

ORDINANCE NO. _____-2014

AN ORDINANCE CREATING ARTICLE XXXXV IN CHAPTER 2 OF THE CODE OF ORDINANCES OF THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT TO CREATE THE AFFORDABLE HOUSING FUND GOVERNING BOARD AND THE AFFORDABLE HOUSING FUND.

Section 1 – That Article XXXXV of Chapter 2 of the Code of Ordinances is hereby created to read as follows:

Sec. 2-473.

A board is hereby created which shall be known as the “Affordable Housing Governing Board”.

Sec. 2-474.

The Board shall consist of thirteen (13) members, which shall be appointed by the mayor subject to confirmation by the council. The thirteen members shall consist of two members from the Lexington-Fayette Urban County Council; each of the remaining members shall have extensive experience in one or more of the following areas: homelessness and emergency housing; social and support services; affordable housing management; grants administration and/or philanthropic giving; housing construction; commercial or mixed-use development; property leasing or rental housing; real estate management; financial management, capital markets, or affordable housing financing. Additionally, to the extent possible, the composition of the Board shall be representative of the social, economic, cultural, ethnic and racial groups which compose the population of Lexington-Fayette County.

Sec. 2-475.

For all appointed members of the Board, the term shall be four (4) years from the date of appointment, provided the terms of those originally appointed shall be staggered in the following manner: six (6) members shall be appointed for four (4) years and five (5) members shall be appointed for two (2) year. Vacancies shall be filled for the unexpired term in the manner prescribed for the original appointment. No member may serve more than two (2) consecutive four (4) year terms. The membership of the Urban County Council member shall be deemed to have terminated upon his/her leaving office as a member of the Urban County Council.

Sec. 2-476.

The Board shall have a chairperson and a vice-chairperson elected by its membership to serve for a term of one (1) year. They shall take office at the first meeting of the Board. The vice-chairperson shall preside in the absence of the chairperson. No member may serve as chairperson or vice chairperson for more than two (2) consecutive full (1 year) terms without at least one (1) year between terms. The Board shall determine its own rules and order of business and shall provide for keeping record of its proceedings.

Sec. 2-477.

A majority of the Board shall constitute a quorum for transaction of business at any meeting of the Board. The acts of a majority of a quorum present at any regular or special meeting of the Board shall be the acts of the Board.

Sec. 2-478.

The Board shall meet in regular public session, at least four (4) times within a calendar year, at a time and place designated by it. Special meetings may be called by the chairperson or a majority of the members of the Board.

Sec. 2-479.

The Board shall:

- 1) Establish policies and procedures for the operation and management of the Affordable Housing Fund.
- 2) Oversee and manage financial and administrative actions of the Affordable Housing Fund.
- 3) Monitor and evaluate the performance of the Affordable Housing Fund.
- 4) Establish annual funding goals and priorities for housing preservation, production, and provision utilizing Affordable Housing Funds.
- 5) Annually review, rank, prioritize, and approve funding proposals from eligible applicants.
- 6) Establish a Technical Assistance Advisory Group to assist the Board and staff with evaluation of funding proposal feasibility and underwriting.
- 7) Perform housing studies and housing needs assessments on an on-going basis, including a formal needs assessment at least once every five years.
- 8) Submit annual reports on the activities of the Affordable Housing Fund to the Mayor, the Urban County Council, and the community.

Sec. 2-480.

The day-to-day management of the Affordable Housing Fund shall be entrusted by the Board to the Office of Affordable Housing. The initial staffing for the Office of Affordable Housing shall consist of one (1) staff person: Affordable Housing Manager. The personnel costs required to administer the program shall be supported by the revenues of the Affordable Housing Fund. Administrative costs shall be limited to no more than ten percent of the fund's revenues, with the initial year targeted at no more than five percent.

The Office of Affordable Housing shall:

- 1) Serve as the point of contact for affordable housing within the Urban County Government.
- 2) Engage stakeholders in the community regarding affordable housing and affordable housing programs.
- 3) Advertise and promote affordable housing programs and funding

availability.

- 4) Develop program materials and provide technical assistance to potential applicants.
- 5) Evaluate and rank all funding proposals in conjunction with the Technical Assistance Advisory Group.
- 6) Conduct research on overall affordable housing needs in Lexington.
- 7) Coordinate with the Division of Planning, the Division of Grants and Special Programs, the Office of Homelessness Intervention and Prevention, and other divisions and outside agencies on affordable housing solutions.
- 8) Coordinate with other Divisions within the Department of Planning, Preservation, and Development on expedited review of projects.
- 9) Monitor implementation and compliance of projects and coordinates with other divisions and outside agencies as necessary for inspections, verification of rent restrictions, loan repayments, and other aspects of compliance monitoring.
- 10) Work with the Office of Homelessness and Division of Grants and Special Programs to develop a 5-year strategic plan to address affordable housing.
- 11) Perform other duties as assigned.

Sec. 2-481.

No member of the Board member shall participate in the discussion of or vote upon any matter before the Board regarding an organization of which the board member or a family member is a trustee, director, officer, or board member; a consultant or contractor to the organization; actively involved in the formulation of the item before the board; or an employee of the organization. In addition, no financial award made by the Board to an organization shall include funds designated to fund any part of the compensation of an active board member, or an individual who served as a member of the Board within the preceding six (6) years.

Sec. 2-482.

A fund is hereby created which shall be known as the "Affordable Housing Fund". The fund shall be governed by the Board, as set out in Sections 2-473 to 2-483.

Sec. 2-483.

- (A) The purpose of the fund is to leverage public investment to preserve, produce, and provide safe, quality, affordable housing. "Affordable housing", for purposes of this ordinance, means housing that requires families or individuals to pay no more than thirty percent (30%) of their gross household income for housing and housing-related costs (such as utilities).
- (B) The Board may accept applications for funding from the Fund from non-profit organizations, for-profit organizations, units of local government, or a public housing authority. Funding may be provided in the form of grants or loans.

- (C) All projects funded by the Fund shall be non-supplative. The Fund may be used to fund the acquisition of property and/or rental housing, site development, construction of rental housing, rehabilitation of rental housing, permanent financing costs (including down payment and closing costs), construction financing costs, reduction of existing debt, matching funds for other grant, technical assistance directly related to creating a rental housing project, developer fees (up to 15% of each project), administrative costs, permits, fees, taxes, and other soft costs associated with rental housing development, and/or project and tenant based rental assistance
- (D) Projects funded by the Fund shall be allocated for projects that serve households up to a maximum of 80% of the area median income ("AMI"). The Board shall annually establish population targets based on AMI.
- (E) Any projects funded by the Fund shall include deed restrictions and financial penalties to ensure that projects are maintained as affordable housing for the term set forth in the agreement with the applicant. An annual report of affordability shall be submitted by the applicant to the Board.
- (F) Any affordable housing unit funded in whole or in part by the fund shall be inspected at least once per calendar year to ensure compliance with any affordable housing standards adopted by the Board, which may include, but are not limited to; building and property maintenance codes applicable in the Commonwealth of Kentucky or within Lexington-Fayette County, requirements for design-based security such as Secured by Design, and other standards as set forth by the Board or the Government.
- (G) Any projects funded by the Fund that require building permits and other action by departments and divisions within the Urban County Government shall be entitled to expedited review and a waiver of the fees associated with these actions, to the extent allowable by law.
- (H) Any unexpended balance of the Fund remaining at the close of a fiscal year shall not lapse but shall continue into the succeeding fiscal year for future eligible activities.
- (I) All revenues recaptured from loans or unfulfilled grants shall be returned to the Fund for future use.
- (J) The Fund may accept private gifts, grants, donations, or other contributions.

Section 2 - That this Ordinance shall become effective on the date of its passage.

PASSED URBAN COUNTY COUNCIL:

MAYOR

ATTEST:

CLERK OF URBAN COUNTY COUNCIL
PUBLISHED: