



## **Rural Housing Trust Fund Advisory Committee**

### **Charter**

June 2023

1231 Louisville Road | Frankfort, Kentucky 40601-6191 | 502-564-7360 | 800-633-8896 | TTY 711 | Fax 502-564-5708

[www.kyhousing.org](http://www.kyhousing.org)



## Table of Contents

1. MISSION STATEMENT .....	3
2. ROLES AND RESPONSIBILITIES.....	3
3. AFFORDABLE HOUSING TRUST FUND ADVISORY COMMITTEE STRUCTURE .....	4
A. MEMBERS .....	4
B. TERMS .....	4
C. VACANCIES .....	5
D. QUORUM .....	5
5. OFFICERS .....	5
6. MEETING SCHEDULE .....	5
7. CONFLICT OF INTEREST .....	5
8. REPORTING.....	6

## 1. MISSION STATEMENT

The Rural Housing Trust Fund Advisory Committee shall advise and guide Kentucky Housing Corporation in providing quality and affordable housing finance for rural Kentuckians through the Rural Housing Trust Fund (RHTF).

The purpose of the RHTF Advisory Committee is to consult with and advise the officers and directors of Kentucky Housing Corporation concerning matters relating to the Rural Housing Trust Fund.

## 2. ROLES AND RESPONSIBILITIES

The primary responsibilities of RHTF Advisory Committee are to:

1. Consult with and advise Kentucky Housing Corporation staff concerning matters related to the RHTF.
2. Review the financial status and use of the RHTF resources to improve economic conditions in rural housing development.
3. Make recommendations to Kentucky Housing Corporation regarding administration of the Trust Fund to increase housing supply for low to moderate income families.
4. Seek to affirmatively further fair and equitable housing across Kentucky.

### 3. AFFORDABLE HOUSING TRUST FUND ADVISORY COMMITTEE STRUCTURE

#### A. MEMBERS

A total of eleven (11) members shall comprise the RHTF Advisory Committee (the "Committee"). The Kentucky Housing Corporation shall oversee the administration of the Committee. The Committee shall be composed of the following members:

- i. The Commissioner of Agriculture
- ii. Two (2) members of the Kentucky Senate appointed by the President of the Senate
- iii. Two (2) members of the Kentucky House of Representatives appointed by the Speaker of the House
- iv. Six (6) private citizens with a principal residence located in a rural community who shall be appointed by the Board of Directors in Kentucky Housing Corporation

All members shall serve without compensation. Members who are not employees of the Commonwealth shall be entitled to reimbursement for actual expenses incurred in carrying out their duties on the Committee.

#### B. TERMS

Senate members shall serve while a member of the Senate for the term for which he or she was elected. House of Representatives members shall serve while a member of the House of Representatives for the term for which he or she was elected. Private citizen members shall serve for three (3) year terms or until their successors are appointed by the Board of Directors of Kentucky Housing Corporation. Private citizen members may be re-appointed one (1) time.

### **C. VACANCIES**

A vacancy shall be filled in accordance with the requirement and procedures for original appointments.

### **D. QUORUM**

A quorum requires a simple majority, or six (6) of the members, to be present in order to conduct official business.

### **E. OFFICERS**

The Commissioner of Agriculture shall be the presiding officer.

## **5. MEETING SCHEDULE**

The Committee shall meet on a biannual basis.

## **6. CONFLICT OF INTEREST**

Members of the Committee shall adhere to the conflict-of-interest provisions of the Kentucky Executive Branch Code of Ethics.

## 7. REPORTING

Kentucky Housing Corporation shall report to the Legislative Research Commission beginning on or before October 1, 2024, and on or before October 1 of each fiscal as to the disposition of the RHTF moneys for the previous year.

Signature: \_\_\_\_\_

Commissioner Ryan Quarles, Chair

Adopted this 13<sup>th</sup> day of June, 2023.

**198A.740 Definitions for KRS 198A.740 to 198A.750.**

As used in KRS 198A.740 to 198A.750:

- (1) "Moderate income" means the income of individuals or families that is below one hundred twenty percent (120%) of the area median income for the Commonwealth as determined by the United States Department of Housing and Urban Development;
- (2) "Nonprofit organization" has the same meaning as in KRS 198A.700;
- (3) "Technical assistance" has the same meaning as in KRS 198A.700; and
- (4) "Trust fund" means the rural housing trust fund created in KRS 198A.744.

**Effective:** March 24, 2023

**History:** Created 2023 Ky. Acts ch. 92, sec. 29, effective March 24, 2023.

**198A.742 Legislative findings.**

The General Assembly hereby finds and declares that:

- (1) Current economic conditions, federal housing policies, and declining resources at the federal, state, and local levels adversely affect the ability of individuals to obtain safe, decent, and affordable rural housing;
- (2) An increasing number of individuals are homeless, at risk of becoming homeless, or live in overcrowded, inadequate, and unsafe rural housing units; and
- (3) It is in the public interest to establish a continuously renewable resource known as a rural housing trust fund to assist moderate income individuals in meeting basic housing needs.

**Effective:** March 24, 2023

**History:** Created 2023 Ky. Acts ch. 92, sec. 30, effective March 24, 2023.

**198A.744 Rural housing trust fund.**

- (1) There is hereby established in the State Treasury a revolving account to be known as the rural housing trust fund. The fund shall consist of moneys received from state appropriations, gifts, grants, federal funds, and all repayment, interest, or other return on the investment of trust fund dollars as required by KRS 198A.746(7)(b).
- (2) The fund shall be administered by the corporation.
- (3) Amounts deposited in the fund shall be used as provided in KRS 198A.740 to 198A.750. Separate accounts within the fund shall be made for state appropriations, federal funds, and moneys received from other sources.
- (4) Notwithstanding KRS 45.229, moneys in the fund not expended at the close of a fiscal year shall not lapse but shall be carried forward into the next fiscal year.
- (5) Any interest earnings of the fund shall become a part of the fund and shall not lapse.

**Effective:** March 24, 2023

**History:** Created 2023 Ky. Acts ch. 92, sec. 31, effective March 24, 2023.

**198A.746 Uses of fund -- Organizations eligible for funding -- Discrimination prohibited -- Annual report.**

- (1)
  - (a) The corporation shall use moneys from the rural housing trust fund created in KRS 198A.744 to make, or participate in the making of, loans or grants for the eligible activities described in this section.
  - (b) Any loan or grant shall be made upon the determination by the corporation that the loan or grant shall be used to create new sources of funding, or to supplement existing sources of funding for eligible activities, and shall not be used to replace existing or available moneys.
- (2) Activities eligible for funding shall include:
  - (a) Acquisition of housing units for the purpose of preservation of or conversion to rural housing units;
  - (b) New construction or rehabilitation of rural housing units;
  - (c) Matching funds for technical assistance directly related to providing rural housing for individuals under KRS 198A.740 to 198.750; and
  - (d) Administrative costs for rural housing assistance programs or organizations eligible for funding under subsection (3) of this section, if the loans or grants will substantially increase the recipient's access to housing funds other than those available under KRS 198A.740 to 198A.750.
- (3) Organizations eligible for funding from the rural housing trust fund include:
  - (a) Local governments;
  - (b) Local government housing authorities;
  - (c) Nonprofit organizations;
  - (d) Regional or statewide housing assistance organizations; and
  - (e) Business organizations that undertake the new construction or rehabilitation of rural housing units for moderate income individuals.
- (4) Housing units provided to moderate income individuals or families under KRS 198A.740 to 198A.750 shall be deed restricted under the following conditions:
  - (a) Rental housing shall be deed restricted for a minimum of thirty (30) years. Investment from the rural housing trust fund into a specific housing type shall revert to like housing for moderate income individuals; and
  - (b) Single-family units or units for sale shall be deed restricted for a minimum of ten (10) years.

The corporation may grant amendments to deed restrictions on a case-by-case basis.
- (5) In the development of rural housing under KRS 198A.740 to 198A.750, displacement of moderate income individuals or families shall not be permitted unless the project pays all reasonable relocation costs as defined by the corporation in administrative regulations promulgated under KRS Chapter 13A.
- (6) Discrimination in the sale or rental of, or otherwise making available or denying, a dwelling funded under KRS 198A.740 to 198A.750 to any buyer or renter because of race, religion, sex, familial status, disability, or national origin is prohibited.
- (7)
  - (a) Moneys in the trust fund shall be contributed permanently to a rural project,

except when serving as a match for federal housing programs that require all funds to be contributed permanently to the federal program.

- (b) All repayment, interest, or other return on the investment of trust fund moneys are required to be returned to the trust fund and used for eligible trust fund activities in accordance with KRS 198A.740 to 198A.750.
  - (c) Trust fund moneys invested in a rural project with federal dollars requiring a permanent contribution shall be recaptured to the federal program account.
- (8) Beginning on or before October 1, 2024, and on or before each October 1 thereafter, the corporation shall submit a report to the Legislative Research Commission on the disposition of the rural housing trust fund moneys for the previous fiscal year.

**Effective:** March 24, 2023

**History:** Created 2023 Ky. Acts ch. 92, sec. 32, effective March 24, 2023.

**198A.748 Application procedures -- Granting of funds -- Priority of applications -- Services to be provided.**

The corporation shall:

- (1) Issue a public notice to eligible recipients regarding the availability of trust fund moneys at least twice each calendar year;
- (2) Provide a reasonable opportunity for the filing of applications;
- (3) After consultation with the Rural Housing Trust Fund Advisory Committee created in KRS 198A.750, approve or deny properly submitted and completed applications within ninety (90) days of their receipt;
- (4) Approve applications that will effectively use available moneys;
- (5) Approve or deny applications by ranking the applications competitively using criteria established by the corporation in consultation with the advisory committee and promulgated in an administrative regulation under KRS Chapter 13A;
- (6) Give priority to applications in the following order:
  - (a) Applications for projects located in a federally declared disaster area or projects assisting individual recipients displaced by a federally declared disaster area;
  - (b) Applications for projects submitted by nonprofit organizations or local governments for new rural housing construction;
  - (c) Applications for projects using existing privately owned housing stock, including stock purchased by nonprofit public development activities;
  - (d) Applications for projects using existing publicly owned housing stock; and
  - (e) Applications from local governments for projects that demonstrate effective zoning, conversion, or demolition controls for single room occupancy units;
- (7) Provide technical assistance to eligible recipients seeking to construct, rehabilitate, or finance housing-related services for moderate income individuals. The corporation may contract with nonprofit organizations to provide the technical assistance required by this subsection; and
- (8) Provide the following services:
  - (a) Financial planning and packaging for housing projects, including alternative ownership programs and bridge financing;
  - (b) Project design, architectural planning, siting, and compliance with planning requirements;
  - (c) Securing matching resources for project development;
  - (d) Maximizing local government contributions to project development in the form of land donations, infrastructure improvements, waivers of development fees, local and state managed funds, zoning variances, density bonuses for low-rise multifamily projects, or creative local planning;
  - (e) Coordination with local planning, economic development, environmental, technical assistance, and recreational activities;
  - (f) Construction and material management; and
  - (g) Project maintenance and management.

**Effective:** March 24, 2023

**History:** Created 2023 Ky. Acts ch. 92, sec. 33, effective March 24, 2023.

**198A.750 Rural Housing Trust Fund Advisory Committee.**

- (1) There is hereby created the Rural Housing Trust Fund Advisory Committee, which shall be composed of the following eleven (11) members:
  - (a) The Commissioner of Agriculture or the Commissioner's duly appointed designee;
  - (b) Two (2) members of the Senate appointed by the President of the Senate, each of whom shall serve while a member of the Senate for the term for which he or she was elected;
  - (c) Two (2) members of the House of Representatives appointed by the Speaker of the House, each of whom shall serve while a member of the House of Representatives for the term for which he or she was elected; and
  - (d) Six (6) private citizens with a principal residence located in a rural community who shall be appointed by the board of directors of the corporation.
- (2)
  - (a) Members appointed under subsection (1)(d) of this section shall serve a three (3) year term or until their successors are appointed and duly qualified, and may be reappointed to one (1) additional term.
  - (b) A vacancy on the advisory committee shall be filled following the requirements and procedures for original appointments.
- (3) The advisory committee shall consult with and advise the officers and directors of the corporation concerning matters relating to the rural housing trust fund.
- (4) The Commissioner of Agriculture shall be the presiding officer, and the advisory committee may establish its own rules of procedure, which shall not be inconsistent with the housing provisions of this chapter.
- (5) Members of the advisory committee shall serve without compensation, but members who are not employees of the Commonwealth shall be entitled to reimbursement for actual expenses incurred in carrying out their duties on the advisory committee.

**Effective:** March 24, 2023

**History:** Created 2023 Ky. Acts ch. 92, sec. 34, effective March 24, 2023.

**Legislative Research Commission Note** (3/24/2023). 2023 Ky. Acts ch. 92, sec. 54, provides that, for the initial terms of private citizens appointed under subsection (1)(d) of this statute, two members shall be appointed for a three-year term, two members shall be appointed for a two-year term, and two members shall be appointed for a one-year term.

**CHAPTER 116<sup>1</sup>**

**( HB 448 )**

AN ACT relating to government agencies, making an appropriation therefor, and declaring an emergency.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

→Section 13. Notwithstanding KRS 39A.303(1), there is hereby transferred Restricted Funds from the East Kentucky State Aid Funding for Emergencies (EKSAFE) Fund in the amount of \$10,000,000 in fiscal year 2023- 2024 to the Rural Housing Trust Fund. These funds are hereby appropriated and shall be used to provide loans or grants for eligible activities, including but not limited to acquisition, construction, or rehabilitation of rural housing units to those located in the areas named in the Presidential Declaration of a Major Disaster, designated FEMA-4663- DR-KY, in the eastern Kentucky region to recover from the devastation caused by the storms and flooding.

→Section 14. Notwithstanding KRS 39A.305(1), there is hereby transferred Restricted Funds from the West Kentucky State Aid Funding for Emergencies (WKSAFE) Fund in the amount of \$10,000,000 in fiscal year 2023- 2024 to the Rural Housing Trust Fund. These funds are hereby appropriated and shall be used to provide loans or grants for eligible activities, including but not limited to acquisition, construction, or rehabilitation of rural housing units to those located in the areas named in the Presidential Declaration of a Major Disaster, designated FEMA-4630- DR-KY, in the western Kentucky region to recover from the devastation caused by the storms and tornadoes.

**Signed by Governor March 28, 2023.**

---

<sup>1</sup> The RHTF appropriations were made as part of a larger appropriations bill. Sections 1-12 and 15-16 involve appropriations unrelated to the RHTF and have been omitted for clarity.

# Rural Housing Trust Fund ADVISORY COMMITTEE KICKOFF

*June 13, 2023*

# Rural Housing Trust Fund (RHTF)

- Established in March 2023 by Kentucky HB 360,.
- Fund with \$20M from the State Aid Funding for Emergencies (SAFE) Funds--\$10M for WKY & \$10M for EKY.
- Created to invest in rural housing solutions.

# RHTF Advisory Committee

- Mandated by Legislation.
- Composed of 11 members:
  - KY Commissioner of Agriculture (presiding officer)
  - 2 members of the KY Senate
  - 2 members of the KY House of Representatives
  - 6 private citizens who live in a rural community, appointed by the KHC board of directors
- Members serve 3-year terms
- Committee consults with & advises KHC officers & directors

# KHC Strategic Direction

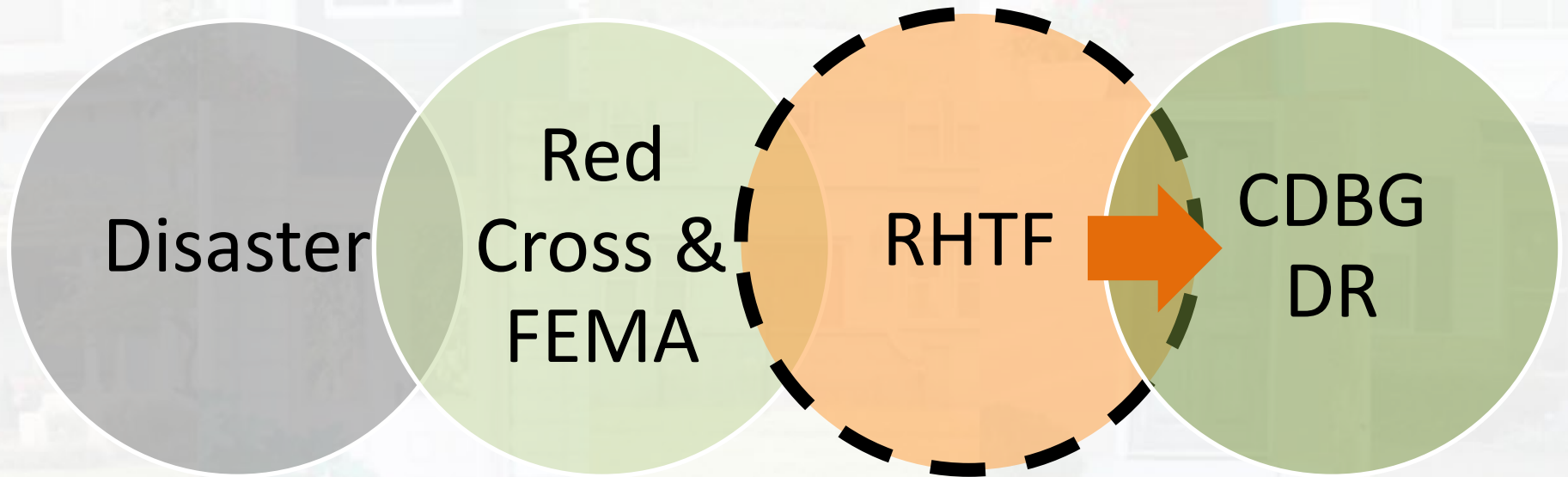
Help Kentucky meet its 2 most urgent housing issues:

1. A severe shortage in units affordable to low, moderate, and middle-income households.
2. Disaster recovery in Eastern and Western Kentucky.

# **Context: How the RHTF will aid Disaster Recovery**

# KHC's Disaster Recovery Efforts

- Inventory of available rental units via an online map and searchable database.
- Meet regularly with fellow state agencies
- Granted over \$700K to help our housing nonprofits in EKY & WKY.
- Meet often with partners who are already rehabbing and rebuilding homes in EKY & WKY.
- Drafting plans for deployment of CDBG-DR housing funds coming to EKY.



RHTF Bridges the gap between  
emergency response assistance &  
Community Development Block Grant  
Disaster Recovery Funds.

# Overall RHTF Policies

# Funding Priorities Set Forth in RHTF Legislation

1. Projects located in a federally declared disaster area or assisting those displaced by a declared disaster.
2. Projects submitted by nonprofit organizations or local governments for new rural housing.
3. Projects using existing privately owned housing stock.
4. Projects using existing publicly owned housing stock.
5. Projects submitted by local governments demonstrating effective zoning, conversion, or demolition controls for single room occupancy units.

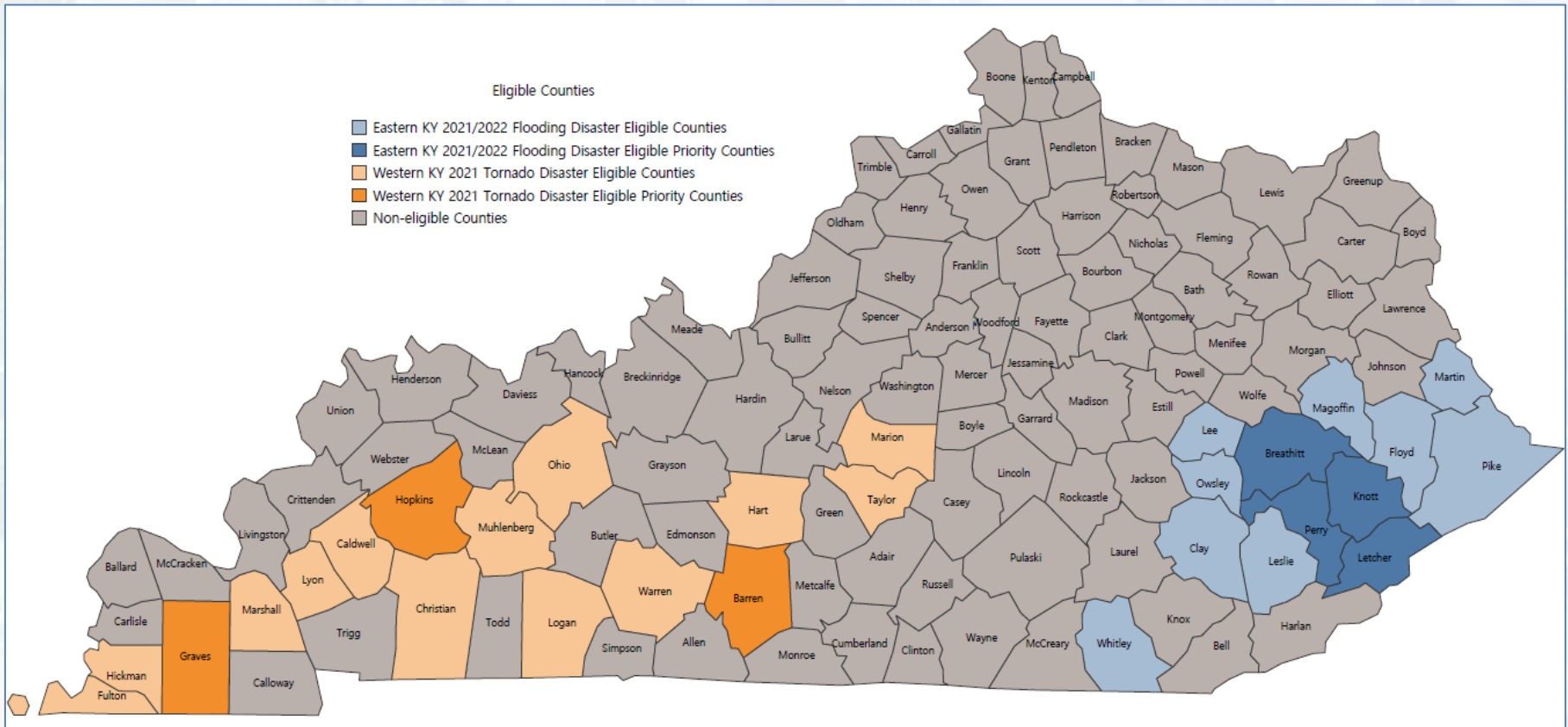
# Available Funds: \$20M

Geography	Federal Disaster Number(s)	Total RHTF Funds Available	Maximum Award per Applicant
Eastern KY Designated Disaster Counties	<a href="#">FEMA-4663-DR-KY</a>	Single Family: <b>\$10,000,000</b>	\$2,500,000
Western KY Designated Disaster Counties	<a href="#">FEMA-4630-DR-KY</a>	Single Family: <b>\$5,000,000</b> Multifamily: <b>\$5,000,000</b>	\$2,500,000

<p><b>Geography</b></p>	<p><b>Eligible Areas/Counties</b>            * Indicates counties prioritized for RHTF funding.</p>		
<p>Rural areas of Kentucky</p>	<p>Per the <a href="#">USDA property eligibility lookup webpage</a>.</p>		
<p><u>Eastern KY 2021/2022 Flooding Disaster Counties</u> designated for FEMA Individual Assistance  <a href="#">FEMA-4663-DR-KY</a></p>	<p><b>Breathitt*</b>            Clay            Floyd  <b>Knott*</b>            Lee</p>	<p>Leslie  <b>Letcher*</b>            Magoffin            Martin            Owsley</p>	<p><b>Perry*</b>            Pike            Whitley</p>
<p><u>Western KY 2021 Tornado Disaster Counties</u> designated for FEMA Individual Assistance  <a href="#">FEMA-4630-DR-KY</a></p>	<p><b>Barren*</b>            Caldwell            Christian            Fulton  <b>Graves*</b>            Hart</p>	<p>Hickman  <b>Hopkins*</b>            Logan            Lyon            Marion</p>	<p>Marshall            Muhlenberg            Ohio            Taylor            Warren</p>

# RHTF Counties

Note: RHTF is limited to USDA-designated Rural Areas.  
Can KHC waive this on a case-by-case basis?



# Definition of “Rural”

- Rural Housing Trust Fund enabling statutes do not define the term “Rural”
- Affordable Housing Trust Fund (AHTF)
  - Another Fund administered by KHC under KRS 198A
  - KHC defines “Rural” for AHTF purposes
- Historical Definition of “Rural” – United States Department of Agriculture Rural Development
- 23 Regular Session House Bill 448
  - Transfers funds from the EKSAFE and WKSAFE funds for “rural housing units” located in the areas named under the Presidential Disaster Declarations

## Eligible Applicants to KHC for RHTF Funds

1. Nonprofit housing organizations
2. Local governments
3. Private, for-profit developers and businesses that undertake the new construction or rehabilitation of rural housing units for moderate income individuals
4. Public Housing Authorities

# Maximum Household Income

The **greater** of either:

120% of Kentucky's state median family income

**OR**

120% of HUD area median income for the county

# Sampling of RHTF Income Limits

The greater of either 120% of Kentucky's state median family income  
OR 120% of HUD area median income for the county.

County	120% 1 person	120% 2 persons	120% 3 persons	120% 4 persons	120% 5 persons
<b>Adair County, KY</b>	<b>\$64,800</b>	<b>\$74,100</b>	<b>\$83,330</b>	<b>\$92,630</b>	<b>\$99,980</b>
<b>Allen County, KY</b>	<b>\$64,800</b>	<b>\$74,100</b>	<b>\$83,330</b>	<b>\$92,630</b>	<b>\$99,980</b>
Anderson County, KY	\$66,850	\$76,400	\$85,950	\$95,500	\$103,150
<b>Ballard County, KY</b>	<b>\$64,800</b>	<b>\$74,100</b>	<b>\$83,330</b>	<b>\$92,630</b>	<b>\$99,980</b>
<b>Barren County, KY</b>	<b>\$64,800</b>	<b>\$74,100</b>	<b>\$83,330</b>	<b>\$92,630</b>	<b>\$99,980</b>
<b>Bath County, KY</b>	<b>\$64,800</b>	<b>\$74,100</b>	<b>\$83,330</b>	<b>\$92,630</b>	<b>\$99,980</b>
<b>Bell County, KY</b>	<b>\$64,800</b>	<b>\$74,100</b>	<b>\$83,330</b>	<b>\$92,630</b>	<b>\$99,980</b>
Boone County, KY	\$84,900	\$97,050	\$109,200	\$121,300	\$131,050
Bourbon County, KY	\$75,000	\$85,750	\$96,450	\$107,150	\$115,750
<b>Boyd County, KY</b>	<b>\$64,800</b>	<b>\$74,100</b>	<b>\$83,330</b>	<b>\$92,630</b>	<b>\$99,980</b>
<b>Boyle County, KY</b>	<b>\$64,800</b>	<b>\$74,100</b>	<b>\$83,330</b>	<b>\$92,630</b>	<b>\$99,980</b>

# RHTF

## Multifamily Policies

The background of the slide is a faded, high-angle photograph of a row of colorful townhouses. The houses are in various shades of blue, green, yellow, and white, with white trim around the windows and doors. Some houses have small balconies or flower boxes. The overall scene is bright and sunny, suggesting a residential neighborhood.

# **RHTF**

## **Multifamily Eligible Activities (Rental Housing)**

**New Multifamily Construction  
to support disaster recovery.**

eGram



KHC's source for news and information.

## Multifamily

### Save the Date! Multifamily Developer Forum

KHC will host a virtual developer forum to solicit feedback for planned upcoming funding rounds in calendar year 2023, including two Notices of Funding Availability (NOFAs) for tax-exempt bonds with KHC gap financing and the 2024 9% Housing Credit round.

Join us **from 1-3 p.m. ET Thursday, March 9, 2023**, for a Multifamily Developer Forum on Zoom. All multifamily developers, consultants, investors, or other interested parties are invited to attend this forum. Interested attendees must RSVP to [multifamily@kyhousing.org](mailto:multifamily@kyhousing.org) by **Thursday, March 2, 2023**, with the planned number of attendees.

**Registration is required.** A link to the meeting will be sent only to registered participants. Due to space limitations, KHC may restrict the number of attendees from each organization. Participants must sign in via the Zoom app using their name; no call-ins, phone-number only, or unregistered participants will be admitted.

If you have any questions, please contact David Starck at 800-633-8896 (toll free in Kentucky) or 502-564-7630, extension 397; TTY 711; or email [dstarck@kyhousing.org](mailto:dstarck@kyhousing.org).

**KHC & DLG held a March 2023 forum with developers to seek feedback on the Disaster Recovery NOFA.**



# Some RHTF will fund Multifamily Projects in Western KY

- After December 2021 tornadoes, KHC began discussing multifamily housing solutions with developers. Solutions centered on leveraging KHC's tax exempt bonds.
- Feedback from developers indicated that significant gap funds will be needed for WKY recovery projects.
- In 2022 and 2023, KHC worked with DLG on leveraging CDBG-DR funds with KHC tax exempt bonds as a significant source to fill financing gaps.

# RHTF will be Woven into KHC Multifamily Funding Rounds

- KHC will make \$50M available via a Disaster Recovery Bond NOFA for new construction in late Summer 2023.
- Projects in counties most impacted by the 2021 tornado and flooding disasters will be eligible under the NOFA: Warren, Graves, Hopkins, and Breathitt.
- Western Kentucky RHTF funds for multifamily projects will be available for projects in Warren, Graves & Hopkins.
- KHC anticipates a need for RHTF gap financing beyond available CDBG-DR funds from DLG.
- RHTF is far more flexible than federal programs.

## **Suggested Additional Priorities for RHTF Multifamily Projects:**

1. Projects in the Most Impacted and Distressed WKY disaster counties: Warren, Graves, Hopkins.
2. Readiness to proceed: site control, etc.
3. Experience in development of multifamily housing utilizing KHC financing resources.
4. Demonstrated financial capacity to carry out larger-scale housing projects.
5. Projects awarded under a KHC tax exempt bond NOFA in accordance with the terms of such NOFA.

# Anticipated RHTF Timeline

- **June 2023:** RHTF Advisory Committee convenes.
- **July/August:** RHTF Funding NOFAs released & KHC Universal Funding Applications open.
- **Late July:** First RHTF awards announced.
- **August:** First RHTF funds available to projects.