



Housing Availability

HOUSING IN KENTUCKY SERIES

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Housing Availability – A Local Concern

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Historically, there has been an imbalance between housing demand and supply in US which has impacted the housing prices and limited the choices families and individuals have for housing inventory. According to a 2018 study in almost half of the US states, housing development between 2000-2015 was below the need for new housing, accentuating this imbalance (Up for Growth , 2018). Limited housing inventory can negatively impact the economic growth of an area; one way is by affecting the opportunities for potential employees to relocate to an area for work.

A look at the housing inventory data for Kentucky depicts higher housing demand than the market can meet, particularly in certain areas of the state. For example, data provided by Kentucky Realtors illustrates that fewer desirable homes are available in the Louisville and Lexington areas, leading to low inventory levels and homes being purchased quickly (Northern KY Tribune, 2019). In an attempt to meet demand Louisville’s housing market has three months of inventory, according to Greater Louisville Association of Realtors. The association anticipates a strong demand for competitively priced homes (Louisville Future, 2019). Housing inventory is the ratio of houses for sale to houses sold, and indicates how long the current for-sale inventory would last given the current sales rate if no additional new

houses were built (U.S. Census Bureau and U.S. Department of Housing and Urban Development, 2020). A Fayette County Housing Demand Study predicted a shortage of nearly 22,780 units in Lexington by 2025 (Urban Partners, 2017). In addition, development outside the Urban Services Boundary, established by LFUCG in 1958 is limited, to protect the scenic farmland outside of Lexington (within the county boundary). This can make it difficult to overcome housing shortage in the area.

Across the state, data from ESRI Business Analyst illustrates areas with positive or negative changes in housing units over the next five years (Figure 1). The largest increases in housing units are projected for counties that border Jefferson and Fayette as well as northern counties included in the Cincinnati Metro Statistical Area (MSA). An MSA is defined as a “core area containing a substantial population nucleus with at least one urbanized cluster over 50,000, together with adjacent communities having a high degree of economic and social integration with that core” (U.S. Census Bureau, 2018). Population growth over the next five years follows a similar trend for many Kentucky counties (Figure 2). The top 5 counties with biggest positive and negative changes in housing units and population over the next 5 years are reported in Table 1.

Table 1. Top 5 Counties and Projected Changes, 2019 - 2024

	Counties most expected to grow	Counties most expected to decline
Housing Units Change (%)	Scott County (10.9%) Warren County (7.9%) Spencer County (7.7%) Shelby County (7.2%) Oldham County (6.7%)	Fulton County (-1.5%) Martin County (-0.9%) Clay County (-0.8%) Hickman County (-0.7%) Webster County (-0.6%)
Population Change (%)	Scott County (10.9%) Warren County (7.8%) Shelby County (7.5%) Spencer County (6.9%) Jessamine County (6.7%)	Fulton County (-4.6%) Hickman County (-3.6%) Carlisle County (-3.4%) Martin County (-3.3%) Robertson County (-3.0%)

Source: ESRI/Business Analyst, 2019

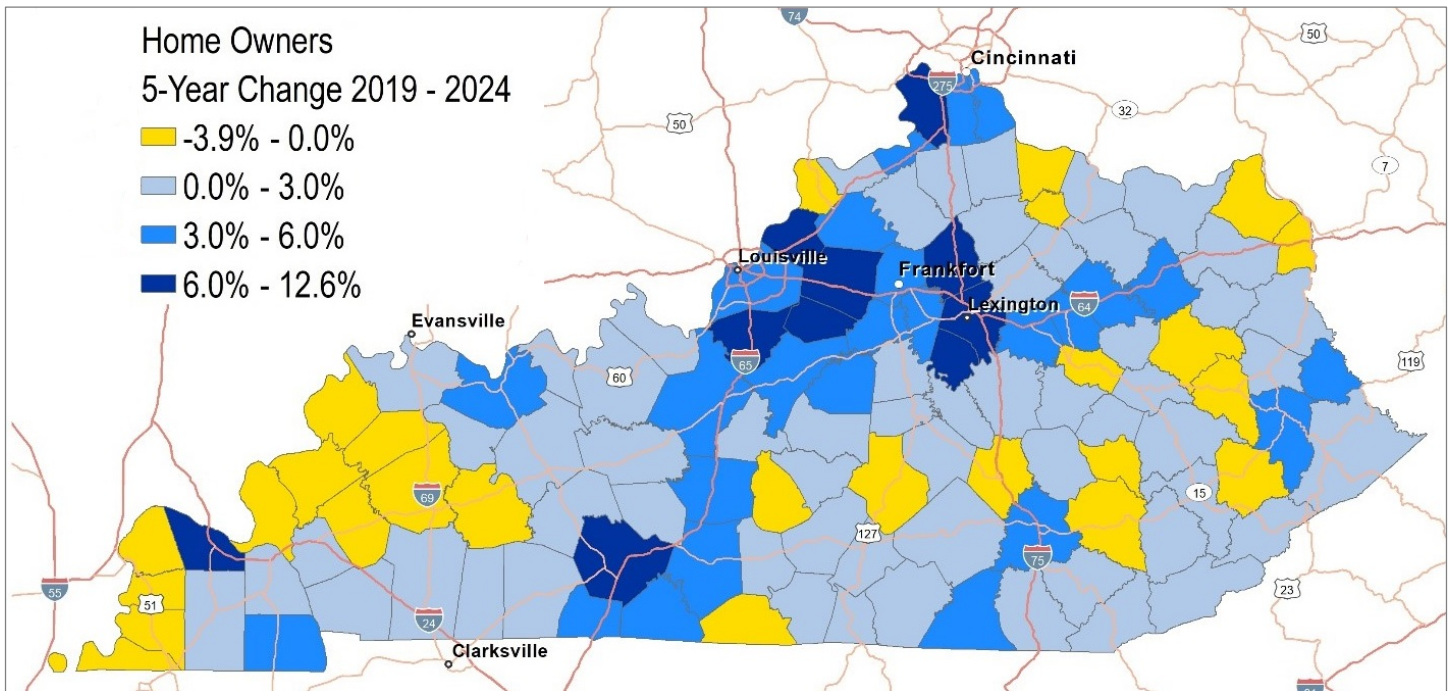
¹ Community and Economic Development Initiative of KY (CEDIK), <https://cedik.ca.uky.edu/>

in the counties along these routes, the evidence regarding total population implies population loss or stagnation.

A total count of housing units includes occupied and vacant units. Occupied housing can be owned or rented. Figures 3 through 5 provide a more disaggregated overview of housing change over a five-year period by type of housing (owned, rented

and vacant). As illustrated in Figure 3, a cluster of counties in Western Kentucky, as well as other counties throughout the state, are projected to have a decline in owner-occupied housing units by 2024. Metropolitan areas such as Northern Kentucky, Greater Louisville, Central Kentucky and Warren County will have the highest growth in owner-occupied homes.

Figure 3. Forecasted Owner 5-Year Change (%), 2019 - 2024



Source: ESRI/Business Analyst, 2019

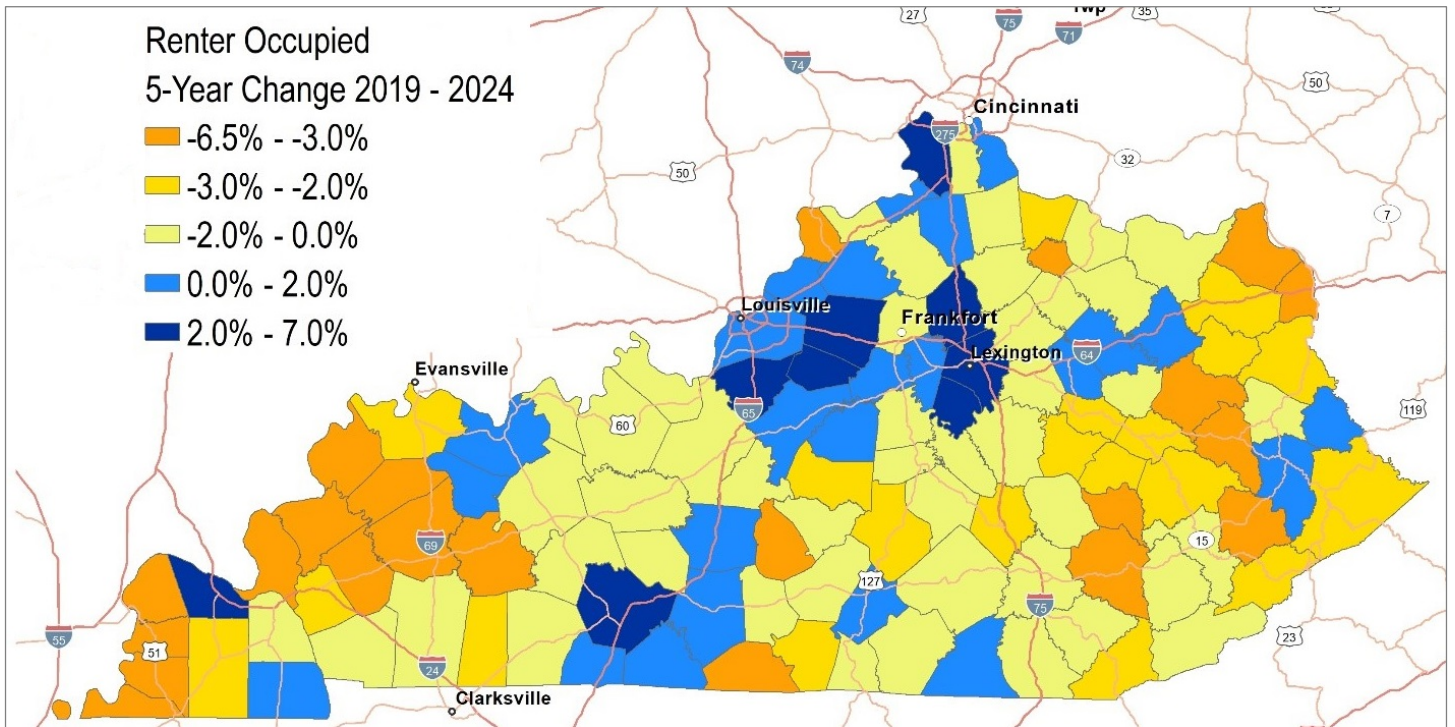
Figure 4 represents the forecasted percent change of renter-occupied units in Kentucky between 2019 and 2024. The highest decline in renter homes is projected in Eastern and Western Kentucky. Data on renter-occupied housing reflect the same growth areas seen on previous maps, with a high concentration or increase in housing around the main urban areas.

Figure 5 provides a visual representation of the projected percent change of vacant homes in Kentucky from 2019 to 2024. According to the U.S. Census, a housing unit is vacant if no one is living in it at the time of survey. Units occupied by persons staying two months or less and who have a more permanent residence elsewhere are considered to be temporarily occupied, and are classified as “vacant.” Vacant units are excluded from housing inventory if they are open to the elements, are condemned, or are to be demolished (U.S. Census Bureau, 2018).

New units not yet occupied are classified as vacant housing units if construction has reached a point where all exterior windows and doors are installed and final usable floors are in place (U.S. Census Bureau, 2018). Once new development units are finished and sold or rented, they will be counted in the housing inventory.

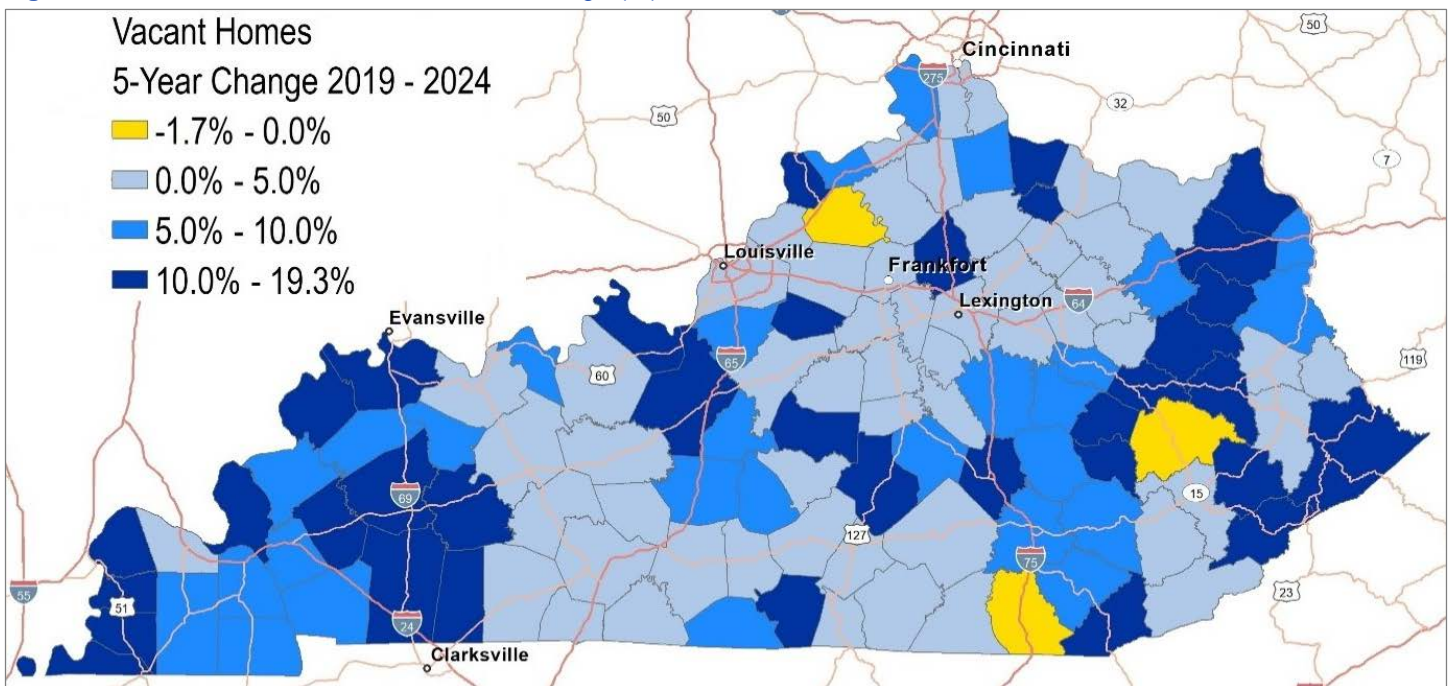
Based on most recent projections from U.S. Census on vacant housing, most counties in Kentucky are expected to have an increase in vacancies, except for Henry, Whitley, and Breathitt Counties (yellow color on Figure 5). While increases of vacant homes are anticipated in counties throughout the state, the highest percent increase is in Eastern and Western Kentucky.

Figure 4. Forecasted Renter 5-Year Change (%), 2019 - 2024



Source: ESRI/Business Analyst, 2019

Figure 5. Forecasted Vacant Home 5-Year Change (%), 2019 - 2024



Source: ESRI/Business Analyst, 2019

Considering that over 51% of the housing units in Kentucky were built before 1980 and almost a quarter were built before 1960 (ACS 2017), the cost of maintenance for older homes may be a deterrent to purchasing current housing stock. This may partly

explain the projected increase in vacant housing over the next five years.

Furthermore, given the percent increase in vacant homes, as well as a decline in percent of owned and rented homes, and declines in the total population for

certain areas of the state, there is further expectation that this will negatively impact the economy in some Kentucky counties.

Overall, the data illustrate an increase in total housing units in counties farther away from Kentucky's most populous areas, while total population increases are occurring closer to the largest cities. On the premises that the highest job growth and opportunities are in or around the largest cities, these projections indicate that people have to move farther away from areas of employment to find suitable housing, thus increasing the costs for commuting to work.

People tend to make housing decisions based on affordability, location to work, location in regards to spouse's work, square footage of the home, size of property, and so on. While living farther away from work may be a personal preference in some cases, more than likely people buy the closest house that meets their needs. From a stakeholders' perspective, housing needs to be available and affordable, particularly in or around counties that show a positive population growth and a decrease in housing units between 2019 and 2024.

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