



Commonwealth of Kentucky 2025 – 2029 CONSOLIDATED PLAN

Executive Summary

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

1. Introduction

The Commonwealth of Kentucky 2025-2029 Consolidated Housing and Community Development Plan (Consolidated Plan) guides the investment of federal housing and community development funds. The Consolidated Plan is a requirement of the U.S. Department of Housing and Urban Development (HUD),

through which the state receives an annual entitlement of the following grants: Community Development Block Grant (CDBG), the HOME Investment Partnerships (HOME) Program, the Emergency Solutions Grant Program (ESG), the Housing Trust Fund (HTF) Program, and the Housing Opportunities for Persons with AIDS (HOPWA) Program.

The Consolidated Plan includes the non-entitlement areas of the State of Kentucky. The entitlement grants are allocated to the state to address housing, homelessness, and community development needs throughout the Commonwealth over the next five years. Its primary focus is the provision of decent, safe, affordable housing, suitable living environment, economic opportunities and providing emergency solutions to the extremely low- and low-moderate income persons and families, including the unhoused and vulnerable populations within the Commonwealth.

Listed below are the sections of the Consolidated Plan.

- The Process describes the consultation and citizen participation process undertaken to collect information from residents and stakeholders on community conditions and needs.
- The Needs Assessment analyzes needs related to affordable housing, special needs housing, community development, and homelessness.
- The Market Analysis examines demographics, the supply of affordable units, the regional housing market, and other conditions that impact community needs and the programs that address these needs.
- The Strategic Plan identifies specific goals for each jurisdiction based on the highest priority needs informed by the Needs Assessment, Market Analysis, and extensive consultation with community groups and citizens.

The plan also includes the first year (2025-2026) Annual Action Plan for the Commonwealth of Kentucky, which describes the planned investment of federal resources to implement specific activities that meet the year's strategic goals.

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

The primary objective of HUD's Entitlement Programs is to develop viable communities through the provision of decent housing, a suitable living environment, and expanded economic opportunities. The State of Kentucky intends to use its funds to further eleven primary goals.

- **Goal 1:** HOME Homeowner Activities. Increase the production of new affordable housing and continue to support the rehabilitation and resale of affordable housing.
- **Goal 2:** HOME Tenant Based Rental Assistance. Increase access to affordable housing through rental assistance.
- **Goal 3:** HOME Multifamily Activities. Increase access to housing by creating or rehabilitating affordable rental housing for low-income individuals.
- **Goal 4:** ESG Activities. Improve a wide range of supportive services and permanent housing opportunities for persons experiencing homelessness.
- **Goal 5:** HOPWA Activities. Improve housing assistance and related supportive services for low-income persons living with HIV/AIDS and their families.

- **Goal 6:** CDBG Housing. Expand access to affordable housing opportunities for persons of low- and moderate-income.
- **Goal 7:** CDBG Economic Development. Enhance economic stability and prosperity by increasing economic opportunities for residents through job creation, retention, and business assistance.
- **Goal 8:** CDBG Public Facilities. Improve the quality of life through funding community projects and foster revitalization of community structure.
- **Goal 9:** CDBG Public Services. Maintain funding to Recovery Kentucky programs.
- **Goal 10:** CDBG Public Improvements/Infrastructure. Increase the quality of life including water and sewer improvements and flood drainage improvements.
- **Goal 11:** HTF Multifamily Activities. Increase access to affordable rental housing for extremely low-income and very low-income households.

3. Evaluation of past performance

Listed below are the accomplishments made towards Kentucky’s 2020-2024 goals and the percentage of the goal that has been completed, as outlined in the 2023 Consolidated Annual Performance and Evaluation Report (CAPER).

CDBG

- 14 businesses assisted (53.85 percent)
- 88 homeowner housing rehabilitated (45.36 percent)
- 43,964 other (public facilities) (46.74 percent)
- 29,740 other (public improvements/infrastructure (46.74 percent)
- 7,107 other (services) (129.22 percent)

ESG

- 2,105 households assisted with tenant-based rental assistance (TBRA) and rapid rehousing (RRH) (49.53 percent)
- 14,563 persons assisted in homeless person overnight shelter (69.35 percent)
- 848 persons assisted with homelessness prevention (33.92 percent)

HOME

- 113 homeowner housing units added (50.22 percent)
- 16 homeowner housing units rehabilitated (64 percent)
- 31 rental units constructed (31 percent)
- 81 rental units rehabilitated (81 percent)
- 1,676 households assisted with TBRA/RRH (139.67 percent)

HOPWA

- 1,969 other HOPWA activities (109.39 percent)
- 211 households assisted with TBRA/RRH (120.57 percent)

HTF

- 0 rental units constructed (0 percent)
- 70 rental units rehabilitated (58.33 percent)

4. Summary of citizen participation process and consultation process

The Consolidated Plan was developed through extensive consultation with the Commonwealth of Kentucky's partner organizations and other stakeholders, as well as broad input from community members. Intergovernmental departments, affordable housing providers, advocates and other key community stakeholders played an integral role. The Consolidated Plan was also informed by information gathered from several recently published reports and statewide housing, community, and economic development services that inform current conditions and projected outcomes for various sectors that will impact the community. Service providers shared their insights through participation in the virtual stakeholder sessions and an online survey.

Summary from outreach and consultations

The common needs that were mostly cited as part of the 2025-2029 Consolidated Plan outreach and consultations include the following:

Affordable Housing

- A need for adequate funding at federal and state levels to develop more affordable housing and provide more rental assistance.
- A need for adequate supply of quality, affordable housing to meet the demand in urban and rural areas.
- Support for affordable housing from local, regional and state officials.
- A need for affordable housing accessible to people with disabilities.
- A need for policy updates to streamline the development process.

Infrastructure and Public Transportation

- Affordable transportation, including public transit with frequent service, for second and third shift workers.
- Transportation for veterans living in rural areas to access VA services.

Homelessness

- A need for more supportive services surrounding childcare, transportation, substance abuse and mental health for the unhoused and most vulnerable population.

Hazard Mitigation and Broadband

- A need to focus on resiliency from natural disasters when considering projects.
- A need to expand broadband connectivity to Eastern Kentucky.

5. Summary of public comments

Comments were received during the Public Hearing on June 3, 2025, and during the 30-day public display period of the Consolidated Plan and Annual Action Plan.

There were five guest attendees at the Public Hearing. Jackie Weiss (FAHE) said that FAHE would provide written comments later. Renita Rosa (The Housing Partnership) asked if 40% of 3.1 M NHTF funding would be prioritized for rural development and why only a small percentage of CDBG funding is allocated for housing despite the current housing shortage.

During the 30-day public display period, FAHE did provide feedback and input on the document. See AD-25, Administration, Citizen Participation Comments, for the letter received from FAHE.

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

All comments were accepted and included in this document.

7. Summary

The Consolidated Plan provides an overview of housing and community development needs in Kentucky. Listed below are the key takeaways synthesized from the data analysis and outreach process.

Housing Needs Assessment

- Kentucky's shortage of available housing units for rent and for purchase is driving up housing costs and cost burdens. A 2024 KY Housing Supply Gap Analysis found the Commonwealth currently needs over 206,000 more units to sever all income levels. Kentucky needs more housing development, particularly for households earning below 80% AMI.
- Housing costs for many individuals and households have increased over the past several years for both renter and homeowner housing units. For many, incomes have not increased as quickly. As a result, housing has become less affordable.
- The most common issues for renter and owner households are housing cost burden (spending more than 30 percent of income on housing costs) and severe housing cost burden (spending more than 50 percent of income on housing costs).

Housing Problems

- Renters are more likely to have one or more of the four severe housing problems in each of the income categories. 23 percent of all renters' experience one or more of the housing problems listed.
- Elderly households and certain racial or ethnic groups, including Black, Asian, Hispanic, and Pacific Islander (note: there is a very small sample size of Pacific Islander households) households are more affected by housing problems than other community residents.

Homeless Needs Assessment

Add summary text

Homeless Management Information System (HMIS) data indicates more households entered homelessness in 2024 than households who exited homelessness.

- Special populations, including people with disabilities and veterans, require additional, specialized supportive services to maintain permanent housing.
- From 2020 to 2024, unsheltered homelessness increased faster than sheltered homelessness.
- Kentucky needs more units affordable to extremely low-income residents including permanent supportive housing (PSH).

NonHomeless Special Needs Assessment

- Mental and behavioral health services are needed as an accompaniment to housing to ensure special populations have the necessary resources to stay housed.
- There is a need for accessible housing options and supportive services for people with disabilities and seniors.
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Add summary text 2

Service providers must expand the scope and scale of services to fully meet the needs of the population.

NonHousing Community Development Needs

- Community centers and public services for specific groups, particularly seniors, people with a disability, and people with mental health and substance use disorder challenges.
- Connectivity and accessibility in transportation, streetscapes, broadband.
- Infrastructure improvements to support new housing development: roads, water, sewer, utilities, amenities, etc.

Housing Condition and Availability

- There exists a profound gap in the supply of income-aligned housing in Kentucky felt by households at the lowest income levels.
- There is a further need for accessible affordable housing units for people with disabilities, including more PSH units serving those with a history of homelessness.
- As household formation and housing needs increase and developments with assisted units expire in the coming decades, Kentucky will experience even greater demand for affordable housing units.
- With a large portion of Kentucky households living in a unit built prior to 1980, there is a need to inspect and rehabilitate units with structural or health concerns.
- Low- and moderate-income households tend to live in older, more naturally affordable units, which puts them at a greater risk of housing problems.
- Rehabilitation is needed to ensure an adequate supply of accessible units.

Housing Affordability and Cost

- Increasing housing costs, coupled with the increased cost of other necessities including food, childcare, insurance, and transportation, place considerable financial pressure on households across the state, particularly for low- to moderate-income households.
- The continued rise in rents and home values may further exacerbate existing affordability and availability issues in the coming five years.

Shelter Facilities and Services

- There is a need for more accessible shelter space for people with disabilities and seniors.
- Stakeholders note they are seeing an increased demand for housing and supportive services that outpaces provider capacity.

Economic Development

- Gaps in affordable housing, transportation, and knowledge of existing opportunities serve as a barrier to low- and moderate-income people obtaining and maintaining employment.
- Special populations, particularly low-income people and people with disabilities, may need tailored economic development services.

- Federal, state, and private investments in economic development provide opportunities for low- and moderate-income people to engage and advance in the workforce.

Broadband

- Digital equity gaps, particularly in Eastern Kentucky, serve as a barrier to low- and moderate-income people accessing needed resources and opportunities.

Natural Hazards

- After recent disaster events, there is a need to ensure communities can recover and rehabilitate housing and infrastructure and ensure resiliency for future disaster events.

The Process

PR-05 Lead & Responsible Agencies 24 CFR 91.200(b)

1. Describe agency/entity responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source

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/Multifamily
ESG Administrator	KENTUCKY	KHC Housing Contract Administration
HOPWA-C Administrator	KENTUCKY	Specialized Housing Resources
	KENTUCKY	KHC Multifamily Programs

Table 1 – Responsible Agencies

Narrative

The Consolidated Plan was developed through extensive consultation with the Commonwealth of Kentucky’s partner organizations and other stakeholders, as well as broad input from community members. Intergovernmental departments, affordable housing providers, advocates and other key community stakeholders played an integral role. The Consolidated Plan is also informed by information gathered from several recently published reports and statewide housing, community, and economic development services. These services inform current conditions and projected outcomes for a variety of sectors that will impact the community. Service providers shared their insights through participation in the virtual stakeholder sessions and an online survey. Extensive public outreach was conducted to allow other community members to input into the plan, including virtual stakeholder meetings, the public hearing and the online survey.

This section summarizes the extensive consultation and citizen outreach conducted both collectively and individually by the regional consolidated plan jurisdictions.

KHC is the lead agency for preparation of the Consolidated Plan, Annual Action Plans, and Analysis of Impediments to Fair Housing Choice with the Kentucky Department for Local Government.

Consolidated Plan Public Contact Information

Ben Livingston
Corporate Planning and Accountability
Kentucky Housing Corporation
blivingston@kyhousing.org
1231 Louisville Road
Frankfort, KY 40601

PR-10 Consultation – 91.100, 91.110, 91.200(b), 91.300(b), 91.215(I) and 91.315(I)

1. Introduction

The PR-10 Consultation section of the Consolidated Plan summarizes the consultation process for the development of the Consolidated Plan.

The Commonwealth of Kentucky through KHC and the Department of Local Government (DLG) conducted extensive consultation with a broad range of partners, stakeholders and community members in the development of the 2025-2029 Consolidated Plan. The process included a broad range of government and nonprofit agencies that provide affordable housing, mental health and other social services throughout the Commonwealth.

KHC held 18 consultation sessions during September 13, 2024, through November 18, 2024. Listed below are the session topics of each consultation session, which were well attended by community partners and agencies:

Stakeholder Interviews—A series of virtual stakeholder meetings and interviews was conducted from September 13, 2024—November 18, 2024 to discuss issues and opportunities related to housing and community development needs, as well as fair housing issues. Individuals representing government and policy makers, nonprofit organizations, affordable housing providers, and other interested parties were invited to participate to ensure that as many points of view as possible were heard.

Over the course of 18 virtual meetings, KHC consulted with 18 unique organizations that provided feedback about their communities and service areas. The participants consulted included (but is not limited to) the Kentucky’s Affordable Housing Coalition; the Kentucky League of Cities; local civil rights commission; Kentucky’s Housing Policy Advisory Committee; Kentucky Fair Housing Council; Kentucky Interagency Council on Homelessness; past recipients of CDBG, HOME, HOPWA, ESG and HTF funds; Kentucky Commission on Human Rights; Fahe and its member groups and organizations; staff from Kentucky’s departments of Aging and Independent living and Economic Development—Refer to Table 2- Agencies, Groups, and Organizations Who Participated.

Web-based Surveys—The online web-based surveys gathered additional input from stakeholders and community participants to identify priority needs in the 2025-2029 Consolidated Plan and allows respondents to provide feedback on existing community conditions throughout the Commonwealth of Kentucky. In that time, 184 stakeholders responded to the survey. The survey asked respondents to identify, rank, and provide commentary on community needs on the following topic areas:

- Affordable Housing
- Housing and Supportive Services
- Public Facilities and Infrastructure
- Human Services
- Fair Housing

Common Themes—Between both methods of outreach, the common themes that respondents expressed across consultation sessions and survey results are listed below:

- There is not enough housing supply to meet demand. Housing issues, including unaffordability and lack of available units, have worsened since the previous Consolidated Planning process.
- Many available units are not accessible to people with physical disabilities or do not meet HUD inspection criteria for rental assistance programs, further limiting housing options.
- The demand for housing and supportive services, particularly mental health and substance use disorder services, is greater than the current capacity of service providers.
- Lack of connectivity, particularly in Eastern Kentucky, exacerbates inequalities and hinders residents from obtaining and maintaining employment.

Provide a concise summary of the jurisdiction’s activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health and service agencies (91.215(I)).

KHC coordinates with multiple entities including the Cabinet for Health and Family Services (CHFS) and an advisory committee mandated by statute, the Housing Policy Advisory Committee, regarding affordable housing issues. KHC regularly engages with the CHFS Department for Medicaid Services regarding housing supportive services strategies.

KHC promotes the Department for Behavioral Health, Developmental and Intellectual Disabilities (DBHDID) online SSI/SSDI, Outreach, Access, and Recovery (SOAR) trainings to its partner agencies providing homeless services. 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.

KHC supports the provision of additional units of PSH projects funded through the Continuum of Care (CoC) Program to serve individuals and families experiencing homelessness where a household member has a documented disability. These projects are designed as part of the CoC strategy to promote access to housing and intensive housing-focused case management and supportive services to assist persons experiencing homelessness in the transition from streets and emergency shelters to permanent housing and promote permanent housing stabilization, especially persons experiencing chronic homelessness. The projects are renewable annually through the CoC application. KHC has also allocated HOME-American Rescue Plan (HOME-ARP) funds to support the new construction of PSH units in consultation with the KY BoS CoC.

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 is the lead agency responsible for coordinating the KY BoS CoC. The KY BoS CoC represents 118 of Kentucky's 120 counties. In addition to coordinating the BoS CoC, KHC works with the state CHFS to

manage programs that assist homeless veterans, persons with persistent mental illness, and youth aging out of foster care, and the populations that are at high risk of becoming homeless.

The Homeless and Housing Coalition of Kentucky is the lead agency for the Kentucky Interagency Council on Homelessness (KICH), of which KHC serves as a standing member. KICH is comprised of representatives from state government, nonprofit agencies, and advocacy agencies who collaborate and perform duties related to serving special needs populations, including those experiencing homelessness. Representatives of state cabinets and nonprofit organizations (including, but limited to, those who serve veterans, persons experiencing homelessness, families with children and youth aging out of foster care) are active participants on the executive committee and subcommittees.

KHC, as the KY BoS CoC Collaborative Applicant and lead agency, offers to other agencies that serve persons experiencing homelessness across the state the opportunity to participate in the U.S. Department of Housing and Urban Development's CoC Program. The KY BoS CoC, organized into 6 regions and 15 "Local Prioritization Communities" (LPCs) for Coordinated Entry, is a system for helping people who are homeless, or at risk of homelessness, by providing housing and services appropriate to the whole range of homeless needs in the community. Through the CoC Program, agencies can serve clients with supportive services, transitional housing, PSH, or RRH.

Describe consultation with the Continuum(s) of Care that serves the jurisdiction's area in determining how to allocate ESG funds, develop performance standards and evaluate outcomes, and develop funding, policies and procedures for the administration of HMIS

In collaboration with the KY BoS CoC, all ESG-funded agencies are required to participate in the BoS CoC Coordinated Entry System. The KY BoS CoC process, which includes ESG planning, begins at the local level with six regions across 118 counties. KHC holds at least one meeting for the entire BoS CoC membership annually, in addition to regular meetings of the BoS CoC Advisory Board, the body tasked with CoC-wide planning to address homelessness. In the KY BoS CoC, homeless service providers, victim service providers, Managed Care Organizations, healthcare providers, veterans' services providers, community leaders, advocates, and homeless service clients meet annually in the six BoS CoC regions. Additionally, KHC, as Collaborative Applicant, coordinates the KY BoS CoC Advisory Board, which guides the decisions and planning efforts affecting the BoS CoC.

The KY BoS CoC Advisory Board assists KHC with the evaluation of the Coordinated Entry System overseen and managed by KHC. The KY BoS CoC Advisory Board meets bi-monthly for continued planning and governance. At numerous planning meetings 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.

The KY BoS CoC evaluates system performance using data collected from CoC and ESG-funded agencies, along with the VA's Supportive Services for Veteran Families (SSVF) program and the U.S. Health and Human Services Runaway and Homeless Youth (RHY) program. Performance expectations for ESG and CoC-funded projects are set in collaboration between the KY BoS CoC Advisory Board and KHC. KHC, as

the Collaborative Applicant for the KY BoS CoC, has the unique opportunity and ability to reach out to members of the CoC to obtain feedback and guidance.

Through regular BoS CoC Advisory Board meetings and annual CoC membership meetings, information is shared on the anticipated timeline for the allocation of the ESG funds. KY BoS 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. KHC also holds KY BoS CoC meetings where ESG staff present updates to program guidelines and request feedback on potential changes to the allocation process in future funding rounds. KHC ESG staff also maintain regular communication with the Louisville and Lexington CoCs, the Commonwealth's only other CoCs. This allows them to provide regular information about and receive feedback on Kentucky's ESG process.

2. Describe Agencies, groups, organizations and others who participated in the process and describe the jurisdictions consultations with housing, social service agencies and other entities

Table 2 – Agencies, groups, organizations who participated

1	Agency/Group/Organization	Kentucky Statewide Housing Policy Advisory Committee
	Agency/Group/Organization Type	Housing PHA Services - Housing 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 Other government - Federal Other government - State Other government - County Other government - Local 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 Non-Homeless Special Needs Market Analysis
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Through direct consultation the Advisory committee Provided input into the development of the Commonwealths Consolidated Plan and Assessment of Fair Housing.

2	Agency/Group/Organization	ZeroV formerly KCADV
	Agency/Group/Organization Type	Housing Services - Housing Services-Children Services-Victims of Domestic Violence Services-homeless Services-Health Services-Education Services-Employment Services - Victims Regional organization
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Homelessness Strategy Homeless Needs - Chronically homeless Homeless Needs - Families with children Market Analysis
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Through direct consultation ZeroV provided input into the development of the Commonwealths Consolidated Plan and Assessment of Fair Housing.
3	Agency/Group/Organization	Kentucky Balance of State Continuum of Care
	Agency/Group/Organization Type	Housing Services-homeless
	What section of the Plan was addressed by Consultation?	Housing Need Assessment
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Through direct consultation the KY BoS CoC provided input into the development of the Commonwealth's Consolidated Plan and Assessment of Fair Housing.
4	Agency/Group/Organization	FAHE
	Agency/Group/Organization Type	Housing Services - Housing Services-Health Services-Education Regional organization Planning organization
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Market Analysis

	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Through direct consultation FAHE provided input into the development of the Commonwealth's Consolidated Plan and Assessment of Fair Housing.
5	Agency/Group/Organization	Kentucky Fair Housing Council
	Agency/Group/Organization Type	Housing Services - Housing Services-Health Services-Education Service-Fair Housing Regional organization Planning organization
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Market Analysis
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Through direct consultation KFHC provided input into the development of the Commonwealths Consolidated Plan and Assessment of Fair Housing.
6	Agency/Group/Organization	Kentucky Cabinet for Health and Family Services
	Agency/Group/Organization Type	Services-Health Services-Education Services-Employment Service-Fair Housing Services - Victims Health Agency
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Homelessness Strategy Homeless Needs - Chronically homeless
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Through direct consultation CHFS provided input into the development of the Commonwealths Consolidated Plan and Assessment of Fair Housing.

7	Agency/Group/Organization	Kentucky Commission on Human Rights
	Agency/Group/Organization Type	Housing Services - Housing Services-Children Services-Elderly Persons Services-Persons with Disabilities Services-Victims of Domestic Violence Services-homeless Services-Health Services-Education Services-Employment Service-Fair Housing Services - Victims
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Market Analysis
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Through direct consultation CHR provided input into the development of the Commonwealths Consolidated Plan and Assessment of Fair Housing.
8	Agency/Group/Organization	Henderson County Emergency Management
	Agency/Group/Organization Type	Agency - Emergency Management Regional organization
	What section of the Plan was addressed by Consultation?	Emergency Management and Hazard Mitigation
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Telephone discussion.
9	Agency/Group/Organization	Kentucky Office of Broadband Development
	Agency/Group/Organization Type	Services - Narrowing the Digital Divide Other government - State
	What section of the Plan was addressed by Consultation?	Broadband
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Telephone conversation.

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

KHC did not exclude any agencies or organizations in the consultation process for the Consolidated Plan.

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	KY BoS CoC	The KY BoS CoC application was used to develop the goals in the Strategic Plan related to addressing homelessness in KY.
Kentucky Housing Supply Gap Analysis, Phase I (Cur	KHC and Bowen National Research	Kentucky Housing Supply Gap Analysis, Phase I (Current) and Phase II (Projected) were instrumental in clarifying and understanding the housing supply shortages in Kentucky.
Kentucky State Plan on Aging (2025-2028)	Department of Aging and Independent Living	The Kentucky State Plan on Aging provides information on the needs of people with physical disabilities and those who are over the age of 60, which informs the Commonwealths goals and strategies.
Louisville Housing Needs Assessment (2024)	Louisville Metro Government Office of Housing & Community Development	Louisville Housing Needs Assessment analyzes Louisvilles diverse neighborhoods and housing-related needs within 21 housing market areas, which informs the Commonwealths goals and strategies.
Bowling Green Housing Need Assessment (2023)	Bowling Green, Kentucky	The Bowling Green Housing Need Assessment report evaluates the housing needs of Bowling Green, Kentucky, which informs the Commonwealths goals and strategies.
Northern Kentucky Area Development District (NKADD	NKADD	The NKADD Housing Data Analysis provides information about economic and workforce development, which informs the Commonwealths goals and strategies.
Statewide Plan for Independent Living (SPIL) (2025	The Independent Living Network, Kentucky	The SPIL provides information about the strategies for empowering all Kentuckians with disabilities to live independently, direct their own lives, and participate fully in their communities, which informs the Commonwealth special needs goals and strategies.
2024 Intimate Partner Violence Annual Report	ZeroV	ZeroVs Annual Report provides information on initiatives and programs designed to end intimate partner violence, which informs the Commonwealth goals and strategies.

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
Kentucky Future Skills Report (KFSR) (2023)	Kentucky Center for Statistics	The KFSR report provides an overview of skilled people credentialed to enter the workforce in Kentucky, which informs the Commonwealths goals and strategies regarding workforce development.
Guide To Examine Homelessness and Affordable Housi	Kentucky League of Cities	The Kentucky League of Cities guide describes the homelessness indicators and summarizes the wrap-around services and health needs, including affordable housing and supportive services for the homeless population. The information provided informs the Commonwealths goals and strategies regarding homelessness and affordable housing.
Qualified Allocation Plan (2025-2026)	KHC	The Qualified Allocation Plan provides information about the distribution of the federal Low-Income Housing Tax Credit (LIHTC) program in support of affordable housing throughout the Commonwealth. The information provided informs the Commonwealths housing goals and strategies.
Five-Year Action Plan Commonwealth of Kentucky Bro	Team Kentucky: Office of Broadband Development	Broadband Access.
Commonwealth of Kentucky 2022 Action Plan for Disa	Team Kentucky: DLG	Hazard Mitigation.

Table 3 – Other local / regional / federal planning efforts

Describe cooperation and coordination with other public entities, including the State and any adjacent units of general local government, in the implementation of the Consolidated Plan (91.215(I))

In the development of the Consolidated Plan, KHC consulted with numerous public entities including working closely with other agencies of the Commonwealth. During the consultation process, KHC gathered input from public entities including:

- Kentucky DLG
- Kentucky Commission on Human Rights
- The Department of Aging and Independent Living
- Kentucky Center for Statistics
- Louisville Metro Government Office of Housing & Community Development
- FAHE and its Member Groups and Organizations
- KICH
- Kentucky Affordable Housing Coalition

- Kentucky HOPWA
- Kentucky Statewide Housing Policy Advisory Committee

Narrative (optional):

PR-15 Citizen Participation – 91.105, 91.115, 91.200(c) and 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

KHC followed the requirements for public participation outlined in the Citizen Participation Plan, which states that Kentucky will take appropriate actions to encourage the participation of all its citizens, including minorities, non-English speaking persons, and people with disabilities. The Citizen Participation Plan can be found on KHC’s website for public documents at Citizen Participation Plan. KHC facilitated a 30-day public comment period to gather additional input on the draft Consolidated Plan. KHC followed the requirements specified in its Citizen Participation Plan regarding ensuring access to, providing adequate notice of, and encouraging participation in the public comment periods and public hearings.

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	Non-targeted/broad community	There were five guest attendees at the Public Hearing.	A representative from FAHE said that FAHE would provide written comments later. A representative from the Housing Partnership asked if 40% of 3.1 M NHTF funding would be prioritized for rural development and why only a small percentage of CDBG funding is allocated for housing despite the current housing shortage.	All comments were accepted and included in AD-25, Administration, Citizen Participation Comments.	

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
2	Newspaper Ad	Minorities Non-English Speaking - Specify other language: Spanish	There were five guest attendees at the Public Hearing.	A representative from FAHE said that FAHE would provide written comments later. A representative from the Housing Partnership asked if 40% of 3.1 M NHTF funding would be prioritized for rural development and why only a small percentage of CDBG funding is allocated for housing despite the current housing shortage.	All comments were accepted and included in AD-25, Administration, Citizen Participation Comments.	

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)
3	Internet Outreach	Non-targeted/broad community Residents of Public and Assisted Housing Homeless and Support Services	Internet outreach via KHC's website.	No comments were received.	No comments were received.	
4	Public Hearing	Non-targeted/broad community	Conducted on Tuesday, June 3, 2015.	No comments were received.	No comments were received.	

Table 4 – Citizen Participation Outreach

Needs Assessment

NA-05 Overview

Needs Assessment Overview

The Needs Assessment is comprised of five sections:

- Housing Needs Assessment
- Disproportionately Greater Need
- Homeless Needs Assessment
- Non-Homeless Special Needs Assessment
- Non-Housing and Community Development Needs

Together, these sections provide qualitative and quantitative analysis of multiple sets of data, supplemented with interviews and surveys to present key housing and community development needs of low- and moderate-income people in Kentucky. The needs identified in this section work to inform the state's Strategic Plan, which outlines how Kentucky will use its formula grant allocations over the next five years and prioritize identified needs.

The Needs Assessment utilizes two primary data sources: data from the U.S. Census Bureau's American Community Survey (ACS) and custom tabulations of ACS data called the Comprehensive Housing Affordability Strategy (CHAS) data. KHC analyzed the most recent data sets available at the time of drafting for both sources, which were the 2016–2020 five-year CHAS estimates, 2018–2022 ACS five-year estimates. In addition, KHC facilitated consultation sessions with partner agencies and organizations and distributed online stakeholder and community surveys to better understand current trends impacting the region. KHC analyzed information from other available sources such as local reports, plans, and studies. One such report, the Housing Supply Gap Analysis conducted by Bowen National Research, provided critical research on the housing needs of low- and moderate-income households in Kentucky.

Definition of Low- and Moderate-Income

HUD-funded programs principally benefit low- and moderate-income households. A household is defined as all the people who occupy one housing unit, which includes families, unrelated people such as roommates, and people living alone.

The low- and moderate-income levels for a particular community are determined by the Area Median Income (AMI) of that specific place. Households earning less than 80 percent of the AMI are considered moderate-income. Households earning less than 50% AMI are considered low-income, and households earning less than 30 percent AMI are considered extremely low-income. Throughout the Consolidated Plan, the term "low- and moderate-income" is used to describe all households earning less than 80 percent AMI.

The attached table presents the low- and moderate-income limits for the Commonwealth of Kentucky in 2024. It is important to note that within this document, AMI refers to the entire Commonwealth of

Kentucky. Median income range areas are often associated with a metropolitan area or county. Since this data is representative of the entire state, the income brackets are associated with aggregate data as opposed to a specific area of the state.

For example, a four-person household is considered to have a low- to moderate-income if they earned less than \$64,650 annually.

Income Category	1 Person Household	2 Person Household	3 Person Household	4 Person Household	5 Person Household	6 Person Household
Extremely Low-Income (0-30% AMI)	\$17,000	\$19,400	\$21,850	\$24,250	\$26,200	\$28,150
Low-Income (30-50% AMI)	\$28,300	\$32,350	\$36,400	\$40,400	\$43,650	\$46,900
Moderate Income (50-80% AMI)	\$45,300	\$51,750	\$58,200	\$64,650	\$69,850	\$75,000

Data Source: 2024 HUD Income Limits Documentation

State of Kentucky HUD Income Limits (2024)

Key Themes

Key Themes from the Needs Assessment

KHC and DLG identify the major trends and needs of low- and moderate-income households in Kentucky to be as follows:

Housing Needs Assessment

- Housing costs for many individuals and households have increased over the past several years for both renter and homeowner housing units. For many, incomes have not increased as quickly and, as a result, housing has become less affordable.
- The most common issues for renter and owner households are housing cost burden (spending more than 30 percent of income on housing costs) and severe housing cost burden (spending more than 50 percent of income on housing costs).

Housing Problems

- Renters are more likely to have one or more of the four severe housing problems in each of the income categories. 23 percent (almost one in four) of all renters' experience one or more of the housing problems listed.
- Elderly households and certain racial or ethnic groups, including Asian, Hispanic, and Pacific Islander households, are more affected by housing problems than other community residents.

Homeless Needs Assessment

- HMIS data indicates that more households entered homelessness in 2024 than households who exited

homelessness.

- Special populations, including people with disabilities and veterans, require additional, specialized supportive services to maintain permanent housing.
- From 2020 to 2024, unsheltered homelessness increased at a faster rate than sheltered homelessness.

Non-Homeless Special Needs Assessment

- Mental and behavioral health services are needed as an accompaniment to housing to ensure special populations have the necessary resources to stay housed.
- There is a need for accessible housing options and supportive services for people with disabilities and seniors.
- Service providers must expand the scope and scale of services to fully meet the needs of the population.

Housing Community Development Needs

- Community centers and public services for specific groups, particularly seniors, people with a disability, and people with mental health and substance use disorder challenges.
- Connectivity and accessibility in transportation, streetscapes, broadband.
- Sewer and water infrastructure improvements.

NA-10 Housing Needs Assessment - 24 CFR 91.205 (a,b,c)

Summary of Housing Needs

The NA-10 Housing Needs Assessment section of the Consolidated Plan explores the characteristics of households in Kentucky, including demographics, total households, and housing problems. Data for this section comes from 2018-2022 ACS and 2016-2020 CHAS estimates, which were the most recent data sets available at the time of drafting the Consolidated Plan.

Stakeholders note that the demand for housing and supportive services is not currently met by available supply. According to the Kentucky Housing Gap Analysis, the state has an overall housing gap of 206,207 units in 2024. The analysis found that the greatest influences on the state’s overall rental housing gap are household growth and households living in severe housing cost burdened situations.

Housing Demographics Population growth plays a key role in local demand for housing. Table 6 provides a high-level overview of the demographic change in Kentucky from 2012 to 2022. In that span, the population increased 4 percent while the number of households increased by 10 percent.

Demographics	Base Year: 2009	Most Recent Year: 2020	% Change
Population	4,397,330	4,424,376	1%
Households	1,708,459	1,724,514	1%
Median Income	\$0.00	\$46,535.00	

Table 5 - Housing Needs Assessment Demographics

Data Source: 2000 Census (Base Year), 2016-2020 ACS (Most Recent Year)

Demographics	Base Year: 2012	Most Recent Year: 2022	% Change
Population	4,340,167	4,502,935	4%
Households	1,691,716	1,769,102	10%
Median Income	\$42,610	\$60,183	41%

Data Source: 2000 Census (Base Year), 2018-2022 ACS (Most Recent Year)

Housing Needs Assessment Demographics

Number of Households Table

	0-30% HAMFI	>30-50% HAMFI	>50-80% HAMFI	>80-100% HAMFI	>100% HAMFI
Total Households	240,915	209,270	294,255	172,795	807,275
Small Family Households	78,475	65,645	104,275	68,960	435,120
Large Family Households	13,235	12,855	20,120	13,175	62,865
Household contains at least one person 62-74 years of age	42,010	49,645	71,720	42,600	183,935

	0-30% HAMFI	>30-50% HAMFI	>50-80% HAMFI	>80-100% HAMFI	>100% HAMFI
Household contains at least one person age 75 or older	27,770	39,190	46,480	20,130	56,165
Households with one or more children 6 years old or younger	42,000	31,240	43,300	26,795	91,225

Table 6 - Total Households Table

Data Source: 2016-2020 CHAS

Number of Households

The income level and demographic makeup of Kentucky households provides insight into the nature of the low- and moderate-income population. 31 percent of households earn 80 percent AMI or less. Of these low- to moderate-income households:

- 29 percent are small family households (two to four family members).
- 21 percent are households with at least one person 62 years of age or older.
- 13 percent are households with one or more children six years or younger.

46 percent of Kentucky households earn greater than 100 percent of the AMI.

Household Type	0-30% HAMFI	31-50% HAMFI	51-80% HAMFI	81-100% HAMFI	Over 100% HAMFI
Total Households	251,135	214,410	306,780	182,070	793,655
Small Family Households	73,585	65,075	108,515	73,675	417,395
Large Family Households	13,905	13,370	19,790	13,735	64,150
Household contains at least <u>one person</u> age 62 to 74 years of age	53,830	54,025	79,920	46,450	189,590
Household contains at least <u>one person</u> age 75 or older	34,090	42,620	48,120	20,545	58,380
Household contains one or more children aged six years or younger	40,350	32,430	44,490	29,555	113,395

Data Source: 2016-2020 CHAS

Total Households

Housing Needs Summary Tables

1. Housing Problems (Households with one of the listed needs)

	Renter					Owner				
	0-30% AMI	>30- 50% AMI	>50- 80% AMI	>80- 100% AMI	Total	0-30% AMI	>30- 50% AMI	>50- 80% AMI	>80- 100% AMI	Total
NUMBER OF HOUSEHOLDS										
Substandard Housing - Lacking complete plumbing or kitchen facilities	3,745	2,075	2,230	730	8,780	1,900	1,265	1,220	530	4,915
Severely Overcrowded - With >1.51 people per room (and complete kitchen and plumbing)	1,215	1,110	890	605	3,820	145	405	355	305	1,210
Overcrowded - With 1.01-1.5 people per room (and none of the above problems)	4,085	3,675	3,150	1,390	12,300	1,315	1,270	2,020	1,355	5,960
Housing cost burden greater than 50% of income (and none of the above problems)	79,980	21,850	3,565	265	105,660	42,585	21,655	11,660	2,460	78,360
Housing cost burden greater than 30% of income (and none of the above problems)	18,725	46,535	31,580	4,180	101,020	15,525	25,855	37,830	16,715	95,925

	Renter					Owner				
	0-30% AMI	>30-50% AMI	>50-80% AMI	>80-100% AMI	Total	0-30% AMI	>30-50% AMI	>50-80% AMI	>80-100% AMI	Total
Zero/negative Income (and none of the above problems)	17,370	0	0	0	17,370	10,680	0	0	0	10,680

Table 7 – Housing Problems Table

Data 2016-2020 CHAS
Source:

Housing Needs Summary Tables

Instances of housing problems, as defined below, is one indicator of housing need for specific household types and income levels. The following tables explore the number of households in Kentucky that experience specific types of housing problems that are captured in CHAS data and defined by HUD. HUD defines a housing problem as a household experiencing at least one of the following four conditions:

- The housing unit lacks complete kitchen facilities.
- The housing unit lacks complete plumbing facilities.
- The household is crowded (more than one person per room).
- The household is cost burdened (the household spends between 30 percent and 50 percent of income on housing costs).

CHAS also provides information on severe housing problems. HUD defines a severe housing problem as a household experiencing at least one of the following four conditions:

- The housing unit lacks complete kitchen facilities.
- The housing unit lacks complete plumbing facilities.
- The household is severely crowded (more than 1.5 people per room).
- The household is severely cost burdened (the household spends more than 50 percent of income on housing costs).

Note that the tables below include a row titled “Zero/negative Income (and none of the above problems)”. This means that the household did report income, meaning cost burden could not be computed. However, the household did not experience any of the other housing problems recognized by HUD. HUD does not consider zero income to be a housing problem.

Household Type	RENTERS						OWNERS					
	0-30% HAMFI	31-50% HAMFI	51-80% HAMFI	81-100% HAMFI	Over 100% HAMFI	Total	0-30% HAMFI	31-50% HAMFI	51-80% HAMFI	81-100% HAMFI	Over 100% HAMFI	Total
Substandard Housing-Lacking complete plumbing or kitchen facilities	4,415	2,335	1,830	795	1,535	10,910	2,170	1,045	1,370	395	1,825	6,805
Severely Overcrowded-With >1.51 people per room (and complete kitchen and plumbing)	1,825	1,110	1,065	995	1,040	6,035	425	385	755	260	885	2,710
Overcrowded-With 1.01-1.5 people per room (and none of the above problems)	4,675	2,915	3,035	1,735	2,600	14,960	1,025	1,655	2,220	1,515	3,910	10,330
Housing cost burden greater than 50% of income (and none of the	76,160	17,090	2,340	165	150	95,900	45,065	18,435	8,680	2,125	2,010	76,315

Household Type	RENTERS						OWNERS					
	0-30% HAMFI	31-50% HAMFI	51-80% HAMFI	81-100% HAMFI	Over 100% HAMFI	Total	0-30% HAMFI	31-50% HAMFI	51-80% HAMFI	81-100% HAMFI	Over 100% HAMFI	Total
above problems)												
Housing cost burden greater than 30% of income (and none of the above problems)	19,895	44,190	29,565	2,715	1,340	97,700	18,410	28,010	35,405	12,240	16,590	110,650
Housing cost burden not computed (and none of the above problems)	15,755	0	0	0	0	15,755	10,150	0	0	0	0	10,150
Has none of the above housing problems	29,455	32,615	82,165	51,660	129,880	325,770	21,700	64,635	138,350	107,470	631,900	964,055

Data Source: 2016-2020 CHAS

Housing Problems Table

2. Housing Problems 2 (Households with one or more Severe Housing Problems: Lacks kitchen

or complete plumbing, severe overcrowding, severe cost burden)

	Renter					Owner				
	0-30% AMI	>30-50% AMI	>50-80% AMI	>80-100% AMI	Total	0-30% AMI	>30-50% AMI	>50-80% AMI	>80-100% AMI	Total
NUMBER OF HOUSEHOLDS										
Having 1 or more of four housing problems	89,025	28,710	9,835	2,985	130,555	45,950	24,600	15,255	4,650	90,455
Having none of four housing problems	46,320	76,605	108,490	53,145	284,560	31,570	79,360	160,670	112,020	383,620
Household has negative income, but none of the other housing problems	17,370	0	0	0	17,370	10,680	0	0	0	10,680

Table 8 – Housing Problems 2

Data 2016-2020 CHAS
Source:

	Renter					Owner				
	0-30% AMI	>30-50% AMI	>50-80% AMI	>80-100% AMI	Total	0-30% AMI	>30-50% AMI	>50-80% AMI	>80-100% AMI	Total
Having one or more of four housing problems	87,080	23,445	8,275	3,690	122,490	48,690	21,520	13,025	4,295	87,530
Having none of four housing problems	65,100	76,800	111,725	54,375	308,000	50,260	92,645	173,755	119,710	1,084,860
Household has negative income, but none of the other housing problems	7,405	0	0	0	7,405	4,875	0	0	0	4,875

Data Source: 2016-2020 CHAS

Housing Problems 2

3. Cost Burden > 30%

	Renter				Owner			
	0-30% AMI	>30-50% AMI	>50-80% AMI	Total	0-30% AMI	>30-50% AMI	>50-80% AMI	Total
NUMBER OF HOUSEHOLDS								
Small Related	39,650	28,220	14,105	81,975	16,855	14,630	18,515	50,000
Large Related	7,105	4,805	2,060	13,970	3,290	2,895	3,425	9,610
Elderly	17,855	14,695	7,320	39,870	25,395	21,880	18,460	65,735
Other	40,355	24,880	13,235	78,470	14,295	9,085	9,630	33,010
Total need by income	104,965	72,600	36,720	214,285	59,835	48,490	50,030	158,355

Table 9 – Cost Burden > 30%

Data 2016-2020 CHAS
Source:

Household Type	RENTERS				OWNERS			
	0-30% HAMFI	31-50% HAMFI	51-80% HAMFI	Total Under 80% AMI	0-30% HAMFI	31-50% HAMFI	51-80% HAMFI	Total Under 80% AMI
Small Family	6255	18415	11260	35930	3740	8805	13220	25765
Large Family	1395	3295	1460	6150	1090	2200	2785	6075
Elderly Households	6890	9630	5725	22245	11175	14050	12355	37580
Other Households	7390	15600	12195	35185	3260	3730	7550	14540
Total Need by Income	21930	46940	30640	99510	19265	28785	35910	83960

Data Source: 2016-2020 CHAS

Cost Burden 30%

4. Cost Burden > 50%

	Renter				Owner			
	0-30% AMI	>30-50% AMI	>50-80% AMI	Total	0-30% AMI	>30-50% AMI	>50-80% AMI	Total
NUMBER OF HOUSEHOLDS								
Small Related	33,195	8,005	1,070	42,270	13,390	7,095	3,950	24,435
Large Related	5,805	1,100	135	7,040	2,310	1,055	620	3,985
Elderly	12,410	4,970	1,300	18,680	17,015	9,085	5,235	31,335
Other	33,295	8,720	1,460	43,475	10,935	4,685	1,965	17,585
Total need by income	84,705	22,795	3,965	111,465	43,650	21,920	11,770	77,340

Table 10 – Cost Burden > 50%

Data 2016-2020 CHAS
Source:

Household Type	RENTERS				OWNERS			
	0-30% HAMFI	31-50% HAMFI	51-80% HAMFI	Total Under 80% AMI	0-30% HAMFI	31-50% HAMFI	51-80% HAMFI	Total Under 80% AMI
Small Family	29,320	5,765	680	35,765	12,595	5,505	2,980	21,080
Large Family	6,370	1,045	85	7,500	2,180	960	450	3,590
Elderly Households	15,235	4,350	1,285	20,870	21,285	8,790	3,690	33,765
Other Households	31,160	7,035	715	38,910	9,915	3,460	1,655	15,030
Total Need by Income	82,085	18,195	2,765	103,045	45,975	18,715	8,775	73,465

Data Source: 2016-2020 CHAS

Cost Burden > 50%

5. Crowding (More than one person per room)

	Renter					Owner				
	0-30% AMI	>30-50% AMI	>50-80% AMI	>80-100% AMI	Total	0-30% AMI	>30-50% AMI	>50-80% AMI	>80-100% AMI	Total
NUMBER OF HOUSEHOLDS										
Single family households	4,580	4,095	3,140	1,520	13,335	1,035	1,265	1,820	1,155	5,275

	Renter					Owner				
	0-30% AMI	>30-50% AMI	>50-80% AMI	>80-100% AMI	Total	0-30% AMI	>30-50% AMI	>50-80% AMI	>80-100% AMI	Total
Multiple, unrelated family households	670	670	680	405	2,425	445	490	645	480	2,060
Other, non-family households	205	155	440	120	920	25	55	24	50	154
Total need by income	5,455	4,920	4,260	2,045	16,680	1,505	1,810	2,489	1,685	7,489

Table 11 – Crowding Information – 1/2

Data 2016-2020 CHAS
Source:

Household Type	RENTERS					OWNERS				
	0-30% HAM FI	31-50% HAM FI	51-80% HAM FI	81-100% HAM FI	Total Under 100% HAM FI	0-30% HAM FI	31-50% HAM FI	51-80% HAM FI	81-100% HAM FI	Total Under 100% HAM FI
Single Family	6,045	3,460	3,215	2,160	14,880	1,255	1,775	2,225	1,395	6,650
Multiple, Unrelated Families	520	360	575	315	1,770	320	280	735	385	1,720
Non-Family Household	315	300	455	295	1,365	45	35	70	35	185
Total Need by Income	6,880	4,120	4,245	2,770	18,015	1,620	2,090	3,030	1,815	8,555

Data Source: 2016-2020 CHAS

Crowding Information

	Renter				Owner			
	0-30% AMI	>30-50% AMI	>50-80% AMI	Total	0-30% AMI	>30-50% AMI	>50-80% AMI	Total
Households with Children Present	0	0	0	0	9,295	10,830	21,565	41,690

Table 12 – Crowding Information – 2/2

Data Source
Comments:

Describe the number and type of single person households in need of housing assistance.

According to ACS data, there were 513,804 single person households in the State of Kentucky in 2022. Single person households represented 29 percent of total households in the state. 71,647 households, which accounts for four percent of total households, are single person households in which the householder is over the age of 65.

While there is no way to estimate the true number of households in need of housing assistance, ACS data provides insight into the demographic information of single person households in 2022. In that year, an estimated 142,463 single person households lived below the federal poverty line, which accounted for 27 percent of single person households and 19 percent of total households experiencing poverty. Households living below the federal poverty line may require housing assistance and supportive services.

As housing costs continue to climb in Kentucky, fewer individuals can afford to live by themselves, especially those with lower incomes. High housing costs are reported by 103,665 other, non-family renter and owner households, roughly one-third of all housing cost-burdened households. In addition, non-family renter households experience high housing cost conditions. About 17 percent of renters reporting to be housing cost burdened and earning less than 80 percent of the AMI are non-family households.

Similar housing cost burdens are reported by owner households. 20 percent of all owner households with high housing costs are other, non-family households. 63 percent of these households reporting a severe cost burden are very low income.

Estimate the number and type of families in need of housing assistance who are disabled or victims of domestic violence, dating violence, sexual assault and stalking.

According to 2022 ACS data, 777,966 individuals in Kentucky, or 17.5 percent of the population, reported a disability. Almost 33 percent of all disabled individuals were over the age of 65. 25 percent of persons with a disability also live in poverty, compared to 12 percent of people without a disability. Median earnings for people with a disability were \$26,099, compared to \$38,317 for earners without a disability. These figures underscore the struggle that many households that include a person with a disability experience in finding and maintaining suitable affordable housing.

Estimates of families in need of housing assistance who are victims of domestic violence, dating violence, sexual assault, and stalking are difficult to provide, as domestic violence is not always reported. However, the 2023 Domestic Violence Data Report by the Kentucky Justice and Public Safety Cabinet provides some insight into the number of people seeking services for domestic violence in the state. The report notes that 45.3 percent of women and 35.5 percent of men have experienced contact sexual

violence, physical violence, or stalking by an intimate partner within their lifetime. In 2023, 15,104 individuals received services through ZeroV and 23,381 crisis and hotline calls were received.

ZeroV, formerly the Kentucky Coalition Against Domestic Violence, is the statewide coalition dedicated to creating safe lives and thriving futures for survivors of intimate partner violence and their children. ZeroV has a nationally recognized housing program that works to provide short- and long-term housing solutions for survivors by providing technical assistance to ZeroV member programs and other agencies working to house survivors; providing housing subsidies and case management directly to survivors; and co-developing tax credit units to increase the inventory of housing stock set aside for survivors. Their housing team also works to maintain relationships between various service providers to make it easier for survivors to access the services they need.

What are the most common housing problems?

Housing cost burden and severe housing cost burden were the most common housing problems in the state in 2020. 30 percent of all households in Kentucky experienced housing cost burden, while 16 percent of all households experienced severe housing cost burden.

Stakeholders noted during consultation sessions that there is not enough affordable housing to meet demand. Limited naturally affordable and assisted housing options often means households must live in less affordable or substandard living situations.

Are any populations/household types more affected than others by these problems?

The data indicates that certain populations and household types were more affected by housing problems. First, elderly households and small family households (two to four people) comprised the greatest share of cost burdened households. Each family type accounts for one-third of all households with cost burden. In addition, extremely low-income households were more likely to experience housing problems than low- and moderate-income households. 80 percent of extremely low-income households, 55 percent of low-income households, and 28 percent of moderate-income households experienced a housing problem.

Describe the characteristics and needs of Low-income individuals and families with children (especially extremely low-income) who are currently housed but are at imminent risk of either residing in shelters or becoming unsheltered 91.205(c)/91.305(c)). Also discuss the needs of formerly homeless families and individuals who are receiving rapid re-housing assistance and are nearing the termination of that assistance

In 2020, 465,545 households in Kentucky were low- or extremely low-income, accounting for 26 percent of total households. Among low- and extremely low-income households, 15 percent of these households included at least one child under the age of six. As stated in the previous section, low-income households experience housing problems at a greater and more severe rate than higher income

households, which often puts them at risk of housing instability.

According to the 2022 Asset Limited, Income Constrained, Employed (ALICE) of 996,896 children in Kentucky, 44 percent are below the ALICE threshold defined as being at risk of poverty due to being asset-limited, income-constrained, and employed. The ALICE threshold is the bare minimum economic survival level based on the local cost of living in Kentucky.

Agencies that assist formerly homeless families and those who are receiving RRH assistance report that those that they are assisting face numerous barriers to regaining and maintaining housing including:

- Lack of education and skills for employment in jobs that provide a living wage - if a client is employed, the wages are very low.
- Lack of transportation and childcare needed for employment.
- Lack of credit or bad credit, affecting the ability to qualify for housing and obtaining utilities.
- Need for case management.
- Lack of financial literacy.
- Need for job development.
- Unable to qualify for housing due to criminal convictions or previous evictions.

In general, as with other low-income populations, high housing costs and low incomes prevent individuals and families in these categories from obtaining and maintaining housing. In addition, many of these families are in rural areas that do not offer the level of resources as those available in metropolitan areas. High on the list is reliable transportation. Stakeholders noted that there is limited public transportation in rural areas. Childcare, if it is available, does not allow for those working evening or night shifts. RRH assistance is available for a limited amount of time. At the end of assistance, many families and individuals face re-entering the homeless population if they are unable to obtain a housing voucher funded through Section 8 or HOME Tenant Based Rental Assistance (TBRA) or other similar assistance programs.

If a jurisdiction provides estimates of the at-risk population(s), it should also include a description of the operational definition of the at-risk group and the methodology used to generate the estimates:

According to the Kentucky League of Cities Guide to Examine Homelessness and Affordable Housing in Your City (2022), because Kentucky ranks high nationally in homeless families with children, a lack of family shelters and affordable family housing units are among the most urgent dimensions of today's local homelessness crisis. Homelessness and housing instability have increased in school aged children's families and in English as a second language households. Since 2014, there has been a steady rise in people made homeless by being victims of domestic violence. The prevalence of these significant subpopulations of the homeless, many of whom have experienced trauma, underscores the increasing need for specialized care that is "trauma informed."

According to KHC's HOME-ARP Allocation Plan, it is estimated that 3,422 individuals and 233 families require a supportive housing intervention to exit homelessness. It is estimated that the existing Supportive Housing programs house 319 households per year, leaving a gap of 3,366 units. This includes both those who are chronically homeless, and a percentage of individuals with disabling conditions who

have not yet been documented as chronically homeless in the HMIS. There are 11,358 households who experience homelessness who lack access to safe and affordable housing, but whose needs do not rise to the level of the more intensive supportive housing intervention.

Among those who are at risk of homelessness, the Corporation for Supportive Housing estimates another 16,832 households need supportive housing in Kentucky each year. This includes individuals who are incarcerated and have behavioral health needs, individuals in nursing homes, developmental centers, psychiatric hospitals and residential treatment facilities, as well as families and youth involved in the child welfare system due to lack of safe and affordable housing

Specify particular housing characteristics that have been linked with instability and an increased risk of homelessness

According to the Kentucky ALICE Report (2022), 27 percent of Kentuckians are measured as being a part of a growing number of households that do not earn enough to afford basic necessities, a population called ALICE. The ALICE Threshold is the bare-minimum economic survival level that is based on the local cost of living in each area (unitedforalice.org). Approximately 44 percent of Kentuckians are living below this threshold. Such characteristics are an indication of poverty. The 27 percent population are at risk of instability and increased risk of homelessness.

KHC's HOME-ARP Allocation Plan identified the characteristics of housing associated with instability and an increased risk of homelessness. Characteristics included households experiencing severe housing problems, including spending more than 30% of income on housing and living in substandard housing (dilapidated unit, lacks operable indoor plumbing, no usable flush toilet, lacks a usable bathtub or shower, no electricity, no kitchen, and declared unfit for habitation by an agency or unit of government). As stated above, instances of housing problems, particularly housing cost burden and severe housing cost burden, contribute to housing instability. The state's stakeholder survey for the Consolidated Plan asked respondents to describe factors that increase the risk of someone becoming homeless. Listed below are common responses:

- Increased rent and lack of affordable housing options.
- Compounding factors such as mental and physical health needs and substance use disorder.
- Lack of financial resources and instances of poverty.

Discussion

KHC and DLG identify the key themes from the Housing Needs Assessment as the following:

- Cost burden and severe housing cost burden comprise the greatest share of housing problems in the State of Kentucky. A lack of affordable housing units, high cost of living, and rent increases have contributed to overall unaffordability.
- Extremely low-income households and households with seniors present are most vulnerable to housing problems.
- A variety of factors, including mental health and substance use disorder needs, compound with housing problems to exacerbate housing instability. Stakeholders and community members emphasize a need for mental health and substance use disorder supportive services to accompany housing services.

NA-15 Disproportionately Greater Need: Housing Problems – 91.205 (b)(2)

Assess the need of any racial or ethnic group that has disproportionately greater need in comparison to the needs of that category of need as a whole.

Introduction

The NA-15 Disproportionately Greater Need: Housing Problems section of the Consolidated Plan assesses the need of any racial or ethnic group that has disproportionately greater need in comparison to the needs of that category of need as a whole regarding housing problems. Data for this section comes from 2016-2020 CHAS estimates.

HUD defines a disproportionately greater housing need when a racial or ethnic group experiences housing problems at a rate over 10 percentage points that of the corresponding income level in Kentucky as a whole (represented as “jurisdiction as a whole” in the following tables). The tables below summarize the percentage of each racial/ethnic group experiencing housing problems by income levels. As stated previously, the four housing problems captured in CHAS data are:

- The housing unit lacks complete kitchen facilities.
- The housing unit lacks complete plumbing facilities.
- The household is crowded (more than one person per room).
- The household is cost burdened (the household spends between 30 percent and 50 percent of income on housing costs).

In general, the percentage of households with a housing problem is higher for the lowest income brackets (0-50 percent AMI) and decreases as income increases. According to the above definitions, four racial and ethnic groups in Kentucky experience one or more housing problems at a disproportionate level:

- Asian households earning 31 percent-50 percent of AMI and 51-80 percent of AMI (small sample size).
- American Indian, and Alaska Native earning 81-100 percent of AMI (small sample size).
- Pacific Islander households earning 31-50 percent, 51-80 percent and 81-100 percent of AMI (small sample size).
- Hispanic households earning 31-50 percent of AMI.

0%-30% of Area Median Income

Housing Problems	Has one or more of four housing problems	Has none of the four housing problems	Household has no/negative income, but none of the other housing problems
Jurisdiction as a whole	169,272	43,666	28,020
White	132,550	36,353	22,666
Black / African American	25,677	5,959	3,380
Asian	1,544	188	568
American Indian, Alaska Native	532	97	229

Housing Problems	Has one or more of four housing problems	Has none of the four housing problems	Household has no/negative income, but none of the other housing problems
Pacific Islander	24	10	50
Hispanic	6,213	425	714

Table 13 - Disproportionally Greater Need 0 - 30% AMI

Data Source: 2016-2020 CHAS

*The four housing problems are:

1. Lacks complete kitchen facilities,
2. Lacks complete plumbing facilities,
3. More than one person per room,
4. Cost Burden greater than 30%

Race/Ethnicity	1 or More Housing Problems	None	Total Households	Percent with a Housing Problem
Total Households	174,075	77,060	251,135	69%
White Alone, Non-Hispanic	137,750	62,905	200,655	69%
Black or African American Alone, Non-Hispanic	24,740	9,945	34,685	71%
Asian Alone, Non-Hispanic	1,790	565	2,355	76%
American Indian or Alaska Native Alone, Non-Hispanic	410	185	595	69%
Pacific Islander Alone, Non-Hispanic	15	70	85	18%
Hispanic, Any Race	5,725	1,885	7,610	75%

Data Source: 2016-2020 CHAS

Disproportionally Greater Need 0 - 30% AMI

30%-50% of Area Median Income

Housing Problems	Has one or more of four housing problems	Has none of the four housing problems	Household has no/negative income, but none of the other housing problems
Jurisdiction as a whole	125,681	83,558	0
White	102,253	73,310	0
Black / African American	14,953	6,817	0
Asian	1,357	408	0
American Indian, Alaska Native	227	205	0
Pacific Islander	125	0	0
Hispanic	4,620	1,802	0

Table 14 - Disproportionally Greater Need 30 - 50% AMI

Data Source: 2016-2020 CHAS

*The four housing problems are:

1. Lacks complete kitchen facilities, 2. Lacks complete plumbing facilities, 3. More than one person per room, 4. Cost Burden greater than 30%

Race/Ethnicity	One or More Housing Problems	None	Total Households	Percent with a Housing Problem
Total Households	117,160	97,250	214,410	55%
White Alone, Non-Hispanic	92,095	85,360	177,455	52%

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Race/Ethnicity	One or More Housing Problems	None	Total Households	Percent with a Housing Problem
Black or African American Alone, Non-Hispanic	13,840	8,015	21,855	63%
Asian Alone, Non-Hispanic	1,830	480	2,310	79%
American Indian or Alaska Native Alone, Non-Hispanic	230	285	515	45%
Pacific Islander Alone, Non-Hispanic	110	0	110	100%
Hispanic, Any Race	5,875	1,890	7,765	76%

Data Source: 2016-2020 CHAS

Disproportionally Greater Need 30 - 50% AMI

50%-80% of Area Median Income

Housing Problems	Has one or more of four housing problems	Has none of the four housing problems	Household has no/negative income, but none of the other housing problems
Jurisdiction as a whole	94,394	199,799	0
White	79,301	172,232	0

Housing Problems	Has one or more of four housing problems	Has none of the four housing problems	Household has no/negative income, but none of the other housing problems
Black / African American	9,554	17,825	0
Asian	1,229	1,537	0
American Indian, Alaska Native	287	405	0
Pacific Islander	20	34	0
Hispanic	2,810	5,495	0

Table 15 - Disproportionally Greater Need 50 - 80% AMI

Data Source: 2016-2020 CHAS

*The four housing problems are:

1. Lacks complete kitchen facilities,
2. Lacks complete plumbing facilities,
3. More than one person per room,
4. Cost Burden greater than 30%

Race/Ethnicity	One or More Housing Problems	None	Total Households	Percent with a Housing Problem
Total Households	86,265	220,515	306,780	28%
White Alone, Non-Hispanic	69,685	188,985	258,670	27%
Black or African American Alone, Non-Hispanic	9,480	20,270	29,750	32%
Asian Alone, Non-Hispanic	1,935	1,700	3,635	53%
American Indian or Alaska Native Alone, Non-Hispanic	175	360	535	33%

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Race/Ethnicity	One or More Housing Problems	None	Total Households	Percent with a Housing Problem
Pacific Islander Alone, Non-Hispanic	165	10	175	94%
Hispanic, Any Race	3,180	6,300	9,480	34%

Data Source: 2016-2020 CHAS

Disproportionally Greater Need 50 - 80% AMI

80%-100% of Area Median Income

Housing Problems	Has one or more of four housing problems	Has none of the four housing problems	Household has no/negative income, but none of the other housing problems
Jurisdiction as a whole	28,594	144,378	0
White	24,951	126,781	0
Black / African American	2,064	10,916	0
Asian	262	1,402	0
American Indian, Alaska Native	68	180	0
Pacific Islander	25	19	0
Hispanic	853	3,352	0

Table 16 - Disproportionally Greater Need 80 - 100% AMI

Data Source: 2016-2020 CHAS

*The four housing problems are:

1. Lacks complete kitchen facilities,
2. Lacks complete plumbing facilities,
3. More than one person per room,
4. Cost Burden greater than 30%

Race/Ethnicity	One or More Housing Problems	None	Total Households	Percent with a Housing Problem
Total Households	22,940	159,130	182,070	13%
White Alone, Non-Hispanic	18,935	138,100	157,035	12%
Black or African American Alone, Non-Hispanic	1,880	13,100	14,980	13%
Asian Alone, Non-Hispanic	415	1,830	2,245	18%
American Indian or Alaska Native Alone, Non-Hispanic	100	245	345	29%
Pacific Islander Alone, Non-Hispanic	49	35	84	58%
Hispanic, Any Race	830	3,760	4,590	18%

Data Source: 2016-2020 CHAS

Disproportionally Greater Need 80 - 100% AMI

Race/ Ethnicity	Income Level: 0-30% AMI	Income Level: 30-50%	Income Level: 50-80%	Income Level: 80-100%
White	-1%	-3%	-1%	-1%
Black/ African American	2%	9%	4%	0%
Asian	7%	25%	25%	6%
AI/AN	0%	-10%	5%	16%
Pacific Islander	-52%	45%	66%	46%
Hispanic	6%	21%	5%	5%

Data Source: 2016-2020 CHAS

Percentage Difference to the Relative Total Housing Problems

Discussion

KHC and DLG identify the key themes from this section to be as follows:

- Pacific Islander households were impacted at a disproportionate rate in each income category, aside from extremely low-income category. Note: the sample size was very small.
- There were no ethnic groups in the extremely low-income category that were disproportionately affected.
- In all but one instance of disproportionate impact, the racial or ethnic group experienced a housing problem at a rate 20 percent or higher than the jurisdiction as a whole.

NA-20 Disproportionately Greater Need: Severe Housing Problems – 91.205 (b)(2)

Assess the need of any racial or ethnic group that has disproportionately greater need in comparison to the needs of that category of need as a whole.

Introduction

The NA-20 Disproportionately Greater Need: Severe Housing Problems section of the Consolidated Plan assesses the need of any racial or ethnic group that has disproportionately greater need in comparison to the needs of that category of need as a whole regarding severe housing problems. Data for this section comes from 2016-2020 CHAS estimates.

HUD defines a disproportionately greater housing need when a racial or ethnic group experiences severe housing problems at a rate over 10 percentage points that of the corresponding income level in Kentucky as a whole (represented as “jurisdiction as a whole” in the following tables). The tables below summarize the percentage of each racial and ethnic group experiencing housing problems by income levels. As stated previously, the four housing problems captured in CHAS data are:

- The housing unit lacks complete kitchen facilities.
- The housing unit lacks complete plumbing facilities.
- The household is severely crowded (more than 1.5 people per room).
- The household is severely cost burdened (the household spends more than 50 percent of income on housing costs).

According to the above definitions, four racial and ethnic groups in Kentucky experienced one or more housing problems at a disproportionate level.

- Asian households earning 0-30 percent AMI, 31-50 percent of AMI, and 51-80 percent of AMI.
- American Indian, and Alaska Native earning 81-100 percent of AMI.
- Pacific Islander households earning 51-80 percent of AMI.
- Hispanic households earning 0-30 percent of AMI.

0%-30% of Area Median Income

Severe Housing Problems*	Has one or more of four housing problems	Has none of the four housing problems	Household has no/negative income, but none of the other housing problems
Jurisdiction as a whole	135,067	77,887	28,020
White	105,108	63,788	22,666
Black / African American	20,648	11,018	3,380
Asian	1,474	258	568
American Indian, Alaska Native	460	168	229
Pacific Islander	24	10	50
Hispanic	5,166	1,489	714

Table 17 – Severe Housing Problems 0 - 30% AMI

Data Source: 2016-2020 CHAS

*The four severe housing problems are:

1. Lacks complete kitchen facilities, 2. Lacks complete plumbing facilities, 3. More than 1.5 persons per room, 4. Cost Burden over 50%

Race/Ethnicity	One or More Severe Housing Problems	None	Total Households	Percent with a Severe Housing Problem
Total Households	135,770	115,360	251,130	54%
White Alone, Non-Hispanic	106,295	94,365	200,660	53%

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Black or African American Alone, Non-Hispanic	19,595	15,085	34,680	57%
Asian Alone, Non-Hispanic	1,590	760	2,350	68%
American Indian or Alaska Native Alone, Non-Hispanic	365	230	595	61%
Pacific Islander Alone, Non-Hispanic	10	75	85	12%
Hispanic, Any Race	4,915	2,695	7,610	65%

Data Source: 2016-2020 CHAS

Severe Housing Problems 0-30 percent AMI

30%-50% of Area Median Income

Severe Housing Problems*	Has one or more of four housing problems	Has none of the four housing problems	Household has no/negative income, but none of the other housing problems
Jurisdiction as a whole	53,396	155,918	0
White	43,914	131,653	0
Black / African American	5,645	16,114	0
Asian	781	972	0
American Indian, Alaska Native	85	347	0
Pacific Islander	85	40	0
Hispanic	1,966	4,489	0

Table 18 – Severe Housing Problems 30 - 50% AMI

Data Source: 2016-2020 CHAS

*The four severe housing problems are:

1. Lacks complete kitchen facilities, 2. Lacks complete plumbing facilities, 3. More than 1.5 persons per room, 4. Cost Burden over 50%

Race/Ethnicity	One or More Severe Housing Problems	None	Total Households	Percent with a Severe Housing Problem
Total Households	44,965	169,445	214,410	21%
White Alone, Non-Hispanic	36,085	141,370	177,455	20%
Black or African American Alone, Non-Hispanic	4,645	17,205	21,850	21%
Asian Alone, Non-Hispanic	885	1,425	2,310	38%
American Indian or Alaska Native Alone, Non-Hispanic	130	385	515	25%
Pacific Islander Alone, Non-Hispanic	30	80	110	27%
Hispanic, Any Race	2,190	5,565	7,755	28%

Data Source: 2016-2020 CHAS

Severe Housing Problems 30-50% AMI

50%-80% of Area Median Income

Severe Housing Problems*	Has one or more of four housing problems	Has none of the four housing problems	Household has no/negative income, but none of the other housing problems
Jurisdiction as a whole	25,123	269,104	0
White	21,248	230,406	0
Black / African American	1,867	25,508	0
Asian	580	2,186	0
American Indian, Alaska Native	40	652	0
Pacific Islander	10	44	0
Hispanic	1,027	7,280	0

Table 19 – Severe Housing Problems 50 - 80% AMI

Data Source: 2016-2020 CHAS

*The four severe housing problems are:

1. Lacks complete kitchen facilities, 2. Lacks complete plumbing facilities, 3. More than 1.5 persons per room, 4. Cost Burden over 50%

Race/Ethnicity	One or More Severe Housing Problems	None	Total Households	Percent with a Severe Housing Problem
Total Households	21,300	285,480	306,780	7%
White Alone, Non-Hispanic	17,125	241,540	258,665	7%

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Race/Ethnicity	One or More Severe Housing Problems	None	Total Households	Percent with a Severe Housing Problem
Black or African American Alone, Non-Hispanic	1,755	27,990	29,745	6%
Asian Alone, Non-Hispanic	820	2,815	3,635	23%
American Indian or Alaska Native Alone, Non-Hispanic	65	470	535	12%
Pacific Islander Alone, Non-Hispanic	90	90	180	50%
Hispanic, Any Race	1,085	8,390	9,475	11%

Severe Housing Problems 50 - 80 percent AMI

80%-100% of Area Median Income

Severe Housing Problems*	Has one or more of four housing problems	Has none of the four housing problems	Household has no/negative income, but none of the other housing problems
Jurisdiction as a whole	7,698	165,213	0
White	6,341	145,268	0
Black / African American	537	12,463	0
Asian	75	1,589	0
American Indian, Alaska Native	20	229	0
Pacific Islander	0	44	0
Hispanic	594	3,608	0

Table 20 – Severe Housing Problems 80 - 100% AMI

Data Source: 2016-2020 CHAS

*The four severe housing problems are:

1. Lacks complete kitchen facilities, 2. Lacks complete plumbing facilities, 3. More than 1.5 persons per room, 4. Cost Burden over 50%

Race/Ethnicity	One or More Severe Housing Problems	None	Total Households	Percent with a Severe Housing Problem
Total Households	7,985	174,085	182,070	4%
White Alone, Non-Hispanic	6,040	150,995	157,035	4%
Black or African American alone, <u>Non-Hispanic</u>	810	14,165	14,975	5%
Asian Alone, Non-Hispanic	225	2,015	2,240	10%
American Indian or Alaska Native Alone, Non-Hispanic	80	265	345	23%
Pacific Islander Alone, Non-Hispanic	0	90	90	0%

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Race/Ethnicity	One or More Severe Housing Problems	None	Total Households	Percent with a Severe Housing Problem
Hispanic, Any Race	445	4,140	4,585	10%

Data Source: 2016-2020 CHAS

Severe Housing Problems 80-100 percent AMI

Race/ Ethnicity	Income Level: 0-30% AMI	Income Level: 30-50%	Income Level: 50-80%	Income Level: 80-100%
White	-1%	-1%	0%	-1%
Black/ African American	2%	0%	-1%	1%
Asian	14%	17%	16%	6%
AI/AN	7%	4%	5%	19%
Pacific Islander	-42%	6%	43%	-4%
Hispanic	11%	7%	5%	5%

Data Source: 2016-2020 CHAS

Percentage Difference to the Relative Total Severe Housing Problems

Discussion

KHC and DLG identify the key themes from this section to be as follows:

- While the income and racial categories differ, there were the same number of instances of severe housing problems as housing problems.
- Asian households are overrepresented in each income level, except extremely low income.
- Pacific Islander households earning between 80-100 percent AMI are experiencing severe housing problems, but this could be partially attributed to the small sample size, as there are only 90 in this category.

NA-25 Disproportionately Greater Need: Housing Cost Burdens – 91.205 (b)(2)

Assess the need of any racial or ethnic group that has disproportionately greater need in comparison to the needs of that category of need as a whole.

Introduction:

The NA-25 Disproportionately Greater Need: Housing Cost Burdens section of the Consolidated Plan identifies any racial or ethnic group that has disproportionately greater need in comparison to the needs of that category as a whole regarding housing cost burdens. Data for this section comes from 2016-2020 CHAS estimates.

HUD defines a disproportionately greater housing need when a racial or ethnic group experiences housing cost burden or severe housing cost burden at a rate over 10 percentage points than that of the corresponding income level in Kentucky as a whole (represented as “jurisdiction as a whole” in the following tables). As stated previously, housing cost burden is defined as when a household spends between 30-50 percent of income on housing costs and severe housing cost burden is defined as when a household spends over 50 percent of income on housing costs.

The data analysis indicates that Pacific Islander households were disproportionately impacted by housing cost burden. Note: small sample size.

Housing Cost Burden

Housing Cost Burden	<=30%	30-50%	>50%	No / negative income (not computed)
Jurisdiction as a whole	1,272,144	227,986	194,535	29,446
White	1,138,515	188,892	156,925	23,836
Black / African American	80,082	25,626	25,835	3,465
Asian	13,306	2,311	2,095	598
American Indian, Alaska Native	2,081	568	515	229
Pacific Islander	334	110	94	50
Hispanic	25,157	6,992	6,096	855

Table 21 – Greater Need: Housing Cost Burdens AMI

Data Source: 2016-2020 CHAS

Race/Ethnicity	Less than 30%	30-50%	Greater than 50%
Total Households	1,322,965	216,599	181,200
White Alone, Non-Hispanic	1,169,420	174,865	145,000
Black or African American Alone, Non-Hispanic	88,610	25,025	23,390
Asian Alone, Non-Hispanic	15,985	2,935	2,225
American Indian or Alaska Native Alone, Non-Hispanic	2,140	335	465
Pacific Islander Alone, Non-Hispanic	435	214	35
Hispanic, Any Race	30,160	8,185	6,075
Other	16,215	5,040	4,010

Data Source: 2016-2020 CHAS

Greater Need: Housing Cost Burdens AMI

Race/Ethnicity	Cost Burden Share	Severe Cost Burden Share	Total Cost Burden Share
Total Households	12%	10%	23%
White Alone, Non-Hispanic	12%	10%	21%
Black or African American Alone, Non-Hispanic	18%	17%	35%
Asian Alone, Non-Hispanic	14%	10%	24%
American Indian or Alaska Native Alone, Non-Hispanic	11%	16%	27%
Pacific Islander Alone, Non-Hispanic	30%	5%	35%
Hispanic, Any Race	18%	13%	31%

Data Source: 2016-2020 CHAS

Cost Burden by Race and Ethnicity

Discussion:

KHC and DLG identify the key themes from this section to be as follows:

- In Kentucky, 77 percent of all households spend 30 percent or less of their income on housing; 12 percent are considered “cost-burdened” (30-50 percent income spent on housing costs), and 10 percent are “severely cost-burdened” (more than 50 percent of income spent on housing costs).

- Black or African American households are cost burdened at a rate 12 percent higher than total households.
- Pacific Islander households are cost burdened at over double the general rate in each category. Pacific Islanders are severely cost burdened double the three times of the general population. Note: small sample size.

NA-30 Disproportionately Greater Need: Discussion – 91.205(b)(2)

Are there any Income categories in which a racial or ethnic group has disproportionately greater need than the needs of that income category as a whole?

The state's analysis of housing problems, severe housing problems, and housing cost burden identified fifteen instances of disproportionately greater need by race and ethnicity (described below). Overall, Hispanic/Latinx and Asian households experienced the most instances of disproportionate impact, at five and four instances respectively. Listed below is a summary of instances of disproportionately greater need identified in the Need Assessment.

Housing Problems

Low-Income Households

- Pacific Islander
- Asian
- Hispanic/Latinx

Moderate-Income Households

- Asian
- Pacific Islander

Households Earning Between 80-100 Percent AMI

- Asian
- American Indian/Alaska Native

Severe Housing Problems

Extremely Low-Income Households

- Pacific Islander
- Hispanic/Latinx

Low-Income Households

- Hispanic

Moderate-Income Households

- Asian

Households Earning Between 80-100 Percent AMI

- Black/African American
- Hispanic/Latinx

Any Cost Burden (Regardless of Income Level)

- Pacific Islander

If they have needs not identified above, what are those needs?

Per the CHAS estimates used for the development of this Consolidated Plan, the needs of races and ethnicities are indicated above. Income categories have other, more general needs, as described in the Housing Needs Assessment and the Housing Market Analysis.

Are any of those racial or ethnic groups located in specific areas or neighborhoods in your community?

One metric used to analyze the landscape of housing problems and racial or ethnic groups is the HUD Racially or Ethnically Concentrated Areas of Poverty (R/ECAP) Mapping Tool. The tool identifies census tracts in which more than 50 percent of the population identifies as non-White, and the poverty rate is over three times the poverty rate of the surrounding area.

According to updated HUD Office of Policy Advancement and Research, there are 28 census tracts in Kentucky are recognized as R/ECAPs, with most of them clustered around Louisville.

Stakeholders noted that all areas of Kentucky have a need for housing and supportive services.

However, these needs vary across the state. For instance, stakeholders note that rural areas tend to be disconnected from service networks. In addition, natural disasters, such as flooding in Eastern Kentucky and tornadoes in Western Kentucky, have created distinct challenges.

NA-35 Public Housing – 91.205(b)

Introduction

N/A

Totals in Use

	Program Type								
	Certificate	Mod-Rehab	Public Housing	Vouchers			Special Purpose Voucher		
				Total	Project - based	Tenant - based	Veterans Affairs Supportive Housing	Family Unification Program	Disabled *
# of units vouchers in use	0	24	0	4,714	516	3,829	0	0	326

Table 22 - Public Housing by Program Type

*includes Non-Elderly Disabled, Mainstream One-Year, Mainstream Five-year, and Nursing Home Transition

Data Source: PIC (PIH Information Center)

Characteristics of Residents

	Program Type								
	Certificate	Mod-Rehab	Public Housing	Vouchers			Special Purpose Voucher		
				Total	Project - based	Tenant - based	Veterans Affairs Supportive Housing	Family Unification Program	
Average Annual Income	0	8,193	0	9,606	6,210	9,973	0	0	
Average length of stay	0	1	0	3	0	4	0	0	
Average Household size	0	1	0	2	1	2	0	0	

	Program Type							
	Certificate	Mod-Rehab	Public Housing	Vouchers			Special Purpose Voucher	
				Total	Project - based	Tenant - based	Veterans Affairs Supportive Housing	Family Unification Program
# Homeless at admission	0	0	0	0	0	0	0	0
# of Elderly Program Participants (>62)	0	5	0	926	124	695	0	0
# of Disabled Families	0	15	0	1,603	94	1,260	0	0
# of Families requesting accessibility features	0	24	0	4,714	516	3,829	0	0
# of HIV/AIDS program participants	0	0	0	0	0	0	0	0
# of DV victims	0	0	0	0	0	0	0	0

Table 23 – Characteristics of Public Housing Residents by Program Type

Data Source: PIC (PIH Information Center)

Race of Residents

Race	Program Type								
	Certificate	Mod-Rehab	Public Housing	Vouchers			Special Purpose Voucher		
				Total	Project - based	Tenant - based	Veterans Affairs Supportive Housing	Family Unification Program	Disabled *
White	0	22	0	3,828	467	3,027	0	0	296
Black/African American	0	2	0	861	48	779	0	0	29
Asian	0	0	0	5	1	4	0	0	0

Program Type									
Race	Certificate	Mod-Rehab	Public Housing	Vouchers					
				Total	Project - based	Tenant - based	Special Purpose Voucher		
							Veterans Affairs Supportive Housing	Family Unification Program	Disabled *
American Indian/Alaska Native	0	0	0	15	0	14	0	0	1
Pacific Islander	0	0	0	5	0	5	0	0	0
Other	0	0	0	0	0	0	0	0	0

*includes Non-Elderly Disabled, Mainstream One-Year, Mainstream Five-year, and Nursing Home Transition

Table 24 – Race of Public Housing Residents by Program Type

Data Source: PIC (PIH Information Center)

Ethnicity of Residents

Program Type									
Ethnicity	Certificate	Mod-Rehab	Public Housing	Vouchers					
				Total	Project - based	Tenant - based	Special Purpose Voucher		
							Veterans Affairs Supportive Housing	Family Unification Program	Disabled *
Hispanic	0	0	0	51	2	48	0	0	1
Not Hispanic	0	24	0	4,663	514	3,781	0	0	325

*includes Non-Elderly Disabled, Mainstream One-Year, Mainstream Five-year, and Nursing Home Transition

Table 25 – Ethnicity of Public Housing Residents by Program Type

Data Source: PIC (PIH Information Center)

Section 504 Needs Assessment: Describe the needs of public housing tenants and applicants on the waiting list for accessible units:

N/A

Most immediate needs of residents of Public Housing and Housing Choice voucher holders

N/A

How do these needs compare to the housing needs of the population at large

N/A

Discussion

N/A

NA-40 Homeless Needs Assessment – 91.205(c)

Introduction:

The NA-40 Homeless Needs Assessment of the Consolidated Plan describes the characteristics and needs of those experiencing homelessness in the State of Kentucky. The KY BoS CoC serves as the state entity for addressing homelessness through housing programs and services, which include intake, assessment, emergency shelter services, transitional housing services, and PSH for people with disabilities. The KY BoS CoC provided data from the 2024 PIT count as well as HMIS regarding the demographics of people experiencing homelessness. Overall, stakeholders noted that high housing costs and insufficient supportive services often present barriers to housing for people experiencing homelessness. Those who work within the Coordinated Entry system identified inefficiencies within the system that hinder people transitioning from shelters to permanent housing. Stakeholders particularly noted several populations that are disproportionately impacted by the need for housing, shelter, and supportive services, which include people with disabilities, people with mental health or substance use disorder challenges, survivors of domestic violence, and veterans.

Homeless Needs Assessment

Population	Estimate the # of persons experiencing homelessness on a given night		Estimate the # experiencing homelessness each year	Estimate the # becoming homeless each year	Estimate the # exiting homelessness each year	Estimate the # of days persons experience homelessness
	Sheltered	Unsheltered				
Persons in Households with Adult(s) and Child(ren)	60	598	4,633	3,706	2,085	294
Persons in Households with Only Children	3	10	121	97	54	151
Persons in Households with Only Adults	976	1,301	6,717	5,374	3,023	486
Chronically Homeless Individuals	227	127	941	753	423	1,230
Chronically Homeless Families	8	27	289	231	130	712
Veterans	37	111	847	678	381	474
Unaccompanied Child	45	112	376	301	169	341

Population	Estimate the # of persons experiencing homelessness on a given night		Estimate the # experiencing homelessness each year	Estimate the # becoming homeless each year	Estimate the # exiting homelessness each year	Estimate the # of days persons experience homelessness
	Sheltered	Unsheltered				
Persons with HIV	7	6	19	15	9	238

Table 26 - Homeless Needs Assessment

Data Source Comments:

Indicate if the homeless population is: Has No Rural Homeless

If data is not available for the categories "number of persons becoming and exiting homelessness each year," and "number of days that persons experience homelessness," describe these categories for each homeless population type (including chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth):

2024 HMIS data for the KY BoS CoC provides estimates for the number of people becoming homeless and exiting homelessness over the year by subpopulation. The data indicates that in all recorded categories, more individuals were recorded as entering homelessness than exiting homelessness. Note that the data indicates how many people entered or exited homelessness and does not deduct for a person entering or exiting more than once during the year.

Listed below is the specific information regarding each category of homelessness recorded in the data.

Chronically Homeless

According to the HMIS Data for the KY BoS CoC, there are 941 chronically homeless individuals with 753 individuals becoming homeless each year and only 423 exiting homelessness each year. This implies that the number of chronically homeless individuals will increase each year. The average number of days a chronically homeless individual experiences is 1,230 days, or 3.2 years.

There are significantly fewer chronically homeless families. According to the HMIS data, there are 289 families experiencing homelessness chronically. There are still more families becoming homeless each year (231) as opposed to exiting (130), meaning that the number of chronically

homeless families is increasing but not as fast as chronically homeless individuals.

Veterans

There are 847 veterans experiencing homelessness each year, with the average length of time they remain homeless is 474 days.

Unaccompanied Youth

There are 376 unaccompanied youth who are experiencing homelessness. The average length of time is 342 days or just shy of one year. As with the other groups, there are more entering homelessness (301) than exiting homelessness (169)

Nature and Extent of Homelessness: (Optional)

Race:	Sheltered:	Unsheltered (optional)
White	0	0
Black or African American	0	0
Asian	0	0
American Indian or Alaska Native	0	0
Pacific Islander	0	0
Ethnicity:	Sheltered:	Unsheltered (optional)
Hispanic	0	0
Not Hispanic	0	0

Data Source
Comments:

Estimate the number and type of families in need of housing assistance for families with children and the families of veterans.

The 2024 PIT data indicates that there were 658 people in families (households with adults and children) that experienced homelessness on the night of the PIT count and 2024 HMIS data indicates that 4,633 people in families experienced homelessness during the entire year. In 2024, there were also 3,706 people in families becoming homeless and 2,085 exiting homelessness. While it is unknown how many of these people in families exited to permanent destinations over the year, the high number of people in families becoming homeless during the year signals that a significant number of households with children need housing assistance to prevent them from becoming homeless. The 2024 PIT data also shows that there were 148 veterans experiencing homelessness in Kentucky. 2024 HMIS data indicates that 376 veterans experienced homelessness throughout the year.

Stakeholders noted in consultation sessions that veterans, particularly in rural areas, experience limited access to VA and other supportive services, which exacerbates the threat of homelessness. 2024 PIT data also indicated that 658 households with adults and children experienced homelessness on a specific night in January. HMIS data indicates that throughout 2024, the BoS CoC encountered 4,633 households with children, accounting for 40 percent of total households.

Describe the Nature and Extent of Homelessness by Racial and Ethnic Group.

2024 PIT data provides information on the race and ethnicity of people experiencing homelessness. Most people experiencing homelessness in the state identified as White (2,160 people accounting for 81 percent of the total population experiencing homelessness). According to most recent ACS data, 84.8 percent of Kentucky’s general population identified as White in 2022, meaning that White residents are slightly underrepresented in the population experiencing homelessness. 367 people experiencing

homelessness identified as Black or African American (14 percent of the total population experiencing homelessness). In 2022, eight percent of the state’s general population identified as Black or African American, meaning that category is overrepresented in the population of people experiencing homelessness. Two percent of people experiencing homelessness in 2024 identified as Hispanic.

Describe the Nature and Extent of Unsheltered and Sheltered Homelessness.

According to the 2024 Point-in-Time (PIT) count, Kentucky experienced a steady increase in homelessness since 2020, with 1,639 individuals sheltered and 1,039 unsheltered. When disaggregated by type, the number of individuals experiencing unsheltered homelessness increased more sharply than households experiencing sheltered homelessness. From 2020 to 2024, sheltered homelessness increased by 12 percent, while unsheltered homelessness increased by 37 percent. 90 percent of individuals experiencing unsheltered homelessness in 2024 identified as White and six percent identified as Black or African American.

Discussion:

KHC and DLG identify the key themes of this section to be as follows:

- HMIS data indicates that more households entered homelessness in 2024 than households who exited homelessness.
- Special populations, including people with disabilities and veterans, require additional, specialized supportive services.
- From 2020 to 2024, unsheltered homelessness increased at a faster rate than sheltered homelessness.

NA-45 Non-Homeless Special Needs Assessment - 91.205 (b,d)

Introduction:

The NA-45 Non-Homeless Special Needs Assessment describes the housing and service needs of special needs populations. Special needs populations include people who may not be experiencing homelessness but have increased or distinct housing and supportive service need including:

Elderly: defined as aged 62 and older.

Frail elderly: defined as an elderly person who requires assistance with three or more activities of daily living such as bathing, walking, and performing light housework. CHAS data considers an individual aged 75 and over as frail elderly.

Persons with disabilities: defined as those with mental, physical, or developmental disabilities.

Persons with substance use disorders: defined as the recurrent use of alcohol or drugs which causes significant impairment such as health problems, disability, and the failure to meet major responsibilities at work, school, or home.

Victims of domestic violence: defined as persons fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, or human trafficking.

Veterans: defined as any person who has served at least one day in the military with any discharge type.

Overall, special needs populations have low incomes and often face challenges in finding and securing affordable housing opportunities. Stakeholders and community members emphasize the need for increased housing and supportive services to provide for these populations.

HOPWA

As recipients of HOPWA funding, KHC is responsible for reporting on the demonstrated prevalence and needs of Kentucky residents living with HIV/AIDS and their housing and supportive service needs. Tables 27 and 28 present information on the number and rate of HIV infections and AIDS progression in Kentucky.

HOPWA

Current HOPWA formula use:	
Cumulative cases of AIDS reported	12,034
Area incidence of AIDS	0
Rate per population	25
Number of new cases prior year (3 years of data)	376
Rate per population (3 years of data)	9
Current HIV surveillance data:	
Number of Persons living with HIV (PLWH)	0
Area Prevalence (PLWH per population)	175
Number of new HIV cases reported last year	393

Table 27 – HOPWA Data

Data Source Comments:

HIV Housing Need (HOPWA Grantees Only)

Type of HOPWA Assistance	Estimates of Unmet Need
Tenant based rental assistance	0
Short-term Rent, Mortgage, and Utility	0
Facility Based Housing (Permanent, short-term or transitional)	0

Table 28 – HIV Housing Need

Data Source: HOPWA CAPER and HOPWA Beneficiary Verification Worksheet

Describe the characteristics of special needs populations in your community:

Demographic information regarding the special needs populations listed in the Introduction is described in this section. Data for this section is provided by 2018-2022 ACS and 2016-2020 CHAS estimates.

Elderly

In 2022, 16 percent of Kentucky residents were over the age of 65. Six percent of residents were over the age of 75. In 2020, 24 percent of total households included at least one person between the ages of 62 and 75, and 11 percent of households included at least one person older than 75.

Many elderly households live on fixed incomes, which leads to increased instances of housing cost burden and severe housing cost burden. Elderly households comprised 22 percent of low- and moderate-income renter households experiencing housing cost burden and 45 percent of owner households experiencing housing cost burden. Those figures were 20 percent and 46 percent for low- and moderate-income households experiencing severe housing cost burden.

The needs of the elderly often include increasing accessibility of housing and public spaces to accommodate wheelchairs and other physical disabilities, need for meals on wheels or other meal services, and need for transportation services.

Frail Elderly Frail elderly is defined as an elderly person who requires assistance with three or more activities of daily living, such as bathing, walking and performing light housework or over the age of 75.

As stated in this section, six percent of Kentucky residents and 11 percent of households consist of a person over the age of 75. The needs of the frail elderly include those of the elderly listed above in addition to other services such as in-home aides or living situations that provide medical support.

Disability 17 percent of Kentucky residents lived with a disability in 2022. 37 percent of people with a disability were considered elderly or frail elderly. Ambulatory difficulty and cognitive difficulty comprise the most common types of disabilities, accounting for 51 percent and 40 percent of disability types.

People living with disabilities in Kentucky experienced greater instances of poverty and smaller median earnings than those without a disability.

Victims of Domestic Violence As stated in previous sections, in 2023 ZeroV supported 15,104 individuals with services and handled 23,381 crisis and hotline calls.

Due to the nature of domestic violence and gender-based violence, survivors and people fleeing dangerous situations often need support with shelter, housing, and supportive services.

Individuals with Substance Use Disorder Due to its nature, substance abuse disorders can be difficult to

track. However, existing reports provide insight into the opioid trends within the State of Kentucky. According to a 2024 study published in the National Library of Medicine (“The prevalence of opioid use disorder in Kentucky’s counties: A two-year multi-sample capture-recapture analysis”), 1.3 percent of Kentucky’s population ages 12 years and older self-reported opioid use disorder in the past year. The report notes that Kentucky has one of the highest opioid overdose mortality rates in the United States, with eastern portions of the state being more effected.

Those with substance use disorder often require low-barrier housing options, particularly without sobriety options, and supportive mental and physical health services integrated within housing. Veterans ACS data from 2022 indicates that there were 244,703 veterans living in Kentucky. 48.1 percent of veterans were over the age of 65. 34.6 percent of veterans lived with a disability and 8.3 percent lived below the federal poverty line. Given that many veterans are also either elderly, frail elderly, or disabled, they often require the same services listed in this section.

What are the housing and supportive service needs of these populations and how are these needs determined?

KHC identified the jurisdiction’s housing and supportive needs for special populations by analyzing information gathered through several methods including:

- 2025-2029 Kentucky Consolidated Plan Stakeholder Survey
- Consultation sessions with organizations, agencies, and partners working with low- and moderate-income people in the community

Key findings as they pertain to special populations are outlined in this section.

Stakeholder Survey

The Stakeholder Survey asked respondents to indicate the level of need for housing for selected special needs populations in Kentucky. Listed below are the types of housing respondents indicated as the highest priority, along with the percentage of respondents who selected that type of housing.

- PSH for persons experiencing homelessness (82 percent)
- Housing for seniors (61 percent)
- Housing for persons with developmental, cognitive, or physical disabilities (61 percent)
- Housing for persons fleeing domestic violence, sexual assault, stalking, dating violence, or human trafficking (59 percent)

The survey also asked respondents to select public services and activities by need. Listed below are the three highest ranked services for special needs populations.

- Substance use disorder treatment services
- Services for persons with a disability
- Mental health services

The survey provided space for respondents to describe any specific needs of low-income subpopulations, neighborhoods, or areas in Kentucky. Multiple respondents echoed a need for affordable housing and shelter options for seniors, people with disabilities, and people with mental health and substance use challenges.

Stakeholder Consultations

KHC held 18 consultation sessions with community agencies and partners regarding the needs of low- and moderate-income households. Listed below are common themes that emerged from the consultation sessions regarding the needs of special populations.

- There is a lack of accessible, affordable housing, which serves as a barrier to creating stable housing opportunities for people with disabilities.
- Veterans, particularly in rural areas, often travel distances to obtain services. Service providers have found difficulty placing veterans into units, even with Veterans Affairs Supportive Housing (VASH) benefits.
- Youth and people with mental health challenges are increasingly facing evictions.
- There is not enough capacity among social service providers to meet the needs of Kentucky residents.

Discuss the size and characteristics of the population with HIV/AIDS and their families within the Eligible Metropolitan Statistical Area:

As stated in this section, the Kentucky CHFS estimates that 376 new cases of HIV were diagnosed in Kentucky in 2022, with a total of 12,034 cumulative HIV infections as of December 31, 2022. The 2023 HIV/AIDS Surveillance Report indicates that the Northern portion of Kentucky (including Louisville, Lexington, and Cincinnati metropolitan areas) had the highest instances of HIV diagnosis. In addition, despite accounting for 8 percent of the population, Black or African American adults account for almost one third of the HIV cases in Kentucky. Kentucky is one of seven states with a significant number of HIV diagnoses in rural areas.

If the PJ will establish a preference for a HOME TBRA activity for persons with a specific category of disabilities (e.g., persons with HIV/AIDS or chronic mental illness), describe their unmet need for housing and services needed to narrow the gap in benefits and services received by such persons. (See 24 CFR 92.209(c)(2) (ii))

To determine the unmet need for housing and services for these individuals, it is important to consider the following factors:

- Individuals with HIV/AIDS and chronic mental illness often face challenges in maintaining stable housing due to factors such as income instability, discrimination, and the complex needs associated with their conditions.
- Access to quality healthcare is crucial for individuals with these conditions. However, many may struggle to obtain the necessary medical care, mental health services, and support services due to cost, transportation barriers, or lack of available providers.

- Individuals with HIV/AIDS and chronic mental illness may require specialized support services, such as case management, counseling, and substance abuse treatment, to help them manage their conditions and maintain housing stability.

Discussion:

KHC and DLG identify the key themes of this section to be as follows:

- Mental and behavioral health services are needed as an accompaniment to housing to ensure special populations have the necessary resources to stay housed.
- There is a need for accessible housing options and supportive services for people with disabilities and seniors.
- Service providers must expand the scope and scale of services to fully meet the needs of the population.

NA-50 Non-Housing Community Development Needs – 91.215 (f)

Describe the jurisdiction’s need for Public Facilities:

Overall, stakeholders emphasized a need for more targeted community facilities, particularly for seniors.

How were these needs determined?

Stakeholder Survey Responses

110 respondents of the stakeholder survey provided input on the need for public facilities in Kentucky. The first question asked respondents to rank public facility activities they believe are needed most in Kentucky. The highest ranked selection was community centers for specific groups.

The second question allowed respondents to describe the specific populations most in need of public facilities in Kentucky. Of the 36 responses, the following populations were referenced the most:

- People experiencing homelessness
- People with mental health challenges and substance use disorder
- Seniors

Stakeholder Consultation

KHC held a consultation with DLG regarding the allocation of CDBG funds. The organization noted that most of the state’s CDBG allocation (70 percent) is used for public facilities, indicating high community need and demand for improvements to public facilities. Common public facilities projects funded through DLG include senior centers, volunteer fire departments, and healthcare facilities.

Describe the jurisdiction’s need for Public Improvements:

Overall, stakeholders emphasize a need for greater connectivity and accessibility across the state. Transportation, accessible streetscapes, and broadband all emerged as common needs in the state. In addition, stakeholders noted water and sewer infrastructure improvements and high public improvement needs.

How were these needs determined?

Stakeholder Survey Responses

110 respondents of the stakeholder survey provided input on the need for public improvements in Kentucky. The first question asked respondents to rank public improvement activities based on need. Listed below are top ranked public improvement needs selected by respondents.

- Water Infrastructure Improvements
- Sewer Infrastructure Improvements
- Street and Sidewalk Improvements
- Americans with Disabilities Act (ADA) Accessibility Improvements

The second question allowed respondents to describe the specific populations most in need of public

improvements in Kentucky. Of the 36 responses, the following themes emerged:

- Inaccessible or unavailable transportation options serve as a barrier for many populations, including people with disabilities and immigrant populations.
- There is an interest in making sidewalks and greenspace more navigable for people without vehicles and people with disabilities.
- There is limited broadband access in rural parts of the state.

Stakeholder Consultation

Listed below are common themes that emerged from the consultation session regarding public improvement needs:

- Eastern Kentucky tends to have less broadband connectivity than other parts of the state.
- Lack of reliable transportation exacerbates the difficulties in accessing housing and other resources.

Describe the jurisdiction's need for Public Services:

Overall, stakeholders noted a variety of populations with high need for public services, including seniors, people with disabilities, and people with mental health and substance use challenges. Stakeholders also note that the level of need for public services currently outweighs provider capacity.

How were these needs determined?

Stakeholder Survey Responses

82 respondents of the stakeholder survey provided input on the need for public services in Kentucky.

The first question asked respondents to rank public services activities based on need in the state. Listed below are top ranked public service needs selected by respondents:

- Substance use disorder treatment services
- Services for people with a disability
- Mental health services
- Services for seniors

The second question allowed respondents to describe the specific populations most in need of public services in Kentucky. Of the 30 responses, the following populations were referenced the most:

- Low-income households and individuals
- People experiencing homelessness
- People with mental health challenges and people with disabilities

Stakeholder Consultation

Listed below are common themes that emerged from the consultation sessions regarding public service needs:

- Mental health services are a critical need for many vulnerable populations in Kentucky, including those experiencing homelessness, domestic violence, and substance use disorders.
- There are areas in Kentucky that are far from social services, particularly for veterans, that create barriers to services.

- Service providers are struggling to meet the growing demand for housing and supportive services, particularly considering limited funding and administrative burdens.

Housing Market Analysis

MA-05 Overview

Housing Market Analysis Overview:

The Housing Market Analysis describes the landscape in which KHC and DLG administer its programs by identifying the housing market, economic, and community development factors impacting low- and moderate-income people and communities in Kentucky.

The Market Analysis is comprised of ten sections:

- Number of Housing Units
- Cost of Housing
- Condition of Housing
- Homeless Facilities and Services
- Special Needs Facilities
- Barriers to Affordable Housing
- Non-Housing and Community Development Assets
- Needs and Market Analysis Discussion
- Broadband Needs of Housing
- Hazard Mitigation

Like the Needs Assessment, the Market Analysis utilizes two primary data sources: data from the 2018-2022 ACS and 2016-2020 CHAS. These are the most recent versions of the data sets available at the time of drafting. This section also summarizes information from other existing reports, studies, and plans as well as input from the stakeholder survey, community survey, and consultation sessions to better understand recent trends impacting the region. Phase I and Phase II of the Housing Supply Gap Analysis was also a primary source of background information.

Key Themes from the Market Analysis:

Listed below are the major trends KHC and DLG identified as impacting low- and moderate-income households.

Housing Condition and Availability

- There exists a profound gap in the supply of affordable housing in Kentucky, which is felt particularly by the lowest income levels.
- There is a further need for accessible affordable housing units for people with disabilities.
- As population and housing needs increase and developments with assisted units expire in the coming decades, Kentucky will experience even greater demand for affordable housing units.
- With a large portion of Kentucky households living in a unit built prior to 1980, there is a need to inspect and possibly rehabilitate units with structural or health concerns.
- Low- and moderate-income households tend to live in older, more naturally affordable units, which puts them at a greater risk of housing problems.
- Rehabilitation is needed to ensure an adequate supply of accessible units.

Add text

Housing Affordability and Cost

- Increasing housing costs, coupled with the increased cost of other necessities including food, childcare, and transportation, place considerable financial pressure on households across the state, particularly for low- to moderate-income households.
- The continued rise in rents and home values may further exacerbate existing affordability and availability issues in the coming five years.

Shelter Facilities and Services

- There is a need for more accessible shelter space for people with disabilities and seniors.
- Stakeholders note that even with these services, they are seeing an increased demand for housing and supportive services that oftentimes outpaces provider capacity.

Economic Development

- Gaps in affordable housing, transportation, and knowledge of existing opportunities serve as a barrier to low- and moderate-income people obtaining and maintaining employment.
- Special populations, particularly low-income people and people with disabilities, may need tailored economic development services.
- Federal, state, and private investments in economic development provide opportunities for low- and moderate-income people to engage and advance in the workforce.

Broadband

- Digital equity gaps, particularly in Eastern Kentucky, serve as a barrier to low- and moderate-income people accessing needed resources and opportunities.

Natural Hazards

- After recent disaster events, there is an identified need to ensure communities can recover and rehabilitate housing and infrastructure and also ensure resiliency for future disaster events.

MA-10 Number of Housing Units – 91.210(a)&(b)(2)

Introduction

The MA-10 Housing Market Analysis: Number of Housing Units provides insight into the number and characteristics of housing assisted and non-assisted housing units. Assisted units are properties that receive public funding, such as Section 8 or Low-Income Housing Tax Credits, to support low- and moderate-income housing needs. Non-assisted housing units do not receive such assistance.

Phase I and Phase II of the Housing Supply Gap Analysis, echoed by stakeholders, substantiates a lack of affordable housing units available for low- and moderate-income households. Stakeholders emphasized the lack of accessible units available in the current affordable housing portfolio as a barrier to housing for seniors and people with disabilities.

All residential properties by number of units

Property Type	Number	%
1-unit detached structure	1,319,859	67%
1-unit, attached structure	49,201	3%
2-4 units	142,017	7%
5-19 units	157,874	8%
20 or more units	59,445	3%
Mobile Home, boat, RV, van, etc	236,806	12%
Total	1,965,202	100%

Table 29 – Residential Properties by Unit Number

Data Source: 2016-2020 ACS

Property Type	Number	%
1-unit detached structure	1,354,889	68%
1-unit attached structure	54,475	3%
2-4 units	141,675	7%
5-19 units	159,955	8%
20 or more units	67,958	3%
Mobile home, boat, RV, van, etc.	220,250	11%
Total	1,999,202	100%

Data Source: 2016-2020 ACS

Residential Properties by Unit Number

Unit Size by Tenure

	Owners		Renters	
	Number	%	Number	%
No bedroom	3,096	0%	18,410	3%
1 bedroom	20,046	2%	114,364	20%
2 bedrooms	203,337	18%	232,260	41%
3 or more bedrooms	929,097	80%	203,904	36%
Total	1,155,576	100%	568,938	100%

Table 30 – Unit Size by Tenure

Data Source: 2016-2020 ACS

Number of Bedrooms	Owners (#)	Owners (%)	Renters (#)	Renters (%)
No bedroom	3,133	0%	21,039	4%
One bedroom	19,490	2%	116,161	21%
Two bedrooms	196,322	16%	229,504	41%
Three or more bedrooms	986,122	82%	197,331	35%
Total	1,205,067	100%	564,035	100%

Data Source: 2016-2020 ACS

Unit Size by Tenure

Describe the number and targeting (income level/type of family served) of units assisted with federal, state, and local programs.

While it is difficult to capture the total number and targeting of assisted units in the State of Kentucky, two data sources provide insight into affordable rental housing in the state. Data from KHC obtained in October 2024 from the National Housing Preservation Database reports that the agency manages 86,001 units of assisted housing in their area of operation.

KHC also maintains a list of affordable rental housing in the entire state. This list was last updated in June 2024 and does not constitute a complete inventory of assisted rental housing in the state. However, the list does provide information on targeting and program types.

The list includes 1,647 projects, 385 of which are reserved for families. Seven projects are for special populations and 10 projects are transitional housing.

There are 106,578 total units included in the list, 20 percent (21,572 units) are targeted to elderly households and 4.5 percent (4,901 units) are accessible.

Stakeholders noted both in consultation sessions and the survey the lack of affordable, accessible units. Given only four percent of assisted units in Kentucky are accessible, this indicated a need in the community.

Provide an assessment of units expected to be lost from the affordable housing inventory for any reason, such as expiration of Section 8 contracts.

According to the National Housing Preservation Database, 5,120 assisted units have affordability restrictions that expire in 2028 or earlier and may be lost to the private market. Many more units have expiration dates in the coming two decades.

Does the availability of housing units meet the needs of the population?

The availability of housing units does not currently meet the needs of the population. As outlined in the 2024 Housing Supply Gap Analysis Phase I report, the State of Kentucky has an overall housing gap of 206,207 units. The report describes that both renter and owner households face similar levels of housing availability. However, income levels experience the housing gap in distinct ways. In 2024, 38.7 percent of statewide housing gap consisted of a lack of units affordable to extremely low-income households. Low-income households comprised 16.2 percent of the housing gap, while moderate-income household comprised 15.4 percent of the housing gap. This totals 144,969 units needed to support the housing needs of low- to moderate-income households in Kentucky. Due to the lack of available, affordable units, many households reside in units unaffordable to them.

In addition, KHC expects the housing supply gap to continue to worsen in the next five years. According the 2024 Housing Supply Gap Analysis Phase II report, it is expected that in 2029, the deficit of affordable housing will climb 39.2 percent to a total shortfall of 287,120 units. The housing gap for extremely low-income households is expected to increase by 21,171 units. The report suggests that the primary driver of the increase in housing gap will be the consistent presence of severe housing cost burden.

Describe the need for specific types of housing:

The stakeholder survey asked respondents which types of housing are the most needed in Kentucky. Listed below are the three most common responses.

- Rental housing affordable to low- and moderate-income households.
- PSH.
- Homeowner units affordable to low- and moderate-income households.

In addition, stakeholders noted throughout consultation sessions that there is a need for accessible units near transportation and job sites.

Discussion

KHC and DLG identify the key themes from this section to be as follows:

- There exists a profound gap in the supply of affordable housing in Kentucky, which is felt particularly by the lowest income levels.
- There is a further need for accessible affordable housing units for people with disabilities.

- As population and housing needs increase and developments with assisted units expire in the coming decades, Kentucky will experience even greater demand for affordable housing units.

MA-15 Housing Market Analysis: Cost of Housing - 91.210(a)

Introduction

The MA-15 Housing Market Analysis: Cost of Housing section of the Consolidated Plan explores the cost of housing and characteristics of the rental market in Kentucky, which provides context into the nature of housing cost burden and affordability experienced by residents. Data on the cost of housing is provided by ACS estimates (various years) and 2016-2020 CHAS.

Housing prices have increased significantly statewide in the past 10 years. Median home values in Kentucky grew 48 percent, while median rents rose 47 percent. During this same period, the national housing market as well as Kentucky’s housing market has experienced much turmoil. The COVID-19 pandemic exacerbated housing affordability across the United States. Between homebuyers searching for more space, record-low interest rates, and housing production stalling, housing affordability dropped to an all-time low.

Cost of Housing

	Base Year: 2009	Most Recent Year: 2020	% Change
Median Home Value	123,200	130,000	6%
Median Contract Rent	523	548	5%

Table 31 – Cost of Housing

Data Source: 2000 Census (Base Year), 2016-2020 ACS (Most Recent Year)

Rent Paid	Number	%
Less than \$500	262,603	46.2%
\$500-999	263,397	46.3%
\$1,000-1,499	32,620	5.7%
\$1,500-1,999	6,185	1.1%
\$2,000 or more	4,133	0.7%
Total	568,938	100.0%

Table 32 - Rent Paid

Data Source: 2016-2020 ACS

Table 32 – Cost of Housing

Cost of Housing	Base Year: 2012	Most Recent Year: 2022	% Change
Median Home Value	\$120,000	\$177,000	48%
Median Contract Rent	\$478	\$705	47%

Data Source: 2000 Census (Base Year), 2016-2020 ACS (Most Recent Year)

Table 33 provides data on the number of renters by contract rent bracket in 2022.

Table 33 - Rent Paid

Contract Rent Paid	Number	%
Less than \$500	67,575	20%
\$500-999	197,577	57%
\$1,000-1,499	58,224	17%
\$1500-1,999	13,632	4%
\$2,000 or more	8,477	2%
Total	345,485	100%

Data Source: 2016-2020 ACS

Cost of Housing

Housing Affordability

Number of Units affordable to Households earning	Renter	Owner
30% HAMFI	58,020	No Data
50% HAMFI	190,165	132,235
80% HAMFI	386,110	319,850
100% HAMFI	No Data	446,770
Total	634,295	898,855

Table 33 – Housing Affordability

Data Source: 2016-2020 CHAS

Number of Units Affordable to Households Earning	Renter Units	Owner Units	Total Units
Less than 30% HAMFI	57,925	0	57,925
31-50% HAMFI	55,275	66,805	122,080
51-80% HAMFI	35,200	17,870	53,070
Greater than 81% HAMFI	3,790	14,275	18,065
Total	152,190	98,950	251,140

Data Source: 2016-2020 CHAS

Housing Affordability

Monthly Rent

Monthly Rent (\$)	Efficiency (no bedroom)	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
Fair Market Rent	0	0	0	0	0
High HOME Rent	0	0	0	0	0
Low HOME Rent	0	0	0	0	0

Table 34 – Monthly Rent

Data Source Comments:

Is there sufficient housing for households at all income levels?

There is insufficient housing for all income levels. The 2024 Housing Supply Gap Analysis identifies severe housing cost burden as a primary driver of the housing supply gap in the state, meaning the cost of units is not attainable for all income levels. Increasing housing costs and the increased cost of other necessities including food, childcare, and transportation, also place considerable financial pressure on households statewide, particularly for low- and moderate-income households.

Data provided throughout the Needs Assessment of the Consolidated Plan from recent ACS and CHAS estimates indicates high percentages of households, particularly extremely low- and low-income households, are cost-burdened and severely cost-burdened. Data indicates that more than 200,000 renters are paying greater than 30 percent of income for housing costs.

How is affordability of housing likely to change considering changes to home values and/or rents?

As housing costs for both renter and owner households have increased significantly over the past ten years, and it is expected that the affordable housing gap will wide by more than 30 percent in the next five years, home values and rents may continue to rise, exacerbating housing affordability issues.

Exacerbating the gap between incomes and rents and homeowner housing costs is Kentucky's very high poverty rate. The state's poverty rate continues to be higher than the national average, with some Appalachian counties at two or three times the national poverty rate. Affordable rental housing continues to be difficult for lower-income families to obtain. When housing—both rental and owner—that is affordable to families in lower income brackets, the housing may be in poor condition. Energy costs, due to aging and substandard conditions, are often higher than the rent or mortgage payment. Evidence suggests that households in older manufactured homes and in substandard traditionally constructed homes pay exorbitant amounts for heating the home in the winter months.

How do HOME rents / Fair Market Rent compare to Area Median Rent? How might this impact your strategy to produce or preserve affordable housing?

HOME rents and Fair Market Rents are established on a county-by-county basis. There is no statewide HOME or Fair Market Rent. In rural markets with low household incomes, HOME rents often match the Area Median Rent. As such, they are competitive with market-rate rental units. Where FMRs and HOME rents do not keep pace with changes in rents, deeper levels of housing subsidy may be required to support lower income households in remaining stably housed.

Discussion

KHC and DLG identify the key themes from this section to be as follows:

- Increasing housing costs, coupled with the increased cost of other necessities including food, childcare, and transportation, place considerable financial pressure on households across the state, particularly for low- to moderate-income households.
- Continued rising of rents and home values may further exacerbate existing affordability and availability issues in the coming five years.

MA-20 Housing Market Analysis: Condition of Housing – 91.210(a)

Introduction

The MA-20 Housing Market Analysis: Condition of Housing Section of the Consolidated Plan provides insight into the restoration and rehabilitation needs of the state. Data regarding housing condition comes from 2018-2022 ACS and 2016-2020 CHAS.

Both data sources capture information on housing units with at least one of the following “selected conditions.” Note, the conditions listed below correspond with the conditions defined in NA-15

Disproportionately Greater Need: Housing Problems.

- The housing unit lacks complete kitchen facilities.
- The housing unit lacks complete plumbing facilities.
- The household is crowded (more than one person per room).
- The household is cost burdened (the household spends between 30 percent and 50 percent of income on housing costs).

It is important to note that many housing units may be substandard for reasons other than that they lack complete plumbing or kitchen facilities. Agencies who assist families throughout the state report that housing units that have complete bathrooms and kitchens may not be energy efficient or may have leaking roofs, bad foundations, older furnaces and other mechanicals that aren't energy efficient, among other problems. Families who are issued a rare rental voucher have difficulty locating rental units that pass Housing Quality Standards (HQS) inspections.

A significant percentage of Kentucky’s housing stock is older and more likely to need rehabilitation and be occupied by low- and moderate-income households. While rehabilitation of older units presents an opportunity to increase affordable housing stock, stakeholders noted that poor unit condition and a lack of certified contractors able to outfit units creates barriers to rehabilitation projects.

Describe the jurisdiction's definition of "standard condition" and "substandard condition but suitable for rehabilitation":

For the purposes of this Plan, KHC provides the following definitions:

Standard Condition: Safe and adequate housing, well maintained, structurally sound, without visible deterioration or observable defects.

Substandard Condition but Suitable for Rehabilitation: Dwelling units that do not meet standard conditions but are both financially and structurally feasible for rehabilitation. This does not include units that require only cosmetic work, correction or minor livability problems or maintenance work.

Condition of Units

Condition of Units	Owner-Occupied		Renter-Occupied	
	Number	%	Number	%
With one selected Condition	212,228	18%	224,126	39%
With two selected Conditions	4,748	0%	12,992	2%
With three selected Conditions	547	0%	893	0%

Condition of Units	Owner-Occupied		Renter-Occupied	
	Number	%	Number	%
With four selected Conditions	71	0%	56	0%
No selected Conditions	937,982	81%	330,871	58%
Total	1,155,576	99%	568,938	99%

Table 35 - Condition of Units

Data Source: 2016-2020 ACS

Condition of Units	# Owner-Occupied	% Owner-Occupied	# Renter-Occupied	% Renter-Occupied
With one selected Condition	207,680	17%	216,721	38%
With two selected Conditions	5,081	0%	13,088	2%
With three selected Conditions	771	0%	768	0%
With four selected Conditions	84	0%	159	0%
No selected Conditions	991,451	82%	333,299	59%
Total	1,205,067	100%	564,035	100%

Data Source: 2018-2022 ACS

Condition of Units

Year Unit Built

Year Unit Built	Owner-Occupied		Renter-Occupied	
	Number	%	Number	%
2000 or later	239,554	21%	87,293	15%
1980-1999	354,503	31%	169,324	30%
1950-1979	415,093	36%	223,106	39%
Before 1950	146,426	13%	89,215	16%
Total	1,155,576	101%	568,938	100%

Table 36 – Year Unit Built

Data Source: 2016-2020 CHAS

Condensed	# owner-occupied	% owner-occupied	# renter-occupied	% renter-occupied
2000 or later	299,656	25%	113,998	20%
1980-1999	347,083	29%	163,460	29%
1950-1979	410,842	34%	208,527	37%
Before 1950	147,486	12%	78,050	14%
Total	1,205,067	100%	564,035	100%

Data Source: 2018-2022 ACS

Year Unit Built

Risk of Lead-Based Paint Hazard

Risk of Lead-Based Paint Hazard	Owner-Occupied		Renter-Occupied	
	Number	%	Number	%
Total Number of Units Built Before 1980	561,519	49%	312,321	55%
Housing Units built before 1980 with children present	144,625	13%	91,435	16%

Table 37 – Risk of Lead-Based Paint

Data Source: 2016-2020 ACS (Total Units) 2016-2020 CHAS (Units with Children present)

Risk of Lead-Based Paint Hazard	# Owner-Occupied	% Owner-Occupied	# Renter-Occupied	% Renter-Occupied
Total Number of Units Built Before 1980.	559,679	47%	298,063	53%
Housing units built before 1980 with children present	18,990	3%	38,880	13%

Data Source: 2016-2020 ACS (Total Units) 2016-2020 CHAS (Units with Children present)

Risk of Lead-Based Paint

Vacant Units

	Suitable for Rehabilitation	Not Suitable for Rehabilitation	Total
Vacant Units	0	0	0
Abandoned Vacant Units	0	0	0
REO Properties	0	0	0
Abandoned REO Properties	0	0	0

Table 38 - Vacant Units

Data Source: 2005-2009 CHAS

Need for Owner and Rental Rehabilitation

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Estimated Number of Housing Units Occupied by Low or Moderate Income Families with LBP Hazards

Units that were built before 1980 are considered at risk for lead based paint hazards as lead paint was commonly used in homes built before 1978. While not all households built prior to 1980 need lead-based paint remediation, the age of the housing unit and presence of young children indicates there is possible risk of lead-based paint exposure. Lower income households with young children that reside in units with lead-based paint hazard may be less able to afford remediation services. Lead Exposure can cause serious health problems, such as developmental delays, hearing loss, and other health problems. According to the CHAS data, there were 298,055 renter-occupied units built before 1980, and 559,685 owner occupied units built before 1980 in 2020. Of those, renter-occupied units, 38,880 units were occupied by low to moderate-income families with children six years or younger present, or 13 percent of the units. 18,990, or three percent, of the owner-occupied units built before 1980 were occupied by low to moderate-income families with children six years or younger present.

Discussion

KHC and DLG identify the key themes from this section to be:

- With a large portion of Kentucky households living in a unit built prior to 1980, there is a need to inspect and possibly rehabilitate units with structural or health concerns.
- Low- and moderate-income households tend to live in older, more naturally affordable units, which puts them at a greater risk of housing problems.
- Rehabilitation is needed to ensure an adequate supply of accessible units.

MA-25 Public and Assisted Housing – 91.210(b)

Introduction

N/A

Totals Number of Units

	Program Type								
	Certificate	Mod-Rehab	Public Housing	Vouchers					
				Total	Project -based	Tenant -based	Special Purpose Voucher		
							Veterans Affairs Supportive Housing	Family Unification Program	Disabled *
# of units vouchers available	2	23		5,532	597	4,935	0	0	4,073
# of accessible units									

***includes Non-Elderly Disabled, Mainstream One-Year, Mainstream Five-year, and Nursing Home Transition**

Table 39 – Total Number of Units by Program Type

Data Source: PIC (PIH Information Center)

Describe the supply of public housing developments:

Describe the number and physical condition of public housing units in the jurisdiction, including those that are participating in an approved Public Housing Agency Plan:

N/A

Public Housing Condition

Public Housing Development	Average Inspection Score

Table 40 - Public Housing Condition

Describe the restoration and revitalization needs of public housing units in the jurisdiction:

N/A

Describe the public housing agency's strategy for improving the living environment of low- and moderate-income families residing in public housing:

N/A

Discussion:

N/A

MA-30 Homeless Facilities and Services – 91.210(c)

Introduction

The MA-30 Homeless Facilities and Services section of the Consolidated Plan provides data on the number of beds and units available in the Kentucky BoS CoC for people experiencing homelessness. As explained in NA-40 Homeless Needs Assessment, the Kentucky BoS CoC serves as the state entity for addressing homelessness through housing programs and services, which include intake, assessment, emergency shelter services, transitional housing services, and PSH for people with disabilities. The CoC provided information from the 2024 Housing Inventory Count and HMIS to estimate the number of beds available in the state. Listed below are the HUD definitions of the specific terms used to refer to housing and shelter for people experiencing homelessness.

- **Emergency Shelter:** Any facility, the primary purpose of which is to provide temporary or transitional shelter for the homeless in general or for specific populations of the homeless.
- **PSH:** Permanent housing in which housing assistance (e.g., long-term leasing or rental assistance) and supportive services are provided to assist households with at least one member (adult or child) with a disability in achieving housing stability.
- **Transitional Housing:** Temporary housing with supportive services to individuals and families experiencing homelessness with the goal of interim stability and support to successfully move to and maintain permanent housing.
- **RRH:** Permanent housing that provides short-term (up to three months) and medium-term (four to 24 months) TBRA and supportive services to households experiencing homelessness.
- **Other permanent housing:** Includes other forms of permanent housing that are not considered PSH or RRH. Includes housing only as well as housing with supportive services.

Overall, stakeholders note inefficiencies within the Coordinated Entry (CE) system, coupled with insufficient supportive services means that the capacity of homeless facilities and services is outweighed by the needs of the population. Stakeholders noted that people with disabilities and seniors are increasingly entering the homelessness response system, which further emphasizes a need for accessible units.

Facilities and Housing Targeted to Homeless Households

	Emergency Shelter Beds		Transitional Housing Beds	Permanent Supportive Housing Beds	
	Year Round Beds (Current & New)	Voucher / Seasonal / Overflow Beds	Current & New	Current & New	Under Development
Households with Adult(s) and Child(ren)	578	57	170	595	15
Households with Only Adults	1,070	201	222	861	6
Chronically Homeless Households	0	0	0	861	6
Veterans	15	0	60	479	0
Unaccompanied Youth	32	0	24	0	0

Table 41 - Facilities and Housing Targeted to Homeless Households

Data Source Comments:

Beds/Units in Inventory	For Adults and Children		For Adults Only		For Children Only		Veterans	Victims of DV
	# of Beds	# of Units	# of Beds	# of Units	# of Beds	# of Units	# of Beds	# of Beds
Emergency Shelter	578	172	1070	300	32	16	15	438
Transitional Housing	170	48	222	110	0	0	60	93
PSH	595	209	861	600	0	0	479	146
RRH	866	274	517	400	0	0	188	474
Other Permanent Housing	350	109	210	100	0	0	0	0

Data Source: 2024 HIC Data

Facilities Targeted to Homeless Persons by Demographics

Describe mainstream services, such as health, mental health, and employment services to the extent those services are used to complement services targeted to homeless persons

The Kentucky BoS CoC partners with mainstream service providers to complement services targeted to people experiencing homelessness. The CoC and ESG-funded projects have close relationships with mental health service providers and employment and education service providers. KHC maintains a Community Resource Guide, which listed agencies across the state that assist people experiencing homelessness. The list, divided by counties, provides information on medical and mental health services as well as mortgage and credit counseling.

In addition, local organizations are included in CE prioritization meetings. As stated in the BoS CoC Coordinated Entry Policies and Procedures, many service providers, including those not funded by ESG, are invited to Local Prioritization Committee meetings to refer for housing interventions.

The Commonwealth of Kentucky offers several different services for those experiencing homelessness. The Olmstead Housing Initiative is a partnership between DBHDID, New Beginnings Bluegrass, Community Mental Health Centers (CMHCs), Wellspring, and Kentucky Housing Corporation [provider of HQS]. The Olmstead Housing Initiative (OHI) was created to meet the housing needs of those with serious mental illnesses who are transitioning away from long term institutions.

The Projects for Assistance in Transition from Homelessness (PATH) program, administered by DBHDID in partnership with select CMHCs, supports individuals with serious mental illnesses. PATH funding allows for several different services such as street outreach or case management.

List and describe services and facilities that meet the needs of homeless persons, particularly chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth. If the services and facilities are listed on screen SP-40 Institutional Delivery Structure or screen MA-35 Special Needs Facilities and Services, describe how these facilities and services specifically address the needs of these populations.

KHC's 2023 CoC Competition Homeless Assistance Award Report lists the CoC funded services and facilities in the BoS that serve people experiencing homelessness. These programs include PSH, RRH, TH, among other service and facility types. Note that this is not a comprehensive list of all programs managed by KHC or that are available in the BoS CoC.

- BRASS Joint TH-RRH DV BONUS
- CAC PSH
- CCCS RRH Program
- CCHC Joint Th-RRH 2023
- CCHC PSH Bonus Project 2023
- CILO Supportive Housing Program
- Crisis and Housing Support

- Gaining Access through Programs and Services
- Gateway House RRH Program Expansion
- Gateway House RRH Program Expansion 2
- Harlan Permanent Housing Program

- HHCK BOS PSH
- Homeless Services Project
- Hope Self-Help Housing Expansion
- Housing First BoS Region 6
- Housing for Persons with Disabilities
- Jarnigan Place RRH
- KCADV BoS RRH
- KCEOC-COC PSH
- KCEOC-COC YHDP RRH Project FY 2023
- KCEOC-COC YHDP TH-Ryan's Place Project FY 2023
- Kentucky River Community Care PH-SRA
- Kentucky River Community Care PH-TRA
- King's Crossing
- KRCC YHDP RRH Renewal Project Application 2023
- Layne House Apartments
- LifeSkills PH TBRA Combined
- LivWell PSH
- MCC Shelby Valley Independent Living Program
- Merryman House Permanent Housing
- Mountain Comprehensive Care Shelter Plus Care Program
- Mountain Housing SRA
- New Vista BGADD PSH
- Northern Kentucky Permanent Housing Program
- Northern Kentucky PSH Program
- Northern Kentucky RRH Program
- PEACE Housing Program
- Pennyroyal PSH
- Region 6 Permanent Housing Project
- Safe Harbor Transitional Housing
- Southeast Kentucky Homeless and Housing Alliance
- Transitions Permanent Housing Program FY2023
- Welcome House CoC RRH Consolidation
- Welcome House PSH
- Welcome House: Buffalo Trace-Coordinated Entry
- Welcome House: Buffalo Trace-PSH
- YHDP SSO
- YHDP TH
- ZeroV BoS DV Bonus RRH

MA-35 Special Needs Facilities and Services – 91.210(d)

Introduction

The MA-35 Special Needs Facilities and Services section of the Consolidated Plan describes the facilities and services available to special needs populations within the state. As discussed in NA-35 Non-Homeless Special Needs Assessment, special needs populations often have additional housing and supportive service needs. Special populations include, but are not limited to, persons with a disability, persons with substance use disorder, veterans, and seniors.

Despite the variety of services available to special needs populations, stakeholders and community members note a desire for increased supportive services and accessible units.

HOPWA Assistance Baseline Table

Type of HOWA Assistance	Number of Units Designated or Available for People with HIV/AIDS and their families
TBRA	0
PH in facilities	0
STRMU	0
ST or TH facilities	0
PH placement	0

Table 42– HOPWA Assistance Baseline

Data Source: HOPWA CAPER and HOPWA Beneficiary Verification Worksheet

Type of HOPWA Assistance	Number of Units Designated or Available for People with HIV/AIDS and their Families
TBRA	43
PH in facilities	0
STRMU	152
ST or TH facilities	0
PH placement	0

Data Source: HOPWA CAPER and HOPWA Beneficiary Verification Worksheet

HOPWA Assistance Baseline

Including the elderly, frail elderly, persons with disabilities (mental, physical, developmental), persons with alcohol or other drug addictions, persons with HIV/AIDS and their families, public housing residents and any other categories the jurisdiction may specify, and describe their supportive housing needs

KHC offers a variety of programs, including housing choice vouchers (HCVs) and HOME investments, to support individuals with housing and supportive services. The KHC also works with the partner organizations to provide services and housing to special needs populations in the community. Listed below are a few examples of housing and supportive service programs available to low- and moderate-income Kentucky residents. This list is not exhaustive.

- KHC HOPWA Program offers TBRA, permanent housing placement services, supportive services, and short-term rental, mortgage and utility assistance to people living with HIV/AIDS. HOPWA clients are also eligible for service provided by the HIV Care Coordinator Program within the Kentucky CHFS.
- Recovery Kentucky provides housing and recovery services to people with substance use disorder.
- The John H. Chafee Foster Care Independence Program assist current and former foster care youths to achieve self-sufficiency.
- The KHC Housing Connector Team provides provide in-the-field support to tenants and landlords to address housing stability barriers and provide housing navigation services.
- KHC provides HOME TBRA, HCV, and other vouchers to low-income households.
- KHC runs an Eviction Diversion Program, which staffs court liaisons to work with tenants facing evictions, helps with past due rent and relocation assistance.

Describe programs for ensuring that persons returning from mental and physical health institutions receive appropriate supportive housing

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Specify the activities that the jurisdiction plans to undertake during the next year to address the housing and supportive services needs identified in accordance with 91.215(e) with respect to persons who are not homeless but have other special needs. Link to one-year goals. 91.315(e)

See the 2025 Annual Action Plan associated with this Consolidated Plan.

For entitlement/consortia grantees: Specify the activities that the jurisdiction plans to undertake during the next year to address the housing and supportive services needs identified in accordance with 91.215(e) with respect to persons who are not homeless but have other special needs. Link to one-year goals. (91.220(2))

N/A

MA-40 Barriers to Affordable Housing – 91.210(e)

Negative Effects of Public Policies on Affordable Housing and Residential Investment

As stated in the Needs Assessment and Market Analysis, the Housing Supply Gap report indicates a substantial gap of affordable housing for low- and moderate-income populations. The report suggests severe housing cost burden and the growing population contribute to the supply gap.

Stakeholders emphasized through consultations sessions that there exist noted barriers to affordable housing development. The key themes that emerged from consultations regarding existing barriers to the creation of more affordable housing units.

- NIMBYism and a negative perception of renters.
- Prohibitive federal requirements, including Section 3 and environmental reviews.
- Housing stock that is unsuitable for rehabilitation due to quality issues.

In addition, the Consolidated Plan Stakeholder survey asked respondents what they believe the biggest barrier to affordable housing development is in the state. Listed below are their top three answers.

- High cost of development.
- Lack of political will or support.
- Lack of incentives for developers.

MA-45 Non-Housing Community Development Assets – 91.215 (f)

Introduction

The MA-45 Non-Housing Community Development Assets section of the Consolidated Plan summarizes data trends related to employment and the workforce including labor for participation, educational attainment, and workforce skills, training, and development efforts in Kentucky. Data regarding educational attainment and median income comes from 2018-2022 ACS. Data on jobs by sector comes from the most recent Longitudinal Employer-Household Dynamics data (2021). To more accurately compare jobs with workers, Table 49 uses 2017-2021 ACS estimates.

Stakeholders expressed a desire for more training and outreach to small businesses to understand available resources are tailored economic services to people with disabilities and low-income residents. Stakeholders also note that the lack of affordable housing and transportation options acts as a barrier to residents finding and maintaining employment.

Economic Development Market Analysis

Kentucky boasts a robust workforce of over two million individuals, with a relatively low unemployment rate of 4.3 percent. The state's labor force is diverse, with significant representation in Education and Health Care Services (23 percent of workers) and manufacturing (18 percent of workers), sales and office occupations (321,247 individuals), as well as production, transportation, and material moving (101,016 individuals). A notable portion of the workforce is employed in management, business, and financial occupations (128,118 individuals).

Business Activity

The characteristics of the workforce provide insight into the nature of the economy and economic development needs in the state. The following table summarizes the number of workers and jobs in each sector in 2021.

Economic Development Market Analysis

Business Activity

Business by Sector	Number of Workers	Number of Jobs	Share of Workers %	Share of Jobs %	Jobs less workers %
Agriculture, Mining, Oil & Gas Extraction	16,416	15,652	2	2	0
Arts, Entertainment, Accommodations	120,797	97,179	12	13	1
Construction	57,063	42,844	6	6	0
Education and Health Care Services	175,632	130,985	18	17	-1

Business by Sector	Number of Workers	Number of Jobs	Share of Workers %	Share of Jobs %	Jobs less workers %
Finance, Insurance, and Real Estate	54,502	35,566	6	5	-1
Information	13,964	9,318	1	1	0
Manufacturing	183,706	158,247	19	21	2
Other Services	30,479	24,441	3	3	0
Professional, Scientific, Management Services	61,739	39,866	6	5	-1
Public Administration	0	0	0	0	0
Retail Trade	148,468	123,465	15	16	1
Transportation and Warehousing	55,767	51,548	6	7	1
Wholesale Trade	48,829	38,583	5	5	0
Total	967,362	767,694	--	--	--

Table 43 - Business Activity

Data Source: 2016-2020 ACS (Workers), 2020 Longitudinal Employer-Household Dynamics (Jobs)

Business by Sector	Number of Workers	Number of Jobs	Share of Workers %	Share of Jobs %	Jobs less Workers %
Agriculture, Mining, Oil & Gas Extraction	50,811	18,212	4%	1%	-3%
Arts, Entertainment, Accommodations	40,845	19,840	3%	2%	-2%
Construction	85,613	78,122	7%	6%	-1%
Education and Health Care Services	269,315	417,800	23%	32%	10%
Finance, Insurance, and Real Estate	112,159	97,824	9%	8%	-2%
Information	15,952	24,569	1%	2%	1%
Manufacturing	208,238	24,922	18%	2%	-16%
Other Services	41,239	42,865	3%	3%	0%
Professional, Scientific, Management Services	97,527	81,523	8%	6%	-2%
Public Administration	50,907	74,725	4%	6%	1%
Retail Trade	109,135	211,291	9%	16%	7%
Transportation & Warehousing	65,121	122,883	6%	10%	4%
Wholesale Trade	36,837	75,171	3%	6%	3%
Total	1,183,699	1,289,747	100%	100%	0%

Data Source: 2017-2021 ACS (Workers), 2021 Longitudinal Employer-Household Dynamics (Jobs)

Business Activity

Labor Force

Total Population in the Civilian Labor Force	1,386,352
Civilian Employed Population 16 years and over	1,311,004
Unemployment Rate	5.39
Unemployment Rate for Ages 16-24	15.35
Unemployment Rate for Ages 25-65	3.00

Table 44 - Labor Force

Data Source: 2016-2020 ACS

Demographic	Figure
Total Population in the Civilian Labor Force	2,172,280
Civilian Employed Population 16 Years and Over	2,059,858
Unemployment Rate	4.3%
Unemployment Rate for Ages 16-24	5.5%
Unemployment Rate for Ages 25-65	4.0%

Data Source: 2018-2022 ACS

Labor Force

Occupations by Sector	Number of People
Management, business and financial	259,771
Farming, fisheries and forestry occupations	41,995
Service	132,052
Sales and office	274,386
Construction, extraction, maintenance and repair	134,291
Production, transportation and material moving	113,317

Table 45 – Occupations by Sector

Data Source: 2016-2020 ACS

Occupations by Sector	Number of People
Management, Business and Financial	128,118
Farming, Fisheries and Forestry Occupations	18,944
Service	55,386
Sales and Office	321,247
Construction, Extraction, Maintenance, and Repair	93,536
Production, Transportation and Material Moving	101,016

Data Source: 2018-2022 ACS

Occupations by Sector

Travel Time

Travel Time	Number	Percentage
< 30 Minutes	815,437	66%
30-59 Minutes	328,950	27%
60 or More Minutes	86,573	7%
Total	1,230,960	100%

Table 46 - Travel Time

Data Source: 2016-2020 ACS

Travel Time	Number	%
30 Minutes	1,276,188	70%
30-59 Minutes	445,992	24%
60+ Minutes	113,123	6%
Total	1,835,303	100%

Data Source: 2018-2022 ACS

Travel Time

Education:

Educational Attainment by Employment Status (Population 16 and Older)

Educational Attainment	In Labor Force		Not in Labor Force
	Civilian Employed	Unemployed	
Less than high school graduate	69,567	7,928	112,568

Educational Attainment	In Labor Force		Not in Labor Force
	Civilian Employed	Unemployed	
High school graduate (includes equivalency)	336,569	18,780	195,742
Some college or Associate's degree	354,926	15,057	122,476
Bachelor's degree or higher	291,234	5,829	51,248

Table 47 - Educational Attainment by Employment Status

Data Source: 2016-2020 ACS

Educational Attainment	In Labor Force		Not In Labor Force
	Civilian Employed	Unemployed	
Less than High School Graduate	94,005	7,239	115,763
High School Graduate or Equivalent	445,753	21,816	239,158
Some College or <u>Associate's Degree</u>	512,791	17,967	156,733
Bachelor's Degree or Higher	581,679	11,165	87,257

Data Source: 2018-2022 ACS

Educational Attainment by Employment Status

Educational Attainment by Age

	Age				
	18–24 yrs	25–34 yrs	35–44 yrs	45–65 yrs	65+ yrs
Less than 9th grade	5,339	9,542	12,144	41,138	58,699
9th to 12th grade, no diploma	30,624	25,771	27,386	74,011	51,594
High school graduate, GED, or alternative	107,916	119,089	116,947	316,027	204,793
Some college, no degree	97,634	94,848	83,326	158,725	92,715
Associate's degree	14,140	39,651	42,555	77,363	25,140
Bachelor's degree	17,941	60,269	56,570	97,297	43,673
Graduate or professional degree	1,317	26,855	40,064	69,406	42,875

Table 48 - Educational Attainment by Age

Data Source: 2016-2020 ACS

	18-24 years	25-34 years	35-44 years	45-64 years	65+ years
Less than 9th Grade	8,037	14,678	18,556	46,374	60,231
9th to 12th, No Diploma	42,230	34,410	35,113	90,287	63,798
High School Graduate or Equivalent	162,295	167,921	154,376	400,950	280,023

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	18-24 years	25-34 years	35-44 years	45-64 years	65+ years
Some College, No Degree	144,719	133,413	116,191	225,300	144,138
<u>Associate's Degree</u>	21,811	55,477	60,576	111,110	42,248
Bachelor's Degree	41,537	120,135	102,426	170,991	84,582
Graduate or Professional Degree	3,717	59,572	73,438	119,376	81,419

Data Source: 2018-2022 ACS

Educational Attainment by Age

Educational Attainment – Median Earnings in the Past 12 Months

Educational Attainment	Median Earnings in the Past 12 Months
Less than high school graduate	13,405,506
High school graduate (includes equivalency)	25,603,140
Some college or Associate's degree	28,376,356
Bachelor's degree	29,752,707
Graduate or professional degree	31,675,538

Table 49 – Median Earnings in the Past 12 Months

Data Source: 2016-2020 ACS

Educational Attainment	Median Earnings
Population Over Age 25 with Earnings	\$43,131
Less than High School Graduate	\$26,748
High School Graduate or Equivalent	\$34,705
Some College or <u>Associate's Degree</u>	\$40,626
Bachelor's Degree	\$56,922
Graduate or Professional Degree	\$67,410

Data Source: 2018-2022 ACS

Median Earnings in the Past 12 Months

Based on the Business Activity table above, what are the major employment sectors within your jurisdiction?

According to 2021 ACS data, the three most common sectors by worker and job were:

- Education and Health Care Services (23 percent of workers and 32 percent of jobs)
- Manufacturing (18 percent of workers and two percent of jobs)
- Retail Trade (nine percent of workers and 16 percent of jobs)

Within these sectors, the Kentucky Cabinet for Economic Development has further identified major industries in the state:

- AgriTech
- Automotive
- Manufacturing
- AerospacePrimary MetalsFood & BeverageDistribution & LogisticsChemicalsPlastics & RubberHealth Care

Describe the workforce and infrastructure needs of the business community:

In 2021 there existed a discrepancy between healthcare or education jobs and workers. There were 269,315 workers in those sectors, but there were 417,800 jobs. This equates to a demand for 148,485 workers.

In addition, one-third of Kentuckians take over 30 minutes to commute each way. This suggests a need for improved transportation infrastructure, especially in areas with longer commute times. Expanding public transportation options, improving road networks, and encouraging remote work could help alleviate traffic congestion and improve commuting times.

Given the prevalence of high commuting times, introducing affordable housing developments near main

employment hubs to reduce commuting distances, which was emphasized by stakeholders during consultation sessions and survey responses.

Stakeholders also noted a need for greater training and outreach to small businesses to understand available resources are tailored economic services to people with disabilities and low-income residents.

Describe any major changes that may have an economic impact, such as planned local or regional public or private sector investments or initiatives that have affected or may affect job and business growth opportunities during the planning period. Describe any needs for workforce development, business support or infrastructure these changes may create.

A variety of federal, state, and private investments will continue to have an impact on the economic development of the state.

First, the introduction of President Biden’s bipartisan Infrastructure Law has allocated \$7 billion to the state. Over 325 specific projects have been identified to receive those fundings. Approximately \$3.9 billion has been announced for transportation—to invest in roads, bridges, public transit, ports and airports – and roughly \$299 million has been announced for clean water and water infrastructure.

The Cabinet for Economic Development also notes that manufacturers in the state have announced approximately 800 facility locations or expansion projects with a reported capital investment of \$28 billion and more than 37,000 additional jobs.

The Cabinet for Economic Development is currently accepting applications for Government Resources Accelerating Needed Transformation funding. This funding, awarded to counties, cities, or non-profit organizations, is intended to support economic development and revitalization across the state including the sectors of retail, agriculture, tourism, and telecommunications.

Overall, these investments will support the State of Kentucky in increasing employment opportunities and connectivity. Outreach and training may be needed to ensure low- and moderate-income people have access to these services and opportunities.

How do the skills and education of the current workforce correspond to employment opportunities in the jurisdiction?

The unemployment rate is low (4.3 percent overall), with a higher rate among younger workers, specifically 5.5 percent for those aged 16-24. This suggests that young workers may be facing challenges in securing employment.

The Health Care and Education Services sector has a high number of jobs (417,800), which indicates that opportunities exist for workers with a range of skills, including those with higher educational credentials, such as health professionals, educators, and administrators.

Retail Trade (211,291 jobs) and Transportation & Warehousing (122,883 jobs) also provide significant employment opportunities, though these may require lower levels of education, particularly for entry-level positions.

Stakeholders noted that people with disabilities and low-income people may need additional services and outreach to ensure they are connected with economic development and workforce opportunities.

Describe any current workforce training initiatives, including those supported by Workforce Investment Boards, community colleges and other organizations. Describe how these efforts will support the jurisdiction's Consolidated Plan.

Through the Kentucky Cabinet for Economic Development, the State of Kentucky is implementing a variety of workforce development initiatives. These programs aim to provide training and resources needed to maintain and retain employment.

Increased funding through the Bluegrass State Skills Corporation: provides employers with training and funds to develop new and existing employees. More than 200 employers have grants and tax credits worth over \$12.6 million that are training nearly 43,000 employees.

- KCTCS TRAINS: Provides funding to colleges to partner with companies to provide employee training and development.
- Improved Training Facilities: Provided over \$200 million in funding to support the training of an additional 30,000 workers each year.
- Apprenticeship Program: Registered apprenticeship model currently training in more than 100 occupations.
- KY FAME: Work and study program that allows students to enroll in college courses and receive on-the-job training in high-tech manufacturing operations.

Does your jurisdiction participate in a Comprehensive Economic Development Strategy (CEDs)?

If so, what economic development initiatives are you undertaking that may be coordinated with the Consolidated Plan? If not, describe other local/regional plans or initiatives that impact economic growth.

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Discussion

KHC and DLG identify the key themes of this section to be as follows:

- Gaps in affordable housing, transportation, and knowledge of existing opportunities serve as a barrier to low- and moderate-income people obtaining and maintaining employment.
- Special populations, particularly low-income people and people with disabilities, may need tailored economic development services.
- Federal, state, and private investments in economic development provide opportunities for low- and moderate-income people to engage and advance in the workforce.

MA-50 Needs and Market Analysis Discussion

Are there areas where households with multiple housing problems are concentrated? (include a definition of "concentration")

In both Wolfe and Pendleton counties, 48 percent of households are experiencing at least one housing cost burden. These counties are considered "concentrations" due to the high proportion of residents facing housing problems, exceeding the 45 percent threshold.

Are there any areas in the jurisdiction where racial or ethnic minorities or low-income families are concentrated? (include a definition of "concentration")

There are 28 census tracts in the State of Kentucky that are designated as Racially or Ethnically Concentrated Areas of Poverty. R/ECAPs must have a non-white population of 50 percent or more. Regarding the poverty threshold, Wilson (1980) defines neighborhoods of extreme poverty as census tracts with 40 percent or more of individuals living at or below the poverty line. Jefferson County contains 19 of the R/ECAP areas.

What are the characteristics of the market in these areas/neighborhoods?

The areas of the state with multiple housing problems are primarily rural, especially in the Appalachian region. Many counties with concentrations of severe cost burden and substandard housing also have poverty and unemployment levels higher than the state average. Counties with higher minority concentrations also generally have higher poverty and unemployment rates.

Are there any community assets in these areas/neighborhoods?

Louisville Metro Parks offers a variety of parks, playgrounds, and outdoor facilities, providing Louisville residents with opportunities for outdoor activities and community events. Jefferson County is also home to the Louisville Public Library system, with multiple branches across the county, offering access to books, computers, and other resources

In addition to these recreational and educational resources, the Jefferson County Public School system operates throughout the county, providing educational programs for the public. Various community centers, such as the West End School and the Shawnee Community Center, offer programs and services for residents of all ages.

Are there other strategic opportunities in any of these areas?

As Jefferson County is majority urban, there are opportunities to improve and develop infrastructure to help the many people living below the poverty line, such as reduced-cost public transportation or after-school programs for those living below the poverty line. Since the population is denser than in rural areas, those programs would reach more people.

MA-60 Broadband Needs of Housing occupied by Low- and Moderate-Income Households - 91.210(a)(4), 91.310(a)(2)

Describe the need for broadband wiring and connections for households, including low- and moderate-income households and neighborhoods.

Per HUD guidance, all Consolidated Plans submitted after January 1, 2018, must address broadband needs within the jurisdiction. Broadband access is often viewed as a means to connect to education, commerce, and a wider community. It is becoming a requirement for all households to effectively engage with markets and resources. Further, for low- and moderate-income households, broadband affordability is an issue.

According to the Five-Year Action Plan of the BEAD Program, the report states affordability is a key factor in internet adoption. The Federal Communications Commission's Affordable Connectivity Program (ACP) provides a \$30 per month subsidy to eligible households and the average cost of a broadband subscription is \$38 so the ACP significantly reduces the cost for LMI households. While Kentucky has over 1000 providers, only 84 participate in the ACP program.

Kentucky has decent broadband access, although it falls short when compared nationwide, with 97.15 percent of Kentuckians having access to three or more providers. In 2024, the Biden-Harris administration approved Kentucky's proposal to request funding and begin implementation of the BEAD program.

Stakeholders also noted that Eastern Kentucky tends to have less broadband access, which creates connectivity issues.

Describe the need for increased competition by having more than one broadband Internet service provider serve the jurisdiction.

There are huge benefits to people living in Kentucky if there is more than one internet service provider. More providers lead to better options for customers, allowing them to choose the provider that best suits their needs. Kentucky is a majority rural state, meaning that some areas can be underserved and lack reliable internet. Multiple providers can enhance those communities, offering better services. According to the BEAD Five-Year Action Plan, while population-dense areas have seen significant investments in upgrades to and expansion of broadband infrastructure, many rural areas have not experienced the same investments due to the economic challenge of delivering service. As the availability of federal and state subsidies have increased in recent years, internet providers are increasingly taking a greater interest in improved infrastructure in rural areas. Kentucky's Broadband Deployment Fund prioritizes deployment of fiber optic infrastructure to areas lacking high-speed internet as well as providing a higher subsidy to construct networks in less dense areas. These priorities align with the priorities of the BEAD program. However, there are still areas of the Commonwealth that have not generated much interest in or competition for grant funds at the current subsidy level. The office will need to identify these areas, the specific barriers, and strategies to overcome the barriers,

which could include adjustment to or waiver of matching requirements, braiding of federal funding sources, consideration of alternative technologies, or other strategies.

MA-65 Hazard Mitigation - 91.210(a)(5), 91.310(a)(3)

Describe the jurisdiction's increased natural hazard risks associated with climate change.

Flooding, already the most frequent and costly natural hazard in Kentucky, may also worsen from climate change. Extreme precipitation events are projected to increase during the 21st century, potentially leading to more frequent and intense floods. This poses significant risks to infrastructure and the economy, as Kentucky's topography and existing infrastructure make it vulnerable to flash flooding events.

According to the USDA Forest Service, populated areas in Kentucky have, on average, greater risk than 72 percent of states in the United States. Counties in eastern Kentucky are particularly vulnerable to wildfires. Populated areas in Breathitt County have, on average, a greater wildfire likelihood than 93 percent of counties in Kentucky and 98 percent of the United States. Furthermore, individuals living in poverty have elevated fire risk and may require additional support in recovering from a disaster. As of 2021, 27.9 percent of Breathitt County residents live in poverty according to the U.S. Census Bureau, a ratio above the national and State average.

Describe the vulnerability to these risks of housing occupied by low- and moderate-income households based on an analysis of data, findings, and methods.

According to the 2022 Kentucky Disaster Recovery Action Plan, the 2021 and 2022 federally declared disasters brought to the forefront the need for more affordable housing outside the flood zone. Low levels or pre-disaster stock in rural areas are particularly relevant to survivors displaced from rural counties who need to be rehoused within a reasonable commuting distance to maintain a connection to employment, healthcare, and school networks.

In addition to the reduction of housing stock, FEMA states that low-income households are vulnerable to disasters, as they have difficulties accessing safe and affordable housing during and after a disaster. The Pre-Disaster Housing Planning Initiative also acknowledges that states often struggle to prioritize and resource pre-disaster planning, which could result in inadequate support for low-income households during emergencies.

As the risk of climate-related hazards increases, so does the vulnerability of low- and moderate-income households. Low- and moderate-income households may not have the means to evacuate hazardous situations or can recover quickly. For instance, low- and moderate-income households may be less likely to carry flood insurance.

According to the Phase II Kentucky Housing Supply Gap Analysis (2024), numerous Kentucky communities were adversely impacted by natural disasters in recent years, with more notable events occurring in December 2021 (severe storms, straight-line winds, flooding and tornadoes) impacting western Kentucky and in July 2022 (flooding) impacting eastern Kentucky. These natural disasters resulted in the damage and destruction of numerous housing units in several counties in both regions. The American Red Cross conducted evaluations in which housing units were inventoried to determine

the number of homes that were destroyed or damaged (both minor and major damage). 16 counties had some inventory of housing that was adversely impacted by the natural disaster. In total, 2,639 units were categorized as either destroyed or had major damage. An additional 1,512 units showed evidence of having minor damage.

In addition, the Federal Reserve Bank of Cleveland issued a report (RESILIENCE AND RECOVERY: Insights from the July 2022 Eastern Kentucky Flood) in 2023 that highlights the fact that floods exacerbate affordable housing shortages. Nearly 9,000 housing units were affected by the flood, with 74 percent of the damage occurring in just four counties (Breathitt, Knott, Letcher, and Perry), comprising 22 percent of their occupied housing units. These points are particularly relevant in these 13 flood-impacted counties where, in 2021, 37 percent of households, including 55 percent of renters, made less than \$25,000 per year. Research finds that low-income households and renters are more likely to suffer permanent displacement because they often have fewer relocation options and lower quality housing may be demolished instead of rebuilt.

Strategic Plan

SP-05 Overview

Strategic Plan Overview

Kentucky's Five-Year Consolidated Plan is a guide for the Commonwealth's use of its federal funding for housing, community development, and economic programs and initiatives. The Strategic Plan outlines the goals, objectives, and specific strategies to work towards those goals and objectives over the next five federal fiscal years.

The Strategic Plan is comprised of 12 sections:

1. Geographic Priorities
2. Priority Needs
3. Influence of Market Conditions
4. Anticipated Resources
5. Institutional Delivery Structure
6. Goals
7. Public Housing
8. Barriers to Affordable Housing
9. Homelessness Strategy
10. Lead-Based Paint Hazards
11. Anti-Poverty Strategy
12. Monitoring

KHC developed the Strategic Plan after reviewing information gathered and analyzed through an extensive consultation process which included:

- Virtual meetings with agencies and organizations
- Public hearings
- Stakeholder/agency/organization surveys
- Needs Assessment and Housing Market Analysis of the Five-Year Consolidated Plan
- Assessment of U.S. Census and other local data that reflect community needs

This strategic plan sets a five-year framework for projects and activities in the state. The state has identified a common set of priority needs for affordable housing and community development. The following regional goals were identified to meet these high-priority needs (in no particular order or ranking):

Goal 1: HOME Homeowner Activities. Increase production of new affordable housing and continue to support the rehabilitation and resale of affordable housing.

Goal 2: HOME Rental Assistance. Increase access to affordable housing through rental assistance.

Goal 3: HOME Multifamily Activities. Increase access to housing by creating or rehabilitating affordable rental housing for low-income individuals.

Goal 4: ESG Activities. Improve a wide range of services and support for persons experiencing homelessness.

Goal 5: HOPWA Activities. Improve housing assistance and related supportive services for low-income persons living with HIV/AIDS and their families.

Goal 6: CDBG Housing. Expand access to affordable housing opportunities for persons of low- and moderate-income.

Goal 7: CDBG Economic Development. Enhance economic stability and prosperity by increasing economic opportunities for residents through job creation, retention, and business assistance.

Goal 8: CDBG Public Facilities. Improve quality of life through funding community projects and foster a revitalization of community structure.

Goal 9: CDBG Services. Maintain funding to Recovery Kentucky programs.

Goal 10: CDBG Public Improvements/Infrastructure. Increase quality of life including water and sewer improvements and flood drainage improvements.

Goal 11: HTF Multifamily Activities. Increase access to affordable rental housing for extremely low-income and very low-income households.

SP-10 Geographic Priorities – 91.215 (a)(1)

Geographic Area

Table 50 - Geographic Priority Areas

1	Area Name:	Non-Entitlement Geographic Area
	Area Type:	Other
	Other Target Area Description:	Other
	HUD Approval Date:	
	% of Low/ Mod:	
	Revital Type:	
	Other Revital Description:	
	Identify the neighborhood boundaries for this target area.	Statewide, except in localities that receive a direct allocation of block grant funds. In most instances, this encompasses 118 of Kentucky's 120 counties, excluding Louisville and Lexington. In some instances, the state may elect to utilize some resources in entitlement areas as described throughout the plan.
	Include specific housing and commercial characteristics of this target area.	See Needs Assessment and Market Analysis.
	How did your consultation and citizen participation process help you to identify this neighborhood as a target area?	This area is the state's participating jurisdiction.
	Identify the needs in this target area.	See Needs Assessment.
	What are the opportunities for improvement in this target area?	See Market Analysis.
Are there barriers to improvement in this target area?	See Needs Assessment, Market Analysis, and Strategic Plan.	

General Allocation Priorities

Describe the basis for allocating investments geographically within the jurisdiction (or within the EMSA for HOPWA)

KHC and DLG do not allocate investments geographically within the state, as funding applications are scored competitively. Individual programs may consider geographic balance when distributing funds as described below. All funds are allocated through competitive funding applications submitted for eligible activities.

CDBG: All cities and counties in Kentucky are eligible for participation in the CDBG Program except 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. The state has established one geographic priority area that encompasses areas of the state that are not entitlement jurisdictions. Most programs allocate only to this geographic area unless special circumstances dictate otherwise. The HTF program has not designated a limited geographic area.

HOME: Based upon demand for available funds, KHC will make every effort to ensure that the HOME funds are disbursed geographically via competitive applications. If deemed appropriate, KHC may discontinue allowing applications for multifamily development projects from certain areas of the state if the area has already received greater funding as compared to other areas of the state. A hold on applications would only continue until KHC could ascertain the demand for funds in all areas of the state. KHC may allocate funds on a contingency basis for natural disasters or emergencies as declared by the governor to be used for TBRA for displaced households.

ESG: Kentucky's allocation must be available to BoS CoC cities and counties or private nonprofit organizations on a competitive basis. As 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. KHC intends to fund eligible applicants representing a broad geographic area in the state.

HOPWA: Eligible applicants are nonprofit agencies and local governments. KHC competitively allocates HOPWA Formula funding to organizations with experience serving persons with HIV/AIDS and their households in three-year cycles, proportionately allocating second- and third-year awards based on the first-year allocation. Application scoring considers the number of reported persons living with AIDS in the applicants' service area according to the Kentucky Department for Public Health, Division of Epidemiology and Health Planning. KHC awards funds with the goal of ensuring awardees' service areas cover all Kentucky counties not part of the Louisville Metro HOPWA service area.

HTF: Funds are allocated to multifamily rental projects for new construction or rehabilitation. There is no restriction on the geographic location of projects funded in the state unless restrictions associated with other funding tied to the project affect location.

SP-25 Priority Needs - 91.215(a)(2)

Priority Needs

Table 51 – Priority Needs Summary

1	Priority Need Name	Rental Assistance
	Priority Level	High
	Population	Extremely Low Low Large Families Families with Children Elderly Individuals Unaccompanied Youth Persons with Physical Disabilities Persons with Alcohol or Other Addictions
	Geographic Areas Affected	Other
	Associated Goals	HOME Rental Assistance Emergency Shelter HOPWA Activities
	Description	TBRA and short-term rental assistance for special needs households.
	Basis for Relative Priority	TBRA assists families at the lowest income levels and assists those who may not qualify for a HCV. HCVs are in short supply, and this activity assists in filling the gap. ESG and HOPWA activities are focused on providing rental assistance to prevent and end homelessness.
	2	Priority Need Name
Priority Level		High
Population		Extremely Low Low Moderate
Geographic Areas Affected		Other

	Associated Goals	HOME Homeowner Activities HOME Multifamily Activities CDBG Housing
	Description	Production of new rental or homeowner-occupied affordable housing.
	Basis for Relative Priority	There continues to be a high need for affordable rental housing throughout the state. According to the 2024 Phase I Kentucky Housing Gap analysis, the statewide housing gaps are concentrated among product affordable to the lowest income households with 60,385 units, or 59.4%, of the statewide rental gap for households earning up to 30% of AMI. The next largest rental housing gaps are for product affordable to households earning between 31% and 50% of AMI (19,161 units, 18.9% of the statewide rental gap) and product affordable to households earning between 51% and 80% of AMI (13,211 units, 13.0% of the statewide rental gap). In addition, especially in rural areas, families prefer to own their home rather than rent. The production of affordable owner-occupied housing remains a need.
3	Priority Need Name	Rehabilitation of Affordable Housing
	Priority Level	High
	Population	Extremely Low Low Moderate
	Geographic Areas Affected	Other
	Associated Goals	HOME Homeowner Activities HOME Multifamily Activities CDBG Housing Housing Trust Fund Multifamily Activities
	Description	Rehabilitation of existing affordable rental housing and owner-occupied housing.
	Basis for Relative Priority	There is a need to rehabilitate existing single-family housing stock for resale to low- and moderate-income homebuyers. Lack of energy efficiency directly contributes to housing cost burden.
4	Priority Need Name	PSH
	Priority Level	High

	Population	Extremely Low Low Families with Children Chronic Homelessness Chronic Substance Abuse veterans Persons with HIV/AIDS Persons with Mental Disabilities Persons with Physical Disabilities Persons with Developmental Disabilities Persons with Alcohol or Other Addictions Persons with HIV/AIDS and their Families Victims of Domestic Violence
	Geographic Areas Affected	Other
	Associated Goals	HOME Rental Assistance HOME Multifamily Activities Emergency Shelter HOPWA Activities
	Description	Provision of PSH with adequate support to ensure successful occupancy.
	Basis for Relative Priority	According to the 2024 Phase II Kentucky Housing Gap analysis, the state has a PSH gap of 6,871, with the vast majority (98.6 percent) for individuals, as opposed to families. Most of this overall gap (4,658, or 67.8 percent of the state total) is in the Louisville-Jefferson County CoC. PSH is needed for vulnerable populations, including people with disabilities, people recovering from substance abuse, people with other health issues, persons who are chronically homeless, and individuals and families at risk of becoming homeless. The intent of such housing is to improve housing stability, empower residents to live independently, and to enable seniors to age in place. With vacancy at historically low levels and rents increasing, affordable rental housing is in high demand and difficult for low-income households to access. TBRA and RRH resources ensure that low-income households, including households experiencing homelessness, can access rental housing and not be cost-burdened.
5	Priority Need Name	Rapid Rehousing
	Priority Level	High

	Population	Extremely Low Low Moderate Families with Children Rural Individuals Mentally Ill Chronic Substance Abuse veterans Victims of Domestic Violence Persons with Mental Disabilities Persons with Physical Disabilities Persons with Developmental Disabilities
	Geographic Areas Affected	Other
	Associated Goals	Emergency Shelter
	Description	Assistance to rapidly re-house persons experiencing homelessness with supportive case management.
	Basis for Relative Priority	In 2023, 4,766 persons experienced homelessness in Kentucky. Data indicate that households that are re-housed rapidly have a higher housing success rate. Implementing quick re-housing allows for reaching the target population, reduce barriers, and keeping participants engaged throughout lease-up.
6	Priority Need Name	Emergency Shelter Grant Activities
	Priority Level	High

	Population	Extremely Low Low Rural Chronic Homelessness Individuals Families with Children Mentally Ill Chronic Substance Abuse veterans Persons with HIV/AIDS Victims of Domestic Violence Unaccompanied Youth Persons with Mental Disabilities Persons with Physical Disabilities Persons with Developmental Disabilities
	Geographic Areas Affected	Other
	Associated Goals	Emergency Shelter
	Description	Provide quality emergency shelters for individuals and families experiencing homelessness with essential services for shelter residents; rapidly link shelter residents to permanent housing solutions.
	Basis for Relative Priority	Identifying and assisting the persons who are unsheltered or a living in places unfit for human habitation and those experiencing chronic homelessness.
7	Priority Need Name	Homelessness Outreach
	Priority Level	High

	Population	Extremely Low Rural Chronic Homelessness Individuals Families with Children Mentally Ill Chronic Substance Abuse veterans Persons with HIV/AIDS Victims of Domestic Violence Persons with Mental Disabilities Persons with Physical Disabilities Persons with Developmental Disabilities
	Geographic Areas Affected	Other
	Associated Goals	Emergency Shelter
	Description	Outreach to persons experiencing homelessness.
	Basis for Relative Priority	Identifying and assisting persons who are unsheltered or living in places unfit for human habitation and those experiencing chronic homelessness.
8	Priority Need Name	Prevention of Homelessness
	Priority Level	High
	Population	Extremely Low Low Moderate Rural Individuals Families with Children Mentally Ill Chronic Substance Abuse veterans Persons with HIV/AIDS Victims of Domestic Violence

	Geographic Areas Affected	Other
	Associated Goals	Emergency Shelter
	Description	Preventing families on the verge of homelessness from becoming literally homeless by providing housing-focused case management or housing assistance as necessary.
	Basis for Relative Priority	Homelessness prevention is preferable to literal homelessness. Once an individual or family becomes homeless, a myriad of problems result.
9	Priority Need Name	Homebuyer Rehabilitation and Development
	Priority Level	High
	Population	Extremely Low Low Moderate
	Geographic Areas Affected	Other
	Associated Goals	HOME Homeowner Activities CDBG Housing
	Description	New construction and acquisition/rehabilitation/resale of single-family housing units for sale to low- and moderate-income homebuyers. HOME lease and purchase acquisitions will also be permitted.
	Basis for Relative Priority	As outlined in the Housing Gap Analysis reports, needs assessment, market analysis, and citizen and stakeholder feedback, there's an increasing need for additional affordable homeownership opportunities statewide. The development of energy-efficient housing for low- and moderate-income homebuyers stabilizes families housing costs. Such homebuyer activities also reinvest in Kentucky neighborhoods and help increase home equity for neighboring homeowners. The need for housing and related housing services is especially high for extremely low-income, low-income, and moderate-income population.
10	Priority Need Name	Public Facilities
	Priority Level	High

	Population	Non-housing Community Development
	Geographic Areas Affected	Other
	Associated Goals	CDBG Public Facilities
	Description	May include Senior Centers, Handicapped Centers, Homeless Facilities, Youth Centers, Childcare Centers, Neighborhood Facilities, Parks and Recreational Facilities, or Facilities for Special Needs Populations.
	Basis for Relative Priority	CDBG Funding is a major source of funds in the state for these facilities through the Department for Local Government (DLG).
11	Priority Need Name	Public Improvements/Infrastructure
	Priority Level	High
	Population	Non-housing Community Development
	Geographic Areas Affected	Other
	Associated Goals	CDBG Public Improvement/Infrastructure
	Description	CDBG Public Improvements/Infrastructure
	Basis for Relative Priority	May include Water/Sewer Improvements and Flood Drainage Improvements
12	Priority Need Name	Public Services
	Priority Level	High
	Population	Non-housing Community Development
	Geographic Areas Affected	Other
	Associated Goals	CDBG Services
	Description	Services for Recovery Kentucky.

	Basis for Relative Priority	DLG limits its public services funding to Recovery Kentucky programs statewide.
13	Priority Need Name	Economic Development
	Priority Level	High
	Population	Non-housing Community Development
	Geographic Areas Affected	Other
	Associated Goals	CDBG Economic Development
	Description	Economic development activities, activities that create or retain jobs or businesses.
	Basis for Relative Priority	Economic development is an important activity to revitalize communities.
14	Priority Need Name	Other Housing or Service Needs
	Priority Level	High
	Population	Extremely Low Low Moderate Large Families Families with Children Elderly Rural Chronic Homelessness Individuals Families with Children Mentally Ill Chronic Substance Abuse veterans Persons with HIV/AIDS Victims of Domestic Violence Unaccompanied Youth

Geographic Areas Affected	Other
Associated Goals	Emergency Shelter HOPWA Activities
Description	Focused on other housing and service needs for special needs programs, such as short-term mortgage assistance and service needs for HOPWA-eligible households and street outreach, housing-focused case management, and homelessness prevention, for persons experiencing or at risk of homelessness under ESG.
Basis for Relative Priority	Persons with HIV/AIDS are need of housing supports to help them remain in their homes. Supportive services and case management are in high demand. In addition, street outreach and housing-focused case management provided to persons experiencing homelessness aids in moving them from unsheltered to sheltered. Homelessness prevention activities assist in stabilizing households before they become homeless.

Narrative (Optional)

N/A

SP-30 Influence of Market Conditions – 91.215 (b)

Influence of Market Conditions

Affordable Housing Type	Market Characteristics that will influence the use of funds available for housing type
Tenant Based Rental Assistance (TBRA)	HCVs statewide, including those administered by KHC, are in very short supply. According to the 2024 Phase II Kentucky Housing Gap analysis, the lack of available rentals may attribute to cost burden housing situations, substandard housing, and inability of HCV holders to use their vouchers. Waiting lists are very long. TBRA provided under the HOPWA program is in high demand, as the population assisted by this program prefer to live independently in their home communities. HOME TBRA provides vital gap funding while persons await permanent vouchers. HOME TBRA may be provided through a disaster contingency allocation in the event of a natural disaster or emergency declared by the governor. TBRA funding is also vital to assist victims of domestic violence and other special need populations to locate housing quickly. The TBRA program allows persons who might not qualify for a HCV to access assistance.
TBRA for Non-Homeless Special Needs	See above.
New Unit Production	Across Kentucky, there is a shortage of rental homes affordable and available to extremely low-, low-, moderate-income households. Preservation of affordable housing is most important for extremely low- and low-income households. According to the 2024 Housing Gap Analysis, there’s a shortage of 60,385 rental homes that are affordable and available for extremely low-income renters.
Rehabilitation	There is a continuing need for owner- and rental-occupied rehabilitation based on feedback from stakeholders collected in the stakeholder survey and consultations.
Acquisition, including preservation	Many rental projects are nearing the end of their required affordability period and owners may wish to divest themselves of the housing and allow a new owner to acquire the units to rehabilitate and renew the affordability period. Homeowner housing opportunities may also be created by the acquisition and rehabilitation of single-family homes.

Table 52 – Influence of Market Conditions

Demographics	Base Year: 2012	Most Recent Year: 2022	% Change
Population	4,340,167	4,502,935	4%
Households	1,691,716	1,769,102	10%
Median Income	\$42,610	\$60,183	41%

Data Source: 2000 Census (Base Year), 2018-2022 ACS (Most Recent Year)

Housing Needs Assessment Demographics

SP-35 Anticipated Resources - 91.215(a)(4), 91.220(c)(1,2)

Introduction

Kentucky is expected to receive a total of \$49,906,801.50 million in federal funding in 2025–2026 to be used for the needs of non-entitled communities in Kentucky.

These funds will be used to address many different needs statewide as determined by the units of local government. The Commonwealth does not formally place any other resources to be used directly with these funds but rather allows the local government to package their own projects, which could include the use of other federal resources and state, local, and private funding. In all programs requiring match, the requirement is met.

Anticipated Resources

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
CDBG	public - federal	Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services	25,988,523	0	0	25,988,523	103,954,092	DLG expects to fund projects in non-entitlement areas of the state. Priorities include: CDBG Housing

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	
			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	12,173,105	116,338	0	12,289,443	52,692,421	HOME funds address affordable housing needs.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	
			Annual Allocation: \$	Program Income: \$	Prior Year Resources : \$	Total: \$		
HOPW A	public - federal	Permanent housing in facilities Permanent housing placement Short term or transitional housing facilities STRMU Supportive services TBRA	1,442,662	0	0	1,442,662	5,770,648	Grant from U.S. Department of Housing and Urban Development

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	
			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	2,666,606	0	0	2,666,606	10,666,424	Grant from U.S. Department of Housing and Urban Development

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	
			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	3,134,373	0	0	3,134,373	12,537,493	Housing Trust Fund, multifamily housing for extremely low-income

Table 53 - Anticipated Resources

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 most of our recipients—nonprofits, private developers, and units of local government—have contributed a large amount of matching funds with their projects. In the past, HOME, Affordable Housing Trust Fund, and Rural Housing Trust Fund recipients have provided enough matching funds annually to allow the state to carry match forward to future years. In addition, 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.

There are several block grant programs that 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 or leverage to be eligible for funding. For example, KHC encourages all HOME Program applicants match their total HOME request with at least 10 percent of HOME-eligible matching sources, and points awarded to applications may be based in part on matching funds and leverage. Applicants are also encouraged to contribute additional funds to their project, including, but not limited to, bank loans and other state and federal grants and loans.

KHC and DLG encourage applicants to utilize several sources of funds from the private sector, state programs and local programs to assist in meeting HUD matching requirements to increase the amount of funds available to provide affordable housing.

Each ESG recipient must match the funding provided by ESG with an equal value of contributions from other sources. These funds must be provided after the date of the grant award. In calculating matching funds, 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. It is anticipated that matching funds will come from a variety of sources, both public and private. Each sub-recipient of ESG funds will be required to match their allocation at a one-to-one level or higher. Since many agencies can use in-kind donations of both goods and services as well as cash contributions, the Kentucky State ESG program may access enough matching funds.

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. 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. Kentucky's CDBG Small Cities Small Program is fortunate that most recipients contribute some amount of matching funds.

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

Cities and counties may contribute public land to a CDBG project.

Discussion

Continued information about match requirements:

In general, CDBG applicants receive higher priority for funding if they provide matching funds. Kentucky's CDBG Small Cities Small Program is fortunate that most recipients contribute some amount of matching funds. Guidelines for the Recovery Housing program are in progress. There

is no matching funds requirement for National HTF (NHTF) project applicants. However, because these funds are 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. The amount of non-federal funding associated with most projects will be higher than the amount of HTF funding allocated to the project.

The Commonwealth of Kentucky adheres to the match requirements for CDBG, HOME and ESG. The match requirements by program are as follows:

CDBG: After the first \$100,000, the Commonwealth matches, dollar for dollar, all eligible administrative expenses.

HOME: HOME funds are used in conjunction with the Commonwealth's Affordable Housing Trust Fund and Rural Housing Trust Fund dollars. KHC also tracks other eligible match sources allowed by program regulations.

ESG: Funds are matched in an amount that equals the fiscal year grant amount for ESG.

These match practices will be continued through the duration of the 2025 to 2029 Consolidated Planning period.

KHC is the designated administrator of the federal LIHTC program, governed by Section 42 of the Internal Revenue Code of 1986, as amended (Code), and all Treasury regulations, for the Commonwealth of Kentucky. This program is coordinated with HOME and other funding, including state Affordable Housing Trust Fund, state Rural 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 and financing through KHC by way of a consolidated application.

SP-40 Institutional Delivery Structure – 91.215(k)

Explain the institutional structure through which the jurisdiction will carry out its consolidated plan including private industry, non-profit organizations, and public institutions.

Responsible Entity	Responsible Entity Type	Role	Geographic Area Served
KENTUCKY HOUSING CORPORATION	Government	Homelessness Non-homeless special needs Ownership Planning Rental	State
KENTUCKY, COMMONWEALTH OF (CDBG GRANT PAYMENTS ONLY)	Government	Economic Development Planning neighborhood improvements public facilities public services	State
Kentucky Balance of State Continuum of Care	Government	Homelessness Planning	State

Table 54 - Institutional Delivery Structure

Assess of Strengths and Gaps in the Institutional Delivery System

KHC and DLG partners with numerous entities to deliver the housing and economic development activities under the Consolidated Plan. Since these entities have not yet been awarded funding under the plan, they cannot all be named. Included in the delivery structure in this section are KHC and DLG, along with some of the state agencies who already partner with KHC and DLG under existing programs that are expected to continue under this plan. Both KHC and DLG depend on the active participation of partners to accomplish the overall goals of these programs.

KHC and DLG will continue to partner with a diverse number of entities from private industry, non-profit organizations, local governments, and public institutions in carrying out activities under the Consolidated Plan. DLG works with eligible units of local government in distributing CDBG funds. KHC is responsible for the administration of HOME, ESG 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. In addition to entities that receive funding under the Consolidated Plan programs, KHC and DLG consult with state agencies, local governments, federal agencies, and many other entities that serve the same populations assisted under these

programs. KHC is the coordinating entity for the BoS CoC., encompassing 118 of Kentucky's 120 counties.

KHC administers numerous housing programs as well as statutory housing committees, all of which enhance the coordination of programs and assistance statewide. KHC administers the HCV program in counties where there is no local housing authority. KHC works 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 is attended by hundreds of representatives of various housing and related service organizations.

KHC coordinates the state’s Housing Policy Advisory Committee and Kentucky Interagency Council on Homelessness. Many private housing developers utilize the Housing Credit Program as well as other federal and state housing programs for the development of affordable rental housing across the state. Likewise, KHC continues to maintain relationships with several private developers who utilize HOME funds to provide homeownership opportunities for low-income Kentuckians. KHC works with over 250 private lending institutions in the origination and processing of KHC mortgages. The statewide lender network enables lower-income families the opportunities to access KHC’s loan products.

Availability of services targeted to homeless persons and persons with HIV and mainstream services

Homelessness Prevention Services	Available in the Community	Targeted to Homeless	Targeted to People with HIV
Homelessness Prevention Services			
Counseling/Advocacy	X	X	X
Legal Assistance		X	
Mortgage Assistance			X
Rental Assistance	X	X	X
Utilities Assistance	X	X	X
Street Outreach Services			
Law Enforcement			
Mobile Clinics		X	
Other Street Outreach Services		X	
Supportive Services			
Alcohol & Drug Abuse			
Child Care	X	X	X
Education	X	X	

Employment and Employment Training	X	X	
Healthcare	X	X	
HIV/AIDS	X	X	X
Life Skills	X	X	
Mental Health Counseling	X	X	X
Transportation	X	X	
Other			

Table 55 - Homeless Prevention Services Summary

Describe how the service delivery system including, but not limited to, the services listed above meet the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth)

The End HIV Kentucky Integrated Prevention and Care Plan (“Integrated Plan”) establishes the framework for HIV prevention and care during 2022-2026. The Integrated Plan is a culmination of over three years of work with entities across the State of Kentucky to develop a shared vision for integrative HIV prevention and care. The Integrated Plan builds off Kentucky’s 2020 EHE planning process and is aligned with the updated NHAS.

The Community Advocates for Resources and Empowerment program provides safe shelter, housing navigation, harm reduction, medical support, mental health support, pet care and assisting with legal documentation.

There are several organizations and agencies providing HIV care and prevention services in Kentucky, according to the Kentucky HIV/AIDS Integrated Epidemiological Profile 2022 produced by the Kentucky CHFS Department for Public Health HIV/AIDS Section.

In addition, KHC uses the lists of existing homeless services to maintain a Community Resource Guide. This guide is made available on KHC’s site to persons seeking assistance and to service agencies that provide aid (www.kyhousing.org). To ensure the publication’s accuracy, KHC solicits updates and makes changes regularly on the web site.

KHC serves as the collaborative applicant and lead agency for the 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. The criteria also adopts 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.

According to recent (2024) guidance, all projects funded in the KY BoS CoC will:

- Promote community-wide commitment to ending homelessness.
- Rapidly rehouse homeless individuals and families while minimizing trauma caused by homelessness.
- Eliminate barriers to program and housing entry.

- Provide access to mainstream benefits programs.
 - Optimize housing stability and resiliency among all program participants.
- PSH projects funded through the 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.

The KY BoS CoC policy priorities reflect a commitment to the priorities set by HUD. The KY BoS CoC's policy priorities are rooted in its commitment to developing a homeless response system that ensures homelessness is rare, brief, and non-recurring via the following:

The KY BoS CoC continues to utilize its Coordinated Entry System, called Any Door Kentucky, 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.

Describe the strengths and gaps of the service delivery system for special needs population and persons experiencing homelessness, including, but not limited to, the services listed above

KHC administers numerous programs that assist special needs populations and homeless persons. Because of KHC's role, programs are better able to coordinate funding, goals, and application deadlines to ensure the programs are effective.

KHC is the lead agency for the KY BoS CoC, encompassing 118 of Kentucky's 120 counties. All three of the state's CoC regions (BoS, Lexington, and Louisville) also coordinate and work across boundaries. The KY BoS CoC has fully implemented its Coordinated Entry System, called Any Door Kentucky, 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.

ZeroV (formerly the Kentucky Coalition Against Domestic Violence) and its member agencies are essential partners of all three CoCs in Kentucky and serve persons experiencing homelessness who are survivors of domestic violence. The CoCs also partner with Community Mental Health Centers, who provide PATH services and Assertive Community Treatment (ACT) teams under the leadership of the

Department for Behavioral Health, Developmental and Intellectual Disabilities. Homeless services providers also partner with the US Department of Veterans Affairs to link veterans experiencing homelessness to SSVF and VASH programs.

HOPWA grantees are encouraged to participate in the CoC system where they may be more successful in combining housing and services with other providers who may serve the same or similar populations. HOPWA Care Coordinator Regions have been established by the CHFS. The CHFS administers the Olmstead Housing Initiative, which provides housing and services to persons with severe mental illness.

The CHFS also provides housing and services to youth aging out of foster care via the Chafee Room and Board program. The John Chafee Independence Program is a federally funded program designed to teach youth aged twelve (12) and over who are in out of home care or who were formerly in care, the skills they need to be self-sufficient when they leave care.

Provide a summary of the strategy for overcoming gaps in the institutional structure and service delivery system for carrying out a strategy to address priority needs

KHC and DLG continue to undertake activities to strengthen partnerships and close gaps. These activities include, but are not limited to:

The KY BoS CoC Board (also referred to as the CoC Board) is the primary planning body for the KY BoS CoC. Its members are responsible for making recommendations on policy decisions and approve the project evaluation process and completion of the KY BoS CoC application for HUD funding. Members include housing and homeless service providers, funders, advocates, and a representative from every KY BoS CoC Homeless Planning Region.

KICH is composed of representation from state government, nonprofit and advocacy agencies and consists of the following members: the secretary of the CHFS; the executive director of the Homeless and Housing Coalition of Kentucky; the chief executive officer of the Kentucky Housing Corporation; the commissioner of the Kentucky Department of Veterans' Affairs; the secretary of the Justice and Public Safety Cabinet; the secretary of the Education and Workforce Development Cabinet; the secretary of the Transportation Cabinet; the executive director of the Administrative Office of the Courts; the state budget director; a representative from the Kentucky Housing Association, representing public housing authorities (PHAs), appointed by the Governor for a two-year term; and an individual who has previously experienced homelessness and addiction, appointed by the Governor for a two-year term. The KICH Steering Committee consists of representatives of the Executive Committee, state government agencies, homeless advocates, and service providers representing all three CoCs in Kentucky.

Serve Kentucky, formerly the Kentucky Commission on Community Volunteerism and Service, is a statewide, bipartisan group of up to 25 members, appointed and re-appointed by the governor, with diverse service and volunteerism backgrounds. Serve Kentucky currently administers more than 22 AmeriCorps program grants with more than \$14.8 million in federal funds, along with supporting other community service programs across the Commonwealth.

SP-45 Goals Summary – 91.215(a)(4)

Goals Summary Information

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	HOME Homeowner Activities	2025	2029	Affordable Housing	Non-Entitlement Geographic Area	Production of New Affordable Housing Rehabilitation of Affordable Housing Homebuyer Rehabilitation and Development	HOME: \$16,750,000	Homeowner Housing Added: 175 Household Housing Unit Homeowner Housing Rehabilitated: 10 Household Housing Unit
2	HOME Rental Assistance	2025	2029	Affordable Housing	Non-Entitlement Geographic Area	Rental Assistance PSH	HOME: \$10,000,000	Tenant-based rental assistance / Rapid Rehousing: 2250 Households Assisted

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
3	HOME Multifamily Activities	2025	2029	Affordable Housing	Non-Entitlement Geographic Area	Production of New Affordable Housing Rehabilitation of Affordable Housing PSH	HOME: \$29,458,190	Rental units constructed: 60 Household Housing Unit Rental units rehabilitated: 40 Household Housing Unit
4	Emergency Shelter	2025	2029	Homeless	Non-Entitlement Geographic Area	Rental Assistance PSH Rapid Rehousing Emergency Shelter Grant Activities Homelessness Outreach Prevention of Homelessness Other Housing or Service Needs	ESG: \$13,333,030	Tenant-based rental assistance / Rapid Rehousing: 885 Households Assisted Homeless Person Overnight Shelter: 12500 Persons Assisted Homelessness Prevention: 375 Persons Assisted

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
5	HOPWA Activities	2025	2029	Non-Homeless Special Needs	Non-Entitlement Geographic Area	Rental Assistance PSH Other Housing or Service Needs	HOPWA: \$7,213,310	Tenant-based rental assistance / Rapid Rehousing: 150 Households Assisted Other: 750 Other
6	CDBG Housing	2025	2029	Affordable Housing	Non-Entitlement Geographic Area	Production of New Affordable Housing Rehabilitation of Affordable Housing Homebuyer Rehabilitation and Development	CDBG: \$16,767,860	Homeowner Housing Rehabilitated: 150 Household Housing Unit
7	CDBG Economic Development	2025	2029	Non-Housing Community Development	Non-Entitlement Geographic Area	Economic Development	CDBG: \$22,584,650	Businesses assisted: 35 Businesses Assisted
8	CDBG Public Facilities	2025	2029	Non-Housing Community Development	Non-Entitlement Geographic Area	Public Facilities	CDBG: \$44,173,310	Other: 175000 Other
9	CDBG Services	2025	2029	Recovery Kentucky Services	Non-Entitlement Geographic Area	Public Services	CDBG: \$13,000,000	Other: 5500 Other

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
10	CDBG Public Improvement/Infrastructure	2025	2029	Non-Housing Community Development	Non-Entitlement Geographic Area	Public Improvements/Infrastructure	CDBG: \$29,018,515	Other: 150000 Other
11	Housing Trust Fund Multifamily Activities	2025	2029	Affordable Housing	Non-Entitlement Geographic Area	Rehabilitation of Affordable Housing	HTF: \$15,671,866	Rental units rehabilitated: 100 Household Housing Unit

Table 56 – Goals Summary

Goal Descriptions

1	Goal Name	HOME Homeowner Activities
	Goal Description	Down payment and first mortgage assistance; owner-occupied rehabilitation, owner-occupied new construction.
2	Goal Name	HOME Rental Assistance
	Goal Description	TBRA.
3	Goal Name	HOME Multifamily Activities
	Goal Description	Rehabilitation of rental housing with or without acquisition; new construction.

4	Goal Name	Emergency Shelter
	Goal Description	Emergency shelter facilities, rapid-rehousing, homeless prevention, and other eligible ESG program activities.
5	Goal Name	HOPWA Activities
	Goal Description	Short Term Rental, Mortgage, and Utility assistance and services to allow persons with HIV/AIDs to retain housing. TBRA to help clients obtain permanent housing. Supportive services to provide needed counseling assistance with childcare, nutritional classes, etc. Permanent housing placement to pay for first month's rent and deposits to obtain housing. Housing information services to assist clients with information needed to obtain housing.
6	Goal Name	CDBG Housing
	Goal Description	Assistance for construction, rehabilitation, or homebuyer assistance for single family and multifamily affordable housing.
7	Goal Name	CDBG Economic Development
	Goal Description	Enhance economic stability and prosperity by increasing economic opportunities for residents through job creation and other strategies to assist businesses.
8	Goal Name	CDBG Public Facilities
	Goal Description	Eligible CDBG public facilities (i.e., Senior Centers).
9	Goal Name	CDBG Services
	Goal Description	Eligible CDBG public services for Recovery Kentucky.
10	Goal Name	CDBG Public Improvement/Infrastructure
	Goal Description	Water, wastewater and drainage projects.

11	Goal Name	Housing Trust Fund Multifamily Activities
	Goal Description	New construction or rehab of affordable rental properties

Estimate the number of extremely low-income, low-income, and moderate-income families to whom the jurisdiction will provide affordable housing as defined by HOME 91.315(b)(2)

KHC and DLG expect to provide affordable housing to extremely low-income, low-income, and moderate-income families over the next five years using the following resources available under HOME, ESG, HOPWA, NHTF, and CDBG:

KHC: • HOME Homeowner Activities: o 175 Household Housing Units Added o 10 Household Housing Units Rehabilitated • HOME Rental Assistance: o 2,250 Households Assisted (TBRA/RRH) • HOME Multifamily Activities: o 60 Household Rental Units Constructed o 40 Household Rental Units Rehabilitated • Emergency Shelter Grant (ESG): o 885 Households Assisted (TBRA/RRH) o 12,500 Homeless Persons Assisted Overnight Shelter o 375 Persons Assisted with Homeless Prevention • HOPWA: o 150 Households Assisted (TBRA/RRH) o 750 Other Assistance

DLG: • CDBG Housing o 150 Household Housing Units Rehabilitated • Housing Trust Fund (HTF) o 100 Household Rental Units Rehabilitated Funding is expected to be awarded to projects in non-entitlement areas of the state unless KHC determines that a portion of funding is needed to supplement projects in entitlement areas.

SP-50 Public Housing Accessibility and Involvement – 91.215(c)

Need to Increase the Number of Accessible Units (if Required by a Section 504 Voluntary Compliance Agreement)

Not applicable.

Activities to Increase Resident Involvements

The Family Self-Sufficiency (FSS) Program, administered by KHC to HCV program participants, provides supportive services to participants who possess a HCV when they sign a five-year contract of participation. The objective 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.

Is the public housing agency designated as troubled under 24 CFR part 902?

N/A

Plan to remove the 'troubled' designation

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

SP-55 Barriers to affordable housing – 91.215(h)

Barriers to Affordable Housing

As stated in the Needs Assessment and Market Analysis, the Housing Supply Gap report indicates a substantial gap of affordable housing for low- and moderate-income populations. The report suggests severe housing cost burden and the growing population contribute to the supply gap.

Stakeholders emphasized through consultations sessions that there exist noted barriers to affordable housing development. The key themes that emerged from consultations regarding existing barriers to the creation of more affordable housing units.

- NIMBYism and a negative perception of renters.
- Prohibitive federal requirements, including Section 3 and environmental reviews.
- Housing stock that is unsuitable for rehabilitation due to quality issues.

In addition, the Consolidated Plan Stakeholder survey asked respondents what they believe the biggest barrier to affordable housing development is in the state. Listed below are their top three answers.

- High cost of development.
- Lack of political will or support.
- Lack of incentives for developers.

Strategy to Remove or Ameliorate the Barriers to Affordable Housing

Action steps to remove or ameliorate the barriers to affordable housing are listed above following each impediment to fair housing choice. Other strategies related to market conditions are included in the recommendations in such recent housing needs assessment and planning documents.

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

- 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 KICH and other stakeholders to develop a legislative agenda to address these barriers.
- 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.
- Lack of a uniform landlord-tenant law statewide in Kentucky has been seen as an issue. Advocacy groups are working to enact a statewide law that would protect renters and landlords alike.

SP-60 Homelessness Strategy – 91.215(d)

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 118-county BoS 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 was made available across the state. KHC will continue to work closely with KICH, CoC agencies and other state agencies 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 and transitional housing needs of homeless persons

While connecting people experiencing homelessness with stable, permanent housing is the goal of the KY BoS CoC's efforts, crisis housing through the provision of emergency shelter and transitional housing remains an essential component to the CoC's crisis response system.

KHC provides funding to more than 20 emergency shelters each year to support shelter operations (e.g., shelter maintenance, repairs, rent, insurance) and supportive services, which includes case management services to connect participants as quickly as possible to permanent housing.

In addition to the emergency shelters funded through ESG, the CoC has established relationships with more than 50 non-funded shelters across the BoS. These shelters participate in the annual point-in-time count and are offered training opportunities provided by KHC on shelter best practices. Non-funded shelters are also encouraged to participate in the CoC's CES to connect participants with housing resources funded through the CoC, ESG, VA Supportive Services for Veteran Families, and the U.S. Department of Health and Family Services RHY programs.

In recent ESG funding rounds, KHC has allocated additional funding to Street Outreach to better identify people experiencing unsheltered homelessness and connect them with shelter while permanent housing is obtained. The CoC also partners with street outreach programs provided through the VA and PATH.

Shelters are encouraged to reduce barriers to shelter entry (e.g., broad background checks, sobriety, having income) and to eliminate unnecessary rules for staying in the shelter. Shelters have been

provided training through the National Alliance to End Homelessness Emergency Shelter Learning Series as well as

free in-person and virtual housing-focused case management training provided through national technical assistance providers.

See the continuation of this narrative in the Appendix in AD-25.

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 and by working with the CoC to identify agencies to apply for new CoC RRH and PSH projects, resources are becoming better aligned with the need to reduce the time individuals and families remain homeless as well as giving them access to sustainable, permanent housing options. Kentucky has a variety of services and housing that assist homeless veterans. Through the Kentucky Interagency Council on Homelessness, it has been successful in identifying resources and gaps in veterans' assistance. In addition, service providers are being linked with organizations serving veterans, both private (local SSVF programs) and public (VA Service Centers). With 14 VASH programs and five SSVF programs operating in Kentucky, the services to veterans have never been more accessible. Both the KY BoS CoC and ESG applications also provide scoring incentives for agencies targeting persons experiencing chronic homelessness.

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

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

KHC is also partnering with HUD to take steps to end veteran homelessness in Kentucky. KHC has dedicated housing assistance for 100 homeless Kentucky veterans through the Veterans Emerging Towards Transition (VETT) Program. Through the VETT program, KHC prefers 100 HCVs 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.

As a PHA, KHC has successfully deployed specialized housing vouchers across the 118-county BoS to serve persons experiencing or who have experienced homelessness, including Mainstream Vouchers, Emergency Housing Vouchers, and Stability Vouchers. KHC employs a Housing Connector Team to help

households use these vouchers by providing housing navigation services, housing-focused case management, and assistance with required paperwork, including recertifications.

Help low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families who are likely to become homeless after being discharged from a publicly funded institution or system of care, or who are receiving assistance from public and private agencies that address housing, health, social services, employment, education or youth needs

Under the ESG program, the state continues to allow funds to be allocated to Homelessness Prevention.

Add text

The CoC collaborates with CHFS, which implements discharge planning for youth who age out of foster care. Independent living coordinators and Cabinet social workers develop a transition plan help to identify appropriate, sustainable housing options prior to discharge from foster care, giving them access to stable housing through age 21.

Discharge planning efforts from health-care facilities in Kentucky takes place according to the healthcare venue 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 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. Most persons discharged from state psychiatric hospitals return to their own home.

The CHFS Department for Behavioral Health, Developmental and Intellectual Disabilities to serve this population via the OHI, a 36-month bridge program that enables participants to become leased in permanent housing. Participants who cannot find permanent housing options in the 36-month time frame may continue OHI assistance upon approval of DBHDID until permanent housing can be secured. The goal of this initiative is to address a pressing need for housing for people who are currently in, or at risk of entering, institutions, such as psychiatric hospitals or personal care homes, or who have a history of frequent institutionalizations. By moving individuals from institutional settings to living independently

in communities of their choice, Kentucky can better serve this population and implement the mandates of the Olmstead Supreme Court decision. OHI assistance comes in the form of rental assistance, payment of security and utility deposits directly to landlords and utility companies for individuals receiving OHI housing vouchers.

The Department of Corrections discharge policy and procedures ensure every effort to secure safe housing for offenders prior to release. The first option is to determine if the individual can return to his/her home then to consider housing options with family or friends. Many offenders recognize that returning home may not allow them to be successful, and they choose to secure a home placement in a transitional living program. The transitional housing has specific requirements and seeks to assist the offender in his/her reentry process. Offenders often return to home placements with family or friends. The Department of Corrections works directly with contracted halfway houses and transitional housing placements when a family member or friend is not available to support the offenders' transition into the community. The Recovery Kentucky program assists persons with addictions. The centers are funded by DLG, KHC, the Department of Corrections, and other funds, and are expected to assist more than 2,200 persons this year. CDBG services funding and KHC rental assistance funding support more than 18 centers across the state.

SP-65 Lead based paint Hazards – 91.215(i)

Actions to address LBP hazards and increase access to housing without LBP hazards

Both KHC and DLG have a commitment to ensure that recipients of HOME, CDBG, ESG, and HOPWA funds administer programs that 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, and HOPWA funds are made aware of the requirements of the lead-based paint regulations as they apply for funds. 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.

Full abatement of lead-burdened housing is a worthwhile goal. However, it is expensive, 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.

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 through rehabilitation. KHC adopted an environmental assessment policy several years ago.

While lead-based paint was banned in 1978 by the U.S. Consumer Product Safety Commission, it is still a significant presence in older units constructed prior to 1980.

How are the actions listed above related to the extent of lead poisoning and hazards?

How are the actions listed above integrated into housing policies and procedures?

KHC anticipates ongoing 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.

Funded applicants under the HOME, ESG and HOPWA programs receive formal training and individual technical assistance provided by staff. This technical assistance is available through the life of the project.

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, National Standards for the Physical Inspection of Real Estate inspections are performed at rental properties statewide.

SP-70 Anti-Poverty Strategy – 91.215(j)

Jurisdiction Goals, Programs and Policies for reducing the number of Poverty-Level Families

KHC and DLG provide 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 and rental assistance to homeownership and housing financing programs. Self-sufficiency programs and services are also available. DLG housing programs are often, 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 childcare 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.

SOAR is an ongoing initiative focused on assisting the poorest region of the state in overcoming poverty and providing opportunity. DLG and KHC are both participants in this initiative.

How are the Jurisdiction poverty reducing goals, programs, and policies coordinated with this affordable housing plan

To meet the goal of raising the standard of living for all low-income individuals and families, DLG, KHC, and other state agencies are committed to assisting individuals in achieving employment; continuing adult education and post-secondary education; childhood development intervention; adequate and affordable childcare for working families; increased access to health insurance coverage and the provision of affordable housing opportunities.

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, childcare and transportation. Microenterprise development is designated to provide funds to local communities and community-based organizations for giving assistance and technical services to low- to moderate-income persons who either currently own a small business or may start one.

KHC will continue to provide housing assistance to many programs that serve the lowest income level

households to provide opportunities to reduce poverty.

Scholar House is a housing and education initiative that enables the head-of-household to reach self-sufficiency. The housing and education components are operated as one unit, with housing depending on the client's successful participation in the affiliated educational institution. Participants must be at least 18 years of age, be eligible for a HCV, and be full-time students in a degree or specialty institution of higher learning. Single parents are given first priority. Program participants receive counseling, workshops, and support from neighbors and staff, while fulfilling academic or vocational training coursework as full-time students. Each development includes an on-site childcare facility to allow time for the parents to attend classes and focus on their education.

Scholar House also offers programs that involve enhanced health maintenance, parenting skills, management of family resources, nutritional knowledge, problem solving, work skills, and job search techniques. Most of these services are free. Housing and childcare are based on the participant's income. Once residents have graduated from Scholar House, they are allowed ample time to find and move into permanent housing.

The John H. Chafee Foster Care Independence Program assists current and former foster care youths in achieving self-sufficiency. Activities and programs include, but are not limited to; help with education, employment, financial management, housing, emotional support, and assured connections to caring adults for older youth in foster care. The program is intended to serve youth who will likely remain in foster care until age 18; youth who, after attaining 16 years of age; have left foster care for kinship guardianship or adoption; and young adults ages 18-21 who have "aged out" of the foster care system. One component of the broader program is the Chafee Room and Board initiative, administered by the CHFS in partnership with the Community Action Council for Lexington-Fayette, Bourbon, Harrison and Nicholas Counties. Funds are available for rental assistance based on income, rental and utility security deposits, utility assistance in some cases, and a Household Setup Fund to help furnish the living space.

SP-80 Monitoring – 91.230

Describe the standards and procedures that the jurisdiction will use to monitor activities carried out in furtherance of the plan and will use to ensure long-term compliance with requirements of the programs involved, including minority business outreach and the comprehensive planning requirements

KHC's Housing Contract Administration and Multifamily Asset Compliance departments conduct monitoring reviews on open HOME ESG, and HOPWA projects. KHC reserves the right to conduct a compliance review at any time during the term of the HOME, ESG, and HOPWA funding agreements. KHC performs additional monitoring of HOME rental projects every one, two, or three years based on the number of units in the project.

Monitoring reviews cover quality of housing and services, financial statements, recordkeeping and files, and adherence to program policies and procedures as detailed in the regulations for each program (24 CFR Part 92 for HOME projects).

After the monitoring review, subrecipients receive a written response to any issues discovered during the review. These issues are divided into findings (issues which affect program regulations or federal laws) and observations (issues which do not). Subrecipients must respond in writing to all findings within a specified time frame, usually 30 days.

Single-family homebuyer developers funded with HOME funds are required to submit annual reports and are subject to regular monitoring as prioritized in the KHC Housing Contract Administration biannual risk assessment. All homebuyer development is subject to inspection by KHC during and at the completion of construction.

Multifamily projects funded with HOME funds are required to submit annual reports throughout the term of affordability. HOME recipients are also required to submit copies of their audited financial statements, conducted in accordance with the Single Audit Act, if they expend more than \$750,000 of federal funds in a fiscal year.

Each year, recipients of HOME TBRA, HOPWA, and ESG funding are required to submit annual reports. They must also submit a copy of their annual report audit (if required) to the Audit staff. In addition to the formal compliance monitoring requirements, KHC program staff overseeing HOME TBRA, HOPWA, and ESG funds will also conduct on-site technical assistance visits to sub-grantees. This will allow for one-on-one training of agency staff as well as allow KHC program staff to do a preliminary review of program policies and expenditures. KHC HOME TBRA, HOPWA, and ESG staff will also conduct random desk reviews of expenditure documentation prior to releasing requested funds. All HOPWA and ESG sub-grantees will have a minimum of one desk review annually, with on-site monitoring prioritized via KHC Housing Contract Administration's biennial risk assessment. However, KHC reserves the right to perform additional reviews of any program if concerns arise.

DLG is responsible for conducting monitoring review visits on funded CDBG projects. DLG reserves the right to conduct a compliance review at any time during the term of the CDBG grant. The depth and location of the monitoring will depend upon which compliance areas need to be reviewed at that point in a project's life cycle. However, a full scope monitoring of all compliance areas will be conducted at least once for each funded activity. The monitoring review includes acquisition and relocation (if

applicable), environmental, contracts, labor standards, fair housing compliance, and financial review. After the monitoring review, grantees will receive a written response to any issues discussed during the review. These issues will be divided into findings (issues which affect program regulations or federal laws) and recommendations (issues which do not). Grantees must respond in writing to all findings within a specified time frame.

CDBG recipients are also required to submit copies of their audited financial statements, conducted in accordance with the Single Audit Act, if they expend more than \$750,000 of federal funds in a fiscal year.

Expected Resources

AP-15 Expected Resources – 91.220(c)(1,2)

Introduction

Kentucky is expected to receive a total of \$49,906,801.50 million in federal funding in 2025–2026 to be used for the needs of non-entitled communities in Kentucky.

These funds will be used to address many different needs statewide as determined by the units of local government. The Commonwealth does not formally place any other resources to be used directly with these funds but rather allows the local government to package their own projects, which could include the use of other federal resources and state, local, and private funding. In all programs requiring match, the requirement is met.

Anticipated Resources

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$	

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
CDBG	public - federal	Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services	25,988,523.00	0.00	0.00	25,988,523.00	103,954,092.00	DLG expects to fund projects in non-entitlement areas of the state. Priorities include

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	
			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	12,173,105.26	116,337.78	0.00	12,289,443.04	52,692,421.04	HOME funds address affordable housing needs.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	
			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	1,442,662.00	0.00	0.00	1,442,662.00	5,770,648.00	Grant from U.S. Department of Housing and Urban I

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	
			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	2,666,606.00	0.00	0.00	2,666,606.00	10,666,424.00	Grant from U.S. Department of Housing and Urban I

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	
			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	3,134,373.20	0.00	0.00	3,134,373.20	12,537,492.80	Housing Trust Fund, multifamily housing for extremely low income

Table 57 - 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 most of our recipients—nonprofits, private developers, and units of local government—have contributed a large amount of matching funds with their projects. In the past, HOME, Affordable Housing Trust Fund, and Rural Housing Trust Fund recipients have provided enough matching funds annually to allow the state to carry match forward to future years. In addition, 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.

There are several block grant programs that 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 or leverage to be eligible for funding. For example, KHC encourages all HOME Program applicants match their total HOME request with at least 10 percent of HOME-eligible matching sources, and points awarded to applications may be based in part on matching funds and leverage. Applicants are also encouraged to contribute additional funds to their project, including, but not limited to, bank loans and other state and federal grants and loans. KHC and DLG encourage applicants to utilize several sources of funds from the private sector, state programs and local programs to assist in meeting HUD matching requirements to increase the amount of funds available to provide affordable housing. Each ESG recipient must match the funding provided by ESG with an equal value of contributions from other sources. These funds must be provided after the date of the grant award. In calculating matching funds, 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. It is anticipated that matching funds will come from a variety of sources, both public and private. Each sub-recipient of ESG funds will be required to match their allocation at a one-to-one level or higher. Since many agencies can use in-kind donations of both goods and services as well as cash contributions, the Kentucky State ESG program may access enough matching funds. 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. 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. Kentucky's CDBG Small Cities Small Program is fortunate that most recipients contribute some amount of matching funds.

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

Cities and counties may contribute public land to a CDBG project.

Discussion

Continued information about match requirements:

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

Kentucky's CDBG Small Cities Small Program is fortunate that most recipients contribute some amount of matching funds. Guidelines for the Recovery Housing program are in progress. There is no matching funds requirement for National HTF (NHTF) project applicants. However, because these funds are 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. The amount of non-federal funding associated with most projects will be higher than the amount of HTF funding allocated to the project.

The Commonwealth of Kentucky adheres to the match requirements for CDBG, HOME and ESG. The match requirements by program are as follows:

CDBG: After the first \$100,000, the Commonwealth matches, dollar for dollar, all eligible administrative expenses.

HOME: HOME funds are used in conjunction with the Commonwealth's Affordable Housing Trust Fund and Rural Housing Trust Fund dollars. KHC also tracks other eligible match sources allowed by program regulations.

ESG: Funds are matched in an amount that equals the fiscal year grant amount for ESG.

These match practices will be continued through the duration of the 2025 to 2029 Consolidated Planning period.

KHC is the designated administrator of the federal LIHTC program, governed by Section 42 of the Internal Revenue Code of 1986, as amended (Code), and all Treasury regulations, for the Commonwealth of Kentucky. This program is coordinated with HOME and other funding, including state Affordable Housing Trust Fund, state Rural 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 and financing through KHC by way of a consolidated application.

Annual Goals and Objectives

AP-20 Annual Goals and Objectives

Goals Summary Information

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	HOME Homeowner Activities	2025	2029	Affordable Housing	Non-Entitlement Geographic Area	Production of New Affordable Housing Rehabilitation of Affordable Housing	HOME: \$3,350,000.00	Homeowner Housing Added: 35 Household Housing Unit Homeowner Housing Rehabilitated: 1 Household Housing Unit
2	HOME Rental Assistance	2025	2029	Affordable Housing	Non-Entitlement Geographic Area	Rental Assistance	HOME: \$2,000,000.00	Tenant-based rental assistance / Rapid Rehousing: 450 Households Assisted
3	HOME Multifamily Activities	2025	2029	Affordable Housing	Non-Entitlement Geographic Area	Production of New Affordable Housing Rehabilitation of Affordable Housing PSH	HOME: \$5,891,638.00	Rental units constructed: 20 Household Housing Unit Rental units rehabilitated: 10 Household Housing Unit

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
4	Emergency Shelter	2025	2029	Homeless	Non-Entitlement Geographic Area	Rental Assistance Rapid Rehousing Emergency Shelter Grant Activities Homelessness Outreach Prevention of Homelessness Other Housing or Service Needs	ESG: \$2,666,606.00	Tenant-based rental assistance / Rapid Rehousing: 177 Households Assisted Homeless Person Overnight Shelter: 2500 Persons Assisted Overnight/Emergency Shelter/Transitional Housing Beds added: 75 Beds
5	HOPWA Activities	2025	2029	Non-Homeless Special Needs	Non-Entitlement Geographic Area	Rental Assistance Other Housing or Service Needs	HOPWA: \$1,442,662.00	Tenant-based rental assistance / Rapid Rehousing: 30 Households Assisted Other: 150 Other
6	CDBG Housing	2025	2029	Affordable Housing	Non-Entitlement Geographic Area	Production of New Affordable Housing Rehabilitation of Affordable Housing Homebuyer Rehabilitation and Development	CDBG: \$3,353,572.00	Homeowner Housing Rehabilitated: 30 Household Housing Unit
7	CDBG Economic Development	2025	2029	Non-Housing Community Development	Non-Entitlement Geographic Area	Economic Development	CDBG: \$4,516,930.00	Businesses assisted: 50 Businesses Assisted

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
8	CDBG Public Facilities	2025	2029	Non-Housing Community Development	Non-Entitlement Geographic Area	Public Facilities Other Housing or Service Needs	CDBG: \$8,834,662.00	Other: 35000 Other
9	CDBG Services	2025	2029	Recovery Kentucky Services	Non-Entitlement Geographic Area	Public Services	CDBG: \$2,600,000.00	Other: 1100 Other
10	CDBG Public Improvement/Infrastructure	2025	2029	Non-Housing Community Development	Non-Entitlement Geographic Area	Public Improvements/Infrastructure	CDBG: \$5,803,703.00	Other: 30000 Other
11	Housing Trust Fund Multifamily Activities	2025	2029	Affordable Housing	Non-Entitlement Geographic Area	Production of New Affordable Housing Rehabilitation of Affordable Housing	HTF: \$3,134,373.00	Rental units constructed: 20 Household Housing Unit Rental units rehabilitated: 0 Household Housing Unit

Table 58 – Goals Summary

Goal Descriptions

1	Goal Name	HOME Homeowner Activities
	Goal Description	Down payment and first mortgage assistance; owner-occupied rehabilitation, owner-occupied new construction.
2	Goal Name	HOME Rental Assistance
	Goal Description	TBRA
3	Goal Name	HOME Multifamily Activities
	Goal Description	Rehabilitation of rental housing with or without acquisition; new construction.
4	Goal Name	Emergency Shelter
	Goal Description	Emergency shelter facilities, rapid-rehousing, homeless prevention, and other eligible ESG program activities.
5	Goal Name	HOPWA Activities
	Goal Description	Short Term Rental, Mortgage, and Utility assistance and services to allow persons with HIV/AIDs to retain housing. TBRA to help clients obtain permanent housing. Supportive services to provide needed counseling assistance with childcare, nutritional classes, etc. Permanent housing placement to pay for first month's rent and deposits to obtain housing. Housing information services to assist clients with information needed to obtain housing.
6	Goal Name	CDBG Housing
	Goal Description	Assistance for construction, rehabilitation, or homebuyer assistance for single family and multifamily affordable housing.
7	Goal Name	CDBG Economic Development
	Goal Description	Enhance economic stability and prosperity by increasing economic opportunities for residents through job creation and other strategies to assist businesses.

8	Goal Name	CDBG Public Facilities
	Goal Description	Eligible CDBG public facilities (i.e., Senior Centers).
9	Goal Name	CDBG Services
	Goal Description	Eligible CDBG public services for Recovery Kentucky.
10	Goal Name	CDBG Public Improvement/Infrastructure
	Goal Description	Water, wastewater and drainage projects.
11	Goal Name	Housing Trust Fund Multifamily Activities
	Goal Description	New construction or rehab of affordable rental properties

Projects

AP-35 Projects – 91.220(d)

Introduction

N/A

Projects

#	Project Name

Table 59 – Project Information

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

Kentucky’s block grant funds will be distributed statewide on a competitive basis for eligible activities through several methods described in the program guidelines for each program. Units of local government, nonprofit and for-profit entities can 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.

Funds awarded to local communities will also address the needs addressed in the state’s Consolidated Plan. Allocation priorities, over the past few years, remain mostly the same as the allocation percentages relate to the number of applications received and amounts requested over time. If there are emergencies, the Commissioner of DLG has authority to move funds from other program areas at any time in an amount required to address the needs. Depending upon the types of applications received, DLG may reallocate funding between eligible activities.

AP-38 Project Summary

Project Summary Information

Project Name	Target Area	Goals Supported	Needs Addressed	Funding	Description	Target Date	Estim num of fa will the p activ
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AP-50 Geographic Distribution – 91.220(f)

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

CDBG: Statewide, Excluding Entitlement cities and areas. 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 work 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: All of Kentucky's allocation must be made available to BoS CoC cities and counties or private nonprofit organizations on a competitive basis. 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. A competitive application was conducted in Summer 2024 to allocate ESG funds on a two-year basis with proportional renewals based on the changes in ESG entitlement funding in the second year of the grant. The next ESG competitive application will be held in Spring/Summer 2026.

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 BoS to be covered by HOPWA funding. The FFY2024 allocation of HOPWA formula funding will be awarded to current HOPWA subrecipients on a renewal basis resulting from a competitive application held in Spring 2023 for FFY2022 funds as the third year of a three-year grant cycle. FFY2024 funds will be awarded on a renewal basis in Spring 2025 with allocations made proportionally to subrecipients based in changes to formula funding from FFY2023. The next HOPWA competitive application will be conducted in Spring/Summer 2026.

HTF: Based upon demand for available funds, KHC will work to ensure that the HTF funds are disbursed geographically.

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

Geographic Distribution

Target Area	Percentage of Funds
Non-Entitlement Geographic Area	90

Table 60 - Geographic Distribution

Rationale for the priorities for allocating investments geographically

In general, investments are not allocated geographically. KHC will continue to try distributing 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.

Not applicable for CDBG funding.

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 10% 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 – 91.220(g)

Introduction

One Year Goals for the Number of Households to be Supported	
Homeless	0
Non-Homeless	0
Special-Needs	0
Total	0

Table 61 - One Year Goals for Affordable Housing by Support Requirement

One Year Goals for the Number of Households Supported Through	
Rental Assistance	0
The Production of New Units	0
Rehab of Existing Units	0
Acquisition of Existing Units	0
Total	0

Table 62 - One Year Goals for Affordable Housing by Support Type
Discussion

Homeless one-year goal includes persons in emergency shelters and those who received RRH assistance. Non-homeless are those who were assisted with homeless prevention funds. Special needs goals include those who received HOPWA rental or short-term rental/mortgage/utility assistance.

One-year goals include:

- Rental Assistance-HOME TBRA, HOPWA TBRA, and ESG RRH assistance.
- New Units-Homeownership and rental new construction units under HOME.
- Rehab Units-HOME and CDBG homeowner rehab units and HOME 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 – 91.220(h)

Introduction

The KHC Tenant Assistance Program (TAP) does not manage any public housing. The TAP continues to administer the HCV Program in areas of the state that are not served by a local PHA. KHC aggressively pursues any new voucher funding opportunities to add to the current capacity of the HCV program. There are 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 32,000 families statewide.

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

The TAP is focused on program utilization during 2025, with a minimum of 98% of housing assistance funds received from HUD expended for the calendar year. The TAP HCV Waiting List is currently closed due to the high volume of applicants. TAP will continue to monitor the need to open the HCV waiting list and offer new vouchers as utilization becomes available. KHC will increase outreach to potential owners to maintain an adequate supply of affordable housing for the HCV program.

KHC has been working with local PHA's as they pursue repositioning under HUD's Rental Assistance Demonstration (RAD) Program. KHC has encouraged the use of tax-exempt bond financing to assist with the RAD conversion process and have included preferences for PHA's pursuing RAD in recent NOFA opportunities.

KHC, through its HCV program available in 87 counties, created the Kentucky Moving On initiative in 2017. The program is a partnership with the KY BoS CoC, whereby persons currently in CoC-funded PSH 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. Via competitive grants awarded in 2019 and 2020, KHC also received 300 Mainstream Vouchers that can serve households with a non-elderly member with a disability. It is anticipated these vouchers can serve many persons experiencing or who have experienced homelessness in need of a permanent housing subsidy. CoC partner agencies refer clients with a history of homelessness to KHC for these vouchers.

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

The FSS Program, administered by KHC, provides supportive services to participants who possess a HCV 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.

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

KHC, as the BoS PHA, is currently designated as a Standard performer.

Discussion

KHC's HCV program continues to administer 74 Family Unification Program (FUP) vouchers awarded in 2019 to assist transition-age youth and families. The program can assist the following two household types:

- Families for whom the lack of adequate housing is a primary factor in the imminent placement of the family's children in out-of-home care or the delay in returning children to the family from out-of-home care. (No time limit on assistance for FUP families.)
- Youth 18-24 years of age who left foster care, or will leave foster care within 90 days, in accordance with a transition plan and are homeless or are at risk of becoming homeless. (Maximum of 36 months, assistance for youth may be extended for an additional 24 months with FSS participation.)

Case workers with the CHFS refer clients to KHC for Family Unification Program vouchers.

In July 2021, KHC's HCV program was awarded 257 new Emergency Housing Vouchers (EHV) through the American Rescue Plan (ARP) of 2021.

EHV Vouchers are a time limited program. Vouchers currently leased will maintain assistance through September 30, 2030.

EHV vouchers were created to address the continued impact of COVID-19 pandemic on the economy, public health, State and local governments, individuals, and businesses. The program assists the following Individuals and families:

- Experiencing homelessness.
- At risk of experiencing homelessness.
- Fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking.
- Recently homeless and for whom providing rental assistance will prevent the family's homelessness or having high risk of housing instability.

In June 2023, KHC's HCV program was awarded 25 Housing Stability Vouchers. The program can assist the following individuals and families:

- Individuals and families who are currently experiencing homelessness;
- Individuals and families at risk of homelessness;
- Individuals and families fleeing or attempting to flee domestic violence, dating violence, stalking, sexual assault; and

- Veterans and families that include a veteran family member that meet one of the preceding criteria.

AP-65 Homeless and Other Special Needs Activities – 91.220(i)

Introduction

The state has undertaken a multi-pronged approach to ensure that homelessness is rare, brief, and non-recurring. Central to this approach is the creation of a state policy-advisory entity, KICH. KICH is composed of representation from state government, nonprofit and advocacy agencies to collaborate and perform the following functions and duties:

- Serve as the single statewide homelessness planning and policy development resource for the Commonwealth of Kentucky.
 - Review, recommend changes and update Kentucky's 10-Year Plan to End Homelessness.
 - Monitor and oversee implementation of Kentucky's 10-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

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

As was discussed in SP-55, 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 identified local people in each county most likely to know of rural homeless locations (i.e., police officers, mail carriers, school bus drivers, etc.). Working with the ESG recipients, KHC also encourages inclusion of street outreach as an eligible use for the state ESG allocation. Training on the eligible uses of ESG street outreach was made available across the state.

KHC will continue to work with KICH, CoC agencies and other state agencies 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

See the appendix in AD-26 for the entirety of AP-65.

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 and by working with the CoC to identify agencies to apply for new CoC RRH and PSH projects, resources are becoming better aligned with the need to reduce the time individuals and families remain homeless as well as giving them access to sustainable, permanent housing options. Kentucky has various services and housing that assist homeless veterans. Collaborations with the Kentucky Interagency Council on Homelessness have been successful in identifying resources and gaps in veterans' assistance.

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 ESG, the state continues to allow funds to be allocated to Homelessness Prevention. The CoC collaborates with CHFS, which implements discharge planning for youth who age out of foster care. Independent living coordinators and Cabinet social workers develop a transition plan help to identify appropriate, sustainable housing options prior to discharge from foster care, giving them access to stable housing through age 21.

Discharge planning efforts from health-care facilities in Kentucky takes place according to the healthcare venue or program. Kentucky participates in Medicaid and Medicare programs and is required to adhere to all applicable standards of care, including discharge. CMS, which hospitals must have in effect, offer 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.

Discussion

AP-70 HOPWA Goals - 91.220 (I)(3)

AP-75 Barriers to affordable housing – 91.220(j)

Introduction:

KHC completed the development of an updated AI in 2024-2025. Please see AD-25, Administration, Unique Appendices for a copy of the full document.

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 jurisdiction. 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

- KHC shifted to a more digital approach to celebrate its work and to influence change. The corporation launched “Bringing It Home with KHC” in 2023, a podcast with an accompanying blog. There, KHC staff members interview partners, influencers, customers and program recipients to tell the story of affordable housing in Kentucky. It is a more powerful, interactive way to show the situation and where the state wants to go. The blog also serves as a warehouse for all the stories of KHC’s groundbreaking, ribbon-cuttings, home dedications, events and Success Stories. The website housing both the podcast and blog is searchable and shareable worldwide, making it more accessible to a broader audience.
- Continue to allocate LIHTC funding to projects that prioritize higher opportunity areas and avoid concentrations of affordable housing.
- Evaluate tools and methods to connect people to housing, such as housing service locator tools and landlord recruitment.

Discussion:

KHC will continue its efforts to create and expand housing opportunities considering the above referenced barriers. It will attempt to do so through education and funding.

KHC will continue to grow and expand its marketing efforts to communicate the need and benefits of affordable housing. It already has a robust social media presence, a widely attended Kentucky Affordable Housing Conference and a burgeoning blog and podcast. KHC aims to build on those efforts to make them even more effective in telling the story of not only the impact KHC’s programs and partners have, but also the effect affordable housing could have if fully funded and supported.

AP-85 Other Actions – 91.220(k)

Introduction:

The following are actions to address multiple community development issues.

Actions planned to address obstacles to meeting underserved needs

Existing rental housing is 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 experiencing homelessness will continue to be assisted under CoC grants initially awarded to an eight-county region in southeastern Kentucky under Round 1 of the Youth Homelessness Demonstration Project that are now in renewal status.

In February 2022, KHC launched the Housing Connector Team to provide services for specialized voucher holders experiencing homelessness who have been referred to the Emergency Housing Voucher, Mainstream Voucher, and, as of December 2023, Supportive Housing Voucher programs. Services include: client driven unit identification, landlord outreach and negotiation, HCV application assistance, housing search and placement services, and connection to mainstream benefits. The Housing Connector Team has tremendously increased lease up rates for these specialized vouchers and KHC was awarded a Rural "Special NOFO" award to continue Housing Connector Services in 99 rural Kentucky counties.

Actions planned to foster and maintain affordable housing

The 2025-2029 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 require 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.

Kentucky's block grant funds will be distributed statewide on a competitive basis for eligible activities through several methods described in the program guidelines for each program. The purpose of this is to preserve existing affordable housing and foster new affordable housing opportunities. Units of local government, nonprofit and for-profit entities can 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.

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 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 learn 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, HQS inspections are performed at rental properties statewide.

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 often, 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 structure to help communities.
- 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 childcare 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 childcare 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 statewide 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, childcare, and transportation.

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 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, 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 are 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 HCV Program funds in counties where there is no local housing authority. Special

Purpose Vouchers such as Mainstream, Housing Stability Vouchers and Emergency Housing Voucher are administered in the BoS CoC jurisdiction.

- KHC works with HUD and the Federal Financing Bank in the administration of the Risk-Sharing Program to increase the number of safe, decent, and affordable rental units statewide. 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, HOME, and HTF programs as well as other federal and state housing programs for the development of affordable rental housing statewide. KHC continues to maintain relationships with several private developers who utilize HOME funds to provide homeownership opportunities for low-income Kentuckians.

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

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 Strategic Plan to End Homelessness. The policy subcommittees are supportive housing, services and prevention, public will, and data.

Serve Kentucky (formerly the 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. Serve Kentucky actively engages citizens in community service opportunities that enable volunteers, organizations, and businesses to share ideas and effectively collaborate to address Kentucky's needs. Serve Kentucky 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. The Kentucky Department for Behavioral Health, Developmental and Intellectual Disabilities 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 PSH as funds become available.

The network of 100-bed Recovery Kentucky Centers are 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 and addict regain a life of sobriety and to begin a journey toward permanent housing and self-sufficiency.

The FSS Provider Coordinating Committee 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 HCV Voucher program has 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 – 91.220(I)(1,2,4)

Introduction:

See below.

Community Development Block Grant Program (CDBG) Reference 24 CFR 91.220(I)(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
<TYPE=[text] REPORT_GUID=[A698417B4C924AE0218B42865313DACF] DELETE_TABLE_IF_EMPTY=[YES]>	
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.	91.00%

HOME Investment Partnership Program (HOME)
Reference 24 CFR 91.220(l)(2)

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

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:
 - o For homebuyer activities: Households earning at/below 80% AMI and with non-home assets below \$50,000.
 - o For rental activities: Households earning at/below 60% AMI and, when HOME is allocated along with Tax-Exempt Bond or LIHTC financing, projects that will create new rent-restricted multifamily units or preserve rent-restricted and/or rent-assisted multifamily properties. KHC will permit HOME-assisted homebuyer units to be acquired via lease-purchase as allowed under 24 CFR 92.254(a)(7).
 - o 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:

For homeownership activities, KHC requires all HOME funds to be repaid at the time the property is transferred to another owner.

If the property is sold, leased, refinanced, or no longer used as the primary residence of the assisted homeowner; KHC may recapture the AHTF or HOME funds. In the event the net proceeds from a sale are insufficient to repay KHC the HOME or AHTF investment, KHC will recapture the net proceeds. In the event of foreclosure, if the shared net proceeds are insufficient to repay the HOME funds, the HOME affordability may be terminated, subject to 24CFR Part 92.254(a)(5)(ii)(A).

Additional guidance on the resale and recapture provisions is available in the HOME Homebuyer Development Program Recapture/Resale Provisions guidance document appended to the corporation's Consolidated 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 Homebuyer/Home Repair Programs Application Guidelines and the KHC Single-Family Homebuyer Development Policy Manual.

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.

5. If applicable to a planned HOME TBRA activity, a description of the preference for persons with special needs or disabilities. (See 24 CFR 92.209(c)(2)(i) and CFR 91.220(l)(2)(vii)). <TYPE=[text] REPORT_GUID=[A0BBB986408D8C25582AC4BE59FA99C5]>

N/A

6. If applicable to a planned HOME TBRA activity, a description of how the preference for a specific category of individuals with disabilities (e.g. persons with HIV/AIDS or chronic mental illness) will narrow the gap in benefits and the preference is needed to narrow the gap in benefits and services received by such persons. (See 24 CFR 92.209(c)(2)(ii) and 91.220(l)(2)(vii)).

N/A

7. If applicable, a description of any preference or limitation for rental housing projects. (See 24 CFR 92.253(d)(3) and CFR 91.220(l)(2)(vii)). Note: Preferences cannot be administered in a manner that limits the opportunities of persons on any basis prohibited by the laws listed under 24 CFR 5.105(a).

N/A

**Emergency Solutions Grant (ESG)
Reference 91.220(l)(4)**

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

See 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 (KY BoS CoC) has fully implemented its Coordinated Entry System (CES) in accordance with the HUD requirements. The KY BoS 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 regional bodies called Local Prioritization Communities (LPCs), which mirror existing Area Development Districts (ADDs). All areas are utilizing a common assessment tool and are following policies and procedures adopted by the Ky BoS CoC Advisory Board. The KY BoS 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. KHC serves as the CCES oversight entity. In November 2020, additional improvements were made to the CES based on lessons learned from multiple years of implementation, including feedback from participating organizations and participants. KHC now serves as the entity responsible for the provision of referrals to available permanent housing resources in each Local Prioritization Community via the KY Homeless Management Information System (KYHMIS). KHC has a dedicated staff member assigned to overseeing coordinated entry implementation. Four KY BoS CoC member agencies continue to receive CoC Supportive Services Only (SSO) grants to support their work as Coordinated Entry leads in their regions, and in the HUD 2021 CoC Competition, the KY BoS CoC was awarded a coordinated entry grant to support BoS-wide housing navigation services and two new regional Coordinated Entry lead grants. The KY BoS CoC Advisory Board has established a coordinated entry committee, which is charged with overseeing the implementation of coordinated entry in conjunction with KHC. 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 2024, KHC held a competitive application to award FFY2024 ESG dollars. Funds were awarded on

a 2-year basis which will also governs the allocation of FFY2025 ESG funds.

FFY2024 applications were be ranked based on score and allocations will be made based on applicant ranking, overall request, and expenditure rates from the FFY 2020, FFY2021, FFY2022. And FFY2023 ESG awards.

2024 applicants were evaluated on such areas as: local needs, applicant experience/capacity/performance, project design, community coordination, and other factors. Applicants were and will continue to be required to also address Impediments to Fair Housing and adhere to Equal Access Rules.

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. KHC is also engaging persons with lived experience of homelessness via a subcommittee of the CoC Advisory Board

5. Describe performance standards for evaluating ESG.

KHC has implemented ESG 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 All In: 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.

CDBG Specific: 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: 2022, 2023, and 2024.

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

HTF Additional Information: There is no maximum award amount associated with the HTF program.

Additionally, information regarding the following can be found on the specified pages of the 2023-2024 Multifamily Guidelines attached to this Action Plan:

- Lead-Based Paint: pages 47, 53-54, 70
- Accessibility: page 112
- Disaster Mitigation: state building codes address earthquake resistant construction in higher risk zones; pages 31 and 47 of Multifamily Guidelines address flood plain
- State and local Codes, Ordinances, and Zoning Requirements: Minimum Design requires compliance with State and Local codes. Page 111 of Multifamily Guidelines addresses building codes; zoning is addressed on pages 27, 48, and 51
- Inspectable Areas and Observable Deficiencies from HUD's Uniform Physical Condition Standards identified by HUD as applicable to HTF-assisted housing: page 100
- Capital Needs Assessment: pages 32, 48, 93, 109, and 112-114 of Multifamily Guidelines address PCNA assessments and reserve accounts

Attachments

Citizen Participation Comments

System: 5/23/2025
 2:09:18 PM
 User Date: 5/23/2025

Kentucky Housing Corporation
PAYABLES TRANSACTION EDIT LIST
 Payables Management

Page: 1
 User ID: Khala

* Intercompany Trans:
 Batch ID: APEK1525222025
 Batch Frequency: Single Use
 Batch Comment: AP Transaction
 Trx Total Actual: 1
 Batch Total Actual: \$908.64
 Approved: No
 Approval Date: 0/0/0000
 Batch Error Messages:

00777474

Posting Date: 0/0/0000
 Audit Trail Code:
 Trx Total Control: 0
 Batch Total Control: \$0.00
 Approved By:

Type	Voucher Number	Document Number	Document Date	Vendor ID	Vendor Class ID	Document Total
		Purchases	Trade Disc	Freight	Miscellaneous	Tax
INV	00777474	ACCOUNT NO. 37871	5/22/2025	LEX02	AP	\$908.64
		\$908.64	\$0.00	\$0.00	\$0.00	\$0.00

Payment Information	Checkbook/Card	Payment Number	Document	Date	Amount
Cash				0/0/0000	\$0.00
Check				0/0/0000	\$0.00
Credit Card				0/0/0000	\$0.00



Distribution Messages:

Transaction Description:

Lex - Legal Ad # IPL0234313



General Ledger Dist:

Account	Account Type	Account Description	Debit Amount	Credit Amount
611V00.010.18.000	BURCH	Printing & Publications - Natl	908.64	0.00
211000.010.00.000	PAY	Accts Payable OPER	0.00	908.64
			908.64	908.64

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Parent Order #: IPL0157658	
Order Status: Submitted	
Classification:	
Legals & Public Notices	
Package:	
I EX - Legal Ads	
Site:	
lexington	
Final Cost:	
\$908.64	
Payment Type:	
Account Billed	
User ID:	
IPL0025348	

ACCOUNT INFORMATION

KENTUCKY HOUSING CORP LEGALS IP
1231 LOUISVILLE ROAD
FRANKFORT, KY 40601
502-564-7630
khale@kyhousing.org
KENTUCKY HOUSING CORP LEGALS

TRANSACTION REPORT

Date
May 19, 2025 10:59:36 AM EDT
Amount:
\$908.64

SCHEDULE FOR AD NUMBER IPL02343130

May 28, 2025
Lexington Herald-Leader-Print Publication

Karla Hale

From: The Legals Adportal <orders@mclatchy.com>
Sent: Monday, May 13, 2025 10:54 AM
To: Karla Hale
Cc: kcalvey@mclatchyservices.com
Subject: Thank you for placing your order with us IPL0234313

EXTERNAL EMAIL: Do not click links or open attachments unless you recognize the sender and know the content is safe.

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All orders include a 7% service fee and credit card processing fee if applicable. For any questions, please contact us directly by email: cslegals@mclatchy.com.

Job Details

Order Number:
IPL0234313
Class/Section:
Legals & Public
Notices

Package:
LEX - Legal Ads
Order Cost:
\$800.04

Account

Details

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ROAD
FRANKFORT, KY 40601
800-664-7050
khal@kyhousing.org
KENTUCKY
HOUSING CORP
LEGALS

Schedule for ad number IPL02343130

Wed May 28, 2025
Lexington Herald-Leader Print Publication
A9 Times

**PUBLIC HEARING NOTICE
PUBLIC COMMENT PERIOD NOTICE**

A virtual public hearing will be held Tuesday, June 3rd, 2025, at 10:00 AM EST to obtain public input for the 2025 - 2029 Consolidated Plan and Analysis of Impediments for Kentucky's Black, Grant Housing Programs. Following the hearing, the 2025 - 2029 Consolidated Plan and Analysis of Impediments will be available for public comment June 4th, 2025, through July 7th, 2025.

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

The Analysis of Impediments (AI) certifies that KHC will affirmatively further fair housing in the administration of HUD programs. The AI assessment is a comprehensive analysis of public and private sector policies that impact fair housing choice for members of the protected classes in Kentucky. KHC and DLG are the agencies responsible for the submission of the AI to HUD.

Kentucky has decided the 2025 - 2029 Consolidated Plan and Analysis of Impediments, and a virtual public hearing is being held for the purpose of seeking public input. Both written and oral comments will be accepted, and whose applicability will be considered on a case-by-case basis. The hearing is available on YouTube at <https://www.youtube.com/watch?v=85702251067> and the stream on KHC's YouTube channel at <https://www.youtube.com/watch?v=85702251067>.

The Consolidated Plan and Analysis of Impediments will be available for review online from June 4th, 2025 to July 7th, 2025 at the KHC Web page: <https://www.kentuckyhousing.org/Planning/Development/Consolidated-Plan.aspx>. Please send all comments to the following email: 2025-2029-Consolidated-Plan@khc.org, 1231 Louisville Road, Frankfort, Kentucky 40601 or by email to cepp@kentuckyhousing.org.

**VIRTUAL PUBLIC HEARING
Tuesday, June 3, 2025, 10:00AM EST
Consolidated Plan and Analysis of Impediments Public Hearing**

Join Zoom Meeting
<https://www.zoom.us/j/85702251067?pwd=LDc0OSZlUkpkc0RudjJlbnRlbnR1dDZkdz09>

Meeting ID: 857 0225 1067
Passcode: 802910

One tap mobile:

+1 857 0225 1067 (US) or +1 857 0225 1067 (US)

Or, by your location:

- +1 646 878 9876 US
- +1 301 715 2590 US (Washington DC)
- +1 309 524 1999 US
- +1 309 524 3820 US
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- +1 507 473 4847 US
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- +1 680 275 1030 US
- +1 719 339 4500 US
- +1 720 737 2630 US (Denver)
- +1 253 205 0488 US
- +1 323 825 4810 US (Tel Aviv)
- +1 772 520 4237 US (Tel Aviv)
- +1 858 475 4636 US (Tel Aviv)
- +1 858 475 4278 US (Tel Aviv)
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Meeting ID: 857 0225 1067
Passcode: 802910

Find your local number: <https://www.zoom.us/j/85702251067>

YouTube: <https://www.youtube.com/watch?v=85702251067>

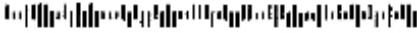
**Liquid Housing and
Local Employment Opportunity**

PL00845-3
May 25 2025



GAU02

ACCOUNT NAME Kentucky Housing Corp		ACCOUNT # 1335666	INV DATE 05/31/25
INVOICE # 0007136408	INVOICE PERIOD May 1- May 31, 2025	CURRENT INVOICE TOTAL \$1,945.00	
PREPAY (Memo Info) \$0.00	UNAPPLIED (Included in amt due) \$0.00	TOTAL CASH AMT DUE \$1,945.00	

BILLING ACCOUNT NAME AND ADDRESS Kentucky Housing Corp. gerry Sisco 1231 Louisville Rd. Frankfort, KY 40601-6156 	PAYMENT DUE DATE: JUNE 30, 2025 Legal Entity: Gannett Media Corp. Terms and Conditions: Past due accounts are subject to interest at the rate of 10% per annum or the maximum legal rate, whichever is less. Advice claims for a credit related to rates incorrectly invoiced or paid must be submitted in writing to Publisher within 30 days of the invoice date or the claim will be waived. Any credit towards future advertising must be used within 30 days of issuance or the credit will be forfeited. All funds payable in US dollars.
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ACCOUNT NAME Kentucky Housing Corp		ACCOUNT NUMBER 1335666		INVOICE NUMBER 0007136408		AMOUNT PAID
CURRENT DUE \$1,945.00	30 DAYS PAST DUE \$0.00	60 DAYS PAST DUE \$0.00	90 DAYS PAST DUE \$0.00	120+ DAYS PAST DUE \$0.00	UNAPPLIED PAYMENTS \$0.00	TOTAL CASH AMT DUE \$1,945.00
REMITTANCE ADDRESS (Include Account # if payment on check) Gannett Indiana-Kentucky LocalIQ PO Box 630485 Cincinnati, OH 45263-0485				TO PAY BY PHONE PLEASE CALL: 1-877-736-7612		TOTAL CREDIT CARD AMT DUE \$2,022.61
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AFFIDAVIT OF PUBLICATION

genny Sisco
Kentucky Housing Corp
1231 Louisville Rd
Frankfort KY 40601-6136

STATE OF WISCONSIN, COUNTY OF BROWN

The Courier-Journal, a newspaper published in the city of Louisville, Jefferson County, State of Kentucky, and personal knowledge of the facts herein state and that the notice herein annexed was published in said newspapers in the issue:

05/28/2025

and that the facts charged are legal.
Sworn to and subscribed before on 05/28/2025

Legal Clerk

Notary, State of WI, County of Brown
5-15-27

My commission expires

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STATE OF WISCONSIN, COUNTY OF BROWN

The Courier-Journal, a newspaper published in the city of Louisville, Jefferson County, State of Kentucky, and personal knowledge of the facts herein state and that the notice hereto annexed was published in said newspapers in the issue:

05/28/2025

and that the fees charged are legal.
SWSm to and subscribed before us 05/28/2025

Legal Clerk
Nancy Heyrman
Notary, State of WI, County of Brown
5-15-27

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NANCY HEYRMAN
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State of Wisconsin

PUBLIC HEALTH SERVICE
PUBLIC HEALTH SERVICE
ANNOUNCEMENT

A special meeting will be held on Tuesday, July 2nd, 1952, at 10:00 AM in the 2nd floor of the Federal Building, Room 200, for the purpose of discussing the proposed amendments to the Public Health Service Act. The meeting will be held in Room 200, Federal Building, Washington, D.C., on Tuesday, July 2nd, 1952.

In accordance with the provisions of the Public Health Service Act, the U.S. Department of Health and Human Services, Public Health Service, is hereby notified that the amendments to the Public Health Service Act, H.R. 10000, and H.R. 10001, are being considered by the Committee on Public Health and Demography, U.S. House of Representatives, and the Committee on Public Health and Demography, U.S. Senate.

The purpose of this meeting is to provide an opportunity for interested parties to discuss the proposed amendments to the Public Health Service Act. The meeting will be held in Room 200, Federal Building, Washington, D.C., on Tuesday, July 2nd, 1952.

Persons who are interested in the proposed amendments to the Public Health Service Act should contact the Public Health Service, Room 200, Federal Building, Washington, D.C., for further information. The meeting will be held in Room 200, Federal Building, Washington, D.C., on Tuesday, July 2nd, 1952.

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For further information, contact the Public Health Service, Room 200, Federal Building, Washington, D.C., or call (202) 275-1000.

Meeting on July 2nd, 1952
Room 200, Federal Building
Washington, D.C.

- One to be held
- Room 200, Federal Building
- Washington, D.C.
- July 2nd, 1952
- 10:00 AM
- 11:00 AM
- 12:00 PM
- 1:00 PM
- 2:00 PM
- 3:00 PM
- 4:00 PM
- 5:00 PM
- 6:00 PM
- 7:00 PM
- 8:00 PM
- 9:00 PM
- 10:00 PM
- 11:00 PM
- 12:00 AM

Meeting on July 2nd, 1952
Room 200, Federal Building
Washington, D.C.

For further information, contact the Public Health Service, Room 200, Federal Building, Washington, D.C., or call (202) 275-1000.

July 2, 2025

Mr. Ben Livingston
Corporation Planning and Accountability Department
Kentucky Housing Corporation
1231 Louisville Road
Frankfort, KY 40601

RE: 2025-2029 Consolidated Plan Comments and Assessment of Fair Housing
Email to CorpPlanReport@kyhousing.org

Thank you for providing the opportunity to submit comments/input on the 2025 Consolidated Plan. We appreciate that Kentucky Housing Corporation and the Department for Local Government conducts outreach for comments. We would like share several comments on behalf of Fahe and our 15 nonprofit Members based in Appalachian counties for consideration related to the goals and vision for addressing the Commonwealth's housing needs. Several KY Members continue to deal with issues caused by the devastating flooding event in July 2022 as well as continued high material costs and delivery delays that increases the overall development costs of housing across the Commonwealth. We are hopeful that the investment of federal funding from KHC and DLG recognizes the various market and physical issues being balanced by all affordable housing providers.

Maintain affordable housing with housing resources HOME, NHTF

As has been part of the ongoing affordable housing conversation, there is a need for continued federal funding to stimulate and supplement the economy for impact in the housing market, and we know that these federal dollars as resources are always at risk. As Fahe Members work in the Appalachian counties of Eastern Kentucky, we face even more challenges than the balance of the Commonwealth with median incomes per county that are approximately half the national median income and poverty rates that are almost double the national average. In ARC data, from 2017-2021, identifying the number of persons below the poverty level in Appalachia of 3,669,790 (poverty rate of 14.5%); in Kentucky it was 709,140 (poverty rate of 13.9%); in Appalachian Kentucky it was 260,909 (poverty rate of 23.1%). For this period the national poverty rate was 14.5%. In Appalachian Kentucky the number of households with incomes below \$13,740 is estimated at 82,433 (31.6% of those living in poverty). Many units are substandard, cost burdened, or have inadequate plumbing or are overcrowded.

In the 2017-2021 period, 6.4% of Appalachian residents were in extreme poverty (incomes below 50% of the poverty level, or less than \$13,740 for a family of two adults and two



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children in 2021). While this was slightly higher than the national average of 5.8%, the situation was even worse in much of the Region. For example, at least one in 10 residents were extremely poor in 54 Appalachian counties. All but nine of these counties were outside metropolitan areas, and 33 of them were in Central Appalachia. (Kentucky alone had 27 counties in this group.) Source: [ARC Income and Poverty Trends](#) and [ARC Webpage](#)

The income level of many families in the Eastern Kentucky area is a barrier to affordable housing and there is a significant shortage of affordable rental units in the region. The cost of rent for a modest two-bedroom apartment is out of reach of these financially burdened households and their incomes are not sufficient to support the family moving to homeownership. Homeownership, the American Dream, is the mechanism through which many of Kentucky'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 to meet underserved needs as evidenced by the Kentucky Housing Gap Analysis.

In persistent poverty counties (more than 20% of residents living in poverty) the average income is artificially depressed. Those households with income just over 80% of AMI in these communities are low income compared to national incomes and have no options for federal assistance. Fahe continues to advocate that the income limits for HUD programs in these counties should be increased to a national rate of 80% of the national median income.

In the Commonwealth we have 40 counties that are listed by USDA in Persistent Poverty. Twenty five (25) of these counties are located in the Fifth Congressional District. As KHC and DLG looks to the future, adequate resources should be set aside to address the affordable housing needs of its citizens in these Persistent Poverty Counties. These counties are often best served by single family housing.

The Appalachian region is rural and has a preference for homeownership which is not as prevalent in urban areas – in Eastern Kentucky there are homeownership rates close to 80% before the July 22 flooding. Homeownership is a means to build wealth with equity in your home. It is important to recognize the need for homeownership; census data is available on rental units but not on homeowner units and doesn't provide a true picture of the housing need in Eastern Kentucky. As our population ages it will be economically wise to age in place as it will reduce the Commonwealth's expense of using Medicaid funding for some form of institutional living. KHC is promoting and building partnerships with other State offices; a potential program with the Cabinet for Families and Children to address the housing rehab and adaptability needs of our aging baby boomers continues to be of interest to Fahe Members. KHC has done tremendous work with the Recovery Centers, the Scholar House program and other rental assistance programs such as supportive housing and should be commended for thinking outside the box; DLG has been a good partner in several of these initiatives.

It is appreciated that KHC allocates more than the required 15% of HOME funds for CHDO use as this increases the capacity and production of nonprofits across Kentucky and particularly in Eastern Kentucky. Housing Contract Administration has been diligent to fund CHDOs who recycle HOME funds as CHDO proceeds to re-invest in housing their local communities. Fahe supports local nonprofits/CHDOs with expertise and consistent forms of capital to the nonprofits to ensure capacity is retained in the local communities. Fahe is in

support of KHC maintaining CHDO operating funds for CHDO nonprofits to support internal organizational capacity including staffing and systems.

While KHC allocates resources for both rental and single-family development, the current corporate strategy directs resources to preserving multi-family units. The LIHTC program is a tremendous resource for the creation and preservation of affordable rental housing and soft sources such as HOME, AHTF and NHTF are important subsidy sources to be used in the development of affordable rental housing; it is unfortunate that the LIHTC program doesn't "pencil out" well in East Kentucky. Ensuring affordable rental housing is an important role for Kentucky Housing Corporation, on a small scale as well as larger developments; it was disappointing that a non-credit multi-family development round was not issued during the last few years.

Communities need both rental units and homeowner units; successful renters can become successful homeowners. Low income, cost burdened households are more likely to live in inadequate housing – lacking complete plumbing facilities, inadequate or no heat, none or sporadic electricity or exposed wiring, and/or has maintenance and upkeep issues (leaky roofs, holes in floors or walls and rodents). The decline in our region's housing stock and the large number of people who are cost-burdened is supported by the Appalachian Housing Needs Assessment that was completed by Virginia Center for Housing Research at Virginia Tech in 2019 (currently updated). It is a concern that KHC's allocation of HOME and AHTF funds for single-family development as compared to the investment for multi-family development/preservation which KHC has identified as priority may negatively impact HOME activity in Eastern Kentucky where single-family development is a mainstay. Fahe encourages KHC to remain diligent in using equitable HOME funds for single-family production as well as multi-family housing.

The National Housing Trust Fund (NHTF) brought in additional dollars for the development of affordable housing in the Commonwealth; the NHTF is targeted to serve households at or below 30% of Area Median Income. This resource doesn't often reach the Commonwealth's poorest counties primarily because it is too difficult for a rental development to "pencil out" financially without Rental Assistance when limited to households below 30%. The NHTF dollars could be used for homeownership activities (10%) such as production, preservation and rehab for first-time homebuyers which may present an opportunity to reach ELI families with homeownership opportunities as this income range is increasingly growing harder to serve with little to no housing options.

Community Development Block Grant

CDBG is a tremendous resource for communities for all program areas, but particularly the Housing program area for neighborhood or scattered site housing development and revitalization, for both single-family and rental housing development, and addressing homeowner rehab which is an overwhelming need. Most low and moderate income households don't have the ability to repay a loan and a CDBG forgivable note is a preferred type of financing for owner occupied rehab. We have found CDBG housing programs are successful due to the strong partnerships between local governments and affordable housing providers; always a win-win with public-private partnerships. We would encourage DLG to consider additional funding in the Housing program area, increasing the amount from the current proposed \$3,353,572 allocated, and continue to fund the development of

affordable housing, both homeownership and rental. With the documented housing gap in Kentucky, many Mayors and Judges are more interested in housing supply for their constituents than ever before and we need to raise awareness of CDBG as a housing resource; we would encourage more funding to be available to address housing issues.

Many Eastern Kentucky communities could benefit by being able to submit applications in two program areas such as public facilities and housing which is not eligible currently. We would encourage consideration of local governments in ARC counties to be eligible to submit applications for two program areas to address the communities' needs for public infrastructure and affordable housing stock.

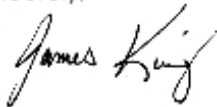
Match requirements for housing in CDBG guidelines for priority one projects can be hard to meet particularly in rural communities where local governments and local non-profits may not have resources needed for match. We would encourage considering in-kind match such as property value in a project in addition to the cash/funding match options. Bringing CDBG and HOME to communities and families allows the affordable housing providers a way to leverage other funds for the homeowner – for purchase or for rehab – and with educational counseling, these homeowners are successful. As an average, the affordable housing providers have been able to provide 2.5 to 1 leverage for HOME funds invested in the region.

Fahe would encourage KHC to consider the impact of HOME funds in the communities served by the affordable housing providers. We would also encourage KHC and DLG to continue to make efforts to engage the public, as well as Mayors and Judge Executives in local governments, for comments regarding the opportunity for impact with HOME funding for homeownership and rehab activities as well as multi-family development in their communities. Broader engagement would result in additional support for HOME and CDBG housing activity.

Related to the Analysis of Impediments to Fair Housing, we agree with the proposed Action Plan. From participating with programs requiring Fair Housing activities, one suggestion would be to facilitate an annual training with the Kentucky Fair Housing Council to coincide with April as Fair Housing Month that is a regular occurrence.

Should KHC or DLG have any questions regarding these comments, or if Fahe can be of assistance, please don't hesitate to call.

Sincerely,



Jim King
Fahe CEO

Sincerely,



Cassie Hudson
Kentucky Caucus Chair

Grantee Unique Appendices

HOME Homebuyer Development Program Recapture/Resale Provisions

Kentucky Housing Corporation

As the HOME Investment Partnerships grantee for the Commonwealth of Kentucky, Kentucky Housing Corporation (KHC) requires developers awarded under the competitive funding process for homebuyer development to utilize recapture provisions specified by 24 CFR 92.254(a)(5)(ii)(B)(2) - Reduction During the Affordability Period. The recapture provisions will be used recoup all or a portion of the HOME assistance provided to the homebuyers if the assisted housing does not continue to be the principal residence of the purchasing family for the duration of the period of affordability.

KHC will also allow recipient developers to request resale of properties acquired through foreclosure that were previously developed with HOME funds that remain in their initial periods of affordability established by 24 CFR 92.254(a)(4). Such resales must be requested and approved using KHC's waiver processes and use the appraisal formula established by 24 CFR 92.254(a)(5)(i)(A)(2) to determine the sales price.

Recapture

HOME homebuyer development funds are administered by recipient developers statewide. All recipient developers receiving an allocation of HOME funds to undertake homebuyer activities will be required to utilize the recapture provision as specified by 24 CFR 92.254(a)(5)(ii)(B)(2) - Reduction During the Affordability Period. This provision will be enforced by including appropriate language in the HOME written agreement with the homebuyer and mortgage documents. The initial homebuyer(s) must reside in the home as their principal residence for the duration of the period of affordability established by 24 CFR 92.254(a)(4). Recipient developers will advise clients prior to committing HOME funds that recapture provisions will apply.

In the event the homebuyer transfers the property, either voluntarily or involuntarily, during the period of affordability, KHC or the recipient developer 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 developer 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.

KHC HOME Homebuyer Development Program Recapture/Resale Provisions - 1

To determine the amount to be recaptured on a pro-rata basis:

- 1) *Divide the total amount of direct HOME assistance originally provided to the homebuyer by the number of years in the period of affordability.*
- 2) *Multiply this result by the number of years the homebuyer occupied the property to determine the amount to be forgiven.*
- 3) *Subtract the amount to be forgiven from the total amount of direct HOME assistance originally provided to the homebuyer to determine the amount to be recaptured.*

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 HOME INVESTMENT PARTNERSHIP PROGRAM SINGLE FAMILY DEVELOPER WRITTEN AGREEMENT, which KHC executes with each recipient developer, contains the following language:

3.1 Affordability Requirements

The Project must comply with all requirements of 24 C.F.R. § 92.254, in particular requiring the HOME-assisted units be sold exclusively to income-eligible low-income buyers as further outlined herein. Buyers must take fee simple title to the property and occupy the unit(s) as their primary place of residence, and the Developer shall not impose any restrictions on an assisted-buyer's subsequent sale of the property except for the recapture provisions required by 24 C.F.R. § 92.254(a)(5), as approved by KHC.

3.2 Affordability Period

The sale of the unit constructed under this Agreement will be subject to the imposition of an affordability period consistent with the requirements of 24 C.F.R. § 92.254(a)(4) (the "Affordability Period"). The Affordability Period will be imposed by an agreement between the assisted homebuyer(s) and KHC as well as evidenced by a recorded deed restriction, and any direct HOME assistance to the buyer(s) when purchasing the unit(s) will be evidenced by a note and secured by mortgage.

Among other items, the agreement between KHC and the assisted homebuyer(s) will include requirements that the buyer(s) maintain the unit as their primary place of residence throughout the Affordability Period and not convert the property to use as rental housing during the Affordability Period. Further, in the event of a sale or other voluntary or involuntary transfer of title during the Affordability Period, the buyer(s) will be required to repay the outstanding balance of any HOME funding or the net proceeds of sale, whichever is less. The net proceeds of sale will be defined as the sales price at which the original buyer is selling the unit (which KHC may disapprove in the event it is not reflective of an arms-length sale at fair market value), minus any secured mortgage debt senior to the HOME funding, and minus reasonable and customary closing costs incurred by the assisted homebuyer as part of the sale.

KHC HOME Homebuyer Development Program Recapture/Resale Provisions -2

Prior to the initial purchase of a unit by an eligible buyer, KHC will provide Developer with form versions of the agreement between KHC and assisted homebuyer(s). The Developer shall take appropriate steps to ensure potential buyers are informed of the Affordability Period requirements and that any purchase agreement with a buyer is contingent upon KHC's approval of the sale and the buyer's acceptance of the Affordability Period requirements.

The KENTUCKY HOUSING CORPORATION HOME INVESTMENT PARTNERSHIP PROGRAM HOMEBUYER WRITTEN AGREEMENT, which KHC executes with each assisted homebuyer, contains the following language:

SECTION 6. RECAPTURE AGREEMENT

In compliance with 24 CFR 92.254(a)(5), if Homebuyer sells or otherwise voluntarily or involuntarily transfers title to the Property during the Affordability Period, including transfer as a result of foreclosure or deed in lieu of foreclosure, then the outstanding direct HOME assistance to the buyer (entire remaining balance of the Loan amount as determined pursuant to the terms of the Note) will be recaptured by KHC.

However, if the net proceeds of the sale are insufficient to repay the direct HOME assistance, then the entire net proceeds will be recaptured and retained by KHC to satisfy both this Agreement and the Loan. If there are no net proceeds, repayment is not required and the HOME Program requirements are considered to be satisfied. The term "net proceeds" is defined as the sale price less the balance due on superior secured debt and closing costs incurred by the Homebuyer at sale or transfer. In the event the net proceeds are less than the outstanding Loan balance, KHC reserves the right to determine whether the sales price is comparable to the sales price in an arms-length transaction for a similar unit and to evaluate the closing costs being charged to Homebuyer to ensure they are reasonable and customary.

Net proceeds of sale in excess of the outstanding direct HOME assistance will be retained by the Homebuyer.

In the event Homebuyer wishes to refinance, KHC will recapture HOME funds subject to the amortization schedule. KHC may elect to subordinate to refinancing on a case-by-case basis.

To facilitate the expeditious administration of this Section, Homebuyer shall provide notice to KHC of any anticipated refinance or transfer of title, including but not limited to a sale or foreclosure.

KHC HOME Homebuyer Development Program Recapture/Resale Provisions -3

Resale Following Foreclosure

Via KHC's waiver process, KHC will also allow recipient developers to request resale of properties acquired through foreclosure that were previously developed with HOME funds and that remain in their initial periods of affordability established by 24 CFR 92.254(a)(4). While 24 CFR 92.254(a)(5)(i)(C) states "[t]he affordability restrictions may terminate upon occurrence of any of the following termination events: foreclosure, transfer in lieu of foreclosure, or assignment of an FHA-insured mortgage to HUD," developers choosing this foreclosure/resale option must ensure the home is resold to a buyer whose family qualifies as a low-income family and will use the property as the family's principal residence for the remainder of the initial affordability period. The sales price for such properties must be determined using the appraisal formula established by 24 CFR 92.254(a)(5)(i)(A)(2).

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 GUIDELINES

2025-2026

Kentucky Housing Corporation
1231 Louisville Road
Frankfort, KY 40601

www.kyhousing.org

502-564-7630
800-633-8896 (KY only)

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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 processes and program criteria. **It is the applicant's responsibility to read and adhere to the contents of these Guidelines.** Applicants may email multifamily@kyhousing.org for all questions regarding the Guidelines, the QAP, application, or scoring.

Current Version Applicability

The current version of the Multifamily Programs Guidelines supersedes all previous versions and unless otherwise stated or previously approved, all requirements and policies set forth in these Guidelines will apply to all applications and projects, regardless of when the project received funding. KHC may make exceptions on a case-by-case basis, at its sole discretion. Additionally, KHC may update required forms and documents from time to time; therefore, applicants/owners are advised to always download and utilize the most current versions posted on KHC's [website](#).

Amendments to the Guidelines or Qualified Allocation Plan (QAP)

KHC must comply with applicable federal and state regulatory and programmatic requirements of all resources administered and may amend the Guidelines or QAP as new or updated guidance or requirements become available.

Additionally, KHC may amend, disregard, modify, or withdraw any section of the Guidelines or QAP, including selection criteria, that interferes with an appropriate response by KHC in the event of a:

- conflict with state or federal laws or regulations,
- weather-related disaster,
- major disruption in financial markets,
- substantial change in resources available, or
- other similar unforeseen, consequential circumstance.

Amendments are not limited to, but may perform such acts as cure ambiguities, supply information on omissions, correct inconsistencies, or facilitate the allocation of Low-Income Housing Tax Credits ("LIHTCs" or "Housing Credits") or other KHC resources that would not otherwise be allocated. **All amendments will be effective immediately.**

Program Administration

As the administrator of the LIHTC program and other state and federal funding programs, KHC must make decisions and interpretations, including without limitation:

- an application being eligible,
- scoring criteria,
- the amount of resources to award, and
- imposing conditions beyond those generally applicable.

KHC is entitled to the full discretion allowed by law in making all such decisions and interpretations. KHC may resolve, in its sole discretion, any conflicts or inconsistencies in the Guidelines or QAP and other documents governing KHC's administration of the LIHTC program.

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 LIHTC 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 LIHTCs 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, while KHC staff may provide general guidance and feedback to applicants as a courtesy during the application process, this guidance should never be taken as legal advice or relied upon as a dispositive decision from KHC. Applicants remain solely responsible for the contents of their applications, and all applications and accompanying documents will be held to the standards set forth in KHC's QAP and Guidelines.

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 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% Housing 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 LIHTCs 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 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 LIHTC 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 LIHTCs or other KHC resources.

Information Sharing

KHC may share all project-related information, including the application, attachments, technical submission documents, and other pertinent materials with other participating funders throughout the life of the project. KHC will not share personally identifiable information unless specifically authorized by the applicant. KHC is a state agency subject to the Open Records Act (KRS 61.870 to KRS 61.884). As such, records maintained by KHC are subject to the Open Records Act and KHC must comply with lawful requests to inspect public records.

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 the most current versions on KHC's website of all KHC-provided forms, which are marked with an asterisk*, necessary to submit a complete application.**

Environmental Review

Applicants for HOME, NHTF, and/or Risk-Sharing funds must contract with a KHC-approved person or firm to perform the required environmental review. A list of [approved environmental review preparers](#) is 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 letter 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.

All questions regarding environmental reviews for KHC-assisted projects should be sent to environmentalreviews@kyhousing.org. More information regarding environmental review requirements can be found in [KHC's Multifamily Guidance on Environmental Review Records \(ERR\) in the HUD Environmental Review Online System \(HEROS\)](#) or on [HUD's website](#).

Eligible Project Types

Multifamily permanent housing 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

Applicants proposing to serve special needs populations 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. For all projects, if the provision of services is a component of the program design, tenant participation in those services cannot be a condition of residency nor grounds for denial to lease or eviction from the project. On a case-by-case basis, KHC may consider transitional (non-permanent) housing applications utilizing non-Housing Credit resources.

8

Applicants must disclose to KHC if a proposed project is part of a planned multi-phase development. At its discretion, KHC may choose to require the multi-phase development to apply for Tax-Exempt Bonds and 4% Housing Credits based upon its assessment of the size and scope of the total development.

Funding Sources Available

The following funding sources are available for the 2025 9% competitive funding round. Refer to the QAP for Housing Credit set-asides. A brief description of the funding programs administered by KHC is located in Chapter 14: Program Descriptions.

PROJECTED FUNDING AVAILABILITY

Funding Source	9 Percent Housing Credit Projects
HOME Investment Partnerships (HOME)	\$1,000,000
Affordable Housing Trust Fund (AHTF)	\$1,000,000
National Housing Trust Fund (NHTF)	\$1,000,000
Risk-Sharing	Amount Based on Demand

**KHC reserves the right to reallocate funds in order to fund the maximum number of projects possible. Additional funding may be offered to Tax-Exempt Bond project applications if funds are available.*

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 \$50,000 per unit or \$750,000 per project, of which no more than \$300,000 may be requested from AHTF. There is currently no per-project limit on NHTF funds; however, funding may be limited subject to availability. For tax-exempt bond projects, KHC reserves the right to issue bonds in any amount above the required 50 percent test as taxable bonds.

Non-Housing Credit projects are limited to a HOME request equal to the lesser of 85% of the applicable HOME maximum subsidy limit or \$1,000,000 total. The maximum request for AHTF funds is \$300,000 per project, whether used with other KHC resources or as the sole source of KHC funds.

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](#).**

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 stages described below. These stages, along with documentation requirements, are discussed in greater detail throughout this manual. It is important to note that each stage will not be considered complete until all required documents are uploaded into the UFA system. Incomplete submissions will not be accepted and the applicant may be asked to recall any submissions that are deemed to be incomplete.

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)

Eligible applicants must have developed, completed, and operated a multifamily project within the last three years that is now in the affordability stage with KHC's compliance department. The project for which the applicant is applying must be of similar size and scope and utilizing similar funding sources as the previously-awarded project(s). However, if the applicant/developer/co-developer does not meet this qualification, then the applicant/developer/co-developer **must** request application technical assistance (TA). **Applicants must have completed a technical assistance meeting before requesting access to the Universal Funding Application (UFA) system to submit a capacity application.** If more than three years has elapsed since its last KHC-funded multifamily project, the applicant/developer/co-developer is strongly encouraged to attend a TA meeting. KHC may require a TA meeting prior to application submission for any entity regardless of past experience. 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.

Additionally, KHC will require development entities new to KHC to attend a subsequent TA meeting at 80% project completion to review the project close out process and required documents. At its discretion, KHC may require the project completion TA meeting of any developer it deems necessary. To schedule a TA meeting, a completed [Technical Assistance Request Form](#) must be submitted to multifamily@kyhousing.org no less than 30 days prior to the applicable capacity application submission deadline **and all TA meetings must occur no less than 14 days prior to the capacity 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. Entities new to KHC must first attend a technical assistance meeting with KHC as noted above before requesting access to the UFA system to submit a capacity application. KHC may require the applicant to engage a consultant or co-developer with recent experience in KHC-assisted multifamily projects similar to the proposed project.

In making its determination of the capacity of the development team, 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. **Final capacity approval is at the sole discretion of KHC and such determination shall be final. Receipt of capacity approval does not guarantee a project will be awarded funds.**

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.

KHC may limit the number of projects a development entity has open at any one time based upon its assessment of their performance and progress on projects currently in the developer's pipeline.

3. Application Submission and Scoring Review Stage

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

KHC staff are available to answer application-related questions up to **7 days** prior to the application submission deadline; however, KHC will not provide an advance review of any portion of the application or required attachments for the purpose of making a determination of acceptability or accuracy. After the 7-day window has passed, KHC will only accept questions related to any technical issues applicants may experience with the UFA system. All questions **must** be emailed to multifamily@kyhousing.org.

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 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 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 must include their assigned KHC project specialist when regularly-scheduled closing calls begin to occur between the owner, equity investor, and other project partners 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 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. **The construction completion/placed-in-service stage must be submitted in full no later than 2 months** from the date of KHC's final inspection (100% completion).

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 4 months** from submission of the project completion/placed-in-service stage.

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Administrative Waivers

Applicants seeking a waiver to any KHC policy or requirement must submit a waiver request and pay a fee, adhering to the following policies:

1. 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.
2. The waiver request must be submitted by the project owner or developer.
3. **The waiver fee is due at the time the waiver is requested; no waiver will be considered until the waiver fee has been received by KHC.**
4. Waivers requested prior to application submission must utilize the [Pre-Application Waiver Request Form](#) and must be submitted no less than seven (7) days prior to the application submission deadline to receive consideration.
 - a. Fees for any pre-application waiver requests must be paid when the waiver is submitted.
 - b. **Any pre-application waiver submitted without payment of the fee will be rejected.**
5. Any waivers requested after application submission must be submitted via the UFA system.
6. Waiver requests must contain detailed justification of the need for the waiver, along with appropriate supporting documentation; otherwise, the waiver will be denied.
7. Waiver fees will not be reduced, forgiven, or refunded under any circumstance.

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 current and/or 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

Each member of the development team must submit a separate 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. 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: Wednesday, May 15, 2024**
- **Closes: Thursday, August 15, 2024, 12 noon, ET (submission deadline)**

Responses to a Notification of Funding Availability (NOFA) will be due as specified in the NOFA.

Technical Submission

Technical submission items are due **120 days** from the date of the preliminary approval letter – the actual date will be noted in the preliminary approval letter. 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.

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

Beginning with applications submitted after March 15, 2024, applicants will have **18 months** from the date of KHC's preliminary approval letter to close with their equity investor, bond purchaser, permanent/construction lenders, and on all KHC loans associated with the project. If the project does not close by this date, KHC's award to the project shall expire and be null and void and of no further force and effect. **No closing extensions or requests to exchange credits will be considered.**

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. When paying fees online, be sure to select the correct fee type (pre-application waiver fee, application fee, market study review fee, initial inspection fee, reservation fee, etc.). **Applicants may not pre-pay fees prior to application submission. KHC reserves the right to alter its fee structure at any time, at KHC's sole discretion.**

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 (developer, co-developer, management company, consultant). Each member must complete a separate development team capacity application and pay the applicable fee as outlined below:

- \$500 per each nonprofit entity
- \$1,250 per each for-profit entity

Application Fee

The following application fees are charged for each project submitted.

- \$3,000 for nonprofit applicants (Housing Credit only)
- \$4,000 for all for-profit applicants (Housing Credit only)
- \$4,000 per property for Tax-Exempt Bond projects.
 - Portfolio transactions must pay an application fee for each property, plus a \$1,000 portfolio application fee for the top-tier ("parent") project.
- \$500 for non-credit project submissions from nonprofit developers
- \$750 for non-credit project submissions from for-profit developers

Initial Inspection Fee

Projects proposing the rehabilitation of existing rental housing, whether in the New Supply or the Existing Supply set asides, must pay an initial inspection fee of \$400 per property for non-credit projects, and \$1,250 per property for Housing Credit projects. KHC 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 \$1,200 must accompany each Housing Credit application. Portfolio transactions will require a separate market study and market analysis review fee for each property.

Housing Credit Reservation Fee

A reservation fee of 10 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 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 \$2,000, the second extension fee is \$4,000, and the third extension fee is \$6,000. 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.**

Subsidy Layering Review Fee

KHC will charge a \$5,000 fee to perform the required subsidy layering review on behalf of a public housing authority. The fee will be due at the time the subsidy layering review request is made.

Failure to Meet Deadline Fee

Any project that fails to meet a KHC deadline without requesting an available extension (as applicable) prior to the expiration of the deadline will incur a \$5,000 penalty fee, in addition to the extension fee.

Unauthorized Early Closing Fee

Any project that 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 Unauthorized Early Closing Fee of \$7,500 *in addition* to any other fees applicable to and associated with such closing. The owner/developer will be subject to a capacity score reduction for future funding rounds if the early closing was not authorized by KHC via a waiver request.

On a case-by-case basis, KHC may, at its sole discretion, consider allowing an applicant to close on **property acquisition only** prior to final underwriting approval with written notification to KHC and compelling justification that it is in the best interest of the project to allow the early acquisition of the property. If federal funds are involved, the site must have environmental clearance prior to acquisition.

Early Start Fee

Any project that requests and receives 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. Refer to KHC's [Early Start of Construction policy](#).

Unauthorized Early Start Fee

Any project that begins construction activities of any type prior to receiving a Notice to Proceed or a signed Early Start authorization from KHC must pay an Unauthorized Early Start Fee of \$10,000. Unauthorized early starts of construction will also result in a capacity violation for future funding rounds.

Construction Inspection Fee

KHC will charge a one-time 1.75% 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.

Re-inspection Fee

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

- Units for which a KHC Construction Specialist 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 to have a Development Team 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 KHC Construction Specialist. Examples: bed bug infestation, poisonous snake infestation, uncontrolled animals, etc.

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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 approving 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. If the applicant fails to pay the waiver fee at the time of submission or does not follow the prescribed waiver process, the fee increases to \$1,000. **Please note that all waiver requests will incur a minimum \$500 administrative fee, even if the applicant is requesting forgiveness of a specific fee (i.e., extension fees or other penalty fees).**

Changes to Project Design Fee

Owners must notify KHC in writing in advance of making changes to the project design (e.g., site plan or location, pledged amenities, revisions to scope of work or materials, number of affordable units, 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.

Based on the extent and substance of the proposed changes, KHC may, at its sole discretion, require the owner to withdraw the application and resubmit in a future funding round. In such case, any fees previously paid will not be refunded or credited toward the subsequent application.

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 Construction Completion/Placed-in-Service Stage

Owners who do not submit the construction completion/placed-in-service stage within **2 months** of the date of KHC's final inspection must pay a \$1,000 fee for each month beyond the due date. Additionally, KHC may issue a capacity deduction in current or future funding rounds.

Late Submission of 8609 Application Fee

Owners who do not submit the 8609 application and all required attachments **within 4 months** of submission of the project completion/placed-in-service stage must pay a \$1,000 fee for each month beyond the due date. Additionally, KHC may issue a capacity deduction in current or future funding rounds.

Reissuance of 8609 Fee

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

Compliance Annual Report/Monitoring Fee

KHC will charge an annual compliance monitoring fee, which 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

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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:

- Portfolio Application Fee: \$1,000 per project (regardless of number of properties in the project).
- Credit Allocation Fee: 10% 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 \$3.50/\$1,000 of bond principal amount for all bond issues rated "A" or better (private placement or publicly offered) and \$6.00/\$1,000 of bond principal amount 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 the original bond issuance amount or an eighth point (covers annual compliance and financial reviews). The first year's Annual Issuer Fee based on the full bond amount is due and payable at the bond closing with annual payments thereafter as long as bonds are outstanding. The owner and/or bond trustee must provide to KHC annually, on the anniversary of the placed-in-service date, an amortization statement of the outstanding bond amount so that KHC may accurately invoice the annual issuer's fee.
- Issuer's Counsel: \$0.75 per \$1,000 of principal amount of bonds, with a minimum of \$15,000 and a maximum of \$25,000 (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.
- Updated Resolution Fee: If a project must be reinduced or have the final board resolution extended, a fee of \$2,500 for the first updated resolution and \$5,000 for each subsequent update will be charged.
- Inducement Agreement Extension Fee: \$1,000 fee per extension. If approved, the Inducement Agreement may be extended until the date specified on the timeline submitted by the project owner, or such date as determined reasonable by KHC.
- Tax-Exempt bond projects that are not able to meet the applicable closing deadline, but wish to reauthorize the bond cap reservation, must pay a \$3,500 reauthorization fee per property. Projects that are approved for a reauthorization of bond cap must close within **30 days** of the reauthorization. In addition, the applicable closing extension fee must be paid.

Risk-Sharing Fees

An application fee of \$3,500 for each Risk-Sharing project is due within **two weeks** from the date of the preliminary approval of funding, along with the 10% 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 \$7,500, which includes the first year annual fee of \$2,250, acceptance fee of \$3,250, 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 **per document**
- Second modification occurrence: \$2,000 fee **per document**
- All subsequent modifications: \$4,000 fee **per document**, 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 conducts a capacity review on all development team members (developer, co-developer, consultant, and management company) prior to the submission of a funding application.

- Each development team member must complete a separate Development Team Capacity Application.
- Only the entity seeking capacity approval may submit the capacity application; it cannot be submitted by another entity on behalf of the applicant.
- Approved development team members will receive an approval certification which will be valid for one to four years, at KHC's discretion.
- Any staffing 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).
- If at any time a development team member changes, KHC must be notified in advance and a copy of the new entity's capacity approval letter provided.
 - If the entity does not have a capacity approval letter, they must submit a capacity application and obtain approval prior to assuming a role in the KHC-funded project.
- **Final capacity approval is at the sole discretion of KHC and such determination shall be final. Receipt of capacity approval does not guarantee a project will be awarded funds.**

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 with a previously-approved capacity certification are not required to complete the capacity application; however, a copy of the approval certification for each member must be uploaded within the UFA.

Any development team member who has not received a capacity approval letter must complete the capacity application and submit it to KHC no later than **60 days** prior to the funding application submission due date.

KHC may require a capacity review of any development team member at any time.

Eligible Applicants

Eligible applicants must have either:

- **Developed, completed, and operated a multifamily project within the last three years that is now in the affordability stage with KHC's compliance department. The project for which the applicant is applying must be of similar size and scope and utilizing similar funding sources as the previously-awarded project(s).**
- Attended a KHC technical assistance meeting.

KHC may require the applicant to engage a consultant or co-developer with recent experience in KHC-assisted multifamily projects similar to the proposed project.

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Applicants for tax-exempt bonds must engage an attorney or attorneys to serve as bond counsel who has experience with and a comprehensive understanding of multifamily tax-exempt bond transactions.

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 previously constructed and placed in service a KHC multifamily project with Housing Credits within the past three years are restricted only by the Housing Credit cap.

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 development team members must submit the following documentation based on its organizational structure. Credit review documents are not required for members acting solely in the role of consultant. For newly-formed entities, documentation for the principals of that entity must be submitted.

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

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.

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:

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 participating in a project that could constitute a conflict of interest or identity of interest between the parties, or cause the entities to exceed KHC's funding limits.
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. 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.

Development Team Capacity Application Attachments

The following items must be uploaded with the online application for KHC to complete the capacity and credit review. If the development team member is a newly-formed entity, documentation for the principals of the entity must be submitted. **Note:** all financial documents should be uploaded to the Document Repository within the UFA and marked as "private" prior to being uploaded into the application (refer to the FAQ in the UFA for detailed instructions). Only members of KHC's leadership team have access to any documents marked as "private" in the application – KHC staff does not have access.

1. Capacity Application Fee

Evidence of electronic payment of the capacity application fee for each entity on the development team for which approval is being requested (developer, co-developer, management company, consultant) must be submitted. Each member must complete a separate capacity application and pay the applicable fee as outlined in [Chapter 1: Project Timeline and Fees](#).

2. Technical Assistance Certification Form

Required for any applicant who has not previously used KHC resources to construct or rehabilitate a rental project within the last 3 years or for applicants as determined by KHC. Refer to the [Introduction and General Information](#) section for technical assistance requirements.

3. 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 preclosing 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.

4. 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 preclosing 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 and/or the principals of any newly-formed general partner entities when a funding application requesting a KHC loan is submitted. In that case, the credit review(s) must be completed prior to closing on any KHC loan.

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.

5. 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.

6. Organizational Chart(s) and Resumés

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.

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

All applicants/developers and management companies who have not done business with KHC in the last three (3) years 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.

8. Full Disclosure Documentation*

KHC's Full Disclosure Form, as described in this chapter, must be completed and signed by each member of the development team, accompanied by any applicable supporting documentation.

CHAPTER 3: Application Process, Review, and Requirements

KHC offers a competitive application for Housing Credit, AHTF, HOME, NHTF, Risk-Sharing, and SMAL 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.

For Tax-Exempt bond projects, KHC will open the Universal Funding Application periodically as bond cap is available. From time to time, KHC may issue a Notice of Funding Availability (NOFA) when KHC gap funds are available to allocate in conjunction with tax-exempt bonds.

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 adhere to 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. All amenities provided must be appropriate for the tenant population served.
- Applications must be submitted in the current version for the type of KHC resources requested.
- Each application must be for an eligible project type and propose an eligible activity.
- Current versions of all application attachments must be uploaded to KHC's online system as part of the application submittal. To ensure that the most current versions of KHC-provided forms are used, applicants should always download them from KHC's website. **The image quality of the uploaded documents must be clearly legible.**
- All application attachments may not be dated more than six (6) months prior to the application submission deadline, unless otherwise specified in these Guidelines.
- Any documents provided by third parties should be submitted in their original state; handwritten notes or other alterations by the applicant are not acceptable. Applicants may include a supplemental memo if additional explanation is required.
- 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, and/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 UFA checklist attachment.
- 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 system by **12 noon ET on Thursday, August 15, 2024**. Any flash drive containing documents that cannot be uploaded due to the file size being greater than 150 megabytes 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, 2024** at:

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

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Documents that will be shared among multiple funding applications (e.g., financial statements, organizational documents, etc.) can be stored in the Document Repository, where they can be attached to any application by a team member. Refer to the FAQ in the UFA for further guidance.

- Naming the document files:
 - Name the file exactly as it appears on the attachment list in the UFA; e.g., "Application Fee.pdf". If you wish to add the project name, you may 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, which you may mark as "N/A."
 - 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 **ASTM Phase I and/or II**.
 - **Each document, including building plans, must have all pages contained in a single file per document type and should not be broken into smaller files for the purpose of uploading to the UFA.** For example, all pages of the plans must be in one document, all pages of the PCNA must be in one document, etc.
- Cover sheets are not necessary; do not upload cover sheets with your documents.
- Underwriting Model (UM) – be sure that you complete and upload the most current UM version from KHC's website and submit in Excel format. Do not add any formulas to the UM!
- 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 transmitted.
- 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, contact KHC's Justin Long at jlong@kyhousing.org or Diane Beidleman at dbeidleman@kyhousing.org.

The online application will close at 12 noon, ET, on Thursday, August 15, 2024. 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 (Including Tax-Exempt Bonds)

Capacity/Performance Scorecard and Capacity & Credit Review

Applicant and development team must pass KHC's Capacity/Performance Scorecard Review and Capacity & Credit Review processes. Development team members with capacity deductions will be ineligible to participate in any non-scored application until the expiration of the deduction(s).

Management Company Performance/Compliance

Applicants must engage a management company on the development team who has a KHC Asset Management risk score of "pass," "pass/watch," or "special mention" (C or above) on 70% or more of their properties to support satisfactory management standards. Management companies that do not have a risk management score because they are new to the state will qualify, but must have a current capacity approval letter from KHC. Applicants must contact KHC by email at multifamily@kyhousing.org no earlier than 60 days prior to the application deadline to obtain their risk score.

Errors and Omissions

Applications that contain six (6) or more errors and/or omissions will be disqualified from consideration. Applications with five (5) or fewer errors and/or omissions will be granted 48 hours to remedy, subject to KHC's Cure of Application Errors and Omissions policy.

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. All application attachments may not be dated more than six (6) months prior to the application submission deadline, unless otherwise specified in these Guidelines.

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 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.

Tenant Selection Plan Public Housing Preference

All applicants are required to provide a written commitment to notify local public housing authorities and KHC's Housing Choice Voucher Department of project vacancies and to give priority to households on the waiting list of the PHA and/or KHC, if there are no eligible households on the project's waiting list.

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Notification of Public Officials

All applicants must complete and submit the Notification of Application for Funding form with their application materials. The form must identify the name and email address of the current officeholders for the local mayor (if the project is located within city limits) or county judge executive (if the project is located in an unincorporated area of the county), 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](#).

Upon application submission, KHC will send the notice to the identified elected officials.

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

All projects are required to submit a market study which conforms to [KHC's Market Study Requirements](#). The market study must demonstrate sufficient demand for the proposed project based on location, project design, unit mix, targeted populations, proposed rents, etc.

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.

Applicants for new supply projects must provide a copy of a Google Maps printout documenting the proposed project's distance, measured in radius, from the project(s) not yet placed in service, as identified in the current scoring workbook. The market study must recognize the projects under development located in the same county and targeting the same population(s) as the proposed project and consider the impact of those units under development on the marketability of the proposed project.

Subsequent phases of a phased-in development will be permitted provided the market study recognizes the earlier phases and the impact of the proposed project.

Qualified Contract

By submitting an application for 9 percent and/or 4 percent Low-Income Housing Tax Credits, the applicant waives any and all rights to a qualified contract process with respect to the project to which the application pertains.

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 non-KHC 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 and identify the project name;
- Identify the amount and terms of funding, including rate (actual and effective rate, if applicable).
- Be on the funding source's letterhead and signed by an authorized representative; and
- Be dated within the **3 months** preceding the KHC application submission date.
- In the event the commitment of funds covers multiple properties in a portfolio transaction, the amounts and terms for each property must be delineated separately.

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 for other funds provided by local, state or federal jurisdictions, if the applicant submits evidence of an application for these funds and a written guarantee from the applicant that if the funds are not awarded, the applicant will contribute the amount of funds for which it applied and evidence its financial ability to do so. Commitments of resources from federal, state, or local governments may contain a contingency based on the proposed project receiving an award of Housing Credits.

For secured debt that is to be **assumed** by the applicant, a firm commitment letter from the lender, indicating that the lender consents to the assumption of the secured debt, shall be required. If the secured debt to be assumed is governmentally-insured, e.g. HUD, RD, etc. and will be assumed pursuant to a refinancing program offered by the insuring agency, documentation from the applicable agency that the applicant has begun the assumption approval process may be substituted for a firm commitment letter.

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.
 - In the event the equity commitment covers multiple properties in a portfolio transaction, each of the above items must be delineated separately for each property.
- 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

All projects must submit evidence that the project site is either:

- a. Properly zoned for the type of proposed project;
- b. Does not currently have the proper zoning, but a rezoning application has been submitted to the local jurisdiction; or
- c. There is no local zoning for the site location.

Floodplains, Floodways, and Wetlands

KHC will not fund projects that are in a floodway. Any time there is a site located near a floodplain, floodway, or wetland, KHC should be contacted for consultation.

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 in a floodplain, flood insurance (as described below) will be 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. If your project involves new construction and has either a mapped wetland or potential wetlands on the project site, you must contact KHC for guidance regarding the necessary 8-step decision making process unless an exception under 24 CFR Part 55.12 applies.

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 applicants for projects involving the rehabilitation or adaptive reuse of an existing structure(s) must submit a completed copy of KHC's Capital Reserve Replacement Schedule (CRRS) from a qualified preparer, and must also submit a physical capital needs assessment (PCNA), which must incorporate or be consistent with the CRRS. Qualified CRRS preparers include:

- 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](#) which conform to KHC requirements. 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 scattered sites may not be intermingled in one project. Due to Rural Development (RD) requirements to maintain separate property identities, multiple RD properties may not be combined into one tax credit transaction. Sites in multiple counties are not permitted except for Tax-Exempt Bond projects.

Tenant Ownership / Lease-Purchase

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

Thresholds for Projects Serving Special Needs Populations

Service Plan for Target Residents

Applicants proposing permanent supportive housing to serve special needs populations 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.
3. An explanation and demonstration of how the services will be funded on an ongoing basis.

Thresholds for Preservation/Existing Supply

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.

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 **25 years**.

Thresholds for New Construction/New Supply (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 serving families 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.

Serving Persons With Disabilities

All applicants in the New Supply Pool must provide the lesser of 4 units or 10 percent of the project's total units targeted to persons with disabilities and the units must be fully accessible in accordance with the building plans. **This does not include any required visual/hearing impaired units.**

Application Review Components

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. Except as provided in the [Cure of Application Errors and Omissions](#) provision of this section, KHC will not accept additional documentation or revisions to the application or underwriting model after application submission.

I. Selection Criteria – Applications will be reviewed and evaluated as submitted. KHC will review and score each application based on the information presented and may contact applicants only to clarify information submitted with the application.

For applications submitted in the 9% competitive funding round:

- a. New supply projects will be scored based on the criteria outlined in the current scoring workbook.
- b. Existing supply projects will not be numerically scored, but will be ranked based on:
 - (i) greatest need of rehabilitation, as determined by KHC;
 - (ii) percentage of units covered by a federal project-based rental assistance contract; and
 - (iii) projects not requesting acquisition credits (arm's length transactions), or in related-party transactions, projects not requesting acquisition credits or any KHC gap financing.

For applications submitted under a Notice of Funding Availability (NOFA), projects will be ranked based on the selection criteria and preferences outlined in the NOFA.

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.

Nonprofit Adjustment – If necessary, KHC will adjust the awards to ensure the overall allocation results in awarding at least 10% of 9% LIHTCs to applications involving tax-exempt nonprofit organizations. To qualify, the nonprofit must:

- own at least 51% of the general partner or managing member interests;
- materially participate in the project as defined in Code Section 469(h);
- be registered and in good standing with the Kentucky Secretary of State;

- not be affiliated with or controlled by any for-profit entity; and
- include the fostering of low-income housing as one of its exempt purposes.

Minority Business Enterprise (MBE) Adjustment – If necessary, KHC will ensure the overall allocation results in at least one 9% New Supply LIHTC award to an application for which at least one of the developers has been in existence for at least one year and which has received proper Minority Business Enterprise (MBE) certification from the Kentucky Finance and Administration Cabinet (FAC).

The qualifying entity must be able to demonstrate its past development experience and materially participate (Code Section 469(h)) in both the development and operation of the proposed project throughout the 15-year compliance period and must earn a minimum of 25% of the developer fee. The application must contain documentation from the FAC, the MBE entity's history, and any development agreements. In the event the MBE entity is acting as co-developer, the MBE entity may not be a related party to the applicant, developer, or any of its principals.

Refer to [Chapter 4: Application Attachment Requirements](#) for the documentation required to be considered for the MBE Adjustment.

- II. **Financial Feasibility** – A project is financially feasible if viable under **all** (including federal, state, local, and/or KHC) program guidelines. **The application, underwriting model (UM), and supporting documentation must all agree.** If a contradiction exists between the UM and the application, the information in the UM will be used to determine the financial feasibility. However, any discrepancies between the application, UM, and supporting documentation may constitute an error in scoring.
- III. **Market Need** – A market study must be submitted with the application and will be reviewed in accordance with KHC's [market study requirements](#). If the market study demonstrates 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

Incomplete applications **will not** be reviewed or scored, unless cured, following KHC policies. In addition, applications wherein the applicant's self-score and/or tiebreakers would not qualify the application for funding will not be reviewed or scored. KHC must comply with federal and state regulations and program requirements of all resources administered; therefore, as new or updated guidance becomes available, KHC may alter the review process to comply. Applicants seeking to obtain their KHC asset management score should do so no sooner than **60 days** prior to application submission to ensure the score is current.

Cure of Application Errors and Omissions

Applicants will be allowed to remedy no more than **five (5) errors and/or omissions** contained in any application attachment (excluding the KHC underwriting model **and scoring workbook**). If more than **five errors or omissions** must be addressed, the application will be rejected for not meeting threshold. Any error contained in the application as input by the applicant will be considered an incurable error, because the application cannot be amended after submission. An incurable error does not disqualify the application from further consideration; however, incurable errors are included in the maximum allowable errors and/or omissions.

The correction of any **error or omission** must be made within **48 hours** of the time that KHC transmits the notification of such error or 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 Thursday, 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 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, or which make the project financially infeasible, will be considered to be an incomplete application and will not meet threshold.

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 Portfolio Application

Portfolio projects requesting Tax-Exempt Bonds will have a preliminary portfolio application to submit basic documents required to establish the top-tier "parent" level project in KHC's database. The sub-tier property-level projects in a portfolio transaction, as well as any single-property projects, will proceed directly to the full application. For portfolio transactions, all properties must be submitted individually and may not be combined within one or more full applications. **KHC will not consider a deal with unrated bonds in a public offering.**

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 into 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.

Organizational and Credit Review Documents

Any previously-approved development team member who has had changes in their organizational structure, and any newly-formed ownership entity, must submit their organizational documents via the UFA at the preclosing stage. Any development team member with new principal officers/members must also provide resumes for those individuals.

For projects requesting KHC funds, credit review documents must be submitted for the developer, general partner, and guarantor (if applicable) at the application stage. Guarantors must also provide their organizational documents. KHC may request additional documentation on any project entity.

Refer to [Chapter 2: Development Team Capacity Application](#), for a complete list of required 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 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, tax-exempt bonds, and/or other KHC resources awarded. **The final amount of credit, bonds, 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.** **Projects that proposed innovative components in the application must retain those features and characteristics in the completed project.**

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; refer to the document list below for the specific attachment requirements for your application type.

Applicants must upload all attachments and each document must be identified separately with the item name as it appears below. For your reference, the UFA identifies documents that are KHC-provided forms. If a document does not apply, mark the "N/A" button in the UFA.

All application documents must be current and may not be dated more than six (6) months from the application submission deadline date, unless otherwise specified.

Tax-Exempt Bond Documents

(Top tier "parent" portfolio projects must submit these documents in a separate portfolio application; single-property TEB projects must submit these documents with the full application)

1. Portfolio Application Fee (Top tier "parent" portfolio projects only)

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

2. Portfolio Summary Underwriting Model*

(Required for portfolio transactions consisting of multiple properties)

In addition to the underwriting model for each property in the portfolio transaction, an additional Portfolio Summary Underwriting Model must be provided.

3. 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.

4. Engagement Letter with Bond Counsel

Provide an engagement letter with each attorney involved in the project, including the attorney's bond transaction history, their resume, or qualifications. Applicants must engage an attorney or attorneys to serve as bond counsel who has a comprehensive understanding of multifamily tax-exempt bond transactions.

5. Supporting Documentation for Selection Criteria (NOFA submissions only)

If responding to a Notice of Funding Availability (NOFA) with selection criteria (thresholds, preferences), upload all supporting documentation required per the NOFA **to demonstrate which preferences and selection criteria the project is claiming.**

Application Attachments

Capacity Documents

1. **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.

2. **Technical Assistance Certification Form***

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

3. **Credit Review Documents**

Credit review documents are only required at application stage if requesting KHC funds. It is not necessary to resubmit credit review documents that were previously submitted with a capacity application within the past six months. Dependent on the organizational structure, credit review documents must be provided for all developers, general partners, and guarantors (other than individual guarantors). Guarantors are also required to submit their organizational documents. Developers submitting multiple applications requesting KHC funds are only required to provide credit review documents with one of the funding applications; however, each application must clearly identify where the documents can be located if submitted with a different application. All credit review documents should be marked as "private" when uploaded to the UFA system.

4. **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.

5. **Co-Development Agreement**

Projects proposing a co-developer arrangement must submit a fully executed co-development agreement that, at a minimum, details the following:

- a. The term of the agreement;
- b. The specific roles and detailed responsibilities of each party;
- c. The percentage of developer fee each party will earn; and
- d. A detailed description of how the co-developer will meet the material participation test (as defined in IRC 469(h)) and have meaningful engagement in the project for the 15-year compliance period.

6. **Minority Business Enterprise (MBE) Documents**

Projects seeking to claim eligibility for the MBE Adjustment must provide the following documents:

- a. Copy of current MBE certification from the Kentucky Finance and Administration Cabinet
- b. Certificate of Existence from the Kentucky Secretary of State demonstrating that the MBE development entity has been in existence for at least one year;

- c. Supporting evidence of the past real estate development activities of the MBE entity, particularly as it relates to multifamily housing;
- d. If the MBE is acting as a co-developer:
 - i. An executed co-development agreement that meets the standards outlined above, and
 - ii. An activity log demonstrating the communication and coordination between the developer and co-developer regarding the proposed project for a minimum six-month period prior to application submission.

General Documents

1. **Application Fee**

Evidence of electronic payment of the applicable application fee must accompany each project submitted. Refer to [Chapter 1: Project Timeline and Fees](#) for more information.

2. **Market Analysis Review Fee**

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

3. **Initial Inspection Fee**

(Projects involving rehabilitation of an existing structure, both Existing Supply and New Supply)

An initial inspection fee for each project site (property) must accompany each application submitted which involves the rehabilitation or reuse of an existing structure. Refer to [Chapter 1: Project Timeline and Fees](#) for additional information.

4. **Scoring Workbook***

(New Supply projects only)

Submit an Excel version (not PDF) of the scoring workbook applicable to the current funding round completed with the developer's self-scores. **All applicable sections must be completed.**

5. **Supporting Documentation for Selection Criteria**

(Non-Credit NOFA submissions only)

If responding to a Notice of Funding Availability (NOFA) with selection criteria (thresholds, preferences), upload all supporting documentation required per the NOFA to demonstrate which preferences and selection criteria the project is claiming.

6. **Notification of Application for Funding***

(Required for projects of 12 or more units)

Applicants must complete and submit the Notification of Application for Funding form, which must identify the name and email address of the current officeholders for the local mayor (if project is located within city limits) or county judge executive (if project is located in an unincorporated area of the county), 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](#). Upon application submission, KHC will send the notices to the identified elected officials.

7. Nonprofit Questionnaire*

(LIHTC projects only)

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

8. 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.

9. 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.

10. 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.

11. 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.

12. Kentucky Intergovernmental Review Process

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

Applicants requesting HOME, NHTF, and/or Risk-Sharing funds, or new KHC project-based vouchers, must submit to the State Clearinghouse through the [Department for Local Government's online system](#). Successful submission to the Clearinghouse will generate a confirmation that includes the SAI number, which is a required checklist attachment.

13. Guideform Notice Disclosure to Seller*

(Required for all projects with HOME, NHTF, Risk-Sharing, new project-based vouchers, or the transfer of an existing Section 8 HAP contract)

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.

14. Guideform General Information Notice (GIN)

(Required for all projects with current occupants in conjunction with HOME, NHTF, Risk-Sharing, new project-based vouchers, or the transfer of an existing Section 8 HAP contract)

The Guideform General Information Notice (GIN) is required to be given to all current occupants advising them of the impending federally-assisted acquisition or 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.

15. Community Revitalization Plan

(Required for projects seeking points for new units in a QCT – urban only)

Urban projects seeking points for creating new units in a QCT must submit a copy of the local jurisdiction's overall plan for revitalization, community development, and/or economic development. 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 formally adopted by the jurisdiction and created or updated within the last 10 years;
- 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, specifically new multifamily units in a QCT.

16. Community Revitalization Plan Certification*

(Required for projects seeking points for 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.

17. Tenant Selection Plan Preferences

Applicants seeking scoring points for providing a preference for individuals on the local public housing agency (PHA) waiting list must provide a signed statement that it has committed to the preference and agrees to notify the PHA of property vacancies. All preferences must be reflected in the Tenant Selection Plan, which is required at the Technical Submission Stage.

18. Letter of Service Commitment

(Required for 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 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 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).**

19. Letter of Referral Commitment

(Required for 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.

20. Supportive Housing Service Plan

(Required for 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.
3. An explanation and demonstration of how the services will be funded on an ongoing basis.

21. 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 25 years. For all projects, a minimum of 25 years must have passed since the last substantial rehabilitation to meet threshold. For threshold purposes, substantial rehabilitation is defined in IRC Section 42 as \$7,400 per unit or 20% of adjusted basis. This proof may be evidenced by either:

- 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 HUD or RD which states whether there has been any substantial rehabilitation on the property within the last 25 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.

22. PolicyMap Report

(New Supply projects only)

Projects seeking points in the PolicyMap Renter Cost Burdens, Median Household Income, Employment Density, and/or Road Network Density scoring categories must provide a copy of the report or a screenshot obtained from the PolicyMap website for each category in which points are being sought. The printout must clearly identify the location of the project within the applicable boundary and the numeric value or percentage result.

23. Census Tract Report

(New Supply projects only)

Projects seeking points in the PolicyMap scoring categories must document the current census tract designation for the proposed project's location by providing a printout of the full census tract report obtained from the U.S. Census Bureau [website](#).

24. Distance From Projects Not Yet Placed In Service

(New Supply projects only)

Applicants whose proposed project is located in a county wherein a previously-approved KHC project is under development and not yet placed in service (8609 has not been issued) and targets the same tenant populations as the applicant's proposed project must provide a copy of the Google Maps printout documenting the proposed project's distance, measured in radius, from the project(s) not yet placed in service. The projects under development and not yet placed in service are identified in the scoring workbook.

The market study must recognize the projects under development located in the same county and targeting the same population(s) as the proposed project and consider the impact of those units under development on the marketability of the proposed project. Subsequent phases of a phased-in development will be permitted provided the market study recognizes the earlier phases and the impact of the proposed project.

Underwriting Documents

1. 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 yellow input cells of the model are the only areas in which the applicant may enter information. **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, you may 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.

2. 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.

3. 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.

4. 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). 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 will require the owner to complete the [HUD utility schedule model](#) on projects receiving HUD funding (e.g., HOME, NHTF, or other HUD loans). Applicants wishing to use a utility study in lieu of a utility allowance chart at the application stage must submit a pre-application waiver.

5. 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. Refer to [Chapter 11: Underwriting Requirements](#) for additional market study information.

6. 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.

7. 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 and a letter submitted from the rental assistance provider that the proposed rents are acceptable.

8. 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 rent-assisted units.

9. 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.

10. 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](#).

11. Firm Commitments for All Non-KHC Resources

Refer to [Application Thresholds](#) section for requirements for firm commitment letters. Any time limitations or expiration date of the commitment must be clearly stated in the letter.

12. 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.

Legal Review Documents

1. Evidence of Site Control

(Required for all projects)

Applicants must have site control on 100 percent of the project sites, including scattered sites. Site control documents 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 – can be in the name of the project ownership entity or general partner (or member of the general partner) of the to-be-formed ownership entity.
- Current Purchase Contract – The contract must be valid through the announcement period of the calendar year in which KHC resources would be awarded. If at any point the contract is determined to be at risk of expiring prior to closing, KHC may require supplemental proof that the property can be purchased prior to closing.

Applicant must be able to prove that Applicant has the ability to purchase the property at all times until closing. **The contract cannot contain seller's right of first refusal language.**

- **Current Option to Purchase** – The option to purchase must be valid through the announcement period of the calendar year in which KHC resources would be awarded. If at any point the option is determined to be at risk of expiring prior to closing, KHC may require supplemental proof that the option has been extended or that the property can be purchased prior to closing. Applicant must be able to prove that Applicant has the ability to purchase the property at all times until closing. **The option cannot contain seller's right of first refusal language.**
- **Current Lease Agreement/Option to Lease** – the lease period must be through the entire applicable affordability period.

Note: For federally-funded projects (HOME, NHTF, or 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.

2. 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 seller, city/county official, or title attorney.

Design and Construction Documents

1. 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.

2. Preliminary Plans

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 all sites and **complete** preliminary plans must be submitted for **each applicable unit type**.

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3. 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. Refer to [Chapter 13: Design and Construction Review](#) for more information about work write-up requirements.

4. Site Plan

(Required for all projects types)

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

5. Floodplain Map

(Required for all projects)

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. 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.

6. 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.

7. 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 a PCNA or an updated PCNA on any project at its discretion.**

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8. Capital Reserve Replacement Schedule (CRRS)*

(Required for all Housing Credit and Tax-Exempt Bond projects proposing the rehabilitation or adaptive reuse of an existing structure)

The 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 the 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 most recent version of the [Fannie Mae Form 4099 Appendix F: 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.

9. 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.**

If the property is not currently zoned appropriately for the proposed project, the applicant may submit evidence that a rezoning application has been submitted to the applicable jurisdiction. Evidence of the zone change and confirmation that the proposed project is allowed at the site location must be submitted no later than the technical submission deadline.

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, place those documents on a flash drive and mail to your assigned program specialist by the technical submission deadline. **Do not break large documents into several smaller files for the purposes of uploading to the UFA.**

Below is a description of 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 must be submitted independently of each other; however, ALL technical submission documents must be submitted by the applicable due date.

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 12:00 noon ET on the deadline date are subject to payment of a \$5,000 penalty fee in addition to the applicable extension fee.**

Underwriting Documents

1. 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.

2. 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 average income test (AIT) 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.

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

(Required only if original funding commitments submitted with application have changed or expired. 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. Refer to [Chapter 11: Underwriting Requirements](#) for additional information regarding match requirements.

Firm commitment letters for all non-KHC sources must be on the funding source's letterhead and:

- 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 dated and signed by an authorized representative of the entity providing the funds.
- 3) 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.

4. **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. Appraisals may not be more than one year old as of the date of technical submission.

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.

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 in regard to formatting and layout or need to be ordered from KHC's approved appraisers; however, the appraisal must still provide a separate value for the land and KHC must be named as an intended user. Any variations from KHC's underwriting standards to be used in the appraisal must be approved by KHC during the application stage.

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

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

(Required for Risk-Sharing projects with Housing Credit)

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.

6. 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.

Design and Construction Documents

1. Proof of Proper Zoning

(Required for projects without zoning approval at application)

If the project site was not properly zoned at the time of application submission, the applicant must submit evidence that the proposed site has been rezoned 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 and that the proposed development is now allowed at the project site.
- 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.**

2. 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 B101 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.

3. Construction Plans – Permit Set

(Required for all projects)

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

4. Specifications / Work Write-Up – Permit Set

(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.

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 International Energy Conservation 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. Certification of Accessibility*

(Required for all projects)

The project architect, general contractor, and project owner 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.

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.

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. 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 childcare 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.
- Window replacement.
- The only exception is when paint is proven lead-free or the job is smaller than 6 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. Utility Letter(s)

For new construction, adaptive reuse, or rehabilitation projects with newly constructed units, letters from the local utility companies indicating the availability and capacity of utilities to the proposed site must be provided. All connection fees, tap fees, and/or relocation cost, if any, must be included in the development budget. If off-site utilities are being brought to the site by local municipalities, the letter must include the dates the work will begin and be completed, and the anticipated cost, along with evidence the local municipality will bear the cost. If the developer is extending the utilities to the site, the utility extension must be completed before KHC funds can be accessed or the funds must be placed in escrow to assure completion of the utility extension.

9. Subsurface Soils Investigation Report

(Housing Credit and Risk-Sharing Projects Only)

Required for:

- New construction projects 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. **An approved Environmental Review Record (ERR) must be in HEROS and approved by KHC and/or HUD no later than the pre-closing stage.** Refer to KHC's Multifamily Guidance on Environmental Reviews for more information.

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

(Rehabilitation projects constructed prior to 1978 and receiving NHTF, HOME, Risk-Sharing, or Project-Based Section 8 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 HOME, NHTF, 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 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](#) and will provide information regarding further inspections or documentation that may be required. The environmental review cannot be completed until the Clearinghouse letter has been submitted.

Note: To avoid potential project delays, 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.

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.

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 approved surveyors 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](#)) 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.

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.

3. 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](#).

4. Guideform Notice of Nondisplacement

(Required for rehabilitation projects with current tenants in conjunction with HOME, NHTF, Risk-Sharing, new project-based vouchers, or the transfer of an existing Section 8 HAP contract)

This relocation 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 into 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.

5. 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](#). Refer to [Chapter 12: Program Policies](#), for more information about protections and notices required under the Violence Against Women Act (VAWA).

6. 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 AFHM plan must describe the activities during advance marketing and the initial rent-up period. The AFHM plan should 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](#).

7. 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.

8. 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.

9. 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, 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 are needed to achieve program accessibility. The plan must be developed with the assistance of individuals with disabilities or organizations representing them. The plan should identify the physical obstacles that limit accessibility, including a detailed description of methods used to make facilities accessible and the schedule for completion. 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.

10. ALTA Survey (Draft)

(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 [2021 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 properties not previously platted, a metes and bounds legal description of the property line. All easements and rights-of-way must have the metes and bounds in the description.
- HOME, NHTF, and Risk-Sharing projects must include a metes and bounds legal description.
- 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 flood 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.

11. Title Commitment (Draft)

(Required for all projects with KHC loan funds)

A separate title commitment for each KHC loan must be submitted. KHC will communicate with the title insurance company to ensure the title policy exceptions, endorsements, and descriptions are agreed upon. A revised title commitment or proforma policy with the agreed upon terms must be submitted at pre-closing and dated no more than 30 days prior to the closing date.

General Documents

1. Drug-Free Workplace Certification*

(Required for all projects)

KHC's policy is to promote a drug-free environment for all individuals acquiring KHC-assisted housing. The Drug-Free Workplace Certification form certifies the project will provide a drug-free workplace. This form is on KHC's website, www.kyhousing.org.

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)

Existing projects designated as a "troubled project" by HUD or RD may request a waiver from the IRS to the ten-year holding period requirement. A copy of this waiver must be provided to KHC.

4. Authorized Signature Form*

(Required for all projects with KHC funds)

This form authorizes members of the ownership entity to submit draw requests to KHC. At least two different signatures are required; one person who will submit the draw request and another person who signs 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 (board chair, CEO, mayor, etc.). This form is on KHC's website, www.kyhousing.org.

5. Site and Neighborhood Standards Questionnaire*

(HOME and NHTF new construction projects only)

Each recipient of HOME and/or NHTF funds must provide 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.

6. 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.

7. Tenant Ownership Plan

(Required for all lease-purchase projects)

The tenant ownership plan must demonstrate a viable homeownership strategy for residents to purchase the units at the end of the 15-year compliance period, and 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 obligations will be handled.

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.

5. Evidence of meeting the 10 percent test or written extension request

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.

CHAPTER 6: Pre-Construction and Pre-Closing Stages

All loan and equity closings and execution of funding agreements occur after successful completion of the preclosing 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 start of construction.

- Once due diligence closing calls have been scheduled with the equity investor and other partners, the developer must include their assigned KHC project specialist on all meeting invitations.
- KHC must have completed and approved final underwriting before the final reservation of Housing Credits will be issued and/or closing documents prepared by KHC's legal department.
- 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.
- **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).**
- **Submitting the preclosing stage with missing or incomplete documents will not satisfy the 30-day notification requirement.**
- For projects receiving federal funds from KHC, closing may not occur until KHC has reviewed and approved the ERR.

Organizational Documents

Any previously-approved development team member who has had changes in their organizational structure since receipt of their capacity approval letter must submit their organizational documents via the UFA at the pre-closing stage. Any development team member with new principal officers/members must also provide resumes for those individuals. Refer to [Chapter 2: Development Team Capacity Application](#), for a complete list of required organizational and credit review documents.

Documents Required for Final Underwriting and Closing

Underwriting

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 and underwriting assumptions 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 Agreement 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, including the equity provider's financial projections, which must be in agreement with KHC's final underwriting model. **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 (PHA) providing the project-based vouchers. This includes the termination of an existing HAP contract and execution of a new contract with the project owner. If KHC is performing a subsidy layering review (SLR) on behalf of the PHA, the executed AHAP may be submitted after KHC has transmitted the SLR to HUD, but prior to the closing.

4. Operating Deficit/Replacement Reserve/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.

General

1. 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. Refer to Chapter 7, Draw Request Process for Funds at Closing, for more information.

2. Electronic Funds Transfer/Wiring Authorization Form*

(Required for all projects with KHC loan funds)

KHC only disburses funds electronically. All funds to be disbursed at closing must be deposited into the closing attorney's escrow account by wire for funds to be available on the day of closing.

Electronic Funds Transfer (EFT) authorizations are required if KHC funds will be drawn during construction. To receive funds electronically – either by EFT or wire – the project owner must request an EFT/wire transfer form from KHC's Accounting Department by sending an email to accountspayable@kyhousing.org. All forms must be original and will be mailed to you upon request. The financial institution information section **must be completed by your financial institution** and a voided check must be attached for the form to be valid. The original completed form, along with the voided check, must be returned by mail to KHC. Applicants requesting more than one funding source from KHC who wish to have the funds deposited into different accounts must complete separate EFT/Wiring Authorization forms for each account.

To evidence that the project has arranged for electronic funds transfer and/or wiring, a scanned copy of the completed EFT/Wiring Authorization form must be uploaded at the pre-closing stage.

3. Owner's Employer Identification Number (EIN)

(Required for all projects)

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

4. Owner's Unique Entity Identifier (UEI) Number and Proof of Registration

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

The project owner must obtain a Unique Entity Identifier (UEI) number from the U.S. General Services Administration (GSA) in the System for Award Management ([SAM.gov](https://sam.gov)). The UEI number and proof of registration must be provided to KHC. Registration must be kept current and updated annually.

Legal

1. Organizational Documents

If the owner/borrower is a newly-formed entity and has not previously provided organizational documents, or has amended its organizational documents after their initial submission to KHC, copies of the organizational documents and any amendments must be provided for the owner/borrowing entity. Refer to the Organizational and Credit Review Documents section in [Chapter 2](#) for the required documentation.

2. 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.

3. 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.

4. Final ALTA Survey

(Required for all projects with KHC loan funds)

The survey provided during technical submission will be reviewed by KHC to ensure all requirements are met and there are no issues with the project site. An electronic copy of the final ALTA survey must be received by KHC **no later than 30 days prior to closing** and include any updates or project site changes as requested. All updates or project site changes must be signed off on by the surveyor. The survey must be certified to KHC, stamped, sealed, and signed by the licensed surveyor. The fieldwork must be dated within 6 months of closing and the survey dated no more than 60 days from the date of closing.

5. 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.

6. 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, and/or Risk-Sharing), the new owner may not take legal possession of the property until environmental clearance has been achieved, unless the deed transfer or lease was executed prior to submission of the funding application to KHC.

Documents Required Prior to the Start of Construction

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

1. Final Construction Plans

(Required for all projects)

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

2. 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.

3. 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 [breakdown](#) 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).

4. 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 loans 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.

5. 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.**

6. Building Permit

(Required for all projects)

A building permit is required 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.

7. Approval Letter from Department of Housing, Buildings, and Construction (HBC)

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

8. Construction Inspection Fee

(Housing Credit projects only)

Evidence of online payment of the one-time construction inspection fee of 1.75% of the annual Housing Credit allocation amount must be provided prior to construction start.

9. Final Cost Breakdown

(Required for all projects)

The final cost breakdown must indicate the actual amount that will be spent on each line item during construction and will be utilized during construction for disbursement of funds. Soft costs should not be included on any of the line items. **The final cost breakdown must match the total hard costs on the KHC underwriting model.** The cost breakdown can be one of the following:

- 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/owners are also required to enter the construction costs from the final cost breakdown 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.

10. 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.).

11. Davis-Bacon Wage Rate Request*

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

- KHC HOME-funded projects of 12 or more HOME-assisted units
- Projects utilizing Risk-Sharing construction financing on 12 or more 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
 - *Note:* when a local public housing authority (PHA) issues 9 or more project-based Section 8 vouchers to a project, the PHA is the responsible entity for monitoring to ensure that prevailing Davis-Bacon wage rates are adhered to and reported. See [Federal Register Vol. 79, No. 122](#) for more information.

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.

12. 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, site superintendent, the developer's representative responsible for submitting draw requests (if applicable), and the KHC construction specialist. When all pre-construction documents have been approved and the applicable closings have occurred, the KHC program specialist will execute the bottom of the Pre-construction Conference form, which will constitute the *Notice to Proceed* with construction. Refer to [Chapter 13: Design and Construction Review](#) for more information.

13. KHC Project Review Agreement*

(Required for all projects)

All applicants are required to sign the Project Review Agreement, which outlines the applicant's and KHC's roles and responsibilities throughout the inspection process.

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 its loan 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 KHC 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. 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.

Owners may not submit the construction completion/placed in service stage until KHC has issued a 100 percent complete final inspection, with no outstanding follow up items. Once KHC has approved the final inspection, owners will have 60 days to submit the construction completion/placed-in-service stage.

Required Documents

Owners must submit the following items after completion 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.

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 utilizing HUD Forms NPMA-99-A and NPMA-99-B 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. Refer to KHC's [Termite Control Services/Commercial Applicator Licensing](#) requirements for more information.

5. Termite Inspection Report

(Required for all rehabilitation and adaptive reuse projects)

A termite inspection report utilizing [HUD Form NPMA-33](#) 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. Refer to KHC's [Termite Control Services/Commercial Applicator Licensing](#) requirements for more information.

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 and/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.

8. Final Funds Expenditure Statement*

(Required for projects funded with HOME and/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, and/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 and subcontracts for projects with combined HUD assistance of \$200,000 or more must contain a clause regarding the Section 3 requirement. Refer to [HUD's Section 3 webpage](#) for more information and guidance.

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

(Required for projects funded with HOME, NHTF, and/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.

11. Equal Employment Opportunities Commission (EEOC) Certificate*

(Required for Housing Credit projects with no KHC HOME, NHTF, and/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. 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.

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17. Final Cost Certification

(Required for projects utilizing Risk-Sharing or NHTF)

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.

NHTF regulations require that the cost certification be received at KHC no later than 120 days from the date of the final draw.

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.

18. Building Addresses for All Buildings

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

19. Marketing Quality Photos of the Property

To help promote the successes of the housing programs KHC administers, *marketing quality* photos of the completed project must be submitted, including:

- property signage,
- building exteriors,
- amenities,
- common space, and
- interior of a typical unit(s)

KHC may use these photos in reports, promotional materials, or other documents; therefore, it is imperative that the quality of the photos be suitable for these purposes. **Please submit photos that represent your project in the best possible way and that you would be proud to feature on a website, in national publications, award submissions, etc.**

20. 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.

21. 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 any 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

After the construction completion/placed in service stage has been submitted and approved, 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 4 months** from submission of the project completion/placed-in-service stage. **Late submission of the LURA/8609 stage will incur penalty fees as outlined in Chapter 1 and may result in a capacity deduction in future funding rounds.**

Due to the Thanksgiving and Christmas holidays, projects that will require issuance of the LURA and 8609 before the end of the calendar year must have all documentation submitted by November 1, including approval of the construction completion/placed in service stage.

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. **The LURA/8609 stage will not open in the UFA system until KHC has received and approved all of the required construction completion documents.** 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. At a minimum, owners should anticipate at least 30-60 days for KHC to complete the LURA and 8609 process.

When completing Part II of the IRS Form(s) 8609, **project owners must ensure that they elect the same income set-aside** (20/50, 40/60, or Average Income) as is noted in the LURA. Failure to do so may result in a penalty fee and/or a capacity deduction in future funding rounds.

The following documentation is required at the LURA/8609 stage.

1. **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](#). Cost certifications should not be dated prior to KHC's final 100 percent construction inspection and submission of the construction completion/placed-in service stage in UFA.

Applicants/owners 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.

2. **Building Information Grid***

Project owners must complete the building information grid with the exact address of each building and the pertinent characteristics of each building, including a breakdown of the acquisition eligible basis and construction/rehabilitation eligible basis attributable to each building.

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.

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 preclosing 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, unless otherwise approved by 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 consortium of the cities of Bellevue, Covington, Dayton, Erlanger, Ludlow, and Newport.
- **HOME projects must be completed within the timeframes outlined in the funding agreement.**
- 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 timeframe, 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. Refinancing or acquisition only are ineligible uses.

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- **HOME funds may not be used to fund replacement reserves, operating deficit reserves, administration costs, stand-alone community buildings, or off-site project costs.** HOME funds shall be used for eligible soft costs and/or construction costs only, including developer fees, which are capped at current KHC limits.
- The minimum affordability period requirements for the HOME program are as follows.
 - Rehabilitation < \$15,000 per HOME unit 5 years
 - Rehabilitation > \$15,000 - \$40,000 per HOME unit 10 years
 - Rehabilitation > \$40,000 per HOME unit 15 years
 - New construction or acquisition 20 years
- A deed restriction securing the affordability period will be recorded against the assisted property. Even if the HOME loan is paid off early, the restriction will remain in effect for the applicable term.
- The HOME maximum per-unit subsidy limits apply to rental units. The actual subsidy provided will be subject to cost containment and subsidy layering analysis.
- All HOME monitoring/reporting requirements apply throughout the affordability period. All HOME-funded developments must comply with 24 CFR, Part 92.
- HOME funds are provided in the form of an amortizing loan, deferred loan (due at maturity), or a forgivable loan (forgiven at maturity). Forgivable loans will only be considered for non-credit projects with nonprofit owners that demonstrate the need for such a loan and cannot support any debt service. For HUD 202/811 projects only, KHC may approve the use of deed restrictions in lieu of a mortgage to secure the HOME loan on a case-by-case basis. Interest rates on loans are flexible and the loan term, at a minimum, must be equal to the required affordability period, but may not be more than 30 years. Interest will not be charged during the construction period.
- HOME-funded projects must adhere to the lease provisions of [24 CFR 92.253](#) and leases cannot contain the prohibited lease terms contained therein nor require tenants to accept supportive services as a condition of tenancy. Owners are required to give tenants a minimum 30-day notice of lease termination or non-renewal, and only for serious or repeated violation of the terms and conditions of the lease; violation of applicable federal, state or local law; or for other good cause.
- **An environmental review is required** and shall be carried out following the National Environmental Policy Act of 1969, and related laws, in accordance with 24 CFR, Part 58. The applicant is responsible for contracting with a KHC-approved [Environmental Compliance Service Provider](#) to perform the environmental review. More information about HOME environmental requirements can be found on [HUD's website](#). [Questions regarding environmental reviews for KHC-assisted projects should be sent to \[environmentalreview@kyhousing.org\]\(mailto:environmentalreview@kyhousing.org\).](#)
- [Davis-Bacon Act](#) wage rate requirements apply to contracts for the development of 12 or more HOME-assisted units. The Davis-Bacon Act requires that workers receive no less than the prevailing wages being paid for similar work in the locality. Prevailing wages are computed by the U.S. Department of Labor and are issued in the form of a Federal Wage Determination, which lists each classification of worker on the project and the rates that must be paid to each.
- **Section 3 reporting is required** for all projects that receive a combined total of \$200,000 or more of HUD assistance (including HOME, NHTF, CDBG, etc.). HUD published a new Final Rule at [24 CFR, Part 75](#) that became effective **November 30, 2020**.

Covered projects must report information 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, specifically tracking the number of labor hours worked. Reporting is required annually during construction and at project completion. HUD has established two benchmarks for Section 3 compliance:

1. At least 25% of the total labor hours worked on the project are by Section 3 workers; and
2. At least 5% of the total labor hours worked on the project are by Targeted Section 3 workers.

Projects that fail to meet these benchmarks must document the efforts taken to comply in their Section 3 reporting.

Refer to [HUD's Section 3 webpage](#) for more information and guidance.

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

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.

<i>Total HOME units</i>	<i>5 units</i>
	<i>x 20%</i>
<i>Total low HOME units:</i>	<i>= 1.00</i>
<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:

30 total units: 1-BR units = 12; 3-BR units = 18

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

*12 X 15% = 1.8, therefore two (2) 1-BR units
18 X 15% = 2.7, 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>	<i>1-BR</i>	<i>\$161,738</i>
	<i>3-BR</i>	<i>\$254,431</i>
<i>Requested HOME loan:</i>		<i>\$300,000</i>

Project located in Frankfort

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

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.

Refer to KHC's website, www.kyhousing.org, 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.

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- 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 KHC deems relevant, including the timing of the requested exception.

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.

- If residents of HOME rental units are receiving Tenant-Based Section 8 rental assistance, the applicable HOME rent limit may be less than the Section 8 FMR; however, the gross rent may not exceed the applicable HOME rent limit unless the unit is receiving Project-Based Section 8 rental assistance, the household is 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. HUD has not yet issued a final rule for NHTF 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.
- **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.
- **Projects combining NHTF with HOME or other federal funds must complete a separate environmental review process for each source of funds.** More information on environmental requirements for NHTF funds can be found on HUD's website. [Environmental review questions for KHC-assisted projects](#) should be sent to environmentalreview@kyhousing.org.

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 required in KRS 198A.720**.
- 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 the [Multifamily Underwriting Resources page](#) of KHC's website, under the Income, Rent, Subsidy, and Cost Containment Limits dropdown.
- 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 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. 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 must be combined with KHC HOME or AHTF funds.
- 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).

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.

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. Refer to KHC's website, www.kyhousing.org, 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.
- 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.
- **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, **including the appraisal.**
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 otherwise approved 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. **Please note that changes to the amounts of any KHC or non-KHC funding source are subject to a secondary appraisal review and KHC resources may be adjusted downward accordingly.**
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 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 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, excluding Tax-Exempt Bond projects with 4% Housing Credit, cannot exceed the amount as determined by the per-unit limit calculation.

Urban Areas (Fayette, Jefferson, Boone, Campbell, and Kenton Counties)

The Housing Credit allocation for projects located in urban areas will be limited to \$15,000 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 \$19,500 per Housing Credit unit.

Balance of State (Any area outside of the urban counties is considered balance of state)

The Housing Credit allocation for projects located in the balance of state areas will be limited to \$17,000 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 \$22,000 per Housing Credit unit.

Balance of State Example: Subsidy limit: \$17,000
\$22,000 (if in a DDA, QCT, or other KHC-defined area)
40 total units, not in any of the bonus areas
40 x \$17,000 = \$680,000

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 as needed to be financially feasible.

KHC will allocate and underwrite Housing Credits at the fixed 9.00% and 4.00% credit rates. 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.

At issuance of IRS Form(s) 8609, KHC will only apply the amount of boost necessary to support the credit allocation (up to a maximum of 30%); **no additional boost will be granted**. In the event the agreement between the owner and the investor contains downward adjuster language, it is the owner's responsibility to cover any shortfall in equity that may result from downward adjusters.

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 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. 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.

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.

Please note, KHC will not perform the SLR or submit it to HUD until final underwriting has been approved at the preclosing stage.

Market Studies

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

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 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 consider 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, including 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 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.
- 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; however, the financing must be an arm's length transaction.
- The acquisition cost on the underwriting model cannot exceed the appraised value of sites to be acquired and the appraised value of leased sites cannot be applied to the acquisition cost of purchased sites.

- An appraisal is only valid for **one year** from the date of the appraisal. All appraisals must adhere to [KHC's appraisal requirements](#). Appraisers submitting a report that materially fails to comply with KHC's requirements or is otherwise unacceptable may, at the sole discretion of KHC, be removed from the list.
- 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 guidelines in regard to formatting and layout or need to be ordered from a KHC-approved appraiser; however, the appraisal must provide a separate value for the land and name KHC as an intended user.
- Any variations from KHC's underwriting standards used in the appraisal must be approved by KHC during the application stage.
- 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.
- **Appraisals that do not demonstrate sufficient value to cover the sum of all permanent loans on the property may result in the reduction of KHC resources preliminarily awarded to the project.**

Cost Containment

KHC has adopted cost containment guidelines to evaluate the total development cost for all projects. The cost containment limits in effect at the time of application submission must be entered in the underwriting model, and those limits will remain in effect for the duration of the project.

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.

Maximum Allowable Fees

All fees must be within KHC's limits. **It is the owner's responsibility to ensure that construction contracts are written in such a way that the maximum fee limits are not exceeded under any circumstances.** Maximum allowable fees are based on total hard cost, less contingency, general requirements, builder's overhead, and builder's profit, and are calculated as follows:

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- **General requirements equals:**

General requirements ÷ (Total Hard Cost – Contingency – (General Requirements, Builder’s Overhead and Builder’s Profit))

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 – Contingency – (General Requirements, Builder’s Overhead and Builder’s Profit))

- **Builder’s profit equals:**

Builder’s Profit ÷ (Total Hard Cost – Contingency – (General Requirements, Builder’s Overhead and Builder’s Profit))

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%

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. **The developer fee may not be increased from the amount requested in the initial application.**

	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:

- Developer fee
- Consultant fee
- 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

KHC is currently 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; however, the applicant must seek a waiver for this exception prior to application submission.

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); or as 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. 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 principal amount(s) of any outstanding KHC HOME, NHTF, AHTF or other loan(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. For Housing Credit projects, a R4R account not being maintained by KHC must be assigned to KHC at the end of the IRS fifteen (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.

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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: six (6) months of debt service payments + six (6) months of projected operating expenses = minimum Operating Deficit Reserve required.

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 resources may be used to assist with the acquisition or rehabilitation costs of commercial space. KHC resources 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 commercial space within a project, the commercial space must be deeded separately as a condominium regime or structured as a master lease arrangement.

Average Income Test (AIT)

The average income test (AIT) is a 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 average income 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 average income set-aside.
- Properties with project-based rental Housing Assistance Payments (HAP) contracts may only elect the average income 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. This provision is not applicable to project-based vouchers (PBV).
- 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 average income.
 - Project owners may change the set-aside election prior to issuance of the Form(s) 8609 by submitting an administrative waiver and payment of the applicable waiver fee. All related documents must be updated to reflect the new election, including KHC's underwriting model and the equity agreement.
 - Once KHC has issued the Form(s) 8609, the set-aside election is irrevocable and will not be changed.
- The average income test 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 average income 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.
- 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 the average income set-aside. Therefore, a bond project with 4% credits can elect an the average income 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.
- KHC's Average Income Test (AIT) policies are subject to change as additional guidance is made available by the IRS.
- Refer to KHC's [Average Income Test Compliance policy](#) for additional information.

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

Projects receiving federal assistance from KHC (HOME, NHTF, Risk-Sharing, new Project-Based Vouchers, or transfer of an existing KHC-administered Section 8 HAP contract) 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. Projects receiving federal assistance from a non-KHC source (such as the transfer of a Section 8 rental assistance contract, CDBG funds, etc.) may be subject to the provisions of the URA, but KHC is not the entity responsible for ensuring compliance when federal funds are awarded by another entity. However, KHC will review the relocation plan to ensure the owner is taking into consideration the URA requirements.

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

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. All projects with current tenants (regardless of whether or not the tenants will be relocated) must submit a relocation plan.

When developing the project's relocation plan, following are considerations that should be addressed (not all-inclusive; KHC may request revisions to the plan):

- Any relocation should not financially burden the tenant.
- The developer should pay for all costs associated with the move, including reasonable costs if they are temporarily housed in a hotel or motel (lodging, meals, cost to store belongings, etc.).
- If relocated to another unit, the tenant's rent payment should not be higher than their current. If the rent is higher, the developer should pay the difference.
- The temporary or replacement unit (if permanent relocation) should be similar in size and amenities to the current unit. In instances of permanent relocation, the tenant should be provided with at least 3 options and given the opportunity to decide where they would like to live.
- All costs related to the transfer of utilities, including phone, cable, and internet, should be covered, both for the initial move and then when the tenant returns to their original unit.
- All tenants should receive timely and appropriate notices. Even when URA is not triggered, it is recommended that the standard federal notices be delivered to the tenants and records kept to document their receipt of the notices.

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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 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 signed by both parties, and document the rent amount.
 - ✓ **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. 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 unit, and to know when the tenant will be absent for more than 7 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.
- Show overall exterior building dimensions and 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

- Typical wall section from foundation-to-roof illustrating KHC minimum insulation "R-Value" requirements.

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.

Permit Set and Final Plans – Minimum Requirements

Developers must provide building plans at technical submission and pre-construction stages via the UFA system. **All pages must be included in order, under one single attachment.** Following are the minimum requirements:

Minimum building 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).

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- 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, 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:

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|------------------------|---------------------------------------|
| • Site plan | • Building sections or wall sections |
| • Earthwork plans | • Enlarged bathroom and kitchen plans |
| • Landscaping plans | • Door, window, and room schedules |
| • Floor plans | • Structural drawings (if applicable) |
| • Enlarged floor plans | • Mechanical and electrical plans |
| • Foundation plans | |
| • Elevations | |

For projects with 11 units or less

The construction plans must contain:

- | | |
|------------------------|-----------------------------|
| • Site plan | • Elevations |
| • Earthwork plans | • Building or wall sections |
| • Floor plans | • Mechanical drawings |
| • Enlarged floor plans | • Electrical drawings |

Corrections to the final plans being done by an addendum must be submitted for review and should contain all necessary corrections. KHC will not complete its final review until final verification of modifications or changes are received from the building code officials.

During the technical submission and pre-construction stages, KHC will review all building 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.

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 infeasible.
- 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 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 residential buildings in the development should be numbered in sequential order, with any common area buildings (leasing office, maintenance building, laundry facility, etc.) appearing at the end of the list of numbers. The building numbers must correlate to the Building Identification Numbers (BINs) entered into the UFA system at pre-closing stage.
- 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 must be shown, with a "North" indicator.
- 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.

Permit Set and Final Specifications

Permit set and 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 permit set specifications in conjunction with the permit set plans. If changes occur during the review of the permit set plans that may cause a change in the specifications, the developer will be notified if any additional changes or corrections 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. Final specifications will be reviewed during the pre-construction stage and any previous review comments during the application and technical submission stages 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

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| Division 06: Carpentry | Division 26: Electrical |
| Division 07: Thermal & Moisture Protection | Division 27: Communications |
| Division 08: Door & Windows | Division 28: Electronic Safety & Security |
| Division 09: Finishes | Division 31: Earthwork |
| Division 10: Specialties | Division 32: Exterior Improvements |
| Division 11: Equipment | Division 33: Utilities |
| Division 12: Furnishings | |

The architect must clearly define the following in each section:

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| • Scope of work | • Execution and/or installation |
| • Products and/or materials | • Submittals and samples |
| • Quality assurance, testing and quality control | • Warranties and/or guaranties |

The specifications must describe the means and methods to accomplish the work during inclement weather conditions and include the following:

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| • Project description | • Copy of the general contractor's agreement |
| • Bidder instructions, if applicable | • General and supplemental conditions |
| • Wage scale and Davis-Bacon requirements, if applicable | |

Manufacturer's specifications are required for the following items:

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| • Heating and cooling products, including programmable thermostats | • Ceiling fans, light fixtures, and ventilation fans |
| • Windows | • Water heaters |
| • Clothes washers, dishwashers, refrigerators, and range hoods | |

Work Write-Up Requirements (11 units or less)

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 it must 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 two-story building, where the first floor is commercial and the second floor is rental, and both floors have the same square footage, then 1/2 of the roof cost should be attributed to the commercial space. If the square footage is different, it should be calculated as a percentage of the total.

Final Work Write-Up Description

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, 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 10 percent or more of the total project cost and for 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](#) under Development, Design and Construction.

Minimum Design Standards

KHC's Minimum Design Standards are to be used as a guideline to meet and exceed all local, state, and national building 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.

Minimum Design Standards apply when KHC funding exceeds 10 percent or more of the cost per unit for all new construction and reconstruction of multifamily dwellings, all projects involving adaptive reuse converting a former use to residential use, and limited rehabilitation projects. "KHC funding" is all resources allocated by KHC to a project, including HOME Investment Partnerships Program (HOME), Affordable Housing Trust Fund (AHTF), Small Multifamily Affordable Loan (SMAL) program, Low-Income Housing Tax Credits, and Tax-Exempt Bonds.

Other methods of construction and design may be acceptable on a case-by-case basis. KHC's Minimum Design Standards are on [KHC's website](#) 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, Risk-Sharing, or Project-Based Section 8, 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 and/or Tax-Exempt bonds 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 have sufficient background inspecting multifamily 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.
Documentation showing licenses, qualifications, and experience must be included in the PCNA or submitted as a separate attachment.
- 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 must indicate the items and areas in need of immediate repair, including a separate analysis on all components that will need repair or replacement within the next five years.
- The most recent version of the [Fannie Mae Form 4099 Appendix F: Estimated Useful Life Tables](#) are to be used to document the age and EUL of all building components evaluated in the PCNA.
- 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. 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 and pre-construction documents and underwriting should be completed prior to the pre-construction conference being scheduled. **The developer is responsible to contact KHC's project review administrator 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 project review administrator and construction specialist in conjunction with the program specialist.

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 at the discretion of KHC's project review administrator, construction specialist, and program 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 breakdown
- 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.

Termite Control Services/Commercial Applicator Licensing

Inspectors: All persons involved in the commercial and non-commercial application of pesticides must provide proof of a license and certification through the Kentucky Department of Agriculture.

Companies: All companies involved in the commercial and non-commercial application of pesticides must provide proof of a license and certification through the Kentucky Department of Agriculture. Additionally, companies providing the above services must also show proof of being registered with the Kentucky Secretary of State as a business in active status and good standing.

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 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:

- Evidence that the developer already owns the site or will complete the acquisition prior to the start of construction
- 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.

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 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. Only authorized persons, as identified on the Authorized Signature Form, may submit a draw request. **Note: the person who submits the draw request may not be the same person who authorizes and/or signs for the disbursement of funds.**

3. 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.
4. Owners may request disbursement of KHC funds only to meet **current needs** for payment of eligible costs. Old invoices or invoices previously paid by another source will not be accepted.
5. Projects that contain commercial space must submit a separate itemization with any draw request containing commercial space costs. **No KHC resources may be used for reimbursement of commercial space costs.**
6. 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 secured.
7. Construction contingency funds will not be disbursed unless change orders have been approved by KHC. Unused contingency funds will be recaptured from any KHC funds awarded to the project.
8. 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.
9. Each project is limited to one draw request per month.
10. Draw requests must be in whole dollar amounts, rounded down to the nearest dollar.
11. 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.
12. A pre-construction conference must be held prior to the start of any construction activities.
13. A KHC construction specialist must approve and sign all construction draw requests. The construction specialist will review all hard costs and may revise amounts based on current inspections. KHC program staff will review all requests for soft costs.
14. 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). **All supporting documentation must have the contractor's or vendor's identification of the project for which the expense was incurred.**

The title endorsement and all updates must reference the policy number and the names of the borrower and insured party. All title updates 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."*

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 Construction Specialist is 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.

Change orders that include costs for commercial space must provide a separate itemization of change order costs for the commercial space, or a percentage of the cost attributed to the commercial space for items shared by both residential and commercial areas (e.g., roof).

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.**

Change Order Process

- **Change Orders must be submitted at the time the change is needed.** The owner/developer must notify the assigned KHC Construction Specialist as soon as possible to schedule an inspection of any areas pertaining to the change order if needed before the next recurring inspection.
- The Change Order request must include: the Change Order Verification Form, AIA G701 executed by all parties and any supporting documentation (quotes, cost breakdowns, bids, etc.).
- After receiving the request, the Construction Specialist will review the change order for appropriateness to the project scope, necessity and cost, and then approve or deny the request. If approved, the Construction Specialist will forward it to a member of KHC management for final approval. If not approved, the request will be returned to the developer's designated contact and/or person who submitted the request with the reason/s for denial stated.
- Once final approval is achieved, the assigned KHC Multifamily Project Specialist will be notified of the approval and will then provide a copy of the approved Change Order to the developer.
- If the project involves a draw request, KHC funds cannot be drawn to pay for change orders which have not been approved or which have been denied. When reviewing the draw request, the Construction Specialist will verify the percentage of completion for the project, as well as the percentage being drawn against approved change order request.

CHAPTER 14: Program Descriptions

Following is a brief description of the various programs administered by KHC for the production of affordable multifamily rental housing. This chart should not be construed as an all-inclusive list of all of the requirements of each program.

Program	Eligible Applicants & Activities	Summary of Program Requirements
Low-Income Housing Tax Credits (LIHTCs or Housing Credits)	<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.
Tax-Exempt Bonds Utilizing 4% Housing Credits	<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. 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.
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 the majority of the ownership entity and materially participate in the project for the term of the loan. Eligible activities are 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 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.

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<p>HOME Investment Partnerships (HOME) Program</p>	<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 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 may not be used for refinancing. • HOME is a recourse loan. • HOME funds may be structured as an amortizing loan or deferred loan. • The loan term shall be equal to the period of affordability period, not to exceed 20 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 rehabilitation and rehabilitation of existing rental units. • NHTF is subject to all the same federal cross-cutting regulations as the HOME program, except for Davis-Bacon wage rates. • Projects requesting 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 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>Risk-Sharing</p>	<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 and for-profit entities. • 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.

CHAPTER 15: 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.

Development Team: Developer, Co-Developer, Consultant, and/or Management Company of the project.

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.

Matching Funds: A minimum of 5% of non-KHC funds provided by the applicant as a match to KHC's HOME and/or AHTF funds. Eligible match sources are described in [Chapter 11: Underwriting Requirements](#).

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, as required in the Risk-Sharing program.

Notice of Funding Availability (NOFA): KHC will periodically publish a NOFA to allocate resources outside of a competitive funding round, typically in conjunction with tax-exempt bonds or for non-housing credit projects.

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. 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.

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.

Section 3: Section 3 of the Housing and Urban Development Act of 1968 is a regulation governing HUD programs to ensure that employment and other economic opportunities generated by certain HUD assistance goes, to the greatest extent feasible, to low- and very low-income persons and businesses. This includes employment and training opportunities, as well as contracts with businesses. The updated Section 3 Final Rule is codified at 24 CFR, Part 75 and became effective November 30, 2020.

Section 3 Business Concern: A business that meets one of the following criteria:

1. At least 51% owned and controlled by low-income or very low-income persons;
2. Over 75% of labor hours performed for the business are performed by Section 3 workers; or
3. At least 51% owned and controlled by current residents of public housing or Section 8 assisted housing.

Section 3 Worker: Any worker who is low- or very low-income, as established by HUD income limits; employed by a Section business concern, or a YouthBuild participant. A "targeted" Section 3 worker is:

- A worker employed by a Section 3 business concern;
- Low- and very low-income workers residing within the neighborhood or service area of the project (defined as within a one-mile radius of the project site, or if fewer than 5,000 people, a radius from the project which contains 5,000 people); or
- YouthBuild participants.

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, or project-based Section 8 vouchers.

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.

Universal Funding Application (UFA): KHC's online application system which is used for all applications seeking KHC funds. The UFA system is also used as a portal for submission of required documents throughout the life of a project.

Vacancy Rate: The percentage of total units that are not occupied.

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.

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

**Kentucky Housing Corporation
2020 Revision**



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KHC Minimum Design Requirements

The following minimum design items are for all newly constructed multifamily units constructed under the Kentucky Building Code. For rehabilitation and adaptive reuse projects, items which are added or replaced in the scope of work, must comply with this standard. Multifamily projects consisting of townhouses, duplexes, triplexes, or single family detached structures shall meet KHC’s Minimum Design Standards for “New Construction of Single-Family Dwelling Units” or “Rehabilitation of Single-Family Dwelling Units” as regulated by the Kentucky Residential Code.

KHC’s Minimum Design Standards are a vehicle to promote modern construction and design practices for builders, contractors, and design professionals who utilize funding

from Kentucky Housing Corporation. 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 dwellings, 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.
- b) **This standard shall apply to 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) All requests for existing projects are to be submitted electronically using KHC's Universal Funding Application system waiver request form located within the UFA, under the "Other Actions" tab.
 - i) The request must detail the necessity of variance from this code. Photographs are encouraged where necessary to convey understanding.
 - ii) Applicants seeking a waiver to any KHC policy or project requirement, or a modification to KHC funding amounts or terms, must submit this completed modification/waiver request form along with any supporting documentation necessary for KHC to make an informed decision. Each waiver or

modification request must be submitted on a separate form; two or more waiver requests cannot be combined on one form. All associated fees must be paid at the time the request is submitted; no waivers or modifications will be considered until the fee(s) have been received. Please refer to the Multifamily Program Guidelines for more detailed information.

- 3) **Codes:** All construction shall comply with applicable code and standards listed below:
 - a) Kentucky building and residential construction codes
 - b) Kentucky Housing Corporation's Minimum Design Requirements
 - c) Local planning and zoning requirements
 - d) Local authorities' rules and regulations
 - e) The Fair Housing Amendment Act of 1988 (applies to units constructed for first occupancy on or after March 13, 1991)
 - f) Section 504 of the Rehabilitation Act of 1973
 - g) 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 treatments 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 4 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.

- (1) If in the future it becomes necessary to supply power to the radon fan, power shall be derived from a house metering source and may not be supplied from an individual dwelling power source.
- 6) **Energy Efficiency:** Documentation and/or calculations that the building envelope meets or 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 meet or 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 the Kentucky Building Code shall exceed the minimum energy efficiency requirements of the 2009 IECC.
- (1) **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.
- (1) **This section shall apply to the extent not exempted by the Historic Preservation Office of the State of Kentucky.**
- 7) **Testing:**
- a) **New construction:** Building envelope and duct system tightness testing must be completed and comply with the 2012 IECC and reported to KHC.
- b) **Adaptive Reuse:** Building envelope and duct system tightness testing must be completed and the results must comply with the 2009 IECC. All testing results must be reported to KHC.

- c) **Testing** for new construction, adaptive reuse, and rehabilitated buildings must verify compliance with the applicable ASHRAE Standard for ventilation and acceptable indoor air quality, (ASHRAE 62.2 or ASHRAE 62.1).
- d) All duct leakage tests must use total leakage as the method of testing when the duct system is outside the thermal envelope. Guarded blower door or compartmentalization blower door testing are the acceptable methods of infiltration verification. A minimum of 10% of the units will 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 work.
- 9) **Unit Size Requirements:** 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:** Projects that receive debt or subsidy financing from KHC equal to ten percent (10%) or more of the total project hard cost for the

purpose of constructing single family or multi-family 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 KBC 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 ½" thick asphalt-impregnated pre-molded fiber, ASTM D1752. Follow American Concrete Institute (ACI) 318.
 - c) **Concrete driveways and parking areas** shall be minimum 6" thick.
 - d) **Exterior concrete for walks, porches, and stoops** shall be minimum 4" thick.
- 2) **Concrete Finishes:**
- a) **Walkways:** Provide a non-slip finish and provide ¼ inch per foot crown or cross slope in the direction of drainage.
- 3) **Concrete Testing:** All new 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 tests shall comply with the KBC, KHC Minimum Design (this standard), and be provided to the KHC Construction Specialist assigned to the project.

Division 4: Masonry

- 1) **Face Brick:** Shall be ASTM C 216, Type FBS, Grade SW, or equivalent.

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 newly constructed buildings 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 nor brick below finished grade. Elevation plans shall include calculations documenting the percent coverage of all siding types per building.
- 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) **Metal:** 0.019" minimum thickness aluminum, factory finish (coil stock).
 - b) **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.
 - c) **Composites:** Cement fiber board or other durable material may be used as approved by KHC.
 - d) **Pressure Treated Lumber:** Wood shall have a minimum preservative retention rate of 25 percent for above ground applications.
- 3) **Roof Covering:**
 - a) **Shingles:** Seal tab type over 15 lb. felt, with minimum 25-year product warranty or better.
 - b) **Metal:**

- i) 29-gauge minimum thickness aluminum or galvanized steel with factory finish applied over solid decking.
 - ii) 26-gauge if applied on purlins
- 4) **Gutters and Downspouts:** All structures shall have gutters and downspouts and be appropriately designed per code with a minimum 5" gutter and a 2"x 3" downspout.
 - a) All downspouts shall empty onto concrete splash blocks or be piped to an appropriate location.
 - b) Downspouts shall not discharge directly onto sidewalks or other walking surfaces.
- 5) **Siding:** Exterior siding shall consist of one or more of the following materials or other materials approved by KHC.
 - a) **Composite:** Fiber cement siding, primed, with two-coat minimum finish or factory finish.
 - b) **Metal:** 26-gauge minimum thickness aluminum or galvanized steel with factory finish.
 - c) **Vinyl:** 0.042" 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:** installed to manufacturer's 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:
 - 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) **This section shall apply to the extent not exempted by the Historic Preservation Office of the State of Kentucky and Kentucky Building code.**
- 7) **Air Infiltration:**
 - a) **New construction structures** shall be air sealed to prevent air exchange between conditioned and unconditioned spaces by the following means.
 - i) Exposed penetrations of floor, walls, and ceilings, such that occur at access openings, electrical wiring and outlet boxes, plumbing piping, and ducts, shall be sealed to prevent free passage of air between conditioned and unconditioned spaces or the exterior.

- ii) Exposed walls in attics, separating the conditioned space of the dwelling unit from the unconditioned space in the attic, shall have an approved air barrier installed on the attic side of the wall.
 - iii) Access doors from conditioned spaces to unconditioned spaces, such as attics and crawl spaces, shall be weather-stripped and insulated to a level equivalent to the insulation on the surrounding surfaces.
 - iv) Recessed luminaries installed in the building thermal envelope, shall be sealed to limit air leakage between conditioned and unconditioned spaces.
 - v) All recessed luminaries shall be IC-rated and labeled as meeting ASTM E 283, when tested at 1.57 psf (75 Pa) pressure differential; with no more than 2.0 cfm (0.944 L/s) of air movement from the conditioned space to the unconditioned space.
- b) **Rehabilitated** structures shall be air sealed to the extent cavities are exposed.

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 and Kentucky Building code.

- 1) **Exterior Doors:** New or replacement 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) **Unit entry door hardware:** All unit entry doors shall have a lever key-lock latch, doorknocker, security accessories (eyelet and deadbolt), and kick plate.
- 2) **Interior Doors:** New or replacement doors shall be solid wood, composite, or hollow core panel doors.
 - a) **Interior doors** shall be a minimum of 1 ¾" thick.
 - b) **Interior Hardware:** All doors 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.
 - 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

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

- 1) **Exterior Ceiling:** When using vinyl or aluminum material for porch ceilings, provide a rigid, solid backing such as OSB, plywood, or furring strips per manufacturer's instructions.
- 2) **Exterior Finishes:** Exterior building elements shall be properly finished.
 - a) **Posts and Columns:**
 - i) New construction exterior posts and columns at deck level and above shall be vinyl or aluminum clad, aluminum, fiberglass, metal, or composite material.
 - ii) Rehabilitation projects may repair or replace in kind to the existing construction methods.
 - b) **Handrails:** Exterior handrails shall be smooth vinyl, metal, or composite material, weather resistant, and painted or factory finished.
 - c) **Guardrails:**
 - i) New construction and replacement guardrails shall be vinyl, aluminum, fiberglass, metal, or composite material and finished with a factory or field applied coating suitable for effective weather resistance.
 - ii) Rehabilitation projects may repair in kind to the existing construction methods.
 - d) **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:** New construction or replacement 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.
 - i) **Carpet Padding:** Minimum 7/16" thick, 6-lb. re-bond polyurethane.
 - b) **Carpet Tiles:** 20 oz. minimum
 - i) Provide product adhesive and underlayment as recommended by the manufacturer.
 - ii) All surfaces shall be clean, dry, and appropriate temperature during installation.
 - 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, vinyl plank, and laminates shall be installed in accordance with manufacturer's specifications.
- 5) **Interior Doors:** New construction or replacement interior doors shall be factory finished, painted, or stained as follows:
- a) **Paint:** primed once, with two-coat satin, semi-gloss finish on all sides and faces including tops and bottoms.
 - b) **Stain:** stain or oil on all sides and faces including tops and bottoms, with three-coat varnish, polyurethane finish
- 6) **Moisture-Resistant Drywall:** For new construction and areas where drywall is replaced during rehabilitation, Moisture-resistant gypsum board (commonly called "green board") or equivalent must be used on all walls in the bathroom and within six feet in any direction of water sources, where the drywall can be splashed, such as kitchen sink, next to water heater, and/or clothes washer.
- a) For new construction, 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:**

- a) Dwelling units, common areas, offices, laundries, meeting rooms, and similar spaces intended for use by the residents shall have the interior wall surfaces properly finished with appropriate materials such as drywall or plaster.
 - i) Exposed framing and insulation are not considered a proper finish in these spaces.
- b) Unless factory finished all interior walls shall be covered with one prime coat and two coats flat or satin finish Low-VOC interior latex 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) **Common Laundry Facilities:** Unless individual units are supplied with laundry facilities, all projects including adaptive reuse and rehabilitation consisting of four (4) or more units shall provide common laundry facilities meeting the following washers and dryers per unit ratios.
 - a) SRO and 1-bedroom units must have a minimum of 1 pair (washer/dryer) for every 20 units.
 - b) 2- and 3-bedroom units must have a minimum of 1 pair (washer/dryer) for every 12 units.
 - c) All calculations must be rounded up to a whole number.
- 3) **Dwelling Unit Laundry Connection Facilities:** All newly constructed dwelling units including adaptive reuse shall be equipped with washer and dryer hookups.
 - i) **Exception:** SROs and efficiencies are not required to provide this hook up facility within the dwelling unit.
- 4) **Roof Offsets:** Projects of four (4) or more attached units shall incorporate varying the roof line with offsets, gable porch roofs, etc.
- 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.
 - a) **All new and replacement 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.
- 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) **Clothes Washers:**
 - a) **All clothes washers provided in individual dwelling units** shall have an MEF equal to or greater than 2.0 and a WF equal to or less than 6.0.
 - b) **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.**
 - c) **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) **New Construction and Replacement Cabinets and Drawers:** **Base and wall cabinets shall be provided in all dwelling units.**
 - a) Cabinet fronts shall be made of solid wood (not particleboard); doors, draws and fronts shall be factory finished.
 - b) **Cabinet ends** shall be finished with appropriate veneer.
 - c) **Cabinet doors and drawers** shall incorporate milled edges for a hand hold or handles to aid in operating the door or drawer. Accessible pulls and handles are required in all accessible units.
 - d) **All cabinets** shall be labeled or documented ANSI/KCMA A161.1 Certified
 - i) **Exception:** Cabinets made in Kentucky do not require an ANSI/KCMA A161.1 label when pre-approved by KHC and constructed to the following specifications.

- (1) Cabinet fronts shall be made of solid wood (no particleboard or fiberboard); doors, draws, and fronts shall perform to ANSI/KCMA A161.1-2012 standard.
- (2) Cabinet box and shelves shall be constructed of cabinet grade plywood and braced at points where necessary to insure rigidity and proper joining of various components.
- (3) **All hardware** shall perform to ANSI/BHMA A156.9-2015 standard.
- 2) **Countertops:** Countertops shall be molded roll-backed, laminate plastic or Formica with finished ends and sealed 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.
 - a) **Exception:** When US postal service is not available at the project.
- 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

- 1) **Storage areas:** Storage areas are required on all newly constructed units and adaptive reuse projects, unless exempted by SHIPO and excluding SROs and efficiency units.
 - a) The storage area shall be a minimum of twenty-five (25) net square feet.
 - b) Structures must satisfy applicable building code requirements.
 - c) Prefabricated plastic structures are prohibited.
 - d) Exterior storage areas shall match exterior building veneer, trim, and possess identical shingles.

- e) Storage area within the dwelling unit shall be a designated room or space and cannot encroach on clear space requirements for any equipment or appliance.
- 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) **Portable or temporary ramps are prohibited** and may not substitute for locations requiring a permanent ramp.
 - b) **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 current standards and be approved by KHC prior to installation.
- a) ASTM F1487, Standard Consumer Safety Performance Specification for Playground Equipment for Public Use
 - b) ASTM F1292, Standard Specification for Impact Attenuation of Surfacing Materials Within the Use Zone of Playground Equipment
 - c) ASTM F1951, Standard Specification for Determination of Accessibility of Surface Systems Under and Around Playground Equipment
 - d) ASTM F2223, Standard Guide for ASTM Standards on Playground Surfacing
 - e) ASTM F2479, Standard Guide for Specification, Purchase, Installation and Maintenance of Poured-in-Place Playground Surfacing
 - f) ASTM F2049, Standard Guide for Fences/Barriers for Public, Commercial, and Multi-Family Residential Use Outdoor Play Areas
 - g) ASTM F2075, 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) **Required Fixtures:** Fixtures must be provided in all dwelling units. The following specifications shall be the minimum size and/or quality for new or replacement plumbing fixtures.
 - a) **Bath Tub and/or Shower:** Tubs shall be 30" minimum width. Showers shall be 36" x 36" minimum.
 - b) **Water Closets:** Water closets shall be maximum 1.28 GPF and made of porcelain.
 - c) **Faucets:** Polished chrome plated. Lever handle required. Faucets containing plastic material for exterior housing are prohibited.
 - d) **Lavatories:** Sinks shall be 15" minimum diameter.
 - e) **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:** New construction and replacement water supply lines shall be of approved material.
 - a) Installation in exterior walls except for hose bibs is prohibited.
 - b) All new construction and replacement hot water lines shall be insulated equal to or greater than R-3.
- 3) **Overflow Protection Accessories:** New and replacement water heaters located above any habitable space shall have an overflow pan properly plumbed into DWV, positive drain outside or an approved floor drain.
- 4) **Water Heater Efficiency:**
 - i) **New construction electric water heaters** shall have a minimum Energy Factor (EF) rating of .95 or Uniform Energy Factor (UEF) rating of .92.
 - ii) **Rehabilitation replacement water heaters shall be the maximum efficiency attainable if space limitations restrict larger water heater insulation jackets.**
 - b) **Gas fired water heaters** shall an EF equal to or greater than 0.67.
 - c) **Instantaneous gas water heaters** shall have an EF equal to or greater than 0.82.

- d) **Central water heating systems** serving multiple dwelling units or common areas must be Energy star Qualified.

Division 23: Heating Ventilating and Air Conditioning

- 1) **Heating Ventilating and Air Conditioning Equipment:** All units shall be heated and cooled using high-efficiency equipment.
 - a) **Heat pump systems** shall have a minimum SEER (Seasonal Energy Efficiency Rating) rating of 15 with a minimum HSPF (Heating Seasonal Performance Factor) rating of 9.
 - i) PTHP systems in individual dwellings shall have a minimum 11 EER (Energy Efficiency Ratio) rating and a minimum 3.0 COP (Coefficient of Performance) rating.
 - b) **Air conditioning only** split systems shall have a minimum SEER of 15.
 - c) **Fuel oil, gas fired furnaces and boilers** shall have an Annual Fuel Utilization Efficiency (AFUE) equal to or greater than ninety-two percent (92%).
 - d) **Electric-resistance-only** heat systems are **prohibited**.
 - e) Alternative HVAC systems may be approved by KHC.
- 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:** All dwelling units shall be equipped with a, minimum 150 CFM, vented or non-vented range hood, or combination range hood/microwave oven.
 - a) Use ducting sized and ducting material per manufacturer recommendation.
 - b) Exposed ducting is prohibited and where installed above cabinets, ducts shall have a finished cover.
 - c) Recirculation combination microwave hoods or range hoods shall be equipped with an activated charcoal filter.
 - i) Note: Recirculating hood ventilation rates must be made up with whole unit ventilation. See ASHRAE standards.
- 5) **Exhaust and Ceiling Paddle Fans:** All paddle and ventilation fans (except for range hoods) 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 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:** 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 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 (including rehabilitation) shall be wired for telephone service.
- 2) **Cable Access:** All dwelling units (including rehabilitation) shall be wired for cable service or a local antennae system.
- 3) **Internet Connectivity:** All dwelling units (including rehabilitation) 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 dwellings 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, or included in the scope of work, Help/ Call for Aid systems shall at a 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) **Units designed for the hearing and visually impaired:** All dwelling units designed for the hearing and visually impaired 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

This section shall apply to new construction, adaptive reuse, and rehabilitation projects.

- 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 no more than eight (8) feet from any bedroom door within the dwelling unit if the dwelling or building contains fuel burning appliances or has an attached garage.
- 3) **Audible and Visual notification alarms:** Where required, dwellings shall provide audible and visual notification of smoke and carbon monoxide detection in all rooms within the dwelling.
 - a) **Audible alarms shall** provide minimum noise pressure 15 decibels above ambient noise levels in all rooms of the dwelling including bathrooms and kitchens and where a room may be isolated by closure of a door.
 - b) **Visual alarms shall** be installed in locations where the alarm's flashing strobe may be seen from any location within the dwelling including bathrooms and kitchens and where a room may be isolated by closure of a door.

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 concrete pavement, manufactured by plants and be placed a minimum of 4" thick.
 - ii) Concrete parking lots and access drives shall be 6 inches thick.
 - iii) Pervious concrete parking surfaces shall be properly drained to prevent accumulation of water.
 - b) Unless prohibited by 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.



Commonwealth of Kentucky
**2025 ANALYSIS OF
IMPEDIMENTS TO FAIR
HOUSING CHOICE**

April 2025

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Introduction & Executive Summary of the Analysis

WHY THE AI WAS DEVELOPED

Kentucky Housing Corporation (KHC) and the Kentucky Department for Local Government (DLG) prepared this Analysis of Impediments to Fair Housing Choice (AI) to satisfy the requirements of the Housing and Community Development Act of 1974, as amended, which requires that any unit of government receiving funds through the U.S. Department of Housing and Urban Development (HUD) affirmatively further fair housing. The Commonwealth of Kentucky is an entitlement state and receives annual allocations through HUD's Community Development Block Grant (CDBG), received by DLG, and HOME Investment Partnerships (HOME) and Emergency Solutions Grant (ESG) programs, received by KHC.

On March 3, 2025, HUD published the Interim Final Rule (IFR) to issue new guidance on a HUD grantee's obligation to affirmatively further fair housing and to give "local communities maximum flexibility in designing and implementing sound policies responsive to unique local needs." This document was created to meet this guidance.

The AI analyzes the trends and conditions that identify the racially and ethnically concentrated areas of poverty (R/ECAP); the degree to which state policies, programs, and statutes have expanded or restricted housing choice for members of the protected classes; any impediments to fair housing choice based on the analyses conducted; and a series of recommended strategies that, if implemented, will work toward eliminating the impediments.

FEDERAL FAIR HOUSING LAWS

All municipalities in the United States, including the Commonwealth of Kentucky, are subject to the Fair Housing Act, administered and enforced by HUD, and other federal housing laws such as the Housing for Older Persons Act of 1995 (HOPA) and the Fair Housing Amendments Act (FHAA).

Fair Housing Act

In 1968, Congress passed the Civil Rights Act after years of advocacy in the United States against overt discrimination and segregation in the sale and rental of housing based on race, national origin, skin color, gender, and religion. The 1988 FHAA added additional protections for familial status (e.g., women who are pregnant or the presence of children under 18 years of age) and disability.

The Fair Housing Act applies to almost any person or group involved with housing in the United States including landlords, realtors, homeowners' associations (HOAs), mortgage lenders, and homeowners' insurance companies. Under the Fair Housing Act, it is illegal to discriminate on the basis of race, religion, color, sex, national origin, familial status, or disability. The following

are examples of actions that are violations of the Fair Housing Act when made on the basis of protected class:

- Refusing to rent or sell housing.
- Refusing to negotiate for housing.
- Otherwise making housing unavailable.
- Setting different terms, conditions, or privileges for the sale or rental of a dwelling.
- Providing a person with different housing services or facilities.
- Falsely denying that housing is available for inspection, sale, or rental.
- Making, printing, or publishing any notice, statement, or advertisement with respect to the sale or rental of a dwelling that indicates any preference, limitation, or discrimination.
- Imposing different sales prices or rental charges for the sale or rental of a dwelling.
- Using different qualification criteria (such as different procedures, documents, or information) for rental standards, applications, income standards, application requirements, application fees, credit analyses, sale approval, or rental approval.
- Evicting a tenant or a tenant's guest.
- Harassing a person.
- Failing or delaying performance or maintenance or repairs.
- Limiting privileges, services, or facilities of a dwelling.
- Discouraging the purchase or rental of a dwelling.
- Assigning a person to a particular building, neighborhood, or section of a building or neighborhood.
- For profit, persuading or trying to persuade homeowners to sell their homes by suggesting that people of a particular protected characteristic are about to move into the neighborhood. (This is referred to as "blockbusting.")
- Refusing to provide or offering different terms or conditions of homeowner's insurance because of the race, color, religion, sex, disability, familial status, or national origin of the owner and/or occupants of a dwelling.
- Denying access to or membership in any multiple listing service or real estate brokers' organization.
- Refusing to make a mortgage loan or provide other financial assistance for a dwelling.
- Refusing to provide information regarding loans.
- Imposing different terms or conditions on a loan, such as different interest rates, points, or fees.
- Offering different appraisal outcomes based on a protected class.
- Conditioning the availability of a loan on a person's response to harassment.

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- Refusing to purchase a loan.

Under the Fair Housing Act, it is also illegal to threaten, coerce, intimidate, or interfere with anyone exercising a fair housing right or assisting others who exercise the right or retaliate against a person who has filed a fair housing complaint or assisted in a fair housing investigation.

Certain types of housing are exempt from federal fair housing laws, such as owner-occupied buildings with four or fewer units, single-family homes sold or rented by the owner without an agent, and housing operated by religious organizations or private clubs that are limited to members.

Some examples of housing practices that violate the Fair Housing Act include the following:

- The manager of an apartment complex restricts families with children to only one section of the building.
- A landlord offers a discount on application fees to applicants who attended a specific high school.
- A realtor lies about a home having a pending offer when showing it to a couple who do not speak English proficiently.
- An apartment manager runs a credit check on applicants under 30 years old but not on older applicants.

Housing for Seniors

The 1995 HOPA created an exception to Title VIII of the Fair Housing Act to allow for housing developments for seniors (referred to as "older persons" in the law). HOPA offers exceptions to discrimination based on family status for housing specifically designed for elderly individuals. To qualify for this exception, the housing must meet certain criteria and comply with all HOPA exemption requirements. The housing may be provided under a state or federal program designed to assist elderly persons or intended for and solely occupied by those at least 62 years old. Alternatively, the housing may be intended and operated for occupancy by those who are at least 55 years old, with at least 80 percent of the units having at least one occupant verified to be 55 years of age or older.

All other Fair Housing Act protections apply to housing for seniors including the prohibition of discrimination on the basis of race, color, religion, sex, disability, or national origin.

Fair Housing Amendments Act

The FHAA, signed in 1988, amended the Fair Housing Act to include persons with disabilities as a protected class and added additional regulations for policy accommodations and building modifications.

Under the FHAA, a person with a disability includes individuals with a physical or mental impairment that substantially limits one or more major life activities, individuals who are regarded as having such an impairment, and individuals with a record of such an impairment. "Major life activities" include walking, seeing, caring for oneself, hearing, speaking, breathing, learning, and working. Disabilities may also include mental or emotional illness, difficulties associated with aging, HIV/AIDS, and recovering from alcohol or drug addiction (completing a treatment program).

If a person requires the use of a walker, a wheelchair, a personal-care attendant, or a service animal to live in and enjoy housing in a way that is equivalent to a person without a disability, they are protected from housing discrimination.

An "accommodation" is a change in any rule, policy, procedure, or service needed for a person with a disability to have equal access to and enjoyment of their home. For example, allowing a service animal despite a "no pets" policy, or allowing a tenant to mail in a rent check when others must physically deliver checks to a drop box.

A "modification" is a structural change made to the existing premises occupied or to be occupied by a person with a disability to afford such person full enjoyment of the premises. A ramp installed into the front entrance of a house where there are only stairs, changing doorknobs to levers for someone with a mobility disability, or allowing a tenant with hearing impairment to install visual doorbells are all examples of reasonable modifications.

Like other housing discrimination laws, protections for people with disabilities apply to rental and owner-occupied housing, government zoning and other land-use planning, and HOAs.

COMMONWEALTH OF KENTUCKY FAIR HOUSING LAWS

The Commonwealth of Kentucky enforces the tenets of the Fair Housing Act. The Kentucky General Assembly broadened the law to prohibit discrimination in housing on the basis of disability, gender, and familial status. Several municipalities have further expanded fair housing protections on the basis of sexual orientation. Those cities include Covington, Danville, Frankfort, Lexington, Louisville, Morehead, and Vicco.

PARTICIPANTS

As the lead agencies in the preparation of the AI, KHC and DLG were committed to an extensive outreach process to solicit input from residents and stakeholders. Outreach initiatives included remote stakeholder meetings and an online survey. Virtual stakeholder meetings were held on the following dates:

- Kentucky Fair Housing Council: September 24, 2024
- Kentucky Commission on Human Rights: October 8, 2024
- Kentucky Disability Rights Advocates: October 18, 2024

The Citizen Participation Appendix describes all of the extensive outreach activities and provides lists of all organization attendees and summaries of all meetings held in conjunction with the outreach conducted for both the FY 2025-2029 Consolidated Plan and the AI.

ONLINE SURVEY

As part of the public outreach and engagement for the development of the Consolidated Plan, a survey was developed in Survey Monkey. These online web-based surveys sought to gather additional input from stakeholders and community participants for the purpose of identifying priority needs in the 2025-2029 Consolidated Plan and served as an opportunity for respondents to provide feedback on existing community conditions throughout the Commonwealth of Kentucky. The survey asked respondents to identify, rank, and provide commentary on community needs, including issues related to fair housing. 184 stakeholders responded to the survey. The following is a summary of the fair housing survey responses.

STAKEHOLDER SURVEY RESPONSES – FAIR HOUSING

Agency Capacity Regarding Fair Housing

Overall, organizations responding to the survey indicated a high level of understanding regarding the steps to request reasonable accommodations and file a fair housing complaint. Organizations indicated that the best way to increase fair housing is to increase both the number of affordable units and fair housing education within the community.

- **Fair Housing Training (n=136)**
 - 65 percent of organizations have participated in fair housing training in the last three years.
 - 11 percent of organizations have not participated in fair housing training in the last three years.
- **Knowledge of Fair Housing Protections (n=136)**
 - 53 percent of organizations indicated that they were “very well informed” regarding Fair Housing Act protections.
 - 32 percent of organizations indicated that they were “somewhat informed” regarding Fair Housing Act protections.
 - 13 percent of organizations indicated that they were “a little informed” regarding Fair Housing Act protections.
 - Three percent of organizations indicated that they were “not at all informed” regarding Fair Housing Act protections.
- **Requesting Reasonable Accommodations (n=134)**
 - 73 percent of organizations indicated that they know how to request a reasonable accommodation for housing.
 - 27 percent of organizations indicated that they do not know how to request a reasonable accommodation for housing.

- **Filing a Fair Housing Complaint (n=135)**
 - 71 percent of organizations indicated that they know how to file a fair housing complaint.
 - 29 percent of organizations indicated that they do not know how to file a fair housing complaint.
- **Strategies Currently Used to Educate the Community on Fair Housing (top five answers) (n=129)**
 - Posting physical copies of materials (57 percent selected).
 - Providing information at time of housing transaction (55 percent selected).
 - Publishing information on the organization's website (30 percent selected).
 - My organization does not conduct outreach on fair housing (22 percent selected)
 - Broadcasting messages to the public (12 percent selected)
- **Fair Housing Activities Organizations Would Like to See More Of (top five answers) (n=130)**
 - Increases in the number of two- and three- bedroom affordable housing units for families with children (70 percent selected).
 - Fair housing education and resources for the public (60 percent selected).
 - Help for people with disabilities to access reasonable accommodations (changes to the rules or policies to allow people with disabilities to live or stay in housing, including service and support animals) (52 percent selected).
 - Fair housing training for program staff or specific groups such as tenants or landlords (50 percent selected).
 - Coordinated reentry services (49 percent selected).

Observed Discrimination / Fair Housing Issues

Stakeholders indicate that individuals with a criminal history, although not a protected class, are the most observed discriminated class, and this status is a barrier to renting housing. Stakeholders emphasize cost as the primary barrier to renting housing. Of note, 75 percent of survey respondents agreed or strongly agreed with the statement that infrastructure contributes to segregation in the community.

- **Protected Classes Facing Discrimination (top three answer choices) (n=133)**
 - Race/ethnicity (59 percent selected)
 - Disability (53 percent selected)
 - Sexual orientation (41 percent selected)

Note: Criminal history and source of income, although not protected classes under the Fair Housing Act, were identified as potential barriers to fair housing.

- **Challenges Faced Renting Housing (top five answer choices) (n=133)**
 - Cost of rent (90 percent selected)
 - Cost of a deposit (81 percent selected)
 - Access to housing because of criminal history (77 percent selected)
 - Credit and background screening (68 percent selected)
 - Access to accessible housing (54 percent selected)

- **Infrastructure Contributes to Segregation in the Community (n=135)**
 - Strongly agree (39 percent selected)
 - Agree (36 percent selected)
 - Neither agree nor disagree (18 percent selected)
 - Disagree (7 percent selected)
 - Strongly disagree (0 percent selected)

Assessment of Residents' Knowledge of Fair Housing

In contrast to the fair housing knowledge demonstrated in stakeholders' assessment of their own organizations, stakeholders believed that residents are not aware / would not report a fair housing violation. This indicates a need for more awareness and outreach to the community.

- **Residents are Generally Aware of How to Report a Fair Housing Violation (n=135)**
 - Disagree (32 percent selected)
 - Neither agree nor disagree (27 percent selected)
 - Agree (24 percent selected)
 - Strongly agree (11 percent selected)
 - Strongly disagree (5 percent selected)
- **Residents are Likely to Report a Fair Housing Violation (n=134)**
 - Disagree (31 percent selected)
 - Neither agree nor disagree (28 percent selected)
 - Agree (24 percent selected)
 - Strongly disagree (10 percent selected)
 - Strongly agree (7 percent selected)

METHODOLOGY USED

A comprehensive approach was used to complete the AI. The following sources were utilized:

- Most recently available demographic data regarding population, household, housing, income, and employment at the census tract and state levels.
- A variety of online databases provide indicators that reflect local issues, which are based on research that validates the connections between the indicators and increased opportunity in Kentucky.
- Public policies, codes, and statutes affecting the siting and development of housing.
- Administrative policies concerning fair housing, affordable housing, and community development.
- Financial lending institution data from the Home Mortgage Disclosure Act (HMDA) database.
- Data from agencies that provide housing and housing-related services to members of the protected classes.
- Fair housing complaints filed with HUD and the Kentucky Commission on Human Rights.

- Interviews and stakeholder meetings conducted with state agencies and non-governmental organizations that provide housing and housing-related services to members of the protected classes.

HOW AI WAS FUNDED

The AI was funded by the Commonwealth of Kentucky.

PROGRESS ACHIEVED SINCE PREVIOUS AI

Kentucky's last AI was completed in 2020 and identified a total of 17 impediments to fair housing choice across six categories. Each impediment and associated recommendation from the 2020 AI are listed below, along with a brief summary of the progress the state has made. Progress achieved since the 2020 AI was provided by KHC and DLG.

Table 1a: Progress Made Since Last AI: Recommendations for Actions by KHC

Recommendation	Progress Made
Fair Housing Education and Outreach	
Continue to financially and administratively support bilingual housing counseling and education efforts.	KHC has provided financial and administrative support to bilingual housing counseling and education to the populations KHC serves, including REACH, Inc. (statewide), Brighton Center (northern Kentucky), Kentucky Refugees Ministries (statewide), Louisville Urban League (Jefferson County), Housing Partnership Inc. (Jefferson County), and other similar organizations throughout the Commonwealth that can service limited-English proficiency (LEP) clients. Beyond that, all counseling agencies must have a Language Access Plan to address how they will provide services to LEP clients.
Continue to promote and market the "Simply Homes" exhibit to municipalities and institutions across Kentucky as a vehicle for fair housing education and outreach.	The "Simply Homes" exhibit was halted in part due to COVID-19 and the related restrictions and in part to the subsequent lack of interest in the project.
Continue to collaborate with the Kentucky Commission on Human Rights and Lexington Fair Housing Council, Inc., to expand education and	KHC has maintained a strong working relationship with the Kentucky Fair Housing Council, the Kentucky Commission on Human Rights, and similar agencies and organizations that handle fair housing matters. KHC uses these relationships as a referral network when it receives fair housing complaints. It has

Recommendation	Progress Made
outreach efforts and to identify gaps in need of additional efforts.	also collaborated with these groups on how to address fair housing issues when they arise.
Continue the marketing, outreach, and engagement activities with multicultural populations across Kentucky via the Multicultural Customer Service and Outreach Coordinator.	<p>Multicultural Customer Service and Outreach Coordinator is no longer a position at KHC and was incorporated into single family lending through the Mortgage Production Administrators. One focus of this position is to work with lenders and real estate agents who have minority and limited-English-speaking clients.</p> <p>KHC continues to support bilingual Housing Counseling programs, allowing for enhanced outreach efforts to multicultural groups throughout Kentucky.</p>
Expansion and Preservation of Affordable Housing in a Variety of Locations	
Continue to allocate Low-Income Housing Tax Credit (LIHTC) funding to projects that prioritize higher opportunity areas and avoid concentrations of affordable housing.	<p>From 2019-2024, KHC administered LIHTC funds to construct or rehabilitate approximately 76 rental housing developments or single rental units (see Low Income Housing Tax Credit and Qualified Allocation Plan section of this document). Preference for LIHTC assistance is given to high opportunity areas showing strong-performing schools and high job growth.</p> <ul style="list-style-type: none"> • KHC's planning documents have addressed this issue in detail: <ul style="list-style-type: none"> – KHC's Qualified Allocation Plan (QAP) gives preference to projects that contribute to a concerted community revitalization plan. It also includes significant developer incentives to expand housing choice in higher opportunity areas, including areas where high job growth is anticipated and areas that score well on the Enterprise Opportunity 360 Report in the areas of Housing Stability, Education, and Economic Security. – KHC's Multifamily Guidelines require that urban projects proposing to create new units in a qualified census tract must submit a copy of the local jurisdiction's overall plan for revitalization, community development, and/or economic development that meet certain criteria. <p>To continue to discourage high concentrations of affordable housing, the QAP deducts points for new-build projects that are located within a half-mile (for urban projects) and three miles (for rural projects) of another tax credit project that has been</p>

Recommendation	Progress Made
	approved in the previous two years, and which targets the same tenants as the other project.
Continue the Down Payment Closing Cost Assistance Program and the Homebuyer Loan Program for income-eligible homebuyers. Evaluate a preference for low- and moderate-income homeowners in neighborhoods at risk for displacement due to gentrification.	KHC's Down Payment Assistance Program (DAP) has provided a path around affordability barriers to homeownership. Additionally, when it is possible and allowable, KHC has leveraged its DAP with other existing community programs to further expand homeownership access.
Continue the Homeowner Rehab Program and the Weatherization Assistance Program to preserve the existing affordable housing inventory and lower homeowner costs. Evaluate a preference for low- and moderate-income homeowners in neighborhoods at risk for displacement due to gentrification.	<ul style="list-style-type: none"> • KHC has continued to award millions of Affordable Housing Trust Funds (AHTFs) to agencies and subgrantees to support home repairs and to allow homeowners to remain housed. In FY24 alone, KHC awarded \$2,568,835 in the state's AHTF for home repairs, serving more than 123 units. • In FY 24, KHC awarded 20 subgrantees \$15,256,623 in annual weatherization funding and \$15,904,646 from the multi-year Bipartisan Infrastructure Law (BIL) to install energy saving measures in over 440 units to reduce utility costs for homeowners.
Continue to advocate for affordable housing resources among local, state, and Congressional delegations.	<ul style="list-style-type: none"> • KHC, over the past five years, has actively spoken in front of the Kentucky Legislative Housing Task Force (06/24/2024) and local, state, and Congressional delegations to educate about the housing supply gap and the need for affordable housing • KHC has actively presented Kentucky's housing gap analysis to organizations across the Commonwealth to understand the factors contributing to Kentucky's housing supply gap: <ul style="list-style-type: none"> – Kentucky Legislature Housing Task Force (June & October 2024 presentations)

Recommendation	Progress Made
	<ul style="list-style-type: none"> – Kentucky League of Cities (three-part series on housing supply gap & facilitating housing development) – Kentucky Association of Counties (webinar) – City of Berea Planning Commission (presentation at regular meeting) – Kentucky Realtors Association (presentation at their conference) – Kentucky Mortgage Lenders (webinar) – Kentucky Chamber of Commerce (meetings) – Homebuilders Association of Kentucky (presentation at their conference) – Kentucky Cabinet for Economic Development (meetings) – I-71 Economic Development Alliance (presentation at monthly meeting) – EKY Leadership Foundation (presentation at their conference) – DLG Local Issues Conference (presentation at their conference) – Leadership Louisville Bingham Scholars (meetings) – Kentucky Workforce Investment Board (webinar) – Conference of Kentucky Property Valuation Assessors (presentation at their conference) – Kentucky USDA Rural Development State Office (presentation at annual staff meeting) – Kentucky Council of Area Development Districts (presentation at KCADD meeting) – Northern Kentucky Area Development District (ADD) (meeting) – Lincoln Trail ADD (meeting) – Lake Cumberland ADD (meeting) – Kentucky BoS Continuum of Care (CoC) Homeless Shelter & Service Providers (presentation at CoC meeting) – City of Georgetown Network for Homelessness and Housing Solutions – Grantmakers of Kentucky

Recommendation	Progress Made
	<ul style="list-style-type: none"> – AARP-Kentucky / Center for Accessible Living Universal Design Conference
<p>Continue the Tenant-Based and Project-Based Rental Assistance Programs to ensure affordable rental assistance for protected classes across the state, including assistance to individuals with disabilities and/or recovering from substance abuse.</p>	<ul style="list-style-type: none"> • KHC’s Tenant-Based and Project-Based rental assistance programs continue to assist thousands of Kentuckians find safe, affordable housing. The Housing Choice Voucher (HCV) program often focuses on those with the greatest need including individuals with disabilities, those experiencing homelessness, those fleeing or attempting to flee domestic violence, and those recovering from substance abuse. The HOME Tenant-Based Rental Assistance program typically serves households experiencing or at risk of homelessness. The Recovery Kentucky program uses project-based vouchers to support hundreds of individuals recovering from substance abuse. Additionally, KHC’s Multifamily department requires all applicants to submit an Affirmative Fair Housing Marketing Plan, Fair Housing Plan, Title VI Self Survey and Statement of Assurance, Section 504 Self-Evaluation, and Tenant Selection Plan that adheres to the Uniform Residential Landlord-Tenant Act (URLTA).
<p>Continue to seek CoC funding for Rapid Re-Housing (RRH) and permanent supportive housing developments that provide affordable housing options and related services for protected classes.</p>	<ul style="list-style-type: none"> • KHC has increased Permanent Supportive Housing across the Commonwealth from CoC awards and added Housing Connectors to bridge the gap for people experiencing homelessness to find open living spaces and utilize resources. For the first time, the Kentucky Balance of State (BoS) CoC had full RRH coverage across its 118-county region. To continue this ESG-CV built RRH capacity across the CoC, KHC has created an ERA2-funded Homeless Program that invested nearly \$19M of funds for RRH and prevention assistance through the fall of 2025.
<p>Evaluate tools and methods to connect people to housing, such as housing service locator tools.</p>	<ul style="list-style-type: none"> • KHC created a web-based platform designed for landlord engagement and housing search assistance. The platform is geared toward assisting public housing authorities and homeless services organizations that manage landlord relationships, assist voucher holders in their housing search, and publicize landlord’s available properties in real time, for free. This tool supports both the 118-county Kentucky BoS CoC and KHC’s HCV program that serves 87 counties. • KHC’s goal in creating the platform was to provide partners this user-friendly platform for landlord and property management companies to list vacant units for

Recommendation	Progress Made
	<p>easy accessibility, communication with potential renters, and quick unit occupancy. All KHC voucher holders (across numerous rent assistance programs) and program case managers are provided with access to Padmission to conduct housing searches across the state. In addition, KHC provides extensive tools to link people to housing, including the Kentucky Resource Guide which provides a link to supportive services in addition to available low-income (affordable) properties throughout the Commonwealth. Also, there are Housing Connectors™ both within KHC and across departments that assist in placing people in search of needed housing.</p>
<p>Enforcement of Design and Construction Requirements</p>	
<p>Expand the <i>Certification of Compliance with Design Requirements for Accessible Housing</i> to require that general contractors involved in the design and construction of new multifamily residential properties sign the certification form, in addition to owners/developers and architects.</p>	<ul style="list-style-type: none"> • KHC requires all projects to complete a Certificate of Compliance with Design Requirements. • KHC will continue to ensure that contractors will certify that the accessible housing design complies with all applicable accessibility of requirements of the Fair Housing Act, KHC Minimum and Universal Design Standards, Uniform Federal Accessibility Standards, Section 504 of the Rehabilitation Act of 1973, 2010 ADA Accessibility Guidelines, and any other applicable state or local codes. The document must be signed by the architect, general contractor, and the owner of the project. The completed certificate is required at the Technical Submission stage and serves as a guiding document throughout the project.
<p>Continue allocation of funding to projects that include accessibility design features such as aging-in-place, Universal Design, ADA, and UFAS construction standards.</p>	<ul style="list-style-type: none"> • KHC continues to offer a scoring preference for applicants requesting funding in its competitive applications. Specifically, KHC offers points to projects that provide features to enhance a senior's living environment or promote aging in place, including modified kitchens, bathrooms, lighting, and common areas.
<p>Ensure Access to Programs and Services for LEP Populations</p>	
<p>Annually update the Language Access Plan to reflect a review of any demographic changes statewide and for each county, and the results of</p>	<ul style="list-style-type: none"> • KHC's practice is to update its Language Access Plan (LAP) annually. The most recent version, which was updated on January 11, 2023, can be found on KHC's website at https://www.kyhousing.org/Planning-Documents/Documents/Language-Access-Plan-Kentucky.pdf. KHC updated its internal website to include

Recommendation	Progress Made
monitoring for the effectiveness of the plan's implementation.	guides and aids to assist employees who may interact with persons with limited English proficiency (LEP). Training was conducted with all staff to teach about KHC's LAP and internal resources and increase outreach with LEP populations.
Evaluate collecting preferred language data at time of single-family loan origination to provide improved loan servicing to LEP populations.	<ul style="list-style-type: none"> KHC has been assisting first-time homebuyers with LEP to make informed decisions during their home mortgage loan process and to provide improved loan servicing to LEP populations. KHC's single-family programs added some language preference features to their new Loan Origination System (LOS). KHC can now easily identify the preferred language for its borrowers. KHC recruited several bilingual staff to communicate with borrowers in their preferred languages.

Table 1b: Progress Made Since Last AI: Recommendations for Actions by DLG

Recommendation	Progress Made
Fair Housing and Outreach	
Continue to collaborate with the Kentucky Commission on Human Rights and Lexington Fair Housing Council, Inc., to expand education and outreach efforts.	DLG did not have any new developments in the realm of outreach and education of fair housing. It continues to hold the Governor's Local Issues Conference, during which DLG will consider adding a Fair Housing agenda item. DLG now has a designated "Fair Housing" staff person and holds a fair housing training program for subrecipients.
Expansion and Preservation of Affordable Housing in a Variety of Locations	
Continue to fund eligible applications for housing rehabilitation to preserve the existing affordable housing inventory in Kentucky's smaller communities.	13 percent of DLG's total CDBG allocation is reserved for housing, and it has supported multifamily housing development projects outside of entitlement areas. In 2024, this amounted to \$3,353,572 in funds with a maximum of \$1 million per project.
Continue to fund eligible applications for public infrastructure and public facility projects to improve the quality of life for low- and moderate-income	DLG continues to fund eligible public infrastructure projects in low- to moderate-income communities. The allocation for 2023 for public facilities was \$8,834,662.

Recommendation	Progress Made
households in Kentucky's smaller communities.	
Continue to advocate for affordable housing resources among local, state, and Congressional delegations.	DLG continues to advocate for affordable housing among the legislative task force.
Continue to fund eligible applications for local economic development projects to improve economic mobility and the quality of life for low- and moderate-income households in Kentucky's smaller communities.	DLG's 2023 allocation to economic development initiative was \$5,005,449. DLG gives priority to economic development projects that have the greatest local match and provide job training and job opportunities, as well as microenterprise programs that provide training and assistance for people to start their own small businesses. No economic development projects were closed in 2023.
Ensure Access to Programs and Services for LEP Populations	
Annually update the Language Access Plan to reflect a review of any demographic shifts statewide and for each county, and the results of monitoring for the effectiveness of the plan's implementation.	DLG's Language Access Plan was last updated in June 2023.
Ensure Subrecipient Units of Government Comply with Their Obligation to Affirmatively Further Fair Housing	
Continue the fair housing compliance and monitoring initiatives as part of the CDBG program.	Since the COVID outbreak in 2020, DLG's ability to conduct subrecipient field monitoring has been diminished. All subrecipient requirements remain in place, and DLG monitors performance via subrecipient reporting wherever possible. DLG intends to increase field monitoring over the 2025-2029 Consolidated Plan Cycle and will explore a plan to withhold funding from subrecipients that are found out of compliance.
Adopt a policy to consider denying or withholding funding from applicants	DLG intends to increase field monitoring over the 2025-2029 Consolidated Plan Cycle and will explore a plan to withhold funding from non-compliant subrecipients. Discriminatory behavior will be determined to be in violation of DLG policies.

Recommendation	Progress Made
that have engaged in discriminatory behavior.	

Summary of Progress

KHC and DLG have made significant progress on most of the impediments and recommendations from the 2020 AI; however, several impediments and recommendations are beyond the jurisdiction of the two agencies. Many of the impediments identified in the 2020 AI remain impediments in 2025 simply because they are socio-economic challenges that have occurred over the course of decades and, therefore, cannot be resolved in five years. Indeed, many of the impediments will be carried forward into the 2025 AI with recommendations that focus on progress that both KHC and DLG can achieve within the limits of their respective agency missions and resources.

Demographic and Housing Summary

INTRODUCTION

This section will describe demographic characteristics that affect housing choice among Kentucky residents. It will provide context for existing conditions and pinpoint issues to inform strategies for broadening the availability of housing opportunities. The U.S. Census Bureau's 2022 American Community Survey (ACS) 5-Year Estimates are the most recent and reliable data source available at the time of this report and have been utilized in all cases, as well as 2017 ACS 5-Year Estimates as appropriate to provide comparison.

KEY CONCLUSIONS

The key conclusions drawn from the demographic and housing summary include the following:

- Population growth plays a key role in local demand for housing. Population grew by four percent from 2012 to 2022, while the number of households increased by 10 percent. The increase in the number of households points to a greater demand for housing. The recent Housing Gap Analysis Phase II report found the greatest influences on the state's overall rental housing gap are *household growth* and households living in severe housing cost-burdened situations.
- Kentucky has continued to become more diverse between 2017 and 2022 with the largest increases occurring among multi-racial and Hispanic persons, though the rate of growth has slowed since the last AI.
- In 2022, 24 percent of total households included at least one person between the ages of 62 and 75, and 11 percent of households included at least one person older than 75. Demand for housing and services for elderly households will continue to grow.
- In both 2017 and 2022, the most common household type was family households with married couples. However, from 2017 to 2022, the number of non-family households grew six percent, while the number of family households increased a nominal amount.
- Foreign-born and LEP households often face additional challenges to obtaining and maintaining housing. From 2017 to 2022, the number of LEP households in the state increased by 17 percent, with Spanish persisting as the most spoken language among LEP residents.
- In 2022, 51 percent of people with a disability had ambulatory difficulty, meaning grab bars, lifts, and other physical modifications may be needed to housing units to ensure access for those with a disability.
- From 2017 to 2022, Black or African Americans continued to experience the highest rate of unemployment among racial and ethnic categories, at three percent above the state's unemployment rate.

- In 2022, Black or African American, American Indian and Alaska Native, Native Hawaiian and Other Pacific Islander, and Hispanic individuals experienced poverty at a higher rate than the state as whole.
- From 2017 to 2022, housing costs increased approximately 14 percent, while homeownership rates among non-White households increased slightly.
- The dissimilarity index indicates that segregation increased in Kentucky from 2017 to 2022, with Asian residents experiencing the greatest levels of segregation.
- Most racially or ethnically concentrated areas of poverty (R/ECAPs) were located in and near urban areas, such as Lexington, Louisville, and Bowling Green.

POPULATION TRENDS

Between 2010 and 2022, the population of Kentucky increased by 217,107 residents, growing just over five percent over 12 years. As stated in the previous AI, population growth slowed in the 2010s compared to the 2000s, where the growth rate was 7.4 percent.

Table 2: Change in Population, 2010-2022

Year	Total Population	Change
2010	4,285,828	-
2017	4,424,376	3%
2022	4,502,935	2%

Source: U.S. Census Bureau, 2010, 2017, 2022 ACS 5-Year Estimates (DP05)

In 2022, approximately 22 percent of the population was younger than 18, while 24 percent of the population was over 65. Children and seniors often require additional supportive services and can be susceptible to housing discrimination on the basis of familial status and age.

Table 3: Population Under 18 or Over 65

Year	Total Population	Percentage
Under 18	1,011,480	22%
Over 65	756,439	17%
Over 75	297,780	7%

Source: U.S. Census Bureau, 2022 ACS 5-Year Estimates (DP05)

Geographic Variation in Population Growth

The Kentucky Association of Counties provides insight into the geographic variation of population growth. The data, which uses U.S. Census Bureau annual estimates, analyses the growth rates and total population of each county from 2020 to 2023. In that time period, six Kentucky counties grew by more than five percent: Robertson, Allen, Lyon, Warren, Spencer, and Garrard. In terms of total population, Warren, Boone, Madison, Scott, and Bullitt Counties added population.

Conversely the population declined by more than five percent in Leslie, Breathitt, and Harlan Counties. In order, Jefferson, Fayette, Pike, Harlan, and Floyd lost the greatest number of people.

According to the data, the ten most populated counties in 2023 were as follows:

1. Jefferson
2. Fayette
3. Kenton
4. Warren
5. Boone
6. Hardin
7. Daviess
8. Madison
9. Campbell
10. Bullitt

RACE AND ETHNICITY

The Commonwealth of Kentucky has continued to diversify from 2017 to 2022. In that period, the number of Black, Asian, Hispanic and Multi-Racial identifying residents increased, while the number of White-identifying residents decreased slightly. Compared to the previous AI, which compared racial data from 2010 to 2017, the growth rate of all racial categories has slowed. In particular, from 2010 to 2017, the number of Hispanic and Asian households doubled. However, from 2017 to 2022 (half of the period analyzed in the previous AI), the growth rate of Hispanic and Asian households was 19 percent and 16 percent respectively. The growth rate of White residents from 2010 to 2017 was four percent, but from 2017 to 2022 this population declined by about one percent.

Table 4: Change in Race and Ethnicity, 2017-2022

Race/Ethnicity	2017	2022	Percent Change from 2017-2022
White	3,862,600	3,816,997	-1%
Black	353,088	360,184	2%
Asian	59,593	69,187	16%
Multi-Racial	96,303	189,589	97%
Other	41,197	56,352	37%
Hispanic	152,072	180,481	19%

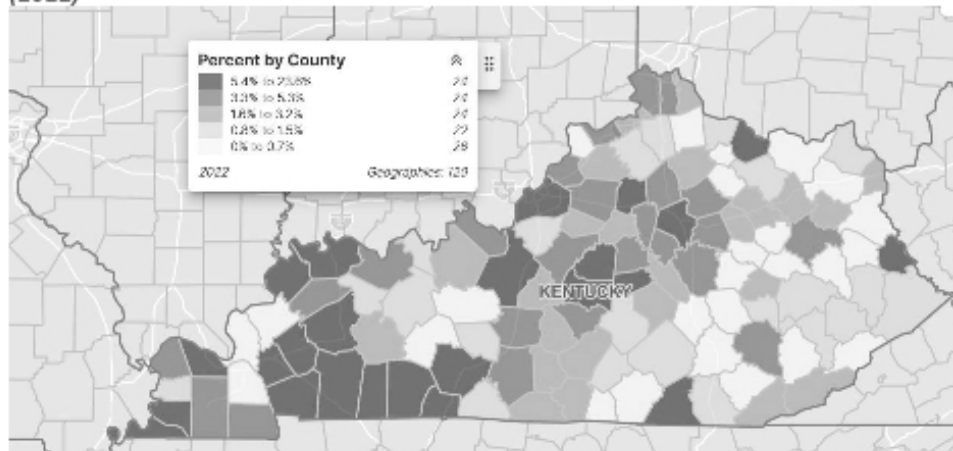
Source: U.S. Census Bureau, 2017, 2022 ACS 5-Year Estimates (DP05)

Geographic Variation in Race and Ethnicity

The following maps depict the percentage of residents in each Kentucky county identifying as Black or African American, Asian, and Hispanic in 2022. The maps utilize a quantile category system, meaning the data is evenly distributed among the five categories.

Figure 1 depicts the percentage of Black or African American individuals by county in 2022. The map indicates that many counties in the lower Western portion of the state were in the highest quantile of Black or African American residents. Additionally, Jefferson and Fayette Counties, and surrounding counties, also are in the highest two quantiles.

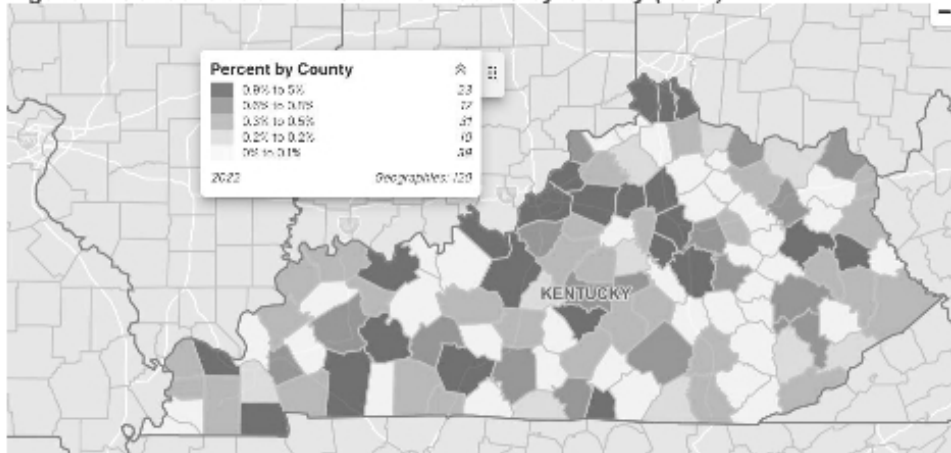
Figure 1: Concentration of Black or African American Individuals by County (2022)



Source: U.S. Census Bureau, 2022 ACS 5-Year Estimates (DP05)

Figure 2 depicts the percentage of Asian individuals by county in 2022. Again, the map indicates that the counties of and surrounding Jefferson and Fayette are in the highest quantile of Asian individuals. In addition, the three northernmost counties, Boone, Kenton, and Campbell, are also in the highest quantile.

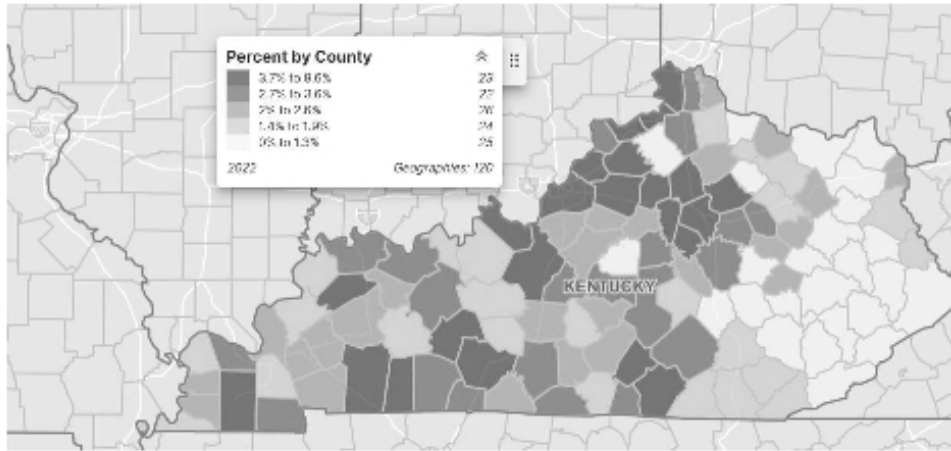
Figure 2: Concentration of Asian Individuals by County (2022)



Source: U.S. Census Bureau, 2022 ACS 5-Year Estimates (DP05)

Figure 3 depicts the percentage of Hispanic individuals by county in 2022. Again, the map indicates that the counties of and surrounding Jefferson and Fayette are in the highest quantile of Hispanic individuals. Additionally, most of the counties with the lowest percentage of Hispanic residents (the lowest quantile) exist in the Easternmost part of the state.

Figure 3: Concentration of Hispanic Individuals by County (2022)



Source: U.S. Census Bureau, 2022 ACS 5-Year Estimates (DP05)

ANCESTRY AND NATIONAL ORIGIN

It is illegal to refuse the right to housing based on place of birth or ancestry. This section explores trends in the Commonwealth of Kentucky regarding foreign-born residents.

Foreign-Born Persons

In 2022, four percent of Kentucky’s population was born outside of the United States. That figure increased slightly since the previous AI, from 3.6 percent in 2017. As identified in the previous AI, the foreign-born population in Jefferson County and Fayette County was higher than the state overall. Notably, the foreign-born population increased by nearly two percent from 2017 to 2022 in Jefferson County.

Table 5 also identifies the poverty rate for foreign-born residents and native residents in 2022. In each jurisdiction, foreign-born residents were more likely to experience poverty. The difference in poverty rate was greatest in Jefferson County, followed by Fayette County.

Table 5: Characteristics of Foreign-Born Residents

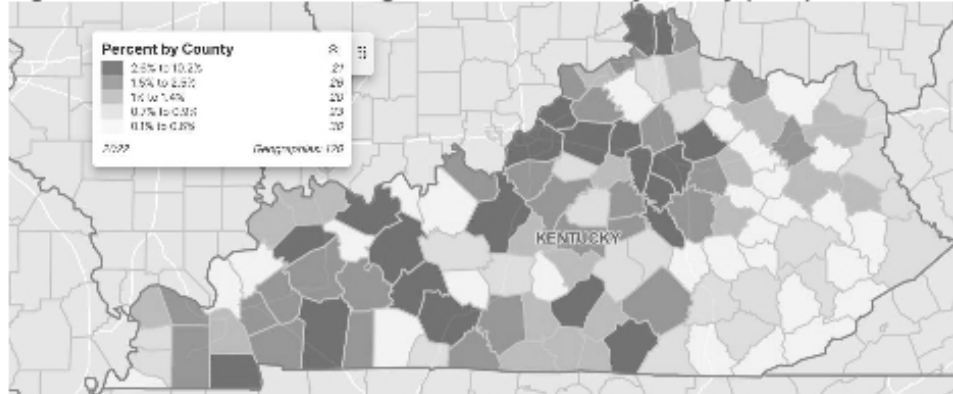
Jurisdiction	Percent Foreign Born	Poverty Rate-Native	Poverty Rate-Foreign Born
Kentucky	4%	16.1%	17.4%
Jefferson County	9%	13.8%	17.6%
Fayette County	10%	14.7%	17.2%

Source: U.S. Census Bureau, 2022 ACS 5-Year Estimates (S0501)

Residency Patterns of Foreign-Born Population

Foreign-born residents often tend to live in more urban areas, and this is true in Kentucky. As depicted in Figure 4, the counties of and surrounding Jefferson and Fayette had the highest percentage of foreign-born residents in 2022. Additionally, counties in the central and western portions of the state tended to have higher concentrations of foreign-born individuals.

Figure 4: Concentration of Foreign-Born Individuals by County (2022)



Source: U.S. Census Bureau, 2022 ACS 5-Year Estimates (DP02)

Limited English Proficiency

Persons with limited English proficiency (LEP) are defined as persons having a limited ability to read, write, speak, or understand English. HUD uses the prevalence of persons with LEP to identify the potential for impediments to fair housing choice due to their potential inability to understand rental contracts and fair housing protections. Persons with LEP may encounter obstacles to fair housing by virtue of language and cultural barriers within their new environment. It is important that a community recognizes their presence and the potential for discrimination, whether intentional or inadvertent, and establishes policies to eliminate barriers. It is also incumbent upon HUD entitlement communities to determine the need for language assistance and comply with Title VI and the Civil Rights Act of 1964.

From 2017 to 2022, the number of LEP households grew by 17 percent in the state to a total of 24,966 households. Table 6 lists the most common languages spoken by LEP households in 2017 and 2022. In both years, Spanish comprised the greatest share of LEP languages. In that time, the share of Spanish-speakers among LEP households decreased just two percent. The greatest increase occurred among Asian and Pacific Island languages, which increased four percent from 2017 to 2022.

Table 6: Languages Spoken by LEP Households

Language Spoken	Percentage of LEP Households (2017)	Percentage of LEP Households (2022)
Spanish	52%	50%
French, Haitian, Cajun	8%	5%
German or West Germanic	3%	3%
Russian, Polish, other Slavic languages	4%	3%
Other Indo-European languages	8%	7%
Korean	4%	2%
Chinese	4%	4%
Vietnamese	3%	3%
Tagalog	1%	1%
Other Asian and Pacific Island languages	7%	11%
Arabic	2%	4%
Other	4%	8%
Total	100%	100%

Source: U.S. Census Bureau, 2022 ACS 5-Year Estimates (B16002)

Table 7 depicts the languages spoken by LEP households in Jefferson and Fayette Counties. Notably, the percentage of LEP households speaking Spanish was 12 percent less than the state average. Chinese, other Asian and Pacific languages, Indo-European languages, and languages not listed comprised the greatest share of LEP households in Fayette County.

Table 7: Languages Spoken by LEP Households in Jefferson and Fayette Counties

Language Spoken	Jefferson County	Fayette County
Spanish	56%	38%
French, Haitian, Cajun	6%	4%
German or West Germanic	1%	1%

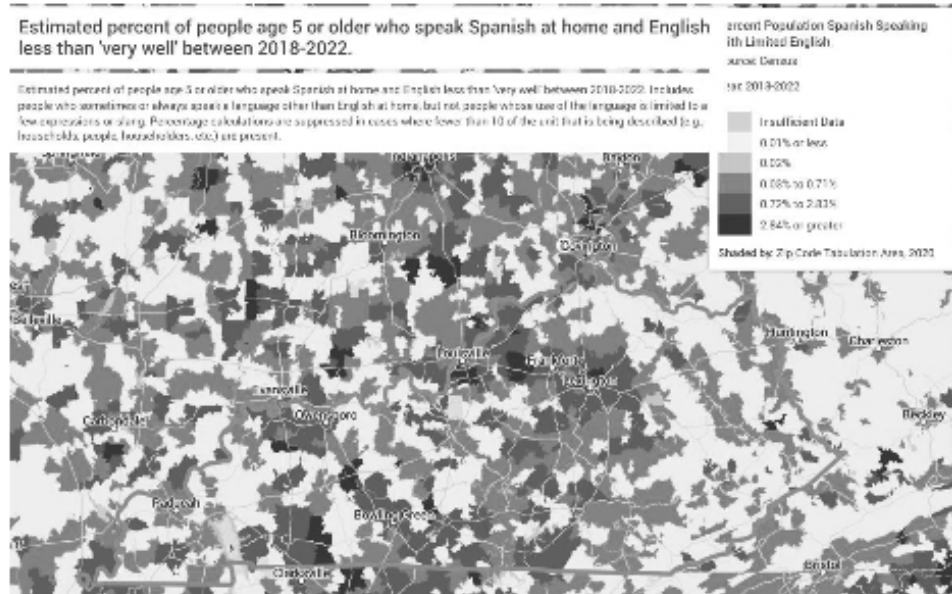
Russian, Polish, other Slavic languages	4%	2%
Other Indo-European languages	6%	10%
Korean	1%	3%
Chinese	2%	10%
Vietnamese	3%	2%
Tagalog	1%	0%
Other Asian and Pacific Island languages	6%	11%
Arabic	4%	5%
Other	9%	15%
Total	100%	100%

Source: U.S. Census Bureau, 2022 ACS 5-Year Estimates (B16002)

Geographic Distribution of LEP Residents

Figure 5 depicts the estimated percent of people age five or older who speak Spanish at home and English less than “very well” between 2018 and 2022. The map indicates that areas in and around Louisville, Frankfort, and Lexington had high concentrations of Spanish-speaking LEP households. In addition, a few zip codes in the western portion of the state had high concentrations of Spanish-speaking LEP households.

Figure 5: Spanish LEP Residents by Zip Code



Source: PolicyMap (2024)

DISABILITY

As defined by the Census Bureau, a disability is a long-lasting physical, mental, or emotional condition that can make it difficult for a person to engage in activities such as walking, climbing stairs, dressing, bathing, learning, or remembering. This condition can also impede a person from being able to go outside the home alone or to work at a job or business.

The Fair Housing Act prohibits discrimination based on physical, mental, or emotional disability, provided "reasonable accommodation" can be made. This may include changes to address the needs of persons with disabilities, such as adaptive structural changes (e.g. constructing an entrance ramp) or administrative changes (e.g. permitting the use of a service animal).

In 2022, 17.2 percent of Kentucky residents had a disability. This number was similar to that in 2017, or 17.3 percent. Table 8 depicts the number of people with a disability at different ages in 2022. Most people with disabilities were between ages 35 to 64 (42 percent), while 37 percent of people with disabilities were over the age of 65.

Table 8: Disability Rates by Age

Population with a Disability	# Individuals with a Disability	% Population with a Disability
Under 5 years	2,129	0%
5 to 17 years	59,520	8%
18 to 34 years	98,873	13%
35 to 64 years	328,459	42%
65 to 74 years	140,816	18%
75 years or older	148,169	19%
Total	777,966	100%

Source: U.S. Census Bureau, 2022 ACS 5-Year Estimates (S1811)

Table 8 depicts the percentage of people with a certain disability by age group. Among the total population, 51 percent of people with a disability had ambulatory difficulty, while 40 percent had cognitive difficulty. For people 65 years and older, 65 percent of people had ambulatory difficulty. People with ambulatory difficulty likely need additional supportive services and housing considerations such as grab bars, lifts, and other physical modifications to ensure access to housing.

Table 8: Disability Rates by Type

Disability Type	Total	Percentage
Total Population	4,502,935	-
With a disability	777,966	-
Hearing difficulty	214,808	28%
Vision difficulty	158,120	20%
Cognitive difficulty	312,066	40%
Ambulatory difficulty	399,110	51%
Self-care difficulty	143,541	18%
Independent living difficulty	270,703	35%
Population under 18	1,011,480	-
With a disability	61,649	-

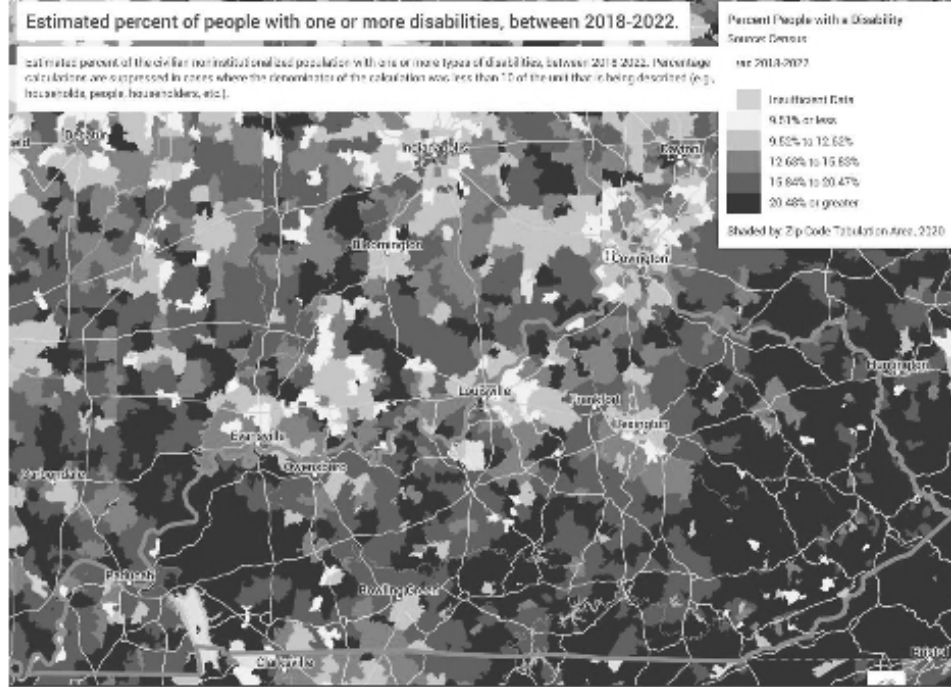
Hearing difficulty	6,985	11%
Vision difficulty	11,845	19%
Cognitive difficulty	46,705	76%
Ambulatory difficulty	6,188	10%
Self-care difficulty	10,209	17%
Independent living difficulty	-	-
Population 18 to 64	2,677,754	-
With a disability	427,332	-
Hearing difficulty	83,326	19%
Vision difficulty	88,453	21%
Cognitive difficulty	193,074	45%
Ambulatory difficulty	205,105	48%
Self-care difficulty	70,828	17%
Independent living difficulty	156,197	37%
Population 65 years and older	756,439	-
With a disability	288,985	-
Hearing difficulty	124,497	43%
Vision difficulty	57,822	20%
Cognitive difficulty	72,287	25%
Ambulatory difficulty	187,817	65%
Self-care difficulty	62,504	22%
Independent living difficulty	114,506	40%

Source: U.S. Census Bureau, 2022 ACS 5-Year Estimates (S1810)

Geographic Distribution of People with a Disability

Figure 6 depicts the estimated percent of people with one or more disabilities in the state, utilizing data from 2018 to 2022. As illustrated in the map, many zip codes had more than 15.84 percent of residents living with a disability. Many zip codes in the eastern portion of the state had the greatest disability percentage, at 20.48 percent or higher.

Figure 6: People with One or More Disabilities by Zip Code



Source: PolicyMap (2024)

Income and Disability Status

Oftentimes, people with disabilities earn less than people without disabilities. Table 10 presents the median earnings and poverty rate for people with disabilities and people without disabilities in 2022. In 2022, the poverty rate was over double for people with disabilities compared to people without disabilities. People with disabilities earned, on average, over \$10,000 less than those without a disability.

Table 10: Median Earning and Poverty Rates for People with Disabilities

	With a Disability	Without a Disability
Median earnings	\$26,099	\$38,317
People living below poverty level	25%	12%

Source: U.S. Census Bureau, 2022 ACS 5-Year Estimates (S1811)

FAMILIES WITH CHILDREN

The Census Bureau divides households into family and non-family households. Family households are married couple families with or without children, single-parent families, and other families made up of related persons. Non-family households are either single persons living alone, or two or more non-related persons living together.

Title VIII of the Civil Rights Act of 1968 protects against gender discrimination in housing. Protection for families with children was added in the 1988 amendments to Title VIII. Except in limited circumstances involving elderly housing and owner-occupied buildings of one to four units, it is unlawful to refuse to rent or sell to families with children.

In both 2017 and 2022, the most common household type was family households with married couples. However, from 2017 to 2022, the number of non-family households grew six percent, while the number of family households increased a nominal amount. Among non-family households, the “other non-family” category, which accounts for roommates and other non-related persons living together, increased 13 percent. From 2010 to 2017, that category increased by just 1.6 percent. This could signify a shift in housing makeup and may be reflected in the housing needs in the next five years.

Table 11: Households by Family Type (2017 to 2022)

-	2017		2022		Change from 2017-2022	
	Number	Percent	Number	Percent	Number	Percent
Household Type						
Family households	1,136,917	66%	1,142,472	65%	5,555	0%
Married couples	837,485	74%	838,364	73%	879	0%
<i>with children</i>	312,222	37%	309,536	37%	(2,686)	-1%
Single female	216,357	19%	213,879	19%	(2,478)	-1%
Single male	83,075	7%	90,229	8%	7,154	8%
Non-family households	587,597	34%	626,630	35%	39,033	6%
Living alone	489,398	83%	513,804	82%	24,406	5%
Other non-family	98,199	17%	112,826	18%	14,627	13%
Total households	1,724,514	100%	1,769,102	100%	44,588	3%

Source: U.S. Census Bureau, 2017, 2022 ACS 5-Year Estimates (DP02)

INCOME, UNEMPLOYMENT, AND POVERTY

Income, unemployment, and poverty, particularly as it relates to protected classes, provides insight into the housing and service needs of Kentucky residents.

Household Income

Household income is strongly related to housing choice, as household income is one of several factors used to determine eligibility for a home mortgage loan or rental lease. Additionally, lack of income inherently reduces the number of options a household has over where to live.

In 2022, the average household income was \$33,515, which was eight percent higher than 2017 (adjusted for inflation to 2022 levels). Table 12 presents inflation adjusted household incomes by race and ethnicity in 2022. Across the listed categories, Asian households were the only category whose household income increased less than the overall household income (five percent). Multi-racial households experienced a 44 percent increase in household income.

Table 12: Household Income by Race and Ethnicity

-	Household Income		Percent Change 2017-2022
	2017	2022	
White	\$32,415	\$34,989	8%
Black	\$22,992	\$26,052	13%
Asian	\$36,829	\$38,580	5%
Multi-racial	\$14,568	\$20,958	44%
Other race	\$17,065	\$20,351	19%
Hispanic	\$19,926	\$21,922	10%
Overall	\$31,167	\$33,515	8%

Source: U.S. Census Bureau, 2017, 2022 ACS 5-Year Estimates (S1902)

Unemployment Rates by Race

The unemployment rate in Kentucky in 2022 was 5.1 percent, which is 1.7 percent lower than the 2017 unemployment rate. Table 13 presents the unemployment rate for different race and ethnicities and gender. Among all categories, the unemployment rate decreased from 2017. According to both 2017 and 2022 estimates, Black or African American households experienced the greatest unemployment, approximately three percent higher than the overall unemployment rate in both 2017 and 2022.

Table 13: Unemployment Rates by Race and Ethnicity and Gender

-	Total Labor Force	Unemployed Individuals	Percent Unemployed
By Sex			
Male	1,015,757	49,772	4.9%
Female	902,698	40,621	4.5%
By Race/Ethnicity			
White	1,823,398	85,700	4.70%
Black	180,723	15,181	8.40%
Asian	36,602	1,281	3.50%
Hispanic	85,477	3,846	4.50%

Source: U.S. Census Bureau, 2022 ACS 5-Year Estimates (S2301)

Poverty Rates

In 2022, the overall poverty rate in Kentucky was 16 percent, which represents a 2.3 percent decrease from the poverty rate in 2017. Table 14 depicts the poverty rate in 2022 for different races and ethnic categories. Compared to 2017 data, poverty rates decreased among all racial and ethnic groups. In 2022, Black or African American, American Indian and Alaska Native, Native Hawaiian and Other Pacific Islander, and Hispanic individuals experienced poverty at a higher rate than the statewide poverty rate.

Table 14: Poverty Rates by Race and Ethnicity

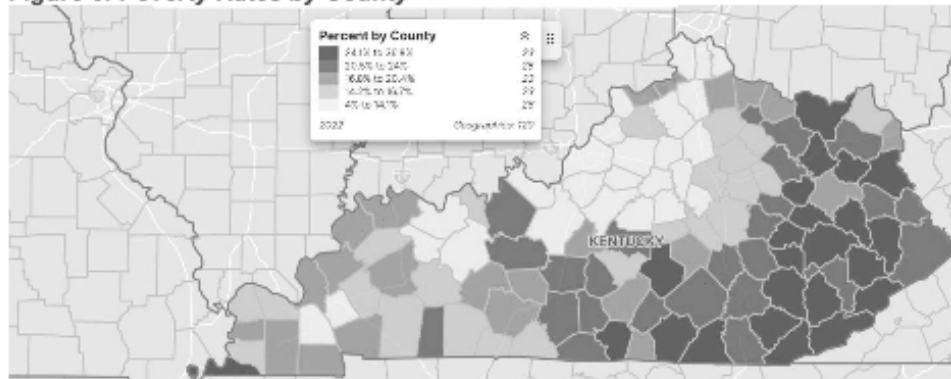
Race and Ethnicity	Total Population		People in Poverty		Poverty Rate
	#	%	#	%	
White alone	3,715,155	85%	554,153	79%	15%
Black or African American alone	342,139	8%	86,875	12%	25%
American Indian and Alaska Native alone	6,241	0%	1,436	0%	23%
Asian alone	67,773	2%	8,095	1%	12%
Native Hawaiian and other Pacific Islander alone	3,554	0%	670	0%	19%

Race and Ethnicity	Total Population		People in Poverty		Poverty Rate
	#	%	#	%	
Some other race alone	54,337	1%	13,029	2%	24%
Two or more races	183,550	4%	40,500	6%	22%
Hispanic or Latino origin (of any race)	174,025	4%	39,936	6%	23%
White alone, not Hispanic or Latino	3,649,957	83%	540,302	77%	15%
Total	4,372,749	100%	704,758	100%	16%

Source: U.S. Census Bureau, 2022 ACS 5-Year Estimates (S1701)

Figure 6 depicts county poverty rates in 2022. Overwhelmingly, the counties with the highest concentrations of poverty are located in the eastern portion of the state. As was also identified in the previous AI, rural poverty remains an issue in the Appalachian region of the state.

Figure 6: Poverty Rates by County



Source: U.S. Census Bureau, 2022 ACS 5-Year Estimates (SS1701)

HOUSING TENURE, HOUSEHOLD SIZE, AND UNIT SIZE

Understanding the dynamics of housing tenure and size provides insight into the housing needs of Kentucky residents.

Housing Tenure

Table 15 depicts the percentage of renter and owner households by race and ethnicity in 2017 and 2022. In that period, homeownership rates decreased slightly among White households and increased slightly among non-White households.

Table 15: Housing Tenure by Race and Ethnicity

Householder Race/Ethnicity	2017				2022			
	Owner-Occupied	Renter-Occupied	Percent Owner Occupied	Percent Renter-Occupied	Owner-Occupied	Renter-Occupied	Percent Owner-Occupied	Percent Renter-Occupied
White	1,081,378	454,248	94%	80%	1,107,539	428,283	92%	76%
Black	49,899	86,173	4%	15%	53,662	87,981	4%	16%
Asian	9,263	9,108	1%	2%	11,964	10,820	1%	2%
Multi-Racial	10,234	10,173	1%	2%	25,689	26,176	2%	5%
Other	2,619	7,017	0%	1%	5,013	9,008	0%	2%
Hispanic	13,849	25,145	1%	4%	20,034	28,763	2%	5%
All Occupied Units	1,155,576	568,938	100%	100%	1,205,067	564,035	100%	100%

Source: U.S. Census Bureau, 2017, 2022 ACS 5-Year Estimates (S2502)

Household Unit Size

Table 16 depicts household size of owners and renters from 2017 to 2022. In both 2017 and 2022, the most common unit size among renters was two bedrooms and the most common size among owners was three or more bedrooms.

Table 16: Household Unit Size

	2017				2022			
	Owners		Renters		Owners		Renters	
	#	%	#	%	#	%	#	%
No bedroom	3,133	0%	18,410	3%	3,133	0%	21,039	4%
1 bedroom	19,490	2%	114,364	20%	19,490	2%	116,161	21%
2 bedrooms	196,322	17%	232,260	41%	196,322	16%	229,504	41%
3 or more bedrooms	986,122	85%	203,904	36%	986,122	82%	197,331	35%
Total	1,155,576	100%	568,938	100%	1,205,067	100%	564,035	100%

Source: U.S. Census Bureau, 2017, 2022 ACS 5-Year Estimates (B25042)

Changes In Household Income Relative to Housing Costs

Table 17 depicts changes in median contract rent and home values from 2012 (adjusted for inflation to 2022 figures). Both home values and rents increased 14 percent in the past decade.

Table 17: Housing Costs

	Base Year: 2012	Most Recent Year: 2022	% Change
Median Home Value	\$155,199	\$177,000	14%
Median Contract Rent	\$617	\$705	14%

Source: U.S. Census Bureau, 2012, 2022 ACS 5-Year Estimates (B25058)

Median household income between 2012 and 2022 also increased by 14 percent from 2012 to 2022, adjusted for inflation, indicating that median household income kept pace with the increase in median home value and median contract rent.

SEGREGATION/INTEGRATION

Overview of the Analysis

Residential segregation is a measure of the degree of separation of racial or ethnic groups living in a neighborhood or community. Latent factors such as attitudes, or overt factors such as real estate practices, can limit the range of housing opportunities for minorities. A lack of racial or ethnic integration in a community may create other problems such as reinforcing prejudicial attitudes and behaviors, narrowing opportunities for interaction, and reducing the degree to which community life is considered harmonious. Areas of extreme minority isolation often experience poverty and social problems at rates that are disproportionately high. Racial segregation has been linked to diminished employment prospects, poor educational attainment, increased infant and adult mortality rates, and increased homicide rates.

Segregation can be measured using a statistical tool called the dissimilarity index.¹ This index measures the degree of separation between racial or ethnic groups living in a community. Since White residents are the majority in Kentucky, all other racial and ethnic groups were compared to the White population as a baseline. Dissimilarity index scores were determined for each county for Black, Asian, and Hispanic populations as well as an aggregated index comparing the non-White population with the White population.

The index of dissimilarity allows for comparisons between subpopulations (i.e. different races/ethnicities), indicating how much one group is spatially separated from another within a community. In other words, it measures the evenness with which two groups are distributed across the neighborhoods that make up a community. The index of dissimilarity is rated on a scale from 0 to 100, in which a score of 0 corresponds to perfect integration and a score of 100 represents total segregation. According to HUD, a score under 40 is considered low, between 40 and 54 is moderate, and above 60 is high segregation.

Dissimilarity Index

Overall, Kentucky in 2022 had a moderate level of segregation. Asian residents experienced the highest levels of segregation relative to the Black and Hispanic populations. Levels of segregation among all three minority populations has increased slightly since 2017, with the largest increase accruing among the Asian population. Although these numbers represent the quantifiable levels of segregation in Kentucky, it is important to contextualize this data with qualitative information on the causes of segregation, i.e. immigration patterns, housing markets, etc.

¹ For a given geographic area, the index is equal to $Dl = \frac{1}{2} \sum_i^k \left| \frac{a_i}{A} - \frac{b_i}{B} \right|$, where a_i is the group population of a sub-region (i.e. census tract), A is the group population in the whole region, b_i is the comparison group population in a sub-region, and B is the comparison group's population in the whole region.

Table 18: Dissimilarity Index, 2017-2022

	2017 DI with White Population	2017 Population	2017 % of Total Population	2022 DI with White Population	2022 Population	2022 % of Total Population	Change in DI, 2017-2022
Kentucky							
White	-	3,862,600	87.3%	-	3,816,997	84.8%	-
Black	57.2	353,088	8.0%	59.2	360,184	8.0%	2.0
Asian	57.4	59,593	1.3%	61.6	69,187	1.5%	4.2
Hispanic	43.8	152,072	3.4%	45.8	180,481	4.0%	2.0

Source: U.S. Census Bureau, 2017, 2022 ACS 5-Year Estimates (DP05)

RACIALLY/ETHNICALLY CONCENTRATED AREAS OF POVERTY

Overview Of Analysis

HUD defines racially/ethnically concentrated areas of poverty (R/ECAPs) as census tracts with a non-White population of at least 50 percent (and 20 percent outside of metropolitan/micropolitan areas) and a poverty rate that either exceeds 40 percent or is three times the average tract poverty rate for the metropolitan/micropolitan area, whichever is lower. By combining this data, it is possible to determine geographic patterns where there are concentrated areas of poverty among racial/ethnic minorities.

Identification of R/ECAPs

Given the relatively low non-White population of Kentucky outside of urban areas, applying the HUD definition could potentially overlook areas in need. Therefore, an alternative definition is used in which the thresholds include a census tract with a non-White population that is ten percentage points higher than the statewide non-White average and a census tract with a poverty rate of at least 40 percent. There are 31 census tracts in the state that meet these criteria.

Most R/ECAPs are located in and near urban areas, such as Lexington, Louisville, and Bowling Green, and are HUD formula grantees that receive their own respective federal funds and develop their own AIs. There are also a few scattered census tracts in less populous areas that qualify as R/ECAPS according to this definition in the Covington, Frankfort, Hopkinsville, Madisonville, and Paducah areas. One tract, 9801 in Edmonson County, has a 76 percent poverty rate and 68.8 percent of its population are non-White, making it the only rural R/ECAP tract.

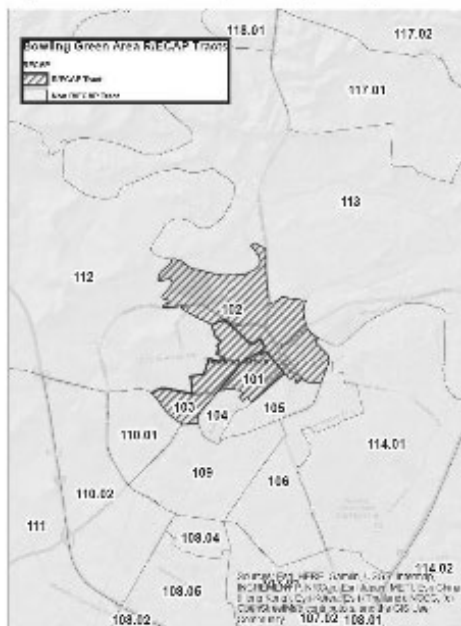
Table 19: Modified R/ECAP Census Tracts, 2022

Census Tract	County	Non-White	Poverty
506	Campbell County	32.0%	48.8%
2003	Christian County	42.8%	44.2%
9801	Edmonson County	68.8%	76.2%
8.02	Fayette County	25.5%	45.8%
19	Fayette County	49.3%	52.2%
34.04	Fayette County	49.5%	49.7%
712	Franklin County	36.5%	41.0%
9706	Hopkins County	43.3%	42.3%

Census Tract	County	Non-White	Poverty
2.01	Jefferson County	30.0%	51.8%
7	Jefferson County	93.5%	43.1%
9	Jefferson County	95.2%	53.1%
14	Jefferson County	99.4%	49.6%
18	Jefferson County	97.5%	77.6%
21	Jefferson County	30.9%	43.6%
27	Jefferson County	83.5%	40.9%
30	Jefferson County	84.7%	68.2%
35.02	Jefferson County	78.5%	85.9%
36	Jefferson County	54.9%	44.3%
37	Jefferson County	63.7%	43.4%
43.01	Jefferson County	79.1%	42.8%
50	Jefferson County	49.8%	51.1%
53	Jefferson County	25.7%	40.9%
59.01	Jefferson County	73.6%	60.9%
127.01	Jefferson County	76.6%	46.3%
609	Kenton County	40.5%	40.5%
651	Kenton County	41.2%	45.8%
671	Kenton County	61.9%	45.0%
306	McCracken County	33.6%	41.1%
101	Warren County	31.2%	60.6%
102	Warren County	53.3%	40.6%
103	Warren County	46.6%	56.6%

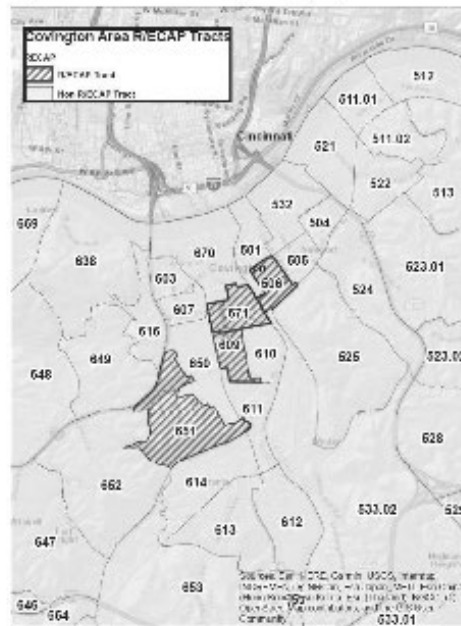
Source: ACS 5-Year Estimates, 2022

Figure 9: R/ECAP Tracts, Bowling Green, 2022



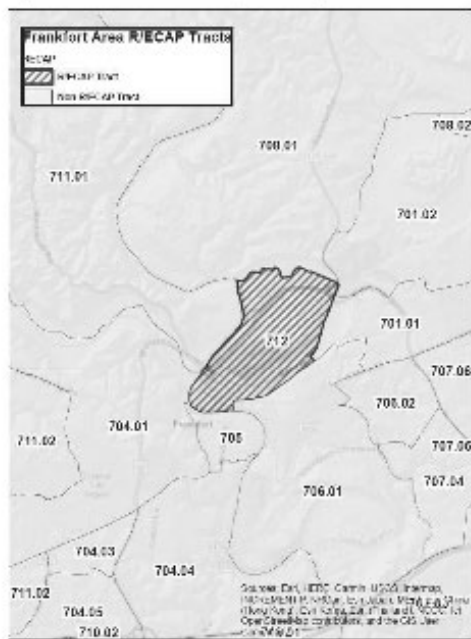
Source: ACS 5-Year Estimates, 2022

Figure 10: R/ECAP Tracts, Covington, 2022



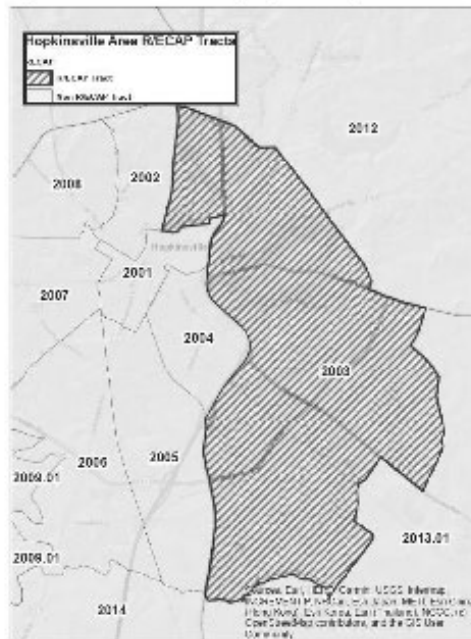
Source: ACS 5-Year Estimates, 2022

Figure 11: R/ECAP Tracts, Frankfort, 2022



Source: ACS 5-Year Estimates, 2022

Figure 12: R/ECAP Tracts, Hopkinsville, 2022



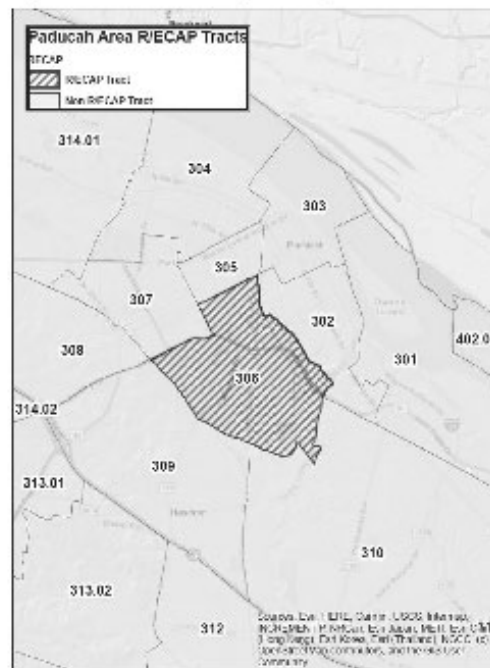
Source: ACS 5-Year Estimates, 2022

Figure 13: R/ECAP Tracts, Madisonville, 2022



Source: ACS 5-Year Estimates, 2022

Figure 14: R/ECAP Tracts, Paducah, 2022



Source: ACS 5-Year Estimates, 2022

COMMUNITIES OF OPPORTUNITY

A large body of social research has demonstrated the powerful negative effects of residential segregation on income and opportunity for minority families, which are commonly concentrated in communities characterized by older housing stock, slow growth, and low tax bases – the resources that support public services and schools. Households living in lower-income areas of racial and ethnic concentration have fewer opportunities for education, wealth building, and employment. The rationale for this analysis is to help communities determine where to invest housing resources by pinpointing the areas of greatest existing need. However, current evidence suggests that adding more subsidized housing to places that already have a high concentration of social and economic issues (i.e., R/ECAPs) could be counter-productive and not meet the spirit of the goals of HUD programs. This does not mean, however, that R/ECAPs should be ignored by communities. Residents in R/ECAPs still need services and high-quality places to live and stabilizing and improving conditions in the lowest-income neighborhoods remains a key priority for Kentucky Housing Corporation. Rather, investment should be balanced between existing R/ECAPs (improving the quality of life for residents who want to remain in their neighborhoods) and other communities that offer opportunities and advantages for families and individuals.

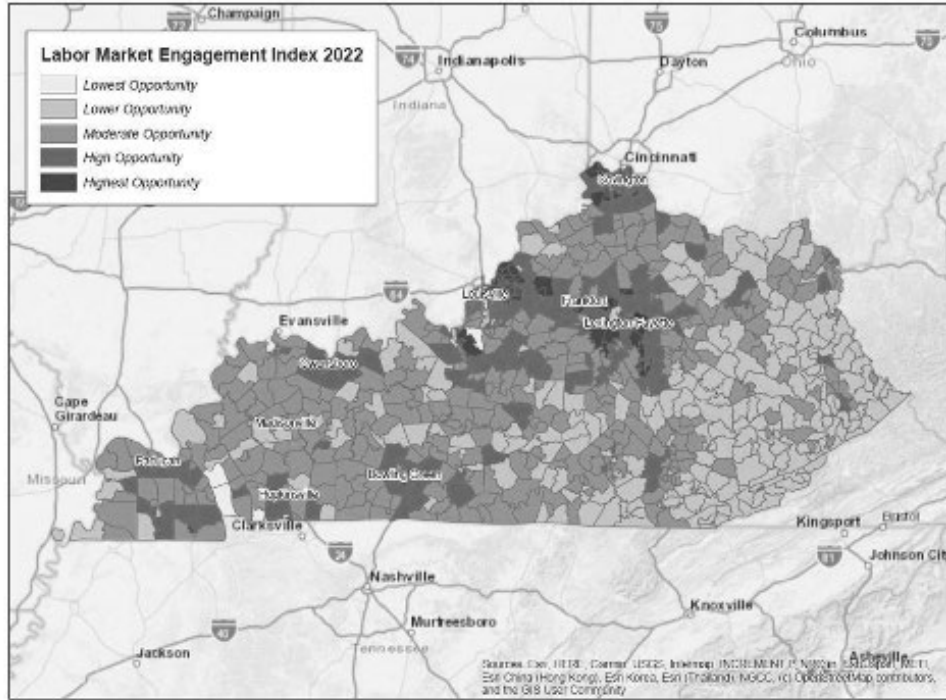
The Communities of Opportunity model is highly spatial and therefore map-based, generating a geographic footprint of inequality. The process of creating opportunity maps involves building a set of indicators that reflect local issues and are also based on research that validates the connections between the indicators and increased opportunity. The resulting maps allow communities to analyze opportunity, comprehensively and comparatively, to communicate who has access to opportunity-rich areas and who does not, and to understand what needs to be remedied in opportunity-poor communities. The combination of identifying R/ECAPs and Communities of Opportunity creates a holistic approach to community investment.

Labor Market Engagement Index

The Labor Market Engagement Index is a measure of the relative intensity of labor market engagement and human capital. The index is a combination of unemployment rates, labor force participation rates, and percentage of the population with at least a bachelor's degree within a census tract. Employment opportunities are necessary for individuals to afford stable housing. Labor force participation represents the amount of labor resources available for the production of goods and services. The percentage of the population with at least a bachelor's degree is used to estimate the availability of skilled labor.

Areas with higher levels of labor market engagement are found around major metropolitan areas such as Lexington, Louisville, and Covington. These areas tended to have higher levels of education and wealth, and low unemployment rates. Conversely, the lowest rates are found in more rural areas of the state where fewer people have higher levels of education. These areas also tend to have higher rates of poverty.

Figure 15: Labor Market Engagement Index, 2022

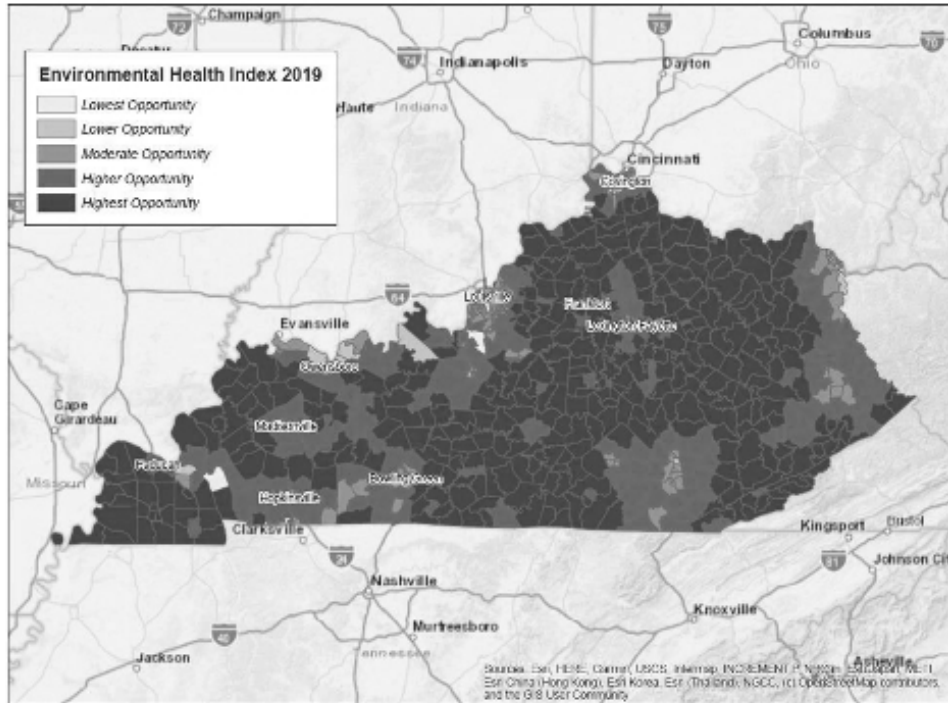


Source: ACS 5-Year Estimates, 2022

Environmental Health Index

The Environmental Health Index summarizes potential exposure to harmful toxins and access to health insurance and food at the census tract level. Toxins include carcinogenic, respiratory, and neurological hazards. Higher index values indicate less exposure to toxins harmful to human health. Environmental hazards have an adverse effect on children’s growth and development and can limit one’s ability to work. Low-income and minority individuals are also found to be disproportionately affected by environmental hazards, perpetuating the lack of opportunity for vulnerable populations. The lowest environmental health scores are concentrated in metropolitan areas, while rural populations have very low levels of exposure to environmental hazards. Areas with low environmental health scores also tend to have higher levels of poverty and, especially in the case of rural areas, are located far from grocery stores.

Figure 16: Environmental Health Index, 2019



Source: EPA Airtoxscreen 2019

Transit Access Index

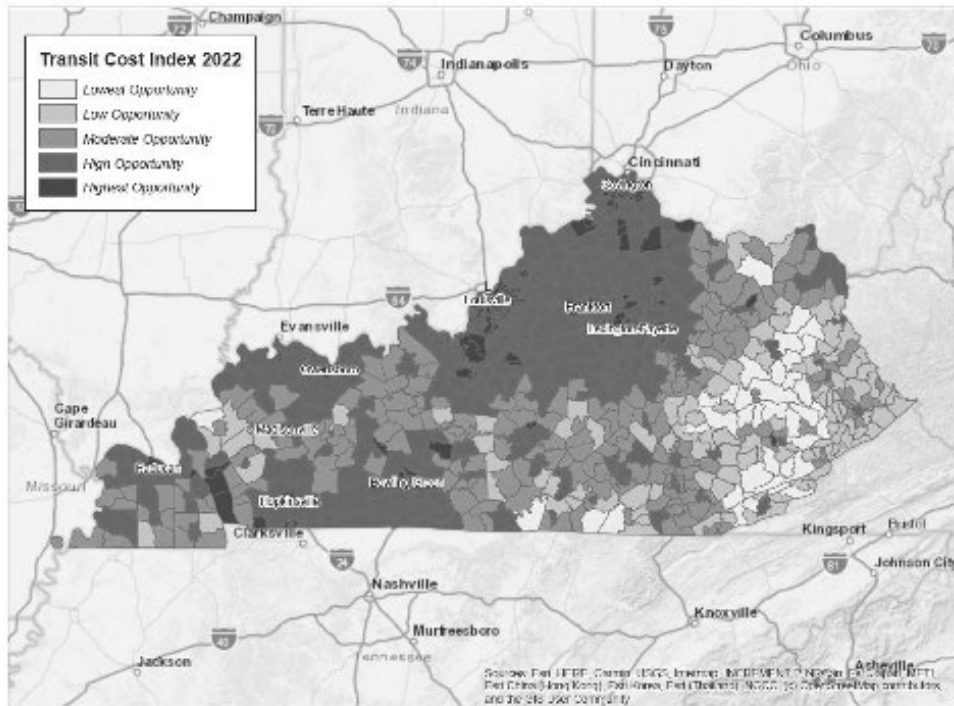
Transit Access represents the ease with which people can access public transportation. According to the Federal Highway Administration (FHWA) under the US Department of Transportation, most people are willing to walk for five to ten minutes to a transit stop. FHWA uses these walking times as a proxy for distance, estimating accessible transit stops being a quarter mile to a half mile away from a pedestrian’s starting point, typically their place of residence. To calculate accessibility, a quarter mile to a half mile buffers were placed around each transit stop to find the percentage of a census tract that is within walking distance to a transit stop. This percentage was averaged to produce the Transit Access Index.

Expectedly, Kentucky’s metropolitan areas have the best access to public transit, in terms of both the number of trips taken and transit cost, in the state. These indices were calculated for the population earning up to 80 percent AMI. Transit opportunity declines as you move further away from the cities where density is lower. Opportunity is lowest in rural areas where transit is unlikely to exist or is very limited, although transit access is not significantly higher for those living in cities. The lack of transit access in more rural areas could constitute a disparity in

opportunity, as these residents may not have the means to own and maintain a private vehicle and have less access to public transportation to reach jobs, doctor's offices, and other essential services.

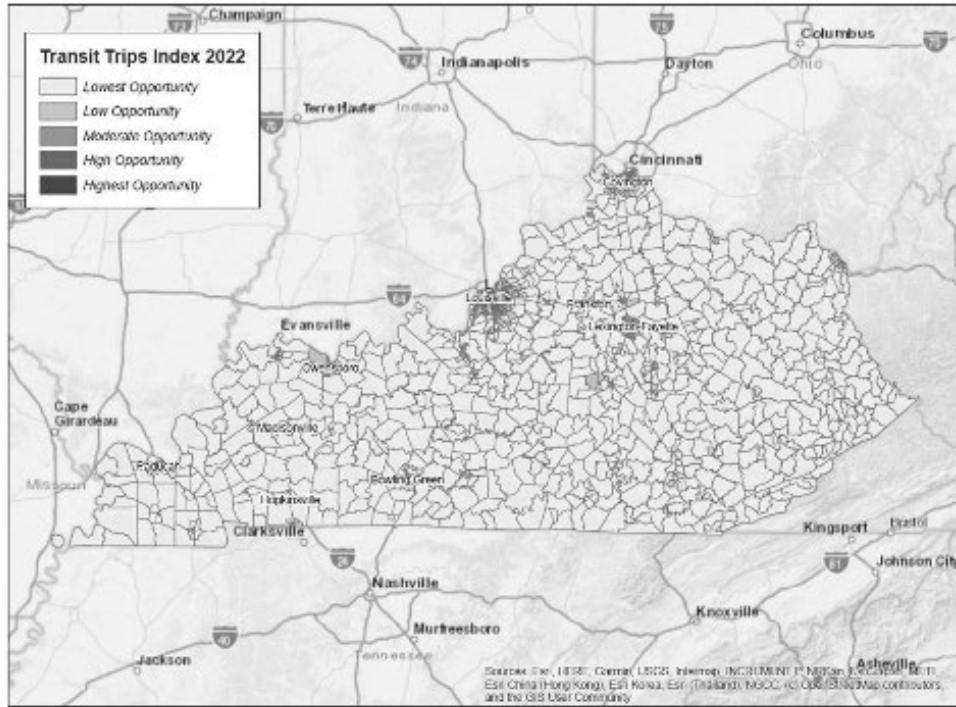
Figure 17 shows that areas of Kentucky with the highest labor market engagement opportunity are in more urban areas with lower transit costs, while Figure 18 shows a higher level of transit trips and corresponding access to resources (jobs, housing, etc.).

Figure 17: Transit Cost Index 2022



Source: H+T Index 2022

Figure 18: Transit Trips Index, 2022



Source: H+T Index 2022

Public Sector Policy Analysis

Impediments to fair housing choice can take many forms. Some policies, practices, and procedures may appear neutral on their face but adversely affect the provision of fair housing in reality. An important element of the AI is an examination of public policies in Kentucky to determine opportunities for reducing obstacles to fair housing and expanding housing choice.

FEDERAL FUNDING SOURCES AND PROGRAMS

Collectively, the CDBG, HOME, ESG and Housing Opportunities for Persons With AIDS (HOPWA) programs are under the authority of HUD's Community Planning and Development (CPD) division. In addition, since 2016, the state has received a \$3 million annual allocation from the Housing Trust Fund (HTF), also under the authority of HUD. Kentucky also receives annually approximately \$12 million in financing through the federal LIHTC program.

Annually, the state is required to engage the public and stakeholders in the development of its Annual Action Plan to identify the eligible activities it will fund and implement with CDBG, HOME, ESG, and HOPWA funds. In addition, the state undertakes a Consolidated Plan every five years to set priorities and goals for upcoming Annual Action Plans.

This section analyzes the state-level policies in place that guide how Kentucky affirmatively furthers fair housing as part of its planning process and in the implementation of its CDBG, HOME, LIHTC, and HTF programs.

Community Development Block Grant Program

The Kentucky DLG administers the CDBG program across the state in conjunction with the KHC. Eligible applicant communities include those that are not direct HUD entitlement grantees. KHC and DLG allocate CDBG resources to address community needs such as housing, economic development, public facilities, and public services. In 2024, the state received \$26.3 million in CDBG funds.

DLG's CDBG Handbook is available online and was reviewed for the previous AI. The handbook includes a statement of non-discrimination, including a statement making known the Department's ability to provide reasonable accommodation for persons with disabilities to participate in all programs, services, and activities. Chapter 7: Fair Housing and Equal Opportunity, along with the associated attachments, was reviewed to better understand DLG's policy. The Department's non-discriminatory statement includes the seven federal protected classes.

As part of the grant agreement to receive state CDBG funding, a sub-recipient must provide assurances to further fair housing and ensure nondiscrimination, such as by maximizing housing choice throughout the jurisdiction; lessening racial, ethnic, and economic concentrations in housing; facilitating desegregation and racially inclusive patterns of occupancy; providing for equal access in HUD-funded properties and programs; and

affirmatively furthering fair housing. Sub-recipients must designate a local fair housing and equal opportunity coordinator, adopt a fair housing resolution, and undertake one or more activities from among a list of 12 initiatives—all of which promote fair housing.

In addition to requiring compliance with the federal Fair Housing Act, state CDBG sub-recipients must also comply with Title VI of the Civil Rights Act of 1964 and KRS 344.015. To achieve this, sub-recipients can either adopt DLG's Title VI Implementation Plan or create one of their own. Furthermore, sub-recipients must ensure that equal opportunities are made available through project site selection, that evaluation criteria and administrative practices are non-discriminatory, that affirmative actions are undertaken to overcome past discriminatory actions, and that EEO and fair housing posters are prominently displayed, among other things. They must also put in place a grievance procedure to handle complaints must be put in place as well.

Specific to housing activities, sub-recipients are required to periodically review the state's AI or adopt their own and maintain compliance. Marketing to LEP populations, selection criteria for program participants, policies for relocation, and legal documents must be reviewed and revised, as needed, to ensure compliance. Section 504 requirements regarding accessibility are imposed, including accessible design and construction features for housing activities. Sub-recipients are required to use DLG's four-factor analysis to ensure meaningful access to LEP populations, and to ensure that LAPs address local LEP data and needs.

DLG provides information on how to file a complaint alleging discrimination, as an online link to HUD Discrimination Form 903.1 (online complaint form). also It also provides a substantial list of attachments, several of which are templates for required documents (e.g., local Fair Housing Resolution, Civil Rights Title VI Self-Survey, Policy of Non-Discrimination Section 504 Public Notice, etc.).

DLG monitors its sub-recipients on a periodic basis, although COVID has impacted its ability to conduct monitoring in the field. The DLG executive staff reported in an interview that the agency aims to increase monitoring in the field to ensure that its subrecipients are complying with CDBG stated policies. If they are found to be noncompliant, DLG plans to explore methods of ensuring future compliance, including possible withdrawal of future funds.

DLG provides fair housing training as part of its mandatory program administrative training for sub-recipient staff, and KHC provides DLG staff with fair housing training. There are currently no fair housing educational opportunities for those on the supply side of housing for, for instance, subrecipients, developers, or other policy makers.

HOME Investment Partnerships Program

KHC administers the HOME program, which provides funding for affordable housing initiatives across the state. In terms of fair housing, the location of assisted housing can expand access to community assets, or it can perpetuate residential segregation patterns. For example, affordable housing units planned and developed in high opportunity areas can facilitate access to better

schools and jobs. On the other hand, affordable housing that is located exclusively in R/ECAP or lower opportunity areas can restrict housing choice and residents' access to higher quality community assets.

KHC's HOME funds may be used for the development of multifamily properties involving acquisition and rehabilitation or new construction of affordable rental housing. Income-eligible households include those with incomes up to 60 percent of the area median. The required affordability period for new construction rental development is 20 years. The affordability period for rehabilitation projects is dependent upon the amount of HOME funds invested per unit, ranging from five to 15 years.

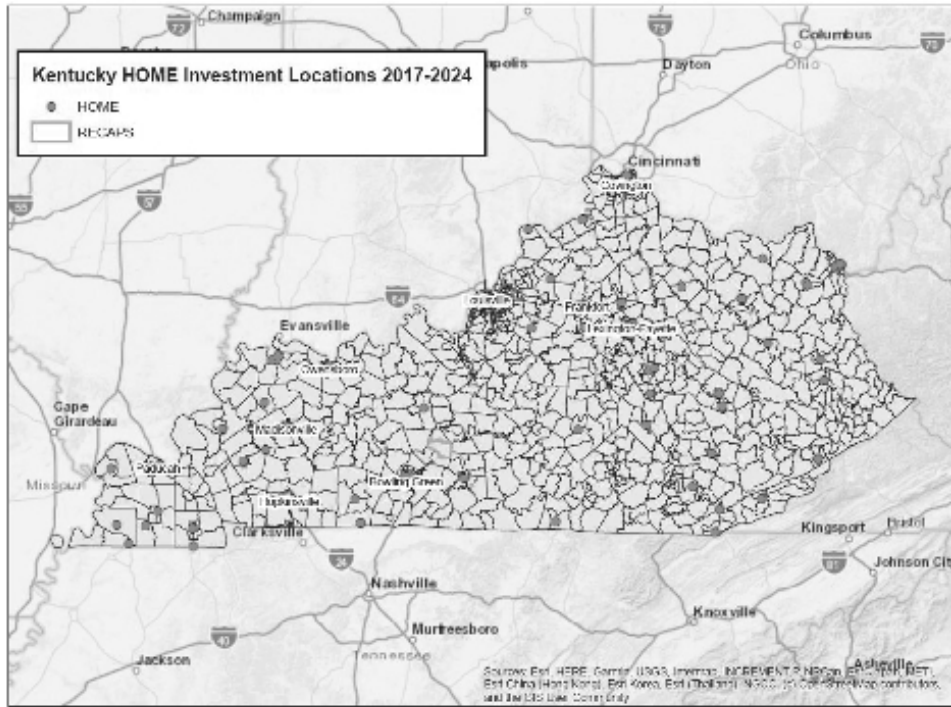
HOME funds may be used for the following single-family residential activities:

- **Homebuyer assistance** can include acquisition and rehabilitation for resale of an existing home and new construction of a single-family unit. Acquisition can occur under direct sale to the homebuyer or via a lease-purchase agreement. Up to \$25,000 of HOME funds per house may be used for construction, principal reduction, down payment assistance, and closing costs, and also for the required three percent down payment if there is an FHA-insured first mortgage. Eligible households include those with incomes up to 80 percent of the area median.
- KHC also may provide up to \$60,000 of HOME funds per unit for **Homeowner Rehabilitation** to bring a primary residence up to the current building code or, if a house is too dilapidated, to demolish it and build a new home. Eligible households included those with incomes up to 80 percent of the area median.
- **Tenant-Based Rental Assistance (TBRA)** provides funds for rent and utility assistance as well as security and utility deposits. Eligible households have incomes up to 60 percent of area median income (AMI).

The maps below show the geographic locations of HOME investments made by KHC. Overall, investments have been made throughout the state with more in metropolitan areas than rural ones with a balance between those made within and outside R/ECAP tracts.

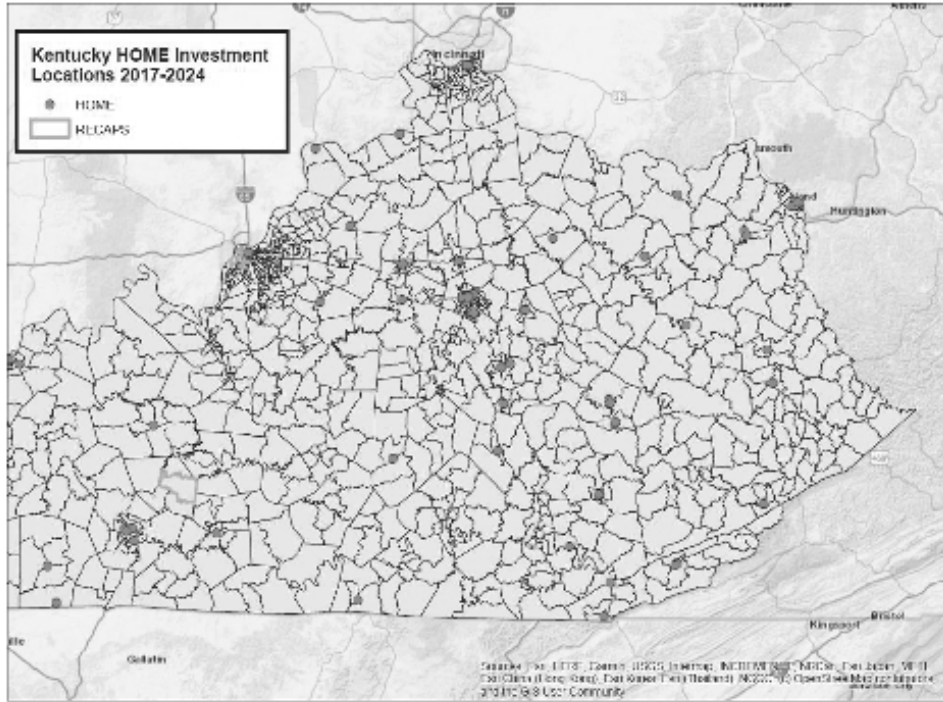
KHC should continue to compare the locations of investments made with the Census tracts designated as R/ECAPs and explore opportunities for investment accordingly. For example, tract 9801 to the northeast of Bowling Green is a designated R/ECAP in which no HOME investments have been made since 2017. This tract could represent a good opportunity for rural R/ECAP investment.

Figure 19: HOME Program Investments 2017-2025



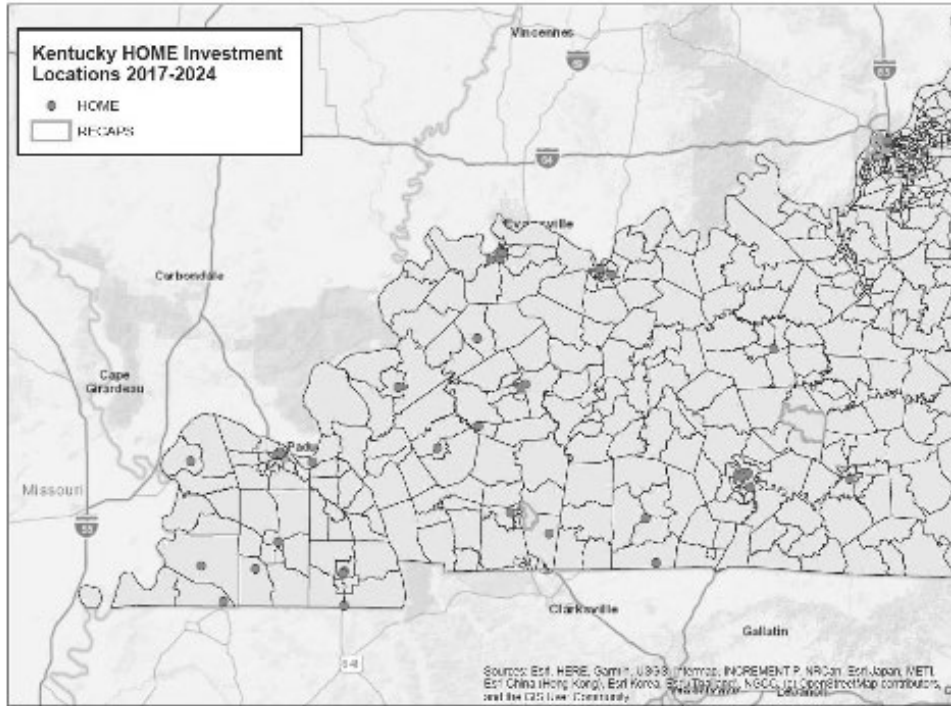
Source: Kentucky Housing Corporation

Figure 20: HOME Program Investments 2017-2025, Eastern Kentucky



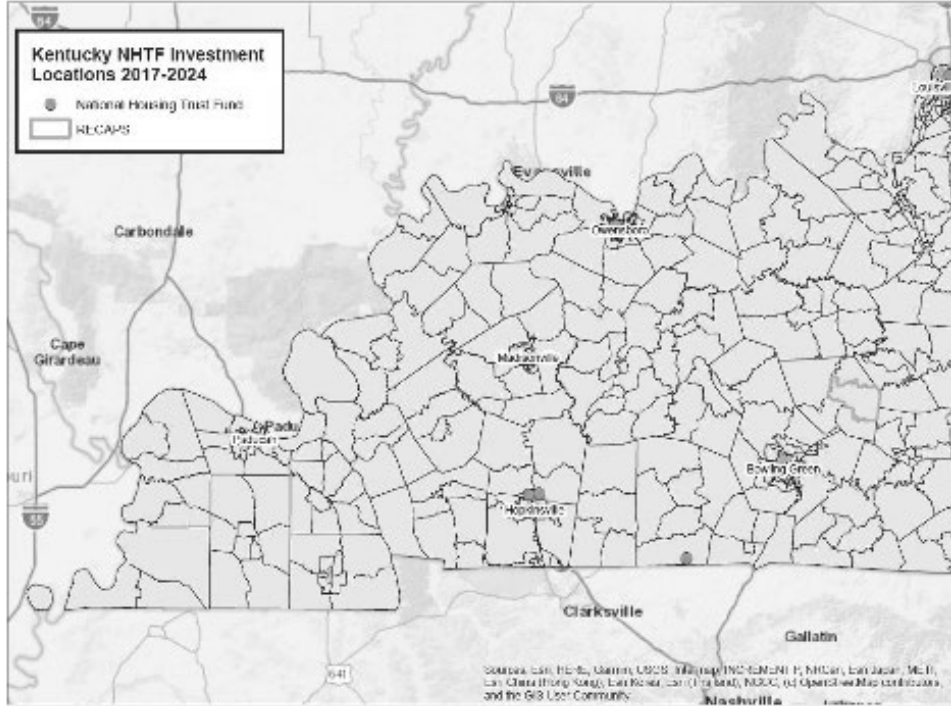
Source: Kentucky Housing Corporation

Figure 21: HOME Program Investments 2017-2025, Western Kentucky



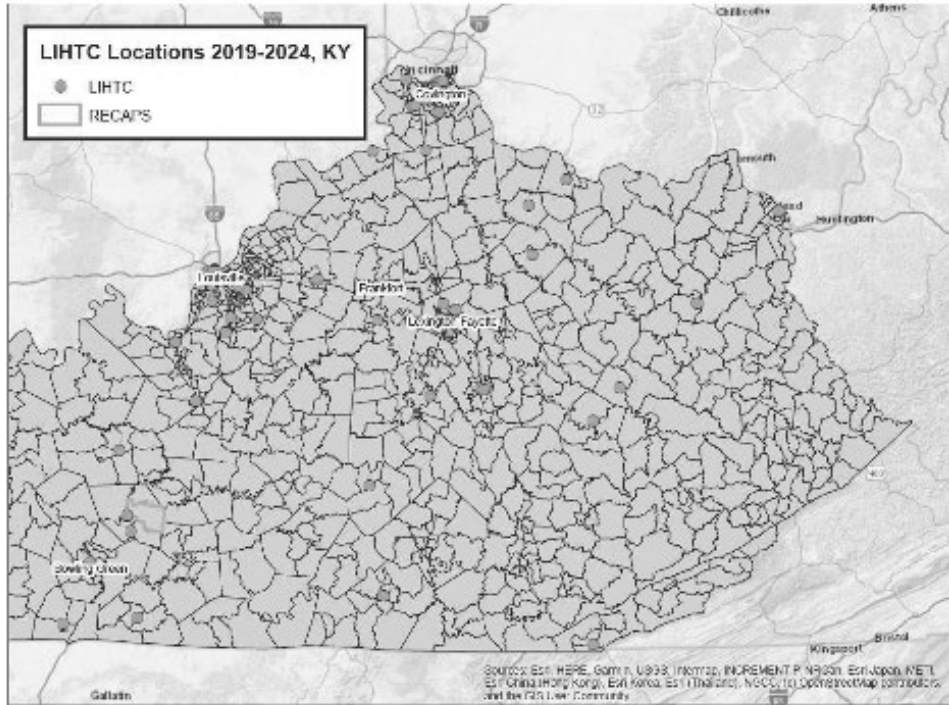
Source: Kentucky Housing Corporation

Figure 23: NHTF Investments, 2017-2024, Western Kentucky



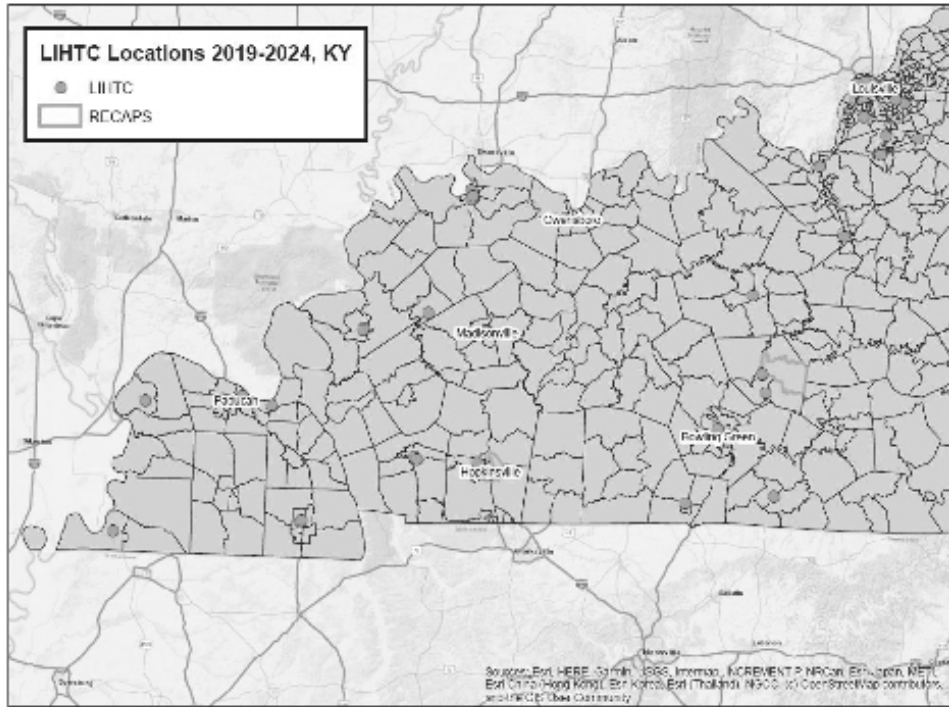
Source: Kentucky Housing Corporation

Figure 26: LIHTC Investment Locations, Eastern Kentucky



Source: Kentucky Housing Corporation

Figure 27: LIHTC Investment Locations, Western Kentucky



Source: Kentucky Housing Corporation

Unlike federal programs that provide grants or loans for housing development, the LIHTC program generates private equity from the sale of tax credits to assist with the hard and soft development costs of rental units. Generally, for-profit corporations such as banks purchase the credits based on current demand for them. In return, corporations receive a dollar-for-dollar reduction of federal taxes each year for the first ten years that units are in operation. The QAP is conducted every two years and must be approved by the Governor before the tax credits can be awarded by KHC to developers. Because the competition for tax credits is robust, tax credit developers design their rental housing projects to achieve maximum scoring under KHC's QAP priority scoring categories. The QAP has a major impact on what populations are served, the types of projects that will be undertaken and, indirectly, where rental housing is built or rehabilitated.

The QAP was reviewed to determine the presence of five tax credit allocation priorities meant to incentivize developers to create LIHTC properties in locations with lower poverty rates and higher opportunity.² The five allocation priorities included:

- High-opportunity neighborhoods.
- Access to amenities.
- Approval by the community.
- Furthering investment in blighted neighborhoods.
- Avoiding concentrations of affordable housing.

The set-asides established in the QAP reflect distinctions in specific needs and its obligation to affirmatively further fair housing as determined by KHC. For 2025-2026, the QAP stated set-asides on the basis of existing or new supply. KHC will award the lesser of: ten percent of available 9% LIHTCs or two applications to existing supply projects that rehabilitate rent-restricted housing. The new supply set asides include 33 percent of 9% LIHTCs in an urban set-aside for Jefferson, Fayette, and Northern Kentucky (Boone, Campbell, and Kenton Counties); and the remaining LIHTCs to applications in the BoS.

The QAP states specific criteria by which 9% LIHTCs will be distributed. For existing supply, the credits will be awarded based on the greatest need of rehabilitation determined by ranking, the percentage of units covered by federal project-based rent assistance, and whether the application includes rehabilitation only (excluding acquisition for the purpose of maximizing limited resources). The new supply selection criteria by which points are awarded include:

- Share of affordable units in a given county, with the applications in counties with the lowest number of subsidized units earning the most points (BoS set-aside only).
- Submitted data in the categories:
 - Renter cost burden.
 - Median household income.
 - Employment density (BoS set-aside only).
 - Road network density (BoS set-aside only).
- Projects supported by permanent below-market sources
 - Sources including HOME (other than from KHC), CDBG, local government housing or infrastructure programs, public housing authority resources, financial institutions, or philanthropic organizations registered in Kentucky.
 - Applications that list source(s) as a permanent loan with these terms: no more than 1 percent interest rate, amortization of at least 20 years, and no commercially unreasonable fees.
- Land donation.

² The five allocation priorities are found in "Effect of QAP Incentives on the Location of LIHTC Properties" published by the U.S. Department of Housing & Urban Development, Office of Policy Development & Research (April 2015).

- Revitalization plans (urban set-asides only).
- Family, senior, or supportive housing.

In the event of a tie, KHC will apply tiebreakers, including greatest number of LIHTC units, demonstration of innovative characteristics, eligibility for the historic rehabilitation tax credit, and intention for eventual tenant ownership.

With regard to local community approval and the potential for not-in-my-backyard opposition, the fair housing rule of thumb is that a housing project financed with public funding sources should not be subjected to a higher standard of public notification and/or approval process than privately financed housing. Different treatment on this basis is discriminatory if the tenants of a proposed development will be members of the protected classes (families with children, persons with disabilities, minorities, etc.).

Project notification requirements are evident in Section 42(m)(1)(A)(ii) of the Internal Revenue Code. In accordance, KHC is required to notify the chief executive officers (or the equivalent) of local jurisdictions where projects to receive credits are located and provide the officials a reasonable opportunity to comment on the projects. Within the QAP, there is no scoring category that requires applicants to notify local officials and/or neighborhood groups within a buffer of a proposed site, a requirement that generally increases the likelihood that a project will be derailed through political intervention or public opposition.

In some cases, careful and coordinated planning involving revitalization of deteriorated structures and conditions in some areas can spur new investment in blighted neighborhoods and enhance living conditions for residents. New LIHTC projects are frequently part of the equation for this type of initiative, providing new high-quality and affordable housing for longtime residents. The QAP can be a useful and valuable tool in guiding LIHTC investment, particularly when it is part of a broader comprehensive community plan. HUD's Choice Neighborhood Initiative is one example of how this can be achieved. The QAP awards preference under the Revitalization Plans section for projects located in urban qualified census tracts with a plan for a defined target area where other investments will occur or have occurred. This requirement is specific to plans that are formally recognized and/or adopted for revitalization, community development, and/or economic development. The plan must have been created or updated within the previous 10 years and demonstrate a need for multi-family units.

Overall, the QAP includes significant provisions for developer incentives to expand housing choice in higher opportunity areas. In a large rural state like Kentucky, however, the need for creating new, decent, and safe affordable housing in rural areas is also great. KHC appears to strike a balance between the two.

OLMSTEAD HOUSING INITIATIVE

The Olmstead Housing Initiative (OHI) was created in response to the 1999 Supreme Court decision *Olmstead v. L.C.*, 527 U.S. 581, which was an interpretation of Title II of the Americans

with Disabilities Act (ADA). OHI was created to meet the housing needs of one of the hardest-to-serve populations: people with severe mental illness (SMI) who are in institutions or at risk of institutionalization. Efforts have been made to move individuals who can live independently from institutions into affordable housing in communities of their choosing. Institutions for this population could include nursing homes but are more typically psychiatric hospitals or personal care homes. OHI can pay for moving expenses, basic furnishings, and security and utility deposits, and can provide an ongoing rental subsidy.

KHC doesn't have a role with OHI. Referrals for OHI are accepted from contracted providers of the Department for Behavioral Health, Developmental, and Intellectual Disabilities (DBHDID), which must confirm that a full range of support services are in place in the community where the individual chooses to live. All referrals are made to DBHDID. KHC does not accept or approve direct referrals.

KENTUCKY HOUSING SUPPLY GAP ANALYSIS

KHC conducted a housing supply gap analysis in three phases. Phase I estimated current housing gaps in each of Kentucky's 120 counties. Phase II estimated five-year projected housing supply shortages using data on homes available for purchase, housing in the development pipeline, large-scale job announcements, and an evaluation of their impact on household growth. Phase III involved a series of public engagements to solicit public input in an effort to identify and develop strategies to increase the housing supply.

Phase I identified the housing supply shortage at six income levels: less than or equal to 30% of AMI, between 31 percent and 50 percent of AMI, between 51 percent and 80 percent of AMI, between 81 percent and 120 percent AMI, between 121 percent and 150 percent of AMI, and 151 percent and higher of AMI. A supplemental gap was identified for those seeking permanent supportive housing. The gaps identified are summarized in the table below:

Figure 29: Overall Housing Gaps by Tenure and AMI, 2024

		State of Kentucky (2024)							Total Gap	
		Overall Housing Gaps (by Tenure and Area Median Income)							Total Units	Share of State
		Number of Units Needed by Household Income Level								
		<30%	31% 50%	51% 80%	81% 120%	121% 150%	151%+			
State Rental Gaps	Units	60,385	19,161	13,211	6,980	1,132	700	101,569	49.3%	
	Share	59.4%	18.9%	13.0%	6.9%	1.1%	0.7%	100.0%		
State For-Sale Gaps	Units	19,434	14,179	18,599	17,972	13,896	20,558	104,638	50.7%	
	Share	18.5%	13.6%	17.8%	17.2%	13.3%	19.7%	100.0%		
State Total	Units	79,819	33,340	31,810	24,952	15,028	21,258	206,207	100.0%	
	Share	38.7%	16.2%	15.4%	12.1%	7.3%	10.3%	100.0%		

Source: Kentucky Housing Supply Gap Analysis, Phase I

For rental units, the largest gap by far exists in the housing available for those among the lowest earning households — those below 30 percent of AMI. The necessary housing for those falling in this income tier consists of 59.4 percent of the overall rental gap in the state. The gaps in the

for-sale market are relatively evenly distributed among income levels with the highest gap occurring among units affordable to those at the highest income tier — 151 percent of AMI or higher. The largest overall housing gaps are within the state's most populous areas such as Jefferson, Fayette, and Boone Counties, consisting of major cities such as Louisville, Lexington, and the Cincinnati metropolitan area, respectively.

Several cited causes for the current housing gap include local resistance to multifamily and dense development in general; natural disasters (tornadoes and flooding) which have destroyed housing units; job growth outpacing housing growth in certain localities; lost builder capacity; slow delivery of units due to zoning approvals, technology, and cost; and a stagnant federal funding landscape. According to a November 2024 Kentucky Housing Task Force report, while single family home construction has rebounded from post-2008 lows, apartment construction and especially middle housing construction have lagged significantly. Because apartments and middle housing provide more density, the total number of units constructed has remained low because single-family home construction has increased.

The dominant reason for Kentucky's supply gap remains the loss of construction activity following the 2008 housing crisis and resulting recession. Kentucky has still not matched the pace of housing construction prior to the crisis.

Phase II identified the five-year projected housing gap in the same income categories as Phase I. The table below, taken from the Phase II report, shows these estimated gaps based on homes available for purchase, housing in the development pipeline, large-scale job announcements, and an evaluation of their impact on household growth.

Figure 29: Five-Year Projected Housing Supply Gap by Tenure and AMI, 2029

		State of Kentucky (2029)							
		Projected Overall Housing Gaps (by Tenure and Area Median Income)						Total Gap	
		Number of Units Needed by Household Income Level						Total Units	Share of State
	<30%	31%-50%	51%-80%	81%-120%	121%-150%	151%+			
State Rental Gaps	Units	77,554	21,172	18,479	11,993	7,732	2,232	139,162	48.5%
	Share	55.7%	15.2%	13.3%	8.6%	5.6%	1.6%	100.0%	-
State For-Sale Gaps	Units	23,436	24,586	32,356	33,630	28,944	5,006	147,958	51.5%
	Share	15.8%	16.6%	21.9%	22.7%	19.6%	3.4%	100.0%	-
State Total	Units	100,990	45,758	50,835	45,623	36,676	7,238	287,120	100.0%
	Share	35.2%	15.9%	17.7%	15.9%	12.8%	2.5%	100.0%	

Source: Kentucky Housing Supply Gap Analysis, Phase II

The overall housing gap in Kentucky is projected to grow 39.2 percent from 206,207 units to 287,120 units in five years. The projected gap is expected to remain relatively even for rental and for-sale housing. The gaps are expected to grow the most among the highest- and lowest-earning households. The primary driver in lower income households is severe cost burden, while the primary factor in higher income households is projected household growth.

Housing construction is sorely needed at all levels of affordability in Kentucky. KHC and DLG should explore opportunities for developing housing across a wide spectrum of affordability, with a special focus on multifamily housing affordable at the lowest income levels. Although the most cost-burdened households need housing more acutely than moderate-income households, KHC and DLG also should explore opportunities for development for the latter. Moderate-income housing is likely to experience fewer impediments to development than lower-income housing, including from developers that favor higher profits on their investments and from local detractors who may vocalize resistance to multifamily or affordable housing more generally.

ZONING

As a state government, Kentucky does not have its own zoning ordinances. However, the 2021 Kentucky League of Cities Planning and Zoning Statutory Guide contains applicable state laws and statutes governing planning and zoning. Typically, zoning codes are evaluated based on how the ordinance:

- Defines "family" inclusively, without a cap on the number of unrelated persons and with a focus on functioning as a single housekeeping unit.
- Defines "group home" for persons with disabilities or similarly named land use compared to single-family dwellings.
- Allows up to six unrelated people with disabilities to reside in a group home without requiring a special use / conditional use permit or public hearing.
- Regulates the siting of group homes as single-family dwelling units without an additional regulatory provision.
- Has a "Reasonable Accommodation" provision or allows for persons with disabilities to request reasonable accommodation / modification to regulatory provisions.
- Permits by-right multi-family housing of more than four units per structure in one or more residential zoning districts.
- Does not distinguish between "affordable housing / multi-family housing" (i.e., financed with public funds) and "multi-family housing" (i.e., financed with private funds).
- Provides residential zoning districts with minimum lot sizes of 4,000 square feet or less.
- Does not include exterior design/aesthetic standards for all single-family dwelling units regardless of size, location, or zoning district.

Given that specific zoning regulations are typically determined by individual municipalities and this guide simply provides a framework for the enabling legislation, it cannot be evaluated according to all of the provisions above. However, certain provisions of the guide may be analyzed as they impact overall zoning regulation in the state.

First, section 100.201 (3) contains the only mention of multi-family housing. This pertains to the designation of urban residential zones whose components may "lack individual distinction."

According to the Planning and Zoning Statutory Guide: “The usage of structures within an urban residential zone may be regulated on a structure-by-structure basis, permitting a mixture of uses in the zone, including single-family and multifamily residential, retail, and service establishments, which stabilizes and protects the urban residential character of the area.”

Increasing multi-family housing, although not a panacea, is one of the most efficient ways to reduce housing gaps at all levels of income and increase the supply of affordable housing. Thus, the AI recommends that most zoning codes permit the construction of multi-family housing by right, or without provisions above-and-beyond that of other kinds of housing.

Second, section 100.211 requires that amendments to the zoning map and text of the regulation be reviewed via public hearing before adoption. Some zoning changes may be delayed by vocal opposition on the part of residents of a given municipality. Therefore, certain zoning changes should be made without a necessary public hearing. For example, variances made for the installation of group homes should be allowed to go through planning commission approvals without special meetings or requirements if the municipality so chooses.

Third, since there is no provision requiring zoning codes to include the ability to request reasonable accommodations/modification to regulatory provisions, most zoning codes do not include this mechanism that could increase the number of accessible units available to and affordable for Kentucky's elderly and disabled residents.

BUILDING, OCCUPANCY, HEALTH, AND SAFETY CODES

Adopted in 2018, The Kentucky Building Code is based upon the 2015 International Building Code published by the International Code Council, Inc. (IBC), with Kentucky-specific amendments. It provides design and construction standards to ensure public safety, health, and welfare insofar as they are affected by building construction and to secure safety to life and property from all hazards incident to the occupancy of buildings, structures, or premises.

Accessible design and construction requirements are necessary to make public and common use spaces and facilities accessible and safe to everyone. This gives people with disabilities greater freedom to choose where they live. The Fair Housing Act requires all “covered multifamily dwellings” to be accessible to and usable by people with disabilities. Here, covered multifamily dwellings are defined as buildings containing four or more units, either with all ground-floor units or at least one elevator. The following seven accessibility standards are required by the Fair Housing Act for these dwelling units:

- An accessible building entrance on an accessible route.
- Accessible common and public use areas.
- Usable doors (usable by a person in a wheelchair).
- Accessible routes into and through the dwelling unit.

- Light switches, electrical outlets, thermostats, and other environmental controls in accessible locations.
- Reinforced walls in bathrooms for retroactive installation of grab bars.
- Usable kitchens and bathrooms.

State building regulations were last updated in 2018. Chapter 11 determines the design and construction of facilities for accessibility for individuals with disabilities. These standards almost meet all the accessibility requirements outlined by the Fair Housing Act. While all toilet and bathing facilities are required to be accessible, there is not a clear provision for requiring reinforced walls in bathrooms for later installation of grab bars.

Sections 1104 and 1105 detail requirements for accessible routes entrances, including access to common and public use areas. At least one accessible route within the site shall be provided from public transportation stops, accessible parking, accessible passenger loading zones, and/or public streets or sidewalks to the accessible building entrance served. The minimum width of the accessible path must be 48 inches. Accessible routes are required within and between almost all sites, including commercial buildings with five or more tenants, and healthcare providers, transportation facilities, airports, and any government building. Exceptions to providing accessible routes are provided if the site does not provide any pedestrian access or if the area of a floor or mezzanine is smaller than 3,000 square feet. Recreational facilities must also provide accessible features to all spaces except swimming pools.

Section 1108 describes accessibility requirements for dwelling units and sleeping units. All public spaces serving dwelling units shall be accessible, including bathrooms, kitchens, living and dining areas, and any connected exterior spaces. The following table describes the minimum required number of accessible units and features required based on the number of dwelling units a building provides:

Table 20: Accessible Dwelling Unit and Sleeping Unit Requirements in Kentucky

Total Number of Units	Minimum Required Number of Accessible Units without Roll-in Showers	Minimum Number of Accessible Units with roll-in Showers	Total Number of Required Accessible Units
1 to 25	1	0	1
26 to 50	2	0	2
51 to 75	3	1	4
76 to 100	4	1	5
101 to 150	5	2	7

151 to 200	6	2	8
201 to 300	7	3	10
301 to 400	8	4	12
401 to 500	9	4	13
501 to 1,000	2% of total	1% of total	3% of total
Over 1,000	20, plus 1 for each 100, or fraction thereof, over 1,000	10, plus 1 for each 100, or fraction thereof, over 1,000	300, plus 2 for each 100, or fraction thereof, over 1,000

Source: *International Building Code, 2024*

There are three Kentucky-specific exceptions to the IBC accessibility section. First, childcare facilities or areas or portions of building used for rendering of childcare are not required to comply with the provisions applicable to children. The provisions applicable to adults (parents and staff) are applicable, including accessible routes, entrances, parking, and toilet facilities. Second, church buildings are not required to comply with the provision. Third, accessible toilet facilities may not be located in a restricted area of a given building or an area designated for "Employees Only."

ANTI-DISPLACEMENT AND RELOCATION PLAN

Anti-displacement and relocation plans serve to advance the interests of lower-income individuals and households at risk of displacement due to neighborhood changes in various sectors, such as housing, businesses, and infrastructure. The Kentucky Residential Antidisplacement and Relocation Assistance Plan is compliant with HUD regulation 24 CFR § 42 and 24 CFR § 570, which outlines plans and strategies for addressing displacement. As a recipient of CDBG and HOME funds, KHC has a residential anti-displacement and relocation assistance plan in place for demolition and acquisition activities.

According to the Plan, "KHC shall require one-for-one replacement units for all occupied and vacant occupiable low- and moderate-income dwelling units that are demolished or converted for uses other than as low- and moderate-income dwelling units as a direct result of an activity assisted under HOME."

Replacement units must meet the following requirements:

1. The units must be located within the HOME recipient's jurisdiction.
2. The units must be sufficient in number and size to house at least the number of occupants that could have been housed in the demolished or converted units, in accordance with local housing occupancy codes.

3. The replacement low- and moderate-income dwelling units must be in standard condition and may include units that have been raised to standard from substandard condition.
4. The units must be designed to remain low- and moderate-income dwelling units for at least 10 years from the initial occupancy.

HOME recipients must make public and submit to KHC in writing:

1. A description of a proposed activity.
2. The general location on a map and approximate number of dwelling units by size (number of bedrooms) that will be demolished or converted to a use other than as low- and medium-income dwelling units as a direct result of the assisted activity.
3. A time schedule for the commencement and completion of the demolition or conversion.
4. The general location on a map and approximate number of dwelling units by size (number of bedrooms) that will be provided as replacement dwelling units.
5. The source of funding and a time schedule for the provision of replacement dwelling units.
6. The basis for concluding that each replacement dwelling unit will remain a low- or moderate-income dwelling unit for at least 10 years from the date of initial occupancy.

KHC will consider annually whether or not displacement has occurred as part of funding decisions and project feasibility determinations. Whenever possible, the agency will ensure that residents of buildings to be rehabilitated have an opportunity to return to the building. The household shall receive temporary relocation benefits if they are required to vacate a building during renovation.

KHC requires that all HOME recipients adopt a written, publicly available residential anti-displacement and relocation assistance plan that describes the relocation assistance it has elected to furnish and provides for equal relocation assistance within each class of displaced persons.

KHC and HOME recipients must provide relocation assistance under Section 104 (d), as described in CFR 24.570.606 (b) 2 (i), to each low- and moderate-income household displaced by the demolition of housing or by the conversion of low- and moderate-income dwelling to another use as a direct result of HOME-assisted activities.

Temporary relocation for homeowner rehabilitation is an optional policy for HOME recipients. The policy must establish guidelines for payment or nonpayment of temporary moves. If the homeowner must vacate the unit for one to 30 days, the HOME recipient should determine whether the family can or is willing to stay with friends. If they can or will not, the recipient should refer the family to a moderately priced hotel. Accommodations should not exceed a one-month period. If the family is required to vacate the property for longer than one month, the recipient is encouraged to work with local housing authorities to provide temporary housing.

Displaced persons are eligible for moving costs if a move is initiated after submission of HOME application. The displaced person may receive compensation for moving expenses supported by documentation for:

1. Transportation up to 50 miles.
2. Packing, crating, uncrating, and unpacking personal property.
3. Storage of the personal property for a period not to exceed 12 months, unless the HOME recipient determines that a longer period is necessary.
4. Disconnecting, dismantling, reassembling, and reinstalling relocated household appliances and other personal property.
5. Insurance for the replacement value of the property in connection with the move and necessary storage.
6. The replacement value of property lost, stolen, or damaged in the process of moving (not through the fault or negligence of the displaced person or his or her agent or employee) where insurance covering such loss, theft, or damage is not reasonably available.
7. Other moving-related expenses as KHC determines to be reasonable and necessary, except the following ineligible expenses:
 - a. Interest on a loan to cover moving expenses.
 - b. Personal injury.
 - c. Any legal fee or other cost for preparing a claim for a relocation payment or for representing the claimant in appeals procedures.
 - d. The cost of moving any structure or other real property improvement in which the displaced person reserved ownership.
 - e. Cost for storage of personal property on real property owned or leased by the displaced person before the initiation of negotiations.

HOME recipients must include a procedure for appeals and grievances. The appeal must be made within 60 days to the HOME recipient after they provide notification of the claim decision. If the appeal cannot be resolved locally, an appeal may be made to KHC for review. Any final decision may be appealed to the HUD field office.

LANGUAGE ACCESS PLAN

HUD's guidance relative to Executive Order 13166, "Improving Access to Services for Persons with Limited English Proficiency (LEP)," stipulates that a community can achieve compliance by providing certain language assistance services for LEP language groups with more than 1,000 persons or one percent of the population to be served. As noted earlier in the AI, the most common language spoken by LEP persons throughout Kentucky is Spanish, which is spoken by 52,634 persons or three percent of LEP households based on 2022 ACS data.

HUD grantees are responsible for serving persons with LEP and who may be income-eligible for services and programs in accordance with Title VI of the Civil Rights Act of 1964. Preparation of an LAP is the most effective way to achieve compliance. KHC adopted an updated LAP effective January 11, 2023. DLG adopted its LAP Plan in August 2022. The AI reviewed both of these documents.

The KHC LAP clearly states the agency's obligation to provide services, financial assistance, and other benefits to residents regardless of their nation of origin and to make reasonable efforts to provide free language assistance services to clients. In determining which languages meet the stated thresholds, KHC conducted a four-factor analysis as required by HUD. The 2023 LAP estimated that 2.1 percent of state residents cited a language other than English spoken at home, and 46 percent of Kentucky's LEP population are of Hispanic or Latino origin. These numbers in conjunction with an estimate of the frequency of contact indicated that native Spanish speakers were the most likely to be served. Among the services that KHC will provide to persons with LEP are the following:

- Posting of multi-lingual signs in public spaces.
- Use of automated Spanish telephone services.
- Use of multi-lingual notices for outreach activities.
- Notices of right to language assistance services on KHC's webpage.
- Use of I Speak cards to facilitate direct interaction with LEP persons.

The KHC LAP clearly states how interaction with LEP clients via oral communication will proceed. Staff will assist in identifying the spoken language and coordinate with the Fair Housing Coordinator to obtain appropriate services. Bilingual office staff may be used as informal interpreters; however, formally certified interpreters will be made available if required. Translation of vital documents can be provided along with translated summaries, where appropriate. The LAP also includes a provision stating that KHC will annually review the document to determine if revisions are necessary, including in light of demographic changes.

KHC staff training is required annually for staff who may interact with persons with LEP. The Fair Housing Coordinator monitors the training and the delivery of language assistance services. Subrecipients of federal funds received through KHC are required to ensure access to language assistance services for their program beneficiaries. Such services are to be provided free to eligible clients and the Fair Housing Coordinator is available to assist with these services. In addition, the appendix of the LAP includes a list of formal interpreters who may be contacted for assistance.

The DLG LAP, similarly recognizes the department's requirement to provide language assistance to LEP populations. DLG requires that its sub-recipients use the same four-factor analysis prior to the release of federal funds, since DLG does not provide direct financial assistance to individuals. Sub-recipient local units of government or nonprofit organizations would encounter persons with LEP and, therefore, must be able to address their language assistance needs. DLG does, however, recognize that persons with LEP may need to interact

with its staff during the public comment period. Upon request, DLG will make translations of annual plans and amendments available for its federal grant programs.

Sub-recipients are required to conduct a four-factor analysis, develop a LAP, and provide a description of the outreach efforts to be undertaken during the Letter of Conditional Commitment stage. DLG specifies the required measures that sub-recipients are required to take if the four-factor analysis reveals 1,000 or more persons, or five percent or more of the population, with LEP: translation of vital documents, posting of public hearing notices in the languages spoken and in locations frequented by persons with LEP, and providing translation of services at public hearings if requested to do so. There are lesser requirements when the LEP population is smaller. DLG monitors its sub-recipients for compliance with these requirements.

Private Sector Policy Review

In addition to the public sector policies that influence fair housing choice, private sector policies can also influence the development, financing, and advertising of real estate. This section of the AI analyzes mortgage lending practices, high-cost lending, and real estate advertising.

HOME MORTGAGE LENDING

Under the terms of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (F.I.R.R.E.A.), any commercial lending institution that makes five or more home mortgage loans must report all residential loan activity to the Federal Reserve Bank under the terms of the HMDA. The HMDA regulations require most institutions involved in lending to comply and report information on loans denied, withdrawn, or incomplete by race, sex, and income of the applicant. The information from the HMDA statements assists in determining whether financial institutions are serving the housing needs of their communities. The data also helps to identify possible discriminatory lending practices and patterns.

The most recent HMDA data available for the Commonwealth is from 2022. Reviewing this data helps to determine the need to encourage area lenders, other business lenders, and the community at large to actively promote existing programs and develop new programs to assist residents in securing home mortgage loans for home purchases. The data focuses on the number of homeowner mortgage applications received by lenders for home purchase of one- to four-family dwellings and manufactured housing units. The information provided is for the primary applicant only. Co-applicants were not included in the analysis. *The data indicates that Black, Hispanic, Native American, and Pacific Islander applicants faced higher denial rates and lower origination rates (approvals) than white applicants.* However, sample sizes for Native American and Pacific Islander applicants are small, with these races making up 0.4 percent and 0.1 percent of total applications, respectively. Denial rates in 2022 for Black and Hispanic applicants were 22 percent and 21 percent, respectively, while denial rates for whites were 17 percent. The overall denial rate in Kentucky was 18 percent.

Figure 28: Mortgage Denial Rate by Race, 2022, Kentucky



Source: 2022 Home Mortgage Disclosure Act Data

In 2022, there were 171,665 first lien mortgage applications for home purchases in Kentucky according to data collected under the HMDA. This is approximately 35 percent fewer applications than in 2020 when the number of applications was 266,551. Among other factors, the nationwide rise in interest rates could have contributed to the decrease in mortgage applications since 2020 when interest rates during COVID were unusually low.³ The majority of home purchase loans in Kentucky are conventional loans (71.6 percent in 2022).

Table 21: Number of Loan Applications by Type, 2022

Loan Type	Number of Applications	Percent
Conventional	122,900	71.6%
FHA	28,247	16.5%
FSA/RHS	4,587	2.7%
VA	15,931	9.3%
Total	171,665	100%

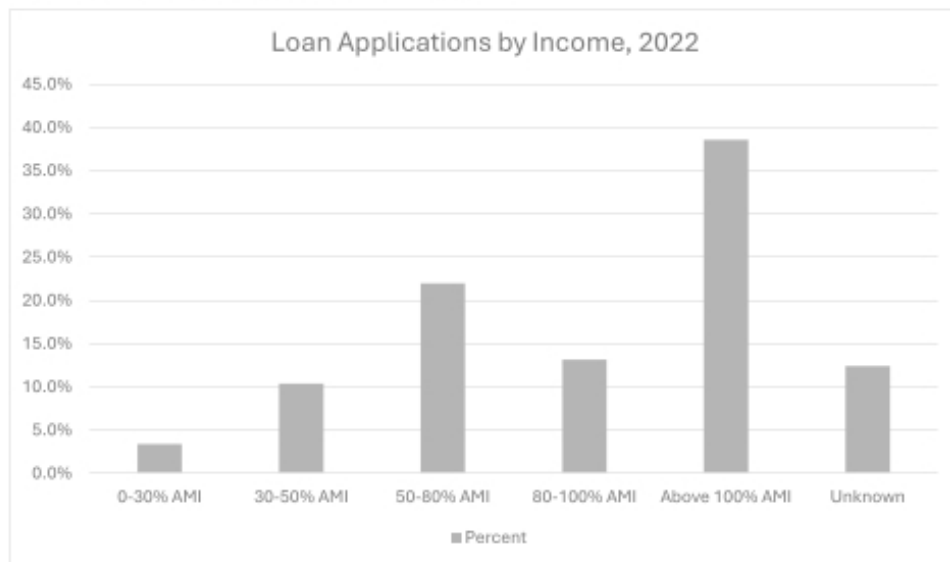
³ "Historical Mortgage Rates: 1971 to the Present." Kevin Graham, Rocket Mortgage. March 24, 2024. <https://www.rocketmortgage.com/learn/historical-mortgage-rates-30-year-fixed>. Accessed Aug 29, 2024.

Source: 2022 Home Mortgage Disclosure Act Data

Mortgages by Income

In 2022, a plurality of the mortgage applications in Kentucky were made by those earning above 100 percent of their respective AMI at 38.6 percent. This is followed by households earning between 50 percent and 80 percent AMI (22.0 percent). Those at the lowest end of the income spectrum made the fewest mortgage applications. The incomes of another 12.4 percent of applicants are unknown according to available HMDA data.

Figure 29: Loan Applications by AMI, 2022



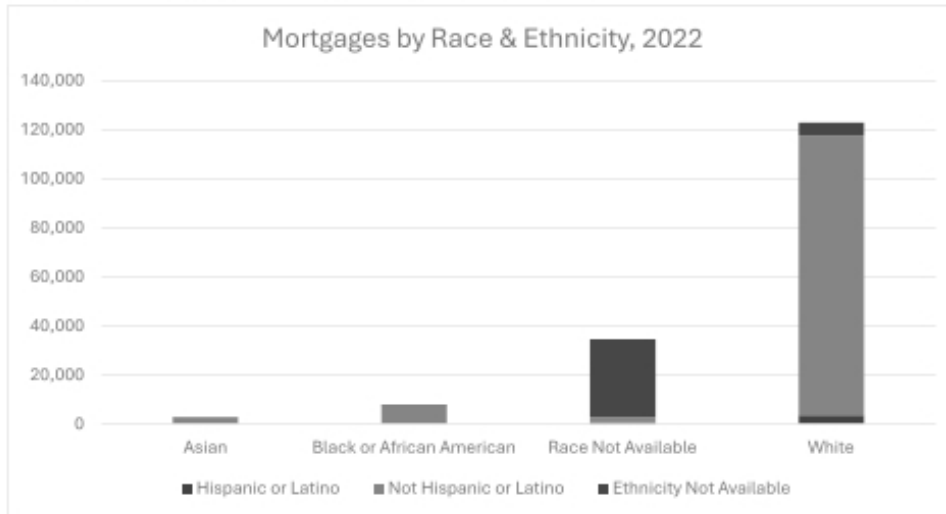
Source: 2022 Home Mortgage Disclosure Act Data

Mortgages by Race and Ethnicity

In 2022, the vast majority of home purchase loans were awarded to White residents — 71.6 percent — which is lower than their proportion of the population as a whole at 84.8 percent. Similarly, Black residents, who account for eight percent of the population, were awarded 4.7 percent of mortgages. Asian (1.7 percent of mortgages compared to 1.5 percent of the population) and Hispanic residents' (2.9 percent of mortgages and four percent of the population) mortgage applications were fairly proportional to their representation in the total

population⁴. However, it is important to note that a significant portion of applications did not provide this information or were considered not applicable (21.4 percent).

Figure 10: Mortgages by Race and Ethnicity, 2022



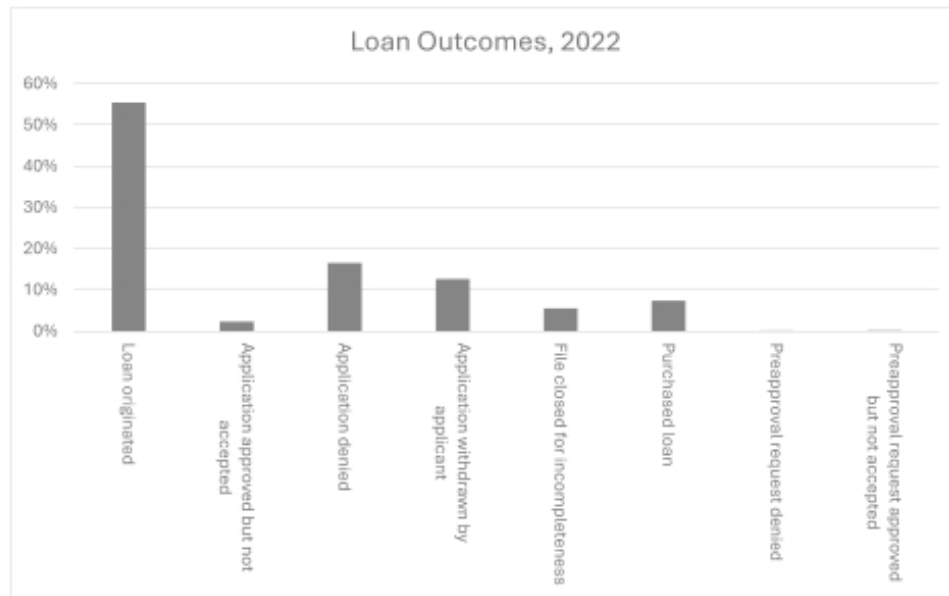
Source: 2022 Home Mortgage Disclosure Act Data

⁴ U.S. Census Bureau, ACS 5-Year Estimates, 2022

Loan Outcomes

In 2022, a majority (55.4 percent) of loan applications resulted in the origination of a loan. Other outcomes were far less common, including 16.5 percent of loan applications that were denied and 12.6 percent of applications that were withdrawn by the applicant. A very small number of preapproval requests were either denied or approved but not accepted.

Figure 31: Loan Outcomes, 2022



Source: 2022 Home Mortgage Disclosure Act Data

High-Cost Lending Practices

The widespread housing finance market crisis of 2007-2009 brought a new level of public attention to lending practices that victimize vulnerable populations. Subprime lending, designed for borrowers who are considered a credit risk, increased the availability of credit to low-income persons. At the same time, it often exploited borrowers, piling on excessive fees, penalties, and interest rates that make financial stability difficult to achieve. Higher monthly mortgage payments make housing less affordable, increasing the risk of mortgage delinquency and foreclosure and the likelihood that properties will fall into disrepair.

Some subprime borrowers have credit scores, income levels, and down payments high enough to qualify for conventional prime loans, but are nonetheless steered toward more expensive subprime mortgages. This is especially true of minority groups, which tend to fall

disproportionately into the category of subprime borrowers. The practice of targeting minorities for subprime lending qualifies as mortgage discrimination.

Since 2005, Housing Mortgage Disclosure Act data has included price information for loans priced above reporting thresholds set by the Federal Reserve Board. This data is provided by lenders via Loan Application Registers and can be aggregated to complete an analysis of loans by lender or for a specified geographic area. HMDA does not require lenders to report credit scores for applicants, so the data does not indicate which loans are subprime. It does, however, provide price information for loans considered "high-cost."

A loan is considered high-cost if it meets one of the following criteria:

- The annual percentage rate (APR) exceeds the average prime offer rate (APOR) by more than 6.5 percentage points for a *first-lien transaction*.
- The APR exceeds the APOR by more than 8.5 percentage points for a first-lien transaction if the dwelling is personal property and the loan amount is less than \$50,000.
- The APR exceeds the APOR by more than 8.5 percentage points for a *subordinate-lien transaction*.

Not all loans carrying high APRs are subprime, and not all subprime loans carry high APRs. However, high-cost lending is a strong predictor of subprime lending, and can heavily burden the borrower and increase the risk of mortgage delinquency. However, fewer than 200 high-cost loans originated in Kentucky in 2022, amounting to less than 0.1 percent.

Fair Housing Profile

Kentuckians can receive fair housing services from a variety of organizations, including but not limited to HUD, the Kentucky Commission on Human Rights, and the Kentucky Fair Housing Council, Inc. This section summarizes fair housing organizations and reviews fair housing complaints or compliance reviews where a charge or a finding of discrimination has been made. Additionally, this section will review the existence of any fair housing discrimination suits filed by the U.S. Department of Justice or private plaintiffs and identify other fair housing concerns or problems.

HOUSING DISCRIMINATION COMPLAINTS

A lack of complaints does not necessarily indicate a lack of housing discrimination. Some residents may not file complaints because they are not aware of their rights or how or with whom to file a complaint. In addition, in a tight rental market, tenants may want to avoid confrontations with prospective landlords. Discriminatory practices can be subtle and may not be detected by someone who does not have the benefit of comparing his treatment with that of another home seeker.

Other times, persons may be aware that they are being discriminated against, but they may not be aware that the discrimination is against the law and that there are legal remedies to address the discrimination. Finally, households may be more interested in achieving their first housing choice and may prefer to avoid going through the process of filing a complaint and following through with it. Therefore, education, information, and referral regarding fair housing issues remain critical to equip persons with the ability to reduce impediments.

U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT

HUD's Office of Fair Housing and Equal Opportunity (FHEO) receives complaints from persons regarding alleged violations of the federal Fair Housing Act. Fair housing complaints originating in Kentucky were obtained and analyzed for the period of January 2019 through October 2024. In total, Kentuckians filed 671 complaints with HUD during this period. The volume of cases was roughly consistent across years with a minimum of 78 cases filed in 2022 and a maximum of 138 cases filed in 2023. Eighty-three cases remain unresolved from this time period.

Disability was the most common basis for alleging discrimination, accounting for more than half of all complaints filed during this period. Race was the second most frequent basis for alleging discrimination. This mirrors national trends according to the *2024 Fair Housing Trends Report* published by the National Fair Housing Alliance. Of the 671 complaints filed by Kentuckians, 156 (23.2 percent) were filed on two or more bases; as a result, the figure below reflects a total greater than the number of complaints filed.

Table 22: HUD Housing Discrimination Complaints by Basis and Year, 2019-2024

Year	National Origin	Race	Color	Disability	Familial Status	Sex	Religion	Retaliation
2019	8	25	0	73	18	15	0	11
2020	5	27	2	70	21	13	0	3
2021	5	26	2	50	10	12	0	10
2022	4	25	0	39	2	13	0	2
2023	11	38	1	81	9	16	1	4
2024	5	26	1	65	7	14	1	12
Total	38	167	6	378	67	83	2	42
Percent	5.7%	24.9%	0.9%	56.3%	10.0%	12.4%	0.3%	6.3%

Source: HUD FHEO

Across all complaints filed with HUD, discriminatory terms, conditions, or services and facilities was the most cited category of issues, factoring into more than 75 percent of all cases. Failure to make reasonable accommodations accounted for nearly one third of all cases. The majority of cases involved more than one issue. Therefore, the below totals will be equal to more than 100 percent.

Table 23: Housing Discrimination Complaints by Issues, 2019-2024

Issue	Citations	% of Complaints
Terms, conditions, privileges, or services and facilities	507	75.6%
Failure to permit / make reasonable modification/accommodation	222	33.1%
Discriminatory acts under Section 818 (coercion, etc.)	112	16.7%
Otherwise deny or make housing unavailable	64	9.5%
Refusal to rent and negotiate for rental	50	7.5%
Advertising, statements, and notices	28	4.2%
Other	14	2.1%
Financing and/or lending	8	1.2%
Discriminatory acts under Section 901 (criminal)	7	1.0%
Steering	7	1.0%

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Issue	Citations	% of Complaints
Failure to provide accessible and usable public and common user areas	3	0.4%
Refusal to sell and negotiate for sale	2	0.3%
Using ordinances to discriminate in zoning and land use	1	0.1%

Source: HUD FHEO

Of the complaints reviewed, 347 (52 percent) were found to be without probable cause. Just over 20 percent of cases resulted in a negotiated settlement. Eleven cases (1.6 percent) were withdrawn without resolution.

Table 24: Resolution of Housing Discrimination Complaints filed with HUD, 2019-2024

Resolution	Citations	% of Complaints
No cause determination	347	51.7%
Conciliation/settlement successful	138	20.6%
Pending resolution	83	12.4%
Complaint withdrawn by complainant after resolution	33	4.9%
Complainant failed to cooperate	21	3.1%
Dismissed for lack of jurisdiction	12	1.8%
Unable to locate complainant	12	1.8%
Complaint withdrawn by complainant without resolution	11	1.6%
FHAP judicial consent order	6	0.9%
Unable to locate respondent	3	0.4%
Conciliation unsuccessful — no hearing requested	2	0.3%
FHAP judicial dismissal	2	0.3%
Unable to identify respondent	1	0.1%

Source: HUD FHEO

KENTUCKY COMMISSION ON HUMAN RIGHTS

The Kentucky Commission on Human Rights (KCHR) is responsible for the enforcement of federal fair housing laws, undertaking the mediation/conciliation and litigation of housing discrimination complaints, and enforcing the Kentucky Civil Rights Act. The Kentucky Civil Rights Act makes it unlawful to discriminate against people in the areas of employment, financial transactions, housing, and public accommodations. Housing discrimination is prohibited on the basis of race, color, religion, national origin, gender, disability, and familial status. It is also a violation of the law to retaliate against a person for complaining of discrimination to the Commission.

KCHR is a "substantially equivalent agency" under HUD's Fair Housing Assistance Program (FHAP). This means that KCHR has been certified as substantially equivalent after HUD determined that the Commission administers a law (i.e., the Kentucky Civil Rights Act) which provides rights, procedures, remedies, and judicial review provisions that are substantially equivalent to the Fair Housing Act. For this reason, HUD refers complaints of housing discrimination that it receives from Kentucky residents to the KCHR for investigation. Housing discrimination complaint data from the KCHR is accounted for in the complaints filed with HUD FHEO.

KENTUCKY FAIR HOUSING COUNCIL

The Kentucky Fair Housing Council (KFHC) (formerly Lexington Fair Housing Council) is a full-service, nonprofit civil rights agency committed to eradicating discrimination in housing. The Fair Housing Council enforces the federal Fair Housing Act, the Kentucky Fair Housing Act, and local fair housing ordinances, where applicable. The KFHC is the only private nonprofit fair housing agency in Kentucky and investigates complaints throughout the state. The Council is certified as a Fair Housing Initiatives Program (FHIP) through HUD to assist people who believe they have been victims of housing discrimination. KFHC refers discrimination complaints to the U.S. Department of Justice, HUD FHEO. KFHC participates in the Private Enforcement Initiative (PEI) program, which means it implements initiatives that promote fair housing laws and equal housing opportunity awareness.

KFHC believes some evictions may be the result of discriminatory behavior caused by landlords, with minorities potentially being impacted more than non-minorities. Some evictions may also be caused by discrimination against persons with disabilities, especially people with mental illness. They also believe that discrimination related to source of income is occurring with the rising number of landlords who will not accept Section 8 vouchers. Local ordinances ban source-of-income discrimination, but state law determines that a municipality cannot force landlords to accept vouchers.

The KFHC also expressed concern that the HUD Fair Market Rents do not keep up with local rents, resulting in the available housing for low-income renters being in worse condition, and not typically where a middle-class family would want to live in proximity to high-performing schools

or well-paying jobs. In certain rural areas, one landlord may own all or most of the Section 8 properties, , creating significant additional disincentive for renters or applicants to report substandard housing or discrimination. In the KFHC's opinion, all of these factors result in a concentration of affordable housing in low-opportunity areas.

Summary of Impediments to Fair Housing Choice

This section describes the impediments to fair housing choice revealed by the data analysis, public engagement/outreach initiatives, and policy review discussed throughout the AI. The impediments are the result of primary and secondary research to define the underlying conditions, trends, and context for fair housing planning in Kentucky. The impediments are listed separately for the Commonwealth of Kentucky and local municipalities, including counties, which as subrecipients of DLG funds also have an obligation to affirmatively further fair housing. While KHC and DLG recognize the need to alleviate all the impediments listed below, they also recognize that addressing certain impediments is beyond the reach of their programmatic abilities and control.

Impediment	Description/Contributing Factors
Lack of resources for fair housing education, outreach and enforcement	<p>Stakeholders and community members identified the following needs in consultation sessions and survey responses:</p> <ol style="list-style-type: none"> a. Fair housing education for locally elected officials and appointed boards and commissions with authority to make housing and housing-related land use and development decisions. b. Fair housing education for landlords and tenants to understand their respective rights and responsibilities. c. Fair housing education for real estate professionals, lenders, architects, and building permitting officials to understand their respective professional obligations under fair housing laws. d. Fair housing education for stakeholders and residents statewide to understand their rights and the need for affordable housing in their communities. e. Greater fair housing enforcement across Kentucky to (a) protect the rights of members of the protected classes to access and retain housing, (b) bring violators into compliance, and (c) seek damages for persons who are unlawfully denied housing under fair housing laws.

Impediment	Description/Contributing Factors
Lack of resources to support low- and moderate-income households	Stakeholders and community members identified the following needs in consultation sessions and survey responses: <ol style="list-style-type: none"> a. 24/7 affordable childcare. b. Mental health services. c. Improved access to transportation in both urbanized areas and rural counties. d. Sufficient housing construction across the Commonwealth—including rental and homeownership, urban and rural, and across all household income bands.
Lack of expanded protected classes	Seniors, LGBT persons, and people utilizing housing vouchers often face additional challenges obtaining housing. A lack of fair housing protection exacerbates these challenges.
Lack of affordable housing in a variety of locations	Stakeholders and community members cite opposition to affordable housing, including emergency shelters, permanent supportive housing, and generally affordable housing as barriers to development.

Fair Housing Action Plan

The Fair Housing Action Plan includes recommended actions for KHC and DLG. Many of these recommended actions have been actively addressed over the past five years since the last AI (see Tables 1a and 1b, Progress Since Last AI). The reason for this categorization is that KHC and DLG, within their own agencies' missions, have many worthwhile programs and initiatives that affirmatively further fair housing, and these must be continued. We recognize that many of these actions will be ongoing efforts, and that KHC and DLG are currently doing many of these action items. Fair housing is a complex issue, and it will require ongoing collaboration beyond the next five years to achieve comprehensive fair housing goals.

Impediment	Strategy	2025-2029 Action Steps
Fair Housing Education and Outreach	<ul style="list-style-type: none"> Continue to financially and administratively support bilingual housing counseling and education efforts. 	<ul style="list-style-type: none"> KHC remains committed to financially and administratively supporting bilingual housing counseling and education efforts. KHC will continue to support the efforts of its mortgage production administrators to coordinate marketing, outreach, education, and engagement activities and review KHC's internal policies and practices to ensure multicultural populations are effectively served.
	<ul style="list-style-type: none"> Continue to collaborate with the Kentucky Commission on Human Rights and Kentucky Fair Housing Council, Inc., to expand education and outreach efforts and to identify gaps in need of additional efforts. 	<ul style="list-style-type: none"> KHC will continue to provide monetary and administrative support to these fair housing organizations for their training and other activities.
	<ul style="list-style-type: none"> Continue outreach and education efforts on the housing supply gap, including dissemination of information found in the Housing Supply Gap Analysis, to relevant stakeholders and legislators. 	<ul style="list-style-type: none"> KHC will continue to actively provide outreach and education efforts to highlight the housing gaps in Kentucky to the legislature and stakeholders.

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Impediment	Strategy	2025-2029 Action Steps
Expansion and Preservation of Affordable Housing in a Variety of Locations	<ul style="list-style-type: none"> Continue to allocate LIHTC funding to projects that prioritize higher opportunity areas and avoid concentrations of affordable housing. 	<ul style="list-style-type: none"> KHC will continue to actively prioritize higher opportunity areas in KHC's QAP and Multifamily Guidelines to discourage high concentrations of affordable housing.
	<ul style="list-style-type: none"> Continue to create opportunities for first-time homebuyers through the Down Payment Closing Cost Assistance Program and the Homebuyer Loan Program for income-eligible, first-time homebuyers (not using HOME funds). 	<ul style="list-style-type: none"> KHC will continue to actively promote the DAP and Homebuyer Loan programs to assist first-time homebuyers to purchase an affordable home.
	<ul style="list-style-type: none"> Continue the AHTF Home Rehab Program and the Weatherization Assistance Program to preserve the existing affordable housing inventory and lower homeowner costs. 	<ul style="list-style-type: none"> KHC will continue to promote the AHTF Home Rehab Program and the Weatherization Assistance Program to preserve affordable housing.
	<ul style="list-style-type: none"> Continue to advocate for affordable housing resources among local, state, and Congressional delegations. 	<ul style="list-style-type: none"> KHC remains committed to its legislative outreach and education efforts at the federal and state levels and anticipates continuing this over the next five years.
	<ul style="list-style-type: none"> Continue the Tenant-Based and Project-Based Rental Assistance Programs to ensure affordable rental assistance for protected classes across the state, including assistance to individuals with disabilities and those recovering from substance abuse. Roll out expanded number of vouchers through HUD Section 811 award. 	<ul style="list-style-type: none"> KHC will continue to promote the Tenant-based and Project-Based Rental Assistance Programs to ensure affordable rental assistance for protected classes across the Commonwealth. The HOME TBRA Program will continue to provide temporary assistance to individual households to help them afford the housing costs of market-rate units, while the PHA voucher program will continue to provide rental assistance to eligible households.

Impediment	Strategy	2025-2029 Action Steps
	<ul style="list-style-type: none"> • Continue to seek CoC funding for RRH assistance and permanent supportive housing developments that provide affordable housing options and related services for protected classes. • Evaluate tools and methods to connect people to housing, such as housing service locator tools. 	<ul style="list-style-type: none"> • KHC will continue to seek CoC funding for RRH assistance and permanent supportive housing developments. • KHC will continue to support P admission, LLC to provide a platform to connect people to housing via a housing service locator tool. In addition, KHC will work to ensure the participation of all LIHTC properties in the P admission system.
Enforcement of Design and Construction Requirements	<ul style="list-style-type: none"> • Continue the allocation of funding to projects that include accessibility design features such as aging-in-place, universal design, ADA, and UFAS construction standards, including: <ul style="list-style-type: none"> • Expand the certification of compliance with design. • Require that general contractors involved in the design and construction of new multifamily residential properties sign the certification form, in addition to owners/developers and architects. • Continue allocation of funding to projects that include accessibility design features such as aging-in-place, universal design, ADA, and UFAS construction standards. 	<ul style="list-style-type: none"> • KHC will continue to require that all projects complete a Certificate of Compliance with Design Standards and ensure that the design complies with all applicable federal, state, and local accessibility requirements. In addition, KHC will require funding applicants to continue to identify which impediments in the AI their projects will work to eliminate, and how they plan to do so.

Impediment	Strategy	2025-2029 Action Steps
Ensure Access to Programs and Services for LEP Populations	<ul style="list-style-type: none"> Annually update the LAP to reflect a review of any demographic changes statewide and in each county, and the results of monitoring for the effectiveness of the plan's implementation. 	<ul style="list-style-type: none"> KHC will annually update the LAP to reflect a review of any demographic changes statewide and for each county. Translating applications, informational materials, and important notices into multiple languages increases the number of non-English speaking residents able to benefit from programs and services. In addition, KHC will continue to work with interpreters to provide services to LEP populations as needed.
	<ul style="list-style-type: none"> Evaluate collecting preferred language data at the time of single-family loan origination to provide improved loan servicing to LEP populations. 	<ul style="list-style-type: none"> KHC will continue to evaluate collecting preferred language data at the time of single-family loan origination to provide improved loan servicing to LEP populations.

Appendix

PUBLIC ENGAGEMENT SUMMARY AND MATERIALS

As the lead agencies in the preparation of the AI, KHC and DLG were committed to an extensive outreach process to solicit input from residents and stakeholders. Outreach initiatives included remote stakeholder meetings and an online survey. The process included a broad range of government and nonprofit agencies that provide affordable housing, mental health, and other social services throughout the Commonwealth.

Extensive outreach was conducted as part of the development of the Consolidated Plan and Annual Action Plan in addition to the AI. Stakeholder meetings were conducted with a wide range of stakeholders representing direct fair housing groups in addition to organizations that discussed fair housing issues during the consultation. Virtual stakeholder meetings were held on the following dates with the Kentucky Fair Housing Council, the Kentucky Commission on Human Rights, and the Kentucky Disability Rights Advocates:

- Kentucky Fair Housing Council: September 24, 2024
- Kentucky Commission on Human Rights: October 8, 2024
- Kentucky Disability Rights Advocates: October 18, 2024

KHC held 18 consultation sessions from September 13, 2024 to November 18, 2024. Listed below are the session topics of each consultation session, which were well attended by community partners and agencies:

- Kentucky BoS CoC Homeless Services
- Public and Human Services
- Youth Services
- Special Needs Populations
- PHA and Affordable Housing
- Economic Development
- Fair Housing
- Hazard Mitigation
- Broadband Access

The participants consulted included the Kentucky's Affordable Housing Coalition; the Kentucky League of Cities; a local civil rights commission; Kentucky's Housing Policy Advisory Committee; Kentucky Fair Housing Council; Kentucky Interagency Council on Homelessness; past recipients of CDBG, HOME, HOPWA, ESG, and HTF funds; Kentucky Commission on

Human Rights; Fahe and its member groups and organizations; staff from Kentucky's departments of Aging and Independent Living and Economic Development.


The following attachments are documents and PowerPoint presentations created to develop the AI, including a summary of the meeting notes with stakeholders and the survey.

Documents will be attached here after the public hearing and public comment period.

Grantee SF-424's and Certification(s)

View Burden Statement		OMB Number: 4040-0004 Expiration Date: 11/30/2025	
Application for Federal Assistance SF-424			
* 1. Type of Submission:		* 2. Type of Application:	
<input type="checkbox"/> Preapplication <input checked="" type="checkbox"/> Application <input type="checkbox"/> Changed/Corrected 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: 07/18/2025		4. Applicant Identifier: _____	
5a. Federal Entity Identifier: _____		5b. Federal Award Identifier: _____	
State Use Only:			
6. Date Received by State: _____		7. State Application Identifier: KY202501150051	
8. APPLICANT INFORMATION:			
* a. Legal Name: Kentucky Department for Local Government			
* b. Employer/Taxpayer Identification Number (EIN/TIN): 61-0600439		* c. UEI: BQ4JMJDP4MQ9	
d. Address:			
* Street1:	100 Airport Road		
Street2:	_____		
* City:	Frankfort		
County/Parish:	_____		
* State:	KY: Kentucky		
Province:	_____		
* Country:	USA: UNITED STATES		
* Zip / Postal Code:	40601-7514		
e. Organizational Unit:			
Department Name: KY Department for Local Govern		Division Name: Office of Federal Grants	
f. Name and contact information of person to be contacted on matters involving this application:			
Prefix:	_____	* First Name:	Mark
Middle Name:	_____		
* Last Name:	Williams		
Suffix:	_____		
Title:	Executive Director		
Organizational Affiliation: _____			
* Telephone Number:	5028923485	Fax Number:	_____
* Email:	markp.williams@ky.gov		

Application for Federal Assistance SF-424	
<p>* 9. Type of Applicant 1: Select Applicant Type:</p> <input type="text" value="A: State Government"/> <p>Type of Applicant 2: Select Applicant Type:</p> <input type="text"/> <p>Type of Applicant 3: Select Applicant Type:</p> <input type="text"/> <p>* Other (specify):</p> <input type="text"/>	
<p>* 10. Name of Federal Agency:</p> <input type="text" value="US Department of Housing and Urban Development"/>	
<p>11. Catalog of Federal Domestic Assistance Number:</p> <input type="text" value="14.228"/> <p>CFDA Title:</p> <input type="text" value="Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii"/>	
<p>* 12. Funding Opportunity Number:</p> <input style="background-color: yellow;" type="text"/> <p>* Title:</p> <input style="background-color: yellow;" type="text"/>	
<p>13. Competition Identification Number:</p> <input type="text"/> <p>Title:</p> <input type="text"/>	
<p>14. Areas Affected by Project (Cities, Counties, States, etc.):</p> <input type="text"/> <div style="display: flex; justify-content: space-around;"> <input type="button" value="Add Attachment"/> <input type="button" value="Delete Attachment"/> <input type="button" value="View Attachment"/> </div>	
<p>* 15. Descriptive Title of Applicant's Project:</p> <input type="text" value="KY Small Cities Community Development Block Grant Program (CDBG)"/>	
<p>Attach supporting documents as specified in agency instructions.</p> <div style="display: flex; justify-content: space-around;"> <input type="button" value="Add Attachments"/> <input type="button" value="Delete Attachments"/> <input type="button" value="View Attachments"/> </div>	

Application for Federal Assistance SF-424	
16. Congressional Districts Of:	
* a. Applicant	KY-A11
* b. Program/Project	KY A11
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:	06/30/2026
18. Estimated Funding (\$):	
* a. Federal	25,988,523.00
* b. Applicant	0.00
* c. State	779,656.00
* d. Local	0.00
* e. Other	0.00
* f. Program Income	0.00
* g. TOTAL	26,768,179.00
* 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="06/20/2025"/> .	
<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 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 18, Section 1001)	
<input checked="" type="checkbox"/> ** I AGREE	
<small>** 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.</small>	
Authorized Representative:	
Prefix:	<input type="text"/>
* First Name:	Natt
Middle Name:	<input type="text"/>
* Last Name:	Sawyers
Suffix:	<input type="text"/>
* Title:	Commissioner, KY Department for Local Governme
* Telephone Number:	502-573-2382
Fax Number:	<input type="text"/>
* Email:	natt.sawyers@ky.gov
* Signature of Authorized Representative:	
* Date Signed:	07/18/2025

**Applicant and Recipient
Assurances and Certifications**

U.S. Department of Housing
and Urban Development

OMB Number: 2501-0044
Expiration Date: 02/28/2027

Instructions for the HUD-424-B Assurances and Certifications

As part of your application for HUD funding, you, as the official authorized to sign on behalf of your organization or as an individual, must provide the following assurances and certifications, which replace any requirement to submit an SF-424-B or SF-424-D. The Responsible Civil Rights Official has specified this form for use for purposes of general compliance with 24 CFR §§ 1.5, 3.115, 8.50, and 146.25, as applicable. The Responsible Civil Rights Official may require specific civil rights assurances to be furnished consistent with those authorities and will specify the form on which such assurances must be made. A failure to furnish or comply with the civil rights assurances contained in this form may result in the procedures to effect compliance at 24 CFR §§ 1.5, 3.115, 8.57 or 146.39.

By submitting this form, you are stating that all assertions made in this form are true, accurate, and correct.

As the duly representative of the applicant, I certify that the applicant:

*Authorized Representative Name:

Prefix: [Mr.] *First Name: [Date]
Middle Name: []
*Last Name: [Sawyers]
Suffix: []

*Title: [Commissioner, Kentucky Department Local Govt.]

*Applicant Organization: [Kentucky Department for Local Government]

1. Has the legal authority to apply for Federal assistance, has the institutional, managerial and financial capability (including funds to pay the non-Federal share of program costs) to plan, manage and complete the program as described in the application and the governing body has duly authorized the submission of the application, including these assurances and certifications, and authorized me as the official representative of the applicant to act in connection with the application and to provide any additional information as may be required.

2. Will administer the grant in compliance with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000(d)) and implementing regulations (24 CFR part 1), which provide that no person in the United States shall, on the grounds of race color or national origin, be excluded from participation or be denied the benefits of, or otherwise be subject to discrimination under any program or activity that receives Federal financial assistance. If the applicant is a Federally recognized Indian tribe or its locally designated housing entity, is subject to the Indian Civil Rights Act (25 U.S.C. 1301-1303).

3. Will administer the grant in compliance with Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), as amended, and implementing regulations at 24 CFR part 8, the American Disabilities Act (42 U.S.C. 55 12101 et seq.), and implementing regulations at 28 CFR part 35 or 36, as applicable, and the Age Discrimination Act of 1975 (42 U.S.C. 6101-07) as amended, and implementing regulations at 24 CFR part 146 which together provide that no person in the United States shall, on the grounds of disability or age be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination under any program or activity that receives Federal financial assistance; except if the grant program authorizes or limits participation to designated populations, then the applicant will comply with the nondiscrimination requirements within the designated population.

4. Will comply with the Fair Housing Act (42 U.S.C. 3601-18), as amended, and the implementing regulations at 24 CFR part 100, which prohibit discrimination in housing on the basis of race, color, religion, sex, disability, familial status, or national origin and will affirmatively further fair housing; except an applicant which is an Indian tribe or its instrumentality which

is excluded by statute from coverage does not make this certification, and further except if the grant program authorizes or limits participation to designated populations then the applicant will comply with the nondiscrimination requirements within the designated population.

5. Will comply with all applicable Federal nondiscrimination requirements, including those listed at 24 CFR §§ 5.105(a) and 5.106 as applicable.

6. Will not use Federal funding to promote diversity, equity, and inclusion (DEI) mandates, policies, programs, or activities that violate any applicable Federal anti-discrimination laws.

7. 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) and implementing regulations at 49 CFR part 24 and, as applicable, Section 104(d) of the Housing and Community Development Act of 1974 (42 U.S.C. 5304(d)) and implementing regulations at 24 CFR part 42, subpart A.

8. Will comply with the environmental requirements of the National Environmental Policy Act (42 U.S.C. 4321 et seq.) and related Federal authorities prior to the commitment or expenditure of funds for property.

9. That no Federal appropriated funds have been paid or will be paid, by or on behalf of the applicant, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, and officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of this Federal grant or its extension, renewal, amendment or modification. If funds other than Federal appropriated funds have or will be paid for influencing or attempting to influence the persons listed above, I shall complete and submit Standard Form-LLL, Disclosure Form to Report Lobbying. I certify that I shall require all subawards at all tiers (including sub-grants and contracts) to similarly certify and disclose accordingly. Federally recognized Indian Tribes and tribally designated housing entities (TDHEs) established by Federally-recognized Indian Tribes as a result of the exercise of the tribe's sovereign power are excluded from coverage by the Byrd Amendment, but State-recognized Indian Tribes and TDHEs established under State law are not excluded from the statute's coverage.

I/We, the undersigned, certify under penalty of perjury that the information provided above is true, accurate, and correct.

WARNING: Anyone who knowingly submits a false claim or makes a false statement is subject to criminal and/or civil penalties, including confinement for up to 5 years, fines, and civil and administrative penalties. (18 U.S.C. §§287, 1001, 1010, 1012, 1014; 31 U.S.C. §3729, 3802; 24 CFR §28.10(b)(1)(ii)).

*Signature:



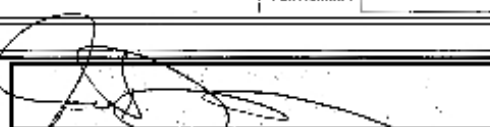
*Date:

6/24/2025

Form HUD-424-0 (3/2023)


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): <input type="text"/> * Other (Specify): <input type="text"/>
* 3. Date Received: <input type="text" value="07/19/2025"/>	4. Applicant Identifier: <input type="text"/>	
5a. Federal Entity Identifier: <input type="text"/>	5b. Federal Award Identifier: <input type="text"/>	
State Use Only:		
6. Date Received by State: <input type="text"/>	7. State Application Identifier: <input type="text"/>	
8. APPLICANT INFORMATION:		
* a. Legal Name: <input type="text" value="Kentucky Housing Corporation"/>		
* b. Employer/Taxpayer Identification Number (EIN/TIN): <input type="text" value="61-0864674"/>	* c. UEI: <input type="text" value="W362T27C7XC3"/>	
d. Address:		
* Street1: <input type="text" value="1231 Louisville Road"/>	Street2: <input type="text"/>	
* City: <input type="text" value="Frankfort"/>	County/Parish: <input type="text"/>	
* State: <input type="text" value="KY: Kentucky"/>	Province: <input type="text"/>	
* Country: <input type="text" value="USA: UNITED STATES"/>	* Zip / Postal Code: <input type="text" value="40601-6156"/>	
e. Organizational Unit:		
Department Name: <input type="text" value="Housing Contract Administratio"/>	Division Name: <input type="text" value="ESG"/>	
f. Name and contact information of person to be contacted on matters involving this application:		
Prefix: <input type="text"/>	* First Name: <input type="text" value="Curtis"/>	
Middle Name: <input type="text"/>	* Last Name: <input type="text" value="Stauffer"/>	
Suffix: <input type="text"/>	Title: <input type="text" value="Managing Director"/>	
Organizational Affiliation: <input type="text" value="Kentucky Housing Corporation"/>		
* Telephone Number: <input type="text" value="502-564-7630"/>	Fax Number: <input type="text"/>	
* Email: <input type="text" value="catauffer@kyhousing.org"/>		

Application for Federal Assistance SF-424	
* 8. Type of Applicant 1: Select Applicant Type: <input type="text" value="R. 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. Assistance Listing Number: <input type="text" value="14.231"/> Assistance Listing Title <input type="text" value="Emergency Solutions Grant Program"/>	
* 12. Funding Opportunity Number: <input type="text"/> Title <input type="text"/>	
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="ESG Program - Kentucky"/>	
Attach supporting documents as specified in agency regulations <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="EX-06"/>	* b. Program/Project: <input type="text" value="EX-ALL"/>
Attachment: <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="07/01/2025"/>	* b. End Date: <input type="text" value="06/30/2026"/>
18. Estimated Funding (\$):	
* a. Federal: <input type="text" value="2,456,505.00"/>	
* b. Applicant: <input type="text"/>	
* c. State: <input type="text"/>	
* d. Local: <input type="text"/>	
* e. Other: <input type="text"/>	
* f. Program Income: <input type="text"/>	
* g. TOTAL: <input type="text" value="2,456,505.00"/>	
* 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 or <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 18, Section 1001)	
<input checked="" type="checkbox"/> I AGREE <small>** The list of certifications and assurances, or an internal site where you may obtain this list, is contained in the announcement or agency specific instructions.</small>	
Authorized Representative:	
Prefix: <input type="text"/>	* First Name: <input type="text" value="DIA"/>
Middle Name: <input type="text"/>	
* Last Name: <input type="text" value="Davidson"/>	
Suffix: <input type="text"/>	
* Title: <input type="text" value="County Executive Director, Business Services"/>	
* Telephone Number: <input type="text" value="502-664-7620"/>	Fax Number: <input type="text"/>
* Email: <input type="text" value="Davidson@kybusiness.org"/>	
* Signature of Authorized Representative: 	* Date Signed: <input type="text" value="07/17/2025"/>

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): <input type="text"/> * Other (Specify): <input type="text"/>		
* 3. Date Received: 07/19/2025		4. Applicant Identifier: <input type="text"/>
5a. Federal Entity Identifier: <input type="text"/>		5b. Federal Award Identifier: <input type="text"/>
State Use Only:		
6. Date Received by State: <input type="text"/>		7. State Application Identifier: <input type="text"/>
8. APPLICANT INFORMATION:		
* a. Legal Name: Kentucky Housing Corporation		
* b. Employer/Taxpayer Identification Number (EIN/TIN): 61-0864674		* c. UEI: N362127CFXC3
d. Address:		
* Street1: 1231 Louisville Road		
Street2: <input type="text"/>		
* City: Frankfort		
County/Parish: <input type="text"/>		
* State: KY: Kentucky		
Province: <input type="text"/>		
* Country: USA: UNITED STATES		
* Zip / Postal Code: 40601-6156		
e. Organizational Unit:		
Department Name: Multifamily Production		Division Name: MHTF
f. Name and contact information of person to be contacted on matters involving this application:		
Prefix: <input type="text"/>	* First Name: Terry	
Middle Name: <input type="text"/>		
* Last Name: Helton		
Suffix: <input type="text"/>		
Title: Managing Director, Multifamily Programs		
Organizational Affiliation: Kentucky Housing Corporation		
* Telephone Number: 502-564-7630	Fax Number: <input type="text"/>	
* Email: thelton@kyhousing.org		

Application for Federal Assistance SF-424	
* 9. Type of Applicant 1: Select Applicant Type: Applicant Organization: _____ Type of Applicant 1: Select Applicant Type: _____ Type of Applicant 2: Select Applicant Type: _____ * Other (specify): _____	
* 10. Name of Federal Agency: US Department of Housing and Urban Development	
11. Assistance Listing Number: 14775 Assistance Listing Title: Housing Trust Fund	
* 12. Funding Opportunity Number: _____ Title: _____	
13. Competition Identification Number: _____ Title: _____	
14. Areas Affected by Project (Cities, Counties, States, etc.): _____ <input type="button" value="Add Attachment"/> <input type="button" value="Delete Attachment"/> <input type="button" value="View Attachments"/>	
* 15. Descriptive Title of Applicant's Project: Financial Housing Trust Fund - Economic	
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="K2-06"/>	* b. Program/Project: <input type="text" value="K2-521"/>
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="07/01/2020"/>	* a. End Date: <input type="text" value="06/30/2021"/>
18. Estimated Funding (\$):	
* a. Federal	<input type="text" value="3,154,373.00"/>
* b. Applicant	<input type="text"/>
* c. State	<input type="text"/>
* d. Local	<input type="text"/>
* e. Other	<input type="text"/>
* f. Program Income	<input type="text"/>
* g. TOTAL	<input type="text" value="3,154,373.00"/>
* 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 18, Section 1001)	
<input checked="" type="checkbox"/> ** AGRPFF	
** The list of certifications and assurances, or an internet site where you may obtain the list, is contained in the announcement or agency solicitation notice.	
Authorized Representative:	
Prefix: <input type="text"/>	* First Name: <input type="text" value="John"/>
Middle Name: <input type="text"/>	
* Last Name: <input type="text" value="Eckleson"/>	
Suffix: <input type="text"/>	
* Title: <input type="text" value="Deputy Executive Director, Partners Services"/>	
* Telephone Number: <input type="text" value="502-684-7600"/>	Fax Number: <input type="text"/>
* Email: <input type="text" value="jdec@22222@kshousing.com"/>	
* Signature of Authorized Representative: 	* Date Signed: <input type="text" value="07/07/2020"/>

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): <input type="text"/> * Other (Specify): <input type="text"/>
* 3. Date Received: 07/18/2025	4. Applicant Identifier: <input type="text"/>	
5a. Federal Entity Identifier: <input type="text"/>	5b. Federal Award Identifier: <input type="text"/>	
State Use Only:		
6. Date Received by State: <input type="text"/>	7. State Application Identifier: <input type="text"/>	
8. APPLICANT INFORMATION:		
* a. Legal Name: Kentucky Housing Corporation		
* b. Employer/Taxpayer Identification Number (EIN/TIN): 61-0864674	* c. UEI: W362787CFXC3	
d. Address:		
* Street1: 1231 Louisville Road	Street2: <input type="text"/>	
* City: Frankfort	County/Parish: <input type="text"/>	
* State: KY: Kentucky	Province: <input type="text"/>	
* Country: USA: UNITED STATES	* Zip / Postal Code: 40601-6156	
e. Organizational Unit:		
Department Name: Housing Contract Administratio	Division Name: HOEWA	
f. Name and contact information of person to be contacted on matters involving this application:		
Prefix: <input type="text"/>	* First Name: Curtis	
Middle Name: <input type="text"/>	* Last Name: Stauffer	
Suffix: <input type="text"/>	Title: Managing Director	
Organizational Affiliation: Kentucky Housing Corporation		
* Telephone Number: 502-564-7630	Fax Number: <input type="text"/>	
* Email: cstauffer@kyhousing.org		

Application for Federal Assistance SF-424	
<p>* 9. Type of Applicant 1: Select Applicant Type:</p> <input type="text" value="State Government"/>	
<p>Type of Applicant 2: Select Applicant Type:</p> <input type="text"/>	
<p>Type of Applicant 3: Select Applicant Type:</p> <input type="text"/>	
<p>Other (specify):</p> <input type="text"/>	
<p>* 10. Name of Federal Agency:</p> <input type="text" value="US Department of Housing and Urban Development"/>	
<p>11. Assistance Listing Number:</p> <input type="text" value="14-041"/>	
<p>Assistance Listing Title:</p> <input type="text" value="Housing Opportunities for Persons with AIDS"/>	
<p>* 12. Funding Opportunity Number:</p> <input type="text"/>	
<p>Title:</p> <input type="text"/>	
<p>13. Competition Identification Number:</p> <input type="text"/>	
<p>Title:</p> <input type="text"/>	
<p>14. Areas Affected by Project (Cities, Counties, States, etc.):</p> <input type="text"/>	
<p style="text-align: right;"> <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> <input type="text" value="HOPEA Program - Kentucky"/>	
<p>Attach supporting documents (as specified in agency instructions)</p> <p style="text-align: right;"> <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: *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	1,449,867.00
*b. Applicant	
*c. State	
*d. Local	
*e. Other	
*f. Program Income	
*g. TOTAL	1,449,867.00

*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 18, 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 of agency specific instructions.


Authorized Representative:

*First Name: *Last Name:
 *Middle 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"/> 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: 07/18/2025	4. Applicant Identifier: _____	
5a. Federal Entity 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): 61-0864674	* c. UEI: M362727CFXC3	
d. Address:		
* Street1: 1231 Louisville Road	Street2: _____	
* City: Frankfort	County/Parish: _____	
* State: KY: Kentucky	Province: _____	
* Country: USA: UNITED STATES	* Zip / Postal Code: 40601-6156	
e. Organizational Unit:		
Department Name: Housing Contract Administratio	Division Name: HOME	
f. Name and contact information of person to be contacted on matters involving this application:		
Prefix: _____	* First Name: Curtis	
Middle Name: _____	* Last Name: Stauffer	
Suffix: _____	Title: Managing Director	
Organizational Affiliation: Kentucky Housing Corporation		
* Telephone Number: 502-564-7630	Fax Number: _____	
* Email: cstauffer@kyhousing.org		

Application for Federal Assistance SF-424	
* 8. Type of Applicant 1: Select Applicant Type: <input type="text" value="11 - Non-Profit Organization"/> 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="02 - Department of Housing and Urban Development"/>	
11. Assistance Listing Number: <input type="text" value="14,230"/> Assistance Listing Title: <input type="text" value="2020 - 2025 Community Development Block Grant"/>	
* 12. Funding Opportunity Number: <input type="text" value="15"/> * Title: <input type="text"/>	
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="ECME Environmental Stewardship 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="KY-05"/>	*b. Program/Project: <input type="text" value="11-RA-1"/>
Allow an additional file of Program/Project Congressional Districts (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="07/01/2021"/>	*b. End Date: <input type="text" value="06/30/2026"/>
18. Estimated Funding (\$):	
*a. Federal	<input type="text" value="12,031,051.35"/>
*b. Applicant	<input type="text"/>
*c. State	<input type="text"/>
*d. Local	<input type="text"/>
*e. Other	<input type="text"/>
*f. Program Income	<input type="text" value="116,327.76"/>
*g. TOTAL	<input type="text" value="22,904,436.94"/>
*19. Is Application Subject to Review By State Under Executive Order 12372 Process? <input type="checkbox"/> a. This application was made available to the State Under the Executive Order 12372 Process for review on <input type="text"/> <input type="checkbox"/> b. Program is subject to E.O. 12372 but has not been selected by the State for review <input checked="" 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 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 18, Section 1001) <input checked="" type="checkbox"/> ** I AGREE ** The list of certifications and assurances, or an internal site where you may obtain this list, is contained in the announcement or agency specific instructions.	
Authorized Representative:	
Print: <input type="text"/>	*First Name: <input type="text"/>
Middle Name: <input type="text"/>	
Last Name: <input type="text" value="Davidson"/>	
Suffix: <input type="text"/>	
*Title: <input type="text" value="Deputy Executive Director, Business Services"/>	
*Telephone Number: <input type="text" value="502-654-7520"/>	*Fax Number: <input type="text"/>
*Email: <input type="text" value="DavidsonK@shoemaker.org"/>	
*Signature of Authorized Representative: 	*Date Signed: <input type="text" value="07/17/2021"/>

**Applicant and Recipient
Assurances and Certifications**

U.S. Department of Housing
and Urban Development

OMB Number: 2501-0244
Expiration Date: 02/28/2027

Instructions for the HUD 424-B Assurances and Certifications

As part of your application for HUD funding, you, as the official authorized to sign on behalf of your organization or as an individual, must provide the following assurances and certifications, which impose any requirement to submit an SF-424-R or SF-424-1. The Responsible Civil Rights Official (RCRO) use specified this form for use for purposes of general compliance with 24 CFR §§ 1.5, 3.115, 8.50, and 146.25, as applicable. The Responsible Civil Rights Official may require specific civil rights assurances to be furnished, consistent with those authorities and will specify the form or forms such assurances must be made. A failure to furnish or comply with the civil rights assurances contained in this form may result in the proposed award being in default of compliance with 24 CFR §§ 1.8, 3.115, 8.57, or 146.30.

By submitting this form, you are stating that all assertions made in this form are true, accurate, and correct.

As the duly representative of the applicant, I certify that the applicant:

Authorized Representative Name

Prefix:		First Name:	John
Middle Name:			
Last Name:	Dorcas		
Suffix:			
Title:	Regional Director, Housing and Community Development		
Applicant Organization:	Kentucky Housing Corporation		

1. Has the legal authority to apply for Federal assistance; has the institutional, managerial and financial capability (including funds to pay the non-Federal share of program costs) to plan, manage and complete the program as described in the application; and the governing body has duly authorized the submission of the application, including these assurances and certifications, and authorized me as the official representative of the application to act in connection with the application and to provide any additional information as may be required.

2. Will administer the grant in compliance with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2001(d)) and implementing regulations (24 CFR part 1), which provide that no person in the United States shall, on the grounds of race, color or national origin, be excluded from participation in, or denied the benefits of, or otherwise be subject to discrimination under any program or activity that receives Federal financial assistance OR if the applicant is a Federally recognized Indian tribe or its tribal designated housing entity, is subject to the Indian Civil Rights Act (25 U.S.C. 1301-1302).

3. Will administer the grant in compliance with Section 504 of the Rehabilitation Act of 1973 (28 U.S.C. 794), as amended, and implementing regulations at 24 CFR part 8 and the Architectural Barriers Act (42 U.S.C. §§ 12101-12109), and implementing regulations at 24 CFR part 36 or 35, as applicable, and the Age Discrimination Act of 1975 (42 U.S.C. § 19101-07) as amended, and implementing regulations at 24 CFR part 148 which together provide that no person in the United States shall, on the grounds of disability or age, be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination under any program or activity that receives Federal financial assistance; except if the grant program authorizes or limits participation to designated populations, then the applicant will comply with the non-discrimination requirements with the designated population.

4. Will comply with the Fair Housing Act (42 U.S.C. 3601-19) as amended, and the implementing regulations at 24 CFR part 100 which prohibit discrimination in housing on the basis of race, color, religion, sex, disability, familial status, or national origin and will affirmatively further fair housing, except an applicant which is an Indian tribe or its instrumentality which

is excluded by statute from coverage does not make this certification, and further except if the grant program authorizes or limits participation to designated populations then the applicant will comply with the non-discrimination requirements within the designated population.

5. Will comply with all applicable Federal non-discrimination requirements, including those listed at 24 CFR §§ 5.105(a) and 5.106 as applicable.

6. Will not use Federal funding to promote diversity, equity, and inclusion (DEI) mandates, policies, programs, or activities that violate any applicable Federal anti-discrimination laws.

7. 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. 4801) and implementing regulations at 49 CFR part 24 and, as applicable, Section 104(f) of the Housing and Community Development Act of 1974 (42 U.S.C. 5304(f)) and implementing regulations at 24 CFR part 42, subpart A.

8. Will comply with the environmental requirements of the National Environmental Policy Act (42 U.S.C. 4321 et seq.) and related Federal authorities prior to the commitment or expenditure of funds for property.

9. If the Federal appropriated funds have been paid, or will be paid, by or on behalf of the applicant, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, and officer or employee of Congress, or an employee of a Member of Congress, in connection with the awarding of this Federal grant or its extension, renewal, amendment or modification, if funds other than Federal appropriated funds have or will be paid for influencing or attempting to influence the persons listed above, I shall complete and submit Standard Form 1-1, Disclosure Form to Report Lobbying, I certify that I shall require all subawards at all levels (including subgrants and contracts) to similarly certify and disclose accordingly. Federally recognized Indian Tribes and tribal designated housing entities (TDHFs) established by Federally-recognized Indian tribes as a result of the exercise of the tribe's sovereign power are excluded from coverage by the Hyde Amendment, but State-recognized Indian tribes and TDHFs established under State law are not excluded from the statute's coverage.

I/We, the undersigned, certify under penalty of perjury that the information provided above is true, accurate, and correct.

WARNING: Anyone who knowingly submits a false claim or makes a false statement is subject to criminal and/or civil penalties, including confinement for up to 5 years, fines, and civil and administrative penalties. (18 U.S.C. §§287, 1001, 1010, 1012, 1014; 31 U.S.C. §§3729, 3802; 24 CFR §28.10(b)(1)(iii)).

*Signature:

A handwritten signature in black ink is written over a yellow rectangular box. The signature is cursive and appears to be "J. D. [unclear]".

*Date:

04/29/2021

Form HUD-424-B (02/2008)

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 (12 U.S.C. 1701u) and implementing regulations at 24 CFR Part 75.


Signature of Authorized Official

7/18/2025
Date

Commissioner
Title

Specific Community Development Block Grant Certifications

The State certifies that:

Citizen Participation -- It is 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 following a detailed citizen participation plan that satisfies the requirements of 24 CFR §570.486.

Consultation with Local Governments --

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 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 objective of the CDBG program (i.e., the development of viable urban communities, by providing decent housing and expanding economic opportunities, primarily for persons of low and moderate income) and requirements of 24 CFR Parts 91 and 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 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 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. In the aggregate, not less than 70 percent of the CDBG funds, including Section 108 guaranteed loans, received by the State during the following fiscal year(s) 2023, 2024, 2025 _____ [a period designated by the State of one, two, or three specific consecutive fiscal year(s)] will be used for activities that benefit persons of low and moderate income.

3. Special Assessments. 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.

In addition, 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 U.S.C. 2000d) and the Fair Housing Act (42 U.S.C. 3601-3619) and implementing regulations.

Compliance with Laws -- It will comply with applicable laws.


Signature of Authorized Official 7/18/2025
Date

Commissioner
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

7/18/2025

Date

Commissioner

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

7/18/2025

Date

Commissioner

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

7/18/2025

Date

Commissioner
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.

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 #2 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 7 -- It will comply with section 7 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701a) and implementing regulations at 24 CFR Part 75.


Signature of Authorized Official

6/25/2025
Date

Deputy Executive Director
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Specific Community Development Block Grant Certifications

The State certifies that:

Citizen Participation -- It is 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 following a detailed citizen participation plan that satisfies the requirements of 24 CFR §570.486.

Consultation with Local Governments --

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 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 objective of the CDBG program (i.e., the development of viable urban communities, by providing decent housing and expanding economic opportunities, primarily for persons of low and moderate income) and requirements of 24 CFR Parts 91 and 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 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 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. In the aggregate, not less than 70 percent of the CDBG funds, including Section 108 guaranteed loans, received by the State during the following fiscal year(s) _____ [a period designated by the State of one, two, or three specific consecutive fiscal year(s)] will be used for activities that benefit persons of low and moderate income.

3. Special Assessments. 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.

In addition, 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 U.S.C. 2000d) and the Fair Housing Act (42 U.S.C. 3601-3619) and implementing regulations.

Compliance with Laws -- It will comply with applicable laws.

Signature of Authorized Official

Date

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.



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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

4/25/2025
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Deputy 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.

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

4/25/2025
Date

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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.

Appendix - Alternate/Local Data Sources

1	Data Source Name Survey Data
	List the name of the organization or individual who originated the data set. KHC and DLG
	Provide a brief summary of the data set. Online surveys were provided for completion by citizens, local governments, agencies, and other interested parties.
	What was the purpose for developing this data set? To provide needs information and comments.
	How comprehensive is the coverage of this administrative data? Is data collection concentrated in one geographic area or among a certain population? Statewide
	What time period (provide the year, and optionally month, or month and day) is covered by this data set? Consolidated Plan drafting phase
	What is the status of the data set (complete, in progress, or planned)? Complete
2	Data Source Name Balance of State CoC Facilities Data
	List the name of the organization or individual who originated the data set. Kentucky Housing Corporation
	Provide a brief summary of the data set. Housing inventory data from the Balance of State CoC.
	What was the purpose for developing this data set? Also used for the CoC application
	Provide the year (and optionally month, or month and day) for when the data was collected. 2014
	Briefly describe the methodology for the data collection. All available homeless beds
	Describe the total population from which the sample was taken. Shelters, transitional housing, permanent housing

	<p>Describe the demographics of the respondents or characteristics of the unit of measure, and the number of respondents or units surveyed.</p> <p>All CoC units</p>
3	<p>Data Source Name</p> <p>HOPWA CAPER Reports</p>
	<p>List the name of the organization or individual who originated the data set.</p> <p>Kentucky Housing Corporation</p>
	<p>Provide a brief summary of the data set.</p> <p>Data from the 2013 CAPER Reports, HOPWA Formula Funding, NonEntitlement</p>
	<p>What was the purpose for developing this data set?</p> <p>CAPER reports as required annually by HUD</p>
	<p>How comprehensive is the coverage of this administrative data? Is data collection concentrated in one geographic area or among a certain population?</p> <p>Persons with HIV/AIDS assisted under the nonentitlement formula Kentucky allocation of HOPWA</p>
	<p>What time period (provide the year, and optionally month, or month and day) is covered by this data set?</p> <p>FY2013</p>
	<p>What is the status of the data set (complete, in progress, or planned)?</p> <p>Complete</p>