



Kentucky Housing Corporation
Housing Needs Assessment
Executive Summary

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Introduction

The purpose of this assessment is to provide a snapshot of housing in the state of Kentucky. This was completed in three phases, including an organizational logic model of Kentucky Housing Corporation (KHC), survey of program partners in Kentucky, and program evaluation of current KHC services, along with Kentucky demographic information.

Data

Data utilized in this study came from a variety of sources. Kentucky Housing Corporation data used included the FY2017 Allocation Plan and KHC program area data (Single Family, Multifamily, Tenant Assistance, and Housing Contract Administration (Homelessness Outreach Programs)). Other data sources include: American Community Survey (U.S. Census), Consumer Financial Protection Bureau (Home Mortgage Disclosure Act Data), U.S. Department of Housing and Urban Development, Center on Budget and Policy Priorities, National Home Preservation Database, National Council of State Housing Agencies, U.S. Interagency Council on Homelessness, K-COUNT, Homelessness Management Information System (HMIS), AIDS-Vu, and the Centers for Disease Control and Prevention.

Organizational Outline, Allocation Plan Analysis, and Needs Assessment Survey Results

Kentucky Housing Corporation is comprised of four program areas and corresponding sub-programs: Single Family (six sub-programs), Multifamily (five sub-programs), Tenant Assistance (three sub-programs), and Housing Contract Administration (twelve sub-programs). Per the FY2017 Allocation plan, 53% of average total spending is allocated to Single Family Lending programs; 28% of funds are allocated towards Multifamily projects and 18% support TAP services. Only 1% of average investment was allocated to HCA Homeless and Special Needs Assistance programs.

Shifting focus to the number of units or households assisted by program area, as defined in the Kentucky Housing Corporation FY 2017 Annual Allocation Plan, we see that TAP assists 27,000 households or units (on average) per fiscal year. HCA and Single Family assist, approximately, 10,000 households or units per fiscal year (on average). Multifamily supports, approximately, 2,000 households or units per year. When looking at allocations in FY2017 by Congressional District, 30% of KHC funds in were allocated to projects in the 3rd Congressional District; 17% of allocations go to the 1st Congressional District; 16% of allocations go to the 4th Congressional District; 15% of allocations go to the 2nd Congressional District; the 5th and 6th Congressional Districts both receive 11% of allocations.

In terms of the KHC Program Partner Needs Assessment Survey, 534 total surveys were completed. The survey confirms that the respondents of the survey are, for the most part, satisfied with the services KHC provides to local communities. Looking at where survey respondents are concentrated, survey respondents pooled around the "Golden Triangle" (greater Cincinnati, Louisville, and Lexington metropolitan areas). One exception to this is Bell County (southeastern Kentucky) with 201 respondents working here. The lowest numbers pooled around extreme Western Kentucky, Eastern Kentucky, and Northeastern Kentucky (Robertson and surrounding counties) (all shaded in red).

Kentucky Demographics and Housing Statistics

This section presents population demographics, housing characteristics, and economic factors for the state of Kentucky.

Population Demographics

- The U.S. Census Bureau estimates that in 2016 Kentucky's population reached 4.4 million individuals residing in the state that make up approximately 1,718,217 households.
- Population has increased the most in Scott (19.76%), Oldham (15.86%), and Warren (13.67%) counties since 2009; conversely, population has decreased at the greatest rate in Breathitt (-13.8%), Clay (-11.06%), Harlan (-9.57%), Floyd (-9.11%), and Powell (-8.84%) counties.
- Between 2010 and 2016, 26,135 individuals migrated into Kentucky and became residents of this state. Fayette County had the highest net increase of residents with a total of 11,081 individuals migrating into the county between 2010 and 2016. Christian County had the highest net decrease of residents with a total of 7,754 leaving the county between 2010 and 2016.
- Individuals 65 years of age and over make up approximately 15% of the total population in the Commonwealth of Kentucky. The concentration of this population ranges between 26% and 11% at the county level. Robertson County (26%), Hickman County (23%), Lyon County (23%), Trigg County (21%) and Marshall County (21%) have the highest proportion of citizens 65 years of age and older.
- On average, 80.3% of Kentucky Adults 25 Years and Older have graduated from High School.
- On average, 15.5% of Kentucky Adults 25 Years and Older have a Bachelor's Degree or higher.

Housing Characteristics

- In Kentucky, there are, approximately, 1,942,944 housing units across the state (+/- 10,000 units). Of these units, 88%, or 1,711,631 units, are occupied by either renters or owners.
- Between 2010 and 2016, we see a 0.82% increase in total units in the Commonwealth. Scott County (4.67%), Warren County (2.69%), and Jessamine County (2.07%) had the greatest increase in the total number of housing units during this time.
- Only 2.44% of Kentucky's total housing stock was built after 2010, with 45% of housing being constructed between 1980 and 2009 and 52% being constructed before 1979.
- The majority of Kentucky residents utilize Electricity (52%) and Utility gas (38%) for house heating fuel.

Occupied Housing Units by Occupant Type

- Renters
 - In Kentucky, 33% of occupied housing units are occupied by renters (570,314 households), ranging between 52% (Christian County) and 15.3% (Oldham County).
 - The Median Vacancy Rate among Renter-Occupied dwellings in the Kentucky is 5.4%, ranging between 16.7% (Muhlenberg and Elliot Counties) and 1.4% (Wolfe County).
 - Median gross rent across the state ranges between \$362 per month (Owsley County) and \$922 per month (Boone County).
- Owners
 - 58.8% of occupied housing units are occupied by home-owners (1,147,903 households), ranging between 80.20% in Oldham County and 40.35% in Christian County.
 - The Median Household size of Owner-Occupied Units in Kentucky is 2.52 people, ranging between 3.02 individuals (Oldham County) and 2.13 individuals (Lyon County).
 - The median home value for home owners in Kentucky is \$96,750, with the highest median home value at \$250,500 (Oldham County) and the lowest median value at \$44,200 (Leslie County).
 - The median vacancy rate among Owner-Occupied dwellings in the Kentucky is 1.7%, ranging between 7.6% (Gallatin County) and 0.2% (Russell County).

Occupied Housing Units by Occupant Type (cont.)

- Owners (cont.)
 - Median monthly home owner costs for the entire state are \$578, ranging between \$1,313 in Oldham County and \$297 in Leslie County.

Economic Factors

- Public Transportation: 67% of Kentucky's citizens have access to public transportation.
- Commuting: Average commute time by county in Kentucky ranges between 16.5 minutes to 38.5 minutes.
- Income: Median Household Income in Kentucky is \$39,753 (2016), ranging between \$86,324 (Oldham County) and \$18,972 (McCreary County).
 - The largest concentration of low income households is in Eastern Kentucky.
- Employment: In 2016, the unemployment rate for Kentucky was approximately 5.3% (seasonally adjusted). This value ranged between 18.6% (Martin County) and 4.1% (Oldham County).
 - The "Management, business, science, and arts occupations" industry employs 18% of the workforce.

Comparative Analysis of State-level Demographics and KHC Outputs

This section provides a comparative analysis of state level factors influencing demand with KHC outputs. This was done in order to estimate variables associated with demand for services across the state. Each program area summary is outlined below.

Single Family Programs

Single Family Program Highlights:

- In FY2017, KHC disseminated 3,504 single family loans across 110 counties with an average loan balance of \$121,753.40.
 - Rural Counties¹:
 - In FY2017, 591 loans were disseminated throughout rural counties.
 - These loans made up 16.8% of Single Family Loans and the average loan balance of these counties was \$106,951.60.
 - Urban Counties²:
 - In FY2017, 2,913 were disseminated throughout urban counties.
 - These loans made up 83.1% of Single Family loans and the average loan balance of these counties was \$124,756.50.
- The average annual income of all KHC loan recipients in FY2017 was \$ 57,335.93, this is trending down since FY2015.
 - The average annual income of loan recipients in urban counties is slightly higher than that of loan recipients in rural counties.

¹ Rural counties as defined by MSA in the state of Kentucky are as follows: Adair, Allen, Anderson, Ballard, Barren, Bath, Bell, Boyle, Breathitt, Breckinridge, Butler, Caldwell, Calloway, Carlisle, Carroll, Carter, Casey, Clay, Clinton, Crittenden, Cumberland, Elliott, Estill, Fleming, Floyd, Franklin, Fulton, Garrard, Graves, Grayson, Green, Harlan, Harrison, Hart, Hickman, Hopkins, Jackson, Johnson, Knott, Knox, Laurel, Lawrence, Lee, Leslie, Letcher, Lewis, Lincoln, Livingston, Logan, Lyon, Madison, Magoffin, Marion, Marshall, Martin, Mason, McCracken, McCreary, Menifee, Mercer, Metcalfe, Monroe, Montgomery, Morgan, Muhlenberg, Nicholas, Ohio, Owen, Owsley, Perry, Pike, Powell, Pulaski, Robertson, Rockcastle, Rowan, Russell, Simpson, Taylor, Todd, Union, Washington, Wayne, Whitley, Wolfe.

² Urban counties as defined by MSA in the state of Kentucky are as follows: Boone, Bourbon, Boyd, Bracken, Bullitt, Campbell, Christian, Clark, Daviess, Edmonson, Fayette, Gallatin, Grant, Greenup, Hancock, Hardin, Henderson, Henry, Jefferson, Jessamine, Kenton, Larue, Mclean, Meade, Nelson, Oldham, Pendleton, Scott, Shelby, Spencer, Trigg, Trimble, Warren, Webster, and Woodford.

Demand Analysis

- As interest rates of KHC loans increase, the demand for KHC loans decreases.
- DAP loans are important and positively associated with demand as measured both in total numbers of loans and the total value of loans.
- The KHC annual income and the HUD median income are both important in predicting loan value, but less important (although both positive) in predicting total number of loans.
- Age: the presence of young workers and old workers reduces the total value of loans. Most likely these workers, when they obtain loans, are obtaining smaller loans. Young workers are buying their first home, older workers are downsizing.
- Race: A one percent increase in African American households reduces the total loan value by about 4%, while a one percent increase in Asian American households increases the total loan value by about 27%.

Multifamily Programs:

Multifamily Program Highlights:

- The highest concentrations of KHC supported Multifamily Units are around urban centers, with Jefferson (11,373), Fayette (2,827), McCracken (2,121), Kenton (1,164), and Daviess (938) counties containing the greatest number of Multifamily units.
- The highest concentrations of KHC supported Multifamily Projects are in Jefferson (103 projects), Fayette (37 projects), Kenton (23 projects), Daviess (20 projects), and Christian (17 projects) counties.
- Johnson, Montgomery, Morgan, Trimble, Hancock, Martin, Monroe, Fleming, McLean, Woodford, Hickman, Elliott, Meade, Bath, Allen, and Estill counties all had one new project built in the corresponding counties between 2010 and 2018.

Demand Analysis:

- Demand for KHC MF projects lies in specific populations, such as counties with higher populations and higher proportions of minorities.
- In addition to this, counties with higher levels of rent burden have higher demand for multifamily projects.
- Demand is lower in counties with higher proportions of Asian households, higher proportions of population comprising the 30 to 44 age demographic, and higher levels of median gross rent.

Tenant Assistance Programs (TAP):

Program Eligibility:

- HUD estimated that Median Family Income (MFI) in the state of Kentucky was \$56,100 for all families in 2016.
 - MFI in urban counties was \$64,000 and for counties classified as rural MFI was \$46,400.
- The concentration of Very Low Income Limit (VLIL) households is highest in Eastern Kentucky.
- For two bedroom units in Kentucky, the average Fair Market Rent is \$674.43.
 - In Urban Counties, average Fair Market Rent is \$750.49 for a 2 bedroom unit; in rural counties, average Fair Market Rent is \$643.11.

Housing Choice Voucher Program:

- In terms of the number of households assisted through the Housing Choice Voucher program, historically, KHC has administered 4,413 across 83 counties.
- In FY2017, approximately 31,651 HCV's were used in Kentucky.
- Approximately, 571,301 households in the state of Kentucky were eligible for vouchers in that same fiscal year.
- This means that only 5% of eligible households in Kentucky utilized housing vouchers during this time period.

Project Based Contract Administration:

- KHC currently administers 372 Project Based contracts across the state of Kentucky.
- Per the National Housing Preservation Data, the average year that Active Section 8 housing were built in Kentucky is 1983.
- The MOR rating across the state for KHC properties ranges between Satisfactory and Superior.
- Forty-six counties in Kentucky fell at or below the State Median Family Income level.
- Looking directly at the average annual income for Section 8 residents (KHC PBCA Properties), we see that this value varies from year to year, ranging between \$11,185.34 (2013) to \$10,280.57 (2018).
- The average annual income of Section 8 residents, as recorded in the PBCA data, is dramatically below the Very Low Income Limit (VLIL) for all counties, ranging between a 31.4% difference (Fayette County) to a 701.5% difference (Martin County).

Housing Contract Administration (HCA): Homelessness Outreach Programs

Homeless Rates: Kentucky

- The Kentucky rate of homelessness is 91 individuals per 100,000 population; this converts to approximately 4,025 homeless individuals in the state (0.73% of the total population) (2017).
- The highest concentration of homeless individuals are recorded in urban areas.
- Unsheltered Homeless
 - In Kentucky, it is estimated that 727 individuals were classified as “unsheltered homeless” in 2017.
- Emergency Shelters
 - In Kentucky, it is estimated that 2,174 individuals were classified as “Sheltered Homeless – Emergency Shelter” in 2017
- Transitional Housing
 - Only 18 counties in the state of Kentucky offer transitional housing for homeless individuals.
 - For the 18 counties with transitional housing options, the percentage of homeless individuals in transitional housing ranges between 100% in Shelby County to 3% in Boone County.

Continuum of Care (COC) Program

- In terms of clients supported, the HMIS database reports that 3,464 clients were served by COC projects in Kentucky in FY 2017.
- The FY2017 KHC Allocation Plan shows that \$6,509,423 was allocated to assisting agency partners for COC projects.

Emergency Solutions Grants (ESG)

- The HMIS database reports that 5,182 clients were served by ESG projects in Kentucky in FY 2017.
- The FY2017 KHC Allocation Plan shows that \$2,383,322.99 was allocated to assisting agency partners for ESG projects.

Housing Opportunities for People with AIDS (HOPWA)

- In 2014, 6,511 people were living with diagnosed HIV in the state of Kentucky;
 - 80% of these individuals were men, while 20% were women.
- Kentucky is classified within the southern states, which account for approximately 45% of all individuals living with HIV in the United States
 - Approximately, 359.3 per 100,000 people are living with diagnosed HIV infection in the South.
- The FY2017 KHC Allocation Plan shows that \$977,027 was allocated to assisting agency partners for HOPWA projects (HOPWA and HOPWA Competitive Grants).

Housing Opportunities for People with AIDS (HOPWA) (cont.)

- HOPWA Allocations (cont.)
 - These funds were distributed to agencies headquartered in five counties across Kentucky (Fayette, Franklin, Henderson, Jefferson and McCracken Counties).
- In terms of clients supported, the HMIS database reports that 167 clients were served by HOPWA funded agencies for homelessness prevention measures in Kentucky in FY 2017.

Demand Index

The Demand Index provides a tool that synthesizes information. The Housing Demand Index, was generated from county level variables that influence the demand for housing in the state of Kentucky. The variables included can be grouped into four broad topical groups: income, employment, health, and housing. They can also be grouped into three broad measurement types: level, percent of size, and growth. The variables included are: Percentage of Renters with Housing Costs Greater than 30% making less than \$35,000 per year³; Percentage of Owners with Housing Costs Greater than 30% making less than \$35,000 per year⁴; Percentage of Households below VLIL (50% of Median Family Income)⁵; Percentage of Households below LIL (80% of Median Family Income)⁶; ESHE Score⁷; Number of Major Medical Centers⁸; Number of Primary Care Physicians⁹; Number of HIV Diagnosis per 100,000¹⁰; Change in Unemployment Rate between 2009 and 2016¹¹; Percent Change in Labor Force Participation (2009 to 2016)¹²; Total housing units - Occupied housing units (%)¹³; Percentage of Loans Denied¹⁴; Percentage Change in Housing Units (2009 to 2016)¹⁵; Percentage of VLIL Households with HCV¹⁶; Total Homeless¹⁷; Total Population Change¹⁸; Percent Change in Industry Total¹⁹. Calloway County has the highest demand rank in the state, followed by Robertson, Clay, Knox, and Letcher Counties (respectively). Hancock County has the lowest demand rank in the state, followed by Spencer, Carter, Nicholas, and Webster Counties (respectively).

County Profiles

County Profiles provides a tool for examining relevant variables at the county level and thus provides a synopsis of Kentucky Demographic information and KHC program outputs for each county in the Commonwealth.

³ American Community Survey 5-year Estimates. (2016). "Household Income by Gross Rent as a Percentage of Household Income in the past 12 Months." (Table B25074)

⁴ American Community Survey 5-year Estimates. (2016). "Household Income by Selected Monthly Owner Costs as a Percentage of Household Income in the past 12 Months." (Table B25095)

⁵ Income information: Department of Housing and Urban Development. "Data for Section 8 Income Limits"; cross-referenced with IPUMS data

⁶ Income information: Department of Housing and Urban Development. "Data for Section 8 Income Limits"; cross-referenced with IPUMS data

⁷ County Health Rankings. (2016). "Kentucky Rankings Data."

⁸ Dartmouth Atlas of Health Care (2015). "Data by Hospital: Kentucky"

⁹ County Health Rankings. (2016). "Kentucky Rankings Data."

¹⁰ AIDSvu (www.aidsvu.org). Emory University, Rollins School of Public Health.

¹¹ American Community Survey 5-year Estimates. (2009, 2016). "Employment Status." (Table: S2301)

¹² American Community Survey 5-year Estimates. (2009, 2016). "Selected Economic Characteristics." (Table DP03)

¹³ American Community Survey 5-year Estimates. (2016). "Selected Housing Characteristics." (Table DP04)

¹⁴ Consumer Financial Protection Bureau. (2016) "HMDA Data."

¹⁵ American Community Survey 5-year Estimates. (2009, 2016). "Selected Housing Characteristics." (Table DP04)

¹⁶ *Author's Calculation using HCV data and HUD estimates

¹⁷ Kentucky Housing Corporation. 2017 K-COUNT.

¹⁸ American Community Survey. (2016). "Estimates of the Components of Resident Population Change: April 1, 2010 to July 1, 2016. 2016 Population Estimates" (Table PEPTCOMP)

¹⁹ Economic Census of the United States. (2002, 2012). "All sectors: Geographic Area Series: Economy-Wide Key Statistics: 200" (Table ECO200A1)