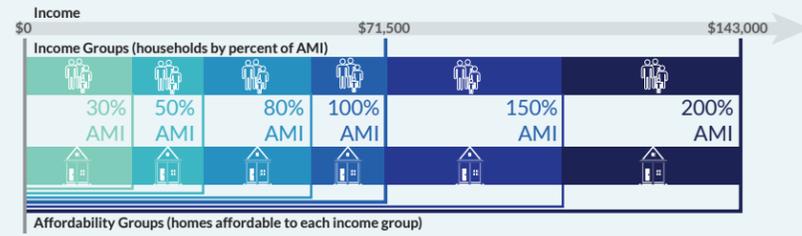# Affordability Gaps

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.

Income

$0		$71,500			$143,000

Income Groups (households by percent of AMI)

| 30% AMI | 50% AMI | 80% AMI | 100% AMI | 150% AMI | 200% AMI |

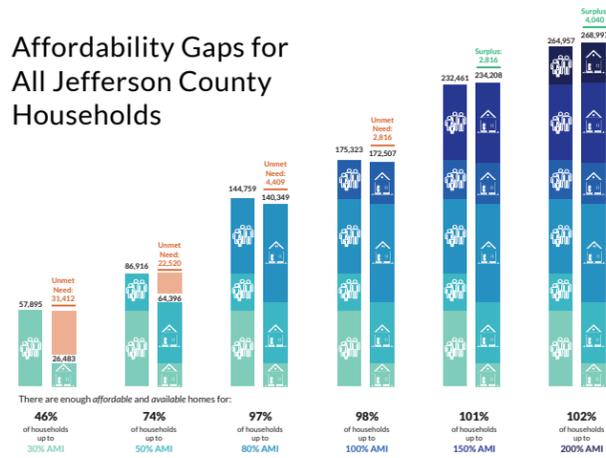**Affordability Groups (homes affordable to each income group)**

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.
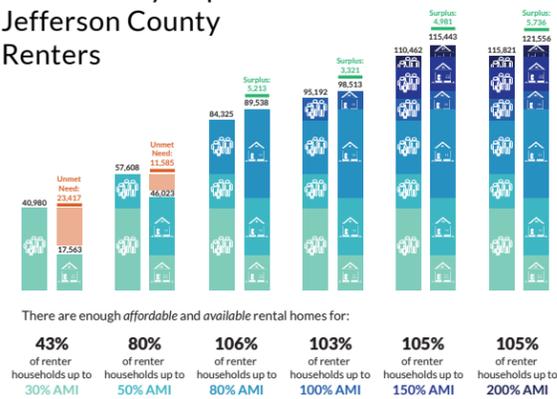
There are only enough affordable and available homes for 46% of Louisville's 30% AMI families. The remaining 54% have to occupy homes that are unaffordable to them but may be affordable to 50% AMI households. The increased demand for housing units in the 50% AMI affordability group causes a shortage of units for 50% AMI households, who may then have to occupy homes at the 80% AMI or 100% AMI affordability level.

If Jefferson County 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 income groups.
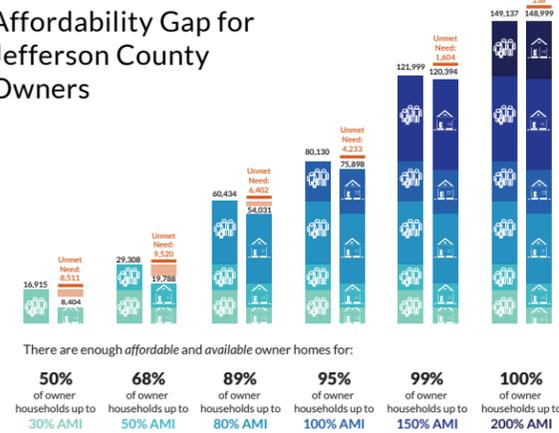
Affordability Gaps for All Jefferson County Households

57,895	86,916	144,759	175,323	232,461	264,957
Unmet Need: 31,412	Unmet Need: 22,520	Unmet Need: 4,409	Unmet Need: 2,816	Surplus: 2,816	Surplus: 4,040
26,483	64,396	140,349	172,507	234,208	268,997

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 |

Affordability Gap for Jefferson County Renters

40,980	57,608	84,325	95,192	110,462	115,821
Unmet Need: 23,417	Unmet Need: 11,585	Surplus: 5,213	Surplus: 3,321	Surplus: 4,981	Surplus: 5,736
17,563	46,023	89,538	98,513	115,443	121,556

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

| 43% of renter households up to 30% AMI | 80% of renter households up to 50% AMI | 106% of renter households up to 80% AMI | 103% of renter households up to 100% AMI | 105% of renter households up to 150% AMI | 105% of renter households up to 200% AMI |

Renters in the 30% AMI far outnumber affordable homes. There are more homes affordable to 50% AMI households, but not enough to accomodate the unmet need of 30% AMI households.

Affordability Gap for Jefferson County Owners

16,915	29,308	60,434	80,130	121,999	149,137
Unmet Need: 8,511	Unmet Need: 9,520	Unmet Need: 6,402	Unmet Need: 4,233	Unmet Need: 1,604	Unmet Need: 138
8,404	19,788	54,031	75,898	120,394	148,999

There are enough *affordable* and *available* owner 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 |

There are much fewer owner homes than renter homes affordable to 30% AMI and 50% AMI households, but there are also fewer homeowners than renters among the two lowest income groups.

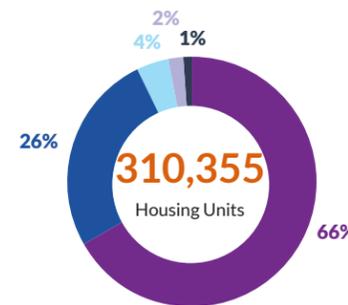## Louisville Housing Needs Assessment - Housing Market Area Profiles

JEFFERSON COUNTY

Race & Ethnicity

759,724 Residents
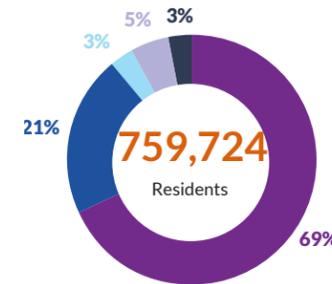
- 69% White
- 21% Black/African American
- 3% Asian
- 5% Latinx
- 3% Other

Median Household Income

$50,099

Housing Type

310,355 Housing Units

- 66% Single Family Detached (204,739)
- 26% Multifamily (81,890)
- 4% Single Family Attached (13,155)
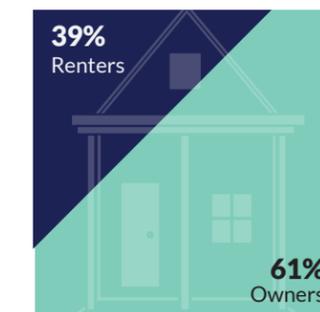- 2% Duplex (6,102)
- 1% Manufactured (4,469)

Cost Burden

Jefferson County

29%
13%

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

Median Gross Rent

$770

Tenure

39% Renters

61% Owners

Median Home Value

$174,400

Potential Strategies

Local Solutions - Funding

- Dedicate a funding source to sustain 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.

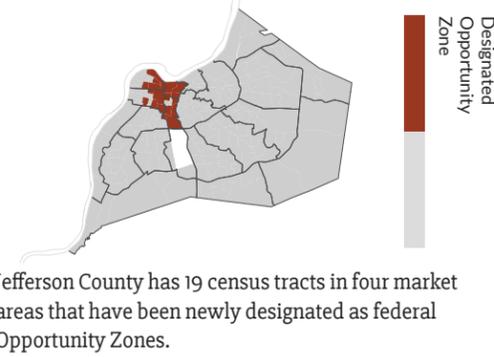- Adopt a proactive systematic code enforcement program for rentals.

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.
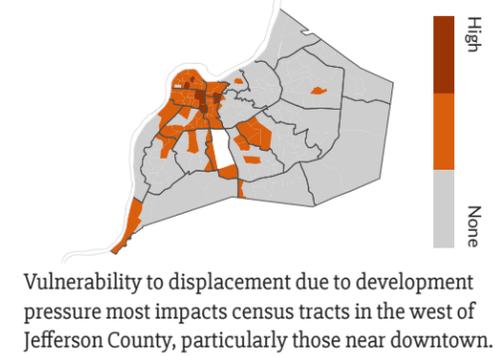
State Solutions - Require Change to State Law

- 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.
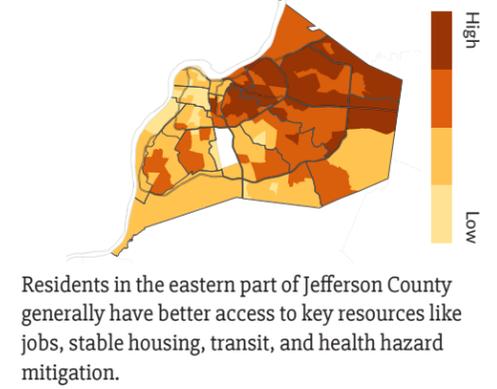
Federal Opportunity Zones

Designated Opportunity Zone

Jefferson County has 19 census tracts in four market areas that have been newly designated as federal Opportunity Zones.

Vulnerability to Displacement

High / None

Vulnerability to displacement due to development pressure most impacts census tracts in the west of Jefferson County, particularly those near downtown.

Neighborhood Opportunity

High / Low

Residents in the eastern part of Jefferson County generally have better access to key resources like jobs, stable housing, transit, and health hazard mitigation.

On the Map

- **16,617** subsidized income-restricted units in 339 developments, developed through funders and programs like LIHTC, project-based Section 8, LAHTF, CARES, or KHC

- **3,179** subsidized income-restricted units in 79 developments expiring by 2023

- **21,714** new single-family or multifamily residential construction permits (2013 - 2017)

- **2,181** homes with visible exterior issues

- **230,477** residential parcels

- Nonresidential parcels