

1           AN ACT relating to housing.

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

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

5    (1) As used in this section:

6           (a) "Affordable housing" means a residential dwelling unit reserved for a  
7           household whose income does not exceed eighty percent (80%) of the  
8           median income for the area as set out by the United States Department of  
9           Housing and Urban Development;

10           (b) "Homeless shelter" means a facility used primarily to provide temporary  
11           shelter, including day shelters, overnight shelters, or temporary cooling or  
12           warming shelters, for the homeless, and which may provide:

13           1. Overnight sleeping accommodations;

14           2. Meals; and

15           3. Ancillary social, educational, or health services;

16           (c) "Religious developer" means a religious institution or any property  
17           developer working on behalf of a religious institution; and

18           (d) "Religious institution" means a bona fide church, religious denomination,  
19           or religious organization, determined by the Internal Revenue Service to be  
20           tax exempt pursuant to Section 501(c)(3) of the Internal Revenue Code.

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

25           (a) The development is located on property owned by the religious institution;

26           (b) The property where the development is to be located was purchased by the  
27           religious institution prior to January 1, 2026, and owned by the religious

1                   institution throughout the duration of the obligation in paragraph (g) of this  
2                   subsection;

3                   (c) The development exclusively contains affordable housing;

4                   (d) The property where the development is to be located:

5                   1. Is on a parcel in a commercial or business zone;

6                   2. Is on a parcel in a residential zone that is adjacent to a road classified  
7                   as part of the state primary road system pursuant to KRS 177.020 and  
8                   is adjacent to a parcel in a commercial, business, or industrial zone;

9                   or

10                   3. Contains a structure that was used as a school prior to the effective  
11                   date of this Act and the development is for the conversion of that  
12                   structure into affordable housing;

13                   (e) The development contains twenty-four (24) or fewer units;

14                   (f) The development would not lead to more than twenty-four (24) affordable  
15                   housing units being located on that parcel, any contiguous parcel owned by  
16                   the religious institution, or cumulatively on parcels owned by the religious  
17                   institution within one-half (1/2) mile of the development;

18                   (g) The obligation that units developed pursuant to this section are affordable  
19                   in accordance with paragraph (c) of this subsection shall:

20                   1. Remain in place for a period of fifteen (15) years from the date of the  
21                   certificate of occupancy or, if a certificate of occupancy is not  
22                   required, from the date of the final building permit inspection; and

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

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

27                   (h) The religious developer has obtained all other permits, including building

1                   permits, as required by law.

2                   (3) If a development established pursuant to this section no longer meets the  
3                   requirements in subsection (2) of this section, the property owner shall seek all  
4                   approvals for the development from the planning unit that would be required for  
5                   a developer that did not qualify for ministerial review under this section.

6                   (4) The Kentucky Housing Corporation may provide technical and advisory  
7                   resources to a religious developer to assist with the development and management  
8                   of an affordable housing development under this section.

9                   (5) A religious institution that seeks to privately operate a homeless shelter designed  
10                   to provide temporary living accommodations or a temporary cooling or warming  
11                   center during extreme weather events shall be considered a permitted use in all  
12                   commercial, business, or industrial zones if the religious institution has obtained  
13                   all other permits required by law.