit (by number of bedrooms). Because the variance between past subsidies has not been substantial, KHC believes the single maximum subsidy limit in the attached letter to be acceptable. In addition to utilizing the maximum subsidy limits established by HUD, KHC underwrites each project using cost containment limits that apply to the overall project costs to ensure that projects are not over-subsidized. The cost containment limits are also based on HUD's 234 Condominium limits. In order to be funded, a project must be within cost containment limits.

During the review process, KHC's inspectors perform a preliminary property inspection and review of the scope of work to verify that the funds requested are in keeping with the scope and the costs are not excessive. By utilizing this multi-tiered review process, it allows flexibility based on various factors, including the differences between new construction and rehabilitation.

Rehabilitation Standards:

As delineated in the Minimum Design Standards attached to the HTF Plan, all projects are required to adhere to applicable codes and standards, including, but not limited to:

- a) Kentucky building and residential construction codes
- b) Local planning and zoning requirements
- c) Local authorities' rules and regulations
- d) The Fair Housing Amendment Act of 1988,
- e) Section 504 of the Rehabilitation Act of 1973
- f) Americans with Disabilities Act of 1990

The following Rehabilitation Standards are in addition to the Minimum Design Standards attached to this HTF Allocation Plan.

- **Health and Safety**
 - All applicants for rehabilitation projects must submit a current (within 60 days) UPCS inspection or self-evaluation at time of application. If the applicant is awarded HTF funding, level three exigent Health and Safety deficiencies listed on the attached KHC Rehab Standards for Health and Safety document must be addressed immediately before commencement of any other work scope. (All UPCS deficiencies must be met at the completion of rehabilitation as described below.) In developing scopes of work, recipients and developers will work with KHC to ensure that all requirements under the HTF standards are satisfied and that the proposed scope of work meets the goals and requirements of the UPCS, applicable KHC Minimum Design Standards and the recipients funding agreement.
- **Major Systems**
 - All applicants for rehabilitation and adaptive reuse, regardless of project size, projects must submit a Capital Needs Assessment (CNA) to determine the long term physical needs of a project. The CNA must be completed by a licensed engineer or architect. The CNA will be reviewed to verify that all physical needs of the project are addressed in the scope of work. For Major Systems, the CNA must include an estimate (based on age and condition) of the remaining useful life of the major systems, upon project completion of each major system. If the remaining useful life of one or more major system is less than the applicable period of affordability, KHC's review of the project will result in requirements that the monthly replacement reserve payments are adequate to ensure sufficient funding for repair or replacement of the systems as needed. All projects eligible for funding will be required to undergo an initial inspection prior to approval of funding by KHC's Credit Committee. KHC requires a minimum reserve for replacement payment of \$400 per month, with is higher than the minimum established by other states. The monthly payment may be greater based on a review of the CNA.
- **Lead-Based Paint**
 - All HTF rehabilitation projects must adhere to federal and state regulations related to lead-based paint that apply to target housing, which is defined as any housing constructed prior to 1978, except housing for the elderly or persons with disabilities (unless a child of less than six years of age resides or is expected to reside in such housing) or any zero-bedroom dwelling. Rehabilitation of target housing must be completed in a manner which ensures the health and safety of workers and residents, especially children. A number of regulations apply when lead painted surfaces are disturbed in residential properties. In some cases, use of federal funds for rehabilitation will trigger a higher level of lead paint treatments based on the amount of federal funding being used.
 - The following regulations must be adhered to during all rehabilitation of target housing:
 - Federal Regulations:

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- HUD Lead Safe Housing Rule (24 CFR, Part 35) requires various levels of evaluation and treatment of lead paint hazards when federal money is used for rehabilitation of target housing. More information is available at: http://portal.hud.gov/hudportal/HUD?src=/program_offices/healthy_homes/enforcement/lshr
- EPA Renovation Repair and Painting Rule (40 CFR, Part 745) requires contractors conducting renovation, repair and maintenance that disturbs paint in target housing or child-occupied facilities to be licensed by EPA and use lead-safe work practices to complete the work. Developers must ensure contractors are properly trained and licensed. More information is available at: <https://www.epa.gov/lead>
- HUD/EPA Disclosure Regulations (24 CFR, Part 35, Subpart A) requires owners of target housing to disclose all lead paint records and related information to potential buyers and/or tenants. More information is available at: http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_12347.pdf
- OSHA Lead in Construction Rule (29 CFR, Part 1926.62) requires personal protection measures to be taken when workers are exposed to any lead during construction projects. More information is available at: https://www.osha.gov/pls/oshaweb/owadisp.show_document?p_table=STANDARDS&p_id=10641
- Kentucky Regulations:
 - KRS 211.9063 states that all persons who perform or offer to perform lead-hazard detection or lead-hazard abatement services in target housing or child-occupied facilities shall be certified pursuant to 902 KAR 48:020. More information is available at: <http://www.lrc.ky.gov/statutes/statute.aspx?id=8520>
 - Any questions regarding compliance with lead paint regulations should be directed to the Kentucky Environmental Lead Program. Contact information can be found at: <http://chfs.ky.gov/dph/lead.htm>
- **Disaster Mitigation**
 - To the extent applicable or relevant, rehabilitated housing must be improved to mitigate the potential impact of possible disasters (e.g. earthquakes, hurricanes, floods, wildfires) in accordance with state or local codes, ordinances and requirements, or any other requirements that HUD may establish. Regarding flood hazards, specifically:
 - Projects shall meet the requirements of FEMA federal regulation and HUD's floodplain management requirements at 24 CFR, Part 55, including the Eight-Step Floodplain Management Process (when applicable) at 24 CFR Part 55.20.

- Projects shall meet erosion prevention requirements per state law and local government regulations.

Uniform Physical Condition Standards (UPCS)

- HTF-funded rehabilitation must comply with UPCS standards. The UPCS inspectable items and observable deficiencies for the Site, Building Exterior, Building Systems (multifamily housing only), Common Areas (multifamily housing only), are identified by the UPCS comprehensive listing available at this site: <https://www.hudexchange.info/onecpd/assets/File/HTF-FAQ-Appendices-UPCS-for-Multifamily-and-Single-Family-Housing-Rehabilitation.pdf> or this site: http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_26481.pdf.
- All rehab work scope must be designed so that no deficiency (post-rehabilitation) can be defined, by any level of deficiency in the *Dictionary of Deficiency Definitions DCD Version 2.3* available at this site: http://www.hud.gov/offices/reac/pdf/pass_dict2.3.pdf. All completed rehab work must meet UPCS standards.

a. Standard policies and procedures for evaluating individuals' and families' eligibility for assistance under Emergency Solutions Grant (ESG).

The Hearth Act includes new definitions for *At Risk of Homelessness* and *Homelessness* as they pertain to the Emergency Solutions Grants program. Complete definitions are found at §576.2 Definitions.

Sub-recipients must implement written agency policies and procedures to determine client eligibility based on being *At Risk of Homelessness* or *Homeless* as defined by HUD. In addition, sub-recipient policies and procedures must identify acceptable forms of documentation as defined by HUD at §576.500 to accurately document individuals' or families' eligibility for ESG assistance. Sub-recipient policies and procedures must be established in writing and implemented by the sub-recipient to ensure that ESG funds are used in accordance with the requirements. In addition, sufficient records must be established and maintained to enable KHC and HUD to determine whether ESG requirements are being met.

Homeless status. Sub-recipients must maintain and follow written intake procedures to ensure compliance with the homeless definition in §576.2. The procedures must require documentation at intake of the evidence relied upon to establish and verify homeless status. The procedures must establish the order of priority for obtaining evidence as third-party documentation first, intake worker observations second, and certification from the person seeking assistance third.

At Risk of Homeless status. For each individual or family who receives ESG Homelessness Prevention assistance, the records must include the evidence relied upon to establish and verify the individual or family's "at risk of homelessness" status. This evidence must include an intake and certification form that meets HUD specifications and is completed by the sub-recipient.

b. Policies and procedure for coordination among emergency shelter providers, essential service providers, homelessness prevention and rapid re-housing assistance providers, other homeless assistance providers, and mainstream service and housing providers.

As part of the program requirements in implementing the Emergency Solutions Grants, sub-recipients must develop, when applicable, policies and procedures for coordination in order to ensure that emergency shelter providers, essential service providers,

homeless prevention and rapid re-housing assistance providers along with other homeless assistance providers and mainstream service and housing providers are coordinating their activities with the objective of assisting individuals experiencing housing crisis and/or homelessness to **quickly** regain stability in permanent housing. To comply with the program requirements as defined by HUD at 576.400, sub-recipients must establish written policies and procedures for effective coordination.

Coordination with other targeted homeless services. Sub-recipients must coordinate with existing homeless services providers and demonstrate to the maximum extent practicable that there is a written process for facilitating client access to other homeless programs as indicated in section 576.400 – b and c. The process must include the establishment of a coordinated assessment at intake that allows rapid referrals.

System and program coordination with mainstream resources. Sub-recipients must establish a coordinated case plan that includes client goals and measurable outcomes. Coordination will also include a needs assessment plan along with a mainstream service eligibility and access plan with existing programs that target youth, individuals and families at risk of homelessness.

Centralized or Coordinated Assessment. Sub-recipients must align the determination of eligibility based upon the definitions of *At risk of Homelessness* or *Homeless* as established by HUD (576.2). Any assessment, including screening and/or referral process must be:

- *Consistent* - All assessment, screening and referral protocols are clearly delineated by the COC and reprised in the grant agreement to ensure that it is binding. Sub-recipients will be trained on intake and screening policies before any grant execution.
- *Accurate* - To ensure accuracy of needs assessment, sub-recipients must demonstrate as much as possible that the assessment process is coordinated with other targeted homeless service providers.

As best practice, sub-recipients are encouraged to secure and have on file a Memorandum of Understanding with targeted homeless service providers.

For the purposes of privacy and safety, victim service providers may choose not to use the centralized or coordinated assessment system.

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c. Policies and procedures for determining and prioritizing which eligible families and individuals will receive homelessness prevention assistance and which eligible families and individuals will receive rapid re-housing assistance.

Sub-recipients must implement written policies and procedures for determining which individuals and families who qualify as *at risk of homelessness* can receive homelessness prevention assistance and which of those individuals and families should be prioritized for that assistance.

Homelessness Prevention Assistance. ESG funds may be used to provide housing relocation and stabilization services and short- and/or medium-term rental assistance necessary to prevent an individual or family from moving into an emergency shelter or another place described in paragraph (1) of the *homeless* definition in §576.2. This assistance, referred to as homelessness prevention, may be provided to individuals and families who meet the criteria under the *at risk of homelessness* definition, or who meet the criteria in paragraph (2), (3), or (4) of the *homeless* definition in §576.2 and have an annual income below 30 percent of median family income for the area, as determined by HUD. Homelessness prevention should only be considered when the assistance is necessary to help the program participant regain stability in the program participant's current permanent housing or move into other permanent housing and achieve stability in that housing.

Sub-recipients must implement policies and procedures to determine client eligibility based on the program participant meeting the *homeless* and/or *at risk of homeless* definitions at §576.2. In addition, the policies and procedures must outline how the subrecipient will determine the program participant's household income does not exceed 30 percent of median family income for the area as determined by HUD.

Sub-recipients must implement written policies and procedures to ensure that homelessness prevention assistance is necessary to help the program participant regain stability in the program participant's current permanent housing or move into other permanent housing and achieve stability in that housing. In the event that the sub-recipient determines that homelessness prevention assistance could not help the program participant regain stability in permanent housing, the policies and procedures must ensure the program participant is informed that they do not qualify for assistance for this reason.

Sub-recipients must implement written procedures to outline what type of homelessness prevention assistance the program participant is qualified to receive and in what order of priority.

- Eligible homelessness prevention assistance:
 - Housing relocation and stabilization services requirements in §576.105
 - Short-term and medium-term rental assistance requirements in §576.106

At Risk of Homeless status. For each individual or family who receives ESG Homelessness Prevention assistance, the records must include the evidence relied upon to establish and verify the individual or family's *at risk of homelessness* status. This evidence must include an intake and certification form that meets HUD specifications and is completed by the subrecipient.

Annual Income status. For each individual or family who receives ESG Homelessness Prevention assistance, the record must include documentation that the program participant has insufficient financial resources and support networks; e.g., family, friends, faith-based or other social networks, immediately available to attain housing stability and meets one or more of the conditions under paragraph (1)(iii) of the definition of *at risk of homelessness* in §576.2

Rapid Re-Housing Assistance. ESG funds may be used to provide housing relocation and stabilization services and short- and/or medium- term rental assistance necessary to help a homeless individual or family move as quickly as possible into permanent housing and achieve stability in that housing. The rapid re-housing assistance must be provided in accordance with the housing relocation and stabilization services requirements in §576.105, the short- and medium- term rental assistance requirements in §576.106, and the written standards and procedures established under §576.400.

Sub-recipients must implement policies and procedures to determine client eligibility to receive rapid re-housing assistance. An individual or family's ability to sustain housing should not be a threshold requirement. The written policies and procedures should identify how the program participant will receive services to overcome their immediate housing obstacles and connect them with the resources they need to stay housed when the program ends.

Sub-recipients must implement written policies and procedures to ensure that rapid re-housing assistance is necessary to help the program participant move as quickly as possible into permanent housing and achieve stability in that housing. In the event that the sub-recipient determines that rapid re-housing assistance could not help the

program participant achieve stability in permanent housing, the policies and procedures must ensure the program participant is informed that they do not qualify for assistance for this reason.

Rapid re-housing assistance should be targeted to program participants who are closest to going into a shelter, car, or the street, if not those who are about to spend their first night there (referred to as “diversion”). Written policies and procedures should identify an effective targeting policy to prioritize those most in need of quickly moving into permanent housing as those being eligible to receive rapid re-housing assistance. Sub-recipients should ensure that their program priorities are consistent with the goals of the state plan to end homelessness and the Federal Strategic Plan.

Sub-recipients must implement written procedures to outline what type of rapid re-housing assistance the program participant is qualified to receive and in what order of priority. Policies and procedures must include standards of determining the type, amount, and duration of housing stabilization and/or relocation service to provide to the program participant, including the limits, if any, on the homelessness prevention or rapid re-housing assistance that each program participant may receive, such as the maximum amount of assistance, maximum number of months the program participant receive assistance; or the maximum number of times the program participant may receive assistance.

- Eligible rapid re-housing assistance:
 - Housing relocation and stabilization services requirements in §576.105
 - Short-term and medium-term rental assistance requirements in §576.106

d. Standards for determining the share of rent and utilities costs that each program participant must pay, if any, while receiving homelessness prevention or rapid re-housing assistance.

The homelessness prevention and rapid re-housing assistance components allow caps and conditions to be set by the subrecipient agency as they pertain to short- and medium-term rental assistance at §576.106 (b). In the event that the subrecipient elects to set caps and/or conditions to the type of assistance being provided, they must be outlined in the agency’s written policies and procedures and must apply to all program participants.

Sub-recipients may set a maximum amount or percentage of rental assistance that a program participant may receive a maximum number of months that a program participant may receive rental assistance, or a maximum number of times that a program participant may receive rental assistance. Sub-recipients may also require program participants to share in the costs of rent; however, the program participant should never be required to contribute more than thirty percent of the household income toward the cost of rent.

If the amount of assistance will be based on a percentage of the program participant's income, the policies and procedures must specify what the percentage will be used and how the income will be calculated. Under no circumstances should the percentage of the participant's income contributed toward rent exceed thirty percent of the household's monthly income.

- e. Standards for determining how long a particular program participant will be provided with rental assistance and whether and how the amount of that assistance will be adjusted over time.**

As part of the program requirements in implementing the Emergency Solutions Grants, the sub-recipients must develop consistent standards for determining the duration, the provision and the adjustment of rental assistance.

Prevention . ESG assistance funds may be used to provide housing relocation and stabilization services and short- and /or medium-term rental assistance necessary to prevent an individual or family from moving into an emergency shelter or another place not meant for human habitation (see homeless definition 576.2). This type of assistance is referred to as *prevention* (see 576.103).

Sub-recipients must establish consistent standards regarding:

Eligibility - All determination of homeless prevention must meet the criteria under the *at risk of homelessness* definition which must be appropriately documented. All documentation must demonstrate that the assistance to an individual or family is necessary to help regain stability in the participant's current home. All participants must have an annual income at or below 30 percent of area median income for the area as defined by HUD (see 576.105)

Duration of assistance - All short-term rental assistance must not exceed three (3) months of rent during any 24-month period.

Discretionary capping/conditions – Sub-recipients must establish written policies that clearly state the maximum amount or percentage of rental assistance as well as the number of months that a program participant may receive assistance (see 576.106b). All rental assistance must not exceed the Fair Market Rent (FMR) established by HUD, as provided under 24 CFR part 888 and comply with HUD’s standard of rent reasonableness as defined under 24 CFR 982.507

Rental adjustment – Sub-recipients must re-evaluate the eligibility of the program participant and the amounts of assistance once every three months. All re-evaluation must be documented and establish that the program participant does not have an annual income that exceeds 30 percent of area median income. For the purposes of re-evaluation of eligibility, sub-recipients must document any changes in the program participant income or other circumstances such as changes in the participant’s household composition.

Rapid re-housing. ESG assistance funds may be used to provide housing relocation and stabilization services and short- and/or medium-term rental assistance necessary to help a homeless individual or family to move as quickly as possible into permanent housing and achieve stability in that housing. This assistance, referred to as rapid re-housing, may be provided to program participants who meet the criteria under the definition of homelessness (see homeless definition as defined by HUD under 576.2) Sub-recipients must establish consistent standards regarding the provision of this type of assistance (see 576.105 housing relocation and stabilization services).

Eligibility. All documentation must demonstrate that the assistance to an individual or family meet the definition of homelessness as defined by HUD. All participants must have an annual income at or below 30 percent of area median income as defined by HUD (see 576.105).

Duration of assistance. Eligible participants will be provided with no more than 24 months of rental assistance during any three-year period. Sub-recipients must establish written policies and procedures around this provision. If caps and/or conditions are applied, the written policies must clearly state the maximum amount or percentage of rental assistance as well as the number of months that a program participant may receive assistance (see 576.106b). All rental assistance must not exceed the FMR established by HUD, as provided under 24 CFR part 888 and comply with HUD’s standard of rent reasonableness as defined under 24 CFR 982.507. Sub-recipients must ensure that all program recipients receiving project-based rental assistance must have a one-year lease regardless of the length of the rental assistance.

Rental adjustment. Sub-recipients must re-evaluate the eligibility of the program participant and the amount of assistance annually. All re-evaluations must be documented in writing and establish that the program participant does not have an annual income that exceeds 30 percent of area median income. For the purposes of re-evaluation of eligibility, sub-recipients must document any changes in the program participant income or other circumstances such as changes in the participant's household composition.

- f. Standards for determining the type, amount, and duration of housing stabilization and/or relocation services to provide a program participant, including the limits, if any, on the homelessness prevention or rapid re-housing assistance that each program participant may receive, such as the maximum amount of assistance, maximum number of months the program participant receives assistance; or the maximum number of times the program participant may receive assistance.**

Under housing relocation and stabilization services, financial assistance and services costs are subject to the general conditions under (576.103 and 576.104)

Housing relocation and stabilization services for prevention and rapid re-housing

Rental application fees. Sub-recipients must have established written policies determining the provision of this assistance. The policies must be in compliance with HUD requirements. All rental application fee assistance to eligible individual or family program participants must be appropriately documented. *See 576.105 (1).*

Security deposits. Must be in compliance with HUD requirements. All deposits must be equal to no more than 2 months' FMR based rent, appropriately documented and must have been calculated in the program participant's rental assistance. *See 576.105 (2).*

Last month's rent. Must be based on sub-recipient written policies and must be in compliance with HUD requirements. When last month's rent assistance is provided, it must not exceed one month FMR-based rent, appropriately documented and must have been calculated in the program participant's total rental assistance which cannot exceed 24 months in any three-year period. *See 576.105 (3).*

Utility deposits. Must be in compliance with HUD requirements. All utility deposit payments to eligible program participants shall not exceed 24 months within any three-year period. See 576.105 (4).

Utility Payments. Must be in compliance with HUD requirements. All utility payments to eligible program participants shall not exceed more than 24 months within any three-year period. If needed, sub-recipients can make up to six months of utility payment arrearages per program participant. A partial payment of a utility bill must be considered as one month's assistance. This assistance may only be provided if the program participant or a member of the same household has an account in his or her name with a utility company or proof of responsibility to make utility payments. Eligible utility services are gas, electric, water and sewage. See 576.105 (5).

Moving Costs. Must be in compliance with HUD requirements. All moving costs must be executed consistent with sub-recipient written and documented policies. Eligible moving costs are truck rental, hiring a moving company, etc. In case of the payment of temporary storage fees, payments up to three months' costs are eligible. Eligible participants must have accrued the determined fees after the date of entry in the program and before entry in permanent housing. The payment of arrearages is not eligible.

Housing search and placement. For all housing search and placement activities, sub-recipients must include: assessment of housing barriers, needs and preferences; development of an action plan for locating housing; housing search; outreach to and negotiation with owner; assistance with submitting rental applications and understanding leases; assessment of housing to ensure compliance with ESG requirements for habitability, lead-based and rent reasonableness; assistance with obtaining utilities and making moving arrangements; tenant counseling.

Housing stability case management. Must be in compliance with HUD requirements and must include all required activities to ensure and maintain stability in permanent housing. Permanent housing search and placement assistance cannot exceed 30 days. If the program participant is living in permanent housing, any housing stability case management activity cannot exceed 24 months.

Performance Standards

Measures include how KHC will evaluate each ESG service provider's effectiveness in:

- A. Targeting those who need the assistance most,
- B. Reducing the number of people living on the streets or in emergency shelters
- C. Shortening the time people spend in homelessness

- D. Reducing each program participant's housing barriers or housing stability risks.
- E. Analyzing Program Outcomes

All standards are aligned with the HEARTH Act standards

HOME Program Recapture Provisions

HOME funds are administered by Recipient Agencies statewide. Recipient Agencies will advise clients prior to committing HOME funds that Recapture Provisions will apply. KHC requires Recipient Agencies to utilize Recapture Provisions for any application that is received through the competitive funding process. The HOME funding agreement, which is executed with each Recipient Agency, contains the following language:

Recapture Provisions -

All Recipient Agencies receiving an allocation of HOME funds to undertake homebuyer activities will be required to utilize the recapture provision as described by the HOME regulations at *24 CFR 92.254(a)(ii)(A)(2) - Reduction During the Affordability Period*. This provision will be enforced by including appropriate language in the HOME written agreement with the homebuyer, mortgage documents, and lien documents. The initial homebuyer must reside in the home as his/her principal residence for the duration of the period of affordability.

In the event the homebuyer transfers the property, either voluntarily or involuntarily, during the period of affordability, KHC or the Recipient Agency recaptures all or a portion of the "direct" HOME assistance provided to the homebuyer from the available net proceeds.

The direct HOME assistance is the total amount of HOME assistance that enables the buyer to purchase the unit, including: downpayment and closing cost assistance, interest subsidies, and other assistance provided directly to the homebuyer (e.g., soft second mortgage), and if applicable, the amount that reduces the purchase price from fair market value to an affordable price.

The portion recaptured by KHC or the Recipient Agency will be a pro-rata amount of the direct HOME assistance. The total amount of the loan will be reduced for each year that the owner occupies the unit. For instance, for each year of a five-year affordability period, one-fifth of the amount of the HOME assistance will be forgiven.

To make the determination of what is forgiven:

(Number of years the buyer occupied the home/period of affordability) X total amount of direct HOME assistance originally provided to the homebuyer = amount forgiven.

Total amount of direct HOME assistance - the amount forgiven = Recapture Amount.

In the event net proceeds of the sale are insufficient to repay the amount owed, recaptured funds will be equal to net proceeds, and the loan will be considered satisfied. Net proceeds are defined as the sales price of the home minus superior loan repayment (not including HOME loans) and any closing costs.

The recapture provision is in effect for a period of affordability that is based on the amount of direct HOME assistance to the buyer, as follows:

Amount of Direct Assistance to Buyer	Period of Affordability
Under \$15,000	5 years
\$15,000 to \$40,000	10 years
Over \$40,000	15 years

Recapture Example - Ms. Mary Smith purchases a home for \$105,000 in June of 2011 and received \$20,000 in direct HOME assistance from ABC nonprofit (who is a Recipient Agency using HOME funds from KHC). Ms. Smith sells the house in August 2016, after the fifth year of affordability. As a result, 50 percent of her loan is forgiven and a balance of \$10,000 is to be repaid from the net proceeds. However, if the net proceeds of the sale are insufficient to repay the balance, the amount subject to recapture will be equal to the net proceeds.

Noncompliance

During the affordability period, noncompliance occurs when an owner (1) vacates the property or rents the property to another household, or (2) sells the home without KHC receiving recaptured funds due at time of sale. KHC will monitor its homebuyer properties at least annually to confirm that owners continue to reside in the units as their principal residence. In the event of noncompliance, the owner is subject to repay any outstanding HOME funds invested in the housing. This is based on the total amount of HOME funds invested, including both development funds and direct subsidy to the buyer minus any HOME loan repayments.