

## **Chestnut Ridge Homeownership Questions**

as of 06-11-2025

Please note that similar questions are grouped together with one answer following the group.

### **1. Infrastructure Completion**

- **Section 1.3 states that the unit must be completed by December 15, 2025. However, Section 4.2 states that the infrastructure will not be fully complete by December 2025. While we can dry units in without having electricity available for the home, we are reluctant to finish a home without climate control, which requires electricity. Furthermore, even if we opted to finish the home, you cannot get a final electric inspection until the home is connected to the electric grid, and you cannot get a final plumbing inspection until the home is connected to water/sewer. It would be helpful to get clarification of when various utilities will be available to make sure the December 15th deadline is reasonable.**
- **Also, can you provide information about whether or not the road and curb/gutters will be completed before the start of construction? If the road, curbs, and gutters are not completed prior to the construction commencement, can the state guarantee alternative access to sites so construction can continue when the road is closed for gravel and paving and when the curbs/gutters are curing?**

*The infrastructure in the section of Chestnut Ridge that will be conveyed to developers through this NOFA will be complete by December 2025. At this time, DLG cannot confirm whether curbs and gutters will be completed prior to the start of construction. DLG will coordinate with the selected developers and the Transportation Cabinet to ensure access and provide detailed information on the status of the improvements.*

### **2. Project Timeframe**

- **Section 5.2 states the max award is limited to the number of housing units the applicant can complete within 24 months. However, the Projected Schedule of Events shows a 27.5 month construction period (9/15/25 to 12/31/27). Which timeframe should we use when calculating how many units to apply for?**
- **NOFA 1.3 timeline states that by December 15, 2025, the first unit should be complete. Does complete here mean the house must be sold by this date or just that construction must be finished? Do the new homes have to be sold within the 24 month window?**

- In the Rental NOFA (Section 5.11), there is a clear statement of rental occupancy, however, the Homeownership side is not this clear. Is Homeownership occupancy requirement more restrictive than rental housing?
- The NOFA seems to say that the construction must be complete AND the house must be sold within 24 months.
- Section 5.8 requires that “all homes must be sold to eligible buyers and the contract closed out within the timeframe documented in the funding agreement.”

*To estimate the number of units to apply for, determine how many units can be completed within 24 months, beginning on the first day of construction of the first unit, with all units complete by 12/31/2027. DLG expects construction to commence for all awardees by October.*

*There is not a timeframe for selling units in the homeownership NOFA because of changing market and economic conditions. The timeframe for the sale of units will be included in the written agreement between DLG and the developer.*

### **3. Appraisal**

- Section 5.7 indicates that an as-built appraisal should happen prior to the start of construction. If we are constructing spec units, can we wait and have the unit appraised at the earlier of 1) completion or 2) a Fahe approved buyer is interested in the unit?

*Fahe will coordinate the as-built appraisal with the developer as they are qualifying/approving buyers for units.*

### **4. Green Requirements**

- Section 6.6 references the need to meet an established energy efficiency standard. One of the standards listed is Energy Star. We would like to use this standard. However, the Energy Star program may end this current federal fiscal year. Should this happen, we could still comply with the Energy Star standards but we could not be Energy Star Certified. Would this be sufficient or would we be required to meet another energy standard?

*The Energy Star certification is still applicable at this time. DLG will issue guidance if the program ends during the construction period, but it is anticipated that compliance with Energy Star requirements without the certification will be sufficient.*

### **5. Section 504/UFAS Questions**

- **Section 6.8 addresses accessibility, but the requirements are unclear. For example, it states that a minimum number of accessible units per proposal is not required, but then hints that Section 504 might be applicable, and Section 504 does in fact require that a minimum number of units be accessible. Section 6.8 then goes on to state “Designs must adhere to the Uniform Federal Accessibility Standard (UFAS).” It is unclear if this sentence is a standalone statement or applies only if Section 504 is applicable. Can you please clarify if/when Section 504 would be applicable to single family homeownership units?**

- **It is my understanding UFAS is only applicable to multifamily projects with 5 or more units.**

*Accessible units are not required and Section 504 and UFAS does not apply to the Chestnut Ridge Homeownership NOFA.*

- **Additionally, Section 6.8 states that “units shall be made accessible upon the request of a prospective buyer.” How does this requirement apply to units constructed as spec units? Would we be required to do so?**

*A buyer can only request accessibility features prior to construction and cannot request retrofitting of a completed unit. The buyer would have to wait for a unit that has not been constructed to make the request.*

- **Section 6.8 states that for elderly homebuyers (62+) development must include at least one bathroom with an accessible shower with grab bars. Can you provide written standards as to what is considered an accessible shower?**

- **NOFA 6.8 – What is the definition of an accessibility shower? The definition really matters to us when it comes to existing KHC approved plans. KHC allows curbed showers to meet a similar requirement.**

*The KHC requirements for an accessible shower are sufficient.*

## **6. Duplication of Benefits**

- **NOFA 6.13.1 – Seeking clarity regarding Duplication of Benefits. It mentions funds received from other local, state, or federal program funds, and private or nonprofit organization funds. Would this include our standard program dollars such as Affordable Housing Trust Fund, HOME funds, or RHTF awards that we have received? This could read as if we need to expend every dollar that we have before accessing CDBG-DR funds for the applicants.**

*Duplication of benefits only applies to funds that were received for the proposed project as a direct result of the disaster. Regular program funds are not subject to DOB. DLG will reach out with any questions.*

## **7. Inspections/Certificate of Occupancy/Warranty**

- **Section 5.11 of the NOFA states in part, “Homes must have a certificate of occupancy within 24 months...” It is our understanding that there is no code enforcement official in Knott County, KY. From whom will developers be required to obtain a CO?**

*DLG and Fahe will provide inspection services, and a completion certificate or another document comparable to a certificate of occupancy will be provided.*

## **8. Davis-Bacon**

- **How does David Bacon affect volunteers and paid internships?**

*Volunteers are exempt from Davis Bacon requirements. Paid internships are subject to Davis-Bacon requirements, assuming that the internships will be working on the construction site.*

## **9. Development Costs**

- **Section 5.6 states that the Commonwealth reserves the right to require an extended ALTA title insurance policy . . .” Should we include the projected cost of this title insurance in our budget?**

*Include the projected cost for a title insurance policy if other funding sources require title insurance.*

- **NOFA 9.2 Scoring Criteria Written Question: If we use of our own funds towards project does this count for points?**

*While not required, there are additional points for leveraging other funding sources.*

- **NOFA 5.1, in question 3, it says DLG reserves the right to require a payment and performance bond. When would the bond be requested? Is it likely? How much might the bond be?**

*The bond will be requested prior to entering into a funding agreement and would be based on the amount of CDBG-DR provided to the project.*

- **NOFA 5.4.1, it says the developer fee is the lesser of 15% or \$15,000. Other sources of funding we use in a deal may provide a higher developer fee (like RHTF). If using other sources of funding are used, can we waive the DR developer fee and take the other source of funding’s developer fee?**

*No, the developer fee is a component of the total development cost and must be consistent for all developers at the site.*

## **10. Design/Construction Requirements**

- **On the NOFA call I believe it was mentioned that we must use approved plans. If so, who approves? There is no local code jurisdiction who is able to perform this task. Does DLG approve? Our plans are all approved by KHC, is this adequate?**
- **Are there house size requirements/restrictions?**
- **What are the thoughts to keeping design cohesiveness throughout the development?**
- **Are there design standards? For example, are there siding, finish, materials requirements/standards?**

*See Section 6, Construction requirements, specifically, sections 6.2 through 6.6 of the Homeownership NOFA.*

- **Are storage sheds allowed/required?**

*There is no prohibition against or requirement for storage sheds.*

- **Are there landscaping requirements? For example, trees, shrubs, and grass?**

*There are no specific landscaping requirements. It is expected that landscaping will be a component of the total development cost.*

- **If landscaping happens, is there any thoughts about new trees planted blocking the sun of future roof top solar installation.**

*This has not been contemplated for the project. The developer should work with the architect or other professional to ensure appropriate placement of solar equipment.*

- **Will the DLG provide topsoil to help grass grow?**

*No, landscaping costs should be included in the total development budget.*

## **11. Long Term Compliance**

- **Who is responsible for servicing the homeowner loans?**

*Fahe will service the loans and provide ongoing compliance.*

## **12. Deed Restrictions**

- **Will there be any deed restrictions on site? If not, there is concern about the way things could look in a few years. No one wants to police these restrictions but from**

**experience, if restrictions are included in deeds it gives neighbors the ability to take their concerns to the civil courts to enforce the restrictions on the properties.**

- **What are the plans to protect the future integrity of the site from common problems that often arise from neighbors? With no local code/permitting jurisdictions, it could turn into the wild west unless these type of issues are considered.**

*The issue of deed restrictions at Chestnut Ridge is being reviewed at this time. A decision will be made prior to execution of award agreements with developers.*