

1 AN ACT relating to homelessness prevention, making an appropriation therefor,
2 and declaring an emergency.

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

4 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 194A IS CREATED TO
5 READ AS FOLLOWS:

6 (1) As used in this section:

7 (a) "Eligible activities" means any of the following:

- 8 1. Provision of matching funds for federal moneys relating to continuum
9 of care;
- 10 2. Construction of new housing units to provide transitional or
11 permanent housing;
- 12 3. Acquisition or rehabilitation of a structure to provide transitional or
13 permanent housing, other than emergency shelter;
- 14 4. Leasing of property, or portions of property, not owned by the
15 recipient or project sponsor involved, for use in providing transitional
16 or permanent housing;
- 17 5. Providing rental assistance to provide transitional or permanent
18 housing;
- 19 6. Payment of operating costs for housing units assisted by a continuum
20 of care grant or for the preservation of housing that will serve
21 homeless individuals and families and for which another form of
22 assistance is expiring or otherwise no longer available; or
- 23 7. Any other supportive services that provide transitional or permanent
24 housing for individuals and families who:
 - 25 a. Are currently experiencing homelessness; or
 - 26 b. Were previously homeless and currently reside in temporary
27 supportive housing; and

1 **(b) "Eligible entity" means any entity within this state that is:**

2 **1. A nonprofit organization exempt from taxation under Section 501(c)**
3 **of the Internal Revenue Code;**

4 **2. A local government; or**

5 **3. An instrumentality of a local government.**

6 **(2) There is hereby established in the State Treasury a trust and agency account to be**
7 **known as the homelessness prevention fund. This fund shall be administered by**
8 **the Cabinet for Health and Family Services. The fund shall consist of moneys**
9 **received from state appropriations, gifts, grants, federal funds, and interest or**
10 **other return on the investment of fund moneys under this section.**

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

14 **(4) The purposes of the fund shall be to:**

15 **(a) Promote community-wide commitment to the goal of ending homelessness;**

16 **(b) Provide funding for efforts by an eligible entity to rehouse homeless**
17 **individuals and families quickly while minimizing the trauma and**
18 **dislocation caused to individuals, families, and communities by**
19 **homelessness; and**

20 **(c) Optimize self-sufficiency among individuals and families currently**
21 **experiencing homelessness.**

22 **(5) The cabinet shall award grants from the homelessness prevention fund for an**
23 **eligible entity to carry out eligible activities.**

24 **(6) All loan repayment, interest, or other return on the investment of fund moneys**
25 **shall be deposited in the fund and used for eligible activities in accordance with**
26 **this section.**

27 **(7) The cabinet shall:**

- 1 (a) Maintain and update on a quarterly basis a website that provides
2 information on the availability of moneys in the fund,
- 3 (b) Create the form by which an eligible entity may apply for available moneys
4 in the fund;
- 5 (c) Approve or deny properly submitted and completed grant applications
6 within ninety (90) days of receipt;
- 7 (d) Provide notification to the eligible entity of approval or denial of its grant
8 application; and
- 9 (e) Approve as many grant applications as will effectively use available moneys
10 in the fund.
- 11 (8) Criteria established by the cabinet for approving or denying grant applications
12 under this section shall include:
- 13 (a) The previous performance of the applicant regarding homelessness as
14 measured by criteria that includes:
- 15 1. The length of time individuals and families remain homeless after
16 assistance from the eligible entity;
- 17 2. The extent to which individuals and families who leave homelessness
18 after assistance from the eligible entity experience additional spells of
19 homelessness;
- 20 3. The ability of the eligible entity to reach homeless individuals and
21 families;
- 22 4. Overall reduction in the number of homeless individuals and families
23 within the geographic area that the eligible entity serves;
- 24 5. Jobs and income growth for homeless individuals and families who
25 received assistance from the eligible entity; and
- 26 6. Other achievements by the applicant related to reducing
27 homelessness; and

(b) The plan of the applicant, which describes:

- 1. How the number of individuals and families who become homeless will be reduced in the community;**
- 2. How the length of time that individuals and families remain homeless will be reduced;**
- 3. How the applicant will collaborate with local educational agencies to assist in the identification of individuals and families who become or remain homeless;**
- 4. How individuals and families will be informed of their eligibility for services; and**
- 5. The extent to which the applicant will:**
 - a. Address the needs of all relevant subpopulations;**
 - b. Incorporate comprehensive strategies for reducing homelessness;**
 - c. Set quantifiable performance measures;**
 - d. Set timelines for completion of specific tasks;**
 - e. Identify specific funding sources for planned activities; and**
 - f. Identify an individual or body responsible for overseeing implementation of specific strategies.**

(9) The cabinet may retain up to ten percent (10%) of the active project funds to cover the administrative and compliance-related costs of the fund.

➔Section 2. KRS 198A.027 is amended to read as follows:

~~[(1) Notwithstanding any statute, administrative regulation, or common law to the contrary,]~~Appropriations from the general fund~~[,] or any restricted fund[, or the road fund]~~ **may**~~[shall not]~~ be expended by any state or local officer, official, employee, or agency for any initiatives to provide permanent housing to homeless individuals~~[if those initiatives lack behavioral and rehabilitative requirements.~~

1 ~~Behavioral and rehabilitative requirements shall at a minimum include requirements~~
2 ~~that the initiative facilitate appropriate treatment of any mental health conditions or~~
3 ~~substance use disorders and prohibit criminal activity.~~

4 ~~(2) This section shall not apply to statutorily created housing programs or to domestic~~
5 ~~violence shelters as defined in KRS 511.085].~~

6 ➔Section 3. There is hereby appropriated General Fund moneys from the Budget
7 Reserve Trust Fund Account established by KRS 48.705 in the amount of \$2,000,000 in
8 fiscal year 2026-2027 to the homelessness prevention fund for the purposes set forth in
9 Section 1 of this Act.

10 ➔Section 4. Whereas providing timely funding for homelessness prevention in
11 the Commonwealth is important for the citizens of this state, an emergency is declared to
12 exist, and this Act takes effect July 1, 2026.