#KAHC24

KAHC 2024

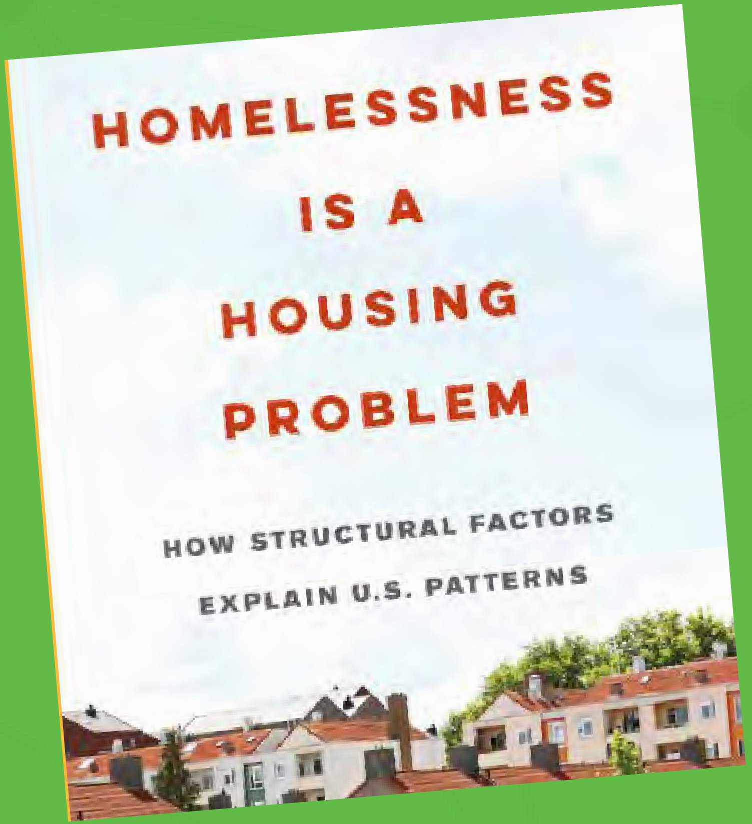
Kentucky Affordable Housing Conference

Opening Plenary:

Kentucky Housing Supply Gap Analysis

KAHC 2024

2023 Conference:
Homelessness is a Housing Problem



Supply-demand mismatches go far in explaining why some regions experience higher per capita homelessness.

What Causes Housing Instability & Homelessness?

STRUCTURAL CAUSES

Insufficient Supply

Especially Alongside Economic & Population Growth

CONTRIBUTING CAUSES

Substance Use Disorders

Mental Illness

Eviction   Job Loss

Divorce/Domestic Split

Housing Discrimination

KHC

The Housing Continuum

(aka The Housing Market)

Homeless *(Streets, Car, Shelters, etc.)*	Supportive Housing	Affordable Rental Housing	Affordable Homeownership	Market-Rate Rental Housing	Market-Rate Homeownership
≤ 30% AMI		30-80% AMI	80-100% AMI	≥ 120% AMI	

Area Median Income (AMI)

Why did KHC Commission a Housing Supply Gap Analysis?

1. KHC's own programs are having a hard time serving low- & moderate-income Kentuckians because the Commonwealth doesn't have enough housing.
2. KHC has heard from leaders and partners across Kentucky that they need more housing for middle, moderate & low-income households.

Kentucky Housing Supply Gap Analysis

Kentucky is lacking the following housing for its residents:

206,207
New Homes

		≤ 30% AMI *Non-PSH**	31-50% AMI	51-80% AMI	81-120% AMI	121-150% AMI	≥ 151% AMI
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

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

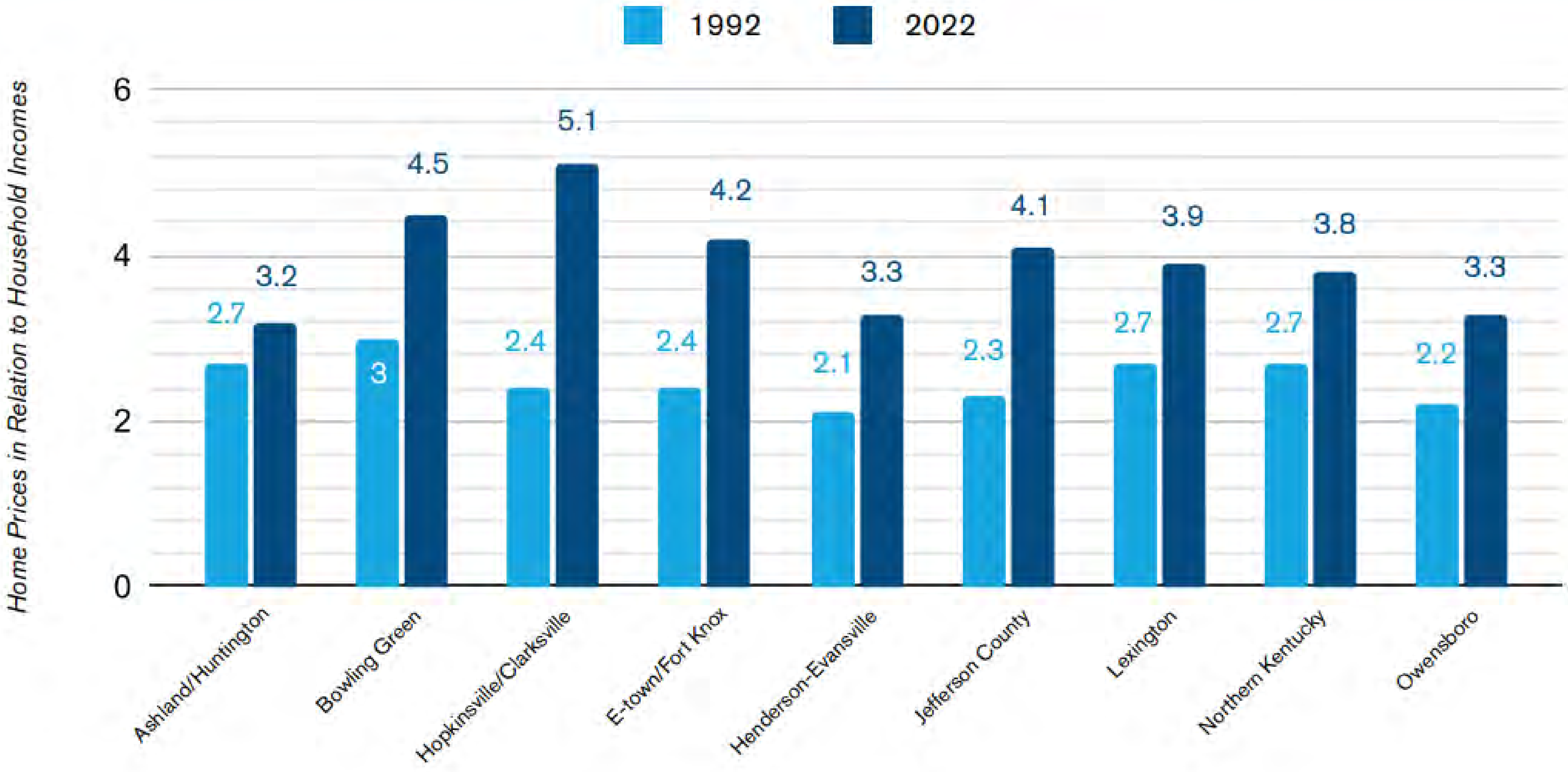
** Permanent Supportive Housing (PSH) - Housing that offers supportive services and typically includes project-based rental subsidies.*

Kentucky Chamber & Homebuilders Association of Kentucky HOUSING REPORT

July 2024

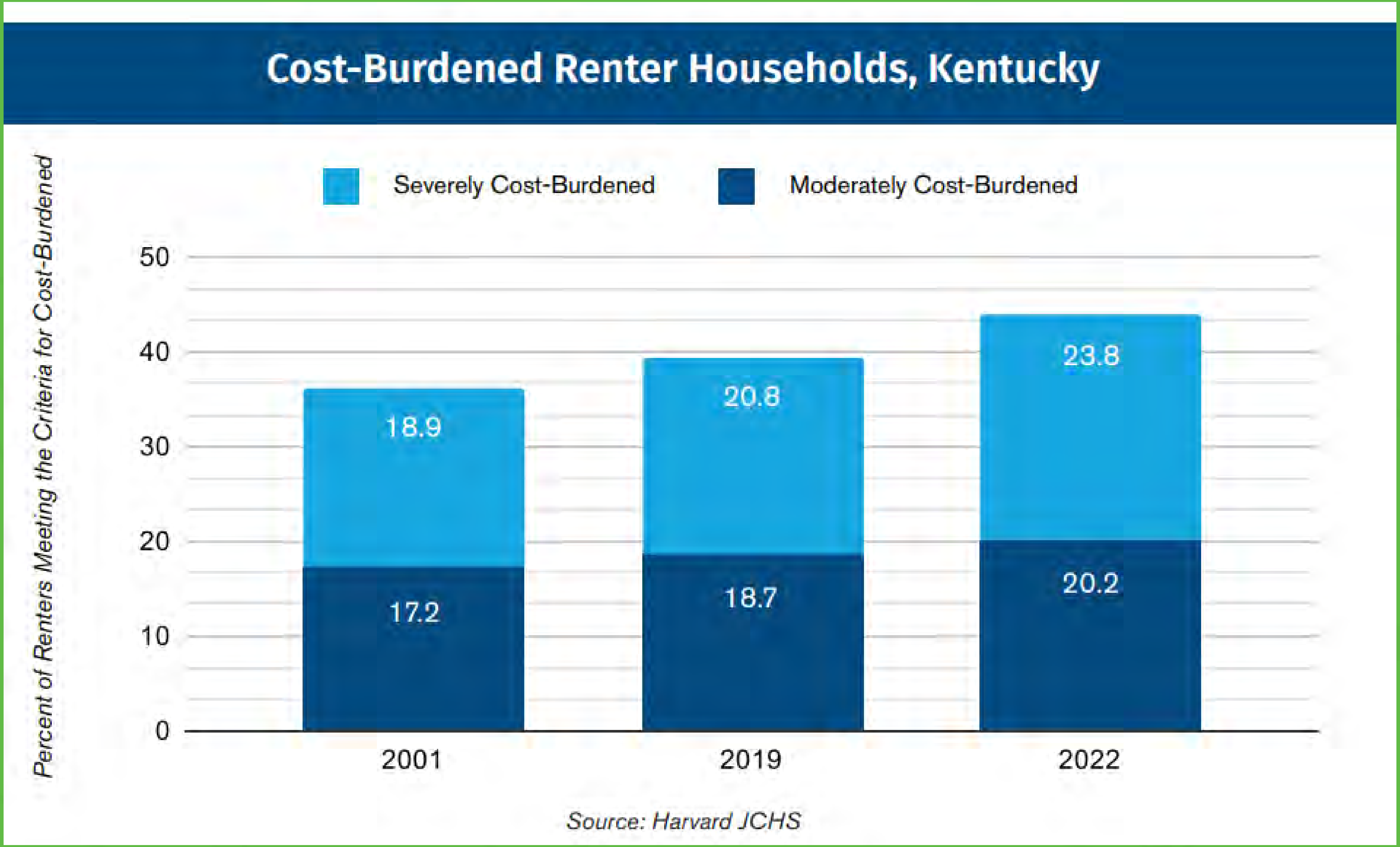
"As the state continues to attract new business investments… housing challenges will intensify, resulting in unsustainable growth and holding back Kentucky's potential.

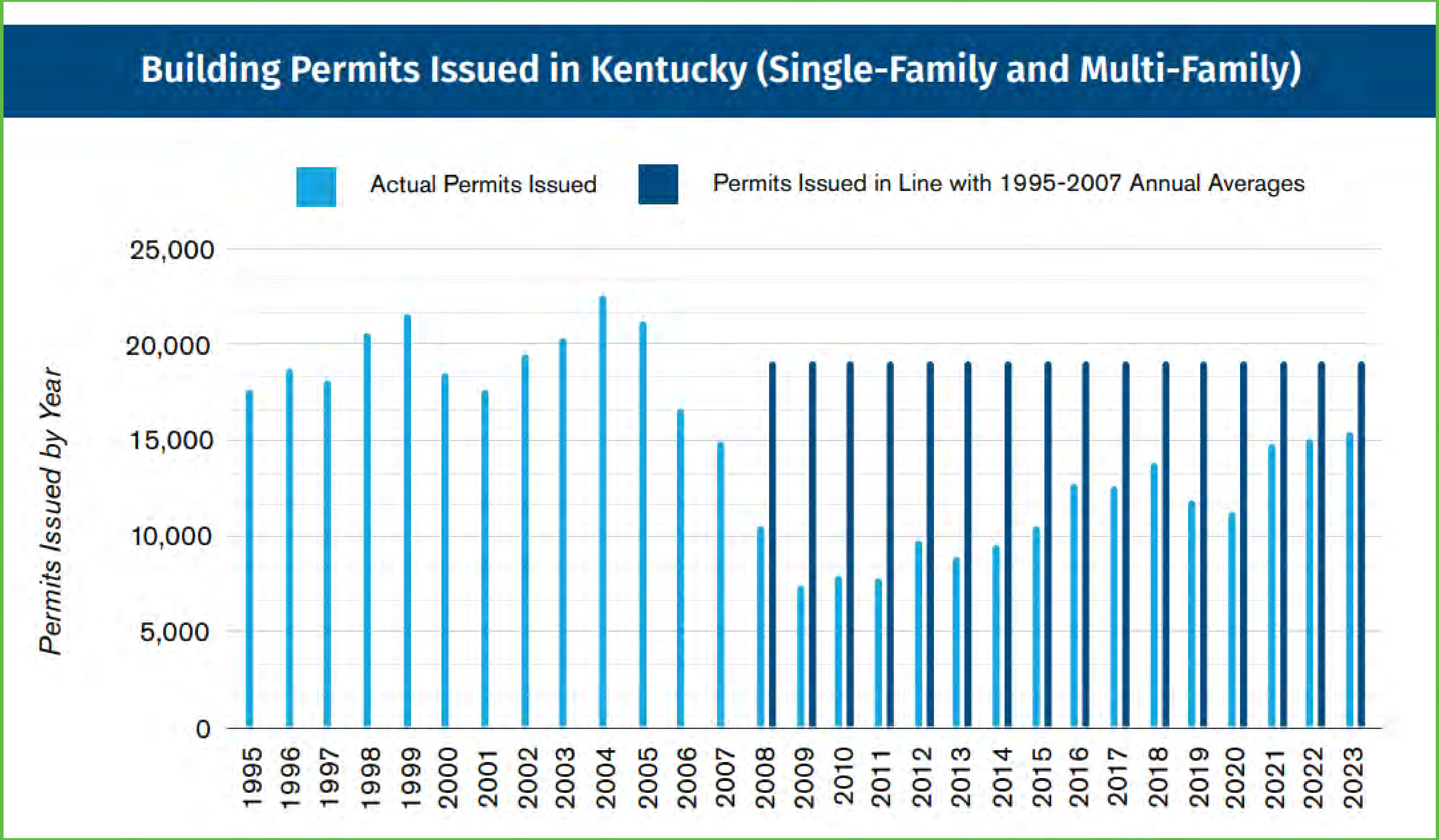
Home Price-to-Income Ratios for Kentucky Metro Areas, 1992-2022



Source: Harvard JCHS

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


Cost-Burdened Renter Households, Kentucky
Severely Cost-Burdened
Moderately Cost-Burdened
Percent of Renters Meeting the Criteria for Cost-Burdened
50
40
30
20
10
0
18.9
17.2
20.8
18.7
23.8
20.2
2001
2019
2022
Source: Harvard JCHS


Building Permits Issued in Kentucky (Single-Family and Multi-Family)
Actual Permits Issued
Permits Issued in Line with 1995-2007 Annual Averages
Permits Issued by Year
25,000
20,000
15,000
10,000
5,000
0
1995
1996
1997
1998
1999
2000
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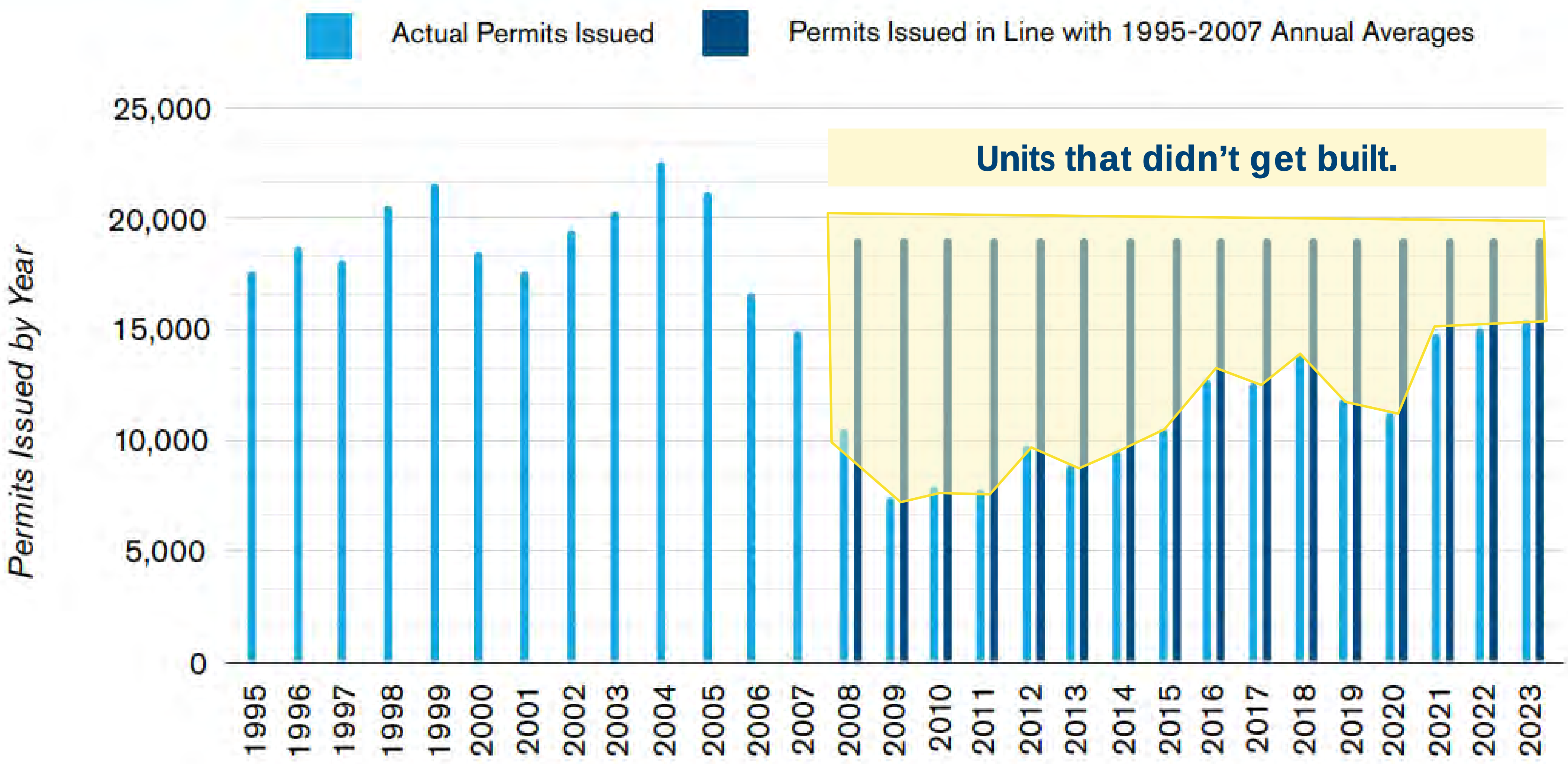
2022
2023

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



KAHC 2024

Kentucky Housing Supply Gap Analysis

Phase II: 5-Year Projection

Prepared For:

Kentucky Housing Corporation

Investing in quality housing solutions.

PHASE II: HOUSING SUPPLY GAP ANALYSIS (2024 AND 2029 ESTIMATES) COMMONWEALTH OF KENTUCKY

BOWEN NATIONAL RESEARCH

Trusted Service I National Experience

Presented & Prepared by: Patrick Bowen

patrickb@bowennational.com

614-833-9300

Scope of Work by Phase

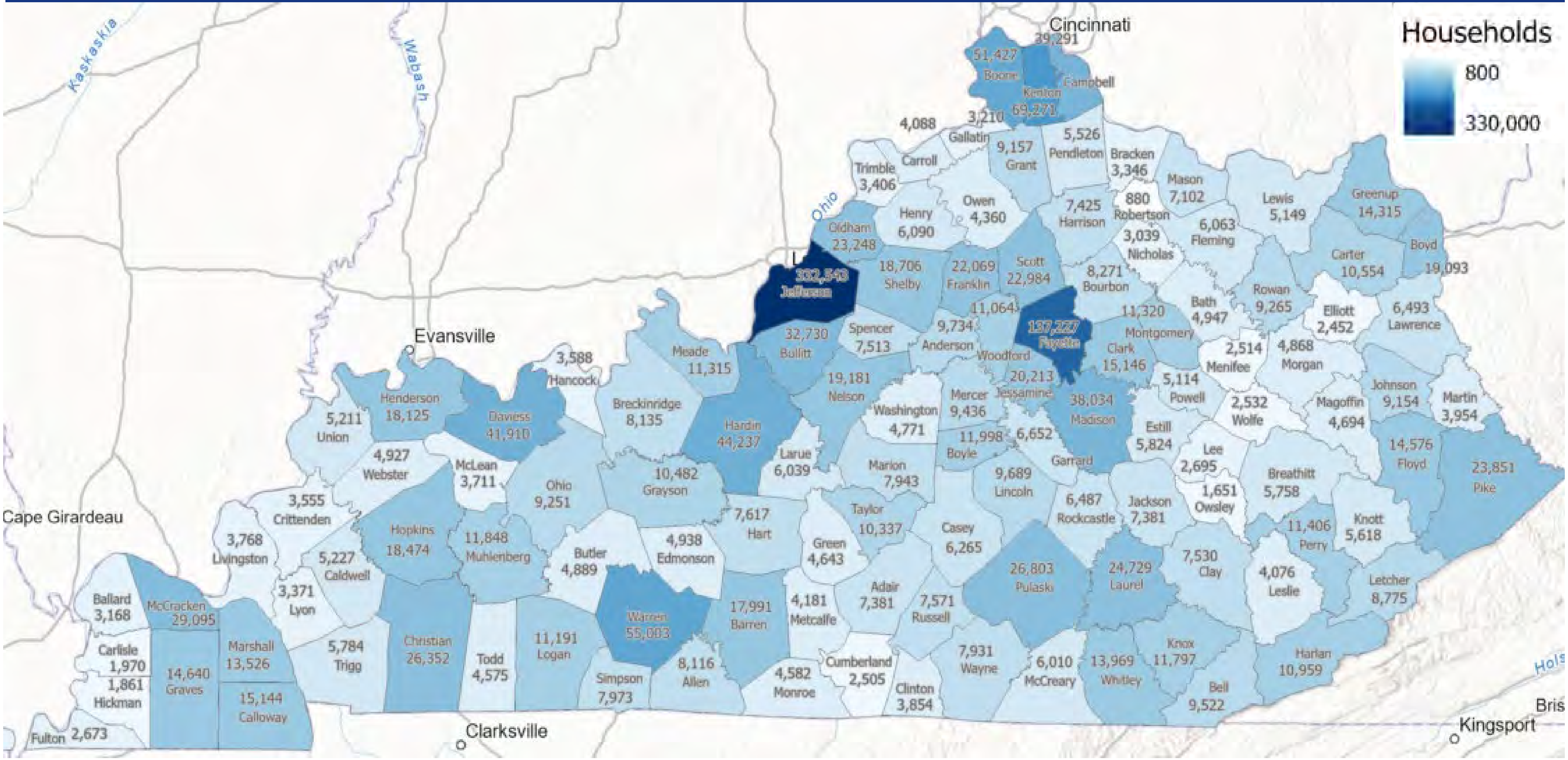
Phase I:	**Current (2024) Housing Supply Gap Analysis** – This initial phase includes estimates of *current* (2024) housing supply shortages for each of Kentucky's 120 counties and 15 Area Development Districts. This phase relies heavily on a variety of published secondary sources, including the U.S. Census, American Community Survey, national demographer ESRI, and Realtor.com.
Phase II: (Includes Phase I Data)	**Projected (2029) Housing Supply Gap Analysis** – This second phase includes estimates on five-year *projected* (2029) housing supply shortages that are provided for each of Kentucky's 120 counties and 15 Area Development Districts. In addition to the sources cited in Phase I, Phase II involves compiling and surveying an inventory of multifamily rental alternatives, an accounting of homes available to purchase, identification of housing product in the development pipeline, identification of large-scale job announcements and an evaluation of their impact on household growth.
Phase III:	**Community Engagement/Input** – The final phase involves a series of public engagements, organized by KHC, to share key findings and solicit public input that can be used to identify and develop strategies to help Kentucky's housing issues.

Scope of Work

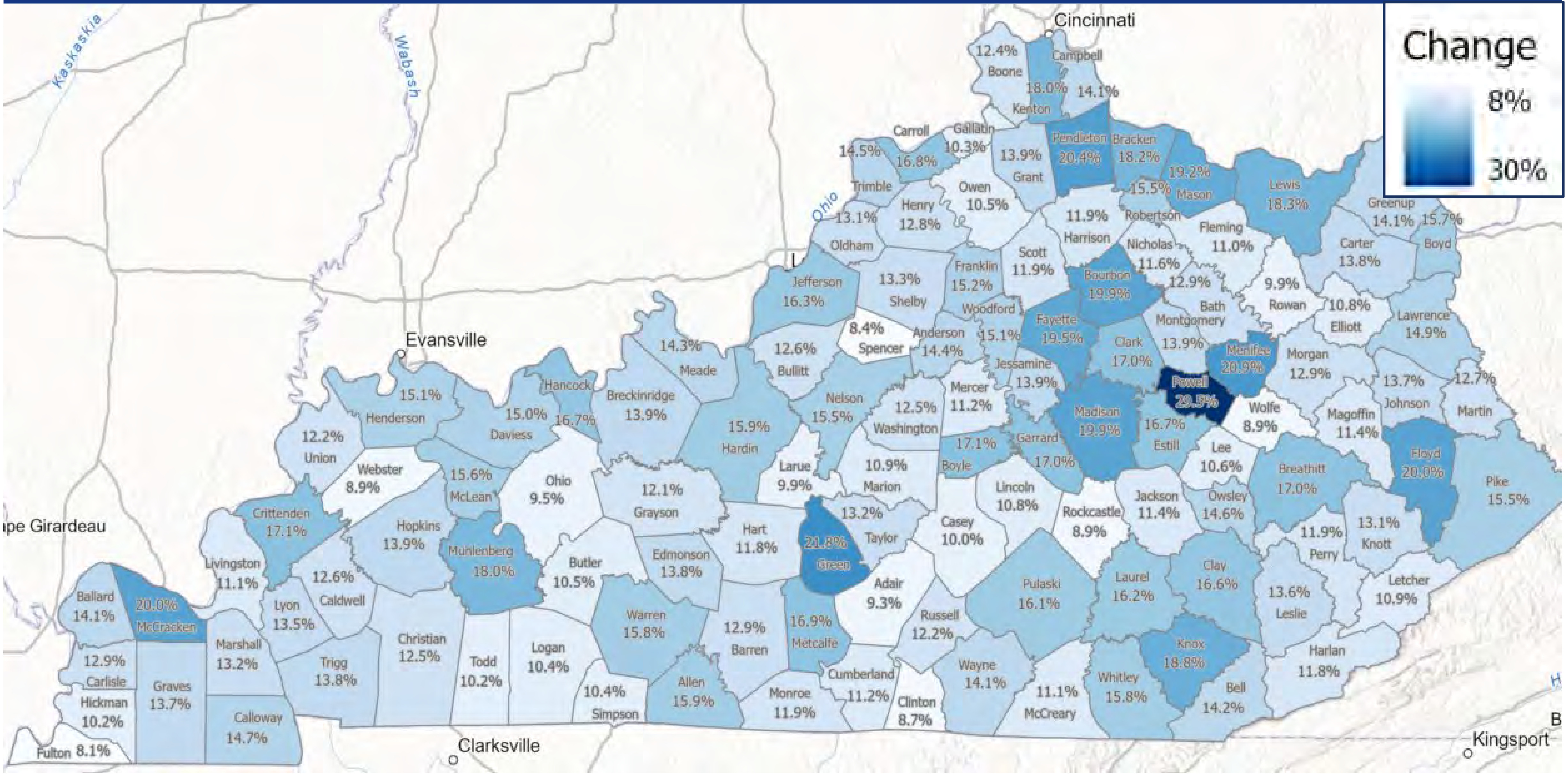
- ➢ *Current (2024) and Projected (2029) Housing Supply Gap Estimates*
- Gaps by Tenure (Renter vs. Owner)
  - Gaps by Household Income
  - Gaps by Geography
  - Gaps as Number of Units and as Ratio of Housing Gaps to Households

- ➢ *Demographics*
- ➢ *Economics*
- ➢ *Housing Supply (Rental and For-Sale) and Units in Development Pipeline*
- ➢ *Individual County Housing Gap Data Points Provided (Demonstrates County Influences)*

Total Households (2024)

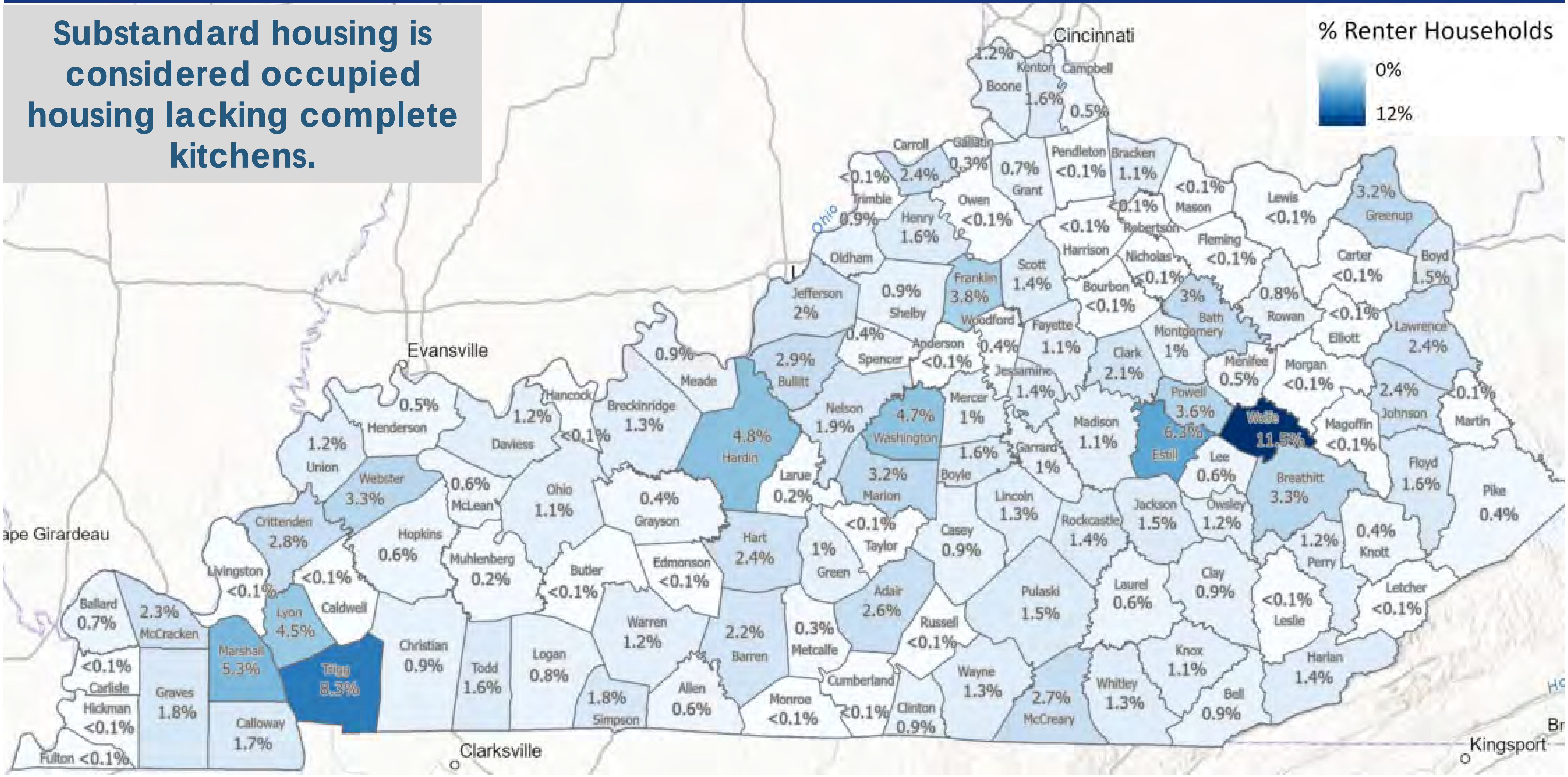


Median Income Percent Change (2024-2029)



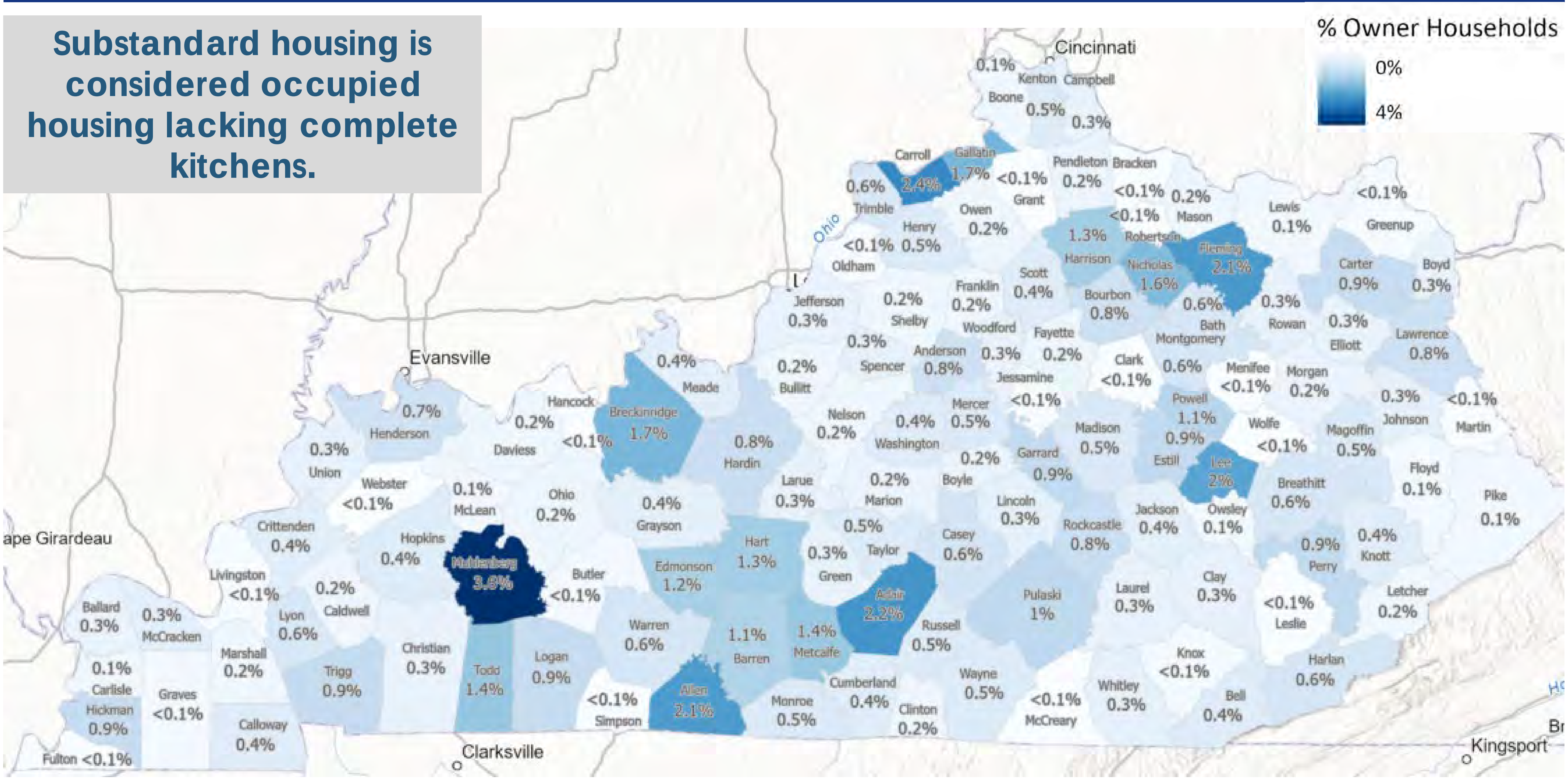
Substandard Rental Housing Share (2022)

Substandard housing is considered occupied housing lacking complete kitchens.



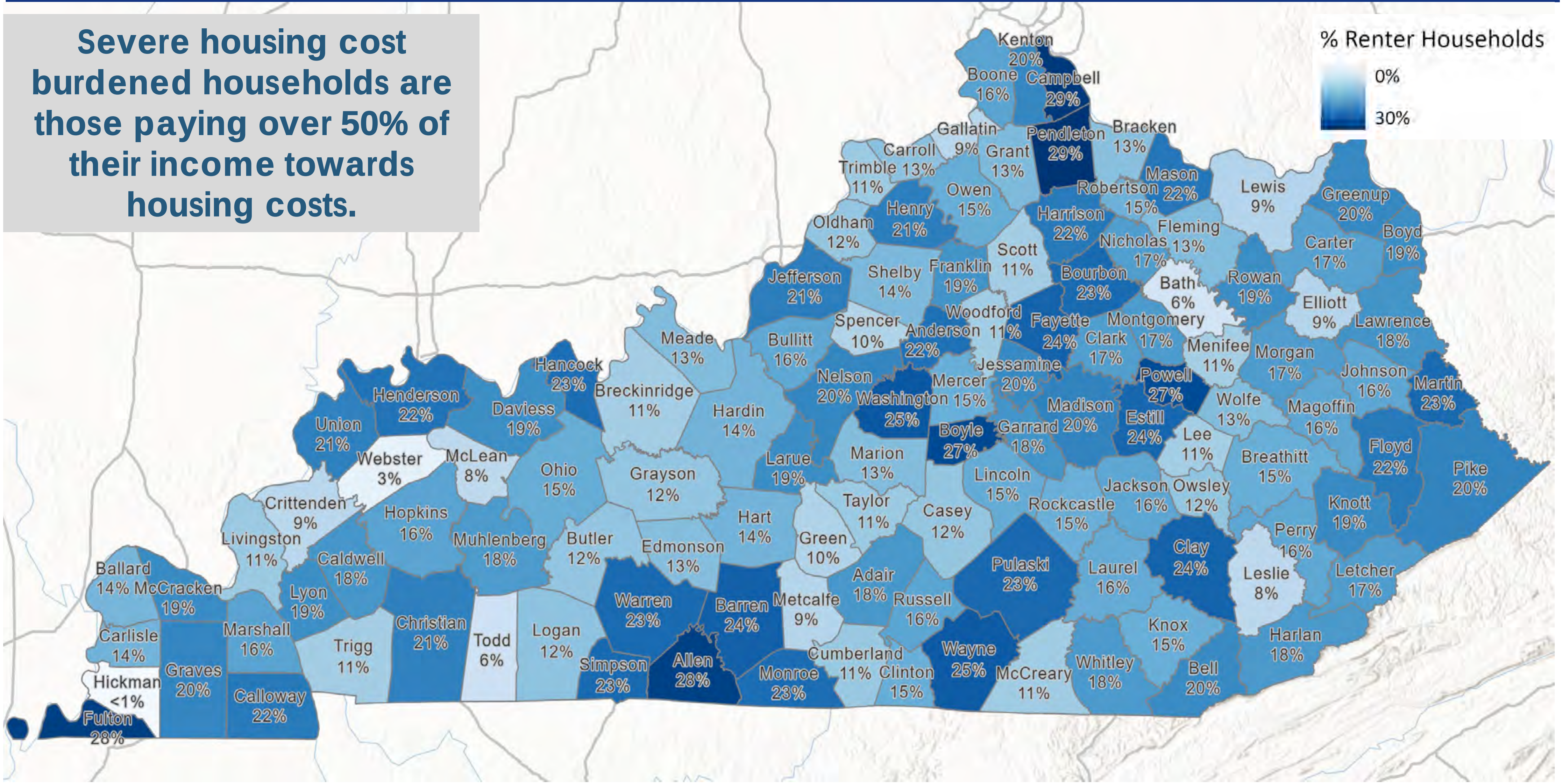
Substandard Owner Housing Share (2022)

Substandard housing is considered occupied housing lacking complete kitchens.



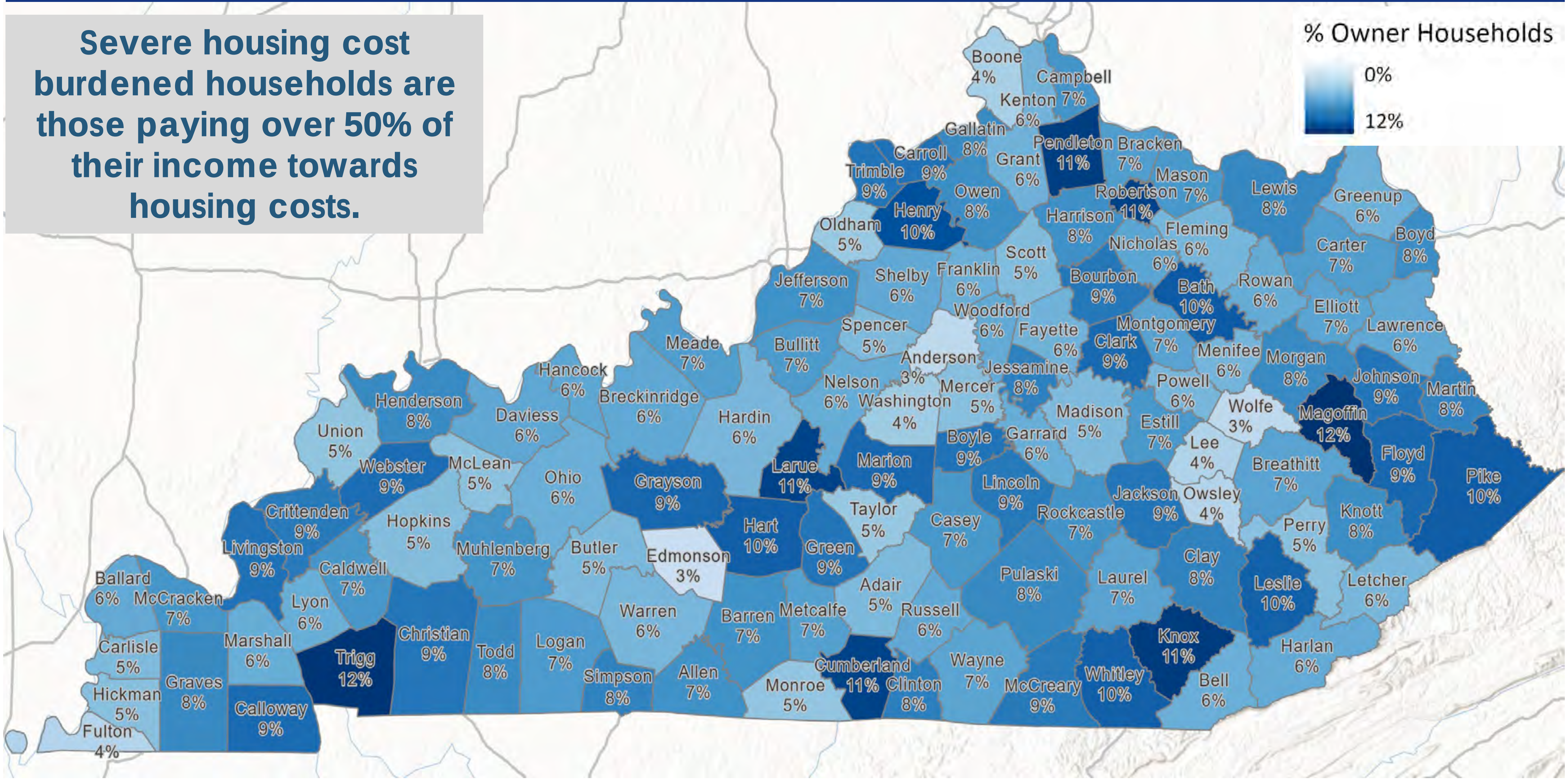
Severe Cost Burdened Renter Housing Share (2022)

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



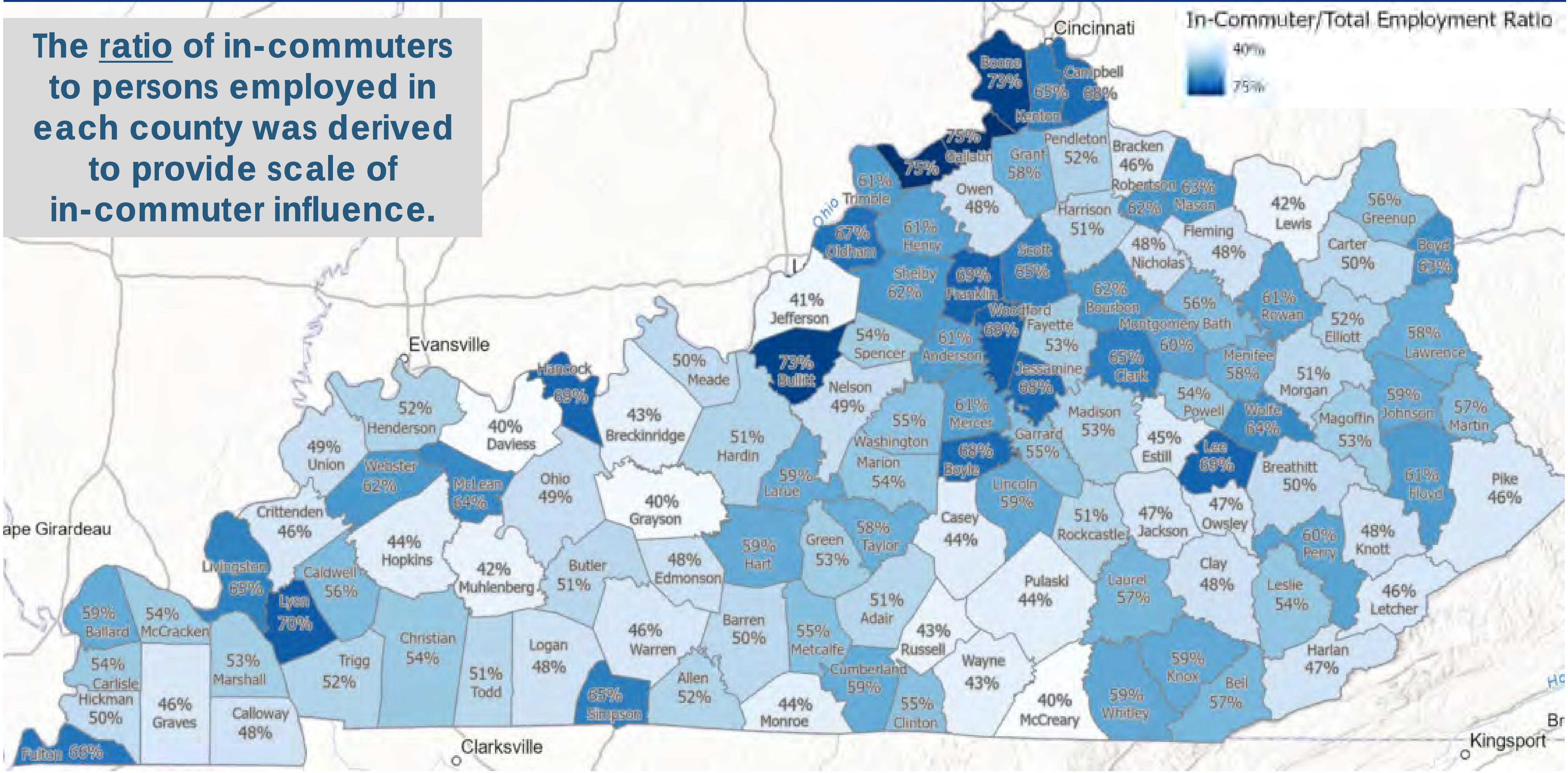
Severe Cost Burdened Owner Housing Share (2022)

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



In-Commuter to Total Employment Ratio (2021)

The ratio of in-commuters to persons employed in each county was derived to provide scale of in-commuter influence.



Multifamily Rental Housing Overview

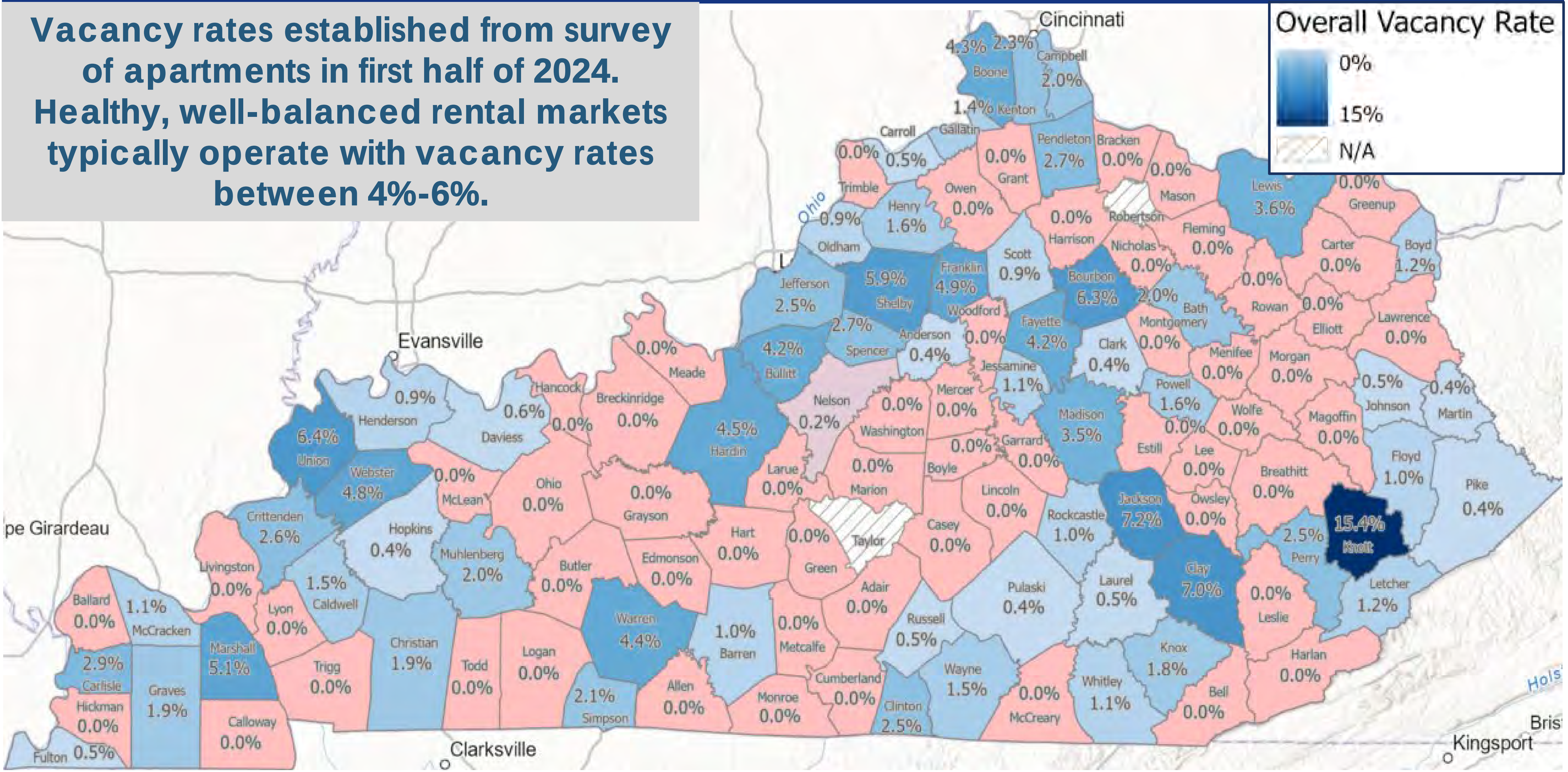
A total of 1,209 multifamily rental projects were surveyed in the state totaling 107,614 units.

Surveyed Multifamily Rental Housing Units - Kentucky					
Project Type	Projects Surveyed	Total Units	Vacant Units	Occupancy Rate	Vacancy Rate
Market-Rate	498	68,773	2,400	96.5%	3.5%
Market-Rate/Tax Credit	8	807	1	99.9%	0.1%
Market-Rate/Government-Subsidized	16	1,200	0	100.0%	0.0%
Tax Credit	205	11,731	307	97.4%	2.6%
Tax Credit/Government-Subsidized	193	9,408	59	99.4%	0.6%
Government-Subsidized	287	15,378	103	99.3%	0.7%
Market-Rate/Tax Credit/Gov.-Subsidized	2	317	0	100.0%	0.0%
Total	**1,209**	**107,614**	**2,870**	**97.3%**	**2.7%**

All project types are operating at vacancy rates of 3.5% or lower, which is below the range of 4%-6% for a typically healthy market.

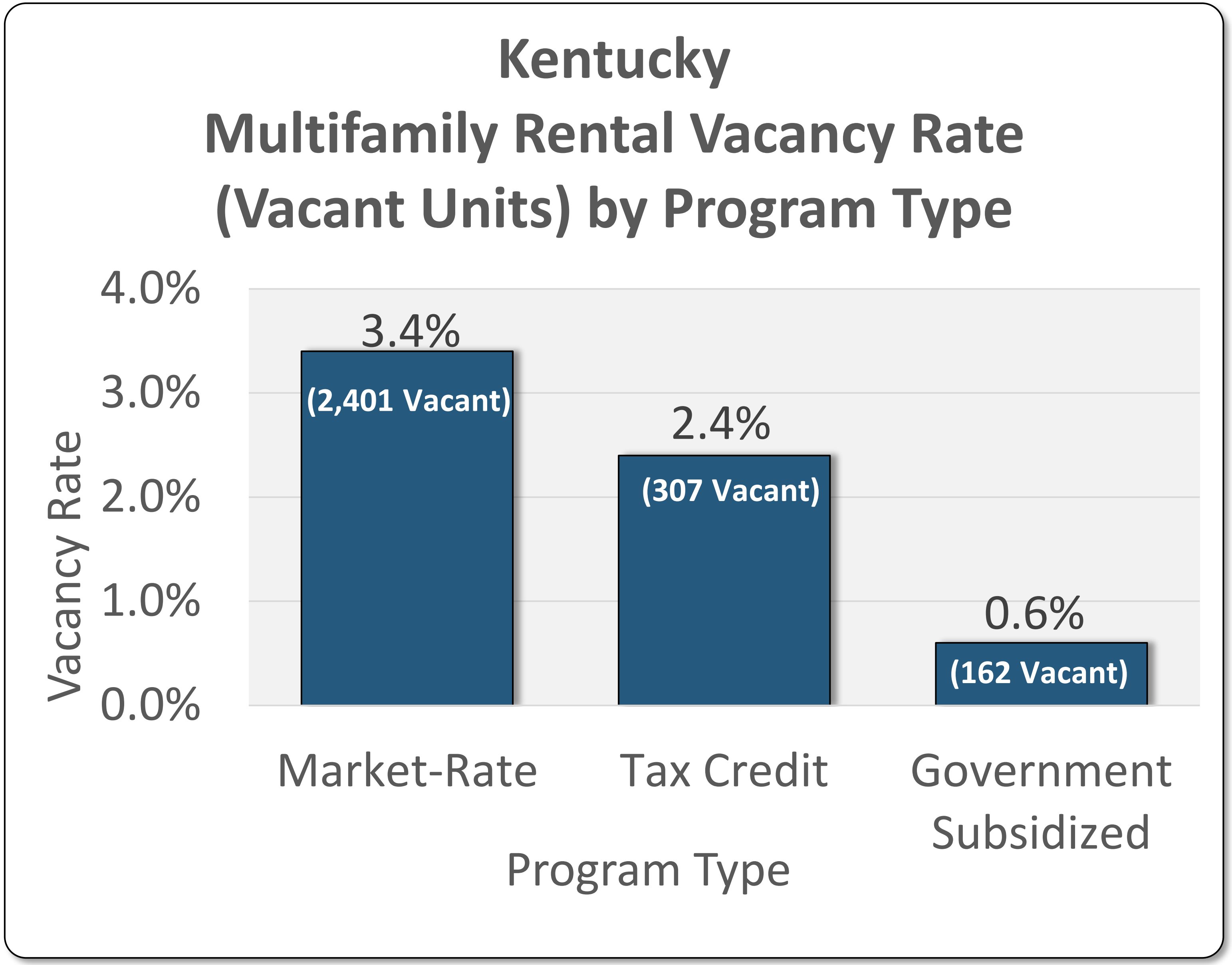
Overall Multifamily Rental Vacancy Rates

Vacancy rates established from survey of apartments in first half of 2024. Healthy, well-balanced rental markets typically operate with vacancy rates between 4%-6%.

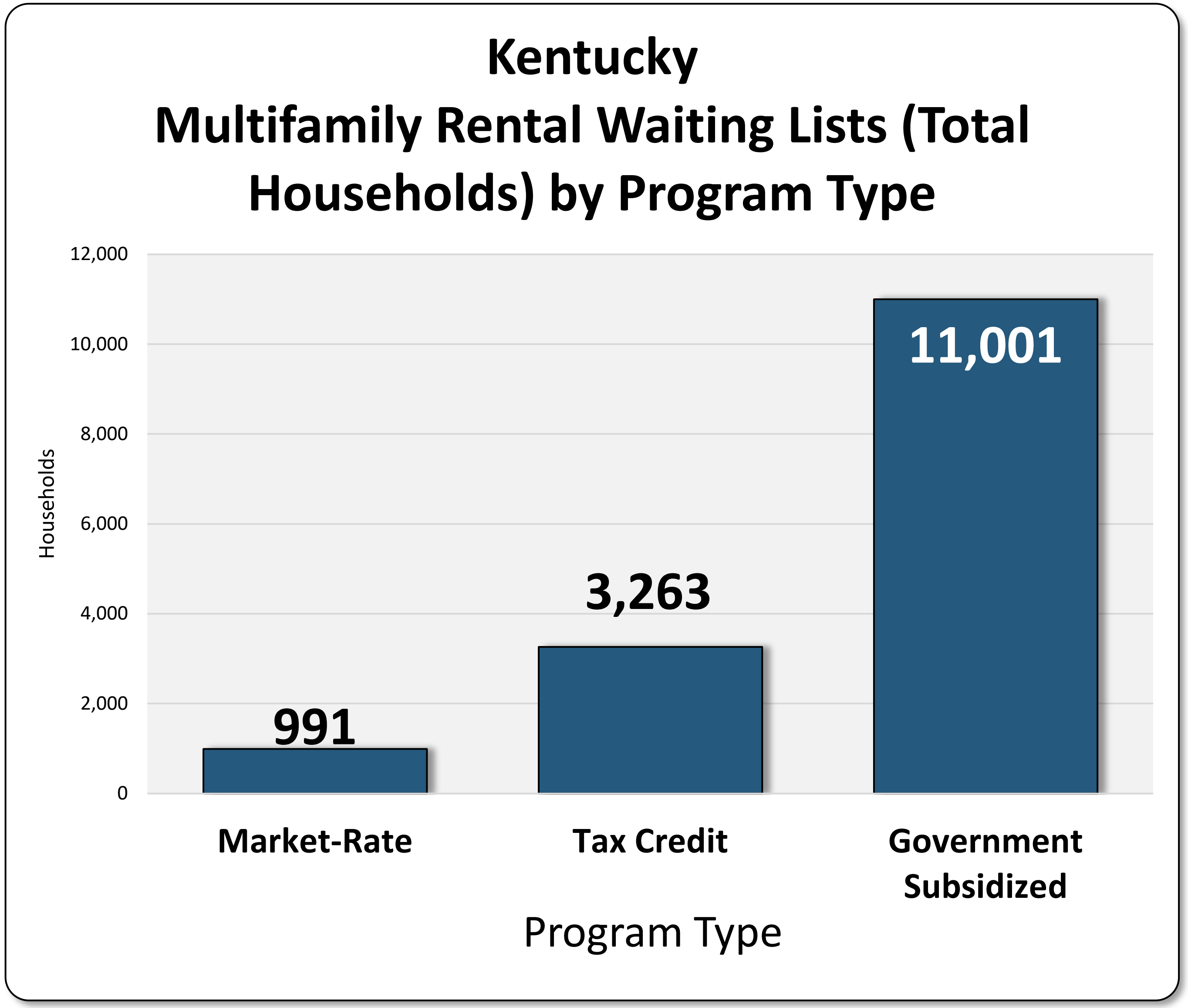


Multifamily Rental Vacancies by Unit Type

While the vast majority (83.7%) of identified vacancies are among the market-rate supply, market-rate supply is operating at a 3.4% vacancy rate. There are only 469 vacant units among affordable (Tax Credit and Government-subsidized) supply.



Multifamily Rental Wait Lists by Unit Type

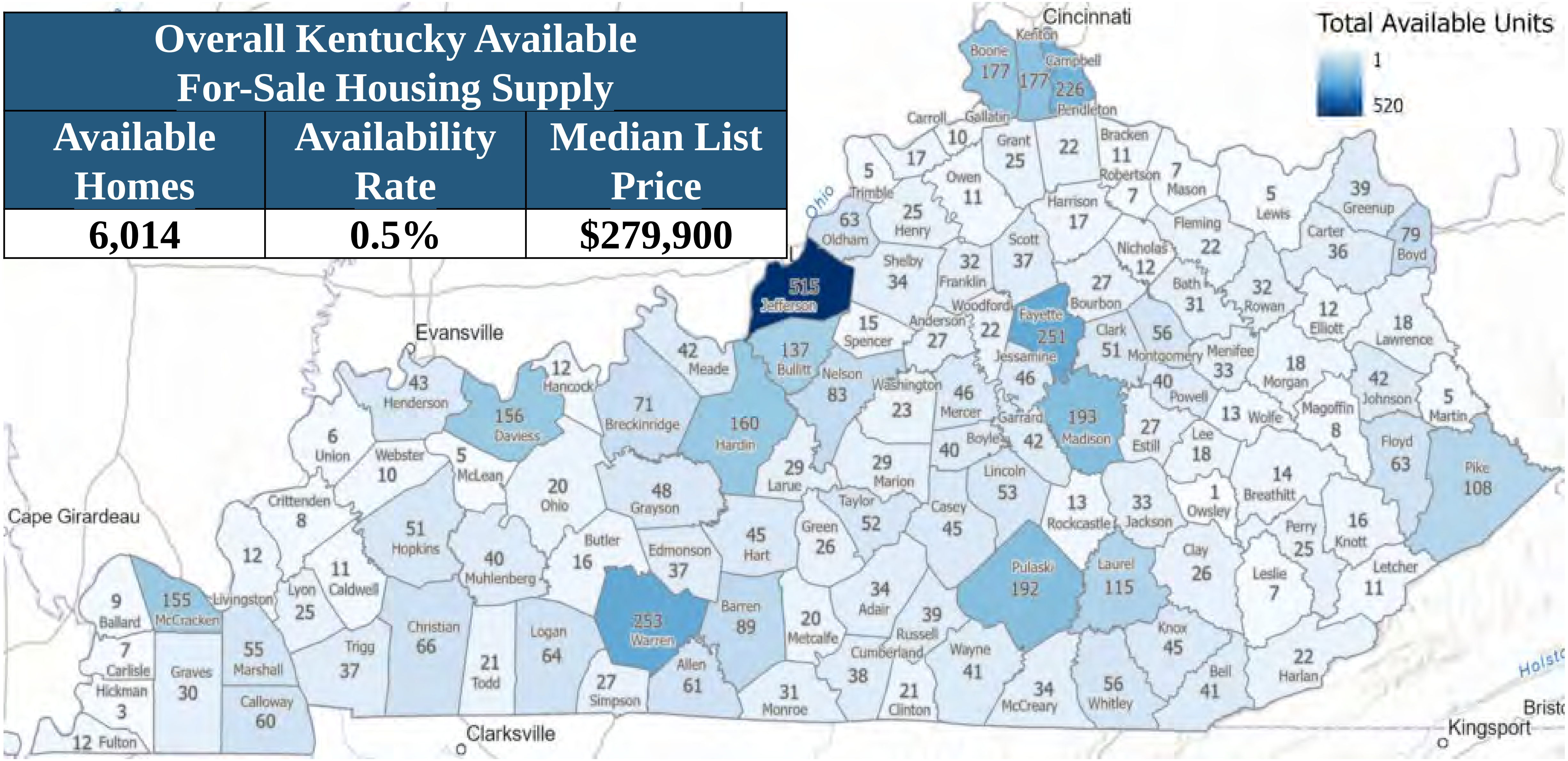


Significant Pent-up Demand Exists for Rental Housing

There are an estimated 15,255 households on wait lists for available units, with just over 11,000 for Government-subsidized units and over 3,200 for Tax Credit units.

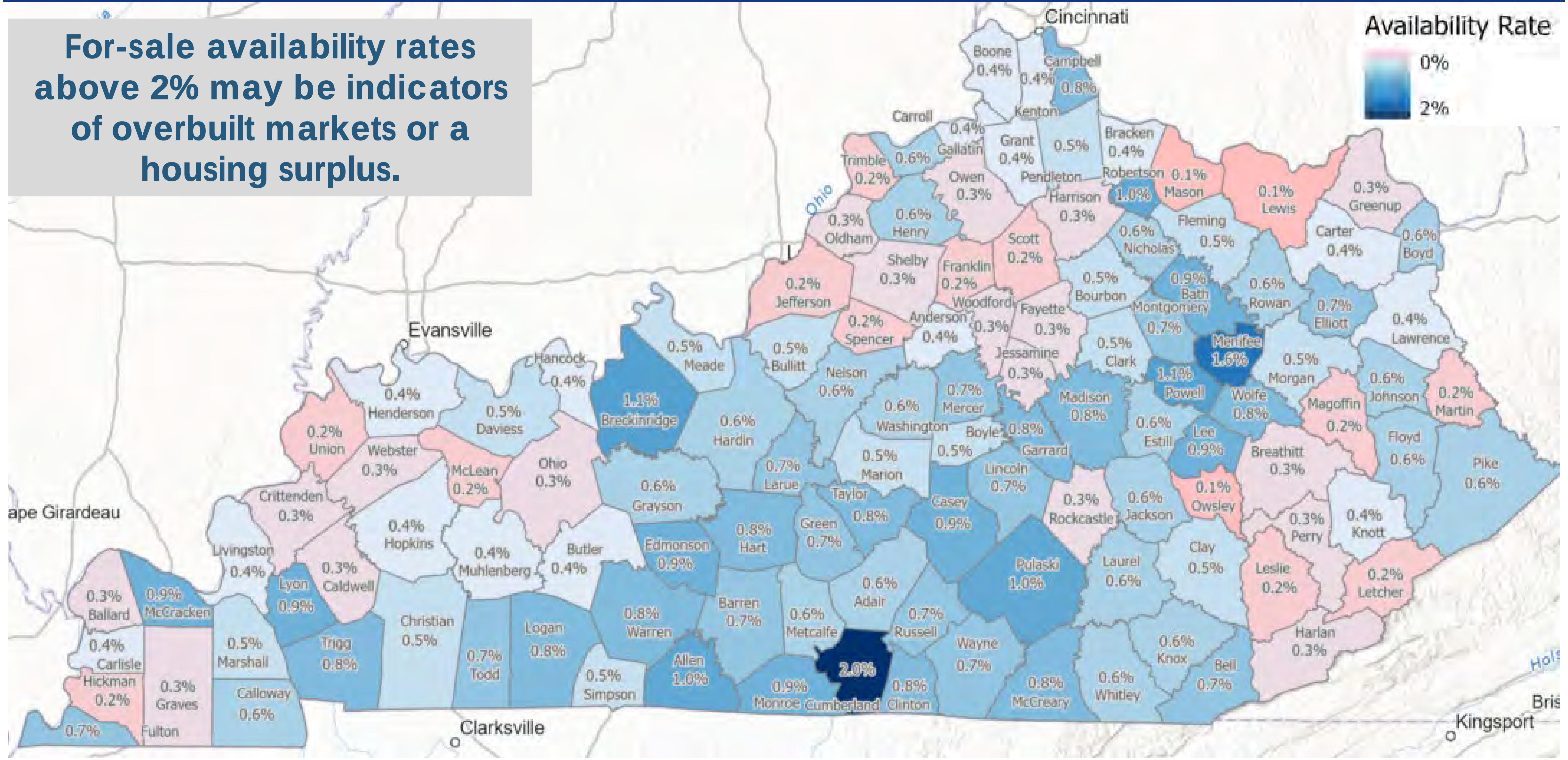
Total Available For-Sale Housing Units (2024)

Overall Kentucky Available For-Sale Housing Supply		
Available Homes	Availability Rate	Median List Price
6,014	0.5%	$279,900



Share of Available For-Sale Housing Units (2024)

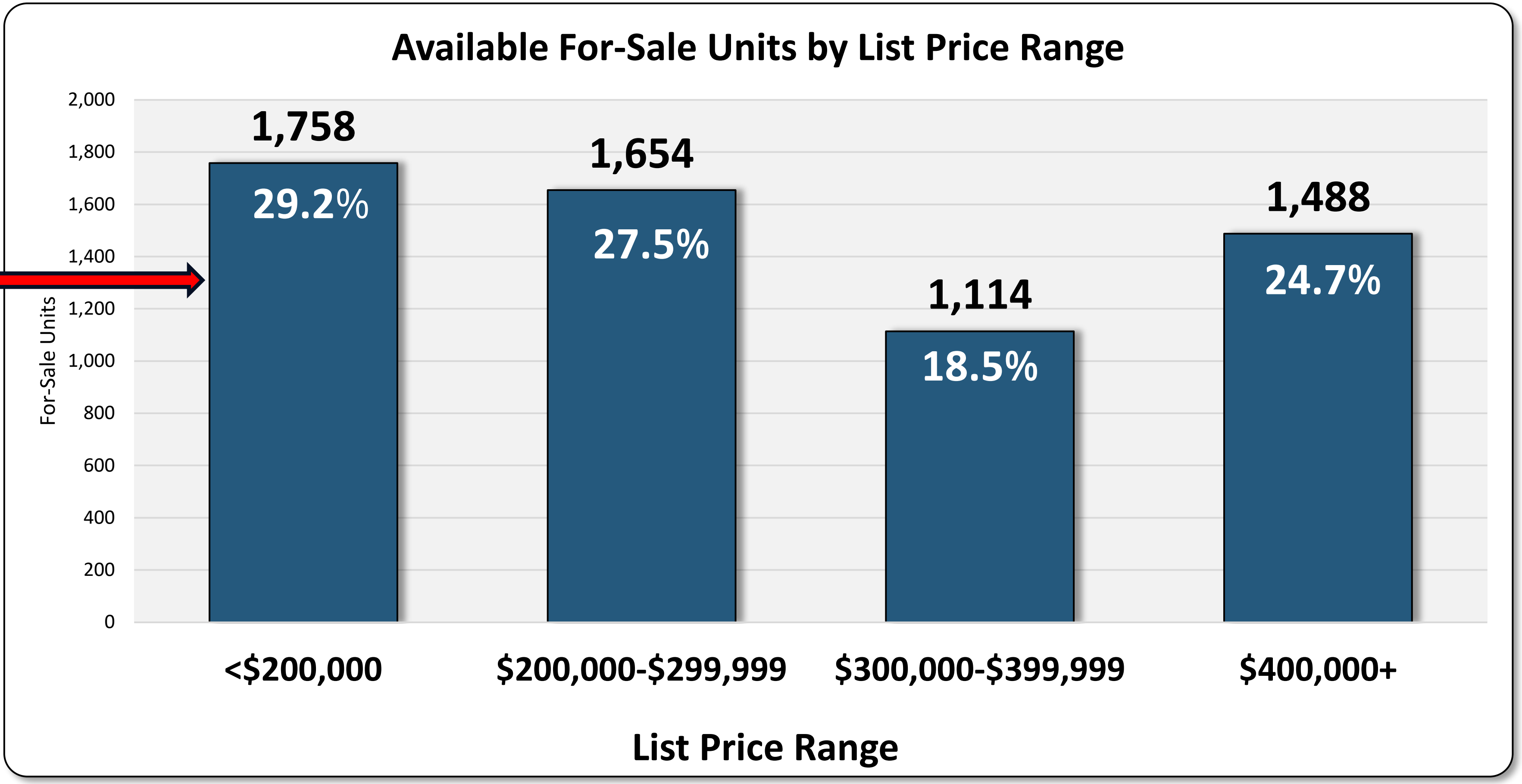
For-sale availability rates above 2% may be indicators of overbuilt markets or a housing surplus.



Available For-Sale Housing Supply

While the largest number of homes available to purchase are priced under $200,000, overall supply is well balanced by price point.

While nearly one-third of available supply is priced under $200,000, this is often in counties with average year built of pre-1960 or offer small average unit sizes (less than 1,300 square feet). These attributes often reflect product requiring additional costs to repair or maintain.



Kentucky's Housing Gaps

➢ *Current (2024) and Projected (2029) Housing Supply Gap Estimates*

- Gaps by Tenure (Renter vs. Owner)
- Gaps by Household Income (Percent of Area Median Income)
  - <30%
  - 31%-50%
  - 51%-80%
  - 81%-120%
  - 121%-150%
  - 151%+
- Note: 2029 Household Income Ranges Adjusted to Account for Projected Growth in Median Household Incomes.
- Gaps by Geography (County, Region/District, and State)
- Gaps as Number of Units and as Ratio of Housing Gaps to Households

Housing Gap Estimates Methodology

Housing Gap Considerations:

- Used HUD's Published Income Limits by AMI
- Assumed Four-Person Income Limits by AMI
- Total Renter and Owner Households by Income
- Households Living in Substandard Housing
- Severe Housing Cost Burdened Households
- In-Commuters (Commuters Likely to move closer to Where they Work)
- Announced Job Growth Impact on Housing
- Natural Disaster Impact on Housing
- Step-Down Support (People Spending Less on Housing than what they can Afford)

Sources:

- US Census
- American Community Survey
- ESRI (National Demographer)
- Realtor.com
- Bowen National Research

Sample Calculations

		Adair County	Rental Housing Gap Estimates by Income (2024)							
		Demand Component	≤$19,260	$19,261 - $32,100	$32,101 - $51,360	$51,361 - $77,040	$77,041 - $96,300	$96,301+	Total	Source/Notes
		Current Renter Households (2024)	577	228	294	363	74	122	1,658	ESRI
		Vacant Units Needed at 5% Rate	29	11	15	18	4	6	-	Bowen
Vacant Units*	50	ACS Overall Rental Vacancies	50	50	50	50	50	50	50	ACS
*Used portion of vacant units by affordability based on previous KY studies		Vacancy Apportionment*	10%	10%	20%	20%	15%	25%	100%	ACS & Bowen
		Total Actual Vacancies	5	5	10	10	8	13	50	-
		Vacancy Surplus or Deficit	24	6	5	8	-4	-7	32	-
		Current Renter Households (2024)	577	228	294	363	74	122	1,658	ESRI
Substandard Rate	2.6%	Substandard Housing Rate	3.9%	2.6%	2.0%	1.3%	0.0%	0.0%	-	ACS
		Replacement of Substandard Housing	23	6	6	5	0	0	40	-
Total In-Commuter	2,362	Commuters by Tenure and Income	185	73	94	116	24	39	531	Onthemap.com
Renter Share	22.5%	Movership Rate (Likelihood of moving)	20%	20%	20%	20%	20%	20%	-	Bowen National
Renter In-Commuters	531	External Market Support	37	15	19	23	5	8	107	-
Severe Cost Burden	18.0%	Severe Cost Burdened	248	43	7	0	0	0	298	ACS
Renter Turnover Rate	23.6%	Annual Turnover Rate	23.6%	23.6%	23.6%	23.6%	23.6%	23.6%	-	ACS
		Severe Cost Burdened (Annual Movers)	58	10	2	0	0	0	70	-
		Total Gross Demand	142	37	32	36	1	1	249	-
		Step Down Ratio	0%	20%	20%	20%	20%	20%	-	Bowen/ACS
		Step Down Gain	7	6	7	0	0	0	-	-
		Step Down Loss	0	7	6	7	0	0	-	-
		Net Step Down Support	7	-1	1	-7	0	0	0	-
		Total Rental Housing Gaps	**149**	**36**	**33**	**29**	**1**	**1**	**249**	-

Note: Housing supply gap methodology differs from KHC site-specific market feasibility methodology

Overall Housing Gaps (2024)

Renter, Owner and Combined

Kentucky has an **overall housing gap of 206,207 units**, with the gap split relatively evenly between **rental units (101,569 units, 49.3% of the overall statewide housing gap)** and **for-sale units (104,638 units, 50.7% of the overall statewide housing gap)**.

		State of Kentucky (2024) Overall Housing Gaps (by Tenure and Area Median Income)							
		Number of Units Needed by Household Income Level						Total Gap	
		≤30%	31%-50%	51%-80%	81%-120%	121%-150%	151%+	Total Units	Share of State
Rental Gaps	Units	60,385	19,161	13,211	6,980	1,132	700	**101,569**	**49.3%**
	Share	59.4%	18.9%	13.0%	6.9%	1.1%	0.7%	**100.0%**	**-**
For-Sale Gaps	Units	19,434	14,179	18,599	17,972	13,896	20,558	**104,638**	**50.7%**
	Share	18.5%	13.6%	17.8%	17.2%	13.3%	19.7%	**100.0%**	**-**
State Total	**Units**	**79,819**	**33,340**	**31,810**	**24,952**	**15,028**	**21,258**	**206,207**	**100.0%**
	Share	**38.7%**	**16.2%**	**15.4%**	**12.1%**	**7.3%**	**10.3%**	**100.0%**	**-**

Overall Housing Gaps (2029)

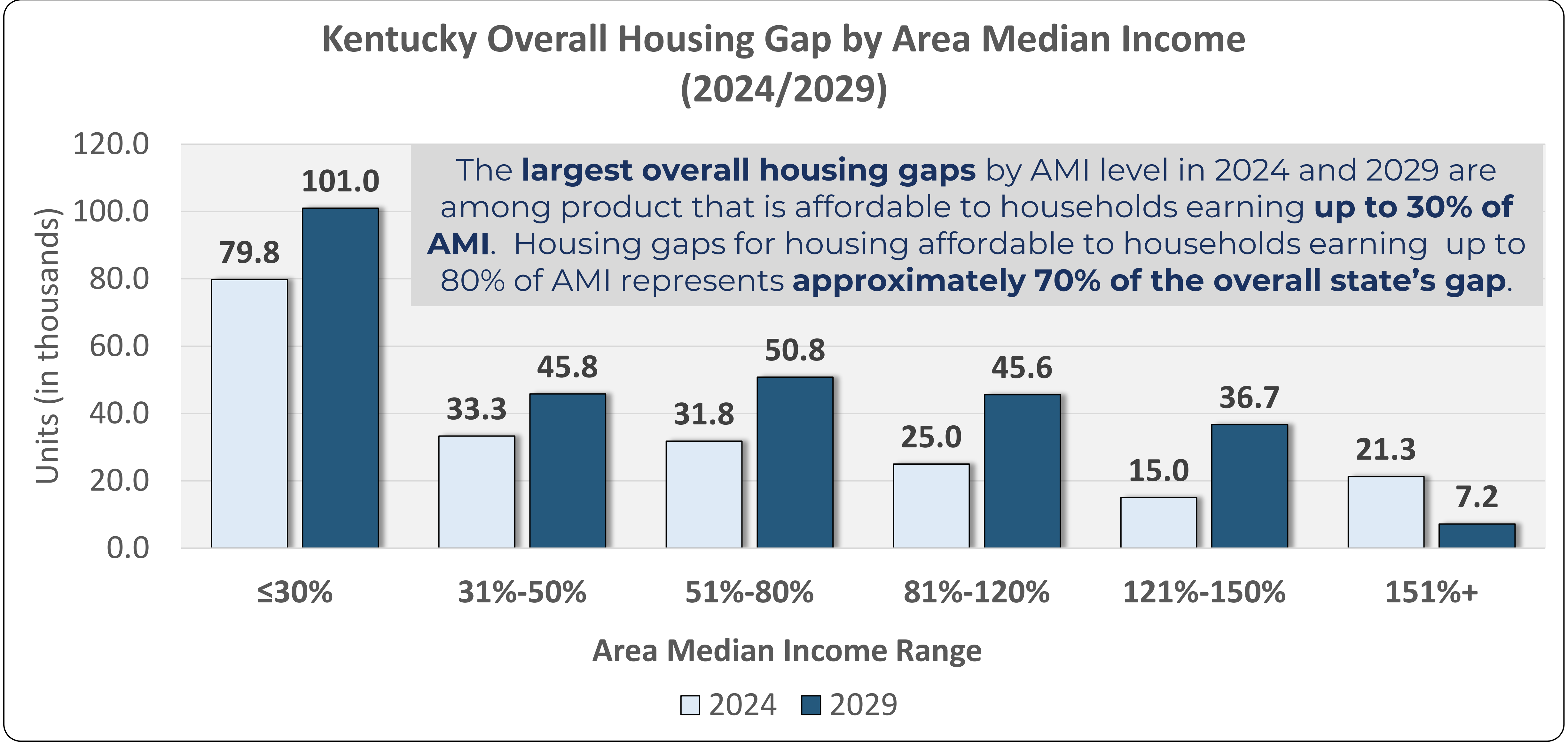
Renter, Owner and Combined

By 2029, Kentucky's **overall housing gap is expected to increase to 287,120 units**, with the gap still split relatively evenly between **rental units (139,162 units, 48.5% of the overall statewide housing gap)** and **for-sale units (147,958 units, 51.5% of the overall statewide housing gap)**.

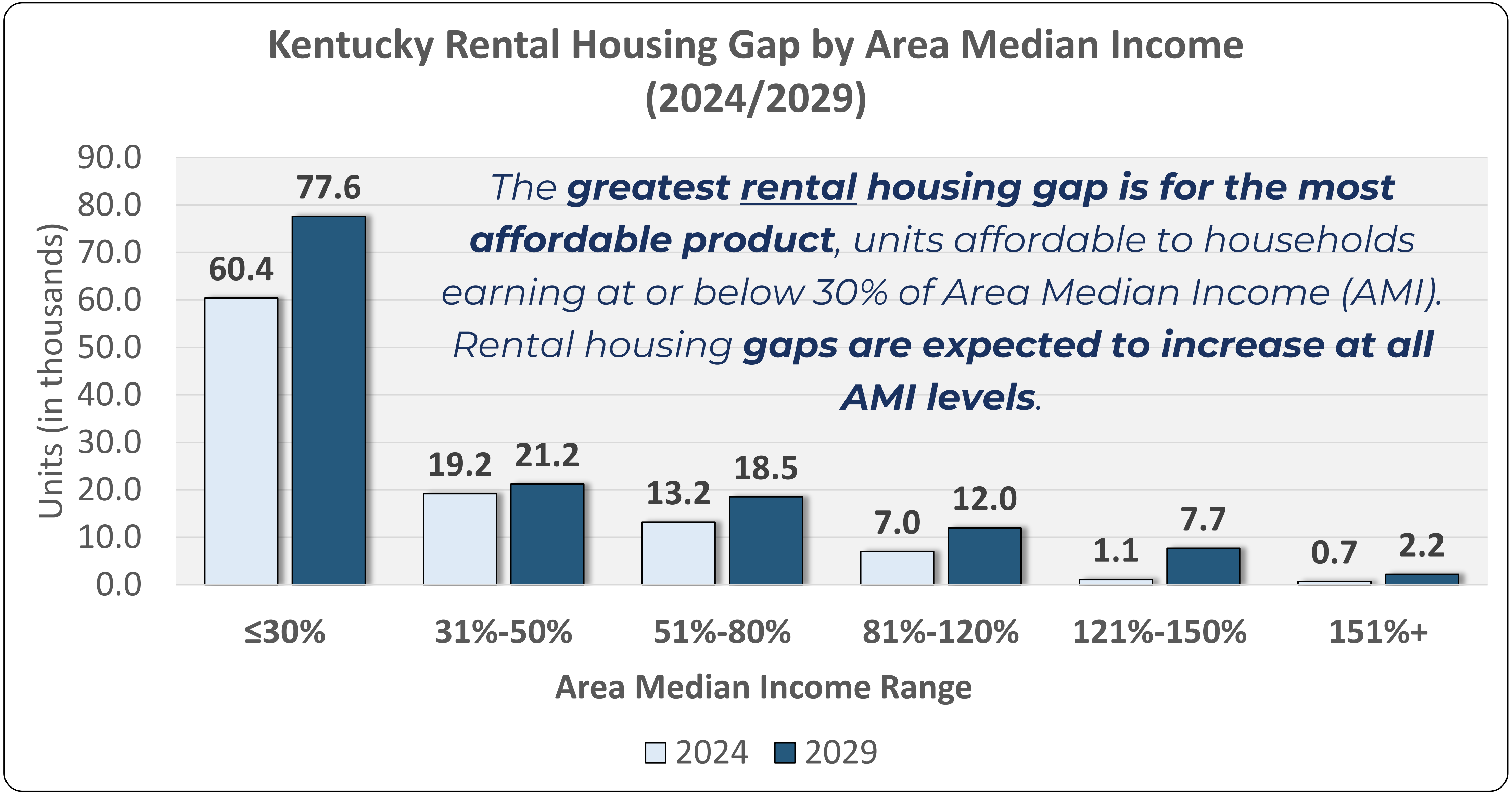
		State of Kentucky (2029) Projected Overall Housing Gaps (by Tenure and Area Median Income)							
		Number of Units Needed by Household Income Level						Total Gap	
		≤30%	31%-50%	51%-80%	81%-120%	121%-150%	151%+	Total Units	Share of State
Rental Gaps	Units	77,554	21,172	18,479	11,993	7,732	2,232	**139,162**	**48.5%**
	Share	55.7%	15.2%	13.3%	8.6%	5.6%	1.6%	**100.0%**	**-**
For-Sale Gaps	Units	23,436	24,586	32,356	33,630	28,944	5,006	**147,958**	**51.5%**
	Share	15.8%	16.6%	21.9%	22.7%	19.6%	3.4%	**100.0%**	**-**
State Total	**Units**	**100,990**	**45,758**	**50,835**	**45,623**	**36,676**	**7,238**	**287,120**	**100.0%**
	Share	**35.2%**	**15.9%**	**17.7%**	**15.9%**	**12.8%**	**2.5%**	**100.0%**	**-**

Overall Housing Gap by Area Median Income (2024 & 2029)

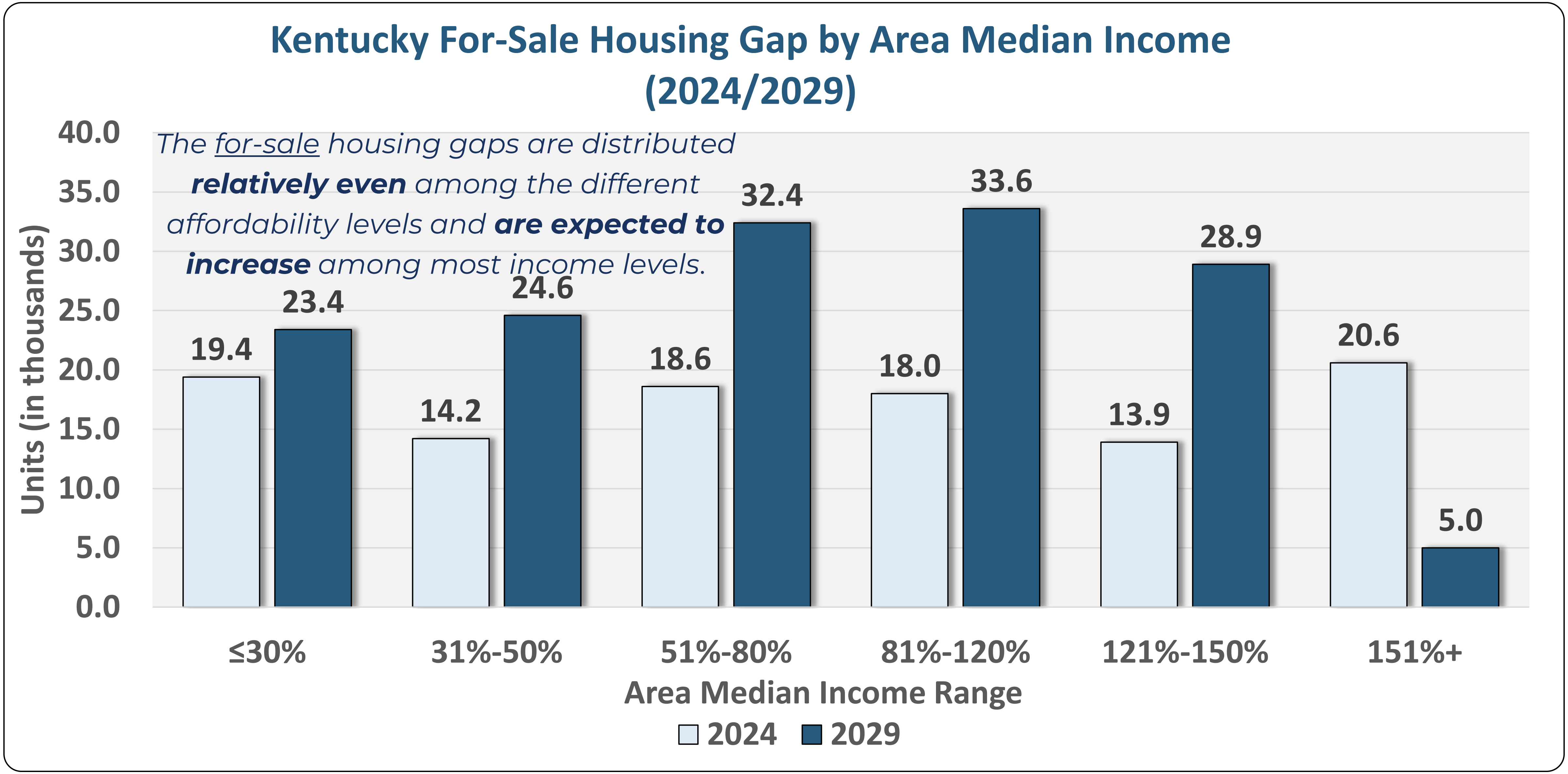
Renter and Owner Combined



Rental Housing Gap by Area Median Income



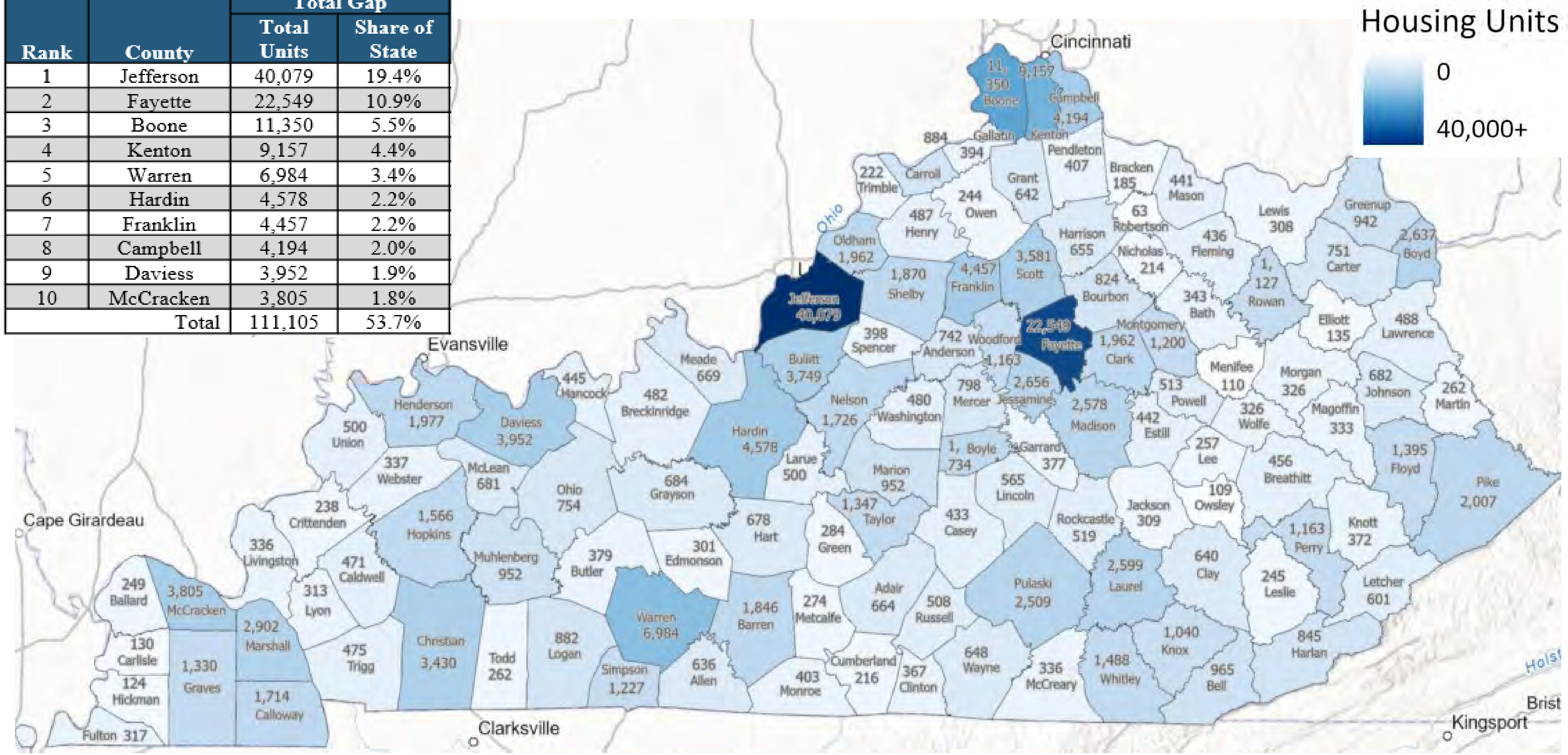
For-Sale Housing Gap by Area Median Income



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

Renter & Owner Combined

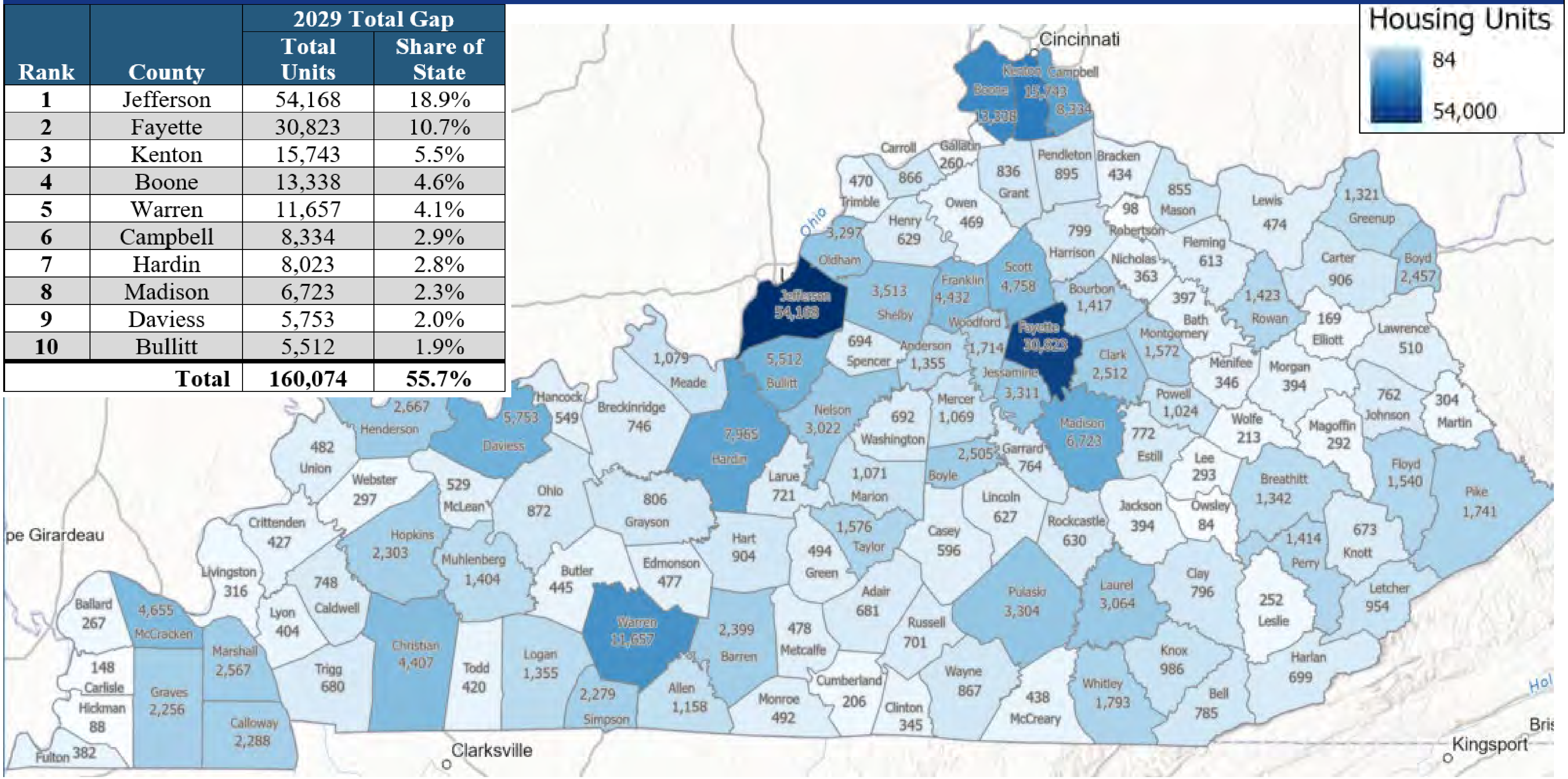
Rank	County	Total Gap	
		Total Units	Share of State
1	Jefferson	40,079	19.4%
2	Fayette	22,549	10.9%
3	Boone	11,350	5.5%
4	Kenton	9,157	4.4%
5	Warren	6,984	3.4%
6	Hardin	4,578	2.2%
7	Franklin	4,457	2.2%
8	Campbell	4,194	2.0%
9	Daviess	3,952	1.9%
10	McCracken	3,805	1.8%
	Total	111,105	53.7%



Overall Housing Gaps (Number of Units) by County (2029)

Renter & Owner Combined

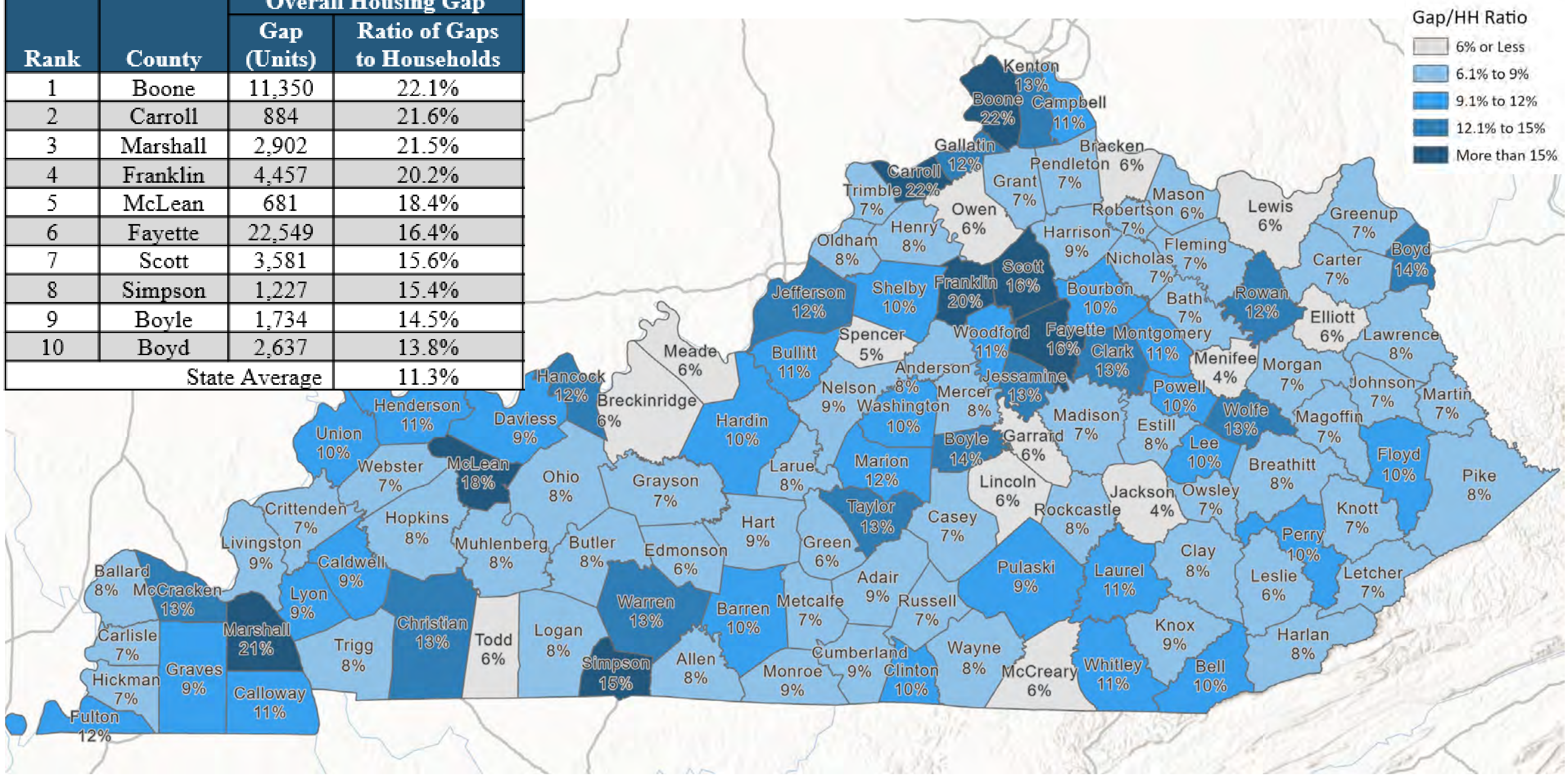
Rank	County	2029 Total Gap	
		Total Units	Share of State
1	Jefferson	54,168	18.9%
2	Fayette	30,823	10.7%
3	Kenton	15,743	5.5%
4	Boone	13,338	4.6%
5	Warren	11,657	4.1%
6	Campbell	8,334	2.9%
7	Hardin	8,023	2.8%
8	Madison	6,723	2.3%
9	Daviess	5,753	2.0%
10	Bullitt	5,512	1.9%
	Total	160,074	55.7%



Overall Housing Gap to Total Households Ratio (2024)

Renter & Owner Combined

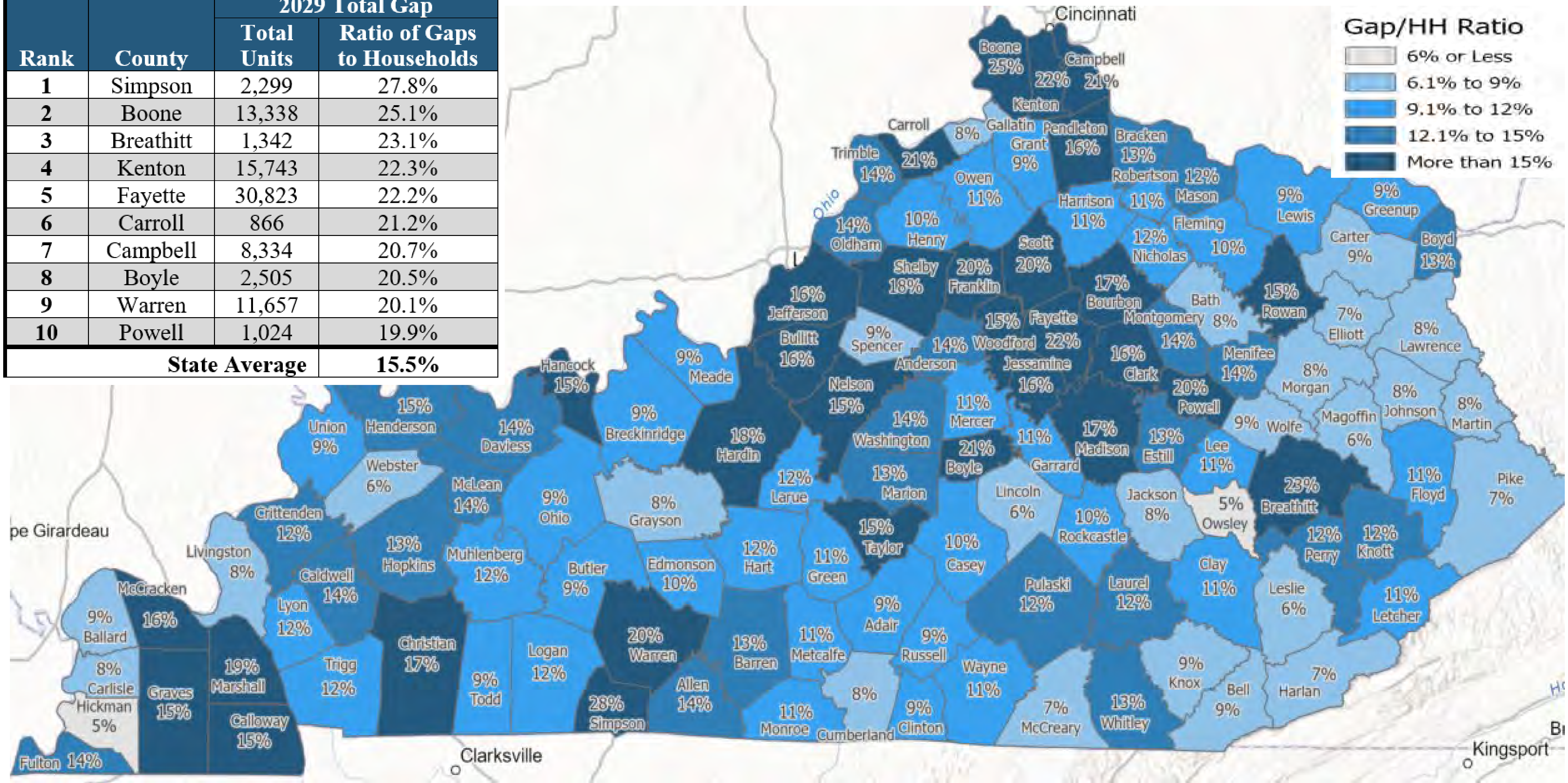
Rank	County	Overall Housing Gap: Gap (Units)	Overall Housing Gap: Ratio of Gaps to Households
1	Boone	11,350	22.1%
2	Carroll	884	21.6%
3	Marshall	2,902	21.5%
4	Franklin	4,457	20.2%
5	McLean	681	18.4%
6	Fayette	22,549	16.4%
7	Scott	3,581	15.6%
8	Simpson	1,227	15.4%
9	Boyle	1,734	14.5%
10	Boyd	2,637	13.8%
	State Average		11.3%



Overall Housing Gap to Households Ratio (2029)

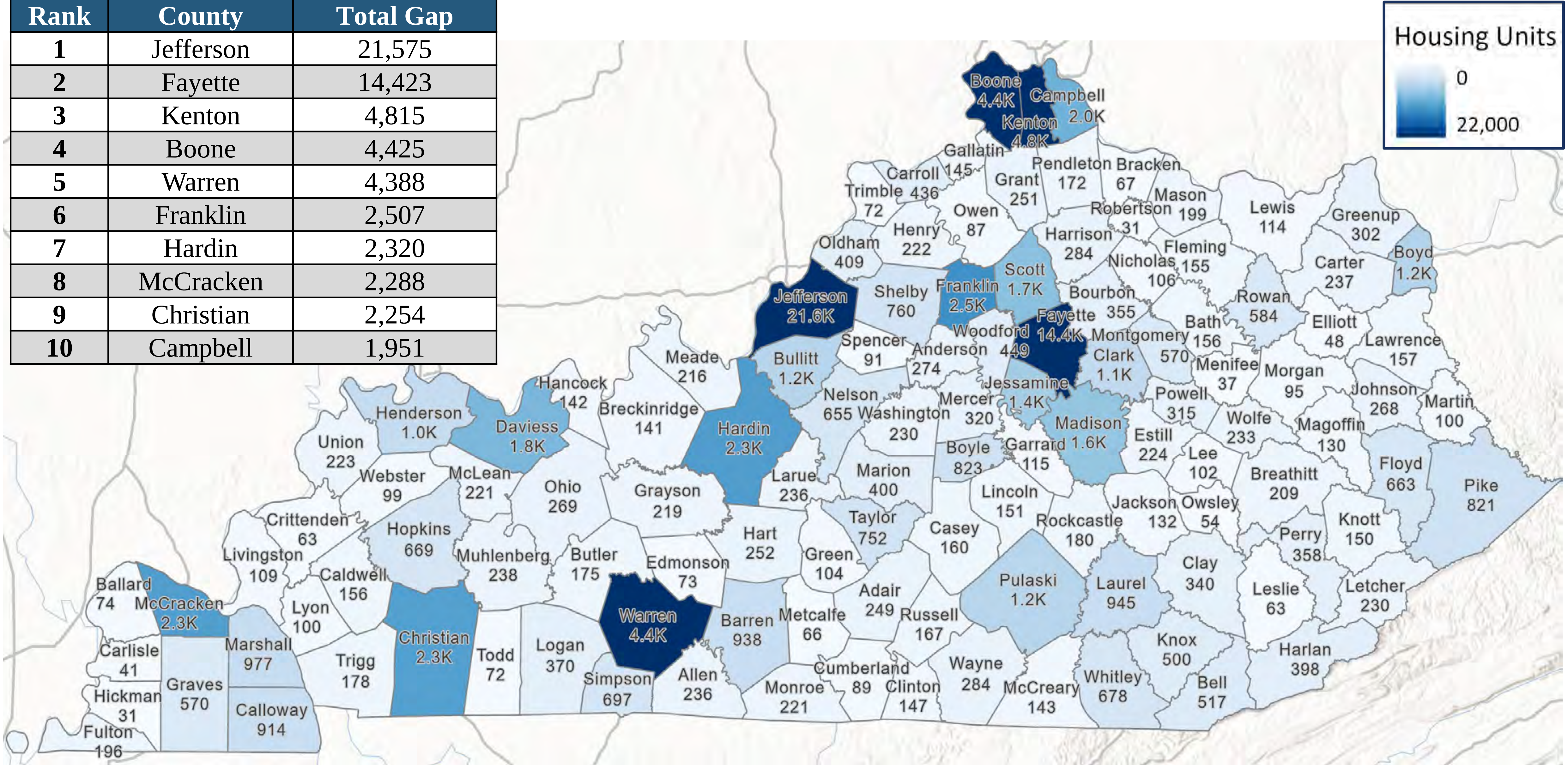
Renter & Owner Combined

Rank	County	2029 Total Gap: Total Units	2029 Total Gap: Ratio of Gaps to Households
1	Simpson	2,299	27.8%
2	Boone	13,338	25.1%
3	Breathitt	1,342	23.1%
4	Kenton	15,743	22.3%
5	Fayette	30,823	22.2%
6	Carroll	866	21.2%
7	Campbell	8,334	20.7%
8	Boyle	2,505	20.5%
9	Warren	11,657	20.1%
10	Powell	1,024	19.9%
	State Average		15.5%



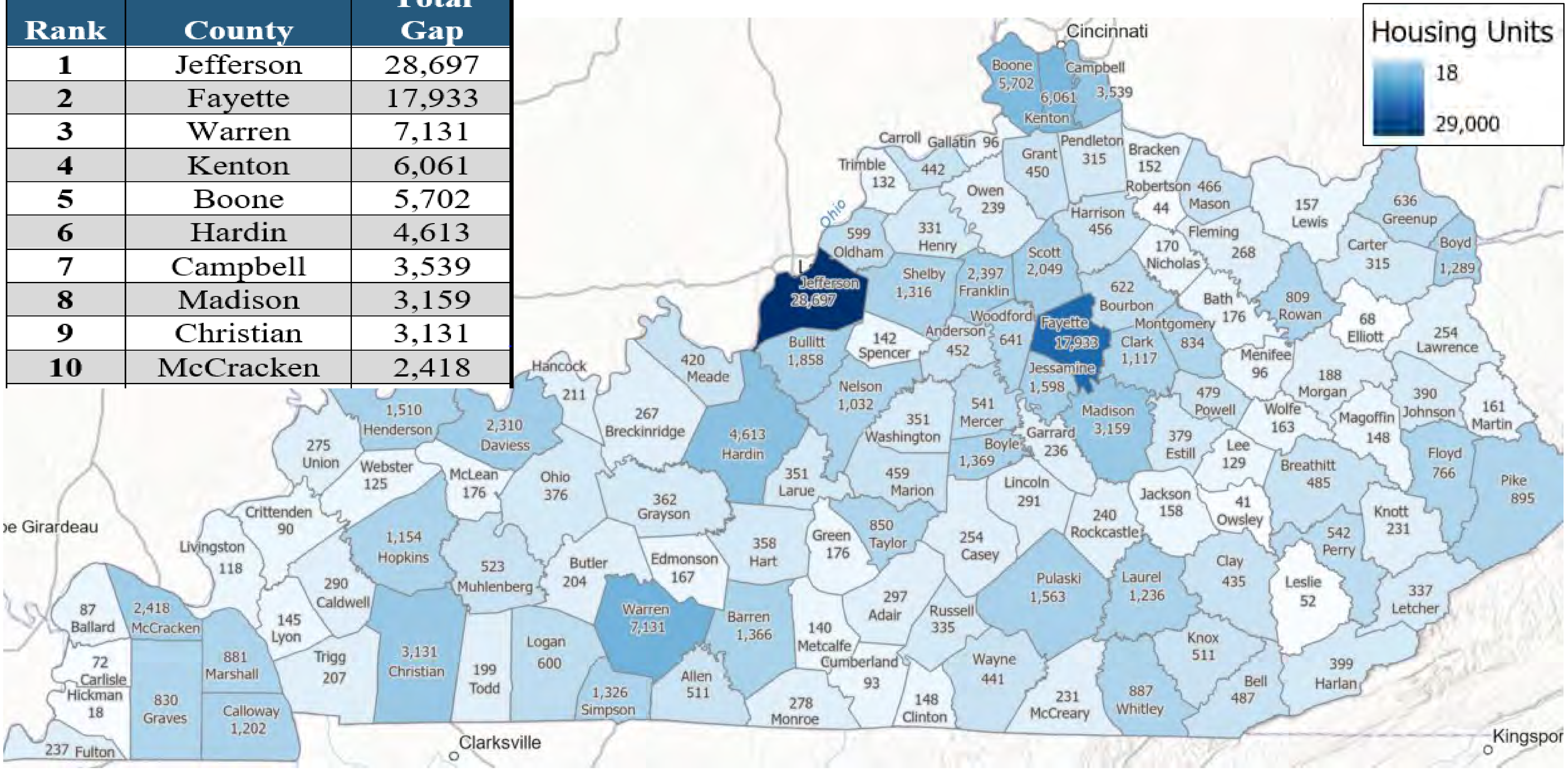
Rental Housing Gaps (2024)

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



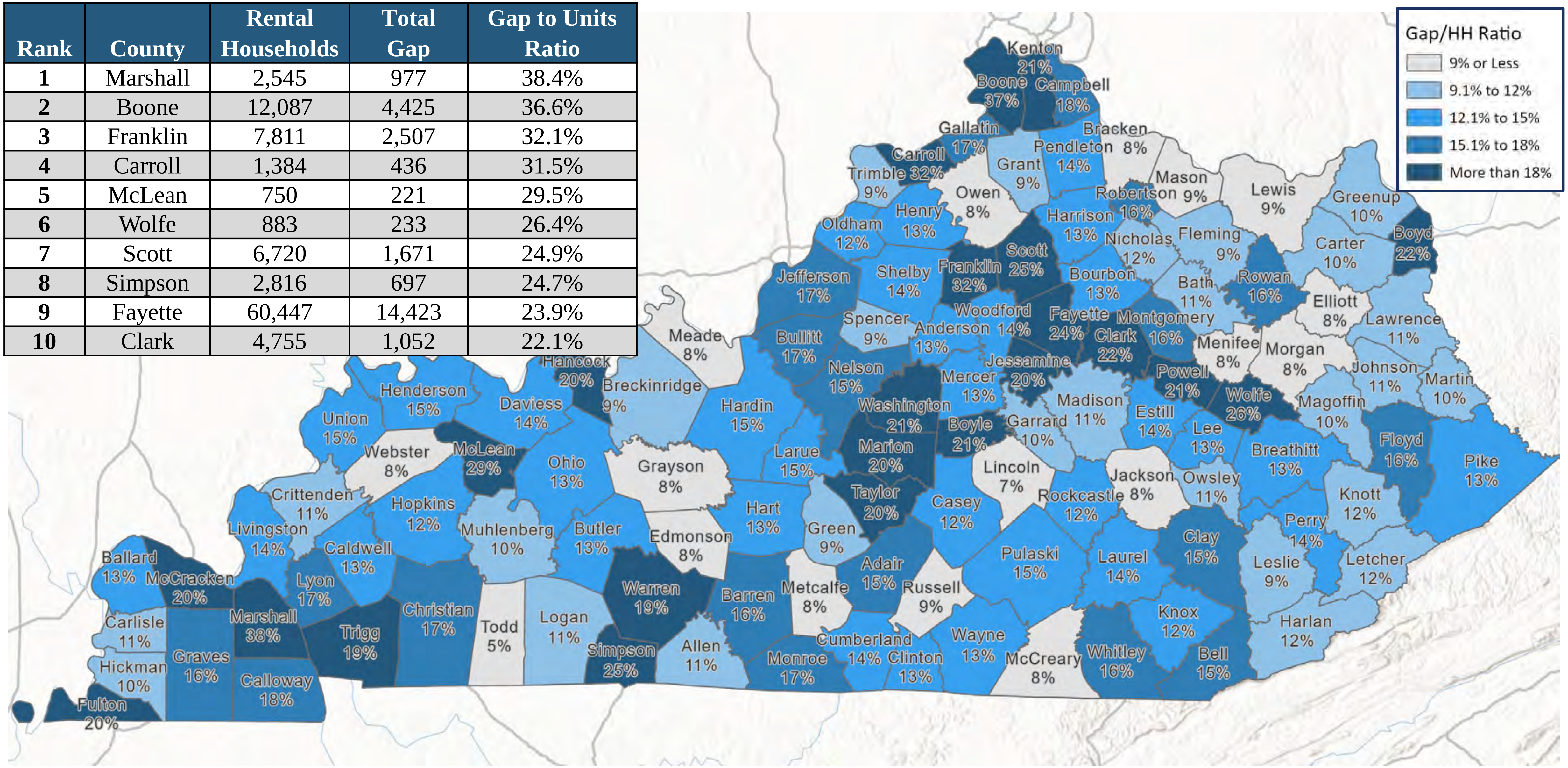
Rental Housing Gaps (2029)

Rank	County	Total Gap
1	Jefferson	28,697
2	Fayette	17,933
3	Warren	7,131
4	Kenton	6,061
5	Boone	5,702
6	Hardin	4,613
7	Campbell	3,539
8	Madison	3,159
9	Christian	3,131
10	McCracken	2,418



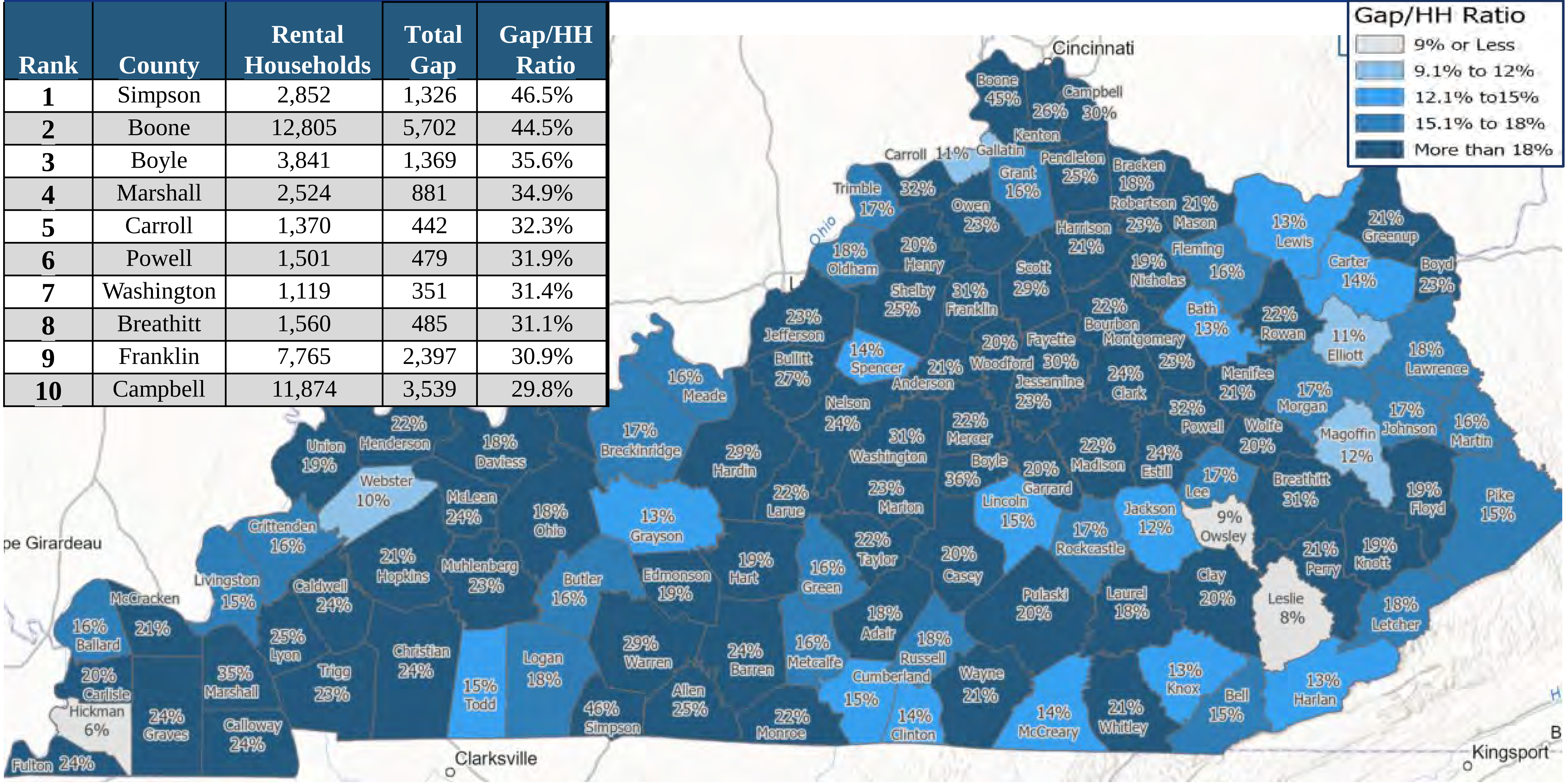
Rental Housing Gap to Rental Households Ratio (2024)

Rank	County	Rental Households	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%



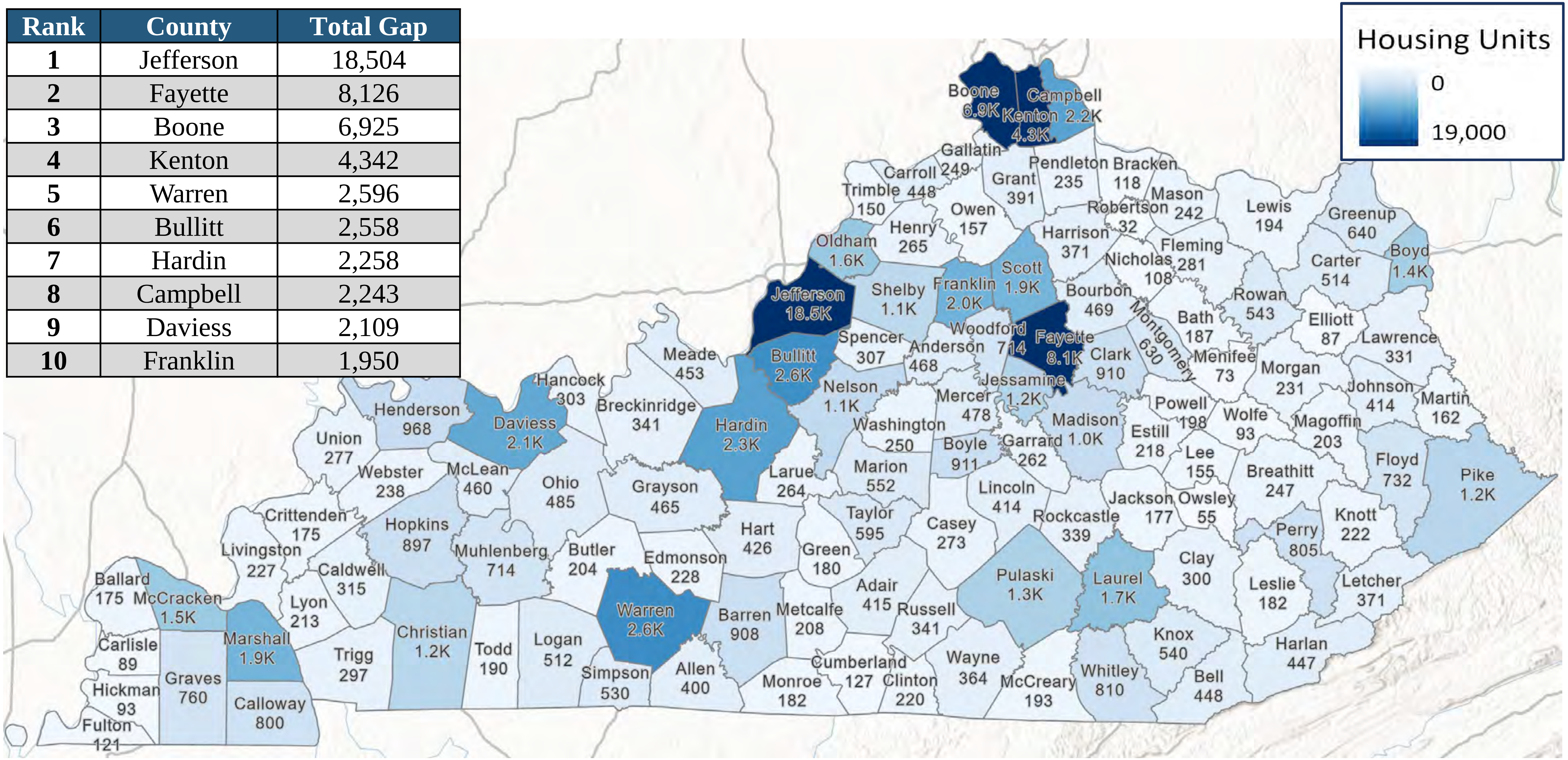
Rental Housing Gap to Renter Households Ratio (2029)

Rank	County	Rental Households	Total Gap	Gap/HH Ratio
1	Simpson	2,852	1,326	46.5%
2	Boone	12,805	5,702	44.5%
3	Boyle	3,841	1,369	35.6%
4	Marshall	2,524	881	34.9%
5	Carroll	1,370	442	32.3%
6	Powell	1,501	479	31.9%
7	Washington	1,119	351	31.4%
8	Breathitt	1,560	485	31.1%
9	Franklin	7,765	2,397	30.9%
10	Campbell	11,874	3,539	29.8%



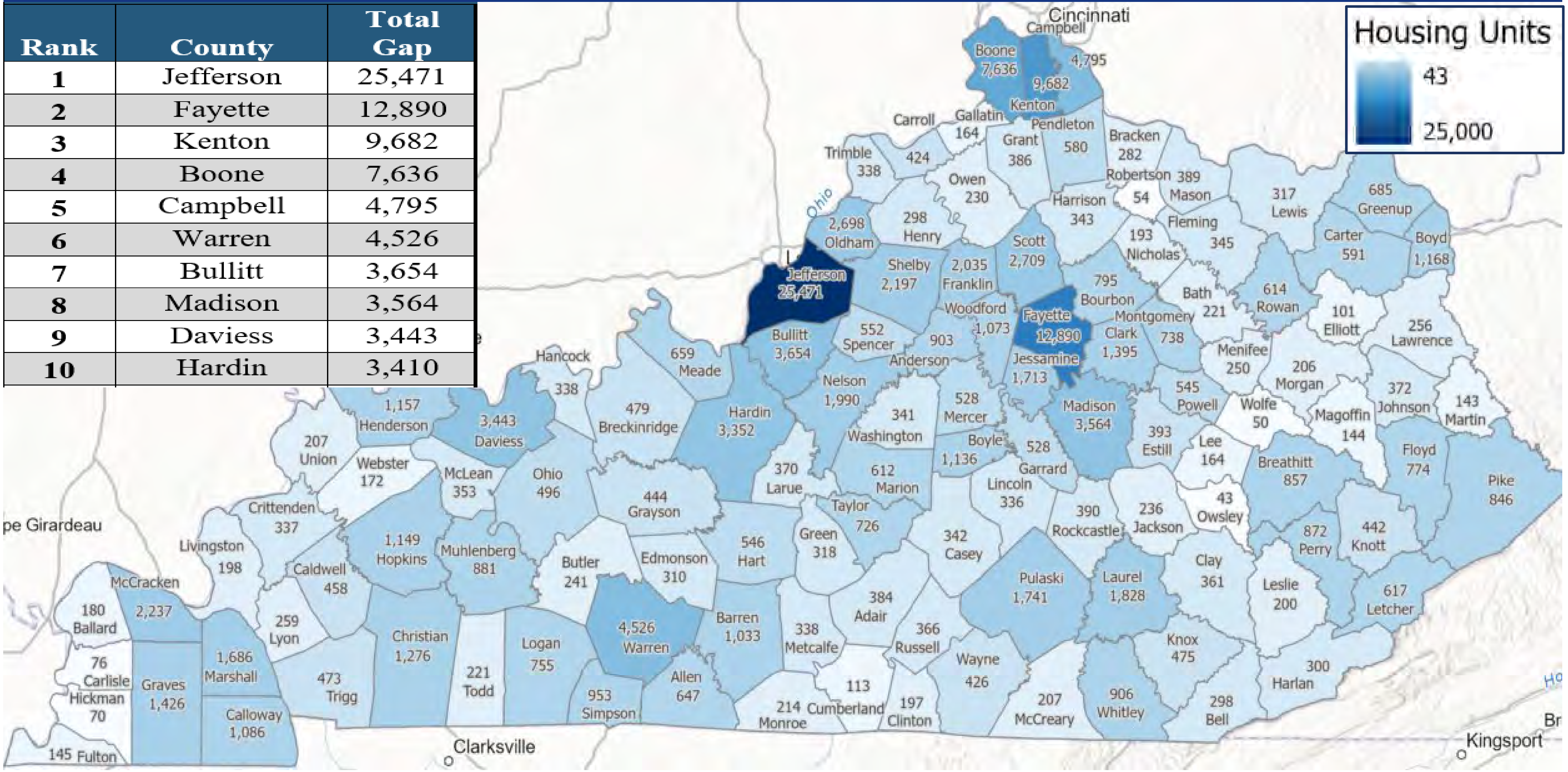
For-Sale Housing Gaps (2024)

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



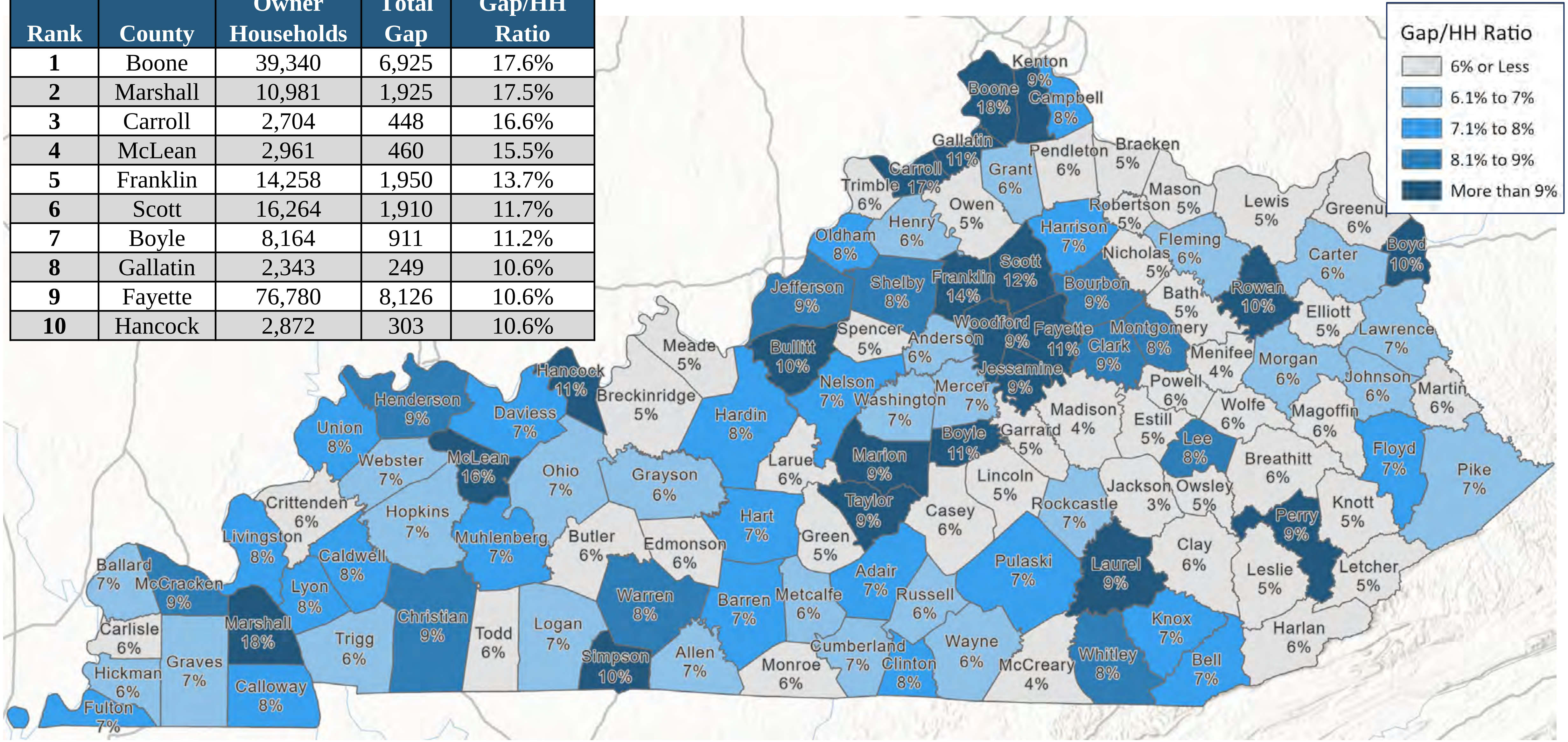
For-Sale Housing Gaps (2029)

Rank	County	Total Gap
1	Jefferson	25,471
2	Fayette	12,890
3	Kenton	9,682
4	Boone	7,636
5	Campbell	4,795
6	Warren	4,526
7	Bullitt	3,654
8	Madison	3,564
9	Daviess	3,443
10	Hardin	3,410



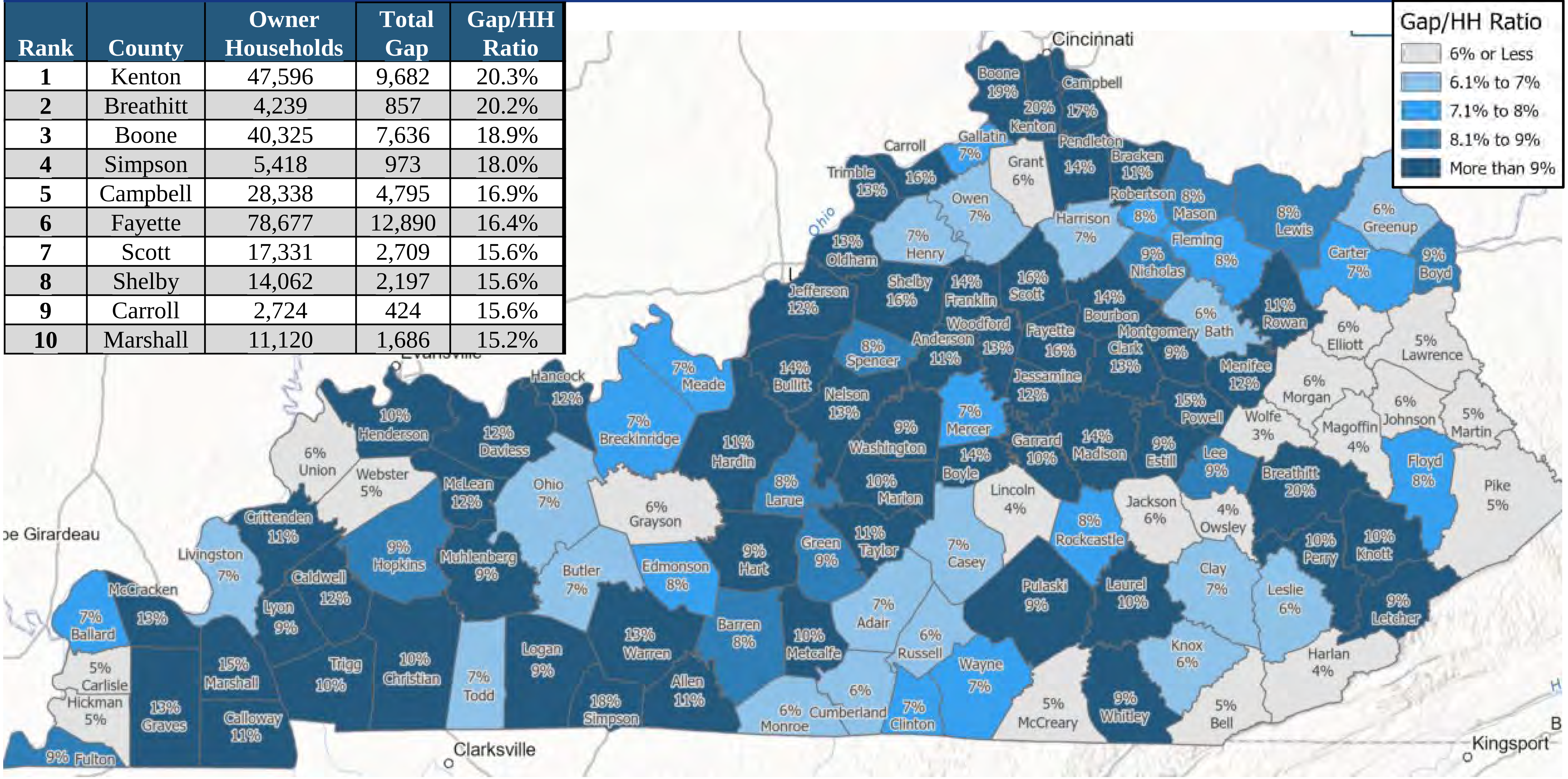
For-Sale Housing Gap to Owner Households Ratio (2024)

Rank	County	Owner Households	Total Gap	Gap/HH 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%



For-Sale Housing Gap to Owner Households Ratio (2029)

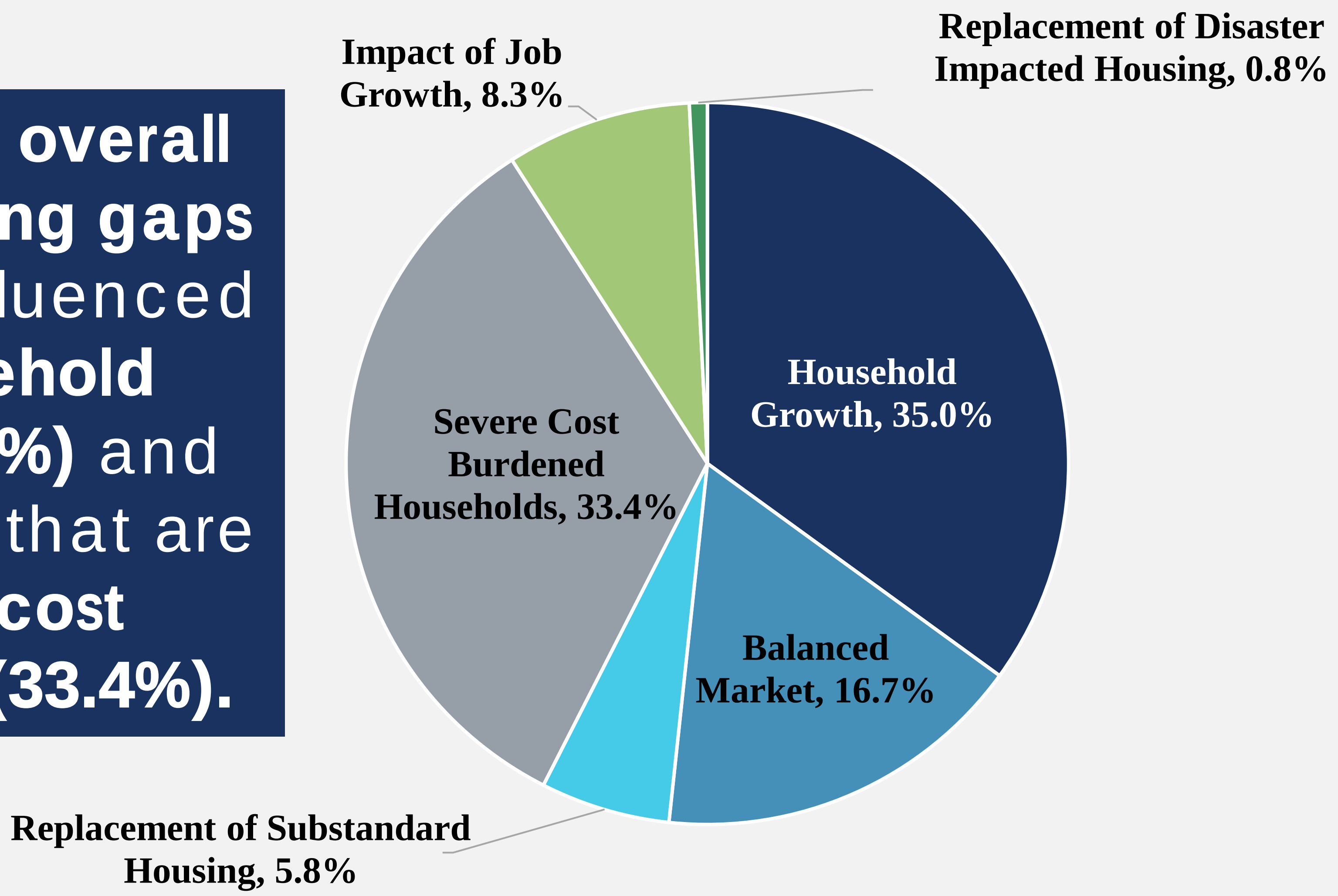
Rank	County	Owner Households	Total Gap	Gap/HH Ratio
1	Kenton	47,596	9,682	20.3%
2	Breathitt	4,239	857	20.2%
3	Boone	40,325	7,636	18.9%
4	Simpson	5,418	973	18.0%
5	Campbell	28,338	4,795	16.9%
6	Fayette	78,677	12,890	16.4%
7	Scott	17,331	2,709	15.6%
8	Shelby	14,062	2,197	15.6%
9	Carroll	2,724	424	15.6%
10	Marshall	11,120	1,686	15.2%



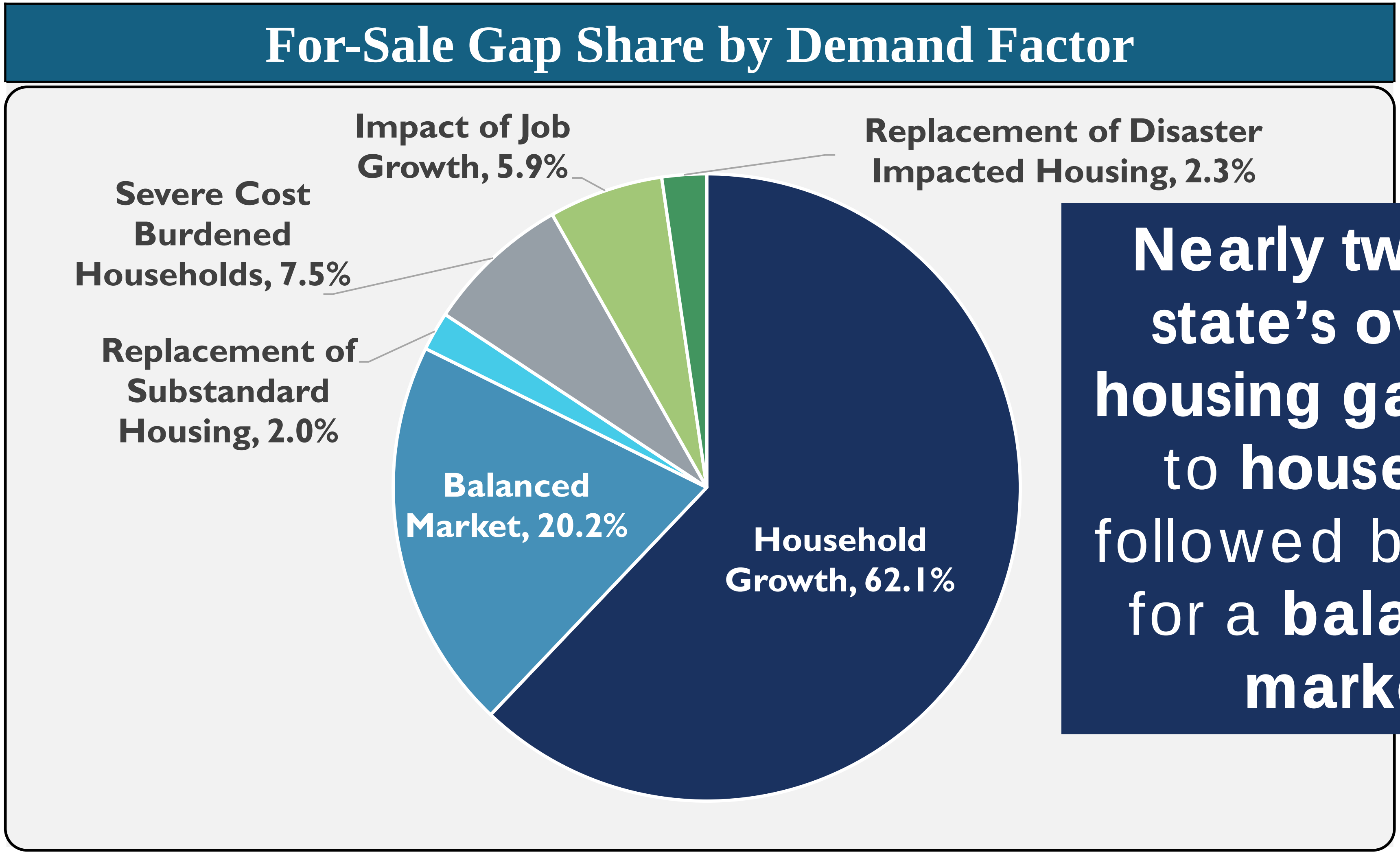
Factors Influencing Rental Housing Gaps

Kentucky's overall rental housing gaps are most influenced by **household growth (35%)** and households that are **severe cost burdened (33.4%).**

Rental Gap Share by Demand Factor



Factors Influencing For-Sale Housing Gaps



Nearly two-thirds of the state's overall for-sale housing gaps is attributed to **household growth**, followed by units required for a **balanced/healthy market (20.2%)**.

Kentucky’s Projected Supply Gap in 2029
287,120 units

	Total Units	<30% AMI	31%-50% AMI	51%-80% AMI	81%-120% AMI	121%-150% AMI	151%+ AMI
Rental	139,162	77,554	21,172	18,479	11,993	7,732	2,232
For Sale	147,958	23,436	24,586	32,356	33,630	28,944	5,006
Total	287,120	100,990	45,758	50,835	45,623	36,676	7,238

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.

The housing supply shortage is Kentucky's most urgent housing issue.

Want more?

- Housing supply gap sessions
- September webinar on Phase II
- Full Phase II report & data online