Notice of CDBG-DR Funding Availability: Single Family RENTAL Housing at Grand View

September 30, 2026

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1 INTRODUCTION

1.1 Project Overview

In alignment with the Commonwealth of Kentucky's comprehensive approach to resilient recovery, the Department for Local Government (DLG) is issuing this Notice of Funding Availability (NOFA) to select qualified nonprofit housing development partners, referred to throughout this NOFA as developers and/or applicants, to develop single-family rental housing units at Grand View. Grand View spans nearly 92 acres off US Highway 23 near downtown Jenkins in Letcher County and will support up to 58 buildable lots for single-family housing. This NOFA applies only to the development of rental units. DLG is issuing a companion NOFA for homeownership units at Grand View. Flood survivors will receive priority access to the units.

Community Development Block Grant–Disaster Recovery (CDBG-DR) funds were appropriated by Congress and provided to DLG by HUD to support long-term recovery efforts in Kentucky following the presidentially declared disasters of 2021 and 2022. Under this NOFA, DLG will make CDBG-DR funding available for the development of single-family rental units at Grand View. Units funded through this NOFA must be rented to households that qualify as low- to moderate-income (LMI), as determined by the U.S. Department of Housing and Urban Development (HUD).

This project will use CDBG-DR funds allocated for the 2022 disaster. Funds may be used for construction and other eligible development-related costs, including an eligible developer fee. In addition to CDBG-DR funds, subdivided lots will be conveyed at no cost for the development of the homes.

1.2 Program Policy

This NOFA provides critical information about the Grand View site and the development of CDBG-DR-funded rental housing at the site. Applicants must also review the *2021 and 2022 Multifamily New Construction Rental Program Policy Manual*, available here: CDBG-DR 2022 Disaster Recovery (FEMA 4663) - Kentucky Department for Local Government.

All requirements in the policy manual that apply to rental housing also apply to the development, ownership, operation, and management of units funded under this NOFA at Grand View.

1.3 DLG Background

The Department for Local Government (DLG), under the Office of the Governor, provides grants and loans to support community development and advises local governments throughout the Commonwealth in matters of budget, personnel and other issues relevant to communities. DLG is the grantee and oversight agency of the Commonwealth's CDBG-DR funding and also administers other federally funded housing and community development and disaster recovery programs.

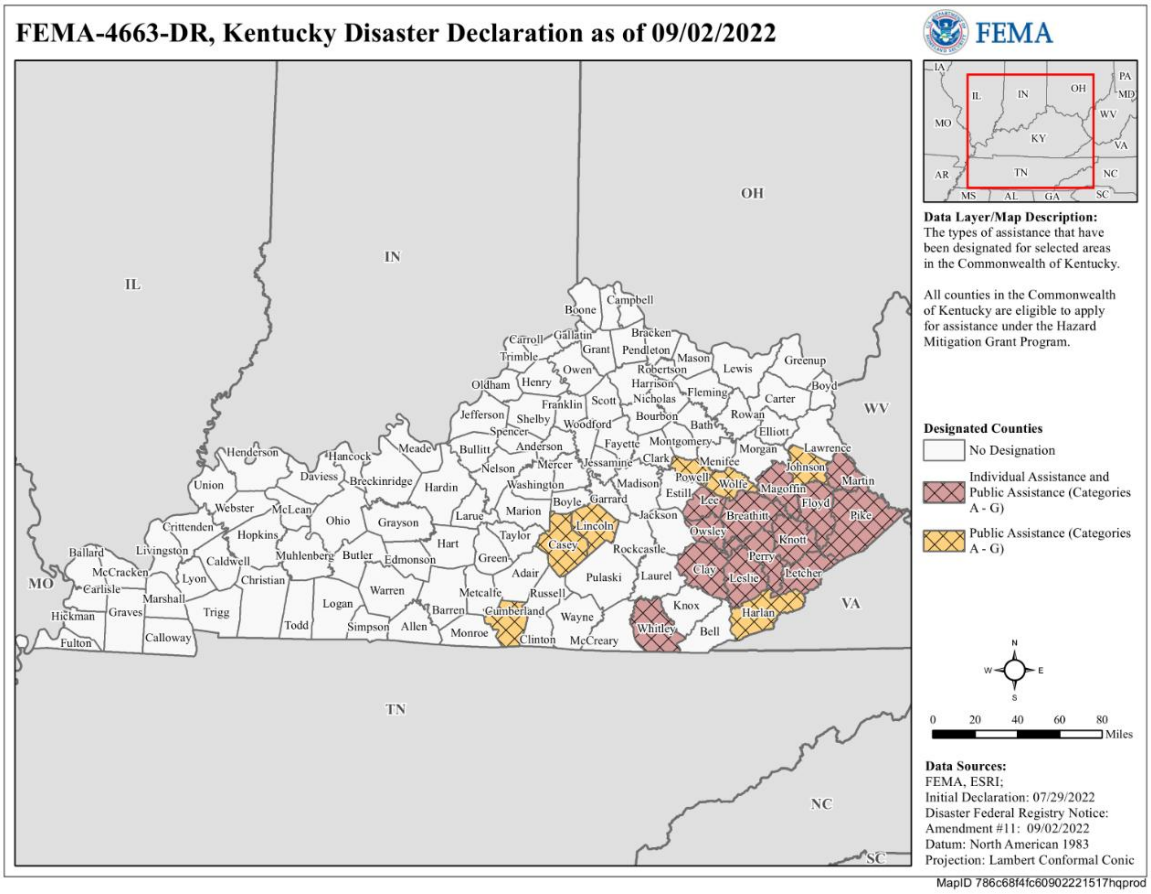
1.4 NOFA Schedule of Events

Application Open	September 30, 2026
Virtual Informational Session	October 8, 2026
Site Visit	October 9, 2026
Deadline for Questions	October 26, 2026
Responses to questions posted on DLG website	November 2, 2026
Application Due Date	**November 9, 2026**
Award Announcement Date	January 11, 2027
Funding Agreement Execution	February 15, 2027
Construction Commencement	March 15, 2027
1st Unit Complete	June 25, 2027
Construction Completion	June 25, 2029

2 BACKGROUND OF DISASTER

In 2022, heavy rain moved across southern and eastern Kentucky from July 26 through August 11th, leading to significant flooding across southern and eastern Kentucky. For some counties, this was the most significant flooding in the last 60 years, while others had experienced similar flooding in 2021 (FEMA DR-4595). The periods of heavy rain and flooding led to mudslides and rockslides; many areas were cut off or blocked and major roadways across the Commonwealth became inaccessible. Officials, including the Kentucky National Guard, conducted water rescues across disaster-declared counties and there were extensive power outages, affecting nearly 23,500 customers at the peak. Initial Federal Emergency Management Agency (FEMA) damage assessments found that 542 homes were destroyed and 4,585 residential structures suffered major damage.

The President declared a disaster on July 29, 2022, and 20 out of Kentucky's 120 counties were included in the disaster declaration known as DR-4663. The counties eligible for different FEMA programs based on the impacts of the disaster are shown below:



HUD allocated $297,994,000 in CDBG-Disaster Recovery funds to the Commonwealth of Kentucky to help communities recover from the 2022 flooding disaster. These funds are intended to cover long-term recovery and mitigation needs that remain after all other sources of assistance, such as insurance, FEMA aid, and other federal or state programs, have been exhausted. Their purpose is to fill remaining gaps so affected communities can rebuild safely and sustainably.

3 CDBG-DR Overview

The Community Development Block Grant - Disaster Recovery (CDBG-DR) program is a critical federal initiative administered by the HUD. It is designed to provide flexible grants to help cities, counties, and states recover from Presidentially declared disasters, especially in low-income areas, subject to availability of supplemental appropriations. HUD allocates funds based on the severity of the disaster impact and unmet needs and works in partnership with state and local governments to ensure that the funds are used efficiently and effectively to support recovery efforts. CDBG-DR funding must benefit low-

to moderate income (LMI) households at or below 80% of the Area Median Income (AMI) of the local area.

3.1 Eligible Housing Activities

At Grand View, CDBG-DR funds may only be used for the construction of new housing units and associated development costs, including architecture and engineering fees, on-site work, hard and soft construction costs, and developer fees. Funds may not be used for administrative or other costs not related to housing construction.

3.2 Ineligible Activities

The following activities are also ineligible for CDBG-DR funding.

- Political activities or general government expenses.
- Manufactured homes built to meet the Manufactured Home Construction and Safety Standards (HUD Code).
  ****Contact DLG prior to submittal if the proposal includes modular units or other components that are manufactured offsite. ****
- Purchase of equipment, such as heavy construction equipment.

3.3 National Objective

Housing at Grand View will meet the Low- to Moderate-Income Housing (LMH) national objective required with CDBG-DR funds by providing affordable rental housing options benefiting low and moderate income (LMI) persons.

A household is LMI if their household income is at or below 80% of the HUD Area Median Income (AMI). Effective March 18, 2025, HUD issued a *Waiver and Alternative Requirement on use of Standardized Area Median Income for Disasters Occurring in 2021/2022 (Commonwealth of Kentucky Only)* (Exhibit 1). This waiver allows the determination of LMI to be based on the statewide median income instead of the county AMI when the county AMI is below statewide median income, which is applicable to Letcher County. The 2026 HUD median income levels (family of four) are as follows:

Letcher County Median Family Income	Letcher County 80% AMI	Statewide 80% Median Income
$61,300	$57,500	$69,850

3.4 Tieback to Disaster

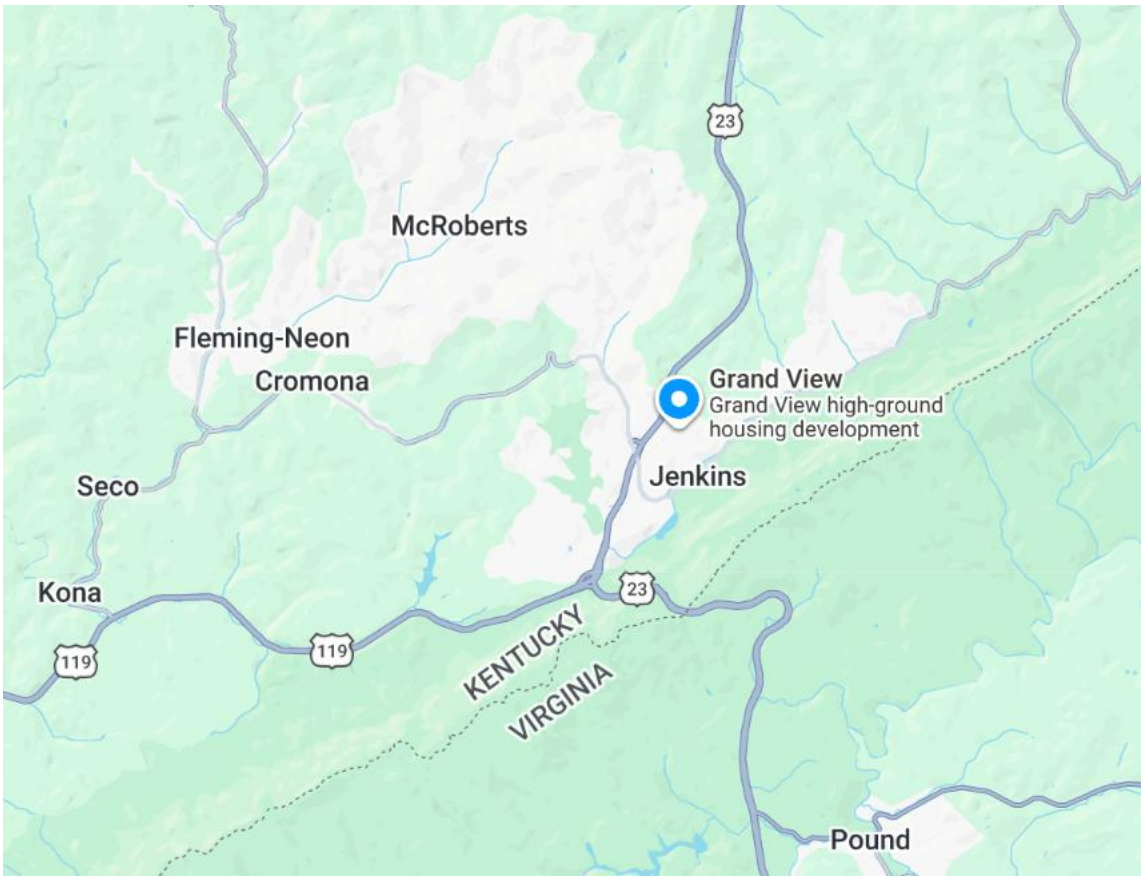
This program will address unmet rental housing recovery needs by constructing new housing units on higher ground that will allow households impacted or displaced by the 2021 and 2022 flooding disasters to rent resilient and safe affordable housing.

4 GRAND VIEW BACKGROUND

4.1 Location

Grand View is one of seven high-ground sites throughout Eastern Kentucky identified for housing. Like the other high-ground sites, it is a planned residential development aimed at providing safe and resilient housing for flood-impacted residents.

Spanning approximately 92 acres Grand View is northeast of the US-23/KY-805 intersection in Jenkins, Letcher County, KY The development will feature approximately 58 homes, along with walking trails and outdoor recreation areas. The acquisition-related costs and site improvements were partially funded by Team Eastern Kentucky Flood Relief Fund. The map below indicates the general location of the Grand View:



4.2 Preliminary Site Plan and Completed Site Work

The surface property includes previously mined lands under Premier Elkhorn Coal Company Permit No. 867-0355, which obtained bond release in 2004 and is no longer subject to continuing regulatory jurisdiction under the Surface Mining Control & Reclamation Act of 1977.

The Commonwealth has acquired the property and is developing the site plan and subdivision plat. The Commonwealth is also using CDBG-DR funding to develop the roads and complete site grading where needed. The City of Jenkins and Letcher County will

develop the utilities, including water, sewer, and other required infrastructure. Other federal funding is anticipated to support water tank installation and the extension of water service to the subdivision as a separate project. The preliminary site plan and proposed subdivision plat will be provided when available.

4.3 Environmental Review

HUD completed an Environmental Review and determined a Finding of No Significant Impact. They issued the Intent to Request Release of Funds (Authority to Use of Grant Funds (AUGF)) on February 24, 2025 (B-21-DF-21-0001). The full HUD Environmental Review Record with links to supporting documents is provided as Exhibit 2.

A Phase 1 Environmental Site Assessment was completed on January 30, 2025, and is provided as Exhibit 3. Any additional environmental reports required by a lender or other funding sources must be completed as an expense to the project.

5 GRAND VIEW RENTAL PROJECT CRITERIA

5.1 Eligible Applicants

At the time of application, applicants must be a 501(c)(3) or 501(c)(4) tax-exempt organization with an active board that meets regularly in accordance with its by-laws, is in good standing with the Kentucky Secretary of State AND must meet all the following requirements:

1. Applicant has been in operation for twelve (12) months prior to the application deadline and has experience developing and operating affordable rental housing.

2. Demonstrates financial capacity and experience, or a partnership with another person or firm with such experience, in producing high-quality affordable housing, financed in whole or in part with HOME, CDBG and/or other local, state, or federal funds, on schedule and as proposed.

3. Demonstrates that the proposed project is financially feasible. If the project is not completed, the applicant will be required to repay awarded funds. DLG reserves the right to require a payment and performance bond.

4. At the time of application, all applicants must have an active registration in the System for Award Management (www.SAM.gov) website. Registration for the SAM website can be found at https://sam.gov/content/entity-registration. If the development entity is different from the applicant, the development entity must also have a registration in SAM when the development agreement is executed.

5. At the time of application, applicants may not be presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from

participation in federal programs, as indicated by www.SAM.gov. Any applicant on the excluded parties list will be considered ineligible for funding.

6. Applicants must be in good standing with all state and federal taxes or in an approved and executed repayment plan.

7. Applicants must disclose any pending legal action to which the applicant is a party. The disclosure must identify the nature of the action, the parties involved, the case number, the jurisdiction in which the action is pending, and a brief description of the matter.

While joint ventures between nonprofit and for-profit entities are allowed and encouraged, the applicant and awardee of funding must be a non-profit entity. Lots must be conveyed to a nonprofit entity.

5.2 Maximum Award

Applicants must apply for a minimum of five units, with the maximum limited to the number of housing units the applicant can complete within twenty-four (24) months. DLG will award a maximum of $200,000 of CDBG-DR for each rental housing unit that is subsequently occupied by a household that qualifies as Low-to Moderate Income (LMI). Additionally, the lots will be conveyed to the developer at no cost.

5.3 Eligible Project Costs

The CDBG-DR award will reimburse developers for development costs including:

- Architectural and Engineering fees, including green compliance
- On-site development and infrastructure
- Construction hard costs
- Other reasonable professional fees
- Developer fee (see 5.4.2)

Costs incurred prior to the execution of the funding agreement are not eligible for reimbursement.

5.4 Financial Feasibility and Underwriting Criteria

The developer's proposed budget must be financially feasible. DLG will underwrite each application and evaluate feasibility based on the per unit and total project cost as well as the amount of contractor and developer fees. The applicant must secure any additional funding that is required beyond the $200,000 per unit subsidy provided by CDBG-DR.

A market study for Letcher County is in progress. It will provide demographic information for potential renters, including incomes and household sizes, and comparable rental properties.

Development budgets must adhere to the following underwriting criteria:

5.4.1 Contractor Fees

The general contractor fees may not exceed the following:

General Conditions	6%
Overhead	2%
Profit	6%

Construction contingency and fees must not be included in the calculation. All fees must be calculated using construction hard costs only.

5.4.2 Developer Fee

CDBG-DR funds may be used for the developer fee, which must be the lesser of $15,000 per unit or 15% of the total development cost. The funds may be drawn according to the following schedule:

1. Ten percent (10%) during construction.
2. Eighty-five percent (85%) upon construction completion
3. Five percent (5%) at 95% occupancy.

5.4.3 Contingency

DLG requires each development budget to include a construction contingency of five percent (5%) of total construction costs.

5.4.4 Inspection Fees

DLG requires each development budget to include at least $2,000 per unit for construction inspection fees. The developer is responsible for securing a qualified third-party inspector and providing inspection reports to DLG. Refer to Section 6.12, Construction Inspections, for more information.

The developer must also engage a Commonwealth-approved foundation inspector to verify that the foundation and fill meet the requirements of the geotechnical report.

5.4.5 Debt Coverage Ratio

If the financing structure includes a senior loan, the project must maintain a debt coverage ratio for all fully amortized debt of 1.15 for the term of the CDBG-DR funding agreement.

5.4.6 Replacement Reserve

The minimum replacement reserve is the greater of $400 per unit per year or an amount required by an equity provider or another financing source. DLG reserves the right to approve or require a replacement reserve based on individual project requirements.

5.4.7 Property Management Fee

The property management fee must be at or below 8.5 percent (8.5%).

5.5 Financing Structure

DLG will award funds in the form of a 0% interest funding agreement with a promissory note that will be secured with a mortgage recorded on the development site. Other payment terms will be negotiated based on the overall financing of the project. The affordability restrictions will be secured by a covenant recorded at the site that will run with the land.

5.6 Site Control

The Commonwealth has site control of Grand View. As noted in Section 4.2, the lots will be divided and the subdivision plat will be recorded in the land records of Letcher County prior to the execution of a funding agreement between DLG and the developer(s).

Upon or shortly after execution of the funding agreement, the Commonwealth will convey the lots at no cost to the Awardee. The Commonwealth will require the deed of conveyance to include a reverter clause. If the proposed project is not completed and/or if the Awardee fails to meet all funding requirements, then ownership of the lots will return to the Commonwealth.

The Commonwealth reserves the right to require an extended ALTA title insurance policy in its favor with appropriate endorsements providing rights and remedies with respect to the affordability requirements. If required, the title policy may cost up to .5% of the funding request.

There are no restrictions on conveyance by the nonprofit owner of the lots to a for-profit entity, such as a Limited Liability Corporation (LLC) or Partnership (LLP).

5.7 Tenant Eligibility and Income Definition

Tenants must qualify as a Low to Moderate Income (LMI) household, as detailed in Section 3.3, to occupy a CDBG-DR funded single family rental project. Each new tenant must qualify as LMI at initial occupancy of a unit during the affordability period, however annual recertification of tenants is not required. DLG will require the use of Part 5 Income Definition when determining tenants' eligibility and must be consistently used throughout the Affordability Period for that property.

5.8 Maximum Rents

DLG has adopted the HOME rent standard for affordable rents. For purposes of this NOFA, the applicable rent limit includes tenant-paid rent plus the applicable utility allowance. Rental units that are intended to meet the LMI national objective must be rented to households with verified LMI income and must comply with the 65% HOME rent limits published annually by HUD. The HOME rent limits provided by HUD will include average occupancy per unit and adjusted income assumptions.

The initial rents will be the maximum rents that conform to HOME rents limits as established in the Action Plan as defined in 92.252(a) and are the lesser of:

- The fair market rent for existing housing for comparable units in the area as established by HUD under 24 CFR 888.111; or
- A rent that does not exceed 30 percent (30%) of the adjusted income of a family whose annual income equals 65% of the median income for the area, as determined by HUD, with adjustments for number of bedrooms in the unit.

There may be instances where various funding sources have conflicting rent restrictions. In such instances, the most restrictive rent requirements must be imposed, but less restrictive requirements may not supersede the affordable rents definition used by DLG. The current 2026 HOME rents may be found at Exhibit 4.

5.8.1 Utility Allowance

The owner must provide the utility allowances annually to DLG for utilities and services (excluding telephone). The allowances must be based on the HUD Utility Schedule Model or DLG-approved allowance based on the type of utilities used at the project.

5.9 Project Affordability Period

The minimum affordability period for new construction rental housing at Grand View will be ***twenty (20) years***, regardless of the amount of CDBG-DR funding provided for the project. The affordability period will commence from the placed-in-service date of the building. DLG and the awardee will enter into a funding agreement and promissory note, with security provided by a mortgage recorded on the property. The affordability requirements will be secured by a recorded covenant that will run with the land for a minimum of twenty years.

5.10 Ownership and Property Management

Applicants must describe the proposed long term ownership structure of the proposed project, including the property management plan. A tenant selection plan will also be required prior to lease-up.

5.11 Timeliness Requirement

Applicants must complete and submit any requested documents by the required due date. DLG may withhold closing on any acquisition until all required documents are received and approved. Any project awarded funding that has not abided by established milestone deadlines may have its funding reservation rescinded.

Awarded projects must be ready to close within ninety (90) days of receiving a funding reservation and begin construction immediately. Extensions to this timeframe will be evaluated by DLG on a project-by-project basis. Homes must have a certificate of

occupancy within 24 months of commencement of construction and all homes must be rented to qualified tenants within twelve months of completion.

6 PROJECT REQUIREMENTS

6.1 Developer Responsibilities

By entering into an agreement with DLG, awardees will agree to the following responsibilities:

- Identify and accept legal and financial risks associated with development.
- Select and manage all members of the development team.
- Manage all predevelopment activities.
- Develop a financing plan, secure any additional funding, and manage all funding sources.
- Manage the construction process including procurement of subcontractors, contract management, budget, change orders, inspections, and any permitting requirements.
- Ensure HUD construction requirements, such as green building and accessibility requirements, are met.
- Ensure adherence to federal labor standards regulations including Section 3, Davis Bacon, and other federal, state, and local laws.
- Submit timely draw requests to DLG and maintain project financial and budget records.
- Comply with all CDBG-DR program requirements.
- Manage project progress and ensure timeliness.
- Ensure the financial viability and sustainability of the project during construction until disposition of all properties.
- Maintain proper insurances, bonds, financial guarantees as required by all financing sources.
- Maintain compliance with other applicable cross-cutting federal requirements.
- Manage marketing, advertising, and outreach to prospective tenants.
- Complete income verification of tenants prior to their initial occupancy of a unit.
- Manage operations for the term of the affordability period.
- Upon completion of all units, calculate the total development cost for the project and return any excess funds to DLG when required.
- Manage closeout of the development/project.
- Participate in monitoring and auditing processes that may occur during development and/or after project closeout.
- Transition the project to property management and facilitate initial lease up.
- Other duties as required to complete the project.

- Manage required 1-year warranty period.

6.2 Height Requirement

Unit height must not exceed one story in height and only one unit per lot may be constructed, unless otherwise approved by DLG.

6.3 Geotechnical Requirements

A *Report of Geotechnical Engineering Subsurface Characterization Evaluation of the Grand View Site* is included as Exhibit 5. The report includes specifications for site preparation and grading, fill placement, and grading.

Applicants **must** review and comply with all applicable geotechnical requirements, with particular attention to drainage, foundation, site preparation, grading, and structural engineering recommendations. Developers are required to incorporate all applicable geotechnical specifications into the final design, construction, and completed unit.

Before the unit is occupied, the developer must provide DLG with a certification report prepared by the Commonwealth-selected inspector confirming that the completed unit and related site improvements incorporate all applicable geotechnical specifications and recommendations.

6.4 Equitable Design Requirements

DLG is committed to ensuring that all units at Grand View provide relief for those affected by disasters while complying with all CDBG-DR requirements. As such, no variation in design or amenities is allowed based upon AMI level of expected occupants.

6.5 Kentucky Housing Corporation Construction Guidelines

DLG is adopting Kentucky Housing Corporation's (KHC) *Minimum Design Standards for New Construction Single Family Dwelling Units*, as shown in Exhibit 6, for the Grand View site. All units must comply with the minimum requirements and will be inspected at various stages of construction for compliance.

6.6 HUD Green and Resilient Building Standards

All units must comply with HUD's Green and Resilient Building Standards and each application must identify the green building standard the applicant will use. Each completed unit must receive certification, verification, or other documentation acceptable to DLG demonstrating compliance with the selected standard before CDBG-DR funds may be disbursed for that unit. Acceptable Green Building Standards include:

- ICC 700 National Green Building Standard®

- Enterprise Green Communities
- LEED (new construction, homes, midrise, existing building operations and maintenance, or neighborhood development)
- Any other equivalent comprehensive green building standard program acceptable to HUD

Applicants proposing to use Kentucky Housing Corporation's Design Standards as an equivalent program to meet HUD's Green and Resilient Building Standards must review Exhibit 7, the Green and Resilient Building Standards Compliance. The document identifies the additional processes, documentation, and compliance steps required for the KHC Minimum Design Standards for New Construction One- and Two-Family Dwelling Units to satisfy the ICC 700-2020 National Green Building Standard.

In addition to meeting HUD's Green and Resilient Building Standards, each unit constructed at Grand View must meet at least one of the energy efficiency standards listed below. The application must identify the standard the applicant will use and describe how compliance will be documented for each completed unit:

- ENERGY STAR (certified homes or multifamily high-rise)
- Equivalent or higher Kentucky energy efficiency standards
- Any other equivalent energy efficiency standard acceptable to HUD

6.7 High Speed Internet

The Grand View site will include wiring for broadband. While in-unit wiring for broadband or other high-speed internet is not a requirement for this project, plans that include in-unit wiring for high-speed internet will receive an additional three (3) points.

6.8 Accessibility

DLG requires rental projects to meet the accessibility requirements in 24 CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973. Rental developments with five (5) or more units must design and construct five percent (5%) of the dwelling units, or at least one unit, whichever is greater, to be accessible for persons with mobility disabilities. These units must be constructed in accordance with the Uniform Federal Accessibility Standards (UFAS) or a standard that is equivalent or stricter. An additional 2 percent of the dwelling units, or at least one unit, whichever is greater, must be accessible for persons with hearing or visual disabilities.

Title III of the Americans with Disabilities Act (ADA) requires that public and common use areas at housing developments are accessible. Applicants must ensure compliance with the ADA if applicable.

6.9 Elevation Standards (88 FR 32046)

While this site is not in a floodplain, units must comply with elevation standards established by FEMA and its National Flood Insurance Program (NFIP) defined at 44 CFR 59.1, Insurance and Hazard Mitigation, and 24 CFR 55.2(b)(10) ***if required*.**

6.10 Construction and Permanent Financing

CDBG-DR funds may be used for eligible construction and permanent financing costs associated with the development of rental units at Grand View. The developer will be responsible for coordinating with all project funders and participating in the preparation, review, and execution of any required financing documents, which may include bond documents, intercreditor agreements, subordination agreements, development agreements, and related closing documents. DLG will provide the CDBG-DR funding documents required for its award, including the funding agreement, promissory note, mortgage, affordability covenants, deed restrictions, and other documents necessary to secure the CDBG-DR investment and enforce program requirements.

6.11 Construction Management

DLG, or its designee, will oversee the construction phase for the CDBG-DR-funded portion of the project to ensure compliance with applicable program requirements, funding conditions, and approved project documents. DLG's construction-phase responsibilities may include, but are not limited to:

- Conducting Pre-construction conference
- Issuing the Notice to Proceed
- Processing draw requests, in accordance with DLG Disaster Recovery (CDBG-DR) Subrecipient Manual
- Review and approve change orders
- Managing retainage

DLG or its representatives reserve the right to make scheduled or unscheduled site visits to ascertain extent of completion and adherence to expected standards.

6.11.1 Insurance

Developers must provide the appropriate insurance and coverage, such as Builder's Risk, Course of Construction, Casualty, Fire, Hazard, Liability, Worker's Compensation, and Auto.

6.11.2 Retainage

In accordance with Kentucky Revised Statutes 371.410, DLG will withhold a ten (10) percent retainage from partial payments. DLG will follow the retainage requirements, as established in the Disaster Recovery (CDBG-DR) Subrecipient Manual.

6.11.3 Final Inspections and Payment

All properties must meet KCDBG-DR guidelines, local housing codes (if applicable), and occupancy standards upon completion and prior to final payment and/or release of funds by DLG. This will be confirmed in the final inspection.

6.12 Construction Inspections

DLG requires quality assurance and code compliance inspections for all units constructed under this NOFA. Inspections must verify compliance with applicable building codes, approved plans and specifications, and all construction requirements in this NOFA. The developer is responsible for securing qualified third-party inspectors acceptable to DLG, scheduling and completing all required inspections, correcting any identified deficiencies, and submitting inspection reports and related documentation to DLG in a timely manner.

The Commonwealth will identify a qualified professional to verify compliance with the geotechnical requirements described in Section 6.3 and provide the required geotechnical certification report before payment of retainage and occupancy by a renter.

6.13 Warranty

Upon construction completion, the developer must provide a one-year post-construction warranty to the rental project owner if the developer and owner are unrelated entities. If a warranty is required, the developer must provide written notice to the owner of the warranty expiration date every three months during the warranty period and again one month before the warranty expires.

7 CROSS CUTTING REQUIREMENTS

7.1 LABOR STANDARDS

The developer will be responsible for ensuring compliance with the labor standards required by the CDBG-DR funding. All labor compliance requirements will be listed in DLG's agreement, and the developer must manage day-to-day compliance. DLG will monitor for compliance at least once throughout the project.

7.1.1 Davis Bacon

Compliance with Davis Bacon and Related Acts (DBRA) will apply. The developer will be responsible for collecting and reviewing weekly payrolls, conducting appropriate interviews, and producing all relevant reports to ensure compliance for the project. DLG, or its designee will provide compliance for Davis Bacon when required.

For additional information regarding HUD guidance for compliance with Davis Bacon: https://www.hudexchange.info/programs/davis-bacon-and-labor-standards/

7.1.2 Contract Work Hours and Safety Standards Act

The Contract Work Hours and Safety Standards Act (40 USC, Chapter 5, Sections 326-332; and 29 CFR Part 4, 5, 6 and 8; 29 CFR Part 70 to 240) applies to contracts in excess of $100,000 and requires that workers receive overtime compensation, at least one and one-half times their regular rate of pay for all hours worked over 40 hours in a work week. The overtime provisions of the Fair Labor Standards Act may also apply to DBRA-covered contracts.

7.1.3 Copeland Anti-Kickback Act

The Copeland Anti-Kickback Act (40 USC, Chapter 3, Section 276c and 18 USC, Part 1, Chapter 41, Section 874; and 29 CFR Part 3) requires that workers be paid weekly, that deductions from workers' pay are permissible, and that contractors maintain and submit weekly payrolls. Developers must ensure compliance with this requirement.

7.2 Other Project Requirements

7.2.1 Section 3

Section 3 of the Housing and Urban Development Act of 1968 (Section 3), as amended, requires that economic opportunities generated by CDBG-DR funds be targeted toward Section 3 residents. Section 3 eligible residents are low- and very low- income persons, particularly those who live or reside in public, or government assisted housing. In accordance with Section 3, contractors using CDBG-DR funding for housing development must provide training and employment opportunities to lower income residents and contract opportunities to businesses in the project area. Developers will be required to ensure Section 3 compliance in accordance with DLG's Section 3 Policy.

7.2.2 Duplication of Benefits

In accordance with the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121-5207) (Stafford Act) and Federal Register Notice 6393 requirements, all activities funded with CDBG-DR dollars must undergo a Duplication of Benefits (DOB) review and calculation prior to Project award and prior to close out. DOB occurs when a program beneficiary receives disaster assistance from multiple sources for the same recovery purpose, and the total assistance received for that purpose is more than the total need. This includes all benefits available to a person or entity for the same recovery purpose, including cash and other resources such as insurance proceeds, grants, FEMA assistance, SBA loans, other local, state, or federal program funds, and private or nonprofit organization funds.

The project application must identify all funds obtained from any source from the date of the disaster until the date of the application that will be used for development. DLG shall perform a check for Duplication of Benefit (DOB) prior to issuing an award and pre-Project closeout to ensure that duplicative assistance is not provided for construction. DLG also reserves the right to perform additional DOB checks throughout the course of the Project's period/performance to ensure there is no duplicative assistance throughout the course of the Project. To address any potential Duplication of Benefits, the funding agreement will include provisions requiring repayment of any assistance previously or later received for the same purpose as the CDBG–DR funds.

7.2.3 Procurement Requirements and Cost Principals

Developers are considered beneficiaries of CDBG-DR funds and not subject to federal procurement regulations or the Uniform Administrative Requirements and Cost Principals of 2 CFR 200 under this NOFA. However, DLG will verify that the developer's costs are necessary and reasonable during the draw process.

7.2.4 Conflicts of Interest

In accordance with federal requirements, applicants to this NOFA must adhere to the conflict-of-interest provisions established for the CDBG-DR Program. An example of a potential conflict of interest would be a relationship between a general contractor and the applicant, including any staff or board members of the applicant.

All potential conflicts of interest must be disclosed and efforts made to resolve potential conflicts during the application phase and through the activity. DLG has outlined the following requirements and persons covered:

- State CDBG Regulations at 24 CFR 570.489
- CFR Parts 200, 215, 220, 225, and 230
- KRS 45A.340 (covers what specifically constitutes a 'conflict of interest' pertaining to public officers and employees) for public municipalities that have adopted the Model Procurement Code
- KRS 99.350(8) covers public officers and employees that participate in the formulation of a development area and dictates what conflicts are prohibited) and
- KRS 61.252 covers city employees, officers, and exceptions to conflicts of interest.

7.2.5 Audits

In accordance with federal requirements, the Program will adhere to the audit requirements established for the CDBG-DR Program and as fully described in the DLG Disaster Subrecipient Manual.

8 APPLICATION REQUIREMENTS

8.1 Due Date

Responses, incorporating all elements required herein, must be submitted electronically, with the email subject line of ***Grand View Rental Housing NOFA Proposal*** to the Department of Local Government at DLG.DR@ky.gov on or before:

November 9, 5:00 PM EST

Applicants must complete and submit any requested documents by the required due date.

DLG may delay closing on any Project until all required documents are received and approved. Any Project awards that have not abided by established milestone deadlines may be rescinded.

Awarded projects must be ready to close within ninety (90) days of receiving an award notice and begin construction within 30 days. Homes must have a certificate of occupancy within 24 months of commencement of construction and all homes must be rented to eligible households and the contract completed by the date listed in the funding agreement.

8.2 Evaluation Process

8.2.1 Threshold Criteria

The applications must meet all of the following threshold criteria to be considered for funding:

1. Application submitted on time: The application and all required documents were submitted by November 9, 2026 at 5:00 pm.
2. Complete application: All required application materials, including all attachments, were submitted.
3. Eligible applicant: Applicant meets the requirements listed in Section 5.1.
4. SAM.gov registration: The applicant provided evidence of registration in SAM.gov.

DLG will determine if applicants meet the threshold criteria and if deficiencies are curable. If deficiencies are curable, DLG may request additional information from the applicant. Applications that do not meet all threshold requirements are ineligible for funding.

8.2.2 Scoring Criteria

The Responses will be scored and ranked according to how well they meet the Scoring Criteria and NOFA requirements described above. Please refer to the following scoring matrix:

Applicant Capacity	Organizational capacity to manage all current or planned development projects. Strong internal processes and administrative staffing levels for fiscal oversight. History of timely fund expenditures and financial management systems budgeting, internal	**20**

	controls, federal cost principles, accounting and record keeping, procurement, reporting, and audits.	
Applicant Experience	Experience with affordable rental development and property management on challenging sites and/or in rural areas. Experience with HUD funding for rental development.	**15**
Cost Effectiveness and Leverage	Use of other funding sources to leverage CDBG-DR funding. Amount of CDBG-DR/unit and TDC/Unit.	**5**
Implementation/Timeliness (readiness to proceed)	Proposed timeline for project implementation, from contract execution to start/completion of construction. Availability of house plans or ability to quickly engage architectural, engineering services and construction contracting.	**10**
Sustainable and Resilient Design	The extent to which the proposed Activity integrates adaptable and reliable technologies. Design integrates measures and strategies to reduce natural hazard risks, including climate related risks. Design is reasonable, efficient and durable. Project utilizes alternative materials and innovative design options. Includes wiring for broadband. Exceeds HUD Green Building Standard.	**5**
Meeting Community Needs	The proposal provides options for lower income households, elderly, or households with special needs. The extent to which the applicant has engaged with Letcher County residents or a similar community in project design.	**5**
Community Engagement	The applicant provides a strong marketing plan to engage members of the community. Applicant has a pipeline of potential tenants.	**2**
In Unit Broadband	In-unit wiring for high-speed internet.	**3**
	Maximum Score	**65**

8.3 Submission Requirements

Submissions must be clear, concise, and realistic about performance objectives. It is the responsibility of the applicant to confirm that they have reviewed all Exhibits related to this NOFA and they have complied with the requirements herein. Each of the following documents must be included in the submission (this checklist is also included in the application form):

- KYCDBG-DR Grand View Application
- KYCDBG-DR Grand View Rental Proforma
- Proof of 501(c)3 status
- Organizational Chart of Applicant and/or developer. Describe the proposed ownership structure of the site during development, if owned by an entity other than the applicant.
- Current Experience: Provide a detailed description of the applicant's and/ or partner's experience in the development and operation of affordable rental housing, including total units created and currently leased to income-eligible households.
- Provide current pipeline of projects with staffing requirements.
- Financial Capacity: Provide the most recent 3 years of audited financials or tax returns for the applicant.
- Timeline and Milestones: Provide the proposed implementation timeline.
- Proposed House Plans: Submit proposed house plans. Include a description of the HUD Green Requirements and any other proposed climate resiliency and/or innovation design features.
- Marketing and Outreach: Describe marketing plan and outreach to potential renters.
- Submit one letter of recommendation. Non-Kentucky organizations must include three letters of recommendation, of which one must be in-state.
- Evidence of SAM (System of Award Management) registration.
- Certificate of Good Standing from the Kentucky's Secretary of State's Office as evidence of registration to do business in the Commonwealth of Kentucky.
- Other funding commitment letters, if applicable. If cash, attach a bank statement.
- Explanation of tax delinquency, pending legal actions, or other items, if applicable.

8.4 Decision Process

Based upon the information provided by the applicant, an evaluation team will review and score proposals, and a recommendation for award(s) will be forwarded to the Commissioner of DLG. If the recommendation is approved, DLG will award the project.

The selected applicant(s) will receive a conditional commitment letter from DLG once a final decision has been reached. The funding agreement will be drafted, with execution by both DLG and the selected Applicant within 90 days of award notification.

Successful applicants shall be in complete compliance with all the specifications, terms and conditions of the proposal. DLG shall not be liable for any costs incurred in the preparation of proposals or for any work performed in connection therein.

Proposed projects that meet the minimum proposal requirements will be scored based on the primary criteria described in more detail above, however, proposals that meet all the NOFA's general guidelines and requirements may not necessarily receive an award.

Regardless of numerical ranking, the scoring does not operate to vest in an applicant or project any right or reservation of an award of funding, in any amount. DLG will make an award consistent with its sound and reasonable judgment, prudent business practices, and the exercise of its discretion. Specifically, but without limiting the generality of the foregoing, DLG reserves the right not to make an award to any applicant, regardless of that applicant's point ranking, if DLG determines that (i) an award for such applicant or project does not further the purpose and goals set forth in this NOFA, (ii) the applicant's proposed project is not financially feasible or viable, or (iii) there is not a substantial likelihood that the project will be able to meet the requirements for development in a timely manner.

8.5 Communications/Questions from Applicants

DLG shall not be bound by, and the applicant shall not request or rely on any oral interpretation or clarification of this NOFA. Therefore, any questions regarding this NOFA are encouraged and should be submitted in writing by email no later than October 26, 2026 to DLG.DR@ky.gov.

Clarifying questions and answers received prior to the deadline to submit a response to this NOFA will be answered in writing via Frequently Asked Questions (FAQs) section posted on the DLG website prior to the due date. Answers to questions from any applicant will be provided to all applicants in the FAQ.

All communications regarding this NOFA shall only be though the email address listed above. No communication is to be directed to any other DLG personnel.

8.6 Changes to NOFA

If it becomes necessary to revise, change, modify or cancel this NOFA or to provide additional information, addenda will be posted on the DLG website.

DLG reserves the right to postpone or cancel this NOFA if it deems it to be in the best interests of the Commonwealth of Kentucky to do so. DLG reserves the right to waive any technical or formal errors or omissions, and to reject any or all proposals, or to award contracts, either in part or in whole, if deemed to be in the best interests of the Commonwealth.

Applicants shall agree to comply with all conditions, requirements, and instructions of this NOFA as stated or implied herein. Any alteration, erasure, or interlineation by an applicant in this proposal shall constitute cause for rejection. Exceptions or deviations to this

proposal must not be added to the proposal pages but must be on Applicant's letterhead and accompany the proposal.

The successful applicant shall be in complete compliance with the specifications, terms, and conditions of this proposal as outlined above. DLG shall not be liable for any costs incurred by an applicant in the preparation of proposals or for any work performed in connection therein.

8.7 Other NOFA Requirements

The applicant shall agree to furnish, upon the written request of DLG, any additional information needed to substantiate or clarify the design and/or performance characteristics of the materials or services that they propose to furnish.

Materials submitted in response to this NOFA will be considered internal research documents and will not be available publicly.

Any award as a result of this NOFA shall be contingent upon the execution of a CDBG-DR funding agreement and closing documents.

Performance outcomes of prior contracts with DLG and/ or the Commonwealth of Kentucky may be considered in the overall rating of proposals submitted by applicants who currently have, or have previously had, contracts with DLG. Application evaluation and awards are also contingent upon applicants being current on any loan, contractual, or tax obligation as due, or with any rule, regulation, or provision on existing or past DLG contracts.

9 Exhibits

Exhibit 1: HUD Income Limit Waiver
Exhibit 2: Full HUD Environmental Review Record
Exhibit 3: Phase 1 Environmental Site Assessment
Exhibit 4: 2026 HUD HOME Rents for Letcher County
Exhibit 5: Report of Geotechnical Engineering Subsurface Characterization Evaluation for Grand View
Exhibit 6: Kentucky Housing Corporation’s (KHC) Minimum Design Standards for New Construction Single Family Dwelling Units
Exhibit 7: Green and Resilient Building Standards Compliance

All Exhibits will be posted as attachments to the NOFA on the DLG website.