Affordable Housing Needs Assessment

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For the 2020 Housing Vision Campaign

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Introduction
This assessment is intended as a concise planning document for the 2020 Housing Vision Campaign, serving as a baseline from which to measure our success in providing affordable homes to low- and moderate-income Kentuckians. It is not intended to be a complete snapshot of housing needs among all income levels. It is a high-level overview across housing types of the typical needs vulnerable Kentuckians face across the Commonwealth.

Problem Description
Kentucky has a shortage of safe, decent, and affordable housing options for low- and moderate-income households, which include service sector and public sector employees, such as municipal government employees. There are three broad categories of housing, regardless of income level: owner-occupied (typically single-family homeownership); rental units; and manufactured housing (which can be either owner- or renter-occupied). Of these types, owner-occupied represents 68.4%, renter-occupied represents 31.6%, for a total of 1,694,996 occupied units in 2013 (Housing Assistance Council, n.d.). The rate has fluctuated somewhat from year to year, ranging from 65-75% since 1986, and hitting 70.1% in 2017 (Federal Reserve Bank of St. Louis, 2018). Of these units, 12.3% are manufactured housing, nearly double the national average. The ratio between owner- and renter-occupied is commensurate with the national average (Housing Assistance Council, n.d.), while the percentage of manufactured units is higher (Kentucky Housing Corporation, 2015). Like the rest of the nation, Kentucky experiences a housing affordability problem, which has been mitigated to some extent by federal and some local housing assistance.

Map 1: Total Dwellings by County derived from American Community Survey 5-Year Estimates

Cost Burden
The affordability issue is a growing issue for renter households, which have increased in the wake of the housing crash in 2008 and subsequent recession from 2009-2012 (Kentucky Housing

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Overall, 48.6% of the renting population is cost-burdened, or pays more than 30% of adjusted gross income on rent (Housing Assistance Council, n.d.). The National Low Income Housing Coalition (The Gap, 2018) reports that for every 100 extremely low-income (ELI) (at or below 30% Area Median Income) household, there exist only 55 rental units affordable to people at that income range. In contrast, there are 106 and 104 units for every 100 households at or below 100% or 80% AMI, respectively (National Low-Income Housing Coalition, The Gap, 2018). Additionally, all income levels spend more than 30% of their income on housing and utility costs, with 67% ELI households being severely cost-burdened under this measure (National Low Income Housing Coalition, 2018 Kentucky Housing Profile, 2018). Another indicator of demand is in the closing of the Housing Choice Vouchers operated by Kentucky Housing Corporation in 87 of 120 counties, which currently serves 4413 households (University of Kentucky Gatton College of Business and Economics, 2018); no new applications have been accepted since 2016 due to great demand.

In comparison, single family owner households also demonstrate cost burden to a lesser but still substantive extent, with 21.4% of all households spending more than 30% of their income on housing and utility costs (Housing Assistance Council, n.d.).

**Evictions**

Within the renting population, eviction is another issue to be addressed. The Kentucky Center for Investigative Reporting found that evictions in Jefferson County were double the national average, and neighborhoods in southern and western Jefferson County had higher percentages of racial minority than proportionate to the racial composition of the population (Ryan & Kanik, 2018). However, evictions are not limited to Lexington and Louisville, as Table 1 based on data from EvictionLab (2018) demonstrates:

Table 1

<table>
<thead>
<tr>
<th></th>
<th>US</th>
<th>Kentucky</th>
<th>Lexington</th>
<th>Louisville</th>
<th>Henderson</th>
<th>Paducah</th>
<th>Somerset</th>
<th>Frankfort</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eviction rate per 100 renters homes</td>
<td>2.34%</td>
<td>2.91%</td>
<td>4.59%</td>
<td>4.82%</td>
<td>2.9%</td>
<td>1.42%</td>
<td>1.79%</td>
<td>3.66%</td>
</tr>
<tr>
<td>Evictions annually</td>
<td>X</td>
<td>12,980</td>
<td>2829</td>
<td>5094</td>
<td>209</td>
<td>82</td>
<td>43</td>
<td>215</td>
</tr>
<tr>
<td>Evictions per day</td>
<td>X</td>
<td>35.46</td>
<td>7.73</td>
<td>13.92</td>
<td>0.57</td>
<td>0.22</td>
<td>0.12</td>
<td>0.59</td>
</tr>
</tbody>
</table>

**Homelessness**

A further subset of low-income households does not have a home of any sort, either living unsheltered or in emergency shelters across Kentucky. Government and nonprofit agencies receiving U.S. Department of Housing and Urban Development (HUD) Homeless Assistance Funding are required to participate in a cross-sectional, time-interrupted series census of people experiencing homelessness on a given night in the last week of January each year. In 2018, 3688 people met this definition, with further subpopulations counted, representing domestic violence survivors, veterans, severely mentally ill, and those experiencing chronic homelessness (4 episodes in the past 3 years, totaling at least 12 months of homelessness) (Kentucky Housing Corporation, 2018). Further data supporting housing insecurity and literal homelessness is
demonstrated through the annual count of PreK-12 children experiencing these conditions; in the 2016-17 school year, 26,752 children were counted (Kentucky Department of Education, 2018).

Map 2: Number of Literally Homeless Individuals Captured in the K-County by County (2017)

(University of Kentucky Gatton College of Business and Economics, 2018, Comparative Analysis of State-level Demographics and KHC Outputs, p. 92)

Environmental Factors

Poverty
It has been well-documented that Kentucky is a poor state; 18.5% of the population currently lives in poverty according to the U.S. Census (n.d.), which places Kentucky in the highest quintile of states using this comparison. The average figure for the United States is 12.7% (U. S. Census Bureau, n.d.). Looking at annual median household income, Kentucky reports $44,811 as compared to the US, at $55,322 (U. S. Census Bureau, n.d.). There are deep pockets of persistent poverty and significantly lower incomes deviating from the state median, particularly in Eastern Kentucky, many of which the Appalachian Regional Commission has consistently designated as economically distressed for over forty years.

Wage Stagnation
Since the official resolution of the Great Recession in 2012, Kentucky wages have remained stagnant. According to Spalding (2018), wages in terms of real dollars have less purchasing power than they did in 2007, before the recession. Labor force participation is materially lower (59%) than the national average (63.1%) (U. S. Census Bureau, n.d.). The combination of lower incomes and actual earned wages make housing less affordable to households, regardless of housing costs.

Housing Stock Characteristics
Overall, the median value of Kentucky’s housing units is lower ($126,100) than the country’s ($184,700). The median age of housing (34 years) has increased since 2000 (when it was 27 years), since new construction has not replaced older units at the same pace (Kentucky Housing Corporation, 2015), which may indicate that the housing stock available is less energy efficient.
and habitable than newer units would be. The Housing Assistance Council (n.d.) reports that 28.4% of units are “inadequate housing,” which may be a combination of incomplete plumbing, kitchen facilities, overcrowding, or cost burden. Of the federally assisted rental units requiring Housing Quality Standards, 20% fail upon initial inspection and require correction (Kentucky Housing Corporation, 2015).

**Summary**

Table 2 synthesizes the housing needs of homeowners, renters, and people experiencing homelessness.

Table 2

<table>
<thead>
<tr>
<th>Type of Housing Need</th>
<th>Percentage based on each type of housing</th>
<th>Number based on each type of housing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homeownership cost-burden (household) (Housing Assistance Council, n.d.)</td>
<td>21.4%</td>
<td>228,266 households</td>
</tr>
<tr>
<td>Rental cost-burden (household) (Housing Assistance Council, n.d.)</td>
<td>48.6%</td>
<td>245,912 households</td>
</tr>
<tr>
<td>Total households in need of affordable homes (U.S. Census, 2017)</td>
<td>28% of Kentucky households are cost-burdened, based on an estimate of 1,718,217 households</td>
<td>474,178 households or 1,180,703 individuals (at 2.49 average household size)</td>
</tr>
<tr>
<td>Total literally homeless (Kentucky Housing Corporation, 2018) (U.S. Census, 2017)</td>
<td>0.082% based on population estimate of 4,454,189</td>
<td>3,688 individuals</td>
</tr>
<tr>
<td><strong>Total individuals in need of affordable homes</strong></td>
<td><strong>26.6% based on population estimate of 4,454,189</strong></td>
<td><strong>1,184,391</strong></td>
</tr>
</tbody>
</table>

Combining the three types, we conclude that 1,184,391 Kentuckians or 26.6% of the population is in need of affordable housing.
References


