



**Notice of
Funding
Availability**

2025

Tax-Exempt Bonds Only

I N T R O D U C T I O N

A core function of Kentucky Housing Corporation (KHC) is to invest in quality, safe, and affordable rental housing throughout Kentucky. As demand grows for capital for the preservation and creation of affordable multifamily housing, KHC has continued to utilize conduit Tax-Exempt Private Activity Bonds (Tax-Exempt Bonds) which allow projects to access 4% Low-Income Housing Tax Credits (LIHTC). Four percent tax credits are not limited by Kentucky's annual credit allocation and may be accessed when at least 50% of eligible development costs are financed by Tax-Exempt Bond proceeds.

To increase the use of Tax-Exempt Bonds, private investment, and the overall production or rehabilitation of affordable rental housing, KHC is making available a total of **\$50 million** of competitive Tax-Exempt Bonds to be exclusively utilized as described within this Notice of Funding Availability (NOFA). These bonds will be made available with applications due on or before **October 23, 2025**. KHC reserves the right to fund any project, or no projects, submitted under this NOFA at its sole discretion.

KHC anticipates that the Bonds will be awarded in January 2026, and the selected projects must complete KHC's technical submission stage and close on all funding sources within the deadlines specified in the [Projected NOFA Timeline](#). This NOFA describes the types of eligible projects and the allocation process through which these funds will be awarded.

Purpose of this NOFA: This notice serves as an offering of Tax-Exempt Bonds and 4% LIHTCs for the production of affordable multifamily rental housing. Respondents will submit applications through KHC's [Universal Funding Application \(UFA\)](#) system using the "2025 Tax-Exempt Bond Only NOFA" Application.

Project versus property: In this NOFA, "project" refers to the property or properties included in the NOFA response. "Property" refers to an individual multifamily property. Therefore, a "project" may include two or more "properties" bundled into a portfolio for an overall NOFA application.

Funding sources and regulations: Respondents should note that developments receiving federal funding from another state or local jurisdiction will be required to comply with the applicable federal regulations, which may include Uniform Relocation Act requirements, Davis-Bacon wage rates, and environmental reviews. The responsible entity for ensuring compliance with these federal regulations will be the jurisdiction that makes the award of funds. Any income restrictions for these other sources may render current tenants ineligible for LIHTC-assisted units.

Fees: Refer to KHC's [Multifamily Guidelines](#) for the applicable fee structure and required payment timeframes. Relationships among entities wherein an identity of interest exists that would negatively impact the timing of payment of fees to KHC will not be permitted.

Underwriting: Each application must be submitted with a completed KHC underwriting model. For portfolio transactions, a portfolio summary underwriting model must be submitted with the portfolio application. The underwriting models are located on the [Underwriting Resources](#) page of KHC's website.

Income averaging: Tax-Exempt Bond projects may elect the average income test option for the purposes of the 4% credit allocation; however, they must still meet a 20/50 or 40/60 minimum set-aside. Therefore, a Bond project with 4% credits can elect an average income test set-aside for purposes of tax credit compliance, so 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.

Urban vs. Balance of State: Fayette, Jefferson, and the three northern Kentucky counties of Boone, Campbell, and Kenton are considered urban. All other counties are balance of state.

Scoring: All applicants for new supply projects must submit the “2025 Tax-Exempt Bond NOFA Scoring” workbook located on the [Applications, Guidelines and Scoring](#) page of KHC’s website. Portfolio applications must submit a separate application and scoring workbook for each property within the portfolio. For scoring purposes, KHC will apply the overall score of the highest-ranking property to the entire portfolio.

Applications for existing supply projects will be ranked solely on the greatest need of rehabilitation, as determined by KHC, and the percentage of units covered by a project-based rental assistance contract.

Tie Breaker: The tiebreaker for projects with an identical score will be the percentage of the management company's properties with a KHC Asset Management risk score above 70%.

Other Considerations: KHC reserves the right to:

- award projects in a manner to ensure equitable geographic distribution of Tax-Exempt Bonds,
- award any project, or no projects, at its discretion, based on the quality and completeness of the submissions received, and
- take waivers requested into consideration when making funding decisions.

Submission of NOFA Response: NOFA responses must be submitted to KHC via the Universal Funding Application (UFA) system. Portfolio transactions must submit a portfolio application, as well as a separate application and scoring workbook for each of the individual projects within the portfolio. A portfolio summary underwriting model must be submitted with the portfolio application.

Public Records Acknowledgement: As part of its response to the NOFA, Applicant acknowledges that it is aware that its response and all materials submitted constitute public records within the meaning of the Kentucky Open Records Act (Kentucky Revised Statutes (KRS) §§ 61.870 to 61.884). Once respondents have been awarded funds through the NOFA selection process, KHC may be required to share submitted materials to satisfy an open records request.

Applicants must also acknowledge and agree that unless such material is segregated and clearly designated by Applicant in its response as eligible for an exemption pursuant to KRS § 61.878, KHC will comply with valid open record requests and make the response material available for inspection and/or copying. Applicant must further acknowledge and agree that even material which is so segregated and designated by the Applicant may become subject to release by KHC upon a successful challenge by a member of the public.

Eligible Applicants: Eligible applicants must have a current capacity approval from KHC and not have any capacity deductions for the applicant entity and/or any related entity.

Developers receiving a special allocation of tax-exempt bonds, as noted below, are ineligible to apply for additional competitive bonds in this NOFA.

Point of contact: Questions should be directed to Terry Helton, KHC’s Managing Director of Multifamily Programs, toll-free at 800-633-8896 or 502-564-7630, extension 253 or email thelton@kyhousing.org.

Summary of NOFA Resources Available

Source	Total Available	Maximum Per Project	Notes
Tax-Exempt Bonds (Competitive)	\$50 million	Limited to amount necessary to meet 50% of total development cost test*	All projects must utilize Tax-Exempt Bonds (conduit Bonds with private placement).
4% LIHTC	Limited by IRS	Based on eligible basis and investor interest	Accessed when 50% of eligible TDC is financed with Tax-Exempt Bonds.*
Special Tax-Exempt Bond Set Asides (Non-Competitive)	\$25 million (Lexington) \$29 million (Louisville)	The set aside of bonds for Lexington and Louisville will be invested in a single project in each locality.	The Lexington project is the development of the Transylvania University ballfield. The Louisville project is the redevelopment of the First Link property, which is the first phase of the overall Dosker Manor legacy sites. Additional set asides for this project will be made available in 2026 and 2027.

KHC reserves the right to alter funding amounts and/or mix funding sources. The amount and terms of any KHC resource awarded to a project is at KHC's sole discretion.

**In the event the requirements of the 50% test are reduced, the tax-exempt bond cap award amount may be reduced to the amount necessary for the project to meet the requirements to receive an allocation of 4% Low-Income Housing Tax Credits.*

Allocation of Tax-Exempt Bonds: Under this NOFA, it is KHC's intent to distribute the bonds equitably between urban and balance of state areas. KHC will award up to 10% of the bonds (or one project) to existing supply projects and 90% to new supply projects. Additionally, KHC will only award one project per county, excluding the non-competitive awards.

KHC reserves the right to award bonds at its discretion to maximize the number of units produced.

Projected NOFA Timeline

June 23, 2025	KHC releases NOFA.
August 4, 2025, 12 noon ET	Development Team Capacity applications due. Entities requiring a technical assistance meeting must request the meeting by July 4, 2025.
October 16, 2025, 12 noon ET	Pre-submission waiver requests due. Determinations on waiver requests will not be made prior to the application deadline but will be considered by KHC’s Credit Committee as part of the overall funding decision process. <i>KHC offers no assurances that any waiver request will be approved. Unapproved waiver requests may disqualify an application from consideration. Each waiver request must be supported by with appropriate justification and be accompanied by the applicable fee(s).</i>
October 23, 2025, 12 noon ET	Last date NOFA responses may be submitted. KHC may extend this deadline as needed to fully utilize resources.
January 23, 2026	NOFA Awards announced <i>(announcements may be delayed if the NOFA response deadline is extended)</i> .
February 26, 2026	Earliest KHC Board Meeting at which Inducement Resolution would be considered. <i>(Board documents must be submitted at least two weeks prior to Board Meeting date)</i>
May 22, 2026, 12 noon ET <i>(or 120 days from NOFA award, whichever is later)</i>	Technical submission complete.
July 1, 2027 <i>(or 18 months from NOFA award, whichever is later)</i>	Deadline for closing. No extensions to the closing deadline will be considered.
24 Months After Closing	Projects must be completed and placed in service no later than 24 months after the date of the closing.

Threshold Criteria For All Projects

1. In addition to the thresholds outlined in this NOFA, applicants must meet the requirements of the [2025-2026 Qualified Allocation Plan](#) (QAP) and [2025-2026 Multifamily Guidelines](#), including all thresholds applicable to the project type (new supply, existing supply, special needs populations, etc.).
2. All development team members must submit a current capacity approval letter from KHC. Any development team member with a current capacity deduction is prohibited from participating in a project in connection with the NOFA.
3. Applicants must utilize a minimum of \$5,000,000 in Tax-Exempt Bonds for construction and/or permanent financing.
4. Applicants must present a project timeline demonstrating the ability to close on the Bond transaction within the timeframe set forth in this NOFA.
5. Applicants must engage an attorney or attorneys who can demonstrate a comprehensive understanding of legal and procedural issues related to Bond issuances and KHC's general Bond policies and procedures.
6. Projects may not have received a prior allocation of Tax-Exempt Bonds.
7. Portfolio projects may not exceed four distinct properties unless the project is repositioning under HUD's Rental Assistance Demonstration (RAD) Program.
8. KHC will require a project to update its market study to recognize other projects from the same market area funded under this NOFA. In the event two or more projects targeting the same population are considered for an award from the same geographic region, KHC staff will determine, based upon a market study review procured by KHC, whether the targeted market for that particular region will be able to absorb each project. If the market review shows the target region cannot absorb multiple projects, then the project with the highest score (with tiebreakers applied, if applicable) will be approved. Market study considerations may cause a property or a project to be denied funding or have awarded resources reduced.