

July 25, 2023

Frankfort & Franklin County: Housing Market Demand Study

For: Frankfort & Franklin County, KY

By: Points Consulting



POINTS
CONSULTING

Frankfort, KY
(Sean Pavone, Getty
Images, Tripsavvy.com)



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*PC Franklin
County Visit*

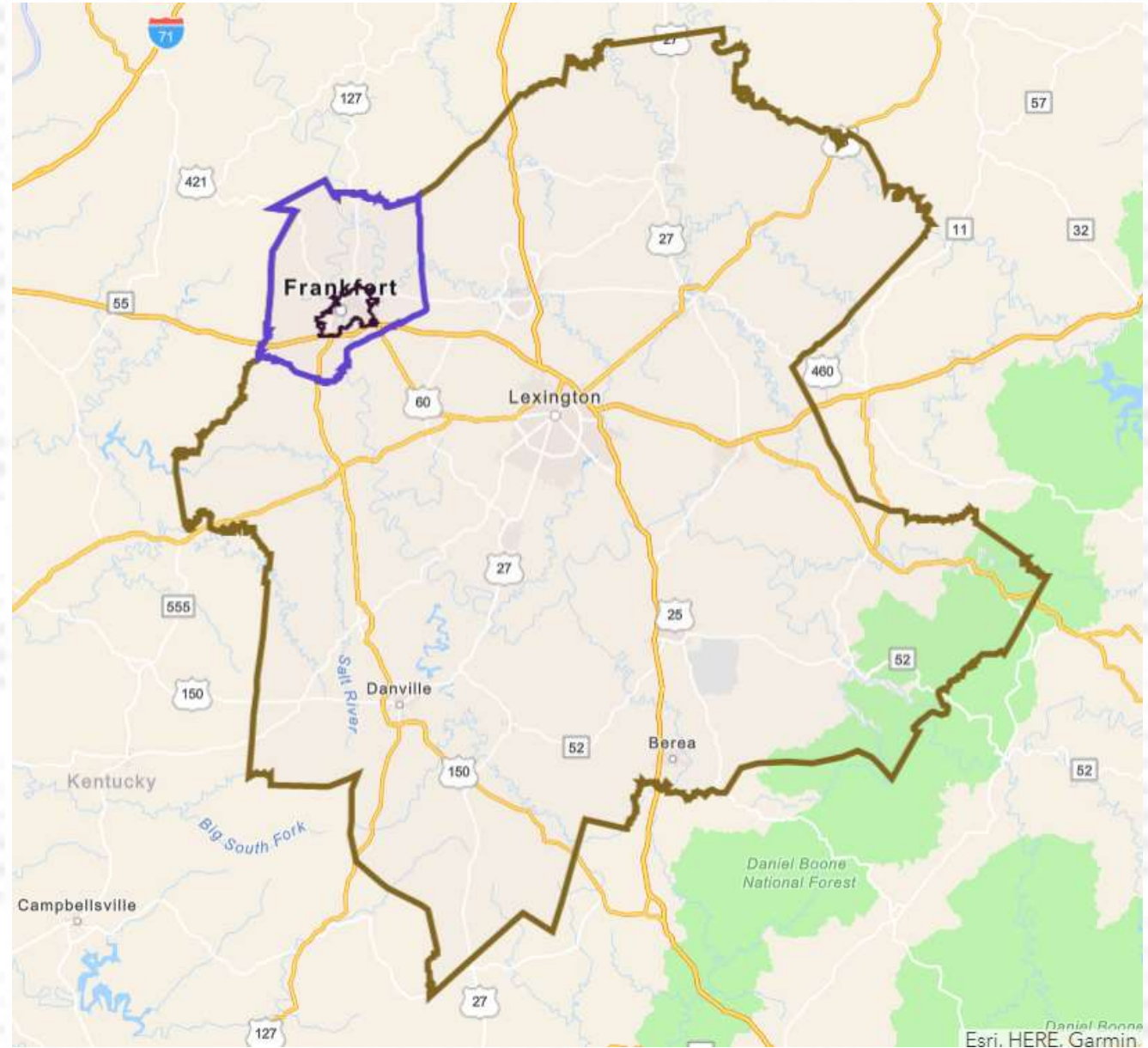


Project Background



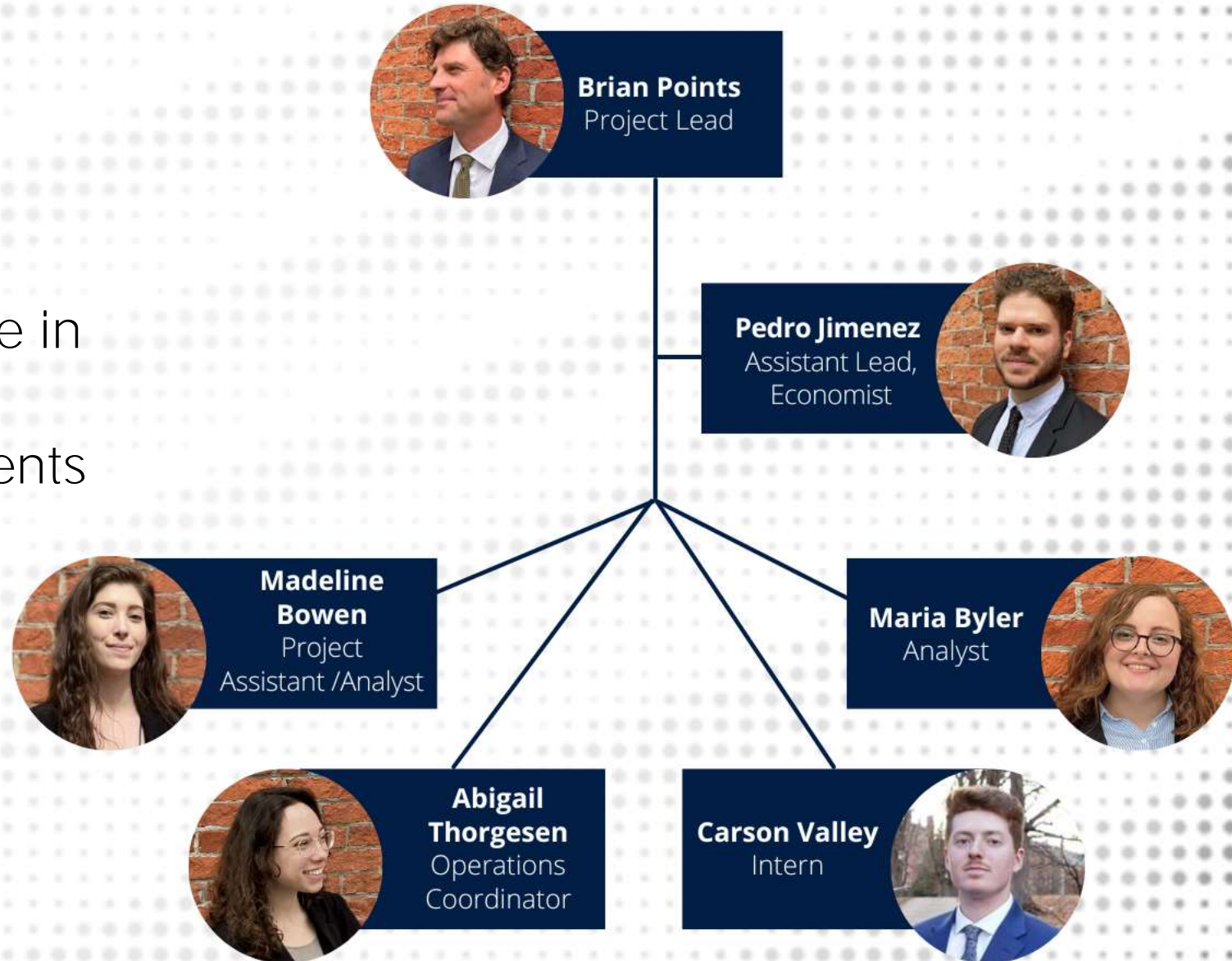
Areas of Analysis

- City of Frankfort
- Franklin County, Kentucky
- Bluegrass Region (includes Anderson, Bourbon, Boyle, Clark, Estill, Fayette, Franklin, Garrard, Harrison, Jessamine, Lincoln, Madison, Mercer, Nicholas, Powell, Scott, and Woodford counties)
- Kentucky
- United States

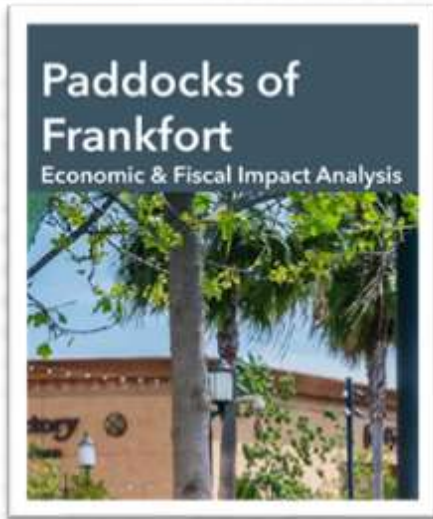


Our Team & Expertise

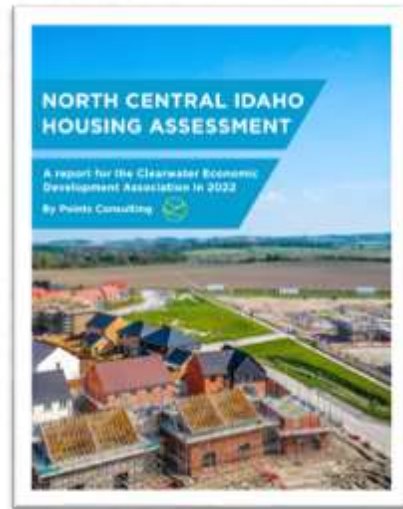
- ❑ multi-faceted real estate analytics practice
- ❑ knowledge and experience in Frankfort
- ❑ blend of public/private clients
- ❑ socioeconomic and labor market analysis
- ❑ both local and national presence
- ❑ land use & GIS expertise



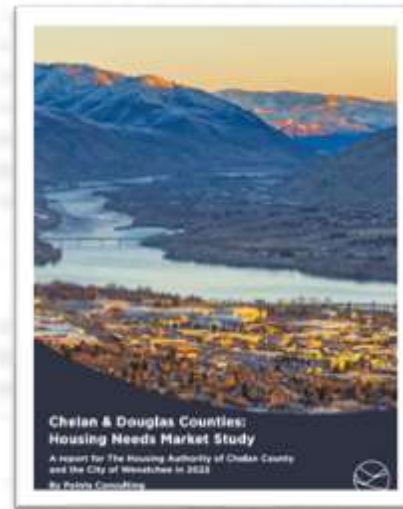
Past & Current Project Experience



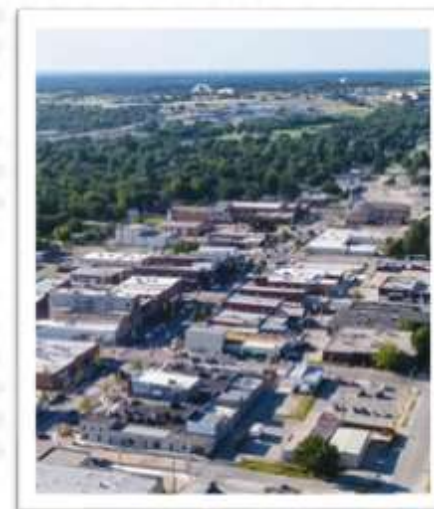
Paddocks of Frankfort, EIA & Cost Assessment
Frankfort, KY
2017



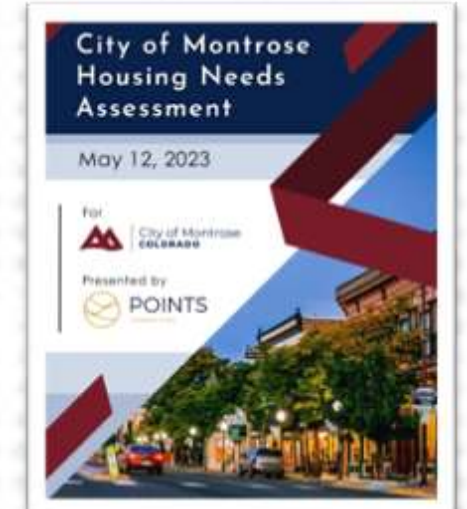
North Central Idaho Housing Assessment
Lewiston, ID
2022



Chelan & Douglas Counties Housing Needs Study
Wenatchee, WA
2022

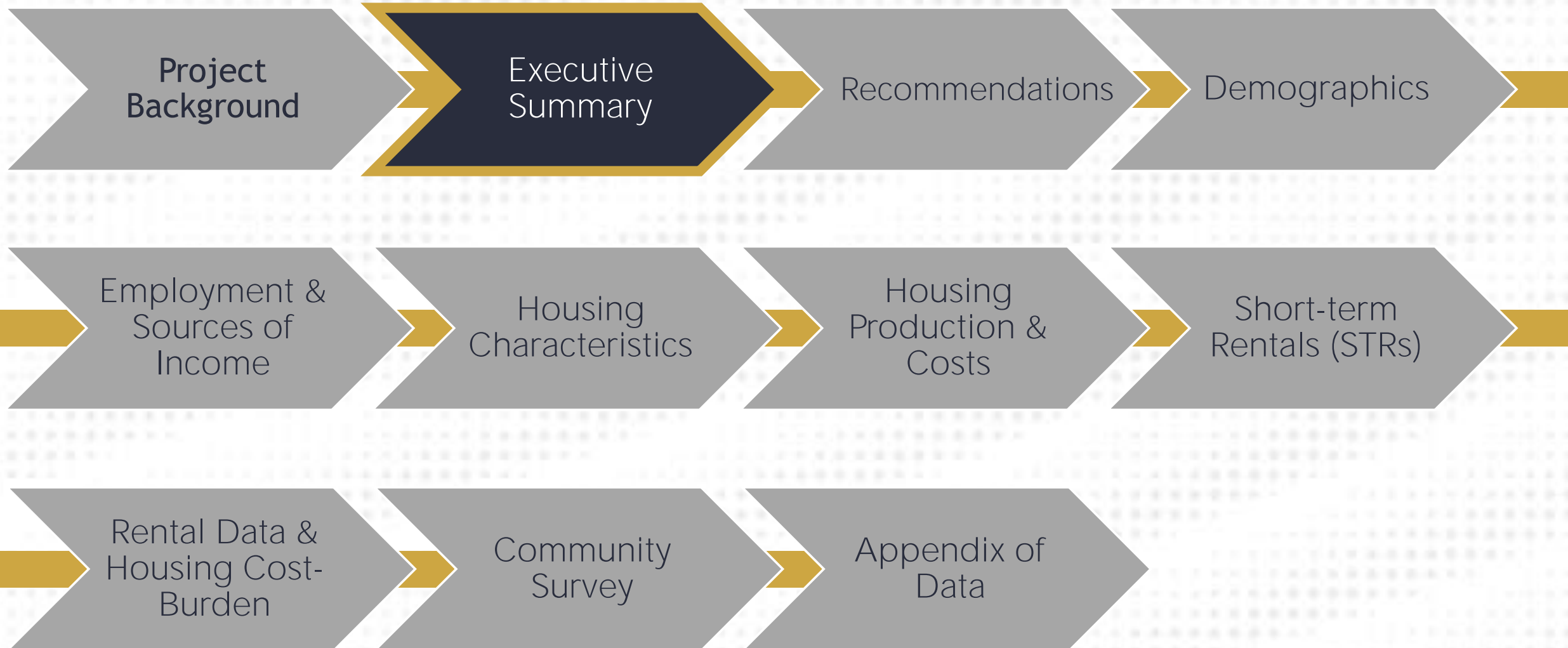


Broken Arrow Housing & Demographic Study
Broken Arrow, OK
2023-ongoing



Montrose Housing Needs Assessment
Montrose, CO
2022-2023

Executive Summary



Executive Summary: Background Conditions

- Housing is largely still very affordable in Franklin County, just not compared to historic expectations
- 12%+ decrease in occupational tax over past two fiscal years creating more interest in industrial/commercial development and will contribute to land supply constraints and infrastructure development needs
- Public administration composes 1 in 5 jobs in Frankfort; while manufacturing and professional services are weak
- Exceptional growth rates in private sector employment, earnings and establishments from 2016-2021
- Franklin County is flanked by several of the highest growth counties in the state, with quality economic development and land-use management, it *could* experience a similar boom between 2025-2035

Executive Summary: Short Term Rentals

- The number of short-term rentals (STRs) in Frankfort jumped 64% between 2022Q1 and 2022Q4.
- Most STR operators are earning around 2\$K to \$3K a month, with top performers earning up to \$7K.
- Houses used as STRs, rather than apartments, earn the most revenue. Large units (4- and 5-bedrooms) have the largest earnings, but also have the most variability in occupancy.
- STR occupancy rates have been trending downward since 2021, which is a signal of market maturation and movement toward larger “luxury” units.
- Less than 1% of the total housing stock in Frankfort are STRs, which is lower than Bardstown, Paducah, Versailles; but higher than Bowling Green and Shepherdsville.

Executive Summary: Housing Situation

- Relative affordability levels will continue to drive in-migration and investment in short-term rental markets
- Some higher-income households looking for urban or mid-density housing product but supply is lacking
- Relative affordability of land and construction, and consumer preferences, will continue driving single-family home development more than other denser housing types
- Resident resistance to non single-family home development is typical but can change over time, with the introduction of quality mixed-use and middle-density projects
- Pressure to convert low-rent multi-family to STRs will continue to result in displacement for low-income residents; strategy needed to re-house these residents
- Some hesitancy can also be traced to lack of confidence in development process and long-range master planning
- Huge opportunities to change external perceptions of Frankfort with strategic parcels (e.g.: Paddocks, Parcels B & C, Holmes Street Corridor)

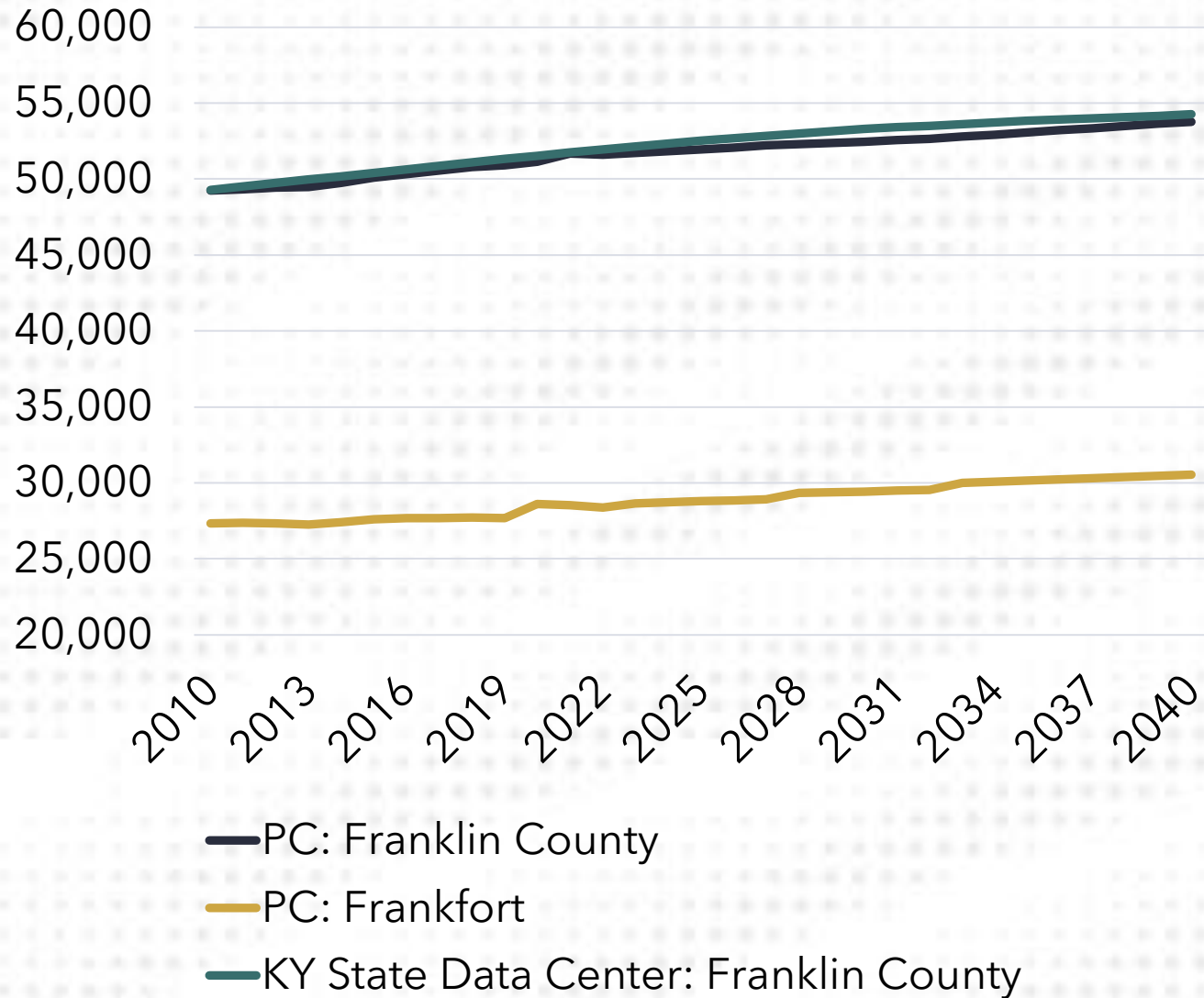
Executive Summary: Housing Situation

- The majority of homeowners in Frankfort and Franklin County are White (72% and 79%, respectively). The second largest ethnic group is Black/African American homeowners (13%, 8%). Both groups have much higher homeownership rates in the city than the national level.
- Most housing in Frankfort and Franklin County is single-family detached (52% in Frankfort, and 65% in Franklin County). However, Frankfort has a higher proportion of multi-family than county, state, or national levels.
- Most of the housing stock in the city and the county was built before 1980, which is older than the other counties in the Bluegrass Region and Kentucky as a whole.
- Frankfort is unusually high in renter-ship (54% of units), while Franklin county has a more typical split between owners (63%) and renters (37%).
- Franklin County, and especially the City of Frankfort, have lower occupancy rates per household, which may signal opportunities for small units such as studios, one-bedrooms, and condominiums.

Executive Summary: Housing Situation

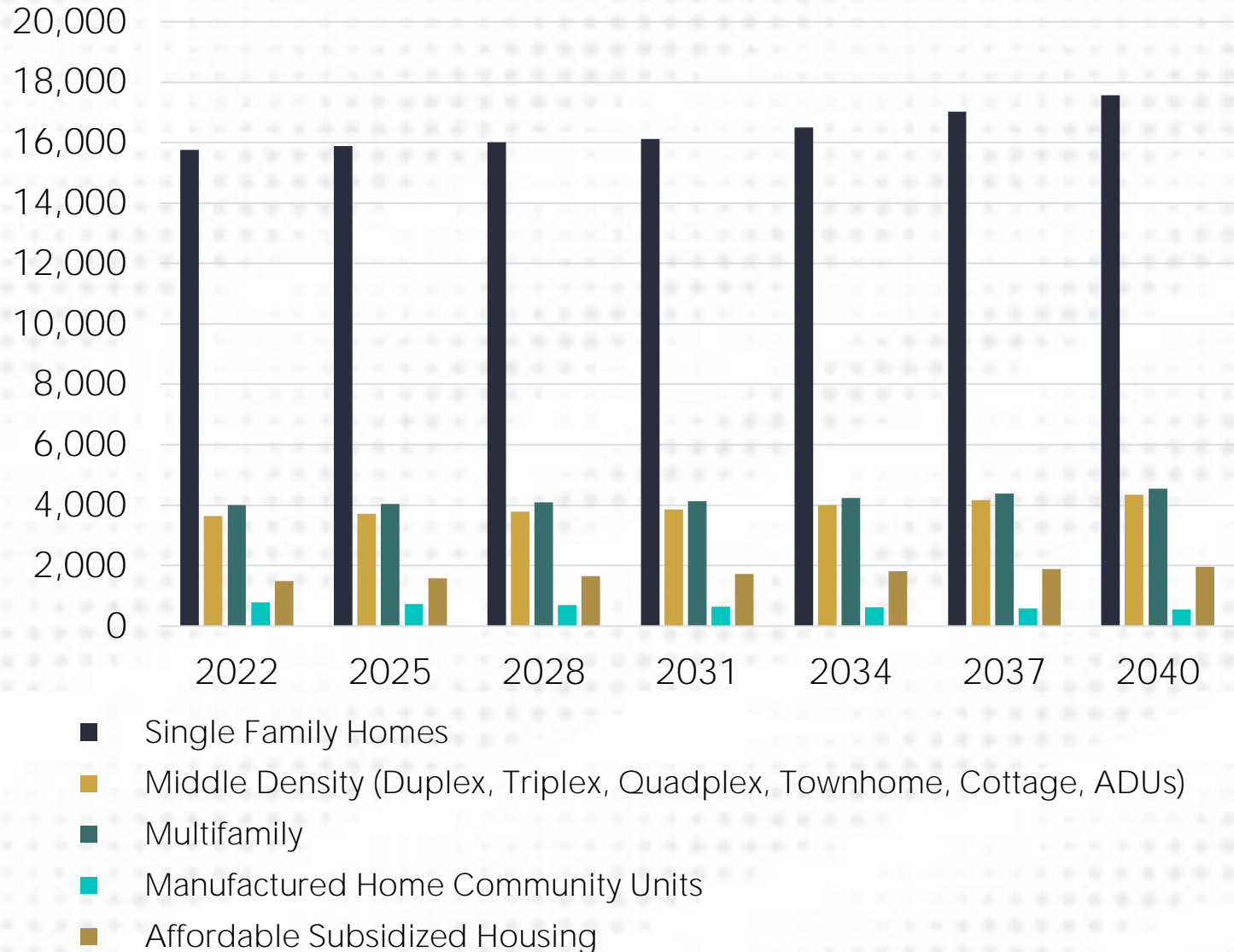
- There was a boom in single-family housing development in Franklin County between 2012 and 2021, with a 470% increase—much greater than Kentucky or the US overall.
- Median home values are far lower in Frankfort than all benchmark groups (\$164K).
- Home values in Frankfort are more than twice the median household income in 2022. However, price-to-income ratios have dropped in the past 5 years in Frankfort and Franklin County. Frankfort remains more affordable than Franklin County and the rest of the nation.
- On the other hand, 1-year price escalation in Frankfort and Franklin County exceeds the Bluegrass Region, as well as the state and the US.

Franklin County & Frankfort Population Forecast



- PC's forecast is comparable to KY State Data Center, lower by 1-2%
- Franklin County change to be driven by in-migration, particularly 2030 onward
- Shelby and Scott Counties rank 1st and 3rd in the state in percentage growth, which will start seeping into Franklin County
- PC's Population Forecast:
 - Franklin County: +2,171, +5.2%
 - Frankfort: +2,158, +6.8%

Franklin County: Housing Needs Forecast



- PC forecasts a demand for 2,864 new housing units between 2022 and 2040
- Relative affordability of land and construction will maintain balance in favor of single-family homes
- Still, housing mix will need to diversify to include more middle-density, multi-family and affordable housing
- Will need to ramp up production to meet demand starting in mid-2020s
 - Past 3-years: 98 permits/year
 - Forecasted demand, 2023-2028: 32 units/year
 - Forecasted demand 2028-2040: 233 units/year

Franklin County Housing Needs Forecast

	2022	2040	18 Year Change	% Change	Avg Annual Change
Single Family Homes	15,757	17,566	1,809	11.5%	100
Middle Density (Duplex, Triplex, Quadplex, Townhome, Cottage and ADUs)	3,633	4,351	718	19.8%	40
Multifamily	3,994	4,540	546	13.7%	30
Manufactured Home Community Units	775	540	-234	-30.2%	-13
Affordable Subsidized Housing*	1,490	1,965	475	31.9%	26
Total Units	24,160	27,024	2,864	11.9%	159

*Affordable units can occur across different unit types, and as such are not included in the total row

- Majority of construction is still single-family (64%), but middle-density and multifamily growing at a faster rate than SFH
- Affordable subsidized units to increase by 475, which could be multi-family or middle density in building style

Recommendations



Gentle Densification in Appropriate Areas



West 4th Street in Frankfort (Special Capital District) has tighter average housing densities and hosts numerous duplexes and quadplexes

- Allowing greater density within existing zoning districts can activate the private market to build more housing
- Must be done in areas where existing infrastructure can handle heavier use
- Based on zoning code, consider allowance of the following:
 - Accessory Dwelling Units (ADUs) in RA, RB, RC and RS districts (~40% of City's land area).
 - In Paducah, for instance, ADUs are principally allowed in every zoning district.
 - Allow duplexes in RB, RC and RS districts (~34%)
 - In Paducah, two-family dwellings are allowed in both R1 and R2 districts.
 - By conditional use allow 5-8 unit townhouses in RC, RS and RD districts (~14%).
 - Georgetown allows 6-unit maximum multifamily units in their R-2 district, and Paducah conditionally permits multifamily dwellings in their R-1 and R-2 districts.

Live–Work Opportunities in Downtown Frankfort

- Downtown feels largely like an afterthought in comparison to auto-centric areas of town (Lawrenceburg Rd., Versailles Rd., Georgetown Rd., etc.)
- Tremendous history and built environment but limited foot-traffic and stagnant property usage
- Low-rent costs are actually *discouraging* investment in downtown districts. Perfect time for a first-mover to reset market expectations for market-rate rentals.
- Harmonizes with other existing projects (i.e. Blanton's Landing, Historic Preservation Study findings, Distilled Together, Market Rate Apartment Analysis, etc.)
- Use opportunity at parcels B/C and/or Holmes Street to encourage a mixed-use district to include condominiums, multi-family, potentially attached single-family, along side entertainment, food and beverage, and retail



West Broadway St., Frankfort - example of CB, SC and SH District that is largely segregated to commercial and government usage

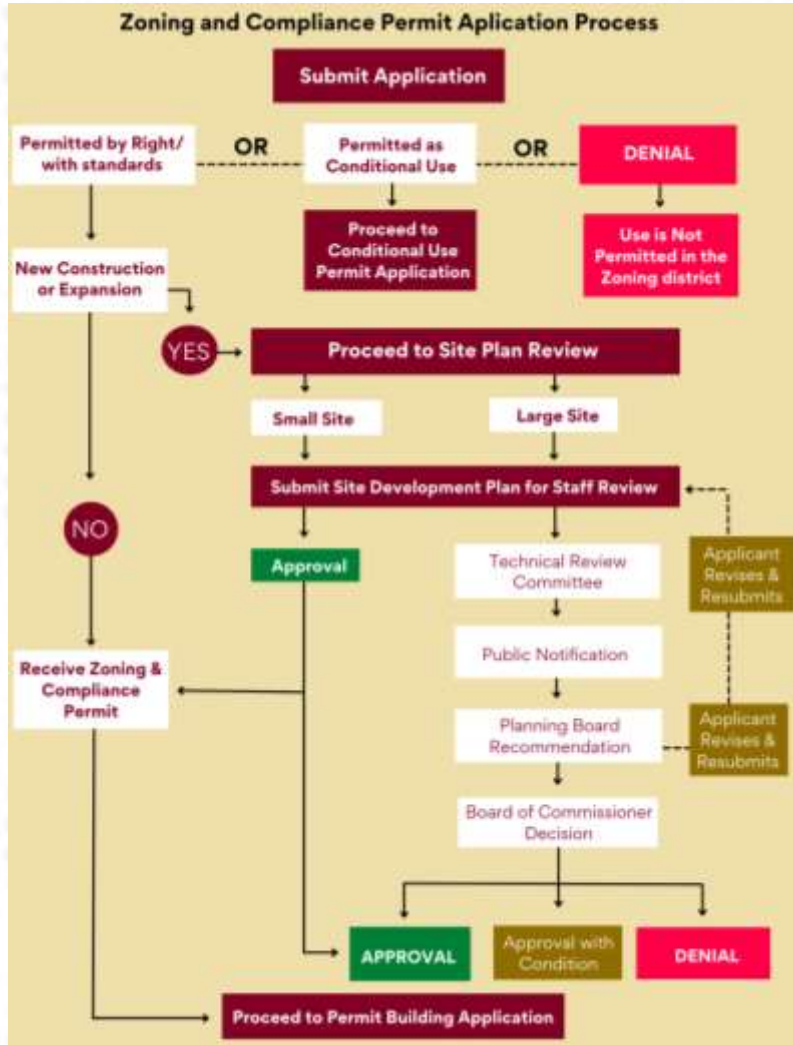
Short-Term Rental Regulations



Example of High-End AirBnB in Special Historic District charging up to \$500/night

- Investors will continue to flock in; keep in mind the costs and benefits
- Over time, the market does self-regulate; be aware of unintended consequences
- Popularity of STRs serves as proof of concept for more boutique lodging, particularly in downtown/historic districts
- Consider offering property tax credits for reinvestment in properties 30-years or older, if converted to multi-family rentals (in selected districts; separate from the state and federal rehab tax credits)
- Consider applying more “carrot” and not just “stick” strategies (e.g. registering for a license comes with the benefit of being listed by the Visitor’s Center)
- Consider charging a higher license fee and pushing license fees and transient tax fees from STRs into an affordable housing fund to assist non-profits serving displaced low-income individuals (or CLT non-profit). Fines and fees can also be put into the affordable housing fund.

Improve Clarity of Zoning Code and Development Process



Source: City of Creedmoor, NC website, <https://www.cityofcreedmoor.org/departments-and-services/community-development/planning-zoning/planning-zoning-process-flow-charts>, accessed July 2023

- Sense from private-sector developers is that process is ad hoc, inconsistent, and too infused with discretion rather than “by-right” standards
- When “pump the breaks” is the abiding rule, it’s because the process is not trusted
- Recommend a “flow chart” of the development process clarifying roles of ARB, BOA, P&Z, City Council, Fiscal Court, etc. Also indicating differences based on zoning district
- Recommend Planning Commission to meet bi-weekly instead of monthly
- Improve presentation of zoning map and zoning code document:
 - Map does not identify all 9 residential districts identified in the code
 - Use table is cumbersome and hard to interpret for lay audiences (page 25 of zoning ordinance)
 - Missing definitions of key terms such as “Accessory Dwelling Units”

Community Land Trusts

- Community land trusts (CLT) serve the 50-100% area median income (AMI) households (i.e. “workforce” housing)
- Generally, funded by mix of non-profit, state and local (sometimes federal) grant funding
- Homes are typically smaller attached or detached single-family
- Governed by a local board, who set eligibility rules and select which buyers to sell the homes to
- Affordability maintained by long-term deed-restrictions on resale prices (e.g.: no more than 2% increase per year)
- Residents own the improvements (the home) but not the land the home is on
- The CLT model has been employed successfully in many communities with strained housing markets. In Kentucky, CLTs have been established in Louisville and Lexington.

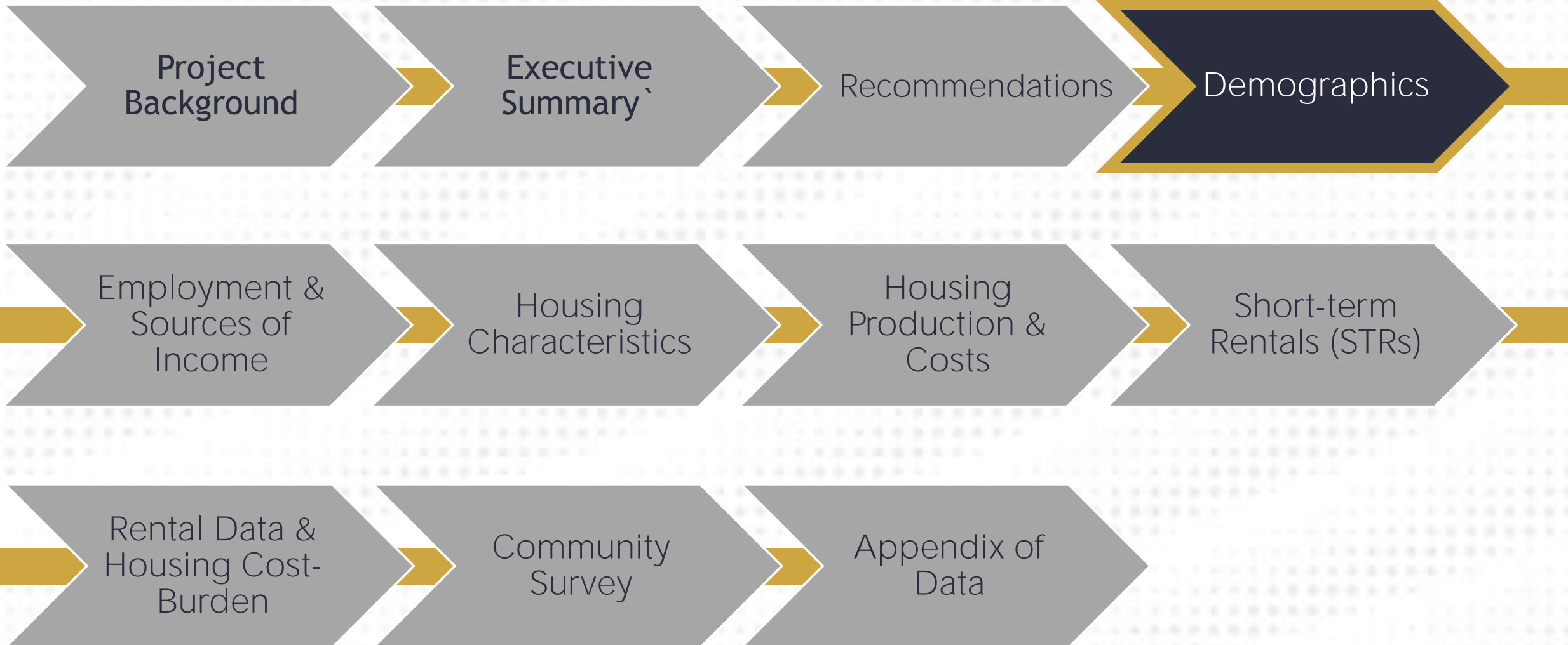


Newtown Pike Extension homes managed by Lexington Community Land Trust (LCLT), Photo from HUD, <https://www.huduser.gov/portal/pdredge/pdr-edge-inpractice-051616.html>

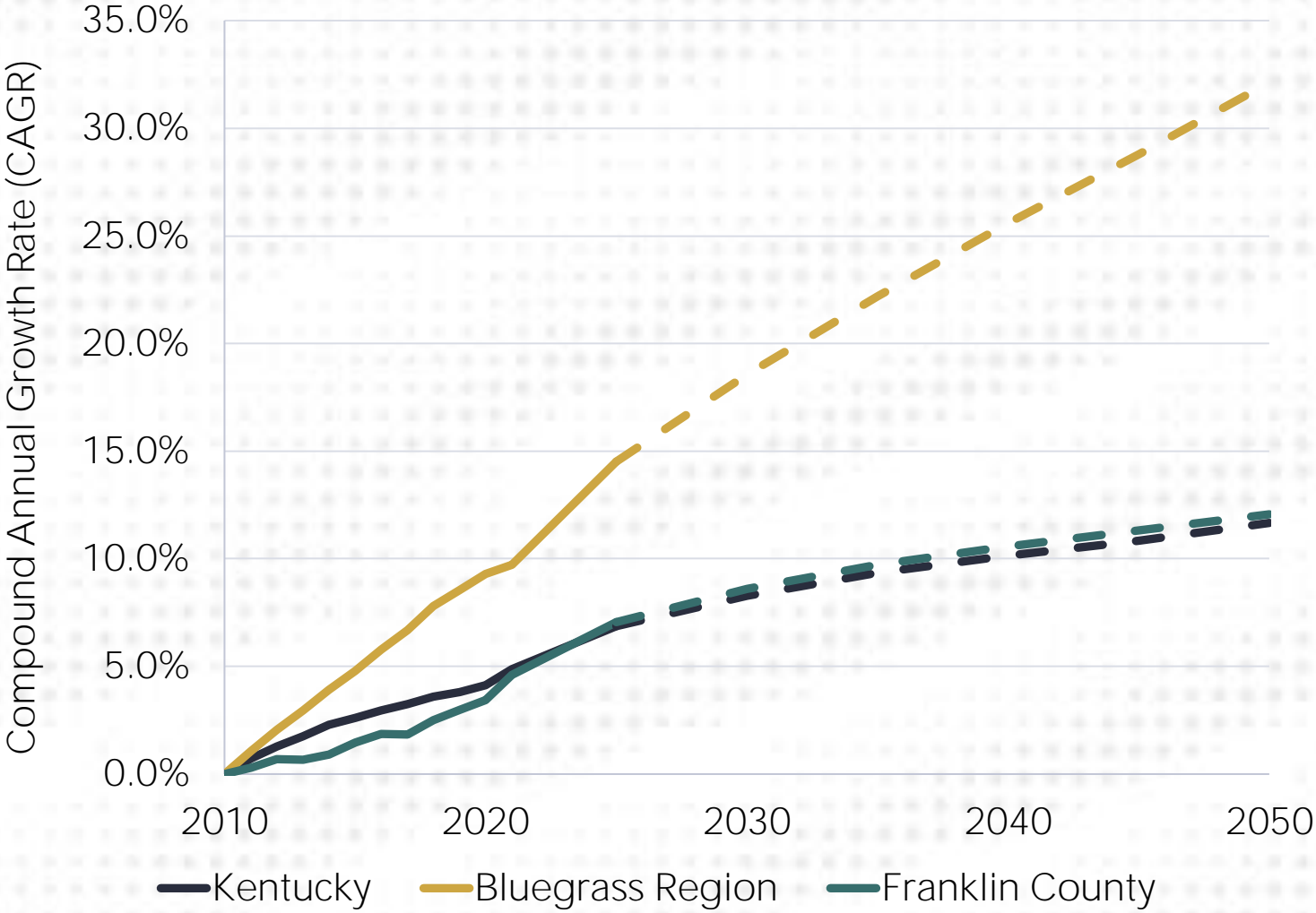
Low–Income Housing Strategies

- Seek state and federal grant funding for development of long-term supportive housing
- Consider development fee waivers for developers using LIHTC and other affordable housing tools
- Consider pulling in federal and state funds for transportation and commercial related projects (e.g.: Newtown Pike Extension in Lexington)
- As displaced population continues to grow, develop funding and housing strategy with non-profits (potentially using funds from STR taxes)

Demographics



Population – Compound Annual Growth Rate

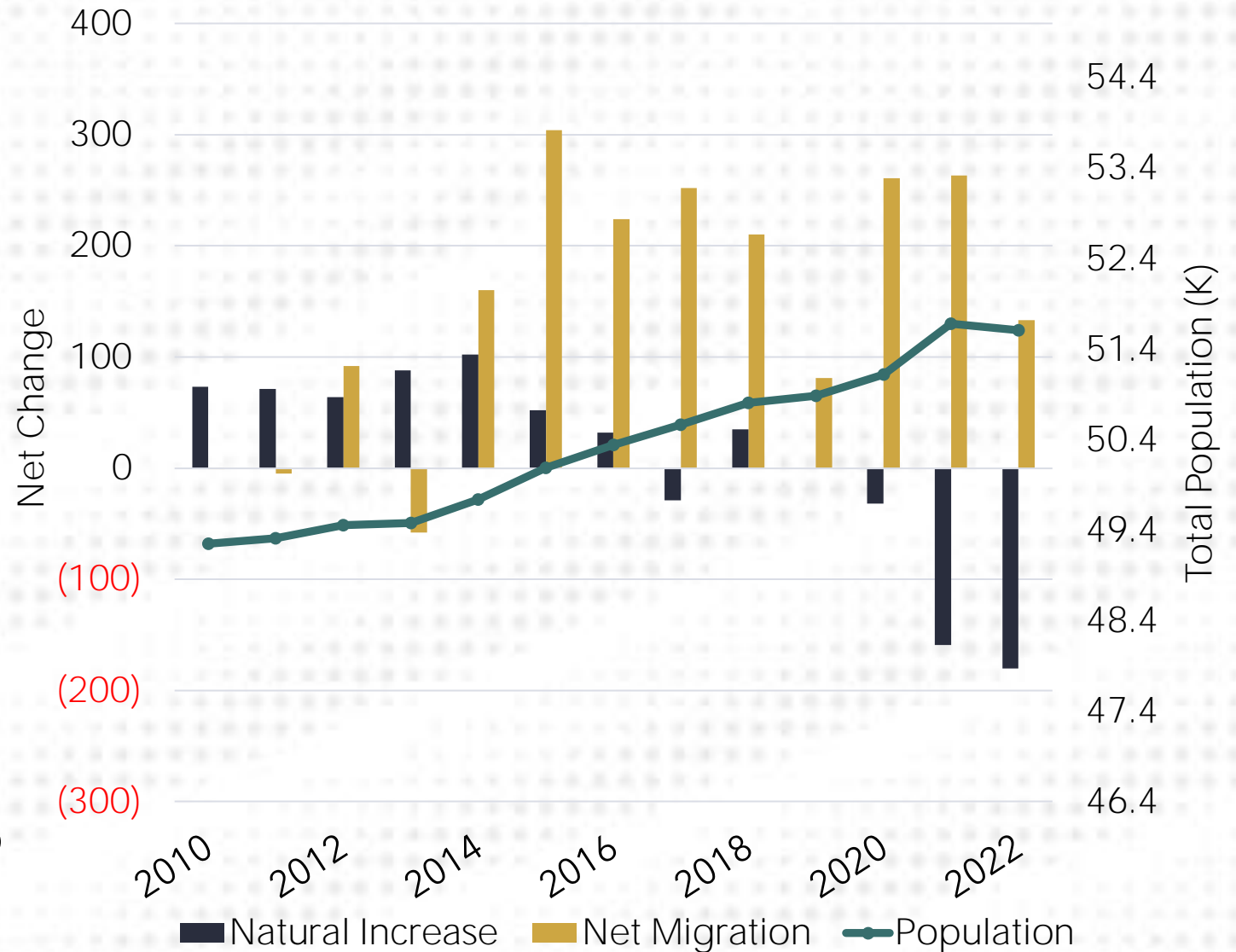


- Franklin County closely follows Kentucky's population trends.
- The Bluegrass region is expected to outpace the state's growth rates over the next 27 years.

Source: Kentucky State Data Center, Vintage 2022 Projections of Populations and Households

Sources of Population Growth

- Franklin County has had a steady trend of population growth since 2013, until 2022 when the population declined for the first time in the period.
- Growth has been largely driven by positive levels of net in-migration, which have remained above 200 in most years since 2015. But net in-migration declined by nearly 50% in 2022.
- Natural population increase, on the other hand, has remained negative since 2019, with a sharp decrease in 2021 and 2022, as deaths have outpaced births.



Source: US Census Bureau, Population and Housing Unit Estimates, 2022

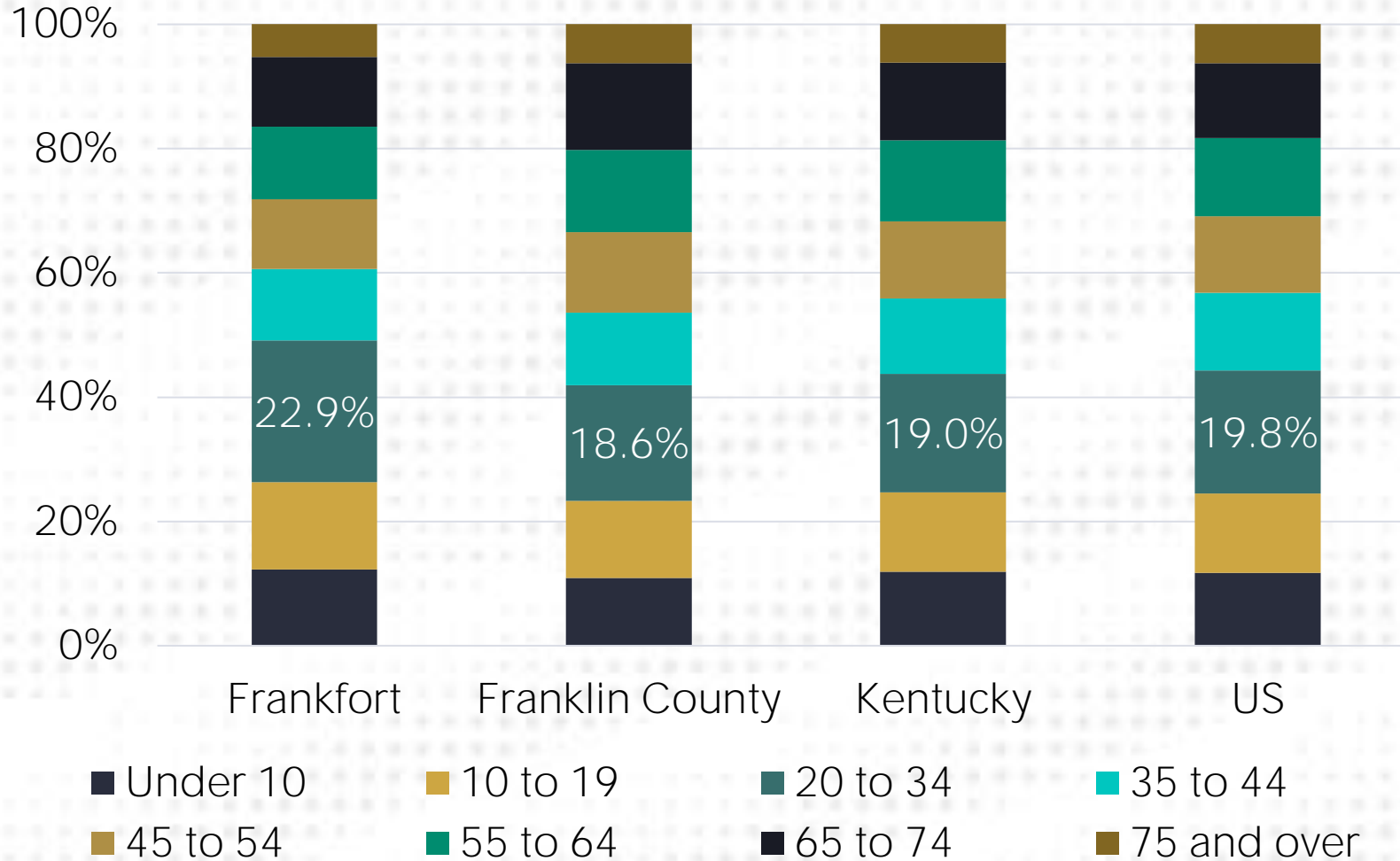
Franklin County Top In– & Out–Migration Counties

Positive Net Migration From		Negative Net Migration to	
Shelby County, KY	254	Madison County, KY	(168)
Pinellas County, FL	161	Owen County, KY	(146)
Jessamine County, KY	128	Alameda County, CA	(127)
Caldwell County, KY	98	Leon County, FL	(117)
Putnam County, TN	88	Anderson County, KY	(110)
Mercer County, KY	85	Nelson County, KY	(107)
Livingston County, IL	82	Volusia County, FL	(79)
Clark County, KY	75	Brevard County, FL	(77)
Ohio County, KY	58	Scott County, KY	(72)
Cook County, IL	50	Bonneville County, ID	(66)

Source: United States Census American Community Survey, 2015-2019

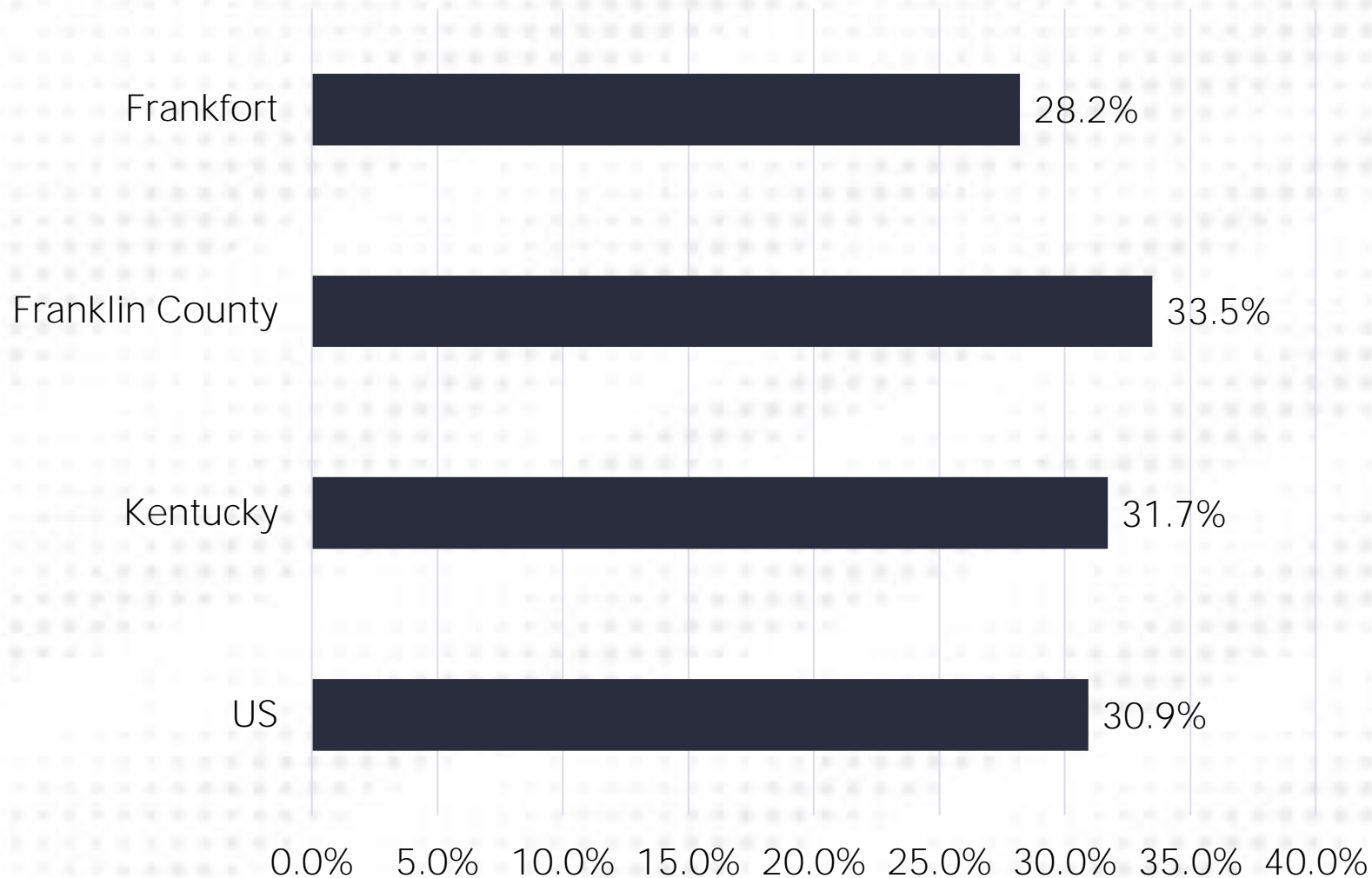
- The bulk of in-migration flows are coming from counties within Kentucky, with a fair amount of migration coming from Pinellas County in Florida.
- In the same way, most out-migration is directed toward other counties within Kentucky, with Alameda County in California, and Leon County in Florida also receiving a fair number of migrants from Franklin County.

Population by Age



- Frankfort exceeds comparative benchmarks in population ages 20-34 (23% of the total)
- Franklin County is much more concentrated among the 65+ age cohort

Population 55+



- Mature and senior adults compose a larger share of the County's population than the City
- Among benchmark regions, Frankfort has the lowest percentage of persons 55+: (28%)
- Franklin County has the highest (34%), exceeding both Kentucky (32%) and the United States.

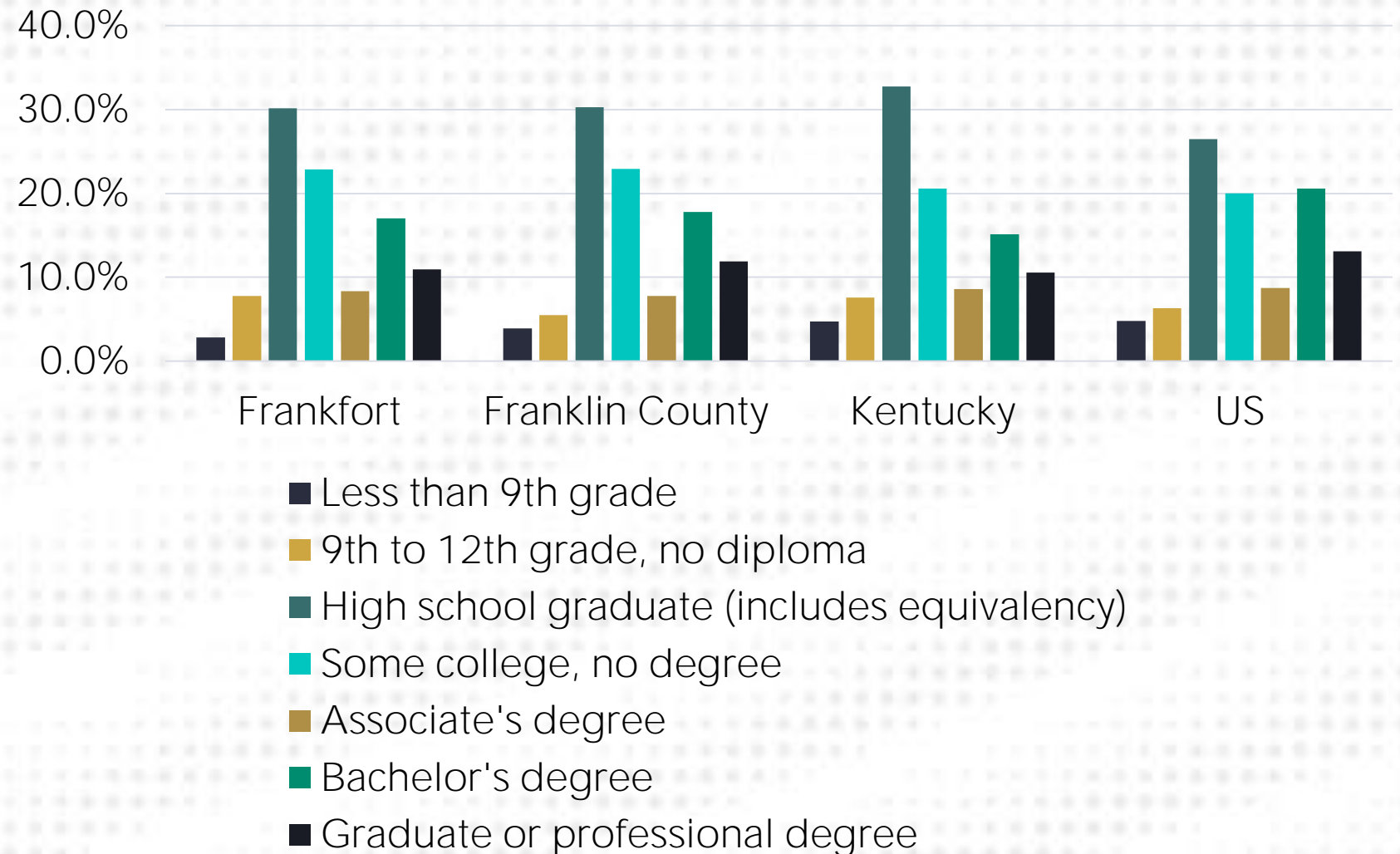
Race and Ethnicity Comparison

Region	White	Black or African American	American Indian	Asian	Pacific Islander	Some Other Race	Two or More Races	Hispanic or Latino
Frankfort	75.1%	12.4%	0.4%	2.0%	0.0%	2.6%	7.4%	5.1%
Franklin County	80.7%	8.6%	0.3%	2.1%	0.0%	2.0%	6.3%	3.9%
Kentucky	82.0%	8.1%	0.3%	1.7%	0.1%	2.2%	5.7%	4.6%
US	61.0%	12.4%	1.1%	6.1%	0.2%	8.6%	10.6%	19.0%

- Population in Frankfort is predominantly White, with strong minority populations among Black/African American, and Two or More Races
- Franklin County conforms more closely to the state-level race/ethnicity distributions.

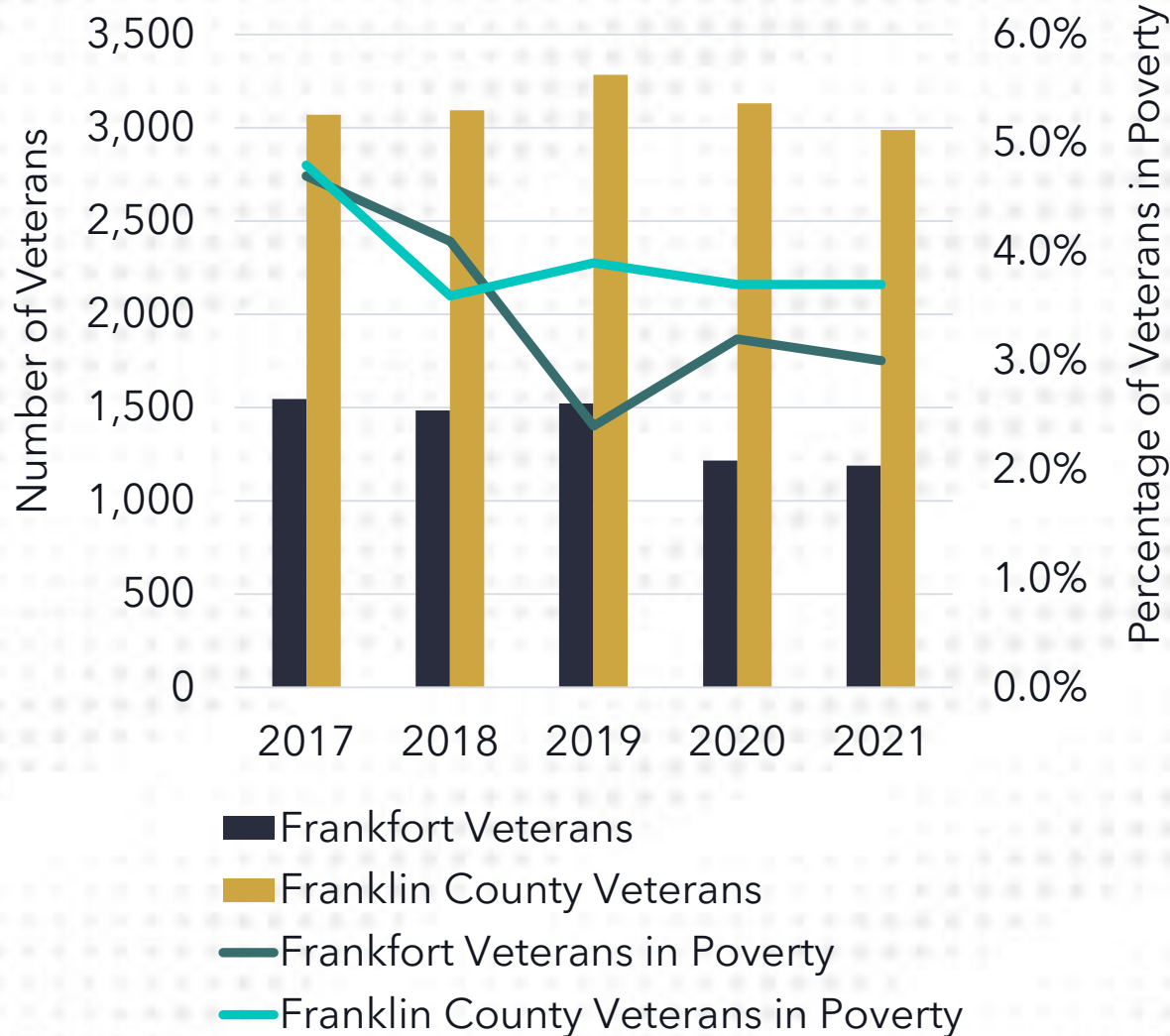
Educational Attainment

- College degree attainment in the region is slightly above average for Kentucky, but trails national benchmarks:
 - Frankfort: 28%
 - Franklin County: 30%
 - Kentucky: 26%
 - USA: 34%
- Communities in Kentucky with similar educational profile include Paducah, Bowling Green, and Elizabethtown



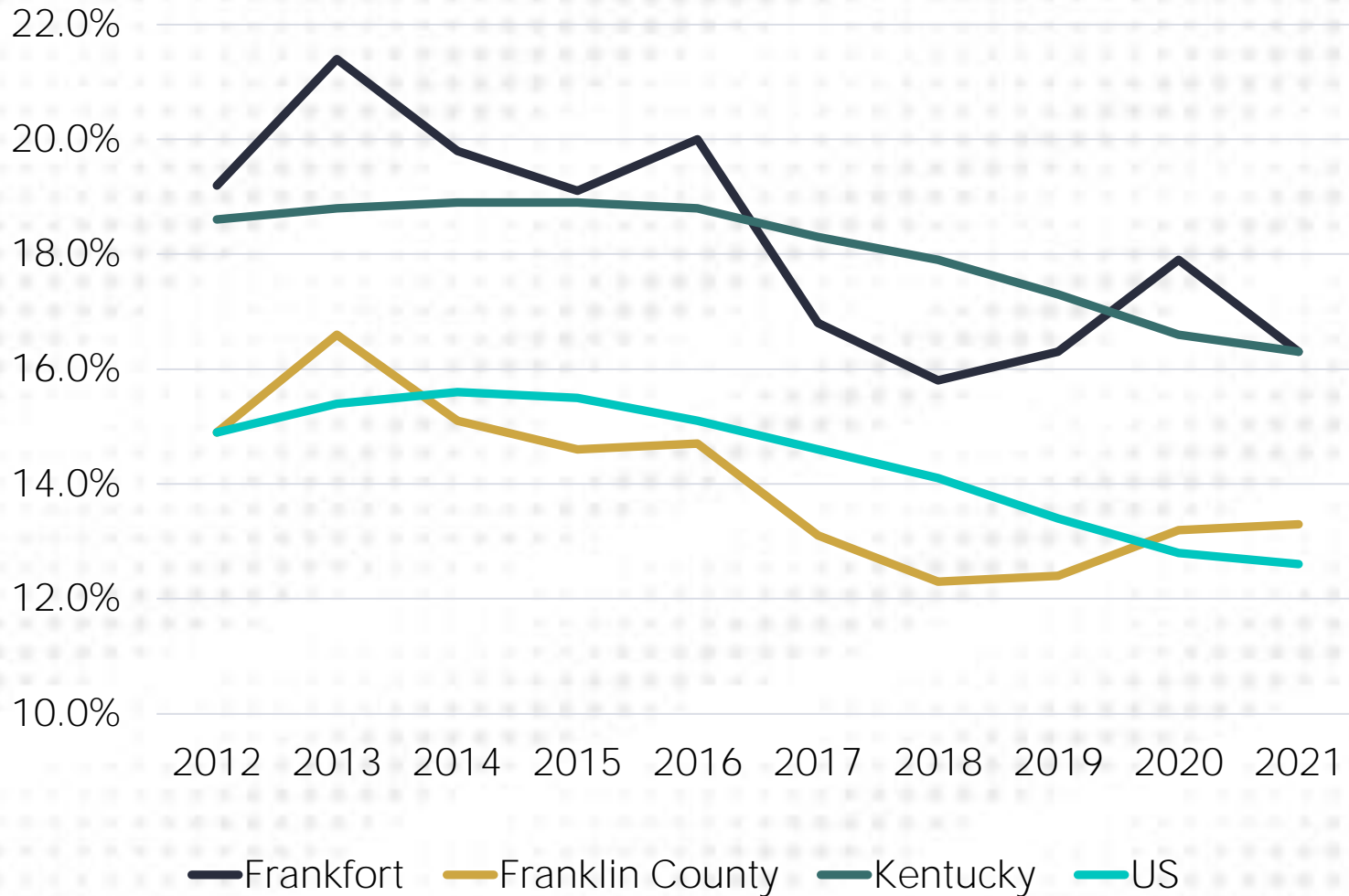
Source: 2021 Census ACS 5-year Estimates, Table S1501.

Veteran Population



- The number of veterans in Franklin County have remained consistent in recent years, with total numbers hovering around 3,000
- Frankfort veterans went from making up 50% of Franklin County's veteran population in 2017, to 40% in 2021.
- Poverty rates among veterans in Frankfort and Franklin County showed a significant decline:
 - In 2017, approximately 5% of veterans in Frankfort were living in poverty, which decreased to 3% by 2021.
 - Similarly, the poverty rate among veterans in the County decreased from 5% to 4%.

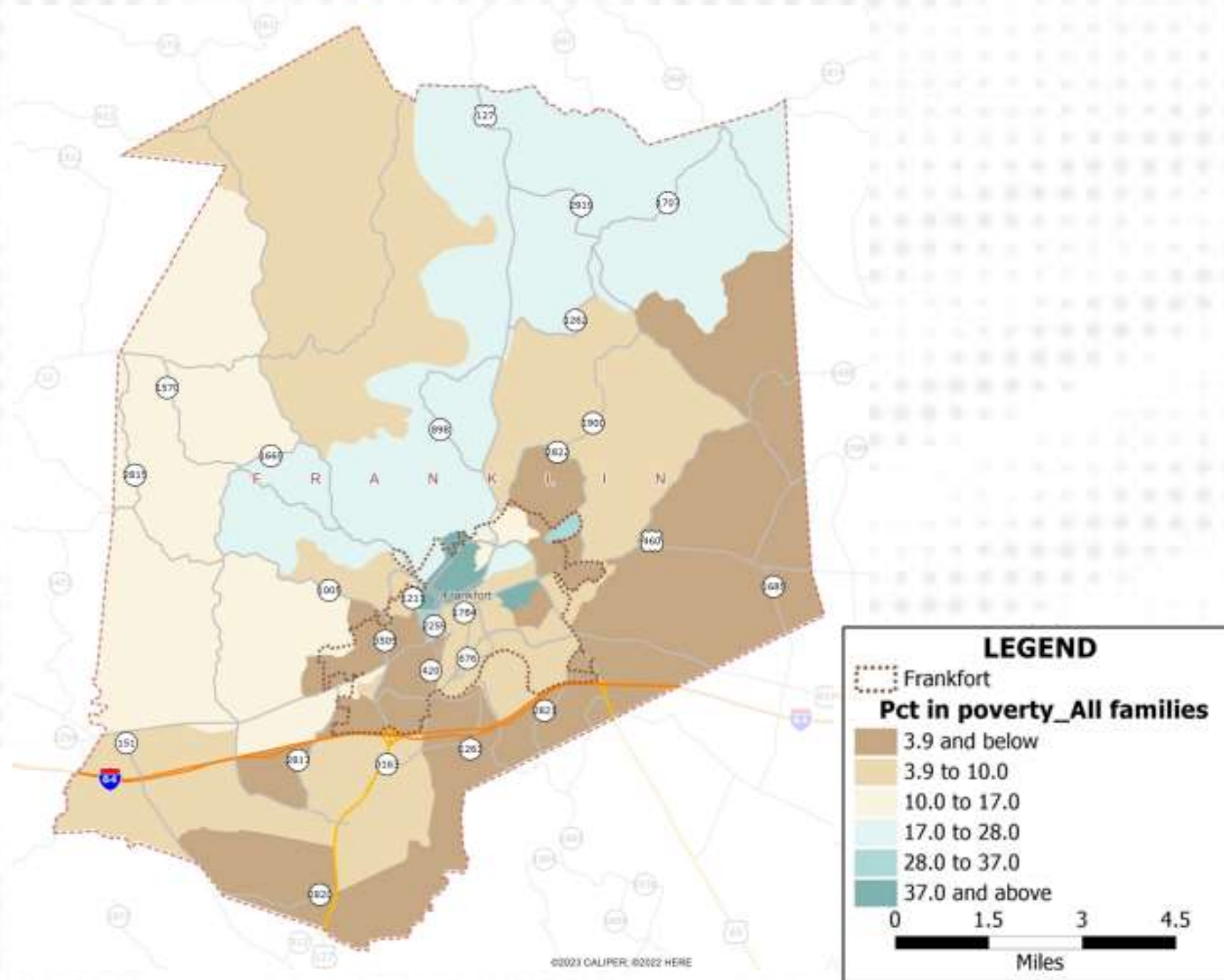
Poverty Rates Comparison



- Frankfort has historically had a higher poverty rate than all benchmark regions.
- For 2021:
 - Frankfort: 16%
 - Franklin County: 13%
 - Kentucky: 16%
 - USA: 13%
- Poverty rates decreasing across the country, including Frankfort

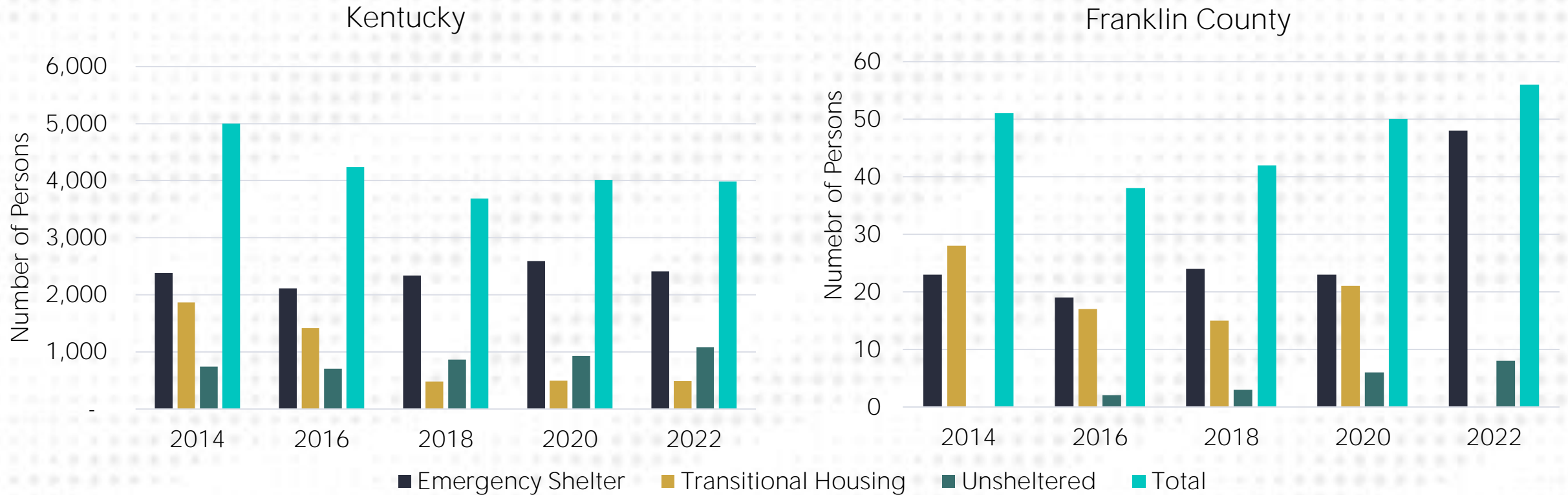
Source: 2012-2021 Census ACS 5-year Estimates, Table S1701.

Geographic Distribution of Poverty Rates



- The highest poverty rates for families can be observed in South Frankfort (37% and above), as well as to the south of Highway 60.
- The highest concentration of families in poverty in Franklin County are in the northern and central portions of the county.
- Conversely, the southwest and northeast portions of Frankfort have the lowest family poverty rates, whereas the southeast of Franklin County has the lowest poverty rates.

Point-in-Time Homelessness

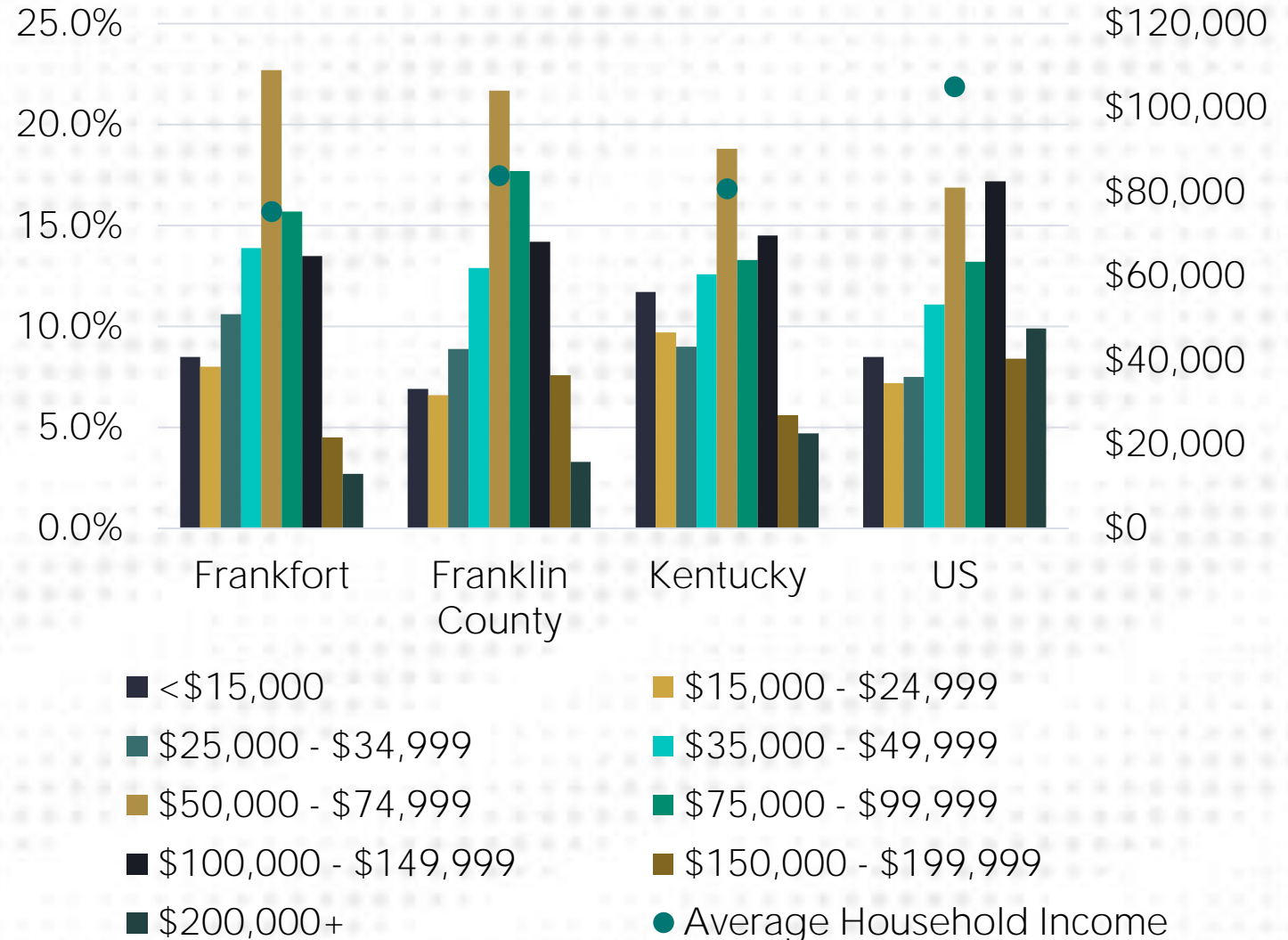


- Point-in-time homelessness counts accounts for persons experiencing homelessness on a single night.
- The total number of homeless individuals has gradually decreased at the state level (from 0.11% in 2014 to 0.09% in 2022), while Franklin County has seen fluctuations in its homeless population, with 2022 totals (56) slightly surpassing those of 2014 (51).
- The number of persons in emergency shelters in Franklin County doubled from 2020 (23) to 2022 (48).

Source: Kentucky Housing Corporation, Kentucky Homeless Management Information System, 2022

Distribution of Household Income

- Frankfort trails state in median household income (MHHI) while Franklin County slightly exceeds it
 - Frankfort: \$75K
 - Franklin County: \$83K
 - KY: \$81K
- Frankfort & Franklin County's most common MHHI cohort is \$50K to \$75K
- Under-representation in \$100K+ households relative to the state and nation



Source: Esri Business Analyst, Community Profile, 2022.

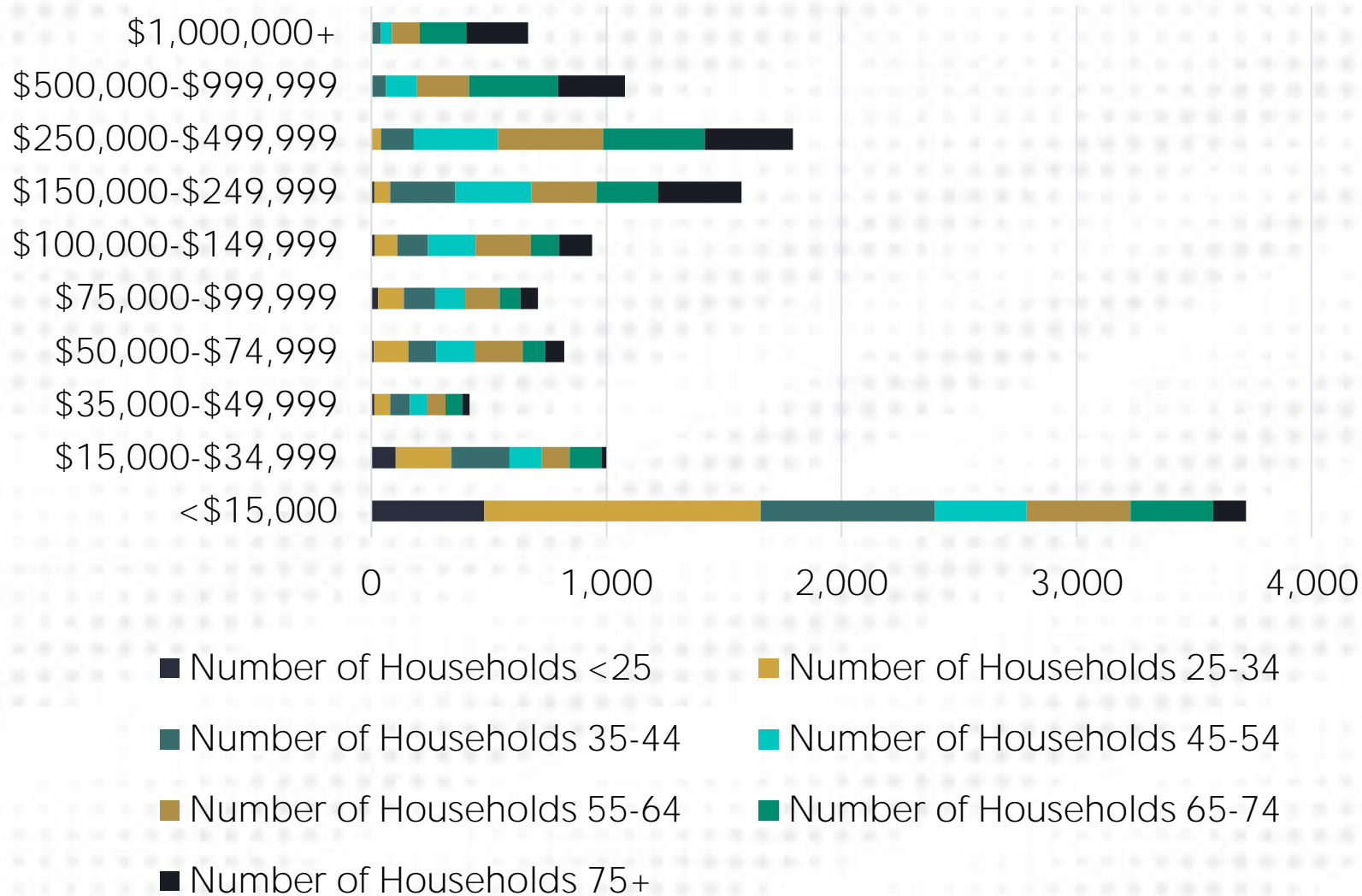
Comparison of Households' Net Worth

Income Level	Frankfort		Franklin County	Kentucky	US
	#	%	%	%	%
<\$15K	3,720	29.2%	22.3%	27.8%	23.5%
\$15K-\$35K	999	7.9%	6.3%	6.2%	5.7%
\$35K-\$50K	418	3.3%	2.8%	2.7%	2.5%
\$50K-\$75K	821	6.5%	5.8%	5.5%	5.3%
\$75K-\$100K	711	5.6%	5.6%	5.3%	5.0%
\$100K-\$150K	941	7.4%	7.6%	7.3%	6.9%
\$150K-\$250K	1,574	12.4%	13.4%	13.1%	12.0%
\$250K-\$500K	1,794	14.1%	16.6%	14.7%	14.2%
\$500K-\$1M	1,081	8.5%	11.6%	9.3%	11.3%
\$1M-\$1.5M	308	2.4%	3.5%	2.8%	4.0%
\$1.5M-\$2M	113	0.9%	1.4%	1.3%	2.2%
\$2M+	245	1.9%	3.1%	4.0%	7.4%
Median Net Worth	\$87,990	---	\$146,344	\$114,600	\$155,942
Average Net Worth	\$355,071	---	\$554,300	\$617,488	\$961,924

Source: Esri Business Analyst, Net Worth Profile, 2022

- Median net worth in Franklin County is 66% higher than in Frankfort
- In Frankfort, the most common net worth is under \$15k, with the second most common being \$250k-500k.

Frankfort: Households' Net Worth & Age

















- Around 1 in every 3 households in Frankfort have a net worth below \$15,000.
- The next largest bracket is the \$250-499K range, at about 1 in every 7 households.
- Among those 65+, average net worth is \$650K.

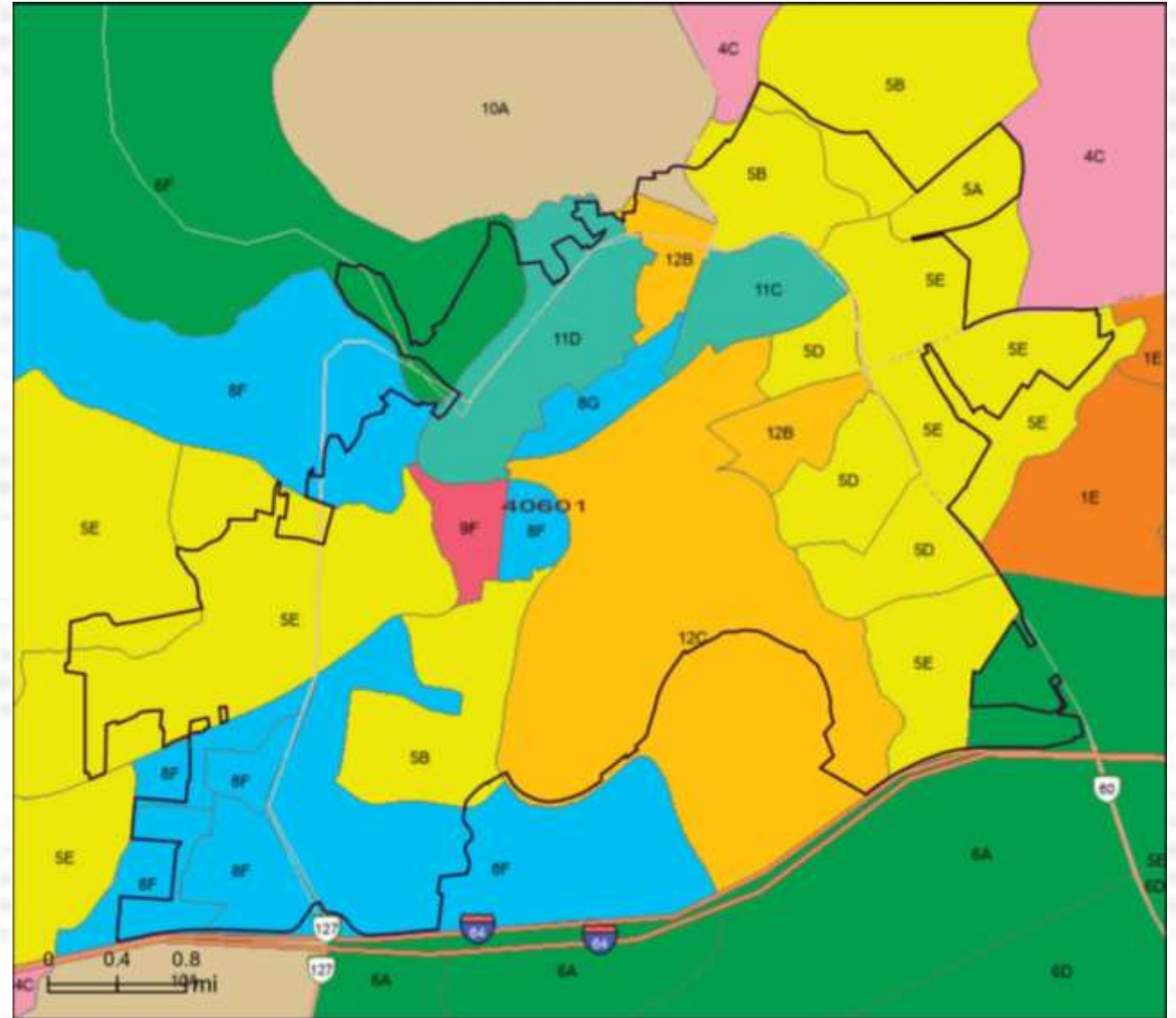
Source: Esri Business Analyst, Net Worth Profile, 2022

Dominant Tapestry Map for Frankfort City

- Most of Frankfort consists of Hometown, Middle Ground, and GenXurban tapestries.

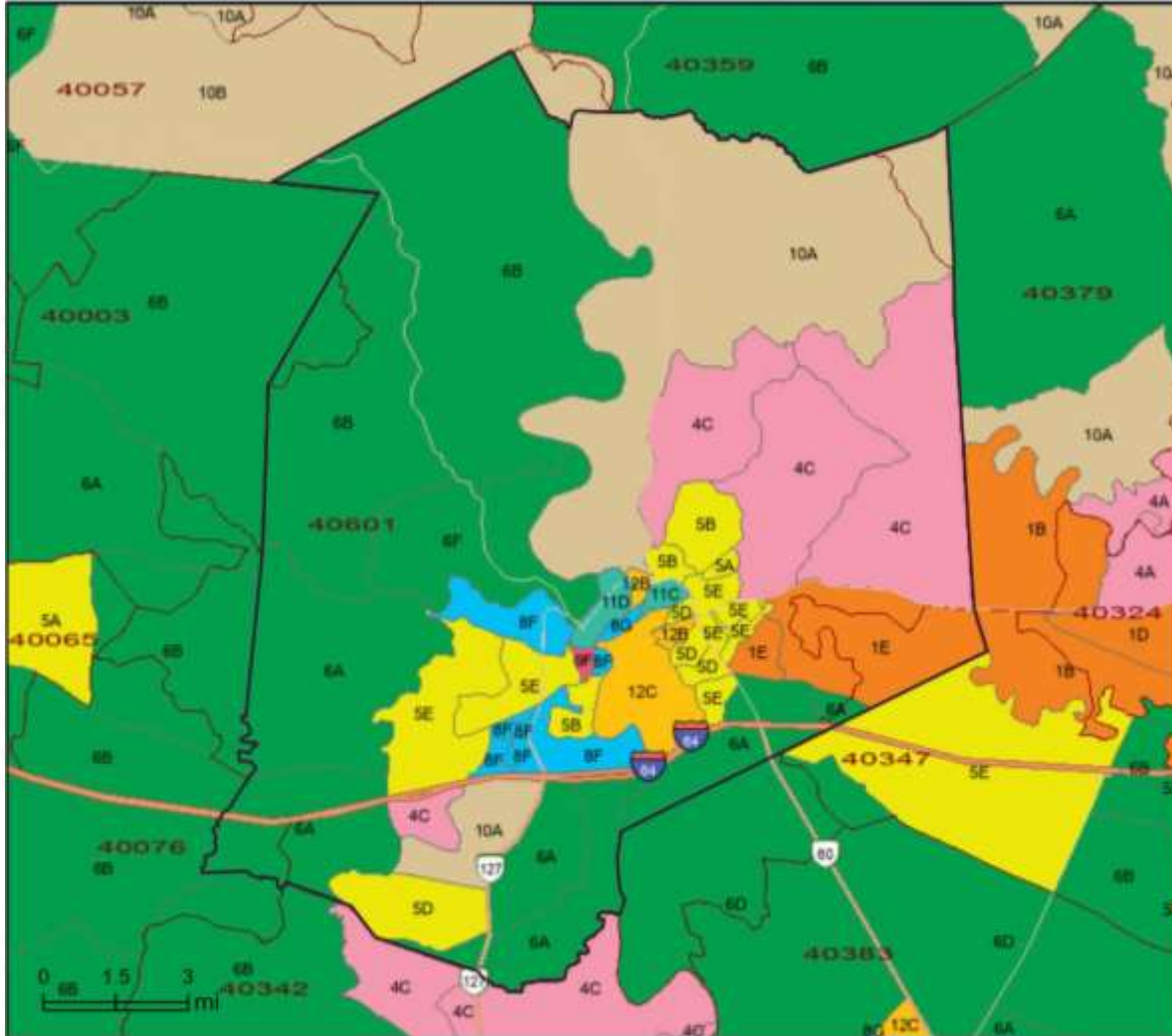
Tapestry LifeMode

 L1: Affluent Estates	 L8: Middle Ground
 L2: Upscale Avenues	 L9: Senior Styles
 L3: Uptown Individuals	 L10: Rustic Outposts
 L4: Family Landscapes	 L11: Midtown Singles
 L5: GenXurban	 L12: Hometown
 L6: Cozy Country	 L13: Next Wave
 L7: Sprouting Explorers	 L14: Scholars and Patriots



Source: Esri Business Analyst, Dominant Tapestry Maps, 2022

Franklin County: Community Tapestries Segmentation Distribution



Tapestry Segmentation	Franklin County	Frankfort	Kentucky	US
Midlife Constants (5E)	16.8%	19.2%	3.6%	2.4%
Old and Newcomers (8F)	15.8%	23.1%	2.9%	2.3%
Green Acres (6A)	12.0%	2.3%	4.0%	3.3%
Middleburg (4C)	7.7%	0.0%	3.8%	3.1%
In Style (5B)	6.6%	10.6%	3.0%	2.2%
Rustbelt Traditions (5D)	5.5%	8.7%	3.1%	2.1%
Southern Satellites (10A)	4.4%	0.0%	8.6%	3.1%
Exurbanites (1E)	4.1%	0.0%	1.4%	1.9%
Traditional Living (12B)	3.1%	7.1%	2.6%	1.9%
Set to Impress (11D)	5.5%	5.4%	1.8%	1.4%
All Other	17.5%	23.6%	65.2%	76.3%
Grand Total	100%	100%	100%	100%

Source: Esri Business Analyst, Tapestry Segmentation Area Profile, 2022

Community Tapestries Segmentation Comparisons

City of Frankfort

Rank	Tapestry Segments	Median HH Income	Median Age	Avg. HH Size	Median Home Value	% Own Home	Typical Housing Types
1	Old and Newcomers (8F)	\$44,900	39.4	2.12	\$880 (rent)	45.2%	Single Family; Multi-Units
2	Midlife Constants (5E)	\$53,200	47.0	2.31	\$154,100	72.7%	Single Family
3	In Style (5B)	\$73,000	42.0	2.35	\$243,900	67.8%	Single Family
4	Rustbelt Traditions (5D)	\$51,800	39.0	2.47	\$123,400	71.2%	Single Family
5	Traditional Living (12B)	\$39,300	35.5	2.51	\$83,200	58.9%	Single Family

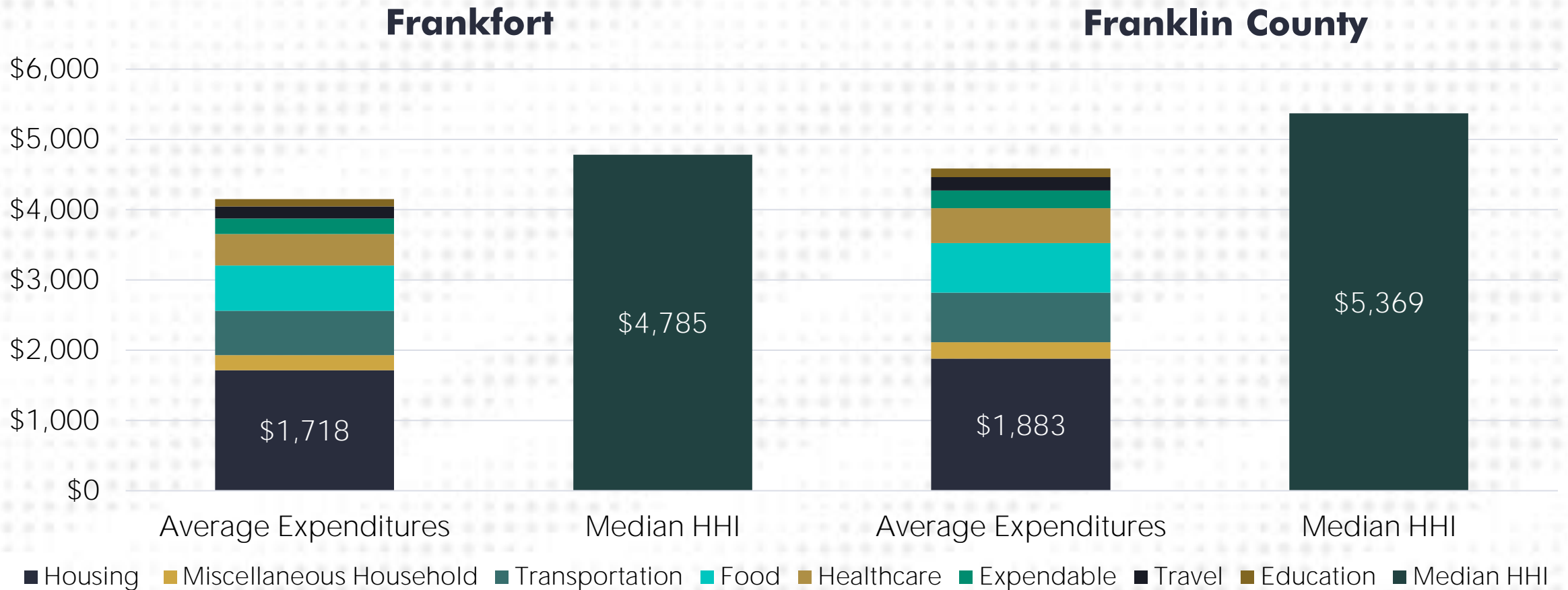
Franklin County

Rank	Tapestry Segments	Median HH Income	Median Age	Avg. HH Size	Median Home Value	% Own Home	Typical Housing Types
1	Midlife Constants (5E)	\$53,200	47.0	2.31	\$154,100	72.7%	Single Family
2	Old and Newcomers (8F)	\$44,900	39.4	2.12	\$880 (rent)	45.2%	Single Family; Multi-Units
3	Green Acres (6A)	\$76,800	43.9	2.70	\$235,500	86.1%	Single Family
4	Middleburg (4C)	\$59,800	36.1	2.75	\$175,000	73.4%	Single Family
5	In Style (5B)	\$7,300	42.0	2.35	\$243,900	67.8%	Single Family

- Most household types are middle-income with relatively few dependents that are more likely to own than rent (e.g., Midlife Constants, In Style, Rustbelt Traditions, and Traditional Living)
- Old & Newcomers, who are primarily renters, are the most common in Frankfort and second most common in Franklin County

**Statistics on these tables are based on national, rather than regional statistics on these cohorts*

Household Budget Expenditures



Source: Esri Business Analyst, Household Budget Expenditures, 2022.

- Housing is the single largest budget item for households in Frankfort and Franklin County, each around \$1.7K to \$1.9K/month

Cost of Living Comparison

Region	Overall	Housing	Grocery	Health	Utilities	Transportation
Frankfort ¹	79.4	59.2	95.1	101.5	92.1	67.7
Kentucky	82.3	56.9	94.2	102.2	92.9	89.1
United States	100.0	100.0	100.0	100.0	100.0	100.0

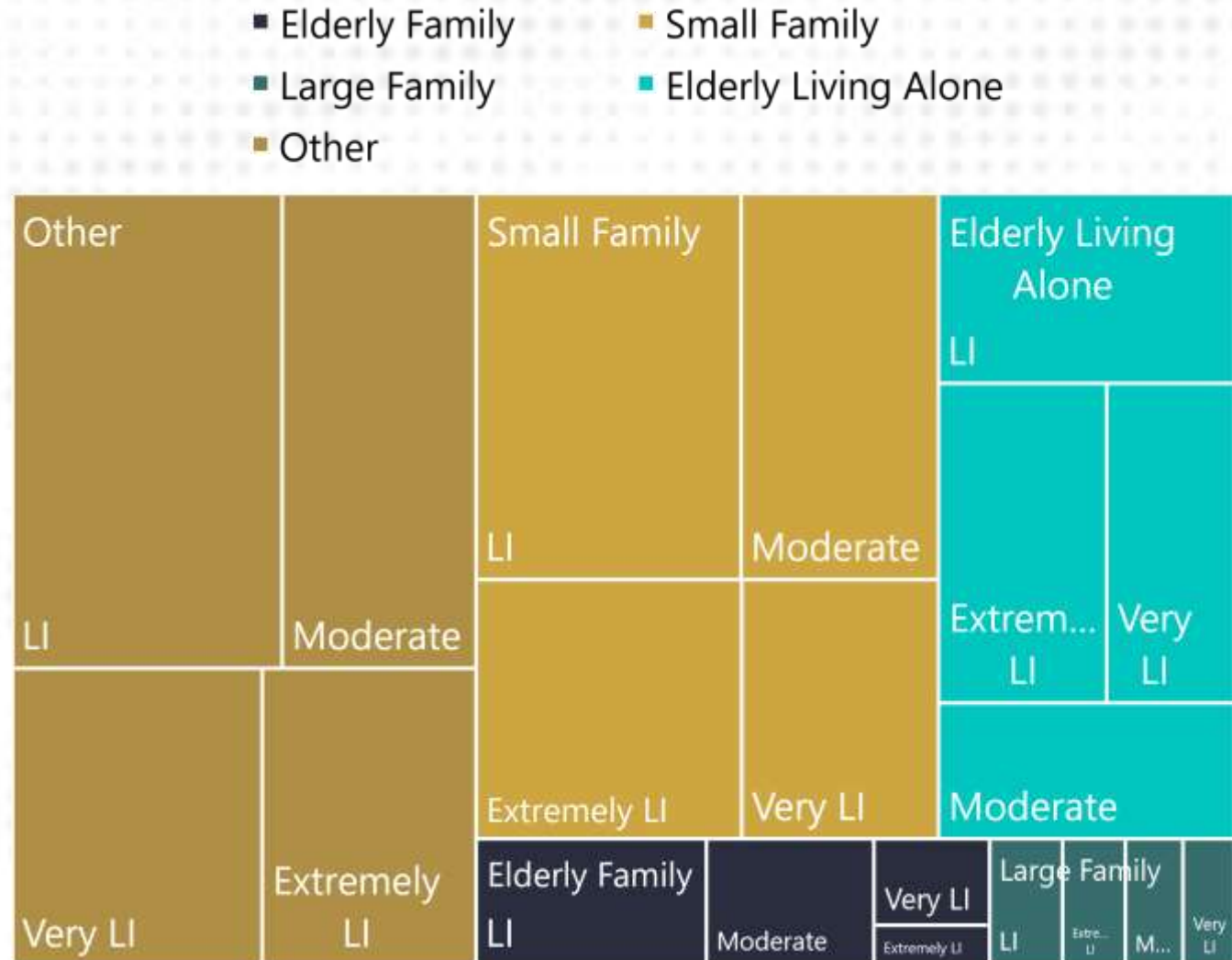
¹Data is only available on the city level. Unfortunately, there is no county equivalent.

Source: Sperlings Best Places, Cost of Living Comparison, https://www.bestplaces.net/cost_of_living/city/kentucky/frankfort, 2022.

- Frankfort is more affordable than average across housing, groceries, utilities and transportation
- Despite recent increases, housing costs are still more affordable than national and statewide averages

Composition of Low-Income Households, Frankfurt

- “Other” mostly includes non-elderly persons living alone, which is the primary low-income group in the City, with 965 total households.
- Small families of two to four people, and Elderly living alone also have large concentrations of low-income and extremely low-income households.
- There are 520 small families in the extremely low-income group, and 405 Elderly living alone households.



Source: Housing & Urban Development Comprehensive Housing Affordability Strategy Data, Table 7, 2015-2019

Employment & Sources of Income

Project
Background

Executive
Summary

Recommendations

Demographics

Employment &
Sources of
Income

Housing
Characteristics

Housing
Production &
Costs

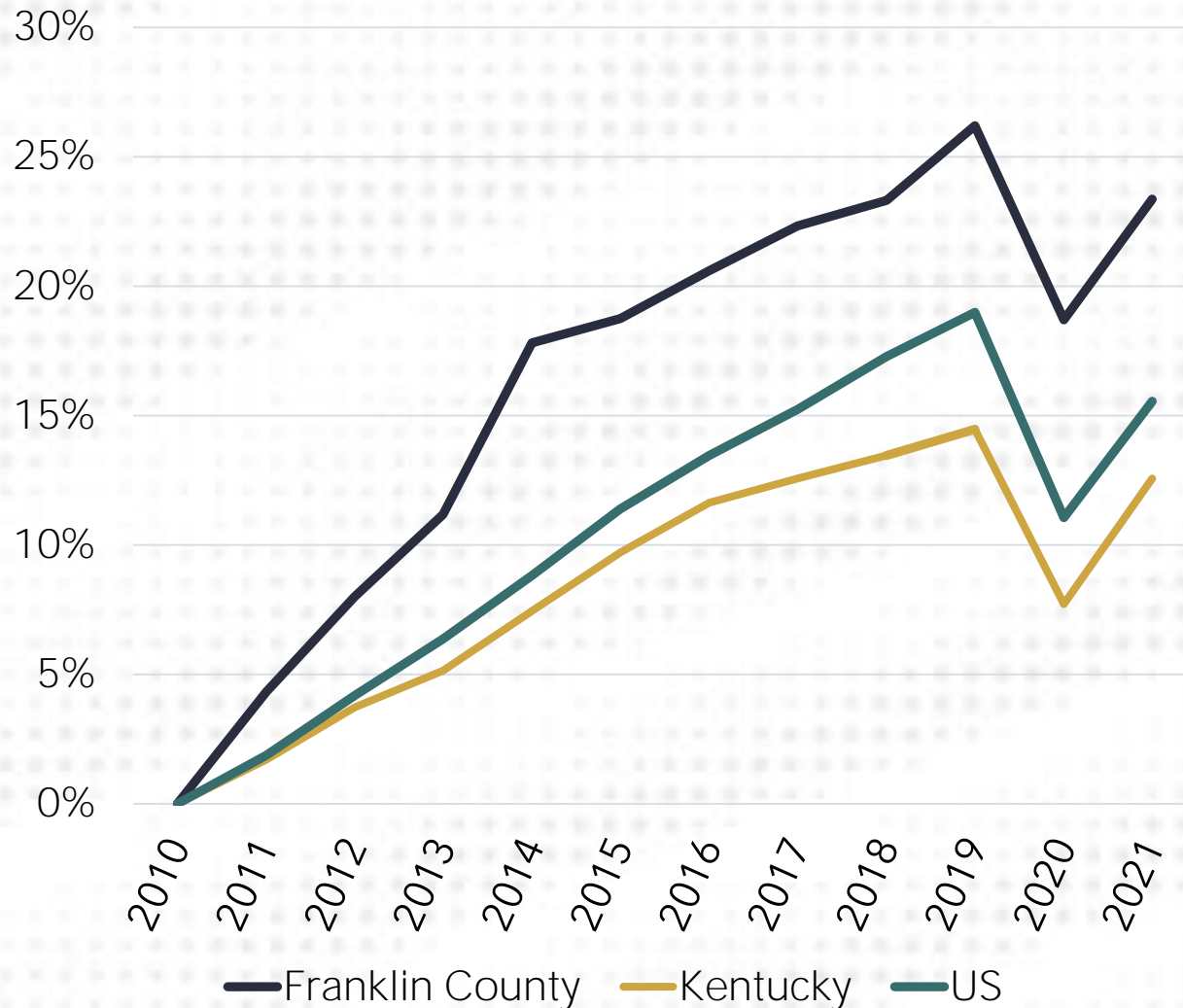
Short-term
Rentals (STRs)

Rental Data &
Housing Cost-
Burden

Community
Survey

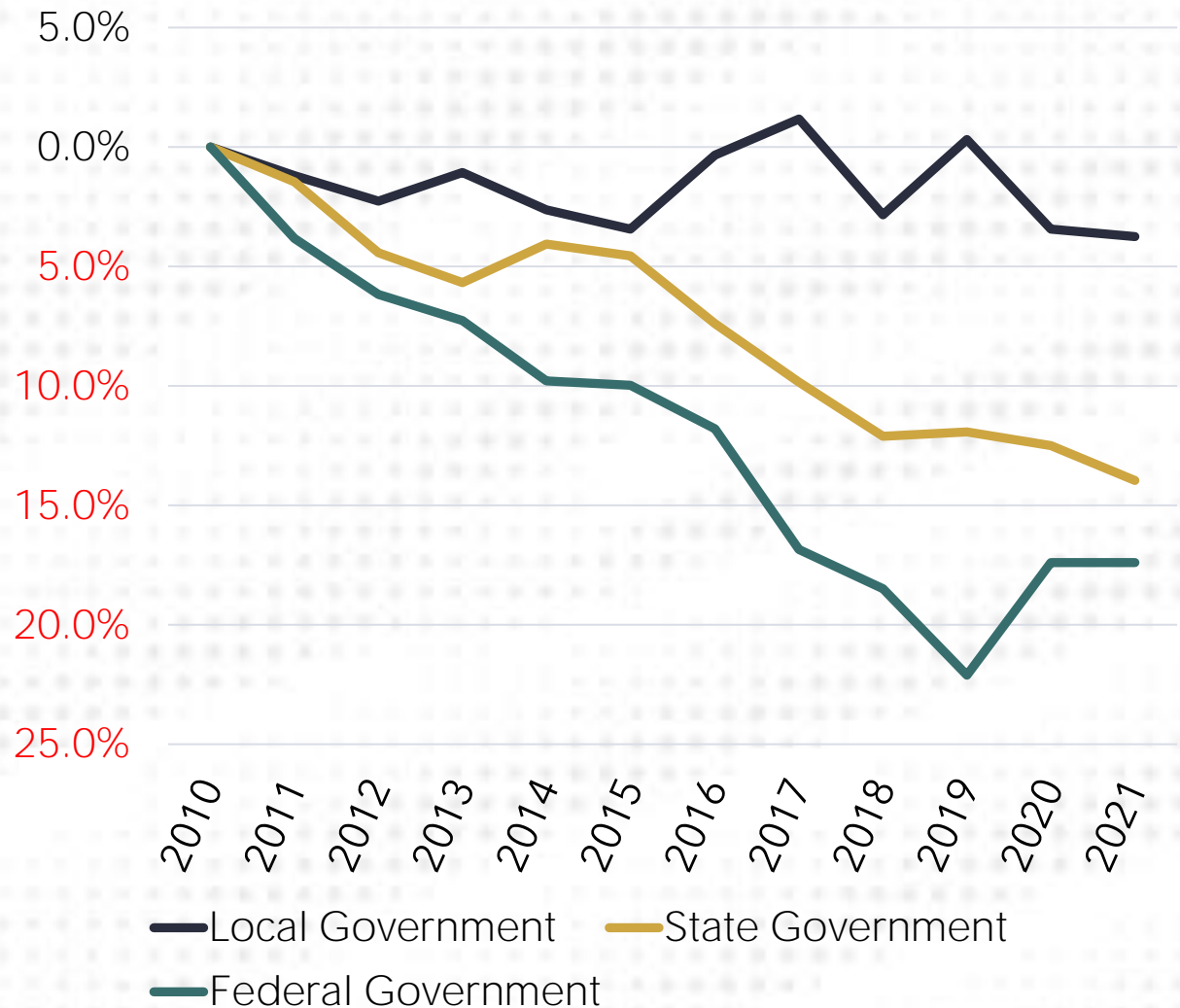
Appendix of
Data

Employment Change Timeline: 2010–2021



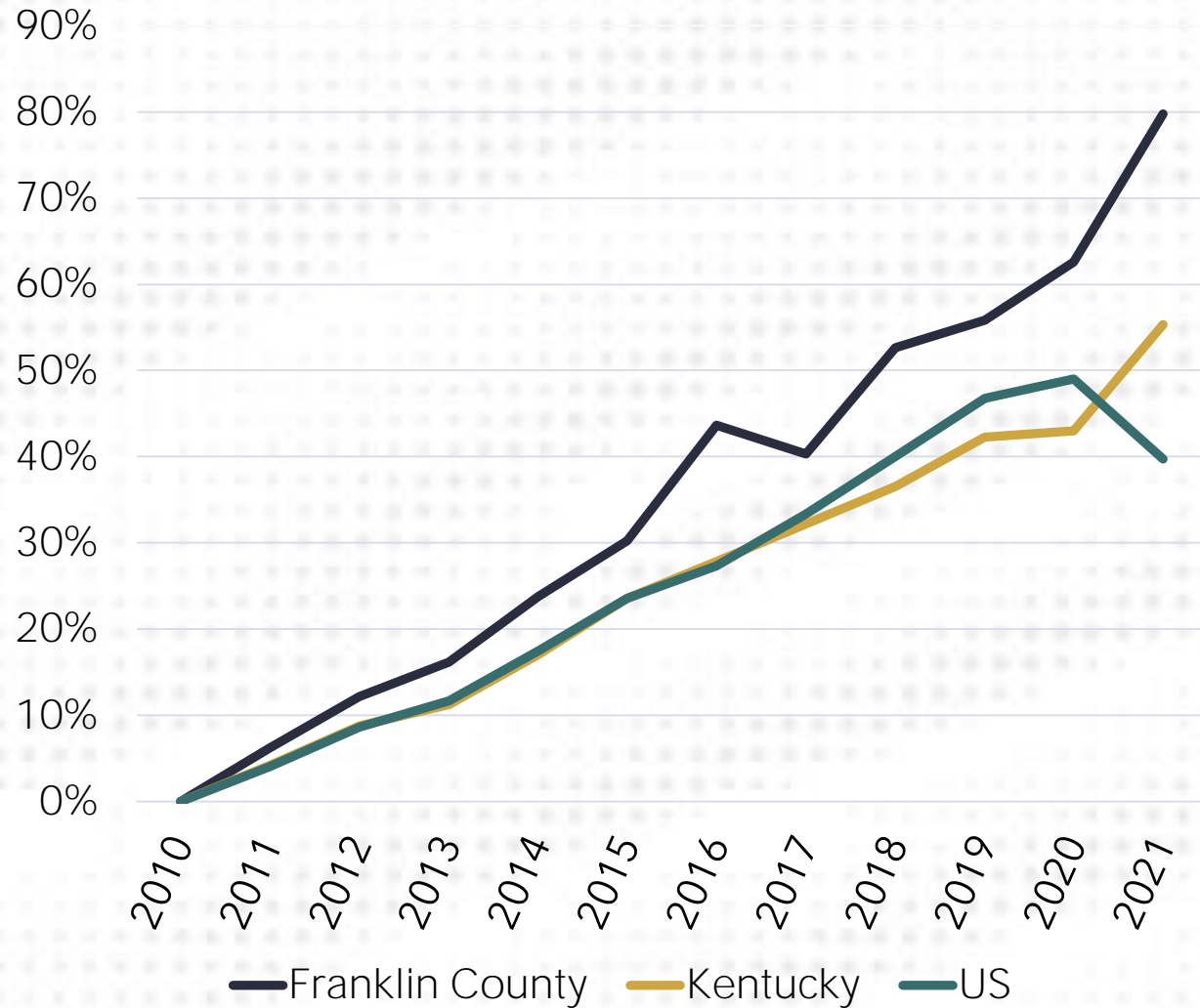
- Franklin County posted strong employment growth (outside of COVID-associated job losses)
- 2019 was strongest single year of employment growth
- Highest employment increases in 2022 in:
 - Administrative and Support and Waste Management and Remediation Services (+466 jobs)
 - Manufacturing (+122 jobs)
 - Health Care and Social Assistance (+116 jobs)

Franklin County Government Employment Change Timeline: 2010–2021



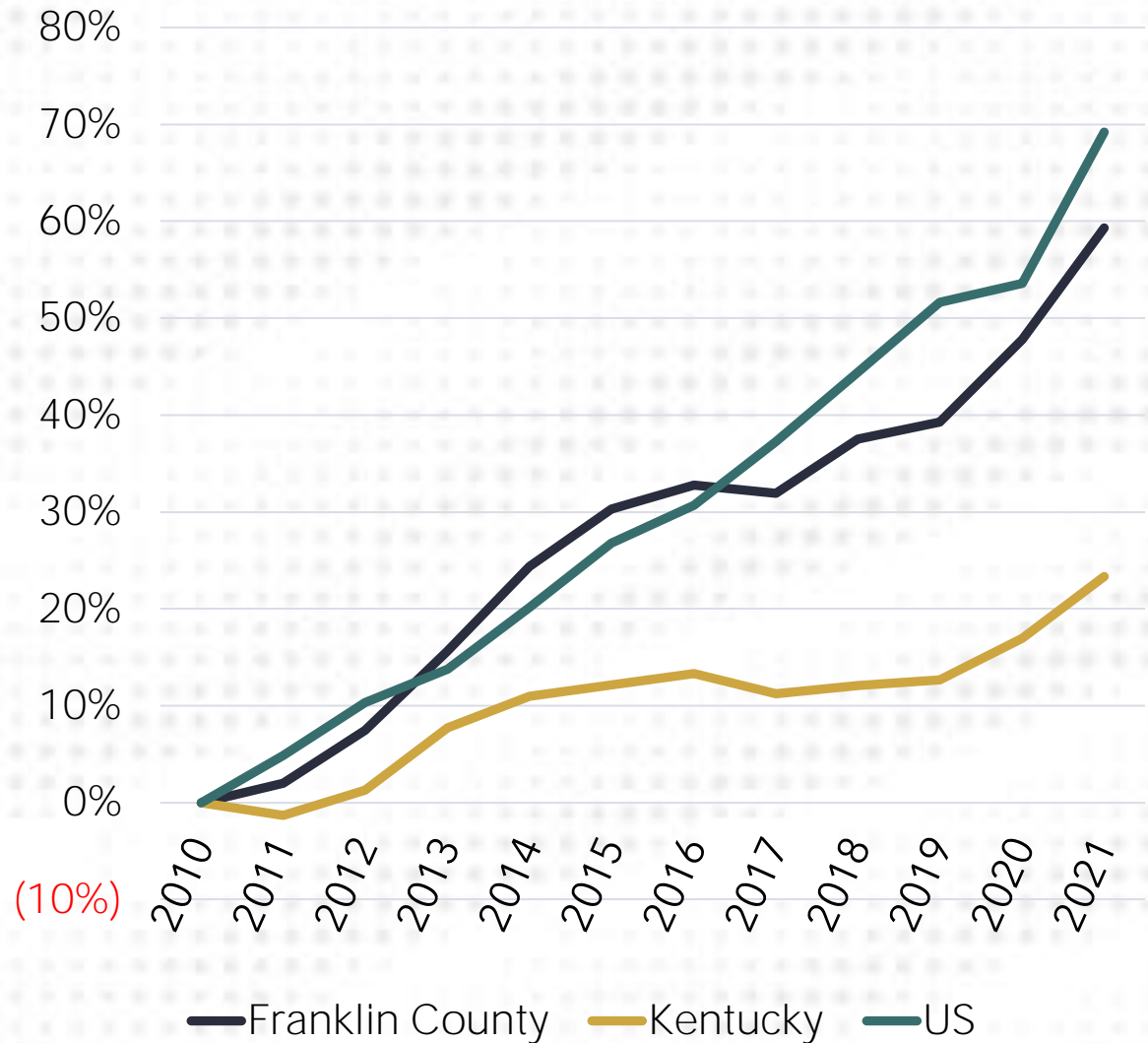
- Government employment as a share of total employment in has been decreasing since 2010 in Franklin County.
- Local government employment has decreased the least relative to 2010 levels, while federal employment has decreased the most, with a 17% decline when compared to 2010 levels.
- This trend runs counter to private sector employment in the County, which has steadily increased since 2010

Earnings Change Timeline: 2010–2021



- Above average earnings growth in Franklin County across past 12-years, in general
- Explosive growth in the county between 2020-21
- Burst in earnings associated with:
 - Admin and support and waste mgmt. and remediation services (+\$72M)
 - Manufacturing (+\$31M)
 - Professional, scientific, and technical services (+\$27M)

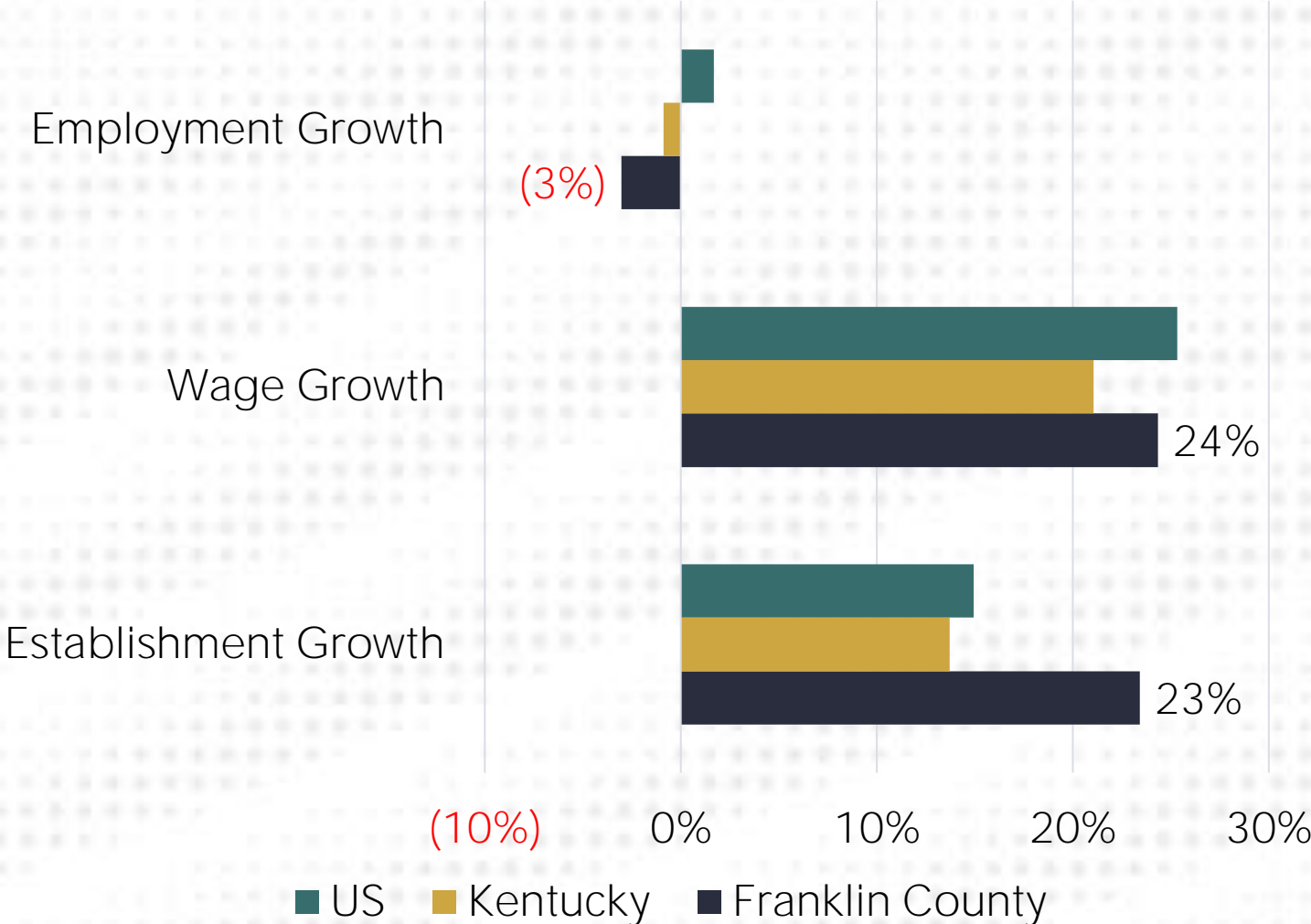
Establishments Change Timeline: 2010–2021



- Franklin County has outperformed Kentucky in business establishment growth
- Surpassed US trendline in 2016
- Top sectors include:
 - Professional, scientific, and technical services (+80 estabs.)
 - Admin and support and waste mgmt. and remediation services (+37 estabs.)
 - Construction (+23 estabs.)

Employment, Earnings & Establishments Growth: 2018– 2022

- In the period between 2018 to 2022, Franklin County saw decreased employment, increases wages and increased establishments
- Above average growth in establishments (i.e., businesses) paired with employment loss.
- Development of more “non-employer” small businesses



Source: US Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2018-2022

Frankfort Employment by Industry, 2022

Industry	Employment	Percent	KY Percent	LQ
<i>Public Administration*</i>	2,911	20.4%	4.4%	4.16
<i>Retail Trade</i>	1,635	11.5%	12.0%	1.06
Health Care/Social Assistance	1,532	10.7%	15.3%	0.74
<i>Accommodation/Food Services</i>	1,520	10.7%	6.4%	1.65
Manufacturing	1,423	10.0%	13.8%	1.04
Educational Services	988	6.9%	9.7%	0.77
Construction	834	5.8%	6.4%	0.82
Admin/Support/Waste Management	590	4.1%	3.5%	1.08
Finance/Insurance	554	3.9%	4.1%	0.81
Professional/Scientific/Tech	529	3.7%	4.9%	0.46
Other Services (Excluding Public)	458	3.2%	4.1%	0.68
Transportation/Warehousing	347	2.4%	6.0%	0.44
Agriculture/Forestry/Fishing	290	2.0%	1.4%	1.67
Arts/Entertainment/Recreation	169	1.2%	1.1%	0.67
Real Estate/Rental/Leasing	150	1.1%	1.4%	0.55
Utilities	139	1.0%	1.2%	1.25
Information	118	0.8%	1.3%	0.42
Wholesale Trade	74	0.5%	2.5%	0.20
Mining/Quarrying/Oil & Gas	7	0.0%	0.4%	0.00
Total	14,268	100.0%	100.0%	--

Source: Esri Business Analyst, 2022

*Public Administration employment in the Frankfort micropolitan area was 9,991 in 2022

Franklin County Employment by Industry, 2022

Industry	Employment	Percent	KY Percent	LQ
<i>Public Administration</i>	4,942	19.7%	4.4%	4.02
Retail Trade	2,836	11.3%	12.0%	1.05
Health Care/Social Assistance	2,652	10.6%	15.3%	0.73
<i>Manufacturing</i>	2,557	10.2%	13.8%	1.06
Accommodation/Food Services	2,051	8.2%	6.4%	1.26
Educational Services	1,902	7.6%	9.7%	0.84
Construction	1,579	6.3%	6.4%	0.89
Professional/Scientific/Tech	1,066	4.2%	4.9%	0.53
Finance/Insurance	1,032	4.1%	4.1%	0.85
Transportation/Warehousing	929	3.7%	6.0%	0.67
Admin/Support/Waste Management	913	3.6%	3.5%	0.95
Other Services (Excluding Public)	695	2.8%	4.1%	0.6
<i>Agriculture/Forestry/Fishing</i>	465	1.9%	1.4%	1.58
Utilities	455	1.8%	1.2%	2.25
Information	275	1.1%	1.3%	0.58
Real Estate/Rental/Leasing	267	1.1%	1.4%	0.55
Arts/Entertainment/Recreation	243	1.0%	1.1%	0.56
Wholesale Trade	227	0.9%	2.5%	0.36
Mining/Quarrying/Oil & Gas	25	0.1%	0.4%	0.25
Total	25,111	100%	100%	--

Source: Esri Business Analyst, 2022

Employment Characteristics

- Public Administration makes up 1 out of every 5 jobs in Frankfort, which is 300%+ higher than the national average.
- Retail and Healthcare each play an important secondary role in both Frankfort and Franklin County.
- Kentucky is the US's 7th most concentrated state in Manufacturing (43% higher than the national average), but not so much in this region.
 - Manufacturing plays a slightly bigger role in the county than the city
- Strength in Government comes at the cost of other industries: region is generally low in Professional, Scientific & Technical Services, Finance & Insurance (although growing in recent years), and Real Estate

Top Employers in Frankfort

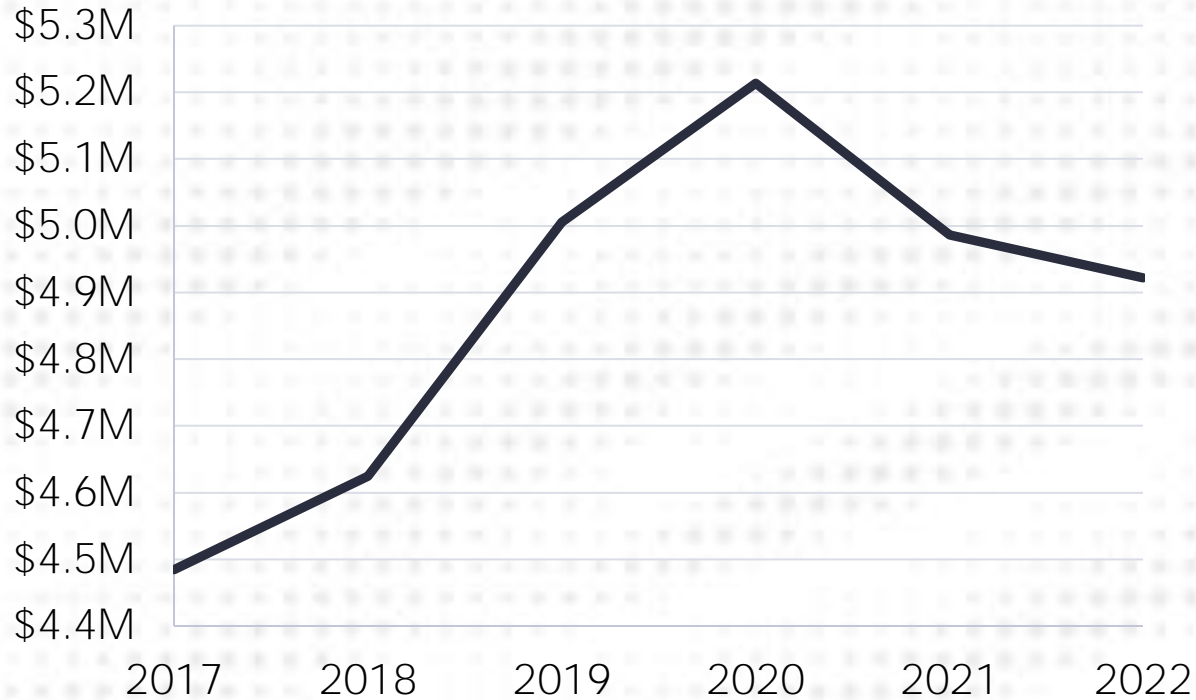
Employer	Estimated Employees
Kentucky State Government	11,210
Franklin County School System	1,000
Montaplast of North America	900
Frankfort Regional Medical Center	728
Buffalo Trace Distillery	600
Kentucky State University	350
City of Frankfort	320
Beam, Inc.	315
Hayashi Telempu North America	310
Franklin County	231

Source: Kentucky Capital Development Corporation, Existing Employers

- The Kentucky State Government is the largest employer in Frankfort (11x the second ranked Franklin County Schools)
- Other government entities in the top 10, including: Franklin County Schools, Kentucky State, and Franklin County
- Multiple large manufacturing businesses including: Montaplast, Buffalo Trace, Beam, and Hayashi

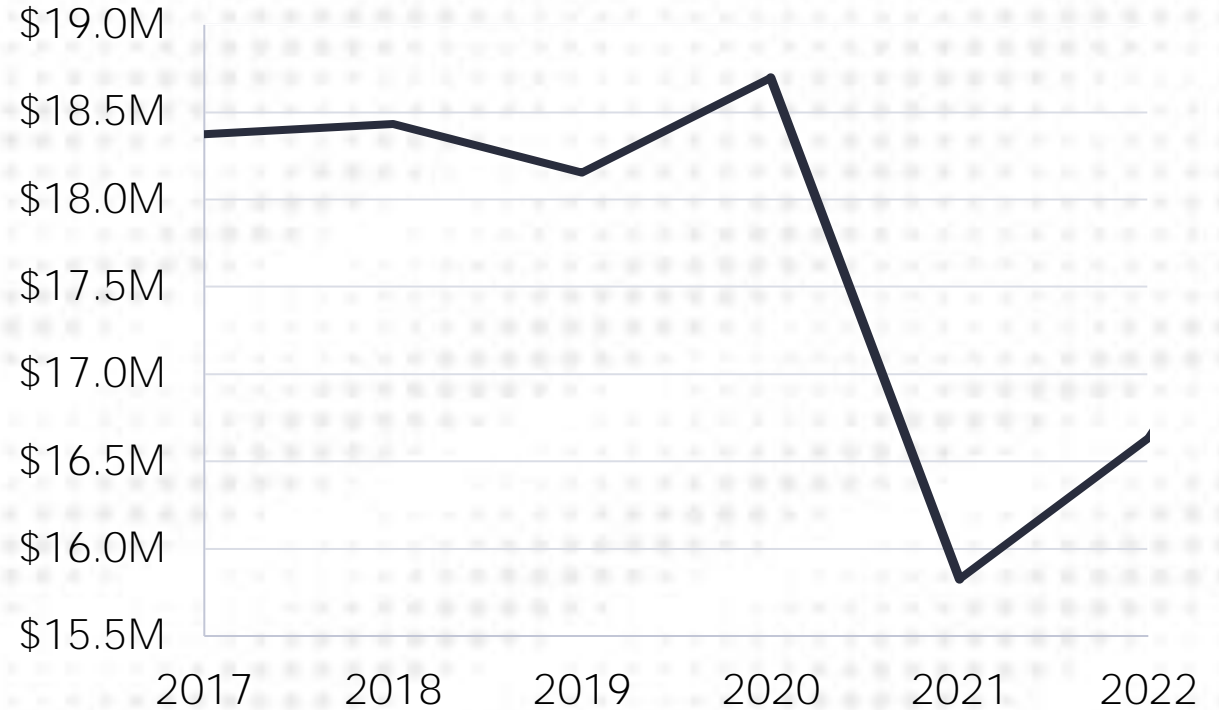
Occupational Tax Revenues

Franklin County



Source: Franklin County Fiscal Court, 2023

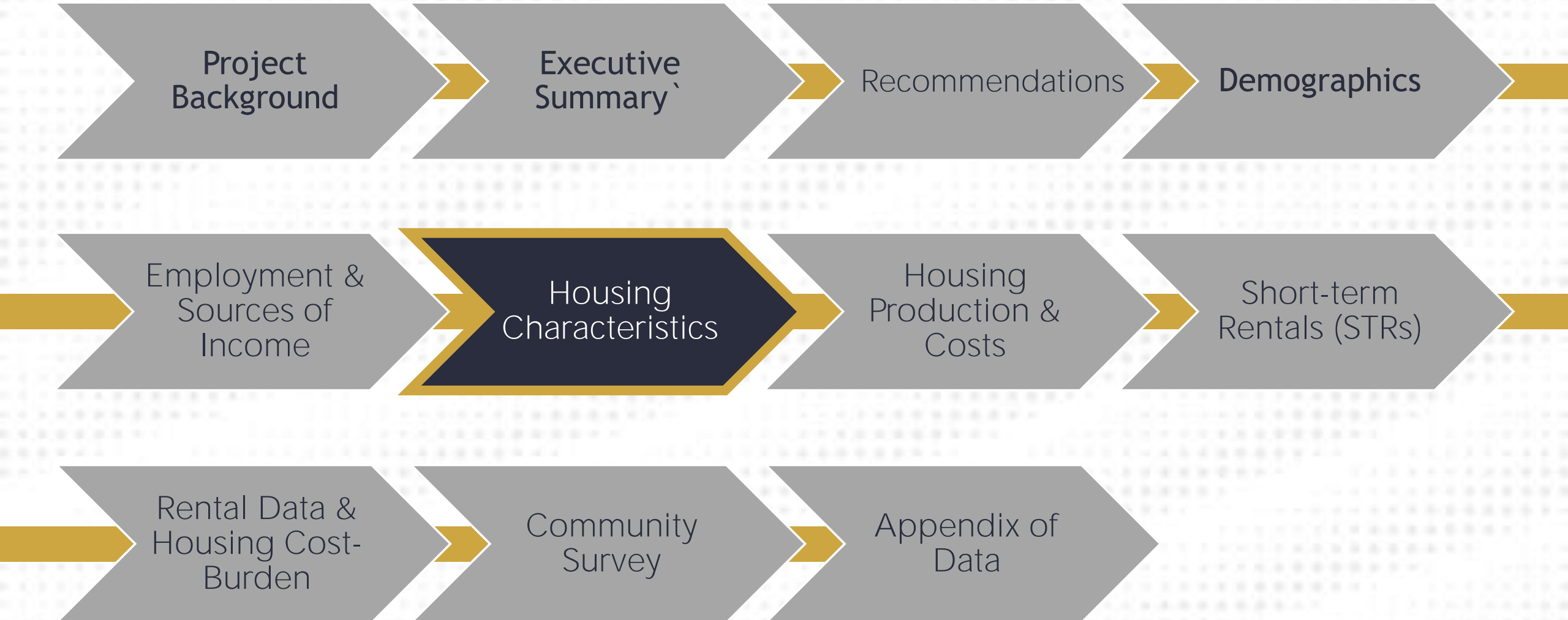
Frankfort



Source: City of Frankfort, Finance & Budget Department 2023

- Occupational tax revenues have gone down from their peak in 2020 in both Franklin County and the City of Frankfort.
- The COVID pandemic allowed workers to work remotely in locations outside of the County and the City, which has led to a decrease of around \$300K in revenues in the County since 2020, and a loss of around \$2M in Frankfort.

Housing Characteristics



Types of Housing

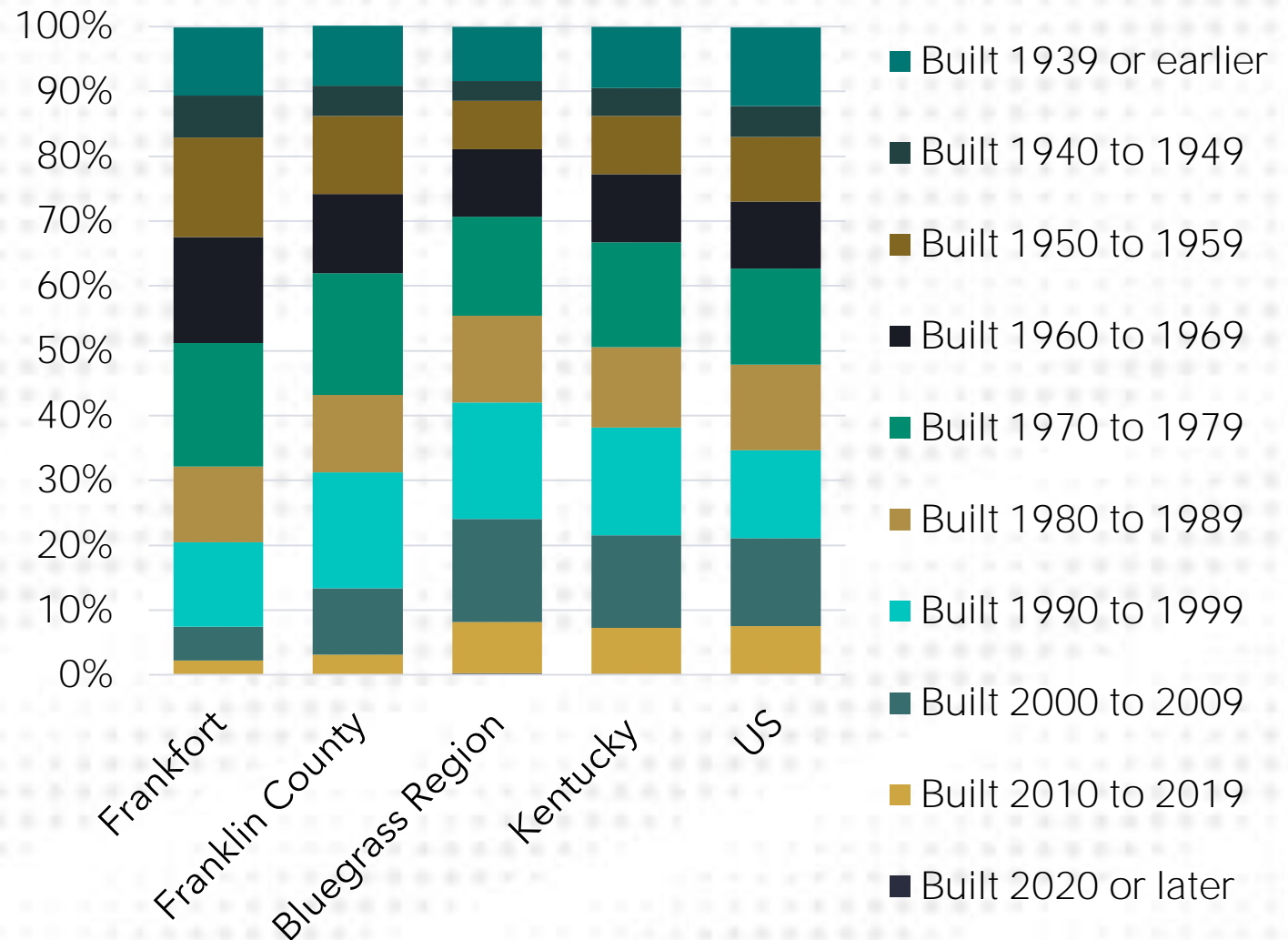
Housing Type	---Frankfort---		---Franklin County---		Kentucky	US
	#	%	#	%	%	%
Occupied housing units	12,559	--	22,247	--	--	--
1, detached	6,545	52.1%	14,509	65.2%	69.2%	62.7%
1, attached	455	3.6%	607	2.7%	2.8%	6.2%
2 apartments	811	6.5%	948	4.3%	2.8%	3.3%
3 or 4 apartments	1,679	13.4%	1,790	8.0%	4.2%	4.2%
5 to 9 apartments	1,098	8.7%	1,156	5.2%	4.5%	4.5%
10 or more apartments	1,740	13.9%	1,810	8.1%	6.6%	13.6%
Mobile home or other	231	1.8%	1,427	6.4%	9.9%	5.4%

Source: American Community Survey, 5-Year Estimates (2017-2021), Table S2504

- Majority of housing is single-family attached: Frankfort: 52%, Franklin County: 65%
- Frankfort is near the national average in large multifamily complexes (14% of units)
- Majority of mobile homes in Franklin County are outside of Frankfort

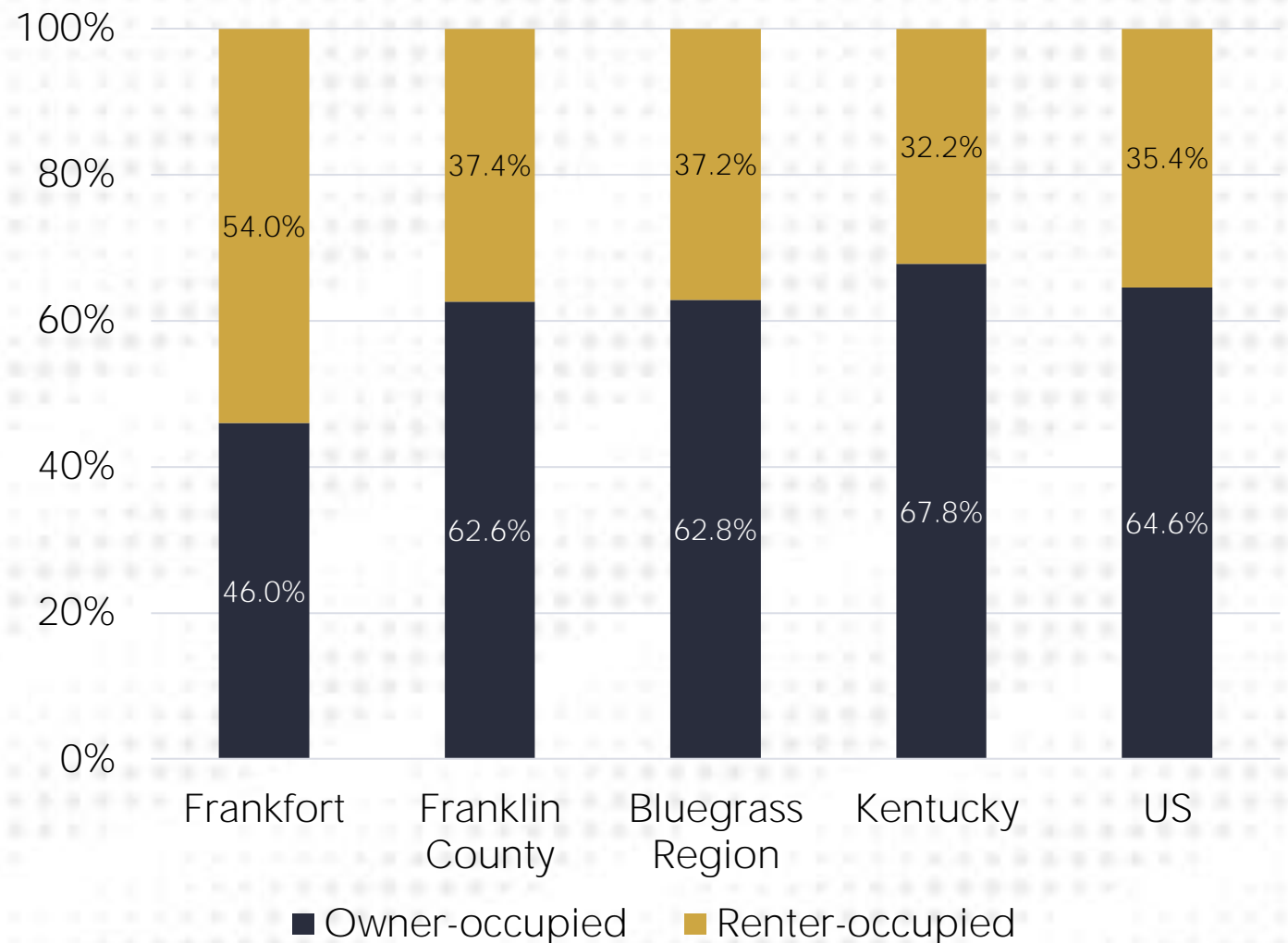
Age of Housing Stock

- Frankfort's 'boom' period was the 1970s, resulting in a lot of housing stock in need of repair and maintenance
- 1990's onward housing development shifted outside of Frankfort and into Franklin County
- Bluegrass Region boomed during 1990s
- Both Frankfort and Franklin County trailing US and state production from 1990-onward



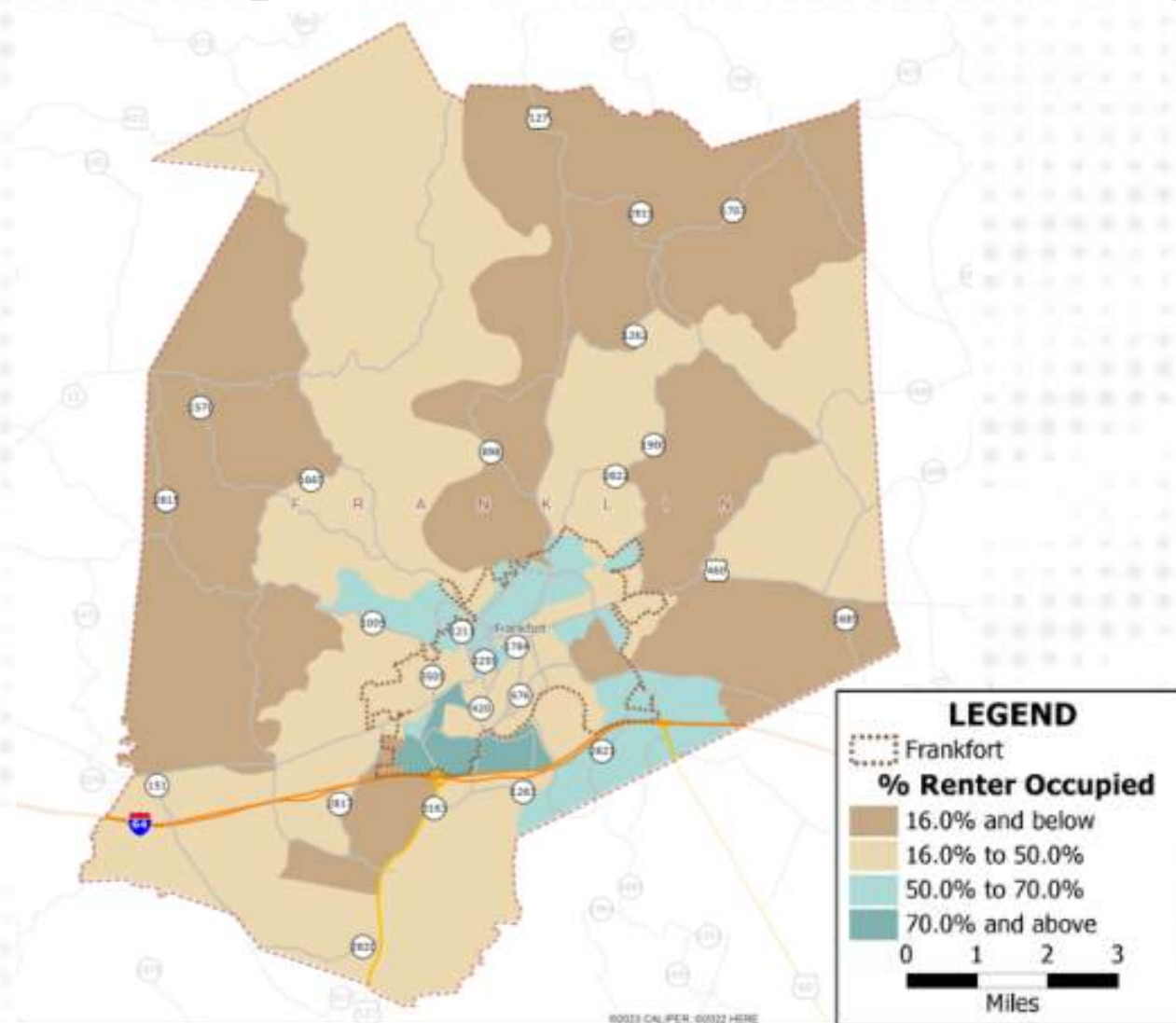
Home Tenure: Owner vs. Rental Occupancy

- Frankfort is unusually high in renter-ship (54% of units)
- Higher than most other Bluegrass Area cities:
 - Lexington: 46%
 - Danville: 44%
 - Berea: 49%
- Franklin County more typical at 37%



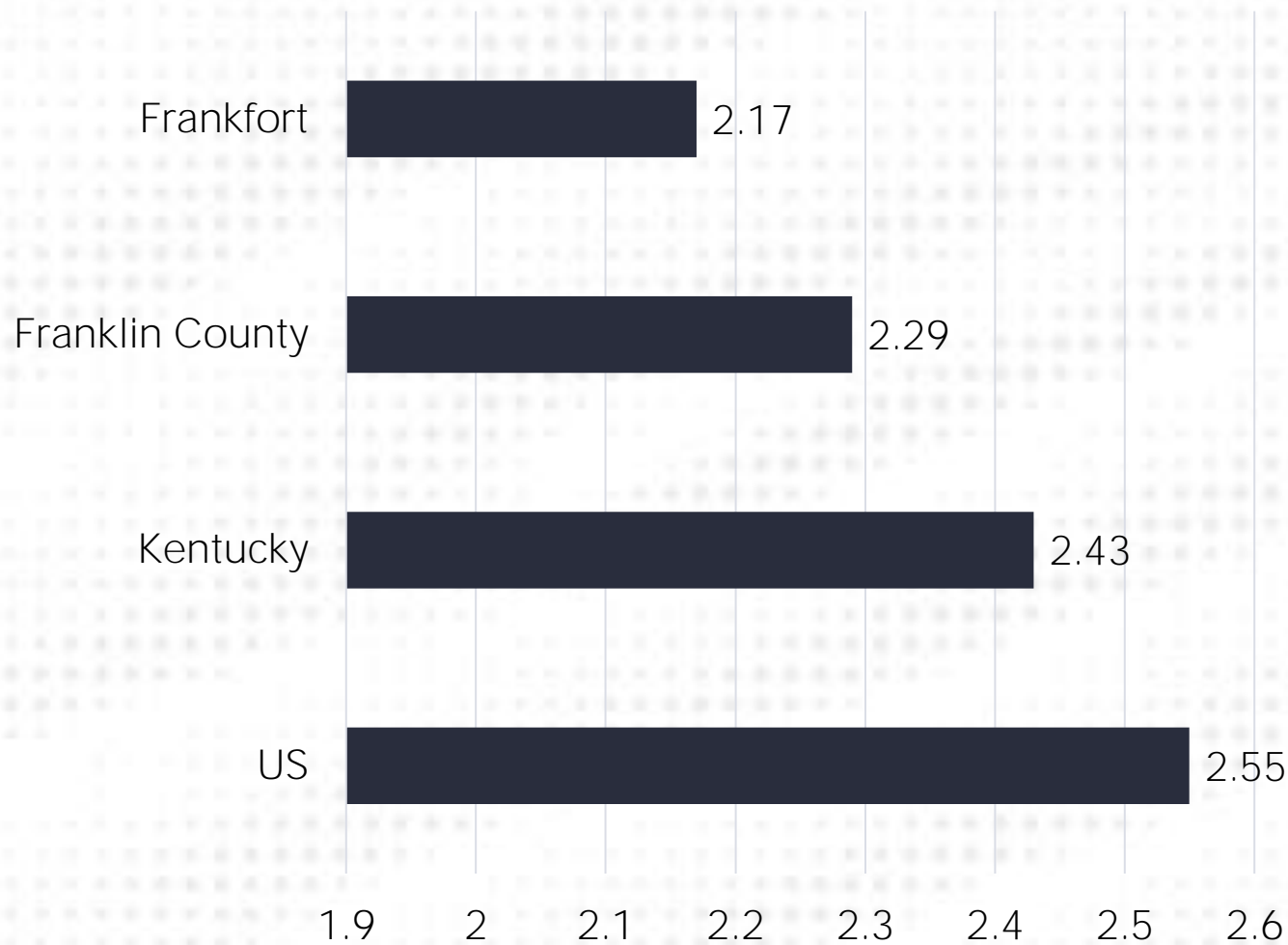
Source: American Community Survey, 5-Year Estimates (2017-2021), Table DP04

Map of Renter–Occupied Units



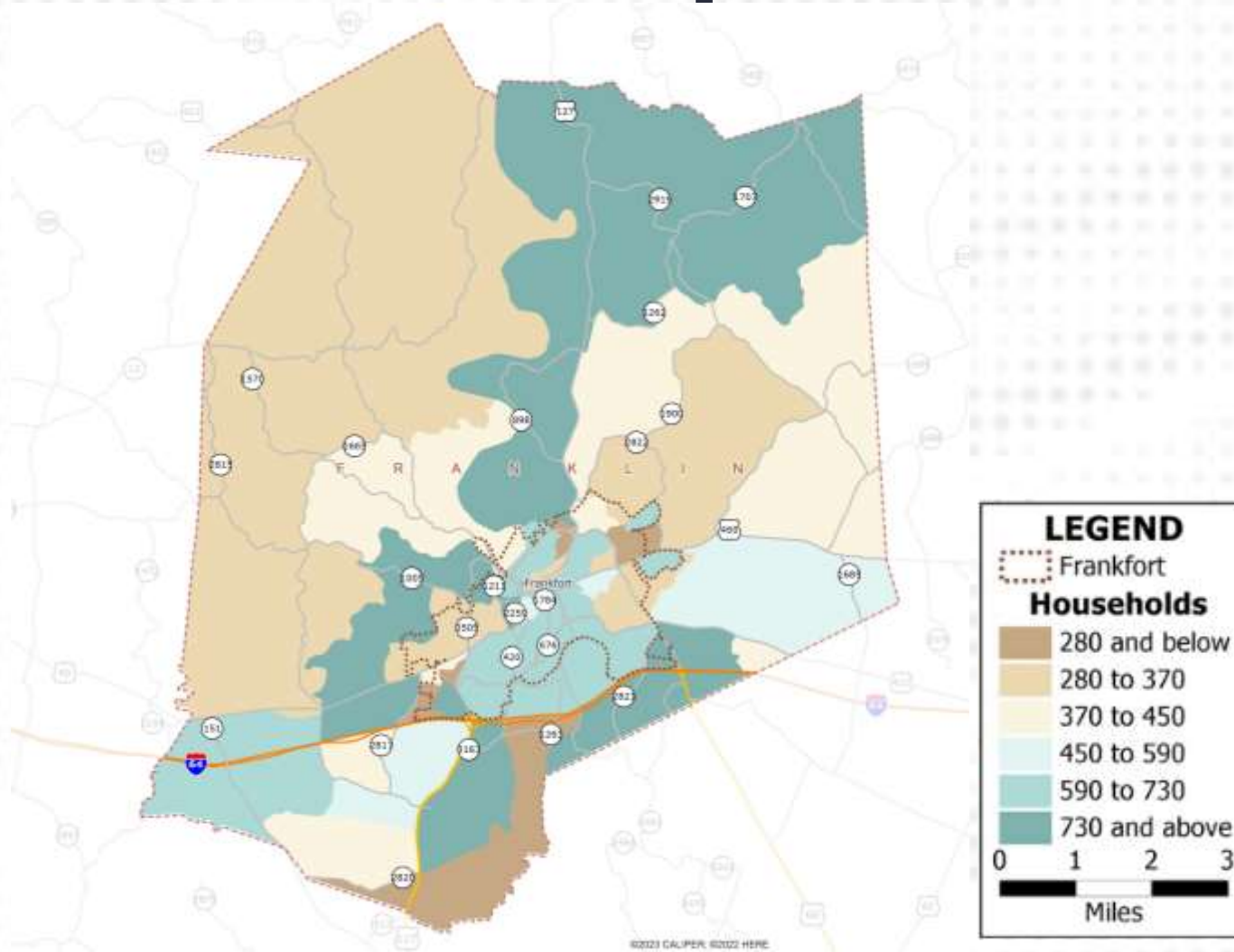
- Most renter-occupied units in Frankfort are concentrated in the southwest portion of town, where 70% or more are renter-occupied.
- The highest rates of renter-occupied units in Franklin County are in the southeast, around Interstate 64.
- On the other hand, the highest concentration of owner-occupied units in Frankfort are on the eastern side of the city, to the west of US 421.
- Portions of the west, north, and east of Franklin County have the highest rates owner-occupied units.

Occupancy Per Household



- Frankfort has unusually low persons per household
- Signals opportunity for small units such as studios, one-bedrooms, and condominiums
- Since 1990 change in occupancy per household:
 - Frankfort: (0.09)
 - Franklin County: (0.15)
 - Kentucky: (0.17)
 - USA: (0.08)

Households per Census Block



- The areas with the highest concentration of households in the City of Frankfort are to the west of Lawrenceburg Road and in the Capitol District.
- In Franklin County, the highest household densities can be found in the north and central portions of the county, while household density is sparser toward the

Source: U.S. Census Bureau - Total households Estimate - 2021 5-Year ACS: DP2001

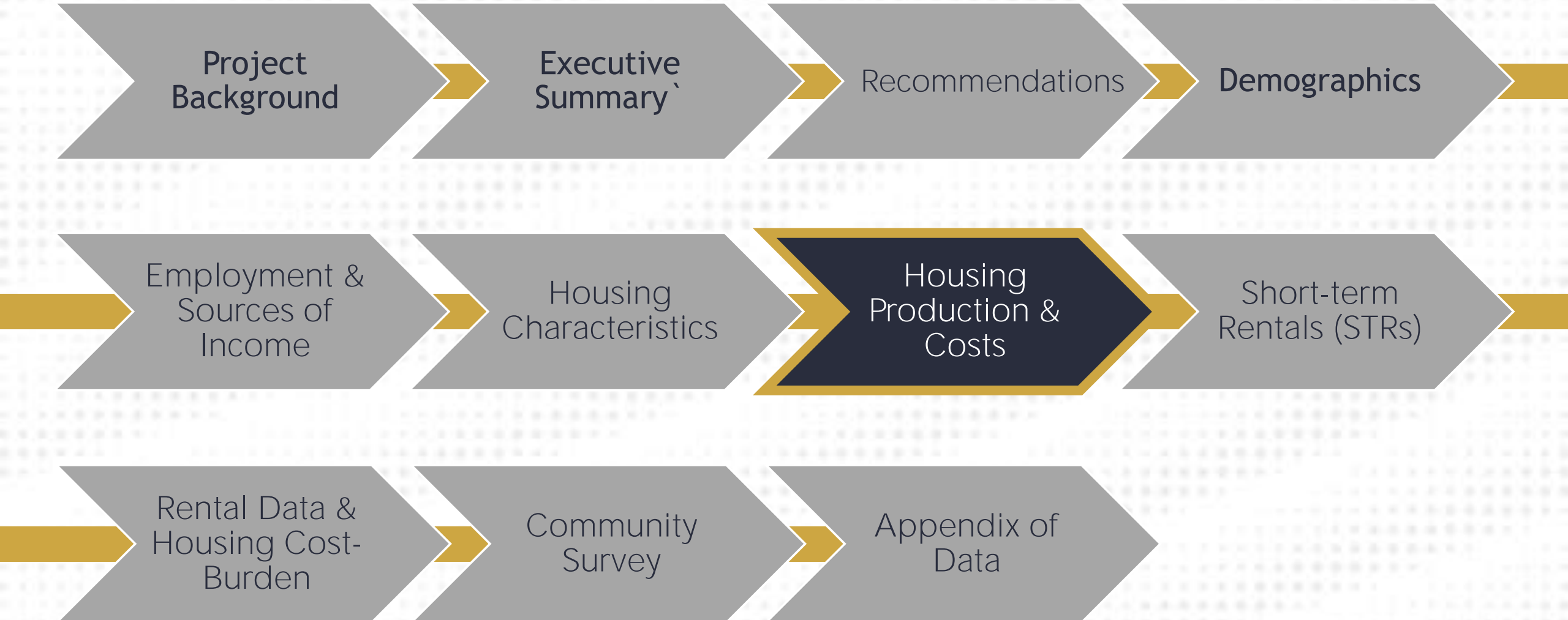
Homeownership by Race/Ethnicity

Race/Ethnicity	Frankfort	Franklin County	Kentucky	US
White	23.5%	44.7%	27.9%	27.6%
Black or African American	9.6%	38.7%	14.0%	15.0%
American Indian and Alaska Native	14.7%	11.1%	9.2%	14.3%
Asian	2.0%	31.3%	13.8%	19.0%
Native Hawaiian and Other Pacific Islander	0.0%	0.0%	5.3%	10.7%
Some other race	1.4%	22.0%	5.5%	9.4%
Two or more races	16.8%	52.7%	17.7%	28.0%
Hispanic or Latino origin	4.5%	24.4%	9.8%	13.4%

Source: American Community Survey, 5-Year Estimates (2017-2021), Table S2502 and B25001

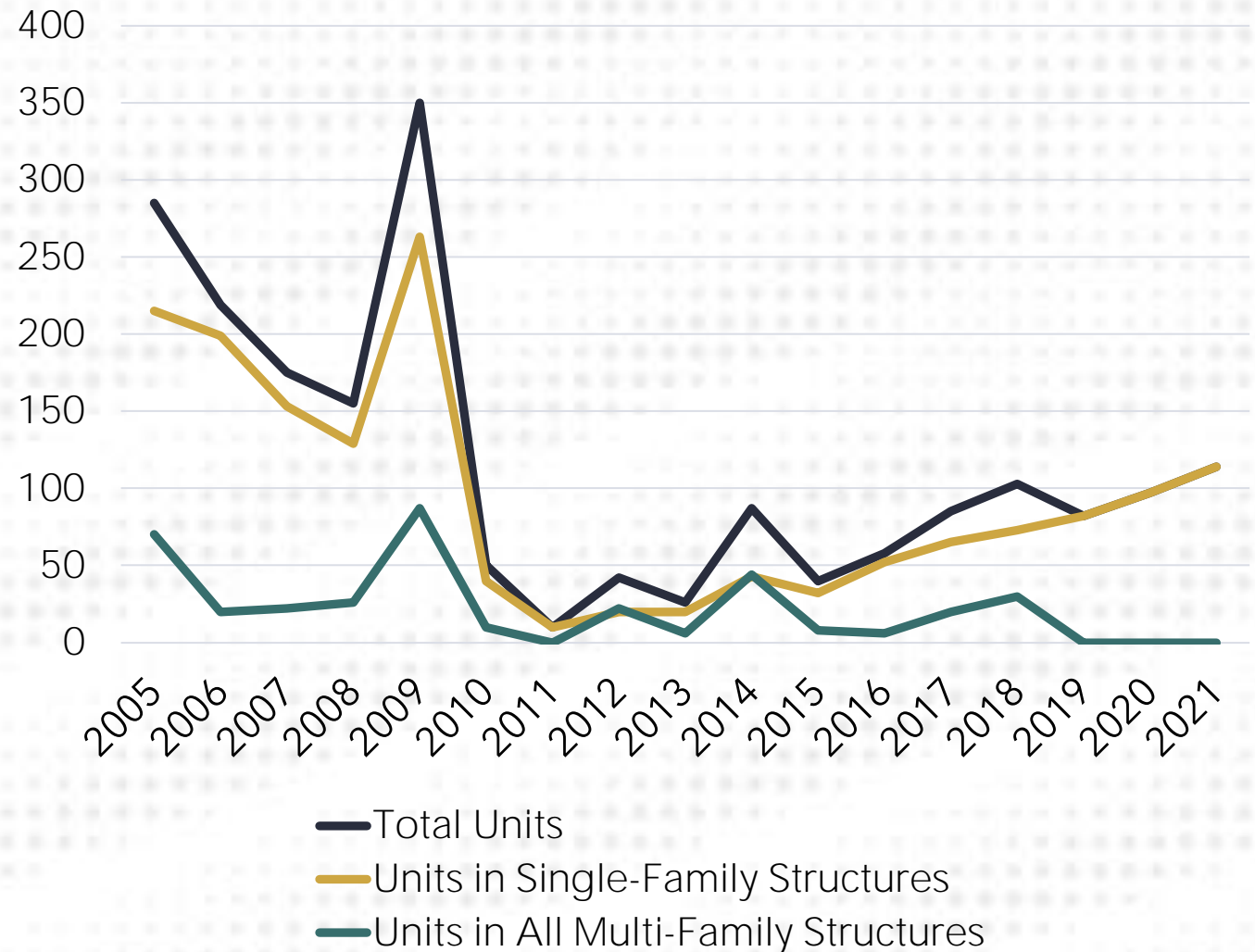
- This table shows homeownership rates by the total number of residents in each geography. Those who identify as being of two or more races have the highest proportional homeownership rate in Franklin County, since 755 out of 1,433 of them own a home. That demographic also has high ownership rates in Frankfort, but most homeowners are white (24%).
- It is also noteworthy that, in proportional terms, Franklin County has a higher black and latino homeownership rate than the nation or the state, while American Indian in Alaska Natives in the City of Frankfort also have higher rates of homeownership than the other regions shown

Housing Production & Costs



Franklin County Housing Permit Trends

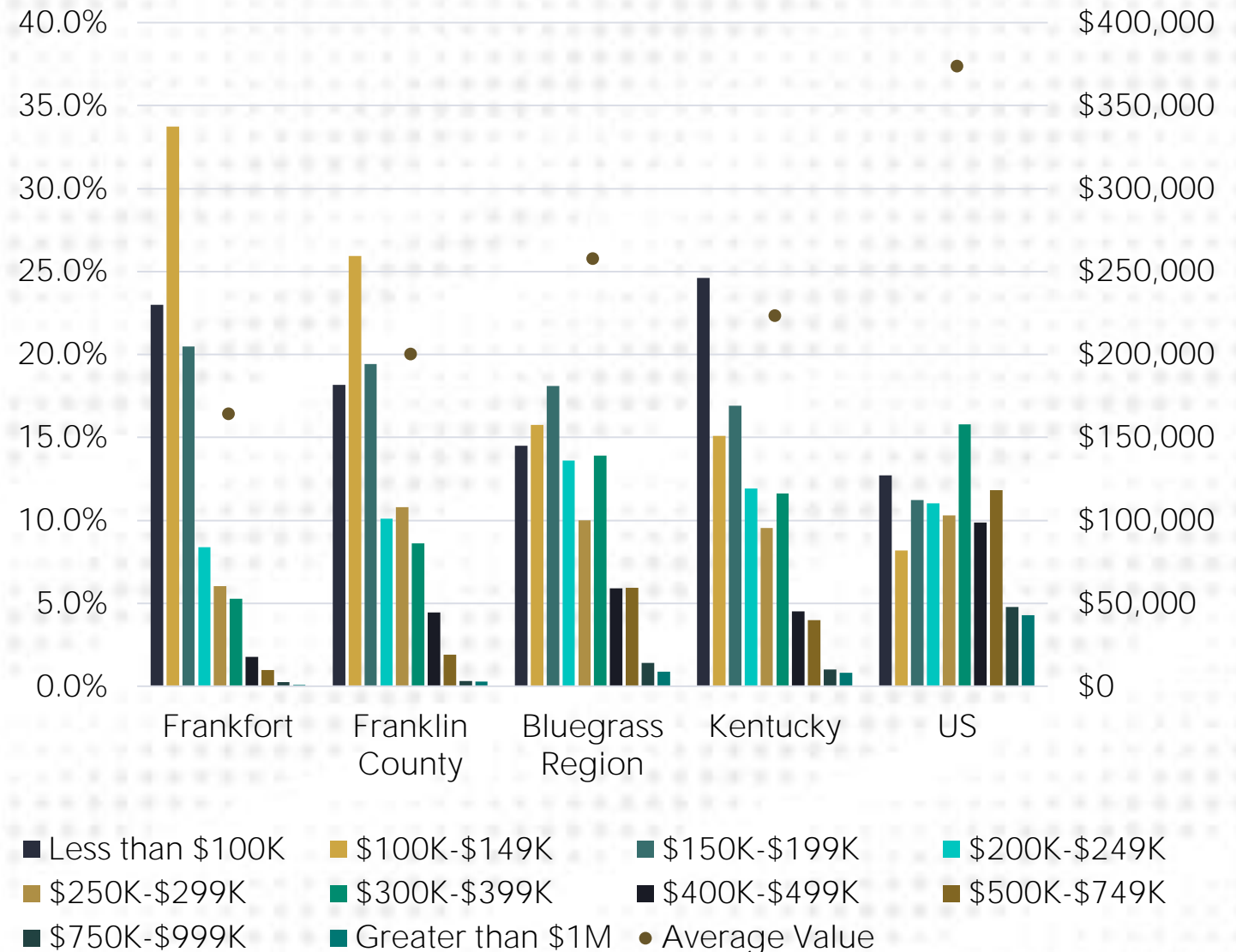
- Like most communities, SFH development is more consistent
- Biggest years for MFH units include 2009, 2014, and 2018
- SFH development has increased 470% between 2012 and 2021, by comparison:
 - Kentucky: 81.8%
 - United States: 115%



Source: U.S. Census Bureau, Building Permits Survey via <https://socds.huduser.gov/permits/>

Owner-Occupied Housing Units by Value

- Median home values are far lower in Frankfort than all benchmark groups:
 - Median of \$164K
 - Mode of \$100K-\$149K
- Home values are more evenly distributed in the Bluegrass Region
- Fewer units worth <\$100K in Frankfort & Franklin County than Kentucky, overall
- Higher regional prices and proximity to metro areas are part of the incentive driving more residents to Franklin County



Source: Esri Business Analyst, Housing Profile, 2022.

Owner Occupied Units by Value and Median Home Value

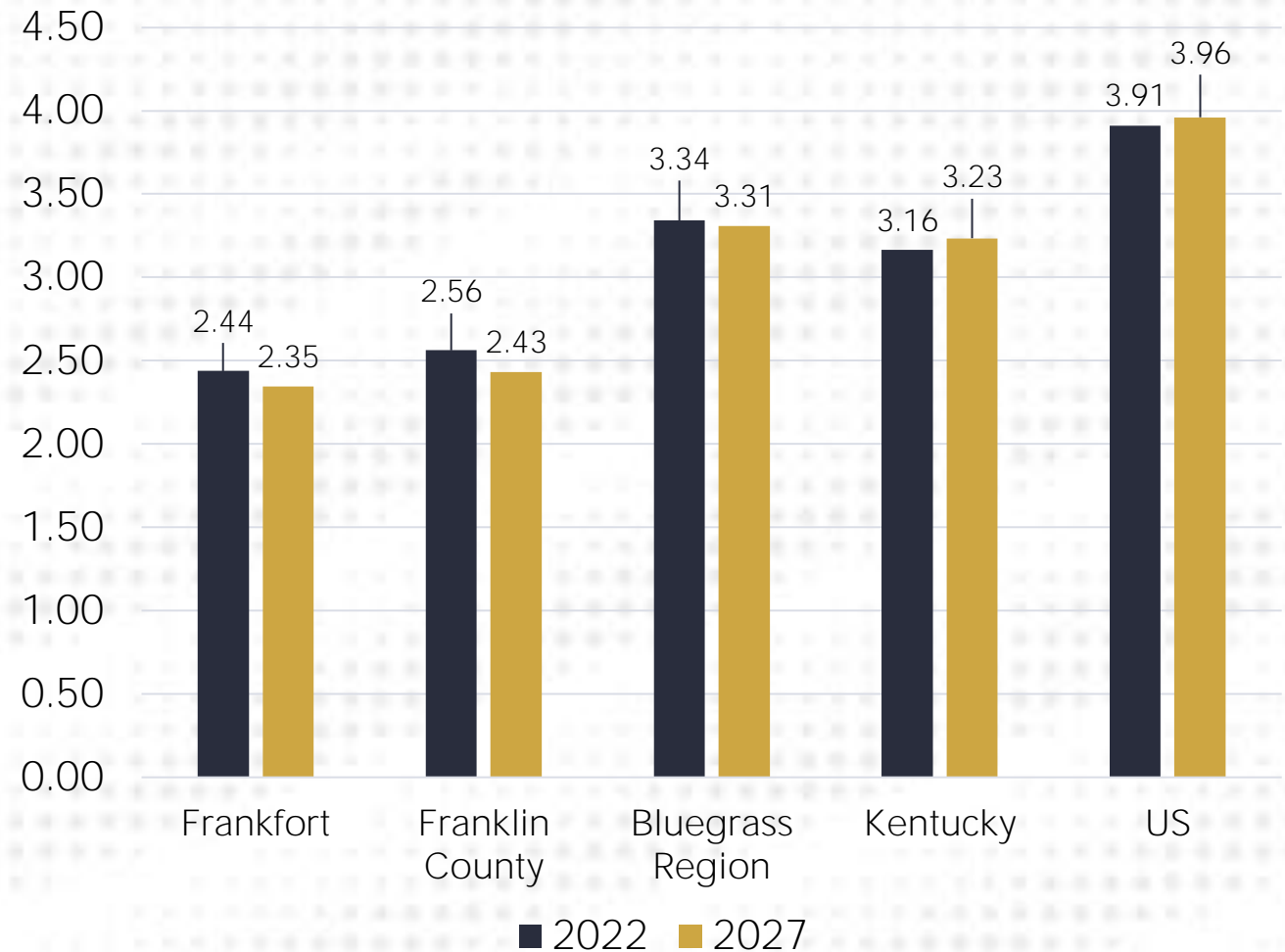
Cost	---Frankfort---		---Franklin County---		Kentucky	US
	#	%	#	%	%	%
<\$50K	414	6.0%	804	5.7%	10.1%	5.2%
\$50K-\$99K	1,183	17.0%	1,766	12.5%	14.5%	7.5%
\$100K-\$149K	2,343	33.8%	3,668	25.9%	15.1%	8.2%
\$150K-\$199K	1,422	20.5%	2,746	19.4%	16.9%	11.2%
\$200K-\$249K	581	8.4%	1,428	10.1%	11.9%	11.0%
\$250K-\$299K	418	6.0%	1,525	10.8%	9.5%	10.3%
\$300K-\$399K	366	5.3%	1,220	8.6%	11.6%	15.8%
\$400K-\$499K	123	1.8%	630	4.5%	4.5%	9.9%
\$500K-\$749K	68	1.0%	267	1.9%	4.0%	11.8%
\$750K-\$999K	18	0.3%	43	0.3%	1.0%	4.8%
\$1M-\$1.49M	0	0.0%	9	0.1%	0.3%	2.3%
\$1.5M-\$1M	0	0.0%	0	0.0%	0.2%	0.9%
\$2M+	6	0.1%	33	0.2%	0.2%	1.1%
Median Home Value	\$139,991	---	\$165,140	---	\$180,430	\$283,272

Source: Esri Business Analyst, Housing Profile, 2022

- Values are now considerably higher, but distribution of values is still telling.
- Lack of inventory in the \$300K+ range in Frankfort leads “move-up” residents to relocate to the County or to be stuck in their existing homes, which can bottle-up inventory for all buyers

Median Home Value to Median Household Income Ratio

- In simple terms, home values in Frankfort are 2.44 times higher than median household income in 2022
- Increasing income in Frankfort & Franklin County causing value to income ratio to *drop* in past 5-years
 - i.e.: incomes increasing faster than home prices are increasing
- Frankfort is more “affordable” than the Bluegrass Region, Kentucky and the United States
- Affordability will continue to attract residents from KY and other Bluegrass area locations



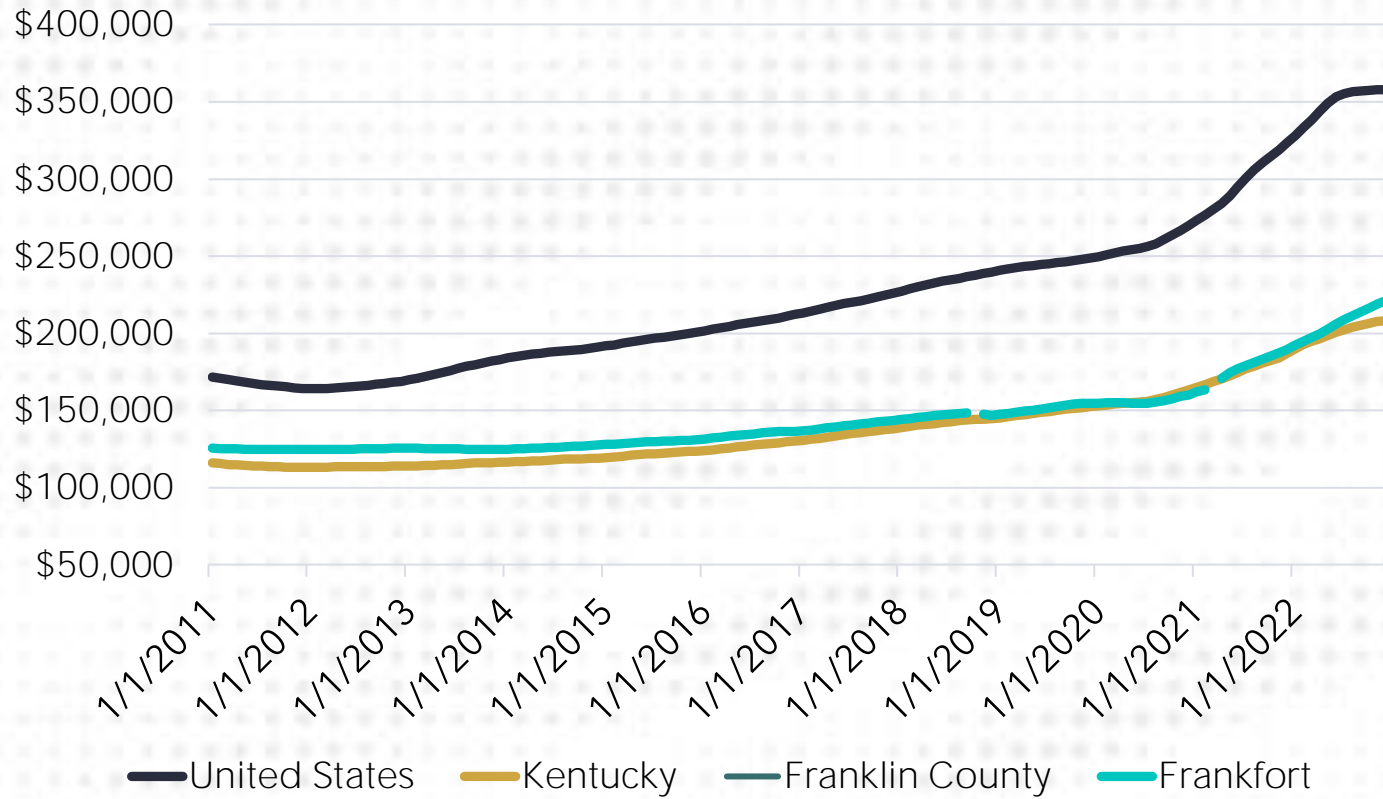
Source: Points Consulting using Esri Business Analyst, Housing Profile, 2022.

Median Home Value, Median HHI, and Price-to-Income Ratio

Region	Median Household Income, 2022	% Change, '18-'22	Median Home Value, 2022	% Change, '18-'22	Ratio Change
Frankfort	\$57,415	18.5%	\$139,991	8.5%	(0.23)
Franklin County	\$64,432	17.0%	\$165,140	14.8%	(0.05)
Kentucky	\$57,014	17.8%	\$180,430	20.4%	0.07
US	\$72,414	20.1%	\$283,272	24.8%	0.15

- The median HHI in the state, county, and the city have increased, albeit at a slightly lower rate than the national level
- The same is true for median home values, with values growing significantly less in Frankfort when compared to the state and the US.
- In fact, the price-to-income ratio had a small decrease in the period between 2018 and 2022 in the city and the county.

Home Value Growth Over Time



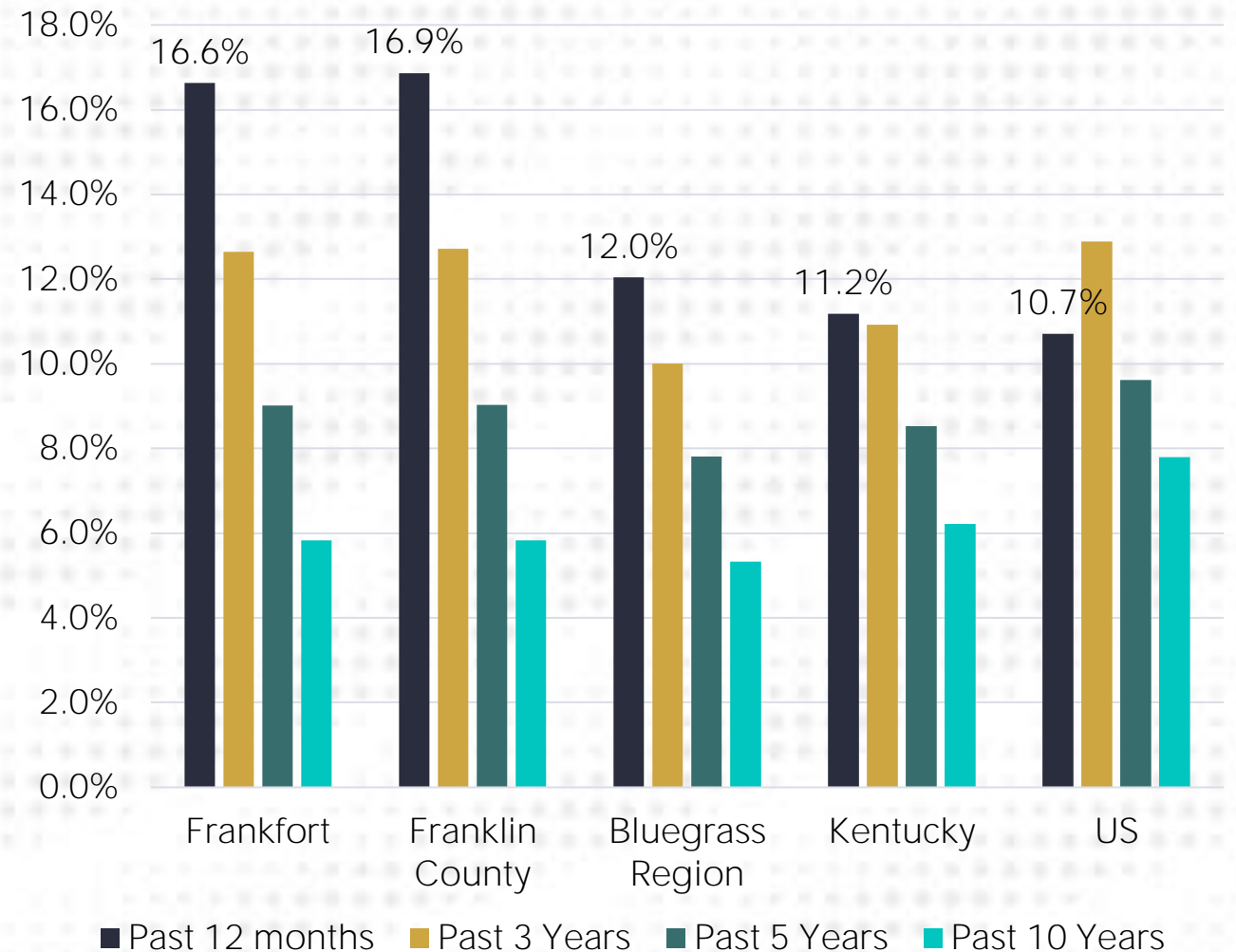
- Zillow measures value of all homes, not just the value of homes sold
- Frankfort and Franklin County are essentially overlapping
- US cost escalation has tapered off since summer 2022, but not in the City and County

Region	ZHVI	Dollar Growth Past 12 Months	-----Compound Ann. Growth Rates (CAGR)-----		
			10 Years	5 Years	3 Years
Frankfort	\$221,139	\$31,532	5.8%	9.0%	12.6%
Franklin County	\$221,697	\$31,983	5.8%	9.0%	12.7%
Kentucky	\$208,108	\$20,938	6.2%	8.5%	10.9%
US	\$357,906	\$34,623	7.8%	9.6%	12.9%

Source: Points Consulting Using Zillow ZHVI

Compound Annual Growth for Home Values over Time

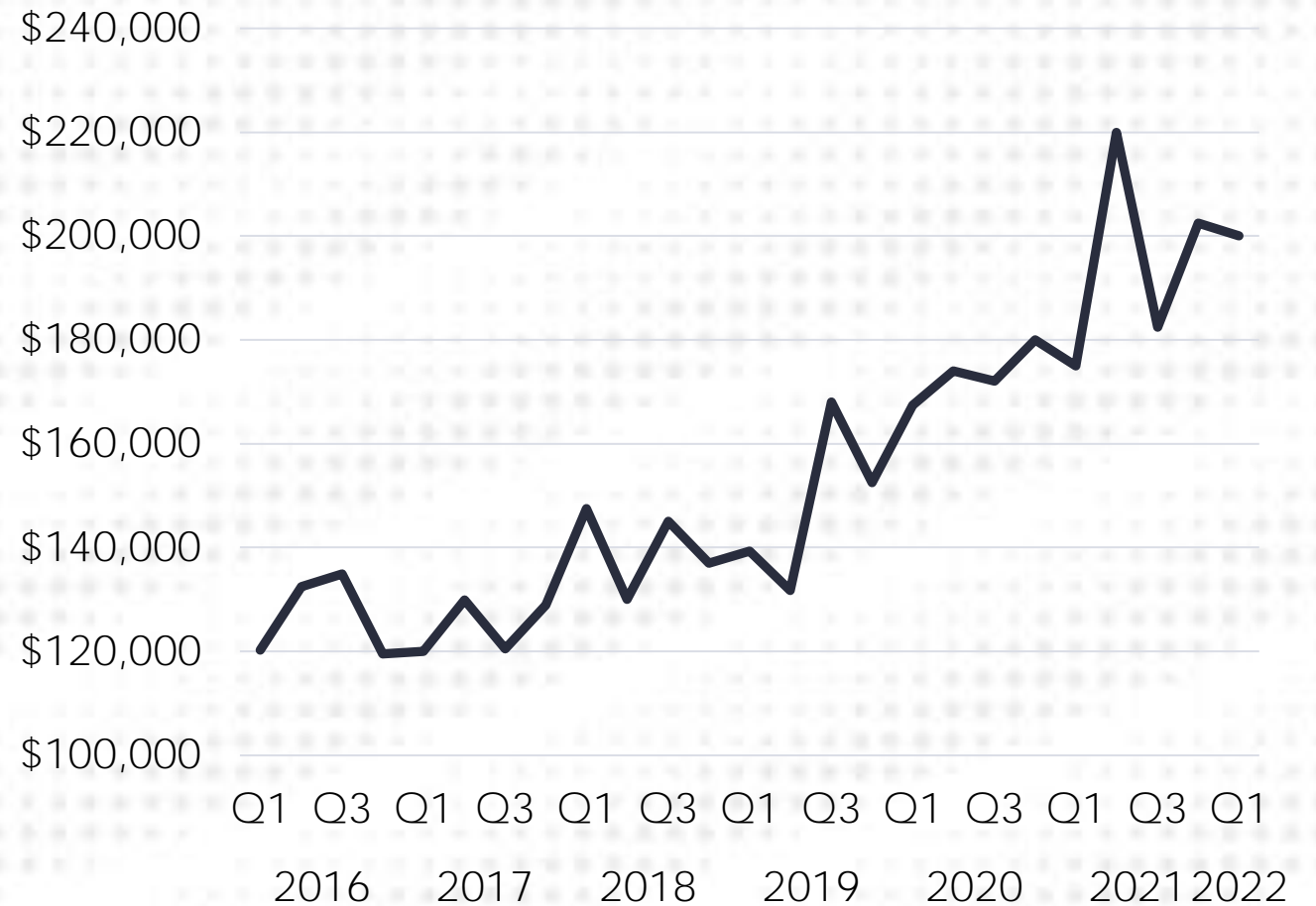
- 1-Year price escalation in Frankfort and Franklin County far exceeds Bluegrass Region
 - Frankfort: 17%
 - Franklin County: 17%
 - Bluegrass Region: 12%
 - Kentucky: 11%
 - USA: 11%
- 3-year price escalation in City and County surpasses Kentucky, and similar to USA benchmarks
- Newcomers and STR owners are clearly driving up home values for rank-and-file citizens



Source: Points Consulting Using Zillow ZHVI

Franklin County Median Sales Price Over Time

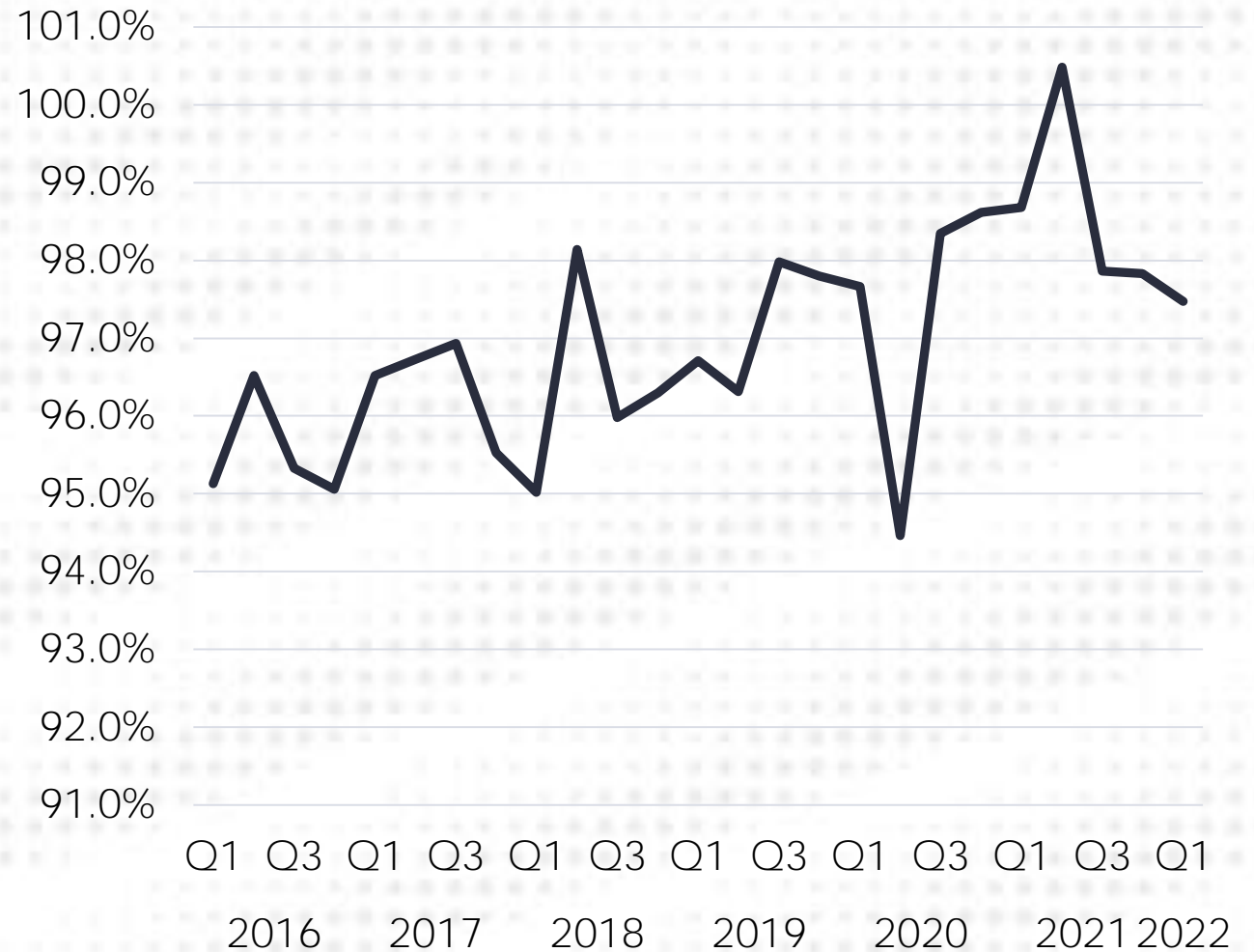
- Median sales price increased by \$54,583 (or 38.9%) over past 3-years
- Spike in sales prices occurs in summer months
- Single unit inventory in January 2022 was 133 units less than the inventory in January 2017



Source: Bluegrass Realtors Housing Statistics, 2016-2022.

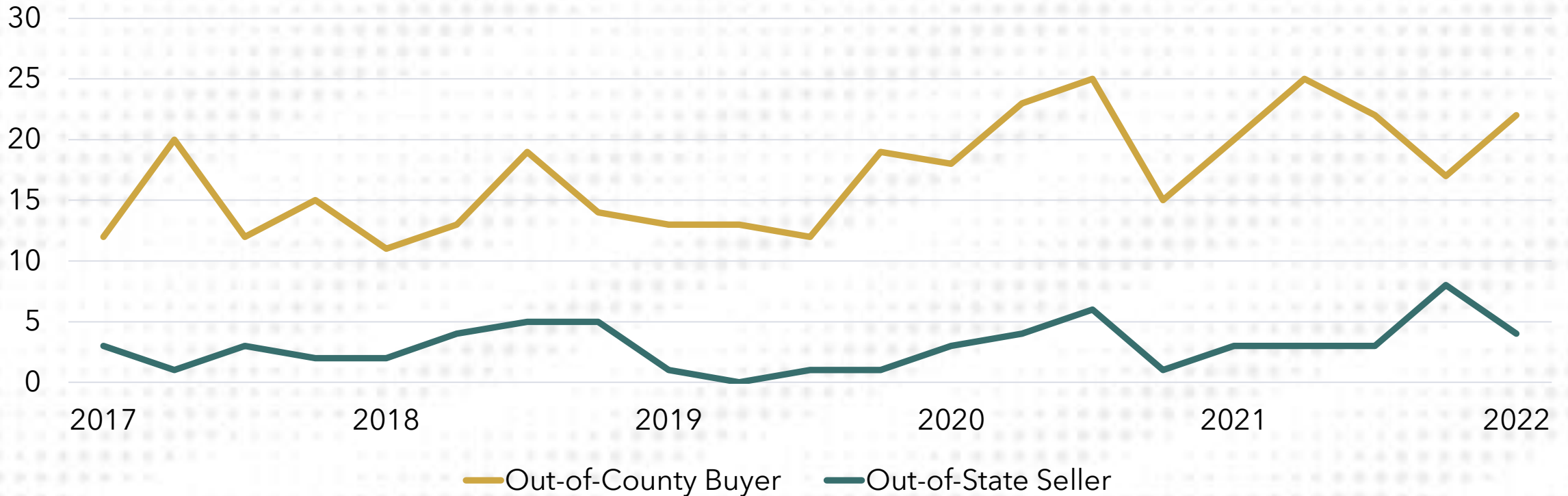
Franklin County Percentage of Listing Price

- Historically, homes sell for less than list price (average of 96.6% from 2016-2020)
- Jumped to over list price 100.5% in Q2 2021 and back to sub 100% in subsequent months
- Although the market heated up, it was never as hot as many US markets that hovered over 100% for several years 2020-2022



Source: Bluegrass Realtors Housing Statistics, 2016-2022.

Franklin County: Out-of-County Buyers vs Out-of-State Sellers



Source: Bluegrass Realtors Housing Statistics, 2016-2022.

- Out of county buyers have increased over time but (surprisingly) not to a drastic degree

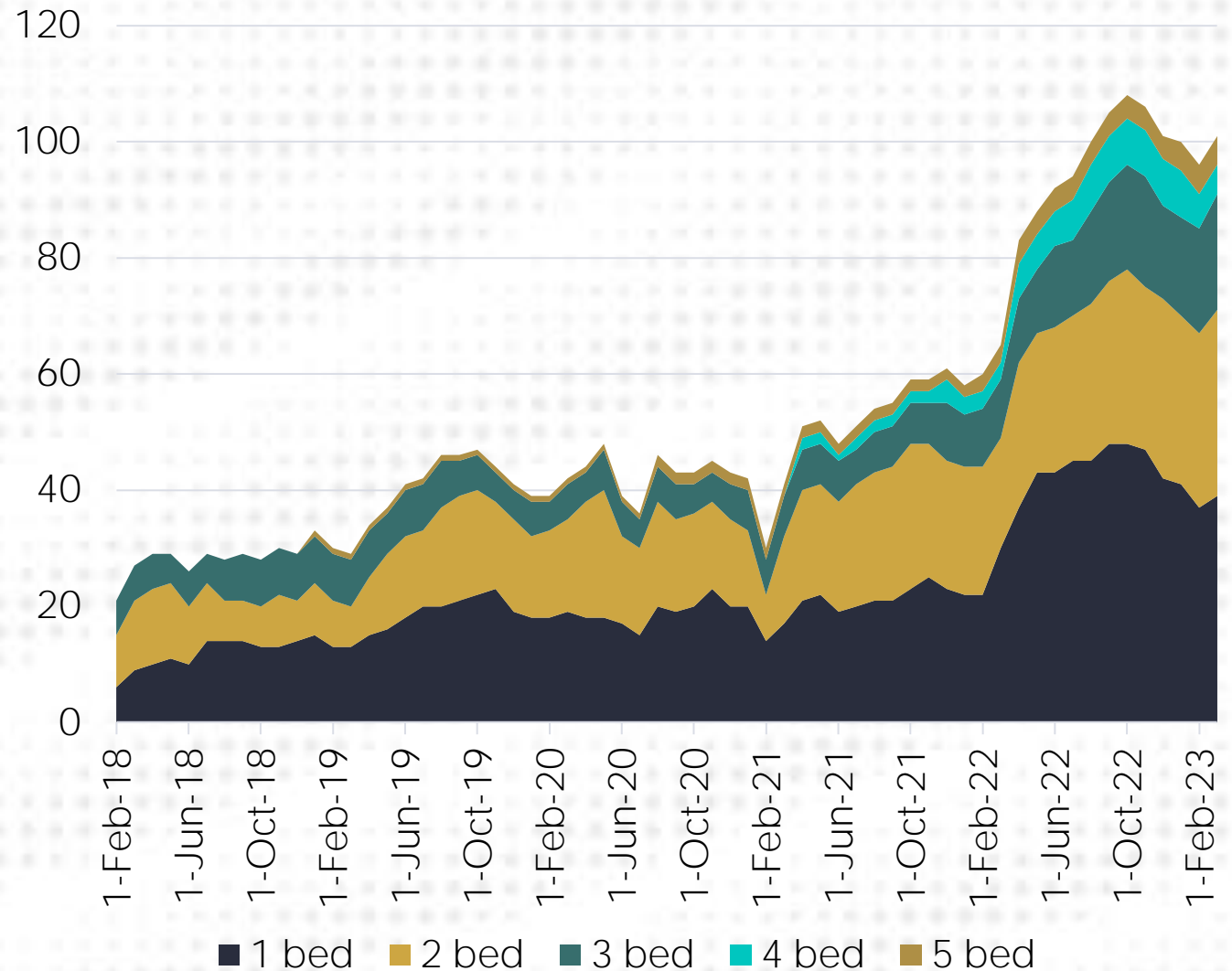
Short-term Rentals (STRs)



Frankfort houses converted to STR via Airbnb.com

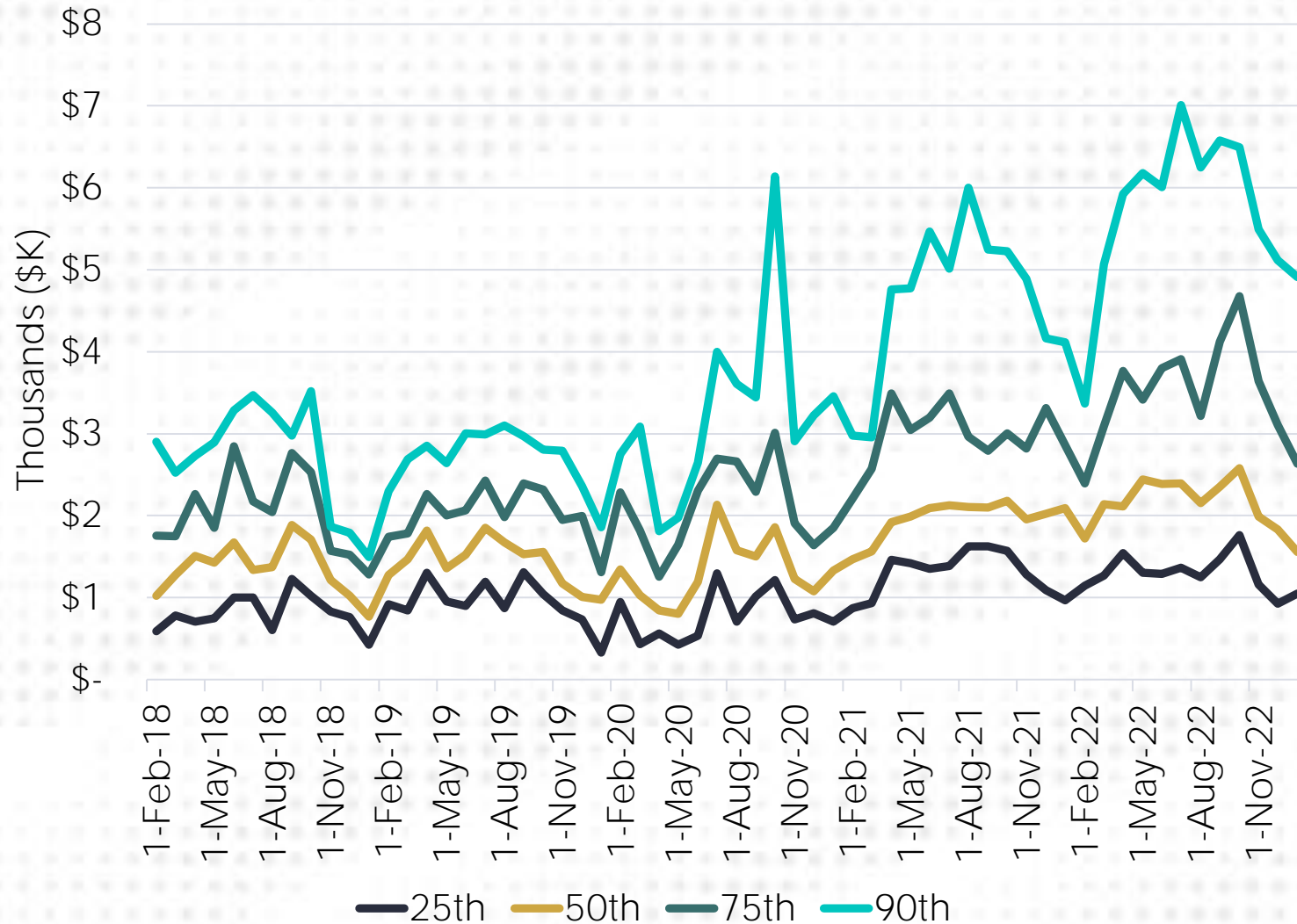
STR Active Listings over Time

- Number of STR Units jumped by 64% between 2022Q1 and 2022Q4
- Number of active units tends to dip in Q1
- Small units dominate inventory:
 - 1-Bd: 39.4% of all units
 - 2-Bd: 30.6%



Source: AirDNA, 2022

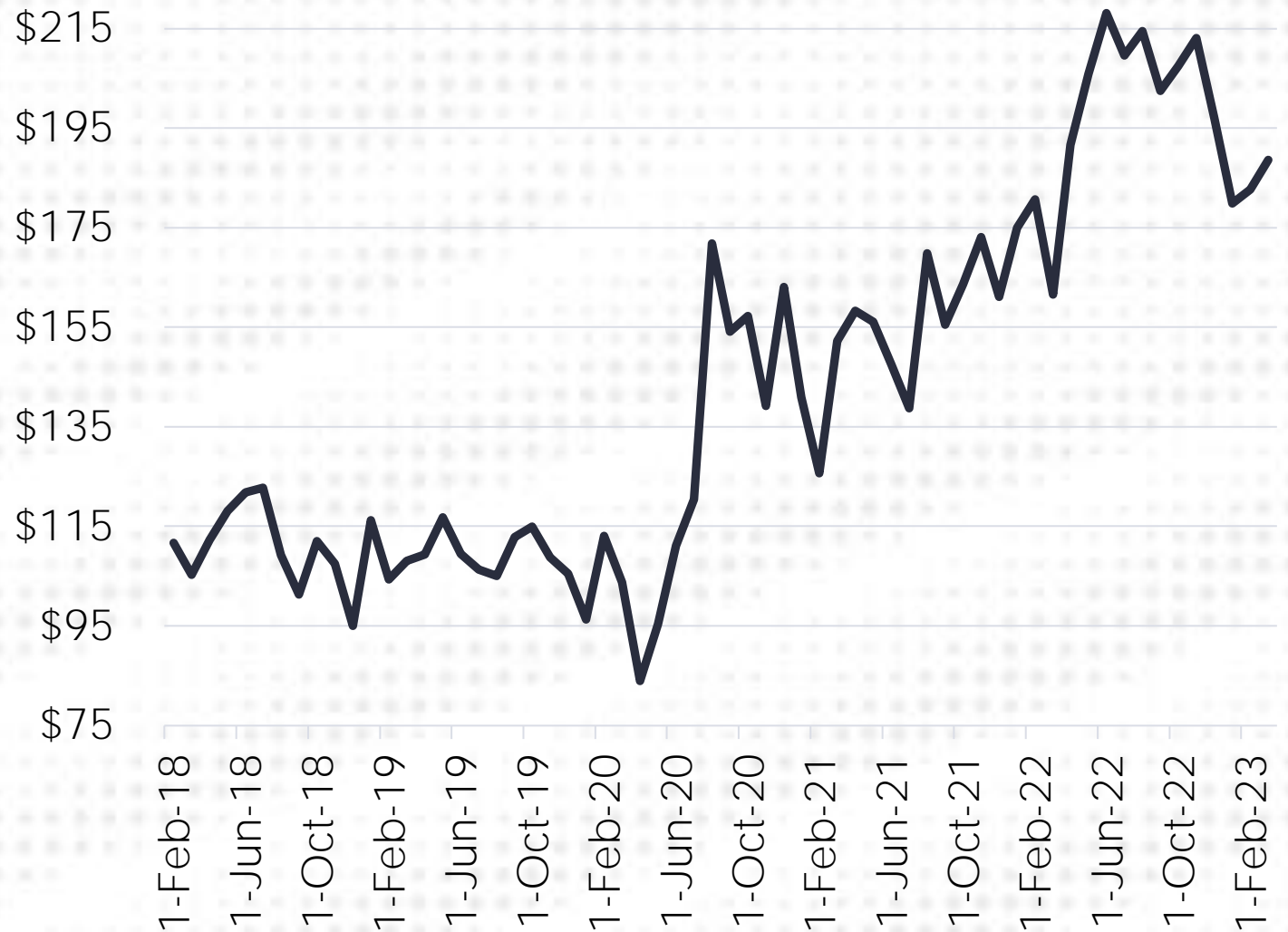
STR Operators' Monthly Revenue



- Most operators are earning \$1.5k to \$2.5K/month
- Top performers are earning \$5K to \$7K
- Above average operators saw sustained boost in revenue starting in February 2021

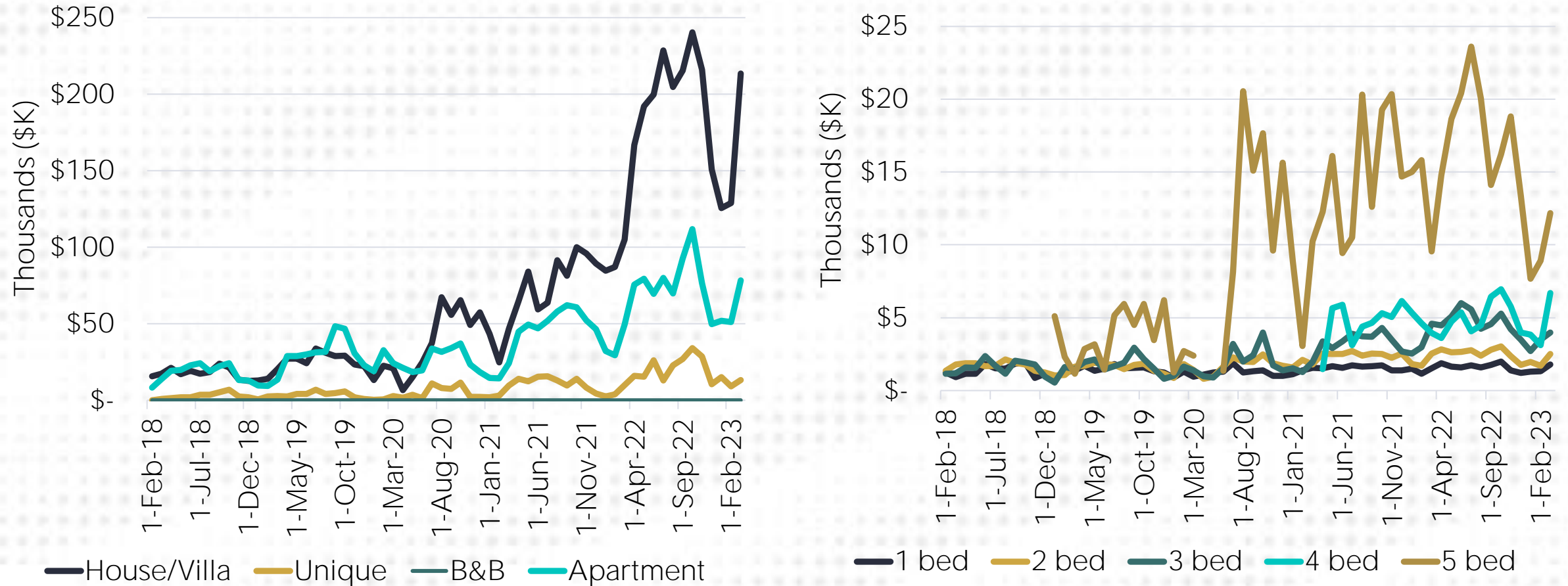
STR's Average Daily Rate (ADR)

- Spring 2020 boost is clearly correlated with COVID and remote work opportunities
- ADR growth:
 - Past 5-Years: 63.5%
 - Past 3-Years: 61.5%
 - Past 1-Year: 1.1%
- Signals point to a continued incentive for more STR investment



Source: AirDNA, 2022

STR Revenue by Bedroom Number and Unit Type

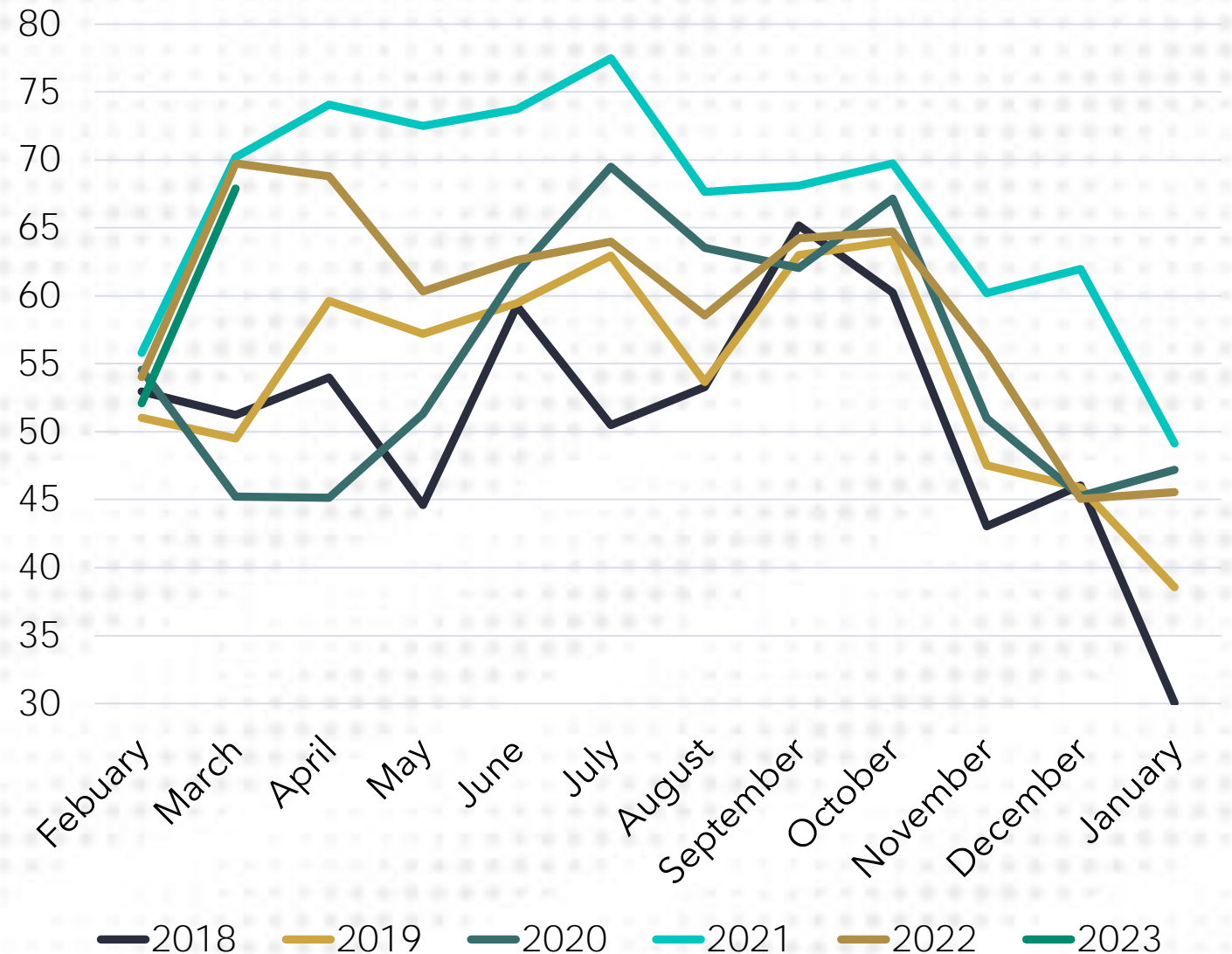


Source: AirDNA, 2022

- Houses (rather than apartments) earn the most revenue
- Large units (4- and 5-bedrooms) earn the most revenue, but also have more variable occupancy
- Since summer 2020, uptick in units labeled as "luxury" (rather than mid-scale or budget)

STR's Occupancy Rate

- 2021 posts highest occupancy rates for every month
- Year to date (YTD) 2023 is trending with 2021 and 2022
- March - October is consistently the "busy season"
- Reduced occupancy is a signal of market maturation and movement toward larger "luxury" units



Source: AirDNA, 2022

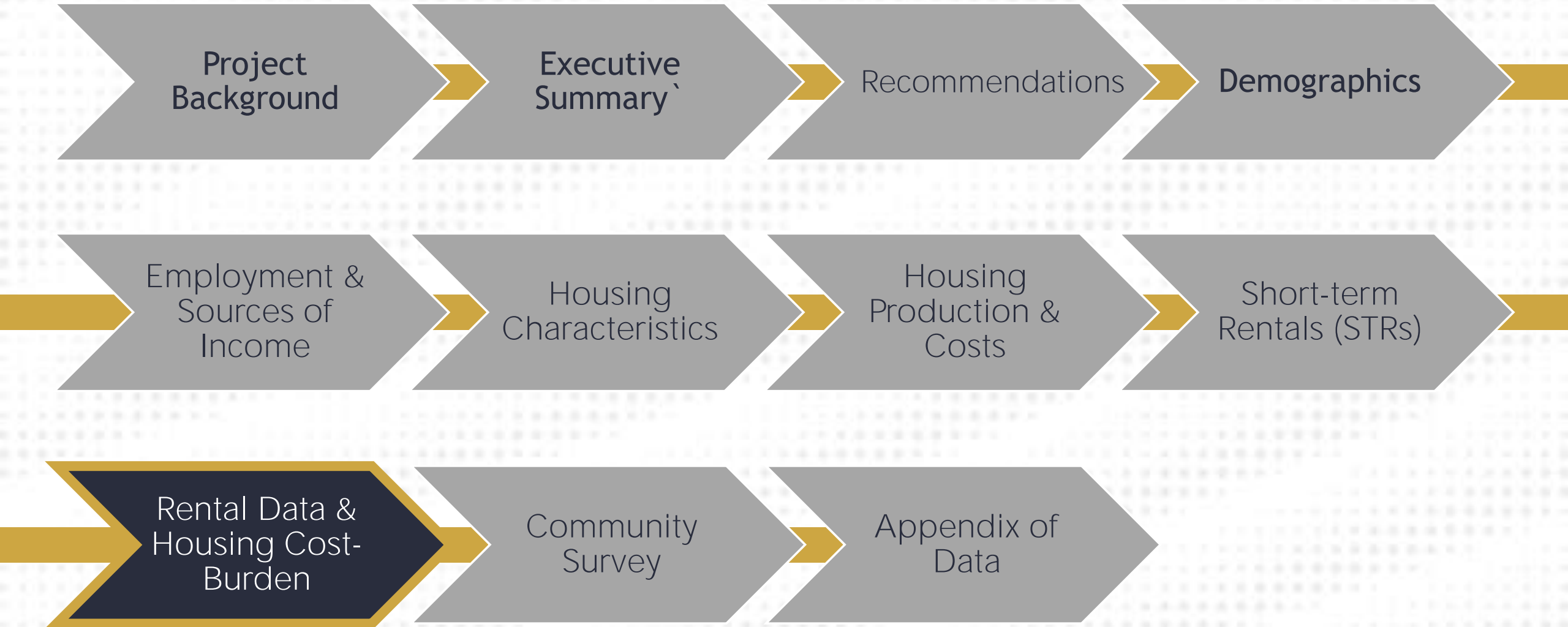
Frankfort Compared to Peer Cities

City	Occupied Housing Units	Active Short-Term Rentals	Percentage STR Stock	Median Occupancy Rate	Average Daily Rate
Bowling Green	27,602	166	0.6%	58%	\$143
Frankfort	12,559	108	0.9%	61%	\$137
Paducah	11,493	133	1.2%	62%	\$137
Shepherdsville	5,344	28	0.5%	70%	\$172
Bardstown	5,290	83	1.6%	68%	\$182
Versailles	4,351	52	1.2%	52%	\$228

Source: American Community Survey, 2016-2020, and AirDNA, 2022

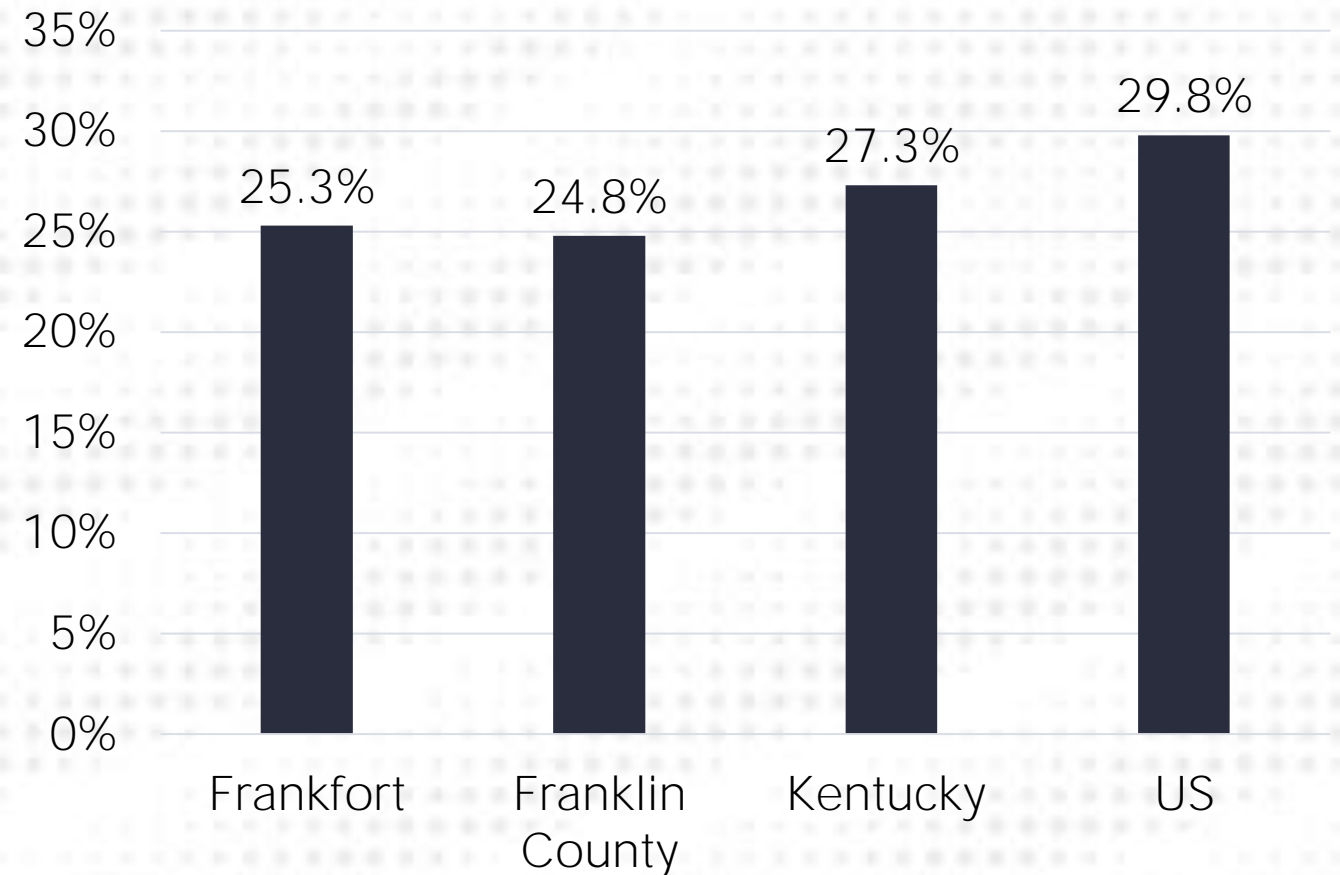
- Frankfort area hosts 108 STRs
- Less than 1% of total housing stock are STRs, lower than Bardstown, Paducah, Versailles; but higher than Bowling Green and Shepherdsville
- Moderate occupancy rate and average daily rate, in comparison to peer cities

Rental Data & Housing Cost–Burden



Median Gross Rent as a Percentage of Household Income

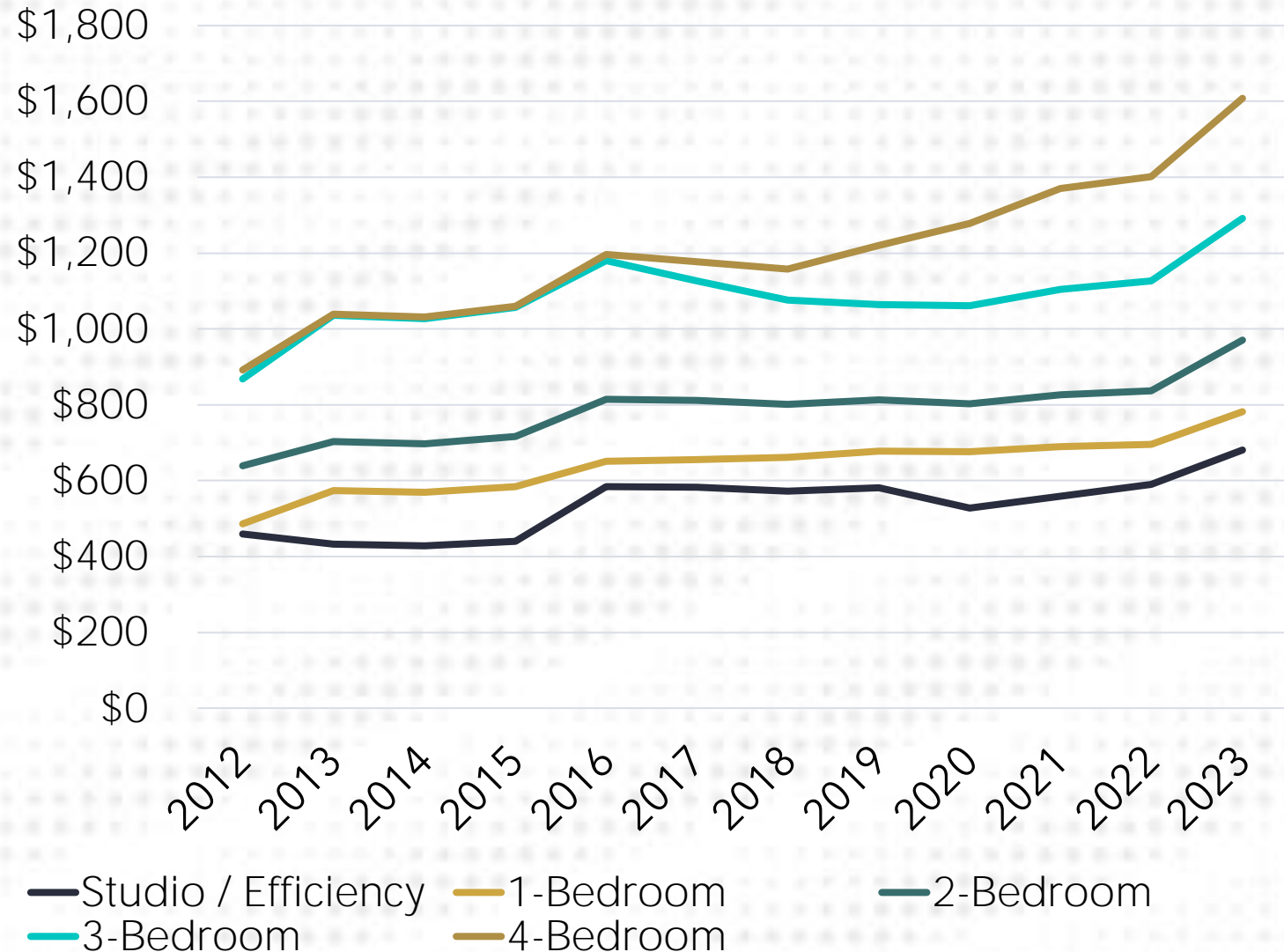
- ACS data provides helpful historical perspective but can be dated (based on 2017-2021 values)
- Historically, Frankfort & Franklin County are more affordable than Kentucky and USA
- Recent trends are changing that pattern



Source: American Community Survey, 5-Year Estimates (2017-2021), Table B25071

Franklin County Rental Prices by Unit Size over Time

- Rent cost has increased across all unit types, most steeply between 2020 and 2023:
- 1-Bd: Avg. \$782, 15.7% increase in past 3-years:
- 2-Bd Avg. \$971, 20.9% increase in past 3-years:
- Four-Bedroom units have increased by the most; these are typically SFHs converted to rentals rather than MFH units



Source: Rentrange.org, Accessed 2023

Rental Costs in Frankfort, 2022

	1-Bd	2-Bd	3-Bd	4+ Bd
Average Price per SF	\$0.98	\$0.81	\$0.84	\$0.58
Rent-to-Income %	18.9%	20.8%	29.1%	37.6%

Source: *Rentrance.com, 2022*

- Average price per square foot decreases for larger units
- Interestingly, the average rent-to-income percentage also increases for larger units

Housing Cost–Burden Definitions

- US Housing & Urban Development (HUD) categorizes housing cost-burden according to how much household income is committed to basic housing costs (i.e. rent or mortgage)
- For example, median household income (HHI) in Franklin County is \$59,500
 - Very low-income is \$17,850 to \$29,750
 - Cost-burdened households pay 30%+ for rent, which is \$446 to \$744/month

Area Median Income (AMI) Levels

Extremely low-income: less than 30% of AMI

Very low-income: 30 to 50% of AMI

Low income: 50 to 80% of AMI

Moderate income: 80 to 100% of AMI

Above median income: 100% of AMI

Cost-Burden Levels

Cost-Burdened (>30% of HHI)

Severely Cost-Burdened (>50% of HHI)

Cost Burdened Households

Region	Number of Households	Severely Cost-Burdened	Cost-Burdened	Severely or Cost Burdened	Not Cost-Burdened
Frankfort	12,725	18.5%	21.1%	39.5%	60.5%
Franklin County	21,975	17.8%	18.6%	36.4%	63.6%
Bluegrass Region	339,985	18.5%	21.1%	39.5%	60.5%
Kentucky	1.81M	21.6%	22.0%	43.6%	56.4%
US	128.66M	24.6%	24.8%	49.4%	50.6%

Source: Points Consulting using Esri Business Analyst, and 5-Year American Community Survey 2017-2021, Table B24070

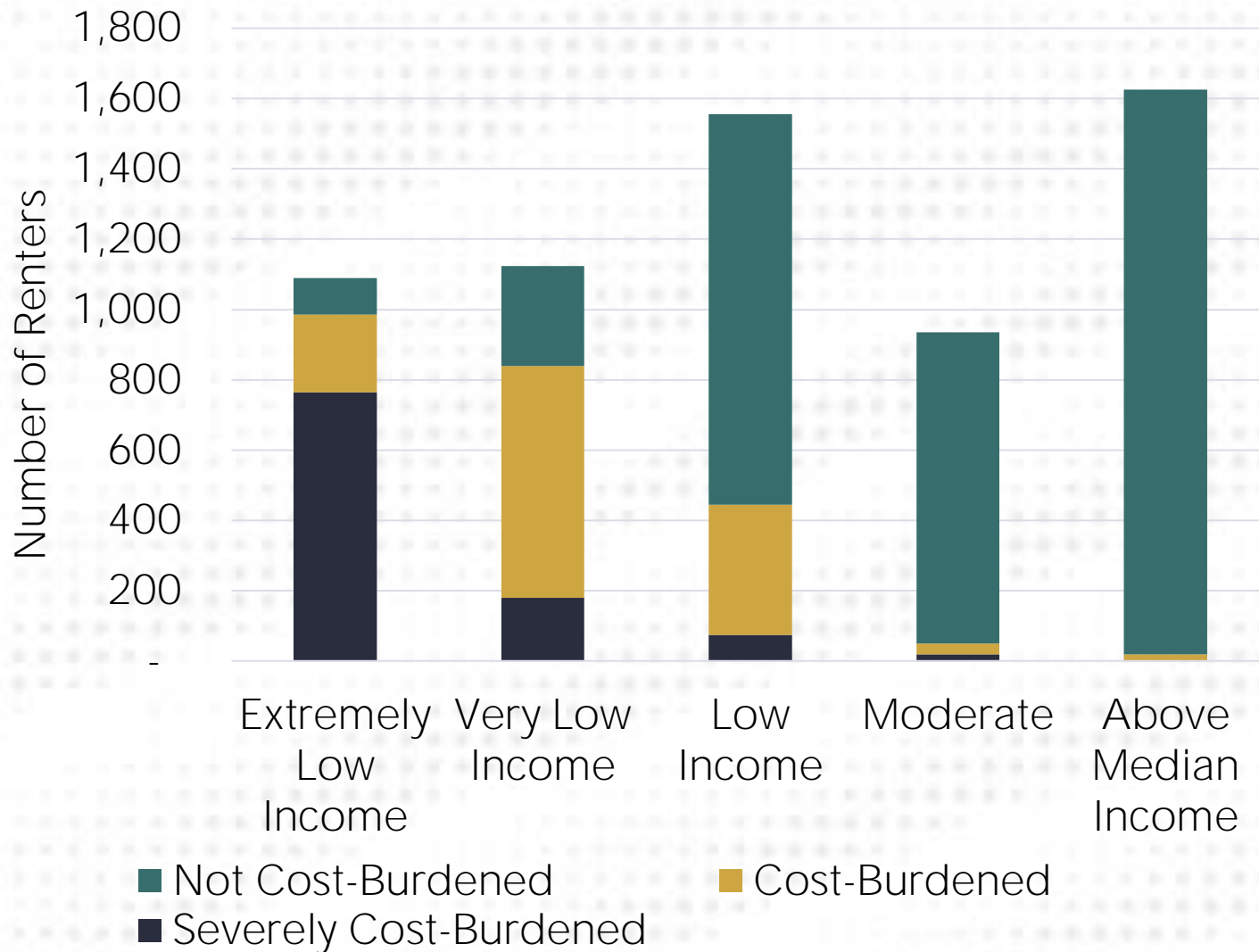
Cost Burdened Households, 2021

- In Frankfort: 40% of renters are cost-burdened:
 - 2,682 households pay 30-50% income toward rent
 - 2,349 households pay 50%+
 - Affordability rankings in-line with Bluegrass Region
- In Franklin County (including Frankfort): 37% of renters are cost-burdened
 - 4,089 households pay 30-50%
 - 3,915 households pay 50%+
 - Better affordability than region, state and nation



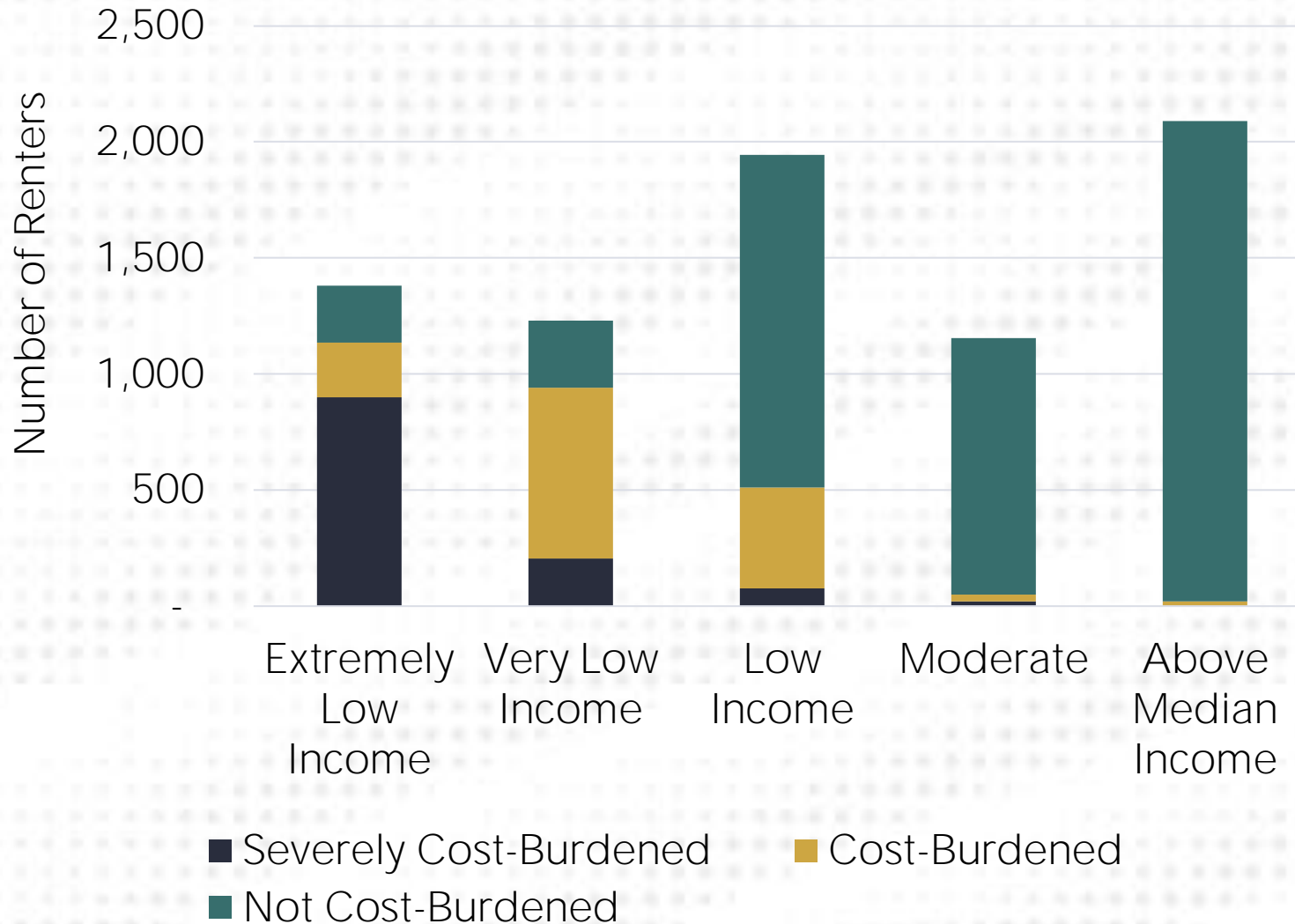
PC Franklin County Visit

Frankfort Renters' Housing Cost–Burden by Income Level



- Older data (2015-2019) but better for seeing cost-burden by income level
- Frankfort's extremely low-income (ELI) households and low-income (LI) households are exceedingly likely to be cost-burdened:
 - ELI: 90%
 - LI: 75%
- Even 5% of "moderate income" households are cost burdened

Franklin County Renters' Housing Cost–Burden by Income Level



- Similar to Frankfort, among low-income (ELI) households and low-income (LI) households, most are cost-burdened:
 - ELI: 82%
 - LI: 77%

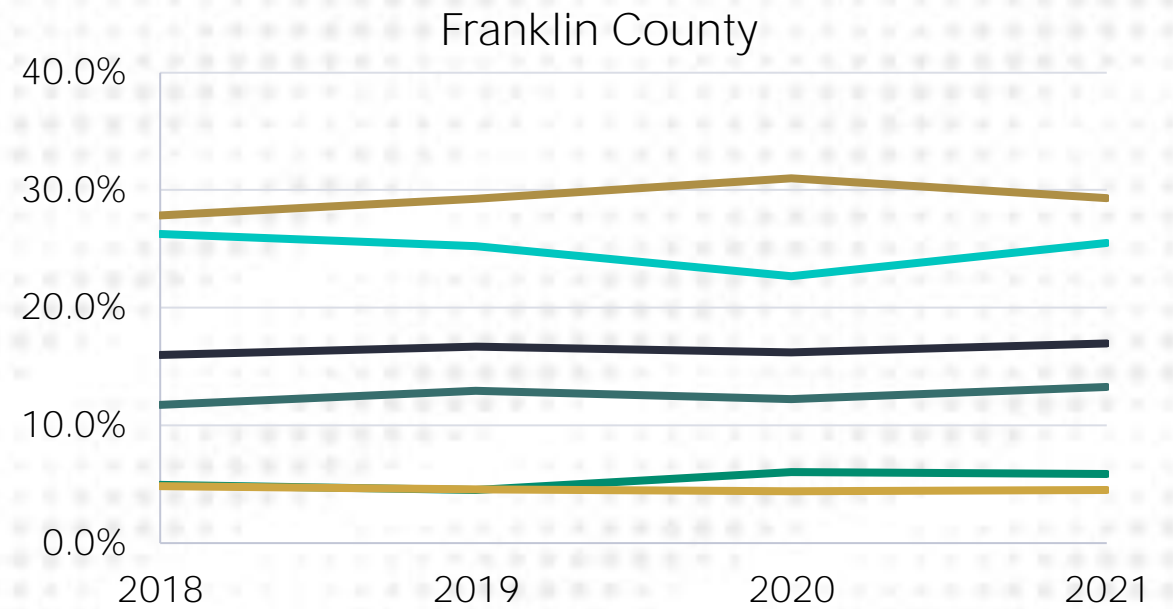
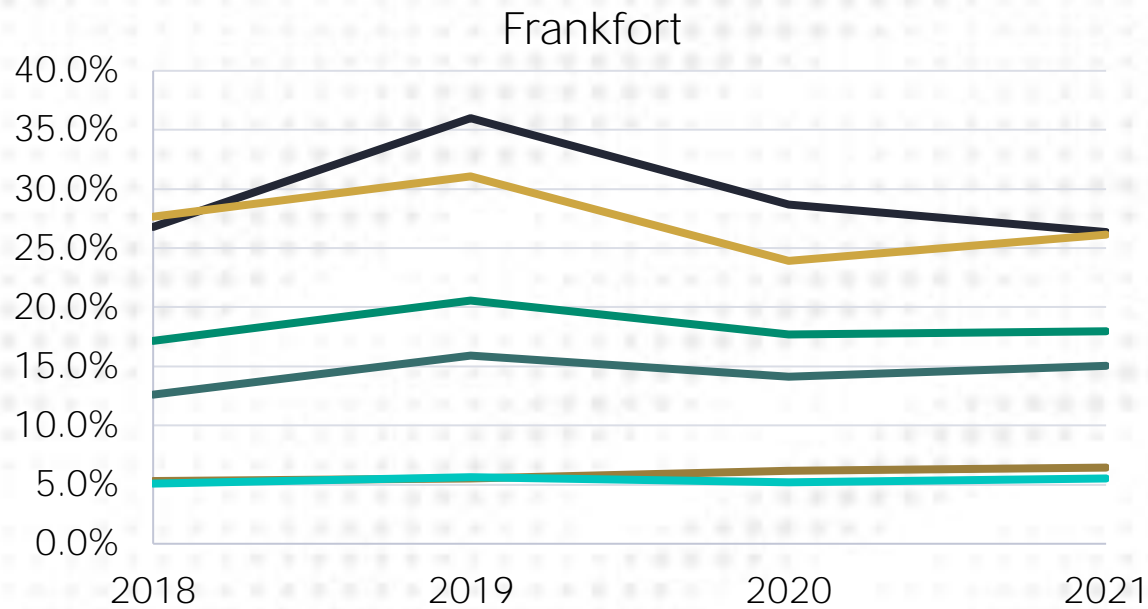
Cost–Burden Among Homeowners

- Most cost-burden analysis focuses on renters, but owners can also be cost-burdened.
- In Frankfort:
 - At least 642 homeowner households are cost burdened (30% of HHI to mortgage), and
 - At least 257 are severely cost-burdened (50% of HHI to mortgage)
- In Franklin County:
 - 1,304 HH's are cost-burdened
 - 574 HH's are severely cost-burdened
 - 11% of all homeowner households are cost-burdened, putting them at risk of losing their home



Via earth.google.com

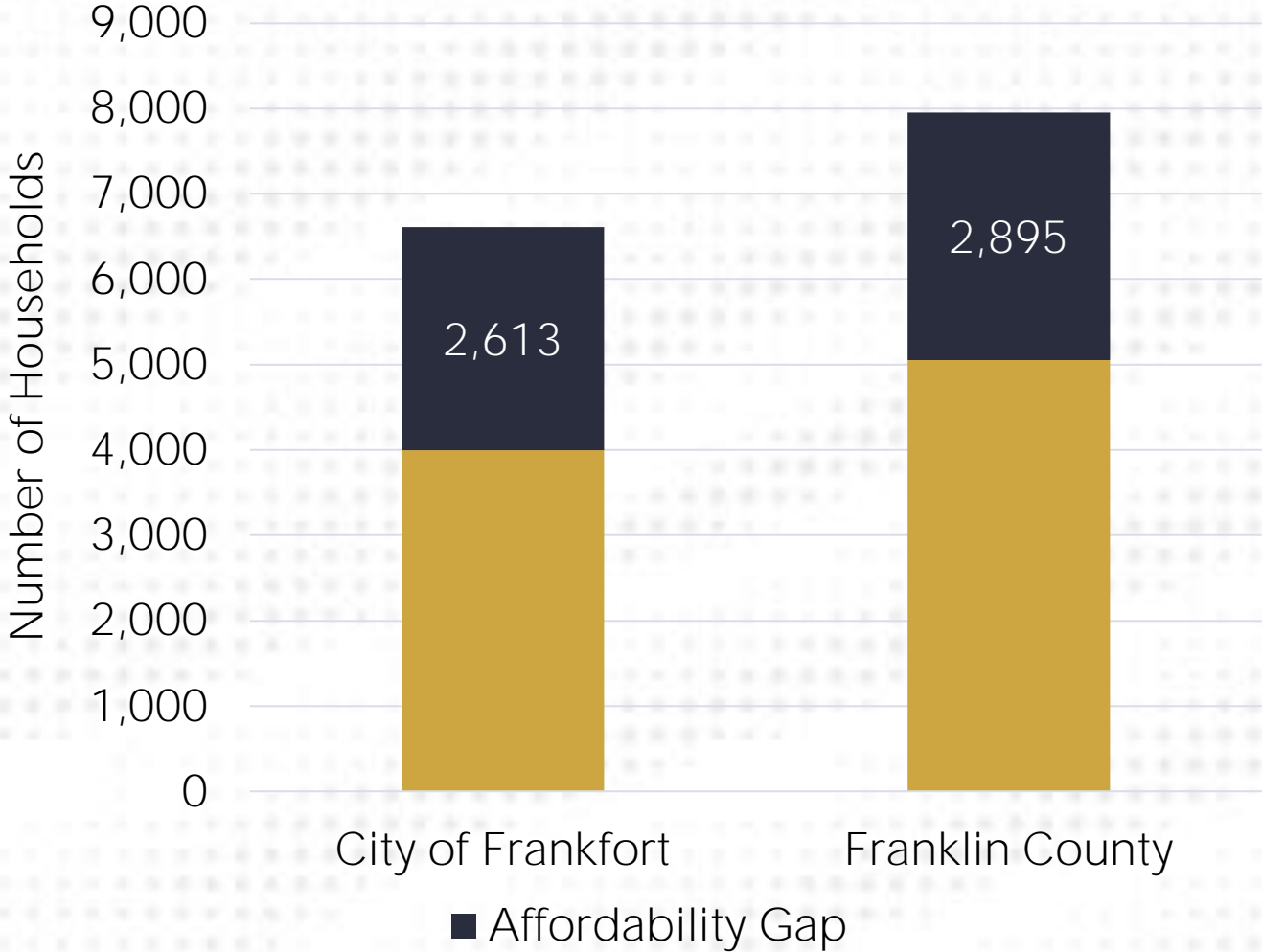
Cost Burdened Households over Time



- 0-10% of gross income
- 10-20% of gross income
- 20-30% of gross income
- 30-40% of gross income
- 40-50% of gross income
- 50%+ of gross income

- Gross rent as a percentage of household income has increased overall in both Frankfort (+3.8%) and Franklin County (+2.9%). This means that rent prices have slightly outpaced income growth in the period between 2018-2021.
- Households spending 30% to 40% of their income increased the most in both the city (+1.5%) and the county (+2.4%).

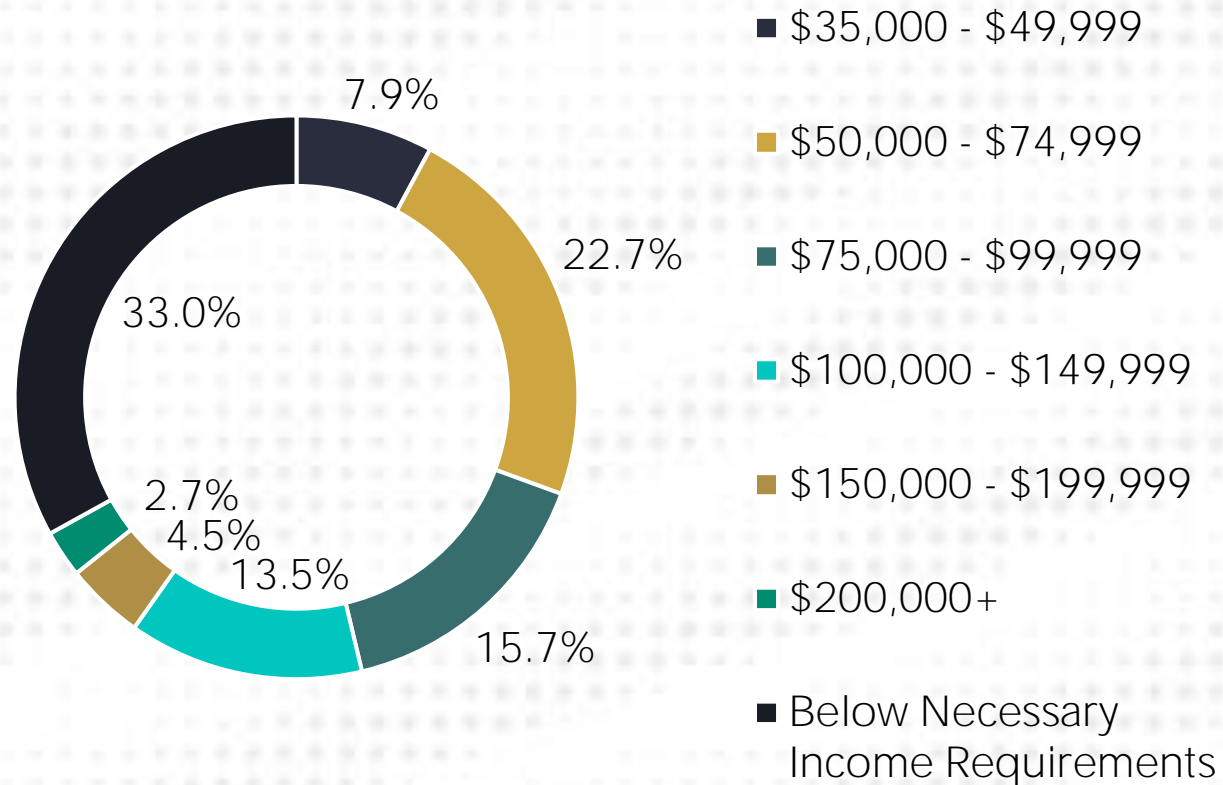
Renter's Affordability Gap



- Navy bar represents the “gap” between households that can and cannot sustainably afford their current housing
- 2,613 (or 40%) of renters in the City struggle with housing affordability
- 2,895 (or 36%) of renters in the County struggle with housing affordability
- County metrics are inclusive of City metrics, in this case

Source: Points Consulting using various ACS and HUD Metrics, 2023

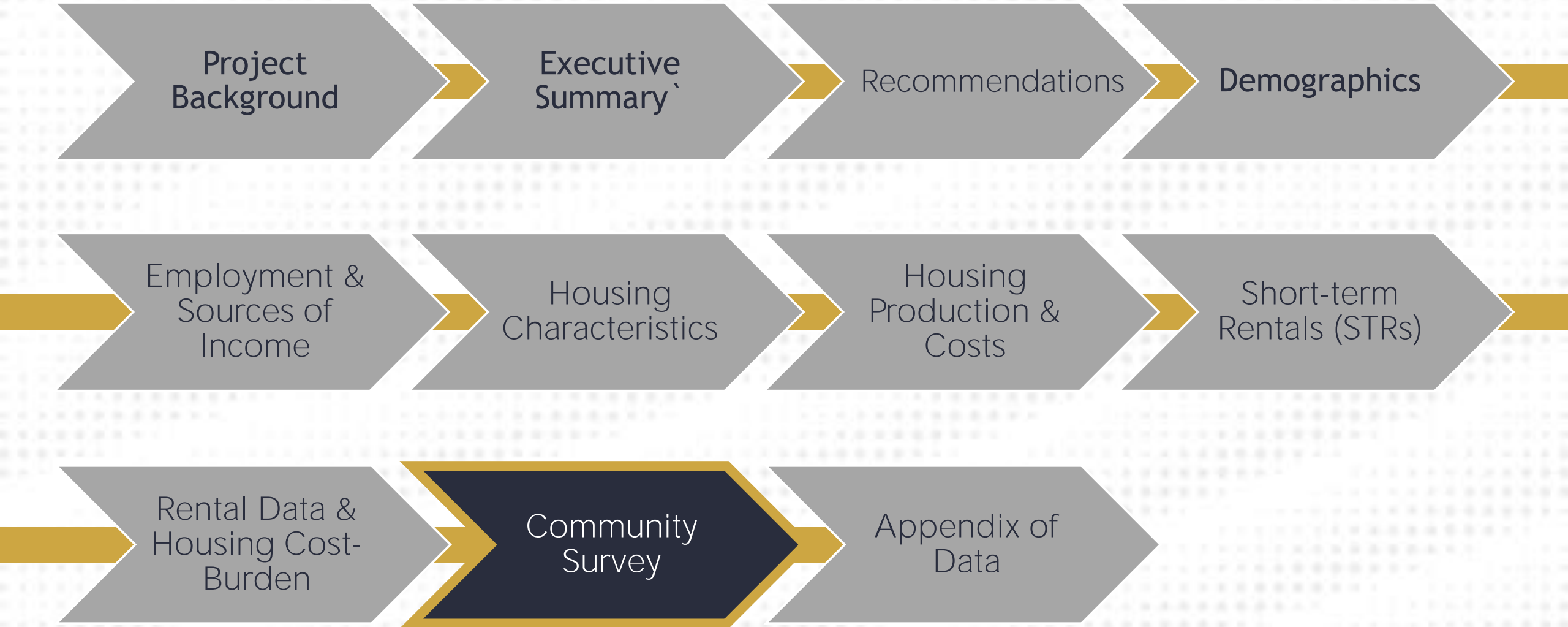
Households that Can Afford to Buy an Average–Priced Home



- Based on June 2023 financial and housing market conditions for an average 3-BD home in Franklin County.
- To purchase an average valued home would require \$43K in household income to afford the mortgage. (Excludes savings for down payment)
- Just 28% of HH's could not afford an average SFH; (33% in City of Frankfort)
- Supply is limited (just 50 homes on the market in June 2023)
- Home values likely to increase another 15%-20% in next 5-7 years

Source: Points Consulting using Esri Business Analyst and Zillow, 2023

Community Survey



Key Demographic Statistics

Respondents mostly live in the City of Frankfort (60%), followed by those in Franklin County but outside of Frankfort city limits (33%)

Younger respondents are far more likely to rent than older respondents. The breakdown of homeownership by age of respondent is as follows:

- 85% of persons aged 65+ were homeowners
- 78% of persons aged 55-64 years were homeowners
- 43% of persons aged 25-34 years were homeowners

Survey – Housing Affordability

More than half of respondents (51%) report having trouble finding housing within their budget. The issue is more pronounced among younger residents.

Residents are regularly displaced due to housing costs. Around 43% report themselves or “someone they know” as having been displaced due to rising housing costs in the past 12-months.

The plurality of respondents feel that housing is “too expensive”:

- 46% said this about homes for rent
- 48% said this about homes for sale

Residents show particular concern for at-risk populations such as “seniors, disabled, and emergency transitional housing” (36% of respondents)

Most respondents feel local government should “play an active role to ensure that housing is affordable” (52%)

Many would like to see more “public housing” or “rent subsidized housing” (35%)

Survey – Short–Term Rentals (STRs)

Short term rentals (e.g. AirBnBs) are a concern for many:

- Residents are split on whether there are “too many” STRs, in general, with 32% saying “yes” compared to 31% saying “no”
- 13% feel “too many units” are being converted
- 64% feel STRs should be “allowed with some restrictions” and 4% think they should be banned altogether

Downtown and South Frankfort are the areas of town where residents particularly feel that there are “too many” STRs (20% combined)

Survey – Miscellaneous Information

Desire to move elsewhere in the county (or into the county) is common among those who have lived in the County for 1-5 years and 6-10 years

The main reasons for those wanting to move are:

- More space
- Cost of living
- Quality of life concerns

Most respondents would like to see more housing. The majority would like to see a “mix of options” (53%), whereas 18% would like to see more single-family homes, in particular

Residents have mixed views of the appropriate neighborhoods for middle-density housing, which generally follow with how long they have lived in the community. Condos and ADUs have the highest general interest as viable options in the lower-density districts.

Survey Background

Total responses: 896

Response Rate: 4.1%*

- Confidence Interval (C.I.): 95%, margin of error (M.O.E.): $\pm 5\%$

Dates open:

- March 28 - April 21

Distribution Methods:

- Social Media Promotion (Facebook)
 - Reach: 7,116
 - Post Engagements: 553
- Frankfort State Journal
- Steering Committee distribution

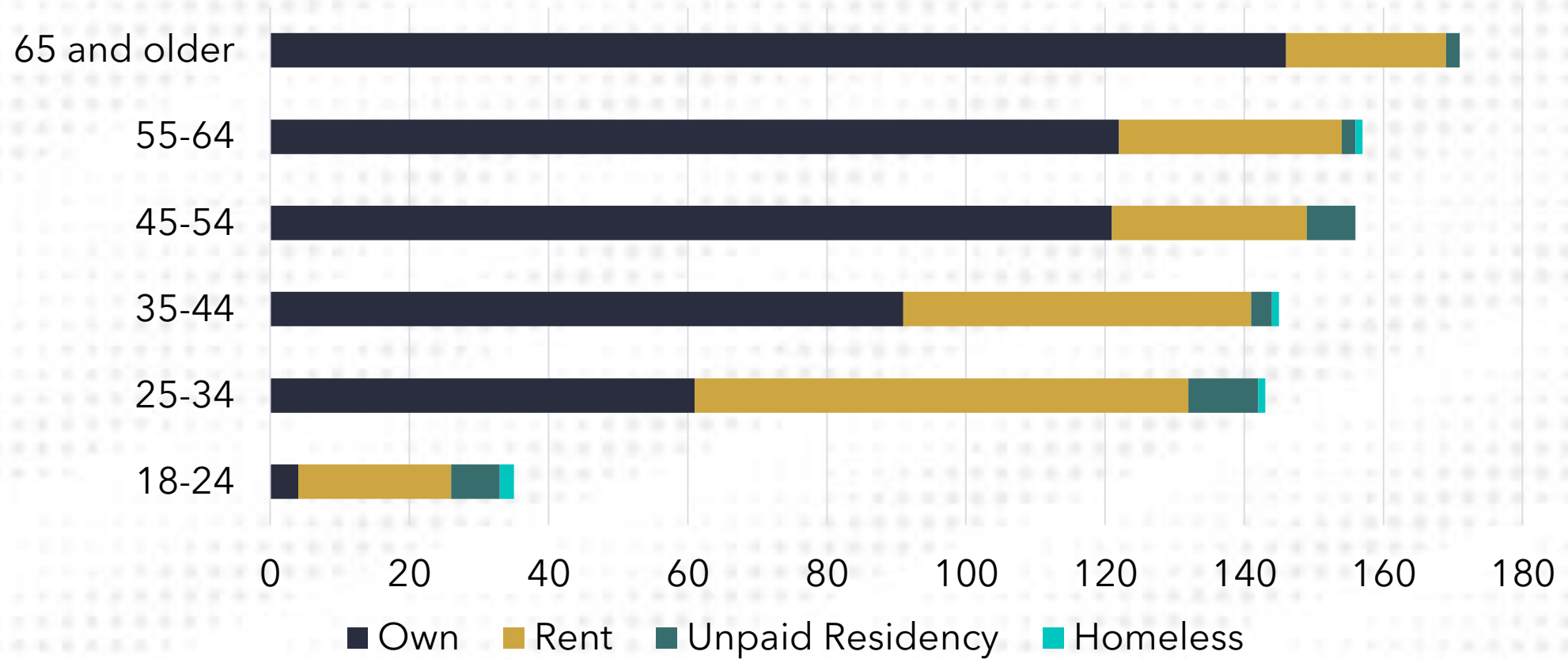


PC Survey for Frankfort and Franklin County

*Response rate based on adult residents in the City of Frankfort (2021)

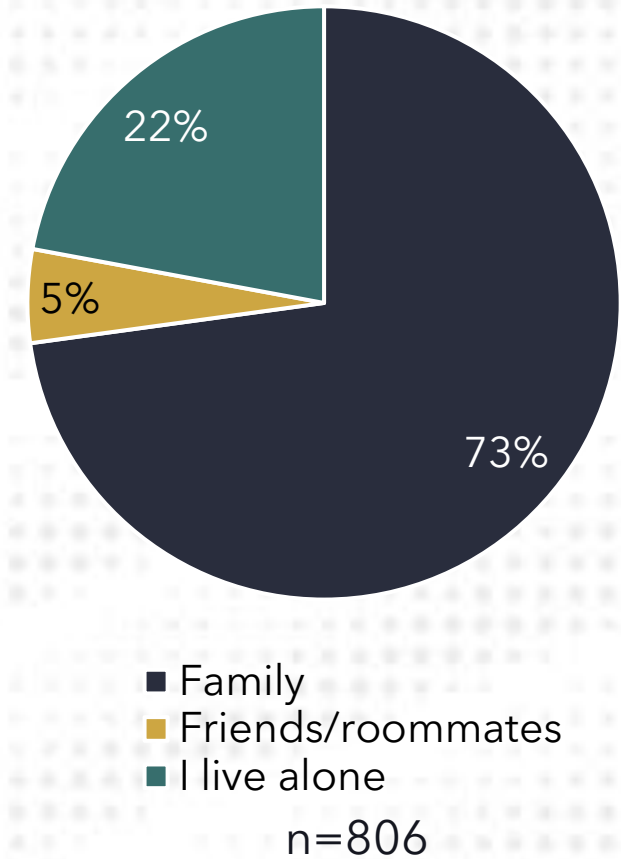
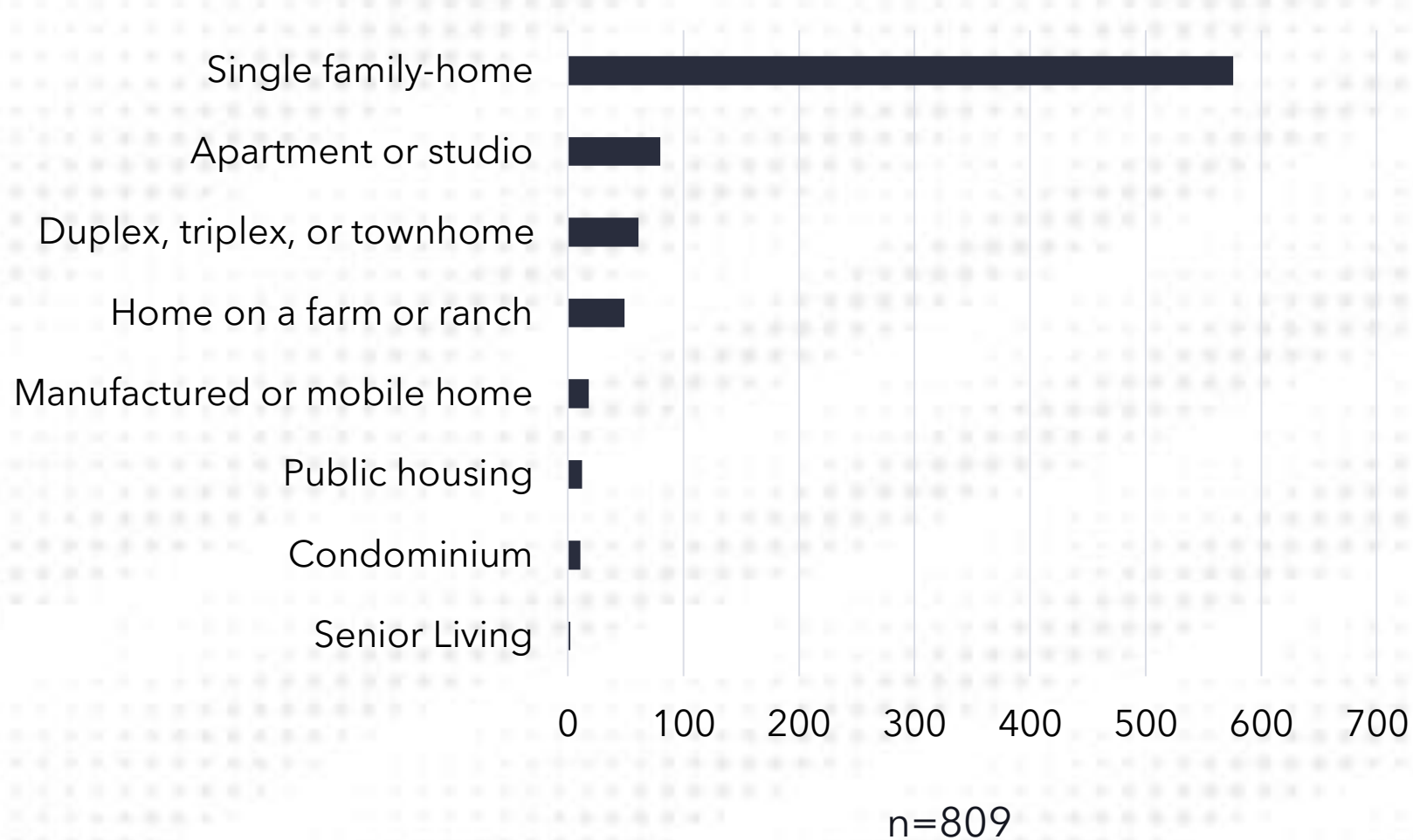
Respondent Demographics

Age and living situation

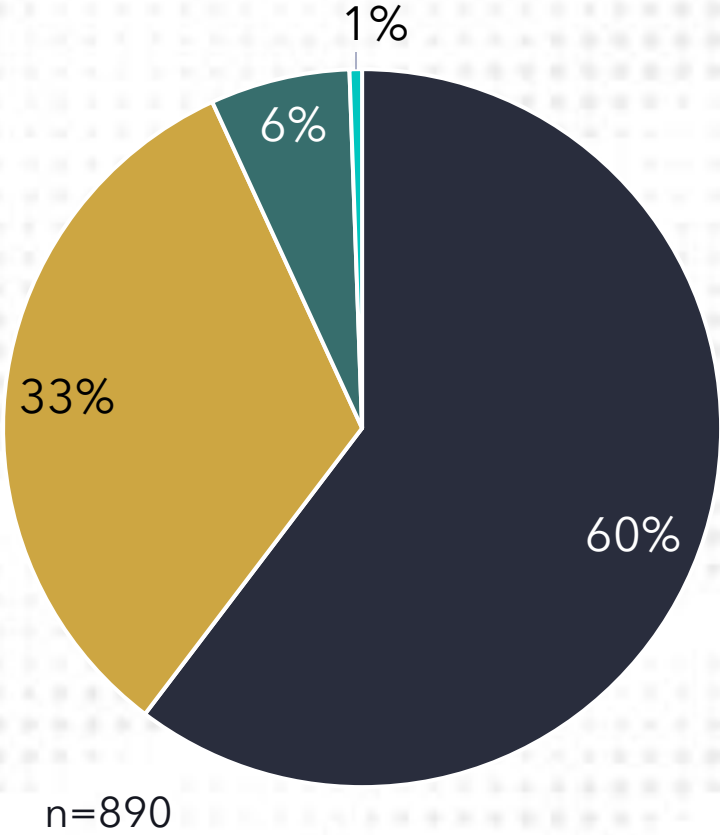


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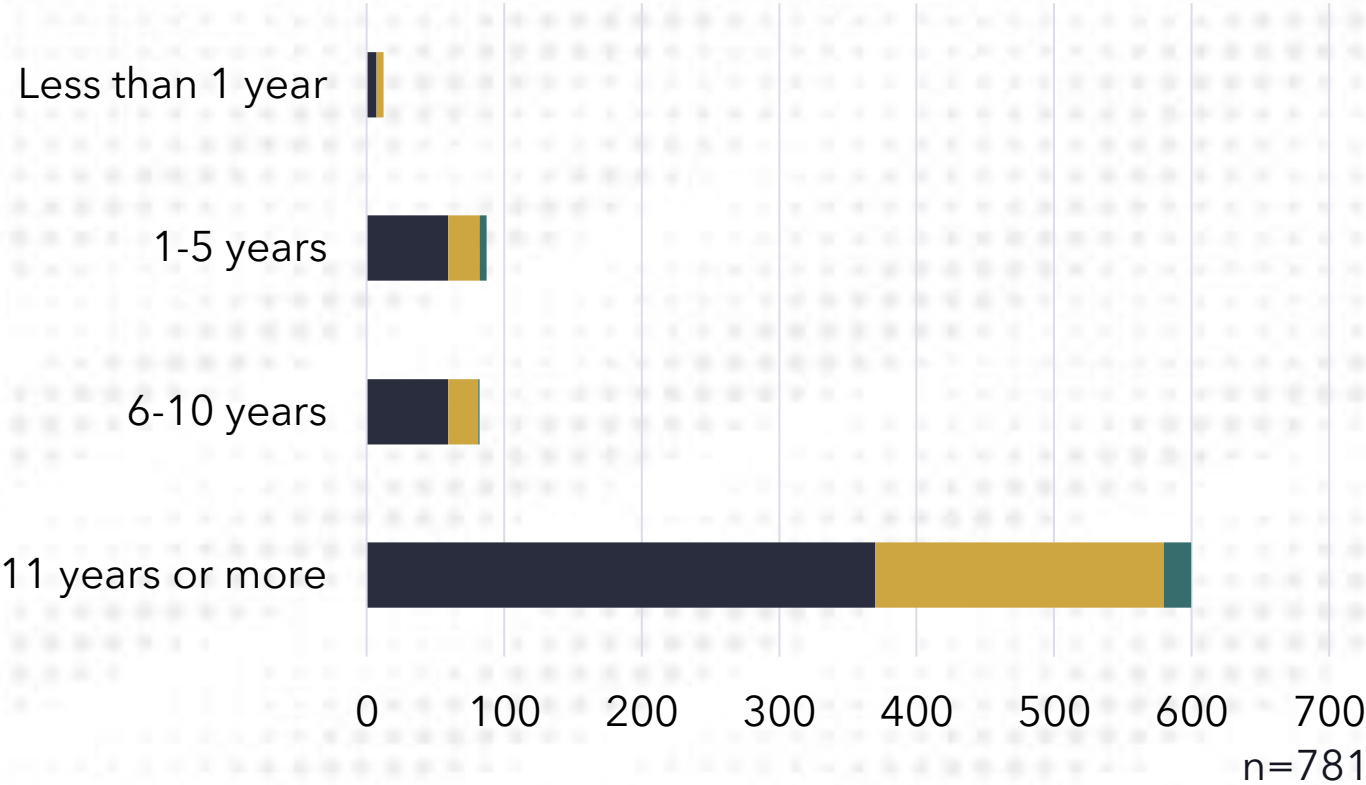
What type of housing do you reside in? Who else resides in your residence?



Where do you live?



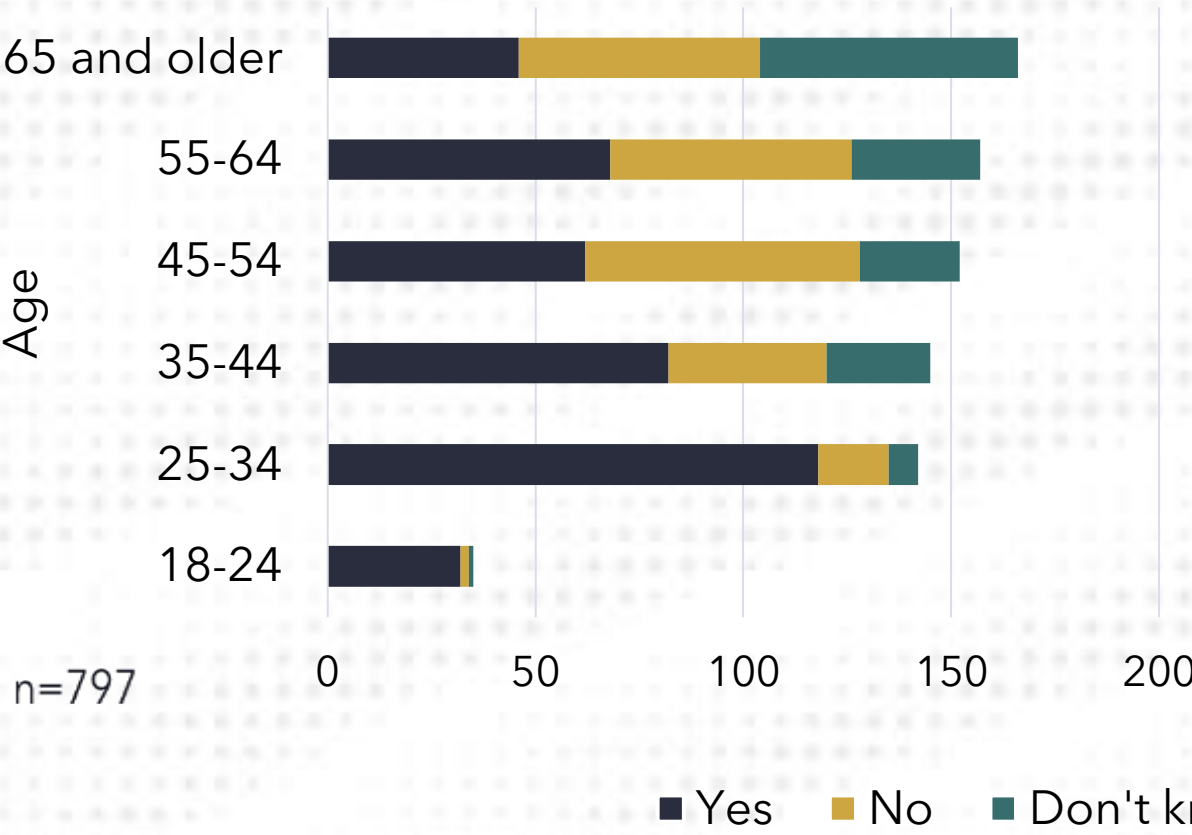
How long have you lived here?



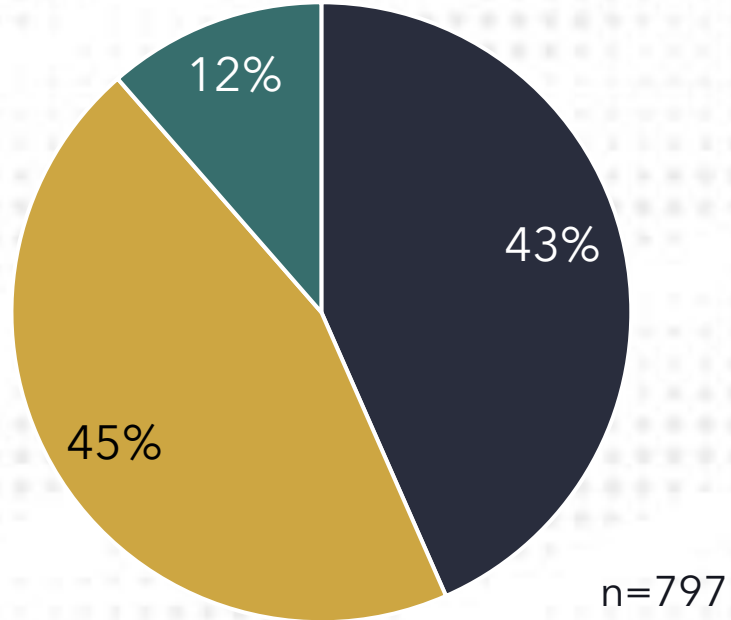
- In the City of Frankfort
- In Franklin County but Outside the City
- Outside Franklin County but I visit/work there regularly
- I neither live in Franklin County nor visit regularly

Housing Cost Perceptions

Have you had difficulty finding suitable housing within your budget in Franklin County?



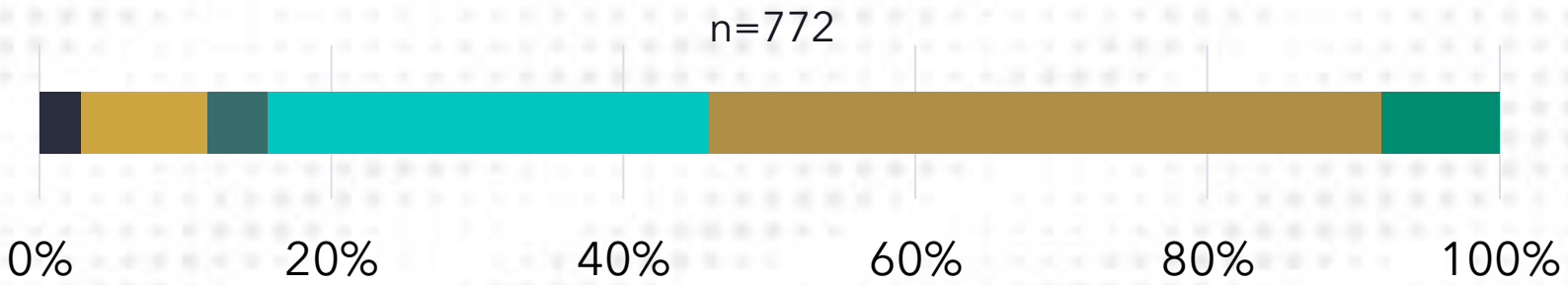
Have you or anyone you know been displaced from their home in the past year due to rising housing costs?



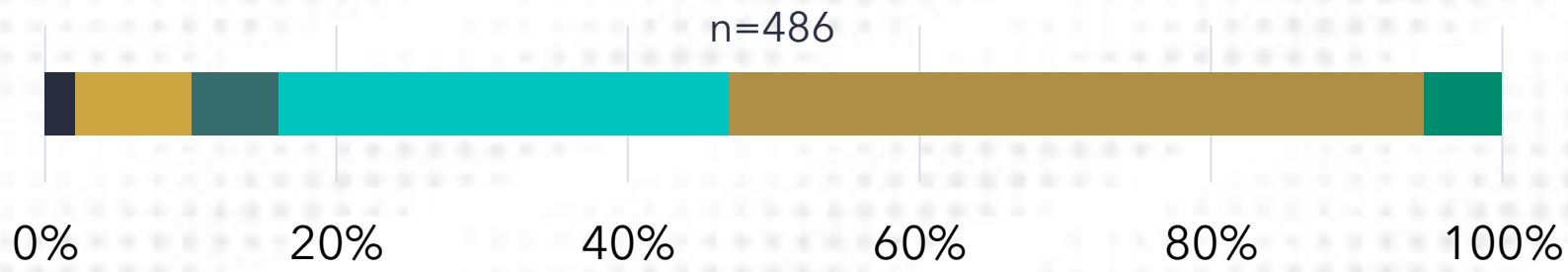
■ Yes ■ No ■ Don't know/not applicable

Housing Cost Perceptions

Perceptions of rental costs in Franklin County

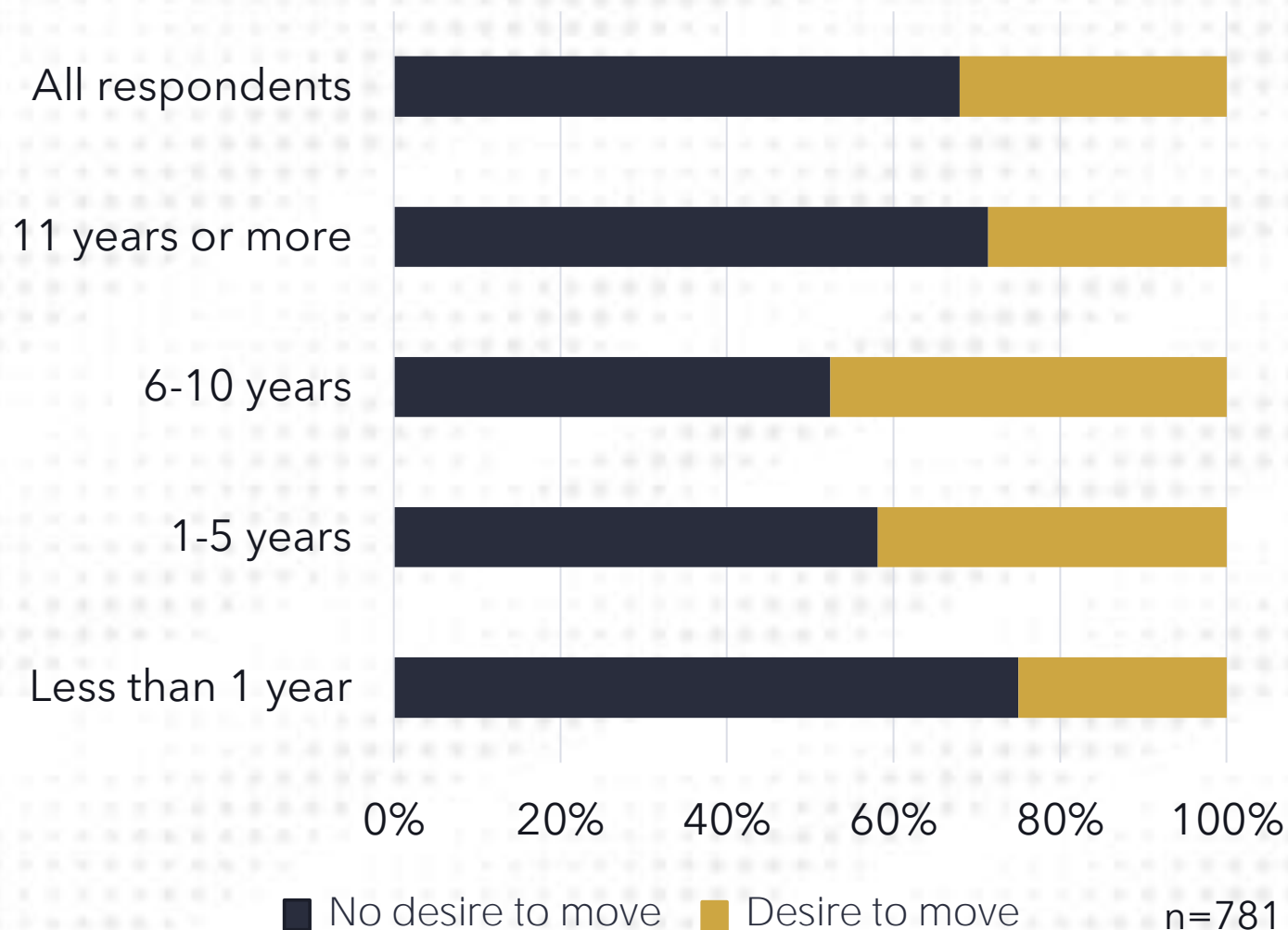


Perceptions of purchasing costs in Franklin County



- Very affordable
- Somewhat affordable
- At the right price
- Somewhat expensive
- Too expensive
- Don't know/Not applicable

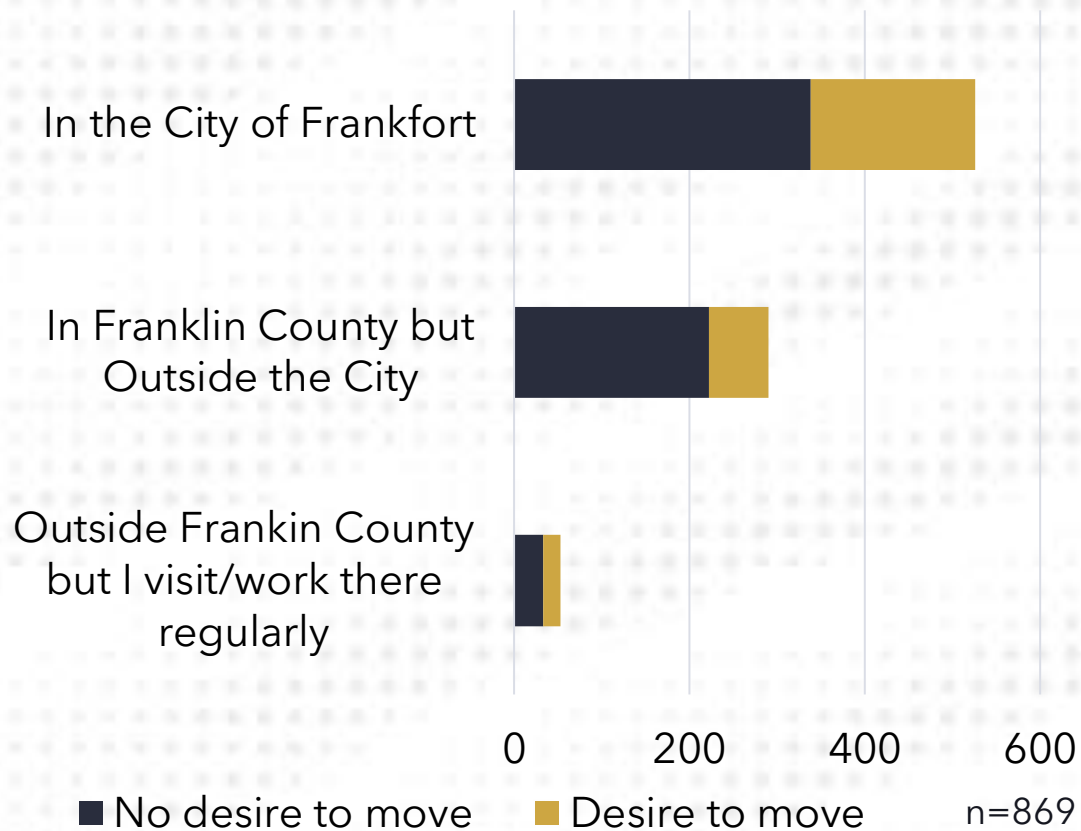
Duration of residency by interest in moving to a different home in Franklin County



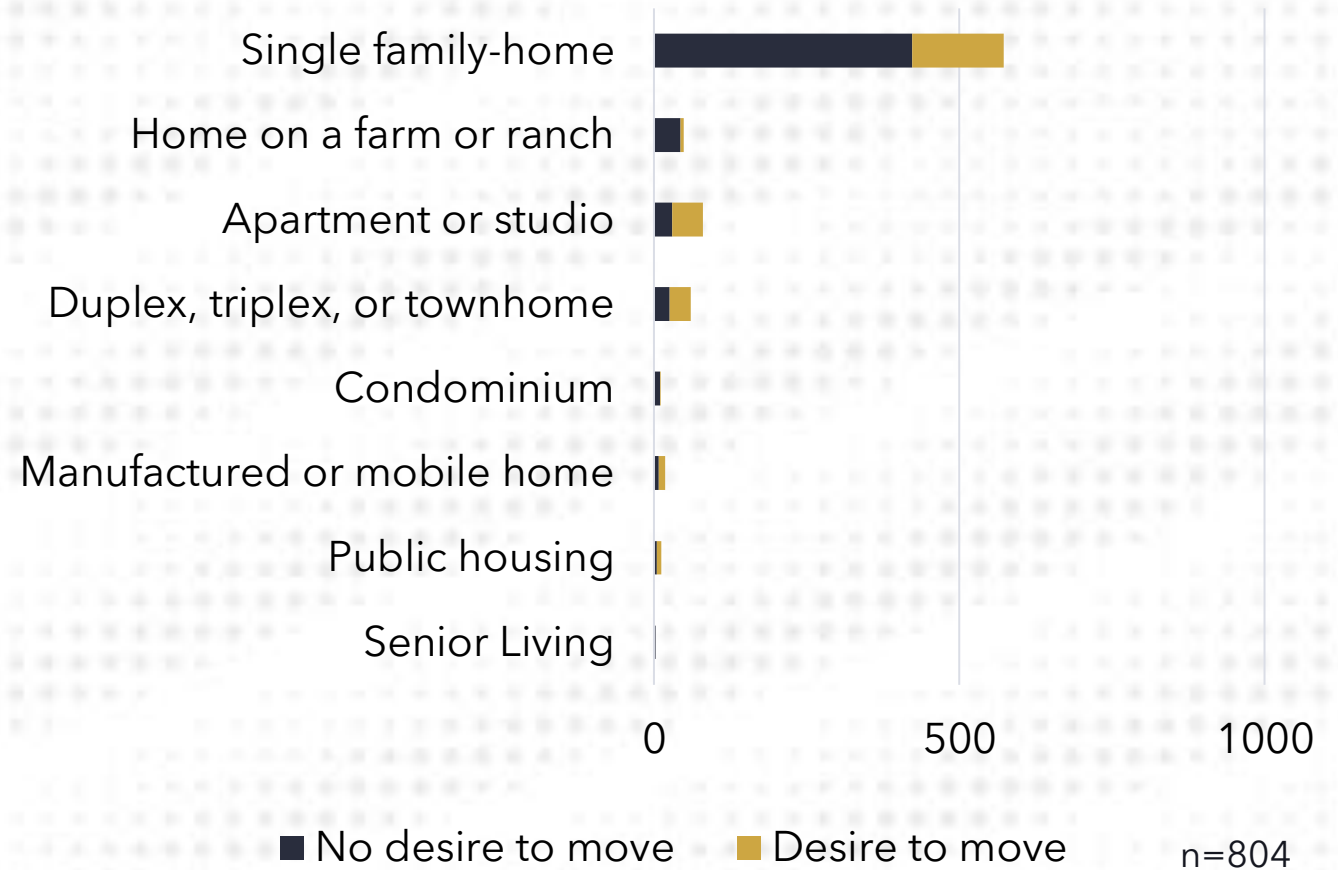
- Most respondents are not currently looking to move (68%)
- Newcomers (<1 Year) and longer tenured residents (11 years +) are the least likely to be looking for a new residence
- Some middle duration residents are interested in moving:
 - 42% of 1-5 years
 - 48% of 6-10 years

Interest in Moving

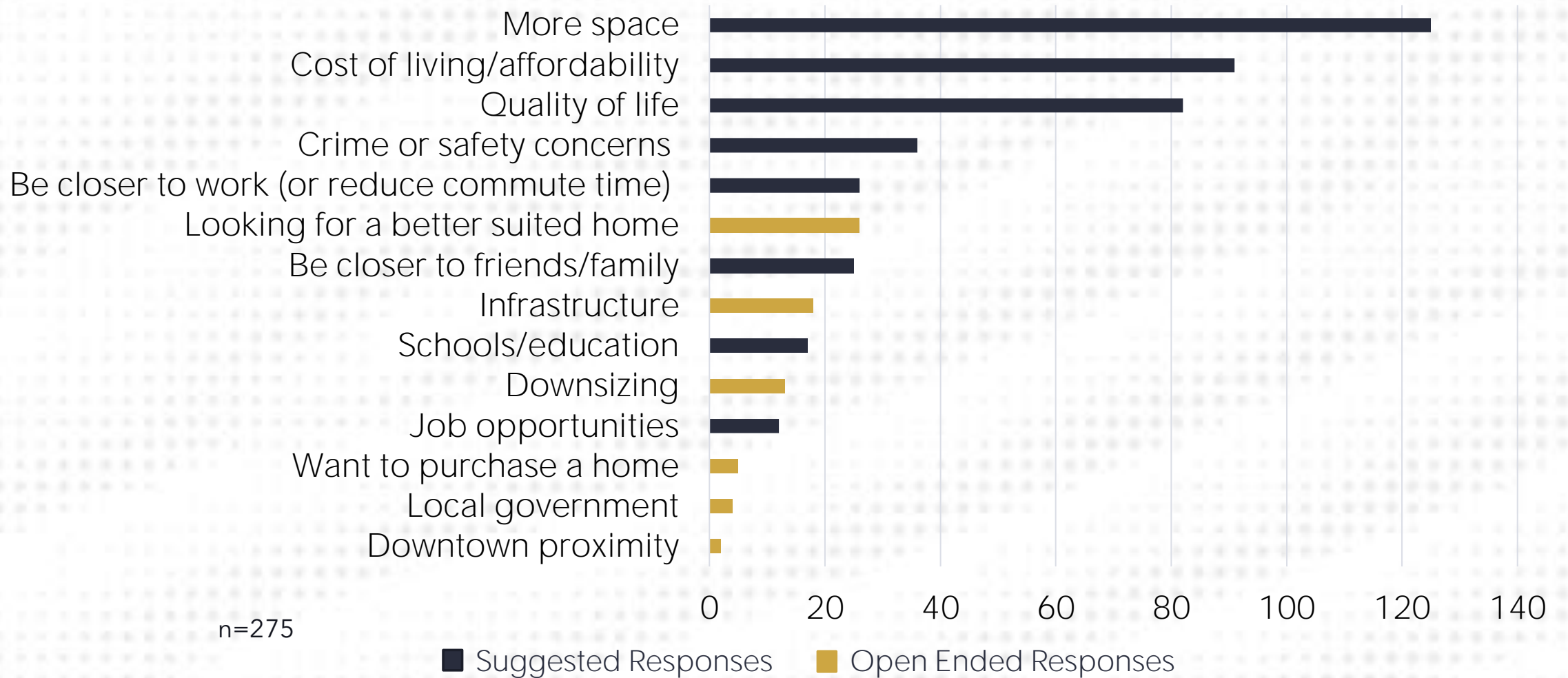
Respondents' location and desire to move to a different home in Franklin County



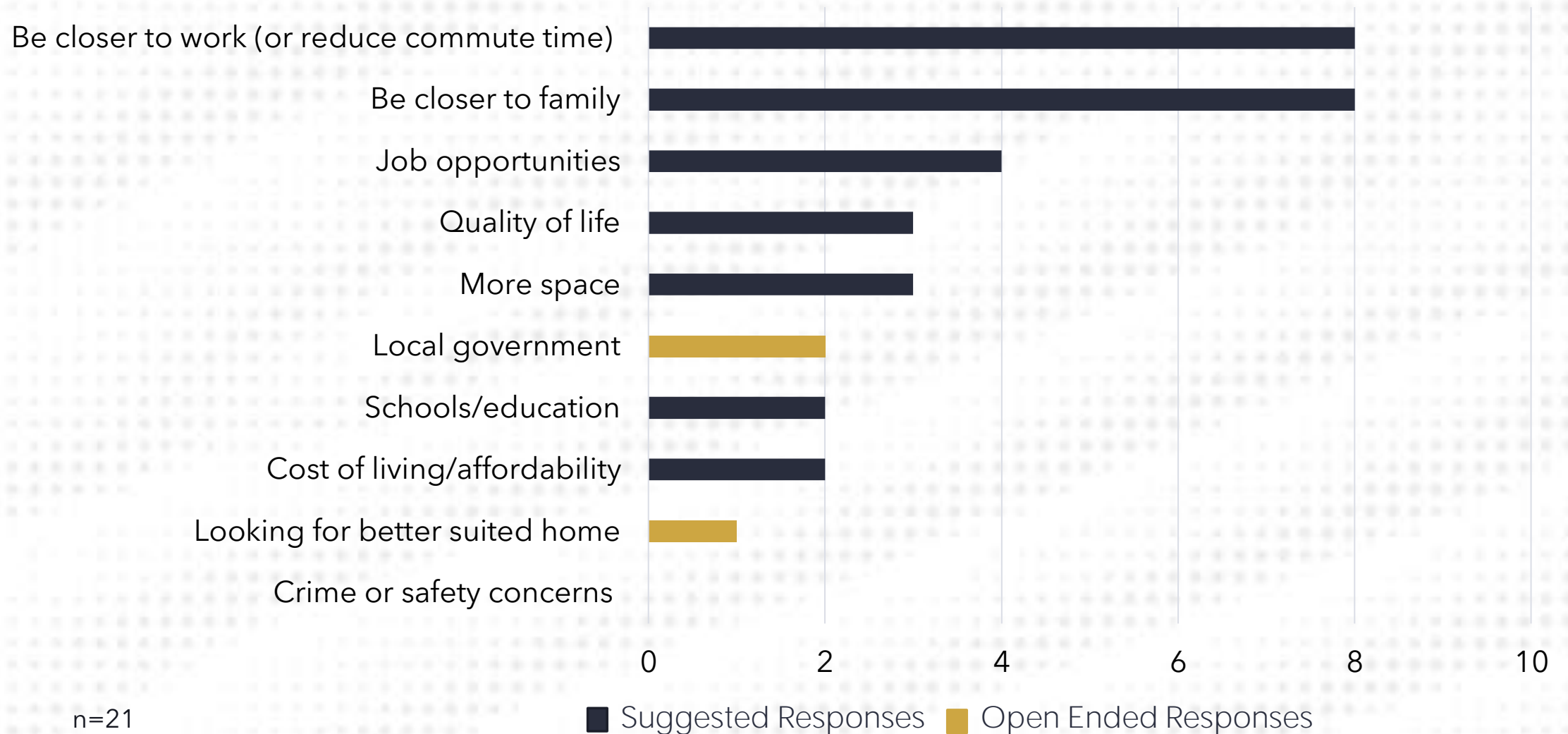
Respondents' current housing type and desire to move to a different home in Franklin County



People interested in moving in Franklin County, regardless of Current Residential Location



People interested in moving into Franklin County who do not currently live in Franklin County



Which, if any, of the following housing aspects are you dissatisfied with in Franklin County?

Existing homes are too expensive or difficult for the average household to fix up

Lack of housing for special needs populations (such as: seniors, disabled, emergency transitional housing, etc.)

There are not enough residences to house the people who want to live here

Too much conversion of housing stock to vacation rentals (such as Airbnb)

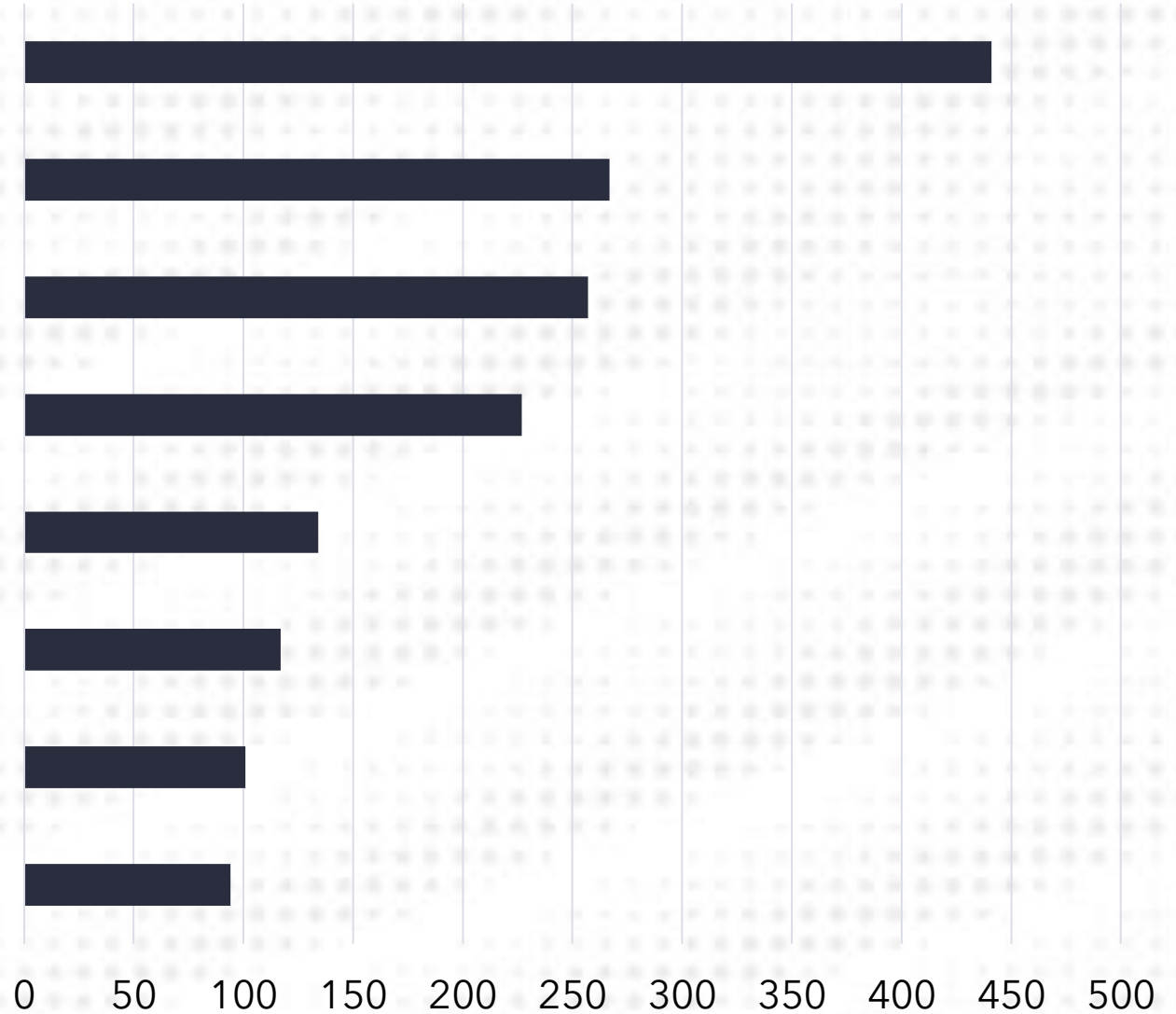
Building style and practices do not address sustainability factors (i.e., water usage, energy use, carbon emissions, etc.)

Too much house flipping, too many non-local or part-time second homeowners

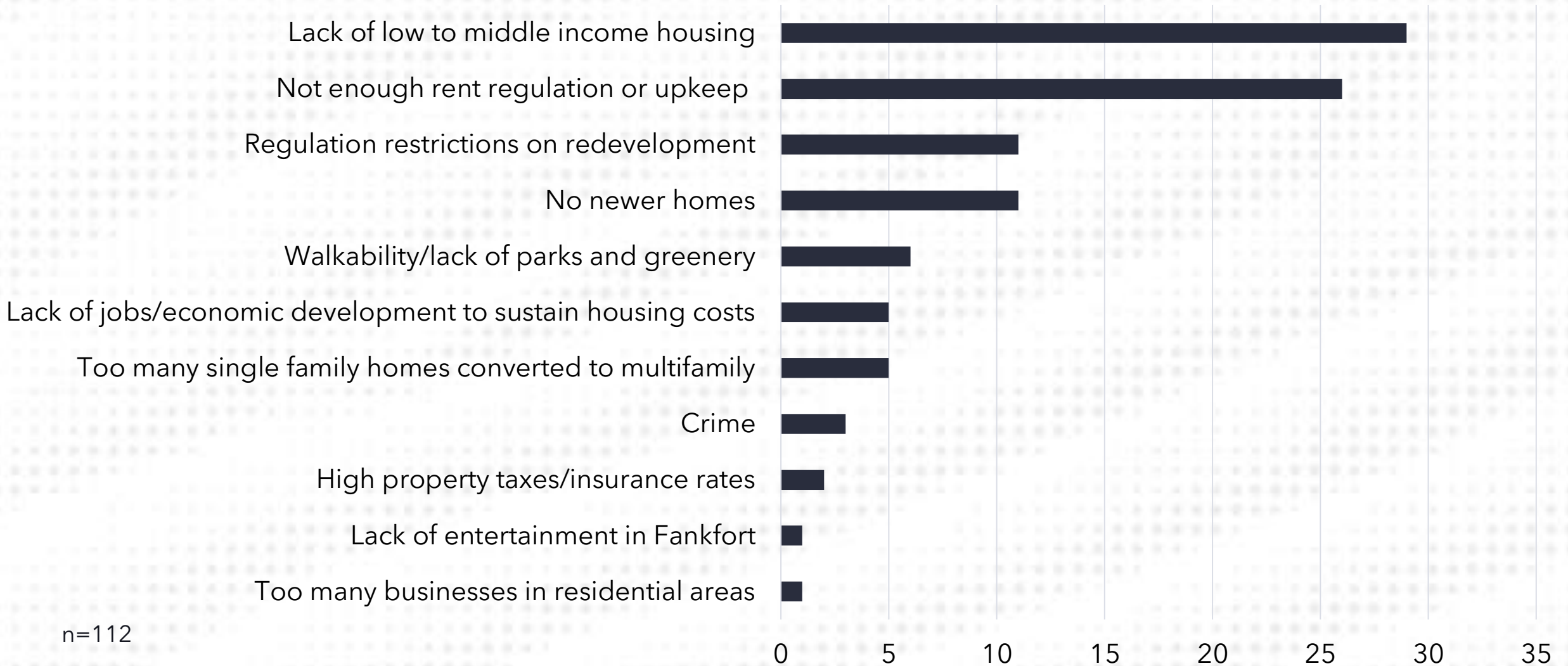
Overdevelopment in historically rural/agricultural areas

Too many single-family homes and lack of middle and high-density options

n=678

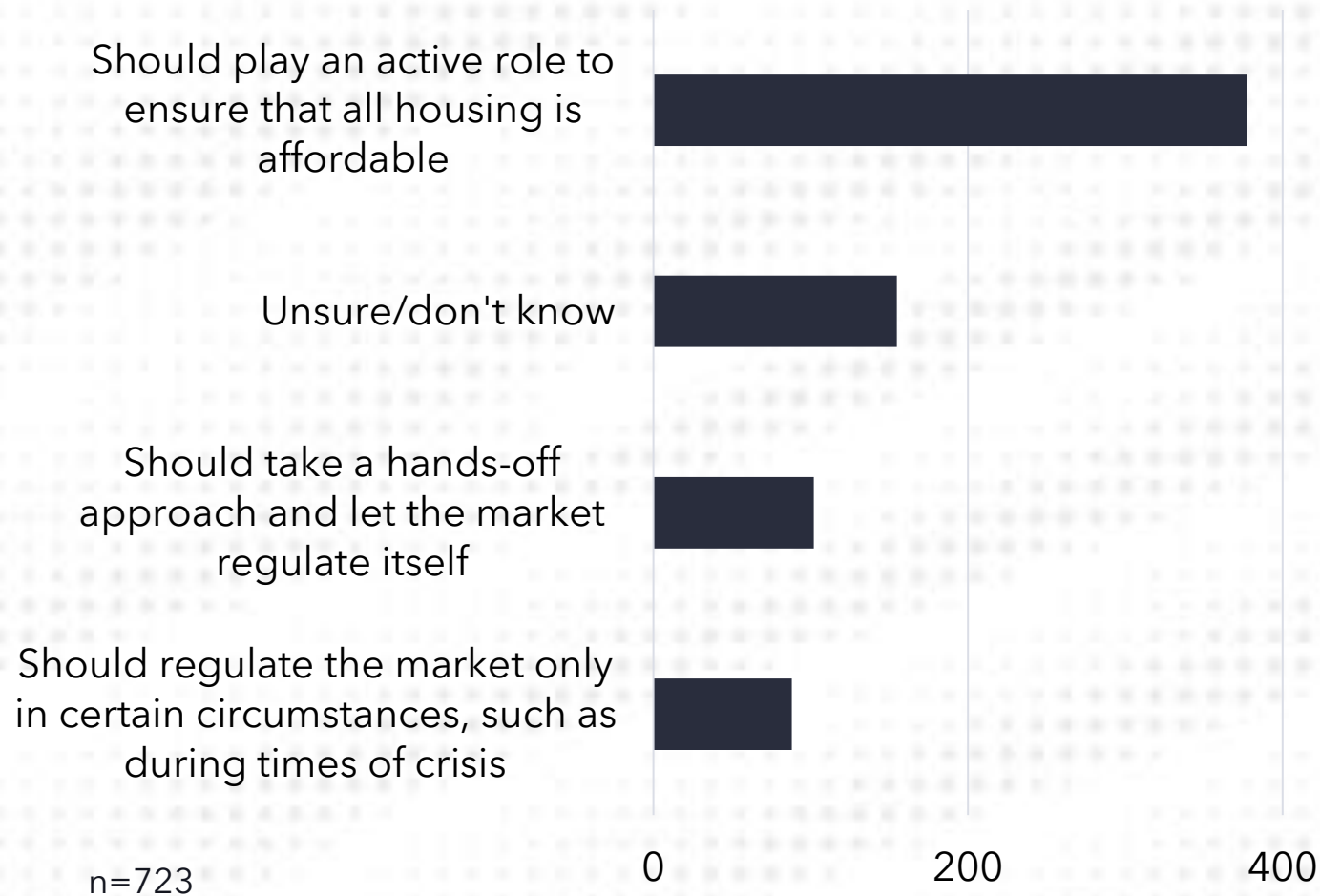


Open ended ('other'): Which, if any, of the following housing aspects are you dissatisfied with in Franklin County?



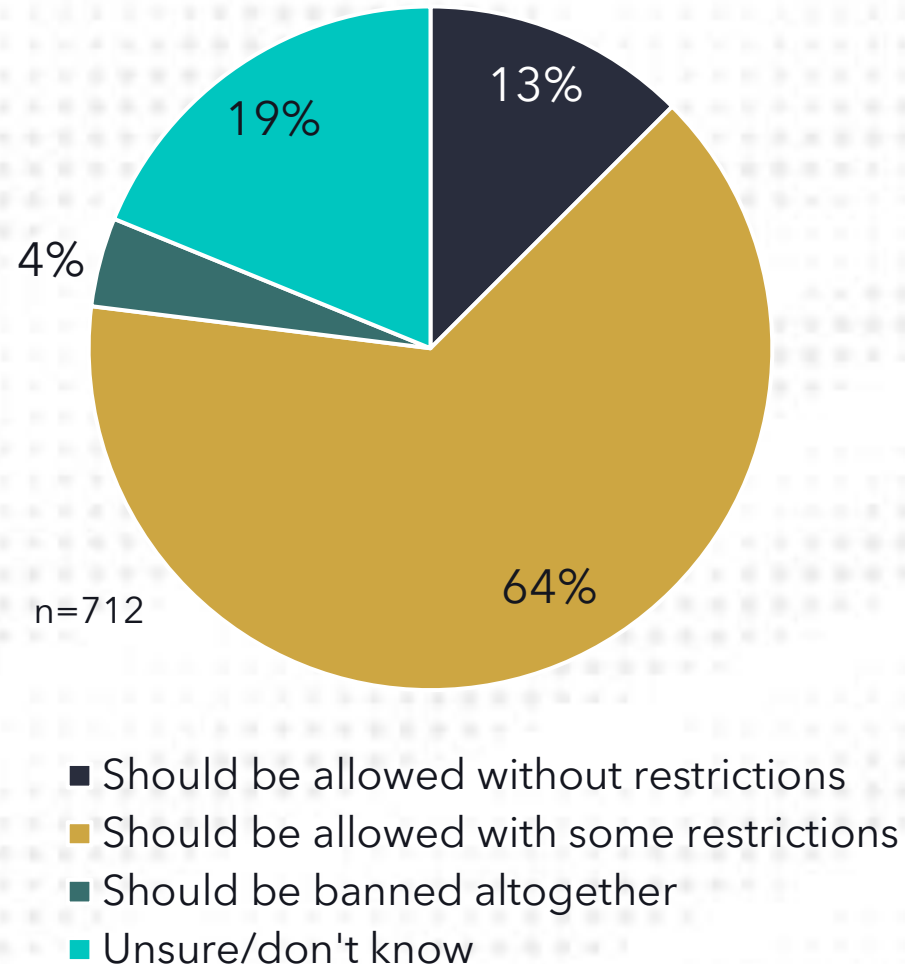
n=112

What should the local government's role be in regulating the housing market?



- Respondents are split in terms of how active local government should be in the housing market
 - The majority (53%) would like an “active” role
 - Just 14% are decidedly *laissez-faire*

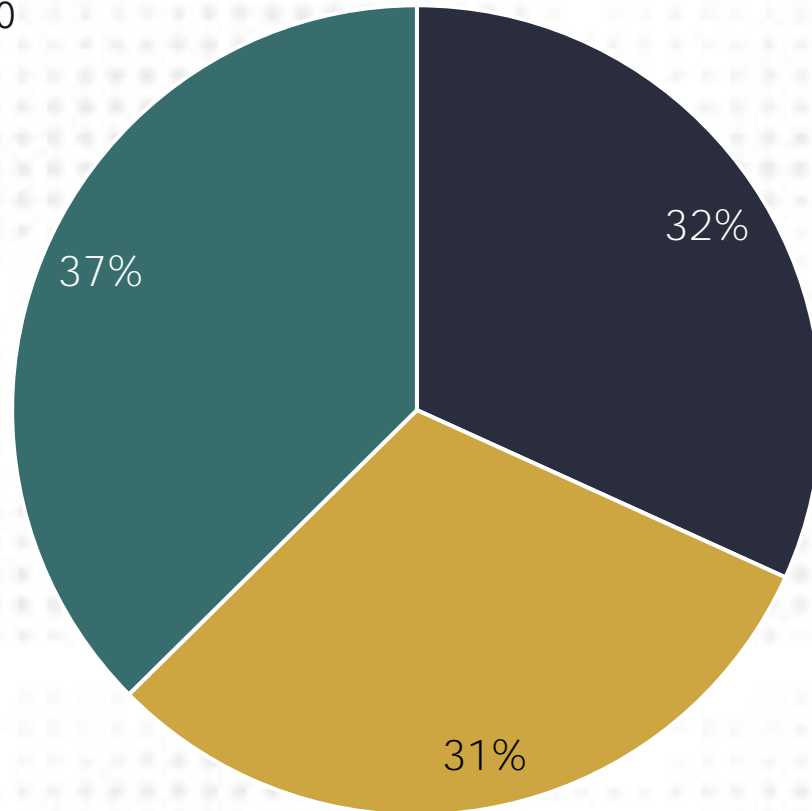
STRs: What do you believe local government should do related to short-term rentals in the city?



- Respondents are generally opposed to restrictions on STRs but a large minority also feel there are 'too many STRs' (32%)
- Similar to the regulation topic, in general, just a small minority advocate for a hands-off approach (13%)

STRs: Do you believe there are too many short-term rentals in the city of Frankfort?

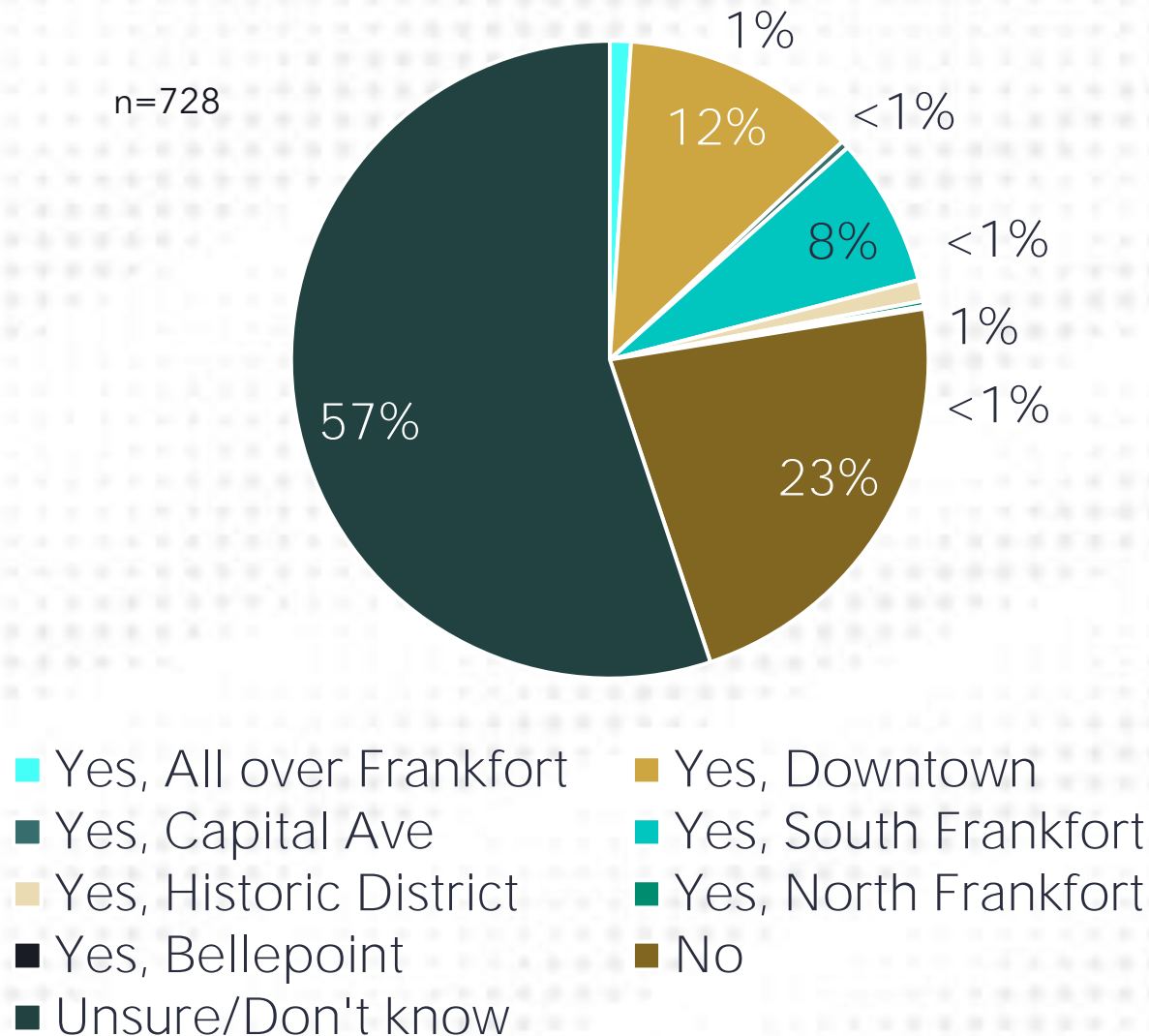
n=730



■ Yes ■ No ■ Unsure/don't know

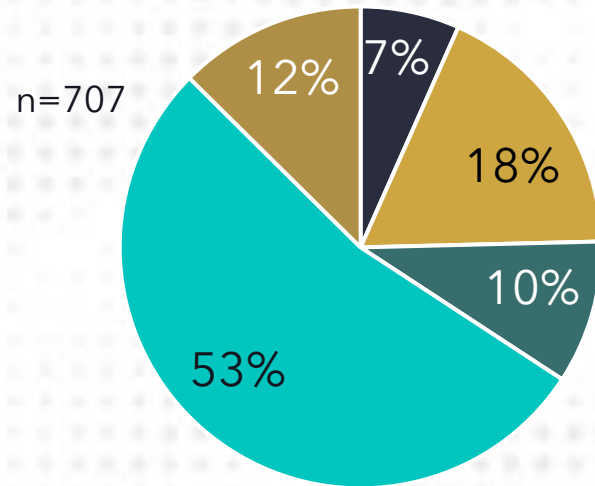
- The preponderance of residents are unsure of their feelings of STRs.
- The remaining population is split:
 - 32%: Yes, too many STRs
 - 31%: No, not too many STRs

STRs: Do you believe there are too many short-term rentals in a particular neighborhood or area?



- Most respondents cannot name a particularly problematic location (57%)
- In terms of neighborhoods, particular concern is focused on:
 - Downtown: 12%
 - South Frankfort: 8%
 - Capital areas
- 8% of respondents also indicate STRs are a problem "all over Frankfort"

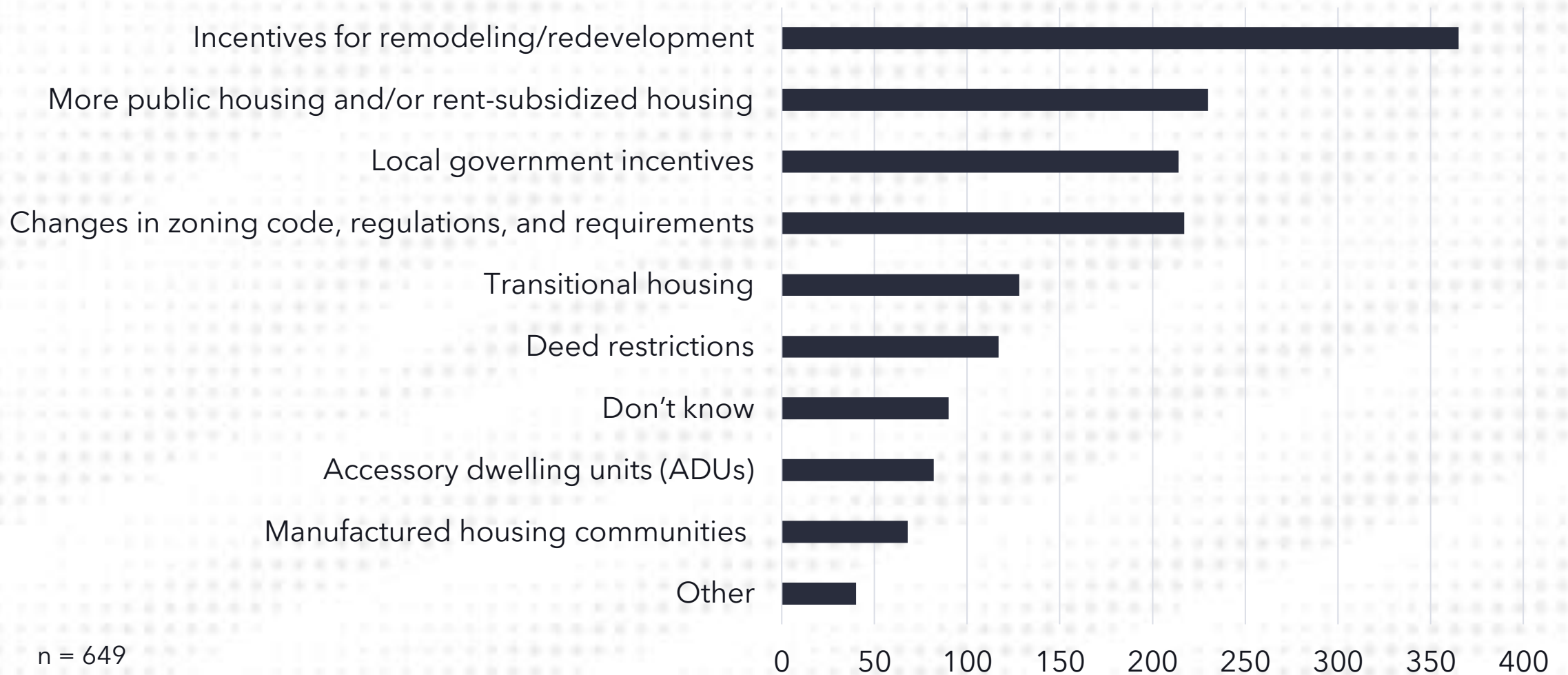
Would you like to see Franklin County's housing stock increase?



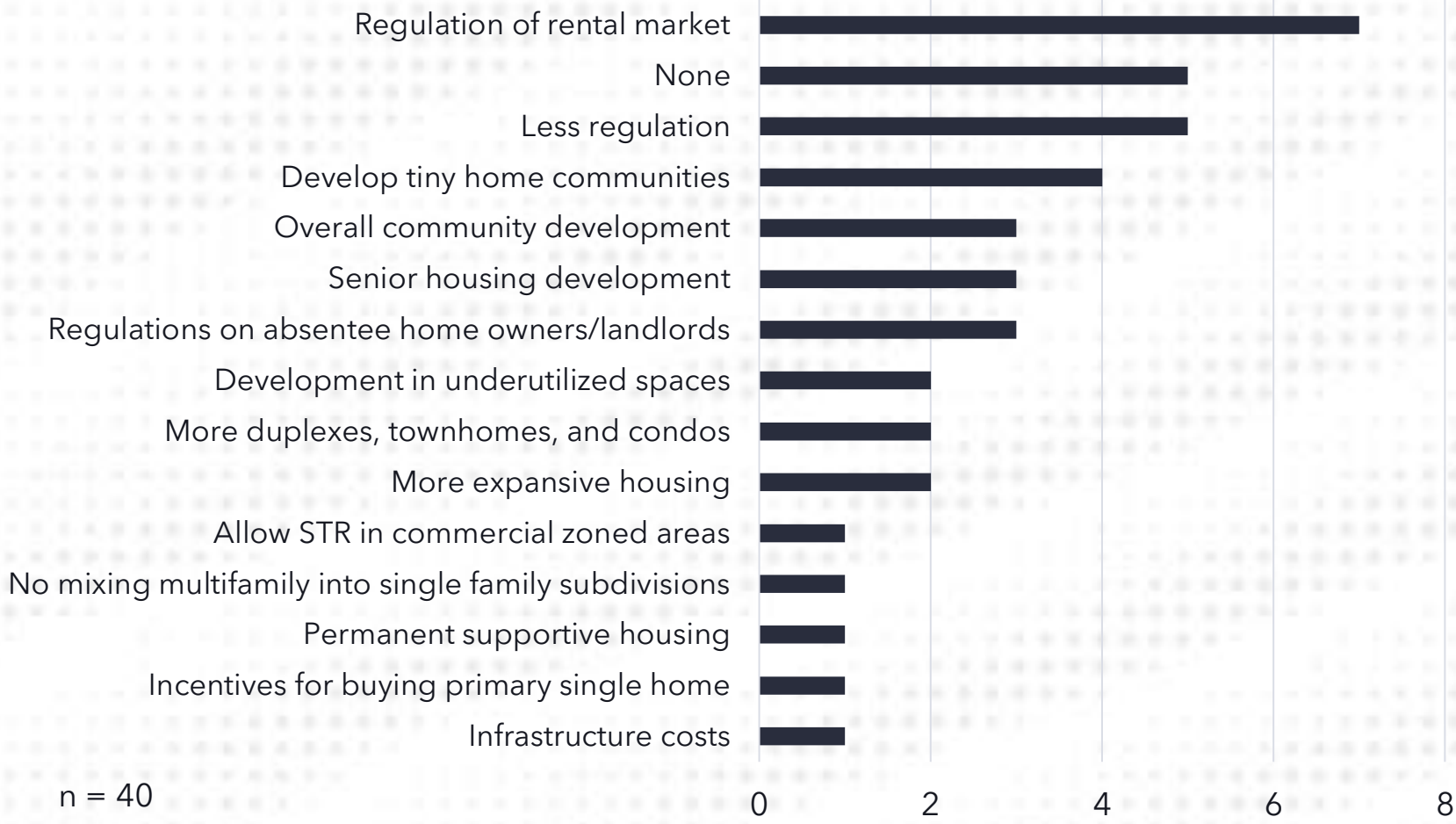
- No, I don't think the housing stock needs to increase at this time
- Yes, with a focus on more single-family homes
- Yes, with a focus on more dense housing options, like apartments or townhomes
- Yes, but with a focus on a mix of both single-family and more dense housing options
- Not sure

- The majority of respondents like the concept of diverse housing options (53%)
- A slightly higher proportion favor a single-family led inventory than a dense multi-family led inventory:
 - 'focus on single-family homes': 18%
 - 'focus on dense housing options': 12%

What tools would you be in favor of the city and/or county allowing in order to provide more housing?



Open ended ('other'): What other tools would you be in favor of the city and/or county allowing in order to provide more housing?



n = 40

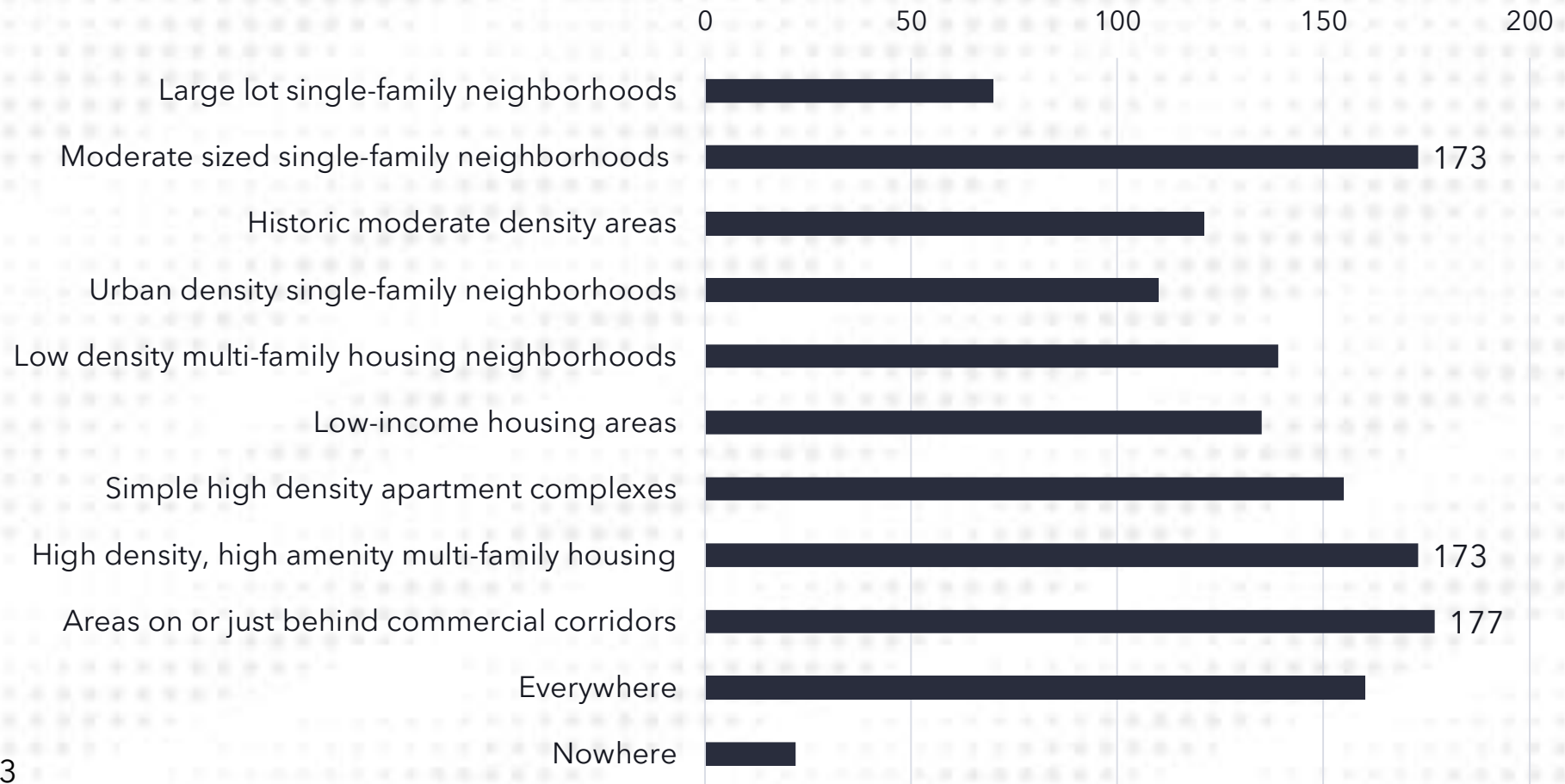


Geographic preferences for housing types

Respondents were asked what housing types would be most suitable for various neighborhoods throughout Franklin County. The questions were accompanied by images of proto–typical renderings of such housing types:

- Large lot single-family neighborhoods (such as Inverness or Two Creeks)
- Moderate sized single-family neighborhoods (such as Silverlake or Cloverdale)
- Historic moderate density areas (such as South Frankfort and Downtown)
- Urban density single-family neighborhoods (such as Blanton Acres or Franklin Heights)
- Low density multi-family housing neighborhoods (such as Schenkelwood or Cedars, on Woodgate Road)
- Low-income housing areas (such as Hickory Hills Manor and Prince Hall Village)
- Simple high density apartment complexes (such as Woodside Park or Juniper Hills Apartments)
- High density, high amenity multi-family housing (such as Riverford Crossing)
- Areas on or just behind commercial corridors

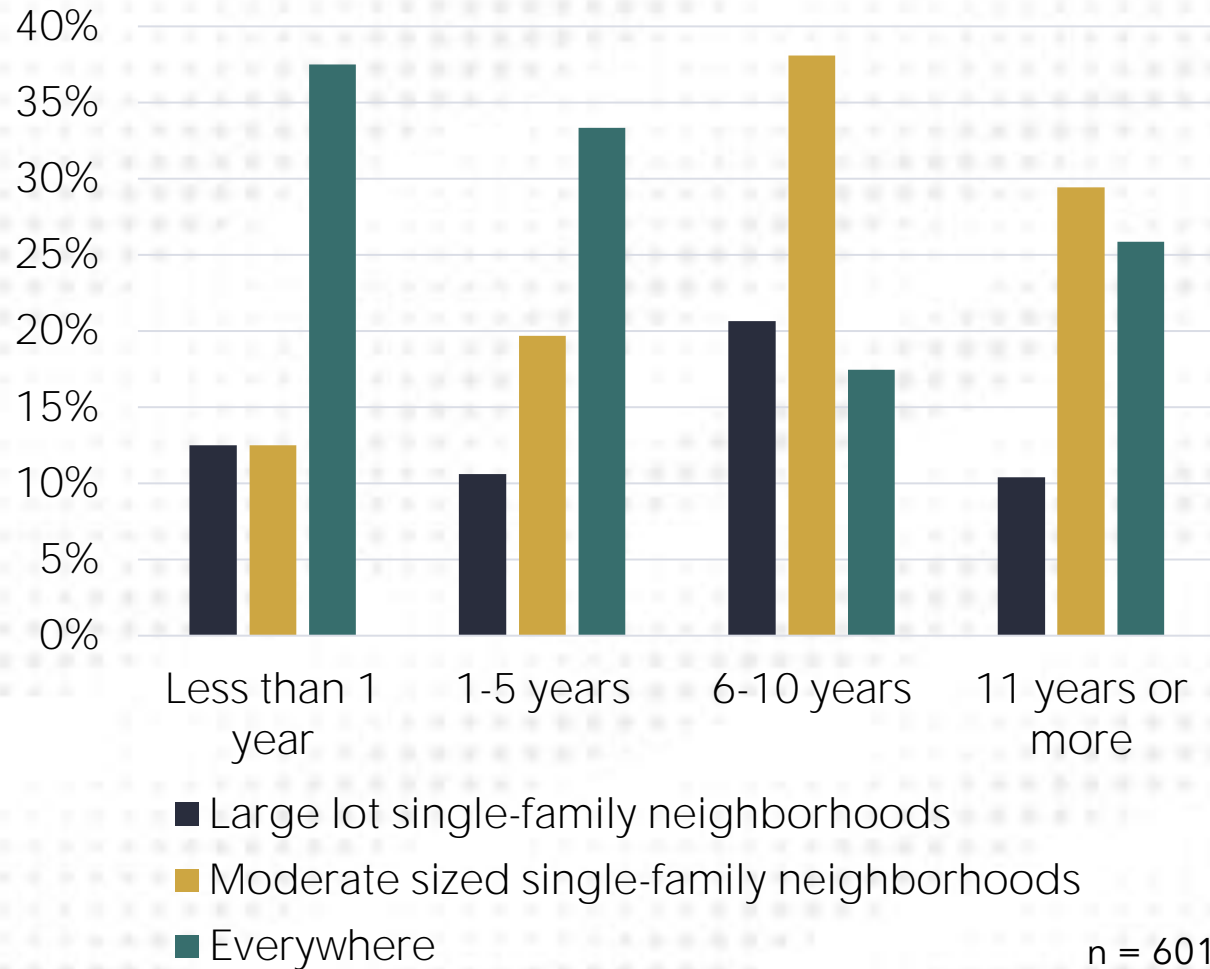
What type of neighborhoods in Franklin County would be most suitable for the *townhome* housing type?



n = 603

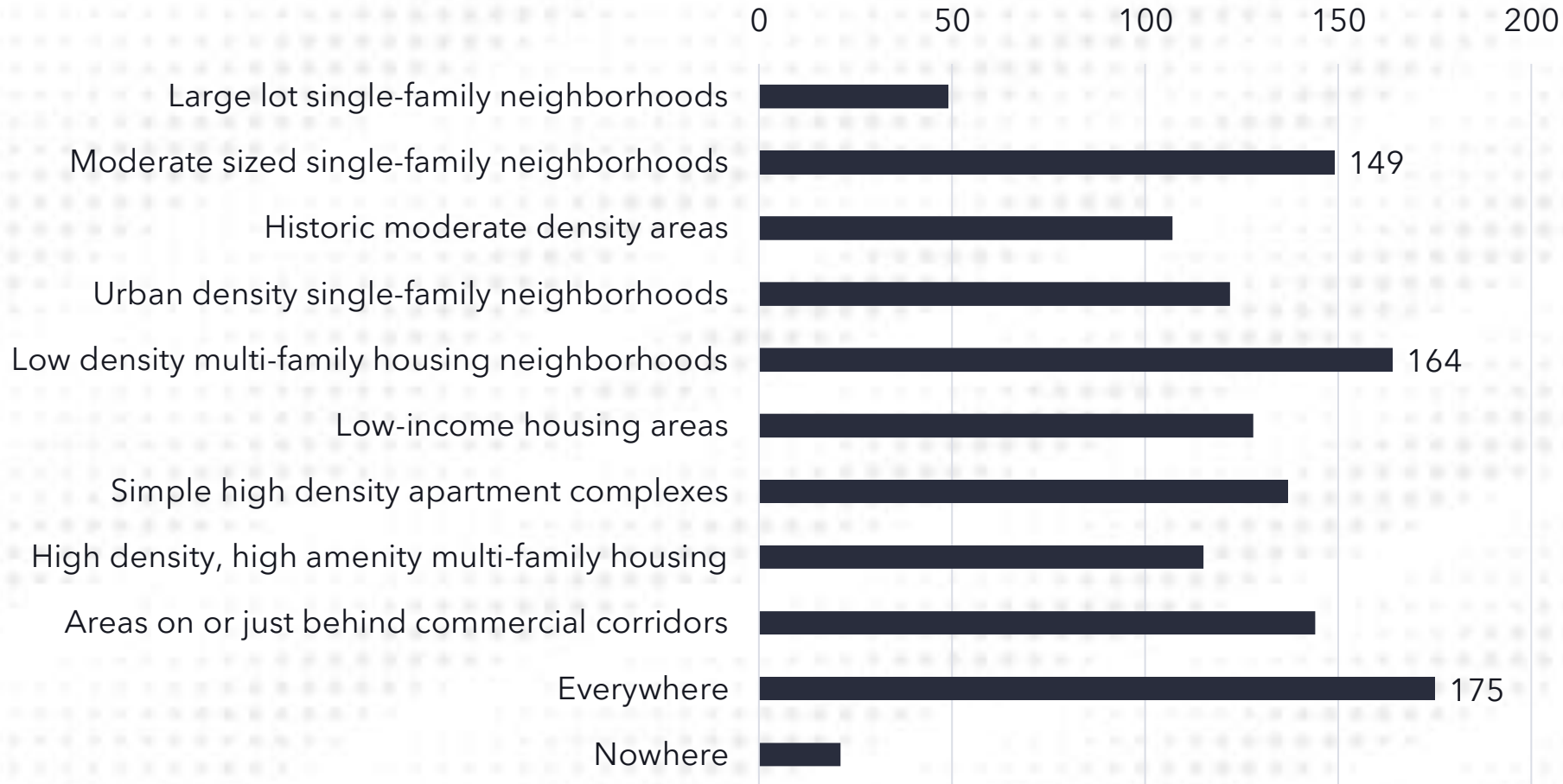
**Options receiving the three highest number of votes also have the number of selections displayed*

Townhome preferences based on time spent living in Franklin County



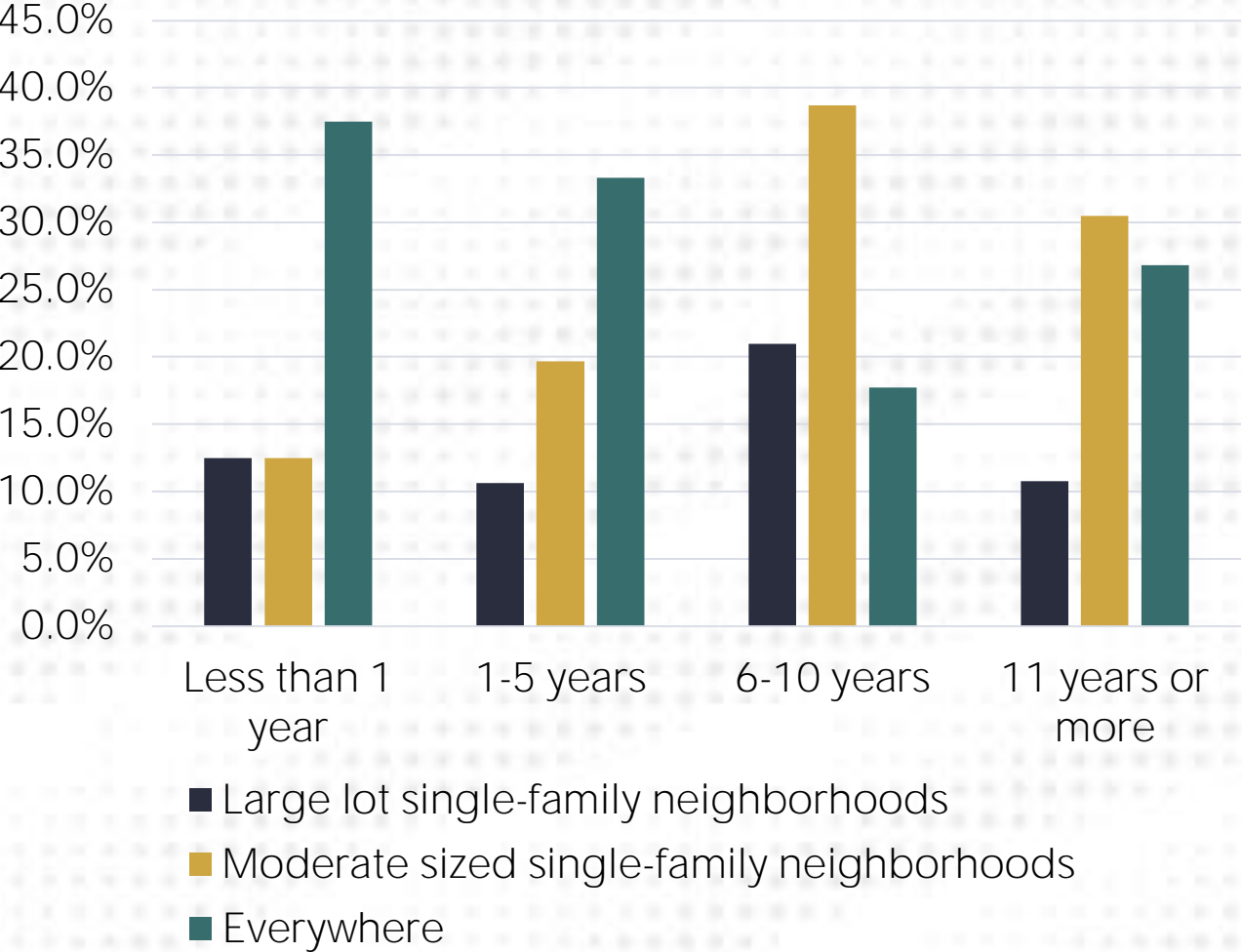
- Those in the middle duration categories are more approving of the townhome style in lower density districts
- But the 6-10 years residents are more concerned with compatibility of use
- Regardless of duration, 'everywhere' is a popular response:
 - 38% of < 1 year
 - 33% of 1-5 years
 - 18% of 6-10 years
 - 26% of 11+ years

What type of neighborhoods in Franklin County would be most suitable for the *duplex and triplex* housing type?*



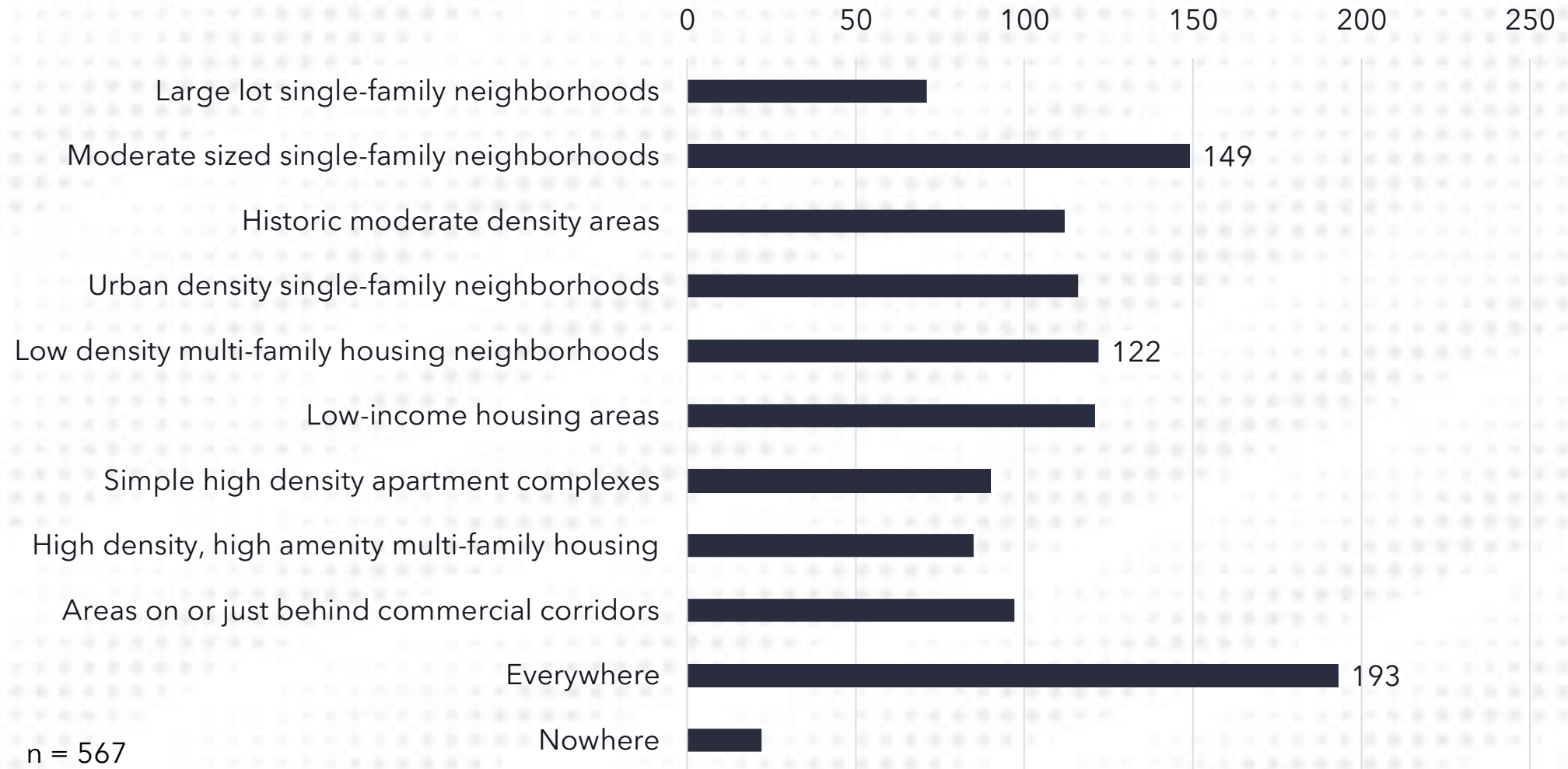
n = 586

Duplex and triplex preferences based on time spent living in Franklin County

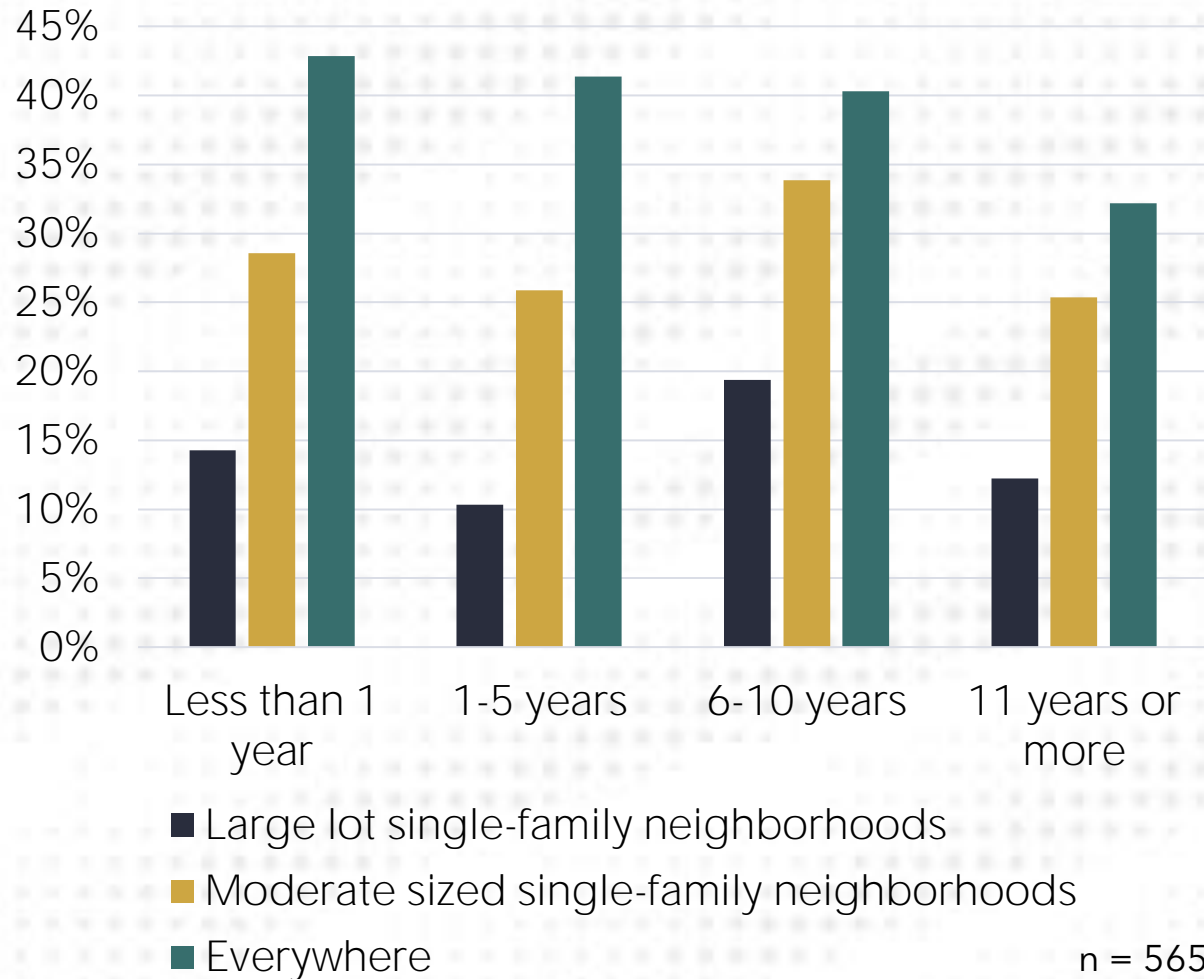


- Those with 6-10 years of residency are most permissive with duplexes and triplexes
- Perhaps some correlation with the influx from bigger cities where such housing types are more common
- Longer-tenured residents (11+ years) would generally like to see duplexes and triplexes in moderate density districts

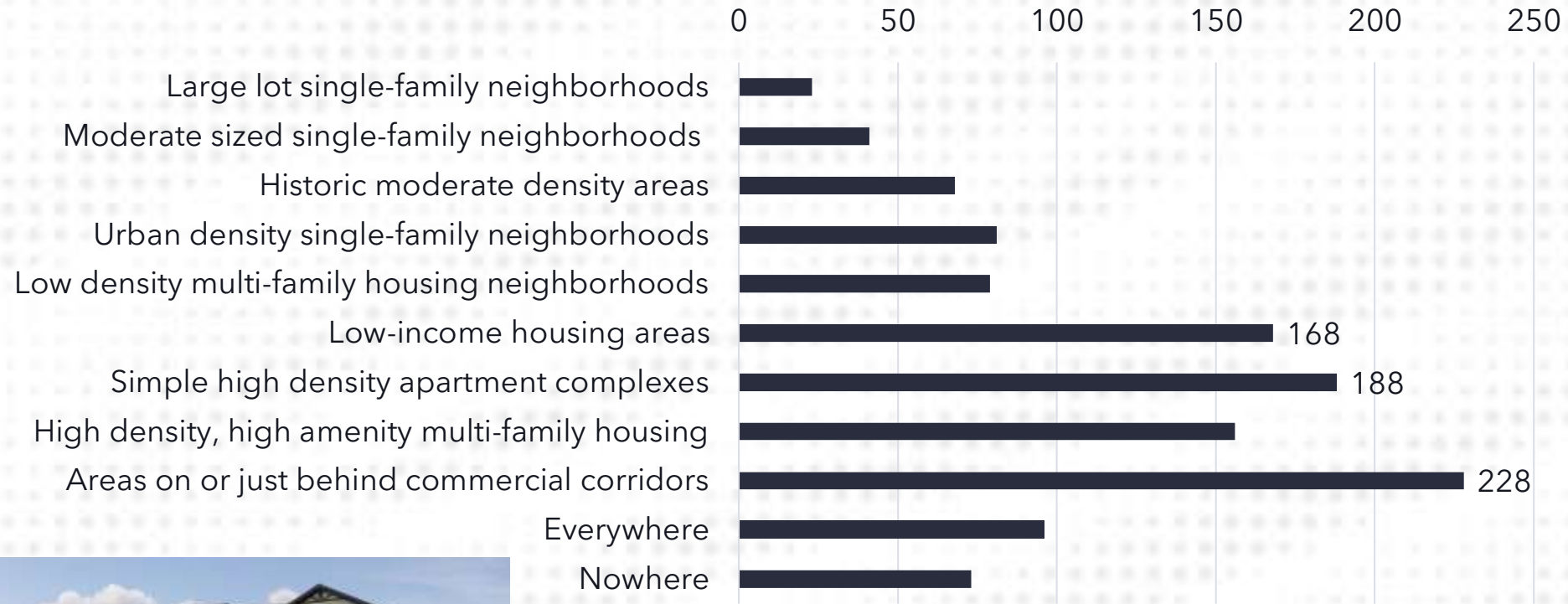
What type of neighborhoods in Franklin County would be most suitable for the *cottage neighborhood* housing type?



***Cottage neighborhood* preferences based on time spent living in Franklin County**



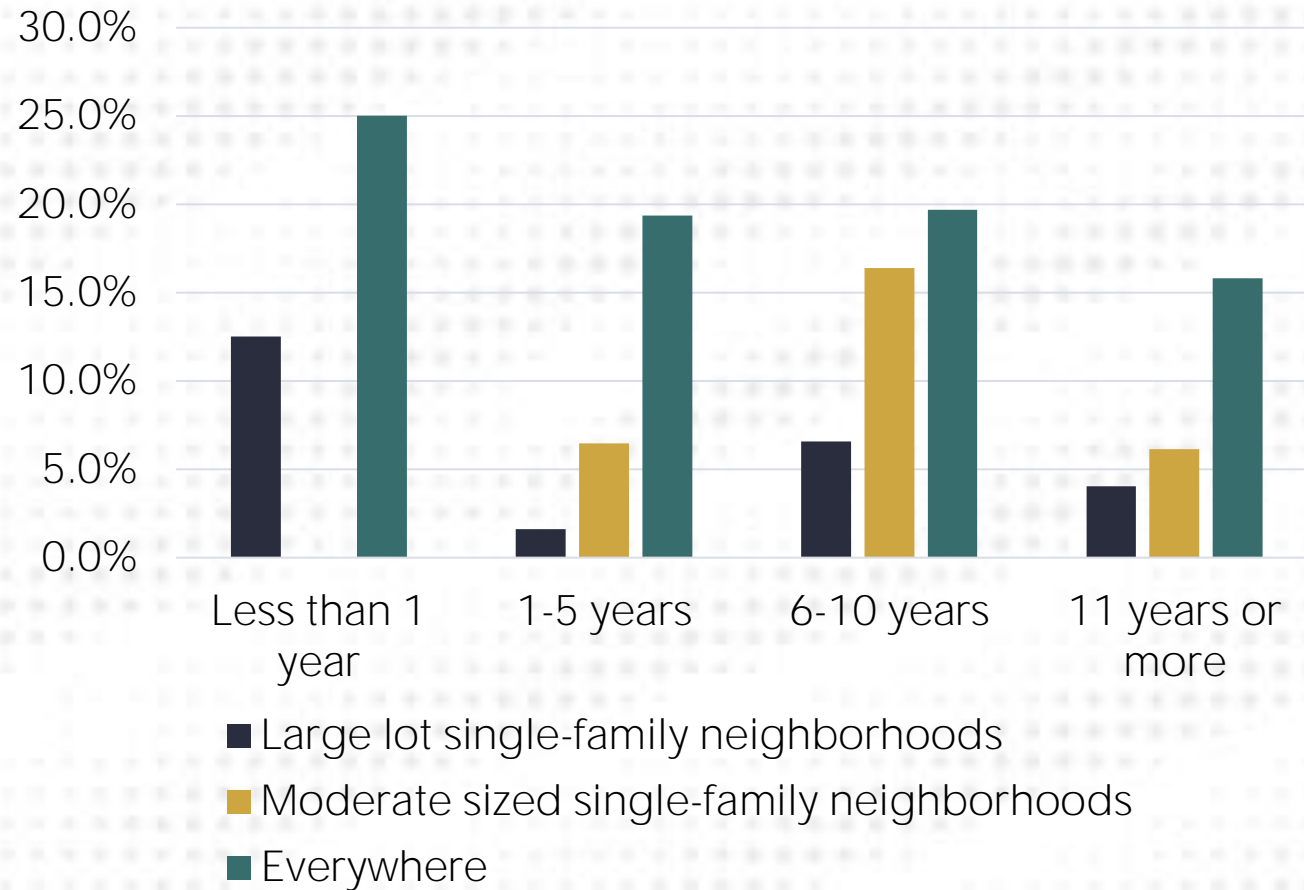
What type of neighborhoods in Franklin County would be most suitable for the *dense multi-family or apartment* housing type?



n = 568



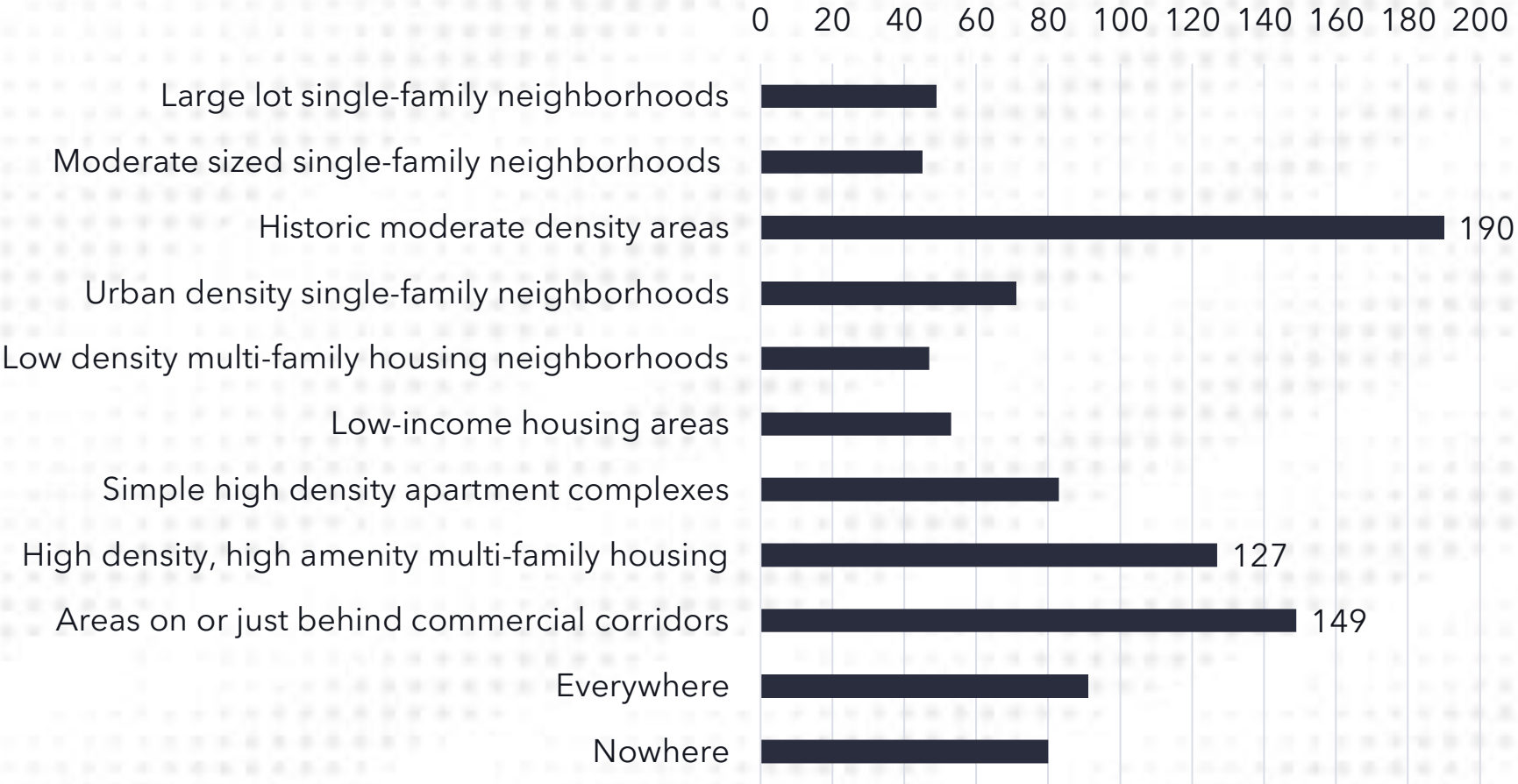
Dense *multi-family or apartment* preferences based on time spent living in Franklin County



n = 568

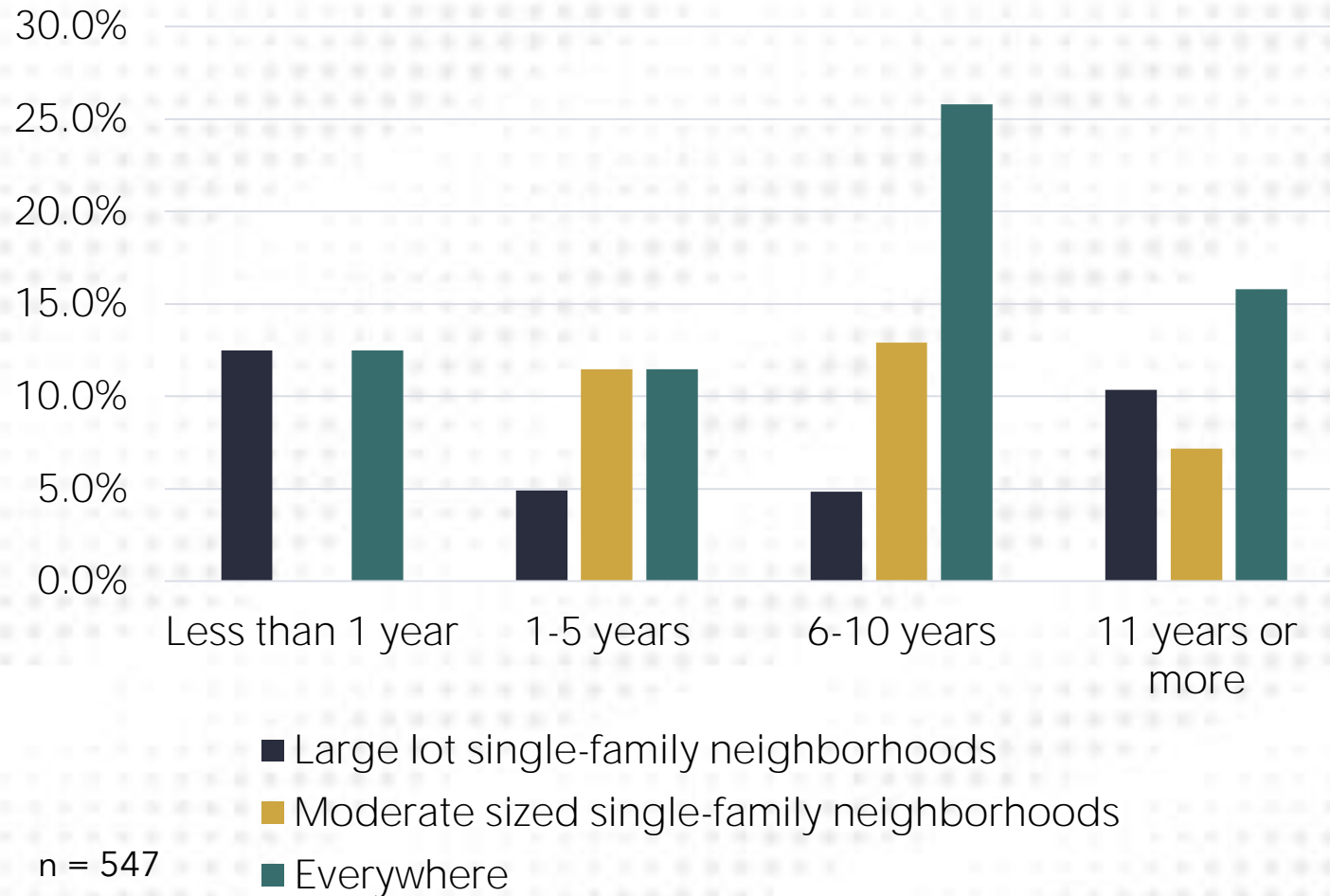
- Residents of all tenure levels are tighter on density standards when it comes to multi-family housing
- The longer residents have lived in the area, the less likely they are to select 'everywhere'

What type of neighborhoods in Franklin County would be most suitable for the *owner-occupied condominiums* housing type?



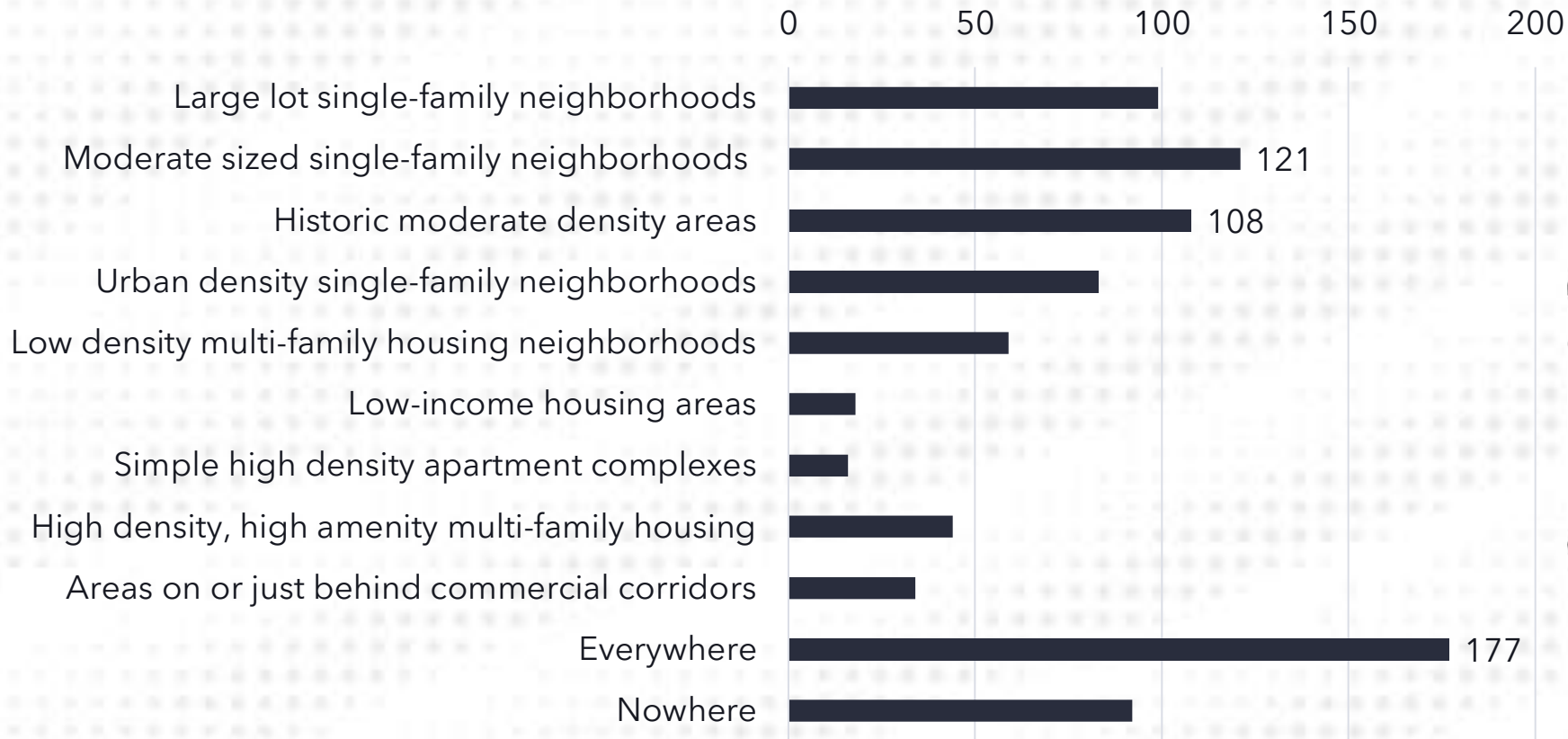
n = 547

Owner-occupied condominium preferences based on time spent living in Franklin County

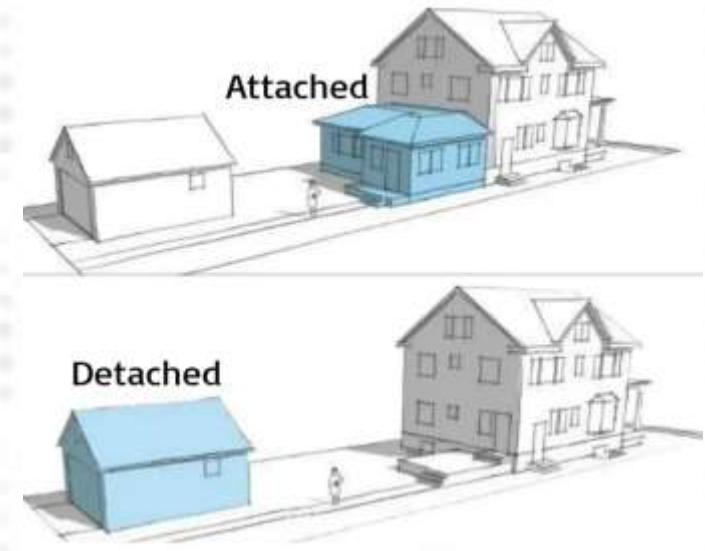


- The “owner-occupied” designation seems to make a difference to longer tenured residents (6-10 years, and 11+ years) as they are more approving of condos than other middle-density housing types

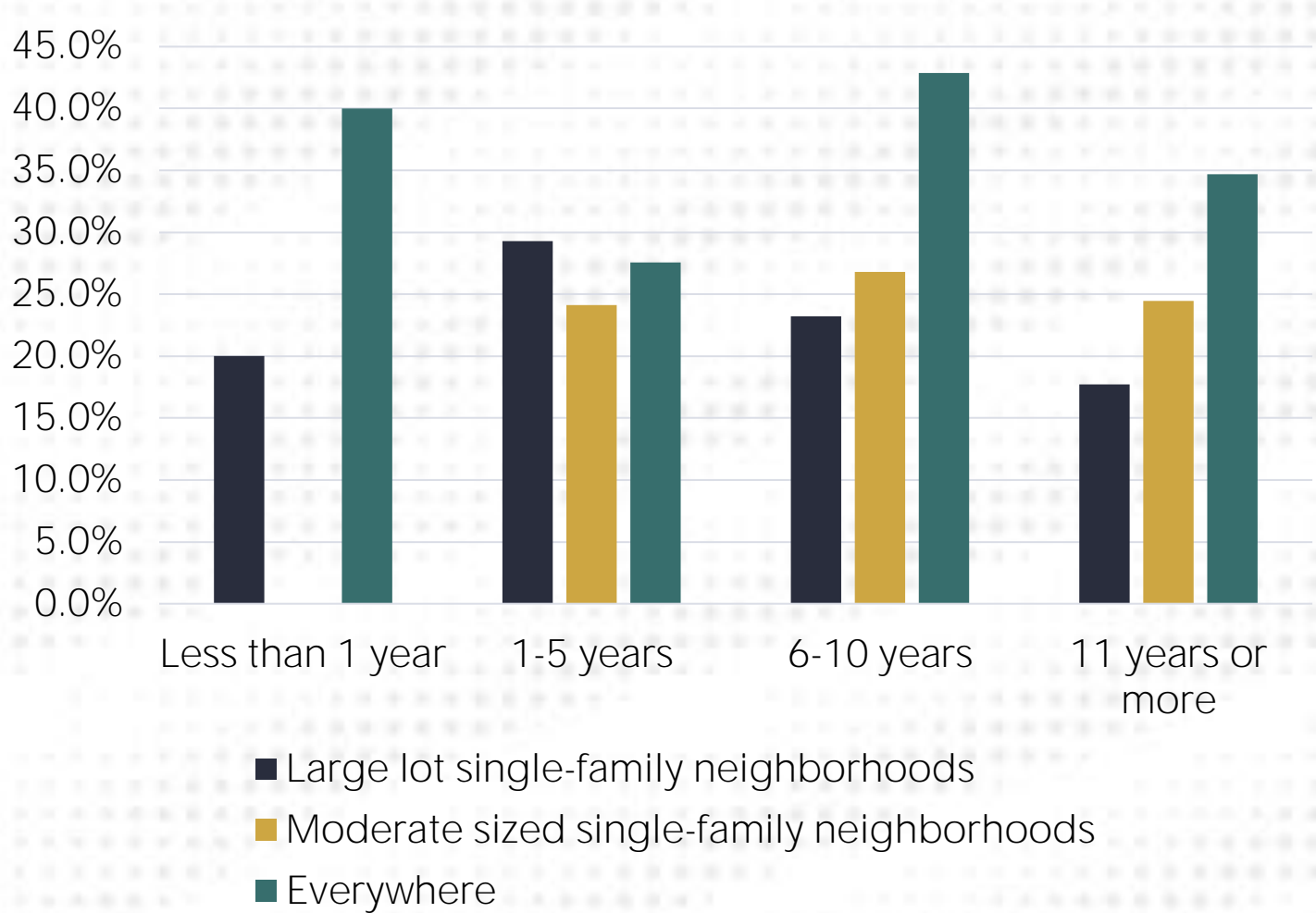
What type of neighborhoods in Franklin County would be most suitable for the accessory dwelling units (ADUs) – attached or detached housing type?



n = 503



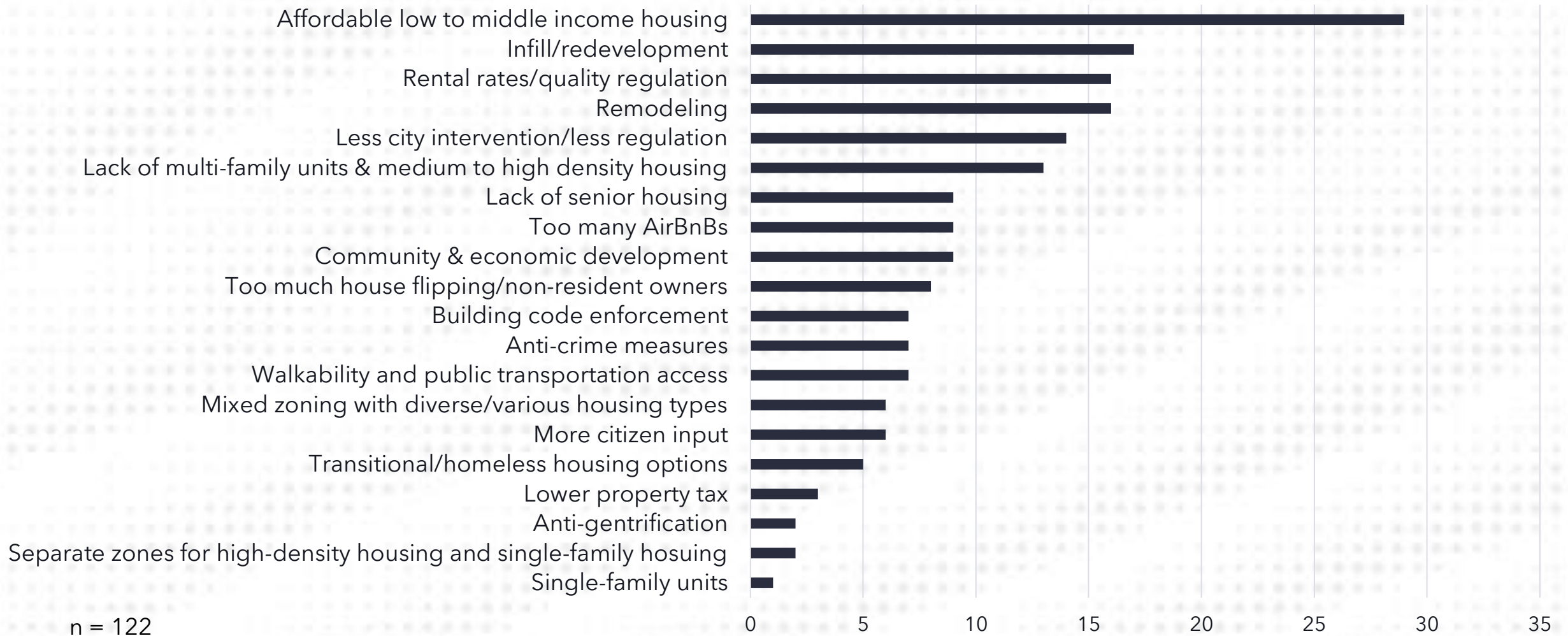
Accessory dwelling units (ADUs) – attached or detached preferences based on time spent living in Franklin County



- ADUs receive the highest interest ratings from residents of all middle-density housing types within the “large single-family neighborhoods” district:
 - 20% of < 1 years
 - 29% of 1-5 years
 - 23% of 6-10 years
 - 18% of 11+ years

Coded responses for open-ended questions

Additional thoughts or comments related to housing in the City of Frankfort and Franklin County:



n = 122

Appendix of Data

Project
Background

Executive
Summary

Recommendations

Demographics

Employment &
Sources of
Income

Housing
Characteristics

Housing
Production &
Costs

Short-term
Rentals (STRs)

Rental Data &
Housing Cost-
Burden

Community
Survey

Appendix of
Data

Key Themes from On-site Interviews

Affordable Housing is in Short Supply

- Frankfort and Franklin County face significant housing challenges that revolve around the limited availability of affordable housing, a shortage of housing inventory, and the need for a more diverse range of housing options, including multifamily units and smaller, more affordable homes.

Current Planning and Zoning is a Barrier to Development

- The region's issues in its planning and zoning processes are characterized by a lack of clarity, consistency, and predictability. Differing opinions on land use and design standards create conflicts and delays for developers and the community.

Opinions Differ on Direction of Growth

- Frankfort and Franklin County are currently grappling with important considerations regarding housing growth and development. There are discussions about the type of growth the city should pursue, including infill and redevelopment projects, mixed-use development, and density.

Concerns About Short Term Rentals

- Concerns about short-term rentals (STRs) in the region revolve around their potential impact on the availability and affordability of housing. The trend of rehabbing neglected houses and converting them into STRs has raised concerns about reducing the stock of long-term rental options, particularly in the affordable housing segment.

Housing Characteristics Comparison

	Frankfort		Franklin County	Kentucky	US
	#	%	%	%	%
Occupied housing units	12,559				
UNITS IN STRUCTURE	#	%	%	%	%
1, detached	6,545	52.1%	65.2%	69.2%	62.7%
1, attached	455	3.6%	2.7%	2.8%	6.2%
2 apartments	811	6.5%	4.3%	2.8%	3.3%
3 or 4 apartments	1,679	13.4%	8.0%	4.2%	4.2%
5 to 9 apartments	1,098	8.7%	5.2%	4.5%	4.5%
10 or more apartments	1,740	13.9%	8.1%	6.6%	13.6%
Mobile home or other type of housing	231	1.8%	6.4%	9.9%	5.4%

YEAR STRUCTURE WAS BUILT	Frankfort		Franklin County	Kentucky	US
	#	%	%	%	%
2020 or later	0	0.0%	0.0%	0.2%	0.2%
2010 to 2019	286	2.3%	3.2%	7.2%	7.3%
2000 to 2009	668	5.3%	10.5%	14.6%	13.8%
1980 to 1999	3,255	25.9%	30.8%	29.4%	26.9%
1960 to 1979	4,448	35.4%	30.5%	26.6%	25.2%
1940 to 1959	2,692	21.4%	16.3%	13.0%	14.8%
1939 or earlier	1,210	9.6%	8.7%	9.0%	11.8%
ROOMS	#	%	%	%	%
1 room	572	4.6%	2.6%	1.3%	2.1%
2 or 3 rooms	1,537	12.2%	8.9%	7.9%	11.2%
4 or 5 rooms	5,452	43.4%	38.8%	35.4%	33.8%
6 or 7 rooms	3,436	27.4%	30.3%	32.3%	30.6%
8 or more rooms	1,562	12.4%	19.4%	23.2%	22.3%
BEDROOMS	#	%	%	%	%
No bedroom	588	4.7%	2.6%	1.4%	2.4%
1 bedroom	1,533	12.2%	8.3%	7.6%	10.4%
2 or 3 bedrooms	9,127	72.7%	72.7%	70.5%	64.2%
4 or more bedrooms	1,311	10.4%	16.4%	20.5%	23.1%

Source: American Community Survey, 5-Year Estimates (2017-2021), Table S2504

Housing Tenure Characteristics

	Frankfort		Franklin County	Kentucky	US
	#	%	%	%	%
Owner-Occupied	5,777				
1, detached	5,233	90.6%	89.4%	85.5%	82.4%
1, attached	142	2.5%	1.8%	2.2%	6.1%
2 apartments	87	1.5%	0.6%	0.3%	1.2%
3 or 4 apartments	10	0.2%	0.1%	0.4%	0.9%
5 to 9 apartments	54	0.9%	0.4%	0.5%	0.8%
10 or more apartments	58	1.0%	0.4%	0.7%	2.6%
Mobile home or other type of housing	193	3.3%	7.3%	10.4%	6.0%
Renter-Occupied	6,782				
1, detached	1,312	19.3%	24.9%	34.9%	26.7%
1, attached	313	4.6%	4.3%	4.0%	6.5%
2 apartments	724	10.7%	10.3%	8.0%	7.2%
3 or 4 apartments	1,669	24.6%	21.4%	12.3%	10.4%
5 to 9 apartments	1,044	15.4%	13.2%	12.9%	11.4%
10 or more apartments	1,682	24.8%	21.0%	18.9%	33.6%
Mobile home or other type of housing	38	0.6%	4.9%	8.9%	4.2%

Source: American Community Survey, 5-Year Estimates (2017-2021), Table S2504