

Executive Summary

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

1. Introduction

The Commonwealth of Kentucky Federal Fiscal Year 2019 Action Plan (the state's FY 2020) 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. A full public hearing covering all programs was held on February 20, 2019, at KHC. The public hearing held on February 20, 2019, at KHC was attended by two partners who provided comments. Additional partners provided written comments after the hearing. A public comment period was held May 1 through May 31.

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 with their appreciation for using HOME funds for homebuyers and shared that they would like to see and urge KHC to take a balanced approach to allocations. Partners commented that they understand there is no “one size fits all” approach and encouraged KHC to offer different options to partner agencies.

During the public comment period, KHC received written comments from partners. Partners recommended designing a program that empowers communities to address housing needs and continued investment in CHDOs. Partners expressed interest in leveraging NHTF for rental housing development for very low income housing in Kentucky. As with the public hearing, partners encouraged KHC to be flexible and offer different program options and guidelines. Partners asked that KHC consider giving priority to projects located in Promise Zones. Partners also ask DLG to consider addressing housing deficiencies in ARC counties, for example, in Lewis County, and encouraged continued funding for programs such as Recovery Kentucky. Partners commented that there should be sufficient HOME TBRA funding to fill gaps in rural areas and recommended an increase in the HOME TBRA allocation. Partners agreed that the Housing Policy Advisory Committee (HPAC) should play a broader role in recommending solutions and providing guidance to KHC. Partners commended KHC for coordinating programs and committing to the reduction of regulatory barriers and urged KHC to mind the need for a balance HOME allocation.

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

KHC and DLG collaborates and outlines affordable housing and community development strategies to utilize the CDBG, HOME, ESG, HOPWA, and NHTF block grant funds. KHC and DLG cooperate with the public, local governments, non-profit housing and services providers, other state agencies, and housing developers.

Federal statutes governing these grant programs communicate three basic goals by which HUD evaluates performance under the plan. Kentucky pursues a strategy to address the statutory goals by focusing on: decent housing, a suitable living environment, and expanded economic opportunities. The current five-year Consolidated Plan includes goals and strategies to preserve existing multifamily housing and increase the supply of affordable multifamily housing units and to administer programs that focus on assisting persons with special needs and the homeless.

KHC and DLG recognize there are numerous overarching housing needs that remain constant over time. 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.

KHC and DLG value input from Kentucky citizens in the planning process. Participation was solicited through a public hearing, a public comment period, and through email distribution lists and newspaper ads. Partners shared comments at the public hearing, and they also submitted written comments before and during the public comment period. There were no comments or views not accepted.

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.

Last year, KHC undertook a statewide housing needs assessment, and asked its partners to participate. The findings of this assessment became available after June 2018. Information collected in the assessment may assist KHC in allocating scarce and decreasing resources and may also be used as a reference 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.

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

Partnering with the state Division of Behavioral Health KHC promotes their online 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 (PSH) 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, especially persons experiencing chronic homelessness. The projects are renewable annually through the CoC application.

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 40 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 2018, 100 percent of the KY BoS CoC's program-funded projects are using the Housing First model. The KY BoS 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 KY BoS CoC, through the CoC and ESG programs, has significantly increased its inventory of Rapid Rehousing (RRH) resources, which is particularly help for families experiencing homelessness.

The KY BoS CoC has fully implemented 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 selected as one of ten communities nationwide out of 130 applicants to participate in the first round of HUD's Youth Homeless Demonstration Program (YHDP). HUD awarded \$1.9 million to create a coordinated community plan to prevent and end homelessness among unaccompanied and parenting youth and fund demonstration projects serving youth in the eight-county Southeastern Kentucky Promise Zone. Funded activities include transitional crisis housing, rapid re-housing, and supportive services, including system navigation, with projects launched in late 2018. YHDP activities are guided by the Coordinated Community Plan to Prevent and End Youth Homelessness in the Southeastern Kentucky Promise Zone released on December 21, 2017.

In the most recent CoC competition, the KY BoS CoC was awarded funding through the Domestic Violence (DV) Bonus set-aside for two new projects. These projects are specifically for individuals and families with children that are victims of domestic violence, dating violence, and sexual violence and who are experiencing homelessness.

In addition to coordinating the KY BoS 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 KY BoS CoC encompasses 118 counties and is divided into six regions. The planning process begins at the local level with regional planning committees and 15 subregions called Local Prioritization Communities (LPC) that work together to implement the CoC's coordinated entry system. The Cities of Lexington and Louisville have their own CoC application processes and are funded separately from the KY BoS CoC. In addition, Louisville and Lexington are entitlement communities, receiving a direct allocation of ESG funding from HUD.

In the KY BoS CoC service providers, developers, community leaders, advocates, financial institutions, and homeless service clients participate at the local level and as members of the KY 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. The implementation of the KY BoS 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 K 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 for CoCs. 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-funded agencies are using these measures to evaluate their own programs and the KY BoS CoC is using them to monitor progress as a system. The KY BoS CoC reviews progress on the measures and will make funding decisions, in part, based on the information it gleaned from these outcomes.

KHC, as the Collaborative Applicant for the KY BoS CoC, has the opportunity and ability to reach out to CoC members 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 KY BoS CoC Advisory Board, which guides the decisions affecting the CoC. The KY BoS CoC Advisory Board is made up of 17 representatives from across the state and of a cross-section of homeless and special needs service providers, a representative who is experiencing or previously experienced homelessness, and at-large representatives that do not receive CoC or ESG funding. The Board will continue to be a pivotal link to the KY BoS 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?	KCADV is a member of KICH. This entity is consulted year-round and is also a partner.

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 Home Together, 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. KHC also held a public comment period after drafting the Action Plan from May 1 through May 31.

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	

2	Internet Outreach	Non-targeted/broad community	<p>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.</p>	<p>During the public comment period, KHC received written comments from partners. Partners recommended designing a program that empowers communities to address housing needs and continued investment in CHDOs. Partners expressed interest in leveraging NHTF for rental housing development for very low income housing in Kentucky. As with the public hearing, partners encouraged KHC to be flexible and offer different program options</p>	None	
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				<p>and guidelines. Partners asked that KHC consider giving priority to projects located in Promise Zones. Partners also ask DLG to consider addressing housing deficiencies in ARC counties, for example, in Lewis County, and encouraged continued funding for programs such as Recovery Kentucky. Partners commented that there should be sufficient HOME TBRA funding to fill gaps in rural areas and recommended an increase in the HOME TBRA allocation. Partners agreed that the Housing Policy</p>		
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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)
				Advisory Committee (HPAC) should play a broader role in recommending solutions and providing guidance to KHC. Partners commended KHC for coordinating programs and committing to the reduction of regulatory barriers and urged KHC to mind the need for a balance HOME allocation.		
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	

4	Public Hearing	Non-targeted/broad community	<p>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.</p>	<p>At the public hearing, representatives from KHC and DLG presented information on each program area. The partner agency representatives who attended commented with their appreciation for using HOME funds for homebuyers and shared that they would like to see and urge KHC to take a balanced approach to allocations. Partners commented that they understand there is no one size fits all approach and</p>	None	
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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)
				encouraged KHC to offer different options to partner agencies.		

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	25,412,718	883,377	0	26,296,095	26,296,095	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	12,618,284	645,935	708,460	13,972,679	13,972,679	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	791,609	0	0	791,609	791,609	During the coming years, it is anticipated that the state allocation will continue to increase due to the passage of the Housing Opportunities Through Modernization Act of 2016 (HOTMA). In Program Year 2018, Kentucky received a 13% increase in HOPWA entitlement funding from Program Year 2017. It is anticipated that Program Year 2019 funding will increase by approximately 4%.

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	2,454,966	0	0	2,454,966	2,454,966	The 2017 allocation included a one-time additional allocation of over \$700,000 dollars. The 2019 allocation returned 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 match is provided, in part, via Kentucky Affordable Housing Trust Fund (AHTF) investments in the development and rehabilitation of affordable multi-family and single-family units for rental and homeownership. The investment of AHTF funds and additional matching funds provided by HOME recipients have allowed the state to carry HOME 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 2019 due to the balance of match funding contributed in previous years. 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. Through a competitive application process, applicants for HOME single-family funding are eligible to receive additional 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. 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: \$791,609	Tenant-based rental assistance / Rapid Rehousing: 350 Households Assisted
2	HOME Homeowner Activities	2015	2019	Affordable Housing	Non-Entitlement Geographic Area	Production of New Affordable Housing Rehabilitation of Affordable Housing	HOME: \$4,452,342	Homeowner Housing Added: 38 Household Housing Unit Homeowner Housing Rehabilitated: 19 Household Housing Unit
3	HOME Rental Assistance	2015	2019	Affordable Housing	Non-Entitlement Geographic Area	Rental Assistance	HOME: \$2,150,000	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: \$5,323,153	Rental units constructed: 15 Household Housing Unit Rental units rehabilitated: 15 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: \$2,454,966	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: \$5,532,783	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: \$7,732,782	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: \$5,284,771	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 rehabilitated: 20 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	Funds for emergency shelter, homelessness prevention; rapid re-housing, and supportive services for persons experiencing homelessness.

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 benefited 57,404 persons last year, well over the goal. The program hopes to have similar numbers this year. DLG expects Public Facilities beneficiaries to exceed 35,000 each year. 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 individual 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 local community, as housing and community development needs vary widely across Kentucky. In addition, funds awarded to local communities will also address the needs addressed in the state’s Consolidated Plan.

In addition to local community needs, DLG and KHC have identified the following needs that will be addressed with funding via Kentucky’s formula allocation funds: the need to increase the supply of affordable homeownership and rental units; the need to preserve the existing supply of subsidized rental units; the need to identify permanent housing solutions for persons experiencing homelessness; the need to support local government’s efforts to increase their job/tax base, improve and expand public facilities, and offer services tailored to local needs.

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
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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?

HOPWA Activities (100% of HOPWA) - Funds are limited to this priority. All will be used to address HOPWA needs.

HOME Homeowner Activities (24% of HOME); HOME Rental Assistance (12% of HOME); HOME Multifamily Activities (64% of HOME) - HOME distributions seek to optimize the impact of HOME funds across the Balance of State. Homeowner and TBRA activities are important, but the greatest priority is on preservation and creation of affordable rental units across the state. If KHC received more HOME funding, the percentage might be recalibrated to fund more homebuyer development and TBRA.

ESG Activities (100% of ESG) - Funds are limited to this priority. All will be used to address ESG needs.

CDBG Housing (13% of CDBG); CDBG Economic Development (20% of CDBG); CDBG Public Facilities (24% of CDBG); CDBG Services (14% of CDBG); CDBG Public Improvements/Infrastructure (29% of CDBG) - CDBG distributions seeks to optimize the impact of CDBG funds across the Balance of State and to address demand across priorities that far outstrips available CDBG.

HTF Multifamily Activities (100% of HTF) - Funds are for the most part limited to this priority. All will be used to address the preservation and/or creation of rental units affordable to extremely low-income households.

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 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 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.</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 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. KHC will again use a competitive two-year funding round to award 2019 and 2020 ESG funds. Applicants selected for funding through the 2019 competition will be eligible for renewal in 2020, assuming funds are available. Applicants will be evaluated on such areas as: local needs, applicant experience/capacity/performance, project design, community coordination, and other factors. Recipients receiving renewal funding in 2019 and 2020 will be required to address Impediments to Fair Housing and how they will address and help eliminate fair housing impediments. In 2019, KHC will most heavily consider an applicant’s capacity, project design, and community collaboration efforts.</p> <p>In the event recipients funded in 2019 elect not to renew funding in 2020 or if the 2020 allocation is larger than the 2019 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 will use a two-year competitive funding cycle beginning in in federal fiscal year 2019, whereby programs that receive funding in FFY 2019 will be eligible for renewal in FFY 2020 so long as certain thresholds are met and assuming funds are available from HUD. This 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 2020 formula allocation is greater than 2019 or if 2019 recipients elect not to renew their projects in 2020, 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 2019 ESG competitive allocation, KHC will strongly emphasize 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 2019 formula allocation will be eligible to renew funding for these same activities in 2020.</p>
<p>Describe threshold factors and grant size limits.</p>	<p>As previously stated, 2019 ESG funding will be distributed to recipients through a competitive funding round.</p> <p>No single application will be able to request more than \$150,000 of the total amount of funds available. The only time a single applicant can submit more than one application is if the project's facilities are located in different counties. No more than two applications will be accepted from any single applicant.</p> <p>KHC will make every effort to award limited resources as prudently as possible and select those agencies with the greatest capacity to effectively administer the funds. The amount of funds awarded will depend on how well an application scores as well as the other considerations such as expenditure rates of 2017 and 2018 ESG funding by each agency. KHC will select 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 Home Together: 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 KY BoS 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>	<p>HOME Investment Partnerships Program</p>
	<p>Funding Sources:</p>	<p>HOME</p>

<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>Plan for determining compliance with the 95 percent median purchase price 92.254(a)(2)(iii):</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.</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 FFY2019 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, and acquisition/rehabilitation/resale - \$4,000,000. This includes CHDO set-aside funds. • Tenant-Based Rental Assistance - \$1,750,000 • Rental Production/Rehab - \$7,000,000. <p>Please note that KHC will also 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 support these home activities. 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 FFY2019, 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, and \$400,000 for single-family activities. KHC will allow eligible applicants to request a maximum of \$400,000 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 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>
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		KHC has imposed a maximum direct homebuyer subsidy cap of \$40,000 per unit for and a maximum development gap subsidy cap of \$25,0000 for HOME-funded 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 2019 Single Family Development and AHTF Home Repair NOFA Competitive Application Guidelines Scoring Criteria as well as the KHC 2019 KHC Single-Family Homebuyer Development Policy Manual.
	What are the outcome measures expected as a result of the method of distribution?	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. Outcome measures include availability/affordability/accessibility of decent affordable housing.
4	State Program Name:	Housing Opportunities for Persons with AIDS
	Funding Sources:	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. Agency experience administering HOPWA and the number of people anticipated to be served in relation to the number of people living with HIV/AIDS in the agency's service area as reported by the Kentucky Cabinet for Health and Family Services in its HIV/AIDS Surveillance Report are the most important criteria considered during the application review. Agencies that do not have previous HOPWA experience are able to gain back points on the application for prior experience administering other federal housing programs and describing how that experience will help them successfully administer a HOPWA program. Applications are available every three years through a competitive application process 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 2019. KHC reserves the right to adjust the amount of funding each agency receives in 2019 based on their rate of spending for the 2018 allocation and any significant changes in the number of persons living with HIV/AIDS in an agency's service area. 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>As described earlier in this section relating to the how funds are allocated and the criteria used to select project sponsors, KHC utilizes a competitive application process every three years that is open to all eligible applicants, including grassroots faith-based organizations and other community-based organizations. To be eligible to apply for funding, an organization need only meet the eligibility criteria established by HOPWA statute and regulations. KHC advertises the availability of applications on its website and notifies the public via electronic newsletters. One of the three organizations currently funded with HOPWA funds and eligible for renewal through the 2019 allocation is Matthew 25 AIDS Services, which was established by the Zion United Church of Christ in Henderson, KY.</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>
<p>5</p>	<p>State Program Name: National Housing Trust Fund</p> <p>Funding Sources: 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. 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. Application submissions will be in response to the 2020 Tax-Exempt Bond NOFA, as well as 2020 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 2020 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 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 region</p>
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	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 June 4, 2018 (included in the HTF Allocation Plan attached to this Action Plan) that establishes the following per unit maximum:</p> <p>0 Bedroom - \$147,074 1 Bedroom - \$168,600 2 Bedroom - \$205,018 3 Bedroom – \$265,229 4+ Bedroom – \$291,137</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. 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 2020.</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> <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>
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What are the outcome measures expected as a result of the method of distribution?	Outcome measures include availability/affordability/accessibility of decent affordable housing.
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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

Allocation priorities are in part based on statewide demographic and economic data along with demand/needs identified in previous program years.

Priorities are also based on feedback from partners such as units of local government, nonprofit community development organizations, intermediaries and associations representing the housing and homelessness organizations and causes, and professional developers, property managers, and asset managers.

The primary obstacle to addressing underserved needs continues to be the need for more affordable housing funding. Increased and consistent funding would allow for the creation of more affordable housing units—both homeownership and rental. In addition, sustained higher funding levels would allow KHC and its partners to build the capacity of nonprofit or for profit affordable housing developer to serve more families and address underserved geographic parts of the state.

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 does not have a designated *Revitalization Program*. DLG allows communities, within the regular guidelines, to choose a specific area of focus and carry out various kinds of eligible revitalization activities, over time. A city or county may include any eligible CDBG activity in a revitalization strategy. Most of the activities fall in the Community Projects or Housing program areas. This includes projects such as senior centers, health and wellness centers, housing rehabilitation, and slum and blight removal. A community can choose to Economic Development projects as well. Many projects include partnerships with funds from other sources and participation of non-project agencies. For additional information on the process and approval of CDBG revitalization projects, please go to the DLG web page at http://kydlgweb.ky.gov/FederalGrants/16_CDBG.cfm.

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.

ESG: Kentucky's ESG funds will be made available to Balance of State Continuum of Care cities and counties or private, non-profit organizations through a competitive application process. KHC reserves the right to award any additional funding received in 2020 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.

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, 108 families are participating in FSS and 69 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. Kentucky Interagency Council on Homelessness (KICH) is 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 the six regions within the KY BoS CoC as well as ex-officio members representing the Kentucky Coalition Against Domestic Violence (KCADV) and the Homeless and Housing Coalition of Kentucky (HHCK) and at-large members representing community organizations not funded through ESG or CoC. The Board works to improve collaboration, coordination, and system-wide performance in preventing and ending homelessness.

KHC’s CoC programs, including those funded through ESG, 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 crises. Through the KY BoS CoC system, emergency shelters work with permanent housing providers to quickly move people out of shelters and into permanent housing. 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, are actively working towards meeting the

goals set forth in Home, Together: The Federal Strategic Plan to Prevent and 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. Four KY BoS CoC member agencies have received CoC grants to support their work as Coordinated Entry leads in their regions. KHC has also allocated ESG funding to support Coordinated Entry lead agencies that have not received CoC funding using Program Year 2017 ESG supplemental award funding.

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 one out of more than 50 projects. Over the past several years, our traditional 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.

In both the 2017 and 2018 CoC competitions, the KY BoS CoC was awarded funding for the new, Joint Component programs that combine Transitional Housing and Rapid Rehousing into the same project, the transitional housing will be used as crisis housing in areas that do not already have low-barrier, crisis housing (e.g., emergency shelter). The RRH portion of the program will help the CoC be able to move people quickly out of their "crisis" situation into permanent housing.

Both emergency shelter and transitional housing programs include some or all 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. In addition, KHC strongly encourages emergency shelters to use funding available through ESG for essential services to provide case management to divert persons from scarce CoC and ESG RRH and PSH resources by helping them reconnect with their own support networks or by accessing other housing resources such as Housing Choice Vouchers. 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.

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 an 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 selected as one of ten communities nationwide out of 130 applicants to participate in the first round of HUD's Youth Homeless Demonstration Program (YHDP). HUD awarded \$1.9 million to create a coordinated community plan to prevent and end homelessness and fund demonstration projects serving youth in the eight-county Southeastern Kentucky Promise Zone. Funded activities include transitional crisis housing, rapid re-housing, and supportive services, including system navigation, with projects launched in late 2018. YHDP activities are guided by the Coordinated Community Plan to Prevent and End Youth Homelessness in the Southeastern Kentucky Promise Zone released on December 21, 2017.

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 23. 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 150 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 from incarceration. 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 facility. The transitional housing may have 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 (re-entry centers) when a family member or friend is not available to support the offenders' transition into the community. The Recovery Kentucky program assists persons who have substance abuse dependencies. The recovery centers are funded by the Department of Local Government, Kentucky Housing Corporation, the Department of Corrections, and other community funds and are expected to assist more than 1,400 persons this year. Community Development Block Grant (CDBG) funds provides program services funding and KHC rental assistance funding supports 13 Recovery 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	78
Tenant-based rental assistance	38
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	116

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 Low-Income Housing Tax Credit allocations includes funding under multiple pools of monies, including HOME, tax credits, and Housing Trust Fund monies. Applications are ranked based on several factors including projects located in an area for which the local jurisdiction has a formally recognized or adopted plan for revitalization, community development and/or economic development.

Discussion:

KHC conducts an Analysis of Impediments to identify any barriers and access to affordable housing. Please refer to the AI Addendum attached to this Plan for more information on how KHC works to address and overcome these barriers.

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 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 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 120 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:

The CDBG Program Income funds (\$883,337) listed in AP-15 Expected Resources are in Revolving Loan Fund (RLF) accounts. Most are designated for Economic Development projects and a few are Housing RLF funds. At this time, the funds are not yet included in any approved projects “to be carried out”. If a city or county with RFL funds submits a 2019 application for an ED or Housing project, the RLF funds must be included in the application and expended prior to drawing down any 2019 CDBG funds.

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	
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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.

Additionally, the only preferences applied to HOME funding are as follows:

- **For homebuyer activities:** Households earning at/below 80% AMI and with non-home assets below \$50,000.
- **For rental activities:** Households earning at/below 60% AMI and, when HOME is allocated along with Tax-Exempt Bond financing, projects that will preserve rent-restricted and/or rent-assisted multifamily properties.

In NOFAs for individual formula allocation programs, KHC delineates in detail the eligible applicants and beneficiaries of each program. KHC also identifies funding priorities in individual program NOFAs as well as in the LIHTC Qualified Allocation Plan.

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 governed by CoC-implemented policies and procedures. 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 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. Four KY BoS CoC member agencies have received CoC grants to support their work as Coordinated Entry leads in their regions KHC has also allocated ESG funding to support Coordinated Entry lead agencies that have not received CoC funding using Program Year 2017 ESG supplemental award funding. 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 2019, KHC will use a two-year competitive funding process whereby applicants awarded ESG formula funding in 2019 will be eligible for renewal in 2020.

In 2019, applications will be ranked based on score and allocations will be made based on applicant ranking, overall request, and expenditure rates from the 2017 and 2018 allocations.

2019 applicants will be 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 Home Together: The Federal Strategic Plan to

Prevent and 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 into 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 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 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 2020 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 June 4, 2018 (included in the HTF Allocation Plan attached to this Action Plan) that establishes the following per unit maximum:

- 0 Bedroom - \$147,074
- 1 Bedroom - \$168,600
- 2 Bedroom - \$205,018
- 3 Bedroom – \$265,229
- 4+ Bedroom – \$291,137

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:

AP-90: Program-Specific Requirements – HOPWA §91.320 (k)(4)

HOPWA Specific: Does the action plan identify the method for selecting project sponsors (including providing full access to grassroots faith-based and other community organizations)? **YES**

HOUSING TRUST FUND ADDITIONAL INFORMATION:

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

June 4, 2018 (included in the HTF Allocation Plan attached to this Action Plan) that establishes the following per unit maximum:

- 0 Bedroom - \$147,074
- 1 Bedroom - \$168,600
- 2 Bedroom - \$205,018
- 3 Bedroom – \$265,229
- 4+ Bedroom – \$291,137

There is no maximum award amount associated with this program.

Additionally, information regarding the following can be found on the specified pages of the 2019-2020 Multifamily Guidelines attached to this Action Plan:

- Lead-Based Paint – pages 36, 48, 50
- Accessibility – page 108
- Disaster Mitigation – state building codes address earthquake resistant construction in higher risk zones; pages 25 and 35 of Multifamily Guidelines address flood plain
- State and local Codes, Ordinances, and Zoning Requirements – Minimum Design requires compliance with State and Local codes. Page 108 of Multifamily Guidelines addresses building codes; zoning is addressed on pages 25, 34, and 38
- Inspectable Areas and Observable Deficiencies from HUD’s Uniform Physical Condition Standards identified by HUD as applicable to HTF-assisted housing – page 96
- Capital Needs Assessment – pages 25, 38, 90, 91, and 108 of Multifamily Guidelines address PCNA assessments and reserve accounts

Attachments

Citizen Participation Comments



February 19, 2019

Corporate Planning and Accountability Department
Kentucky Housing Corporation
1231 Louisville Road
Frankfort, KY 40601

ATTN: Ms. Erica A. Yan

RE: Comments on Drafting the 2019 Consolidated Action Plan

Dear Ms. Yan,

Thank you for the opportunity to comment regarding the 2019 Consolidated Action Plan. We appreciate the staff of Kentucky Housing Corporation and the Department of Local Government for their planning work to establish goals and vision for addressing Kentucky's housing needs. I would like to make a number of comments on behalf of Fahe.

We are all aware that federal funds are very needed but not as available as several years ago to stimulate the economy for impact in the housing markets we serve. In representing Fahe, we work in the Appalachian Counties of Eastern Kentucky and face a per capita income that is 63% of the national average and a poverty rate of 26% compared to the rest of Kentucky at 18% and a national rate of 15%. In addition, there are over 116,810 cost-burdened households in Appalachian Kentucky (in particular due to utility costs), many more have inadequate plumbing, or are overcrowded.

The income of the families we serve is not sufficient to rent a modest two-bedroom apartment without financially burdening the household, nor is it adequate to support affordable homeownership. Homeownership is the primary mechanism through which the Commonwealth's low-income families accumulate wealth, build assets, and break intergenerational cycles of poverty. Serving this area of the Commonwealth requires deep subsidy and programmatic flexibility as we have commented before.

Affordable Rental and Single Family Housing Production

We recommend program design that empowers local communities to address their housing needs and continued investment in local leadership through the local CDCs and CHDOs and would recommend continued and increased support of CHDOs. CHDO's have been allowed to retain CHDO proceeds, which has allowed



organizations to greatly increase their production of safe, decent and affordable housing. Many of these CHDO's operate in the most difficult to serve areas of Kentucky. This important investment in operating capacity has many significant benefits to KHC, including:

- o Increasing efficiency of the CHDO's by increasing capacity,
- o Enabling CHDO's to successfully compete for non-KHC funding (e.g. Federal Home Loan Bank's AHP program, Rural Development's Rural Home Loan Partnership, and other HUD funding such as SHOP), and
- o Increasing CHDO's self-sufficiency and allowing CHDO's to fulfill the HUD mandated mission of developing housing that meets the specific needs of their communities.
- o Even with the possibility of decreased HOME funds we ask KHC to consider continued CHDO operating funds for the organization's internal capacity strength and continued/increased CHDO program funds (KHC has always provided CHDO funding in excess of the 15% requirement; it is much appreciated and has increased production across the region).

Funding available for nonprofit programs is not sufficient to meet the needs in rural areas for affordable rental housing. The National Housing Trust Fund could be an option for renters' affordability needs as the state's allocation is utilized for rental housing needs of very low and extremely low income households. This need is well documented and the amount of HOME TBRA for competitive funding which is an effective solution for renters' affordability needs continues to be threatened. For the 2019 Consolidated Action Plan, the use of the National Housing Trust Fund will be an important resource/asset for rental housing development and operation of very low income housing in Kentucky.

Fahe encourages the continued use of programmatic guidelines that promote flexibility and create incentives for affordable housing developers to increase their production and the preservation of safe, decent, affordable single- and multi-family housing units throughout the state. There is a need to have smaller non-credit rental production funding available through HOME, AHTF and SMAL.

KHC allows long term deferred loans to reduce debt service on a HOME rental project. Would KHC consider utilizing the practice of forgivable, deferred loans, which would allow the loan to be forgiven 1/30th per year? This would be in line with depreciation of the properties from an auditor's perspective. HUD allows HOME funds to be forgivable, deferred loans if necessitated by the financing structure for homebuyers, this might be a mechanism for rental projects.

The Housing Policy Advisory Committee's role should be stronger in respect to its value in the process of reviewing programs and developing the longer term plans such as this Consolidated Plan as they relate to housing needs.

For both the HOME and CDBG Program, in consideration of the SOAR initiative and the Promise Zone designation, Fahe would ask that priority be given for projects located in these areas as these initiatives are elevating regional needs. KHC and DLG have an opportunity to impact both these initiatives positively with available resources.

Community Develop Block Grant Program

An increase in CDBG housing dollars is always helpful in meeting the continued housing needs across the Commonwealth. Deteriorated and dilapidated housing stock needs to be eliminated with standard affordable housing units constructed as infill. Doing so increases property values in our communities, provides affordable sites for redevelopment, and improves the livability of our communities. CDBG used in construction is primarily targeted for homeowner units through activities such as rehabilitation or reconstruction and it has also been beneficial to utilize CDBG housing funds to target affordable rental housing recently. We encourage the use of CDBG in the housing program area.

We would like to ask DLG to consider a mechanism to address housing deficiencies in the ARC counties that would allow communities to ask for funding in both public facilities and housing program areas. While the thresholds limiting application submittal is understandable because of the pressing public facilities needs, this precludes cities and counties in Appalachian Kentucky from also addressing the deplorable housing conditions in their local communities. SOAR and Promise Zone areas might be a basis for lesser threshold requirements allowing two separate program area applications for consideration.

For those facilities such as the Recovery Kentucky Program where CDBG has funded public services, we encourage continued funding for those facility's operations as the opioid crisis is impacting our Commonwealth significantly.

Thank you again for the opportunity to comment on the 2019 Consolidated Action Plan. We look forward to working with you in the future.

Sincerely,



Jim King
President & CEO



People's Self-Help Housing, Inc.

307 KY 59, Vanceburg, KY 41179 7648

Providing Affordable Housing Opportunities

in Lewis County since 1982

visit us at www.pshhinc.org

Erica Abrams Yan
Kentucky Housing Corporation
1231 Louisville Road
Frankfort, KY 40601

May 17, 2019

RE: 2019 Consolidated Annual Action Plan Comments

Ms. Abrams Yan,

Thank you for this opportunity to submit written comments regarding the 2019 Annual Draft Action Plan.

The 2018 Housing Needs Assessment Executive Summary prepared by the Gatton College of Business and Economics for Kentucky Housing Corporation, in their Demand Analysis addressing the Housing Choice Voucher Program (HCV), stated that approximately 571,301 households in Kentucky were eligible for vouchers in FY17, however only 31,651 HCV's were used in Kentucky that year, resulting in 95% of eligible households being unable to receive HCV's during that time period (see page 4 of the summary). And yet KHC's Housing Choice Voucher Program's waiting list has been closed for years, making it impossible for eligible families to even get on the waiting list.

The Housing Needs Assessment also showed a 67% increase in renter households from 2006 to 2016 in Lewis County, the area we have served since 1982. Lewis County is an Appalachian Regional Commission (ARC) distressed county with persistently high poverty rates. Historically it has also been a county with high homeownership rates and a high rate of substandard housing units. The move to rental housing is disturbing and not by choice. Lewis County residents have a strong preference of owning their home, even if it is severely substandard. Since the beginning of the Great Recession in 2006, very low and no income households have been driven to subsidized multifamily rental properties since they can no longer afford to own their home. Unfortunately, HCV's or HOME Tenant Based Rental Assistance (TBRA) is also required to assist with rent and utilities expenses for those with little or no income.

Since the waiting list for HCV's continue to be closed, it is imperative in poverty stricken rural areas like ours to have sufficient HOME TBRA funding to fill the gap. To do so, the HOME TBRA allocation needs to be substantially increased. Knowing HOME funding is very limited, I am suggesting reallocating one million dollars to HOME TBRA from multifamily rental. Multifamily has been using the majority of the HOME funding allocation over the past decade plus an additional \$3,000,000 annually of new money from the recently funded National Housing Trust Fund. If we cannot make rental assistance available for the most needy, they will end up homelessness and fall into all the negative impacts and challenges created by household instability.

Page 1 of 2

PH: (606) 796-6333 FAX: (606) 796-2696



TTY: for the Hearing-Impaired 1-800-648-6057



People's Self-Help Housing, Inc.

307 KY 59, Vanceburg, KY 41179-7648

Providing Affordable Housing Opportunities
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visit us at www.ps/ps/hhc.org

Two other comments:

One, as an active member of the Housing Policy Advisory Committee (HPAC) for ten years and having served as the Chair of the committee for three years, I believe HPAC should be more involved in surfacing and recommending solutions to housing needs in the Commonwealth. HPAC meetings are always well attended and committee members representing state offices and rural and urban nonprofits are engaged. Unfortunately, most of the agenda consists of reports on what KHC has done rather than seeking input on housing needs from committee members and then discussing what could or should be done.

Second, an index to the Consolidated Action Plan would be helpful to locate the various topics in the 91 page document.

Respectfully submitted,

Dave Kreher
Executive Director

Page 2 of 2

PHONE (606) 796-4333 FAX (606) 796-2606



TDD for the Hearing-Impaired 1-800-645-4057



May 30, 2019

Erica Abrams Yan
Kentucky Housing Corporation
1231 Louisville Road
Frankfort, KY 40601
Via email: corpplanreport@kyhousing.org

Re: Draft 2019 Action Plan

Dear Ms. Yan:

Thank you for providing the opportunity to comment on the Action Plan. We commend you and the staff of Kentucky Housing Corporation for your commitment to housing vulnerable Kentuckians, and we appreciate your comprehensive and thoughtful drafting of the annual update.

The mission of the Homeless and Housing Coalition of Kentucky is to eliminate the threat of homelessness and fulfill the promise of affordable housing for all Kentuckians. As we are a membership-based organization, we strive to balance the varying needs of our members and advocate for a full array of housing options in the Commonwealth. We also strive to be a strong external partner to KHC through our facilitation and staffing of the Kentucky Interagency Council on Homelessness (KICHC) and drafting of the Strategic Plan to End Homelessness (most recently updated in 2018). Additionally, we provide informal feedback through our participation on the Balance-of-State Continuum of Care Advisory Board and the state Affordable Housing Trust Fund Advisory Board.

Please note that the official membership of KICHC is now reflected as follows:

Per [KRS 194A.735](#), the council shall include but not be limited to the following members:

1. The secretary of the Cabinet for Health and Family Services;
2. The executive director of the Homeless and Housing Coalition of Kentucky;
3. The chief executive officer of the Kentucky Housing Corporation;
4. The commissioner of the Kentucky Department of Veterans' Affairs;
5. The secretary of the Justice and Public Safety Cabinet;
6. The secretary of the Education and Workforce Development Cabinet;
7. The secretary of the Transportation Cabinet;
8. The executive director of the Administrative Office of the Courts;

306 W. Main Street, Suite 207
Frankfort, KY 40601
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www.hhck.org





9. The state budget director;
10. A representative from the Kentucky Housing Association, representing public housing authorities, appointed by the Governor for a two (2) year term; and
11. An individual who has previously experienced homelessness and addiction, appointed by the Governor for a two (2) year term.

We commend KHC's commitment to coordinating the programs contained within the Consolidated Plan with mainstream housing resources, as in the case of the set-aside Housing Choice Vouchers (VETT and Moving On initiatives). Designating HCVs for specific populations will help our members target Limited Continuum of Care and Emergency Solutions Grant funds for chronically homeless and high service need households.

We also commend KHC's commitment to reducing and streamlining of regulatory barriers to housing development and grant administration, particularly through 2 year funding cycles where applicable and targeting HOME funds for homebuyer activities (and targeting other resources for home rehabilitation). However, we would urge KHC to be mindful of the need for a balanced HOME allocation spread between multifamily, homebuyer, and tenant-based rental assistance. All three activities serve important roles in housing development, with local conditions influencing the need for different types of funding.

As always, thank you for the opportunity to comment. Should you need additional information or clarification, please feel free to contact me. Thank you for your consideration of our comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Adrienne S. Bush".

Adrienne S. Bush
Executive Director

/ash

306 W. Main Street, Suite 207
Frankfort, KY 40601
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PERIODO DE COMENTARIOS PÚBLICOS 

EL PLAN DE ACCIÓN CONSOLIDADO 2019 PARA LOS PROGRAMAS DE VIVIENDAS CON SUBVENCIÓN EN BLOQUE DE KENTUCKY, ESTARÁ DISPONIBLE PARA COMENTARIOS PÚBLICOS HASTA EL VIERNES, 31 DE MAYO

El Plan de Acción Anual Consolidado 2019 para los Programas de Viviendas con Subvención en Bloque de Kentucky está disponible para comentarios públicos hasta el viernes, 31 de mayo de 2019.

El Plan de Acción Anual Consolidado es el plan de actividades y el calendario de la Monocorresponsabilidad (Monocorresponsable) para el Departamento de Vivienda y Desarrollo Urbano de los Estados Unidos, por lo que se requiere la oficina de Planeación y Desarrollo Comunitario (CPD), por sus siglas en inglés (KPCDC, EDC, CDBG, HTF y HOPWA), Kentucky Housing Corporation y el Departamento de Gobierno Local, son las agencias responsables de la implementación del plan de acción.

Kentucky ha publicado el Plan de Acción Anual Consolidado y sus modificaciones, así como las oportunidades para comentarios y sugerencias.

En política, se aceptarán comentarios por escrito y cuando correspondiente, se incorporarán en el documento. El plan cubre el período de tiempo del 1 de julio de 2019 al 30 de junio de 2021.

El Plan de Acción Anual está disponible para su revisión en línea en la página web de Kentucky Housing Corporation (KHC), por sus siglas en inglés en: <http://www.kyhousing.org> Resource Plan and Coordination Page. Consulte el Plan de Acción Anual en su idioma por correo electrónico a: 311@kyhousing.org, la dirección postal: 1741 Louisville Road, Frankfort, Kentucky 40621 o envíe un correo electrónico a: 311@kyhousing.org.

Atención al cliente y servicios de idiomas

800-455-6869, extensión 311



www.kyhousing.org

Llamada gratuita en Kentucky: 800-455-6869 o 502-504-7830, extensión 311

La trad de la comida en Loui



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PUBLIC COMMENT PERIOD

THE 2019 CONSOLIDATED ANNUAL ACTION PLAN FOR KENTUCKY'S BLOCK GRANT HOUSING PROGRAMS IS AVAILABLE FOR PUBLIC COMMENT THROUGH MAY 31, 2019

The 2019 Consolidated Annual Action Plan for Kentucky's Block Grant Housing Programs is available for public comment through Friday, May 31, 2019.

The Consolidated Action Plan is the Commonwealth's application and distribution plan for the U.S. Department of Housing and Urban Development (HUD), Office of Community Planning and Development (CPD) Programs (HOME, ESG, CDBG, HTP, and HOPWA), Kentucky Housing Corporation and the Department for Local Government are the agencies responsible for submission of the plan to HUD.

Kentucky has drafted the Annual Consolidated Action Plan and is receiving written comments to obtain public input. Written comments will be accepted, and where applicable, will be incorporated into the document. The plan covers the time period of July 1, 2018, to June 30, 2020. The Consolidated Plan is available for review online at the KHC Web page at www.kyhousing.org/Resources/PlanningDocuments/ConsolidatedPlan. Please send written comments to Erica Abrams Yan, KHC, 1231 Louisville Road, Frankfort, Kentucky 40601 or by email to corpplanning@kyhousing.org.

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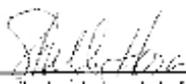
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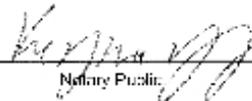
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02/01/19



Subscribed and sworn to before me this 10 day of February, 2019


Notary Public

11/9/22
Commission expires



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PUBLIC HEARING NOTICE

A PUBLIC HEARING WILL BE HELD TO OBTAIN NEEDS INFORMATION FOR THE 2019 CONSOLIDATED ACTION PLAN FOR KENTUCKY'S BLOCK GRANT HOUSING PROGRAMS.

The Action Plan is the Commonwealth's application and distribution plan for U.S. Department of Housing and Urban Development (HUD), Office of Community Planning and Development, (CPD), Block Grant Programs (HOME, ESG, CDBG, HTF, and HOPWA). Kentucky Housing Corporation and the Department for Local Government are the agencies responsible for submission of the plan to HUD.

Kentucky is in the process of drafting the 2019 Consolidated Action Plan, and a public hearing is being held for the purpose of obtaining public input. Both written and oral comments will be accepted and where applicable, will be incorporated into the document.

The public hearing is scheduled for 11 am EST Wednesday, February 20, 2019, at the Kentucky Housing Corporation West Annex Board Room at 1231 Louisville Road, Frankfort, KY 40601. KHC's campus is handicap accessible. If you are a person with a disability, need information in an alternative format, or speak limited English and require special services at the public hearing, please notify Erica Abrams Yan by February 13, 2019, so that arrangements for those services can be made.

A copy of the current Action Plan is available for review online at <http://www.kyhousing.org/Resources/Planning-Documents/Pages/Consolidated-Plan.aspx>. Send written comments to Corporate Planning and Accountability Department, KHC, 1231 Louisville Road, Frankfort, Kentucky 40601, or by email to CorpPlanReport@kyhousing.org. Please direct questions to Ms. Abrams Yan at (800) 633-0386, extension 577. Those who are hearing-impaired may call TTY/V 711.

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COUNTY OF FAYETTE

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Lexington Herald-Leader, and that said publication date of
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of KI Housing Corp Legal
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THE Daily Commuter Puzzle by Suzanne C. Edwards

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Public Comment Period

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The Consolidated Action Plan is the Commonwealth's application and distribution plan for the U.S. Department of Housing and Urban Development (HUD), Office of Community Planning and Development (CPD) Programs (HOME, ESG, CDBG, HTF, and HOPWA). Kentucky Housing Corporation (KHC) and the Department for Local Government are the agencies responsible for submission of the plan to HUD.

KHC has drafted the Annual Consolidated Action Plan and is receiving written comments to obtain public input. Written comments will be accepted, and where applicable, will be incorporated into the document. The plan covers the time period of Monday, July 1, 2019, to Tuesday, June 30, 2020.

The Draft 2019 Action Plan is available for review on [KHC's website](#) under Resources, Planning Documents, [Consolidated Plan](#). Please send written comments to Erica Abrams Yan, KHC, 1231 Louisville Road, Frankfort, Kentucky 40601; or email corplanreport@kyhousing.org.



Grantee Unique Appendices

2014-2015 Identified Impediment	Actions Taken to Address Impediment
<p>1. Credit</p> <p>a. Emphasis on credit scores has an adverse and disproportionately negative impact upon minorities and protected classes.</p> <p>b. Credit scores are inflexible and fail to reflect the full economic reality of each individual. For example, penalties for failure to pay rent but no credit enhancements for making rent payments.</p> <p>c. Increased reliance and importance of credit scores will continue to disproportionately impact minorities and protected classes and exclude them from both rental and purchased home options.</p>	<p><i>Kentucky Housing Corporation (KHC) supports housing counseling and education efforts across the state by providing grants to a network of non-profit agencies. In the past 5 years, KHC has applied for and acted as intermediary for HUD's Comprehensive Counseling Grants, receiving a total of \$1,417,914 in support of housing education and counseling. Additionally, KHC has sub-granted \$410,000 of our own Housing Assistance Funds in the past 5 years for the same purpose. Certain counseling and education outreach efforts are performed in foreign languages to reach non-English speaking populations. The counseling and education efforts can include ways to improve credit scores.</i></p>
<p>2. Appraisals</p> <p>a. Changes in the appraisal process, including outsourcing of the services, have contributed to increased devaluation of minority neighborhoods.</p>	<p><i>Though KHC cannot directly impact the appraisal process, KHC has offered down payment assistance and homeownership counseling and educational materials that assist minority populations. An outcome of these efforts can be to stabilize neighborhoods and improve property values.</i></p> <p><i>Additionally, KHC's single-family homebuyer development program, in an effort to sustain and increase home equity in Kentucky communities, requires that assisted homes be sold at appraised value, with homebuyer subsidy filling the gap between sales price and buyer borrowing capacity. This policy works to increase comps that can sustain or increase home values in some disinvested neighborhoods.</i></p>
<p>3. Lending</p> <p>a. The problem of sub-prime lending has been replaced by the fact that many minority and protected classes are excluded from being eligible for any home mortgage lending.</p> <p>b. When any loans still remain a possibility, minorities are excluded or steered away from the best lending terms.</p>	<p><i>KHC's housing counseling and education efforts strive to educate the community, including minorities, on lending terms, their rights, and financial management, among other things.</i></p>

<p>4. Predatory Practices</p> <p>a. Fast cash for home programs often leaves the home borrower still owing on a mortgage, after the house has already been sold.</p>	<p><i>In addition to KHC's counseling and education efforts, KHC's loan servicing team works with clients to discuss options, such as loss mitigation, in the event of loan defaults in order to avoid foreclosure procedures. Additionally, KHC offers programs that relieve financial strains for homeowners, including down payment assistance, weatherization and home repair programs.</i></p>
<p>5. Environmental</p> <p>a. Building codes do not currently take into account internal chemical hazards and risks faced by occupants.</p> <p>b. Housing often ends up being placed in environmentally hazardous areas, particularly where minorities and other protected classes are concerned.</p>	<p><i>KHC's Multifamily department requires that a Phase I Environmental Site Assessment be provided for all new construction projects consisting of more than four units and requesting HOME, NHTF, Risk-sharing and/ or Project-Based Section 8 as any portion of funding. The environmental site assessment evaluates whether a parcel of land or real estate potentially has the presence of any hazardous substances or petroleum products. KHC also requires a Lead-Based Paint Inspection and Assessment and/ or proof of abatement on any property constructed prior to 1978. If an inspection and assessment is completed and lead-based paint is detected, then the developer is required to abate the lead-based paint and provide proof of the completed abatement as part of the normal due diligence documentation.</i></p> <p><i>KHC has also re-introduced low VOC (Volatile Organic Compound) paint requirements into the latest version (not yet released) of its Minimum Design Standards.</i></p> <p><i>Additionally, is KHC's excavation and footing inspections reveal environmental/hazardous substance issues, KHC mandates all issues be resolved before proceeding.</i></p>
<p>6. Zoning</p> <p>a. Particularly in urban areas, zoning has resulted in separating residential development according to class or economic status, and has perpetrated segregation by race and class.</p>	<p><i>In addition to the efforts discussed in Tax Credit Projects section below (#8), KHC curated a "Simply Home" exhibit to showcase the faces of affordable housing and how affordable housing creates good neighbors. Organizations serving partner and public audiences may request this exhibit for showings in an accessible place by the public. Civic organizations, libraries, museums, and other places that can accommodate the floor</i></p>

	<p><i>space for the 24-foot by 34-foot exhibit and consider the 4-foot accessibility for compliance with American Disabilities Act are great showcases for the exhibit. KHC staff will deliver and set up the exhibit onsite, free of charge, as a service to the Commonwealth. This educational effort serves in part to reduce resistance to affordable housing.</i></p>
<p>7. Insurance</p> <p>a. Insurance rates continue to remain high, with no reduction in the rates even after potential homeowners complete homeownership counseling or other programs, such as Habitat for Humanity.</p>	<p><i>Though KHC cannot address this issue directly, KHC offers programs that relieve financial strains for homeowners, including down payment assistance, weatherization and home repair programs.</i></p> <p><i>KHC also allows borrowers to review their mortgage escrow account with the possibility of making affordable adjustments if needed.</i></p>
<p>8. Tax Credit Projects</p> <p>a. Tax credit projects have historically not been administered through a fair housing lens, although steps recently taken by KHC have begun to rectify this problem.</p>	<p><i>KHC's Multifamily department requires all applicants requesting federal funding, including Low Income Housing Tax Credits, to submit an Affirmative Fair Housing Marketing Plan (properties with five or more units), Fair Housing Plan, Title VI Self-Survey and Statement of Assurance, and a Section 504 Self-Evaluation. All Multifamily applicants requesting any type of KHC funding must provide a Tenant Selection Plan and a sample of their Tenant Lease.</i></p> <p><i>As a way to help deconcentrate areas of low-income housing KHC, through its competitive application scoring process, incentivizes new construction of multifamily properties that are located in areas with strong performing schools and areas of greatest job growth.</i></p> <p><i>There is also scoring preference for properties located in areas with a poverty rate of at least one percent (1%) below the state average. Properties located in a Qualified Census Tract are only given a scoring preference if the property is located in a defined target area for which the local jurisdiction has formally adopted a plan for revitalization, community development and/or economic development.</i></p>

<p>9. Foreclosures</p> <p>a. Maintenance on foreclosed properties often varies depending on whether a property is in a poor minority area or a wealthier predominantly white area.</p>	<p><i>For servicing and preservation, KHC does not differentiate among property locations, whether a property is in a poor minority area or a wealthier predominantly white area. Preservation is driven by insurer guidelines and often local municipal ordinances regarding blighted properties. Additionally, KHC maintains foreclosed properties to minimize potential negative impact of a vacant property in area neighborhoods and communities.</i></p> <p><i>Although, previous lack of preservation by other servicers in Kentucky may have been practiced, preservation improvements have been made through the proactive steps being taken within the local communities through development and implementation of property vacancy guidelines including vacant property registrations, maintenance ordinances, and judgment liens/fines being assessed.</i></p>
<p>10. Miscellaneous</p> <p>a. While discriminatory provisions and restrictions in deeds are now legally invalid in that they cannot be enforced, the language still remains in hundreds or thousands of deeds, sending an unwelcoming message to those groups targeted by that language.</p> <p>b. The current land bank system is somewhat ineffective and rather archaic.</p> <p>c. Utilities are part of housing costs, but LIHEAP gives increased funding to rural areas over urban areas.</p>	<p><i>KHC undertakes a variety of efforts to address the miscellaneous fair housing impediments. Specifically, KHC has created the position of Multicultural Customer Service and Outreach Coordinator within the organization. This individual travels across the state to promote fair housing and engage minority populations. Additionally, KHC provides support to other organizations in the state that promote fair housing through trainings and other activities – both monetarily and by publicizing events. Through these efforts, KHC hopes not only to promote fair housing but also to make minority populations feel welcome.</i></p>
<p>11. Inadequate State and Local Laws</p> <p>a. The Kentucky Fair Housing Act is not sufficiently broad and leaves out LGBT, elderly, and those receiving government benefits as protected classes.</p> <p>b. Uniform Residential Landlord Tenant Act (URLTA) is of limited impact, as it is in effect in only a few communities.</p>	<p><i>KHC has adopted the protections afforded under the HUD Equal Access Rule and requires any partner applying for KHC funding to adhere to them, whether they originate from HUD or from some other source. KHC reviews documentation from our partners to ensure that they prohibit the denial of access to housing based on actual or perceived sexual orientation, gender identity, or marital status.</i></p>

<p>c. Immigrants feel both unwelcome and at risk of having their homes taken away by virtue of the escheat provisions of Kentucky law under KRS 381.300.</p> <p>d. Legislative involvement or interest in affordable housing has diminished in the past 40 years.</p>	<p><i>Additionally, KHC's Multifamily Program Guidelines now require that developers who receive funding or housing credits adhere to the requirements of URLTA.</i></p> <p><i>With respect to immigrant populations, KHC's Multicultural Customer Service and Outreach Coordinator conducts educational efforts directed at limited English proficiency (LEP) populations to inform them of their rights. KHC also supports counseling and education efforts by partner agencies targeted in immigrant communities.</i></p> <p><i>Also, KHC took an aggressive approach to legislative advocacy at the federal level recently. Under this plan in fiscal year 2018, KHC staff and members of our Board of Directors have met, in person, with all members of our federal delegation at least once and have met with most members over five times. We have even been able to secure important visits with legislators from other states to fortify our message to Congress.</i></p>
<p>12. Criminal Justice System</p> <p>a. As the criminal justice system moves to increasing use of diversion, early release, and lighter sentences, the prison population is reentering back into the community at a faster rate, and often re-enters into segregated areas.</p> <p>b. Past criminal convictions limit housing options, are treated differently by different housing jurisdictions, and often result in those with convictions being funneled into certain areas.</p>	<p><i>KHC has changed its Section 8 program policy. Instead of a blanket denial for applicants with certain types of criminal records within a 3-year period, KHC now conducts a case-by-case determination for each applicant with a criminal history, factoring in the nature and severity of the conviction as well as any mitigating actions taken by the applicant after conviction. This change is in accordance with the HUD General Counsel memo describing the application of the Fair Housing Act to the use of criminal records.</i></p> <p><i>At KHC's annual conference in 2018, representatives from the Lexington Fair Housing Council presented and discussed to the conference attendees regarding criminal history and how it relates to discrimination.</i></p>
<p>13. Fair Housing</p> <p>a. Housing discrimination complaints are handled by both federal and local agencies, creating confusion, rigidity, and overlap.</p> <p>b. Fair Housing Reports (known as the Analysis</p>	<p><i>KHC attempts to maintain working relationships with other agencies and organizations that handle fair housing matters. Through these contacts, coordination, and referrals, KHC seeks to reduce confusion and direct individuals with fair housing questions to the best available resource.</i></p>

<p>of Impediments, or AIs) have historically been reviewed only ever 5 years and each jurisdiction's AI has tended to be viewed in isolation.</p>	
<p>14. Connectivity: Transportation and Internet</p> <p>a. Housing must be linked to other resources, but with inadequate or no means of transportation in rural areas, rural renters and homeowners are separated from needed resources, such as employment, healthcare, or in the case of domestic violence victims, forced to continue to live with an abusive spouse or partner.</p> <p>b. Kentucky ranks 40th in residential access to high-speed Internet, which tends to be most highly concentrated in the center, more urban area of the state, known as the Golden Triangle. Even among those with access to high-speed Internet, many do not know how to use it. In today's economy, internet access can prove a substitute for poor or nonexistent roads.</p>	<p><i>KHC, as Collaborative Applicant for the Kentucky Balance of State Continuum of Care, has secured CoC funding for rapid rehousing for survivors of domestic violence, including newly awarded "DV Bonus" projects that will serve the entirety of the Balance of State. KHC also supports domestic violence shelters via Emergency Solutions Grant funding and provides HOME Tenant-Based Rental Assistance funding to shelters to serve victims in need of new housing.</i></p> <p><i>Also, KHC Minimum Design Standards mandate that all dwelling units shall have the ability to connect to the internet by telephone connection, cable modem, or a secured wireless connection provided by the property. All dwellings units shall be supplied with signal strength adequate for connection to the internet, and common areas accessible by the residents shall be supplied with signal strength adequate for connection to the internet.</i></p>
<p>15. Inadequate Affordable Housing Stock</p> <p>a. The overall housing vacancy rate is so low that protected classes are at an increased risk for being rejected.</p>	<p><i>KHC creates overarching strategies for its fiscal years. A key overarching strategy for KHC has been to provide holistic housing solutions in an effort to provide optimal impact. Through enhanced utilization of data and analytics, KHC hopes to improve policies and decision making to this end.</i></p> <p><i>KHC's mission is to invest in quality housing solutions for families and communities across Kentucky. KHC strives to increase the supply of affordable housing in the Commonwealth by investing in the creation and rehabilitation of affordable multi-family and single-family units. KHC provides tenant and/or project-based rental assistance that increases housing availability for low-income residents in protected classes via the following programs: HCV, HOME, CoC, ESG, HOPWA, Chafee Room and Board, and the Olmstead Housing Initiative.</i></p>

<p>16. Mobile Homes</p> <p>a. Individuals and families living in mobile home parks are particularly vulnerable to eviction, sometimes being evicted in one day.</p> <p>b. Energy costs for mobile homes are excessive.</p>	<p><i>KHC's Weatherization Assistance Program serves people in mobile homes. Program eligibility is based on income at or below 200% of the poverty level. Approximately 40% of the homes addressed in the program statewide are mobile homes.</i></p>
<p>17. LGBT</p> <p>a. Except for those communities which have passed fairness ordinances and for housing funded by HUD, the LGBT community has no legal protection from discrimination in housing access or evictions.</p>	<p><i>KHC has adopted the protections afforded under the HUD Equal Access Rule and requires any partner applying for KHC funding to adhere to them, whether they originate from HUD or from some other source. KHC reviews documentation from our partners to ensure that they prohibit the denial of access to housing based on actual or perceived sexual orientation, gender identity, or marital status.</i></p>
<p>18. Elderly</p> <p>a. There has been little to no work done on helping aging Kentuckians age-in-place in their homes.</p> <p>b. Kentucky's lack of sufficient accessible housing will only get worse in time, as Kentucky's population ages.</p>	<p><i>To encourage aging in place design features in multifamily senior housing, KHC has included a scoring preference for applicants requesting funding in its competitive applications.</i></p> <p><i>Additionally, KHC utilizes a Universal Design construction standard. This standard incorporates features such as wider doorways and hallways, lower thresholds, shorter reach ranges, blocking for grab bars, lever faucets and doors. By making these features inherent to the construction, it allows people stay in their homes (single family and rental units) when mobility issues force the use of a wheelchair.</i></p>
<p>19. Individuals with Disabilities</p> <p>a. There is insufficient accessible housing for full time residential use by individuals with disabilities.</p> <p>b. There is insufficient "visitable" housing to permit individuals with disabilities to visit others.</p> <p>c. After Olmstead, individuals with disabilities are being released at an increasing rate into communities, with those communities being unprepared and having insufficient and/or inadequate housing to meet the need. As a</p>	<p><i>To encourage accessibility for individuals with disabilities, KHC has included a scoring preference in its competitive application for properties proposing to serve disabled tenants where at least 10% of the units will be fully accessible.</i></p> <p><i>KHC's minimum design guidelines for multifamily also address certain features relevant to individuals with disabilities.</i></p> <p><i>With respect to Olmstead, KHC staff strive to achieve optimal outcomes for participants. KHC conducts housing quality standards inspections to ensure adequacy of housing for individuals participating in the program.</i></p>

<p>result, individuals with disabilities are being segregated into certain neighborhoods.</p> <p>d. New housing construction must be built according to the design and construction requirements of the Fair Housing Act, and the building permit process must ensure that accessibility requirements are met.</p> <p>e. Lack of “visitability” features in homes results in increased social isolation: individuals with disabilities find it difficult to access homes or certain areas of the homes for social calls, and those residing in non-visitable homes find it difficult to invite individuals with disabilities when their residences might have staircases at entrances, etc. Visitability is achieved when residences have one zero-step entrance, doors with 32 inch clear passages of space, and one bathroom on the main floor which is wheelchair accessible. The visitability problem is one which also impacts the elderly.</p>	
<p>20. Domestic Violence Victims</p> <p>a. Lack of rental housing in rural areas has a disproportionate impact upon domestic violence victims, who often find they have no safe or available housing alternative to that of living with an abuser.</p> <p>b. Domestic violence victims have the legal ability to be able to be released from rental leases when necessary, but this right is not clear to most in the community. The Golden Triangle is the area between Covington, Lexington, and Louisville.</p>	<p><i>KHC has implemented policies and procedures to ensure our partners comply with the requirements of the Violence Against Women Act (VAWA). KHC requires our partners to provide all tenants with information about their rights under VAWA when they apply for housing or funding. In certain circumstances, KHC requires partners to allow bifurcation of leases to allow those who live in homes supported by KHC funding sources to have a reasonable amount of time to find new housing if they have been the victim of domestic violence, dating violence, sexual assault, or stalking, even if such person was not the program participant. KHC has also implemented a VAWA Emergency Transfer Plan, which has been incorporated into our Administrative Plan, describing who may be eligible for an emergency transfer, the emergency transfer process, confidentiality protections, and guidance to tenants on safety and security.</i></p>
<p>21. Immigrants</p> <p>a. Refugees face inadequate housing options.</p>	<p><i>KHC’s Multicultural Customer Service and Outreach Coordinator (MCSOC) coordinates marketing, outreach, and engagement activities for multicultural populations. Additionally, the</i></p>

<p>b. Some landlords have established rental policies on their face which are neutral but have a disparate impact upon a particular protected class. For example, some prohibit certain cookware which is most often used by Latinos.</p>	<p><i>MCSOC has developed strategic partnerships with counseling agencies to further improve their outreach and engagement activities with emphasis on identifying community stakeholders, community organizations, churches, and local government participation with the objectives to increase referrals, visibility, outreach as well as leveraging KHC's network of homeownership stakeholders to reach out to potential homebuyers in communities such as minority, the underserved, and the Limited English Proficiency community. The MCSOC worked directly with the housing counseling network to provide classes in other languages throughout the grant period and to provide technical guidance on how to leverage language-expertise in the community.</i></p>
<p>22. Families with Children</p> <p>a. Inadequate housing exists for families with children, and appears to have been reduced over the past twenty years.</p>	<p><i>KHC has included scoring preferences in order to improve the livability and preservation of Kentucky's aging multifamily affordable housing stock. KHC offers incentives in its competitive application along with a funding preference in its Tax-Exempt Bond Notice of Funding Application for applicants proposing the rehabilitation of existing affordable housing properties which have rental assistance contracts. The competitive application also offers a scoring preference for properties most in need of rehabilitation and for new construction properties located in greatest job growth counties and with access to strong performing schools.</i></p>
<p>23. Rural</p> <p>a. Rural areas have an acute shortage of homeless shelters, with many rural counties having no such shelter.</p>	<p><i>Over the past two HUD Continuum of Care Program Competitions, the Kentucky Balance of State CoC, which includes all rural areas of the state, pursued and was awarded funding for 4 new Joint Transitional Housing (TH)/Rapid Rehousing (RRH) projects. The TH portion of the project is intended to provide crisis housing in areas without existing emergency shelter or without low-barrier emergency shelters. Through the HUD Youth Homelessness Demonstration Program (YHDP), rural communities in Southeastern Kentucky are in the process of developing "Crisis Host Homes" where families agree to serve as "hosts" to young people experiencing homelessness by allowing the young person to live with them at least on a temporary</i></p>

	<p><i>basis. Limited financial support for food and transportation is provided to the Host Home. We hope to be able to replicate this model across the state in the future.</i></p>
<p>24. Public Culture</p> <p>a. Renting, and therefore renters, are not well regarded in our culture.</p> <p>b. Across Kentucky, there is a lack of awareness of the housing problems faced by many Kentuckians, particularly those in protected classes.</p> <p>c. Often minorities and protected classes feel unwelcome in communities.</p> <p>d. Our elected executive officials often do not place sufficient emphasis upon affordable and fair housing.</p> <p>e. Many Section 8 recipients are turned away by landlords.</p>	<p><i>KHC curated a "Simply Home" exhibit to showcase the faces of affordable housing and how affordable housing creates good neighbors. Organizations serving partner and public audiences may request this exhibit for showings in an accessible place by the public. Civic organizations, libraries, museums, and other places that can accommodate the floor space for the 24-foot by 34-foot exhibit and consider the 4-foot accessibility for compliance with American Disabilities Act are great showcases for the exhibit. KHC staff will deliver and set up the exhibit onsite, free of charge, as a service to the Commonwealth. This educational effort serves in part to reduce resistance to affordable housing.</i></p> <p><i>KHC's Multicultural Customer Service and Outreach Coordinator (MCSOC) coordinates marketing, outreach, and engagement activities for multicultural populations to provide education and make them feel welcome.</i></p> <p><i>KHC staff also took advantage of the opportunity afforded by NCSHA's Legislative Conference to emphasize affordable housing issues to legislators. Activities during this time included direct meetings with several Kentucky legislators, including Senators Mitch McConnell and Rand Paul, Congressmen Brett Guthrie, Andy Barr, and John Yarmuth. In addition, KHC staff conducted personal meetings with Senator Joe Manchin of West Virginia and Representative Trey Hollingsworth of Indiana.</i></p> <p><i>The meetings listed above are in addition to several meetings with legislators at home in Kentucky.</i></p>
<p>25. Education</p> <p>a. Education for homeownership and renters' rights often remains available only in English</p>	<p><i>As stated above, KHC's Multicultural Customer Service and Outreach Coordinator (MCSOC) coordinates marketing, outreach, and engagement activities for multicultural populations. Additionally, the MCSOC has</i></p>

	<p><i>developed strategic partnerships with counseling agencies to further improve their outreach and engagement activities with emphasis on identifying community stakeholders, community organizations, churches, and local government participation with the objectives to increase referrals, visibility, outreach as well as leveraging KHC's network of homeownership stakeholders to reach out to potential homebuyers in communities such as minority, the underserved, and the Limited English Proficiency community. The MCSOC worked directly with the housing counseling network to provide classes in other languages throughout the grant period and to provide technical guidance on how to leverage language-expertise in the community.</i></p>
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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.

**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 SI IIPD 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.

Multifamily Program Guidelines

Revised March 2019

2019 - 2020



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Introduction and General Information

Kentucky Housing Corporation (KHC) offers a competitive funding process to create affordable housing in conjunction with our development partners. Through this process, KHC administers federal and state resources to enable the development and rehabilitation of safe, affordable housing for Kentucky families.

These guidelines instruct applicants how to apply for multifamily resources available through KHC's competitive funding application, and explains review processes and program criteria.

Application Materials

The underwriting model and other KHC-provided forms required to complete the application are located on KHC's website, www.kyhousing.org. **It is the applicant's responsibility to identify and utilize all KHC-provided forms necessary to submit a complete application.**

Information Sharing

KHC may share all project-related information, including the application, attachments, technical submission documents, and other pertinent materials with other participating funders participating throughout the life of the project. KHC will not share personally identifiable information unless specifically authorized by the applicant.

Program Administration

In KHC's administration of the Housing Credit program and other state and federal funding programs, KHC must make decisions and interpretations regarding project applications. KHC is entitled to the full discretion allowed by law in making all such decisions and interpretations, and shall resolve any conflicts, inconsistencies, or ambiguities, if any, in the Multifamily Guidelines, Qualified Allocation Plan (QAP), scoring workbook, or other program documents, that arise in administering, operating, or managing the reservation and/or allocation of the Housing Credit and other KHC multifamily programs. KHC may take all other actions and impose all other conditions which are required by law or which in the opinion of KHC are necessary to ensure the complete, effective, efficient, and lawful allocation and utilization of the Housing Credit and other KHC-administered programs. Such conditions may include imposing more stringent conditions than are required by the Code or other federal laws applicable to each project for receipt of Housing Credits and other funding sources administered by KHC throughout the required compliance period and/or other applicable periods.

As additional guidance, KHC may publish Multifamily Questions and Answers (Q&A). Any such Multifamily Q&A (as may be amended from time to time) are hereby incorporated by reference. Applicants are advised that adherence to all provisions in the Guidelines and QAP, as applicable, is a requirement to participate in KHC's multifamily programs. The Guidelines and QAP are intended to provide sufficient information to prospective applicants, however, due to the complexity of the program and the housing development process in general, not every potential circumstance can be covered. Applicants are strongly encouraged to seek input from KHC's Multifamily Programs staff regarding any situation not explicitly addressed in the Guidelines or QAP prior to submitting an application. However, KHC staff can only provide general review – applicants remain solely responsible for the contents of their applications. **All questions regarding these Guidelines, the QAP, application, underwriting, or scoring workbook should be emailed to multifamily@kyhousing.org.**

To accurately underwrite a project, KHC must determine that proposed costs are reasonable based on an examination of all building construction hard costs, soft costs, and land costs identified in the underwriting

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model, regardless of how or by whom the costs are proposed to be paid. KHC may require additional explanation, documentation or information pertaining to any portion of the application and/or underwriting model even if the Guidelines and/or QAP do not specifically require such information, explanation, or documents. All information submitted pursuant to the QAP and Guidelines must be satisfactory to KHC. If KHC requests additional information from an applicant, such information must be promptly submitted within the appropriate timeline(s).

If appropriate for the project, KHC will redirect applicants away from the 9% LIHTC round and into the Tax-Exempt Bond financing + 4% Tax Credits route (TEB route) which may be accompanied with KHC debt financing sources. If a project is redirected to the TEB route, it will not continue through the 9% review and scoring process.

KHC's decision to allocate Housing Credit and/or other resources to a project in no way warrants or represents to any sponsor, investor, lender, or other person or entity that a project is, in fact, viable. KHC makes no representations to the owner or anyone else regarding adherence to the Code, Treasury Regulations, or any other laws or regulations governing the Housing Credit program. No member, officer, agent or employee of Kentucky Housing Corporation shall be held personally liable concerning any matters arising out of, or in relation to, the allocation of Housing Credit or other KHC resources.

Amendments to the Guidelines or QAP

KHC may amend the Guidelines or QAP as needed on a case-by-case basis for the purpose of clarification, ensuring compliance with the Code or regulations, or any change necessary to affect the spirit and intent of KHC's multifamily programs as determined by KHC. Amendments may reflect changes, additions, deletions, interpretations, or other matters necessary to comply with the Code or other program regulations. Amendments are not limited to, but may perform such acts as cure ambiguities, supply information on omissions, correct inconsistencies, or facilitate the allocation of Housing Credits or other KHC resources that would not otherwise be allocated. All amendments will be effective immediately.

Environmental Review

Applicants for HOME, NHTF, and/or Risk-Sharing funds will be required to contract with a KHC-approved person or firm for performance of the required environmental review. A list of KHC-approved environmental review preparers is published on KHC's website.

Once the funding application has been submitted to KHC, applicants cannot proceed with the purchase of the property, start any part of the construction, or disturb the soil in any way until the environmental review is complete and an environmental clearance has been issued.

Applicants will be required to provide to KHC and the selected environmental contractor certain documents related to the environmental review, which are outlined in [Chapter 5: Technical Submission Stage](#). The environmental contractor will use these documents to determine a project's impact on the environment. As the responsible entity, KHC is required to maintain copies of all documents relative to the completion of the environmental review; therefore, when the environmental review is complete and full environmental clearance has been achieved, the environmental contractor who performed the review must forward the entire package of all documents utilized during the review to KHC.

For questions regarding environmental reviews or the review process, please contact KHC's Compliance Department at mfcreviews@kyhousing.org. More information regarding environmental review requirements can be found on [HUD's website](#).

Eligible Project Types

Multifamily projects of any size are eligible to apply for one or more sources of KHC financing available through the funding process. The following are examples of eligible project types:

- Family Housing
- Elderly Housing
- Special Needs Housing
- Permanent Supportive Housing

KHC has allocated Housing Credit in a Nonprofit Supportive Housing Pool to address the need for permanent supportive housing. KHC's permanent supportive housing program is designed to help certain populations attain housing that is decent, safe, and integrated into the community. To qualify for this set-aside, the project must provide supportive services to at least 50 percent of the units for populations including homeless, adults with disabilities, persons with drug/alcohol dependency, foster children exiting the foster care system, survivors of domestic violence, the Olmstead population, and veterans.

Applicants must submit a supportive housing service plan, along with letters of service commitment from service providers and letters of referral commitment from agencies making referrals to the project.

Funding Sources Available

The following funding sources are available for multifamily housing production for the 2020 funding process. Please refer to the QAP for Housing Credit pools and set-asides.

9 PERCENT HOUSING CREDIT PROJECTS

Funding Source	Projected Amount Available
HOME Investment Partnerships (HOME) Program	\$1,000,000
Affordable Housing Trust Fund (AHTF)	\$1,500,000
Risk-Sharing	Amount Available Based On Demand

NON-HOUSING CREDIT PROJECTS

Funding Source	Projected Amount Available
HOME Investment Partnerships (HOME) Program	\$1,000,000
Affordable Housing Trust Fund (AHTF)	\$1,000,000
Small Multifamily Affordable Loan (SMAL) Program	\$1,000,000

****KHC reserves the right to reallocate funds between the Housing Credit and Non-Housing Credit set-asides in order to fund the maximum number of projects possible.***

Funding Request Limitations

Projects requesting 9 percent Housing Credits are limited to a combined amount of HOME and/or AHTF in an amount equal to the lesser of \$35,000 per unit or \$500,000 per project. Furthermore, the maximum allocation of AHTF per project may not exceed \$300,000.

For non-Housing Credit projects, due to the limited supply of gap financing, KHC will limit the amount of HOME and/or AHTF funds to no more than the applicable HOME maximum subsidy limit for a one-bedroom unit multiplied by four. Of that combined amount, no more than \$300,000 may be from AHTF.

Projects may have more than four units; however, the HOME and AHTF request may not exceed the HOME maximum subsidy one-bedroom limit multiplied by four. For AHTF-only projects, the maximum AHTF allocation may also not exceed \$300,000.

Program	Eligible Applicants & Activities	Summary of Program Requirements
Housing Credit (Low Income Housing Tax Credit)	<ul style="list-style-type: none"> • Housing Credit is not a source of funds; it is an allocation of federal tax credits the project owner sells to an investor. • Eligible applicants are nonprofits, for-profit entities and local governments. However, for-profit involvement is required to access credits. • Eligible activities are new construction, rehabilitation and/or preservation of low-income rental housing. 	<ul style="list-style-type: none"> • An investor purchases the Housing Credits, which they claim against their federal income tax liability for ten years. The resulting equity from the purchase of credits is used to finance the project. • The property must remain affordable for a minimum of 33 years. • Eligible households must have incomes at or below 60% of the area median.
Affordable Housing Trust Fund (AHTF)	<ul style="list-style-type: none"> • AHTF is for gap financing only. • Eligible applicants are nonprofit organizations. The nonprofit must be a part of the ownership entity and materially participate in the project for the term of the loan. • Eligible activities are new construction, acquisition with new construction, acquisition with rehabilitation and rehabilitation of existing rental units. 	<ul style="list-style-type: none"> • AHTF requests can be in the form of an amortizing or deferred due-at-maturity loan. • AHTF loans are non-recourse. • The minimum affordability period will not be less than 30 years; however, the term of the loan shall not exceed 30 years. • Eligible households must have incomes at or below 60% of the area median.
HOME Investment Partnerships (HOME) Program	<ul style="list-style-type: none"> • HOME is for gap financing only. • Eligible applicants are nonprofit organizations and for-profit entities. • Eligible activities are new construction, acquisition with new construction, acquisition with rehabilitation and rehabilitation of existing rental units. • HOME is a federal program and all federal cross-cutting regulations apply (24 CFR, 92.350 – 92.358). 	<ul style="list-style-type: none"> • HOME funds can be used for construction and permanent loans. HOME cannot be used for refinancing. • HOME is a recourse loan. • HOME funds must be secured with a mortgage and may be structured as an amortizing loan or deferred due-at-maturity loan. • The affordability period and loan term shall not exceed 30 years. • Eligible households must have incomes at or below 60% of the area median.

<p>National Housing Trust Fund (NHTF)</p>	<ul style="list-style-type: none"> • NHTF is for gap financing only. • Eligible applicants are nonprofit organizations and for-profit entities. • Eligible activities are new construction, acquisition with new construction, acquisition with rehabilitation and rehabilitation of existing rental units. • NHTF is a federal program and is subject to all the same federal cross-cutting regulations as the HOME program, except for Davis-Bacon wage rate requirements. • Any project seeking to utilize NHTF must have project-based rental assistance. 	<ul style="list-style-type: none"> • NHTF funds can be used for construction and permanent loans. NHTF funds cannot be used for refinancing. • NHTF is a recourse loan. • NHTF funds must be secured with a mortgage and may be structured as an amortizing loan or deferred due-at-maturity loan. • The minimum affordability period will not be less than 30 years; however, the term of the loan shall not exceed 30 years. • Eligible households must have incomes at or below 30% of the area median.
<p>Small Multifamily Affordable Loan (SMAL) Program</p>	<ul style="list-style-type: none"> • Eligible applicants are nonprofit organizations, for-profit entities and units of local government. • Eligible properties must have eleven units or less. • Eligible activities are new construction, acquisition with new construction, acquisition with rehabilitation and rehabilitation of existing rental units. 	<ul style="list-style-type: none"> • SMAL can be used for construction loans and permanent mortgage loans. SMAL cannot be used for refinancing. • The interest rate will not be lower than 3.5% and the maximum LTV is 90%. There is a 1% origination fee. • The term of the loan shall not exceed 30 years. SMAL is a recourse loan. • Eligible households must have incomes at or below 120% of the area median.
<p>Tax-Exempt Bonds Utilizing 4% Housing Credits</p>	<ul style="list-style-type: none"> • KHC is the designated bond issuing authority for all housing projects within the Commonwealth of Kentucky. • Eligible applicants are for-profit and nonprofit developers; however, a member of the development team must have prior experience with KHC's Tax-Exempt Bond program to apply. • KHC issues the bonds with proceeds going to a developer for the purpose of constructing affordable housing. • Repayment of the bond financing comes from revenue generated by the project. • Eligible activities are new construction, acquisition with new construction, acquisition with rehabilitation and rehabilitation of existing rental units. 	<ul style="list-style-type: none"> • Because bonds are tax-exempt, developers can obtain an interest rate that is typically lower than market rate. • Bonds can be short term (24 months) or long term (up to 40 years). • Bond projects utilizing at least 51% of bond proceeds to fund eligible project costs are eligible for 4% Housing Credits to generate equity for the project. • Tax-Exempt Bond projects are subject to payment of additional fees. Refer to Chapter 1: Project Timelines and Fees for additional fee requirements. • Eligible households must have incomes at or below 60% of the area median. • The Tax-Exempt Bond program utilizes the IRS Section 142 rent and income limits, which can be found in the Novogradac Rent & Income Calculator.

Risk-Sharing	<ul style="list-style-type: none"> • Risk-Sharing provides permanent financing for projects of 5 or more units; construction loans not currently allowed. • Eligible applicants are nonprofit organizations, for-profit entities and units of local government. • Risk-Sharing is a mortgage insurance program in conjunction with HUD. All federal cross-cutting regulations apply. • Eligible activities are new construction, acquisition with new construction, acquisition with rehabilitation and rehabilitation of existing rental units. 	<ul style="list-style-type: none"> • The loan term may not exceed 40 years and the maximum loan-to-value is 90%. • Loan interest rate is determined periodically as established by KHC. • There is a 1/2% monthly mortgage insurance premium (MIP). • Risk-Sharing loans are non-recourse and must be utilized with Housing Credits. • Eligible households must have incomes at or below 60% of the area median.
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Maximum Credit Cap Requirements

All users are restricted to a maximum of **\$1,500,000** in annual Housing Credit based on their involvement in projects as the applicant/developer, general partner, guarantor, or any other party receiving 25 percent or more of the developer fee as evidenced in the application, developer/consultant certifications and final cost certifications.

"**Users**," to which the credit cap applies, are general partners, parent organizations of general partner entities, affiliates of the general partner, or managing members of entities to which Housing Credits have been awarded. "**Affiliate**" is any entity that directly or indirectly controls another entity or has a controlling interest in the entity.

"**Controlling Interest**" is defined as the possession – direct or indirect – of the power to direct, or cause the direction of, the management and policies of an entity, whether through the means of ownership, position, contract, or otherwise. In addition, "**controlling**" means the possession – direct or indirect – of the power to direct, or cause the direction of, the management and policies of an entity, whether through the means of ownership, position, contract, or otherwise. These definitions do not include the relationship of syndicator or limited partner.

- Organizations acting as users, general partners, or developers are limited to a maximum of \$1,500,000 in annual Housing Credits based on the determination made by KHC in the capacity of Development Team review.

An "**organization**," to which this cap applies, is defined as the actual entity indicated in the application and any parent organization or affiliate of such entity (see the preceding paragraph for definitions of affiliate and other applicable terms). This restriction includes any applications in which such organization is indicated as a general partner or developer. If a developer enters any additional projects after reservation agreements are issued, these will count against their cap for the following year. Full disclosure of relationships between all Development Team members must be included in the application.

At the time of reservation and allocation, each general partner and developer must execute a certification that their participation in Housing Credit projects is limited to the maximum credit cap amounts. **If an entity does not fully disclose all participation, then such entity may be suspended from participating in the Housing Credit program for one year from the date of discovery by KHC, as noted in KHC's suspension and debarment policy.**

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KHC reserves the right to determine to which entities the maximum credit cap may apply. Any such determinations shall apply only to the applications received in the current funding round and shall not be bound or limited by any determinations made by KHC for any previous year. The annual credit amount for each project will be applied to each general partner, developer, guarantor, or consultant (earning 25 percent of the developer fee or more) regardless of ownership interest. Thus, a 51 percent general partner will have the entire project credit amount applied toward its cap, rather than 51 percent of the credit amount. **However, Tax-Exempt Bond projects are not restricted to this cap.**

Project Funding Stages

All applications for resources administered by the KHC Multifamily Programs department will proceed in the following stages. These stages, along with documentation requirements, are discussed in greater detail throughout this manual.

1. Initial Contact/Technical Assistance
2. Development Team Capacity Application Stage
3. Application Submission and Scoring Review Stage
4. Technical Submission Stage
5. Pre-Construction/Pre-Closing Stage
6. Closing and Construction Stage
7. Construction Completion/Placed-In-Service Stage
8. Land Use Restriction Agreement and 8609 Stage

1. Initial Contact/Technical Assistance (TA)

To submit an application, a member of the development team must have developed, operated, and completed a project that is now in the affordability stage with compliance and has developed at least four rental units with KHC. However, if no member of the development team meets this qualification, then a member **must** request application technical assistance (TA). **Applicants must have completed a technical assistance meeting before requesting access to the Universal Funding Application (UFA) system.** If more than three years has elapsed since its last KHC-funded multifamily project, the applicant/developer is strongly encouraged to attend a TA meeting. KHC may require a TA meeting prior to application submission for any developer. Developers new to KHC who are resubmitting an unsuccessful application from a previous funding round must contact KHC to determine if a TA meeting is required.

A representative of the development entity, as well as the person on the development team who is responsible for the preparation and submission of the application and consultant (if applicable) must attend the TA meeting. Because KHC's design and construction requirements will be discussed at the meeting, it is highly recommended that the architect also attends.

To schedule a TA meeting, a written request must be submitted to multifamily@kyhousing.org, including a brief description of the potential project. **All TA meetings must occur no less than 60 days prior to the application submission deadline.** *NOTE: Requesting or attending technical assistance training does not guarantee the project will be awarded funds.*

2. Development Team Capacity Application Stage

KHC will conduct a review of the experience and capacity of development team members prior to making the UFA system available. The result of the [development team capacity review](#) will determine whether an organization may participate in the upcoming program year and/or if any scoring issues may be present. Parties participating in the project must resolve outstanding fees or other payments due to KHC prior to KHC issuing a capacity approval.

In determining whether to approve the Development Team Capacity Application, KHC will consider all issues relevant to the development team member's ability to successfully develop or manage the project or to properly expend KHC resources.

KHC may solicit feedback from other states where the applicant or other members of the development team developed or managed projects, as well as confirming through the System for Award Management website at www.sam.gov that no member of the development team has been debarred or suspended from doing business with the federal government.

3. Application Submission and Scoring Review Stage

KHC will score applications in accordance with the applicable scoring workbook based on the information contained within the application and the submitted attachments, including the underwriting model. Refer to [Chapter 3: Application Process, Review, and Requirements](#) for more information.

4. Technical Submission Stage

Once an applicant receives a preliminary approval letter from KHC, the project will then enter the [technical submission stage](#) and additional evidentiary documentation must be submitted. The required technical submission documents are grouped into categories which may be uploaded independent of each other.

5. Pre-Construction and Pre-Closing Stage

When the technical submission stage is complete, all documents have been reviewed and approved, and final underwriting is complete, the project is ready to proceed to the [pre-construction and pre-closing stages](#). There are two separate checklists of items that must be received and approved prior to the loan/equity closing and start of construction; the items on these two checklists may be uploaded independent of each other. A pre-construction conference will be required to discuss the inspection and draw request process. The developer should include their assigned KHC project representative or specialist when regularly-scheduled closing conference calls begin to occur between the owner, equity investor, and other partners in the project so that KHC can stay abreast of the project status as it moves toward the closing date.

6. Closing and Construction Stage

Once the project has had its applicable loan and equity closings and all required pre-construction and pre-closing items have been submitted and approved, the project will be transferred from the project specialist to KHC's post-closing staff. During the [closing and construction stage](#), all executed closing documents will be submitted to and reviewed by KHC's Legal Department for accuracy and completeness. Post-closing staff will oversee the project throughout the construction phase, monitor construction inspections, and process draw requests for KHC funds.

7. Construction Completion/Placed-In-Service Stage

Upon completion of the project's construction or rehabilitation and issuance of the certificate(s) of occupancy, the project will be in the construction completion/placed-in-service stage. At that time, additional completion documents must be submitted to KHC and a final inspection will be conducted. Upon KHC's approval of the documents required on the construction completion/placed-in-service checklist, as well as the final inspection and resolution of any punch list items, the final 10 percent retainage of KHC funds may be requested.

8. Land Use Restriction Agreement and 8609 Stage

Once the construction of a Housing Credit project has been completed and all the Construction Completion/Placed-In-Service documentation has been received and approved, Housing Credit projects may request the Land Use Restriction Agreement (LURA) – or extended use agreement – and the IRS Form(s) 8609 for the project. The LURA and 8609 documentation must be submitted to KHC no later than 6 months from the project's completion date, as evidenced by a certificate of occupancy or an architect's certification of substantial completion.

Administrative Waivers

Applicants seeking a waiver to any KHC policy or requirement must submit a waiver request and pay a fee. A separate waiver must be submitted for each KHC policy or requirement for which a waiver is being requested – two or more waivers may not be combined into a single waiver request form. Waivers requested prior to application submission must utilize the Waiver Request Form. Any waivers requested after application submission must be submitted via the UFA system. **Multiple waiver requests for the same project or by the same developer for multiple projects may be considered a capacity violation and affect scoring in future funding rounds.**

CHAPTER 1: Project Timeline and Fees

All projects are held to the timeline outlined below. All times noted are Eastern time zone. If the timeline dates are not met, the applicant will incur penalties or lose the funding associated with the project.

Project Timeline

Development Team Capacity Application

Applicants must submit the Development Team Capacity Application in the same calendar year as the funding application but not less than **60 days** prior to the funding application submission deadline, or 60 days prior to preapplication submission for Tax-Exempt Bond projects. Previously-approved development team members are not required to complete the Development Team Capacity Application during the applicable approval period.

Application Submission

The dates for the Universal Funding Application (UFA) for 9% Housing Credit applications are as follows:

- **Opens: Friday, May 17, 2019**
- **Closes: Thursday, August 15, 2019, 12 noon, ET (submission deadline)**

Technical Submission

Technical submission items are due approximately **90 days** from the date of the preliminary approval letter – the actual date will be noted in the letter. Please note: firm commitments as noted in [Chapter 5: Technical Submission](#), must be submitted by the technical submission deadline given in the preliminary approval letter. No extensions will be granted for submission of firm commitments for non-KHC resources.

Carryover Submission

Carryover documentation for Housing Credit projects must be submitted no later than the Thursday before Thanksgiving each year. Late submissions will incur a one-time fee of \$1,000.

Project Closing

Applicants have **one year** from the date of KHC's preliminary approval letter to close with their equity investor and on all KHC loans associated with the project. If the project does not close by this date, KHC's preliminary award to the project shall expire and be null and void and of no further force and effect.

Project Fees

All fees outlined below are non-refundable, whether in whole or in part. All fee payments must be submitted electronically via the UFA system. For fees that represent a percentage of the Housing Credit allocation, the fee amount should be rounded to the nearest whole dollar, using standard rounding rules.

Development Team Capacity Application Fee

The development team capacity application fee must be submitted for each entity on the development team for which approval is being requested (owner, developer, co-developer, management company, consultant). Each member must complete a separate development team capacity application and pay the applicable fee as outlined below:

- \$250 per each nonprofit entity
- \$1,000 per each for-profit entity

Application Fee

- \$2,500 per pool for nonprofit applicants (Housing Credit only)
- \$3,500 per pool for all for-profit applicants (Housing Credit only)
- \$3,500 per property for Tax-Exempt Bond projects. Portfolio projects must pay an application fee for each property.
- \$250 for non-credit project submissions from nonprofit developers
- \$500 for non-credit project submissions from for-profit developers

The application fee is charged for each project submitted. If applying for two different Housing Credit pools with the same application, two fees will be required. Application fees will not be returned for incomplete applications or applications that do not meet minimum threshold.

Initial Inspection Fee

Projects proposing the rehabilitation of existing rental housing, whether in the New Supply or the Existing Supply pools, must pay an initial inspection fee of \$250 per property for non-credit projects, and \$1,000 per property for Housing Credit projects. A KHC construction analyst will conduct an initial inspection of the property to determine if the level of rehabilitation proposed is required or sufficient to keep the property viable.

Market Analysis Review Fee

A market analysis review fee of \$1,000 must accompany each Housing Credit application. If applying in more than one pool with the same application, only one market analysis review fee is required. Portfolio transactions will require a separate market study and market analysis review fee for each property.

Housing Credit Reservation Fee

A reservation fee of 9 percent of the amount of Housing Credit reserved for a project is due to KHC within two weeks from the date of the preliminary award letter. Failure to pay the reservation fee within this time frame will result in the Housing Credit award being recaptured. **No extensions will be granted for the reservation fee.**

SMAL Origination Fee

An origination fee of 1 percent of the mortgage amount will be charged and is due at the loan closing.

Technical Submission Extension Fee

Projects may request a maximum of three, 30-day extensions. The first extension fee is \$500, the second extension fee is \$1,000, and the third extension fee is \$2,000. There is no fee for projects only receiving HOME funding (no other KHC resources). Extension fees must be paid prior to the expiration of the deadline. **All requested extensions may be considered in the Capacity/Performance Scorecard for future funding applications to KHC.**

Closing Extension Fee

KHC may consider a request for a 30-day extension to the closing deadline, and if approved, an extension fee shall be payable to KHC on or before the expiration of the current conditional award. **All requested extensions may be considered in the Capacity/Performance Scorecard for future funding applications to KHC.**

- Housing Credit Projects (4% and 9%): The closing extension fee will be 1 percent of the preliminary credit award. The extension fee doubles for each additional extension request (2 percent for the second request, 4 percent for the third request, etc.). This includes Tax-Exempt Bond projects.
- Non-Credit Projects: The closing extension fee is \$500 per extension.
- HOME-Only Projects: For projects only receiving HOME funding (no other KHC resources), an extension fee is not charged due to HOME regulations.

Early Closing Fee

Any applicant who proceeds with the closing of any property acquisition, loan, and/or equity prior to KHC issuing its final underwriting approval and issuance of the final credit reservation letter (if applicable) must pay an Early Closing Fee of \$7,500 *in addition* to any other fees applicable to and associated with such closing and will be subject to a capacity score reduction for future funding rounds.

Early Start Fee

Applicants who request and receive approval from KHC to begin construction activities prior to receiving a Notice to Proceed from KHC must pay an Early Start Fee of \$5,000. Please refer to KHC's [Early Start of Construction policy](#).

Unauthorized Early Start Fee

Applicants who begin any construction activities prior to receiving a Notice to Proceed or a signed Early Start authorization letter from KHC must pay an Unauthorized Early Start Fee of \$7,500. Starting construction prior to receiving authorization from KHC will also result in a capacity violation for future funding rounds.

Construction Inspection Fee

KHC will charge a one-time one and one quarter percent (1.25%) construction inspection fee for all Housing Credit projects. The fee will be based on the credit allocation amount awarded to a project. This fee is due and payable before the start of any construction activities and must be incorporated into the project budget.

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Re-inspection Fee

KHC will charge a re-inspection fee of \$500 under the following circumstances:

- Units for which a KHC inspector must perform more than one final inspection due to the project not being 100% complete.
- Failure to have work ready for inspection at the scheduled site visit appointment time.
- Failure by the Development Team to provide a representative on the project site during the inspection.
- Unsuccessful attempts due to the Development Team not coordinating the inspection with tenants, or other involved parties, which renders the unit inaccessible for inspection.
- A hazard exists at the project site which endangers the welfare of the inspector. Examples: bed bug infestation, poisonous snake infestation, uncontrolled animals, etc.

KHC will not charge a re-inspection fee if the owner provides the KHC construction analyst a minimum 48-hour written cancellation or reschedule notice, or for follow up inspections to verify correction of deficiencies observed during any previous interim inspection.

All re-inspection fees must be paid prior to KHC signing future draw requests or issuance of the IRS Form(s) 8609.

Administrative Waiver Fee

KHC will charge a \$500 fee for each waiver requested to any policy or requirement contained in the QAP or the Multifamily Guidelines. The fee is due at the time the waiver is requested; no waiver will be considered until the waiver fee has been received by KHC.

Changes to Project Design Fee

Owners must notify KHC in writing in advance of making changes to the project design during development (e.g., site plan or location, pledged amenities, revisions to scope of work or materials, number of affordable units, substitution of one pledged amenity for another, etc.). **KHC will charge \$500 for each change request.** There will be no fee for non-Housing Credit projects; however, KHC still requires written notification of such changes.

Credit Exchange (Swap) Fee

Applicants exchanging an allocation of credit must pay a \$6,000 fee in addition to a new reservation fee as identified in the QAP for the year of the exchange.

Carryover Extension Fee

Owners who do not submit the required carryover documentation by the deadline as outlined in the Housing Credit Carryover section must pay a one-time fee of \$1,000.

Late Submission of 8609 Application Fee

Owners who do not submit the 8609 application and all required attachments within 6 months of project completion must pay a one-time fee of \$1,000. The completion date is evidenced by a certificate of occupancy or an architect's certificate of substantial completion (if rehabilitation).

Reissuance of 8609 Fee

Owners must pay \$1,000 for each instance of correcting and reissuing an IRS Form 8609 (unless made necessary due to KHC error). The 8609(s) will not be reissued until the fee is paid.

Compliance Annual Report/Monitoring Fee

An annual fee will be assessed for KHC's compliance monitoring. Applicable fees must be submitted with the compliance monitoring annual report. The annual fee for projects to be examined by KHC is determined by KHC's Compliance Department and the [fee schedule](#) is on KHC's Asset Management web page. A late filing fee will be assessed as specified in the fee schedule. Compliance monitoring fees are subject to periodic adjustment and will apply to all projects participating in the Housing Credit program. KHC may implement a compliance monitoring fee on other KHC-financed projects as program regulations allow.

Tax-Exempt Bond Fees

In addition to the fees outlined above, Tax-Exempt Bond projects are also subject to the following fees:

- Pre-Application Fee: \$1,000 per project.
- Credit Allocation Fee: 9% of the requested 4% credit allocation. Owners will pay additional fees if the amount of 4% Housing Credit increases prior to issuance of Form(s) 8609. The credit allocation fee is due at closing of the partnership.
- Issuer Fees: Fee shall be based on the initial inducement amount at \$2.50/\$1,000 of bond principal amount or quarter point for all bond issues rated "A" or better (private placement or publicly offered) and \$5.00/\$1,000 of bond principal amount or half point for unrated private placement of bonds. Half of the initial issuer's fee is due within two weeks of inducement resolution, with the remaining balance due at the bond closing. **No extensions will be granted for the issuer fees.**
- Annual Issuer Fees: \$1.25/\$1,000 face value of outstanding bonds or an eighth point (covers annual compliance and financial reviews). The first year's Annual Issuer Fee based on the full bond amount shall be due and payable at the bond closing with annual payments thereafter as long as bonds are outstanding.
- Issuer's Counsel: \$1.00 per \$1,000 of principal amount of bonds, with a minimum of \$12,500 (one-time fee paid at closing).
- KHC Administrative Fee: \$5,000 one-time fee. The administrative fee is due at closing; however, in the event the project fails to close, this fee will remain due.
- Reinducement Fee: If a project must be reinduced, a fee of \$1,000 per project will be charged.
- Inducement Extension Fee: \$500 for the first inducement extension; \$1,000 for each subsequent extension.

Risk-Sharing Fees

An application fee of \$3,000 for each Risk-Sharing project is due to KHC within **two weeks** from the date of the preliminary approval of funding, along with the 9% Housing Credit reservation fee. This fee is in addition to the standard application fees outlined above. At the time of loan closing, the following fees are due:

- Commitment fee of 3 percent of the loan amount.
- Upfront mortgage insurance premium (MIP) equal to 0.5 percent of the loan amount will be due at the closing of the permanent mortgage. There is also a monthly MIP of 0.5 percent.
- Closing fee of \$5,000. The title policy cost is not included in the closing fee.
- Custodian fee of \$6,500, which includes the first year annual fee of \$2,250, acceptance fee of \$2,250, and outside counsel opinion fee of \$2,000.
- Mortgage reserve deposit equal to the first two (2) full loan payments.
- Interest reserve subaccount deposit equal to the first full month's interest payment based on KHC's current interest rate.

Recovery Kentucky Fees

Recovery Kentucky projects will be charged an annual project oversight administrative fee by KHC.

- The annual fee is \$14,000 for projects with KHC-administered vouchers
- The annual fee is \$7,500 for projects with non-KHC administered vouchers

Modifications to Legal Documents

If modifications are necessary to a project's KHC legal documents at any time after loan and/or equity closing and for any reason other than an error by KHC, the following fee structure will apply:

- First modification occurrence: \$1,000 fee
- Second modification occurrence: \$2,000 fee
- All subsequent modifications: \$4,000 fee each occurrence

For projects only receiving HOME funding (no other KHC resources), no modification fees will be charged due to HOME regulations; however, modifications to KHC legal documents may be considered in future capacity scoring on all projects.

CHAPTER 2: Development Team Capacity Application

KHC will conduct a capacity review on all development team members (owner, developer, co-developer, consultant, and management company) prior to the submission of an application for funding. Each member of the development team must complete the Development Team Capacity Application within the [Universal Funding Application \(UFA\)](#). Approved development team members will receive a certification of their approval to participate in KHC-assisted multifamily projects, which will be valid for one to four years, at KHC's discretion. Any changes to approved development team members, including officers, management, or key staff members with whom KHC has direct contact, must be disclosed in writing to KHC at the time the change occurs. At KHC's discretion, the capacity approval may be modified or rescinded based upon its assessment of the significance of the change(s).

Development Team Capacity Application Timeframe

The capacity application is not tied to a specific funding application; however, the capacity application must be completed in the same calendar year as the funding application. Development team members previously provided with an approved capacity certification are not required to complete the Development Team Capacity Application; however, a copy of the approval certification for each member must be uploaded with the UFA. Any development team member who has not received a capacity approval letter must complete the Development Team Capacity Application, which must be submitted to KHC no later than **60 days** prior to the funding application submission due date. **KHC reserves the right to require a capacity review of any development team member at any time.**

Eligible Applicants

To submit an application, a member of the development team must have either:

- Developed, operated, and completed a project that is now in the affordability stage with compliance and has developed at least four (4) rental units with KHC; or
- **Attended a technical assistance meeting with KHC.**

KHC limits new applicant/developers or applicant/developers new to Kentucky to one funded project for the current funding cycle. Unless otherwise approved by KHC, new applicant/developers will be limited to one outstanding award until the initial awarded project has achieved 100 percent construction completion and IRS Form(s) 8609 have been issued before a subsequent application may be submitted. Applicant/developers who have previous experience with KHC's Housing Credit program are restricted only by the Housing Credit cap. For an applicant/developer to be considered experienced with KHC, they must have constructed and placed in service a KHC multifamily property within the past 5 years.

Suspended/Debarred Parties

Any parties suspended or debarred pursuant to KHC's [suspension and debarment policy](#) shall be ineligible to participate in any project that receives KHC resources. If an entity is determined to be ineligible to participate in a KHC-assisted project, any related-party entity will also be ineligible.

Organizational and Credit Review Documents

All members of the development team must submit the following documentation based on its organizational structure. Development team members acting solely in the role of consultant are only required to submit organizational documents; credit review documents are not required.

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Corporation:

Organizational Documents

- Articles of Incorporation, and any amendments
- Bylaws, and any amendments
- Kentucky Secretary of State Certificate of Existence
- Corporation's Tax Identification Number

Credit Review Documents

- Current Financial Statements – 2 years' Balance Sheet, Profit & Loss and Cash Flow Statements
- Business Credit Report Authorization
- Most recent one-year business tax return

Nonprofit Corporation:

Organizational Documents

- Articles of Incorporation, and any amendments
- Bylaws, and any amendments
- Kentucky Secretary of State Certificate of Existence
- IRS 501(c)(3) status letter (must be the final status determination letter, if one has been issued)
- A current listing of the Board of Directors and their current occupations.

Credit Review Documents

- Current financial statements – 2 years' Balance Sheet, Profit & Loss and Cash Flow Statements
- Business Credit Report Authorization
- Most recent IRS Form 990

Limited Liability Company:

Organizational Documents

- Operating Agreement, and any amendments
- Articles of Organization, and any amendments
- Manager Managed or Member Managed (indicate where in Articles or attach)
- Kentucky Secretary of State Certificate of Existence
- LLC's Tax Identification Number

Credit Review Documents

- Current Financial Statements – 2 years' Balance Sheet, Profit/Loss & Cash Flow Statements
- Business Credit Report Authorization
- Most recent one-year business tax return

Note: A new LLC will require individual members' financial reports and credit reports

Government Entity:

Organizational Documents

- Resolution from Appointing Authority
- Bylaws, and any amendments

Credit Review Documents

- Current financial statements – 2 years' Balance Sheet, Profit & Loss and Cash Flow Statements

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Partnership:

Organizational Documents

- Partnership Agreement (General and/or Limited) and any amendments (need Certificate of Limited Partnership for LPs)
- Kentucky Secretary of State Certificate of Existence
- Partnership's Tax Identification Number

Credit Review Documents

- Current credit report(s) for general partner(s) reflecting recent transactions
- Current financial statements (2 years' Balance Sheet, Profit & Loss and Cash Flow Statements)
- Business Credit Report Authorization
- Personal Credit Report Authorization

Note: A new Partnership will require individual partners' financials and credit reports

Foreign Entity: In addition to the above, all foreign entities must provide copies of their qualification to do business in the Commonwealth of Kentucky.

Development Team Capacity Application Attachments

All required KHC-provided forms are located on KHC's website, www.kyhousing.org. It is the applicant's responsibility to identify and utilize all KHC-provided forms, which are marked with an asterisk*. The following items must be uploaded with the online application for KHC to complete the capacity and credit review:

1. Organizational Documents

All members of the development team must submit the organizational documents outlined above based on their respective organizational structure. Newly-formed general partner entities and guarantors are required to provide this information at the application stage. Nonprofit organizations participating in the development, ownership or management of the project must also provide a copy of their final IRS 501(c)(3) determination letter.

2. Credit Review Documents

All members of the development team, except members acting solely in the role of consultant, must submit the credit review documents outlined above based on their respective organizational structure. Newly-formed general partner entities and guarantors must provide this information at the application stage.

KHC will order a business credit report on development team members as applicable. The credit documentation is reviewed to demonstrate creditworthiness. Other than for cash pledged or guarantees provided, the review is to find a track record that the proposed development team member has a history of managing finances in an efficient manner and is an acceptable risk to KHC to develop and manage a project. KHC may request additional financial information as needed. KHC may perform a subsequent credit review of the developer when a funding application requesting a KHC loan is submitted.

All business financial statements must be compilation statements or audited financial statements prepared in accordance with Generally Accepted Accounting Principles (GAAP). If submitting compilation statements, there must be a certification contained with the statements certifying that they meet the requirements for a compilation statement.

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3. Spreadsheet Summary of All Projects Under Construction

Developers must submit a spreadsheet summary of all projects under construction in any state (in any stage of completion), including their status and expected completion date.

4. Development Team Resumés and Organizational Chart(s)

Each member of the development team must submit a full organizational chart, staff roster, and resumés of principal officers/members within the organization, focusing on their affordable housing development experience. Newly-formed general partner entities are required to provide this information at the application stage.

5. Out-of-State Experience Certification (Developers and Management Companies)*

All applicants/developers and management companies must submit a copy of the Housing Finance Agency (HFA) review for projects financed with HFA resources in other states. There is a separate form for developers and management companies. KHC may contact a state HFA directly to obtain additional information, as well as request additional information from a developer or management company regarding their activities in another state.

CHAPTER 3: Application Process, Review, and Requirements

KHC offers a competitive application for Housing Credit, AHTF, HOME, NHTF, SMAL, and Risk-Sharing funds. KHC will fully review and score only those applications for which the self-scores and any applicable tie-breaker criteria indicate the projects are likely to be awarded. Applications will be reviewed in accordance with required thresholds, capacity of the development team, project design, and financial feasibility, as well as adherence to the multifamily guidelines. Any issues that could delay the project must be resolved before submitting an application.

It is the applicant's responsibility to submit all required documentation to adequately support its application. Any material deficiency in the application or omission from the mandatory submissions, not cured pursuant hereto, will result in an immediate rejection of the application. In addition, the application must meet all eligibility requirements set forth in the Code. KHC may reject or return any application at any time during the allocation process. Applicant's failure to: i) provide complete and/or accurate information during the application process; ii) pay compliance fees; iii) adhere to project attributes pledged on the original application; or, iv) resolve any outstanding issues with any other KHC programs may impact scoring or result in the rejection of the application and being barred from further participation in KHC programs. Failure to follow all required procedures throughout the allocation process could jeopardize the final allocation or result in Housing Credit or other KHC resources being recaptured.

Throughout the period beginning with the date of application submission and the date upon which KHC publicly announces the awarded projects, applicants must immediately notify KHC of any material change to a project and/or any issue(s) that may affect the applicant's willingness to proceed with such project. Failure to notify KHC in a timely manner of any such changes and/or issues, may result in the denial of the application, a three-year reduction in capacity scoring of all parties involved, and/or any other penalties KHC deems appropriate.

Guarantors

KHC may require a guarantor for projects allocated KHC resources (excluding Housing Credit only projects). The guarantor may be any entity or individual, other than the borrower (if the borrower is a single asset entity) and general partner(s)/managing member of the ownership entity, which has adequate financial resources and capacity to accept liability for completion of the project or repayment of all KHC resources in the event of default or termination of the project. Guarantees to KHC must be effective for the life of the loan. Guarantors must submit the documentation identified in the capacity and credit review attachment checklist in Chapter 2 at full application submission.

If the applicant is applying for funds that require a guarantee, the appropriate financial documents will be reviewed to confirm the ability to guarantee the level of funding requested. If funds are being pledged to the project, bank statements must be provided to verify adequate funds are currently available.

Application Preparation

The application is created and submitted through KHC's online [Universal Funding Application \(UFA\)](#) system. Step-by-step instructions for completing the application can be found in the Frequently Asked Questions (FAQ) tab in the UFA. A complete application must be transmitted to KHC. KHC will send an email notification to the applicant once the application has been transmitted successfully.

Applicants must consider the following:

- All questions within the UFA that are applicable to the project type and resources requested must be fully answered. It is not acceptable to simply reference another document or another section of the application to obtain the answer.
- Applicants must list within their application the project amenities that will be included in the project to enhance the tenant's accommodations and increase the marketability of the project. All amenities provided must be appropriate for the tenant population served.
- Applications must be submitted in the current application version for the type of KHC resources requested.
- Current versions of all application attachments must be uploaded to KHC's online system as part of the application submittal. **The quality of the uploaded documents must be clearly legible.**
- Each application must be for an eligible project type and propose an eligible activity.
- All applicants must request all KHC funds required for the project in one application. Previously-funded projects cannot access additional funds, including Housing Credits, through the competitive application process.
- Only one application and one underwriting model will be accepted per project. Applicants cannot present different scenarios of a project's development budget in the same application submission. However, Housing Credit applicants may apply in up to two (2) pools within the same application. An application fee is required for each pool if applying in more than one pool.
- Applicants requesting HOME, NHTF, or Risk-Sharing funds must also submit to the Kentucky State Clearinghouse through the Department for Local Government's online system at https://kydlgweb.ky.gov/eClearinghouse/16_echHome.cfm. Successful submission to the Clearinghouse system will generate a confirmation that includes the State Application Identification (SAI) number. A copy of this confirmation is a required checklist attachment for the KHC application.
- New construction and rehabilitation projects must meet the requirements of the latest edition of the Kentucky Building and/or Residential Code. The developer and/or builder must comply with local zoning, rules, regulations, ordinances, Universal Design and Minimum Design Standards as adopted by KHC, Housing Quality Standards (HQS) and all applicable federal rules and regulations, including the Fair Housing Act.

Uploading Documents:

Applicants must upload all required application documentation through the UFA portal by **12 noon ET on Thursday, August 15, 2019**. Physical copies of documents on an external flash drive are not necessary unless the documents cannot be uploaded due to the file size being greater than 150 megabytes. Any flash drive containing documents that cannot be uploaded must be identified with the project name and developer name. The flash drive must be received by **5 p.m. ET on Friday, August 16, 2019** at:

**Kentucky Housing Corporation
Multifamily Programs Department
1231 Louisville Road, Frankfort, KY 40601**

Documents that will be shared among multiple funding applications (e.g., financial statements, organizational documents, etc.) can be stored in the Document Repository. Documents held in the Repository can be attached to any application by a team member.

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- Naming the document files:
 - Name the file exactly as it appears on the checklist; e.g., "1. Nonprofit Application Fee.pdf". If you wish to add the name of the project to the file name, please add it at the end of the file name.
- Uploading document files:
 - Each required checklist item must have a document uploaded, except for those documents that are not applicable to the project. For non-applicable documents, you may click the "N/A" button.
 - All documents must be clearly and easily legible.
 - If you upload multiple versions of the same checklist item, be sure to delete all of them except for the most current version. Otherwise, multiple copies will upload and KHC will be unable to determine the most current version.
 - Developers submitting multiple applications are only required to submit one copy of their financial information; however, the developer must clearly identify within each application that the financials have been submitted.
 - The maximum file size for attachments is 150 megabytes. If an attachment exceeds 150 megabytes, it may be provided solely on the flash drive; however, a statement must be uploaded to the UFA system indicating the attachment is located on the flash drive.
 - Examples of attachments that may exceed the file size limit are building plans, specifications, PCNA, appraisals, market studies, and environmental reviews.
 - **Each document, including building plans, must have all pages contained in a single file per document type.** For example, all pages of the plans must be in one document, all pages of the PCNA must be in one document, etc.
 - **Please do not break large documents into several smaller files for the purposes of uploading to the online portal.**
- Cover sheets are not necessary; please do not upload cover sheets with your documents.
- Underwriting Model (UM) – be sure that you complete and upload the most current UM version and submit in Excel format.
- After all checklist items have been uploaded and the application has been submitted, the user will receive an email that the items have been successfully uploaded and received.
- To mitigate any potential problems with uploading documents due to system overload or other technical issues, it is recommended that you do not wait until the last day to upload the application attachments.
- For additional assistance with the online application, please contact KHC's Terry Helton at thelton@kyhousing.org, 502-564-7630 extension 253, or Diane Beidleman at dbeidleman@kyhousing.org, extension 368.

The online application will close at 12 noon, ET, on Thursday, August 15, 2019. Time is of the essence for application submission, and applicants are encouraged to not wait until the last few minutes to upload documents or to submit their application. KHC's systems experience a high volume of activity as the application due date and time nears, which may cause for slower submission times.

For the application to be complete, all required documentation must be provided; otherwise, the application will fail threshold requirements.

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Application Thresholds

KHC has established the following project requirements that must be met as a threshold to submit an application for funding. If any of the threshold requirements are not met, the application will not be reviewed or scored and will not be eligible for funding. KHC will notify the applicant if one or more of the thresholds are not met and the applicant will have three (3) days to appeal; however, no changes or additions to the original submission can be made to cure threshold deficiencies.

Thresholds for All Projects

Capacity/Performance Scorecard and Capacity & Credit Review

Applicant and development team must pass KHC's Capacity/Performance Scorecard Review and Capacity & Credit Review processes.

Complete Application

The project must meet all application and checklist attachment requirements in accordance with the QAP and Multifamily Guidelines. The application must be fully completed with thorough responses to all questions that are applicable to the project type and KHC resources requested. Current versions of all required attachments must be uploaded to KHC's Universal Funding Application and all attachments must be clearly legible.

No Single Family Homes

Single-family detached homes are not eligible. This does not include attached townhomes, duplexes, triplexes, or other attached dwellings.

Compliance with IRS Code, QAP and Multifamily Guidelines

All applications must be consistent with the IRS Code Section 42, and KHC's QAP and Multifamily Guidelines, whether or not the specific provision is identified elsewhere as a threshold. If a waiver to any QAP or Guidelines provision has been secured in advance, the approved waiver must also be uploaded with the application.

Notification of Public Officials

No less than thirty (30) days prior to the application submission deadline, all applicants must send, by certified mail or equivalent, with return receipt requested, the Notification of Application for Funding form to the local mayor/county judge executive or other applicable chief executive officer, Kentucky state representative, and Kentucky state senator of the community where the project will be located. A searchable database of Kentucky state legislators is available on the [Kentucky Legislative Research Commission's website](#).

Required Documents:

A copy of the completed Notification of Application for Funding form sent via an acceptable delivery method, as described above, to the mayor/county judge executive/other applicable chief executive officer, state representative, and state senator (or their designees) must be uploaded with the application documents. In addition, **signed proof of receipt dated no less than 30 days prior** to application submission must be uploaded with the application documents. **Methods of delivery other than those requiring a signed receipt will not be accepted.**

Fair Housing

Applicants must identify within the UFA how the project will address at least one impediment to fair housing as identified in KHC's Analysis of Impediments to Fair Housing (AI).

Sufficient Market and Minimal Impact on KHC Portfolio

When multiple projects are awarded in one jurisdiction, KHC may require an update of any of the projects' market studies to recognize and consider the other project(s) funded in that jurisdiction and any impact on the market's need for the units proposed. See *KHC's Market Study Guidelines*.

Qualified Contract

Applicants must agree to forego the option of requesting to utilize the qualified contract process in perpetuity.

Compliant Underwriting Model (UM)

The UM, as submitted with the application, must comply with the QAP provisions (if requesting Housing Credits) and Multifamily Guidelines. The UM must meet KHC's cash flow and debt service ratio requirements, the Sources and Uses must balance with no funding gaps, and all applicable hard and soft costs must be itemized regardless of how the cost is paid. The amounts budgeted for developer fee, general requirements, profit, and overhead must not exceed KHC's maximum limits. After its analysis, KHC must approve the UM and all associated attachments for the project to be scored.

Firm Non-KHC Funding Commitments

Applicants must submit a firm commitment letter from **all outside funding sources identified in the KHC application and underwriting model**, with the exception of deferred developer fee. All letters must:

- Be specific as to the project seeking KHC funding;
- Identify the amount and terms of funding, including rate (actual and effective rate, if applicable). If the letter references Prime Rate, the letter must identify the Prime Rate in effect as of the date of the letter;
- Be on the funding source's letterhead;
- Be signed by the funding provider;
- Be dated within the 3 months preceding the KHC application submission date; and
- Identify the expiration of the commitment, if applicable.

Other non-KHC funds may include, but are not limited to, private bank loans, developer or GP contributions, reserve transfers, assumed debt (such as HUD or RD), Federal Home Loan Bank (FHLB), HUD Choice Neighborhoods, HOME or CDBG funds from a local government, donations of land, cash, materials, goods or services, waived fees/taxes, etc.

KHC may make exceptions to the firm commitment requirement for funds proposed from FHLB, Rural Development (RD), CDBG, HOME, and other HUD loans provided a letter of conditional commitment or intent to fund is submitted on the funding agency's letterhead. KHC may also make exceptions to the firm commitment requirement may be made for other funds provided by local, state or federal jurisdictions, if the developer submits evidence of an application for these funds and a written guarantee from the developer that if the funds are not awarded, the developer will contribute the amount of funds for which it applied and evidence its financial ability to do so.

Firm Equity Commitment

Equity commitments must be specific to the project seeking Housing Credits from KHC and must:

- Contain the specific terms, including:
 - Credit pricing;
 - Amount of annual credit anticipated;
 - Total equity investment;
 - Pay-in schedule;
 - Equity investor's required amounts for replacement reserve, operating deficit reserve, and any other reserve accounts required by the investor; and,
 - Amounts of required fees and whether they are guaranteed or subject to cash flow, etc.
 - Income elections, including the income averaging option if elected by the owner
- Be on the equity provider's letterhead;
- Identify the project name; and,
- Be signed and dated within 3 months of the KHC application submission due date.

Projects utilizing Federal and/or State Historic Tax Credits must provide a letter of intent from an investor to purchase the credits. If the letter is for both Federal and State Historic Credits and/or Housing Credits, **the letter must identify each credit separately, along with the applicable pricing and equity investment for each.** For State Historic Tax Credits, if the owner plans to retain the State Historic Credit themselves, a statement must be provided to this effect.

Zoning

The project site(s) must be properly zoned. If no zoning exists, the applicant must submit an evidentiary letter from the governing entity.

Flood Issues

For new construction, all portions of the project site(s) essential to the use of tenants (i.e. buildings, parking lots, entrance to the development, recreational areas, etc.) must not be in a floodplain. If any portion of the project site is located in a floodplain, flood insurance (as described below) is required on the property. To avoid the flood insurance requirement, the project site may be divided and a new plat or deed recorded to remove the portion of the property in the floodplain from the project site.

For rehabilitation of currently occupied rental housing where any portion of the property is located in a floodplain, the property must have federal flood insurance. If a portion of the project that is not essential to the tenants is located in the floodplain, then in order to avoid the flood insurance requirement, the project site may be divided and a new plat or deed recorded to remove the portion of the property in the floodplain from the project site. **Rehabilitation of vacant structures in a floodplain is not eligible.**

Flood insurance means insurance through the National Flood Insurance Program (NFIP). Projects not located in an NFIP area are ineligible. KHC requires an amount of at least the total KHC funds invested in the project, if KHC is in first lien position. If KHC is not in first lien position, then KHC requires an amount equal to the full replacement value of the property. KHC must be named as an insured on the policy.

Capital Needs

All Housing Credit applicants for new construction/new supply, preservation/existing supply, or adaptive reuse projects must submit KHC's Excel spreadsheet "Capital Reserve Replacement Schedule" (CRRS)

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from a qualified preparer. All preservation/existing supply and adaptive reuse projects, regardless of funding source, must also submit a physical capital needs assessment (PCNA) from a qualified preparer. The PCNA must incorporate or be consistent with the CRRS and be completed by a qualified preparer.

Persons qualified to complete the CRRS are:

- The project's architect
- Any firm/person that would meet KHC's qualification requirements for a PCNA

Building Plans

Applications must include preliminary building plans. Submitting a copy of KHC's Minimum Design and Universal Design requirements will not satisfy this threshold.

Scattered Site Projects

Scattered site projects must be of similar building design and unit type, and be within a defined footprint or neighborhood. Urban and rural (as defined by RD) scattered sites may not be intermingled in one project. Sites located in multiple counties are not permitted except for Tax-Exempt Bond projects.

Tenant Ownership / Lease-Purchase

Applicants must provide a tenant ownership plan that demonstrates a viable homeownership strategy for residents to purchase the units at the end of the 15-year compliance period. The plan must detail the applicant's exit strategy and calculation of the estimated affordable purchase price for the unit and the pre-purchase counseling that will be required of the tenant. In addition, the plan must clearly show how the property will be managed during the compliance period and how the tenant's down payment and closing cost obligation will be handled.

The project must be 100 percent lease-purchase units and all units must be single-family dwellings on individual lots. The applicant must have ownership on all project sites; long-term leases are not allowed.

Thresholds for Preservation/Existing Supply Pool

Existing Supply

The project must propose to preserve existing income-restricted affordable multifamily project(s). The rehabilitation of non-income restricted units is not eligible. Projects previously assisted with Housing Credits must provide evidence that the initial 15-year compliance period has expired.

Documented Need for Rehabilitation

The scope of necessary rehabilitation must be evidenced in the physical capital needs assessment.

Age

The property shall not have placed in service or undergone substantial rehabilitation in the last 20 years.

Thresholds for New Construction/New Supply Pool (Including Historic Adaptive Reuse)

New Supply

Projects in this pool must create new income-restricted multifamily units, either through new construction, the acquisition/rehab of existing unassisted/unrestricted (market) units, and/or the adaptive reuse of non-residential structures.

Serving Families

Applicants that choose "family" as the population to be served in the application must designate a minimum of 25% of the units with two or more bedrooms.

Serving The Elderly

Applicants that choose "elderly" as the population to be served in the application must designate a percentage of units, consistent with the elderly selection (i.e., 80% 55 and older, 100% 62 and older or as defined by another federal or state housing program used in this project), that are garden style apartments, are located on the first floor, or higher floor units accessible by an elevator. The targeted population(s) must meet the applicable elderly definition.

Thresholds for Nonprofit Supportive Housing Pool

Permanent Housing for Special Populations

Projects competing in this pool must set aside a minimum of 50% of their units for tenant populations including homeless, adults with disabilities, persons with drug/alcohol dependency, foster children exiting the foster care system, survivors of domestic violence, the Olmstead population, and veterans.

Nonprofit Material Participation

The applicant must comply with the material participation requirements by the nonprofit as defined in Section 469 of the Internal Revenue Code.

Service Plan for Target Residents

Applicants proposing permanent supportive housing must provide a supportive service plan. The plan must thoroughly address all of the following:

1. The supportive service needs of the targeted population and the experience of the service provider with providing these services to this special needs population. A description of the agency's ability to provide case management services.
2. An explanation of how the services provided meet the target population's service needs.

Application Review Components

Scoring Criteria – Applications will be scored as submitted, based on the criteria noted in the current scoring workbook. KHC will review and score each application based on the information presented and may contact applicants only to clarify information submitted with the application. Except as provided in the Cure of Application Errors provision of this section, KHC will not accept additional documentation or revisions to the application or underwriting model after application submission. Applications will be ranked according to their assigned score and those with the greater number of points receive priority in the award process. Although funds will be awarded to the highest scoring projects, KHC will make every effort to ensure funds are distributed geographically across the state. KHC may award funding to a lower-scoring project located in a congressional district where no other funds have been allocated. If KHC will contact the applicant if it experiences difficulties retrieving attachments that were uploaded to the UFA system.

Financial Feasibility – A project is financially feasible if viable under **all** (including federal, state, local, and/or KHC) program guidelines. **The application, underwriting model, and supporting documentation must all agree.** If a contradiction exists between the underwriting model and the application, the information in the underwriting model will be used to determine the financial feasibility. However, any discrepancies between the application, underwriting model, and supporting documentation may constitute an error in the scoring of the application.

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Market Need – A market study is required to be submitted at the time of application and will be reviewed in accordance with KHC’s market study requirements. Upon review of the market study, if it is found to have an acceptable market, then the project will continue to move forward. However, if the study is not acceptable, funds will not be allocated and the application will be denied. Market studies will only be accepted by firms that are on KHC’s approved list and are only valid **six months** from the date of the study.

Application Scoring and Review Process

Funding is based on a three-step process. Applications must pass all three steps before funding can be determined. Failure to meet the requirements of any step will result in the rejection of the application.

Incomplete applications will not be reviewed or scored, unless cured, following KHC policies. KHC must comply with federal or state regulatory and programmatic requirements of all resources administered; therefore, as new or updated guidance or requirements become available, KHC may from time to time alter the review process to comply.

Cure of Application Errors

Applicants will be allowed to remedy no more than two (2) errors contained in the application or in any application attachment (excluding the KHC underwriting model) or required document including up to one (1) omission of any non-KHC document. If more than two errors – including up to one omission – must be addressed, the application will be rejected for not meeting threshold. The correction of any omission must be made within 24 hours of the time that KHC transmits the notification of such omission. The correction of any error, not an omission, must be made within 48 hours of the time that KHC transmits the notification of such omission. For example, if KHC sends an email at 10 a.m. on Tuesday notifying the applicant of an omitted document and the document is not uploaded into the UFA or received by KHC by 10 a.m. on Wednesday, the application will be rejected for not meeting threshold. This cure period is not intended to be an extension of time for the applicant to procure a required document. If the document submitted to cure the omission is dated after the date of the application or KHC determines that the document was not in the applicant’s possession at the time the application was submitted, the cure will be deemed ineffective and the application will be rejected for not meeting threshold.

Any comments or revisions resulting from the review of the underwriting model will not be considered errors; however, applications with underwriting models completed incorrectly and/or with discrepancies that result in KHC’s inability to complete the underwriting for the project, will be considered to be an incomplete application submission and will not meet threshold.

Please note: *In determining whether to award resources and how to score applications, KHC will consider all issues relevant to the applicant’s ability to successfully complete the project or to properly expend funds. These issues may or may not be addressed in the application.*

Tax-Exempt Bond Pre-Application

Projects requesting Tax-Exempt Bonds either through the open window submission or a Notification of Funding Availability (NOFA) response will have a pre-application stage to provide the information and documents necessary for the project to be presented to KHC’s Board of Directors for an inducement resolution. If approved, the applicant will complete the full application and follow the same timeline as other KHC-financed projects (9% Housing Credit and non-credit). KHC will not consider a deal with unrated bonds in a public offering. Please note that for portfolio transactions, all properties must be submitted individually and may not be combined within one or more full applications.

Capacity/Performance Scorecard

All applicants must complete the Capacity/Performance Scorecard contained within the Universal Funding Application (UFA), even if a capacity approval certification has been previously issued by KHC. The scorecard will assess monitoring history, financial management, and past performance. KHC will review the applicant's responses and will complete its own capacity assessment, taking into consideration any capacity deductions assessed by KHC against any member of the development team.

I. Overview of Capacity/Performance Scorecard

The scorecard is used to determine the overall capacity of the Entity or Development Team member(s). The scorecard is divided in to three (3) sections:

1. Capacity/Performance Scorecard Threshold Requirements
2. Capacity/Performance Scorecard Self-Certifications
3. Capacity/Performance Scorecard Overall Performance

The first section of the scorecard consists of Capacity/Performance Scorecard thresholds that must be achieved. All "yes" answers require an explanation regarding the circumstances of the infraction.

Capacity/Performance Scorecard Threshold Requirements will be verified at both the submission of the application and reviewed again prior to announcement of any funding award. If the status of a Capacity/Performance Scorecard Threshold Requirement changes prior to announcement of funding, an Entity may be asked to correct the outstanding issue prior to a funding award.

II. Capacity/Performance Scorecard Self-Certification

The Capacity/Performance Scorecard Self-Certification section is a series of statements to which the applicant preparer must certify. There is a response section in the self-certification section that can be used to provide additional information to any of the self-certification questions.

The Entity will need to complete the certification acknowledgement that states the responses to the self-certification statements are true and accurate, to the best of their knowledge. Falsification of these statements could result in a recapture of funds or suspension/debarment from KHC.

III. Capacity/Performance Scorecard Overall Performance

The Capacity/Performance 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 is listed on KHC's website at www.kyhousing.org, under Asset Mgmt, Capacity/Performance Scorecard Overall Performance Questions. A capacity deduction can be determined at any time throughout the administration of a project, including the affordability/compliance period. The capacity deduction can apply to the Entity or any member of the Development Team.

When a capacity deduction is issued, the agency or organization will receive a written notice from KHC explaining the reason for the capacity deduction and the amount of time the deduction will be applicable. Capacity deductions will be applied to the overall score for the Capacity Section of the full application.

Full Disclosure

Applicants must complete and submit KHC's Full Disclosure Form for all entities and individuals in the Development Team organizational structure. Following are the required disclosures:

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1. A statement concerning all criminal convictions, indictments, and pending criminal investigations of all members of the development team, including dates and details of each circumstance, unless otherwise prohibited by court order, statute or regulation. KHC may perform a full criminal, employment, and credit investigation of all development team participants to verify credit and criminal history.
2. Any relationship between individuals or entities of the development team that could constitute a conflict of interest or identity of interest between the parties.
3. Complete organizational charts must be submitted for the owner and developer entity that clearly show all principals down to individuals involved in the ownership and development of the project. Please note that no change to the project owner/developer structure can be made without the express consent of KHC.
4. **All** development fee sharing arrangements. KHC considers all individuals or entities that receive a portion of the development fee to be part of the development structure.
5. **All** guarantor agreements. KHC may determine that a guarantor is actually a real party in interest to either the General Partner and/or Developer entities.
6. **All** consulting agreements, whether direct or indirect, paid or unpaid. KHC will determine if a consultant is a real party in interest to either the general partner and/or developer entities.
7. **All** pending litigation that could result in suspension or debarment as defined in KHC's policy.
8. Significant non-performance in a government housing program (including Fannie Mae, Freddie Mac, and Federal Home Loan Bank programs).
9. Any development team member that has an adverse credit history including but not limited to a default in the payment of any commercial or personal loan.

Organizational and Credit Review Documents

All guarantors, other than individual guarantors, and any previously approved development team member who has had changes in their organizational structure, must submit their organizational documents via the UFA at application stage. Any development team member with new principle officers/members must also provide resumes for those individuals.

For Housing Credit projects, if the ownership entity is yet to be formed, this documentation is not required with the application submission, but must be submitted via the UFA at the pre-closing stage. For projects requesting KHC funds, credit review documents must be submitted for the developer, general partner, and guarantor (if applicable).

Please refer to [Chapter 2: Development Team Capacity Application](#), for a complete list of required organizational and credit review documents.

Scoring Response Period

KHC will notify applicants whose projects do not receive a full review and scoring based upon their self-score and/or tiebreakers. For projects that receive a full review and score, KHC will make the preliminary project score sheet available to the appropriate contact. Applicants will not be made aware of how other applications have scored. KHC will establish a timeframe during which applicants may review their preliminary scores and offer written feedback if any applicant disagrees with the preliminary score.

Applicants may request a reconsideration of KHC's preliminary score ONLY for applications in which they have an ownership interest. Requests must be sent in writing via electronic mail, hand delivery or overnight mail to the Managing Director of Multifamily Programs.

Reconsideration requests must specifically identify the grounds for the reconsideration request. Only the application and documents then existing in KHC's file will be considered. No additional documentation or revisions to existing documents will be accepted. The burden is on the applicant to demonstrate any errors in the review and/or point scoring process.

Final Scoring Determination

After applicants have had the opportunity to review and appeal the preliminary score during the scoring response period, KHC will determine final scores and make funding decisions. **All funding decisions will be final and not subject to further appeal.**

Communications with Executive Management Team

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

Preliminary Approval Letter

KHC will send each successful applicant a preliminary approval letter indicating the initial reservation of Housing Credits and/or other KHC resources awarded. **The final amount of credit or other resources allocated to each successful applicant may be less than the amount requested in the application, the amount specified in the preliminary approval letter, or the amount reflected in a Housing Credit carryover allocation.**

CHAPTER 4: Application Attachment Requirements

Based on the KHC funding source(s) requested, related documentation is required at application submission as indicated on the application checklist. Not all attachments are applicable to all application types; please refer to the Universal Funding Application (UFA) for the specific attachment requirements for your application type.

Applicants must upload all checklist attachments and each document must be identified separately with the checklist item name as it appears below. The underwriting model and other KHC-provided forms required to complete the application are located on KHC's website, www.kyhousing.org. **It is the applicant's responsibility to identify and utilize all KHC-provided forms, which are marked with an asterisk***. For your reference, the UFA identifies documents that are KHC-provided forms. If a checklist item does not apply, mark the "N/A" button in the UFA.

Tax-Exempt Bond Pre-Application Documents (Inducement Resolution)

1. Pre-Application Fee

Evidence of electronic payment of the \$1,000 per project application fee must be provided.

2. Engagement Letters

Provide engagement letter(s) with the applicable underwriter, placement agent, or bond purchaser. The letter(s) should state the project name and their experience, including bond transaction history. The underwriter letter should also outline the bond structure and all steps required, including a timeline, for closing the financing on the project.

3. Engagement Letter with Bond Counsel

This letter should include the attorney's bond transaction history, their resume or qualifications. This will be required on each attorney working on the project.

4. Supporting Documentation for Competitive Points (if applicable)

(NOFA submissions only)

If responding to a Notification of Funding Availability (NOFA) with selection criteria, upload all supporting documentation required per the NOFA.

Application Documents

1. Application Fee

Evidence of electronic payment of the applicable application fee must accompany each project submitted. If applying for two different Housing Credit pools within the same application, two fees are required. Please refer to [Chapter 1: Project Timeline and Fees](#) for additional information.

2. Market Analysis Review Fee

A market analysis review fee must accompany each Housing Credit project submitted. Please refer to [Chapter 1: Project Timeline and Fees](#) for additional information.

3. Initial Inspection Fee

(Rehabilitation projects only – both Existing Supply and New Supply)

An initial inspection fee for each project site (property) must accompany each rehabilitation application submitted. Please refer to [Chapter 1: Project Timeline and Fees](#) for additional information.

4. Scoring Workbook*

Submit an Excel version (not PDF) of the scoring workbook applicable to the current funding round completed with the developer's self-score.

5. Capacity Approval Letter(s)*

A copy of the capacity approval for the applicable development team member(s) must be provided. Any member not previously approved must complete the [Development Team Capacity Application](#) process before submitting an application for funding.

6. Technical Assistance Certification Form*

Required for any applicant who has not previously used KHC resources to construct or rehabilitate a rental project or for applicants as determined by KHC. Refer to the [Introduction and General Information](#) section for technical assistance requirements.

7. Full Disclosure Documentation*

KHC's Full Disclosure Form must be completed and signed by each member of the development team, accompanied by any supporting documentation. Please refer to the Full Disclosure section in [Chapter 2: Development Team Capacity Application](#), for additional information.

8. Organizational Documents

Organizational documents as outlined in Chapter 2 must be provided for the project owner, general partner(s), and guarantors (other than individual guarantors). For Housing Credit projects, if the ownership entity (project owner) is yet to be formed, this documentation is not required for the ownership entity with application submission, but must be provided at the pre-closing stage.

9. Credit Review Documents

Credit review documents are only required at application stage if requesting KHC funds. **If credit review documents were previously submitted with a capacity application within the past six months, it is not necessary to resubmit them at application.** Dependent on the organizational structure, credit review documents must be provided for all developers, general partner(s), and guarantors (other than individual guarantors). Developers or general partner(s) submitting multiple applications requesting KHC loan funds are only required to provide credit review documentation with one of the funding applications; however, each application submitted must clearly identify where the submitted documentation can be located if included with a different application.

10. Spreadsheet Summary of All Projects Under Construction

Developers must submit a spreadsheet summary of all projects under construction in any state (in any stage of completion), including their status and expected completion date.

11. Owner and General Partner Entity Organizational Charts

A full organizational chart must be provided which shows the membership structure for the project owner and general partner entities.

12. Out-of-State Experience Certification (Developers and Management Companies)*

All applicants/developers (both in state and out-of-state) and management companies must submit a copy of the Housing Finance Agency (HFA) review for projects financed with HFA resources in other states. There is a separate form for developers and management companies. These forms are located on KHC's website. KHC will evaluate each state's response and may contact a state HFA directly to obtain additional information, as well as request additional information from a developer regarding its activities in another state. It is strongly encouraged that the applicant/developer provide this form to the other state HFAs as early as possible to allow them adequate time to complete the form and return to KHC. **Please note: this certification is only required if the applicant/developer and/or management company did not complete the Development Team Capacity Application in the current calendar year.**

13. Notification of Application for Funding*

(Required for projects of 12 or more units)

A copy of the completed Notification of Application for Funding form as sent to the appropriate local and state officials must be provided **along with a copy of the signed returned receipt** from the certified mail or other signed acknowledgement of receipt by the mayor or county judge executive or other applicable chief executive officer, state representative, and state senator (or their designees), **dated no less than 30 days prior to application submission**. The appropriate state officials for the project location may be found on the Kentucky Legislative Research Commission [website](#).

14. Nonprofit Questionnaire*

This form must be completed by all nonprofits with any ownership interest in the development and that wish to compete in the nonprofit set-aside. **The provision of affordable housing must be listed as one of the designated purposes in the Articles of Incorporation and/or Bylaws.**

15. Nonprofit Board Resolution

Nonprofit organizations that have any ownership interest in the development must provide a resolution from the nonprofit's Board of Directors that authorizes:

- The application being made for specific KHC funding (e.g. Tax-Exempt Bonds, Housing Credits, HOME, AHTF, NHTF, or other KHC resources that may be available),
- The amount of ownership interest the nonprofit has in the venture;
- The nonprofit's specific liabilities in the development; and
- The anticipated percentage of the developer fee the nonprofit will receive and the percentage that will be shared with another entity.

16. CHDO Documentation

Nonprofits applying for HOME funds from the Community Housing Development Organization (CHDO) set-aside must provide verification of the current CHDO designation or recertification.

17. Applicant/Developer Certification Form*

The Applicant/Developer must certify that:

- The information in the application and supporting documentation is accurate.
- They are in good standing with the Kentucky Secretary of State and the federal government.
- The project complies with Minimum Design Standards and/or Universal Design Standards.
- All information in the application has been provided to the management company.
- They have read, understand and will comply with all policies and requirements of the KHC Multifamily Guidelines and Qualified Allocation Plan, as applicable.
- For Housing Credit projects, the owner agrees to waive the right to exercise the Qualified Contract process in perpetuity.

18. Management Certification*

The management agent must certify that they received a copy of the application and will fulfill all the commitments made in the application and attributes pledged.

19. Consultant Certification*

The consultant must certify that the information within the application and supporting documentation is accurate and correct; that the project complies with applicable KHC design standards; and that they and the development team are in good standing with the Kentucky Secretary of State and the federal government.

20. Consultant and/or Administrative Contract

If a consultant or administrator is part of the development team, an executed copy of the contract is required and must detail the services provided, the consultant's role in the project and how they will be compensated.

21. Kentucky Intergovernmental Review Process

(Required if requesting HOME, NHTF, Risk-Sharing funds, or if KHC is providing new project-based vouchers)

Applicants requesting HOME, NHTF, or Risk-Sharing funds must submit to the State Clearinghouse through the Department for Local Government's online system at http://kydlgweb.ky.gov/FederalGrants/16_eClearinghouse.cfm. Successful submission to the online Clearinghouse system will generate a confirmation that includes the SAI number. A copy of this confirmation is a required checklist attachment.

22. Proof the Compliance Period Ended

(Required for rehabilitation projects previously awarded Housing Credits)

Evidence may be in the form of a letter from KHC's Compliance Department, with the original KY#, stating the initial compliance period ending date; or a copy of the original 8609s indicating the buildings' placed-in-service dates; or a copy of the original LURA.

23. Guideform Notice Disclosure to Seller*

(Required for all HOME, NHTF, Risk-Sharing projects, or if KHC is providing new project-based vouchers)

A copy of the Guideform Notice Disclosure to Seller with Voluntary, Arm's Length Purchase Offer must be given to all sellers disclosing that the purchase offer is voluntary and an arm's length transaction, in addition to disclosing the estimated fair market value of the property and that the purchaser does not have the power of eminent domain.

24. Guideform General Information Notice (GIN)

(Required for all HOME, NHTF, Risk-Sharing, or new KHC-provided project-based voucher rehabilitation projects with current tenants)

The Guideform General Information Notice (GIN) is required to be given to all current tenants advising them of the impending federally-assisted rehabilitation of their unit and of their rights under the Uniform Relocation Act. Tenants who move in to the property after submission of the application must be provided with the **Move-In Notice**. Refer to *HUD Handbook 1378* for more information and sample notices. All relocation notices must have documentation of proof of receipt by the tenants and be maintained in the tenant file.

25. Lead-Based Paint Determination Form*

(Required for rehabilitation projects built prior to 1978)

Rehabilitation and adaptive reuse projects with buildings built prior to 1978 must complete the Lead-Based Paint Determination form to identify the level of lead treatment required. Any anticipated expenditures related to lead-based paint assessment, abatement, and/or clearance must be budgeted in the underwriting model.

26. Location Map and Directions

A location map for every project must clearly show the site location and all major streets and highways, nearby airports, railroad tracks, interstates, and rivers, etc., that may have an adverse effect on the proposed site. For Housing Credit projects, the map must identify the location within the qualified census tract (QCT), or metropolitan Difficult Development Area (DDA), if applicable. Provide detailed directions from Frankfort, Kentucky to the site.

27. Rural Development (RD) Property Eligibility Determination

A printed copy of the determination of a project's location as being either urban or rural from the [RD Property Eligibility website](#) must be provided. Click "Multi Family Housing" and then enter the property address. The RD property eligibility database was updated effective **June 4, 2018** and may affect urban or rural designations.

28. Preliminary Plans

Please refer to [Chapter 13: Design and Construction Review](#) for more information about KHC's preliminary building plan requirements.

Building plans must be uploaded as one single PDF document. All plans must clearly show the number of units.

Applications of 11 units or less: For new construction or rehabilitation, projects are required to submit building plans at 1/8-inch scale and typical unit plans at 1/4-inch scale. The plans must include building floor plans, elevations, and site plan.

Applications of 12 units or more: For new construction or rehabilitation, projects are required to submit building plans at 1/8-inch scale and typical unit plans at 1/4-inch scale. The plans must include a site plan and a building floor plan, as well as corresponding elevation drawings compiled by an architect licensed in the Commonwealth of Kentucky.

Applications for scattered site projects: Site plans must be submitted for at least 35 percent of the sites and **complete** preliminary plans must be submitted for **each applicable unit type**.

Example: If the project consists of 20 units, comprised of 5 one-bedroom units; 10 two-bedroom units; and 5 three-bedroom units, complete preliminary plans must be submitted for a one-bedroom unit, a two-bedroom unit, and a three-bedroom unit.

29. Work Write-Up Description

(Required for all rehabilitation projects of 11 units or less)

Projects that are 11 units or less can submit a work write-up in lieu of specifications, providing the work write-up is detailed and provides enough basic information to determine the quality and quantity of items that are specified. It should define the scope of work and provide a basis for what type of material or product that is to be used. Please refer to [Chapter 13: Design and Construction Review](#) for more information about work write-up requirements.

30. Site Plan

(Required for all projects types)

Please refer to [Chapter 13: Design and Construction Review](#) for more information about KHC's site plan requirements.

31. Floodplain Map

(Required for all projects)

Please refer to [Application Thresholds](#) for more information about floodplain requirements.

Applicants must submit one of the following to demonstrate that the project structures and other portions of the site essential to the use of the tenants are not located in a floodplain:

1. A Federal Emergency Management Agency (FEMA) map showing that project structures and other essential portions of the site are not located in the 100-year floodplain and structure locations are clearly marked on the map.
 - Projects in which any portion of the property is located in the floodplain must additionally submit a survey certified to KHC that is signed, stamped, and dated and which shows the location of the floodplain and all existing building structures.
 - Information or maps generated from a local jurisdiction database or similar alternative will not be accepted.
2. Flood determination certificate from a FEMA-approved [Flood Zone Determination Company](#) indicating that project structures are not located in the 100-year floodplain.
3. A signed, stamped, and dated letter from a licensed surveyor stating the project structures are not located within a 100-year floodplain.
4. A licensed surveyor's report of reclassification and FEMA Letter of Map Alteration must be attached if the property was previously located in the floodplain but has been built up and is no longer in the floodplain. The report must clearly state all land to be utilized for project structures has been raised at least one foot above the floodplain.

32. Physical/Capital Needs Assessment (PCNA)

(Required for all rehabilitation projects of 12 or more units and adaptive reuse projects)

Refer to [Chapter 13: Design and Construction Review](#) for more information on PCNA requirements.

Projects that were unsuccessful in the most recent previous funding round may resubmit the PCNA that was provided in the previous funding round with a letter or memo indicating that it is a resubmission. However, if funded, the PCNA must be updated at technical submission. KHC reserves the right to ask for an updated PCNA on any project at its discretion.

33. Capital Reserve Replacement Schedule (CRRS)*

(Required for all Housing Credit projects, including Tax-Exempt Bond projects)

A Capital Reserve Replacement Schedule (CRRS) is a projection of the anticipated capital needs of the property.

CRRS Report Requirements:

(These specific items must be addressed in each report)

- The projection must use KHC's current version of the Excel spreadsheet "Capital Reserve Replacement Schedule."
- The CRRS report must identify the preparer's name, company name, qualifications, professional license number, and state in which the license was issued.
- The schedule must list individual sets of major components that are anticipated to require replacement using the reserve account during the projection term.
- The CRRS must utilize the Fannie Mae Expected Useful Life (EUL) tables when inputting the EUL into the projection.
- CRRS projections are valid for a term of one year before an update is required.
- Future draw requests from the reserve account will be compared to the CRRS projection to verify it is an item planned to be covered by the schedule.
- Additional requirements are in the instructions tab of the CRRS spreadsheet.

34. Proof of Proper Zoning

(Required for all projects)

The applicant must submit evidence that the proposed site is properly zoned for the proposed intended use. The following documents are required:

- A letter from the local zoning board or governing authority indicating the type of zoning in place, or a letter from the county judge or mayor indicating that no zoning is present.
- All zoning requirements and/or restrictions that affect the design or building location.
- A local zoning map that shows the classification of the proposed site and neighboring sites. **The site location must be clearly indicated on the map.**

35. Evidence of Site Control

(Required for all projects)

All projects must have site control on 100 percent of the project sites, including scattered sites. Documents submitted for evidence of site control must be fully executed and sufficiently identify the subject property. Real property conveyances must be recorded with the appropriate clerk, and

leasehold estates must meet IRS requirements and exceed KHC's affordability and mortgage periods. Acceptable forms of site control are:

- Property Deed
- Current Purchase Contract (**The contract cannot contain seller's right of first refusal language.** If the contract expires prior to closing, then proof must be provided evidencing the means to purchase the property prior to closing).
- Current Option to Purchase (**The option cannot contain seller's right of first refusal language.** It must be extended through announcement period and contain a clause for renewal. If no renewal clause, then proof must be provided evidencing the means to purchase the property prior to closing).
- Current Lease Agreement/Option to Lease (the lease period must be through the entire applicable affordability period).

Note: For federally-funded projects (HOME, NHTF, and Risk-Sharing), the new owner may not take legal possession of the property until after environmental clearance, unless the deed transfer or lease was executed prior to submission of the KHC funding application.

KHC will evaluate the legal interest directly owned or controlled by the applicant at the time of application. An applicant capable of causing possession and control to vest in their favor for the duration of the mortgage and affordability periods will be deemed to have site control. KHC reserves discretion to make this determination.

36. Deed Restrictions/Subdivision Restrictions

Provide a copy of any deed restrictions or subdivision restrictions currently on the property or, if no restrictions, a letter stating there are no deed restrictions. The letter must reference the project name and property address and must be from the current owner, city/county official, or attorney.

37. Underwriting Model*

(Required for all projects)

KHC's underwriting model must be completed in Excel using the most current version for that year's funding round. The underwriting model can be found on KHC's website under Development; Multifamily; [Underwriting Resources](#).

The yellow input cells of the model are the only areas in which the applicant may enter information. **Please do not add formulas to any of the cells as this may interfere with KHC's underwriting of the project.** If an additional formula or other modifications to the model become necessary, please contact a KHC multifamily staff member.

Applicants are strongly encouraged to use the "Applicant Underwriting Notes to KHC" section on the summary sheet of the underwriting model to provide any necessary explanations or additional information that will be helpful during the underwriting review.

38. Developer Underwriting Guidance Checklist*

(Required only for developers who have not had a KHC multifamily project in the last 3 years)

KHC has developed a guidance checklist to ensure that project developers have considered most of the major underwriting factors that will be reviewed by KHC. A copy of the completed checklist must be provided with the application as evidence that the developer has exercised due diligence in completing the underwriting model.

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39. Novogradac Rent and Income Calculator

(Required for all Housing Credit and Tax-Exempt Bond projects; optional for non-Credit projects)

Print and submit the completed Novogradac Rent and Income Calculator. Urban and rural designations must adhere to the RD definition in effect at the time of application. To obtain the applicable limits for the Tax-Exempt Bond program, applicants should select "IRS Section 142 Tax-Exempt Bond" and change the imputed persons per bedroom to 1.5 persons.

40. Utility Allowance Chart (KHC-provided form or local document)*

Projects proposing full or partial tenant-paid utilities must include a utility allowance chart from KHC or the local PHA (in counties where KHC does not administer the Section 8 program). KHC's utility charts are online under Development; Multifamily; Underwriting Resources. Projects with Project-Based Section 8 or RD-assisted properties must provide the current utility allowance from KHC, HUD, local PHA, or RD as applicable (the agency providing the rental assistance).

Historical utility usage data or base rate letters from the utility providers are not acceptable. When the project is placed in service, KHC's Asset Management department may require the owner to complete the HUD utility schedule model on projects receiving HUD funding (e.g., HOME, NHTF, or other HUD loans).

41. Market Study / Needs Analysis

KHC maintains an Approved Market Analyst List from which developers must select an appropriate firm or individual.

A market study/needs analysis is only valid for **six months** from the date of the study/analysis. All market studies must adhere to KHC's market study requirements. If reports are received that are not acceptable, the applicant/developer will be informed by KHC such report is unacceptable and the project will fail to meet the market threshold.

A market study is required for all projects (or each property in a portfolio transaction); however, projects of four units or less may submit a market needs analysis instead of a full market study.

Regardless of project size, a rent comparison study must be included in all market studies/analyses to determine market rents.

KHC may request a market study or additional market information on **any project** or waive the market analysis requirement for projects of four units or less if other supporting documentation, such as a waiting list, can be provided.

The market study must provide the required information for the scoring categories applicable to the project and identify the supporting information as indicated in the current scoring workbook. Please refer to Chapter 11: Underwriting Requirements for additional market study information.

42. Part 1, Evaluation of National Register Status

(For projects proposing federal or state historic rehabilitation credit only)

Provide a copy of the completed Part 1 of the preliminary application, "Evaluation of National Register Status" for both the Federal and State Historic Credits as evidence of submission to the State Historic Preservation Office (SHPO) and/or National Park Service.

43. Current Approved Rent Schedule

(For rehabilitation projects with Project-Based Section 8, RD, or other rental assistance)

Rehabilitation projects currently receiving any type of Project-Based Rental Assistance must provide the current approved rent schedule. The schedule must clearly identify the effective dates of the rents, as well as the agency providing the rental assistance. If the rents listed on the underwriting model are different from those in the rent schedule, an explanation and justification for the inconsistency must be provided on the summary page of the underwriting model.

44. Project-Based Rental Assistance Agreement or Commitment Letter

(Required for project-based rental assistance, i.e., Project-Based Section 8, RD, etc.)

Projects proposing existing Project-Based Section 8, RD, or other project-based rental assistance must provide a copy of the original rental assistance contract or agreement and the most recent renewal, if applicable. The contract or agreement (with renewals) may not be expired and must be currently in effect. Projects proposing new project-based rental assistance must submit a copy of the commitment letter from the rental assistance provider that identifies the proposed contract rents and utility allowances. The contract, agreement, or commitment letter must specify the number of rental assisted units.

45. Operating Subsidy Agreement or Commitment Letter(s)

Commitment letter(s) or agreements for operating subsidies must be currently in effect and provide assurance of continuation through the applicable affordability or deed restriction period. If operating subsidies are temporary or subject to renewal, applicant must explain how operations will be funded if the subsidy is not renewed.

46. Commitment Letters for HOME Match

All projects requesting HOME funds must have written commitments of **HOME-eligible** matching funds of at least 5 percent of the HOME request. Commitment letters must meet the standards identified in the [Application Thresholds](#).

47. Firm Commitments for All Non-KHC Resources

Refer to [Application Thresholds](#) section for requirements for firm commitment letters. Projects seeking points for Strategic Investment in the New Supply Pool must provide letters that also meet the criteria in the scoring workbook.

48. Guarantor's Evidence for Non-Committed Non-KHC Funds

KHC will accept evidence of an application for non-KHC resources with a written guarantee from the owner/developer that if the funds for which they have applied are not awarded, the owner/ developer will contribute the same amount to the project. A bank statement will be required if a guarantor provides a guaranty for non-KHC funding that it has applied for, but has not received, at the time of application. The bank statement must demonstrate sufficient liquidity to cover the guaranty of the full amount of funds for which the guarantor does not have a firm commitment.

49. Tenant Ownership Plan

(Required for all lease-purchase projects)

A tenant ownership plan that meets the requirements outlined in the [Application Thresholds](#) must be provided.

50. Community Revitalization Plan

(Required for all lease-purchase projects and new units in a QCT – urban only)

Lease-purchase projects, or urban projects proposing to create new units in a QCT, must submit a copy of the local jurisdiction's overall plan for revitalization, community development, and/or economic development. The plan must have been formally adopted by the jurisdiction and created or updated within the last 5 years. Local jurisdiction consolidated plans or action plans as required by HUD do not qualify. The section(s) of the plan that specifically identifies the community need for lease-purchase units or new multifamily units in an urban QCT must be clearly marked within the plan. The community revitalization plan must also:

- Be geographically specific;
- Identify goals for outcomes;
- Include a strategy to secure commitments to support non-housing infrastructure, amenities, and services; and
- Demonstrate the need for community revitalization.

51. Community Revitalization Plan Certification*

(Required for all lease-purchase projects and new units in a QCT – urban only)

The certification must be completed for the community revitalization plan, providing detail of the plan area, funding sources, goals of the plan and how the proposed project supports the need for lease-purchase units or new multifamily units in an urban QCT.

52. Tenant Selection Plan Preferences

The applicant/owner must provide a signed statement that it has committed to any of the following tenant selection plan preferences. All preferences must be reflected in the Tenant Selection Plan, which is required at the Technical Submission Stage.

- **Persons on the local public housing agency (PHA) waiting list:** In their written commitment, the applicant/owner must agree to notify the local PHA of property vacancies and to give preference to individuals on the local PHA waiting list.
- **Veterans housing:** The applicant/owner commits to give priority to U.S. military veterans. The tenant selection plan must identify the documentation required to verify the tenant is a qualified veteran.

53. Certification of Disadvantaged Business Entities

Certification is required for development team members or companies pledged in the application that are participating in the project and are qualified as a minority- or women-owned business enterprise (MBE/WBE), disadvantaged business enterprise (DBE), veteran-owned small business (VOSB), or service-disabled veteran-owned small business (SDVOSB). The certification must be current through the date of technical submission.

54. Letter of Service Commitment

(Required for projects applying in the Nonprofit Supportive Housing Pool or projects serving populations with special needs)

Each agency providing services for special needs housing, permanent supportive housing, and transitional housing must provide a letter on agency letterhead and signed by the executive director or their designee stating the agency's knowledge of and support for the specific project

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that is being submitted for funding consideration and that the agency will provide supportive services of appropriate type and quantity to eligible project residents. The letter must state the agency's commitment to provide case management's services to project residents. A requirement to participate in these services **cannot** be a condition of the lease. **This letter can be combined with the Letter of Referral Commitment (below).**

55. Letter of Referral Commitment

(Required for projects applying in the Nonprofit Supportive Housing Pool or projects serving populations with special needs)

Each agency providing tenant referrals for special needs housing, permanent supportive housing, and transitional housing must provide a letter on agency letterhead and signed by the executive director or their designee stating that 1) eligible individuals in the special needs population targeted by the proposed project will be referred to the project, and 2) provide an estimate of the number of referrals on an annual basis.

56. Supportive Housing Service Plan

(Required for projects applying in the Nonprofit Supportive Housing Pool or projects serving populations with special needs)

The service plan must contain the following information:

1. The supportive service needs of the targeted population and the experience of the service provider with providing these services to this special needs population. A description of the agency's ability to provide case management services.
2. An explanation of how the services provided meet the target population's service needs.

57. Evidence of No Substantial Rehabilitation

Projects seeking points for rent-restricted units most in need of rehabilitation must provide documentation that the proposed project has not received substantial rehabilitation within the past 20 years. For all projects, a minimum of 20 years must have passed since the last substantial rehabilitation to qualify for points. For scoring purposes, substantial rehabilitation is defined in IRC Section 42 as \$6,000 per unit or 20% of adjusted basis. This proof may be evidenced by:

- a. a copy of the last recorded restrictive covenant of record which restricts the use of the property to affordable rental housing executed at the time of the last substantial rehabilitation. In addition, **a copy of a full title exam confirming such restrictive covenant is the most recent of record** must be provided.

-- OR --

- b. a letter from the provider of an existing project-based rental assistance contract, i.e. the U.S. Department of Housing and Urban Development (HUD), or USDA Rural Development (RD) which states whether there has been any substantial rehabilitation on the property within the last 20 years and if so, the date of the rehabilitation.

In either case, the number of years since the last substantial rehabilitation will be determined based upon the effective date of the most recent restrictive covenant as of the application due date, or the date identified in the letter from the rental assistance provider.

58. Narrative for Financially Troubled Assets

(Existing Supply/Preservation projects only)

Projects seeking points for acquisition of a financially troubled asset by an applicant with no identity of interest must provide a detailed narrative describing the troubled asset and the steps that will be taken to put it back into productive use.

59. Evidence of History of Good Ownership and/or Management

(Existing Supply/Preservation projects only)

Projects seeking points for acquisition of a financially troubled asset by an applicant with no identity of interest must provide a list of all tax credit properties owned and/or managed within the past five years within the state of Kentucky. The list should include the name and address of each of the properties. **Properties recently acquired by the applicant (not more than six (6) months prior to the application submission date) must provide documentation to evidence the acquisition date.**

60. Financial Statements

(Existing Supply/Preservation projects only)

Projects seeking points for acquisition of a financially troubled asset by an applicant with no identity of interest must provide financial statements for the past three years. **Projects subject to the Single Audit Act must provide audited financials.** If the project is out of its LIHTC or RD compliance period, then CPA performed reviews may be substituted for years without full audits.

61. Rent Roll

(Existing Supply/Preservation pool)

Projects seeking points for occupancy rate must provide a copy of the rent roll as proof of the rehabilitation project's average physical occupancy for the 12-month period prior to application submission.

CHAPTER 5: Technical Submission Stage

Once an applicant receives a preliminary award letter from KHC, the application will then enter the technical submission stage. At this stage, applicants are required to address any underwriting issues and other conditions or comments that resulted from the initial application review process.

Technical Submission Document Requirements

Owners must upload additional due diligence documentation through the Universal Funding Application (UFA) system. If a checklist item does not apply, you may check the "N/A" button. For documents that exceed the file size limit and are too large to upload as a single document, please place those documents on a flash drive and mail to your assigned program specialist by the technical submission deadline.

Please do not break large documents into several smaller files for the purposes of uploading to the online portal.

Below is a description documents that will be required during the technical submission stage. This is not an all-inclusive list of items; your assigned program specialist may request additional documentation. The technical submission documents identified below are grouped in categories which may be uploaded independent of each other; however, ALL technical submission documents must be submitted by the applicable due date. **It is the applicant's responsibility to identify and utilize all KHC-provided forms, which are marked with an asterisk*.**

To mitigate any potential problems with uploading documents due to system overload or other technical issues, it is recommended that you do not wait until the last day to submit the technical submission documents. **All projects that do not successfully complete technical submission by 5:00 p.m. ET on the deadline date are subject to payment of an extension fee.**

Underwriting Documents

1. Firm Commitment Letters for Match and Other Non-KHC Funding Sources

(Required for all projects. Must be submitted by the technical submission deadline, no extensions)

KHC's HOME and AHTF funds require a 5 percent match of other funds. Any non-KHC financing source may be eligible; KHC funds may not be used as match for other KHC funds. Firm commitment letters for all match and other funding sources identified in the application and underwriting model must be provided. Please refer to [Chapter 11: Underwriting Requirements](#) for additional information regarding match requirements.

Firm commitment letters for all non-KHC sources must:

- 1) Be specific as to the terms of the funding, including:
 - a. The interest rate and term (if loan proceeds are involved).
 - b. The collateral for the project (if a loan is involved).
- 2) Be on the funding source's letterhead.
- 3) Be dated and signed by an authorized representative of the entity providing the funds.
- 4) Identify the project name and description for which the commitment of funds is being made.

Commitment letters must be current and relative to the project seeking funding from KHC. The firm commitment letters may contain normal and customary contingencies for equity and loan commitments, including but not limited to: approval of appraisal, closing of other sources of financing, environmental and title review, financial condition of the developer, and satisfactory negotiation of partnership and/or loan documents. Final underwriting will not be completed until all firm commitments are received.

If the firm commitment letters have not been submitted by the original technical submission deadline, the conditional commitment will expire automatically, and KHC will recapture all associated funding. **No extensions of the technical submission deadline for firm commitments will be granted.** Firm commitments from RD or HUD loan financing are not required within this timeframe, but must be provided to KHC as soon as they are available. Time is of the essence with respect to the conditional commitment and all time limitations therein.

Applicants applying to RD for resources or assistance must provide a complete application and all required documents to the RD office as soon as possible after receipt of the preliminary award letter. KHC will not grant extensions to the closing deadline due to an applicant's delay in providing RD with the required application and supporting documentation.

Applications for HUD resources must complete the pre-approval application process within the original technical submission deadline.

2. Updated Underwriting Model*

(Required for all projects)

An Excel version of the project's updated underwriting model, using the version returned to the applicant after funding announcements, must be uploaded to the online application system. If any terms of non-KHC funding or financial projections (sources of funds, construction costs, rents, annual expenses, etc.) have changed since the initial application submission, the underwriting model must reflect these changes and supporting documentation must be provided. Responses must also be provided on the underwriting model to all comments or issues identified by KHC.

3. Appraisal

An appraisal is required on projects/properties where KHC's total loan amount (including due at maturity and forgivable at maturity loans) is \$250,000 or more or for projects requesting Housing Credit for acquisition. KHC may request an appraisal on any project utilizing KHC funds.

Applicants with a KHC loan of \$250,000 or more **must** choose an appraisal firm or individual listed on KHC's [approved list](#) and the appraisal must meet KHC's [appraisal standards](#). The list of KHC-approved appraisers is available on KHC's website, www.kyhousing.org, under Development; Multifamily; Underwriting Resources; [Appraisals](#).

Housing Credit projects not requesting KHC loan funds but are requesting acquisition credit must provide an appraisal supporting the building basis for purposes of determining the proper amount of Housing Credit reserved. The appraisal must provide at a minimum the "as-is" market value of the building and a separate site value for the land. Eligible basis will be limited to the basis determined by the final cost certification. These appraisals do not need to meet KHC's appraisal guidelines or need to be ordered from KHC's contract appraisers; however, the appraisal must still provide a separate value for the land and KHC must be named as an intended user.

Please refer to [Chapter 11: Underwriting Requirements](#) for additional guidance on appraisals.

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4. Draft Partnership Agreement or Updated Firm Equity Commitment

Provide a copy of the draft partnership agreement (preferred) or an updated firm equity commitment. Equity commitments must be current, on the provider's letterhead, contain the specific terms for the purchase of credit (credit pricing, amount of annual credit anticipated, total equity investment, pay-in schedule, required fees, reserve account requirements, etc.), identify income elections, including the income averaging option if elected by the owner, identify the project name, and be dated and signed. If the project is utilizing a KHC bridge loan, the commitment must recognize the bridge loan and state the benefit of the delayed equity pay-in to the pricing structure and total equity investment.

Design and Construction Documents

1. Owner and Architect Agreement

(Required for projects that have an architect involved and all projects of 12 units or more)

The architect's documents must be prepared in accordance with the HUD Minimum Property Standards, Uniform Federal Accessibility Standards, the Kentucky Building Code, and/or Kentucky Residential Code, Universal Design, Minimum Design Standards as adopted by KHC, applicable state and federal Fair Housing laws, and meet all HQS.

- The architect and owner must submit an executed copy of their agreement using the most recent and up-to-date AIA documents.
- The most commonly used agreement is the lump sum contract, which is B141 Standard Form of Agreement between the owner and architect with the standard form of architect's services.
- KHC cannot approve an open-ended contract that does not specify the total contract amount.

2. Final Construction Plans

(Required for all projects)

Please refer to [Chapter 13: Design and Construction Review](#) for more information about KHC's final building plan requirements.

3. Final Specifications / Work Write-Up

(Required for all projects, except rehabilitation projects of 11 units or less may submit a work write-up in lieu of specifications)

KHC will review the final specifications in conjunction with the final plans. All modifications or corrections will be made during the technical submission stage. If changes occur during the review of the final plans that may cause a change in the specifications, the applicant will be notified of any additional changes or corrections that need to be made. Refer to [Chapter 13: Design and Construction Review](#) for more information about KHC's final specifications and work write-up requirements.

4. Evidence of Plan Submission to Local Building Permit Authority or Kentucky Department of Housing, Buildings, and Construction

(Required for all projects; attach with plans)

If no local authority exists in which plans were reviewed by a licensed local code enforcement official, a letter of approval from the Kentucky Department of Housing, Buildings, and Construction will be required.

The local Department of Housing, Buildings and Construction (HBC) or other local jurisdiction in the county where the project is located must review and approve the plans and specifications. If the local jurisdiction has no authority or building inspector, the developer should obtain approvals from the State Department of Housing Building and Construction in Frankfort if the project consists of two or more attached units (subject to change by policies of HBC).

Any changes made by local or state officials must be reflected on the final plans and or an addendum will need to be submitted to KHC for final approval.

5. REScheck/COMcheck Documentation

Applicants for new construction and adaptive reuse projects must submit a [REScheck](#) or [COMcheck](#) calculation indicating the proposed design exceeds the 2012 Kentucky Energy Code. For rehabilitation only projects, the architect or developer must provide documentation explaining how the design of the development will provide the most efficient insulation and heating system.

6. Architect's Certification of Accessibility*

(Required for all projects in which the services of an architect are utilized)

The project architect must certify that the project design complies with all applicable accessibility requirements of the Fair Housing Act of 1988, KHC Minimum and Universal Design Standards, Uniform Federal Accessibility Standards, Section 504 of the Rehabilitation Act of 1973, 2010 Americans with Disabilities Act Accessibility Guidelines, and any other applicable state or local code. This form is located on KHC's website under Development; Multifamily; [Technical Submission](#); Design and Construction.

7. EPA Lead Compliance Certification*

(Required for projects with buildings built prior to 1978)

Applicants proposing the rehabilitation or adaptive reuse of buildings constructed prior to 1978 must submit the EPA Lead Compliance Certification form to comply with the Renovation, Repair and Painting (RRP) Rule. This form is located on KHC's website under Development; Multifamily; [Technical Submission](#); Design and Construction.

Effective April 22, 2010, the Environmental Protection Agency (EPA) implemented a lead-based paint rule that affects every type of rehabilitation work, whether funded privately or federally. The rule requires contractors and construction professionals that work in pre-1978 housing or child-occupied facilities to follow lead-safe work practice standards and be certified. Essentially, anyone receiving compensation for renovating, repairing, and painting work in residences built before 1978 that disturbs painted surfaces is subject to the Renovation, Repair, and Painting Rule (RRP). No paid job can disturb painted surfaces in pre-1978 homes or child care facilities unless the firm that is undertaking the work is certified by the EPA or a state, and the renovator has completed training and is a certified renovator. KHC requires a self-certification regarding the project's compliance.

The requirements under the rule apply to maintenance as well as rehabilitation and renovations. The following are benchmarks for work:

- Inside – Renovation or repair activities where six square feet (about the size of a poster) or more of a painted surface is disturbed.
- Exterior – Renovation or repair where 20 square feet or more of painted surface (about the size of a door) is disturbed on the exterior.

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- Window replacement.
- The only exceptions are where paint is proven lead-free or the job is smaller than six square feet.
- Safe work practices include:
 - Posting a warning sign.
 - Spreading plastic to pick up debris.
 - Refraining from sanders or other machines without a filter to prevent the spread of dust.
 - Cleaning up thoroughly.
 - Checking the work area.

8. Davis-Bacon Wage Rate Request*

KHC is the responsible entity for ensuring compliance with to Davis-Bacon wage rates for the following project types:

- KHC HOME-funded projects of 12 or more HOME-assisted units
- Projects in which 9 or more units have KHC project-based Section 8 voucher assistance; not applicable to projects that received rental assistance through the Performance-Based Contract Administration (PBCA) program
- Projects utilizing Risk-Sharing construction financing on 12 or more units

The Davis-Bacon Act requires that laborers be paid an amount not less than the prevailing wage of the locality as predetermined by the U.S. Secretary of Labor. A project may not be split into more than one contract for the sole purpose of avoiding Davis-Bacon requirements. The Davis-Bacon Wage Rate Request form is located on KHC's website, www.kyhousing.org, under Development; Multifamily; [Technical Submission](#); Davis-Bacon Wage Rate Requirements.

9. Utility Letter(s)

For new construction projects, or rehabilitation projects with newly constructed units, letters from the local utility companies indicating the availability and the available capacity of utilities to the proposed site must be provided. The cost of all connection fees, tap fees, and/or relocation cost, if any, should be included in the development cost. If off-site utilities are being brought to the site by local municipalities, the letter should include the date the work will begin and the anticipated cost. Evidence should be provided that the work will be done by a specific time. Proof that the work will be paid for by local municipalities must be submitted to the satisfaction of KHC's Legal Department. If the developer is extending the utilities to the site, they must have the utility extension completed before KHC funds can be accessed or the funds must be placed in escrow to assure completion of the utility extension.

10. Subsurface Soils Investigation Report

Required for:

- Projects requesting Risk-Sharing funds;
- New construction projects of 12 or more units or rehabilitation projects with new construction;
- As deemed necessary by KHC.

A soils engineer must perform the report, including a site plan with the soil boring locations, testing results, footing designs, and recommendations. Test borings must be performed in critical areas where buildings are proposed.

Environmental Review Documents

If applicable, submit items 1–7 below to your environmental contractor and upload via the UFA system immediately upon receipt, even if prior to submitting the rest of the Technical Submission items. Not providing these documents in a timely manner could delay the project, since you cannot proceed with the purchase of the property, start any part of the construction or disturb the soil in any way until the environmental review is complete and an environmental clearance has been issued.

1. Lead-Based Paint Inspection and Assessment – OR – Proof of Abatement

(Rehabilitation projects constructed prior to 1978 and receiving NHTF, HOME, Project-Based Section 8, or Risk-Sharing are subject to the lead-based paint regulations of 24 CFR 35)

Projects built prior to 1978 must provide the lead-based paint inspection and assessment conducted by a certified lead hazard inspector. Proof of prior abatement must be provided if the project has had prior abatement of lead-based paint.

2. A-95 Clearinghouse Letter

(Required for NHTF, HOME, and/or Risk-Sharing projects)

If applicable, applicants must submit the Clearinghouse letter provided by the Kentucky Department for Local Government (DLG) stating the project has gone through the process to ensure there will be no negative impacts on any part of the environment and has received clearance to move forward with the environmental review. This letter is received after application has been made to the DLG State Clearinghouse through the Kentucky Intergovernmental Review Process during the application stage and will provide information regarding further inspections or documentation that may be required.

The Kentucky Intergovernmental Review process is located on the Kentucky Department of Local Government's website at <https://kydlgweb.ky.gov/FederalGrants/eClearinghouse.cfm>. The project's environmental review cannot be completed until the Clearinghouse letter has been submitted.

Note: It is very important you read the comments received from Clearinghouse. This letter serves as the opportunity for many state and federal agencies to identify any additional requirements they may have for your project. For example, the comments from State Historic Preservation Office/Kentucky Heritage Council may require you to send them additional information and failure to do so can cause project delays.

3. Historic Preservation Clearance Letter

(Required for historic preservation projects)

Applicants proposing rehabilitation of historic properties must obtain a historic preservation clearance letter from the Kentucky Heritage Council's State Historic Preservation Office (SHPO). Plans and specifications must still meet all KHC Design and Construction requirements.

Owners of federally funded projects must contact SHPO regarding Section 106 requirements if comments have been included in the Clearinghouse letter that an archeological survey is necessary or that the structure to be rehabilitated appears to be over 50 years of age or in an area that is, or is eligible to be, recognized as a Historic District.

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4. Part 2, Description of Rehabilitation

(Required for projects utilizing federal or state historic rehabilitation credit only)

Provide a copy of the completed and approved Part 2, "Description of Rehabilitation" application for both the Federal and State Historic Credits as evidence of submission to SHPO and/or National Park Service. Refer to the [SHPO website](#) for more information.

5. Phase I Environmental Site Assessment

A Phase I Environmental Site Assessment, which conforms to proper ASTM standards, is **required for all new construction** projects consisting of more than four units with HOME, NHTF, Risk-Sharing, and/or Project-Based Section 8 as **any** portion of funding. KHC may request a Phase I on any project it deems necessary, including those in which an appraisal indicates actual or evidence of possible environmental liability.

The environmental site assessment determines whether a parcel of land or real estate has the presence of any hazardous substances or petroleum products. These conditions could be of an existing release, a past release or a material threat of a release of any products found on the property or into the ground, ground water, or surface water of the property or surrounding properties. The range of contaminants shall be within the scope of Comprehensive Environmental Response, Compensation, and Liability Act. The scope of this practice includes research and reporting requirements that support the user's ability to qualify for the innocent landowner defense. Documentation of all sources, records, and resources utilized in conducting the inquiry required by this practice must be provided in the written report. Individuals or agencies must be experienced in this field of work and have a current knowledge of all related federal and state law requirements. All reports shall be prepared in accordance with the standards set forth in ASTM E1527 and ASTM E1528. For more information, you may refer to www.astm.org.

6. Phase II Environmental Assessment

(May be required on projects of 12 units or more)

The Phase I will indicate if a Phase II environmental assessment is required. A Phase II assessment is only required when there is an item of concern discovered during the Phase I, requiring additional action to further investigate or remedy the problem.

7. Archeological Survey

(If requested by SHPO)

If an archeological survey is required as part of the SHPO review, a list of agencies that are approved to conduct the survey can be provided by SHPO. A copy of the survey must be provided to KHC.

Legal Review Documents

1. Tenant Selection Plan

(Required for all projects)

The tenant selection plan must be a written policy to ensure new tenants are selected in adherence to the owner's policies and all applicable federal requirements and must describe the criteria that will be used to identify eligible tenants. The plan must require tenants and management to comply with Uniform Residential Landlord Tenant Act (URLTA) (refer to [Chapter 12: Program Policies](#) for sample language) and, if applicable, the process for notifying the local PHA of vacancies to give priority to households on the PHA's waiting list, as well as any other

tenant selection preferences for which the applicant received points. Additional guidance can be found on KHC's website, www.kyhousing.org, under Development; Multifamily; [Technical Submission](#).

2. Tenant Lease with KHC Lease Addendums*

(Required for all projects)

A sample of the lease that will be executed between the tenant and owner must be submitted for KHC's review. The lease must contain the KHC HOME/National Housing Trust Fund Lease Addendum (for projects receiving HOME or NHTF funds) or the standard KHC Lease Addendum (for all other projects). If governmental approval is required for use of the KHC lease addendums, such as when using a HUD or RD form lease, it is the owner's responsibility to obtain such approval before submission of the lease to KHC. Any special provisions related to a lease-purchase project must also be included in the lease. The KHC lease addendums can be found on KHC's website, www.kyhousing.org, under Development; Multifamily; [Technical Submission](#); Miscellaneous Material.

3. VAWA Emergency Transfer Plan

(Required for all projects with Federal funds and/or Housing Credits)

Developers and management companies must develop an Emergency Transfer Plan that provides tenants who are victims of domestic violence, dating violence, sexual assault, or stalking the ability to request an emergency transfer to another unit. The Emergency Transfer Plan must comply with the requirements of 24 CFR 5.2005(e).

HUD has developed a model Emergency Transfer Plan (HUD-5381), which property managers may adapt for their use. The HUD sample form is available on their website at https://www.hud.gov/program_offices/housing/mfh/violence_against_women_act. Refer to Chapter 12: Program Policies, for more information about protections and notices required under the Violence Against Women Act (VAWA).

4. Affirmative Fair Housing Marketing (AFHM) Plan*

(Federal funds only, five units or more)

Each applicant is required to carry out an affirmative marketing program to attract prospective tenants of all minority and non-minority groups in the housing market area regardless of their race, color, religion, sex, sexual orientation, national origin, disability, or veteran or familial status. The applicant must describe in the AFHM plan the activities during advance marketing, where applicable, and the initial sales and rent-up period. The affirmative marketing program should also ensure that any group(s) of persons that are the **least likely** to apply for this housing without special outreach, know about the housing, feel welcome to apply, and have the opportunity to rent. The AFHM form can be found on KHC's website, www.kyhousing.org, under Development; Multifamily; [Technical Submission](#); Fair Housing.

5. Fair Housing Plan

(Federal funds only)

Applicants requesting federal funds must submit a fair housing plan that ensures that all citizens in the service area are aware that affirmatively furthering fair housing is a priority. A sample fair housing plan is located on KHC's website, www.kyhousing.org, under Development, Multifamily, Post Award Resources, [Technical Submission](#), Fair Housing Plan.

6. Title VI Self-Survey and Statement of Assurance*

(Federal funds only)

Title VI of the Civil Rights Act of 1964 prohibits discrimination based on race, color, or national origin. Applicants requesting federal funds must submit a Title VI Self-Survey and Statement of Assurance. These forms can be found on KHC's website, www.kyhousing.org, under Development; Multifamily; [Technical Submission](#); Title VI –Self-Survey.

7. Section 504 Self-Evaluation*

(Federal funds only)

Section 504 of the Rehabilitation Act of 1973 prohibits the exclusion from, participation in, denial of the benefits of, or discrimination under any program or activity receiving federal financial assistance of otherwise qualified individuals with disabilities.

A self-evaluation of all aspects of the organization, including all buildings or facilities for physical accessibility, program outreach and communication, eligibility and admission criteria and practice, distribution and occupancy policy and practice, percentage of accessible units, employment (including pre-employment), and complaint processing procedures must be prepared by the recipient. **A person with disabilities or a representative from an agency that serves persons with disabilities must assist the applicant in completing the self-evaluation.** It is required that all recipients with 15 or more employees keep the evaluation on file for at least 3 years.

A transition plan is mandatory if structural changes to facilities are needed to achieve program accessibility. The plan must be developed with the assistance of individuals with disabilities or organizations representing them. A copy of the plan must be made available for public inspection. The plan should identify the physical obstacles that limit accessibility, include a detailed description of methods used to make facilities accessible and the schedule for each step of the process. All structural changes must be made within six months of project funding.

Projects with federal funds must submit a Section 504 Self-Evaluation with attachments (and transition plan, if applicable). These forms can be found on KHC's website, www.kyhousing.org under Development; Multifamily; [Technical Submission](#); Section 504.

8. ALTA Survey

(Required for all projects with KHC loan funds)

A surveyor licensed in the Commonwealth of Kentucky must complete an ALTA survey. The survey must be certified to KHC, stamped, sealed, signed by the licensed surveyor, and dated no more than 60 days from the date of submission. All surveys must meet the [2016 Minimum Standard Detail Requirements for ALTA Surveys](#) and include the indicated items on **Table A**. The survey must also include the following:

- Metes and bounds at a preferred scale of 1-inch equals 20 feet but no smaller than 1-inch equals 40 feet.
- For projects utilizing previously platted properties on record, a legal description referencing the recorded plat. A copy of the plat recording must also be provided.
- For projects with properties not previously platted, a metes and bounds legal description of the property line. All easements and rights-of-way should also have the metes and bounds in the description.
- HOME, NHTF, and Risk-Sharing projects must include a metes and bounds legal description.

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- All rights-of-way and easements must be indicated and should have a metes and bounds description and a north arrow.
- All roads, encroachments, setback requirements, and natural drainage ways.
- The 100-year flood boundary, any other floodways, and a written floodplain zone determination.
- All parking, streets, walks, curbs, dumpster pads, playground areas, etc.

Note: An electronic copy of the survey may be initially accepted, but KHC reserves the right to request a hard copy of the survey at any time. A paper copy of the final survey must be submitted prior to closing dated no more than 30 days prior to closing.

9. Title Commitment

(Required for all projects with KHC loan funds)

A separate title commitment for each KHC funding source must be submitted for review. KHC's Legal Department will communicate with the title insurance company to ensure the title policy exceptions, endorsements, and descriptions are agreed upon. At the pre-closing stage, a revised title commitment or proforma policy with the agreed upon terms must be submitted and dated no more than 30 days prior to the closing date.

Other Documents

1. Drug-Free Workplace Certification*

(Required for all projects)

KHC's policy is to promote a drug-free environment for all individuals acquiring housing using KHC funds. Applicants must sign the Drug-Free Workplace Certification form certifying the project will provide a drug-free workplace. This form can be found on KHC's website, www.kyhousing.org, under Development; Multifamily; [Technical Submission](#); Fair Housing.

2. Tax Attorney Opinion Letter indicating eligibility for acquisition credit

(Required for Housing Credit rehabilitation projects requesting acquisition credit)

The applicant's tax attorney must provide a letter that the project is eligible for acquisition credits.

3. Internal Revenue Service waiver for troubled projects

(Required for Housing Credit projects – if applicable)

If an existing project has been designated a "troubled project" by HUD or RD, the project may request a waiver from the IRS to the ten-year holding period requirement. If a project has received this waiver, a copy of the waiver letter must be submitted to KHC.

4. Authorized Signature Form*

(Required for all projects with KHC funds)

This form documents which members of the ownership entity are authorized to submit draw requests to KHC. There are at least two different signatures required on this form; one person who will submit the draw request and another person who will sign the check disbursing the funds. The same person **may not submit the draw and sign for the disbursement of funds**. The signature form must be signed by the top official of the organization (e.g., board chair, CEO, mayor, etc.). This form can be found on KHC's website, www.kyhousing.org, under Development; Multifamily; [Technical Submission](#); Miscellaneous Material.

5. Site and Neighborhood Standards Questionnaire*

(HOME and NHTF new construction projects only)

Each recipient must administer its HOME and/or NHTF funds in a manner that provides housing that is suitable from the standpoint of facilitating and furthering full compliance with the applicable provisions of Title VI of the Civil Rights Act of 1964 and promotes greater choice of housing opportunities. The Site and Neighborhood Standards Questionnaire must be completed and submitted to KHC for review and approval prior to release of funds. This form can be found on KHC's website, www.kyhousing.org, under Development; Multifamily; [Technical Submission](#); HOME Documents.

6. Relocation Plan

(Required for all projects involving existing buildings with current occupants)

A relocation plan must be provided if the project is rehabilitating existing rental units, even if no tenants are anticipated to be relocated. The plan must detail if permanent or temporary relocation will be involved, how the relocation will occur, who will pay for it, and how the tenant will be compensated. Anticipated relocation expenses must be budgeted in the underwriting model. Projects utilizing KHC HOME, NHTF, Risk-Sharing, or newly-issued project-based vouchers are required to follow the Uniform Relocation Act (URA). Projects receiving federal assistance from a local jurisdiction must provide approval of the relocation plan by the local jurisdiction. Projects proposing Housing Credit-only or non-federal KHC funding sources (AHTF or SMAL) only may refer to KHC's relocation requirements in [Chapter 12: Program Policies](#).

7. Guideform Notice of Nondisplacement

(Required for HOME, NHTF, Risk-Sharing, or new project-based voucher rehabilitation projects with current tenants)

This notice must be provided to tenants of properties rehabilitated in conjunction with federal funds. The purpose of this notice is to inform tenants they will not be required to move permanently as a result of the rehabilitation. Tenants who move in to the property after submission of the application must be provided with the **Move-In Notice**. Refer to [HUD Handbook 1378](#) for more information and sample notices. All relocation notices must have documentation of proof of receipt by the tenants and be maintained in the tenant file.

8. Baseline Active Partners Performance System (APPS) or HUD Previous Participation Certification Process (HUD-2530) Completed

(Required for Risk-Sharing only)

Submit proof of completion of the [Baseline APPS](#) or the completed [HUD-2530 form](#). KHC will forward the completed HUD-2530 to HUD during the review of the final underwriting. These can be found on HUD's website, www.hud.gov or on KHC's website under Development; Multifamily; [Technical Submission](#); Risk-Sharing Documents.

9. Identification and Certification of Eligible Limited Liability Investor Entities*

(Required for Risk-Sharing projects with Housing Credit)

The certification form is part of HUD's previous participation requirement and must be completed by the equity investor and/or syndicator. KHC will forward this form to the local HUD office during review of the final underwriting. This form can be found on KHC's website, www.kyhousing.org, under Development; Multifamily; [Technical Submission](#); Risk-Sharing Documents.

10. **Permanent Housing Plan**

(Required for all transitional housing projects, non-credit only)

The plan must detail how tenants will progress from transitional to permanent housing, giving specific examples of housing options available to the participants, such as preference on a Section 8 waiting list, permanent units set aside at other affordable housing properties, etc.

Housing Credit Carryover Documentation

Projects receiving a reservation of Housing Credit must submit additional documentation to carry over the credit into the following year. Owners must submit carryover documentation to KHC **on or before the Friday prior to Thanksgiving each year; late submission will incur a one-time fee of \$1,000**. This fee must be received by KHC to issue the Carryover Certificate.

1. **Owner/Recipient Information**

Recipients of Housing Credits must submit the following:

- Owner and general partner federal identification numbers.
- Exact name and address of owner as it will appear on IRS Form 8609.
- Exact street address including zip code for all buildings (include number of buildings).

2. **Partnership Agreement and Certificate of Limited Partnership**

The Partnership Agreement governs relations between the partners, and the Certificate of Limited Partnership documents the partnership was formed and is a legal entity. This document must be filed with the Secretary of State and a copy of the filed document must be submitted to KHC.

3. **Estimated project cost breakdown by building**

A breakdown of the estimated cost of each building in the project must be submitted.

4. **Owner certification of federal, state, or local loans and/or grants***

KHC is required to ensure that the amount of Housing Credits allocated to a project does not exceed the amount necessary for the financial feasibility of the project. In making this determination, KHC will consider, among other things, the amount of subsidy the project is receiving. This form can be found on KHC's website, www.kyhousing.org, under Development; Multifamily; [Post-Award Resources](#); Additional Housing Credit Reference Materials.

5. **Evidence of having incurred more than 10 percent of total project costs or a written request for 10 percent test extension**

Housing Credit projects must place in service by the end of the calendar year the credits were allocated **or** must submit a carryover request. If the project will not place in service before the end of the allocation calendar year, the owner must submit evidence of having incurred more than 10 percent of the total project cost **or** submit a written carryover request for an additional 12 months.

6. **Gross Rent Floor Election***

The IRS will treat the gross rent floor as taking effect on the date KHC initially allocates tax credits to the building, unless the owner designates the placed-in-service date instead, **informs KHC prior to that date**, and the IRS will make the gross rent floor effective on that date. This form can be found on KHC's website, www.kyhousing.org, under Development; Multifamily; [Post-Award Resources](#); Additional Housing Credit Reference Materials.

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Housing Credit Rate Lock

Project owners are permitted by IRC Section 42 to "lock-in" the floating credit rates associated with the Low-Income Housing Tax Credit during the month in which a commitment for a future credit allocation is made. This "binding agreement" must meet the requirements of IRC Section 42(b)(2). The monthly credit rate percentages are announced by the IRS in a Revenue Bulletin on their website www.irs.gov/irb.

Owners electing to lock in the 4 percent rate must submit to KHC a binding agreement that:

1. Is in writing.
2. Is signed and dated by the taxpayer and KHC during the month of the intended lock in.
3. Specifies the LIHTC dollar amount to be allocated to the building.
4. Specifies the type(s) of building(s) to which the allocation applies (i.e., new construction, existing building, or substantial rehabilitation).
5. Constitutes a binding contract under state law.
6. Is binding on all successors in interest to the taxpayer.
7. Is notarized.

The credit percentage election must be made no later than the fifth day after the close of the month during which the owner enters into a binding allocation agreement.

CHAPTER 6: Pre-Construction and Pre-Closing Stages

All loan and equity closings and execution of funding agreements occur after successful completion of the technical submission stage and final underwriting. Owners must submit additional documentation noted below for final underwriting and other documents will be required prior to closing and the commencement of construction. Any documentation needed to complete final underwriting must be submitted and approved prior to the project specialist issuing a final reservation of Housing Credits and/or requesting closing documents to be prepared by KHC's legal department. Risk-Sharing projects may need to provide additional documentation to close. KHC may request additional information as needed.

KHC must receive all pre-closing documents no later than 30 days prior to the anticipated closing date and no closings may be scheduled until KHC has issued its final underwriting approval and final credit reservation letter (if applicable).

Projects utilizing KHC funds that are combining multiple contiguous parcels of land into one project site must consolidate the parcels into a single recorded deed or plat. If the developer already owns the sites, this should occur prior to the closing.

It is the applicant's responsibility to identify and utilize all KHC-provided forms, which are marked with an asterisk*.

Documents Required for Final Underwriting and Closing

1. Final Underwriting Model

The project's final underwriting model must reflect all of the final projections for sources and uses, income, expenses, and the operating proforma. All KHC underwriting comments must be resolved and the final model must conform to the terms of the final limited partnership agreement or operating agreement (Housing Credit projects), all other non-KHC funding commitments, and any rental assistance and/or operating subsidy agreements.

2. Final Draft Limited Partnership or Operating Agreement

(Housing Credit projects only)

KHC will not issue a final credit reservation letter without having first reviewed the final draft of the limited partnership agreement and **all** referenced exhibits and/or attachments. **A fully executed copy of the final limited partnership agreement must be provided to KHC within two weeks of the equity closing.**

3. Agreement to Enter Into a HAP Contract (AHAP)

Projects proposing new project-based voucher rental assistance must provide an executed copy of the Agreement to Enter Into a Housing Assistance Payments (AHAP) contract between the owner and the public housing agency providing the project-based vouchers. This includes the termination of an existing HAP contract and execution of a new contract with the project owner.

4. Operating Deficit Reserve/ Reserve for Replacement / Tax & Insurance Escrow Certification*

All applicants must certify that Operating Deficit Reserve, Reserve for Replacement and tax and insurance escrow accounts have been or will be established, state the amount of the accounts, and identify the financial institution where the accounts will be held.

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5. Request to Draw Funds at Closing

Unless otherwise approved by KHC, draw requests for KHC funds at closing for acquisition costs or reimbursement of pre-development soft costs are only allowed for KHC equity bridge loan (EBL) funds in a Tax-Exempt Bond project or for non-credit projects with a nonprofit owner.

The applicant must notify KHC in writing if funds will be requested at closing. **For HOME and/or NHTF funds, KHC's draw system cannot be activated until the executed Funding Agreement has been received at KHC, which must be no less than two (2) weeks prior to the anticipated closing date.** A draw request must be submitted through the draw management system, along with appropriate supporting documentation for the amounts requested, no less than five (5) working days prior to the anticipated closing date. Please refer to Chapter 7, Draw Request Process for Funds at Closing, for more information.

6. Owner's Employer Identification Number (EIN)

(Required for all projects)

Provide evidence of the ownership entity's employer identification number issued by the IRS.

7. Owner's DUNS Number and Proof of Registration

(Required for HOME or NHTF projects)

All projects receiving HOME or NHTF funds from KHC must provide the project owner's DUNS number before any funds may be disbursed. A DUNS number can be obtained from Dun and Bradstreet at their website, www.dnb.com. The DUNS number must be registered on the federal System for Award Management website at www.sam.gov and proof of registration must be provided to KHC. Registration must be kept current and updated annually.

8. Incumbency and Signatory Certificate or Resolution of Authorized Signatories

(Required for all projects with KHC loan funds)

This document is required to confirm the identities, titles, and authority of the signing officers of the borrowing entity to execute all necessary legal documents.

9. Organizational Documents

If the borrower is a newly-formed entity and did not provide organizational documents earlier in the application process or amended its organizational documents after their initial submission to KHC, copies of the organizational documents and any amendments must be provided for the **borrowing entity** on all projects requesting KHC funding. Please refer to the Organizational and Credit Review Documents section in Chapter 2 for the required documentation.

10. Title Commitment and Insured Closing Letter

(Required for all projects with KHC loan funds)

KHC requires a title commitment or proforma policy for each KHC funding source. The revised title commitment or proforma policy must be submitted and dated no more than 30 days prior to the closing date. If multiple funding sources are being used in the project, KHC requires a proforma policy. If KHC funds will be disbursed at closing, KHC also requires that an Insured Closing Letter and proforma policy be issued in its favor by the title insurance company.

11. Final ALTA Survey

(Required for all projects with KHC loan funds)

The survey provided during technical submission will be reviewed by KHC's Legal Department to ensure all requirements are met and there are no issues with the project site. An electronic and a paper copy of the final ALTA survey must be received by KHC **prior to closing**, dated no more than 30 days prior to closing, and include any updates or project site changes as requested.

Risk Sharing projects require seven (7) copies of the ALTA survey 30 days prior to the closing, which occurs at project completion. The survey must be dated no more than 30 days prior to the closing date.

12. Surveyor's Report

(Required for projects utilizing Risk-Sharing funds only)

A completed surveyor's report HUD Form 92457, signed and stamped by a licensed surveyor in the state of Kentucky, and dated within 30 days of the day of closing must be provided.

13. Verification of Site Control

(Required for all projects with KHC loan funds)

Proof the borrower still maintains site control of the property must be provided prior to closing.

- For owned property, if the borrower took title to the property by deed prior to the closing of the loan, KHC must be provided with a copy of the recorded deed.
- For leasehold property, if the borrower signed a lease for the property prior to the closing of the loan, KHC must be provided with a copy of the executed lease (and any amendments).

Note: For federally-funded projects (HOME, NHTF, Risk-Sharing), the new owner may not take legal possession of the property until after environmental clearance has been achieved, unless the deed transfer or lease was executed prior to submission of the application to KHC for funding.

14. Wiring Instructions – Closing Attorney*

(Required for all projects with KHC loan funds requesting funds at closing)

All loan proceeds to be disbursed at closing must be deposited into the closing attorney's escrow account by wire for the funds to be available on the day of closing. The wiring instruction form can be found on KHC's website, www.kyhousing.org, under Development; Multifamily; Pre-Construction/Closing Submission

15. Electronic Funds Transfer Authorization*

(Required for all projects with KHC loan funds)

Electronic Funds Transfer (EFT) authorizations are required if KHC funds will be drawn during construction. KHC will only disburse funds electronically. The EFT forms can be found on KHC's website, www.kyhousing.org, under Development; Multifamily; Pre-Construction/Closing Submission. A voided check must be included with the completed EFT form.

Documents Required Prior to the Start of Construction

All required documents must be reviewed and approved prior to construction start.

1. Owner and Contractor Agreement

(Required for all projects)

The Owner/Contractor agreement can be executed once the final cost is determined. The agreement may be either the AIA document or HUD's Construction Contract Form, and must be signed and dated by the contractor and the owner. The contract must be completely filled out for final review and include the following:

- The contract amount, which must match the total cost on the final cost estimate as well as the hard costs shown on KHC's underwriting model. Cost contingencies may not be included.
- The dates the construction should begin and be completed.
- Any liquidated damages and the amount per day.
- Reference to the plans, specifications, and any addendums that have been issued.
- Davis-Bacon Wage Rate clause (if applicable).
- Section 3 clause (if applicable).

2. Assurance of Completion

(Required if KHC funds exceeds \$100,000 or are drawn during construction)

An assurance of completion will not be required if KHC is only providing permanent financing with funds disbursed at project completion. **KHC will determine the adequacy and sufficiency of assurances of completion.**

Assurances of completion shall be in one of three forms:

- a) Payment/Performance bond (AIA document A-312 or the HUD Form 92452) equal to or greater than 100 percent of the total construction contract amount. Bonds must be issued by an insurance company licensed in Kentucky, signed by an authorized representative of the insurance company, and name KHC as an additional insured on the bond. Payment and performance bonds are required if KHC is providing a bridge or construction loan, or for Risk-Sharing projects in which insured advances are provided.
- b) Irrevocable On-Sight Demand Letter of Credit equal to or greater than 30 percent of the total amount of KHC funds. The letter of credit must be valid for the duration of the construction period. If it expires prior to construction completion, a new letter of credit must be submitted extending the term. KHC must be the only named beneficiary of the letter of credit; having multiple beneficiaries to the letter of credit is not acceptable. The Letter of Credit may be drawn upon by KHC in accordance with its terms and conditions.
- c) Cash deposited with KHC equal to or greater than 30 percent of the total KHC funds.

3. Evidence of Proper Insurance

(Required for all projects with KHC funds)

The contractor must provide evidence of worker's compensation, builder's risk, and general liability insurance, which must be in effect during the length of the contract. An insurance company binder is not sufficient. **KHC must be listed as the primary additional insured on all builder's risk and general liability insurance certificates when KHC has provided a loan.**

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4. Building Permit

(Required for all projects)

The contractor must receive a building permit before construction can begin. If the local jurisdiction does not require a building permit, the mayor or county judge executive must provide a letter of verification.

5. Approval Letter from the Department of Housing, Buildings, and Construction

(If applicable)

If the local jurisdiction does not issue building permits, plans must be submitted to the Kentucky Department of Housing, Buildings, and Construction, which will issue a letter authorizing the start of construction.

6. Construction Inspection Fee

(Housing Credit projects only)

Evidence of online payment of the one-time construction inspection fee of 1.25% of the annual Housing Credit allocation amount must be provided prior to construction start.

7. Final Cost Estimate

(Required for all projects)

KHC may require an updated final cost estimate after the technical submission review on final construction plans, outline specifications, and final underwriting is completed. KHC will notify the applicant if an updated final cost estimate is needed.

The cost estimate must indicate the actual amount that will be spent on each line item during construction. This document will be utilized throughout the course of construction for disbursement of funds. The estimate should not include soft costs on any of the line items. The total amount of the final cost breakdown must match the total of all hard costs included in the KHC underwriting model.

The cost estimate can be one of three different forms:

- Construction Cost Breakdown HUD Form 2328
- Schedule of Values, AIA Document G702 and G703
- KHC's Application and Certificate for Payment Form

Owners must apply the correct cost with the line item that best describes the work.

Applicants are also required to enter the construction cost breakdown from the final cost estimate into the UFA system under the "other actions" dropdown menu. Full instructions for completing this requirement can be found in the FAQ section of the UFA.

8. Construction Schedule

The construction schedule must outline the anticipated completion benchmarks and targeted placed-in-service date of the project. Benchmarks should be measured in terms of weeks/months from the date of the loan and/or equity closing (e.g., 25 percent completion within 3 months of loan closing, placed-in-service within 12 months of loan closing, etc.).

9. Pre-construction Conference Form*

(Required for all projects)

At the pre-construction conference, the developer will be required to provide the KHC Pre-construction Conference form, which will be signed by the developer, contractor and KHC construction specialist. When all pre-construction documents have been approved and the applicable closings have occurred, the assigned KHC program specialist will execute the bottom of the Pre-construction Conference form, which will constitute the Notice to Proceed with construction. Please refer to Chapter 13: Design and Construction Review for more information. The Pre-construction Conference Form can be found on KHC's website, www.kyhousing.org, under Development; Multifamily; Pre-construction/Closing Submission.

10. KHC Project Review Agreement*

(Required for all projects)

All projects are subject to inspection by KHC. The Project Review Agreement outlines the applicant's and KHC's roles and responsibilities throughout the inspection process. Applicants are required to sign the Project Review Agreement, which can be found on KHC's website, www.kyhousing.org, under Development; Design and Construction.

CHAPTER 7: Closing and Construction Stage

No loan and/or equity closings may be scheduled until KHC has approved all the required pre-construction and pre-closing documentation and issued its final underwriting approval. KHC will determine the closing date and timeline for any KHC loan funds. Any costs associated with the closing, including recording and legal fees, are the responsibility of the borrower.

There are three different types of closings that can occur on a Risk-Sharing loan:

- **Initial Closing:** If Risk-Sharing funds will be used during construction, there will be a separate closing of the construction loan.
- **Final Closing (Insured Advance):** Once construction of a project that had an initial closing is complete, there will be a final closing to convert the construction loan to a permanent loan.
- **Insured Upon Completion:** When a project will only use Risk-Sharing funds as a permanent loan source, the permanent closing will occur after construction is complete. **At this time, KHC only offers Risk-Sharing funds as an insured upon completion permanent loan.**

Each of the three different closings has separate checklists of the documentation needed for the closing.

Loan Closing Information

KHC will prepare a draft of the closing documents, which are sent to the owner's counsel, along with information regarding KHC's closing procedures, a Form of Opinion of Borrower's Counsel, and the marked-up title commitment for each KHC funding source.

KHC's legal staff will work with owner's counsel on any revisions to the closing documents that may be needed. Once a final version is agreed upon by all parties and all conditions to closing have been met, KHC's legal staff will request a copy of the updated title insurance commitment and send a closing instruction letter, along with execution drafts of the closing documents, to the owner's counsel.

The closing may not occur until KHC has received and approved a draft of the Opinion of Borrower's Counsel and the agreement of owner's counsel to issue the title policy, or if owner's counsel is not issuing the title policy, the agreement of the title agent issuing the policy that the policy will be issued in conformance with the marked-up title commitment for title insurance provided to owner's counsel.

Construction **cannot commence** until KHC has received the original, signed and recorded closing documents, including a copy of the recorded deed, unless KHC has authorized an "early start."

Closing Documents Delivery

Executed originals of all loan documents and copies of all documents sent for recording must be delivered to KHC **within 48 hours of closing**. Original recorded documents must be delivered to KHC **within two weeks of closing** along with the original of the loan policy of title insurance. KHC will not disburse loan proceeds, other than amounts pre-approved by KHC for property acquisition, until these conditions are met. All post-closing document deliveries should be addressed to:

**Kentucky Housing Corporation
Legal Department, Attn: Post Closing
1231 Louisville Road
Frankfort, KY 40601**

Post-Closing Document Submission

In addition to the document deliveries noted above, the following documents must be uploaded to the Universal Funding Application (UFA) system within **two weeks of the closing**:

1. Copy of Deed or Lease

(Required for all projects)

A copy of the executed and recorded deed or executed property lease (as applicable) must be provided after closing and prior to construction start. If the property will transfer ownership, the deed must show the transfer and be executed and recorded.

Note: For federally-funded projects (HOME, NHTF, and Risk-Sharing), the new owner may not take legal possession of the property until after environmental clearance has been achieved, unless the deed transfer or lease was executed prior to submission of the application to KHC for funding.

2. Executed Limited Partnership Agreement or Operating Agreement

(Required for all Housing Credit projects)

A copy of the fully executed limited partnership agreement or operating agreement, as well as all exhibits and attachments referenced in the agreement, must be provided. **The executed agreement may not be materially different than the final draft agreement reviewed by KHC, unless previously approved by KHC.**

Draw Request Process for Funds at Closing

Unless otherwise approved by KHC, draw requests for KHC funds at closing for acquisition costs or reimbursement of pre-development soft costs are only allowed for KHC equity bridge loan (EBL) funds in a Tax-Exempt Bond project or for non-credit projects with a nonprofit owner/developer. Owners must notify the KHC project specialist during the pre-construction/pre-closing stage of the request to draw funds at closing. The closing draw must include all closing fees due to KHC that were not received prior to closing (e.g., loan origination fee, processing fees, etc.).

KHC must receive the executed Funding Agreement and Exhibit A at least two weeks prior to the intended closing date for non-credit projects requesting HOME funds at closing. The project specialist will provide notification when the draw system has been activated and available to submit a [Program Funding Draw Request](#) must be submitted, with the closing attorney's wiring instructions and all documentation supporting the amount(s) requested.

KHC will not release funds requested at loan closing until KHC receives copies of the executed loan documents and has approved the executed closing statement. KHC will not release subsequent draw requests until the original recorded documents have been returned.

Construction Stage

Once the project has closed on all funding sources and/or Housing Credit equity and all pre-construction documentation has been approved, KHC will issue the Notice to Proceed, which is the developer's authorization to begin construction. Please refer to [Chapter 13: Design and Construction Review](#) for more information about the required pre-construction conference, Notice to Proceed, construction inspections, change orders, and the process for requesting funds during construction.

CHAPTER 8: Construction Completion/Placed-In-Service Stage

All projects are required to submit final close out documentation, which may include project completion reports, certificates of occupancy, and final draws. If Risk-Sharing funds are being utilized, there will be a final closing for an insured-upon-completion loan, and additional documentation may be required. When necessary, certain documents may be forwarded to an outside agency (e.g., HUD) for approval before the funds for the final draw can be released.

A final inspection will be conducted by the architect (if applicable), the contractor, and KHC's construction specialist. The final inspection will cover all interior and exterior items. A final punch list of items still needing completion will be submitted by the architect and provided to the construction specialist. A follow-up inspection will be conducted to verify all punch list items have been addressed and completed. KHC will not release the 10 percent retainage held during the construction phase until a final inspection report showing all punch list items have been completed and all project completion documents are received and approved. Risk-Sharing projects are also required to be inspected one year after construction completion.

Required Documents

Owners must submit the following items after construction has been completed for KHC to close out the project and release any remaining funds that are held for retainage and/or issue the IRS Form(s) 8609, as applicable. **It is the applicant's responsibility to identify and utilize all KHC-provided forms, which are marked with an asterisk*.**

1. Final As-built Survey

(Required for projects utilizing Risk-Sharing funds only)

A survey prepared by a surveyor licensed in Kentucky must show all conditions as they exist after construction is completed, all utilities, easements, rights-of-way, and setbacks. The survey must have the surveyor's signature, stamp, and seal, and be dated within 120 days.

2. Certificate of Substantial Completion, Application and Certification for Payment, and Continuation Sheet (AIA G704, G702, and G703)

(Required for projects of 12 units or more, or if an architect was involved)

The architect shall issue a Certificate of Substantial Completion (AIA G704) and executed copies of the final Application and Certificate for Payment (AIA G702) and Continuation Sheet (AIA G703), which breaks the contract sum into portions of work in accordance with a schedule of values utilizing CSI format.

3. Certificate of Occupancy

(Required for all projects)

Owners must provide a Certificate of Occupancy from the local jurisdiction for each building in the project, or if the jurisdiction does not issue certificates of occupancy, a letter from the Kentucky Department of Housing, Buildings, and Construction.

4. Termite Certificate

(Required for all new construction projects)

A termite certificate issued by a licensed pest control company must be provided as evidence the building(s) and surrounding foundation(s) were treated to prevent termite infestation.

5. Termite Inspection Report

(Required for all rehabilitation and adaptive reuse projects)

A termite inspection report from a licensed pest control company must be provided as evidence the building(s) were inspected for the presence of termites, and if found, that the building(s) were treated for termite infestation.

6. Proof of Lead-Based Paint Abatement and Clearance

(Required for projects built prior to 1978 and funded with HOME, NHTF, Risk-Sharing, and Project-Based Section 8)

A copy of the Certificate of Clearance provided by the abatement company must be provided as proof that the presence of lead has been remediated.

7. Project Completion Report (PCR)*

(Required for projects funded with HOME or NHTF)

The PCR is required to report project information, performance measures, final sources of funds and use of HOME/NHTF funds, and designation of the fixed or floating HOME units at initial occupancy. Only the HOME/NHTF units are shown on the report. **If all HOME/NHTF units have not leased up at submission, the PCR must be resubmitted until all HOME/NHTF units have been leased.** The total activity cost must match the total project cost on the Final Funds Expenditure Statement.

KHC will not release the final retainage of HOME/NHTF funds until after receipt of the completed PCR and Final Funds Expenditure Statement. All documents needed to complete the PCR can be found on KHC's website, www.kyhousing.org, under Development; Multifamily; Construction Completion/Placed-In-Service; HOME Project Completion Packet.

8. Final Funds Expenditure Statement*

(Required for projects funded with HOME or NHTF)

The Final Funds Expenditure Statement is a reporting of the final uses of all funding sources. If two different funding sources are used for one line item, the amount allocated to each funding source must be broken out. The total project cost must match the total activity cost on the PCR.

9. Section 3 Report*

(Required for projects funded with HOME, NHTF or Risk-Sharing)

Section 3 reporting is required annually during construction and at project completion regarding any employment, job training, contracting and subcontracting opportunities given to low- and very low-income persons as a result of the HUD funds used for the project. All contracts over \$200,000 and subcontracts over \$100,000 must contain a clause regarding the Section 3 requirement. More information regarding Section 3 requirements can be found on KHC's website, www.kyhousing.org, under Development; Multifamily; Construction Completion/Placed-In-Service.

10. Minority Business Enterprise/Women Business Enterprise (MBE/WBE) Report*

(Required for projects funded with HOME, NHTF, or Risk-Sharing)

The MBE/WBE report identifies the contracts awarded to minority and female businesses. The MBE section reports the racial classification and number of contracts and the associated amount awarded to minority contractors and subcontractors. The WBE section reports the gender classifications and number of contracts and the associated amount awarded to contractors and subcontractors.

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11. Equal Employment Opportunities Commission (EEOC) Certificate*

(Required for Housing Credit projects with no KHC HOME, NHTF, or Risk-Sharing funds)

The EEOC certificate is a report certifying the contracts awarded to minority- and female-owned businesses. In addition, developers are required to report their efforts to hire minority- and women-owned businesses.

The MBE (Minority Business Enterprises) section reports the racial classification and the number of contracts and their associated amount awarded to minority contractors and subcontractors. The WBE (Women Business Enterprises) section reports the gender classifications and number of contracts and their associated amount awarded to contractors and subcontractors.

EEOC certificates are not required if a Housing Credit project was required to submit the MBE/WBE report due to KHC HOME, NHTF, or Risk-Sharing funds.

12. Kentucky-Based and Disadvantaged Business Participation Certification*

Applicants who pledged the participation in the project of Kentucky-based and/or disadvantaged businesses must complete and submit the certification form for each participating business, along with an executed copy of the contract or invoice evidencing their participation was for at least \$1,000 in materials or services. If the business was not previously identified at application, a copy of the appropriate certifications must also be provided with the completed form(s).

13. Copy of Most Recent Property Tax Bill

(Required if KHC will be escrowing for taxes)

A copy of the most recent property tax bill will be used to establish the amount to be collected and placed in the escrow account for future property tax bills.

14. Final Property Insurance Declaration Page

Declaration page from the final property insurance policy is required if KHC has a mortgage on the property or will be escrowing for insurance. The annual premium amount will be used to establish the amount that needs to be collected and placed in the escrow account for future insurance bills. KHC must be listed as an additional insured on the policy. Owners may remove construction insurance from the property once construction is complete and the property insurance is in place.

15. Copy of Management Contract

(For projects utilizing a management company)

A copy of the management contract between the owner and the management company is required for compliance monitoring purposes.

16. Management Certification*

(Only required if management company changed)

If the management company has changed since application submission, the new management agent must certify that they received a copy of the application and will fulfill all the commitments made in the application and attributes pledged.

17. Operating Deficit Reserve/Reserve for Replacement/Tax and Insurance Escrow Certification*

Owners must provide the certification if not submitted at the pre-closing stage or if it has changed, an updated copy must be provided. All applicants must certify that Operating Deficit Reserve and Reserve for Replacement accounts have been established and identify the banking institution and amount of the reserve accounts. Owners must also identify where the tax and insurance escrow accounts will be held. This form can be found on KHC's website, www.kyhousing.org, under Development; Multifamily; [Pre-Construction/Closing Submission](#).

18. Final Cost Certification

(Required for projects utilizing Risk-Sharing)

Upon completion, an independent Certified Public Accounting firm shall submit a cost certification of all development costs, including a cost breakdown by building and a sources and uses of funds statement. Construction hard costs must be based on a schedule of values using CSI format.

For Risk-Sharing projects, the cost certification will be used to determine the maximum insurable mortgage. A closing date will not be scheduled until the cost certification has been approved.

Applicants are also required to enter the construction cost breakdown from the final cost certification into the UFA system under the "other actions" dropdown menu. Full instructions for completing this requirement can be found in the FAQ section of the UFA.

19. Building Addresses for All Buildings

The exact street address, city, and zip code is required for each building.

20. Marketing Quality Photos of the Property

Photos of the property signage, building exteriors, amenities, common space, and the interior of a typical unit(s) is required. KHC may utilize these photos in promotional materials, reports, or other documents.

21. AHTF/SMAL Close Out Form*

(Required for projects funded with AHTF or SMAL)

A separate close out form must be completed to verify the total amounts of AHTF and/or SMAL funds expended for the project.

22. Executed Housing Assistance Payments (HAP) Contract

For projects proposing new project-based voucher rental assistance, a copy of the fully executed HAP contract must be provided. This includes the termination of an existing HAP contract for project-based vouchers and execution of a new contract between the public housing agency and the project owner.

CHAPTER 9: Land Use Restriction Agreement and 8609 Stage

Owners of Housing Credit projects must submit the following additional documentation to obtain the Land Use Restriction Agreement (LURA) as well as the IRS Form(s) 8609 no later than 6 months from the project's construction completion date, as evidenced by a certificate of occupancy or an architect's certificate of substantial completion (if rehabilitation). Projects that will require issuance of the LURA and 8609 before the end of the calendar year must have all documentation submitted by the Thursday before Thanksgiving.

KHC will prepare the LURA using the information provided and will be mailed to the owner for signature and recording. Once it is returned, the original IRS Form(s) 8609 will be mailed to the owner for both the 4 percent and 9 percent credit allocated to each building. Please note, issuance of the 8609s may be delayed if all required project completion documents have not been submitted and approved, and/or if the project has not successfully passed a final inspection by KHC. **It is the applicant's responsibility to identify and utilize all KHC-provided forms, which are marked with an asterisk*.**

1. Request for 8609 and LURA Application*

A Request for Issuance of Low-Income Housing Tax Credit Allocation and Certification IRS Form 8609 and Land Use Restriction Agreement (LURA) must be completed and submitted by the project owner. A checklist of supporting documentation that must be provided is in the application.

2. Final Cost Certifications (Owner and Contractor)

Upon completion, an independent Certified Public Accounting firm shall submit a cost certification of all final development costs, including a cost breakdown by building, as well as other costs incurred. All costs must be separated between land, syndication activities, and project depreciable costs. Construction hard costs must be based on a schedule of values using CSI format. All cost certifications must be prepared in accordance with KHC's [Cost Certification Guidelines](#).

Applicants/owners are also required to enter the construction cost breakdown from the final cost certification into the UFA system under the "other actions" dropdown menu. Full instructions for completing this requirement can be found in the FAQ section of the UFA.

3. Updated Final KHC Underwriting Model

An updated version of KHC's final underwriting model that reflects the final sources and uses of funds must be provided. The sources and uses must agree with the final cost certification.

4. Owner Certification of Federal, State or Local Subsidy*

The owner must sign and submit a Certification of Federal, State or Local Subsidy.

5. Title Insurance Policy

An owner's or lender's title insurance policy for the property must be submitted. The information in the title policy provided will be used to determine if there are other lenders that will be required to sign the LURA.

6. Title Endorsement or Attorney Opinion Letter

An endorsement to the title or a title attorney's opinion letter that updates the title from the time of the policy to the date of the 8609/LURA request must be submitted. The endorsement or attorney's letter must be dated no more than 15 days from the date of the 8609/LURA request.

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7. Tax Information Authorization Form 8821*

Prior to the issuance of the IRS Form(s) 8609, owners must submit a signed Form 8821, Tax Information Authorization, to the IRS with a copy to KHC.

8. Certification of Sources & Uses Form*

A completed Certification of the Sources and Uses form signed by the owner and syndicator/equity provider must be submitted.

9. Architect's Final Form G702/G703

An architect must complete the Certificate for Payment (AIA G702) and Continuation Sheet (AIA G703), which breaks the contract sum into portions of work in accordance with a schedule of values utilizing CSI format.

10. Resolution/Consent Authorizing Execution of the LURA

Provide a resolution or consent, as appropriate, indicating that the individual executing the LURA has authority to do so. A resolution or consent authorizing the individual to execute all documents relevant to the transaction may be provided, but is subject to review and acceptance by KHC.

11. Updated Organizational Documents

If any changes have been made since the Technical Submission stage, the owner must provide an updated organizational chart and governing documents of controlling entities and include the current annual report from the [Kentucky Secretary of State website](#) for each entity within the ownership structure.

CHAPTER 10: Funding Sources and Requirements

The following program requirements are not intended to be an all-inclusive list of all requirements of each program, but are intended for guidance and information when selecting a funding source. Contact your program specialist with any questions.

Special notes applicable to all KHC funding sources:

- All projects involving current tenants (regardless of whether or not the tenants will be relocated) must submit a relocation plan. Documentation that the applicable relocation notices have been provided to the tenants will be required.
- Each KHC funding source may require a separate deed restriction to be recorded against the property. The terms of the deed restriction(s) may vary by funding source.
- Except for Risk-Sharing loans, KHC funds may not be used to pay any fees, interest, loan balances, or other amounts due to KHC.

HOME Investment Partnerships (HOME) Program

HOME funding is considered gap financing only. Applications requesting the entire development cost in HOME funds will be considered only as a last resort.

- Eligible applicants for HOME funds are nonprofit and for-profit entities.
- All HOME-funded projects are subject to all requirements of the [HOME Final Rule](#), as amended, at 24 CFR, Part 92.
- The following local jurisdictions receive a direct allocation of HOME funds. Projects located in these areas are not eligible to apply for KHC-administered state HOME funds and should apply to the applicable local jurisdiction for HOME funds.
 - City of Owensboro
 - Merged governments of Lexington/Fayette County
 - Merged governments of Louisville/Jefferson County
 - The consortia of the cities of Bellevue, Covington, Dayton, Ludlow, and Newport.
- **HOME projects must be completed within the time frames outlined in the closing documents.**
- HOME rental units must be leased in a timely manner, within 3 to 6 months of project completion. If the HOME units are not leased within this time frame, the project owner and/or management agent will be required to provide documentation of their marketing efforts to lease the units. Per a HUD mandate, **any HOME units not leased after 18 months will be subject to termination and repayment of all HOME funds invested.**
- Eligible rental activities are limited to new construction, acquisition with new construction, acquisition with rehabilitation, and rehabilitation of existing rental units.
- All HOME-assisted housing must meet KHC, state, and local standards, and the applicable property standards at 24 CFR, 92.251.
- HOME funds can be used for construction and permanent mortgage loans.
- HOME funds cannot be used for refinancing or acquisition only.

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HOME Financial Requirements

- HOME loans (deferred, forgiven, or amortizing) are **recourse** loans.
- For projects of 11 units or less, a vacancy rate of 10% should be projected, and for projects of 12 units or more, a 7% vacancy rate should be projected.
- All proposed developments requesting HOME funds are required to provide a minimum of 5% HOME-eligible match of the total HOME funds requested. Match information can be found in [Chapter 11: Underwriting Requirements](#).
- For units designated as low-HOME that also receive Project-Based Rental Assistance, the maximum rent may be either the low-HOME rent or the rent allowable under the Project-Based Rental Assistance program, provided the tenant pays no more than 30% of their adjusted gross income toward rent. To achieve a greater cash flow, the Project-Based rents may be more advantageous. However, please note that this option does **not** apply to high-HOME units or to units receiving **Tenant Based Rental Assistance**.
- Projects with less than five HOME-assisted units must have all HOME units occupied by households at or below 60% AMI. Projects with five or more HOME-assisted units must have at least 20% of the HOME units occupied by households at or below 50% AMI.
- HOME-assisted projects must designate a proportionate number of units as HOME units based on the percentage of HOME funds compared to total development cost. If the project has five or more HOME units, 20% of the HOME units must be at the low HOME rent/income limit or less. The remainder of the designated HOME units cannot exceed the high HOME rent/income limit.

Example:	HOME amount requested:	\$300,000
	Divided by total project cost:	÷ \$2,000,000
	HOME percentage:	15%
	Total rental units	30 units
	HOME percentage:	x 15%
	HOME units:	= 5 (4.5, but always round up)

If the formula calculates less than five units, then all units may remain at the high HOME rent level. If five or more, 20% of that amount must be rented at the low HOME rent.

Total HOME units	5 units
	x 20%
Total low HOME units:	= 1.00
<i>(Any fraction of one unit must be rounded to one unit)</i>	

In this instance, the project must have **at least one unit** rented at the low-HOME rent. The high and low HOME units must be proportionately distributed by unit type. Using the example above of four units at high HOME rent and one at low HOME rent, the distribution is as follows:

$$\underline{30 \text{ total units:}} \quad 1\text{-BR units} = 12; \quad 3\text{-BR units} = 18$$

The HOME percentage as shown above is 15 percent. This percentage is applied to each bedroom type.

$$12 \times 15\% = 1.8, \text{ therefore two (2) 1-BR units}$$

$$18 \times 15\% = 2.7, \text{ therefore three (3) 3-BR units}$$

- The subsidy per-unit test determines if the amount of HOME requested is within the required limits. Multiply the HOME units by bedroom type by the applicable HOME subsidy limit.

Example:	<i>HOME subsidy limit:</i>	1-BR	\$161,738
		3-BR	\$254,431
	<i>Requested HOME loan:</i>		\$300,000

Project located in Frankfort

2 (1BR) units X \$161,738 =	\$323,476
3 (3BR) units X \$254,431 =	\$763,293
<i>Total allowable subsidy</i>	\$1,086,769

The requested \$300,000 HOME subsidy does not exceed the allowable limit.

- At the time of application, the applicant will be required to select "fixed" or "floating" HOME units.
 - **Fixed:** When HOME units are "fixed," the specific units that received HOME assistance, and are therefore subject to HOME rent and occupancy requirements, are permanently designated and never change.
 - **Floating:** When HOME units are "floating," the HOME units may change over time as long as the total number of HOME units remains constant. The floating designation provides flexibility in assigning units and can help avoid stigmatizing the HOME-assisted units.

Please refer to KHC's website, www.kyhousing.org, under Development; Multifamily; Underwriting Resources for the HOME maximum rent and income limits.

Conflict of Interest

No owner, developer, or sponsor of HOME-assisted housing, including their officers, employees, agents, or consultants, may occupy a HOME-assisted unit in a development. The provisions do not apply to:

- An individual receiving HOME funds to acquire or rehabilitate his/her principal residence.
- An individual living in a HOME-assisted rental housing development where he/she is a project manager or a maintenance worker in that development.

KHC may grant exceptions to this conflict of interest provision (for governing owners, developers, and sponsors of HOME-assisted housing) on a case-by-case basis based on the following factors:

- Whether the person receiving the benefit is a member of a group or class of low-income persons intended to be the beneficiaries of assisted housing, and the exception will permit him or her to receive generally the same interest or benefits as are being made available or provided to the group as a whole.
- Whether the person has withdrawn from his or her functions or responsibilities or the decision-making process with respect to the specific assisted housing in question.
- Whether the tenant protection requirements of CFR 92.253 (prohibited lease terms, termination of tenancy, and tenant selection) are being observed.
- Whether the affirmative marketing requirements are being observed and followed.
- Any other factor relevant to KHC's determination, including the timing of the requested exception.

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HOME Compliance Requirements

- If the legal documents between KHC and the project owner require annual financial statements, a compilation of the annual financial statements for the project only (must not include other agency funds/activities, the project would have its own balance sheet, income statement, and cash flow statement) will be required within 120 days of the end of the project's fiscal year. This should be a full disclosure compilation or audit conducted by a certified public accountant. It should include a balance sheet, profit and loss (income statement), and statement of cash flows. If an agency is required to submit an audit under the Single Audit Act, OMB Circular A133, KHC will accept the agency-wide audit but may ask for additional project-specific information if it is necessary to evaluate the stability of the project. Financial statements must be mailed to KHC's Asset Management Department within 120 days of the close of the project's fiscal year end. New projects that have been placed in service must provide monthly reports as required by Asset Management. **Failure to submit the required annual financial statements will be considered by KHC in future funding proposals.**
- Separate from the KHC requirements, nonprofits and local government applicants that have expended \$500,000 or more in aggregate of federal funds, including HOME funds, during its fiscal year must procure and have completed annual audits in the form of CPA-prepared financial statements with management letter within 120 days after the close of the applicant's fiscal year. These financial statements must include a balance sheet, operating statements, source and use of funds statement, Schedule of Expenditures of Federal Awards, and sufficient supporting schedules. Audits must also be conducted in accordance with the provisions of OMB Circular A-133 and the Single Audit Act of 1996. If the applicant has drawn \$500,000 or more of federal funds in their fiscal year, the audit must be submitted to the Audit Clearinghouse. Any agency that has a finding in such audit must submit a copy of that audit to KHC and provide evidence that the finding has been corrected or is being corrected.
- Each HOME unit must remain in compliance with HQS throughout the affordability period. HQS guidelines are outlined in 24 CFR § 982.401. Owners are responsible for inspecting each unit annually and retaining documentation of the inspection in each tenant's file.
- Each HOME-assisted unit must ensure continued affordability to low-income families. It is the owner's responsibility to ensure that the HOME rent limits are not exceeded for the duration of the affordability period. If the project also received funding from Housing Credits, Historic Housing Credits, or any other funding source, the most restrictive of the limitations applies.
- KHC requires that 100 percent of all HOME-assisted rental units serve households at or below 60 percent of the AMI at the time the family moves in. If more than five units are assisted with HOME funds, 80 percent of the units must be reserved for households at or below 60 percent of the AMI and charged the high HOME rent or Fair Market Rent (FMR), whichever is less. The other 20 percent of the units must be reserved for households at or below 50 percent of the AMI and charged the low HOME rent or FMR, whichever is less. KHC will update its Multifamily Programs web page each year with the new releases for rent and income limits.
- In some instances, residents of HOME rental units may be receiving Tenant-Based Section 8 rental assistance. Please note, the applicable HOME rent limit may be less than the Section 8 FMR. At no time may the gross rent exceed the applicable HOME rent limit unless the unit is receiving Project-Based Section 8 rental assistance, the household makes 50% or less AMI, and is designated a low HOME unit.

- When leasing mixed funding projects, owners/managers must assure:
 - A sufficient number of units are leased or held available for lease to HOME-eligible tenants to meet the low- and very-low income targeting requirements of the program.
 - Rents charged to tenants in the HOME units are within the high and low HOME rent limits published by HUD.
- If a project is utilizing both Housing Credits and HOME, the tenant's rent may never exceed the Housing Credit program limits, regardless of the household's income.
- HOME rents may decrease. While project rent levels are not required to decrease below the HOME rent limits in effect at the time the HOME Funding Agreement is executed, a change in market conditions may force owners to reduce the HOME rents to retain tenants.
- The Annual Performance Report is required yearly for developments utilizing **HOME funds** once all funds have been drawn and construction is completed.
- Owners must maintain records for five years after the project completion date. Records of individual tenant income verifications, project rent, and project inspections must be retained for the most recent five-year period, until five years after expiration of the affordability period.
- Owners must provide periodic reports as required by KHC.

National Housing Trust Fund (NHTF)

NHTF funds are considered gap financing and shall only be provided as a recourse loan. NHTF is a relatively new program and HUD has not yet issued a final rule for program administration; however, interim guidance is available at 24 CFR, Parts 91 and 93. The NHTF program was modeled after the HOME program; therefore, KHC will apply all the HOME regulations to NHTF except for the following:

- **Affordability Period:** NHTF always requires a 30-year affordability period regardless of activity type or amount of NHTF investment.
- **Davis-Bacon Wage Rate Requirements:** Davis-Bacon wage rates do not apply.
- **Incomes to Be Served:** The income of the targeted population cannot exceed 30% AMI.
- **Income and Rent Limits:** NHTF utilizes separate income and rent limits which are available on KHC's website www.kyhousing.org under Development, Multifamily, [Underwriting Resources](#).
- **Match Requirement:** NHTF does not have a matching funds requirement.
- **Environmental Review:** The environmental provisions for new construction and rehabilitation that are required for NHTF projects under the Property Standards at 24 CFR § 93.301(f)(1) and (2) are similar to the environmental review requirements under 24 CFR Part 50 and Part 58 for the HOME program. HUD has published [CPD Notice 16-14](#) that provides guidance on how to meet the HTF environmental provisions. The Notice also explains how environmental reviews under 24 CFR Part 50 and Part 58 must meet the NHTF environmental provisions when combining NHTF with other HUD funding sources. More information on environmental requirements for NHTF funds can be found on [HUD's website](#).

Affordable Housing Trust Fund (AHTF)

AHTF funds are considered gap financing only.

- Eligible applicants are **nonprofit organizations**.
- **The nonprofit organization must be at least 51% of the ownership entity and materially participate in the project for the term of the loan.**
- Nonprofits must be registered and in good standing with the Kentucky Secretary of State.
- Nonprofits may not be affiliated with or controlled by any for-profit entity and one of the exempt purposes of the nonprofit must include the fostering of low-income housing.
- Nonprofits must meet the criteria defined as material participation in IRC Section 469(h) if combining AHTF with Housing Credits.
- Eligible activities include acquisition/new construction, acquisition with rehabilitation, and/or new construction of very low-income rental developments. AHTF funds have three priorities:
 1. New construction projects.
 2. Projects using existing privately-owned housing stock.
 3. Projects using existing publicly-owned housing stock.
- The affordability period for rental projects is **30 years**. A deed restriction will be recorded against the property to secure the affordability period. If the AHTF loan is paid off early, the recorded deed restriction will remain in effect.
- KHC shall require at least 40% of all AHTF funds to be used for rural areas, as defined by the U.S. Department of Agriculture Rural Development (RD). Applicants can determine if the property is in a rural area by accessing the [RD Property Eligibility Site](#), "Multi Family Housing" and then enter the property address.
- In combination with the above activities, owners can use AHTF to fund upfront services to residents, including budgeting and life skills development, homeownership counseling, tenant education, and self-sufficiency development. However, ongoing support services to keep clients in housing are **not** eligible activities.
- AHTF funds are provided in the form of an amortizing loan, deferred loan (due at maturity) or a forgivable loan (forgiven at maturity). KHC will consider forgivable loans only for projects with that demonstrate the need for such a loan and cannot support any debt service.
- Preference will be given to projects serving households below 30% AMI. However, AHTF may serve households up to 60% AMI. Owners can refer to the [AHTF Income Chart](#) to find the maximum income limits used for the AHTF program. This chart can be found on KHC's website, www.kyhousing.org, under Development; Multifamily; [Underwriting Resources](#).
- While there are no published rent limits for AHTF, the proposed rents should be proportionate with the income level being served, unless rental assistance is being provided. Since there are no published AHTF rent limits, the [HOME rent chart](#) should be used as a guide.
- AHTF can be blended with other KHC funds. If AHTF is allocated to a Housing Credit project, the AHTF award must be made to a nonprofit agency who is the majority owner of the partnership. The nonprofit will then loan the AHTF funds to the project with an assignment to KHC. The nonprofit will be responsible for continued compliance as well as the developer.

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AHTF Financial Requirements

- AHTF loans are non-recourse.
- The amount of developer fee (including any fees for consulting services) paid for with AHTF funds cannot exceed 7.5 percent of the total AHTF award for the project.
- Interest rates are flexible and start at zero percent. KHC will not charge interest during the construction period.
- Loan terms shall not exceed 30 years.
- For projects of 11 units or less, a vacancy rate of 10 percent should be projected, and for projects of 12 units or more, a 7 percent vacancy rate should be projected.

AHTF Compliance Requirements

- If a project is receiving AHTF only, the owner/manager must verify and document the tenant's income at initial move-in and to recertify the tenant's income annually to determine that the rent being charged is affordable as compared to the population being served. (Although not required, the industry norm to define affordability is 30 percent of a household's monthly income). The Section 8 method for verifying income is not required for AHTF-only projects, but the same verification method must be used for all tenants.
- If the legal documents between KHC and the project owner require annual financial statements, the project would be required to submit compiled annual financial statements within 120 days after the end of the project's fiscal year. These statements must be prepared by a third-party certified public accountant and sent to KHC's Asset Management and Compliance Department. Please note that failure to submit the required annual financial statements will be considered by KHC in future funding proposals.
- Owners must provide periodic reports as required by KHC.

Small Multifamily Affordable Loan (SMAL) Program

- Eligible applicants may be nonprofit organizations, for-profit entities, and units of local government.
- SMAL can be used for construction loans and/or permanent mortgage loans. Interest rates are the same for both construction and permanent financing.
- Projects cannot exceed 11 units. The total number of units on contiguous lots may not exceed 11 units.
- Eligible rental activities are new construction, substantial rehabilitation, acquisition/new construction, and acquisition with rehabilitation.
- SMAL funds cannot be used for refinancing.
- Eligible households must have incomes at or below 120 percent of the Section 8 area median income (AMI) limits.
- Rents for the project should not exceed the lesser of the SMAL rent limit, the project area's market rent, or 30 percent of the income level of the targeted population.
- SMAL funds may be combined with other KHC funds.

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- When combining SMAL funds with other KHC loan funds, the amount of the SMAL loan may not be less than the amount of the HOME and/or AHTF loan, as applicable. The maximum HOME and AHTF loan requirements still apply.

SMAL Program Financial Requirements

- SMAL loans are recourse loans.
- The maximum loan amount requested **cannot** exceed 90 percent loan-to-value or the loan amount supported by a 1.20 DCR in year one (whichever is lower). The DCR must remain at or above a 1.0 throughout the affordability period.
- Applicants may not request an interest rate lower than 3.5 percent. KHC will determine the rate the project can support.
- Interest-only payments will be due during the term of the construction period.
- The term of the loan shall not exceed 30 years.
- A deed restriction will be recorded against the property for the life of the loan. If the SMAL loan is paid off early, the deed restriction will remain in effect for the original term of the loan.
- KHC will charge an origination fee of 1 percent of the mortgage amount to be paid at closing.
- The vacancy rate for this program will be projected at 10 percent.
- Owners must keep supportive services separate from the housing component and income from services cannot be used to pay debt service.
- The pro-rata share of SMAL to the total development costs determines the number of units that must meet the SMAL income and rent requirements.

Example:	SMAL loan:	\$500,000
	Total project cost:	÷ <u>\$800,000</u>
	SMAL percentage:	62.5%
	Total rental units:	11
	SMAL Percentage:	x <u>62.5%</u>
	SMAL units:	= 6.875 (always round up)

The number of required SMAL units would be seven (7).

Please refer to the SMAL Rent and Income chart for the maximum rent and income limits for this program. These can be found on KHC's website, www.kyhousing.org, under Development; Multifamily; [Underwriting Resources](#).

SMAL Compliance Requirements

Owners must submit annual compiled financial statements, on the project only, to KHC within 120 days of the end of the project's fiscal year. The compilation shall be prepared by a third party certified public accountant in accordance with generally accepted auditing standards and government auditing standards. Owners must provide periodic reports as required by KHC. Please refer to KHC's website, www.kyhousing.org, under [Asset Management](#) for additional requirements.

Risk-Sharing

Risk-Sharing is a mortgage insurance program in which the risk is shared between KHC and HUD. There are two approval levels. As a Level I participant, KHC would share in 50 percent of the risk with HUD. As a Level II participant, KHC would share in 25 percent of the risk with HUD.

Requirements for the Risk-Sharing program are:

- Multifamily projects must be five units or more.
- Risk-Sharing may only be used for permanent loans. Construction financing is ineligible.
- **Risk-Sharing funds must be used in conjunction with the Low-Income Housing Tax Credit Program.**
- Eligible applicants are nonprofit and for-profit entities.
- Eligible rental activities are limited to new construction, acquisition with new construction, acquisition with substantial rehabilitation, substantial rehabilitation, and adaptive reuse.
- The ownership must be in the form of a single-asset entity. Each principal, as defined in [Chapter 4 of the HUD Handbook 4590.01 REV-1](#), must disclose all past participation in HUD-FHA programs (except single family home mortgages) and the nature of their proposed project, by completing the [HUD 2530 form](#) (PDF version) or through the [Active Partners Performance System \(APPS\)](#). Limited liability investor entities associated with the project must complete the Identification and Certification of Eligible Limited Liability Investors form and upload with the project's technical submission documents.
- All projects must qualify as affordable rental housing and meet one of the following:
 - 20 percent or more of the units must be both rent-restricted and occupied by persons whose income is 50 percent or less of the [AMI as determined by HUD](#), with adjustments for household size; or
 - 40 percent or more of the units must be both rent-restricted and occupied by persons whose income is 60 percent or less of the [AMI as determined by HUD](#), with adjustments for household size.
- "Rent-restricted" means that gross rent for a unit does not exceed 30 percent of the imputed limitation applicable to such unit.
 - Because the Risk-Sharing Program does not have published rent and income limits, the Housing Credit rent and income limits are used.
- The affordability period shall be equal to the term of the Risk-Sharing loan and secured by a deed restriction recorded against the property for the affordability period. If the Risk-Sharing loan is paid off early, the recorded deed restriction will remain in effect.
- An environmental review is required and shall be carried out following the National Environmental Policy Act of 1969 in accordance with 24 CFR, Part 58. The borrower is responsible for contracting with a KHC-approved [Environmental Compliance Service Provider](#) to perform the review.
- Loan proceeds from the Risk-Sharing closing cannot be disbursed until KHC has received the recorded loan documents and final endorsement of the loan from HUD.

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- The Davis-Bacon Act wage rate requirements apply to new construction and substantial rehabilitation projects of 12 or more units when the Risk-Sharing Program is used for construction financing. Because KHC only offers Risk-Sharing as permanent financing, Davis-Bacon requirements do not apply.

Risk-Sharing Financial Requirements

- The maximum loan amount cannot exceed \$2,000,000.
- The maximum loan amount requested cannot exceed 90 percent loan to value, as determined by the appraisal during the technical submission stage.
- The loan term may be up to 40 years.
- Loans must be amortized over the term of the mortgage.
- The mortgage must be in first lien position.
- Risk-Sharing loans are non-recourse loans.
- Risk-Sharing loans must have a minimum debt coverage ratio of 1.25 in year one and must remain positive through year 15.
- For projects of 11 units or less, a vacancy rate of 10 percent should be projected and for projects of 12 units or more, a 7 percent vacancy rate should be used.
- Risk-Sharing funds may not be used to pay any portion of the developer fee.
- A monthly Mortgage Insurance Premium (MIP) of 0.5 percent will automatically be calculated in the underwriting model.
- Applicants should assume a taxable interest loan rate, exclusive of MIP, subject to market changes. Current rates are posted on KHC's multifamily web page at www.kyhousing.org, under Development; Multifamily; [Risk-Sharing Program](#).
- **KHC will maintain and control the reserve for replacement (R4R) and tax and insurance escrow accounts.**

Risk-Sharing Compliance Requirements

- All projects must be audited annually in conformance with the HUD Consolidated Audit Guide. Audits must be submitted to KHC no later than April 1 of the following year.
- All Risk-Sharing loan documents will include a regulatory agreement.
- Risk-Sharing projects must adhere to all compliance monitoring procedures.

CHAPTER 11: Underwriting Requirements

Requirements for Underwriting

Following is a summary of some of the criteria KHC will consider when underwriting the project. This list is not intended to be all-inclusive and KHC may review and require documentation on any factor from any funding source that may have an impact on the project's budget and financial performance.

1. KHC may modify the amounts and terms of any KHC resources requested based on its analysis of the project's underwriting model and supporting documents.
2. KHC amortizing, permanent loans shall have monthly debt service payments. HOME, NHTF, and AHTF loans do not accrue interest during the construction period.
3. SMAL and Risk-Sharing loans will be amortizing loans.
4. HOME, NHTF, and AHTF loans may be structured as amortizing or deferred, due-at-maturity.
5. Forgivable HOME, NHTF, or AHTF loans will only be considered for projects with nonprofit owners that demonstrate the need for such a loan and cannot support any debt service.
6. KHC funds will be in first lien position unless approved otherwise prior to closing.
7. The maximum combined loan to value (CLTV) ratio may not exceed 100 percent for all permanent loans, as determined in the appraisal.
8. To ensure that governmental assistance is provided only in an amount to make the project financially viable, KHC will conduct a subsidy layering review on all projects when there is a combination of any of the following funding sources: HOME, NHTF, Risk-Sharing, Housing Credits, or new Project-Based Section 8 (including project-based vouchers). Refer to the [Subsidy Layering Review](#) section for more information.
9. The construction contingency may not exceed 10 percent of total construction hard costs, excluding property acquisition. Applicants not requesting a contingency must explain the rationale and is responsible for the cost of any change orders occurring during construction. For new construction projects, contingency should always be less than 10 percent (in most cases, less than 5 percent). For rehabilitation projects, the contingency should generally be minimized by in-depth studies and evaluations that should be conducted as part of the developer's due diligence in preparing the application.
10. **The construction contingency is set aside for unforeseen cost overruns.** To draw contingency funds, a change order must be prepared and approved by both the inspector and plan reviewer at the time the change is deemed necessary. Change orders submitted after the work is complete will not be approved. KHC will recapture any unused contingency funds and modify the loan documents accordingly. **Soft cost contingencies are not allowed.**
11. The required DCR in year one must be a minimum of 1.20, except for Risk-Sharing projects which must achieve a minimum 1.25 DCR in year one. **All projects must maintain a DCR of 1.10 or greater through year 15.** Housing Credit only projects must adhere to the DCR requirements established by an investor or governmental entity if the investor or governmental entity accepts a lower DCR, which must be reflected in either the syndication agreement or documentation from the governmental entity. In addition, the investor or governmental entity must provide its 15-year proforma. **Projects requesting KHC funds must maintain positive cash flow (1.0 or greater) through the applicable term of affordability.**

12. All projects with declining cash flows and DCRs that are approaching a DCR of 1.10 in or before year 15 must provide an explanation and documentation that sufficient funds will be available to support and maintain the project for a minimum of 15 years.
13. For all Housing Credit projects, the maximum amount of credit for which the project is eligible is the lesser of the equity gap test, the credit per unit test, or the qualified basis test, as calculated on the "Housing Credit" tab of the KHC underwriting model.
14. Housing Credit projects proposing a qualified Community Service Facility (CSF) must be located in a Qualified Census Tract (QCT). The eligible basis attributable to the CSF cannot exceed 25 percent of the project's total eligible basis (without any basis boost) and the total project development cost cannot exceed \$15 million. The costs associated with the CSF must be itemized on a separate uses statement contained within KHC's underwriting model and those costs will not be considered in the cost containment calculation.
15. Projects containing commercial space must itemize the associated commercial space costs on a separate uses statement contained within KHC's underwriting model and those costs will not be considered in the cost containment calculation. Owners may not use KHC resources to pay for any costs associated with commercial space.
16. Applicants must allocate any project-related fees or soft costs associated with a CSF or commercial space on a pro-rata basis, or the actual amount of the soft cost, if it is specific to the space. A disproportionate share of fees and soft costs may not be allocated to the CSF or commercial space for the purposes of adhering to the cost containment limits.
17. KHC has published historical operating expense data by county for projects in KHC's portfolio. The proposed operating expenses must be supported and generally should fall between \$2,500 - \$4,500 per unit, per year (including utilities) and fall within \$1,000 +/- of KHC's most current historical per unit, per year calculation (excluding utilities) for the project county. Applicants must provide a justification for expenses outside either of these ranges. If the county does not have historical data, applicants should use the data of a similar neighboring county. Applicants must enter the county utilized and the amount of the most current historical expense data, excluding utilities, on the expenses page of the underwriting model. The operating expense database is located on KHC's website, www.kyhousing.org.
18. Management fees should be comparable to market fees and should not exceed 8.5 percent of effective gross income. Smaller projects and/or special needs projects, which may require a fee higher than 8.5%, must provide justification for the higher percentage and receive approval from KHC.

Housing Credit Per-Unit Limits

The maximum annual Housing Credit allocation for all projects, including Tax-Exempt Bond projects with 4% Housing Credit, cannot exceed the amount as determined by the per-unit limit calculation.

Urban Areas

The Housing Credit allocation for projects located in urban areas will be limited to \$12,000 per Housing Credit unit except for projects located in **QCTs** or **DDAs**, as designated by the secretary of the U.S. Department of Housing and Urban Development; Choice Neighborhoods; historic/adaptive reuse projects; new construction projects located in areas of opportunity; or projects located in areas defined by KHC as needing an increase in basis, which will be limited to \$15,600 per Housing Credit unit.

Rural Areas (Any area outside of the urban areas as defined by RD is considered rural)

The Housing Credit allocation for projects located in rural areas will be limited to \$13,500 per Housing Credit unit except for projects located in **QCTs** or **DDAs**, as designated by the U.S. Department of Housing and Urban Development; historic/adaptive reuse projects; projects located in the Promise Zone counties (Bell, Clay, Harlan, Knox, Leslie, Letcher, Perry and part of Whitley); or projects located in areas defined by KHC as needing an increase in basis, which will be limited to \$17,550 per Housing Credit unit.

Rural Area Example: Subsidy limit: \$13,500
\$17,550 (if in a DDA, QCT, or other KHC-defined area)
40 total units not in any of the bonus areas
40 x \$13,500 = \$540,000

Housing Credit Limit with 130 Percent Basis Boost

Modifications to Definition of Eligible Basis (130 Percent Rule, Qualified Census Tract, Difficult Development Area and Areas Defined by KHC)

The IRS stipulates certain areas as QCTs and DDAs. These areas are designated as areas that are difficult to develop or are defined as census tracts in which 50 percent or more of the households are at-or-below 60 percent of the area median income, as well as census tracts with a poverty rate of 25 percent or higher.

The Housing and Economic Recovery Act of 2008, H.R. 3221 (HERA), provides state Housing Credit agencies the ability to enhance the credit to any building needing the enhanced credit to be financially feasible.

KHC will allocate and underwrite Housing Credits at 9.00% and the applicable floating credit factor established by the IRS the month prior to application submittal for 4.00% Housing Credits. All 9 percent Housing Credits projects are eligible for the 30 percent basis boost as deemed necessary in the sole discretion of KHC. However, Tax-Exempt Bond projects with 4 percent Housing Credits must be located in a QCT or DDA to qualify for the basis boost and acquisition basis is not eligible for the boost.

Qualified Census Tracts (QCTs) and Difficult Development Areas (DDAs)

The current listing of QCTs and DDAs can be found on HUD's website. KHC will utilize the most current listings in effect as published by HUD.

Community Service Facility

A Community Service Facility (CSF) is a space that can be used for purposes to improve the quality of life for community residents including, but not limited to, child daycare, senior programs, and job training provided such services are appropriate and helpful to low-income individuals in the project area. A CSF is defined as a facility to primarily serve low-income individuals in the community whose income is 60 percent or less of area median income. Use of the CSF may not be limited to project residents only; it must be available to any low-income individual in the community. The CSF must be located on the same tract of land as at least one of the buildings in the project. If fees are charged for services provided, they must be affordable to individuals whose income is 60 percent or less of area median income.

Housing Credit projects utilizing a CSF described under IRS Revenue Ruling 2003-77 may be entitled to include the costs associated with a CSF in the calculation of the project's total eligible basis. The Housing

and Economic Recovery Act of 2008 increased the percentage of the CSF eligible basis with respect to which the Low-Income Housing Tax Credit may be claimed. No additional credit is awarded for the CSF because the eligible basis attributed to the CSF costs is included in the project's total eligible basis.

Housing Credit projects proposing a CSF must be located in a QCT. The eligible basis attributable to the CSF cannot exceed 25 percent of the project's total eligible basis (without any basis boost), and the total project development cost cannot exceed \$15 million. The costs associated with the CSF must be broken out on a separate Uses Statement within KHC's underwriting model and those costs will not be considered when ensuring a project is within KHC's cost containment limits. This provision is limited to buildings located in QCTs only.

HOME & AHTF Match

Owners must secure a minimum of 5 percent match for KHC HOME and AHTF funds.

For **AHTF funds**, any non-KHC financing source may be eligible, including, but not limited to:

- Private bank financing
- Donated materials, labor, or services
- Waived or reduced fees or taxes
- Gap financing from any non-KHC source
- Owner equity

KHC funds, or funds administered by KHC, cannot be used to meet the match requirement.

Eligible match sources for **HOME funds** must be permanent, non-federal contributions as follows:

- **Cash contributions.** Excludes proceeds from Housing Credits and any other owner equity.
- **Donation/below-market sale of real property.** To document the value of property donated or sold at below market value, it must be appraised by an independent, certified appraiser in conformance with established and generally recognized appraisal practices and procedures. If the property will not be donated but will be sold for below-market value, the match amount is the difference between the appraised value and the sale price of the property and must be documented with a copy of the appraisal and a copy of the purchase contract. A statement must be attached from the owner/seller stating that the property was donated or sold for below-market value as a contribution to affordable housing.
- **Donated construction materials.** The letter of commitment must include the method of calculating the value of donated materials and documentation of its actual cost.
- **Volunteer labor.** Valued at \$10 per hour unless classified as professional/skilled labor, such as electrical or plumbing, which may be valued at documented market rate. For projects proposing skilled labor, document the current market hourly rate and method of calculation. For projects proposing unskilled volunteer labor, attach a letter from the coordinating volunteer agency (church group, civic group, etc.) stating the commitment, including the number of hours, when volunteer labor will be performed and cost per hour. Note that there is a maximum of 3,500 hours per unit for volunteer labor and actual hours worked must be documented. Volunteer labor from the owner, or related parties of the owner, is not eligible.
- **Waived fees and taxes.** If a project participant (other than the developer/owner) or local jurisdiction agrees to waive or reduce a customary fee or tax associated with the project, the developer may secure a letter from the provider that identifies the customary amount of the fee or tax and the amount to be waived or reduced. If a local property valuation assessor (PVA) agrees to reduce the property taxes based on the restricted rents versus the market

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value, the net present value of the tax reduction is match eligible. The PVA must provide a letter stating what the market rate taxes would be and what the reduced tax bill will be based on the restricted rents, along with a calculation of the net present value of the tax savings. The net present value of the difference between the tax rates may be counted as match.

Ineligible HOME Match Sources

- Donations of equity, cash, real property, goods, materials, labor, services, fees, or any other contributions that originate from the **project owner, or any entity in which the owner (or any member of the ownership entity) has an identity of interest.**
- Contributions paid for or reimbursed by a federal source.
- Any expenses funded with CHDO proceeds are ineligible because CHDO proceeds are derived from HOME funds.

Refer to HUD CPD Notice 97-03 for more detailed information.

In unique circumstances, KHC may waive the match requirement if no eligible match can be secured and the developer can document their efforts to secure eligible match.

Subsidy Layering Review

A subsidy layering review (SLR) will be required on all projects that receive, either directly or indirectly, financial assistance from the U.S. Department of Agriculture Rural Development (RD) or the U.S. Department of Housing and Urban Development (HUD). KHC is required to follow guidelines established by RD and HUD with respect to the review of the financial assistance provided to the project.

The subsidy layering review will include a review of the amount of other governmental assistance, the amount of equity capital contributed to a project by investors, and a review of project costs including developer's fees, consultant fees, contractor's profit, syndication costs, etc. Please refer to the Compliance Checks tab of the underwriting model for additional subsidy layering requirements.

Projects combining new Project-Based Rental Assistance with other federal funding sources are required by HUD to complete a SLR. The public housing authority (PHA) that provides the rental assistance must complete the SLR; however, if a local PHA wishes to have KHC complete the SLR, the PHA must submit a written request to KHC, along with additional documentation as required by HUD. Projects subject to a HUD subsidy layering review **must meet all the HUD safe harbor limits** (as noted on the Compliance Checks tab of KHC's underwriting model), with no exceptions. Please note, the PHA is also responsible for ensuring that the applicable environmental review is completed before submitting the subsidy layering request to KHC. The PHA must also provide to KHC a copy of HUD's approval to enter into the AHAP.

Market Studies

KHC maintains an [Approved Market Analyst List](#) from which developers must select an appropriate firm or individual.

The market study/needs analysis will be reviewed to determine if a need exists in the proposed market area for the number of units and the unit configuration. This need must exist without adversely affecting other affordable housing in the same market area.

A market study/needs analysis is only valid for **six months** from the date of the study/analysis. All market studies must adhere to [KHC's market study requirements](#). Market analysts submitting a report that

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materially fails to comply with KHC's requirements or is otherwise unacceptable may, at the sole discretion of KHC, be removed from the list.

If more than one project in a given jurisdiction is awarded Housing Credits and/or other KHC resources, KHC may require the lower scoring projects to update the project's market study to recognize and take into account the other projects funded in that jurisdiction and any impact on the market's need for the units proposed in their project. Updated market studies must be submitted to KHC within **60 days** of the preliminary award letter.

Applicants/developers will enter into a contract for services directly with the market analyst and, except for questions about KHC standards and/or requirements, the applicant/developer shall be responsible for handling all issues related to the market analysis. Applicants/developers contracting with market analysts for the benefit of KHC shall be responsible for negotiating the price of the contracted work. Although the applicant/developer is responsible for engaging the market analyst, the report shall identify KHC as the intended user to provide KHC a basis for investment and loan underwriting decisions.

The capture rate will be one method of determining market need, but will not be the only factor. Overall vacancy rates in the area will be considered, as well as the rent level being proposed and how it compares to market-achievable rents. The overall recommendation of the market analyst will also be considered. Typically, a capture rate of 30 percent or below is acceptable. If the capture rate is higher, there may be compensating factors that would make the project acceptable. These determinations will be made on a case-by-case basis.

The market study must provide the required information for the scoring categories applicable to the project and identify the supporting information as indicated in the scoring workbook. Portfolio transactions must submit a separate market study for each property.

Appraisals

Applicants must submit an appraisal from a KHC-approved appraiser when KHC's total loan amount (including due at maturity and forgivable loans) is \$250,000 or more. KHC may request an appraisal on any project utilizing KHC funds. Appraisals must identify KHC as the intended user and adhere to KHC's appraisal requirements, including recognition of the favorable financing value of any below-market subsidy financing. Appraisals ordered for another lender or from a non-KHC approved appraiser are not acceptable; however, the KHC appraisal may authorize another user of the KHC appraisal.

The acquisition cost on the underwriting model cannot exceed the appraised value of sites to be acquired. The appraised value of leased sites cannot be applied to the acquisition cost of purchased sites.

Housing Credit projects requesting acquisition credit must provide an appraisal with the "as-is" market value of the building to support the building basis, and a separate site value for the land. Appraisals for Housing Credit only projects (no KHC funds) do not need to meet KHC's appraisal requirements or be ordered from KHC's contract appraisers; however, KHC must still be named as an intended user.

If a second appraisal is obtained for another funder, KHC must receive a copy of the second appraisal for comparison. The developer will need to have large discrepancies addressed by both appraisers.

KHC's [appraisal requirements](#), and list of [KHC-approved appraisers](#), are available on KHC's website, www.kyhousing.org, under Development; Multifamily; [Underwriting Resources](#).

Cost Containment

KHC has adopted cost containment guidelines to evaluate the total development cost for all projects. The applicable cost containment limits must be entered in the underwriting model.

The total development cost must not exceed the applicable cost containment limit. For example:

- 11-unit elderly new construction, non-elevator project located in Franklin County
- 5 one-bedroom units and 6 two-bedroom units
- Total development cost of \$1,200,000

Cost containment limits: 1BR = \$157,805; 2BR = \$190,316

Therefore: Five 1-BR X \$157,805 = \$ 789,025
Six 2-BR X \$190,316 = \$1,141,896

Maximum cost containment limit: \$1,930,921

The total development cost of \$1,200,000 is below the cost containment limit of \$1,930,921.

Note: Costs associated with commercial space or a Community Service Facility in a Housing Credit project located in a Qualified Census Tract will not be considered in the cost containment calculation.

The cost containment limits are on KHC's website, www.kyhousing.org, under Development; Multifamily; Underwriting Resources.

Maximum Allowable Fees

All fees must be within the limits as shown below. Maximum allowable fees are based on total development cost. The fees are calculated as follows:

General requirements equal:

General requirements ÷ (Total Hard Cost - Construction Contingency)

Construction management fees are part of General Requirements and must be included with general requirements and cannot exceed the general requirement percentage.

Builder's overhead equals:

Builder's Overhead ÷ (Total Hard Cost - Construction Contingency)

Builder's profit equals:

Builder's Profit ÷ (Total Hard Cost - Construction Contingency)

Maximum allowable fees are based on the total development cost as shown below:

Total Development Cost	General Requirements	Builder's Overhead	Builder's Profit
\$250,000 and less	6%	7%	12%
\$251,000 - \$750,000	5%	6%	8%
\$751,000 and greater	6%	2%	6%

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Developer Fee

The allowable developer fee for 9 percent Housing Credit projects and non-credit projects is based on the total number of units created or rehabilitated in the project. Developer fees must be the lesser of the total per unit amount listed below or **\$1,200,000**. Consulting fees are considered part of the developer fee.

	New Construction	Rehabilitation	Adaptive Reuse/ Historic Rehabilitation
First 15 units	\$20,000	\$20,000	\$23,500
Next 30 units	\$17,000	\$15,000	\$22,500
Next 30 units	\$12,000	\$12,000	\$18,500
Units above 75	\$7,000	\$7,000	\$8,000

Developer Fee – Tax-Exempt Bond Projects

The developer fee on Tax-Exempt Bond projects may not exceed 20 percent of the total development cost per property, minus the following deductions:

- a. Developer fee
- b. Consultant fee
- c. Any fees resembling developer or consulting fees

The developer fee may not be increased if project costs increase after submission of the full application to KHC; however, the developer fee will be reduced if project costs decrease.

Deferred Developer Fee

For the 2019-2020 program years, KHC is not requiring applicants to defer any developer fee to request KHC HOME, NHTF, or AHTF funds; however, KHC reserves the right to reinstate this policy in future funding rounds.

In Housing Credit projects, if the developer is deferring a portion of the developer fee to be paid from project income after it has been placed-in-service, the deferred portion must be able to be repaid within the first ten years of operation, except for Tax-Exempt Bond transactions which may extend the repayment term to the full 15 years allowed by the IRS. The pro forma of KHC's underwriting model will calculate the amount of deferred developer fee to be repaid each year from available project cash flow. Any amount not repaid at the end of the tenth year must be deducted from the project's eligible basis. KHC may consider, on a case-by-case basis, allowing 9% tax credit projects to extend the repayment period for deferred developer fee up to the maximum 15 years allowed by the IRS.

Reserve for Replacement (R4R)

All applicants are required to establish an R4R account. KHC will hold the account unless otherwise required by the equity provider or another lender in the project with a superior lien position. The R4R annual deposit shall increase at 3 percent annually or as prescribed by KHC.

KHC's minimum required R4R is the greater of \$400 per unit, per year, the amount required by the Physical Capital Needs Assessment (PCNA) or Capital Reserve Replacement Schedule (CRRS), as

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required by an equity provider or another financing source. For projects requesting Housing Credit only, KHC may accept a lower minimum R4R amount if allowed by the equity provider and documented in the partnership agreement.

Replacement Reserve Analysis

The CRRS projected account balance must, at a minimum, be positive at the beginning of the 15th year.

- New construction projects requesting HOME or NHTF must be positive at the start of year 20.
- Projects requesting Housing Credit only may be allowed a lower minimum R4R per unit amount as described above.
- Risk-Sharing projects will be evaluated on a case-by-case basis due to higher risk levels.

KHC may require owners to make an initial deposit to the R4R account as part of the upfront funding of the project as determined by the PCNA/CRRS. The underwriting model must reflect the upfront deposit.

All PCNA and CRRS studies must provide projections extending to, or beyond, the term of the KHC loan that is being requested. All projects must also include an electronic submission of KHC's Excel spreadsheet "Capital Reserve Replacement Schedule."

KHC may require owners to maintain two years' worth of deposits, require an owner to cover additional expenses from other sources, or require a new PCNA/CRRS and revise the R4R deposit schedule.

KHC will apply any unused R4R balance in accounts it holds to the KHC HOME, NHTF, and/or AHTF loan(s) principal amount(s). R4R accounts held by other entities (equity investor or superior lien holder) must be assigned to KHC when the holder no longer has a security interest in the project. Any balance in the R4R account must be remitted to KHC at the end of the 15-year compliance period.

All Housing Credit projects that also have KHC financing will be required to submit a subsequent PCNA in year 15 and the project may be required to adjust its capital reserve replacement schedule accordingly.

Operating Deficit Reserve Account (ODR)

The purpose of the ODR is to ensure that adequate funds are on hand should operating costs exceed the project's ability to pay them. In addition to being a safeguard during the initial lease-up phase, the ODR is vital to ensuring the long-term financial stability of the project by increasing the project's ability to absorb or respond to temporary changes in circumstances, such as the unanticipated event of significant unbudgeted increases in operating expenses and/or losses in operating revenues.

KHC calculates the minimum ODR requirement as follows:

$$\begin{array}{l} \text{Six months of debt service payments} \\ + \text{Six months of projected operating expenses} \\ = \text{Minimum Operating Deficit Reserve Required} \end{array}$$

Projects with KHC loan funds must fully fund the reserve account at the greater of KHC's amount or as required by another lender or equity provider no later than the first day of the month following the project's placed-in-service date.

KHC may waive or modify the ODR requirement on a case-by-case basis.

KHC will hold the ODR escrow unless otherwise required by another lender. Such other lender must notify KHC prior to any disbursements from the ODR account.

For ODR escrows held by KHC: During the first two years, the ODR must maintain a minimum balance of 75 percent of the original amount. The owner must make deposits to maintain the required minimum balance as cash flow permits but not more than three months of the shortfall. The owner will make such deposits prior to any disbursements or other payments to any related party

The balance in the ODR may fall below the minimum required balance after the initial two years and will remain in place for the life of the loan, available for eligible disbursements, as needed.

If KHC is financing the ODR, the full amount must be drawn on the final draw. HOME and/or NHTF funds may not be used to fund an ODR.

The owner must submit requests for ODR disbursements to KHC on the appropriate form and include an itemization of the operating expenses and supporting documentation of the actual cost of each expense.

Acquisition and Rehabilitation of Commercial Space

No KHC funds may be used to assist with the acquisition or rehabilitation costs of commercial space. KHC funds may be used in conjunction with a project that includes acquisition and/or rehabilitation of commercial space by prorating the residential square footage to the commercial space square footage. Any project with commercial space must separate the commercial space costs from the residential costs within the KHC underwriting model. If there is to be commercial space within a project, the commercial space must be deeded separately as a condominium regime.

Income Averaging

Income averaging is a new minimum set-aside election under Section 42 of the Internal Revenue Code as authorized by the Consolidated Appropriations Act of 2018. Instead of electing the 20/50 or 40/60 minimum set-aside, an owner may instead elect an income averaging set-aside, which allows a property to serve households up to 80% AMI, as long as at least 40% of the total units are rent and income restricted **and** the average income limit for all tax credit units in the project is at or below 60% AMI.

- Only properties funded under the 2019-2020 QAP or later are eligible to elect the income averaging set-aside.
- Properties with project-based rental Housing Assistance Payments (HAP) contracts may only elect the income averaging option if the original contract was executed prior to 1981. Properties with HAP contracts executed after 1981 do not have the option to serve incomes above 60% AMI.
- The minimum set-aside election is irrevocable once made on Form 8609. Therefore, existing developments already placed in service with a recorded LIHTC extended use agreement are not eligible to change their minimum set-aside/income election to income averaging.
- Income averaging is only permitted if all residential units are designated low-income; the project may not contain unrestricted or market rate residential units. Manager units are not subject to this restriction and are permitted in income averaging developments.
- All of the units must be affordable to and occupied by persons earning 80% AMI or less. At least 50% of all units must be affordable to and occupied by persons earning 60% AMI or less.
- The average of the imputed income limitations designated cannot exceed 60% AMI.

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- Designated income/rent levels may only be set at 10% increments beginning at 20% of AMI. The allowable income/rent designation levels are 20%, 30%, 40%, 50%, 60%, 70%, or 80% of AMI. KHC will not allow more than four of the possible AMI designations to be selected per property.
- The market study must demonstrate sufficient market demand for each income bracket proposed.
- Any clear skewing of unit designations is not allowed. Applicants must provide reasonable parity between different bedroom sizes at each targeted income band utilized on the property.
- All units must be designated with a specific AMI percentage at the time of application.
- Other than as may be limited by future federal guidance or other funding source restrictions, owners may change unit percent designations over time ("float"). However, the rent for tenant households may not increase due to the unit being changed to a higher increment.
- Owners of developments with more than one building will indicate on the Forms 8609 to treat all of them as part of a multiple building project (checking "Yes" on line 8b of the current form).
- Tax-Exempt Bond projects must still meet a 20/50 or 40/60 minimum set-aside; however, for purposes of the 4% credit allocation, the project can elect to do income averaging. Therefore, a bond project with 4% credits can elect an income averaging set-aside for purposes of tax credit compliance, as long as the unit mix selected would also meet either a 20/50 or 40/60 minimum set-aside test for purposes of bond compliance.

CHAPTER 12: Program Policies

The following policies (or policy excerpts) apply to all projects, unless otherwise noted.

Relocation of Displaced Persons (Permanent or Temporary)

Requirements for Projects Receiving Federal Assistance From KHC

All federally-assisted (HOME, NHTF, Risk-Sharing, and/or new Project-Based Vouchers) projects are subject to the requirements of the **Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970** (49 CFR, Part 24 and 42 U.S.C. 4201-4655). KHC requires certain documentation to ensure compliance. Owners of projects with current tenants (regardless of whether or not the tenants will be relocated) must submit a relocation plan and provide documentation that the appropriate notices were provided to the tenants.

Detailed information on complying with the relocation and acquisition requirements can be found on the HUD Real Estate Acquisition Web page at <https://www.hud.gov/relocation>.

Requirements for Projects Receiving Non-Federal Assistance from KHC or Housing-Credit Only

Owners of projects financed with non-federal KHC resources (AHTF or SMAL) or receiving Housing Credits only must pay to all persons displaced by the project reasonable relocation expenses as defined by the U.S. Federal Highway Administration's Uniform Relocation Assistance and Real Property Acquisition Policies Act Fixed Residential Moving Cost Schedule, plus a one-time payment of \$300 per unit. Owners are not required to pay additional benefits to persons eligible for federal relocation benefits. Owners of projects with current tenants (regardless of whether or not the tenants will be relocated) must submit a relocation plan.

Funding Gaps/Substantial Change

KHC will consider increasing its loan funds by up to 10 percent for a funding gap (in excess of the developer fee and construction contingency) due to increases in **hard costs** identified after application approval and prior to closing and the start of construction. Owners must submit the following information:

1. Updated underwriting model
2. Justification for the gap

KHC may consider awarding additional loan funds for gaps identified during construction upon receipt of the following information:

1. Updated underwriting model
2. Justification for the gap
3. Evidence that all other funding opportunities have been exhausted.

A gap of more than 10 percent of KHC's investment (exclusive of Housing Credits) or the number of units changing by 10 percent or more is a **substantial change**. In this case, the owner must either locate other funding or forfeit the reservation.

Note: Any time a funding gap is identified, whether before or during construction, developer fee and/or construction contingency must be used to cover all funding shortfalls before additional funds are requested. **KHC will not consider requests for funding gaps due to increases in soft costs.**

Identity of Interest

An identity of interest relationship exists if any officer, director, board member, or authorized agent of any development team member (developer, consultant, general contractor, architect, attorney, management agent, nonprofit agency, seller of the project real estate, etc.):

1. is also an officer, director, board member, or authorized agent of any other development team member;
2. has any financial interest in any other development team member's firm or corporation;
3. is a business partner of an officer, director, board member, or authorized agent of any other development team member;
4. has a family relationship through blood, marriage or adoption with an officer, director, board member, or authorized agent of any other development team member or company providing services to the project; or
5. advances any funds or items of value to the sponsor/borrower.

All applications must specifically disclose any identities of interest. Failure to do so will result in disciplinary action per KHC's suspension and debarment policy.

Conflict of Interest

A conflict of interest exists in situations in which a public official or fiduciary who, contrary to the obligation and absolute duty to act for the benefit of the public or a designated individual, exploits the relationship for personal benefit.

The appearance of a conflict of interest is present if there is a potential for the personal interests of an individual to clash with fiduciary duties. KHC will not allow individuals or businesses to participate in or provide a service to the project that have a conflict of interest in the project.

Suspension and Debarment

Any parties found to be in consistent noncompliance with program guidelines or that demonstrate flagrant or serious incident(s) of misuse of funds will not be allowed to participate in KHC programs.

Any person or agency that, except for good cause shown, shall have committed, or failed to perform (as the context may require) an act or omission identified in KHC's Suspension and Debarment Policy, may be subject to suspension and/or debarment by KHC and prohibited from doing further business with or entering into any contractual relationship with KHC. The Suspension and Debarment Policy is published on KHC's website at www.kyhousing.org.

Financial Statements

KHC may require any project for which it holds a mortgage, regardless of lien position, to submit financial statements annually. The financial statement requirements will be detailed in the legal agreements. Generally, the minimum requirement is a compilation prepared by an independent CPA. The audited financial statements for Risk-Sharing loans are to be submitted to KHC within 90 days of the project's

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fiscal year end. All other projects are required to submit financial statements within 120 days of the project's fiscal year end. KHC may impose a late fee if the audit and/or financials are not submitted on a timely basis.

Annual Performance Reports

Owners of projects receiving any type of funding through KHC's Multifamily Programs Department must submit annual performance report information through the online Tenant Data Collection System, which requires reporting the project's basic income and expense totals for the previous year.

Compliance Requirements

(All funding sources – refer to individual program requirements for additional compliance requirements)

All KHC-assisted projects are required to meet compliance requirements throughout the affordability period. KHC will conduct compliance reviews and will inspect all projects at least every three years. These reviews shall consist of rent restrictions, income restrictions, property conditions, and pledges made in the original application, extended use agreement (if applicable), the HOME and/or NHTF funding agreement (if applicable), and the commitment letter.

KHC will notify the entity, in advance, when inspections will be scheduled. The entity or management agent should adhere to the following to eliminate any possibilities of non-compliance:

- Tenants must be given at least 30 days written notice before increases are implemented. Any increases are also subject to other provisions of the lease agreements. For example, rents may not increase until the tenant's lease expires. Documentation of increases must be kept in the tenant's file.
- Owners/Management companies must include the following in the tenant files.
 - ✓ **Rental Application:** The rental application or income survey form used to gather information about household income, composition, and student status.
 - ✓ **Evidence of household eligibility:** Such documentation may vary depending upon the funding source(s) in the project.
 - ✓ **Lease:** The lease must be included, documenting the rent amount and signed by both parties.
 - ✓ **Set-aside documentation:** Evidence to support set-aside selection, as pledged in the project's application and extended low-income housing commitment.
 - ✓ **Income calculation:** Include formula used to calculate income.
- KHC reserves the right to inspect each development for compliance with HQS throughout the term of the loan and Labor Uniform Physical Condition Standards.
- Any development using several sources of financing may have additional compliance requirements. Please refer to program specifics for additional compliance requirements.

Uniform Residential Landlord Tenant Act

The Uniform Residential Landlord Tenant Act (URLTA) was enacted by the Kentucky legislature in 1984 to encourage property owners and tenants to maintain and improve the quality of rental housing and to make uniform residential agreements between property owners and tenants. URLTA is codified at KRS 383.505-.715 and provides for protection of both the property owner and the tenant, as well as corresponding rights and duties of each party.

KHC requires developers who receive funding or Housing Credits to adhere to the requirements of URLTA. Specialized or supportive housing projects will be exempt from this requirement as URLTA does not apply to housing incidental to the "provision of medical, geriatric, educational counseling, religious or similar service." KRS 383.535(1).

The landlord's duties are to place any security deposits in a separate account in a regulated financial institution, adhere to building codes affecting health and safety, make required repairs to keep premises fit and habitable, keep the building systems and common areas safe and in good condition, and supply running water at all times and reasonable heat throughout the cold months of the year.

The landlord's rights are to terminate the lease after 14 days written notice, to collect for damages, to evict from the unit, to enter the rental unit, and a right to know when the tenant will be absent for more than seven days.

Similar to the property owner, the tenant is required to adhere to building codes affecting health and safety and to keep the premises as clean and safe as practical. In addition, tenants are required to: dispose of waste safely, use electrical and all other appliances in a reasonable manner, not deliberately or negligently damage the unit or premises, conduct themselves in a way not to disturb neighbors, and not engage in unlawful activities within the premises.

The tenant has the right to move in once the lease has been signed, to terminate the lease if the landlord fails to comply with its provisions or the URLTA, to deduct from the rent when the landlord fails to comply with the lease or URLTA in a manner which impacts the tenant's health or safety, have essential services, and to oppose the landlord's retaliation for complaining about the condition of the unit.

The lease agreement must include the KHC HOME/National Housing Trust Fund Lease Addendum (for HOME or NHTF projects) or the KHC Lease Addendum (for all other projects), which incorporates the provisions of URLTA into the lease.

The tenant selection plan must include the following language:

Uniform Residential Landlord Tenant Act:

The Kentucky Uniform Residential Landlord Tenant Act ("URLTA") both preserves the quality of the housing stock and provides for rights for renters across Kentucky. [Management Company] and its tenants comply with URLTA. Tenants and Management are required to comply with provisions of URLTA.

Protections for Victims of Domestic Violence, Dating Violence, Sexual Assault, or Stalking

The Violence Against Women Act (VAWA) was enacted by Congress to provide protections to victims of domestic violence, dating violence, sexual assault, or stalking. These protections include housing protections for tenants in projects receiving funds under the HOME, NHTF, and LIHTC programs.

KHC requires developers who receive funding or Housing Credits to adhere to the requirements of VAWA. The majority of the protections for victims are incorporated into the KHC HOME/Housing Trust Fund Lease Addendum (for HOME or NHTF Projects) or the KHC Lease Addendum (for all other projects), which must be attached to every lease. Developers and management companies are responsible for creating and implementing policies to ensure that they are capable of meeting the requirements of these lease addendum provisions.

In addition, developers must take the following actions to ensure tenants are protected:

Notification Requirements

Developers and management companies must provide to each applicant and tenant the following forms:

1. "Notice of Occupancy Rights under the Violence Against Women Act" form; and
2. Certification form to be completed by the victim to document an incident of domestic violence, dating violence, sexual assault, or stalking that:
 - (i) states that the applicant or tenant is a victim of domestic violence, dating violence, sexual assault, or stalking;
 - (ii) states that the incident of domestic violence, dating violence, sexual assault, or stalking that is the ground for protection under this subpart meets the applicable definitions for such incident (which may be found at 24 CFR 5.2003); and (iii) includes the name of the individual who committed the domestic violence, dating violence, sexual assault, or stalking, if the name is known and safe to provide.

The notice and forms required under this section must be provided to the applicant and tenant any time an application is denied, any time an application is accepted, or a tenant begins receiving assistance, and must be included with any notification of eviction or notification of termination of assistance.

Emergency Transfer Plan

Developers and management companies must develop and submit an Emergency Transfer Plan that provides tenants who are victims of domestic violence, dating violence, sexual assault, or stalking the ability to request an emergency transfer to another unit. Such Emergency Transfer Plan must comply with the requirements of 24 CFR 5.2005(e). Developers and management companies are required to submit their Emergency Transfer Plans to KHC during the technical submission stage.

Template forms required by this section, including a model Emergency Transfer Plan, are available on HUD's website at https://www.hud.gov/program_offices/housing/mfh/violence_against_women_act.

CHAPTER 13: Design and Construction Review

Preliminary Plans – Minimum Requirements

Developers must provide preliminary building plans at application submission via the UFA system. Following are the minimum requirements:

Building Floor Plan

- Drawings should be at 1/8" or 1/4" scale depending upon development type.
- Provide overall exterior building dimensions and show the different unit types that exist in each building.
- Show all adjacent walks, stoops, and/or patios.
- Show location of all party and firewalls.
- Wall thickness, exterior finishes, doors, windows, cabinets, plumbing fixtures, closets, etc.
- Complete dimension of each typical unit so room sizes can be determined.

Wall Detail

- Foundation-to-roof wall detail showing *REScheck* values must be included.

Elevations

Elevations must show all four sides of the building(s) and include the following:

- Exterior wall finishes.
- Window and door openings.
- Roof material and slope of roofs.
- Eave, rake, and fascia conditions to include gutters and downspouts.

*Applicants may submit photographs clearly showing elevations for all sides of the buildings in lieu of elevation drawings. **The minimum acceptable photograph size is 5-inch by 7-inch.** However, elevation drawings **will** be required during the Technical Submission Stage.*

Final Plans – Minimum Requirements

Developers must provide final building plans at technical submission via the UFA system. Following are the minimum requirements:

Minimum final plan information and requirements:

- Building floor plans must be 1/8" = 1' scale.
- Individual unit plans must be at 1/4" = 1' scale.
- Completed in accordance with the highest architectural and engineering professional standards.
- Submitted to the appropriate building code officials for their review.
- Comments received during the application stage must be incorporated in the final plans.
- Final comments shall be incorporated into the final drawings or amended by an addendum.
- Meet all applicable accessibility requirements (UFAS, Fair Housing, ANSI A117.1, 2010 ADA or KHC Universal Design, one or more as applicable).

- Address the issues identified in the PCNA (if applicable, for rehabilitation projects).
- **Projects with 12 or more units must have plans prepared by a licensed design professional and dated and sealed with the architect's and engineer's stamp and signature.**

For projects containing 12 units or more

The construction plans must contain:

- Site plan
- Earthwork plans
- Landscaping plans
- Floor plans
- Enlarged floor plans
- Foundation plans
- Elevations
- Building sections or wall sections
- Enlarged bathroom and kitchen plans
- Door, window, and room schedules
- Structural drawings (if applicable)
- Mechanical and electrical plans

For projects with 11 units or less

The construction plans must contain:

- Site plan
- Earthwork plans
- Floor plans
- Enlarged floor plans
- Elevations
- Building or wall sections
- Mechanical drawings
- Electrical drawings

For technical submission purposes, KHC will accept verification that the plans have been sent to the appropriate building code officials for review. KHC will not complete its final review until final verification of modifications or changes are received from the building code officials.

Corrections to the final plans being done by an addendum must be submitted for review and should contain all necessary corrections.

During the technical submission stage, KHC will review all final plans and developers must make all necessary modifications or corrections. KHC must approve all changes and modifications prior to KHC's commitment and final underwriting.

All pages must be included in order, under one single attachment.

Earthwork Plans

(Required for projects of 12 units or more)

Information requirements for earthwork and grading plans:

- Grading contours existing and new at 2-foot intervals, unless the grade is too steep and it is not feasible.
- Storm drainage piping with manholes, headwalls, and retention areas, or any other miscellaneous structures. Should show top of structure elevation as well as invert elevation.
- Show slopes greater than 3:1 with ground cover.

- Show location of soil boring test, if they apply.
- All finish grade work at buildings shall be a minimum of 8 inches below finish floor elevation and slope away from the building a minimum of 6 inches over a 10-foot run.
- If retaining walls are required, they should be shown and provide a top of wall spot elevation and adjacent grade elevation.
- Walls, curb cuts, access ramps, dumpster pads, etc., must be shown on plans.

Site Utility Plan

(Required for all projects, except for projects of 11 units or less if the information below is included with the site survey)

- All existing utilities with size of piping shown.
- New water lines with size indicated and point of connection to the existing water line shown.
- Fire protection lines, vaults, and fire hydrants shown.
- Sewer and gas lines with the size indicated and manholes marked shown. Provide top elevations with invert elevations and direction of flow.
- Overhead or underground electrical service along with telephone and TV cable shown.
- All utility easements and their width must be indicated. Provide utility details, as required, to demonstrate all structures and/or improvements.

Existing Utilities

(Required for all projects)

The cost of all connection fees, tap fees, and/or relocation cost, if any, should be included in the development cost.

If off-site utilities are being brought to the site by local municipalities, a letter must be provided including the date the work will begin and be completed, and the anticipated cost. Proof that the work will be paid for by local municipalities must be submitted. If the developer is extending the utilities to the site, they must have the utility extension completed before KHC funds can be accessed or the funds must be placed in escrow to assure completion of the utility extension.

Landscaping Plan

(Required for 12 units or more)

All projects should have an adequate number of shrubs, trees, and plantings. The landscaping plan must:

- Provide planting details and show mulch areas.
- Provide trees and shrubs and a legend that gives their size.
- Show areas that need to be seeded or will receive sod.

Foundation Plans

(Required for 12 units or more)

- Indicate all footings and the foundation wall as it sits on the footings.
- Provide dimensions to indicate lengths, widths, and the thickness of each type of foundation.
- Indicate footing sizes, wall materials, and wall thickness.

- Indicate the steel reinforcing and grout.
- Show areas that are concrete slab on grade and areas that are located over crawl spaces.
- Provide details that indicate the slab and all associated materials, such as poly vapor barrier, stone base, wire mesh, construction joints, control joints, and expansion joints.

Floor Plans

*(Required for **all** projects)*

Floor plans should include the following, at a minimum:

- The entire building drawn at no less than 1/8-inch scale. Provide a plan for each different building type.
- Indication of all exterior and interior walls and the thickness of the walls.
- All rooms labeled to indicate their use.
- Dimensions applied to drawings to indicate room size. Indicate on the plans if dimensions are to face of stud, center of stud, or to finish face.
- All window and door openings with door swings and a reference to a door and window schedule.
- Exterior wall finishes and section and plan details for each type of wall construction.
- Kitchen cabinets, plumbing fixtures, and bathroom accessories. Larger scale plans may be required to properly indicate these.
- Closet shelving, ceiling access, exterior walkways, porches, etc.
- The complete project even if it is made up of more than one unit and are identical units.
- If a project is a rehabilitation, the existing items that will remain and those that will be demolished.

Enlarged Floor Plans

*(Required for **all** projects)*

Enlarged floor plans at a minimum should indicate the following.

- All dimensions to include those that cannot be shown on the 1/8-inch scale building plan.
- Exterior dimensions and all wall thickness.
- All wall types and describe each type.
- Location of firewalls and party separations walls.
- Walls receiving insulation and the type of insulation.
- Location and sizes of all access panels.
- All doors and windows with their designation as to type.
- Transition line between different floor finishes.
- Where ceilings and soffits are dropped.
- Closet shelving and type.
- Kitchen cabinets, vanities, and toilet fixtures.
- Room description or room number.

Elevations

(Required for all projects)

- Elevations required for all sides of the buildings.
- Exterior wall finishes.
- Window and door openings.
- Roof material and the slope of the roof.
- Eave, rake, and fascia conditions to include gutters and downspouts.
- Balconies, breezeways, railings, and exterior steps.

Building and Wall Sections

(Required for all projects)

- Construction of exterior walls with footers, floor-to-wall details, and ceiling-to-wall conditions.
- Footing details complete with notes and dimensions.
- Exterior grade to finish floor relationship.
- Floor construction and height to second floor or ceiling structure above.
- Wall structure, thickness, and type of interior and exterior finishes.
- Wall and floor insulation and give R-values.
- Show eave or overhang of roof to wall with materials and heights noted.
- Roof structure and materials with notes and dimensions.

Enlarged bathroom and kitchen plans and elevations

(Required for 12 units or more)

- Kitchen cabinets and elevations.
- Bathroom layout with all equipment and bathroom accessories.
- Mounting heights of all bathroom accessories.
- Show location of wood blocking in walls for attachment of accessories.
- Show turning radius and clearances required by the applicable codes in accessible units.

Door, window, and room schedules

(Required for 12 units or more)

- Provide room schedule with room designation or number. Indicate floor finish description, base finish, wall finish, ceiling finish, and notes for special finishes.
- Provide door schedule. Indicate door size, thickness, material, and fire rating, if applicable. Provide elevation of each door type.
- Door hardware schedule. Indicate hinges, lock sets, closures, panic push bars, kick plates, and weather stripping.
- Provide window schedule. Indicate window size, type, operation, and glazing. Provide elevations of each type.
- Show all details for windows, doors, and finishes, as necessary.

- Provide windows in bedroom and living rooms that meet egress and emergency escape requirements in the Kentucky Building Code and/or Kentucky Residential Code, and HQS.

Plumbing Drawings

(Required for all project types)

Exception: For **projects of 11 units or less**, a plumbing contractor licensed in Kentucky may prepare schematic drawings.

- Drawings shall show plumbing supply lines and indicate size of pipe.
- Plumbing waste line and indicate size of pipe and direction of flow.
- Legends shall be drawings indicating all plumbing fixture type and manufacturer model numbers.
- Show riser diagrams for all piping to indicate size and direction of flow.

Mechanical Drawings HVAC

(Required for all project types - exception: for projects of 11 units or less, a mechanical contractor licensed in Kentucky may prepare schematic drawings)

- Provide legends that have equipment sizes, model numbers, and manufacturers' names.
- Show all mechanical supply and return ducts along with equipment. Indicate duct construction, sizes, design capacity, insulation, location of fire and/or smoke dampers (if required), and smoke detectors, (if required).
- Miscellaneous details as necessary.

Electrical

(Required for all project types - exception: for projects of 11 units or less, an electrical contractor licensed in Kentucky may prepare schematic drawings)

- Show locations of all electrical outlets, switches, and circuits for all areas.
- Show location of light fixtures, panel boxes, and switch gear.
- Provide GFI circuits and outlets where required.
- Provide arc-fault protection where required.
- Show exterior lighting if applicable and emergency lighting.
- Provide a legend that describes light fixtures, circuit breakers, and other miscellaneous items.

Structural Drawings

(Required for 12 units or more, only when larger scale developments may be required to include structural drawings)

- Floor framing plans, complete with details and sections, fully describing the structural system of the floor.
- Roof and/or ceiling framing systems with details that clearly indicates all details and conditions.
- Foundation systems with associated details for all conditions that exist.
- Miscellaneous details that cover all aspects of the structural system that are involved.

Site Plans

- Preferred scale: 1 inch equals 20 feet. Can be no smaller than 1 inch equals 40 feet. Property lines with metes and bounds.
- Buildings should be drawn on the site plan regardless of new construction or rehabilitation. Any other remaining structures should also be indicated.
- All exterior items, such as parking, street walks, curbs, dumpster pads with enclosures, playgrounds, community rooms, and fences should be noted.
- All dimensions, setbacks, easements, and rights-of-way should be shown, with an indicator for North.
- A site detail must be shown on the plan or on a separate site detail sheet. Details should describe the type of walks, curbs, handicapped parking, etc.

Final Specifications

Final specifications are required for all projects, except rehabilitation projects of 11 units or less may submit a work write-up in lieu of specifications. During the technical submission stage, KHC's Design and Construction staff will review the final specifications in conjunction with the final plans. If changes occur during the review of the final plans that may cause a change in the specifications, the developer will be notified of any additional changes or corrections that need to be made.

If corrections to specifications are being done by an addendum, they must be submitted for review and should contain all corrections that are necessary.

All specifications shall be written following the standard Construction Specifications Institute (CSI) master format using standard AIA documents. The architect must write the specifications in accordance to accepted standards, rules, and regulations, and include specific products by model number and manufacturer (without limiting the contractor to one or two manufacturers).

KHC must approve all changes and modifications prior to commitment and final underwriting. Any previous review comments during the application stage shall be corrected and incorporated into the final specifications. Final specifications must address the issues identified in the Physical/Capital Needs Assessment if applicable for rehabilitation projects, and include all documents that pertain to the construction contract.

The specifications must include the following **23 divisions**:

Division 01: General Requirements	Division 13: Special Construction
Division 02: Existing Conditions	Division 14: Conveying Equipment
Division 03: Concrete	Division 21: Fire Suppression
Division 04: Masonry	Division 22: Plumbing
Division 05: Metals	Division 23: HVAC
Division 06: Carpentry	Division 26: Electrical
Division 07: Thermal & Moisture Protection	Division 27: Communications

Division 08: Door & Windows

Division 09: Finishes

Division 10: Specialties

Division 11: Equipment

Division 12: Furnishings

Division 28: Electronic Safety & Security

Division 31: Earthwork

Division 32: Exterior Improvements

Division 33: Utilities

The architect must clearly define the following in each section:

- Scope of work
- Products and/or materials
- Quality assurance, testing and quality control
- Execution and/or installation
- Submittals and samples
- Warranties and/or guaranties

The specifications must describe the means and methods to accomplish the work during inclement weather conditions and include the following:

- Project description
- Bidder instructions, if applicable
- Wage scale and Davis-Bacon requirements, if applicable
- Copy of the general contractor's agreement
- General and supplemental conditions

Manufacturer's specifications are required for the following items:

- Heating and cooling products, including programmable thermostats
- Windows
- Clothes washers, dishwashers, refrigerators, and range hoods
- Ceiling fans, light fixtures, and ventilation fans
- Water heaters

Work Write-Up Requirements

At a minimum, the work write-up must provide lists for:

- New items and materials to be installed in each room of every unit during construction.
- Items to remain, describing any repairs or renovation work to be performed in each room of every unit.
- Items to be salvaged from each room of every unit for re-use in the project.
- Items to be removed and disposed of from each room of every unit and the method of disposition.
- All exterior work to be performed and materials to be used on each building.
- All exterior work to be performed and materials to be used in all outdoor common areas.

If commercial space is involved, all costs associated with its rehabilitation should be itemized separately. Any work required for both commercial and rental shall be prorated on a square-foot basis. For example, if a new roof is installed on a three-story building, where the first floor is commercial and the second and third floors are rental, and all three floors have the same square footage, then 1/3 of the roof cost should be attributed to the commercial space. If the square footage were different, it should be done on a percentage of the total amount.

Final Work Write-Up Description

During the technical submission stage, KHC will review all final plans and developers must make all necessary modifications or corrections. KHC must approve all changes and modifications prior to KHC's commitment and final underwriting.

For rehabilitation projects of 11 units or less, in lieu of specifications, during the technical submission stage KHC will review the final work write-up in conjunction with the final plans and developers must make all necessary modifications or corrections. If changes occur during the review of the final plans that may cause a change in the work write-up, the applicant will be notified of any additional changes or corrections that need to be made.

Universal Design

Universal design is required for all projects receiving KHC financing equal to 50 percent or more of the total project cost and all Housing Credit projects, for the **purpose of constructing or reconstructing single-family or multifamily housing**, except for rehabilitation projects.

Universal design is a building concept that incorporates products, general design layouts, and characteristics into residences to:

- Make the residence usable by the greatest number of people.
- Respond to the changing needs of the resident.
- Improve marketability of the residence.

The goal of universal design is to build housing that meets the needs of the greatest portion of a community's population. It differs from accessible design, which is primarily intended to meet the needs of persons with disabilities, but is inclusive of adaptable design as it strives to incorporate structural features that will allow a residence to be adapted to an individual's needs. The Universal Design standards can be found on KHC's website, www.kyhousing.org, under Development, Design and Construction.

Minimum Design Standards

Minimum Design Standards apply to new construction, adaptive reuse and reconstruction of all KHC-assisted multifamily projects when funding from KHC is 10 percent or more of the cost per unit based on total development cost.

KHC's Minimum Design Standards are to be used as a guideline to meet and exceed all local, state, and national codes. These standards also provide a way to enforce above average construction and design for builders, contractors, and design professionals who wish to utilize KHC funding. Other methods of construction and design may be acceptable on a case-by-case basis. KHC's Minimum Design Standards can be found on KHC's website, www.kyhousing.org, under Development, Design and Construction.

Federal and State Accessibility Requirements - Section 504

New Construction of Housing Facilities: If a project is requesting HOME, NHTF, Risk-Sharing, or Project-Based Section 8 (when available), and has **five or more units** under one contract/deed, then 5 percent of the total units or more **must** be accessible to persons with mobility impairments **and** 2 percent of the units (minimum of one unit) **must** be accessible to persons with visual and/or hearing impairments. These accessible units must comply with [Universal Federal Accessibility Standards](#) at 24 CFR 8.22.

Alterations of Existing Housing Facilities: If a project is requesting HOME, NHTF, Project-Based Section 8, or Risk-Sharing, has **15 or more units**, and the cost of the alterations is 75 percent or more of the replacement cost of the completed facility, then 5 percent of the total units or one unit must be accessible to persons with mobility impairments **and** 2 percent of the units or one unit must be accessible to persons with visual or hearing impairments.

Fair Housing Design Requirements

Fair Housing design requirements apply to new construction and all rehabilitation units occupied after March 13, 1991. Developments must comply with all requirements of the Fair Housing Accessibility Requirements of the Fair Housing Act. For more information about Fair Housing Accessibility, visit the Fair Housing First website at www.fairhousingfirst.org.

Kentucky Building Code

Any application for new construction, substantial rehabilitation/alterations to existing structures, or change in occupancy must meet all applicable accessibility requirements of the Kentucky Building Codes.

Physical/Capital Needs Assessment (PCNA) Requirements

A PCNA is a written report performed by a qualified inspector for the rehabilitation of an existing structure into housing units. The PCNA defines the necessary repairs required to provide safe, quality, and affordable housing. PCNAs are valid for six months; beyond that, KHC requires a signed and dated certification from the licensed professional who compiled the original document attesting to its current accuracy and applicability.

All rehabilitation projects of **12 or more units** and total KHC funding of \$250,000 or more must submit a PCNA as an attachment to the application. **All applications requesting Housing Credit for rehabilitation and adaptive reuse must submit a PCNA, regardless of project size.**

A complete and thorough inspection shall be conducted to all existing structural components, appliances, mechanical, and electrical systems to determine the life expectancy, needed repairs, and/or replacement. The needs assessment inspector and appraiser shall work closely together to ensure consistency concerning areas of square footage, number of buildings, and bedrooms.

Physical/Capital Needs Inspector Qualifications:

- All inspectors and/or firms must be insured as directed by KHC.
- Inspectors must be experienced and possess sufficient background inspecting multifamily residential housing.
- Inspectors shall be licensed architects and/or engineers qualified to complete the assessment. The inspector may also consult with structural, mechanical, or electrical engineers to provide

expert opinions as to the existing condition of a particular item. Outside consultants employed shall also meet all the requirements as set forth for an inspector including insurance.

- All PCNAs must be conducted by independent third parties, defined as completely separate entities, having no other affiliation with the project, and that will not provide any other services for the project. An architect or engineer preparing construction-related documents for the project is not considered an independent third party.

Physical/Capital Needs Report Requirements:

(These specific items must be addressed in each report)

- The report shall describe, in detail, all rehabilitation work required including all respective related additional work. Separate estimates for both must be provided.
- A minimum of 25 percent of all units and at least one of each type must be inspected prior to preparation of the report.
- A cost estimate of all the repairs and/or replacements must be included.
- All reports should indicate the items and areas in need of immediate repair. A separate analysis should be completed on all components that will need repair or replacement within the next five years.
- Provide a report on all existing conditions or items in violation of applicable building codes, federal and/or state accessibility standards, and/or local ordinances. Corrective measures required to bring all items into compliance must be thoroughly detailed.
- Any visible evidence of hazardous substances, including but not limited to: asbestos containing material, lead-based paint, petroleum bulk storage, polychlorinated biphenyls, and chlorofluorocarbons, must be noted.
- Cost estimates for any items requiring action due to market demand. These will be provided to the inspector by the appraiser or KHC.
- Deferred maintenance not performed on a normal operating basis, including estimates of corrective costs.
- Any repairs needed to nonresidential buildings such as community buildings, management offices, garages, etc.
- Inspectors shall propose a total price to the applicant that will include all costs, including but not limited to: travel, clerical, inspection services, attending meetings at KHC (if applicable), etc.
- In preparing the report, the inspector may choose to utilize the Inspection Form HUD-52580-A. While not required, additional information may also need to be recorded on separate sheets and attached.
- Any corrections required by KHC must be addressed in the report.
- All reports must include an electronic version of KHC's Excel spreadsheet "Capital Reserve Replacement Schedule" as an integrated part of the report or as an addendum.

All reports must be prepared in compliance with all applicable federal and state laws and regulations. KHC requires a projection extending to or beyond the term of KHC's loan, or a 20-year term PCNA if the project is only requesting Housing Credits. KHC will also require a subsequent PCNA in year 15 and

require the project to adjust the capital reserve replacement schedule accordingly for all projects obtaining KHC Risk-Sharing, HOME, NHTF, or AHTF gap financing from KHC.

Adaptive reuse projects in which a complete interior demolition is proposed need only provide a physical/capital needs assessment, which addresses electrical and mechanical systems, building exterior, foundation, window, roof and all remaining structural components.

Pre-Construction Conference

A pre-construction conference is required on **all projects**. The final review of the technical submission documents and underwriting should be completed prior to the pre-construction conference being scheduled. **The developer is responsible to contact the appropriate KHC construction specialist to schedule the pre-construction conference no later than two weeks before the requested meeting date.** The assigned KHC project specialist must also be copied on the request for the meeting to determine if the project is ready for the pre-construction conference.

The purpose of the pre-construction conference is to outline the basic responsibilities and duties of the various parties throughout the construction and warranty periods. The conference will be conducted by KHC's construction specialist in conjunction with the program specialist assigned to the project.

For developers who have not previously used KHC resources to construct or rehabilitate a rental project, a full pre-construction conference will be required; however, for developers experienced with KHC's multifamily programs, a more limited pre-construction conference may be conducted. The decision to hold a full or limited pre-construction conference will be at the discretion of KHC's construction specialist and project specialist. Dependent on the type of project and the developer's experience with KHC, the pre-construction conference will occur either at KHC's offices or at the project site. At the conclusion of the meeting, the KHC Pre-Construction Conference Form will be signed by the developer, contractor, and KHC construction specialist.

The developer/applicant, contractor, site superintendent, and architect (if applicable) should attend. The following topics will be discussed:

- Construction inspection schedule
- Final cost estimate
- Requirements for safety fencing
- Requirements for job safety
- Project signage requirements
- Davis-Bacon wage rates, if applicable
- Draw request process
- Change order process
- The duties and responsibilities of the owner, architect, and contractor
- The Notice to Proceed

Project Signage Requirements

All projects must provide and display signage throughout the construction phase in a prominent location on the site. If display space is not limited, all partner logos should be equally proportioned. If display space is limited, all partners should be named using text of equal size. Smaller developments, such as rehabilitation projects, may request approval to reduce signage to 2- by 4-feet. The Equal Housing logo is required on all signage and cannot be listed as text.

Notice to Proceed

The developer may indicate their *desired* construction start date on the Pre-Construction Conference Form; however, KHC will notify the developer when all conditions have been satisfied and construction is authorized to begin. This is the developer's Notice to Proceed.

KHC will not issue a Notice to Proceed with construction until the following conditions have been met:

- Pre-construction conference has been conducted.
- All pre-construction and pre-closing documents have been received and approved.
- All applicable loan and equity closings have occurred.
- KHC's final underwriting has been completed and, for Housing Credit projects, the final credit reservation letter has been sent.
- KHC's final project set-up has been reviewed and executed.

Once these conditions have been satisfied, KHC will return the Pre-Construction Conference Form to the developer, signed and dated by the KHC project specialist. **No construction of any kind may begin until the fully executed form is returned to the developer, which serves as the developer's Notice to Proceed.** After receipt of the Notice to Proceed, the developer must notify the KHC construction specialist and the project specialist of the actual date construction will begin.

Construction may not start on a project before the closing without prior written permission from KHC. Starting construction early without KHC's permission will affect capacity scoring on future applications, incur a \$7,500 penalty fee, and result in withholding of KHC funds from the project.

Early Start of Construction

In **rare, unique circumstances**, KHC may consider, on a case-by-case basis, allowing the developer to begin limited construction activities prior to closing. Repeated requests for an early start of construction may result in a capacity deduction in future funding rounds. **All requests for an early start of construction are subject to the early start fees outlined in Chapter 1.**

A developer seeking an early start of construction must complete the waiver request form, detailing the unique circumstances that make an early start an unavoidable necessity, as well as the scope of the work planned prior to closing. A pre-construction conference must be conducted prior to the start of any construction. If the early start request is approved, KHC will send an authorization letter to the developer, which must be signed and returned to KHC. Any approval for an early start will be at the owner/developer's **own risk**, independent of any financing commitment by KHC.

KHC must approve the following before considering an early start request:

- Owner/contractor agreement
- Building permits
- Evidence of general liability, worker's compensation and builder's risk insurances, with KHC named as an additional insured
- Assurance of completion (irrevocable letter of credit or payment and performance bond)
- **Projects receiving federal funds must also have full environmental clearance.**

Construction Inspections

KHC's construction specialist will make regular visits to the project to review progress and ensure the project conforms to all KHC requirements. A copy of all KHC-approved plans and specifications must be available at the project site during inspections. Inspection visits will occur at least once a month, but may take place at any time.

Owners must notify KHC to complete the inspection of the following:

1. All footers prior to pouring.
2. Rough-in on all units when mechanicals are installed and prior to drywall.
3. Project completion when the units are ready for occupancy.

KHC's construction specialist will send the owner an inspection report for each visit detailing the project status and any issues noted during the inspection. The owner is responsible for ensuring all issues and deficiencies are corrected. KHC may conduct a pre-8609 inspection to confirm pledged amenities and/or other non-construction related attributes.

For Housing Credit only projects, KHC may require and accept an alternative inspection report for the three stages of construction performed on behalf of the investor or other lender.

Construction Draw Requests

KHC's construction specialist will review the requested construction costs during the monthly inspection and will electronically sign the KHC draw request approving only the hard costs. All other costs will be approved by the KHC program staff person reviewing the draw request. KHC will not pay for materials stored off-site. KHC will disburse funds for materials stored on-site if they are insured, invoiced, properly stored, and secure. Draws are limited to one draw per month and must be signed by a KHC inspector.

In projects where KHC has awarded both amortizing and deferred or forgiven loan funds, the amortizing loan funds must be disbursed first, taking priority over deferred or forgiven loan funds.

KHC will disburse up to 40 percent of the developer fee up front and the remaining 60 percent on a percentage basis in line with the percent of work completed. Construction contingency funds will not be disbursed unless change orders have been approved by KHC. KHC will retain 10 percent of the total of all KHC funds until final inspection is complete and all final documents are received and approved.

Construction Draw Policies

1. KHC will only disburse funds via an Electronic Funds Transfer (EFT) to the account identified on the EFT authorization form submitted during the pre-closing stage.
2. Owners must submit all draw requests electronically on a fully executed and completed Program Funding Draw Request. Owners must certify that all funds will be disbursed within five business days of receipt. The architect (if applicable) must certify that all work, labor, and materials are satisfactory and in accordance with approved plans and specifications.
3. Each project is limited to one draw request per month.
4. All HOME and/or NHTF projects must submit a draw request for HOME/NHTF funds at a **minimum of once every 12 months**, otherwise the project will be deemed inactive by HUD.
5. A pre-construction conference must be held prior to the start of any construction activities.

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6. KHC construction specialists must approve all construction draw requests. After the electronic draw is submitted, the construction specialist will review all hard costs for approval and may amounts based on the current inspections. KHC program staff will approve all requests for soft costs.
7. Owners must submit the following documentation electronically for each draw request:
 - ✓ KHC Program Funding Draw Request completed online.
 - ✓ Updated Title Endorsement to Title Policy for each KHC funding source for which a draw request is submitted, no more than 30 days old, reflecting the actual amount of the proposed disbursement and the total amount disbursed to date.
 - ✓ Builder's or Contractor's Affidavit of lien waiver (must be submitted with every draw for all major component contractors).
 - ✓ AIA form G-702 and G-703 (if using an architect), or KHC Payment Request Form.
 - ✓ Copies of invoices, receipts, etc., for payment of soft costs (and hard costs if an architect is not involved).

The title endorsement and all updates must include the following language:

*"A disbursement of **\$XX** (amount of current draw) was made under the Insured Mortgage. The title search was duly continued down to **DATE at TIME** (should be the same date the draw was submitted) and all encumbrances disclosed by the search were disposed of, except (note any exceptions on Schedule B). Liability under the policy is now increased to **\$XX** (total drawn under the loan), the total amount disbursed to date under the Insured Mortgage."*

The title endorsement must reference the policy number and the names of the borrower and insured party.

Final Draw

Owners may request a final draw after KHC has approved all final completion documentation. The final draw may include construction interest due to KHC, escrows for taxes and insurance, or other amounts due. KHC will not approve the final draw until it has approved the final inspection, project completion reports, and/or final endorsements/modifications to the note.

Change Orders

Owners must submit change orders to the approved final plans and specifications to KHC for approval at the time the change is needed. **Change orders submitted after completion of the work to be changed will not be approved, unless prior authorization is given by KHC in writing.** If KHC's inspectors are unable to review the work at the time of the change, or the change order is held and submitted at the end of construction, the change order may not be approved. Change orders must be signed by the construction specialist before submittal to KHC for approval.

KHC will not approve draws requesting contingency funds until it has approved the change order. **Unless previously approved, change orders are processed as a draw against the budgeted contingency funds. The balance of any unused contingency funds will be deducted from the final retainage budget and the applicable loan modifications will be prepared.**

CHAPTER 14: Basic Terms

Affiliate: Any entity that directly or indirectly controls another entity or has a controlling front door interest in the entity.

Affordability period: The required period of time the development must continue to remain affordable to the target population.

Bridge loan: A short-term loan used to finance an enterprise, investment, or government, pending the receipt of other funds.

Chronically Homeless Person: An unaccompanied homeless individual with a disabling condition who has either been continuously homeless for a year or more or has had at least four episodes of homelessness in the past three years. A disabling condition is defined as "a diagnosable substance use disorder, serious mental illness, developmental disability, or chronic physical illness or disability, including the co-occurrence of two or more of these conditions." In defining the chronically homeless, the term "homeless" means "a person sleeping in a place not meant for human habitation (e.g., living on the streets) or in an emergency homeless shelter."

Community Room: This is a designated common area specifically for the tenants only. It is separate from other areas such as the office and laundry facility.

Community Service Facility (CSF): A space available to the public (including non-tenants) usable for purposes including, but not limited to, child daycare, senior programs, and job training. They are defined as facilities that are designed to primarily serve low-income households (60 percent or less of area median income). **The CSF must be located in a Qualified Census Tract (QCT).**

Conflict of Interest: A conflict between the private interests and the official responsibilities of a person in a position of trust.

Contiguous Sites: Sites adjacent, bordering, or adjoining each other.

Construction contingency: Funds set aside for unanticipated construction expenses or cost over-runs normally calculated as a percentage of total hard cost.

Controlling Interest: The possession, directly or indirectly, of and the power to direct or cause the direction of the management and policies of an entity, whether through the means of ownership, position, contract, or otherwise.

Cost Containment guidelines: Cost guidelines limiting the amount of total dollars per unit allowed in the development.

Debt Coverage Ratio (DCR): Net operating income divided by total debt service (loan payment).

Debt service: The payment of principal, interest, and Mortgage Insurance Premium (when applicable) to repay the loan.

Deed restriction: A limitation that passes with the real property, regardless of the owner. Usually limits the real estate's type of use or intensity of use. See also: Restrictive Covenant.

Developer fee: Fee received by the developer for coordinating and developing the project, including any fees paid for consulting services or any other fees resembling consultant or developer fees.

Elderly Project: There are two ways to qualify as an elderly project: All units are occupied solely by persons 62 years of age or older (100 percent elderly) or 80 percent of the units are occupied by at least one person who is 55 years of age or older.

Homeless: A person sleeping in a place not meant for human habitation or in an emergency shelter or a person in transitional housing.

Identity of Interest: A financial, familial, or business relationship that permits less than arm's length transactions. This includes but is not limited to: the existence of a reimbursement program or exchange of funds; common financial interests; common officers, directors, or stockholders; or family relationships between officers, directors, or stockholders.

Leverage: The degree to which an investor or business is utilizing borrowed money.

Loan-to-value ratio: The ratio of a mortgage loan and the value of the security pledged; usually expressed as a percentage.

Maximum mortgage amount: The maximum principal amount to be loaned under the applicable programs.

Maximum subsidy/allocation: The maximum amount of funding allowed on a per-unit basis.

Mentally Disabled: Having either a psychiatric disorder (e.g., psychosis, neurosis, personality, or behavior disorder), a development disorder (e.g., mental retardation), or a neurological disorder that affects cognitive or emotional functions to the extent that capacity for judgment is significantly diminished.

Mortgage Insurance Premium: The insurance required to be paid annually for developments utilizing HUD insurance through the Risk-Sharing Program.

Operating Deficit Reserve Account (Rent-Up Reserve): Funds set aside in a reserve account to cover operating deficits until the project reaches sustaining occupancy. KHC calculates this reserve during the underwriting stage and must be, at a minimum, sufficient to cover six months of operating expenses and debt service. Please refer to KHC's ODR policy in [Chapter 11](#) of this manual.

Operating expenses: Both fixed and variable expenses incurred in the day-to-day operation of the project.

Other funding sources: Any funding source, not provided by KHC, being used to fund the project.

Physically Disabled: Having a physical condition that adversely affects the day-to-day motor functioning, such as cerebral palsy, spina bifida, multiple sclerosis, orthopedic impairments, and other physical disabilities.

Preservation: (Minor rehabilitation is NOT included.) Maintaining existing units or the integrity of the original existing unit, as closely as possible. Can include the relocation of certain walls or major components, such as plumbing or electrical systems. However, the existing shell of the building must be maintained. This can include the reduction of units to update or modernize to meet current market needs.

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Pro forma: A spreadsheet projecting income and expenses (including reserve for replacement) of the development, as well as debt service, debt coverage ratio, and cash flow for each year.

Project Completion: All construction is completed, all close out documents have been submitted, final closing has occurred (if applicable), and all funds have been expended and disbursed.

Reserve for Replacement: An allowance that provides for the periodic replacement of deteriorating building components that must be replaced during the building's economic life. Funds are set aside in a reserve account.

Restrictive Covenant: A private agreement that restricts the use and occupancy of real estate, is part of a conveyance, and is binding on all subsequent purchasers; may involve control of lot size, setback, placement of buildings, architecture, cost of improvements, or use.

Soft costs: Service costs and fees that are incurred when developing a project.

Single Room Occupancy (SRO): The unit must contain a bedroom and a full bath or an efficiency kitchen (sink, refrigerator, microwave).

Stabilized occupancy: The point-in-time when the gross income is sufficient to cover the operating expenses. Net income is \$0 or greater.

Subsidy Layering Review: A review required when a development combines Housing Credits with other governmental assistance, including the HOME and NHTF programs.

Term of loan: The period of time allowed for repayment of the loan amount and any accruing interest.

Total Hard Construction Costs: Total cost to construct the building and other improvements.

Vacancy Rate: The percentage of total units that are not occupied.

Grantee SF-424's and Certification(s)

OMB Number: 4040-0004
 Expiration Date: 12/31/2019

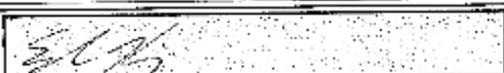
Application for Federal Assistance SF-424		
*1. Type of Submission: <input type="checkbox"/> Pre-application <input checked="" type="checkbox"/> Application <input type="checkbox"/> Changed/Corrected Application		*2. Type of Application: <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revisior
*3. Date Received: 01/20/2019 09:42:43 AM		*4. Applicant Identifier: [Empty]
5a. Code of Entity Identifier: [Empty]		5b. Federal Award Identifier: [Empty]
State Use Only: 6. Date Received by State: [Empty] 7. State Application Identifier: [Empty]		
8. APPLICANT INFORMATION:		
*a. Legal Name: Kentucky Trucking Corporation		
*b. Employer/Taxpayer Identification Number (EIN/ TIN): 51-0606439		*c. Organization's DUNS: 928219950806
d. Address:		
* Street: 1231 Louisville Road Street: [Empty] * City: Frankfort County/Parish: [Empty] * State: KY: Kentucky Province: [Empty] * Country: USA: UNITED STATES * Zip / Postal Code: 40601-0100		
e. Organizational Unit:		
Department Name: [Empty]		Division Name: [Empty]
Department Name: [Empty] Division Name: [Empty]		
f. Name and contact information of person to be contacted on matters involving this application:		
* First Name: [Empty]		* First Name: Cecilia
Middle Name: [Empty]		Middle Name: [Empty]
* Last Name: [Empty]		* Last Name: [Empty]
Suffix: [Empty]		Suffix: [Empty]
Title: [Empty]		
Organizational Affiliation: Kentucky Trucking Corporation		
* Telephone Number: 502-554-9800		* Fax Number: [Empty]
* Email: [Empty]		

Application for Federal Assistance SF-424	
* 9. Type of Applicant 1: Select Applicant Type: <input type="text" value="State Government"/> Type of Applicant 2: Select Applicant Type: <input type="text"/> Type of Applicant 3: Select Applicant Type: <input type="text"/> * Other (specify): <input type="text"/>	
* 10. Name of Federal Agency: <input type="text" value="Department of Housing and Urban Development"/>	
11. Catalog of Federal Domestic Assistance Number: <input type="text" value="14.201"/> CFDA Title: <input type="text" value="Emergency Relievable Grant Program"/>	
* 12. Funding Opportunity Number: <input type="text" value="FY2019"/> * Title: <input type="text" value="Emergency Solutions Program Rental Grant"/>	
13. Competition Identification Number: <input type="text"/> Title: <input type="text"/>	
14. Areas Affected by Project (Cities, Counties, States, etc.): <input type="text"/> <input type="button" value="Add Attachment"/> <input type="button" value="Delete Attachment"/> <input type="button" value="View Attachment"/>	
* 15. Descriptive Title of Applicant's Project: <input type="text" value="EM Program - Kentucky"/>	
Attach supporting documents as specified in agency instructions. <input type="button" value="Add Attachments"/> <input type="button" value="Delete Attachments"/> <input type="button" value="View Attachments"/>	

Application for Federal Assistance SF-424	
16. Congressional Districts Of:	
* a. Applicant: <input type="text" value="BY-104"/>	* b. Program/Project: <input type="text" value="CV-ALL"/>
Attach an additional list of Program/Project Congressional Districts if needed.	
<input type="text"/>	<input type="button" value="Add Attachment"/> <input type="button" value="Delete Attachment"/> <input type="button" value="View Attachment"/>
17. Proposed Project:	
* a. Start Date: <input type="text" value="09/01/2010"/>	* b. End Date: <input type="text" value="06/30/2020"/>
18. Estimated Funding (\$):	
* a. Federal	<input type="text" value="2,454,066.00"/>
* b. Applicant	<input type="text" value="0.00"/>
* c. State	<input type="text" value="0.00"/>
* d. Local	<input type="text" value="0.00"/>
* e. Other	<input type="text" value="0.00"/>
* f. Program Income	<input type="text" value="0.00"/>
* g. TOTAL	<input type="text" value="2,454,066.00"/>
* 19. Is Application Subject to Review By State Under Executive Order 12872 Process?	
<input type="checkbox"/> a. This application was made available to the State under the Executive Order 12872 Process for review on <input type="text"/>	
<input type="checkbox"/> b. Program is subject to E.O. 12872 but has not been selected by the State for review.	
<input checked="" type="checkbox"/> c. Program is not covered by E.O. 12872.	
* 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes," provide explanation in attachment.)	
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
If "Yes," provide explanation and attach	
<input type="text"/>	<input type="button" value="Add Attachment"/> <input type="button" value="Delete Attachment"/> <input type="button" value="View Attachment"/>
21. "By signing this application, I certify (1) to the statements contained in the list of certifications" and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances" and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 28, Section 1001)	
<input checked="" type="checkbox"/> I AGREE.	
<small>** The list of certifications and assurances, or an internet site where you may obtain the list, is contained in the announcement or agency specific instructions.</small>	
Authorized Representative:	
Prefix: <input type="text"/>	* First Name: <input type="text" value="John"/>
Middle Name: <input type="text"/>	
* Last Name: <input type="text" value="Bing"/>	
Suffix: <input type="text"/>	
* Title: <input type="text" value="Executive Director"/>	
* Telephone Number: <input type="text" value="501-564-7633"/>	Fax Number: <input type="text"/>
* Email: <input type="text" value="john.bing@hawaii.gov"/>	
* Signature of Authorized Representative: 	* Date Signed: <input type="text" value="5-24-10"/>

Application for Federal Assistance SF-424		
*1. Type of Submission: <input type="checkbox"/> Preapplication <input checked="" type="checkbox"/> Application <input type="checkbox"/> Changed/Corrected Application	*2. Type of Application: <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision	* If Revision, select appropriate letter(s): _____ * Other (Specify): _____
*3. Date Received: _____	4. Applicant Identifier: _____	
5a. State or Entry Identifier: _____	5b. Federal Award Identifier: _____	
State Use Only:		
6. Date Received by State: _____	7. State Application Identifier: _____	
d. APPLICANT INFORMATION:		
* a. Legal Name: Kentucky Housing Corporation		
* b. Employer (taxpayer) Identification Number (EIN/ID#): 51-6296438	* c. Organization's DUNS: 838925909000	
d. Address:		
* Street: 1231 Louisville Road	Street2: _____	
City: Frankfort	County/Parish: _____	
* State: KY	State: KY	
* County: KY: KY: BOONES	County: KY: KY: BOONES	
* Zip/Postal Code: 40601-6106	Zip/Postal Code: 40601-6106	
e. Organizational Unit:		
Department Name: Housing Standards Administration	Division Name: HOME	
f. Name and contact information of person to be contacted on matters involving this application:		
* Profile: _____	* First Name: Curtis	
* Middle Name: _____	Last Name: _____	
* Last Name: Stecker	Suffix: _____	
* Title: Managing Director		
Organizational Affiliation: Kentucky Housing Corporation		
* Telephone Number: 502-561-9000	* Fax Number: _____	
* Email: stecker@kyhousing.org		

Application for Federal Assistance SF-424	
* 9. Type of Applicant 1: Select Applicant Type:	
<input type="text" value="State Government"/>	
Type of Applicant 2: Select Applicant Type:	
<input type="text"/>	
Type of Applicant 3: Select Applicant Type:	
<input type="text"/>	
* Other (specify):	
<input type="text"/>	
* 10. Name of Federal Agency:	
<input type="text" value="US Department of Housing and Urban Development"/>	
11. Catalog of Federal Domestic Assistance Number:	
<input type="text" value="14.255"/>	
CFDA title:	
<input type="text" value="HOME Investment Partnerships Program"/>	
* 12. Funding Opportunity Number:	
<input type="text" value="FY2019"/>	
Title:	
<input type="text" value="HOME Investment Partnerships Program Block Grant"/>	
13. Competition Identification Number:	
<input type="text"/>	
Use:	
<input type="text"/>	
14. Areas Affected by Project (Cities, Counties, States, etc.):	
<input type="text"/>	<input type="button" value="Add Attachment"/> <input type="button" value="Delete Attachment"/> <input type="button" value="View Attachment"/>
* 15. Descriptive Title of Applicant's Project:	
<input type="text" value="HOME Investment Partnerships Program - Kentucky"/>	
Attach supporting documents as specified in agency instructions.	
<input type="button" value="Add Attachments"/> <input type="button" value="Delete Attachments"/> <input type="button" value="View Attachments"/>	

Application for Federal Assistance SF-424	
16. Congressional Districts Of:	
* a. Applicant: <input type="text" value="27-06"/>	* b. Program/Project: <input type="text" value="27-ALL"/>
Attach an additional list of Program/Project Congressional Districts if needed.	
<input type="text"/> <input type="button" value="Add Attachment"/> <input type="button" value="Delete Attachment"/> <input type="button" value="View Attachment"/>	
17. Proposed Project:	
* a. Start Date: <input type="text" value="07/01/2019"/>	* b. End Date: <input type="text" value="06/30/2020"/>
18. Estimated Funding (\$):	
* a. Federal	<input type="text" value="12,618,284.00"/>
* b. Applicant	<input type="text" value="0.00"/>
* c. State	<input type="text" value="0.00"/>
* d. Local	<input type="text" value="0.00"/>
* e. Other	<input type="text" value="0.00"/>
* f. Program Income	<input type="text" value="0.00"/>
* g. TOTAL	<input type="text" value="12,618,284.00"/>
* 19. Is Application Subject to Review By State Under Executive Order 12872 Process?	
<input type="checkbox"/> a. This application was made available to the State under the Executive Order 12872 Process for review on <input type="text"/>	
<input type="checkbox"/> b. Program is subject to E.O. 12872 but has not been selected by the State for review.	
<input checked="" type="checkbox"/> c. Program is not covered by E.O. 12872.	
* 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes," provide explanation in attachment.)	
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
If "Yes", provide explanation and attach	
<input type="text"/> <input type="button" value="Add Attachment"/> <input type="button" value="Delete Attachment"/> <input type="button" value="View Attachment"/>	
21. "By signing this application, I certify (1) to the statements contained in the list of certifications** and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 28, Section 1001)	
<input checked="" type="checkbox"/> ** I AGREE	
** The list of certifications and assurances, or an alternate site where you may obtain this list, is contained in the announcement of agency specific instructions.	
Authorized Representative:	
Prefix: <input type="text"/>	* First Name: <input type="text" value="Baldin"/>
Middle Name: <input type="text"/>	
* Last Name: <input type="text" value="Kung"/>	
Suffix: <input type="text"/>	
* Title: <input type="text" value="Executive Director"/>	
* Telephone Number: <input type="text" value="502-534-9830"/>	Fax Number: <input type="text"/>
* Email: <input type="text" value="baldin@kybernetix.com"/>	
* Signature of Authorized Representative: 	* Date Signed: <input type="text" value="07/01/19"/>

Application for Federal Assistance SF-424		
* 1. Type of Submission <input type="checkbox"/> Preapplication <input checked="" type="checkbox"/> Application <input type="checkbox"/> Changed/Corrected Application	* 2. Type of Application <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision	* If Revision, enter appropriate letter(s) <input type="text"/> * Other (Specify): <input type="text"/>
3. Date Received <input type="text"/>	4. Applicant Identifier: <input type="text"/>	
aa. Federal Entity Identifier: <input type="text"/>	ab. Federal Award Identifier: <input type="text"/>	
State Use Only: 6. Date Received by State: <input type="text"/> 7. State Application Identifier: <input type="text"/>		
B. APPLICANT INFORMATION:		
* a. Legal Name: <input type="text"/> Kentucky Housing Corporation		
* b. Employer/Agency Identification Number (EIN/AIN): <input type="text"/> 0507439	* c. Organizational OMBR: <input type="text"/> 6300000550000	
d. Address:		
* Street:	<input type="text"/> 1031 Louisville Road	
* Street2:	<input type="text"/>	
* City:	<input type="text"/> Frankfort	
* County/Parish:	<input type="text"/>	
* State:	<input type="text"/> KY; Kentucky	
* Province:	<input type="text"/>	
* Country:	<input type="text"/> USA; UNITED STATES	
* Zip/Postal Code:	<input type="text"/> 40601-0100	
e. Organizational Unit:		
Department Name: <input type="text"/> Housing Contract Administration	Division Name: <input type="text"/> KOPWA	
f. Name and contact information of person to be contacted on matters involving this application:		
* First Name:	<input type="text"/> Lisa	
* Last Name:	<input type="text"/> Stone-Ford	
* Title:	<input type="text"/> Managing Director	
Organizational Affiliation: <input type="text"/> Kentucky Housing Corporation		
* Telephone Number:	<input type="text"/> 502-586-7530	* Fax Number: <input type="text"/>
* Email: <input type="text"/> lstonef@kyhousing.com		

Application for Federal Assistance SF-424	
* 9. Type of Applicant 1: Select Applicant Type: <input type="text" value="State Government"/> Type of Applicant 2: Select Applicant Type: <input type="text"/> Type of Applicant 3: Select Applicant Type: <input type="text"/> Other (specify): <input type="text"/>	
* 10. Name of Federal Agency: <input type="text" value="US Department of Housing and Urban Development"/>	
11. Catalog of Federal Domestic Assistance Number: <input type="text" value="14.342"/> CFDA Title: <input type="text" value="Housing Opportunities for Persons with AIDS"/>	
* 12. Funding Opportunity Number: <input type="text" value="HVS2015"/> Title: <input type="text" value="Housing Opportunities for Persons with AIDS - Homeless"/>	
13. Competition Identification Number: <input type="text"/> Title: <input type="text"/>	
14. Areas Affected by Project (Cities, Counties, States, etc.): <input type="text"/> <input type="button" value="Site Attachment"/> <input type="button" value="County Attachment"/> <input type="button" value="State Attachment"/>	
* 15. Descriptive Title of Applicant's Project: <input type="text" value="Homeless Program - Kentucky"/>	
Attach supporting documents as specified in agency instructions. <input type="button" value="Add Attachments"/> <input type="button" value="Edit Attachments"/> <input type="button" value="View Attachments"/>	

Application for Federal Assistance SF-424

16. Congressional Districts Of:

* a. Applicant: * b. Program/Project:

Attach an additional list of Program/Project Congressional Districts if needed.

17. Proposed Project:

* a. Start Date: * b. End Date:

18. Estimated Funding (\$):

* a. Federal	751,608.00
* b. Applicant	0.00
* c. State	0.00
* d. Local	0.00
* e. Other	0.00
* f. Program Income	0.00
* g. TOTAL	751,608.00

* 19. Is Application Subject to Review By State Under Executive Order 12872 Process?

a. This application was made available to the State under the Executive Order 12872 Process for review on

b. Program is subject to E.O. 12872 but has not been selected by the State for review.

c. Program is not covered by E.O. 12872.

* 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes," provide explanation in attachment.)

Yes No

If "Yes", provide explanation and attach

21. *By signing this application, I certify (1) to the statements contained in the list of certifications** and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 28, Section 1001)

** I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specifications above.

Authorized Representative:

Prefix: First Name:

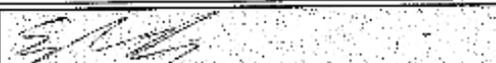
Middle Name:

Last Name: Suffix:

Title:

Telephone Number: Fax Number:

Email:

Signature of Authorized Representative:  Date Signed:

Application for Federal Assistance SF-424		
*1. Type of Submission: <input type="checkbox"/> Pre-application <input checked="" type="checkbox"/> Application <input type="checkbox"/> Changed/Corrected Application	*2. Type of Application: <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision	*3. Review, select appropriate FDUFB: _____ * Other (Specify): _____
*3. Date Received: _____	4. Applicant Identifier: _____	
5a. Federal Entry Identifier: _____	5b. Federal Award Identifier: _____	
State Use Only:		
6. Date Received by State: _____	7. State Application Identifier: _____	
8. APPLICANT INFORMATION:		
*a. Legal Name: Kentucky Housing Corporation		
*b. Employer/Taxpayer Identification Number (EIN/TIN): 51-000435	*c. Organization DUNS: 0809259180006	
9. Address:		
* Street1: 1231 Louisville Road	Street2: _____	
* City: Covington	County/Parish: _____	
* State: KY; Kentucky	Province: _____	
* County: USA; 00140; STANIS	* Zip/Postal Code: 40301-6106	
10. Organizational Unit:		
Department Name: Multitenant Production	Division Name: _____	
11. Name and contact information of person to be contacted on matters involving this application:		
Prefix: _____	* First Name: _____	Last Name: _____
Middle Name: _____	* Last Name: Chariton	
Suffix: _____	Title: Managing Director	
Organizational Address: Kentucky Housing Corporation		
* Telephone Number: 502-554-5650	* Fax Number: _____	
* Email: k.h.c@kyhousing.org		

Application for Federal Assistance SF-424	
* 9. Type of Applicant 1: Select Applicant Type: <input type="text" value="State Government"/> Type of Applicant 2: Select Applicant Type: <input type="text"/> Type of Applicant 3: Select Applicant Type: <input type="text"/> ^ Other (specify): <input type="text"/>	
* 10. Name of Federal Agency: <input type="text" value="Department of Housing and Urban Development"/>	
* 11. Catalog of Federal Domestic Assistance Number: <input type="text" value="14.875"/> OPA# Title: <input type="text" value="Housing Trust Fund"/>	
* 12. Funding Opportunity Number: <input type="text" value="FY2019"/> ^ Title: <input type="text" value="National Housing Trust Fund"/>	
* 13. Competition Identification Number: <input type="text"/> Title: <input type="text"/>	
* 14. Areas Affected by Project (Cities, Counties, States, etc.): <input type="text"/> <input type="button" value="Add Attachment"/> <input type="button" value="Delete Attachment"/> <input type="button" value="View Attachment"/>	
* 15. Descriptive Title of Applicant's Project: <input type="text" value="National Housing Trust Fund Kentucky"/>	
Attach supporting documents as specified in agency instructions. <input type="button" value="Add Attachments"/> <input type="button" value="Delete Attachments"/> <input type="button" value="View Attachments"/>	

Application for Federal Assistance SF-424	
16. Congressional Districts Of:	
* a. Applicant: KY-06	* b. Program/Project: 22-211
Attach an additional list of Program/Project Congressional Districts if needed.	
<input type="text"/> <input type="button" value="Add Attachment"/> <input type="button" value="Delete Attachment"/> <input type="button" value="View Attachment"/>	
17. Proposed Project:	
* a. Start Date: 07/01/2025	* b. End Date: 06/30/2025
18. Estimated Funding (\$):	
* a. Federal:	3,000,000.00
* b. Applicant:	0.00
* c. State:	0.00
* d. Local:	0.00
* e. Other:	0.00
* f. Program Income:	0.00
* g. TOTAL:	3,000,000.00
* 19. Is Application Subject to Review By State Under Executive Order 12872 Process?	
<input type="checkbox"/> a. This application was made available to the State under the Executive Order 12872 Process for review and <input type="checkbox"/> b. Program is subject to E.O. 12872 but has not been selected by the State for review. <input checked="" type="checkbox"/> c. Program is not covered by E.O. 12872.	
* 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes," provide explanation in attachment.)	
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," provide explanation and attach: <input type="text"/> <input type="button" value="Add Attachment"/> <input type="button" value="Delete Attachment"/> <input type="button" value="View Attachment"/>	
21. "By signing this application, I certify (1) to the statements contained in the list of certifications** and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 28U, Section 1001)	
<input checked="" type="checkbox"/> ** I AGREE ** The list of certifications and assurances, or an Internet site where you may obtain this list is contained in the award instrument or agency specific instructions.	
Authorized Representative:	
Prefix:	* First Name: 40410
Middle Name:	
* Last Name: King	
Suffix:	
* Title: Executive Director	
* Telephone Number: 502-561-7530	Fax Number:
* Email: keding@kyhousing.org	
* Signature of Authorized Representative:	* Date Signed: 5-20-25

ASSURANCES - CONSTRUCTION PROGRAMS

OMB Number: 4040-0009
 Expiration Date: 01/31/2019

Public reporting burden for this collection of information is estimated to average 15 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0042), Washington, DC 20503.

PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET. SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.

NOTE: Certain of these assurances may not be applicable to your project or program. If you have questions, please contact the Awarding Agency. Further, certain Federal assistance awarding agencies may require applicants to certify to additional assurances. If such is the case, you will be notified.

As the duly authorized representative of the applicant, I certify that the applicant:

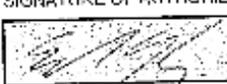
1. Has the legal authority to apply for Federal assistance, and the institutional, managerial and financial capability (including funds sufficient to pay the non-Federal share of project costs) to ensure proper planning, management and completion of project described in this application.
2. Will give the awarding agency, the Comptroller General of the United States and, if appropriate, the State, the right to examine all records, books, papers, or documents related to the assistance; and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.
3. Will not dispose of, modify the use of, or change the terms of the real property title or other interest in the site and facilities without permission and instructions from the awarding agency. Will record the Federal awarding agency directives and will include a covenant in the title of real property acquired in whole or in part with Federal assistance funds to assure non-discrimination during the useful life of the project.
4. Will comply with the requirements of the assistance awarding agency with regard to the drafting, review and approval of construction plans and specifications.
5. Will provide and maintain competent and adequate engineering supervision at the construction site to ensure that the complete work conforms with the approved plans and specifications and will furnish progressive reports and such other information as may be required by the assistance awarding agency or State.
6. Will initiate and complete the work within the applicable time frame after receipt of approval of the awarding agency.
7. Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.
8. Will comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. §§4728-4763) relating to prescribed standards of merit systems for programs funded under one of the 18 statutes or regulations specified in Appendix A of OPM's Standards for a Merit System of Personnel Administration (5 C.F.R. 003, Subpart F).
9. Will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§4901 et seq.) which prohibits the use of lead-based paint in construction or rehabilitation of residence structures.
10. Will comply with all Federal statutes relating to non-discrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§1681-1699, and 1685-1686), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. §794) which prohibits discrimination on the basis of handicap; (d) the Age Discrimination Act of 1975, as amended (42 U.S.C. §§6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-615), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) §§523 and 527 of the Public Health Service Act of 1917 (42 U.S.C. §§290 dd-3 and 290 ee-3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§8601 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which application for Federal assistance is being made; and (j) the requirements of any other nondiscrimination statute(s) which may apply to the application.

Previous Edition Usable

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Standard Form 4240 (Rev. 7-87)
 Prescribed by OMB Circular A-102

11. Will comply, or has already complied, with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal and federally-assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.
12. Will comply with the provisions of the Hatch Act (5 U.S.C. §§1501-1508 and 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.
13. Will comply, as applicable, with the provisions of the Davis-Bacon Act (40 U.S.C. §§276a to 276a-7), the Copeland Act (40 U.S.C. §276c and 18 U.S.C. §574), and the Contract Work Hours and Safety Standards Act (40 U.S.C. §§327-333) regarding labor standards for federally-assisted construction subcontracts.
14. Will comply with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is \$10,000 or more.
15. Will comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L. 91-190) and Executive Order (EO) 11514; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11980; (d) evaluation of flood hazards in floodplains in accordance with EO 11980; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §§1451 et seq.); (f) conformity of Federal actions to State (Clear Act) implementation Plans under Section 176(c) of the Clean Air Act of 1955, as amended (42 U.S.C. §§7401 et seq.); (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended (P.L. 93-523); and, (h) protection of endangered species under the Endangered Species Act of 1973, as amended (P.L. 93-205).
16. Will comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. §§1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.
17. Will assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. §470), EO 11945 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. §§469a-1 et seq.).
18. Will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act Amendments of 1996 and OMB Circular No. A-135, "Audits of States, Local Governments, and Non-Profit Organizations."
19. Will comply with all applicable requirements of all other Federal laws, executive orders, regulations, and policies governing this program.
20. Will comply with the requirements of Section 106(g) of the Trafficking Victims Protection Act (TVPA) of 2000, as amended (22 U.S.C. 7104) which prohibits grant award recipients or a sub-recipient from: (1) Engaging in severe forms of trafficking in persons during the period of time that the award is in effect (2) Procuring a commercial sex act during the period of time that the award is in effect or (3) Using forced labor in the performance of the award or subawards under the award.

SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL 	TITLE Executive Director
APPLICANT ORGANIZATION Kentucky Housing Corporation	DATE SUBMITTED

BF 424D (Rev. 7-97) Back

ASSURANCES - CONSTRUCTION PROGRAMS

OMB Number: 4040-0098
Expiration Date: 03/31/2018

Public reporting burden for this collection of information is estimated to average 15 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0548-0042), Washington, DC 20503.

PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET. SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.

NOTE: Certain of these assurances may not be applicable to your project or program. If you have questions, please contact the Awarding Agency. Further, certain Federal assistance awarding agencies may require applicants to certify to additional assurances. If such is the case, you will be notified.

As the duly authorized representative of the applicant, I certify that the applicant:

1. Has the legal authority to apply for Federal assistance and the institutional, managerial and financial capability (including funds sufficient to pay the non-Federal share of project costs) to ensure proper planning, management and completion of project described in this application.
2. Will give the awarding agency, the Comptroller General of the United States and, if appropriate, the State, the right to examine all records, books, papers, or documents related to the assistance; and will establish a proper accounting system in accordance with generally accepted accounting standards of agency directives.
3. Will not dispose of, modify the use of, or change the terms of the real property title or other interest in the site and facilities without permission and instructions from the awarding agency. Will record the Federal awarding agency directives and will include a covenant in the title of real property acquired in whole or in part with Federal assistance funds to assure non-discrimination during the useful life of the project.
4. Will comply with the requirements of the assistance awarding agency with regard to the drafting, review and approval of construction plans and specifications.
5. Will provide and maintain competent and adequate engineering supervision at the construction site to ensure that the complete work conforms with the approved plans and specifications and will furnish progressive reports and such other information as may be required by the assistance awarding agency or State.
6. Will initiate and complete the work within the applicable time frame after receipt of approval of the awarding agency.
7. Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.
8. Will comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. §§4726-4763) relating to prescribed standards of merit systems for programs funded under one of the 19 statutes or regulations specified in Appendix A of OPM's Standards for a Merit System of Personnel Administration (5 C.F.R. 200, Subpart F).
9. Will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§4001 et seq.) which prohibits the use of lead-based paint in construction or rehabilitation of residential structures.
10. Will comply with all Federal statutes relating to non-discrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-552) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§1681-1683, and 1685-1686), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. §794), which prohibits discrimination on the basis of handicap; (d) the Age Discrimination Act of 1975, as amended (42 U.S.C. §§6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-516), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) §§523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. §§290 d3-3 and 290 c-3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§8501 et seq.), as amended, relating to nondiscrimination in the sale, rental or leasing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which application for Federal assistance is being made; and (j) the requirements of any other nondiscrimination statute(s) which may apply to the application.

Previous Edition Usable

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Standard Form 424D (Rev. 7-97)
Prescribed by OMB Circular A-102

11. Will comply, or has already complied with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal and federally-assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.
12. Will comply with the provisions of the Hatch Act (5 U.S.C. §§1501-1506 and 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.
13. Will comply, as applicable, with the provisions of the Davis-Bacon Act (40 U.S.C. §§276a to 276a-7), the Copeland Act (40 U.S.C. §276c and 18 U.S.C. §874), and the Contract Work Hours and Safety Standards Act (40 U.S.C. §§327-330) regarding labor standards for federally-assisted construction subagreements.
14. Will comply with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is \$10,000 or more.
15. Will comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L. 91-190) and Executive Order (EO) 11514; (b) notification of violating facilities pursuant to EO 11739; (c) protection of wetlands pursuant to EO 11260; (d) evaluation of flood hazards in floodplains in accordance with EO 11988; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §§1451 et seq.); (f) uniformity of Federal actions to State (Clear Air) implementation Plans under Section 175(c) of the Clean Air Act of 1955, as amended (42 U.S.C. §§7401 et seq.); (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended (P.L. 93-523); and (h) protection of endangered species under the Endangered Species Act of 1973, as amended (P.L. 93-203).
16. Will comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. §§1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.
17. Will assist the awarding agency in assuring compliance with Section 100 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. §470), EO 11593 (identification and protection of historic properties) and the Archeological and Historic Preservation Act of 1974 (16 U.S.C. §§469a-1 et seq.).
18. Will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act Amendments of 1996 and OMB Circular No. A-133, "Audits of States, Local Governments, and Non-Profit Organizations."
19. Will comply with all applicable requirements of all other Federal laws, executive orders, regulations, and policies governing this program.
20. Will comply with the requirements of Section 106(g) of the Trafficking Victims Protection Act (TVPA) of 2000, as amended (22 U.S.C. 7104) which prohibits grant award recipients or a sub-recipient from (1) Engaging in severe forms of trafficking in persons during the period of time that the award is in effect (2) Procuring a commercial sex act during the period of time that the award is in effect or (3) Using forced labor in the performance of the award or subawards under the award.

SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL	TITLE
	Executive Director
APPLICANT ORGANIZATION	DATE SUBMITTED
Kentucky Housing Corporation	12/15/2018

SF-4240 (Rev. 7-07) Back

ASSURANCES - CONSTRUCTION PROGRAMS

OMB Number: 4310-0005
 Expiration Date: 01/31/2019

Public reporting burden for this collection of information is estimated to average 15 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (2046-0042), Washington, DC 20503.

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As the duly authorized representative of the applicant, I certify that the applicant:

1. Has the legal authority to apply for Federal assistance, and the institutional, managerial and financial capacity (including funds sufficient to pay the non-Federal share of project costs) to ensure proper planning, management and completion of project described in this application.
2. Will give the awarding agency, the Comptroller General of the United States and, if appropriate, the State, the right to examine all records, books, papers, or documents related to the assistance; and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.
3. Will not dispose of, modify the use of, or change the terms of the real property title or other interest in the site and facilities without permission and instructions from the awarding agency. Will record the Federal awarding agency directives and will include a covenant in the title of real property acquired in whole or in part with Federal assistance funds to ensure non-discrimination during the useful life of the project.
4. Will comply with the requirements of the assistance awarding agency with regard to the drafting, review and approval of construction plans and specifications.
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6. Will initiate and complete the work within the applicable time frame after receipt of approval of the awarding agency.
7. Will establish safeguards to prohibit employers from using their positions for a purpose that constitutes or prevents the appearance of personal or organizational conflict of interest, or personal gain.
8. Will comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. §§4728-4763) relating to prescribed standards of merit systems for programs funded under one of the 19 statutes or regulations specified in Appendix A of OPM's Standards for a Merit System of Personnel Administration (5 C.F.R. 900, Subpart F).
9. Will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§4801 et seq.) which prohibits the use of lead-based paint in construction or rehabilitation of residence structures.
10. Will comply with all Federal statutes relating to non-discrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§1601-1682 and 1626-1686), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. §794), which prohibits discrimination on the basis of handicaps; (d) the Age Discrimination Act of 1975, as amended (42 U.S.C. §§6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-618), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) §§523 and 527 of the Public Health Service Act of 1917 (42 U.S.C. §§290 dd-3 and 290 ee 3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§3601 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which application for Federal assistance is being made; and (j) the requirements of any other nondiscrimination statute(s) which may apply to the application.

Previous Edition Usable

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Standard Form 424D (Rev. 7-87)
 Prescribed by GSA (Director A-102)

11. Will comply, or has already complied, with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal and federally-assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.
12. Will comply with the provisions of the Hatch Act (5 U.S.C. §§ 1501-1508 and 1324-1328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.
13. Will comply, as applicable, with the provisions of the Davis-Bacon Act (40 U.S.C. §§ 276a to 276a-7), the Copeland Act (40 U.S.C. § 276c and 18 U.S.C. § 874), and the Contract Work Hours and Safety Standards Act (40 U.S.C. §§ 327-333) regarding labor standards for federally assisted construction subagreements.
14. Will comply with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is \$10,000 or more.
15. Will comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L. 91-190) and Executive Order (EO) 11514; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in floodplains in accordance with EO 11965; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §§ 1451 et seq.); (f) conformity of Federal actions to State (Clean Air) Implementation Plans under Section 176(c) of the Clean Air Act of 1955, as amended (42 U.S.C. §§ 7401 et seq.); (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended (P.L. 93-523); and, (h) protection of endangered species under the Endangered Species Act of 1973, as amended (P.L. 93-205).
16. Will comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. §§ 1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.
17. Will assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1955, as amended (16 U.S.C. § 470); EO 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. §§ 469a-1 et seq.).
18. Will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act Amendments of 1998 and OMB Circular No. A-133, "Audits of States, Local Governments, and Non-Profit Organizations."
19. Will comply with all applicable requirements of all other Federal laws, executive orders, regulations, and policies governing this program.
20. Will comply with the requirements of Section 106(y) of the Trafficking Victims Protection Act (TVPA) of 2000, as amended (22 U.S.C. 7104) which prohibits grant award recipients or a sub-recipient from (1) Engaging in severe forms of trafficking in persons during the period of time that the award is in effect (2) Procuring a commercial sex act during the period of time that the award is in effect or (3) Using forced labor in the performance of the award or subawards under the award.

SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL 	TITLE Executive Director
APPLICANT ORGANIZATION Kentucky Equestrian Corporation	DATE SUBMITTED 05/14/2018

SI-424J (Rev. 7-97) Hock

ASSURANCES - CONSTRUCTION PROGRAMS

GMD Number: 4940-0009
Expiration Date: 01/31/2019

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1. Has the legal authority to apply for Federal assistance, and the institutional, managerial and financial capability (including funds sufficient to pay the non-Federal share of project costs) to ensure proper planning, management and completion of project described in this application.
2. Will give the awarding agency, the Comptroller General of the United States and, if appropriate, the State, the right to examine all records, books, papers, or documents related to the assistance; and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.
3. Will not dispose of, modify the use of, or change the terms of the real property title or other interest in the site and facilities without permission and instructions from the awarding agency. Will record the Federal awarding agency disclosure and will include a covenant in the title of real property acquired in whole or in part with Federal assistance funds to assure non-discrimination during the useful life of the project.
4. Will comply with the requirements of the assistance awarding agency with regard to the drafting, review and approval of construction plans and specifications.
5. Will provide and maintain competent and adequate engineering supervision at the construction site to ensure that the complete work conforms with the approved plans and specifications and will furnish progressive reports and such other information as may be required by the assistance awarding agency or State.
6. Will initiate and complete the work within the applicable time frame after receipt of approval of the awarding agency.
7. Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.
8. Will comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. §§4728-4763) relating to prescribed standards or merit systems for programs funded under one of the 19 statutes or regulations specified in Appendix A of OPM's Standards for a Merit System of Personnel Administration (5 C.F.R. 900, Subpart F).
9. Will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§4801 et seq.) which prohibits the use of lead-based paint in construction or rehabilitation of residence structures.
10. Will comply with all Federal statutes relating to non-discrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§1681-1683, and 1685-1886), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. §794), which prohibits discrimination on the basis of handicap; (d) the Age Discrimination Act of 1975, as amended (42 U.S.C. §§6101-8107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-816), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) §§525 and 527 of the Public Health Service Act of 1912 (42 U.S.C. §§290 (d)-5 and 290 (e)-3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§8001 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which application for Federal assistance is being made; and (j) the requirements of any other nondiscrimination statute(s) which may apply to the application.

Director Eddie Usher

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Standard Form 424D (Rev. 7-87)
Prescribed by GAO Circular A-132

11. Will comply, or has already complied, with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal and federally assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.
12. Will comply with the provisions of the Hatch Act (5 U.S.C. §§1501-1508 and 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.
13. Will comply, as applicable, with the provisions of the Davis-Bacon Act (40 U.S.C. §§276a to 276a-7), the Copeland Act (40 U.S.C. §276c and 48 U.S.C. §874), and the Contract Work Hours and Safety Standards Act (40 U.S.C. §§327-333) regarding labor standards for federally-assisted construction subagreements.
14. Will comply with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is \$10,000 or more.
15. Will comply with environmental standards which may be prescribed pursuant to the following: (a) inclusion of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L. 91-190) and Executive Order (EO) 11514; (b) notification of violating facilities pursuant to EO 11736; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in floodplains in accordance with EO 11989; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §§1451 et seq.); (f) conformity of Federal actions to State (Clean Air) Implementation Plans under Section 176(c) of the Clean Air Act of 1955, as amended (42 U.S.C. §§7401 et seq.); (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended (P.L. 93-523); and, (h) protection of endangered species under the Endangered Species Act of 1973, as amended (P.L. 93-205).
16. Will comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. §§1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.
17. Will assist the awarding agency in assuring compliance with Section 105 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. §470), EO 11595 (identification and protection of historic properties), and the Archeological and Historic Preservation Act of 1974 (16 U.S.C. §§400a-1 et seq.).
18. Will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act Amendments of 1996 and OMB Circular No. A-133, 'Audits of States, Local Governments, and Non-Profit Organizations.'
19. Will comply with all applicable requirements of all other Federal laws, executive orders, regulations, and policies governing this program.
20. Will comply with the requirements of Section 108(g) of the Trafficking Victims Protection Act (TVPA) of 2000, as amended (22 U.S.C. 7104) which prohibits grant award recipients or a sub-recipient from: (1) Engaging in severe forms of trafficking in persons during the period of time that the award is in effect; (2) Procuring a commercial sex act during the period of time that the award is in effect; or (3) Using forced labor in the performance of the award or subawards under the award.

SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL	TITLE
	Executive Director
APPLICANT ORGANIZATION	DATE SUBMITTED
Shelby County Commission	01/10/2018

SF-4247 (Rev. 7-97) Back

STATE CERTIFICATIONS

In accordance with the applicable statutes and the regulations governing the consolidated plan regulations, the State certifies that:

Affirmatively Further Fair Housing -- The State will affirmatively further fair housing.

Uniform Relocation Act and Anti-displacement and Relocation Plan -- It will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, (42 U.S.C. 4601-4655) and implementing regulations at 49 CFR Part 24. It has in effect and is following a residential anti-displacement and relocation assistance plan required under 24 CFR Part 42 in connection with any activity assisted with funding under the Community Development Block Grant or HOME programs.

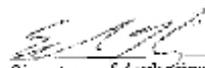
Anti-Lobbying -- To the best of the State's knowledge and belief:

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement;
2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, it will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions; and
3. It will require that the language of paragraphs 1 and 2 of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

Authority of State -- The submission of the consolidated plan is authorized under State law and the State possesses the legal authority to carry out the programs under the consolidated plan for which it is seeking funding, in accordance with applicable HUD regulations.

Consistency with plan -- The housing activities to be undertaken with Community Development Block Grant, HOME, Emergency Solutions Grant, and Housing Opportunities for Persons With AIDS funds are consistent with the strategic plan in the State's consolidated plan.

Section 3 -- It will comply with section 3 of the Housing and Urban Development Act of 1968 (16 U.S.C. 1703) and implementing regulations at 24 CFR Part 135.



Signature of Authorized Official

5-24-18

Date

Executive Director
Title

Specific HOME Certifications

The State certifies that:

Tenant Based Rental Assistance -- If it plans to use HOME funds for tenant-based rental assistance, tenant-based rental assistance is an essential element of the State's consolidated plan.

Eligible Activities and Costs -- It is using and will use HOME funds for eligible activities and costs, as described in 24 CFR §92.205 through §92.209 and that it is not using and will not use HOME funds for prohibited activities, as described in §92.214.

Subsidy Layering -- Before committing any funds to a project, the State or its recipients will evaluate the project in accordance with the guidelines that it adopts for this purpose and will not invest any more HOME funds in combination with other Federal assistance than is necessary to provide affordable housing.



Signature of Authorized Official

5-24-19

Date

Executive Director _____
Title

Emergency Solutions Grant Certifications

Each State that seeks funding under the Emergency Solutions Grants Program must provide the following certifications:

Matching Funds -- The State will obtain any matching amounts required under 24 CFR 576.201 in a manner so that its subrecipients that are least capable of providing matching amounts receive the benefit of the exception under 24 CFR 576.201(a)(2).

Discharge Policy -- The State will establish and implement, to the maximum extent practicable and where appropriate, policies and protocols for the discharge of persons from publicly funded institutions or systems of care (such as health care facilities, mental health facilities, foster care or other youth facilities, or correction programs and institutions) in order to prevent this discharge from immediately resulting in homelessness for these persons.

Confidentiality -- The State will develop and implement procedures to ensure the confidentiality of records pertaining to any individual provided family violence prevention or treatment services under any project assisted under the ESG program, including protection against the release of the address or location of any family violence shelter project, except with the written authorization of the person responsible for the operation of that shelter.

The State will ensure that its subrecipients comply with the following criteria:

Major rehabilitation/conversion/renovation -- If an emergency shelter's rehabilitation costs exceed 75 percent of the value of the building before rehabilitation, the building will be maintained as a shelter for homeless individuals and families for a minimum of 10 years after the date the building is first occupied by a homeless individual or family after the completed rehabilitation. If the cost to convert a building into an emergency shelter exceeds 75 percent of the value of the building after conversion, the building will be maintained as a shelter for homeless individuals and families for a minimum of 10 years after the date the building is first occupied by a homeless individual or family after the completed conversion. In all other cases where ESG funds are used for renovation, the building will be maintained as a shelter for homeless individuals and families for a minimum of 3 years after the date the building is first occupied by a homeless individual or family after the completed renovation.

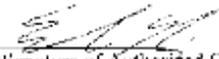
Essential Services and Operating Costs -- If ESG funds are used for shelter operations or essential services related to street outreach or emergency shelter, the subrecipient will provide services or shelter to homeless individuals and families for the period during which the ESG assistance is provided, without regard to a particular site or structure, so long the applicant serves the same type of persons (e.g., families with children, unaccompanied youth, veterans, disabled individuals, or victims of domestic violence) or persons in the same geographic area.

Renovation -- Any renovation carried out with ESG assistance shall be sufficient to ensure that the building involved is safe and sanitary.

Supportive Services -- The subrecipient will assist homeless individuals in obtaining permanent housing, appropriate supportive services (including medical and mental health treatment, counseling, supervision, and other services essential for achieving independent living), and other Federal, State, local, and private assistance available for such individuals.

Homeless Persons Involvement To the maximum extent practicable, the subrecipient will involve, through employment, volunteer services, or otherwise, homeless individuals and families in constructing, renovating, maintaining, and operating facilities assisted under ESG, in providing services assisted under the ESG program, and in providing services for occupants of facilities assisted ESG.

Consolidated Plan – All activities the subrecipient undertakes with assistance under ESG are consistent with the State's current HUD-approved consolidated plan.



Signature of Authorized Official

5-24-19

Date

Executive Director

Title

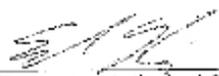
Housing Opportunities for Persons With AIDS Certifications

The State HOPWA grantee certifies that:

Activities -- Activities funded under the program will meet urgent needs that are not being met by available public and private sources.

Building -- Any building or structure assisted under the program shall be operated for the purpose specified in the consolidated plan:

1. For a period of not less than 10 years, in the case of any building or structure purchased, leased, rehabilitated, renovated, or converted with HOPWA assistance,
2. For a period of not less than 3 years, in the case of assistance involving non-substantial rehabilitation or repair of a building or structure.



Signature of Authorized Official

5-24-19

Date

Executive Director _____
Title

APPENDIX TO CERTIFICATIONS

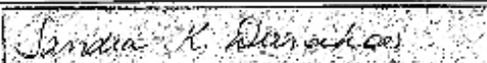
INSTRUCTIONS CONCERNING LOBBYING CERTIFICATION:

Lobbying Certification

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Application for Federal Assistance SF-424		
* 1. Type of Submission: <input type="checkbox"/> Preapplication <input checked="" type="checkbox"/> Application <input type="checkbox"/> Changed/Corrected Application	* 2. Type of Application: <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision	* If (new), select appropriate title (a) _____ * Other (Specify): _____
* 3. Date Received: 10/27/2014	4. Applicant Identifier: KY201400000000	
5a. Federal Entry Identifier: _____	5b. Federal Award Identifier: _____	
State Use Only:		
6. Date Received by State: _____	7. State Application Identifier: _____	
8. APPLICANT INFORMATION:		
* a. Legal Name: <u>Department for Local Government</u>		
* b. Employer/Taskpaper Identification Number (EIN/TIN): 51-0000000	* c. Organization's DUNS: 840925909000	
d. Address:		
* Street: 1024 Capital Center Drive Suite 340	Street2: _____	
* City: Frankfort	City2: _____	
* County/Parish: Franklin	County/Parish2: _____	
* State: KY - Kentucky	State2: _____	
* Province: _____	Province2: _____	
* Country: USA: UNITED STATES	Country2: _____	
* Zip/Postal Code: 40601-2016	Zip/Postal Code2: _____	
e. Organizational Unit:		
Department Name: KY Department for Local Government	Division Name: Office of Federal Grants	
f. Name and contact information of person to be contacted on matters involving this application:		
* Prefix: Mr.	* First Name: Mark	* Last Name: Wittmann
* Middle Name: ESLIP	* Suffix: _____	
* Title: Branch Manager		
* Organizational Affiliation: KY Department for Local Government		
* Telephone Number: 502-572-3488	* Fax Number: 502-572-5110	
* Email: mark.wittmann@ky.gov		

Application for Federal Assistance SF-424	
<p>* 9. Type of Applicant 1: Select Applicant Type:</p> <p>1: State Government</p> <p>Type of Applicant 2: Select Applicant Type:</p> <p>Type of Applicant 3: Select Applicant Type:</p> <p>* Other (specify):</p>	
<p>* 10. Name of Federal Agency:</p> <p>U.S. Department of Housing and Urban Development</p>	
<p>11. Catalog of Federal Domestic Assistance Number:</p> <p>15-208</p> <p>CFDA Title:</p> <p>Small Business Community Development Block Grant</p>	
<p>* 12. Funding Opportunity Number:</p> <p>15-20-20-000</p> <p>Title:</p> <p>Small Business Community Development Block Grant</p>	
<p>13. Competition Identification Number:</p> <p>Title:</p>	
<p>14. Areas Affected by Project (Cities, Counties, States, etc.):</p> <p><input type="text"/> <input type="button" value="Add Attachment"/> <input type="button" value="Delete Attachment"/> <input type="button" value="View Attachment"/></p>	
<p>* 15. Descriptive Title of Applicant's Project:</p> <p>Kentucky 2015 Community Development Block Grant Program</p>	
<p>Attach supporting documents as specified in agency instructions.</p> <p><input type="button" value="Add Attachments"/> <input type="button" value="Delete Attachments"/> <input type="button" value="View Attachments"/></p>	

Application for Federal Assistance SF-424	
16. Congressional Districts Of:	
* a. Applicant <input type="text" value="KY-01"/>	* b. Program/Project <input type="text" value="EX-001"/>
Attach an additional list of Program/Project Congressional Districts if needed.	
<input type="text"/>	<input type="button" value="Add Congressional"/> <input type="button" value="Delete Congressional"/> <input type="button" value="View Attachments"/>
17. Proposed Project:	
* a. Start Date: <input type="text" value="09/01/2019"/>	* b. End Date: <input type="text" value="06/30/2020"/>
18. Estimated Funding (\$):	
* a. Federal	<input type="text" value="25,912,415.00"/>
* b. Applicant	<input type="text" value="0.00"/>
* c. State	<input type="text" value="162,382.00"/>
* d. Local	<input type="text" value="0.00"/>
* e. Other	<input type="text" value="0.00"/>
* f. Program Income	<input type="text" value="0.00"/>
* g. TOTAL	<input type="text" value="26,175,200.00"/>
* 19. Is Application Subject to Review By State Under Executive Order 12372 Process?	
<input checked="" type="checkbox"/> a. This application was made available to the State under the Executive Order 12372 Process for review on <input type="text" value="04/24/2019"/>	
<input type="checkbox"/> b. Program is subject to E.O. 12372 but has not been selected by the State for review.	
<input type="checkbox"/> c. Program is not covered by E.O. 12372.	
* 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes," provide explanation in attachment.)	
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
If "Yes", provide explanation and attach:	
<input type="text"/>	<input type="button" value="Add Attachment"/> <input type="button" value="Delete Attachment"/> <input type="button" value="View Attachments"/>
21. "By signing this application, I certify (1) to the statements contained in the list of certifications** and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 28, Section 1001)	
<input checked="" type="checkbox"/> ** I AGREE	
** The list of certifications and assurances, or an Internet site where you may obtain this list, is contained in the announcement or agency specific instructions.	
Authorized Representative:	
Prefix: <input type="text" value="Mrs."/>	* First Name: <input type="text" value="Sandra"/>
Middle Name: <input type="text" value="K"/>	
* Last Name: <input type="text" value="Dunbar"/>	
Suffix: <input type="text"/>	
* Title: <input type="text" value="Commissioner"/>	
* Telephone Number: <input type="text" value="502-500-2002"/>	* Fax Number: <input type="text"/>
* Email: <input type="text" value="sandy.dunbar@ky.gov"/>	
* Signature of Authorized Representative: 	* Date Signed: <input type="text" value="04/24/19"/>

ASSURANCES - CONSTRUCTION PROGRAMS

OMB Number: 4040-0009
 Expiration Date: 01/31/2019

Public reporting burden for this collection of information is estimated to average 15 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0042), Washington, DC 20503.

PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET. SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.

NOTE: Certain of these assurances may not be applicable to your project or program. If you have questions, please contact the Awarding Agency. Further, certain Federal assistance awarding agencies may require applicants to certify to additional assurances. If such is the case, you will be notified.

As the duly authorized representative of the applicant, I certify that the applicant

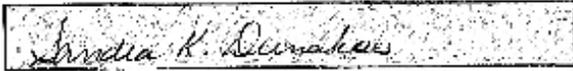
1. Has the legal authority to apply for Federal assistance, and the institutional, managerial and financial capability (including funds sufficient to pay the non-Federal share of project costs) to ensure proper planning, management and completion of project described in this application.
2. Will give the awarding agency, the Comptroller General of the United States and, if appropriate, the State, the right to examine all records, books, papers, or documents related to the assistance, and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.
3. Will not dispose of, modify the use of, or change the terms of the real property title or other interest in the site and facilities without permission and instructions from the awarding agency. Will record the Federal awarding agency directives and will include a covenant in the title of real property acquired in whole or in part with Federal assistance funds to assure non-discrimination during the useful life of the project.
4. Will comply with the requirements of the assistance awarding agency with regard to the drafting, review and approval of construction plans and specifications.
5. Will provide and maintain competent and adequate engineering supervision at the construction site to ensure that the complete work conforms with the approved plans and specifications and will furnish progressive reports and such other information as may be required by the assistance awarding agency or State.
6. Will initiate and complete the work within the applicable line frame after receipt of approval of the awarding agency.
7. Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.
8. Will comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. §§4725-4763) relating to prescribed standards of merit systems for programs funded under one of the 19 statutes or regulations specified in Appendix A of OPM's Standards for a Merit System of Personnel Administration (5 C.F.R. 900, Subpart F).
9. Will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§4801 et seq.) which prohibits the use of lead-based paint in construction or rehabilitation of residence structures.
10. Will comply with all Federal statutes relating to non-discrimination. Those include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§1681-1683, and 1685-1556), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. §794), which prohibits discrimination on the basis of handicaps; (d) the Age Discrimination Act of 1975, as amended (42 U.S.C. §§6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-613), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) §§525 and 527 of the Public Health Service Act of 1942 (42 U.S.C. §§290 dd 3 and 290 ee 3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§801 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which application for Federal assistance is being made; and (j) the requirements of any other nondiscrimination statute(s) which may apply to the application.

Previous Edition Useful

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Standard Form 424D (Rev. 7-87)
 Prescribed by OMB Circular A-102

11. Will comply, or has already complied, with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provides for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal and federally assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.
12. Will comply with the provisions of the Hatch Act (5 U.S.C. §§1501-1508 and 7:224-7:326) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.
13. Will comply, as applicable, with the provisions of the Davis-Bacon Act (40 U.S.C. §§276a to 276a-7), the Copeland Act (40 U.S.C. §276c and 18 U.S.C. §874), and the Contract Work Hours and Safety Standards Act (40 U.S.C. §§327-333) regarding labor standards for federally-assisted construction subagreements.
14. Will comply with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-254) which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of measurable construction and acquisition is \$10,000 or more.
15. Will comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L. 91-190) and Executive Order (EO) 11514; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11890; (d) evaluation of flood hazards in floodplains in accordance with EO 11588; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §§1451 et seq.); (f) conformity of Federal actions to State (Clean Air) Implementation Plans under Section 176(a) of the Clean Air Act of 1966, as amended (42 U.S.C. §§7401 et seq.); (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended (P.L. 93-523); and, (h) protection of endangered species under the Endangered Species Act of 1973, as amended (P.L. 93-205).
16. Will comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. §§1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.
17. Will assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. §470), EO 11595 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. §§469a-1 et seq.).
18. Will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act Amendments of 1996 and OMB Circular No. A-133, "Audits of States, Local Governments, and Non-Profit Organizations."
19. Will comply with all applicable requirements of all other Federal laws, executive orders, regulations, and policies governing this program.
20. Will comply with the requirements of Section 106(g) of the Trafficking Victims Protection Act (TVPA) of 2000, as amended (22 U.S.C. 7104) which prohibits grant award recipients or a sub-recipient from: (1) Engaging in severe forms of trafficking in persons during the period of time that the award is in effect; (2) Procuring a commercial sex act during the period of time that the award is in effect; or (3) Using forced labor in the performance of the award or subawards under the award.

SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL	TITLE
	Commissioner
APPLICANT ORGANIZATION	DATE SUBMITTED
Department of Local Government	04/24/19

SF 424D (Rev. 7-97) Back

STATE CERTIFICATIONS

In accordance with the applicable statutes and the regulations governing the consolidated plan regulations, the State certifies that:

Affirmatively Further Fair Housing – The State will affirmatively further fair housing, which means it will conduct an analysis of impediments to fair housing choice within the state, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting that analysis and actions in this regard.

Anti-displacement and Relocation Plan – It will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, and implementing regulations at 49 CFR 24; and it has in effect and is following a residential anti-displacement and relocation assistance plan required under section 104(d) of the Housing and Community Development Act of 1974, as amended, in connection with any activity assisted with funding under the CDBG or HOME programs.

Drug Free Workplace -- It will or will continue to provide a drug-free workplace by:

1. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
2. Establishing an ongoing drug-free awareness program to inform employees about -
 - (a) The dangers of drug abuse in the workplace;
 - (b) The grantee's policy of maintaining a drug-free workplace;
 - (c) Any available drug counseling, rehabilitation, and employee assistance programs; and
 - (d) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
3. Making it a requirement that each employer to be engaged in the performance of the grant be given a copy of the statement required by paragraph 1;
4. Notifying the employee in the statement required by paragraph 1 that, as a condition of employment under the grant, the employee will -
 - (a) Abide by the terms of the statement; and
 - (b) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;
5. Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph 4(b) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant

officer or other designee on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;

6. Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph 4(b), with respect to any employee who is so convicted -
 - (a) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
 - (b) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;
7. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs 1, 2, 3, 4, 5 and 6.

Anti-Lobbying -- To the best of the State's knowledge and belief:

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement;
2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, it will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions; and
3. It will require that the language of paragraphs 1 and 2 of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

Authority of State -- The submission of the consolidated plan is authorized under State law and the State possesses the legal authority to carry out the programs under the consolidated plan for which it is seeking funding, in accordance with applicable HUD regulations.

Consistency with plan -- The housing activities to be undertaken with CDBG, HOME, ESO, and HOPWA funds are consistent with the strategic plan.

Section 3 -- It will comply with section 3 of the Housing and Urban Development Act of 1968, and implementing regulations at 24 CFR Part 135.

Janet K. Durkin 04/23/19
Signature/Authorized Official Date

Commissioner
Title

Specific CDBG Certifications

The State certifies that:

Citizen Participation -- It is in full compliance and following a detailed citizen participation plan that satisfies the requirements of 24 CFR §91.115 and each unit of general local government that receives assistance from the State is or will be following a detailed citizen participation plan that satisfies the requirements of 24 CFR §570.486.

Consultation with Local Governments -- It has or will comply with the following:

1. It has consulted with affected units of local government in the nonentitlement area of the State in determining the method of distribution of funding;
2. It engages in or will engage in planning for community development activities;
3. It provides or will provide technical assistance to units of local government in connection with community development programs; and
4. It will not refuse to distribute funds to any unit of general local government on the basis of the particular eligible activity selected by the unit of general local government to meet its community development needs, except that a State is not prevented from establishing priorities in distributing funding on the basis of the activities selected.

Local Needs Identification -- It will require each unit of general local government to be funded to identify its community development and housing needs, including the needs of low-income and moderate-income families, and the activities to be undertaken to meet these needs.

Community Development Plan -- Its consolidated housing and community development plan identifies community development and housing needs and specifies both short-term and long-term community development objectives that have been developed in accordance with the primary objectives of Title I of the Housing and Community Development Act of 1974, as amended. (See 24 CFR §70.2 and 24 CFR part 570)

Use of Funds -- It has complied with the following criteria:

1. **Maximum Feasible Priority.** With respect to activities expected to be assisted with CDBG funds, it certifies that it has developed its Action Plan so as to give maximum feasible priority to activities which benefit low and moderate income families or aid in the prevention or elimination of slums or blight. The Action Plan may also include activities which the grantee certifies are designed to meet other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community, and other financial resources are not available;
2. **Overall Benefit.** The aggregate use of CDBG funds including section 108 guaranteed loans during program year(s) 200_, ____ and ____ (a period specified by the grantee consisting of one, two, or three specific consecutive program years), shall principally benefit persons of low and moderate income in a manner that ensures that at least 70 percent of the amount is expended for activities that benefit such persons during the designated period;

3. **Special Assessments.** The state will require units of general local government that receive CDBG funds to certify to the following:

It will not attempt to recover any capital costs of public improvements assisted with CDBG funds including Section 108 loan guaranteed funds by assessing any amount against properties owned and occupied by persons of low and moderate income, including any fee charged or assessment made as a condition of obtaining access to such public improvements.

However, if CDBG funds are used to pay the proportion of a fee or assessment that relates to the capital costs of public improvements (assisted in part with CDBG funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds.

It will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108, unless CDBG funds are used to pay the proportion of fee or assessment attributable to the capital costs of public improvements financed from other revenue sources. In this case, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. Also, in the case of properties owned and occupied by moderate-income (not low-income) families, an assessment or charge may be made against the property for public improvements financed by a source other than CDBG funds if the jurisdiction certifies that it lacks CDBG funds to cover the assessment.

Excessive Force -- It will require units of general local government that receive CDBG funds to certify that they have adopted and are enforcing:

1. A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and
2. A policy of enforcing applicable State and local laws against physically barring entrance to or exit from a facility or location which is the subject of such non-violent civil rights demonstrations within its jurisdiction;

Compliance With Anti-discrimination laws -- The grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 USC 2000d), the Fair Housing Act (42 USC 3601-3619), and implementing regulations.

Compliance with Laws -- It will comply with applicable laws.

Arundel K. Dunahoo *04/23/19*
Signature/Authorized Official Date

Commissioner
Title

APPENDIX TO CERTIFICATIONS

INSTRUCTIONS CONCERNING LOBBYING AND DRUG-FREE WORKPLACE REQUIREMENTS:

A. Lobbying Certification

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

B. Drug-Free Workplace Certification

1. By signing and/or submitting this application or grant agreement, the grantee is providing the certification.
2. The certification is a material representation of fact upon which reliance is placed when the agency awards the grant. If it is later determined that the grantee knowingly rendered a false certification, or otherwise violates the requirements of the Drug-Free Workplace Act, HUD, in addition to any other remedies available to the Federal Government, may take action authorized under the Drug-Free Workplace Act.
3. For grantees other than individuals, Alternate I applies. (This is the information to which jurisdictions certify).
4. For grantees who are individuals, Alternate II applies. (Not applicable jurisdictions.)
5. Workplaces under grants, for grantees other than individuals, need not be identified on the certification. If known, they may be identified in the grant application. If the grantee does not identify the workplaces at the time of application, or upon award, if there is no application, the grantee must keep the identity of the workplace(s) on file in its office and make the information available for Federal inspection. Failure to identify all known workplaces constitutes a violation of the grantee's drug-free workplace requirements.
6. Workplace identifications must include the actual address of buildings (or parts of buildings) or other sites where work under the grant takes place. Categorical descriptions may be used (e.g., all vehicles of a mass transit authority or State highway department while in operation, State employees in each local unemployment office, performers in concert halls or radio stations).
7. If the workplace identified to the agency changes during the performance of the grant, the grantee shall inform the agency of the change(s), if it previously identified the workplaces in question (see paragraph five).
8. The grantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant:

Place of Performance (Street address, city, county, state, zip code)

Check if there are workplaces on file that are not identified here; The certification with regard to the drug-free workplace required by 24 CFR part 24, subpart F.

9. Definitions of terms in the Nonprocurement Suspension and Debarment common rule and Drug-Free Workplace common rule apply to this certification. Grantees' attention is called, in particular, to the following definitions from these rules:

"Controlled substance" means a controlled substance in Schedules I through V of the Controlled Substances Act (21 U.S.C. 812) and as further defined by regulation (21 CFR 1308.11 through 1308.15);

"Conviction" means a finding of guilt (including a plea of nolo contendere) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the Federal or State criminal drug statutes;

"Criminal drug statute" means a Federal or non-Federal criminal statute involving the manufacture, distribution, dispensing, use, or possession of any controlled substance;

"Employee" means the employee of a grantee directly engaged in the performance of work under a grant, including: (i) All "direct charge" employees; (ii) all "indirect charge" employees unless their impact or involvement is insignificant to the performance of the grant; and (iii) temporary personnel and consultants who are directly engaged in the performance of work under the grant and who are on the grantee's payroll. This definition does not include workers not on the payroll of the grantee (e.g., volunteers, even if used to meet a matching requirement); consultants or independent contractors not on the grantee's payroll; or employees of subrecipients or subcontractors in covered workplaces).