

1 AN ACT relating to housing development districts.

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

3 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 65 IS CREATED TO
4 READ AS FOLLOWS:

5 (1) For purposes of this section:

6 (a) "Cabinet" means the Cabinet for Economic Development;

7 (b) "District" means a housing development district as described in this
8 section;

9 (c) "Local government" means a city, county, charter county government,
10 consolidated local government, urban-county government, or unified local
11 government;

12 (d) "Project" means a housing development within a housing development
13 district that contains at least twenty-five (25) housing units, which may
14 include multifamily housing, and that meets the requirements set out in this
15 section and any additional requirements adopted by a local government;
16 and

17 (e) "Taxing authority" means a school district and any special purpose
18 governmental entity with ad valorem taxing authority that operates within
19 the jurisdiction of a local government that has established a housing
20 development district as set out in this section;

21 (2) A local government may establish a housing development district by adopting an
22 ordinance containing:

23 (a) A map and a description of the area to be included within the district;

24 (b) A description of the process by which a developer may apply to construct
25 housing within the district;

26 (c) A statement regarding whether development within the district is exempt
27 from permitting or review by the planning unit or subject to alternative

1 procedures for permitting or review which shall be set out in the ordinance;
2 and

3 (d) Any additional requirements that the local government chooses to adopt
4 regarding the district, projects within the district, and qualifications that
5 developers must meet to be eligible for participation in the housing incentive
6 payment program set out in this section.

7 (3) If a local government chooses to utilize the exemption to planning and zoning or
8 alternative process in subsection (2)(c) of this section, it shall conduct a public
9 hearing regarding the exemption or alternative process and a separate vote of the
10 legislative body of the local government shall be required to adopt the exemption
11 or alternative process.

12 (4) Local governments may act jointly, via an interlocal agreement, to establish a
13 district. The interlocal agreement shall contain the information set out in
14 subsection (2) of this section, and each local government shall be required to
15 adopt an ordinance as set out in subsection (2) of this section.

16 (5) Any taxing authority may elect to participate in the housing incentive payment
17 program by having its board enact a resolution declaring its intent to participate.

18 (6) (a) Following the creation of a district, a local government may accept
19 applications from developers for a project.

20 (b) A local government shall have the sole discretion to approve or deny an
21 application, but a local government shall not approve a project unless it
22 determines that the project will not commence without its inclusion in the
23 district and access to the housing incentive payment program funds set out
24 in subsection (7) of this section.

25 (c) If a local government approves an application, it shall:

26 1. Negotiate with the developer to determine a percentage of the property
27 tax that will be used to calculate the housing incentive payment

1 described in subsection (7) of this section; and

2 2. After agreeing to a percentage, transmit the application along with a
3 document setting out the percentage of the property tax that will be
4 used to calculate the housing incentive payment to the cabinet.

5 (7) (a) Participating local governments and participating taxing authorities shall
6 each award a housing incentive payment to a developer of a project on an
7 annual basis for a period of five (5) years beginning six (6) months from the
8 commencement of the project. The annual housing incentive payment from
9 each participating local government and each participating taxing authority
10 shall be calculated by first determining the total property tax that would be
11 owed to all taxing districts for each home that is part of the qualifying
12 project within the district that has sold, using the first assessed value of
13 each property following its initial sale, and applying the percentage agreed
14 to by the participating local governments and the developer as set out in
15 subparagraph (6)(c)1. of this section.

16 (b) In a district established jointly as set out in subsection (4) of this section,
17 each local government shall pay a housing incentive payment to the
18 developer consistent with the distribution agreed to by the participating
19 local governments in the interlocal agreement.

20 (c) Any private or nonprofit entity may contribute money to a local government
21 to award as additional housing incentive payment amounts for a project
22 within a district.

23 (8) A local area development district shall, upon the request of a local government,
24 assist with the establishment of a district as set out in subsection (2) of this
25 section and with the administration of the housing incentive payment program as
26 set out in subsection (7) of this section.

27 (9) (a) The cabinet shall develop and implement strategies and programs to

1 promote awareness of the housing development district program and
2 housing incentive payment program set out in this section among
3 businesses or employers to whom they provide services or with whom they
4 conduct business.

5 (b) The cabinet shall provide a report to the Legislative Research Commission
6 on an annual basis regarding utilization of the housing development district
7 program that contains a summary of the information it has received in the
8 preceding year pursuant to subsection (6)(c)1. of this section.