

INTERIM JOINT COMMITTEE ON LOCAL GOVERNMENT

Minutes of the Second Meeting of the 2025 Interim

July 29, 2025

Call to Order and Roll Call

The second meeting of the Interim Joint Committee on Local Government was held on July 29, 2025, at 9:00 AM in Room 149 of the Capitol Annex. Representative Patrick Flannery, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Michael J. Nemes, Co-Chair; Representative Patrick Flannery, Co-Chair; Senators Julie Raque Adams, Greg Elkins, Keturah Herron, Scott Madon, Amanda Mays Bledsoe, Christian McDaniel, Robby Mills, Steve Rawlings, and Lindsey Tichenor; and Representatives Josh Bray, George Brown Jr., Beverly Chester-Burton, Steven Doan, Ken Fleming, Peyton Griffie, Tony Hampton, Mary Beth Imes, Chris Lewis, Michael Meredith, Amy Neighbors, Rebecca Raymer, Rachel Roarx, Sarah Stalker, and Susan Witten.

Guests: Eric Bunzow, Resident, Elsmere, Kentucky; Charles Gardner, Research Fellow, Mercatus Center, George Mason University; M. Nolan Gray, Bluegrass Institute Scholar, Bluegrass Institute for Public Policy Solutions; Katie Ashley, Policy Manager, Airbnb; and Jason Underwood, Capitol Strategies, Airbnb.

LRC Staff: Mark Mitchell, Christopher Jacovitch, and Faithe Wheatley.

Approval of Minutes from June 24, 2025 Meeting

Upon the motion of Co-Chair Nemes, seconded by Senator Mills, the minutes from the June 24, 2025, meeting were approved.

Discussion of Legislative Measures

Senator Mills and Representative Bray discussed legislative proposals from the 2025 Regular Session related to housing development.

Senator Mills discussed SB 50 which would allow for the creation of residential infrastructure development districts upon the request of local governments and property owners. These districts would give local governments the ability to jumpstart the community's development and help the developer with the cost of infrastructure.

Representative Bray discussed HB 7, allowing the creation of housing development districts. Local governments would identify areas that are suitable for development, and developers would be incentivized with a property tax rebate through a grant program.

Representative Flannery commented on the housing issues in his district and in Kentucky that need to be addressed.

In response to Senator Tichenor, Senator Mills stated a study through the Kentucky Housing Corporation provided a housing shortage number of over 209,000 units across all housing types.

Representative Raymer discussed HB 371, dealing with solid waste management. The bill would add local permitting for the location of a landfill associated with an industry that is not presently required and not located within the same county.

In response to Senator Elkins, Representative Raymer stated local permitting would depend on the specific local government, the location, the type of waste, and a hosting agreement between the local government and the industry.

In response to Senator Elkins regarding the required five-year solid waste plan by each county, Representative Raymer stated this bill was specifically for residual waste landfills and not a regular solid waste landfill.

Representative Doan discussed HB 806, relating to keeping chickens on residential property. The bill ensures persons may keep six or less hens and allows some flexibility for local control issues. Eric Bunzow, a resident of Elsmere, Kentucky, shared personal experiences with the ownership of backyard chickens and the benefits of having chickens.

In response to Senator Rawlings, Mr. Bunzow stated owners can control the quality of the eggs their hens produce.

In response to Senator Tichenor, Representative Doan said HB 806 would have no impact on the authority of Home Owner Associations to regulate chickens.

Discussion of Housing and Land Use

Charles Gardner, Research Fellow, Mercatus Center, George Mason University, and M. Nolan Gray, Bluegrass Institute Scholar, Bluegrass Institute for Public Policy Solutions, discussed housing and land use issues. Mr. Gardner discussed categories of land use

regulations, state involvement in zoning reform, the involvement at the state level in response to housing crises, common examples of reforms across the nation, and recommendations for land use reforms that Kentucky could implement.

In response to Senator Raque Adams, Mr. Gardner stated third party inspections might be one example of cutting red tape that can benefit construction through minimizing inspection time frames.

In response to Senator Raque Adams, Mr. Gardner stated there is concern about adding unfunded mandates on communities. Most laws are deregulatory in nature and either supersede or clarify local zoning laws. Often, if a reform is complex or requires preparatory work from a local government, time is given for them to prepare for the implementation.

In response to Senator McDaniel, Mr. Gardner stated statewide intervention regarding land use reforms is necessary because the housing issue is a statewide concern that affects everyone across the state at all income levels.

Mr. Gray discussed housing issues in other states, specifically California. Zoning reforms other states have adopted that Kentucky could implement to aid in the housing affordability crisis include: legalizing housing in commercial zones; permitting Accessory Dwelling Units (ADUs); allowing single-family starter homes on smaller lots, and legalizing missing middle typologies, i.e., low-rise residences; promoting cost containment; and making permitting faster and more predictable.

In response to Senator McDaniel, Mr. Gray commented that states may want to regulate short-term rentals, but he has seen no evidence that banning short-term rentals improves housing affordability in any meaningful way.

In response to Co-Chair Nemes, Mr. Gardner stated the market is happy to provide small lot single-family homes either as site built or manufactured housing. It is less an issue of market forces, but rather local regulation that disfavors small, modest single-family homes.

In response to Senator Mills, Mr. Gray responded that code enforcement and on-street parking management can help with congested parking issues. Mr. Gardner added creativity in parking designs, parking pads, and accommodating garages would also be ways to address parking concerns.

Discussion of Short-Term Rental Policies

Katie Ashley, Policy Manager, Airbnb, and Jason Underwood, Capitol Strategies, Airbnb, discussed short-term rental policies. Benefits to Airbnb, the hosts, and guests were noted. Airbnb supports legislation that would create a statewide framework to ensure Kentucky homeowners have the right to benefit from home sharing. Airbnb does not support legislation that would ban or hinder short-term rentals. Limitations put in place by Lexington and Louisville, such as conditional use permits and density barriers, are a hindrance to homeowners who want to home share.

In response to Representative Stalker, Ms. Ashley stated she would provide the number of properties registered with Airbnb that are not the homeowners' primary residences. She added that 80 percent of Kentucky hosts only have one short term rental permit.

In response to Senator Madon, Ms. Ashley stated Airbnb has collected and remitted state and local occupancy taxes. Airbnb has voluntary collection agreements with several jurisdictions. She stated ongoing litigation prevents the sharing of more information regarding the tax issue. Mr. Underwood noted Airbnb has agreements with the larger jurisdictions in the state. Airbnb has worked with the General Assembly to provide legislative solutions to collection concerns, but those efforts have been unsuccessful.

The next meeting of the committee is August 26, 2025, in Room 149 of the Capitol Annex.

Adjournment

There being no further business, the meeting was adjourned at 10:19 AM.