

**HUD PRICE NOFO**

**Proposal**

**Department for Local Government  
Commonwealth of Kentucky**

**DRAFT FOR PUBLIC COMMENT PERIOD**

**May 31, 2024**

**DRAFT**

**HUD PRICE NOFO**  
**Proposal**  
**Department for Local Government**  
**Commonwealth of Kentucky**

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**Exhibit A: Executive Summary**

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## Exhibit A: Executive Summary

### PRICE Main Funding Request

The Commonwealth of Kentucky Department for Local Government (DLG), in partnership with Kentucky Housing Corporation (KHC), the state's housing finance agency, propose to use Preservation and Reinvestment Initiative for Community Enhancement (PRICE) **Main** funding to launch the *Kentucky Manufactured Housing Empowerment and Improvement Program*.

### Overview of Parties Applying

The Kentucky Department for Local Government (DLG) and Kentucky Housing Corporation (KHC), the state's housing finance agency, receive and/or have been awarded well over \$2 billion in State, Federal, and private resources to produce affordable housing over the past 50 years. DLG and KHC have decades of experience proposing, managing, implementing, and coordinating housing and community development projects such as this PRICE Proposal. As the state's CDBG grantee, DLG is the lead applicant for PRICE funds and will administer the grant in partnership with KHC.

### Overview of Proposal

The proposed *Kentucky Manufactured Housing Empowerment and Improvement Program* is divided into two separate programs that aim to achieve two primary goals across the state: 1) *Kentucky ROCs*- preserve and improve existing manufactured housing communities by acquiring and converting them to resident-owned cooperatives, and 2) *Kentucky Targeted Owner-Occupied Emergency MHU Replacement Program* - replace unsafe manufactured housing units (MHUs) constructed prior to the 1976 implementation of the Manufactured Home Construction and Safety Standards Program (HUD Code) that pose a threat to the health and safety of low-income Kentuckians. PRICE subrecipients will be selected for both activities via a competitive Notice of Funding Availability (NOFA) for which Units of General Local Government and community-based non-profit agencies will be eligible to apply. The Commonwealth will leverage the expertise of local partners to identify projects prioritized for both activities. The geographic area this PRICE Proposal will cover is the Commonwealth of Kentucky, with special emphasis on HUD and state designated Most Impacted and Distressed (MID) counties (areas in the eastern and western parts of the state that were significantly impacted recently by flooding and tornadoes, respectively). We will also use the Natural Hazard Map, the Climate and Economic Justice Screening Tool, the Distressed Community Index, and Qualified Census Tracts to help guide funding prioritization. However, we will also prioritize manufactured housing communities and units with diverse and protected populations.

### Projected Program Impact

Kentucky estimates that PRICE Main funds allocated to the *Kentucky ROCs* program will:

- 1) support 6 ROC conversions with accompanying infrastructure improvements;
- 2) provide approximately 150 residents of those ROCs with home repairs, including accessibility improvements; and
- 3) replace approximately 50 pre-1976 MHUs (or younger units where rehabilitation is not economically justifiable) occupied by ROC residents with Energy Star-rated units.

These investments will help preserve naturally occurring affordable housing; empower residents of ROC communities; provide residents in MHUs with substandard housing conditions with

needed repairs or unit replacement; and improve the quality of shared infrastructure and community amenities in assisted MHCs.

DLG and KHC will also use PRICE Main funds to replace the housing of low-income Kentuckians facing economic, health, and safety risks from pre-1976 manufactured housing units/mobile homes that they own. The proposed ***Kentucky Targeted Owner-Occupied Emergency MHU Replacement Program*** will provide approximately 100 households with such a unit. Subrecipients will replace pre-1976 manufactured housing units occupied by very low-income Kentuckians who face health and safety risks in their homes and carry a severe housing cost burden with a new, Energy Star-rated replacement unit.

## **Why Fund Kentucky?**

### **High Poverty=High Need for Affordable Housing**

Nationwide, the need for affordable housing options is significant. In Kentucky, that need is compounded by our high levels of poverty (16.61% v. national average of 11.5%) which result in a large portion of the state's population have low- to moderate-income (LMI). Manufactured housing plays a vital role in providing “naturally affordable” housing in the Commonwealth. That reality, combined with the fact that Kentucky has some of the highest numbers of mobile homes and mobile home communities in the nation, makes it a perfect location for a PRICE Main Project.

### **High Numbers of Manufactured Homes**

As of September 2023, Kentucky ranks third in the country in the percentage of manufactured homes (29.3%) that make up all new single-family homes. Kentucky is tenth in the country in the states with the most newly manufactured homes (3,627). The 2022 American Community Survey also finds that Kentucky ranks ninth in the nation in the percentage of housing units that are mobile homes (10.9%), nearly double the national rate (5.6%) (ACS Table R2501).

An analysis of mobile home parks registered with the Kentucky Department of Public Health as of May 1, 2024, shows that 99.1% are owned by individuals or small companies with less than 3 park holdings, with 90.9% of owners only owning one MHC. This demonstrates that Kentucky, unlike many other states, has not yet had a significant number of MHCs acquired by hedge funds, venture capitalists, or other institutional investors and “mom and pop” owners’ control nearly all the MHCs. Therefore, the time is opportune to acquire and convert Kentucky MHCs to ROCs that will preserve lot affordability and ensure resident control rather than allowing them to be acquired by out of state investors who may quickly raise lot rents to unaffordable levels and/or fail to maintain or enhance MHC infrastructure and amenities.

### **High Number of Natural Disasters/Disaster Areas**

Kentucky has eleven (11) census tracts identified by FEMA as a Community Disaster Resilience Zone, which designates areas that are underserved and most at risk of disaster because of the effects of climate change.

Numerous Kentucky communities were adversely impacted by severe natural disasters in recent years; Presidentially-declared disasters occurring in February/March 2021 (DR-4595: severe

storms, flooding, landslides, and mudslides) in southeastern, south central, and western Kentucky, December 2021 (DR-4630: severe storms, straight-line winds, flooding, and tornadoes) impacting western Kentucky, and in July 2022 (DR:4663: severe storms, flooding, landslides, and mudslides ) impacting eastern Kentucky. These natural disasters resulted in the damage and destruction of numerous housing units in several counties in both regions. The American Red Cross (ARC) conducted evaluations in which housing units were inventoried to determine the number of homes that were destroyed or damaged (both minor and major damage).

**Western Kentucky (December 2021)** Overall, 16 counties had some inventory of housing that was adversely impacted by the natural disasters. In total, 2,639 units were categorized as either destroyed or had major damage. An additional 1,512 units showed evidence of having minor damage.

**Eastern Kentucky (July 2022)** Overall, 12 counties had some inventory of housing that was adversely impacted by the natural disasters of July 2022. In total, 2,311 units were categorized as either destroyed or had major damage. An additional 1,625 units showed evidence of having minor damage.<sup>1</sup>

### **Conclusion**

If the proposed two-part *Kentucky Manufactured Housing Empowerment and Improvement Program* is selected for PRICE Main funding, DLG and KHC will be able to implement an impactful tool to help address the great need for affordable, accessible housing for many low to moderate Kentucky families who reside in manufactured housing communities and/or units. Given Kentucky's high levels of poverty, number and percentage of manufactured homes and recent natural disasters which caused even greater needs for affordable housing, PRICE Main funding couldn't come at a better time for the state.

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<sup>1</sup> Kentucky Housing Corporation, Housing Gap Analysis at <https://www.kyhousing.org/Data-Library/Housing-Gap-Analysis/Pages/Data.aspx>

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**Exhibit B: Threshold Requirements and Other Submission Requirements**

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## **Exhibit B: Threshold Requirements and Other Submission Requirements**

### **Threshold Eligibility Requirements**

#### **1. Resolution of Civil Rights Matters**

The applicant, Department for Local Government (DLG) and its partner, Kentucky Housing Corporation (KHC), have no outstanding or unresolved civil rights matters, including any charges, cause determinations, lawsuits, or letters of finding, as referenced in Section III D 1 a. subparagraphs (1)-(5) of the NOFO.

#### **2. Timely Submission of Applications**

The application will be submitted in its entirety no later than the due date of 11:59:59 PM Eastern time on July 10, 2024.

#### **3. Eligible Applicant**

The applicant, Department for Local Government (DLG) of the Commonwealth of Kentucky is an eligible applicant in accordance with Section III. A of the NOFO as it is a part of State government.

#### **4. Number of Applications**

The applicant, Department for Local Government (DLG) is submitting one (1) application under the NOFO and is not a part of a separate partnership application.

### **Other Submission Requirements**

#### **1. Standard Application, Assurances, Certifications and Disclosures**

Standard Form 424 (SF-424), Assurances (HUD 424-B), Budget Form (424-CBW), Assurances for Construction Programs (SF-424D), Assurances for Non-Construction Programs (SF-424B), Application Disclosure Report Form 2880 (HUD 2880), Disclosure of Lobbying Activities (SF-LLL), and Certification of Lobbying Activities have all been submitted with this application. The Federal Assistance Representations and Certifications section of DLG's sam.gov registration has been completed.

#### **Code of Conduct**

The most recent Code of Conduct for Kentucky's Department of Local Government (DLG) is on file with HUD and is compliant with the noted requirements.

#### **Affirmatively Furthering Fair Housing**

A narrative describing DLG's adherence to Affirmatively Furthering Fair Housing is provided in Attachment C.

#### **2. Other Program-Specific Requirements**

##### **a. Fair Housing and Nondiscrimination**

DLG and its partners will comply with all of HUD's nondiscrimination and equal opportunity requirements in administering a PRICE-funded Program.



**b. Limited English Proficiency (LEP)**

DLG and its partners will take all reasonable steps to provide meaningful language access the Proposed program and activities persons with LEP in administering a PRICE-funded program.

**c. Physical Accessibility** – all public meetings will be held in facilities that are physically accessible to persons with disabilities. All notices and communications during training sessions and public meetings will be provided in a manner that is effective for persons with communication-related disabilities and reasonable accommodations will be provided if necessary to ensure equal and full participation by persons with disabilities. Additionally, any covered multifamily housing projects that receive PRICE program funding will comply with all federal, state, and local accessibility requirements.

**d. Environmental Review** – DLG and its partners will comply with all applicable HUD environmental review requirements, including regulations at 24 CFR part 50 or 58. Environmental reviews will be conducted for all relevant activities funded through the PRICE program.

**e. Affordability** – All manufactured housing communities (MHC) and units receiving PRICE assistance will be maintained as affordable for a set period. The Kentucky PRICE Project will require 30-year affordability deed restrictions on each Kentucky ROC MHC's lots and infrastructure. The Project will use PRICE funds to offset acquisition and infrastructure improvement debt incurred by ROC MHCs to ensure that site fees resident owners pay to the limited equity cooperative remain comparable to or reduced from the lot rents resident paid to the previous owner of the MHC and are only subject to reasonable increases over time. If an MHC converted to resident ownership includes any persisting rental units, such units shall be subject to the same affordability terms described above. ROC units receiving PRICE-funded home repair or replacement will be secured via partially forgivable loans for the cost of the repairs or the replacement unit. Adjustable 0% mortgage payments will be calculated as 30% of adjusted gross monthly income and will be made for the duration of a 15-year period of affordability, unless the subrecipient requests a hardship waiver from KHC on behalf of the client. Any mortgage balance remaining at the conclusion of the 15-year period of affordability for units receiving repairs will be forgiven. Should the assisted household sell the unit during the period of affordability, the HOME Investment Partnerships recapture provisions will be employed. Annual monitoring of assisted rental units will be conducted to ensure rents are consistent with the affordability terms of the agreement. Affordability terms will be enforced through deed restrictions placed on the property at the time of assistance and duly recorded.

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**Exhibit C: Need**

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## Exhibit C: Need

### Need for Affordable Accessible Housing

Nationwide, the need for affordable housing options is significant. In Kentucky, that need is compounded by our high levels of poverty (16.61% v. national average of 11.5%)<sup>1</sup> which result in a large portion of the state's population have low- to moderate-income (LMI). That fact, combined with the fact that Kentucky has some of the highest numbers of mobile homes and mobile home communities in the nation, makes it a perfect location for a Preservation and Reinvestment Initiative for Community Enhancement (PRICE) project to preserve long-term housing affordability for residents of manufactured housing or a MHC, redevelop MHCs, in order benefit LMI residents.

### Project Area

The geographic area this PRICE Proposal will cover is the Commonwealth of Kentucky, with special emphasis on HUD and state designated Most Impacted and Distressed (MID) counties (areas in the eastern and western parts of the state that were significantly impacted recently by flooding and tornadoes, respectively). We will also use the Natural Hazard Map, the Climate and Economic Justice Screening Tool, the Distressed Community Index, and Qualified Census Tracts to help guide funding prioritization. However, we will also prioritize manufactured communities and units with diverse populations.

### National Need for Affordable, Accessible Housing

Finding an affordable place to live in the U.S. is very difficult, for both renters and buyers. This is because there is a massive shortage, somewhere between 4 and 7 million,<sup>2</sup> of homes available, and home prices are up about 60 percent over the past decade, adjusted for inflation. Rents have also been rising rapidly, up about 30% in the U.S. since 2017, with median rents now hitting about 1400 dollars a month.<sup>3</sup> About a quarter of renters — some 12 million households — spend more than half their income on housing, far more than the one-third level that is considered realistic.<sup>4</sup> The deficit is particularly acute in both low-cost rentals and the entry-level starter homes favored by first-time and/or moderate-income buyers. Just 15.5% of homes for sale were affordable (no more than 30% of the average local monthly income) for a typical U.S. household, the lowest share since Redfin started tracking this statistic a decade ago. Affordability plunged 40% from before the pandemic, and 21% from just last year.<sup>5</sup> Redfin says spiking mortgage rates were a key reason why. Normally, higher rates should push home prices down. But Redfin also finds the number of affordable home listings dropped sharply in 2023. That's partly because many people don't want to sell now and give up a much lower mortgage rate, and that tight market has helped keep prices high. Redfin finds white households could afford far more listings than Hispanic and especially

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<sup>1</sup>[Top 12 Poorest States in America in 2024 \(bestdiplomats.org\)](https://bestdiplomats.org)

<sup>2</sup>[Survey Finds Large Majorities Favor Policies to Enable More Housing | The Pew Charitable Trusts \(pewtrusts.org\)](https://pewtrusts.org)

<sup>3</sup><https://www.npr.org/2024/04/23/1246623204/housing-experts-say-there-just-arent-enough-homes-in-the-u-s>

<sup>4</sup><https://www.nytimes.com/2024/03/27/briefing/affordable-housing-crisis.html>

<sup>5</sup>[16% of Homes Were Affordable in 2023—Lowest Share on Record \(redfin.com\)](https://redfin.com)

Black households, who've faced decades of housing discrimination. Only 7% of listings this year were affordable for a typical Black household.<sup>6</sup> The availability of mortgage credit tightened dramatically during the Great Recession, and it has not eased significantly since. For someone who gets a mortgage today, they're likely to need a higher credit score than someone who's gotten a mortgage in the past.<sup>7</sup> Therefore, fewer people are eligible for homes and the cost to originate a mortgage has roughly tripled since 2009. That has meant that lenders don't offer many small mortgages because they tend not to make money on them unless the mortgage is for over about \$150,000.<sup>8</sup>

### **Kentucky Need for Affordable, Accessible Housing**

The needs in Kentucky for affordable, accessible housing echo and expand the national statistics. Kentucky Housing Corporation (KHC), the state's housing finance agency, retained a national research agency in January of 2024 for the purpose of conducting a Housing Supply Gap Analysis for rental and for-sale housing for each of the 120 counties within the state of Kentucky. The study considered numerous metrics to measure the current (2024) housing gaps that exist in Kentucky. This included acknowledgment of housing product currently available to rent and buy, the number of households at various income levels, households living in substandard housing, households living in severe housing cost burdened situations, and workers commuting into each county. Additionally, the American Red Cross (ARC) conducted an inventory of housing within numerous Kentucky counties impacted by natural disasters in recent years, including the December 2021 tornadoes and flooding that impacted western Kentucky and the storms and flooding that impacted eastern Kentucky in July 2022.

The state of Kentucky has an overall housing gap of 206,207 units, with the gap split relatively evenly between rental units (101,569 units, 49.3% of the overall statewide housing gap) and for-sale units (104,638 units, 50.7% of the overall statewide housing gap). The largest overall housing gap by AMI level is among product that is affordable to households earning up to 30% of AMI. This household income segment has an overall housing gap of 79,819 units, representing 38.7% of the state's overall housing gap. The next highest overall housing gaps are nearly equal, with 33,340 (16.2%) units needed at the 31% to 50% AMI level and 31,810 (15.4%) units needed at the 51% to 80% AMI level. While the greatest overall housing gaps by AMI appear to be for product affordable to the lowest income households, there are notable gaps of housing at all household income levels, representing a variety of housing needs and development opportunities across the state.<sup>9</sup>

### **Manufactured Housing: A Solution to Help Address Kentucky's Need**

Manufactured housing presents a possible tool to address the affordability crisis facing Kentucky. U.S. manufactured homes are sometimes referred to as "mobile homes" or "trailers" but in fact are a specific type of factory-built housing, constructed in accordance with the U.S. Department of Housing and Urban Development's (HUD's) Manufactured Home Construction

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<sup>6</sup> <https://www.npr.org/2023/12/24/1221480443/most-homes-for-sale-in-2023-were-not-affordable-for-a-typical-u-s-household>

<sup>7</sup> NPR/2024/04/23

<sup>8</sup> NPR/2024/04/23

<sup>9</sup> <https://www.kyhousing.org/Data-Library/Housing-Gap-Analysis/Pages/default.aspx>

and Safety Standards Code since 1976. Manufactured housing is a critical source of affordable housing, especially for low-income and rural households.<sup>10</sup> They are home to seniors on fixed incomes, low-income families, immigrants, people with disabilities, veterans, and others in need of low-cost housing. It is an important source of low-cost housing for Latinx families in the U.S. Fifteen percent of manufactured-home residents are unable to work or disabled. Many communities serve seniors, some with community age-restrictions. Nearly three quarters of households living in manufactured homes earn less than \$50,000 a year and the median household income of manufactured home residents was \$30,000 in 2009. The median net worth among households that live in manufactured housing is about one-quarter of the median net worth among other households.<sup>11</sup>

Generally, in manufactured home communities, homeowners own their homes but rent the land from a community owner. As described by Sullivan “[w]ithout rights to the land underneath their homes, mobile home park residents are *halfway homeowners*. Because of divided asset ownership the housing security of mobile home park residents depends on the decisions of private landlords to continue and maintain mobile home parks.”<sup>12</sup> For most residents, it is nearly impossible to move their homes – the structures cannot withstand the move, the costs of moving them are unaffordable, and finding a new spot is untenable. Real estate investment groups seized on this vulnerability and built a highly profitable business model with devastating effects on low-income seniors and families. When community owners raise the lot rents, residents are trapped, choosing between paying rent, and abandoning their home. Even if homeowners could move their homes, there are limited other sites to relocate. Local zoning and regulatory constraints are worsening the problem.<sup>13</sup>

Manufactured housing varies in popularity across the U.S., but the South stands out for its higher concentration of manufactured homes. As a share of all new single-family homes, top locations include lower-income states like Mississippi, Alabama, Kentucky, and West Virginia, whose residents may be more drawn to manufactured homes as an affordable option. **As of September 2023, Kentucky ranks third in the country in the percentage of manufactured homes (29.3%) that make up all new single-family homes. Kentucky is tenth in the country in the states with the most newly manufactured homes (3,627).**<sup>14</sup> The 2022 American Community Survey also finds that Kentucky ranks 9<sup>th</sup> in the nation in the percentage of housing units that are mobile homes (10.9%), nearly double the national rate (5.6%) (ACS Table R2501). In Kentucky, mobile home parks must register with the Kentucky Department of Public Health, so updated information on mobile home parks and mobile home units is readily available. As of May 1, 2024, there are 1,594 mobile home parks of record in Kentucky, with a total of 5,210

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<sup>10</sup> [FACT SHEET: Biden-Harris Administration Announces New Actions to Boost Housing Supply and Lower Housing Costs | The White House](#)

<sup>11</sup> [Private Equity Giants Converge on Manufactured Homes: How Private Equity is Manufacturing Homelessness & Communities are Fighting Back](#). Private Equity Stakeholder Project, MHAAction and Americans for Financial Reform Education Fund, February 2019.

<sup>12</sup> [Sullivan, Eshter. \(2018\) \*Manufactured Insecurity: Mobile Home Parks and American's Tenuous Right to Place\*. Oakland, CA: University of California Press.](#)

<sup>13</sup> Private Equity Giants Converge pgs. 1 and 4.

<sup>14</sup> <https://constructioncoverage.com/research/states-investing-most-in-manufactured-housing>

mobile home units. While we currently do not have hard statistics on the number of MHCs that risk of conversion to unaffordable market-rate housing or non-residential uses or existing health and safety issues caused by existing manufactured housing that is substandard and/or dated, anecdotally, Kentucky Housing Corporation and partner agencies receive calls every year regarding these issues. The limited statewide data on substandard housing makes it difficult to know exactly how many units need repair or replacement but we know that the need is great.

**Is your project within or does it include any communities that meet Distress Criteria?**

According to the Distressed Communities Index (DCI) Kentucky has 34.5% percent of its population (about 1.5 million residents) living in a distressed zip code, which is more than twice as high as the national percentage of 15.6% and puts it near the top of states having the highest share of its population living in distressed zip codes. Three of the top 10 most distressed counties in the U.S. are in Kentucky. An additional 17.1% of the Kentucky population (about 748 thousand residents) living in an at-risk zip code.

**Does your proposal increase resilience in any disaster-prone areas?**

Kentucky has eleven (11) census tracts identified by FEMA as a Community Disaster Resilience Zone, which designates areas that are underserved and most at risk of disaster because of the effects of climate change.

Numerous Kentucky communities were adversely impacted by natural disasters in recent years; Presidentially-declared disasters occurring in February/March 2021 (DR-4595: severe storms, flooding, landslides, and mudslides) in southeastern, south central, and western Kentucky, December 2021 (DR-4630: severe storms, straight-line winds, flooding, and tornadoes) impacting western Kentucky, and in July 2022 (DR:4663: severe storms, flooding, landslides, and mudslides ) impacting eastern Kentucky. These natural disasters resulted in the damage and destruction of numerous housing units in several counties in both regions. The American Red Cross (ARC) conducted evaluations in which housing units were inventoried to determine the number of homes that were destroyed or damaged (both minor and major damage).

**Western Kentucky (December 2021)** Overall, 16 counties had some inventory of housing that was adversely impacted by the natural disasters. In total, 2,639 units were categorized as either destroyed or had major damage. An additional 1,512 units showed evidence of having minor damage.

**Eastern Kentucky (July 2022)** Overall, 12 counties had some inventory of housing that was adversely impacted by the natural disasters of July 2022. In total, 2,311 units were categorized as either destroyed or had major damage. An additional 1,625 units showed evidence of having minor damage.<sup>15</sup>

The latest results from the Fifth National Climate Assessment, a peer-reviewed assessment authored by hundreds of scientists, find Kentucky and the rest of the Southeast are particularly vulnerable to climate change. The report found that climate change disproportionately damages

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<sup>15</sup> Kentucky Housing Corporation, Housing Gap Analysis at <https://www.kyhousing.org/Data-Library/Housing-Gap-Analysis/Pages/Data.aspx>

jobs, households, and economic security in the Southeast when compared to other parts of the country. Five of Kentucky's 10 warmest years on record have occurred since 2007, and five of the 10 wettest years on record have occurred in the last decade. Extreme weather events, like the 2022 flooding in eastern Kentucky, are becoming more frequent and severe, the report found. The report finds all these impacts disproportionately affect low-income communities, and historically marginalized communities.<sup>16</sup>

Specifically, it is predicted that people in Kentucky will experience especially increased risks from **precipitation, heat, and flood** due to climate change over the next 30 years. Kentucky ranks seventh among the lower 48 states for storm risk, eleventh for heat risk and twentieth for flood risk. The frequency of very hot days (94 degrees or higher in KY) is increasing. On average, someone in Kentucky will experience about 47 extremely hot days in 2050.<sup>17</sup>

### **What are the barriers to manufactured housing preservation or revitalization in your project area?**

It is difficult to find statistics or research specific to Kentucky, but anecdotal information and professional experience indicate that while Kentucky faces all the recognized barriers to manufactured housing preservation or revitalization, the most significant barriers appear to be perceived poor quality, low financing availability to purchase units and/or lots and low resident organizing or self-governance capacity. In Kentucky, manufactured housing units are considered personal or chattel property and not real property unless both the land and the home are owned, and the unit is permanently affixed to the property. This limits unit owners' access to capital and ensures what could possibly be appreciating real property is instead a depreciating asset<sup>18</sup>.

The challenges of this "halfway homeownership" are well summarized in Enterprise Community Partners' 2021 policy brief: *Preserving the Affordability of Manufactured Homes in Land-Lease Communities*:

*The unique nature of living in MHCs often creates imbalances between the rights and interests of the communities' owners and its tenants. That is because tenants living in such communities generally face challenges that are specific to living in MHCs, and these challenges often put these tenants in an ineffective position at the bargaining table since they may have no reasonable alternative but to agree to the owner's land rent and community fee increases. Therefore, the challenges that stem from the*

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<sup>16</sup> <https://www.lpm.org/news/2023-11-14/a-new-study-warns-kentuckys-climate-risks-are-growing>

<sup>17</sup> <https://climatecheck.com/kentucky>

<sup>18</sup> [Zachary Lamb, Linda Shi & Jason Spicer \(2023\) "Why Do Planners Overlook Manufactured Housing and Resident-Owned Communities as Sources of Affordable Housing and Climate Transformation?" Journal of the American Planning Association, 89:1, 72-79, DOI: 10.1080/01944363.2022.2038238](#)

*unique nature of living in MHCs generally make these tenants vulnerable to financial burdens and potential housing insecurity.*<sup>19</sup>

In April 2002, the Kentucky General Assembly passed legislation, codified at KRS 100.348 addressing land use regulation of manufactured homes within cities and counties across Kentucky. The intent of the legislation was to ensure that manufactured homes were included within jurisdictions as an acceptable form of economically priced housing. While this legislation provided some assistance and benefit to manufactured homes, many barriers still exist that keep manufactured housing from full integration into the affordable housing arena.

### **Barriers to AFFH for Protected Class Groups**

In general, the groups in the Project area (Kentucky) that lack access to safe and healthy affordable housing include Black, Hispanic, LEP, elderly, and disabled households. Kentucky's disability prevalence rate (based on 2022 statistics) was the 3<sup>rd</sup> highest in the country.<sup>20</sup> Although income level is not technically a protected class, there is much overlap of low and moderate-income households with those in protected classes and many low and moderate-income households who need affordable, accessible housing. Existing patterns of segregation in communities, lack of opportunity in racially and/or ethnically concentrated areas of poverty, and discriminatory attitudes are some of the barriers faced in increasing access to safe and healthy affordable housing for the protected class groups.

A recent study by the Joint Center for Housing Studies of Harvard University reviewed the barriers to using more manufactured housing for entry-level homeownership and found several clear themes: negative perceptions of the quality of manufactured housing; zoning and land use restrictions that limit adoption in many communities; market conditions that erode the cost advantage of manufactured housing and make it difficult for consumers to acquire these homes; and the difficulty of obtaining affordable financing for these homes.

The study found that households living in manufactured homes are more likely than other households to have lower incomes. Thirty-seven percent of all households living in manufactured homes have incomes below \$30,000, compared with 21 percent of all other households. Meanwhile, only 21 percent of all households living in manufactured homes have incomes of \$75,000 or more, compared with 47 percent of all other households. As of 2021, households in manufactured homes had a median income of \$40,000, compared with \$70,000 for all other households.

Differences between manufactured housing and other housing types were found by the study to be less stark along other demographic dimensions. Heads of households living in manufactured homes are slightly older, with a median age of 55, compared with 52 for other householders and a slightly higher share of households in manufactured homes are aged 55 or older. Related to

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<sup>19</sup> Abu-Khalaf, A., Arabo, F., & Swann S. (2021) *Preserving the Affordability of Manufactured Homes in Land-Lease Communities*: Enterprise Community Partners, pg. 5.

<https://www.enterprisecommunity.org/media/1325>

<sup>20</sup> [2022-StatusReport\\_US.pdf \(disabilitystatistics.org\)](#)



their older age, households in manufactured homes are also slightly less likely to be married-with-children households (14 percent compared to 18 percent), and slightly more likely to be single persons living alone (30 percent compared to 28 percent). Compared with other households, they are slightly more likely to be headed by a person who is non-Hispanic white or Hispanic and less likely to be headed by someone who is Black or Asian. Although numbers are not large enough to skew the distribution, the share of Native Americans (14 percent) who live in manufactured homes is much higher than that of Hispanic (6 percent), white (5 percent), Black (3 percent), and Asian (1 percent).

In line with the characteristics of households living in manufactured housing, counties with high shares of manufactured housing have lower median household incomes, lower shares with a bachelor's degree, and higher median ages. These counties also have high homeownership rates and higher shares of households identifying as BIPOC (Black, Indigenous, People of Color). As this profile of the existing stock of manufactured housing illustrates, these homes are a critically important source of smaller, more affordable homes for lower-income households.<sup>21</sup>

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<sup>21</sup>[https://www.jchs.harvard.edu/sites/default/files/research/files/harvard\\_jchs\\_barriers\\_manufactured\\_housing\\_2024.pdf](https://www.jchs.harvard.edu/sites/default/files/research/files/harvard_jchs_barriers_manufactured_housing_2024.pdf)

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**Department for Local Government  
Commonwealth of Kentucky**

**Exhibit D: Soundness of Approach**

**DRAFT**

## Exhibit D: Soundness of Approach

### Project Description, Management, and Impact

#### Vision and Goals

The Commonwealth of Kentucky Department for Local Government (DLG), in partnership with Kentucky Housing Corporation (KHC), proposes to use PRICE Main funding to launch the ***Kentucky Manufactured Housing Empowerment and Improvement Program*** to achieve two primary goals across the state: 1) ***Kentucky ROCs*** - preserve and improve existing manufactured housing communities by acquiring and converting them to resident-owned cooperatives, and 2) ***Kentucky Targeted Owner-Occupied Emergency MHU Replacement Program*** - replace unsafe manufactured housing units (MHUs) constructed prior to the 1976 implementation of the Manufactured Home Construction and Safety Standards Program (HUD Code) that pose a threat to the health and safety of low income Kentuckians. PRICE subrecipients will be selected for both activities via a competitive Notice of Funding Availability (NOFA) for which Units of General Local Government and community-based non-profit agencies will be eligible to apply. The Commonwealth will leverage the expertise of local partners to identify projects prioritized for both activities. PRICE funding may be deployed in any of Kentucky's 120 counties included in a successful applicant's service area.

#### Kentucky ROCs

Manufactured housing plays a vital role in providing “naturally affordable” housing in the Commonwealth. Via the Kentucky ROCs program, the Commonwealth will ensure that some the state's 1,594 mobile home parks of record will be able to remain affordable in perpetuity by acquiring existing Manufactured Home Communities (MHCs) and converting them to Resident-Owned Cooperatives (ROCs). Under the ROC model, residents pay site fees to a limited equity cooperative that they own, rather than a landlord. Because the cooperative owns the land, resident ownership is secure; this can enable residents to qualify for a lower interest home mortgage loan, rather than a higher interest, personal asset chattel loan. The ROC's profits from rent are reinvested into the MHC. As stated in *Non-Profit Quarterly* “ROCs offer a powerful tool to secure housing affordability through collective ownership<sup>1</sup>” a fact supported by Freddie Mac's 2019 ROC study which stated, “A few years post conversion [to a ROC], the monthly maintenance fees paid by MHROC residents are typically lower than comparable market-rate pad rents in an investor-owned community.”<sup>2</sup>

An analysis of mobile home parks registered with the Kentucky Department of Public Health as of May 1, 2024, shows that 99.1% are owned by individuals or small companies with less than 3 park holdings, with 90.9% of owners only owning one MHC. This demonstrates that Kentucky, unlike many other states, has not yet had a significant number of MHCs acquired by hedge funds, venture capitalists, or other institutional investors and “mom and pop” owners control nearly all the MHCs. As stated in the *New York Times* “Across the country, manufactured-

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<sup>1</sup> Simmons, R. (2024) “How Resident-Owned Communities Can Create Mass Affordable Homeownership.” *Non-Profit Quarterly*. February 7, 2024. <https://nonprofitquarterly.org/how-resident-owned-communities-can-create-mass-affordable-homeownership>

<sup>2</sup> Freddie Mac Multifamily (2019) *Manufactured Housing Resident-Owned Communities*. [https://mf.freddie.com/docs/dts\\_mhroc\\_report.pdf](https://mf.freddie.com/docs/dts_mhroc_report.pdf), 10.

housing park residents...are finding their homes at the center of a bull's-eye, as a deluge of investment companies expand their mobile-home park portfolios at a breakneck pace, threatening the stability of one of the nation's few remaining sources of affordable housing."<sup>3</sup> These investors pose a risk to MHC residents' continued housing affordability and tenure. As reported by the Private Equity Stakeholder Project, Kyle Baskin, a senior director of Marcus & Millichap's National Manufactured Housing Communities Group based out of Cincinnati stated "mom-and-pop owners have kept their rents more or less low," and investors target mom-and-pop communities for acquisition given the opportunity to quickly generate revenue through rent increases.<sup>4</sup> Therefore, the time is opportune to acquire and convert Kentucky MHCs to ROCs that will preserve lot affordability and ensure resident control rather than allowing them to be acquired by out of state investors who may quickly raise lot rents to unaffordable levels and/or fail to maintain or enhance MHC infrastructure and amenities. Creating ROCs will eliminate the challenges posed by split lot and MHU tenure.

By investing in infrastructure improvements and unit repair/replacement along with ROC creation, the Kentucky ROCs program will ensure that residents in assisted MHCs have housing cost stability and secure tenure in safe, decent housing in desirable communities. The Commonwealth will partner with ROC USA (<https://rocusa.org/>), the nation's leader in creating ROCs, to facilitate and finance the conversion of privately held MHCs to ROCs, as described under Eligible Activities in the program summary below. Eligible local governments and non-profit agencies will have successfully identified MHCs for conversion prior to applying for Kentucky ROCs funding, including outreach to residents and MHC owners willing to sell.

There will be no reservation for households assisted under other HUD affordable housing programs serving the needs of low-income households such as eligible Housing Choice Voucher (HCV) recipients under this program. However, renters holding vouchers will be welcome to occupy any rental units that remain in an MHC after conversion. Owners of rental units in a ROC will be prohibited from using source of income discrimination against prospective tenants awarded vouchers from the following programs: HCV, HOME TBRA, Continuum of Care, Emergency Solutions Grants, and Housing Opportunities for Persons with AIDS.

### **PROGRAM SUMMARY-KENTUCKY ROCS**

*Eligible Applicants:* Units of General Local Government and community-based non-profit agencies who are in good standing with both DLG and KHC.

*Eligible Geography:* All 120 Kentucky Counties

*National Objective:* Area-wide benefit to low- and moderate-income households as documented by a survey of assisted MHC residents.

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<sup>3</sup> Kasakove, S. (2022) "Investors Are Buying Mobile Home Parks. Residents Are Paying a Price." *New York Times*. March 17, 2022. <https://www.nytimes.com/2022/03/27/us/mobile-home-park-ownership-costs.html>

<sup>4</sup> Baker, J., Voight L., & Jun, L. (2019) "Private Equity Giants Converge on Manufactured Homes." <https://pestakeholder.org/wp-content/uploads/2019/02/Private-Equity-Giants-Converge-on-Manufactured-Homes-PESP-MHAction-AFR-021419.pdf>, 8.

### **Eligible PRICE Activities to Address the Need**

- 1) Assisting manufactured housing renters and homesite renters seeking to become homeowners with land and site acquisition, including for the purpose of creating resident-controlled manufactured housing communities.
- 2) Support to establish resident self-governance in MHCs.
- 3) Providing technical assistance to community land trusts or other entities which leads to the preservation or revitalization of affordable, accessible housing.
  - DLG and KHC will partner with ROC USA to facilitate the conversion of privately held MHCs to ROCs. ROC USA's assistance will include, but not be limited to property acquisition at a rate negotiated with the MHC owner; planning and implementation of infrastructure upgrades; facilitating financial and legal transactions; technical assistance to establish a ROC's non-profit governing board; and ongoing support for the community during the lifetime of the project performance period.
  - ROC USA will provide debt financing for MHC acquisition and infrastructure improvements through its CDFI subsidiary, ROC USA Capital. The Project will use PRICE funds to offset this debt to ensure that site fees resident owners pay to the limited equity cooperative remain comparable to or reduced from the lot rents resident paid to the previous owner of the MHC.
  - The Project will also explore relationships with other financiers, including those employing the Freddie Mac Optigo Manufactured Housing Resident Owned Community Loan (MHROC), to provide capital for ROC conversion and infrastructure investments.
- 4) Reconstructing or rehabilitating affordable manufactured housing units (except pre-1976 mobile homes, which are only eligible for replacement), including reconstructing or rehabilitating manufactured housing to make units physically accessible to persons with disabilities.
  - Home repairs will be provided on an as needed basis for ROC units that cannot meet the Minimum Habitability Standards<sup>5</sup> required by the Kentucky Housing Corporation Affordable Housing Trust Fund Home Repair Program.
  - If replacement of pre-1976 MHU or a younger unit where repair costs are not financially justifiable, costs include:
    - acquisition of Energy Star-rated replacement unit;
      - DLG and KHC will work with partners such as the Kentucky Manufactured Housing Institute or other industry partners to negotiate unit rates with MHU manufacturers.
    - installation of replacement unit, including foundation, unit elevation (if applicable), utility hook ups, and any accessibility modifications that may be required; and
    - removal and disposal of existing unit.
  - Eligible ROC households will also be encouraged to apply for the Kentucky Weatherization Assistance Program via the Community Action Agency (CAA) serving their community. The CAA, in partnership with KHC, will conduct outreach to ROC residents about the Weatherization program.

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<sup>5</sup> [https://kyhmis.zendesk.com/hc/en-us/article\\_attachments/26097946887835](https://kyhmis.zendesk.com/hc/en-us/article_attachments/26097946887835)

- Eligible ROC households will also be alerted about agencies offering KHC Affordable Housing Trust Fund or Rural Housing Trust Fund Home Repair services as other options to receive and finance needed unit repairs.
  - ROC households in rural areas ineligible for PRICE-funded repairs due to being over 80% of area median income will be referred to other sources of financing such as private lenders or the USDA Section 504 Home Repair Loan and Grant program to finance needed repairs.
- 5) Development or improvement of infrastructure to support MHCs and manufactured units.
- With assistance and financing from ROC USA, assisted ROCs will identify and install needed infrastructure and amenity improvements, including, but not limited to roads, sewer, water, parking, water retention, community centers, and recreational facilities, all things needed to improve service provision, MHC systems capacity, and quality of life. PRICE funding will support costs for such activities and can also be leveraged by Community Development Block Grant (CDBG) and, where applicable, CDBG Disaster Recovery funding from DLG.
- 6) Conducting mitigation and resilience activities that address the rising threat that extreme weather events.
- The Kentucky ROCs home repair and replacement activities will ensure that residents are in MHUs better equipped to respond to climate change and extreme weather events as older, unimproved units in poor condition are less likely to survive those events, particularly pre-HUD code units manufactured prior to 1976. These investments will also significantly improve the energy-efficiency of assisted households' homes.
  - Kentucky ROCs infrastructure investments should also improve climate resiliency, particularly from any street, sewage, and drainage investments that will allow a MHC to better manage water accumulation and runoff in a severe rain event. The infrastructure investments can also leverage available CDBG/CDBG-DR funding from DLG.
  - Under the forthcoming *Solar for All* program, the Commonwealth commits to expand access to solar energy to low- and moderate-income households. Once the program is launched, efforts will be undertaken to educate ROC residents about the program and serve eligible households. The Kentucky Energy and Environment Cabinet Office of Energy Policy (OEP) will partner on the PRICE program, stating "For the PRICE Main application, we commit to partnering our Solar for All funding to eligible households both under our grant and the PRICE Main project where the eligibility criteria match. The Solar for All grant will enable renewable energy to be utilized as part of an overall strategy to build more housing resiliency with mobile home replacement and rehabilitation." Solar system installation can also be an eligible home repair cost.
  - Efforts will also be undertaken to link eligible ROC residents to their community's Weatherization Assistance Program (WAP). In addition to reducing home energy costs, Weatherization measures can also improve climate resiliency by better sealing the building envelope and replacing appliances such as HVAC units and water heaters with more reliable new units. KHC, as the WAP administrator for the Commonwealth, will also ensure that the Kentucky WAP subrecipient network provides energy efficiency improvements to income-eligible households and properties the PRICE-assisted MHCs. This commitment is confirmed by Community Action Kentucky, the statewide association representing and supporting all 23 Community Action agencies across

Kentucky, which states that CAK members will educate PRICE client households about the WAP and providing WAP services to eligible households.

- 7) Relocation Assistance
  - Repair: Temporary relocation to complete necessary home repairs if repairs cannot be made safely while unit is occupied.
  - Replacement: Temporary relocation to allow installation of new unit if current unit must be removed prior to replacement unit installation on the lot.
- 8) Housing and/or legal counseling
  - Includes assistance in converting unit to from personal to real property, if needed.
  - Legal assistance in establishing/incorporating the ROC.
- 9) Administrative costs
  - Incurred by DLG, KHC, or subrecipients.

*MHC Eligibility Requirements for ROC Conversion:*

- At least 25 occupied units where at least 75% of lot lease holders own their MHU.
- At least 51% of MHC residents earn 80% or less of Area Median Income.
- Majority of MHC residents have documented interest in creating a ROC.
- MHC owner has documented willingness to sell to a ROC.
- Not located in a special flood hazard area.

*Renter Protections:*

Per ROC USA's zero displacement standards when establishing a new ROC:

- During the conversion of a ROC, where a resident renting a MHU, the renter will be permitted to stay, and the landlord will be invited to become a member of the ROC.
- During the Conversion Process, if the MHC owner selling the land to the ROC also owns and leases units in the MHC, the ROC will attempt to acquire the units as part of the MHC acquisition and will continue to lease to existing renters if they choose not to acquire the unit from the ROC after purchase.
- Post conversion- Renters of units in the ROC, now owned by the ROC, will be contacted to assess if they would wish to purchase their unit. If so, ROC USA, in conjunction with the ROC's Board of Directors, will assist the tenant with purchase negotiations and financing of the unit.
- Post Conversion- The initial ROC lot lease with a MHU rental's landlord requires a right of first purchase option for the tenant or a buyer who will be a member of the ROC if the landlord chooses to sell the unit.

Additionally, owners of rental units in a ROC will be prohibited from using source of income discrimination against prospective tenants awarded vouchers from the following programs: HCV, HOME TBRA, Continuum of Care, Emergency Solutions Grants, and Housing Opportunities for Persons with AIDS.

*Preserving Affordability:*

- A 30-year affordability deed restriction will be placed on each Kentucky ROC MHC's lots and infrastructure.
- The Project will use PRICE funds to offset acquisition and infrastructure improvement debt incurred by ROC MHCs to ensure that site fees resident owners pay to the limited

equity cooperative remain comparable to or reduced from the lot rents residents paid to the previous owner of the MHC and are only subject to reasonable increases over time.

- ROC units receiving PRICE-funded home repair or replacement will be secured via partially forgivable loans for the cost of the repairs or the replacement unit. Adjustable 0% mortgage payments will be calculated as 30% of adjusted gross monthly income and will be made for the duration of a 15-year period of affordability, unless the subrecipient requests a hardship waiver from KHC on behalf of the client. Any mortgage balance remaining at the conclusion of the 15-year period of affordability for units receiving repairs will be forgiven.
  - Should the assisted household sell the unit during the period of affordability, the HOME Investment Partnerships recapture provisions will be employed.
  - Program income generated by loan payments will be allocated to the Kentucky Targeted Owner-Occupied Emergency MHU Replacement Program.

### **Project Timeline and Key Tasks**

NOTE: the use of subrecipient agencies to administer PRICE grants ensures that multiple Kentucky ROCs projects can occur simultaneously. Both DLG and KHC currently manage HUD grant awards across multiple programs to subrecipients throughout the state.

- October 1, 2024 (or award date if later)-March 31, 2025
  - KHC alerts potential subrecipients about forthcoming Notice of Funding Availability (NOFA) for program funds and estimated NOFA release and application timeline (October 2024).
  - KHC finalizes program design, including policies and procedures and program documentation in consultation with ROC USA.
  - KHC determines if additional sources of private sector financing are required to support ROC conversions, in addition to that provided by ROC USA Capital. Lenders employing the Freddie Mac Optigo Manufactured Housing Resident Owned Community Loan (MHROC) will be contacted.
  - KHC and DLG negotiate Energy Star-rated replacement unit purchase prices with housing unit manufacturers in consultation with the Kentucky Manufactured Housing Institute or other industry partners.
  - Potential subrecipients identify MHCs that could be targeted for ROC conversion. and conduct outreach to owners and residents of those MHCs to assess project feasibility.
- April 2025-August 2025
  - DLG issues Notice of Funding Availability (NOFA) with applications due in August 2025.
  - KHC conducts applicant outreach and education, including webinars with program partners the Kentucky League of Cities, the Kentucky Association of Counties, Fahe, and Community Action Kentucky.
  - Potential subrecipients finalize MHC(s) to include in their Kentucky ROCs application.
- August 1, 2025- September 30, 2025
  - NOFA applications submitted by eligible agencies.
  - KHC scores applications and recommends subrecipients for approval to DLG.
- October 2025-January 2026



- Environmental reviews completed for awarded projects.
- HUD grants release of funds for ROC conversions.
- Grant agreements executed with subrecipients.
- February 1, 2026 – August 1, 2030.
  - ROC USA engages with owners and residents of MHCs selected for Kentucky ROCs funding and supports the selected MHCs as they transition to a ROC. ROC USA will:
    - facilitate property acquisition at a market rate negotiated with target MHCs owners;
    - provide technical assistance to establish the non-profit governing board for Kentucky ROCs MHCs;
    - support the ROCs' Board of Directors in planning and implementation of infrastructure upgrades and amenity improvements;
    - facilitate financial and legal transactions, including debt financing through ROC Capital;
    - work with residents and owners of rental units in ROCs to determine if the renter wishes to purchase a unit and assist with the sale;
    - provide ongoing technical support to Kentucky ROCs MHCs during the lifetime of the project performance period.
  - ROCs take ownership of their MHCs.
  - Subrecipients provide PRICE funding to reduce ROC debt to ensure ongoing lot affordability to residents.
  - In partnership with assisted MHC's ROC Board of Directors and ROC USA, subrecipients identify ROC units in need of repair or replacement and provide home repairs or supply replacement units to eligible households until grant award exhausted.
    - ROC households receiving home repairs or unit replacement receive temporary relocation assistance if required by construction or unit installation.
    - KHC inspects home repairs upon completion.
    - KHC inspects replacement units upon installation and prior to occupancy by assisted households.
    - Subrecipient executes mortgage with assisted households and transfers mortgage to KHC for administration.
      - KHC will administer mortgages for the duration of the 15-year period of affordability and will release remaining balance at its conclusion.
    - Should the assisted household sell the unit during the period of affordability, the HOME Investment Partnerships recapture provisions will be employed.
    - Subrecipient records deed restriction, note, and mortgage for assisted households.
  - Grant funding administered on a reimbursement basis.
  - KHC provides program data to DLG for reporting to HUD.
  - KHC monitors subrecipients and ROC USA.
  - DLG monitors KHC.

- September 2030 (or earlier if all PRICE funds exhausted)
  - Grant closeout.

**Project Budget – please see subsequent page 13.**

### **Projected Program Impact**

Kentucky estimates that PRICE funds allocated to the Kentucky ROCs program will:

- 1) support 6 ROC conversions with accompanying infrastructure improvements;
- 2) provide approximately 150 residents of those ROCs with home repairs, including accessibility improvements; and
- 3) replace approximately 50 pre-1976 MHUs (or younger units where rehabilitation is not economically justifiable) occupied by ROC residents with Energy Star-rated units.

These investments will help preserve naturally occurring affordable housing; empower residents of ROC communities; provide residents in MHUs with substandard housing conditions with needed repairs or unit replacement; and improve the quality of shared infrastructure and community amenities in assisted MHCs.

### **Kentucky Targeted Owner-Occupied Emergency MHU Replacement Program**

DLG and KHC will also use PRICE funds to replace the housing of low-income Kentuckians facing economic, health, and safety risks from pre-1976 manufactured housing units/mobile homes that they own.

According to the Virginia Tech Virginia Center for Housing Research (VCHR) 2016 report *Mobile and Manufactured Homes in Central Appalachia and Alabama: Age, Condition and Need for Replacement*<sup>6</sup>, 31,120 manufactured housing units in 53 Appalachian Kentucky counties were built before 1976, consisting of 19.8% of all manufactured units in the study area. While this analysis did not include all of Kentucky and we can assume loss and/or replacement of many older units since the study was performed, we can safely assume pre-HUD Code units are still prevalent throughout the state. As stated by VCHR, “mobile homes built prior to 1976 are considered the “worst housing stock” in America by affordable housing advocates and industry representatives” suffer from poor conditions, including leaking roofs, dangerous or inefficient heating sources, lack of insulation and deteriorating foundations, and very high home energy costs, “consum[ing] “approximately 53% more energy than every other kind of home.”<sup>7</sup> The study also determined that “household incomes tend to be lower among residents of homes built before 1980,” with a median income approximately 50% of state area median income” and that these older low-value units “may be the only housing option for these low-income households” even though they “may not have the means to maintain, improve or replace their homes.”<sup>8</sup> The VCHR study concludes that “Low property values, high energy usage and high vacancy rates among older mobile and manufactured homes are all evidence of the low quality of the oldest mobile and manufactured homes in Central Appalachia and Appalachian Alabama. Many

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<sup>6</sup> Jones, M. et. al. (2016). *Mobile and Manufactured Homes in Central Appalachia and Alabama: Age, Condition and Need for Replacement*. Virginia Center for Housing Research at Virginia Tech. <https://vtechworks.lib.vt.edu/bitstreams/068d230d-21a5-4519-88a6-81f54b65f958/download>, 15.

<sup>7</sup> Ibid, 9.

<sup>8</sup> Ibid, 5.

residents of these housing units experience severe financial burdens because they earn low incomes and face relatively high housing costs, with more than 70,000 households paying more than 30% of their income for utilities alone. In many cases, a new, more energy efficient home would offer these households the opportunity for financial stability and, in turn, the opportunity to provide for their children, build wealth for the future and age in place.”<sup>9</sup>

The proposed Kentucky Targeted Owner-Occupied Emergency MHU Replacement Program will provide approximately 100 households with such a unit. Subrecipients will replace pre-1976 manufactured housing units occupied by very low-income Kentuckians who face health and safety risks in their homes and carry a severe housing cost burden with a new, Energy Star-rated replacement unit. All replacement units will be permanently affixed to the land and recorded as real property.

Replacement units will be secured via partially forgivable loans for the cost of the replacement unit. Zero-interest mortgages will have monthly payments limited to 30% of adjusted gross monthly income. Payments will be made for the duration of the 15-year period of affordability, unless the subrecipient requests a hardship waiver from KHC on behalf of the homeowner. Any mortgage balance remaining at the conclusion of the 15-year period of affordability will be forgiven.

**PROGRAM SUMMARY- KENTUCKY TARGETED OWNER-OCCUPIED EMERGENCY MHU REPLACEMENT PROGRAM**

*Eligible applicants:* Units of General Local Government and community-based non-profit agencies with demonstrated capacity and experience who are in good standing with both DLG and KHC. NOTE: only one project will be awarded for service in any given county. Eligible applicants can choose to serve multiple counties. KHC will determine a county’s service provider if multiple awarded applicants propose to serve the same county. City and county governments may enter joint partnerships to serve a county.

*Eligible Geography:* All 120 Kentucky Counties

*National Objective:* benefit to low-and moderate-income households.

*Eligible PRICE Activities:*

- 1) Reconstructing or rehabilitating affordable manufactured housing units (except pre-1976 mobile homes, which are only eligible for replacement), including reconstructing or rehabilitating manufactured housing to make units physically accessible to persons with disabilities.
  - Costs include:
    - Acquisition of Energy Star-rated replacement unit
      - DLG and KHC will work with partners such as the Next Step Network the Kentucky Manufactured Housing Institute to negotiate unit rates with MHU manufacturers.
    - Installation of replacement unit, including foundation, unit elevation (if applicable), utility hook ups, and any accessibility modifications that may be required.

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<sup>9</sup> Ibid, 9.

- Removal and disposal of existing unit
- 2) Relocation Assistance
  - Temporary relocation to allow installation of new unit if current unit must be removed prior to replacement unit installation on the lot.
- 3) Conducting mitigation and resilience activities that address the rising threat that extreme weather events.
  - Replacing unsafe pre-1976 MHUs with new Energy Star-rated units will ensure that residents are in MHUs better equipped to respond to climate change and extreme weather events as older, unimproved units in poor condition are less likely to survive those. The new units will also significantly improve the energy-efficiency of assisted households.
- 4) Housing and/or legal counseling
  - Includes assistance in recording unit as real property if required.
- 5) Administrative costs
  - Incurred by DLG, KHC, or subrecipients.

*Assisted Household Eligibility Requirements:*

50% of State or County Area Median Income (whichever is higher)

- 50% or greater housing cost burden, based on mortgage or personal property loan payments for unit, home energy costs, property taxes, insurance, and homeowners' association/manufactured housing park fees, as applicable.
- The owner-occupied MHU:
  - was constructed before 1976;
  - cannot meet the Minimum Habitability Standards required by the Kentucky Housing Corporation AHTF Home Repair Program; and
  - has conditions that pose a threat to the health and safety of occupants.
- Currently owns lot on which the MHU sits or:
  - has a 99-year leasehold interest in the lot on which the property sits, or equivalent form of ownership approved by the Commonwealth of Kentucky; or
  - property is inherited with multiple owners, life estates, inter vivos trust, living trusts, and beneficiary deeds and MHU owner can document right to occupy lot.
- Replacement unit site must not be in a special flood hazard area, but a waiver can be requested provided replacement unit can be elevated a minimum of 3 feet above base flood elevation.
  - If elevation occurs:
    - A Stream Construction permit for a floodplain must be obtained from the Kentucky Energy and Environment Cabinet Division of Water.
    - The assisted household must maintain flood insurance.

*Preserving Affordability:*

Replacement units will be secured via partially forgivable loans for the cost of the replacement unit. Adjustable 0% mortgage payments will be calculated as 30% of adjusted gross monthly income and will be made for the duration of a 15-year period of affordability, unless the subrecipient requests a hardship waiver from KHC on behalf of the client. Any mortgage balance remaining at the conclusion of the 15-year period of affordability for units receiving repairs will be forgiven. Should the assisted household sell the unit during the period of affordability, the HOME Investment Partnerships recapture provisions will be employed.

### *Revolving Loan Fund:*

Any program income generated by payments on PRICE partially forgivable loans for MHU repair or replacement under both the Kentucky ROCs and Kentucky Targeted Owner-Occupied Emergency MHU Replacement programs will be allocated to the Kentucky Targeted Owner-Occupied Emergency MHU Replacement Program revolving loan fund. KHC will allocate funds to program subrecipient(s) once program income balances are sufficient to acquire additional replacement unit(s).

### **Project Timeline and Key Tasks**

NOTE: the use of subrecipient agencies to administer PRICE grants ensures that multiple MHU replacement projects can occur simultaneously across the Commonwealth. Both KHC and DLG currently manage HUD grant awards across multiple programs to subrecipients throughout the state.

- October 1, 2024 (or award date if later)-January 31, 2025
  - KHC alerts potential subrecipients about forthcoming Notice of Funding Availability (NOFA) for program funds and estimated NOFA release and application timeline (October 2024).
  - KHC finalizes program design, including policies and procedures and program documentation.
  - KHC and DLG negotiate Energy Star-rated replacement unit purchase prices with housing unit manufactures in consultation with the Kentucky Manufactured Housing Institute and Next Step US.
  - Potential subrecipients initiate outreach to owners of MHUs that meet eligibility criteria.
- February 2025
  - DLG issues Notice of Funding Availability (NOFA) with applications due in May 2025.
  - KHC conducts applicant outreach and education, including webinars with program partners the Kentucky League of Cities, the Kentucky Association of Counties, Fahe, and Community Action Kentucky.
- May 1, 2025 - June 30, 2025
  - NOFA applications submitted by eligible agencies.
  - KHC scores applications and recommends subrecipients for approval to DLG.
- July-August 2025
  - Tiered Environmental Review completed for awarded projects with site-specific review form developed.
  - HUD grants release of fund
  - Grant agreements executed with subrecipients.
- September 2025 – August 1, 2030.
  - Subrecipients provide replacement units to eligible households until grant award exhausted.
  - Grant funding administered grant on a reimbursement basis.
  - Assisted households receive temporary relocation assistance if installation of new unit requires removal of old unit prior to installation.

- KHC inspects replacement units upon installation and prior to occupancy by assisted households.
- Subrecipient executes mortgages with assisted households and transfers mortgage to KHC for administration.
  - KHC will administer mortgages for the duration of the 15-year period of affordability and will release remaining balance at its conclusion.
  - Should the assisted household sell the unit during the period of affordability, the HOME Investment Partnerships recapture provisions will be employed.
- Subrecipient records deed restriction, note, and mortgage for assisted households.
- KHC provides program data to DLG for reporting to HUD.
- KHC monitors subrecipients.
- DLG monitors KHC.
- September 2030 (or earlier if all PRICE funds exhausted)
  - Grant closeout.

**Project Budget – please see subsequent page 13.**

### **Projected Program Impact**

Kentucky estimates that PRICE funds allocated to the Kentucky Targeted Owner-Occupied Emergency MHU Replacement Program will provide replacement Energy Star-rated replacement MHUs to 100 very low-income households residing in units built before 1976 who face severe housing cost burden and housing conditions that pose a threat to occupant safety. Assisted households will be able to reside in safe, decent, energy-efficient permanently affordable homes.

### **Affordability and Equity**

Both the Kentucky ROCs and Kentucky Targeted Owner-Occupied Emergency MHU Replacement programs will ensure the long-term availability of affordable manufactured housing options to low- and moderate-income households. Transferring MHC ownership to a resident-owned limited liability cooperative under the Kentucky ROCs program will ensure that residents are not at risk of rapidly increased lot rents and have a voice in their community’s management. In a presentation to the National Council of State Housing Agencies, ROC USA reported that ROC site fees are \$600/year below market after 5 years and that ROCs are raising site-fees 1% per year compared to a 5.9% industry average. As stated by Freddie Mac “[t]he main reason for higher pad rents at investor communities is the investor’s need to seek economic returns, while shareholders in a resident-owned community have no such need, and any excess collections by the community are retained by the community.” The Project will also use PRICE funds to buy down ROCs’ MHC acquisition and infrastructure improvement debt to further ensure that site fees are not significantly increased after ROC conversion.

The Project will also ensure the ongoing affordability of assisted ROCs by placing a 30-year affordability deed restriction on the land. Additionally, payment on 0% interest forgivable loans provided for home repair and unit replacement (in both programs) will be limited to 30% of an assisted household’s adjusted income during the 15-year period of affordability. At the conclusion of that period, the remaining balance on the loan will be forgiven. [*continued on page 14*]

**DRAFT BUDGET\***

**Department for Local Government/Kentucky Housing Corporation  
BUDGET PROPOSAL - PRICE NOFO Submission**

Cost Area	Cost Per Unit	Units	Projected #	PRICE Funds
<b>Acquisition Fund to Finance Resident Ownership</b>				
Acquisition of Land and Fixed Assets	\$3,600,000	per community	6 communities	\$21,600,000
Technical Assistance	\$100,000		6 communities	\$600,000
Legal, Title, Recording Fees	\$400,000		6 communities	\$2,400,000
<b>Subtotal</b>				<b>\$24,600,000</b> 44.22%
<b>Improvements to Manufactured Home Communities</b>				
Roads, sewer, water, parking, water retention, community amenities, etc.	\$500,000	per community	6 communities	\$3,000,000
<b>Subtotal</b>				<b>\$3,000,000</b> 5.39%
<b>Loans/Grants to Assist Owners/Residents</b>				
Home purchase and/or repair	\$50,000	per resident	150 residents	\$7,500,000
Home replacement	\$110,000	resident	150 residents	\$16,500,000
<b>Subtotal</b>				<b>\$24,000,000</b> 43.15%
<b>Temporary Relocation During Home Replacement/Repair</b>				
Relocation Costs	\$5,000	per resident	250 residents	\$1,250,000
<b>Subtotal</b>				<b>\$1,250,000</b> 2.25%
<b>Administrative Costs</b>				
DLG, KHC, & Subrecipient Admin.				\$2,775,000
<b>Subtotal</b>				<b>\$2,775,000</b> 4.99%
<b>PRICE Proposal Total</b>				<b>\$55,625,000</b>

**Program Income:** Any program income generated by payments on PRICE partially forgivable loans for MHU repair or replacement under both the Kentucky ROCs and Kentucky Targeted Owner-Occupied Emergency MHU Replacement program will be allocated to the Kentucky Targeted Owner-Occupied Emergency MHU Replacement Program revolving loan fund. KHC will allocate funds to program subrecipient(s) one program income balances are sufficient to acquire additional replacement unit(s).

**\*NOTE: This DRAFT Budget represents uses for PRICE funds only, other leveraged funding sources are still being finalized.**

### **Affordability and Equity (cont.)**

Program activities will also help residents build housing equity by ensuring units are tied to the land and converted to real property. All units provided under the and Kentucky Targeted Owner-Occupied Emergency MHU Replacement program will be permanently affixed to the land and recorded as real property. Similarly, ROC residents who own their MHU will also own the through the shared equity benefit of lot ownership.

ROC USA reports that homes in ROCs sell faster and for higher prices than comparable homes in comparable investor-owned MHCs. The home repair/replacement activities provided under both programs will also increase homeowner equity.

Finally, by targeting very low-income, severely housing cost burdened households living in pre-HUD code MHUs that pose a threat to residents' health and safety, the Kentucky Targeted Owner-Occupied Emergency MHU Replacement program will serve some of the Commonwealth's most vulnerable residents.

### **Resident Protections**

The Kentucky Targeted Owner-Occupied Emergency MHU Replacement program will serve owners of pre-1976 MHUs who own the land on which the unit sits, so rental protections will not apply.

#### *Kentucky ROCs Lot Renter Protections:*

For the Kentucky ROCs program, ROC members who own their units will have resident protections based on ROC USA's model which typically exceed the standards established by Freddie Mac for manufactured housing in 2021. Each ROC Board of Directors will adopt their own policies, likely using ROC USA's guidance. However, to ensure basic protections are maintained by all Kentucky ROCs MHC's, the Commonwealth will mandate that protections established by ROC MHC boards meet or exceed the following Freddie Mac standards:

- One-year renewable lease terms, unless there is good cause for non-renewal
- 30-day written notice of rent increases
- Five-day grace period for rent payments and the right to cure defaults on rent payments
- Right to sell the manufactured home to a buyer that qualifies as a new tenant in the community, without having to first relocate it out of the community
- Right to sell the manufactured home in place within 30 days after eviction by the community owner
- Right to sublease, or assign the pad site lease, for the unexpired lease term to the new buyer of the tenant's manufactured home without any unreasonable restraint, so long as the new buyer or sublessee qualifies as a new tenant within the community
- Right to post "For Sale" signs that comply with community rules and regulations
- Right to receive at least 60-days' notice of planned sale or closure of the community



Also, as stated in the “Affordability and Equity” section, the Project will also use PRICE funds to buy down ROCs’ MHC acquisition and infrastructure debt to further ensure that site fees are not significantly increased after ROC conversion.

#### *Kentucky ROCs Unit Renter Protections*

In addition to the lot lease standards listed above, additional protections will be provided to renters of MHUs in a ROC. Per ROC USA’s zero displacement standards when establishing a new ROC:

- During the conversion of a ROC - residents renting MHUs will be permitted to stay, and the landlord will be invited to become a member of the ROC.
- During the Conversion Process - if the MHC owner selling the land to the ROC also owns and leases units in the MHC, the ROC will attempt to acquire the units as part of the MHC acquisition and will continue to lease to existing renters if they choose not to acquire the unit from the ROC after purchase.
- Post conversion - renters of units in the ROC, now owned by the ROC, will be contacted to assess if they wish to purchase their unit. If so, ROC USA, in conjunction with the ROC’s Board of Directors, will assist the tenant with purchase negotiations and financing of the unit.
- Post Conversion - the initial ROC lot lease with a MHU rental’s landlord requires a right of first purchase option for the tenant or a buyer who will be a member of the ROC if the landlord chooses to sell the unit.

Additionally, owners of rental units in a ROC will be prohibited from using source of income discrimination against prospective tenants awarded vouchers from the following programs: HCV, HOME TBRA, Continuum of Care, Emergency Solutions Grants, and Housing Opportunities for Persons with AIDS.

#### **Access to Resources and Financing**

As described above, the Kentucky Targeted Owner-Occupied Emergency MHU Replacement Program targets very low-income, severely housing cost burdened households living in pre-HUD code MHUs where substandard conditions pose a threat to residents’ health and safety. As such, the program will serve some of Kentucky’s most vulnerable residents. By replacing pre-1976 MHUs with new Energy-Star rated models recorded as real estate, this program will also increase assisted household’s access to home equity by replacing a depreciating personal asset with appreciating real property.

By linking MHCs with ROC USA, the Kentucky ROCs program provides newly formed cooperative boards with access to ROC USA Capital funding for MHC acquisition and infrastructure improvements. Without ROC Guidance and financial support, it is unlikely residents of MHCs would have access to sufficient capital to acquire their communities. Additionally, by buying down ROC CAPITAL loans to ROC boards with PRICE funds, the Commonwealth is reducing ROC members’ housing cost burden.

Installation of accessibility improvements will be an eligible cost for home replacement or repairs provided under both the Kentucky Targeted Owner-Occupied Emergency MHU Replacement and Kentucky ROCs programs.

Supportive services and other amenities available to residents of proposed ROC communities will be evaluated during the NOFA application review.

## **Environment and Resilience**

### **What Significant Hazards Could Impact Your Project Sites?**

As described previously in Exhibit C, Numerous Kentucky communities were adversely impacted by Presidentially-declared disasters occurring in February/March 2021 (DR-4595: severe, storms, flooding, landslides, and mudslides) in southeastern, south central, and western Kentucky, December 2021 (DR-4630: severe storms, straight-line winds, flooding, and tornadoes) impacting western Kentucky, and in July 2022 (DR-4663: Severe Storms, Flooding, Landslides, and Mudslides) impacting southeastern Kentucky.

The latest results from the Fifth National Climate Assessment, a peer-reviewed assessment authored by hundreds of scientists, find Kentucky and the rest of the Southeast are particularly vulnerable to climate change. The report found that climate change disproportionately damages jobs, households, and economic security in the Southeast when compared to other parts of the country. Five of Kentucky's 10 warmest years on record have occurred since 2007, and five of the 10 wettest years on record have occurred in the last decade. Extreme weather events, like the 2022 flooding in eastern Kentucky, are becoming more frequent and severe, the report found. The report finds all these impacts disproportionately affect low-income communities, and historically marginalized communities.

Specifically, it is predicted that people in Kentucky will experience especially increased risks from precipitation, heat, and flood due to climate change over the next 30 years. Kentucky ranks seventh among the lower 48 states for storm risk, eleventh for heat risk and twentieth for flood risk. The frequency of very hot days (94 degrees or higher in KY) is increasing. On average, someone in Kentucky will experience about 47 extremely hot days in 2050.

### **How will your activities address the current and future threat of natural hazards, extreme weather, and disaster events?**

The Kentucky ROCs and the Kentucky Targeted Owner-Occupied Emergency MHU Replacement home repair and replacement activities will ensure that residents are in MHUs better equipped to respond to climate change and extreme weather events because manufacturers are designing more climate resilient units using climate appropriate materials. Older, unimproved units in poor condition are less likely to survive those events, particularly pre-HUD code units manufactured prior to 1976. Replacing unsafe, non-resilient pre-HUD Code housing that tends to be occupied by our lowest-income residents with a new, energy efficient unit is truly a transformative event for the assisted household. These investments will also significantly improve the energy-efficiency of assisted households' homes.

Kentucky ROCs infrastructure investments should also improve climate resiliency, particularly from any street, sewage, and drainage investments that will allow a MHC to better manage water accumulation and runoff in a severe rain event. Because a ROC is collectively owned, residents have the ability to better response to climate challenges and prioritize needed resiliency

investments in a MHC. These infrastructure investments can also leverage available CDBG/CDBG-DR funding from DLG.

Under the forthcoming Solar for All program, the Commonwealth commits to expand access to solar energy to low- and moderate-income households. Once the program is launched, efforts will be undertaken to educate ROC residents about the program and serve eligible households. The Kentucky Energy and Environment Cabinet Office of Energy Policy (OEP) will partner on the PRICE program, stating “For the PRICE Main application, we commit to partnering our Solar for All funding to eligible households both under our grant and the PRICE Main project where the eligibility criteria match. The Solar for All grant will enable renewable energy to be utilized as part of an overall strategy to build more housing resiliency with mobile home replacement and rehabilitation.” Solar system installation can also be an eligible home repair cost.

KHC, the state’s administrator for the Weatherization Assistance Program (WAP), Community Action Kentucky, the statewide association representing and supporting all 23 Community Action agencies across Kentucky, and CAK’s members agencies commit to educating ROC households about the WAP and providing WAP services to eligible households. Weatherization measures can also improve climate resiliency by better sealing the building envelope and replacing appliances such as HVAC units and water heaters with more reliable new units.

The Kentucky Targeted Owner-Occupied Emergency MHU program discourages serving units located in a special flood hazard area but waiver to locate a unit in the floodplain can be requested provided: 1) replacement unit can be elevated a minimum of 3 feet above base flood elevation, 2) a Stream Construction permit for a floodplain is obtained from the Kentucky Energy and Environment Cabinet Division of Water; and 3) assisted household must maintain flood insurance.

### **How Does Your Proposal Help Advance Environmental Justice?**

Both DLG and KHC are committed to funding activities that advance Environmental Justice for people or communities that have been environmentally underserved or overburdened (e.g., low-income, and Black and Brown communities). Since at this time the exact locations of the communities, properties and/or units to be assisted have not been identified, we cannot provide specific data from the Climate and Economic Resilience Screening Tool, however, the Tool will be referenced in the competitive Notice of Funding Availability (NOFA) for applicants. We will use the following resources as a part of the selection criteria to help guide funding prioritization: HUD and state designated Most Impacted and Distressed (MID) counties; the Natural Hazard Map; the Climate and Economic Justice Screening Tool; the Distressed Community Index; and Qualified Census Tracts. However, we will also ensure that manufactured communities with diverse populations are included.

The activities set forth in this Proposal will advance environmental justice by improving infrastructure, rehabilitating or replacing manufactured housing units, and weatherization efforts. Infrastructure improvements such as sewer, water, water retention, drainage systems and improved green spaces will help overcome prior disinvestment in environmental infrastructure.

Under the Program, access to green technologies, such as solar energy for low- and moderate-income households will be increased. Once the program is launched, efforts will be undertaken to educate ROC residents about the program and serve eligible households. The Kentucky Energy and Environment Cabinet Office of Energy Policy (OEP) will partner on the PRICE program, stating “For the PRICE Main application, we commit to partnering our Solar for All funding to eligible households both under our grant and the PRICE Main project where the eligibility criteria match. The Solar for All grant will enable renewable energy to be utilized as part of an overall strategy to build more housing resiliency with mobile home replacement and rehabilitation.”

The Program will also conduct mitigation and resilience activities that address the rising threat that extreme weather events. The home repair and replacement activities will improve protection from and resilience to environmental harms by ensuring that residents are in MHUs better equipped to respond to climate change and extreme weather events as older, unimproved units in poor condition are less likely to survive those events, particularly pre-HUD code units manufactured prior to 1976. These investments will also significantly improve the energy-efficiency of assisted households’ homes.

Kentucky ROCs infrastructure investments should also improve climate resiliency, particularly from any street, sewage, and drainage investments that will allow a MHC to better manage water accumulation and runoff in a severe rain event. The infrastructure investments can also leverage available CDBG/CDBG-DR funding from DLG.

Efforts will also be undertaken to link eligible ROC residents to their community’s Weatherization Assistance Program. In addition to reducing home energy costs, Weatherization measures can also improve climate resiliency by better sealing the building envelope and replacing appliances such as HVAC units and water heaters with more reliable new units.

## **Community Engagement**

### **How Will You Seek and Encourage Diverse Stakeholder Participation?**

To successfully implement the activities in this Proposal, input from impacted stakeholders is vital to ensure that the program design will result in the expected outcomes. Encouraging and obtaining diverse stakeholder participation is the only way to ensure that the Program is designed to reach underserved communities and the groups least likely to participate.

If our PRICE Proposal is selected for funding, we will ensure that the resulting Programs we select for subrecipient funding will make all efforts to include diverse perspectives and input into the design and implementation aspects of the Program. Diverse stakeholder outreach must be conducted broadly throughout the proposed project area to reach demographic groups that would be unlikely or least likely to provide input absent such efforts. Specific activities, such as outreach through community contacts, service providers or faith leaders, at community centers serving the target population(s); and marketing on websites, social media channels, television, radio, and print media serving local members of the targeted group(s) will be required. Applicants for funding will be required to publish marketing materials in multiple languages to better reach potential stakeholders in the area with language limitations.

The Kentucky ROCs Program to preserve and improve existing manufactured housing communities by acquiring and converting them to resident-owned cooperatives will likely provide the most direct way to engage stakeholder participation. In selecting which communities are chosen for funding for conversion to ROCs, we will prioritize those where the funding applicant made comprehensive and consistent efforts to engage diverse perspectives in the design of its proposal. We will look for outreach strategies based on the specifics of each proposed community using mixed methods such as canvassing (in multiple languages as appropriate), surveys, and community meetings. We will expect to see evidence of data and mapping tools that show the applicant has a good understanding of the specific area and communities within it. We will prioritize proposals that have concrete plans for ongoing collaboration and direction input from the impacted community on issues such as financing, infrastructure upgrades and design, and including technical assistance and capacity building provided by ROC USA.

**How does your proposal align with existing community plans and policies?**

The proposed PRICE Program is in alignment with existing community plans and policies, specifically the State’s Consolidated Plan, Analysis of Impediments to Fair Housing Choice and disaster recovery plans for areas of the state recently impacted by severe natural disasters.

*Consolidated Plan and Analysis of Impediments to Fair Housing Choice*

The Department for Local Government (DLG) and Kentucky Housing Corporation (KHC) collaborate on the development of the state’s Analysis of Impediments to Fair Housing Choice (AI) and Fair Housing Action Plan, and the Consolidated Housing and Community Development Plan (Consolidated Plan). The activities proposed in this PRICE Project align with both documents in that both recognize the great need in the state for affordable housing and the PRICE Project looks to further options for affordable, accessible housing through the preservation, rehabilitation, or replacement of existing manufactured housing and the creation of MHCs.

The Consolidated Plan specifically looks to address housing and community development needs throughout the Commonwealth. Increasing homeownership and supporting the rehabilitation of affordable homeownership options; expanding access to affordable housing opportunities for persons of low-and moderate-income; and increasing the quality of life in communities through water/sewer improvements and flood drainage improvements were some of the top goals of the state’s most recent Consolidated Plan. The proposed Price Project plans to address all these goals.

One of the areas identified as an impediment to furthering fair housing choice in Kentucky’s Fair Housing Action Plan is the specific vulnerabilities faced by many households who reside in manufactured housing. The AI found that residents of mobile home parks are particularly vulnerable to evictions and that the energy costs for manufactured housing are often excessive, especially for many of the older units. Currently, KHC’s Weatherization Assistance Program serves people in manufactured housing and approximately 40% of the homes addressed in the program statewide are manufactured homes.

Funding from the PRICE Main program would permit us to further address these identified impediments for persons living in manufactured housing by assisting with preservation and/or

replacement of manufactured homes, providing eviction prevention assistance and protecting affordable housing options by facilitating the converting of mobile home parks to resident-controlled communities.

### **Disaster Recovery Plans**

Numerous Kentucky communities were adversely impacted by natural disasters in recent years; Presidentially-declared disasters occurring in February/March 2021 (DR-4595: severe storms, flooding, landslides, and mudslides) in southeastern, south central, and western Kentucky, December 2021 (DR-4630: severe storms, straight-line winds, flooding, and tornadoes) impacting western Kentucky, and in July 2022 (DR:4663: severe storms, flooding, landslides, and mudslides ) impacting eastern Kentucky. These natural disasters resulted in the damage and destruction of numerous housing units in several counties in both regions. The American Red Cross (ARC) conducted evaluations in which housing units were inventoried to determine the number of homes that were destroyed or damaged (both minor and major damage).

**Western Kentucky (December 2021)** Overall, 16 counties had some inventory of housing that was adversely impacted by the natural disasters. In total, 2,639 units were categorized as either destroyed or had major damage. An additional 1,512 units showed evidence of having minor damage.

**Eastern Kentucky (July 2022)** Overall, 12 counties had some inventory of housing that was adversely impacted by the natural disasters of July 2022. In total, 2,311 units were categorized as either destroyed or had major damage. An additional 1,625 units showed evidence of having minor damage.<sup>10</sup>

Additionally, Kentucky has eleven (11) census tracts identified by FEMA as a Community Disaster Resilience Zone, which designates areas that are underserved and most at risk of disaster because of the effects of climate change.

The geographic area this PRICE Proposal will cover is the Commonwealth of Kentucky, with special emphasis on HUD and state designated Most Impacted and Distressed (MID) counties (areas in the eastern and western parts of the state that were significantly impacted recently by flooding and tornadoes, respectively). We will also use the Natural Hazard Map, the Climate and Economic Justice Screening Tool, the Distressed Community Index, and Qualified Census Tracts to help guide funding prioritization. However, we will also prioritize manufactured communities with diverse populations.

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<sup>10</sup> Kentucky Housing Corporation, Housing Gap Analysis at <https://www.kyhousing.org/Data-Library/Housing-Gap-Analysis/Pages/Data.aspx>

**HUD PRICE NOFO**

**Proposal**

**Department for Local Government  
Commonwealth of Kentucky**

**Exhibit E: Capacity**

**DRAFT**

## **Exhibit E: Capacity**

### **What experience do you have managing projects?**

The Kentucky Department for Local Government (DLG) and Kentucky Housing Corporation (KHC) receive and/or have been awarded well over \$2 billion in State, Federal, and private resources to produce affordable housing over the past 50 years. DLG and KHC have decades of experience proposing, managing, implementing, and coordinating housing and community development projects such as this PRICE Proposal. DLG and KHC frequently work together to provide affordable housing and economic development opportunities to decrease the number of poverty-level families living in unsafe and unaffordable housing in Kentucky. DLG housing programs are typically, but not limited to, single-family housing rehabilitation. DLG also offers many non-housing programs that focus on community and economic development to combat poverty. KHC's programs range from homeless assistance and Section 8 rental assistance to homeownership and housing financing programs.

### **Roles and Responsibilities**

As state agencies, DLG and KHC have significant experience serving as project managers to oversee and coordinate federal grant programs. They have great familiarity and successful track records in program design, procurement, compliance, project implementation and oversight of subrecipient partners. If funded, the PRICE grant and compliance activities will be administered by DLG, who has overseen the CDBG, CDBG-DR, CDBG-CV, and NSP1 and NSP3 Federal grant affordable housing programs for the Commonwealth. DLG has an extensive history of administering the CDBG affordable housing program for the State for over 50 years, including serving as an initial pilot program for the State and Small Cities Program for HUD.

### **References**

References who can speak to DLG and/or KHC's experience managing grant projects include the following: J.D. Chaney, Executive Director/CEO, Kentucky League of Cities, [jchaney@klc.org](mailto:jchaney@klc.org); Shellie Hampton, Kentucky Association of Counties (KACo) [shellie.hampton@kaco.org](mailto:shellie.hampton@kaco.org); Vonda Poynter, SVP of Membership, Fahe ([vonda@fahe.org](mailto:vonda@fahe.org)); Cassie Hudson, Executive Director, Partnership Housing, Inc. a housing development nonprofit in Appalachia ([cassie.hudson@ymail.com](mailto:cassie.hudson@ymail.com)).

### **What is your experience using grant funds?**

DLG and KHC have decades of experience in administering both federal and state grant funds. DLG administers, among others, the following federal grant programs: CDBG (Housing, Economic Development, Public Facilities, Services and Public Improvements/Infrastructure) funds statewide (except for cities that receive a direct allocation of CDBG funds), CDBG-DR, CDBG-CV and NSP funds. KHC administers, among others, the following federal grant programs: HOME funds (for Homeowner, Multifamily and Rental Assistance activities), Emergency Shelter Grant (ESG), Housing for People with AIDS (HOPWA), National Housing Trust Funds (HTF) multifamily activities (production and rehabilitation of affordable housing), Weatherization Assistance Program, Family Self-Sufficiency, Continuum of Care, Project-Based Contract Administration and Housing Choice Vouchers.



## **Examples of Experience Managing and Expending Grant Funds**

The Department for Local Government's best example of administering is our annual allocation of the State and Small Cities CDBG program. Each year DLG receives over approximately \$25 million from in CDBG funds to be distributed through a competitive grant application process. DLG provides on our website a set of Program Guidelines designed specifically for our local government subrecipients (and their partners) on how to apply for the grant funds. Like our anticipated PRICE program, many of our subrecipient partners applying for our CDBG affordable housing program will utilize other matching State and Federal funds such HOME, AHTF, Housing Trust Fund, and/or RHTF through our partnership with KHC to be leveraged together.

Once a subrecipient has been awarded CDBG funds they are required to contract a certified Kentucky CDBG administrator, who has been certified through our HUD approved Kentucky CDBG certification program. DLG provides all our certified CDBG grant administrators Kentucky CDBG Certified Administrators Handbook for guidance on how to administer every project, ensuring compliance on every project with the State and Federal regulations intersecting the CDBG program in our State. In addition to our Handbook resources available on our website, each subrecipient and project is provided an experienced staff representative from DLG to guide them and help with any troubleshooting necessary in the completion of a project.

**Example 1:** In one of our most recently funded housing project examples, DLG awarded \$1,000,000 in CDBG-CV funds to the City of Bowling Green, along with Live the Dream Development, Inc. (LTD), for the construction of one (1) triplex and three (3) duplexes for affordable rental housing. All ten (10) units will be constructed utilizing Universal Design Standards. Upon completion, the ten (10) units will be owned, maintained, and operated by LTD to serve renters who are Low-to-Moderate Income. This project will also combine Federal grant funds with private funding from non-profit partners for the construction of new housing units to alleviate overcrowding at the City's transitional housing locations.

**Example 2:** Another example of a recently completed housing rehabilitation project, DLG awarded \$999,352 in CDBG funds for the City of Newport and Newport Millennium Housing Corporation (NMHC), to address the continued housing rehabilitation and revitalization of the City's housing stock in the City's west end neighborhood. The NMHC is a non-profit development arm of the Housing Authority of Newport (HAN). The project will include the development and construction of five housing units and the rehabilitation of two units. The five vacant lots and two vacant homes were owned by NMHC. The two rehabbed homes were in conformance with the Secretary of the Interior's Standards for Rehabilitation of Historic Structures to preserve the historical integrity of the buildings.

**Example 3:** In addition to funding affordable housing projects, DLG also awards CDBG funds for other projects that support the infrastructure needed for affordable housing in our local communities. One recently completed project for the City of Frenchburg replaced the City's wastewater collection system. The line replacements and point repairs were made following the completion of the Sanitary Sewer Evaluation Survey (SSES) and camera inspections. One challenge DLG assisted the city and its engineers with during this project was finally determining through the SSES the most at-risk areas in the system needing assistance. The

project related approximately 10,000 LF of 6”, 8”, and 10” of gravity sewer lines and 81 service lateral connections with new PVC pipe; completing approximately 20-point sewer line repairs (15 LF each); relining 62 manholes; and lining approximately 1,600 service lateral lines.

### **Who are your key staff?**

#### **Department for Local Government**

Under the guidance of Billie Renee Johnson, DLG has quadrupled its affordable housing staff in the last five years due to the increased demand for affordable housing from our subrecipient local governments. As the PRICE program is built upon the foundation of the CDBG regulations, the experience of the DLG staff will serve as the administrative guide for the program, if funded.

The following DLG Federal Programs leadership and key staff will be responsible for the leadership, management, and implementation of the PRICE program life cycle:

- Executive Director – Billie Renee Johnson
- Housing Branch Manager – Travis Weber
- Finance Branch Manager – Mark Williams
- State Environmental Officer – Jennifer Peters
- Housing Program Advisor – Cathy Foglestahler
- Housing Program Advisor – Roy Brothers
- Local Government Advisor – Cole Sutton
- Fair Housing and Section 3 Coordinator – Trey Greenwell

In addition to the staff above, DLG is in the process of hiring two additional housing program advisor positions to assist in the build out of our housing programs, including PRICE. The staff highlighted above have 160 years of combined CDBG affordable housing experience.

#### **Kentucky Housing Corporation**

Wendy K. Smith - **Deputy Executive Director, Housing Programs** - Ms. Smith has 28 years’ experience in affordable housing and community development and has been in leadership at KHC for 10 years. Ms. Smith leads over 20 federal and state housing programs at KHC. She also oversees state programs such as the Affordable Housing Trust Fund and the Rural Housing Trust Fund. Ms. Smith’s current work is focused on helping Kentucky recovery from major natural disasters and address the severe housing supply shortage faced by communities across the Commonwealth. Ms. Smith will provide executive leadership for the PRICE grant.

Curtis Stauffer - **Managing Director-Housing Contract Administration** - oversees the division responsible for subrecipient grants for homeless programs (ESG, CoC, HOME TBRA), Housing Opportunities for Persons with AIDS (HOPWA), single-family homebuyer development (HOME, KY AHTF, KY Rural HTF), and owner-occupied home repair (KY AHTF, KY Rural HTF and Weatherization). Prior to joining KHC, Curtis was Assistant Director of Louisville Metro Government’s Office of Housing and Community Development. He will lead policy development and provide Project oversight for PRICE-funded activities.

Keli Reynolds – **Assistant Director of Single-Family Programs** – Administers single family development initiatives with HOME and the state’s Affordable Housing Trust Fund in addition to directing weatherization activities for the U.S. Department of Energy and the Kentucky Cabinet for Health and Family Services. Ms. Reynolds has 18 years of experience in affordable housing and 8 years are in development. She has a relationship with partners throughout the state to identify sites for this project and can help access weatherization services as well as the Solar for All grant. She will work with this Project to develop policies and procedures for operations.

Jessica Shelton – **Supervisor, Single-Family Production** – supervises the day-to-day operations for the single-family development team, which administers the HOME and state’s Affordable Housing Trust Fund. She implements policies and procedures to setup properties for funding and oversees underwriting of projects. Ms. Shelton has four years of experience with development and another two years in construction for a Community Housing Development Organization (CHDO). She will continue her day-to-day management duties with this Project.

Kathy Lykins – **Manager, Compliance** – Ms. Lykins has been with KHC for over 10 years. She has served as a compliance officer and now the manager for the compliance team. She will monitor the financial administration for this Project. She will ensure that the Project is following the regulations and policies of the PRICE-funded activities.

Johnny Bush – **Manager, Design & Construction** – Mr. Bush has been with KHC for about 8 years. He started as a building inspector, transitioned to administering the weatherization program, and is now the manager for KHC’s design & construction department, which oversees the design standards and inspections for single- and multi-family development. Mr. Bush is a Level III Building Inspector and will be implementing design standards and managing inspections for this project. Mr. Bush has over 20 years of experience in construction and has a deep knowledge of manufactured housing rehab/repair. He will lead the inspection team for PRICE-funded activities.

Jennifer Oberlin – **Environmental Review Technical Administrator** – Serves as the lead environmental review policy analyst and reviewer. With over 5 years of experience with environmental reviews (ERR) for HUD-funded projects, Ms. Oberlin currently does all ERR review in HEROS and will serve as the lead ERR reviewer for this project.

### **Staffing Gaps, Vacancies and Contingency Plans**

As mentioned previously, DLG is currently in the process of hiring two additional housing program advisor positions to assist in the build out of our housing programs, so it should be adequately positioned for staff if PRICE funding is awarded.

Depending on the amount of PRICE funding received, KHC anticipates possibly needing to hire an additional staff member in the single-family production and the inspection team. In the event of vacancies that may occur mid-project, KHC has other staff from other rehab and development programs that could be reassigned to ensure project continuity until appropriate staff can be hired or contracted with the fill any vacancies.

DLG and KHC work with a statewide network of local governments and nonprofit agencies, so should any partner/subrecipient loss occur during the project, these partner networks could be tapped to fill any unexpected gaps.

### **Managing Partner Organizations**

Both DLG and KHC have extensive experience managing partner and subrecipient organizations for federal and state programs so already have policies and processes in place to ensure that they are meeting expectations required for successful project implementation. If PRICE funds are awarded, a program implementation plan will be put into effect. DLG and KHC will finalize program design, including policies and procedures and program documentation requirements. Applicant outreach and education will inform potential subrecipients of the Program parameters and expectations. Detailed funding agreements will provide concrete guidelines of expectations, staff will provide technical assistance throughout the Program and all subrecipients will be monitored to ensure Program expectations are met.

### **What is your experience promoting racial equity?**

As the lead statewide entities on housing and development, DLG and KHC attempt to promote racial equity through proactive and responsive strategies that meaningfully engage disparately impacted communities, including but not limited to Black, Brown and LEP community members, in all stages of project and product development activities from initial planning to long-term impact evaluation. DLG requires that all grantees must adhere to all the basic tenets of fair housing and equal opportunity regulations and so must “endorse in attitude and in deed all regulations for fairness.” DLG mandates that all CDBG grantees commit to perform the following activities to further fair housing and ensure nondiscrimination: 1) Maximize choice within the community’s total housing supply; 2) Lessen racial, ethnic and economic concentrations of housing; 3) Facilitate desegregation and racially inclusive patterns of occupancy and use of public facilities; 4) Provide for equal access in HUD-funded programs and facilities/buildings; and 5) Administer the project in a manner to affirmatively further fair housing. Grantees are made aware that fair housing provisions apply to the locality as a whole and not just those activities that are CDBG-funded; and that implementing fair housing activities is an essential part of the CDBG responsibilities.

The two agencies collaborate on the development of the state’s *Analysis of Impediments to Fair Housing Choice* (AI) and the Consolidated Plan. The fair housing analysis in the AI focuses on patterns of integration and segregation, racially and ethnically concentrated areas of poverty, disparities in access to opportunity, and disproportionate housing needs and informs the use of the Consolidated Plan to make data-driven, place-based investment decisions. The information gained from the research and input used for the AI and Con Plan permit DLG and KHC to develop specific action steps to address identified fair housing impediments which include geographic concentrations of minority and poverty-level households, lending discrimination, disability accessibility, fair housing monitoring and reporting, and housing discrimination.

KHC has an internal DEI Panel that works to expand cultural sensitivity and awareness both internally and externally. The DEI Panel’s charge is to intentionally create meaningful ways to advance and drive culture transformation, improve community engagement by increasing informational channels to diverse communities about housing opportunities, and continue to provide staff with training on diversity, equity, and inclusion, and its impacts on everyday lives.

The Panel is also undertaking initiatives to include diversity, equity, and inclusion considerations in the relationships with KHC's partners, contractors, and grantees externally.

KHC has a Multicultural Customer Service and Outreach Coordinator (MCSOC) who assists the agency in coordinating marketing, outreach, and engagement activities for multicultural populations. Additionally, the MCSOC has developed strategic partnerships with community stakeholders to further improve KHC's outreach and engagement activities with minority communities, the underserved, and the Limited English Proficiency communities.

All KHC staff members are required to complete Fair Housing Training annually.

**What is your experience completing environmental reviews?**

As DLG is home to the State's Environmental Officer for the CDBG, CDBG-CV, and CDBG-DR programs, it can provide our subrecipients and grantees with over 25 years of experience in managing and overseeing every environmental review conducted as part of our programs in the State. To assist our grantees, we provide a step-by-step Chapter from our HUD approved Kentucky CDBG Certified Administrator's Handbook (see Chapter 2 Environmental Review) that not only guides the grantee but also provides copies of each form necessary to be completed when performing a Part 58 Environmental Review.

Kentucky Housing Corporation serves as the Responsible Entity for Part 58 environmental reviews for the following funding sources used in the 118-county Kentucky Balance of State: HOME Investment Partnerships (HOME), National Housing Trust Fund (HTF), Continuum of Care (CoC), Emergency Solutions Grants (ESG), Housing Opportunities for Persons with AIDS (HOPWA), and Project-based Vouchers (PBVs). KHC initiates and or manages consultations with other governmental entities including tribes, US Fish and Wildlife Service, State Historic Preservation Office, and the National Park Service, as required for individual projects. Subrecipient agencies, developers (and their consultants), and KHC staff members complete preliminary environmental reviews records for review and approval by KHC leadership, including the Environmental Review Record Technical Administrator. KHC submits requests for release of funds to HUD for projects that do not convert to exempt after required public comment periods. KHC also manages and documents any mitigating activities if required after HUD issues an Authority to Use Grant Funds for projects.

**Are you familiar with cross-cutting federal requirements?**

As experienced administrators of HUD funds, DLG and KHC have extensive knowledge and experience with cross-cutting federal requirements such as 2 CFR 200 (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards), Davis-Bacon Labor Standards (DBLS), fair housing and nondiscrimination requirements, and the 49 CFR 24 Uniform Relocation Act (URA). As previously noted, DLG and KHC have decades of experience managing infrastructure and affordable housing projects, all of which included cross-cutting federal requirements. DLG and KHC comply with all fair housing and non-discrimination requirements imposed at the federal, state, and local levels. In accordance with the Fair Housing Act, HCD does not discriminate on the basis of race, color, national origin, religion, sex (including gender identity and sexual orientation), familial status, or disability in their administration of funding for housing assistance.

In addition to the cross-cutting regulations and requirements of a Part 58 Environmental Review required on each CDBG project, DLG provides guidance on all Federal cross-cutting regulations necessary. Subrecipients and grantees can find guidance on the cross-cutting regulations in our Kentucky CDBG Administrators Handbook. In addition, DLG has an experienced staff person appointed to each of the Federal cross-cutting regulations for our subrecipient partners.

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**HUD PRICE NOFO**

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Commonwealth of Kentucky**

**Exhibit F: Match or Leverage**

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## Exhibit F: Match or Leverage

### Sources and Amounts of Leveraged Funding

DLG's partnership with the Kentucky Housing Corporation will ensure our capacity to leverage all our local government and non-profit housing development partners. Through these partnerships we can maximize our use of the PRICE program funding in leveraging all our resources and effectively adjusting our project scopes to meet the needs of our partners.

The Kentucky Department for Local Government (DLG) is committed to making available up to \$3,353,572 from our traditional Community Development Block Grant (CDBG) State and Small Cities Program to address the urgent need facing manufactured housing in Kentucky. Our current CDBG Housing program prioritizes those projects that leverage other funding, such as PRICE funding, in our program guidelines.

The CDBG funds could be used for redevelopment of the infrastructure and site development needs of the manufactured housing project. Additional funds potentially available for leverage from DLG include our CDBG Disaster Recovery Program (CDBG-DR) for projects located in counties most impacted and distressed (MIDS) from recent flooding events in Eastern Kentucky and tornados in Western Kentucky. DLG has available up to \$114,905,300 from CDBG-DR to assist projects in those designated areas. DLG has already committed up to \$6,000,000 in CDBG-DR funds to assist manufactured housing in disaster recovery efforts in Eastern Kentucky.

The Commonwealth of Kentucky Cabinet for Economic Development will make available \$200,000,000 to non-profit partners and Units of Local Government that must be used as leverage or matching funds on eligible federal grant awards, such as PRICE. These funds will be available to our non-profit partners and local governments as an additional resource.

If Kentucky receives a PRICE award, KHC will prioritize applicants who choose to partner with PRICE subrecipients in the annual competitive application for Kentucky Affordable Housing Trust Fund (AHTF) Home Repair Program funding. KHC, as the Weatherization Assistance Program (WAP) administrator for the Commonwealth of Kentucky, will also use the Kentucky WAP subrecipient network to provide energy efficiency improvements to income-eligible households and properties in the PRICE-assisted communities. Additionally, subrecipient developers may also choose to use existing AHTF Home Repair or Kentucky Rural Housing Trust Fund Home Repair funding to augment PRICE-funded rehabilitation activities in assisted manufactured home communities. The Fahe Kentucky Caucus, a coalition of non-profit housing developers serving Appalachian Kentucky, has pledged to support a PRICE-funded program by identifying other funding streams that could leverage PRICE investments, including KHC funding.

The Commonwealth will leverage the expertise of partners such as ROC USA, the nation's leader in creating ROCs, to facilitate and finance the conversion of privately held MHCs to ROCs. ROC USA Capital, ROC USA's CDFI, **has committed to underwrite \$12 million in loans to fund conversion of MHCs under the Kentucky ROCs program.** ROC USA will use



PRICE funds to offset ROC debt “as either subordinate grants/loans or as part of the funding of 1st mortgage acquisition loans.

**Funding Risks and Contingency Plan**

Should this Proposal receive less funding than requested, we will fully assess the other funds that can be leveraged and adjust the Project scope based on the amounts. In the unlikely event that other funders withdraw support or internal budget factors prevent us from meeting our proposed timeline or completing certain activities, we will promptly and proactively look to ways to modify the Project to achieve as many of the goals with as little an impact on the Project’s end recipients as possible.

Should DLG not receive any award of PRICE funds we will still be committed to addressing the urgent needs facing manufactured housing communities in Kentucky and will work to determine how to include and prioritize those needs through our current funding programs.

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**HUD PRICE NOFO**

**Proposal**

**Department for Local Government  
Commonwealth of Kentucky**

**Exhibit G: Long-term Effect**

## Exhibit G: Long-term Effect

### **How will your proposed activities retain other affordable housing opportunities for LMI households in the community?**

The proposed Project will support six ROC conversions and accompanying infrastructure improvements, provide approximately 150 residents of those ROCs with home repairs, including accessibility improvements, and replace approximately 50 pre-1976 MHUs (or younger units where rehabilitation is not economically justifiable) occupied by ROC residents, with Energy Star-rated units. Additionally, it will provide Energy Star-rated replacement MHUs to 100 very low-income households residing in units built before 1976 who face severe housing cost burden and housing conditions that pose a threat to occupant safety. These investments will help preserve naturally occurring affordable housing, empower residents of ROC communities, provide residents in MHUs with substandard housing conditions with needed repairs or unit replacement, and improve the quality of shared infrastructure and community amenities in assisted MHCs. Assisted households will be able to reside in safe, decent, energy-efficient permanently affordable homes.

By preserving these units and strengthening these communities, we will be able to retain existing affordable housing and at the same time help to reduce the demand on other affordable housing options. Since affordable housing is in such short supply across the state, any efforts that decrease displacement help prevent manufactured housing residents from adding to the demand for the limited affordable housing stock. By preventing displacement of manufactured housing residents, we will help to retain affordable housing opportunities for other LMI households in the communities.

### **How will you ensure LMI households are not eventually priced out of the community?**

Both the Kentucky ROCs and Kentucky Targeted Owner-Occupied Emergency MHU Replacement Programs will ensure the long-term availability of affordable manufactured housing options to low- and moderate-income households. Transferring MHC ownership to a resident-owned limited liability cooperative under the Kentucky ROCs Program will ensure that residents are not at risk of rapidly increased lot rents and have a voice in their community's management. In a presentation to the National Council of State Finance Agencies, ROC USA reported that ROC site fees are \$600/year below market after 5 years and that ROCs are raising site-fees 1% per year compared to a 5.9% industry average. As stated by Freddie Mac "[t]he main reason for higher pad rents at investor communities is the investor's need to seek economic returns, while shareholders in a resident-owned community have no such need, and any excess collections by the community are retained by the community." The Kentucky ROCs Program will use PRICE funds to offset acquisition and infrastructure improvement debt incurred by ROC MHCs to ensure that site fees resident owners pay to the limited equity cooperative remain comparable to or reduced from the lot rents residents paid to the previous owner of the MHC and are only subject to reasonable increases over time.

The Project will also ensure the ongoing affordability of assisted ROCs by placing a 30-year affordability deed restriction on the land. Additionally, payment on 0% interest forgivable loans provided for home repair and unit replacement (in both programs) will be limited to 30% of an assisted household's adjusted income during the 15-year period of affordability. At the conclusion of that period, the remaining balance on the loan will be forgiven.

**How will you help current renters and homesite renters become homeowners or otherwise acquire an interest in the lot?**

*Kentucky ROCs Unit Renter Protections:*

For the Kentucky ROCs program, additional protections will be provided to renters of MHUs in a ROC. Per ROC USA’s zero displacement standards when establishing a new ROC:

- During the conversion of a ROC - residents renting MHUs will be permitted to stay, and the landlord will be invited to become a member of the ROC.
- During the Conversion Process - if the MHC owner selling the land to the ROC also owns and leases units in the MHC, the ROC will attempt to acquire the units as part of the MHC acquisition and will continue to lease to existing renters if they choose not to acquire the unit from the ROC after purchase.
- Post conversion - renters of units in the ROC, now owned by the ROC, will be contacted to assess if they wish to purchase their unit. If so, ROC USA, in conjunction with the ROC’s Board of Directors, will assist the tenant with purchase negotiations and financing of the unit.
- Post Conversion - the initial ROC lot lease with a MHU rental’s landlord requires a right of first purchase option for the tenant or a buyer who will be a member of the ROC if the landlord chooses to sell the unit.

*Kentucky ROCs Homesite Renter Protections:*

For the Kentucky ROCs program, ROC members who own their units will have resident protections based on ROC USA’s model which typically exceed the standards established by Freddie Mac for manufactured housing in 2021. Each ROC Board of Directors will adopt their own policies, likely using ROC USA’s guidance. However, to ensure basic protections are maintained by all Kentucky ROCs MHC’s, the Commonwealth will mandate that protections established by ROC MHC boards meet or exceed the following Freddie Mac standards:

- One-year renewable lease terms, unless there is good cause for non-renewal
- 30-day written notice of rent increases
- Five-day grace period for rent payments and the right to cure defaults on rent payments
- Right to sell the manufactured home to a buyer that qualifies as a new tenant in the community, without having to first relocate it out of the community
- Right to sell the manufactured home in place within 30 days after eviction by the community owner
- Right to sublease, or assign the pad site lease, for the unexpired lease term to the new buyer of the tenant’s manufactured home without any unreasonable restraint, so long as the new buyer or sublessee qualifies as a new tenant within the community
- Right to post “For Sale” signs that comply with community rules and regulations
- Right to receive at least 60-days’ notice of planned sale or closure of the community

**How will your proposed activities ensure the long-term affordability, including lot rents and other fees as applicable, of housing without future federal subsidies?**

Both the Kentucky ROCs and Kentucky Targeted Owner-Occupied Emergency MHU Replacement programs will ensure the long-term availability of affordable manufactured housing options to low- and moderate-income households. Transferring MHC ownership to a resident-owned limited liability cooperative under the Kentucky ROCs program will ensure that residents are not at risk of rapidly increased lot rents and have a voice in their community’s management.

*Preserving Affordability in Kentucky ROCs:*

- A 30-year affordability deed restriction will be placed on each Kentucky ROC MHC's lots and infrastructure.
- The Project will use PRICE funds to offset acquisition and infrastructure improvement debt incurred by ROC MHCs to ensure that site fees resident owners pay to the limited equity cooperative remain comparable to or reduced from the lot rents resident paid to the previous owner of the MHC and are only subject to reasonable increases over time.
- ROC units receiving PRICE-funded home repair or replacement will be secured via partially forgivable loans for the cost of the repairs or the replacement unit. Adjustable 0% mortgage payments will be calculated as 30% of adjusted gross monthly income and will be made for the duration of a 15-year period of affordability, unless the subrecipient requests a hardship waiver from KHC on behalf of the client. Any mortgage balance remaining at the conclusion of the 15-year period of affordability for units receiving repairs will be forgiven.
  - Should the assisted household sell the unit during the period of affordability, the HOME Investment Partnerships recapture provisions will be employed.
  - Program income generated by loan payments will be allocated to the Kentucky Targeted Owner-Occupied Emergency MHU Replacement Program.

*Preserving Affordability in Kentucky Targeted Owner-Occupied Emergency MHU Replacement:*

Replacement units will be secured via partially forgivable loans for the cost of the replacement unit. Adjustable 0% mortgage payments will be calculated as 30% of adjusted gross monthly income and will be made for the duration of a 15-year period of affordability, unless the subrecipient requests a hardship waiver from KHC on behalf of the client. Any mortgage balance remaining at the conclusion of the 15-year period of affordability for units receiving repairs will be forgiven. Should the assisted household sell the unit during the period of affordability, the HOME Investment Partnerships recapture provisions will be employed.

*Revolving Loan Fund:*

Any program income generated by payments on PRICE partially forgivable loans for MHU repair or replacement under both the Kentucky ROCs and Kentucky Targeted Owner-Occupied Emergency MHU Replacement programs will be allocated to the Kentucky Targeted Owner-Occupied Emergency MHU Replacement Program revolving loan fund. KHC will allocate funds to program subrecipient(s) once program income balances are sufficient to acquire additional replacement unit(s).

**How will your proposed activities promote stable homeownership options in the long-term, including both the house itself and the lot on which it sits?**

Both the Kentucky ROCs and Kentucky Targeted Owner-Occupied Emergency MHU Replacement programs will promote stable homeownership options to low- and moderate-income households. Via the Kentucky ROCs program, the Commonwealth will ensure that some of the state's 1,594 mobile home parks of record will be able to remain affordable in perpetuity by acquiring existing Manufactured Home Communities (MHCs) and converting them to Resident-Owned Cooperatives (ROCs). Under the ROC model, residents pay site fees to a limited equity cooperative that they own, rather than a landlord. Because the cooperative owns the land,

resident ownership is secure; this can enable residents to qualify for a lower interest home mortgage loan, rather than a higher interest, personal asset chattel loan. The ROC's profits from rent are reinvested into the MHC. By investing in infrastructure improvements and unit repair/replacement along with ROC creation, the Kentucky ROCs program will ensure that residents in assisted MHCs have housing cost stability and secure tenure in safe, decent housing in desirable communities.

The proposed Kentucky Targeted Owner-Occupied Emergency MHU Replacement Program will be available to qualified owner-occupied MHUs where the owner currently owns the lot or has a substantial ownership interest in the lot. Subrecipients will replace approximately 100 pre-1976 manufactured housing units occupied by very low-income Kentuckians who face health and safety risks in their homes and carry a severe housing cost burden with a new, Energy Star-rated replacement unit. All replacement units will be permanently affixed to the land and recorded as real property. Replacement units will be secured via partially forgivable loans for the cost of the replacement unit. Adjustable 0% mortgage payments will be calculated as ex of adjusted gross monthly income and will be made for the duration 15-year period of affordability, unless the subrecipient requests a hardship waiver from KHC on behalf of the client. Any mortgage balance remaining at the conclusion of the 15-year period of affordability will be forgiven.

**How will your proposal support underserved communities in the long term? How will your proposed activities advance housing access and justice for vulnerable populations or underserved communities? How will your proposal enable underserved communities, particularly those of color, to build wealth over the long term?**

By promoting homeownership opportunities among traditionally underserved residents of MHCs and MHUs and improving the quality, sustainability, and resiliency of their homes, the Kentucky Programs will support historically underserved communities through long-term housing affordability and livability. Many residents of aged, manufactured housing units experience severe financial burdens because they earn low incomes and face relatively high housing and home energy costs. A new, energy efficient home offers these households the opportunity for financial stability and, in turn, the opportunity to provide for their children, build wealth for the future and age in place.

As described above, the Kentucky Targeted Owner-Occupied Emergency MHU Replacement Program targets very low-income, severely housing cost burdened households living in pre-HUD code MHUs where substandard conditions pose a threat to residents' health and safety. As such, the program will serve some of Kentucky's most vulnerable residents. By replacing pre-1976 MHUs with new Energy-Star rated models recorded as real estate, this program will also increase assisted household's access to home equity by replacing a depreciating personal asset with appreciating real property.

Program activities will also help residents build housing equity by ensuring units are tied to the land and converted to real property. All units provided under the Kentucky Targeted Owner-Occupied Emergency MHU Replacement program will be permanently affixed to the land and recorded as real property. Similarly, ROC residents who own their MHU will also own the land through the shared equity benefit of lot ownership. ROC USA reports that homes in ROCs sell faster and for higher prices than comparable homes in comparable investor-owned MHCs. The

home repair/replacement activities provided under both proposed Kentucky Programs will also increase homeowner equity.

**How will your proposal make manufactured housing or MHCs livable, sustainable, and resilient? Examples may include, but are not limited to, long-term benefits of mitigation activities, weatherization, or infrastructure enhancement in MHCs. You may also describe how your proposal reduces resident health risks or exposure to environmental hazards.**

Kentucky ROCs infrastructure investments will also improve climate resiliency, particularly from any street, sewage, and drainage investments that will allow a MHC to better manage water accumulation and runoff in a severe rain event. With assistance and financing from ROC USA, assisted ROCs will identify and install needed infrastructure and amenity improvements, including, but not limited to roads, sewer, water, parking, water retention, community centers, and recreational facilities, all things needed to improve service provision, MHC systems capacity, and quality of life. PRICE funding will support costs for such activities and can also be leveraged by Community Development Block Grant (CDBG) and, where applicable, CDBG Disaster Recovery funding from DLG.

The Kentucky ROCs home repair and replacement activities will ensure that residents in MHUs better equipped to respond to climate change and extreme weather events as older, unimproved units in poor condition are less likely to survive those events, particularly pre-HUD code units manufactured prior to 1976. These investments will also significantly improve the energy-efficiency of assisted households' homes.

Under the forthcoming *Solar for All* program, the Commonwealth commits to expand access to solar energy to low- and moderate-income households. Once the program is launched, efforts will be undertaken to educate ROC residents about the program and serve eligible households. The Kentucky Energy and Environment Cabinet Office of Energy Policy (OEP) will partner on the PRICE program. The Solar for All grant will enable renewable energy to be utilized as part of an overall strategy to build more housing resiliency with mobile home replacement and rehabilitation. Solar system installation can also be an eligible home repair cost.

Efforts will also be undertaken to link eligible ROC residents to their community's Weatherization Assistance Program. In addition to reducing home energy costs, Weatherization measures can also improve climate resiliency by better sealing the building envelope and replacing appliances such as HVAC units and water heaters with more reliable new units.

Replacing unsafe pre-1976 MHUs with new Energy Star-rated units will ensure that residents are in MHUs better equipped to respond to climate change and extreme weather events as older, unimproved units in poor condition are less likely to survive those. The new units will also significantly improve the energy-efficiency of assisted households.

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**Proposal**

**Department for Local Government  
Commonwealth of Kentucky**

**Attachment A: Advancing Racial Equity Narrative**

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## Attachment A: Advancing Racial Equity Narrative

### Analysis of Racial Composition of Persons/Households in PRICE Proposal

Knowing the racial and ethnic makeup of Kentucky and its communities enables targeting the PRICE Projects to better reach persons or communities of color equitably and designing culturally sensitive informational and/or marketing materials to reach specific minority populations.

The U.S. Census Bureau American Community Survey (ACS) 2017-2021 5-Year Estimates found that Kentucky's population is approximately 4,494,359 million people. 85.5% of the state's population are White, 8.05% are Black or African American, 0.16% are American Indian and Alaska Native, 1.53% are Asian, 0.09% are Native Hawaiian and other Pacific Islander, 1.14% are some other race and 3.54% are multiracial. By ethnicity: 3.88% of the total population is Hispanic or Latino (of any race), and 96.12% is non-Hispanic. Among the Hispanic population in Kentucky, regardless of the race, the largest group is of Mexican origin, with a population of 52.93% of the total Hispanic population.<sup>1</sup>

The most recent Consolidated Plan in Kentucky, prepared by the Department of Local Government (DLG) and Kentucky Housing Corporation (KHC) examined the disproportional need of racial and ethnic groups in the state. According to HUD, disproportionate need refers to any need for a certain race/ethnicity that is more than ten percentage points above the need demonstrated for the total households within the jurisdiction at a particular income level. The four housing problems identified were 1) Housing unit lacks complete kitchen facilities; 2) Housing unit lacks complete plumbing facilities; 3) More than one person per room (overcrowded), and 4) Household are cost-burdened (between 30 and 50 percent of income is devoted to housing costs).

The report found that households in each of the identified racial and ethnic groups, regardless of their income, were disproportionately impacted by one or more housing problems. Low- and moderate-income African American, Pacific Islanders, American Indian and Alaska Native and Hispanic households have disproportionately greater housing needs when compared to the Commonwealth as a whole. Asian households are disproportionately impacted regardless of income level, except at the lowest income level.

The most recent statistical information on the racial and ethnic breakdown of who lives in manufactured housing in Kentucky calculated that the percentage of the total population that resides in manufactured housing is around 10.224%. Of that population, approximately 1.843% were Asian American, 1.527 were Black, 10.687% were Hispanic, and 11.5615 were another race or two or more races.<sup>2</sup>

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<sup>1</sup> <https://www.neilsberg.com/insights/kentucky-population-by-race/>

<sup>2</sup> diversitydatakids.org. 2021. "Households in mobile homes (percent) by race/ethnicity", retrieved from [https://data.diversitydatakids.org/dataset/25032\\_3\\_p-households-in-mobile-homes--percent--by-race-ethnicity?\\_external=True](https://data.diversitydatakids.org/dataset/25032_3_p-households-in-mobile-homes--percent--by-race-ethnicity?_external=True), calculated from American Community Survey Summary Files

## **Race and Ethnicity by Counties**

Five-year estimates from the American Community Survey (ACS) indicate that the majority of the Black population in Kentucky resides in the Louisville area and the central, western and southwestern regions of the state. Black Kentuckians make up more than 15% of the populations of Fulton, Christian, and Jefferson counties. ACS survey data noted that the Hispanic population of Kentucky is concentrated in the central and western regions of the state. Counties with the highest percentage of Hispanics are Fayette, Bourbon, Christian, Jessamine, Shelby, and Carroll counties.<sup>3</sup>

## **Potential Barriers to Persons/Communities of Color in Equitably Benefiting from Proposed Project**

The most significant potential barrier to persons or communities of color from benefitting equitably from the proposed grant activities is the fact that Kentucky does not have significant racial or ethnic diversity – over eighty-five percent of the state’s population identifies as white and non-Hispanic. This fact combined with existing patterns of segregation in communities and discriminatory attitudes results in the reality that in most existing manufactured housing communities and manufactured housing units in the state, the household makeup is likely not very diverse.

Manufactured housing communities or units where households identify as Hispanic may face additional barriers such as limited English proficiency, unfamiliarity with available community resources, and mistrust of local government.

The Kentucky ROCs Project will be limited by the fact that we will only be able to work with MHCs to convert to ROCs if the current owner is willing to sell. Therefore, while attempts will be made to identify and select MHCs with diverse populations, those communities will only be able to be selected if the owner is willing to sell.

## **Steps Taken to Prevent, Reduce, or Eliminate Barriers**

To reduce or overcome the barriers to equitable benefits identified above, we will prioritize manufactured communities and units with diverse populations.

To successfully implement the activities in this Proposal, input from impacted stakeholders will be vital to ensure that the program design will result in the expected outcomes. Encouraging and obtaining diverse stakeholder participation is the only way to ensure that the Program is designed to reach underserved communities and the groups least likely to participate.

If our PRICE Proposal is selected for funding, we will ensure that the resulting programs we select for subrecipient funding make all efforts to identify and include MHCs and MHUs with diverse residents. Outreach must be conducted broadly throughout the proposed project area to identify demographic groups that would be unlikely to know about the Program absent such efforts. Specific activities to identify manufactured housing communities with diverse household

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<sup>3</sup> <https://www.chfs.ky.gov/agencies/dph/Documents/minorityhealthstatusreport4.pdf>

makeups will be required, such as outreach through community contacts, service providers or faith leaders, at community centers serving the target population(s); and marketing on websites, social media channels, television, radio, and print media serving local members of the targeted group(s) will be required. Applicants for funding will be required to publish marketing materials in multiple languages to better reach potential stakeholders in the area with language limitations.

In selecting which Proposals are chosen for funding for conversion to ROCs and for the MHU replacements we will prioritize those where the funding applicant made comprehensive and consistent efforts to identify diverse populations or persons in its Proposal. We will look for outreach strategies based on the specifics of each proposed community using mixed methods such as canvassing (in multiple languages as appropriate), surveys, and community meetings. We will expect to see evidence of data and mapping tools that show the applicant has a good understanding of the specific area and communities within it.

### **Measures to Track and Evaluate Efforts to Advance Racial Equity in Grant Activities**

As the lead statewide entities on housing and development, DLG and KHC attempt to promote racial equity through proactive and responsive strategies that meaningfully engage disparately impacted communities, including but not limited to Black, Brown and LEP community members, in all stages of project and product development activities from initial planning to long-term impact evaluation.

DLG and KHC will track and evaluate the Projects chosen for Program funding to ensure that the efforts to achieve the goal to advance racial equity through the grant activities is met, to the extent possible. It is the goal of DLG and KHC to assist and support subrecipients in complying with applicable state and federal requirements and in implementing their project activities in a timely manner; monitoring is a primary mechanism to ensure that compliance occurs. The monitoring reviews will be a comprehensive evaluation of all aspects of the Project but will also have components to assess specific compliance with the efforts towards racial equity set forth in the subrecipient's application.

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**Proposal**

**Department for Local Government  
Commonwealth of Kentucky**

**Attachment B: Affirmative Marketing Narrative**

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## **Attachment B: Affirmative Marketing Narrative**

Even where affordable housing assistance, such as the activities set forth in this Proposal, is available, it may not truly be accessible to low-income and minority populations without well-designed outreach and marketing practices. Affirmative marketing programs serve an important role in ensuring equal access to information, helping people overcome the legacies of exclusion, and promoting fair and open housing choice.

If our PRICE Proposal is selected for funding, we will ensure that the resulting Program will be affirmatively marketed broadly throughout Kentucky. Applicants for funding will be required to provide an Affirmative Marketing Plan as a part of their competitively scored application. The Plan must provide specific details on how the applicant will affirmatively market the housing, services, or other benefits provided with the PRICE funds. The Plan must be targeted broadly throughout the project area and nearby areas to any demographic groups that would be unlikely or least likely to apply absent such efforts. Such demographic groups may include, for example, Black and Brown persons or communities, individuals with limited English proficiency, individuals with disabilities, or the elderly. The Plan will be required to detail specific activities, such as outreach through community contacts, service providers or faith leaders, and at community centers serving the target population(s); and marketing on websites, social media channels, television, radio, and print media serving local members of the targeted group(s).

Funding recipients will be required to prepare and provide marketing materials to local civic and community organizations and relevant neighborhood-based, nonprofit housing agencies representative of the economic, ethnic and cultural diversity of the area they are serving to disseminate information about the Project. Groups representing the disabled and the elderly will also be contacted.

**HUD PRICE NOFO**

**Proposal**

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**Attachment C: Affirmatively Furthering Fair Housing Narrative**

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## **Attachment C: Affirmatively Furthering Fair Housing Narrative**

Fair Housing laws aim to protect persons of a particular race, color, religion, sex (including gender identity and sexual orientation), disability, familial status, or national origin. The Kentucky Fair Housing Act includes these same seven protected classes.

### **Addressing Barriers to Affirmatively Furthering Fair Housing**

To the extent that members of protected classes tend to have lower incomes, then access to fair housing is related to affordable housing. In many areas across the U.S. and Kentucky, a primary impediment to fair housing is a relative absence of affordable housing. In general, the groups in the proposed Project area that lack access to safe and healthy affordable housing include Black, Hispanic, elderly, and disabled households. Kentucky's disability prevalence rate (based on 2022 statistics) was the 3<sup>rd</sup> highest in the country. Although income level is not technically a protected class, there is much overlap of low and moderate-income households with those in protected classes and many low and moderate-income households who need affordable, accessible housing. Existing patterns of segregation in communities, lack of opportunity in racially and/or ethnically concentrated areas of poverty, and discriminatory attitudes are some of the barriers faced in increasing access to safe and healthy affordable housing for protected class groups.

The Department for Local Government (DLG) and Kentucky Housing Corporation (KHC) collaborate on the development of the state's *Analysis of Impediments to Fair Housing Choice* (AI) and the Consolidated Housing and Community Development Plan (Consolidated Plan). The activities proposed in this PRICE Proposal are consistent with both documents in that the PRICE Proposal looks to further options for affordable, accessible housing through the preservation, rehabilitation, or replacement of existing manufactured housing and MHCs.

### **Specific Impediments Identified for Manufactured Homes**

One of the areas identified as an impediment to furthering fair housing in Kentucky's current AI is the specific vulnerabilities faced by many households who reside in manufactured housing. The AI found that residents of mobile home parks are particularly vulnerable to evictions and that the energy costs for manufactured housing are often excessive, especially for many of the older units. Funding from the PRICE program would permit us to further address the identified impediments of lack of affordable housing options specifically for persons living in manufactured housing by assisting with preservation and/or replacement of manufactured homes, providing eviction prevention assistance and protecting affordable housing options by facilitating the converting of mobile home parks to resident-controlled communities.

### **Meaningful Actions to Provide Opportunities**

By converting MHCs to ROCs, households' fair housing access will be improved by having an opportunity to own the land (homesite lot) and the MH unit. Through investing in infrastructure improvements and unit repair/replacement along with ROC creation, the Kentucky ROCs program will ensure that residents in assisted MHCs have housing cost stability and secure tenure in accessible, safe, decent housing in desirable communities. These investments will help preserve naturally occurring affordable housing; empower residents of ROC communities; provide residents in MHUs with substandard housing conditions with needed repairs or unit replacement; and improve the quality of shared infrastructure and community amenities in assisted MHCs.

By targeting very low-income, severely housing cost burdened households living in pre-HUD code MHUs that pose a threat to residents' health and safety, the Kentucky Targeted Owner-Occupied Emergency MHU Replacement program will serve some of the Commonwealth's most vulnerable residents. Kentucky estimates that PRICE funds allocated to the Kentucky Targeted Owner-Occupied Emergency MHU Replacement Program will provide replacement Energy Star-rated replacement MHUs to 100 very low-income households residing in units built before 1976 who face severe housing cost burden and housing conditions that pose a threat to occupant safety. Assisted households will be able to reside in safe, decent, energy-efficient permanently affordable homes.

### **Actions to Promote Integration and Reduce Segregation**

The proposed Kentucky Programs will prioritize funding manufactured housing communities and units with diverse and protected populations. The goal of prioritization is to provide protected groups the opportunity to see their living environment transformed for the better, and to promote integration of diverse socioeconomic households.

### **Affirmatively Furthering Fair Housing and Compliance with Civil Rights Laws**

Since DLG allocates HUD funding to subrecipients and does not undertake housing or community development projects itself, its available direct actions for furthering fair housing choice and complying with civil rights laws are limited. It must fulfill its responsibilities through incentivizing desired outcomes and discouraging or disallowing inappropriate activities. If this Proposal receives funding, the competitive funding application issued for subrecipients will require specific plans to ensure that meaningful actions are contemplated and undertaken to meet the goals of affirmatively furthering fair housing and other civil rights provisions, including requiring applicants to submit an Affirmative Marketing Plan and prioritize manufactured housing communities and units with diverse and protected populations.

As an administrator of housing programs, KHC provides educational and technical assistance regarding fair housing and civil rights requirements whenever possible. KHC includes fair housing and civil rights information and requirements in all contracts with subrecipients. At the program level, KHC works with all its sub-recipients who receive pass-through federal funding to expand minority participation and monitors those efforts. Additionally, to ensure compliance, KHC annually implements the Title VI self-survey by sending it to recipients receiving funding. KHC's fair housing coordinator oversees the Title VI survey process, with program recipients' responses carefully evaluated for compliance. Any survey response that is not satisfactory is sent back for further review, clarification, or investigation as needed.

Fair housing and civil rights laws are important tools for addressing housing inequalities. Since your zip code often matters more than your genetic code in determining life expectancy, the rules aim to help communities understand the importance of place in promoting or prohibiting opportunity. The laws aim to ensure that all people, regardless of race, ethnicity, family status or disability, have a range of choices about where to live, and that all neighborhoods are good places to live, regardless of the demographics of their residents.



**HUD PRICE NOFO**

**Proposal**

**Department for Local Government  
Commonwealth of Kentucky**

**Attachment D: Eligible Applicants Documentation**

**DRAFT**

## **Attachment D: Eligible Applicants Documentation**

The applicant, the Department for Local Government (DLG), as a department under the Office of the Governor in the Commonwealth of Kentucky is an eligible applicant in accordance with Section III. A of the NOFO as it is a part of State government.

The Department of Local Government is the lead applicant for this PRICE grant application. DLG will partner with Kentucky Housing Corporation (KHC), the state's housing finance agency, to implement the proposed project. The two agencies have entered into a Memorandum of Understanding (MOU) regarding the project, contingent upon the award of funding. The MOU and Partnership Letter of Intent to Participate are included with this application.

### **Attachments**

1. Memorandum of Understanding
2. Partnership Letter of Intent

May 23, 2024

Travis Weber  
Department of Local Government  
100 Airport Road, 3<sup>rd</sup> Floor  
Frankfort, KY 40601

RE: Intent to Participate in Kentucky Manufactured Housing Empowerment and Improvement Program  
CDBG-PRICE Initiative

Dear Mr. Weber,

This letter is to confirm the mutual intent of both the Department of Local Government (DLG) and Kentucky Housing Corporation (KHC) to collaborate and enter into a Memorandum of Agreement, contingent upon the award of funds from the United States Department of Housing and Urban Development for the Community Development Block Grant Preservation and Reinvestment Initiative for Community Enhancement (CDBG-PRICE) competition, to carry out eligible activities as provided in DLG's CDBG-PRICE application.

As you are aware, KHC is the state's housing finance agency and in that role, we have extensive experience administering and implementing a wide assortment of housing and housing-related programs. Currently, we administer, among others, the following federal grant programs: HOME funds (for Homeowner, Multifamily and Rental Assistance activities), Emergency Shelter Grant (ESG), Housing for People with AIDS (HOPWA), National Housing Trust Funds (HTF) multifamily activities (production and rehabilitation of affordable housing), Weatherization Assistance Program, Family Self-Sufficiency, Continuum of Care, Project-Based Contract Administration and Housing Choice Vouchers.

If PRICE funding as awarded, DLG and KHC will work together to achieve two primary goals across the state: 1) preserve and improve existing manufactured housing communities by acquiring and converting them to resident-owned cooperatives, and 2) replace unsafe manufactured housing units (MHUs) constructed prior to the 1976 implementation of the Manufactured Home Construction and Safety Standards Program (HUD Code) that pose a threat to the health and safety of the lowest-income Kentuckians. The DLG will serve as the applicant, funds recipient and reporting agency and KHC will serve as a subrecipient to implement to Program. KHC will hire and supervise project staff, identify projects for funding, monitor work performed, perform fiscal monitoring and financial accountability, and prepare and submit all reports to DLG.

It is understood that this letter is only an expression of our intent and a binding agreement detailing the terms and conditions of the proposed partnership must be executed before the use of any CDBG-PRICE funds, if awarded.

Sincerely,

Wendy Smith  
Deputy Executive Director  
Kentucky Housing Corporation

**MEMORANDUM OF UNDERSTANDING**

**BETWEEN**

**THE DEPARTMENT OF LOCAL GOVERNMENT**

**AND**

**KENTUCKY HOUSING CORPORATION**

**FOR**

**COMMUNITY DEVELOPMENT BLOCK GRANT PRESERVATION and REINVESTMENT  
INITIATIVE FOR COMMUNITY ENHANCEMENT  
(CDBG-PRICE)**

THIS AGREEMENT, entered this \_\_\_\_ day of \_\_\_\_\_, 2024 by and between the Department for Local Government (herein called the “Applicant”) and Kentucky Housing Corporation (herein called the “Partner”).

WHEREAS, the Applicant has applied for funds from the United States Department of Housing and Urban Development under the Consolidated Appropriations Act, 2023, Public Law 117-328, for the Community Development Block Preservation and Reinvestment Initiative for Community Enhancement (CDBG-PRICE) competition; and

WHEREAS, the Applicant wishes to engage the Partner to assist the Applicant in using such funds if awarded;

NOW, THEREFORE, it is agreed between the parties hereto, contingent upon the award of CDBG-PRICE funds to the Applicant, that;

**I. SUBRECIPIENT AGREEMENT**

If the Applicant is awarded a CDBG-PRICE grant from HUD, the Applicant/Grantee shall execute a written subrecipient agreement, contract, or other agreement, as applicable, with the Partner, for the use of the CDBG-PRICE funds before disbursing any CDBG-PRICE funds to the Partner. The written agreement must conform with all CDBG-PRICE requirements and shall require the Partner to comply with all applicable CDBG-PRICE requirements, including those found in Consolidated Appropriations Act, 2023 (Public Law 117-328), title I of the Housing and Community Development Act of 1974 (42 USC 5302 et seq.), the CDBG program regulations at 24 CFR part 570, the Notice of Funding Opportunity for HUD’s Community Development Block Grant Preservation and Reinvestment Initiative for Community Enhancement competition and any subsequent published amendments (the CDBG-PRICE NOFO), and the Applicant’s CDBG-PRICE application.

**II. SCOPE OF SERVICE**

**A. Activities**

The Partner will be responsible for using CDBG-PRICE funds to carry out activities in a manner satisfactory to the Applicant and consistent with any standards required as a condition of providing these funds. Such use will

be in compliance with the CDBG-PRICE NOFO, the Applicant/Grantee's application for CDBG-PRICE assistance and the Applicant/Grantee's Grant Agreement for CDBG-PRICE. Such use will include the following activities:

### **Program/Project Delivery**

Activity #1 On a statewide basis, preserve and improve existing manufactured housing communities by acquiring and converting them to resident-owned cooperatives.

Activity #2 On a statewide basis, replace unsafe manufactured housing units (MHUs) constructed prior to the 1976 implementation of the Manufactured Home Construction and Safety Standards Program (HUD Code) that pose a threat to the health and safety of the lowest-income Kentuckians.

### **B. Project Schedule**

The Partner agrees to coordinate with Applicant to implement the following:

Months 1-6: Finalize program design; coordinate to release NOFO for program funds and estimated timeline; determine if additional sources of financing are needed to support ROC conversions; negotiate Energy Star-rated bulk replacement unit purchases; work with potential subrecipients to identify MHCs that could be targeted for ROC conversions and conduct outreach to assess project feasibility.

Months 7-12: Applicant issues NOFA; Conduct applicant outreach and education; work with potential applicants to finalize MHCs to include in KY ROCs applications; score applications and recommend subrecipients for approval.

Months 13-16: Execution of grant agreements for subrecipients; conduct environmental reviews for awarded projects; HUD grants release of funds for ROC conversions.

Years 1.5-6: Oversee program activities including MHC transitions to ROCs; repair/replacement of units; inspect replacement units upon installation and prior to occupancy; monitor partners and subrecipients.

### **C. Staffing**

Any changes in the Key Personnel assigned or their general responsibilities under this project are subject to the prior approval of the Applicant/Grantee.

## **III. BUDGET**

The Applicant/Grantee may require a more detailed budget breakdown than the one contained herein, and the Partner shall provide such supplementary budget information in a timely fashion in the form and content prescribed by the Applicant/Grantee. Any amendments to the budget must be approved in writing by both the Applicant/Grantee and the Partner.

Department for Local Government/Kentucky Housing Corporation

**BUDGET PROPOSAL - PRICE NOFO Submission**

Cost Area	Cost Per Unit	Units	Projected #	PRICE Funds
<b>Acquisition Fund to Finance Resident Ownership</b>				
Acquisition of Land and Fixed Assets	\$3,600,000	per community	6 communities	\$21,600,000
Technical Assistance	\$100,000		6 communities	\$600,000
Legal, Title, Recording Fees	\$400,000		6 communities	\$2,400,000
<b>Subtotal</b>				<b>\$24,600,000</b> 44.22%
<b>Improvements to Manufactured Home Communities</b>				
Roads, sewer, water, parking, water retention, community amenities, etc.	\$500,000	per community	6 communities	\$3,000,000
<b>Subtotal</b>				<b>\$3,000,000</b> 5.39%
<b>Loans/Grants to Assist Owners/Residents</b>				
Home purchase and/or repair	\$50,000	per resident	150 residents	\$7,500,000
Home replacement	\$110,000	resident	150 residents	\$16,500,000
<b>Subtotal</b>				<b>\$24,000,000</b> 43.15%
<b>Temporary Relocation During Home Replacement/Repair</b>				
Relocation Costs	\$5,000	per resident	250 residents	\$1,250,000
<b>Subtotal</b>				<b>\$1,250,000</b> 2.25%
<b>Administrative Costs</b>				
DLG, KHC, & Subrecipient Admin.				\$2,775,000
<b>Subtotal</b>				<b>\$2,775,000</b> 4.99%
<b>PRICE Proposal Total</b>				<b>\$55,625,000</b>

**IV. SEVERABILITY**

If any provision of this Agreement is held invalid, the remainder of the Agreement shall not be affected thereby, and all other parts of this Agreement shall nevertheless be in full force and effect.

**V. SECTION HEADINGS AND SUBHEADINGS**

The section headings and subheadings contained in this Agreement are included for convenience only and shall not limit or otherwise affect the terms of this Agreement.

**VI. WAIVER**

The Applicant’s failure to act with respect to a breach by the Partner does not waive its right to act with respect to subsequent or similar breaches. The failure of the Applicant to exercise or enforce any right or provision shall not constitute a waiver of such right or provision.

**VII. ENTIRE AGREEMENT**

This Agreement between the Partner and the Applicant for the use of CDBG-PRICE funds, supersedes all prior or contemporaneous communications and proposals, whether electronic, oral, or written between the Partner and the Applicant/Grantee with respect to this Agreement. By way of signing this agreement, the Partner is bound to perform the agreements within this agreement or any HUD approved amendment thereof. Any amendment to this Agreement must receive prior approval by HUD.

IN WITNESS WHEREOF, the Parties have executed this contract as of the date first written above.

Department of Local Government

Kentucky Housing Corporation

BY: \_\_\_\_\_

BY: \_\_\_\_\_

DRAFT

**HUD PRICE NOFO**

**Proposal**

**Department for Local Government  
Commonwealth of Kentucky**

**Attachment E: Evidence of Partnership Letters**

**DRAFT**





Travis Weber  
Department for Local Government  
Commonwealth of Kentucky  
100 Airport Road, 3rd Floor  
Frankfort, KY 40601

Re: Intent to Participate in Commonwealth of Kentucky CDBG-PRICE Initiative

Dear Mr. Weber

This letter is to confirm the mutual intent of the Commonwealth of Kentucky Department for Local Government, Kentucky Housing, and ROC USA to collaborate and enter into a partner agreement, contingent upon the award of funds from the United States Department of Housing and Urban Development for the Community Development Block Grant Preservation and Reinvestment Initiative for Community Enhancement (CDBG-PRICE) competition, to carry out eligible activities as provided in the CDBG-PRICE application.

ROC USA® is a non-profit social venture scaling resident ownership of manufactured home communities since 2008. Together, with a group of regional non-profit affiliates, and ROC USA® Capital, a CDFI lending subsidiary, we work with 326 resident owned communities nationwide.

Through the CDBG-PRICE program, ROC USA will facilitate the conversion of a manufactured home communities to resident owned communities (ROCs). ROC USA will support all aspects of the transition including facilitation of infrastructure upgrades, financial and legal transactions, debt financing provided through its CDFI subsidiary (ROC USA ® Capital). Technical assistance will be provided to establish the non-profit governing board for the resident owned community, and ongoing support for the community during the lifetime of the project performance period.

ROC USA will receive CDBG-PRICE funds to conduct these activities as outlined in the proposal budget. It is understood that this letter is only an expression of our intent and a binding partner agreement detailing the terms and conditions of the proposed partnership must be executed before the use of any CDBG-PRICE funds, if awarded.

Respectfully,

*Nicholas Salerno*

Nicholas Salerno  
Chief Operating Officer



May 22, 2024

Kentucky Housing Corporation

Re: ROC USA Capital Intent to Partner for CDBG-PRICE Proposal

To whom it may concern:

We at ROC USA Capital understand that your agency is submitting an application pursuant to the CDBG-PRICE NOFO to finance acquisition of multiple manufactured home communities as Resident-Owned Communities (“ROCs”). We have been in discussion with you about a financing partnership should your agency’s CDBG-PRICE application be successful. As the lending subsidiary of ROC USA, LLC, ROC USA Capital is the national leader financing ROCs, having enabled 10,000 lower-income homeowners since 2008 to buy and improve such communities. In the process, ROC USA Capital has delivered over \$400 million in community acquisition/permanent and construction/permanent financing to 115 ROCs. ROC USA Capital has partnered with State HFAs, State Housing Departments and Local Governments in CA, CO, MA, MN, MT, NY, TX, UT, WA and WI since 2008.

Should your agency’s CDBG-PRICE application be successful, we at ROC USA Capital look forward to partnering with your agency to finance future ROCs. ROC USA Capital is prepared to partner in the following ways as deemed appropriate by mutual agreement:

- a) ROC USA Capital can be a sub-recipient of CDBG-PRICE funding should that be beneficial to your agency and manage the overall loan origination, underwriting, closing and post-closing loan servicing activities for multiple ROCs financed using a combination of CDBG-PRICE funding and ROC USA Capital’s other lending capital. For such services as a sub-recipient, ROC USA Capital will establish loan origination, closing and servicing fees and any interest rate charged to the Borrowers based on the underwriting of each acquisition transaction. Nevertheless, loan origination fees to ROC USA Capital will generally not exceed 1.0% of the loan amount, closing fees for ROC USA Capital’s legal counsel will generally not exceed \$10,000 per project loan and loan servicing fees will generally not exceed 1.0% of each project loan amount;
- b) ROC USA Capital can structure one or more loan participation agreements with your agency to fund the acquisition of future ROCs using the CDBG-PRICE funding as either subordinate grants/loans or as part of the funding of 1<sup>st</sup> mortgage acquisition loans. If through 1<sup>st</sup> mortgage loan participations, please assume 75 basis points for ROC USA Capital’s loan origination fees and 1.0% paid monthly on the declining principal balance of the 1<sup>st</sup> mortgage loans over their 15-year term. This 1.0% covers

[www.rocusa.org](http://www.rocusa.org) • [www.myROCUSA.org](http://www.myROCUSA.org)

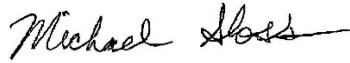
ROC USA, LLC • 6 Loudon Road, Suite 501 Concord, NH 03301 • 603.513.2791 • [contact\\_us@rocusa.org](mailto:contact_us@rocusa.org)

- both ROC USA Capital's direct loan servicing and portfolio management costs and the delivery of life of loan post-closing technical assistance to each ROC Borrower through one of ROC USA's certified technical assistance providers (CTAPs).
- c) ROC USA Capital can co-lend to the same ROCs financed with the CDBG-PRICE funding to leverage the CDBG-PRICE funding as much as possible. ROC USA Capital can service any CDBG-PRICE loans originated and held by your agency for an annual servicing fee of 35 basis points on the amount of each CDBG-PRICE loan originated by your agency.

Pursuant to any CDBG-PRICE award to your agency, ROC USA Capital is prepared to negotiate a formal agreement with your agency incorporating any or all of the above activities to memorialize the partnership that delivers the highest mutual benefit to your agency, ROC USA Capital and the ROCs to be financed. Based on how your agency wishes to proceed with such a partnership, please incorporate into your agency's CDBG-PRICE application either sub-recipient funding or the servicing fees identified in c) above. As part of this effort, ROC USA Capital is willing to underwrite \$12 million which would result in a 1:1 leverage of funds.

By signing this letter, I certify that I am authorized by ROC USA Capital to make this recommendation of approval on the organization's behalf.

Respectfully,

A handwritten signature in black ink that reads "Michael Sloss". The signature is written in a cursive, flowing style.

Michael Sloss  
Managing Director  
ROC USA Capital



**KENTUCKY  
MANUFACTURED HOUSING  
INSTITUTE**

*The voice of the manufactured and modular home industries in Kentucky*

Travis Weber  
Department for Local Government  
Commonwealth of Kentucky  
100 Airport Road, 3rd Floor  
Frankfort, KY 40601

May 23<sup>rd</sup>, 2024

Dear Mr. Weber:

The Kentucky Manufactured Housing Institute (KMHI) supports the Commonwealth of Kentucky's decision to apply for US Department of Housing & Urban Development (HUD) Preservation and Reinvestment Initiative for Community Enhancement (PRICE) funding. As the trade association representing the factory-built housing industry in Kentucky, KMHI is excited that the Commonwealth plans to use PRICE funds to provide residents of pre-1976 manufactured housing units with new, Energy Star-rated factory-built homes via the proposed programs. Our understanding is that these programs will convert a small number of manufactured housing communities to resident-owned cooperatives and also provide extremely low-income Kentuckians living in substandard, pre-HUD Code units with new energy-efficient, resilient units. KMHI views this proposed program as an opportunity to demonstrate the benefits new manufacture housing units can bring as an affordable housing solution for Kentuckians.

Contingent on the award of PRICE funding to the Commonwealth, KMHI agrees to collaborate and enter into a partnership agreement with the Department for Local Government (DLG) to support the PRICE program in the following ways:

- 1) Introduce representatives from DLG and Kentucky Housing Corporation (KHC) to our manufacturer and dealer members to facilitate negotiations on manufactured housing unit acquisitions for the PRICE program.
  - a. Once subrecipients of PRICE funds are selected, we will also introduce those agencies carrying out PRICE-funded activities to these manufacturers and dealers.
- 2) Help DLG, KHC, and local governments/non-profits who may apply to become PRICE subrecipients identify owners of manufactured housing communities who may be interested in selling to a resident-owned cooperative by engaging our members who are community owners.

KMHI is excited by the opportunity the PRICE program can provide to demonstrate the vital role factory-built housing can play in addressing our affordable housing crisis and the transformational impact new manufactured housing units can have on the lives of residents. We are glad to support your efforts to secure and deploy PRICE funding.

Sincerely,

Logan Hanes, CKD  
KMHI Executive Director

Mr. Travis Weber  
 KY Department of Local  
 Government  
 100 Airport Road  
 Frankfort, KY 40601

May 20, 2024

**RE: PRICE Program Support**

Dear Mr. Weber,

The Kentucky Fahe Caucus is writing today to lend our support for the decision of the Kentucky Department for Local Government’s decision to apply for the US Department of Housing & Urban Development (HUD) Preservation and Reinvestment Initiative for Community Enhancement (PRICE) funding. Fahe Members work primarily in Eastern KY communities, but Members are working in both areas of disaster recovery, to bring people, partners, and resources together to build homes, communities, and a thriving Appalachia through expanding economic opportunity and security for all as part of Fahe. Collectively, we develop new affordable housing and provide critical home repairs to low and moderate-income households as well as other community and economic development support in our area. Our Kentucky Caucus consists of 16 community-based non-profit housing developers. We know the critical role manufactured housing units play in providing attainable and affordable housing to many Kentuckians, but also acknowledge the challenges facing residents of those homes, including poor housing conditions, high housing cost burdens (particularly energy costs), and tenuous tenure for those that own their homes but lease their lots in manufactured housing communities.

The Kentucky Caucus Members have long prioritized addressing the challenges manufactured housing units pose to our communities and would be remiss if we didn’t note our support of the 2016 study from the Virginia Tech Virginia Center for Housing Research entitled *Mobile and Manufactured Homes in Central Appalachia and Alabama: Age, Condition and Need for Replacement* in partnership with Next Step and CFED. The study found that 23% of occupied mobile and manufactured homes in Appalachian Kentucky were built before 1980. The study concluded that “Low property values, high energy usage and high vacancy rates among older mobile and manufactured homes are all evidence of the low quality of the oldest mobile and manufactured homes in Central Appalachia and Appalachian Alabama. Many residents of these housing units experience severe financial burdens because they earn low incomes and face relatively high housing costs, with more than 70,000 households paying more than 30% of their income for utilities alone. In many cases, a new, more energy efficient home would offer these households the opportunity for financial stability and, in turn, the opportunity to provide for their children, build wealth for the future and age in place.” Fahe supports the Commonwealth’s plan to use PRICE NOFO funding to convert existing manufactured home communities to resident-owned communities in partnership with unit rehabilitation/replacement and infrastructure



investment. This funding can help ensure more Kentuckians can live in manufactured housing communities that provide their residents with safe, decent, and affordable housing that can better ensure financial stability. The PRICE program addresses the issues of manufactured housing in a comprehensive manner which has been a barrier in our work.

Contingent on the award of PRICE funding to the Commonwealth, Fahe Members support collaboration and partnership with the Department for Local Government to support the PRICE program in the following ways:

- 1) Education among the Members and our communities about the PRICE program and funding opportunities that it will provide via email alerts, in-person meetings, and by participating in a virtual webinar about the program in partnership with DLG and Kentucky Housing Corporation (KHC).
- 2) Potentially identify manufactured housing communities in our service areas that may be targets for conversion to resident owned communities, and, if feasible, assist with introductions to residents and owners of existing manufactured housing communities.
- 3) Encourage Member participation to apply for PRICE funding and/or serve as a home repair/replacement provider in partnership with cities or counties that may apply for PRICE funding.
- 4) Support this program by identifying other funding streams that could leverage PRICE investments, including, but not limited to: KHC-funded homebuyer and home repair programs; Federal Home Loan Bank programs; and USDA-RD funds.

Fahe Kentucky Caucus Members support your efforts to secure and deploy PRICE funding to improve manufactured housing communities in Kentucky.

Sincerely,

*Cassie Hudson*

Cassie Hudson, Chairperson

Beattyville Housing & Development Corp.	Bell-Whitley CAA
COAP Inc.	Christian Appalachian Project
Community Ventures	Frontier Housing
Highlands Housing Corp.	HOMES, Inc.
Housing Development Alliance	KCEOC Com. Action Partnership
Kentucky Highlands Investment Corp.	Kentucky Mountain Housing
Kentucky River Community Care	KY River Foothills Dev. Council
Partnership Housing	People's Self-Help Housing

May 20, 2024

Mr. Travis Weber  
Department for Local Government  
Commonwealth of Kentucky  
100 Airport Road, 3rd Floor  
Frankfort, KY 40601

Dear Mr. Weber:

Fahe supports the Commonwealth of Kentucky's decision to apply for US Department of Housing & Urban Development (HUD) Preservation and Reinvestment Initiative for Community Enhancement (PRICE) funding. Our mission is to bring people, organizations, and resources together to build homes, communities, and a thriving Appalachia through expanding economic opportunity and security for all. Fahe has 50+ Member organizations serving central Appalachia; we support our Member agencies as they develop new affordable housing for, provide critical home repairs to low and moderate-income households, and support community and economic development throughout Appalachia. Our Kentucky Caucus consists of 16 community-based non-profit housing developers. We know the critical role manufactured housing units play in providing attainable and affordable housing to so many Kentuckians, but also recognize the challenges facing residents of those homes, including poor housing conditions, high housing cost burdens (particularly energy costs), and tenuous tenure for those that own their homes but lease their lots in manufactured housing communities.

We have long prioritized addressing the challenges manufactured housing units pose to our communities, commissioning the 2016 study from the Virginia Tech Virginia Center for Housing Research entitled *Mobile and Manufactured Homes in Central Appalachia and Alabama: Age, Condition and Need for Replacement* in partnership with Next Step and CFED. The study found that 23% of occupied mobile and manufactured homes in Appalachian Kentucky were built before 1980. The study concluded that "Low property values, high energy usage and high vacancy rates among older mobile and manufactured homes are all evidence of the low quality of the oldest mobile and manufactured homes in Central Appalachia and Appalachian Alabama. Many residents of these housing units experience severe financial burdens because they earn low incomes and face relatively high housing costs, with more than 70,000 households paying more than 30% of their income for utilities alone. In many cases, a new, more energy efficient home would offer these households the opportunity for financial stability and, in turn, the opportunity to provide for their children, build wealth for the future and age in place." Fahe supports the Commonwealth's plan to use PRICE NOFO funding to convert existing manufactured home communities to resident-

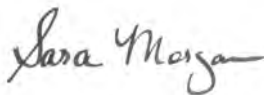
owned communities in partnership with unit rehabilitation/ replacement and infrastructure investment. This funding can help ensure more Kentuckians can live in manufactured housing communities that provide their residents with safe, decent, and affordable housing that can better ensure financial stability.

Contingent on the award of PRICE funding to the Commonwealth, Fahe agrees to collaborate and enter into a partnership agreement with Department for Local Government (DLG) to support the PRICE program in the following ways:

- 1) Educate our Kentucky Caucus members about the PRICE program and funding opportunities that it will provide via email alerts, Kentucky Caucus in-person meetings, and by hosting a virtual webinar about the program in partnership with DLG and Kentucky Housing Corporation (KHC).
- 2) Ask our Kentucky Caucus Members to identify manufactured housing communities in their service areas that may be targets for conversion to resident owned communities, and, if feasible, assist with introductions to residents and owners of existing manufactured housing communities.
- 3) Encourage our Kentucky Caucus Members to apply for PRICE funding and/or serve as a home repair/replacement provider in partnership with cities or counties that may apply for PRICE funding.
- 4) Work with our Kentucky Caucus Members to identify other funding streams that could leverage PRICE investments, including, but not limited to: KHC-funded homebuyer and home repair programs; Federal Home Loan Bank programs; and USDA-RD funds.

Fahe and our Kentucky Caucus Members are glad to support your efforts to secure and deploy PRICE funding to improve manufactured housing communities in Kentucky.

Sincerely,

A handwritten signature in black ink that reads "Sara Morgan". The signature is written in a cursive, flowing style.

Sara Morgan, President





## Kentucky Association of Counties

400 Englewood Drive, Frankfort, KY 40601

502-223-7667 • 800-264-5226

[www.kaco.org](http://www.kaco.org)

May 24, 2024

Travis Weber  
Department for Local Government  
Commonwealth of Kentucky  
100 Airport Road, 3rd Floor  
Frankfort, KY 40601

Dear Mr. Weber:

The Kentucky Association of Counties (KACo) supports the Commonwealth of Kentucky's decision to apply for U.S. Department of Housing and Urban Development (HUD) Preservation and Reinvestment Initiative for Community Enhancement (PRICE) funding.

Many residents of our member counties reside in manufactured housing units that, though generally affordable to low- and moderate-income households, are in poor condition and have high home energy costs. Because many manufactured housing residents own their units, but lease their lots, they also have uncertain tenure and can be subject to significant rent increases that can force them to abandon their homes if they cannot afford relocation.

As such, KACo supports the Commonwealth's plan to use PRICE NOFO funding to convert existing manufactured home communities to resident-owned communities in partnership with unit rehabilitation/ replacement and infrastructure investment. This funding can help ensure more Kentuckians can live in manufactured housing communities that provide their residents with safe, decent and affordable housing in the long term.

Contingent on the award of PRICE funding to the Commonwealth, KACo agrees to collaborate and enter into a partnership agreement with Department for Local Government (DLG) to support the PRICE program in the following ways:

- 1) Educate our member counties about the PRICE program and funding opportunities that it will provide via email alerts and by hosting a virtual webinar about the program in partnership with DLG and Kentucky Housing Corporation.
- 2) Ask our member counties to identify manufactured housing communities in their jurisdiction that may be targets for conversion to resident-owned communities, and, if

feasible, assist with introductions to residents and owners of existing manufactured housing communities.

- 3) Encourage our member counties to apply for both PRICE funding and other sources that could leverage PRICE funds, including, but not limited to Community Development Block Grant funding administered by DLG.

KACo and our members recognize that we face an affordable housing shortage throughout the Commonwealth. We are glad to support your efforts to secure and deploy PRICE funding.

Sincerely,

A handwritten signature in blue ink that reads "Jim Henderson". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Jim Henderson  
Executive Director



**EXECUTIVE STAFF**  
Executive Director/CEO: J.D. Chaney  
Deputy Executive Director: Doug Goforth  
Chief of Staff: Martha Cosby  
Chief Insurance Officer: Greg Partin  
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[www.klc.org/Leadership](http://www.klc.org/Leadership)

May 16, 2024

Travis Weber  
Department for Local Government  
Commonwealth of Kentucky  
100 Airport Road, 3rd Floor  
Frankfort, KY 40601

Dear Mr. Weber:

The Kentucky League of Cities (KLC) is excited that the Commonwealth of Kentucky has chosen to apply for the US Department of Housing & Urban Development (HUD) Preservation and Reinvestment Initiative for Community Enhancement (PRICE) Notice of Funding Opportunity (NOFO). As you know, manufactured housing provides “naturally occurring” affordable housing to residents of our member cities throughout the commonwealth. However, many residents of manufactured housing units face substandard housing conditions and/or tenuous tenure, where they own the unit but lease the lot. They can be subject to significant increases in rent and insufficient community infrastructure. KLC greatly appreciates the commonwealth’s plan to use PRICE NOFO funding to convert existing manufactured home communities to resident-owned communities in partnership with unit rehabilitation/replacement and infrastructure investment. This funding can help ensure the long-term stability of manufactured housing community residents in our cities.

Addressing the affordable housing crisis is a priority for KLC and our member cities. In July 2022, we published *How To: A Step-by-Step Guide to Examine Homelessness and Affordable Housing in Your City* to help communities assess housing and homelessness locally. On Nov. 15, 2023, we held the “KLC Virtual Summit: Housing and Hope-Resources for All Types of Housing Issues.” We have also increased our focus on the role manufactured housing can play in bringing more safe, decent, and affordable housing to the commonwealth, having the Kentucky Manufactured Housing Institute lead a “City EDvantage” session on Jan. 24, 2024, titled “KMHI - Addressing the Housing Crisis: Today's Manufactured Housing.”

Contingent on the award of PRICE funding to the commonwealth, KLC agrees to collaborate and enter into a partnership agreement with the Department for Local Government (DLG) to support the PRICE program in the following ways:

- 1) Educate our member cities about the PRICE program and funding opportunities it will provide via email alerts and a virtual webinar hosted in partnership with DLG and Kentucky Housing Corporation (KHC).

Mr. Travis Weber  
Page 2  
May 16, 2024

- 2) Ask our member cities to identify manufactured housing communities in their jurisdiction that may be targeted for conversion to resident-owned communities, and, if feasible, assist with introducing residents and owners to existing manufactured housing communities.
- 3) Encourage our member cities to apply for PRICE funding and other sources that could leverage PRICE funds, including, but not limited to, Community Development Block Grant funding administered by DLG.

KLC hopes the commonwealth is successful in its PRICE NOFO application and appreciates the opportunity to partner with you on this important work.

Sincerely,

A handwritten signature in black ink that reads "J.D. Chaney". The signature is written in a cursive, flowing style.

J.D. Chaney  
Executive Director/CEO

May 10, 2024

Department for Local Government  
Attn: Travis Weber  
100 Airport Road, 3rd Floor  
Frankfort, KY 40601

RE: PRICE Main Support Letter

Dear Mr. Weber:

Kentucky Housing Corporation administers the U.S. Department of Energy Weatherization Assistance Program (WAP) for the state of Kentucky. Currently, mobile homes/manufactured housing makes up 47% of housing that we weatherize throughout the state. We will use our WAP network to address energy efficiencies as part of the PRICE Main project among income-eligible households and properties not in the 1-percent flood zone. KHC receives an annual allocation of WAP funding of about \$5 million and received a five-year allocation of \$52,000,000 in 2023 under the Bipartisan Infrastructure Law. We are happy to join this effort in building housing resiliency in the state.

Sincerely,



Keli H. Reynolds  
Assistant Director, HCA Single Family Development



May 13, 2024

Department of Local Government  
Attn: Travis Weber  
100 Airport Road  
Frankfort, KY 40601

RE: PRICE Main Support Letter

Dear Mr. Weber:

On behalf of Community Action of Kentucky (CAK), this letter of commitment signals our support of the Department of Local Government's 2024 PRICE Main project. Community Action of Kentucky is the association for its 23 Community Action Agency (CAAs) members that operate in all 120 counties assisting the low-income population in our state. The member agencies could support this project by using our network to assist in identifying and referring mobile home communities that could be eligible for replacement or rehabilitation in Kentucky. As many of the member agencies also operate home repair programs, I feel certain many would offer their services to this project for repair and rehabilitation or in other areas that they may have expertise.

Sincerely,

Troy Roberts  
Interim Executive Director  
Community Action Kentucky



**Andy Beshear**  
GOVERNOR

## ENERGY AND ENVIRONMENT CABINET

300 Sower Boulevard  
Frankfort, Kentucky 40601  
Phone: (502) 564-3350

**Rebecca Goodman**  
SECRETARY

May 13, 2024

Department of Local Government  
Attn: Travis Weber  
100 Airport Road  
Frankfort, KY 40601

RE: PRICE Main Commitment Letter

Dear Mr. Weber:

The Kentucky Office of Energy Policy (OEP) within the Kentucky Energy and Environment Cabinet (EEC) is providing this letter of commitment in support for the Department of Local Government's 2024 PRICE Main project. The OEP will support this project through our recently funded Solar for All grant through the US Environmental Protection Agency (EPA). The Solar for All grant will provide rooftop and community solar to Kentucky households who have either received weatherization services or are survivors of our recent disasters in 2021 and 2022. For the PRICE Main application, we commit to partnering our Solar for All funding to eligible households both under our grant and the PRICE Main project where the eligibility criteria match. The Solar for All grant will enable renewable energy to be utilized as part of an overall strategy to build more housing resiliency with mobile home replacement and rehabilitation.

Leveraged resources include stakeholder engagement, education and outreach, as well as financial incentives as proposed in our Solar for All grant. The EPA Solar for All program has selected Kentucky to received \$62,450,000 to support low-income solar deployment opportunities.

Should you require additional information or wish to discuss our partnership further, please feel free to contact me at [kenya.stump@ky.gov](mailto:kenya.stump@ky.gov).

Sincerely,

  
Executive Director

Kentucky Office of Energy Policy