

**KENTUCKY  
RECOVERY HOUSING PROGRAM  
RECOVERY HOUSING 2023 FUNDS PROGRAM  
GUIDELINES**



**Department for Local Government**  
Office of Federal Grants  
Dennis Keene, Commissioner  
[www.dlg.ky.gov](http://www.dlg.ky.gov)



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**Department for Local Government  
Office of Federal Grants  
Commonwealth of Kentucky**

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## SECTION I

### KENTUCKY'S GOALS AND OBJECTIVES

The Kentucky Recovery Housing Program (RHP) maximizes efficiency in program delivery and effectiveness of federal dollars. The following goal and objective was adopted to promote community development:

**Goal:** To Help Individuals in Recovery from a Substance Use Disorder Become Stably Housed, herein referred to as the Recovery Housing Program, or RHP.

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

## SECTION II

### NATIONAL OBJECTIVES

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

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

HUD is imposing a waiver and alternative requirement to the limited clientele national objective criteria at 24 CFR 570.208(a)(2) and 570.483(b)(2)(i)(B) to the extent necessary to enable the use of the limited clientele national objective for acquisition, rehabilitation, reconstruction, or new construction activities assisted

by RHP funds that provide stable, temporary housing to individuals in recovery from substance use disorder,

**Activities which Benefit Low and Moderate Income Persons**

An activity will meet this objective if 51% of the persons benefiting from the activity are of low and moderate income. Low and moderate income levels are defined in the Act as Housing and Urban Development (HUD) determined calculations based on median family income. Income figures for each county or area and further information on how an activity may meet this test can be obtained from the Department for Local Government (DLG).

**Required Documentation**

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

**SECTION III**

**GENERAL INFORMATION FOR APPLICANTS**

A. **Eligible Subrecipients**

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

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

agree to provide all eligible activities in a manner that is free from religious influence.

B. **Program Areas**

Applications may be submitted in the following program area:

1. Recovery Housing Program

C. **Types of Applications**

**Individual Applications**

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

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

D. **Eligible Activities**

All KYCDBG eligible Housing activities.

E. **Amount and Split of Funds**

Some minor adjustment of the split of funds is possible depending on the actual number of applications and amount requested by applicants. DLG reserves the right to make those adjustments as necessary.

**Amount of Funds**

Kentucky's 2023 RHP Allocation	\$ 1,461,639
Less Administrative Costs (\$43,849 = 3% of total)	<u>\$ 43,849</u>
<b>Total Amount for Distribution</b>	<b>\$ 1,417,790</b>

<b><u>Program Areas</u></b>	<b><u>Total \$ Available</u></b>
RHP Housing	<b>\$ 1,417,790</b>

**Please note: The RHP grant ceiling is \$1,417,790**

F. **Number of Applications**

Each applicant may submit one (1) pre-submission application for an RHP project. **Electronically is preferred.** Upon approval and notification from DLG, the applicant may be selected to submit a full RHP application for review and consideration for funding from DLG. **Applications may be submitted by mail, in person or electronically. If submitted by in person or by mail, one original and two copies is required**

G. **Submittal of Applications**

Submit application to:

[Markp.williams@ky.gov](mailto:Markp.williams@ky.gov)

or

**Department for Local Government  
Office of Federal Grants  
100 Airport Road 3<sup>rd</sup> Floor  
Frankfort, Kentucky 40601**

H. **Citizen Participation**

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

1. Furnish citizens with information that explains the program. Prior to the public hearing, a notice must be published informing citizens that the following information is available for review:
  - a. A detailed description of the project being proposed.
  - b. Amount of RHP funds expected to be made available, range of activities that may be undertaken and if applicable, available and/or anticipated program income.
  - c. Estimated amount of RHP funds proposed for activities benefiting persons of low and moderate income.
  - d. Plans for minimizing displacement of persons as a result of activities assisted with RHP funds and plans for providing assistance to those persons to be actually displaced as a result of RHP funded activities.
  - e. Summary of other important program requirements.
2. Hold the first public hearing.
  - a. The main purpose of this hearing is to obtain views on Recovery Housing and community development needs and review proposed activities. In addition, the hearing will review the proposed application and discuss how the proposed project will provide stable, temporary housing for individuals in recovery from substance use disorders..
  - b. Advertise the hearing in accordance with state and federal laws. KRS 424.130 requires that the public hearing must be advertised at least once, not less than seven (7) nor more than twenty-one (21) days prior to the date of the hearing. Pursuant to KRS 446.030, the date of the hearing is not to be included in the computation of time. Example: For a public hearing scheduled on



Tuesday, June 8<sup>th</sup>, the newspaper advertisement must be published no earlier than May 18<sup>th</sup> and no later than June 1<sup>st</sup>. The notice must include TTY 711. All advertisements shall be published, pursuant to KRS 424.120, in the newspaper of largest bona fide paid circulation that publishes in the publication area. A newspaper is considered to “publish” in the publication area **only** if it maintains its principal office in the publication area. “Publication area” means “the city, county, district, or other local area for which an advertisement is required by law to be made.”

- c. Undertake and document additional advertisements to reach low and moderate income persons. Such efforts could include:
  - 1. Distributing or posting of leaflets at neighborhood groceries, churches and community centers.
  - 2. Door-to-door distribution announcements.
  - 3. Provide radio (and television if available) and internet (zoom), etc.) public service announcements for broadcast.
- d. Inform citizens that technical assistance is available to help groups representing low and moderate income persons in developing proposals. Designate where this technical assistance may be obtained.
- e. Hold the public hearing in a location accessible to the disabled and at a time and place convenient to potential or actual beneficiaries. The hearing must provide maximum opportunity for community input.
- f. Arrange for interpreters for non-English speaking persons if applicable. Guidance on analyzing the project service area for persons with limited English proficiency is provided in DLG’s 2018 CDBG Handbook, Chapter 1, Section 1-D and Chapter 7, Section 7-B.
- g. **A project description must be available for review seven (7) days prior to the public hearing** and the advertisement must identify where a copy of the description may be obtained.

3. Pursuant to 24 CFR 570.486(a) (6) of the CDBG Small Cities Regulations, public hearings are also necessary during the course of a project when a modification is proposed that substantially changes the original activities, whether activities are added or deleted.
4. A second public hearing must be held prior to closeout.
  - a. The main purpose of this hearing is to review past use of funds and program performance.
  - b. Advertise the hearing in accordance with state and federal laws that the project is nearing closeout and comments from the public are invited. KRS 424.130 requires that the public hearing must be advertised at least once, not less than seven (7) nor more than twenty-one (21) days prior to the date of the hearing. Pursuant to KRS 446.030, the date of the hearing is not to be included in the computation of time. The notice must include the local TTD number which is (800) 648-6057, or the state relay TTY number which is (800) 648-6056, or 711.
  - c. Ensure that steps are again taken concerning LMI participation, providing a time and place convenient to beneficiaries, a location accessible to the disabled and assistance to non-English speaking persons.
5. Respond to public comments.
  - a. Respond in writing to all written comments received during the public hearing process.
    1. Indicate comments were considered.
    2. Cite reasons for rejection if applicable.
    3. File comments and responses in the citizen participation file.
  - b. Develop a complaint and grievance procedure where written complaints and grievances are answered in writing within fifteen (15) working days. Provide citizens the address, phone number and times for submitting complaints and grievances.

I. **eClearinghouse Review**

All RHP applications are subject to the eClearinghouse Review Process and **must** have an endorsement to be approved for funding. Applicants invited to submit the full application must include an eClearinghouse endorsement letter as part of their application.

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

All eClearinghouse submissions must be made electronically at [https://kydlgweb.ky.gov/eClearinghouse/16\\_echHome.cfm](https://kydlgweb.ky.gov/eClearinghouse/16_echHome.cfm) . Please use the instructions link on the ECH website to have a timely and efficient review.

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

Yvonne Sherrick  
Kentucky Heritage Council  
Barstow House  
410 High St.  
Frankfort, KY 40601  
Office: (502) 892-3602

If you have any questions regarding the eClearinghouse review process please contact Mr. Trey Greenwell ([trey.greenwell@ky.gov](mailto:trey.greenwell@ky.gov)).

J. **Standard Application Forms**

All pre-submission applications must be submitted on RHP pre-submission forms. Applicants selected to submit a full RHP application will receive notification for access to the full application. Pre-submission forms may be downloaded from the DLG website ([www.kydlgweb.ky.gov](http://www.kydlgweb.ky.gov)). **Please note: A certified CDBG project administrator must be procured to complete the full application.**

K. **Life of Application**

Unsuccessful RHP pre-submissions may be eligible for reconsideration and notified to submit a full RHP application upon approval from DLG. Applicants invited to submit a full RHP application will be required to submit all supporting documentation as part of the full application and/or as requested by DLG.

L. **Notification**

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

M. **Program Income**

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

1. Definition of Program income. HUD is modifying 24 CFR 570.489(e)(1) (states) to modify the definition of "Program income" to include gross income received by subrecipients that was generated from the use of RHP funds. In addition, HUD is modifying 24 CFR 570.489(e)(2) (states) and 24 CFR

570.500(a)(4) (District of Columbia) to exclude from program income any income received and retained by a nonprofit operating within the grantee's jurisdiction whose primary mission includes serving individuals in recovery from substance use disorder. If a grantee chooses to require the nonprofit to return income generated from the use of RHP funds, the income returned by the nonprofit to the grantee would be defined as program income.

2. Treatment of program income. Prior to closeout of an RHP grant, except as described in (2) below, a grantee must transfer program income to another open RHP grant or its annual CDBG program. Program income received by a grantee after closeout of all RHP grants must be transferred to the grantee's annual CDBG award. Once transferred to the annual program, the waivers and alternative requirements that apply to the RHP grant no longer apply to the use of transferred program income. Rather, those funds will be subject to the grantee's regular CDBG program rules.

N. **Procurement – Open Competition**

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

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

## SECTION IV

### RECOVERY HOUSING PROGRAM

#### PROJECT SELECTION PROCESS

A. **Submission Dates**

Pre-submission applications for the Recovery Housing Program will be accepted from **February 27, 2024 through close of business on May 6, 2024.**

B. **Acceptance of Applications**

1. **An electronic RHP application is preferred.**
2. Activities described in the application will be checked to determine if they meet the fundability criteria as established in the Housing and Community Development Act and Federal Notice FR-6225-N-01
3. Project activities must meet the LMI National Objective.
4. The following requirements must be met, documented and submitted with the pre-submission application:
  - a. Detailed Cost Estimate from a Certified Architect or a Licensed Professional Engineer. Please be aware, we will only accept Detailed Cost Estimates from the appropriate professional.
  - b. Documentation of meeting the citizen participation requirements must be met as referenced in Section III.
  - c. Authorizing Resolution to submit the project must be included. The Resolution must be signed by the applicant's CEO, dated and attested.
5. The following requirements must be met, documented and submitted with the full application.

- a. All funding Commitment Letters; if cash, please attach a bank statement; if loan, please attach proof of commitment from a lending institution. *(if applicable)*
- b. The eClearinghouse Review must be completed and endorsed as referenced in Section III.
- c. Applicant must have determination of eligibility for listing on the National Register of Historic Places from Kentucky Heritage Council and approval from the State Historic Preservation Officer, if applicable.
- d. The [HUD-2880](#), Applicant/Recipient Disclosure/Update Report.
- e. Projects containing water and sewer activities must meet all Kentucky Division of Water (DOW) planning requirements. Proposed projects must be included in facility planning documents required by DOW such as: Kentucky Water Management Plans (KWMP), Wastewater Facilities Plans (WWFP) or Asset Inventory.

A letter from the Water Infrastructure Branch of DOW approving the relevant plan is required, if applicable. Said approval letter must be dated within one (1) year of application submission. For information on these plans, contact:

Russell Neal, Supervisor  
Wastewater Planning Section  
Phone: (502)782-7026

- f. Projects containing water and sewer activities are encouraged to submit a letter from the Division of Water (DOW) approving plans and specifications (plans and specification approvals are good for a period of two (2) years).
- g. Copy of approval letter from Housing Building and Construction (HBC), if applicable.

C. **Recovery Housing Program Review Criteria**

In order for a project to be funded, a determination must be made regarding project

need, reasonability of costs and overall project effectiveness. To make this determination the following considerations will be applied to each project:

1. **Project Need**

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

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

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

3. **Project Effectiveness**

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

4. **Project Leveraging**

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

5. **Project Timeliness**

Projects must meet the greatest need and ability to deliver effective assistance in a timely manner.



D. **Project Review Committee**

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

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