

Kentucky's Housing Shortage & Outcomes of Policy Changes Elsewhere

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Presentation to Kentucky's Housing Task Force

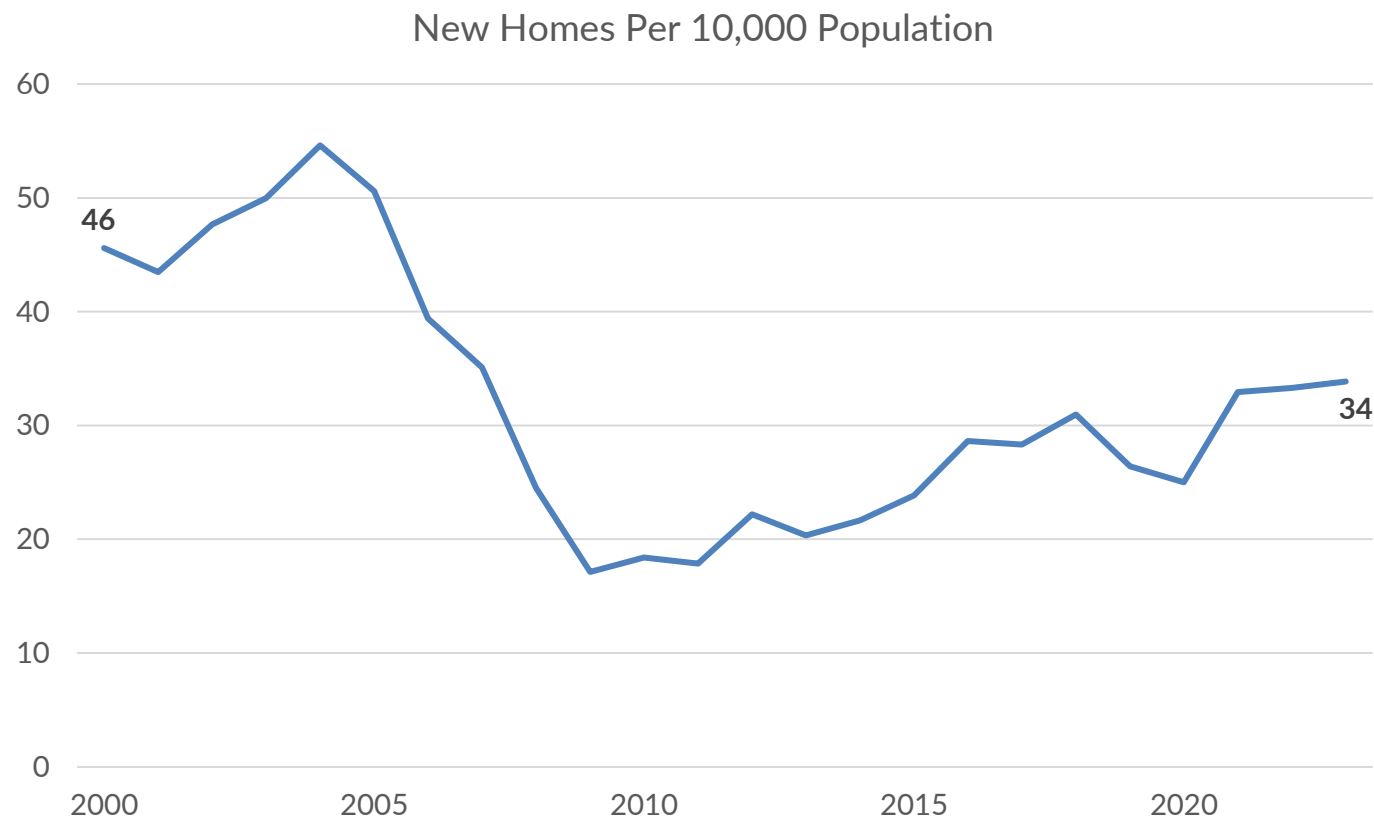
June 30, 2025

Pew

U.S. Housing Costs Have Reached an All-Time High in the Past Year

- Half of renters are spending more than 30% of income on rent (Kentucky: 42%)
- One-quarter of renters are spending more than 50% of income on rent (Kentucky: 21%)
- Housing shortage of 4-7 million homes is primary culprit
- U.S. inventory has been low (seller's market) for 5 years
- Household size has reached an all-time low of 2.49 (Kentucky: 2.38)
- 63% of U.S. households have 1 or 2 people (Kentucky: 65%)

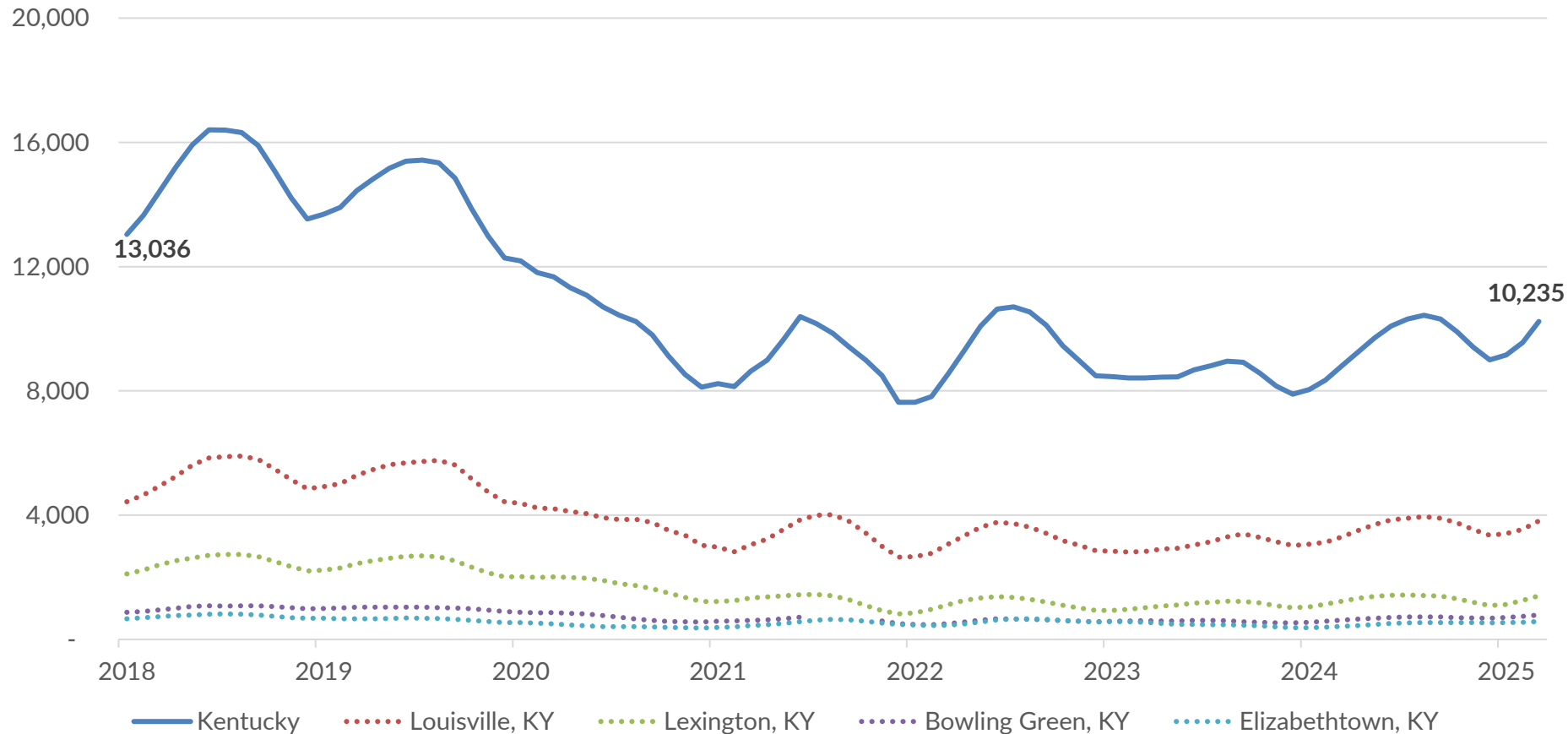
Kentucky Home Construction Has Fallen 26%



From 2017-2023, Kentucky ranked 37th in housing permits issued.

Source: Pew's analysis of U.S. Department of Housing and Urban Development building permits data and Federal Reserve resident population data

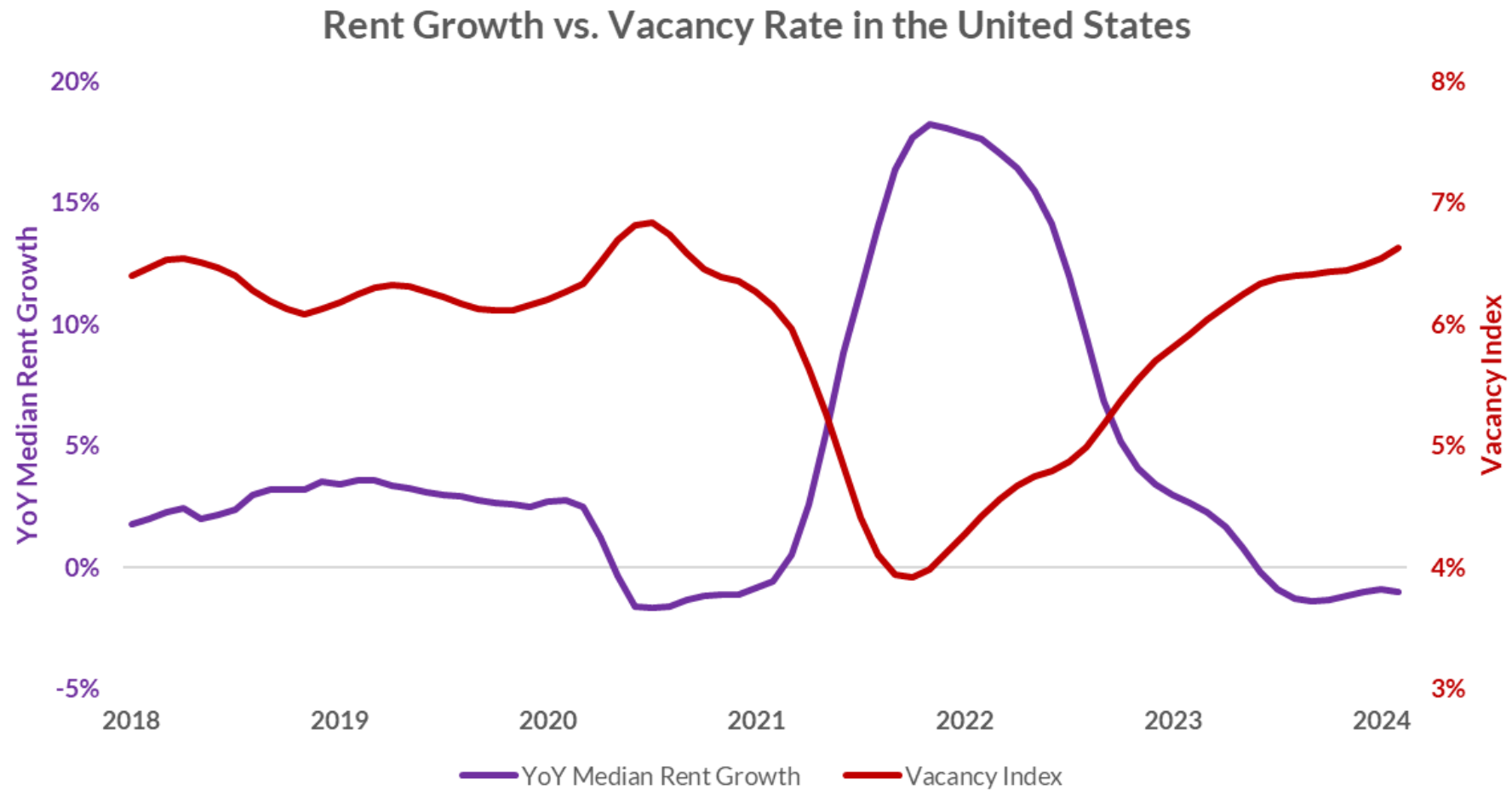
Kentucky's Housing Inventory Down 21% Since 2018



Kentucky median home cost up 49% in past 5 years:
April 2020: \$152K
April 2025: \$226K

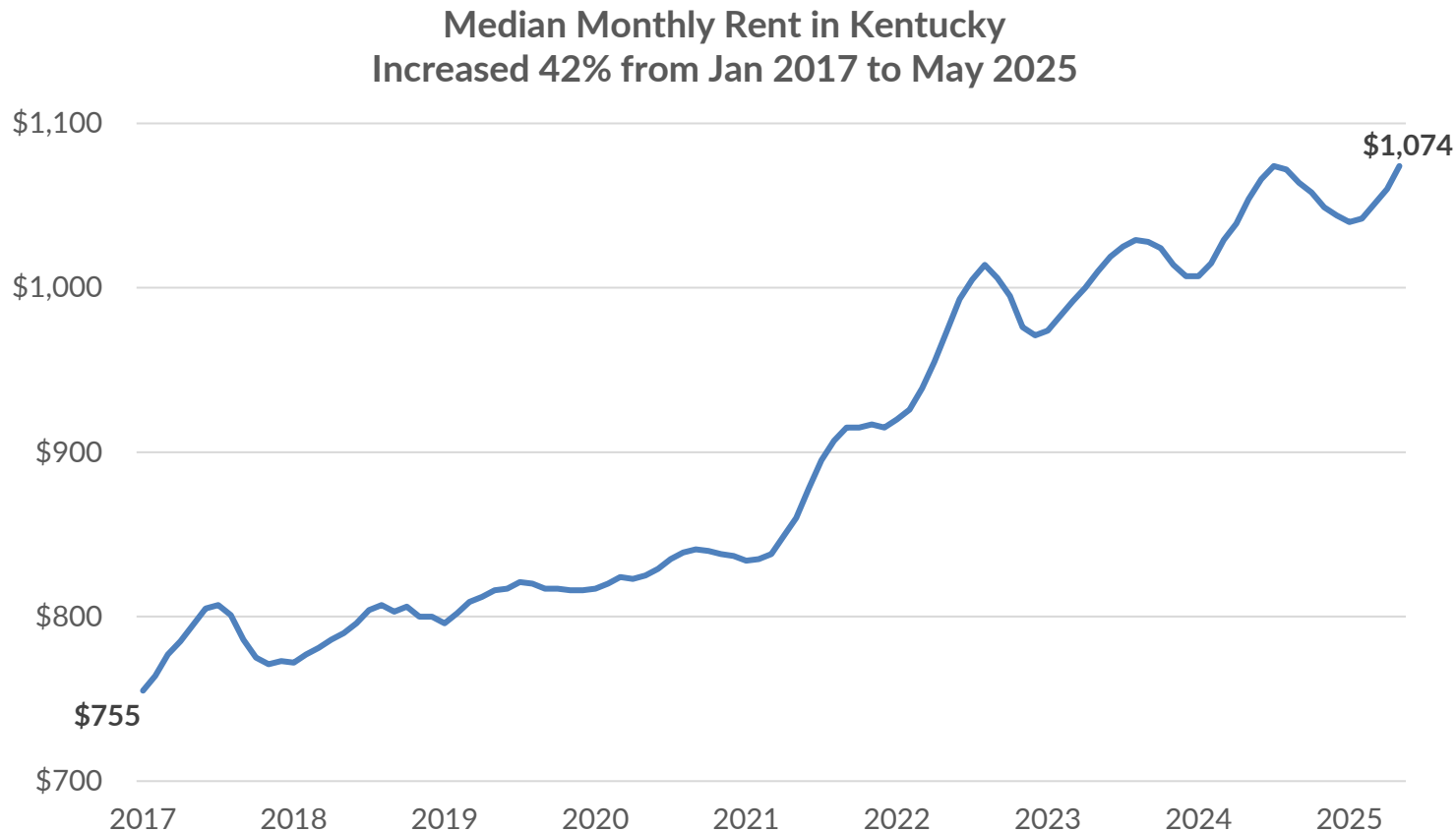
Source: Zillow.com

Rents Rise Quickly When Shortages Occur



Source:
Apartment List

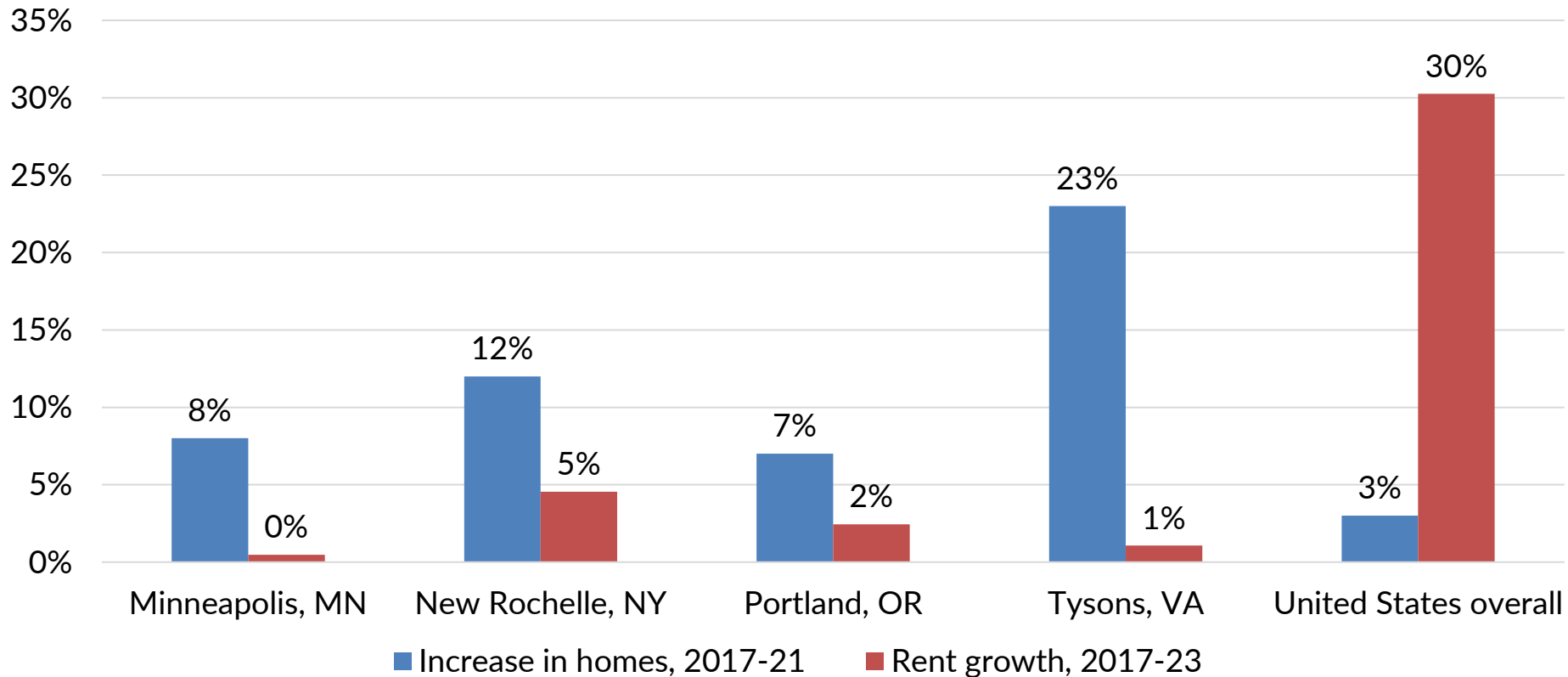
Kentucky Rents Rise Amidst Shortage



Rental Availability Rate
May 2020: 8%
May 2025: 6%

Source: Apartment List Rent Estimate and Vacancy Index data

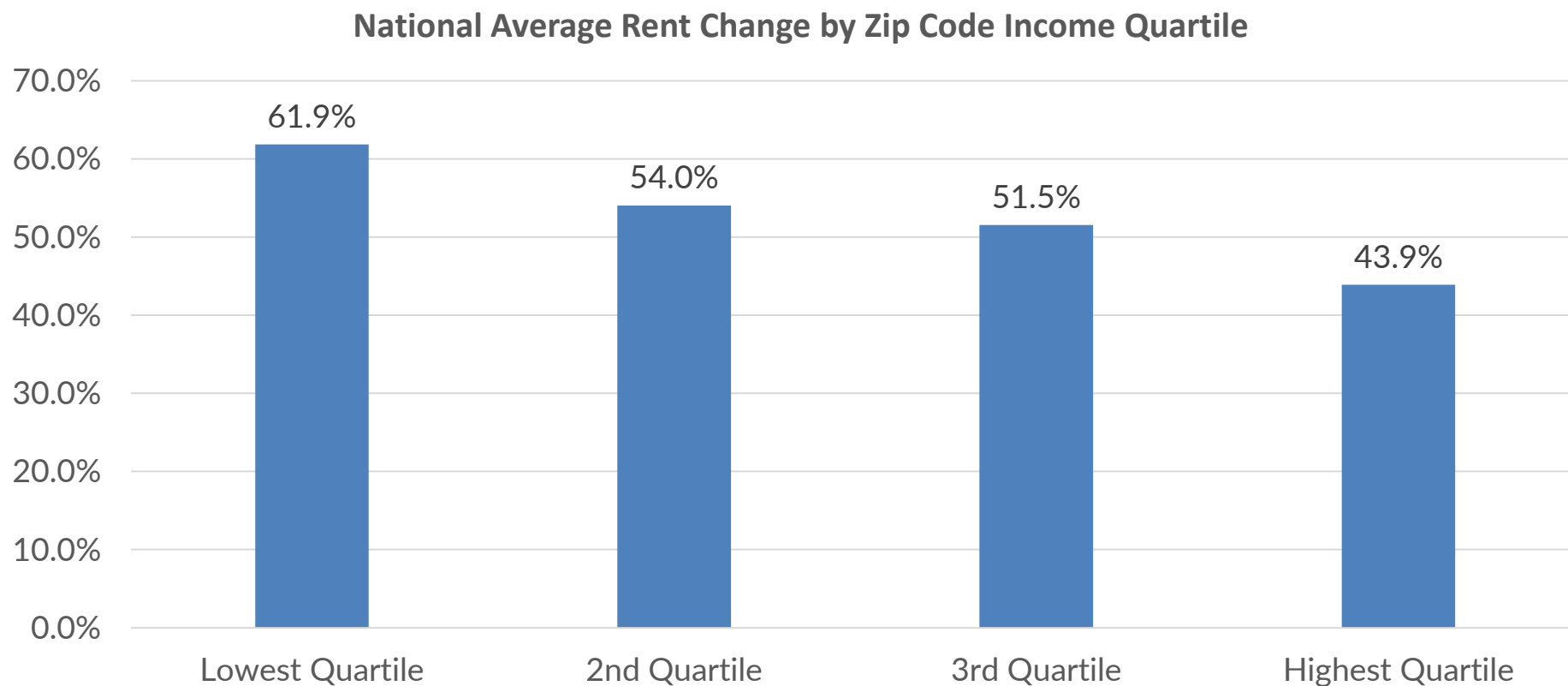
Rent Growth Is Low Where Housing Has Been Added



The four local jurisdictions shown added proportionally more households than the U.S. overall from 2017-21—indicating low demand was not the cause of their slow rent growth.

Source: Pew's analysis of Apartment List rent estimate data (Jan. 2017-Jan. 2023) and U.S. Census data on housing units (2017-2021)

Housing Shortage Hurts Low- and Moderate-Income Households Most



Source: Pew's analysis of Zillow rent estimate data (Sep. 2017-Sep. 2024) and IRS Income by ZIP Code data (2017)

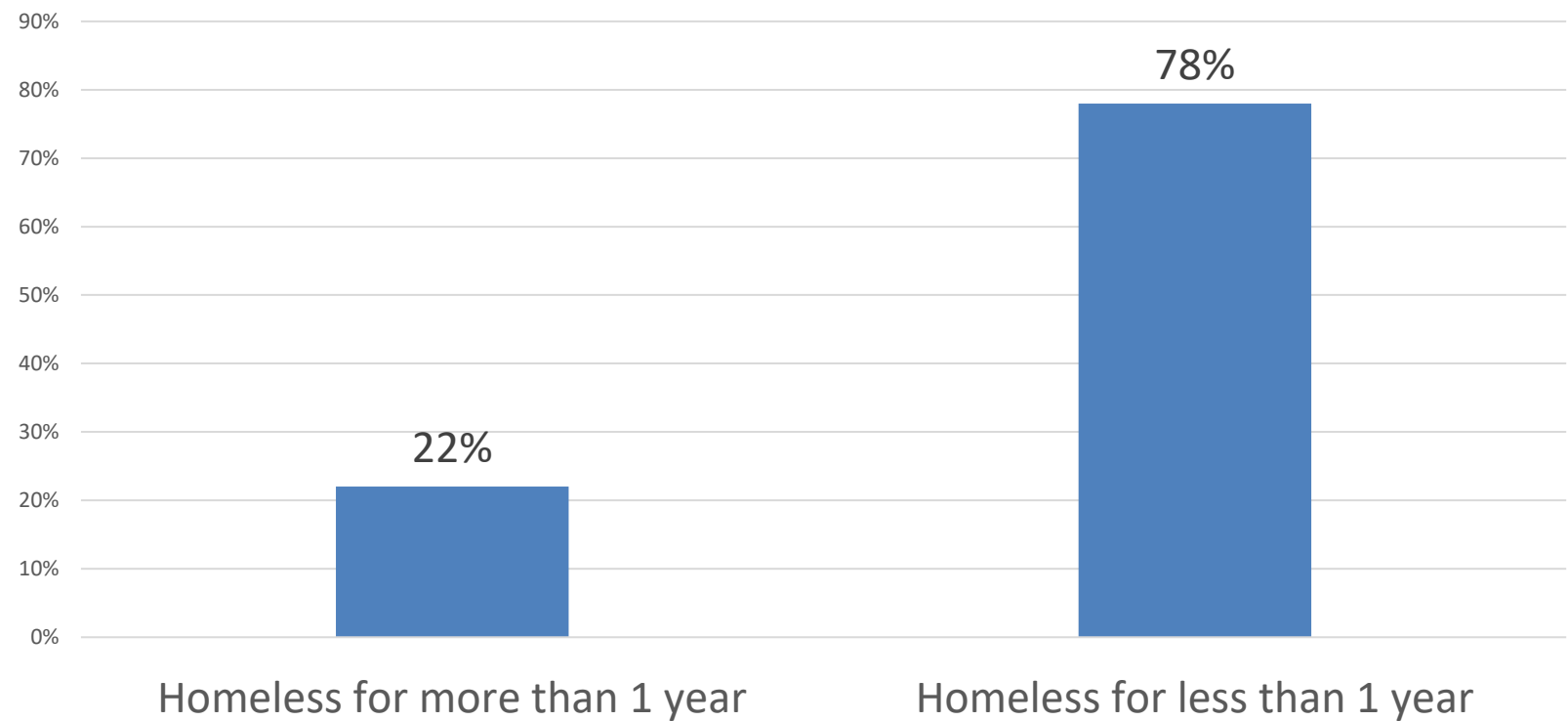
Supply Boost Has Driven Down Rents in Lower-Cost Apartments

Market	Effective Rent Change in 2023			
	Market Average	Class A	Class B	Class C
Austin	-6.0%	-4.4%	-5.7%	-7.9%
Dallas	-1.4%	-0.4%	-1.9%	-1.5%
Orlando	-4.0%	-2.9%	-5.1%	-3.1%
Phoenix	-4.3%	-1.9%	-3.9%	-7.2%
Salt Lake City	-3.4%	-1.9%	-3.9%	-3.6%
San Antonio	-2.9%	-1.7%	-3.6%	-2.8%

Source: RealPage rent data

Homelessness Driven by Inflows & Outflows, Not a Static Group

Data from 2024 point-in-time count for U.S.



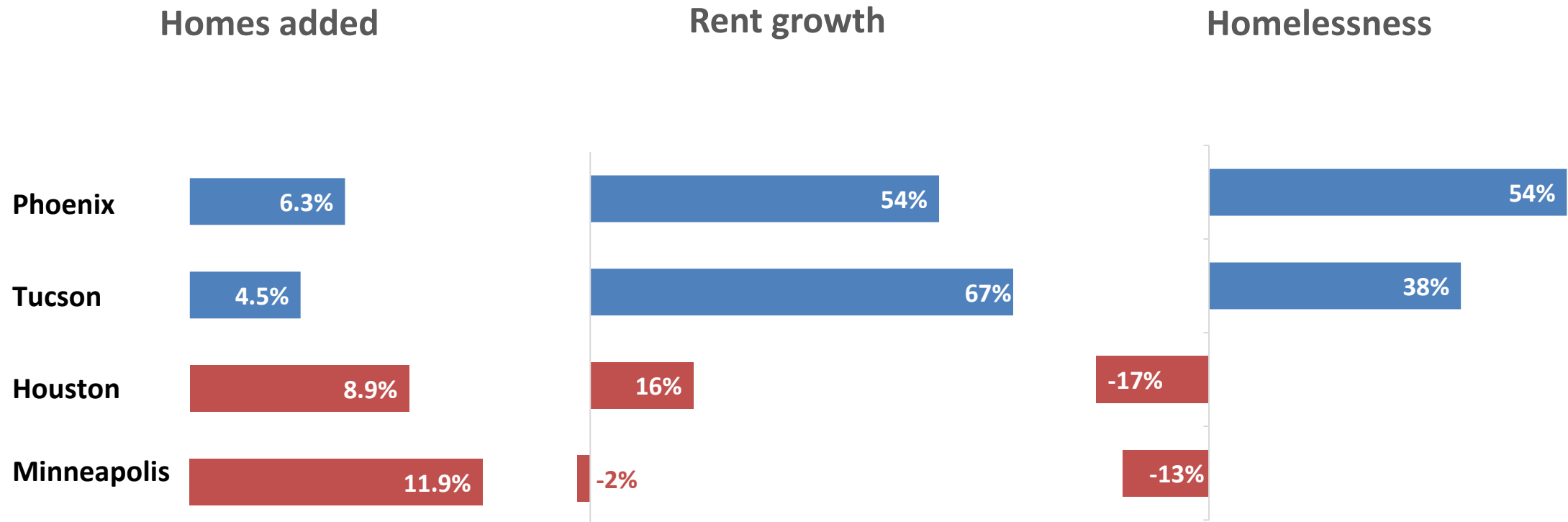
771,480 people recorded in 2024 homelessness count in United States (all-time high)

5,231 in Kentucky (28% increase since 2019)

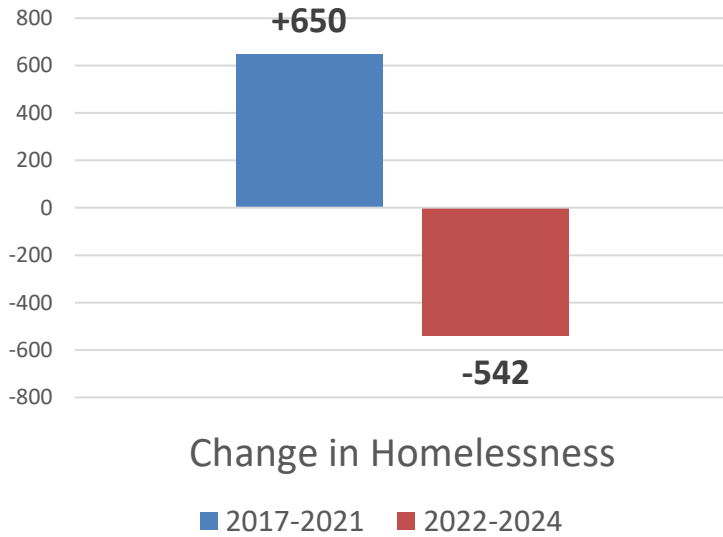
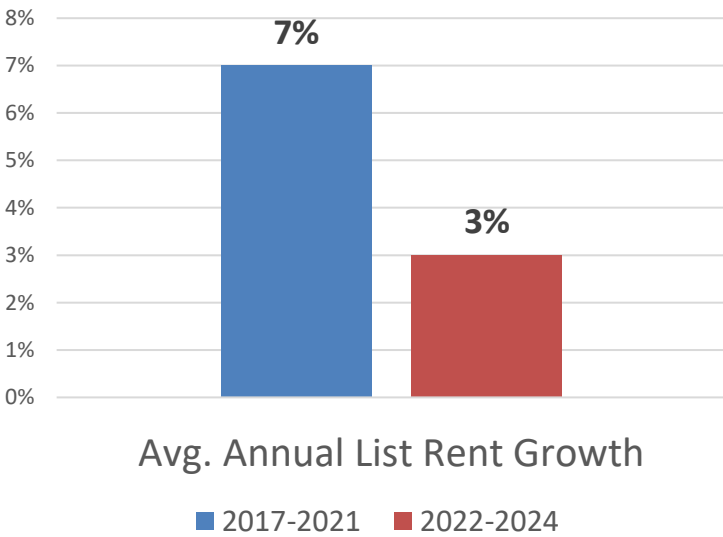
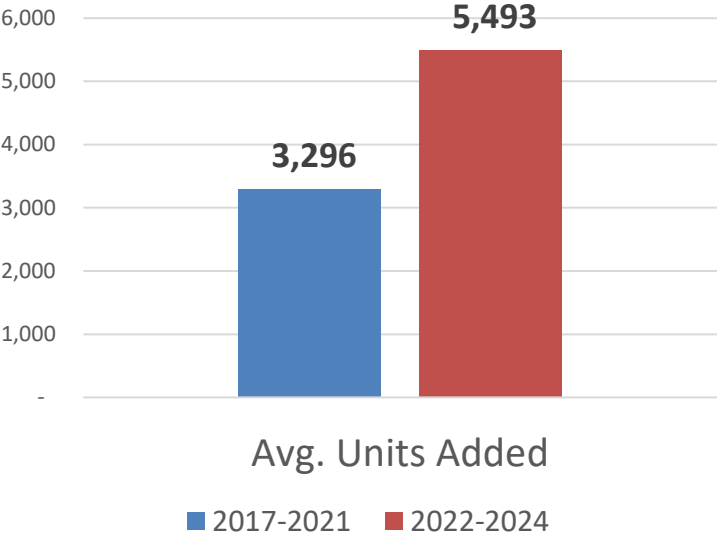
Source: HUD PIT count

Housing Shortages Have Pushed Up Rents, Homelessness

Percent change, 2017-2022 (2017-2023 for rents)



Raleigh's 2021 & 2022 Land-Use Reforms Enabled More Apartments, Townhouses



Sources: Zillow Observed Rent Index (ZORI), U.S. Census Bureau, HUD Building Permits Database

State Policymakers Are Engaging On Housing

State Laws to Enable More Homes Becoming Much More Common

Average number adopted in total by all states combined per year:

- 2012-2016: 1
- 2017-2022: 18
- 2023-2024: 48
- 2025: 75+

States Acting to Allow More Housing Types

Example state shown, others have enacted

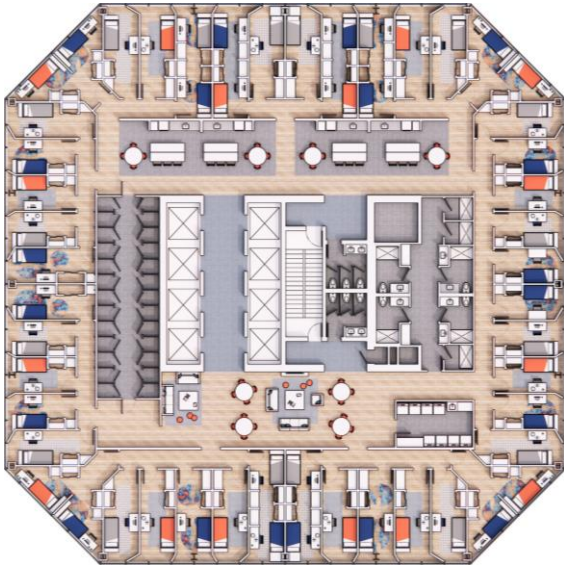
- Enabling accessory dwelling units (ADUs) (Arkansas 2025)
- Legalizing multifamily in commercial areas (Texas 2025)
- Streamlining permit approval processes (Georgia 2019)
- Building code reforms (Tennessee 2024)
- Limiting parking mandates (Montana 2025)
- Enabling home sharing & co-living (Iowa 2017)
- Simplifying office-to-residential conversions (Texas 2025)

Texas' 2025 Legislative Session A National Model

All 7 bipartisan bills have been successful elsewhere

- Legalizing multifamily in commercial areas
- Legalizing starter homes in unbuilt areas of cities
- Simplifying office-to-residential conversions
- Limiting protest petitions against re-zoning
- Allowing single-stair small apartment buildings
- Allowing expanded use of manufactured housing
- Curbing roommate occupancy limits

Office to Co-Living Conversions are Most Cost-Effective



- 28 residential floors
- 48 beds per floor
- Total of 1,232 units (1,344 residents)



Building Code Reforms Enacted by States

- Moving 3-4 unit buildings or 3-6 unit buildings under less-costly residential code with 1 & 2-unit homes (NC's 2023 HB488; TN's 2024 SB2635).
- Studying or allowing one staircase for 4-6 story buildings instead of mandating two staircases to enable these buildings on small lots (CA, CO, CT, HI, MD, MN, MT, NH, NY, OR, TN, TX, VA, WA).
- Legalizing micro-units/co-housing wherever multi-family housing is allowed (OR, WA) or for adaptive reuse (HI).

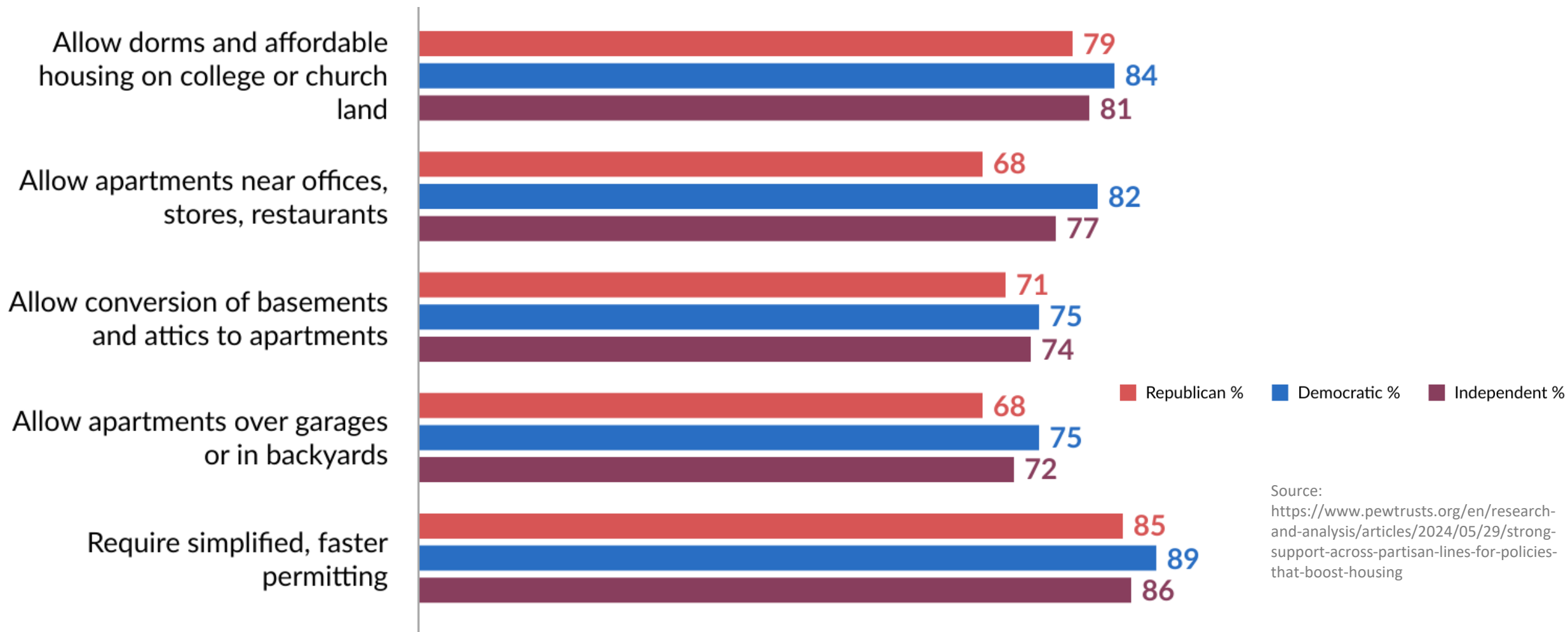
Kentucky Residential Fire Death Rate by Housing Type, 2023

	Single-family	Old multi-family (built 1999 or earlier)	Modern multi-family (built 2000 or later)
Fatalities per million residents	12	12	0

Notes: These figures are from publicly available data and are likely an undercount of the full number of fire deaths that occur each year. Kentucky had 51 residential fire deaths recorded in 2023.

Source: USFA Home Fire Fatalities in the News database and NFIRS

2023 Pew Survey: Share of Americans Favoring Each Policy



Source:
<https://www.pewtrusts.org/en/research-and-analysis/articles/2024/05/29/strong-support-across-partisan-lines-for-policies-that-boost-housing>

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