

KENTUCKY RECOVERY HOUSING PROGRAM

2025 FUNDS PROGRAM GUIDELINES



Department for Local Government

Office of Federal Grants

Matt Sawyers, Commissioner

www.dlg.ky.gov



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Commonwealth of Kentucky

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SECTION I
KENTUCKY'S GOALS AND OBJECTIVES

The Kentucky Recovery Housing Program (RHP) maximizes efficient program delivery and the effectiveness of federal dollars. The following goal and objectives were adopted to promote community development:

Goal: To help individuals in recovery from a Substance Use Disorder become housed in a stable environment, herein referred to as the Recovery Housing Program, or RHP.

Objectives: This pilot program will support individuals in recovery on a path to self-sufficiency. By providing stable housing to support recovery, RHP aims to support efforts to facilitate independent living. More specifically, the DLG RHP program will provide funds to develop housing or maintain housing for individuals.

SECTION II
NATIONAL OBJECTIVES

National Objective: Benefit Low- to Moderate-Income Persons based on the Limited Clientele criteria, as modified by the RHP Notice.

1. Expansion of Limited Clientele National Objective to include RHP-assisted housing.

HUD is imposing a waiver and alternative requirement to the limited clientele national objective criteria at 24 CFR 570.208(a)(2) and 570.483(b)(2)(i)(B) to the extent necessary to enable the use of the limited clientele national objective for acquisition, rehabilitation, reconstruction, or new construction activities assisted by RHP funds that provide stable, temporary housing to individuals in recovery from substance use disorder.

A. Activities which Benefit Low- to Moderate-Income Persons

An activity will meet this objective if 51% of the people benefiting from the activity are of low- to moderate-income (“LMI”) status. LMI levels are defined in the Act as Housing and Urban Development (HUD)-determined calculations based on median family income. Income figures for each county or area, along with further information on how an activity may meet this test, are available from the Department for Local Government (DLG).

Required Documentation

An applicant must maintain records that at least 51% of the persons benefiting from the activity are of low- to moderate-income status. Low- to moderate-income beneficiaries must be accounted for on the Person Benefit Profile form. Documentation must be maintained to verify the low- to moderate-income beneficiaries. This information must be explained, and the sources and the applicable regulation cited on the appropriate forms.

SECTION III

GENERAL INFORMATION FOR APPLICANTS

A. Eligible Subrecipients

Public and private nonprofit organizations in all geographic areas within the Commonwealth of Kentucky, including CDBG entitlement areas, Kentucky cities, and counties.

Public and private nonprofit organizations must be exempt from taxation under subtitle C of section 501(c), have an accounting system, a voluntary board, be actively engaged in recovery housing efforts in Kentucky or previously engaged in recovery housing efforts in Kentucky, and practice nondiscrimination in the provision of assistance. Assistance may be provided to primarily religious organizations that agree to conduct all eligible activities free from religious influence.

B. Program Areas

Applications may be submitted in the following program area:

1. Recovery Housing Program

C. **Types of Applications**

Individual Applications

Public and private nonprofit organizations in all geographic areas within the Commonwealth of Kentucky, including CDBG entitlement areas, and Kentucky cities and counties may submit an application providing it meets the needs, noted in the Federal Register Notice (FR- 6225-N-01) (the Notice) of the pilot Recovery Housing Program (RHP) authorized by the SUPPORT for Patients and Communities Act (SUPPORT Act), which was passed in 2018. A certified CDBG project administrator must be procured to complete the application.

The intent of RHP is to support individuals in recovery from Substance Use Disorder (SUD) on a path to self-sufficiency by providing stable, temporary housing. RHP funds may be used to develop or maintain housing for individuals in recovery from SUD. Assistance for individuals is limited to the earlier of two (2) years (cumulative) or until they secure permanent housing.

D. **Eligible Activities**

All KYCDBG eligible Housing activities.

E. **Amount and Split of Funds**

Some minor adjustments to the split of funds are possible, depending on the number of applications and the funding amounts requested by applicants. DLG reserves the right to make those adjustments as necessary.

Amount of Funds

Kentucky's 2025 RHP Allocation	\$ 1,501,532
Less Administrative Costs (\$45,046 = 3% of total)	<u>\$ 45,046</u>
Total Amount for Distribution	\$ 1,456,486

<u>Program Areas</u>	<u>Total \$ Available</u>
RHP Housing	\$ 1,456,486

Please note: The RHP grant ceiling is \$1,456,486

F. **Number of Applications**

Those interested in applying for CDBG-RHP funds should reach out to Mark Williams (markp.williams@ky.gov) at DLG to schedule a virtual pre-submission meeting. The pre-submission meeting will allow DLG staff to understand the scope and activities associated with your proposed project, as well as provide technical assistance to potential applicants. Each applicant may submit one (1) application for an RHP project. Electronic submission is preferred. If submitted in person or by mail, one original and two hard copies are required.

G. **Submittal of Applications**

Applications may be submitted electronically (preferred) to markp.williams@ky.gov or physically delivered/mailed to:

Department for Local Government
Office of Federal Grants
100 Airport Road, 3rd Floor
Frankfort, Kentucky 40601

H. **Citizen Participation**

Citizen participation requirements must be met as part of the application requirements. The Act requires local government units to provide reasonable opportunities for citizen participation, hearings, and access to information regarding local community development programs. At a minimum, a community must perform the following activities:

1. Furnish citizens with information that explains the program. Prior to the public hearing, a notice must be published informing citizens that the following information is available for review:
 - a. A detailed description of the project being proposed.
 - b. Amount of RHP funds expected to be made available, range of activities that may be undertaken, and, if applicable, available and/or anticipated program income.

- c. Estimated amount of RHP funds proposed for activities benefiting persons of low- to moderate-income.
 - d. Plans for minimizing displacement of persons as a result of activities assisted with RHP funds and plans for providing assistance to those persons to be actually displaced as a result of RHP-funded activities.
 - e. Summary of other important program requirements.
2. Hold the first public hearing.
- a. The main purpose of this hearing is to obtain views on Recovery Housing and community development needs and review proposed activities. In addition, the hearing will review the proposed application and discuss how the proposed project will provide stable, temporary housing for individuals in recovery from Substance Use Disorder.
 - b. Advertise the hearing in accordance with state and federal laws. KRS 424.130 requires that the public hearing be advertised at least once, not less than seven (7) days nor more than fifteen (15) days prior to the hearing. Pursuant to KRS 446.030, the date of the hearing is not to be included in the computation of time. Example: For a public hearing scheduled for Tuesday, June 8th, the newspaper advertisement must be published no earlier than May 18th and no later than June 1st. The notice must include TTY 711. All advertisements shall be published, pursuant to KRS 424.120, in the newspaper of the largest bona fide paid circulation that publishes in the publication area. A newspaper is considered to “publish” in the publication area only if it maintains its principal office in the publication area. “Publication area” refers to “the city, county, district, or other local area for which an advertisement is required by law to be made.”
 - c. Undertake and document additional advertisements to reach low- to moderate-income persons. Such efforts could include:
 - 1. Distributing or posting of leaflets at neighborhood groceries, churches, and community centers.
 - 2. Door-to-door distribution announcements.
 - 3. Provide radio (and television if available) and internet (website, Zoom, etc.) public service announcements for broadcast.
 - d. Inform citizens that technical assistance is available to help groups representing low- to moderate-income persons in developing proposals. Designate where this technical assistance may be obtained.

- e. Hold the public hearing in a location accessible to the disabled and at a time and place convenient to potential or actual beneficiaries. The hearing must provide maximum opportunity for community input.
 - f. Arrange for interpreters for non-English speaking persons if applicable. Guidance on analyzing the project service area for persons with limited English proficiency is provided in DLG's CDBG Handbook, Chapter 1, Section 1-D and Chapter 7, Section 7- B.
 - g. A project description must be available for review seven (7) days prior to the public hearing, and the advertisement must identify where a copy of the description may be obtained.
3. Pursuant to 24 CFR 570.486(a) (6) of the CDBG Small Cities Regulations, public hearings are also necessary during the course of a project when a modification is proposed that substantially changes the original activities, whether activities are added or deleted.
4. A second public hearing must be held prior to project closeout.
- a. The main purpose of this hearing is to review past use of funds and program performance.
 - b. Advertise the hearing in accordance with state and federal laws that the project is nearing closeout, and comments from the public are invited. KRS 424.130 requires that the public hearing must be advertised at least once, not less than seven (7) no more than twenty-one (15) days prior to the date of the hearing. Pursuant to KRS 446.030, the date of the hearing is not to be included in the computation of time. The notice must include the local TTD number (800) 648-6057, the state relay TTY number (800) 648-6056, or 711.
 - c. Ensure that steps are again taken concerning low- to moderate-income participation, providing a time and place convenient to beneficiaries, a location accessible to the disabled, and assistance to non-English speaking persons.
5. Respond to public comments.
- a. Respond in writing to all written comments received during the public hearing process.
 - 1. Indicate comments were considered.
 - 2. Cite reasons for rejection if applicable.

3. File comments and responses in the citizen participation file.
- b. Develop a complaint and grievance procedure where written complaints and grievances are answered in writing within fifteen (15) working days. Provide citizens with the address, phone number, and times for submitting complaints and grievances.

I. **e-Clearinghouse Review**

All RHP applications are subject to the e-Clearinghouse Review Process and must have an endorsement to be approved for funding. The full application must include an e-Clearinghouse endorsement letter.

While most e-Clearinghouse reviews can be completed within thirty (30) business days, some reviews may take longer depending on the particular project circumstances and applicants must allow for that additional time. Failure to do so will disqualify the application.

All e-Clearinghouse submissions must be electronic. Please use the instructions link on the ECH website located on the DLG portal at <https://www.dlgportal.ky.gov/en-US/>.

It is recommended that applicants work directly with the State Historic Preservation Officer (Kentucky Heritage Council) during the e-Clearinghouse review process to ensure timely completion. Please go to the Kentucky Heritage Council's Site Protection Program website and follow the directions for the electronic Section 106 plan submission. Supplemental documentation supporting the project review, such as pictures of the surrounding area and project site, maps of the project site, and detailed cost estimates, may be required. Please note that applicants must include, in the application for funding (if applicable), a written determination of eligibility for listing on the National Register of Historic Places from the Kentucky Heritage Council and written approval of the project from the State Historic Preservation Officer. In most cases, this will be in addition to the e-Clearinghouse endorsement. For assistance at the Kentucky Heritage Council, please contact:

Nicole Konkol, Kentucky Heritage Council
Barstow House 410 High St.
Frankfort, KY 40601
Office: (502) 564-7005

If you have any questions regarding the e-Clearinghouse review process, please contact Cindy Seip (cindy.seip@ky.gov).

J. **Standard Application Forms**

All applications must be submitted on RHP forms. All RHP application forms are available for download on DLG's website (www.dlg.ky.gov). **Please note: A certified CDBG project administrator must be procured to complete the full application.**

K. **Life of Application**

If an RHP application is successful, DLG will notify the applicant, who will be required to submit additional supporting documentation. Unsuccessful RHP applications will also receive a notification from DLG and may be eligible for reconsideration in the next application cycle, provided the applicant re-applies.

L. **Notification**

Applicants will be notified in writing when funding decisions have been made.

M. **Program Income**

Income generated from the use of RHP funds is subject to 42 U.S.C. 5304(j), 24 CFR 570.489(e) (states), and 24 CFR 570.500 and 570.504 (District of Columbia) regarding program income. To expedite or facilitate the use of RHP funds, HUD is issuing the following alternative requirements to program income provisions at 24 CFR 570.489(e) and 24 CFR 570.504 as described below.

1. Definition of Program Income- HUD is modifying 24 CFR 570.489(e)(1) (states) to modify the definition of "Program income" to include gross income received by subrecipients that was generated from the use of RHP funds. In addition, HUD is modifying 24 CFR 570.489(e)(2) (states) and 24 CFR 570.500(a)(4) (District of Columbia) to exclude from program income any income received and retained by a nonprofit operating within the grantee's jurisdiction whose primary mission includes serving individuals in recovery from Substance Use Disorder. If a grantee chooses to require the nonprofit to return income generated from the use of RHP funds, the income returned by the nonprofit to the grantee would be defined as program income.

2. Treatment of program income- Prior to closeout of an RHP grant, a grantee must transfer program income to another open RHP grant or its annual CDBG program. Program income received by a grantee after closeout of all RHP grants must be

transferred to the grantee's annual CDBG award. Once transferred to the annual program, the waivers and alternative requirements that apply to the RHP grant no longer apply to the use of transferred program income. Rather, those funds will be subject to the grantee's regular CDBG program rules.

N. **Procurement – Open Competition**

KCDBG procurement must be conducted in a manner that ensures full and open competition consistent with the standards set forth in 2 CFR Part 200 and the KCDBG Procurement Code. All services to be provided must be procured in accordance with 2 CFR Part 200 and the KCDBG Procurement Code. Actions that might restrict competition would include:

- Placing unreasonable requirements on firms in order for them to qualify to do business.
- Requiring unnecessary experience

SECTION IV

RECOVERY HOUSING PROGRAM

PROJECT SELECTION PROCESS

A. **Submission Dates**

Applications for the Recovery Housing Program will be accepted from March 11, 2026, through close of business on July 1, 2026.

B. **Acceptance of Applications**

1. An electronic RHP application is preferred.
2. Activities described in the application will be checked to determine if they meet the fundability criteria as established in the Housing and Community Development Act and Federal Notice FR-6225-N-01.
3. Project activities must meet the LMI National Objective.
4. The following requirements must be met, documented, and submitted with the application:

- a. Detailed Cost Estimate from a Certified Architect or a Licensed Professional Engineer. Please be aware that we will only accept Detailed Cost Estimates from the appropriate professional.
 - b. Documentation of meeting the citizen participation requirements must be met as referenced in Section III.
 - c. Authorizing Resolution to submit the project must be included. The Resolution must be signed by the applicant's CEO, dated, and attested.
5. The following requirements must be met, documented, and submitted with the application.
- a. All funding Commitment Letters; if cash, please attach a bank statement; if loan, please attach proof of commitment from a lending institution (if applicable).
 - b. The e-Clearinghouse Review must be completed and endorsed as referenced in Section III.
 - c. Applicant must have a determination of eligibility for listing on the National Register of Historic Places from the Kentucky Heritage Council and approval from the State Historic Preservation Officer, if applicable.
 - d. The HUD-2880, Applicant/Recipient Disclosure/Update Report.
 - e. Projects containing water and sewer activities must meet all Kentucky Division of Water (DOW) planning requirements. Proposed projects must be included in facility planning documents required by DOW, such as Kentucky Water Management Plans (KWMP), Wastewater Facilities Plans (WWFP), or Asset Inventory. A letter from the Water Infrastructure Branch of DOW approving the relevant plan, if applicable, is required. The approval letter must be dated within one (1) year of application submission. For information on these plans, contact:

Wastewater Planning Section

Phone: (502)782-7026

Projects containing water and sewer activities must meet all Kentucky Division of Water (DOW) planning requirements. Proposed projects must be included in facility planning documents required by DOW such as: Kentucky Water Management Plans (KWMP), Wastewater Facilities Plans (WWFP) or Asset Inventory. A letter from the Municipal Planning Section of DOW approving the relevant plan is required, if applicable. The approval letter must be dated within one (1) year of application submission.

For information on these plans, contact: Jory Becker Municipal Planning Section jory.becker@ky.gov

For water projects applicant must provide a letter from the distribution system and/or water treatment plant stating they have sufficient capacity to address the demand.

- f. Projects containing water and sewer activities are encouraged to submit a letter from the Division of Water (DOW) approving plans and specifications (plan and specification approvals are good for a period of two (2) years).

For information on these plans, contact: Terry Humphries, Supervisor Engineering Section: terry.humphries@ky.gov

- g. Copy of approval letter from Housing Building and Construction (HBC), if applicable.

C. **Recovery Housing Program Review Criteria**

For a project to be funded, a determination must be made of its need, cost reasonableness, and overall effectiveness. To make this determination, the following considerations will be applied to each project:

1. **Project Need**

The project must substantiate and address a need that is significant to the community. Entities with the greatest need and entities with the ability to deliver effective assistance in a timely manner will receive high priority.

2. **Necessary and Reasonable Expenditure of RHP Funds**

The project must substantiate that RHP funding is necessary to meet the identified need(s), that the impact of RHP dollars is maximized, and that the use of RHP funds is reasonable compared to other funding sources. The state will determine whether all other feasible public and private funding sources have been analyzed and/or applied to the project. To ensure funds are committed, funding commitments from public/private funding sources shall be included in the application. The commitments may be contingent on RHP funding.

3. **Project Effectiveness**

The project must demonstrate that its accomplishments would be significant given the need, the amount of funds requested, the local effort, and the program design.

4. **Project Leveraging**

The project should maximize and leverage the federal and non-federal assistance related to substance abuse, homelessness, and at-risk of homelessness, unemployment, and other similar services.

5. **Project Timeliness**

Projects must address the greatest need and have the capacity to deliver effective assistance in a timely manner.

D. **Project Review Committee**

The findings will be submitted to the review committee designated by the Commissioner. The committee will meet to evaluate projects based on the review criteria and staff comments. The committee will make a determination of approval, rejection, or deferral. Projects that do not meet all three review criteria will not be funded. In the event that demand exceeds the amount of available funds, the projects that demonstrate the greatest need and effectiveness will be recommended for funding.

In some situations, a project will be eligible for partial funding. In such instances, DLG will negotiate with the applicant to ascertain whether the project can be reduced in size or restructured.