

Executive Summary

ES-05 Executive Summary - 91.300(c), 91.320(b)

1. Introduction

The Commonwealth of Kentucky 2015 - 2019 Consolidated Plan represents a collaborative endeavor and outlines the affordable housing and community development strategies the state will utilize in allocating funding from the following U.S. Department of Housing and Urban Development (HUD) block grant programs that are allocated to the state:

- 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 (HTF)*
- *Community Development Block Grant Program CARES (CDBG-CV)*
- *Emergency Solutions Grant Program CARES (ESG-CV)*
- *Housing Opportunities for Persons with AIDS Program CARES (HOPWA-CV)*

Development of the plan included participation and input from the general public, local governments, non-profit housing and services providers, other state agencies, housing developers, and other interested parties.

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/Data-Library/Pages/Consolidated-Plan.aspx>.

In December 2019, a novel coronavirus known as SARS-CoV-2, spread globally, causing a disease known as COVID-19. By March 2020, the World Health Organization declared a pandemic, and President Trump declared the outbreak a national emergency. Kentucky, along with most other states, declared a state of emergency and shut down places of business, large gatherings, and limited the movement of its residents. Consequentially, many Kentuckians are faced with challenges such as job loss, trouble finding appropriate shelter options, and other economic consequences. Providers in Kentucky face challenges on: how to appropriately separate clients and residents to prevent the spread of the virus; obtaining necessary supplies and trainings; and maintaining necessary staff levels.

On March 27, 2020, Congress passed the Coronavirus Aid, Relief and Economic Security (CARES) Act, aimed at alleviating the challenges communities face when dealing with COVID-19. In April 2020, Kentucky Housing Corporation and the Department for Local Government received new formula allocations of CDBG-CV (\$15,568,714) , ESG-CV (\$8,877,469), and HOPWA-CV (\$129,762) funds as

authorized by the CARES Act to address these challenges. On May 11, 2020, Kentucky received notice of a second allocation of CDBG-CV (\$16,942,485) awarded by the HUD Secretary based on need. On June 9, 2020, Kentucky received notice of a second allocation of ESG-CV (\$14,526,981). NOTE: The Commonwealth of Kentucky may receive additional awards of CDBG-CV and/or ESG-CV authorized by the CARES Act to be allocated by the HUD Secretary based on need. If additional funds are received, another substantial amendment to the 2019 Action Plan will be submitted, as directed in the CARES Act Flexibilities for ESG and HOPWA Funds Used to Support Coronavirus Response and Plan Amendment Waiver Memorandum issued by HUD on May 4, 2020. In addition to its HOPWA-CV funding awarded by formula, the Commonwealth also received an award of HOPWA-CV (\$48,133) to supplement its HOPWA competitive grant. This HOPWA competitive allocation is not governed by the Consolidated Plan.

2. Summary of the objectives and outcomes identified in the Plan Needs Assessment Overview

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

During the time span of the previous Consolidated Plan, unemployment was very high and the economy was in a severe downturn. As a result, foreclosures were very high, the single-family mortgage market adjusted to economic changes by tightening underwriting standards, and federal funding decreased substantially. The challenge of the past several years has been to assist persons who were in danger of losing their homes through foreclosure. In addition, the 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 themes that remain constant over time, are that 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 that there remains a severe shortage in the supply of affordable, decent housing. With the economic recovery beginning, and unemployment rates dropping, Kentucky expects to see a reduction in foreclosures and an increase in families' abilities to access credit to purchase homes. The aging housing stock remains of great concern. Older single family homes may not be energy efficient, contributing to housing cost burden. Multifamily housing units constructed decades ago are in need of 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 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.

4. Summary of citizen participation process and consultation process

KHC and DLG value input from Kentucky citizens in the Consolidated Planning process. Participation was solicited through legal notices, electronic mail notification to a list of over 15,000 subscribers, and social media, announcing the time and location of the Consolidated Plan public hearing and soliciting feedback through surveys available online and through agencies that partner with KHC. The results of these surveys are attached. The surveys were also made available through the network of public libraries throughout the state.

KHC and DLG consulted with numerous agencies and partners throughout the process. These consultations included direct contact, online surveys, public hearings, and presentations at meetings of statutory committees and other groups. Additional details are included in the consultation section of this plan.

KHC has submitted two amendments to this Consolidated Plan – a minor amendment to include funded HOPWA projects to the 2015 Action Plan, and a substantial amendment to include provisions of and allocation of resources under the new National Housing Trust Fund (HTF) program. In preparation for the HTF amendment, KHC held a series of developer forums including discussion of the HTF in conjunction with discussions about the low-income housing tax credit 2017-2018 Qualified Allocation Plan (QAP). This process was undertaken simultaneously as the NHTF funds will be awarded in conjunction with housing tax credits to eligible projects.

A public hearing was held on June 30, 2016 to obtain additional needs information and to allow citizens and the general public to participate in the process. The hearing was held in conjunction with the hearing for the 2017/2018 proposed Qualified Allocation Plan. Two persons presented comments on the HTF at the hearing.

In April 2020, KHC and DLG received notice of additional funding authorized under the CARES Act. This includes funding for CDBG, ESG, and HOPWA. A public comment period was held to obtain additional needs information and to allow citizens and the general public to participate in the process. Per HUD waivers issued March 31, 2020, Items 8 and 9 of the Memorandum waive the normal 30-day public comment period. The waiver allows for a five-day abbreviated public comment period. KHC and DLG observed this guidance. KHC issued a public notice of a public comment period on May 11, 2020. The public comment period was held May 11 through May 19.

5. Summary of public comments

A summary of the public comment and survey responses received during the drafting phase and written comment period for the Consolidated Plan are attached to this plan.

During the public hearing for the HTF substantial amendment, Mary O'Dougherty with the Kentucky Coalition Against Domestic Violence and Curtis Stauffer with the Housing and Homeless Coalition both

spoke. Both spoke in support of utilizing HTF funds for operational support for projects. In addition, they asked that preference for funds be given to projects that serve special needs populations including, but not limited to homeless, domestic violence survivors, persons with disabilities, and persons with Medicaid that need access to housing.

KHC and DLG received several written comments from partners and other organizations during the May 11, 2020, public comment period. Most comments addressed the CDBG-CV funding. Partners asked KHC and DLG to consider: dedicating funding to gap financing for affordable housing developments already funded through KHC's tax exempt bond program; making funds available to all communities around the commonwealth, including participating jurisdictions; consider making funds available for rehab and new construction for homeowner and rental activities; encouraging DLG to accept multiple applications from city and county governments; adjusting the funds and requirements of CDBG program and project areas; and adjusting match requirements. The full contents of the written comments may be found attached to this Consolidated Plan in the AD-25 Administration section.

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

There were no comments or views not accepted.

During the public comment period from May 11 through May 19, 2020, there were no comments or views not accepted.

7. Summary

The challenge over the next five years is to provide affordable housing and economic opportunities with dwindling resources. Many of the issues that Kentucky has faced for decades remain - high levels of poverty, low educational attainment, aging housing stock, shortage of affordable housing, and housing cost burden to name a few. This five-year plan addresses the state's intention to utilize limited funding in the most effective means possible.

Summary of sections of the plan that have been amended:

- *HOPWA minor amendment – changes to section AP35, Projects*
- *HTF Substantial AmendmentSection ES-05 Executive SummarySection PR-15 Citizen Participation ProcessSection SP-10 Geographic PrioritiesSection SP-25 Priority NeedsSection SP-30 Influence of Market ConditionsSection SP-35 Anticipated ResourcesRemaining changes are in the 2016 Action Plan*

This Consolidated Plan was amended in June 2020. This is a substantial amendment based on receiving CARES funding for the COVID-19 pandemic response. The following sections have been amended:

- ES-05 Executive Summary
- PR-10 Consultation
- PR-15 Citizen Participation
- NA-05 Overview
- NA-45 Non-Homeless Special Needs Assessment
- MA-05 Overview
- MA-35 Special Needs Facilities and Services
- SP-05 Overview
- SP-10 Geographic Priorities
- SP-25 Priority Needs
- SP-35 Anticipated Resources
- SP-45 Goals Summary

Additional changes may be found in the 2019 Action Plan.