

Commonwealth of Kentucky

2025 ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING CHOICE

April 2025

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Introduction & Executive Summary of the Analysis

WHY THE AI WAS DEVELOPED

Kentucky Housing Corporation (KHC) and the Kentucky Department for Local Government (DLG) prepared this Analysis of Impediments to Fair Housing Choice (AI) to satisfy the requirements of the Housing and Community Development Act of 1974, as amended, which requires that any unit of government receiving funds through the U.S. Department of Housing and Urban Development (HUD) affirmatively further fair housing. The Commonwealth of Kentucky is an entitlement state and receives annual allocations through HUD's Community Development Block Grant (CDBG), received by DLG, and HOME Investment Partnerships (HOME) and Emergency Solutions Grant (ESG) programs, received by KHC.

On March 3, 2025, HUD published the Interim Final Rule (IFR) to issue new guidance on a HUD grantee's obligation to affirmatively further fair housing and to give "local communities maximum flexibility in designing and implementing sound policies responsive to unique local needs." This document was created to meet this guidance.

The AI analyzes the trends and conditions that identify the racially and ethnically concentrated areas of poverty (R/ECAP); the degree to which state policies, programs, and statutes have expanded or restricted housing choice for members of the protected classes; any impediments to fair housing choice based on the analyses conducted; and a series of recommended strategies that, if implemented, will work toward eliminating the impediments.

FEDERAL FAIR HOUSING LAWS

All municipalities in the United States, including the Commonwealth of Kentucky, are subject to the Fair Housing Act, administered and enforced by HUD, and other federal housing laws such as the Housing for Older Persons Act of 1995 (HOPA) and the Fair Housing Amendments Act (FHAA).

Fair Housing Act

In 1968, Congress passed the Civil Rights Act after years of advocacy in the United States against overt discrimination and segregation in the sale and rental of housing based on race, national origin, skin color, gender, and religion. The 1988 FHAA added additional protections for familial status (e.g., women who are pregnant or the presence of children under 18 years of age) and disability.

The Fair Housing Act applies to almost any person or group involved with housing in the United States including landlords, realtors, homeowners' associations (HOAs), mortgage lenders, and homeowners' insurance companies. Under the Fair Housing Act, it is illegal to discriminate on the basis of race, religion, color, sex, national origin, familial status, or disability. The following

are examples of actions that are violations of the Fair Housing Act when made on the basis of protected class:

- Refusing to rent or sell housing.
- Refusing to negotiate for housing.
- Otherwise making housing unavailable.
- Setting different terms, conditions, or privileges for the sale or rental of a dwelling.
- Providing a person with different housing services or facilities.
- Falsely denying that housing is available for inspection, sale, or rental.
- Making, printing, or publishing any notice, statement, or advertisement with respect to the sale or rental of a dwelling that indicates any preference, limitation, or discrimination.
- Imposing different sales prices or rental charges for the sale or rental of a dwelling.
- Using different qualification criteria (such as different procedures, documents, or information) for rental standards, applications, income standards, application requirements, application fees, credit analyses, sale approval, or rental approval.
- Evicting a tenant or a tenant's guest.
- Harassing a person.
- Failing or delaying performance or maintenance or repairs.
- Limiting privileges, services, or facilities of a dwelling.
- Discouraging the purchase or rental of a dwelling.
- Assigning a person to a particular building, neighborhood, or section of a building or neighborhood.
- For profit, persuading or trying to persuade homeowners to sell their homes by suggesting that people of a particular protected characteristic are about to move into the neighborhood. (This is referred to as "blockbusting.")
- Refusing to provide or offering different terms or conditions of homeowner's insurance because of the race, color, religion, sex, disability, familial status, or national origin of the owner and/or occupants of a dwelling.
- Denying access to or membership in any multiple listing service or real estate brokers' organization.
- Refusing to make a mortgage loan or provide other financial assistance for a dwelling.
- Refusing to provide information regarding loans.
- Imposing different terms or conditions on a loan, such as different interest rates, points, or fees.
- Offering different appraisal outcomes based on a protected class.
- Conditioning the availability of a loan on a person's response to harassment.

- Refusing to purchase a loan.

Under the Fair Housing Act, it is also illegal to threaten, coerce, intimidate, or interfere with anyone exercising a fair housing right or assisting others who exercise the right or retaliate against a person who has filed a fair housing complaint or assisted in a fair housing investigation.

Certain types of housing are exempt from federal fair housing laws, such as owner-occupied buildings with four or fewer units, single-family homes sold or rented by the owner without an agent, and housing operated by religious organizations or private clubs that are limited to members.

Some examples of housing practices that violate the Fair Housing Act include the following:

- The manager of an apartment complex restricts families with children to only one section of the building.
- A landlord offers a discount on application fees to applicants who attended a specific high school.
- A realtor lies about a home having a pending offer when showing it to a couple who do not speak English proficiently.
- An apartment manager runs a credit check on applicants under 30 years old but not on older applicants.

Housing for Seniors

The 1995 HOPA created an exception to Title VIII of the Fair Housing Act to allow for housing developments for seniors (referred to as “older persons” in the law). HOPA offers exceptions to discrimination based on family status for housing specifically designed for elderly individuals. To qualify for this exception, the housing must meet certain criteria and comply with all HOPA exemption requirements. The housing may be provided under a state or federal program designed to assist elderly persons or intended for and solely occupied by those at least 62 years old. Alternatively, the housing may be intended and operated for occupancy by those who are at least 55 years old, with at least 80 percent of the units having at least one occupant verified to be 55 years of age or older.

All other Fair Housing Act protections apply to housing for seniors including the prohibition of discrimination on the basis of race, color, religion, sex, disability, or national origin.

Fair Housing Amendments Act

The FHAA, signed in 1988, amended the Fair Housing Act to include persons with disabilities as a protected class and added additional regulations for policy accommodations and building modifications.

Under the FHAA, a person with a disability includes individuals with a physical or mental impairment that substantially limits one or more major life activities, individuals who are regarded as having such an impairment, and individuals with a record of such an impairment. “Major life activities” include walking, seeing, caring for oneself, hearing, speaking, breathing, learning, and working. Disabilities may also include mental or emotional illness, difficulties associated with aging, HIV/AIDS, and recovering from alcohol or drug addiction (completing a treatment program).

If a person requires the use of a walker, a wheelchair, a personal-care attendant, or a service animal to live in and enjoy housing in a way that is equivalent to a person without a disability, they are protected from housing discrimination.

An “accommodation” is a change in any rule, policy, procedure, or service needed for a person with a disability to have equal access to and enjoyment of their home. For example, allowing a service animal despite a “no pets” policy, or allowing a tenant to mail in a rent check when others must physically deliver checks to a drop box.

A “modification” is a structural change made to the existing premises occupied or to be occupied by a person with a disability to afford such person full enjoyment of the premises. A ramp installed into the front entrance of a house where there are only stairs, changing doorknobs to levers for someone with a mobility disability, or allowing a tenant with hearing impairment to install visual doorbells are all examples of reasonable modifications.

Like other housing discrimination laws, protections for people with disabilities apply to rental and owner-occupied housing, government zoning and other land-use planning, and HOAs.

COMMONWEALTH OF KENTUCKY FAIR HOUSING LAWS

The Commonwealth of Kentucky enforces the tenets of the Fair Housing Act. The Kentucky General Assembly broadened the law to prohibit discrimination in housing on the basis of disability, gender, and familial status. Several municipalities have further expanded fair housing protections on the basis of sexual orientation. Those cities include Covington, Danville, Frankfort, Lexington, Louisville, Morehead, and Vicco.

PARTICIPANTS

As the lead agencies in the preparation of the AI, KHC and DLG were committed to an extensive outreach process to solicit input from residents and stakeholders. Outreach initiatives included remote stakeholder meetings and an online survey. Virtual stakeholder meetings were held on the following dates:

- Kentucky Fair Housing Council: September 24, 2024
- Kentucky Commission on Human Rights: October 8, 2024
- Kentucky Disability Rights Advocates: October 18, 2024

The Citizen Participation Appendix describes all of the extensive outreach activities and provides lists of all organization attendees and summaries of all meetings held in conjunction with the outreach conducted for both the FY 2025-2029 Consolidated Plan and the AI.

ONLINE SURVEY

As part of the public outreach and engagement for the development of the Consolidated Plan, a survey was developed in Survey Monkey. These online web-based surveys sought to gather additional input from stakeholders and community participants for the purpose of identifying priority needs in the 2025-2029 Consolidated Plan and served as an opportunity for respondents to provide feedback on existing community conditions throughout the Commonwealth of Kentucky. The survey asked respondents to identify, rank, and provide commentary on community needs, including issues related to fair housing. 184 stakeholders responded to the survey. The following is a summary of the fair housing survey responses.

STAKEHOLDER SURVEY RESPONSES – FAIR HOUSING

Agency Capacity Regarding Fair Housing

Overall, organizations responding to the survey indicated a high level of understanding regarding the steps to request reasonable accommodations and file a fair housing complaint. Organizations indicated that the best way to increase fair housing is to increase both the number of affordable units and fair housing education within the community.

- **Fair Housing Training (n=136)**
  - 65 percent of organizations have participated in fair housing training in the last three years.
  - 11 percent of organizations have not participated in fair housing training in the last three years.
- **Knowledge of Fair Housing Protections (n=136)**
  - 53 percent of organizations indicated that they were “very well informed” regarding Fair Housing Act protections.
  - 32 percent of organizations indicated that they were “somewhat informed” regarding Fair Housing Act protections.
  - 13 percent of organizations indicated that they were “a little informed” regarding Fair Housing Act protections.
  - Three percent of organizations indicated that they were “not at all informed” regarding Fair Housing Act protections.
- **Requesting Reasonable Accommodations (n=134)**
  - 73 percent of organizations indicated that they know how to request a reasonable accommodation for housing.
  - 27 percent of organizations indicated that they do not know how to request a reasonable accommodation for housing.

- **Filing a Fair Housing Complaint (n=135)**
  - 71 percent of organizations indicated that they know how to file a fair housing complaint.
  - 29 percent of organizations indicated that they do not know how to file a fair housing complaint.
- **Strategies Currently Used to Educate the Community on Fair Housing (top five answers) (n=129)**
  - Posting physical copies of materials (57 percent selected).
  - Providing information at time of housing transaction (55 percent selected).
  - Publishing information on the organization's website (30 percent selected).
  - My organization does not conduct outreach on fair housing (22 percent selected)
  - Broadcasting messages to the public (12 percent selected)
- **Fair Housing Activities Organizations Would Like to See More Of (top five answers) (n=130)**
  - Increases in the number of two- and three- bedroom affordable housing units for families with children (70 percent selected).
  - Fair housing education and resources for the public (60 percent selected).
  - Help for people with disabilities to access reasonable accommodations (changes to the rules or policies to allow people with disabilities to live or stay in housing, including service and support animals) (52 percent selected).
  - Fair housing training for program staff or specific groups such as tenants or landlords (50 percent selected).
  - Coordinated reentry services (49 percent selected).

Observed Discrimination / Fair Housing Issues

Stakeholders indicate that individuals with a criminal history, although not a protected class, are the most observed discriminated class, and this status is a barrier to renting housing. Stakeholders emphasize cost as the primary barrier to renting housing. Of note, 75 percent of survey respondents agreed or strongly agreed with the statement that infrastructure contributes to segregation in the community.

- **Protected Classes Facing Discrimination (top three answer choices) (n=133)**
  - Race/ethnicity (59 percent selected)
  - Disability (53 percent selected)
  - Sexual orientation (41 percent selected)

Note: *Criminal history and source of income, although not protected classes under the Fair Housing Act, were identified as potential barriers to fair housing.*

- **Challenges Faced Renting Housing (top five answer choices) (n=133)**
  - Cost of rent (90 percent selected)
  - Cost of a deposit (81 percent selected)
  - Access to housing because of criminal history (77 percent selected)
  - Credit and background screening (68 percent selected)
  - Access to accessible housing (54 percent selected)

- **Infrastructure Contributes to Segregation in the Community (n=135)**
  - Strongly agree (39 percent selected)
  - Agree (36 percent selected)
  - Neither agree nor disagree (18 percent selected)
  - Disagree (7 percent selected)
  - Strongly disagree (0 percent selected)

Assessment of Residents' Knowledge of Fair Housing

In contrast to the fair housing knowledge demonstrated in stakeholders' assessment of their own organizations, stakeholders believed that residents are not aware / would not report a fair housing violation. This indicates a need for more awareness and outreach to the community.

- **Residents are Generally Aware of How to Report a Fair Housing Violation (n=135)**
  - Disagree (32 percent selected)
  - Neither agree nor disagree (27 percent selected)
  - Agree (24 percent selected)
  - Strongly agree (11 percent selected)
  - Strongly disagree (5 percent selected)
- **Residents are Likely to Report a Fair Housing Violation (n=134)**
  - Disagree (31 percent selected)
  - Neither agree nor disagree (28 percent selected)
  - Agree (24 percent selected)
  - Strongly disagree (10 percent selected)
  - Strongly agree (7 percent selected)

METHODOLOGY USED

A comprehensive approach was used to complete the AI. The following sources were utilized:

- Most recently available demographic data regarding population, household, housing, income, and employment at the census tract and state levels.
- A variety of online databases provide indicators that reflect local issues, which are based on research that validates the connections between the indicators and increased opportunity in Kentucky.
- Public policies, codes, and statutes affecting the siting and development of housing.
- Administrative policies concerning fair housing, affordable housing, and community development.
- Financial lending institution data from the Home Mortgage Disclosure Act (HMDA) database.
- Data from agencies that provide housing and housing-related services to members of the protected classes.
- Fair housing complaints filed with HUD and the Kentucky Commission on Human Rights.

- Interviews and stakeholder meetings conducted with state agencies and non-governmental organizations that provide housing and housing-related services to members of the protected classes.

HOW AI WAS FUNDED

The AI was funded by the Commonwealth of Kentucky.

PROGRESS ACHIEVED SINCE PREVIOUS AI

Kentucky's last AI was completed in 2020 and identified a total of 17 impediments to fair housing choice across six categories. Each impediment and associated recommendation from the 2020 AI are listed below, along with a brief summary of the progress the state has made. Progress achieved since the 2020 AI was provided by KHC and DLG.

Table 1a: Progress Made Since Last AI: Recommendations for Actions by KHC

Recommendation	Progress Made
Fair Housing Education and Outreach	
Continue to financially and administratively support bilingual housing counseling and education efforts.	KHC has provided financial and administrative support to bilingual housing counseling and education to the populations KHC serves, including REACH, Inc. (statewide), Brighton Center (northern Kentucky), Kentucky Refugees Ministries (statewide), Louisville Urban League (Jefferson County), Housing Partnership Inc. (Jefferson County), and other similar organizations throughout the Commonwealth that can service limited-English proficiency (LEP) clients. Beyond that, all counseling agencies must have a Language Access Plan to address how they will provide services to LEP clients.
Continue to promote and market the "Simply Homes" exhibit to municipalities and institutions across Kentucky as a vehicle for fair housing education and outreach.	The "Simply Homes" exhibit was halted in part due to COVID-19 and the related restrictions and in part to the subsequent lack of interest in the project.
Continue to collaborate with the Kentucky Commission on Human Rights and Lexington Fair Housing Council, Inc., to expand education and	KHC has maintained a strong working relationship with the Kentucky Fair Housing Council, the Kentucky Commission on Human Rights, and similar agencies and organizations that handle fair housing matters. KHC uses these relationships as a referral network when it receives fair housing complaints. It has

Recommendation	Progress Made
outreach efforts and to identify gaps in need of additional efforts.	also collaborated with these groups on how to address fair housing issues when they arise.
Continue the marketing, outreach, and engagement activities with multicultural populations across Kentucky via the Multicultural Customer Service and Outreach Coordinator.	Multicultural Customer Service and Outreach Coordinator is no longer a position at KHC and was incorporated into single family lending through the Mortgage Production Administrators. One focus of this position is to work with lenders and real estate agents who have minority and limited-English-speaking clients. KHC continues to support bilingual Housing Counseling programs, allowing for enhanced outreach efforts to multicultural groups throughout Kentucky.
Expansion and Preservation of Affordable Housing in a Variety of Locations	
Continue to allocate Low-Income Housing Tax Credit (LIHTC) funding to projects that prioritize higher opportunity areas and avoid concentrations of affordable housing.	From 2019-2024, KHC administered LIHTC funds to construct or rehabilitate approximately 76 rental housing developments or single rental units (see Low Income Housing Tax Credit and Qualified Allocation Plan section of this document). Preference for LIHTC assistance is given to high opportunity areas showing strong-performing schools and high job growth. • KHC's planning documents have addressed this issue in detail: – KHC's Qualified Allocation Plan (QAP) gives preference to projects that contribute to a concerted community revitalization plan. It also includes significant developer incentives to expand housing choice in higher opportunity areas, including areas where high job growth is anticipated and areas that score well on the Enterprise Opportunity 360 Report in the areas of Housing Stability, Education, and Economic Security. – KHC's Multifamily Guidelines require that urban projects proposing to create new units in a qualified census tract must submit a copy of the local jurisdiction's overall plan for revitalization, community development, and/or economic development that meet certain criteria. To continue to discourage high concentrations of affordable housing, the QAP deducts points for new-build projects that are located within a half-mile (for urban projects) and three miles (for rural projects) of another tax credit project that has been

Recommendation	Progress Made
	approved in the previous two years, and which targets the same tenants as the other project.
Continue the Down Payment Closing Cost Assistance Program and the Homebuyer Loan Program for income-eligible homebuyers. Evaluate a preference for low- and moderate-income homeowners in neighborhoods at risk for displacement due to gentrification.	KHC's Down Payment Assistance Program (DAP) has provided a path around affordability barriers to homeownership. Additionally, when it is possible and allowable, KHC has leveraged its DAP with other existing community programs to further expand homeownership access.
Continue the Homeowner Rehab Program and the Weatherization Assistance Program to preserve the existing affordable housing inventory and lower homeowner costs. Evaluate a preference for low- and moderate-income homeowners in neighborhoods at risk for displacement due to gentrification.	• KHC has continued to award millions of Affordable Housing Trust Funds (AHTFs) to agencies and subgrantees to support home repairs and to allow homeowners to remain housed. In FY24 alone, KHC awarded $2,568,835 in the state's AHTF for home repairs, serving more than 123 units. • In FY 24, KHC awarded 20 subgrantees $15,256,623 in annual weatherization funding and $15,904,646 from the multi-year Bipartisan Infrastructure Law (BIL) to install energy saving measures in over 440 units to reduce utility costs for homeowners.
Continue to advocate for affordable housing resources among local, state, and Congressional delegations.	• KHC, over the past five years, has actively spoken in front of the Kentucky Legislative Housing Task Force (06/24/2024) and local, state, and Congressional delegations to educate about the housing supply gap and the need for affordable housing • KHC has actively presented Kentucky's housing gap analysis to organizations across the Commonwealth to understand the factors contributing to Kentucky's housing supply gap: – Kentucky Legislature Housing Task Force (June & October 2024 presentations)

Recommendation	Progress Made
	– Kentucky League of Cities (three-part series on housing supply gap & facilitating housing development) – Kentucky Association of Counties (webinar) – City of Berea Planning Commission (presentation at regular meeting) – Kentucky Realtors Association (presentation at their conference) – Kentucky Mortgage Lenders (webinar) – Kentucky Chamber of Commerce (meetings) – Homebuilders Association of Kentucky (presentation at their conference) – Kentucky Cabinet for Economic Development (meetings) – I-71 Economic Development Alliance (presentation at monthly meeting) – EKY Leadership Foundation (presentation at their conference) – DLG Local Issues Conference (presentation at their conference) – Leadership Louisville Bingham Scholars (meetings) – Kentucky Workforce Investment Board (webinar) – Conference of Kentucky Property Valuation Assessors (presentation at their conference) – Kentucky USDA Rural Development State Office (presentation at annual staff meeting) – Kentucky Council of Area Development Districts (presentation at KCADD meeting) – Northern Kentucky Area Development District (ADD) (meeting) – Lincoln Trail ADD (meeting) – Lake Cumberland ADD (meeting) – Kentucky BoS Continuum of Care (CoC) Homeless Shelter & Service Providers (presentation at CoC meeting) – City of Georgetown Network for Homelessness and Housing Solutions – Grantmakers of Kentucky

Recommendation	Progress Made
	– AARP-Kentucky / Center for Accessible Living Universal Design Conference
Continue the Tenant-Based and Project-Based Rental Assistance Programs to ensure affordable rental assistance for protected classes across the state, including assistance to individuals with disabilities and/or recovering from substance abuse.	• KHC's Tenant-Based and Project-Based rental assistance programs continue to assist thousands of Kentuckians find safe, affordable housing. The Housing Choice Voucher (HCV) program often focuses on those with the greatest need including individuals with disabilities, those experiencing homelessness, those fleeing or attempting to flee domestic violence, and those recovering from substance abuse. The HOME Tenant-Based Rental Assistance program typically serves households experiencing or at risk of homelessness. The Recovery Kentucky program uses project-based vouchers to support hundreds of individuals recovering from substance abuse. Additionally, KHC's Multifamily department requires all applicants to submit an Affirmative Fair Housing Marketing Plan, Fair Housing Plan, Title VI Self Survey and Statement of Assurance, Section 504 Self-Evaluation, and Tenant Selection Plan that adheres to the Uniform Residential Landlord-Tenant Act (URLTA).
Continue to seek CoC funding for Rapid Re-Housing (RRH) and permanent supportive housing developments that provide affordable housing options and related services for protected classes.	• KHC has increased Permanent Supportive Housing across the Commonwealth from CoC awards and added Housing Connectors to bridge the gap for people experiencing homelessness to find open living spaces and utilize resources. For the first time, the Kentucky Balance of State (BoS) CoC had full RRH coverage across its 118-county region. To continue this ESG-CV built RRH capacity across the CoC, KHC has created an ERA2-funded Homeless Program that invested nearly $19M of funds for RRH and prevention assistance through the fall of 2025.
Evaluate tools and methods to connect people to housing, such as housing service locator tools.	• KHC created a web-based platform designed for landlord engagement and housing search assistance. The platform is geared toward assisting public housing authorities and homeless services organizations that manage landlord relationships, assist voucher holders in their housing search, and publicize landlord's available properties in real time, for free. This tool supports both the 118-county Kentucky BoS CoC and KHC's HCV program that serves 87 counties. • KHC's goal in creating the platform was to provide partners this user-friendly platform for landlord and property management companies to list vacant units for

Recommendation	Progress Made
	easy accessibility, communication with potential renters, and quick unit occupancy. All KHC voucher holders (across numerous rent assistance programs) and program case managers are provided with access to Padmission to conduct housing searches across the state. In addition, KHC provides extensive tools to link people to housing, including the Kentucky Resource Guide which provides a link to supportive services in addition to available low-income (affordable) properties throughout the Commonwealth. Also, there are Housing Connectors" both within KHC and across departments that assist in placing people in search of needed housing.
Enforcement of Design and Construction Requirements	
Expand the *Certification of Compliance with Design Requirements for Accessible Housing* to require that general contractors involved in the design and construction of new multifamily residential properties sign the certification form, in addition to owners/developers and architects.	• KHC requires all projects to complete a Certificate of Compliance with Design Requirements. • KHC will continue to ensure that contractors will certify that the accessible housing design complies with all applicable accessibility of requirements of the Fair Housing Act, KHC Minimum and Universal Design Standards, Uniform Federal Accessibility Standards, Section 504 of the Rehabilitation Act of 1973, 2010 ADA Accessibility Guidelines, and any other applicable state or local codes. The document must be signed by the architect, general contractor, and the owner of the project. The completed certificate is required at the Technical Submission stage and serves as a guiding document throughout the project.
Continue allocation of funding to projects that include accessibility design features such as aging-in-place, Universal Design, ADA, and UFAS construction standards.	• KHC continues to offer a scoring preference for applicants requesting funding in its competitive applications. Specifically, KHC offers points to projects that provide features to enhance a senior's living environment or promote aging in place, including modified kitchens, bathrooms, lighting, and common areas.
Ensure Access to Programs and Services for LEP Populations	
Annually update the Language Access Plan to reflect a review of any demographic changes statewide and for each county, and the results of	• KHC's practice is to update its Language Access Plan (LAP) annually. The most recent version, which was updated on January 11, 2023, can be found on KHC's website at https://www.kyhousing.org/Planning-Documents/Documents/Language-Access-Plan-Kentucky.pdf. KHC updated its internal website to include

Recommendation	Progress Made
monitoring for the effectiveness of the plan's implementation.	guides and aids to assist employees who may interact with persons with limited English proficiency (LEP). Training was conducted with all staff to teach about KHC's LAP and internal resources and increase outreach with LEP populations.
Evaluate collecting preferred language data at time of single-family loan origination to provide improved loan servicing to LEP populations.	• KHC has been assisting first-time homebuyers with LEP to make informed decisions during their home mortgage loan process and to provide improved loan servicing to LEP populations. KHC's single-family programs added some language preference features to their new Loan Origination System (LOS). KHC can now easily identify the preferred language for its borrowers. KHC recruited several bilingual staff to communicate with borrowers in their preferred languages.

Table 1b: Progress Made Since Last AI: Recommendations for Actions by DLG

Recommendation	Progress Made
Fair Housing and Outreach	
Continue to collaborate with the Kentucky Commission on Human Rights and Lexington Fair Housing Council, Inc., to expand education and outreach efforts.	DLG did not have any new developments in the realm of outreach and education of fair housing. It continues to hold the Governor's Local Issues Conference, during which DLG will consider adding a Fair Housing agenda item. DLG now has a designated "Fair Housing" staff person and holds a fair housing training program for subrecipients.
Expansion and Preservation of Affordable Housing in a Variety of Locations	
Continue to fund eligible applications for housing rehabilitation to preserve the existing affordable housing inventory in Kentucky's smaller communities.	13 percent of DLG's total CDBG allocation is reserved for housing, and it has supported multifamily housing development projects outside of entitlement areas. In 2024, this amounted to $3,353,572 in funds with a maximum of $1 million per project.
Continue to fund eligible applications for public infrastructure and public facility projects to improve the quality of life for low- and moderate-income	DLG continues to fund eligible public infrastructure projects in low- to moderate-income communities. The allocation for 2023 for public facilities was $8,834,662.

Recommendation	Progress Made
households in Kentucky's smaller communities.	
Continue to advocate for affordable housing resources among local, state, and Congressional delegations.	DLG continues to advocate for affordable housing among the legislative task force.
Continue to fund eligible applications for local economic development projects to improve economic mobility and the quality of life for low- and moderate-income households in Kentucky's smaller communities.	DLG's 2023 allocation to economic development initiative was $5,005,449. DLG gives priority to economic development projects that have the greatest local match and provide job training and job opportunities, as well as microenterprise programs that provide training and assistance for people to start their own small businesses. No economic development projects were closed in 2023.
Ensure Access to Programs and Services for LEP Populations	
Annually update the Language Access Plan to reflect a review of any demographic shifts statewide and for each county, and the results of monitoring for the effectiveness of the plan's implementation.	DLG's Language Access Plan was last updated in June 2023.
Ensure Subrecipient Units of Government Comply with Their Obligation to Affirmatively Further Fair Housing	
Continue the fair housing compliance and monitoring initiatives as part of the CDBG program.	Since the COVID outbreak in 2020, DLG's ability to conduct subrecipient field monitoring has been diminished. All subrecipient requirements remain in place, and DLG monitors performance via subrecipient reporting wherever possible. DLG intends to increase field monitoring over the 2025-2029 Consolidated Plan Cycle and will explore a plan to withhold funding from subrecipients that are found out of compliance.
Adopt a policy to consider denying or withholding funding from applicants	DLG intends to increase field monitoring over the 2025-2029 Consolidated Plan Cycle and will explore a plan to withhold funding from non-compliant subrecipients. Discriminatory behavior will be determined to be in violation of DLG policies.

Recommendation	Progress Made
that have engaged in discriminatory behavior.	

Summary of Progress

KHC and DLG have made significant progress on most of the impediments and recommendations from the 2020 AI; however, several impediments and recommendations are beyond the jurisdiction of the two agencies. Many of the impediments identified in the 2020 AI remain impediments in 2025 simply because they are socio-economic challenges that have occurred over the course of decades and, therefore, cannot be resolved in five years. Indeed, many of the impediments will be carried forward into the 2025 AI with recommendations that focus on progress that both KHC and DLG can achieve within the limits of their respective agency missions and resources.

Demographic and Housing Summary

INTRODUCTION

This section will describe demographic characteristics that affect housing choice among Kentucky residents. It will provide context for existing conditions and pinpoint issues to inform strategies for broadening the availability of housing opportunities. The U.S. Census Bureau's 2022 American Community Survey (ACS) 5-Year Estimates are the most recent and reliable data source available at the time of this report and have been utilized in all cases, as well as 2017 ACS 5-Year Estimates as appropriate to provide comparison.

KEY CONCLUSIONS

The key conclusions drawn from the demographic and housing summary include the following:

- Population growth plays a key role in local demand for housing. Population grew by four percent from 2012 to 2022, while the number of households increased by 10 percent. The increase in the number of households points to a greater demand for housing. The recent Housing Gap Analysis Phase II report found the greatest influences on the state's overall rental housing gap are *household growth* and households living in severe housing cost-burdened situations.
- Kentucky has continued to become more diverse between 2017 and 2022 with the largest increases occurring among multi-racial and Hispanic persons, though the rate of growth has slowed since the last AI.
- In 2022, 24 percent of total households included at least one person between the ages of 62 and 75, and 11 percent of households included at least one person older than 75. Demand for housing and services for elderly households will continue to grow.
- In both 2017 and 2022, the most common household type was family households with married couples. However, from 2017 to 2022, the number of non-family households grew six percent, while the number of family households increased a nominal amount.
- Foreign-born and LEP households often face additional challenges to obtaining and maintaining housing. From 2017 to 2022, the number of LEP households in the state increased by 17 percent, with Spanish persisting as the most spoken language among LEP residents.
- In 2022, 51 percent of people with a disability had ambulatory difficulty, meaning grab bars, lifts, and other physical modifications may be needed to housing units to ensure access for those with a disability.
- From 2017 to 2022, Black or African Americans continued to experience the highest rate of unemployment among racial and ethnic categories, at three percent above the state's unemployment rate.

- In 2022, Black or African American, American Indian and Alaska Native, Native Hawaiian and Other Pacific Islander, and Hispanic individuals experienced poverty at a higher rate than the state as whole.
- From 2017 to 2022, housing costs increased approximately 14 percent, while homeownership rates among non-White households increased slightly.
- The dissimilarity index indicates that segregation increased in Kentucky from 2017 to 2022, with Asian residents experiencing the greatest levels of segregation.
- Most racially or ethnically concentrated areas of poverty (R/ECAPs) were located in and near urban areas, such as Lexington, Louisville, and Bowling Green.

POPULATION TRENDS

Between 2010 and 2022, the population of Kentucky increased by 217,107 residents, growing just over five percent over 12 years. As stated in the previous AI, population growth slowed in the 2010s compared to the 2000s, where the growth rate was 7.4 percent.

Table 2: Change in Population, 2010-2022

Year	Total Population	Change
2010	4,285,828	-
2017	4,424,376	3%
2022	4,502,935	2%

Source: U.S. Census Bureau, 2010, 2017, 2022 ACS 5-Year Estimates (DP05)

In 2022, approximately 22 percent of the population was younger than 18, while 24 percent of the population was over 65. Children and seniors often require additional supportive services and can be susceptible to housing discrimination on the basis of familial status and age.

Table 3: Population Under 18 or Over 65

Year	Total Population	Percentage
Under 18	1,011,480	22%
Over 65	756,439	17%
Over 75	297,780	7%

Source: U.S. Census Bureau, 2022 ACS 5-Year Estimates (DP05)

Geographic Variation in Population Growth

The Kentucky Association of Counties provides insight into the geographic variation of population growth. The data, which uses U.S. Census Bureau annual estimates, analyses the growth rates and total population of each county from 2020 to 2023. In that time period, six Kentucky counties grew by more than five percent: Robertson, Allen, Lyon, Warren, Spencer, and Garrard. In terms of total population, Warren, Boone, Madison, Scott, and Bullitt Counties added population.

Conversely the population declined by more than five percent in Leslie, Breathitt, and Harlan Counties. In order, Jefferson, Fayette, Pike, Harlan, and Floyd lost the greatest number of people.

According to the data, the ten most populated counties in 2023 were as follows:

1. Jefferson
2. Fayette
3. Kenton
4. Warren
5. Boone
6. Hardin
7. Daviess
8. Madison
9. Campbell
10. Bullitt

RACE AND ETHNICITY

The Commonwealth of Kentucky has continued to diversify from 2017 to 2022. In that period, the number of Black, Asian, Hispanic and Multi-Racial identifying residents increased, while the number of White-identifying residents decreased slightly. Compared to the previous AI, which compared racial data from 2010 to 2017, the growth rate of all racial categories has slowed. In particular, from 2010 to 2017, the number of Hispanic and Asian households doubled. However, from 2017 to 2022 (half of the period analyzed in the previous AI), the growth rate of Hispanic and Asian households was 19 percent and 16 percent respectively. The growth rate of White residents from 2010 to 2017 was four percent, but from 2017 to 2022 this population declined by about one percent.

Table 4: Change in Race and Ethnicity, 2017-2022

Race/Ethnicity	2017	2022	Percent Change from 2017-2022
White	3,862,600	3,816,997	-1%
Black	353,088	360,184	2%
Asian	59,593	69,187	16%
Multi-Racial	96,303	189,589	97%
Other	41,197	56,352	37%
Hispanic	152,072	180,481	19%

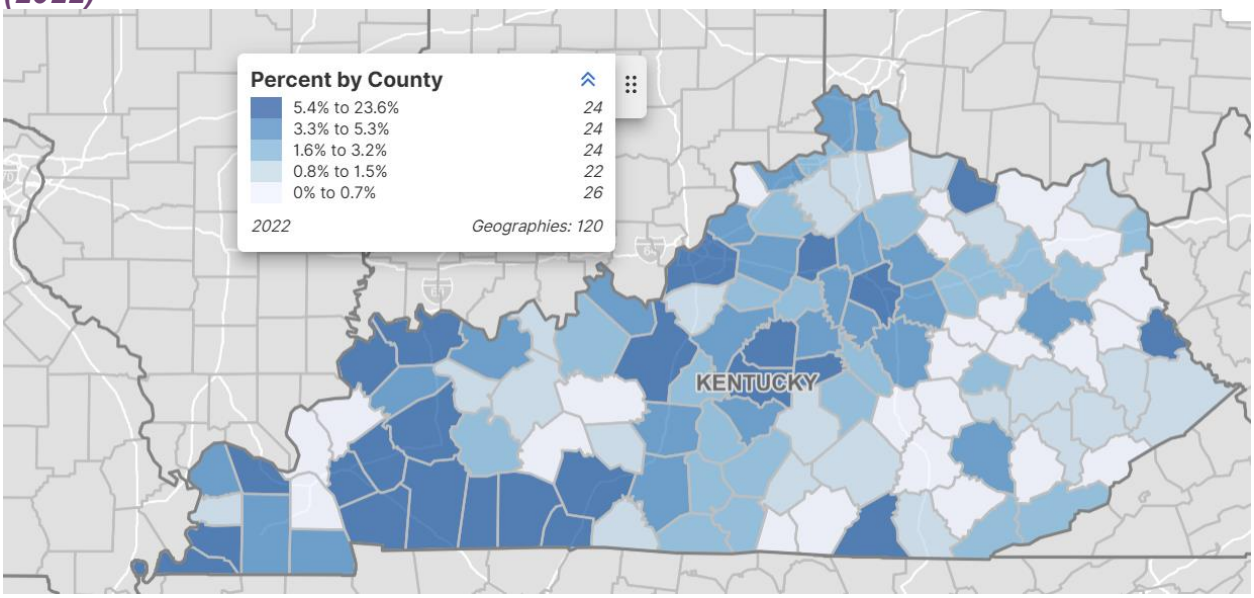
Source: U.S. Census Bureau, 2017, 2022 ACS 5-Year Estimates (DP05)

Geographic Variation in Race and Ethnicity

The following maps depict the percentage of residents in each Kentucky county identifying as Black or African American, Asian, and Hispanic in 2022. The maps utilize a quantile category system, meaning the data is evenly distributed among the five categories.

Figure 1 depicts the percentage of Black or African American individuals by county in 2022. The map indicates that many counties in the lower Western portion of the state were in the highest quantile of Black or African American residents. Additionally, Jefferson and Fayette Counties, and surrounding counties, also are in the highest two quantiles.

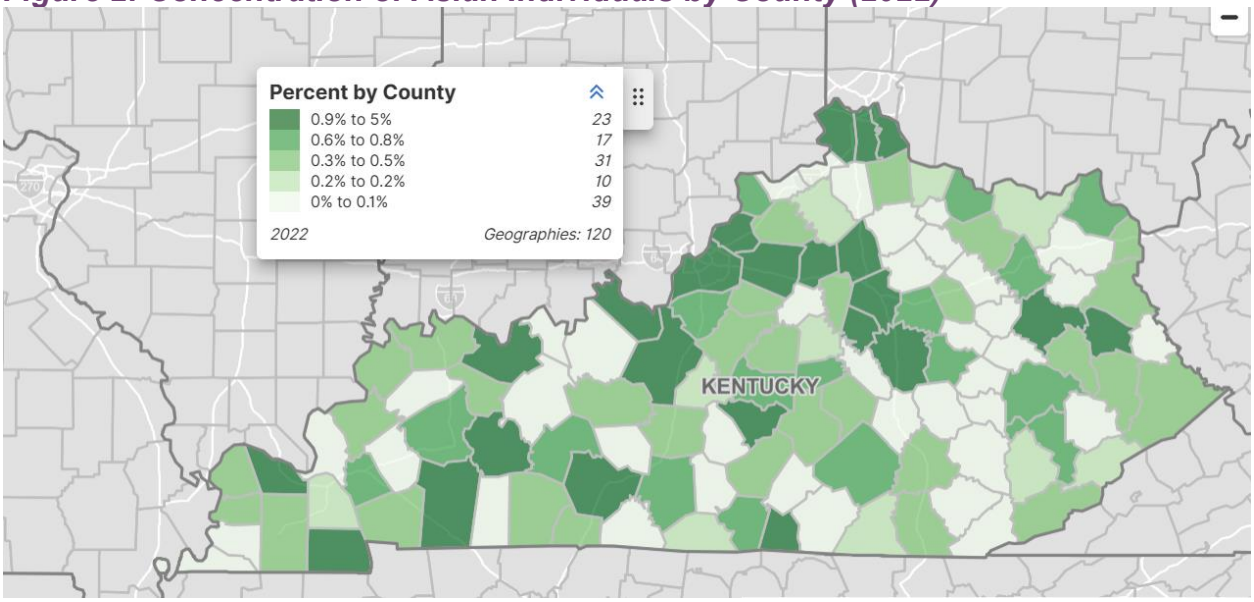
Figure 1: Concentration of Black or African American Individuals by County (2022)



Source: U.S. Census Bureau, 2022 ACS 5-Year Estimates (DP05)

Figure 2 depicts the percentage of Asian individuals by county in 2022. Again, the map indicates that the counties of and surrounding Jefferson and Fayette are in the highest quantile of Asian individuals. In addition, the three northernmost counties, Boone, Kenton, and Campbell, are also in the highest quantile.

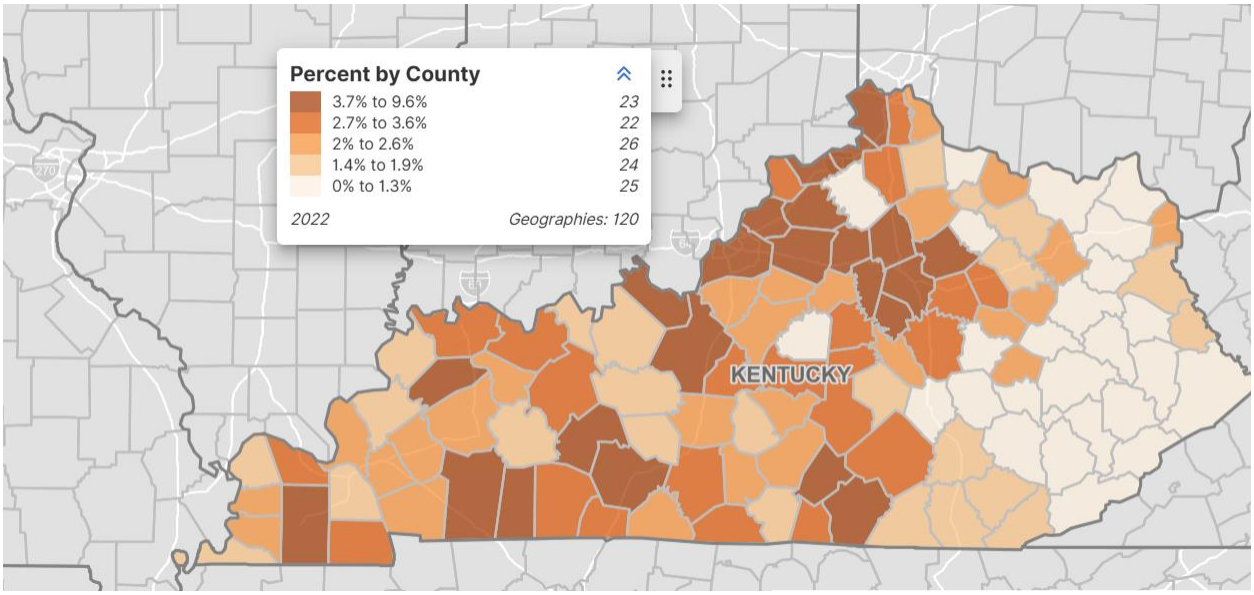
Figure 2: Concentration of Asian Individuals by County (2022)



Source: U.S. Census Bureau, 2022 ACS 5-Year Estimates (DP05)

Figure 3 depicts the percentage of Hispanic individuals by county in 2022. Again, the map indicates that the counties of and surrounding Jefferson and Fayette are in the highest quantile of Hispanic individuals. Additionally, most of the counties with the lowest percentage of Hispanic residents (the lowest quantile) exist in the Easternmost part of the state.

Figure 3: Concentration of Hispanic Individuals by County (2022)



Source: U.S. Census Bureau, 2022 ACS 5-Year Estimates (DP05)

ANCESTRY AND NATIONAL ORIGIN

It is illegal to refuse the right to housing based on place of birth or ancestry. This section explores trends in the Commonwealth of Kentucky regarding foreign-born residents.

Foreign-Born Persons

In 2022, four percent of Kentucky's population was born outside of the United States. That figure increased slightly since the previous AI, from 3.6 percent in 2017. As identified in the previous AI, the foreign-born population in Jefferson County and Fayette County was higher than the state overall. Notably, the foreign-born population increased by nearly two percent from 2017 to 2022 in Jefferson County.

Table 5 also identifies the poverty rate for foreign-born residents and native residents in 2022. In each jurisdiction, foreign-born residents were more likely to experience poverty. The difference in poverty rate was greatest in Jefferson County, followed by Fayette County.

Table 5: Characteristics of Foreign-Born Residents

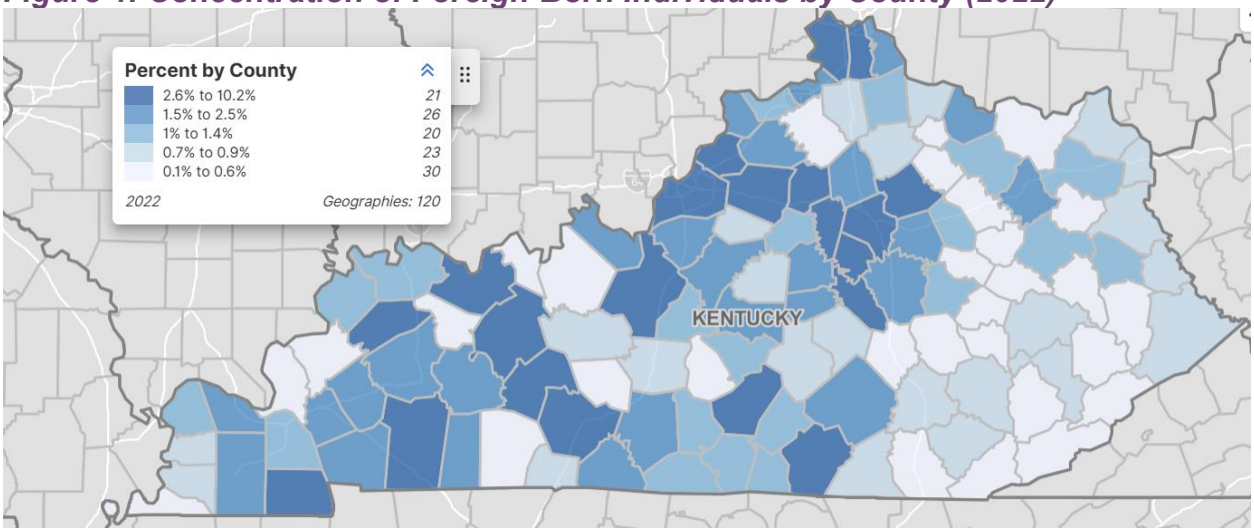
Jurisdiction	Percent Foreign Born	Poverty Rate-Native	Poverty Rate-Foreign Born
Kentucky	4%	16.1%	17.4%
Jefferson County	9%	13.8%	17.6%
Fayette County	10%	14.7%	17.2%

Source: U.S. Census Bureau, 2022 ACS 5-Year Estimates (S0501)

Residency Patterns of Foreign-Born Population

Foreign-born residents often tend to live in more urban areas, and this is true in Kentucky. As depicted in Figure 4, the counties of and surrounding Jefferson and Fayette had the highest percentage of foreign-born residents in 2022. Additionally, counties in the central and western portions of the state tended to have higher concentrations of foreign-born individuals.

Figure 4: Concentration of Foreign-Born Individuals by County (2022)



Source: U.S. Census Bureau, 2022 ACS 5-Year Estimates (DP02)

Limited English Proficiency

Persons with limited English proficiency (LEP) are defined as persons having a limited ability to read, write, speak, or understand English. HUD uses the prevalence of persons with LEP to identify the potential for impediments to fair housing choice due to their potential inability to understand rental contracts and fair housing protections. Persons with LEP may encounter obstacles to fair housing by virtue of language and cultural barriers within their new environment. It is important that a community recognizes their presence and the potential for discrimination, whether intentional or inadvertent, and establishes polices to eliminate barriers. It is also incumbent upon HUD entitlement communities to determine the need for language assistance and comply with Title VI and the Civil Rights Act of 1964.

From 2017 to 2022, the number of LEP households grew by 17 percent in the state to a total of 24,966 households. Table 6 lists the most common languages spoken by LEP households in 2017 and 2022. In both years, Spanish comprised the greatest share of LEP languages. In that time, the share of Spanish-speakers among LEP households decreased just two percent. The greatest increase occurred among Asian and Pacific Island languages, which increased four percent from 2017 to 2022.

Table 6: Languages Spoken by LEP Households

Language Spoken	Percentage of LEP Households (2017)	Percentage of LEP Households (2022)
Spanish	52%	50%
French, Haitian, Cajun	8%	5%
German or West Germanic	3%	3%
Russian, Polish, other Slavic languages	4%	3%
Other Indo-European languages	8%	7%
Korean	4%	2%
Chinese	4%	4%
Vietnamese	3%	3%
Tagalog	1%	1%
Other Asian and Pacific Island languages	7%	11%
Arabic	2%	4%
Other	4%	8%
Total	100%	100%

Source: U.S. Census Bureau, 2022 ACS 5-Year Estimates (B16002)

Table 7 depicts the languages spoken by LEP households in Jefferson and Fayette Counties. Notably, the percentage of LEP households speaking Spanish was 12 percent less than the state average. Chinese, other Asian and Pacific languages, Indo-European languages, and languages not listed comprised the greatest share of LEP households in Fayette County.

Table 7: Languages Spoken by LEP Households in Jefferson and Fayette Counties

Language Spoken	Jefferson County	Fayette County
Spanish	56%	38%
French, Haitian, Cajun	6%	4%
German or West Germanic	1%	1%

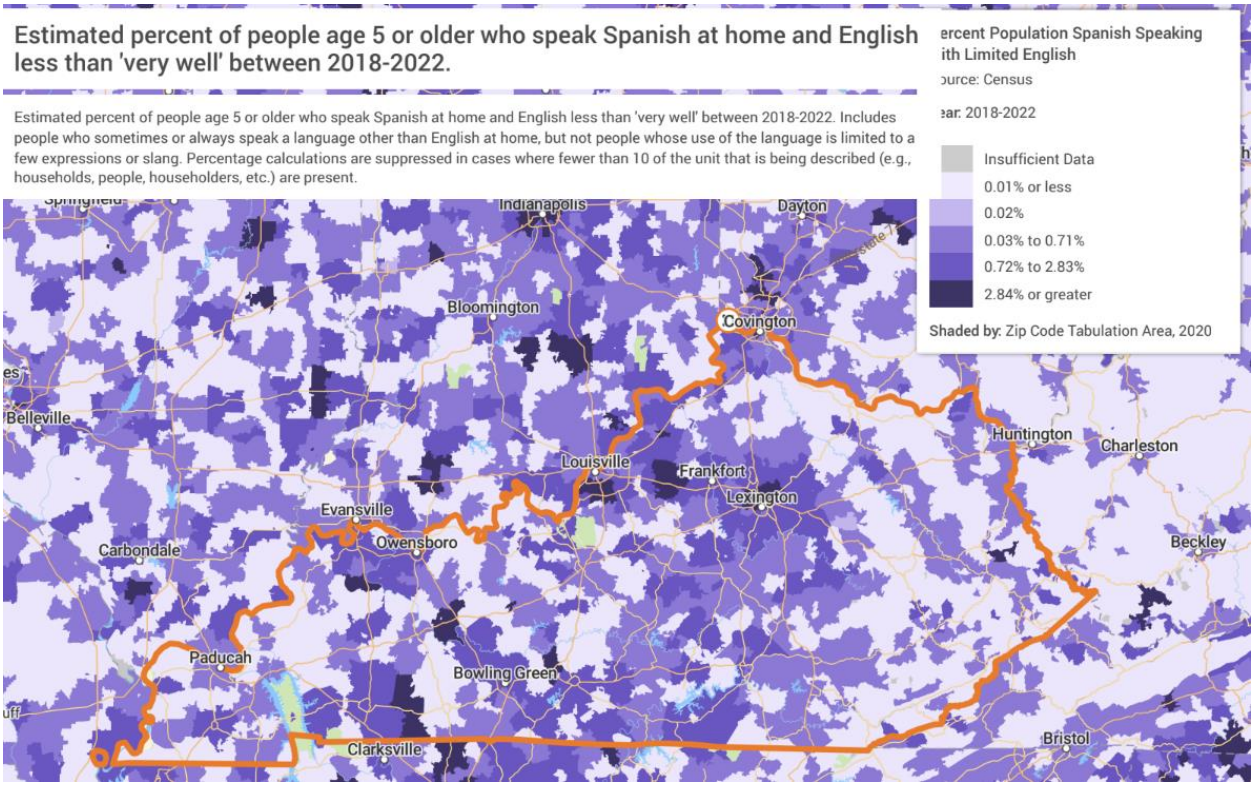
Russian, Polish, other Slavic languages	4%	2%
Other Indo-European languages	6%	10%
Korean	1%	3%
Chinese	2%	10%
Vietnamese	3%	2%
Tagalog	1%	0%
Other Asian and Pacific Island languages	6%	11%
Arabic	4%	5%
Other	9%	15%
Total	**100%**	**100%**

Source: U.S. Census Bureau, 2022 ACS 5-Year Estimates (B16002)

Geographic Distribution of LEP Residents

Figure 5 depicts the estimated percent of people age five or older who speak Spanish at home and English less than “very well” between 2018 and 2022. The map indicates that areas in and around Louisville, Frankfort, and Lexington had high concentrations of Spanish-speaking LEP households. In addition, a few zip codes in the western portion of the state had high concentrations of Spanish-speaking LEP households.

Figure 5: Spanish LEP Residents by Zip Code



Source: PolicyMap (2024)

DISABILITY

As defined by the Census Bureau, a disability is a long-lasting physical, mental, or emotional condition that can make it difficult for a person to engage in activities such as walking, climbing stairs, dressing, bathing, learning, or remembering. This condition can also impede a person from being able to go outside the home alone or to work at a job or business.

The Fair Housing Act prohibits discrimination based on physical, mental, or emotional disability, provided “reasonable accommodation” can be made. This may include changes to address the needs of persons with disabilities, such as adaptive structural changes (e.g. constructing an entrance ramp) or administrative changes (e.g. permitting the use of a service animal).

In 2022, 17.2 percent of Kentucky residents had a disability. This number was similar to that in 2017, or 17.3 percent. Table 8 depicts the number of people with a disability at different ages in 2022. Most people with disabilities were between ages 35 to 64 (42 percent), while 37 percent of people with disabilities were over the age of 65.

Table 8: Disability Rates by Age

Population with a Disability	# Individuals with a Disability	% Population with a Disability
Under 5 years	2,129	0%
5 to 17 years	59,520	8%
18 to 34 years	98,873	13%
35 to 64 years	328,459	42%
65 to 74 years	140,816	18%
75 years or older	148,169	19%
Total	777,966	100%

Source: U.S. Census Bureau, 2022 ACS 5-Year Estimates (S1811)

Table 8 depicts the percentage of people with a certain disability by age group. Among the total population, 51 percent of people with a disability had ambulatory difficulty, while 40 percent had cognitive difficulty. For people 65 years and older, 65 percent of people had ambulatory difficulty. People with ambulatory difficulty likely need additional supportive services and housing considerations such as grab bars, lifts, and other physical modifications to ensure access to housing.

Table 8: Disability Rates by Type

Disability Type	Total	Percentage
Total Population	**4,502,935**	-
With a disability	777,966	-
Hearing difficulty	214,808	28%
Vision difficulty	158,120	20%
Cognitive difficulty	312,066	40%
Ambulatory difficulty	399,110	51%
Self-care difficulty	143,541	18%
Independent living difficulty	270,703	35%
Population under 18	**1,011,480**	-
With a disability	61,649	-

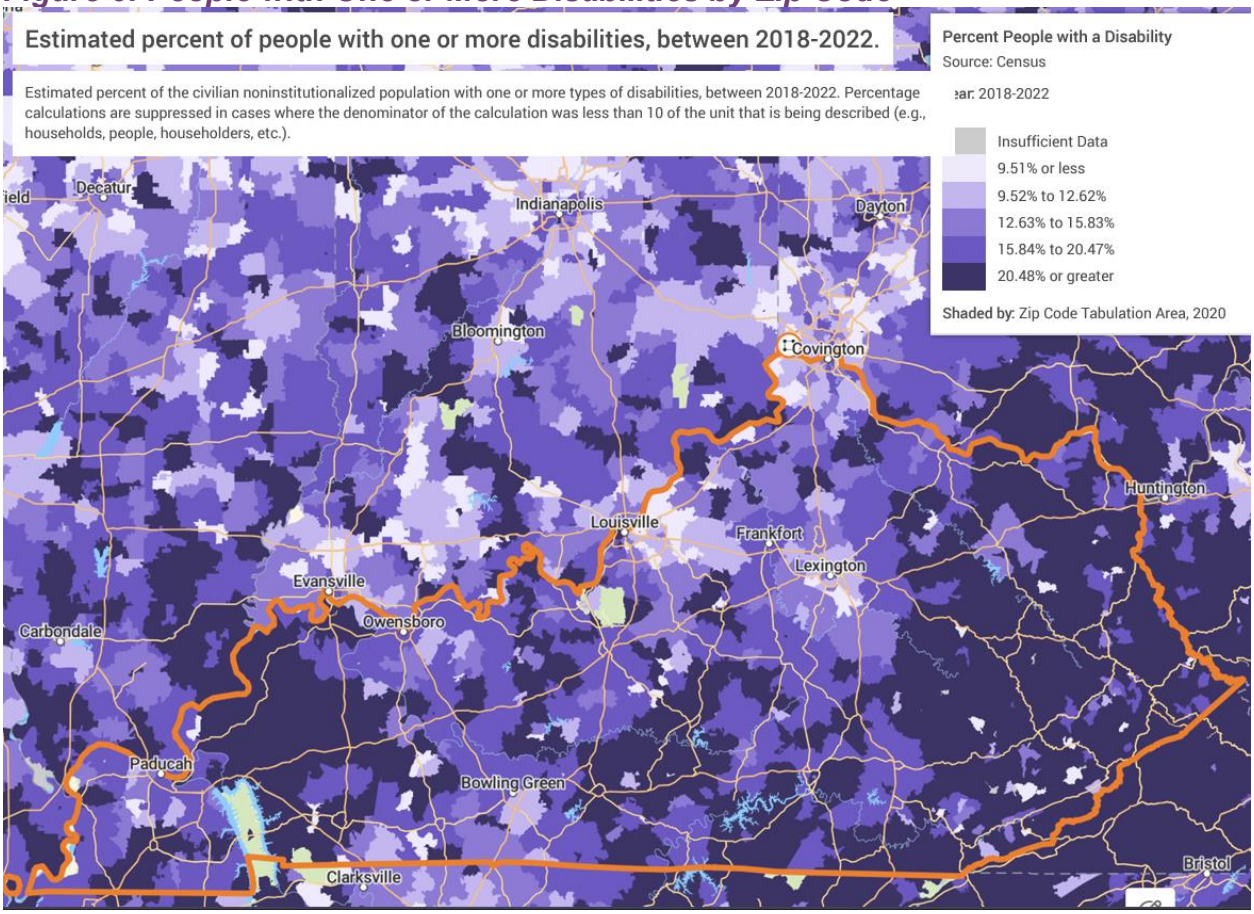
Hearing difficulty	6,985	11%
Vision difficulty	11,845	19%
Cognitive difficulty	46,705	76%
Ambulatory difficulty	6,188	10%
Self-care difficulty	10,209	17%
Independent living difficulty	-	-
Population 18 to 64	**2,677,754**	-
With a disability	427,332	-
Hearing difficulty	83,326	19%
Vision difficulty	88,453	21%
Cognitive difficulty	193,074	45%
Ambulatory difficulty	205,105	48%
Self-care difficulty	70,828	17%
Independent living difficulty	156,197	37%
Population 65 years and older	**756,439**	-
With a disability	288,985	-
Hearing difficulty	124,497	43%
Vision difficulty	57,822	20%
Cognitive difficulty	72,287	25%
Ambulatory difficulty	187,817	65%
Self-care difficulty	62,504	22%
Independent living difficulty	114,506	40%

Source: U.S. Census Bureau, 2022 ACS 5-Year Estimates (S1810)

Geographic Distribution of People with a Disability

Figure 6 depicts the estimated percent of people with one or more disabilities in the state, utilizing data from 2018 to 2022. As illustrated in the map, many zip codes had more than 15.84 percent of residents living with a disability. Many zip codes in the eastern portion of the state had the greatest disability percentage, at 20.48 percent or higher.

Figure 6: People with One or More Disabilities by Zip Code



Source: PolicyMap (2024)

Income and Disability Status

Oftentimes, people with disabilities earn less than people without disabilities. Table 10 presents the median earnings and poverty rate for people with disabilities and people without disabilities in 2022. In 2022, the poverty rate was over double for people with disabilities compared to people without disabilities. People with disabilities earned, on average, over $10,000 less than those without a disability.

Table 10: Median Earning and Poverty Rates for People with Disabilities

-	With a Disability	Without a Disability
Median earnings	$26,099	$38,317
People living below poverty level	25%	12%

Source: U.S. Census Bureau, 2022 ACS 5-Year Estimates (S1811)

FAMILIES WITH CHILDREN

The Census Bureau divides households into family and non-family households. Family households are married couple families with or without children, single-parent families, and other families made up of related persons. Non-family households are either single persons living alone, or two or more non-related persons living together.

Title VIII of the Civil Rights Act of 1968 protects against gender discrimination in housing. Protection for families with children was added in the 1988 amendments to Title VIII. Except in limited circumstances involving elderly housing and owner-occupied buildings of one to four units, it is unlawful to refuse to rent or sell to families with children.

In both 2017 and 2022, the most common household type was family households with married couples. However, from 2017 to 2022, the number of non-family households grew six percent, while the number of family households increased a nominal amount. Among non-family households, the "other non-family" category, which accounts for roommates and other non-related persons living together, increased 13 percent. From 2010 to 2017, that category increased by just 1.6 percent. This could signify a shift in housing makeup and may be reflected in the housing needs in the next five years.

Table 11: Households by Family Type (2017 to 2022)

-	2017		2022		Change from 2017-2022	
-	Number	Percent	Number	Percent	Number	Percent
Household Type						
Family households	1,136,917	66%	1,142,472	65%	5,555	0%
Married couples	837,485	74%	838,364	73%	879	0%
with children	312,222	37%	309,536	37%	(2,686)	-1%
Single female	216,357	19%	213,879	19%	(2,478)	-1%
Single male	83,075	7%	90,229	8%	7,154	8%
Non-family households	587,597	34%	626,630	35%	39,033	6%
Living alone	489,398	83%	513,804	82%	24,406	5%
Other non-family	98,199	17%	112,826	18%	14,627	13%
Total households	1,724,514	100%	1,769,102	100%	44,588	3%

Source: U.S. Census Bureau, 2017, 2022 ACS 5-Year Estimates (DP02)

INCOME, UNEMPLOYMENT, AND POVERTY

Income, unemployment, and poverty, particularly as it relates to protected classes, provides insight into the housing and service needs of Kentucky residents.

Household Income

Household income is strongly related to housing choice, as household income is one of several factors used to determine eligibility for a home mortgage loan or rental lease. Additionally, lack of income inherently reduces the number of options a household has over where to live.

In 2022, the average household income was $33,515, which was eight percent higher than 2017 (adjusted for inflation to 2022 levels). Table 12 presents inflation adjusted household incomes by race and ethnicity in 2022. Across the listed categories, Asian households were the only category whose household income increased less than the overall household income (five percent). Multi-racial households experienced a 44 percent increase in household income.

Table 12: Household Income by Race and Ethnicity

-	Household Income		Percent Change 2017-2022
-	2017	2022	
White	$32,415	$34,989	8%
Black	$22,992	$26,052	13%
Asian	$36,829	$38,580	5%
Multi-racial	$14,568	$20,958	44%
Other race	$17,065	$20,351	19%
Hispanic	$19,926	$21,922	10%
Overall	$31,167	$33,515	8%

Source: U.S. Census Bureau, 2017, 2022 ACS 5-Year Estimates (S1902)

Unemployment Rates by Race

The unemployment rate in Kentucky in 2022 was 5.1 percent, which is 1.7 percent lower than the 2017 unemployment rate. Table 13 presents the unemployment rate for different race and ethnicities and gender. Among all categories, the unemployment rate decreased from 2017. According to both 2017 and 2022 estimates, Black or African American households experienced the greatest unemployment, approximately three percent higher than the overall unemployment rate in both 2017 and 2022.

Table 13: Unemployment Rates by Race and Ethnicity and Gender

-	Total Labor Force	Unemployed Individuals	Percent Unemployed
By Sex			
Male	1,015,757	49,772	4.9%
Female	902,698	40,621	4.5%
By Race/Ethnicity			
White	1,823,398	85,700	4.70%
Black	180,723	15,181	8.40%
Asian	36,602	1,281	3.50%
Hispanic	85,477	3,846	4.50%

Source: U.S. Census Bureau, 2022 ACS 5-Year Estimates (S2301)

Poverty Rates

In 2022, the overall poverty rate in Kentucky was 16 percent, which represents a 2.3 percent decrease from the poverty race in 2017. Table 14 depicts the poverty rate in 2022 for different races and ethnic categories. Compared to 2017 data, poverty rates decreased among all racial and ethnic groups. In 2022, Black or African American, American Indian and Alaska Native, Native Hawaiian and Other Pacific Islander, and Hispanic individuals experienced poverty at a higher rate than the statewide poverty rate.

Table 14: Poverty Rates by Race and Ethnicity

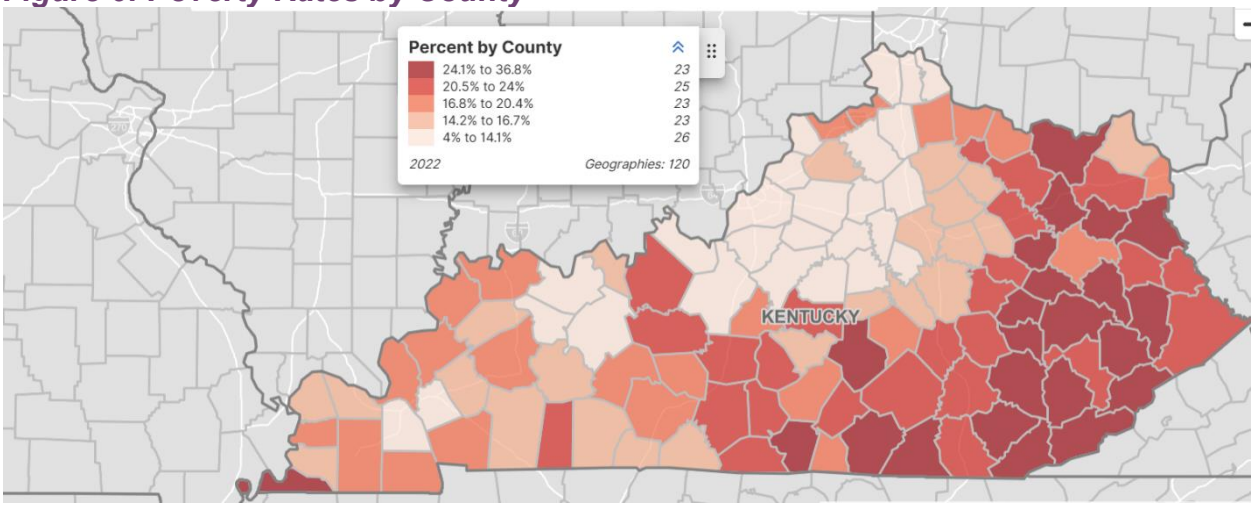
Race and Ethnicity	Total Population		People in Poverty		Poverty Rate
	#	%	#	%	
White alone	3,715,155	85%	554,153	79%	15%
Black or African American alone	342,139	8%	86,875	12%	25%
American Indian and Alaska Native alone	6,241	0%	1,436	0%	23%
Asian alone	67,773	2%	8,095	1%	12%
Native Hawaiian and other Pacific Islander alone	3,554	0%	670	0%	19%

Race and Ethnicity	Total Population		People in Poverty		Poverty Rate
	#	%	#	%	
Some other race alone	54,337	1%	13,029	2%	24%
Two or more races	183,550	4%	40,500	6%	22%
Hispanic or Latino origin (of any race)	174,025	4%	39,936	6%	23%
White alone, not Hispanic or Latino	3,649,957	83%	540,302	77%	15%
Total	4,372,749	100%	704,758	100%	16%

Source: U.S. Census Bureau, 2022 ACS 5-Year Estimates (S1701)

Figure 6 depicts county poverty rates in 2022. Overwhelmingly, the counties with the highest concentrations of poverty are located in the eastern portion of the state. As was also identified in the previous AI, rural poverty remains an issue in the Appalachian region of the state.

Figure 6: Poverty Rates by County



Source: U.S. Census Bureau, 2022 ACS 5-Year Estimates (SS1701)

HOUSING TENURE, HOUSEHOLD SIZE, AND UNIT SIZE

Understanding the dynamics of housing tenure and size provides insight into the housing needs of Kentucky residents.

Housing Tenure

Table 15 depicts the percentage of renter and owner households by race and ethnicity in 2017 and 2022. In that period, homeownership rates decreased slightly among White households and increased slightly among non-White households.

Table 15: Housing Tenure by Race and Ethnicity

Householder Race/Ethnicity	2017				2022			
	Owner-Occupied	Renter-Occupied	Percent Owner Occupied	Percent Renter-Occupied	Owner-Occupied	Renter-Occupied	Percent Owner-Occupied	Percent Renter-Occupied
White	1,081,378	454,248	94%	80%	1,107,539	428,283	92%	76%
Black	49,899	86,173	4%	15%	53,662	87,981	4%	16%
Asian	9,263	9,108	1%	2%	11,964	10,820	1%	2%
Multi-Racial	10,234	10,173	1%	2%	25,689	26,176	2%	5%
Other	2,619	7,017	0%	1%	5,013	9,008	0%	2%
Hispanic	13,849	25,145	1%	4%	20,034	28,763	2%	5%
All Occupied Units	1,155,576	568,938	100%	100%	1,205,067	564,035	100%	100%

Source: U.S. Census Bureau, 2017, 2022 ACS 5-Year Estimates (S2502)

Household Unit Size

Table 16 depicts household size of owners and renters from 2017 to 2022. In both 2017 and 2022, the most common unit size among renters was two bedrooms and the most common size among owners was three or more bedrooms.

Table 16: Household Unit Size

-	2017				2022			
-	Owners		Renters		Owners		Renters	
	#	%	#	%	#	%	#	%
No bedroom	3,133	0%	18,410	3%	3,133	0%	21,039	4%
1 bedroom	19,490	2%	114,364	20%	19,490	2%	116,161	21%
2 bedrooms	196,322	17%	232,260	41%	196,322	16%	229,504	41%
3 or more bedrooms	986,122	85%	203,904	36%	986,122	82%	197,331	35%
Total	1,155,576	100%	568,938	100%	1,205,067	100%	564,035	100%

Source: U.S. Census Bureau, 2017, 2022 ACS 5-Year Estimates (B25042)

Changes In Household Income Relative to Housing Costs

Table 17 depicts changes in median contract rent and home values from 2012 (adjusted for inflation to 2022 figures). Both home values and rents increased 14 percent in the past decade.

Table 17: Housing Costs

-	Base Year: 2012	Most Recent Year: 2022	% Change
Median Home Value	$155,199	$177,000	14%
Median Contract Rent	$617	$705	14%

Source: U.S. Census Bureau, 2012, 2022 ACS 5-Year Estimates (B25058)

Median household income between 2012 and 2022 also increased by 14 percent from 2012 to 2022, adjusted for inflation, indicating that median household income kept pace with the increase in median home value and median contract rent.

SEGREGATION/INTEGRATION

Overview of the Analysis

Residential segregation is a measure of the degree of separation of racial or ethnic groups living in a neighborhood or community. Latent factors such as attitudes, or overt factors such as real estate practices, can limit the range of housing opportunities for minorities. A lack of racial or ethnic integration in a community may create other problems such as reinforcing prejudicial attitudes and behaviors, narrowing opportunities for interaction, and reducing the degree to which community life is considered harmonious. Areas of extreme minority isolation often experience poverty and social problems at rates that are disproportionately high. Racial segregation has been linked to diminished employment prospects, poor educational attainment, increased infant and adult mortality rates, and increased homicide rates.

Segregation can be measured using a statistical tool called the dissimilarity index.[1] This index measures the degree of separation between racial or ethnic groups living in a community. Since White residents are the majority in Kentucky, all other racial and ethnic groups were compared to the White population as a baseline. Dissimilarity index scores were determined for each county for Black, Asian, and Hispanic populations as well as an aggregated index comparing the non-White population with the White population.

The index of dissimilarity allows for comparisons between subpopulations (i.e. different races/ethnicities), indicating how much one group is spatially separated from another within a community. In other words, it measures the evenness with which two groups are distributed across the neighborhoods that make up a community. The index of dissimilarity is rated on a scale from 0 to 100, in which a score of 0 corresponds to perfect integration and a score of 100 represents total segregation. According to HUD, a score under 40 is considered low, between 40 and 54 is moderate, and above 60 is high segregation.

Dissimilarity Index

Overall, Kentucky in 2022 had a moderate level of segregation. Asian residents experienced the highest levels of segregation relative to the Black and Hispanic populations. Levels of segregation among all three minority populations has increased slightly since 2017, with the largest increase accruing among the Asian population. Although these numbers represent the quantifiable levels of segregation in Kentucky, it is important to contextualize this data with qualitative information on the causes of segregation, i.e. immigration patterns, housing markets, etc.

[1] For a given geographic area, the index is equal to $DI = \frac{1}{2}\sum_i^N \left|\frac{a_i}{A} - \frac{b_i}{B}\right|$, where a_i is the group population of a sub-region (i.e. census tract), A is the group population in the whole region, $b_i$is the comparison group population in a sub-region, and B is the comparison group's population in the whole region.

Table 18: Dissimilarity Index, 2017-2022

-	2017 DI with White Population	2017 Population	2017 % of Total Population	2022 DI with White Population	2022 Population	2022 % of Total Population	Change in DI, 2017-2022
Kentucky							
White	-	3,862,600	87.3%	-	3,816,997	84.8%	-
Black	57.2	353,088	8.0%	59.2	360,184	8.0%	2.0
Asian	57.4	59,593	1.3%	61.6	69,187	1.5%	4.2
Hispanic	43.8	152,072	3.4%	45.8	180,481	4.0%	2.0

Source: U.S. Census Bureau, 2017, 2022 ACS 5-Year Estimates (DP05)

RACIALLY/ETHNICALLY CONCENTRATED AREAS OF POVERTY

Overview Of Analysis

HUD defines racially/ethnically concentrated areas of poverty (R/ECAPs) as census tracts with a non-White population of at least 50 percent (and 20 percent outside of metropolitan/micropolitan areas) and a poverty rate that either exceeds 40 percent or is three times the average tract poverty rate for the metropolitan/micropolitan area, whichever is lower. By combining this data, it is possible to determine geographic patterns where there are concentrated areas of poverty among racial/ethnic minorities.

Identification of R/ECAPs

Given the relatively low non-White population of Kentucky outside of urban areas, applying the HUD definition could potentially overlook areas in need. Therefore, an alternative definition is used in which the thresholds include a census tract with a non-White population that is ten percentage points higher than the statewide non-White average and a census tract with a poverty rate of at least 40 percent. There are 31 census tracts in the state that meet these criteria.

Most R/ECAPs are located in and near urban areas, such as Lexington, Louisville, and Bowling Green, and are HUD formula grantees that receive their own respective federal funds and develop their own AIs. There are also a few scattered census tracts in less populous areas that qualify as R/ECAPS according to this definition in the Covington, Frankfort, Hopkinsville, Madisonville, and Paducah areas. One tract, 9801 in Edmonson County, has a 76 percent poverty rate and 68.8 percent of its population are non-White, making it the only rural R/ECAP tract.

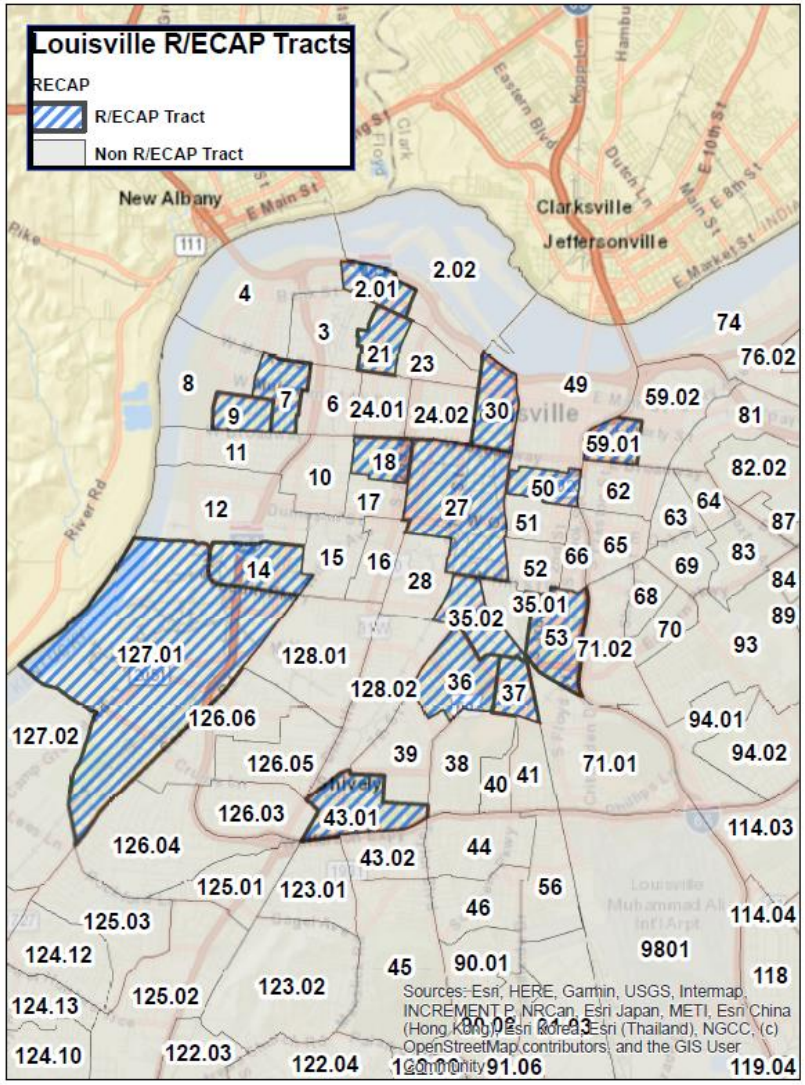
Table 19: Modified R/ECAP Census Tracts, 2022

Census Tract	County	Non-White	Poverty
506	Campbell County	32.0%	48.8%
2003	Christian County	42.8%	44.2%
9801	Edmonson County	68.8%	76.2%
8.02	Fayette County	25.5%	45.8%
19	Fayette County	49.3%	52.2%
34.04	Fayette County	49.5%	49.7%
712	Franklin County	36.5%	41.0%
9706	Hopkins County	43.3%	42.3%

Census Tract	County	Non-White	Poverty
2.01	Jefferson County	30.0%	51.8%
7	Jefferson County	93.5%	43.1%
9	Jefferson County	95.2%	53.1%
14	Jefferson County	99.4%	49.6%
18	Jefferson County	97.5%	77.6%
21	Jefferson County	30.9%	43.6%
27	Jefferson County	83.5%	40.9%
30	Jefferson County	84.7%	68.2%
35.02	Jefferson County	78.5%	85.9%
36	Jefferson County	54.9%	44.3%
37	Jefferson County	63.7%	43.4%
43.01	Jefferson County	79.1%	42.8%
50	Jefferson County	49.8%	51.1%
53	Jefferson County	25.7%	40.9%
59.01	Jefferson County	73.6%	60.9%
127.01	Jefferson County	76.6%	46.3%
609	Kenton County	40.5%	40.5%
651	Kenton County	41.2%	45.8%
671	Kenton County	61.9%	45.0%
306	McCracken County	33.6%	41.1%
101	Warren County	31.2%	60.6%
102	Warren County	53.3%	40.6%
103	Warren County	46.6%	56.6%

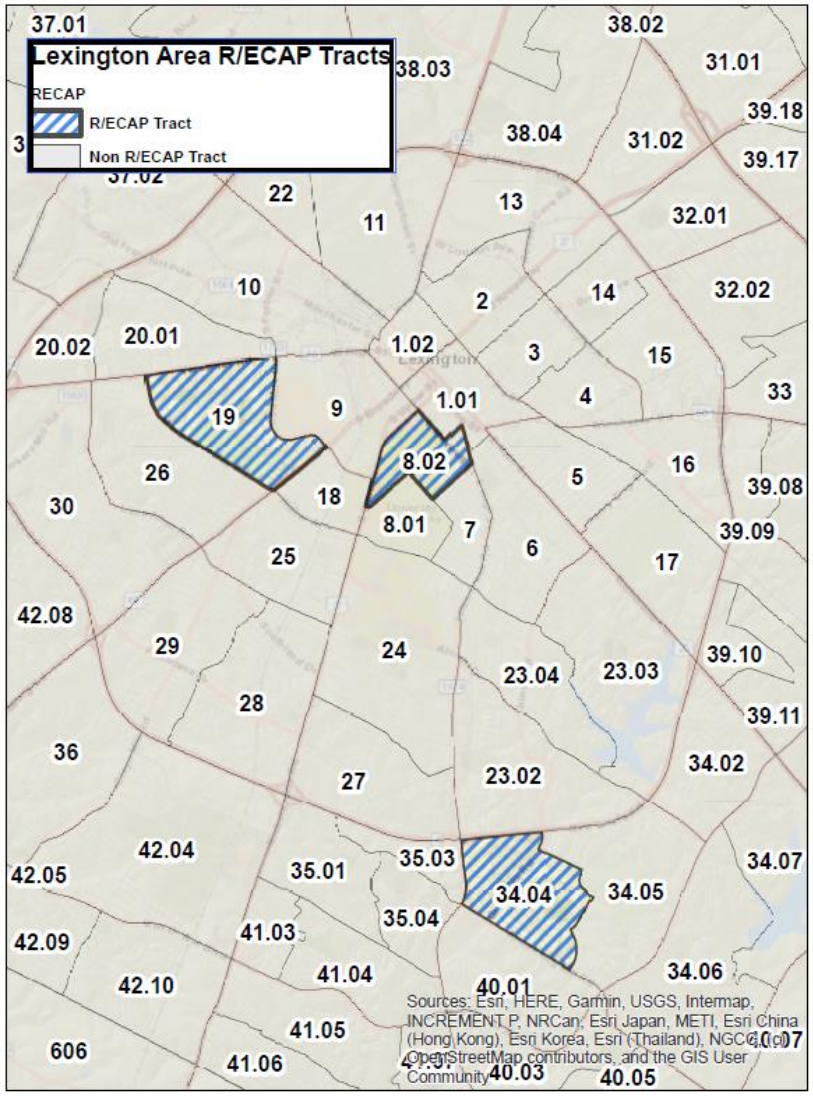
Source: ACS 5-Year Estimates, 2022

Figure 7: R/ECAP Tracts Near Louisville, 2022



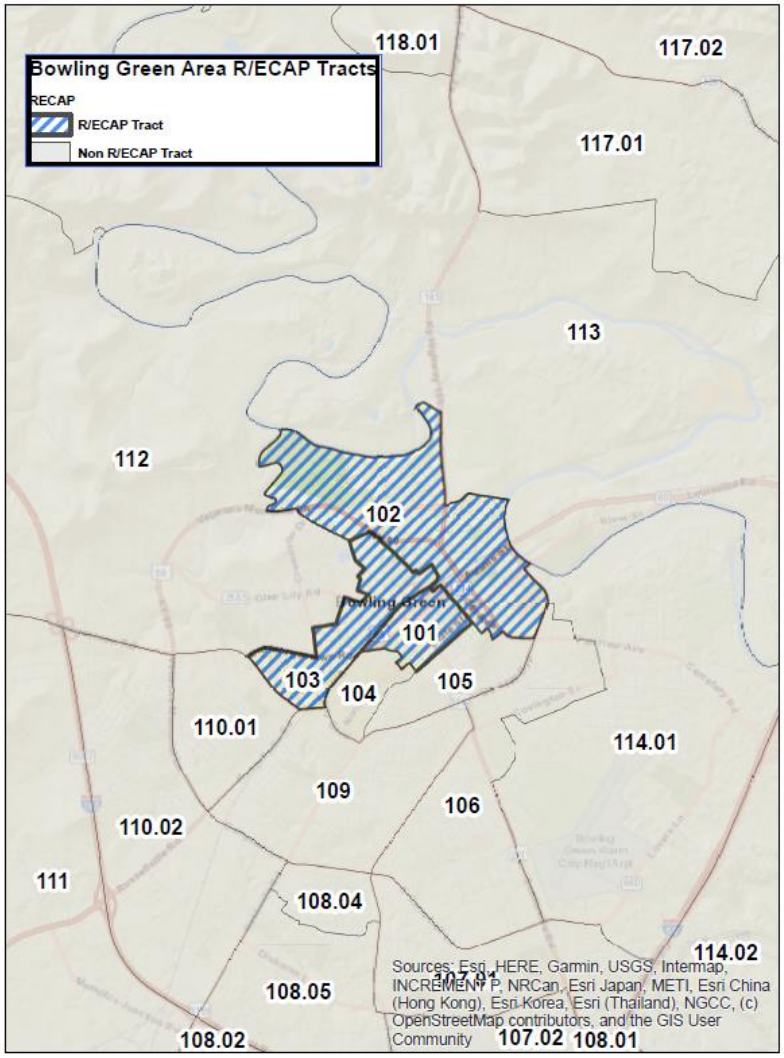
Source: ACS 5-Year Estimates, 2022

Figure 8: R/ECAP Tracts Near Lexington, 2022



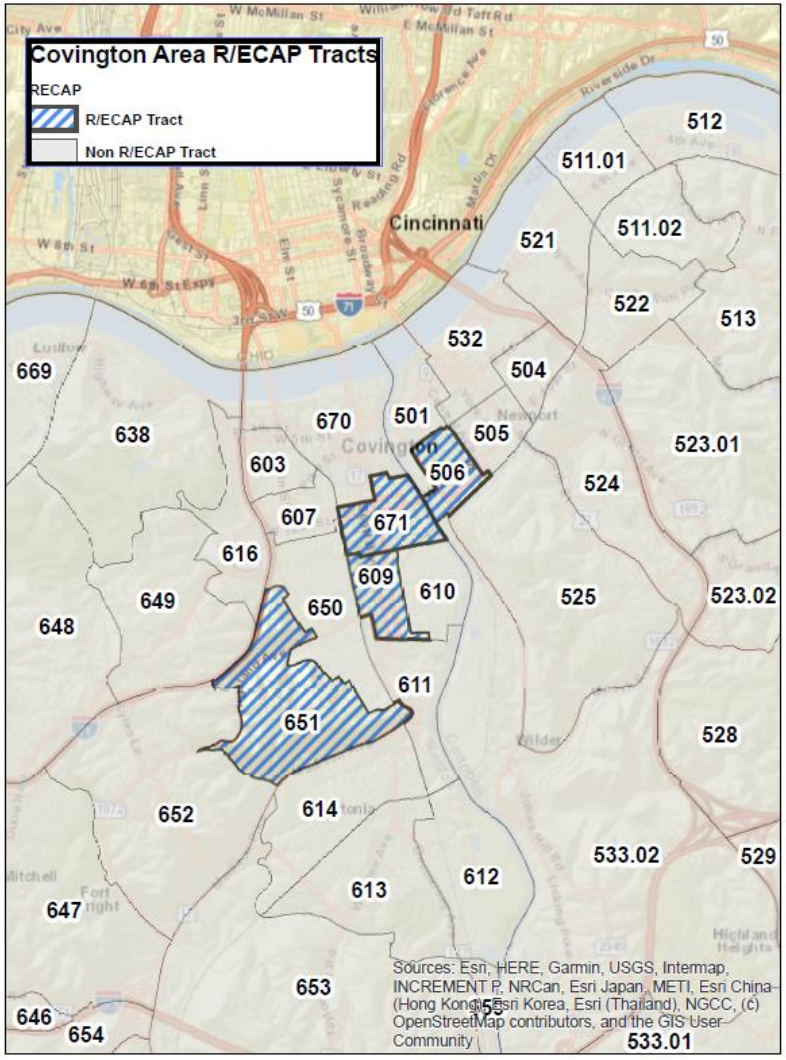
Source: ACS 5-Year Estimates, 2022

Figure 9: R/ECAP Tracts, Bowling Green, 2022



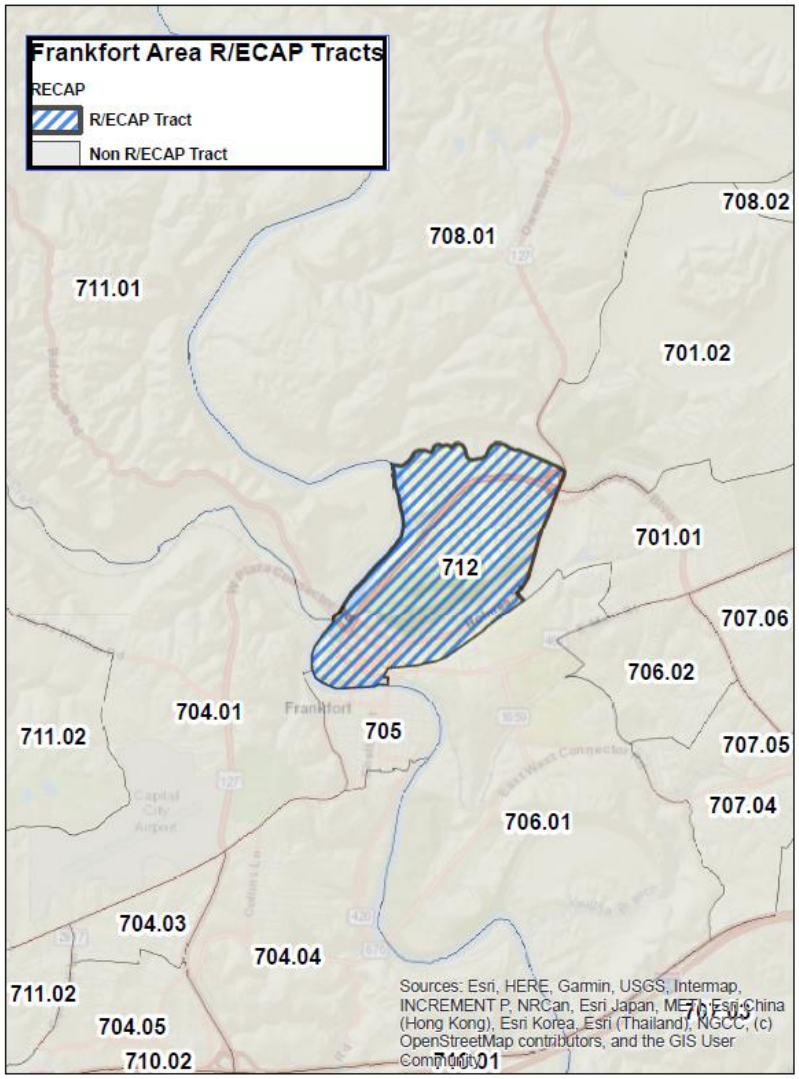
Source: ACS 5-Year Estimates, 2022

Figure 10: R/ECAP Tracts, Covington, 2022



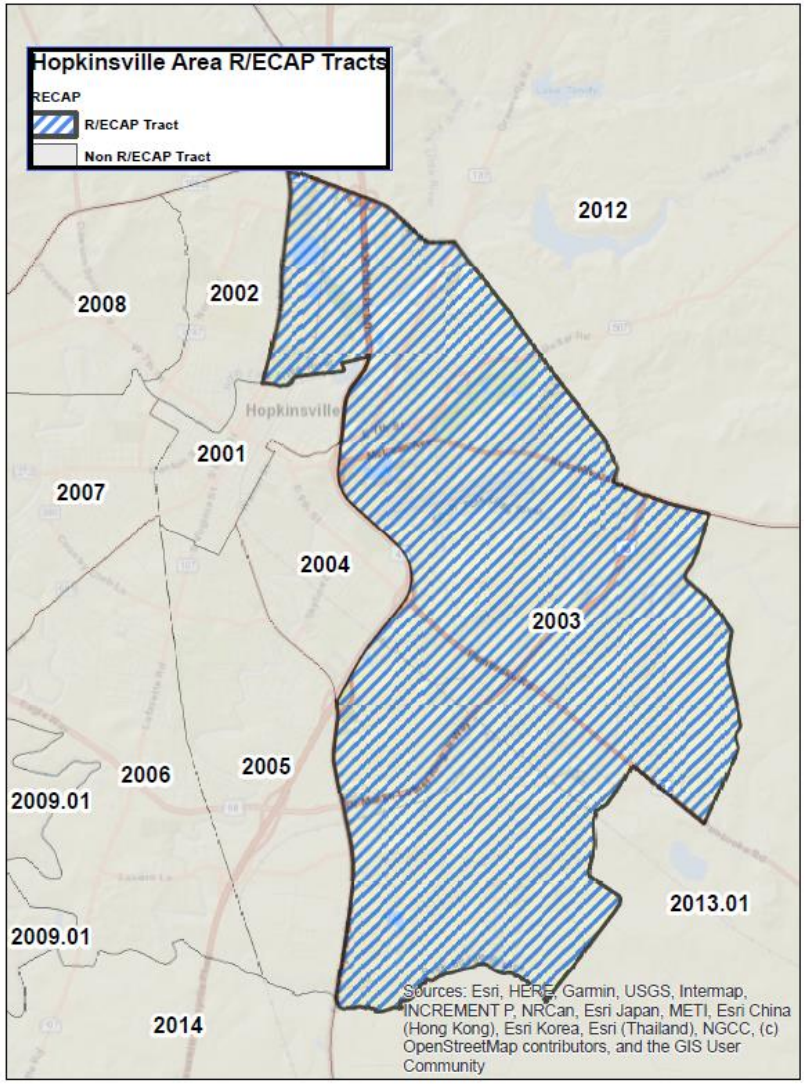
Source: ACS 5-Year Estimates, 2022

Figure 11: R/ECAP Tracts, Frankfort, 2022



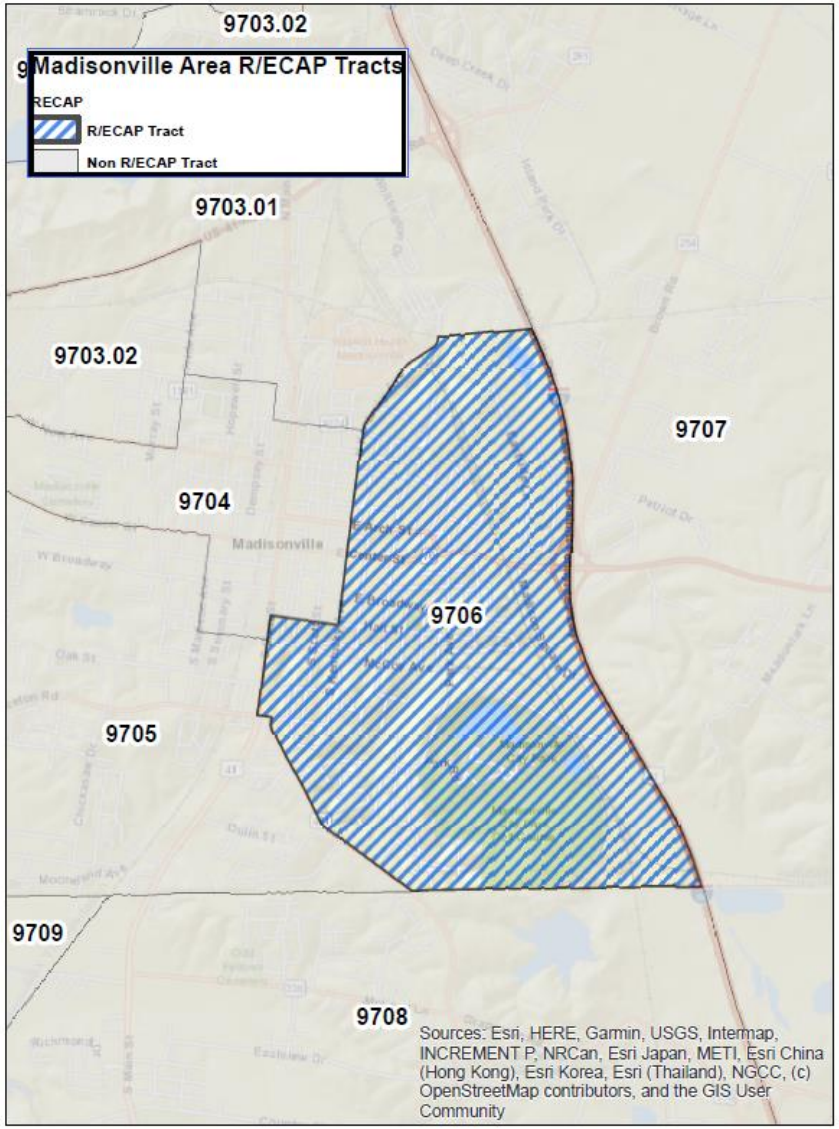
Source: ACS 5-Year Estimates, 2022

Figure 12: R/ECAP Tracts, Hopkinsville, 2022



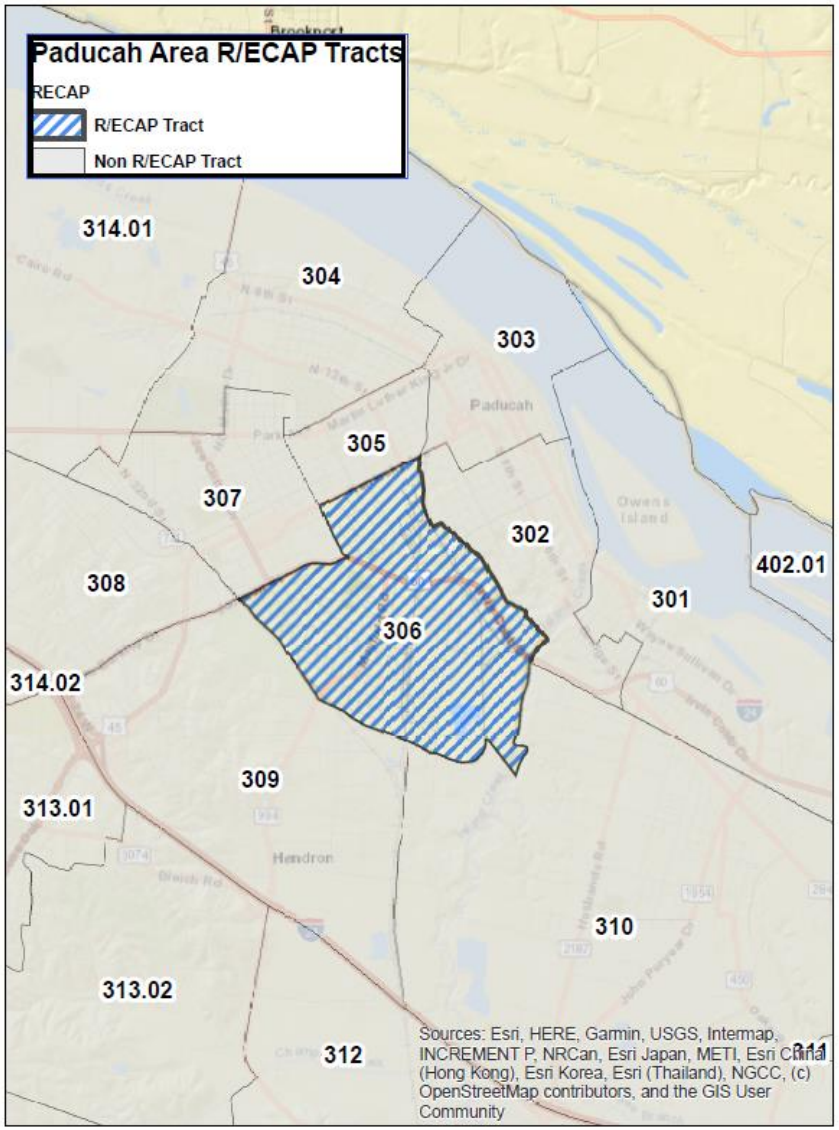
Source: ACS 5-Year Estimates, 2022

Figure 13: R/ECAP Tracts, Madisonville, 2022



Source: ACS 5-Year Estimates, 2022

Figure 14: R/ECAP Tracts, Paducah, 2022



Source: ACS 5-Year Estimates, 2022

COMMUNITIES OF OPPORTUNITY

A large body of social research has demonstrated the powerful negative effects of residential segregation on income and opportunity for minority families, which are commonly concentrated in communities characterized by older housing stock, slow growth, and low tax bases – the resources that support public services and schools. Households living in lower-income areas of racial and ethnic concentration have fewer opportunities for education, wealth building, and employment. The rationale for this analysis is to help communities determine where to invest housing resources by pinpointing the areas of greatest existing need. However, current evidence suggests that adding more subsidized housing to places that already have a high concentration of social and economic issues (i.e., R/ECAPs) could be counter-productive and not meet the spirit of the goals of HUD programs. This does not mean, however, that R/ECAPs should be ignored by communities. Residents in R/ECAPs still need services and high-quality places to live and stabilizing and improving conditions in the lowest-income neighborhoods remains a key priority for Kentucky Housing Corporation. Rather, investment should be balanced between existing R/ECAPs (improving the quality of life for residents who want to remain in their neighborhoods) and other communities that offer opportunities and advantages for families and individuals.

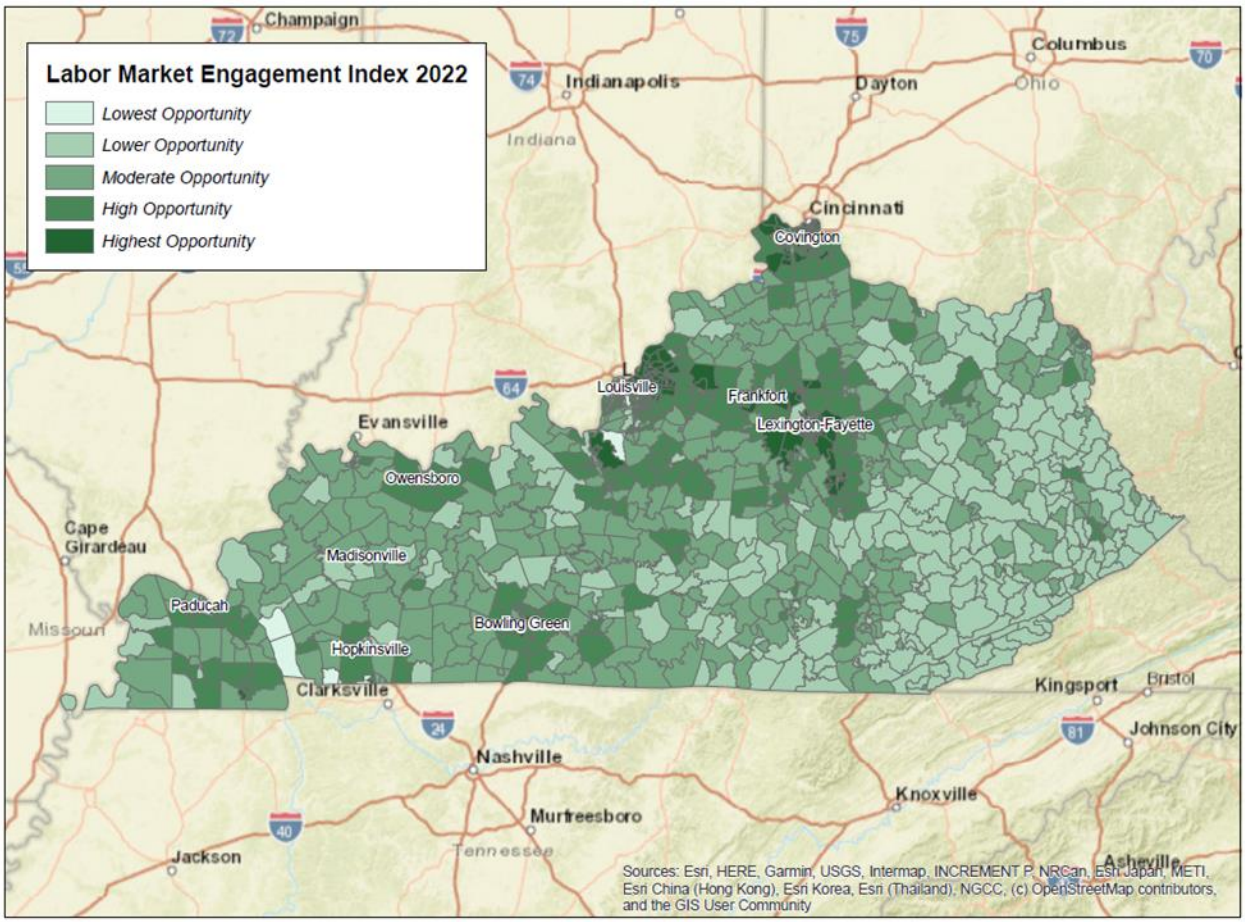
The Communities of Opportunity model is highly spatial and therefore map-based, generating a geographic footprint of inequality. The process of creating opportunity maps involves building a set of indicators that reflect local issues and are also based on research that validates the connections between the indicators and increased opportunity. The resulting maps allow communities to analyze opportunity, comprehensively and comparatively, to communicate who has access to opportunity-rich areas and who does not, and to understand what needs to be remedied in opportunity-poor communities. The combination of identifying R/ECAPs and Communities of Opportunity creates a holistic approach to community investment.

Labor Market Engagement Index

The Labor Market Engagement Index is a measure of the relative intensity of labor market engagement and human capital. The index is a combination of unemployment rates, labor force participation rates, and percentage of the population with at least a bachelor’s degree within a census tract. Employment opportunities are necessary for individuals to afford stable housing. Labor force participation represents the amount of labor resources available for the production of goods and services. The percentage of the population with at least a bachelor’s degree is used to estimate the availability of skilled labor.

Areas with higher levels of labor market engagement are found around major metropolitan areas such as Lexington, Louisville, and Covington. These areas tended to have higher levels of education and wealth, and low unemployment rates. Conversely, the lowest rates are found in more rural areas of the state where fewer people have higher levels of education. These areas also tend to have higher rates of poverty.

Figure 15: Labor Market Engagement Index, 2022

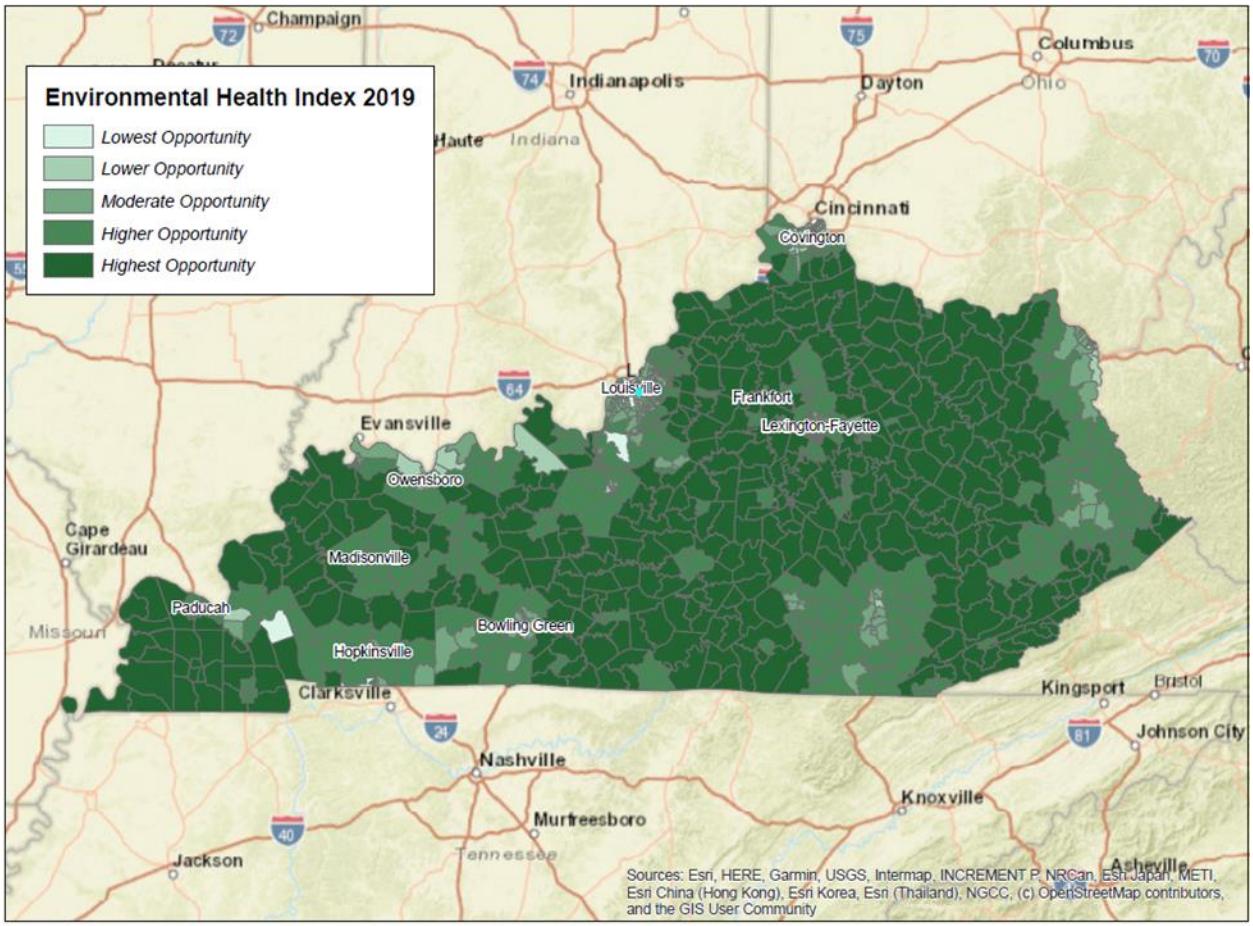


Source: ACS 5-Year Estimates, 2022

Environmental Health Index

The Environmental Health Index summarizes potential exposure to harmful toxins and access to health insurance and food at the census tract level. Toxins include carcinogenic, respiratory, and neurological hazards. Higher index values indicate less exposure to toxins harmful to human health. Environmental hazards have an adverse effect on children's growth and development and can limit one's ability to work. Low-income and minority individuals are also found to be disproportionately affected by environmental hazards, perpetuating the lack of opportunity for vulnerable populations. The lowest environmental health scores are concentrated in metropolitan areas, while rural populations have very low levels of exposure to environmental hazards. Areas with low environmental health scores also tend to have higher levels of poverty and, especially in the case of rural areas, are located far from grocery stores.

Figure 16: Environmental Health Index, 2019



Source: EPA Airtoxscreen 2019

Transit Access Index

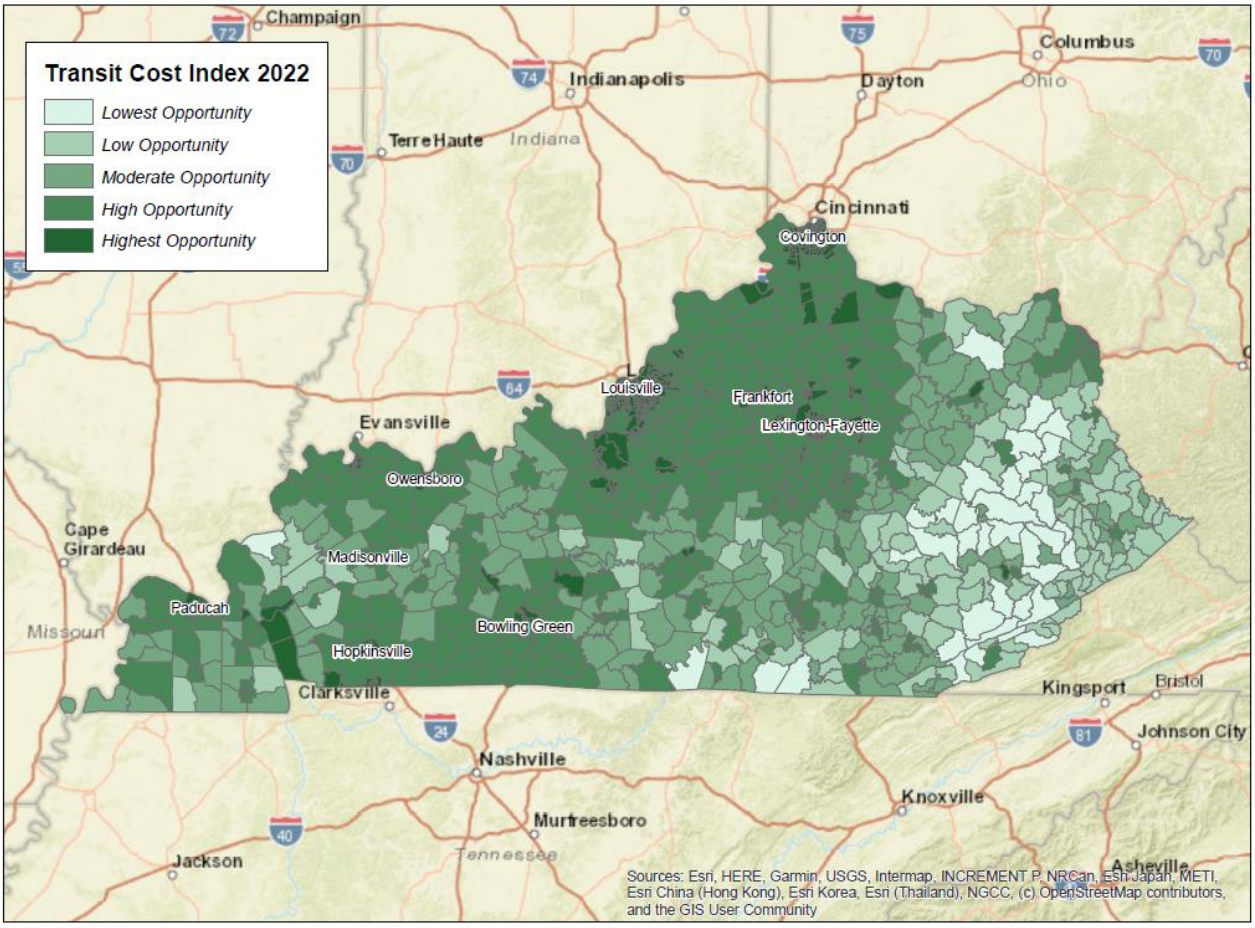
Transit Access represents the ease with which people can access public transportation. According to the Federal Highway Administration (FHWA) under the US Department of Transportation, most people are willing to walk for five to ten minutes to a transit stop. FHWA uses these walking times as a proxy for distance, estimating accessible transit stops being a quarter mile to a half mile away from a pedestrian's starting point, typically their place of residence. To calculate accessibility, a quarter mile to a half mile buffers were placed around each transit stop to find the percentage of a census tract that is within walking distance to a transit stop. This percentage was averaged to produce the Transit Access Index.

Expectedly, Kentucky's metropolitan areas have the best access to public transit, in terms of both the number of trips taken and transit cost, in the state. These indices were calculated for the population earning up to 80 percent AMI. Transit opportunity declines as you move further away from the cities where density is lower. Opportunity is lowest in rural areas where transit is unlikely to exist or is very limited, although transit access is not significantly higher for those living in cities. The lack of transit access in more rural areas could constitute a disparity in

opportunity, as these residents may not have the means to own and maintain a private vehicle and have less access to public transportation to reach jobs, doctor's offices, and other essential services.

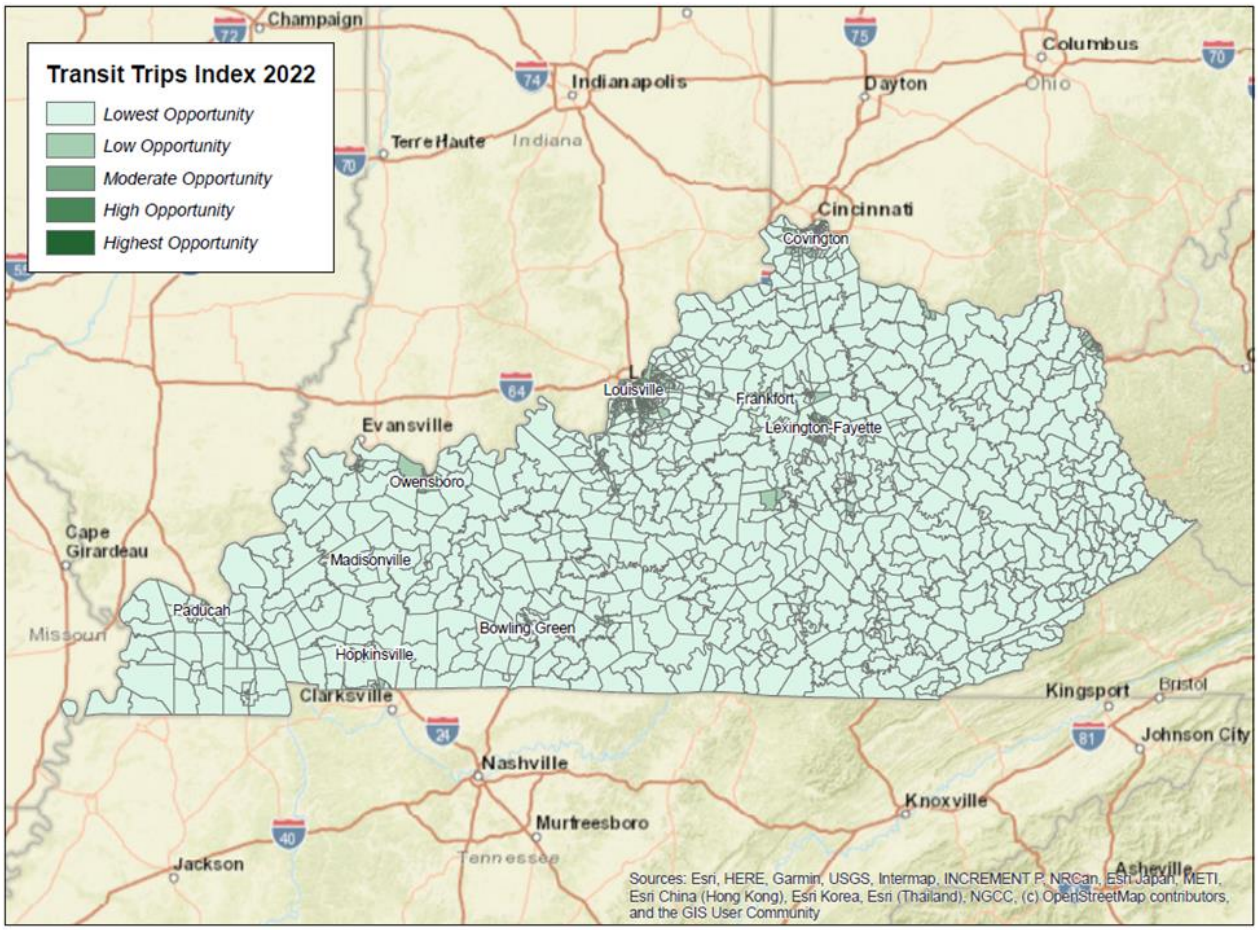
Figure 17 shows that areas of Kentucky with the highest labor market engagement opportunity are in more urban areas with lower transit costs, while Figure 18 shows a higher level of transit trips and corresponding access to resources (jobs, housing, etc.).

Figure 17: Transit Cost Index 2022



Source: H+T Index 2022

Figure 18: Transit Trips Index, 2022



Source: H+T Index 2022

Public Sector Policy Analysis

Impediments to fair housing choice can take many forms. Some policies, practices, and procedures may appear neutral on their face but adversely affect the provision of fair housing in reality. An important element of the AI is an examination of public policies in Kentucky to determine opportunities for reducing obstacles to fair housing and expanding housing choice.

FEDERAL FUNDING SOURCES AND PROGRAMS

Collectively, the CDBG, HOME, ESG and Housing Opportunities for Persons With AIDS (HOPWA) programs are under the authority of HUD's Community Planning and Development (CPD) division. In addition, since 2016, the state has received a $3 million annual allocation from the Housing Trust Fund (HTF), also under the authority of HUD. Kentucky also receives annually approximately $12 million in financing through the federal LIHTC program.

Annually, the state is required to engage the public and stakeholders in the development of its Annual Action Plan to identify the eligible activities it will fund and implement with CDBG, HOME, ESG, and HOPWA funds. In addition, the state undertakes a Consolidated Plan every five years to set priorities and goals for upcoming Annual Action Plans.

This section analyzes the state-level policies in place that guide how Kentucky affirmatively furthers fair housing as part of its planning process and in the implementation of its CDBG, HOME, LIHTC, and HTF programs.

Community Development Block Grant Program

The Kentucky DLG administers the CDBG program across the state in conjunction with the KHC. Eligible applicant communities include those that are not direct HUD entitlement grantees. KHC and DLG allocate CDBG resources to address community needs such as housing, economic development, public facilities, and public services. In 2024, the state received $26.3 million in CDBG funds.

DLG's CDBG Handbook is available online and was reviewed for the previous AI. The handbook includes a statement of non-discrimination, including a statement making known the Department's ability to provide reasonable accommodation for persons with disabilities to participate in all programs, services, and activities. Chapter 7: Fair Housing and Equal Opportunity, along with the associated attachments, was reviewed to better understand DLG's policy. The Department's non-discriminatory statement includes the seven federal protected classes.

As part of the grant agreement to receive state CDBG funding, a sub-recipient must provide assurances to further fair housing and ensure nondiscrimination, such as by maximizing housing choice throughout the jurisdiction; lessening racial, ethnic, and economic concentrations in housing; facilitating desegregation and racially inclusive patterns of occupancy; providing for equal access in HUD-funded properties and programs; and

affirmatively furthering fair housing. Sub-recipients must designate a local fair housing and equal opportunity coordinator, adopt a fair housing resolution, and undertake one or more activities from among a list of 12 initiatives—all of which promote fair housing.

In addition to requiring compliance with the federal Fair Housing Act, state CDBG sub-recipients must also comply with Title VI of the Civil Rights Act of 1964 and KRS 344.015. To achieve this, sub-recipients can either adopt DLG's Title VI Implementation Plan or create one of their own. Furthermore, sub-recipients must ensure that equal opportunities are made available through project site selection, that evaluation criteria and administrative practices are non-discriminatory, that affirmative actions are undertaken to overcome past discriminatory actions, and that EEO and fair housing posters are prominently displayed, among other things. They must also put in place a grievance procedure to handle complaints must be put in place as well.

Specific to housing activities, sub-recipients are required to periodically review the state's AI or adopt their own and maintain compliance. Marketing to LEP populations, selection criteria for program participants, policies for relocation, and legal documents must be reviewed and revised, as needed, to ensure compliance. Section 504 requirements regarding accessibility are imposed, including accessible design and construction features for housing activities. Sub-recipients are required to use DLG's four-factor analysis to ensure meaningful access to LEP populations, and to ensure that LAPs address local LEP data and needs.

DLG provides information on how to file a complaint alleging discrimination, as an online link to HUD Discrimination Form 903.1 (online complaint form). also It also provides a substantial list of attachments, several of which are templates for required documents (e.g., local Fair Housing Resolution, Civil Rights Title VI Self-Survey, Policy of Non-Discrimination Section 504 Public Notice, etc.).

DLG monitors its sub-recipients on a periodic basis, although COVID has impacted its ability to conduct monitoring in the field. The DLG executive staff reported in an interview that the agency aims to increase monitoring in the field to ensure that its subrecipients are complying with CDBG stated policies. If they are found to be noncompliant, DLG plans to explore methods of ensuring future compliance, including possible withdrawal of future funds.

DLG provides fair housing training as part of its mandatory program administrative training for sub-recipient staff, and KHC provides DLG staff with fair housing training. There are currently no fair housing educational opportunities for those on the supply side of housing for, for instance, subrecipients, developers, or other policy makers.

HOME Investment Partnerships Program

KHC administers the HOME program, which provides funding for affordable housing initiatives across the state. In terms of fair housing, the location of assisted housing can expand access to community assets, or it can perpetuate residential segregation patterns. For example, affordable housing units planned and developed in high opportunity areas can facilitate access to better

schools and jobs. On the other hand, affordable housing that is located exclusively in R/ECAP or lower opportunity areas can restrict housing choice and residents' access to higher quality community assets.

KHC's HOME funds may be used for the development of multifamily properties involving acquisition and rehabilitation or new construction of affordable rental housing. Income-eligible households include those with incomes up to 60 percent of the area median. The required affordability period for new construction rental development is 20 years. The affordability period for rehabilitation projects is dependent upon the amount of HOME funds invested per unit, ranging from five to 15 years.

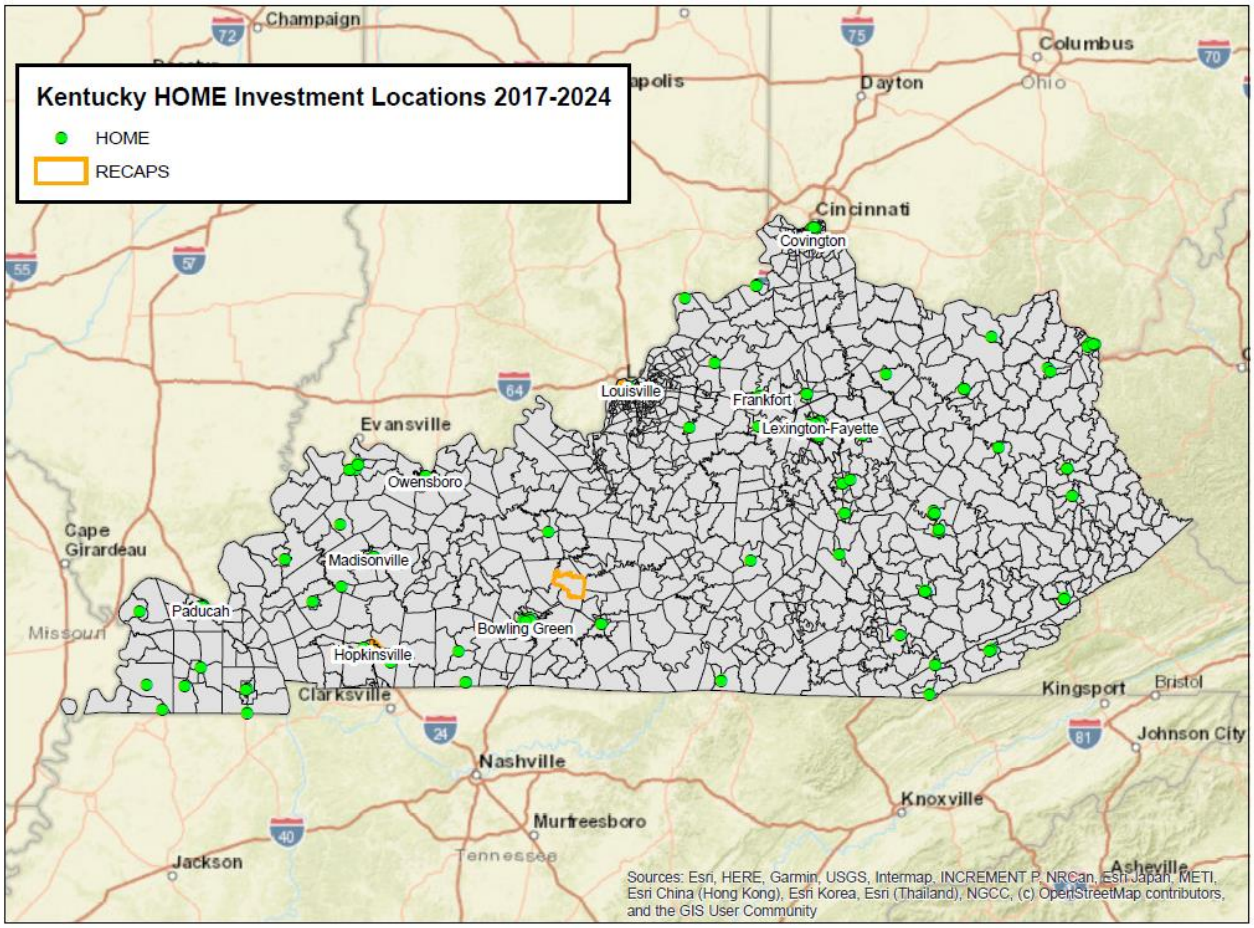
HOME funds may be used for the following single-family residential activities:

- **Homebuyer assistance** can include acquisition and rehabilitation for resale of an existing home and new construction of a single-family unit. Acquisition can occur under direct sale to the homebuyer or via a lease-purchase agreement. Up to $25,000 of HOME funds per house may be used for construction, principal reduction, down payment assistance, and closing costs, and also for the required three percent down payment if there is an FHA-insured first mortgage. Eligible households include those with incomes up to 80 percent of the area median.
- KHC also may provide up to $60,000 of HOME funds per unit for **Homeowner Rehabilitation** to bring a primary residence up to the current building code or, if a house is too dilapidated, to demolish it and build a new home. Eligible households included those with incomes up to 80 percent of the area median.
- **Tenant-Based Rental Assistance (TBRA)** provides funds for rent and utility assistance as well as security and utility deposits. Eligible households have incomes up to 60 percent of area median income (AMI).

The maps below show the geographic locations of HOME investments made by KHC. Overall, investments have been made throughout the state with more in metropolitan areas than rural ones with a balance between those made within and outside R/ECAP tracts.

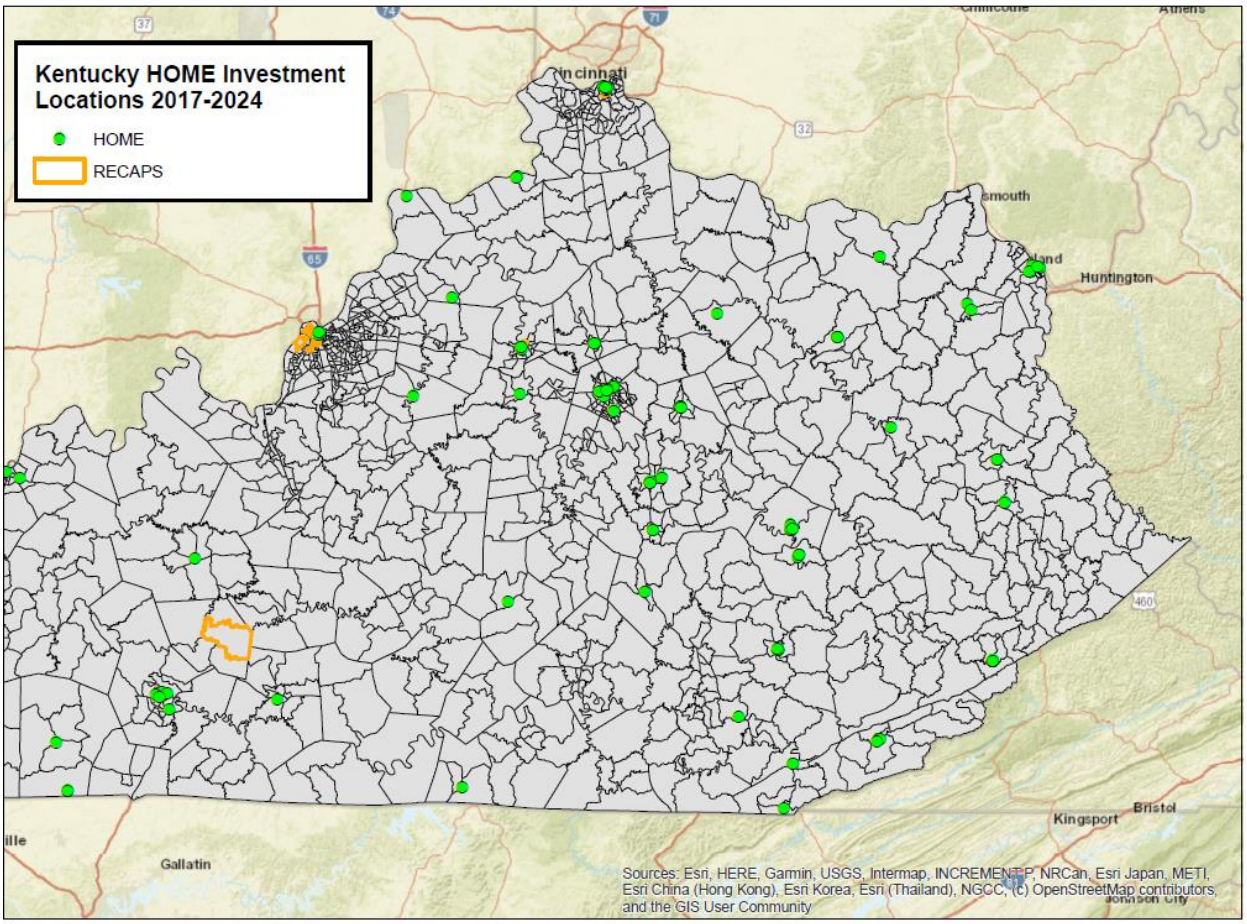
KHC should continue to compare the locations of investments made with the Census tracts designated as R/ECAPs and explore opportunities for investment accordingly. For example, tract 9801 to the northeast of Bowling Green is a designated R/ECAP in which no HOME investments have been made since 2017. This tract could represent a good opportunity for rural R/ECAP investment.

Figure 19: HOME Program Investments 2017-2025



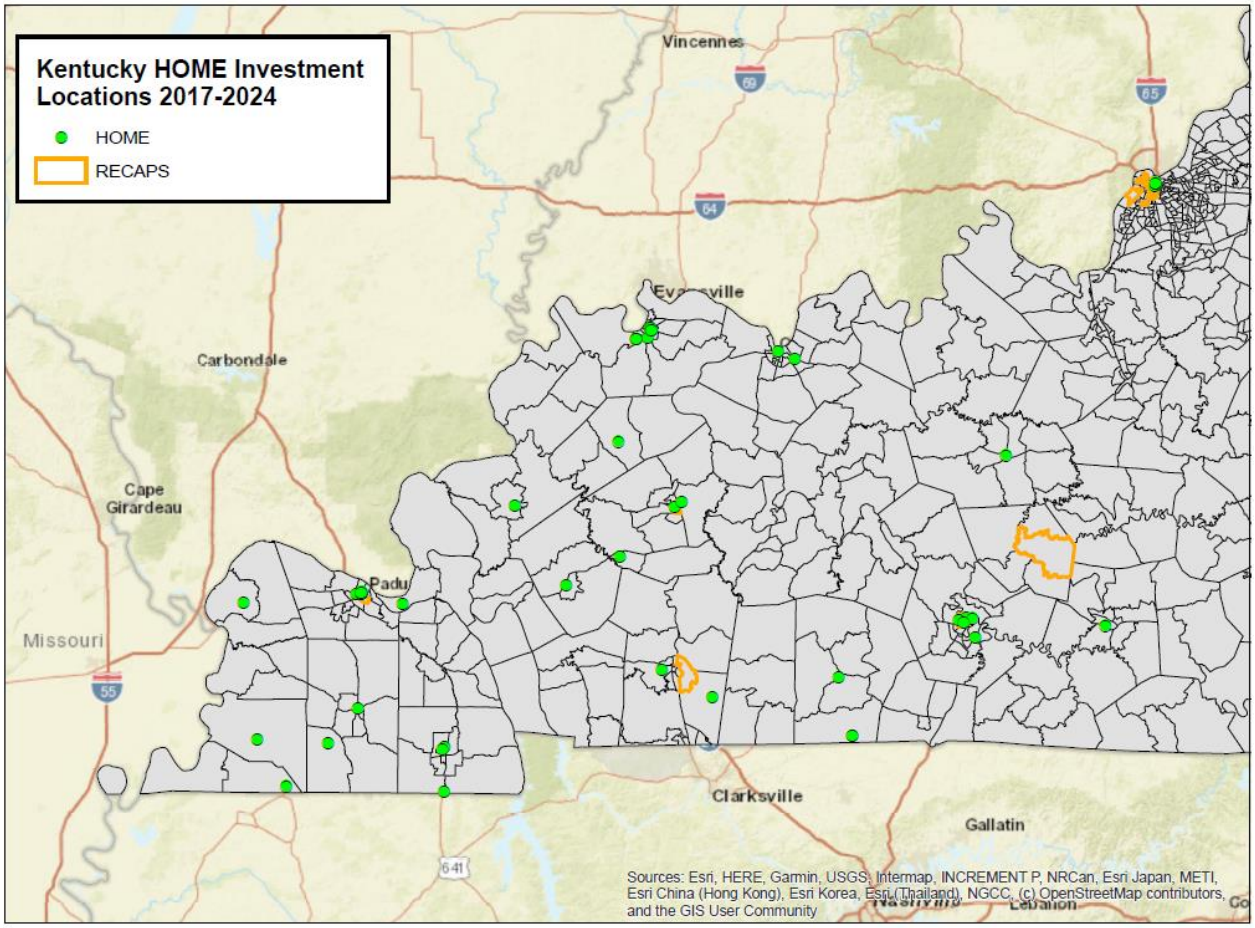
Source: Kentucky Housing Corporation

Figure 20: HOME Program Investments 2017-2025, Eastern Kentucky



Source: Kentucky Housing Corporation

Figure 21: HOME Program Investments 2017-2025, Western Kentucky



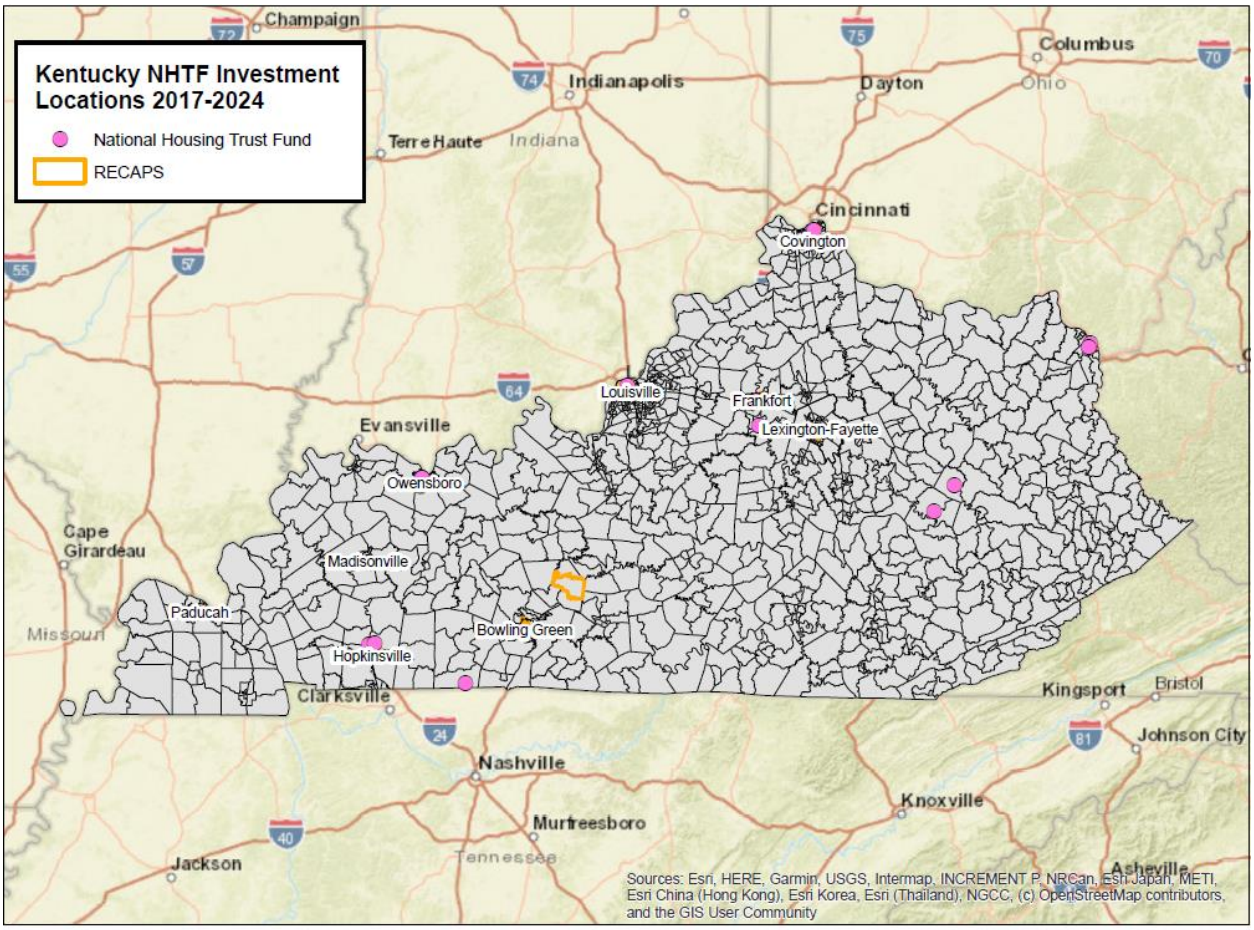
Source: Kentucky Housing Corporation

National Housing Trust Fund

The HTF is an affordable housing production program that complements existing Federal, state, and local efforts to increase and preserve the supply of decent, safe, and sanitary affordable housing for extremely low- and very low-income households, including homeless families. HTF funds may be used for the production or preservation of affordable housing through the acquisition, new construction, reconstruction, and/or rehabilitation of non-luxury housing with suitable amenities. Kentucky received an allocation of $3.14 million from this program in 2024 and receives approximately that amount annually.

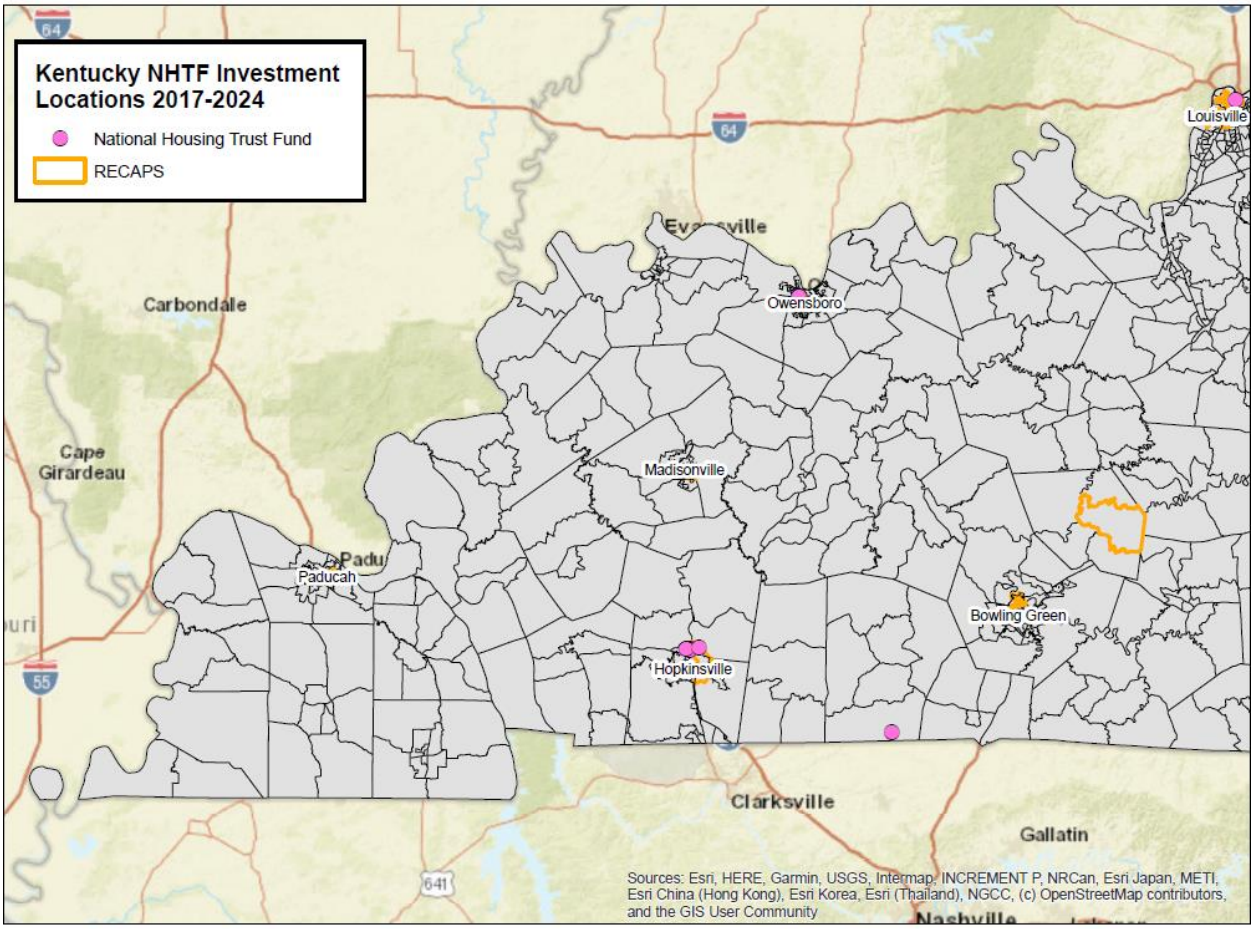
By program year 2023 (year four of the current five-year Consolidated Plan cycle), KHC reported using HTF funds for the preservation and rehabilitation of approximately 70 affordable rental housing units that serve low-income families or families with incomes at or below the poverty line. HTF investments are geographically illustrated below.

Figure 22: NHTF Investments, 2017-2024, Kentucky



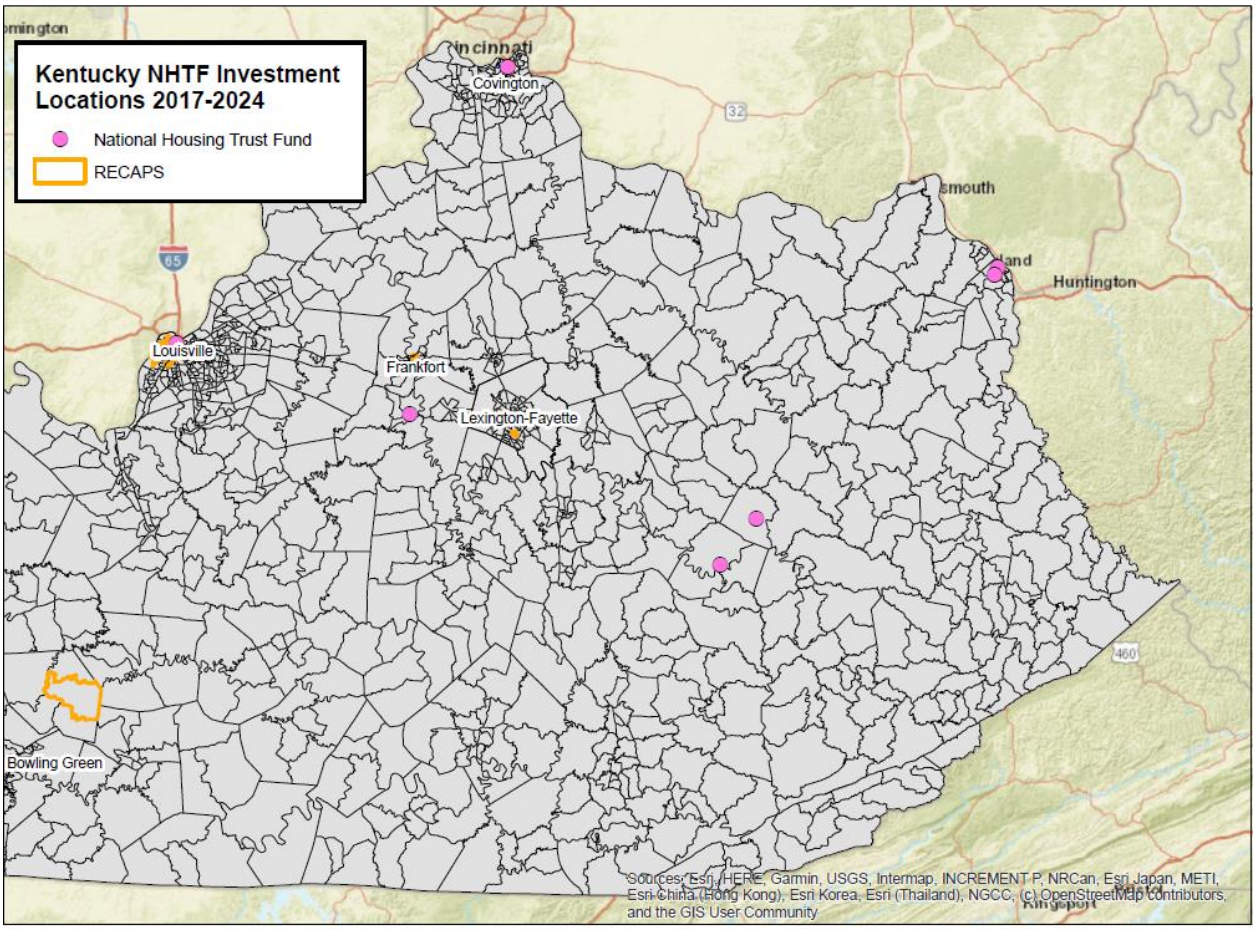
Source: Kentucky Housing Corporation

Figure 23: NHTF Investments, 2017-2024, Western Kentucky



Source: Kentucky Housing Corporation

Figure 24: NHTF Investments, 2017-2024, Eastern Kentucky



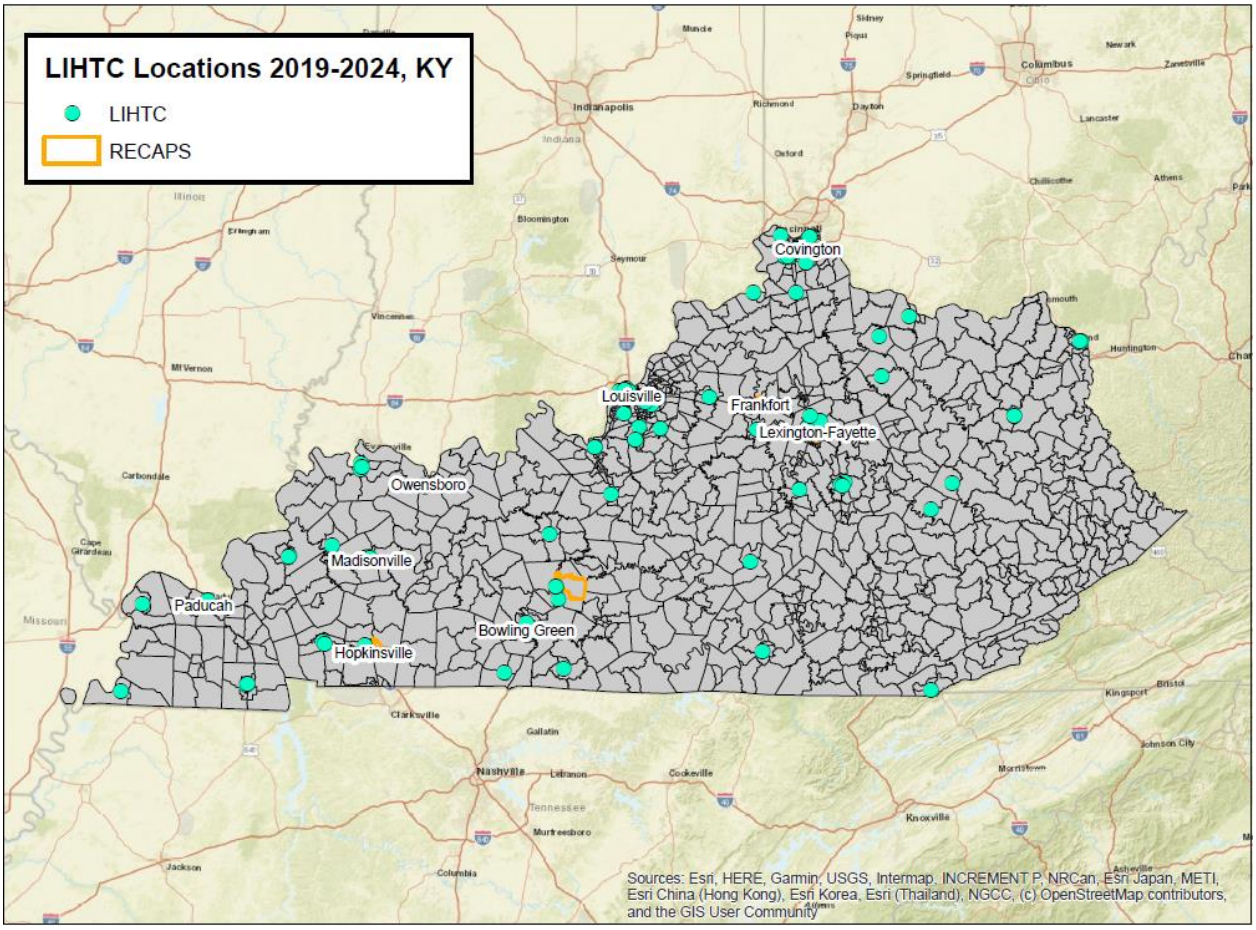
Source: Kentucky Housing Corporation

Low Income Housing Tax Credit Program and the Qualified Allocation Plan

KHC's QAP is a public policy based on guidelines established by Section 42 of the Internal Revenue Code, which establishes the agency's priorities for rental housing initiatives financed with LIHTC.

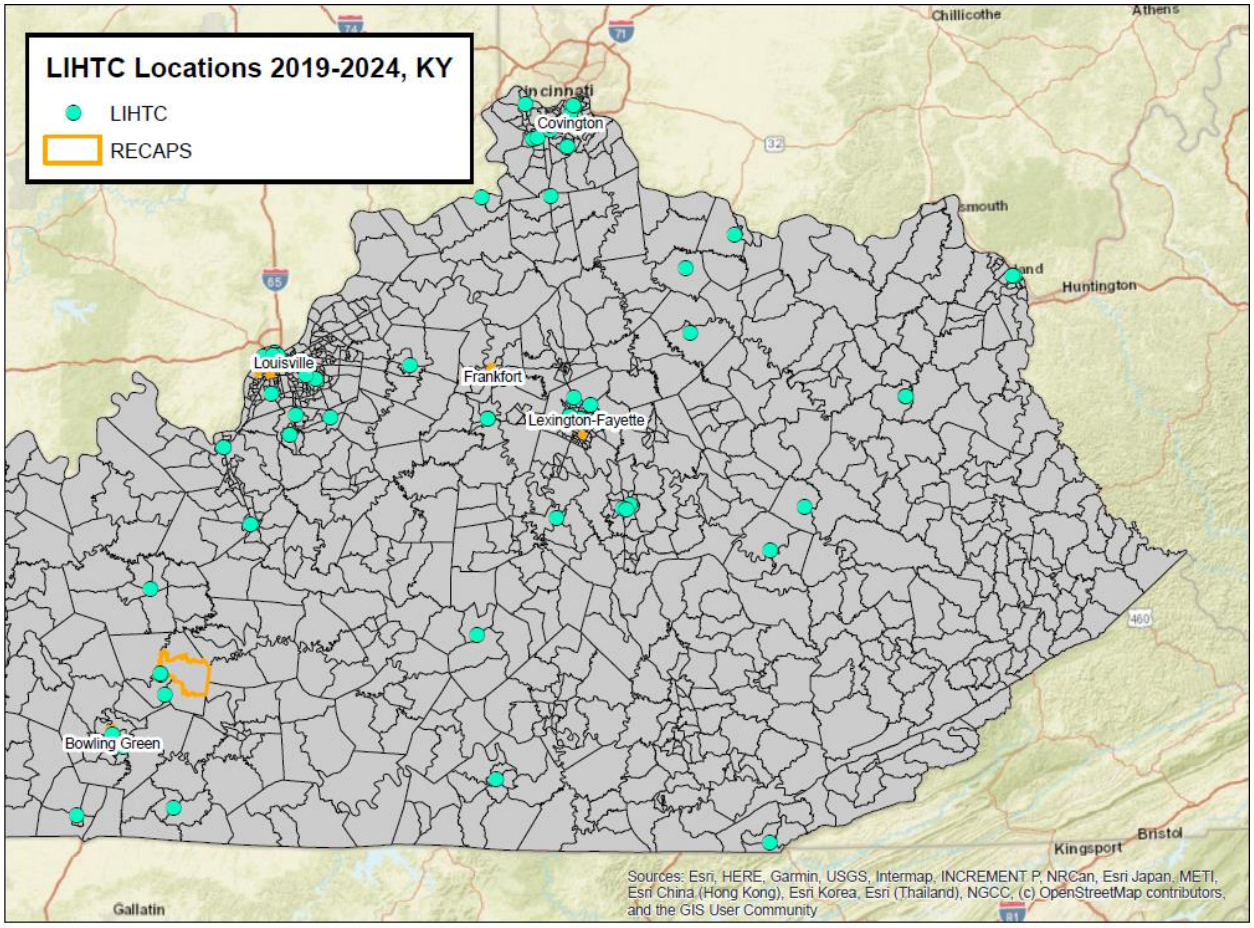
LIHTC investments are geographically illustrated in the maps below.

Figure 25: LIHTC Investment Locations, Kentucky



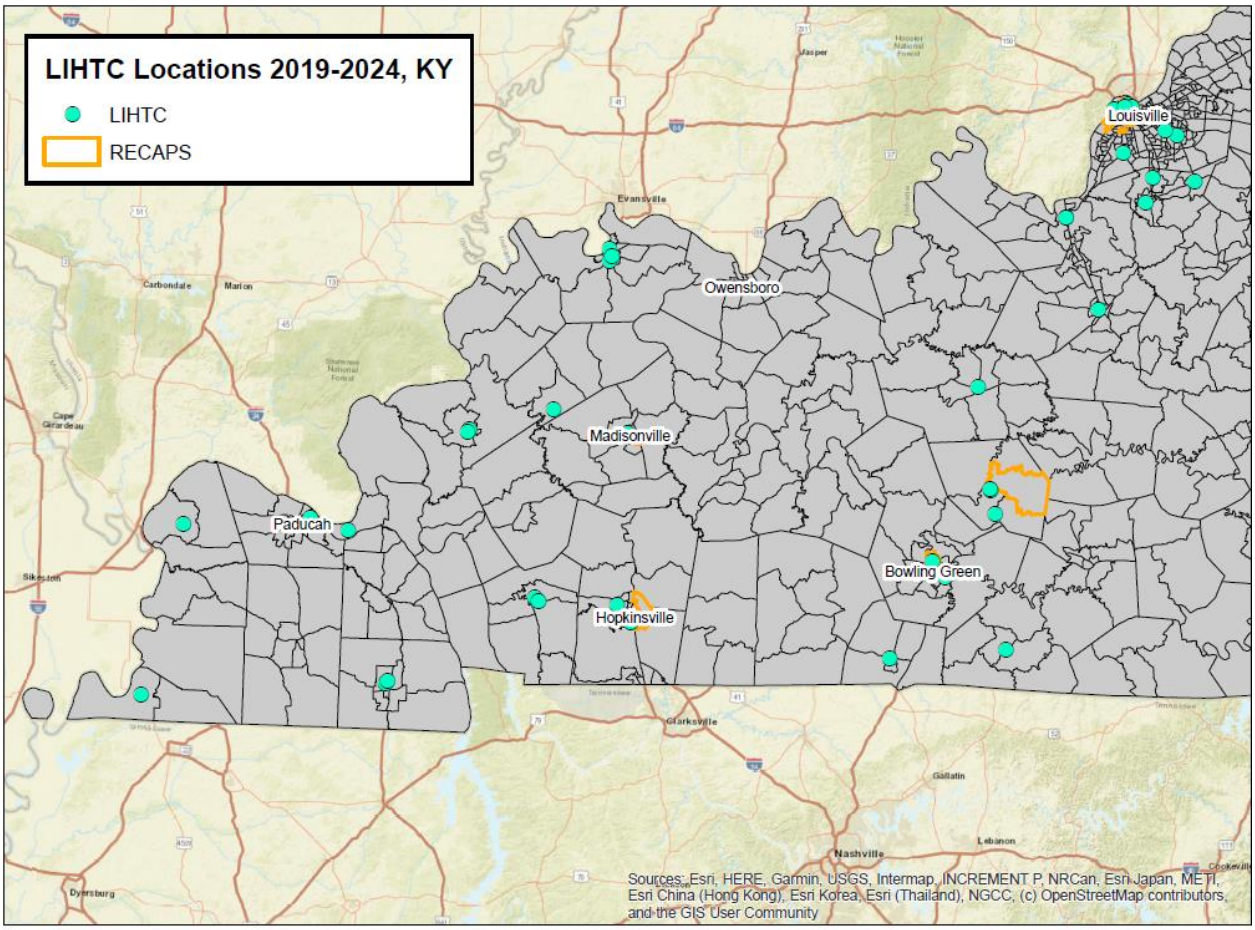
Source: Kentucky Housing Corporation

Figure 26: LIHTC Investment Locations, Eastern Kentucky



Source: Kentucky Housing Corporation

Figure 27: LIHTC Investment Locations, Western Kentucky



Source: Kentucky Housing Corporation

Unlike federal programs that provide grants or loans for housing development, the LIHTC program generates private equity from the sale of tax credits to assist with the hard and soft development costs of rental units. Generally, for-profit corporations such as banks purchase the credits based on current demand for them. In return, corporations receive a dollar-for-dollar reduction of federal taxes each year for the first ten years that units are in operation. The QAP is conducted every two years and must be approved by the Governor before the tax credits can be awarded by KHC to developers. Because the competition for tax credits is robust, tax credit developers design their rental housing projects to achieve maximum scoring under KHC's QAP priority scoring categories. The QAP has a major impact on what populations are served, the types of projects that will be undertaken and, indirectly, where rental housing is built or rehabilitated.

The QAP was reviewed to determine the presence of five tax credit allocation priorities meant to incentivize developers to create LIHTC properties in locations with lower poverty rates and higher opportunity.[2] The five allocation priorities included:

- High-opportunity neighborhoods.
- Access to amenities.
- Approval by the community.
- Furthering investment in blighted neighborhoods.
- Avoiding concentrations of affordable housing.

The set-asides established in the QAP reflect distinctions in specific needs and its obligation to affirmatively further fair housing as determined by KHC. For 2025-2026, the QAP stated set-asides on the basis of existing or new supply. KHC will award the lesser of: ten percent of available 9% LIHTCs or two applications to existing supply projects that rehabilitate rent-restricted housing. The new supply set asides include 33 percent of 9% LIHTCs in an urban set-aside for Jefferson, Fayette, and Northern Kentucky (Boone, Campbell, and Kenton Counties); and the remaining LIHTCs to applications in the BoS.

The QAP states specific criteria by which 9% LIHTCs will be distributed. For existing supply, the credits will be awarded based on the greatest need of rehabilitation determined by ranking, the percentage of units covered by federal project-based rent assistance, and whether the application includes rehabilitation only (excluding acquisition for the purpose of maximizing limited resources). The new supply selection criteria by which points are awarded include:

- Share of affordable units in a given county, with the applications in counties with the lowest number of subsidized units earning the most points (BoS set-aside only).
- Submitted data in the categories:
  - Renter cost burden.
  - Median household income.
  - Employment density (BoS set-aside only).
  - Road network density (BoS set-aside only).
- Projects supported by permanent below-market sources
  - Sources including HOME (other than from KHC), CDBG, local government housing or infrastructure programs, public housing authority resources, financial institutions, or philanthropic organizations registered in Kentucky.
  - Applications that list source(s) as a permanent loan with these terms: no more than 1 percent interest rate, amortization of at least 20 years, and no commercially unreasonable fees.
- Land donation.

[2] The five allocation priorities are found in “Effect of QAP Incentives on the Location of LIHTC Properties” published by the U.S. Department of Housing & Urban Development, Office of Policy Development & Research (April 2015).

- Revitalization plans (urban set-asides only).
- Family, senior, or supportive housing.

In the event of a tie, KHC will apply tiebreakers, including greatest number of LIHTC units, demonstration of innovative characteristics, eligibility for the historic rehabilitation tax credit, and intention for eventual tenant ownership.

With regard to local community approval and the potential for not-in-my-backyard opposition, the fair housing rule of thumb is that a housing project financed with public funding sources should not be subjected to a higher standard of public notification and/or approval process than privately financed housing. Different treatment on this basis is discriminatory if the tenants of a proposed development will be members of the protected classes (families with children, persons with disabilities, minorities, etc.).

Project notification requirements are evident in Section 42(m)(1)(A)(ii) of the Internal Revenue Code. In accordance, KHC is required to notify the chief executive officers (or the equivalent) of local jurisdictions where projects to receive credits are located and provide the officials a reasonable opportunity to comment on the projects. Within the QAP, there is no scoring category that requires applicants to notify local officials and/or neighborhood groups within a buffer of a proposed site, a requirement that generally increases the likelihood that a project will be derailed through political intervention or public opposition.

In some cases, careful and coordinated planning involving revitalization of deteriorated structures and conditions in some areas can spur new investment in blighted neighborhoods and enhance living conditions for residents. New LIHTC projects are frequently part of the equation for this type of initiative, providing new high-quality and affordable housing for longtime residents. The QAP can be a useful and valuable tool in guiding LIHTC investment, particularly when it is part of a broader comprehensive community plan. HUD's Choice Neighborhood Initiative is one example of how this can be achieved. The QAP awards preference under the Revitalization Plans section for projects located in urban qualified census tracts with a plan for a defined target area where other investments will occur or have occurred. This requirement is specific to plans that are formally recognized and/or adopted for revitalization, community development, and/or economic development. The plan must have been created or updated within the previous 10 years and demonstrate a need for multi-family units.

Overall, the QAP includes significant provisions for developer incentives to expand housing choice in higher opportunity areas. In a large rural state like Kentucky, however, the need for creating new, decent, and safe affordable housing in rural areas is also great. KHC appears to strike a balance between the two.

OLMSTEAD HOUSING INITIATIVE

The Olmstead Housing Initiative (OHI) was created in response to the 1999 Supreme Court decision Olmstead v. L.C., 527 U.S. 581, which was an interpretation of Title II of the Americans

with Disabilities Act (ADA). OHI was created to meet the housing needs of one of the hardest-to-serve populations: people with severe mental illness (SMI) who are in institutions or at risk of institutionalization. Efforts have been made to move individuals who can live independently from institutions into affordable housing in communities of their choosing. Institutions for this population could include nursing homes but are more typically psychiatric hospitals or personal care homes. OHI can pay for moving expenses, basic furnishings, and security and utility deposits, and can provide an ongoing rental subsidy.

KHC doesn't have a role with OHI. Referrals for OHI are accepted from contracted providers of the Department for Behavioral Health, Developmental, and Intellectual Disabilities (DBHDID), which must confirm that a full range of support services are in place in the community where the individual chooses to live. All referrals are made to DBHDID. KHC does not accept or approve direct referrals.

KENTUCKY HOUSING SUPPLY GAP ANALYSIS

KHC conducted a housing supply gap analysis in three phases. Phase I estimated current housing gaps in each of Kentucky's 120 counties. Phase II estimated five-year projected housing supply shortages using data on homes available for purchase, housing in the development pipeline, large-scale job announcements, and an evaluation of their impact on household growth. Phase III involved a series of public engagements to solicit public input in an effort to identify and develop strategies to increase the housing supply.

Phase I identified the housing supply shortage at six income levels: less than or equal to 30% of AMI, between 31 percent and 50 percent of AMI, between 51 percent and 80 percent of AMI, between 81 percent and 120 percent AMI, between 121 percent and 150 percent of AMI, and 151 percent and higher of AMI. A supplemental gap was identified for those seeking permanent supportive housing. The gaps identified are summarized in the table below:

Figure 29: Overall Housing Gaps by Tenure and AMI, 2024

		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
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%	-
State 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%**	-

Source: Kentucky Housing Supply Gap Analysis, Phase I

For rental units, the largest gap by far exists in the housing available for those among the lowest earning households — those below 30 percent of AMI. The necessary housing for those falling in this income tier consists of 59.4 percent of the overall rental gap in the state. The gaps in the

for-sale market are relatively evenly distributed among income levels with the highest gap occurring among units affordable to those at the highest income tier — 151 percent of AMI or higher. The largest overall housing gaps are within the state's most populous areas such as Jefferson, Fayette, and Boone Counties, consisting of major cities such as Louisville, Lexington, and the Cincinnati metropolitan area, respectively.

Several cited causes for the current housing gap include local resistance to multifamily and dense development in general; natural disasters (tornadoes and flooding) which have destroyed housing units; job growth outpacing housing growth in certain localities; lost builder capacity; slow delivery of units due to zoning approvals, technology, and cost; and a stagnant federal funding landscape. According to a November 2024 Kentucky Housing Task Force report, while single family home construction has rebounded from post-2008 lows, apartment construction and especially middle housing construction have lagged significantly. Because apartments and middle housing provide more density, the total number of units constructed has remained low because single-family home construction has increased.

The dominant reason for Kentucky's supply gap remains the loss of construction activity following the 2008 housing crisis and resulting recession. Kentucky has still not matched the pace of housing construction prior to the crisis.

Phase II identified the five-year projected housing gap in the same income categories as Phase I. The table below, taken from the Phase II report, shows these estimated gaps based on homes available for purchase, housing in the development pipeline, large-scale job announcements, and an evaluation of their impact on household growth.

Figure 29: Five-Year Projected Housing Supply Gap by Tenure and AMI, 2029

		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
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%**	-
State 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%**	-

Source: Kentucky Housing Supply Gap Analysis, Phase II

The overall housing gap in Kentucky is projected to grow 39.2 percent from 206,207 units to 287,120 units in five years. The projected gap is expected to remain relatively even for rental and for-sale housing. The gaps are expected to grow the most among the highest- and lowest-earning households. The primary driver in lower income households is severe cost burden, while the primary factor in higher income households is projected household growth.

Housing construction is sorely needed at all levels of affordability in Kentucky. KHC and DLG should explore opportunities for developing housing across a wide spectrum of affordability, with a special focus on multifamily housing affordable at the lowest income levels. Although the most cost-burdened households need housing more acutely than moderate-income households, KHC and DLG also should also explore opportunities for development for the latter. Moderate-income housing is likely to experience fewer impediments to development than lower-income housing, including from developers that favor higher profits on their investments and from local detractors who may vocalize resistance to multifamily or affordable housing more generally.

ZONING

As a state government, Kentucky does not have its own zoning ordinances. However, the 2021 Kentucky League of Cities Planning and Zoning Statutory Guide contains applicable state laws and statutes governing planning and zoning. Typically, zoning codes are evaluated based on how the ordinance:

- Defines “family” inclusively, without a cap on the number of unrelated persons and with a focus on functioning as a single housekeeping unit.
- Defines “group home” for persons with disabilities or similarly named land use compared to single-family dwellings.
- Allows up to six unrelated people with disabilities to reside in a group home without requiring a special use / conditional use permit or public hearing.
- Regulates the siting of group homes as single-family dwelling units without an additional regulatory provision.
- Has a “Reasonable Accommodation” provision or allows for persons with disabilities to request reasonable accommodation / modification to regulatory provisions.
- Permits by-right multi-family housing of more than four units per structure in one or more residential zoning districts.
- Does not distinguish between “affordable housing / multi-family housing” (i.e., financed with public funds) and “multi-family housing” (i.e., financed with private funds).
- Provides residential zoning districts with minimum lot sizes of 4,000 square feet or less.
- Does not include exterior design/aesthetic standards for all single-family dwelling units regardless of size, location, or zoning district.

Given that specific zoning regulations are typically determined by individual municipalities and this guide simply provides a framework for the enabling legislation, it cannot be evaluated according to all of the provisions above. However, certain provisions of the guide may be analyzed as they impact overall zoning regulation in the state.

First, section 100.201 (3) contains the only mention of multi-family housing. This pertains to the designation of urban residential zones whose components may “lack individual distinction.”

According to the Planning and Zoning Statutory Guide: “The usage of structures within an urban residential zone may be regulated on a structure-by-structure basis, permitting a mixture of uses in the zone, including single-family and multifamily residential, retail, and service establishments, which stabilizes and protects the urban residential character of the area.”

Increasing multi-family housing, although not a panacea, is one of the most efficient ways to reduce housing gaps at all levels of income and increase the supply of affordable housing. Thus, the AI recommends that most zoning codes permit the construction of multi-family housing by right, or without provisions above-and-beyond that of other kinds of housing.

Second, section 100.211 requires that amendments to the zoning map and text of the regulation be reviewed via public hearing before adoption. Some zoning changes may be delayed by vocal opposition on the part of residents of a given municipality. Therefore, certain zoning changes should be made without a necessary public hearing. For example, variances made for the installation of group homes should be allowed to go through planning commission approvals without special meetings or requirements if the municipality so chooses.

Third, since there is no provision requiring zoning codes to include the ability to request reasonable accommodations/modification to regulatory provisions, most zoning codes do not include this mechanism that could increase the number of accessible units available to and affordable for Kentucky’s elderly and disabled residents.

BUILDING, OCCUPANCY, HEALTH, AND SAFETY CODES

Adopted in 2018, The Kentucky Building Code is based upon the 2015 International Building Code published by the International Code Council, Inc. (IBC), with Kentucky-specific amendments. It provides design and construction standards to ensure public safety, health, and welfare insofar as they are affected by building construction and to secure safety to life and property from all hazards incident to the occupancy of buildings, structures, or premises.

Accessible design and construction requirements are necessary to make public and common use spaces and facilities accessible and safe to everyone. This gives people with disabilities greater freedom to choose where they live. The Fair Housing Act requires all “covered multifamily dwellings” to be accessible to and usable by people with disabilities. Here, covered multifamily dwellings are defined as buildings containing four or more units, either with all ground-floor units or at least one elevator. The following seven accessibility standards are required by the Fair Housing Act for these dwelling units:

- An accessible building entrance on an accessible route.
- Accessible common and public use areas.
- Usable doors (usable by a person in a wheelchair).
- Accessible routes into and through the dwelling unit.

- Light switches, electrical outlets, thermostats, and other environmental controls in accessible locations.
- Reinforced walls in bathrooms for retroactive installation of grab bars.
- Usable kitchens and bathrooms.

State building regulations were last updated in 2018. Chapter 11 determines the design and construction of facilities for accessibility for individuals with disabilities. These standards almost meet all the accessibility requirements outlined by the Fair Housing Act. While all toilet and bathing facilities are required to be accessible, there is not a clear provision for requiring reinforced walls in bathrooms for later installation of grab bars.

Sections 1104 and 1105 detail requirements for accessible routes entrances, including access to common and public use areas. At least one accessible route within the site shall be provided from public transportation stops, accessible parking, accessible passenger loading zones, and/or public streets or sidewalks to the accessible building entrance served. The minimum width of the accessible path must be 48 inches. Accessible routes are required within and between almost all sites, including commercial buildings with five or more tenants, and healthcare providers, transportation facilities, airports, and any government building. Exceptions to providing accessible routes are provided if the site does not provide any pedestrian access or if the area of a floor or mezzanine is smaller than 3,000 square feet. Recreational facilities must also provide accessible features to all spaces except swimming pools.

Section 1108 describes accessibility requirements for dwelling units and sleeping units. All public spaces serving dwelling units shall be accessible, including bathrooms, kitchens, living and dining areas, and any connected exterior spaces. The following table describes the minimum required number of accessible units and features required based on the number of dwelling units a building provides:

Table 20: Accessible Dwelling Unit and Sleeping Unit Requirements in Kentucky

Total Number of Units	Minimum Required Number of Accessible Units without Roll-in Showers	Minimum Number of Accessible Units with roll-in Showers	Total Number of Required Accessible Units
1 to 25	1	0	1
26 to 50	2	0	2
51 to 75	3	1	4
76 to 100	4	1	5
101 to 150	5	2	7

151 to 200	6	2	8
201 to 300	7	3	10
301 to 400	8	4	12
401 to 500	9	4	13
501 to 1,000	2% of total	1% of total	3% of total
Over 1,000	20, plus 1 for each 100, or fraction thereof, over 1,000	10, plus 1 for each 100, or fraction thereof, over 1,000	300, plus 2 for each 100, or fraction thereof, over 1,000

Source: International Building Code, 2024

There are three Kentucky-specific exceptions to the IBC accessibility section. First, childcare facilities or areas or portions of building used for rendering of childcare are not required to comply with the provisions applicable to children. The provisions applicable to adults (parents and staff) are applicable, including accessible routes, entrances, parking, and toilet facilities. Second, church buildings are not required to comply with the provision. Third, accessible toilet facilities may not be located in a restricted area of a given building or an area designated for "Employees Only."

ANTI-DISPLACEMENT AND RELOCATION PLAN

Anti-displacement and relocation plans serve to advance the interests of lower-income individuals and households at risk of displacement due to neighborhood changes in various sectors, such as housing, businesses, and infrastructure. The Kentucky Residential Antidisplacement and Relocation Assistance Plan is compliant with HUD regulation 24 CFR § 42 and 24 CFR § 570, which outlines plans and strategies for addressing displacement. As a recipient of CDBG and HOME funds, KHC has a residential anti-displacement and relocation assistance plan in place for demolition and acquisition activities.

According to the Plan, "KHC shall require one-for-one replacement units for all occupied and vacant occupiable low- and moderate-income dwelling units that are demolished or converted for uses other than as low- and moderate-income dwelling units as a direct result of an activity assisted under HOME."

Replacement units must meet the following requirements:

1. The units must be located within the HOME recipient's jurisdiction.
2. The units must be sufficient in number and size to house at least the number of occupants that could have been housed in the demolished or converted units, in accordance with local housing occupancy codes.

3. The replacement low- and moderate-income dwelling units must be in standard condition and may include units that have been raised to standard from substandard condition.
4. The units must be designed to remain low- and moderate-income dwelling units for at least 10 years from the initial occupancy.

HOME recipients must make public and submit to KHC in writing:

1. A description of a proposed activity.
2. The general location on a map and approximate number of dwelling units by size (number of bedrooms) that will be demolished or converted to a use other than as low- and medium-income dwelling units as a direct result of the assisted activity.
3. A time schedule for the commencement and completion of the demolition or conversion.
4. The general location on a map and approximate number of dwelling units by size (number of bedrooms) that will be provided as replacement dwelling units.
5. The source of funding and a time schedule for the provision of replacement dwelling units.
6. The basis for concluding that each replacement dwelling unit will remain a low- or moderate-income dwelling unit for at least 10 years from the date of initial occupancy.

KHC will consider annually whether or not displacement has occurred as part of funding decisions and project feasibility determinations. Whenever possible, the agency will ensure that residents of buildings to be rehabilitated have an opportunity to return to the building. The household shall receive temporary relocation benefits if they are required to vacate a building during renovation.

KHC requires that all HOME recipients adopt a written, publicly available residential anti-displacement and relocation assistance plan that describes the relocation assistance it has elected to furnish and provides for equal relocation assistance within each class of displaced persons.

KHC and HOME recipients must provide relocation assistance under Section 104 (d), as described in CFR 24.570.606 (b) 2 (i), to each low- and moderate-income household displaced by the demolition of housing or by the conversion of low- and moderate-income dwelling to another use as a direct result of HOME-assisted activities.

Temporary relocation for homeowner rehabilitation is an optional policy for HOME recipients. The policy must establish guidelines for payment or nonpayment of temporary moves. If the homeowner must vacate the unit for one to 30 days, the HOME recipient should determine whether the family can or is willing to stay with friends. If they can or will not, the recipient should refer the family to a moderately priced hotel. Accommodations should not exceed a one-month period. If the family is required to vacate the property for longer than one month, the recipient is encouraged to work with local housing authorities to provide temporary housing.

Displaced persons are eligible for moving costs if a move is initiated after submission of HOME application. The displaced person may receive compensation for moving expenses supported by documentation for:

1. Transportation up to 50 miles.
2. Packing, crating, uncrating, and unpacking personal property.
3. Storage of the personal property for a period not to exceed 12 months, unless the HOME recipient determines that a longer period is necessary.
4. Disconnecting, dismantling, reassembling, and reinstalling relocated household appliances and other personal property.
5. Insurance for the replacement value of the property in connection with the move and necessary storage.
6. The replacement value of property lost, stolen, or damaged in the process of moving (not through the fault or negligence of the displaced person or his or her agent or employee) where insurance covering such loss, theft, or damage is not reasonably available.
7. Other moving-related expenses as KHC determines to be reasonable and necessary, except the following ineligible expenses:
    a. Interest on a loan to cover moving expenses.
    b. Personal injury.
    c. Any legal fee or other cost for preparing a claim for a relocation payment or for representing the claimant in appeals procedures.
    d. The cost of moving any structure or other real property improvement in which the displaced person reserved ownership.
    e. Cost for storage of personal property on real property owned or leased by the displaced person before the initiation of negotiations.

HOME recipients must include a procedure for appeals and grievances. The appeal must be made within 60 days to the HOME recipient after they provide notification of the claim decision. If the appeal cannot be resolved locally, an appeal may be made to KHC for review. Any final decision may be appealed to the HUD field office.

LANGUAGE ACCESS PLAN

HUD's guidance relative to Executive Order 13166, "Improving Access to Services for Persons with Limited English Proficiency (LEP)," stipulates that a community can achieve compliance by providing certain language assistance services for LEP language groups with more than 1,000 persons or one percent of the population to be served. As noted earlier in the AI, the most common language spoken by LEP persons throughout Kentucky is Spanish, which is spoken by 52,634 persons or three percent of LEP households based on 2022 ACS data.

HUD grantees are responsible for serving persons with LEP and who may be income-eligible for services and programs in accordance with Title VI of the Civil Rights Act of 1964. Preparation of an LAP is the most effective way to achieve compliance. KHC adopted an updated LAP effective January 11, 2023. DLG adopted its LAP Plan in August 2022. The AI reviewed both of these documents.

The KHC LAP clearly states the agency's obligation to provide services, financial assistance, and other benefits to residents regardless of their nation of origin and to make reasonable efforts to provide free language assistance services to clients. In determining which languages meet the stated thresholds, KHC conducted a four-factor analysis as required by HUD. The 2023 LAP estimated that 2.1 percent of state residents cited a language other than English spoken at home, and 46 percent of Kentucky's LEP population are of Hispanic or Latino origin. These numbers in conjunction with an estimate of the frequency of contact indicated that native Spanish speakers were the most likely to be served. Among the services that KHC will provide to persons with LEP are the following:

- Posting of multi-lingual signs in public spaces.
- Use of automated Spanish telephone services.
- Use of multi-lingual notices for outreach activities.
- Notices of right to language assistance services on KHC's webpage.
- Use of I Speak cards to facilitate direct interaction with LEP persons.

The KHC LAP clearly states how interaction with LEP clients via oral communication will proceed. Staff will assist in identifying the spoken language and coordinate with the Fair Housing Coordinator to obtain appropriate services. Bilingual office staff may be used as informal interpreters; however, formally certified interpreters will be made available if required. Translation of vital documents can be provided along with translated summaries, where appropriate. The LAP also includes a provision stating that KHC will annually review the document to determine if revisions are necessary, including in light of demographic changes.

KHC staff training is required annually for staff who may interact with persons with LEP. The Fair Housing Coordinator monitors the training and the delivery of language assistance services. Subrecipients of federal funds received through KHC are required to ensure access to language assistance services for their program beneficiaries. Such services are to be provided free to eligible clients and the Fair Housing Coordinator is available to assist with these services. In addition, the appendix of the LAP includes a list of formal interpreters who may be contacted for assistance.

The DLG LAP, similarly recognizes the department's requirement to provide language assistance to LEP populations. DLG requires that its sub-recipients use the same four-factor analysis prior to the release of federal funds, since DLG does not provide direct financial assistance to individuals. Sub-recipient local units of government or nonprofit organizations would encounter persons with LEP and, therefore, must be able to address their language assistance needs. DLG does, however, recognize that persons with LEP may need to interact

with its staff during the public comment period. Upon request, DLG will make translations of annual plans and amendments available for its federal grant programs.

Sub-recipients are required to conduct a four-factor analysis, develop a LAP, and provide a description of the outreach efforts to be undertaken during the Letter of Conditional Commitment stage. DLG specifies the required measures that sub-recipients are required to take if the four-factor analysis reveals 1,000 or more persons, or five percent or more of the population, with LEP: translation of vital documents, posting of public hearing notices in the languages spoken and in locations frequented by persons with LEP, and providing translation of services at public hearings if requested to do so. There are lesser requirements when the LEP population is smaller. DLG monitors its sub-recipients for compliance with these requirements.

Private Sector Policy Review

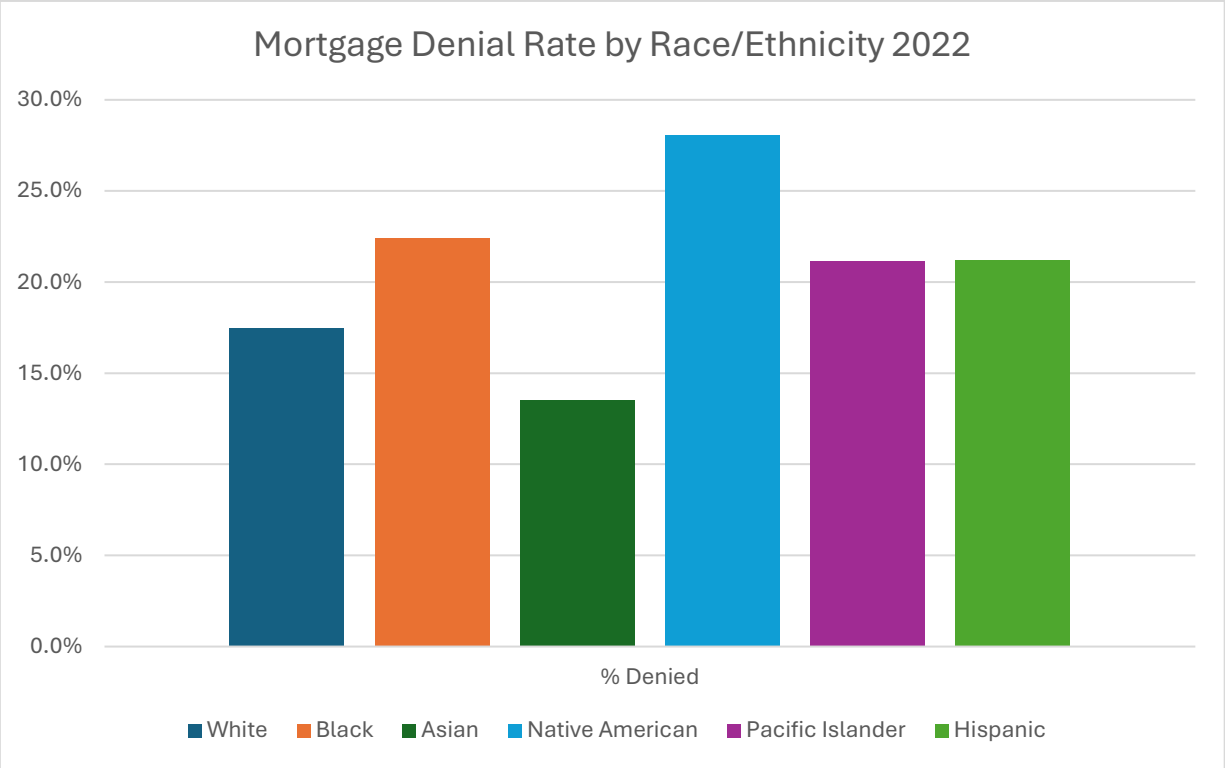
In addition to the public sector policies that influence fair housing choice, private sector policies can also influence the development, financing, and advertising of real estate. This section of the AI analyzes mortgage lending practices, high-cost lending, and real estate advertising.

HOME MORTGAGE LENDING

Under the terms of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (F.I.R.R.E.A.), any commercial lending institution that makes five or more home mortgage loans must report all residential loan activity to the Federal Reserve Bank under the terms of the HMDA. The HMDA regulations require most institutions involved in lending to comply and report information on loans denied, withdrawn, or incomplete by race, sex, and income of the applicant. The information from the HMDA statements assists in determining whether financial institutions are serving the housing needs of their communities. The data also helps to identify possible discriminatory lending practices and patterns.

The most recent HMDA data available for the Commonwealth is from 2022. Reviewing this data helps to determine the need to encourage area lenders, other business lenders, and the community at large to actively promote existing programs and develop new programs to assist residents in securing home mortgage loans for home purchases. The data focuses on the number of homeowner mortgage applications received by lenders for home purchase of one- to four-family dwellings and manufactured housing units. The information provided is for the primary applicant only. Co-applicants were not included in the analysis. *The data indicates that Black, Hispanic, Native American, and Pacific Islander applicants faced higher denial rates and lower origination rates (approvals) than white applicants.* However, sample sizes for Native American and Pacific Islander applicants are small, with these races making up 0.4 percent and 0.1 percent of total applications, respectively. Denial rates in 2022 for Black and Hispanic applicants were 22 percent and 21 percent, respectively, while denial rates for whites were 17 percent. The overall denial rate in Kentucky was 18 percent.

Figure 28: Mortgage Denial Rate by Race, 2022, Kentucky



Source: 2022 Home Mortgage Disclosure Act Data

In 2022, there were 171,665 first lien mortgage applications for home purchases in Kentucky according to data collected under the HMDA. This is approximately 35 percent fewer applications than in 2020 when the number of applications was 266,551. Among other factors, the nationwide rise in interest rates could have contributed to the decrease in mortgage applications since 2020 when interest rates during COVID were unusually low.[3] The majority of home purchase loans in Kentucky are conventional loans (71.6 percent in 2022).

Table 21: Number of Loan Applications by Type, 2022

Loan Type	Number of Applications	Percent
Conventional	122,900	71.6%
FHA	28,247	16.5%
FSA/RHS	4,587	2.7%
VA	15,931	9.3%
Total	**171,665**	**100%**

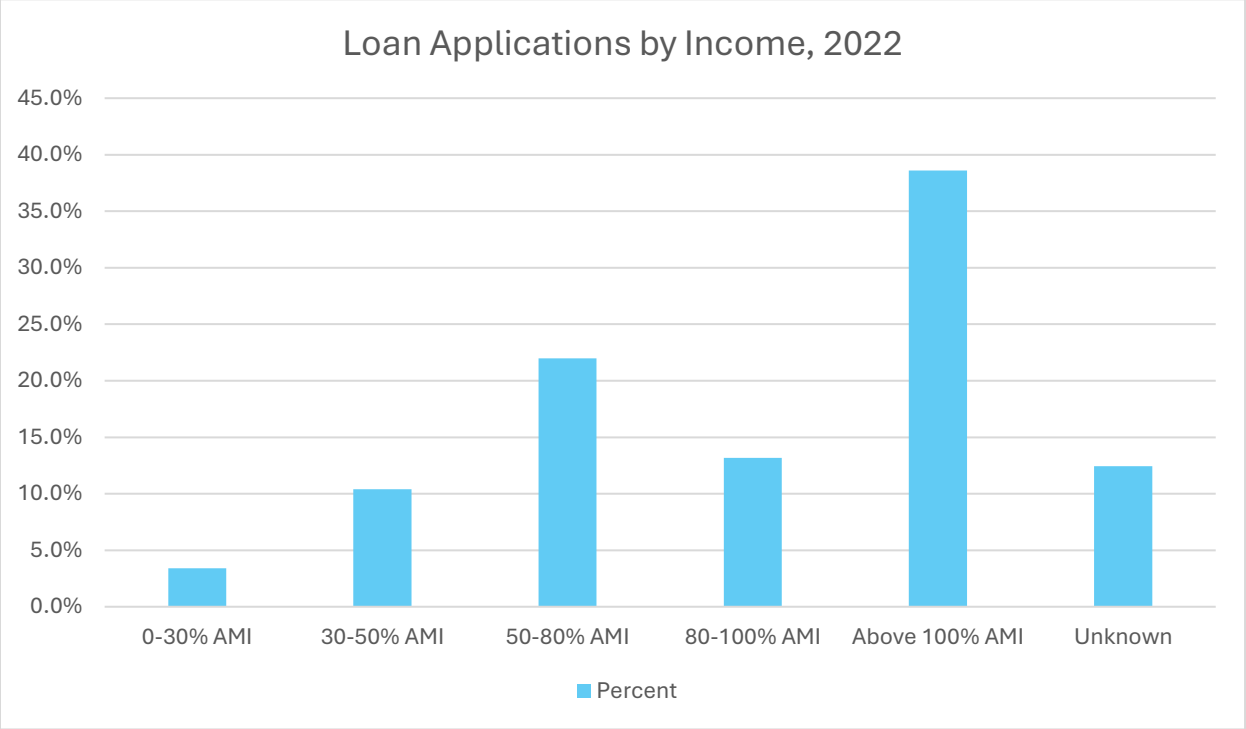
[3] "Historical Mortgage Rates: 1971 to the Present." Kevin Graham, Rocket Mortgage. March 24, 2024. https://www.rocketmortgage.com/learn/historical-mortgage-rates-30-year-fixed. Accessed Aug 29, 2024.

Source: 2022 Home Mortgage Disclosure Act Data

Mortgages by Income

In 2022, a plurality of the mortgage applications in Kentucky were made by those earning above 100 percent of their respective AMI at 38.6 percent. This is followed by households earning between 50 percent and 80 percent AMI (22.0 percent). Those at the lowest end of the income spectrum made the fewest mortgage applications. The incomes of another 12.4 percent of applicants are unknown according to available HMDA data.

Figure 29: Loan Applications by AMI, 2022



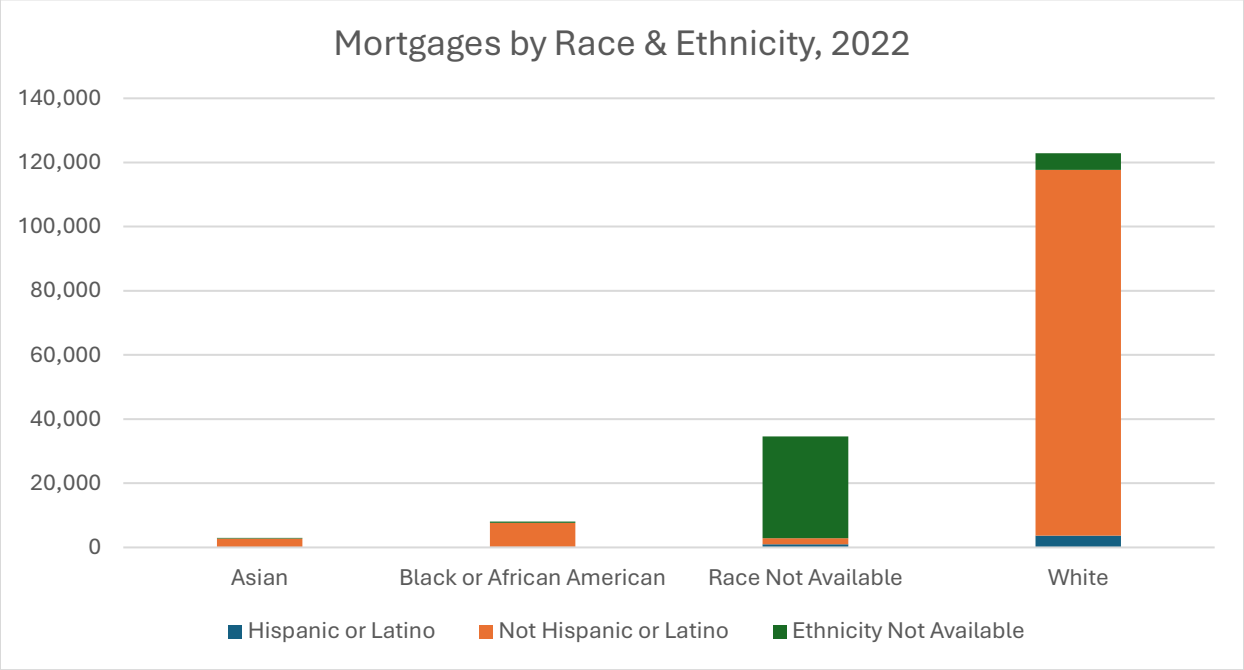
Source: 2022 Home Mortgage Disclosure Act Data

Mortgages by Race and Ethnicity

In 2022, the vast majority of home purchase loans were awarded to White residents — 71.6 percent — which is lower than their proportion of the population as a whole at 84.8 percent. Similarly, Black residents, who account for eight percent of the population, were awarded 4.7 percent of mortgages. Asian (1.7 percent of mortgages compared to 1.5 percent of the population) and Hispanic residents' (2.9 percent of mortgages and four percent of the population) mortgage applications were fairly proportional to their representation in the total

population[4]. However, it is important to note that a significant portion of applications did not provide this information or were considered not applicable (21.4 percent).

Figure 10: Mortgages by Race and Ethnicity, 2022



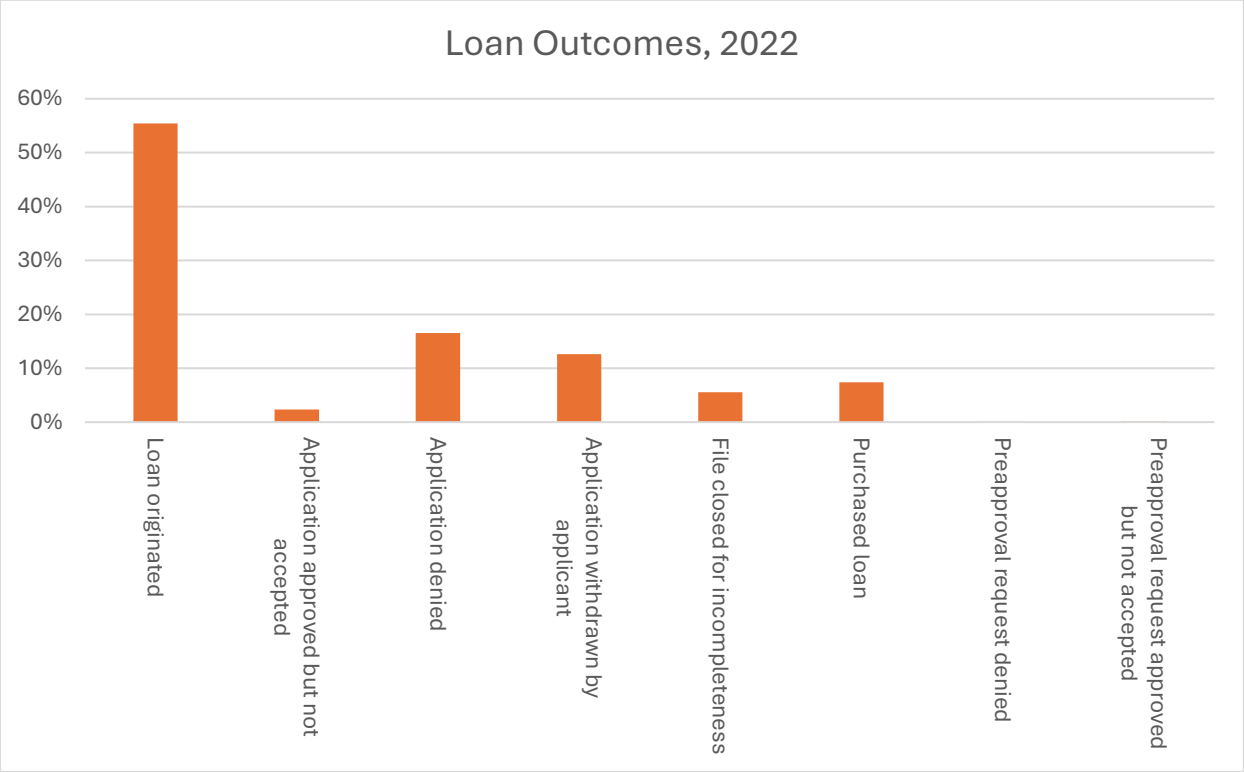
Source: 2022 Home Mortgage Disclosure Act Data

[4] U.S. Census Bureau, ACS 5-Year Estimates, 2022

Loan Outcomes

In 2022, a majority (55.4 percent) of loan applications resulted in the origination of a loan. Other outcomes were far less common, including 16.5 percent of loan applications that were denied and 12.6 percent of applications that were withdrawn by the applicant. A very small number of preapproval requests were either denied or approved but not accepted.

Figure 31: Loan Outcomes, 2022



Source: 2022 Home Mortgage Disclosure Act Data

High-Cost Lending Practices

The widespread housing finance market crisis of 2007-2009 brought a new level of public attention to lending practices that victimize vulnerable populations. Subprime lending, designed for borrowers who are considered a credit risk, increased the availability of credit to low-income persons. At the same time, it often exploited borrowers, piling on excessive fees, penalties, and interest rates that make financial stability difficult to achieve. Higher monthly mortgage payments make housing less affordable, increasing the risk of mortgage delinquency and foreclosure and the likelihood that properties will fall into disrepair.

Some subprime borrowers have credit scores, income levels, and down payments high enough to qualify for conventional prime loans, but are nonetheless steered toward more expensive subprime mortgages. This is especially true of minority groups, which tend to fall

disproportionately into the category of subprime borrowers. The practice of targeting minorities for subprime lending qualifies as mortgage discrimination.

Since 2005, Housing Mortgage Disclosure Act data has included price information for loans priced above reporting thresholds set by the Federal Reserve Board. This data is provided by lenders via Loan Application Registers and can be aggregated to complete an analysis of loans by lender or for a specified geographic area. HMDA does not require lenders to report credit scores for applicants, so the data does not indicate which loans are subprime. It does, however, provide price information for loans considered “high-cost.”

A loan is considered high-cost if it meets one of the following criteria:

- The annual percentage rate (APR) exceeds the average prime offer rate (APOR) by more than 6.5 percentage points for a *first-lien transaction.*
- The APR exceeds the APOR by more than 8.5 percentage points for a first-lien transaction if the dwelling is personal property and the loan amount is less than $50,000.
- The APR exceeds the APOR by more than 8.5 percentage points for a *subordinate-lien transaction.*

Not all loans carrying high APRs are subprime, and not all subprime loans carry high APRs. However, high-cost lending is a strong predictor of subprime lending, and can heavily burden the borrower and increase the risk of mortgage delinquency. However, fewer than 200 high-cost loans originated in Kentucky in 2022, amounting to less than 0.1 percent.

Fair Housing Profile

Kentuckians can receive fair housing services from a variety of organizations, including but not limited to HUD, the Kentucky Commission on Human Rights, and the Kentucky Fair Housing Council, Inc. This section summarizes fair housing organizations and reviews fair housing complaints or compliance reviews where a charge or a finding of discrimination has been made. Additionally, this section will review the existence of any fair housing discrimination suits filed by the U.S. Department of Justice or private plaintiffs and identify other fair housing concerns or problems.

HOUSING DISCRIMINATION COMPLAINTS

A lack of complaints does not necessarily indicate a lack of housing discrimination. Some residents may not file complaints because they are not aware of their rights or how or with whom to file a complaint. In addition, in a tight rental market, tenants may want to avoid confrontations with prospective landlords. Discriminatory practices can be subtle and may not be detected by someone who does not have the benefit of comparing his treatment with that of another home seeker.

Other times, persons may be aware that they are being discriminated against, but they may not be aware that the discrimination is against the law and that there are legal remedies to address the discrimination. Finally, households may be more interested in achieving their first housing choice and may prefer to avoid going through the process of filing a complaint and following through with it. Therefore, education, information, and referral regarding fair housing issues remain critical to equip persons with the ability to reduce impediments.

U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT

HUD's Office of Fair Housing and Equal Opportunity (FHEO) receives complaints from persons regarding alleged violations of the federal Fair Housing Act. Fair housing complaints originating in Kentucky were obtained and analyzed for the period of January 2019 through October 2024. In total, Kentuckians filed 671 complaints with HUD during this period. The volume of cases was roughly consistent across years with a minimum of 78 cases filed in 2022 and a maximum of 138 cases filed in 2023. Eighty-three cases remain unresolved from this time period.

Disability was the most common basis for alleging discrimination, accounting for more than half of all complaints filed during this period. Race was the second most frequent basis for alleging discrimination. This mirrors national trends according to the *2024 Fair Housing Trends Report* published by the National Fair Housing Alliance. Of the 671 complaints filed by Kentuckians, 156 (23.2 percent) were filed on two or more bases; as a result, the figure below reflects a total greater than the number of complaints filed.

Table 22: HUD Housing Discrimination Complaints by Basis and Year, 2019-2024

Year	National Origin	Race	Color	Disability	Familial Status	Sex	Religion	Retaliation
2019	8	25	0	73	18	15	0	11
2020	5	27	2	70	21	13	0	3
2021	5	26	2	50	10	12	0	10
2022	4	25	0	39	2	13	0	2
2023	11	38	1	81	9	16	1	4
2024	5	26	1	65	7	14	1	12
Total	38	167	6	378	67	83	2	42
Percent	**5.7%**	**24.9%**	**0.9%**	**56.3%**	**10.0%**	**12.4%**	**0.3%**	**6.3%**

Source: HUD FHEO

Across all complaints filed with HUD, discriminatory terms, conditions, or services and facilities was the most cited category of issues, factoring into more than 75 percent of all cases. Failure to make reasonable accommodations accounted for nearly one third of all cases. The majority of cases involved more than one issue. Therefore, the below totals will be equal to more than 100 percent.

Table 23: Housing Discrimination Complaints by Issues, 2019-2024

Issue	Citations	% of Complaints
Terms, conditions, privileges, or services and facilities	507	75.6%
Failure to permit / make reasonable modification/accommodation	222	33.1%
Discriminatory acts under Section 818 (coercion, etc.)	112	16.7%
Otherwise deny or make housing unavailable	64	9.5%
Refusal to rent and negotiate for rental	50	7.5%
Advertising, statements, and notices	28	4.2%
Other	14	2.1%
Financing and/or lending	8	1.2%
Discriminatory acts under Section 901 (criminal)	7	1.0%
Steering	7	1.0%

Issue	Citations	% of Complaints
Failure to provide accessible and usable public and common user areas	3	0.4%
Refusal to sell and negotiate for sale	2	0.3%
Using ordinances to discriminate in zoning and land use	1	0.1%

Source: HUD FHEO

Of the complaints reviewed, 347 (52 percent) were found to be without probable cause. Just over 20 percent of cases resulted in a negotiated settlement. Eleven cases (1.6 percent) were withdrawn without resolution.

Table 24: Resolution of Housing Discrimination Complaints filed with HUD, 2019-2024

Resolution	Citations	% of Complaints
No cause determination	347	51.7%
Conciliation/settlement successful	138	20.6%
Pending resolution	83	12.4%
Complaint withdrawn by complainant after resolution	33	4.9%
Complainant failed to cooperate	21	3.1%
Dismissed for lack of jurisdiction	12	1.8%
Unable to locate complainant	12	1.8%
Complaint withdrawn by complainant without resolution	11	1.6%
FHAP judicial consent order	6	0.9%
Unable to locate respondent	3	0.4%
Conciliation unsuccessful — no hearing requested	2	0.3%
FHAP judicial dismissal	2	0.3%
Unable to identify respondent	1	0.1%

Source: HUD FHEO

KENTUCKY COMMISSION ON HUMAN RIGHTS

The Kentucky Commission on Human Rights (KCHR) is responsible for the enforcement of federal fair housing laws, undertaking the mediation/conciliation and litigation of housing discrimination complaints, and enforcing the Kentucky Civil Rights Act. The Kentucky Civil Rights Act makes it unlawful to discriminate against people in the areas of employment, financial transactions, housing, and public accommodations. Housing discrimination is prohibited on the basis of race, color, religion, national origin, gender, disability, and familial status. It is also a violation of the law to retaliate against a person for complaining of discrimination to the Commission.

KCHR is a "substantially equivalent agency" under HUD's Fair Housing Assistance Program (FHAP). This means that KCHR has been certified as substantially equivalent after HUD determined that the Commission administers a law (i.e., the Kentucky Civil Rights Act) which provides rights, procedures, remedies, and judicial review provisions that are substantially equivalent to the Fair Housing Act. For this reason, HUD refers complaints of housing discrimination that it receives from Kentucky residents to the KCHR for investigation. Housing discrimination complaint data from the KCHR is accounted for in the complaints filed with HUD FHEO.

KENTUCKY FAIR HOUSING COUNCIL

The Kentucky Fair Housing Council (KFHC) (formerly Lexington Fair Housing Council) is a full-service, nonprofit civil rights agency committed to eradicating discrimination in housing. The Fair Housing Council enforces the federal Fair Housing Act, the Kentucky Fair Housing Act, and local fair housing ordinances, where applicable. The KFHC is the only private nonprofit fair housing agency in Kentucky and investigates complaints throughout the state. The Council is certified as a Fair Housing Initiatives Program (FHIP) through HUD to assist people who believe they have been victims of housing discrimination. KFHC refers discrimination complaints to the U.S. Department of Justice, HUD FHEO. KFHC participates in the Private Enforcement Initiative (PEI) program, which means it implements initiatives that promote fair housing laws and equal housing opportunity awareness.

KFHC believes some evictions may be the result of discriminatory behavior caused by landlords, with minorities potentially being impacted more than non-minorities. Some evictions may also be caused by discrimination against persons with disabilities, especially people with mental illness. They also believe that discrimination related to source of income is occurring with the rising number of landlords who will not accept Section 8 vouchers. Local ordinances ban source-of-income discrimination, but state law determines that a municipality cannot force landlords to accept vouchers.

The KFHC also expressed concern that the HUD Fair Market Rents do not keep up with local rents, resulting in the available housing for low-income renters being in worse condition, and not typically where a middle-class family would want to live in proximity to high-performing schools

or well-paying jobs. In certain rural areas, one landlord may own all or most of the Section 8 properties, , creating significant additional disincentive for renters or applicants to report substandard housing or discrimination. In the KFHC's opinion, all of these factors result in a concentration of affordable housing in low-opportunity areas.

Summary of Impediments to Fair Housing Choice

This section describes the impediments to fair housing choice revealed by the data analysis, public engagement/outreach initiatives, and policy review discussed throughout the AI. The impediments are the result of primary and secondary research to define the underlying conditions, trends, and context for fair housing planning in Kentucky. The impediments are listed separately for the Commonwealth of Kentucky and local municipalities, including counties, which as subrecipients of DLG funds also have an obligation to affirmatively further fair housing. While KHC and DLG recognize the need to alleviate all the impediments listed below, they also recognize that addressing certain impediments is beyond the reach of their programmatic abilities and control.

Impediment	Description/Contributing Factors
Lack of resources for fair housing education, outreach and enforcement	Stakeholders and community members identified the following needs in consultation sessions and survey responses: a. Fair housing education for locally elected officials and appointed boards and commissions with authority to make housing and housing-related land use and development decisions. b. Fair housing education for landlords and tenants to understand their respective rights and responsibilities. c. Fair housing education for real estate professionals, lenders, architects, and building permitting officials to understand their respective professional obligations under fair housing laws. d. Fair housing education for stakeholders and residents statewide to understand their rights and the need for affordable housing in their communities. e. Greater fair housing enforcement across Kentucky to (a) protect the rights of members of the protected classes to access and retain housing, (b) bring violators into compliance, and (c) seek damages for persons who are unlawfully denied housing under fair housing laws.

Impediment	Description/Contributing Factors
Lack of resources to support low- and moderate-income households	Stakeholders and community members identified the following needs in consultation sessions and survey responses: a. 24/7 affordable childcare. b. Mental health services. c. Improved access to transportation in both urbanized areas and rural counties. d. Sufficient housing construction across the Commonwealth—including rental and homeownership, urban and rural, and across all household income bands.
Lack of expanded protected classes	Seniors, LBGT persons, and people utilizing housing vouchers often face additional challenges obtaining housing. A lack of fair housing protection exacerbates these challenges.
Lack of affordable housing in a variety of locations	Stakeholders and community members cite opposition to affordable housing, including emergency shelters, permanent supportive housing, and generally affordable housing as barriers to development.

Fair Housing Action Plan

The Fair Housing Action Plan includes recommended actions for KHC and DLG. Many of these recommended actions have been actively addressed over the past five years since the last AI (see Tables 1a and 1b, Progress Since Last AI). The reason for this categorization is that KHC and DLG, within their own agencies' missions, have many worthwhile programs and initiatives that affirmatively further fair housing, and these must be continued. We recognize that many of these actions will be ongoing efforts, and that KHC and DLG are currently doing many of these action items. Fair housing is a complex issue, and it will require ongoing collaboration beyond the next five years to achieve comprehensive fair housing goals.

Impediment	Strategy	2025-2029 Action Steps
Fair Housing Education and Outreach	• Continue to financially and administratively support bilingual housing counseling and education efforts.	• KHC remains committed to financially and administratively supporting bilingual housing counseling and education efforts. • KHC will continue to support the efforts of its mortgage production administrators to coordinate marketing, outreach, education, and engagement activities and review KHC's internal policies and practices to ensure multicultural populations are effectively served.
	• Continue to collaborate with the Kentucky Commission on Human Rights and Kentucky Fair Housing Council, Inc., to expand education and outreach efforts and to identify gaps in need of additional efforts.	• KHC will continue to provide monetary and administrative support to these fair housing organizations for their training and other activities.
	• Continue outreach and education efforts on the housing supply gap, including dissemination of information found in the Housing Supply Gap Analysis, to relevant stakeholders and legislators.	• KHC will continue to actively provide outreach and education efforts to highlight the housing gaps in Kentucky to the legislature and stakeholders.

Impediment	Strategy	2025-2029 Action Steps
Expansion and Preservation of Affordable Housing in a Variety of Locations	• Continue to allocate LIHTC funding to projects that prioritize higher opportunity areas and avoid concentrations of affordable housing.	• KHC will continue to actively prioritize higher opportunity areas in KHC's QAP and Multifamily Guidelines to discourage high concentrations of affordable housing.
	• Continue to create opportunities for first-time homebuyers through the Down Payment Closing Cost Assistance Program and the Homebuyer Loan Program for income-eligible, first-time homebuyers (not using HOME funds).	• KHC will continue to actively promote the DAP and Homebuyer Loan programs to assist first-time homebuyers to purchase an affordable home.
	• Continue the AHTF Home Rehab Program and the Weatherization Assistance Program to preserve the existing affordable housing inventory and lower homeowner costs.	• KHC will continue to promote the AHTF Home Rehab Program and the Weatherization Assistance Program to preserve affordable housing.
	• Continue to advocate for affordable housing resources among local, state, and Congressional delegations.	• KHC remains committed to its legislative outreach and education efforts at the federal and state levels and anticipates continuing this over the next five years.
	• Continue the Tenant-Based and Project-Based Rental Assistance Programs to ensure affordable rental assistance for protected classes across the state, including assistance to individuals with disabilities and those recovering from substance abuse. Roll out expanded number of vouchers through HUD Section 811 award.	• KHC will continue to promote the Tenant-based and Project-Based Rental Assistance Programs to ensure affordable rental assistance for protected classes across the Commonwealth. The HOME TBRA Program will continue to provide temporary assistance to individual households to help them afford the housing costs of market-rate units, while the PHA voucher program will continue to provide rental assistance to eligible households.

Impediment	Strategy	2025-2029 Action Steps
	• Continue to seek CoC funding for RRH assistance and permanent supportive housing developments that provide affordable housing options and related services for protected classes.	• KHC will continue to seek CoC funding for RRH assistance and permanent supportive housing developments.
	• Evaluate tools and methods to connect people to housing, such as housing service locator tools.	• KHC will continue to support Padmission, LLC to provide a platform to connect people to housing via a housing service locator tool. In addition, KHC will work to ensure the participation of all LIHTC properties in the Padmission system.

Enforcement of Design and Construction Requirements	• Continue the allocation of funding to projects that include accessibility design features such as aging-in-place, universal design, ADA, and UFAS construction standards, including:
	  • Expand the certification of compliance with design.
	  • Require that general contractors involved in the design and construction of new multifamily residential properties sign the certification form, in addition to owners/developers and architects.
	  • Continue allocation of funding to projects that include accessibility design features such as aging-in-place, universal design, ADA, and UFAS construction standards.
		• KHC will continue to require that all projects complete a Certificate of Compliance with Design Standards and ensure that the design complies with all applicable federal, state, and local accessibility requirements. In addition, KHC will require funding applicants to continue to identify which impediments in the AI their projects will work to eliminate, and how they plan to do so.

Impediment	Strategy	2025-2029 Action Steps
Ensure Access to Programs and Services for LEP Populations	• Annually update the LAP to reflect a review of any demographic changes statewide and in each county, and the results of monitoring for the effectiveness of the plan's implementation.	• KHC will annually update the LAP to reflect a review of any demographic changes statewide and for each county. Translating applications, informational materials, and important notices into multiple languages increases the number of non-English speaking residents able to benefit from programs and services. In addition, KHC will continue to work with interpreters to provide services to LEP populations as needed.
	• Evaluate collecting preferred language data at the time of single-family loan origination to provide improved loan servicing to LEP populations.	• KHC will continue to evaluate collecting preferred language data at the time of single-family loan origination to provide improved loan servicing to LEP populations.

Appendix

PUBLIC ENGAGEMENT SUMMARY AND MATERIALS

As the lead agencies in the preparation of the AI, KHC and DLG were committed to an extensive outreach process to solicit input from residents and stakeholders. Outreach initiatives included remote stakeholder meetings and an online survey. The process included a broad range of government and nonprofit agencies that provide affordable housing, mental health, and other social services throughout the Commonwealth.

Extensive outreach was conducted as part of the development of the Consolidated Plan and Annual Action Plan in addition to the AI. Stakeholder meetings were conducted with a wide range of stakeholders representing direct fair housing groups in addition to organizations that discussed fair housing issues during the consultation. Virtual stakeholder meetings were held on the following dates with the Kentucky Fair Housing Council, the Kentucky Commission on Human Rights, and the Kentucky Disability Rights Advocates:

- Kentucky Fair Housing Council: September 24, 2024
- Kentucky Commission on Human Rights: October 8, 2024
- Kentucky Disability Rights Advocates: October 18, 2024

KHC held 18 consultation sessions from September 13, 2024 to November 18, 2024. Listed below are the session topics of each consultation session, which were well attended by community partners and agencies:

- Kentucky BoS CoC Homeless Services
- Public and Human Services
- Youth Services
- Special Needs Populations
- PHA and Affordable Housing
- Economic Development
- Fair Housing
- Hazard Mitigation
- Broadband Access

The participants consulted included the Kentucky's Affordable Housing Coalition; the Kentucky League of Cities; a local civil rights commission; Kentucky's Housing Policy Advisory Committee; Kentucky Fair Housing Council; Kentucky Interagency Council on Homelessness; past recipients of CDBG, HOME, HOPWA, ESG, and HTF funds; Kentucky Commission on

Human Rights; Fahe and its member groups and organizations; staff from Kentucky's departments of Aging and Independent Living and Economic Development.

The following attachments are documents and PowerPoint presentations created to develop the AI, including a summary of the meeting notes with stakeholders and the survey.

Documents will be attached here after the public hearing and public comment period.