Housing Trends and Commuting Patterns

HOUSING IN KENTUCKY SERIES

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Commuting distances have increased over time, and have increased the most, for low-income workers (Schleith & Horner, 2014). Low-income workers spend a higher percentage of their income on commuting. It can be inferred that heavy out-commuting and out-migration are generated in areas where employment opportunities are lacking, especially after experiencing socioeconomic and demographic stagnation (Holmes, 1972). Ideally, employees would not live any farther away from their place of employment than they have to, in order to save time and money on commuting, however Suzuki and Lee point out that is not always the case (2011).

Exploring variables such as home value, income, and commuting patterns in this paper reveals differences in Kentucky counties and regions. For instance, a disproportionate number of counties in Eastern Kentucky have the highest percentage of commuters making less than $40,000 annually, yet the region's homeownership is the highest in the state. The Bluegrass region has more counties than other regions with average home values exceeding the average home value statewide. In general, counties with lower average home values have a higher percentage of commuters with annual income under $40,000.

HOMEOWNERSHIP AND MEDIAN HOUSEHOLD INCOME

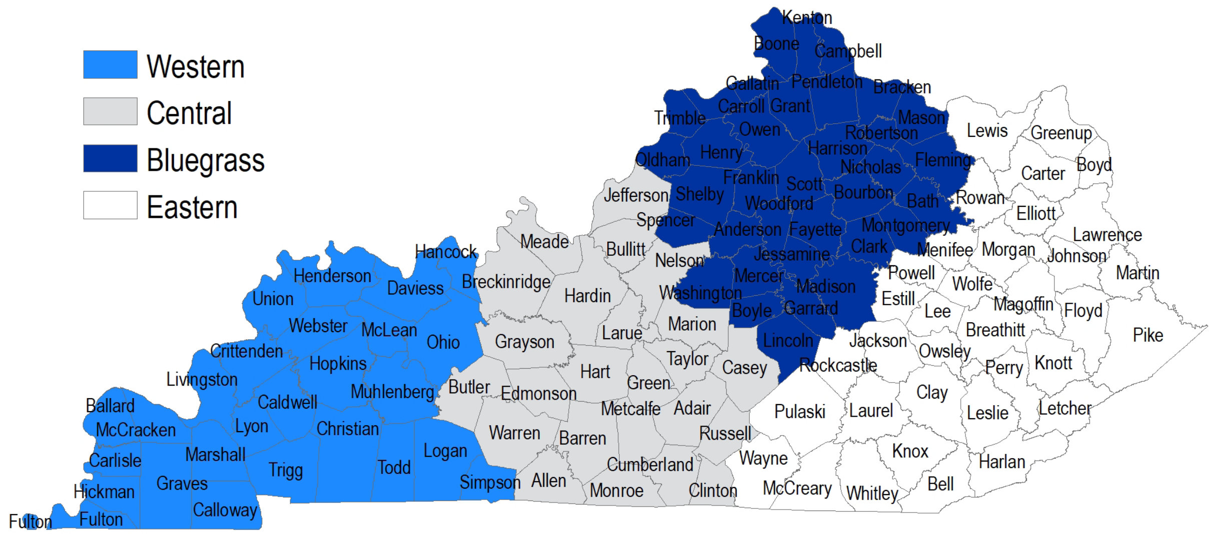
Non-metropolitan Appalachian areas tend to have higher homeownership rates than metropolitan Appalachian areas. Distressed counties in Appalachia have higher homeownership rates than Attainment counties (those with the most economic development), due to the lack of financial resources to move closer to jobs (Mather, 2004). The 2019 data for Kentucky suggest those observations still hold true, as seen in Table 1 below. Kentucky's Eastern (72.1%) and Western (67.6%) regions have higher rates of homeownership compared to the Central (65.1%) and Bluegrass (66.9%) regions. The five-year projected growth in homeownership is 4.0% in Central Kentucky and 5.4% in the Bluegrass region, where the median household income is $52,298 and $59,498 respectively. Eastern and Western Kentucky both have 1.3% projected growth in owned homes, markedly less than Central and Bluegrass regions. Median household income for the Eastern region is $33,597 and Western region is $45,759. Counties making up each region are referenced in Figure 1 (next page).

Table 1. Household Income and Ownership by Region

Region	Median Household Income	2019 Owner Occupied	2019 - 2024 Owner Occupied Projected Change
Central	$52,298	65.1%	4.0%
Eastern	$33,597	72.1%	1.3%
Bluegrass	$59,498	66.9%	5.4%
Western	$45,759	67.6%	1.3%

Source: ESRI, 2019

Figure 1. Kentucky Counties by Region



AVERAGE HOME VALUES AND OUT-COMMUTER EARNINGS

Data from Census On The Map are referenced in Table 2 (next page). These data indicate Kentucky counties with lower average home values have a higher percentage of out-commuters making less than $40,000 than counties with higher average home values. Over 74% of Fulton County's out-commuters make less than $40,000 per year, and the average home value is just over $113,000. Wayne County ranks second highest with almost 72% percent of out-commuters making less than $40,000 with an average home value $115,332 for the county. McCreary County has the third highest percent of out-commuters making less than $40,000 (71.2%), with an average home value of $90,359. Rounding out the top five are Cumberland and Clinton Counties. Both have greater than 70% of their out-commuters making less than $40,000 and have Average Home Values of $121,200 and $102,638 respectively.

Conversely, Kentucky counties with higher Average Home Values have a smaller percentage of their out-commuters making less than $40,000, also seen in Table 2. For instance, Oldham County has a $356,209 Average Home Value and 41.2% of their out-commuters have an income of less than $40,000. Nearly 43% of Spencer County's out-commuters earn less than $40,000, where the Average Home Value is $258,235. Boone County ranks third with 44.4% of the out-commuters earnings less than $40,000 and the Average Home Value is $245,518. Nearby Campbell County has an Average Home Value of $226,805 with 46.2% of their out-commuters making less than $40,000. Average Home Values in Bullitt County are $194,191, where 48.3% of Out-commuters have an income less than $40,000.

Figure 2 (next page) compares average home values and out-commuters with annual income under $40,000, by county and region. The average home value in Kentucky is $192,424, and no county in Eastern Kentucky meets that threshold. In fact, four counties in Central Kentucky and only three counties in Western Kentucky have average home values about the state's average. Almost two thirds of the counties in the Bluegrass region have average home values above the state's average home value. Only three counties in the Bluegrass region have more than 60% of their out-commuters making less than $40,000. In contrast, 29 counties in Eastern Kentucky, 15 counties in Central Kentucky, and 12 counties in Western Kentucky have more than 60% of their out-commuters making less than $40,000.

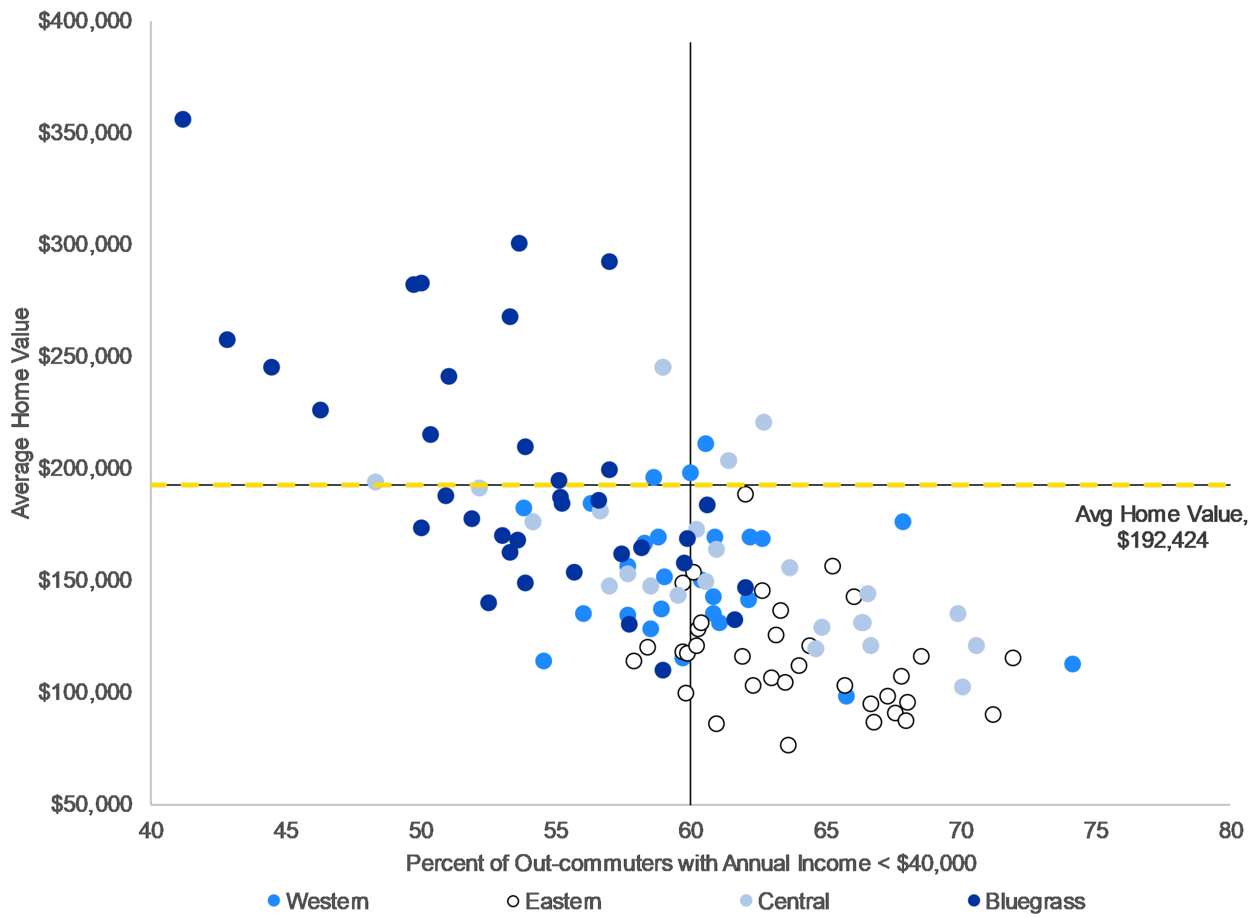
Table 2. Average Home Value and Out-commuter Income by Highest and Lowest Counties

County	Region	Average Home Value	Out-commuters < $40,000
Oldham	Bluegrass	$356,209	41.2%
Spencer	Bluegrass	$258,235	42.8%
Boone	Bluegrass	$245,518	44.4%
Campbell	Bluegrass	$226,805	46.2%
Bullitt	Central	$194,191	48.3%
Shelby	Bluegrass	$282,615	49.7%
Woodford	Bluegrass	$283,371	50.0%
Pendleton	Bluegrass	$174,152	50.0%
Kenton	Bluegrass	$215,642	50.3%
Anderson	Bluegrass	$188,055	50.9%

County	Region	Average Home Value	Out-commuters < $40,000
Fulton	Western	$113,078	74.1%
Wayne	Eastern	$115,332	71.9%
McCreary	Eastern	$90,359	71.2%
Cumberland	Central	$121,200	70.6%
Clinton	Central	$102,638	70.1%
Adair	Central	$135,437	69.9%
Whitley	Eastern	$116,031	68.5%
Bell	Eastern	$95,397	68.0%
Harlan	Eastern	$87,208	68.0%
Christian	Western	$176,884	67.8%

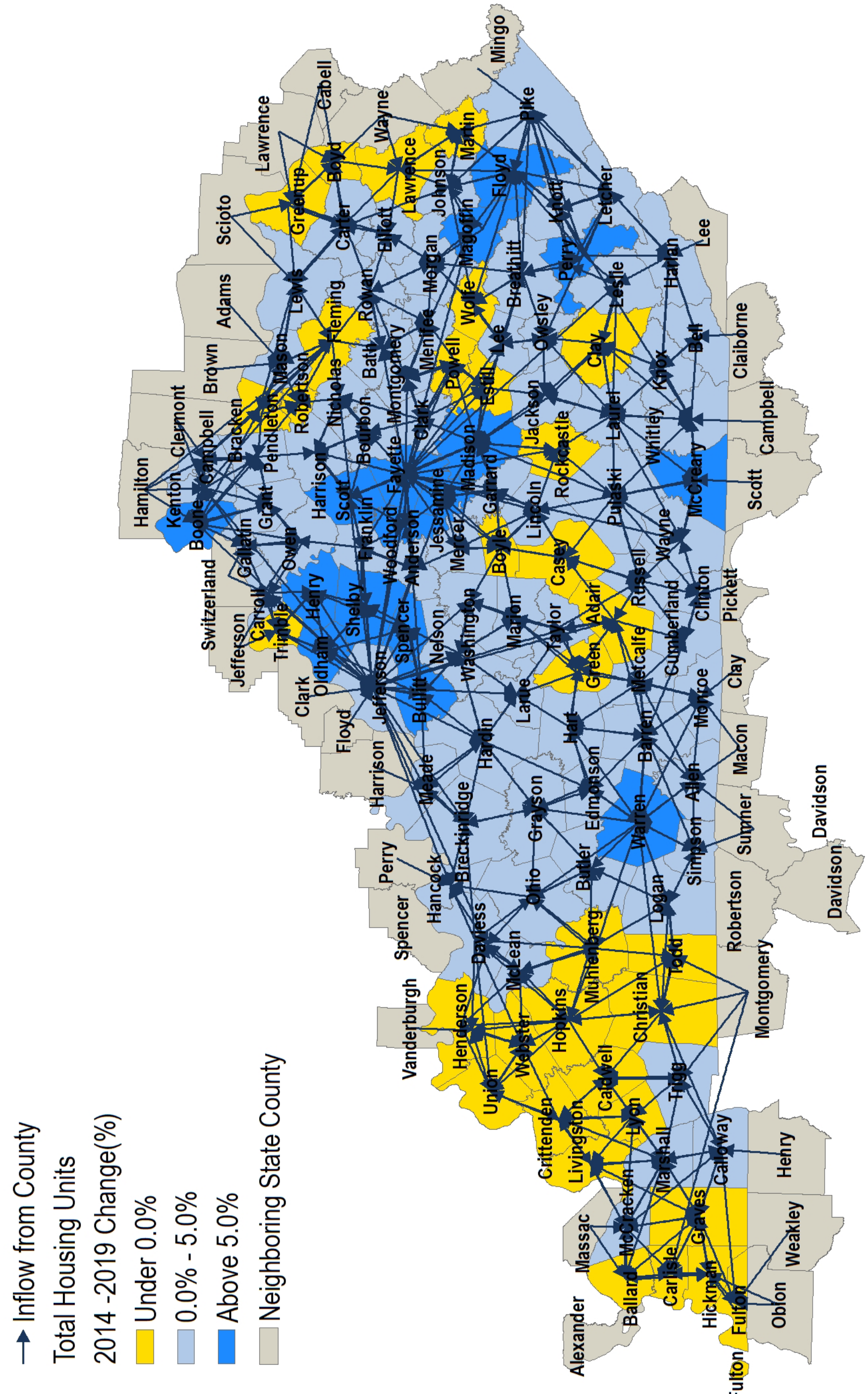
Source: ESRI 2019, U.S. Census 2017

Figure 2. Average Home Value and Out-commuter Income < $40,000 by County and Region



Source: ESRI 2019, U.S. Census 2017

Figure 3. Total Housing Units Change and Commuter Inflow



Source: ESRI 2019, ACS 5-Year 2019

HOUSING AND COMMUTING INFLOW

Figure 3 (prior page) provides a visual interpretation of the top five in-commuters for each county in the state, overlaid on 5-year Total Housing Units percent change from 2014 to 2019. There are 15 out of 120 counties in Kentucky showing a growth in Total Housing Units greater than 5% in the five years between 2014 and 2019. Scott County ranks highest in growth with 14.3%.

Warren County (11.1%) ranks second and Shelby County ranks third with 10.5%. In the same time period, 32 counties experienced a loss in Total Housing Units. Robertson County, which has the fewest housing units in the state, had the greatest percent loss with -3.5%. Ballard County lost 3.0%, and Carlisle County declined by 2.5% in the same five years.

Jefferson County has the most top five commuter traffic in the state, and Total Housing Units in Jefferson County grew by 3.3% between 2014 and 2019. Fayette County takes the second spot for most commuter traffic and had 5.0% growth in Total Housing Units between 2014 and 2019. In addition to Jefferson and Fayette counties, 12 counties draw their employees from Warren and Madison Counties, and 11 counties rank Laurel County in their top five in-commuters. Counties in neighboring states account for some of the in-commuters; however, the most frequent commuter traffic appears to be within regions.

HOUSING AND COMMUTING OUTFLOW

The Total Housing Units Change and Commuter Outflow map, Figure 4 (next page), indicates a large majority of workers are traveling to Louisville, Lexington, and their surrounding metropolitan area counties. The most frequent top five workplace destinations include Jefferson, Fayette, Laurel, McCracken, and Scott Counties. Four counties, of the ten most frequented for out-commuters, had Total Housing Unit growth greater than 5%. Hopkins is the most traveled to county with a Total Housing decline (-1.2%) from 2014 to 2019.

REGIONAL DIFFERENCES IN HOUSING AND COMMUTER OUTFLOW

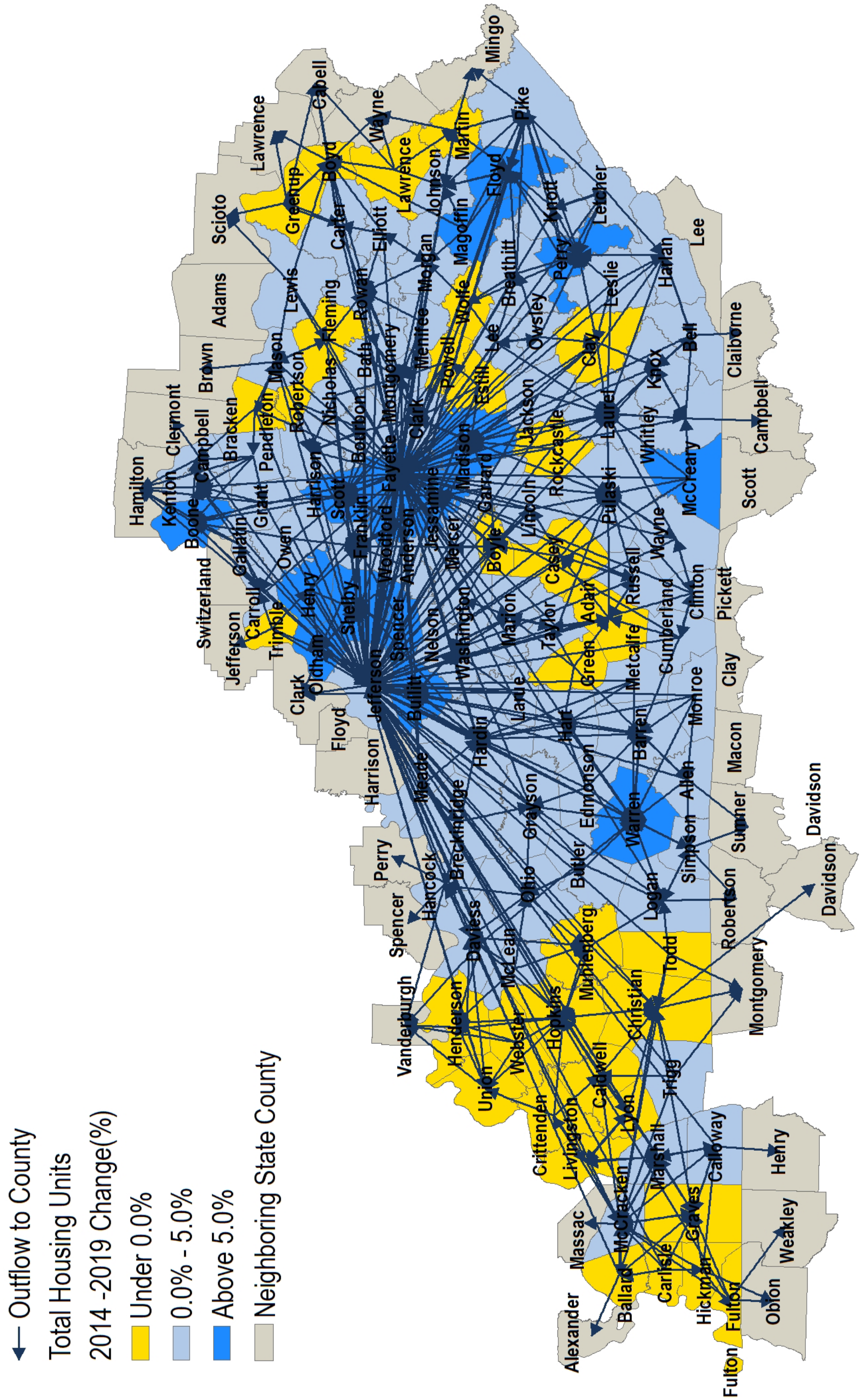
Western Region - There are 16 counties in the western region with a decline in Total Housing Units from 2014 to 2019, with Ballard (-3.0%), Carlisle (-2.5%), and Caldwell (-2.4%) having the greatest losses. Daviess County, with 3.6%, tops the ten counties experiencing growth in Total Housing Units between 0% and 5%. McCracken County ranks in the top five employment destinations for 13 counties in the Western region, indicating a possible demand for housing. McCracken County's Total Housing Units grew by 1.5% from 2014 to 2019. Out of 26 counties in the Western region, 21 have Jefferson County in the top five work destinations, leaving the Western region for the Central region.

Central Region - Jefferson, Hardin, and Barren Counties in the Central region place in the top five origin locations for commuters of eight other counties in the region. In contrast, Jefferson County ranks in the top 5 destinations of 22 counties in the Central region. Only two of the 24 counties in the region experienced Total Housing Unit growth over 5% in the 5-year span between 2014 and 2019, Warren (11.1%) and Bullitt (5.8%). Adair (-0.3%), Casey (-0.7%), and Green (-2.0%) counties lost Total Housing Units in the same period.

Bluegrass Region - Fayette County is the most traveled county in the Bluegrass region, with residents taking one of the top five in-commuter spots of 11 other counties. Yet, Fayette County also attracts commuters, ranking in the top five destinations of 28 counties. Five counties in the region had a decline in Total Housing Units between 2014 and 2019, with Robertson having the greatest decline of -3.5%. Eleven counties in the region had a growth in Total Housing Units greater than 5%, with Scott County recording 14.3% growth. Franklin County, home to Kentucky's Capital, ranks in the in the top five destinations for 11 counties in the region.

Eastern Region - Laurel County in the Eastern region had 1.8% growth in Total Housing Units from 2014 to 2019. Drawing commuters from 11 other counties, this may indicate a need for more housing in Laurel County. Laurel residents also travel to 12 counties within the region. Among the 35 counties in the Eastern region, nine have had a loss in Total Housing Units from 2014 to 2019. Measuring 8.9% growth in the 5 years from 2014 to 2019, Magoffin County had the highest percent change in Total Housing Units but is in the top five commuter destinations for only three counties in the region.

Figure 4. Total Housing Units Change and Commuter Outflow



Source: ESRI 2019, ACS 5-Year 2019

Commuting is a trade-off of time and money. The desire to be a homeowner may force commuters to live farther away from their workplace in order to find an affordable and desirable house. Other commuters choose to stay in an area because of quality of life and have long commutes to work for income. Kentuckians in the Eastern and Western regions are affected more because total housing units are declining in more of those counties than Central and Bluegrass counties, while household income is also much less. Additionally, almost half of the counties with more than 60% of out-commuters making less than $40,000 are in Eastern Kentucky. The combination of lower incomes and higher commuting leaves less disposable income, and impeding the ability to buy a home.

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