

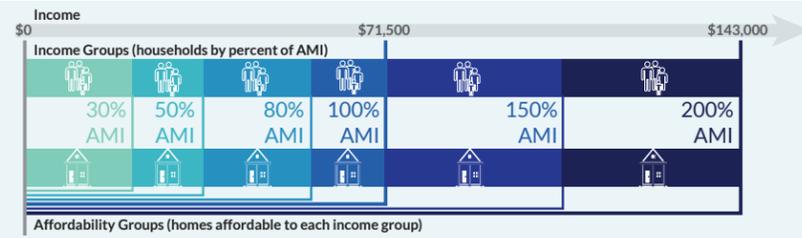
# Affordability Gaps

## About the Affordability Gap Analysis

Louisville's Area Median Income (AMI) in 2018 was \$71,500 for a family of four. Families with income below this amount have less housing choice because there are fewer housing units that they can afford.

The chart to the right shows six income groups in relation to Louisville's AMI. Homes are *affordable* to an income group if they cost no more than 30% of the group's income. For example, homes in the **50% AMI** affordability group cost 30% of a **50% AMI** household's income.

But a higher income gives families more choice to spend less of that income on housing, so each income group can also afford homes in lower affordability groups: for example, households in the **50% AMI** income group can also afford homes in the **30% AMI** affordability group. A home may be *affordable* but not *available* to an income group if it is occupied by a family who could afford a more expensive home.



The Affordability Gaps for each market area show where there is a shortage of *affordable* and *available* homes for each income group. Citywide, there is a shortage of houses *affordable* and *available* to families in income groups below **100% AMI**.

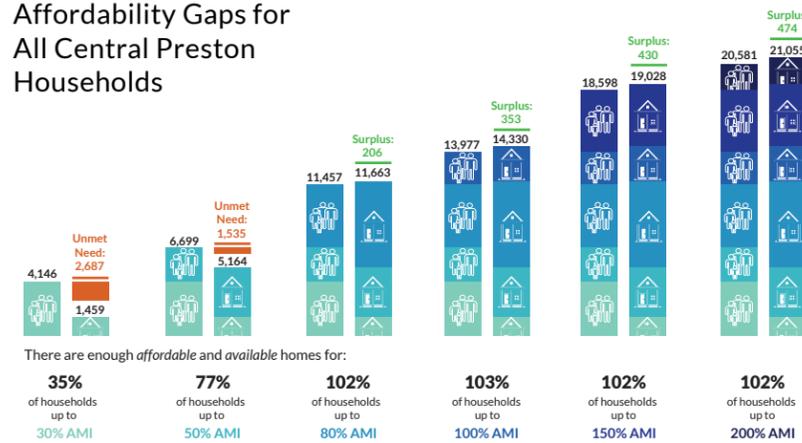
In the Affordability Gap figures below, the **Unmet Need** numbers estimate the total number of additional units that would be needed to close the affordability gap for each income group. Because these numbers are estimates based on sample data, the unmet need for renters and for owners together may not add up to the total unmet need.

Around 20 percent of all families in Central Preston earn **30% AMI** or less, but only seven percent of all homes are affordable and available to these families.

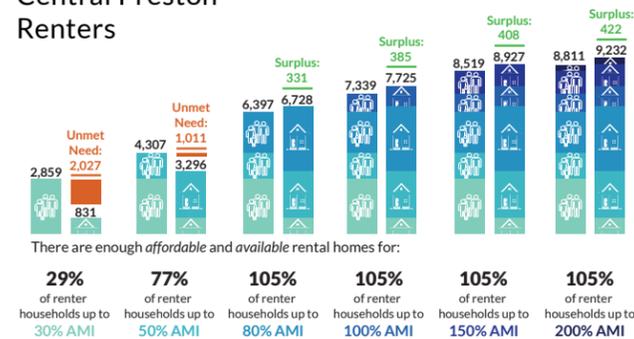
This shortage of affordable and available units for the lowest income group creates an affordability gap that also impacts **50% AMI** households.

Central Preston does not have enough affordable and available homes for an estimated 2,687 of its **30% AMI** families and 1,535 of its **50% AMI** families.

## Affordability Gaps for All Central Preston Households

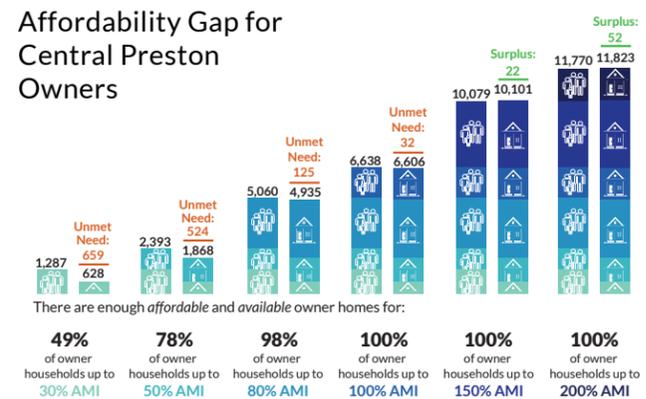


## Affordability Gap for Central Preston Renters



The majority of Central Preston's renter households are in the lowest income groups, but the housing stock leaves a significant affordability gap for **30% AMI** and **50% AMI** renters.

## Affordability Gap for Central Preston Owners



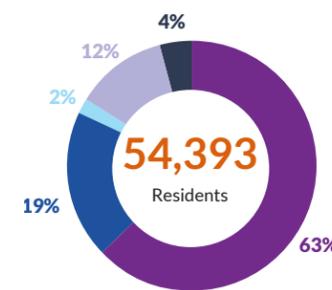
The affordability gap for owners with income below **50% AMI** is smaller in Central Preston than in most market areas, but there is still a notable shortage of homes for the lowest income families.

# Louisville Housing Needs Assessment - Housing Market Area Profiles

## CENTRAL PRESTON

Urban Neighborhoods: Prestonia, Edgewood

Census tracts: 114.03, 114.04, 114.05, 114.06, 115.05, 115.13, 115.14, 117.06, 118, 119.04, 119.05, 119.06, 119.07



### Race & Ethnicity

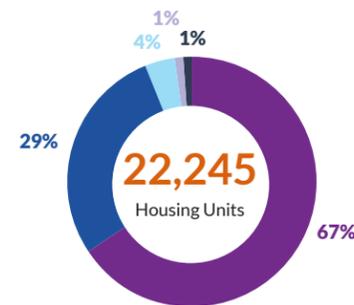
- White
- Black/African American
- Asian
- Latinx
- Other

### Median Household Income

**\$45,835**

Louisville Median **\$50,099**

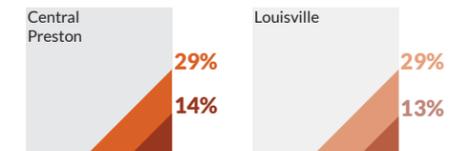
High  
Low



### Housing Type

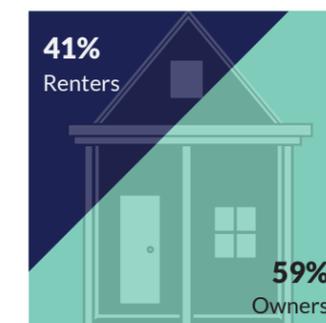
- Single Family Detached (14,828)
- Multifamily (6,363)
- Single Family Attached (799)
- Duplex (134)
- Manufactured (121)

### Cost Burden



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

### Tenure



### Median Gross Rent

**\$728**

Louisville Median **\$770**

High  
Low

### Median Home Value

**\$125,748**

Louisville Median **\$174,400**

High  
Low

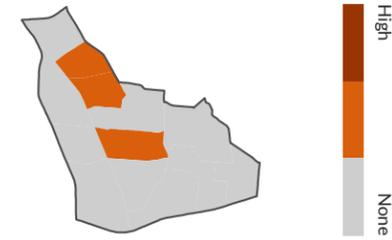
**Central Preston** has high access to key resources and no homes in need of repair in its southern half, but the northern part of the market area has lower access to opportunity and more homes in need of repair. There has been plentiful residential construction in the past four years in the southern part of the area. There is a relatively high number of affordable assisted units in Central Preston, but 36 percent of them will lose their period of affordability within the next five years without intervention.

Central Preston is notable for its relatively diverse mix of income groups. The median rent and housing value are slightly lower than the median in Louisville, but the rate of cost burden is comparable to the city's overall rate overall. However, there is a significant housing affordability gap for the lowest-income households in Central Preston, especially rental households. Strategies should focus on leveraging the market area's active housing market while preserving affordability to protect and promote the ability for diverse residents to thrive in Central Preston.

## Potential Strategies

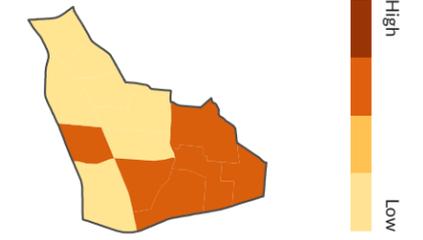
- Dedicate a funding source to sustain affordable housing initiatives.
- Make ground leases on city-owned land available for private development through long-term leases for the construction of market-rate and affordable housing units.
- Provide code lien amnesty and housing rehabilitation to low-income homeowners and to buyers of houses from the Landbank Authority.
- Allow financing of Renter Equity Programs.
- Foster the establishment of Employer-Assisted Homebuyer Programs.
- Establish a Landlord Mitigation Fund for LMHA's Housing Choice Voucher Program that covers lengthy vacancies or extensive damages caused by renters.
- Expand the use of the Low Income Housing Tax Credit Program through a Mixed-Income Initiative.
- 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.
- Use an inclusionary housing ordinance that requires a specified percentage of units to be made available as affordable in exchange for increased density.
- 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 the project.
- Require visitability accessibility standards on all new homes.

### Vulnerability to Displacement



Most of Central Preston has **no vulnerability** to residential displacement due to development pressure.

### Neighborhood Opportunity



Central Preston residents have **varied access** to key resources like jobs, stable housing, transit, and health hazard mitigation. Access is higher in the area's south.

