

1 AN ACT relating to create a workforce housing loan pool fund and making an
2 appropriation therefor.

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

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

6 (1) As used in this section:

7 (a) "Eligible activity" means providing construction loans for development of
8 multifamily and single-family housing for individuals or families with a
9 family income equal to or less than one hundred twenty percent (120%) of
10 the area median income; and

11 (b) "Eligible entity" means any of the following:

12 1. A unit of local government;

13 2. A local government housing authority;

14 3. Any regional or statewide housing assistance organization; or

15 4. Any organization duly organized and validly existing as a corporation
16 under the laws of the Commonwealth, any other state, or the United
17 States whose purpose includes the development, construction,
18 rehabilitation, or acquisition of housing.

19 (2) There is hereby established in the State Treasury a revolving account to be known
20 as the workforce housing loan pool fund. This fund shall be administered by the
21 corporation. The fund shall consist of moneys received from state appropriations,
22 gifts, grants, federal funds, and all loan repayment, interest, or other return on
23 the investment of fund moneys under this section.

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

27 (4) The purpose of the fund shall be to:

- 1 (a) Provide a financing tool that will expand the development of affordable
2 workforce housing in the Commonwealth through leveraging federal
3 resources and private investment;
- 4 (b) Reduce funding gaps caused by increasing interest rates, construction costs,
5 labor costs, and supply chain shortages; and
- 6 (c) Develop a revolving funding source with short-term repayment for a rapid
7 recycling of funds and deployment.
- 8 (5) The corporation shall make loans from the fund to eligible entities to carry out
9 eligible activities, with the following loan terms:
- 10 (a) A loan shall be for a term of no longer than forty-eight (48) months; and
11 (b) Interest rates shall not be greater than one percent (1%).
- 12 (6) Housing units funded under this section shall be deed-restricted for a minimum
13 of fifteen (15) years as follows:
- 14 (a) All units shall maintain the same demographic restrictions on residents as
15 required by this section for initial selection; and
- 16 (b) Amendments to deed-restrictions may be granted by the corporation on a
17 case-by-case basis.
- 18 (7) All loan repayment, interest, or other return on the investment of fund moneys
19 shall be deposited in the fund and used for eligible activities in accordance with
20 this section.
- 21 (8) The corporation shall:
- 22 (a) Issue a public notice to eligible entities of the availability of moneys from
23 the fund at least twice each calendar year and provide a reasonable
24 opportunity for the filing of loan applications;
- 25 (b) Approve or deny properly submitted and completed loan applications within
26 one hundred eighty (180) days of their receipt;
- 27 (c) Approve as many loan applications as will effectively use available moneys

- 1 in the fund;
- 2 (d) Approve or deny loan applications by ranking the applications competitively
- 3 using criteria established by the corporation through promulgation of an
- 4 administrative regulation in accordance with KRS Chapter 13A; and
- 5 (e) Require at least an established percentage of all moneys in the fund to be
- 6 used for housing in rural areas of the Commonwealth, as defined by the
- 7 corporation through administrative regulation.