

ORDINANCE

**AN ORDINANCE OF THE COMMISSION
OF KNOX COUNTY, TENNESSEE,
AMENDING THE KNOX COUNTY CODE,
CHAPTER 53, “REAL PROPERTY,” TO ADD
A NEW ARTICLE II ENTITLED “HOUSING,”
FOR THE PURPOSE OF PROHIBITING
HOUSING MARKET MANIPULATION BY
LARGE INSTITUTIONAL INVESTORS;
RESTRICTING THE PURCHASE OF
SINGLE-FAMILY HOMES FOR RENTAL
PURPOSES BY CERTAIN BUSINESS
ENTITIES; ESTABLISHING ENFORCEMENT
MECHANISMS; AND FOR OTHER PURPOSES.
(Knox County Code, Chapter 53, establishing
Article II, previously reserved.)**

ORDINANCE: O-26-5-101

REQUESTED BY: COMMISSIONER RAWLS

PREPARED BY: COMMISSIONER RAWLS

**APPROVED AS TO FORM
AND CORRECTNESS:** _____
DIRECTOR OF LAW

APPROVED 1ST READING: _____
DATE

APPROVED 2ND READING: _____
DATE

APPROVED EMERGENCY: _____
(YES) (NO)

VETOED: _____
DATE _____

VETO
OVERRIDE: _____
DATE _____

MINUTE BOOK	PAGE
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WHEREAS, Knox County has experienced significant population and urban growth, creating increased demand for single-family housing; and

WHEREAS, it has become increasingly common for large business entities — including hedge funds, private equity firms, real estate investment trusts, and corporate landlords — to purchase substantial numbers of single-family homes within Knox County for conversion to rental properties; and

WHEREAS, such bulk purchasing lowers the available supply of single-family homes for individual buyers, drives up purchase prices, and reduces homeownership opportunities for Knox County residents and families; and

WHEREAS, homeownership is one of the most reliable ways for families to build intergenerational wealth and economic stability; and

WHEREAS, Knox County does not wish to restrict the ordinary ownership of property but recognizes a compelling local interest in preventing the manipulation of the local housing market to the detriment of working families and prospective homeowners; and

WHEREAS, the Tennessee General Assembly considered but did not enact SB0242 / HB0298 (114th General Assembly), commonly known as the "Homes not Hedge Funds Act," and Knox County finds it appropriate and within its authority to adopt substantially similar protections at the local level.

NOW THEREFORE BE IT ORDAINED BY THE COMMISSION OF KNOX COUNTY AS FOLLOWS:

SECTION 1. The Code of Knox County, Tennessee, Chapter 53, “Real Property,” is hereby amended to add a new Article II entitled “Housing” to read as follows:

ARTICLE II. – HOUSING

Sec. 53-31. – Short title.

This ordinance shall be known and may be cited as the "Knox County Homes Not Hedge Funds Ordinance."

Sec. 53-32. – Findings.

The Knox County Commission finds that:

(a) Knox County has experienced urban growth at levels significantly higher than many comparable Tennessee counties;

(b) It is becoming increasingly common for business entities to purchase substantial numbers of single-family homes within Knox County for use as rental properties, both lowering the supply of and increasing the cost of such homes;

(c) Homeownership is recognized as one of the most reliable ways for individuals and families to build wealth and economic security;

(d) The unchecked purchase of single-family homes by large institutional investors undermines the economic stability of Knox County neighborhoods and works against the County's interest in promoting broad-based homeownership; and

(e) Knox County has a compelling interest in regulating local real property transactions to protect the health, safety, and welfare of its residents.

Sec. 53-33. – Definitions.

As used in this Ordinance:

(a) "Affiliate" means any entity that directly or indirectly controls, is controlled by, or is under common control with a person, including any entity in which a person holds a majority ownership or voting interest.

(b) "Person" means any business entity, including but not limited to a corporation, limited liability company, partnership, limited partnership, real estate investment trust, hedge fund, private equity fund, or any other association of persons organized for business purposes. "Person" does not include a natural individual acting in their own name.

(c) "Single-family home" means a detached residential dwelling unit designed and used for occupancy by a single household, including properties zoned or used as single-family residential, located within the unincorporated areas of Knox County.

(d) "Rental purpose" means the intent, at the time of purchase or within twelve (12) months following purchase, to lease or rent the property to one or more tenants for residential occupancy in exchange for compensation.

(e) "Affordable housing" means housing where the total monthly cost, including rent or mortgage, does not exceed thirty percent (30%) of the gross monthly income for households earning at or below sixty percent (60%) of the Area Median Income for Knox County as determined by the U.S. Department of Housing and Urban Development, adjusted for family size.

Sec. 53-34. – Prohibition.

(a) It shall be unlawful for any person, including any affiliate of such person, to purchase more than one hundred (100) single-family homes within Knox County if such purchases are made primarily for rental purposes.

(b) For purposes of this Section, the number of single-family homes owned by a person shall include all single-family homes owned by any affiliate of that person.

(c) This prohibition applies to all purchase contracts entered into on or after the effective date of this Ordinance.

Sec. 53-35. – Exemptions.

The prohibition in Section 53-34 shall not apply to:

(a) Single-family homes purchased or held exclusively for the purpose of providing affordable housing as defined in Section 53-33(e);

(b) Any person who, as of the effective date of this Ordinance, already owns more than one hundred (100) single-family homes within Knox County for rental purposes — provided that such person shall not acquire any additional single-family homes within Knox County for rental purposes beyond the number held on the effective date (grandfather clause); and

(c) Knox County government, the Knox County Land Bank, or any other governmental or quasi-governmental entity.

Sec. 53-36. – Enforcement and civil actions.

(a) Attorney General / County Law Director Action. The Knox County Law Director, in coordination with the Tennessee Attorney General as appropriate, may bring a civil action in Knox County Circuit or Chancery Court against any person believed to be in violation of this Ordinance.

(b) Private Right of Action. Any Knox County resident who is directly harmed by a violation of this Ordinance — including any individual who was outbid on or otherwise prevented from purchasing a single-family home in Knox County as a result of a violation — may bring a civil action in Knox County Circuit or Chancery Court.

(c) Penalties and Remedies. Upon finding a violation, a court may:

- 1. Impose a civil penalty of up to \$100 per day for each single-family home acquired in violation of this Ordinance;**
- 2. Award compensatory damages to a prevailing plaintiff;**
- 3. Award punitive damages in an amount not to exceed \$50,000 or three times the total of compensatory damages, costs, and fees, whichever is greater;**
- 4. Award costs and reasonable attorney's fees to a prevailing plaintiff; and**
- 5. Grant equitable relief, including injunctive relief requiring divestiture of homes acquired in violation of this Ordinance.**

(d) Frivolous Actions. A court may award a prevailing defendant costs and reasonable attorney's fees if the court finds the action was not well-grounded in fact or law, or was frivolous.

(e) Joinder. A court may order the joinder of parties for purposes of ensuring a proper accounting of the total number of single-family homes owned by a defendant and any affiliates, and for proper enforcement of any remedy.

Sec. 53-37. – Annual reporting.

The Knox County Law Director shall report annually to the Knox County Commission on the number of known complaints, investigations, and enforcement actions taken under this Ordinance, and on the status of corporate single-family home ownership within the County.

Sec. 53-38. – Severability.

If any provision of this Ordinance or its application to any person or circumstance is held invalid, the remainder of the Ordinance and its application to other persons or circumstances shall not be affected.

SECTION 2. This Ordinance shall take effect upon passage and approval as required by the Knox County Charter and applicable Tennessee law, and shall apply to all single-family home purchase contracts entered into on or after that date.

Presiding Officer of the Commission	Date
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County Clerk **Date**

Approved: _____
County Mayor **Date**

Vetoed: _____

County Mayor **Date**