

**Kentucky Housing Corporation
Gap Pool Funding
Homeownership, Home Improvement and Rehabilitation**

Description

Kentucky Housing Corporation's (KHC) Gap Pool Funding is a non-competitive, ongoing funding program for units of local government, local housing authorities, nonprofit organizations, private developers, faith-based and community service organizations, and regional or statewide housing assistance organizations. The program's focus is to assist entities that are not eligible or would not receive other funding resources.

Gap Pool Funding has a set amount of funds that are derived from the HOME Investment Partnerships (HOME) Program and Kentucky's Affordable Housing Trust Fund (AHTF). The pool remains open until funds are expended, and the funds are available on a first-come, first-served basis. The program helps organizations access funds for homeowner rehabilitation assistance and home buyer assistance without having to compete with other applicants for a large allocation of funding.

The following project activities are eligible for funding.

Home Buyer Programs

New construction or acquisition/rehabilitation/resale that involves one or more of the following activities:

- Site development
- Land acquisition
- Construction financing
- Rehabilitation and resale
- Permanent financing, when combined with new construction or acquisition/ rehabilitation/resale activity

Homeowner Rehabilitation Programs

Owner-occupied rehabilitation that involves one or more of the following activities:

- Moderate rehabilitation – rehabilitation costs between \$10,000 to \$25,000 per unit
- Substantial rehabilitation – rehabilitation costs over \$25,000 per unit
- Demolition and rebuild
- To be eligible, rehabilitation projects must address a minimum of \$10,000 in code violations

A competitive funding round may take several months before an application is scored and recipients are notified of funding. Gap Pool Funding applications are scored within a few weeks, which allows for quicker access to the funds.

The program serves households at or below 80 percent of the area median income and is a results-based program. This way, as an entity produces units they can access more funds. Partners complete a very simple application that outlines how they intend to use the money and their past experience with similar projects of this type and scope. KHC program representatives spend a great deal of time with the applicants explaining HOME and AHTF. By participating in the Gap Pool Funding program, organizations gain experience with HOME and AHTF. This experience benefits the organizations should they choose to participate in HOME or AHTF competitive funding rounds in the future.

When and Why It Was Undertaken

Gap Pool Funding was started two and one-half years ago and was designed to allow smaller, less experienced entities to apply for funds. It is also designed for more experienced developers to fill the gap between one large allocation and subsequent funding allocations.

Results/Accomplishments

Since its origination, this program has assisted 76 households that may not have been assisted without these funds. Partnerships have been developed with 26 entities and almost \$2,000,000 has been allocated. The program continues to grow and be successful.

Why It Is Meritorious

Gap Pool Funding is an innovative program that assists smaller entities and developers who need extra assistance to be successful in their home buyer and homeowner rehabilitation projects. It also assists organizations so they gain needed experience to participate in competitive funding rounds.

KHC is not aware of any other housing finance agencies that have a program similar to Gap Pool Funding, although it could easily be replicated by other agencies.