

1 AN ACT relating to affordable housing.

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

3 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 198A IS CREATED TO  
4 READ AS FOLLOWS:

5 (1) (a) *There is hereby established in the State Treasury a revolving account to be*  
6 *known as the abandoned home pool fund. The fund shall consist of moneys*  
7 *received from state appropriations, gifts, grants, federal funds, and all*  
8 *repayment, interest, or other return on the investment of fund dollars as*  
9 *required by this section.*

10 (b) *The fund shall be administered by the corporation.*

11 (c) *All repayment, interest, or other return on the investment of fund moneys*  
12 *are required to be returned to the fund and used for eligible activities in*  
13 *accordance with this section.*

14 (d) *Notwithstanding KRS 45.229, any moneys remaining in the fund at the*  
15 *close of the fiscal year shall not lapse but shall be carried forward into the*  
16 *succeeding fiscal year to be used for the purposes set forth in this section.*

17 (2) *Eligible activities that may receive funding under this section shall include the*  
18 *purchase and improvement of vacant and abandoned homes in the*  
19 *Commonwealth.*

20 (3) *Entities eligible to receive funding include:*

21 (a) *A unit of local government; and*

22 (b) *A local government housing authority.*

23 (4) *Residential housing units purchased, improved, or provided under this section*  
24 *shall be deed-restricted for a minimum of twenty (20) years as follows:*

25 (a) *The corporation shall have right of first refusal to purchase any property*  
26 *provided under this section;*

27 (b) *All units shall maintain the same demographic restrictions on residents as*

- 1                   may be required under this section for initial selection; and
- 2                   (c) Amendments to deed-restrictions may be granted by the corporation on a
- 3                   case-by-case basis.
- 4                   (5) No more than seventy-five percent (75%) of a particular eligible activity shall be
- 5                   funded under this section. The remaining twenty-five percent (25%) shall be
- 6                   financed by the eligible entity.
- 7                   (6) The purchase or improvement of vacant and abandoned homes shall be
- 8                   prioritized in areas where fewer than twenty-five percent (25%) of existing homes
- 9                   are currently vacant and abandoned.
- 10                  (7) Once a vacant and abandoned home has been purchased and improved by an
- 11                  eligible entity under this section, the entity shall:
- 12                  (a) Calculate the entire cost of the purchase and improvement of the home; and
- 13                  (b) Rent the location to an individual or family with an income equal to or less
- 14                  than eighty percent (80%) of the area median income. Rent shall be due
- 15                  monthly and the rent amount shall be the lesser of:
- 16                         1. The entire cost of the purchase and improvement of the home divided
- 17                         into one hundred eighty (180) equal payments that include an interest
- 18                         rate no higher than three percent (3%); or
- 19                         2. Thirty percent (30%) of the individual's or family's income.
- 20                  (8) Once the individual or family has made one hundred eighty (180) monthly
- 21                  payments, the entity shall transfer title to the property to the individual or family.
- 22                  (9) Rent payments made to an eligible entity under this section shall be distributed
- 23                  pro rata between the eligible entity and the fund, based upon the portion of the
- 24                  activity cost initially financed by the eligible entity and the funded amount in
- 25                  accordance with subsection (5) of this section.
- 26                  (10) If an individual or family chooses to leave or is evicted from a home rental under
- 27                  this section, they shall receive:

- 1        (a) Twenty percent (20%) of the money paid by the individual or family in rent  
2                if they have made more than twelve (12) monthly payments;
- 3        (b) Thirty percent (30%) of the money paid by the individual or family in rent if  
4                they have made more than thirty-six (36) monthly payments;
- 5        (c) Forty percent (40%) of the money paid by the individual or family in rent if  
6                they have made more than sixty (60) monthly payments;
- 7        (d) Fifty percent (50%) of the money paid by the individual or family in rent if  
8                they have made more than eighty-four (84) monthly payments;
- 9        (e) Sixty percent (60%) of the money paid by the individual or family in rent if  
10                they have made more than one hundred eight (108) monthly payments;
- 11        (f) Seventy percent (70%) of the money paid by the individual or family in rent  
12                if they have made more than one hundred thirty-two (132) monthly  
13                payments; or
- 14        (g) Eighty percent (80%) of the money paid by the individual or family in rent if  
15                they have made more than one hundred fifty-six (156) monthly payments.
- 16        (11) Payments made under subsection (10) of this section shall be based upon the  
17                portion of the activity cost initially financed by the eligible entity and the funded  
18                amount in accordance with subsection (5) of this section.
- 19        (12) In the event an individual or family who is renting a home under to this section is  
20                unable to make a monthly payment for more than ninety (90) days, the eligible  
21                entity shall institute an eviction action in compliance with applicable state and  
22                local laws and ordinances.
- 23        (13) The corporation shall:
- 24                (a) Issue a public notice to eligible entities of the availability of moneys from  
25                the fund at least twice each calendar year and provide a reasonable  
26                opportunity for the filing of applications;
- 27                (b) Approve or deny properly submitted and completed applications within

- 1            ninety (90) days of their receipt;
- 2            (c) Approve as many applications as will effectively use available moneys in the
- 3            fund; and
- 4            (d) Approve or deny applications by ranking the applications competitively
- 5            using criteria established by the corporation through promulgation of an
- 6            administrative regulation in accordance with KRS Chapter 13A.
- 7            (14) A person or entity shall not discriminate in the sale or rental, or otherwise
- 8            making available or denying, a housing unit funded under this section to any
- 9            buyer or renter because of race, religion, sex, familial status, disability, or
- 10           national origin.