

2019 Funding Round Project Set Ups Training

Single-Family Homebuyer Development & AHTF Home Repair



May 20, 2019 - Berea

May 21, 2019 - Frankfort

May 30, 2019 - Elizabethtown

TRAINING OVERVIEW

1pm-
3pm

SF Homebuyer Development

- Program Overview
- Set Up Template
- Process

3pm-
4:30pm

AHTF Home Repair

- Program Overview
- Set Up Template
- Process

Introductions



NOFA Funding Awards



NOFA Funds Available + Awarded

	HOME	AHTF	ARC
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Single-Family Homebuyer Development

NOFA	\$4,100,000	\$2,600,000	\$455,000
Actual Awards	\$5,974,022	\$2,053,743	\$455,000

AHTF Home Repair

NOFA	---	\$2,000,000	---
Actual Awards	---	\$2,542,385	---

KHC's Allocations to Homebuyer Development & Home Rehab/Repair

	FY 2019	FY 2018	FY 2017	FY 2016
HOME	\$6.0M	\$3.2M	\$5.0M	\$4.0M
AHTF	\$4.6M	\$4.2M	\$1.2M	\$2.8M
Total	\$10.6M	\$7.4M	\$6.2M	\$6.8M

2019 Funding Round Timing

February 11	Application Opens in KHC's Universal Funding Application (UFA)
March 18	Application Due
Early May	Awards notice sent to recipients
May	Project Set-Up Trainings
May-June	Target for AHTF Grant Agreements
November 2019	Target for next NOFA release (Due in December)
September 2020	Target for Funds awarded funding through this application round to have all funds committed (not expended) to specific projects.

Single-Family Homebuyer Development



Program Overview: Single-Family Homebuyer Development



Kentucky Housing Corporation
Housing Contract Administration Department

SINGLE-FAMILY HOMEBUYER DEVELOPMENT

Funded by:
Kentucky's Affordable Housing Trust Fund (AHTF)
HOME Investment Partnership Program (HOME)
Appalachian Regional Commission - Kentucky Appalachian Housing Program (ARC)

Program Policy Manual

February 2019



Kentucky Housing Corporation
1231 Louisville Road
Frankfort, KY 40601
(502) 564-7630
www.kyhousing.org



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Single-Family Homebuyer Development Program Policy Manual



Single Family Homebuyer Dev. At-a-Glance

Purpose	To expand the supply of quality, affordable housing for low-income and very-low income households in Kentucky.
Funding Sources	HOME, ATHF, ARC
Income Limits	HOME-funded projects: $\leq 80\%$ HUD Area Median Income (AMI) ATHF-funded projects: $\leq 60\%$ of HUD AMI or KY MFI, whichever is greater. Non-home assets valued at no more than \$50,000.
Eligible Properties	Single-family detached homes or qualified manufactured homes. Home must be the homebuyer's primary residence.
Max Assistance	Direct buyer assistance: up to \$40,000 Development gap: up to \$25,000, depending on HERS rating.

Single Family Homebuyer Dev. At-a-Glance

Eligible Activities	<ul style="list-style-type: none">• New construction and sale to new homebuyers.• Acquisition, rehabilitation, and resale of existing homes to new buyers.• Demolition and replacement of substandard owner-occupied homes, with an emphasis on substandard manufactured homes.
Form & Term of Assistance	Up to 15 years depending on amount of direct homebuyer or homeowner subsidy invested. Period of affordability is governed through forgivable mortgages (HOME and AHTF) and deed restrictions (AHTF).
Developer Fee	New construction & demolition/rehabilitation, lesser of: <i>15% of TDC, excluding acquisition; or \$15,000.</i> Acquisition/rehabilitation/resale projects, the lesser of: <i>20% of TDC, excluding acquisition; or \$15,000.</i>

Single-Family Development: 2019 Policy Changes

1. AHTF & HOME funds cannot be combined in a single unit.
2. AHTF funds CAN be used for interim construction financing & can revolve from one unit to the next within a grant award.
3. AHTF income limits are <60% of HUD AMI for the County or <60% KY Median Family Income, whichever is greater.

2019 Policy Changes

4. ARC funds (for eligible applicants) can be used to cover development gaps in excess of the HERS rating-dependent caps for HOME/AHTF.
5. Construction contingency *must* be included in project set-up construction budget.
 - 5%-7.5% for new construction
 - 7.5%-10% for rehabilitation
6. No administrative fees.

2019 Policy Changes

7. Developer fee no longer tied to amount of direct homebuyer subsidy.
 - New construction: Lesser of \$15K or 15% TDC
 - Acq./rehab/resale: Lesser of \$15K or 20% TDC
8. KHC must perform all inspections.
9. Homebuyer counseling must be provided for ALL homebuyers.
10. Waivers can be requested if student loans cause buyer's back-end ratio to exceed 41% provided it does not exceed 50%.

2019 Policy Changes

11. If market conditions create appraised values/sales prices that do NOT require development subsidy, developers can request homebuyer subsidy ONLY.

- Down payment assistance for a unit NOT built or rehabilitated by the developer under this funding cycle will remain ineligible.
- HOME down payment assistance only cannot be classified as a CHDO activity—project must also use HOME for construction.

CHDO-Eligible Activities Allowable under 2019 Single Family Homebuyer Program

1. Acquisition, rehabilitation, and resale of properties to eligible homebuyers
2. New construction of homebuyer properties where CHDO has fee simple site control
3. Direct financial assistance to purchasers of HOME-assisted housing that has been developed with HOME funds by the CHDO.

HOME-Eligible but NOT CHDO Activities allowable under 2019 Single Family Homebuyer Program

1. Homebuyer development without acquisition
[24 CFR 92.254 (d)]
 - Demolition & replacement of substandard owner-occupied housing
 - New construction of a homebuyer property on land not owned by the developer.

These activities generate HOME Program Income that must be returned to KHC, NOT CHDO proceeds.

NOTE: KHC is re-examining its policy prohibiting developers to purchase an existing owner's land or house, construct a new home, and resell the house back to the prior owner.

ARC Funds

1. Only development gap subsidy for units in ARC designated distressed or at-risk counties.
2. May not be used for homebuyer assistance.
3. Limited to 10% of a unit's TDC.
4. Released with HOME or AHTF funding for unit, but can only be drawn, in full, as a separate draw at closeout.

Set Ups: Single-Family Homebuyer Development



Set Up Template Principles

1. USE THE INSTRUCTIONS!
2. Only enter data/info once.
3. Automates as much as possible.
4. Partners enter info into **YELLOW** or **ORANGE** cells.
5. KHC enters info into **GREEN** cells.
6. PCR is now built-in.

Set Up Worksheets to Complete

a) Compliance & Underwriting

b) Set-Up Checklist

1) Project Summary

2) TDC

2a) Rehab Scope (rehab only)

3) Sources & Uses

4) Buyer Affordability

5) Buyer Income

6) Lead Based Paint - Homebuyer

PCR Worksheets to Complete

(When project is complete & you seek final draw)

PCR a) Checklist

PCR 1) TDC

PCR 1a) Rehab Scope (rehabs only)

PCR 2) Sources & Uses

PCR 3) Buyer Affordability

Let's dig into the Set Up...

PROCESS:

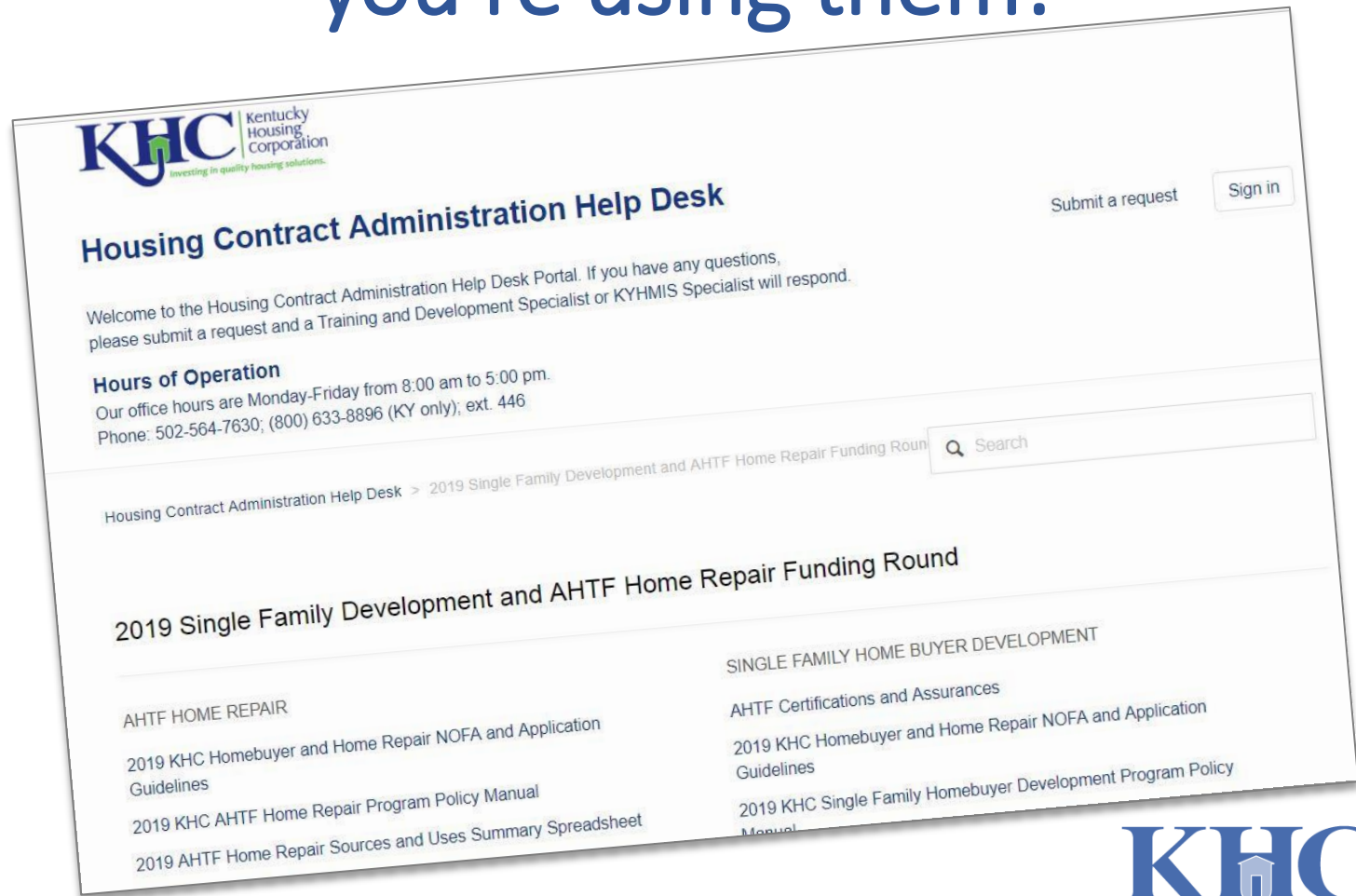
Single-Family Homebuyer Development



Single Family Homebuyer Development Process: Set Up Submission

1. Complete the Set Up packet found on HCA Help Desk.
2. Review and sign the Set Up Checklist, making sure to attach all required documents as listed on the Checklist.
3. HOME Only: Complete the Environmental Review (ERR).
4. Send Set Up packet, attachments, and ERR to hcadev@kyhousing.org.

Download KHC templates from the HCA Help Desk **EACH & EVERY** time you're using them!



Single Family Homebuyer Development Process: Set Up Approval

Set-up approvals will take 2 – 3 weeks.

HOME Only

1. KHC sends written agreement to developer for signature.
2. Developer signs written agreement & emails it back to hcadev@kyhousing.org.
3. KHC Project Specialist emails developer Release of Funds & executed written agreement between KHC & developer.

AHTF Only

1. Project Specialist emails developer of the release of funds.

Release of Funds

1. Developer requests access to the project in the Project Management Draw System.
2. Once access is granted, grant funds may be drawn.

Single Family Homebuyer Development Process: Inspections

- Inspections are required for every unit:
 - Footing (after excavation of footings and before footing concrete is poured)
 - Interim (any time between completion of wall insulation and hanging of drywall)
 - Completion (100% complete, including landscaping and site work – before move-in)
- Contact your KHC inspector for your area to schedule the inspections.

Single Family Homebuyer Development Process: Draws

- Follow Project Management Draw System user manual for guidance on draw submission.
- A maximum of 3 draws per unit is permitted, which typically aligns with each inspection.
- Final draw is paid after project completion.

Single Family Homebuyer Development Process: Completion – Closing Documents

1. Find the closing document templates on the HCA Help Desk:
 - Mortgage
 - Note
 - Deed Restriction (AHTF only)
 - Homebuyer Written Agreement (HOME only)
 - Assignment of Mortgage (HOME only)
 - Assignment of Note (HOME only)
2. Fill in all relevant information including the Exhibit A legal description, check for typographical issues, and email to hcadev@kyhousing.org **at least 2 weeks prior to closing** to allow KHC Legal time to review.

Single Family Homebuyer Development Process: Completion – Closing Documents

3. KHC will email approval of the closing documents to developer.
4. Developer closes the loan, including execution any applicable assignments and the Homebuyer Written Agreement.
5. Developer/attorney records the deed, mortgage, deed restriction (if applicable), and the mortgage assignment (if applicable). Mail original of both note and note assignment to the following address: Kentucky Housing Corporation, HCA , 1231 Louisville Road, Frankfort, KY 40601

Single Family Homebuyer Development Process: Project Closeout

1. Complete the Project Completion Report (PCR) now built into the Set Up.
2. Submit final draw in Project Management Draw System.
3. Attach a clear, high quality pdf of closing docs with recording information from County Clerk's office:
 - Mortgage
 - Promissory Note
 - Deed Restriction (AHTF only)
 - Homebuyer Written Agreement (HOME only)
 - Assignment of Mortgage (HOME only)
 - Assignment of Note (HOME only)
4. Draw & PCR are processed once KHC receives/approves required docs.
5. Developer will receive notification HCA has processed the draw & PCR.
6. ARC draws should be submitted separately, just like AHTF and HOME.

AHTF Home Repair



Program Overview: AHTF Home Repair



Kentucky Housing Corporation
Housing Contract Administration Department
AHTF HOME REPAIR PROGRAM
Funded by Kentucky's Affordable Housing Trust Fund

Program Policy Manual
February 2019



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AHTF Home Repair Program Policy Manual



AHTF Home Repair At-a-Glance

Purpose	To stabilize the residences of low-income homeowners with essential repairs to keep or make their home habitable.
Eligible Households	Homeowners with combined household income $\leq 60\%$ AMI and non-home assets valued at no more than \$50K. Homeowners must have ownership interest in the land and the home to be repaired.
Eligible Properties	Single-family detached homes or qualified manufactured homes. Must be the homeowner's primary residence.
Max Assistance	\$15,000 per home. No additional AHTF can go to a home during the 5-year deed restriction. Assistance can be paired with other programs/funding sources.

AHTF Home Repair At-a-Glance

Eligible Repairs	Repairs necessary to bring a home up to KHC's Minimum Habitability Standards. When a household member is disabled, accessibility adaptations are also eligible.
Form/Term of Assistance	Deed restriction for 5 years.
Admin Fee	7.5% of the total cost of work (max fee = \$1,125). Does NOT include labor/construction management costs. Admin fee is separate from the maximum assistance amount. So, max. per-property funding is \$16,125.
Inspections	Before repair work begins, KHC must receive property photos and a detailed scope of work. Before final reimbursement is made by KHC, KHC will conduct an on-site inspection of completed work.

Eligible Properties

Owner-occupied: The home must be the homeowner's primary residence and the homeowner must have ownership interest in the land AND the home to be repaired. This is defined as:

- Property owned by the household by Fee Simple Deed;
- Property owned in a Life Estate;
- Property owned through a recorded Contract for Deed in effect for at least five (5) years, or
- Property leased via a recorded lease for a minimum term of ninety-nine (99) years.

Single-family detached homes or manufactured homes.

Homes should be detached single-family dwellings or manufactured homes.

Amount, Form & Term of Assistance

Amount of Assistance	\$1,000 - \$15,000	Maximum does not include administrative fee of 7.5% of total repair costs (maximum of \$1,125). Assistance can be paired with other repair, weatherization, and energy efficiency programs.
Form of Assistance	Grant	Fully forgiven after the 5-years compliance period.
Compliance Period	5 years	So long as the home is the primary residence of the assisted homeowner for 5 years, assistance is forgiven. No additional AHTF assistance can go to a home during the 5-year deed restriction.
Securing Document	Deed Restriction	Agencies must use KHC's AHTF Deed Restriction template . After 5 years, the deed restriction terminates.

Eligible Project Costs

- Materials and labor tied to home repairs that address items delineated in KHC's Minimum Habitability Standards.
- Construction management, including scope of work development and cost estimation.
- Administrative fees (lesser of 7.5% of AHTF repair costs or \$1,125).
- As the maximum AHTF investment per home is \$15,000, and the maximum per unit admin. fee is \$1,125, the max. ATHF per unit is \$16,125.

Eligible Repair Costs: Minimum Habitability Standards (MHS)

AHTF Home Repair funds may ONLY be used to:

- Bring a home up to MHS
- Install accessibility improvements
- Make allowed optional improvements

Homes MUST meet MHS upon project completion. Final reimbursement will not be made until a KHC inspector has performed a satisfactory on-site inspection.

Failure to bring a home up to these standards will result in repayment to KHC by the project sponsor.

Set Ups: AHTF Home Repair



Set Up Template Principles

1. USE THE INSTRUCTIONS!
2. Only enter data/info once.
3. Automates as much as possible.
4. Partners enter info into **YELLOW** or **ORANGE** cells.
5. KHC enters info into **GREEN** cells.
6. PCR is now built-in.

Set Up Worksheets to Complete

(When first submitting unit/activity for KHC approval.)

- a) Compliance & Underwriting
- b) Set-Up Checklist
 - 1) Project Summary
 - 2) Repair Scope
 - 3) Sources & Uses
 - 4) Owner Income

PCR Worksheets to Complete

(When project is complete & you seek final draw)

PCR a) Checklist

PCR 1) Repair Scope

PCR 2) Sources & Uses

Let's dig into the Set Up...

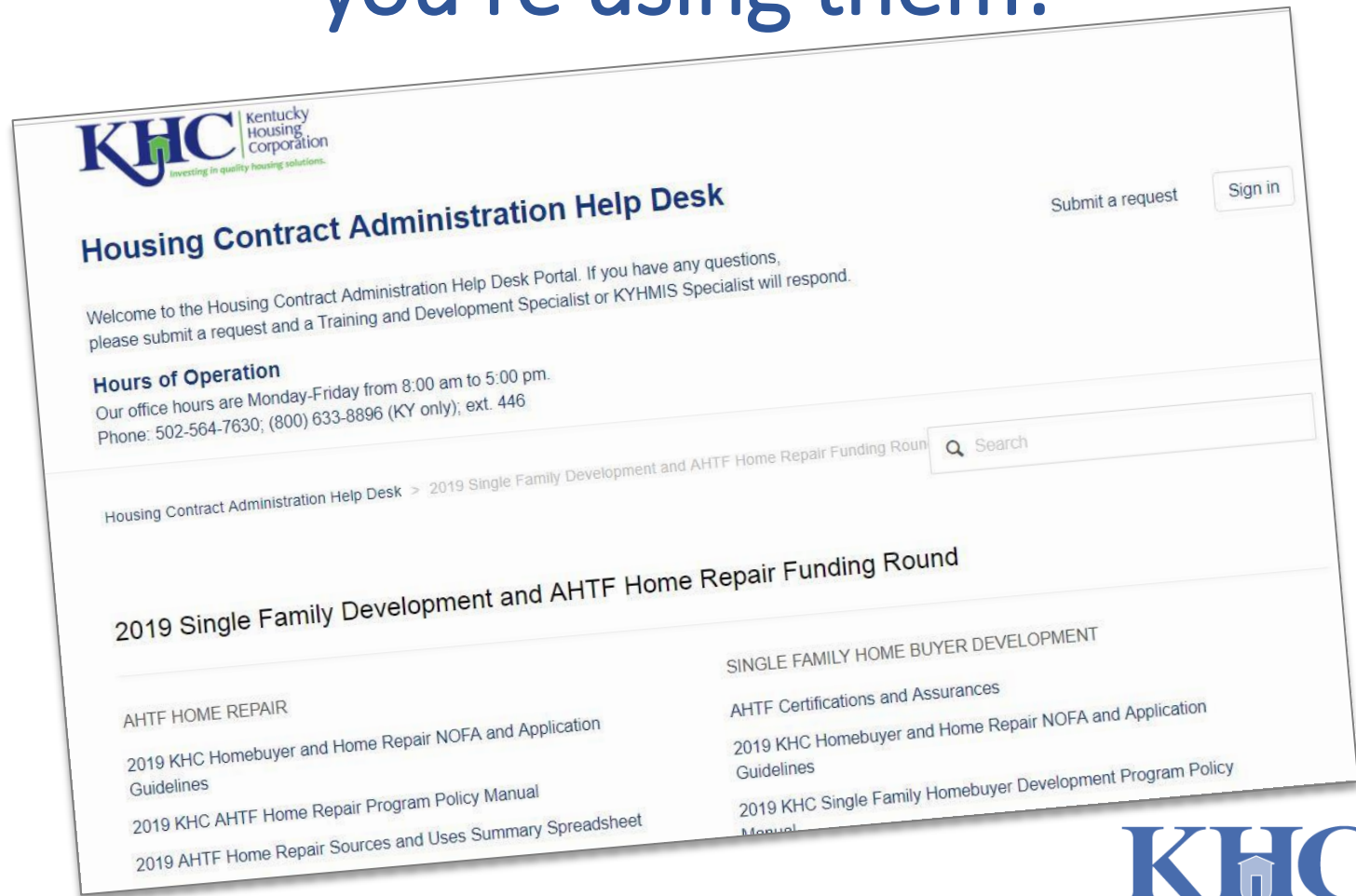
PROCESS: AHTF Home Repair



AHTF Home Repair Process: Set Up Submission

1. Complete the Set Up packet found on HCA Help Desk.
2. Review and sign the Set Up Checklist, making sure to attach all required documents as listed on the Checklist.
3. Send Set Up packet and attachments to hcadev@kyhousing.org.

Download KHC templates from the HCA Help Desk **EACH & EVERY** time you're using them!



AHTF Home Repair Process: Set Up Approval

Set-up approvals will take 2 – 3 weeks.

Biggest variable: repair scope of work & MHS.

1. Project Specialist emails developer of the release of funds.
2. Agency requests access to the project in the Project Management Draw System.
3. Once access is granted, grant funds may be drawn.

AHTF Home Repair Process: MHS Inspections

- Only 1 required inspection: at completion.
- Home must meet MHS—not MDS.
- Contact your KHC inspector for your area to schedule the inspection.

AHTF Home Repair Process: Draws

- Follow Project Management Draw System user manual for guidance on draw submission.
- A maximum of 2 draws per unit is permitted.
- 2nd/final draw paid after project completion & home passes MHS inspection.

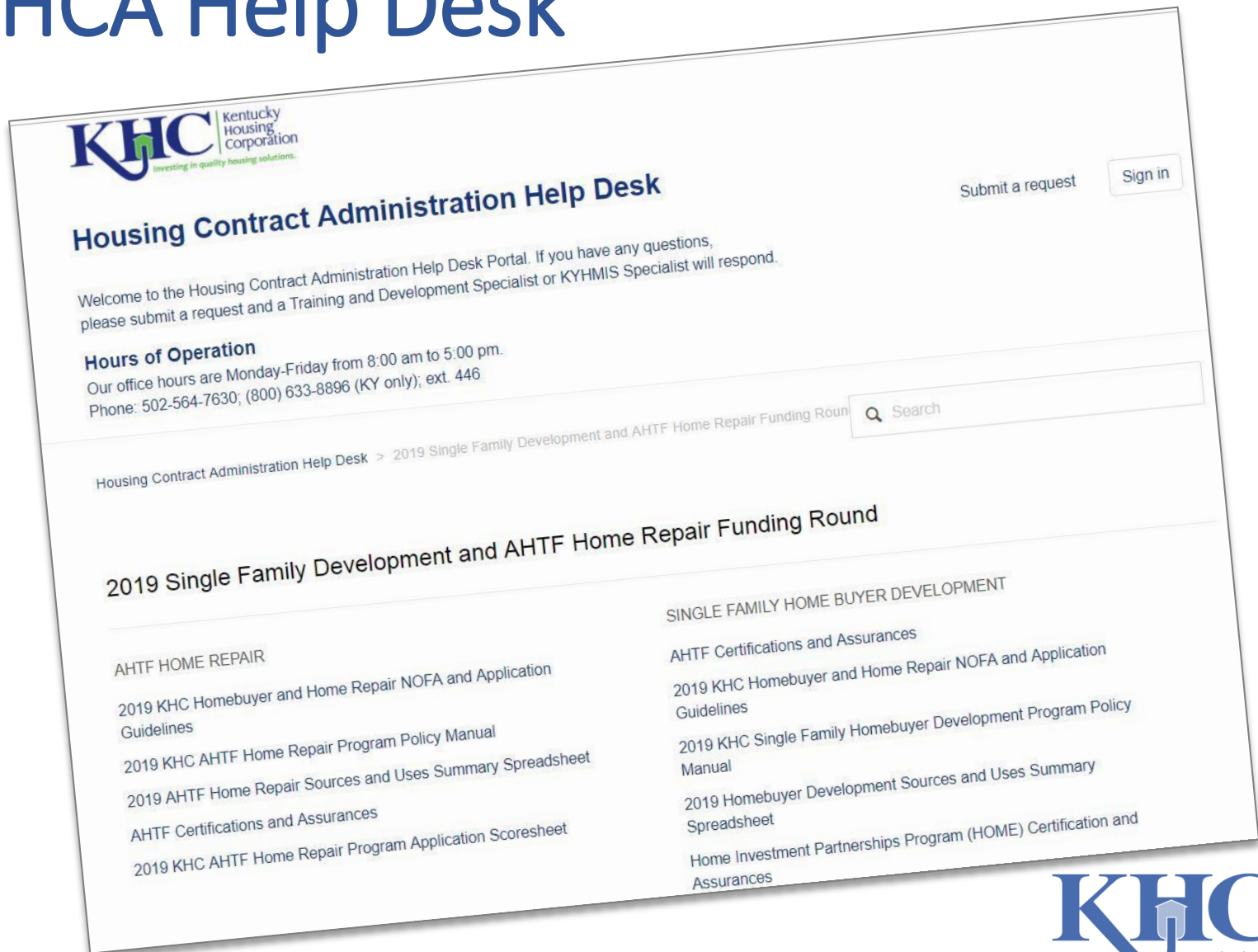
AHTF Home Repair Process: Project Closeout

1. Complete the Project Completion Report (PCR) built into the Set Up.
2. Submit final draw in Project Management Draw System.
3. Attach a clear, high quality pdf of the PCR, required attachments & recorded/executed AHTF 5-year Deed Restriction.
4. Draw & PCR are processed once KHC receives/approves required docs.
5. Agency will receive notification HCA has processed the draw & PCR.

Closing



HCA Help Desk



eGrams: Sign Up & Read 'Em!

The image shows a screenshot of the KHC eGram newsletter. The header features the 'eGram' title with envelope icons, the KHC logo with the text 'Kentucky Housing Corporation', and the tagline 'KHC's source for news and information.' The main content area has a green header for the featured article: 'KHC Issues NOFA and Opens Application Period for the Single-Family Homebuyer Development and AHTF Home Repair Programs'. The article text describes the competitive funding process for affordable housing. A sidebar on the left contains 'In This Issue' (repeating the article title), 'Quick Links' (Website, About Us, Development), and social media icons for Facebook, Twitter, LinkedIn, YouTube, and RSS. At the bottom right is the KHC logo and tagline.

eGram | Kentucky Housing Corporation
KHC's source for news and information.

In This Issue
KHC Issues NOFA and Opens Application Period for the Single-Family Homebuyer Development and AHTF Home Repair Programs

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[Development](#)

[f](#) [t](#) [in](#) [You Tube](#) [RSS](#)

KHC Issues NOFA and Opens Application Period for the Single-Family Homebuyer Development and AHTF Home Repair Programs
Kentucky Housing Corporation (KHC), through its Housing Contract Administration (HCA) department, is pleased to offer a competitive funding application process to affordable housing developers, builders, and organizations across the state through the HOME Investment Partnerships Program (HOME), the Kentucky Affordable Housing Trust Fund (AHTF), and the Appalachian Regional Commission-Kentucky Appalachian Housing Program (ARC).

This [Notice of Funds Availability \(NOFA\) and Application Guidelines](#) governs 2019 applications for two programs: Single-Family Homebuyer Development (HOME, AHTF, and ARC-funded) and AHTF Home Repair. Applicants must submit two separate applications should they wish to apply for both programs.

2019 Kentucky Affordable
Housing Conference

Beyond the Vision of
HOME

Thursday and Friday,
September 12-13, 2019

LEXINGTON CONVENTION CENTER
LEXINGTON, KY

Home | #KAHC19

KHC | Kentucky
Housing
Corporation
Investing in quality housing solutions.

Thank You.

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