

CHAPTER 12

(SB 21)

AN ACT relating to the Kentucky Housing Corporation.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 198A.715 is amended to read as follows:

- (1) The administering agency for the trust fund shall be the Kentucky Housing Corporation, which shall use moneys from the trust fund to make, or participate in the making, of loans or grants for the eligible activities described in this section. Loans or grants shall be made upon the determination by the corporation that the loan or grant shall be used to create new sources of funding, or to supplement existing sources of funding for eligible activities, and shall not be used to replace existing or available funds.
- (2) Activities eligible for funding shall include:
 - (a) Provision of matching funds for federal housing dollars requiring a local or state match including, but not limited to, the National Affordable Housing Act of 1990;
 - (b) Acquisition of housing units for the purpose of preservation or conversion as very low-income housing;
 - (c) New construction or rehabilitation of very low income housing units;
 - (d) Matching funds for technical assistance directly related to providing housing for persons pursuant to KRS 198A.700 to 198A.730; and
 - (e) Administrative costs for housing assistance programs or organizations eligible for funding pursuant to subsection (3) of this section, if the grants or loans will substantially increase the recipient's access to housing funds other than those available under KRS 198A.700 to 198A.730.
- (3) Organizations eligible for funding from the trust fund include:
 - (a) Local governments;~~;~~
 - (b) Local government housing authorities;~~;~~
 - (c) Nonprofit organizations;~~;~~~~and~~
 - (d) Regional or statewide housing assistance organizations; *and*
 - (e) *Sponsors who work in connection with rental housing developments that receive low-income tax credits under Section 42 of the Internal Revenue Code of 1986, as amended. Sponsors, as set out in this paragraph, shall only be eligible if the corporation determines a nonprofit organization owns at least a fifty-one percent (51%) interest in the sponsor and materially participates in the development and operation of the rental housing.*
- (4) Housing units provided to very low-income persons or families pursuant to KRS 198A.700 to 198A.730, shall be deed-restricted under the following conditions:
 - (a) Rental housing shall be deed-restricted for a minimum of thirty (30) years. Amendments may be granted by the ~~board of directors of the~~ corporation on a case-by-case basis. Investment from the trust fund into a specific housing type shall revert to like housing for very low-income persons.
 - (b) Single-family units or units for sale shall be deed restricted for a minimum of five (5) years. *Amendments may be granted by the corporation on a case-by-case basis.*
- (5) In the development of housing pursuant to KRS 198A.700 to 198A.730, displacement of very low-income persons shall not be permitted unless the project shall pay all reasonable relocation costs as defined by the ~~board of directors of the~~ corporation.
- (6) There shall not be discrimination in the sale or rental, or otherwise making available or denying, a dwelling funded under KRS 198A.700 to 198A.730 to any buyer or renter because of race, religion, sex, familial status, disability, or national origin.
- (7) In the event that the corporation chooses to use trust fund dollars with or as a match to the Federal Home Investment Partnership Program or other federal programs, the strictest affordability requirements shall apply.

- (8) Trust fund dollars shall be contributed permanently to a project, except when serving as a match for federal housing programs that require all funds to be contributed permanently to the federal program. All repayment, interest, or other return on the investment of trust fund dollars are required to be returned to the trust fund and used for eligible trust fund activities in accordance with the requirements of KRS 198A.700 to 198A.730. Trust fund dollars invested in a project with federal dollars requiring a permanent contribution shall be recaptured to the federal program account.
- (9) *On or before October 1 of each fiscal year, the Kentucky Housing Corporation shall submit a report to the Legislative Research Commission on the disposition of the affordable housing trust fund moneys for the previous fiscal year*~~[The Kentucky Housing Corporation shall report semiannually to the Interim Joint Committee on Appropriations and Revenue on how the money transferred from the Kentucky Lottery Corporation's unclaimed prize account under KRS 154A.110(3) has been utilized. The corporation shall also make an annual report to the Legislative Research Commission on the disposition of the Kentucky Lottery Corporation's unclaimed prize money for each fiscal year].~~

➔Section 2. KRS 198A.720 is amended to read as follows:

- (1) The corporation shall issue a public notice to eligible recipients of the availability of trust funds at least twice each calendar year and provide for reasonable opportunity for the filing of applications.
- (2) The corporation shall approve or deny properly submitted and completed applications within *ninety (90)*~~[sixty (60)]~~ days of their receipt.
- (3) The corporation shall grant as many applications as will effectively use available funds.
- (4) The corporation shall grant or deny applications by ranking the *applications*~~[application's]~~ competitively using criteria established by the *corporation in consultation with the advisory committee for the trust fund created under KRS 198A.725. The corporation shall give priority to*~~[board of directors of the corporation. Applications shall receive the following priority rankings]:~~
- (a) Applications for projects submitted by nonprofit organizations or local governments for new construction for families~~[shall receive first priority funding];~~
 - (b) Applications for projects using existing privately-owned housing stock, including stock purchased by nonprofit public development authorities~~[, shall receive second priority funding];~~
 - (c) Applications for projects using existing publicly-owned housing stock~~[shall receive third priority funding];~~ and
 - (d) Applications from local governments for projects that demonstrate effective zoning, conversion, or demolition controls for single room occupancy units~~[shall receive fourth priority funding].~~
- (5) The corporation shall limit funds to be used for administrative costs to no more than *seven and one-half percent (7.5%)*~~[five percent (5%)]~~ of available funds, and shall disapprove any project in which more than *seven and one-half percent (7.5%)*~~[five percent (5%)]~~ of available funds shall be used for administrative costs.
- (6) The corporation shall require at least forty percent (40%) of all funds received to be used for rural areas of the Commonwealth, *which shall periodically be defined by the board of directors of the corporation*~~[, excluding the following areas: Ashland, Bowling Green, Covington, Henderson, Hopkinsville, Jefferson County, Lexington Fayette County, Louisville, Owensboro, and Paducah].~~
- (7) Funds targeted under this section that are not expended or set-aside within twenty-four (24) months from allocation may be reallocated in nontargeted communities for very low-income persons. The corporation may extend the twenty-four (24) month period for good cause; however, an extension shall not exceed an additional twelve (12) month period.
- (8) The corporation shall provide technical assistance to eligible recipients seeking to construct, rehabilitate, or finance housing-related services for very low-income persons. The corporation may contract with nonprofit organizations to provide the technical assistance required by this subsection.
- (9) The corporation shall provide or contract for the following services:
- (a) Financial planning and packaging for housing projects including alternative ownership programs and bridge financing;
 - (b) Project design, architectural planning, siting, and compliance with planning requirements;

- (c) Securing matching resources for project development;
- (d) Maximizing local government contributions to project development in the form of land donations, infrastructure improvements, waivers of development fees, local and state managed funds, zoning variances, density bonuses for low rise-multifamily projects, or creative local planning;
- (e) Coordination with local planning, economic development, environmental, technical assistance, and recreational activities;
- (f) Construction and material management; and
- (g) Project maintenance and management.

➔Section 3. The following KRS section is repealed:

198A.067 Ordinance required for financing for certain multifamily housing.

Signed by Governor March 19, 2013.