

# **Kentucky's Housing Supply Gap & How Fellow States are Accelerating Housing Supply**

**KY Housing Task Force – Meeting 5**

October 21, 2024

*Prepared by Kentucky Housing Corporation*



# Kentucky's Housing Supply Gap Analysis Phase II Update



KHC has released 2 phases of the  
**KY Housing Supply Gap Analysis**

I. April 2024: Current Gap: 206,207 units

II. Sept. 2024: Gap by 2029: 287,120 units





# Kentucky Housing Supply Gap Analysis

## Phase I: Current Gaps

**206,207**  
New Homes



		≤ 30% AMI	31-50% AMI	51-80% AMI	81-120% AMI	121-150% AMI	≥ 151% AMI
<b><u>101,569</u></b>	 Rental	<b>60,385</b>	<b>19,161</b>	<b>13,211</b>	<b>6,980</b>	<b>1,132</b>	<b>700</b>
<b><u>104,638</u></b>	 For-Sale	<b>19,434</b>	<b>14,179</b>	<b>18,599</b>	<b>17,972</b>	<b>13,896</b>	<b>20,558</b>

Current Housing Needs (2024) Broken Down By Area Median Income (AMI) Groups



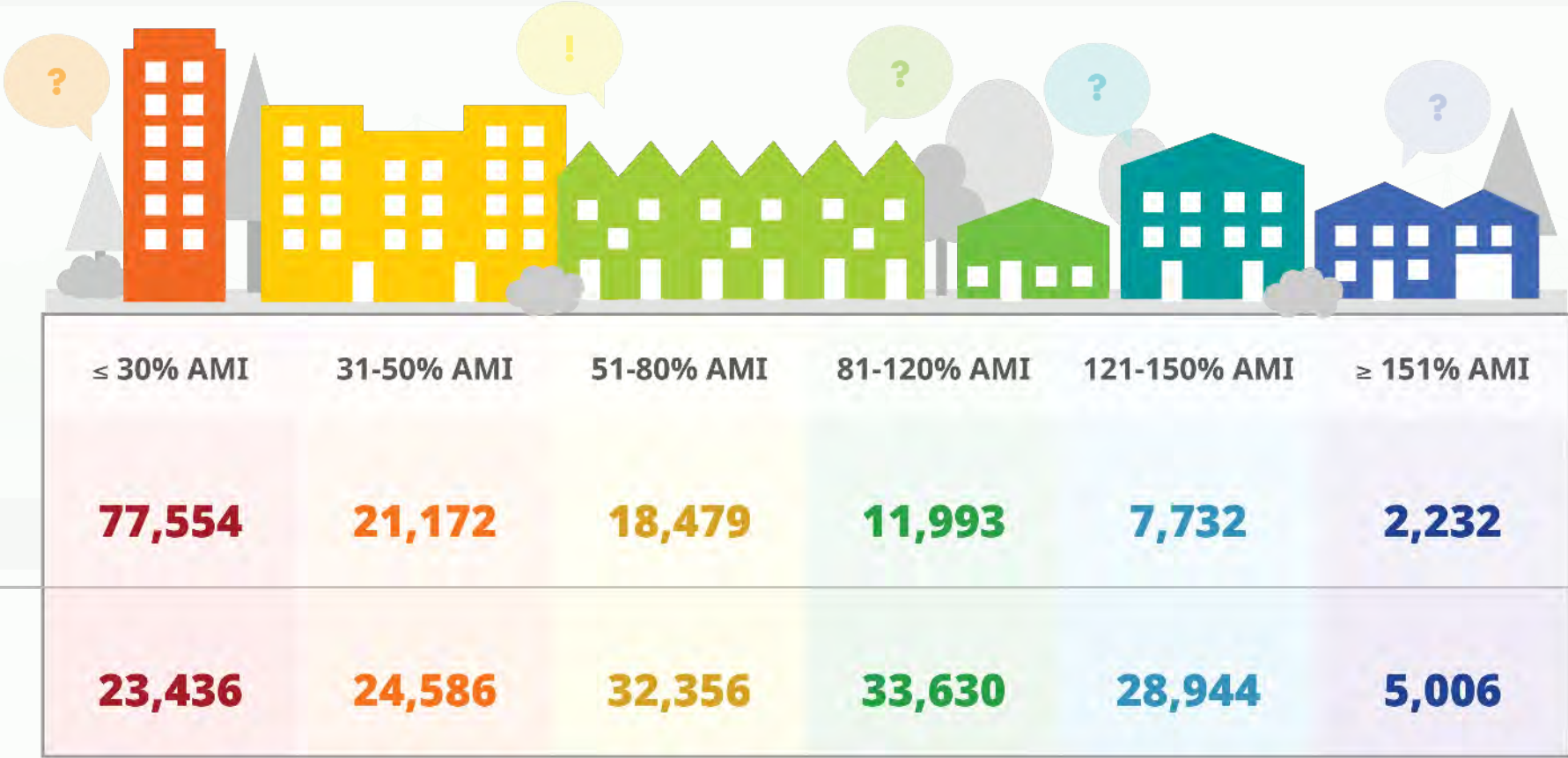
# Kentucky Housing Supply Gap Analysis

## Phase II: 2029 Gaps

**287,120**  
New Homes

**139,162**  
Rental

**147,958**  
For-Sale

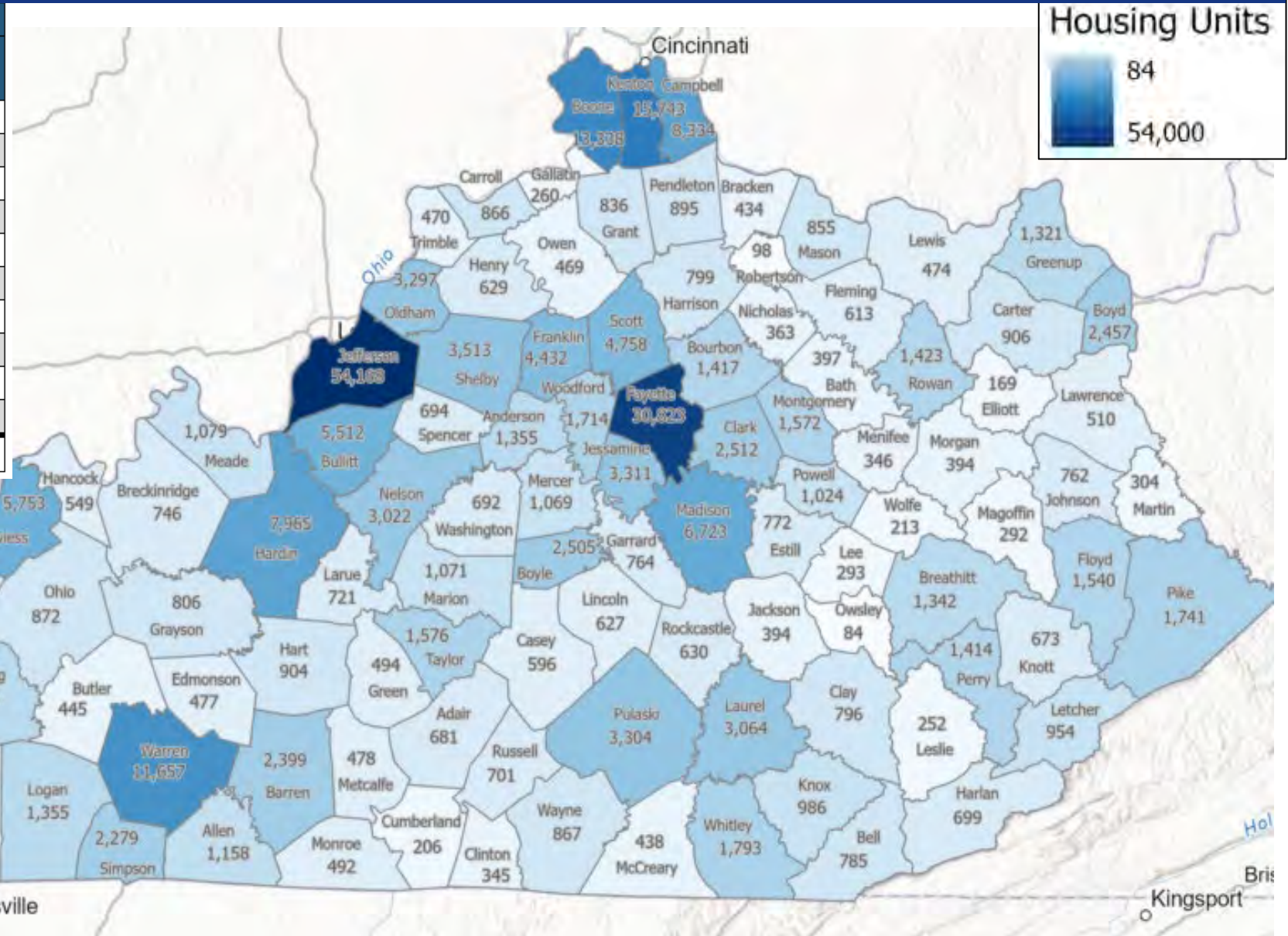


Future Housing Needs (2029) Broken Down By Area Median Income (AMI) Groups

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

## Renter & Owner Combined

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







# KHC has Shared Supply Gap Data with New Types of Partners:

- KY League of Cities
- KY Association of Counties
- KY Realtors Association
- Mortgage Lenders
- KY Chamber of Commerce
- Homebuilders Association of KY
- KY Economic Development Cabinet
- I-71 Economic Development Alliance
- EKY Leadership Foundation
- DLG Local Issues Conference
- Leadership Louisville Bingham Scholars
- KY Workforce Investment Board
- Conference of KY PVAs
- KY USDA State Office
- KY Council of Area Development Districts
- Northern KY ADD
- Lincoln Trail ADD
- Lake Cumberland ADD
- Individual Cities & Counties
- Homeless Shelter & Service Providers



# How Fellow States are Accelerating Housing Supply



# What are Kentucky's Policy Goals ?

1. Develop MORE Housing?
2. Develop Housing FASTER?
3. Help Local Leaders Meet Housing Needs?
4. Support Economic Development with Housing Investments?
5. Rehab Vacant Units & Return Them to the Housing Supply?
6. Increase Homeownership & Wealth Building?
7. Reduce Housing Cost Burdens?
8. Reduce Housing Instability and Homelessness?
9. Revitalize Communities?



# State Efforts Fall into Several Categories

1. Land Use and Zoning  
Incentives or Mandates
2. State Housing Tax Credits
3. Funding & Financing:
  - Housing Infrastructure
  - Housing Development

# 1) Land Use/Zoning Incentives or Mandates





# A flurry of legislative activity around housing supply is happening across the US.

[www.mercatus.org/research/policy-briefs/housing-supply-reforms-2024](https://www.mercatus.org/research/policy-briefs/housing-supply-reforms-2024)



POLICY BRIEF

## Laying Foundations: Momentum Continues for Housing Supply Reforms in 2024

*Eli Kahn and Salim Furth*

July 2024

Last year, we reported on the accelerating pace of state-level housing supply reform, with major victories in four states and laws being enacted across the country.<sup>1</sup> This year, state legislatures kept up the pace, with 263 individual bills under consideration that would contribute to easing the regulatory burdens on homebuilding, touching on areas from accessory dwelling unit (ADU) permitting to building code reforms. With most state legislatures having adjourned for the year, we can take stock of this year's successes and failures:

- In the first six months of 2024, states enacted 50 housing supply bills, compared with 30 enacted during the same months in 2023.
- In the past 12 months, 65 housing supply bills have been enacted in 20 states (see figure 1).
- Several states that had previously enacted major housing supply bills (such as California, Florida, and Rhode Island) continued to advance legislation building on or refining their previous reforms.
- Colorado and Arizona were the year's comeback stories, enacting major housing packages after very public failures last year.
- Two more high-cost states, Hawaii and Maryland, made strong opening bids in the zoning reform game.
- The year's new trend is building code reforms. Five states took steps toward allowing "single-stair" multifamily building designs up to six stories.
- Legislators in Vermont and Kentucky moved in the opposite direction, reversing housing

In the first six months of 2024, states enacted **50 housing supply bills**, compared with 30 enacted during the same months in 2023.

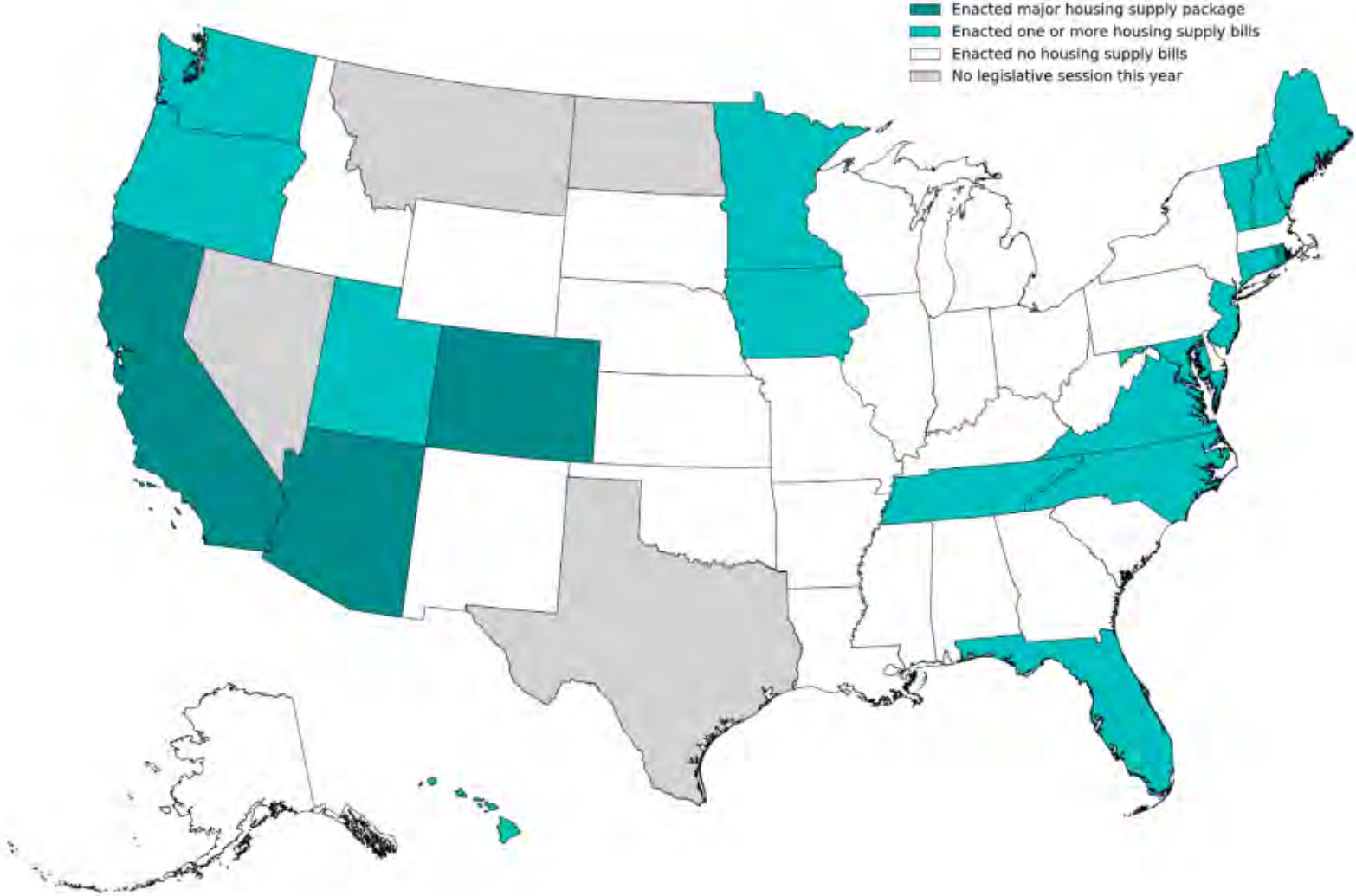
In the past 12 months, **65 housing supply bills** have been **enacted in 20 states**.



# States that enacted housing supply bills

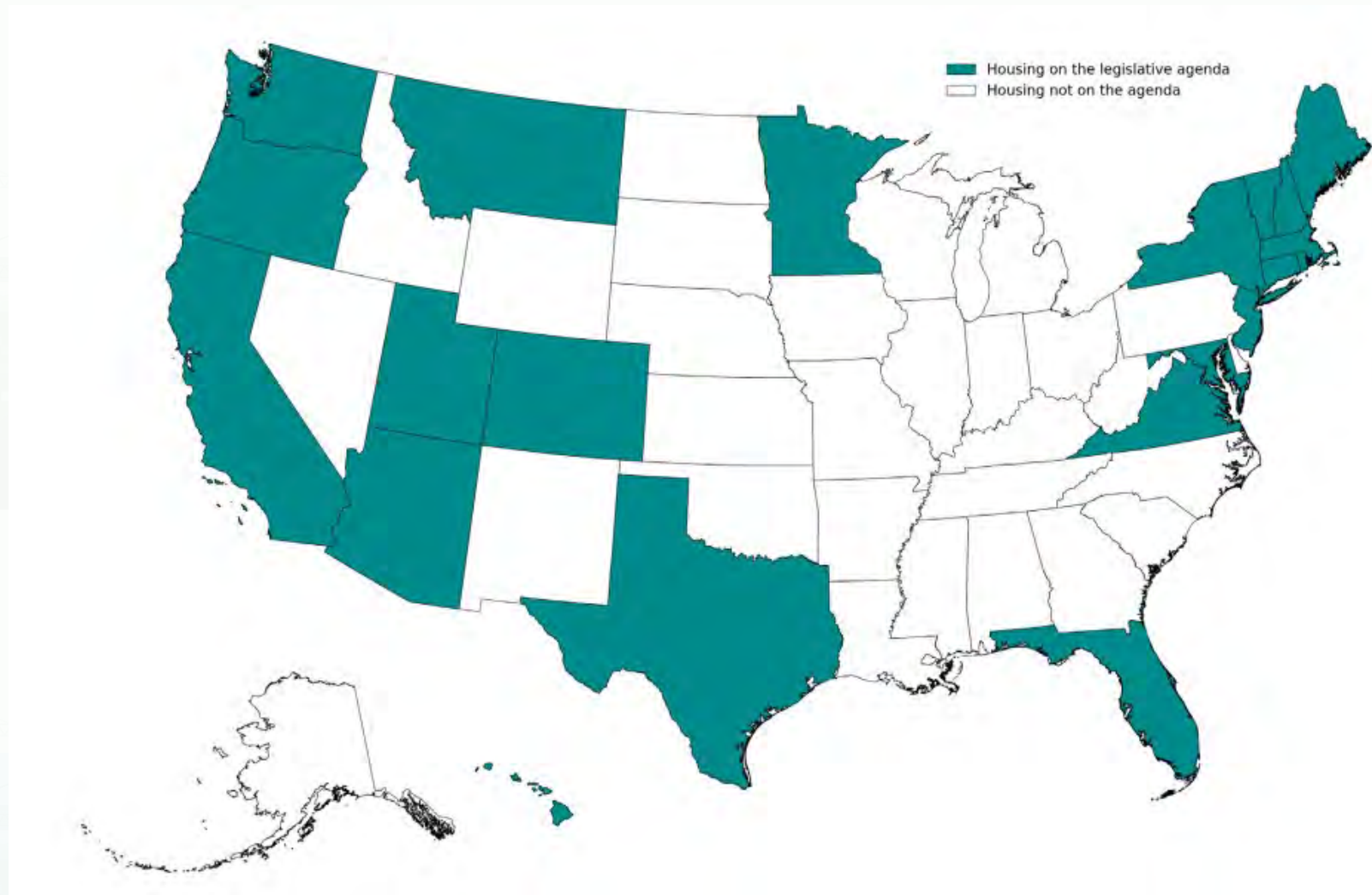
July 2023–June 2024

[www.mercatus.org/research/policy-briefs/housing-supply-reforms-2024](http://www.mercatus.org/research/policy-briefs/housing-supply-reforms-2024)



# Housing supply is on the legislative agenda in 21 states as of July 2024

[www.mercatus.org/research/policy-briefs/housing-supply-reforms-2024](http://www.mercatus.org/research/policy-briefs/housing-supply-reforms-2024)

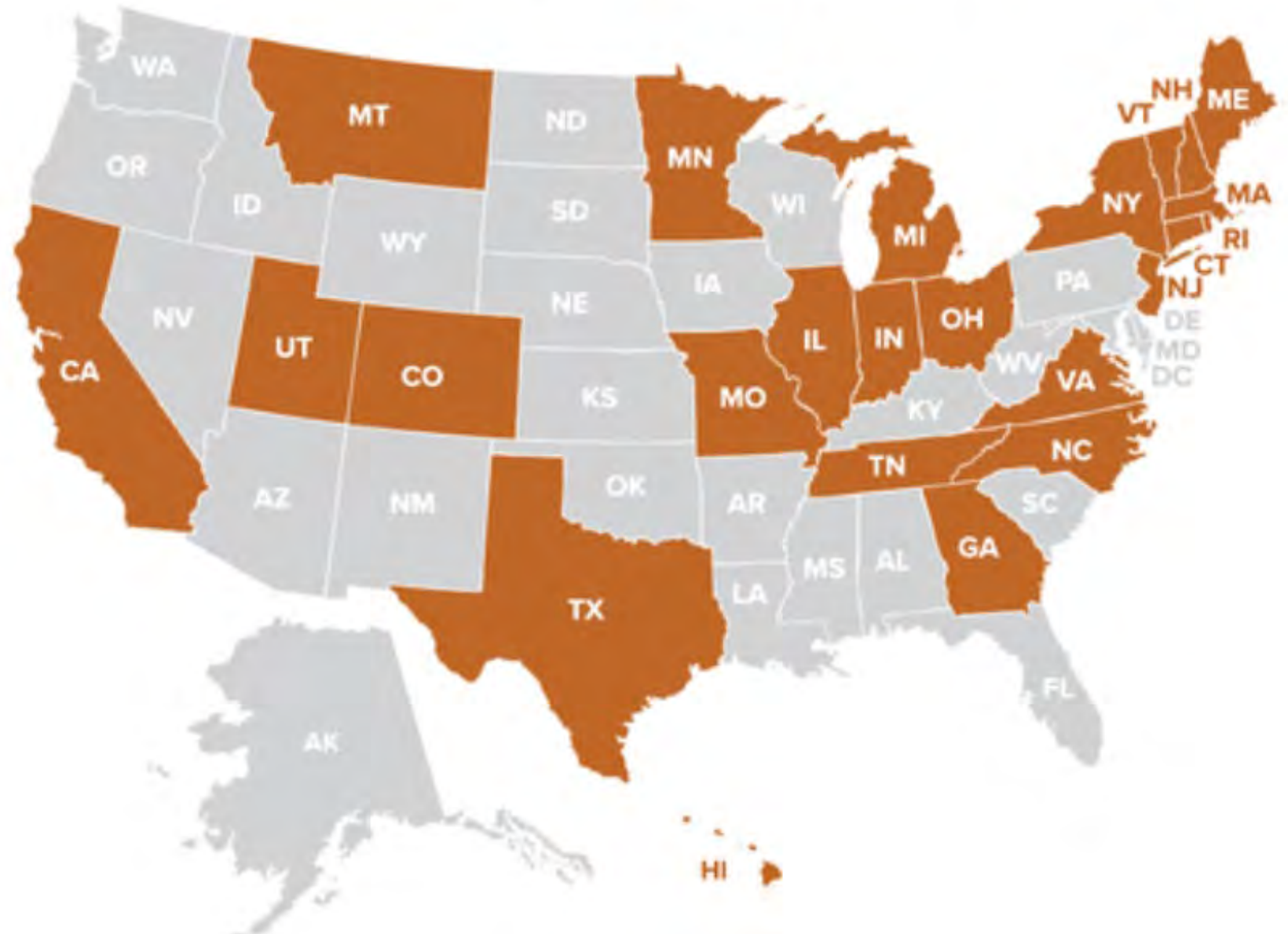


# States using Cornell University's *National Zoning Atlas* to Examine Zoning Laws

[www.zoningatlas.org](http://www.zoningatlas.org)

[www.novogradac.com/notes-from-novogradac/national-zoning-atlas-could-contribute-zoning-law-reform-policy-analysis](http://www.novogradac.com/notes-from-novogradac/national-zoning-atlas-could-contribute-zoning-law-reform-policy-analysis)

## States With Zoning Atlas Projects Underway





# State Changes to Land Use/Zoning

[www.mercatus.org/research/policy-briefs/housing-supply-reforms-2024](http://www.mercatus.org/research/policy-briefs/housing-supply-reforms-2024)

1. By-Right Accessory Dwelling Units.
2. Allowing 2- to 4-unit Buildings in Single-Family Zoning.
3. Relaxing Parking Requirements.
4. Relaxing Minimum Lot Size.
5. Streamlining Permitting Processes.
6. Limiting Local Design Requirements.

# State Changes to Land Use/Zoning

[www.mercatus.org/research/policy-briefs/housing-supply-reforms-2024](http://www.mercatus.org/research/policy-briefs/housing-supply-reforms-2024)

7. Requiring Local Governments to Plan for Affordable/Middle Income Housing.
8. Allowing Residential Uses in Commercial Zones.
9. Allowing Housing on Religious Org. & Nonprofit Land.
10. Reforms Allowing for Manufactured Housing.
11. Limiting Home Purchases by Institutional Investors.

**TABLE 1.** Selected housing policies considered and bills enacted, July 2023–June 2024

Policy area	States where a bill concerning the policy was introduced	Bills enacted
Providing easier permitting for accessory dwelling units	AZ, CA, CO, CT, DE, HI, IL, KY, MA, MN, NE, NH, NJ, NY, NC, OR, PA, RI, TN, VT, VA, WA, WV	AZ: HB 2720 CA: AB 976, AB 1332, AB 1033 CO: HB24-1152 HI: SB 3202 RI: H7062, S2998
Legalizing duplex, triplex, or fourplex housing in single-family zones	AZ, CA, CT, HI, IL, KY, MD, MA, MN, NE, NH, NY, NC, OR, PA, RI, TN, VT, WA	AZ: HB 2721 MD: HB 538 WA: HB 1998, HB 2321
Zoning for high density near transit	AZ, CA, CO, CT, DC, HI, KY, ME, MA, MN, NJ, NY, TN, UT, WA	CO: HB24-1313 UT: SB 208 WA: HB 2321
Relaxing parking minimums	AZ, CA, CO, CT, FL, HI, IL, KY, ME, MD, MA, MN, NH, NJ, PA, TN, VT, WA	CA: AB 894, AB 1308 CO: HB24-1304 MD: HB 38 NH: HB1400 <sup>a</sup> WA: HB 1998



**TABLE 1.** Selected housing policies considered and bills enacted, July 2023–June 2024

Policy area	States where a bill concerning the policy was introduced	Bills enacted
Enacting mandates to plan for housing, including “fair share” schemes	AL, AZ, CA, CO, CT, FL, MA, MN, MS, NJ, RI, VT, WA	AZ: SB 1162 CA: AB 1485 CO: HB24-1313 NJ: A4 VT: H.687 WA: HB 2321
Allowing more residential uses in commercial zones	AZ, CA, CT, FL, HI, KY, MD, MN, NH, NJ, NC, PA, RI, TN, VA	AZ: HB 2297 FL: SB 328 HI: HB 2090 MD: HB 538
Allowing religious and nonprofit organizations to build housing on their land	AZ, CA, CT, HI, MD, MN, NY, SC, TN, VA	CA: SB 4 MD: HB 538

The background of the slide features a grid of semi-transparent colored squares in shades of pink, light blue, grey, yellow, and green. Faint, light-colored icons of construction cranes and buildings are scattered across the background.

## 2) State Housing Tax Credits



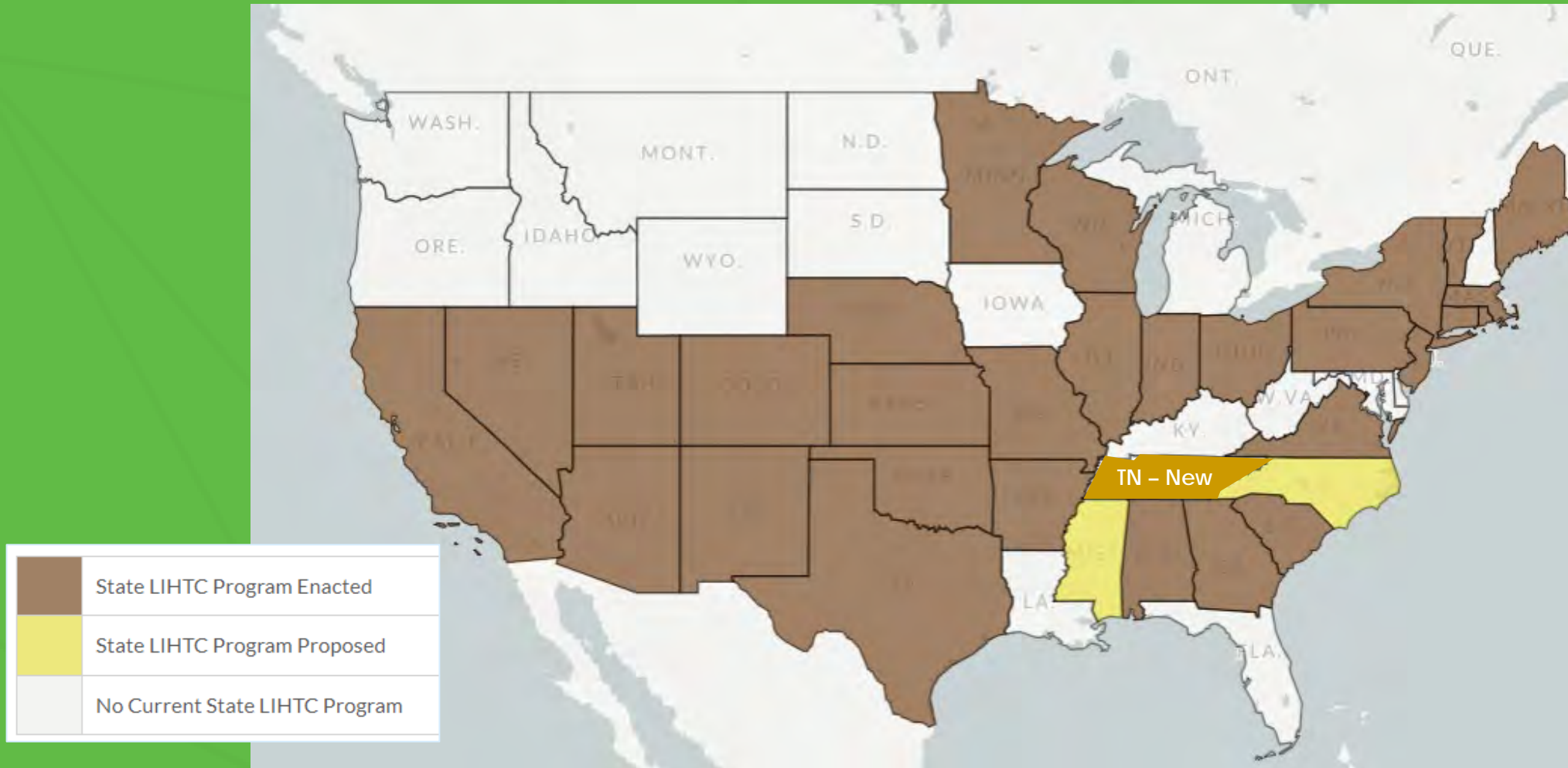
**State Housing  
Tax Credits are  
typically similar  
to and allocated  
alongside Federal  
Low Income  
Housing Tax  
Credits (LIHTCs)**

- Bring private investment/equity to a multifamily rental development.
- Lower a property's debt load.
- Make it feasible to charge lower rents.



# State Housing Tax Credits to Support Affordable Rental Development

[www.novoco.com/resource-centers/affordable-housing-tax-credits/state-lihtc-program-descriptions](http://www.novoco.com/resource-centers/affordable-housing-tax-credits/state-lihtc-program-descriptions)



# Ohio Single Family Housing Tax Credit

[www.ohiohome.org/singlefamilytaxcredit.aspx](http://www.ohiohome.org/singlefamilytaxcredit.aspx)

\$50M/year for 4 years in tax credits to incentivize construction of new single-family homes for Ohio's growing workforce.

- Homeownership Units
- Minimum of 2 bedrooms and 1.5 baths
- Max credit per unit: \$50K
- Homes must remain affordable for 10 years
- 80%-120% AMI Homebuyers

# **3) Funding & Financing for: Housing Infrastructure Housing Development**



# Selected States



# Indiana Residential Infrastructure Fund (RIF)

[www.in.gov/ifa/residential-housing-infrastructure-instance-progra](http://www.in.gov/ifa/residential-housing-infrastructure-instance-progra)



**\$75M** for low interest, 20-year loans for infrastructure projects supporting rental or homeownership development in communities with demonstrated need for additional housing inventory based on job growth.

- Local governments apply.
- Funds installation, replacement, upgrade, or improvement of public infrastructure for the support of residential housing.
- Can fund land purchase too.

# Indiana READI Program

Regional Economic Acceleration & Development Initiative

**\$500M** for regions collaborating on efforts around:

## Quality of Life

- Tourism, arts, culture and community projects
- Family-support initiatives (childcare & healthcare)
- Trails and parks

## Quality of Place

- Housing availability and affordability (New & rehabilitated units)
- Growth infrastructure (water, sewer, roads, and utilities)
- Mixed-used developments (residential & commercial)
- Blight Remediation and Redevelopment

## Quality of Opportunity

- Infrastructure leading directly to jobs
- Talent supply and education
- Innovation and entrepreneurship

[indianareadi.com](http://indianareadi.com)





# Oklahoma Housing Stability Program

[www.ohfa.org/housingstability/](http://www.ohfa.org/housingstability/)

## Oklahoma Increased Housing Program

- **\$63.5M** Revolving Loan Fund for Rental Housing Development
- Up to 85% loan to value financings
- 0% interest for 24 months, then prime + 3% interest
- Project size can range from 5 to 200 units.
- Rents capped at 125% of HUD Fair Market Rent

## Oklahoma Homebuilder Program

- **\$100M** Homebuilder Subsidy for Homeownership Development
- Up to 90% loan to value financings
- 0% interest for 24 months, then prime + 1% interest
- Home size: 1,000 – 2,000 SF
- Price limits mirror HUD 234 requirements

# Oklahoma Housing Stability Program

[www.ohfa.org/housingstability/](http://www.ohfa.org/housingstability/)

## Consumer Down Payment & Closing Cost Assistance

- \$40M for down payment and closing costs
- Available only to buyers purchasing homes produced by the Oklahoma Homebuilder Program
- Grants of 5% of total loan amount
- Combined with Oklahoma Housing Finance Agency's existing downpayment assistance program
- Buyer income <120% of Area Median Income
- Deed restriction for 3 years

# Ohio *Welcome Home Ohio* Program

**\$150 million** to improve access to housing across the state.

- \$100 Million - Grants for rehab and building of qualified residential properties.
  - \$30K max per unit.
  - Must be at least 1000 SF
  - 80% AMI
  - Home price limit \$180K
- \$50 Million – Nonrefundable tax credits for homebuilding

# Georgia Rural Workforce Housing Initiative

[www.dca.ga.gov/community-economic-development/funding-programs/onegeorgia-authority/equity-fund-rural-workforce](http://www.dca.ga.gov/community-economic-development/funding-programs/onegeorgia-authority/equity-fund-rural-workforce)

Provides grants and/or loans to finance rural workforce housing on a competitive basis.

**\$90M+** to provide financial investments to finance workforce housing.

- RWHI Infrastructure Grant
- RWHI Construction Loan

For-sale units: Home price must be \$125K - \$290K

Rental units: Unit development cost must be \$125K - \$290K



# Georgia Rural Workforce Housing Initiative

[www.dca.ga.gov/community-economic-development/funding-programs/onegeorgia-authority/equity-fund-rural-workforce](http://www.dca.ga.gov/community-economic-development/funding-programs/onegeorgia-authority/equity-fund-rural-workforce)

Provides grants and/or loans to finance rural workforce housing on a competitive basis.

**\$90M+** to provide financial investments to finance workforce housing.

- RWHI Infrastructure Grant
- RWHI Construction Loan

For-sale units: Home price must be \$125K - \$290K

Rental units: Unit development cost must be \$125K - \$290K

# Montana Governor's Housing Task Force

[deq.mt.gov/files/About/Housing/HTF\\_Phase1\\_Final\\_10142022.pdf](http://deq.mt.gov/files/About/Housing/HTF_Phase1_Final_10142022.pdf)

## GOVERNOR'S HOUSING TASK FORCE

Recommendations and Strategies to Increase the Supply of  
Affordable, Attainable Workforce Housing

DECEMBER 15, 2022

REGULATORY CHANGES AND BEST PRACTICES THAT COULD  
BE ADOPTED BY STATE AGENCIES AND LOCAL GOVERNMENTS



**Multi-year  
ambitious task  
force**

# Montana Governor's Housing Task Force

[deq.mt.gov/files/About/Housing/HTF\\_Phase1\\_Final\\_10142022.pdf](https://deq.mt.gov/files/About/Housing/HTF_Phase1_Final_10142022.pdf)

## Montana Community Reinvestment Plan Act **\$225M:**

- Reinvestment Plan Account
- Coal Trust Multifamily Homes Program
- Expand Workforce Housing for State Facilities
- Montana Housing Infrastructure Revolving Loan & Bond Program
- Planning Grant Program

# Michigan Missing Middle Housing Program

<https://www.michigan.gov/mshda/developers/missing-middle>

**\$110M** housing production program to increase the supply of housing to support the growth and economic mobility of employees targeted to middle income households.

- Homeownership & rental development (Units <2000 SF)
- Loans and grants to offset development gaps
- Funds reimbursed to developer after occupancy
- 60%-120% area median income households
- 5-10 year affordability compliance period



# Wisconsin

**\$525M** during budget year 2023–2025 to create 4 loan pools to increase housing supply:

Main Street Housing	<b>\$100M</b>
Workforce & Senior Housing	<b>\$100M</b>
Infrastructure for Workforce Housing	<b>\$275M</b>
Home Repair	<b>\$50M</b>

**These programs are all very new.**

**They point to the growing number  
of states striving to increase  
housing supply.**

# **The flexibility of state funds over federal dollars cannot be overemphasized.**

Examples:

- KY Affordable Housing Trust Fund
- KY Rural Housing Trust Fund

# Thank You.

Wendy K. Smith  
Deputy Executive Director  
of Housing Programs

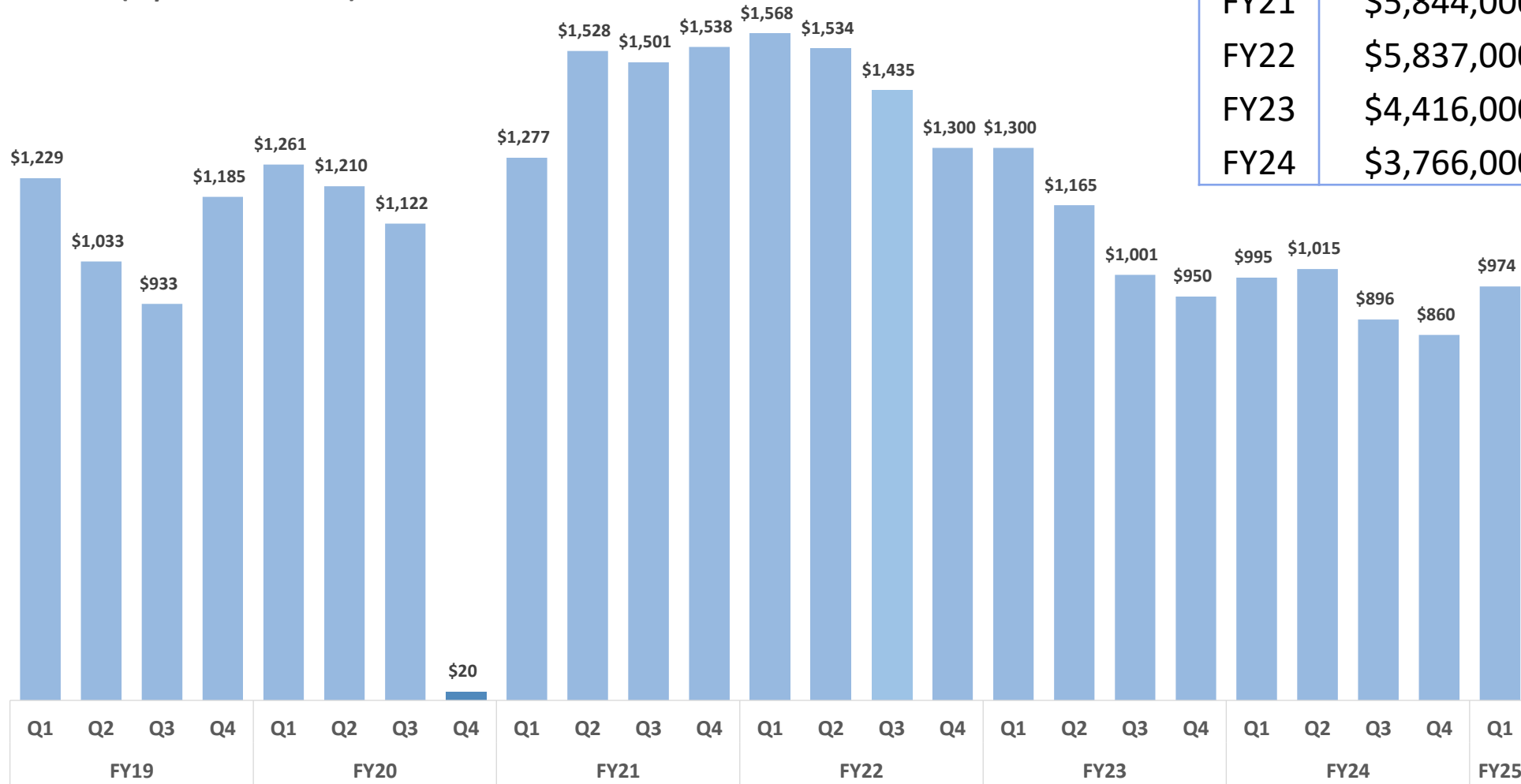
[wsmith@kyhousing.org](mailto:wsmith@kyhousing.org)

502-605-1336



# KY AHTF Receipts

(expressed in '000s)



Year	AHTF Receipts	Change
FY19	\$4,380,000	
FY20	\$3,613,000	-18%
FY21	\$5,844,000	+62%
FY22	\$5,837,000	-0.1%
FY23	\$4,416,000	-24%
FY24	\$3,766,000	-15%

# KY Rural Housing Trust Fund (New)

Fiscal Year	Geography	Total RHTF Funds Available
FY25	Any rural area as defined by USDA.	\$5M
FY26	Any rural area as defined by USDA.	\$5M

