



DEPARTMENT FOR  
LOCAL GOVERNMENT

**Notice of CDBG-DR  
Funding Availability:  
Single Family Housing at Skyview**

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# 1 INTRODUCTION

## 1.1 Project Overview

In alignment with the Commonwealth of Kentucky’s comprehensive approach to resilient recovery, the Department of Local Government (DLG) is issuing this Notice of Funding Availability (NOFA) to select qualified nonprofit housing development partners (referenced throughout this NOFA as developers and/or applicants) to develop housing at Skyview, located five miles from the Town of Hazard in Perry County. When complete, Skyview will include up to 96 single-family, one-story homes for homeownership with priority access given to flood survivors.

DLG will award Community Development Block Grant-Disaster Recovery (CDBG-DR) funding for the development of single-family housing units at Skyview to be sold to persons that qualify as Low-to-Moderate Income as determined by the Department of Housing and Urban Development (HUD). CDBG-DR funding was appropriated by Congress and provided to DLG by the U.S. Department of Housing and Urban Development (HUD) to support long-term recovery efforts in Kentucky following the presidentially declared disasters of 2021 and 2022. This funding will be available for construction and other development costs, including a developer fee.

In addition to CDBG-DR, subdivided lots will be conveyed at no cost for the development of the homes.

DLG has contracted with Fahe to provide the case management, including intake, income verification, and financial preparation, for homebuyers.

## 1.2 DLG Background

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

## 1.3 NOFA Projected Schedule of Events

NOFA Issued	December 16, 2024
Virtual Informational Session	January 7, 2025
Deadline for Questions	January 20, 2025
Responses to questions posted on DLG website	January 23, 2025

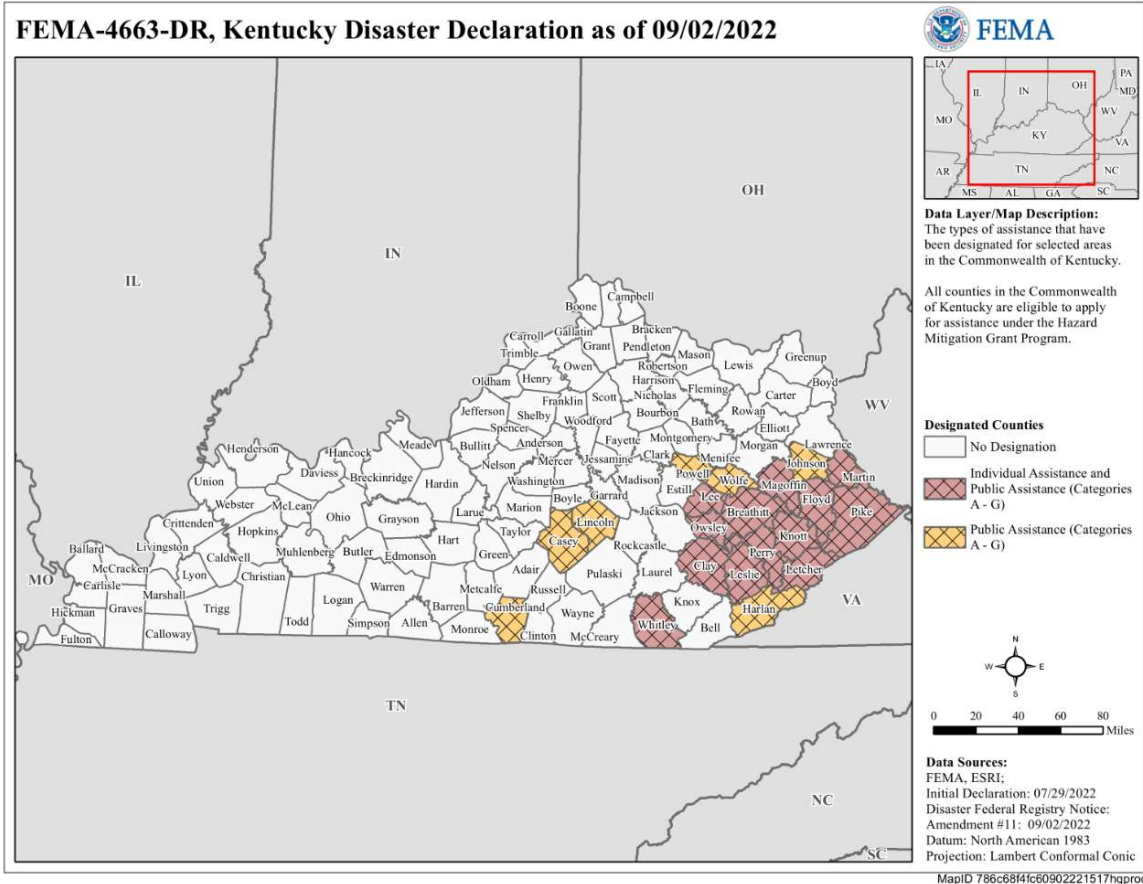
Application Due Date	January 31, 2025
Award Announcement Date	February 14, 2025
Funding Agreement Execution	April 1, 2025
Construction Commencement	April 2, 2025
1 <sup>st</sup> Unit Complete	July 1, 2025
Construction Completion	April 1, 2027

## 2 BACKGROUND OF DISASTER

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

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

## FEMA-4663-DR, Kentucky Disaster Declaration as of 09/02/2022



In response to the 2022 disaster, HUD announced that the Commonwealth of Kentucky would receive \$297,994,000 in CDBG-DR funding to support long-term recovery and mitigation efforts (FR 4363-N-01), provided through the DLG. These funds are designed to address the needs that remain after all other assistance has been exhausted.

### 3 CDBG-DR OVERVIEW

The Community Development Block Grant - Disaster Recovery (CDBG-DR) program is a critical federal initiative administered by the HUD. It is designed to provide flexible grants to help cities, counties, and states recover from Presidentially declared disasters, especially in low-income areas, subject to availability of supplemental appropriations. HUD allocates funds based on the severity of the disaster impact and unmet needs and works in partnership with state and local governments to ensure that the funds are used efficiently and effectively to support recovery efforts. CDBG-DR funding must benefit low-to moderate income (LMI) households at or below 80% of the Area Median Income (AMI) of the local area.

### 3.1 Eligible Housing Activities

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

### 3.2 Ineligible Activities

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

- Political activities or general government expenses.
- Manufactured homes (prohibited by deed restrictions). **Contact DLG prior to submittal if the proposal includes modular units or other components that are manufactured off-site.**
- Purchase of equipment, such as heavy construction equipment.

### 3.3 National Objective

The Skyview project will meet the Low- to Moderate-Income Housing (LMH) national objective by providing affordable homeownership benefitting low and moderate income (LMI) persons. A household is LMI if their household income is at or below 80% of the HUD Area Median Income (AMI).

DLG has submitted a waiver to HUD requesting an increase of the LMI determination to 120% of an area’s median income when the AMI for a County is less than the statewide AMI. An amendment to this NOFA will be issued if the waiver request is approved.

The 2024 HUD AMI levels for Perry County (family of four) are as follows:

Area Median Income	80%	120%
\$57,600	\$52,500	\$78,700

### 3.4 Tieback to Disaster

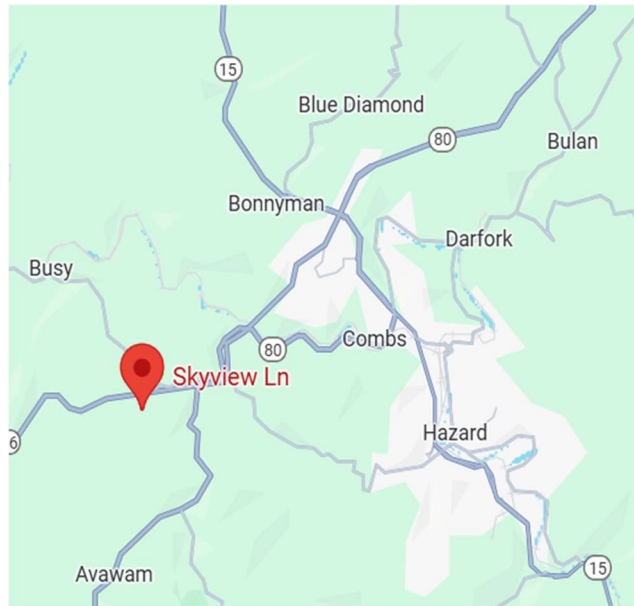
This program will address unmet housing recovery needs by constructing new, single-family housing units on higher ground that will allow households impacted or displaced by the 2021 and 2022 flooding disasters to purchase resilient and safe affordable housing.

## 4 SKYVIEW BACKGROUND AND DESCRIPTION

### 4.1 Location

Skyview is one of seven high-ground sites throughout Eastern Kentucky identified for housing. Located just five miles from downtown Hazard, this site is close to schools, shopping centers and the Hazard ARH Regional Medical Center. The acquisition-related

costs and site improvements were partially funded by the Team Eastern Kentucky Flood Relief Fund. The map below indicates the general location of the Skyview site.



#### **4.2 Preliminary Site Plan and Completed Site Work**

The Skyview site is 50 acres and has been divided into 102 buildable lots. The main access road, residential streets and curb cuts, main water and sewer lines, and community electricity and broadband lines, are under construction and will be dedicated to Perry County and the local utilities prior to the development of housing. The preliminary subdivision plat is shown in Exhibit 1.

#### **4.3 Environmental Review**

HUD completed an Environmental Review and determined a Finding of No Significant Impact and the Authority to Use of Grant Funds (AUGF) was issued on September 12, 2023 (B-21-DF-21-0001). The full HUD Environmental Review Record with links to supporting documents is provided as Exhibit 2.

A Phase 1 Environmental Site Assessment was completed on May 16, 2023 and is provided as Exhibit 3. Any additional environmental reports required by a lender or other funding sources must be completed as an expense to the project.



## 5 SKYVIEW PROJECT CRITERIA

### 5.1 Eligible Applicants

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

1. Applicant has been in operation for twelve (12) months prior to the application deadline and has experience developing affordable housing;
2. Demonstrates financial capacity and experience, or a partnership with another person or firm with such experience, in producing high-quality affordable housing, financed in whole or in part with HOME, CDBG and/or other local, state, or federal funds, on schedule and as proposed.
3. Demonstrates that the proposed project is financially feasible. The applicant must have the ability to repay awarded funds if the project is not completed or provide a completion bond.
4. At the time of application, all applicants must have an active registration in the System for Award Management website. Registration for the SAM website can be found at <https://sam.gov/content/entity-registration>. If the development entity is different from the applicant, the development entity must also have a registration in SAM when the development agreement is executed.
5. At the time of application, applicants may not be presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in federal programs, as indicated by System for Award Management ([www.SAM.gov](http://www.SAM.gov)). Any Applicant on the excluded parties list will be considered ineligible for funding.
6. Applicants must be in good standing with all state and federal taxes or in an approved and executed repayment plan.
7. Applicants must disclose any pending legal action to which the applicant is a party, including identification of the nature of the lawsuit, the parties involved, the case number, jurisdiction where the action is pending, and a short description.

### 5.2 Maximum Award

Applicants may apply for a minimum of five units, with the maximum limited to the number of housing units the applicant can complete within twenty-four (24) months. DLG will award a maximum of \$200,000 of CDBG-DR for each housing unit constructed on lots at Skyview that is subsequently sold to a household that qualifies as Low-to Moderate Income (LMI). Additionally, the lots will be conveyed to the developer at no cost. This funding is expected to fill both the affordability gap for the homebuyer and the development cost gap.

### 5.3 Eligible Project Costs

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

- Architectural and Engineering fees, including green compliance
- On-site development and infrastructure
- Construction hard costs
- Other reasonable professional fees
- Developer fee (see 5.1.1)

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

## **5.4 Financial Feasibility**

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

Upon the sale of the home, a forgivable loan will be provided to the homebuyer to reduce their 1st mortgage amount to an affordable level. Any excess proceeds remaining after closing on the homebuyer sale and after payment of all project expenses and the developer fee, must be repaid to DLG.

### 5.1.1 Developer Fee

The developer fee must not exceed the lesser of:

- 15% of total development costs or
- \$15,000/unit

### 5.1.2 Contingency

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

### 5.1.3 Inspection Fees

DLG requires the development budget to include \$1000 per unit for construction inspections fees.

## **5.5 Financing Structure**

DLG will award funds in the form of a forgivable, no payment, 0% loan. The loan will be secured with a mortgage on the development site, which will be partially released as each unit is sold. Additionally, affordability restrictions will be secured by a covenant. When all units are sold, the loan will be fully forgiven and the mortgage and covenant will be released.

## 5.6 Site Control

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

Upon award acceptance, the Commonwealth and Awardee will enter into a Purchase and Sale Agreement for conveyance of the lots at no cost. The lots will be conveyed upon or shortly after the execution of the loan agreement. The deed will include a reverter clause that will return ownership of the lots to the Commonwealth if the proposed project is not completed.

The Commonwealth requires an extended ALTA title insurance policy in its favor with appropriate endorsements providing rights and remedies with respect to the affordability requirements.

## 5.7 Maximum Unit Sale Price

The maximum sale price to the homebuyer may not exceed the current local median price for a comparable unit size and type as evidenced by a third-party appraisal.

## 5.8 Timeliness Requirement

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

Awarded projects must be ready to close within ninety (90) days of receiving a funding reservation and begin construction immediately. Homes must have a certificate of occupancy within 24 months of commencement of construction and all homes must be sold to eligible buyers and the contract completed within 48 months.

# 6 CONSTRUCTION REQUIREMENTS

## 6.1 Developer Responsibilities

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

- Identify and accept legal and financial risks associated with development.
- Select and manage all members of the development team.
- Manage all predevelopment activities.
- Develop a financing plan, secure any additional funding, and manage all funding sources.

- Manage the construction process including procurement of subcontractors, contract management, budget, change orders, inspections, and any permitting requirements.
- Ensure HUD construction requirements, such as green building and accessibility requirements, are met.
- Ensure adherence to federal labor standards regulations including Section 3, Davis Bacon, and other federal, state, and local laws.
- Submit timely draw requests to DLG and maintain project financial and budget records.
- Comply with all CDBG-DR program requirements.
- Manage project progress and ensure timeliness.
- Ensure the financial viability and sustainability of the project during construction until disposition of all properties.
- Maintain proper insurances, bonds, financial guarantees as required by all financing sources.
- Maintain compliance with other applicable cross-cutting federal requirements.
- Coordinate marketing, advertising, and outreach for the sale of homes with Fahe.
- Coordinate homebuyer sales/escrow processes with Fahe.
- Calculate total development cost for each unit vs. net sale proceeds and return excess proceeds to DLG when required.
- Manage closeout of the development/project.
- Participate in monitoring and auditing processes that may occur during development and/or after project closeout.
- Other duties as required to complete the project.
- Manage required 1-year warranty period.

## 6.2 Site Deed Restrictions

The site has recorded deed restrictions in place that include requirements for setbacks, minimum unit square footage (1000 square feet), cost of construction, and other guidelines. Applicants must review all requirements of the Deed, included as Exhibit 4, and incorporate those requirements into the unit design and development budget. Although the deed restriction includes a height maximum, ***per the requirements of the Geotechnical Report (see Section 6.3), all units must be one story in height and only one unit per lot may be constructed.***

The appropriate deed restrictions must also be included in the conveyance to home buyers.

## 6.3 Geotechnical Requirements

A Report of Geotechnical Exploration Study of the Skyview site is included as Exhibit 5. The report includes specifications for site preparation and grading, fill placement, and grading.

Applicants **must** review the geotechnical requirements, with particular attention to the recommendations included in Section 4.0, and ensure that all recommendations are incorporated into the proposed unit design and cost, including any structural engineering needs.

***Per the requirements of the Geotechnical Report, all units must be one story in height and only one unit per lot may be constructed.***

## **6.4 Kentucky Housing Corporation Construction Guidelines**

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

## **6.5 Equitable Design Requirements**

DLG is committed to ensuring that all units at Skyview provide relief for those affected by disasters while complying with all CDBG-DR requirements and addressing impediments to fair housing choice, as required under the Fair Housing Act. As such, no variation in design or amenities is allowed based on the proposed buyer's income.

## **6.6 HUD Green and Resilient Building Standards**

All units must meet HUD's Green and Resilient Building Standards as required by Federal Register Notice at FR-6393-N-01. To ensure requirements are met, the application must identify the intended standard, listed below, and each unit must receive a certification under that standard in order to receive CDBG-DR funding:

- Enterprise Green Communities
- LEED (new construction, homes, midrise, existing building operations and maintenance, or neighborhood development)
- ICC 700 National Green Building Standard®
- Living Building Challenge
- Any other equivalent comprehensive green building standard program acceptable to HUD

Additionally, all units constructed at Skyview must achieve a minimum energy efficiency standard from one of the programs below. The application must identify the standard that will be achieved:

- ENERGY STAR (certified homes or multifamily high-rise)
- DOE Zero Energy Ready Home
- EarthCraft House/Multifamily

- Passive House Institute Passive Building or EnerPHit certification from the Passive House
- Institute US (PHIUS)
- International Passive House Association
- Greenpoint Rated New Home/Existing Home (Whole House or Whole Building label)
- Earth Advantage New Homes
- Equivalent or higher Kentucky energy efficiency standards
- Any other equivalent energy efficiency standard acceptable to HUD.

## 6.7 High Speed Internet

The Skyview site will include wiring for broadband. While in-unit wiring for broadband or other high-speed internet is not a requirement for this project, application plans that include in-unit wiring for high-speed internet will receive an additional five (5) points.

## 6.8 Accessibility (Section 504 - 24 CFR 8.27)

While a minimum number of accessible units per proposal is not required, units shall be made accessible upon request of a prospective buyer if needed. In such cases, the developer must consult with the prospective buyer regarding the specific design features to be provided.

When applicable, DLG requires units to meet the accessibility requirements in 24 C.F.R. Part 8, which implements Section 504 of the Rehabilitation Act of 1973. Designs must adhere to the Uniform Federal Accessibility Standard (UFAS).

Units intended for elderly homebuyers (62+) development must include at least one bathroom with a roll in accessible shower with grab bars. The buyer shall be permitted to depart from specifications outlined in 24 CFR 8.32 to accommodate a specific handicap. The cost of making accessibility modifications may be included in the unit development cost.

## 6.9 Elevation Standards (88 FR 32046)

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

## 6.10 Construction Inspections

DLG requires both quality inspections and code compliance inspections on all projects. Unit inspections are required to ensure quality and compliance with building codes and the construction requirements detailed in this NOFA. DLG, as necessary, will coordinate with the KYEM to provide technical guidance on any hazard mitigation code requirements.

## **6.11 Home Warranty**

The developer is required to provide a one-year post-construction warranty period to the homebuyer, with an effective date upon sale of the unit. Additionally, a formal notification of the warranty's expiration date must be sent to homebuyers every three months and one month before the expiration date of the warranty.

## **6.12 Labor Standards**

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

### **6.12.1 Davis Bacon**

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

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

### **6.12.2 Section 3**

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

### **6.12.3 Contract Work Hours and Safety Standards Act**

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

### **6.12.4 Copeland Anti-Kickback Act**

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

## **6.13 Other Requirements**

### **6.13.1 Duplication of Benefits**

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

The project application must identify all funds obtained from any source from the date of the disaster until the date of the application that will be used for development. DLG shall perform a check for Duplication of Benefit (DOB) prior to issuing an award and pre-Project closeout to ensure that duplicative assistance is not provided for construction. DLG also reserves the right to perform additional DOB checks throughout the course of the Project's period/performance to ensure there is no duplicative assistance throughout the course of the Project. Fahe will perform the DOB review for potential homebuyers.

To address any potential Duplication of Benefits, the Loan Agreement will include provisions requiring repayment of any assistance previously or later received for the same purpose as the CDBG-DR funds.

### **6.13.2 Insurance**

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

### **6.13.3 Procurement Requirements and Cost Principals**

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



#### 6.13.4 Conflicts of Interest

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

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

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

## 7 HOMEBUYER PROCESS

DLG has contracted with Fahe to manage homebuyer case management, including intake, income verification, duplication of benefits review (as required by CDBG-DR), facilitating mortgage approval, and determining the subsidy needs. Awardees will be required to coordinate with Fahe on marketing and outreach along with the following homebuyer sale process:

1. Developers provide Fahe with proposed lot options, floorplan options, and pricing estimates.
2. An interested homebuyer fills out an intake form and submits required supporting documentation.
3. Fahe reviews and verifies the complete intake packet for completeness and initial eligibility factors.
4. Fahe pulls a credit report and sends preliminarily eligible homebuyers to housing counseling.
5. Fahe conducts a preliminary Duplication of Benefits review and sends the review and supporting documents to DLG for verification.
6. The homebuyer meets with lending to discuss financing and housing options that are the best fit for them. The homebuyer selects their preferred housing option

available that will match them with a developer. Fahe will provide the homebuyer and lender with the anticipated subsidy as determined by eligibility and asset review.

7. Fahe, with financing information, completes a final DOB analysis, makes a grant award determination, and sends all grant agreement information to DLG for approval.
8. DLG approves, denies, or changes the final agreement documents.
9. Fahe sends the homebuyer the DLG approved grant agreement and gives the homeowner a specified number of days to accept, decline, or appeal the award.
10. If the homebuyer accepts the award, Fahe sets up a grant signing event with the developer, Fahe, and the homebuyer.
11. The developer begins construction on the client’s home or connects them with a home that has already been built.
12. The homebuyer closes on the property with the lender (Fahe will submit a draw request to DLG, and a settlement statement will be completed at time of closing to identify subsidized funding in the home).

Homebuyers who are over income requirements are candidates for non-CDBG-DR funded houses in the development. If DLG approves of a data-sharing agreement, those homebuyers who are otherwise ineligible for a CDBG-DR subsidized home may be referred to a developer and will have their submitted intake information easily transferred. As applicable, Fahe will make client information available for developers to connect with homebuyers who may qualify for other funding sources on site (if provided by the developer in their NOFA response/award) or the unsubsidized purchase of a home.

7.1.1 Homebuyer Affordability Period

The affordability period for the homebuyer will range from five (5) to fifteen (15) years, depending upon the amount of CDBG-DR subsidy provided, commencing from the initial occupancy date of the first homeowner. DLG will enforce the affordability requirements through the recordation of a mortgage and execution of a loan agreement and promissory note with the buyer.

CDBG-DR Assistance/ Unit	Affordability Period
Under \$15,000	5 years
\$15,000 to \$40,000	10 years
Over \$40,000	15 years

## 8 APPLICATION REQUIREMENTS

### 8.1 Due Date

Responses, incorporating all elements required herein, must be submitted electronically, with the email subject line of **Skyview NOFA Proposal** to the Department of Local Government at [DLG.DR@ky.gov](mailto:DLG.DR@ky.gov) on or before:

**5:00 PM Eastern Standard Time, January 31, 2025.**

Respondents must complete and submit any requested documents by the required due date. DLG may withhold closing on any Project until all required documents are received and approved. Any Project awards that have not abided by established milestone deadlines may be rescinded.

Awarded projects must be ready to close within ninety (90) days of receiving an award notice and begin construction immediately. Homes must have a certificate of occupancy within 24 months of commencement of construction and all homes must be sold to eligible buyers and the contract completed within 48 months.

### 8.2 Scoring Criteria

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

<b>Respondent Capacity</b>	Organizational capacity to manage all current or planned development projects. Strong internal processes and administrative staffing levels for fiscal oversight. History of timely fund expenditures and financial management systems budgeting, internal controls, federal cost principles, accounting and record keeping, procurement, reporting, and audits.	<b>10</b>
<b>Respondent Experience</b>	Experience with affordable single family development rural development. Experience with HUD funding for homeownership.	<b>10</b>
<b>Cost Effectiveness and Leverage</b>	Use of other funding sources to leverage CDBG-DR funding. Amount of CDBG-DR/unit and TDC/Unit.	<b>5</b>
<b>Implementation/Timeliness (readiness to proceed)</b>	Proposed timeline for project implementation, from contract execution to start/completion of	<b>10</b>

	construction. Availability of house plans or ability to quickly engage architectural, engineering services and construction contracting.	
<b>Sustainable and Resilient Design</b>	The extent to which the proposed Activity integrates adaptable and reliable technologies. Design integrates measures and strategies to reduce natural hazard risks, including climate related risks. Design is reasonable, efficient and durable. Project utilizes alternative materials and innovative design options. Includes wiring for broadband. Exceeds HUD Green Build Standard.	<b>10</b>
<b>Meeting Community Needs</b>	The proposal provides options for lower income households, elderly, or households with special needs. The extent to which the respondent has engaged with Perry County residents or a similar community in project design.	<b>3</b>
<b>Community Engagement</b>	The respondent has an established pipeline of potential homebuyers or provides a strong marketing plan to engage members of the community. Includes a plan to coordinate with Fahe.	<b>2</b>
	<b>Maximum Score</b>	<b>50</b>

### 8.3 Submission Requirements

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

- Skyview Single Family New Construction Project Application Form
- Single Family New Construction Sources and Uses Worksheet
- Organizational Chart of Applicant and/or developer. Describe the proposed ownership structure of the site during development, if owned by an entity other than the respondent.
- Current Experience: Provide a detailed description of the respondent’s and developer’s experience in the development and operation of affordable homeownership housing, including total units created and sold. Partnership if no experience
- Provide current pipeline of projects with staffing requirements.
- Financial Capacity: Provide the most recent 3 years of consolidated, audited financials for development entity or developer organization.

- Timeline and Milestones: Provide the proposed implementation of design and construction schedule.
- Proposed House Plans: Submit proposed house plans. Include a description of the HUD Green Requirements and any other proposed climate resiliency and/or innovation design features.
- Marketing and Outreach: Describe marketing plan and outreach to potential buyers, including coordination with FAHE.
- Submit one letter of recommendation. Non-Kentucky organizations must include three letters of recommendation, of which one must be in-state.
- Evidence of SAM (System of Award Management) registration.
- Certificate of Good Standing from the Kentucky's Secretary of State's Office as evidence of registration to do business in the Commonwealth of Kentucky.

## 8.4 Decision Process

1. Based upon the information provided by the applicant, an evaluation team will evaluate and score proposals.
2. The evaluations will be ranked, and a recommendation for award(s) will be forwarded to the Commissioner of DLG.
3. If the recommendation is approved, DLG will award the project.
4. The selected respondent(s) will receive a conditional commitment letter from DLG once a final decision has been reached. The development agreement will be drafted, with execution by both DLG and the selected Respondent expected by April 1, 2025.

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

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

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

## **8.5 Communications/Questions from Applicants**

DLG shall not be bound by, and the respondent shall not request or rely on any oral interpretation or clarification of this NOFA. Therefore, any questions regarding this NOFA are encouraged and should be submitted in writing by email to: DLG.DR@ky.gov

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

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

## **8.6 Changes to NOFA**

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

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

Applicants shall agree to comply with all conditions, requirements, and instructions of this NOFA as stated or implied herein. Any alteration, erasure, or interlineation by a Respondent in this proposal shall constitute cause for rejection. Exceptions or deviations to this proposal must not be added to the proposal pages but must be on Respondent's letterhead and accompany the proposal.

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

## **8.7 Other NOFA Requirements**

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

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

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

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

## 9 EXHIBITS

**Exhibit 1: Preliminary Subdivision Plat**

**Exhibit 2: Full HUD Environmental Review Record with links to supporting documentation**

**Exhibit 3: Phase 1 Environmental Site Assessment**

**Exhibit 4: Deed of Conveyance with Restrictions**

**Exhibit 5: Geotechnical Exploration Study**

**Exhibit 6: Kentucky Housing Corporation's (KHC) Minimum Design Standards for New Construction Single Family Dwelling Units**

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