

WEST VIRGINIA LEGISLATURE

2016 REGULAR SESSION

Introduced

House Bill 4444

BY DELEGATES GUTHRIE, PERRY, KESSINGER, PUSHKIN,

BYRD, MCCUSKEY, STANSBURY, ROWE AND B. WHITE

[Introduced February 8, 2016;

Referred to the Committee on Political Subdivisions

then the Judiciary.]

1 A BILL to amend the Code of West Virginia, 1931, as amended, by adding thereto a new article,
 2 designated §8-39-1, §8-39-2, §8-39-3, §8-39-4, §8-39-5, §8-39-6, §8-39-7, §8-39-8, §8-
 3 39-9 and §8-39-10, all relating to the West Virginia Community Homesteading Act;
 4 establishing a statewide community homesteading pilot project; requiring the Executive
 5 Director of the West Virginia Development Office to administer and oversee the statewide
 6 homesteading project; requiring the director to select five municipalities containing
 7 distressed communities to establish local homesteading projects as part of the statewide
 8 pilot project; authorizing the director to award grant moneys from the Development Office
 9 Promotion Fund to assist individuals and organization to purchase homestead properties
 10 using local bank financing; requiring individuals and organizations to forfeit grant moneys
 11 if certain conditions of are violated; authorizing municipalities to acquire, maintain and
 12 convey abandoned property as part of a homesteading project to promote economic
 13 development; authorizing a municipality to create a local agency or designate a local
 14 agency to administer a homesteading project; establishing requirements for a municipal
 15 homesteading project; establishing qualifications for individuals and organizations wishing
 16 to purchase homestead property; setting conditions for purchase of homestead property
 17 by individual and organizations, authorizing municipalities to accept federal and state
 18 grants and donations to fund a local homesteading project, and terminating the statewide
 19 homesteading project in the year 2026.

Be it enacted by the Legislature of West Virginia:

1 That the Code of West Virginia, 1931, as amended, be amended by adding thereto a new
 2 article, designated §8-39-1, §8-39-2, §8-39-3, §8-39-4, §8-39-5, §8-39-6, §8-39-7, §8-39-8, §8-
 3 39-9 and §8-39-10, all to read as follows:

ARTICLE 39. WEST VIRGINIA COMMUNITY HOMESTEADING ACT.

§8-39-1. Short title.

1 This section shall be known and may be cited as the "West Virginia Community

2 Homesteading Act.”

§8-39-2. Findings.

1 The Legislature finds that:

2 (1) Strong communities are important to the social and economic vitality of this state.

3 Whether urban, suburban or rural, many communities are struggling to cope with vacant,
4 abandoned and tax-delinquent properties.

5 (2) Citizens of this state are affected adversely by vacant, abandoned and tax-delinquent
6 properties, including properties which have been vacated or abandoned due to mortgage
7 foreclosure.

8 (3) Vacant, abandoned and tax-delinquent properties impose significant costs on
9 neighborhoods, communities, municipalities and counties by lowering property values, increasing
10 fire and police protection costs, decreasing tax revenues and undermining community cohesion.

11 (4) Vacant, abandoned and tax-delinquent properties contribute to blight, invite crime and
12 pests, provide unsafe play spaces and increase the risk of arson.

13 (5) There is an overriding public need to confront the problems caused by vacant,
14 abandoned and tax-delinquent properties through the creation of new tools to enable
15 municipalities and counties to turn vacant, abandoned and tax-delinquent spaces into vibrant
16 places.

§8-39-3. Definitions.

1 For the purposes of this article.--

2 (1) “Abandoned property” means any real property on which there is a vacant structure
3 and on which:

4 (A) Real property taxes have been delinquent for one year or more;

5 (B) Orders have been issued by the municipality’s fire official, building official or health
6 official and there has been no compliance with those orders within the prescribed time given by
7 such official or within ninety days, whichever is longer;

8 (C) The owner has declared in writing to the building official that the property is
9 abandoned; or

10 (D) The structure on the property is blighted, deteriorated, deteriorating, undeveloped, or
11 inappropriately developed from the standpoint of sound community development and growth.

12 (2) "Director" refers to the Executive Director of the West Virginia Development Office,
13 established in article two, chapter five-b of this code.

14 (3) "Financing" means a loan extended to an individual or organization for the purpose of
15 purchasing or improving real estate.

16 (4) "Homestead property" means property that a municipality is offering for conveyance as
17 part of a local homesteading project.

18 (5) "Local bank" means a financial institution doing business in the State of West Virginia.

19 (6) "Local homesteading project" means the comprehensive plan and process by which a
20 municipality acquires and reconveys property for the purposes set out in this article, as a
21 participant in the statewide homesteading project.

22 (7) "Statewide homesteading project" refers to the West Virginia Community
23 Homesteading Project, created pursuant to this article.

24 (8) "Municipality" means any Class I, Class II and Class III city or any Class IV town or
25 village as classified in section three, article one of this chapter.

26 (9) "Of little or no value" means that the cost of bringing a property into compliance with
27 the municipality's housing code exceeds sixty percent of the property's appraised value on the
28 county tax records.

29 (10) "Qualified applicant" means an individual over eighteen years of age meeting the
30 requirements of section eight of this article.

§8-39-4. Statewide homesteading pilot project established; duties of director.

1 (a) There is hereby established a statewide homesteading redevelopment pilot project,
2 which will be known as the "West Virginia Community Homesteading Project." The project will

3 be administered by the Executive Director of the West Virginia Development Office, or his or her
4 designee. The purpose of the statewide homesteading project is to enable five municipalities to
5 establish local homesteading projects, which will offer financial incentives to individuals and
6 businesses to purchase and revitalize abandoned properties in distressed communities, using a
7 combination of grant moneys, local area bank financing and charitable donations.

8 (b) The director will have the following duties in relation to the statewide homesteading
9 project:

10 (1) Develop an application process and selection criteria for municipalities wishing to
11 participate in the statewide homesteading project;

12 (2) Market and promote the project to municipalities eligible to participate in the statewide
13 homesteading project;

14 (3) Market and promote the project to individuals and organizations eligible to purchase
15 properties as part of a local homesteading project; and

16 (4) Monitor and collect data on the progress of each local homesteading project and report
17 annually to the Interim Joint Commission on Economic Development.

18 (c) On or before July 1, 2016, the director will send, by first class mail, a description of the
19 statewide homesteading project and application requirements to the governing body of each
20 municipality that is qualified to participate in the project. The director will also post the description
21 of the statewide homesteading project and application requirements for municipalities on the
22 development office's website. The director will accept applications from eligible municipalities for
23 a period of at least ninety days following publication of the application requirements.

24 (d) Within sixty days after the application deadline, the director will select five eligible
25 municipalities to participate in the statewide homesteading project. To be eligible a municipality
26 must:

27 (1) Have an unemployment rate above the national average rate of unemployment,
28 according to the 2010 census;

29 (2) Demonstrate in the application that the municipality has adopted a comprehensive plan
 30 to implement a local homesteading project, meeting the requirements and objectives listed in
 31 subsection a, section six of this article; and

32 (3) Demonstrate in the application that the municipality has municipal ordinances and
 33 structures in place that will allow the municipality to implement the comprehensive homesteading
 34 project plan.

35 (e) In selecting municipalities to participate in the statewide homesteading project, the
 36 director will consider the following factors:

37 (1) The extent of an applicant’s financial and technical resources to rehabilitate, own and
 38 manage the property;

39 (2) An applicant’s income level; and

40 (3) Unique services or artistic talents that a qualified applicant may contribute to the local
 41 economy.

§8-39-5. Funding; authorized expenditures; grant forfeiture.

1 (a) The director is authorized to make expenditures from the Development Office
 2 Promotion Fund, established in section three-b, article two, chapter five-b of this code, for the
 3 following purposes:

4 (1) To fulfill the director’s duties under this section, including the duty to promote and
 5 market the statewide homesteading project;

6 (2) To provide a grant to assist an individual using local area bank financing to purchase
 7 or rehabilitate a local homesteading property: *Provided*, That the individual must otherwise qualify
 8 to purchase a homestead property under section eight of this article.

9 (3) To provide a grant to assist an organization to purchase or rehabilitate a local
 10 homesteading project property, using local area bank financing: *Provided*, That the organization
 11 must otherwise qualify to purchase a homestead property under section eight of this article.

12 (b) The director will develop reporting requirements for individuals using grant money to

13 purchase or rehabilitate a local homesteading property.

14 (c) An individual who fails to comply with reporting requirements of the director or who
15 violates a condition of conveyance established in section eight of this article is liable to the state
16 for the entire amount of grant money awarded pursuant to this section.

§8-39-6. Local homesteading projects; municipal agency authorized.

1 (a) A municipality selected to participate in the statewide homesteading project is
2 authorized to acquire and maintain eligible property to convey to qualified organizations and
3 individuals who agree to rehabilitate a property and develop it for residential, commercial or mixed
4 use purposes that are aimed at promoting economic development in one of the following areas:

- 5 (1) Science;
6 (2) Technology;
7 (3) Engineering;
8 (4) Mathematics;
9 (5) Arts; or
10 (6) Agriculture.

11 (b) A local homesteading project will recruit qualified individuals and organizations to apply
12 to purchase or receive homestead property.

13 (c) A municipality may create a municipal agency, or designate an existing municipal
14 agency, to administer a local homesteading project on behalf of the municipality.

§8-39-7. Acquisition of eligible property.

1 (a) A municipality selected to participate in the statewide homesteading project may
2 acquire property, if the property is:

- 3 (1) Abandoned; and
4 (2) Of little or no value.

5 (b) A municipality may clear, demolish, remove, or rehabilitate buildings and make
6 improvements on land acquired pursuant to this article, in order to prepare the land for

7 reconveyance as part of a local homesteading project.

8 (c) A municipality may retain property in a land bank, in accordance with article thirty-eight,
9 chapter eight of this code, specifically for the purpose of reconveyance in a local homesteading
10 project.

11 (d) A municipality must maintain a list of all properties acquired and maintained as part of
12 a local homesteading project and publish the list to the municipality’s website or to another widely
13 available public forum.

§8-39-8. Conveyance of property; qualifications; conditions.

1 (a) As part of a local homesteading project, a municipality may convey property to a
2 qualified applicant for a nominal value. The conveyance must be subject to conditions, remaining
3 in effect not more than twenty-one years from the date of conveyance, that:

4 (A) Require the applicant to use the property as his or her principal place of residence for
5 a minimum of five years after the date of conveyance;

6 (B) Require the applicant to rehabilitate the property so that it meets or exceeds minimum
7 state or local code standards within two years from the date of conveyance;

8 (C) Require the applicant to maintain insurance on the property;

9 (D) Set out any other specific conditions (including, but not limited to, design standards)
10 or actions that the city may require; and

11 (E) Provide for the termination of the applicant's interest in the property and its reversion
12 to the city upon the applicant's failure to meet any condition so established, within twenty-one
13 years after the date of conveyance.

14 (b) Before conveying a property to a qualified applicant as part of a local homesteading
15 project, a municipality must require the applicant to demonstrate the ability to acquire the necessary
16 financial and technical resources to rehabilitate, own and manage an eligible property.

17 (c) In selecting an applicant to receive a property as part of a local homesteading project,
18 a municipality must consider:

19 (1) The extent of an applicant's financial and technical resources to rehabilitate, own and
 20 manage the property;

21 (2) An applicant's income level; and

22 (3) Unique services or talents that a qualified applicant may contribute to the local
 23 economy, to further the objectives of the local homesteading project required by subsection (a),
 24 section six of this article.

§8-39-9. Acceptance of grants and loans by municipalities authorized.

1 (a) As part of a local homesteading project, a municipality may accept any real property
 2 tendered to it without payment by the United States of America, acting by and through the
 3 Secretary of Housing and Urban Development, pursuant to any federal housing or community
 4 development program.

5 (b) As part of a local homesteading project, a municipality is authorized to accept federal
 6 and state grants and to expend funds from such grants for community development programs
 7 and activities.

8 (c) As part of a local homesteading project, a municipality is authorized to accept charitable
 9 bequests and donations.

§8-39-10. Sunset provision.

1 The statewide homesteading project and the duties of the director established in this
 2 article will be subject to termination and sunset on July 1, 2026.

NOTE: The purpose of this bill is to enact the West Virginia Community Homesteading Act; establishing a statewide community homesteading pilot project; requiring the Executive Director of the West Virginia Development Office to administer and oversee the statewide homesteading project; requiring the director to select five municipalities containing distressed communities to establish local homesteading projects as part of the statewide pilot project; authorizing the director to award grant moneys from the Development Office Promotion Fund to assist individuals and organization to purchase homestead properties with local bank financing; requiring individuals and organizations to forfeit state grant moneys if certain conditions of are violated; authorizing municipalities to acquire, maintain and convey abandoned property as part of a local homesteading project to promote economic development; authorizing a municipality to create a local agency or designate a local agency to administer a homesteading project; establishing requirements for a local homesteading project; establishing qualifications for individuals and organizations wishing to purchase homestead property; setting conditions for purchase of homestead property

by individual and organizations, authorizing municipalities to accept federal and state grants and donations to fund a local homesteading project and terminating the statewide homesteading project in the year 2026.

Strike-throughs indicate language that would be stricken from a heading or the present law, and underscoring indicates new language that would be added.