

2024 Kentucky General Assembly

ATTAINABLE HOUSING

Increase Attainable Housing and Address Overregulation

OPPORTUNITY TO IMPROVE THE BUSINESS CLIMATE

There are huge gaps statewide for attainable housing. Studies from 2017-2019 estimate that Kentucky is short between 78,000 to 100,000 affordable homes/units to rent. The increase in labor, supply, and regulatory costs is only making it worse. The Northern Kentucky region alone is short 6,650 units.

Kentucky's housing crisis has landed thousands of our residents in untenable living situations. The demand for workforce housing far outweighs the supply, leaving too many hardworking Kentuckians without reasonable housing solutions. The lack of housing also further exacerbates the ongoing workforce crisis and hinders economic growth.

APPROACH TO TACKLE THE ISSUE

The NKY Chamber encourages a myriad of solutions to be considered at all levels of government to address the issues revolving around workforce housing, which, as a singular approach, will not have the desired outcomes this problem demands.

Create a state workforce housing tax credit—which has proven to be successful in many other states—to address the critical shortage of quality housing available at an affordable cost to Kentuckians.

Regulations imposed by all levels of government are estimated to account for over 20% of the current average sales price of a new single-family home.

At the federal level, regulations attributing to these include the Endangered Species Act, Waters of the U.S., and constant delays in permit approvals from the U.S. Army Corps of Engineers. At the state level, the adoption of additional energy and building costs, OSHA mandates, and other state-regulated initiatives drive prices up as well. At the local level, development costs are increased by unique zoning, design standards, subdivision regulations, and comprehensive plans.

The NKY Chamber is not arguing that all regulations are bad or should be eliminated. Instead, we are pointing out that housing is regulated in a complex way by a variety of federal, state, and local entities, each of which has an impact on the overall price of regional housing marketing.

WHY DOES IT MATTER TO MY BUSINESS

As our community works to address all aspects of the workforce crisis, attainable housing is a piece of the overall solution that we must address. Attainable housing is created to fit the needs of individuals and families seeking a home that is feasible within their budget.

Rising regulatory costs are a limiting factor in housing supply.

According to the Commonwealth Alliance for Housing Solutions, nearly 25% of Kentuckians spend more than half of their income on home rental costs, according to figures available before the pandemic. Ideally, individuals and families should only have about 30% of their income go towards housing costs, but too many have to pay a significantly larger percentage.

WHAT WE ARE ASKING AN ELECTED OFFICIAL TO DO

Encourage policymakers at all levels of government to take bold steps to reduce or eliminate unnecessary regulations that will help builders increase the production of quality, attainable housing to meet growing market demand.

Pass a housing tax credit to encourage additional development at a more attainable pricing structure.

Pursue policies to increase Kentucky's housing stock and encourage the development of housing of all types across the Commonwealth.

Ensure the development of local housing stock specific to regional needs.

Explore all housing funding sources and models, including Low-income Tax Credits, the State Tax Increment Financing (TIF) Redevelopment program, property tax abatement or exemption incentives, and expansion of existing programs.