

Louisville

Affordable Housing

Trust Fund

Open the Door.

MAYOR GREG FISCHER'S
SIX YEAR STRATEGIC PLAN, 2012

The city's goal is to create
5000 units by 2018.

"In light of diminishing resources from the federal government to support affordable housing, rental subsidies and homeless assistance... [there is an] **estimated shortfall of almost 65,000** affordable housing units in Louisville."



The Louisville Affordable Housing Trust Fund is the key to filling the gap between the city's housing goal and the estimated shortfall.



What is LAHTF?

Metro Council established the LAHTF in 2008 as the best way to invest local public funds to solve the affordable housing crisis for working families; for people on fixed incomes like seniors and people with serious disabilities; for young families starting out; and for veterans.

It is founded on national best practices and the unanimous recommendation of a 2006 Mayoral Task Force composed of bankers, developers, realtors, apartment owners, advocates, and state and local government representatives.

The LAHTF has been recommended 10 times by Metro Government study groups, task forces, and publications, calling for \$10m in dedicated ongoing public revenue for LAHTF to address the shortage of decent, quality affordable housing throughout Louisville.



CHILDREN

Every child deserves a safe place to call home. 8.3% of JCPS school children were homeless in the 2013-14 school year (6,846 students).



HARDWORKING FAMILIES

Hardworking Louisville families deserve to be able to afford a decent place to live and still have enough left for basics like groceries and child care.



VETERANS

No one who wore our country's uniform should live or die on the streets. When veterans return from service they often face the challenges of high unemployment, housing unaffordability, the need for disabled-accessible housing, and homelessness.

8,608 people were homeless in 2013 in Louisville. Of those, over half of the adults counted in the shelters had jobs.³

Most of the jobs that will become available in Louisville in the next decade⁴ are the ones that don't pay enough for families to afford housing and other basic expenses.

There are 6730 vacant/abandoned properties in Metro Louisville.

D1 ... 729	D16 ... 46
D2 ... 179	D17 ... 21
D3 ... 412	D18 ... 15
D4 ... 701	D19 ... 35
D5 ... 1461	D20 ... 23
D6 ... 1330	D21 ... 145
D7 ... 37	D22 ... 32
D8 ... 62	D23 ... 112
D9 ... 96	D24 ... 157
D10 ... 143	D25 ... 130
D11 ... 13	D26 ... 31
D12 ... 152	
D13 ... 123	
D14 ... 204	
D15 ... 341	
Total 6730	

D - District
- Amount of vacant/abandoned properties
Chart Created - March 2015

Vacant and Abandoned Properties - District Breakdown as of 3.23.2015



In 2013, there were 4,234 residential foreclosures filed in Louisville, an increase of 69% since the economic downturn began in 2005. Foreclosures can lead to vacant properties, homelessness, overcrowded and inadequate housing, and additional pressure on rental housing.

Full-time workers earning less than \$13.56/hour can't afford market rate housing in Louisville!¹

37% of Louisville's workforce has a median income below what is needed to afford rent and utilities for a 2-bedroom apartment at market rate in Louisville. That is 218,000 Louisville workers who need affordable housing.²

21,066 families are on the public housing waiting list.

Why is LAHTF the best solution?

1

Stability + flexibility make housing trust funds successful and unique.

2

There are more than 600 Housing Trust Funds in the US, and they have proven to be efficient.

3

Trust Funds are designed to be responsive to the emerging needs of the community.

4

Our decision-making process is transparent and the criteria used for judging proposals for funding is publicly available.

Economic and Community Impact

YEAR ONE: Initial Investment Impact

Every
\$1M
invested in
affordable
housing:



Supports 112 jobs



Generates more than \$6.4 million in local revenue



Creates as many as 84 units of affordable housing

Giving ONE
person a home
Saves Metro
\$26,146/yr



For each chronically street homeless person that is housed, the city saves approximately \$26,146 per year.⁵

YEAR TWO: Annual Impact

On an annual ongoing basis, the economic impact of having these units of affordable housing occupied includes:



44 jobs supported



more than \$3 million generated in local revenue

Louisville Metro Government. (2006). An Assessment and Recommendations for the Creation and Funding of an Affordable Housing Trust Fund. Barry, M. Louisville, KY.



One study⁶ about vacant properties and crime found that “blocks with unsecured [vacant] buildings had 3.2 times as many drug calls to police, 1.8 times as many theft calls, and twice the number of violent calls” as blocks without vacant buildings.

Vacant and abandoned properties increase the cost of homeowners’ insurance for nearby residents and lower the value of nearby homes.

By Ordinance,
at least half of our
funds serve households
at or below 50% AMI

Serving
households
at or below
50% AMI

Serving
households
up to
80% AMI

\$19,814 for
an individual

\$31,900 for a
family of four

By ordinance, at least half of our funds serve households at or below 50% of the area median income (\$19,814 for an individual/ \$31,900 for a family of 4). The remaining funds serve low income households earning no more than 80% of median income (\$35,750 for an individual/51,050 for a family of 4).”

Our Record of Success Since its creation in 2008, the Louisville Affordable Housing Trust Fund has helped create a total of 46 units of affordable housing. In our initial investments, we leveraged \$6 million in additional funds. In other words, each dollar in the Trust spent has attracted more than \$7 in other funds for the creation of affordable homes from vacant, neglected properties. By attracting other dollars to Louisville, the Trust Fund pays for itself many times over.



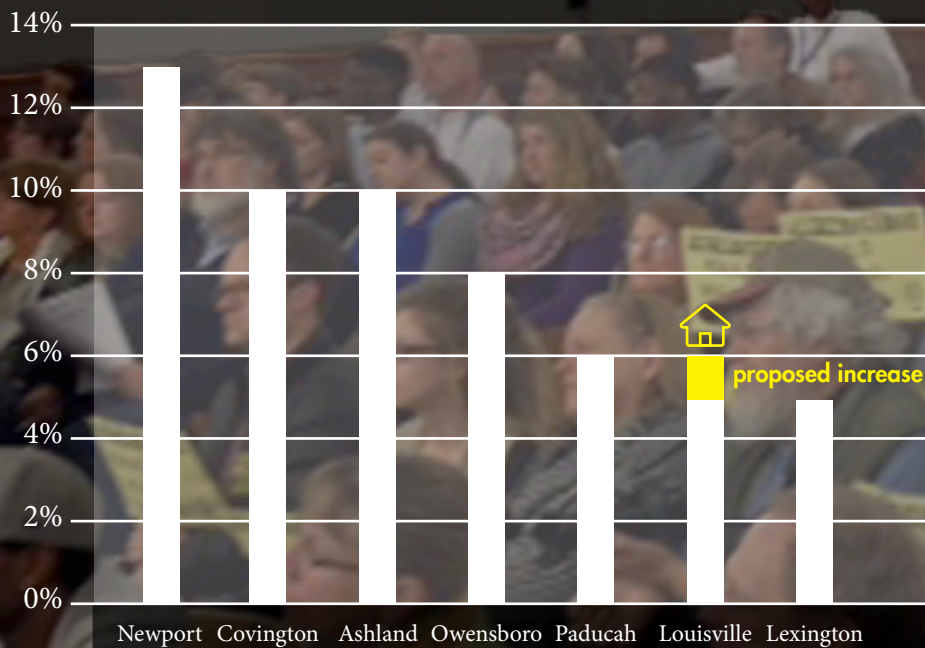
We need to ensure LAHTF's future!

We must establish a 1% increase in the insurance premium tax as a permanent source of funding for Louisville's Affordable Housing Trust Fund.

By doing so, Louisville establishes \$10.1 million annually⁷ in dedicated public revenue for the LAHTF to help struggling families.⁸

Louisville's insurance premium tax⁹ is lower than other KY cities, and remains so even after a 1% increase. Increasing this rate simply helps Louisville to catch up to other cities, which equates to a few dollars a month per household.

Insurance Premium Tax Rate of Kentucky Metro Areas, 2012-2013



This is the only revenue source that meets the 2008 commitment made by Metro Council, \$10 million annually, and can be enacted right now without further state action.

Contact your Metro Council person to show your support for LAHTF. Establishing dedicated ongoing public revenue is our top priority. Without this revenue source, we cannot succeed, and Louisville will not be able to meet the need for affordable housing.

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Sources

- 1 National Low Income Housing Coalition (2014). Out of Reach Report.
- 2 Federal Housing Finance Agency (2011). Housing Price Index.
- 3 Data from the Coalition for the Homeless
- 4 According to KY Office of Employment and Training.
- 5 Data from Cost of Homelessness in Metropolitan (Louisville University of Louisville 2008).
- 6 Vacant properties citation: Spelman, W. (1993). Abandoned Buildings: Magnets for Crime? Journal of Criminal Justice, 21.5, 481.
- 7 Fischer, G. & Heslen, E. (2013). Louisville Metro Recommended Executive Budget FY2013/2014. Louisville, KY.
- 8 The appropriate and necessary level of funding to solve the problem was identified as \$10 million annually by Metro Council and several Task Forces, as stated in LMCO 40.43.
- 9 As authorized in LMCO 122.01-99 (other ins), LMCO 38.64 (health ins), and KRS91A.080, with revenues going to the City's general fund. Health insurance is not taxed in the non-urban services district.