

535 Insights

Kentucky 4th District



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Our mission is to bridge the gap between policymakers and investors to create economic security for workers and families.

We equip policymakers with data-driven insights to mobilize private capital to generate prosperity across the country. Our **535 Insights** series provides analytics specific to the constituencies of all 535 Members of Congress.

8%

chance to become high-income with low-income parents¹

RANK 364 OUT OF 435

46%

of state residents have difficulty paying for usual expenses²

RANK 50 OUT OF 50

42%

of renters are burdened by housing costs³

RANK 33 OUT OF 435

53%

of businesses are at risk of succession⁴

RANK 346 OUT OF 435

The opportunity to build wealth and economic security is the foundation of the American Dream. This is how **the Kentucky 4th District** is performing (ranked by desirability).

To revive the American Dream, the **4th District** needs a strategy to promote economic opportunity.

HERE'S WHERE WE'RE STARTING:

Affordable Housing

By making it easier to finance **affordable housing** and the expansion of **home ownership** we can help build strong communities where families will thrive.

Employee Ownership

By expanding **employee ownership** through **Employee Stock Ownership Plans (ESOPs)**, we can create generational wealth for American workers while enhancing U.S. competitiveness.

Turn the page to see how **the 4th District** is doing on affordable housing and employee ownership.



Affordable Housing & Homeownership



The Kentucky 4th District is facing housing supply and affordability challenges.

This is contributing to unsustainable financial burdens for families and creates barriers to economic opportunity.

38x

is what a typical family owning a home has in net worth compared to a family renting⁵

NATIONWIDE

42%

of renters are burdened by housing costs⁶

RANK 33 OUT OF 435

28%

of state residents are facing eviction or foreclosure⁷

RANK 24 OUT OF 50

14%

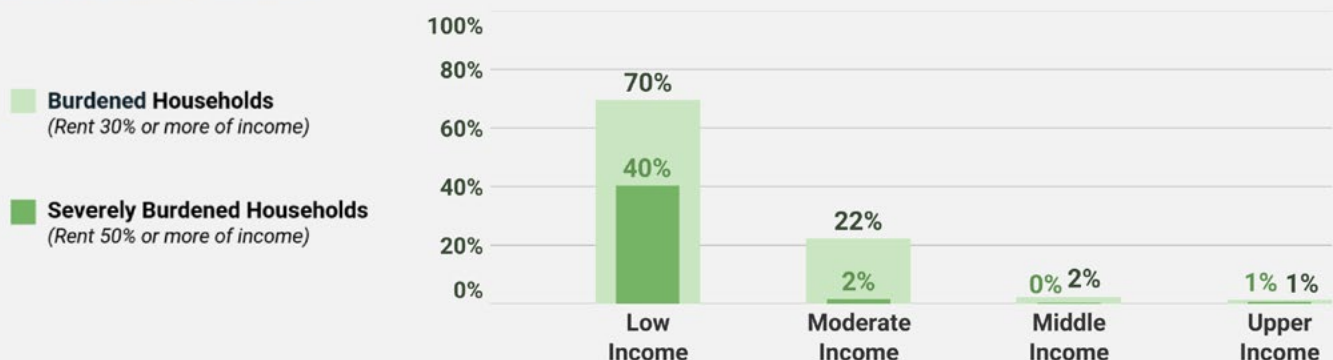
of residents live in high poverty areas⁸

RANK 196 OUT OF 435

The United States is 4 million homes short of meeting national demand, a shortfall that has almost doubled over the past decade.¹⁰ **Kentucky** has a shortfall of 24,919 units.¹¹ This undersupply contributes to rising housing costs which force working-class families to spend an unsustainable portion of their income on rent and pushes many households into neighborhoods with high poverty rates.¹² Research demonstrates that living in areas of concentrated poverty makes it harder for kids to rise up the income ladder.¹³ Housing cost-burdens are also rising for middle- and higher-income families, while rising housing costs have led to the American Dream of homeownership becoming increasingly unattainable—narrowing pathways for families to build wealth.¹⁴

Of the over \$200 billion that has been invested annually in housing in recent years, only a fraction supports projects affordable for working-class families.¹⁵ Innovative models capable of significantly boosting the supply of affordable housing exist but struggle to attract capital to scale. New policies, programs and financing tools are needed that redirect private capital into projects that promote financial stability and homeownership, and help build strong, resilient communities.

Rent Burden by Income⁹



\$946

median rent¹⁶

RANK 90 OUT OF 435

\$214.4K

median home value¹⁷

RANK 144 OUT OF 435

75%

home ownership rate¹⁸

RANK 50 OUT OF 435



Learn more about
[affordable housing](#)

Employee Ownership

The United States is confronting a “silver tsunami” of retiring business owners that are likely to sell their businesses over the next decade. Meanwhile, too many American workers and families are financially unprepared for retirement.

53%

of businesses have an owner aged 55 or older¹⁹

RANK 346 OUT OF 435

13%

of businesses operate in critical industries and have an owner aged 55 or older²⁰

**RANKED BY NUMBER OF CRITICAL FIRMS
401 OUT OF 435**

54%

of all Americans aged 15 to 64 have no retirement account²¹

NATIONWIDE

-17%

reduction of retirement savings of working-class Americans 2022 vs. 2016²²

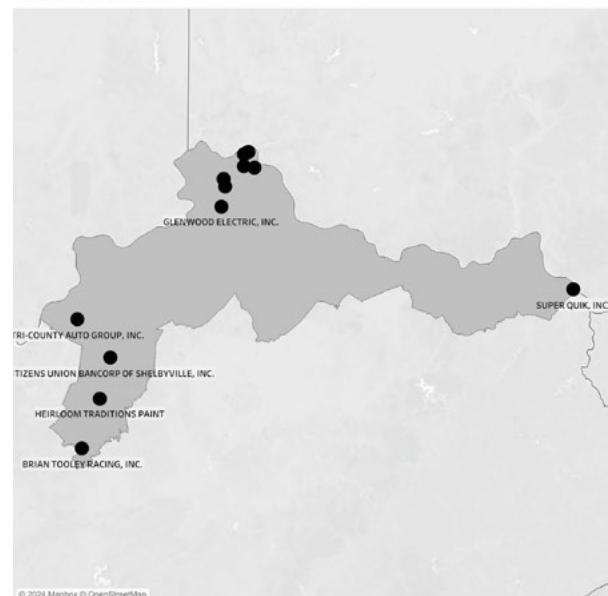
NATIONWIDE

Without a policy strategy to address business succession, we risk the loss of American businesses and their local jobs. Too often, the sale of a business to an out-of-state or foreign buyer results in the loss of local jobs and investment. With many businesses in critical industries—e.g., those with implications for national and economic security—facing the challenges of business succession, promoting employee ownership can be part of a broader competition framework to maintain our leadership in strategic sectors while investing in American workers.

What is an ESOP? The Employee Stock Ownership Plan (ESOP) is both a retirement plan and corporate finance vehicle that allows retiring business owners to sell their business to employees. Employees do not pay for their shares—employee ownership is instead an incremental benefit on top of wages and benefits. ESOPs have been demonstrated to create over 2.5 times more retirement wealth for workers—in addition to superior pay and benefits—compared to traditional companies.²³ Employee-owned businesses have also been shown to innovate more frequently and exhibit greater resilience during an economic downturn.²⁴

As baby boomers prepare to retire and sell their businesses, ESOPs can play an important role in maintaining domestic ownership and productive capacity across manufacturing and other strategic sectors—a win-win for U.S. economic security and for American workers across the country.

Privately Held ESOP Companies in 4th District



14

privately held ESOP companies²⁵

RANK 150 OUT OF 435

3,788

total employee owners in local ESOP companies²⁶

RANK 141 OUT OF 435

\$72.3K

average ESOP balance per employee²⁷

RANK 299 OUT OF 435



Learn more about
[employee ownership](#)

Let's talk.

✉ Connect with us at 535@lafayettesquareinstitute.org



Want to learn more?
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2. U.S. Census Bureau, 2024, *Household Pulse Survey, Phase 4.2, Cycle 09: Percentage of adults in households where it has been somewhat or very difficult to pay for usual household expenses in the last 7 days.*
3. Potomac X Lafayette Square; U.S. Census Bureau, 2022, *American Community Survey (ACS), 5-Year Estimates: Household Income by Gross Rent as a Percentage of Household Income in the Past 12 Months: 30% or more.*
4. LSI based on Project Equity, 2023, *Silver Tsunami*; U.S. Census Bureau, 2021, *Annual Business Survey: Characteristics of Business Owners (Employer Businesses)* and U.S. Census Bureau, 2021, *Statistics of U.S. Businesses Annual Data Tables by Establishment Industry: State by congressional district, NAICS sectors.*
5. Federal Reserve Board, 2023, *2022 Survey of Consumer Finances: Median Net Worth by Family Characteristics.*
6. See (3).
7. U.S. Census Bureau, 2024, *Household Pulse Survey, Phase 4.2, Cycle 09: Percentage of adults in households not current on rent or mortgage where eviction or foreclosure in the next two months is either very likely or somewhat likely.*
8. LSI with Potomac X Lafayette Square; U.S. Census Bureau, 2022, *ACS, 5-Year Estimates: Age and Sex and Poverty Status.*
9. LSI with Potomac X Lafayette Square; U.S. Department of Housing & Urban Development, 2024, *Comprehensive Housing Affordability Strategy 2021 5-Year Estimates.* Income Groups: Low = <50% of area median income (AMI), Moderate = 50-80% AMI, Middle = 80-120% AMI, Upper = >120% of AMI. National Averages for comparison: Burdened (76%, 45%, 16%, 3%), Severely Burdened (50%, 7%, 1%, 0%).
10. Up for Growth, 2023, *2023 Housing Underproduction in the United States.*
11. Up for Growth, 2023, *2021 Housing Underproduction by State.*
12. Benzow, A. and Fikri, K. Economic Innovation Group, 2020, *The Expanded Geography of High-Poverty Neighborhoods.*
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14. Anderson, D. Redfin, 2024, *Nearly 40% of Renters Think They'll Never Own a Home, Up From 27% Last Year.*
15. CBRE, 2022, *U.S. Real Estate Market Outlook 2022: Multifamily.*
16. Potomac X Lafayette Square; U.S. Census Bureau, 2022, *ACS, 5-Year Estimates: Selected Housing Characteristics.*
17. Ibid.
18. Potomac X Lafayette Square; U.S. Census Bureau, 2022, *ACS, 5-Year Estimates: Household and Families.*
19. See (4).
20. See (4) for owner ages per industry. LSI; identifying critical industries using the U.S. Department of Commerce, 2024, *Critical Sectors and Key Goods for Potential Cooperation under the IPEF Supply Chain Agreement* and the Department of Defense, 2024, *National Critical and Emerging Technologies.*
21. U.S. Census Bureau, 2021, *Survey of Income and Program Participation.*
22. Federal Reserve Board, 2023, *2022 Survey of Consumer Finances: Mean retirement savings among those with an individual retirement account or a defined contribution plan, 0-49.9 percentile of usual income, 2016-22 surveys.*
23. National Center for Employee Ownership, 2018, *Research on Employee Ownership, Corporate Performance, and Employee Compensation*; Kruse, D. IZA World of Labor, 2016, *Does Employee Ownership Improve Performance?* And Employee Ownership Foundation, Rutgers School of Management and Labor Relations, 2020, *Employee-Owned Firms in the COVID-19 Pandemic: How Majority-Owned ESOP & Other Companies Have Responded to the COVID-19 Health and Economic Crises.*
24. Ibid.
25. LSI; National Center of Employee Ownership, 2024, *ESOP Database 2022.* Note: Some public companies feature low percentages of ESOP ownership. We present privately held company data only given our focus on business succession risk.
26. Ibid. For privately held ESOP companies.
27. Ibid. For privately held ESOP companies.



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