



Kentucky  
Housing  
Corporation

*Investing in quality housing solutions.*

# Multifamily Updates

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January 14, 2026

# Why Are We Making Changes?

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To the QAP, MF Guidelines, and  
Minimum Design Standards (MDS)

# Address Needs Identified by the Housing Supply Gap Analysis

1. Build More Units
2. Build Units Faster
3. Mitigate Escalating Costs Per Unit

# Respond to Partner Input

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KHC staff met with:

- 13 Developer Teams & the Kentucky Affordable Housing Coalition
- 7 Units of Local Government (city, county, ADDs)
- 7 Housing Nonprofits & Coalitions
- 6 Funders/Investors/Financial Institutions

What's working? What needs to be changed or tweaked?

# Results

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- Many areas of consensus around what needs to be modified/changed
- Thirteen (13) actionable items will be implemented
- Other suggestions will be considered for possible future changes

# Qualified Allocation Plan

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## 1. Longer QAP

- Comments: Could lead to positive outcomes but concern if there is no nuance year after year. Areas could become oversaturated with development.
- Action: Move to a three-year QAP beginning with 2027 and datasets used in scoring will be updated at least annually, if new data is available.

# Qualified Allocation Plan

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## 2. Donated Land

- Comment: Intent understood but had unintended consequences.
- Action: Add Donated Land to menu of “below-market resources” options. No acquisition credits on related party transfer – only applicable for 9% allocations.

# Qualified Allocation Plan

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## 3. Interest Rates Need to Be Raised

- Comments: The benchmark to obtain points for “below market financing” is currently 1% and is not realistic in today’s market.
- Action: Increase the interest rate to 4% (or less).

# Qualified Allocation Plan

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## 4. Preservation

- Comments: Have some set-aside for preservation of existing units. Very important for rural communities – having resources that can be used to keep units in the affordable arena is needed. Currently KHC’s policy says property can’t be placed in service or undergone substantial rehab in the last 25 years.
- Action: Continue to allow approximately 10% of 9% LIHTC to go for preservation projects. However, will not apply this limit to 4% applications. Allow more room for preservation through the bond process. Considering lowering substantial rehab from 25 years back down to 20 years.

# QAP Timeline

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January

- Finalize QAP

February

- 2027-2029 QAP Public Hearing
- QAP to KHC's Board of Directors for Approval

March

- QAP to Governor Beshear for Approval

April

- Publish 2027-2029 QAP – expires December 31, 2029
- Publish 2027 Multifamily Guidelines

# Multifamily Guidelines

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## 5. Floodplain

- Comments: Project sites protected by a levee are significantly different (and allowed in all other states) with appropriate flood insurance and without additional vetting. The 100-Year and 500-Year floodplain are very different. There are rules in most states to prohibit 100-year development UNLESS the property is elevated 2' above the floodplain. Use other states for best practice and talk to insurance experts.
- Action: Shaded Zone X (typically protected by a levee) will be allowed with flood insurance. Unshaded Zone X would be allowed with no flood insurance. Remove requirement that any portion of the site in a floodplain must be deeded off. If a portion of the site is in a 100-year floodplain, developers must agree to make no improvements on the portion of the site in a floodplain (green space okay). If entire site is in a 100-year floodplain, flood insurance would be required.

# Multifamily Guidelines

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## 6. High Project Fees

- Comments: Especially problematic for nonprofit developers. The 10% reservation fee often must be borrowed adding extra costs. Extension fees add up – need more flexibility, as long as projects are moving forward. Could ½ be paid up front and the other at closing?
- Action: KHC staff is conducting a review of current fees, comparing them with other states and streamlining the various fees.

# Multifamily Guidelines

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## 7. Developer Fee Increase

- Comments: Current market conditions of higher perm and construction loan interest rates + increases/unpredictability in construction market necessitate a higher developer fee.
- Action: KHC recognizes that the per unit developer fee limit hasn't increased in over 10 years and that most states around KY are significantly higher. KHC will increase the maximum developer fee limit from \$1.2 million to \$1.8 million for 9% LIHTC projects. 4% TEB projects would still be held to a maximum of 20% of TDC.

# New Developer Fee Calculation

## Developer Fee Calculation

The allowable fees for developers of 9% Housing Credit and non-credit projects are based on the total number of units. Developer fees must be the lesser of the calculation below or **\$1,800,000**. Consulting fees are considered part of the developer fee.

Level	Unit Count	KHC Fee Per Unit Limits	# Units in Project	Maximum Developer Fee
<b>First 15 Units</b>	( $\geq 15$ )	\$28,000		\$0
<b>Next 30 Units</b>	(16-45)	\$23,800		\$0
<b>Next 30 Units</b>	(46-75)	\$16,800		\$0
<b>&gt;75 Units</b>	(>75)	\$9,800		\$0
Calculated Maximum Developer Fee:				\$0
Absolute Maximum Total Developer Fee:				\$1,800,000
<b>Total Maximum Developer Fee</b>				<b>\$0</b>
<i>(Lesser of calculated maximum fee and absolute maximum fee)</i>				

# Multifamily Guidelines

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## 8. Lack of Flexibility/Waivers

- Comments: The lack of flexibility is a serious problem. Need to allow the numbers to change throughout the process – have some parameters but allow more flexibility.
- Action: Return to previous policy of approving pre-application waivers in advance of application submission. The update of the Minimum Design Standards will help with waiver requests. Consider allowing all design changes waivers request of the same topic on one sheet/form with one fee.

# Multifamily Guidelines

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## 9. Application Process & Scoring Criteria

- Comments: KHC's application process has multiple steps, most other states have less. Scoring is too opaque, and the cost of entry is too high, especially for non-profits. KY appears to have more fees than any other states.
- Action: Currently, the funding application is a one-step process, with an earlier capacity application required that is not tied to the funding. KHC will create a pre-app for developers to submit basic project info and some blind scoring data so that developers have an idea of how their project would rank and can make the decision to proceed to full application or withdraw.

# Multifamily Guidelines

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## 10. Maximum Credit Cap

- Comments: The maximum credit cap per developer has not increased since 2019. Increasing would help, especially for rural deals.
- Action: KHC will raise the maximum credit cap per developer from \$1.5 million to \$1.8 million.

# Multifamily Guidelines

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## 11. Capacity

- Comments: Are there other ways to credential developers? The current requirements might be limiting the deals that come to Kentucky. Developer and Management Company capacity approvals should be for 5 years. Capacity for the consultant should be defined as not only application preparer, as they need to be more involved – at least through 8609s if they are to provide meaningful capacity help to a developer who doesn't have capacity.
- Action: KHC will require consultants to remain engaged through issuance of 8609s. For developers experienced in other states, but not in KY, KHC will review the capacity application to determine if consultant or co-developer is required. KHC will extend capacity approval to 5 years for entities with significant KHC experience.

# Multifamily Guidelines

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## 12. Pre-Application Process

- Comments: Having a pre-application process would allow developer to get a basic score to then make an informed decision about whether to apply. Usually, a 3-4 month gap between pre- and full application. Would be a savings of time and money for the developer.
- Action: KHC will institute a pre-application process and is currently actively working on a pre-application to allow developers to get a sense of how they would rank in the PolicyMap, Most In Need of Rehab, and Project-Based Rental Assistance blind scoring items before they incur the expense of submitting a full application. This will be ready to roll out for the 2027 9% LIHTC funding round.

# Pre-Application Timeline

April

- Pre-application for 9% Competitive Funding Round Opens\*
  - **Required** for applicants seeking funding in the 2027 9% Funding Round
- KHC will publish 9% pre-application rankings – approximately 2 weeks from submission

May

- 2027 9% Competitive Funding Round Application Opens

August

- 2027 9% Competitive Funding Round Applications Due

\*The pre-application will open with the publishing of the 2027-2029 QAP & Guidelines.

# Tax-Exempt Bonds

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## 13. 4% TEB NOFA

- Comments: More predictability. Limited turnaround time from announcement to due date currently. Additional Board/Executive Committee meetings.
- Action: Move toward a set schedule for 4% applications, like 9% applications. Open 4% application in January with a due date of May, when the 9% application opens. This will facilitate a predictable schedule for applicants.

# Tax-Exempt Bonds

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- 2026 Tax-Exempt Bond NOFA
  - Opens: January 30, 2026
  - Due: May 28, 2026
  - Amount: \$200 million of competitive Tax-Exempt Bonds with 4% Low-Income Housing Tax Credits. No gap funding is offered as part of this NOFA.

# KHC 2026 Board Meeting Schedule

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## Regular Board Meetings:

February 26

April 30

May 28

August 27

October 29

December 10

## Executive Committee Meetings:

January 22

March 19

July 23

September 17

# Tax-Exempt Bond Timeline

March

- March 31: Development Team Capacity applications due.

May

- May 14, 12 noon ET: Pre-application waiver requests due.
- May 28, 12 noon ET: NOFA responses due. KHC reserves the right to extend this deadline, if necessary.

July

- July 31: NOFA Awards announced (announcements may be delayed if the NOFA response deadline is delayed).

*KHC will do its best to use this schedule for the TEBs each year, provided bonds are available. However, dates are tentative and subject to change.*

# Minimum Design Survey

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KHC staff conducted a survey on the Minimum Design Standards to determine from partners what needs to be changed and/or updated.

# Minimum Design Standards

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## Division 1 – General Requirements

### Air Changes per Hour (ACH)

**Issue:** The current KHC minimum design standards prescribe 3 ACH. This is in line with the 2021 IECC (energy code) and HUD regulations. Unfortunately, creating a building this energy efficient creates moisture/mold concerns and requires complex systems.

**Requested Change:** Apply 3 ACH only to HUD-funded projects.

**Final Decision:**

- 3 ACH required only for HUD-funded projects.
- Non-HUD projects may use up to 5 ACH.
- Proper ventilation and humidity control are still required.

# Minimum Design Standards

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## Radon Requirements

**Issue:** Developers question why radon systems are required in areas that test low for radon. In their eyes, radon levels vary across Kentucky, but our requirement is inflexible.

**Requested Change:** Allow geographic flexibility.

**Final Decision:** No change to current requirement. A passive mitigation system is required by the KHC Radon Policy. If project is in a high radon area, the system must be converted to an active system. Passive systems are inexpensive, easy to install, and easily convertible to active systems.

# Minimum Design Standards

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## Division 6 – Woods / Plastics / Carpentry / Millwork

### Exposed Wood

**Issue:** Developers questioned why KHC didn't allow exposed wood in the MDS.

**Requested Change:** Clarify when exposed wood is usable.

**Final Decision:** Exposed wood is allowed in the MDS. The language in the MDS will be revised to clarify.

# Minimum Design Standards

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## Division 7 – Thermal & Moisture Protection

### R-Value Requirements

**Issue:** Developers were concerned about the R-values of specific components creating design issues.

**Requested Change:** Use ResCheck.

**Final Decision:** KHC will use ResCheck, but all projects must still meet code. ResCheck is a way that an entire unit or spaces meets energy requirements, not just individual components.

# Minimum Design Standards

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## 50% Masonry Exterior Requirement

**Issue:** KHC's requirement of each building having at least 50% masonry is restrictive and expensive. Most KHC projects use brick to meet the requirement.

**Requested Change:** Allow other durable non-masonry products.

**Final Decision:** KHC will accept other durable alternatives (e.g. stone, Hardie board).

# Minimum Design Standards

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## Division 9 – Finishes

### Railing Material

**Issue:** KHC's requirement of vinyl railing is restrictive to the design of the project.

**Requested Change:** Allow alternative materials other than vinyl.

**Final Decision:** KHC will allow alternative durable railing materials other than vinyl.

# Minimum Design Standards

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## Division 11 – Equipment

### Energy Star Rated Appliances in Common Spaces

**Issue:** KHC requires Energy Star appliances throughout projects. Developers state this is costly and does not benefit tenants when these appliances are placed in common areas.

**Requested Change:** Apply the Energy Star standard only to equipment within units.

**Final Decision:** KHC will require Energy Star **in units only**, not in common areas. The Energy Star certification will be going away soon. When this happens, appliances will need to be the Energy Star equivalent or better.

# Minimum Design Standards

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## Division 12 – Furnishings

### Medicine Cabinets

**Issue:** Medicine cabinets are costly to purchase, difficult for designers to work with, and somewhat difficult to install.

**Requested Change:** Remove requirement.

**Final Decision:** KHC will remove the requirement for medicine cabinets.

# Minimum Design Standards

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## Cabinet Labeling (KCMA/ANSI)

**Issue:** In the current MDS, KCMA certified cabinetry is required. The KCMA certification has become more difficult and costly to obtain in recent years, so many cabinet makers aren't carrying the KCMA designation.

**Requested Change:** Use the ANSI standard only.

**Final Decision:** KHC will accept the ANSI certification. While not KCMA, ANSI requirements are for solid, well-built cabinets.

# Minimum Design Standards

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## Division 13 – Special Construction

### Storage Requirements

**Issue:** The current 25 sq ft storage area requirement is problematic.

**Requested Change:** Allow large interior walk-in closets as substitutes.

**Final Decision:** KHC does not wish to revise. Separate storage areas are still required for items not permitted inside units and for items not allowed inside units per HUD's NSPIRE inspection protocol.

# Minimum Design Standards

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## Division 27 – Communications

### Phone/Cable Wiring

**Issue:** Hard wiring of cable and phone lines is outdated and adds costs to developments.

**Requested Change:** Remove requirement.

**Final Decision:** KHC will remove the requirement for hard wiring of telephones/cable/internet. The developer may choose communication systems based on market needs.

# Minimum Design Standards

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## Division 32 – Exterior Improvements

### Parking Requirements

**Issue:** Many urban projects have difficulty meeting the parking requirements.

**Requested Change:** Defer to local jurisdictional requirements.

**Final Decision:** KHC will modify the parking requirements so that developers will be able to let the market and local jurisdictions determine the parking plan. However, constructed lots must still meet KHC and Fair Housing requirements (concrete PSI and handicap spaces).

# Minimum Design Standards

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## Non-MDS Issues

### Waiver Process

**Issue:** Multiple waiver submissions are inefficient and costly.

**Requested Change:** Allow for combined waivers into one form/submission.

**Final Decision:** Under review. KHC is currently evaluating the feasibility of a combined form. Concerns include staff workload and impacts on pre-approved plans.

# Contact Information

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If you prefer to email your questions,  
please email Lisa Beran at:

[lberan@kyhousing.org](mailto:lberan@kyhousing.org)

# Thank you!

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