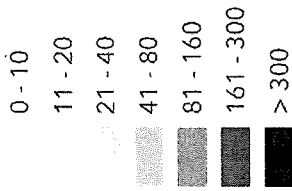
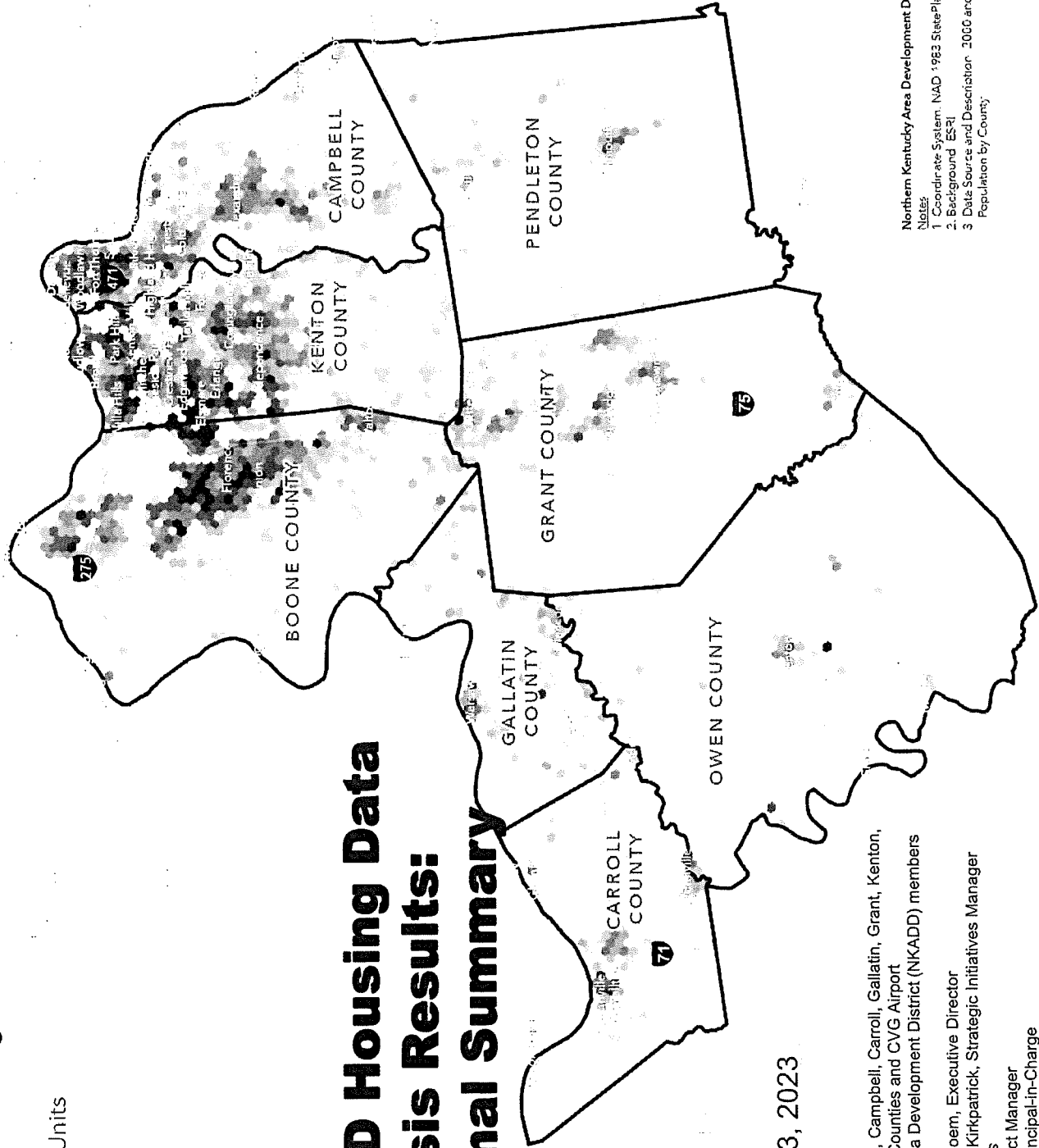


Total Occupied Housing Units

Total Housing Units



NKADD Housing Data Analysis Results: Regional Summary



September 13, 2023

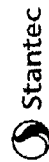
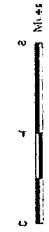
Acknowledgments

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- Sarabent McCoy, Data Analyst

Northern Kentucky Area Development District

- Notes:
1. Coordinate System: NAD 1983 StatePlane Kentucky North FIPS 1601 Feet
 2. Background: ESRI
 3. Data Source and Description: 2000 and 2010 US Census, Total Population by County

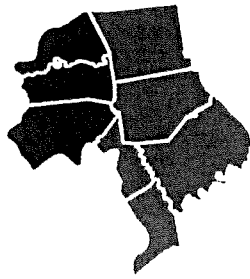




Housing Ties to Economic and Workforce Development

The NKADD region needs to build 6,650 housing units to support economic development in the next 5 years, which equates to 1,330 units per year. This 5-year production target breaks down in the following ways:

- **3,260 units for workforce households** (wage range \$15 - \$25, monthly housing costs \$500 - \$1,500), including 1,860 1- and 2-bedroom units, to increase the region's economic development and employment, including housing that is attainable by prevailing wage-earners in new jobs centers.
- **500 units for very low-income households** (monthly housing costs below \$320)
- **4,220 one- and two-bedroom units**, reflecting a shift in demographics and preferences away from the three- and four-bedroom single family houses that have been the primary mode of production for the past 20 years.



Key takeaways for the northern and southern counties

Boone, Kenton, Campbell

- **Workforce job creation is out-pacing workforce housing:** The logistics industry is central to job growth in the region, generating demand for high-growth but lower wage “workforce” jobs. Today, there are 2.68 workforce jobs for each housing unit they could afford.
- **Monoculture of single-family homes is not aligned with household income and size:** The supply of single-family, 3-4 bedroom homes outpaces the demand. Targeting ‘missing middle’ homes would better account for the diversity of incomes and smaller household sizes.
- **‘Missing middle’ houses and affordability strategies are required to continue economic growth:** Economic growth creates a strong labor demand. A lack of housing affordable for jobs being created will make it harder and more expensive for employers to find and recruit labor at prevailing market wages.

Grant, Gallatin, Carroll, Pendleton, Owen

- **Job Density is Constant:** Job growth is concentrated in northern counties industry clusters while the southern counties maintain a steady baseline of jobs. Job creation generates demand for housing. The majority of housing demand is being met closer to the jobs.
- **Land in closer proximity to jobs is not fully saturated:** Suburban development is occurring in the northernmost portions of the southern counties at the limit for commutes to jobs. Available land in the northern counties is being prioritized by market developers.
- **Exceptions exist:** Carrollton is generating manufacturing jobs, but workforce and middle-income housing is lacking. Development of workforce housing near Carrollton seems like a market possibility and could increase available labor supply.



NKADD's economic engine is producing jobs but not the appropriate housing stock

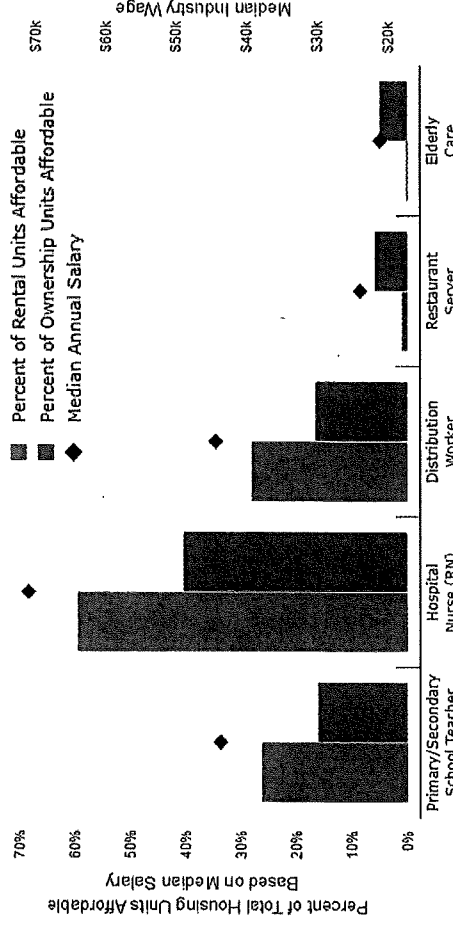
Currently, 60% of NKADD occupations generate an annual average salary below \$60,000 (generally considered "workforce" jobs). This includes the current top 6 occupations by employment share (warehousing, school teachers, temp workers, couriers, and restaurant servers). Looking ahead, **67% of job growth will occur in this workforce segment** over the next decade.

Today there are **2.21 workforce earners per home affordable at that income level**. This assumes that at a \$60,000 income, a person could affordably pay a maximum of \$1,500 in rent or a monthly mortgage on a median home price in the of \$128,380. The high demand relative to low supply increases housing costs, generating cost-burdened households. This imbalance also puts upward pressure on wages and forces longer commutes as people seek housing elsewhere. This puts strain on employers by either reducing the labor pool available and impinging profitability. Consequently, the inability to produce adequate workforce housing can hamper the long-term economic development strategies currently employed around the logistics and manufacturing sectors in Northern Kentucky.

The economic reality is 'workforce' jobs are held across age groups and life stages. Many are sole income earners in households that would prefer independent living units. Ensuring adequate housing supply is essential for increasing general prosperity and livability. Subsidized housing programs can generate new affordable apartments, as does Naturally Occurring Affordable Housing (NOAH). Strategies to increase this housing stock and to preserve NOAH rents are necessary and viable strategies to ensure adequate workforce housing.

Housing Units Affordable Relative to Wages

Source: JobsEQ, Starttec



This chart shows how a School Teacher's median wage is \$43,740 per year, and the amount of the region's housing that is affordable at this wage is 26% of the rentals and 16% of the for-sale housing.



Commuting pattern for NKADD residents, showing employment destinations

NKADD Commute patterns demonstrate high levels of suburb-to-suburb commutes. While radial commutes into Cincinnati remain important, Boone and Kenton are major employment centers in their own right, with Carroll a larger rural employment hub.

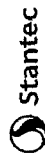
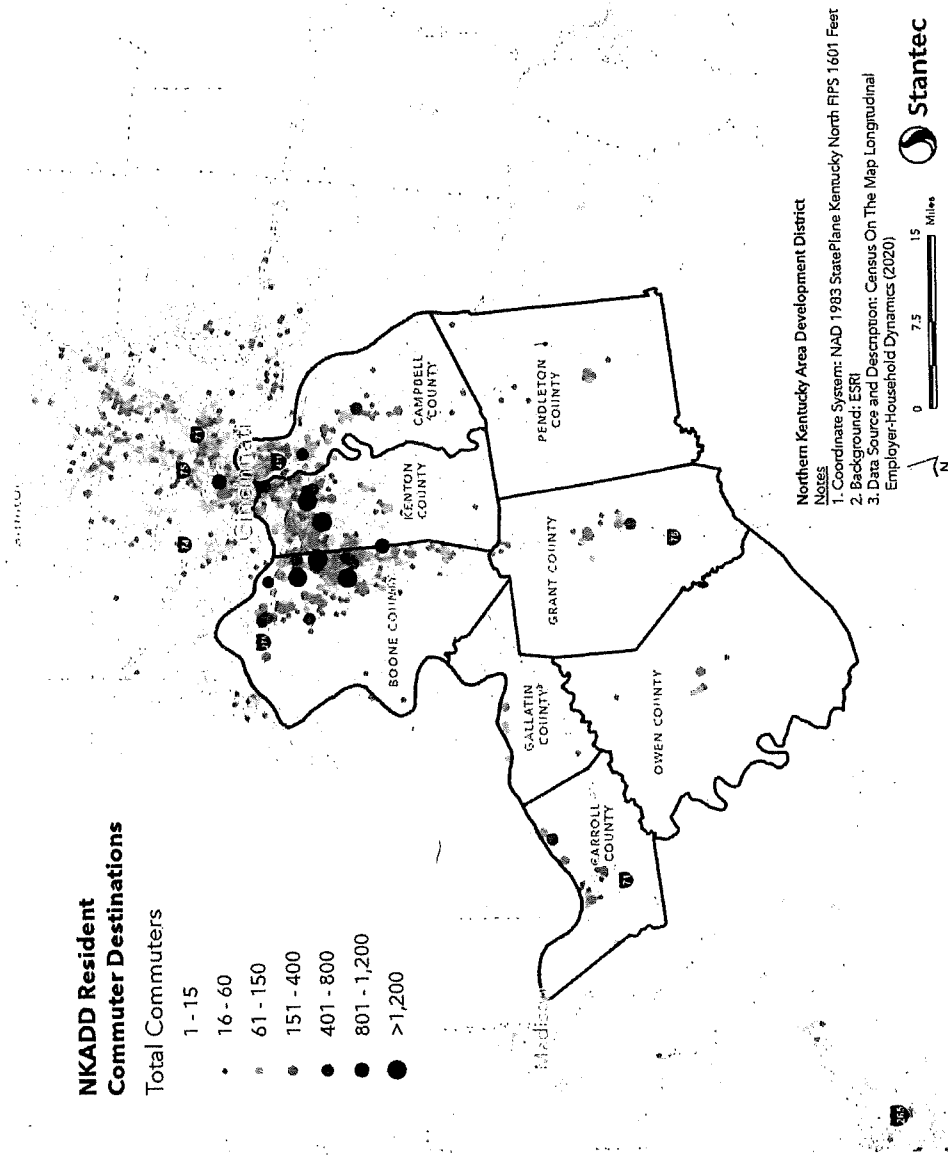
Commuting across suburbs is an increasing trend in many urban locations, and one that poses challenges to historic transit patterns that radially extend out of cities.

This points to the need for greater coordination across the NKADD region in housing and transit planning.

NKADD Resident Commuter Destinations

Total Commuters

- 1 - 15
- 16 - 60
- 61 - 150
- 151 - 400
- 401 - 800
- 801 - 1,200
- >1,200

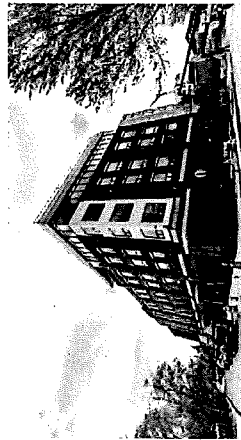




The region's housing gap shows competitive segments in blue and misaligned supply in red

Gap Snapshot Results

- NKADD needs to provide housing for the lowest income
- The housing supply is overly weighted towards 3-bedroom units in the \$900 to \$2000 per month range, while the population characteristics indicate a stronger demand for 1- and 2-bedroom units, especially ownership



John Green Lofts, Covington:
Studios, 1-bed, 2-bed for \$1000
to \$2800 per month

Difference between housing supply and housing demand

Source: Stantec

Household Income Required	Max Monthly Housing Cost	Rent				Own			
		1BR	2BR	3BR	4BR+	1BR	2BR	3BR	4BR+
Less than \$15000	\$313	-3,886	-3,780	-1,911	-336	-326	-576	-649	-766
\$15,000-24,999	\$521	-2,650	-2,777	-1,590	-404	-211	-586	-852	-731
\$25,000-34,999	\$729	-1,801	-2,720	-1,669	-287	-95	-395	-777	-748
\$35,000-49,999	\$1,042	-2,390	-3,014	-1,631	-445	20	1,607	70	-1,148
\$50,000-74,999	\$1,563	-1,997	-1,773	30	-646	-164	4,258	7,016	-71
\$75,000-99,999	\$2,083	-571	2,602	4,419	197	-228	1,265	8,769	3,191
\$100,000-149,999	\$3,125	-459	-375	538	2,524	-192	-519	-2,387	7,399
\$150,000-199,999	\$4,167	-131	-212	-267	123	-50	-396	-2,938	-657
\$200,000 or more	-	-141	-231	-178	-76	-40	-318	-2,091	-3,857

Blue cells denote a deficit of housing at that size and price point. The darker the color, the deeper the deficit. Conversely, red units represent a housing surplus, or where the supply of housing is larger than current demand.

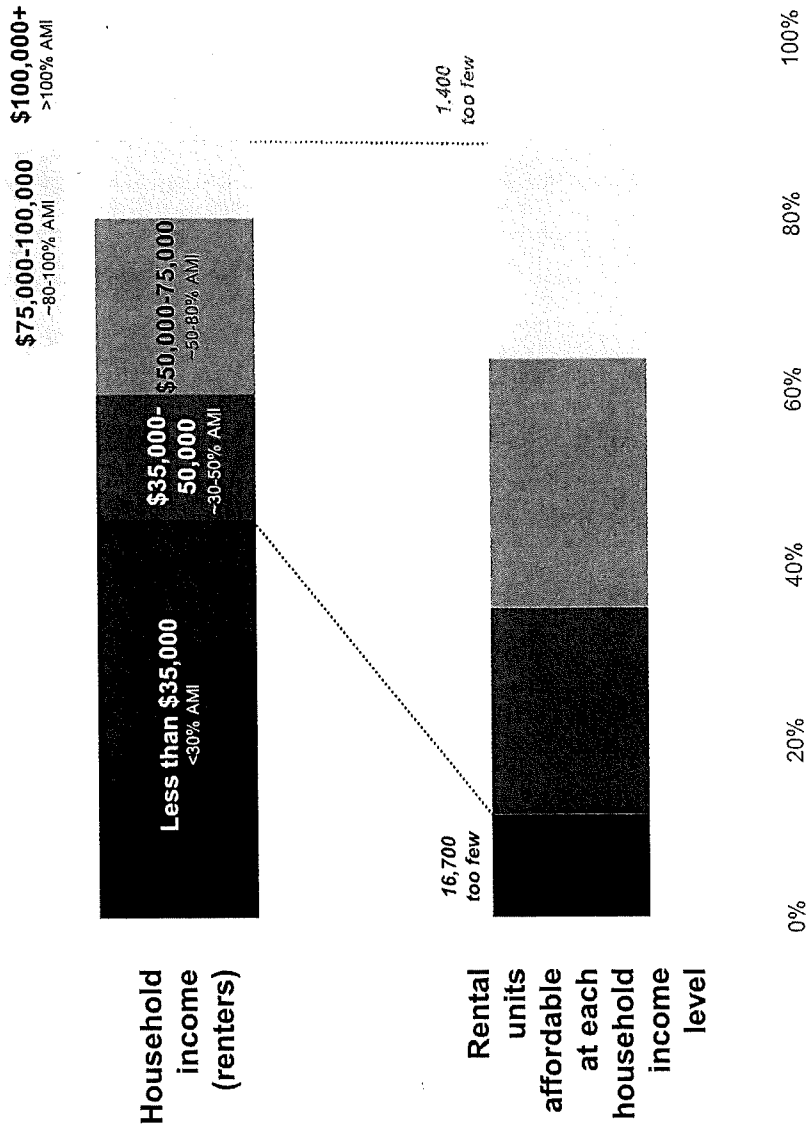


There are currently too few rentals for very low-income renters

There is a large gap at the lowest levels of income between the number of households and the availability of rental housing. The result of this mismatch is a segment of the population that is rent-burdened, meaning they spend more than 25% of their income on rent. The higher end of rental properties monthly costs is also larger than the population to support those costs.

Renter household incomes versus rental units at aligned prices

Source: ACS, ESRI



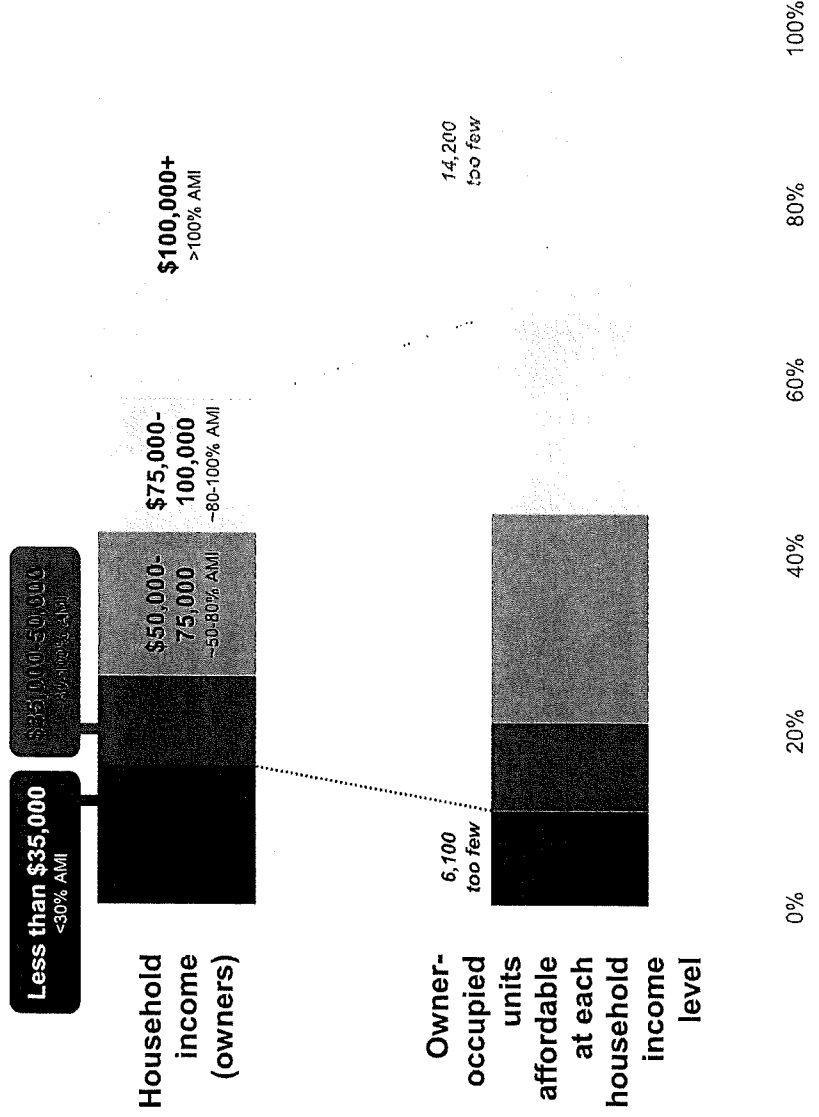


There is a slight gap in ownership housing for very low-income ownership

There is a small gap between the number of very low-income homeowners and very affordable housing. At the other end of the spectrum, there is a high-earning segment that is likely able to pay less than 25% of their income on housing in the region.

Homeowner household incomes versus ownership units at aligned prices

Source: ACS, ESRI





Middle-income brackets are expected to stay fairly stable as NKADD grows.

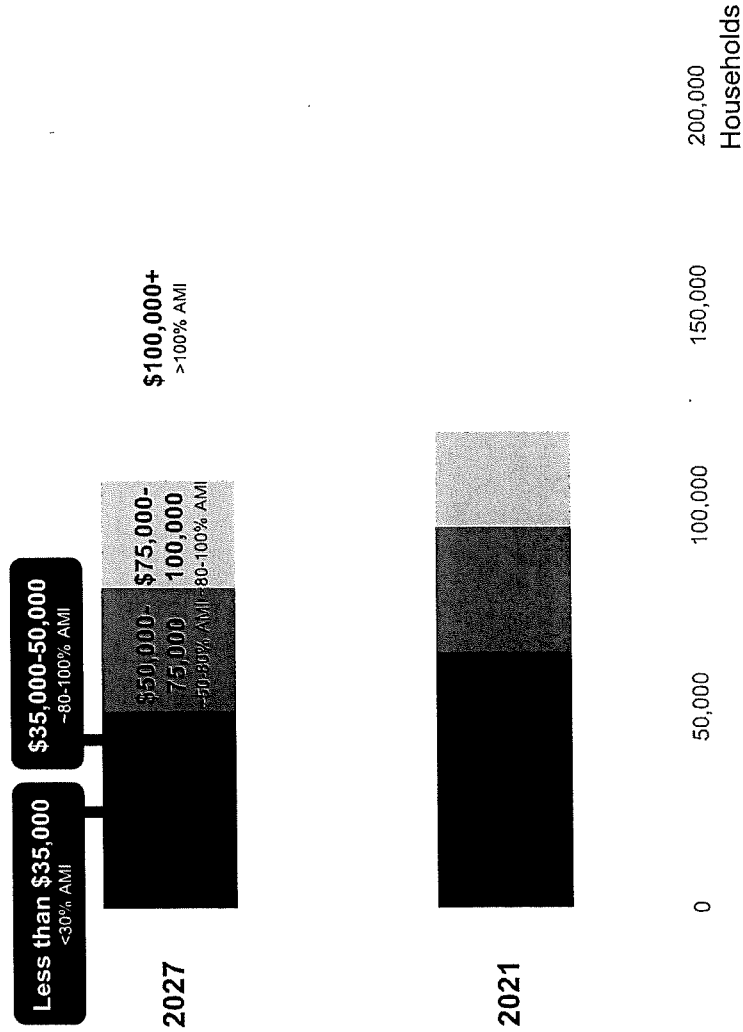
This graphs tracks total household change over time by income to indicate overall trends as well as growth or reduction within individual income brackets.

These income brackets correspond to household income and housing unit cost levels on other charts in this section to help compare the current status with historical and future conditions.

The decrease in lowest incomes (<\$35k/year, or about \$16/hour for an individual) may relate to competition for employees which has increased wages as well as inflation.

NKADD Households, by income bracket, 2021 and 2027

Source: ACS, ESRI





NKADD's 5-year production target is 6,650 units total at a rate of about 1,330 units per year

Key takeaways

In the next 5 years, there will be a need for 1,860 additional 1- and 2-bedroom units for low- and moderate-incomes (monthly housing costs \$500 - \$1,500) and about 500 units for very low-income households (monthly housing costs below \$320). The higher number of rentals because that is who is currently moving, and rentals are currently underrepresented in the market.

Summary by category

Demand by bedroom

- 1,200 1-beds
- 1,810 2-beds
- 2,180 3-beds
- 1,460 4-beds+

Demand by tenure

- 1,850 rentals
- 4,770 owner-occupied

Demand by AMI

- 3,025 Low income <60%
- 940 Moderate income 60-80%
- 1,015 Middle income 80-120%
- 1,660 Higher income >120%

5-year region-wide production target

Source: ACS, ESRI, HUD

Maximum monthly housing cost	Rent				Own			
	1BR	2BR	3BR	4BR+	1BR	2BR	3BR	4BR+
\$313	44	43	24	7	114	112	63	17
\$521	29	32	19	5	74	83	50	12
\$729	38	47	31	7	98	122	78	19
\$1,042	64	88	70	20	164	226	181	53
\$1,563	71	104	106	36	182	266	274	94
\$2,083	25	47	68	31	66	121	175	79
\$3,125	27	61	111	75	70	157	285	193
\$4,167	15	39	83	87	39	102	213	222
More than \$4,167	16	45	98	140	41	114	251	151

Notes:

- **Dark purple** indicate proportionally higher production volumes needed.
- **Lighter purple** and **white** indicate proportionally lower production volumes needed.
- The region's Area Median Income (AMI) = \$103,600 except Carroll, Grant, and Owen counties

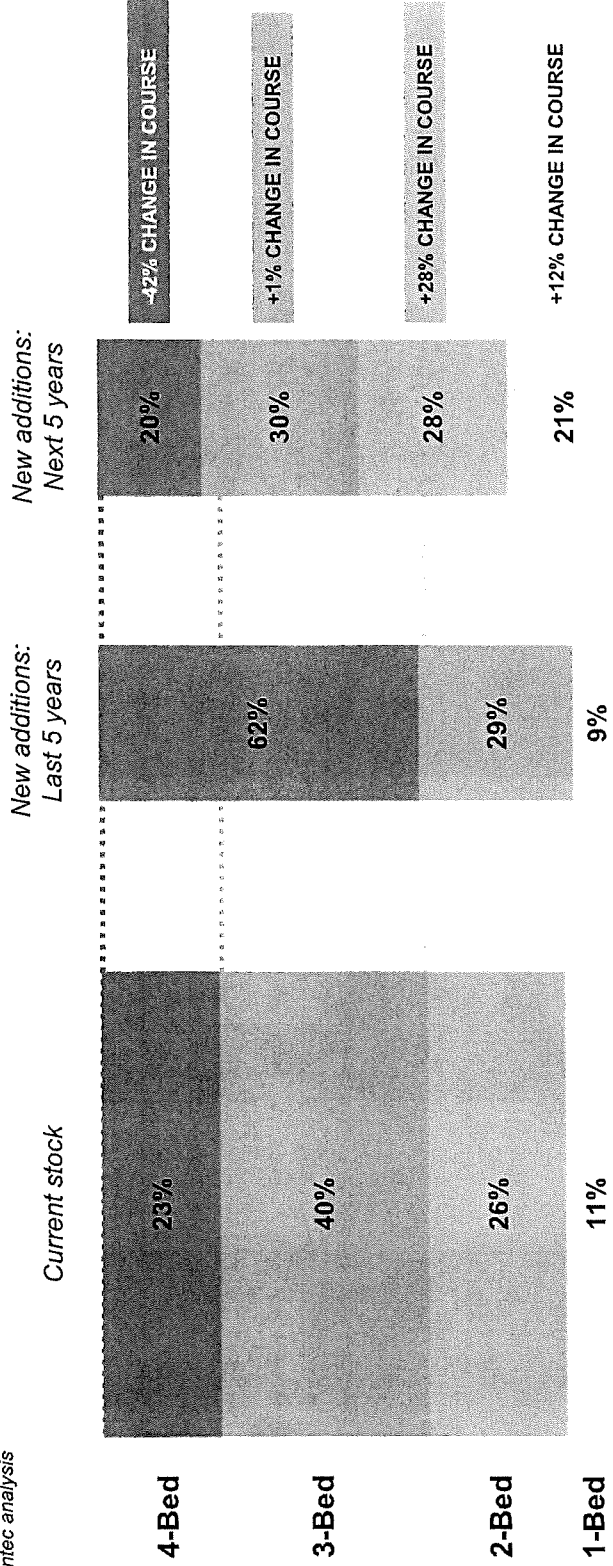


Future development should steer towards smaller units and away from 4+ bedroom houses

This course correction brings future development more in line with the overall current housing stock and is a shift away from the last 5 years of development practice

Current stock of housing by number of bedrooms, development in last 5 years, & recommended development for next 5 years

Source: ACS, Stantec analysis



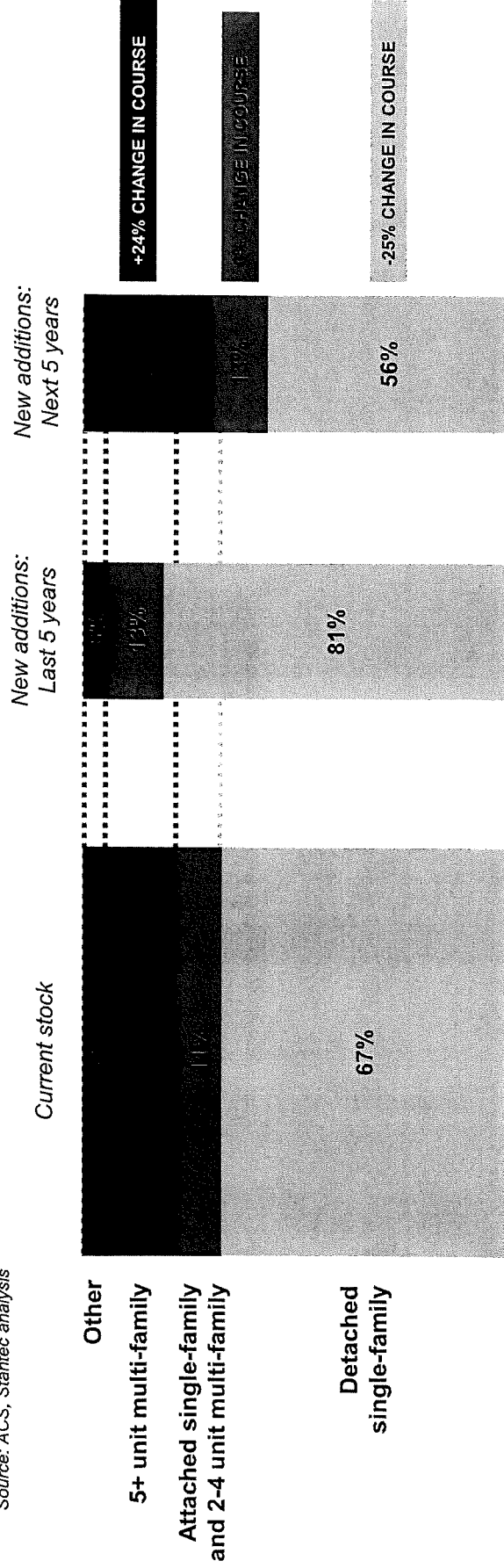


Future development should steer towards multifamily and away from detached single-family

This course correction adjusts for the shortfall of multifamily development in the last 5 years.

Current stock of housing by structure type, development in last 5 years, and recommended development for next 5 years

Source: ACS, Stantec analysis



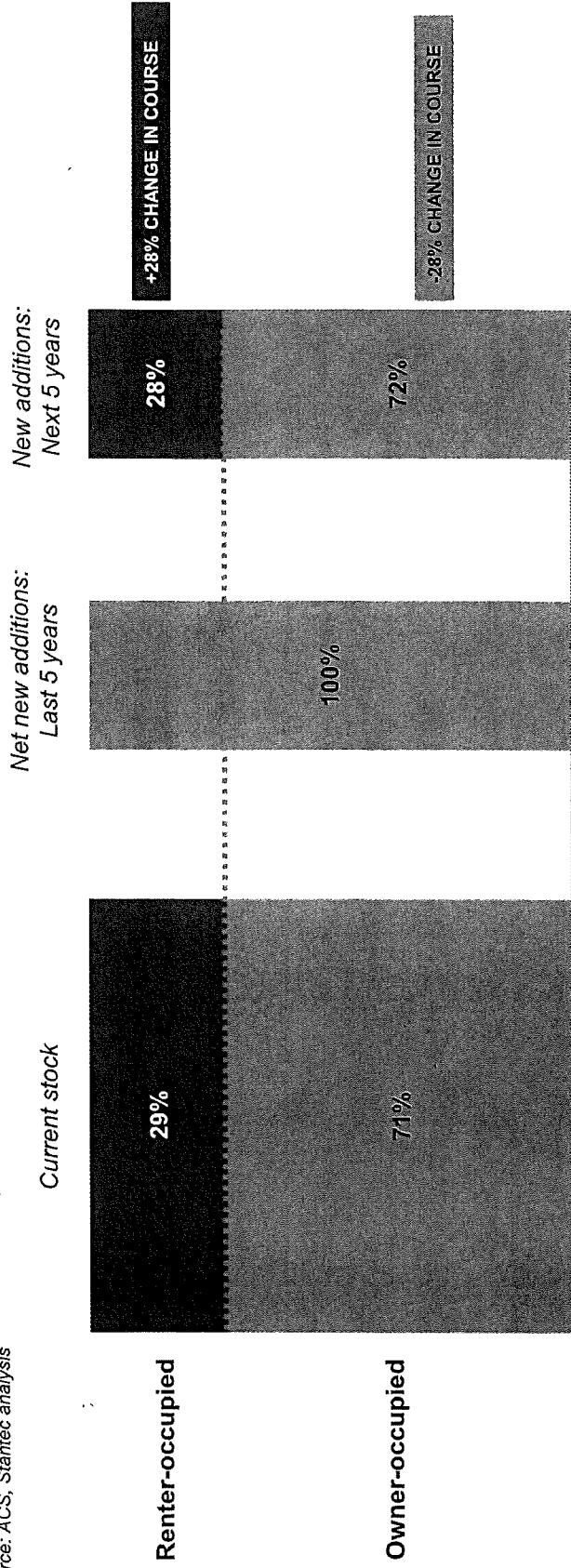


Rental properties should account for a larger portion of future development

This course correction adjusts for the shortfall of net new multifamily rental development in the last 5 years. While some new rental has been built, rental housing has also been lost in Newport, Covington City Heights, conversions to single-family ownership in Bellevue and other locations, as well as rentals converted to short term rentals.

Current stock of housing by tenure type, net new development in last 5 years, & recommended development for next 5 years

Source: ACS, Stantec analysis





NKADD has some of the least restrictive development regulations in the country...

... but, there are still some actions that can be taken to improve housing production where needed that are covered in the housing toolkit.

WRLURI index created as a composite of 12 sub-indexes which measure survey responses to various questions, such as caps on production / permitting, housing restrictions, outcomes, etc.

According to WRLURI, lightly regulated areas like NKADD have the following characteristics:

- Moderate levels of involvement by local political officials.
- Lower levels of community pressure
- Fewer reviewing bodies for projects that do not require zoning changes
- There are likely dimensional standards that prevent higher density development but no formal cap on residential density
- Less exaction fees than other areas
- An average 3.7-month delay between project application and receiving a decision from the government (versus more than 8 months in highly regulated areas)

Local housing regulation index, high numbers are more restrictive

Source: Wharton Residential Land-Use Regulatory Index 2020

