



LOUISVILLE

LIVE. WORK. CREATE. INNOVATE.



*Louisville
Forward*

Government Oversight and Audit Committee

Affordable Housing in Louisville Metro
Tuesday, April 30, 2019
5:00 p.m.



Christie McCravy, Executive Director

OFFICE OF HOUSING AND
COMMUNITY DEVELOPMENT
DEVELOP LOUISVILLE



Marilyn Harris, Director

AFFORDABLE HOUSING

- “Affordable” is different for every household.
- Based on income and household size.
- Affordable is defined by HUD as:
A unit that costs the residents in it, no more than 30% of their gross monthly household income for rent (or mortgage payment) and utilities.



HOUSING AFFORDABILITY AND INCOMES

The FMR Standard

Since Congress established the Section 8 program in 1974, there have been three definitions of FMRs. The current definition, which became effective in 1995, contains several elements:

*The FMR is the 40th percentile of gross rents for typical, non-substandard rental units occupied by recent movers in a local housing market.*³**40th percentile:** The 40th percentile is that point in a distribution of numbers at which 40 percent of the numbers are less than or equal to it and 60 percent of the numbers are greater than or equal to it. In the set of numbers {\$395, \$458, \$486, \$517, \$675}, \$458 would be the 40th percentile.⁴ The 40th percentile is similar in concept to a median; the median is the 50th percentile.

Gross rents: Gross rent is the sum of the rent paid to the owner plus any utility costs incurred by the tenant. Utilities include electricity, gas, water and sewer, and trash removal services but not telephone service. If the owner pays for all utilities, then gross rent equals the rent paid to the owner.

2019 HUD Fair Market Rents

	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
FY2019 FMR	\$602	\$688	\$853	\$1,158	\$1,307
FY2018 FMR	\$578	\$656	\$821	\$1,119	\$1,259
Percentage Change	4.5%	4.9%	3.9%	3.5%	3.8%



2018 HUD Louisville MSA AMI

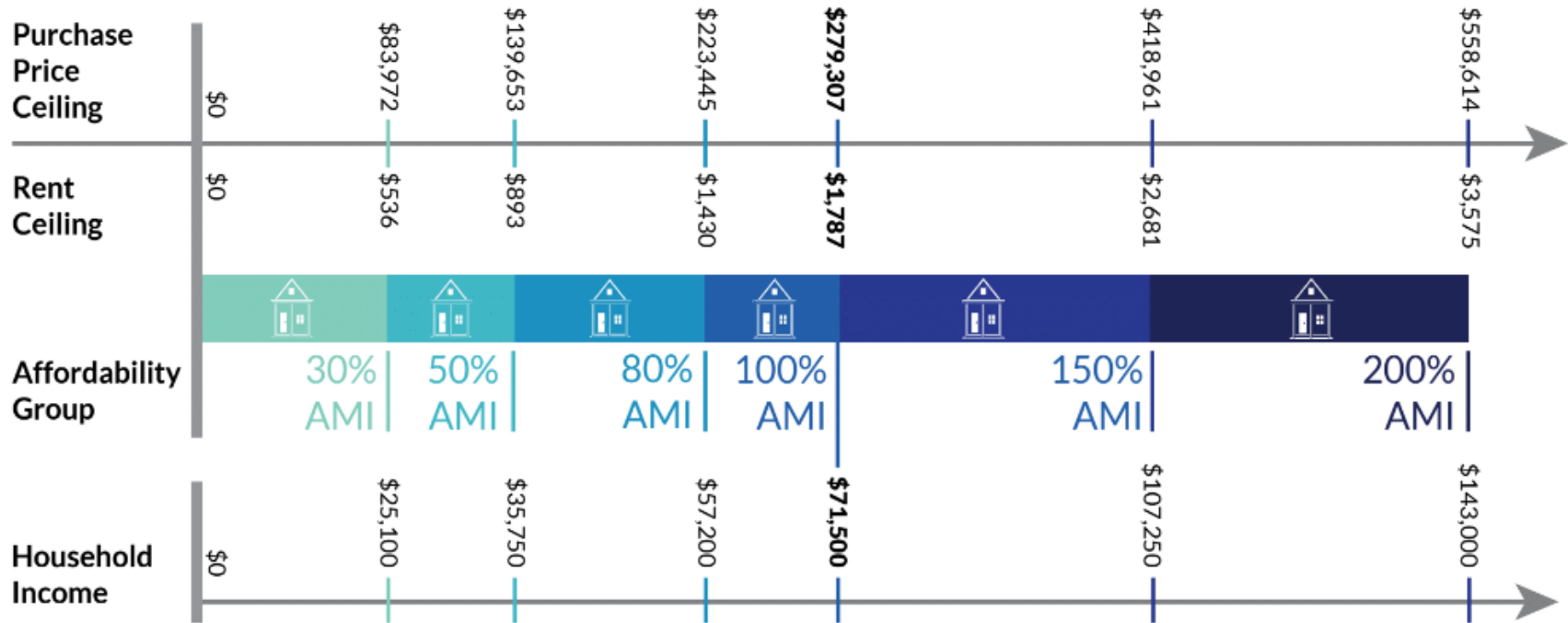
Area Median Income - Median income is the amount that divides the income distribution into two equal groups, half having income above that amount, and half having income below that amount. All numbers discussed reference data for the Louisville Metropolitan Statistical Area. HUD's 2018 limits are as follows:

FY 2018 Median Income = \$71,500
(Household Size)

Income Category	1 person	2 person	3 person	4 person	5 person	6 person	7 person	8 person
Very Low Income (50%)	\$25,050	\$28,600	\$32,200	\$35,750	\$38,650	\$41,500	\$44,350	\$47,200
Extremely Low Income (30%)	\$15,050	\$17,200	\$20,780	\$25,100	\$29,420	\$33,740	\$38,060	\$42,380
Low Income (80%)	\$40,050	\$45,800	\$51,500	\$57,200	\$61,800	\$66,400	\$70,950	\$75,550



AFFORDABILITY RELATED TO INCOMES?



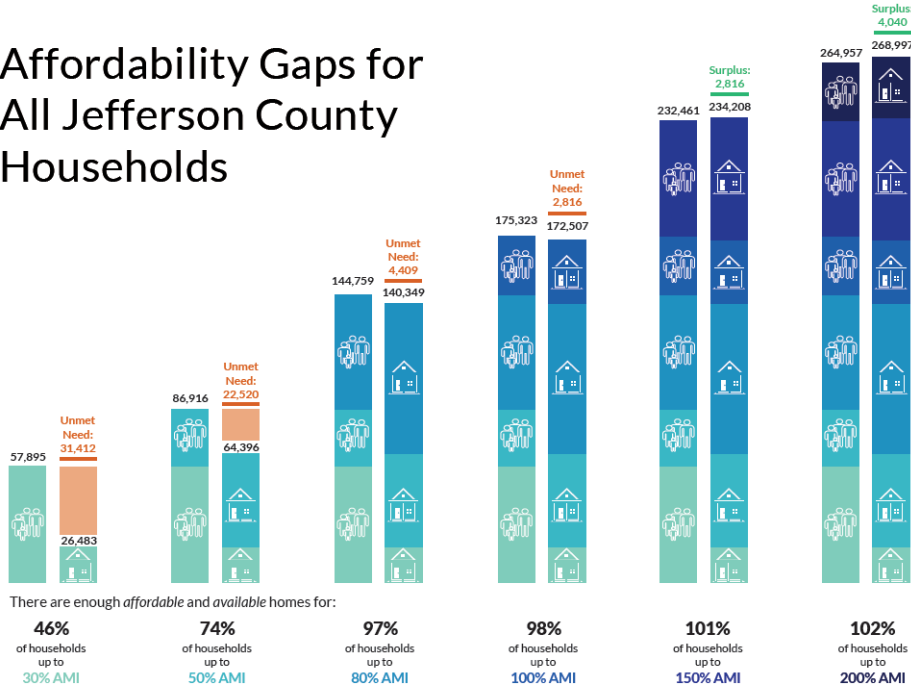
HOUSING NEEDS ASSESSMENT

- Key Points
 - 31,412 units needed for 0-30% AMI
 - \$3.5B to develop/rehab
 - Strategic use of City Resources
 - Dedicated funding source to sustain housing initiatives
 - Lease city owned land to private developers
 - Freeze real estate taxes for at risk neighborhoods
 - Community Land Trust
 - Lien Release and Code Violation Forgiveness



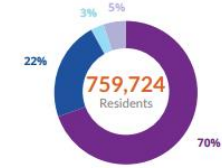
HOUSING NEEDS ASSESSMENT

Affordability Gaps for All Jefferson County Households



There are enough affordable and available homes for:

- 46%** of households up to **30% AMI**
- 74%** of households up to **50% AMI**
- 97%** of households up to **80% AMI**
- 98%** of households up to **100% AMI**
- 101%** of households up to **150% AMI**
- 102%** of households up to **200% AMI**



Race & Ethnicity

- White
- Black/African American
- Asian
- Hispanic/Latinx



Housing Type

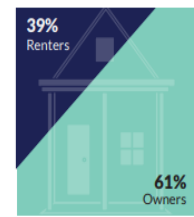
- Single Family Detached (204,739)
- Multifamily (81,890)
- Single Family Attached (13,155)
- Duplex (6,102)
- Manufactured (4,469)



**Louisville/
Jefferson County
Median
Household Income**
\$50,099

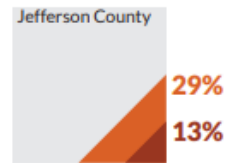
Median Gross Rent
\$770

Tenure



Median Home Value
\$174,400

Cost Burden



Households who spend **more than 30%** and **more than 50%** of income on housing



LAHTF History of Funding

2008 – Per ordinance, the LAHTF Awarded \$1 million for seed money and operations. First draw was made in 2011. Disbursements are limited to \$100,000 annually. Current balance is \$300,000 plus interest earned.

2011/12 – \$100,000 challenge grant by the Mayor’s Office. \$250,000 pass through-grant a result of the Kentucky General Attorney General National Mortgage Settlement Funds.

2014 - \$1,000,000 in HOME Funds (federal pass through) awarded.

2016- \$2.5 million awarded in FY 2017 Budget.

2017 - \$9.57 million awarded in FY 2018 Budget.

2018 - \$10 million awarded in FY 2019 Budget.

***The LAHTF has
Received
\$23,070,000
in substantial
development funding
Since 2014***

Development/Funding Highlights

A total of 2,226 units

- ❑ **1,128 NEW units from vacant lots and housing, new construction SF and multi-family sites that will remain affordable for 15 – 40 years.**
- ❑ **1,098 units rehabbed and **PRESERVED** as affordable housing for at least 15 years.**

***Since 2017, Metro has
garnered additional
investments of
More than \$200 million in
Private project funding.
Leverage=17:1!***

Supportive Housing Grants

- Made from administrative funds
- \$125,000, 12 grants and over 2,000 households sold
- Funding includes, but not limited to, housing counseling, homeless services case management, housing financial education videos and financial coaching.

Administrative Funds-Uses

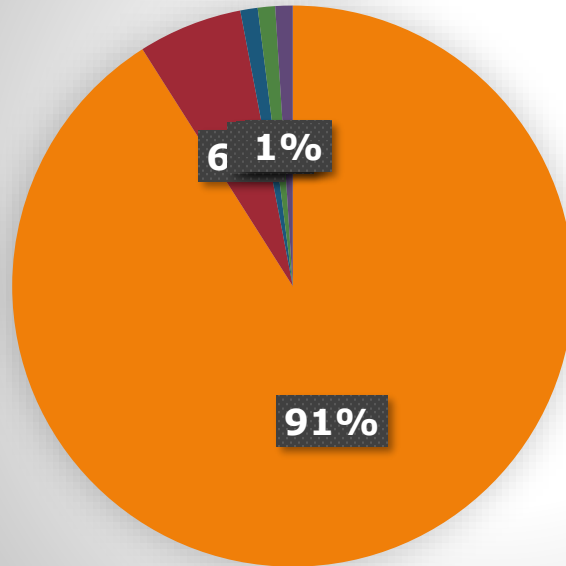
- 2.5 FTE equivalents
 - Executive Director
 - Program Compliance Manager
 - PT Administrative Assistant.
- Office – rent, phone, office equipment, supplies, etc.
- Professional Development.
- Operating expenses – printing, copies, postage, etc.
- Supportive Housing Services Grants.
- Professional services – accounting, audit, legal, etc.

Administrative & Other Program Sources

- Louisville Metro Government.
- Corporate and Community Grants.
- Donations, i.e., GiveLocal Louisville, web donations, board members.
- Banking Community (fee for service programs, in-kind donations).
- Future – Annual fundraiser.

LAHTF USES OF FUNDS

How the Funds Are Used



■ Development Funds

■ Administrative Funds (Including SHS Grants)

■ Interest and Other Earned Income

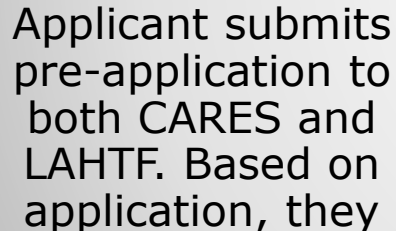
■ Corporate and Other Programs Funds

■ Loan Repayments

LAHTF Eligible Uses of Funds

- Land/site acquisition.
- Sustaining/preserving affordable housing.
- Construction loan financing.
- Gap funding or developer subsidy (which may include forgivable loans).
- Low cost, permanent financing (terms and interest rates based on pro forma review to determine the ability to repay).

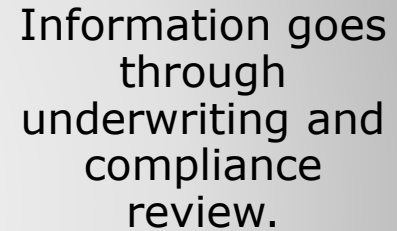
LAHTF Approval Process



Applicant submits pre-application to both CARES and LAHTF. Based on application, they are invited to apply for funding.



Full Application is submitted with all required supporting documents.



Information goes through underwriting and compliance review.

LAHTF Approval Process



Loan request is packaged and submitted to Program Committee.

Program Committee makes recommendations to approve or deny projects and determines terms of funding approval.

Full LAHTF BOD reviews recommendations of the program committee and votes to accept or reject the recommendations.

OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT

OHCD works to increase the supply of affordable housing for all of Louisville through either preservation or development of housing.

Partners:

- Not-for profit and for-profit developers and organizations,
- Homeowners, potential homebuyers, and landlords, and
- Louisville Affordable Housing Trust Fund



OTHER PUBLIC HOUSING AGENCIES

- Louisville Metro Housing Authority
 - Section 8 Housing/Public Housing
- Kentucky Housing Corporation
 - Low Income Housing Tax Credits
 - State Affordable Housing Trust Fund
 - National Affordable Housing Trust Fund
- Office of Resilience and Community Services
 - Tenant Based Rental Assistance



CURRENT TOOLS

- Community Development Block Grant (CDBG)
 - Home Repair
 - Multi-Family development/Renovation
- HOME Investment Partnerships Program (HOME)
 - Preserve and develop multi-family housing
 - Homebuyer Assistance/Down Payment Assistance
 - Tenant Based Rental Assistance/Rent Subsidies
- Louisville Creating Affordable Residences for Economic Success (CARES)
 - Gap financing for multi-family developments



CDBG HOUSING PROJECTS

- Jacob School Senior Apartments
 - Renovation of school into 58 Senior Apartments
- Parks Springs Single Family Development
 - Infrastructure for mixed income neighborhood including 52 low-to moderate-income (LMI) households
- Richmond Terrace Acquisition and Clearance
 - Development of 29 single family homes for LMI
- Beecher Terrace/CNI
 - Infrastructure for the redevelopment of Beecher Terrace
- CAL Ramp and Barrier Removal Project
 - 31 ramps built for low-income households



HOME FUNDED PROJECTS

- Watterson Lakeview
 - Renovation of 184 units for LMI households
- REBOUND Duplex
 - Construction of a duplex for sale to a low income buyer who will then become a landlord for the 2nd unit.
- River City Scattered Site Homebuyer Project
 - Acquisition, renovation and resale of scattered vacant units for LMI households
- Riverport Family Development
 - Multi-generational development, 412 units
 - 108 Senior units
 - 240 Family units
 - 64 Scholar House units



LOUISVILLE CARES PROJECTS

- Delphinium Apartments
 - 21 units of affordable housing in Norton Commons
- Bristol Bluffs
 - New Construction of 216 units
- Arcadia
 - Renovation of 200 units that were previously off-line due to poor condition
- Edge on 4th
 - New Construction of 21 units in a market rate property in downtown

