



How the LAHTF FUNDS are \$pent?

**Government Accountability, Ethics and
Intergovernmental Affairs Committee**

**Tuesday, March 28, 2017
5:00 p.m.**

Christie McCravy, Executive Director

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 \$500,000 plus interest earned.

2011 – \$100,000 challenge grant by the Mayor's Office.

2012 - \$250,000 pass through-grant a result of the Kentucky General Attorney General National Mortgage Settlement Funds.

2014 - \$1,000,000 in HOME Funds awarded.

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

FY'17 LAHTF Funding Components

Development Funds

Revolving Loan Fund

HOME Funds

Other Funding

Administrative Funds

Supportive Housing Services Grants

Administrative Funds-Sources

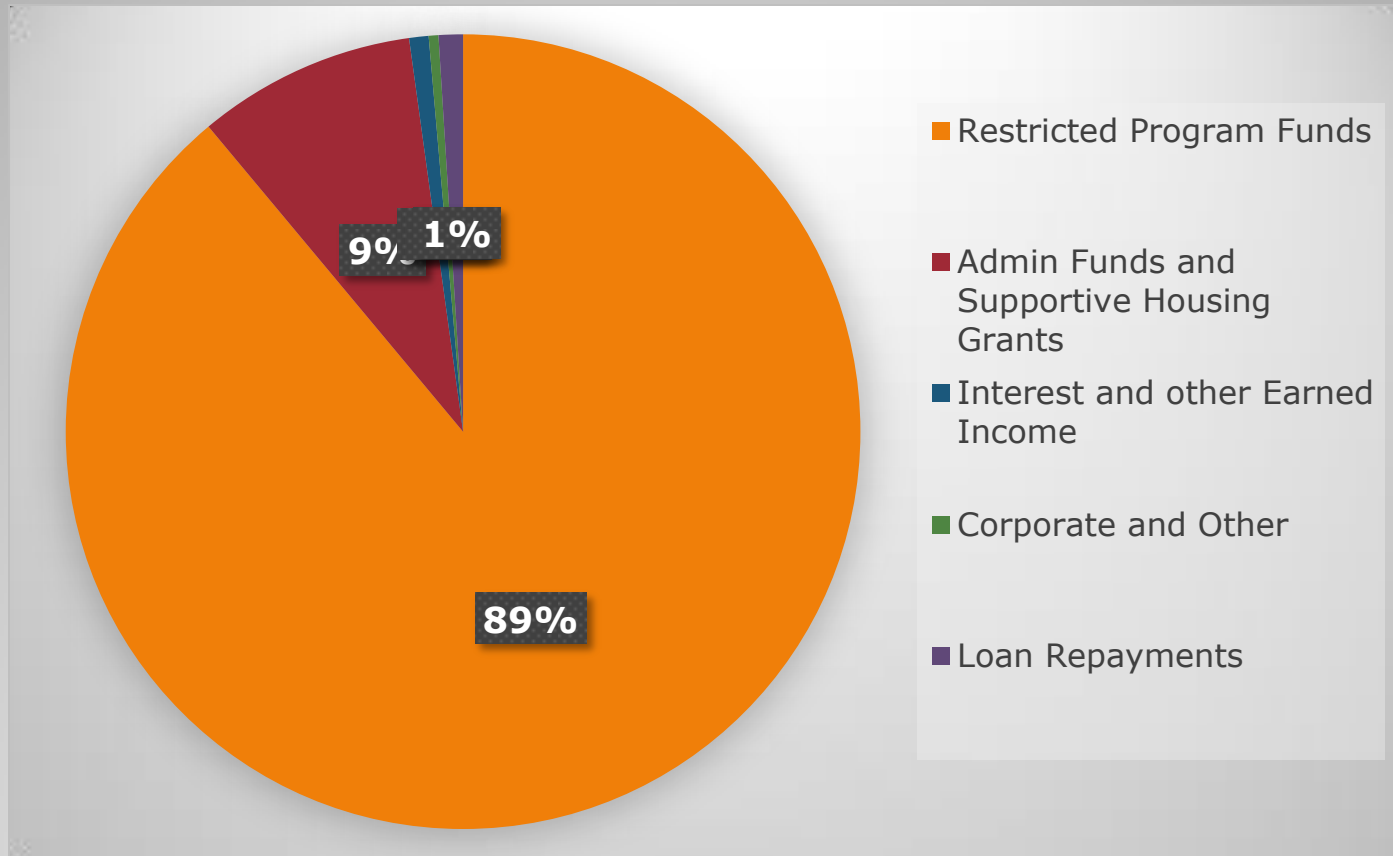
- Louisville Metro Government.
- Corporate Grants.
- Donations, i.e., GiveLocal Louisville, web donations, board members.
- Banking Community (fee for service programs, in-kind donations).
- Future – Annual Giving Campaign or Fundraiser.

Administrative Funds-Uses

- *2.25 FTE equivalents
 - Executive Director
 - Program Compliance Manager
 - HOME consultant to ensure compliance with all guidelines of federal HOME program.
- 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.

**The Home consultant is not an employee of the LAHTF.*

LAHTF FUNDING SOURCES and USES



90% *of the funding
is invested in
Housing
development and
support!*

Previously Funded Projects

- 15 units from Revolving Loan Fund
 - Total Loan Proceeds - \$277,000
 - Average cost per unit - \$18,467
 - 9 units rental
 - 6 homes sold
- 23 units from federal HOME funds
 - Nearly \$900,000 expended
 - Down payment assistance, soft costs and developer subsidy
 - Avg. amount to date per homes closed – approx. \$39,227
 - To date – 17 home buyers at or below 50% AMI
 - Program set for completion June 30, 2017

2017 LAHTF Funding Awards

Homes of Hope I, Habitat for Humanity of Metro Louisville - \$125,000 for 5 homeownership properties in Districts 5, 15 and 16. Total project costs = \$443,500. Leverage = 3.5:1. **Project serves households <50% AMI.**

Bristol Bluffs, LDG, LLC - \$500,000 for 216 unit rental development in District 20. Total project costs = \$33 million. Leverage = 66:1. **Project serves households between 60% and 80% AMI.**

Chestnut Street YMCA - \$477,000 for 41 SRO housing units for men transitioning from homeless in District 4. Total project costs = \$477,000. Leverage is 1:1. **Project serves households <50% AMI.**

Old School Apartments, Backtrack Inc. - \$641,114 for 40 senior housing units in District 14. Total project costs - \$800,000. Leverage = 1.25:1. **Project serves households <50% AMI.**

2017 LAHTF Funding Awards

203K Pilot Project, River City Housing - \$60,000 for 2 homeownership properties in District 1. Total project costs = \$324,000. Leverage = 5.4:1. **Project serves households <80% AMI.**

California-Russell-Portland Revitalization 1, HPI - \$252,357 for 11 lease to own properties in Districts 1, 4 and 5. Total project costs = \$827,357. Leverage = 3.28:1. **Project serves households <50% AMI.**

California-Russell- Portland Revitalization 2, HPI - \$294,529 for 11 lease to own properties in 1, 4 and 5 . Total project costs = \$884,529. Leverage is 3:1. **Project serves households <50% AMI.**

326
Units
of
HOUSING!

2017 Supportive Housing Services Grants

- ❖ **\$25,000 Pool**
- ❖ **Application released in January 2017**
- ❖ **Two applications approved in February 2017**
- ❖ **Two applications for March Review**

2017 Supportive Housing Services Grants

- ❖ **Louisville Urban League - \$10,000 grant to assist with HUD approved housing counseling and education.**
- ❖ **Coalition for the Homeless - \$5,000 to assist in funding the Landlord Incentive Program.**
- ❖ **\$10,000 remaining for March review.**

FY 2018 Funding Priorities

- ✓ Vacant Housing/Lot Redevelopment for Impact (Adopt A Block approach)
- ✓ Adaptive Rehab/ReUse of Vacant Structures
- ✓ Projects for Energy Efficiency.
- ✓ Projects incorporating universal designs.

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).

Funding Sources for Affordable Housing

Making the numbers work for housing that will be affordable is the single most complex equation of development.

- Housing Authorities – households up to 30% AMI
- Low Income Housing Tax Credits – households up to 60% AMI
- Federal Home Loan Bank – households up to 80% AMI
- Federal HOME funds – households up to 80% AMI
- Louisville Cares – households from 60% to 80% AMI
- LAHTF – households up to 80% AMI
- Kentucky Housing Corp – households up to and above 80% AMI

Housing Affordability and Incomes – Louisville Metro

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.

Source: <https://www.huduser.gov/periodicals/ushmc/winter98/summary-2.html>

2017 HUD Fair Market Rents

	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
Final FY2017 FMR	\$551	\$629	\$793	\$1,085	\$1,230
Final FY2016 FMR	\$551	\$644	\$817	\$1,123	\$1,275
Percentage Change	0.0%	-2.3%	-2.9%	-3.4%	-3.5%

Louisville Metro Housing Facts

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 2016 limits are as follows:

FY 2016 Median Income = \$67,000
(Household Size)

Income Category	1 person	2 person	3 person	4 person	5 person	6 person	7 person	8 person
Very Low Income (50%)	\$23, 450	\$26,800	\$30,150	\$33,450	\$36,200	\$38,900	\$41,550	\$44,250
Extremely Low Income (30%)	\$14,100	\$16,100	\$20,160	\$24,300	\$28,440	\$32,580	\$36,730	\$40,890
Low Income (80%)	\$37,550	\$42,900	\$48,250	\$53,600	\$57,900	\$62,200	\$66,500	\$70,800

Working to Avert A Bigger Crisis

Over the next five years, more than **3,100** tax credit units will have expiring affordability requirements. Of those units, more than half (1,667) are in areas of non-impact.

These units are **most at risk** because developers can earn greater returns by converting the units to market rate housing.

What can Council Do?

1. Commit to support funding the Trust Fund with an allocation from general funds over the next 5 years.
2. Commit to support a \$10 million annual allocation.
3. Continue to work with LAHTF staff to identify a regular, recurring source of funding to fulfill the commitment made in 2008.



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