

City of Covington, Kentucky
Northern Kentucky HOME Consortium
HOME-ARP Allocation Plan



Introduction

The American Rescue Plan (ARP) was signed into law on March 11, 2021. ARP provided over \$1.9 trillion in relief to address the continued impact of the COVID-19 pandemic on the economy, public health, State and local governments, individuals, and businesses. To address the need for homelessness assistance and supportive services, Congress appropriated \$5 billion in ARP funds to be administered through HUD's existing HOME Investment Partnerships Act (HOME). This allocation of ARP funds, known as HOME-ARP, must be used to perform four activities that primarily benefit individuals and families who are homeless, at risk of homelessness, or in other vulnerable populations. These activities include: (1) development and support of affordable housing, (2) tenant-based rental assistance (TBRA), (3) provision of supportive services; and (4) acquisition and development of non-congregate shelter units.

On September 22, 2021, the City of Covington, Kentucky was awarded \$2,044,421 in HOME-ARP funding and has engaged in a consultation and public participation process to develop this HOME-ARP Allocation Plan. This plan outlines how the City of Covington plans to distribute these funds locally. The City of Covington is the lead entity for the Northern Kentucky HOME Consortium (Consortium). This Consortium includes the cities of Ludlow, Erlanger, Newport, Bellevue and Dayton. The Consortium is categorized by HUD as a Participating Jurisdiction (PJ). The Consortium will be referred to as "PJ" throughout this Plan. The activities described in this plan could occur in any of these cities. In accordance with federal regulations and the guidance contained in Community Planning and Development Notice CPD-21-10, the plan will be submitted to HUD as a substantial amendment to the PJ's Program Year 2021 Annual Action Plan.

Consultation

Prior to development of this plan, the PJ consulted with multiple agencies and social service providers who work directly with the HOME-ARP qualifying populations. Feedback from these consultations was used to identify the unmet needs and gaps in housing and supportive services. Input from these agencies was also used to determine the HOME-ARP activities that the PJ plans to undertake in partnership with these agencies and potential collaboration for administering HOME-ARP.

In accordance with HOME-ARP guidance, before developing its HOME-ARP allocation plan, at a minimum, the PJ must consult with:

- CoC(s) serving the jurisdiction's geographic area,
- homeless service providers,
- domestic violence service providers,
- veterans' groups,
- public housing agencies (PHAs),
- public agencies that address the needs of the qualifying populations, and

- public or private organizations that address fair housing, civil rights, and the needs of persons with disabilities.

The PJ’s consultations included representatives from each of these organization types and other agencies that serve the qualifying populations.

Summary of Consultation Process

The PJ began the process by identifying the relevant agencies and organizations to be contacted. On March 2, 2022, the PJ recorded a virtual webinar that was provided to all of the agencies outlining the HOME-ARP requirements, funding amounts, eligible activities and the planning and consultation process. Approximately one week after the webinar, each agency was contacted individually for interviews and also provided with a list of consultation topics and specific data requests. These topics were specifically targeted to each agency based on the specific input required for the HOME-ARP plan. The PJ utilized the HUD provided “Discussion Guide for HOME-ARP Consultation Meetings”.

The chart below summarizes the agencies consulted and the feedback received:

Agency/Org Consulted	Type of Agency/Org	Method of Consultation	Feedback
Kentucky Housing Corporation	Continuum of Care	Webinar; submitted written responses and data per discussion topics	Provided detailed reports from the HMIS reporting system regarding the homeless populations served by the local CoC, including demographic information.
The Brighton Center	Homeless Service Provider	Webinar; submitted written responses and data per discussion topics	Provided homeless demographic information from HMIS; info on current homeless service programs; info on current funding to address homelessness; info on street outreach efforts; info on “gaps” in services for qualifying populations; info on “gaps” in affordable housing supply.
Welcome House of Northern Kentucky	Homeless Service Provider	Webinar; submitted written responses and data per discussion topics	Provided data from the K-Count, HMIS system and other CoC demographic information; CoC Racial equity Analysis Tool; info on current homeless service programs and funding; strongly

			advocated for homelessness prevention programs.
Strategies to End Homelessness	Homeless Service Provider	Webinar; submitted written responses and data per discussion topics	Strongly advocated for homeless/shelter diversion programs; Shared detailed info on successful program being operated in Cincinnati; Provided detailed data on the need for shelter diversion programs.
Housing Authority of Covington	Public Housing Agency	Webinar; submitted written responses and data per discussion topics	Provided data on qualifying populations, demographics, waitlists; Outlined data regarding unmet affordable housing and service needs.
Kenton County Housing Choice Voucher Program	Public Housing Agency	Webinar; submitted written responses and data per discussion topics	HCV provided info on waiting lists, active vouchers and self-sufficiency programs.
The ION Center	Domestic Violence Service Provider	Webinar; submitted written responses and data per discussion topics	Info on current operating programs and services; demographic information for qualifying populations; unmet shelter, housing and service needs; gaps in affordable housing; data on sexual, physical violence and stalking rates in KY; KY Coalition Against Domestic Violence Needs Assessment.
Northern Kentucky Community Action Commission	Public Agency Serving Qualifying Populations	Webinar; submitted written responses and data per discussion topics	Gaps and unmet needs regarding transportation, housing, childcare, supportive services; gaps in affordable housing supply; lack of financial resources for vulnerable populations; info on current operating programs and funding levels.
Northern Kentucky Emergency Cold Shelter	Homeless Service Provider	Webinar; submitted written responses and data per discussion topics	Provided demographic info from HMIS reporting; assisted in getting needed information from KY Housing Corporation; Shared info on how other KY cities are

			addressing homelessness with federal dollars.
Life Learning Center	Public Agency Serving Qualifying Populations	Webinar; submitted written responses and data per discussion topics	Strongly advocated for homeless/shelter diversion programs; supported a proposal for this type of program to be operated in Northern KY; program is currently being operated in Cincinnati by Strategies to End Homelessness.
Neighborhood Foundations	Public Housing Agency	Webinar; submitted written responses and data per discussion topics	Provided information regarding public housing units in Newport, population assisted, demographic info, waitlists, etc.
Disabilities Coalition of Northern Kentucky	Public Agency Serving Persons with Disabilities	Webinar; submitted written responses and data per discussion topics	Shortage of accessible units, especially affordable units; the need for more aging-in-place programs for the rapidly increasing elderly population; the need for more accessibility modification programs.
Northern Kentucky Human Rights Commission	Public Agency that Addresses Fair Housing and Civil Rights	Webinar; submitted written responses and data per discussion topics	Provided data regarding fair housing complaints/cases.
Legal Aid of the Bluegrass	Public Agency that Addresses Fair Housing and Civil Rights	Webinar; submitted written responses and data per discussion topics	Did not respond directly to consultation request; however, has previously provided info on fair housing issues and issues related to evictions, housing affordability, etc.

Public Participation

In accordance with the requirements of HOME-ARP funding, the PJ provided for and encouraged citizen participation in the development of the HOME-ARP allocation plan. Before submission of the plan to HUD, the PJ provided residents with reasonable notice and an opportunity to comment on the proposed HOME-ARP allocation plan of **no less than 15 calendar days**.

The PJ followed its public participation process as outlined in the adopted Citizen Participation Plan. This included fair housing and civil rights requirements and procedures for effective communication. The Citizen Participation Plan also outlines how the public participation process will adhere to accessibility requirements, reasonable accommodation for persons with disabilities and access to participate for residents with limited English proficiency. The PJ provided the public with reasonable notice and an opportunity to comment on the proposed plan. The PJ also held a public hearing on the HOME-ARP funding and the HOME-ARP draft Allocation Plan. The notices to the public included information on the amount of HOME-ARP that the PJ will receive and the HOME-ARP eligible activities that the PJ may undertake.

Below is a summary of the HOME-ARP public participation process:

- *Date(s) of public notice: 2/9/2023*
- *Public comment period: start date - 3/10/2023 end date - 3/26/2023*
- *Date(s) of public hearing: 2/16/2023*

Public Participation Process:

Prior to adoption of the HOME-ARP Allocation Plan by the City of Covington Board of Commissioners and submission to HUD, the PJ invited members of the general public to participate in the HOME-ARP planning process by reviewing and commenting on a draft of the Allocation Plan. The Plan was made available for public review and comment from March 10, 2023, to March 26, 2023. The Plan could be reviewed on the PJ website at www.covingtonky.gov. Hard copies of the Plan could also be requested by contacting the Neighborhood Services Department. The PJ also held a public hearing on the HOME-ARP planning process on February 16, 2023. These participation opportunities were advertised on February 9, 2023, in the Kentucky Enquirer. Detailed information was also posted on the PJ website and social media channels. A local online newspaper, the Northern Kentucky Tribune, also published an article about the public participation opportunities.

Efforts to Broaden Public Participation:

In preparing the HOME-ARP Allocation Plan, the PJ conducted multiple forms of outreach in an effort to broaden public participation. Citizens, staff, the regional Continuum of Care as well as numerous stakeholders and local agencies were consulted. These agencies were also directly

sent information on the public participation process and asked to disseminate the information to their clientele. The public notices were also provided to the Esperanza Latino Center, a leading local Hispanic outreach agency. The public notices included procedures for the public to request special accommodations in order to attend the public hearing.

The PJ offered multiple avenues for the public to comment on the draft Allocation Plan. These included mail and email options for written comments as well as oral comments accepted by phone or at the scheduled public hearing.

Summary of Comments and Recommendations Received through the Public Participation Process

The PJ received 30 written comments during the public comment period. Below is a summary of the comments received:

- Lack of affordable housing for rental and homeownership
- Financial assistance needed to prevent families from becoming homeless
- Consider new forms of affordable housing construction, including 3D printed homes, tiny homes, other types of manufactured homes
- Mental and physical health issues must be addressed; substance abuse programs are needed
- Rather than funding homeless programs, fund mental health institutions and affordable housing
- Make sure that affordable housing is available in all areas, especially where low-income jobs are located
- Medical respite programs are vital to the health of the homeless population; many of these programs are losing funding; consider funding medical respite programs
- Accessible living needs to be included in affordable housing development to address the disabled and aging populations
- Shelter diversion programs have been shown to be the best approach to addressing homelessness before it occurs; the most cost-effective approach
- Consider supportive services for owners as well as renters
- Activate vacant buildings for shelter or transitional housing units
- Leverage other public and private funds to address homelessness; the amount of HOME-ARP available is insufficient
- Various forms of supportive services are needed including assistance to people with Housing Choice Vouchers to help find available units and landlords that are willing to participate
- Coordinate efforts with the local police departments; police departments have a lot of interaction with the homeless population and would be a good resource to identify needs and gaps in services
- Additional shelter and transitional units are needed so that no one is on the street

- Eviction prevention programs are needed to help people avoid becoming homeless
- Various holistic approach is needed; affordable housing, transportation assistance, skill-based learning, increased minimum wage, security deposit and utility cost assistance, school choice all are important
- Affordable housing and supportive services should employ the Housing First philosophy; provide safe/stable housing first, then employ supportive services
- Food security and nutrition are vital to the homeless population; food pantries and food assistance programs are important

Summary of Comments or Recommendations Not Accepted

All public comments were accepted and incorporated into the planning process.

Needs Assessment and Gaps Analysis

In accordance with the HOME-ARP Allocation Plan requirements, the PJ evaluated the size and demographic composition of the qualifying populations within its boundaries to assess the unmet needs of each of those populations. In addition, the PJ identified gaps within its current shelter and housing inventory as well as the service delivery system. The PJ utilized current data, including point-in-time count, housing inventory count, American Community Survey (ACS), Comprehensive Housing Affordability Strategy (CHAS), and data provided by consultation partners.

The first table below outlines the current inventory and gaps in the homeless shelter system. The second table outlines the current inventory and gaps in affordable housing available to the non-homeless population. Sections of the table with an n/a reported indicate that information was either not available or not applicable to the statistics.

The HOME-ARP jurisdiction for this Plan is the Northern Kentucky HOME Consortium. The Consortium includes the cities of Covington, Ludlow, Erlanger, Newport, Bellevue and Dayton. These cities are located in the Counties of Kenton and Campbell. Some of the data sources are available by County, some are available at the city level. In the first table below, the statistics are representative of the entire counties of Kenton and Campbell. In the second table, the statistics are specific to the Consortium cities. Although, the County level data does include some cities that are not part of the Consortium, the data is very representative of the Consortium cities because the Consortium cities contain a majority of the homeless shelter units and affordable housing units in the Counties.

Analysis of the data shows a gap in available shelter units for homeless adults. It also shows a large gap in affordable housing units, especially for those at or below 30% of the area median income. There is also a large number of renters in the 0%-30% and 30%-50% income levels with severe housing problems that would be at-risk of homelessness.

Homeless Needs Inventory and Gap Analysis Table

Homeless													
	Current Inventory					Homeless Population				Gap Analysis			
	Family		Adults Only		Vets	Family HH (at least 1 child)	Adult HH (w/o child)	Vets	Victims of DV	Family		Adults Only	
	# of Beds	# of Units	# of Beds	# of Units	# of Beds					# of Beds	# of Units	# of Beds	# of Units
Emergency Shelter	216	6	104	0	0								
Transitional Housing	204	32	76	n/a	10								
Permanent Supportive Housing	156	n/a	98	n/a	81								
Other Permanent Housing	0	0	0	0	0								
Sheltered Homeless						11	131	5	34				
Unsheltered Homeless						n/a	119	7	n/a				
Current Gap										No gap	No gap	-22	-22

Data Sources: 1. Point-in-time Count (PIT); 2. Continuum of Care Housing Inventory Count (HIC); 3. Consultation

Housing Needs Inventory and Gap Analysis Table

Non-Homeless			
	Current Inventory	Level of Need	Gap Analysis
	# of Units	# of Households	# of Households
Total Rental Units	18,772		
Rental Units Affordable to HH at 30% AMI (At-Risk of Homelessness)	913		
Rental Units Affordable to HH at 50% AMI (Other Populations)	1,773		
0%-30% AMI Renter HH w/ 1 or more severe housing problems (At-Risk of Homelessness)		4,790	
30%-50% AMI Renter HH w/ 1 or more severe housing problems (Other Populations)		1,805	
Current Gaps			30% AMI: -3,877 50% AMI: -32

Data Sources: 1. American Community Survey (ACS); 2. Comprehensive Housing Affordability Strategy (CHAS)

Size and Demographic Composition of Qualifying Populations within the PJ's Boundaries

Residents Experiencing Homelessness

While there can be many causes of homelessness, the root causes are generally lack of affordable housing, unemployment or underemployment, disabilities, domestic violence, serious mental illness and substance abuse. The statistics below are from the 2022 K-Count. The K-Count is the Kentucky point-in-time count that documents the number of people experiencing homelessness. The figures do not necessarily reflect the total homeless population, but rather the number of sheltered and unsheltered people observed at the time of the count.

2022 point-in-time counts:

Campbell County: On the night of the annual point-in-time count, 75 individuals were experiencing literal homelessness, 47 were unsheltered.

- 28 individuals were in an emergency shelter, including 5 households with children, 10 individuals (0-17) years old.
- 19 individuals were chronically homeless.
- 27 adults self-reported a serious mental illness.
- 17 adults self-reported a substance use disorder.
- 3 self-reported being HIV+.
- 23 self-reported this episode of homelessness was caused by domestic violence.
- 4 of these individuals identified as veterans, all unsheltered, 1 from a chronically homeless veteran household.
- 326 children reported as experiencing McKinney-Vento homelessness.

Kenton County: On the night of the annual point-in-time count, 190 individuals were experiencing literal homelessness, 72 individuals were unsheltered.

- 114 individuals were in an emergency shelter including 6 households with children, 23 (0-17) years old.
- 4 individuals were in transitional housing.
- 2 individuals were unaccompanied youth under the age of 18.
- 36 individuals were chronically homeless.
- 35 adults self-reported a serious mental illness.
- 24 adults self-reported a substance use disorder.
- 2 self-reported being HIV+.
- 11 self-reported the current episode of homelessness was caused by domestic violence.
- 8 individuals identified as veterans, 5 sheltered, 3 unsheltered, and 5 persons in a chronically homeless veteran household.
- 482 children reported as experiencing McKinney-Vento homelessness.

Residents At Risk of Homelessness

The main cause of housing instability resulting in residents being at risk of homelessness is cost burden and severe cost burden. Other issues include overcrowding and substandard housing. The most recent Comprehensive Housing Affordability Study (CHAS) identifies housing problems and burdens for owners and renters. The four housing problems are: incomplete kitchen facilities, incomplete plumbing facilities, more than 1 person per room, and cost burden greater than 30%. The four severe housing problems are: incomplete kitchen facilities, incomplete plumbing facilities, more than 1 person per room, and cost burden greater than 50%. Cost burden is the ratio of housing costs to household income. For renters, housing cost is gross rent (contract rent plus utilities). For owners, housing cost is "select monthly owner costs", which includes mortgage payment, utilities, association fees, insurance, and real estate taxes. Cost burden exists when housing costs are between 30%-50% of gross income. Severe cost burden exists when housing costs exceed 50% of gross income.

Housing problems and cost burdens are more often experienced by renters than owners. In Campbell and Kenton County there are 11,125 owners and 12,745 renters with housing problems. There are 4,790 owners and 7,145 renters with severe housing problems. There are 6,400 owners and 5,840 renters with cost burden. There are 4,050 owners and 6,314 renters with severe cost burden. Affordability is a major obstacle for renters in Campbell and Kenton Counties.

In Campbell County, there are 11,122 total renter households which equates to 30% of total households. The average renter wage is \$10.97/hour. Affordable rents at this wage are \$570/month. To afford the Fair Market Rent, the average wage would need to be \$13.42/hour. Affordable market rents for renters making 30% of Area Median Income is \$641/month. Actual average market rent is \$1,360/month.

In Kenton County, there are 21,663 total renter households which equates to 34% of total households. The average renter wage is \$17.32/hour. Affordable rents at this wage are \$901/month. To afford the Fair Market Rent, the average wage would need to be \$13.42/hour. Affordable market rents for renters making 30% of Area Median Income is \$641/month. Actual average market rent is \$1,451/month.

Survivors of Domestic Violence

Kentucky has the highest rate in the nation (45.3%) for women experiencing sexual violence, physical violence or stalking by an intimate partner during their lifetime. This accounts for about 600,000 women between the ages of 18 and 64 in KY. Survivors who experience physical violence lose more than 7 days per year of work. The average annual healthcare cost may be as much as 37% higher for women experiencing physical and emotional abuse. Domestic violence is a significant risk factor for children who experience verbal abuse, physical punishment, and physical abuse.

According to the ION Center for Violence Prevention, from 2017-2021 29% of people they sheltered were from Kenton County, ranking Kenton County first out of the 8 NKY counties. Campbell County came in second for service population residency at 13.9%.

On September 9, 2021, **15** out of **15 (100%)** identified domestic violence programs in Kentucky participated in a national count of domestic violence services conducted by the National Network to End Domestic Violence. The following figures represent the information shared by the participating programs about the services they provided during the 24-hour survey period:

- **985 Victims Served in One Day**
- **654** adult and child victims of domestic violence found refuge in emergency shelters, transitional housing, hotels, motels, or other housing provided by local domestic violence programs.
- **331** non-residential adult and child victims received supportive services including counseling, legal advocacy, and support groups.
- **129 Hotline Contacts Received** Domestic violence hotlines are lifelines for victims in danger, providing support, information, safety planning, and resources via phone, chat, text, and email. Hotline staff received **129** contacts, averaging more than **5** contacts per hour.

Other populations at Risk of Housing Instability

Low and very low-income households as well as those experiencing housing cost burden are often times at the greatest risk of housing instability. According to the most recent CHAS data, there are 8,560 households in the Consortium cities with income at or below 30% of the Area Median Income (AMI). There are 5,360 households with income between 30% and 50% of AMI. Within the below 30% of AMI population, all 8,560 households experience cost burden or severe cost burden. Within the between 30% and 50% of AMI population, all 5,360 households experience cost burden or severe cost burden.

Persons with alcohol and drug use disorders are often at risk. According to the Substance Abuse & Mental Health Data Archive, 5.1% of the population in Kentucky age 12 and older has an alcohol use disorder. 7.52% of the population has a substance use disorder. Additionally, 22.54% of the population age 18 and older has some form of mental illness. The point-in-time count reported that 41 of the individuals experiencing homelessness had a substance abuse disorder and 62 had a mental health disorder.

According to the National Coalition for the Homeless, increased homelessness among elderly persons is largely the result of poverty and the declining availability of affordable housing. There are at least nine seniors waiting for every one occupied unit of affordable elderly housing nationwide. Furthermore, the waiting list for affordable senior housing is often three to five years. The Consortium cities have aging populations that may be at risk of housing instability.

According to the U.S. Census Bureau, elderly is defined as age 65 or over, frail elderly is defined as over age 75. The table below summarizes the percent of the population in the Consortium that is elderly or frail elderly:

	Elderly	Frail Elderly
Covington	8.5%	4.9%
Ludlow	9.3%	10.1%
Erlanger	8.2%	5.5%
Newport	9.8%	5.4%
Bellevue	8.5%	5.4%
Dayton	9.7%	5.7%

People with disabilities also are at a greater risk of housing instability. The Consortium cities have a high percentage of the population with one or more disabilities. The table below summarizes the percent of the population in the Consortium that is considered disabled:

	Disabled Population
Covington	16.9%
Ludlow	17.6%
Erlanger	13.1%
Newport	18.1%
Bellevue	11.9%
Dayton	14.7%

Veteran households may be at risk of housing instability. According to the Kentucky Department of Veterans Affairs, it is estimated that there are more than 400 homeless veterans at any given time in Kentucky. 12 homeless veterans were identified in the annual point-in-time count. The table below summarizes the percent of the population in the Consortium that are veterans:

	Veteran Population
Covington	6.9%
Ludlow	8.6%
Erlanger	8.2%
Newport	5.3%
Bellevue	5.7%
Dayton	7.0%

Persons re-entering the population from institutions often face housing instability. According to the National Institute of Corrections as of December 31, 2019, 49,757 people were under probation and 15,050 were under parole in the State of Kentucky. Children aging out of foster care are at a high risk of housing instability and homelessness. National studies have shown that within two to four years of leaving foster care at age 18, 40% were homeless, 40% were

receiving public assistance or were incarcerated, 40% experienced drug or alcohol abuse, 46% had not finished high school, and 51% were unemployed. In Kentucky, there are approximately 9,156 youth in foster care.

According to AIDSVu, an interactive mapping tool from Emory University's Rollins School of Public Health, about 265 out of every 100,000 residents in Kenton County and 191 out of every 100,000 in Campbell County are living with HIV. The annual point-in-time count reported that there were 5 persons living with HIV or AIDS who were experiencing homelessness.

Current Resources Available to Assist Qualifying Populations

The PJ's jurisdiction does include numerous agencies that provide programs and resources to assist qualifying populations. Below is a list of some of the agencies that serve the Consortium cities and the services that are provided:

- The ION Center for Violence Prevention: housing for 291 adults and children fleeing domestic violence and seeking safety; counseling for 7,533 individuals.
- Brighton Center: Tenant-Based Rental Assistance; Rapid Re-Housing programs; employment training; food pantries; childcare; financial education; emergency services; homeless shelters and services.
- Welcome House of Northern KY: lead entity in the Continuum of Care; homeless shelter units and homeless services; street outreach programs; supportive housing and services.
- Northern Kentucky Community Action Commission: rental assistance; homeless outreach; utility assistance programs; housing and financial counseling; housing weatherization; employment and career training.
- Northern Kentucky Emergency Cold Shelter: homeless shelter units; street outreach programs; homeless services including laundry, clothing and healthcare.
- Life Learning Center: recovery programs; healthcare; support groups; other supportive services.
- Kenton and Campbell County Housing Choice Voucher Programs: tenant-based rental assistance; family self-sufficiency programs.
- Neighborhood Foundations: public housing units; affordable housing development; resident services
- Housing Authority of Covington: public housing units; resident services.

Unmet Housing and Service Needs of Qualifying Populations

Sheltered and Unsheltered Homeless:

Lack of adequate transitional housing and permanent affordable housing and lack of resources for homeless services are the primary unmet needs for the homeless population. There is a severe lack of decent, safe and affordable housing especially for households below 30% of the Area Median Income. Agencies that provide homeless services lack adequate resources to provide case management, permanent supportive housing assistance and adequate support staff. Agencies consulted stated consistently that adequate homeless prevention services and shelter diversion services would be the best solution to reducing homelessness.

At Risk of Homelessness:

The Housing Needs Inventory and Gap Analysis shows a gap of 3,877 affordable housing units for renters earning below 30% of Area Median Income. Households below 30% AMI and 50% AMI have cost burden or severe cost burden meaning they are paying more than 30% of their income to housing costs. The majority of households earning below 30% AMI are paying more than 50% of their income towards housing costs. Housing Choice Voucher (HCV) Programs have long waiting lists to house people. There is a lack of landlords willing to participate in the HCV Program. Tenants with vouchers are unable to find units to rent. Market rate rents in Kenton and Campbell Counties have become increasingly unaffordable to low-income renters. Sales prices for homeownership have also drastically increased in recent years. Lack of affordable housing is the main unmet need for people at risk of homelessness.

Other issues facing this population include transportation, childcare, healthcare, lack of financial resources, financial assistance to cover utility arrears and lack of homeless prevention services.

One group found to be at risk of homelessness are those who are residing with others. This situation is commonly referred to as, “doubling-up”, living on the couches and floors of family, friends and acquaintances. Despite the fact that people in such situations are most likely to imminently experience literal homelessness, this population has largely been missed by CARES Act & American Rescue Plan funding for Emergency Rental Assistance (ERA) funding, as they are no longer on a rental lease, a common requirement for receiving such funds. Services targeted toward people who are living in doubled-up situations largely do not exist in Northern Kentucky, as such services are not eligible for traditional government funding sources. Most of these resources requires a person to be currently homeless and unsheltered on the street, a resident of an emergency shelter, or fleeing domestic violence to receive assistance.

Fleeing, or Attempting to Flee, Domestic Violence, Dating Violence, Sexual Assault, Stalking, or Human Trafficking:

The primary unmet needs for those fleeing domestic violence and sexual exploitation situations include financial assistance to help with relocation, rent and utility payments and deposits; resources for case management services; and resources for emergency shelter beds. According to the ION Center, their domestic violence shelters have been operating at full capacity and unable to meet all the requests for shelter. From 2014-2018 the unmet needs for shelter averaged 1,536 annually. This number increased to 1,924 in 2020, a 25% increase in unmet need. There are also unmet requests for services such as transportation, childcare, legal representation, and other support needs due to lack of resources.

Other Populations Requiring Services or Housing Assistance to Prevent Homelessness and Other Populations at Greatest Risk of Housing Instability:

Other populations identified through the consultation process that are at risk of homelessness are senior citizens and those with disabilities. These populations typically have limited, fixed incomes that are often inadequate for living independently and aging in place. There is a lack of affordable housing available for seniors and a lack of accessible housing available for disabled persons. There is also a lack of funding for programs to rehabilitate existing housing to allow seniors to age in place or to make housing more accessible.

Gaps Within the Current Shelter and Housing Inventory and the Service Delivery System

The gaps analysis in this plan identifies a gap of 22 emergency shelter and transitional housing beds needed to meet the needs of the PJ's homeless population. There are also 3,909 low-income renters experiencing severe housing problems who are at risk of homelessness.

The stakeholder consultation process identified additional gaps in the affordable housing inventory and the service delivery system. The gap in needed emergency shelter beds may in reality be larger than the gaps analysis due to the actual homeless population likely being larger than what is reported in the annual point-in-time count. Stakeholders emphasized the increasing lack of affordable housing available. Housing Choice Voucher Programs and Public Housing agencies have long waiting lists. HCV Programs are struggling to find landlords willing to rent under the program. Tenants with vouchers are struggling to find available units to rent. Market rental rates in the Consortium cities have ballooned in recent years making it even less affordable for low-income renters. The Housing Authority of Covington is closing one of its public housing complexes, City Heights. This site has become functionally obsolete. These households will require relocation to other comparable housing in the next 2-3 years. Because of the approved disposition of City Heights, as well as displaced tenants from City Heights receiving preference for housing, HAC's applicant wait list is closed indefinitely. This will likely cause an even greater shortage of affordable housing in the area.

Affordable housing development will need substantial subsidies from sources like Low Income Housing Tax Credits, HOME, CDBG and HOME-ARP. Development costs for affordable housing have skyrocketed due to the tight housing market and the costs of land and building materials.

The main gaps in the service delivery system involve lack of resources and agency capacity. There are programs available to serve the homeless and at-risk of homelessness populations. However, the need is greater than what the agencies can provide with their current resources. Other available sources of funding do not target the high-risk population of people who are living in doubled-up situations. CARES Act and ARP funding are targeted toward people who are still in rental housing but are at risk of losing that housing. HUD CoC and ESG funds are targeted toward people who are already experiencing homelessness, not prevention programs.

Many of the homeless service providers expressed the need for local Shelter Diversion programs. A nationally recognized best practice, Shelter Diversion targets people at highest risk of homelessness, and is the most cost-effective strategy for preventing homelessness. It prevents households from seeking emergency shelter or, when unable to enter shelter, sleeping unsheltered on the street. Shelter Diversion targets households who have already lost their housing and are, doubled-up, relying on others for a place to stay, and are out of other options. Shelter Diversion targets those households most at-risk of homelessness. Shelter Diversion costs less than assisting the household after they are on the street or in an emergency shelter. Shelter Diversion services produce better outcomes for at-risk households in terms of rates of future homelessness and exits to permanent housing, which is a key indicator of future housing stability. The availability of Shelter Diversion services correlates with decreases in the overall number of people entering emergency shelters or sleeping unsheltered.

Other gaps identified include lack of transportation, insufficient and unaffordable childcare, youth services, employment and career training, and mental health and substance abuse programs.

Priority Needs for Qualifying Populations

Through data analysis and stakeholder consultations the following priority needs for qualifying populations have been identified:

- Rental housing that is affordable to households below 30% of Area Median Income. There is a shortage of affordable housing and subsidized rental housing available.
- Supportive Services including case management, mental health, substance abuse, employment, housing navigation, transportation, childcare and other holistic services.
- Homeless Prevention including shelter diversion programs, eviction diversion, housing and financial counseling, rent and utility assistance programs.

Stakeholders cited local housing models like Opportunity Youth at Northern Kentucky University and the Scholar Houses in Covington and Newport that combine housing with support services, as best practices. These models may be better positioned to succeed in breaking the cycle of poverty in the future than traditional subsidized housing models. In addition to adult support services, there is a need for structured, developmental youth programming to break the cycle of poverty.

How the PJ Determined the Level of Need and Gaps in the PJ's Shelter and Housing Inventory and Service Delivery Systems Based on the Data Presented in the Plan

Data for this Plan was obtained from multiple data sources and directly from consultation partners and other stakeholders. Demographic information was obtained from the U.S. Census Bureau- American Community Survey; HMIS reporting data; and other information from consultations. Level of need and gaps analysis was obtained from the K-Count (Kentucky annual point-in-time count); the Continuum of Care Housing Inventory Count; the Comprehensive Housing Affordability Strategy (CHAS); the Substance Abuse & Mental Health Data Archive; the National Coalition for the Homeless; the Kentucky Department of Veterans Affairs; the National Institute of Corrections; AIDSVu, an interactive mapping tool from Emory University's Rollins School of Public Health; and other data provided through consultations.

HOME-ARP Activities

Method(s) That Will be Used for Soliciting Applications for Funding and/or Selecting Developers, Service Providers, Subrecipients and/or Contractors

The PJ will solicit proposal from developers, service providers, and/or subrecipient organizations to administer HOME-ARP eligible activities and/or develop affordable housing through an open RFP process. Multiple RFPs will likely be issued. Each RFP will, at a minimum, specify eligible applicants, eligible activities, minimum and maximum funding amounts, application thresholds, and underwriting criteria, and will provide instructions on how to submit a proposal. PJ staff will score and vet proposals and determine funding recommendations based on established selection criteria. The RFP will encourage HOME-ARP funds to be leveraged with other public and private funding sources.

Administration of Eligible Activities

The City of Covington, as lead City in the Northern Kentucky HOME Consortium, will administer the HOME-ARP funds directly. Developers and/or subrecipients will be procured/selected for affordable housing development using the City's established procurement policies and procedures. Subrecipients will be selected to administer supportive services and homeless prevention activities. Subrecipients will be obligated to comply with all federal

regulations pertaining to the HOME and HOME-ARP programs but ultimately the PJ will be directly responsible for oversight, monitoring, and reporting as well as other applicable program administration requirements.

Use of HOME-ARP Funding

	Funding Amount	Percent of the Grant	Statutory Limit
Supportive Services	\$ 695,103		
Acquisition and Development of Non-Congregate Shelters	\$ 0		
Tenant Based Rental Assistance (TBRA)	\$ 0		
Development of Affordable Rental Housing	\$ 1,042,655		
Non-Profit Operating	\$ 0	0 %	5%
Non-Profit Capacity Building	\$ 0	0 %	5%
Administration and Planning	\$ 306,663	15 %	15%
Total HOME ARP Allocation	\$ 2,044,421		

Distribution of HOME-ARP Funds in Accordance with Priority Needs Identified in the Needs Assessment and Gap Analysis

The HOME-ARP funding allocations were guided by the priority needs identified in this plan: affordable rental housing; supportive services; and homeless prevention. The lack of affordable rental housing is considered the top priority. 51% of the HOME-ARP funds are allocated to the Development of Affordable Rental Housing. 34% of the HOME-ARP funds are allocated to Supportive Services which includes homeless prevention activities. 15% of the HOME-ARP funds are allocated to Administration and Planning.

The housing inventory gap analysis indicates that 6,595 renter households with incomes below 50% of Area Median Income have severe housing problems, which may include lacking complete kitchen or plumbing facilities, severe overcrowding, or severe cost burden. These low-to moderate-income households are at increased risk of housing instability and/or homelessness and are most likely to need housing assistance to remain stably housed. Agencies that provide supportive services to the qualifying populations are already facing critical shortages in staff and financial resources. Without adequate supportive services, the homeless population and those at risk of homelessness face increasing vulnerability and instability. Supportive services and homeless prevention are critical to address the needs of these vulnerable populations. Supportive services may include shelter diversion programs, case management, housing search assistance, mental health treatment and substance abuse care, healthcare and childcare, financial literacy and housing counseling, and other related services.

HOME-ARP Production Housing Goals

Estimates for the Number of Affordable Rental Housing Units for Qualifying Populations That the PJ Will Produce or Support with its HOME-ARP Allocation

The PJ estimates that a total of 4-5 new affordable rental housing units will be created using HOME-ARP funds. The PJ will strive to produce as many new affordable housing units as efficiently as possible, however, costs per unit vary depending upon many factors, including the cost of property acquisition (versus use of City-owned property) as well as material and construction differences between the various building types under consideration. The PJ will encourage developers to leverage other private and public funds to increase the housing production goals.

The lack of affordable housing has been identified as a priority need for the use of HOME-ARP funds. There is a severe lack of affordable housing available for qualifying populations. The addition of these affordable rental units will help reduce the current gap of available units.

Preferences

The PJ does not intend to give preference to one or more qualifying populations or sub-populations for HOME-ARP funded affordable housing development or supportive services. If a HOME-ARP funded project arises where preferences are applicable or appropriate, then the PJ will amend the HOME-ARP Allocation Plan to include the planned preference. Any future planned preferences will not violate any applicable fair housing, civil rights, and nondiscrimination requirements, including but not limited to those requirements listed in 24 CFR 5.105(a). The PJ will comply with all applicable nondiscrimination and equal opportunity laws and requirements listed in 24 CFR 5.105(a) and any other applicable fair housing and civil rights laws and requirements if and when establishing preferences or methods of prioritization.

Referral Methods

The PJ will work closely with its housing partners and non-profit service providers to establish a referral method for applicants to be placed on a wait list for available rental units and supportive service activities. The PJ will receive referrals from multiple sources. In establishing the referral process and maintaining a wait list, the city will ensure compliance with federal HOME and HOME-ARP regulations as well as the Fair Housing Act. Referral policies and procedures will be developed in a manner to provide equal opportunity to qualifying populations.

Limitations in HOME-ARP Rental Housing

The PJ does not intend to limit eligibility for HOME-ARP rental housing development to a particular qualifying population or specific sub-population of a qualifying population.

HOME-ARP Refinancing Guidelines

The PJ does not intend to use HOME-ARP funds to refinance existing debt secured by multifamily rental housing that is being rehabilitated with HOME-ARP funds.