

**Notice of CDBG-DR Funding Availability: Single Family Housing at Skyview
Frequently Asked Questions
Released: January 24, 2025**

NOFA FREQUENTLY ASKED QUESTIONS

- 1. Section 3.3 states that DLG has applied for a waiver to increase the LMI determination to 120% AMI. Whether or not this waiver is granted will impact how we answer several sections of the application including the project overview, the statement of need, and sources and uses. Can you provide guidance on whether we should prepare our application assuming this waiver will be granted or prepare our application based on 80%AMI?**

Please prepare the application with the assumption that the 120% AMI limit will be approved.

- 2. Section 5.1.3 states that applicants must “have the ability to repay awarded funds if the project is not completed or provide a completion bond.” Can you provide guidance on how you will determine if an applicant “has the ability to repay?”**

DLG will be assessing organizational and financial capacity. Remedies for nonperformance will be described in the loan agreement between DLG and the developer. A payment/performance (completion) bond is not required; however, Kentucky law (KRS 337.200) requires that a Performance Bond must be kept on file for employers in the construction industry who have conducted business within the Commonwealth for less than 5 consecutive years. Please reach out to DLG to discuss a specific situation.

- 3. Section 5.1.3 requires the development budget to include at least \$1,000 for inspection fees. Can you provide clarification as to what inspection fees this includes?**

\$1000 is a minimum requirement and may be used for any type of code and construction inspection requirements. Inspections for green requirements may also be included as part of the architectural budget.

- 4. Section 5.8 requires certificates of occupancy. Perry Country does not have a building inspector, so it is not possible to get a CO. Will a final code inspection from a KHC inspector suffice?**

The written agreement between the developer and DLG will detail the final inspection requirements.

- 5. Section 5.7 sets the maximum price at the appraised value. However, it does not address a minimum price. May a developer sell a unit below the appraised value?**

No, all unit sales under this NOFA must be at the appraised value of the property. A developer may not sell a unit below the appraised value. Buyers will receive a subsidy to ensure their mortgage is affordable based on their income level and the term of affordability will be based on the amount of subsidy provided.

- 6. While the KHC minimum design standards provide standards for storage buildings, they do not require a storage building. Can a developer include a storage building?**

Developers may propose a storage building provided that it meets the requirements of the deed restrictions. All units must meet both the KHC design standards and HUD Green Building requirements.

- 7. Section 6.5 discusses equitable design. Can you provide clarification about what is meant by “no variation in design or amenities?” Would this include things like number of bathrooms and size? Can a developer build smaller homes for households with limited income?**

No variation in design or amenities is intended to ensure that each home plan includes the same amenities. Smaller homes are allowed but please note that the property's deed restrictions require a minimum of 1000 sq ft.

- 8. Section 6.8 states “units shall be made accessible upon the request of prospective buyer if needed.” Can you clarify how this standard applies to spec units? Additionally, Section 6.8 says also says that for elderly homebuyers (62+) the home must include at least one bathroom with a roll in accessible shower with grab bars. Would DLG consider amending this requirement to allow showers with a low step?**

This does not apply to spec units. This requirement is only when a unit is under contract, prior to construction, by an elderly homebuyer but will be amended to allow for a low step shower. If accessibility is requested by a prospective buyer, the unit must meet UFAS requirements. For questions regarding specific circumstances, please contact DLG to discuss.

- 9. Will CDBG-DR be available for construction or only at the sale of the unit?**

Funds can be used for construction costs and It is not required to be a reimbursement for costs already paid. The draw process will be described in the loan agreement.

- 10. Can you provide any clarification about how leverage funding will impact scoring as per the scoring criteria in Section 8.2? The NOFA indicates a scoring incentive for bringing leverage to the table, but if they can build for under \$200k, how does that work?**

Leverage is not required unless total development costs per unit exceed \$200,000 per unit. Developers may choose to leverage CDBG-DR with other funding if TDC/unit are less than \$200,000. Developers can provide options for creativity with additional funding such as increasing the total number of units in their proposal and designating units as CDBG-DR and non-CDBG-DR. No lots will be awarded to proposals that do not include a request for CDBG-DR.

- 11. The application instructs applicants to attach a Sources and Uses Development Budget in Excel. I did not see this spreadsheet attached. Is there a specific form that DLG wants applicants to use or do applicants need to create their own sources and uses format?**

The sources and uses form is now available on the Skyview website here:

[Skyview Estates Perry County - Kentucky Department for Local Government](#)

- 12. On page 6, the application requests a summary of proposed sources. Can you clarify whether you want to know what sources will be used for construction, what sources will be used for permanent financing or both? For example, should we include the expected first mortgage financing sources in this spread sheet?**

The application spreadsheet, which is now posted, includes a section for both construction and permanent sources and uses. CDBG-DR may be the only construction source but it is expected that sales proceeds will be an additional permanent source, in addition to CDBG-DR and any other financing resources.

- 13. Can you describe how the buyers mortgage fits in. Ie if we build to 250k and the mortgage is 150k, does that mean we are using only 100k of CDBG-DR?**

The homebuyer mortgage is considered a permanent source. At the sale of the unit, if the mortgage proceeds + CDBG-DR exceed the total development cost of the unit, the excess CDBG-DR proceeds must be paid back to DLG.

- 14. Can you provide the required procedures referenced in the Statement of Assurances item #6 regarding Executive Order 12372?**

Please disregard this section. It will be removed from the application since this NOFA will not be submitted through eClearinghouse.

- 15. Item (e) 6 of the Statement of Assurances states that we are certifying that we comply with KRS 337, with respect to Kentucky Prevailing Wage Rates and labor standards. Upon review of KRS337, it appears that the sections that concerned prevailing wage rates (337.505-337.520) have been repealed. Can you provide the specific sections of KRS 338 that we need to comply with?**

Developers must comply only with any provisions that are currently in effect.

- 16. Didn't see "carrying costs" under eligible costs listed (Costs while waiting for unit to be sold). Is that an eligible program cost?**

Carrying costs are included as a budget line in the Sources and uses spreadsheet and is eligible for CDBG-DR.

- 17. Do we need to include meter and tap fees in the development budget, or is that already included in the completed site work?**

There is not a tap fee/meter cost, since that is covered by the water/sewer infrastructure project, but there will be a \$105 connection fee.

- 18. Are Labor standards and wage rates posted online? It would be helpful for the application.**

CDBG-DR funding is subject to federal labor standards. More information on HUD's labor standards can be found here:

[Office of Davis-Bacon and Labor Standards | HUD.gov / U.S. Department of Housing and Urban Development \(HUD\)](#)

Information on the labor and wage requirements for the Commonwealth of Kentucky can be found here:

[Wages and Hours - Kentucky Education and Labor Cabinet](#)

Training on labor standards will be provided to awardees.

19. Who will do Davis Bacon compliance?

Fahe will support DLG with Davis Bacon compliance. DLG will provide additional training on Davis Bacon to awardees.

20. Section 5.4 explains that buyers will be eligible for a forgivable loan in an amount that reduces their 1st mortgage to an “affordable level.” However, no explanation of what DLG considers an affordable level is provided. Can you provide clarification on what is considered affordable? Is this the PITI levels provided in the action plan? Where are the front-end and back-end ratios?

The homebuyer PITI levels and ratios can be found in the Single-Family New Construction Policy Manual for 2022 located at the link below. The Homebuyer underwriting standards can be found in Section 5.2 beginning on p 17 of the PDF.

The subsidy level for each homebuyer will be based on individual need since the homes will be sold at appraised value. The buyers will be subject to different affordability periods based on the subsidy provided. Fahe will manage the qualification process with the homebuyers.

[Single-Family New Construction Program Policy \(2022\).pdf](#)

21. Section 7 describes the homebuyer process. How will homebuyers choose their units?

Fahe will manage homebuyer intake and DLG will approve each homebuyer setup. Developers must refer all potential homebuyers to Fahe. Fahe expects to work closely with developers to match homebuyers with the homes that meet their needs.

22. Section 7 also discusses non-CDBG-DR funded houses. It is not clear what requirements/ expectations for non-CDBG funded houses will be? Do non-CDBG-DR units have to meet the same construction standards? Will the same DOB and affordability standards apply? Could a CDBG-DR income eligible buyers opt to buy a non-CDBG-DR funded unit to avoid DOB or affordability requirements? Additionally, there is no explanation of how a developer would apply for lots to build non-CDBG-DR funded units.

Developers may leverage additional funding in their application for non-CDBG-DR units but must clearly designate CDBG-DR units vs non-CDBG-DR units. However, no lots will be awarded to applications that do not include a request for CDBG-DR. The non-CDBG-DR units do not have to meet the HUD requirements if HUD is not the other funding source but must meet all other non-HUD requirements such as KHC's construction standards, deed restriction and geotechnical requirements, and the Commonwealth's labor standards.

This NOFA will only award lots in conjunction with a CDBG-DR award. The Commonwealth will announce any opportunities at a later date.

23. One of the things they (the developers) normally do is identify the appropriate mortgage and get qualified. Will the developers do that now or is that Fahe?

Fahe will manage this process.

24. How will duplication of benefits work for people getting large buy-out checks?

Fahe will work closely with buyers and DLG to evaluate Duplication of Benefits for each applicant.

25. Can someone from another disaster (for example, in North Carolina) apply for Skyview?

Anyone can apply; however, Kentucky flood disaster survivors will receive priority.

26. Is buyer financing required?

No, but the buyer must meet the CDBG-DR income eligibility requirements. They must pay the full appraised value and may still receive a CDBG-DR subsidy if needed.

27. If a developer is leveraging RHTF or other funding, what standards will the household be held to?

The buyer must meet whichever funding source is most restrictive only if funding is combined in the same unit.

28. When can potential buyers apply for a home? What if they don't qualify for a unit at Skyview?

All potential homebuyers must submit an application at the *Housing Can't Wait* website at the link below. Fahe will work with all applicants to determine the housing program that best fits their circumstances and needs.

[Housing Can't Wait](#)

29. Section 5.6 states that the Commonwealth requires "an extended ALTA title insurance policy in its favor with appropriate endorsements providing rights and remedies with respect to the affordability period." Can you provide more information and the expected cost of this policy?

The final title policy requirements will be included in the funding agreement between the Commonwealth and DLG. If required, a title policy may cost up to .5% of the funding request.

30. Regarding the Permanent Sources section of the Sources and Uses Spreadsheet, should the total amount of the permanent sources be structured based on the sale price of the unit or the total cost to develop the unit?

Skyview NOFA FAQ's

The permanent sources section of the application spreadsheet should be based upon the total cost to develop the unit. The CDBG-DR funds will cover the gap between the buyer's mortgage and sale price as well as any remaining gap up to the total cost to develop the unit.

Cost to develop unit: \$ 200,000
Appraised Value (sale price): \$ 175,000

Permanent Sources

Buyer Mortgage	\$ 120,000
CDBG-DR: to buyer	\$ 55,000
CDBG-DR: Dev Cost Gap	\$ 25,000
Total Perm Sources	\$ 200,000