

## Executive Summary

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

#### 1. Introduction

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

- HOME Investment Partnerships Program (HOME)
- Community Development Block Grant Program (CDBG)
- Emergency Solutions Grant Program (ESG)
- Housing Opportunities for Persons with AIDS Program (HOPWA)
- *National Housing Trust Fund (NHTF)*

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

This Consolidated Plan covers non-entitlement areas of the state of Kentucky. Entities requiring a Certificate of Consistency with this plan should access the Web link at:

<http://www.kyhousing.org/Resources/Data-Library/Pages/Consolidated-Plan.aspx>.

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

Federal statutes governing these grant programs communicate three basic goals by which HUD evaluates performance under the plan. Kentucky's strategy for pursuing these three statutory goals is:

##### **Decent Housing**, which includes

- assisting homeless persons obtain affordable housing;
- assisting persons at risk of becoming homeless;
- retaining affordable housing stock;
- increasing the availability of affordable permanent housing in standard condition to low-income and moderate-income families, particularly to members of disadvantaged minorities without discrimination on the basis of race, color, religion, sex, national origin, familial status, sexual orientation, or disability;

- increasing the supply of supportive housing which includes structural features and services to enable persons with special needs (including persons with HIV/AIDS) to live in dignity and independence; and
- providing affordable housing that is accessible to job opportunities.

A **Suitable Living Environment**, which includes

- improving the safety and livability of neighborhoods;
- eliminating blighting influences and the deterioration of property and facilities;
- increasing access to quality public and private facilities and services;
- reducing the isolation of income groups within areas through spatial de-concentration of housing opportunities for lower income persons and the revitalization of deteriorating neighborhoods;
- restoring and preserving properties of special historic, architectural or aesthetic value; and
- conserving energy resources and use of renewable energy sources.

**Expanded Economic Opportunities**, which includes

- job creation and retention;
- establishment, stabilization and expansion of small businesses (including micro-businesses);
- the provision of public services concerned with employment;
- the provision of jobs to low-income persons living in areas affected by those programs and activities, or jobs resulting from carrying out activities under programs covered by the plan;
- availability of mortgage financing for low-income persons at reasonable rates using non-discriminatory lending practices;
- access to capital and credit for development activities that promote the long-term economic and social viability of communities; and
- empowerment and self-sufficiency for low-income persons to reduce generational poverty in federally-assisted housing and public housing.

### **3. Evaluation of past performance**

During the time span of the previous Consolidated Plan, unemployment was very high and the economy was in a severe downturn. As a result, foreclosures were very high, the single-family mortgage market adjusted to economic changes by tightening underwriting standards, and federal funding decreased substantially. The challenge of the past several years has been to assist persons who were in danger of losing their homes through foreclosure. In addition, the focus on assisting persons with special needs and the homeless has resulted in new programs and the revision of existing programs to focus on homelessness prevention, rapid re-housing of homeless persons, and supportive housing for persons with disabilities.

Overarching housing needs themes that remain constant over time, are that persons with special needs require supports to obtain and retain housing, households in the lowest income categories are housing cost-burdened in high numbers, and that there remains a severe shortage in the supply of affordable, decent housing. With the economic recovery beginning, and unemployment rates dropping, Kentucky expects to see a reduction in foreclosures and an increase in families' abilities to access credit to purchase homes. The aging housing stock remains of great concern. Older single family homes may not be energy efficient, contributing to housing cost burden. Multifamily housing units constructed decades ago are in need of rehabilitation. Affordable rental projects financed years ago are nearing the end of their affordability periods and are at risk of loss.

Future focus, for the near term, will remain improving the existing housing stock, creating new affordable housing units, coordinating housing and services in partnership with other agencies for persons with special needs, and creating economic opportunities for Kentucky's families. Additional information on past performance can be found in the Consolidated Annual Performance and Evaluation Reports (CAPERS) that KHC and DLG submit to HUD each year in September. These reports are available on KHC's Web site at [www.kyhousing.org](http://www.kyhousing.org) under Resources.

#### **4. Summary of citizen participation process and consultation process**

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

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

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

*A public hearing was held on June 30, 2016 to obtain additional needs information and to allow citizens and the general public to participate in the process. The hearing was held in conjunction with the*

hearing for the 2017/2018 proposed Qualified Allocation Plan. Two persons presented comments on the NHTF at the hearing.

## **5. Summary of public comments**

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

*During the public hearing for the NHTF substantial amendment, Mary O'Dougherty with the Kentucky Coalition Against Domestic Violence and Curtis Stauffer with the Housing and Homeless Coalition both spoke. Both spoke in support of utilizing NHTF funds for operational support for projects. In addition, they asked that preference for funds be given to projects that serve special needs populations including, but not limited to homeless, domestic violence survivors, persons with disabilities, and persons with Medicaid that need access to housing.*

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

There were no comments or views not accepted.

## **7. Summary**

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

*Summary of sections of the plan that have been amended:*

- *HOPWA minor amendment – changes to section AP35, Projects*
- *NHTF Substantial Amendment Section ES-05 Executive Summary Section PR-15 Citizen Participation Process Section SP-10 Geographic Priorities Section SP-25 Priority Needs Section SP-30 Influence of Market Conditions Section SP-35 Anticipated Resources Remaining changes are in the 2016 Action Plan*

## **PR-15 Citizen Participation - 91.115, 91.300(c)**

### **1. Summary of citizen participation process/Efforts made to broaden citizen participation Summarize citizen participation process and how it impacted goal-setting**

Prior to final development of the Consolidated Plan, KHC and DLG held a public hearing to obtain views of citizens, public agencies, and other interested parties on community and housing needs. The hearing was advertised at least fourteen (14) days in advance of the date of the hearing and was widely publicized through the use of direct electronic mail notification, Web announcements, social media announcements, and newspaper advertisements. At this hearing KHC and DLG presented information regarding the amount of assistance the State expects to receive and the range of activities that may be undertaken. In addition, KHC's partners actively promoted participation in KHC's online survey as well as submission of written comments to KHC.

DLG and KHC also both encouraged citizen participation in the process via online surveys that were advertised in direct mail, eGrams, through partner agencies, through the network of public libraries across the state, and social media.

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

*A public hearing was held on June 30, 2016 to obtain additional needs information and to allow citizens and the general public to participate in the process. The hearing was advertised in the same manner as for the original Consolidated Plan, through legal advertising and eGram service. A specific personal email invitation was sent to a party interested in providing input for special needs housing.*

*In addition, the substantial amendment was advertised for a 30-day written public comment period from July 9 to August 8, 2016 via the same method as the public hearing.*

### Citizen Participation Outreach

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (if applicable)
1	Public Hearing	Non-targeted/broad community  Residents of Public and Assisted Housing	A public hearing was held at KHC's offices on February 10, 2015 which was attended by 26 persons. No members of the general public attended.	See attachment to the Consolidated Plan for comments received as a result of the public hearing.	There were no comments not received.	
2	Newspaper Article	Non-targeted/broad community	Representatives of the Cumberland Valley Area Development District were interviewed for a newspaper article in the Middlesboro Daily News that promoted participation by local governments and individuals in the CDBG survey for the Consolidated Plan.	See survey results	None.	<a href="http://www.middlesborodailynews.com/news/news/150481172/CVADD:-Feds-are-listening">http://www.middlesborodailynews.com/news/news/150481172/CVADD:-Feds-are-listening</a>

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (if applicable)
3	Internet Outreach	Non-targeted/broad community	Online surveys were made available to members of the general public. These were advertised via social media and were made available to agencies who assist the general public. They were also made available through all public libraries throughout the state.	See the attachment to the Consolidated Plan for survey results received from the general public.		
4	Newspaper Article	Non-targeted/broad community	Letters and surveys solicited by partner agencies of families that they assist.	Several letters and surveys from families supporting the use of TBRA funding and describing how it has helped them.	No comments were not accepted	
5	Newspaper Ad	Non-targeted/broad community	Advertisement for NHTF substantial amendment - attended by non-profits and multifamily developers.	Two nonprofit entities spoke in support of offering operating subsidy and support for special needs projects.	There were no comments not accepted.	

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (if applicable)
6	Public Meeting	Non-targeted/broad community	See number 5 above.	See number 5 above.		

**Table 1– Citizen Participation Outreach**



# Strategic Plan

## SP-05 Overview

### Strategic Plan Overview

KHC and DLG have established a strategic plan to address housing and community development needs during the next five years. Shrinking financial resources, combined with increasing needs create many challenges. The priority needs discussed in this section are all treated equally - and rated as high priorities. As annual Action Plans are created based on the available resources, funds will be allocated to activities based on many factors. Because KHC and DLG attempt to serve the needs of most of the state, geographic priorities are not established as high level strategies.

## SP-10 Geographic Priorities – 91.315(a)(1)

### Geographic Area

Table 2 - Geographic Priority Areas

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

### General Allocation Priorities

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

KHC and DLG do not allocate investments geographically within the state in general, as funding applications are scored competitively. Individual programs may consider geographic balance when distributing funds as described below.

CDBG: All cities and counties in Kentucky are eligible for participation in the CDBG Program with the exception of the cities of Ashland, Bowling Green, Covington, Elizabethtown, Henderson, Hopkinsville, Owensboro, the City of Lexington/Fayette County and City of Louisville/Jefferson County Metro Government which receive a direct allocation of CDBG funds from the federal government. *The state has established one geographic priority area that encompasses areas of the state that are not entitlement jurisdictions. Most programs allocate only to this geographic area unless special circumstances dictate otherwise. The NHTF program has not designated a limited geographic area.*

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

ESG: All of Kentucky's allocation must be made available to Balance of State Continuum of Care cities and counties or private nonprofit organizations on a competitive basis. Because funds requested are always more than what is available, KHC will continue the practice of only funding ESG applicants serving clients in non-entitlement ESG areas. It is KHC's intention to fund eligible applicants representing a broad geographic area in the state.

HOPWA: Eligible applicants are nonprofit agencies and local governments. Funding will be made available as renewal of last fiscal year's funding distributed to five areas of the Commonwealth established for funding distribution by the Cabinet for Health and Family Services. The formula is based on the number of reported persons living with AIDS in each of the regions according to the Kentucky Department for Public Health, Division of Epidemiology and Health Planning.

Eligible applicants for HOPWA funding will submit plans for the use of HOPWA funding to KHC. The plans outline the activities to be undertaken and the process for the use of funding.

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

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

## SP-25 Priority Needs – 91.315(a)(2)

### Priority Needs

Table 3 – Priority Needs Summary

1	<b>Priority Need Name</b>	Rental Assistance
	<b>Priority Level</b>	High
	<b>Population</b>	Extremely Low Low Persons with HIV/AIDS Persons with HIV/AIDS and their Families
	<b>Geographic Areas Affected</b>	Other
	<b>Associated Goals</b>	ESG Activities HOME Rental Assistance HOPWA Activities
	<b>Description</b>	Tenant-Based Rental Assistance and short-term rental assistance for special needs households
	<b>Basis for Relative Priority</b>	TBRA assists families at the lowest income levels, and assists those who may not qualify for a Housing Choice Voucher. Housing Choice Vouchers are in short supply, and this activity assists in filling the gap. ESG and HOPWA activities are focused on providing rental assistance to prevent and end homelessness.
2	<b>Priority Need Name</b>	Production of New Affordable Housing
	<b>Priority Level</b>	High
	<b>Population</b>	Extremely Low Low Moderate Middle
	<b>Geographic Areas Affected</b>	Other
	<b>Associated Goals</b>	HOME Homeowner Activities HOME Multifamily Activities
	<b>Description</b>	Production of new rental or homeowner-occupied affordable housing.

	<b>Basis for Relative Priority</b>	There continues to be a high need for affordable rental housing throughout the state. Needs data indicate that there is a large gap between affordable rental housing stock and availability. In addition, especially in rural areas, families prefer to own their home rather than rent. The production of affordable owner-occupied housing remains a need.
<b>3</b>	<b>Priority Need Name</b>	Rehabilitation of Affordable Housing
	<b>Priority Level</b>	High
	<b>Population</b>	Extremely Low Low Moderate Middle
	<b>Geographic Areas Affected</b>	Other
	<b>Associated Goals</b>	CDBG Housing HOME Homeowner Activities HOME Multifamily Activities
	<b>Description</b>	Rehabilitation of existing affordable rental housing and owner-occupied housing.
	<b>Basis for Relative Priority</b>	The state of Kentucky is in danger of losing nearly 50,000 affordable rental units through 2020. In addition, owner-occupied housing continues to age. Those in the lowest income levels have difficulty affording major repairs and renovations on substandard housing. Lack of energy efficiency directly contributes to housing cost burden.
<b>4</b>	<b>Priority Need Name</b>	Acquisition/Rehabilitation of Affordable Housing
	<b>Priority Level</b>	High
	<b>Population</b>	Extremely Low Low Moderate Middle
	<b>Geographic Areas Affected</b>	Other
	<b>Associated Goals</b>	HOME Multifamily Activities

	<b>Description</b>	Aquisition and Rehabilitation of affordable housing.
	<b>Basis for Relative Priority</b>	Rehabilitation of rental housing in order to preserve the units may involve aquisition of a project by a new owner. Rehabilitation of rental housing will help preserve units that are in danger of being lost from the housing inventory.
<b>5</b>	<b>Priority Need Name</b>	Homelessness Outreach
	<b>Priority Level</b>	High
	<b>Population</b>	Extremely Low Low Rural Chronic Homelessness Individuals Families with Children Mentally Ill Chronic Substance Abuse veterans Persons with HIV/AIDS Victims of Domestic Violence Unaccompanied Youth
	<b>Geographic Areas Affected</b>	Other
	<b>Associated Goals</b>	ESG Activities
	<b>Description</b>	Outreach to homeless populations
	<b>Basis for Relative Priority</b>	Assisting the chronically homeless and unsheltered homeless
	<b>6</b>	<b>Priority Need Name</b>
<b>Priority Level</b>		High

	<b>Population</b>	Extremely Low Low Rural Chronic Homelessness Individuals Families with Children Mentally Ill Chronic Substance Abuse veterans Persons with HIV/AIDS Victims of Domestic Violence Unaccompanied Youth Elderly Frail Elderly Persons with Mental Disabilities Persons with Physical Disabilities Persons with Developmental Disabilities Persons with Alcohol or Other Addictions Persons with HIV/AIDS and their Families Victims of Domestic Violence
	<b>Geographic Areas Affected</b>	Other
	<b>Associated Goals</b>	ESG Activities
	<b>Description</b>	Provision of emergency shelter activities and transitional housing for homeless and special needs populations.
	<b>Basis for Relative Priority</b>	Nearly 4,000 persons are provided with emergency shelter housing each year in Kentucky. The number of homeless persons in the state have remained constant, many in rural areas. Transitional housing is instrumental in moving persons from shelters and other non-permanent housing venues and acts as a stepping stone toward permanent housing solutions.
<b>7</b>	<b>Priority Need Name</b>	Rapid-Rehousing
	<b>Priority Level</b>	High

	<b>Population</b>	Extremely Low Low Moderate Middle Rural Chronic Homelessness Individuals Families with Children Mentally Ill Chronic Substance Abuse veterans Victims of Domestic Violence
	<b>Geographic Areas Affected</b>	Other
	<b>Associated Goals</b>	ESG Activities
	<b>Description</b>	Assistance to rapidly re-house homeless families.
	<b>Basis for Relative Priority</b>	Rapid Re-Housing of homeless families assists more than 1,000 households yearly in Kentucky. Data indicate that households that are re-housed rapidly have a higher housing success rate.
8	<b>Priority Need Name</b>	Homelessness Prevention
	<b>Priority Level</b>	High
	<b>Population</b>	Extremely Low Low Moderate Middle Rural Individuals Families with Children Mentally Ill Chronic Substance Abuse veterans Persons with HIV/AIDS Victims of Domestic Violence Persons with HIV/AIDS and their Families Victims of Domestic Violence



	<b>Geographic Areas Affected</b>	Other
	<b>Associated Goals</b>	ESG Activities
	<b>Description</b>	Preventing families on the verge of homelessness from becoming literally homeless by providing housing assistance.
	<b>Basis for Relative Priority</b>	Homelessness prevention is preferable to literal homelessness. Once an individual or family becomes homeless, a myriad of problems follow.
9	<b>Priority Need Name</b>	Public Facilities
	<b>Priority Level</b>	High
	<b>Population</b>	Non-housing Community Development
	<b>Geographic Areas Affected</b>	Other
	<b>Associated Goals</b>	CDBG Public Facilities
	<b>Description</b>	May include Senior Centers, Handicapped Centers, Homeless Facilities, Youth Centers, Childcare Centers, Neighborhood Facilities, Fire Stations/Equipment, Health Facilities, Parks/Recreational Facilities, or Facilities for Speical Needs Populations.
	<b>Basis for Relative Priority</b>	CDBG funding is a major source of funds in the state for these facilities.
10	<b>Priority Need Name</b>	Public Improvements/Infrastructure
	<b>Priority Level</b>	High
	<b>Population</b>	Non-housing Community Development
	<b>Geographic Areas Affected</b>	Other
	<b>Associated Goals</b>	CDBG Public Improvements/Infrastructure

	<b>Description</b>	May include Water/Sewer Improvements and Flood Drainage Improvements
	<b>Basis for Relative Priority</b>	CDBG focuses on these limited activities and funds other eligible activities with other funding sources.
<b>11</b>	<b>Priority Need Name</b>	Public Services
	<b>Priority Level</b>	High
	<b>Population</b>	Non-housing Community Development
	<b>Geographic Areas Affected</b>	Other
	<b>Associated Goals</b>	CDBG Services
	<b>Description</b>	Services for Recovery Kentucky
	<b>Basis for Relative Priority</b>	DLG limits its public services funding to Recovery Kentucky programs throughout the state
<b>12</b>	<b>Priority Need Name</b>	Economic Development
	<b>Priority Level</b>	High
	<b>Population</b>	Non-housing Community Development
	<b>Geographic Areas Affected</b>	Other
	<b>Associated Goals</b>	CDBG Economic Development
	<b>Description</b>	Economic development activities
	<b>Basis for Relative Priority</b>	Economic development is an important activity to revitalize communities
<b>13</b>	<b>Priority Need Name</b>	Other Housing and/or Service Needs
	<b>Priority Level</b>	High

	<b>Population</b>	Extremely Low Low Moderate Large Families Families with Children Rural Chronic Homelessness Individuals Families with Children Mentally Ill Chronic Substance Abuse veterans Persons with HIV/AIDS Victims of Domestic Violence Unaccompanied Youth Persons with HIV/AIDS and their Families
	<b>Geographic Areas Affected</b>	Other
	<b>Associated Goals</b>	ESG Activities HOPWA Activities
	<b>Description</b>	Focused on other housing and service needs for special needs programs, such as short-term mortgage assistance and service needs for HOPWA-eligible households and street outreach to homeless persons under ESG.
	<b>Basis for Relative Priority</b>	Persons with HIV/AIDS are in need of housing supports to help them remain in their homes. Services, especially transportation needs, are in high demand. In addition, street outreach to homeless persons aids in moving them from unsheltered to sheltered.
<b>14</b>	<b>Priority Need Name</b>	NHTF Multifamily Housing
	<b>Priority Level</b>	High

<b>Population</b>	Extremely Low Low Large Families Families with Children Elderly Public Housing Residents Elderly Frail Elderly Persons with Mental Disabilities Persons with Physical Disabilities Persons with Developmental Disabilities Persons with Alcohol or Other Addictions Persons with HIV/AIDS and their Families Victims of Domestic Violence
<b>Geographic Areas Affected</b>	
<b>Associated Goals</b>	NHTF Multifamily Housing
<b>Description</b>	New Construction, Rehabilitation or aquisition/rehab of affordable multifamily housing.
<b>Basis for Relative Priority</b>	Kentucky is in danger of losing 50,000 affordable rental units during the term of this Consolidated Plan. In many cases, the units house extremely low income familes, and are affordable because of rental assistance tied to the unit. As these junits aged and come into disrepair, if the units aren't addressed the state may also lose the rental subsidies tied to the units.

**Narrative (Optional)**

## SP-30 Influence of Market Conditions – 91.315(b)

### Influence of Market Conditions

Affordable Housing Type	Market Characteristics that will influence the use of funds available for housing type
Tenant Based Rental Assistance (TBRA)	Housing choice vouchers across the state, including those administered by KHC, are in very short supply. Waiting lists are very long. Tenant-based rental assistance provided under the HOPWA program is in high demand, as the population assisted by this program prefer to live independently in their home communities. HOME TBRA provides vital gap funding while persons await permanent vouchers. HOME TBRA may be provided through a disaster contingency allocation in the event of a natural disaster or emergency declared by the governor. TBRA funding is also vital to assist victims of domestic violence and other special needs populations to locate housing quickly. The TBRA program allows persons who might not qualify for a housing choice voucher to access assistance.
TBRA for Non-Homeless Special Needs	TBRA funding is vital to assist victims of domestic violence and other special needs populations who need to locate housing quickly. The TBRA program allows persons who might not qualify for a housing choice voucher to access assistance. Tenant-based rental assistance provided under the HOPWA program is in high demand, as the population assisted by this program prefer to live independently in their home communities.
New Unit Production	There continues to be a shortage of safe, decent, affordable housing in Kentucky. There is only one affordable rental housing unit for very three families that need to locate housing. In addition, new homeownership units are needed to house families in rural areas where ownership is preferred over renting.
Rehabilitation	Kentucky is in danger of losing nearly 50,000 affordable rental units in the next five years. <i>Older multifamily housing is in need of repair, which if it is not addressed, can result in the loss of the units as well as rental subsidy tied to the projects.</i> In addition, older owner-occupied housing, especially older manufactured housing, is not energy efficient, causing families to be cost burdened. Total housing costs (rent/mortgage plus utilities) is very high in non-energy efficient, older housing.
Acquisition, including preservation	Many rental projects are nearing the end of their required affordability period, owners may wish to divest themselves of the housing, allowing a new owner to acquire the units to rehabilitate and renew the affordability period. Homeowner housing opportunities may also be created by the acquisition and rehabilitation of single family homes.

**Table 4 – Influence of Market Conditions**



## SP-35 Anticipated Resources - 91.315(a)(4), 91.320(c)(1,2)

### Introduction

In addition to newly allocated block grant funds, an estimate of program income and recaptured funds from prior years are included in each year's allocation plan. Total allocations to activities may not equal total expected resources, because administrative funds, CHDO operating funds, CHDO set-aside funds, and contingency funds are not included in allocations to activities. Allocations to activities may change based on need, demand, and other factors.

### Anticipated Resources

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Reminder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
CDBG	public - federal	Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services	23,137,162	0	0	23,137,162	115,000,000	CDBG funding has decreased substantially during the past several years and this trend is expected to continue.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Reminder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
HOME	public - federal	Acquisition Homebuyer assistance Homeowner rehab Multifamily rental new construction Multifamily rental rehab New construction for ownership TBRA	8,846,758	1,000,000	4,783,650	14,630,408	44,000,000	HOME funding has decreased substantially during the past several years and this trend is expected to continue.



Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Reminder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
HOPWA	public - federal	Permanent housing in facilities Permanent housing placement Short term or transitional housing facilities STRMU Supportive services TBRA	530,584	0	0	530,584	2,650,000	HOPWA funding has remained relatively stable during the past several years and is based on the number of reported HIV/AIDS cases. During the coming years, an increase in HIV/AIDS cases may be expected due to increased heroin use in this area of the country.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Reminder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
ESG	public - federal	Conversion and rehab for transitional housing Financial Assistance Overnight shelter Rapid re-housing (rental assistance) Rental Assistance Services Transitional housing	2,417,145	0	0	2,417,145	12,000,000	ESG funding has increased substantially during the past several years as the program has been revised to include a focus on rapid-rehousing.
Housing Trust Fund	public - federal	Multifamily rental new construction Multifamily rental rehab	3,000,000	0	0	3,000,000	12,000,000	National Housing Trust Fund, multifamily housing for extremely low-income and very low income households. NHTF funding is a new resource. The amount of funds available for future allocations may vary.

Table 5 - Anticipated Resources

**Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied**

Federal funds will continue to be leveraged with other resources to achieve the objectives of this plan. Matching requirements will be achieved through a variety of methods. Kentucky is fortunate in that a majority of our recipients – nonprofits, private developers and units of local government – have contributed a large amount of matching funds with their projects. In fact, in the past, HOME recipients have provided enough matching funds annually to allow the state to carry match forward to future years. In addition, KHC will continue to provide matching funds, if needed. Periodically, the amount of HOME matching funds required is reduced due to high unemployment rates, natural disasters, or other factors determined by HUD.

There are several block grant programs that are allocated by the state through a competitive system. This system provides an incentive for applicants to include leverage and matching funds in the project that count toward federal match requirements. Some programs award points to applicants that propose more than the required leverage and matching funds. This encourages applicants to blend funds with other programs to provide for affordable housing opportunities. Other programs require a set amount of proposed match and/or leverage to be eligible for funding.

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

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

Each ESG recipient must match the funding provided by ESG with an equal value of contributions from other sources. These funds must be provided after the date of the grant award. In calculating matching funds, recipients may include the value of any donated material or building, the value of the lease of a building, staff salaries paid by the grantee and volunteer time. The recipient may not include funds used to match any previous ESG grant or any other grant.

It is anticipated that matching funds will come from a variety of sources, both public and private. Each sub-recipient of ESG funds will be required to match their allocation at a one-to-one level or higher. Because many agencies will be able to use in-kind donations of both goods and services as well as cash contributions, it is anticipated that the Kentucky State ESG program will access a sufficient amount of matching funds.

HOPWA recipients are not required to meet a minimum match requirement, but recipients must coordinate their funding with the administration of federal and state AIDS service funding. At any time, leverage may be one of the factors used in evaluating and ranking HOPWA proposals.

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

*There is no matching funds requirement for National Housing Trust Fund (NHTF) project applicants. However, because these funds are the smallest portion of total project costs, matching and leverage funds will be provided by project-based rental assistance, bond financing, low-income housing tax credits, and other financing mechanisms. The amount of non-federal funding associated with most projects will be substantially higher than the amount of NHTF funding allocated to the project.*

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

None.

**Discussion**

KHC is the administering agency for the Low-Income Housing Tax Credit. This program is coordinated with HOME, NHTF, and other funding, including state Affordable Housing Trust Fund and KHC Housing Assistance Funds to produce and rehabilitate the maximum number of affordable rental units possible. Entities applying for tax credits apply for other forms of funding/financing through KHC by way of a consolidated application.

Several additional affordable housing and economic development programs are active in the state of Kentucky although not administered under this plan or by KHC or DLG. Additional agencies and entities that offer programs and funding are:

- Bluegrass State Skills Corporation

- Kentucky Small Business Development Centers
- Department of Behavioral Health, Developmental and Intellectual Disabilities
- Kentucky Economic Development Cabinet
- Fannie Mae
- Federal Emergency Management Agency and Kentucky Emergency Management Agency
- Federal Housing Administration
- Federal Home Loan Bank
- Kentucky Historic Preservation Office
- U.S. Department of Housing and Urban Development
- Kentucky Association of Counties
- Kentucky Department of Veterans Affairs
- Kentucky Domestic Violence Association
- Kentucky Economic Development Finance Authority (KEDFA)
- Kentucky Infrastructure Authority
- Kentucky Justice Cabinet/Department of Corrections
- Kentucky League of Cities
- Kentucky Rural Economic Development Authority
- Kentucky Transportation Cabinet
- USDA Rural Housing Service
- US Small Business Administration
- US Army Corps of Engineers
- US Veterans Administration

**SP-45 Goals Summary – 91.315(a)(4)**

**Goals Summary Information**

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	HOME Homeowner Activities	2015	2019	Affordable Housing	Non-Entitlement Geographic Area	Production of New Affordable Housing Rehabilitation of Affordable Housing	HOME: \$15,000,000	Homeowner Housing Added: 310 Household Housing Unit  Homeowner Housing Rehabilitated: 20 Household Housing Unit
2	HOME Rental Assistance	2015	2019	Affordable Housing	Non-Entitlement Geographic Area	Rental Assistance	HOME: \$3,000,000	Tenant-based rental assistance / Rapid Rehousing: 1600 Households Assisted

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
3	HOME Multifamily Activities	2015	2019	Affordable Housing		Acquisition/Rehabilitation of Affordable Housing Production of New Affordable Housing Rehabilitation of Affordable Housing	HOME: \$25,000,000	Rental units constructed: 100 Household Housing Unit  Rental units rehabilitated: 100 Household Housing Unit
4	ESG Activities	2015	2019	Homeless	Non-Entitlement Geographic Area	Emergency/Transitional Housing For the Homeless Homelessness Outreach Homelessness Prevention Other Housing and/or Service Needs Rapid-Rehousing Rental Assistance	ESG: \$11,250,000	Homeless Person Overnight Shelter: 20000 Persons Assisted  Homelessness Prevention: 5000 Persons Assisted  Other: 8000 Other

2015-2019 Consolidated Plan Substantial Amendment July 2016

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
5	HOPWA Activities	2015	2019	Non-Homeless Special Needs	Non-Entitlement Geographic Area	Other Housing and/or Service Needs Rental Assistance	HOPWA: \$2,500,000	Tenant-based rental assistance / Rapid Rehousing: 155 Households Assisted  Other: 945 Other
6	CDBG Housing	2015	2019	Affordable Housing	Non-Entitlement Geographic Area	Rehabilitation of Affordable Housing	CDBG: \$13,000,000	Homeowner Housing Rehabilitated: 194 Household Housing Unit
7	CDBG Economic Development	2015	2019	Non-Housing Community Development	Non-Entitlement Geographic Area	Economic Development	CDBG: \$5,000,000	Jobs created/retained: 938 Jobs  Businesses assisted: 26 Businesses Assisted



Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
8	CDBG Public Facilities	2015	2019	Non-Housing Community Development	Non-Entitlement Geographic Area	Public Facilities	CDBG: \$10,000,000	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 157680 Persons Assisted
9	CDBG Services	2015	2019	Recovery Kentucky Services	Non-Entitlement Geographic Area	Public Services	CDBG: \$5,000,000	Public service activities other than Low/Moderate Income Housing Benefit: 5900 Persons Assisted
10	CDBG Public Improvements/Infrastructure	2015	2019	Non-Housing Community Development	Non-Entitlement Geographic Area	Public Improvements/Infrastructure	CDBG: \$7,500,000	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 46922 Persons Assisted

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
11	NHTF Multifamily Housing	2016	2019	Affordable Housing		NHTF Multifamily Housing		Rental units constructed: 2 Household Housing Unit  Rental units rehabilitated: 15 Household Housing Unit

Table 6 – Goals Summary

**Goal Descriptions**

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

4	<b>Goal Name</b>	ESG Activities
	<b>Goal Description</b>	Emergency shelter facilities, rapid-rehousing, homeless prevention, and other eligible ESG program activities
5	<b>Goal Name</b>	HOPWA Activities
	<b>Goal Description</b>	Short Term Rental, Mortgage, and Utility assistance and services to allow persons with HIV/AIDs to retain housing. Tenant-based rental assistance to help clients obtain permanent housing. Supportive services to provide needed counseling assistance with child care, nutritional classes, etc.. Permanent housing placement to pay for first month's rent and deposits in order to obtain housing. Housing information services to assist clients with information needed to obtain housing.
6	<b>Goal Name</b>	CDBG Housing
	<b>Goal Description</b>	Assistance for construction, rehabilitation, or homebuyer assistance for single family and multifamily affordable housing.
7	<b>Goal Name</b>	CDBG Economic Development
	<b>Goal Description</b>	Economic Development
8	<b>Goal Name</b>	CDBG Public Facilities
	<b>Goal Description</b>	Eligible CDBG public facilities (i.e., Senior Centers)
9	<b>Goal Name</b>	CDBG Services
	<b>Goal Description</b>	Eligible CDBG public services for Recovery Kentucky
10	<b>Goal Name</b>	CDBG Public Improvements/Infrastructure
	<b>Goal Description</b>	Water, wastewater and drainage projects

11	<b>Goal Name</b>	NHTF Multifamily Housing
	<b>Goal Description</b>	New construction, rehabilitation, or acquisition/rehab of multifamily housing units.

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

KHC and DLG expect to provide affordable housing to more than 3,000 extremely low-income, low-income, and moderate-income families over the next five years using the resources available under HOME, ESG, HOPWA, *NHTF*, and CDBG. Funding is expected to be awarded to projects in non-entitlement areas of the state unless KHC determines that a portion of funding is needed to supplement projects in entitlement areas.

## Executive Summary

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

#### 1. Introduction

The Commonwealth of Kentucky Federal Fiscal Year 2016 Action Plan represents a collaborative endeavor and outlines the affordable housing and community development strategies the state will utilize in allocating funding it receives from the following U.S. Department of Housing and Urban Development (HUD) block grant programs:

- HOME Investment Partnerships Program (HOME)
- Community Development Block Grant Program (CDBG)
- Emergency Solutions Grant Program (ESG)
- Housing Opportunities for Persons with AIDS Program (HOPWA)
- National Housing Trust Fund (NHTF)

KHC and DLG undertook efforts to collaborate with the general public, local governments, non-profit housing and services providers, other state agencies, housing developers, and other interested parties through public hearings and developer forums.

This Consolidated Plan covers non-entitlement areas of the state of Kentucky. Entities requiring a Certificate of Consistency with this plan should access the Web link at: <http://www.kyhousing.org/Resources/Planning-Documents/Pages/Consolidated-Plan.aspx>.

#### 2. Summarize the objectives and outcomes identified in the Plan

This could be a restatement of items or a table listed elsewhere in the plan or a reference to another location. It may also contain any essential items from the housing and homeless needs assessment, the housing market analysis or the strategic plan.

Federal statutes governing these grant programs communicate three basic goals by which HUD evaluates performance under the plan. Kentucky's strategy for pursuing these three statutory goals is:

**Decent Housing**, which includes

- assisting homeless persons obtain affordable housing;
- assisting persons at risk of becoming homeless;

- retaining affordable housing stock;
- increasing the availability of affordable permanent housing in standard condition to low-income and moderate-income families, particularly to members of disadvantaged minorities without discrimination on the basis of race, color, religion, sex, national origin, familial status, sexual orientation, or disability;
- increasing the supply of supportive housing which includes structural features and services to enable persons with special needs (including persons with HIV/AIDS) to live in dignity and independence; and
- providing affordable housing that is accessible to job opportunities.

**A Suitable Living Environment**, which includes

- improving the safety and livability of neighborhoods;
- eliminating blighting influences and the deterioration of property and facilities;
- increasing access to quality public and private facilities and services;
- reducing the isolation of income groups within areas through spatial de-concentration of housing opportunities for lower income persons and the revitalization of deteriorating neighborhoods;
- restoring and preserving properties of special historic, architectural or aesthetic value; and
- conserving energy resources and use of renewable energy sources.

**Expanded Economic Opportunities**, which includes

- job creation and retention;
- establishment, stabilization and expansion of small businesses (including micro-businesses);
- the provision of public services concerned with employment;
- the provision of jobs to low-income persons living in areas affected by those programs and activities, or jobs resulting from carrying out activities under programs covered by the plan;
- availability of mortgage financing for low-income persons at reasonable rates using non-discriminatory lending practices;
- access to capital and credit for development activities that promote the long-term economic and social viability of communities; and
- empowerment and self-sufficiency for low-income persons to reduce generational poverty in federally-assisted housing and public housing.

### **3. Evaluation of past performance**

This is an evaluation of past performance that helped lead the grantee to choose its goals or projects.

During the time span of the previous Five-Year Consolidated Plan ending June 30, 2015, unemployment was very high and the economy was in a severe downturn. As a result, foreclosures were very high, the single-family mortgage market adjusted to economic changes by tightening underwriting standards, and federal funding decreased substantially. The challenge of the past several years has been to assist persons who were in danger of losing their homes through foreclosure. In addition, the focus on assisting persons with special needs and the homeless has resulted in new programs and the revision of existing programs to focus on homelessness prevention, rapid re-housing of homeless persons, and supportive housing for persons with disabilities. While these activities continue under the new five-year plan, housing preservation and making the most impact with limited federal resources are also in focus. As a result, the state has seen an increase in the number of multifamily housing units that have been preserved in addition to new construction of affordable housing.

Overarching housing needs themes that remain constant over time, are that persons with special needs require supports to obtain and retain housing, households in the lowest income categories are housing cost-burdened in high numbers, and that there remains a severe shortage in the supply of affordable, decent housing. With the economic recovery beginning, and unemployment rates dropping, Kentucky expects to see a reduction in foreclosures and an increase in families' abilities to access credit to purchase homes. The aging housing stock remains of great concern. Older single family homes may not be energy efficient, contributing to housing cost burden. Multifamily housing units constructed decades ago are in need of rehabilitation. Affordable rental projects financed years ago are nearing the end of their affordability periods and are at risk of loss.

Future focus, for the near term, will remain on improving the existing housing stock, creating new affordable housing units, coordinating housing and services in partnership with other agencies for persons with special needs, and creating economic opportunities for Kentucky's families. Additional information on past performance can be found in the Consolidated Annual Performance and Evaluation Reports (CAPERS) that KHC and DLG submit to HUD each year in September. These reports are available on KHC's Web site at [www.kyhousing.org](http://www.kyhousing.org) under Resources. CAPER reports include data on the number of housing units funded, number of housing units completed, economic development, infrastructure, and other community projects, as well as demographic information on households assisted under each program.

#### **4. Summary of Citizen Participation Process and consultation process**

Summary from citizen participation section of plan.

KHC and DLG value input from Kentucky citizens in the planning process. Participation was solicited through legal notices, electronic mail notification to a list of over 15,000 subscribers, and social media, announcing the time and location of the public hearings. DLG held a public hearing before the

State and Local Government Committee of the state legislature to present the CDBG plan, and a full public hearing covering all programs was held on February 23 at KHC.

KHC and DLG consulted with numerous agencies and partners throughout the process. These consultations included direct contact, public hearings, and presentations at meetings of statutory committees and other groups. KHC has been holding a series of developer forums to discuss multifamily preservation and production, including actions related to the National Housing Trust Fund. The NHTF has ~~just recently been funded, resulting in a substantial amendment to include the program plan not been funded yet, and when it is, KHC will amend this Action Plan to include the program plan~~ for these funds.

In preparation for the NHTF amendment, KHC held a series of developer forums including discussion of the NHTF in conjunction with discussions about the low-income housing tax credit 2017-2018 Qualified Allocation Plan (QAP). This process was undertaken simultaneously as the NHTF funds will be awarded in conjunction with housing tax credits to eligible projects.

A public hearing was held on June 30, 2016 to obtain additional needs information and to allow citizens and the general public to participate in the process. The hearing was advertised 14 days in advance and was held in a location that was accessible to persons with disabilities. Translation services were offered to those with limited English proficiency.

In addition, the substantial amendment was advertised for a 30-day written public comment period from July 9 to August 8, 2016 via the same method as the public hearing.

## **5. Summary of public comments**

This could be a brief narrative summary or reference an attached document from the Citizen Participation section of the Con Plan.

The full public hearing held at KHC was attended by no members of the general public, but two partner agencies attended and provided comment.

Representatives from KHC and DLG presented information on each program area. The partner agency representatives that attended commented generally, that they appreciate that KHC has preserved and continues to fund tenant-based rental activities with HOME funds and hope that KHC will continue to do so. There was also one comment on DLG's new requirement that housing activities include matching funds, stating that small communities may not have funds to provide to the projects and rely on CDBG funds. DLG has stated that projects are more successful when the grantee provides funding in addition



to the CDBG funds. There was a question regarding the Housing Trust Fund, and KHC stated that a separate hearing will be held when HUD provides guidance on the process.

No comments were received during the 30-day public comment period.

[\(insert comments for amendment here\)](#)

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

No comments or views were not accepted.

## **7. Summary**

Summary of sections of the plan that have been amended to incorporate NHTF information:

- Section AP-05 Executive Summary
- Section AP-15 Expected Resources
- Section AP-20 Annual Goals and Objectives
- Section AP-25 Allocation Priorities
- Section AP-30 Method of Distribution
- Section AP-50 Geographic Distribution
- Section AP-55 Affordable Housing
- Section AP-65 Homeless and Other Special Needs Activities
- Section AP-75 Barriers to Affordable Housing
- AP-85 Other Actions
- Action Plan Attachment - NHTF Amendment
- Remaining changes are in the 2015-2019 Consolidated Plan



Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
CDBG	public - federal	Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services	23,319,211	0	0	23,319,211	22,519,635	The CDBG allocation for the Commonwealth of Kentucky actually increased by \$182,049 compared to 2015. DLG place the additional funds into the public facilities category as there is great demand for these activities.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
HOME	public - federal	Acquisition Homebuyer assistance Homeowner rehab Multifamily rental new construction Multifamily rental rehab New construction for ownership TBRA	9,225,678	575,000	6,801,658	16,602,336	36,000,000	HOME funds have increased slightly this year as compared to prior years. However, they remain much lower than they were several years ago.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
HOPWA	public - federal	Permanent housing in facilities Permanent housing placement Short term or transitional housing facilities STRMU Supportive services TBRA	542,867	0	0	542,867	0	HOPWA funding has remained relatively stable during the past several years- and is based on the number of reported HIV/AIDS cases. During the coming years, an increase in HIV/AIDS cases may be expected due to increased intravenous heroin use in this area of the country.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
ESG	public - federal	Conversion and rehab for transitional housing Financial Assistance Overnight shelter Rapid re-housing (rental assistance) Rental Assistance Services Transitional housing	2,397,901	0	72,446	2,470,347	9,600,000	ESG funding has remained approximately the same as the previous year's allocation. The recent increase in funding compared to the prior Consolidated Plan term is attributable to an increased focus on Rapid-Rehousing.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
HTF	Public-federal	Multifamily rental new construction Multifamily rental rehab	3,000,000	0	0	3,000,000	12,000,000	<u>National Housing Trust Fund, multifamily housing for extremely low-income and very low income households. NHTF funding is a new resource. The amount of funds available for future allocations may vary.</u>

Table 15 - Expected Resources – Priority Table

**Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied**

Federal funds will be leveraged with other resources to achieve the objectives of this plan. Matching requirements will be achieved through a variety of methods. Kentucky is fortunate in that a majority of recipients have contributed a large amount of matching funds. HOME recipients have provided enough matching funds annually to allow the state to carry match forward to future years. KHC will continue to provide matching funds, if needed. Periodically, the amount of HOME matching funds required is reduced due to high unemployment rates, natural disasters, or other factors determined by HUD. That is not the case for FFY2016.

The block grant programs governed by this Action Plan are allocated by the state through a competitive system. This system provides an incentive for applicants to include leverage and matching funds in the project that count toward federal match requirements. Some programs award points to applicants that propose more than the required leverage and matching funds. This encourages applicants to blend funds with other programs to provide for affordable housing opportunities. Other programs require a set amount of proposed match and/or leverage to be eligible for funding.

KHC encourages all HOME Program applicants match their total HOME request with at least 10 percent of HOME-eligible matching sources, and points awarded to applications may be based in part on matching funds and leverage. Applicants are also encouraged to contribute additional funds to their project, including, but not limited to, bank loans and other state and federal grants/loans. KHC and DLG encourage applicants to utilize several sources of funds from the private sector, state programs and local programs to assist in meeting HUD matching requirements to increase the amount of funds available to provide affordable housing.

ESG recipients must match the funding provided with an equal value of contributions from other sources. Recipients may include the value of any donated material or building, the value of the lease of a building, staff salaries paid by the grantee, and volunteer time. The recipient may not include funds used to match any previous ESG grant or any other grant. Matching funds will come from a variety of sources, both public and private.

HOPWA recipients are not required to meet a minimum match requirement, but recipients must coordinate their funding with the administration of federal and state AIDS service funding. At any time, leverage may be one of the factors used in evaluating and ranking HOPWA proposals.

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

There is no matching funds requirement for NHTF project applicants. However, because these funds constitute the smallest portion of total project costs, matching and leverage funds will be provided by project-based rental assistance, bond financing, low-income housing tax credits, and other financing mechanisms. Non-federal funding will constitute a substantial portion of overall financing, ensuring adequate levels of leveraged funds.



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

None.

**Discussion**

KHC is the administering agency for the Low-Income Housing Tax Credit. This program is coordinated with HOME and other funding, including state Affordable Housing Trust Fund and KHC Housing Assistance Funds to produce and rehabilitate the maximum number of affordable rental units possible. Entities applying for tax credits apply for other forms of funding/financing through KHC by way of a consolidated application.

Several additional affordable housing and economic development programs are active in the state of Kentucky although not administered under this plan or by KHC or DLG. Additional agencies and entities that offer programs and funding are:

- Bluegrass State Skills Corporation
- Kentucky Small Business Development Centers
- Department of Behavioral Health, Developmental and Intellectual Disabilities
- Kentucky Economic Development Cabinet
- Fannie Mae
- Federal Emergency Management Agency and Kentucky Emergency Management Agency
- Federal Housing Administration
- Federal Home Loan Bank
- Kentucky Historic Preservation Office
- U.S. Department of Housing and Urban Development
- Kentucky Association of Counties
- Kentucky Department of Veterans Affairs
- Kentucky Domestic Violence Association
- Kentucky Economic Development Finance Authority (KEDFA)
- Kentucky Infrastructure Authority
- Kentucky Justice Cabinet/Department of Corrections
- Kentucky League of Cities
- Kentucky Rural Economic Development Authority

- Kentucky Transportation Cabinet
- USDA Rural Housing Service
- US Small Business Administration
- US Army Corps of Engineers
- US Veterans Administration

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## Annual Goals and Objectives

### AP-20 Annual Goals and Objectives – 91.320(c)(3)&(e)

#### Goals Summary Information

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	HOPWA Activities	2015	2019	Non-Homeless Special Needs	Non-Entitlement Geographic Area	Homelessness Prevention Other Housing and/or Service Needs Rental Assistance	HOPWA: \$542,867	Tenant-based rental assistance / Rapid Rehousing: 189 Households Assisted Other: 31 Other
2	ESG Activities	2015	2019	Homeless	Non-Entitlement Geographic Area	Emergency/Transitional Housing For the Homeless Homelessness Outreach Homelessness Prevention Other Housing and/or Service Needs Rapid-Rehousing	ESG: \$2,397,901	Homeless Person Overnight Shelter: 4000 Persons Assisted Homelessness Prevention: 1000 Persons Assisted Other: 1600 Other
3	HOME Homeowner Activities	2015	2019	Affordable Housing	Non-Entitlement Geographic Area	Production of New Affordable Housing Rehabilitation of Affordable Housing	HOME: \$4,317,014	Homeowner Housing Added: 38 Household Housing Unit Homeowner Housing Rehabilitated: 4 Household Housing Unit
4	HOME Rental Assistance	2015	2019	Affordable Housing	Non-Entitlement Geographic Area	Rental Assistance	HOME: \$750,000	Tenant-based rental assistance / Rapid Rehousing: 172 Households Assisted
5	HOME Multifamily Activities	2015	2019	Affordable Housing	Non-Entitlement Geographic Area	Acquisition/Rehabilitation of Affordable Housing Production of New Affordable Housing Rehabilitation of Affordable Housing	HOME: \$8,000,000	Rental units constructed: 30 Household Housing Unit Rental units rehabilitated: 30 Household Housing Unit

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
6	CDBG Housing	2015	2019	Affordable Housing	Non-Entitlement Geographic Area	Production of New Affordable Housing Rehabilitation of Affordable Housing	CDBG: \$3,093,047	Homeowner Housing Rehabilitated: 30 Household Housing Unit
7	CDBG Economic Development	2015	2019	Non-Housing Community Development	Non-Entitlement Geographic Area	Economic Development	CDBG: \$4,400,000	Businesses assisted: 7 Businesses Assisted
8	CDBG Public Facilities	2015	2019	Non-Housing Community Development	Non-Entitlement Geographic Area	Public Facilities	CDBG: \$5,326,588	Other: 35000 Other
9	CDBG Services	2015	2019	Recovery Kentucky Services	Non-Entitlement Geographic Area	Public Services	CDBG: \$3,100,000	Public service activities other than Low/Moderate Income Housing Benefit: 1100 Persons Assisted
10	CDBG Public Improvements/Infrastructure	2015	2019	Non-Housing Community Development	Non-Entitlement Geographic Area	Public Improvements/Infrastructure	CDBG: \$6,600,000	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 35000 Persons Assisted Other: 30 Other
<u>11</u>	<u>HTF Multifamily Activities</u>	<u>2016</u>	<u>2019</u>	<u>Affordable Housing</u>		<u>Acquisition/Rehabilitation of Affordable Housing</u> <u>Production of New Affordable Housing</u> <u>Rehabilitation of Affordable Housing</u>	<u>3,000,000</u>	<u>Rental units constructed: 2 Household Housing Unit</u> <u>Rental units rehabilitated: 15 Household Housing Unit</u>

Table 26 – Goals Summary

## Goal Descriptions

1	<b>Goal Name</b>	HOPWA Activities
	<b>Goal Description</b>	Provide decent affordable housing to eligible clients and assist in gaining permanent housing or maintaining current housing stability by way of supportive services, case management and financial assistance for housing.
2	<b>Goal Name</b>	ESG Activities
	<b>Goal Description</b>	
3	<b>Goal Name</b>	HOME Homeowner Activities
	<b>Goal Description</b>	Rehabilitation of owner-occupied housing, new construction, and/or financing of affordable homeowner housing. Includes CHDO activities.
4	<b>Goal Name</b>	HOME Rental Assistance
	<b>Goal Description</b>	Short-term tenant-based rental assistance.
5	<b>Goal Name</b>	HOME Multifamily Activities
	<b>Goal Description</b>	Funds for new construction and/or rehabilitation of multifamily housing units.
6	<b>Goal Name</b>	CDBG Housing
	<b>Goal Description</b>	<p>DLG hopes to assist in the rehabilitation of 30 housing units during this program year.</p> <p>Goal: To improve the condition of housing and expand fair housing opportunities especially for persons of low and moderate income (LMI).</p> <p>Description:</p> <ol style="list-style-type: none"> <li>a. Encourage the rehabilitation of appropriate existing housing units.</li> <li>b. Encourage the creation of new housing units including adaptive reuse of suitable structures.</li> <li>c. Encourage the purchase and preparation of sites for construction of new housing units for persons of low and moderate income.</li> <li>d. Eliminate blight conditions in residential areas through demolition, code enforcement and related activities.</li> </ol>

7	<b>Goal Name</b>	CDBG Economic Development
	<b>Goal Description</b>	<p>The economic development program would like to assist at least seven businesses.</p> <p>Goal: To improve local economies and the economic well-being of the people of Kentucky while protecting the environment.</p> <p>Description:</p> <ul style="list-style-type: none"> <li>a. Encourage private investment that will result in the creation of new jobs, primarily for the unemployed and underemployed.</li> <li>b. Discourage the out migration of businesses that employ and serve the local population</li> </ul>
8	<b>Goal Name</b>	CDBG Public Facilities
	<b>Goal Description</b>	<p>The DLG Public Facilities section completed 60 activities last year and hopes to have a similar number this year. Expect beneficiaries to exceed 35,000. These are the same beneficiaries described in the public improvements goal.</p> <p>Goal: To improve the quality of life through funding community projects requested by individual communities to enhance community pride and involvement and perpetuate local identity.</p> <p>Description:</p> <ul style="list-style-type: none"> <li>a. Enable local communities to provide services they have determined are important but generally cannot afford.</li> <li>b. Foster a revitalization of community structure to help communities help themselves.</li> <li>c. Promote energy efficiency in new construction and rehabilitation projects especially the use of Energy Star qualified products.</li> </ul>
9	<b>Goal Name</b>	CDBG Services
	<b>Goal Description</b>	<p>Expect to assist 1,100 persons annually.</p> <p>Goal: To improve the lives of citizens by helping them overcome chemical addictions and avoid the risk of homelessness.</p> <p>Description:</p> <ul style="list-style-type: none"> <li>a. Provide operational costs to support new and existing residential substance abuse centers.</li> <li>b. Provide support to educational programs for at-risk or LMI persons with substance abuse issues.</li> </ul>

10	<b>Goal Name</b>	CDBG Public Improvements/Infrastructure
	<b>Goal Description</b>	<p>Activities funded under this category are included in the public facilities goal and make up a significant portion of the LMI beneficiaries assisted.</p> <p>Goal: To provide public facilities to eliminate conditions which are detrimental to the public health and safety and which thus detract from further community development or which are necessary to meet other essential community needs.</p> <p>Description:</p> <p>a. Improve existing public facilities.</p> <p>b. Provide new facilities when warranted by recent population growth or when essential needs exist.</p>
<u>11</u>	<b>Goal Name</b>	<u>NHTF Multifamily Housing Production</u>
	<b>Goal Description</b>	<u>New construction or rehabilitation of existing affordable multifamily rental units for households that are extremely low income or very low income.</u>

**Table 37 – Goal Descriptions**





<u>NHTF</u>	<u>100% HTF</u> <u>multifamil</u> <u>y (add</u> <u>new goal)</u>											
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Table 48 – Funding Allocation Priorities

**Reason for Allocation Priorities**

Allocation priorities are set based on the state's best understanding of needs and applications that may be received.

**How will the proposed distribution of funds will address the priority needs and specific objectives described in the Consolidated Plan?**

All priorities are considered equal because the plan is a statewide plan.

## AP-30 Methods of Distribution – 91.320(d)&(k)

### Introduction

Each program covered by this Action Plan has a unique timeline and method for distributing its funds.

Kentucky's block grant funds will be distributed throughout the state on a competitive basis for eligible activities through several methods described in the program guidelines for each program for the purposes of preserving existing affordable housing as well as fostering new affordable housing opportunities. Units of local government, nonprofit and for-profit entities will be able to apply for funding to carry out eligible activities, subject to the limitations of each program. This distribution system allows eligible agencies to apply for funding for activities that will address the priority needs for their community. In addition, funds awarded to local communities will also address the housing needs outlined in the state's Consolidated Plan. Eligible activities and recipient types for each block grant program are specifically addressed in their distribution plans.

### Distribution Methods

Table 59 - Distribution Methods by State Program

1	<b>State Program Name:</b>	Community Development Block Grant Program
	<b>Funding Sources:</b>	CDBG

<p><b>Describe the state program addressed by the Method of Distribution.</b></p>	<p>The HUD CDBG Program provides assistance to communities for use in revitalizing neighborhoods, expanding affordable housing and economic opportunities, assisting with community emergency relief, providing infrastructure, improving community facilities, and providing operational costs for Recovery Kentucky substance abuse centers. With the participation of their citizens, communities can devote these funds to a wide range of activities that best serve their own particular development priorities.</p> <p>DLG works directly with eligible units of local government in distributing CDBG funds, which are awarded on a competitive basis through an open application process. Local governments are best equipped to understand the needs of their individual communities and, through an open application process, present projects for funding that are ready to proceed. To strengthen gaps in this process, DLG conducts training for local officials and grant administrators. Training acquaints the officials with the regulatory requirements of the program. Information included that assists in ensuring strong applications and successful projects includes environmental requirements, labor standards, procurement standards, fair housing and equal opportunity and concerns related to construction and housing.</p>
<p><b>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</b></p>	<p>All cities and counties in Kentucky are eligible for participation in the CDBG Program with the exception of the cities of Ashland, Bowling Green, Covington, Elizabethtown, Henderson, Hopkinsville, Owensboro, the City of Lexington/Fayette County and City of Louisville/Jefferson County Metro Government which receive a direct allocation of CDBG funds from the federal government.</p> <p>Applications are reviewed based on the following criteria: need, necessary and reasonable expenditures of funds, and project effectiveness.</p>

<p><b>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</b></p>	<p>The CDBG Program Guidelines, including detailed information about each eligible activity, are available at: <a href="https://kydlgweb.ky.gov/FederalGrants/CDBG_cities.cfm">https://kydlgweb.ky.gov/FederalGrants/CDBG_cities.cfm</a></p>
<p><b>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</b></p>	<p>N/A</p>
<p><b>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</b></p>	<p>N/A</p>

<p><b>Describe how resources will be allocated among funding categories.</b></p>	<ul style="list-style-type: none"><li>• Public Facilities - \$6,600,000</li><li>• Economic Development - \$4,400,000</li><li>• Housing - \$3,093,047</li><li>• Community Projects/ - \$5,326,588</li><li>• Public Services (Recovery Kentucky) - \$3,100,000</li><li>• Community Emergency Relief Fund - TBD based on need</li></ul> <p>Some minor adjustment of the split of funds is possible depending on the actual number of applications and amount requested by applicants. DLG reserves the right to make those adjustments as necessary.</p> <p>The Commissioner of DLG reserves the right to adjust the amount and split of funds in case of a natural disaster based on an Emergency Declaration by the Governor. The resulting projects must meet the qualifying factors for Activities Designed to Meet Community Development Needs Having a Particular Urgency. In such instances, funding levels can be adjusted as necessary based on the extent and severity of the emergency.</p>
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<p><b>Describe threshold factors and grant size limits.</b></p>	<ul style="list-style-type: none"><li>• Economic Development (Traditional) - \$1,000,000 Individual; \$2,000,000 Multi-Jurisdiction</li><li>• Economic Development (Non-Traditional) - \$250,000 Individual; \$500,000 Multi-Jurisdiction</li><li>• Public Facilities - \$1,000,000 Individual; \$2,000,000 Multi-Jurisdiction</li><li>• Self-Help - \$250,000 Individual; \$500,000 Multi-Jurisdiction</li><li>• Housing - \$1,000,000 Individual</li><li>• Community Projects - \$500,000 Individual</li><li>• Community Emergency Relief Fund (CERF)- \$100,000 Individual</li><li>• Public Services (Recovery Kentucky) Existing Facilities - \$220,000</li><li>• Public Services (Recovery Kentucky) New Facilities - \$300,000</li></ul> <p>Each jurisdiction must choose whether to submit a Public Facilities, Housing or Community Project application. Only one application may be submitted per year for the three areas listed above. In addition, an applicant may submit one application in the Public Services (Recovery Kentucky) program area. A jurisdiction is not limited in the number of applications in the CERF and Economic Development program areas. Only one program area may be applied for per application.</p>
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	<p><b>What are the outcome measures expected as a result of the method of distribution?</b></p>	<p>Recipients must acknowledge that they will be required to submit performance measure information to DLG in order to meet this reporting requirement. As part of this process, each recipient will be required to complete a Program Completion Report at closeout. Some recipients, due to the nature of their projects (housing rehab and job creation), will report annually.</p> <p>There are three main components of the Performance Measurement System: Objectives, Outcomes and Indicators. Each component relates to a project activity. DLG will assign one of three objectives related to the type of activity, funding source and goal/program intent.</p> <p>Objectives include:</p> <ul style="list-style-type: none"> <li>• Suitable Living Environment</li> <li>• Decent Housing</li> <li>• Economic Opportunity</li> </ul> <p>The next step will be selection of an outcome based upon the purpose of the activity.</p> <p>Outcomes include:</p> <ul style="list-style-type: none"> <li>• Improved Availability/Accessibility</li> <li>• Improved Affordability</li> <li>• Improved Sustainability</li> </ul> <p>In addition to selecting an objective and outcome for each project activity, certain indicators will be required to be identified and quantified. These indicators vary by program area (CERF, Community Projects, Economic Development, Housing, Public Facilities, and Public Services).</p>
2	<p><b>State Program Name:</b></p>	<p>Emergency Solutions Grant Program</p>
	<p><b>Funding Sources:</b></p>	<p>ESG</p>

<p><b>Describe the state program addressed by the Method of Distribution.</b></p>	<p>ESG is designed for the rehabilitation or conversion of buildings for use as emergency shelter for the homeless, for the payment of certain expenses related to operating emergency shelters, for essential services related to emergency shelters and street outreach for the homeless, and for homelessness prevention and rapid re-housing assistance.</p>
<p><b>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</b></p>	<p>Funds will be awarded using a competitive application process where applicants will be evaluated on such areas as: local needs, applicant experience/capacity, project design, community coordination, and other factors. Applicants will also address Impediments to Fair Housing and how they will address and help eliminate fair housing impediments. Applicant capacity and project design will be most heavily weighted in the scoring criteria.</p> <p>Applications will be ranked based on score and allocations will be made based on applicant ranking and overall request. Because funding priorities have been established for shelter activities and rapid re-housing, KHC reserves the right to fund portions of an applicant's request.</p> <p>ESG Applicants are provided with instructions to access the ESG Interim Rule, HUD's Final Rule on the Homeless Definition, ESG Program Guidelines and a series of ESG application training videos, all made available on KHC's Web site.</p>
<p><b>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</b></p>	<p>N/A</p>



<p><b>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</b></p>	<p>All of Kentucky's allocation must be made available to Balance of State Continuum of Care (KY BoS CoC) cities and counties or private nonprofit organizations on a competitive basis. Through a competitive application process, KHC will make ESG funds available to eligible non-profits and local governments from the 118 counties in Kentucky that do not receive a direct allocation of ESG as an entitlement area. All funds will be obligated to sub-grantees within 60 days of the date KHC enters into its funding agreement with HUD. KHC accepts applications from all eligible applicants (including first-time applicants and faith-based groups).</p> <p>Though not part of this Action Plan's allocation process, KHC intends to implement a two-year competitive funding cycle beginning in federal fiscal year 2017, whereby programs that receive funding in FFY 2017 will be eligible for renewal in FFY 2018 so long as certain pre-established thresholds are met and assuming funds are available from HUD. This move is intended to allow for more program consistency for clients accessing services and will allow programs the opportunity to plan beyond one year. KHC will consult with the KY BoS CoC and other stakeholders over the course of FFY 2016 regarding this intent and how it fits into the homeless response system's needs and performance expectations.</p>
<p><b>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</b></p>	<p>N/A</p>

<p><b>Describe how resources will be allocated among funding categories.</b></p>	<p>KHC will continue to follow HUD’s recommendation to aggressively fund rapid re-housing activities using Emergency Solutions Grant funds. KHC has designated that a minimum of 36 percent will be dedicated to rapid re-housing activities with the remaining 64 percent available to be used for other eligible activities under street outreach, shelter activities, homeless prevention, HMIS and administration.</p> <p>In an effort to reduce the time that families and individuals remain homeless and shorten the length of stay in the homeless system, it is important to dedicate the resources necessary to achieve those outcomes. By dedicating a large amount of funds to the rapid re-housing component, agencies receiving the funds will be able to target the assistance to those clients with the greatest need.</p> <p>While many communities have traditionally seen great success in utilizing homeless emergency shelters and with homeless prevention programs, there will still be some funds available for use on those activities as well as a small portion expected to be used for HMIS expenses and administrative costs.</p>
<p><b>Describe threshold factors and grant size limits.</b></p>	<p>Previous years allocation levels do <b>not</b> guarantee current allocation amounts.</p> <p>No single application may request more than \$150,000.00 of the total amount of funds available. The only time a single applicant can submit more than one application is if the project's facilities are located in different counties. No more than two applications will be accepted from any single applicant.</p> <p>KHC will make every attempt to award limited resources as prudently as possible and will award those agencies with the greatest capacity to effectively administer the funds. The amount of funds awarded will depend on how well a particular application scores. Those applications receiving higher scores will receive awards. Applications with low scores are less likely to receive funding. KHC intends to fund projects based on project viability, applicant capacity and program design. It is our goal to achieve as much geographic distribution as possible, while ensuring that the strongest applications receive funding based on their total scores.</p>

<p><b>What are the outcome measures expected as a result of the method of distribution?</b></p>	<p>Measures include how KHC will evaluate each ESG service provider's effectiveness in:</p> <ul style="list-style-type: none"> <li>• Targeting those who need the assistance most; Reducing the number of people living on the streets or in emergency shelters; Shortening the time people spend in homelessness; Reducing each program participant's housing barriers or housing stability risks; Analyzing Program Outcomes</li> </ul> <p>All standards are aligned with the HEARTH Act Performance Standards to be used under each ESG Program Component:</p> <ul style="list-style-type: none"> <li>• Street Outreach - Reduction in Homelessness; Return to Homelessness; Hard to Serve; Exits to Housing; Length of Stay; Emergency Shelter Activities - Reduction in Homelessness; Length of Stay; Returns to Homelessness; Hard to Serve; At-risk Populations; Exits to Permanent Housing; Homelessness Prevention - Length of Stay; Returns to Homelessness; Hard to Serve; At-Risk Populations; Income Growth; Exits to Permanent Housing; Rapid Re-housing - Reduction in Homelessness; Length of Stay; Returns to Homelessness; Hard to Serve, At-Risk Populations; income Growth; Exits to Permanent Housing; HMIS - Data quality</li> </ul> <p>In addition, KHC will work with ESG recipients to ensure data is being collected at the project level that will be used to measure the KY BoS CoC's system-wide performance as prescribed by HUD.</p>
<p><b>3 State Program Name:</b></p>	<p>HOME Investment Partnerships Program</p>
<p><b>Funding Sources:</b></p>	<p>HOME</p>

<p><b>Describe the state program addressed by the Method of Distribution.</b></p>	<p>Activities eligible for funding include, but are not limited to:</p> <ul style="list-style-type: none"><li>• Rehabilitation for homeowner, home buyer or rental properties</li><li>• Acquisition, including down payment and closing cost assistance</li><li>• New construction or preservation of rental or home buyer properties</li><li>• Tenant-based rental assistance</li><li>• Demolition in conjunction with rehabilitation or new construction</li><li>• Reconstruction housing</li><li>• Adaptive reuse</li><li>• Homeless assistance (restricted to housing development activities for transitional or permanent housing, and tenant-based rental assistance)</li></ul> <p>KHC may undertake additional activities permitted by federal regulation. Assistance may be provided for rental housing or to promote homeownership. Any activity that qualifies under the HOME Final Rule, Sections 24 CFR 92.205-209, may be financed by the state HOME Program, provided it is consistent with the Consolidated Plan and this Action Plan. KHC may hold a portion of its HOME allocation as a contingency for disasters and other emergencies as declared by the governor. These funds may be used for TBRA for displaced households.</p>
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**Describe all of the criteria that will be used to select applications and the relative importance of these criteria.**

Eligibility to apply for HOME funds will be no more restrictive than that required by HUD regulations. Applications may be submitted for homeownership, tenant-based rental assistance and rental activities. Application submission deadlines for federal fiscal year 2016 will be determined and published. Notification that applications are being accepted will be made via KHC's eGram service.

Applications will be evaluated on: performance measures; project need/demand; financial design and feasibility; project design; capacity of the development team; and readiness to proceed. KHC will make every effort to work with applicants and offer technical assistance when completing an application. After an application is given a conditional commitment of funding, the applicant must submit necessary technical submission items in order to receive a full release of funds. In the event a recipient has not satisfactorily performed under the terms of the written agreement with KHC or has not initiated a HOME project for which funding was awarded, KHC will not accept subsequent applications.

*Plan for determining compliance with the 95 percent median purchase price 92.254(a)(2)(iii):*

The Final Rule published on July 24, 2013, established new homeownership value limits for the HOME program. These new limits apply to homeownership housing when HOME funds are committed on or after August 23, 2013, and remain in effect until HUD issues new limits. For newly constructed housing, KHC has further restricted the purchase price/after-rehabilitation value limits to \$150,000.

For existing housing, the new HOME homeownership value limit is the greater of the 95 percent of the median purchase price for the area based on Federal FHA single-family mortgage program data and other appropriate data that are available nationwide for sale of existing housing in standard condition, or the minimum limit (or floor) based on 95 percent of the statewide, nonmetropolitan area median purchase price using this data. This limit encompasses the total purchase/rehabilitation price, regardless of source of financing. KHC will use the Homeownership Value limits released by HUD annually at:

HOME Maximum Purchase Price/After-Rehab Value - HUD Exchange

TBRA applications will be accepted through a competitive application process. When a potential recipient submits a TBRA application, they must document the need for the project by agency data such as waiting lists for assistance.

<p><b>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</b></p>	<p>N/A</p>
<p><b>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</b></p>	<p>N/A</p>
<p><b>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</b></p>	<p>N/A</p>

<p><b>Describe how resources will be allocated among funding categories.</b></p>	<p>KHC cannot predetermine the use of HOME funds by activity. The amount of funds allocated for each activity will be based on the nature of applications received by KHC, the criteria described in the application process and the extent to which proposals are consistent with the priorities identified in this plan. KHC will make every attempt to distribute funds geographically, contingent upon overall housing demand.</p> <p>KHC has estimated the distribution of funds by activity based on anticipated funds and has included program income and recaptures. The distribution may change based on actual demand by activity. KHC anticipates that fiscal year 2016 funds will be distributed approximately as follows:</p> <ul style="list-style-type: none"><li>• Homeowner activities, including new construction, rehabilitation, acquisition/rehabilitation/rehab - \$3,000,000</li><li>• Tenant-Based Rental Assistance - \$750,000</li><li>• Rental Production/Rehab - \$8,000,000</li></ul> <p>KHC will utilize program income, reprogrammed administrative funds and carryover funds from prior years, recaptured funds and matching funds provided by KHC (if any) as necessary to meet the objectives of the state. Additionally, if necessary, KHC reserves the right to adjust funding levels between these activities as determined by KHC. KHC may allocate funding on a contingency basis for disasters and emergencies as declared by the governor. It is anticipated that these funds would be used to provide short term rental assistance to displaced families.</p> <p>CHDO operating funds, administrative funds, CHDO set-aside funds, and disaster contingencies are not included in the above allocations toward eligible activities.</p>
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**Describe threshold factors and grant size limits.**

KHC imposed performance based thresholds for HOME funds. Applicants are required to have expended all funds from allocations awarded more than 24 months ago. Additionally, they are required to have committed 100 percent of funds allocated more than 12 months to individual households and expended at least 50 percent of funds allocated more than 12 months ago. KHC reserves the right to allow threshold waivers for extenuating circumstances.

In FFY2016, KHC will allow eligible applicants to request up to \$500,000 of HOME funds for multifamily activities unless the project was preapproved for additional funding, \$600,000 for CHDO set-aside activities, or \$500,000 non-CHDO single-family activities. KHC will allow eligible applicants to request a maximum of \$600,000 of HOME funds during an application round. The amount may decrease depending on the amount of available HOME funds. KHC may impose a smaller amount for first time applicants, or applicants with limited experience. KHC may allow higher amounts for multifamily projects utilizing tax-exempt bonds or based on the size and complexity of projects.

Additionally, KHC will review the capacity of applicants and may require applicants for HOME funds to meet a minimum capacity score to be eligible for funding. Consideration will be given to past performance, current debt obligation to KHC and compliance with past funding.

KHC will reserve a minimum of 15 percent of the total amount of HOME funds received for Community Housing Development Organizations (CHDOs). CHDOs apply to KHC to develop, sponsor or own projects and will be eligible to undertake any eligible activity in accordance with 24 CFR Part 92 Subpart G. Due to the extensive network of nonprofit housing providers in the state, KHC anticipates that the annual participation of CHDOs will exceed 15 percent of total HOME funds. To apply for funds from the CHDO set-aside, an organization must be eligible to be a CHDO. KHC does not accept certifications of other participating jurisdictions.

KHC will evaluate the performance of any eligible organization wishing to receive CHDO designation at the time of application. If the organization is successful in the application process and is deemed a CHDO, CHDO operating funds may be awarded. CHDO operating funds will be provided on a year-by-year basis provided funds are available and the CHDO has demonstrated acceptable performance. To document its performance and be eligible to receive operating funds, the CHDO must provide semi-annual progress reports. CHDO operating funds are awarded on a yearly basis coinciding with KHC's fiscal year. Draw requests for eligible expenditures may be made on a calendar quarter reimbursement basis. Additionally, a portion of this year's HOME allocation will be used for CHDO operating expenses

KHC has imposed a maximum subsidy cap of \$40,000 per unit for homeownership activities. However, KHC reserves the right to allow subrecipients to exceed this maximum with prior written approval. All HOME funds used for homeownership activities will be required at a minimum to meet the HOME



	<p><b>What are the outcome measures expected as a result of the method of distribution?</b></p>	<p>KHC anticipates that due to the capacity and threshold requirements, there may be fewer applicants for funding, but by increasing the allocation amounts, applicants with greater capacity will be awarded funds. This will also allow KHC to meet newly imposed expenditure deadlines imposed with the new HOME regulations in effect after August 23, 2013.</p> <p>Outcome measures include availability/affordability/accessibility of decent affordable housing</p>
4	<p><b>State Program Name:</b></p>	<p>Housing Opportunities for Persons With AIDS</p>
	<p><b>Funding Sources:</b></p>	<p>HOPWA</p>
	<p><b>Describe the state program addressed by the Method of Distribution.</b></p>	<p>Any activity that qualifies under the HOPWA federal program rules may be awarded by KHC through the federally funded state HOPWA Program, provided it is consistent with the Consolidated Plan and this Action Plan. Activities eligible for funding include Tenant-Based Rental Assistance; Short-Term Rent, Mortgage, and/or Utilities; Supportive Services; Resource Identification; Housing Information Services; Permanent Housing Placement; and Administrative Fees.</p> <p>KHC reserves the right to further restrict any of the HOPWA program guidelines, as approved by HUD.</p>

<b>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</b>	<p>HOPWA applications are received through a competitive process using KHC's online application software. Applicants are scored on criteria such as: performance measures, previous compliance and/or program issues, reporting, project need, geographic coverage, and agency experience. Applications are open every three years with an annual renewal allocation of funding based on the same performance measures as in the original application as well as expenditure rates, compliance issues and capacity.</p> <p>KHC will make every effort to work with applicants and offer technical assistance when completing an application.</p> <p>It is crucial to evaluate each agency based on various criteria in order to be certain that the funds are being administered according to the guidelines. All criteria listed are scored by a team and awards are based on highest ranked scores.</p>
<b>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</b>	N/A

<p><b>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</b></p>	<p>N/A</p>
<p><b>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</b></p>	<p>KHC will continue to provide funding for the five Care Coordinator regions within the balance of state.</p> <p>These regions are:</p> <ul style="list-style-type: none"> <li>• Barren River Region</li> <li>• Cumberland Valley Region</li> <li>• Lexington Region</li> <li>• Northern Kentucky Region</li> <li>• Purchase Region</li> </ul> <p>Currently, project sponsors have been administering federal funds, including HOPWA, for several years and have the knowledge and qualifications needed to encourage successful client outcomes.</p>

<p><b>Describe how resources will be allocated among funding categories.</b></p>	<p>While KHC has not established minimum or maximum funding amounts by category, in general, most agencies request the largest amount of funding for STRMU, TBRA, and services. Housing assistance in the form of long- and short-term rent subsidies continues to be in high demand in all areas of the state. KHC will continue to allow requests for all eligible categories within the program.</p>
<p><b>Describe threshold factors and grant size limits.</b></p>	<p>At this time, threshold limits are not restricted. The amount of funds allocated for each activity will be based on the nature of applications received by KHC. KHC will make every attempt to distribute funds geographically, contingent upon overall application submission scoring.</p> <p>KHC will utilize carryover funds from prior years and/or recaptured funds as necessary to meet the objectives of the state. Additionally, if necessary, KHC reserves the right to adjust funding levels between these activities as determined by KHC.</p>
<p><b>What are the outcome measures expected as a result of the method of distribution?</b></p>	<p>HOPWA programs will be evaluated based on the outcome measures currently identified in the HUD 40110-D CAPER (Housing Status at program exit, reduced risk of homelessness and access to care and support), with emphasis on housing status at program exit.</p> <p>Because the housing portions of STRMU and TBRA are where most of the funds are utilized, the housing results will be most important.</p>

5	<b><u>State Program Name:</u></b>	<u>National Housing Trust Fund</u>
	<b><u>Funding Sources:</u></b>	<u>NHTF</u>
	<b><u>Describe the state program addressed by the Method of Distribution.</u></b>	<p><u>The National Housing Trust Fund is a block grant program whose funds will be used to finance the construction or rehabilitation of affordable rental housing whose units receive rental subsidy.</u></p> <p><u>Activities eligible for funding include,</u></p> <ul style="list-style-type: none"> <li><u>• Demolition in conjunction with rehabilitation or new construction</u></li> <li><u>• Adaptive reuse of an existing structure into affordable rental units</u></li> <li><u>• New construction of affordable rental units</u></li> <li><u>• Rehabilitation of existing rental units</u></li> </ul> <p><u>KHC may fund additional activities permitted by federal regulation. Activities that qualify under the NHTF Rule, Sections 24 CFR 93.200 – 203, may be financed by the state NHTF Program, provided it is consistent with the Consolidated Plan, this Action Plan, and any NOFA or QAP issued to award NHTF funds, as they may be amended from time to time.</u></p>
	<b><u>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</u></b>  <hr/> <hr/> <hr/> <hr/> <hr/>	<p><u>Applications may be submitted for rental new construction or rehabilitation activities. Application submissions will be in response to the 2016 Gap Financing and Tax Exempt Bond Notice of Funding Availability (and any successor notice in the event that NHTF funds remain unallocated). Notification that applications are being accepted will be made via KHC's eGram service.</u></p> <p><u>Applications will be evaluated on factors including: project characteristics, financial characteristics, developer capacity, experience with 4 percent bond projects, market absorption requirements, and threshold requirements. After an application is given a conditional commitment of funding, the applicant must submit necessary technical submission items in order to receive a full release of funds. Applications for NHTF funding will be included in the application for tax-exempt bonds and four percent tax credits.</u></p>

<p><b><u>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</u></b></p>	<p>N/A</p>
<p><b><u>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</u></b></p>	<p>N/A</p>
<p><b><u>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</u></b></p>	<p>N/A</p>

<p><b><u>Describe how resources will be allocated among funding categories.</u></b></p> <hr/> <hr/> <hr/> <hr/> <hr/>	<p><u>The single funding category for this program is the production of new multifamily housing or rehabilitation of existing multifamily housing for households who are extremely low income (or very low income in years where adequate funding allows for more than one income level to be served under the program regulations.)</u></p>
<p><b><u>Describe threshold factors and grant size limits.</u></b></p> <hr/> <hr/> <hr/> <hr/> <hr/>	<p><u>Pursuant to HUD Notice 15-003, Interim Policy On Maximum Per-Unit Subsidy Limits for the HOME Program, KHC has elected to utilize the per-unit limits provided by the Louisville HUD Field Office on March 1, 2016 (attached to the NHTF Allocation Plan) that establishes the following per unit maximum:</u></p> <p><u>0 Bedroom - \$140,107</u></p> <p><u>1 Bedroom - \$160,615</u></p> <p><u>2 Bedroom - \$195,304</u></p> <p><u>3 Bedroom – 252,662</u></p> <p><u>4+ Bedroom – 277,344</u></p> <p><u>There is no maximum award amount associated with this program. KHC will make every effort to distribute HTF funds geographically. The ability to do so may be limited by the location of eligible applicants and projects that receive adequate scoring to be funded.</u></p> <p><u>Eligible recipients will be those applicants that meet or exceed KHC’s requirements. Recipients will be experienced affordable housing developers who must achieve a minimum 60 percent score on KHC’s Capacity Scorecard. Categories scored include Experience and Capacity, Monitoring History, Financial Management, and additional criteria related to the status of projects in process, uncorrected compliance findings, success of current projects/properties, and credit rating of members of the development team.</u></p> <p><u>Projects must be completed within 36 months of the date of the award of NHTF funds. Recipients must present a project timeline demonstrating the ability to close on all funds requested, including the bond transaction, by the end of May 2017.</u></p>

	<p><u>KHC’s NHTF program includes a requirement that assisted units also include rental subsidy. The exception may be if funds remain unallocated after the issuance of a NOFA for NHTF funds. A second funding round to allocate remaining funds may not include this provision.</u></p> <p><u>KHC’s program includes a 30-year recorded land use restrictive covenant for all projects receiving NHTF Funding.</u></p> <p><u>While KHC’s priority housing needs include affordable rental and homeowner housing, and tenant-based rental assistance as equal priorities, KHC has focused on rental projects that serve special needs and the elderly as well as those that preserve existing housing stock. NHTF funds will be allocated in conjunction with LIHTCs and Tax Exempt Bonds.</u></p> <p><u>Projects funded under the NHTF will be those that receive LIHTCs and Tax Exempt Bond financing, both of which are non-federal sources of funding, and leveraged funds will be the majority of funds in the total financing of these projects.</u></p>
<p><b><u>What are the outcome measures expected as a result of the method of distribution?</u></b></p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>	<p><u>Outcome measures include availability/affordability/accessibility of decent affordable housing</u></p>

**Discussion**

Each program has a specific, individual method for distribution of funds. KHC and DLG periodically announce funding rounds via eGrams and on their Web sites.



## **AP-50 Geographic Distribution – 91.320(f)**

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

CDBG: All cities and counties in Kentucky are eligible for participation in the CDBG Program with the exception of the cities of Ashland, Bowling Green, Covington, Elizabethtown, Henderson, Hopkinsville, Owensboro, the City of Lexington/Fayette County and City of Louisville/Jefferson County Metro Government which receive a direct allocation of CDBG funds from the federal government.

HOME: Based upon demand for available funds, KHC will make every effort to ensure that the HOME funds are disbursed geographically. Reservations of HOME funds will be monitored throughout the year. If deemed appropriate, KHC may discontinue allowing applications from certain areas of the state if the area has already received greater funding as compared to other areas of the state. Such a hold on applications would only continue until KHC could ascertain the demand for funds in all areas of the state. In the FFY2016 program year, KHC may allocate up to \$2 million in HOME funds in entitlement jurisdictions to support tax-exempt bond transactions for multifamily housing.

ESG: All of Kentucky's allocation must be made available to Balance of State Continuum of Care cities and counties or private nonprofit organizations on a competitive basis. Because funds requested are always more than what is available, KHC will continue the practice of only funding ESG applicants serving clients in non-entitlement ESG areas. It is KHC's intention to fund eligible applicants representing a broad geographic area in the state.

HOPWA: Eligible applicants are nonprofit agencies and local governments across the state. HOPWA funding application awards have been very consistent for several years with funding reaching the entire state. HOPWA-funded agencies cover large service areas, which allows for all counties within KHC's balance of state to be covered by HOPWA funding. Eligible applicants for HOPWA funding will submit plans for the use of HOPWA funding to KHC. The plans outline the activities to be undertaken and the process for the use of funding.

NHTF: Eligible applicants are affordable multifamily housing entities applying for 4% LIHTCs in combination with NHTF funding and tax-exempt bonds. KHC will make every effort to distribute NHTF funds geographically. The ability to do so may be limited by the location of eligible applicants and projects that receive adequate scoring to be funded. While other block grant programs may be limited to non-entitlement areas of the state, NHTF funds will not be subject to this restriction.

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

## Geographic Distribution

Target Area	Percentage of Funds
Non-Entitlement Geographic Area	100

Table ~~612~~ - Geographic Distribution

### Rationale for the priorities for allocating investments geographically

In general, investments are not allocated geographically.

### Discussion

## Affordable Housing

### AP-55 Affordable Housing – 24 CFR 91.320(g)

#### Introduction

One Year Goals for the Number of Households to be Supported	
Homeless	5,600
Non-Homeless	1,000
Special-Needs	220
Total	6,820

Table ~~713~~ - One Year Goals for Affordable Housing by Support Requirement

One Year Goals for the Number of Households Supported Through	
Rental Assistance	2,109
The Production of New Units	8196
Rehab of Existing Units	7577
Acquisition of Existing Units	0
Total	2,265

Table ~~814~~ - One Year Goals for Affordable Housing by Support Type

## Discussion

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

One year goals also ~~in~~ include:

- Rental assistance - HOME TBRA, HOPWA Rental Assistance, and ESG Rapid-Rehousing Assistance
- New Units - Homeownership and rental new construction units under HOME and NHTF
- Rehab Units - HOME and CDBG homeowner rehab units and HOME and NHTF rental rehab units.

Goals in both tables represent units completed during the year rather than those awarded funding in keeping with HUD's annual reporting requirements. Because NHTF is a new program, it is possible that the actual units reported at the end of this program year may not include NHTF units, as those projects will most likely not close out in the same program year that funds are awarded.

## AP-65 Homeless and Other Special Needs Activities – 91.320(h)

### Introduction

The state has undertaken a multi-pronged approach to eliminating homelessness. Central to this approach is the creation of a state policy-advisory entity, the Kentucky Interagency Council on Homelessness (KICH). KICH is composed of representation from state government, nonprofit and advocacy agencies to collaborate and perform the following functions and duties:

- Serve as the single statewide homelessness planning and policy development resource for the Commonwealth of Kentucky.
- Review, recommend changes and update Kentucky's *Ten-Year Plan to End Homelessness*.
- Monitor and oversee implementation of Kentucky's *Ten-Year Plan to End Homelessness* to ensure that accountability and results are consistent with the plan.
- Serve as a state clearinghouse for information on services and housing options for the homeless.
- Conduct other activities as appropriate.

In addition to KICH, Kentucky has three Continuum of Care geographic areas—Lexington, Louisville and the KY Balance of State (BoS). KHC, as the Collaborative Applicant for HUD's Continuum of Care (CoC) Program for Kentucky's Balance of State (BoS) CoC, awards sub-grants to homeless service providers through the state. Kentucky's CoC is a regional system for helping people who are homeless, or at risk of homelessness, by providing housing and services appropriate to the whole range of homeless needs in the community. Through the CoC program, agencies can serve homeless clients with supportive services, transitional housing, permanent supportive housing or rapid re-housing programs. The KY BoS CoC Advisory Board is made up of representatives from each of the aforementioned regions and works to improve collaboration, coordination and system-wide performance in preventing and ending homelessness.

KHC's CoC programs are for families and individuals who, in addition to safe, decent and affordable housing, need access to supportive services in order to stay housed permanently. Supportive housing combines permanent, affordable housing with flexible support services to help the tenants stay housed and build the skills to live as independently as possible.

The KY BoS CoC, in partnership with Kentucky's other CoCs (Lexington and Louisville), are actively working towards meeting the goals set forth in *Opening Doors: The Federal Strategic Plan to End Homelessness*. In order to meet these goals, the KY BoS CoC has established the following objectives:

Increase access to safe and affordable housing units for homeless families, individuals and youth.

Increase funding for and access to comprehensive supportive services that help assure housing stability and encourage self-sufficiency.

Increase funding for prevention services to reduce the numbers of persons falling into homelessness.

Increase scope and quality of data collection through the statewide Homeless Management Information System to document both evolving progress and continuing need.

Implement a client-centered Coordinated Entry System to move people with the highest needs into permanent housing as quickly as possible.

### **Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including**

#### **Reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs**

Because Kentucky is a primarily rural state, developing a single outreach plan to cover the full CoC geographic area is a challenge. Many of the common places for rural, unsheltered homeless are remote and difficult to identify. Through the outreach efforts of the point-in-time count volunteers, the CoC has been able to identify local people in each county most likely to know of rural homeless locations (i.e., police officers, mail carriers, school bus drivers, etc.). Additionally, working with the ESG recipients, KHC encourages inclusion of street outreach as an eligible use for the state ESG allocation. Training on the eligible uses of ESG street outreach funding was made available across the state. Furthermore, the KY BoS CoC is in the process of implementing a statewide Coordinated Entry System. Since the geographic area is so large, implementation is being phased-in over the course of 2016. A pilot project has been in operation since July 2015 and is now being replicated in other areas of the CoC. As a first step, all CoC and ESG-funded emergency shelters are required to assess clients using the VI-SPDAT. As opposed to the traditional, yet ineffective system of serving people on a first come, first serve basis, the VI-SPDAT is allowing service providers to quickly identify an individual's needs and connect them with appropriate services, prioritizing individuals and families with the highest needs for permanent supportive housing.

KHC will continue to work closely with KICH, Continuum of Care agencies and other state agencies to increase coordination of efforts to maximize limited resources focused on homeless and special needs populations in the following areas:

- Supportive services including medical and mental health services
- Adequate discharge planning
- Homeless prevention funding
- Utilities assistance funding
- Connecting those in need of services to those who offer services.

## **Addressing the emergency shelter and transitional housing needs of homeless persons**

While the ESG funding application places a priority on Rapid Rehousing (RRH) programs serving both individuals and families with children, KHC is still allowing a large portion of the allocation to be requested and used in the Emergency Shelter Component. The ability for emergency and transitional shelters to work closely with local RRH programs provides a good partnership. Many shelter programs also operate a RRH program within their agency, therefore providing an avenue for clients to move from homelessness to permanent housing while still receiving a continuum of services.

These activities include:

- Provision of essential services to homeless individuals and families. This includes services concerned with employment, health, drug abuse, education, transportation and staff salaries necessary to provide these services.
- Provision of rental assistance for homeless individuals and families.
- Working closely with the Cabinet for Health and Family Services to ensure persons in need of services have access to them.

## **Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again**

By prioritizing ESG funds for use with RRH programs and by working with the CoC to identify agencies to apply for CoC RRH projects, resources are becoming better aligned with the need to reduce the time individuals and families remain homeless as well as giving them access to sustainable, permanent housing options. Kentucky has a variety of services and housing that assist homeless veterans. Through the Kentucky Interagency Council on Homelessness, it has been successful in identifying resources and gaps in veterans' assistance. In addition, service providers are being linked with organizations serving veterans, both private (local SSVF programs) and public (VA Service Centers). With several VASH programs and SSVF programs operating in Kentucky, the services to veterans have never been more accessible as they are now. Additionally, both the Balance of State CoC and the ESG applications provide scoring incentives for agencies targeting veterans as well as chronically homeless individuals or homeless families with children.

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

below.

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

KHC has partnered with HUD to end veteran homelessness in Kentucky. KHC has dedicated housing assistance for 100 homeless Kentucky veterans to be available through the Veterans Emerging Towards Transition (VETT) Program, which was created in 2015. Through the VETT program, KHC will designate a preference for 100 Housing Choice Vouchers (HCV) for qualified homeless veterans in the 87 counties KHC serves under the HCV program. This special assistance will help qualified veterans pay for housing and ultimately reduce the number of homeless veterans in Kentucky. Unlike other VA-related programs, the VETT program can be accessed by veterans regardless of the length of service or the type of discharge status, which allows the state to reach a broader population of homeless veterans.

**Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs**

Under the Emergency Solutions Grant program, the state continues to allow funds to be allocated to Homelessness Prevention. These funds are usually in high demand from agencies.

The CoC collaborates with the Cabinet for Health and Family Services (CHFS), which implements discharge planning for youth who age out of foster care. Independent living coordinators and Cabinet social workers develop a transition plan help to identify appropriate, sustainable housing options prior to discharge from foster care, giving them access to stable housing through age 21. The program provides up to six months of initial rental assistance plus an additional six months if needed, through the Chafee Room & Board program. This program is expected to assist approximately 175 persons this year.

Discharge planning efforts from health-care facilities in Kentucky takes place according to the health-care venue and/or program. Kentucky participates in Medicaid and Medicare programs and is required to adhere to all applicable standards of care, including discharge. The Center for Medicaid and Medicare Services (CMS) Condition of Participation requires that hospitals must have in effect a discharge planning process that applies to all patients. The evaluation process includes determining an appropriate discharge site. A very small percentage of persons exiting health-care facilities are discharged to homeless programs. The State has established a policy to prevent individuals with serious mental illness from being discharged into homelessness. Instead, the policy requires discharge from inpatient



psychiatric hospital settings and other facilities to permanent community-based housing. Facility staff collaborate with family members, guardians, service providers and others to ensure that discharge planning begins upon admission, that the individual's preferences are honored through person-centered planning and that every effort be made for community integration in housing and services. The vast majority of persons discharged from state psychiatric hospitals return to their own home. KHC partners with the state on two programs specifically targeting this population. KHC's Olmstead housing initiative is expected to assist nearly 100 persons this year through a combination of rental assistance vouchers, permanent supportive housing rental units, and the HUD Section 811 Program.

The Department of Corrections' discharge policy and procedures ensure every effort to secure safe housing for offenders prior to release. The first option is to determine if the individual can return to his/her home then to consider housing options with family or friends. Many offenders recognize that returning home may not allow them to be successful, and they choose to secure a home placement in a transitional living program. The transitional housing has specific requirements and seeks to assist the offender in his/her reentry process. Offenders typically return to home placements with family or friends. The Department of Corrections works directly with contracted halfway houses and transitional housing placements when a family member or friend is not available to support the offenders' transition into the community. The Recovery Kentucky program assists persons with addictions. The centers are funded by DLG, KHC, the Department of Corrections, and other funds, and are expected to assist more than 1,000 persons this year. CDBG services funding and KHC rental assistance funding support more than 10 centers across the state.

## **Discussion**

KHC will continue to provide technical assistance and training to HIV/AIDS housing and service providers to increase capacity. Also, HOPWA grantees are encouraged to participate in the COC system where they may be more successful in partnering services and housing with other providers who may serve the same or similar populations.

[NHTF funds may be awarded to projects serving special needs and/or homeless populations.](#)

## AP-75 Barriers to affordable housing – 91.320(i)

### Introduction

Many of the barriers to affordable housing in Kentucky are concentrated at the local level rather than at the state level, as cities and counties establish regulations, plans and policies that affect their jurisdiction. The overall demand for affordable housing and the lack of funding to fulfill the demand continues to be the biggest barrier statewide.

### **Actions it planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment**

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

- The Kentucky Infrastructure Authority has enacted a Water and Waste-Water Plan.
- The Recovery Kentucky program is an example of state agencies working together to remove barriers that unintentionally arise because of compartmentalization.
- The Governor’s Re-Entry Task Force has identified criminal backgrounds, especially sex offenses, as significant barriers to affordable housing and has solicited input from the Kentucky Interagency Council on Homelessness (KICH) and other stakeholders to develop a legislative agenda to address these barriers.
- The Kentucky Interagency Council on Homelessness (KICH) maintains four subcommittees that are also exploring regulatory barriers specifically affecting the homeless population. KICH identified lack of fair housing policies and limited or lack of affordable housing policies at the local government level as barriers. The need for additional access to permanent housing options is a pressing need.
- The Notice of Funding Availability for Gap Financing and Tax-Exempt Bonds, including projects receiving tax credits and National Housing Trust Fund monies, provides incentive through its application scoring system for new construction multifamily projects that apply through the Community Impact and Historic Adaptive Reuse Pool. Projects that are part of an overarching local Community Revitalization Plan where the community has dedicated funding to support the plan, receive points as do whose financial structure features waived local fees.

### Discussion

## AP-85 Other Actions – 91.320(j)

### Introduction

#### Actions planned to address obstacles to meeting underserved needs

KHC plans to address the following obstacles to meeting the housing needs of underserved populations:

There is only one affordable rental housing unit available for every three low-income households in need. Existing rental housing is being lost due to expiring contracts and affordability periods. KHC is undertaking a plan to preserve existing housing including offering financing programs to update and preserve properties and extend affordability periods, ensuring the housing remains available to low-income households. Part of KHC's efforts to increase the supply of affordable rental housing for extremely low-income and very low-income households includes combining sources of funding (Housing Tax Credits, Tax-Exempt Bonds, National Housing Trust Fund) to fund projects using a blend of financing mechanisms and block grant funds along with project-based rental assistance. Projects funded under the National Housing Trust Fund must be deed-restricted so as to remain affordable for 30 years – a time period much longer than other sources of funding.

In addition, there are currently 2,300 persons with severe mental illness living in personal care homes, of which the state has prioritized 600 who are capable of living in a community-based setting with supportive services. Obstacles that KHC, in partnership with the state Cabinet for Health and Family Services, are addressing include production of permanent supportive housing units, monthly rental assistance payments, housing relocation assistance, and community-based supportive services. KHC's Olmstead initiative has transitioned over 90 individuals to community-based housing. KHC has also successfully applied for HUD Section 811 Project-Based housing vouchers to serve this population.

The state's long-term care facilities and nursing homes are also filled with hundreds of persons who wish to live independently in their communities. This population's obstacles to obtaining community-based housing include the need for financial assistance to transition out of facilities, relocation assistance (both logistical and financial), housing location services, and monthly rental assistance. Kentucky Transitions administered, administered by the state Cabinet for Health and Family Services, transitions assists Medicaid-eligible persons move from institutions to community-based ~~to~~ independent living.

Youth aging out of foster care have a high risk of becoming homeless and need assistance transitioning from foster care to independent living. Obstacles facing this population include the lack of income to pay the costs associated with establishing an independent household, and short-term case management. Chafee Room and Board is administered by the state Cabinet for Health and Family Services and KHC. The program provides household setup funds and short term rental assistance to assist this population in transitioning from foster care to independence.

## **Actions planned to foster and maintain affordable housing**

Kentucky's block grant funds will be distributed throughout the state on a competitive basis for eligible activities through several methods described in the program guidelines for each program for the purposes of preserving existing affordable housing as well as fostering new affordable housing opportunities. Units of local government, nonprofit and for-profit entities will be able to apply for funding to carry out eligible activities. This distribution system allows eligible agencies to apply for funding for activities that will address the priority needs for their community. In addition, funds awarded to local communities will also address the housing needs outlined in the state's Consolidated Plan.

The Consolidated Plan addresses a variety of needs for affordable housing and community development that were derived from input at local levels across the state and utilizing housing data. The plan represents a wide array of needs. While one particular community may need rental housing production at a specific site, another community may need homeowner rehabilitation over a scattered site. For the state to address its community needs, the block grant programs need a level of flexibility for eligible activities to be undertaken. The state will support any application for funding under both federal and private sources that will assist the state in meeting any category of need for affordable housing and community development. The Housing Policy Advisory Committee consists of 10 ex officio state government members, 17 at-large members appointed by the chairman of the Board of Directors of KHC, a member of the Senate and a member of the House of Representatives. The advisory committee submits an annual report of activities and recommendations to the governor. The Housing Policy Advisory Committee includes numerous subcommittees, including a data subcommittee. This subcommittee reviews needs data annually and makes recommendations to KHC on priorities, which are considered when drafting each annual action plan.

## **Actions planned to reduce lead-based paint hazards**

Both KHC and DLG have a commitment to ensure that recipients of HOME, CDBG, ~~NSP~~, ESG, NHTF and HOPWA funds administer programs that adequately limit the risks associated with lead-based paint. Program administrators assist in statewide and local efforts to detect and abate lead-based paint as appropriate. Recipients of funding through these block grant programs are required to comply with all federal, state and local lead-based paint regulations. KHC and DLG staff members take several steps to fulfill their responsibility regarding lead-based paint hazards. Applicants for HOME, ESG, NHTF and HOPWA funds are made aware of the requirements of the lead-based paint regulations as they apply for funds. If funded, applicants receive additional formal training and individual technical assistance provided by staff. This technical assistance is available through the life of the project. Inquiries regarding lead-based paint hazards, evaluation and screening are often referred to the Environmental Lead Program administrator at the Kentucky Department of Public Health. To assist with the cost of lead-based paint removal activities, KHC allows HOME funds to be used in the form of a grant for homeowners receiving assistance for homeowner rehabilitation activities. KHC adopted an

environmental assessment policy several years ago. During the next fiscal year, KHC anticipates a review of the current policy to determine whether it requires revision. The current policy requires a Phase I environmental assessment for many projects. Dependent upon the findings of a Phase I review, a Phase II review may be required. KHC staff members perform visual inspections to identify possible lead-based paint hazards for projects wishing to use block grant funds. Several inspections of projects involving rehabilitation are performed during the construction process. In addition, Housing Quality Standards (HQS) inspections are performed at rental properties throughout the state.

DLG has adopted a policy on lead hazard reduction in keeping with federal regulations. For projects involving a home constructed prior to 1978, grantees are notified of the hazards of lead-based paint. In addition, if housing built prior to 1978 is being rehabilitated, the housing must be inspected for defective paint. If surfaces are found to be defective, they must be treated in the course of rehabilitation.

Full abatement of lead-burdened housing is a worthwhile goal. However, it is costly and caution must be taken to ensure that the work is performed in a safe manner by certified workers. Additional information about lead-based paint abatement is available through the Department of Public Health, the federal Environmental Protection Agency, KHC and DLG.

### **Actions planned to reduce the number of poverty-level families**

KHC and DLG have been providing affordable housing and economic development opportunities in an effort to decrease the number of poverty-level families living in unsafe and unaffordable housing. KHC's programs range from homeless assistance and Section 8 rental assistance to homeownership and housing financing programs. DLG housing programs are typically, but not limited to, single-family housing rehabilitation. DLG offers many non-housing programs that focus on community and economic development to combat poverty.

Long-term anti-poverty CDBG objectives include:

- Encouraging private investment that will result in the creation of new jobs for the unemployed and underemployed.
- Discouraging the out-migration of businesses that employ and serve the local population.
- Fostering a revitalization of community structure to help communities help themselves.
- Enabling local communities to plan for future community development needs.

Housing – whether rental or ownership – is viewed as one of the major components in assisting individuals and families in overcoming the struggles of poverty. It takes a combination of many activities, such as job training and education, health and child care assistance as well as a place to call home to effectively assist families on the continuum towards self-sufficiency. A variety of affordable housing

programs across the state not only provide direct financial assistance with housing costs, but combine housing assistance with social programs, such as life skills training, job training, post-secondary education, and homeownership counseling.

To meet the goal of raising the standard of living for all low-income individuals and families, the state is committed to assisting individuals in achieving employment; continuing adult education and postsecondary education; childhood development intervention; adequate and affordable child care for working families; increased access to health insurance coverage and the provision of affordable housing opportunities.

KHC will continue to fund the Scholar House program, designed to assist single parents in obtaining higher education. These programs have been established at several universities across the state, and provide housing and childcare for single parents enrolled in college. After graduation, the family may obtain housing using a rental voucher.

DLG will continue to fund traditional economic development activities that create or retain jobs principally benefiting low- and moderate-income persons. Nontraditional economic development projects are those which provide funding of activities -including, but not limited to, job training and placement of other support services including peer support counseling, child care and transportation. Microenterprise development is designated to provide funds to local communities and community-based organizations for the purpose of providing assistance and technical services to low- to moderate-income persons who either currently own a small business or are interested in starting one.

KHC will continue to participate in the newly-formed SOAR initiative, focused on assisting the Appalachian area of the state, where the highest levels of poverty have remained for decades.

[Recipients of federal funds from DLG and KHC for construction activities over \\$200,000 are required to adhere to federal Section 3 regulations that provide economic opportunity to low-income residents of the neighborhoods affected by the project and businesses owned by persons of low income.](#)

[KHC's multifamily production programs include incentives to de-concentrate poverty for new construction projects. The state's Analysis of Impediments to Fair Housing discusses de-concentrating poverty as well. KHC's housing choice voucher program is adapting materials in the briefing process to educate families about seeking housing that is not in a racial or ethnic area of concentrated poverty or concentrated area of housing vouchers.](#)

### **Actions planned to develop institutional structure**

KHC and DLG will continue to partner with a diverse number of entities from private industry, non-profit organizations and public institutions in carrying out activities under the Consolidated Plan. DLG works directly with eligible units of local -government in distributing CDBG funds. KHC is responsible for the administration of the HOME, ESG, [NHTE](#), and HOPWA Programs. Eligible applicants include, but are not

limited to, units of local government, Community Housing Development Organizations (CHDOs), nonprofit housing organizations and for-profit developers. Direct technical assistance from program staff for the HOME, ESG, [NHTF](#) and HOPWA Programs is provided on a statewide basis to all eligible applicants. After funding is awarded, implementation and administration training is available to all recipients. In addition to administering the federal block grant programs, KHC and DLG administer other programs that partner with units of local government, CHDOs, nonprofit housing organizations and for-profit developers.

Both KHC and DLG depend on the active participation of partners to accomplish the overall goals of these programs of providing affordable housing opportunities to lower-income families and individuals across Kentucky:

- KHC administers Housing Choice Voucher Program funds in counties where there is no local housing authority.
- KHC works directly with HUD in the administration of the Risk-Sharing Program in order to increase the number of safe, decent and affordable rental units throughout the state. When funding is available, KHC processes and underwrites the loan applications and, in the event of default, the mortgage insurance risk is shared between KHC and HUD.
- The Governor’s Local Issues Conference is held annually and is attended by local officials from cities and counties throughout the Commonwealth.
- The annual Kentucky Affordable Housing Conference will be attended by representatives of various housing and related service organizations.
- KHC and DLG work with the Recovery Kentucky Task Force that advocates for substance abuse recovery services through long –term supportive housing, recovery programs aimed at addressing homelessness and recovery from addiction within the commonwealth.
- KHC coordinates the state’s Housing Policy Advisory Committee and [participates on the Kentucky Interagency Council on Homelessness](#).
- KHC works with nonprofit organizations across the state through the various programs offered at KHC.
- Many private housing developers utilize the Housing Credit Program [and NHTF program](#) as well as other federal and state housing programs for the development of affordable rental housing across the state. Likewise, KHC continues to maintain relationships with several private developers who utilize HOME funds to provide homeownership opportunities for low-income Kentuckians.
- KHC works with over 250 private lending institutions in the origination and processing of KHC mortgages. The statewide lender network enables lower income families the opportunities to access KHC’s loan products.

## **Actions planned to enhance coordination between public and private housing and social**

## **service agencies**

The Kentucky Interagency Council on Homelessness (KICH) is composed of representation from state government, nonprofit and advocacy agencies to collaborate on homeless issues. KICH Executive Committee consists of the CEO of Kentucky Housing Corporation, Secretary of Health and Family Services Cabinet, Secretary of Justice and Public Safety Cabinet, Secretary of Education Cabinet, Secretary of Transportation Cabinet, Executive Director of Administrative Office of the Courts, State Budget Director, Commissioner of Veterans Affairs, Executive Director of the Homeless and Housing Coalition of Kentucky and one member from each house of the Kentucky General Assembly appointed by the Governor.

The KICH Steering Committee consists of representatives of the Executive Committee, state government agencies, homeless advocates and service providers. The KICH Steering Committee has five policy subcommittees that mirror the core concerns identified in the Ten-Year Plan to End Homelessness. The policy subcommittees are: supportive housing, services/prevention, public will, and data.

The Kentucky Commission on Community Volunteerism and Service is a statewide, bi-partisan group comprised of at least 15 members, appointed by the governor, with diverse service and volunteerism backgrounds. The KCCVS actively engages citizens in community service opportunities that enable volunteers, organizations and businesses to share ideas and effectively collaborate to address Kentucky's needs. The KCCVS funding is provided by the Corporation for National and Community Service and the Kentucky General Assembly. The Governor's Reentry Task Force – Statewide Reentry Steering Team was established to develop policy recommendations regarding the reduction of recidivism, enhancement of public safety and the furtherance of reentry efforts. The mission of Kentucky's Reentry initiative is to integrate successful offender reentry principles and practices in the Commonwealth of Kentucky state agencies and communities resulting in partnerships that improve public safety, enhance offender self-sufficiency, and reduce recidivism. The Kentucky Statewide Reentry Steering Team is developed to create a multidisciplinary work team to develop recommendations and provide information to the Governor's Reentry Task Force.

KHC and the state's Department of Mental Health/Mental Retardation coordinates funding focused on the needs of that portion of the Olmstead population with severe and persistent mental illness. These funds are used to move individuals from psychiatric hospitals and nursing facilities to apartments in the communities of their choice and also for the construction of permanent supportive housing as funds become available.

The Recovery Kentucky Task Force provides oversight and direction for a network of 100-bed Recovery Kentucky Centers - drug and alcohol-free housing for persons who are homeless or at risk for homelessness due to their continued dependence on alcohol and drugs. These housing centers provide a safe and secure environment for men and women to begin a process of "self-help" and "peer-led" education that leads to long term sobriety. The Recovery Kentucky program model is designed to help the recovering alcoholic/addict regain a life of sobriety and to begin a journey toward permanent



housing and self-sufficiency.

The FSS Provider Coordinating Committee (PCC) is established to assist KHC with planning and implementing the FSS Program. Members are representatives from state, local and private groups who have resources to assist low-income families and have a commitment to family self-sufficiency.

## **Discussion**