



*Housing Trust Fund  
Allocation Plan Guide  
2017*



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## I. GENERAL INFORMATION

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### HTF Allocation Plan

The Housing Trust Fund (HTF) Interim Rule (24 CFR Part 93) made the consolidated plan regulations at 24 CFR Part 91 applicable to the HTF. As a result, an HTF grantee (i.e., a State) must include HTF in its citizen participation plan (§ 91.115), strategic plan (§ 91.315), and annual action plan (§ 91.320). In addition, the State must submit to HUD for review and approval an HTF allocation plan with its annual action plan (§ 91.320(k)(5)). Also, as required in § 91.10, the HTF program must be administered by the State on the same program year it established for all grant programs covered by the consolidated plan.

The HTF allocation plan is an annual submission to HUD that describes how the State will distribute the HTF funds, including how it will use the funds to address its priority housing needs. The allocation plan also describes what activities may be undertaken with HTF funds and how recipients and projects will be selected.

### Submission Requirement

HUD Notice CPD 12-009 requires a State submitting a consolidated plan on or after November 15, 2012 to use the eCon Planning Suite in IDIS to submit this plan and all subsequent consolidated plans, annual action plans, and consolidated annual performance and evaluations reports (CAPERs). However, the eCon Planning Suite does not currently contain the data fields to accommodate the HTF allocation plan. As a result, HUD developed this guide to assist the State in submitting the HTF allocation plan. ***The State may opt to use this sample form or to submit its allocation plan in a different format, provided that all required elements are addressed.*** Please visit the HTF website, [www.hudexchange.info/htf](http://www.hudexchange.info/htf) for more guidance on the HTF program and HUD Notice CPD 17-05 *Guidance for HTF Grantees on Fiscal Year 2017 Housing Trust Fund (HTF) Allocation Plans* for more information on HTF allocation plans. This guide also contains a list of HTF and eCon Planning Suite resources that the State should reference before developing and submitting its HTF allocation plan. The State should also consult the *Con Plan Quick Guide: Amending a Consolidated Plan and Action Plan* for assistance on amending its consolidated plan and action plan.

### Deadline

The State must submit an HTF allocation plan and make any amendments to its consolidated plan no later than **August 16, 2017**. ***Please note that if the State submitted a new 5-year consolidated plan for FY 2016 funding or amended its approved consolidated plan to include HTF for FY 2016 funding, the State may not need to make changes to its approved consolidated plan for FY 2017.*** For 2017, the HTF allocation plan must be submitted to both the local HUD CPD Field Office and to HUD's Office of Affordable Housing Programs at [htf@hud.gov](mailto:htf@hud.gov).

**Review Period**

The 45-day review period begins when (a) HUD receives the Standard Form 424 and certifications or email notification that the consolidated plan has been submitted in IDIS (for new action plans) or (b) HUD receives the Standard Form 424 and certifications or email notification that an amended action plan has been submitted in IDIS.

**Approval Process**

The HTF allocation plan will be deemed approved 45 days after HUD receives the plan, unless HUD notifies the State that the plan is disapproved before expiration of the review period. Please note, if a State intends to use HTF funds to assist first-time homebuyers, it must set forth the guidelines for resale and recapture, and obtain HUD's specific, written approval, as required in § 93.304(f), separate and apart from the approval of the HTF allocation plan.

**Need Assistance?**

For assistance with the HTF allocation plan, the State should contact the local HUD CPD Field Office and/or send its question(s) to the HTF mailbox at [htf@hud.gov](mailto:htf@hud.gov). For assistance with the eCon Planning Suite in IDIS, the State should contact Ask A Question on the HUD Exchange website at <https://www.hudexchange.info/get-assistance/my-question/>.

## II. GRANTEE INFORMATION

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State:

FY 2017 HTF Allocation Amount:

## III. CONSOLIDATED PLAN REQUIREMENTS

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### Citizen Participation Plan

The consolidated plan regulation at § 91.115 requires the State to include HTF in its citizen participation plan. Essentially, before adopting a consolidated plan, the State is required to adopt a citizen participation plan that describes the process for providing and encouraging citizens to participate in the development of the consolidated plan, the amendments to the consolidated plan and the performance report (CAPERS). For the purposes of HTF, the State is required to make the following information available to the public:

- the amount of HTF assistance the State expects to receive,
- the range of activities the State may undertake, including the estimated amount that will benefit extremely low-income households, and
- the State’s plans to minimize displacement of persons and to assist any persons displaced.

If the State already conducted its citizen participation and included HTF in any citizen participation it performed for the other HUD formula grant programs, then the State does not need to conduct additional citizen participation for HTF. If the State has not yet conducted citizen participation or did not include HTF in the citizen participation it performed for other HUD formula grant programs, then it must conduct citizen participation to include HTF as part of its consolidated plan.

### Consolidated Plan Screen(s) To Revise

The following screen in the eCon Planning Suite consolidated plan template in IDIS must be revised to include HTF.

Not Applicable to Kentucky - Current Con Plan Amended in 2016

- ES-05 / AP-05 Executive Summary:** § 91.320(b)- The Executive Summary includes seven narratives: (1) Introduction; (2) Summary of Objectives and Outcomes; (3) Evaluation of Past Performance; (4) Summary of the Citizen Participation and Consultation Process; (5) Summary of Public Comments; (6) Summary of Comments Not Accepted; (7) Summary.

- PR-15 Citizen Participation:** § 91.115 and § 91.300(c)- revise this screen to provide a summary of the citizen participation efforts made for HTF, including efforts to broaden public participation, a summary of citizen comments or views on the plan, and a written explanation of comments not accepted and the reasons why these comments were not accepted.

#### **IV. STRATEGIC PLAN REQUIREMENTS**

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The State must amend the affordable housing section of the strategic plan to include specific objectives that describe proposed accomplishments the State hopes to achieve and must specify the number of extremely low-income families to which the State will provide affordable housing to (homeownership- § 93.302; rental- § 93.304) over a specific period of time. The State can complete this requirement by including HTF on the **SP-45 Goals screen**.

**Note: Directions on how to amend a plan are included at the end of this document.**

**Reminder:** 100 percent of FY 2017 HTF funds must benefit extremely low-income households; a minimum of 80 percent must be used for rental housing; up to 10 percent may be used for homeownership housing; up to 10 percent may be used for administrative costs.

#### **Strategic Plan Screen(s) To Revise**

In addition to updating the affordable housing section of the strategic plan, the following screens in the eCon Planning Suite consolidated plan template in IDIS must be revised to include HTF.

- SP-10 Geographic Priorities:** § 91.315(a)(1)- revise this screen to discuss how investments are allocated geographically.
- SP-25 Priority Needs:** § 91.315(a)(2)- revise this screen to indicate the general priorities for allocating investment of available resources among different needs.
- SP-30 Influence of Market Conditions:** § 93.315(b)- revise this screen to describe how the characteristics of the housing market influenced the State's decisions regarding allocation priorities among the types of housing assistance.
- SP-35 Anticipated Resources:** § 91.315(a)(4); § 91.320(c)(1) and (2)- revise this screen to identify the federal, state, local, and private resources expected to be available to the State to address priority needs and specific objectives identified in the strategic plan. Specifically, the State should add a program to this screen by selecting "Add" in the *Action* column. This will open the **SP-36 Add Anticipated Resource** screen. The State should select "Other" in the *Anticipated Resource* field and enter "Housing Trust

Fund” in the *Other Funding Source* field. The State should also select the “public - federal” radio button in the “Source” field and complete the rest of the fields on this screen for its HTF program.

- SP-45 Goals:** § 91.315(a)(4) and § 91.315 (b)(2)- revise this screen to summarize the State’s priorities and the specific goals it intends to initiate and/or complete within the term of the strategic plan. The State must also ensure its five year goals include any accomplishments due to HTF funds and must also enter the number of extremely low-income families to which the State will provide assistance with its HTF funds.

## V. ANNUAL ACTION PLAN REQUIREMENTS

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The State must include HTF in its annual action plan or amend the plan to include HTF information as required in § 93.320(k)(5). The action plan must include an HTF allocation plan that describes the distribution of HTF funds, and establishes the application requirements and selection criteria of applications submitted by eligible recipients that meet the State’s priority housing needs.

### Annual Action Plan Screen(s) To Revise

The following screens in the eCon Planning Suite consolidated plan template in IDIS must be revised to include HTF.

- AP-15 Expected Resources:** § 91.320(c)(1) and (2)- revise this screen to provide a concise summary of the federal resources expected to be available. The HTF resources added to the **SP-35 Anticipated Resources** screen will carry over to this screen.
- AP-20 Annual Goals and Objectives:** § 91.320(c)(3) and (e)- revise this screen to summarize the specific goals the State intends to initiate and/or complete within the term of the program year. Any HTF related goals and objectives entered on the **SP-45 Goals** screen will carry over to this screen.
- AP-25 Allocation Priorities:** § 91.320(d)- revise this screen to describe the reasons for the State’s allocation priorities and how the proposed distribution of funds will address the priority needs and goals of the strategic plan.
- AP-30 Method of Distribution:** § 91.320(d) and (k5)- revise this screen to include a description of its method(s) for distribution for the “Other – Housing Trust Fund” selection based on the entry made on the **SP-35 Anticipated Resources** screen.
- AP-35 Projects:** § 91.220(d)- revise this screen to include consolidated plan/annual action plan projects that reflect the planned use of HTF funds each year.



- AP-50 Geographic Distribution:** § 91.320(f)- revise this screen to describe the geographic areas of the state in which it will direct assistance during the ensuing program year and provide rationale for its priorities in allocating investment geographically.
- AP-55 Affordable Housing:** § 91.320(g)- revise this screen to specify goals for the number of homeless, non-homeless, and special needs households to be provided affordable housing within the program year.
- AP-65 Homeless and Other Special Needs Activities:** § 91.320(h)- revise this screen to describe how HTF will help to address the State's one-year goals and actions for reducing and ending homelessness, if applicable.
- AP-75 Barriers to Affordable Housing:** § 91.320(i)- revise this screen to describe how HTF will help with any actions the State's will take during the next year to reduce barriers to affordable housing, if applicable.
- AP-85 Other Actions:** § 91.320(j)- revise this screen to describe how HTF will help with any actions the State will take during the next year to carry out the following strategies outlined in the consolidated plan:
  - Foster and maintain affordable housing;
  - Evaluate and reduce lead-based paint hazards;
  - Reduce the number of poverty-level families;
  - Develop institutional structure; and
  - Enhance coordination.

In addition, the State must identify obstacles to meeting underserved needs and propose actions to overcome those obstacles using HTF funds, if applicable.

## VI. ALLOCATION PLAN REQUIREMENTS

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The State is responsible for distributing HTF funds throughout the State according to its housing priority needs. In addition to revising the **AP- 30 Method of Distribution** screen in IDIS, the State must respond to the following questions.

### **Distribution of HTF funds**

1. How will the State distribute its HTF funds (§ 91.320(k)(5))? Select all that apply:
  - Applications submitted by eligible recipients
  - Subgrantees that are State Agencies
  - Subgrantees that are HUD-CPD entitlement grantees
  
2. If distributing HTF funds through grants to subgrantees, describe the method for distributing HTF funds through grants to subgrantees and how those funds will be made available to state agencies and/or units of general local government. If not distributing funds through grants to subgrantees, enter "N/A".

3. If distributing HTF funds by selecting applications submitted by eligible recipients,
  - a. Describe the eligibility requirements for recipients of HTF funds (as defined in 24 CFR § 93.2). If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

- b. Describe the State's application requirements for eligible recipients to apply for HTF funds. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

- c. Describe the selection criteria that the State will use to select applications submitted by eligible recipients. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

- d. Describe the State's required priority for funding based on geographic diversity (as defined by the State in the consolidated plan). If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

- e. Describe the State's required priority for funding based on the applicant's ability to obligate HTF funds and undertake eligible activities in a timely manner. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

- f. Describe the State's required priority for funding based on the extent to which the rental project has Federal, State, or local project-based rental assistance so that rents are affordable to extremely low-income families. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".



- g. Describe the State's required priority for funding based on the financial feasibility of the project beyond the required 30-year period. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

- h. Describe the State's required priority for funding based on the merits of the application in meeting the priority housing needs of the State (such as housing that is accessible to transit or employment centers, housing that includes green building and sustainable development features, or housing that serves special needs populations). If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

- i. Describe the State's required priority for funding based on the extent to which the application makes use of non-federal funding sources. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

4. Does the State’s application require the applicant to include a description of the eligible activities to be conducted with HTF funds? If not distributing funds by selecting applications submitted by eligible recipients, select “N/A”.

Yes       No       N/A

5. Does the State’s application require that each eligible recipient certify that housing units assisted with HTF funds will comply with HTF requirements? If not distributing funds by selecting applications submitted by eligible recipients, select “N/A”.

Yes       No       N/A

6. **Performance Goals and Benchmarks- § 91.320(k)(5)(iii)**

The State has met the requirement to provide for performance goals and benchmarks against which the State will measure its progress, consistent with the State's goals established under 24 CFR 91.315(b)(2), by including HTF in its housing goals in the housing table on the SP-45 Goals and AP-20 Annual Goals and Objectives screens.

Yes       No

7. **Maximum Per-unit Development Subsidy Amount-** § 91.320(k)(5) and § 93.300(a)

Enter or attach the State's maximum per-unit development subsidy limits for housing assisted with HTF funds.

The limits must be adjusted for the number of bedrooms and the geographic location of the project. The limits must also be reasonable and based on actual costs of developing non-luxury housing in the area.

If the State will use existing limits developed for other federal programs such as the Low Income Housing Tax Credit (LIHTC) per unit cost limits, HOME's maximum per-unit subsidy amounts, and/or Public Housing Development Cost Limits (TDCs), it must include a description of how the HTF maximum per-unit development subsidy limits were established or a description of how existing limits developed for another program and being adopted for HTF meet the HTF requirements specified above.

**8. Rehabilitation Standards - § 91.320(k)(5)(iv) and § 93.301(b)**

The State must establish rehabilitation standards for all HTF-assisted housing rehabilitation activities that set forth the requirements that the housing must meet upon project completion. The State's description of its standards must be in sufficient detail to determine the required rehabilitation work including methods and materials. The standards may refer to applicable codes or they may establish requirements that exceed the minimum requirements of the codes. At a minimum, the rehabilitation standards must address:

- Health and safety;
- Major systems;
- Lead-Based Paint;
- Accessibility;
- Disaster Mitigation;
- State and local Codes, Ordinances, and Zoning Requirements;
- Inspectable Areas and Observable Deficiencies from HUD's Uniform Physical Condition Standards identified by HUD as applicable to HTF-assisted housing; and
- Capital Needs Assessments (if applicable).

Enter or attach the State's rehabilitation standards. If the State will not use HTF funds for rehabilitation of housing, enter "N/A".

**9. Resale or Recapture Guidelines- § 91.320(k)(5)(v) and § 93.304(f)**

If the State intends to use HTF funds to assist first-time homebuyers, it must set forth the guidelines for resale or recapture and obtain HUD specific, written approval, as required in § 93.304(f). Approval of the consolidated plan or annual action plan under § 91.500 or the failure to disapprove the consolidated plan or annual action plan does not satisfy the requirement for specific HUD approval for resale or recapture guidelines.

Enter or attach a description of the guidelines that will be used for resale or recapture of HTF funds when used to assist first-time homebuyers. If the State will not use HTF funds to assist first-time homebuyers, enter "N/A".

**10. HTF Affordable Homeownership Limits- § 91.320(k)(5)(vi) and § 93.305**

If the State intends to use HTF funds for homebuyer assistance and does not use the HTF affordable homeownership limits for the area provided by HUD, it must determine 95 percent of the median area purchase price and set forth the information in accordance with §93.305. If the State will not use HTF funds to assist first-time homebuyers, enter “N/A”.

- The State will use the HUD issued affordable homeownership limits.
- The State has determined its own affordable homeownership limits using the methodology described in § 93.305(a)(2) and the limits are attached.
- N/A



**11. State Limited Beneficiaries or Preferences- § 91.320(k)(5)(vii)**

Describe how the State will limit the beneficiaries or give preferences to a particular segment of the extremely low- or very low-income population to serve unmet needs identified in its consolidated plan or annual action plan. If the State will not limit the beneficiaries or give preferences to a particular segment of the extremely low- or very low-income population, enter “N/A”.

Any limitation or preference must not violate nondiscrimination requirements in § 93.350, and the State must not limit or give preferences to students. The State may permit rental housing owners to limit tenants or give a preference in accordance with § 93.303(d)(3) only if such limitation or preference is described in the action plan.

**12. Refinancing of Existing Debt- § 91.320(k)(5)(viii) and § 93.201(b)**

Enter or attach the State's refinancing guidelines below. The guidelines describe the conditions under which the State will refinance existing debt. The State's refinancing guidelines must, at minimum, demonstrate that rehabilitation is the primary eligible activity and ensure that this requirement is met by establishing a minimum level of rehabilitation per unit or a required ratio between rehabilitation and refinancing. If the State will not refinance existing debt, enter "N/A".

## VII. GRANTEE CERTIFICATIONS

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In addition to submitting an HTF allocation plan, the State must submit all the required certifications identified at § 91.225 (for new action plans). If the State is amending the action plan to include HTF, it must resubmit the following certification to include HTF:

- Consistency with plan- The jurisdiction must submit a certification that the housing activities to be undertaken with CDBG, HOME, ESG, and HOPWA funds are consistent with the strategic plan. Where the HOPWA funds are to be received by a city that is the most populous unit of general local government in an EMSA, it must obtain and keep on file certifications of consistency from the authorized public officials for each other locality in the EMSA in which housing assistance is provided. HTF must be included in this certification.

## VIII. REQUIRED FORMS

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In addition to submitting an HTF allocation plan, the State must submit and/or complete the following standard form for its HTF program.

- Standard form- 424: [Application for Federal Assistance](#) (§ 91.320(a))

## IX. RESOURCES

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The following resources should be referenced before developing and submitting the HTF allocation plan.

### HTF Resources

- HTF website- [www.hudexchange.info/htf](http://www.hudexchange.info/htf)
- HTF [Interim Rule](#)
- Notice CPD-17-05 [Guidance for HTF Grantees on Fiscal Year 2017 Housing Trust Fund \(HTF\) Allocation Plans](#)
- HTF [FAQs](#)
  - o HTF Maximum Per-Unit Development Subsidy Amounts
  - o HTF Rehabilitation Standards
- HTF Webcast on [Overview of the HTF program](#)
- HTF Webinar on [Developing HTF Allocation Plans](#)
- HTF [Formula Allocation](#)

## Consolidated Plan Resources


- eCon Planning Suite website- <https://www.hudexchange.info/consolidated-plan/econ-planning-suite/>
- Notice CPD-12-009: [Use of IDIS to Submit the Consolidated Plan](#)
- Consolidated Plan in IDIS [Desk Guide](#)
- Con Plan Quick Guide: [Amending a Consolidated Plan and Annual Action Plan For State, Entitlement & Regional Grantees.](#)

## X. APPENDICES

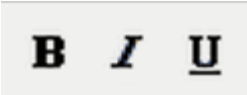
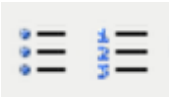


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### Appendix A: eCon Planning Suite Editing Options

#### Narrative Fields and the 4,000 Character Limit

The limit on the amount of text is 4,000 characters per field. The character limit includes white spaces, formatting marks such as new paragraphs, and other hidden characters. For example, the following text “The **quick** brown fox” contains 16 visible characters, but also contains 3 white space characters and additional hidden characters related to the bold and underline formatting. Users can select the  option to display and remove the hidden formatting.

#### Other Editing Options

Tools	Description
	Bold Italics Underline
	Bullet List Numbered List
	Undo Redo
	Paste as Plain Text. If this tool is toggled on, any text pasted into the narrative box will be stripped of all formatting.  Paste from Word. This tool will allow the pasted text to retain limited formatting, including Bold, Italics, Underline, and simple

Tools	Description
	numbered and bulleted lists. Paste from Word will not retain more complex formatting, such as tables and indentation.
	Select All. This tool selects all of the text currently entered in the narrative box.
	Show/Hide Visual Control Characters. This tool is used to toggle the display of hidden formatting, such as paragraph marks (not currently functional).
	Edit HTML Source. This tool opens a dialog box where users can edit the HTML Code to format the text of the narrative box.

**Adding Additional Text Box for Narrative:**

To input additional narrative beyond 4,000 characters, grantees can add another [text box](#). Due to embedded formatting in PDF documents, grantees should not try to copy text from PDFs, but should only use text or Microsoft Word files.

The screenshot below shows the features of narrative fields in the template.



## Appendix B: Amending a Consolidated Plan and Annual Action Plan

### I. Amending Approved Consolidated Plan/Year 1 Action Plan

The State should follow these instructions to amend its consolidated plan and annual action plan to include HTF. All States are responsible for amending their individual Action Plans.

To amend a Consolidated Plan/Year 1 Action Plan, grantees must first copy the existing plan.

1. Click "Search" under the Consolidated Plan submenu.



2. Make note of the Year and Version of the Plan to be amended.

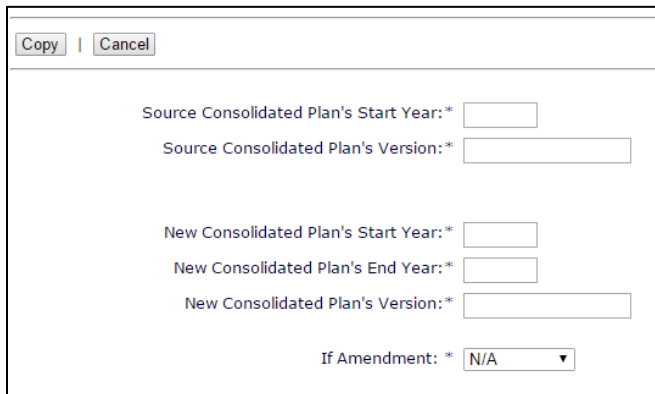
Results Page 1 of 1

Grantee Name	State	Year	Version	Title	Status	Action
SAN ANTONIO	TX	2015	1	San Antonio Five Year Consolidated Plan 2015-2019	Review Completed	View

3. Click "Copy" under the Consolidated Plan submenu.



4. Enter the Source Year and Version from the Plan to be copied (identified in Step 2).

A screenshot of a "Copy" dialog box. At the top left are "Copy" and "Cancel" buttons. The dialog contains several input fields: "Source Consolidated Plan's Start Year: \*" with a text box; "Source Consolidated Plan's Version: \*" with a text box; "New Consolidated Plan's Start Year: \*" with a text box; "New Consolidated Plan's End Year: \*" with a text box; "New Consolidated Plan's Version: \*" with a text box; and "If Amendment: \*" with a dropdown menu showing "N/A".

5. Enter the Start Year, End Year and Version for the amended plan. For amendments, the Start Year must be the same as the Source Plan. Select whether the amendment is Minor or Substantial from the dropdown menu.

6. Once completed, click “Copy.” The Amended plan will be accessible from the Consolidated Plan search screen. The default title of the copied plan will be “ConPlan Copy.” Grantees can change the title on the AD-25 screen.
7. If the copy is a Substantial Amendment, the AD-25 screen will include a text box following the “If Amendment” dropdown menu to explain the amendment.

The screenshot shows a form with a dropdown menu labeled "If Amendment:" set to "Substantial". Below it is a text box labeled "If Substantial Amendment, explain: \*" which is currently empty.

8. All amendments, minor and substantial, must be submitted for review in IDIS to ensure the amended information is included in the CAPER. Depending on the amendment, the Field Office may not conduct a full review of the plan, but must functionally mark the amended plan as “Review Complete” in IDIS.

## II. Amending the Action Plan

1. Click “Search” under the Action Plan submenu and note the Year and Version of the Action Plan to be amended.
2. Click “Copy” in the Action Plan submenu.



3. Enter information in the fields provided. For amendments, the Program Year for the amended plan must be the same as the Source Program Year.

**Copy Annual Action Plan**

Copy | Cancel

Source AAP Program Year: \*

Source AAP Plan Version: \*

New AAP Program Year: \*

New AAP Plan Version: \*

If Amendment: \*

4. Select whether the amendment is Minor or Substantial.
5. When complete, click “Copy”. The amended plan will be accessible from the Action Plan search screen. The default title of the copied plan will be “AAP Copy.” Grantees can change the title on the AD-26 screen.
6. If the copy is a Substantial Amendment, the AD-26 screen will include a text box immediately following the “If Amendment” dropdown menu to explain the amendment.

If Amendment:

If Substantial Amendment, explain:\*

7. All amendments, minor and substantial, must be submitted for review in IDIS to ensure the amended information is included in the CAPER. Depending on the amendment, the Field Office may not conduct a full review of the plan, but must functionally mark the amended plan as “Review Complete” in IDIS.



# **Minimum Design Standards for New Construction, Adaptive Reuse, and Rehabilitation Multifamily Attached Housing Units**

**Kentucky Housing Corporation  
April 2014**



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### **KHC Minimum Design Requirements**

The following minimum design items are for all newly constructed multifamily attached units. Some standards also apply to rehabilitation and adaptive reuse activities where stated.

KHC’s Minimum Design Standards are used as a guideline to meet and exceed all applicable local, state, and national codes. These standards also serve as vehicle to promote and enforce modern construction and design practices for builders, contractors, and design professionals who wish to utilize funding from the Kentucky Housing Corporation’s Department of Housing, Finance and Construction (HFC). 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 attached homes, 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. These funds are available through KHC's Department of Housing Finance and Construction (HFC).
- b) **This standard shall apply to the extent covered in 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) The request must detail the necessity of variance from this code. Photographs are encouraged where necessary to convey understanding.
- b) All requests are to be submitted electronically to the Assistant Director of Design and Construction at KHC and copied to your agency's KHC representative in multi or single family program, respective to the funding being used.

3) **Codes:** All construction shall comply with applicable code and standards listed below:

- a) Kentucky building and residential construction codes
- b) Local planning and zoning requirements
- c) Local authorities' rules and regulations

- d) The Fair Housing Amendment Act of 1988,
  - e) Section 504 of the Rehabilitation Act of 1973
  - f) 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 inspections 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 four 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.
- 6) **Energy Efficiency:** Documentation and/or calculations that the building envelope 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 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 Kentucky Building Code shall exceed the minimum energy efficiency requirements of the 2012 IECC.
    - i) **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.

i) **This section shall apply to the extent not exempted by the Historic Preservation Office of the State of Kentucky.**

**7) Testing:**

a) Building envelope leakage testing must be completed in accordance with the 2012 IECC and reported to KHC for all new construction and adaptive reuse structures.

b) Rehabilitated structures shall be tested to verify minimum ventilation rates are met per ASHRAE standards.

c) Testing must also verify compliance with the applicable ASHRAE Standard for ventilation and acceptable indoor air quality. (ASHRAE 62.2 or ASHRAE 62.1)

d) A minimum of ten percent of the total units shall be tested at or before final inspection.

i) Units shall 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 units for a period not less than one full year after occupancy.

- 9) **Unit Size Requirements:** In new construction and adaptive reuse projects 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:** New construction and adaptive reuse projects that receive debt or subsidy financing from KHC equal to fifty percent (50%) or more of the total project hard cost for the purpose of constructing single family or multifamily 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](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 5” thick with a minimum 8” inch thick encroachment apron extending to the property line.
  - d. **Exterior concrete for walks, porches, and stoops** shall be minimum 4” thick.
2. **Concrete Finishes:**
  - a. **Exposed Foundations:** Brick, stone, or texture formwork patterns shall be used for all poured in place walls exceeding 3 feet or more exposure.
  - b. **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 structural concrete 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 test shall comply with the KBC.

## **Division 4: Masonry**

- 1) **Face Brick:** Shall be ASTM C 216, Type FBS, Grade SW, or equivalent, modular size.
- 2) **Concrete Masonry Units (CMU):** Stucco or split face shall be used for all CMU walls exceeding 3 feet or more exposure.

## **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 attached newly constructed units 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 or brick below finished grade.
- 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) **Paint:** One coat primer and two coat exterior enamel.
  - b) **Metal:** 0.019" minimum thickness aluminum, factory finish (coil stock).
  - c) **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.
  - d) **Composites:** Cement fiber board or other durable material may be used as approved by KHC.
  - e) **Pressure treated Lumber:**
- 3) **Roof Covering:**
  - a) **Shingles:** Seal tab type over 15 lb. felt, with minimum 25-year product warranty or better.
  - b) **Metal:** 26 gauge minimum thickness aluminum or galvanized steel with factory finish.
- 4) **Gutters and Downspouts:** All structures shall have gutters and downspouts and be appropriately designed with a minimum 5" gutter and a 2"x 3" downspout. All downspouts shall empty onto concrete splash blocks or be piped to an appropriate location.
- 5) **Siding:** Exterior siding shall consist of one or more of the following materials.

**This section shall apply to the extent not exempted by the Historic Preservation Office of the State of Kentucky.**

  - 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:** 0.42" 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:** Install to manufacturer's installation 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 unless documentation by REScheck or other approved software allows different values:
  - a) **Floors over unconditioned space:**

- b) **Exterior walls:** R-20
- c) **Ceilings:** R-49
- d) **Slab Foundations:** R-10 continuous
- e) **Conditioned Crawl Walls:** R-10 continuous
  - i) For rehab projects exposed cavities shall be insulated to the maximum extent possible utilizing the existing cavity and high density insulation or foam.
  - ii) **This section shall apply to the extent not exempted by the Historic Preservation Office of the State of Kentucky.**

## **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.**

- 1) **Exterior Doors:** Exterior Doors shall be 1 3/4" 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) **Exterior hardware:** All exterior doors shall have a lever key-lock latch, doorknocker, and security accessories (eyelet and deadbolt).
- 2) **Interior Doors:** Solid Wood, Composite or hollow core panel doors.
  - a) **Interior doors** shall be a minimum of 1 3/8" thick.
  - b) **Interior Hardware:** All doors except closets 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, as shown in the 2012 International Energy Conservation Code zone map.

- 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**

- 1) **Exterior Ceiling:** When using vinyl or aluminum material for porch ceilings, provide a rigid, solid backing such as OSB or plywood.
- 2) **Exterior Finishes:** Exterior building elements of the following materials shall be properly finished.
  - a) **Posts and Columns:** All new posts columns and guardrails at deck level and above shall be factory made and finished.
    - i) **This section shall apply to the extent not exempted by the Historic Preservation Office of the State of Kentucky.**
  - b) **Handrails:** Exterior handrails shall be smooth, weather resistant, and painted or factory finished.
  - c) **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:** **All 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.
  - b) **Carpet Padding:** Minimum 7/16" thick, 6-lb. re-bond polyurethane.
  - 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 and laminates shall be installed in accordance with manufacturer's specifications.
- 5) **Interior Doors:** Interior doors shall be appropriately finished, painted, or stained as follows:
- a) **Paint:** primed once, with two-coat enamel finish on all sides and faces.
  - b) **Stain:** stain or oil on all sides and faces, with three-coat varnish, polyurethane finish
- 6) **Moisture-Resistant Drywall:** Moisture-resistant gypsum board (commonly called "green board") or equivalent must be used on all walls in the bathroom and within six feet of water sources, where the drywall can be splashed, such as kitchen sink, next to water heater, and/or clothes washer.
- a) 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:** Primed once, two-coat finish or sufficient coatings to provide coverage where no underlying finishes are visible when using combination finish paint with primer included in the 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) **Laundry:** All newly constructed units including adaptive reuse, except SROs and efficiencies, shall be equipped with washer and dryer hookups.
  - a) Unless individual units are supplied with laundry hook ups, all projects including adaptive reuse and rehabilitation consisting of twelve (12) or more units shall provide common laundry facilities including a minimum of one (1) washer and one (1) dryer per every twelve units.
- 3) **Roof Offsets:** Projects of four (4) or more attached units shall incorporate varying the roof line with offsets, gable porch roofs, etc.

- 4) **Roof Pitch:** The minimum slope on all newly constructed roofs except porch roofs shall be 4" vertical to 12" horizontal.
- 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 on all projects including new construction and adaptive reuse projects as well as rehabilitation projects where identified in the PCNA (physical/capital needs assessment).
  - a) **All 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 on all projects including new construction and adaptive reuse projects as well as rehabilitation projects where identified in the PCNA (physical/capital needs assessment).
- 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) **All clothes washers provided in individual units** shall have an MEF equal to or greater than 2.0 and a WF equal to or less than 6.0.
  - a) **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.
- 5) **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.
  - a) **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) **Cabinets and Drawers:** Cabinet fronts shall be made of solid wood (not particleboard); doors, draws and fronts shall be factory finished.
  - a) **Cabinet ends** shall be finished with appropriate veneer.
  - b) **All cabinets** shall be Kitchen Cabinet Manufacturers Association (KCMA) approved.
- 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.
- 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**

**This section shall apply to the extent not exempted by the Historic Preservation Office of the State of Kentucky.**

- 1) **Storage areas:** Exterior or interior tenant 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) square feet and provide 7 feet of headroom.
  - b) Structures must satisfy applicable building code requirements.

- c) Prefabricated plastic structures are prohibited.
  - d) All storage areas shall match exterior building veneer, trim, and possess identical shingles.
- 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) **Existing ramps** not part of an accessible route may be no steeper than 1:8.
  - b) **Portable or temporary ramps are prohibited** and may not substitute for locations requiring a permanent ramp.
  - c) **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 standards and be approved by KHC prior to installation.
- a) ASTM F1487-11, Standard Consumer Safety Performance Specification for Playground Equipment for Public Use
  - b) ASTM F1292-09, Standard Specification for Impact Attenuation of Surfacing Materials Within the Use Zone of Playground Equipment
  - c) ASTM F1951-09b, Standard Specification for Determination of Accessibility of Surface Systems Under and Around Playground Equipment
  - d) ASTM F2223-10, Standard Guide for ASTM Standards on Playground Surfacing
  - e) ASTM F2479-12, Standard Guide for Specification, Purchase, Installation and Maintenance of Poured-in-Place Playground Surfacing
  - f) ASTM F2049-11, Standard Guide for Fences/Barriers for Public, Commercial, and Multifamily Residential Use Outdoor Play Areas
  - g) ASTM F2075-10a, 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) **Minimum Grade of Fixtures:** The following specifications shall be the minimum size and/or quality for new or replacement plumbing fixtures.
  - a) **Bath Tub:** Tubs shall be 30" minimum width; made of fiberglass, acrylic, porcelain cast iron, enameled steel, or cultured marble.
  - b) **Shower:** Showers shall be 36" x 36" minimum; made of fiberglass, acrylic, ceramic, or, cultured marble.
  - c) **Water Closets:** Water closets shall be maximum 1.28 GPF and made of porcelain.
  - d) **Faucets:** Polished chrome polished brass, brushed nickel, and similar plated finishes. Lever handles are required. Faucets containing plastic material for exterior housing are prohibited.
  - e) **Lavatories:** Sinks shall be 15" minimum diameter; made of fiberglass, acrylic, porcelain, or, cultured marble.
  - f) **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:** Water Supply Lines shall be of approved material.
  - a) Installation in exterior walls except for hose bibs is prohibited.
  - b) Lines located in all crawl areas shall be insulated.
  - c) All hot water lines shall be insulated equal to or greater than R-3.
- 3) **Overflow Protection Accessories:** 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:**
  - a) **Electric water heaters** shall have a minimum Energy Efficiency rating of .92.
  - 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.



## **Division 23: Heating Ventilating and Air Conditioning**

- 1) **Heating Ventilating and Air Conditioning Equipment:** All new construction and rehabilitation units where replacement HVAC units are included in the scope of work shall be heated and cooled using high-efficiency equipment.
  - a) **Heat pump systems** shall have a minimum SEER (Seasonal Energy Efficiency Rating) rating of 14.5 with a minimum HSPF (Heating Seasonal Performance Factor) rating of 8.5.
  - b) **Fuel oil, gas fired furnaces and boilers** shall have an Annual Fuel Utilization Efficiency (AFUE) equal to or greater than ninety-two percent (92%).
  - c) **Electric-resistance-only** heat systems are **prohibited**.
  - d) Alternative HVAC systems may be approved by KHC's Department of Design and construction Review.
- 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:**
  - a) New construction and adaptive reuse dwelling units shall be equipped with energy efficient, minimum 150 CFM, range hoods or recirculation fan microwave ovens.
    - i) Use ducting material sized per manufacturer recommendation.
    - ii) Exposed ducting is prohibited and where installed above cabinets, ducts shall have a finished cover.
    - iii) Recirculation combination microwave hoods or range hoods shall be equipped with an activated charcoal filter.
  - b) Rehabilitated units shall be equipped with a vented range hood, recirculation range hood, vented microwave oven, or an unvented microwave oven.
    - i) Use ducting sized and ducting material per manufacturer recommendation.
    - ii) Exposed ducting is prohibited and where installed above cabinets, ducts shall have a finished cover.
    - iii) Recirculation combination microwave hoods or range hoods shall be equipped with an activated charcoal filter.
- 5) **Exhaust and Ceiling Paddle Fans:** All new construction, newly installed in rehabs due to ventilation rate code requirements, and replacement paddle and ventilation fans shall be Energy Star qualified.
  - a) The Energy Star mark must be clearly marked on the product, clearly displayed in product literature and listed on the manufacturer's web 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:** In new construction and adaptive reuse projects 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 newly installed or replacement 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 shall be wired for telephone service.
- 2) **Cable Access:** All dwelling units shall be wired for cable service or a local antennae system.
- 3) **Internet Connectivity:** All dwelling units 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, help/ Call for Aid systems shall at 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) **Sensory Impaired Units:** All sensory impaired dwelling units 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**

- 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 in the immediate vicinity of all bedrooms if the dwelling or building contains fuel burning appliances and/or has an attached garage.

## **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 pavement, manufactured by local asphalt plants and be placed a minimum of 4" thick.
    - ii) Pervious concrete parking surfaces shall be properly drained to prevent accumulation of water.
    - iii) Parking for places of historic significance shall comply with the State Historic Preservation Office's requirements.
  - b) Unless prohibited by urban location, 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.

Kentucky Housing Corporation Housing Trust Fund (HTF) Allocation Plan  
Recipient Application Requirements, Maximum Subsidy, and Rehabilitation Standards  
Addendum – September 2016

**Recipient Application Requirements:**

As part of the application process, applicants must fully describe the scope of work for their proposed project, the number of units and the type and area median income (AMI) of the population the project will serve. Within the underwriting model the designated rent limits and AMI for all the units is identified. Upon approval of the project, KHC will issue a preliminary commitment letter for the project, again identifying, among other conditions for closing, the rent and income limits, the rate and terms of all KHC funding associated with the project, and the affordability period for each funding source.

Prior to the loan closing, the owner must again review the final financial structure of the project which includes the rent and income limits for the units and is required to certify that they are in agreement.

The affordability period will be codified in a signed, restrictive covenant recorded in the real estate records of the county in which the project is located. KHC's compliance monitoring team will monitor compliance throughout the affordability period.

**Maximum Per-Unit Development Subsidy Amounts:**

Historically, KHC has used the HOME subsidy limits to determine the maximum amount of HOME funds that can be allocated to a project. Because of the similarity between the HTF and HOME program requirements, and to ensure consistency between programs, KHC will continue to use these limits to determine the maximum amount of HTF that can be allocated to a project. While HOME limits issued in the past differed between geographical regions in the state, the most recent limits received from KHC's local HUD field office established a single subsidy limit (by number of bedrooms). Because the variance between past subsidies has not been substantial, KHC believes the single maximum subsidy limit in the attached letter to be acceptable. In addition to utilizing the maximum subsidy limits established by HUD, KHC underwrites each project using cost containment limits that apply to the overall project costs to ensure that projects are not over-subsidized. The cost containment limits are also based on HUD's 234 Condominium limits. In order to be funded, a project must be within cost containment limits.

During the review process, KHC's inspectors perform a preliminary property inspection and review of the scope of work to verify that the funds requested are in keeping with the scope and the costs are not excessive. By utilizing this multi-tiered review process, it allows flexibility based on various factors, including the differences between new construction and rehabilitation.

**Rehabilitation Standards:**

As delineated in the Minimum Design Standards attached to the HTF Plan, all projects are required to adhere to applicable codes and standards, including, but not limited to:

- a) Kentucky building and residential construction codes
- b) Local planning and zoning requirements
- c) Local authorities' rules and regulations
- d) The Fair Housing Amendment Act of 1988,
- e) Section 504 of the Rehabilitation Act of 1973
- f) Americans with Disabilities Act of 1990

The following Rehabilitation Standards are in addition to the Minimum Design Standards attached to this HTF Allocation Plan.

- **Health and Safety**

- All applicants for rehabilitation projects must submit a current (within 60 days) UPCS inspection or self-evaluation at time of application. If the applicant is awarded HTF funding, level three exigent Health and Safety deficiencies listed on the attached KHC Rehab Standards for Health and Safety document must be addressed immediately before commencement of any other work scope. (All UPCS deficiencies must be met at the completion of rehabilitation as described below.) In developing scopes of work, recipients and developers will work with KHC to ensure that all requirements under the HTF standards are satisfied and that the proposed scope of work meets the goals and requirements of the UPCS, applicable KHC Minimum Design Standards and the recipients funding agreement.

- **Major Systems**

- All applicants for rehabilitation and adaptive reuse, regardless of project size, projects must submit a Capital Needs Assessment (CNA) to determine the long term physical needs of a project. The CNA must be completed by a licensed engineer or architect. The CNA will be reviewed to verify that all physical needs of the project are addressed in the scope of work. For Major Systems, the CNA must include an estimate (based on age and condition) of the remaining useful life of the major systems, upon project completion of each major system. If the remaining useful life of one or more major system is less than the applicable period of affordability, KHC's review of the project will result in requirements that the monthly replacement reserve payments are adequate to ensure sufficient funding for repair or replacement of the systems as needed. All projects eligible for funding will be required to undergo an initial inspection prior to approval of funding by KHC's Credit Committee. KHC requires a minimum reserve for replacement payment of \$400 per month, with is higher than the minimum established by other states. The monthly payment may be greater based on a review of the CNA.

- **Lead-Based Paint**

- All HTF rehabilitation projects must adhere to federal and state regulations related to lead-based paint that apply to target housing, which is defined as any housing constructed prior to 1978, except housing for the elderly or persons with disabilities (unless a child of less than six years of age resides or is expected to reside in such housing) or any zero-bedroom dwelling. Rehabilitation of target housing must be completed in a manner which ensures the health and safety of workers and residents, especially children. A number of regulations apply when lead painted surfaces are disturbed in residential properties. In some cases, use of federal funds for rehabilitation will trigger a higher level of lead paint treatments based on the amount of federal funding being used.
- The following regulations must be adhered to during all rehabilitation of target housing:
  - Federal Regulations:



- HUD Lead Safe Housing Rule (24 CFR, Part 35) requires various levels of evaluation and treatment of lead paint hazards when federal money is used for rehabilitation of target housing. More information is available at: [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/healthy\\_homes/enforcement/lshr](http://portal.hud.gov/hudportal/HUD?src=/program_offices/healthy_homes/enforcement/lshr)
- EPA Renovation Repair and Painting Rule (40 CFR, Part 745) requires contractors conducting renovation, repair and maintenance that disturbs paint in target housing or child-occupied facilities to be licensed by EPA and use lead-safe work practices to complete the work. Developers must ensure contractors are properly trained and licensed. More information is available at: <https://www.epa.gov/lead>
- HUD/EPA Disclosure Regulations (24 CFR, Part 35, Subpart A) requires owners of target housing to disclose all lead paint records and related information to potential buyers and/or tenants. More information is available at: [http://portal.hud.gov/hudportal/documents/huddoc?id=DOC\\_12347.pdf](http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_12347.pdf)
- OSHA Lead in Construction Rule (29 CFR, Part 1926.62) requires personal protection measures to be taken when workers are exposed to any lead during construction projects. More information is available at: [https://www.osha.gov/pls/oshaweb/owadisp.show\\_document?p\\_table=STANDARDS&p\\_id=10641](https://www.osha.gov/pls/oshaweb/owadisp.show_document?p_table=STANDARDS&p_id=10641)
- Kentucky Regulations:
  - KRS 211.9063 states that all persons who perform or offer to perform lead-hazard detection or lead-hazard abatement services in target housing or child-occupied facilities shall be certified pursuant to 902 KAR 48:020. More information is available at: <http://www.lrc.ky.gov/statutes/statute.aspx?id=8520>
  - Any questions regarding compliance with lead paint regulations should be directed to the Kentucky Environmental Lead Program. Contact information can be found at: <http://chfs.ky.gov/dph/lead.htm>
- **Disaster Mitigation**
  - To the extent applicable or relevant, rehabilitated housing must be improved to mitigate the potential impact of possible disasters (e.g. earthquakes, hurricanes, floods, wildfires) in accordance with state or local codes, ordinances and requirements, or any other requirements that HUD may establish. Regarding flood hazards, specifically:
    - Projects shall meet the requirements of FEMA federal regulation and HUD's floodplain management requirements at 24 CFR, Part 55, including the Eight-Step Floodplain Management Process (when applicable) at 24 CFR Part 55.20.

- Projects shall meet erosion prevention requirements per state law and local government regulations.

### **Uniform Physical Condition Standards (UPCS)**

- HTF-funded rehabilitation must comply with UPCS standards. The UPCS inspectable items and observable deficiencies for the Site, Building Exterior, Building Systems (multifamily housing only), Common Areas (multifamily housing only), are identified by the UPCS comprehensive listing available at this site: <https://www.hudexchange.info/onecpd/assets/File/HTF-FAQ-Appendices-UPCS-for-Multifamily-and-Single-Family-Housing-Rehabilitation.pdf> or this site: [http://portal.hud.gov/hudportal/documents/huddoc?id=DOC\\_26481.pdf](http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_26481.pdf) .
- All rehab work scope must be designed so that no deficiency (post-rehabilitation) can be defined, by any level of deficiency in the *Dictionary of Deficiency Definitions DCD Version 2.3* available at this site: [http://www.hud.gov/offices/reac/pdf/pass\\_dict2.3.pdf](http://www.hud.gov/offices/reac/pdf/pass_dict2.3.pdf) . All completed rehab work must meet UPCS standards.

Kentucky Housing Corporation HTF Health and Safety Rehab Standards

**NOTE: Deficiencies on this list are deemed to be life-threatening and must be addressed immediately, if the housing is occupied.**

<b>Requirements for Site</b>		
<b>Inspectable Item</b>	<b>Observable Deficiency</b>	<b>Type and Degree of Deficiency that must be addressed</b>
Health & Safety	Air Quality - Propane/Natural Gas/Methane Gas Detected	<i>Strong propane, natural gas or methane odors that could pose a risk of explosion/ fire and/or pose a health risk if inhaled</i>
	Electrical Hazards - Exposed Wires/Open Panels	<i>Any exposed bare wires or openings in electrical panels (capped wires do not pose a risk)</i>
	Electrical Hazards - Water Leaks on/near Electrical Equipment	<i>Any water leaking, puddling or ponding on or immediately near any electrical apparatus that could pose a risk of fire, electrocution or explosion</i>
<b>Requirements for Building Exterior</b>		
<b>Inspectable Item</b>	<b>Observable Deficiency</b>	<b>Type and Degree of Deficiency that must be addressed</b>
Fire Escapes	Blocked Egress/Ladders	<i>Stored items or other barriers restrict or block people from exiting</i>
Health and Safety	Electrical Hazards - Exposed Wires/Open Panels	<i>Any exposed bare wires or openings in electrical panels (capped wires do not pose a risk)</i>
	Electrical Hazards - Water Leaks on/near Electrical Equipment	<i>Any water leaking, puddling or ponding on or immediately near any electrical apparatus that could pose a risk of fire, electrocution or explosion</i>
	Emergency Fire Exits - Emergency/Fire Exits	<i>The exit cannot be used or exit is limited because a door or window is nailed shut, a lock is broken, panic hardware is chained, debris, storage, or other conditions block exit</i>
Windows	Security Bars Prevent Egress	<i>The ability to exit through egress window is limited by security bars that do not function properly and, therefore, pose safety risks</i>
<b>Requirements for Building Systems</b>		
<b>Inspectable Item</b>	<b>Observable Deficiency</b>	<b>Type and Degree of Deficiency that must be addressed</b>
Electrical System	Missing Outlet Covers	<i>A cover is missing, which results in exposed visible electrical connections</i>
Fire Protection	Missing/Damaged/Expired Extinguishers	<i>There is missing, damaged or expired fire extinguisher an any area of the building where a fire extinguisher is required</i>
Health & Safety	Air Quality - Propane/Natural Gas/Methane Gas Detected	<i>Strong propane, natural gas or methane odors that could pose a risk of explosion/ fire and/or pose a health risk if inhaled</i>
	Electrical Hazards - Exposed Wires/Open Panels	<i>Any exposed bare wires or openings in electrical panels (capped wires do not pose a risk)</i>
	Electrical Hazards - Water Leaks on/near Electrical Equipment	<i>Any water leaking, puddling or ponding on or immediately near any electrical apparatus that could pose a risk of fire, electrocution or explosion</i>
	Emergency Fire Exits - Emergency/Fire Exits	<i>The exit cannot be used or exit is limited because a door or window is nailed shut, a lock is broken, panic hardware is chained, debris, storage, or other conditions block exit</i>
HVAC	Misaligned Chimney/Ventilation System	<i>A misalignment of an exhaust system on a combustion fuel-fired unit (oil, natural gas, propane, wood pellets etc.) that causes improper or dangerous venting of gases</i>
<b>Requirements for Common Areas</b>		
<b>Inspectable Item</b>	<b>Observable Deficiency</b>	<b>Type and Degree of Deficiency that must be addressed</b>
Storage	Electrical - Missing Covers	<i>A cover is missing, which results in exposed visible electrical connections</i>
	HVAC - Misaligned Chimney/Ventilation System	<i>Any misalignment that may cause improper or dangerous venting of gases</i>
	Outlets/Switches/Cover Plates - Missing/Broken	<i>Outlet or switch is missing or a cover plate is missing or broken, resulting in exposed wiring</i>
	Smoke Detector - Missing/Inoperable	<i>Smoke detector is missing or does not function as it should</i>
	Windows - Security Bars Prevent Egress	<i>The ability to exit through the window is limited by security bars that do not function properly and, therefore, pose safety risks</i>
Health & Safety	Air Quality - Propane/Natural Gas/Methane Gas Detected	<i>Strong propane, natural gas or methane odors that could pose a risk of explosion/ fire and/or pose a health risk if inhaled</i>
	Electrical Hazards - Exposed Wires/Open Panels	<i>Any exposed bare wires or openings in electrical panels (capped wires do not pose a risk)</i>
	Electrical Hazards - Water Leaks on/near Electrical Equipment	<i>Any water leaking, puddling or ponding on or immediately near any electrical apparatus that could pose a risk of fire, electrocution or explosion</i>
	Emergency Fire Exits - Emergency/Fire Exits	<i>The exit cannot be used or exit is limited because a door or window is nailed shut, a lock is broken, panic hardware is chained, debris, storage, or other conditions block exit</i>
<b>Requirements for Unit</b>		
<b>Inspectable Item</b>	<b>Observable Deficiency</b>	<b>Type and Degree of Deficiency that must be addressed</b>
Electrical System	Missing Covers	<i>A cover is missing, which results in exposed visible electrical connections</i>
Health & Safety	Air Quality - Propane/Natural Gas/Methane Gas Detected	<i>Strong propane, natural gas or methane odors that could pose a risk of explosion/ fire and/or pose a health risk if inhaled</i>
	Electrical Hazards - Exposed Wires/Open Panels	<i>Any exposed bare wires or openings in electrical panels (capped wires do not pose a risk)</i>
	Electrical Hazards - Water Leaks on/near Electrical Equipment	<i>Any water leaking, puddling or ponding on or immediately near any electrical apparatus that could pose a risk of fire, electrocution or explosion</i>
	Emergency Fire Exits - Emergency/Fire Exits	<i>The exit cannot be used or exit is limited because a door or window is nailed shut, a lock is broken, panic hardware is chained, debris, storage, or other conditions block exit</i>
Hot Water Heater	Misaligned Chimney/Ventilation System	<i>Any misalignment that may cause improper or dangerous venting of gases</i>
HVAC System	Misaligned Chimney/Ventilation System	<i>Any misalignment that may cause improper or dangerous venting of gases</i>
Outlets/Switches	Missing/Broken Cover Plates	<i>An outlet or switch has a broken cover plate over a junction box or the cover plate is missing</i>
Smoke Detector	Missing/Inoperable	<i>Smoke detector is missing or does not function as it should</i>
Security Bars Prevent Egress		<i>The ability to exit through the window is limited by security bars that do not function properly and, therefore, pose safety risks</i>

- 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.

*Consultation.* Sub-recipients must demonstrate through a written document approved by the Continuum of Care (COC) that the award is allocated according to the COC established priorities and policies (percentage use for clients stabilization needs, percentage use for staff salaries, etc). In addition, to demonstrate program performance, the sub-recipient must provide regular reporting through HMIS (or a comparable database for qualifying sub-recipients).

*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.

To ensure consistency in providing assistance, each sub-recipient must follow the program component guidelines regarding:

- *Compliance* - All eligibility determination for individuals and families must be based upon HUD definition of *At Risk of Homelessness* or *Homeless* (576.2). All eligibility must be documented according to policies and procedures as defined and established by HUD at 576.500.
- *Consistency* - All intake processes including assessment, screening, and referrals must have been centralized or coordinated to ensure consistency and accuracy. Sub-recipients will document and file all written coordinated assessments to comply with HUD requirements for area-wide systems coordination (Section 576.400 - e).
- *Long-term housing stabilization* - All outreach, emergency shelter assistance, prevention and housing must ensure that eligible individuals or families have a plan for stabilization and a long-term housing solution. The case plan must be written and consistent with the COC's priorities along with a coordinated process that leads to quick transition to permanent housing. The plan will include:
  - Amount of rent (based upon the eligible individual or family income and must not exceed 30 percent of the household's monthly income)
  - Utility costs (based upon the frequency of assistance within a time frame established by existing policies)
  - Length of stay (for a quick transition to stable and permanent housing, eligible individual or family must reside for the shortest possible period (but no more than 24 months) in a sheltered setting that includes both emergency and transitional housing)
  - Recertification and rent adjustments (to ensure long-term housing stabilization, eligible individual or family must demonstrate gained income at end of the stabilization phase; where applicable, eligible individual or family will secure public assistance benefits. Sub-recipient will implement agency policies and procedures to determine appropriate and consistent rental recertification and adjustments.
- *Habitability* - As a best practice, KHC recommends Housing Quality Standards (HQS) inspections. However, habitability inspection is required at a minimum. In addition, sub-recipients must ensure that available housing is safe and secure for households with special needs. Sub-recipients must comply with all federal

requirements as defined in *576.403 Shelter and housing standards*, as applicable.

- *HMIS* – One hundred percent data accuracy and/or zero errors on all applicable reports submissions. Accurate and complete Annual Performance Report. Quarterly Point-In-Time date bed coverage data, resulting in bed coverage that is above 65 percent and less than 105 percent as per HUD standards. Victim Service Provider will use comparable database and will produce unduplicated aggregate data.
- 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 homelessness prevention**

*Rental application fees.* Must be based on the sub-recipient's written policies and must be in compliance with HUD requirements. All rental application fee assistance to eligible individuals 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 two 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 the sub-recipient's written policies and must be in compliance with HUD requirements. When last month's rent assistance is provided, it must not exceed one month of FMR-based rent, appropriately documented and must

have been calculated in the program participant's total rental assistance which cannot exceed three months during any 24-month 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 more than three months within any 24-month period. See 576.105 (4).

*Utility Payments.* Must be in compliance with HUD requirements. All utility payments to determined eligible program participant shall not exceed more than three months within any 24-month period. Eligible utility services include gas, electric, water and sewage. See 576.105 (5).

*Moving Costs.* Must be in compliance with HUD requirements. All moving costs must be executed with consistency based upon the sub-recipient's written and documented policies. Eligible moving costs are truck rental, hiring a moving company, etc. In the case of the payment of temporary storage fees, no more than three months' payments are allowed. Eligible participants must have accrued the determined fees after the date of entry in the program and before entry in permanent housing. Payment of arrearages is not an eligible expense.

*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 services cannot exceed 30 days. If the program participant is living in permanent housing, any housing stability case management activity cannot exceed 24 months.

To evaluate individuals and families applying for or receiving homelessness prevention or rapid re-housing assistance, sub-recipients must use the centralized or coordinated assessment system (see 576.400(d)). Sub-recipients must include in all required initial evaluation (576.401(a)) a verification of eligibility of all individuals and families applying for homelessness prevention or rapid re-housing. All verification must be appropriately documented.

Other activities include counseling, developing, securing, coordinating and obtaining Federal, State and local benefits. Sub-recipients must also establish a system for monitoring and evaluating program participant progress. In addition, sub-recipients must establish a process for information sharing and referrals, developing an individualized housing and service plan for obtaining permanent housing and stability and a plan for conducting re-evaluation. (See 576.4019(b)).

*Mediation.* Sub-recipients must establish written policies and procedures that state clearly the terms of the mediation and all parties involved (program participant and the landlord). All documentations must establish that mediation was made necessary to prevent the loss of permanent housing in which the program participant resides and/or is the current lease holder.

*Legal services.* Sub-recipients must establish written policies and procedures that state clearly the terms of the legal services. All documentation must establish that the services were made necessary to resolve legal issues that prohibit the program participant from obtaining permanent housing or prevent the loss of permanent housing in which the program participant resides.

*Credit repair.* Sub-recipients must establish written policies and procedures based upon HUD's requirements. All documentation must establish that the services were made necessary to assist program participants to build critical skills related to budgeting, money management, accessing a free personal credit report and resolving legal issues that prohibit the program participant from obtaining permanent housing or prevent the loss of permanent housing in which the program participant resides. Debt payment and debt modification are not eligible services.

## **Housing relocation and stabilization services for 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 if 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:

<b>Amount of Direct Assistance to Buyer</b>	<b>Period of Affordability</b>
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.