

Kentucky's Housing Supply Gap

Governor's Local Issues Conference

August 8, 2024

Wendy K. Smith

Deputy Executive Director, Housing Programs

Kentucky Housing Corporation

Kentucky Housing Corporation

Who We Are

Mission:

KHC invests in quality affordable housing solutions for families & communities across Kentucky.

**State Housing
Finance Agency**

**Self-
Supporting**

**Quasi-
Governmental**

Private, Federal & State Funding/Financing Sources



KHC



KY Affordable Housing Trust Fund

KY Rural Housing Trust Fund

Federal Housing Tax Credits

Tax Exempt Bonds




Fannie Mae/Ginnie Mae

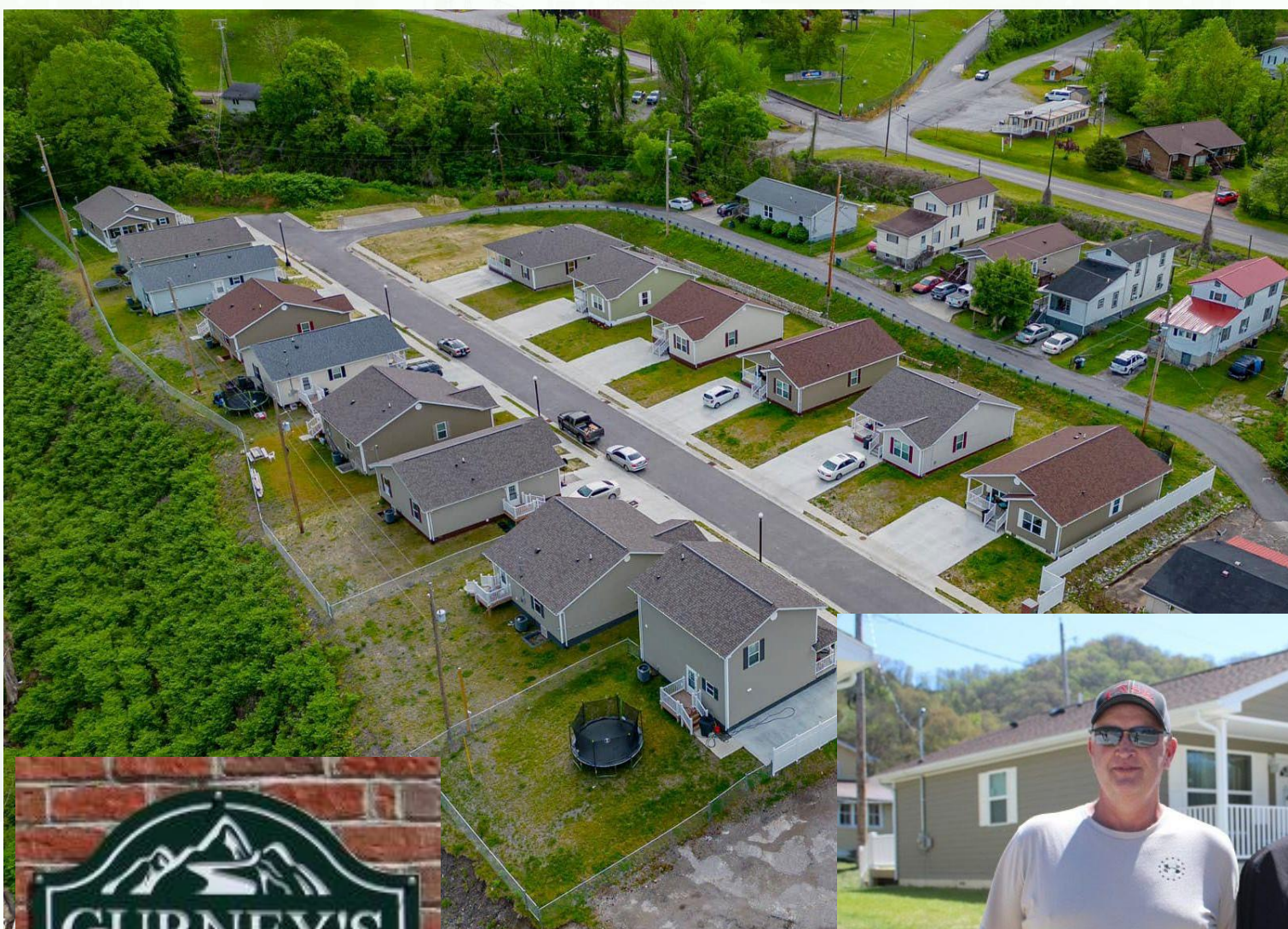
HUD Programs

Treasury COVID Relief

DOE/Weatherization

What We Do

Homebuyers & Homeowners	Rental Housing	Homelessness Programs
 <p data-bbox="372 843 958 1279">Mortgages, Down Payment Assistance, Foreclosure Prevention, Homebuilding, Home Repair, Weatherization</p>	 <p data-bbox="1052 893 1500 1122">Development & Preservation Rental Assistance</p>	 <p data-bbox="1633 829 2137 1265">Homelessness Programs: Shelter Rapid Re-Housing Street Outreach Eviction Prevention</p>



**15 homes
in Perry
County**





**Scheper Place
Senior Apartments
in NKY by Episcopal
Retirement
Services.**

**Duplex in
Owsley
County by
Partnership
Housing.**

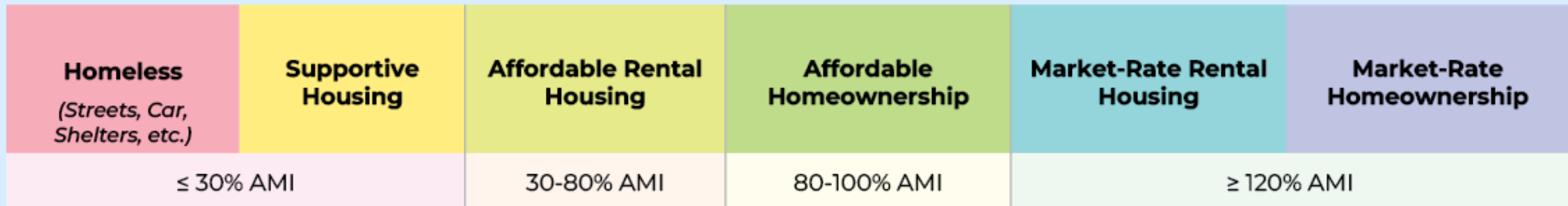




Linda's Place Senior Apartments

New 87 units construction project by SOCAYR, Inc. located in Shepherdsville, Bullitt County.





Area Median Income (AMI)

THE HOUSING CONTINUUM

Movement Along the Continuum = Adequate Supply of Affordable Housing Stock

Housing Stability | Supportive Services | Completed Education | Access to Affordable Health Care | Job Opportunities | Build Savings | Build Equity

Eviction | Addiction | Natural Disasters | Health Issues | Loss of Partner | Loss of Job | Lack of Savings | Excessive Debt | Downsizing

Kentucky Housing Supply Gap Analysis



Why Did KHC Commission a Housing Supply Gap Analysis?

KHC's own programs are having a hard time serving low- & moderate-income Kentuckians because the Commonwealth doesn't have enough housing:

- Moderate-income homebuyers can't find affordable homes.
- Very low-income tenants with rent assistance can't find reasonably price apartments that will accept a voucher.
- Kentuckians are experiencing homelessness for the first time at higher rates, and unsheltered homelessness is increasing.
- Middle, moderate, and low-income households are competing for the same units.

Why Did KHC Commission a Housing Supply Gap Analysis?

KHC has heard from leaders and partners across Kentucky that they need more housing for middle, moderate & low-income households.

- KY League of Cities
- Homebuilders Association of KY
- KY Economic Development Cabinet
- I-71 Economic Development Alliance
- EKY Leadership Foundation
- DLG Local Issues Conference
- Maysville Rotary Club
- Woodford County Economic Dev.
- Johnson County
- Burkesville Housing Authority
- Northern KY ADD
- Lincoln Trail ADD

The Supply Gap: **Factors at Play**

Factors Contributing to the Gap

- Natural Disasters
- Economic Growth
- Restrictive Land Use
- Local Resistance
- Lost Builder Capacity
- Missing Middle Housing
- Little Construction of:
 - Starter Homes
 - Middle Income Apts
- High Interest Rates
- Slow Delivery of Units to Market

KY Chamber & Homebuilders Association of KY Housing Report

July 2024

KY Chamber & Homebuilders HOUSING REPORT



Following an extensive research process and conversations with community leaders across the state, the KY Chamber and HBAK released a report July 8, 2024, outlining the state's current and future housing needs and proposing policy solutions to ensure Kentucky has a strong foundation for economic growth.

www.kychamber.com/housing

KY Chamber & Homebuilders Housing Report



The statewide median home price in 2022 was **3.9 times the median household income.**

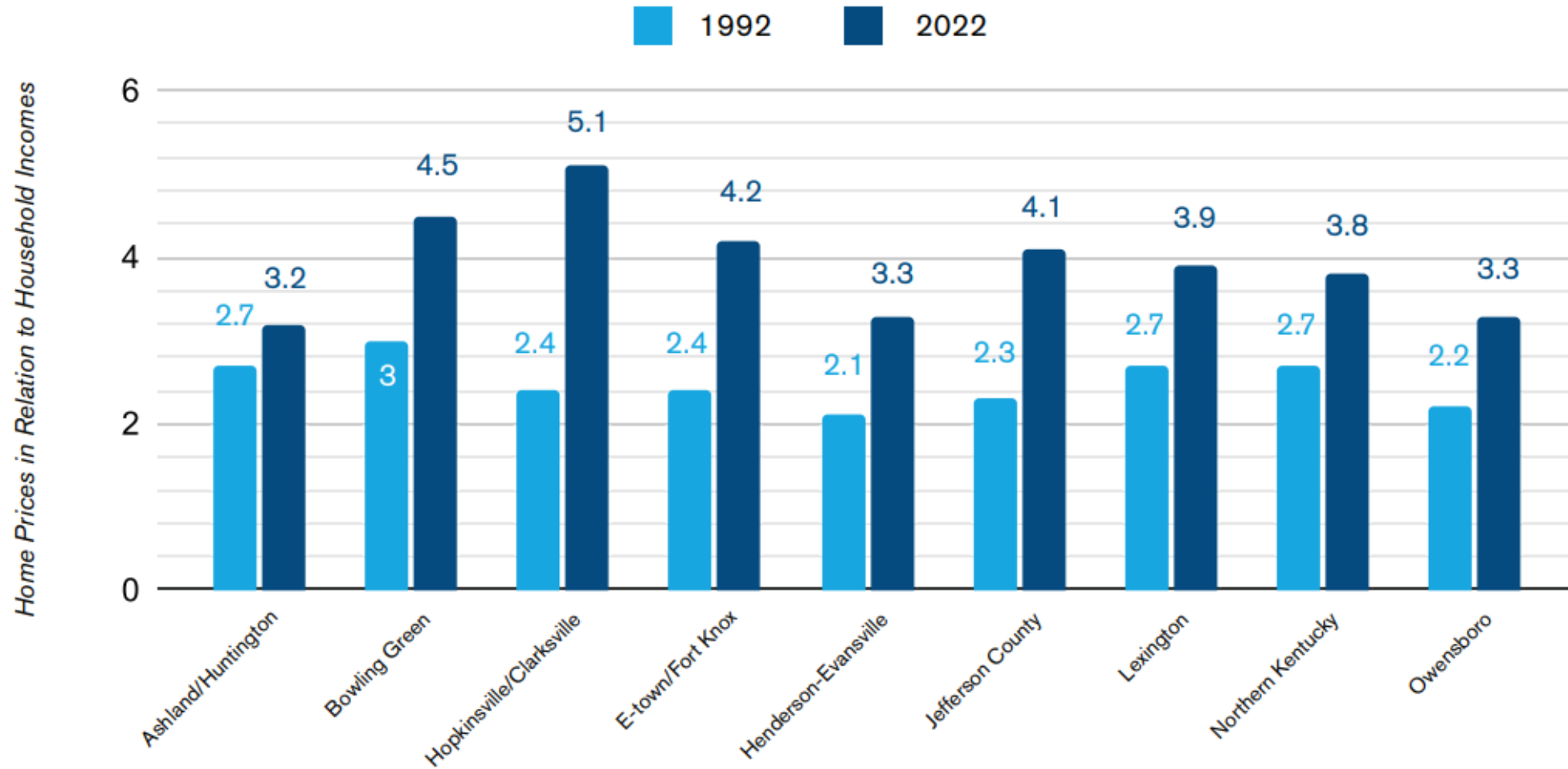
“As the state continues to attract new business investments...housing challenges will intensify, resulting in unsustainable growth and holding back Kentucky’s potential.

Kentucky’s leaders need to act now.”

“It’s time to build a literal foundation for growth – and that means more housing and more home building.”

The report “urges state and local leaders to take bold steps to support more home building and ensure healthier housing markets across Kentucky.”

Home Price-to-Income Ratios for Kentucky Metro Areas, 1992-2022

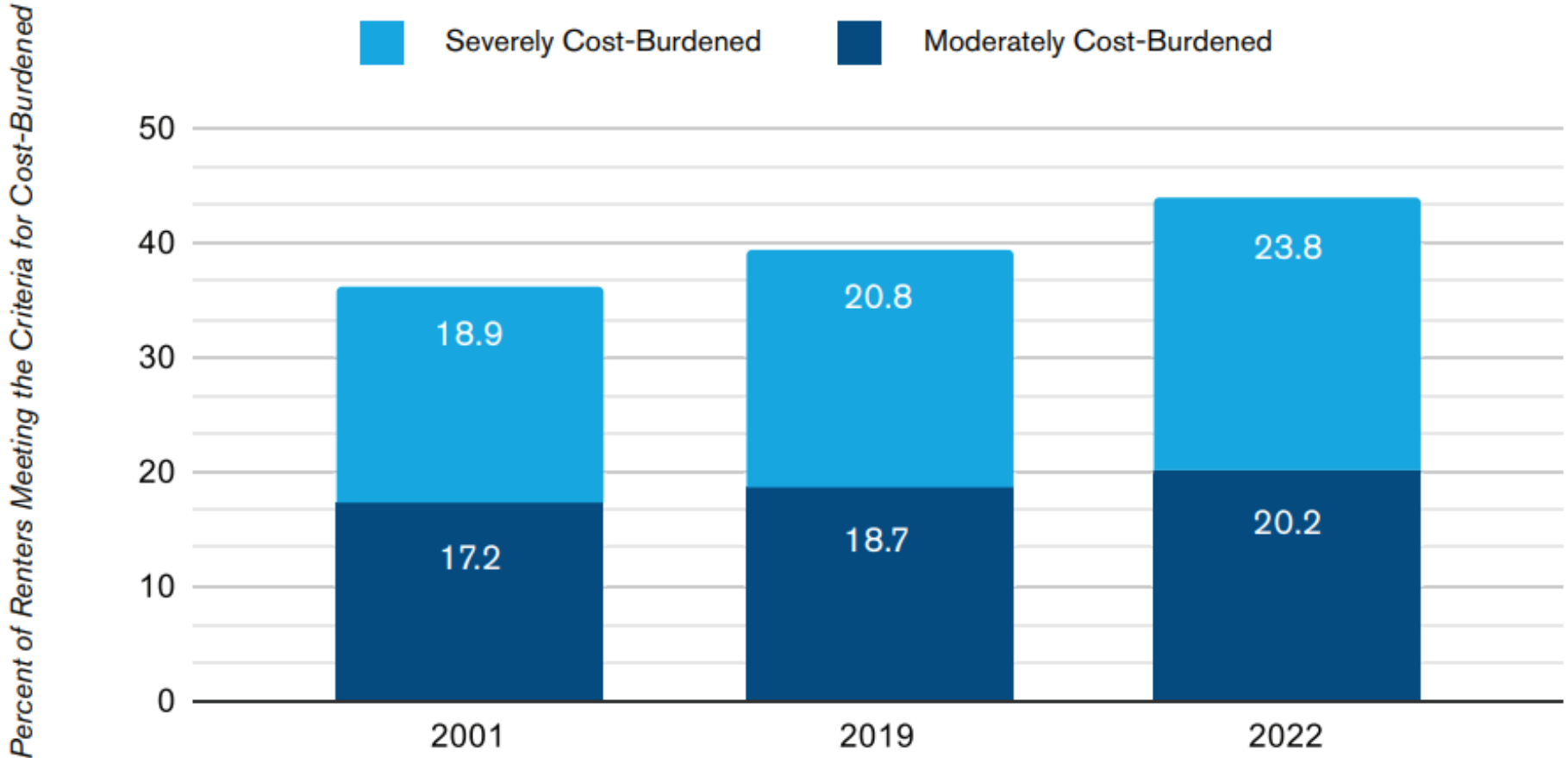


Source: Harvard JCHS

Home Price-to-Income Ratio = median sale price for a single-family home divided by area median household income

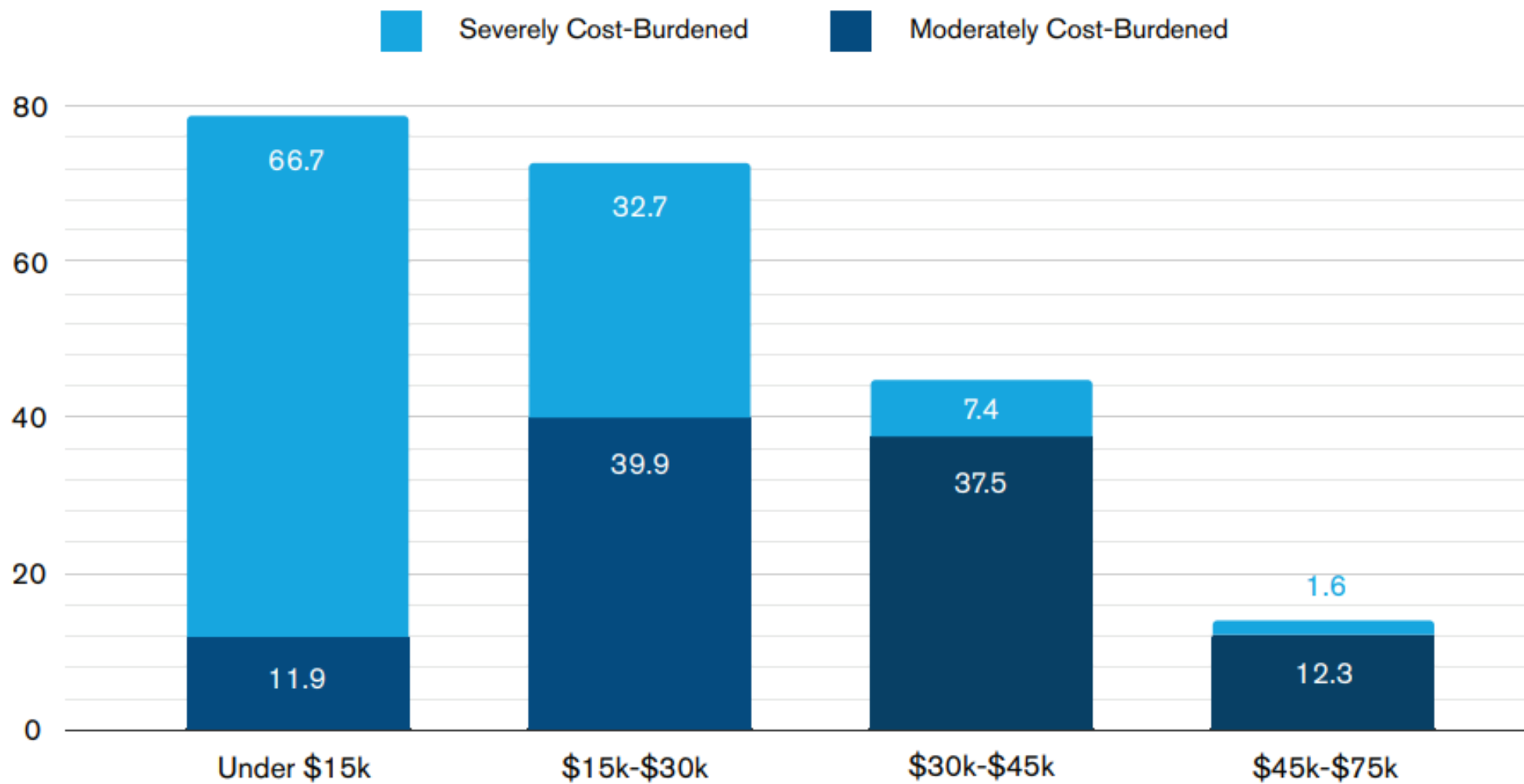
In 2022, **44%** of KY renters were housing cost-burdened.

Cost-Burdened Renter Households, Kentucky

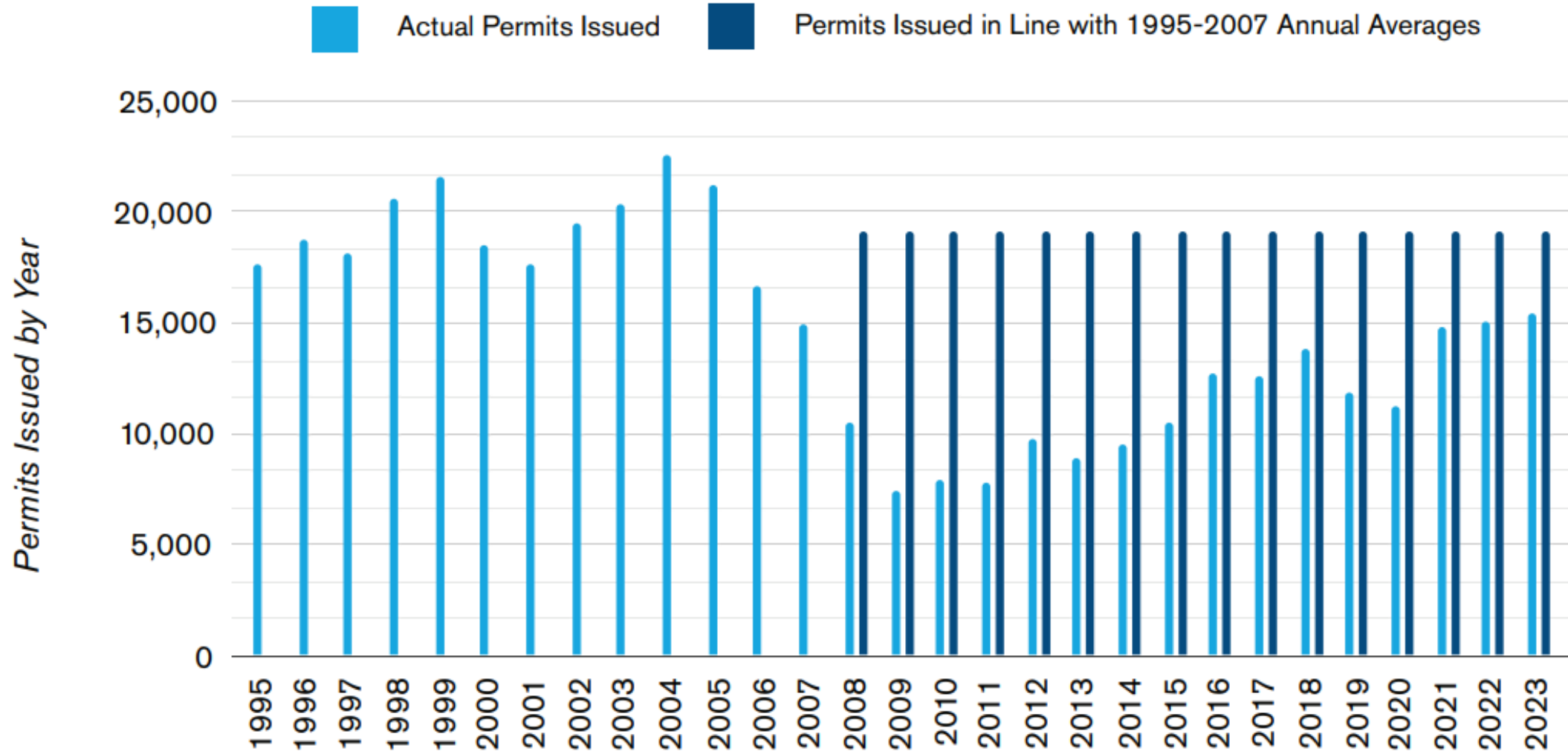


Source: Harvard JCHS

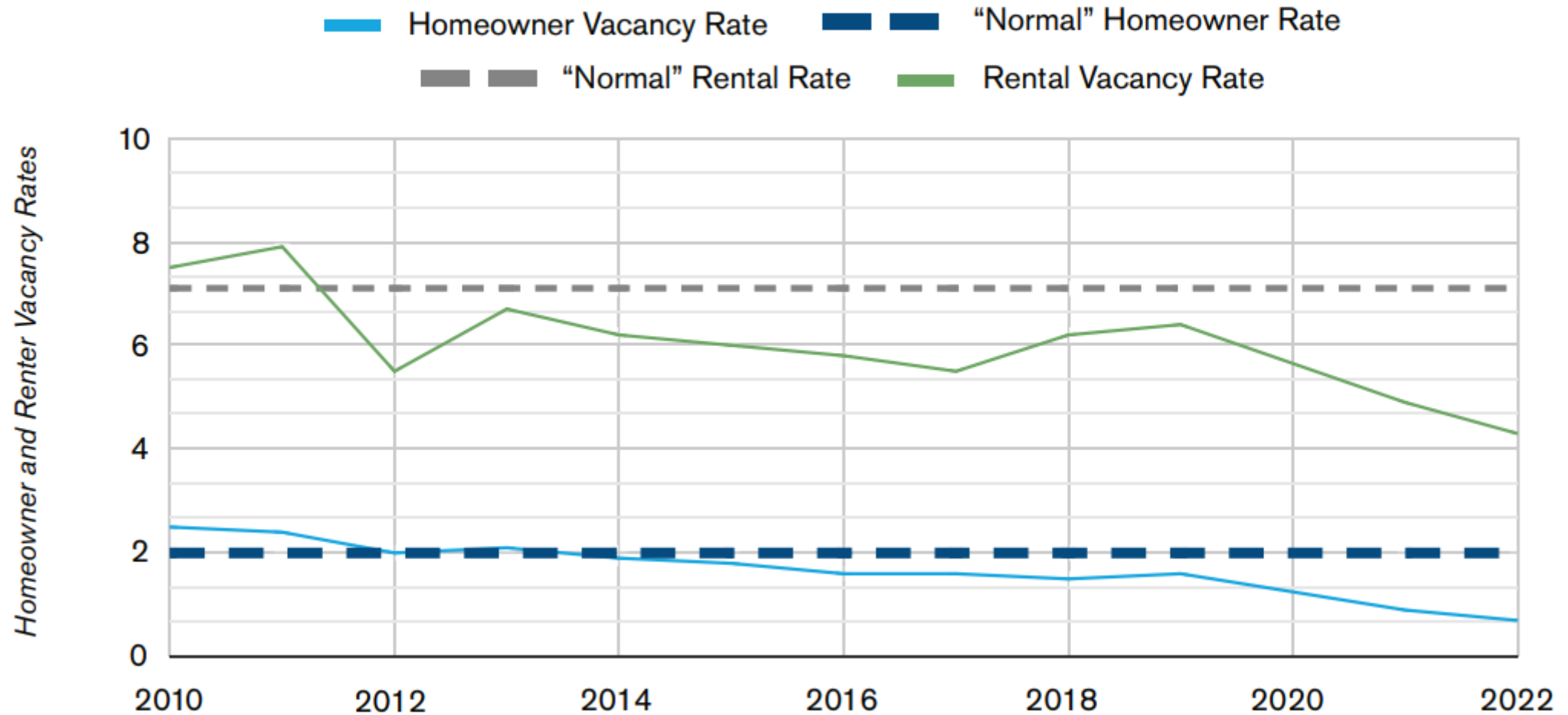
Cost-Burdened Renters by Income Groups, 2022



Building Permits Issued in Kentucky (Single-Family and Multi-Family)



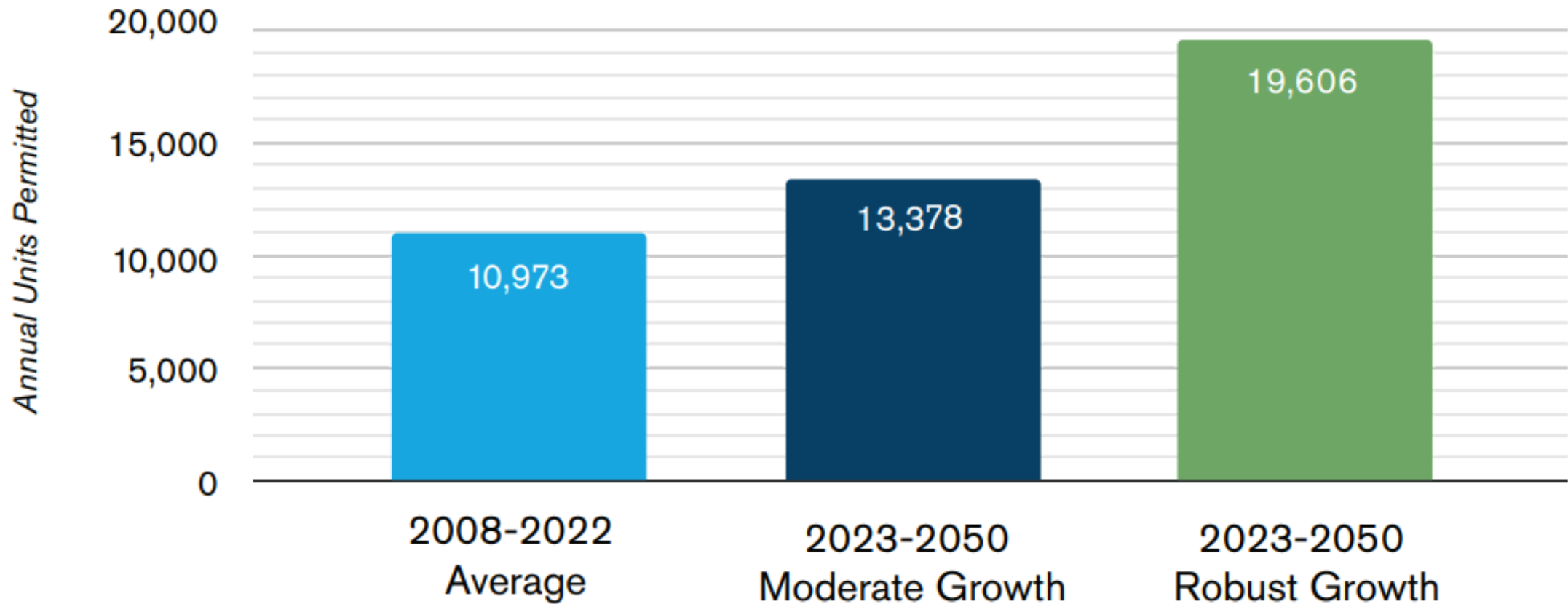
Homeowner and Renter Vacancy Rates, Kentucky



Source: ACS, 1-Yr Estimates, DP04, NAHB Estimates

Estimates of Annual Home Building Activity in Kentucky

Using Annual Building Permits as a Proxy for Home Building Activity



KY Chamber & Homebuilders Housing Report

SOLUTIONS



Explore and Encourage Local Land-Use and Zoning Reforms



Help Communities Understand Their Housing Needs and Challenges



Consider How Government Regulations Impact Housing and Implement Reforms



Continue to Invest in Infrastructure and Support Local Communities, Developers, and Home Builders with Infrastructure Costs



Leverage Tax Incentives and Taxpayer Funded Support for Low- and Middle-Income Housing



Support and Grow the Home Building Workforce



Support Regional Approaches to Solving Housing Challenges

Kentucky's Supply Gap: **Data & Findings**

A few data notes

- Phase 1: Current supply gap (released April 16)
- Phase 2: 5-year gap projection (August 21)
- Don't be misguided by overall vacancy data!

It include units NOT available to rent/buy because they are:

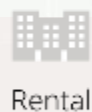
- In such poor shape they are uninhabitable.
- Short-term rentals/vacation rentals.
- Second homes.
- Vacant due to heirship issues.
- Vacant due to an unresolved foreclosure.

Kentucky Housing Supply Gap Analysis

Kentucky is lacking the following housing for its residents:

206,207
New Homes

101,569

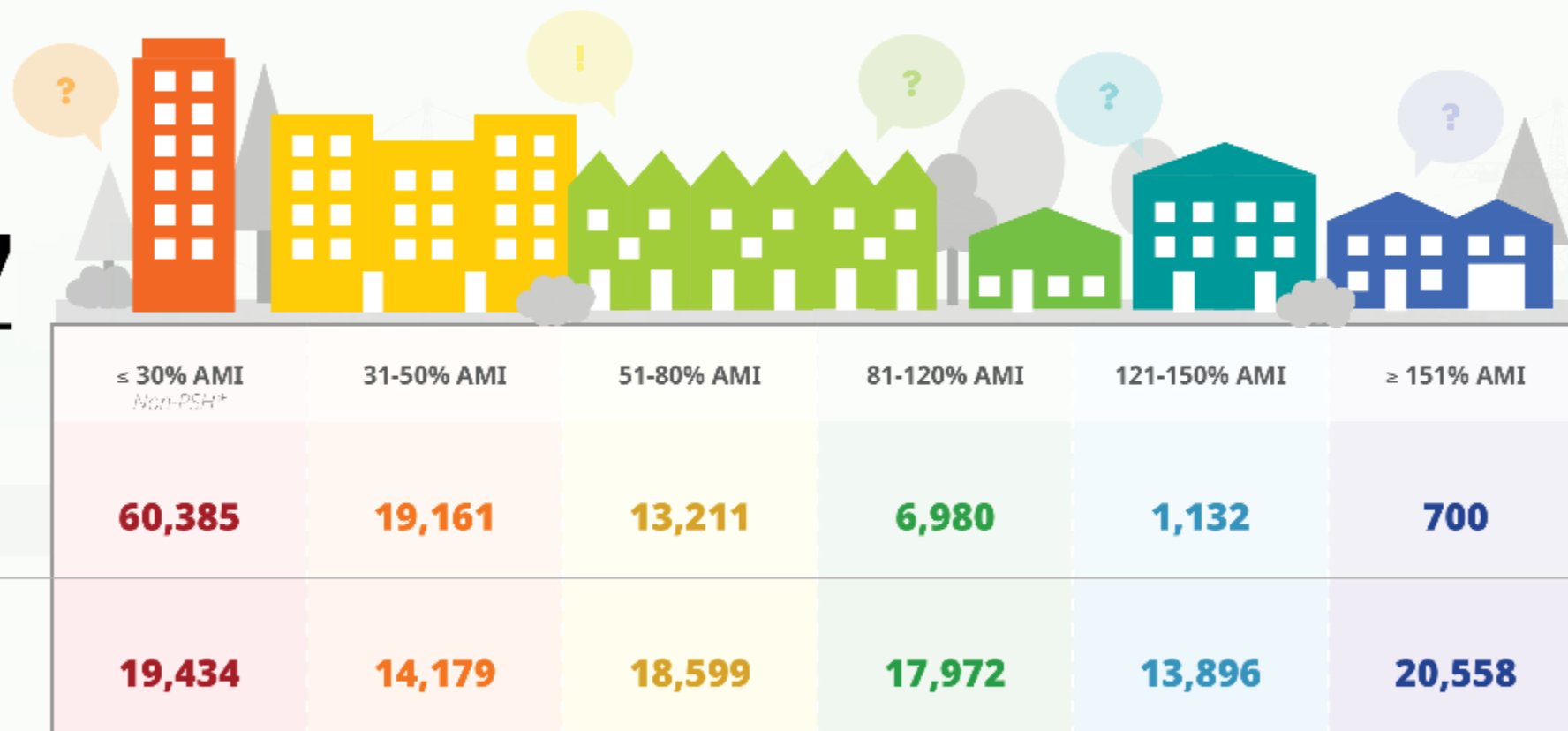


Rental

104,638



For-Sale



Current Housing Needs Broken Down By Area Median Income (AMI) Groups

* Permanent Supportive Housing (PSH) - Housing that offers supportive services and typically includes project-based rental subsidies.

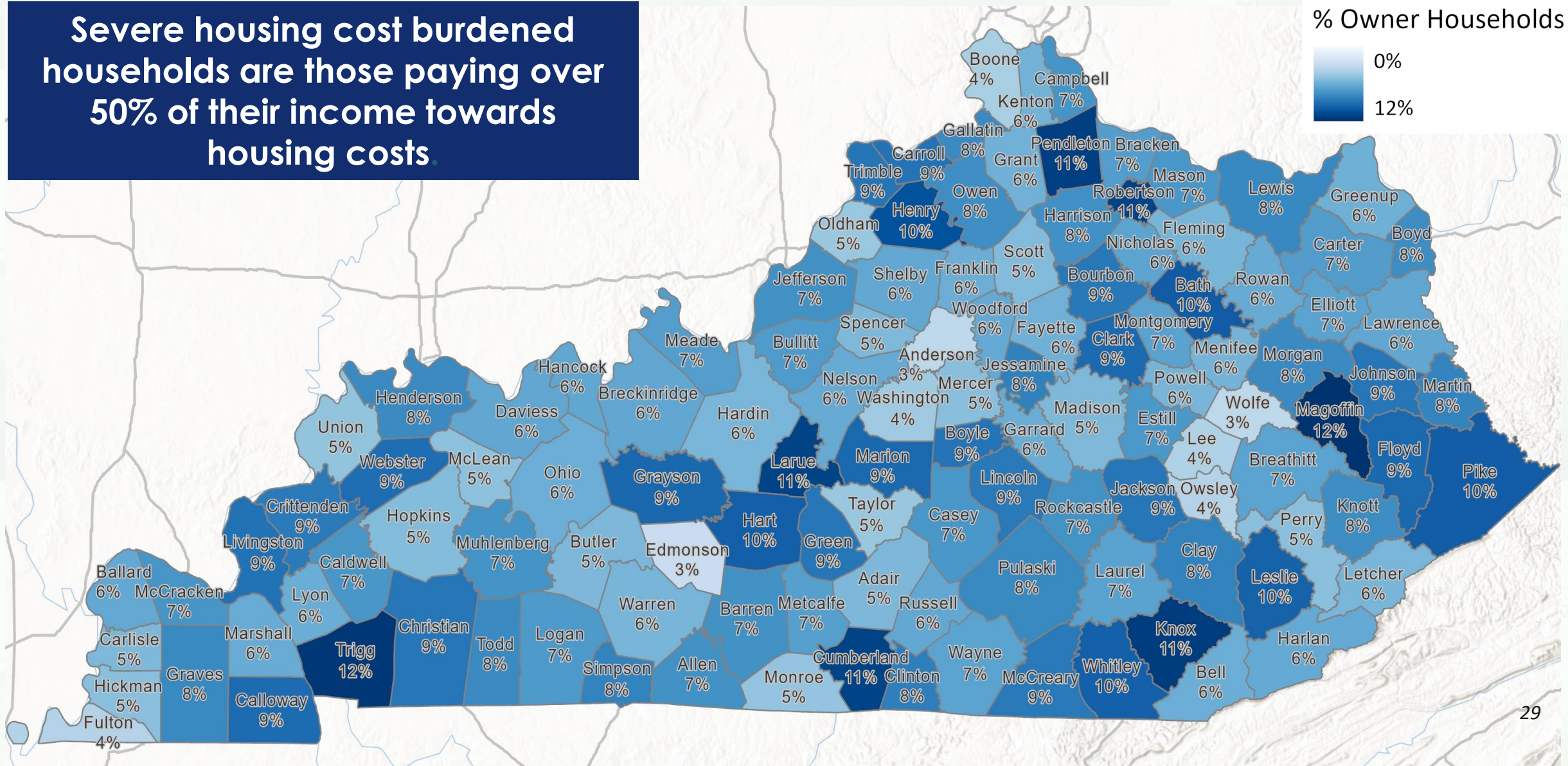
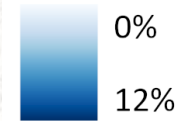
County-by-County Demographic Data Available In the Full Report

1. Population
2. Number of Households
3. Homeownership Rate
4. Rental Tenure Rate
5. Household Income
6. Substandard Housing
7. Severe Housing Cost Burden
8. In-Commuter Population
9. Vacant Available Housing
10. Annual Housing Turnover Rates
11. Homeownership Supply Gap by Income
12. Rental Supply Gap by Income

Severe Cost Burdened Owner Housing Share (2022)

Severe housing cost burdened households are those paying over 50% of their income towards housing costs.

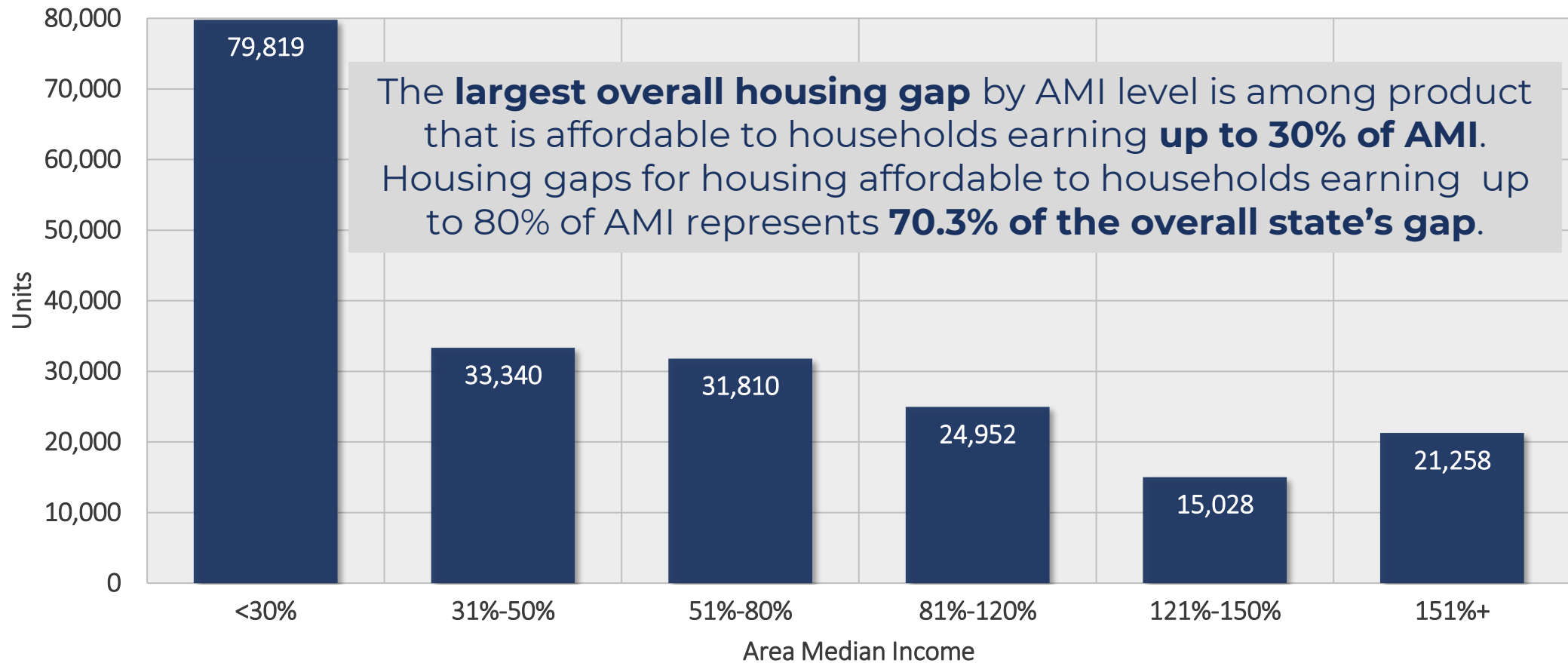
% Owner Households



Overall Housing Gaps by Area Median Income (2024)

Renter and Owner Combined

Kentucky's Overall Housing Gaps by Area Median Income (2024)



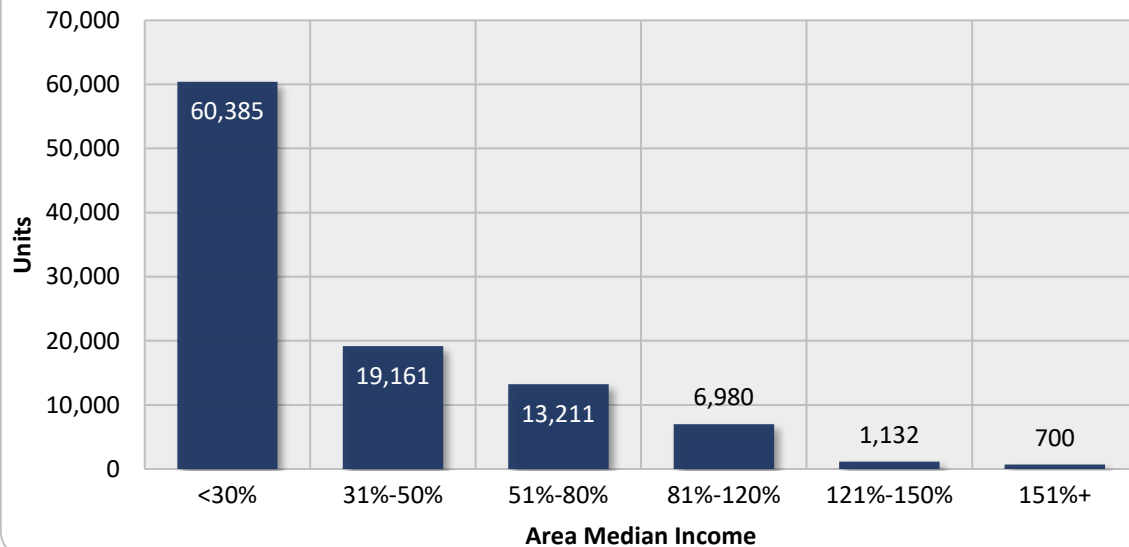
Housing Gap by Area Median Income (2024)

Renter & Owner Combined

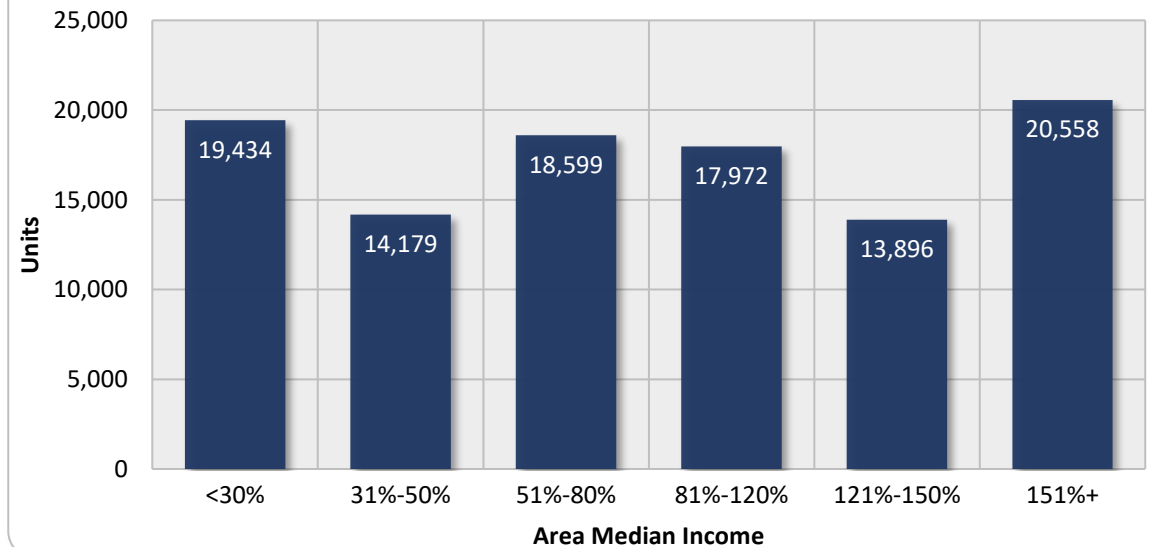
The greatest rental housing gap is for the most affordable product, units affordable to households earning at or below 30% of Area Median Income (AMI).

The for-sale housing gaps are distributed relatively even among the different affordability levels.

Kentucky's Rental Housing Gap by Area Median Income (2024)

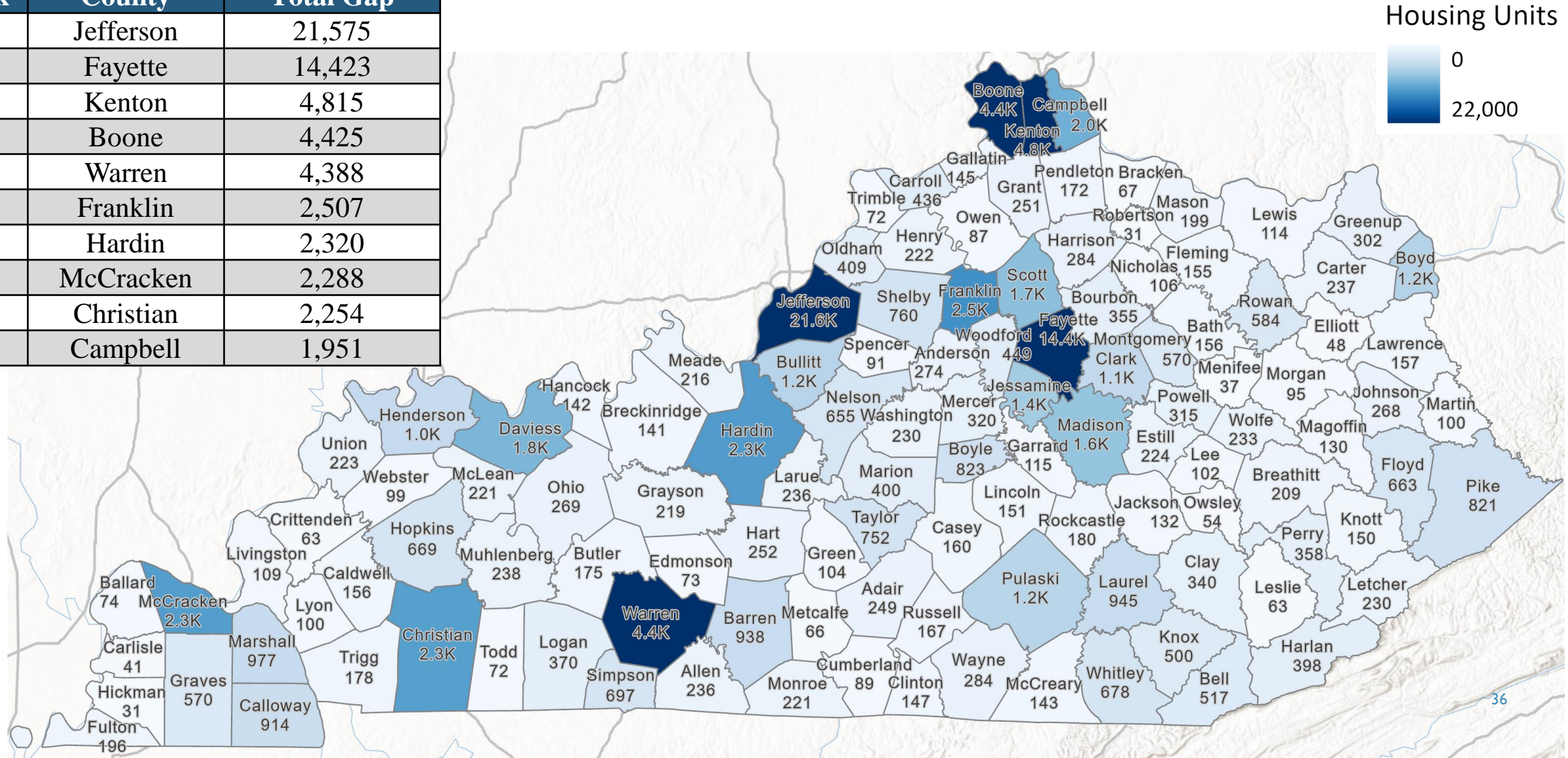


Kentucky's For-Sale Housing Gaps by Area Median Income (2024)



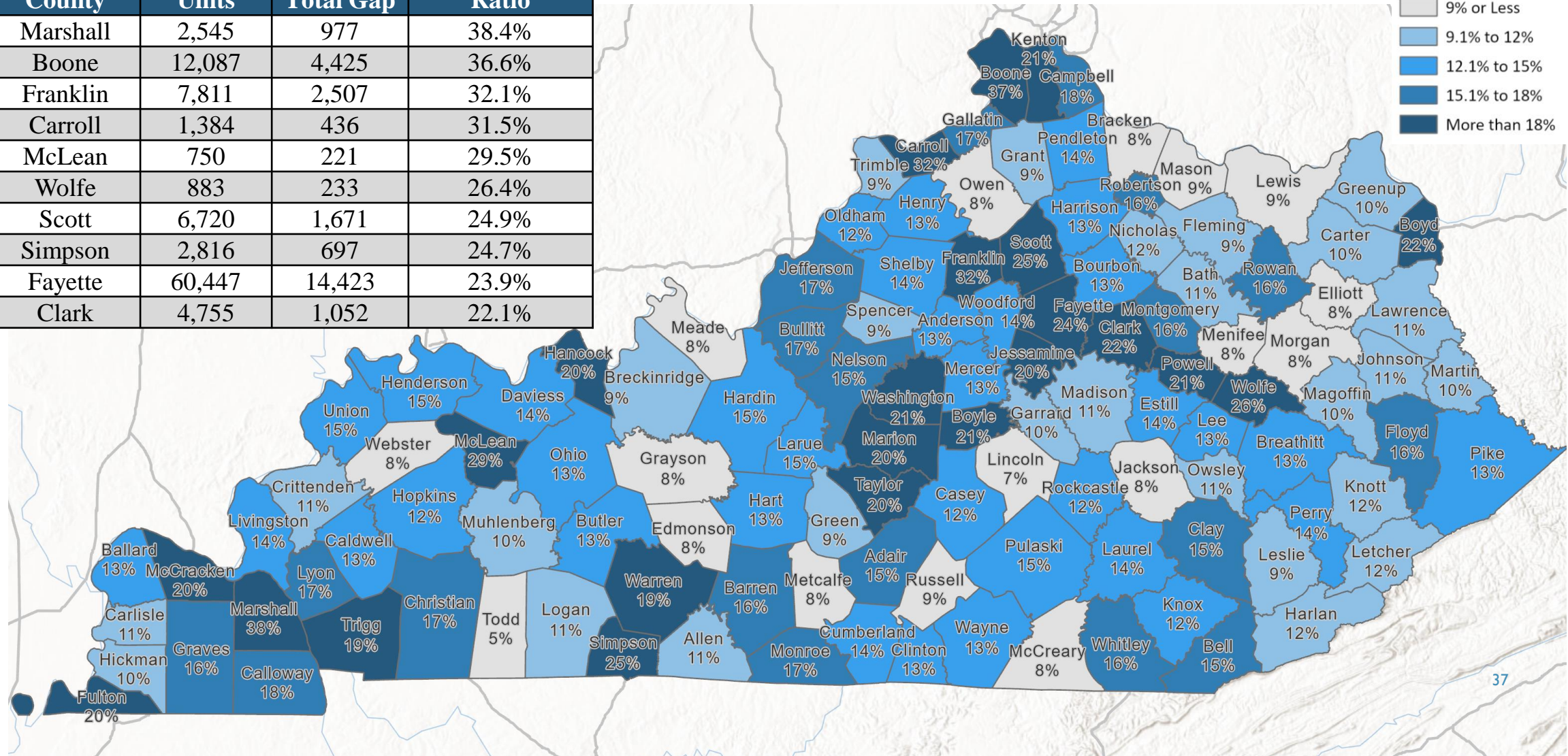
Rental Housing Gaps (Number of Units) by County (2024)

Rank	County	Total Gap
1	Jefferson	21,575
2	Fayette	14,423
3	Kenton	4,815
4	Boone	4,425
5	Warren	4,388
6	Franklin	2,507
7	Hardin	2,320
8	McCracken	2,288
9	Christian	2,254
10	Campbell	1,951



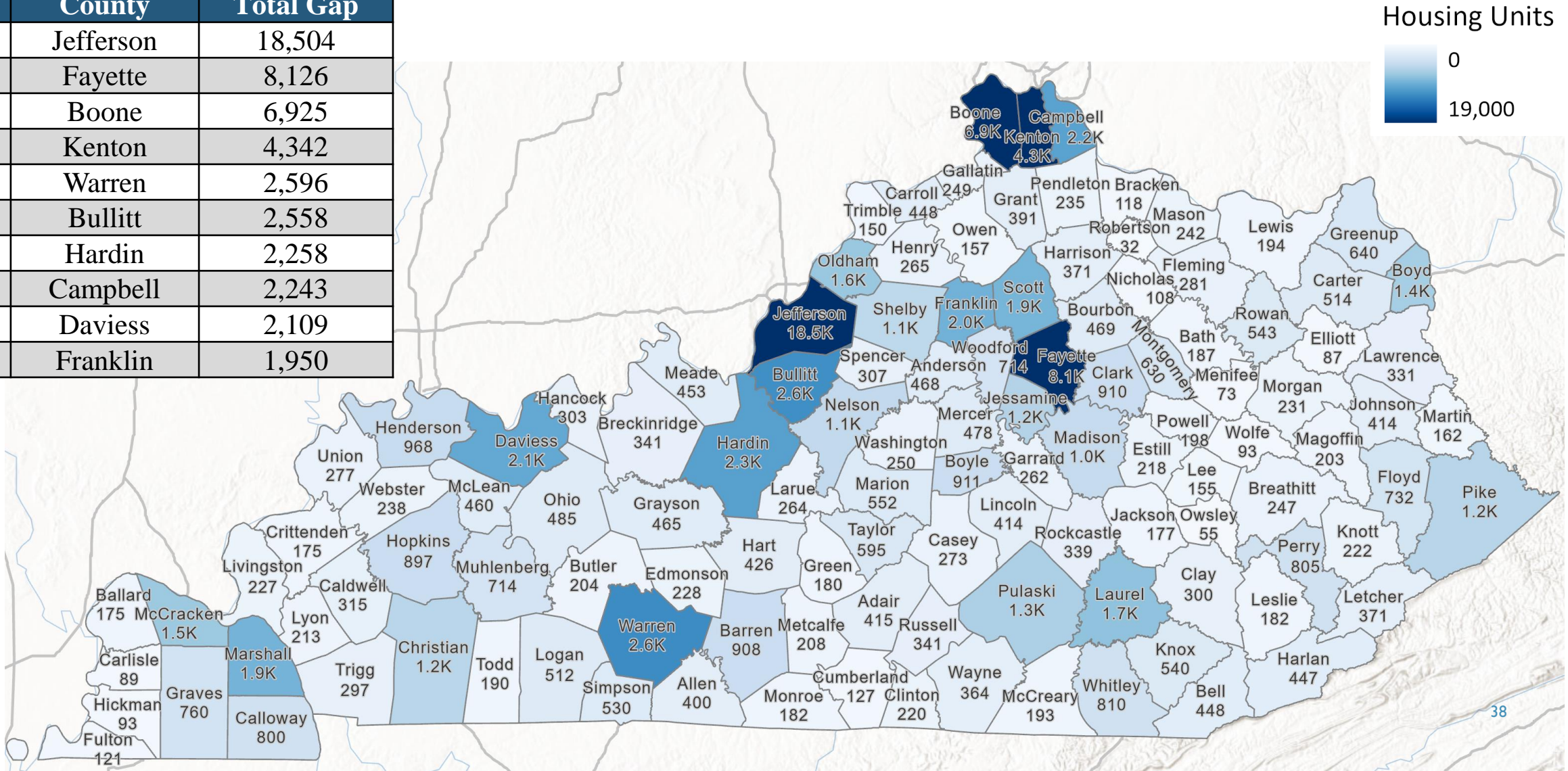
Rental Housing Gaps to Renter Households Ratio (2024)

Rank	County	Rental Units	Total Gap	Gap to Units Ratio
1	Marshall	2,545	977	38.4%
2	Boone	12,087	4,425	36.6%
3	Franklin	7,811	2,507	32.1%
4	Carroll	1,384	436	31.5%
5	McLean	750	221	29.5%
6	Wolfe	883	233	26.4%
7	Scott	6,720	1,671	24.9%
8	Simpson	2,816	697	24.7%
9	Fayette	60,447	14,423	23.9%
10	Clark	4,755	1,052	22.1%



For-Sale Housing Gaps (Number of Units) by County (2024)

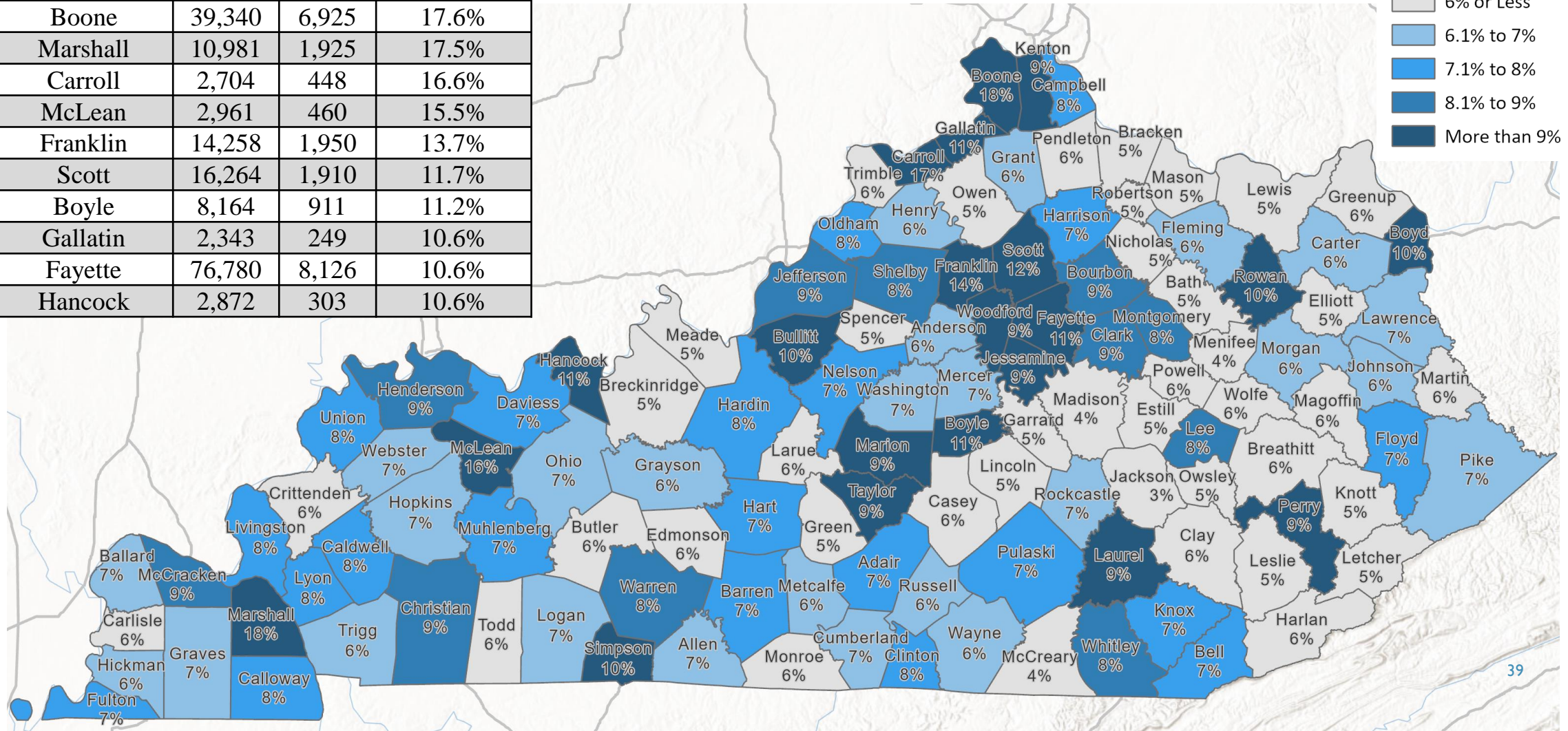
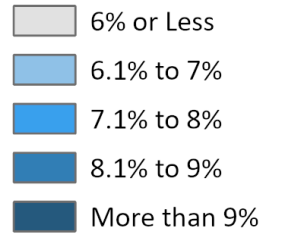
Rank	County	Total Gap
1	Jefferson	18,504
2	Fayette	8,126
3	Boone	6,925
4	Kenton	4,342
5	Warren	2,596
6	Bullitt	2,558
7	Hardin	2,258
8	Campbell	2,243
9	Daviess	2,109
10	Franklin	1,950



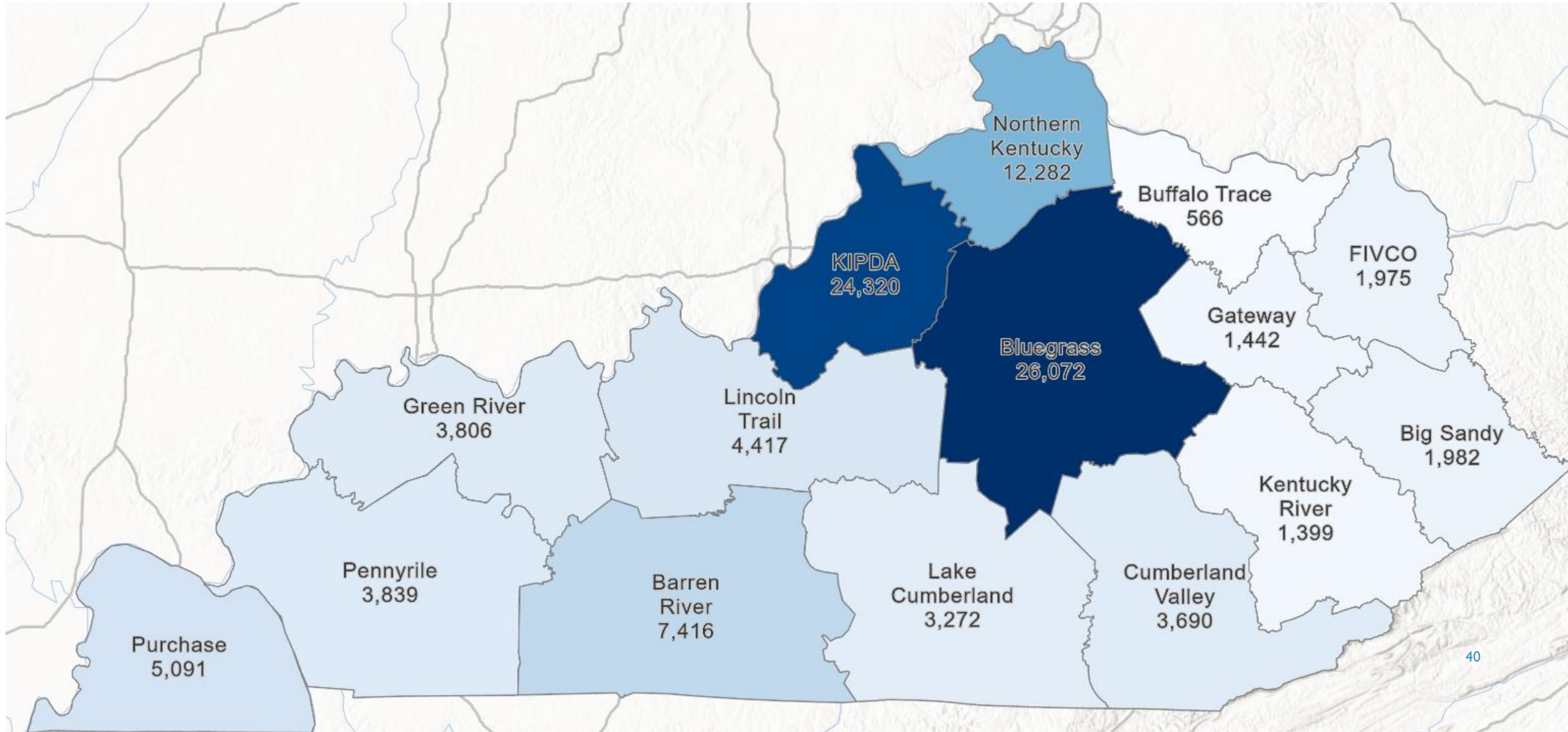
For-Sale Housing Gap to Owner Households Ratio (2024)

Rank	County	Owner Units	Total Gap	Gap to Units Ratio
1	Boone	39,340	6,925	17.6%
2	Marshall	10,981	1,925	17.5%
3	Carroll	2,704	448	16.6%
4	McLean	2,961	460	15.5%
5	Franklin	14,258	1,950	13.7%
6	Scott	16,264	1,910	11.7%
7	Boyle	8,164	911	11.2%
8	Gallatin	2,343	249	10.6%
9	Fayette	76,780	8,126	10.6%
10	Hancock	2,872	303	10.6%

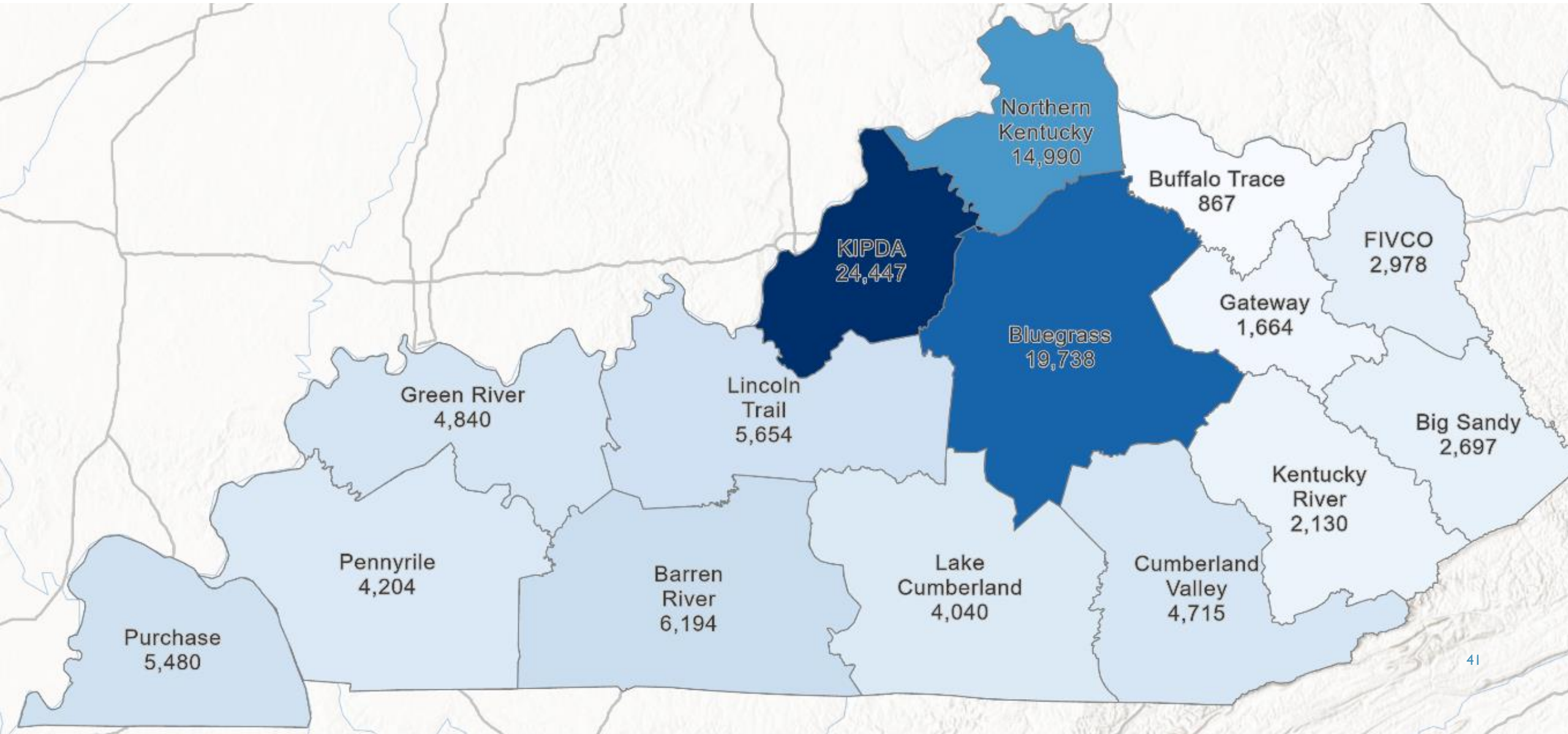
Gap/HH Ratio



Rental Housing Gap by Area Development District (2024)



For-Sale Housing Gap by Area Development District (2024)



Framing the Issue

**THE HOUSING SUPPLY SHORTAGE
IS KENTUCKY'S MOST URGENT HOUSING ISSUE.**

**ALL OF KENTUCKY'S
120 COUNTIES
NEED MORE RENTAL &
FOR-SALE HOMES.**

If Kentucky had enough housing units, we'd see:

- Lower average housing costs.
- Higher homeownership rates.
- More workforce housing.
- Lower eviction rates.
- Fewer homeless Kentuckians.
- Increased household stability.

**HOUSING IS KEY TO KENTUCKY'S ECONOMY:
HOMES ARE WHERE JOBS GO TO SLEEP AT NIGHT.**

Avoid distraction by niche or secondary housing issues.

If we're not focused on increasing Kentucky's HOUSING SUPPLY, we're focused on the wrong thing.

KHC Kentucky Housing Corporation
Investing in quality housing solutions.

Quick Links ▾ Search KHC 's Website

Kentucky Housing Supply Gap

Kentucky is lacking the following housing for its residents:

	<= 30% AMI	31-50% AMI	51-80% AMI	81-120% AMI	121-150% AMI	> 151% AMI
206,207 New Homes						
101,569 Rental	60,385	19,161	13,211	6,980	1,132	700
104,638 For-Sale	19,434	14,179	18,599	17,972	13,896	20,558

Income (AMI) Groups

MARION COUNTY		Rental Housing Gap Estimates by Income (2024)						
Percent of Area Median Income	≤30%	31%-50%	51%-80%	81%-120%	121%-150%	151%+		
Household Income Range	≤\$20,190	\$20,191- \$33,650	\$33,651- \$53,840	\$53,841- \$80,760	\$80,761- \$100,950	\$100,951+		
Rent Range	≤\$505	\$506-\$841	\$842-\$1,346	\$1,347- \$2,019	\$2,020- \$2,524	\$2,525+	Total	
Vacancy Surplus or Deficit	30	19	5	6	2	-5	57	
Replacement of Substandard Housing	32	14	6	5	0	0	57	
External Market Support	81	54	32	34	20	13	234	
Severe Cost Burdened Households	49	3	0	0	0	0	52	
Total Gross Demand #1	192	90	43	45	22	8	400	
Net Step-Down Support	18	-9	0	-5	-2	-2	0	
Total Gross Demand #2	210	81	43	40	20	6	400	
Total Rental Housing Gaps	210	81	43	40	20	6	400	
MARION COUNTY		For-Sale Housing Gap Estimates by Income (2024)						
Home Price Range	≤\$65,481	\$65,482- \$109,135	\$109,136- \$174,616	\$174,617- \$261,924	\$261,925- \$327,405	\$327,406+	Total	
Vacancy Surplus or Deficit	22	15	30	31	18	36	152	
Replacement of Substandard Housing	3	1	2	2	0	0	8	
External Market Support	47	30	63	79	49	89	357	
Severe Cost Burdened Households	24	6	4	1	0	0	35	
Total Gross Demand #1	96	52	99	113	67	125	552	
Net Step-Down Support	10	10	3	-10	12	-25	0	
Total Gross Demand #2	106	62	102	103	79	100	552	
Total For-Sale Housing Gaps	106	62	102	103	79	100	552	

How can local areas address housing supply gaps?

How local areas can increase supply

- Update zoning & barriers to development
- Create build-ready land/lots
- Support and promote off-site construction
- Ensure state and federal officials are aware

National League of Cities & American Planning Association **Housing Supply Accelerator Playbook**



Housing Supply Accelerator Playbook: Solutions, Systems, Partnerships.

Clayton Homes - Red Bud Subdivision

May 2024: Clayton Breaks Ground on Neighborhood of 51 Energy-Efficient CrossMod® Homes In London, Ky

CrossMod homes are built to HUD code and integrate site-built features: elevated roof pitches, garages, porches, interior finishes and permanent foundations, making them indistinguishable from traditional site-built homes.

CrossMod homes are eligible for conventional loan programs.

www.claytonhomes.com/newsroom/press-releases/governor-beshear-and-clayton-break-ground-on-neighborhood-of-51-energy-efficient-homes/

Governor Beshear and Clayton Break Ground on Neighborhood of 51 Energy-Efficient CrossMod® Homes in London, KY, Challenging Outdated Zoning Policies

New Clayton eBullt® Homes to Help Homeowners Save Money on Utilities Long-Term

May 23, 2024



Clayton CrossMod Homes



Belmont

3 beds • 2 baths • 1,620 sq. ft.



Hawthorne

3 beds • 2 baths • 1,728 sq. ft.

MMY new modular construction facility

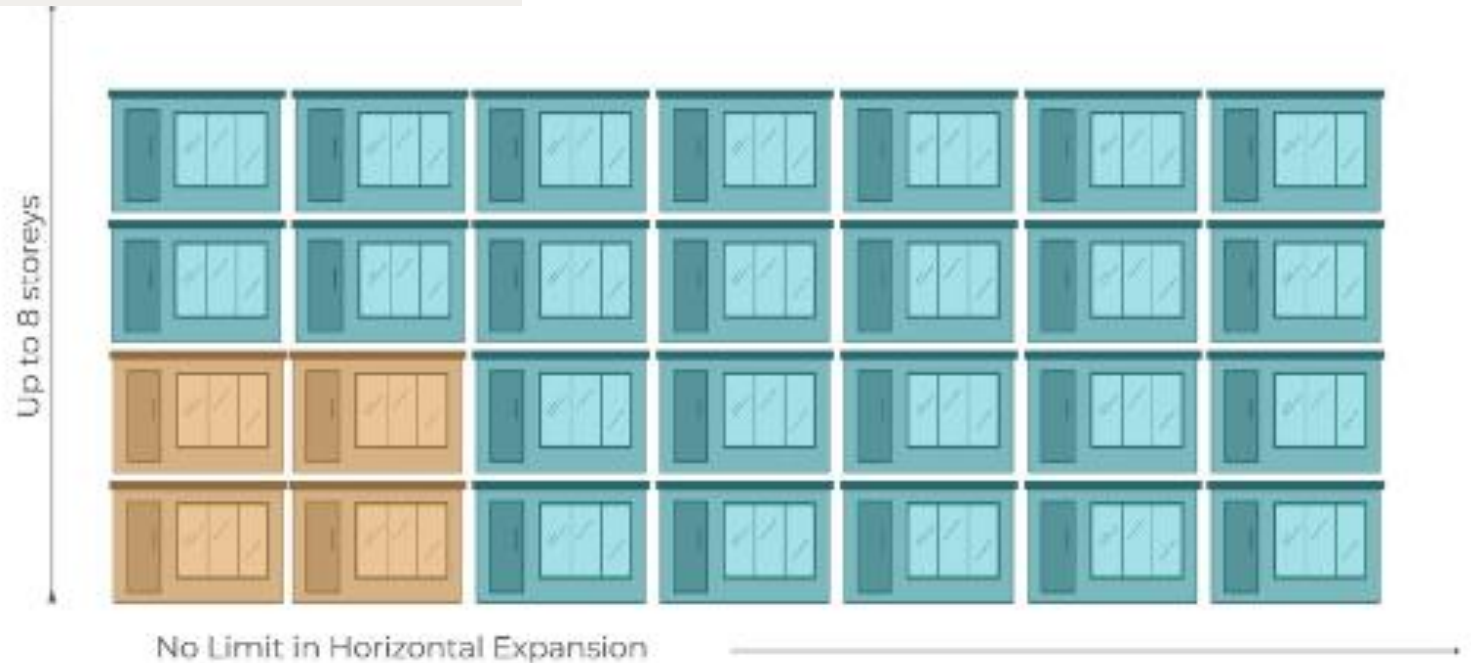
Louisville, Ky



www.mmyus.com/

Choose your Development Size

Choose your development's width and height to suit your site and local site planning requirements. The Multiplex can go up to 8 storeys and as wide as you want.



MMY



www.mmyus.com/

How are other states are addressing housing supply gaps?

KY Legislative Housing Task Force

Recording of 6/24 meeting: www.youtube.com/watch?v=ntfS6HN2joo
KHC's presentation: [Kentucky Housing Supply Gap website](#)
Task force info: [Housing Task Force website](#)

This new special committee will meet monthly,
June-December.

Next meeting is Monday, August 26 at 1pm.

How other states are addressing the housing supply gap

Oklahoma Housing Stability Program

<https://www.ohfa.org/housingstability/>

\$200M for development loans for the new construction of single-family homes and multifamily rental housing.

Montana Governor's Housing Task Force

https://deq.mt.gov/files/About/Housing/HTF_Phase1_Final_10142022.pdf

Task force led to a number of initiatives, including the Housing Infrastructure Revolving Loan and Bond Program and land use changes at the state level.

Indiana Residential Housing Infrastructure Assistance Program

<https://www.in.gov/ifa/residential-housing-infrastructure-instance-program/>

\$75M to finance infrastructure projects that support residential housing development in communities that demonstrate need for additional housing inventory based on local job growth.

Michigan Missing Middle Housing Program

<https://www.michigan.gov/mshda/developers/missing-middle>

\$100M housing production program to increase the supply of housing to support the growth and economic mobility of employees targeted to middle income households.

How other states are addressing the housing supply gap

Ohio Single Family Housing Tax Credit

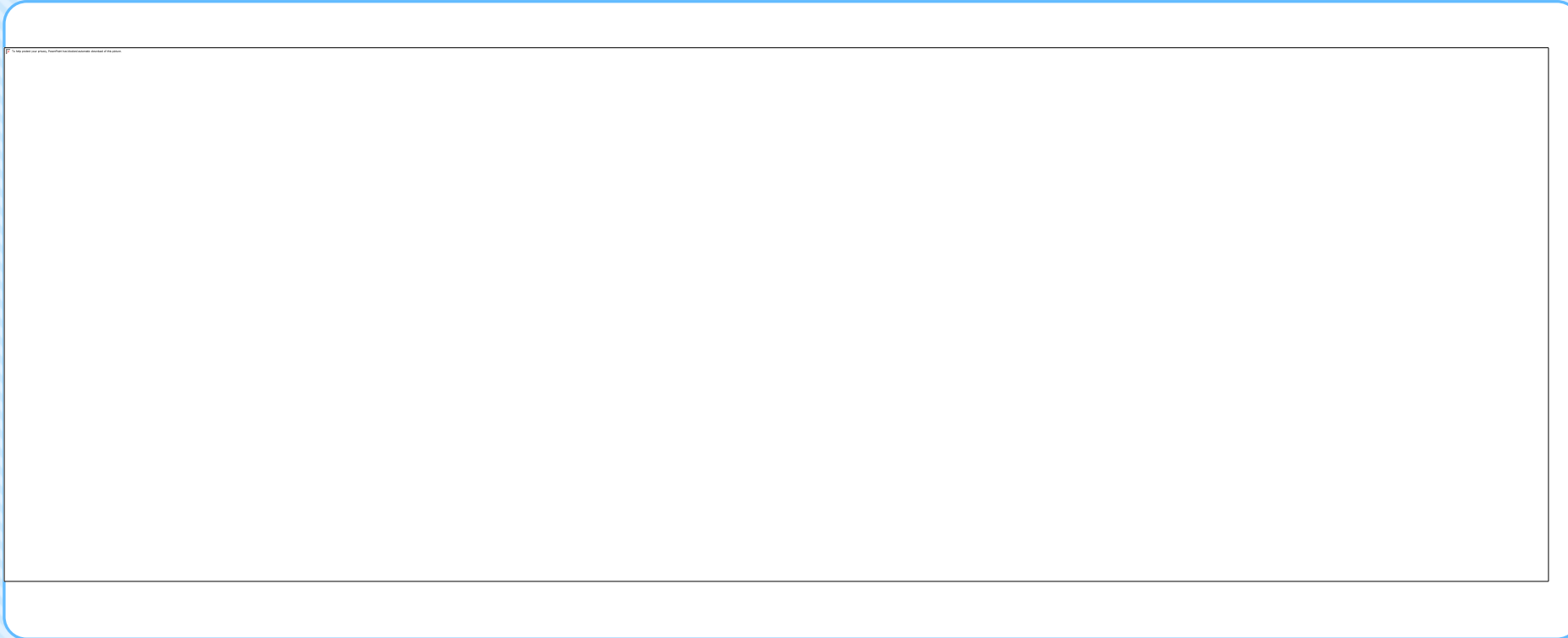
[Single-Family Housing Tax Credit Program](#)

\$50M/year in tax credits to incentivize construction of new single-family homes for Ohio's growing workforce.

Georgia Rural Workforce Housing Initiative

[Equity Fund - Rural Workforce Housing Initiative](#)

\$90M+ to provide financial investments to finance workforce housing.



Phase II of the Housing Supply Gap Analysis: A 5-year projection of future supply gaps.

Released Wednesday, August 21, 2024

Kentucky International Convention Center - Louisville

Thank You.

Wendy K. Smith
Deputy Executive Director
of Housing Programs

wsmith@kyhousing.org

502-605-1336