

Kentucky Housing Corporation  
Housing Contract Administration Department  
**AHTF HOME REPAIR PROGRAM**

*Funded by Kentucky's Affordable Housing Trust Fund*

**Policy Manual**  
**2026 Funding Round**

*November 2025*



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The policies outlined in the manual are effective for projects funded after January 19, 2026. All previous awards of KHC funds for owner-occupied home repair funding must follow policies in place at the time of award.

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Published in the United States of America by:

Kentucky Housing Corporation  
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Frankfort, KY 40601

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### **Notice**

This manual serves as a reference for Kentucky Housing Corporation's administration of AHTF Home Repair Program. KHC program policy manuals are subject to change without notice.

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Separate policy manuals are available for other Housing Contract Administration programs.

Please submit a request to the Housing Contract Administration (HCA) Partner Agency Portal if you have questions or need additional assistance with materials within this manual.

Go to <https://kyhmis.zendesk.com/home>

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## KHC AHTF Home Repair Program At-a-Glance

<b>Purpose</b>	To stabilize the residences of low-income homeowners with essential repairs to keep or make their home habitable.
<b>Funding Source</b>	Kentucky's Affordable Housing Trust Fund (AHTF)
<b>Eligible Households</b>	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.
<b>Eligible Properties</b>	Single-family detached homes or manufactured homes. Home must be the homeowner's primary residence.
<b>Geography</b>	Anywhere in the Commonwealth of Kentucky
<b>Maximum Assistance</b>	\$25,000 per home. No additional AHTF assistance can go to a home during the 5-year deed restriction. Assistance can be paired with other repair, weatherization, and energy efficiency programs.
<b>Eligible Repairs</b>	Repairs necessary to bring a home up to KHC's Minimum Habitability Standards. When a household member is disabled, accessibility adaptations are also eligible.
<b>Form &amp; Term of Assistance</b>	Grant secured with a deed restriction for 5 years.
<b>Eligible Applicants/ Sponsors</b>	Non-profit agencies and local governments with demonstrated capacity and experience who are in good standing with both the Commonwealth and KHC. Eligible applicants must have at least 1 full-time employee.
<b>Admin Fee for Applicants/ Sponsors</b>	7.5% of the total cost of repair work (maximum admin. fee = \$1,875 unless otherwise posted in a public notice by KHC). This limit does not include labor or construction management costs.  The admin fee is separate from the maximum assistance amount. Therefore, the maximum per-property funding is \$26,875 unless otherwise posted in a public notice by KHC.
<b>Inspections</b>	Before releasing funds and before repair work can begin, KHC must receive property photos and approve a detailed scope of work. Before final reimbursement is made, the home must pass KHC's on-site inspection of completed work.
<b>Program Forms &amp; Templates</b>	<a href="#">HCA Partner Agency Portal</a> , AHTF Home Repair

*Additional detail available in the following sections of this program guide.*

## Introduction

Kentucky Housing Corporation (KHC) created the AHTF Home Repair program to stabilize the residences of low-income homeowners throughout the Commonwealth with essential repairs to keep or make their home habitable.

KHC's aim for the AHTF Home Repair program is to avoid having low-income homeowners living in homes that do not meet KHC's Minimum Habitability Standards. A secondary aim is to install accessibility improvements when one or more household members are persons with a disability.

Throughout this manual, the term "agency" will refer to organizations who are awarded AHTF Home Repair funds and are implementing repair projects.

## Affordable Housing Trust Fund (AHTF)

The AHTF was established by the Kentucky State Legislature (see KRS §198A.700-730) to provide housing for low-income Kentuckians. The fund was created in response to economic conditions, federal housing policies, and declining resources, which adversely affected the ability of very low-income persons to obtain safe, quality, and affordable housing.

There are four priorities for use of AHTF:

- 1) New construction projects for low-income households.
- 2) Projects using existing, privately-owned housing stock.
- 3) Projects using existing, publicly-owned housing stock.
- 4) Applications from local governments for projects demonstrating effective zoning, conversion, or demolition controls for single-room occupancy units.

As required by KRS §198A.720 (6), a minimum of 40% of all funds received is to be used for rural areas of the Commonwealth. To be considered rural, properties must be in areas defined as rural by USDA Rural Development (RD). Agencies can determine if the property is in a rural area by accessing the RD Property Eligibility Site <https://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>, "Single-Family" and then enter the property address.

## Applicable Policies

These guidelines govern agencies and projects awarded funding under KHC's AHTF Home Repair program. The most up-to-date version of this manual and associated program documents are located on the [HCA Partner Agency Portal](#).

**AHTF Home Repair projects will be governed by and must adhere to the cumulative information contained in these guidelines, as applicable:**

- *KHC AHTF Home Repair 2026 Policy Manual (this document)*
- *AHTF Regulations (Kentucky Revised Statutes §198A.700 TO §198A.730)*
- *AHTF Home Repair Project Set-Up Template (downloaded from the HCA Partner Agency Portal.)*
- *KHC Minimum Habitability Standard (included in this manual)*
- The agency's application for funding
- Grant agreement(s) between the applicant and KHC

Agencies implementing AHTF Home Repair projects are expected to be familiar with and adhere to the guidelines and requirements described in the documents listed above.

## Eligible Households & Properties

### Eligible Household Income Limits

Homeowner households must be at or below the AHTF applicable income limit which is defined as the **greater** of either: 60% of Kentucky's state median family income **or** 60% of area median income.

A homeowner's non-home assets may not be valued at more than \$50,000. The Project Set Up will include documentation for income eligibility of households.

AHTF Home Repair Maximum Household Income	Source of Income Limits
The greater of either: 60% of Kentucky's state median family income <u>OR</u> 60% of HUD area median income	KHC's <a href="#">HCA Partner Agency Portal</a>

*Both limits are published annually by the U.S. Department of Housing and Urban Development (HUD).*

*The [AHTF income limits](#) are published on KHC's website and on the [HCA Partner Agency Portal](#).*

### 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 (again, ownership interest must be in both the structure and the land). Attached homes may be considered eligible by KHC on a case-by-case basis and will require a waiver if allowed by KHC.

### Amount, Form & Term of Assistance

The funding amounts are a maximum of \$25,000 for project funding and \$1,875 for administrative fees.

Funds are awarded in the form of a grant secured with a deed restriction for five years. After five years, the deed restriction period terminates. AHTF awards must be expended on per unit repair costs in an amount no less than \$1,000.

<b>Amount of Assistance</b>	\$1,000 - \$25,000	Maximum does not include administrative fee of 7.5% of total repair costs (maximum of \$1,875). Assistance can be paired with other repair, weatherization, and energy efficiency programs. <b>However, the full maximum amount of AHTF assistance must be used before other mortgages are placed on the homeowner.</b>
<b>Form of Assistance</b>	Grant	Fully forgiven after the 5-year compliance period.

<b>Compliance Period/Term</b>	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.
<b>Securing Document</b>	Deed Restriction	Agencies must use <a href="#">KHC's AHTF Deed Restriction template</a> . After 5 years, the deed restriction terminates.

## Eligible Project Costs

The following are eligible costs under the AHTF Home Repair program:

- 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: Agencies implementing AHTF Home Repair projects may earn an administrative fee of no more than 7.5% of AHTF funds invested in repair costs.
  - As the maximum AHTF investment per home is \$25,000, the maximum per unit administrative fee is \$1,875.

## Eligible Repair Costs: Minimum Habitability Standards

**AHTF Home Repair funds may ONLY be used to bring a home up to Minimum Habitability Standards, to install accessibility improvements, and make the optional improvements listed below.**

**Homes MUST meet ALL the following standards upon project completion**, with the exception of optional improvements. 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** (exceptions to this are listed in the "Special Circumstances" section below).

KHC MINIMUM HABITABILITY STANDARDS	
<b>Structure</b>	<ol style="list-style-type: none"> <li>The home is structurally sound to protect the residents from the elements and not pose any threat to the health and safety of the residents. A structurally sound building is one which has not decayed, deteriorated, or in danger of thermal envelope failure. The thermal envelope consists of any plane adjacent to habitable, conditioned, and/or storage space included in the home's footprint.</li> <li>The roof must be structurally sound and weathertight.</li> <li>Ceilings, wall, and floors must not have any serious defects such as severe bulging or leaning, large holes, loose surface materials, severe buckling, missing parts or other serious damage.</li> <li>The exterior wall structure and surface must not have any serious defects such as serious leaning, buckling, sagging, large holes, or defects that may result in air infiltration or vermin infiltration.</li> </ol>
<b>Access</b>	<p>The home must demonstrate a reasonably safe path of egress by:</p> <ol style="list-style-type: none"> <li>complying with the current Kentucky Residential Code; or</li> <li>complying with the applicable Kentucky residential building code at time of construction (applies to homes built since statewide code adoption); or</li> <li>(for homes built before statewide adoption of building code), ensuring the condition of the interior and exterior stairs, halls, porches, walkways, etc., must</li> </ol>

	not present a danger of tripping and falling. (For example, broken or missing steps or loose boards are unacceptable.)
<b>Space and security</b>	The home must provide an acceptable place to sleep and adequate space, privacy, and security for the occupants and their belongings. Bedrooms and bathrooms must have doors and be sufficient in size for their intended use.
<b>Interior air quality</b>	<ul style="list-style-type: none"> <li>a. Each room or space within the home has a natural or mechanical means of ventilation.</li> <li>b. The interior air is free of pollutants at a level that might threaten or harm the health of residents. (No gas cans, paint cans, mold, pesticides, herbicides, etc.)</li> <li>c. Existing clothes dryers must be vented to the outside.</li> </ul>
<b>Water Supply</b>	The home must have an adequate hot and cold-water supply.
<b>Sanitary Facilities</b>	The home has at least one bathroom/sanitary facility that is in proper operating condition, is private, and is adequate for personal cleanliness and the disposal of human waste.
<b>Thermal environment</b>	The home has heating facilities in proper operating condition.
<b>Illumination and electricity</b>	<ul style="list-style-type: none"> <li>a. The home has adequate natural or artificial illumination to permit normal indoor activities and support health and safety.</li> <li>b. There are sufficient electrical sources to permit the safe use of electrical appliances in the shelter.</li> <li>c. The home has no apparent electrical hazards.</li> </ul>
<b>Food preparation</b>	<p>A food preparation area is provided and contains suitable space and equipment to store, prepare, and serve food in a safe and sanitary manner. Home must have a refrigerator AND a means of cooking (stovetop or microwave oven).</p> <ul style="list-style-type: none"> <li>a. If the primary refrigerator has failed or is absent, AHTF Funds may be used to repair the appliance or purchase a 16 Cu. Ft. refrigerator that meets or exceeds Energy Star standards.</li> <li>b. If the primary means of cooking has failed or is absent, up to \$450 in AHTF Funds may be used to repair the appliance or purchase a stove or a microwave oven.</li> </ul>
<b>Sanitary conditions</b>	The home is maintained in a sanitary condition with no significant pest infestations, health-endangering filth, animal feces and/or urine etc.
<b>Fire safety</b>	<ul style="list-style-type: none"> <li>a. There is at least one working smoke alarm in each bedroom and one in the common area of each level.</li> <li>b. Homes with fuel burning appliances or an attached garage must have UL listed carbon monoxide alarm(s) installed outside each sleeping area in the immediate vicinity of all bedrooms.</li> <li>c. There is a second means of egress from a bedroom (door or openable window).</li> </ul>
<b>Accessibility</b>	When one or more household members are persons with a disability): Improvements must be made that are demonstrably necessary for a disabled resident to inhabit the home: wheelchair ramps, bathroom grab bars, bath seats/benches, etc.

<b>OPTIONAL Improvements</b>	<p>Provided a home meets ALL the above Minimum Habitability Standards listed above, the following improvements may be made:</p> <ul style="list-style-type: none"> <li>a. Installation of a second entrance/exit (ingress/egress).</li> <li>b. Air conditioning.</li> <li>c. Repairs to a second bathroom.</li> <li>d. Replacement of functioning home systems that are at/near the end of their useful life.</li> <li>e. Energy efficiency improvements.</li> </ul>
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## Special Circumstances

Failure to bring a home up to KHC's Minimum Habitability Standards will result in repayment to KHC by the agency, however KHC may waive repayment on a case-by-case basis. For instance, if a homeowner dies as repair work is underway and an income-eligible heir will not occupy the home, KHC will not require funds to be repaid.

If a previously unknown health or safety issue arises that requires repair work to cease, KHC may allow the project a deadline extension. If work cannot resume due to unresolved health or safety issues, KHC will allow, on a case-by-case basis, the project to terminate without penalty to the agency.

## Working with KHC's Design & Construction Review Team

KHC understands its Minimum Habitability Standards leave room for interpretation on the part of agencies and KHC's inspectors. KHC offers the following guidance:

- Agencies are advised to develop as detailed a repair scope of work as possible for each home. This will be submitted to KHC via template built into the AHTF Home Repair Set-Up (available on the [HCA Partner Agency Portal](#))
- In addition, a thorough set of existing conditions photos will allow KHC's Design & Construction Review staff to understand the repairs need to bring a home up to Minimum Habitability Standards. Photos must capture all sides of exterior structure, include all repairs listed in the repair scope, and be submitted via KHC file share link.
- Should an agency be unsure as to how to meet Minimum Habitability Standards or what repairs KHC will allow, contact KHC's Design & Construction Review team.
- If repairs do not bring a home up to Minimum Habitability Standards, the agency will have to either invest non-KHC funds in additional repairs or repay AHTF funds.

## AHTF Home Repair Program Process

1. **Project Set-Up.** An agency can request funds for a qualified homeowner/home by submitting a complete AHTF Home Repair Project Set-Up (available on the [HCA Partner Agency Portal](#)) for each homeowner/home. There is no limit on the number of set-up packets an agency may submit simultaneously, other than the agency's available AHTF funding.

Listed below are the documents to be sent to KHC once the agency has approved the family to receive AHTF Home Repair Program funds. The KHC Home Repair Set Up Packet will indicate required supporting documentation on the *Checklist* tab. A copy of these documents should also be maintained in the recipient files:

- AHTF Home Repair Project Set-Up Template (downloaded from [HCA Partner Agency Portal](#).)
  - Project sources & uses

- Homeowner income determination
  - Repair scope of work and cost estimate (may include contingency as long as project costs do not exceed \$25,000 unless otherwise posted by KHC.)
  - Photos of existing home conditions, documenting all areas/items to be addressed to bring home up to KHC Minimum Habitability Standards
  - USDA Rural Development (USDA-RD) Property Determination Eligibility
  - Proof of Ownership
  - Deed Restriction
  - Other documents as required by KHC
  - Any other documents listed on the AHTF Home Repair Project Set-Up “Checklist” tab
2. **Deed Restriction.** Once KHC has approved the project Set-Up, the agency will be responsible for executing and recording the deed restriction, using [KHC’s AHTF Deed Restriction Template](#).
  3. Once KHC has approved the set-up packet and deed restriction, KHC will issue an activity number and release of funds for the eligible household.
  4. **Draw Request.** Disbursement will be made to the agency. The agency will be responsible for obtaining a lien waiver from the Contractor. Participating agencies are limited to two (2) draws per unit during repair work and a final draw request at project completion. All draw requests must be submitted through the [Program Funding Draw Management System](#) (PFDMS).

Draw amounts should be proportionate to the percent of completion of the unit. KHC reserves the right to reduce any draw that is requesting excessive funds compared to the construction completion of the unit.

To set-up an account, visit the [Program Funding Draw Management System](#) and follow these steps.

1. Register/Create an account.
2. Request access to project.
3. After project access approved, create and submit the draw request.

If you have any questions or need assistance registering, please review the [FAQ](#) section of the System or contact HCA Agency Partner Portal.

5. **Inspections.** KHC will inspect each home and must verify the home meets KHC’s Minimum Habitability Standards before releasing the final draw. If repairs do not bring a home up to Minimum Habitability Standards, the agency will have to either invest non-KHC funds in additional repairs or repay AHTF funds.
6. **Project Completion Report (PCR).** A PCR and other project documentation are to be sent to KHC with the Final Draw after an individual home has been brought up to KHC Minimum Habitability Standards with AHTF Home Repair funds and the project has been completed. A copy of these documents should also be maintained in the recipient files.
7. **Record Keeping.** Applicants are responsible for ensuring that above documentation is maintained for all AHTF assisted projects for a period of five (5) years after the project completion date.

## Additional Policies

KHC Reserves the right to:

- Withdraw its conditional funding commitment if items are not submitted by the applicant by the date referenced in the commitment letter.

- Recapture funds if funds are not committed and/or expended and construction completed by the date referenced in the funding agreement, or if the project substantially changes after funding commitment.
- Periodically review the applicant's progress toward timely commitment and expenditure of the AHTF allocation. If KHC determines that the project is no longer feasible or is not progressing timely so that the imposed deadlines will be met, funds may be recaptured.
- KHC will recapture funds for any applicant who becomes suspended or debarred in accordance with the KHC Suspension and Debarment Policy.
- KHC will allow AHTF Home Repair funding to roll from one funded project year to a more recent project funded year if the total uncommitted amount is \$10,000 or more. For example, if Developer ABC has \$10,000 left in their HR22 project, they could choose to move it to HR25 so that they can meet project deadlines on HR22. Developers will need to submit a waiver to request this move. Unobligated grant funds less than \$10,000 will be recaptured at the conclusion of the grant term.

In the certain cases, KHC will consider assumptions of deed restrictions. KHC will need to income qualify the buyer (e.g. pay stubs, award letters). KHC will approve an assumption only after verification that the buyer is income eligible. Other examples of situations that constitute recapture may be included in the AHTF grant agreement. Applicants are advised to read those requirements carefully to avoid recapture of AHTF funds.

# APPENDIX

## KHC AHTF Home Repair Program Flow Chart

*Projects will roughly follow the process below.*

