

# Kentucky Housing Supply Gap Analysis

April 16, 2024



# Presenters



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# Why Did KHC Commission a Housing Supply Gap Analysis?

1. KHC has heard from leaders and partners across Kentucky that they need more housing for middle, moderate, and low-income households.
2. KHC's 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—even those who are employed.
  - Middle, moderate, and low-income households are competing for the same rental units.



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

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

# The Supply Gap: Factors at Play

1. National issue (really international)
2. Lost builder capacity after 2008 recession.
3. Little Middle Housing construction.
4. Natural disasters
5. Job growth and household formation.
6. Local zoning and regulations
7. Stick built = slow delivery to market
8. Stagnate funding landscape
9. High interest rates

Factors at Play for Kentucky

# Natural Disasters

- December 2021 tornadoes in WKY destroyed or majorly damaged roughly 2,600 units.
- July 2022 flooding in EKY destroyed or majorly damaged 2,300 units.

## Factors at Play for Kentucky

# Economic Growth

- Kentucky has experienced record numbers of new job announcements over the past 3 years.
- A companion housing strategy is needed to ensure the population/income generated by these new jobs is met with new housing development.
- Without more housing, Kentuckians with the fewest resources will risk housing instability and homelessness.

Homes are where jobs go to sleep at night.

Factors at Play for Kentucky

# Local Resistance

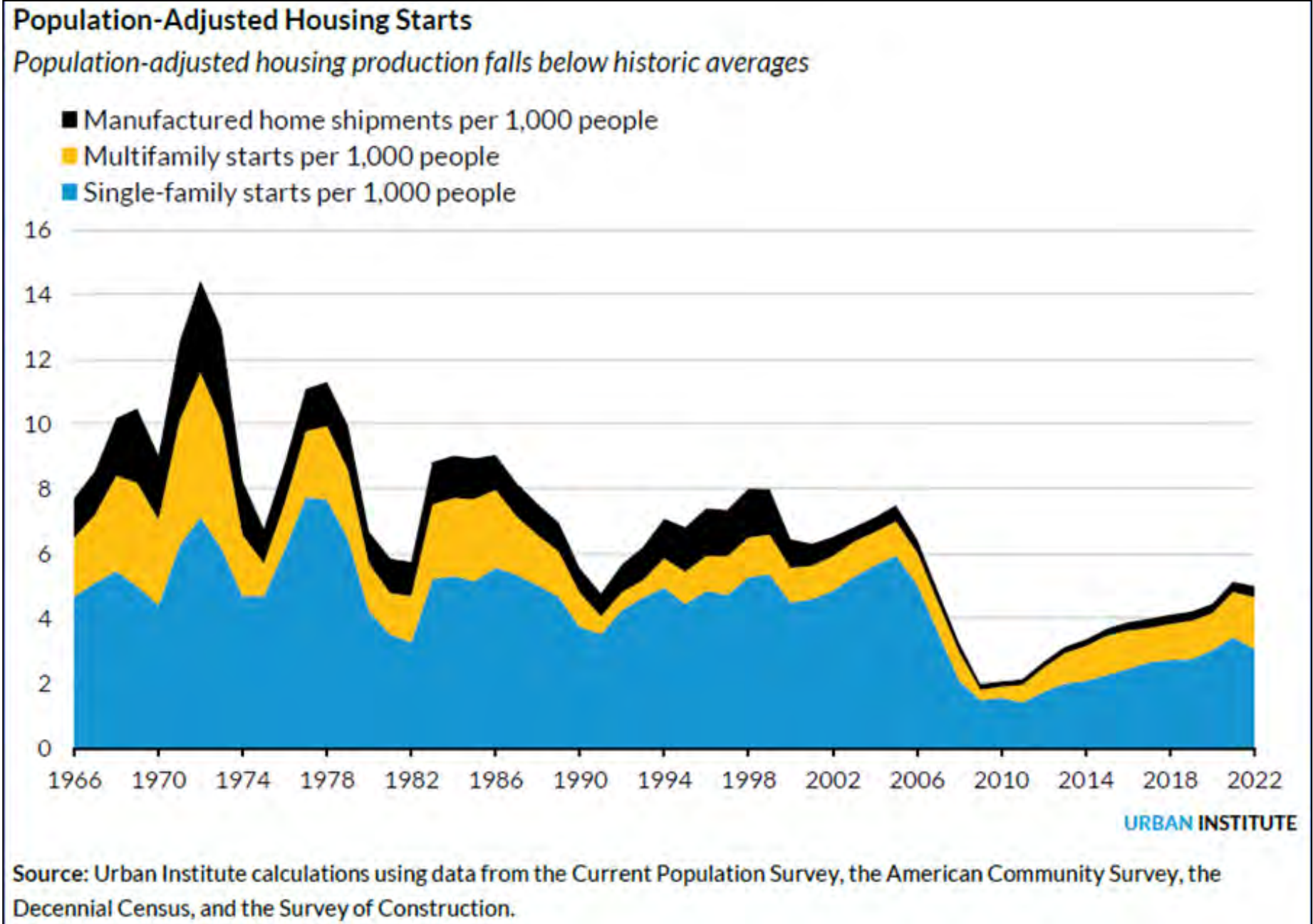
- Local resistance to higher-density and affordable developments challenges the ability to increase housing supply in urban areas.
- Resistance takes the form of exclusionary zoning, NIMBYism, disallowing manufactured housing construction, and so on.

Factors at Play for Kentucky

# Lost Builder Capacity

- Lost builders and contractors after the 2008 Housing Crisis/Great Recession.
- Have not rebounded.
- Hard for smaller builders to get access to lending/credit, land, etc.

# Low Housing Starts



# Missing Middle Housing

A lower-impact way to increase density.



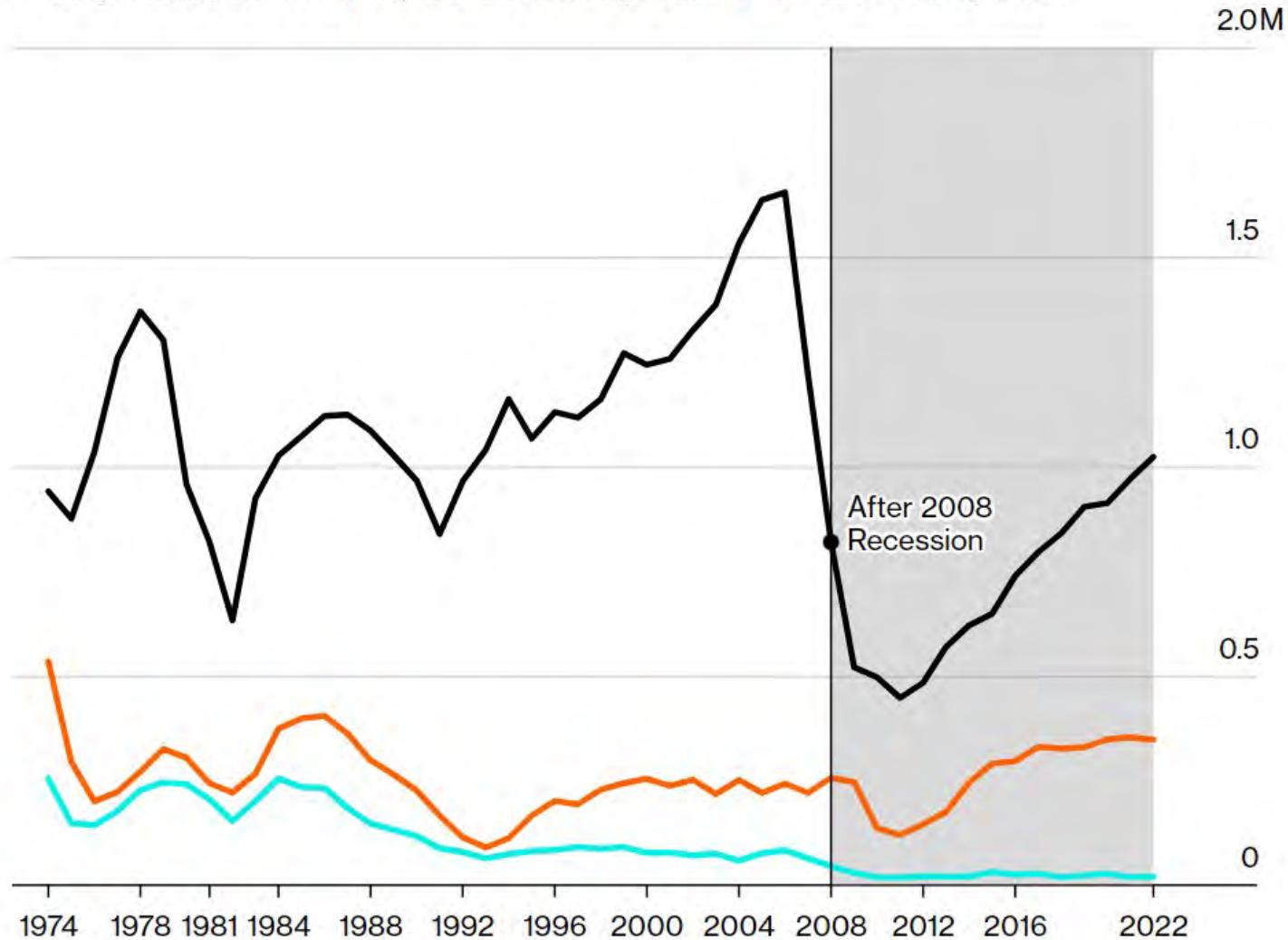
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# Middle Housing Construction Never Recovered After the 2008 Recession

Units in privately owned buildings completed each year

Single-family homes Apartment buildings units Middle housing units

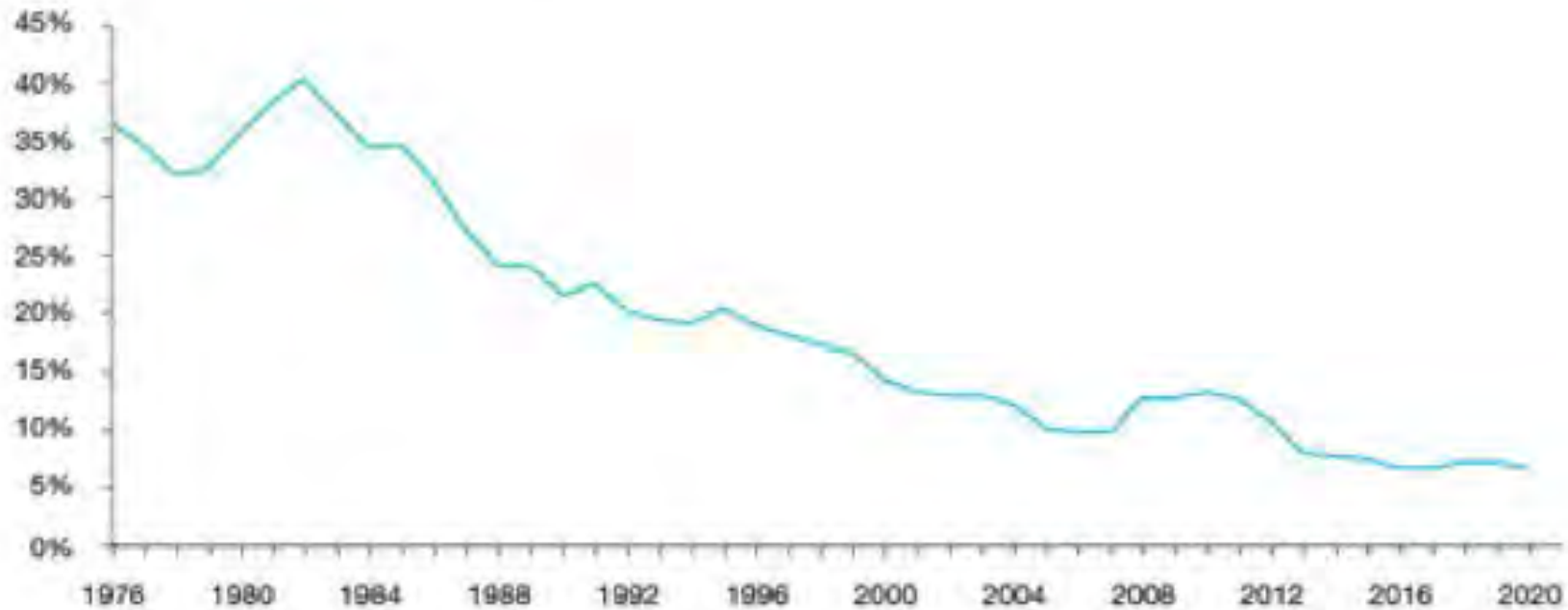


Source: US Census Bureau

Note: Middle housing units are those in buildings with two to nine units. Apartment building units are those in buildings with 10 or more units.

# Construction of Smaller Homes

Percentage of New Homes  
with Less than 1,400 Square Feet



Source: U.S. Census Bureau.

Factors at Play for Kentucky

# **Slow Delivery of Units to Market**

- Most housing units across KY are still stick built.
- Need advancement in construction technology.
- Builders have to navigate zoning, approvals, site development costs, etc.

Factors at Play for Kentucky

# Stagnant Funding Landscape



Federal funding to develop affordable housing has remained relatively flat.



Very few state/federal resources to development “missing middle” housing.

# PHASE I: HOUSING SUPPLY GAP ANALYSIS (2024 ESTIMATES) COMMONWEALTH OF KENTUCKY SPRING 2024



**BOWEN**  
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# Scope of Work by Phase

<b>Phase I:</b>	<b>Current (2024) Housing Supply Gap Analysis</b> – This initial phase includes estimates of <b>current (2024) housing supply shortages</b> 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.
<b>Phase II:</b>	<b>Projected (2029) Housing Supply Gap Analysis</b> – This second phase includes estimates on <b>five-year projected (2029) housing supply shortages</b> 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 will involve 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.
<b>Phase III:</b>	<b>Community Engagement/Input</b> – The final phase involves a series of <b>public engagements</b> , organized by KHC, to solicit public input that can be used to identify and develop strategies to help increase the supply of needed housing.

# Scope of Phase I

## Overview of Study Scope of Work:

- Current (2024) Housing Supply Gap Estimates
  - Gaps by Tenure (Renter vs. Owner)
  - Gaps by Household Income  
(Percent of Area Median Income, Varies by County)
    - <30% } Extremely Low-Income Households (Less than \$20,000)
    - 31-50% } Very Low-Income Households (Between \$20,000 and \$35,000)
    - 51%-80% } Low-Income Households (Between \$35,000 and \$55,000)
    - 81%-120% } Workforce Households (Between \$55,000 and \$85,000)
    - 121%-150% } Moderate-Income Households (\$85,000 and \$105,000)
    - 151%+ } High-Income Households (\$105,000 and Higher)
  - Gaps by Geography (County, Region/District, and State)
  - Gaps as Number of Units and as Ratio of Housing Gaps to Households
- Demographics and For-Sale Housing Stock
- Methodology
- Individual County Housing Gap Calculations

# Snapshot of Current Housing Gaps

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# Kentucky's Demographic Background

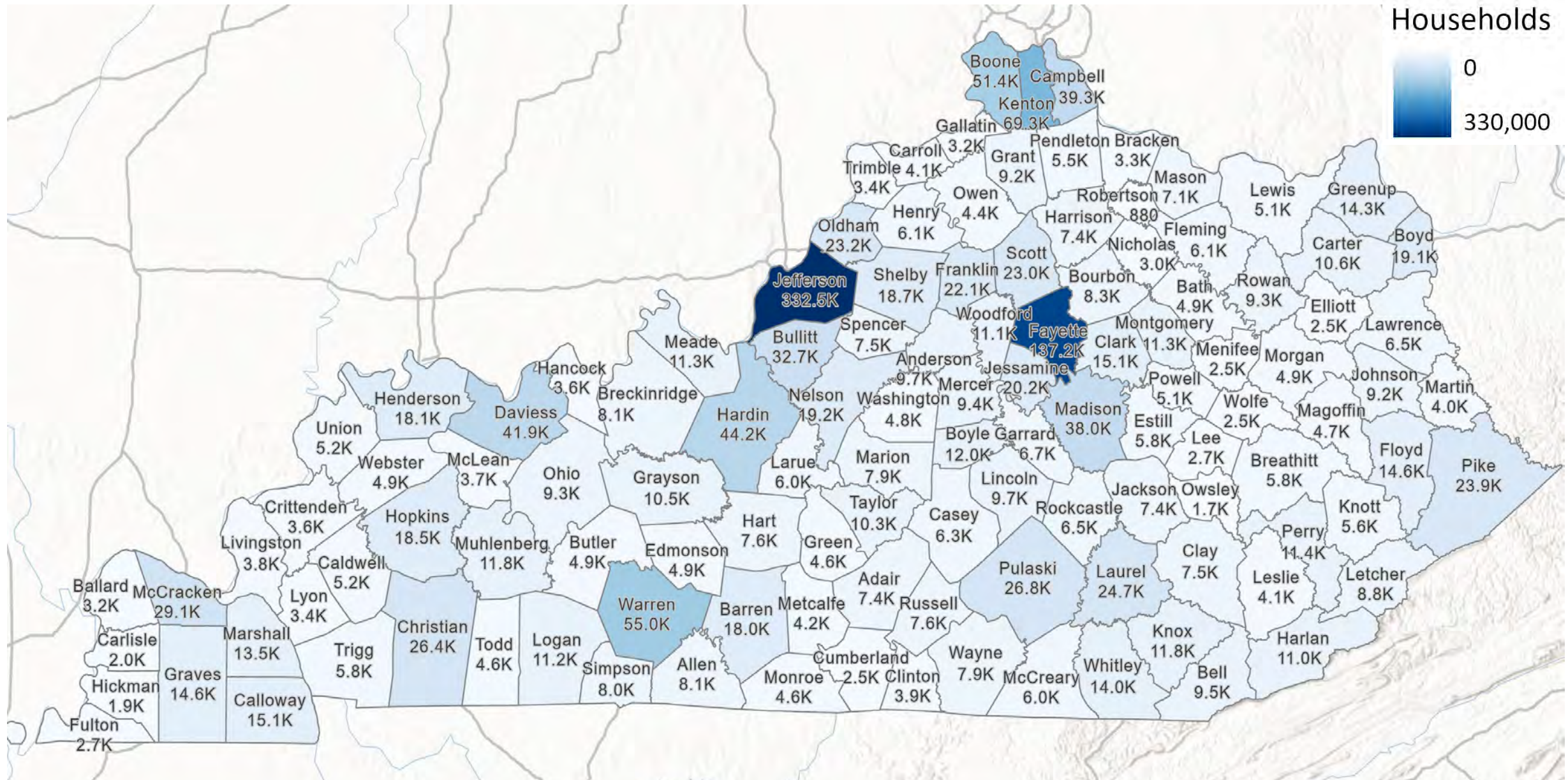
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The various demographic and housing data considered in this analysis are listed below:

- Total Population
- Total Households
- Households by Tenure (Renter vs. Owner Households)
- Households by Tenure and Income
- Households Living in Substandard Housing (Lacking Complete Kitchens)
- Severe Housing Cost Burdened Households by Tenure
- Population Commuting into Counties
- Total Vacant Rental Housing Units
- Total Available For-Sale Housing Units (Realtor.com)
- Annual Turnover Rate by Tenure

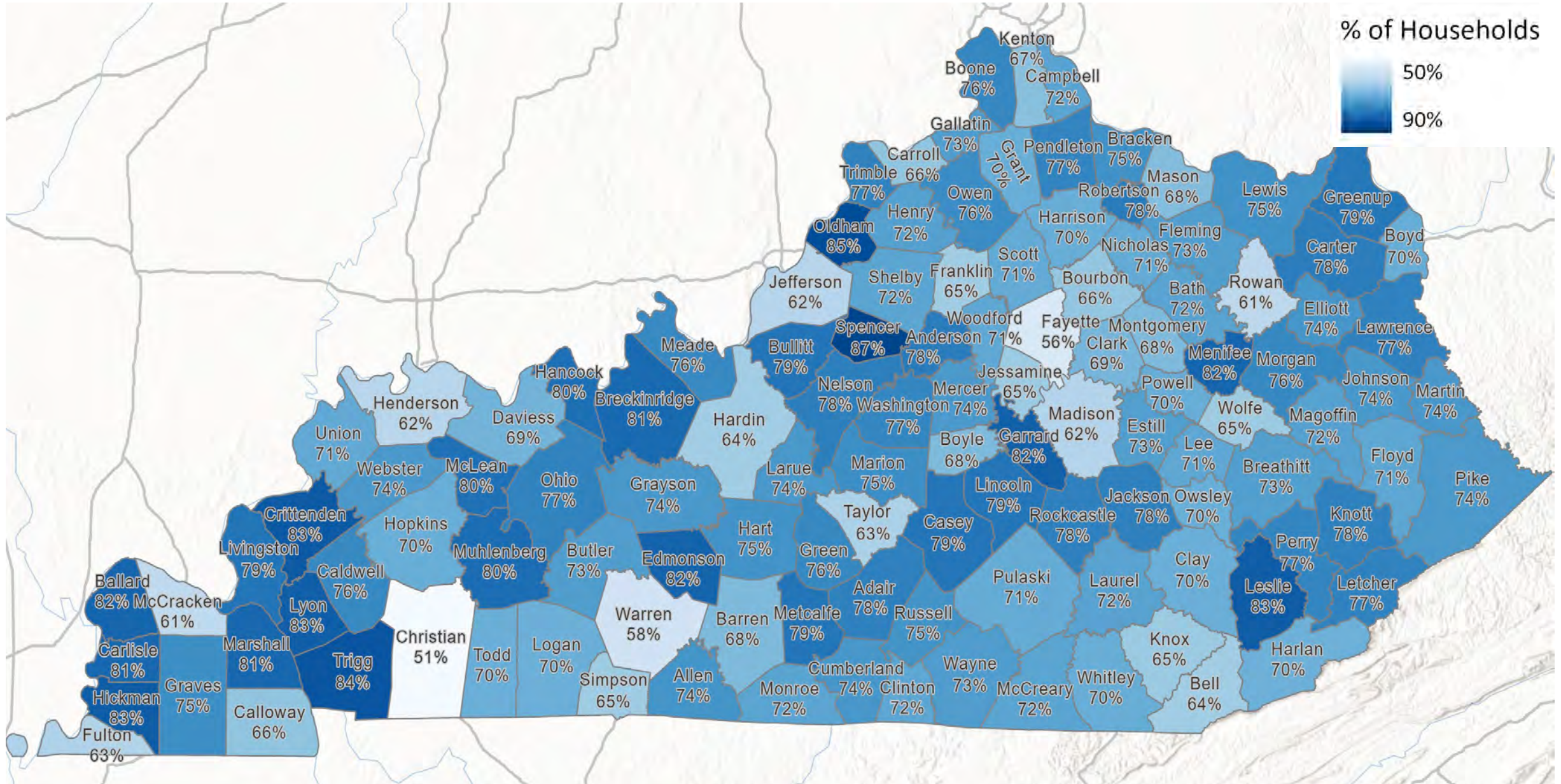


# Total Households (2024)

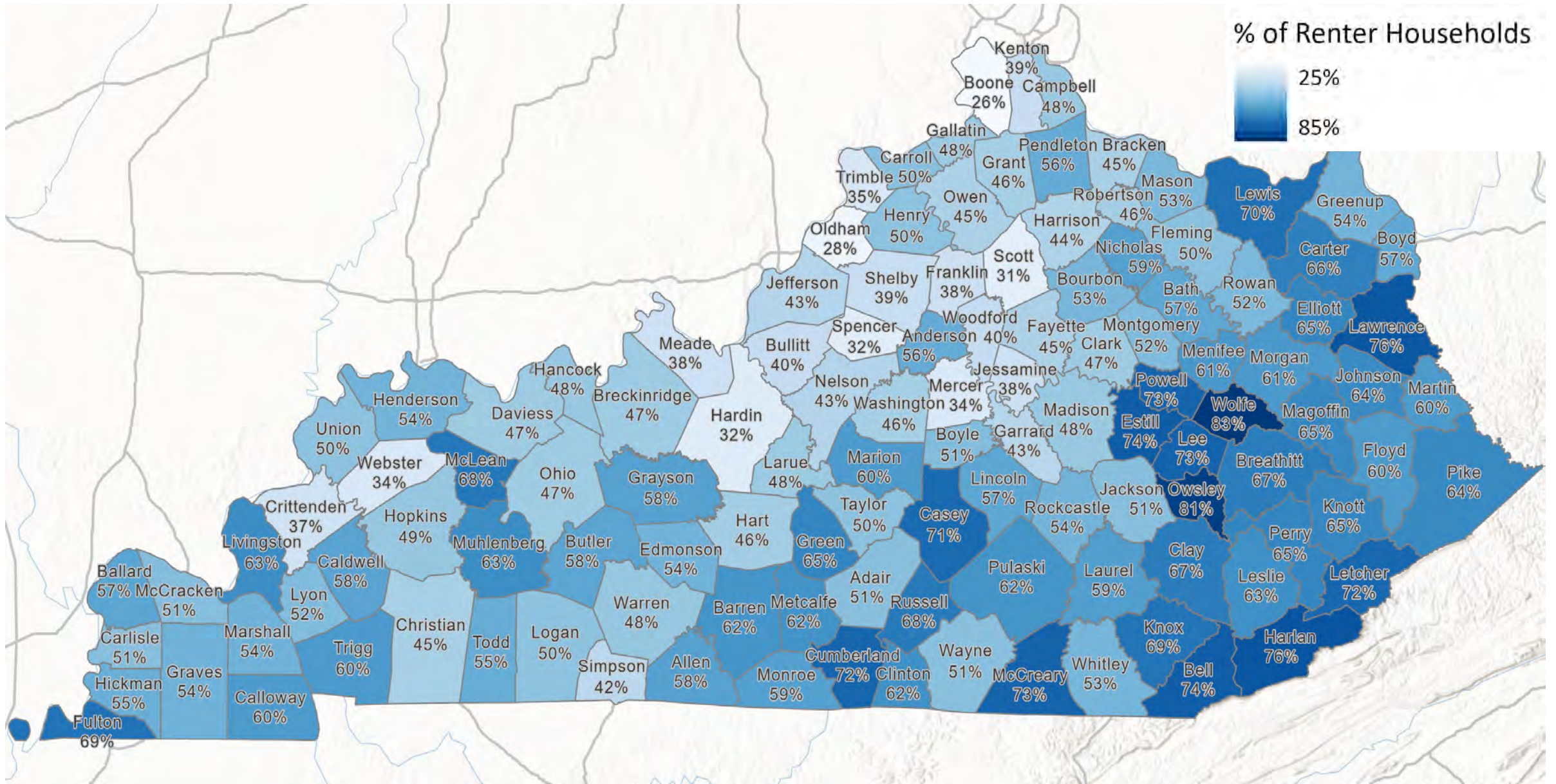




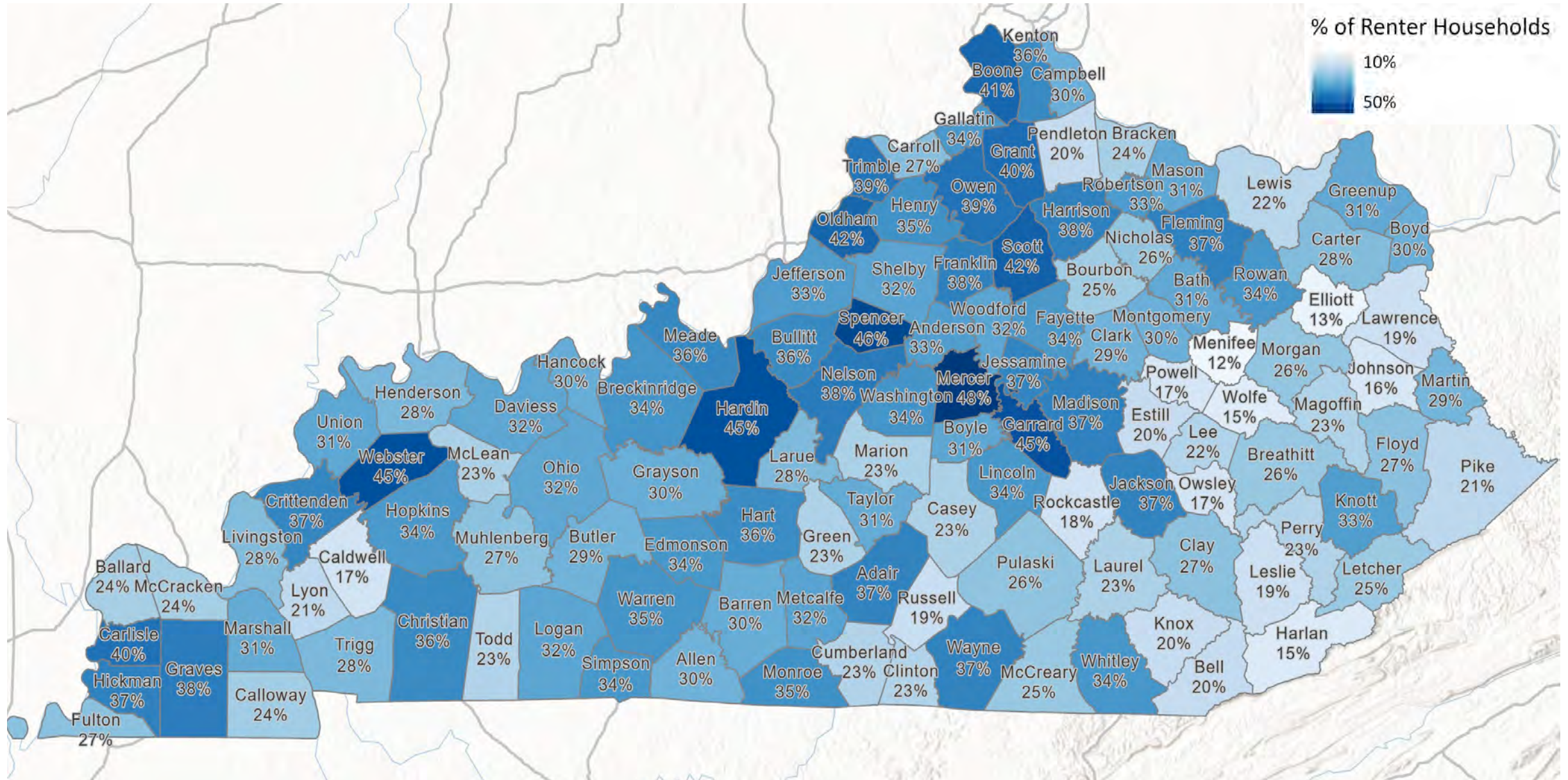
# Owner Household Share (2024)



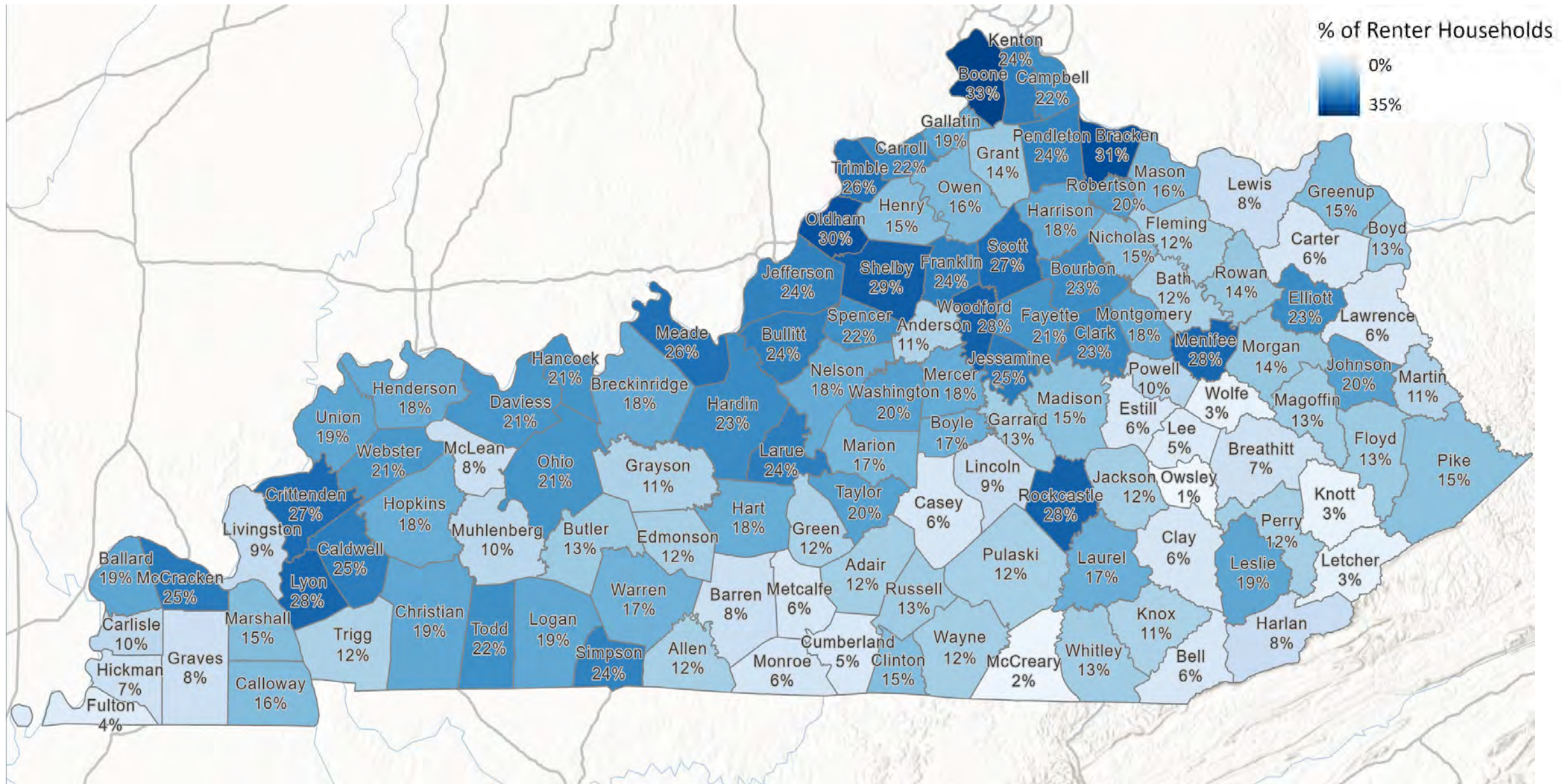
# Share of Renter Households by Income (<\$35k) - 2024



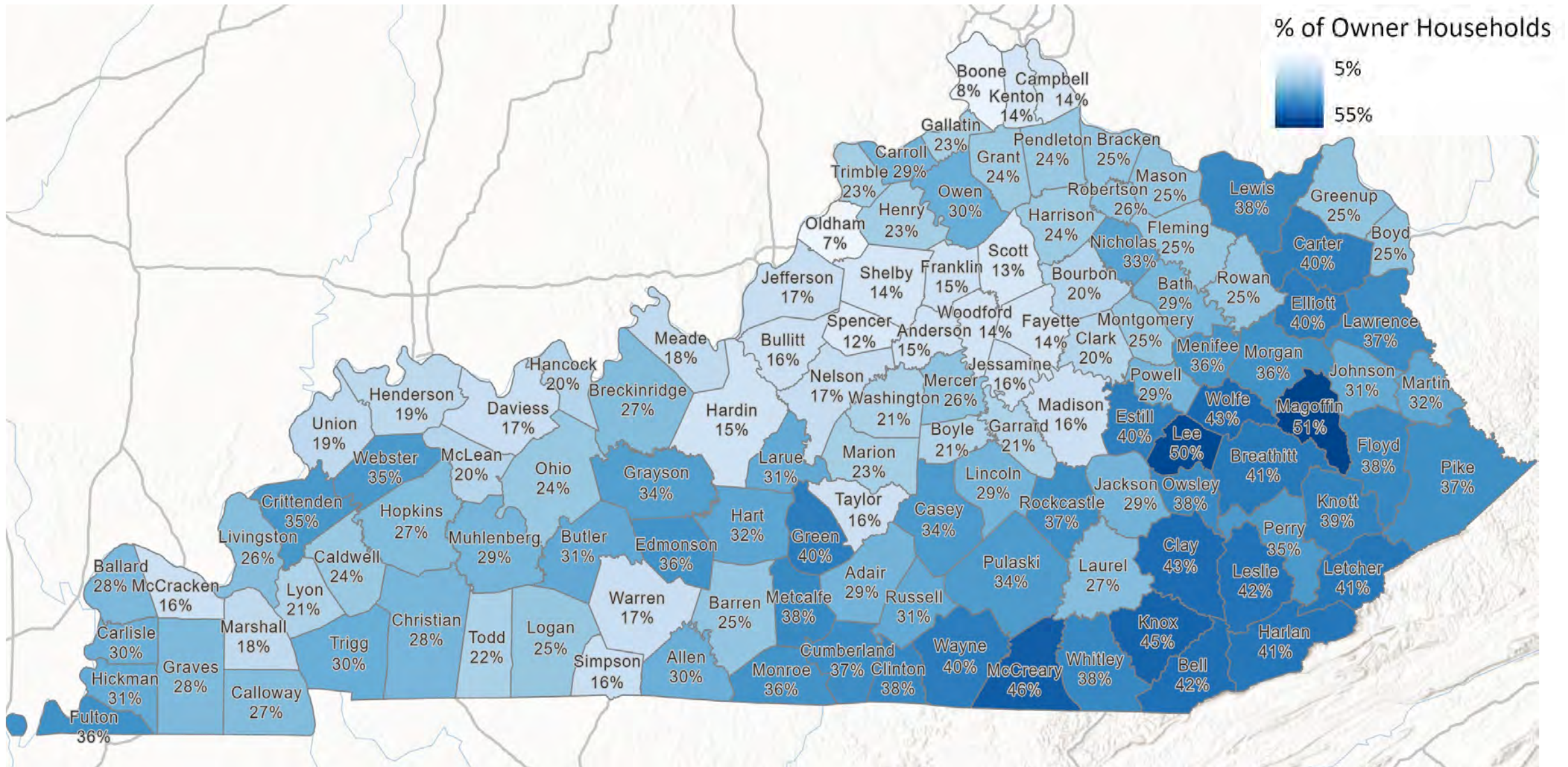
# Share of Renter Households by Income (\$35k-\$74,999) - 2024



# Share of Renter Households by Income (\$75k+) - 2024

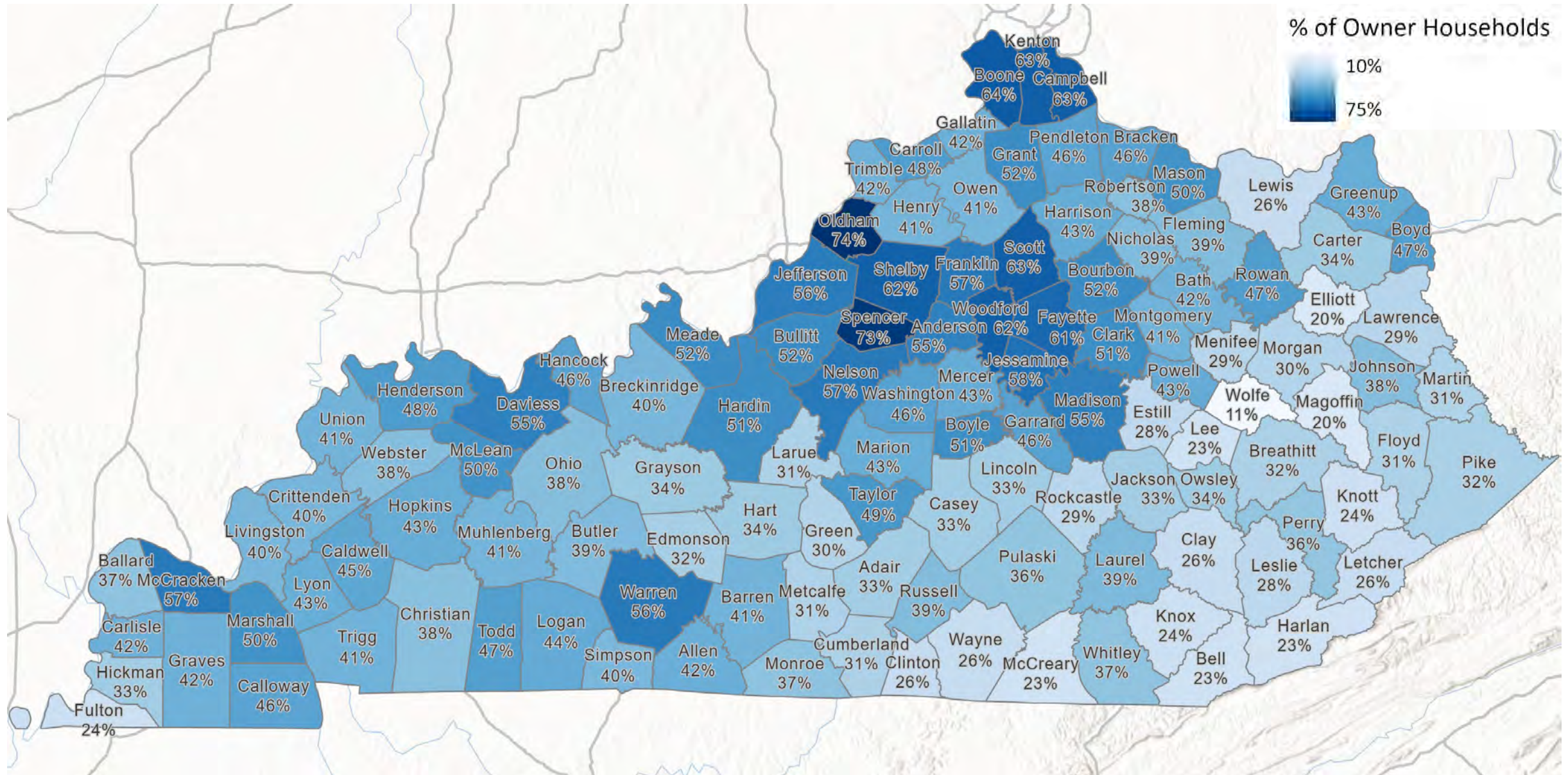


# Share of Owner Households by Income (<\$35k) - 2024





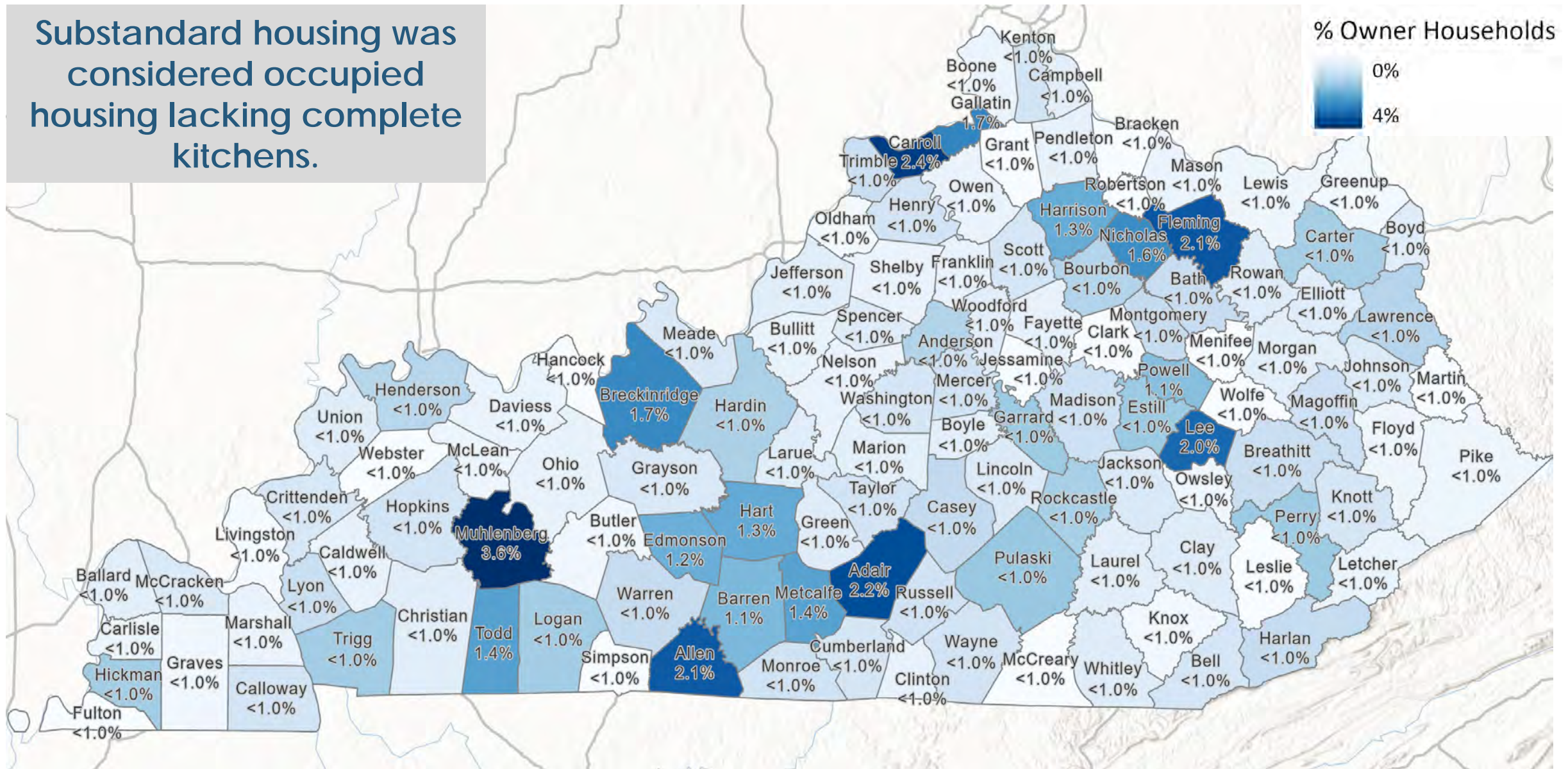
# Share of Owner Households by Income (\$75k+) - 2024





# Substandard Owner Housing Share (2024)

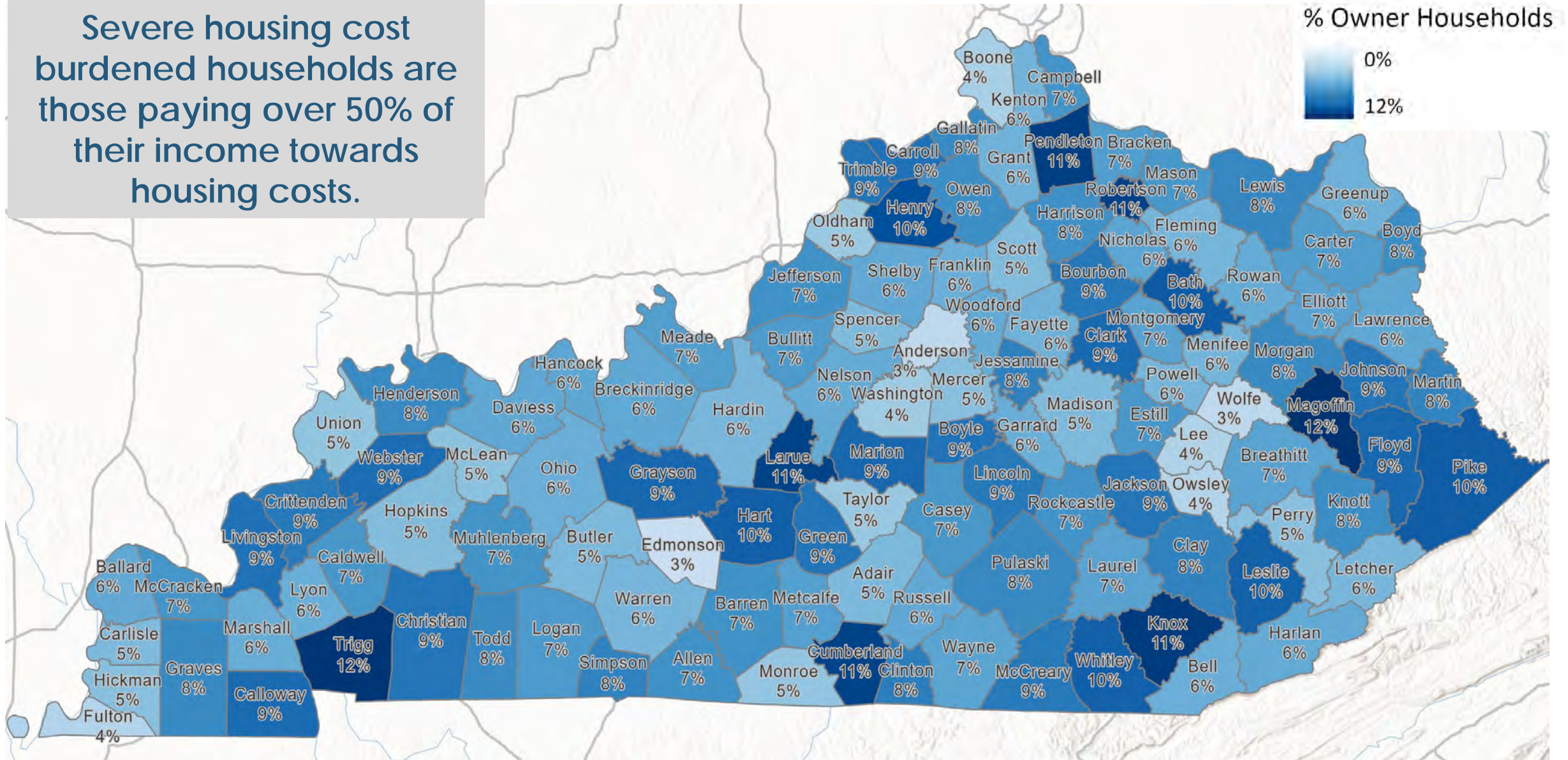
Substandard housing was considered occupied housing lacking complete kitchens.





# Severe Cost Burdened Owner Housing Share (2022)

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

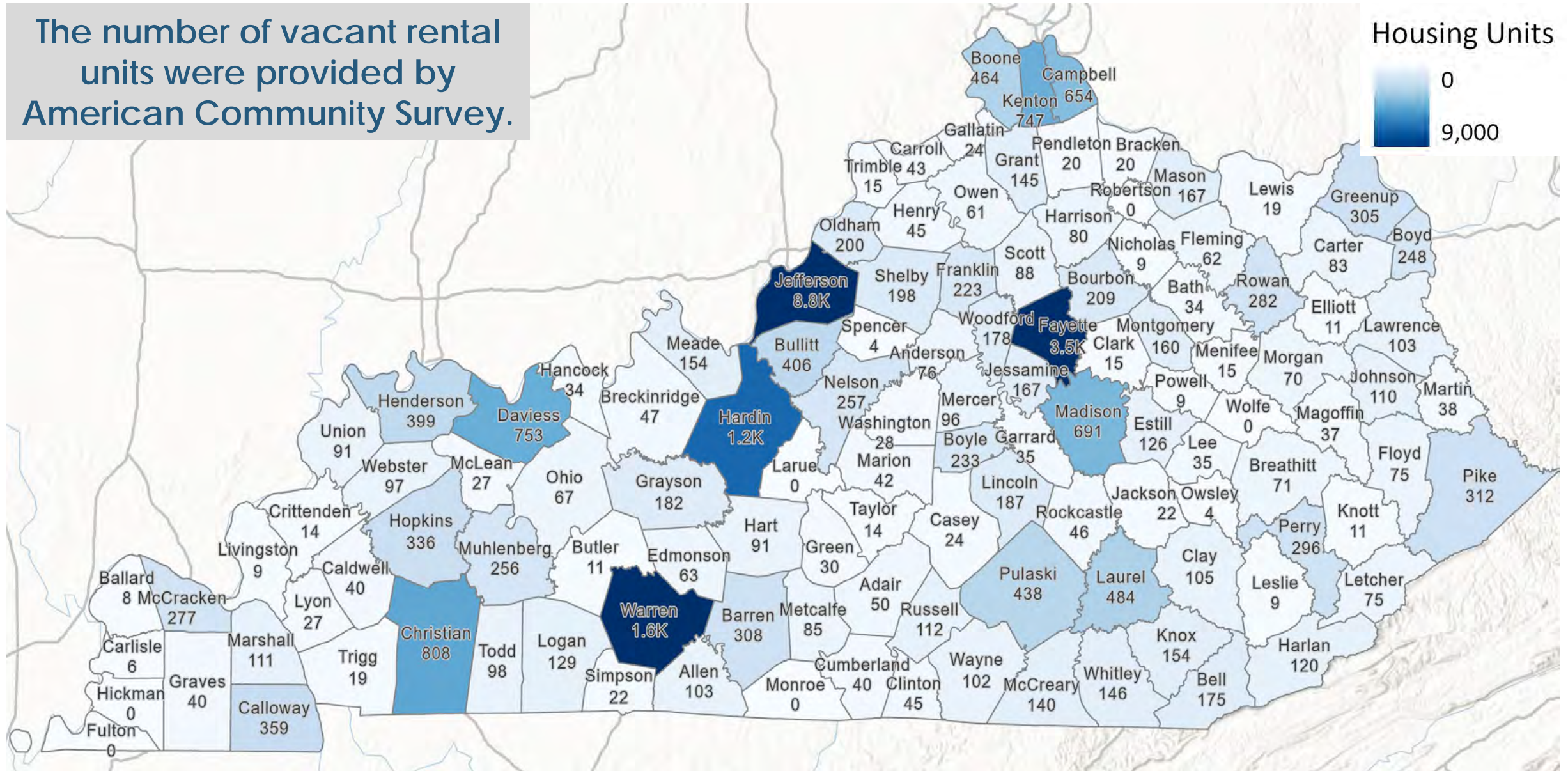
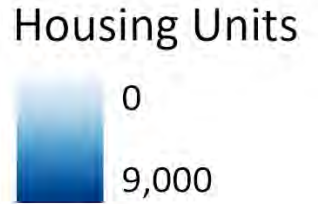






# Total Vacant Rental Housing Units (2024)

The number of vacant rental units were provided by American Community Survey.

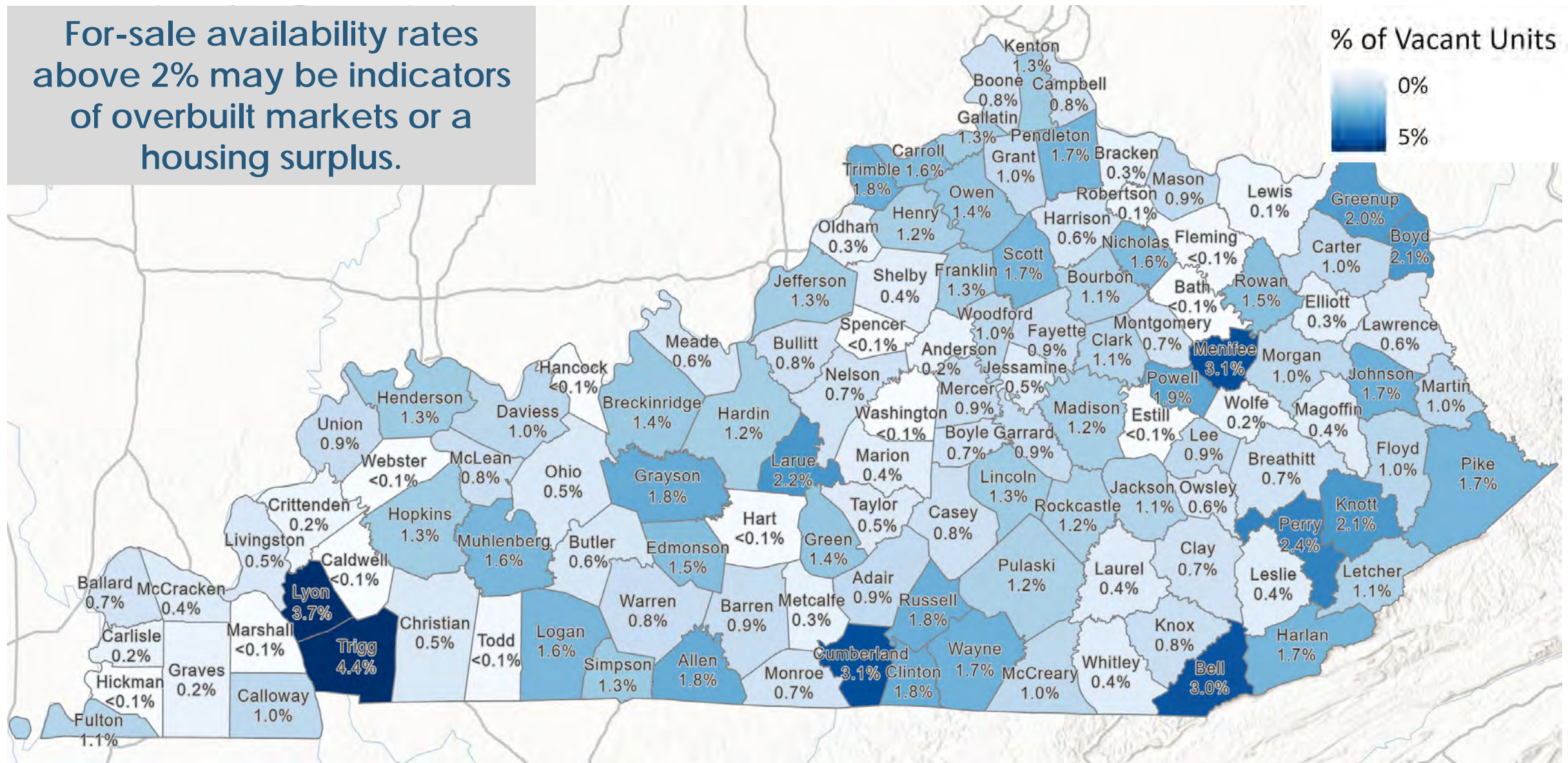






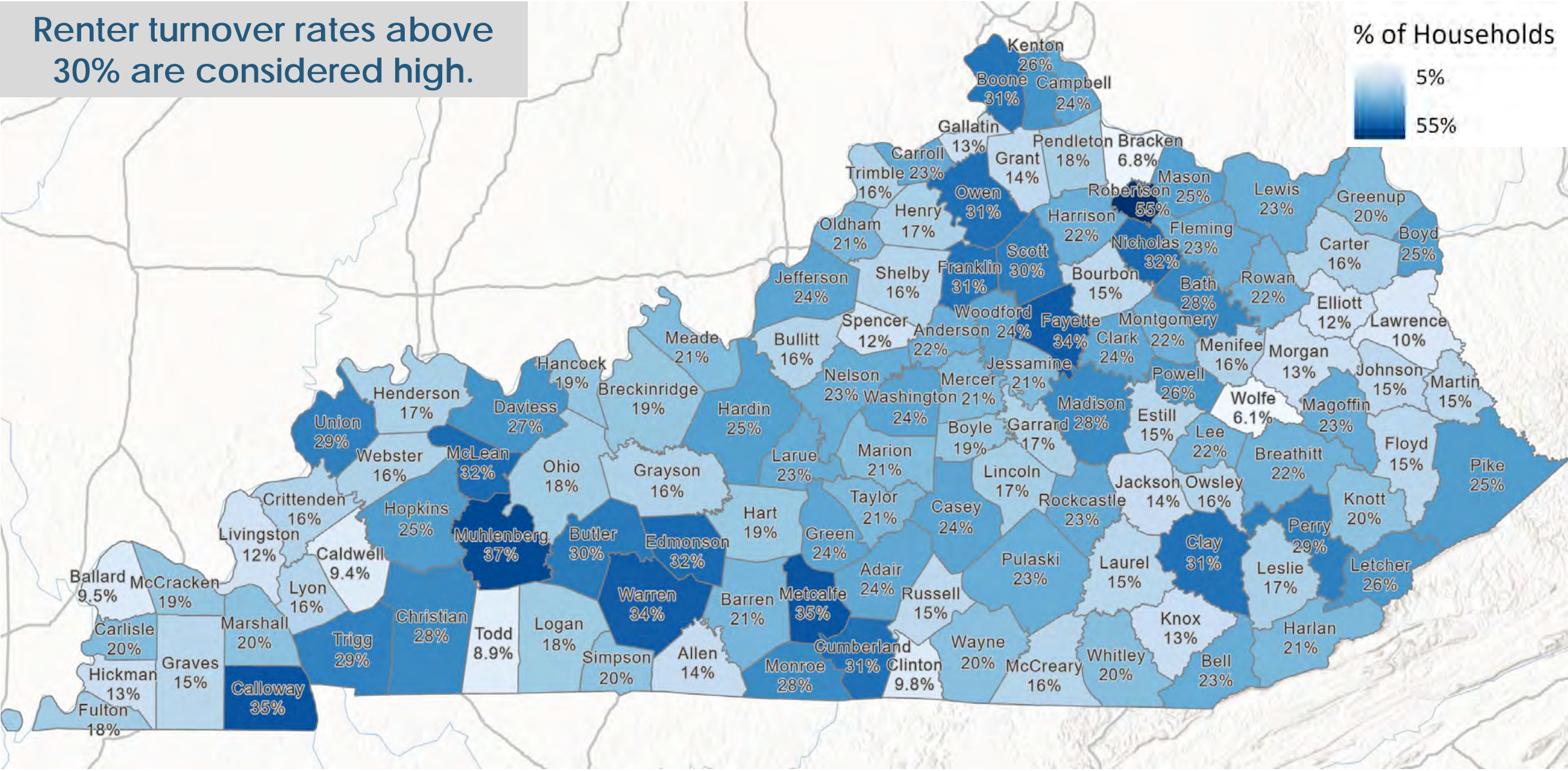
# Share of Available For-Sale Housing Units (2024)

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



# Renter Household Turnover Rate (2022)

Renter turnover rates above 30% are considered high.





# 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)
- Step-Down Support (People Spending Less on Housing than what they can Afford)

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

## Sources:

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

## Sample Calculations

		Adair County							Total	Source/Notes
		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+			
Vacant Units*	50	577	228	294	363	74	122	1,658	ESRI	
		29	11	15	18	4	6	-	Bowen	
		50	50	50	50	50	50	50	ACS	
		10%	10%	20%	20%	15%	25%	100%	ACS & Bowen	
		5	5	10	10	8	13	50	-	
		24	6	5	8	-4	-7	32	-	
Substandard Rate	2.6%	577	228	294	363	74	122	1,658	ESRI	
		3.9%	2.6%	2.0%	1.3%	0.0%	0.0%	-	ACS	
		23	6	6	5	0	0	40	-	
Total In-Commuter	2,362	185	73	94	116	24	39	531	Onthemap.com	
		20%	20%	20%	20%	20%	20%	-	Bowen National	
Renter Share	22.5%	37	15	19	23	5	8	107	-	
Renter In-Commuters	531	248	43	7	0	0	0	298	ACS	
Severe Cost Burden	18.0%	23.6%	23.6%	23.6%	23.6%	23.6%	23.6%	-	ACS	
		58	10	2	0	0	0	70	-	
Renter Turnover Rate	23.6%	142	37	32	36	1	1	249	-	
		0%	20%	20%	20%	20%	20%	-	Bowen/ACS	
		7	6	7	0	0	0	-	-	
		0	7	6	7	0	0	-	-	
		7	-1	1	-7	0	0	0	-	
		149	36	33	29	1	1	249	-	

Note: Housing gaps are estimates of significant needs and not reflective of development potential

# 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)**.

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

TBD – To be determined

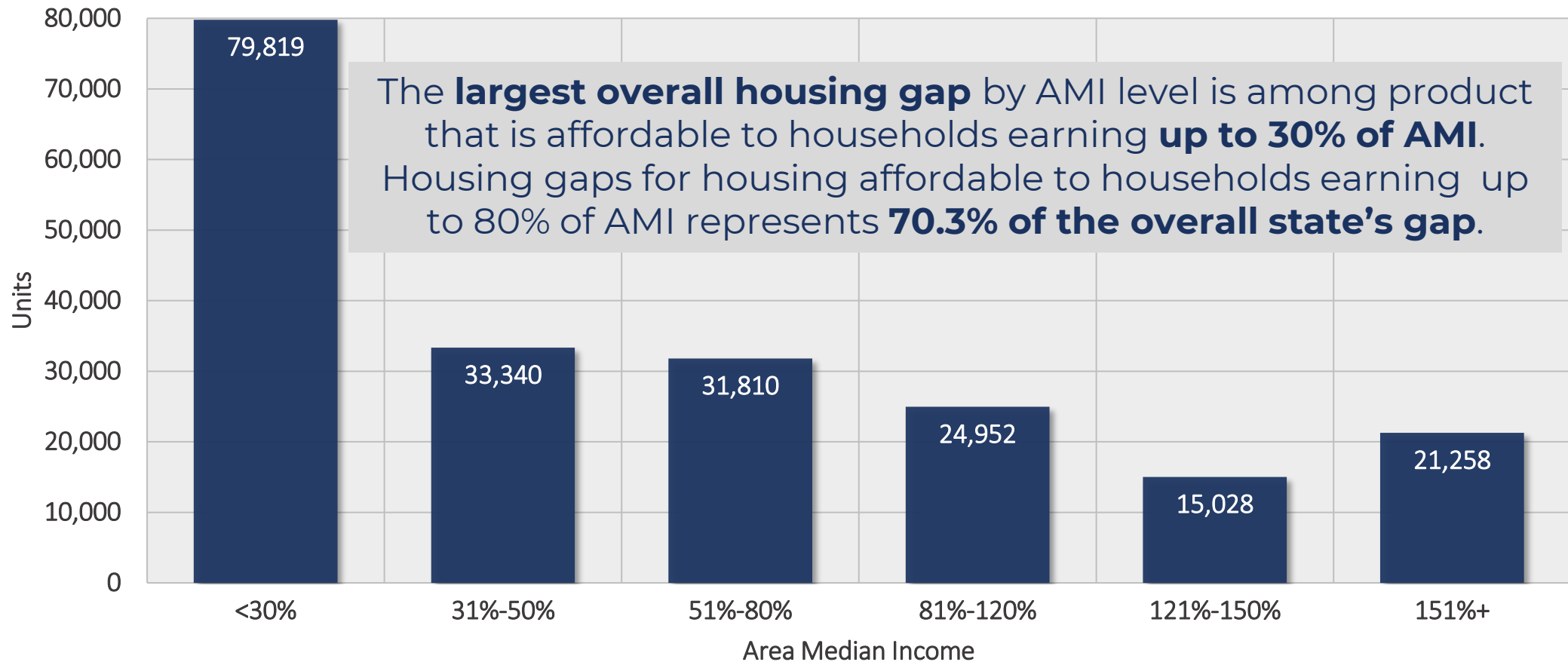
\*Housing that offers supportive services and typically includes project-based rental subsidies

^Shelter beds for the homeless population, victims of domestic violence, and others in need of immediate shelter

# Overall Housing Gaps by Area Median Income (2024)

Renter and Owner Combined

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



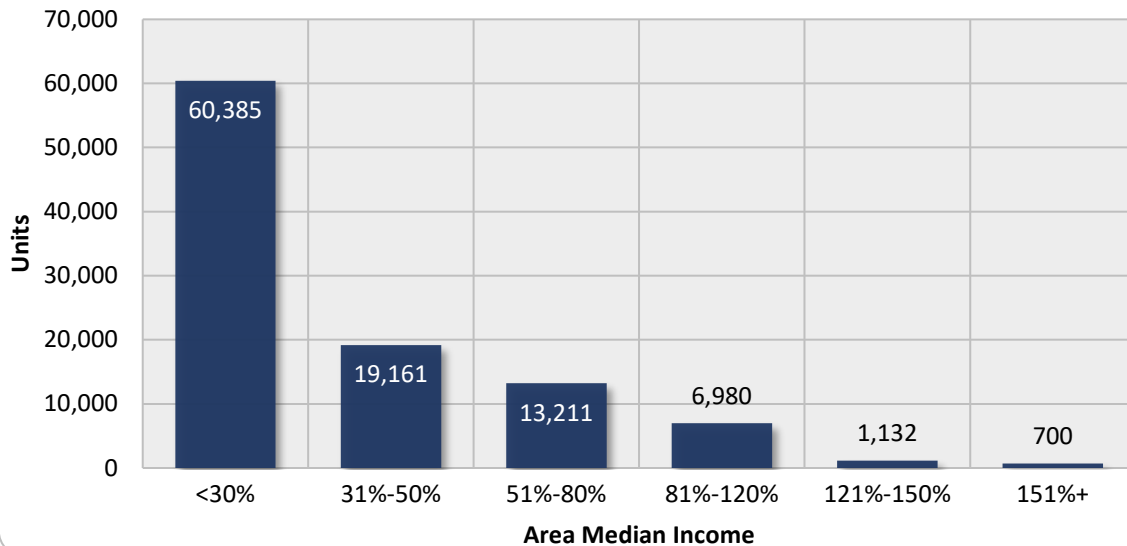
# Housing Gap by Area Median Income (2024)

## Renter & Owner Combined

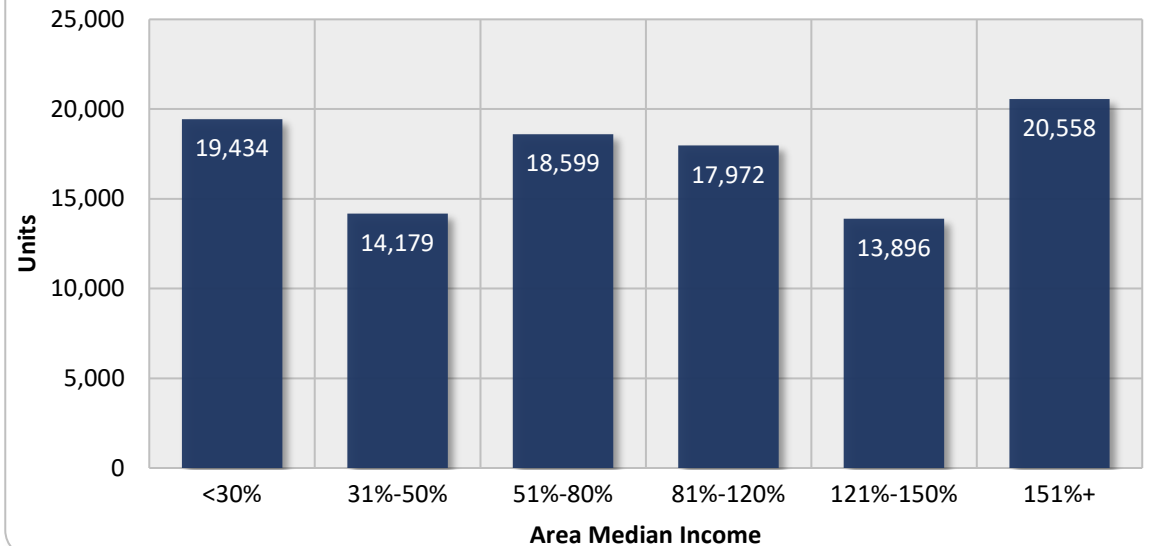
The greatest rental housing gap is for the most affordable product, units affordable to households earning at or below 30% of Area Median Income (AMI).

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

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



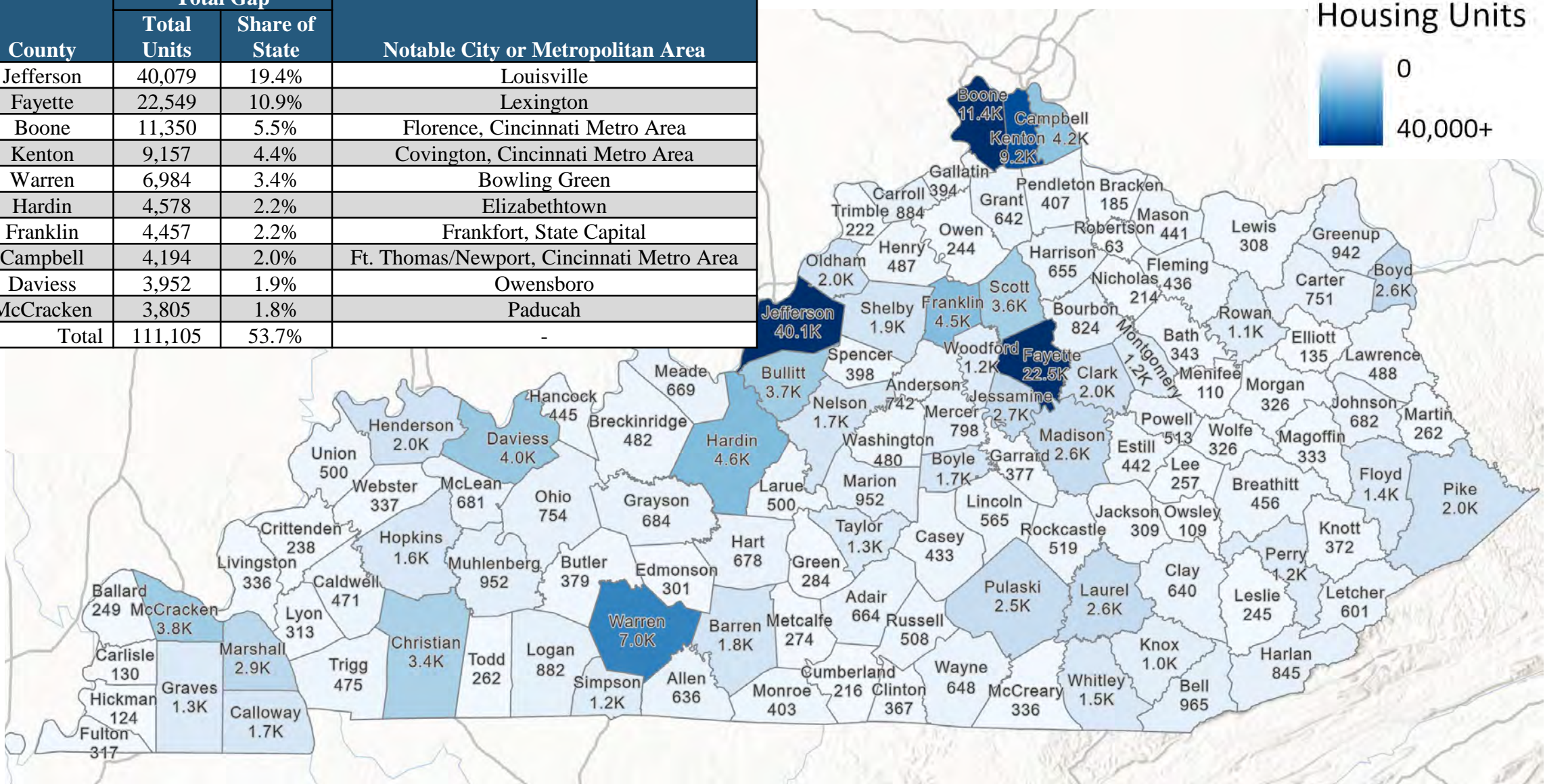
**Kentucky's For-Sale Housing Gaps by Area Median Income (2024)**



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

## Renter & Owner Combined

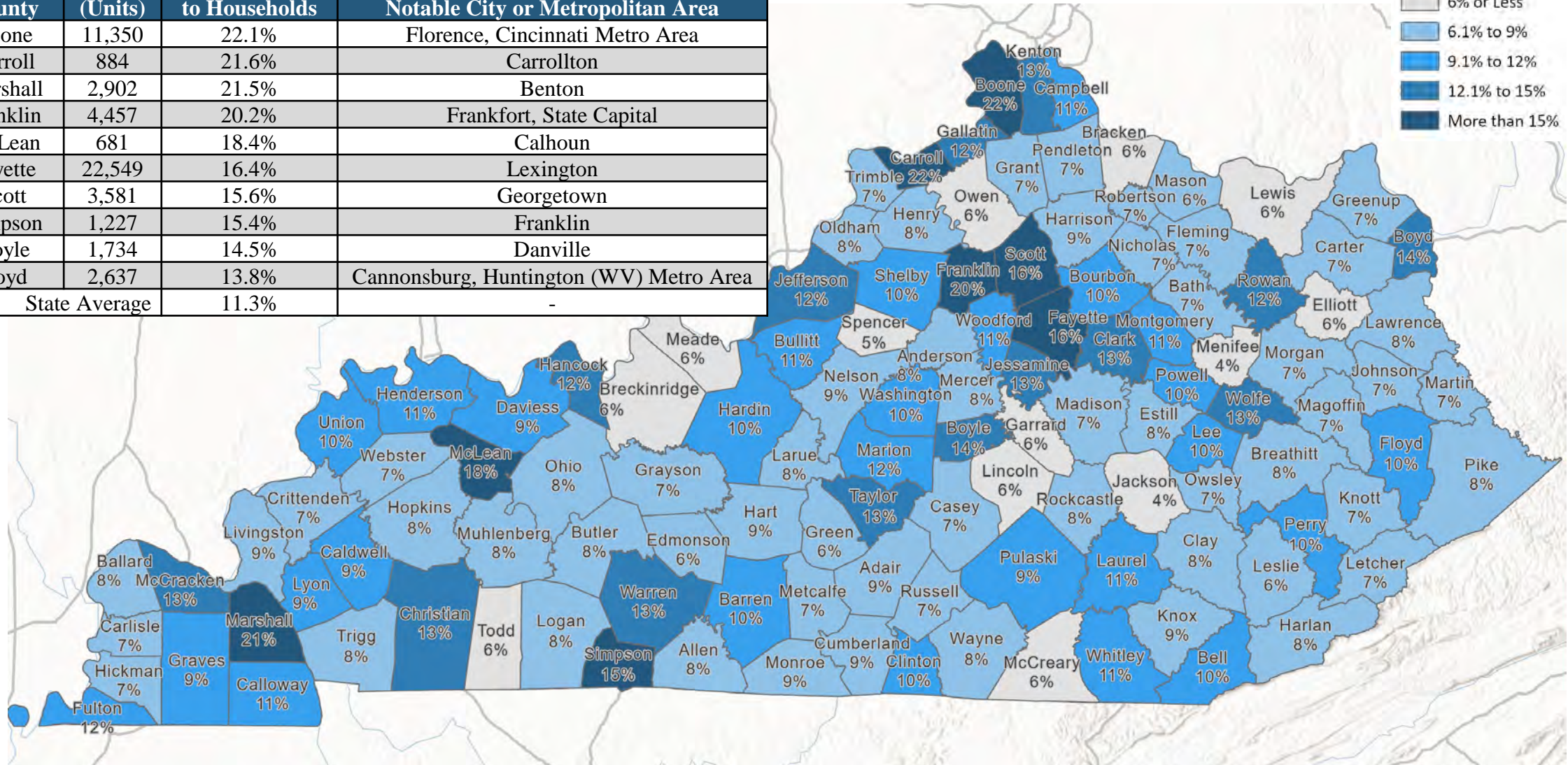
Rank	County	Total Gap		Notable City or Metropolitan Area
		Total Units	Share of State	
1	Jefferson	40,079	19.4%	Louisville
2	Fayette	22,549	10.9%	Lexington
3	Boone	11,350	5.5%	Florence, Cincinnati Metro Area
4	Kenton	9,157	4.4%	Covington, Cincinnati Metro Area
5	Warren	6,984	3.4%	Bowling Green
6	Hardin	4,578	2.2%	Elizabethtown
7	Franklin	4,457	2.2%	Frankfort, State Capital
8	Campbell	4,194	2.0%	Ft. Thomas/Newport, Cincinnati Metro Area
9	Daviess	3,952	1.9%	Owensboro
10	McCracken	3,805	1.8%	Paducah
Total		111,105	53.7%	-



# Overall Housing Gaps to Total Household Ratios (2024)

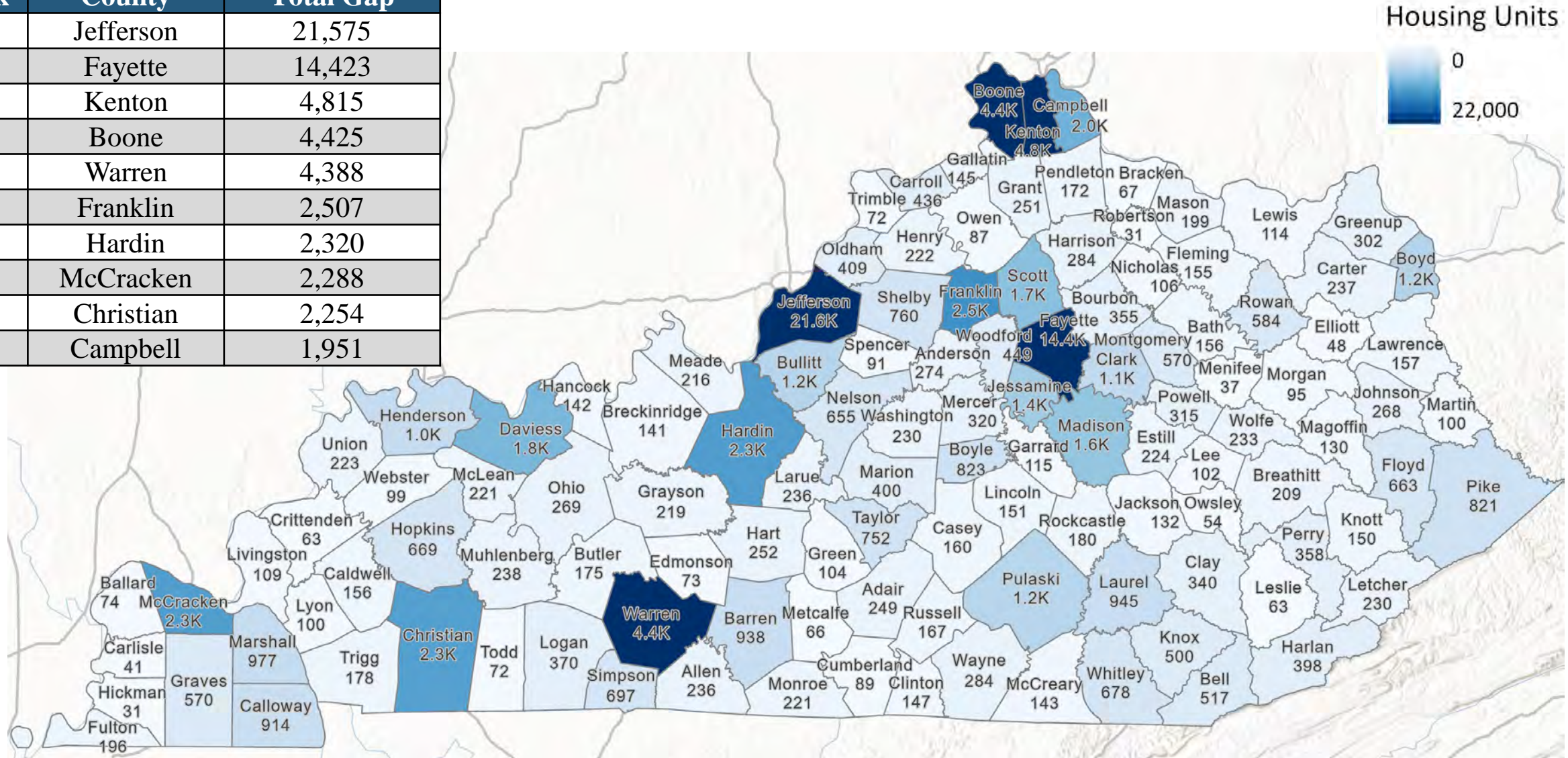
## Renter & Owner Combined

Rank	County	Overall Housing Gap		Notable City or Metropolitan Area
		Gap (Units)	Ratio of Gaps to Households	
1	Boone	11,350	22.1%	Florence, Cincinnati Metro Area
2	Carroll	884	21.6%	Carrollton
3	Marshall	2,902	21.5%	Benton
4	Franklin	4,457	20.2%	Frankfort, State Capital
5	McLean	681	18.4%	Calhoun
6	Fayette	22,549	16.4%	Lexington
7	Scott	3,581	15.6%	Georgetown
8	Simpson	1,227	15.4%	Franklin
9	Boyle	1,734	14.5%	Danville
10	Boyd	2,637	13.8%	Cannonsburg, Huntington (WV) Metro Area
State Average			11.3%	-



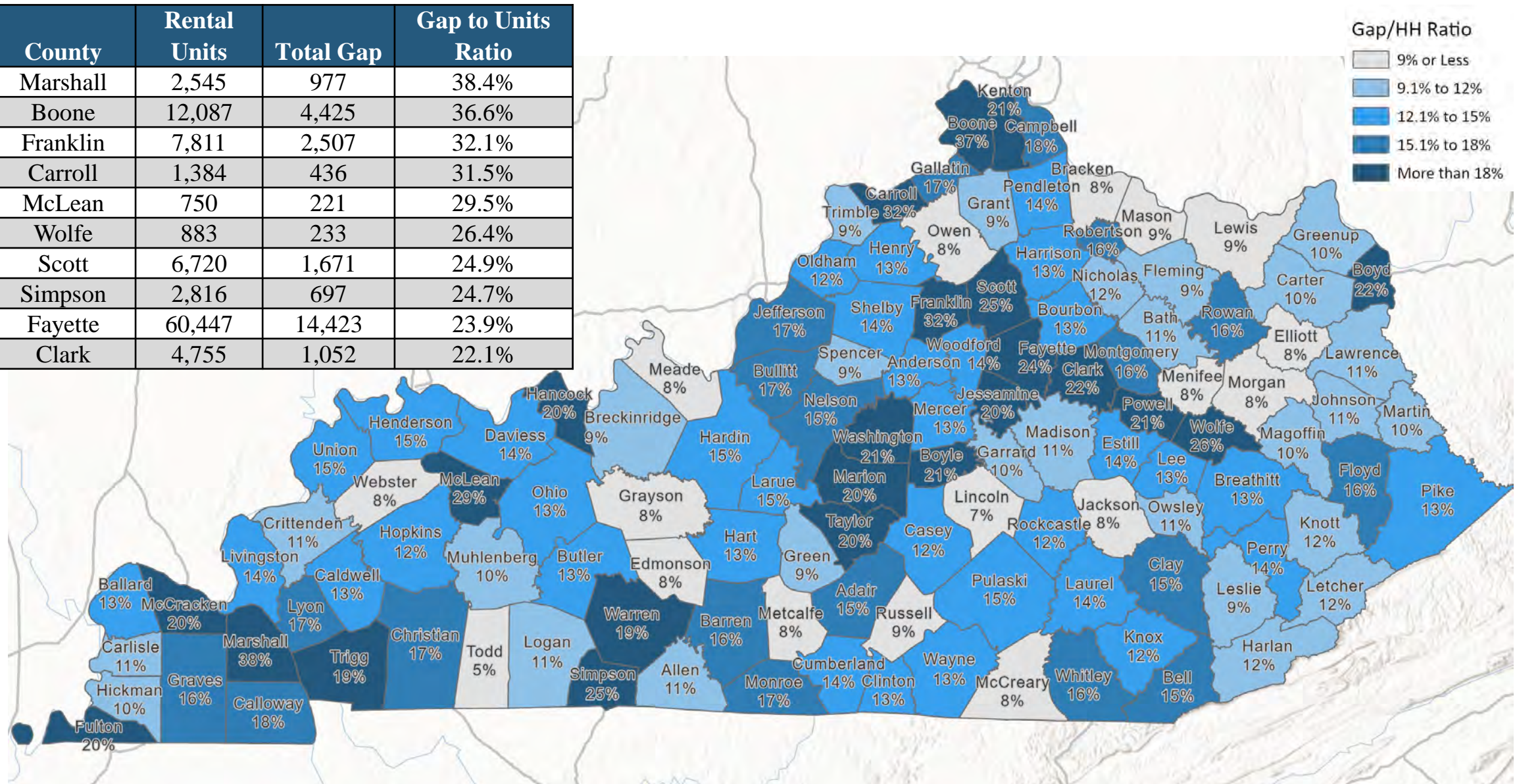
# Rental Housing Gaps (Number of Units) by County (2024)

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



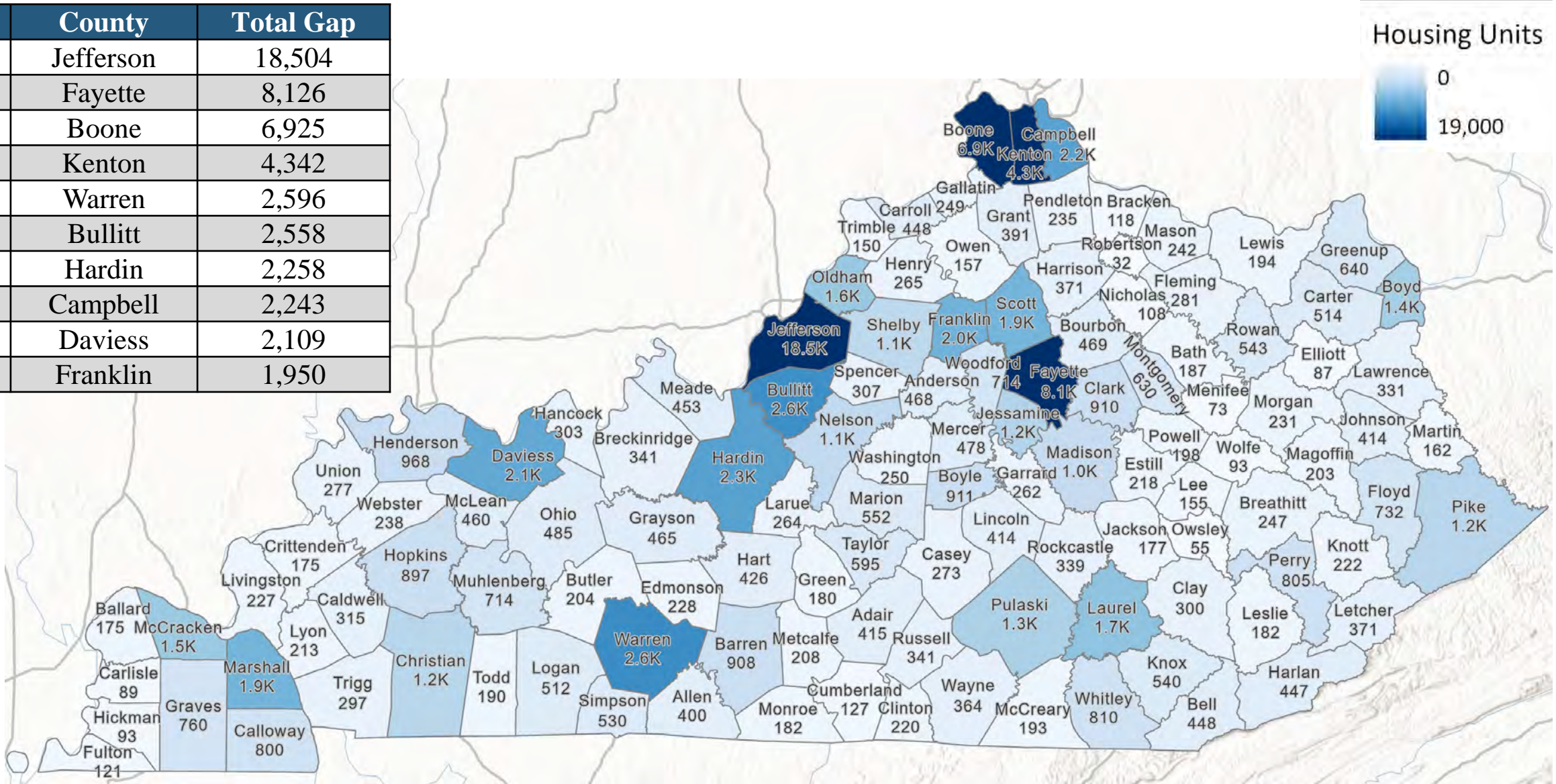
# Rental Housing Gaps to Renter Households Ratio (2024)

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%



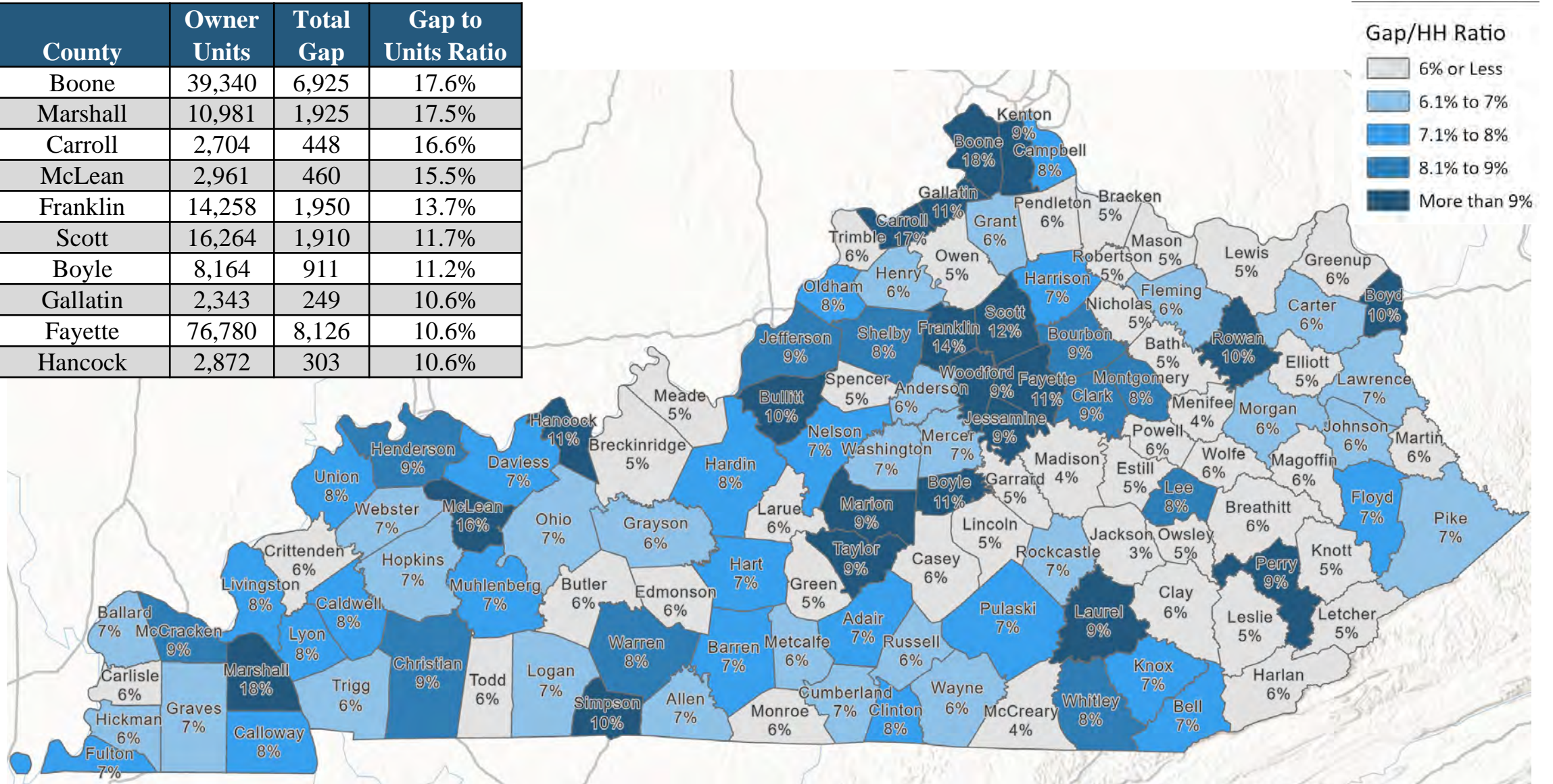
# For-Sale Housing Gaps (Number of Units) by County (2024)

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



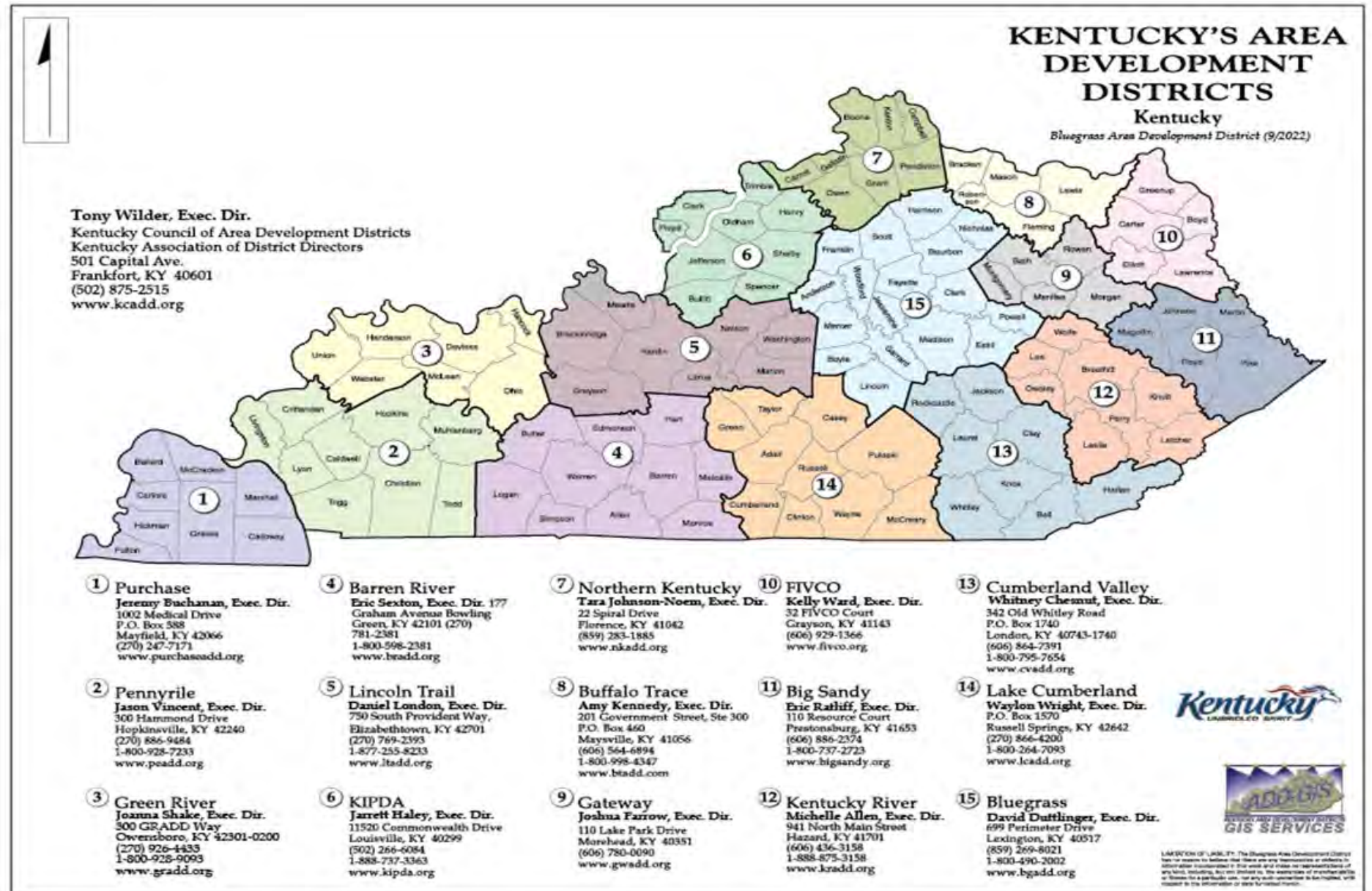
# For-Sale Housing Gap to Owner Households Ratio (2024)

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%



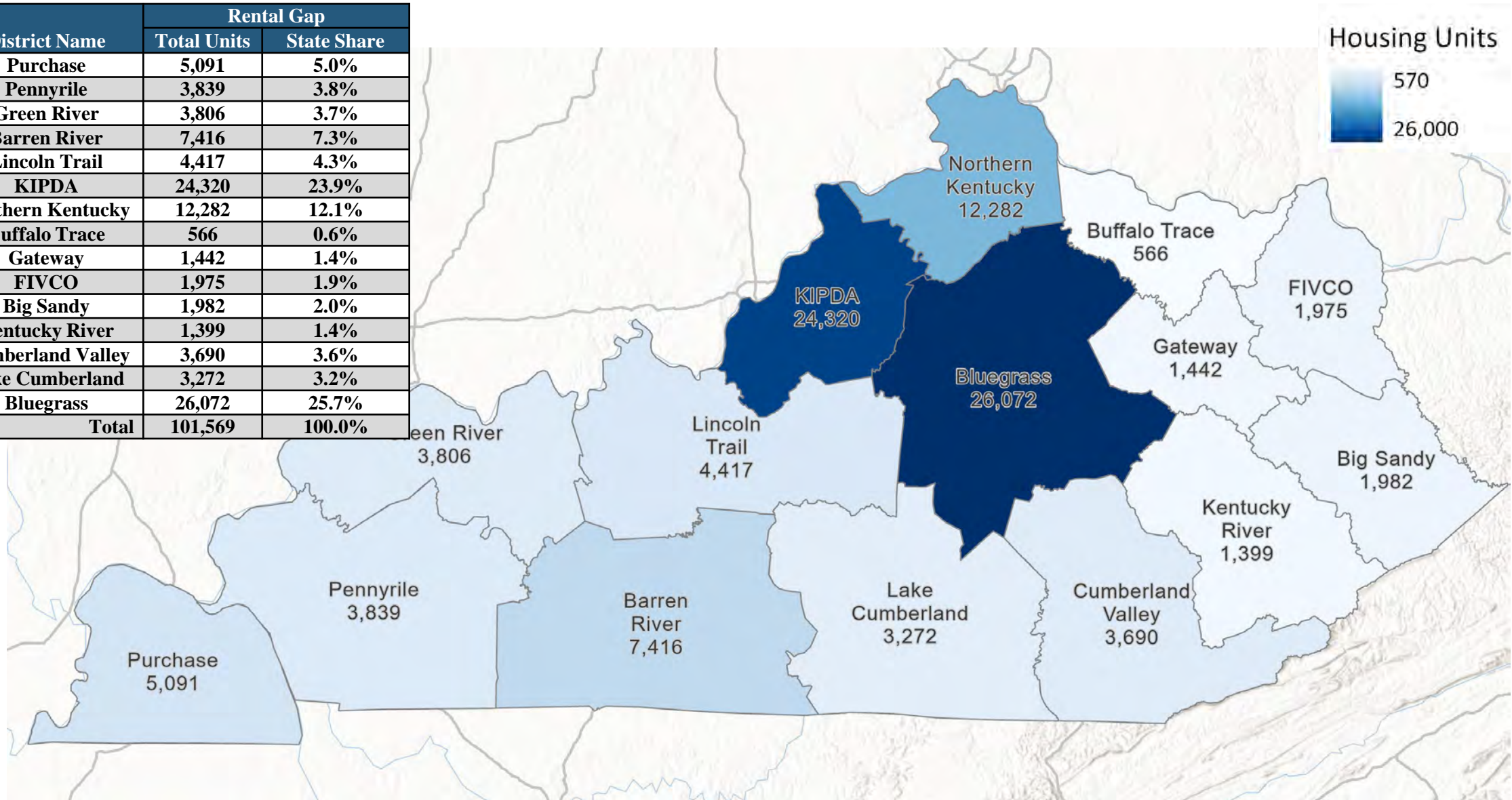
# Kentucky's Area Development Districts

Kentucky has 15 Area Development Districts (ADDs) that were used to illustrate regional housing characteristics and housing gaps.



# Rental Housing Gap by Area Development District (2024)

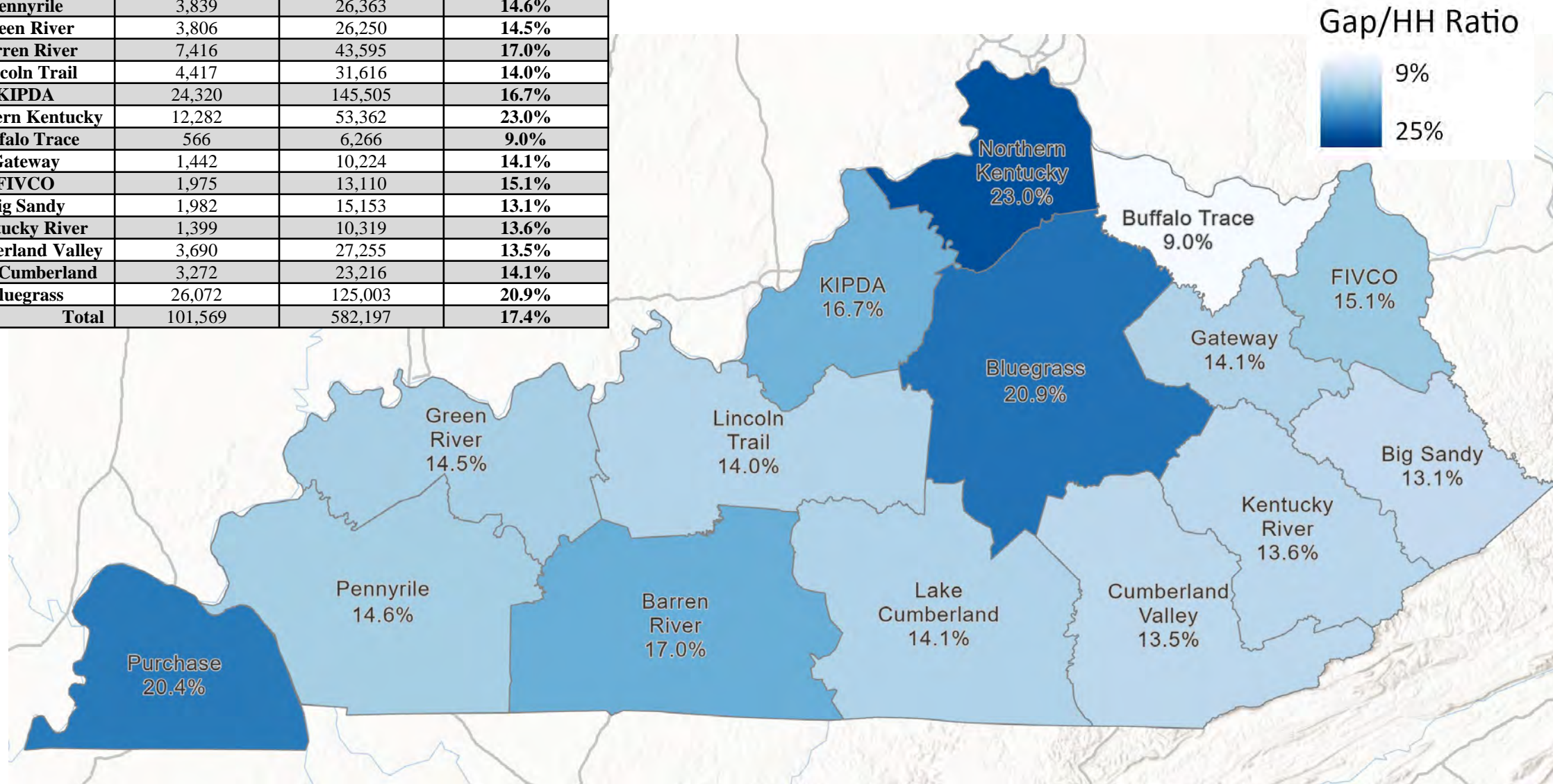
District Number	District Name	Rental Gap	
		Total Units	State Share
1	Purchase	5,091	5.0%
2	Pennyriple	3,839	3.8%
3	Green River	3,806	3.7%
4	Barren River	7,416	7.3%
5	Lincoln Trail	4,417	4.3%
6	KIPDA	24,320	23.9%
7	Northern Kentucky	12,282	12.1%
8	Buffalo Trace	566	0.6%
9	Gateway	1,442	1.4%
10	FIVCO	1,975	1.9%
11	Big Sandy	1,982	2.0%
12	Kentucky River	1,399	1.4%
13	Cumberland Valley	3,690	3.6%
14	Lake Cumberland	3,272	3.2%
15	Bluegrass	26,072	25.7%
<b>Total</b>		<b>101,569</b>	<b>100.0%</b>



# Rental Housing Gap to Renter Households Ratio (2024)

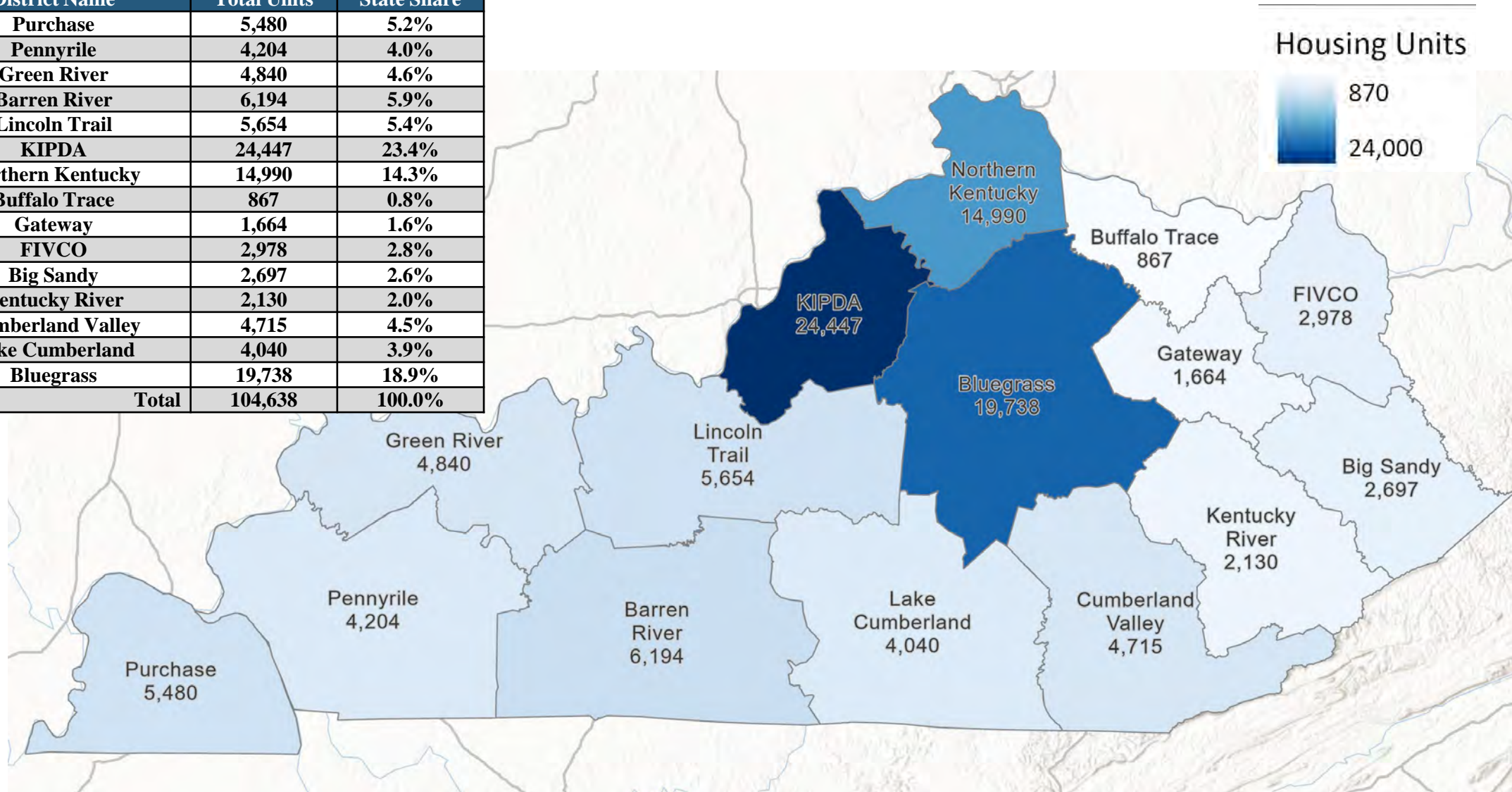
By Area Development District

District Number	District Name	Rental Housing Gap	Total Renter Households	Gap to Household Ratio
1	Purchase	5,091	24,960	20.4%
2	Pennyrile	3,839	26,363	14.6%
3	Green River	3,806	26,250	14.5%
4	Barren River	7,416	43,595	17.0%
5	Lincoln Trail	4,417	31,616	14.0%
6	KIPDA	24,320	145,505	16.7%
7	Northern Kentucky	12,282	53,362	23.0%
8	Buffalo Trace	566	6,266	9.0%
9	Gateway	1,442	10,224	14.1%
10	FIVCO	1,975	13,110	15.1%
11	Big Sandy	1,982	15,153	13.1%
12	Kentucky River	1,399	10,319	13.6%
13	Cumberland Valley	3,690	27,255	13.5%
14	Lake Cumberland	3,272	23,216	14.1%
15	Bluegrass	26,072	125,003	20.9%
<b>Total</b>		101,569	582,197	17.4%



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

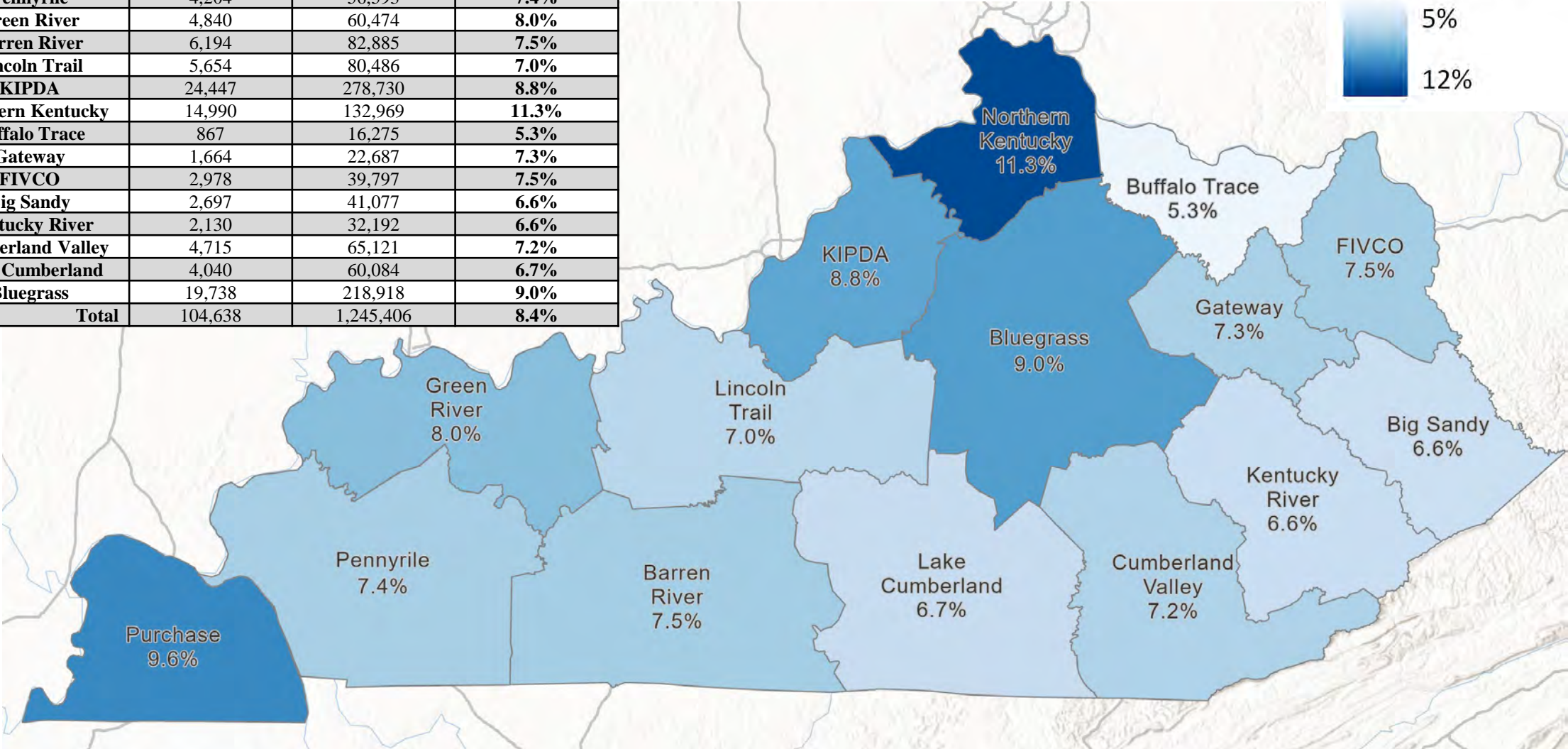
District Number	District Name	For-Sale Gap	
		Total Units	State Share
1	Purchase	5,480	5.2%
2	Pennyrile	4,204	4.0%
3	Green River	4,840	4.6%
4	Barren River	6,194	5.9%
5	Lincoln Trail	5,654	5.4%
6	KIPDA	24,447	23.4%
7	Northern Kentucky	14,990	14.3%
8	Buffalo Trace	867	0.8%
9	Gateway	1,664	1.6%
10	FIVCO	2,978	2.8%
11	Big Sandy	2,697	2.6%
12	Kentucky River	2,130	2.0%
13	Cumberland Valley	4,715	4.5%
14	Lake Cumberland	4,040	3.9%
15	Bluegrass	19,738	18.9%
<b>Total</b>		<b>104,638</b>	<b>100.0%</b>



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

By Area Development District

District Number	District Name	For-Sale Housing Gap	Total Owner Households	Gap to Household Ratio
1	Purchase	5,480	57,118	9.6%
2	Pennyrile	4,204	56,593	7.4%
3	Green River	4,840	60,474	8.0%
4	Barren River	6,194	82,885	7.5%
5	Lincoln Trail	5,654	80,486	7.0%
6	KIPDA	24,447	278,730	8.8%
7	Northern Kentucky	14,990	132,969	11.3%
8	Buffalo Trace	867	16,275	5.3%
9	Gateway	1,664	22,687	7.3%
10	FIVCO	2,978	39,797	7.5%
11	Big Sandy	2,697	41,077	6.6%
12	Kentucky River	2,130	32,192	6.6%
13	Cumberland Valley	4,715	65,121	7.2%
14	Lake Cumberland	4,040	60,084	6.7%
15	Bluegrass	19,738	218,918	9.0%
<b>Total</b>		104,638	1,245,406	8.4%



# CONTACTS



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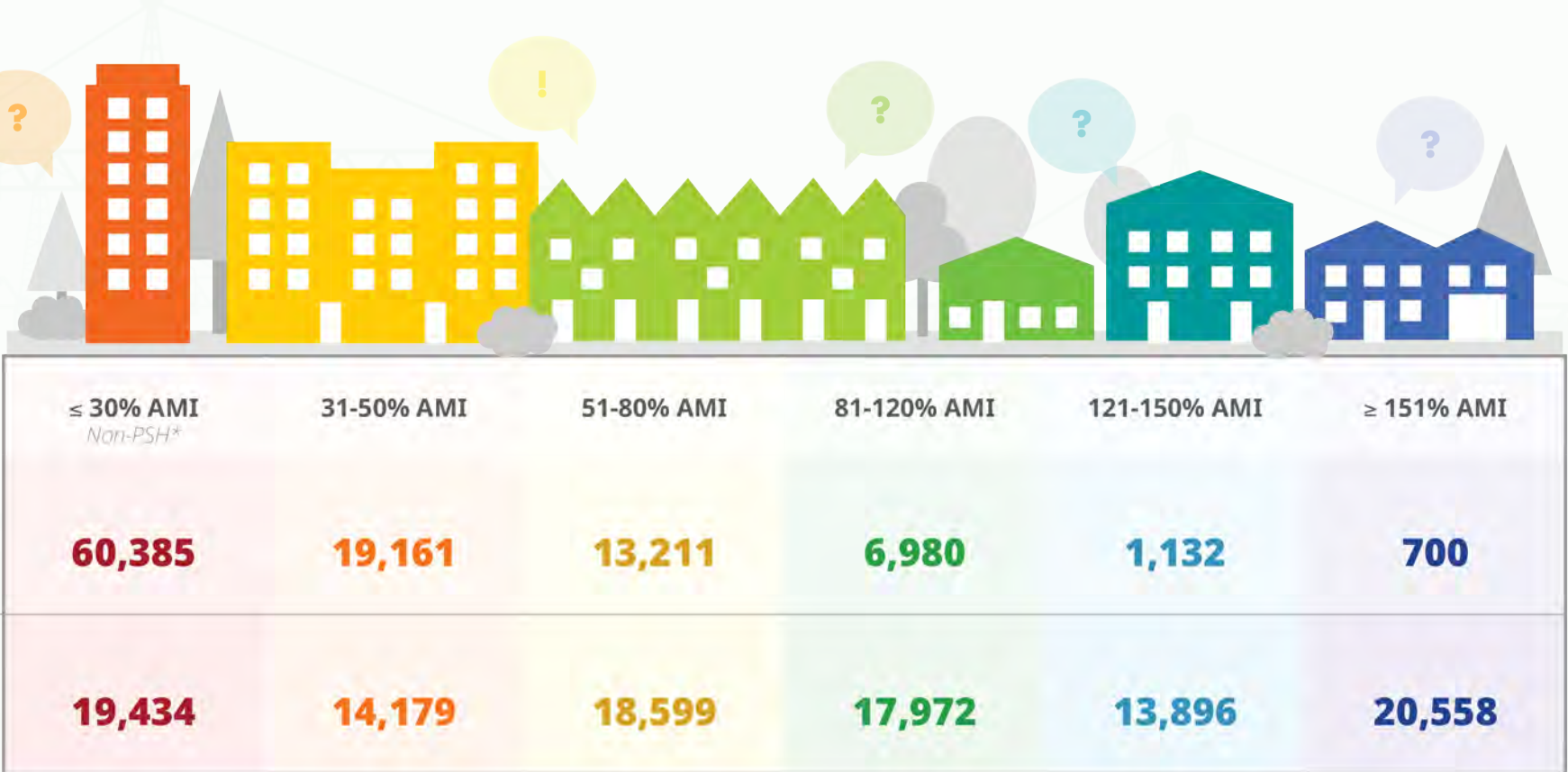


Kentucky Housing Corporation  
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Website: <https://www.kyhousing.org>

# 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.*

# In Closing: 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.**

## Next Steps

Use the online report, data & tools  
to support your work!

Visit the webpage: [kyhousingsupplygap.org](http://kyhousingsupplygap.org)

Communicate the URGENCY of addressing  
Kentucky's housing supply gap.

Sign up for additional webinars:

[kyhousing.org/Data-Library/Housing-Gap-Analysis/Pages/Subscribe.aspx](http://kyhousing.org/Data-Library/Housing-Gap-Analysis/Pages/Subscribe.aspx)

Visit the webpage: [kyhousingsupplygap.org](http://kyhousingsupplygap.org)



Quick Links ▾

Search KHC 's Website



# Kentucky Housing Supply Gap

Sign Up for More Info

Kentucky is lacking the following housing for its residents:



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

Annual Reports and Financial Statements

TARP - Hardest Hit Fund

Financial Information

K-Count Results

Program Overview for the Homeowner Assistance Fund

**Housing Gap Analysis**

Trending Topics

Data

Webinars

Media Kit

This page is currently under construction - we are working to get information and resources available as soon as possible. Please check back soon for more details about the analysis.

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