

CHAPTER 37

(HB 333)

AN ACT relating to housing.

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

➔SECTION 1. A NEW SECTION OF KRS CHAPTER 100 IS CREATED TO READ AS FOLLOWS:

(1) *As used in this section:*

- (a) *"Affordable housing" means a residential dwelling unit reserved for a household whose income does not exceed eighty percent (80%) of the median income for the area as set out by the United States Department of Housing and Urban Development;*
- (b) *"Homeless shelter" means a facility used primarily to provide temporary shelter, including day shelters, overnight shelters, or temporary cooling or warming shelters, for the homeless, and which may provide:*
 - 1. *Overnight sleeping accommodations;*
 - 2. *Meals; and*
 - 3. *Ancillary social, educational, or health services;*
- (c) *"Religious developer" means a religious institution or any property developer working on behalf of a religious institution; and*
- (d) *"Religious institution" means a bona fide church, religious denomination, or religious organization, determined by the Internal Revenue Service to be tax exempt pursuant to Section 501(c)(3) of the Internal Revenue Code.*

(2) *Affordable housing developed by a religious developer shall be considered a permitted use and shall not be subject to permitting, review, or other regulation under this chapter, except for ministerial review by a planning unit for compliance with the following requirements:*

- (a) *The development is located on property owned by the religious institution;*
- (b) *The property where the development is to be located was purchased by the religious institution prior to January 1, 2026, and owned by the religious institution throughout the duration of the obligation in paragraph (g) of this subsection;*
- (c) *The development exclusively contains affordable housing;*
- (d) *The property where the development is to be located:*
 - 1. *Is on a parcel in a commercial or business zone;*
 - 2. *Is on a parcel in a residential zone that is adjacent to a road classified as part of the state primary road system pursuant to KRS 177.020 and is adjacent to a parcel in a commercial, business, or industrial zone; or*
 - 3. *Contains a structure that was used as a school prior to the effective date of this Act and the development is for the conversion of that structure into affordable housing;*
- (e) *The development contains twenty-four (24) or fewer units;*
- (f) *The development would not lead to more than twenty-four (24) affordable housing units being located on that parcel, any contiguous parcel owned by the religious institution, or cumulatively on parcels owned by the religious institution within one-half (1/2) mile of the development;*
- (g) *The obligation that units developed pursuant to this section are affordable in accordance with paragraph (c) of this subsection shall:*
 - 1. *Remain in place for a period of fifteen (15) years from the date of the certificate of occupancy or, if a certificate of occupancy is not required, from the date of the final building permit inspection; and*

2. Be recorded in a legally binding agreement or deed restriction.

The religious developer shall submit an annual report to the certifying planning unit that the requirements of this paragraph are met for the property; and

- (h) The religious developer has obtained all other permits, including building permits, as required by law.*
- (3) *If a development established pursuant to this section no longer meets the requirements in subsection (2) of this section, the property owner shall seek all approvals for the development from the planning unit that would be required for a developer that did not qualify for ministerial review under this section.***
- (4) *The Kentucky Housing Corporation may provide technical and advisory resources to a religious developer to assist with the development and management of an affordable housing development under this section.***
- (5) *A religious institution that seeks to privately operate a homeless shelter designed to provide temporary living accommodations or a temporary cooling or warming center during extreme weather events shall be considered a permitted use in all commercial, business, or industrial zones if the religious institution has obtained all other permits required by law.***

Signed by Governor April 7, 2026.