
FEBRUARY 2019

# LOUISVILLE

## HOUSING NEEDS ASSESSMENT

Louisville Metro Government
Office of Housing & Community Development

Louisville Affordable
Housing Trust Fund

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*(Right): Office of Housing & Community Development staff participating in Repair Affair*

*(Cover): Newly built Habitat for Humanity homes in Park Springs*

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# About Louisville Affordable Housing Trust Fund


Groundbreaking at the Middletown Apartments (March 7, 2018)

The Louisville Metro Affordable Housing Trust Fund (LAHTF) allows Louisville to invest additional local public funds to address the affordable housing shortage. A stable home opens the door to opportunity, and the whole community does better when everyone has a decent place to call home.

During the 2017 fiscal year, LAHTF allocated $2.35 million to six local agencies to add to their financing of 326 affordable housing units, created a $25,000 pool of grant funding for organizations providing supportive housing services, and invested $30,000 in a loan pool for home repairs.

By partnering with a number of local organizations dedicated to lending, affordable housing development, or supportive housing services, LAHTF helped to

- **Build 5 new homes on vacant lots**
- **Build 41 units of single room occupancy**
- **Build 216 multifamily units**
- **Rehabilitate 64 homes**
- **Provide pre-purchasing counseling to 259 new families**
- **Provide rental counseling to 27 new families**
- **Provide counseling to 237 men**
- **Save 109 homes from foreclosure**
- **House 98 homeless men**
- **Facilitate 50 new home purchases**
- **Assist 8 families in making needed home repairs**

LAHTF has even bigger plans for the 2018 fiscal year. The Trust Fund allocated about $8.76 million to 22 different projects that will assist in the creation or preservation of 1,305 units located in neighborhoods throughout Louisville.

These projects create jobs, affordable homeownership opportunities, and housing choice, making them a win for the entire Louisville community.

# Executive Summary

As Louisville grows and becomes increasingly diverse, its housing needs grow and change as well. A home—and its location—can have an enormous impact on a family's quality of life. It can provide fundamental stability, facilitate choice in lifestyle, and create opportunities for intergenerational economic mobility. Today, the extent to which a family is positively impacted by its home may be heavily dependent on its location on Louisville's map.

This Housing Needs Assessment (HNA), undertaken on behalf of Louisville Metro Government's Office of Housing and Community Development (OHCD) in partnership with Louisville Affordable Housing Trust Fund (LAHTF), sets out to diagnose symptoms of these disparate impacts in Louisville neighborhoods and to identify potential strategies to reshape a housing market that works for the benefit of all Louisvillians. The HNA examines data within three key spheres:

1. Health is defined by the financial stability of residents, the quality of housing stock, and the pace and type of development activity in the housing market within each neighborhood.
2. Diversity is described by the availability of myriad housing typologies and location preferences that meet the needs of Louisville's increasingly diverse residents.
3. Equity is determined by the accessibility of opportunities for economic mobility within each neighborhood, such as income growth and wealth building.

Data outcomes for these core themes vary widely between neighborhoods, typically following trends have a root in historic patterns of investment. Many of these trends were originally carved out through the practice of redlining, but they continue to shape Louisville's neighborhoods and deeply affect resident outcomes.

Joining a multitude of local initiatives to combat neighborhood inequities and improve outcomes for residents across Louisville, this HNA harnesses diverse datasets and community input along with recommendations from previous studies. Together, OHCD and LAHTF intend to carry forward the effort to ensure that every Louisville neighborhood is a neighborhood of opportunity.

The HNA analyzes housing-related need within 21 housing market areas. The market areas, drawn by Louisville Metro Government (LMG) for planning purposes, encompass groups of 2010 census tracts that share geographic and socioeconomic characteristics.

The boundaries of market areas took into consideration several factors in addition to the census tract outlines, including the locations of residential neighborhoods, Louisville's 83 incorporated municipalities, employment centers, and major landmarks. The market areas also consider areas that fell within the former city of Louisville and areas that were more recently incorporated. Major roads were intentionally captured in the middle of market areas, rather than on the borders, to facilitate future planning related to businesses, amenities, and transportation within market areas.

Within each of these market areas, a number of indicators are used to paint a picture of health, diversity, and equity outcomes.

## Health

In this HNA, health is defined by residents who are economically stable and have sufficient income to cover housing costs. It is also defined by homes that are in good condition, free from hazards, and part of a well-functioning market. The ability to be stably housed in a home of good condition is a basic foundation of overall quality of life upon which other positive health outcomes, including physical and mental health, can be built.

In Louisville today, stable housing in a decent home is more difficult to achieve in some parts of the city than in others. Citywide, two thirds of the workforce is employed in a sector with real median annual wages that have stagnated or declined since 2010. Yet the impact of negative wage trends on household incomes is most visible in market areas in the northwest of the county—particularly West Core, Northwest Core, and Downtown, where poverty rates exceed 40 percent and median household incomes are around half of the citywide median. These areas are part of what is locally referred to as West Louisville.

The resulting financial instability contributes to housing instability; when a family's ability to make ends meet is constantly in question, housing cost burden and the threat of eviction or foreclosure are high. A large proportion of households in and around West Louisville are cost burdened, or pay more than 30 percent of their income in housing expenses each month. Partly as a result of this cost burden, nearly a tenth of all renter households in West Louisville market areas experienced an eviction in 2016.

Housing instability contributes to frequent residential turnover, which has negative implications for individual families and for neighborhoods as a whole. Market areas with widespread housing instability tend to have similarly poor health outcomes in terms of housing condition and development activity. High rates of boarding, exterior housing problems, and demolition characterize market areas in the northwest of the city, where residential vacancy rates exceed 20 percent in some census tracts. In eastern market areas, where families are more financially stable, renovation and new construction occur much more frequently.

## Diversity

The assessment of diversity within Louisville's housing market areas looks at both housing typologies and demographic characteristics. Louisvillians are vastly diverse not only in the way they look and speak, but also in their age and ability, family size, living preferences, and incomes. Without sufficient variety in housing types, sizes, and price points, it is impossible for each market area to demonstrate the rich social and cultural diversity that exists in Louisville.

Though Louisville is growing more racially and ethnically diverse, its residents remain generally segregated. Black or African American residents make up 22 percent of the total population, but they represent the majority of residents in just four market areas in the northwest of the city—Northwest Core, West Core, Downtown, and University. This pattern reflects the legacy of redlining.

Households also tend to be separated by income and tenure. Louisville's housing stock is varied in look and age, but options for renters and lower-income families are concentrated heavily in the market areas to the northwest of the city.

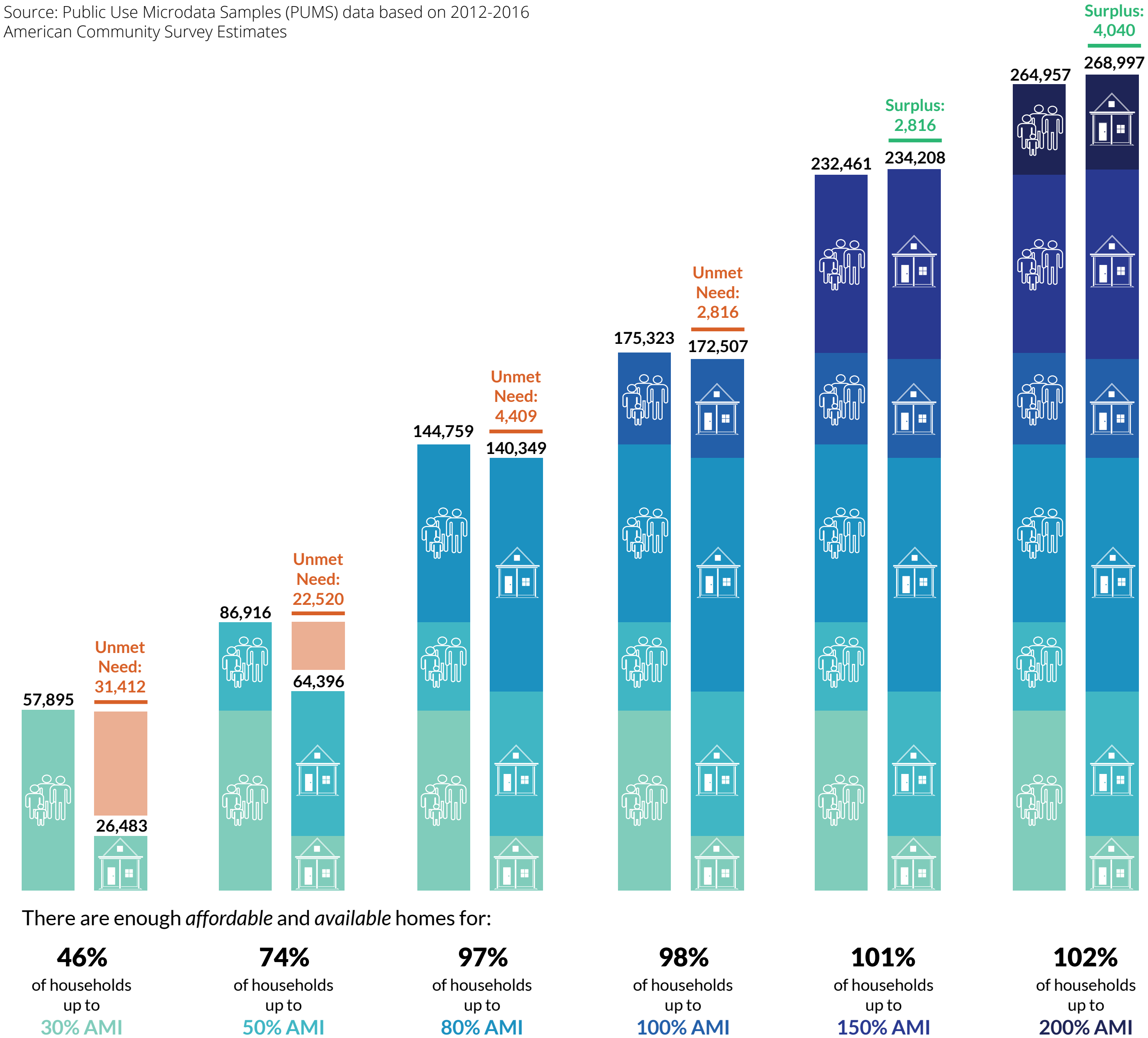
Louisville has a subsidized affordable housing inventory that includes 16,441 affordable assisted housing units in 338 developments, but around half of all assisted developments and units are located in the same four market areas mentioned above. Around one eighth of all subsidized units will lose their affordability restrictions in the next five years. The restrictions in many of these units are likely to be renewed, but developments that are located in or adjacent to areas experiencing housing market growth and increasing development pressures are most at risk of conversion to market-rate prices.

In Louisville as a whole, there is a shortage of homes for families whose income is lower than the Federal Poverty Level. There are only enough affordable and available homes for 46 percent of these lowest-income families, with an estimated shortage of 31,412 units. The shortage causes an overall affordability gap that affects all families whose income is lower than the area median, severely limiting housing choice for many Louisvillians. If Louisville had 31,412 additional units that were affordable to households below the Federal Poverty Level (and if these homes were all occupied by the families who need them), then an affordability gap would not exist in the city.

Therefore, the HNA emphasizes the need to address the affordability gap for households earning up to 30% AMI. In total, 31,412 units are necessary to fulfill this need. Addressing this need will have a cascading effect, essentially creating more housing choice and opportunities for those in higher income brackets. The cost to develop 31,412 new units of housing affordable for Louisville's lowest income households is estimated to be over $3.5 billion. The cost of not addressing the need is not measured in dollars, but in impacts to the livelihoods of our citizens.

## Figure i: Citywide Affordability Gaps

Source: Public Use Microdata Samples (PUMS) data based on 2012-2016 American Community Survey Estimates



# Equity

Health and diversity of housing choice are critical to ensure that all Louisvillians have a safe and decent quality of life, but equity is possible when each resident has fair access to opportunities for upward mobility. This HNA measures equity by possibilities for homeownership and economic mobility, as well as by residents who are well-equipped to take advantage of these opportunities no matter where they live or what they look like.

Homeownership is one of the most effective ways to build wealth. By building wealth, families gain more control over their own health outcomes and housing choice. They also improve their ability to pass these benefits on to future generations. Yet today, households of color are more likely to be denied mortgage loans and much less likely to own a home than White households. In fact, higher-income Black applicants were more likely to have high-cost loans than lower-income applicants of any other race or ethnicity. These trends contribute to disparate ownership rates in Louisville; while 70 percent of White residents own their homes, ownership rates are less than 40 percent among Black and Latinx families. Homeownership is also becoming more difficult for Louisville's younger residents.

Among Louisvillians who own a home, location can have an outsized impact on the home's value. Low home values, described by sales comparables, can significantly harm the investment value of current homeowners. They can also impact the ability of developers to secure construction financing from banks, which ultimately impedes redevelopment efforts on these blocks. In some cases, particularly in West Louisville, blocks of neighborhoods suffer from low home and land appraisal values that persist even after significant redevelopment has occurred. Yet the trend should not discourage further redevelopment efforts in these areas: LMG is seeing successful gains in appraisal values following redevelopment efforts on Cedar Street.

Opportunities for economic mobility also vary widely by geography. Market areas in the northwest have relatively low access to key resources like jobs, stable housing, transit, and health hazard mitigation, while other market areas more easily connect their residents to a wealth of opportunity. In order to increase equity in Louisville's neighborhoods, disparities in opportunity across geography as well as across demographic characteristics like race, age, and ability must be alleviated.

# Displacement Risk

As home values increase in older, lower-income neighborhoods located near Louisville's vibrant urban center, there is a growing challenge to help guard against the displacement of current residents and businesses and to help create and preserve affordable housing in these areas.

This HNA focuses on the risk of residential displacement that results from increased development pressures combined with financial instability among households, which impacts their ability to adjust to rising housing costs. The risk is highest in neighborhoods like Russell, where a multi-million dollar redevelopment of Beecher Terrace will evolve over the next several years, and in neighborhoods like Smoketown, where renovations of older homes are becoming more frequent and profitable. There is also a high likelihood of gentrification from investment in newly designated federal Opportunity Zones, which cover much of the market areas in West Louisville.

Mindful of this danger, Louisville Metro is taking steps to lessen the risk of gentrification. In partnership with Kenan Charitable Trust, for example, the City has formed Russell: A Place of Promise to focus on wealth-building activities for existing residents and businesses in that community.

## Potential Strategies

The HNA assesses the extent to which each Louisville neighborhood is healthy, diverse, and equitable, both in its physical housing stock and among its households. The city's neighborhoods are myriad in their current conditions, so effective strategies to promote health, diversity, and equity vary by market area.

In order to organize market areas by the types of needs they have, three Investment Areas were created based on variables that reflect the relative level of past investment that each census tract has received. Areas that have historically had high levels of investment are more likely to have homes in good condition and households with good access to opportunity, yet housing options in these areas are often homogeneous or costly enough to pose a barrier to residential diversity. In areas that have seen lower levels of investment in the past, the physical quality of the housing and residents' access to opportunity are more likely to have suffered. Still, these under-invested areas contain more of the affordable homes that play a critical role in Louisville's overall housing stock. Each of the HNA strategies is targeted toward one or more of these Investment Areas, and some are targeted toward areas that have been determined to demonstrate a high risk of residential displacement.

The HNA's potential strategies have three primary goals. The first is to make strategic use of City resources, especially through the use of City-owned land, the land bank, code enforcement, and rehabilitation activities. The second goal is to harness the private market through key opportunities to engage private partners in generating new economic investments in Louisville. The third goal is to expand access to capital, with an emphasis on the critical need to foster economic opportunities among low-income households, people of color, and small businesses.

These goals together inform the following potential strategies, organized by the type of implementation they would require:

## Local Solutions: Funding

- Dedicate a funding source for affordable housing initiatives.
- Create a Community Land Trust to help create new affordable homeownership and wealth creation opportunities.
- Preserve unsubsidized affordable housing units through acquisition and rehabilitation.
- Allow financing of a Renter Equity Program under LAHTF to allow tenants to build equity while renting a unit.
- Adopt a proactive code enforcement program for rentals.

## Local Solutions: Policy

- Designate Investment Strategy Areas that prioritize and facilitate creation of affordable and market-rate housing and direct Metro investment to those areas.
- Adopt anti-displacement measures.
- Explore implementation of inclusionary zoning regulations in the Land Development Code.
- Extend the period of affordability on housing projects financed by LMG/LAHTF.
- Establish a Lien Release and Code Violation Forgiveness Program.
- Reduce parking requirements for affordable housing developments.
- Utilize the Health Impact Assessments to evaluate LMG's policies, regulations, and incentives for creation and preservation of housing units.
- Continue to incorporate cool roofs standards in owner rehabilitation and multi-family construction projects.

## State Solutions

- Continue the Tax Delinquency Deferral Program to prohibit the sale of delinquent tax bills in the neighborhoods with high levels of vacant properties. Review the program regularly to determine if areas need to be removed or added.
- Expand the Low-Income Housing Tax Credit program through a mixed income initiative in collaboration with Kentucky Housing Corporation.
- Consider deed restrictions on certain properties previously owned by the City that preserve long-term affordability.
- Introduce exclusionary taxing for developers who create a specified number of affordable units within a market-rate development.
- Freeze real estate property taxes for at-risk homeowners.
- Require visitability accessibility standards for all new residential developments.

## Peer City Successes

Louisville's peer cities face similar housing needs, and in some cases, these peer cities have adopted one or more of the potential strategies outlined in this HNA. Each city's innovative nuances serve to improve the success of the strategies.

For example, Cincinnati, Ohio's Community Land Trusts own the land on which affordable housing is constructed, ensuring its affordability into perpetuity. The Community Land Co-op has succeeded in empowering families with low and medium income to own homes in the West End and neighboring communities by retaining ownership of the land to perpetuate affordable housing since 1980.

Additionally, The Cornerstone Renter Equity Program in Cincinnati recognizes that not all low-income renters wanted to be homeowners, but that homeownership was the key to wealth creation. Residents who participate and live in the property can earn up to $3500 in credits after five years, after which time they are vested and can cash it out.

Columbus, Ohio offered incentives to rehabilitate dilapidated structures by offering owners a tax break, they pay the same taxes as prior to the improvements to keep units affordable after development.

Nashville, TN has a Land Bank Authority which works with public, private, and non-profit partners to use the proceeds from the tax foreclosure process, proceeds from home sales and rental programs, and grants, loans, and bonds to construct affordable housing.

St. Louis, MO has an Affordable housing Trust Fund that is funded by a Local Use Tax, of which every dollar is matched by $17 in public and private funds and they offer tax incentives to at-risk homeowners in the form of a reduced tax payment.

# INTRODUCTION

*The Louisville Housing Needs Assessment explores the current and potential role of housing on the health, diversity, and equity of Louisville neighborhoods.*

Across Louisville, myriad housing typologies range from the narrow shotgun homes near downtown to the sprawling houses in the city's outer ring. These houses give a home to residents who are tremendously diverse in race, ethnicity, income, and family size.

Despite their differences, Louisvillians share a dependence on their homes to protect and promote their quality of life. For each resident, housing has the potential to provide fundamental stability, facilitate choice in lifestyle, and create opportunities for intergenerational economic mobility. The housing market also has the inverse potential to diminish these prospects. Today, the extent to which a family is positively impacted by its home may be heavily dependent on its location on Louisville's map.

This Housing Needs Assessment (HNA) sets out to diagnose symptoms of these disparate impacts and identify potential strategies to reshape a housing market that works for the benefit of all Louisvillians.

The HNA examines housing-related data within three key spheres:

*Newly built Habitat for Humanity homes in Richmont Terrace*

1. Health is defined by the financial stability of residents, the quality of housing stock, and the pace and type of development activity in the housing market within each neighborhood.

2. Diversity is described by the availability of myriad housing typologies and location preferences that meet the needs of Louisville's increasingly diverse residents.

3. Equity is determined by the accessibility of opportunities for economic mobility within each neighborhood, such as income growth and wealth building.


*Community meeting for Louisville's Comprehensive Plan*

Data outcomes for these core themes vary widely between neighborhoods, but many of these trends have a root in history. The practice of redlining in the 1930's and 1940's severely crippled real estate investment in areas occupied by people of color, excluding the people themselves from the long-term wealth-building promise of homeownership. The value of land in these neighborhoods suffered, and because investment from private developers was discouraged, the physical quality of the housing stock suffered as well. These patterns of investment continue to shape Louisville's neighborhoods and deeply affect resident outcomes.

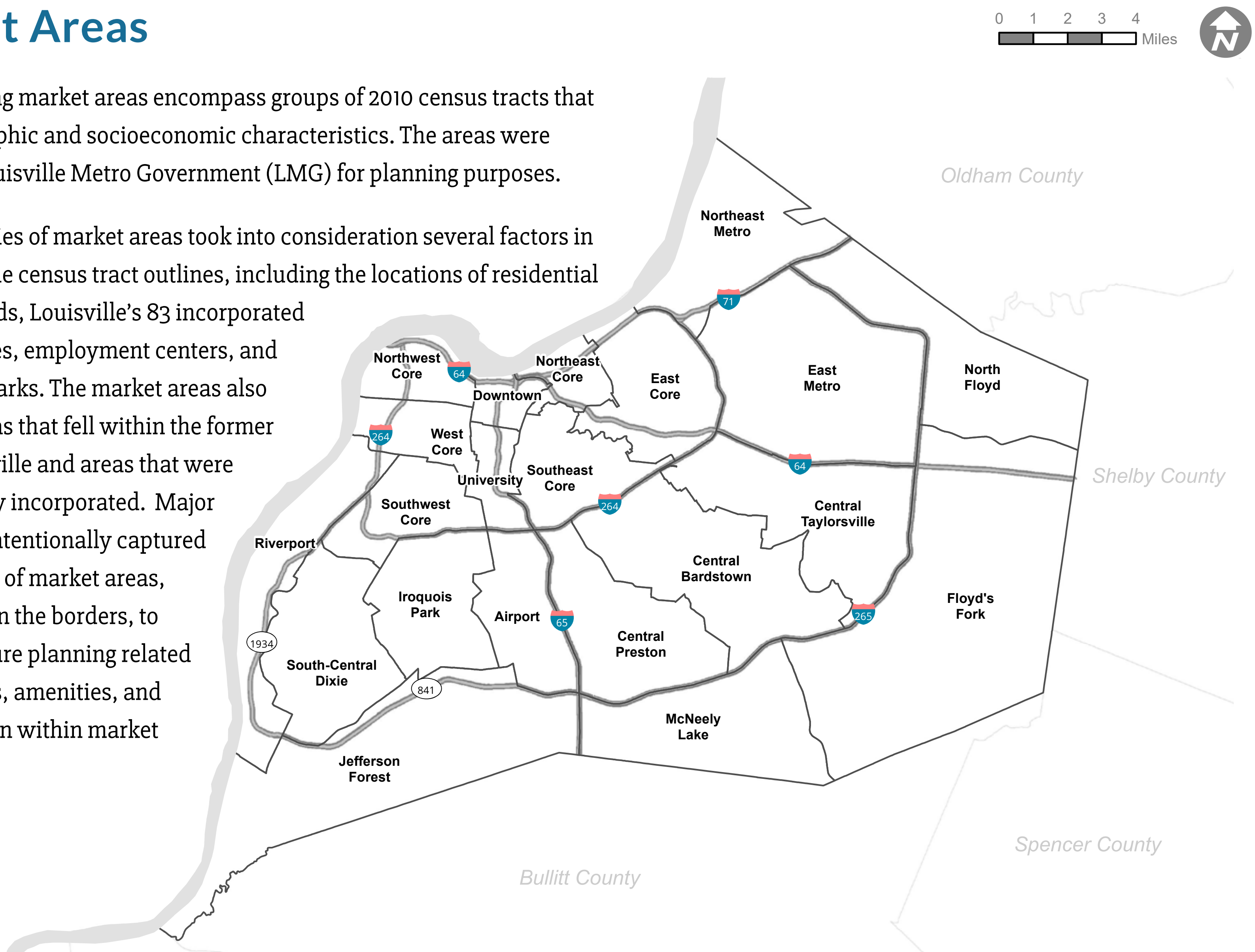
Investment dollars have streamed into other Louisville neighborhoods, helping to develop bustling retail corridors and a sturdy supply of homes in a variety of typologies. Healthy neighborhoods are thriving in many areas of the city. The Louisville Metro Government Office of Housing and Community Development (OHCD) and Louisville Affordable Housing Trust Fund (LAHTF), along with numerous agencies, community leaders, and public and private organizations, recognize that residents of every part of the city deserve to enjoy this quality of life. These groups have launched several initiatives to combat neighborhood inequities and improve outcomes for residents across Louisville.

This Housing Needs Assessment is designed to help further these efforts by harnessing diverse datasets and community input along with recommendations from previous studies. Together, OHCD and LAHTF intend to carry forward the effort to ensure that every Louisville neighborhood is a neighborhood of opportunity.

# Market Areas

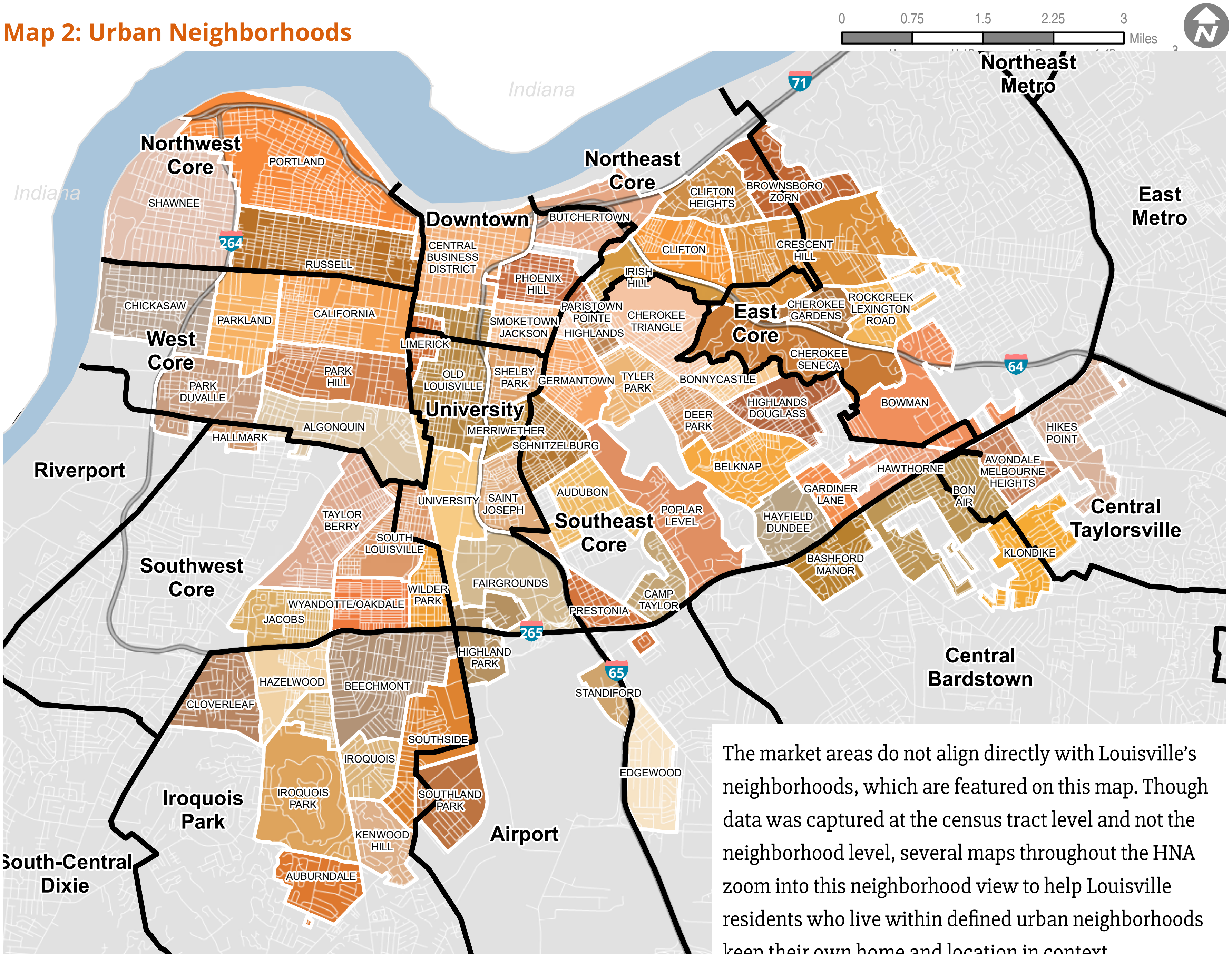
The 21 housing market areas encompass groups of 2010 census tracts that share geographic and socioeconomic characteristics. The areas were drawn by Louisville Metro Government (LMG) for planning purposes.

The boundaries of market areas took into consideration several factors in addition to the census tract outlines, including the locations of residential neighborhoods, Louisville's 83 incorporated municipalities, employment centers, and major landmarks. The market areas also consider areas that fell within the former city of Louisville and areas that were more recently incorporated. Major roads were intentionally captured in the middle of market areas, rather than on the borders, to facilitate future planning related to businesses, amenities, and transportation within market areas.




Map 1: Housing Market Areas

## Map 2: Urban Neighborhoods

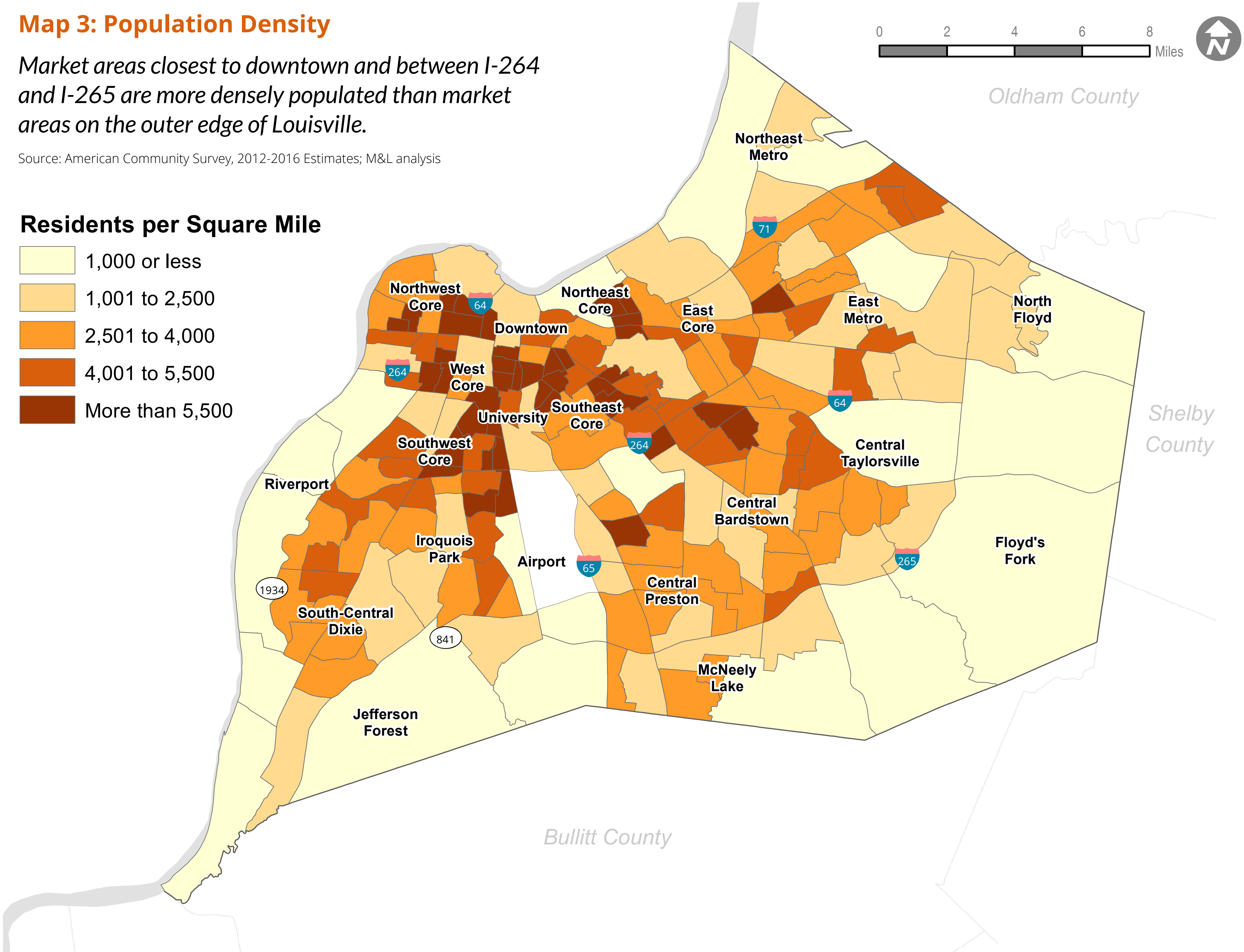



The market areas do not align directly with Louisville's neighborhoods, which are featured on this map. Though data was captured at the census tract level and not the neighborhood level, several maps throughout the HNA zoom into this neighborhood view to help Louisville residents who live within defined urban neighborhoods keep their own home and location in context.

## Map 3: Population Density

*Market areas closest to downtown and between I-264 and I-265 are more densely populated than market areas on the outer edge of Louisville.*

Source: American Community Survey, 2012-2016 Estimates; M&L analysis



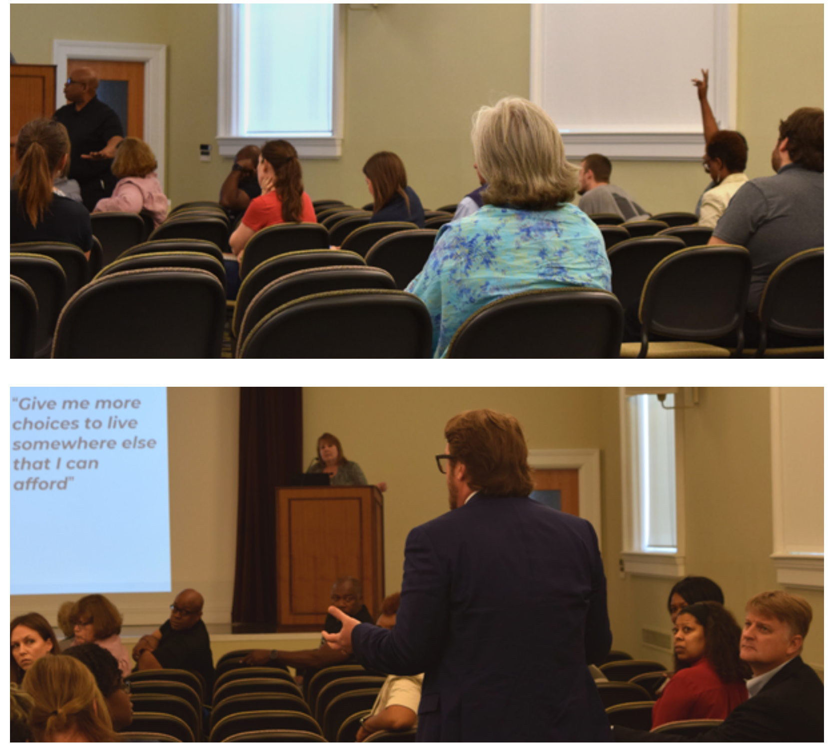
# Study Overview

This HNA begins with an analysis of quantitative data that show a wide variance in neighborhood conditions as a result of historic policy and investment. These conditions are manifest in the socioeconomic outcomes of residents; in the physical characteristics, quality, and affordability of housing; and in the accessibility of neighborhood opportunity that exists today.

A Vulnerability Index takes several of these variables into account in order to identify areas in which residents may be at risk of being displaced due to financial insecurity and rising housing costs.

The HNA then explores community development tools currently employed in Louisville. It takes stock of existing plans, crafted by a range of municipal and nonprofit stakeholders, that lay out visions and tactics for a healthier city.

These existing assets and blueprints fuel a series of potential strategies that forms the culmination of this report. The potential strategies are designed to address identified housing needs by harnessing the full coordinated effort of LMG agencies, Louisville Affordable Housing Trust Fund, and numerous nonprofit and private groups who play a part in promoting equitable housing conditions throughout the city.



*Community meeting for Louisville Housing Needs Assessment*

The HNA does not focus exclusively on affordable housing or lower income neighborhoods, but it does emphasize the need to ensure that all residents have the opportunity to live in a positive environment. Lower income neighborhoods may require more support to help balance equity of opportunity across Louisville.

## Health, Diversity, & Equity

Quality of life for Louisville residents has been the subject of dozens of reports related to housing, health, transportation, sustainability, and more. Louisville's draft comprehensive plan, Plan 2040, draws from this research and public input to focus on five core principles to guide the city into the future: Connected, Healthy, Authentic, Sustainable, and Equitable (CHASE).

Looking at the CHASE principles through the specific lens of housing, this HNA zeros on the themes of Health and Equity and the additional theme of Diversity. Health, Diversity, and Equity together describe the HNA's goals for both the housing stock in each neighborhood as well as the families that occupy those homes. Because housing is such a powerful foundation for quality of life, there is an inextricable link between outcomes in the housing market and outcomes for the residents themselves.

Healthy neighborhoods are most immediately critical. While Plan 2040 focuses on physical, mental, and social health, the HNA emphasizes the financial health of residents, the physical condition of the housing stock, and the health of the housing market.

These three indicators that often go hand-in-hand. For example, a family's financial health influences its ability to afford a unit that is in good condition and large enough to meet its needs. The condition and size of homes in a neighborhood have an impact on the homes' value in the housing market. The value of a home determines the cost a family must pay to live in it, which is closely related to the family's financial health. The potential strategies included in this report set out to improve the health of Louisville's housing stock and to amplify a positive connection between those gains and the financial health of the residents themselves.

Diversity is a theme that speaks to the wide range of needs and preferences that characterize Louisville's residents. While it is ideal for health-related indicators to be uniformly positive, variety is beneficial in a number of other data indicators.

Diversity in the race and ethnic background of Louisvillians is on the rise citywide, and barriers to fair housing choice faced by specific groups need to be combated so that each market area can benefit from the city's diversity. Variations in family size, age, ability, and preferences in lifestyle and transit methods point to a need for diverse housing typologies. The wide range of incomes among the city's households needs to be accommodated by varying housing price points in plentiful locations. The HNA includes tactics to promote the development and maintenance of a housing stock that meets more of these permutations of local demand.

Equity is the final theme, and one that Louisville is taking very seriously. Equity implies the universal ability of residents to take advantage of opportunities for economic mobility and thereby gain more control over their own personal health outcomes and housing choice. Housing affordability is an essential base for asset building, and homeownership is a key vehicle for growing sustainable wealth. Still, many residents are unable to afford or maintain their homes or face deep-seated barriers to homeownership. This report offers strategies to expand the benefits of tools that facilitate housing affordability and ownership to more Louisvillians, building equity more consciously into the growth of the city's neighborhoods.

# Historical Residential Patterns

To understand the housing market in Louisville and the reasons why certain conditions exist across its neighborhoods, one must have an understanding of its neighborhoods in the past.

During the Great Depression, the Home Owners Loan Corporation (HOLC) evaluated neighborhoods based on the risk to banks of insuring mortgages within them. Neighborhoods were given a grade of A, B, C, or D: A marked the most desirable, and D marked the riskiest. Race and income were integral to the grading system, and neighborhoods home to Black and immigrant residents were consistently marked with low grades. This practice, known as redlining, lowered housing values in low-graded areas and severely limited possibilities for homeownership and wealth building among people of color. Redlining became a powerful driver of both racial inequality and neighborhood inequality.


*Margaret Bourke-White, "At the Time of the Louisville Flood" (1937). https://www.moma.org/collection/works/46797*

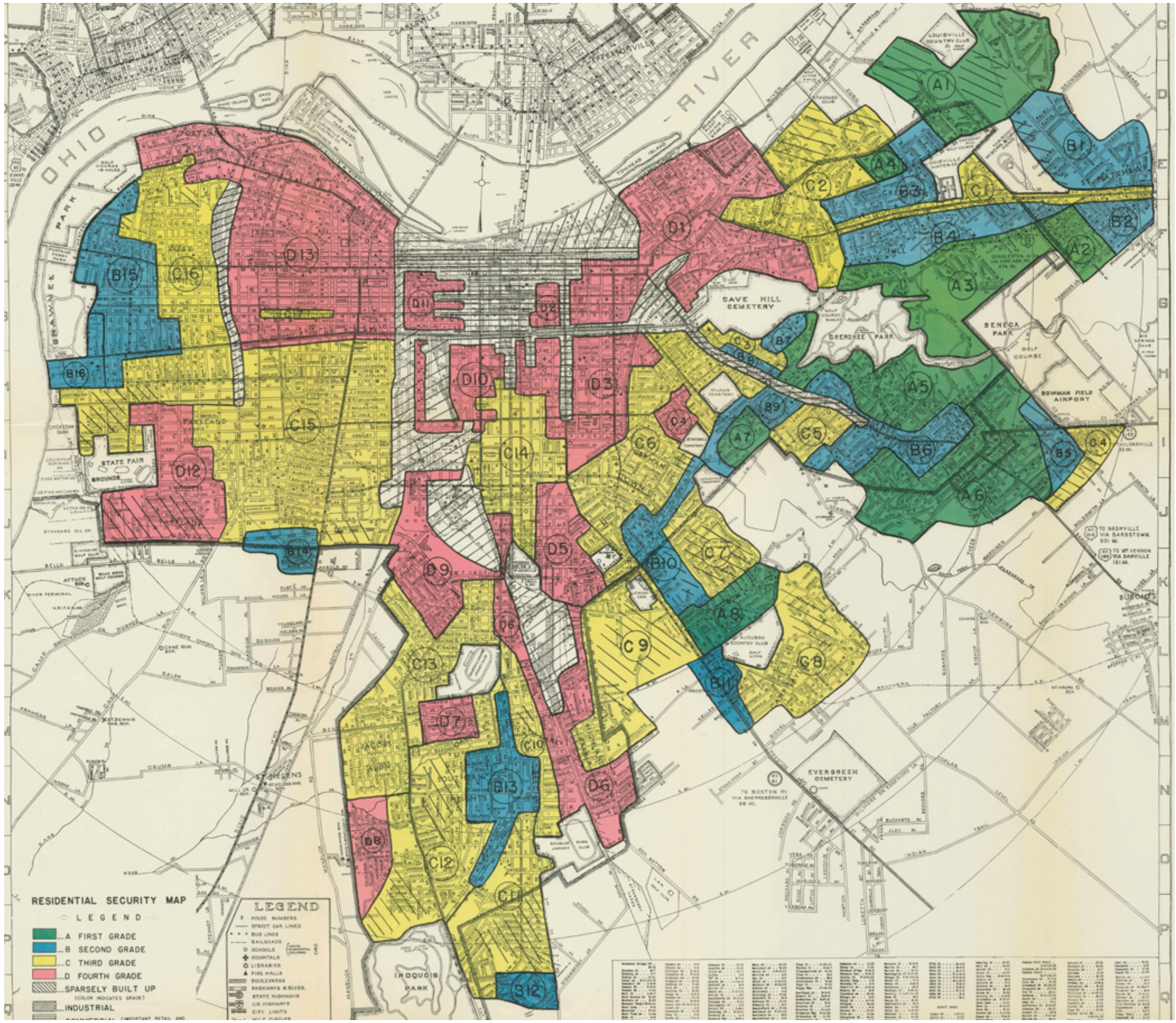
Today, the real story behind the decades-old map is the degree to which the conditions that resulted from redlining persist. Maps throughout this report show the effect of continued underinvestment in formerly D-graded areas, giving evidence of a cycle that must be disrupted in order to eliminate the disparity in neighborhood opportunity that exists today. Among other initiatives to reverse the cycle, the city has begun a louder and a more open dialogue about race, opportunity, and disinvestment.

The practice of redlining was not unique to Louisville; cities across the U.S. are impacted by its grading system. Louisville is joined by other cities in recognizing the need to actively dismantle barriers to prosperity that have been solidified through redlining's legacy.

For more information about redlining in Louisville, see *Redlining Louisville: The History of Race, Class, and Real Estate*.[1]

## Map 4: Louisville 1937 Residential Securities Map

Source: Joshua Poe, Planner and Community Organizer



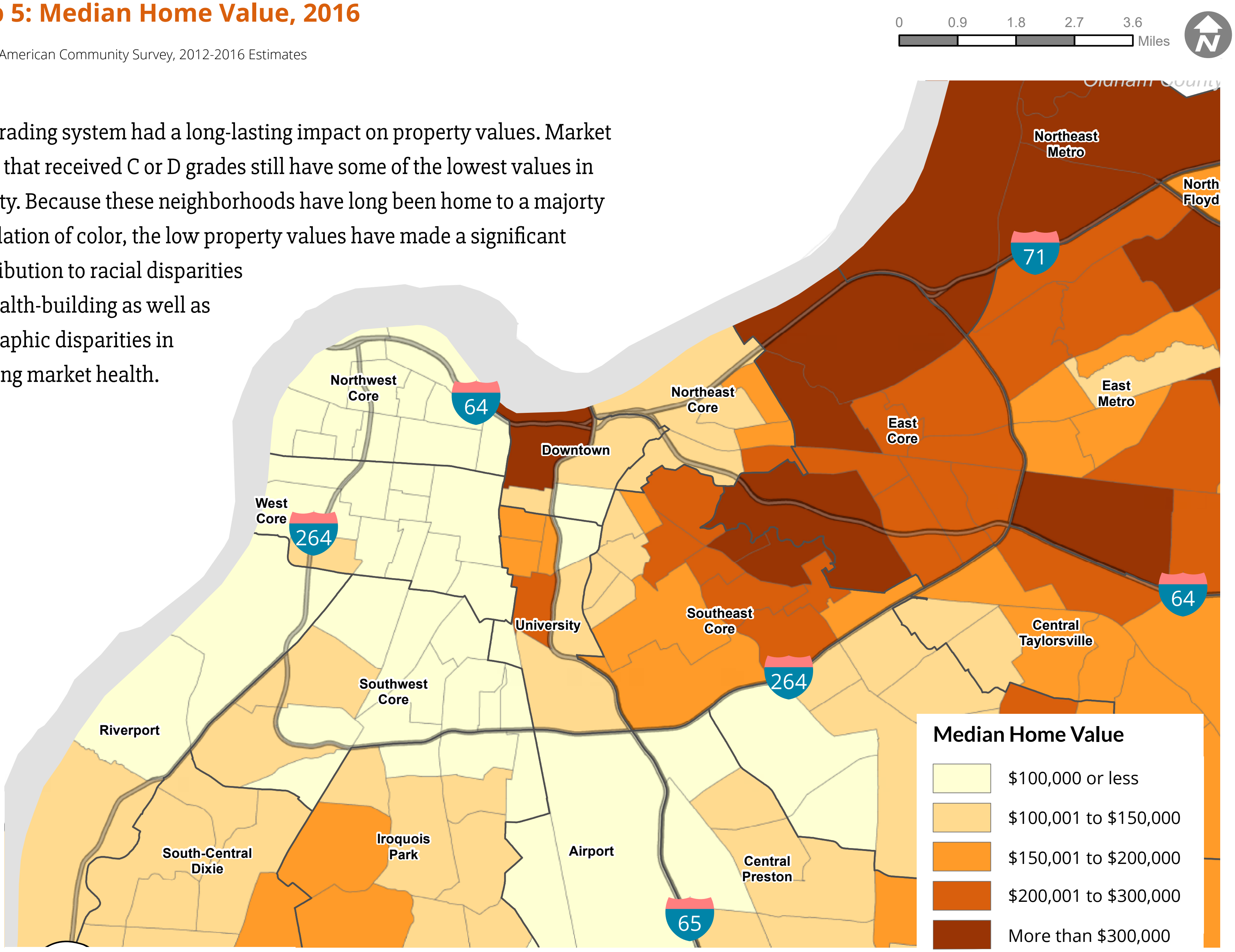

Large portions of the neighborhoods that now make up the Northwest Core, West Core, Downtown, University, and Northeast Core market areas, as well as the northern parts of the Central Preston and Central Bardstown market areas, were given grades of C or D by the HOLC.

Redlining impacted much of what is today referred to as West Louisville, or an area made up of parts of the Northwest Core, West Core, University, and Downtown market areas.

## Map 5: Median Home Value, 2016

Source: American Community Survey, 2012-2016 Estimates

The grading system had a long-lasting impact on property values. Market areas that received C or D grades still have some of the lowest values in the city. Because these neighborhoods have long been home to a majorty population of color, the low property values have made a significant contribution to racial disparities in wealth-building as well as geographic disparities in housing market health.



# DATA: HEALTH

*Historic investment trends have become current investment trends, and the outcomes for residents across Louisville reflect a disparity. Health outcomes in both the housing stock and among the households themselves vary widely by housing market area.*

Health indicators have been selected because their outcomes fall on a single spectrum from negative health to positive health; for example, a high poverty rate is negative, while a low poverty rate is positive. If Louisville had perfectly equitable health outcomes, data points for every market area would fall on the positive end of the spectrum. Positive health in this HNA is defined by residents who are economically stable and have sufficient income to cover housing costs. It is also defined by homes that are in good condition, free from hazards, and part of a well-functioning market.

In order to diagnose general neighborhood health within housing market areas, this section explores geographic patterns in education, employment, income, poverty, and housing affordability, each of which is a gauge of a household's ability to maintain fundamental stability. Housing vacancies, conditions, demolition, renovation, and construction illustrate the state of the housing market across the map. Together, these indicators provide a picture of health in each of Louisville's housing market areas and point to opportunities for positive intervention.


## Health Indicators

- Education
- Employment
- Top Occupations
- Wage Growth
- Poverty
- Household income
- Area median income
- Cost burden
- Eviction
- Foreclosure
- Residential vacancy
- Exterior housing conditions
- Demolition
- Renovation
- New construction

# Economic Stability

At the core of the Health theme lies the ability to comfortably afford a safe and decent home. For many, the ability to afford housing is dependent on the possibility of sustaining employment with livable wages.

## Education

Nearly 30 percent of Louisvillians have an Associates or Bachelors degree, and an additional 11 percent have a Masters or Doctoral degree. However, more than a quarter of Louisvillians have only a high school degree or GED, and ten percent lack a high school degree. These residents disproportionately live in market areas in the northwest of the county.

The range of educational attainment highlights the need for a wide range of skill levels in the job market.

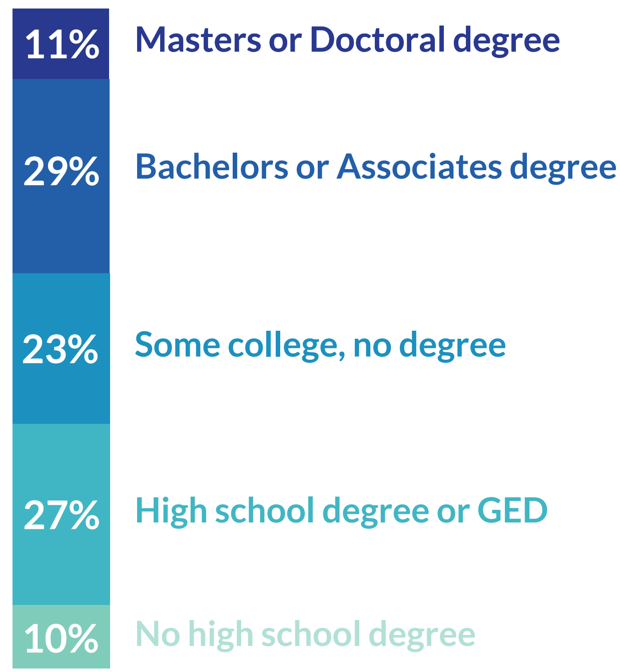


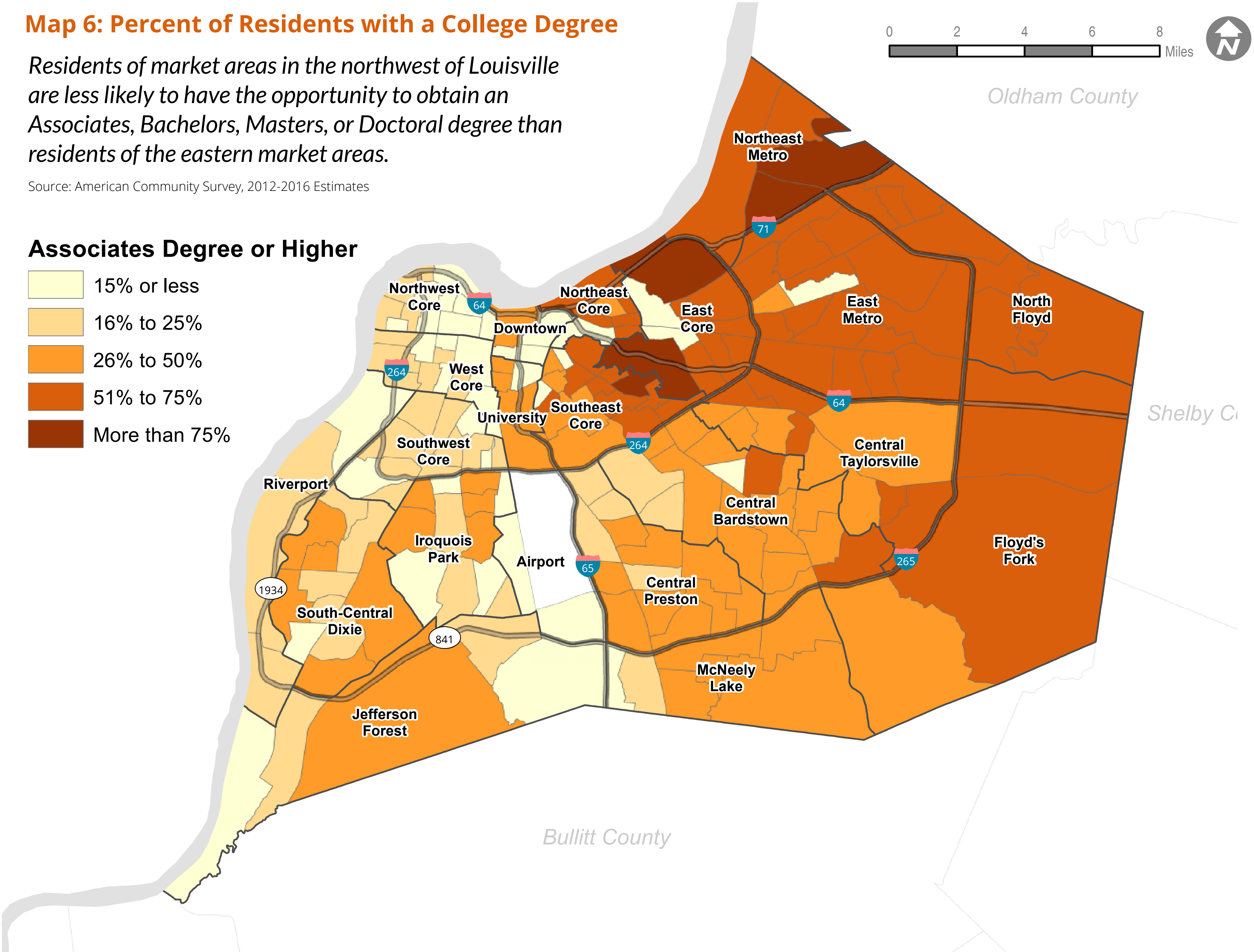

**Figure 1: Educational Attainment, 2016**

Source: American Community Survey, 2012-2016 Estimates

## Map 6: Percent of Residents with a College Degree

*Residents of market areas in the northwest of Louisville are less likely to have the opportunity to obtain an Associates, Bachelors, Masters, or Doctoral degree than residents of the eastern market areas.*

Source: American Community Survey, 2012-2016 Estimates

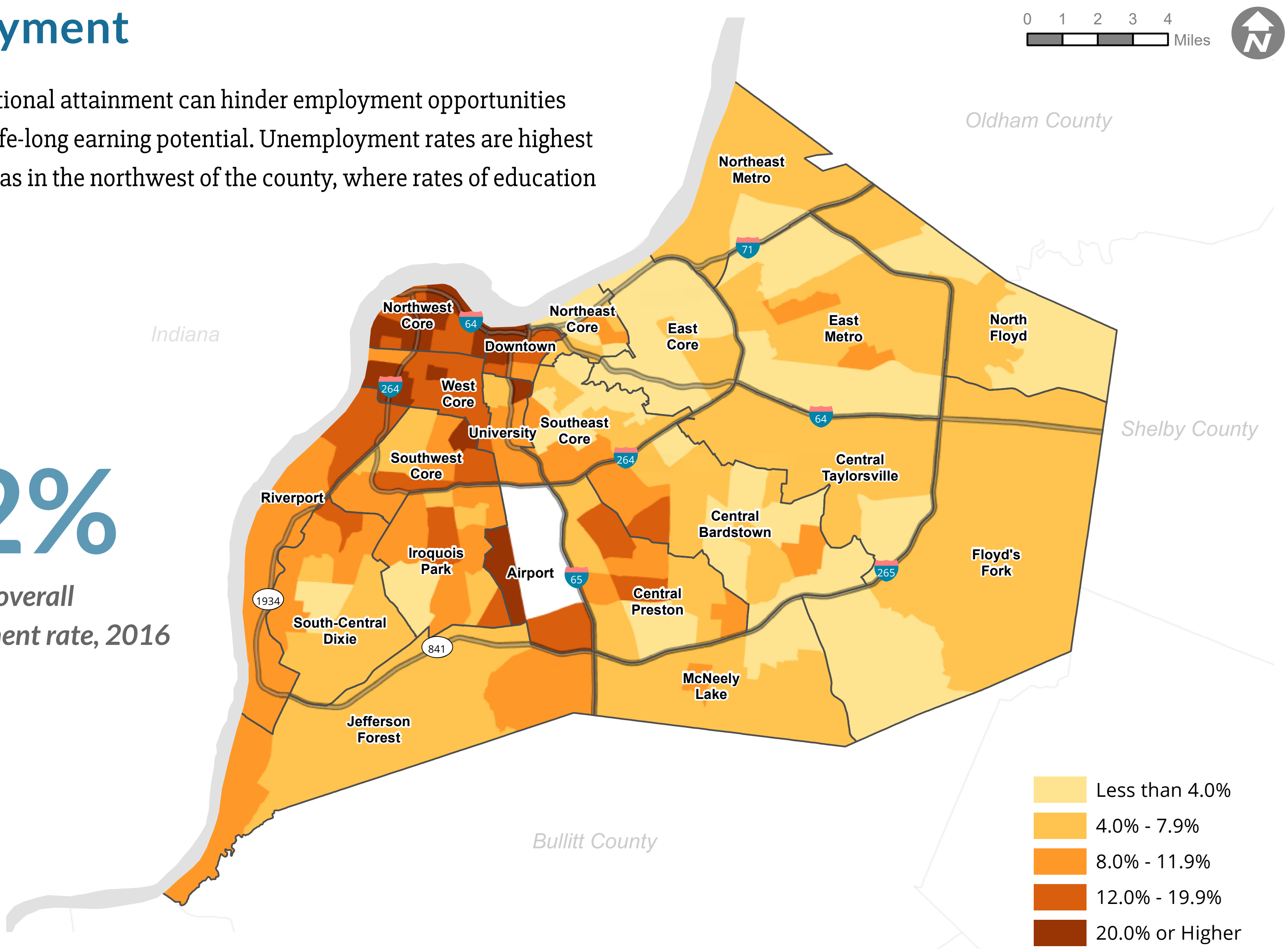


# Employment

Lower educational attainment can hinder employment opportunities and impact life-long earning potential. Unemployment rates are highest in market areas in the northwest of the county, where rates of education are lower.

# 7.2%

*Louisville's overall unemployment rate, 2016*




**Map 7: Unemployment Rate, 2016**

Source: American Community Survey, 2012-2016 Estimates

## Top Occupations

Louisville's top occupation sectors encompass a wide range of education and skill requirements. The metropolitan area has plentiful jobs in Office Support, Transportation, and Production sectors. However, the many workers in these three top sectors tend to have relatively low pay: the median salary of each falls just short of $35,340, Louisville's overall median annual salary.

In the last five years, job growth has been strongest in the sectors like Computers, Business, and Architecture that pay well but typically require at least a Bachelor's degree. There has also been rapid growth in Personal Care and Service jobs, especially child and elderly care, which are more accessible to workers with low educational attainment but offer some of the lowest wages in the area.[2] For those without a college degree, low wage jobs make up an increasing share of employment opportunities.

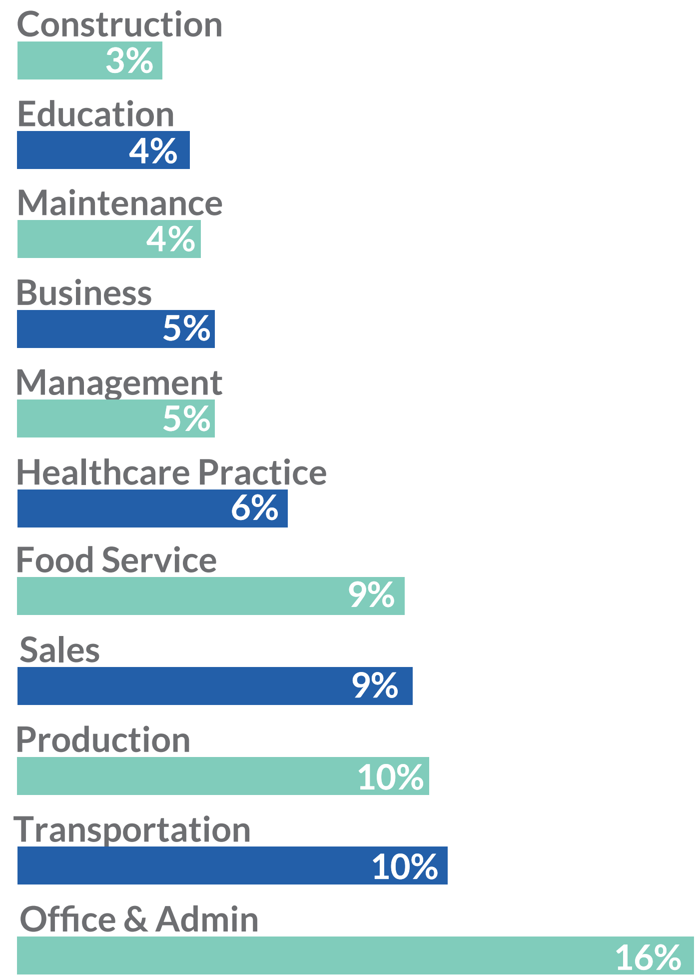



**Figure 2: Top Occupations by Employment, 2017**

Source: Bureau of Labor Statistics, Occupational Employment Statistics

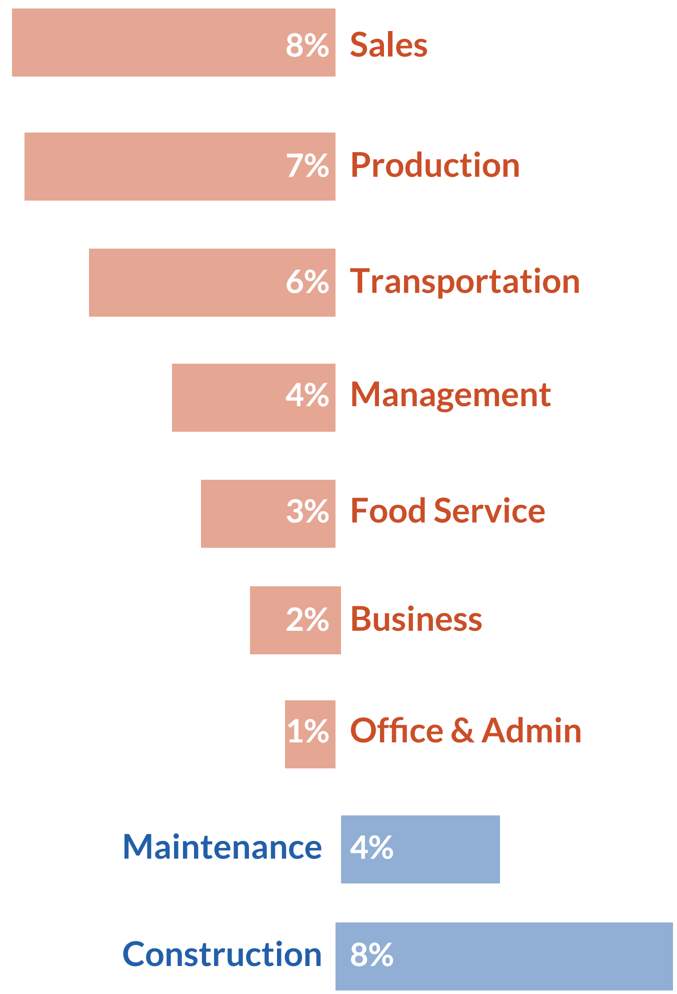



**Figure 3: Notable Wage Growth Rates**

Source: Bureau of Labor Statistics, 2010 and 2018

## Wage Growth

Additionally, real wages in Louisville are not keeping up with the cost of living. Sectors with the greatest numbers of employees have actually seen wages stagnate or decline. In total, two thirds of the area's workforce is employed in a sector with median annual wages that have stagnated or declined since 2010. The trend harms workers' ability to secure and retain housing that is affordable based on their income.

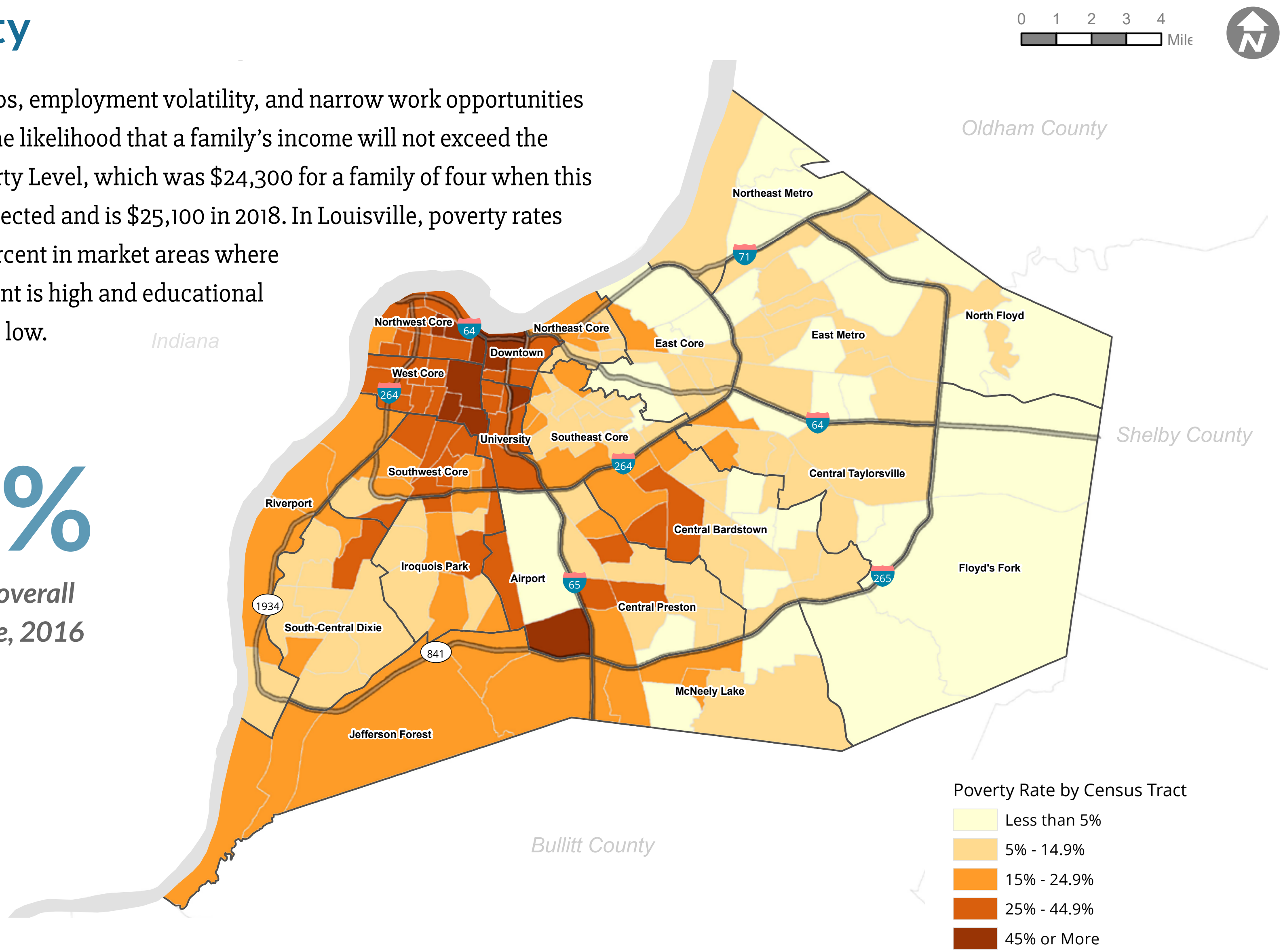
The trend is also significant because low wage jobs are more likely to have inconsistent hours. Irregular scheduling can have severe implications for a family's health and stability because it increases the possibility of logistic conflicts in things like child care and transportation; contributes to overworking, stress, and mental health issues; and fuels a high turnover rate, making low-wage workers more vulnerable to unemployment.[3]

# Poverty

Low-wage jobs, employment volatility, and narrow work opportunities exacerbate the likelihood that a family's income will not exceed the Federal Poverty Level, which was $24,300 for a family of four when this data was collected and is $25,100 in 2018. In Louisville, poverty rates exceed 25 percent in market areas where unemployment is high and educational attainment is low.

**16%**

*Louisville's overall poverty rate, 2016*

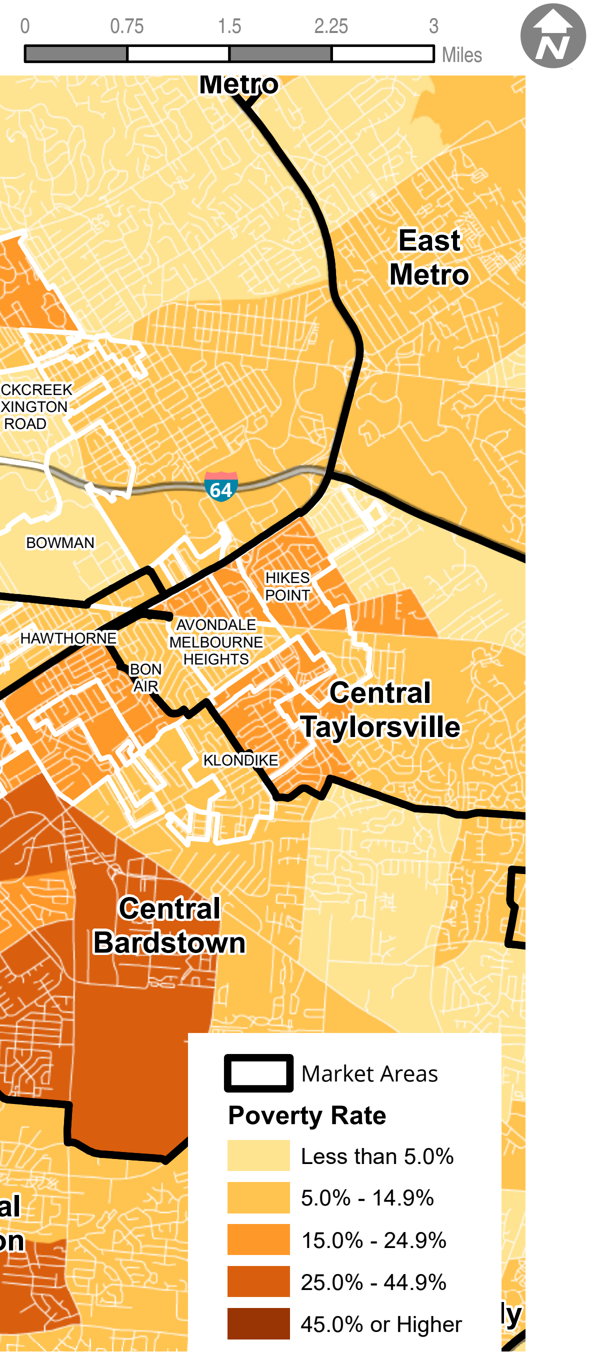



**Map 8: Poverty Rate, 2016**

Source: American Community Survey, 2012-2016 Estimates

## Map 9: Poverty Rate in Urban Neighborhoods, 2016

Source: American Community Survey 2012-2016 Estimates



# Household Income

Household income is the sum of all incomes earned by people living in a household, including wages, investment income, and government entitlements. Louisville's median income for all households, regardless of size, was $50,099 in 2016, but incomes are much lower in areas with low educational attainment and low-wage workers. Incomes are higher in the eastern part of the county.

For many Louisville residents, higher incomes are easier to achieve as members of a household age and gain work experience. The lowest-earning heads of household by age are under 24. Household incomes are also relatively low among heads of household over the age of 65, who are more likely to be on fixed incomes.

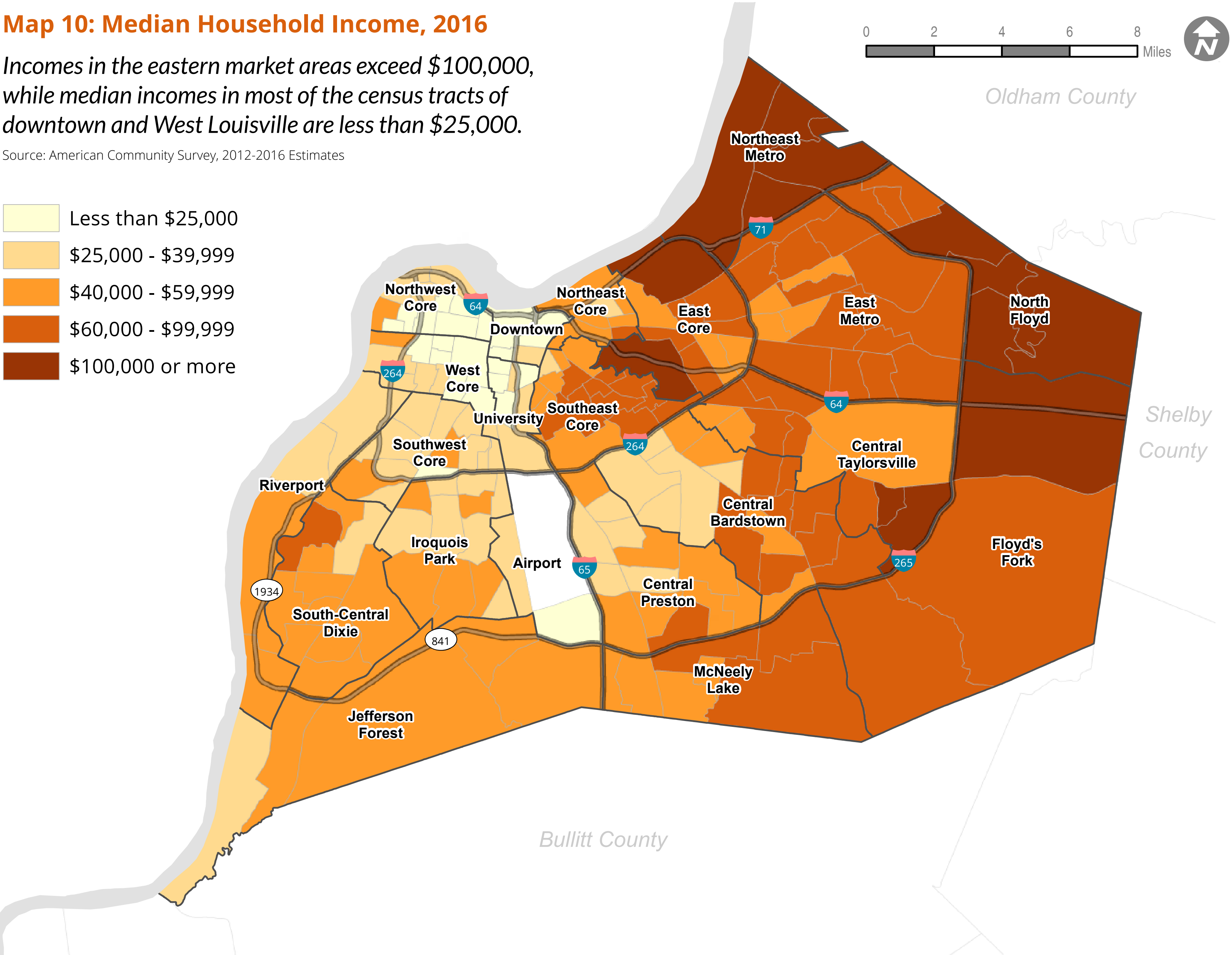
**$50,099**

***Louisville's median household income, 2016***

## Map 10: Median Household Income, 2016

*Incomes in the eastern market areas exceed $100,000, while median incomes in most of the census tracts of downtown and West Louisville are less than $25,000.*

Source: American Community Survey, 2012-2016 Estimates



**$71,500**

*Louisville's Area Median Income, 2018*

## Area Median Income

Area Median Income (AMI) is determined each year by the federal Department of Housing and Urban Development (HUD). AMI differs from median household income: median household income is simply a mathematical median of the incomes of each household in Louisville, while AMI adjusts each household's income based on the number of people who live in the household as well as local housing cost factors. AMI is described as the median income for a family of four and is used, among other purposes, to set income restrictions for assisted affordable housing units. In 2018, Louisville's AMI is $71,500.

In this HNA, Louisville's AMI is used to define six income groups that will be used to discuss housing affordability among the city's households. In the lowest income group are 30% AMI households, whose income is less than or equal to the Federal Poverty Level*, and in the highest income group are **200% AMI** households, whose income is between is 151 percent and 200 percent of the area median income. Between these two groups are 50% AMI households, 80% AMI households, **100% AMI** households, and **150% AMI** households. These six groups encompass 85 percent of Louisville residents; the remaining 15 percent have incomes that are more than twice as high as the AMI. They are not included in this affordability analysis because the majority of Louisville's housing stock is affordable to them.

All six income groups, and their income range relative to AMI, are shown in Figures 4 and 5 on the following page.

* 30% of Louisville's AMI is equal to $21,450, but HUD determines that the 30% AMI income limit cannot be lower than the Federal Poverty Level ($25,100).

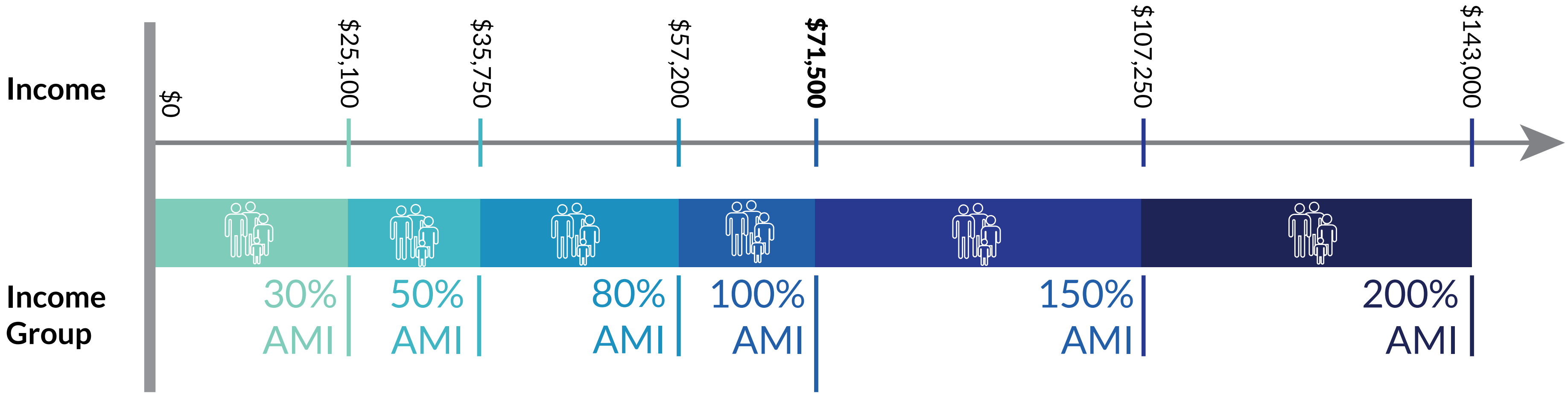



**Figure 4: Income Groups by Income Range**

| Income Group | # of Households | Income Group | # of Households |
|---|---|---|---|
| 30% AMI | 57,895 | 100% AMI | 30,564 |
| 50% AMI | 29,021 | 150% AMI | 57,138 |
| 80% AMI | 57,842 | 200% AMI | 32,496 |

**Figure 5: Households by Income Group**

Source: Public Use Microdata Sample (PUMS) data based on 2012-2016 American Community Survey estimates

# Cost Burden

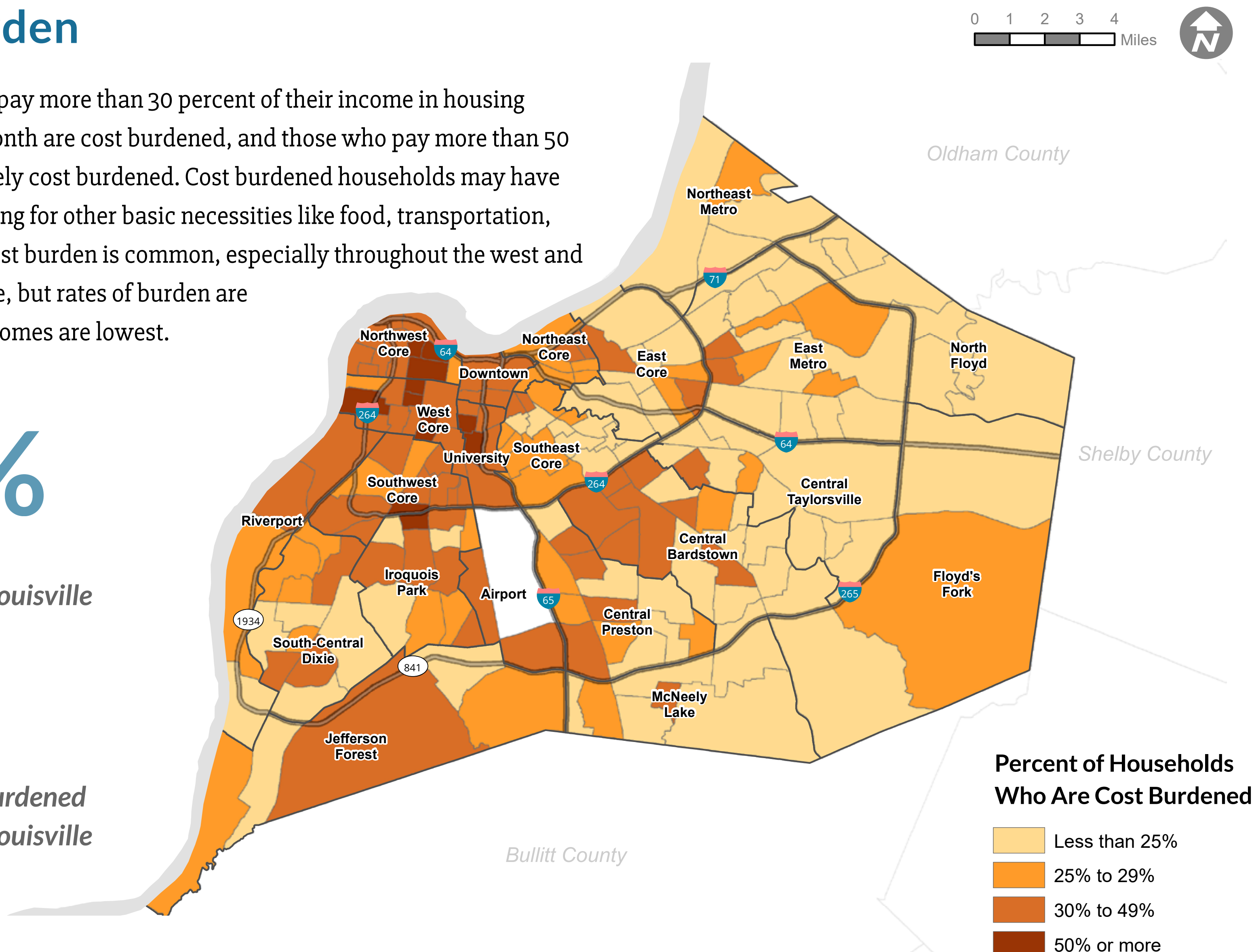
Households who pay more than 30 percent of their income in housing expenses each month are cost burdened, and those who pay more than 50 percent are severely cost burdened. Cost burdened households may have more trouble paying for other basic necessities like food, transportation, and child care. Cost burden is common, especially throughout the west and south of Louisville, but rates of burden are highest where incomes are lowest.

**29%**

*Cost burdened households in Louisville*

**13%**

*Severely cost burdened households in Louisville*




## Map 11: Cost Burden, 2015

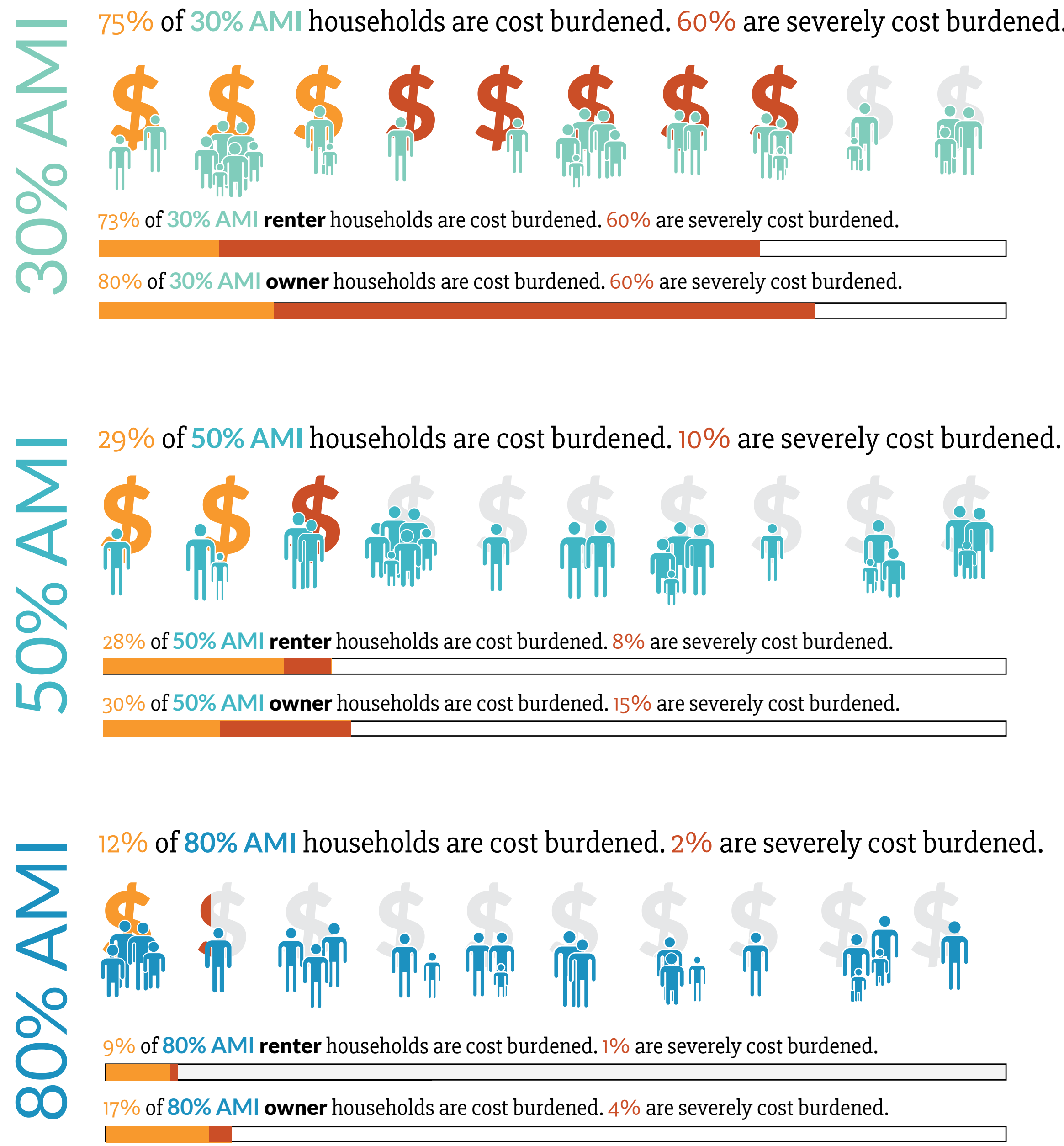
Source: 2011-2015 Comprehensive Housing Affordability Strategy data

## Figure 6: Cost Burden by Income Group

Source: 2011-2015 Comprehensive Housing Affordability Strategy data

Cost burden rates are highest by far for 30% AMI households. Around three quarters are cost burdened, and more than half are severely cost burdened. Cost burden is high for these households because it is difficult to find homes that are affordable to rent or own on an extremely low income.

Owners are more likely to be cost burdened than renters. On the whole, there are more low-income renters than low-income owners, but low-income households can more easily find affordable rental housing than an affordable home for purchase.



# Housing Stability

Those who have difficulty affording their homes are more likely to be unstably housed, or at risk of having to move due to financial strain. Involuntary displacement may take the form of eviction for renters or foreclosure for homeowners.

## Eviction

Eviction is a renter's involuntary departure from a rental unit initiated by the unit's landlord, typically when the renter has failed to pay rent. Evictions are a symptom of household economic insecurity and of cost burden that results from a housing affordability shortage within a city, and they contribute to a number of challenging socioeconomic outcomes.[4]

The eviction process begins with an eviction filing, or formal notice of intent to evict given by the landlord to the tenant. The renter has a chance to reach an agreement with the landlord that amends the cause for eviction. In 2016, 9.7 percent of all renter households in Jefferson County experienced an eviction filing.[5]


**Figure 7: Eviction Filing Rate, 2016**

Source: Eviction Lab


## Figure 8: Eviction Rate, 2016

Source: Eviction Lab

If an agreement between landlord and tenant is not reached, the tenant is legally required to vacate. In 2016, 4.8 percent of the city's renter households were evicted. Eviction rates were even higher in 2010, after the 2008 recession left more families financially vulnerable: 15 percent of renter households received an eviction filing that year, and 6.5 percent were evicted.

Eviction is highly correlated with financial insecurity. Residents struggling with unemployment, low wages, or inconsistent hours have very little cushion for monthly housing costs. Disruptions to a household's regular income are extremely common: a national study found that a quarter of all families experienced at least one income disruption a year.[6]

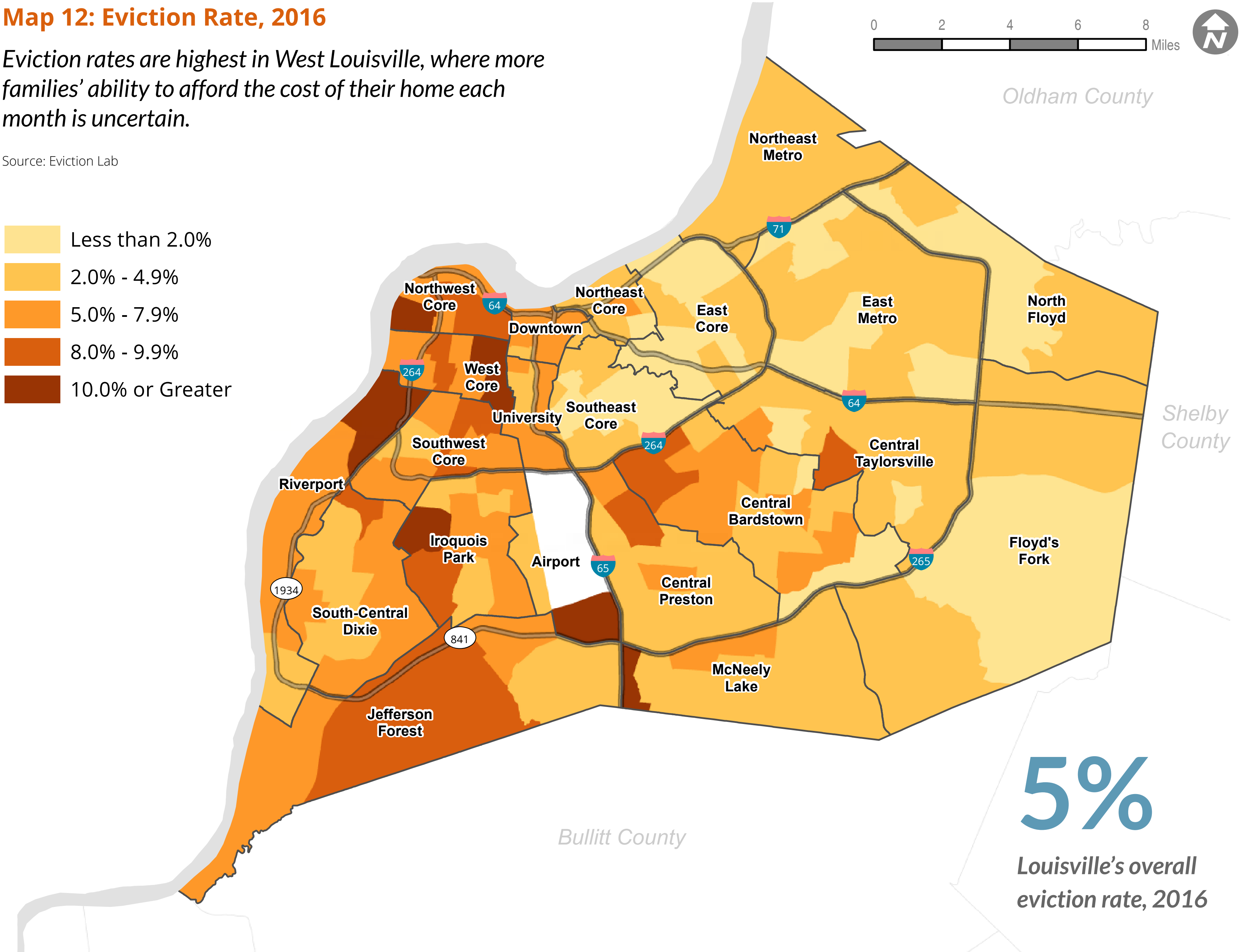
Income disruptions or other unforeseen life events, like sickness or an injury, can force a family to choose between paying rent or covering other needed expenditures. Families who experience an income disruption often fall behind on housing and utility payments, and low- and moderate-income families are more likely than higher-income families to experience eviction as a result.[7] While a small amount of savings can help families avoid utility loss or eviction, ten percent of households in the Louisville metropolitan area do not have access to a basic savings account. This figure is more than three percentage points higher than the national average.[8]

An eviction's impact is both immediate and far-reaching. Displaced families most commonly move to a neighborhood with lower opportunity, sometimes in housing that is substandard. The instability of eviction can lead to job loss, harm mental health, and lower children's long-term educational success.[9] Fewer involuntary moves would promote better health outcomes among vulnerable families in the short term while improving stability and opportunity across generations.

## Map 12: Eviction Rate, 2016

*Eviction rates are highest in West Louisville, where more families' ability to afford the cost of their home each month is uncertain.*

Source: Eviction Lab

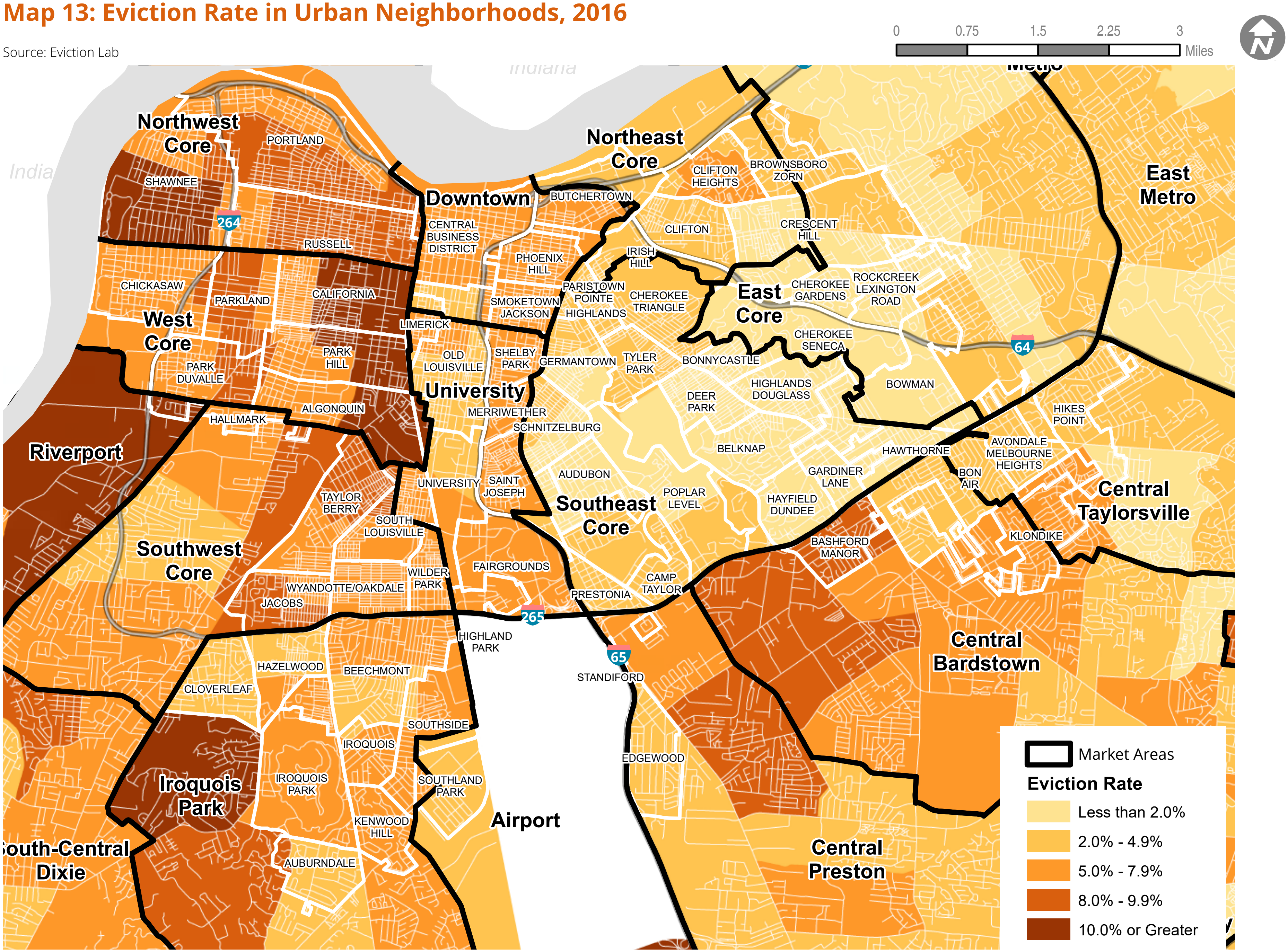



**5%**

*Louisville's overall eviction rate, 2016*

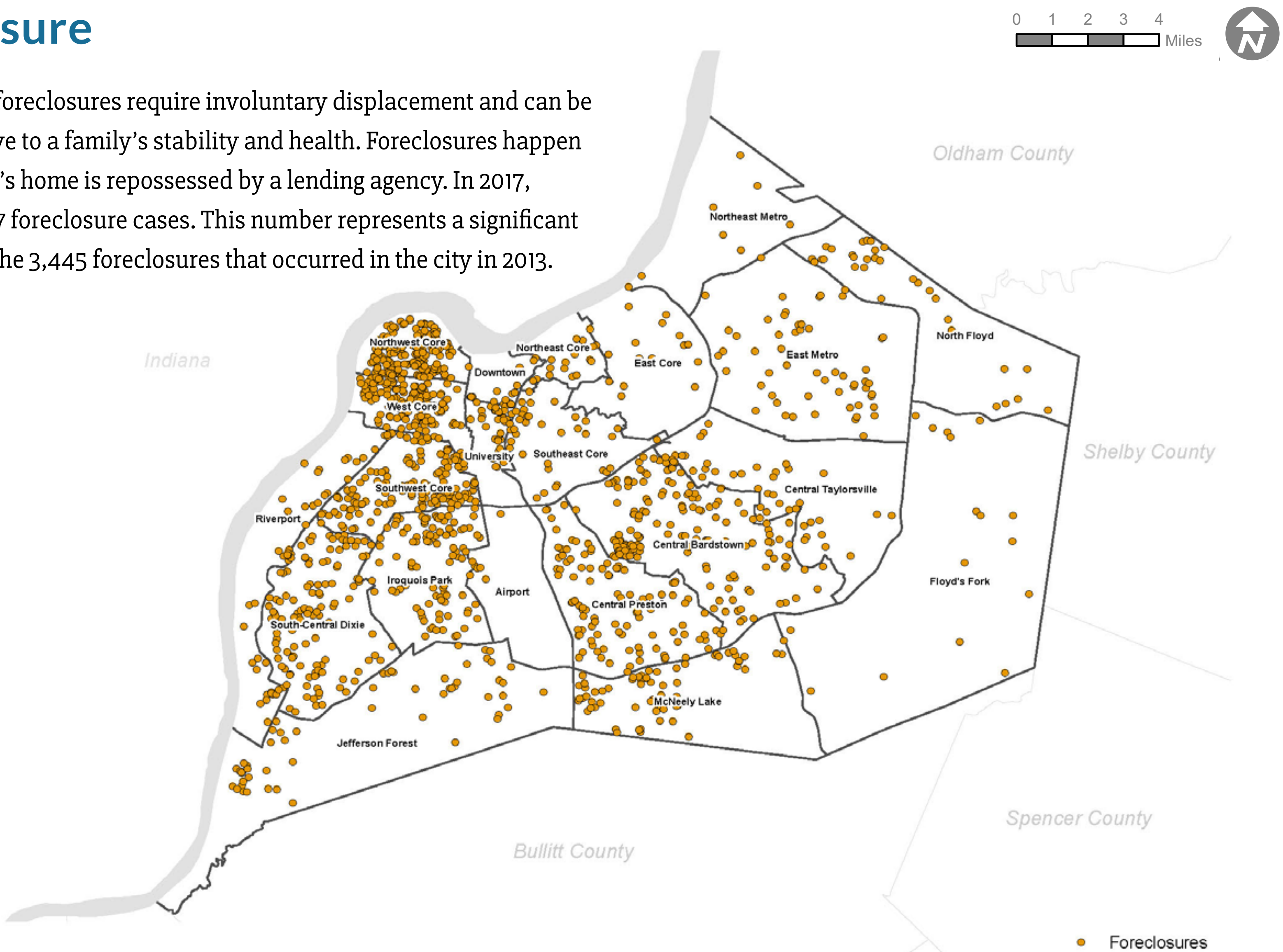
## Map 13: Eviction Rate in Urban Neighborhoods, 2016

Source: Eviction Lab



# Foreclosure

Like evictions, foreclosures require involuntary displacement and can be just as disruptive to a family's stability and health. Foreclosures happen when an owner's home is repossessed by a lending agency. In 2017, there were 1,427 foreclosure cases. This number represents a significant decrease from the 3,445 foreclosures that occurred in the city in 2013.




Map 14: Mortgage Foreclosures, 2017

Source: Louisville Open Data

# Housing Market Health

Evictions and foreclosures generate residential turnover, which can harm the overall health of both the neighborhood and its housing market. The health of the residential market is demonstrated through vacancy rates as well as patterns of construction, renovation, and demolition.

## Residential Vacancy

Louisville has an overall residential vacancy rate of 9.1 percent. Many of these vacant units are for rent or for sale, but nearly half are abandoned homes. As of 2018, there are 2,700 abandoned homes in Louisville Metro.[10] The City owns about 600 of these vacant homes, or 16 percent of the total inventory.

Vacancy rates in West Louisville are much higher than the city average. The term "hypervacancy" refers to vacancy rates above 20 percent. Without intervention, areas experiencing hypervacancy are at risk of a continued rise in vacancy rates.

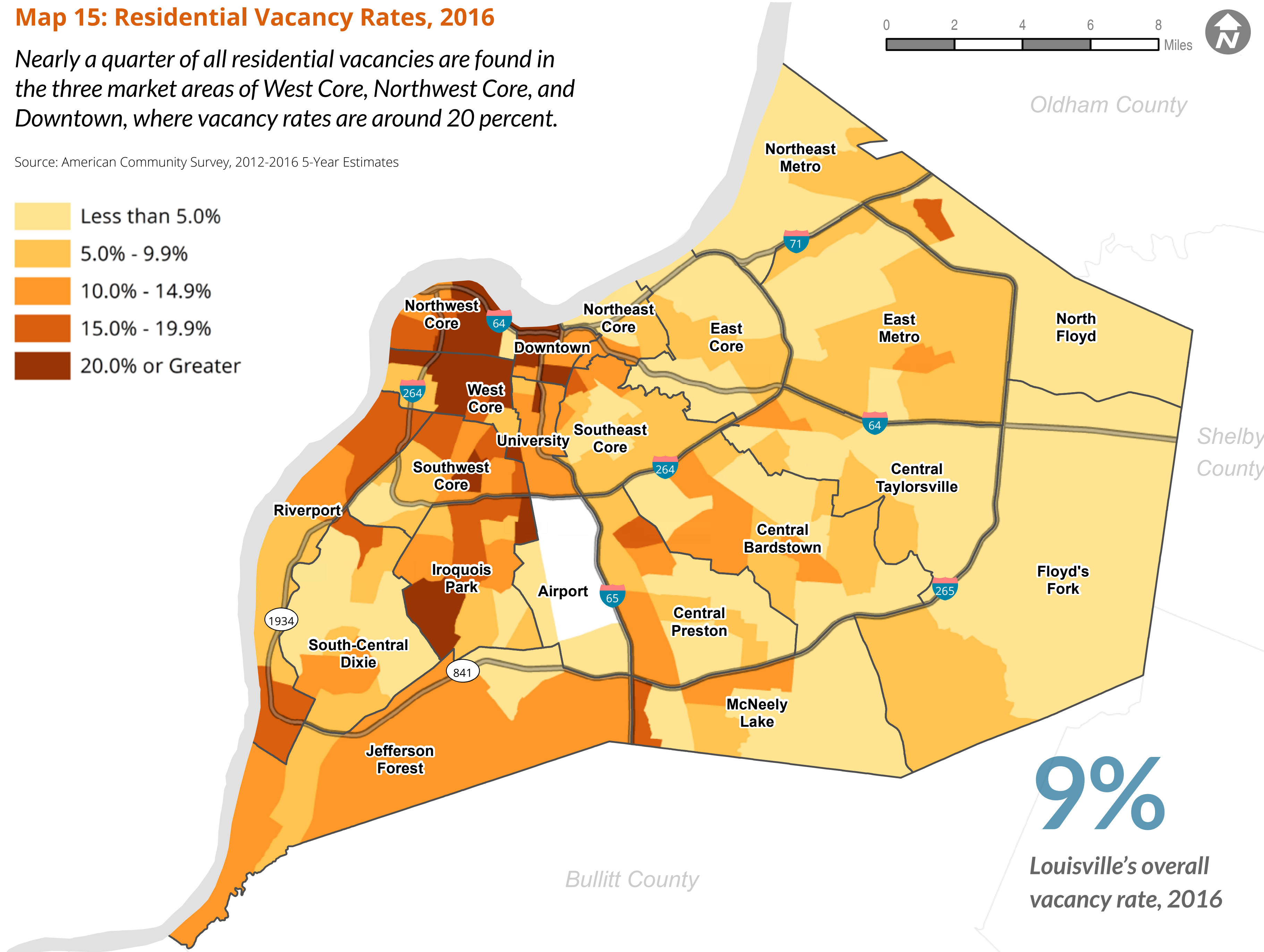
**2,700**

*Abandoned properties in Louisville, 2018*

## Map 15: Residential Vacancy Rates, 2016

*Nearly a quarter of all residential vacancies are found in the three market areas of West Core, Northwest Core, and Downtown, where vacancy rates are around 20 percent.*

Source: American Community Survey, 2012-2016 5-Year Estimates

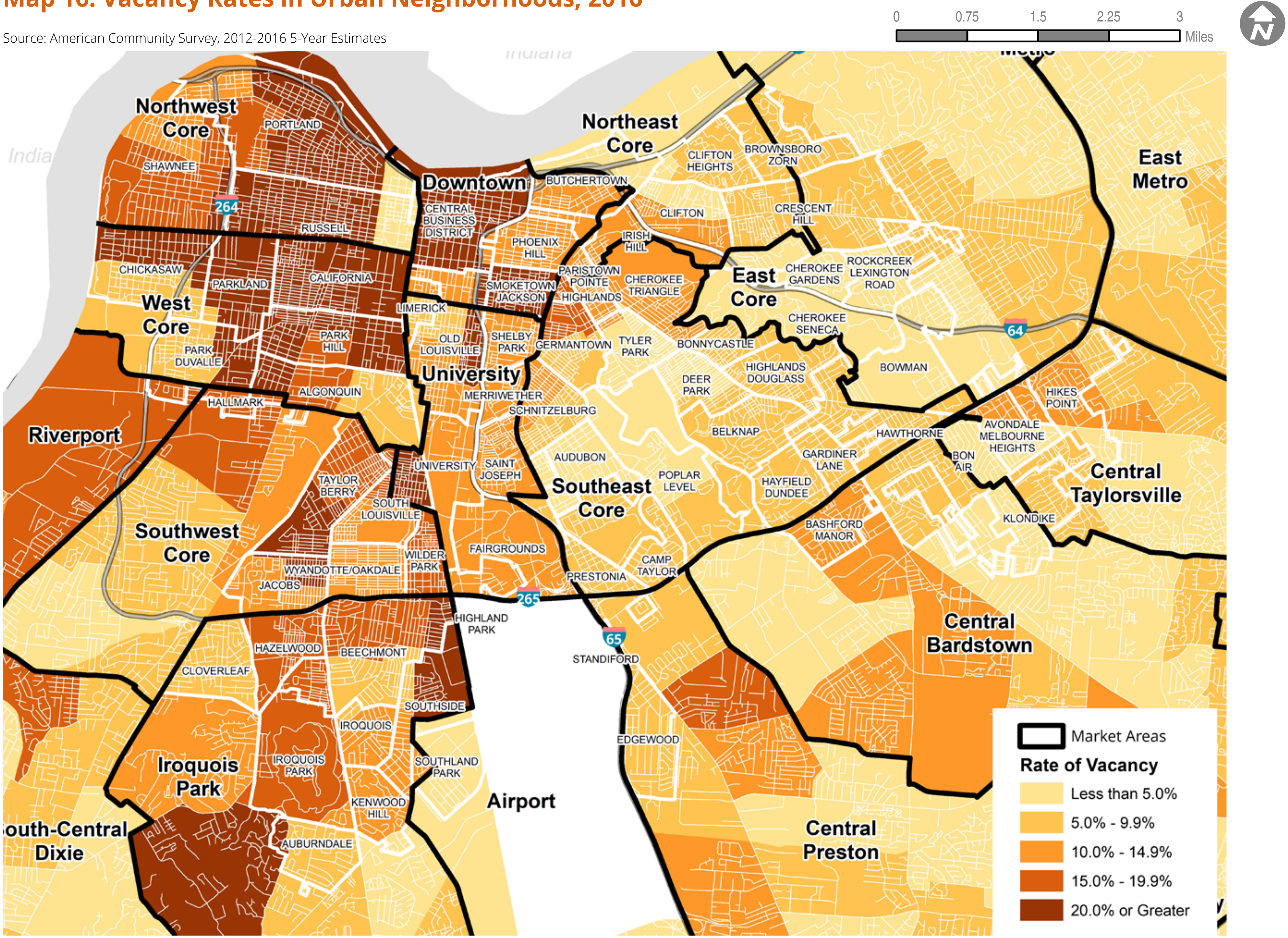



**9%**

*Louisville's overall vacancy rate, 2016*

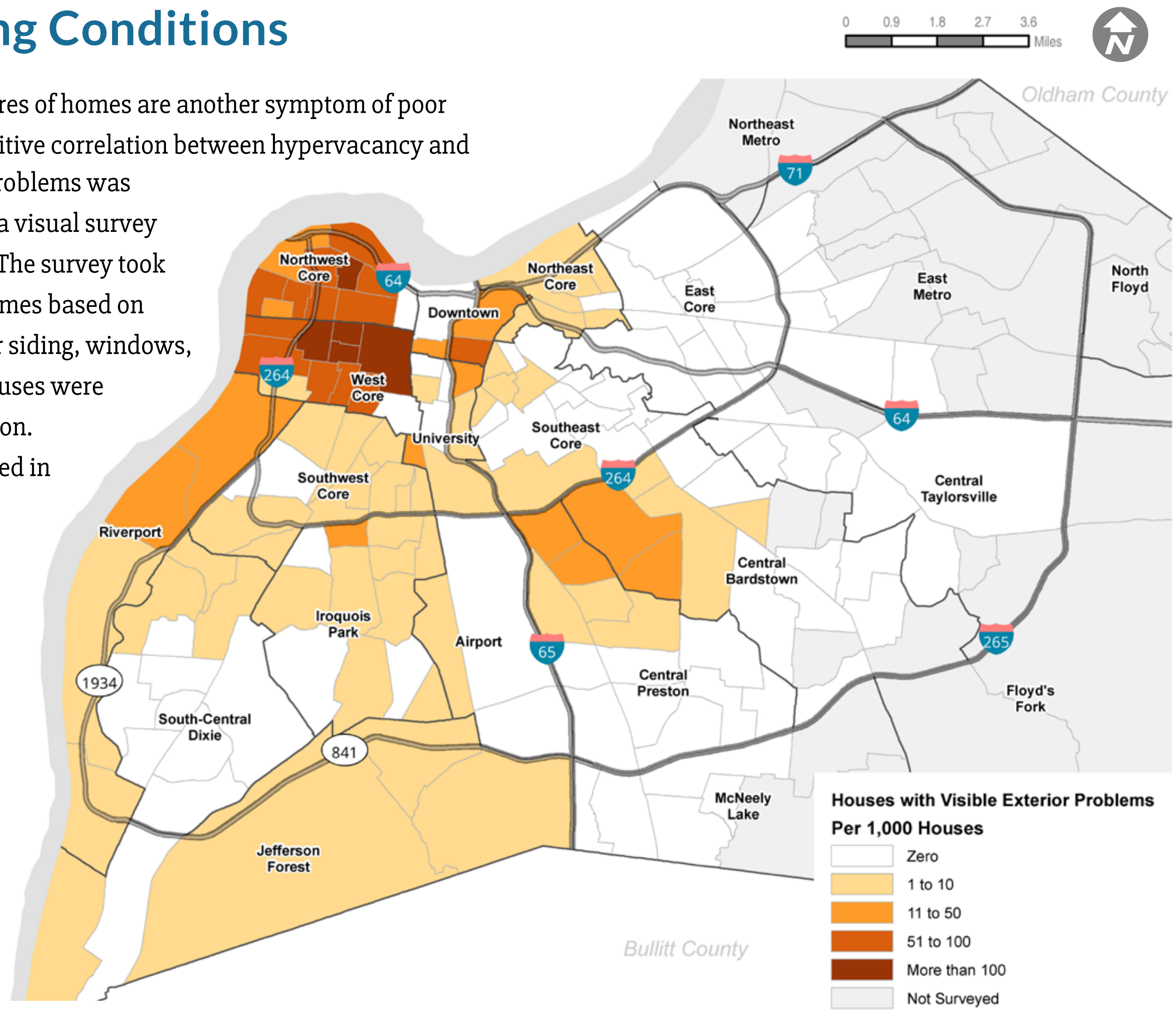
## Map 16: Vacancy Rates in Urban Neighborhoods, 2016

Source: American Community Survey, 2012-2016 5-Year Estimates



# Exterior Housing Conditions

Problems with physical structures of homes are another symptom of poor housing market health. The positive correlation between hypervacancy and frequency of exterior housing problems was identified in Louisville through a visual survey conducted throughout the city. The survey took inventory of the condition of homes based on visible problems related to their siding, windows, roof, or foundation. Boarded houses were considered to be in Poor condition. The full methodology is described in the Appendix.



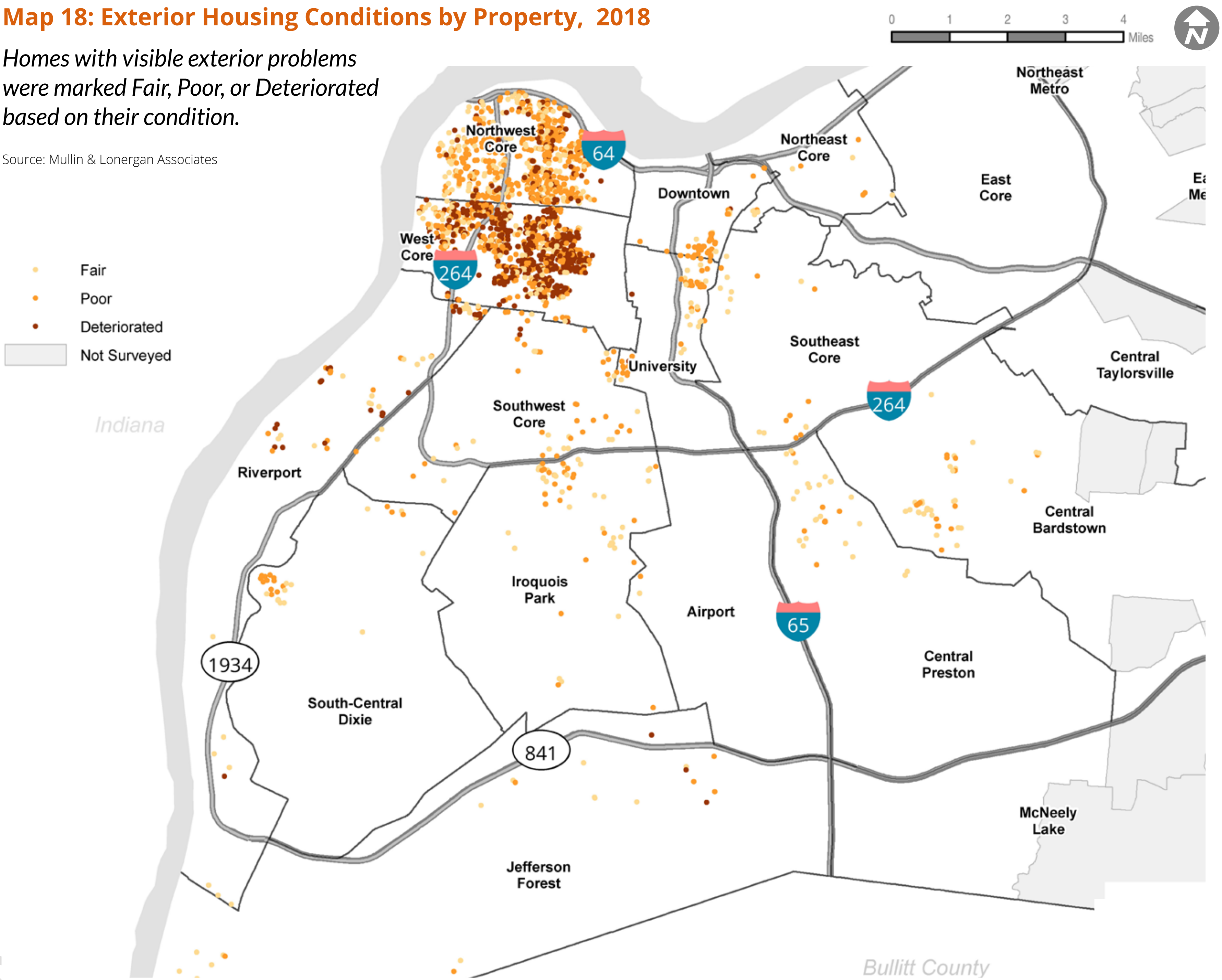

**Map 17: Exterior Housing Conditions, 2018**

Source: Mullin & Lonergan Associates

## Map 18: Exterior Housing Conditions by Property, 2018

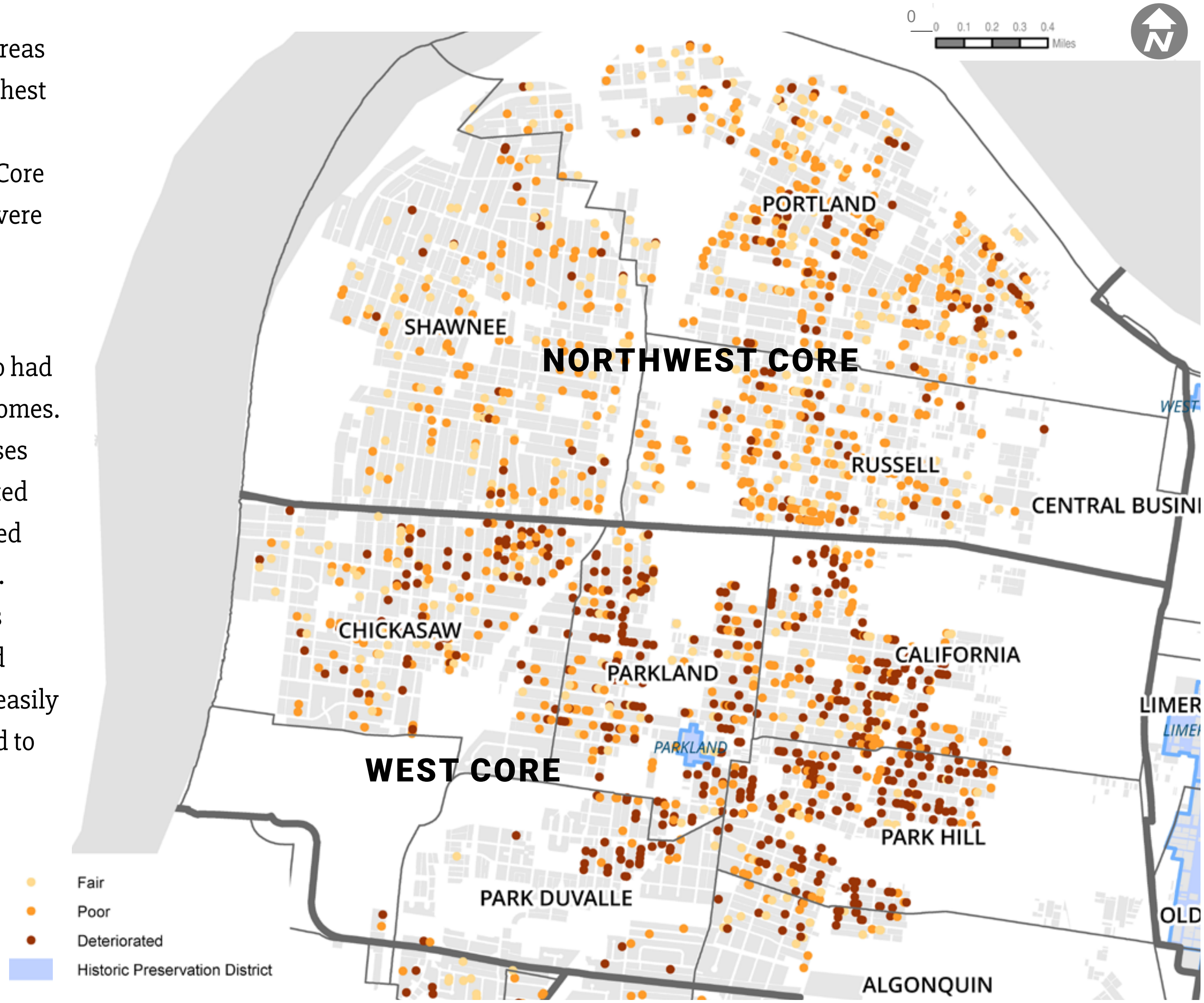
*Homes with visible exterior problems were marked Fair, Poor, or Deteriorated based on their condition.*

Source: Mullin & Lonergan Associates



The market areas in the core areas of Louisville contained the highest concentration of deteriorated houses. Over half of the West Core parcels that exhibited issues were deteriorated.

Northwest Core had fewer deteriorated homes, but it also had the highest rates of boarded homes. In total, 65 percent of the houses in Northwest Core that exhibited exterior problems were boarded and marked as Poor condition. Many of these boarded homes were otherwise in visibly good condition and could likely be easily rehabilitated and reintroduced to the market.

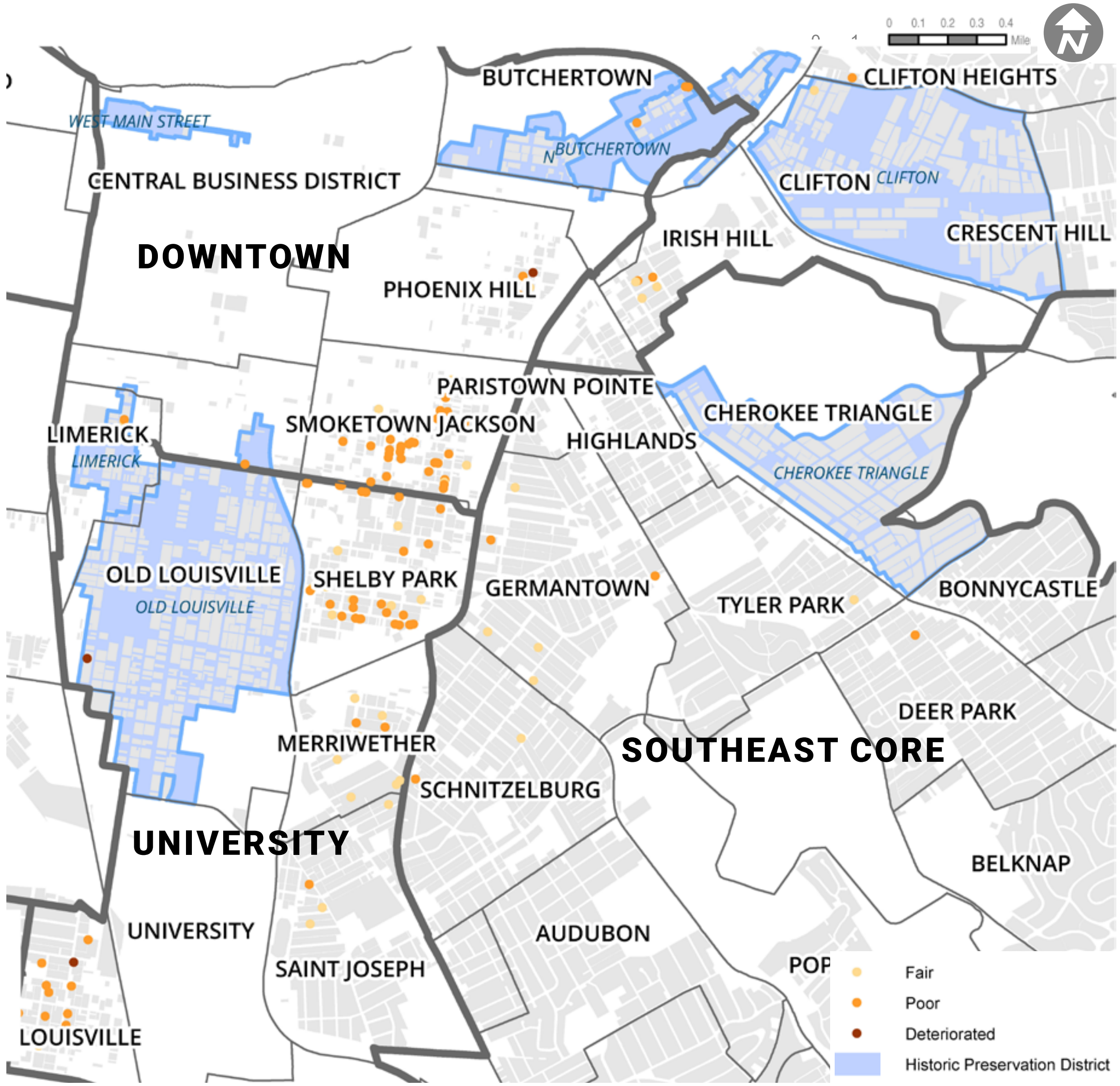



**Map 19: Conditions in Northwest Core and West Core**

Source: Mullin & Lonergan Associates

The neighborhoods around the border of University and Downtown, especially in Shelby Park and Smoketown, have high concentrations of houses with assessed exterior problems. Like the houses in Northwest Core, these homes have a high likelihood of being boarded – 64 percent of houses with problems in University are boarded, as are 75 percent of those in Downtown – but few are deteriorated beyond rehabilitation. Very few exterior problems were found in historic districts.

Because market conditions and the overall housing stock are more favorable in Downtown and University, there is a greater chance that these homes will be rehabilitated and sold to a new owner.

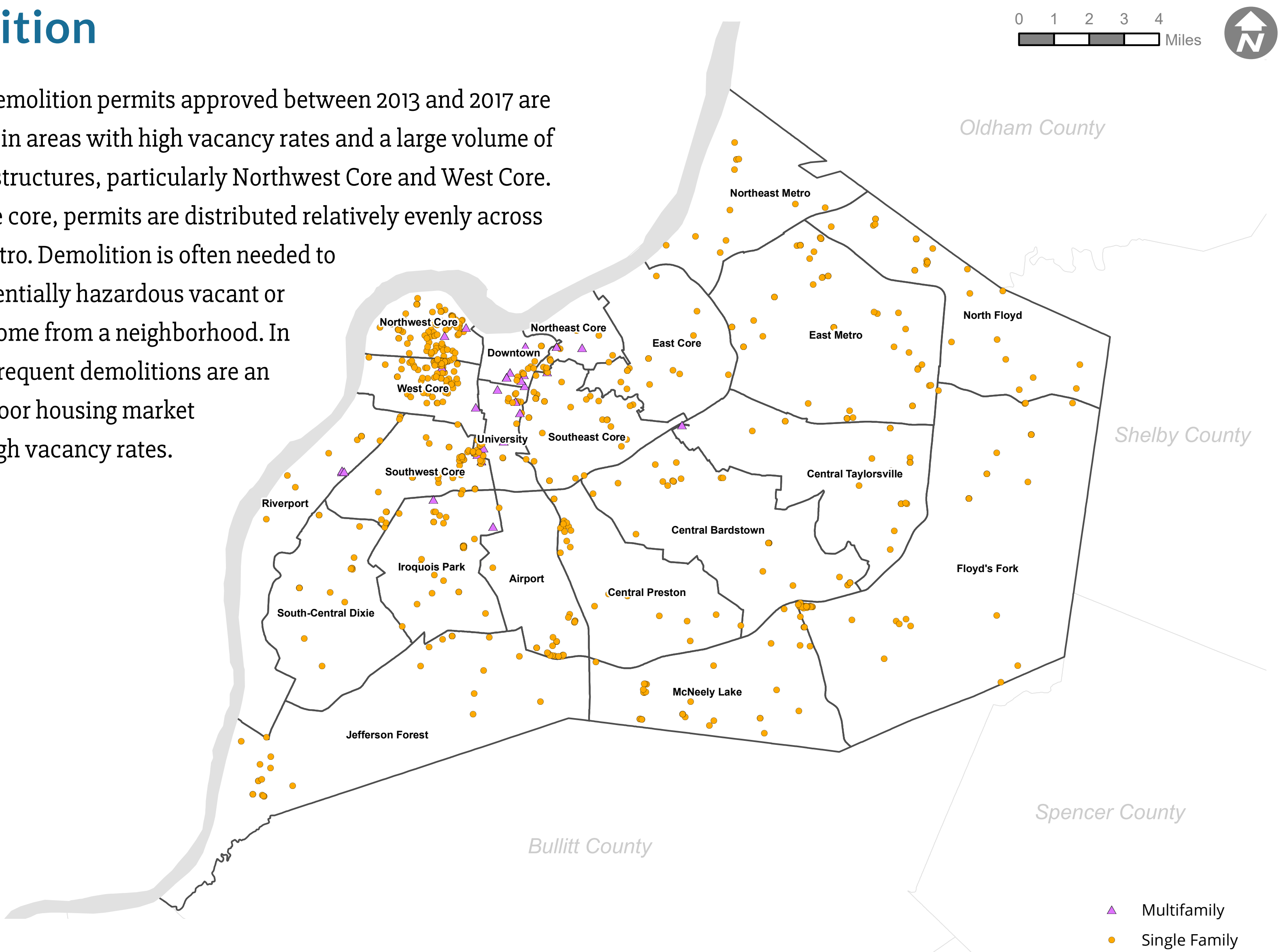



Map 20: Conditions in Downtown and University

Source: Mullin & Lonergan Associates

# Demolition

Residential demolition permits approved between 2013 and 2017 are concentrated in areas with high vacancy rates and a large volume of deteriorated structures, particularly Northwest Core and West Core. Outside of the core, permits are distributed relatively evenly across Louisville Metro. Demolition is often needed to remove a potentially hazardous vacant or abandoned home from a neighborhood. In these cases, frequent demolitions are an indicator of poor housing market health and high vacancy rates.

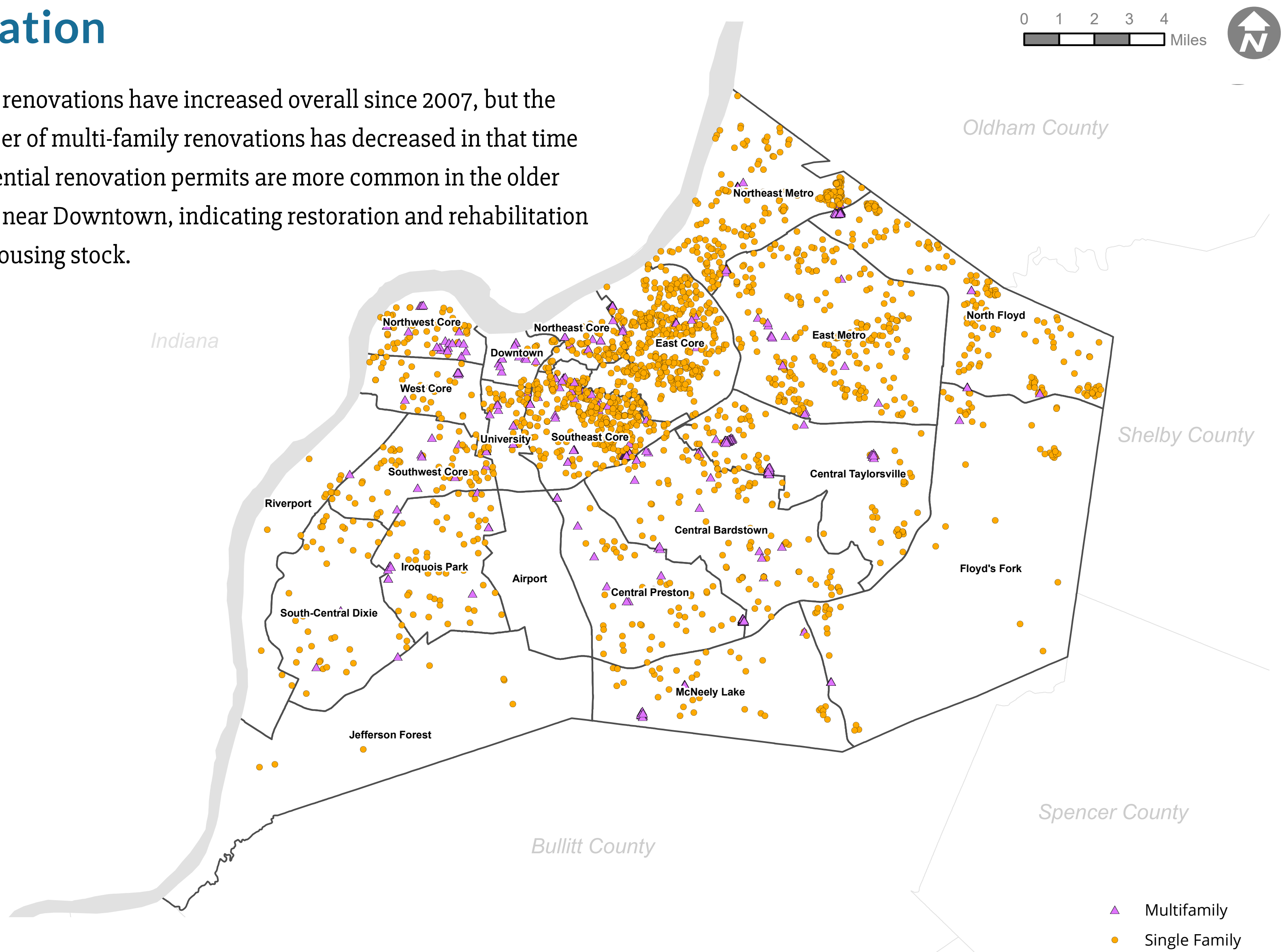



## Map 21: Residential Demolition Permits, 2013 - 2017

Source: Louisville Open Data

# Renovation

Single family renovations have increased overall since 2007, but the annual number of multi-family renovations has decreased in that time frame. Residential renovation permits are more common in the older market areas near Downtown, indicating restoration and rehabilitation of the older housing stock.

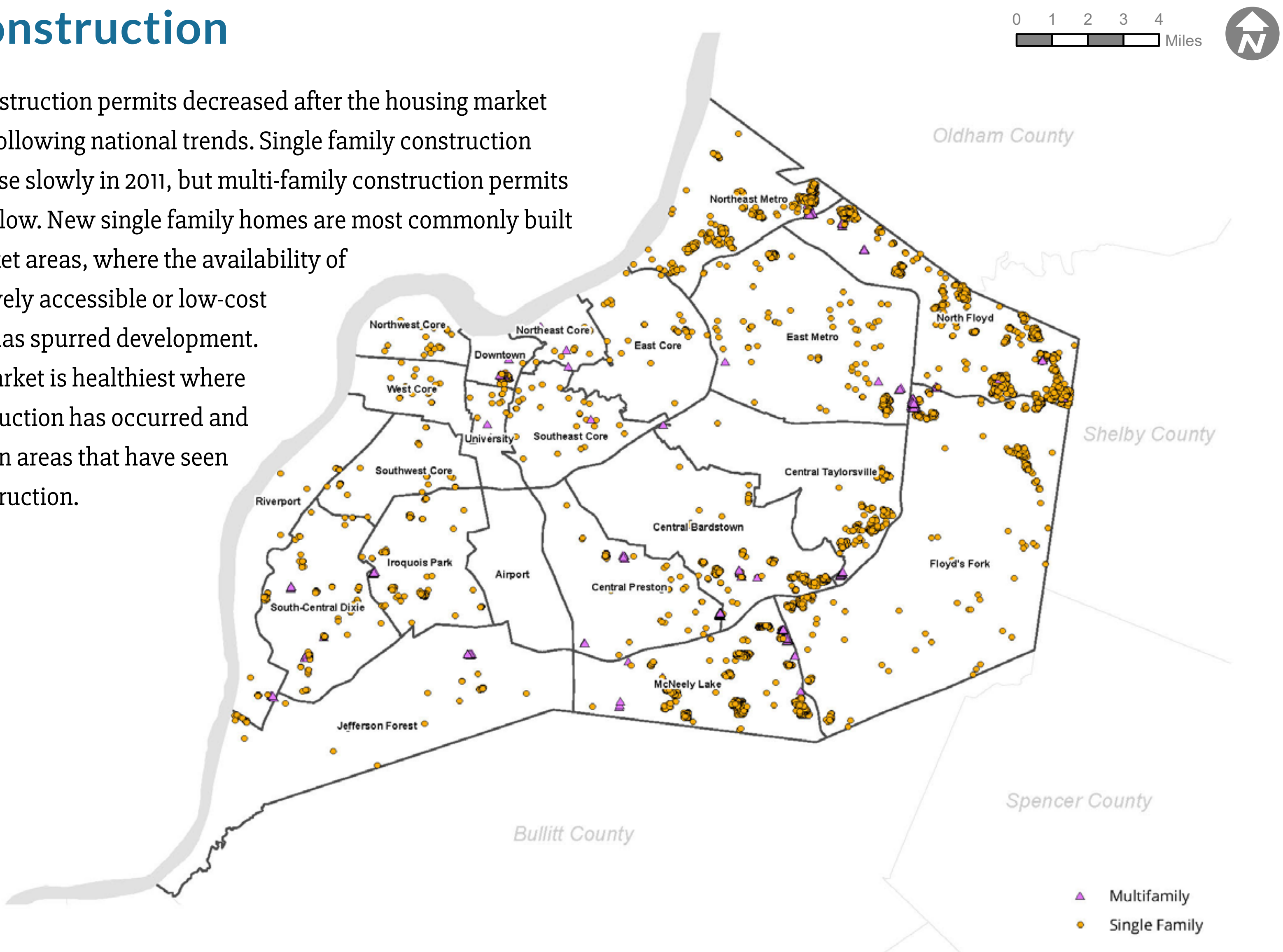



**Map 22: Residential Renovation Permits, 2013 - 2017**

Source: Louisville Open Data

# New Construction

Residential construction permits decreased after the housing market crisis in 2007, following national trends. Single family construction began to increase slowly in 2011, but multi-family construction permits have remained low. New single family homes are most commonly built in eastern market areas, where the availability of land and relatively accessible or low-cost infrastructure has spurred development. The housing market is healthiest where plentiful construction has occurred and most stagnant in areas that have seen little new construction.




Map 23: Residential Construction Permits, 2013 - 2017

Source: Louisville Open Data


*Students at Semple Elementary*

## Health: The Big Picture

Louisville's market areas have a wide range of health outcomes, and poor health outcomes are concentrated in market areas in West Louisville. Where educational attainment is low, unemployment and low-wage jobs are prevalent. The resulting financial instability contributes to housing instability: when a family's ability to make ends meet is constantly in question, the threat of eviction or foreclosure is high. Housing instability contributes to frequent residential turnover, which has negative implications for individual families and for neighborhoods as a whole.

Market areas that have poor health outcomes in resident financial security tend to have similarly poor health outcomes in terms of housing condition and development activity. High rates of vacancy, boarding, exterior housing problems, and demolition characterize market areas in the northwest of the city, while renovation and new construction are common in eastern market areas where families are more financially stable.

The ability to be stably housed in a home of good condition is a basic foundation of overall quality of life for Louisville families. It is a foundation upon which other positive health outcomes, including physical and mental health, can be built. This ability is currently much more difficult to achieve in some of the city's market areas than it is in others.

Improving the basic housing-related health and security of Louisvillians in every neighborhood of the city is an immediate concern of this HNA. Efforts will need to focus both on the economic stability of residents and on the health of the housing market.

# DATA: DIVERSITY

*Louisvillians are vastly diverse not only in the way they look and speak, but also in their age and ability, family size, living preferences, and incomes. Wide variety in the housing stock increases the potential for families of all stripes to make housing choices that will help them thrive.*

Unlike health indicators, which would ideally have similar and positive outcomes, diversity indicators were chosen for their potential variety in outcome. For example, a housing market area with many different types of housing units offers more choices to more Louisvillians than a housing market area with only large, single-family homes. Because housing choice can be limited by systemic challenges for people of color, the elderly and young, and people with disabilities, a homogeneous housing stock can also rob the city's neighborhoods of the rich social and cultural diversity that exists in Louisville.

An assessment of diversity within housing market areas looks at both housing typologies and demographic characteristics. This section catalogs race/ethnicity, age, tenure, and household size as well as housing unit types and sizes to gain a sense of current options and limitations within each area's housing stock. Resident surveys on neighborhood preferences help identify what families in Louisville want, while gross rent, sales prices, and zoning regulations shed more insight onto the types of homes available. Taken together, these variables provide a picture of the city's housing needs and how well those needs are met.


## Diversity Indicators

- Race and ethnicity
- Age
- Household size
- Tenure
- Housing type and size
- Gross rent
- Sales trends
- Public housing
- Housing Choice Vouchers
- Subsidized affordable units
- Affordability groups
- Affordability gaps
- Short-term rentals
- Zoning
- Historic districts
- Resident preferences

# Demographic Characteristics

Since 2000, Louisville has grown from around 693,000 to just under 760,000 residents. About seven percent of these new residents are people of color, growth indicative of Louisville's rich and growing diversity in many demographic indicators.

## Race and Ethnicity

About 70 percent of Louisvillians are White. From 2000 to 2016, the number of Black residents grew to almost 158,000 (22 percent of the total population); the Latinx population tripled to nearly 37,000 (five percent of total); and the Asian population doubled to a little over 19,000 (three percent of total).

The growth in ethnic diversity is thanks in part to immigrants and refugees. The Kentucky Office of Refugees estimates that 18,822 refugees have been resettled in Louisville since 1993.[11] Population projections indicate that racial and ethnic diversity will continue to grow overall, though national policies are expected to reduce the number of refugees in the near future.

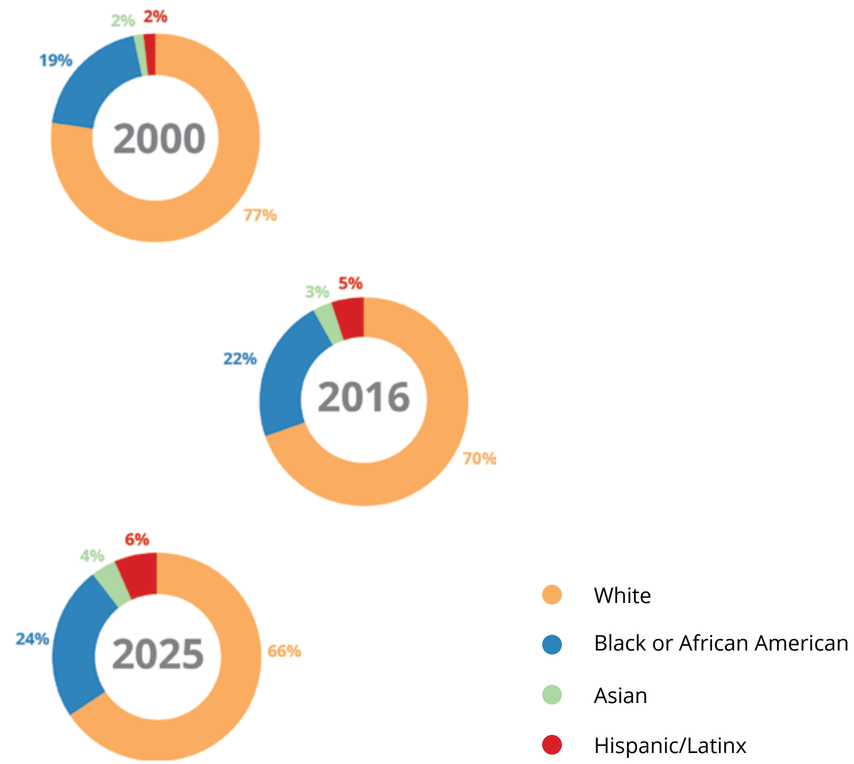
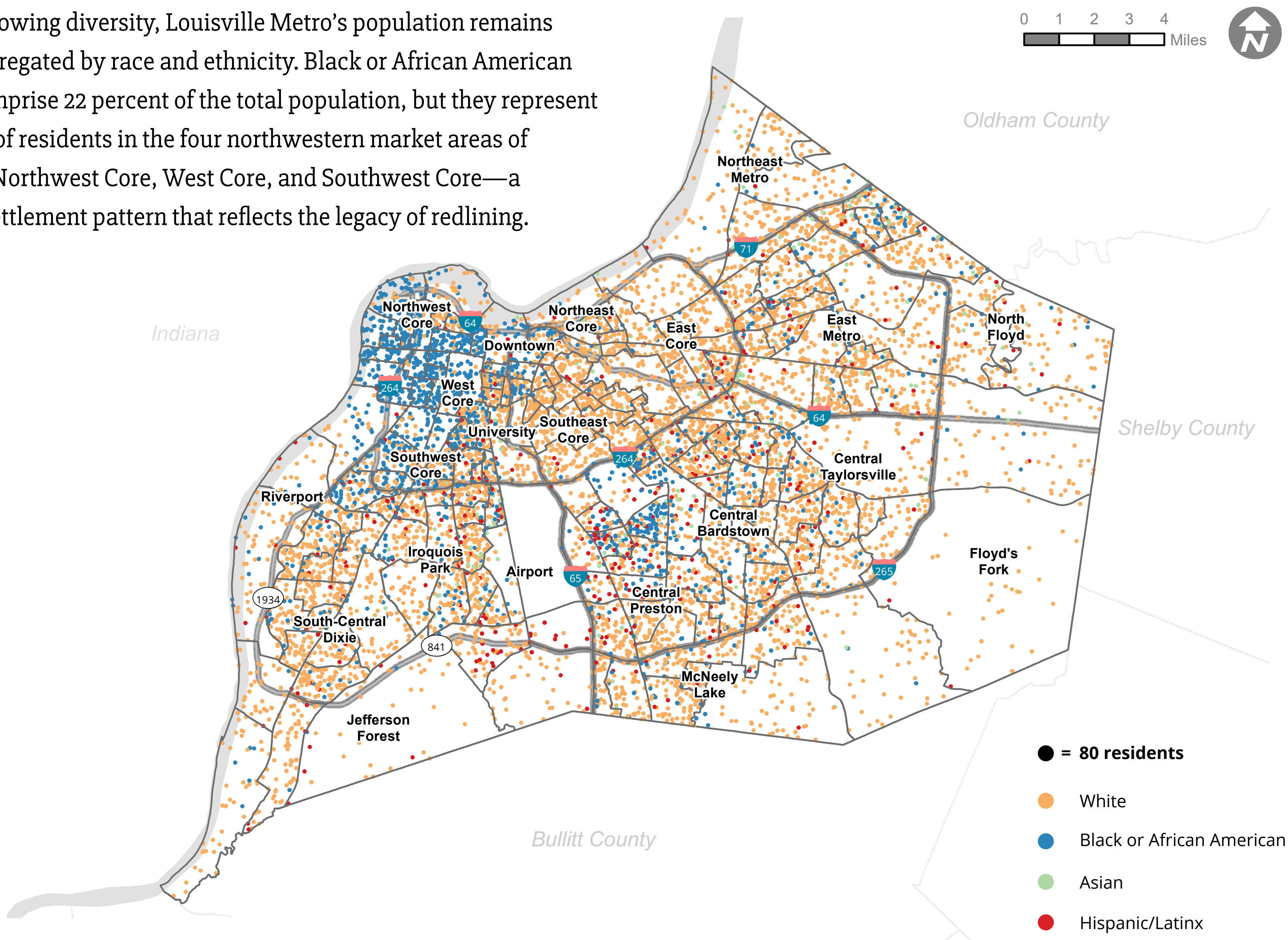



**Figure 9: Race and Ethnicity, 2000 to 2025**

Source: Decennial Census, 2000; American Community Survey, 2012-2016 5-Year Estimates; Woods & Poole projections, 2018

Despite its growing diversity, Louisville Metro's population remains generally segregated by race and ethnicity. Black or African American residents comprise 22 percent of the total population, but they represent the majority of residents in the four northwestern market areas of Downtown, Northwest Core, West Core, and Southwest Core—a residential settlement pattern that reflects the legacy of redlining.



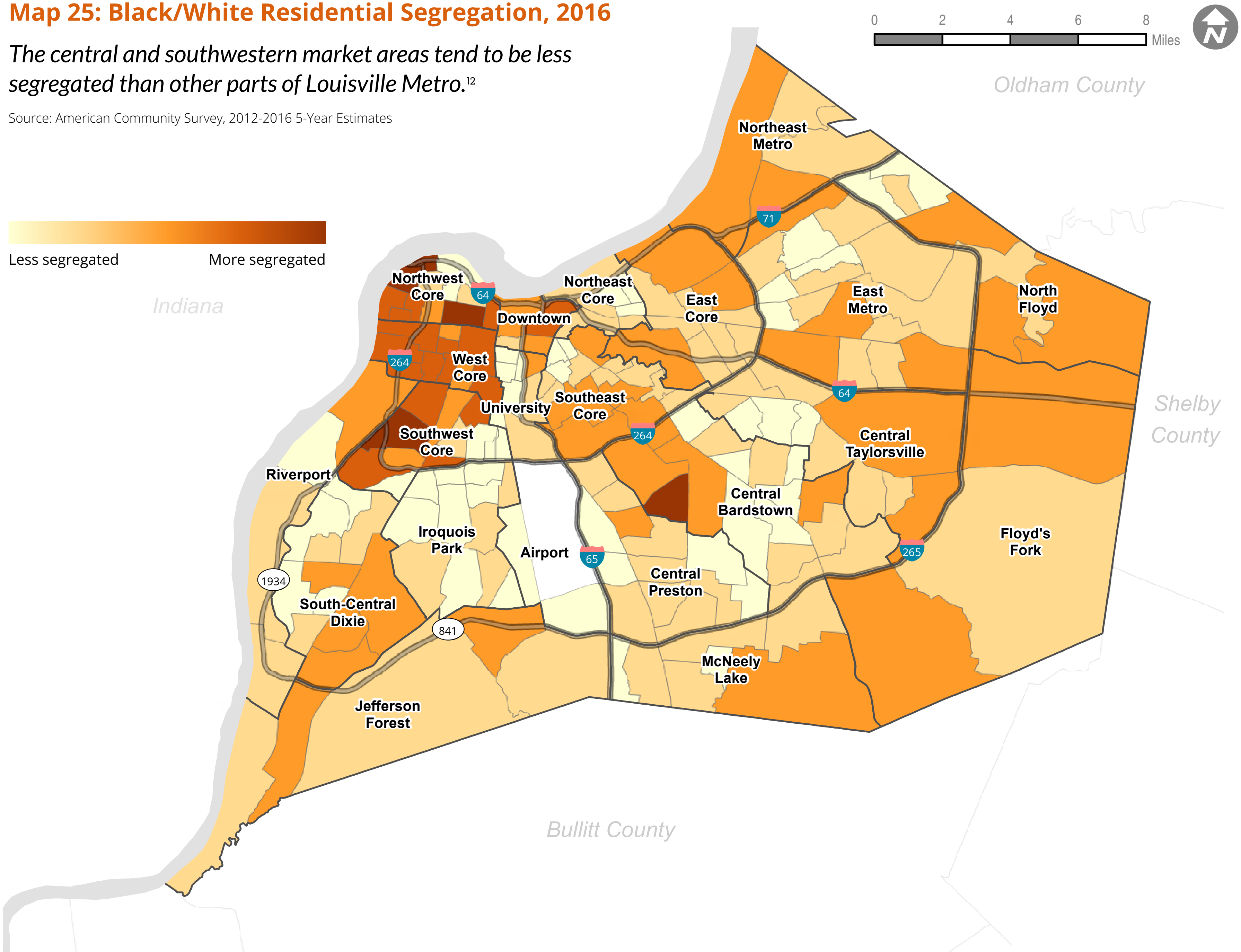

## Map 24: Race and Ethnicity, 2016

Source: American Community Survey, 2012-2016 5-Year Estimates

# Map 25: Black/White Residential Segregation, 2016

*The central and southwestern market areas tend to be less segregated than other parts of Louisville Metro.*[12]

Source: American Community Survey, 2012-2016 5-Year Estimates



## Age

Nearly a quarter of Louisville's residents are under the age of 18, but the share of residents over the age of 55 is growing. Between 2000 and 2016, that share increased by nine percentage points while the share of residents aged 18 to 54 declined by five percentage points.

By 2025, the population over the age of 75 is projected to represent eight percent of the population, while the share of residents under age 18 is expected to grow by only one percentage point. The higher growth rate of this elderly population indicates a need for housing specific to their age, abilities, mobility, and potentially more modest income levels.

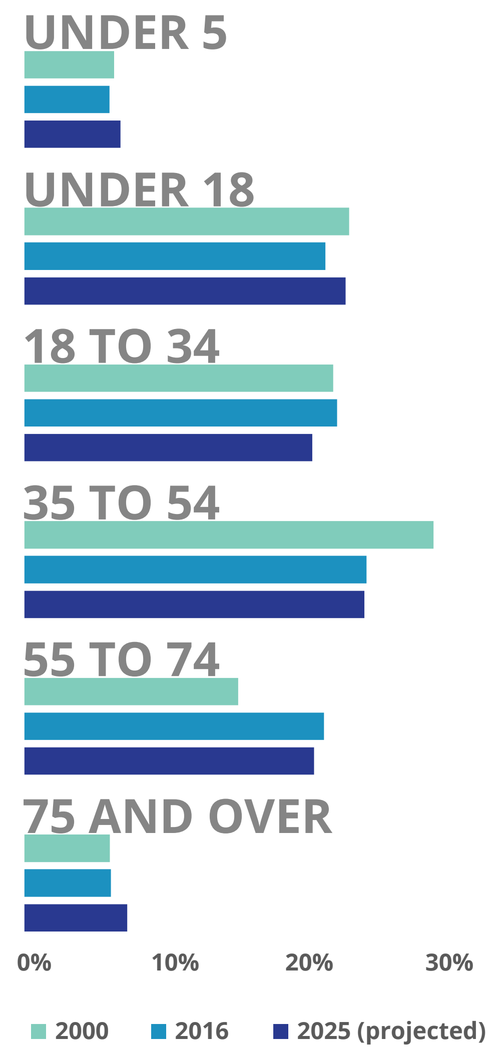



**Figure 10: Population by Age, 2000 to 2025**

Source: Decennial Census, 2000; American Community Survey, 2012-2016 5-Year Estimates; Woods & Poole projections, 2018

## Household Size

On average, each household in Louisville is home to 2.4 persons. Owner households are generally larger, with an average size of 2.5, while renter homes hold an average 2.3 people.[13]

White households tend to be smaller than households headed by residents of color. While 2.3 people reside in the typical White household, Black or African American households are home to an average of 2.5 residents. Asian and Latinx households tend to be much larger, with an average of 3.0 people.[14]

The trends indicate that households of color are more commonly in need of larger homes. Airport, Northwest Core, and West Core, market areas that are home to a higher concentration of people of color, each have larger than average household sizes. However, these areas also tend to have smaller homes.

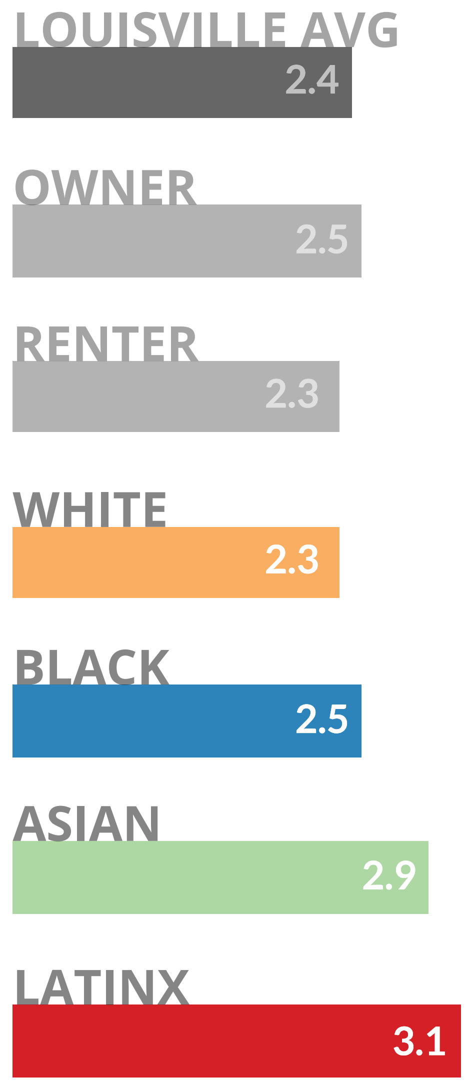



**Figure 11: Household Size**

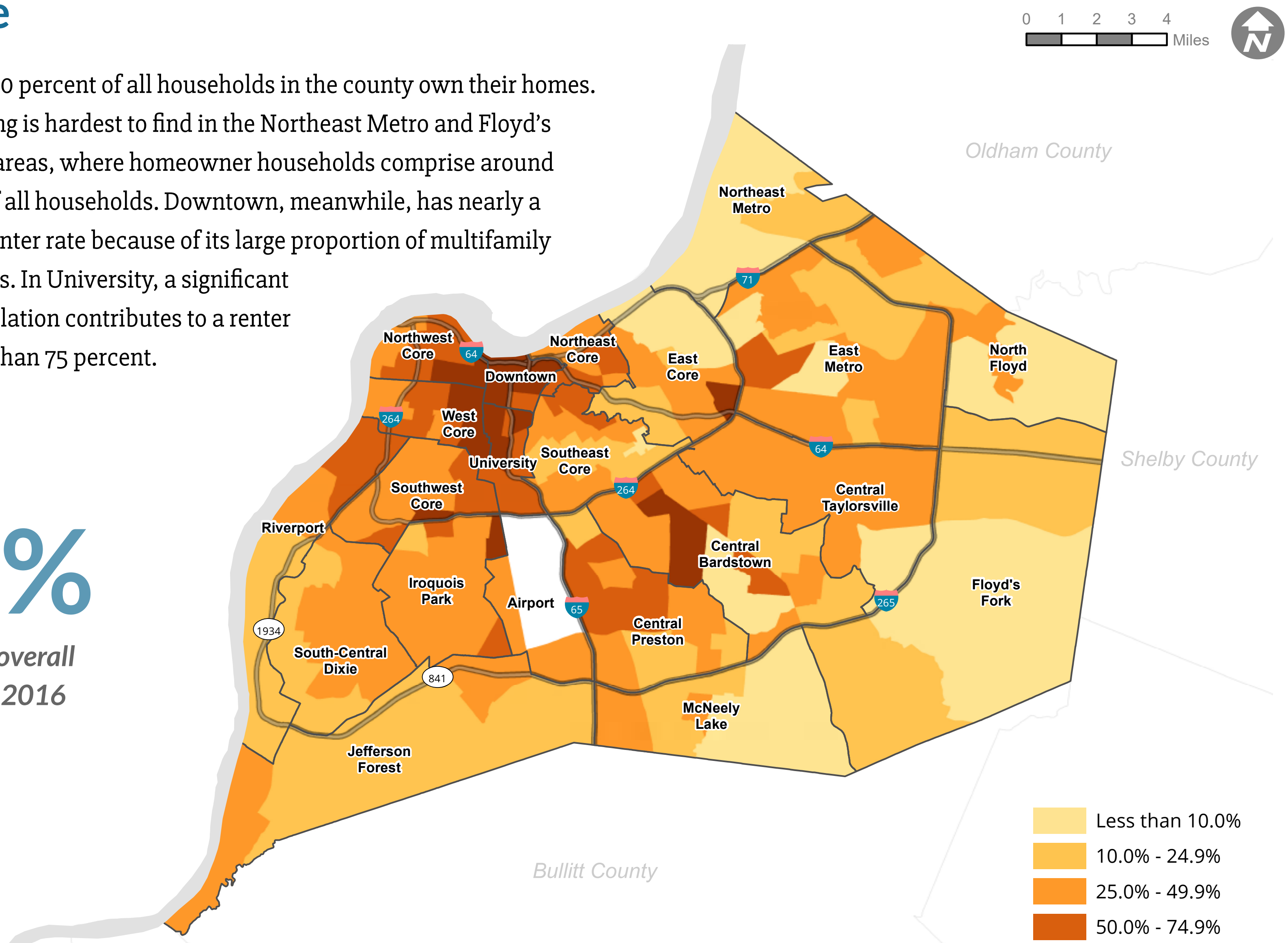
Source: Decennial Census, 2010; American Community Survey, 2012-2016 5-Year Estimates

# Tenure

A little over 60 percent of all households in the county own their homes. Rental housing is hardest to find in the Northeast Metro and Floyd's Fork market areas, where homeowner households comprise around 90 percent of all households. Downtown, meanwhile, has nearly a 90 percent renter rate because of its large proportion of multifamily developments. In University, a significant student population contributes to a renter rate of more than 75 percent.

**39%**

*Louisville's overall renter rate, 2016*

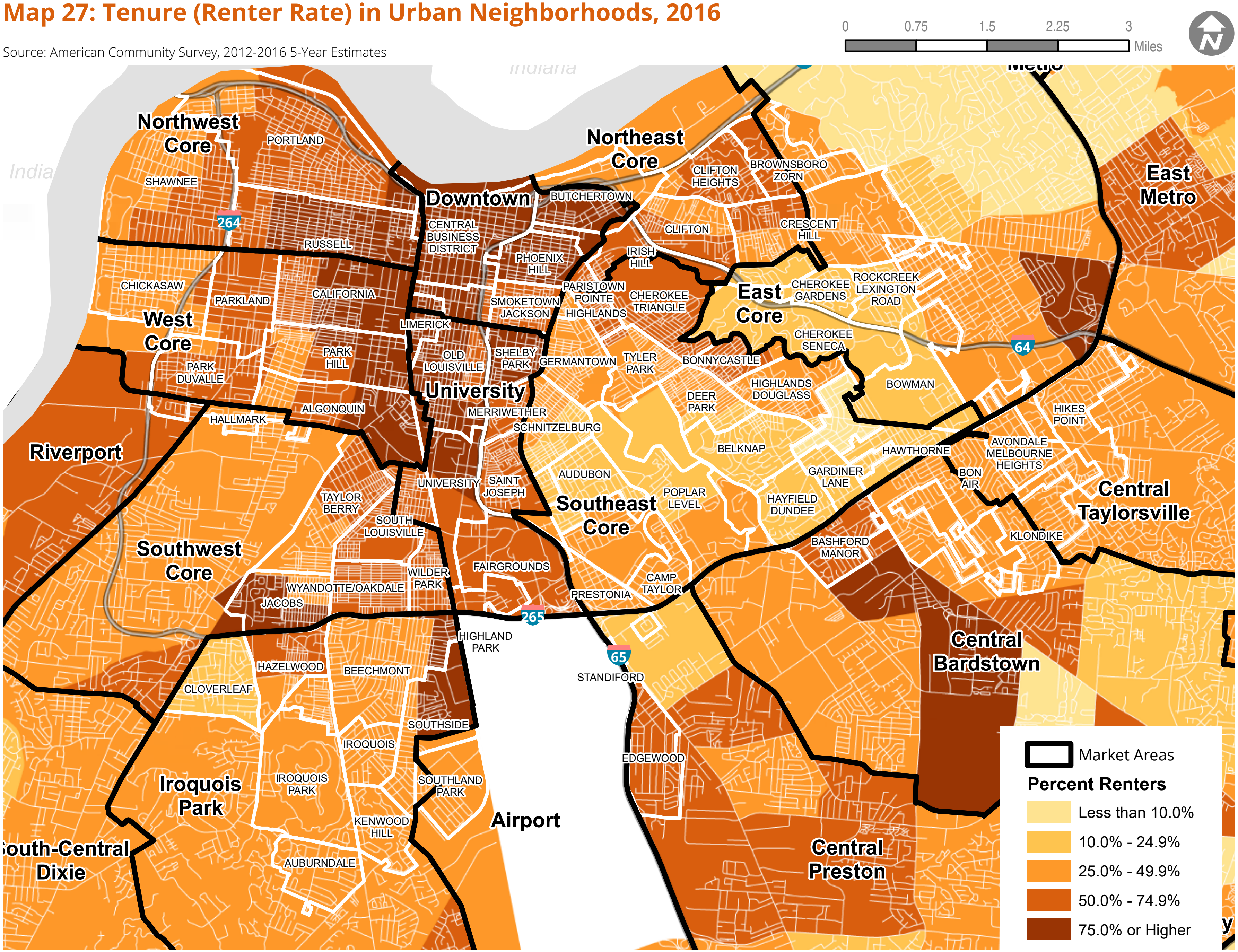



**Map 26: Tenure (Renter Rate), 2016**

Source: American Community Survey, 2012-2016 5-Year Estimates

## Map 27: Tenure (Renter Rate) in Urban Neighborhoods, 2016

Source: American Community Survey, 2012-2016 5-Year Estimates



# Housing Characteristics

## Housing Type and Size

Of the 310,355 occupied housing units in Louisville Metro, the majority are single-family detached homes. Multifamily units, which are often a source of affordable rental housing, make up about a quarter of the housing inventory.

Multifamily units are most prevalent in the Downtown and University market areas. Manufactured housing is primarily concentrated in mobile home parks found in the Airport, Jefferson Forest, and Riverport market areas.

The majority of housing units in Louisville have three bedrooms. Homes in eastern market areas tend to be larger, but most homes in West Core and Northwest Core, where there are more persons per household than the city average, have only two bedrooms. The size of the housing stock in these areas falls short in meeting the needs of the families who live there.

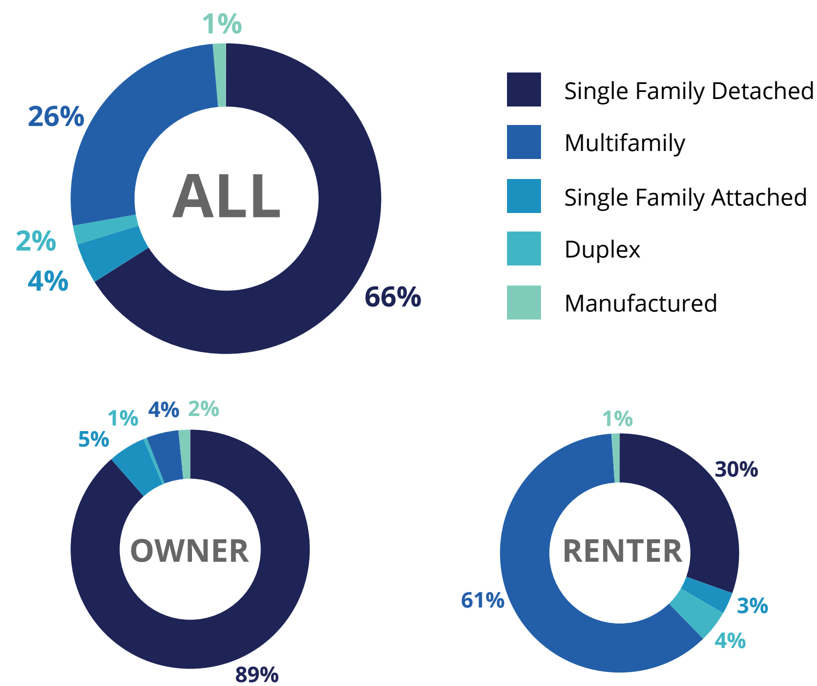



**Figure 12: Housing Units by Type**

Source: American Community Survey, 2012-2016 5-Year Estimates

## Age of Housing Stock

Just over half of all housing units were built before 1970, and 15 percent were built before 1940. Less than two percent of all units were built in 2010 or later.

Housing age varies greatly by market area. Homes tend to be oldest in Northwest Core, University, Southeast Core, and West Core, and while a newer housing stock exists in the eastern market areas.

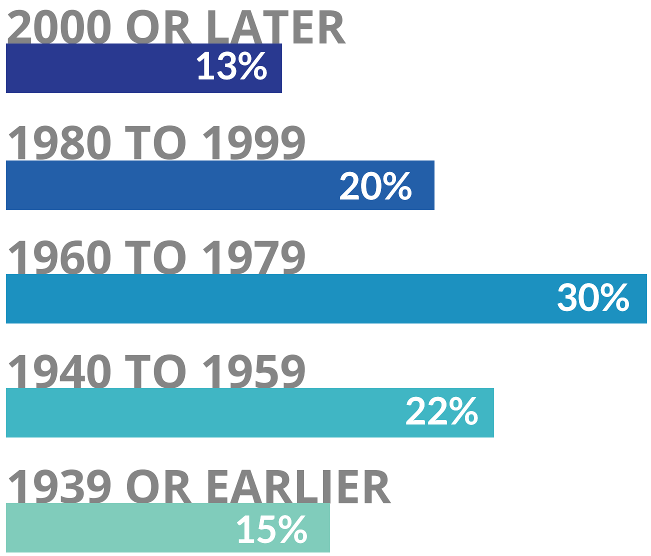



**Figure 13: Housing Stock by Year Built**

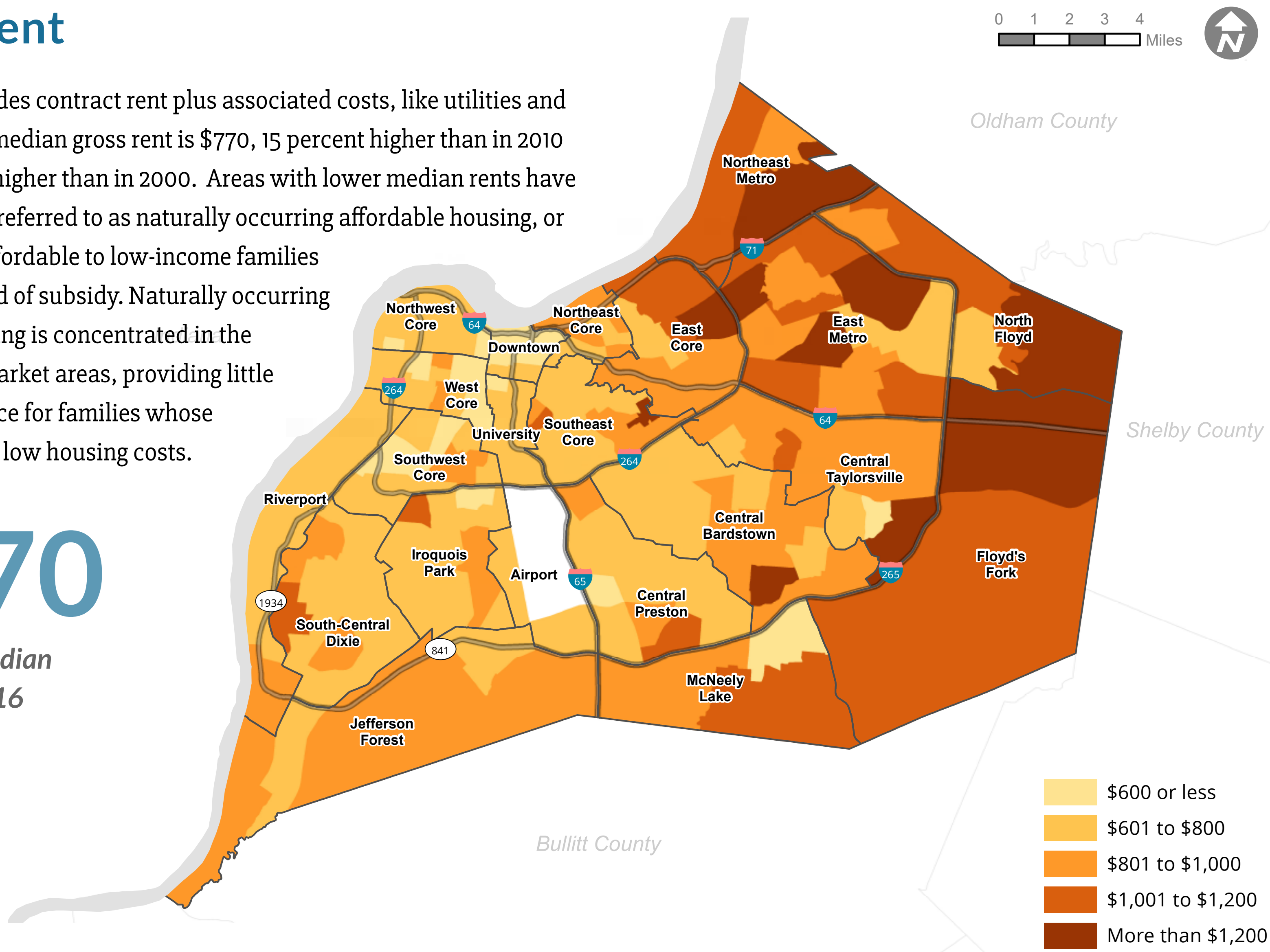
Source: American Community Survey, 2012-2016 5-Year Estimates

# Gross Rent

Gross rent includes contract rent plus associated costs, like utilities and insurance. The median gross rent is $770, 15 percent higher than in 2010 and 56 percent higher than in 2000. Areas with lower median rents have more of what is referred to as naturally occurring affordable housing, or units that are affordable to low-income families without any kind of subsidy. Naturally occurring affordable housing is concentrated in the northwestern market areas, providing little geographic choice for families whose incomes require low housing costs.

**$770**

*Louisville's median gross rent, 2016*

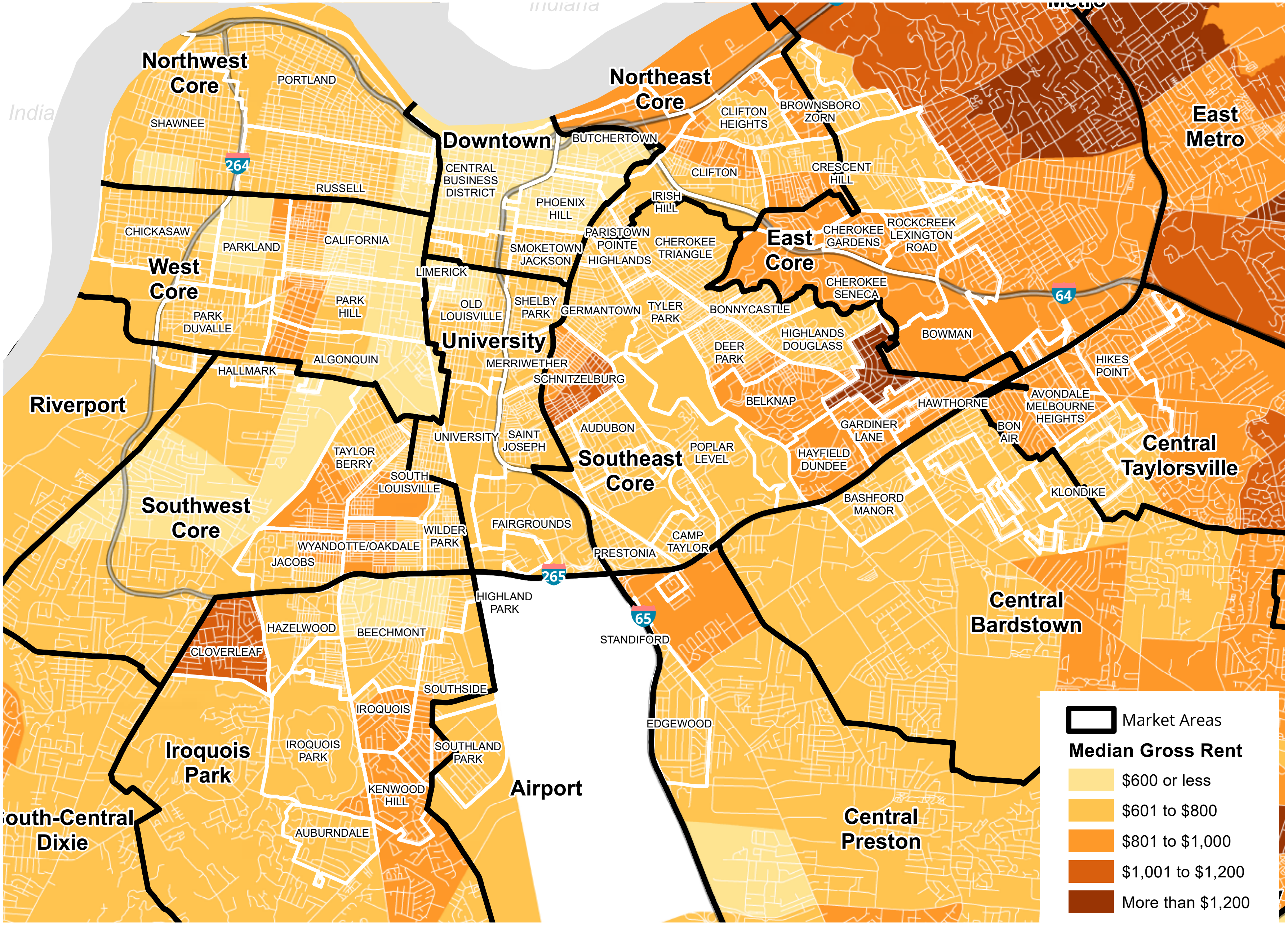



**Map 28: Median Gross Rent, 2016**

Source: American Community Survey, 2012-2016 5-Year Estimates

## Map 29: Median Gross Rent in Urban Neighborhoods, 2016

Source: American Community Survey, 2012-2016 5-Year Estimates



## Sales Trends

Around 18,091 homes in the greater Louisville area were sold in 2017 after an average of 44 days on the market. Since 2011, the number of homes sold each year has risen steadily while the average number of days on market has dropped, indicating that housing demand outpaces supply as Louisville's population grows.

In areas with the most active housing markets—particularly neighborhoods in market areas like Southeast Core, East Core, Central Taylorsville—prices are almost exclusively above $200,000, with the exception of a handful of uninhabitable units that sell for less than $30,000.[15]

**$172,241**

*Louisville's median home sale price, 2017*

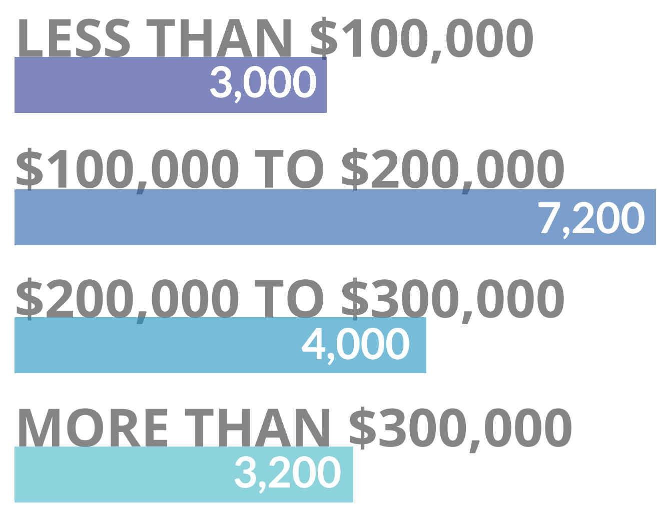


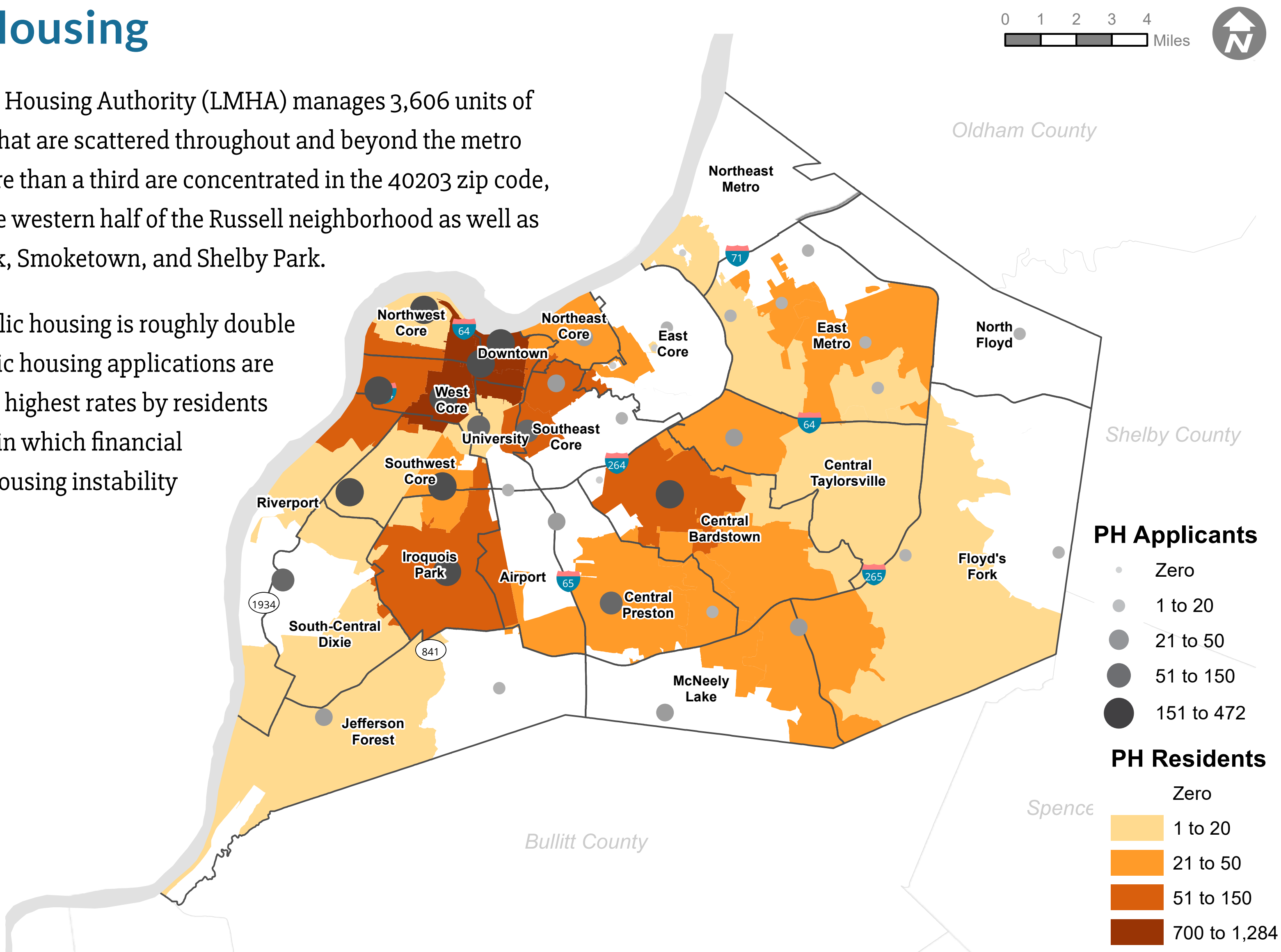

**Figure 14: Homes Sold by Sales Price, 2017 (Approx.)**

Source: Greater Louisville Association of Realtors, 2017

# Public Housing

Louisville Metro Housing Authority (LMHA) manages 3,606 units of public housing that are scattered throughout and beyond the metro boundaries. More than a third are concentrated in the 40203 zip code, which covers the western half of the Russell neighborhood as well as parts of Limerick, Smoketown, and Shelby Park.

Demand for public housing is roughly double the supply. Public housing applications are submitted at the highest rates by residents of market areas in which financial insecurity and housing instability are common.



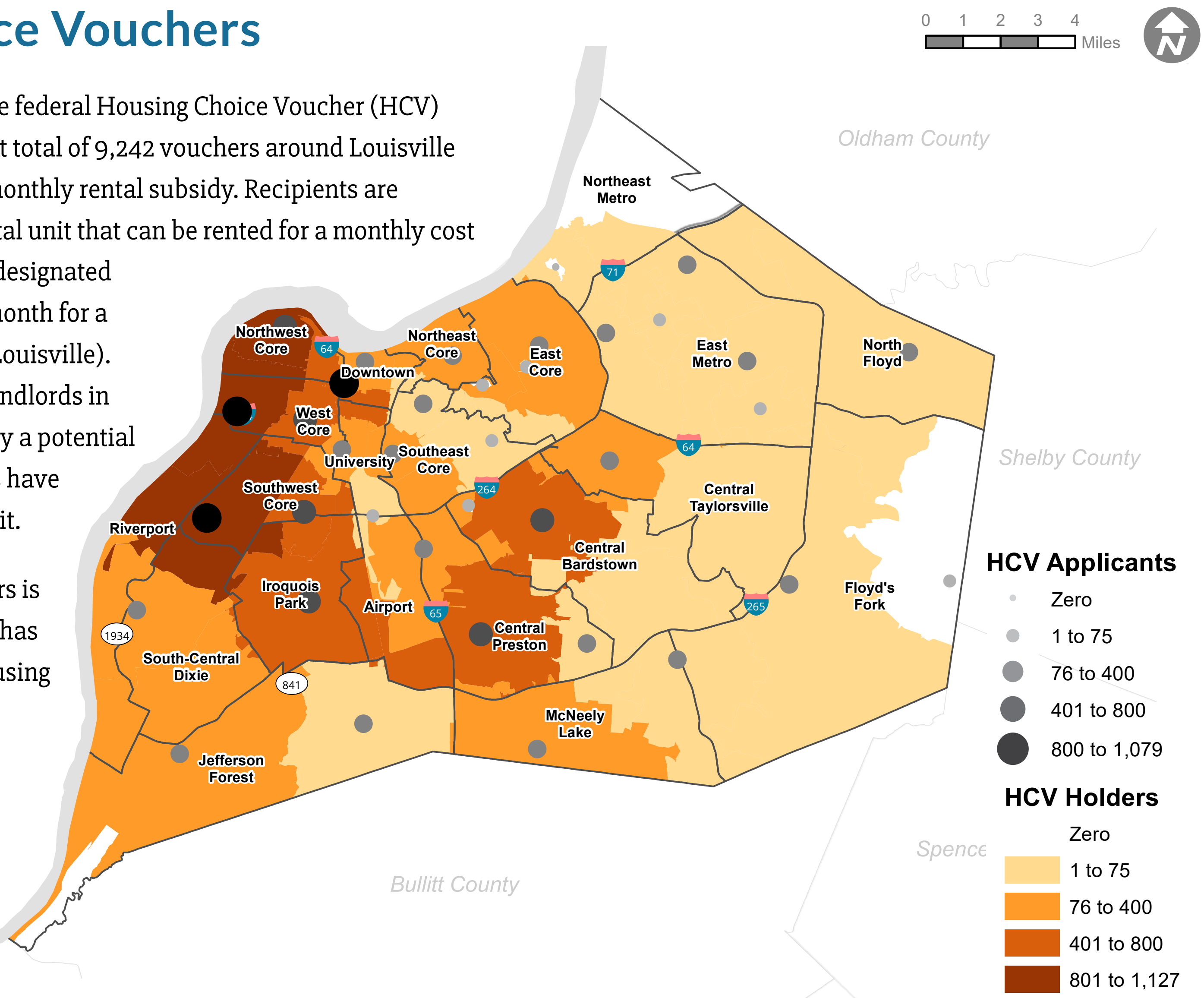

**Map 30: Public Housing Residents/Applicants (Zip Code)**

Source: Louisville Metro Housing Authority, 2018

# Housing Choice Vouchers

LMHA also administrates the federal Housing Choice Voucher (HCV) program, managing a current total of 9,242 vouchers around Louisville Metro. Vouchers provide a monthly rental subsidy. Recipients are responsible for finding a rental unit that can be rented for a monthly cost that is at or below the HUD-designated Fair Market Rent ($821 per month for a two-bedroom apartment in Louisville). Because it is not illegal for landlords in Jefferson County to turn away a potential HCV tenant, some recipients have great difficulty securing a unit.

Still, demand for the vouchers is high: currently, the program has 13,099 applicants whose housing need is unmet.




**Map 31: HCV Holders/Applicants (Zip Code)**

Source:: Louisville Metro Housing Authority, 2018

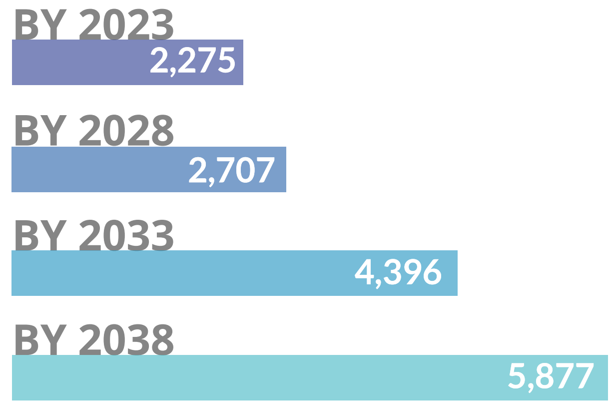



**Figure 15: Number of Expiring Units by Year**

Source: Policy Map, 2018; LMHA, 2018; Kentucky Housing Corporation, 2018.

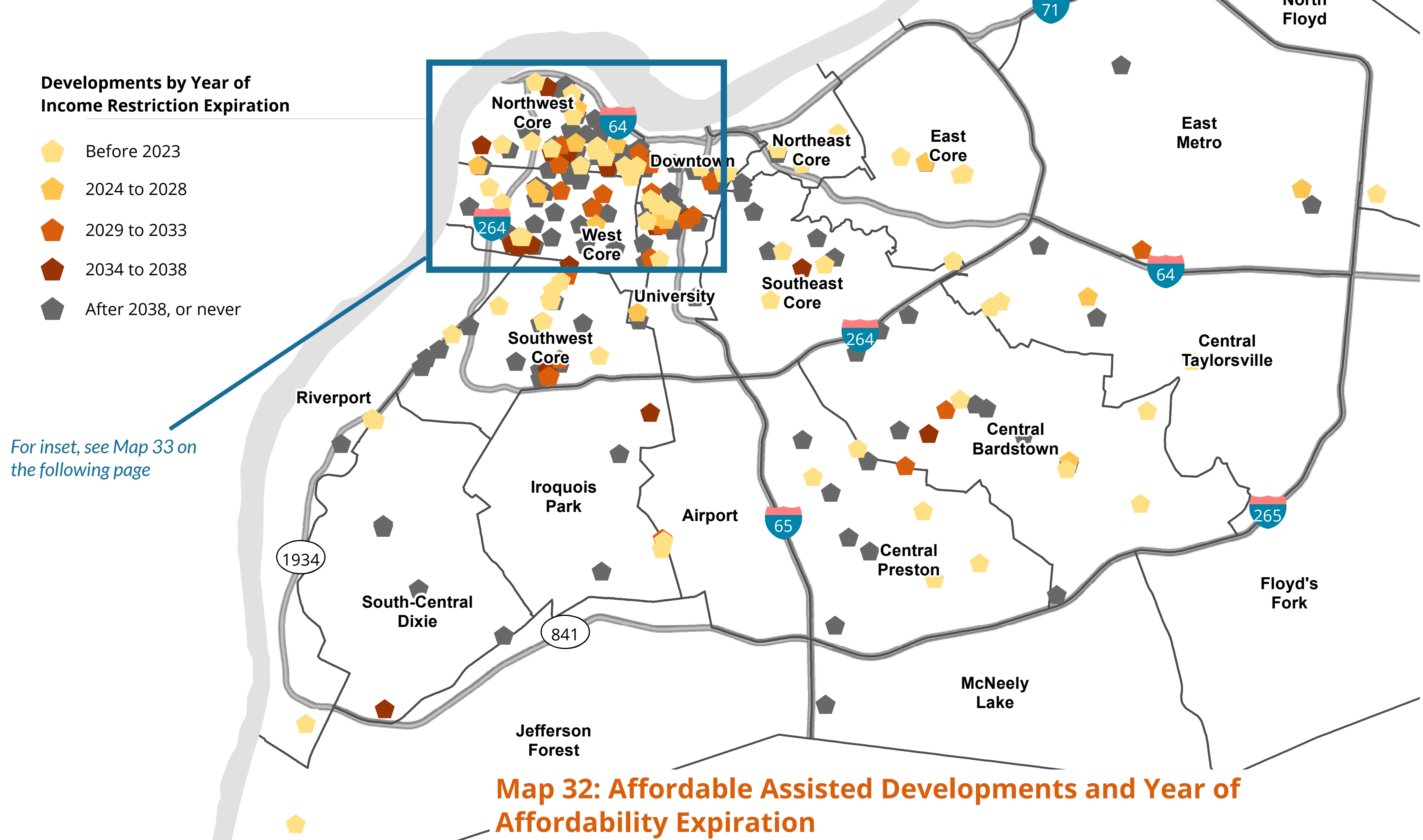
## Subsidized Affordable Units

Louisville has about 16,441 affordable assisted housing units in 338 developments. These homes, located throughout Louisville, were developed with assistance from funders and programs like the Low Income Housing Tax Credit Program, Project-Based Section 8, LAHTF, Louisville CARES, and the Kentucky Housing Corporation.

The units are subject to income restrictions that keep them affordable for a finite period of time. Without intervention, around one eighth of the units will lose their affordability restrictions in the next five years and a third will lose their restrictions in the next 20 years. Preservation of affordable units is more cost effective than the construction of new affordable units, so focusing on the renewal of these affordability restrictions will make a significant contribution to the total supply of affordable housing over the next two decades.

Not all of these units with expiring affordability restrictions are in danger of being converted to market rate, however. Developments most at risk of conversion are located in or adjacent to areas experiencing housing market growth and increasing development pressures. As housing values rise in these areas, a higher profit may be made through the conversion of affordable units to market rate units. In areas where the housing market is more stagnant and development pressures are minimal, owners of affordable developments are more likely to renew affordability restrictions on their units in order to continue receiving funding.

The majority of developments containing income-restricted units are located in Northwest Core, West Core, Downtown, Southwest Core, Southeast Core, Central Preston, and Central Bardstown. Developments with upcoming affordability expirations are located throughout the county.



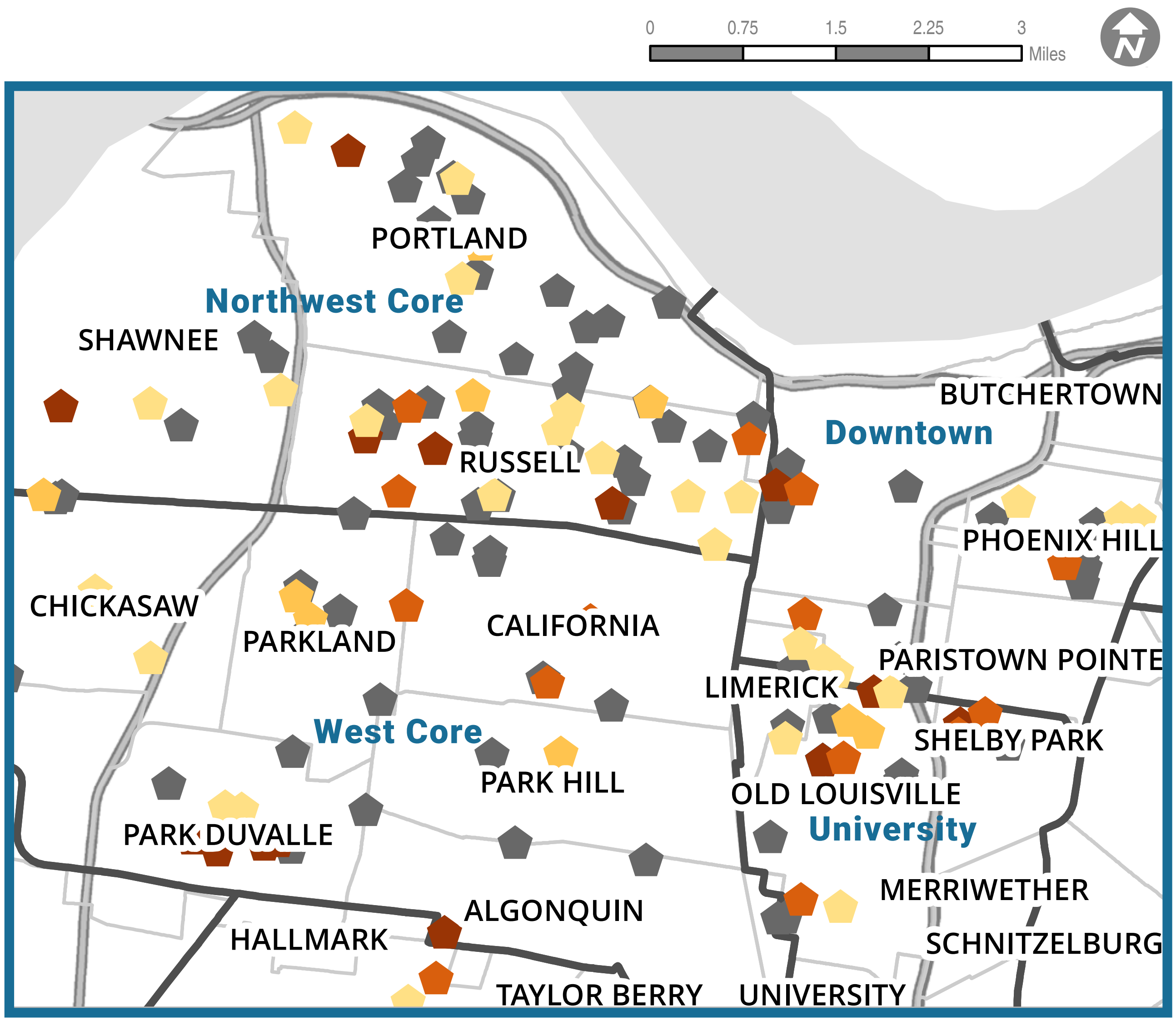

*For inset, see Map 33 on the following page*

## Map 32: Affordable Assisted Developments and Year of Affordability Expiration

Source: Policy Map, 2018; LMHA, 2018; Kentucky Housing Corporation, 2018.

**Developments by Year of Income Restriction Expiration**

- Before 2023
- 2024 to 2028
- 2029 to 2033
- 2034 to 2038
- After 2038, or never




Around half of all assisted developments and units are located in the four market areas on this map. The Russell neighborhood of Northwest Core alone contains ten percent of all developments and 14 percent of all units.

In total, 27 developments in these four market areas could lose their affordability restrictions in the next five years unless action is taken to preserve their affordability.

**Map 33: Affordable Assisted Developments and Year of Affordability Expiration (Inset: Northwest Core, West Core, Downtown, and University)**

Source: Policy Map, 2018; LMHA, 2018; Kentucky Housing Corporation, 2018.

# Affordability Groups

A home is generally considered to be affordable if it costs no more than 30 percent of its occupants' monthly income. The graph below shows the delineation of affordability groups, or groups of houses that can be purchased or rented for 30 percent or less of the income of each of the six income groups.

While there is a maximum rent and purchase price that is affordable to homes in each income group, there is no minimum price. That means, for example, that **50% AMI** households (whose income is equivalent to between $25,2001 and $35,750 for a family of four) can afford to rent a home that costs between $536 and $893 per month, but they can also afford to rent a home that costs less than $536 per month. **100% AMI** families can afford to rent any house that costs $1,787 per month or less. **200% AMI** families can afford any unit that rents for $3,575 or less.

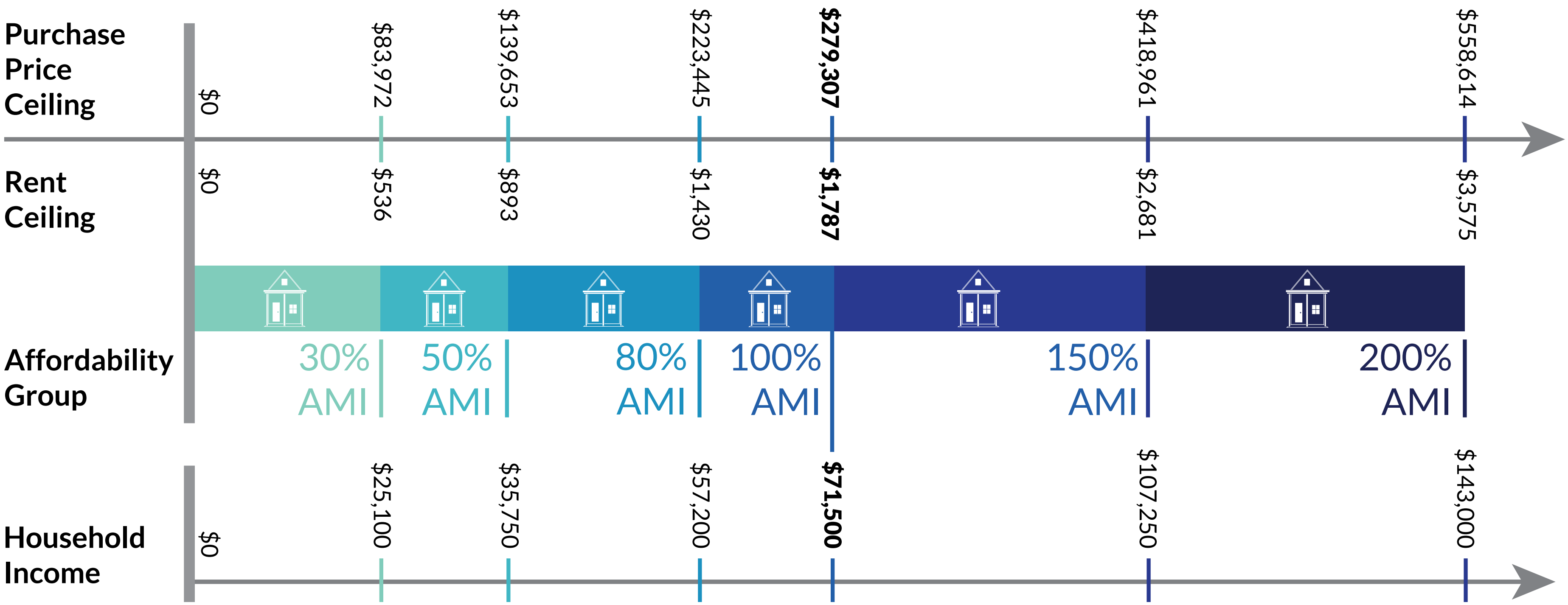



**Figure 16: Affordability Group Rent & Purchase Price Ceilings**

30% AMI families have the most limited housing choice, because they can only afford homes that cost $83,972 or less to purchase or $536 or less per month to rent. The higher a household's income is, the greater the number of homes that are affordable to the household.  In Louisville, there are only 26,483 homes that meet the affordability requirements of 30% AMI households.

Households earning **200% AMI** can afford homes in all six of these affordability groups, as Figure 17 shows. Altogether, there are 268,997 homes that are affordable to **200% AMI** households. Their affordability group includes homes that are affordable to all the income groups below them, because the highest income households can afford to occupy homes in any of these affordability groups. The potential occupants of this group of 268,997 houses therefore include families in all six income groups.

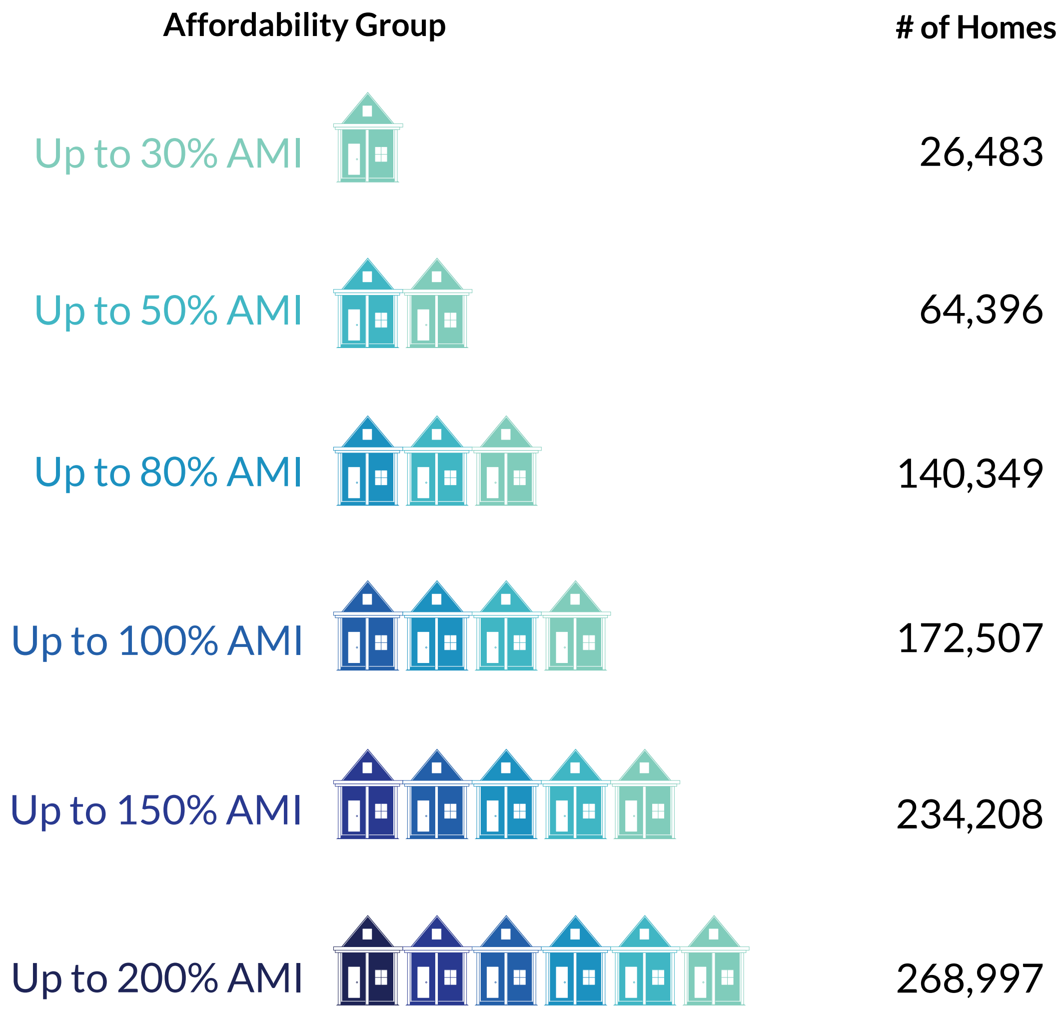



**Figure 17: Affordable & Available Homes by Income Range**

Source: Public Use Microdata Samples (PUMS) data based on 2012-2016 American Community Survey Estimates

## Affordability Gaps

Homes are considered *affordable* for an income group if their cost is below the group's price ceiling, as illustrated in Figure 16.[16] In many cases, however, a home may be *affordable* but not *available* because it is occupied by a household from a higher income group. Households may choose to spend less than 30 percent of their income on housing, so a higher income family is free to live in a home that is affordable to a lower income family. For example, a home may be *affordable* to an 30% AMI family but occupied by an 50% AMI family. The home is not considered *available* to the 30% AMI income group because it is not meeting 30% AMI need.

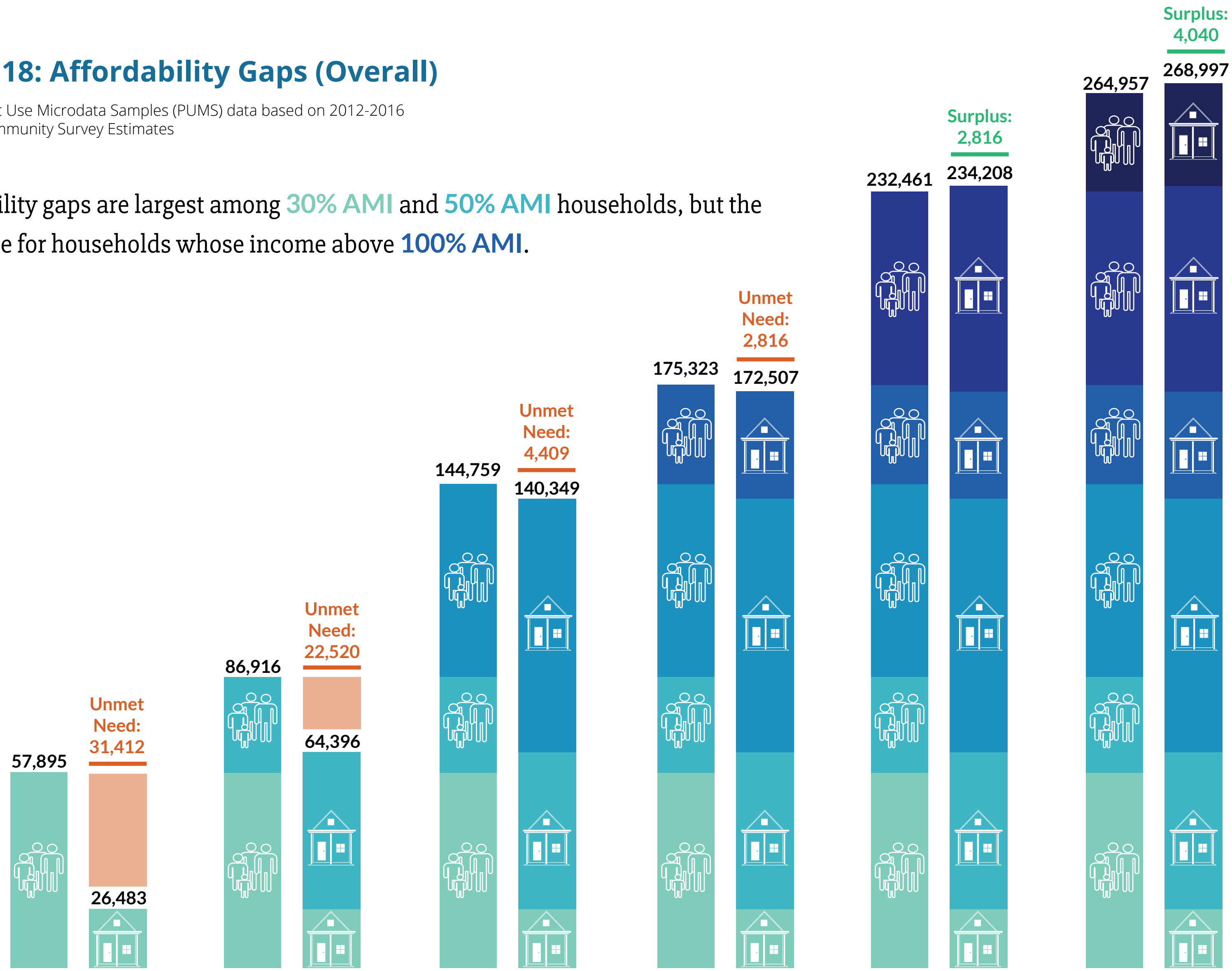
In Louisville, there are only 26,483 homes that are affordable and available for the almost 58,000 30% AMI households. That means that there are only enough affordable and available homes for 46 percent of Louisville's 30% AMI families. The remaining 54 percent have to occupy homes that are unaffordable to them but may be affordable to 50% AMI households. The increased demand for housing units in the 50% AMI affordability group causes a shortage of affordable units for 50% AMI households, who may then have to occupy homes that are unaffordable to them but may be affordable to 80% AMI households or 100% AMI households.

In this way, the affordability shortage for the lowest income families contributes to a shortage that impacts 50% AMI and 80% AMI households as well. If Louisville did not have an affordability gap for 30% AMI families—that is, if Louisville had 31,412 additional units in the 30% AMI affordability group and if they were all occupied by the 30% AMI households that need them—then there would be no affordability gap for any of the six income groups. However, because households have the choice to spend less than 30 percent of their income on housing, it cannot be assumed that 31,412 additional units in the 30% AMI affordability group would each be occupied by 30% AMI households.

## Figure 18: Affordability Gaps (Overall)

Source: Public Use Microdata Samples (PUMS) data based on 2012-2016 American Community Survey Estimates

Affordability gaps are largest among 30% AMI and 50% AMI households, but the gaps close for households whose income above 100% AMI.




There are enough *affordable* and *available* homes for:

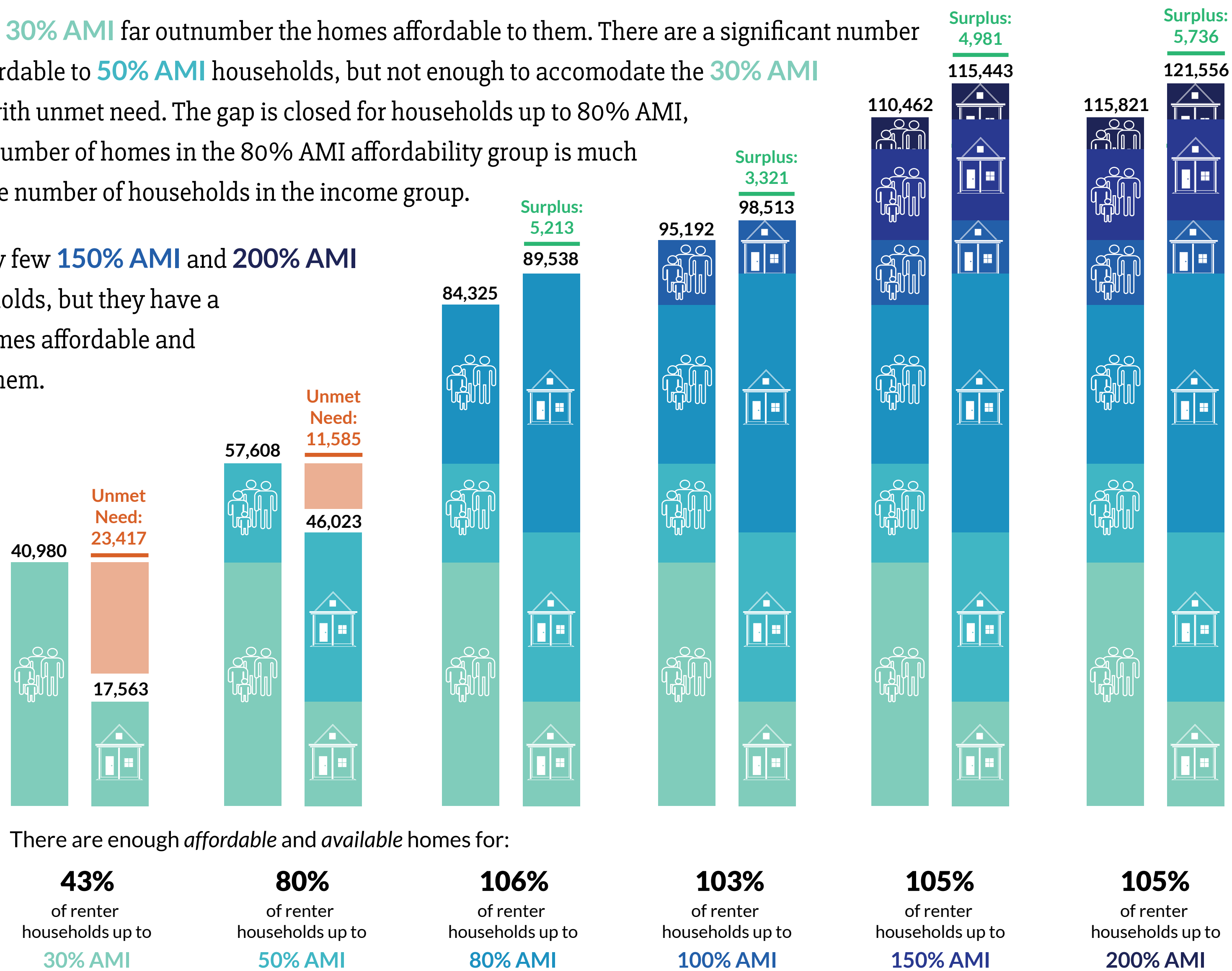
| | | | | | |
|---|---|---|---|---|---|
| **46%** of households up to 30% AMI | **74%** of households up to 50% AMI | **97%** of households up to 80% AMI | **98%** of households up to 100% AMI | **101%** of households up to 150% AMI | **102%** of households up to 200% AMI |

## Figure 19: Affordability Gaps (Renter)

Source: Public Use Microdata Samples (PUMS) data based on 2012-2016 American Community Survey Estimates

Renters in the 30% AMI far outnumber the homes affordable to them. There are a significant number of homes affordable to 50% AMI households, but not enough to accomodate the 30% AMI households with unmet need. The gap is closed for households up to 80% AMI, because the number of homes in the 80% AMI affordability group is much larger than the number of households in the income group.

There are very few 150% AMI and 200% AMI renter households, but they have a surplus of homes affordable and available to them.

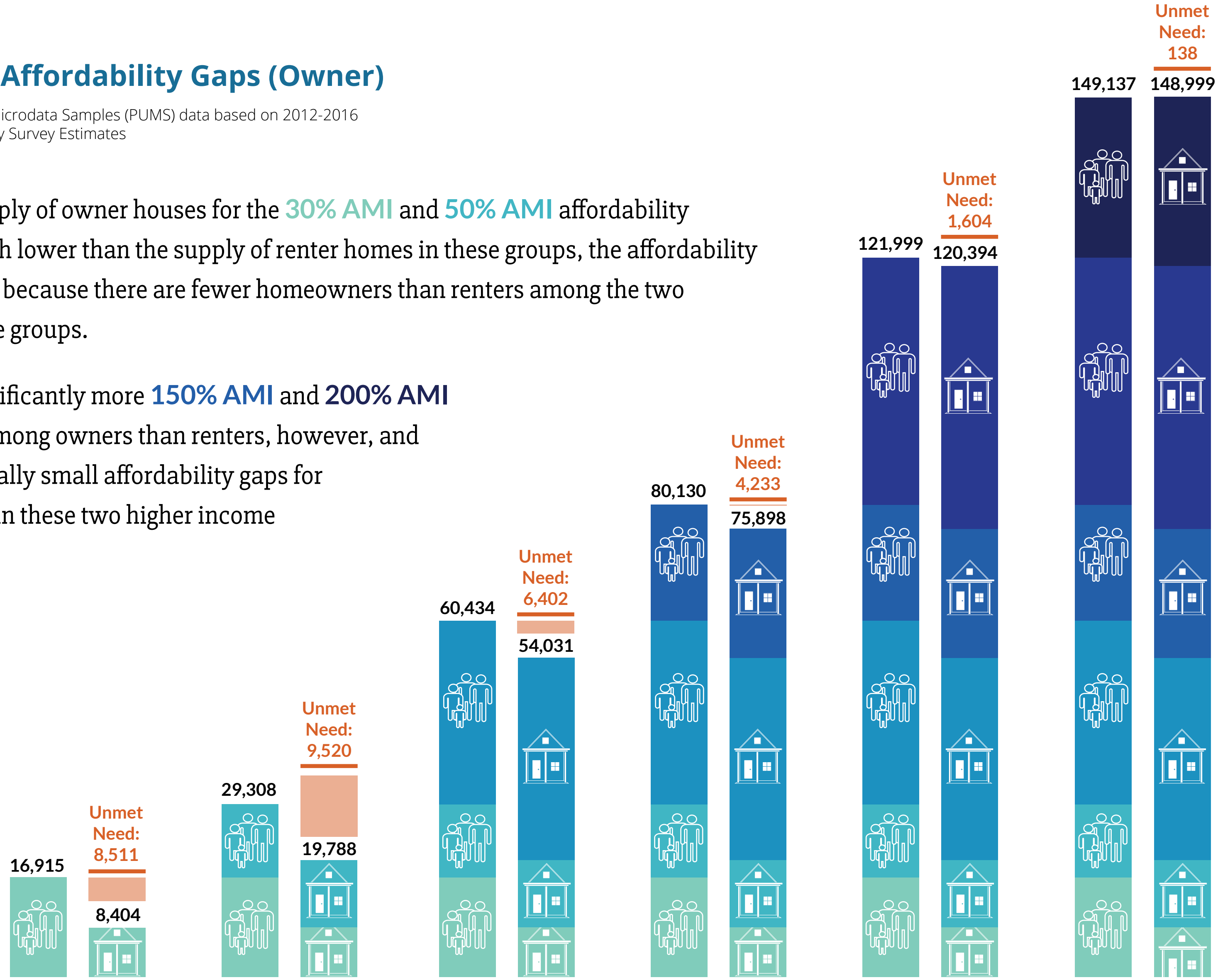


## Figure 20: Affordability Gaps (Owner)

Source: Public Use Microdata Samples (PUMS) data based on 2012-2016 American Community Survey Estimates

While the supply of owner houses for the 30% AMI and 50% AMI affordability groups is much lower than the supply of renter homes in these groups, the affordability gap is smaller because there are fewer homeowners than renters among the two lowest income groups.

There are significantly more **150% AMI** and **200% AMI** households among owners than renters, however, and there are actually small affordability gaps for homeowners in these two higher income groups.




There are enough *affordable* and *available* homes for:

**50%** of owner households up to 30% AMI

**68%** of owner households up to 50% AMI

**89%** of owner households up to 80% AMI

**95%** of owner households up to 100% AMI

**99%** of owner households up to 150% AMI

**100%** of owner households up to 200% AMI

# Factors Impacting the Market

## Short-Term Rentals

Short-term rental units have exploded into cities worldwide, and Louisville is no exception. Rentals made through platforms like AirBnB have the potential to affect local housing markets.[17] As of June 2018, AirBnB listed 2,790 active rental units on its website, most of which are concentrated in the eastern markets areas close to downtown. More than 80 percent are entire-home rentals. Overall, short-term rentals bring their owners an average of $145 per night for most of the year and $600 per night during the Derby.

Recent studies of cities across the U.S. have reported on the impacts of short-term rentals on local housing markets, highlighting an increase in housing value, housing sales prices and rental rates among units that are close to AirBnB rentals. Such impacts could be more significant in areas with the heaviest concentration of entire-home listings and those within walkable distance to downtown. Because those close to downtown are experiencing increased activity in home sales and renovations, their locations will be more attractive to buyers who can potentially earn enough rental revenue to pay for the mortgage of the unit as well as to tourists who can find lodging that is more personal and affordable than a hotel room.

Louisville Metro Council adopted short-term rental regulations, effective August 1, 2016. All short-term rental property owners are required to submit an annual registration application and fee to the Revenue Commission for each property and to pay Louisville's transient occupancy tax of 8.5 percent. The maximum stay permitted is 29 consecutive days. As of June 2018, a total of 386 short-term rentals were registered.

## Zoning

The type, size, and cost of a house is heavily influenced by the zoning regulations that apply to it. Zoning protects the quality of development through complex regulations, but it can also be a regulatory barrier to development.

Across Louisville Metro, the prevalence of single-family detached housing is at odds with the density needed for more affordable housing. Single-family detached units cost more to build and require more land than multifamily structures. Zoning that only allows for single-family housing inhibits the development of affordable housing, which can restrict housing supply and increase housing prices.[8]

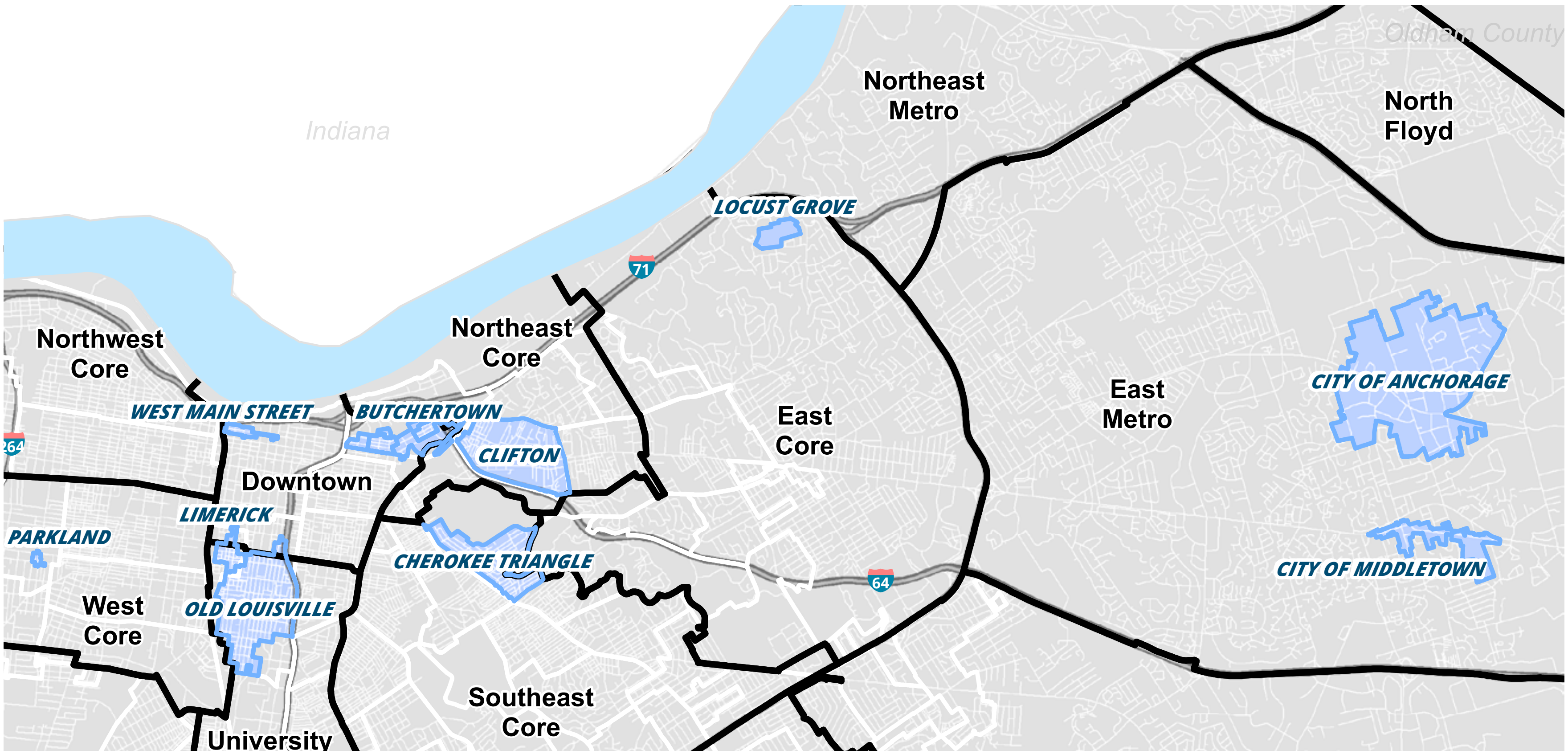
In addition to limiting housing typologies, zoning regulations can create lengthy permitting and review processes that will eventually be passed on to home buyers. One study estimated that regulations, on average, account for almost a quarter of the price of a home.[19]

Regulations are necessary to protect people and property and preserve the quality of life in neighborhoods and communities, but research has revealed that over-burdensome regulations impact housing markets in ways that are most detrimental to lower income households.

# Historic Districts

Historic designations can also impact the price of homes. Louisville has six local preservation districts, three historic overlay districts, and 96 landmarked buildings. Louisville also has large inventories of Victorian homes and shotgun homes.

On average, historic district properties are worth about 14 percent more than comparable properties outside of historic districts. These properties also experienced a 21 percent higher rate of appreciation than the rest of the housing market.




## Map 34: Historic Districts

Source: Louisville Open Data, 2018

## Resident Preferences

A survey of around 1,000 Louisvillians provided insight into local housing preferences among residents, and the results demonstrate diverse priorities and tastes. Respondents indicated a particular desire for central air conditioning, off-street parking, and a sizable kitchen.

Priorities for choosing a home ranged from convenience to practicality and physical appeal. The highest priorities were noted to be convenience to a job or other employment opportunities as well as the look or design of the neighborhood: both options were chosen by nearly half of all respondents. The look or design of the housing unit itself came in third as a priority among surveyed residents. Good schools, convenience to public services and facilities, and convenience to the homes of friends and relatives followed close behind. These preferences were indicated among both homeless and stably housed respondents.

If given the chance to move to a different house or apartment, the majority of surveyed residents would choose a detached single-family home. Less than ten percent would choose single-family attached homes, which were the second most common preference. The most desirable housing features for those who could or would choose to move to a different house or apartment included central air conditioning, off-street parking or garage, a larger kitchen, and a larger housing unit. Nearly 15 percent would like a home with accessibility features for physical or sensory disabilities.

When asked what elements of their neighborhood they would like to see improved, nearly a third of surveyed residents indicated a desire for better neighborhood cleanliness. The next most desired improvements were affordable housing, cultural amenities, a sense of community, and neighborhood safety.


*Mural at 18th Street & Muhammad Ali Boulevard, by Braylyn Stewart*

## Diversity: The Big Picture

Louisvillians are vastly diverse not only in the way they look and speak, but also in their age and ability, family size, living preferences, and incomes. Because of all of these unique characteristics, Louisville families may want or need various housing types, size, location, and cost. Wide variety in the housing stock increases the potential for all kinds of residents to make the housing choices they need to thrive. Together, diversity variables provide a picture of the city's housing needs and the extent to which its supply meets those needs.

Louisville's housing stock is varied in look and age, but options for renters and lower-income families in particular are concentrated heavily in the market areas to the northwest of the city. In Louisville as a whole, there is a shortage of homes for families whose income is lower than the Federal Poverty Level. The shortage causes an overall affordability gap that affects all families whose income is lower than the area median. These factors severely limit housing choice for certain Louisvillians.

One of the primary goals of this HNA is to help each market area in Louisville become a neighborhood of choice that can welcome a diverse range of residents. Increased variety in housing typologies and prices throughout the city would help each market area reflect the rich diversity that can be found within Louisville.

# DATA: EQUITY

*Sufficient health and diversity of housing choice are critical to ensure that all Louisvillians have a safe and decent quality of life, but equity is dependent on each resident's fair access to opportunities for upward mobility.*

By building wealth, families gain more control over their own health outcomes and housing choice, and they also improve their ability to pass these benefits on to successive generations. An owned home is one of the most effective and ubiquitous vehicles for achieving asset growth. This report measures equity by possibilities of ownership, as well as by residents who are well-equipped to take advantage of these opportunities regardless of where they live or what they look like.

Variables for equity were chosen because they demonstrate the level of opportunity for economic mobility within each market area or among certain demographics. For example, a high occurrence of mortgage denials among a group indicates low opportunity for wealth building through homeownership. Like health variables, equity variables have an ideal outcome at the far right of the spectrum.

This section first explores mortgage lending trends and ownership patterns to provide insight into the disparity of homeownership benefits by market area. Distribution of opportunity by neighborhood is then defined by an index that reveals limitations to upward mobility for certain groups.


## Equity Indicators

- Mortgage lending trends
- Homeownership trends
- Sales comparables
- Distribution of opportunity

# Homeownership

## Mortgage Lending Trends

Homeownership can provide critical economic benefits for households and social benefits for the greater community. For the benefits to be broadly shared, residents need fair and equal access to the mortgage lending market. Home Mortgage Disclosure Act (HMDA) data shows how well financial institutions serve the housing needs of their communities.

Between 2015 and 2017, lenders received about 100,000 mortgage applications: half for home purchases, six percent for home improvement, and the rest for refinancing.[20]

The overall application denial rate was 14 percent for the three years, but the rate varied by race and ethnicity. Nearly a quarter of Black and Latinx applicants received denials. Black residents were most likely to have high-cost loans; in fact, upper-income Black applicants were more likely to have high-cost loans than lower-income applicants of any other race or ethnicity.

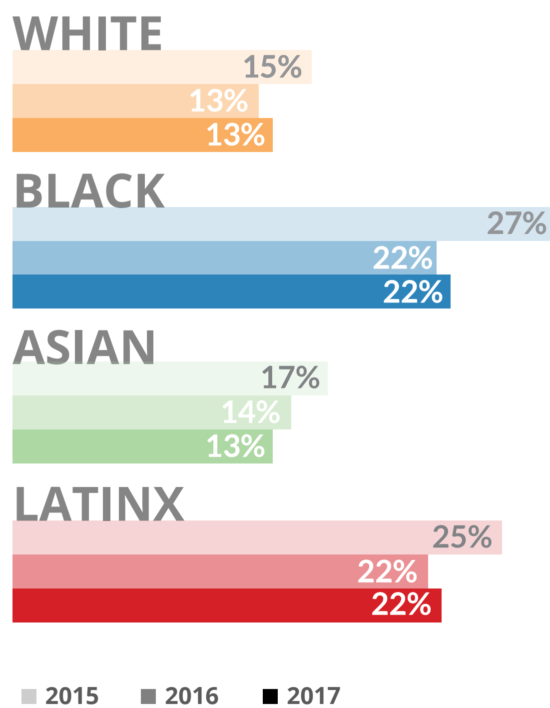
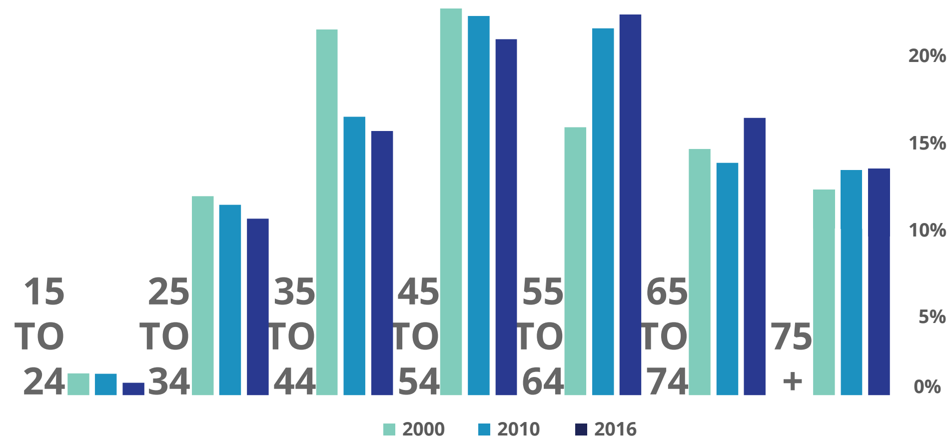



**Figure 21: Mortgage Denial Rates, 2015-2017**

Source: Home Mortgage Disclosure Act data

## Figure 22: Share of Homeowners by Age, 2000-2016

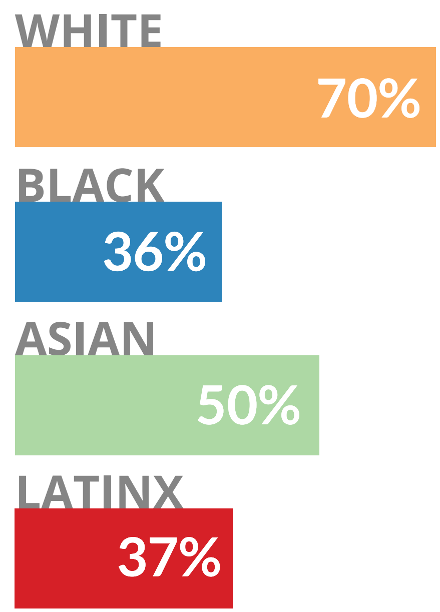
Source: 2012-2016 American Community Survey 5-Year Estimates; 2000 & 2010 Decennial Census




# Homeownership Trends

Mortgage lending trends contribute to disparate ownership rates in Louisville. While 70 percent of White residents own their homes, ownership rates are only 36 percent among Black or African American families, 37 percent among Latinx families, and 50 percent among Asian families.  These racial disparities are not unique to Louisville: nationwide, homeownership trends are expected to contribute to a growing racial wealth gap.[21]

Rent burden and education debt are among the most significant barriers to homeownership in 2018.[22] Rent burden disproportionately weighs on residents of West Louisville, while education debt contributes to a decline in ownership rates among younger residents. Over the past two decades, Louisville's younger residents have made up an increasingly smaller share of the city's home buyers.




## Figure 23: Homeownership by Race, 2010

Source: 2012-2016 American Community Survey 5-Year Estimates

# Neighborhood Opportunity

## Sales Comparables

Owning a home is not a foolproof recipe for creating wealth; the home's neighborhood has a major impact on its value. Stakeholders indicate that in some cases, particularly in West Louisville, blocks of neighborhoods suffer from low home and land appraisal values even after significant redevelopment has occurred. The phenomenon makes redevelopment initiatives difficult in these neighborhoods, but it also negatively effects long-term housing stability and homeowner wealth building.

In most real estate markets, a number of homes built and sold on the same block will "reset" the housing market as a result of the new comparable sales price. This "reset" is not occurring on certain blocks in West Louisville neighborhoods, resulting in a home appraisal gap problem.

Developers reported that they have built and sold new homes in West Louisville in the $120,000 to $130,000 range, but the appraised value of each home remains around $90,000. These home values continue to be depressed despite on-going redevelopment efforts on the same block in the neighborhood. The issue impacts developers in their ability to secure construction financing from banks, which ultimately impedes the redevelopment efforts on these blocks. It also significantly harms the investment value of the area's current homeowners.

In other areas, LMG is seeing successful gains in appraisal values. Cedar Street is an example of a block that has grown significantly in appraised value since redevelopment efforts began. The block, located in the Russell neighborhood of the Northwest Core market area, is a valuable example of a redevelopment approach that lifts appraised values in market area where values are generally depressed.

## Distribution of Opportunity

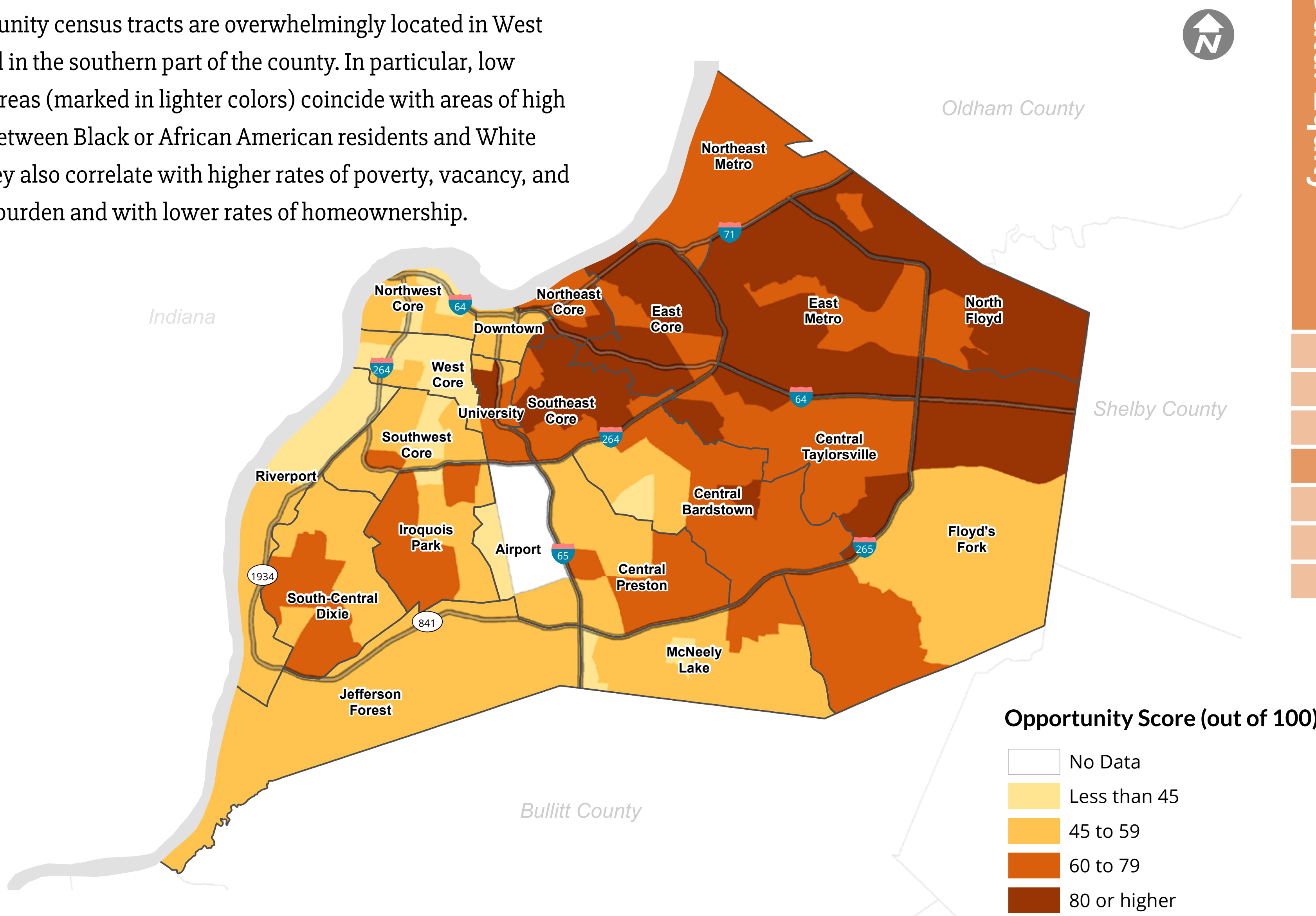
Disparity in opportunity across Louisville's map goes beyond homeownership. Sprawl across metropolitan regions has caused a geographic dilution of jobs and amenities, typically in a way that isolates lower income residents from employment and housing opportunities.

Residential segregation increases when higher income residents, who have a wider range of housing choices, move farther into areas with potentially lower taxes and lower service needs. These residents leave behind a lower-income population that consists disproportionately of racial and ethnic minorities. Residential segregation has a powerfully negative effect on opportunity for Black and Latinx families, particularly those who are concentrated in older neighborhoods with low tax bases that struggle to support public services and schools.[23] Residents of such areas face diminished opportunities in education, wealth building, and employment.[24]

Variation in neighborhood opportunity across Louisville are illustrated through the Communities of Opportunity model. The framework assigns each neighborhood a score from zero to 100 based on residents' access to key resources, such as good schools, jobs, stable housing, transit, and the mitigation of crime and health hazards.[25] A score of 100 represents high opportunity.

The effort to promote equitable neighborhood opportunities requires two overarching goals. First, mitigate the conditions that characterize low opportunity market areas, like vacant homes and poor accessibility, to improve residents' ability to prosper. Second, create a more diverse housing stock in higher opportunity areas to expand housing choice for residents of all income levels.

Lower opportunity census tracts are overwhelmingly located in West Louisville and in the southern part of the county. In particular, low opportunity areas (marked in lighter colors) coincide with areas of high segregation between Black or African American residents and White residents. They also correlate with higher rates of poverty, vacancy, and housing cost burden and with lower rates of homeownership.

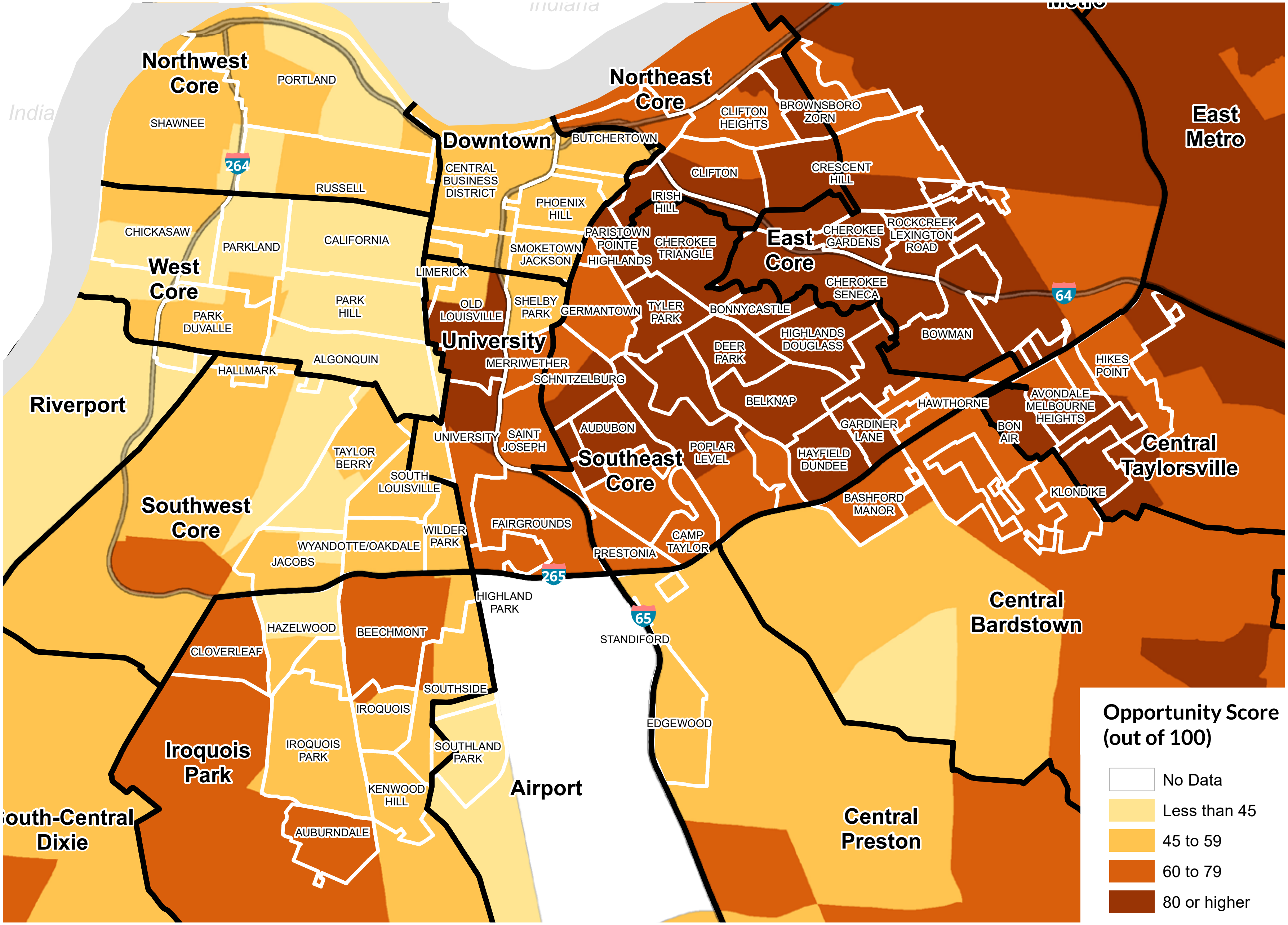



## Map 35: Opportunity Index

Source: HUD Affirmatively Furthering Fair Housing Mapping Tool

## Map 36: Opportunity Index in Urban Neighborhoods

Source: HUD Affirmatively Furthering Fair Housing Mapping Tool



## Equity: The Big Picture

Health and diversity of housing choice are critical to ensure that all Louisvillians have a safe and decent quality of life, but equity is possible when each resident has fair access to opportunities for upward mobility. This HNA measures equity by possibilities for homeownership and economic mobility, as well as by residents who are well-equipped to take advantage of these opportunities no matter where they live or what they look like.

Homeownership is one of the most effective ways to build wealth. By building wealth, families gain more control over their own health outcomes and housing choice. They also improve their ability to pass these benefits on to future generations. Yet today, households of color are more likely to be denied mortgage loans and much less likely to own a home than White households. Homeownership is also becoming more difficult for Louisville's younger residents.

Opportunities for economic mobility also vary widely by geography. Market areas in the northwest have relatively low access to key resources like jobs, stable housing, transit, and health hazard mitigation, while other market areas more easily connect their residents to a wealth of opportunity.

*Groundbreaking for Sheppard Park improvements*

The final goal of this HNA is to help reshape Louisville's housing market so that it works for the equitable benefit of all residents. In order to increase equity in Louisville's neighborhoods, strategies will need to focus on community-based efforts that alleviate disparities in opportunity across geography as well as across demographic characteristics like race, ethnicity, age, and ability.

# DISPLACEMENT RISK

*It is possible for the health of a housing market in a neighborhood to improve while the health of its residents does not. A changing market can put vulnerable residents at risk of involuntary displacement.*

# New Investment, Old Neighborhoods

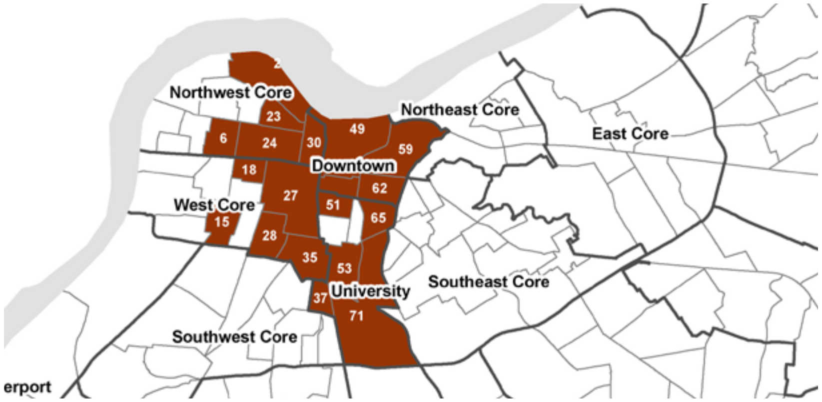
## Gentrification & Displacement

Gentrification has transformed several neighborhoods in Louisville since 1990. In the past few decades, areas like Butchertown, Phoenix Hill, Smoketown, Jackson, Shelby Park, Germantown, Schnitzelburg, Park Duvalle, Clifton, Clifton Heights and Limerick have experienced increases in home values and the number of residents with bachelor's degrees, both indicators of gentrification.[26] Many of these neighborhoods are close to Louisville's downtown.

Investors are finding increasing value in older, lower-income neighborhoods located near a vibrant urban center. The local government's challenges are to help guard against the displacement of current residents and businesses and to help create and preserve affordable housing in these areas.

The potential for displacement of long-time residents is very real in some Louisville neighborhoods. Those west of downtown are currently at the forefront of many community discussions surrounding planned large-scale redevelopments. In Russell, the multi-million dollar redevelopment of Beecher Terrace will evolve over the next several years, and private investment will most likely follow public investment into the neighborhood. Residents are excited with the prospect of the planned improvements, but many are concerned that new development may move the neighborhood forward and leave them behind.

There is also a high likelihood of gentrification from investment in newly designated federal Opportunity Zones. Encompassing most of the Downtown and University market areas, as well as several census tracts in the Northwest Core and West Core market areas, these zones have the potential to attract millions of dollars from investors like private equity funds, real estate developers, investment banks, wealthy individuals, and venture capitalists. Investments can finance new business start-ups,




Map 37: Federally-Designated Opportunity Zones

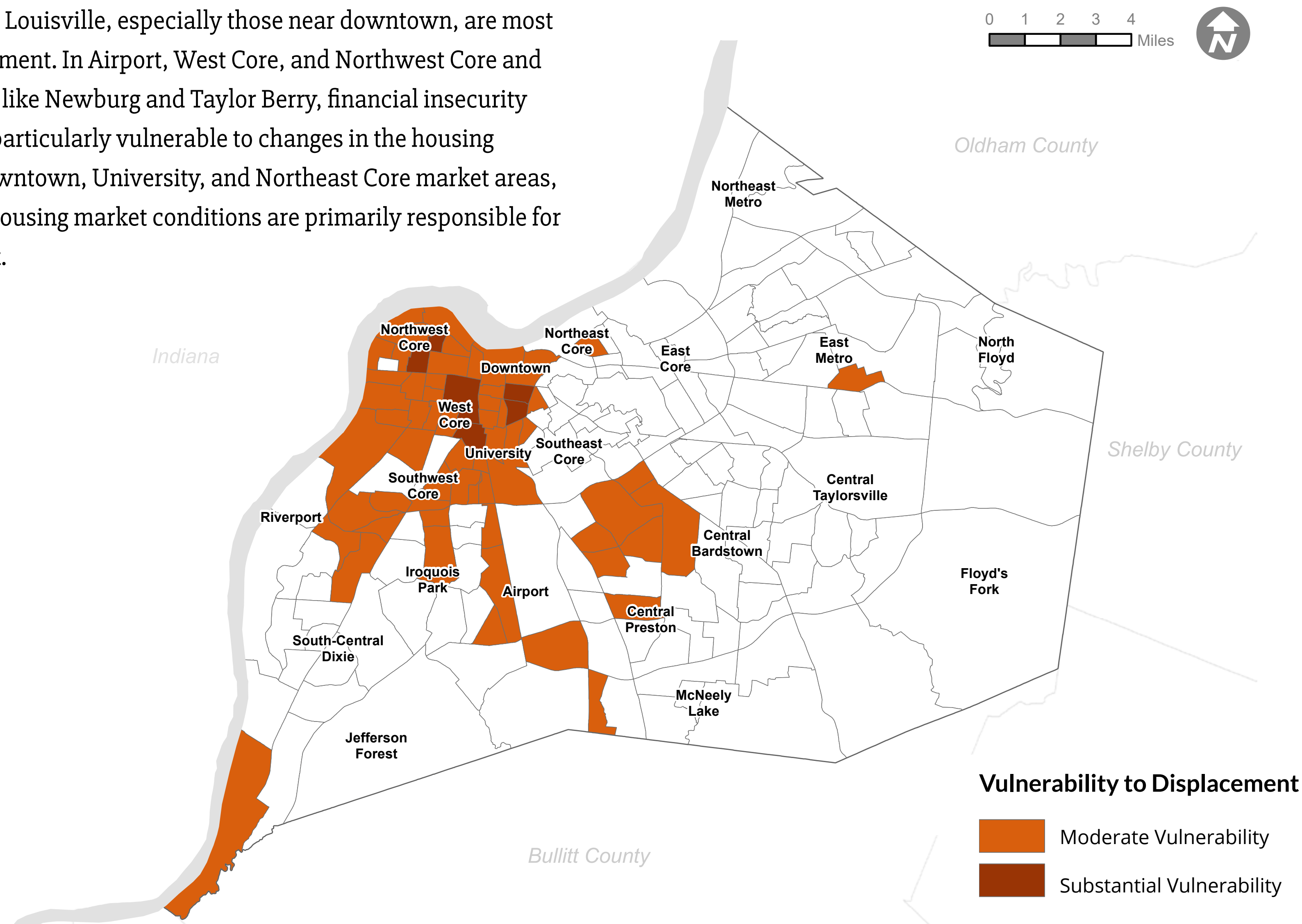
residential development (including affordable and workforce housing), and job-training programs to create a supply of ready talent, among other ventures. The attraction of these West Louisville and Downtown areas lies with the deferred capital gains tax for investors, which grows tax-free if it is held for at least ten years. The bottom line is that underinvested West Louisville neighborhoods are poised to reap benefits of revitalization financed by massive amounts of private investment, which makes gentrification a real risk for current residents. Focusing immediately on local hiring and affordable housing policies, in addition to an economic development strategy for the Opportunity Zones, can help maximize equitable outcomes in the neighborhoods with the greatest risk of residential displacement.

# Resident Vulnerability Index

The Resident Vulnerability Index calculates the risk of involuntary displacement due to residential development pressure. The index focuses primarily on displacement risk that could result from changes in the housing market that cause prices to rise beyond what existing residents can afford. It also accounts for the economic instability of households and constraints in housing choice, both of which impact the ability of residents to adjust to rising housing costs without becoming more vulnerable to displacement. The full methodology and analysis can be found in the Appendix.

The index does not measure current displacement; instead, it points to neighborhoods where residents' housing stability is most vulnerable to changes in the housing market or in their own socioeconomic conditions. The results show where housing needs may be most acute, if not always the most visible.

Residents of West Louisville, especially those near downtown, are most at risk of displacement. In Airport, West Core, and Northwest Core and in neighborhoods like Newburg and Taylor Berry, financial insecurity makes residents particularly vulnerable to changes in the housing market. In the Downtown, University, and Northeast Core market areas, actively volatile housing market conditions are primarily responsible for displacement risk.




## Map 38: Vulnerability Index

Source: Mullin & Lonergan Associates, 2018

# COMMUNITY DEVELOPMENT TOOLS

*OHCD, LAHTF, and a host of partner agencies and organizations with common goals have a toolkit of housing and community development resources that can be leveraged to further positive impact.*

# Community Development Toolkit

### Louisville Affordable Housing Trust Fund
LAHTF finances the construction of new housing, the rehabilitation and preservation of existing homes and home buyer assistance. It also offers home buyer education, foreclosure prevention and supportive housing services.

### Community Development Block Grant (CDBG) Program
OHCD uses CDBG funds to finance housing and community development activities like acquisition, housing rehabilitation, homeownership assistance, economic development, public infrastructure, and public facilities and services.

### Neighborhood Revitalization Strategy Area Designation
OHCD utilizes this CDBG designation to carry out concentrated redevelopment efforts, currently in Russell until June 2021.

### Lead-Based Paint Hazard Control & Healthy Homes Supplement Grants
OHCD administers these federal funding sources to mitigate lead-based paint hazards in owned homes with young children.

### HOME Investment Partnerships Program
OHCD utilizes HOME funds to finance acquisition, home buyer assistance, rental assistance, homeowner rehab, new unit construction, and multifamily rental construction and rehab.

### Louisville Creating Affordable Residences for Economic Success (CARES)
OHCD oversees this revolving loan fund to provide gap and/or bridge financing to developers building affordable workforce housing. LMG can purchase land near job centers to offer as incentive for workforce rental housing development.

### Weatherization Program
OHCD provides financial assistance to help low-income renters and owners make energy conservation improvements.

### Vacant Structures for Sale
The Vacant & Public Property Administration (VPPA) offers for sale vacant structures and lots in order to place them back into productive use in the neighborhood.

## Demolition of Dilapidated Structures

VPPA monitors all known vacant structures and identifies those determined to be beyond repair. If the owner fails to repair or demolish the structure, VPPA has the authority to do so.

## Choice Neighborhoods Action & Implementation Grants

Louisville Metro Housing Authority (LMHA) received over $30 million to redevelop Beecher Terrace into an energy-efficient, mixed-income community with better access to services, quality public schools and education programs, public transit, and jobs.

## Housing Choice Voucher Program

LMHA administers this rental assistance payment program for low income, elderly, and disabled households.

## Tax Moratorium

The Department of Codes & Regulations administers a program that incentivizes property owners to make improvements to qualifying residential and commercial buildings by providing a 5-year moratorium of some of the local tax assessment resulting from the improvements. Improvements must be of qualifying value, and the finished property must be LEED-Certified.

## Tax Increment Financing

This financing and development tool allows local governments to capture future increases in taxes generated by new development within a specified area. The captured future value is used to attract private development or to finance public improvements. This tool is primarily used to help jump-start improvements in underinvested areas.

## Louisville and Jefferson County Landbank Authority, Inc.

The Landbank Authority acquires, manages, and sells distressed properties and vacant unimproved parcels to responsible developers who can increase the property values. This efficient and powerful redevelopment tool makes properties available for sale with clear and marketable title.

# POTENTIAL STRATEGIES

*The current state of health, diversity, and equity varies widely across Louisville Metro, and the challenges that must be addressed are different in each area. Specific interventions need to be targeted to areas where they have the most potential for positive impact.*

# Strategy Areas

## Investment Areas

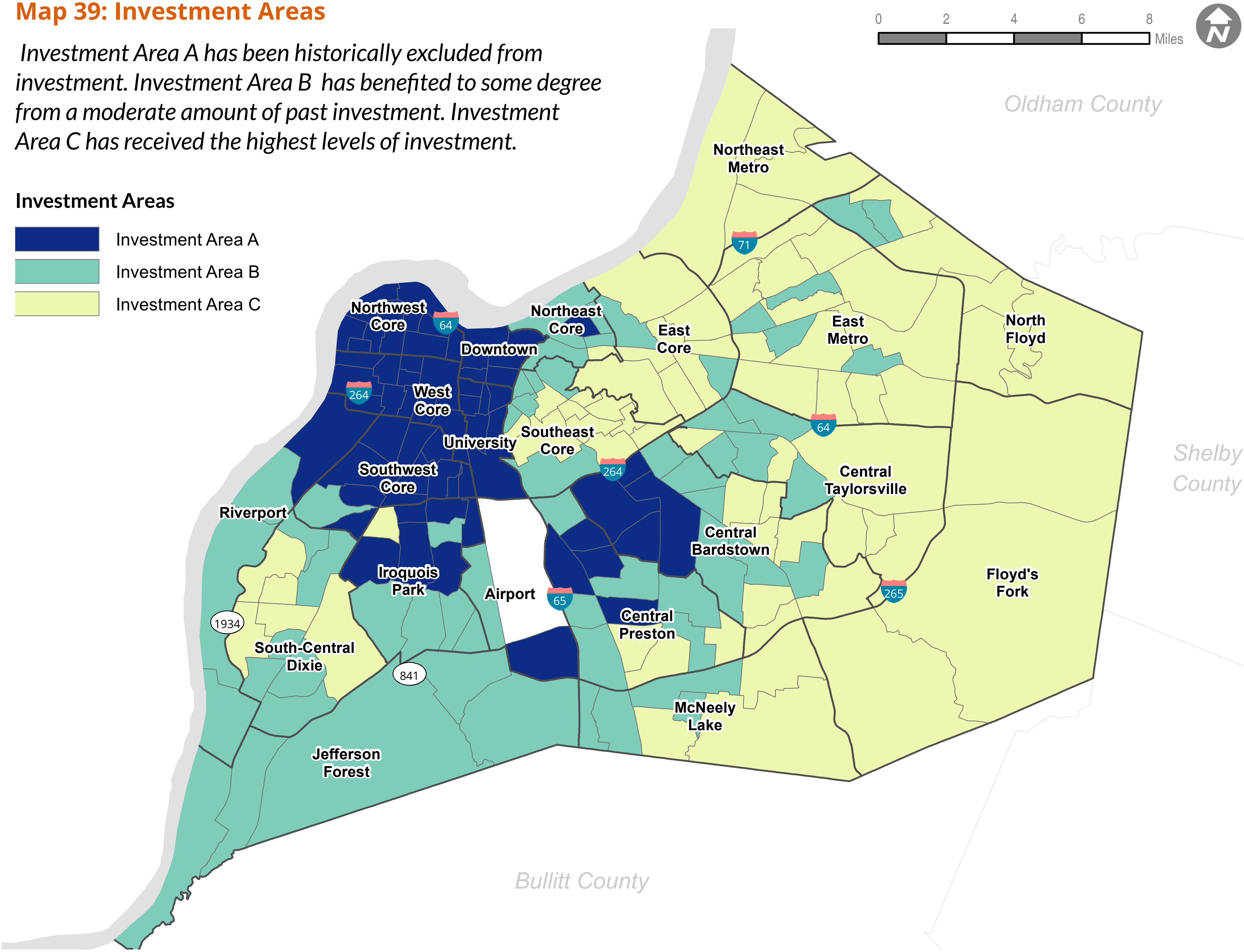
The overarching goal of this HNA is to assess the extent to which each Louisville neighborhood is healthy, diverse, and equitable. That goes for the physical housing stock as well as the residents who occupy the units and the quality of life available in their neighborhood. Healthy homes are in good condition, free from hazards, and part of a well-functioning market; healthy residents are economically sound, have sufficient access to resources, and are safe from environmental stressors. A diverse housing stock offers various housing typologies, modifications, and levels of affordability and accessibility to broadly accommodate a range of needs; diverse residents represent myriad races, ethnicities, abilities, education attainment, and income levels. Equity is imbued in a housing stock that promotes pathways to ownership and in a neighborhood whose households universally have access to sustainable wealth-building opportunities.

The city's neighborhoods are myriad in their current conditions, so effective strategies to promote health, diversity, and equity vary by market area. In order to organize market areas by the types of needs they have, three Investment Areas were created.

Louisville's market areas were scored based on variables that reflect the relative level of investment they have received (see Appendix for full methodology). Areas that have historically had high levels of investment from residents, businesses, and municipal services (Investment Area C) are more likely to have homes in good condition and households with good access to opportunity. Yet housing options in these areas are often homogeneous or costly, posing a barrier to residential diversity. In areas that have seen lower levels of investment in the past (Investment Area A), the physical quality of the housing and residents' access to opportunity are more likely to have suffered. Still, these under-invested areas contain more of the affordable homes that play a critical role in Louisville's overall housing stock.

# Map 39: Investment Areas

*Investment Area A has been historically excluded from investment. Investment Area B has benefited to some degree from a moderate amount of past investment. Investment Area C has received the highest levels of investment.*



# Anti-Displacement Measures

Investment Areas paint a picture of conditions that result from past trends, but they do not account for the ongoing changes that affect both residents and housing markets. Actions taken to improve Louisville's neighborhoods need to empower residents of changing neighborhoods to remain in place and take advantage of these improving conditions. Anti-displacement strategies will need to be targeted to the key areas identified in the Vulnerability Index.

The urgency to prioritize the implementation of anti-displacement initiatives in these areas cannot be overstated. Stakeholders reported that homeowners in the Russell and Smoketown neighborhoods have already been approached by entities interested in purchasing their homes. These actions indicate that the preliminary activities undertaken by Louisville Metro Housing Authority in anticipation of the Beecher Terrace project have mobilized the private market to begin acquiring properties while prices are still reasonable and speculation has not yet become entrenched in the area. Both renters and homeowners in Russell, Smoketown, and surrounding areas will require immediate assistance through public policy and programs if they are to remain in their homes and benefit from the increased outside investment in their neighborhoods.

In neighborhoods whose residents are vulnerable to displacement, several best practices can be leveraged to help maintain neighborhood diversity.[27]

# Potential Strategies

## Goals

The potential strategies have three primary goals. The first is to make strategic use of City resources, especially through the use of City-owned land; innovative methods of utilizing the local tax system; and a strong emphasis on the city's ongoing efforts to eliminate blight and create new housing through the use of the land bank, code enforcement and rehabilitation activities.

The second goal is to harness the private market through key opportunities to engage private partners in generating new economic investments in Louisville. The most significant of these opportunities is the new federal Opportunity Zone designation in several core locations in West Louisville and Downtown areas. With a strong economic development strategy in hand, including a housing policy and local resident hiring policy, Louisville can place itself in a strong position to attract private investors to these areas with safeguards to prevent the displacement of the very residents who can benefit the most.

The third goal is to expand access to capital, with an emphasis on the critical need to foster economic opportunities among low-income households, people of color, and small businesses. With the ability to take advantage of wealth-building assets, these groups can reap the benefits of home and business ownership while fueling the revitalization of their own neighborhoods.

The potential strategies are organized by the type of implementation they would require. The first set imply local funding solutions, the second set call for local policy solutions, and the third set would require changes to state law.

# Local Solutions: Funding

- **Dedicate a funding source to sustain affordable housing initiatives.** Louisville already has a best practice in place with the establishment and continued funding of Louisville Affordable Housing Trust Fund and Louisville CARES. These allocations constitute a significant step toward the goal of preserving affordable housing. Securing an annual dedicated budget line item would sustain their organizational goals and facilitate long range planning.

- **Transfer City-owned property to a Community Land Trust (CLT)** to ensure affordability in perpetuity. CLTs own the land on which affordable housing is constructed. This strategy can also be applied to small businesses owned by lower income owners or located in lower income neighborhoods. In the CLT scenario, the cost of land is removed from the financing equation, which makes the development of housing or small business start-ups more feasible. The Lexington CLT is creating long-term affordable homes as well as mixed-use commercial and residential buildings in Davis Park, adjacent to downtown. In Louisville's Russell neighborhood, a similar CLT could assist in preserving existing small businesses and guiding residents who wish to become small business owners in the midst of rising property values.

- **Preserve unsubsidized affordable housing** through the acquisition and rehabilitation of units at risk of rising rents with highest priority given to units located in neighborhoods with development pressure. This type of preservation, generally focused on older structures with five to 20 units and fewer amenities, addresses the potential loss of affordable housing and the displacement of residents in gentrifying neighborhoods.

- **Allow financing of Renter Equity Programs** as an eligible activity under LAHTF guidelines. This best practice from Cincinnati's Over-the-Rhine Neighborhood involves an apartment property with a shared equity component built into the lease agreement for tenants. Lease requirements include on-time rent payment, attendance of monthly meetings, and maintenance of interior and exterior common areas. In return, tenants earn equity credits toward a cash payment. Lower income renters can build wealth through their equity credits, develop ownership skills through their care and maintenance of the property, and help stabilize the neighborhood. After five years, renters are vested in the program and can use the cash to start a business, go to school, or offer as collateral for small loans with non-predatory interest rates.

- **Foster the establishment of Employer-Assisted Homebuyer Programs** among Louisville's largest employers. EAH Programs typically take the form of an employer offering downpayment and closing cost assistance to full-time workers who purchase homes within a specified radius of the employer's location. Living in close proximity to work decreases or eliminates workers' commute times, thereby increasing the time they can spend with their families; stabilizes the area near the employer by increasing homeownership; and fosters longer tenures among workers who participate in the program. In some cases, the employer contributes funding to a local housing trust fund, which manages the program on behalf of the employer.

- **Establish a Landlord Mitigation Fund** for LMHA's Housing Choice Voucher Program that covers lengthy vacancies or extensive damages caused by renters. Allegheny County, PA initiated such a program as an incentive to enroll private landlords in the rental assistance program. The fund has acted as an insurance policy for landlords. The fund can be the incentive needed to contract with new landlords with rental units located in higher opportunity neighborhoods to participate in the Housing Choice Voucher Program.

- **Work with partner organizations to provide working capital loans** to people of color and women who provide construction services. Small contractors often don't have the staff or funding capacity to bid on or undertake construction contracts. Working capital loans up to $25,000 to minority and women contractors using the executed contract as collateral could bridge the funding gap. The contractor uses the loan to buy materials and make payroll, then pays off the loan once she is paid by the developer. The benefits of this initiative are fully realized at the local level: small businesses are saved from shuttering due to lack of capital, have the opportunity to build their business based on new development opportunities within their own neighborhoods, and can hire other residents to train as they build capacity.

- **Work with partner organizations to provide micro-loans** up to $15,000 to other small business owners. Smaller loans for Uber or Lyft drivers, for example, can finance the purchase of vans, which are then used as collateral to secure the loans.

- **Work with partner organizations to provide a combination mortgage/rehabilitation product** for homes requiring improvements identified by a home inspector for a prospective home buyer. The sale of many older housing units fall through because a lower income seller can't afford to finance the required improvements in order for a bank to approve the buyer's mortgage. Louisville already has a best practice in place to address this issue: the Community Foundation of Louisville provided $50,000 to LHOME to capitalize a Home Inspection Product, with the loan being made directly to the seller once a home is under contract. LHome is repaid at closing from the mortgage proceeds. Should the sale fall through, LHome converts the loan to a 12-month repayment plan while the homeowner puts the house back on the market for sale. Partnering with other organizations to expand the use of this type of product would help more Louisville homeowners make the most of their investment at sale.

## Local Solutions: Policy

- **Develop a strategy for the Opportunity Zones** in the Northwest Core, West Core, Downtown, and University market areas. LMG can position itself ahead of investors by determining how to maximize the economic and social benefits from potential new investment, and, in particular, adopt policies to prevent displacement of residents and require training and hiring of local residents.

- **Explore an inclusionary housing ordinance** to leverage private resources in a strong housing market by requiring a specified percentage of units to be made available as affordable in exchange for permitting increased density. Inclusionary housing has the potential to disperse affordable units across the city and increase housing choice. Unit size should be determined by market conditions. Montgomery County, MD has facilitated the creation of over 12,500 rental and sales units through its Moderately-Priced Dwelling Unit ordinance, first enacted in 1974. Developers of projects with 20 or more units are required to provide between 12.5 and 15 percent of the units as affordable to households earning between $31,000 and $80,000.

- **Extend the period of affordability** on housing projects that are financed with LMG or LAHTF funds to a maximum period that is commensurate with other funding sources on a project, but no less than 40 years if only LMG or LAHTF funding is used.

- **Establish a Lien Release & Code Violation Forgiveness Program** for buyers (owners and investors) who acquire housing units from the Landbank Authority. In addition to either forgiving the liens or deducting them from the sales price, the sales agreement should stipulate that all code violations on record will be forgiven or erased if the unit is rehabilitated up to code and a certificate of occupancy is issued within 12 to 15 months of the sales transaction.

- **Provide code lien amnesty and housing rehabilitation** to low-income homeowners who can't afford required repairs. Coupling the lien amnesty with housing rehabilitation funds can financially assist owners to make required repairs before further deterioration makes the property unfit for sale. This program should also target rehabilitation to low-income homeowners who may not have violation citations but who are located in areas with high displacement risk.

- **Adopt a proactive, systematic code enforcement program** that inspects rental units to supplement the ongoing complaint-based system.

- **Reduce parking requirements** for affordable housing developments located in close proximity to public transit. Surface lot parking requires valuable land and structured parking is expensive. For new developments located within a quarter-mile of public transit, reduce or waive off-street parking requirements to make the project more cost-effective.

- **Utilize Health Impact Assessments** for new neighborhood developments to evaluate their effect on the intended beneficiaries. Instituted by the Center for Health Equity, these assessments can be scaled according to the size and type of development, ranging from the installation of new park benches to a large mixed-income residential development. The Assessment includes an evaluation and monitoring component and, most significantly, would provide the public with a greater opportunity to comment on projects that may not require a public meeting before the Planning Commission.

- **Continue incorporating cool roofs and incorporate energy efficiency standards** in owner rehabilitation and multifamily new construction programs through LMG and Louisville CARES projects. Improved energy efficiency can lower residents' utility costs and their cost burden. Explore opportunities to expand this requirement to other projects receiving public funding.

- **Establish a pilot program for Cool Roofs, Cool Asphalt and Tree Planting** in a West Louisville neighborhood on a three- or four-block area where the program could have maximum impact and demonstrate the financial and health benefits.

## State Solutions

- **Continue the Tax Delinquency Deferral Program** to prohibit the sale of delinquent tax bills in the neighborhoods with high levels of vacant properties. Review the program regularly to determine if areas need to be removed or added.

- **Expand the use of the Low Income Housing Tax Credit Program** through a Mixed-Income Initiative. In New York City, a similar initiative incorporates four percent LIHTC credits and first mortgages funded with the proceeds from bond sales or other similar funding sources in project financing by using local funds to make 30 percent of the market-rate units affordable to middle-income families. This "50/30/20" split results in developments where 50 percent of the units rent at market rates, 30 percent rent to middle-income families, and 20 percent are rent-restricted in accordance with LIHTC guidelines.

- **Restrict City-owned land use** after the property's sale to private entities. The sale can include restrictive covenants or restrictive declarations, or the City can provide a subsidy or mortgage to the new owner for the financing of affordable housing on the property. Restricting the use of land through the sale of City-owned property requires monitoring and enforcement to ensure the contractual conditions (including the period of affordability) are maintained.

- **Use an Exclusionary Taxing Program** for developers who create a specified number of affordable units within a market-rate development to spur the creation of new affordable units. This best practice from Minneapolis, MN includes a tax abatement on certain apartment buildings where at least 20 percent of the units are designated as affordable for households earning up to 60 percent of the median household income.

- **Freeze real estate property taxes** for long-term homeowners at risk of losing their dwellings over surging property values and real estate taxes in gentrifying neighborhoods. Similar to Philadelphia's Longtime Owner Occupant Program (LOOP), which provides a tax abatement to residents who have owned their homes for at least ten years and whose taxes have tripled in one year due to rising property values, a tax freeze would prevent owners from losing their homes over taxes in gentrifying neighborhoods.

- **Require visitability accessibility standards** on all new residential development to expand the inventory of housing with accessibility features to accommodate people with disabilities.

- **Make ground leases on city-owned land available for private development** through long-term leases for the construction of market-rate and affordable housing units. The land can be vacant or contain a structure appropriate for redevelopment. Removing the cost of land can greatly reduce the cost of development or redevelopment. In exchange for the city providing the land at reduced cost, this subsidy can be the basis for affordable housing developed on the site, either as the total project or as part of a mixed-income development. The lease signed with the developer details the terms of affordability (75-99 years, for example). New York City Housing Authority, Washington, DC, and Takoma Park, MD have implemented this strategy.

## Potential Strategy Matrix

The Potential Strategy Matrix on the subsequent pages summarizes the initiatives proposed for implementation within each Investment Area to work toward each of the HNA goals of health, equity, and diversity.

As part of the research conducted for this report, numerous current reports and planning documents were reviewed. Several of them focused in some way on furthering health, diversity, and equity across Louisville neighborhoods. Many of the documents included strategies that are similar or identical to those explored in this HNA.

The advantage of this high-level consistency among a diverse group of topics, including health equity, affordable housing, heat management, and transportation, provides LMG with the opportunity to capitalize on the collective capacity of these community partners. The potential implementation of these strategies will require the involvement of many community partners who, together, can undertake the many strategies necessary to eliminate deep-rooted inequities in Louisville.

In order to recognize and help coordinate these collective efforts, the Potential Strategy Matrix lists the HNA strategies alongside other ongoing and proposed initiatives that work to accomplish the same goals in each Investment Area.

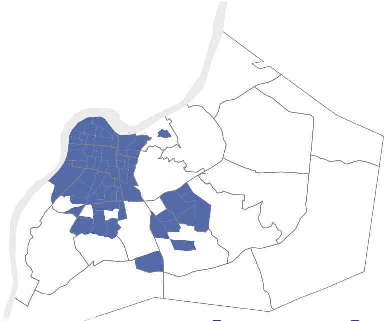
The following reports were included in the literature review for this HNA:

- **Move Louisville: 2035 Transportation Plan**
  *Advanced Planning*

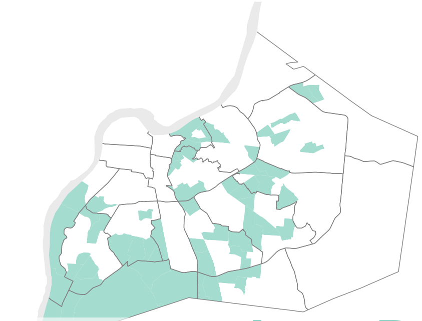
- **Louisville Metro Health Equity Report, 2017**
  *Center for Health Equity*

- **Poverty Beyond Income**
  *Greater Louisville Project*
- **Vision Russell Transformation Plan**
  *Louisville Metro Housing Authority*
- **State of Metropolitan Housing Report, 2017**
  *Metropolitan Housing Coalition*
- **2015 Analysis of Impediments to Fair Housing Choice in Louisville Metro, KY**
  *Metropolitan Housing Coalition*
- **Making Louisville Home For Us All: A 20-Year Action Plan for Fair Housing**
  *Metropolitan Human Relations Commission*
- **PLAN 2040**
  *Planning and Design*
- **Blueprint for Safe and Healthy Neighborhoods**
  *Office for Safe & Healthy Neighborhoods*
- **2016 Sustain Louisville Progress Report**
  *Office of Sustainability*
- **Louisville Urban Heat Management Study**
  *Office of Sustainability*
- **Vacant and Abandoned Property Neighborhood Revitalization Study**
  *Vacant & Public Property Administration*

# HEALTH



## Investment Area A



## Investment Area B

### NEW INITIATIVES

**Investment Area A**

- Code lien amnesty and housing rehab
- Lien Release & Code Violation Forgiveness Program
- Proactive code enforcement program
- Health Impact Assessments
- Energy-efficiency standards
- Cool Roof Ordinance
- Pilot program for Cool Roofs, Cool Asphalt, and Tree Planting
- Community development credit union

**Investment Area B**

- Proactive code enforcement program
- Health Impact Assessments
- Energy-efficiency standards

### EXISTING STRATEGIES

**Investment Area A**

- Real Estate Property Tax Loan
- Weatherization Program
- Cool Roof Incentive Program
- Demolition of dilapidated structures
- LBP Hazard Control Grant
- Energy-efficiency housing rehabilitation
- Foreclosure prevention

**Investment Area B**

- Real Estate Property Tax Loan
- Weatherization Program
- Cool Roof Incentive Program
- Energy-efficiency housing rehabilitation
- LBP Hazard Control Grant

### OTHER PLANS

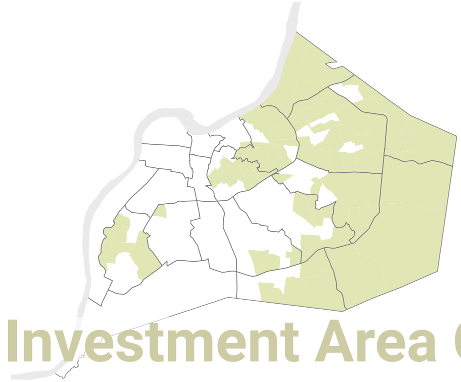
**Investment Area A**

- Expand access to healthy foods (Health Equity Report, 2017)
- Shift to roactive rental inspection ordinance (Health Equity Report, 2017)
- Broaden heat wave response (Urban Heat Management Study)
- Establish loan program for renters at risk of eviction (State of Metropolitan Housing Report, 2017)
- Expand moratorium on selling property tax debt (State of Metropolitan Housing Report, 2017)
- Mitigate risk of climate change impacts (2016 Sustain Louisville Progress Report)
- Promote local food systems (2016 Sustain Louisville Progress Report)

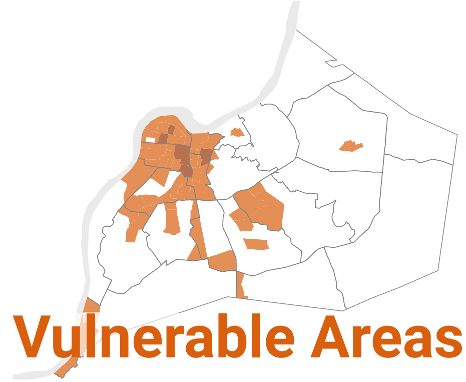
**Investment Area B**

- Ensure more opportunities for wealth-building, education, and employment for those that need it most (Health Equity Report, 2017)
- Expand access to healthy foods (Health Equity Report, 2017)
- Develop premium transit infrastructure & service along key nodes (Move Louisville: 2035 Transportation Plan)
- Focus decision-making on high-capacity, people-moving corridors to enhance access and mobility, such as the Dixie Highway on the western side of Louisville (Move Louisville: 2035 Transportation Plan)

# HEALTH



## Investment Area C



## Vulnerable Areas

### NEW INITIATIVES

**Investment Area C**

- Health Impact Assessments
- Energy-efficiency standards

**Vulnerable Areas**

- Real estate property tax freeze
- Delinquent tax bill sale prohibition

### EXISTING STRATEGIES

**Investment Area C**

- Real Estate Property Tax Loan
- Cool Roof Incentive Program

**Vulnerable Areas**

- Real Estate Property Tax Loan
- Cool Roof Incentive Program
- Legal Aid clinic to prevent evictions

### OTHER PLANS

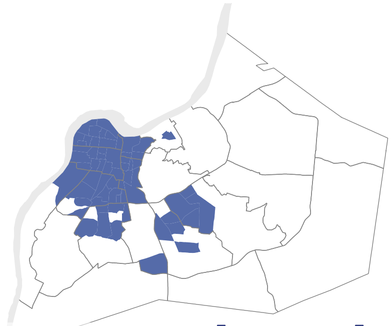
**Investment Area C**

- Incentivize housing and retail development in close proximity to substantial employment centers (Move Louisville: 2035 Transportation Plan)
- Update the Land Use Code to encourage mixed-use projects with place-appropriate density by right (Move Louisville: 2035 Transportation Plan)
- Adopt an Affordable Housing Policy in the Comprehensive Plan and zoning ordinance updates (Move Louisville: 2035 Transportation Plan)
- Focus decision-making on high-capacity, people-moving corridors like Dixie Highway (Move Louisville: 2035 Transportation Plan)

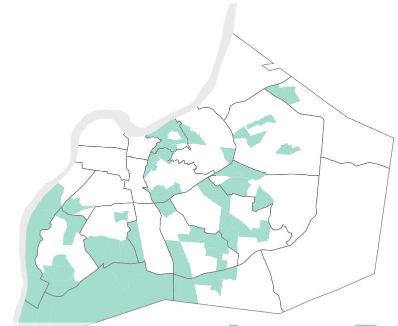
**Vulnerable Areas**

- Discourage displacement of residents from their communities as neighborhoods evolve (PLAN 2040)

# DIVERSITY



## Investment Area A



## Investment Area B

### NEW INITIATIVES

**Investment Area A**

- Dedicated funding source
- Ground leases on city-owned land
- Restriction of city-owned land use
- Extended period of affordability
- Parking requirement reduction
- Visitability accessibility standards
- Inclusionary housing ordinance
- Landlord Mitigation Fund

**Investment Area B**

- Dedicated funding source
- Ground leases on city-owned land
- Restriction of city-owned land use
- Exclusionary Taxing Program
- Extended period of affordability
- Mixed-Income Initiative
- Parking requirement reduction
- Visitability accessibility standards
- Inclusionary housing ordinance
- Landlord Mitigation Fund

### EXISTING STRATEGIES

**Investment Area A**

- Choice Neighborhood Action/Implementation Grant in Russell neighborhood
- Housing Choice Voucher Program

**Investment Area B**

- HOME Investment Partnerships Program
- Housing Choice Voucher Program

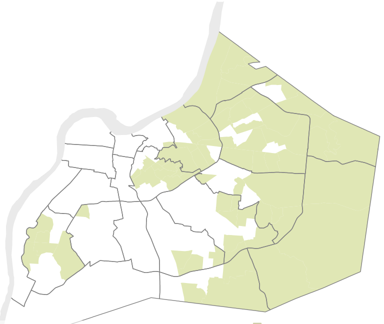
### OTHER PLANS

**Investment Area A**

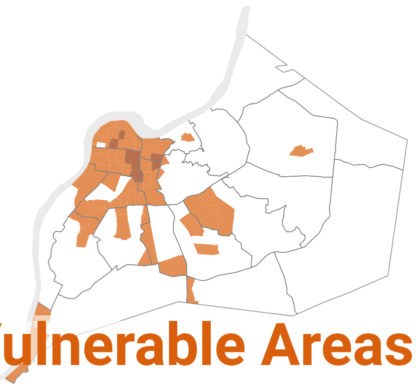
- Increase access to open space and businesses (Health Equity Report, 2017)
- Address impediments based on race & ability (Making Louisville Home For Us All: A 20-Year Action Plan for Fair Housing)
- Support housing repair, maintenance, etc. in economically distressed neighborhoods (PLAN 2040)
- Encourage affordable and accessible housing in dispersed locations (PLAN 2040)
- Incentivize fair housing through density bonuses, fee waivers, mixed-use developments (PLAN 2040)

**Investment Area B**

- Address impediments based on race & ability (Making Louisville Home For Us All: A 20-Year Action Plan for Fair Housing)
- Develop dense affordable units near transit (Move Louisville: 2035 Transportation Plan)
- Improve access between homes & jobs (PLAN 2040)
- Encourage affordable, accessible housing in many locations (PLAN 2040)
- Incentivize fair housing through density bonuses, fee waivers, mixed-use developments (PLAN 2040)
- Create mandatory inclusionary zoning (State of Metropolitan Housing Report, 2017)



## Investment Area C



## Vulnerable Areas

# DIVERSITY

### NEW INITIATIVES

**Investment Area C**

- Dedicated funding source
- Ground leases on city-owned land
- Restriction of city-owned land use
- Exclusionary Taxing Program
- Mixed-Income Initiative
- Parking requirement reduction
- Visitability accessibility standards
- Inclusionary housing ordinance
- Landlord Mitigation Fund

**Vulnerable Areas**

- Ground leases on city-owned land
- Restriction of city-owned land use
- Exclusionary Taxing Program
- Acquisition and rehabilitation

### EXISTING STRATEGIES

- HOME Investment Partnerships Program
- Homeownership Program in areas of opportunity

### OTHER PLANS

- Address impediments based on race & ability (Making Louisville Home For Us All: A 20-Year Action Plan for Fair Housing)
- Develop dense affordable units near transit (Move Louisville: 2035 Transportation Plan)
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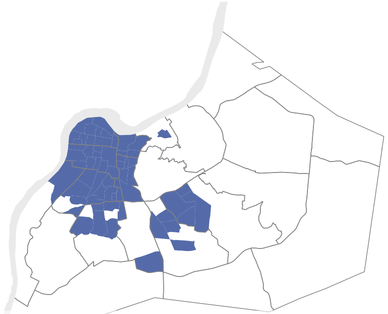
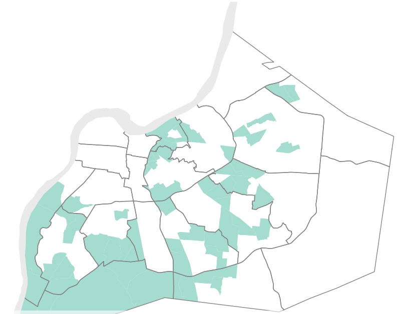
# EQUITY



## Investment Area A



## Investment Area B

### NEW INITIATIVES

- Community Land Trust
- Strategy for Opportunity Zones
- Renter Equity Programs
- Employer-Assisted Homebuyer Programs
- Working capital loans to minorities and women
- Micro-loans to other small business owners
- Combination mortgage/rehabilitation product

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### EXISTING STRATEGIES

- Clearing title and selling vacant structures for new construction or rehabilitation
- Tax Moratorium on existing and new homeowners
- Credit counseling
- Homeownership counseling
- Adopt-a-Block programs

- Tax Moratorium on existing and new homeowners
- Credit counseling
- Homeownership counseling

### OTHER PLANS

- Support the establishment of a Tenants' Association to advocate for renters and provide tenants' rights information (State of Metropolitan Housing Report, 2017)
- Strengthen landbank system to facilitate acquisition and clearing of titles (State of Metropolitan Housing Report, 2017)
- Allow renters to build positive credit through on-time payments or counseling (State of Metropolitan Housing Report, 2017)
- Explore strategies for building renter equity (Vision Russell Transformation Plan)

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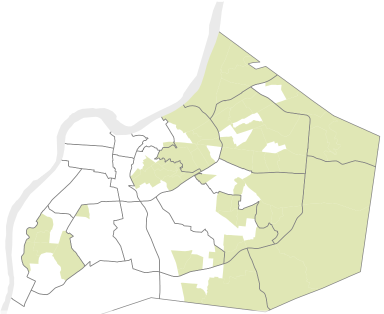
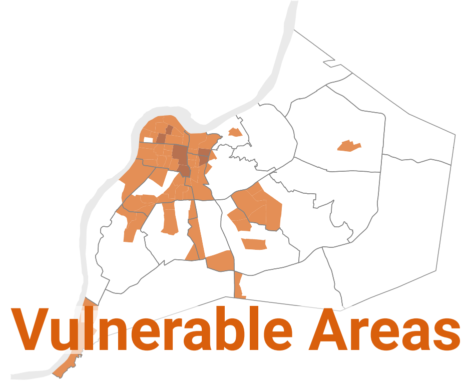


Investment Area C



Vulnerable Areas

## NEW INITIATIVES

- Renter Equity Programs
- Employer-Assisted Homebuyer Programs
- Working capital loans to minorities and women
- Micro-loans to other small business owners

- Community Land Trust
- Strategy for Opportunity Zones

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# Endnotes


1. Poe, Joshua. (2015). Redlining Louisville: The History of Race, Class, and Real Estate. Independent Research. https://www.arcgis.com/apps/MapSeries/index.html?appid=a73ce5ba85ce4c3f80d365ab1ff89010

2. This economic analysis was performed on the whole of the Louisville/Jefferson County, KY-IN metropolitan statistical area (MSA), which encompasses Jefferson County in addition to Bullitt, Henry, Meade, Oldham, Shelby, Spencer, and Trimble Counties of Kentucky and Clark, Floyd, Harrison, Scott, and Washington Counties of Indiana.

3. Golden, Lonnie, Irregular Work Scheduling and Its Consequences, (Economic Policy Institute, 2015). https://www.epi.org/files/pdf/82524.pdf; Watson, Liz, and Jennifer Swanburg, Flexible Workplace Solutions for Low-Wage Hourly Workers: A Framework for a National Conversation, (Institute for Workplace Innovation and the University of Kentucky, 2011). http://workplaceflexibility2010.org/images/uploads/whatsnew/Flexible%20Workplace%20Solutions%20for%20Low-Wage%20Hourly%20Workers.pdf

4. Eviction Lab. (2018). "Why Eviction Matters." https://evictionlab.org/why-eviction-matters/

5. All eviction data is provided by the Eviction Lab at Princeton University and can be found at https://evictionlab.org/. Eviction Lab notes that these figures are likely to be lower than the actual eviction filing rates and eviction rates in Louisville/Jefferson County.

6. McKernan, S.-M., Ratcliffe, C., Braga, B., & Kalish, E. C. (2016). Thriving Residents, Thriving Cities: Family Financial Security Matters for Cities. Urban Institute. https://www.urban.org/research/publication/thriving-residents-thriving-cities-family-financial-security-matters-cities

7. Ibid.

8. Federal Insurance Deposit Corporation. (2015). "Unbanked and Underbanked for Louisville/Jefferson County, KY-IN~, 2015 by Selected Household Characteristics." https://www.economicinclusion.gov/custom-data/

9. Desmond, Matthew. (2015). "Unaffordable America: Poverty, Housing, and Eviction." University of Wisconsin-Madison Institute for Research on Policy. https://www.irp.wisc.edu/publications/fastfocus/pdfs/FF22-2015.pdf; Ratcliffe, Caroline. (2015). Child Poverty and Adult Success. Urban Institute. https://www.urban.org/sites/default/files/publication/65766/2000369-Child-Poverty-and-Adult-Success.pdf

10. Louisville Metro's Vacant and Public Property Administration maintains an inventory of abandoned homes based on the number of parcels marked as "vacant" and having at least one open code violation annually.

11. Bowling, Caitlin. (2017, 30 January). "'Refugees Are Welcome Here:' Louisville Rallies to Support Immigrants." Insider Louisville. https://insiderlouisville.com/government/refugees-are-welcome-here-louisville-rallies-to-support-immigrants/

12. Segregation is calculated using a Dissimilarity Index represented by the equation $|(b_1 / B) - (w_1 / W)|$, where $b_1$ = the non-Hispanic Black population in the census tract, B = the total non-Hispanic Black population in the county, $w_1$ = the non-Hispanic White population in the census tract, and W = the total non-Hispanic White population in the county.

13. Current household size figures are based on American Community Survey 2012-2016 Estimates.

14. Household size by race/ethnicity is based on the 2010 Decennial Census, when Louisville Metro's overall average household size was 2.35.

15. Greater Louisville Association of Realtors (2017). "YTD at a Glance: December 2017." https://www.louisvillerealtors.com/members/market-statistics/

16. Housing affordability for renters is defined by gross rent that does not exceed 30 percent of the renter's monthly income. Housing affordability for owners is based on the following assumptions: the mortgage is a 30-year fixed-rate loan at a 3.99 percent interest rate (the average annual rate for 2017, according to Freddie Mac); the buyer made a 3 percent down payment on the sales price (the minimum down payment required by Fannie Mae and Freddie Mac for their affordable mortgage products); private mortgage insurance (PMI) is 0.8 percent of the amount mortgaged; homeowner's insurance is equivalent to the value of the home, divided by 1,000, then multiplied by $3.50 (an estimation method used by the Federal Reserve Bureau); and homeowners pay the same amount for utilities as a percentage of housing costs as the median renter in the jurisdiction.

17. AirBnB was researched for this report because it offered a monthly subscription that provided access to a substantial analysis of its short-term rentals in the Louisville market.

18. U.S. Dept. of Housing and Urban Development, Office of Policy Development and Research. (2018). "Regulatory Barriers and Affordable Housing." Evidence Matters: Transforming Knowledge into Housing and Community Development Policy, page 4.

19. Ibid., page 5.

20. Home Mortgage Disclosure Act (HMDA) data contains records for all residential loan activity reported by banks pursuant to the requirements of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989. Any commercial lender that makes five or more home mortgage loans annually must report all residential loan activity to the Federal Reserve Bank, including information on applications denied, withdrawn, or incomplete by applicant race, sex, and income. This analysis covers 2015 through 2017 data, including all types of applications: home purchase, refinancing, or home improvement mortgage applications for one-to-four-family dwellings and manufactured housing units across Louisville Metro. The demographic and income information provided pertains to the primary applicant only.

21. Choi, Jung Hyun, and Jun Zhu, Laurie Goodman, Bhargavi Ganesh, and Sarah Strochak. (2018). Millennial Homeownership: Why Is It So Low, and How Can We Increase It? Urban Institute. https://www.urban.org/sites/default/files/publication/98729/millennial_homeownership.pdf

22. Ibid.

23. Orfield, Myron. (2005). "Land Use and Housing Policies to Reduce Concentrated Poverty and Racial Segregation." Fordham Urban Law Journal, Volume 33, Issue 3.

24. Turner, Margery,and Stephen Ross, George Galsterm and John Yinger. (2002). Discrimination in Metropolitan Housing Markets: National Results from Phase I HDS 2000. Urban Institute. https://www.huduser.gov/Publications/pdf/Phase1_Report.pdf

25. The Kirwan Institute for the Study of Race and Ethnicity at The Ohio State University developed the "Communities of Opportunity" model. The Institute draws upon an extensive research base demonstrating the importance of neighborhood conditions in predicting life outcomes. The ultimate goals of the model are to bring opportunities to opportunity-deprived areas and to connect people to existing opportunities throughout the metropolitan region.

26. Governing. (2018). "Louisville Gentrification Maps and Data." http://www.governing.com/gov-data/louisville-gentrification-maps-demographic-data.html

27. The anti-displacement measures proposed in this report were derived from a variety of resources and best practices from cities across the US. Several of the anti-gentrification measures included in this report are more fully discussed in "Gentrification Response: A Survey of Strategies to Maintain Neighborhood Economic Diversity" published by the NYU Furman Center School of Law and Wagner School of Public Service, October 2016.