

Rewarding Developer Innovation through Special Funding Pool

Kentucky Housing Corporation

Rental Housing: Encouraging New Construction

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For 30 years, Pam Moore lived in the same apartment in Lexington, Kentucky. It provided her the basics – a roof over her head, a place she could make her meals and a stable rent that fit her budget. A lifelong private caretaker, she loved helping her clients, but she struggled to pay her own bills and relied on public assistance.

When her sister, Pat, moved in with her, they needed a larger place and worried they could not find something as nice. They rejoiced when they found Meadowthorpe Landing, a 71-unit development specifically for seniors. Equipped with specialized workout equipment, a room for telehealth calls and community spaces where residents could interact, it was an oasis to the sisters. Plus, it was affordable.

"So many seniors, including myself and my sister, are on a fixed income, and you can't just go out and get any apartment," Pat said. "We are thankful that there are places like this. Just having the security of knowing you are able to afford your home and not have to worry about whether you can pay your rent and your bills each month has been a blessing."

Complexes like Meadowthorpe were the impetus for Kentucky Housing Corporation's Innovation Pool. In 2019, KHC began offering a special set-aside for developers in the [Qualified Allocation Plan \(QAP\)](#). Alongside the traditional applications for Low-Income Housing Tax Credits (LIHTC), developers could submit projects near and dear to their hearts, ones that addressed an unmet need in their community by offering specialized service packages to underserved populations or offered a different spin on traditional multifamily units by incorporating unique design features. They were judged strictly on the merits of their innovation rather than trying to meet the more stringent scoring criteria of a typical LIHTC application.

For many developers, it was a welcome addition. For years, they had mulled over certain projects, working with community partners to find the best, most affordable way to present and implement their ideas. If funded, they knew the projects could strengthen the communities where they were located and transform the quality of life for the people they served, but many of the projects would not survive the competitive LIHTC process. The Innovation Pool finally gave them an outlet.

In its inaugural year, KHC's Innovation Pool awarded funding to four projects:

- **Westminster Apartments** – [a 51-unit project](#) that would renovate the top four floors of a vacant apartment building on the University of Louisville's campus. Designated for seniors, Westminster would allow residents to age in place. The complex had a 50-unit personal care facility on site and a 112-bed nursing facility in an adjoining building. The developers partnered with the University of Louisville Institute for Sustainable Health and Optimal Aging to provide social workers, nurses, pharmacists and geriatricians for the residents so that they had the support they needed yet they could still live independently. As the residents age, the complex

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provides different levels of care and service to allow the seniors to move into different areas of the facility that meet their current needs, while remaining on the familiar campus that they know as home.

- **Kit Carson Commons** – [a development](#) that offered 30 two- and three-bedroom units for single-parent families, prioritizing single-parent veterans. Located on the edge of Eastern Kentucky University’s campus, residents of Kit Carson could pursue their degree while using the Scholar House Child Development childcare facility and participate in workforce development and training in the attached Community Service Facility. Managed by the local Community Action Agency, Kentucky River Foothills Development Council Inc., the building has several classrooms, where the public can take workforce development trainings, a needed resource in the Eastern Kentucky community.
- **Maddox Manor** – [a 40-unit development in Glasgow, Kentucky](#), where there was a shortage of elderly housing, specifically, and affordable, multifamily housing, in general. Maddox would not only provide housing units, but a service facility that would offer on-site adult day care, meals, transportation, attendant care for residents and use the Medicare Waiver program to offer care to Maddox residents and the Glasgow community.
- **Ransdell Living and Learning Center** – the smallest but perhaps most innovative project, Ransdell offers 16 units for adults and families on the autism spectrum. Residents would work with the [Western Kentucky University \(WKU\) Kelly Autism Program](#), where they would receive assistance with daily living skills, and employment skills, all while attending WKU, where they can earn a degree.

Ransdell represented the unconventional thinking KHC sought. The developer targeted a specific community and rallied community resources that would serve those residents and give them a better quality of life without sacrificing comfort. Offering two-bedroom, one and one-half bath units or three-bedroom, two-bathroom units, the units can comfortably fit a family that moves to Bowling Green to take advantage of this unique project. Each unit includes a washer and dryer, and water, trash and sewer bills are paid, which minimizes expenses for the families and individuals living in Ransdell.

The Kelly Autism Program offers programs for elementary, middle and high school students as well as after-school programs, support for college students with autism, social activities and workforce development, allowing residents to essentially age in place from childhood to adulthood, and having WKU’s trained experts available for guidance and assistance is an invaluable resource for the families living at Ransdell.

Nearly two years later, Ransdell is preparing to open and has expanded its service to those with hearing impairments as well as other disabilities to ensure that special needs individuals and families have a safe, affordable place to stay with the support and resources they need to thrive.

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Since the first round of funding, KHC has awarded projects that provide permanent housing, treatment and support to those recovering from substance abuse; a solar-powered housing development for seniors that will reduce their energy costs, so they can truly live on a fixed income without worrying about seasonal utility spikes; apartments for sexual trafficking survivors that has an on-site social enterprise where residents can make candles and crafts that they sell online, so they can learn job skills in a safe environment; a renovated school that caters to artists and provides them performance space and an arts incubator that allows them to refine their craft and pursue a career in their chosen field; and a 47-unit development that is equipped for deaf and hard of hearing seniors that has visual strobe fire/CO2 alarms, bed shakers synched with alarm clocks and life safety systems, video-based entry systems, matte paint to reduce visual glare, and wireless smart monitoring systems to alert residents about open doors, temperature issues, motion activity, voltage issues, and water hazards.

Meeting State's Needs

By allocating a portion of the LITHC for these projects, KHC has created an easily replicable, highly effective way to meet housing needs that many of the staff did not know existed; to deepen its partnership with developers; and to expand KHC's partner network, weaving together service providers, community agencies, and resources to provide the best possible living situation. Every year, KHC sets aside 15% of its annual credit cap for innovative projects, which allows the corporation to continue providing traditional multifamily developments throughout the state while also nurturing the creative proposals from imaginative developers.

In 2020, KHC's Multifamily Programs staff invited all applicants to present their submissions virtually to a diverse team of KHC staff in light of COVID. Unlike previous years, Multifamily asked staff from various departments throughout the agency to participate so that KHC would have diverse perspectives. This opportunity to visually present their projects to KHC staff, as opposed to just reading about them in the application, allowed the developers to share their vision for these unique projects and illustrate the impact they would have on their communities.

Hearing their passion about each project, the detail they put into crafting the development and the connections they made in the community to serve the residents and to make the project more robust excited the committee. These projects are furthering our corporate mission to serve with purpose and to provide holistic housing solutions and are empowering more groups to find safe, permanent, stable housing that addresses their unique circumstances.