



HOME & AHTF Single Family Homebuyer Development Per Unit Subsidy Limits

July 19, 2021

HB Public Notice 2021-02

Preface: Following a request by the Fahe Kentucky Caucus to evaluate homebuyer development program subsidy limits in response to sustained increases in construction costs, the Kentucky Housing Corporation Housing Contract Administration division issues the following guidance after consultation with the Design and Construction Review team.

1. Subject: Development Gap Subsidy Limits

Guidance: Kentucky Housing Corporation will increase the per unit development gap subsidy limit on HOME and AHTF **Single Family Homebuyer Development** projects (including acquisition, rehab/resale), which will affect any open HB18, HB19, HB20, and HB21 projects. The increase in development gap subsidy limits will remain in effect until December 31, 2021 and will retroact to June 1, 2021. Table 1-1 shows the applicable development gap subsidy.

Table 1 – 1

HERS Rating	Maximum Development Gap
66 or Above	\$35,000
56 - 65	\$40,000
55 or Below	\$45,000

2. Subject: Homebuyer Direct Subsidy Limits

Guidance: Fahe requested increasing the cap on homebuyer affordability gap subsidy from \$40,000 to \$60,000. The current policy for homebuyer affordability gap subsidies will remain in place so that the period of affordability does not have to be increased. However, HCA will consider waiver requests on a per-unit basis to increase homebuyer direct subsidy beyond the \$40,000 limit with an increase in the affordability period.

3. Subject: Combined Homebuyer Per-Unit Subsidy Limit

Guidance: To help ensure that homebuyer units do not exceed the Section 234 condominium limits currently employed by HUD for HOME maximum per unit subsidies, KHC will adhere to a combined homebuyer per unit subsidy limit (development gap subsidy plus homebuyer direct subsidy) of \$84,000 for all homebuyer units except one-bedroom units, which will have a \$69,000 combined subsidy limit.

4. Subject: Set-ups

Guidance: All homebuyer development set-ups submitted from June 1, 2021 through December 31, 2021, which request the maximum development gaps from Table 1-1 will be effective until the final Project Close-Out Report. If developers require additional subsidy for an already approved set up, they must submit set-up revisions to hcadev@kyhousing.org.

HB PN
Guidance Issued
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