

**KENTUCKY HOUSING TASK FORCE**  
**Minutes of the First Meeting of the 2024 Interim**  
**June 24, 2024**

**Call to Order and Roll Call**

The first meeting of the Kentucky Housing Task Force was held on June 24, 2024, at 1:00 PM in Room 131 of the Capitol Annex. Representative Susan Witten, Chair, called the meeting to order, and the secretary called the roll.

**Present were:**

Members: Representative Susan Witten Co-Chair; Senators Julie Raque Adams, Jimmy Higdon, Stephen West, and David Yates; Representatives Kevin D. Bratcher, Randy Bridges, Lindsey Burke, and Mike Clines.

Guests: Dr. Matt Berry and Dr. Beth Kelly, Kentucky Center for Statistics; Wendy Smith and Sam Thorner, Kentucky Housing Corporation; and Max Fuller and Gary Feck, Department of Housing, Buildings & Construction.

LRC Staff: Christopher Jacovitch, Christina Gordley, Hannah Gray, and Cheryl Walters.

Representative Witten noted that the Task Force was created by 2024 HCR 68. The task force shall study and review the current and future policy needs of the state to address access and availability of housing to the citizens of the Commonwealth. The Task Force has no predetermined goals, is attempting to get information from a variety of sources, and is focused comprehensively on the housing needs of Kentuckians instead of any group.

**Discussion regarding Kentucky demographics with a focus on housing stock and housing needs**

Dr. Matt Berry, Executive Director, and Dr. Beth Kelly, Research Director of the Kentucky Center for Statistics (KYSTATS) noted that KYSTATS is governed by a board made up of the Secretary of the Education and Labor Cabinet, who is the Chair; Commissioner of the Department of Education; President of the Council on Postsecondary Education; Executive Director of the Kentucky Higher Education Assistance Authority; and Secretary of the Cabinet for Health and Family Services.

Dr. Berry presented a power point that showed three different reports. The first report was the Legislative District Dashboard, an interactive report that displays data for

legislative districts and compares legislative districts and counties. Topics covered include economic, education, health, and housing.

Dr. Kelly said the second report was Kentucky Commuting Patterns, which looks at jobs people commute to and from on a county-by-county basis. The report categorizes commuters by the types of jobs, industries, and wages.

The third report was Occupational Outlook (2021-2031), which is a forecast based on historical data. This dashboard is intended to harness occupational employment projects to inform decisions made by Kentucky students, job seekers, counselors, economic development professional, market analysts, and any other individuals interested in the future of Kentucky's job market.

In response to a question by Representative Bratcher, Dr. Berry stated that the information presented in the slides is available at [KYSTATS.ky.gov](https://kystats.ky.gov).

Ms. Wendy Smith, Deputy Executive Director of Housing Programs with the Kentucky Housing Corporation (KHC), told the members that KHC invests in quality of affordable housing solutions for families and communities across Kentucky. It is a state housing finance agency, which is self-supporting and quasi-governmental. KHC's funding/financing sources include the KY Affordable Housing Trust Fund, KY Rural Housing Trust Fund, Federal Housing Tax Credits, Tax Exempt Bonds, FannieMae/Ginnie Mae, HUD Programs, Treasury COVID Relief, and DOE/Weatherization.

KHC funds 3 areas: homebuyers and homeowners; rental housing; and homelessness programs. For example, KHC assisted with the construction of 15 homes in Perry County; senior apartments in Northern Kentucky; a duplex in Owsley County; and senior apartments in Shepherdsville, Bullitt County.

KHC addressed trends in homelessness in Kentucky which is caused by structural factors. Individual factors increase the risk of homelessness but are not the driving causes. Rapid economic growth without commensurate housing construction leads to escalating housing costs, housing instability, housing mismatch, and homelessness.

In 2016, KHC commissioned Phase I of the Kentucky Housing Supply Gap Analysis due to KHC's own programs having a hard time serving low and moderate-income Kentuckians, because the Commonwealth does not have enough housing. KHC heard from leaders and partners across Kentucky that more housing for middle, moderate, and low-income households were needed.

The factors at play for the supply gap include: natural disasters; escalating insurance costs; economic growth; local resistance; and lost builder capacity, which is the biggest issue, due to lost builders and contractors after the 2008 housing crisis/great recession. Other factors are high interest rates; slow delivery of units to the market; and the stagnant funding landscape.

According to KHC, Kentucky needs 206,207 new homes, 101,569 rentals and 104,638 for-sale. Every income level has a shortage of housing.

County by county demographic data shows severe cost burdened renters and owners (who pay over fifty percent of their income for housing) are spread throughout the state. The gap in rental units mostly affects low-income households, while the gap in home ownership is distributed relatively even among the different affordability levels.

The housing supply shortage is Kentucky's most urgent housing issue. All of Kentucky's 120 counties need more rental and for-sale homes. If Kentucky had enough housing units, there would be lower average costs; higher homeownership rates; more workforce housing; lower eviction rates; fewer homeless Kentuckians; and increased household stability. Housing is key to Kentucky's economy.

KHC is asking the legislature to avoid distraction by niche or secondary housing issues. Kentucky should be focused on increasing its housing supply.

Phase II of the Housing Supply Gap Analysis: A 5-year projection of future supply gaps will be released on August 21, 2024 at the Kentucky Affordable Housing Conference.

In response to a question from Representative Witten, Ms. Smith stated that fifty percent of people are doubled-up, or living with their parents while they save for a home, which makes up a large portion of the approximate 200,000-unit shortage identified in KHC's report.

Senator Raque Adams commented that many factors affect the housing supply.

In response to a question from Representative Bratcher, Ms. Smith replied that KHC is overseen by a board and that HUD has oversight of federal funds that are granted to KHC.

In response to a question from Senator Wise, Ms. Smith said inflation has played a role in housing, particularly on the cost of materials and labor for new construction.

In response to another question from Senator Wise, Ms. Smith said that flexible funding is an issue that has affected the housing supply.

In response to a question from Senator Yates, Ms. Smith stated that KHC can come up with an incentive plan for new construction, but that due to its own limited funds it could not have a significant impact on the housing shortage.

In response to a question from Senator Clines, Ms. Smith replied that KHC needs more time to research other states' programs to determine which policies are proving effective.

Senator Higdon commented that utility costs are factors when renting or buying homes.

### **Discussion of regulations related to home building**

Commissioner Max Fuller, Department of Housing, Buildings and Construction, gave a brief overview of the Department. The Department promulgates regulations relating to codes, inspections, permitting, and plan review. The three areas within the Department are Building Enforcement, Plumbing, and HVAC. Regarding building enforcement, the Department does not have authority for inspections or permitting of single-family homes. It does have authority to conduct planning reviews, inspections, and permitting on multi-family homes. Plumbing is a statewide program so the Department handles inspections, permitting, and plan reviews. HVAC is the most complicated and is a new program at the state level. The state requires inspections and permits. Electrical is handled by the local governments. Boilers and elevators are exempt from provisions for single-family homes. Multi-family homes are required to have inspections and permits.

In response to a question from Representative Witten, Commissioner Fuller stated that plumbing and HVAC inspections in single family homes have turn around times that are less than three days and usually less than one day.

In response to a question from Senator Higdon, Commissioner Fuller replied that there is a 90 to 100 days turn around on improvements, and 30 to 38 days if improved substantially.

In response to a question from Representative Bridges, Commissioner Fuller stated that uniformity is the reason the Department exists. The Department serves as a resource for local governments, but they must ask for it.

Representative Burke commented that the meeting had provided good data but questioned whether the right data was being looked at.

In response to a question from Representative Burke, Commissioner Fuller said the Department would not have information regarding sites that are ready for housing developing now.

Representative Burke commented that it would be helpful if information was in one place. Commissioner Fuller agreed, but did not know if it could be in one place statewide or where it would go.

Representative Witten announced that the next meeting of the Task Force would be July 29<sup>th</sup> at 1:00 p.m.

There being no further business, the meeting was adjourned at 2:45 p.m.