



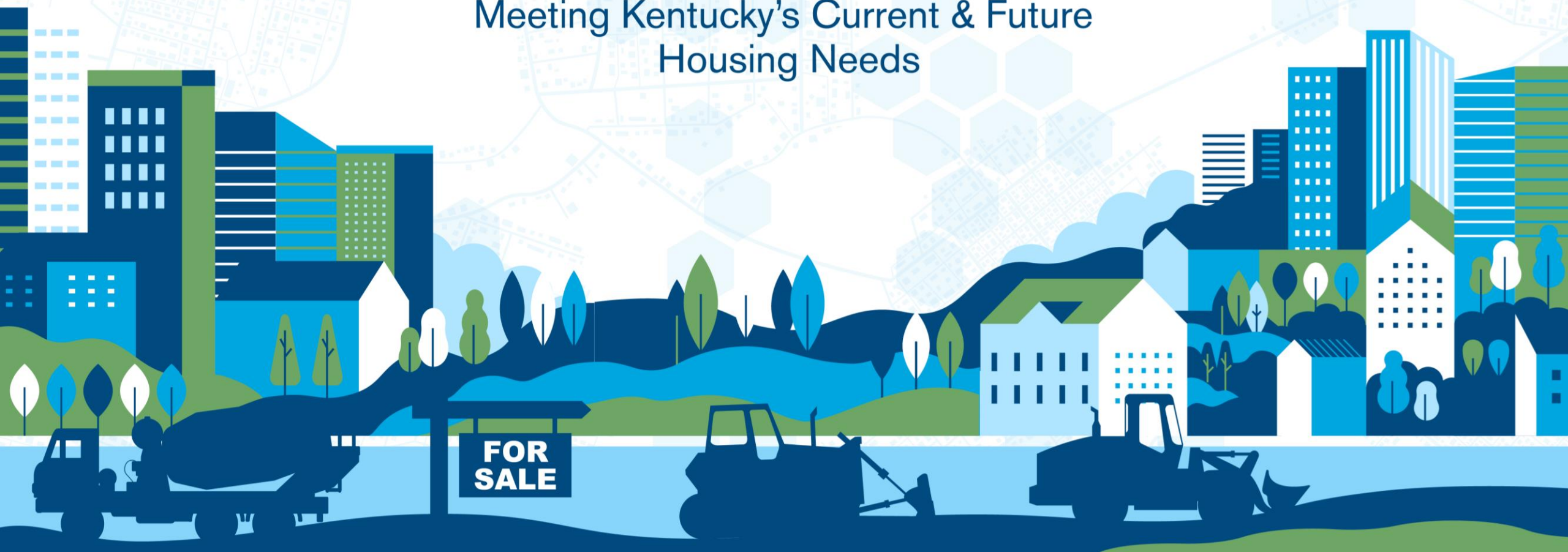
# Building a Foundation for

# GROWTH

Meeting Kentucky's Current & Future  
Housing Needs



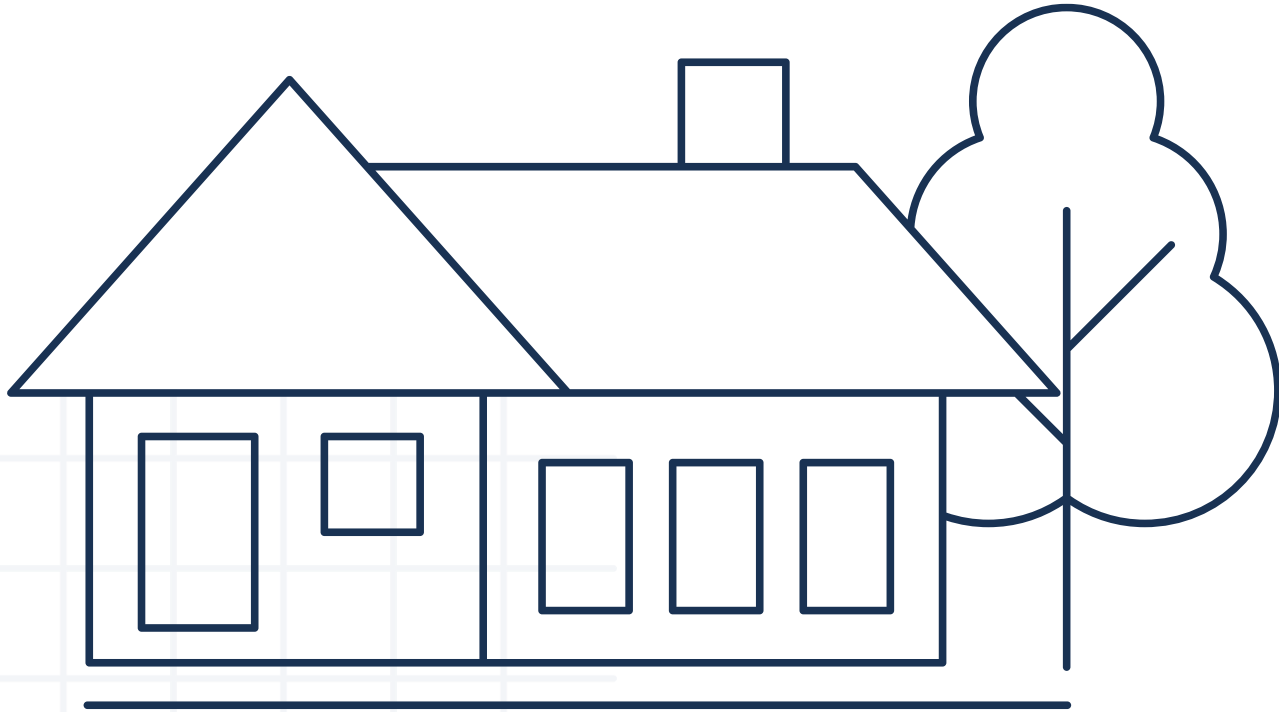
**Kentucky Chamber**  
Center for Policy & Research



# WHO WE ARE...

- HBAK is a statewide voluntary trade organization representing 4,000 member companies.
- Our membership includes home builders, remodelers, and specialists in sales, marketing, finance, and building material supply.
- 18 local Home Builders and BIA Chapters across the state





## WHAT WE DO...

- Formed in 1957, the HBAK was established to provide a voice for the housing and building industry in Kentucky's legislative and regulatory environment.
- Protect the American Dream of housing opportunities for all, while working to achieve professional success for members who build communities, create jobs and strengthen our economy.



# Key Challenges: Workforce

- Kentucky's construction industry suffers from a shortage of skilled labor.
- Impact: Higher costs, construction delays, and reduced productivity.
- Invest in education pathways
  - Building Institutes



ENZWEILER  
BUILDING INSTITUTE



# Key Challenges: Economic Impact

- Estimated shortage of up to 206,000 housing units in Kentucky.
- A housing shortage will hamper economic development and job creation.
- Impact: Without sufficient housing, companies face difficulties recruiting talent which can hamper local economies.



# Key Challenges: Planning & Zoning

- Development can take 2-3 years, longer in some areas.
- Delays in planning and zoning regulations increase development costs. - Long approval timelines and changes can add significant costs.
- A great start! Thank you for your support of HB 443!
- Solution: The community, developers and leaders can work together to create housing-friendly zoning.





# Key Challenges: Lack of Infrastructure

- Absence of essential infrastructure (roads, water, utilities) increases development costs.
- Developers often have to build out infrastructure, adding to project costs.
- Communities can partner with developers to plan for future housing needs.
- Indiana Residential Housing Infrastructure Assistance Program



# Key Challenges: Regulatory Barriers

- It is estimated that 25% of a home's cost comes from regulations (permit fees, codes, inspections, studies, etc.).
- New energy codes could add up to \$21,000 to the cost of a home with a 50-90 year return.
- Balance Needed: Building Codes can have a profound impact for residential construction. We support safe and cost-effective codes!





# Additional Challenges:

- Land and lot shortage
- Inflation - Rising construction costs
- Supply chain issues
- Financing



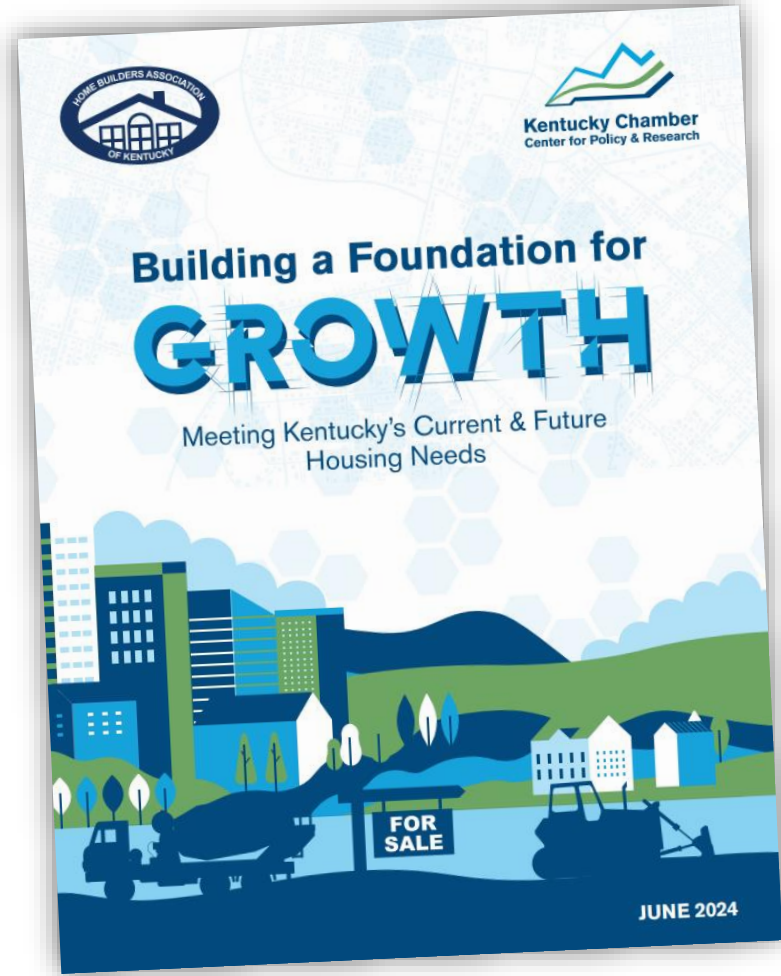
# Collaboration



- Developers, builders and local communities must work together to meet housing demand.
- Key Focus: Streamlining regulatory processes, building infrastructure, and supporting skilled trades education.
- Provide housing for Kentucky's growing population.



# Building a Foundation for Growth



*“As Kentucky’s leaders seek to grow the state’s economy and workforce, meeting the Commonwealth’s current and future housing needs must be a priority...*

***It’s time to build a literal foundation for growth, and that means more housing and more home building.”***



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# Research Approach and Methods

- Statewide focus
- Data Analysis and Empirical Research
- Housing Listening Sessions

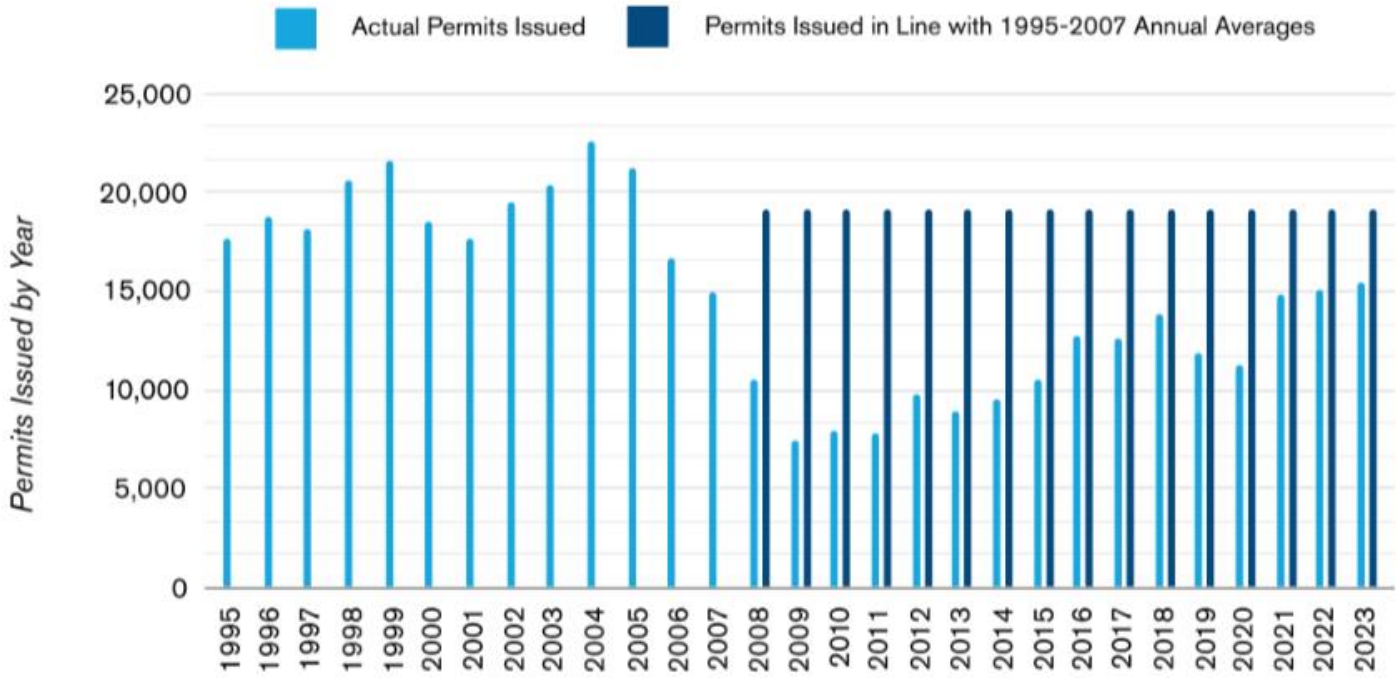


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# Kentucky's Housing Supply Challenges

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



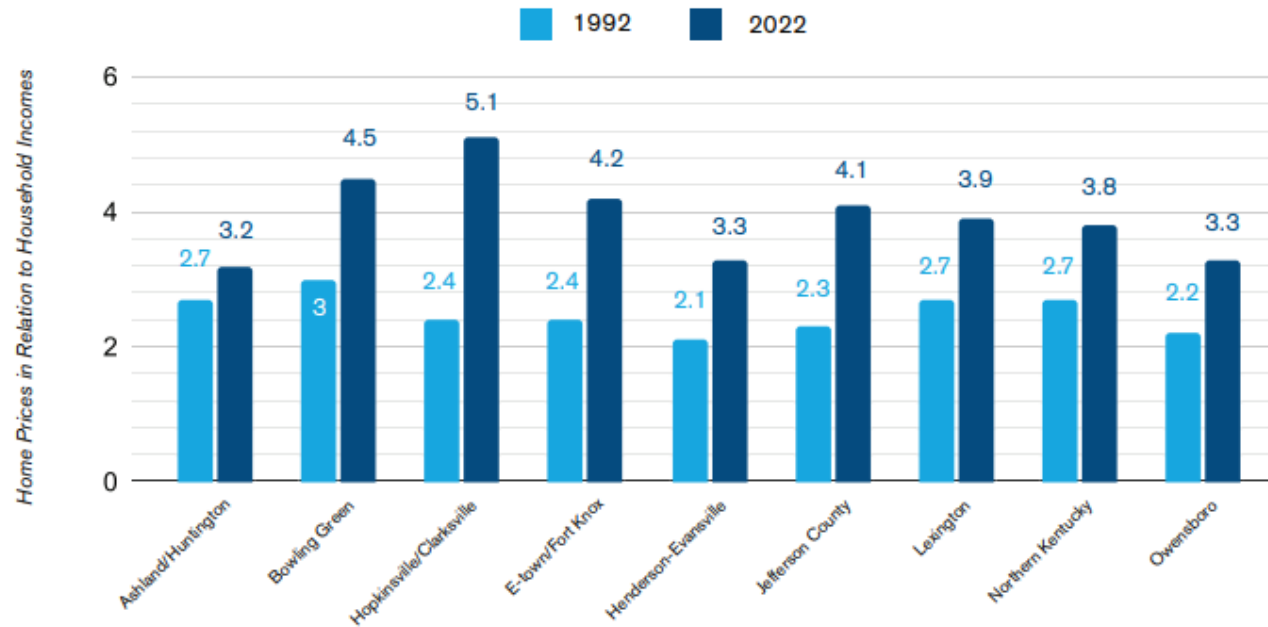
Source: Building Permits Survey, calculations by author





# Kentucky's Housing Affordability Challenges

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



Source: Harvard JCHS

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



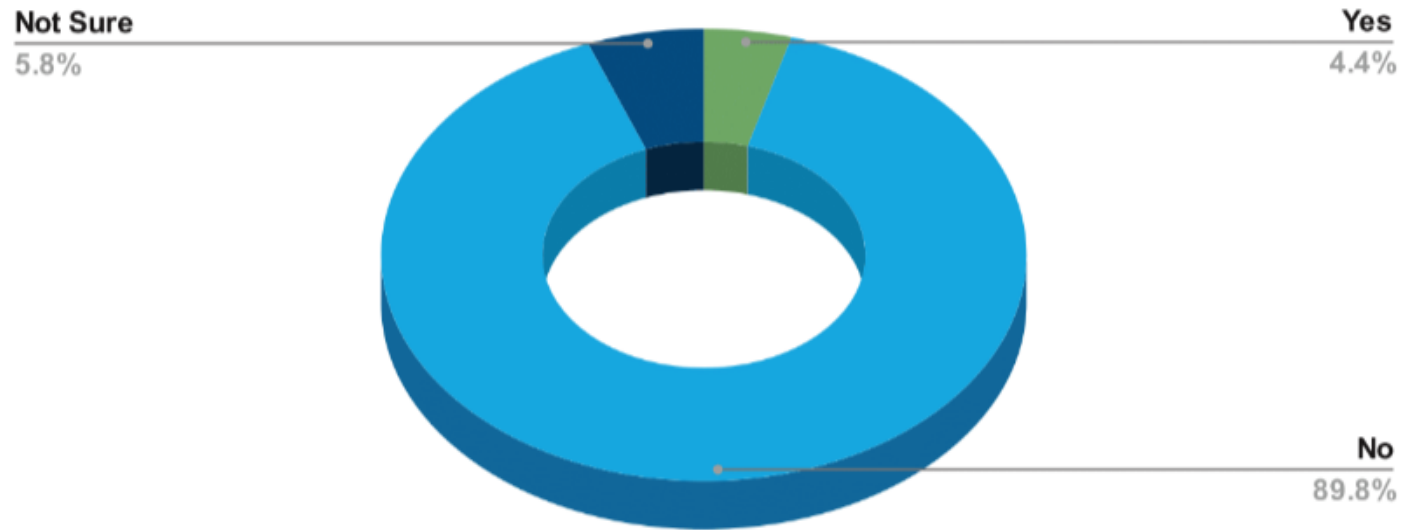
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# Community Leaders are Concerned About Economic Development Impacts

If a major economic investment with 1,000 new jobs was announced in your community tomorrow, do you think your region is currently well-positioned to meet a growing demand for housing?

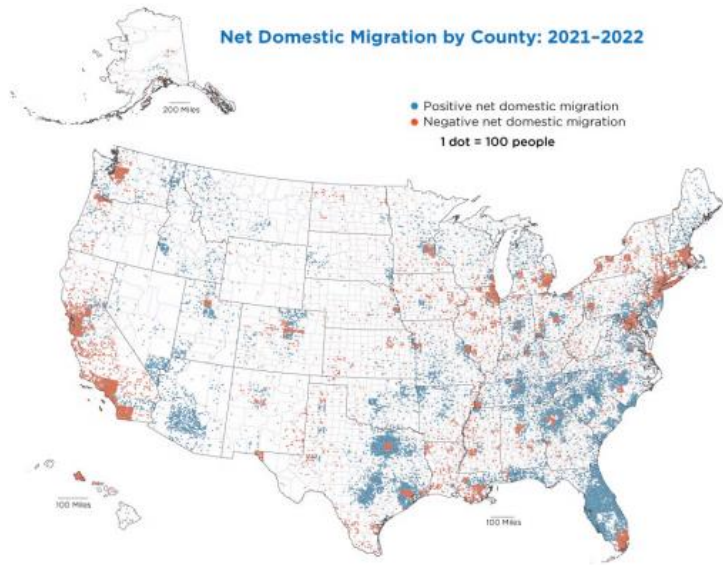


Kentucky Chamber 2024 Housing Tour



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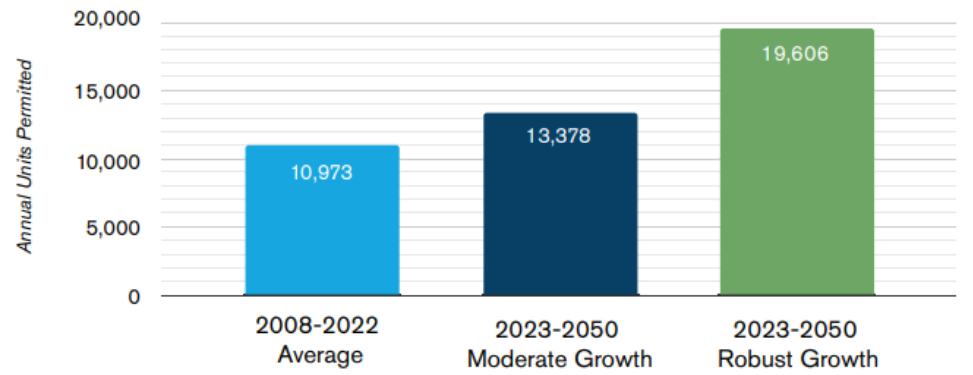




Source: U.S. Census Bureau, Vintage 2022 Population Estimates.

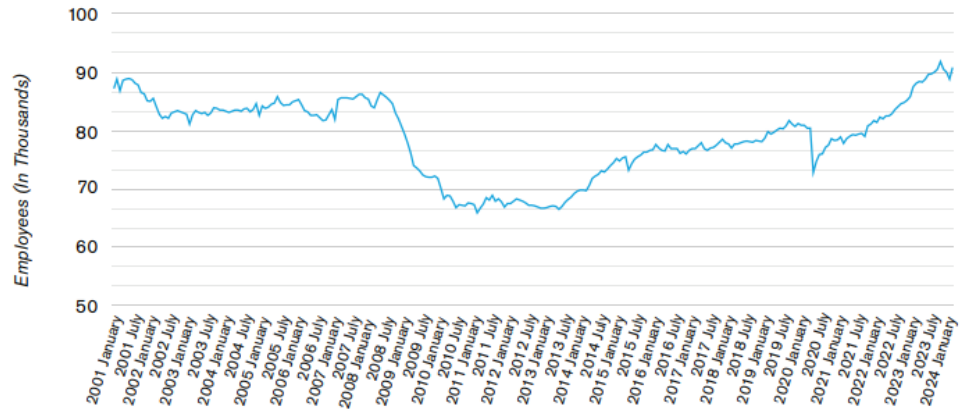
### Estimates of Annual Home Building Activity in Kentucky

Using Annual Building Permits as a Proxy for Home Building Activity



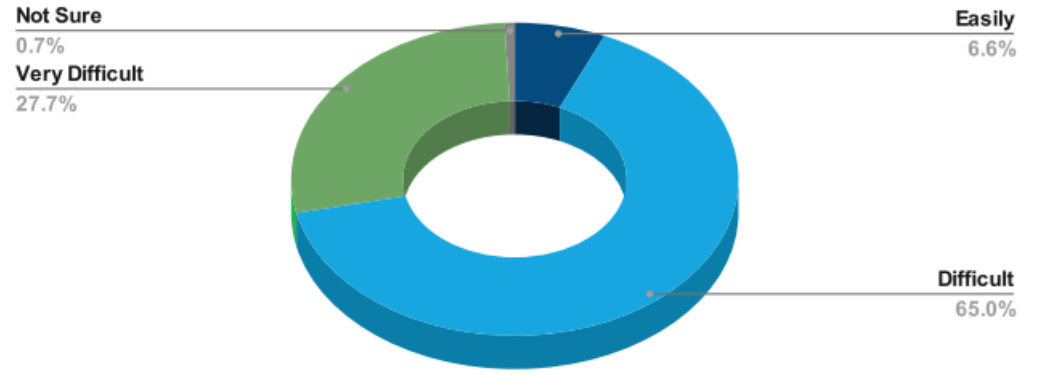
### Construction Employment, Excluding Self-Employed, Kentucky

January 2001-February 2024 (Seasonally-adjusted)



Source: Bureau of Labor Statistics

If a middle-income family of four was interested in moving to your community within the next three months, how easily do you think they would find housing that fits their needs?



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# Key Policy Solutions



*Explore and Encourage Local Land-Use and Zoning Reforms*



*Help Communities Understand Their Housing Needs and Challenges*



*Consider How Government Regulations Impact Housing and Implement Reforms*



*Continue to Invest in Infrastructure and Support Local Communities, Developers, and Home Builders with Infrastructure Costs*



*Leverage Tax Incentives and Taxpayer Funded Support for Low- and Middle-Income Housing*



*Support and Grow the Home Building Workforce*



*Support Regional Approaches to Solving Housing Challenges*

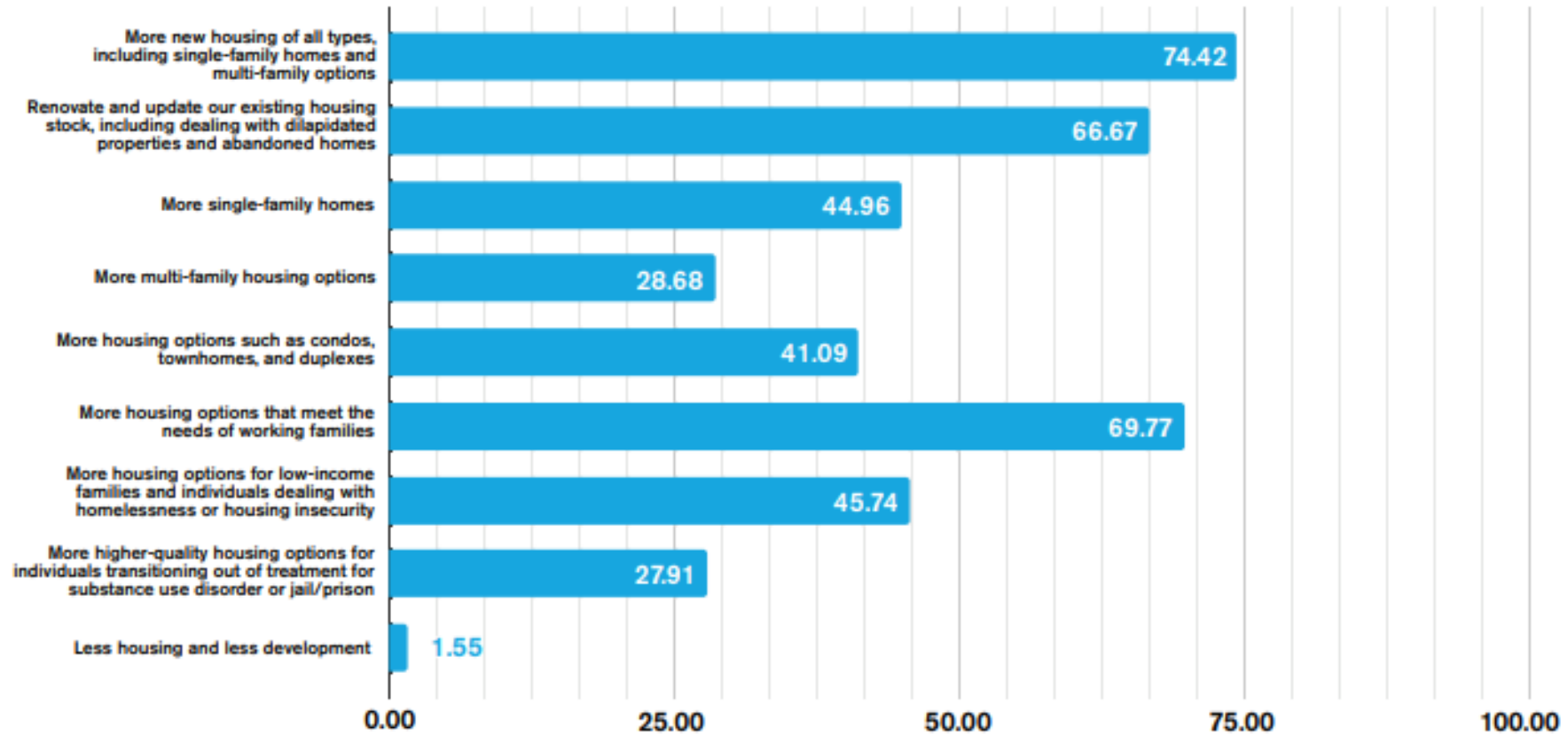


# Key Policy Solutions for State Lawmakers

- Housing infrastructure support and local zoning reform
- Home building workforce and the next generation of builders
- The impact of government regulations
- Regional approaches to housing



## What would you like to see in your community regarding housing?



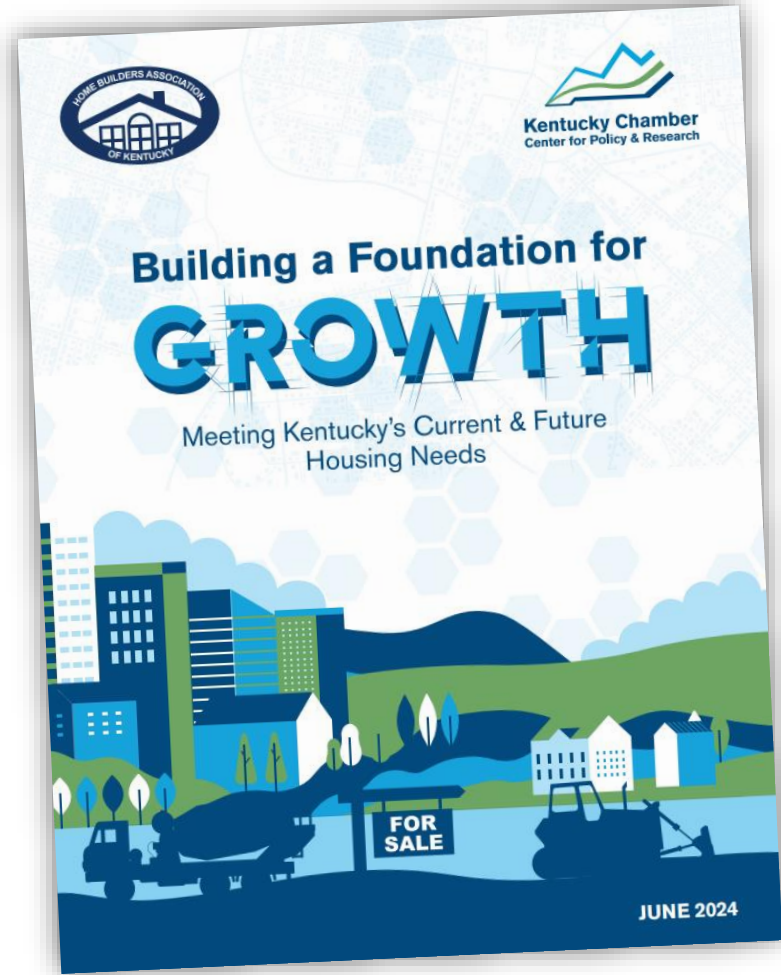
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# Building a Foundation for Growth



- Learn more:
- [kychamber.com/housing](https://kychamber.com/housing)
- [Hbak.com](https://Hbak.com)



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