

Updates to the 2025 Kentucky Housing Task Force

June 30, 2025

Presented by Kentucky Housing Corporation

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KHC Aims to be an ongoing resource for the Housing Task Force

Focus of today's presentation:

- I. Updates on the Housing Landscape
- II. Current Resources that Support Housing Development in Kentucky
- III. What KHC recommends the Task Force Focuses on

I. Updates on the Housing Landscape





A. Kentucky's Housing Supply Gap

THE HOUSING CONTINUUM

A healthy market offers a supply of income-aligned options across a range of housing types



Homeless (Streets, Car, Shelters, etc.)	Supportive Housing	Affordable Rental Housing	Affordable Homeownership	Market-Rate Rental Housing	Market-Rate Homeownership
≤30% Area Median Income	30%-80% AMI	80%-120% AMI	120%+ AMI		
≤\$22,750	\$22,750 -\$60,650	\$60,650 -\$90,960	\$90,960+		

2025 Kentucky Median Family Income for 3-person household as published by HUD.

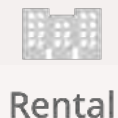
Kentucky Housing Supply Gap Analysis

2024 Current Gap



206,207
New Homes

101,569



Rental

104,638



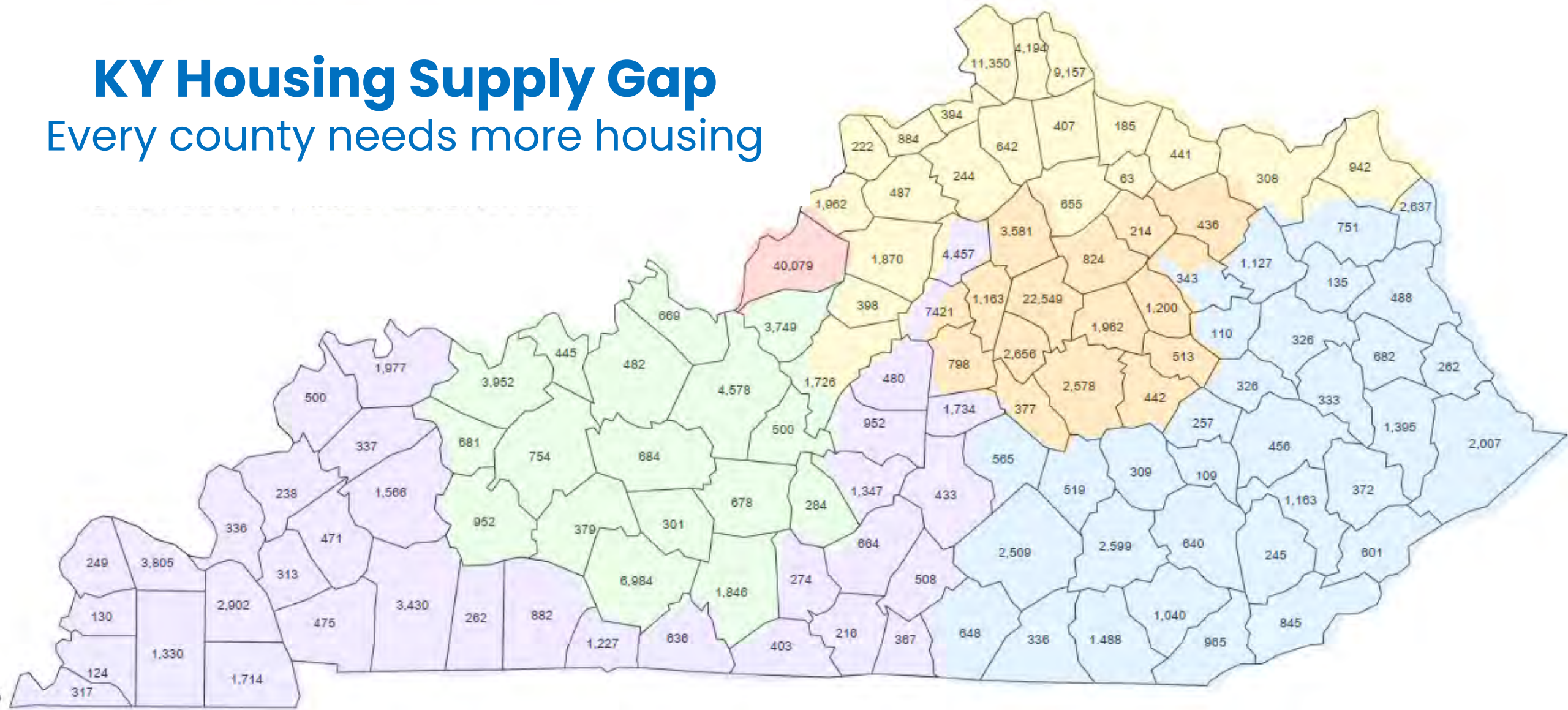
For-Sale



≤ 30% AMI	31-50% AMI	51-80% AMI	81-120% AMI	121-150% AMI	≥ 151% AMI
60,385	19,161	13,211	6,980	1,132	700
19,434	14,179	18,599	17,972	13,896	20,558

KY Housing Supply Gap

Every county needs more housing



Many organizations have sought presentations on the housing supply gap

- KY League of Cities
- KY Association of Counties
- KY County Judge Executive Assoc.
- KY Realtors Association
- Mortgage Bankers
- KY Chamber of Commerce
- Homebuilders Association of KY
- KY Economic Development Cabinet
- I-71 Economic Development Alliance
- EKY Leadership Foundation
- DLG Local Issues Conference
- KY Workforce Investment Board
- Conference of KY PVAs
- KY USDA State Office
- Council of Area Development Districts
- Baren River ADD
- Northern KY ADD
- Lincoln Trail ADD
- Lake Cumberland ADD
- Individual Cities & Counties
- Homeless Shelter & Service Providers
- Leadership Louisville Bingham Scholars⁸

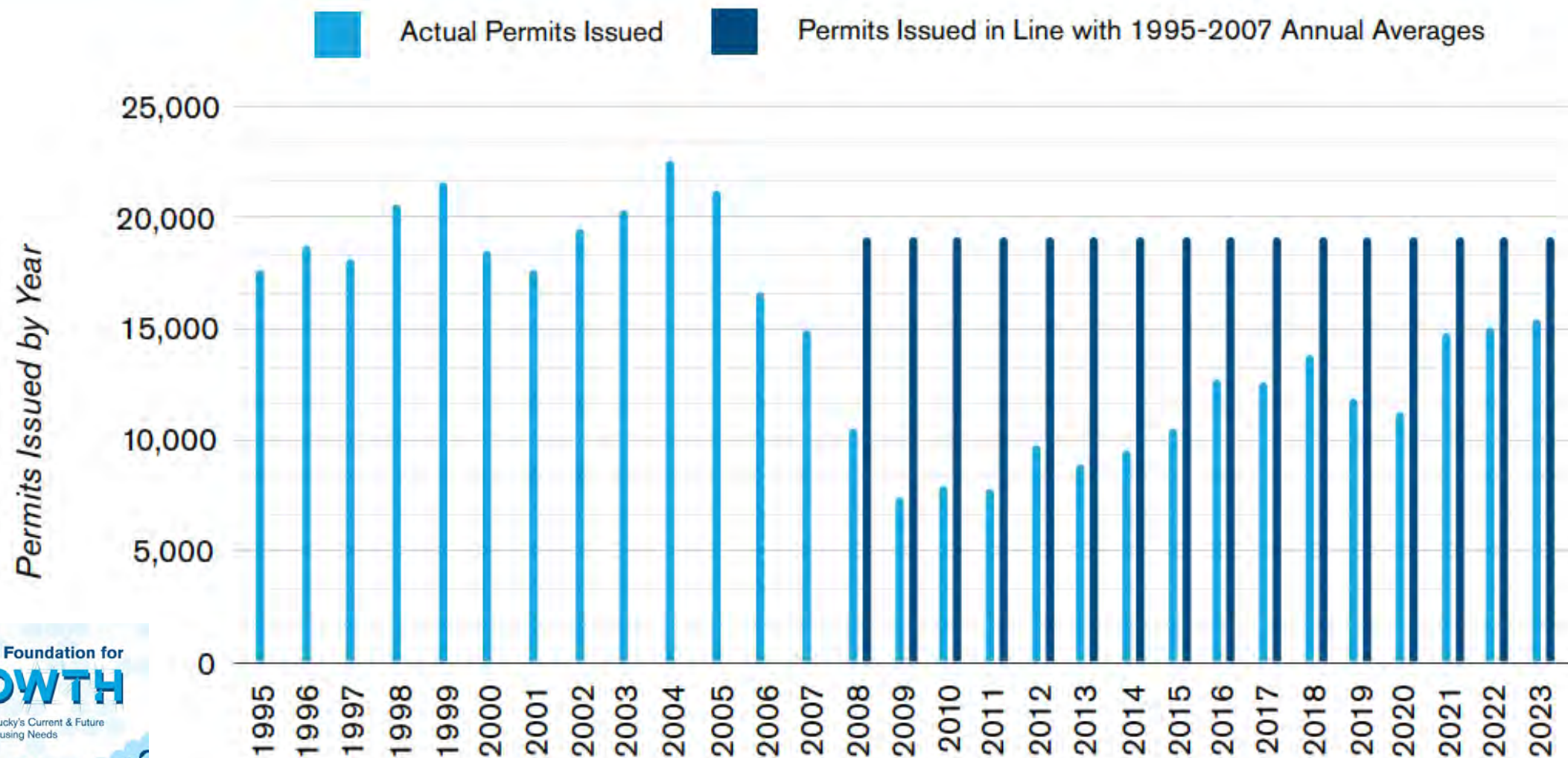
Kentucky's Housing Supply Gap

2024 Gap: **206,207** units

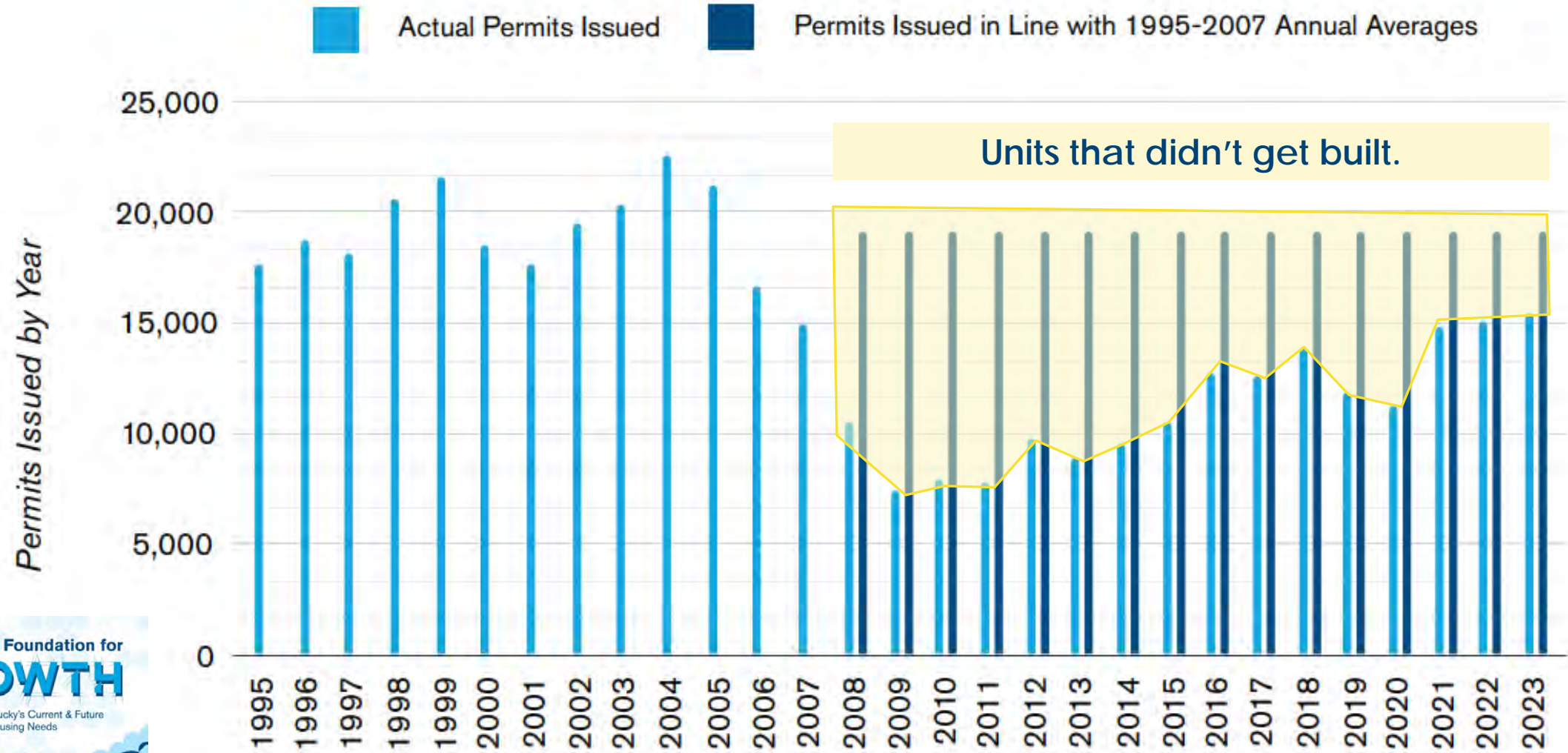
2029 Gap: **287,120** units



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



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





B. Housing Market Dynamics

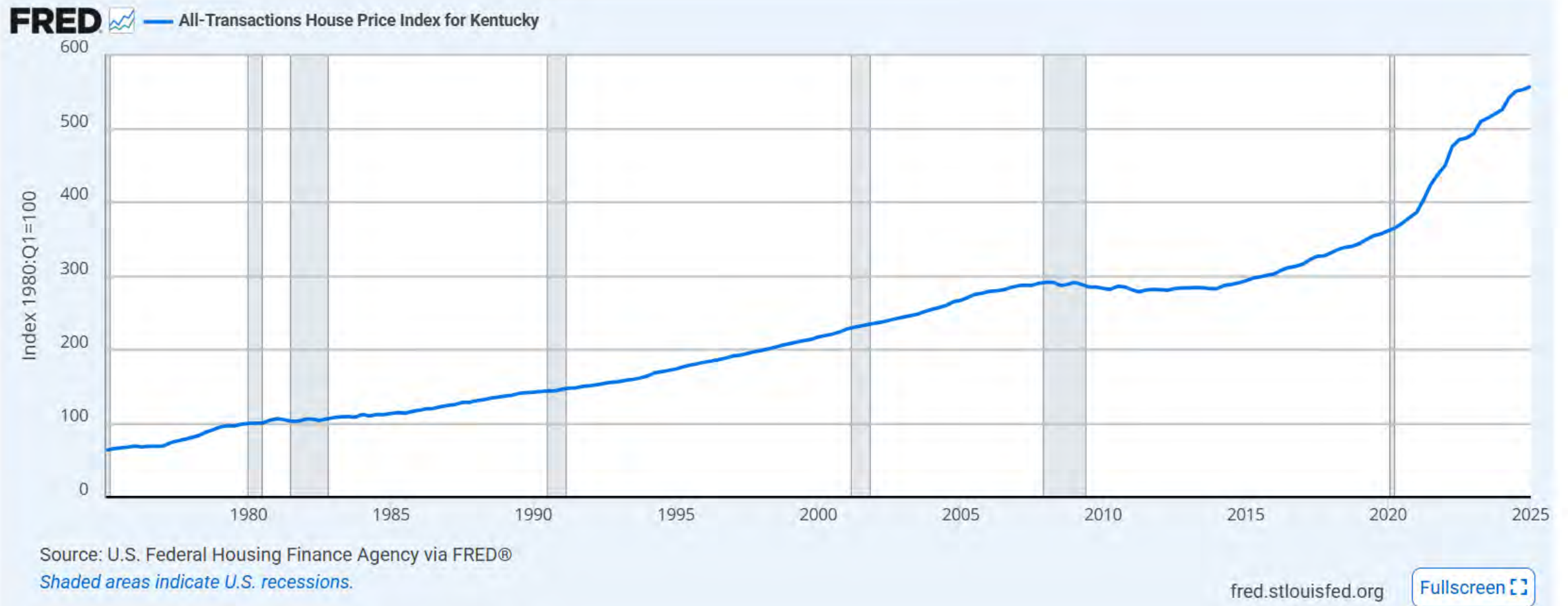
Housing Market Dynamics

1. U.S. supply gap estimated from 1.5M to 3.7M units
2. Destruction of units due to natural disasters
3. Heightened financial stress on homeowners and landlords
4. Pressure on construction costs due to tariffs and workforce shortages
5. Pressure on construction costs due to tariffs and workforce shortages
6. Home prices and rent increases far outpace income

Housing Market Dynamics *continued*

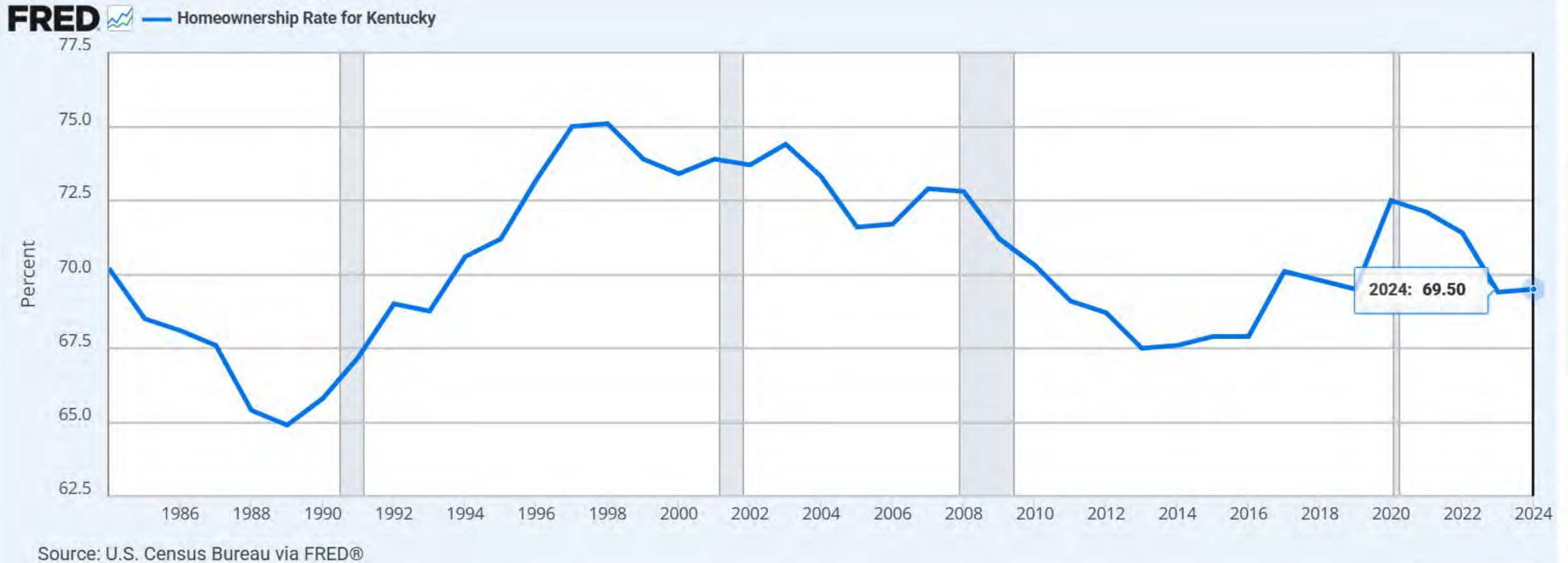
7. Higher interest rates
8. Increasing property taxes
9. Escalating insurance costs
10. Increasing housing cost burdens
11. Homelessness is increasing across the nation
12. Diminishing federal support + possibility of drastic federal cuts
13. Looming possibility of economic downturn

House Price Index for Kentucky



U.S. Federal Housing Finance Agency, All-Transactions House Price Index for Kentucky retrieved Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/KYSTHPI>.

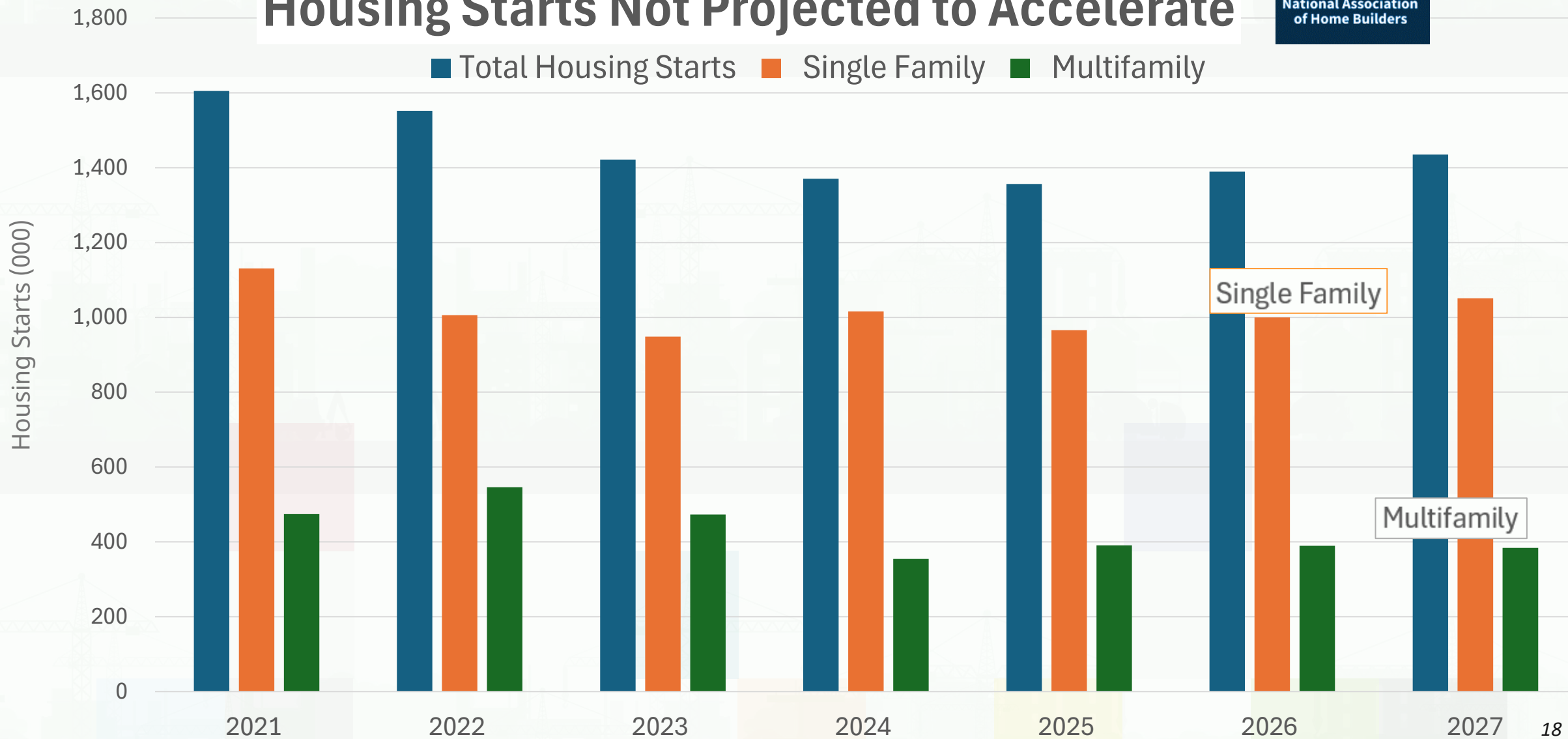
KY homeownership rates have declined



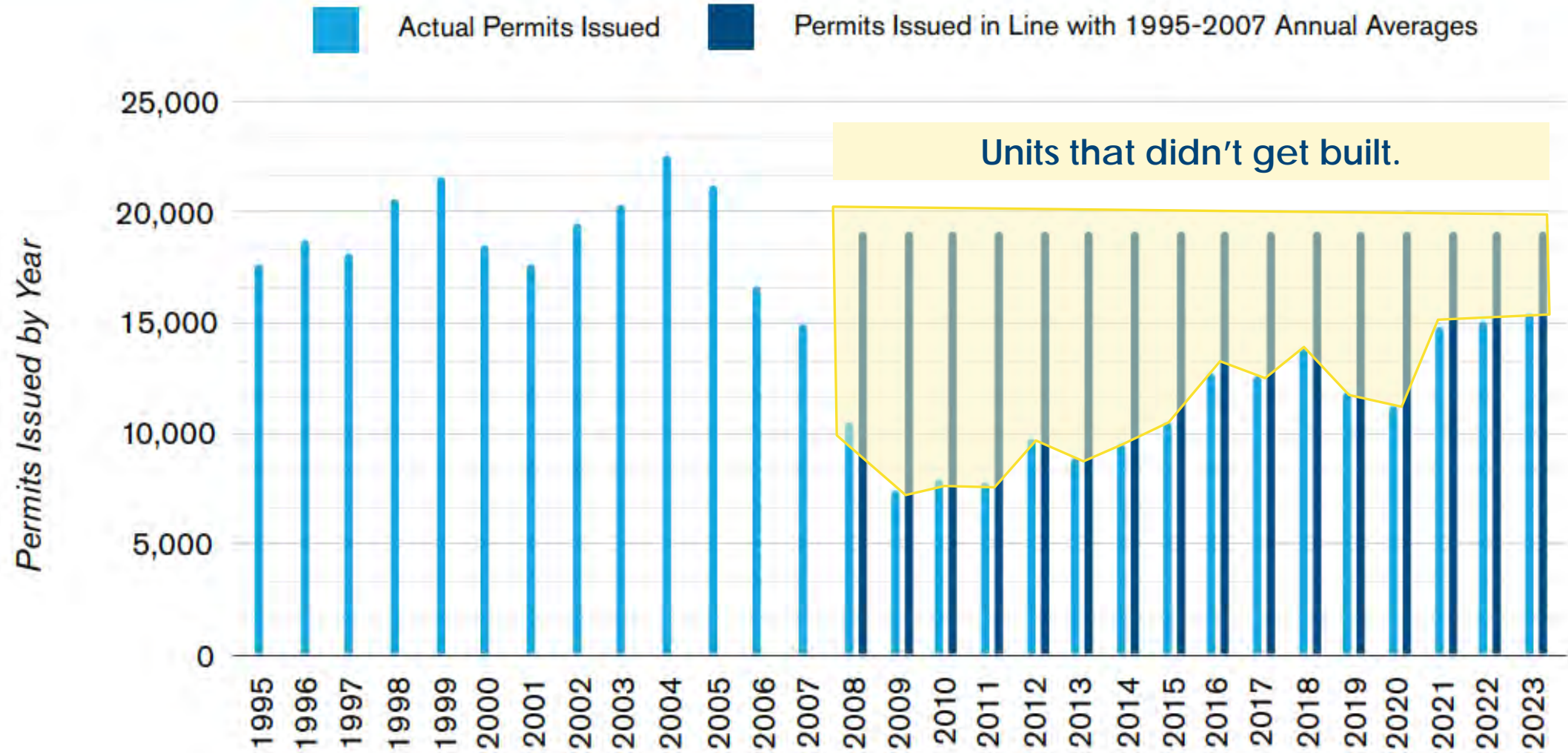
<https://fred.stlouisfed.org/series/KYHOWN>

→ U.S. Housing starts are NOT projected to accelerate in the next few years

National Association of Home Builders: Housing Starts Not Projected to Accelerate



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



→ Housing market dynamics are resulting in increased homelessness in Kentucky

→ 2023–2024: 10% Increase

→ 2024–2025: 11% Increase

Impact of Kentucky's Housing Supply Shortage

- Higher average housing costs.
- Kentuckians spending too much on monthly housing costs.
- Lower homeownership rates.
- Too little workforce housing.
- Increased household instability.
- More homeless Kentuckians.

**The housing supply shortage
is Kentucky's most urgent housing issue.**



C. Federal Budget Uncertainty

White House FY26 Budget Proposal

Impacts on Housing In Kentucky

Calls for a 44% cut to housing and homeless programs compared to FY25.

= Estimated \$286M reduction in HUD funds flowing to KY:

HUD Funding by KY Congressional District							
	District 1	District 2	District 3	District 4	District 5	District 6	Statewide
All HUD Funding	\$117,828,926	\$57,508,440	\$215,494,506	\$69,505,770	\$92,040,988	\$98,595,126	\$650,973,756
44% cut	-\$51,844,727	-\$25,303,714	-\$94,817,583	-\$30,582,539	-\$40,498,035	-\$43,381,855	-\$286,428,453

Source: www.urban.org/data-tools/federal-housing-funding-tracker

II. Existing Resources Supporting Housing Supply in Kentucky





A. Federal & State Programs Supporting Housing

Federal Programs Supporting Housing

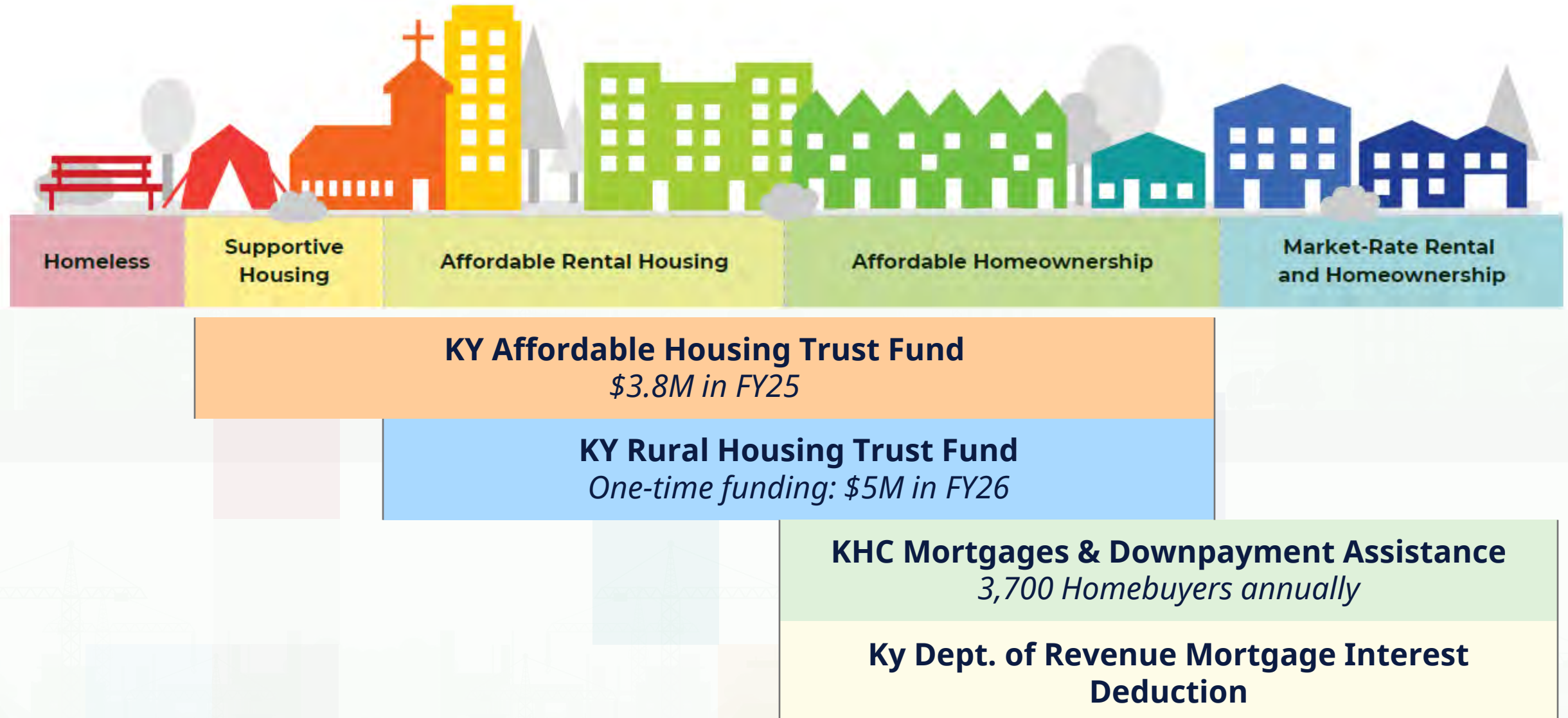


Homeless	Supportive Housing	Affordable Rental Housing	Affordable Homeownership	Market-Rate Rental and Homeownership
$\leq 30\%$ AMI		30-80% AMI	81-120% AMI	$\geq 120\%$ AMI
<ul style="list-style-type: none"> • HUD Continuum of Care • HUD Emergency Solutions Grant • HUD HOME Investment Partnership • HUD Housing for People with AIDS • Public Housing Authority Capital and Operating Fund 		<ul style="list-style-type: none"> • Treasury Private Activity Bonds: Tax Exempt Bond Financing & 4% Low-Income Housing Tax Credits • Treasury 9% Low Income Housing Tax Credits • Section 8 Housing Choice Vouchers • Section 8 Project-Based Contracts • HUD HOME Investment Partnership • HUD Housing Trust Fund 	<ul style="list-style-type: none"> • Treasury Private Activity Bonds: Mortgage Revenue Bonds • HUD Federal Housing Administration • HUD HOME Investment Partnership • DOE Weatherization Assistance Program 	<ul style="list-style-type: none"> • HUD Federal Housing Administration • Treasury Mortgage Interest Deduction

Community Development Block Grants can support infrastructure & disaster recovery.

Private lending/financing plays a role in most project types.

Kentucky Programs Supporting Housing





B. Missing Resources

→ Nearly all these resources have been in place since well before the 2008 Housing Crisis.

Funds budgeted & private financing have proved insufficient to spark housing construction to keep up with demand, creating a supply gap that grows larger each year for the foreseeable future.

The top home builder concerns for 2025:



1. High interest rates (78%)
2. Buyers expect prices or interest rates will decline if they wait (74%)
3. Cost/availability of developed lots (65%)
4. Cost/availability of labor (64%)
5. Building material prices (64%)
6. Impact/hook-up/inspection or other fees (58%)
7. Rising inflation in the U.S. economy (52%)



C. Our Fellow States are Taking Action

States are Accelerating Housing Supply

1. Establishing Ambitious Production Goals
2. Land Use & Zoning Incentives/Mandates
3. Funding & Financing:
 - Tax Credits
 - Tax Abatement
 - Housing Infrastructure
 - Housing Development

States are Creating Ambitious Housing Goals

State	Publicly Established Housing Goal
Utah	35,000 starter homes costing <\$300,000 by 2028
Michigan	115,000 homes by 2026
Rhode Island	15,000 new homes within 5 years
New York	100,000 homes within five years
Oregon	36,000 new homes per year

Most States Have Created State Tax Credits for Affordable Rental Development



www.novoco.com/resource-centers/affordable-housing-tax-credits/state-lihtc-program-descriptions

States are Creating State-Funded Housing Programs

Many have a Revolving Loan Fund component

State	Program	Funding
Oklahoma	Revolving Loan Fund for Rental Housing Development	\$63.5M
Indiana	Residential Infrastructure Program	\$75M
Indiana Montana	Regional Development, including Housing Acceleration	\$1B \$225M
Oklahoma, Ohio, Utah	Homebuilding Programs	\$100M / \$150M / \$300M
Oklahoma	Down Payment Assistance	\$40M
Georgia, Wisconsin	Workforce Housing Programs	\$90M / \$375M
Michigan	Employer Assisted Housing Match	\$10M (Pilot)

Indiana Residential Infrastructure Fund (RIF)

Will be
featured at
KHC's
Conference
August 2025

\$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 public infrastructure for the support of housing.
- Can fund land purchase too.

www.in.gov/ifa/residential-housing-infrastructure-instance-program/



Indiana READI Program

Regional Economic Acceleration & Development Initiative

\$1 billion 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

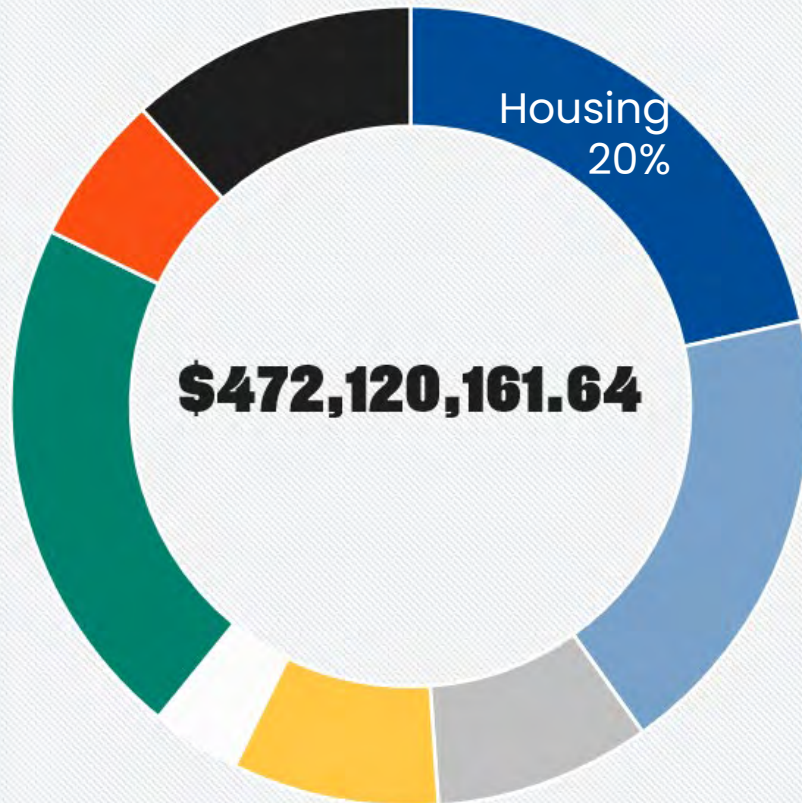
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indianareadi.com





CUMULATIVE OBLIGATIONS TO DATE



- Housing (20.02%)
- Growth Infrastructure (17.23%)
- Mixed-use developments (8.12%)
- Tourism, arts, culture and community projects (7.75%)
- Family support initiatives (3.36%)
- Trails and parks (19.80%)
- Infrastructure for jobs (5.66%)
- Talent supply and education (10.86%)



→ Kentucky may be years behind fellow states in accelerating housing production.

III. Task Force Focus Areas

KHC Recommendations





Items for which partners have advocated:

- Affordable Housing Trust Fund
- State Housing Tax Credit

→ Modernize fees that fund the KY Affordable Housing Trust Fund

Per KRS 64.012:

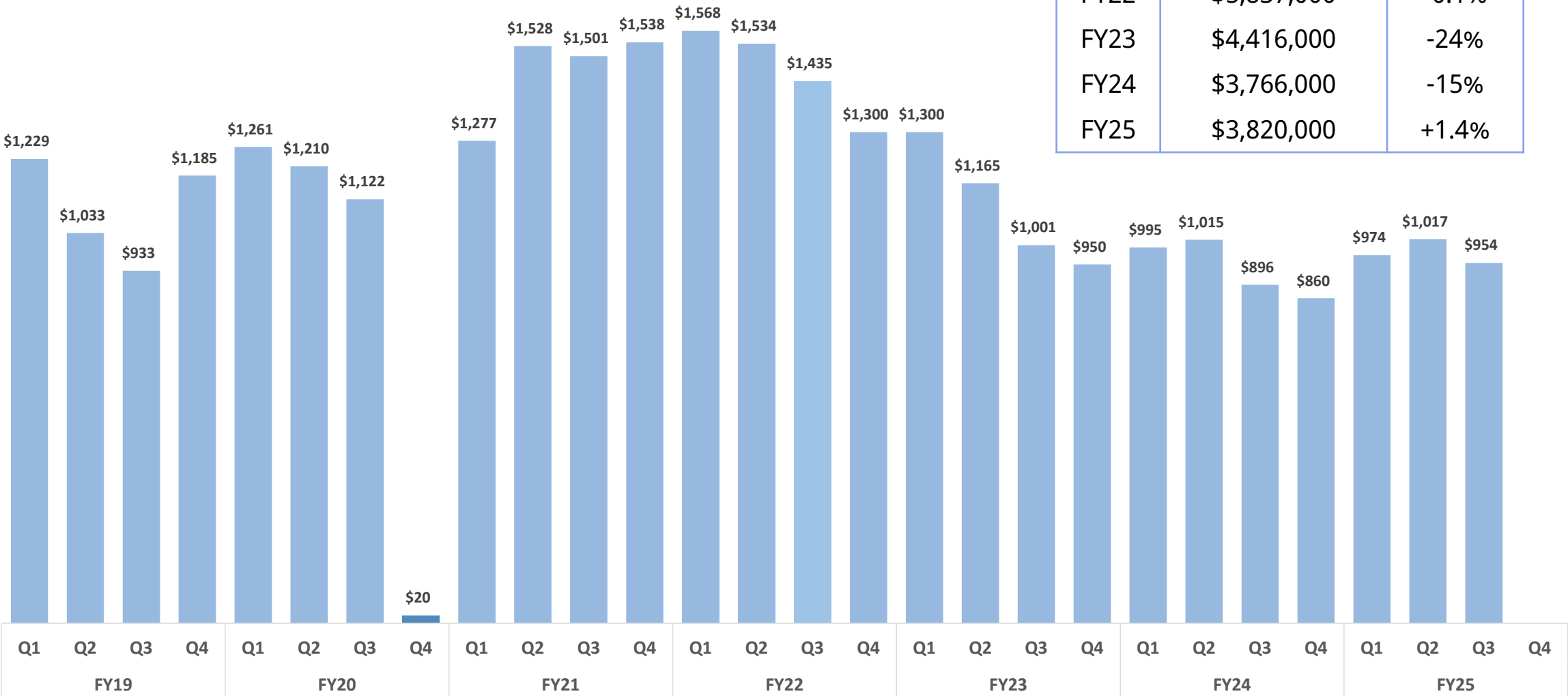
Of the fees collected by county clerks when real estate documents are recorded:

- \$6 goes to the AHTF
- This amount has remained unchanged since 1992

KY Affordable Housing Trust Fund

Receipts Into the Fund

(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%
FY25	\$3,820,000	+1.4%

States Dedicating More to State AHTFs

Since 1992, Kentucky's fee has been \$6 per recording.

State	Recording Fee For Housing Trust Fund
California, Illinois Massachusetts	\$75 per recording
Connecticut	\$26 per recording
Ohio	\$17 for the first 2 pages; \$4 each additional
Oregon	\$60 for the first page; \$5 each additional
Washington	\$99 per recording
West Virginia	\$20 per recording
Kentucky	\$6 per recording (since 1992)

KY Rural Housing Trust Fund

One-Time Funding Only

Fiscal Year	Geography	Total RHTF Funds
FY24	Disaster-Impacted Counties: 2021 WKY Tornadoes 2022 EKY Flooding	\$10M EKY \$10M WKY
FY25	Any rural area as defined by USDA.	\$5M
FY26		\$5M

→ Establish a KY Affordable Housing Tax Credit





RECOMMENDED FOCUS:
**Establish flexible
resources that
accelerate
housing production.**

→ **Flexible** resources will move the market by incentivizing **public-private partnerships** that accelerate housing production across KY.

- Revolving Loan Fund
- Economic Development Tools for Housing
- Employer-Assisted Housing

→ The flexibility of state-level funds over federal dollars cannot be overemphasized!

- Lower costs
- Faster production
- Less red tape

In Closing



**If Kentucky
had enough
housing units,
we'd see:**

- Lower average housing costs.
- Higher homeownership rates.
- More workforce housing.
- Increased household stability.
- Lower eviction rates.
- Fewer homeless Kentuckians.

The background features a faint, light gray silhouette of a city skyline with several construction cranes. Overlaid on this is a grid of squares in various shades of gray, with a few squares highlighted in color: a pink square, a light blue square, a yellow square, and a light green square.

The housing supply shortage
is KY's most urgent housing issue.

The background features a faint, light gray silhouette of a city skyline with several construction cranes. Overlaid on this is a grid of squares in various colors including red, blue, yellow, and green, some of which are semi-transparent.

**ALL OF KY'S 120 COUNTIES NEED
MORE RENTAL & FOR-SALE HOMES.**

Housing is Key
to Our Economy:

**Homes are where
jobs go to sleep at night.**

THANK YOU



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KHC Invites Housing Task Force Members to our Annual Conference:



**Kentucky Affordable
Housing Conference**

August 20–21, 2025

(Wednesday & Thursday)

**NKY Convention Center
Covington, KY**

KHC Requests Your Participation Thursday, August 21:

8:30-9:30am

Legislative Update Plenary

Panel of KY legislators discussing the Housing Task Force, previous legislation, and the 2026 outlook.

10am- Noon

Breakout Sessions - *One features promising Indiana READI & RIF programs that accelerate housing development.*