



April 29, 2008

Subject: Oldham County, Kentucky Population and Housing Trends

1. The Census Bureau released the 2007 County Population Estimates on March 20, 2008. The estimated county population as of July 1, 2007 was 55,935. Since the 2000 census, Oldham County has realized a net gain of 9,757 people for an overall 21.1 percent increase.
2. As reflected in Table 1, Oldham County has one of the highest ratios of births to deaths in the Commonwealth. For every death recorded in the county since 2000, there have been 1.99 births (5th highest in Kentucky). When factoring net migration into the county population increase this decade (internal and international migration less natural increases), the county absorbed a net 7,458 new persons since 2000.

Table 1: Components of Change in Kentucky, Top 10 Counties, Births-to-Deaths Ratio

Table 1: Cumulative Estimates of the Components of Population Change for Counties of Kentucky: April 1, 2000 to July 1, 2007								
Geographic Area	Total Population Change*	Natural Increase	Vital Events			Net Migration		
			Births	Deaths	Births to Deaths Ratio	Total	International**	Internal
Kentucky	199,193	110,877	401,673	290,796	1.38	94,672	30,881	63,791
Boone County	26,468	7,300	11,581	4,281	2.71	19,571	1,319	18,252
Scott County	9,893	2,682	4,370	1,688	2.59	7,368	286	7,082
Christian County	8,560	6,373	10,604	4,231	2.51	-5,505	-1,197	-4,308
Hardin County	3,779	5,761	10,796	5,035	2.14	-1,555	-58	-1,497
Oldham County	9,317	2,039	4,093	2,054	1.99	7,458	183	7,275

3. Building permits in Oldham County have outpaced population growth since 2000. Figure 1 below reflects new housing unit permits by type for the county from 2000 to 2007.

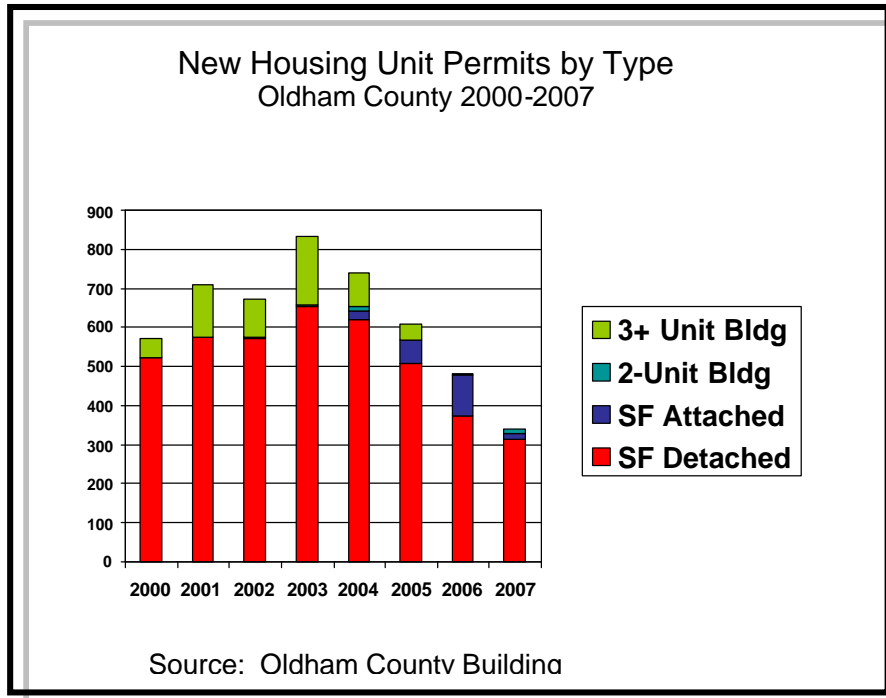


Figure 1 – New Housing Unit Permits by Type, Oldham County, KY 2000-2007

4. Table 2 reflects Census Bureau data for Oldham County building permits since 1980 and Figure 2 depicts the building permit trends graphically. Since 1980, the county has issued an average of 469 permits per year.

Table 2 – Oldham County Building Permits
1980-2007

Year	Total	Year	Total
1980	243	1995	465
1981	220	1996	520
1982	202	1997	489
1982	230	1998	632
1984	211	1999	611
1985	262	2000	626
1986	391	2001	717
1987	435	2002	672
1988	405	2003	831
1989	404	2004	742
1990	416	2005	610
1991	414	2006	481
1992	516	2007	339
1993	576		
1994	464		

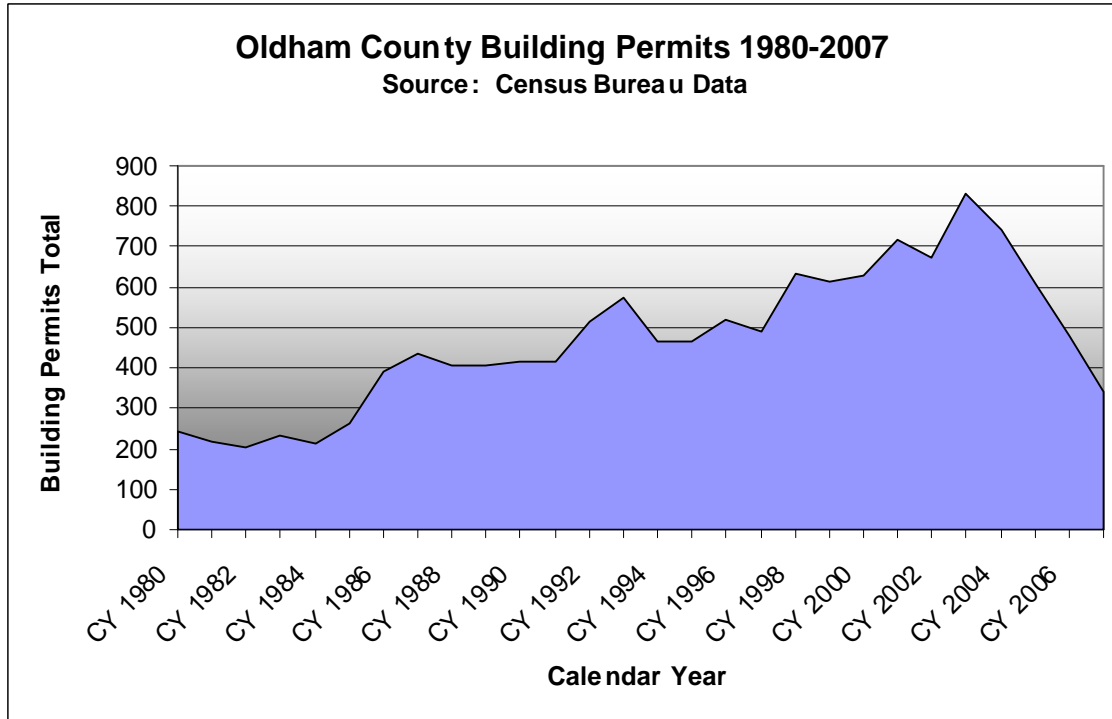


Figure 2 – Oldham County Building Permits, 1980 – 2007

5. The Oldham County population increased by 12,915 persons from 1990 to 2000 and is on track to exceed 14,000 persons during the first decade of the 21st century. While the Oldham County’s growth is significant in terms of numeric and percentage increases, the growth can not be characterized as “explosive”. Overall, from July to July of each year since 2000, the county is growing an average of 1,279 persons or 2.5 percent yearly. While the percentage increase in population is not as great since 2000 as the county experienced during the 1990’s, the yearly numeric increases exceed those in the 1990s and have averaged 1,462 persons the past three years. If recent trends continue, the county population will likely exceed 60,000 persons when the 2010 census is conducted.

6. Since 1990, the percentage increase of the Oldham County population has remained within a relatively narrow range while building permit percentage changes and numeric values have varied greatly. Figure 3 compares the percentage changes in population and building permits from 1991-2007.

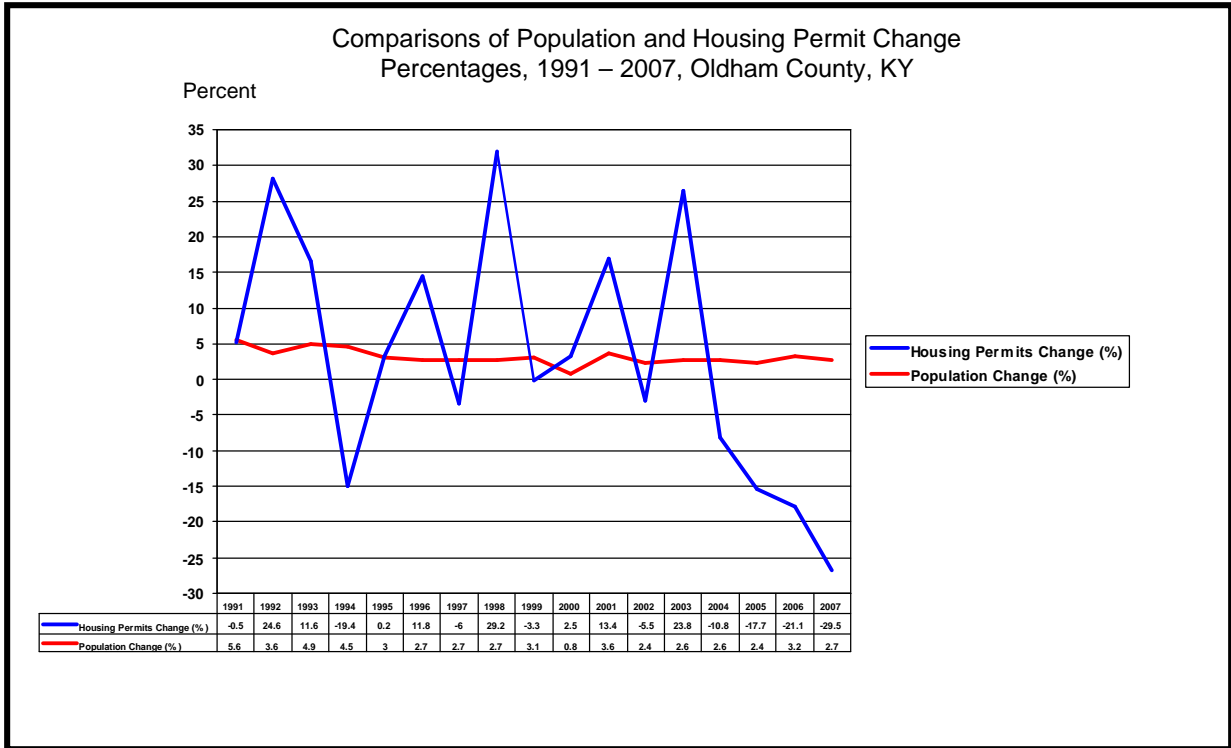
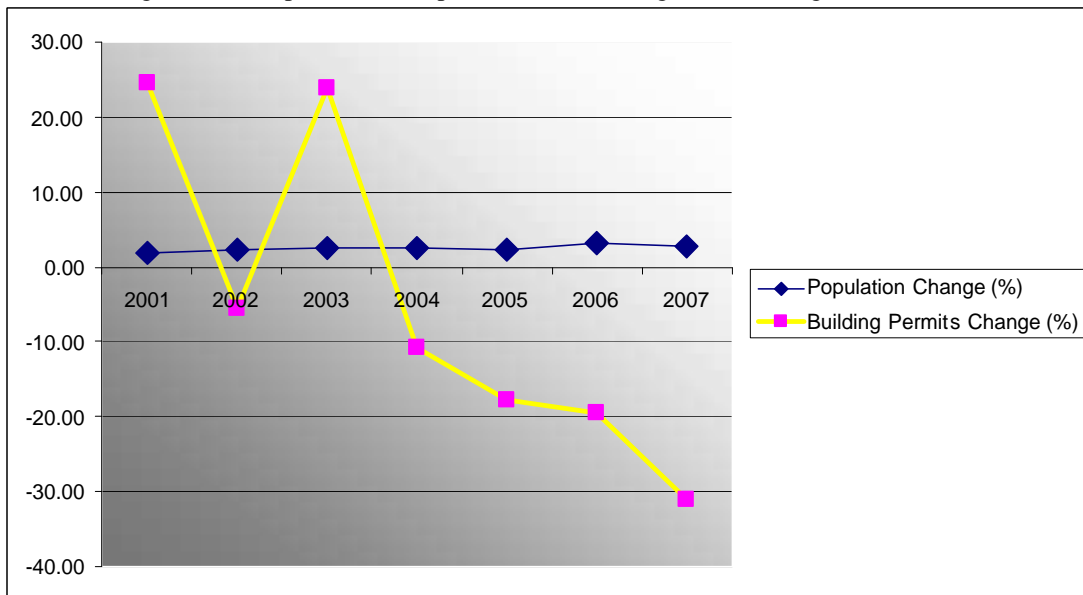


Figure 3 – Comparisons of Population and Housing Permit Change Percentages, 1991-2007

7. Figure 4 depicts the comparisons between population and housing permits percentage changes since 2000. Again, the range of population increase appears relatively predictable compared to building permits. The county issued 4,953 building permits from 2000 to 2007 that combined with the slow-down in sales of existing homes the past year or so, has contributed to a significant over-supply of housing inventory in the county.

Figure 4 – Comparisons of Population and Building Permit Changes, 2001-2007



8. The 2000 Census reflected that Oldham County’s average household size of 2.85 was the highest in the state, compared to the state average of 2.47. Oldham County led the state in the percent of owner occupied housing units with 86.9 percent compared to a state average of 70.8 percent. Moreover, Oldham County had the highest percentage of married couples in the Commonwealth (71.5 percent compared to the state average of 53.9 percent.) The 2000 Census reflected 14,856 households in the county and a total of 15,541 housing units of which 14,856 were occupied. In short, Oldham County’s demographics have driven the demand for single family homes over the years.

9. Based on the data above, one might infer that Oldham County’s net migration growth since 2000 of 7,458 persons roughly generated the demand for an estimated 2,616 new and existing households in the county (7,458 / 2.85 persons per household) during that period. The county issued a total of 4,953 building permits during this period.

10. Figure 5 attempts to show in numeric terms the relationship between Oldham County’s net population growth since 2000, the number of building permits issued, and an estimated baseline or raw need of housing based on the total net population totals for each year divided by the average household size (2.85 persons per household). While the number of existing and new homes required to accommodate yearly population increases does not capture all variables, it is a useful metric to measure over and under supply of housing stock in the county. It appears that the significant oversupply of existing housing stock caused by over building from 2001 to 2005 is slowly being worked off in 2006 and out years.

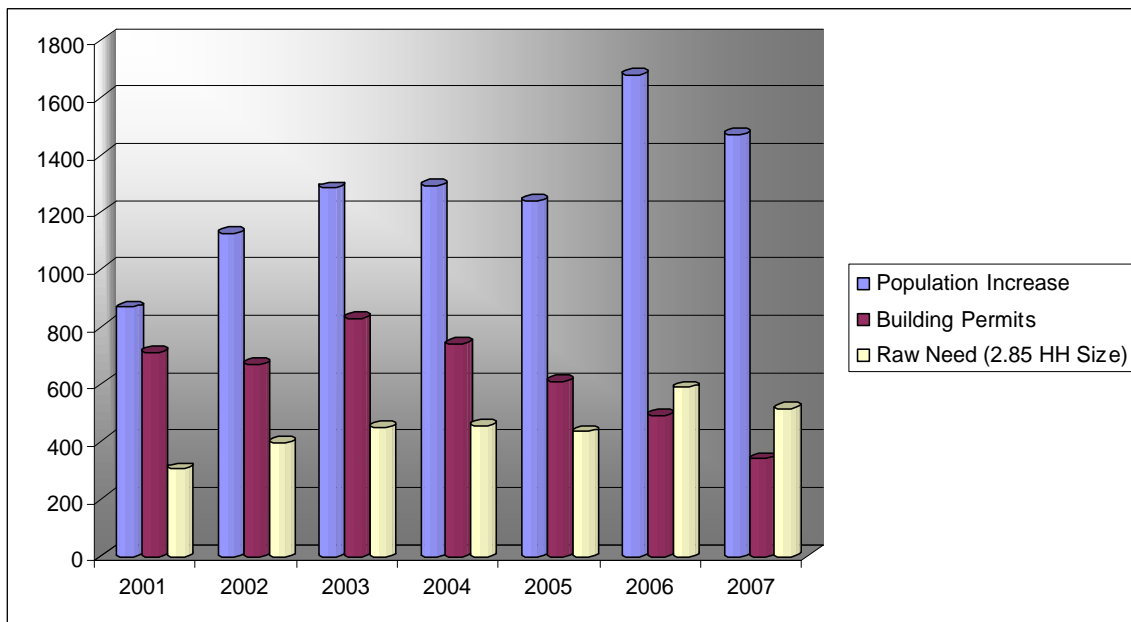


Figure 5 – Comparison of Oldham County numeric population increases, building permits, and estimates of the incremental demand for housing based upon the population increase and average household size

11. The Census Bureau estimates for 2006 show that the county’s housing unit inventory had grown to 19,882, an increase of 5,026 new housing units, or 33.8 percent since the 2000 Census. Meanwhile the estimated total population in the county grew by 17.9 percent from the 2000 Census through July 1, 2006. The disconnect between population growth and the increase in actual housing units has resulted in a significant housing surplus for the county for both new and existing homes that remains today.

12. As of May 1, 2008, the Multiple Listing Service database reflected 540 houses on the Oldham County market that have been listed over a year and 130 houses that are active listings for a year or less.

13. Another concern for planners and state and local infrastructure providers is the growing number of approved residential lots that have accumulated by virtue of their approval by the Planning Commission, but have not manifested in approved building permits. From 2000 to 2007, the Planning Commission approved 5,829 housing units for the county. The Planning and Zoning Commission approved a decade high 1,651 housing units alone in 2006, up 437 from 2005. The total dropped to 359 for 2007, reflecting the weakened housing market conditions. While building permits will normally lag Planning Commission approvals as a normal event due to subdivision phasing, and other timing considerations, 876 approved units have accumulated awaiting future building permits as of the end of 2007. That figure may well represent another two year’s worth or more of new housing demand for the county and would suggest that housing permits will remain below 400 the next few years to adjust for the boom building permit years of 2001-2005 which effected the current oversupply of inventory. Figure 6 depicts the approved housing units in Oldham County from 2000-2007.

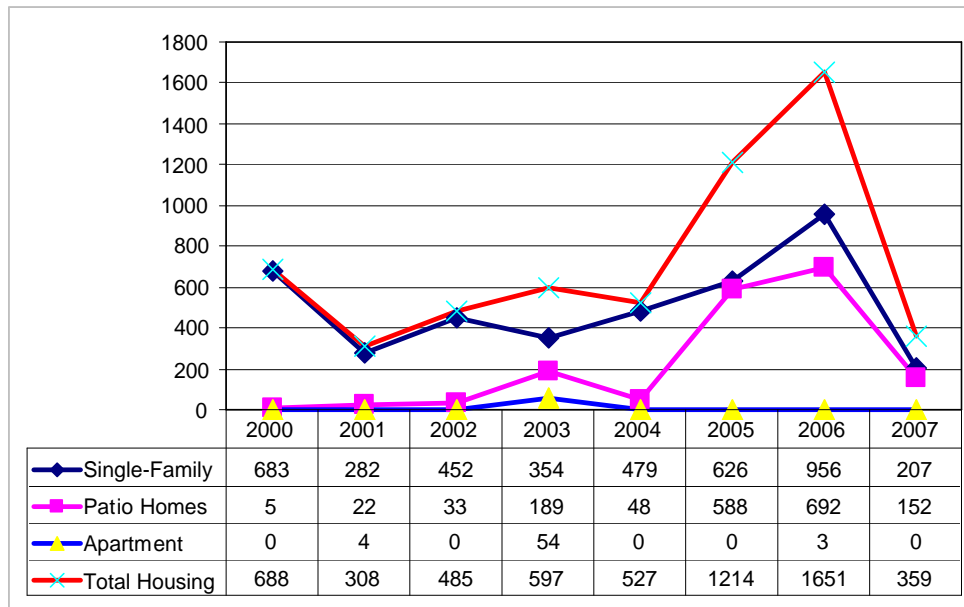


Figure 6, Approved Housing/Office Units 2000-2007

14. Not included in the number of housing units above approved by the Planning Commission is the number of potential future housing units planned but not presented to the Planning Commission for the major Planned Unit Developments (PUD) of Oldham Reserve, and the Oldham County section of Norton Commons. The approved master plan for Oldham Reserve shows 850 homes alone.

15. While the data clearly show an imbalance of single-family homes and a potential oversupply of patio home construction, the data do suggest that the local market can potentially absorb more apartments in the mix of residential housing.

16. Local government entities, which rely heavily on local property taxes, will need to adjust their revenue assumptions downward based upon the sharp decline of building permits that will likely remain for the next few years until demand and supply equalize. This will further challenge the already tight budgets that are constrained by law with respect to rate increases for property taxes. Declining home sales prices caused by the over-supply of new and existing homes on the market can also negatively affect future revenue assumptions. The local county government and school board may need to look at revenue alternatives for the future given the reality of a steady increasing population that will demand increasing services and capital improvements (schools, roads, etc) without the previous reliable increase in property tax receipts from new construction.

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