

5-year update

FEBRUARY 2024

LOUISVILLE HOUSING NEEDS ASSESSMENT

Louisville Metro Government
Office of Housing &
Community Development



Louisville Affordable
Housing Trust Fund



CONTENTS

Click on links below to easily navigate the document

Executive Summary -----	ii
Introduction -----	8
Data: Health -----	18
Economic Stability-----	20
Housing Stability -----	33
Housing Market Health-----	38
Data: Diversity -----	48
Demographic Characteristics -----	50
Housing Characteristics -----	57
Factors Impacting the Market-----	73
Data: Equity -----	75
Homeownership-----	77
Displacement Risk -----	82
New Investment, Old Neighborhoods ----	83
Conclusion -----	86



(Right): Current villages of Park Duvalle - Louisville Metro Housing Authority

(Cover): Beecher Terrace - Louisville Metro Housing Authority

Click on links below to easily navigate the document

List of Maps

Map 1: Housing Market Areas -----	9	Map 22: Residential Renovation Permits, 2018-2023 -----	46
Map 2: Urban Neighborhoods -----	10	Map 23: Residential Construction Permits, 2018-2023 -----	47
Map 3: Population Density -----	11	Map 24: Race and Ethnicity, 2021 -----	51
Map 4: Louisville 1937 Residential Securities Map -----	16	Map 25: Black/White Residential Segregation, 2021 -----	52
Map 5: Median Home Value, 2021 -----	17	Map 26: Tenure (Renter Rate), 2021 -----	55
Map 6: Percent of Residents with a College Degree -----	21	Map 27: Tenure (Renter Rate) in Urban Neighborhoods, 2021--	56
Map 7: Unemployment Rate, 2021 -----	22	Map 28: Median Gross Rent, 2021 -----	59
Map 8: Poverty Rate, 2021 -----	25	Map 29: Median Gross Rent in Urban Neighborhoods, 2021 ---	60
Map 9: Poverty Rate in Urban Neighborhoods, 2021 -----	26	Map 30: Public Housing Residents/Applicants (Zip Code) -----	62
Map 10: Median Household Income, 2021 -----	28	Map 31: HCV Holders/Applicants (Zip Code) -----	63
Map 11: Cost Burden, 2020 -----	31	Map 32: Affordable Assisted Developments and Year of Affordability Expiration -----	65
Map 12: Eviction Rate, 2016 -----	35	Map 33: Affordable Assisted Developments and Year of Affordability Expiration (Inset: Northwest Core, West Core, Downtown, and University) -----	66
Map 13: Eviction Rate in Urban Neighborhoods, 2016 -----	36	Map 34: Historic Districts -----	74
Map 14: Foreclosure Sales, 2023 -----	37	Map 35: Opportunity Index -----	80
Map 15: Residential Vacancy Rates, 2021 -----	39	Map 36: Opportunity Index in Urban Neighborhoods -----	81
Map 16: Vacancy Rates in Urban Neighborhoods, 2021 -----	40	Map 37: Federally-Designated Opportunity Zones -----	84
Map 17: Exterior Housing Conditions, 2023 -----	41	Map 38: Vulnerability Index -----	85
Map 18: Exterior Housing Conditions by Property, 2023 -----	42		
Map 19: Conditions in Northwest Core and West Core -----	43		
Map 20: Conditions in Downtown and University -----	44		
Map 21: Residential Demolition Permits, 2018-2023 -----	45		

*Click on links below to easily navigate the document

List of Figures

Figure 1: Affordability Gaps (Overall) -----	vi	Figure 22: Share of Homeowners by Age, 2011-2021 -----	78
Figure 2: Educational Attainment, 2021 -----	20	Figure 23: Homeownership by Race, 2021 -----	78
Figure 3: Top Occupations by Employment, 2022-----	23		
Figure 4: Notable Wage Growth Rates -----	24		
Figure 5: Income Groups by Income Range -----	30		
Figure 6: Households by Income Group -----	30		
Figure 7: Cost Burden by Income Group -----	32		
Figure 8: Eviction Filings by Quarter, 2018-2022 -----	34		
Figure 9: Race and Ethnicity, 2011-2021 -----	50		
Figure 10: Population by Age, 2011 to 2025 -----	53		
Figure 11: Household Size -----	54		
Figure 12: Housing Units by Type -----	57		
Figure 13: Housing Stock by Year Built -----	58		
Figure 14: Homes Sold by Sales Price, 2019-2023-----	61		
Figure 15: Number of Expiring Units by Year -----	64		
Figure 16: Affordability Group Rent & Purchase Price Ceilings--	67		
Figure 17: Affordable & Available Homes by Income Range-----	68		
Figure 18: Affordability Gaps (Overall) -----	70		
Figure 19: Affordability Gaps (Renter)-----	71		
Figure 20: Affordability Gaps (Owner) -----	72		
Figure 21: Mortgage Denial Rates, 2020-2022-----	77		

About Louisville Affordable Housing Trust Fund

The Louisville Metro Affordable Housing Trust Fund (LAHTF) allows Louisville to invest additional local public funds to address the affordable housing shortage. By partnering with a number of local organizations dedicated to lending, affordable housing development, and supportive housing services, LAHTF helps to create jobs, affordable homeownership opportunities, and housing choice, making them a win for the entire Louisville community.

From the 2023 Annual Report:

The LAHTF's Redlining Mitigation Program Revert was awarded \$13 million in December 2022 by Louisville Metro Council to help combat the injustices of families who experienced Redlining. The program will provide 216 new homeowners up to \$50,000 in rehabilitation funding. The program aims to provide resources and funding to applicants who may not otherwise have the opportunity. The Revert program will also provide impact to some of the vacant and abandoned properties owned by the Louisville Landbank as eligible participants will have the opportunity to purchase and rehabilitate some of the properties or develop new construction on buildable lots.

In an effort to meet the residents at the point of their needs, the LAHTF earmarked \$100,000 to provide funding for Supportive Housing Programs. The Grant Funding from this program can be used by organizations providing supportive, permanent housing services intended to obtain, secure and maintain housing for low-to-moderate income residents. Over a two year period LAHTF awarded Grants to six (6) organizations involved in the housing services industry.

The LAHTF began offering the Home Owner's Loan Assistance Program, or HOLAP in 2020. HOLAP offered eligible homeowners the opportunity to receive a loan for needed repairs to their home. First Financial Foundation awarded the LAHTF with \$100,000 in funding and to date they have closed on 17 loans. Northeast Christian Church awarded the LAHTF \$50,000 in funding and to date they have closed on 8 loans. Stock Yard Bank awarded the LAHTF with \$70,000 of forgivable loans with no repayment and to date they have closed on 10 loans. The LAHTF was able to assist homeowners with repairs including roofing, flooring, doors, windows, HVAC and others.



Executive Summary

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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), is intended to provide a 5-year update to the first HNA that was conducted in 2019.

This update seeks to identify any progress made since the last HNA and any changes to the Louisville's neighborhoods and housing market.

In order to report the most accurate progress report, data is examined through the same three key spheres that were used in the previous HNA in 2019:

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.

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

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

The outcomes for these themes vary between neighborhoods, typically following trends of historical patterns of disinvestment that continue to shape Louisville's

residents and neighborhoods. To best capture Louisville’s diverse neighborhoods, this HNA analyzes housing-related need within 21 housing market areas. These market areas and the definitions and boundaries of these market areas have not changed since the previous HNA, and are a valuable tool for comparison. The market areas were drawn by the Louisville Metro Government (LMG) for planning purposes, and encompass groups of census tracts. Besides census tracts, the market areas consider residential neighborhoods, incorporated municipalities, employment centers, and major landmarks, as well as areas that fell within the former city of Louisville and newly incorporated areas.

Health

Similar to the previous 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, unemployment rates are highest in market areas in the northwest of the County, where education rates

are lower. Educational attainment can directly impact a household’s ability to afford decent housing as it relates to workforce participation. Overall, Louisville’s unemployment rate decreased by 2.3%. Louisville’s metropolitan area has plentiful jobs in Office Support, Production, and Sales sectors, however many workers in these three top sectors typically have relatively low pay. Overall, Louisville’s median annual salary has increased by about \$14,000 since the prior HNA.

In Louisville, the overall poverty rate exceeds the federal level by 1.0%. Since the prior HNA, Louisville’s overall poverty rate decreased by 2.3% from 16% to 13.7% in 2021. Poverty rates tend to exceed 25% in areas of Louisville where unemployment is high and educational is low: notably the Northwest Core, Downtown, West Core, and University areas. Similarly, incomes are lower in areas with low educational attainment and low-wage works while incomes in the eastern part of the county is higher. Louisville’s median household income increased by 8.9% since the prior HNA, after adjusting for inflation.

Households that pay more than 30% of their income in housing expenses each month are cost burdened, and those who pay more than 50% are severely cost burdened. Cost burdened households have more trouble affording basic necessities like food and transportation. Since the previous

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HNA, the number of cost-burdened households fell by 4% to 25.3% of all households. Similarly, the number of severely cost-burdened households decreased by 2% to 11.4%. Cost burden rates are highest for 30% AMI households. Over 70% of all 30% AMI households are severely cost burdened, which shows a slight decrease since the prior HNA. Owners continue to be more likely to be cost burdened than renters, though the difference is small.

Problems with physical structures of homes are another symptom of poor housing market health. Louisville has been able to survey more areas since 2016, taking inventory of the condition of homes based on visible problems related to their siding, windows, roof, or foundation. The West and Northwest Core contain more than half of the surveyed properties with visible exterior issues.

Diversity

The assessment of diversity within Louisville's housing market areas looks at both housing typologies and demographic characteristics.

Louisville's population of minority residents increased by about 3.1% since the previous HNA to an overall minority population of 34.1% in 2021. White residents encompass the largest racial/ethnic group in Louisville (66%) followed by

Black residents (22%). Other racial/ethnic groups make up less than 15% of the population in 2021.

The West Core, Downtown, Northwest Core, and Southwest Core have a concentration of Black or African American residents. This trend is unchanged since the previous HNA, and can be tied back to a pattern of residential settlement that dates back to redlining policies of the 1930s. Compared to the previous HNA, parts of North Floyd, Floyd's Fork, and Central Taylorsville areas have become less segregated relative to the rest of Jefferson County. In other words, these neighborhoods are becoming more integrated in terms of the proportion of White and Black residents now living in these areas.

In 2021, about 22% of residents were reported to be under the age of 18. A quarter of residents were between the age of 35 and 54. Since the previous HNA, the number of residents between the age of 55 and 74 increased by almost 2% making this the largest difference among age groups. 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. In general, household sizes tend to be getting smaller.

In 2021, 38% of residents were renters compared to 39% in the last HNA. Over half of residents were owners in 2021

(62%) compared to 61% in the last HNA. The number of occupied housing in Louisville grew by 4.2% since the prior HNA to be 323,293 units. The majority of housing units tend to be single family detached (66%) or multifamily (27%). Since the prior HNA, the number of single family detached homes decreased by 2% while the number of multifamily homes increased by 2%. Multifamily units are most prevalent in the Downtown and University market areas. Manufactured housing is concentrated in mobile home parks found in the Airport, Jefferson Forest, and Riverport market areas.

The median gross rent in 2021 was \$954, which is a 9.7% increase, after adjusting for inflation, since the previous HNA. With overall gross rent in Louisville having increased, there are few, if any, areas that have seen a decrease in rent. The Fairgrounds in the University market area saw the largest increase in gross rent, growing by 62.3% from 2016 (\$796 adjusted to 2021 dollars) to 2021 (\$1,292). Additionally, neighborhoods in the Southeast Core also saw significant increases in gross rent, specifically the neighborhoods along Trevilian Way such as Schnitzelburg, Audubon, Poplar Level, Belknap, and Hawthorne.

Around 85,823 homes were sold in Louisville between 2019 and 2023, with an average number of days on the market of 39.5 in 2023. The average number of days on the market

decreased by about 4 days since the prior HNA. The median sale price in Louisville was \$239,900 in 2021, which is an increase of 16.6% since the prior HNA.

Louisville has about 20,649 affordable assisted housing units in 326 developments. Since the previous HNA, the number of affordable assisted housing units grew by 4,208 or 25.6%. Additionally, a total of 71 developments or 2,677 affordable units could lose their affordability restrictions in the next five years unless action is taken to preserve their affordability. The majority of developments containing income-restricted units remain in the Northwest Core, Downtown, West Core, Southwest Core, and Southeast Core.

Since the previous HNA, household incomes have increased for all affordability groups except 30% AMI households which decreased by 8.0%. The rent ceiling and purchase price ceiling increased for all groups. 30% AMI families still have the most limited housing choice, because they can only afford homes that cost \$86,412 or less to purchase or \$577 or less per month to rent. The median gross rent in Louisville has increased by 9.7% since the prior HNA to \$954 in 2021, after adjusting for inflation. The higher a household's income, the greater the number of homes that are affordable to the household. Overall, access to affordable housing has improved overall for households earning less than 80% AMI. Housing units that fall within the 30% AMI to 50% AMI affordability range saw the largest increase in proportion of housing units (11.9%).

Affordability gaps are largest among **30% AMI** and **50% AMI** households. Since the previous HNA, the gaps closed for **80% AMI** and **100% AMI** households. Across the board, the number of available homes have increased. The number of homes affordable and available to **30% AMI** households and **50% AMI** households have nearly doubled since the last HNA, especially given that multifamily is one of the fastest growing housing type being constructed (+20.6% since the previous HNA).

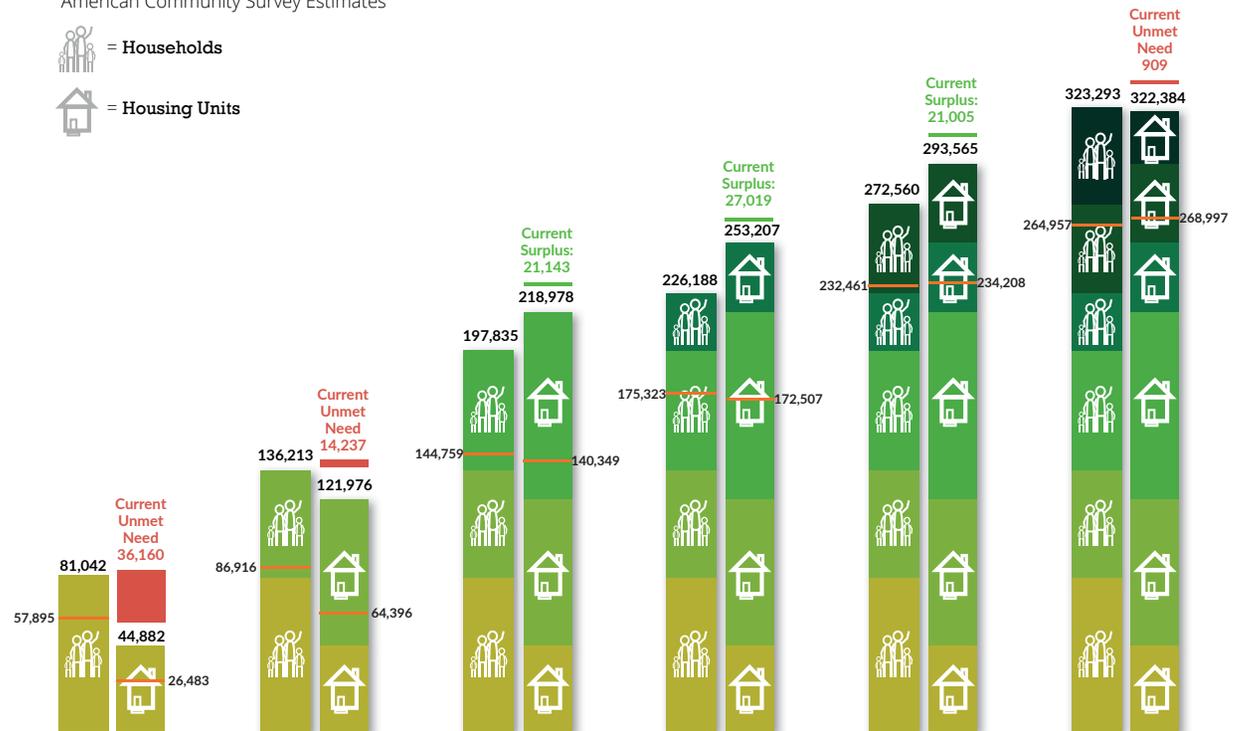
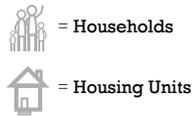
However, these income groups have also increased in population, outpacing the construction of new homes, especially for households earning 30% AMI or less.

The creation of more affordable housing for **30% AMI** and **50% AMI** households is necessary in order to reduce affordability gaps. When **30% AMI** and **50% AMI** income groups have sufficient affordable and available homes to meet the needs of this population, more housing will become available for all other income groups, since **30% AMI** and **50% AMI** households will not have to occupy housing units that may be affordable to **80% AMI** households and so on.

**In the previous HNA, the affordability gaps figure showed households earning up to 200% AMI. To include all households and housing units in Louisville, the last column has been updated to include all households.*

Figure 1: Affordability Gaps (Overall)

Source: Public Use Microdata Samples (PUMS) data based on 2017-2021 American Community Survey Estimates



There are enough affordable and available homes for:

- 55%** of households up to **30% AMI** (+9% since previous HNA)
- 90%** of households up to **50% AMI** (+16%)
- 111%** of households up to **80% AMI** (+14%)
- 112%** of households up to **100% AMI** (+14%)
- 108%** of households up to **150% AMI** (+7%)
- 100%** of all households (-2%)

Equity

This section of the HNA evaluates mortgage lending trends and ownership patterns in order to provide insight into the disparity of homeownership benefits by market area and how they may have changed since the previous HNA.

Between 2020 and 2022, lenders received about 161,000 mortgage applications. This is an increase from about 100,000 applications between 2015 and 2017 (2015-2017 was the HMDA data range analyzed in the previous HNA). Of the 161,000 applications, 38% were for home purchases, 5% for home improvements, and 52% for refinancing. The application denial rate varies by race and ethnicity for the three years (2020-2022). In 2022, 28.1% of Black applicants received denials, and 23.6% of Latinx applicants received denials. In 2022, White applicants had the lowest application denial rate at 16.1%. Overall, mortgages are being denied more frequently in recent years when comparing with the prior HNA.

While 70% of White residents own their homes, ownership rates are only 38% among Black or African American families, 39% among Latinx families, and 54% among Asian families. Since the previous HNA, homeownership rates for racial and ethnic minorities in Louisville have increased by 2% for Latinx and Black households and 4% for Asian households, while

homeownership rate for White households stayed relatively the same.

Low opportunity areas correlate with higher rates of poverty, vacancy, and housing cost burden. Low opportunity areas are overwhelmingly concentrated in West Louisville, while high opportunity areas are concentrated in the East, with little overlap. The disparities in opportunity between West and East Louisville appear to have increased since the previous study.

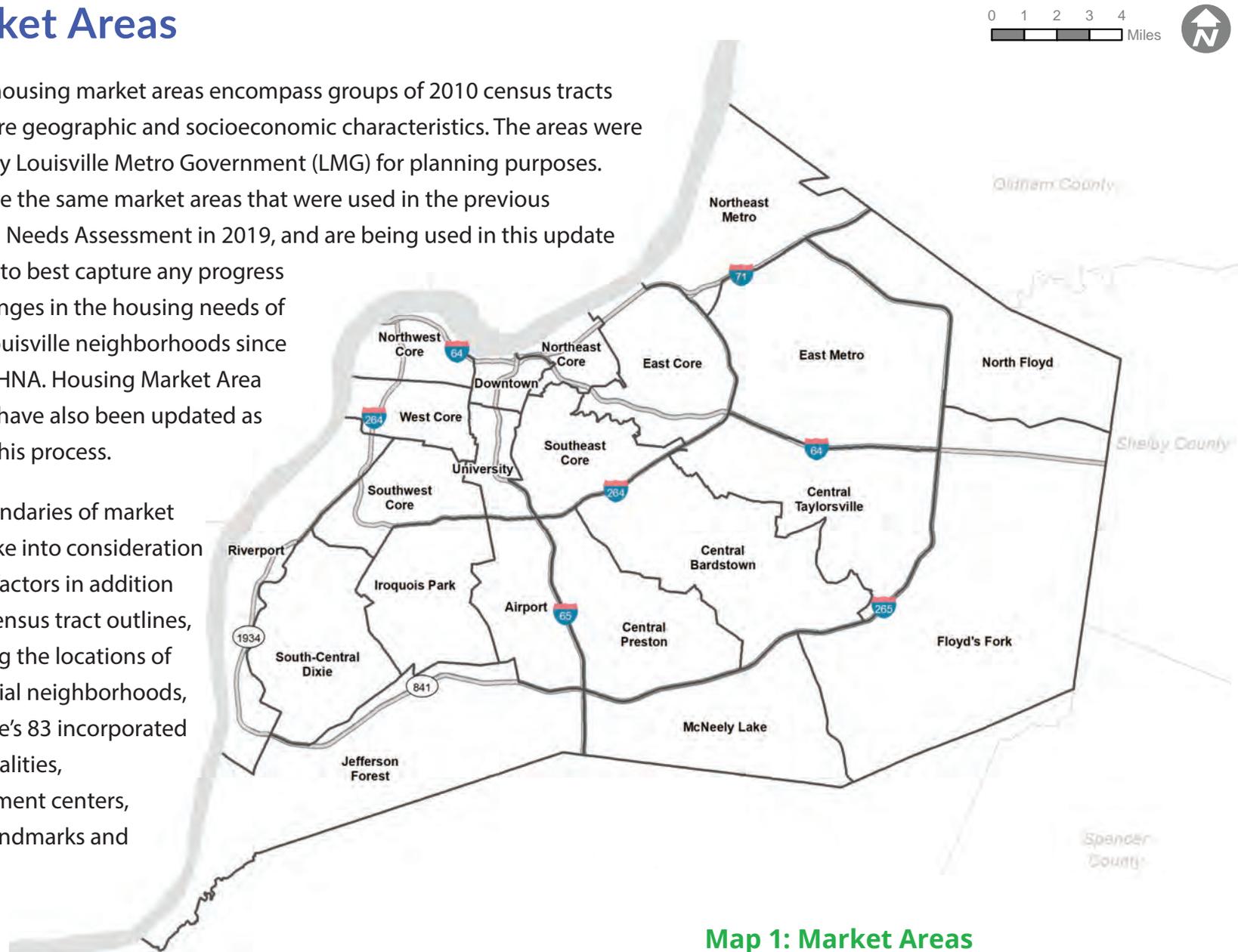
INTRODUCTION

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

Market Areas

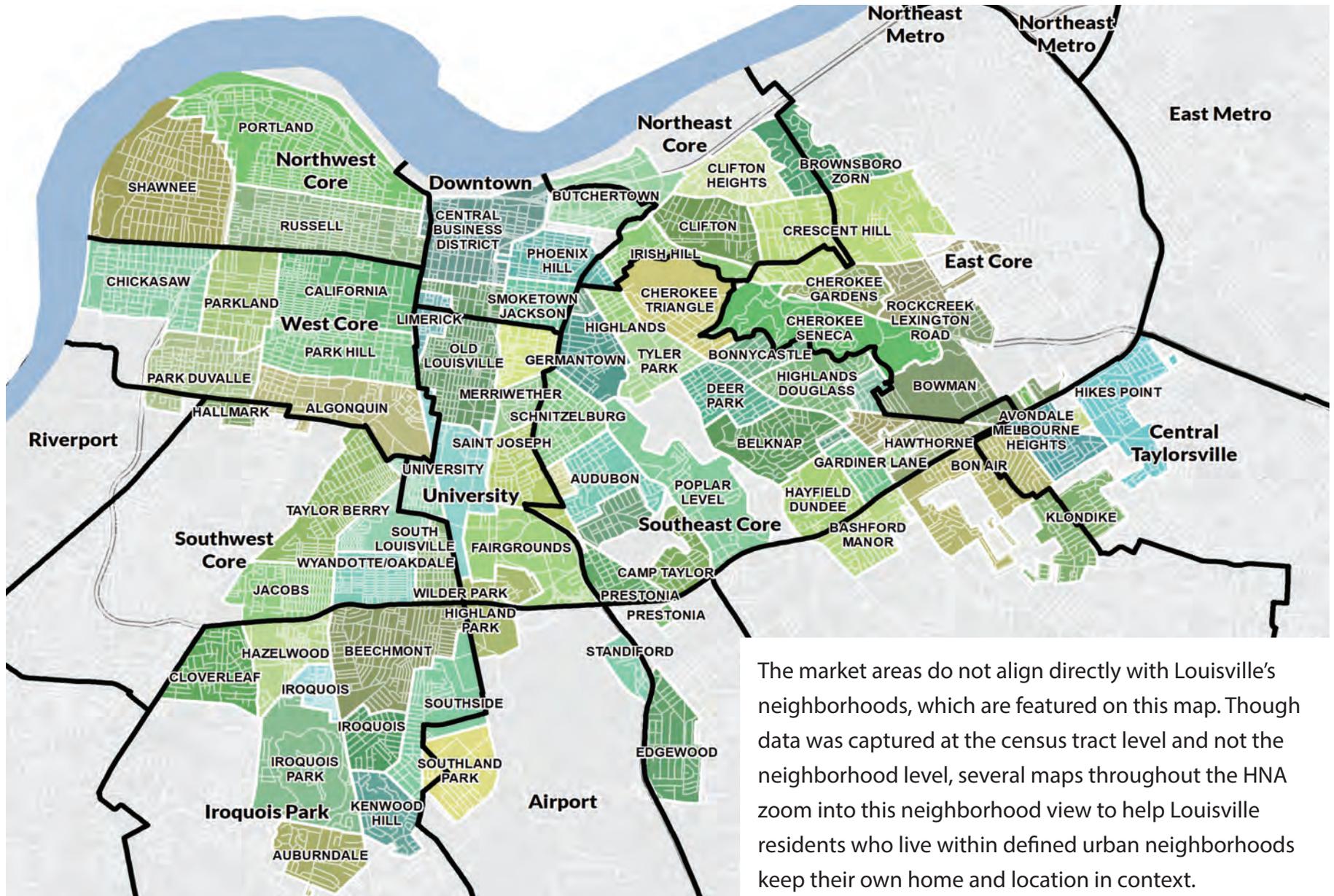
The 21 housing market areas encompass groups of 2010 census tracts that share geographic and socioeconomic characteristics. The areas were drawn by Louisville Metro Government (LMG) for planning purposes. These are the same market areas that were used in the previous Housing Needs Assessment in 2019, and are being used in this update in order to best capture any progress and changes in the housing needs of these Louisville neighborhoods since the last HNA. Housing Market Area profiles have also been updated as part of this process.

The boundaries of market areas take into consideration several factors in addition to the census tract outlines, including the locations of residential neighborhoods, Louisville's 83 incorporated municipalities, employment centers, major landmarks and more.



Map 1: Market Areas

Map 2: Urban Neighborhoods

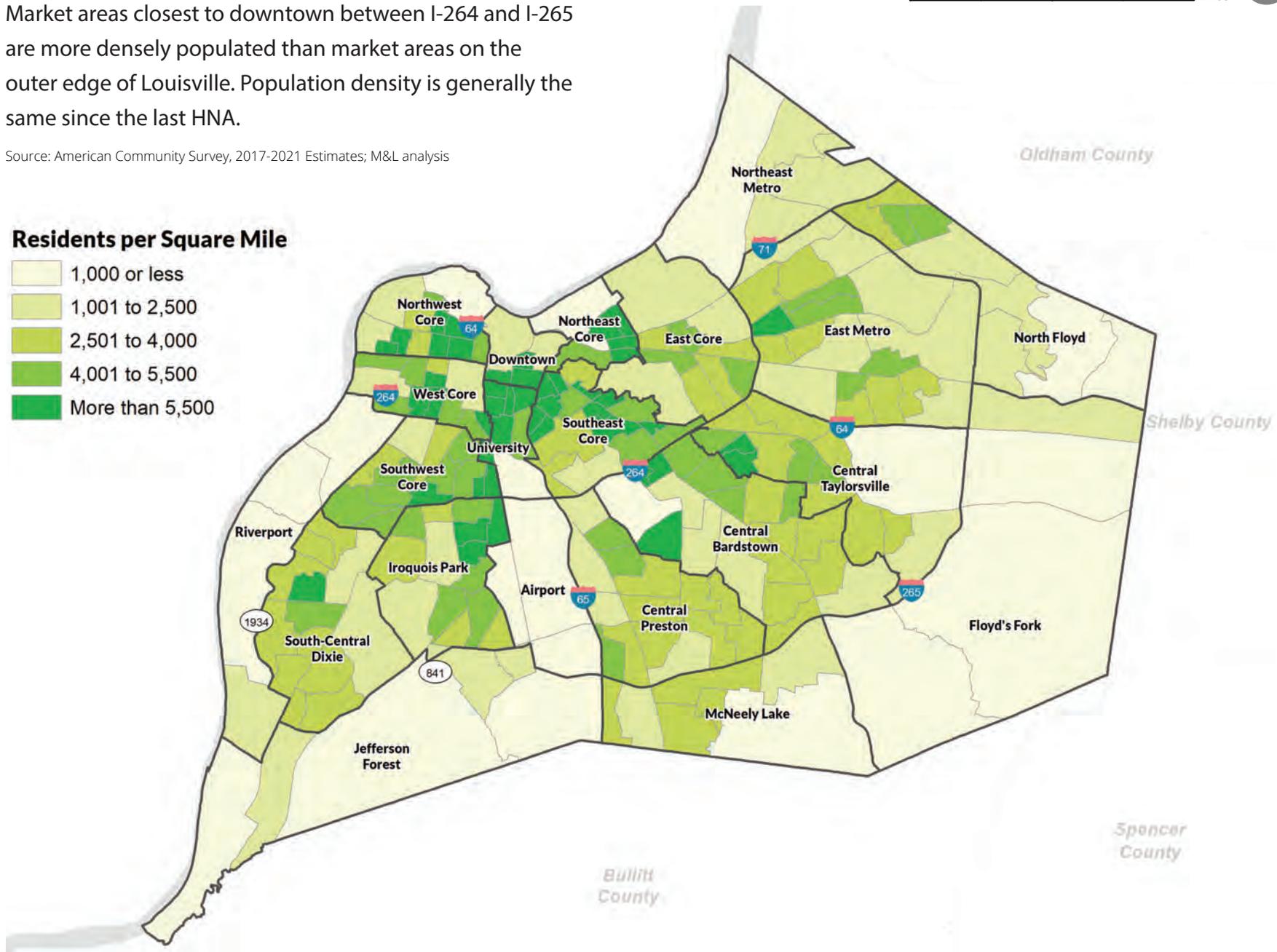
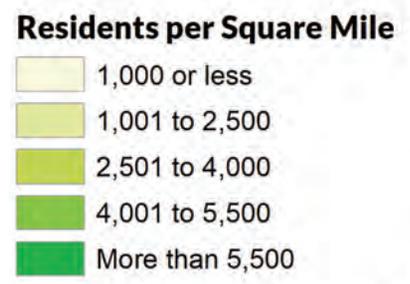


The market areas do not align directly with Louisville’s neighborhoods, which are featured on this map. Though data was captured at the census tract level and not the neighborhood level, several maps throughout the HNA zoom into this neighborhood view to help Louisville residents who live within defined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

Map 3: Population Density, 2021

Market areas closest to downtown between I-264 and I-265 are more densely populated than market areas on the outer edge of Louisville. Population density is generally the same since the last HNA.

Source: American Community Survey, 2017-2021 Estimates; M&L analysis





(Above): Sheppard Square Buildings, Louisville Metro Housing

Study Overview

Following the template of the 2019 HNA, this update begins with an analysis of qualitative data that show the diversity of neighborhood conditions as a result of policy and investment. These conditions influence the socioeconomic outcomes of residents, the physical characteristics, quality, and availability of affordable housing in neighborhoods, and the level of access to opportunity that exists today in Louisville.

As was previously mentioned, this document is intended to provide a 5-year update to the first HNA that was conducted in 2019, and seeks to identify any progress made since the last HNA and any changes to the Louisville's neighborhoods and housing market.

Health, Diversity, & Equity

This update revisits the themes of Health, Diversity, and Equity that served as a guide for the development of the goals and action items developed in the 2019 HNA.

Housing serves as the foundation for quality of life--linking changes in the housing market and changes in the lives of residents themselves. This HNA focuses on the financial health of Louisville residents, the physical condition of the housing stock, and the health of the housing market.

The three themes of Health, Diversity, and Equity are interconnected. The financial health of a household contributes to their ability to afford housing that is in good condition and meets the household needs. The conditions and variety of the size of homes in a neighborhood can

influence the home's value in the housing market which is a determining factor when it comes to the cost a family must pay to live in it, which is related to the household's financial health. Diversity in family size, age, ability, and incomes among the city's households points to a need for varying housing price points in plentiful locations. Equity implies the universal ability of residents to access opportunities for economic mobility and control over housing choice. A lack of diversity and healthy neighborhoods limits housing choice for residents and can contribute to limited opportunities for affordable housing and control over housing choice.

This study will provide an update on the health of Louisville's housing stock and identify any progress made towards the financial health of Louisville residents themselves.



(Above): Beecher Terrace - Louisville Metro Housing Authority

Historical Residential Patterns

During the Great Depression, the Home Owners Loan Corporation (HOLC) evaluated neighborhoods based on the risk to banks of insuring mortgages within them. 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.

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.

Since the previous HNA, the city has begun a more open dialogue about race, opportunity, and disinvestment. In 2022, Louisville Metro Council awarded \$13 million to the Louisville Affordable Housing Trust Fund (LAHTF) to remedy the negative impacts of redlining on Louisville families. LAHTF's Redlining Mitigation program, known as REVERT, will provide 216 families up to \$50,000 in rehabilitation

funding towards a home purchase in a previously-redlined area. Steps are taken to validate that applicants have a family lineage tied to a previously redlined area to ensure that homeownership opportunities are created for those disproportionately impacted by redlining. For more information about the REVERT program, see <https://loutrustfund.org/revert/>

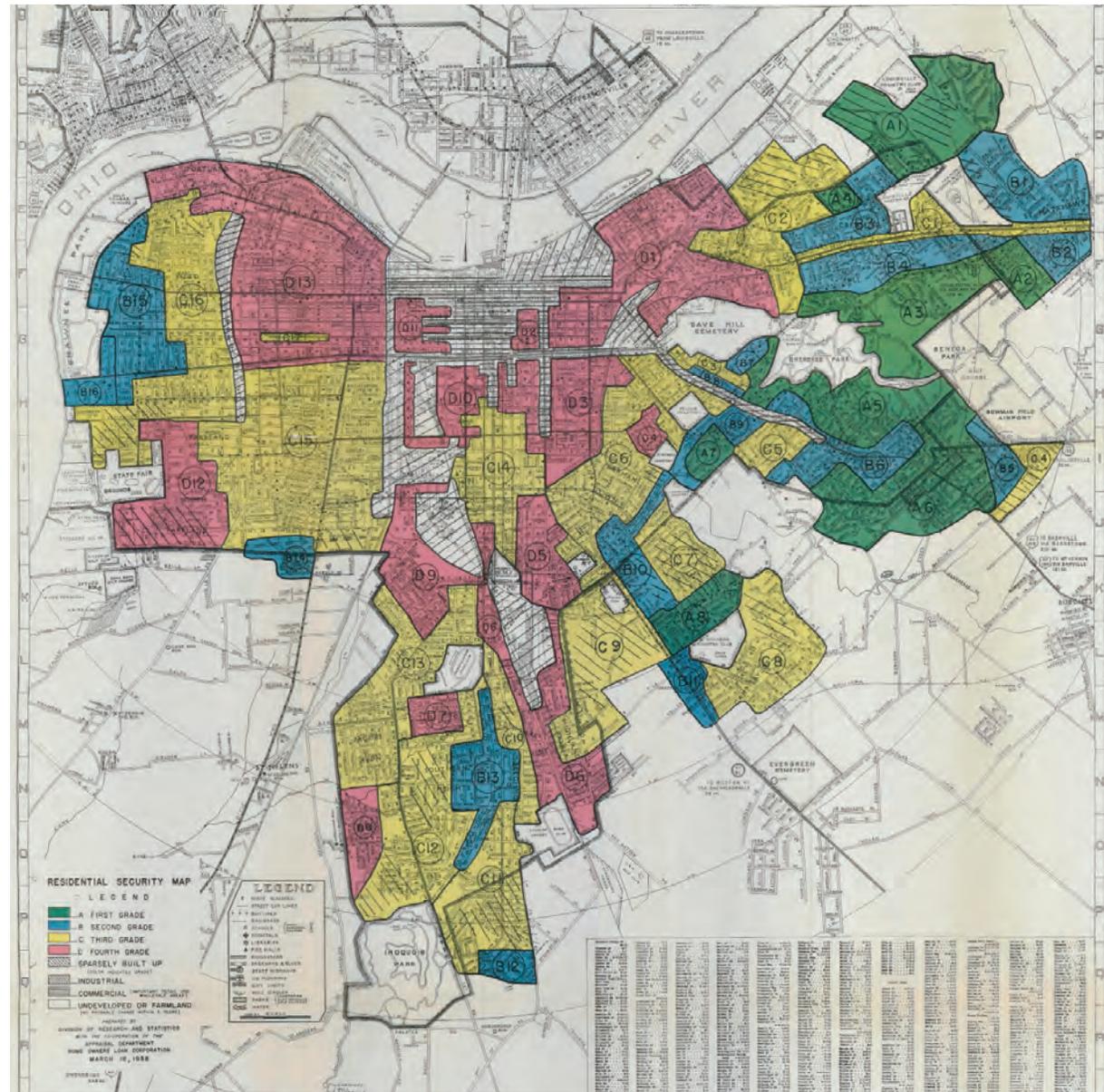
Louisville is joined by other cities in recognizing the need to actively dismantle barriers to prosperity that have been solidified through redlining's legacy.

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, 2021

Source: American Community Survey, 2017-2021 Estimates

The grading system had a long-standing 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 majority 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.

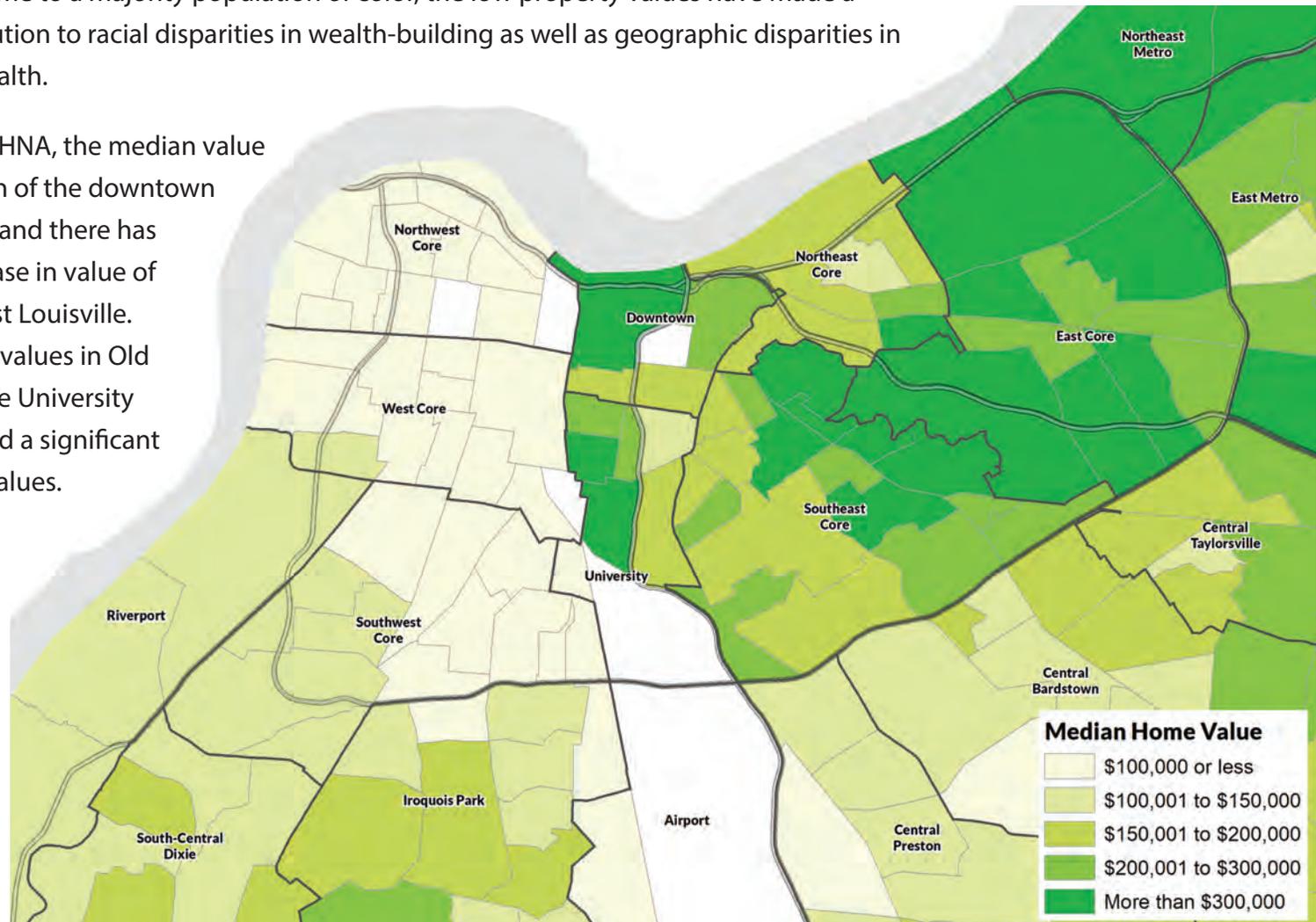
Since the previous HNA, the median value of homes just south of the downtown increased in value, and there has been a slight increase in value of homes in southwest Louisville. Notably, the home values in Old Louisville within the University market area showed a significant increase in home values.

0 0.9 1.8 2.7 3.6 Miles



\$190,700

Louisville median home value, 2021



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.

This section of the HNA catalogs the geographic patterns in education, employment, income, poverty, and housing affordability in an effort to track any progress in a household's ability to maintain stability. Housing vacancies, conditions, demolition, renovation, and construction paint the picture of the Louisville housing market. Paired together, these indicators explore the health of Louisville housing market areas and point to any changes since 2019 or 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

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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

About 29% of Louisville residents have a Bachelors or Associates, and an additional 14% have a Masters or Doctoral degree. Since the last HNA, the percentage of residents with a Masters or Doctoral degree saw the greatest change, with a 3% increase. However, a quarter of Louisville residents have only a high school degree or GED, and 8% lack a high school degree. It should be noted that the number of residents with no high school degree, those with a high school degree or GED, and those with some college but no degree have each decreased by 1% or 2% since the last HNA. These residents disproportionately live in market areas in the northwest of the county.

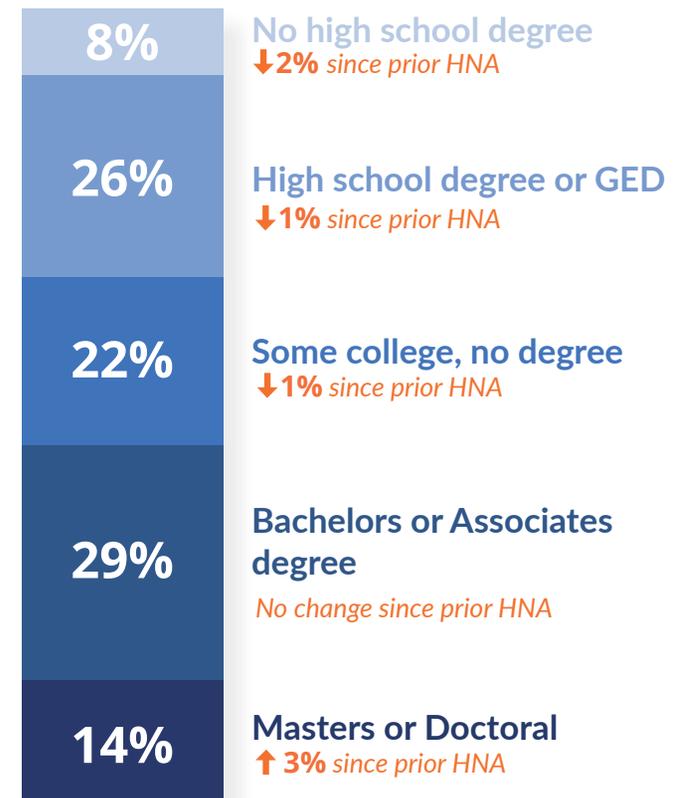


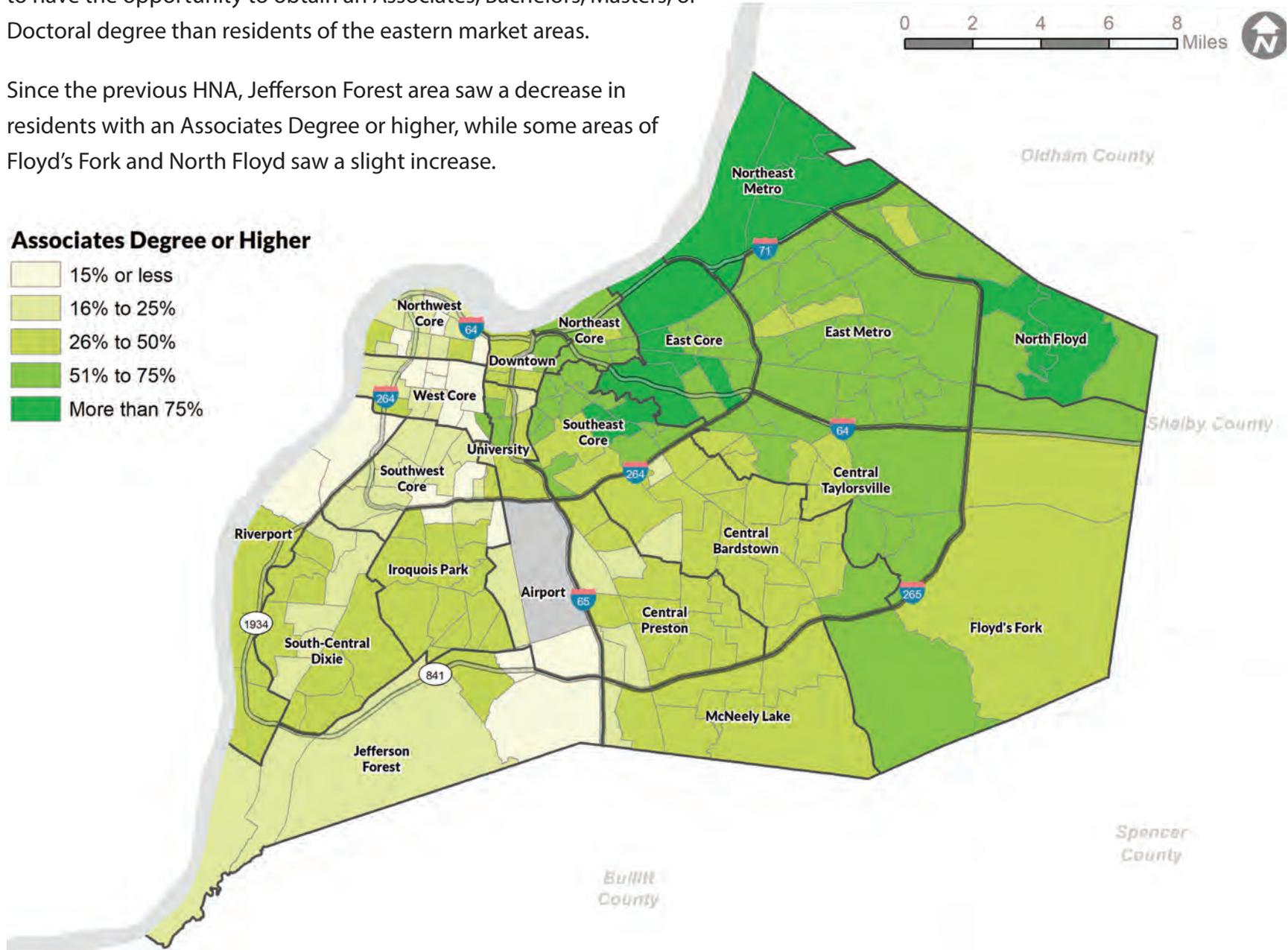
Figure 2: Educational Attainment, 2021

Source: American Community Survey, 2017-2021 Estimates

Map 6: Percent of Residents with a College Degree, 2021

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.

Since the previous HNA, Jefferson Forest area saw a decrease in residents with an Associates Degree or higher, while some areas of Floyd's Fork and North Floyd saw a slight increase.



Employment

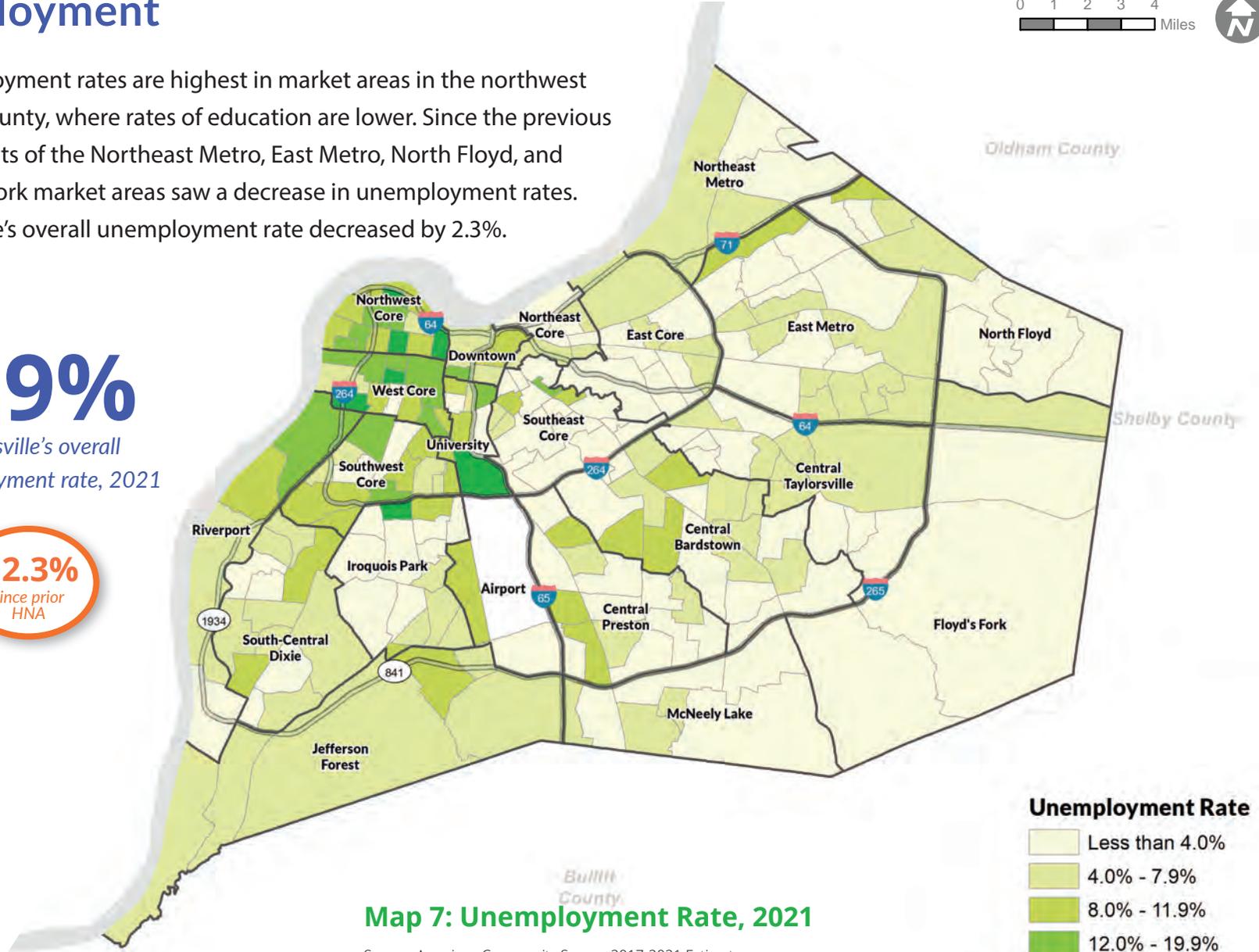
Unemployment rates are highest in market areas in the northwest of the county, where rates of education are lower. Since the previous HNA, parts of the Northeast Metro, East Metro, North Floyd, and Floyd's Fork market areas saw a decrease in unemployment rates. Louisville's overall unemployment rate decreased by 2.3%.



4.9%

Louisville's overall unemployment rate, 2021

↓ 2.3%
since prior HNA



Unemployment Rate

- Less than 4.0%
- 4.0% - 7.9%
- 8.0% - 11.9%
- 12.0% - 19.9%
- 20.0% or Higher

Map 7: Unemployment Rate, 2021

Source: American Community Survey, 2017-2021 Estimates

\$44,360

Louisville's overall median annual salary, 2022

↑6%
since prior HNA

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, Production, and Sales sectors. However, the many workers in these three top sectors tend to have relatively low pay: the median salary of each is \$39,374, \$42,744, and \$33,488 for Office Support, Production, and Sales respectively. To compare, Louisville's overall median annual salary is \$44,360. After adjusting for inflation, Louisville's overall median annual salary has increased by about \$2,000 since the previous HNA.



Figure 3: Top Occupations by Employment, 2022

Source: Bureau of Labor Statistics, Occupational Employment & Wage Statistics

Wage Growth

Some of the sectors with the greatest number of employees such as Food Preparation/Serving, Sales, Production, and Healthcare Practitioners have seen some of the highest wage growth rates between 2018 and 2022. Others, like Construction and Management have seen declines in wages.

Between 2018 and 2022, wage growth has been strongest in sectors like Food Preparation, Sales, Transportation & Material Moving, and Healthcare. In the previous HNA, these same sectors had notable wage losses at -3%, -8%, and 6% respectively. Though these sectors saw the greatest wage growth between 2018 and 2022, these sectors have some of the lowest annual mean wages in Louisville with Food Service workers earning as low as \$26,010 annually, or \$11.30 hourly (2022 BLS).

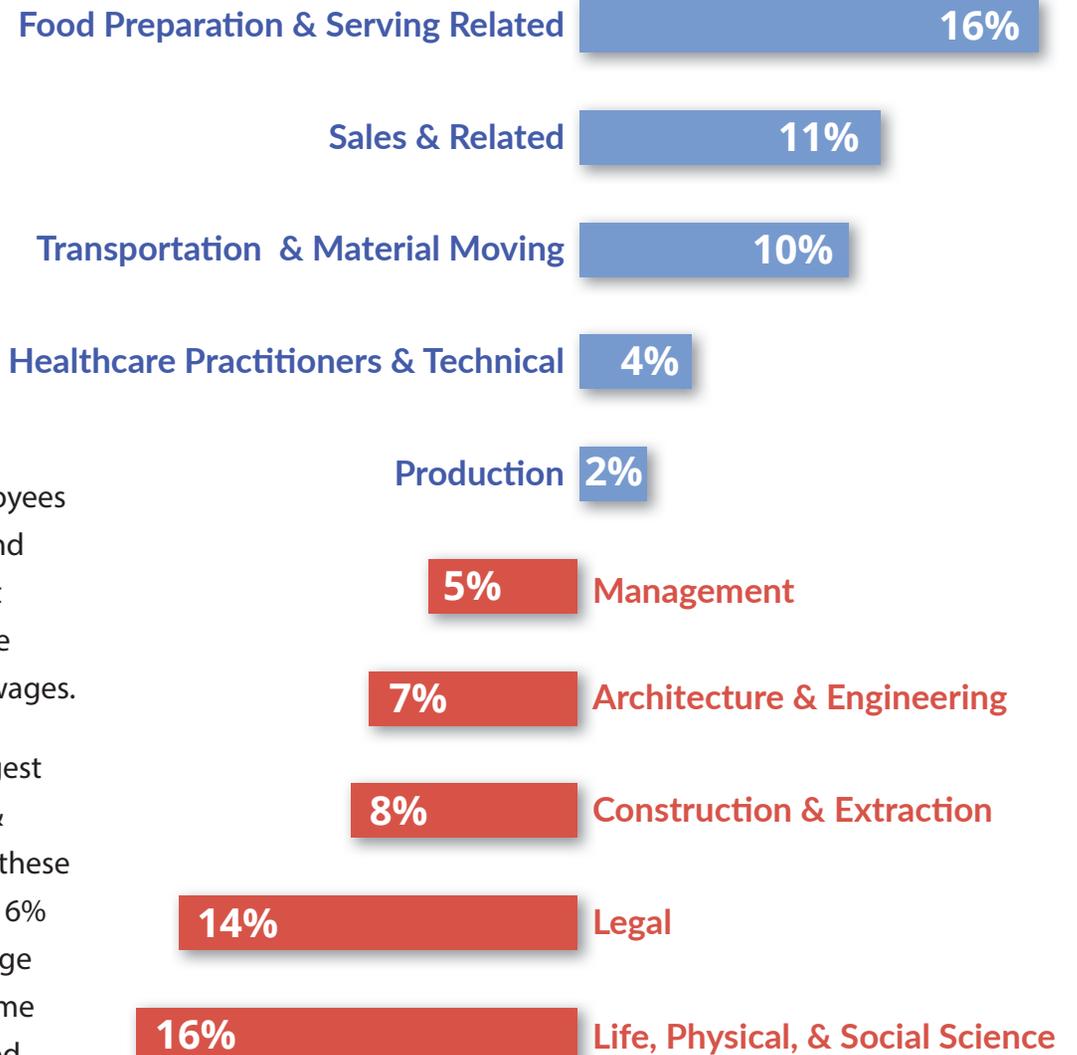


Figure 4: Notable Wage Growth Rates, 2018-2022

Source: Bureau of Labor Statistics, 2018 and 2022

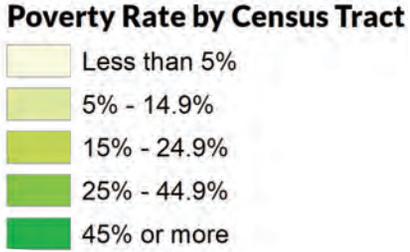
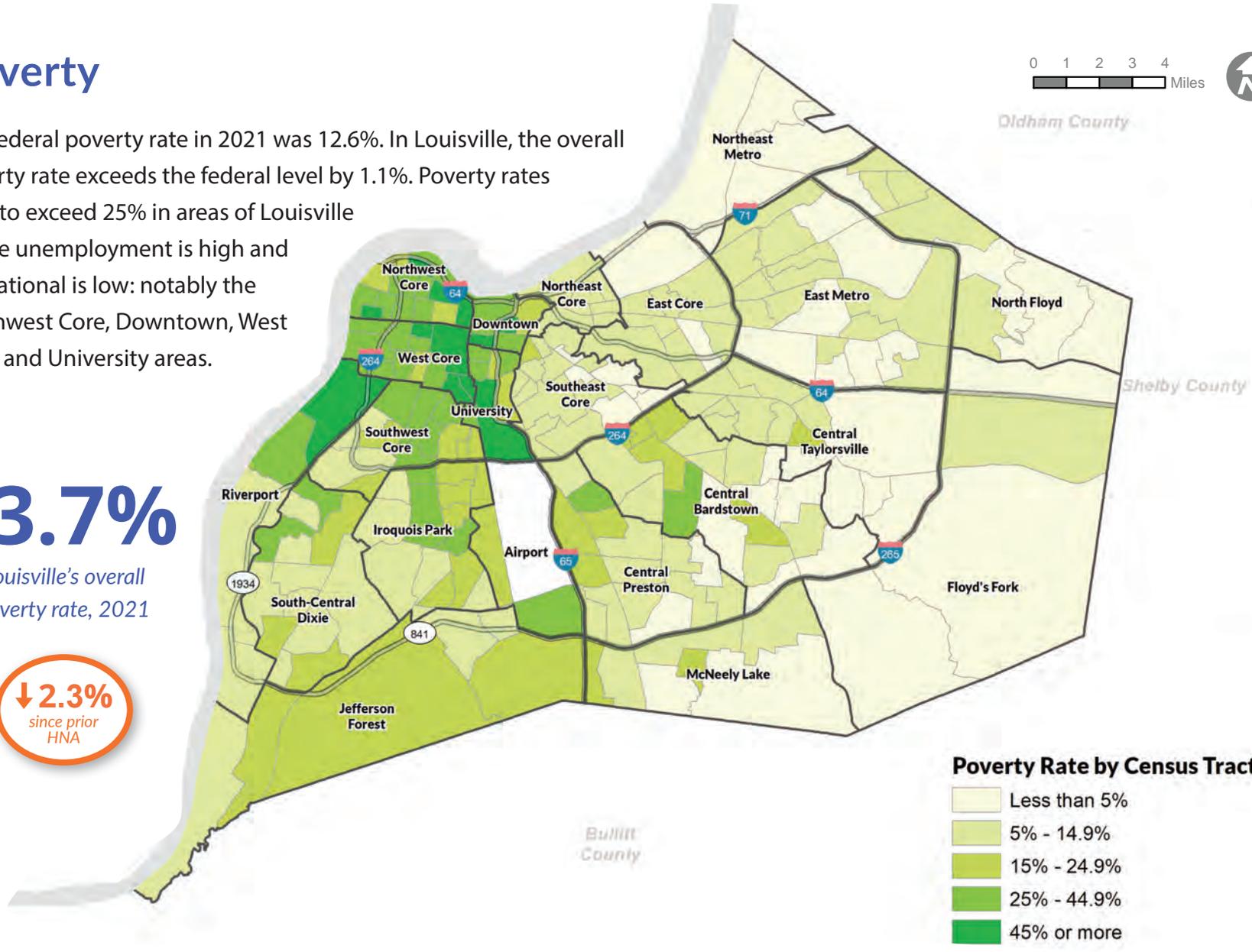
Poverty

The federal poverty rate in 2021 was 12.6%. In Louisville, the overall poverty rate exceeds the federal level by 1.1%. Poverty rates tend to exceed 25% in areas of Louisville where unemployment is high and educational is low: notably the Northwest Core, Downtown, West Core, and University areas.

13.7%

Louisville's overall poverty rate, 2021

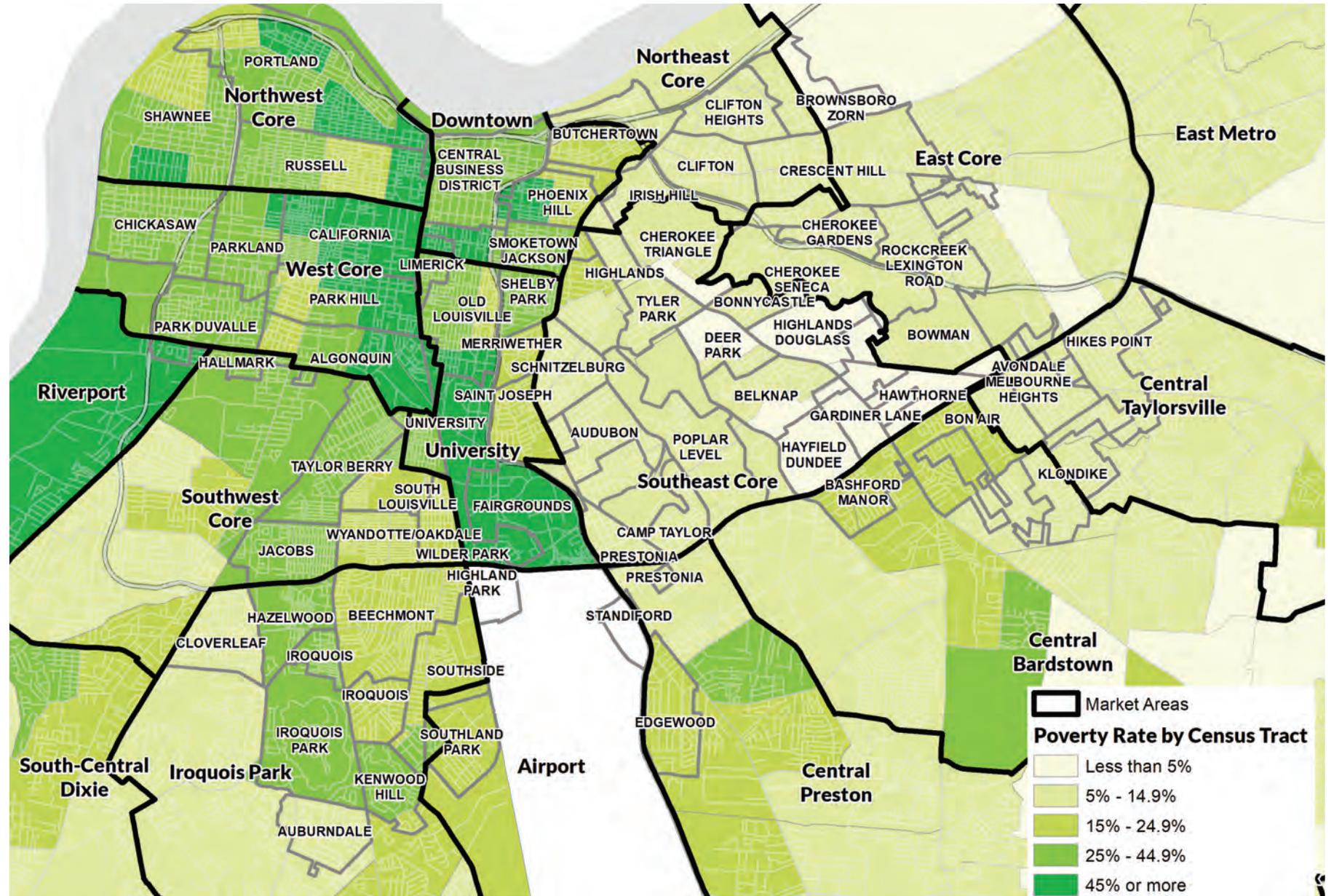
↓ 2.3%
since prior HNA



Map 8: Poverty Rate, 2021
Source: American Community Survey, 2017-2021 Estimates

Map 9: Poverty Rate in Urban Neighborhoods, 2021

Source: American Community Survey 2017-2021 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 \$61,633 in 2021, an 8.9% increase since the previous HNA, after adjusting for inflation.

Similar to the previous HNA, incomes are lower in areas with low educational attainment and low-wage workers. Incomes are higher in the eastern part of the county.

The lowest-earning heads of households by age are under 24, though household incomes are also low among heads of household over the age of 65, who are more likely to be on fixed incomes. Since the last HNA, the youngest age group (15 to 24) saw the greatest increase in income (28%).

\$61,633

*Louisville's median
household income, 2021*

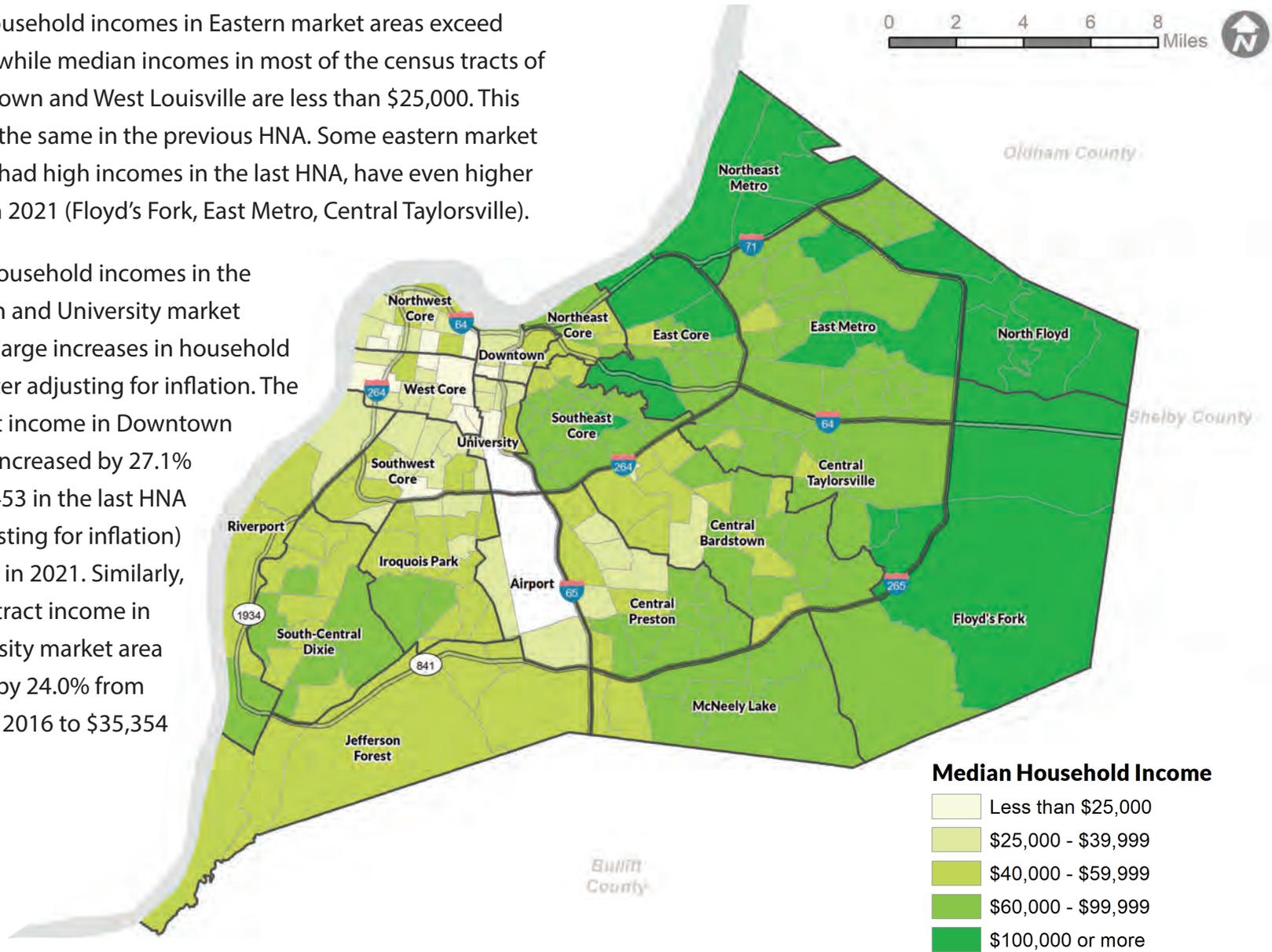


Map 10: Median Household Income, 2021

Source: American Community Survey 2017-2021 Estimates

Median household incomes in Eastern market areas exceed \$100,000, while median incomes in most of the census tracts of the downtown and West Louisville are less than \$25,000. This trend was the same in the previous HNA. Some eastern market areas that had high incomes in the last HNA, have even higher incomes in 2021 (Floyd’s Fork, East Metro, Central Taylorsville).

Notably, household incomes in the Downtown and University market areas saw large increases in household income after adjusting for inflation. The mean tract income in Downtown Louisville increased by 27.1% from \$22,453 in the last HNA (after adjusting for inflation) to \$28,548 in 2021. Similarly, the mean tract income in the University market area increased by 24.0% from \$28,511 in 2016 to \$35,354 in 2021.



\$84,700



Louisville's HUD Household
Area Median Family
Income (HAMFI) 2022

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. In 2022, Louisville's AMI was \$84,700. This was a 1.6% increase since the previous HNA.

Similar to the previous HNA, Louisville's AMI is used to define six income groups that will be used to discuss housing affordability. The lowest income group are 30% AMI households, whose income is less than or equal to the Federal Poverty level, and the highest income group are

200% AMI households, whose income group is between 151% and 200% of the AMI. Between these two are 50% AMI households, 80% AMI households, 100% AMI households, and 150% AMI households.

All six income groups and their income range relative to AMI, are shown in the figures on the following page. The number of 30% AMI households grew by 36.8% since the last HNA. The number of 50% AMI households grew by 41.2%. The number of 80% AMI, 100% AMI, and 150% AMI households saw very little change since previous HNA, while the number of 200% AMI households grew by nearly 170%.

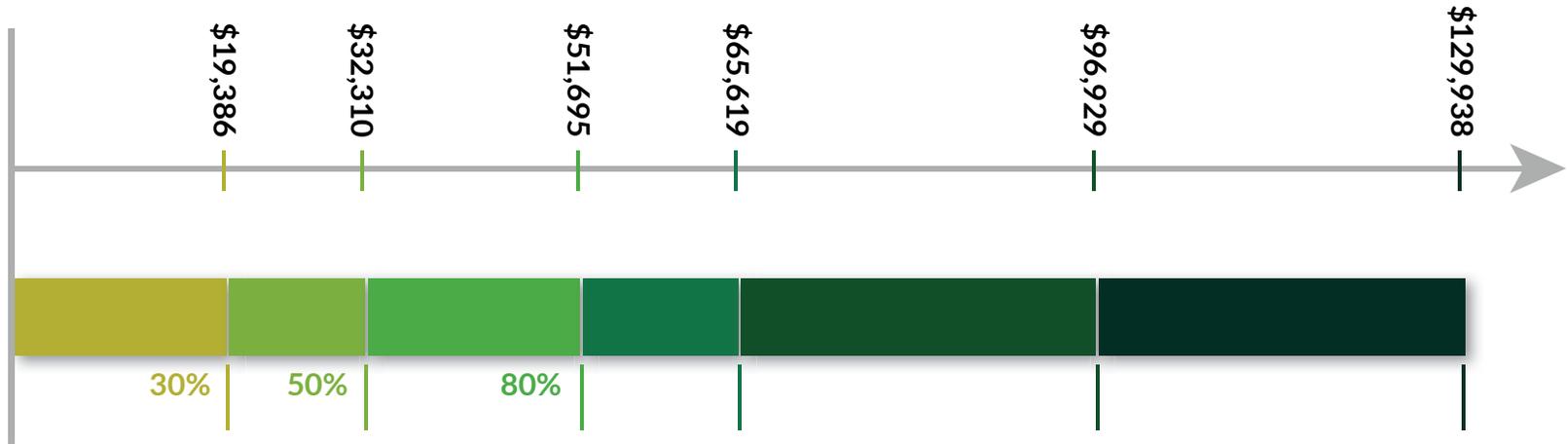


Figure 5: Income Groups by Income Range, 2021

Income Group	# of Households	Income Group	# of Households
30% AMI	81,042	100% AMI	28,353
50% AMI	55,171	150% AMI	46,372
80% AMI	61,622	200% AMI	50,733

Figure 6: Households by Income Group

Source: Public Use Microdata Sample (PUMS) data based on 2017-2021 American Community Survey estimates

Cost Burden

Households that pay more than 30% of their income in housing expenses each month are cost burdened, and those who pay more than 50% are severely cost burdened. Cost burdened households have more trouble affording basic necessities like food and transportation.

25.3%

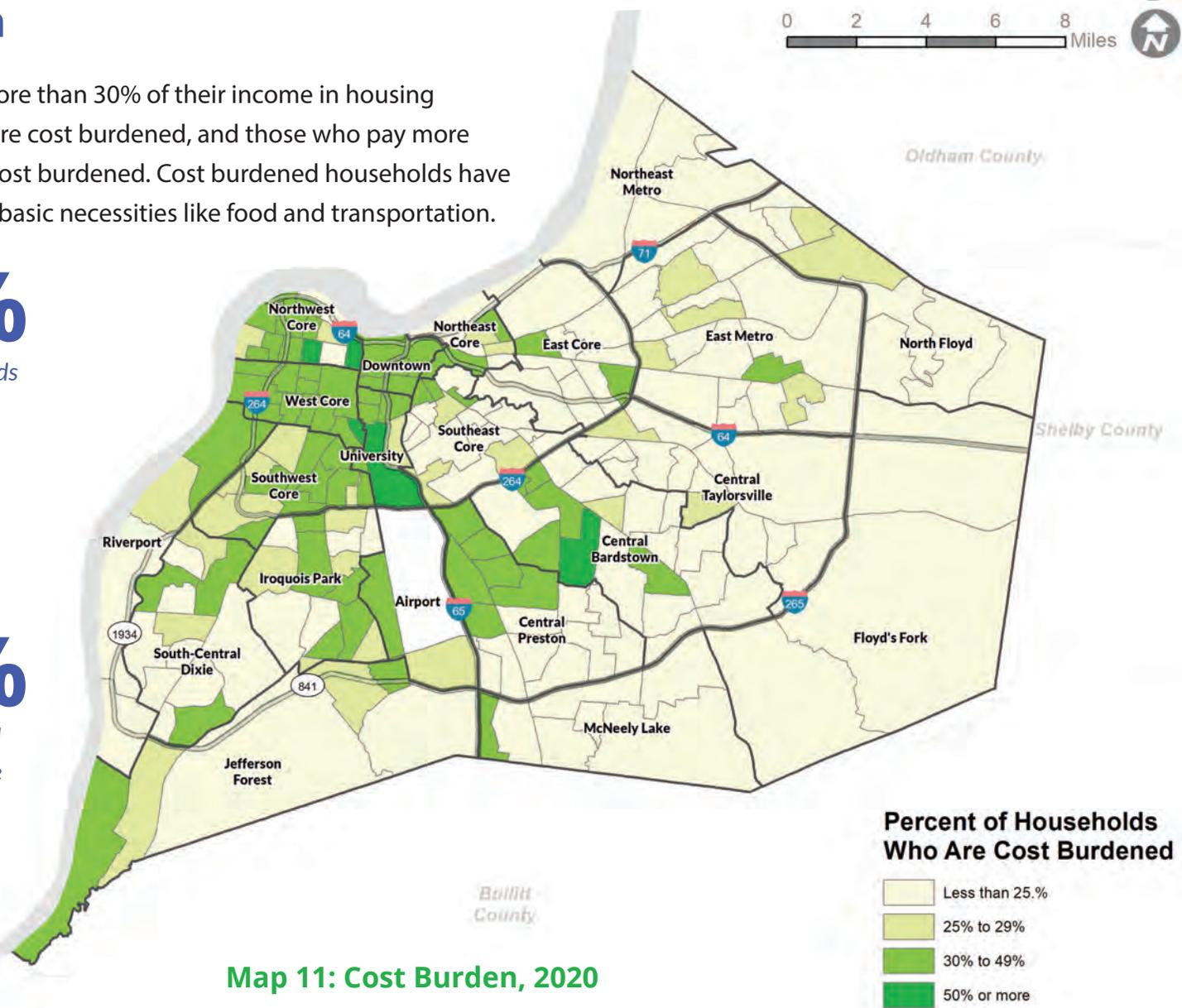
Cost burdened households in Louisville

↓4%
since prior HNA

11.4%

Severely cost burdened households in Louisville

↓2%
since prior HNA



Map 11: Cost Burden, 2020

Source: 2016-2020 Comprehensive Housing Affordability Strategy data

Figure 7: Cost Burden by Income Group

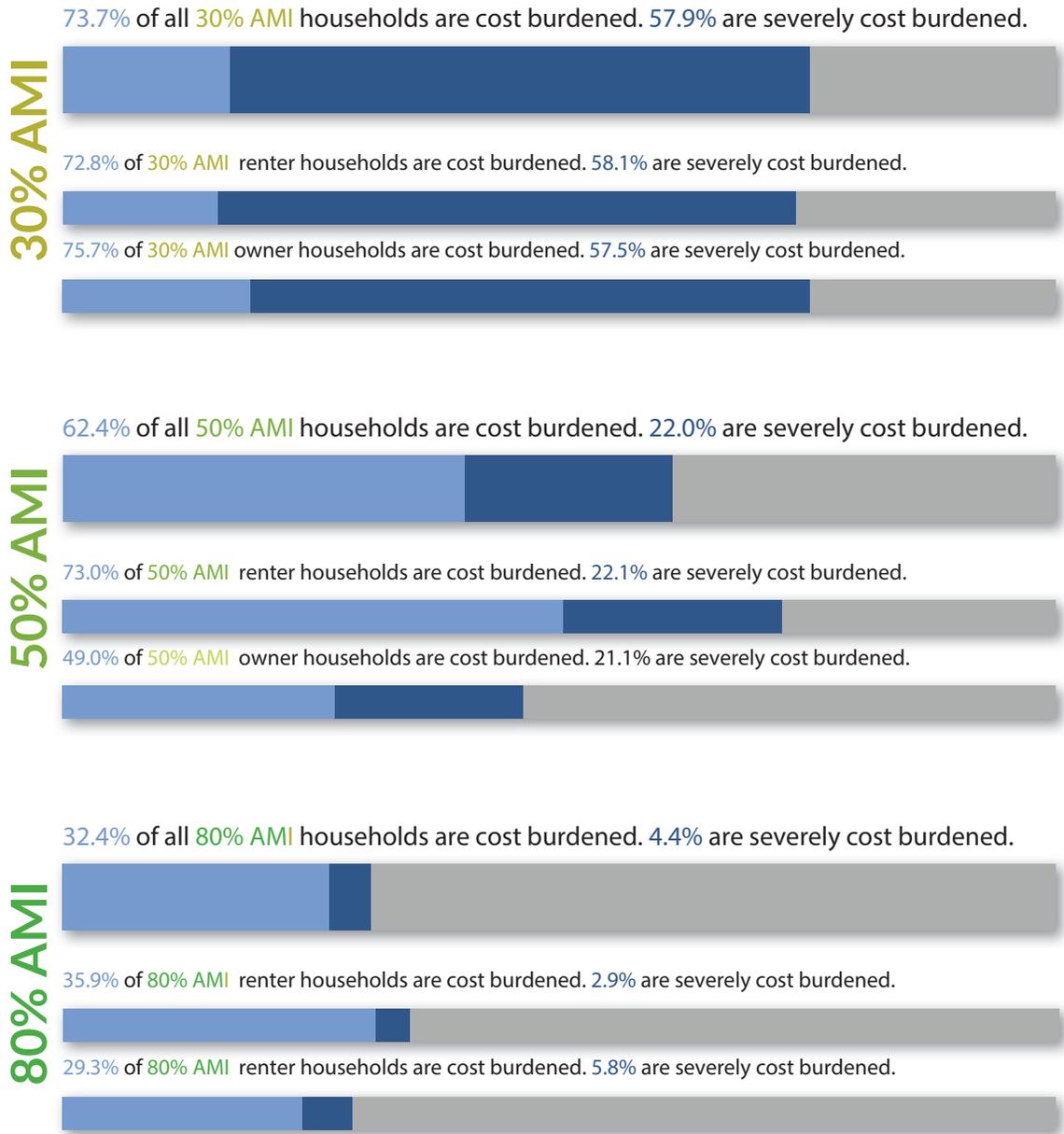
Source: 2016-2020 Comprehensive Housing Affordability Strategy data

Cost burden rates are highest for 30% AMI. Nearly 60% of all 30% AMI households are severely cost burdened. Owners are more likely to be cost burdened than renters, though the difference is small.

Since the previous HNA, the number of 30% AMI households that are cost burdened decreased by 1.3%. The number of severely cost burdened decreased by 2.1%.

Since the previous HNA, the number of 50% AMI households that are cost burdened increased by 33.4%. The number of severely cost burdened increased by 12.0%.

Since the previous HNA, the number of 80% AMI households that are cost burdened increased by 20.4%, the number of severely cost burdened households increased by 2.4%.



Housing Stability

Eviction

Eviction is the 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.

Displaced families most commonly move to a neighborhood with lower opportunity. The instability of eviction can lead to job loss, harm mental health, and lower children's long-term educational success. Fewer involuntary moves would promote

better health outcomes among vulnerable families in the short-term while improving stability and opportunity across generations.

The COVID-19 pandemic and the resulting economic fallout resulted in major losses in jobs and wages. This economic hardship placed many households at heightened risk of eviction. The passing of the CARES Act in March 2020 included an eviction moratorium on rental properties receiving federal funds or federal government-backed mortgages. Following this, the number eviction filings drastically decreased throughout 2020 and 2021 until the CDC eviction moratorium ended in August 2021.

A

B

C

D

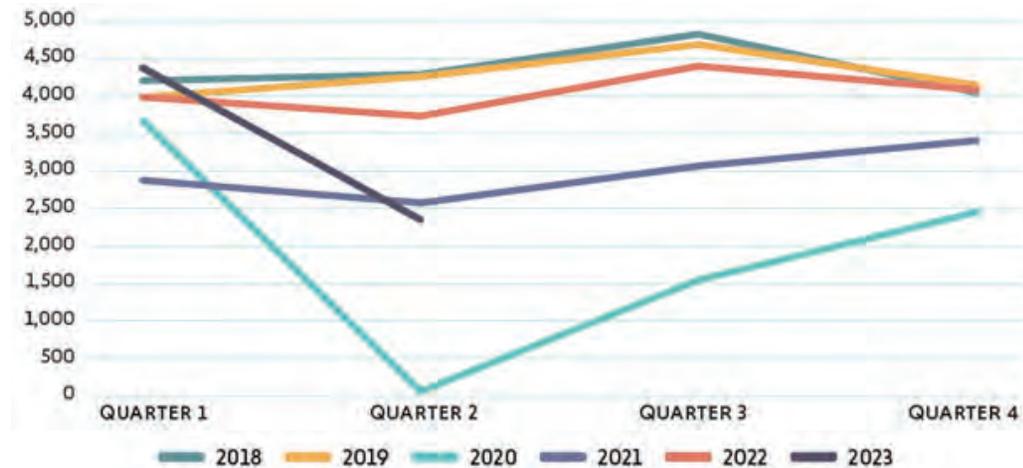
E

F

G

Figure 8: Eviction Filings by Quarter 2018-2023 (Q2)

Source: Jefferson County Administrative Office of the Courts via Metropolitan Housing Coalition



According to the 2023 State of Metropolitan Housing Report, eviction filings have trended to pre-pandemic numbers since the beginning of 2022. At the start of 2023, there were 4,376 eviction filings in Louisville, the highest since 2018. However, the number of filings decreased in the second quarter of 2023 by 46% to 2,352. This may be due to the available emergency rental assistance expended at the end of September 2022.

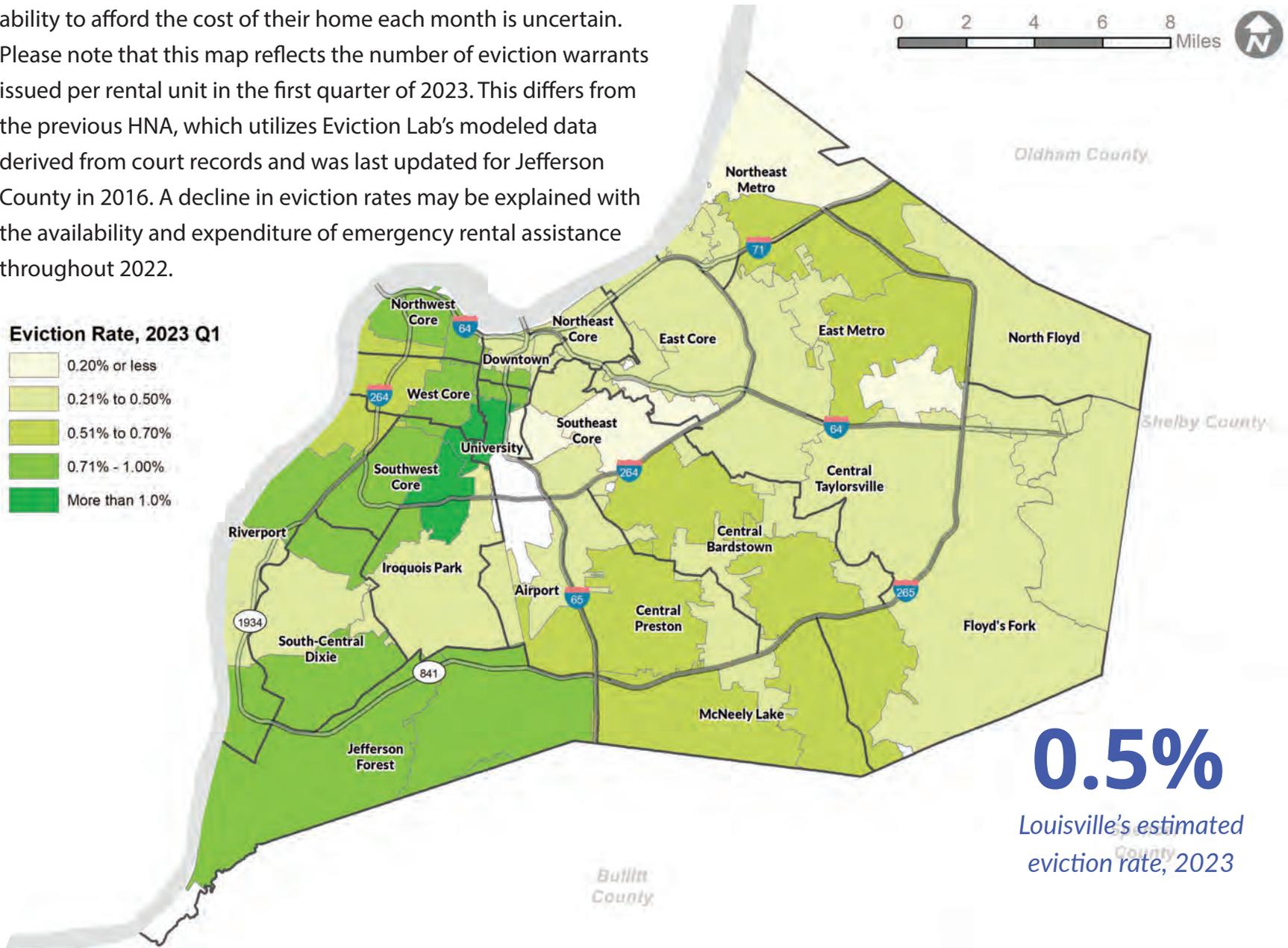
In 2022, Metropolitan Housing Coalition released an eviction report titled “Evictions in Louisville: According to Property Owners” with funding from JP Morgan Chase. The report focuses on reducing evictions through a greater understanding of landlord decision-making processes. The report finds that landlord indicators associated with a high frequency of eviction filings exceeded the following thresholds: dedicating full-time

(40+) hours managing their properties, owning more than 25 properties, and staffing more than ten people. Additionally, the landlords’ level of social consciousness and affinity for local government agencies also play a role in the number of evictions filed.

Map 12: Eviction Rate, 2023

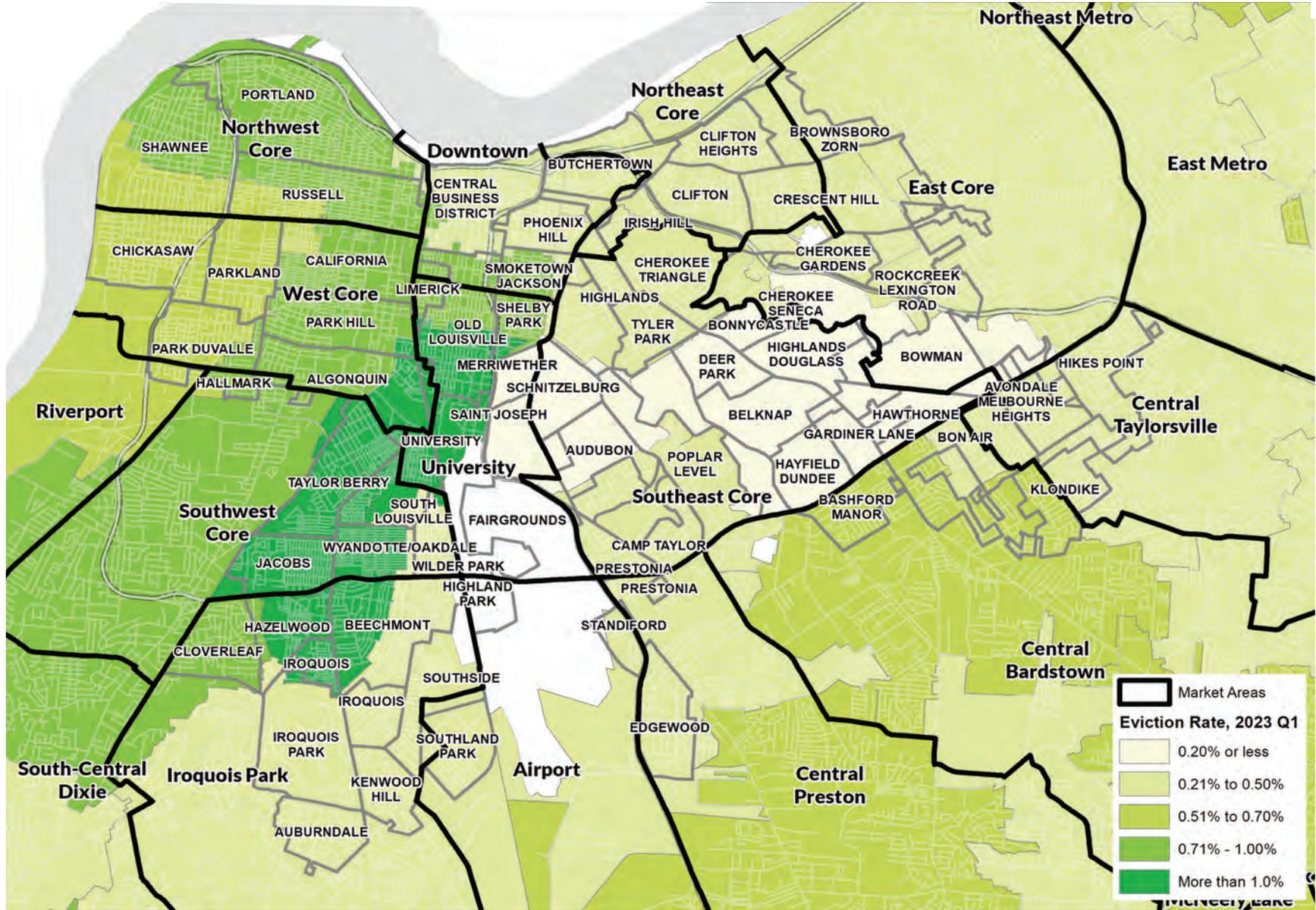
Source: Jefferson County Administrative Office of the Courts via Metropolitan Housing Coalition

Eviction rates are highest in West Louisville, where more families' ability to afford the cost of their home each month is uncertain. Please note that this map reflects the number of eviction warrants issued per rental unit in the first quarter of 2023. This differs from the previous HNA, which utilizes Eviction Lab's modeled data derived from court records and was last updated for Jefferson County in 2016. A decline in eviction rates may be explained with the availability and expenditure of emergency rental assistance throughout 2022.



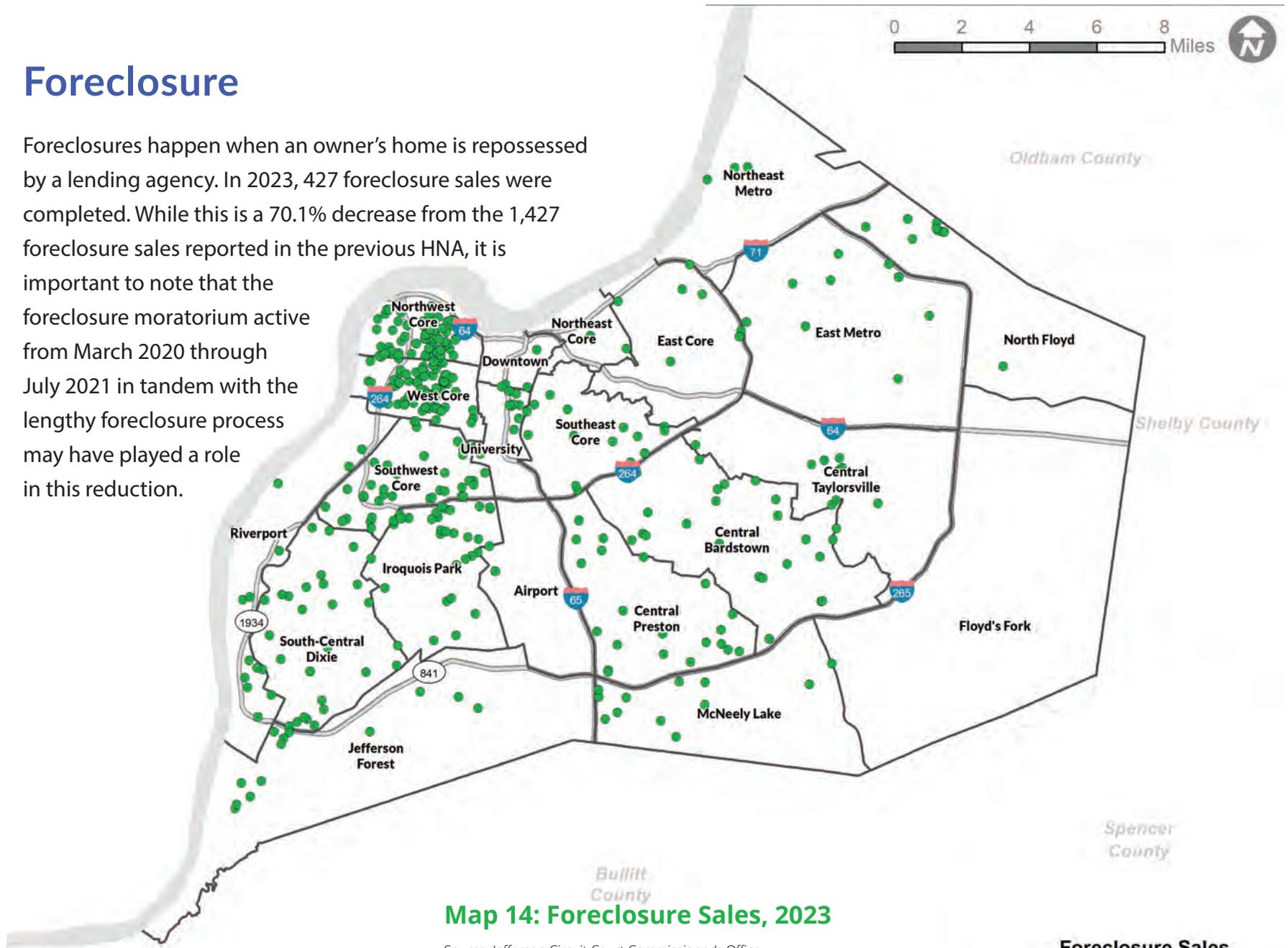
Map 13: Eviction Rate in Urban Neighborhoods, 2023

Source: Jefferson County Administrative Office of the Courts via Metropolitan Housing Coalition



Foreclosure

Foreclosures happen when an owner’s home is repossessed by a lending agency. In 2023, 427 foreclosure sales were completed. While this is a 70.1% decrease from the 1,427 foreclosure sales reported in the previous HNA, it is important to note that the foreclosure moratorium active from March 2020 through July 2021 in tandem with the lengthy foreclosure process may have played a role in this reduction.



Map 14: Foreclosure Sales, 2023

Source: Jefferson Circuit Court Commissioner's Office

Foreclosure Sales

● 2023

Housing Market Health

Residential Vacancy

A

B

C

D

E

F

G

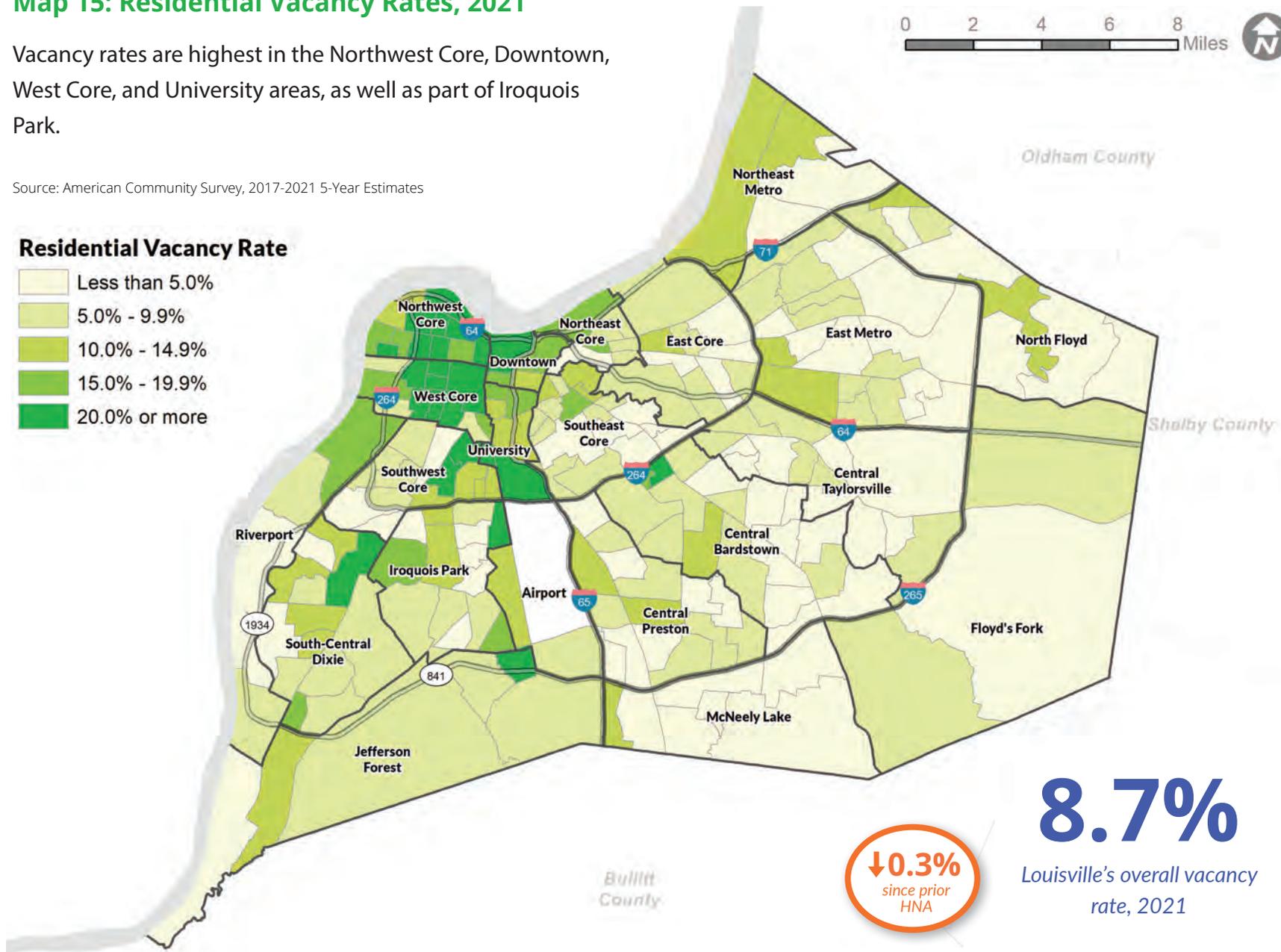
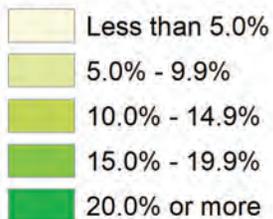
Louisville has an overall residential vacancy rate of 8.7%, which shows little change since the last HNA. According to 2021 ACS 5-year estimates, many of these vacant units are for rent (28.1%) or for sale (7.8%). Nearly half of all vacant units are single-family, detached homes. About 25.1% of all vacant units are 2-9 unit housing.

Map 15: Residential Vacancy Rates, 2021

Vacancy rates are highest in the Northwest Core, Downtown, West Core, and University areas, as well as part of Iroquois Park.

Source: American Community Survey, 2017-2021 5-Year Estimates

Residential Vacancy Rate



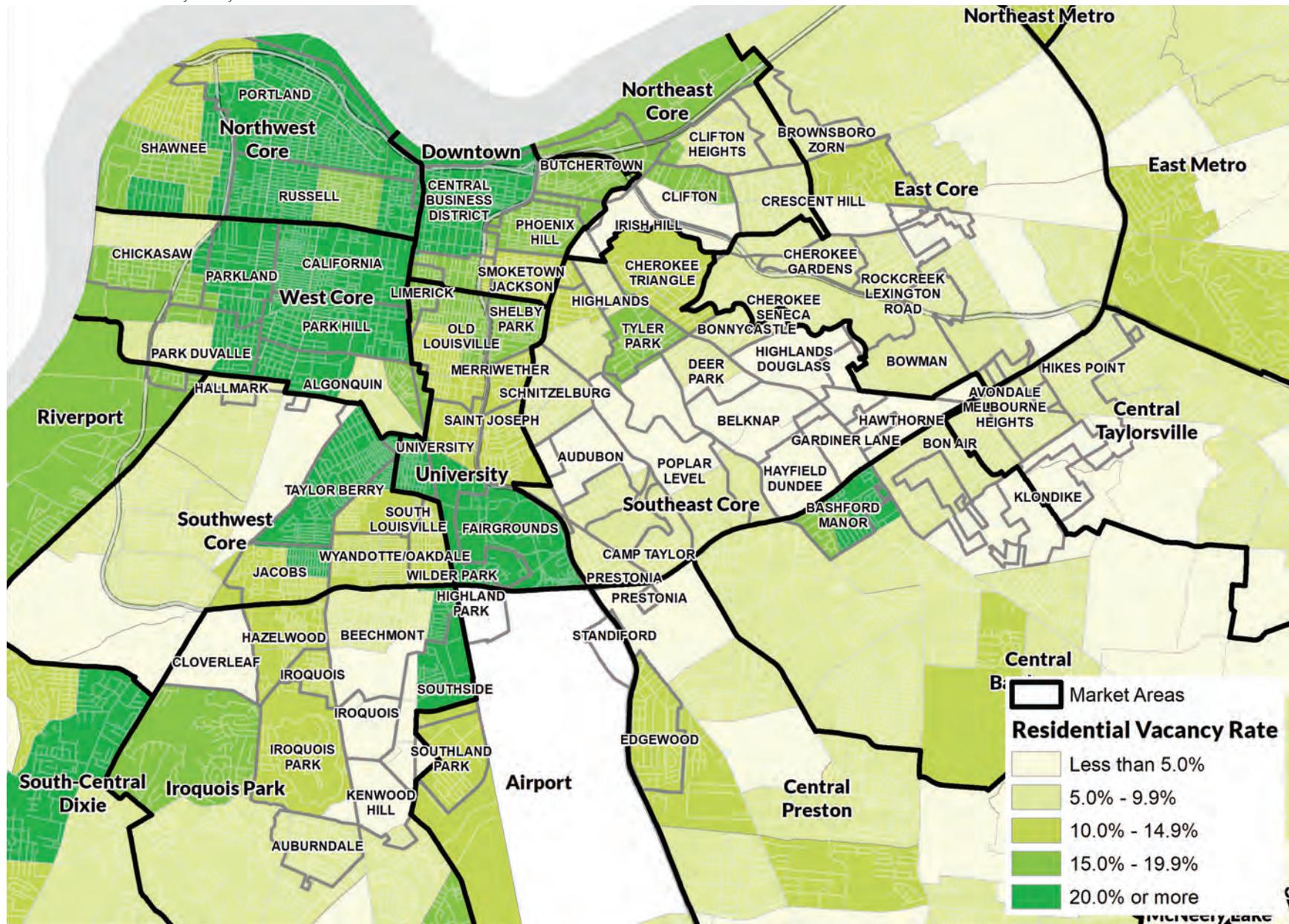
↓0.3%
since prior
HNA

8.7%

Louisville's overall vacancy rate, 2021

Map 16: Vacancy Rates in Urban Neighborhoods, 2021

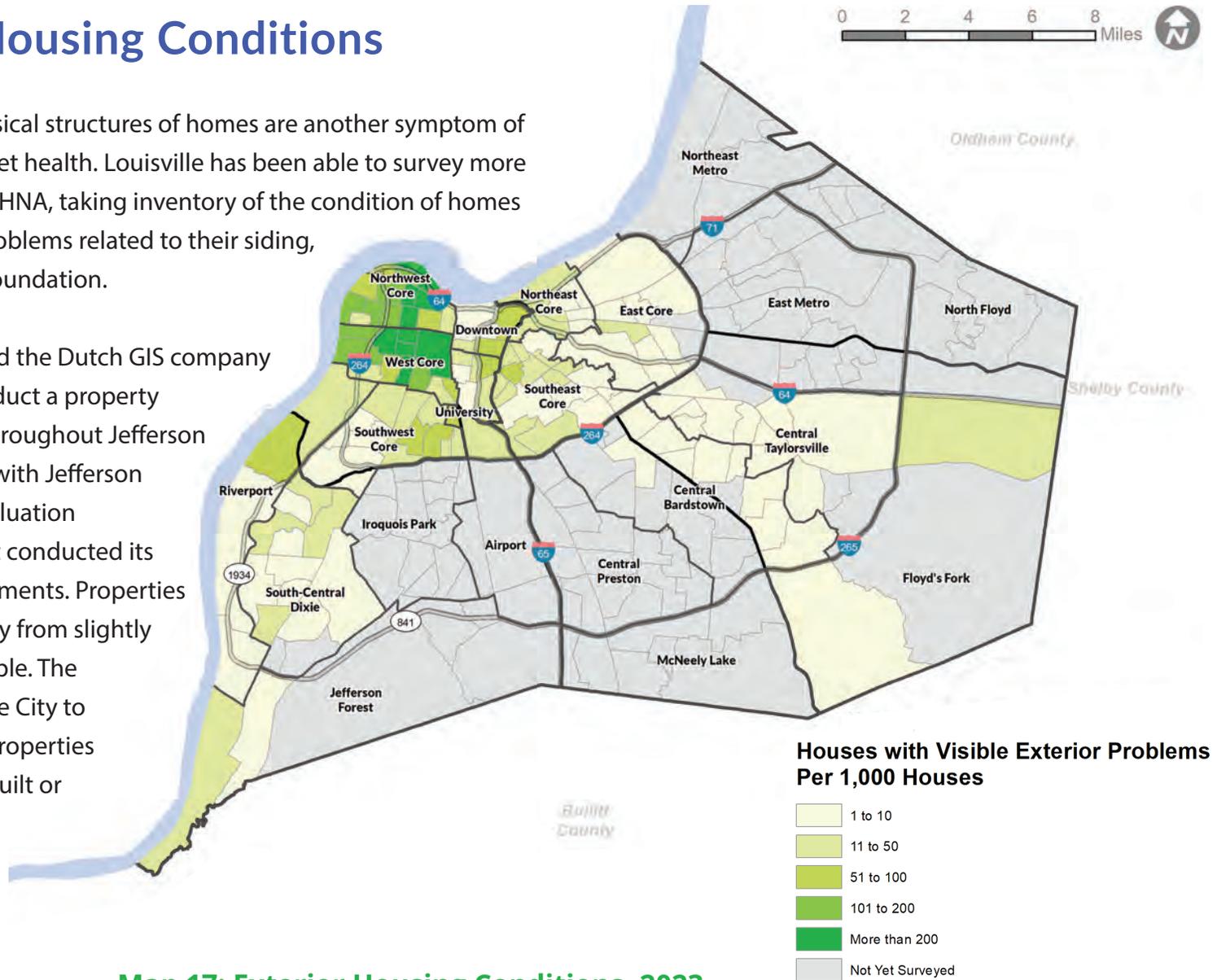
Source: American Community Survey 2017-2021 5-Year Estimates



Exterior Housing Conditions

Problems with physical structures of homes are another symptom of poor housing market health. Louisville has been able to survey more areas since the last HNA, taking inventory of the condition of homes based on visible problems related to their siding, windows, roof, or foundation.

In 2020, OHCD hired the Dutch GIS company Cyclomedia to conduct a property condition survey throughout Jefferson County in tandem with Jefferson County Property Valuation Administration as it conducted its property tax assessments. Properties are rated on severity from slightly damaged to unlivable. The survey will allow the City to identify potential properties that need to be rebuilt or possibly converted into a community space.



Map 17: Exterior Housing Conditions, 2023

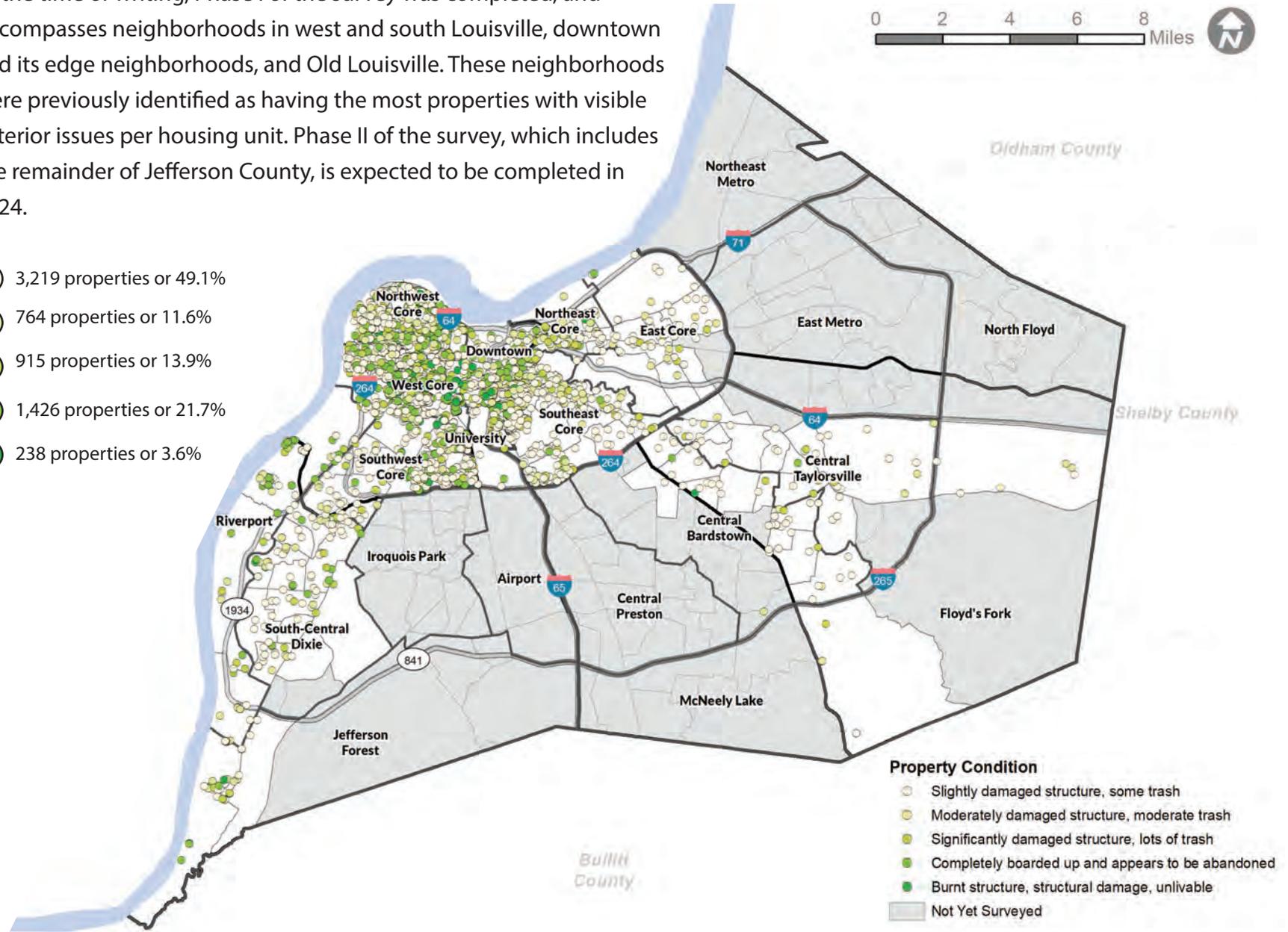
Source: Cyclomedia Windshield Survey

Map 18: Exterior Housing Conditions by Property, 2023

Source: Cyclomedia Windshield Survey

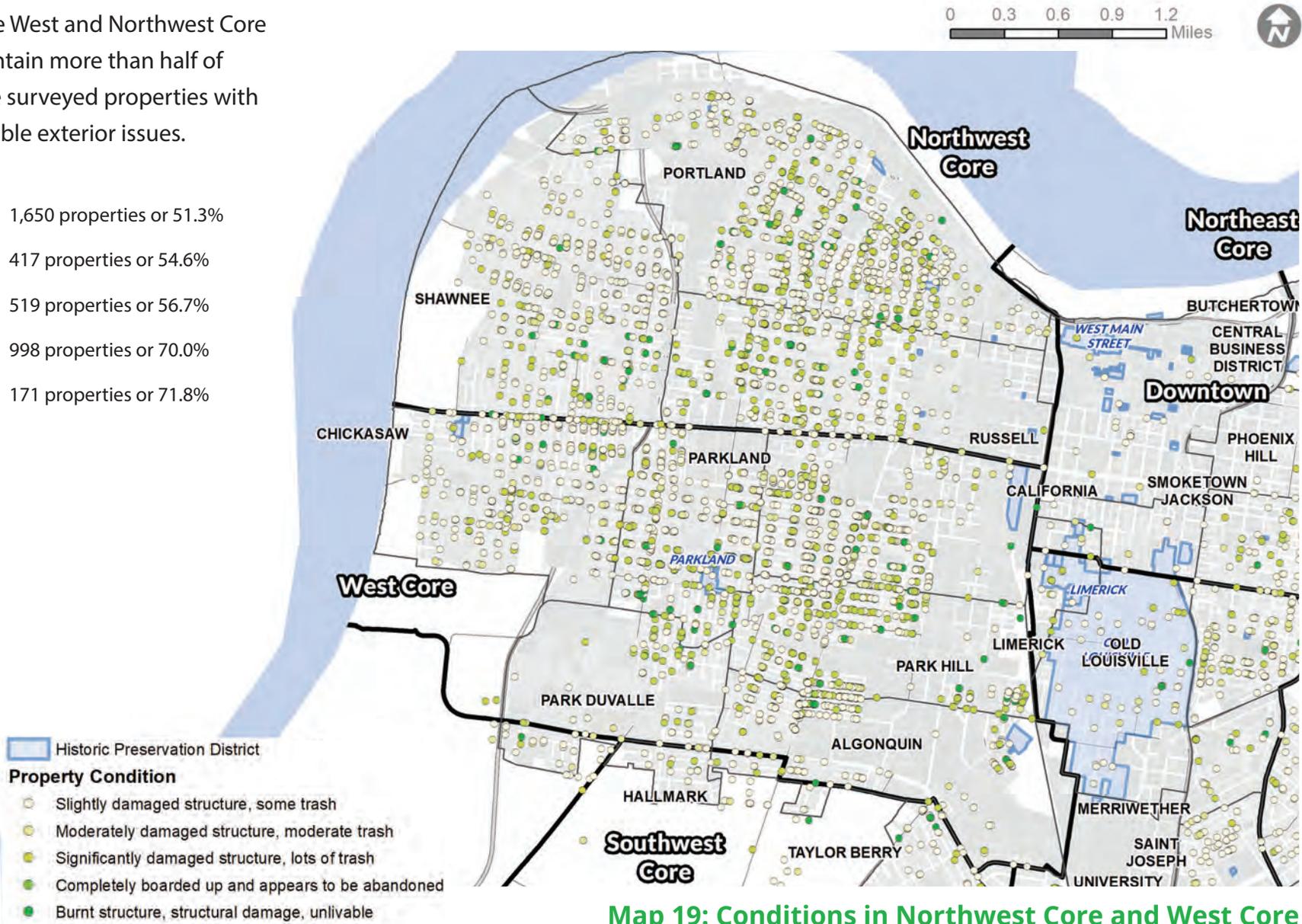
At the time of writing, Phase I of the survey was completed, and encompasses neighborhoods in west and south Louisville, downtown and its edge neighborhoods, and Old Louisville. These neighborhoods were previously identified as having the most properties with visible exterior issues per housing unit. Phase II of the survey, which includes the remainder of Jefferson County, is expected to be completed in 2024.

- 3,219 properties or 49.1%
- 764 properties or 11.6%
- 915 properties or 13.9%
- 1,426 properties or 21.7%
- 238 properties or 3.6%



The West and Northwest Core contain more than half of the surveyed properties with visible exterior issues.

- 1,650 properties or 51.3%
- 417 properties or 54.6%
- 519 properties or 56.7%
- 998 properties or 70.0%
- 171 properties or 71.8%

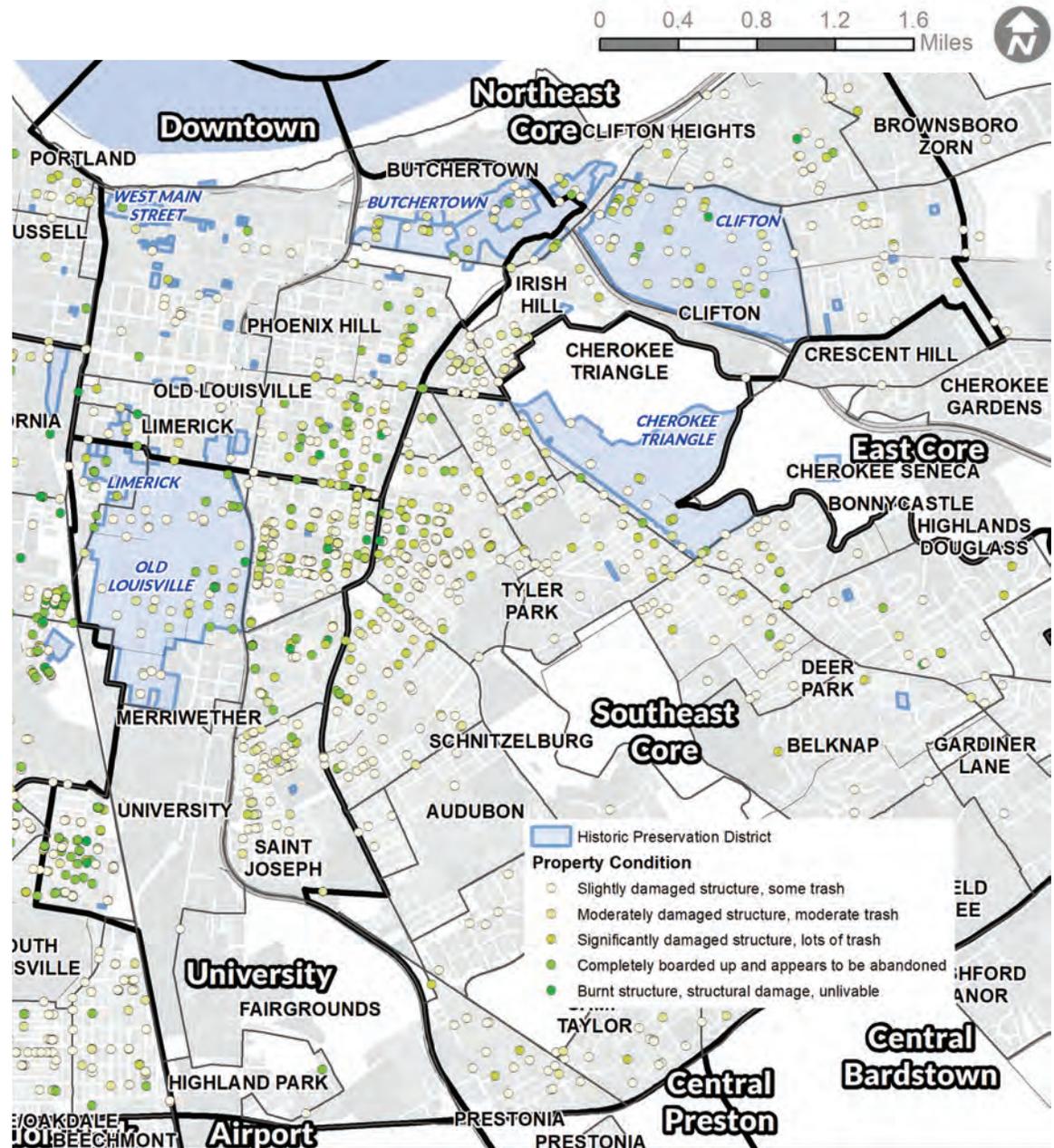


Map 19: Conditions in Northwest Core and West Core

Source: Cyclomedia Windshield Survey

Neighborhoods around the border of University and Downtown have high concentrations of houses with assessed exterior problems. There were fewer exterior problems found in houses located in Historic Districts.

Market conditions and housing stock in the Downtown and University areas are more favorable, as there is a greater chance that these homes will be rehabilitated and sold to new owners.

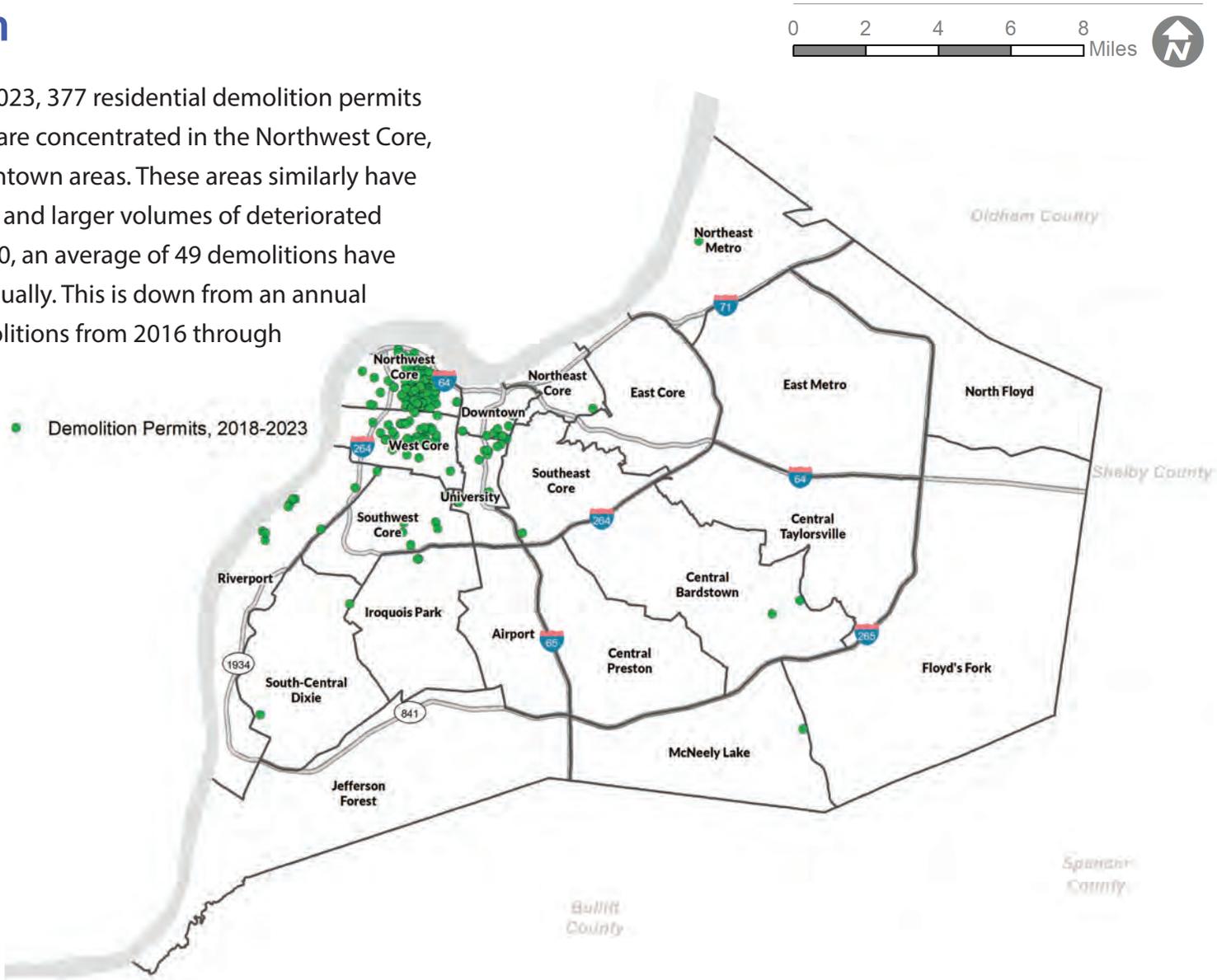


Map 20: Conditions in Downtown and University

Source: Cyclomedia Windshield Survey

Demolition

Between 2018 and 2023, 377 residential demolition permits were approved, and are concentrated in the Northwest Core, West Core, and Downtown areas. These areas similarly have higher vacancy rates and larger volumes of deteriorated structures. Since 2020, an average of 49 demolitions have been carried out annually. This is down from an annual average of 103 demolitions from 2016 through 2019. In 2023, 58 demolitions were cleared.

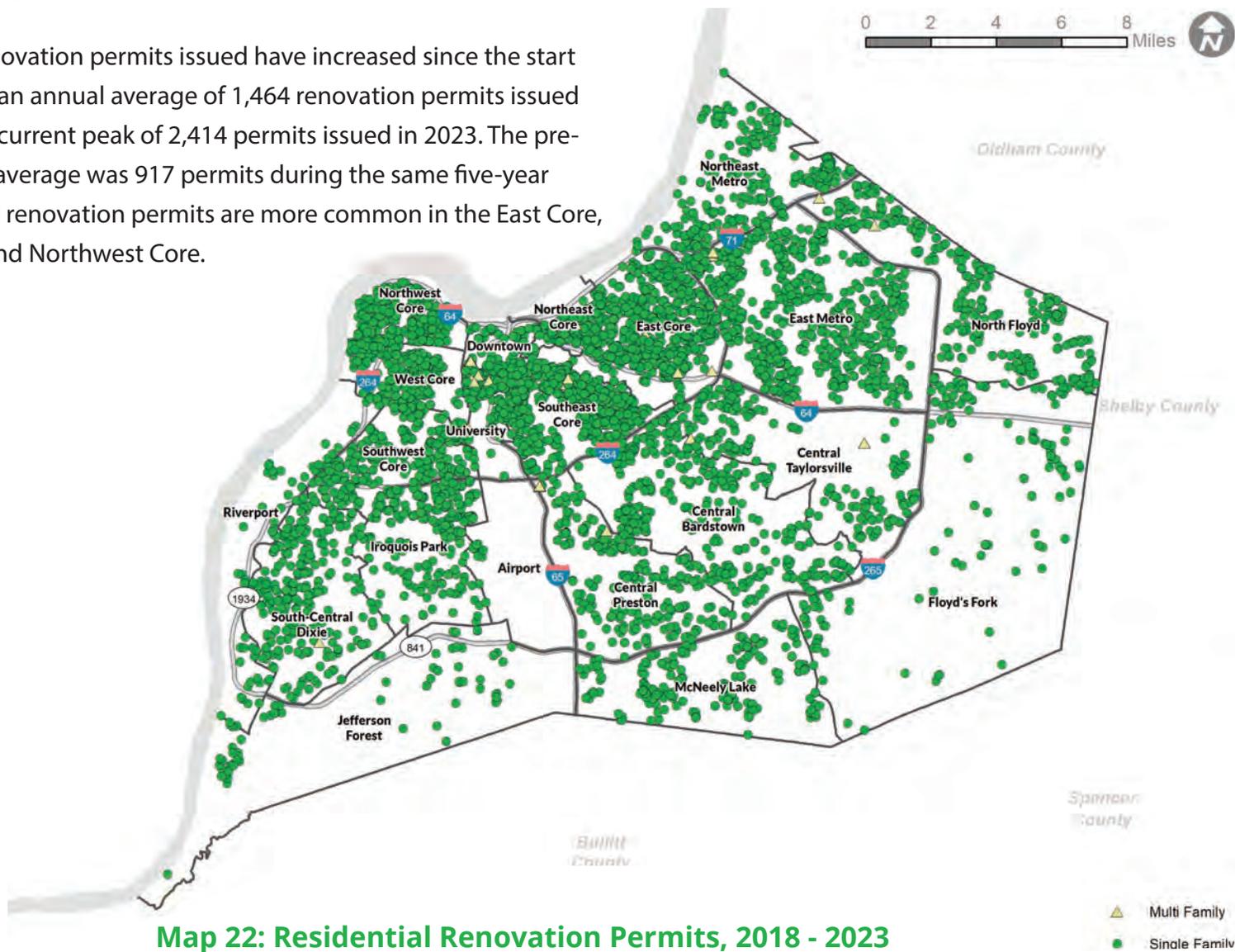


Map 21: Residential Demolition Permits, 2018-2023

Source: Louisville Open Data, 2015-2023

Renovation

The number of renovation permits issued have increased since the start of COVID-19, with an annual average of 1,464 renovation permits issued since 2019, with a current peak of 2,414 permits issued in 2023. The pre-pandemic annual average was 917 permits during the same five-year period. Residential renovation permits are more common in the East Core, Southwest Core, and Northwest Core.

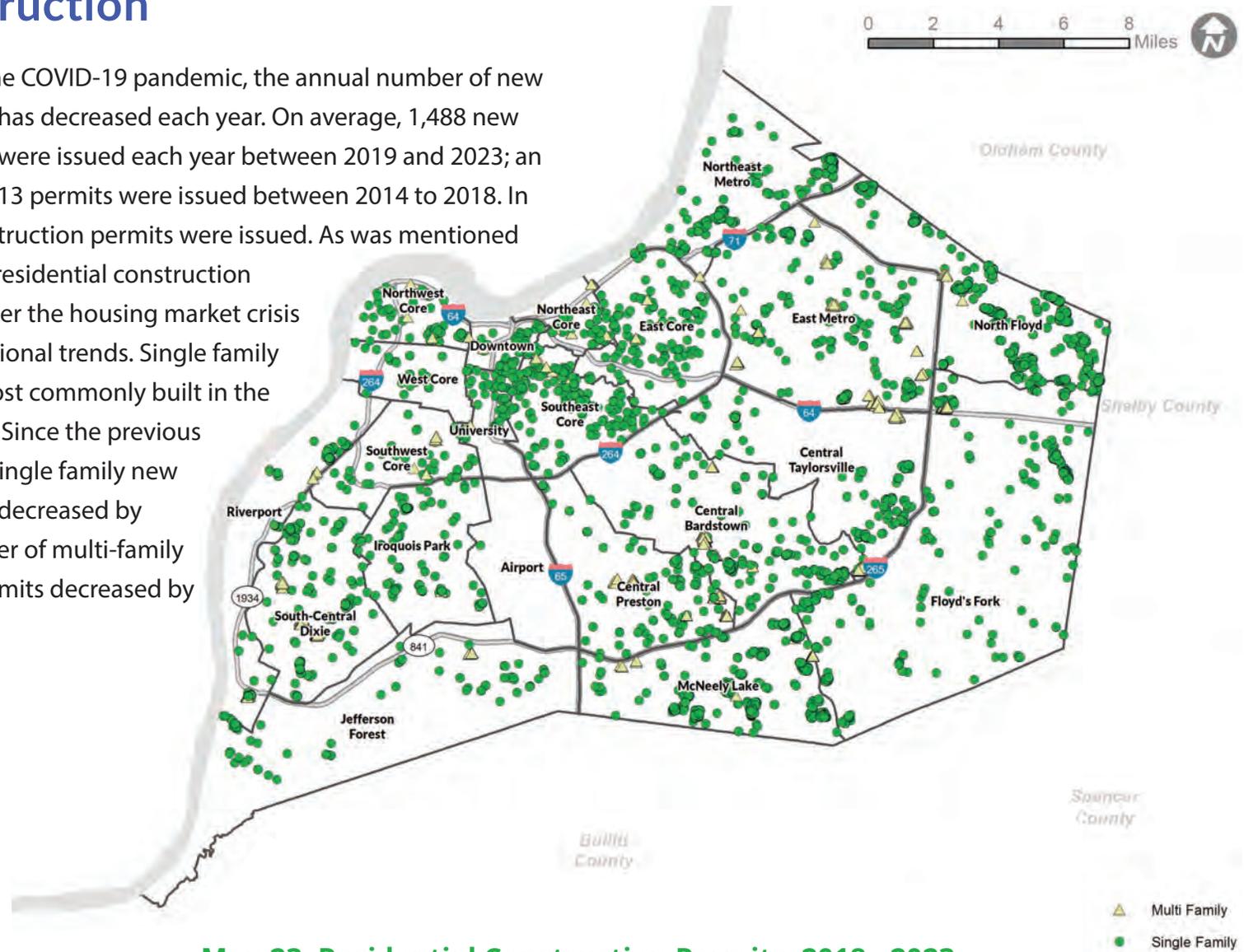


Map 22: Residential Renovation Permits, 2018 - 2023

Source: Louisville Open Data, January 2015-2023

New Construction

Since the advent of the COVID-19 pandemic, the annual number of new construction permits has decreased each year. On average, 1,488 new construction permits were issued each year between 2019 and 2023; an annual average of 3,613 permits were issued between 2014 to 2018. In 2023, 1,239 new construction permits were issued. As was mentioned in the previous HNA, residential construction permits decreased after the housing market crisis in 2007, following national trends. Single family homes remain the most commonly built in the eastern market areas. Since the previous HNA, the number of single family new construction permits decreased by 60.2%, and the number of multi-family new construction permits decreased by 50.1%.



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.

This section of the HNA 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. The diversity indicators listed below are the same used in the previous HNA conducted in 2019. These variables paint a picture of the city's housing needs and how well those needs are met. When comparing the new data to the previous HNA, we are able to see how housing needs may have changed or how well needs have been addressed thus far.

Diversity Indicators

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

Demographic Characteristics

Since the previous HNA, the population of Jefferson County has grown by about 3% to 780,449 residents.

Race and Ethnicity

In 2021, about 66% of Louisville’s population were White. From 2011 to 2021, the population of Black residents grew by 2%, and the population of Hispanic/Latinx residents grew by 2%. Louisville’s minority residents made up 34.1% of Louisville’s population in 2021, a 3.1% increase since the previous HNA.

34.1%

Louisville’s overall minority population, 2021

↑ **3.1%**
since prior HNA

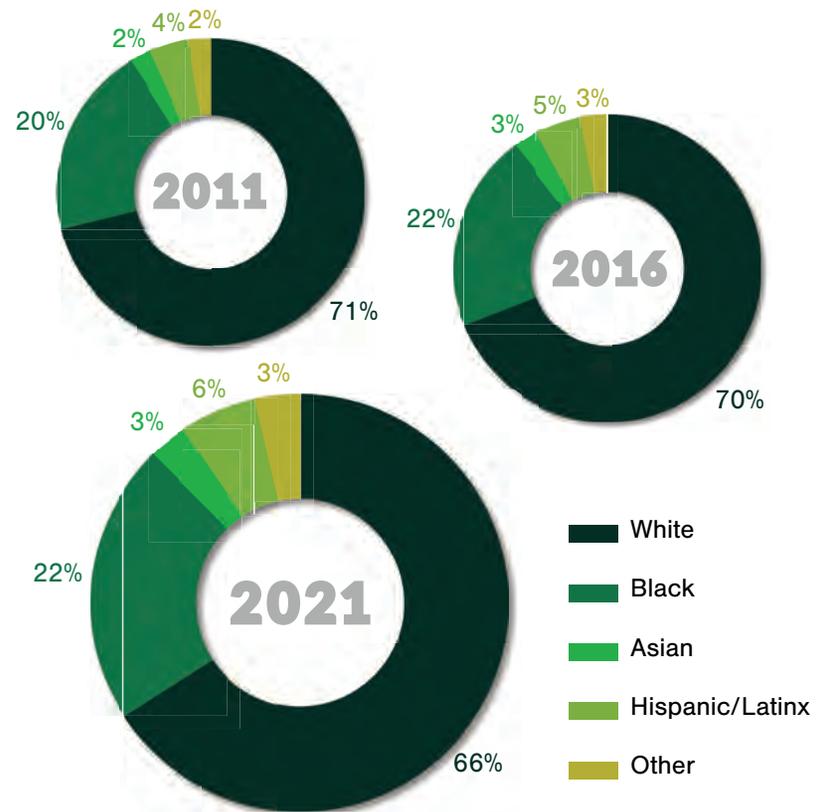
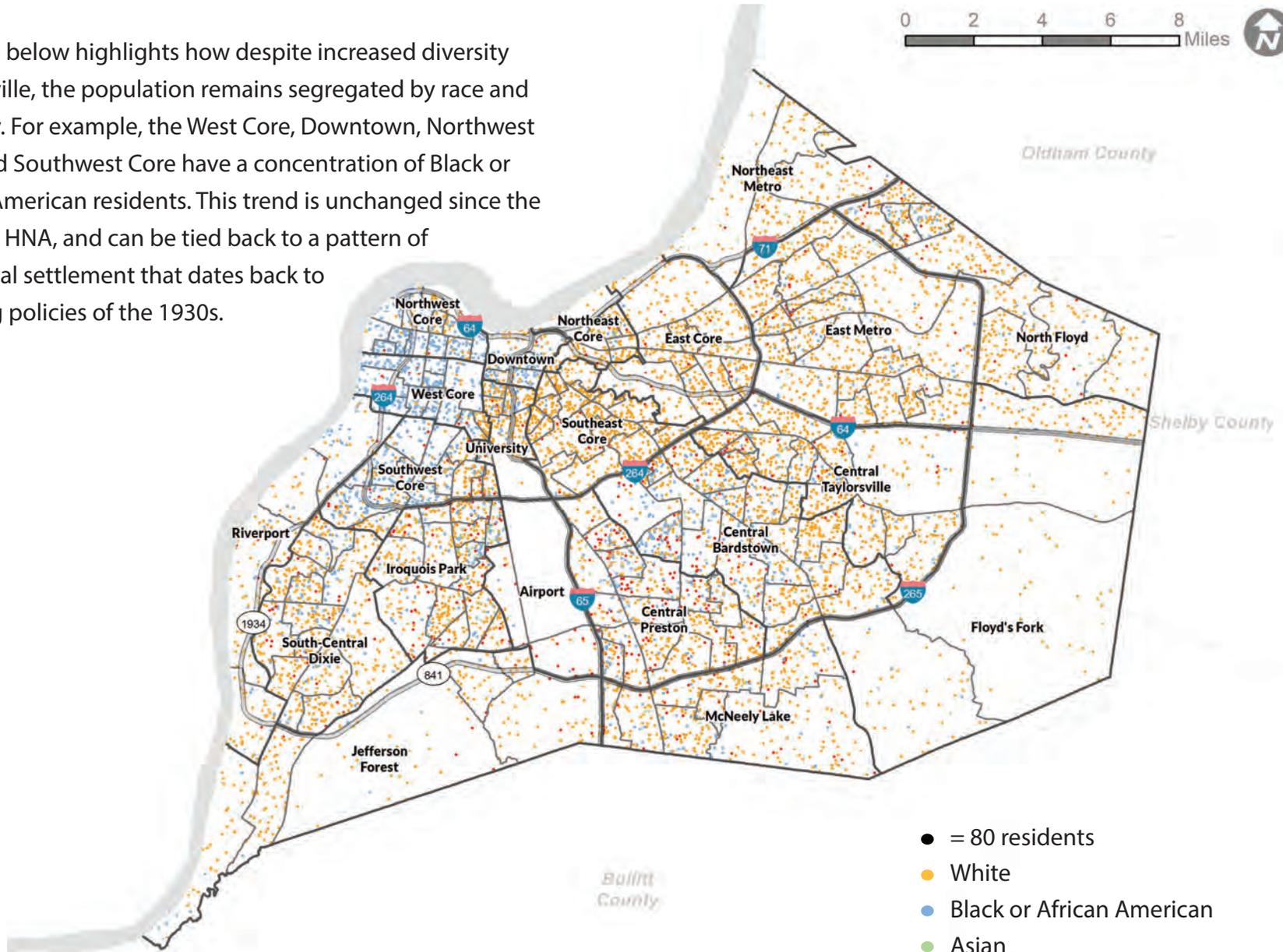


Figure 9: Race and Ethnicity, 2011 to 2021

Source: American Community Survey, 2011, 2016, and 2021 5-Year Estimates

The map below highlights how despite increased diversity in Louisville, the population remains segregated by race and ethnicity. For example, the West Core, Downtown, Northwest Core, and Southwest Core have a concentration of Black or African American residents. This trend is unchanged since the previous HNA, and can be tied back to a pattern of residential settlement that dates back to redlining policies of the 1930s.



Map 24: Race and Ethnicity, 2021

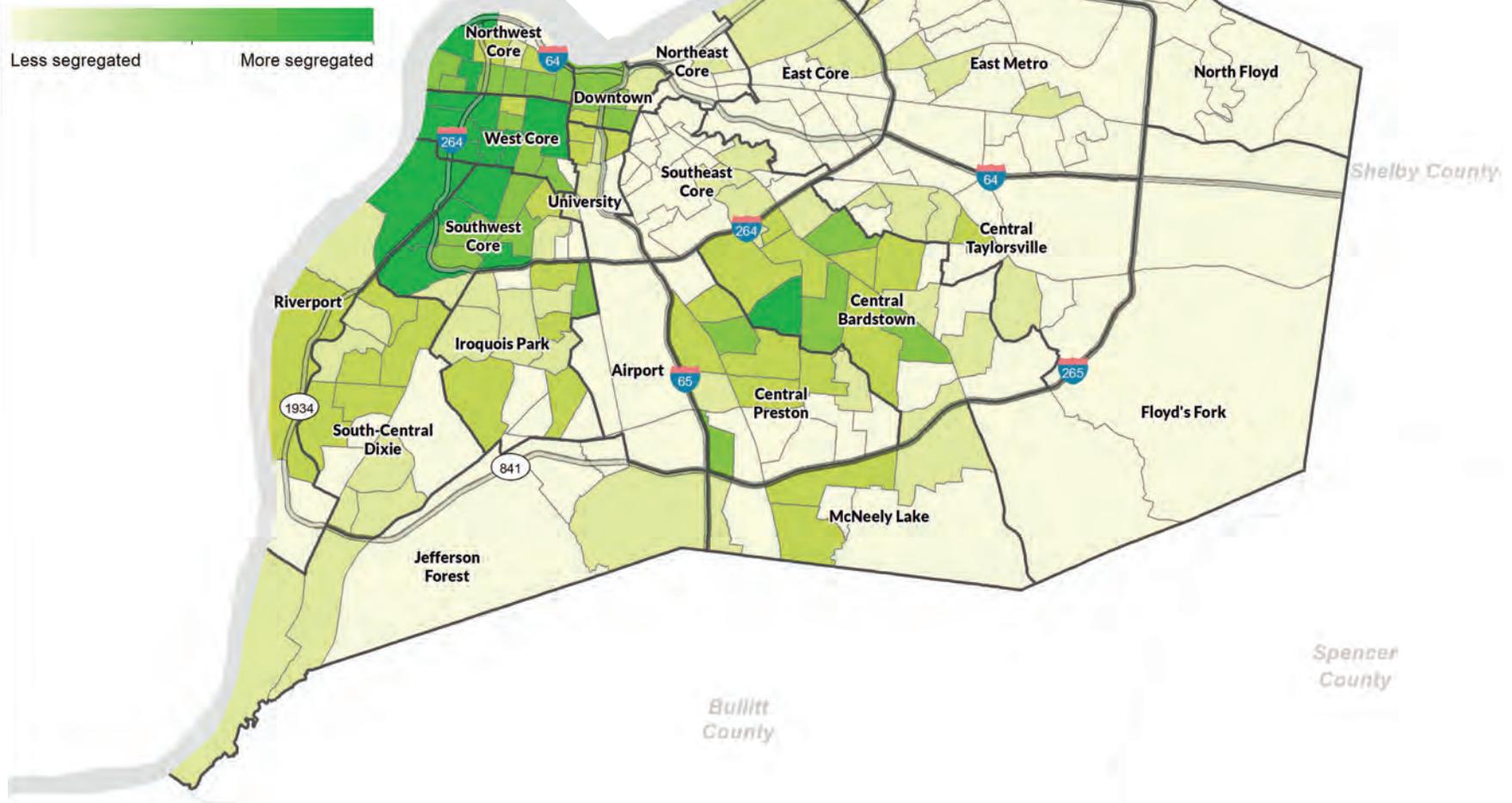
Source: American Community Survey, 2017-2021 5-Year Estimates

- A
- B
- C
- D
- E
- F
- G

Map 25: Black/White Residential Segregation, 2021

Source: American Community Survey, 2017-2021 5-Year Estimates

Segregation is calculated using a Dissimilarity Index¹. Compared to the previous HNA, parts of North Floyd, Floyd's Fork, and Central Taylorsville areas have become less segregated relative to the rest of Jefferson County. In other words, these neighborhoods are becoming more integrated in terms of the proportion of White and Black residents now living in these areas.



Age

In 2021, about 22% of residents were reported to be under the age of 18. A quarter of residents were between the age of 35 and 54. Since the previous HNA, the number of residents between the age of 55 and 74 increased by almost 2% making this the largest difference among age groups since the last HNA. 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.

When comparing 2021 data to 2025 projections, the 18-34 and 55-74 age groups have exceeded projections, and the under 18 and under 5 age groups have fallen behind.

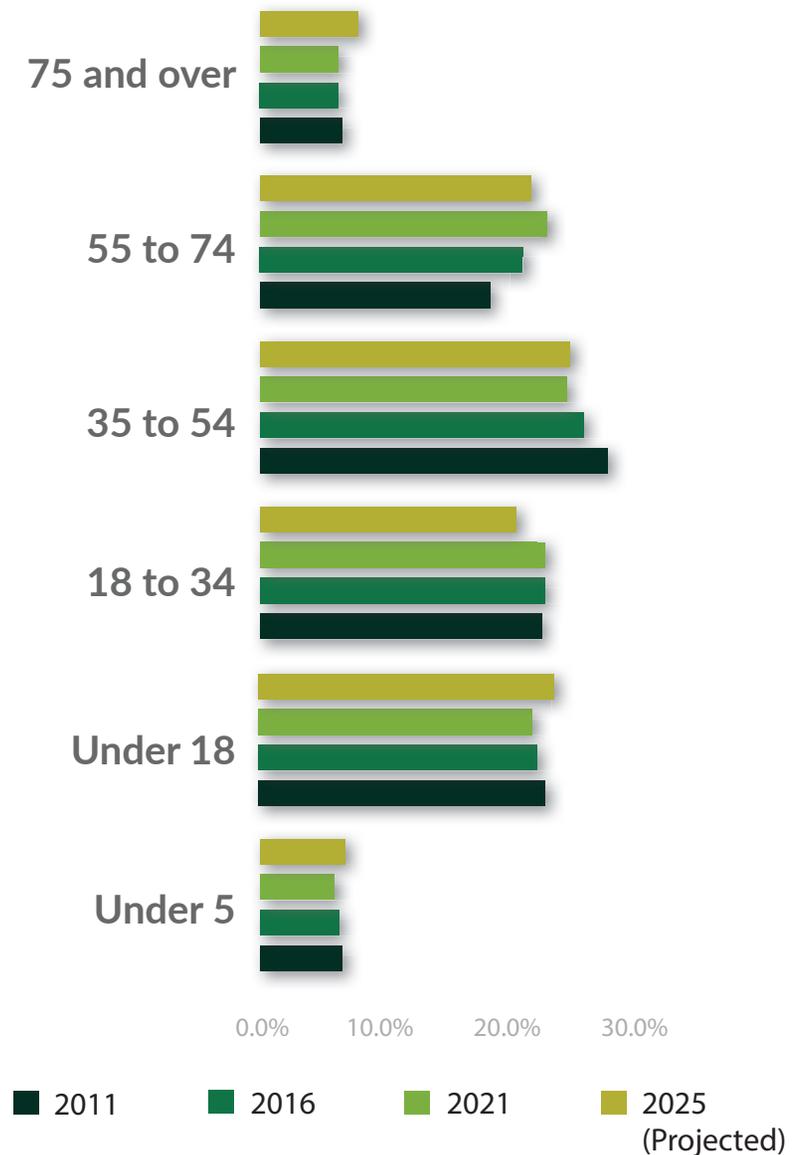


Figure 10: Population by Age, 2011 to 2025

Household Size

In 2022, Louisville's average household size was 2.26 persons, this was a small decrease of 0.14 since the last HNA. Owner households are typically larger in size, with a household size of 2.42, compared to renter households with a household size of 1.98.

In general, household sizes tend to be getting smaller since the previous HNA. White households are the smallest household size overall with a household size of 2.17 (0.12 decrease since last HNA), and Asian households are the largest household size with a household size of 2.91 (0.02 decrease). It is important to note that in the previous HNA, Latinx households were the largest household size with a household size of 3.14 but saw a decrease to 2.85 in 2022. Black households have a household size of 2.32 in 2022 (0.13 decrease since last HNA).

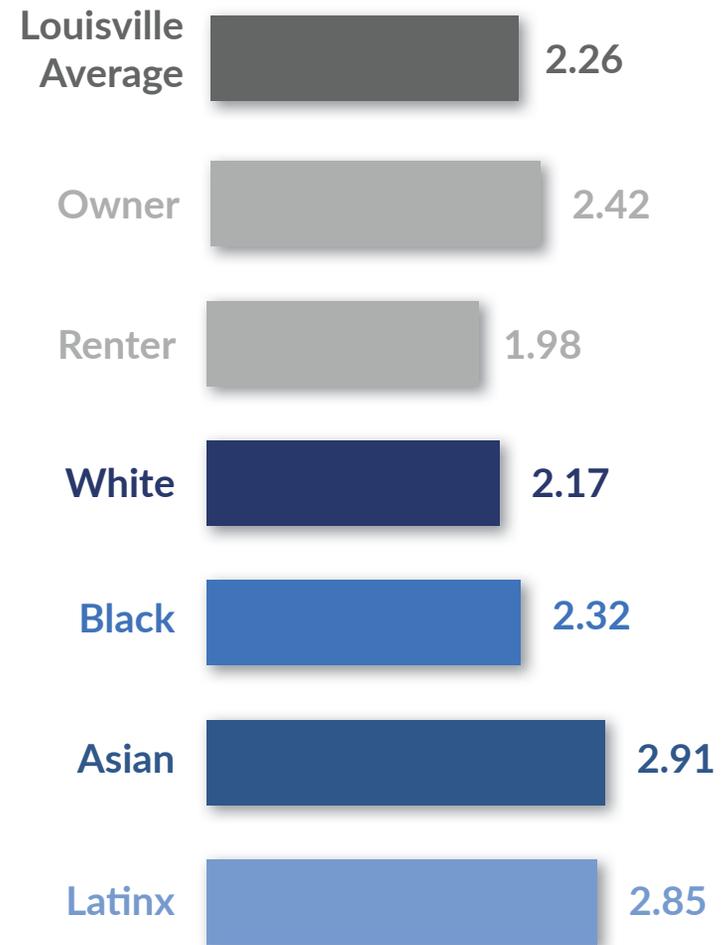


Figure 11: Household Size, 2022

Source: American Community Survey, 2022 1-Year Estimates²

Tenure

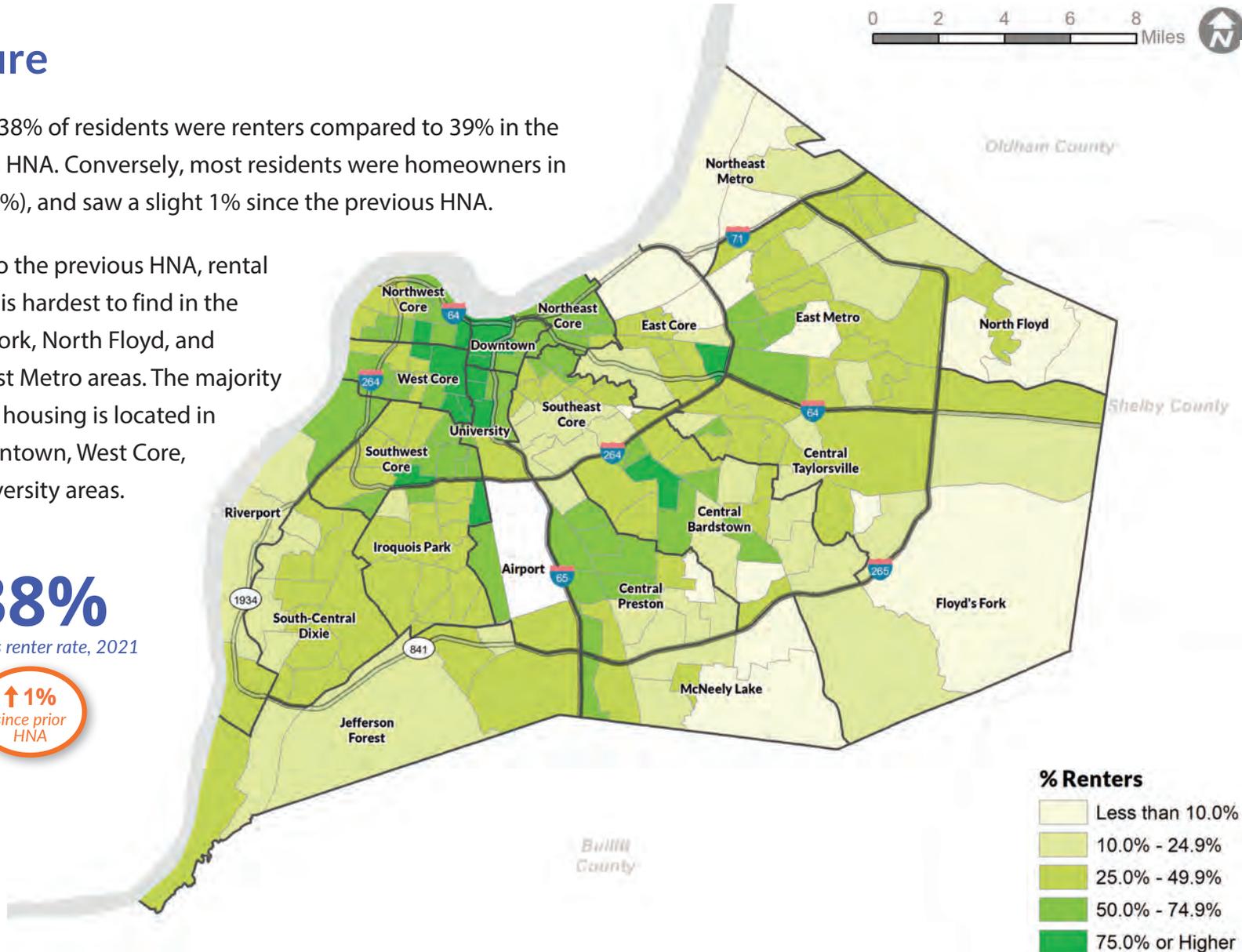
In 2021, 38% of residents were renters compared to 39% in the previous HNA. Conversely, most residents were homeowners in 2021 (62%), and saw a slight 1% since the previous HNA.

Similar to the previous HNA, rental housing is hardest to find in the Floyd's Fork, North Floyd, and Northeast Metro areas. The majority of rental housing is located in the Downtown, West Core, and University areas.

38%

Louisville's renter rate, 2021

↑ 1%
since prior
HNA



% Renters

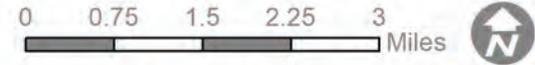
- Less than 10.0%
- 10.0% - 24.9%
- 25.0% - 49.9%
- 50.0% - 74.9%
- 75.0% or Higher

Map 26: Tenure (Renter Rate), 2021

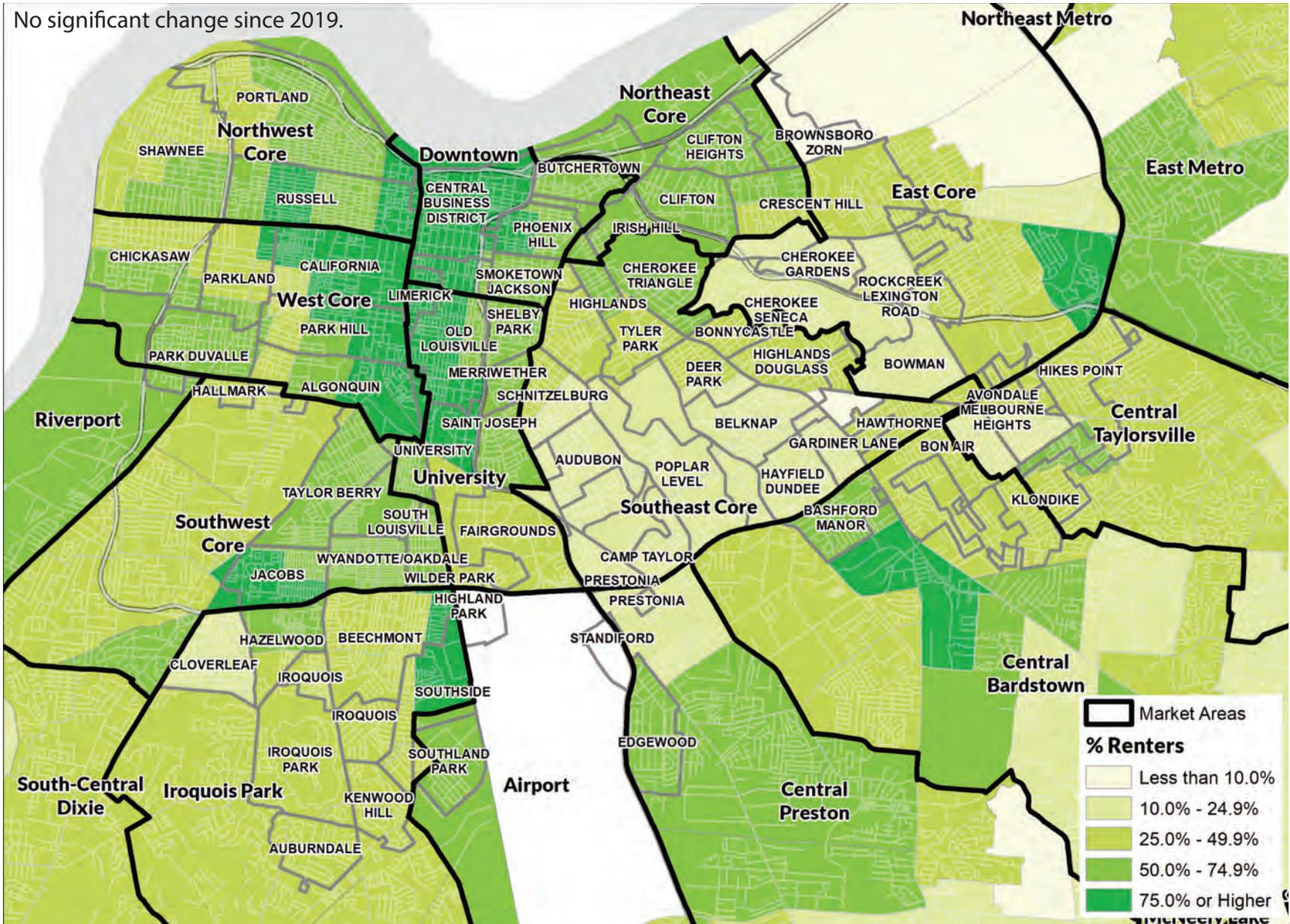
Source: American Community Survey, 2017-2021 5-Year Estimates

Map 27: Tenure (Renter Rate) in Urban Neighborhoods, 2021

Source: American Community Survey, 2017-2021 5-Year Estimates



No significant change since 2019.



- A
- B
- C
- D
- E
- F
- G

Housing Characteristics

Housing Type and Size

The number of occupied housing in Louisville grew by 4.2% since the previous HNA to be 323,293 units. The majority of occupied housing units tend to be single family detached (66%) or multifamily (27%).

Since the last HNA, the proportion of single family detached homes decreased by 2% while the number of multifamily homes increased by 2%. However, it should be noted that the quantity of single family detached homes and multifamily housing has increased since the last HNA, increasing by 12.0% and 20.6%, respectively

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

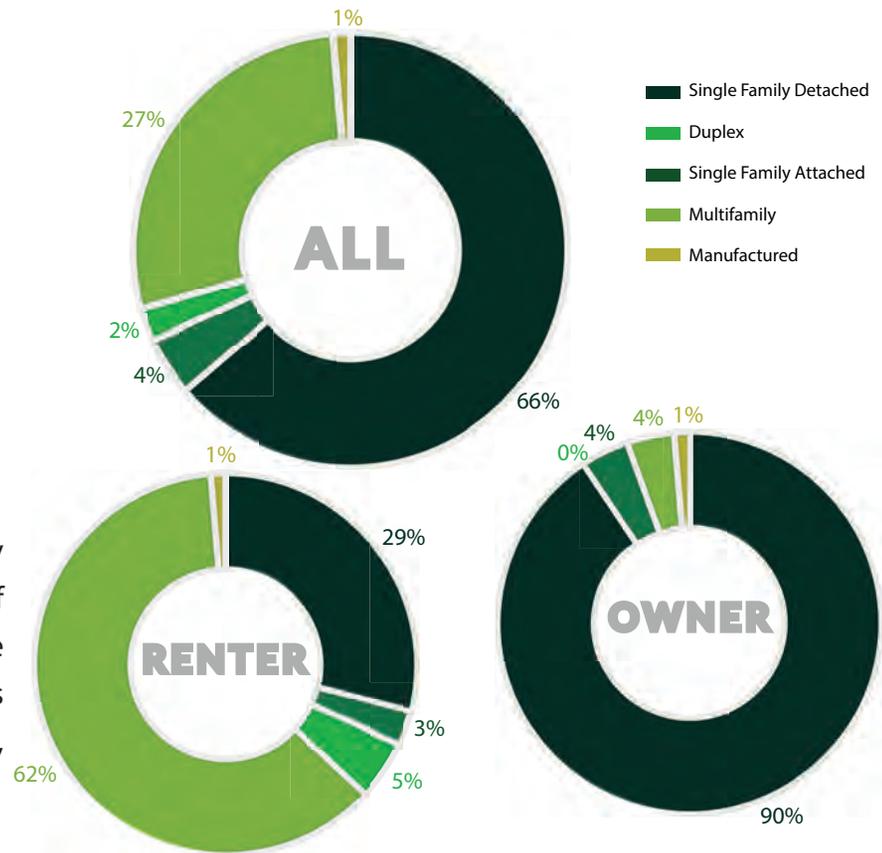


Figure 12: Housing Units by Type

Source: American Community Survey, 2017-2021 5-Year Estimates

- A
- B
- C
- D
- E
- F
- G

Age of Housing Stock

Approximately 65% of all housing units were built before 1979, and 14% were built before 1940.

On average, homes in Louisville were built in 1972, or are 51 years old on average. The oldest homes concentrated in the areas around Downtown Louisville while the newest homes are primarily located in eastern Jefferson County.

Louisville has been able to update its housing stock through new construction. As of 2021, 21,760 housing units have been built since 2010. These units consist of 6.2% of Louisville’s overall housing stock. Over 75% of these units (16,351) were built after 2016, which was the most recent data used when conducting the last HNA.

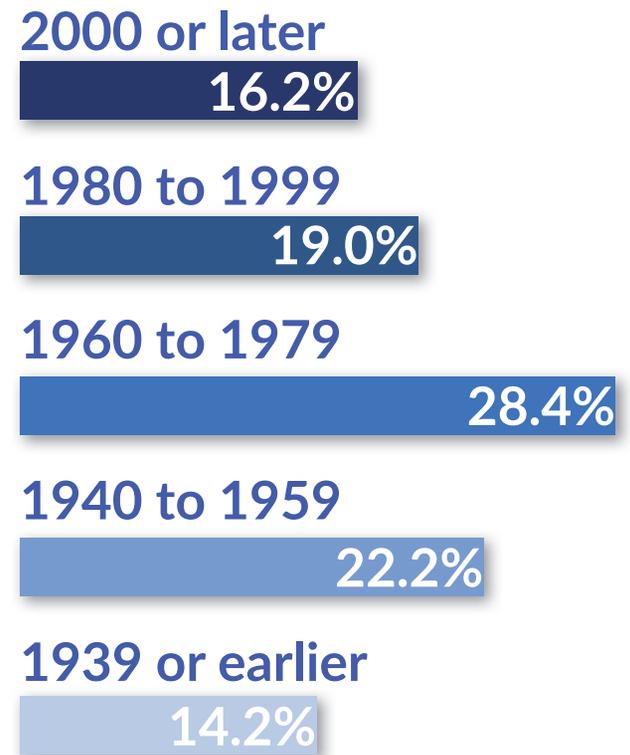


Figure 13: Housing Stock by Year Built

Source: American Community Survey, 2017-2021 5-Year Estimates

Gross Rent

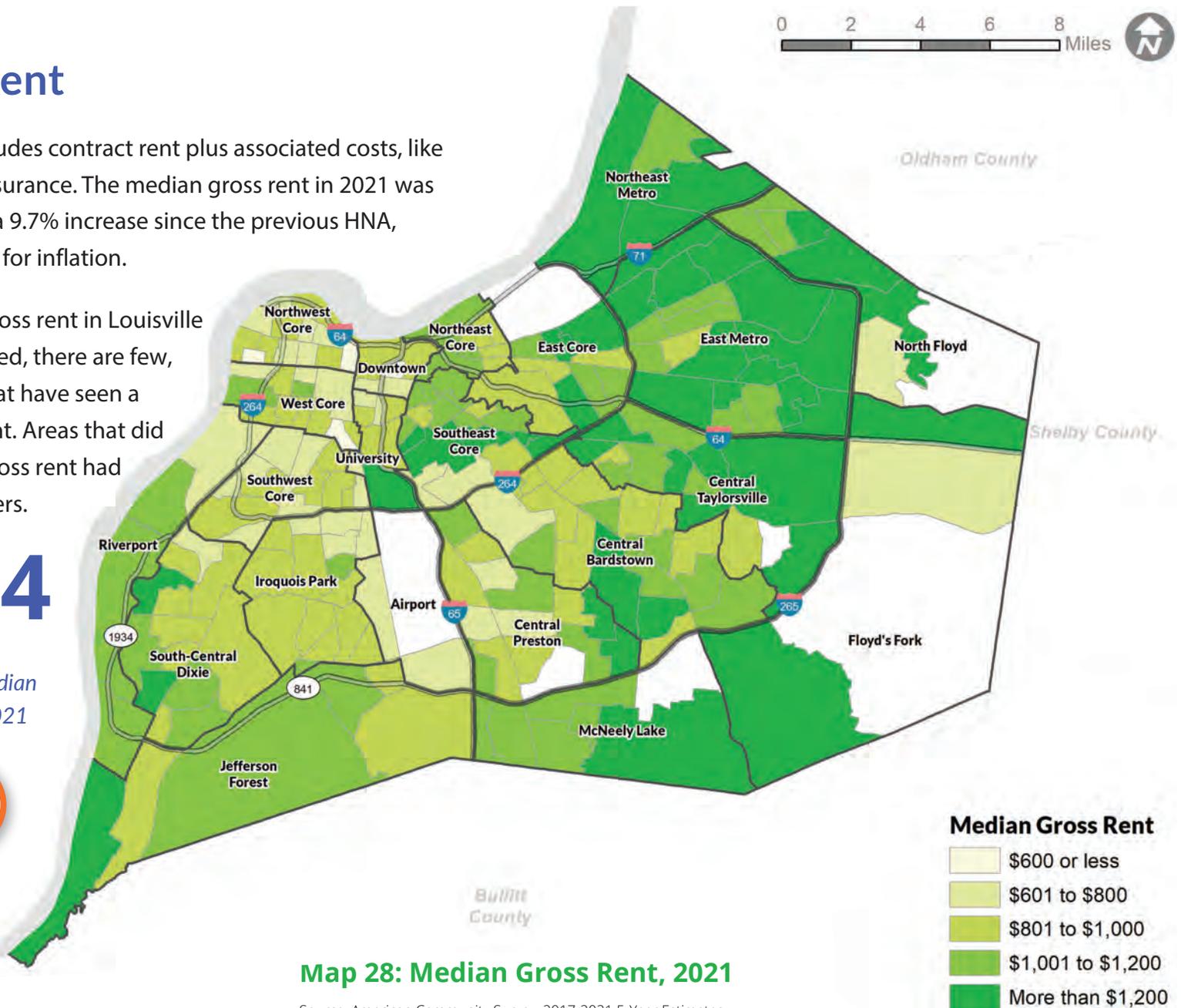
Gross rent includes contract rent plus associated costs, like utilities and insurance. The median gross rent in 2021 was \$954 which is a 9.7% increase since the previous HNA, after adjusting for inflation.

With overall gross rent in Louisville having increased, there are few, if any, areas that have seen a decrease in rent. Areas that did not report a gross rent had few or no renters.

\$954

Louisville's median gross rent, 2021

↑9.7%
since prior
HNA



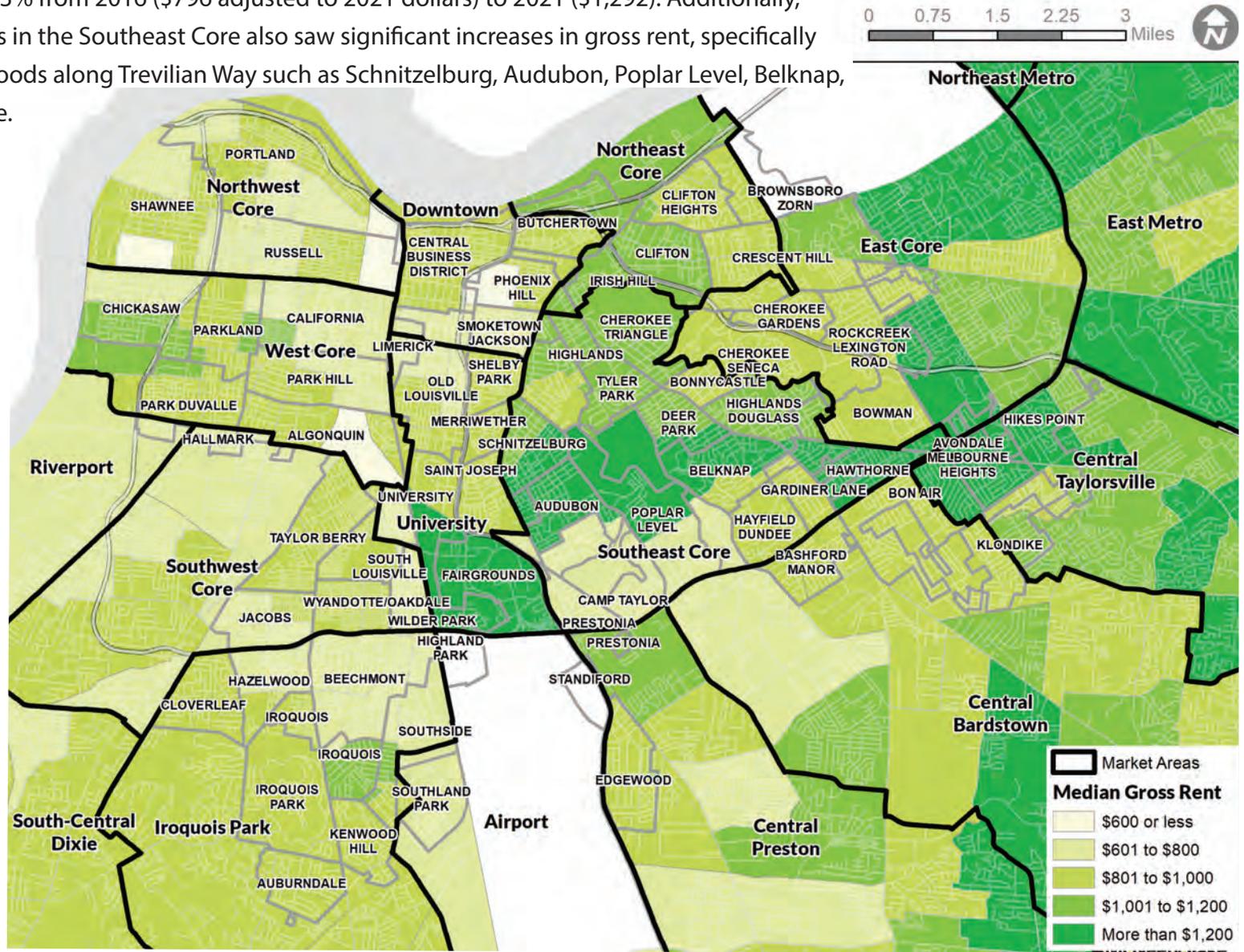
Map 28: Median Gross Rent, 2021

Source: American Community Survey, 2017-2021 5-Year Estimates

Map 29: Median Gross Rent in Urban Neighborhoods, 2021

Source: American Community Survey, 2017-2021 5-Year Estimates

The Fairgrounds in the University market area saw the largest increase in gross rent, growing by 62.3% from 2016 (\$796 adjusted to 2021 dollars) to 2021 (\$1,292). Additionally, neighborhoods in the Southeast Core also saw significant increases in gross rent, specifically the neighborhoods along Trevilian Way such as Schnitzelburg, Audubon, Poplar Level, Belknap, and Hawthorne.



Sales Trends

Around 85,823 homes were sold in Louisville between 2019 and 2023, with an average number of days on the market of 39.5 in 2023. The average number of days on the market decreased by about 4 days since the last HNA.

The median sale price in Louisville was \$239,900 from 2021 through 2023, which is an increase of 16.6% since the last HNA, after adjusting for inflation. The lowest home values are found in the Northwest Core (Median Value: \$63,000) and West Core (\$64,600), while the most expensive homes are in the easternmost areas of the Louisville Metro.

\$239,900

Louisville's median home sale price, 2021-2023

↑ 16.6%
since prior
HNA

Less than \$100,000

4,456 ↑ 1,456 since prior HNA

\$100,000 to \$200,000

17,695 ↑ 10,495 since prior HNA

\$200,000 to \$300,000

14,788 ↑ 10,788 since prior HNA

More than \$300,000

13,942 ↑ 10,742 since prior HNA

Figure 14: Homes Sold by Sales Price, 2019-2023

Source: Greater Louisville Association of Realtors, 2019-2023

Public Housing

Louisville Metro Housing Authority (LMHA) manages 3,744 units of public housing throughout the metro area as of 2023. Demand for public housing has slightly increased with a waitlist containing 4,090 applicants as of February 2024, compared to 3,602 applicants captured in the previous HNA. During this same time frame, a total of 758 units at Beecher Terrace were demolished, 21 of which were converted through RAD.

2,753

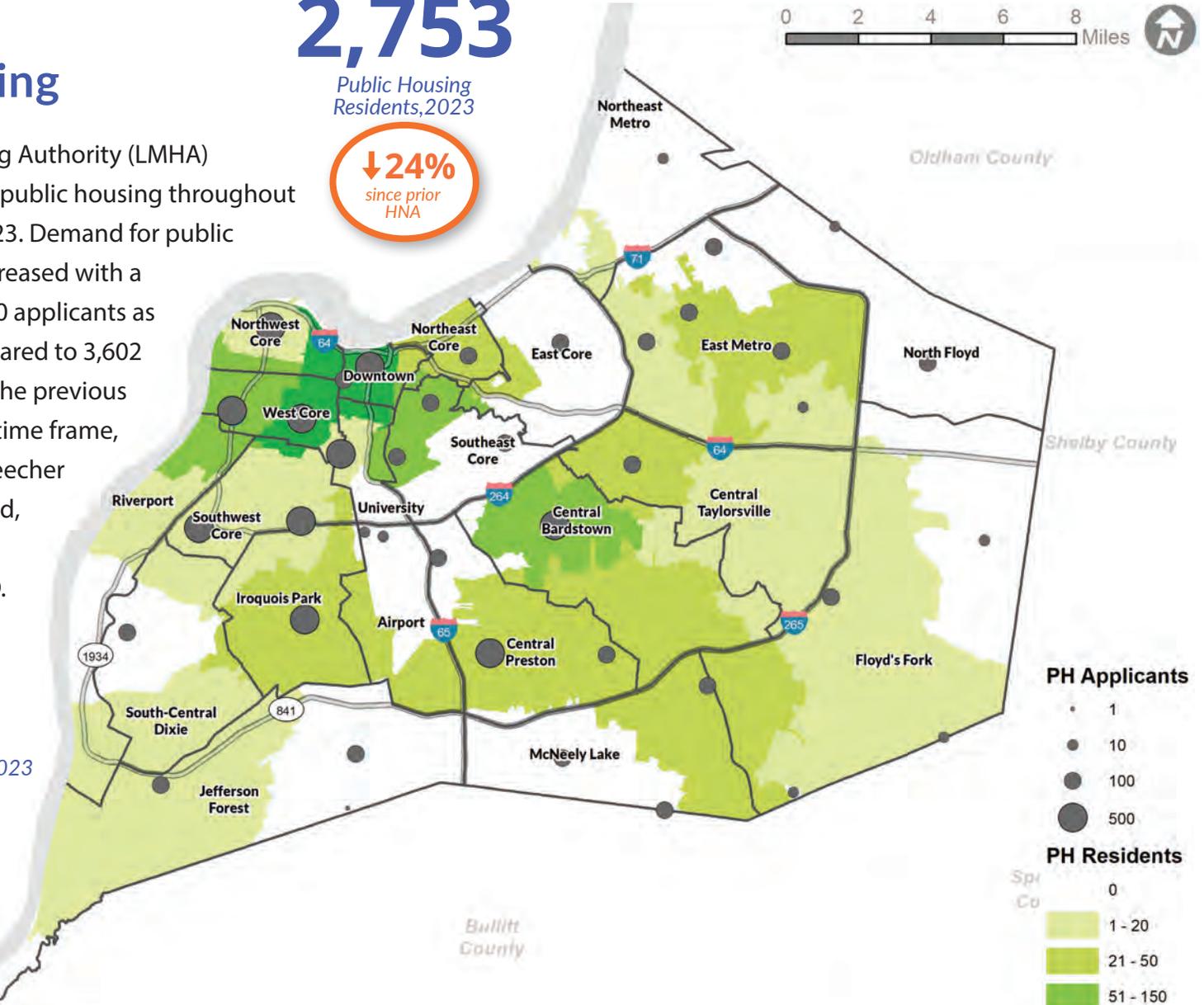
Public Housing Residents, 2023

↓24%
since prior HNA

4,090

Public Housing Applicants, 2023

↑14%
since prior HNA



PH Applicants

- 1
- 10
- 100
- 500

PH Residents

Sp Co

- 0
- 1 - 20
- 21 - 50
- 51 - 150
- 151 - 734

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

Source: Louisville Metro Housing Authority, 2023

Housing Choice Vouchers

LMHA also administers the federal Housing Choice Voucher (HCV) program, managing a current total of 10,284 vouchers around Louisville metro. This is 11% (1,042 residents) more than in 2018. By increasing the number of available vouchers, LMHA has been able to better meet demand for affordable housing, seeing its waitlist shrink by 43.5%.

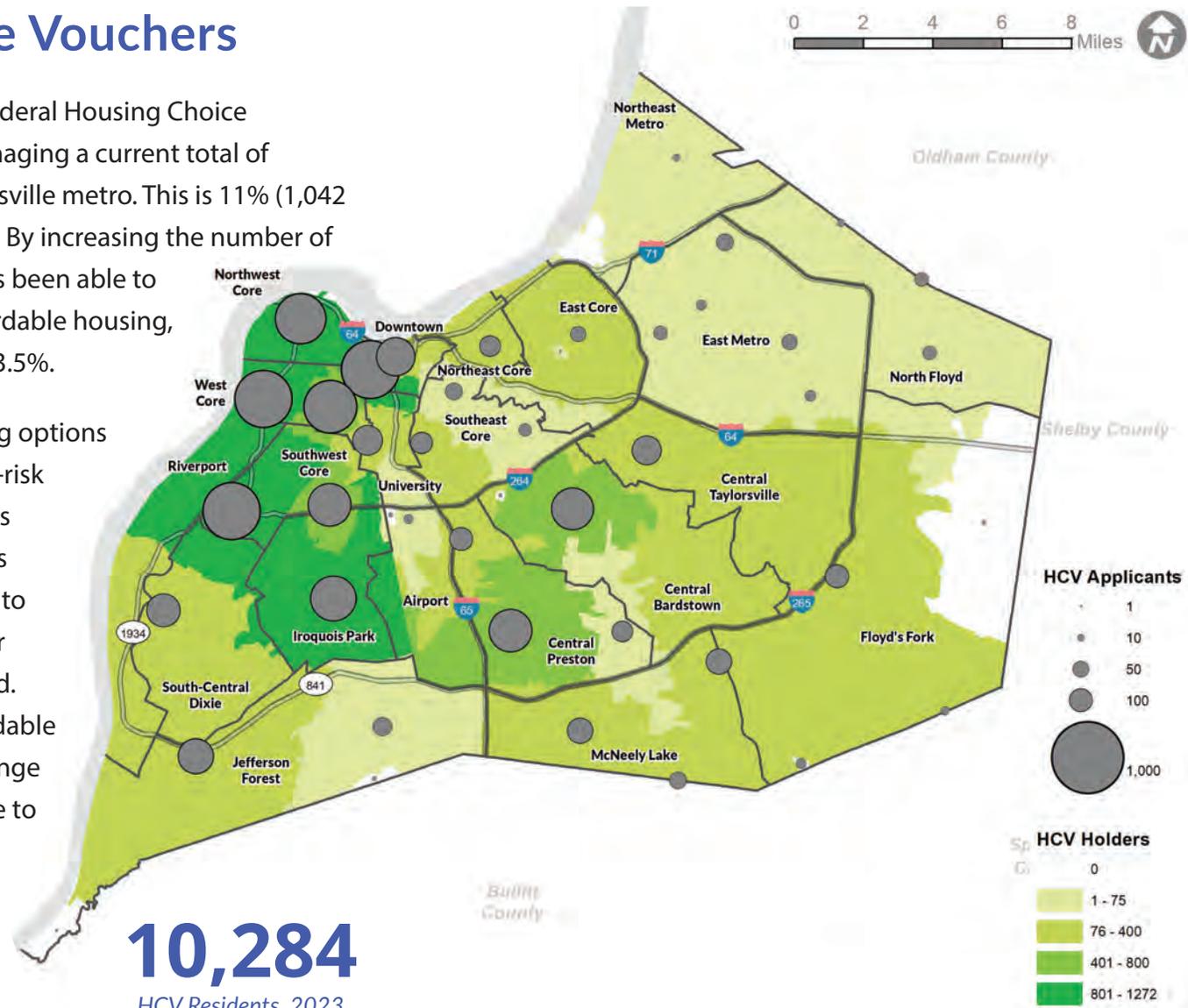
The lack of affordable housing options puts many HCV applicants at-risk of homelessness. While access to affordable housing options has improved, it is important to understand that resources for housing assistance are limited. Addressing the issue of affordable housing is an ongoing challenge that LMHA and LMG continue to make progress on.

7,396
HCV Applicants, 2023

↓44%
since prior
HNA

10,284
HCV Residents, 2023

↑11%
since prior
HNA



Map 31: HCV Holders/Applicants (Zip Code)

Source: Louisville Metro Housing Authority, 2023

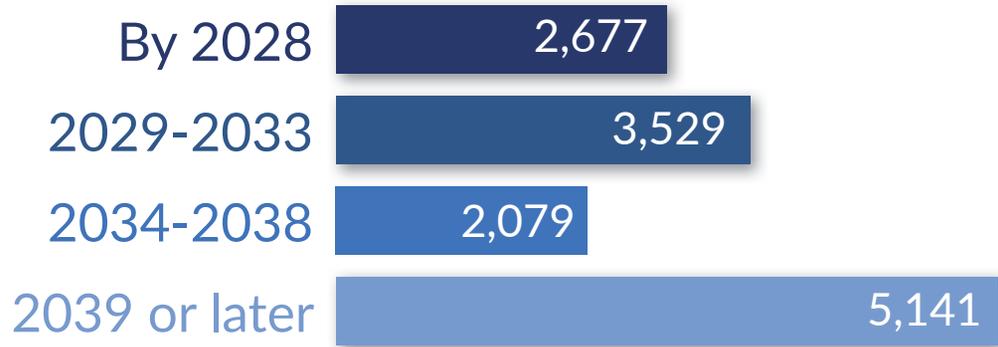


Figure 15: Number of Expiring Units by Year

Source: LMHA, 2023; Kentucky Housing Corporation, 2023; National Housing Preservation Database, 2023

Subsidized Affordable Units

Louisville has approximately 20,649 affordable assisted housing units in 326 developments. Since the previous HNA, the number of affordable assisted housing units grew by 4,208 or 25.6%. Approximately 62% of all assisted developments and units are located in the four market areas on Map 33. The Russell neighborhood of the Northwest Core alone contains 11.9% (39 out of 326) developments and 13.6% of all units.

The units are subject to income restrictions that keep them affordable for a finite period of time. Preservation of affordable units is more cost effective than the construction of new affordable units, so focusing on renewal of these

affordability restrictions will continue to make significant contributions to the total supply of affordable housing in Louisville.

It is estimated that 2,677 affordable units, or 13.0% of the total subsidized affordable housing inventory, could potentially lose their affordability restrictions in the next five years unless action is taken. Notably, 62% of these soon-to-be expiring affordable units are concentrated in the core of Louisville, which includes Downtown, areas west of Downtown, and the University of Louisville.

20,649

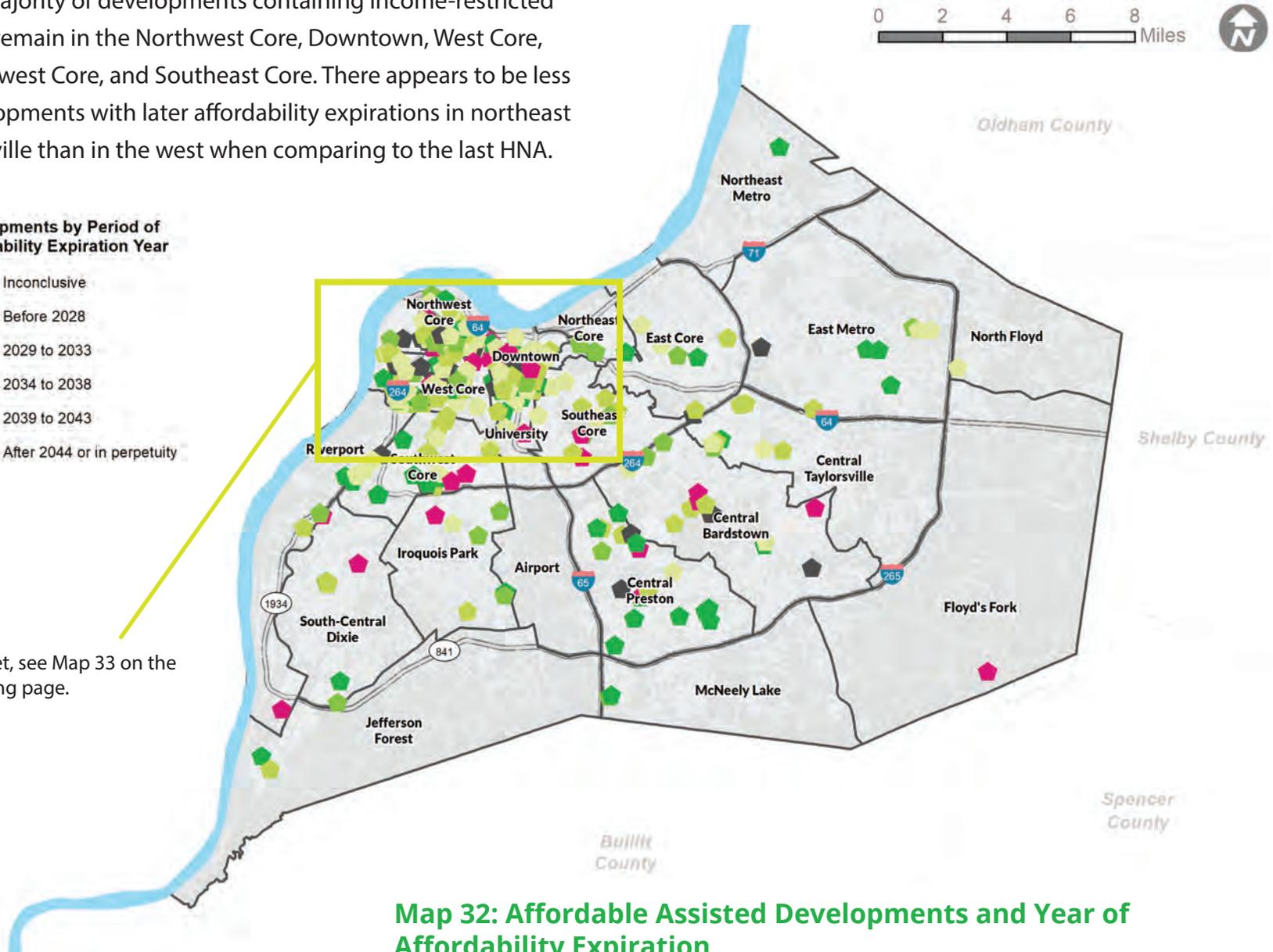
Subsidized Affordable Housing Units, 2023



The majority of developments containing income-restricted units remain in the Northwest Core, Downtown, West Core, Southwest Core, and Southeast Core. There appears to be less developments with later affordability expirations in northeast Louisville than in the west when comparing to the last HNA.

Developments by Period of Affordability Expiration Year

- Inconclusive
- Before 2028
- 2029 to 2033
- 2034 to 2038
- 2039 to 2043
- After 2044 or in perpetuity

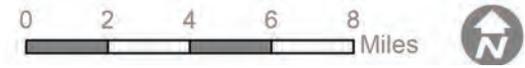


For inset, see Map 33 on the following page.

Map 32: Affordable Assisted Developments and Year of Affordability Expiration

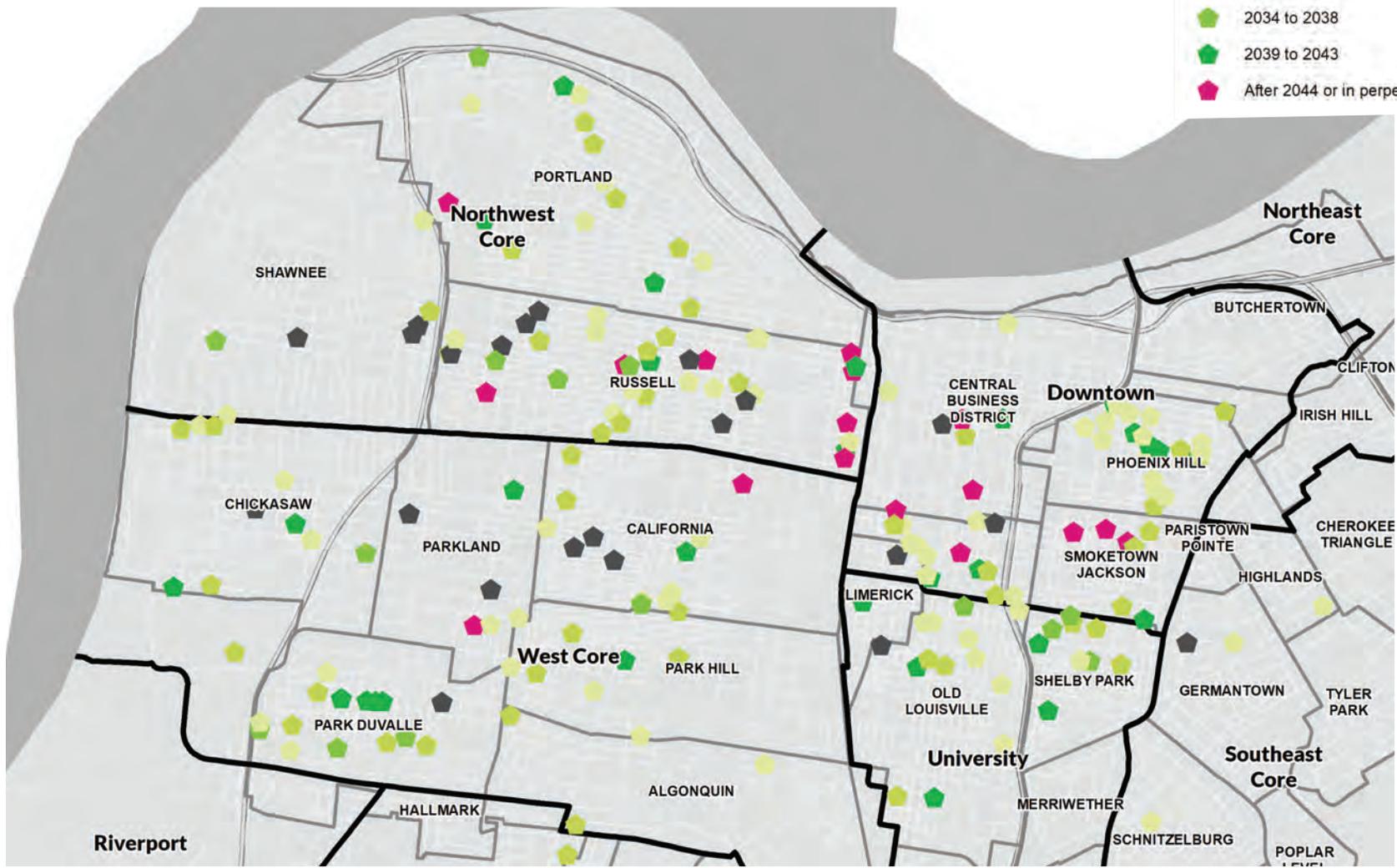
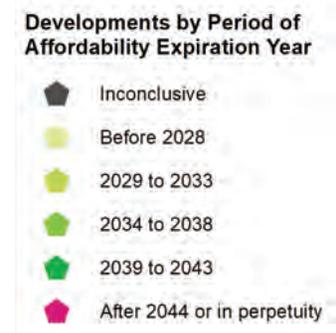
Source: LMHA, 2023; Kentucky Housing Corporation, 2023; National Housing Preservation Database, 2023
 *Inconclusive status is a result of the National Housing Preservation Database missing information on the subsidy end date, and cannot definitively confirm the property as either active or inactive.

- A
- B
- C
- D
- E
- F
- G



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

Source: LMHA, 2023; Kentucky Housing Corporation, 2023; National Housing Preservation Database, 2023



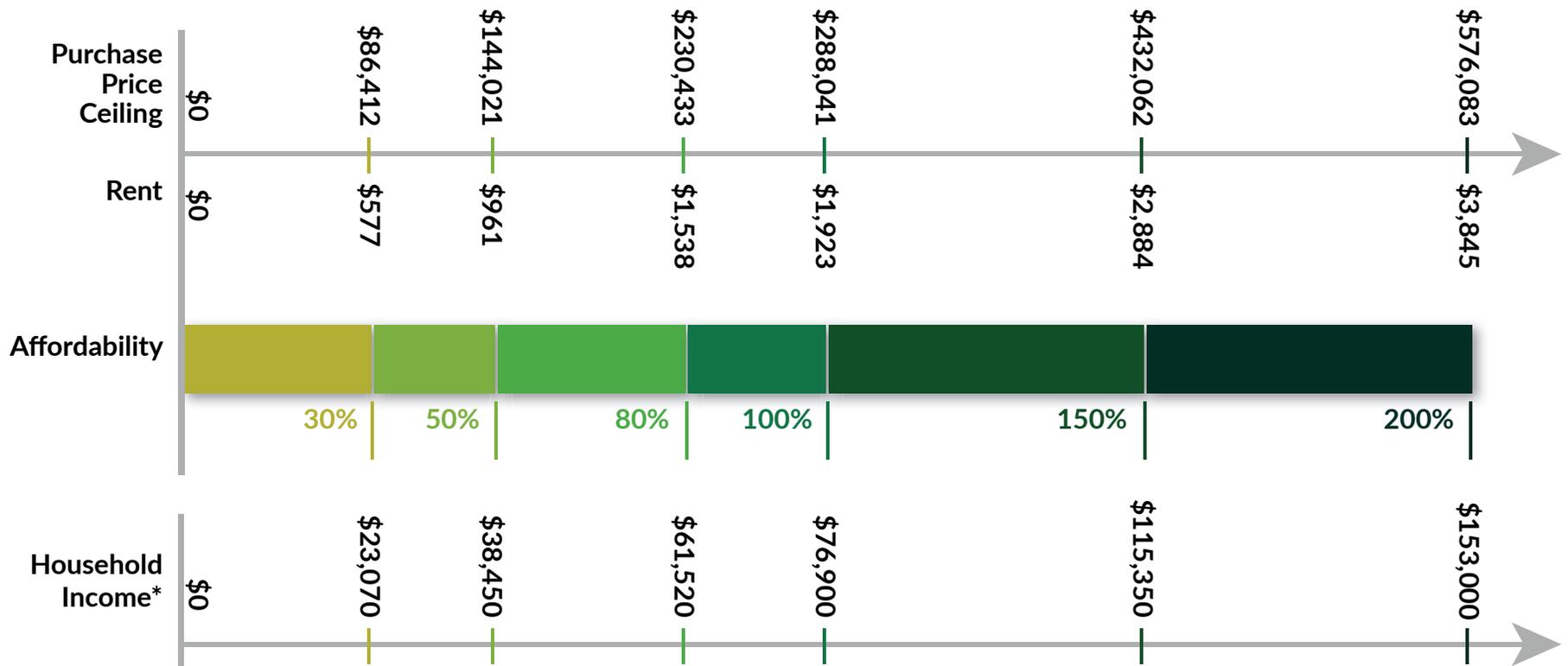
Affordability Groups

A home is generally considered to be affordable if it costs no more than 30% 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% or less of the income of each of the six income groups.

It is important to note that there is no minimum purchase or rent price, meaning households can afford to rent a home that costs at or below the listed rent ceiling. For example, a

50% AMI household (whose household income is between \$23,070 and \$38,450 for a family of four) can afford to rent a home that costs between \$577 and \$961 per month, but also a home that costs less than \$577 per month.

The rent ceiling and purchase price ceiling increased for all groups, largely due to inflation.



* FY 2021 HUD Metropolitan Fair Market Rent/Income Limits Area

Figure 16: Affordability Group Rent & Purchase Price Ceilings

- A
- B
- C
- D
- E
- F
- G

Families at the 30% AMI income level have the most limited housing choice, because they can only afford homes that cost \$86,412 or less to purchase or \$577 or less per month to rent. The higher a household’s income, the greater the number of homes that are affordable to the household. As shown in Figure 17, there are only 44,882 homes in Louisville that meet the affordability requirements of 30% AMI

households. On the other hand, households earning 200% AMI can afford homes in all six of these affordability groups, and there are 308,534 homes affordable up to 200% AMI households.

Note that the figure on the right displays households that earn **up to** 200% AMI. There is a total of 322,384 housing units as of 2021, an increase of 6,008 units since the previous HNA.

When looking at the affordability distribution of housing units within income tiers, units that fall within the 30% AMI to 50% AMI affordability range saw the largest increase share (+11.9%). Overall, housing has become increasingly more affordable, especially for households earning below 80% AMI.

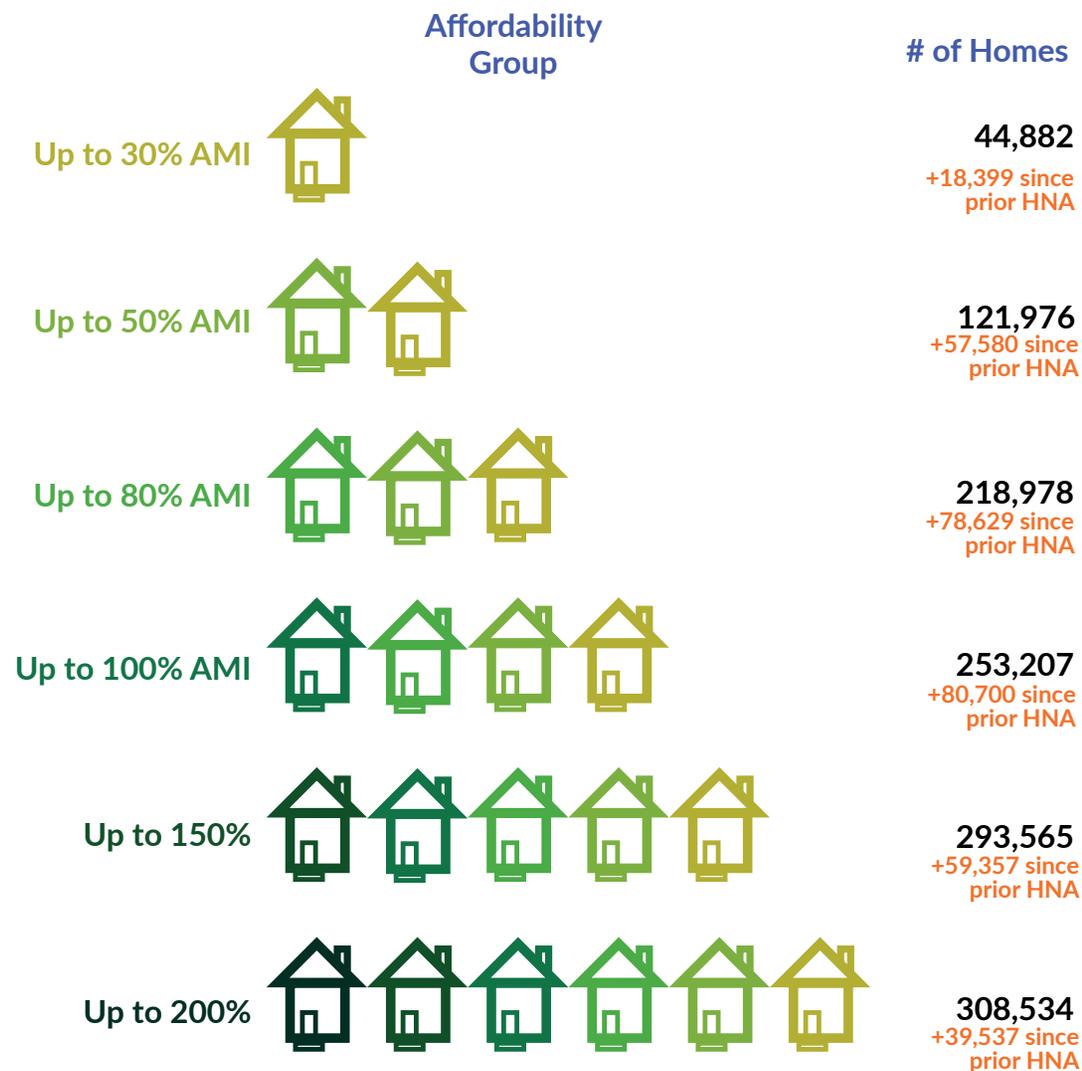


Figure 17: Affordable & Available Homes by Income Range

Source: Public Use Microdata Samples (PUMS) data based on 2017-2021 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. In many cases, a home may be affordable but not available because it is occupied by a household from a higher income group. For example, a home may be affordable to an **30% AMI** family, but occupied by a **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 44,882 homes available for the 81,042 **30% AMI** households. This is an increase of 18,399 homes since 2019. That means that there are only enough affordable and available homes for 55% of Louisville's **30% AMI** households, an increase of about 9% since the last HNA. The remaining **30% AMI** families have to then occupy homes

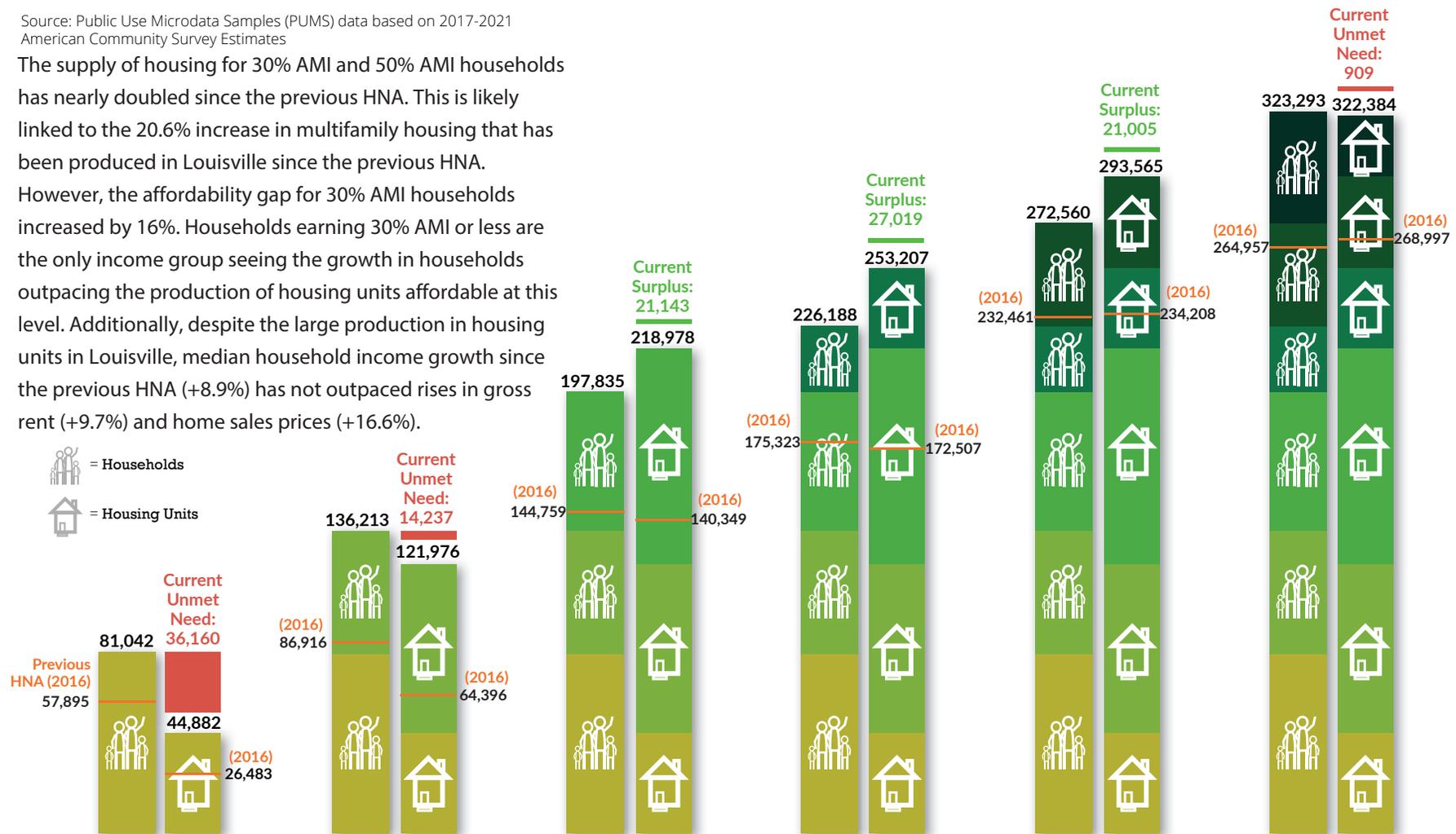
that are unaffordable to them but may be affordable to **50% AMI** households. This increases the demand for housing units in the **50% AMI** affordability group, causing a shortage of affordable units for **50% AMI** households, who may then have to occupy homes that are unaffordable to them but may be affordable to **80% AMI** households or **100% AMI** households.

- Affordability gaps are largest among **30% AMI** and **50% AMI** households.
- Since the previous HNA, the gaps closed for **80% AMI** and **100% AMI** households.
- Across the board, the number of available homes have increased.
- The number of homes affordable and available to **30% AMI** households and **50% AMI** households have nearly doubled since 2019, but since these income groups have also increased in population, the affordability gap is widening.
- Addressing the identified affordability gaps at all income levels will require a balanced and strategic approach that includes a mixture of new construction, and the rehabilitation/ preservation of existing/affordable units for both rental and homeownership.

Figure 18: AffordabilityGaps(Overall)

Source: Public Use Microdata Samples (PUMS) data based on 2017-2021 American Community Survey Estimates

The supply of housing for 30% AMI and 50% AMI households has nearly doubled since the previous HNA. This is likely linked to the 20.6% increase in multifamily housing that has been produced in Louisville since the previous HNA. However, the affordability gap for 30% AMI households increased by 16%. Households earning 30% AMI or less are the only income group seeing the growth in households outpacing the production of housing units affordable at this level. Additionally, despite the large production in housing units in Louisville, median household income growth since the previous HNA (+8.9%) has not outpaced rises in gross rent (+9.7%) and home sales prices (+16.6%).



There are enough affordable and available homes for:

55%
of households
up to
30% AMI
**+9% since
previous HNA**

90%
of households
up to
50% AMI
+16%

111%
of households
up to
80% AMI
+14%

112%
of households
up to
100% AMI
+14%

108%
of households
up to
150% AMI
+7%

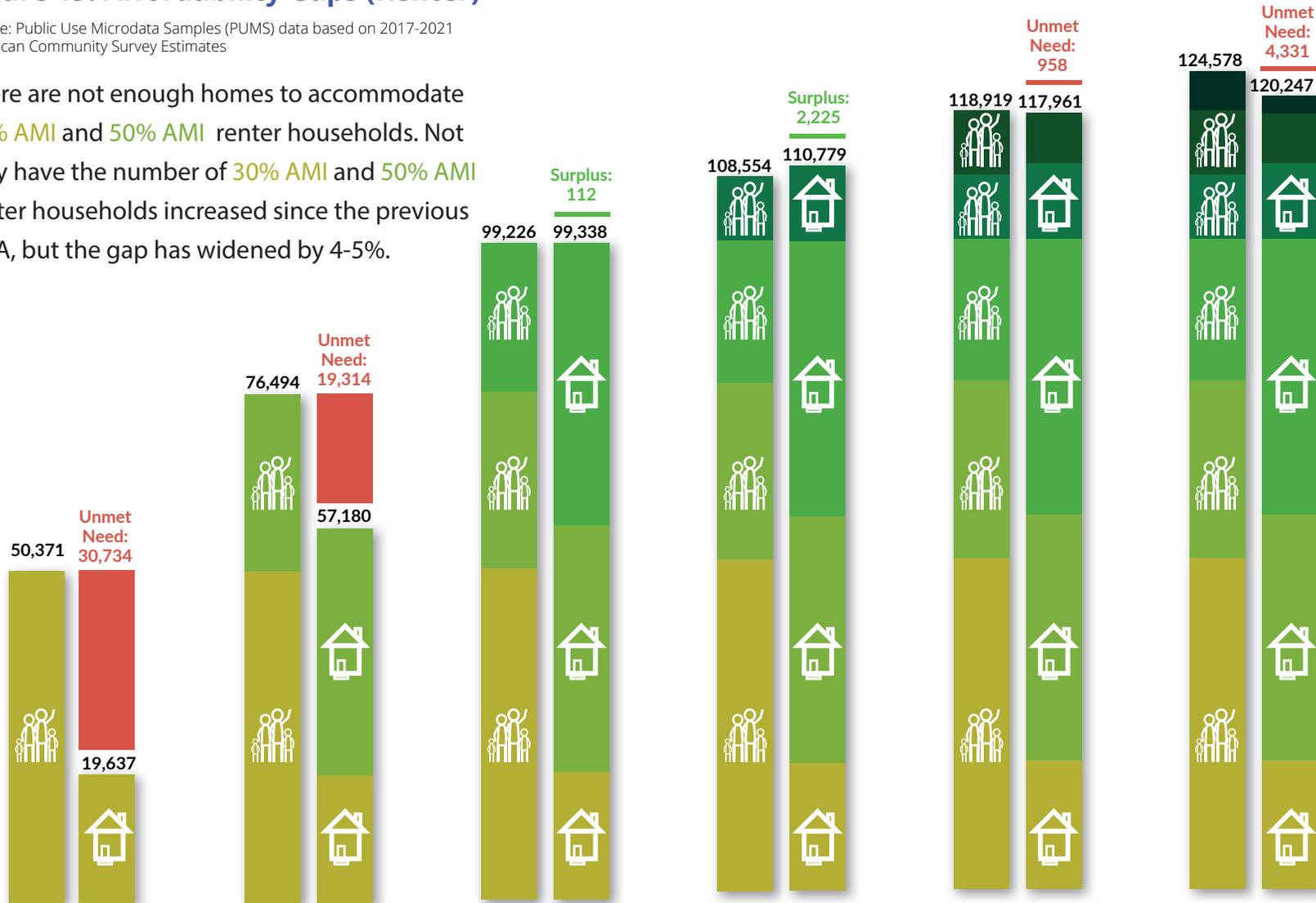
100%
of all
households
-2%

*In the previous HNA, the affordability gaps figure showed households earning up to 200% AMI. To include all households and housing units in Louisville, the last column has been updated to include all households.

Figure 19: Affordability Gaps (Renter)

Source: Public Use Microdata Samples (PUMS) data based on 2017-2021 American Community Survey Estimates

There are not enough homes to accommodate 30% AMI and 50% AMI renter households. Not only have the number of 30% AMI and 50% AMI renter households increased since the previous HNA, but the gap has widened by 4-5%.



There are enough affordable and available homes for:

39%
of households
up to
30% AMI
-4% since
previous HNA

75%
of households
up to
50% AMI
-5%

100%
of households
up to
80% AMI
-6%

102%
of households
up to
100% AMI
-1%

99%
of households
up to
150% AMI
-6%

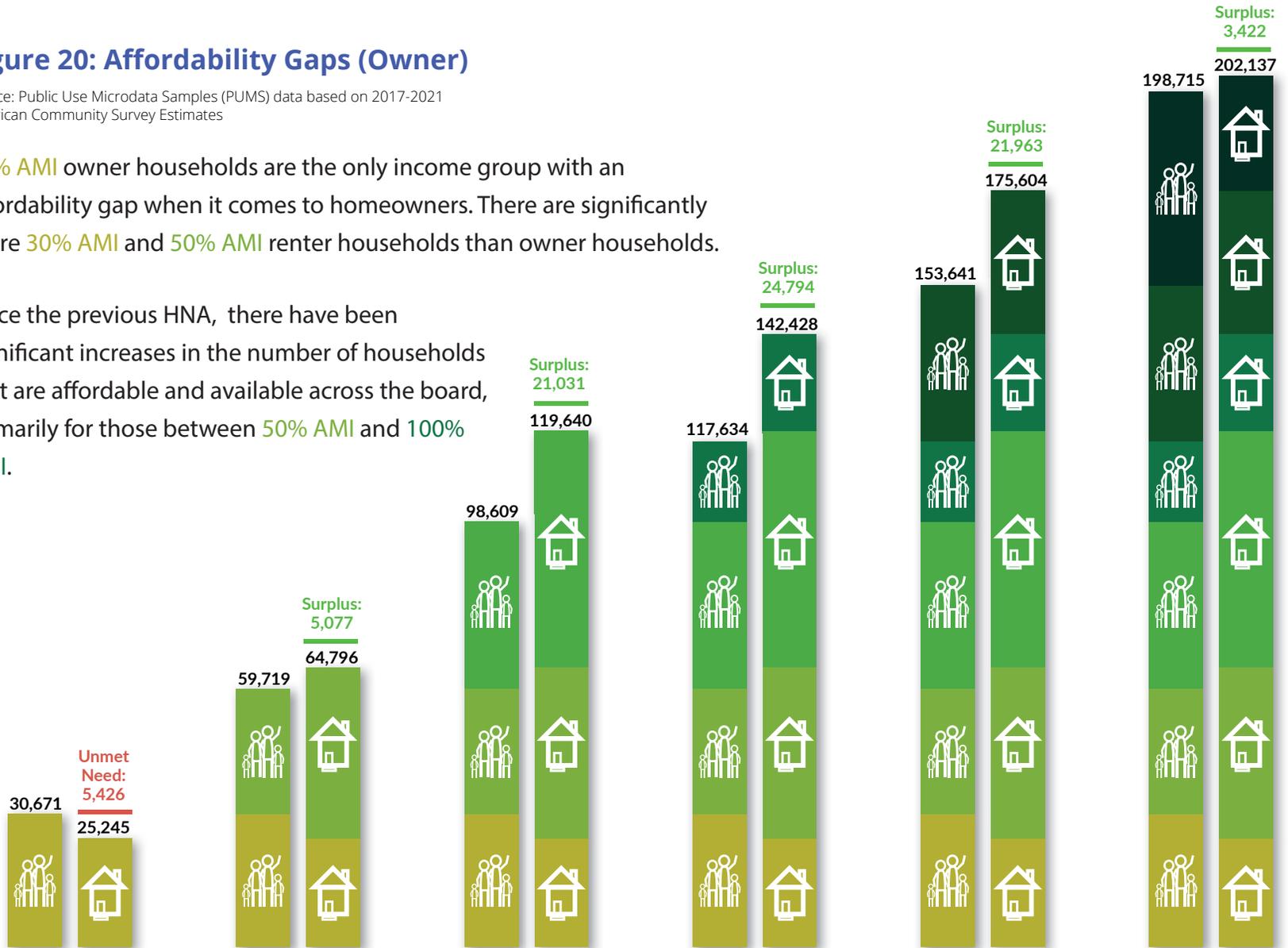
97%
of all
households
-8%

Figure 20: Affordability Gaps (Owner)

Source: Public Use Microdata Samples (PUMS) data based on 2017-2021 American Community Survey Estimates

30% AMI owner households are the only income group with an affordability gap when it comes to homeowners. There are significantly more 30% AMI and 50% AMI renter households than owner households.

Since the previous HNA, there have been significant increases in the number of households that are affordable and available across the board, primarily for those between 50% AMI and 100% AMI.



There are enough affordable and available homes for:

82%
of households
up to
30% AMI
+32% since
previous HNA

109%
of households
up to
50% AMI
+41%

121%
of households
up to
80% AMI
+32%

121%
of households
up to
100% AMI
+26%

114%
of households
up to
150% AMI
+15%

102%
of all
households
+2%

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. As of November 2023, AirBnB listed 1,714 available rental units on its website, most of which are concentrated in the eastern markets areas close to and within downtown, including University, the Northeast Core, and the Southeast Core. More than 90% are entire home rentals, up from 80% in 2018. Overall, short-term rentals have a daily rate of \$319 per night for most of the year, a 120% increase from \$145 in 2018. Additionally, rates surge in pricing during the Kentucky Derby.

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 ordinance has since been updated twice, once in 2019 and most recently in September 2023.

The updates to the ordinance serve to address community feedback and issues encountered by staff in administering the regulations. This includes placing more stringent accountability measures on the owner of the short-term rental unit, reducing the maximum occupancy of adults, an improved residency hearing process, stricter penalties for short-term rental units that have received complaints or citations, and an increase in the annual registration fee. As of November 2023, a total of 1,361 short-term rental units were registered, a 252.6% increase from 386 units in June 2018 in the previous HNA.

Historic Districts

Historic designations can also impact the price of homes. Louisville has six local preservation districts, three historic overlay districts, and 113 landmarked buildings. Louisville also has large inventories of Victorian homes and shotgun hc

Properties in historic districts were worth 39.5% more than those outside of historic districts based on 2019-2023 MLS data.



Map 34: Historic Districts

Source: Louisville Open Data, 2022

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.

This section of the HNA first revisits mortgage lending trends and ownership patterns in order to provide insight into the disparity of homeownership benefits by market area and how they may have changed since 2019. 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

Home Mortgage Disclosure Act (HMDA) data shows how well financial institutions serve the housing needs of their communities. Residents need fair and equal access to the mortgage lending market in order to receive the economic and social benefits that homeownership can provide.

Between 2020 and 2022, lenders received about 161,000 mortgage applications. This is an increase from about 100,000 applications between 2015 and 2017. Of the 161,000 applications, 38% were for home purchases, 5% for home improvements, and 52% for refinancing.

The application denial rate varies by race and ethnicity for the three years (2020-2022). In 2022, 28.1% of Black applicants received denials, and 23.6% of Latinx applicants received denials. In 2022, White applicants had the lowest application denial rate at 16.1%.

Overall, mortgages are being denied more frequently in recent years when comparing with the 2019 HNA.

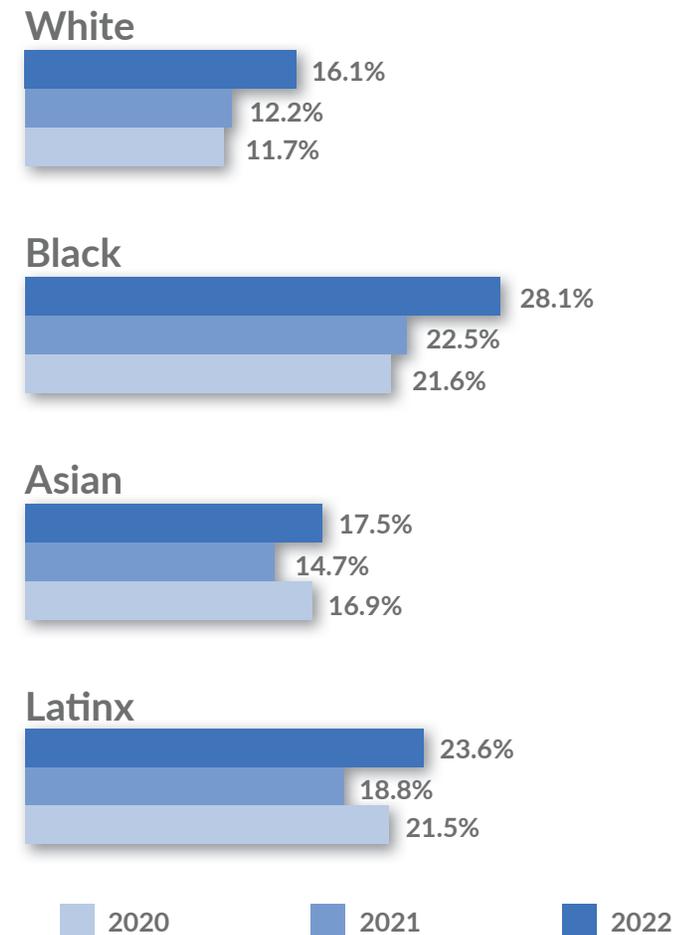
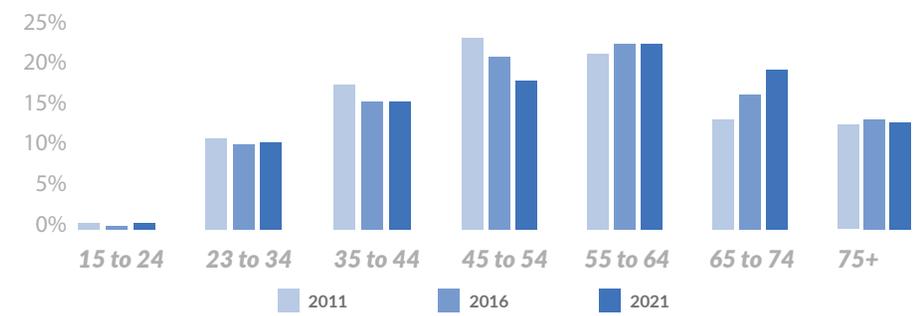


Figure 21: Mortgage Denial Rates, 2020-2022

Source: Home Mortgage Disclosure Act data

Figure 22: Share of Homeowners by Age, 2011-2021

Source: 2017 American Community Survey 5-Year Estimates (2017-2021)



Homeownership Trends

While 70% of White residents own their homes, ownership rates are only 38% among Black or African American families, 39% among Latinx families, and 54% among Asian families. Since 2010, homeownership rates for racial and ethnic minorities in Louisville have increased by 2% for Latinx and Black households and 4% for Asian households, while homeownership rate for White households stayed relatively the same.

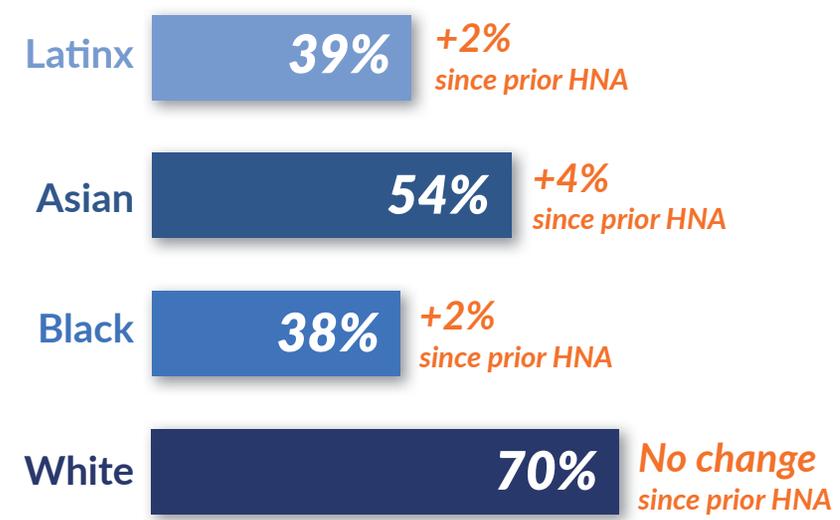


Figure 23: Homeownership by Race, 2021

Source: 2017-2021 American Community Survey 5-Year Estimates

Distribution of Opportunity

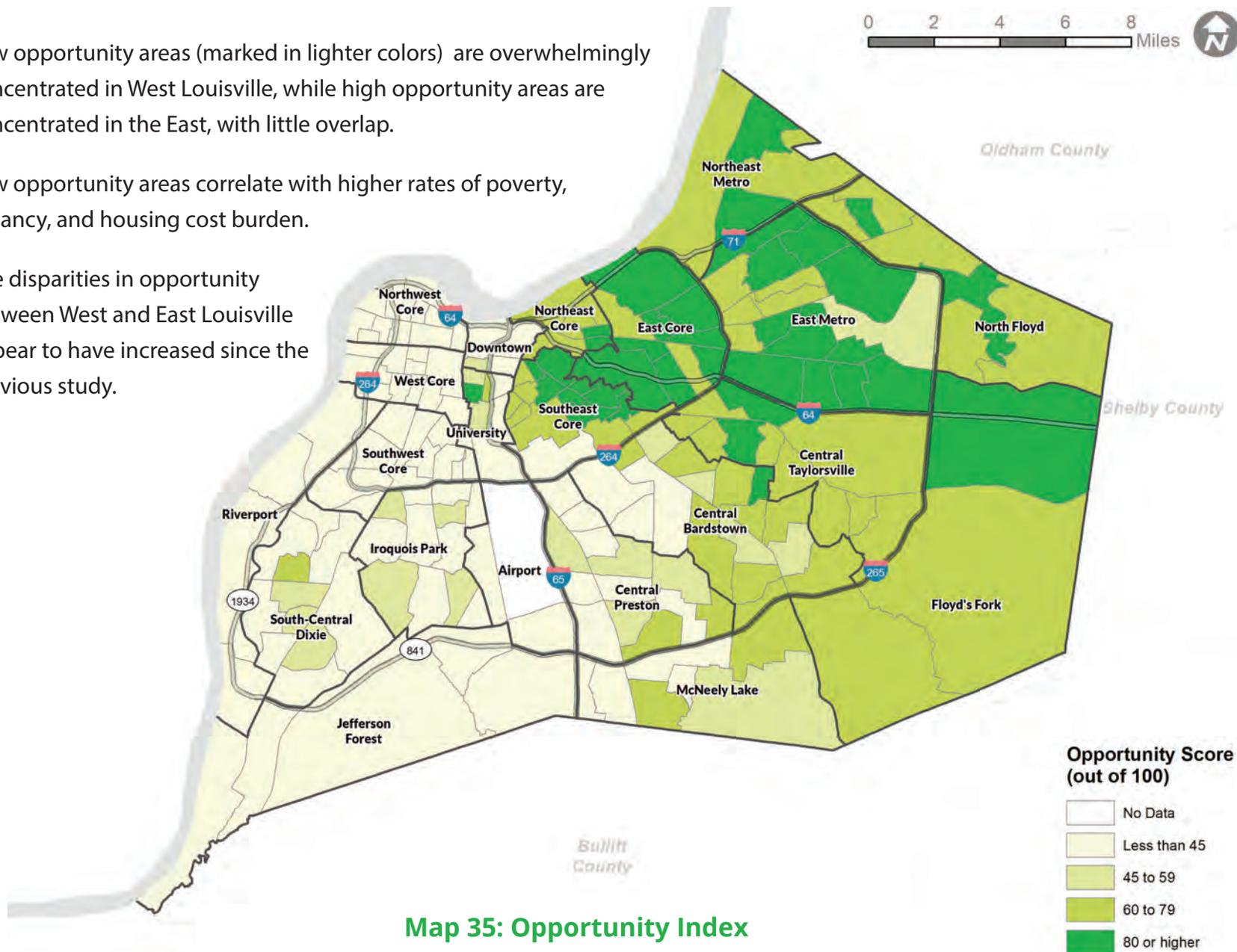
Variation of neighborhood opportunity across Louisville is illustrated through the Communities of Opportunity model. This same framework was used in the previous HNA to assess the distribution of opportunity throughout Louisville. Each neighborhood is assigned a score from 0 to 100 based on residents' access to key resources such as good schools, jobs, stable housing, transit, and the mitigation of crime and health hazards. A score of 100 represents high opportunity.

The map on the following page illustrates the opportunity scores for Louisville neighborhoods.

Low opportunity areas (marked in lighter colors) are overwhelmingly concentrated in West Louisville, while high opportunity areas are concentrated in the East, with little overlap.

Low opportunity areas correlate with higher rates of poverty, vacancy, and housing cost burden.

The disparities in opportunity between West and East Louisville appear to have increased since the previous study.

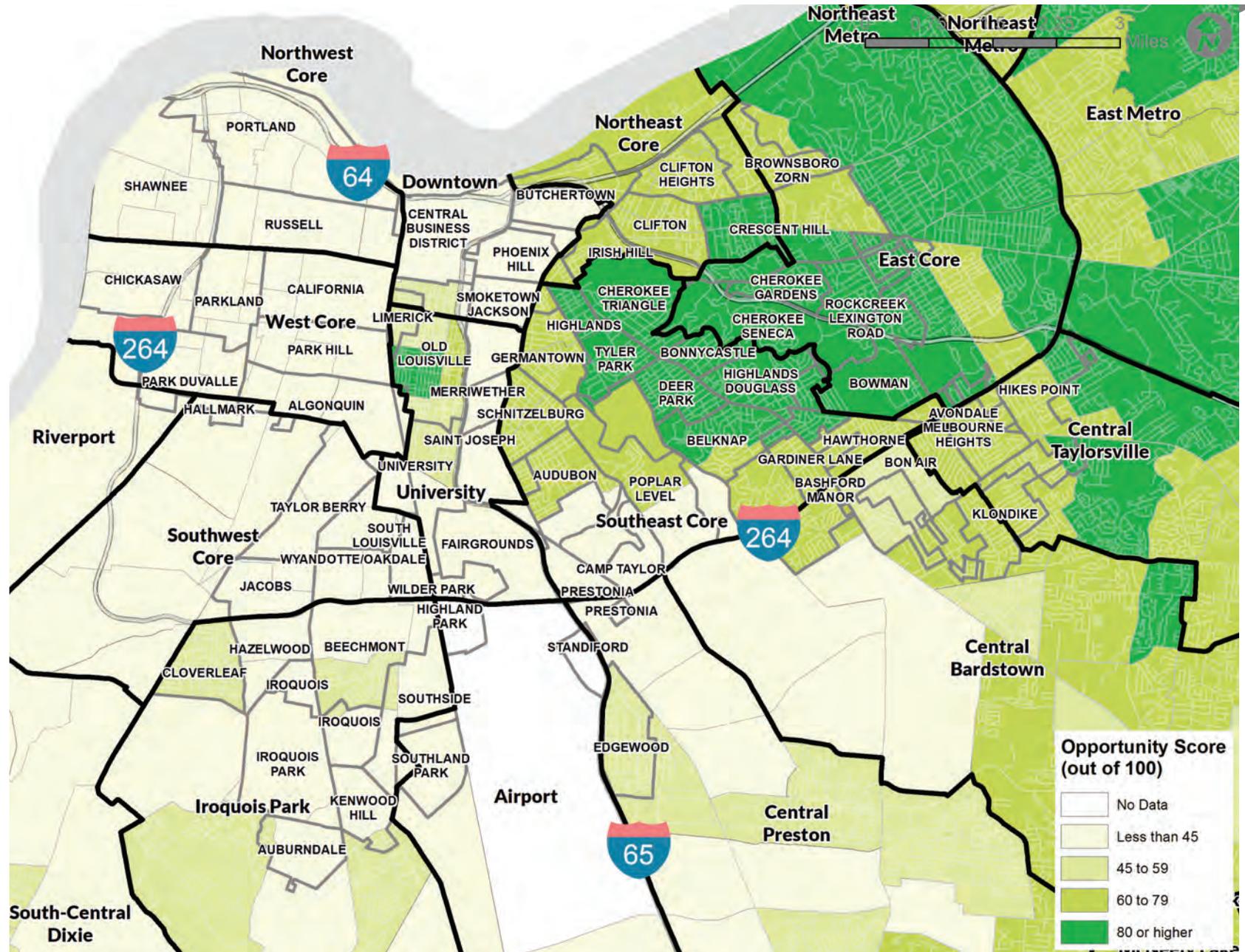


Map 35: Opportunity Index

Source: HUD Affirmatively Furthering Fair Housing Mapping Tool

Map 36: Opportunity Index in Urban Neighborhoods

Source: HUD Affirmatively Furthering Fair Housing Mapping Tool



DISPLACEMENT RISK

New Investment, Old Neighborhoods

Gentrification & Displacement

Gentrification has transformed several neighborhoods in Louisville since 1990. Areas like Butchertown, Phoenix Hill, Smoketown, Jackson, Shelby Park, Germantown, Shnitzelburg, Park Duvalle, Clifton, Clifton Heights, and Limerick have experienced increases in home values and the number of residents with high educational attainment, indicating gentrification has occurred. Many of these neighborhoods are close to the 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 those areas.

The information on the following pages highlight neighborhoods that are vulnerable to displacement.

A

B

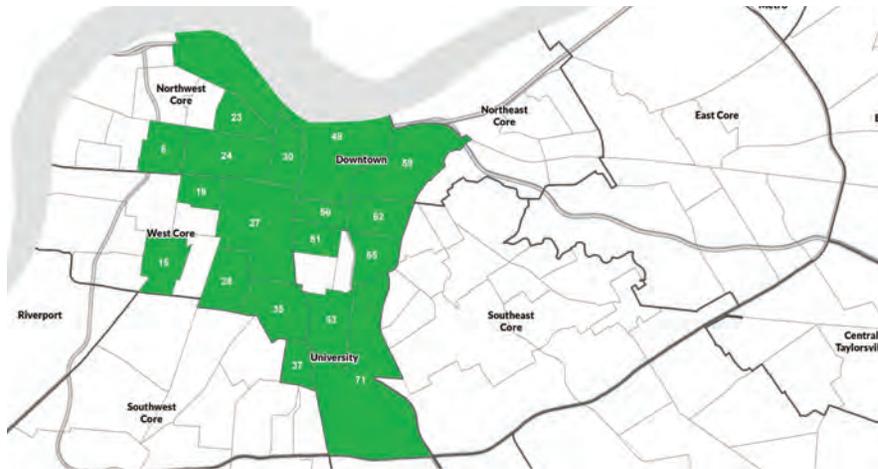
C

D

E

F

G



Map 37: Federally-Designated Opportunity Zones

Federally-designated opportunity zones are areas where there is a high likelihood of gentrification from investors. These opportunity zones have not changed since the previous HNA in 2019. These opportunity zones encompass most of the Downtown and University market areas, and several census tracts in the Northwest Core and West Core market areas. These zones have the potential to attract investors like private equity funds, real estate developers, investment banks, wealthy individuals, and venture capitalists.

Under-invested 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.

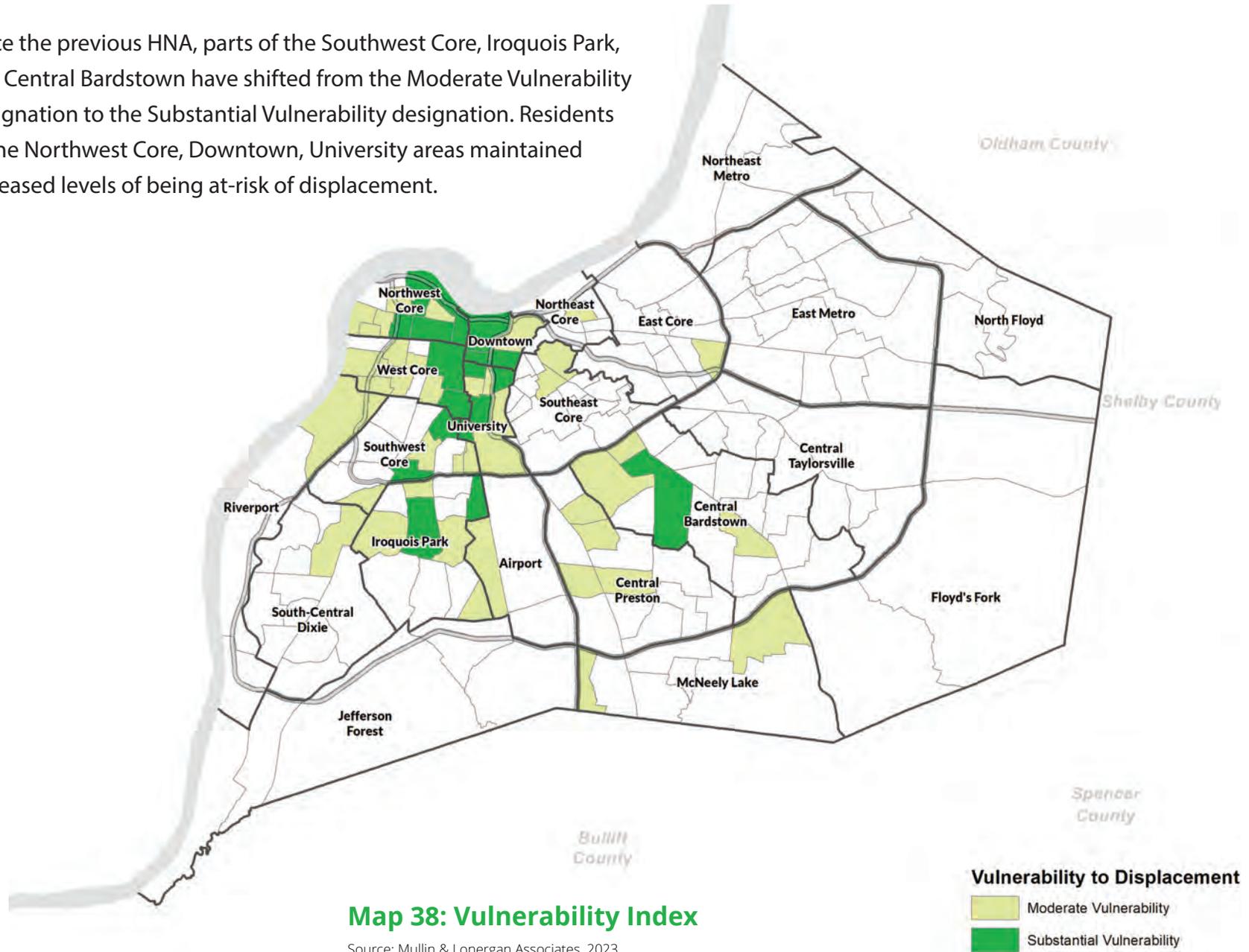
Resident Vulnerability Index

The resident vulnerability index calculates risk of involuntary displacement due to residential development pressure. This index was used in the previous HNA and is updated now in order to compare and changes to neighborhoods at-risk of displacement.

The index focuses 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.

It is important to note that this index does not measure current displacement, but indicates 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.

Since the previous HNA, parts of the Southwest Core, Iroquois Park, and Central Bardstown have shifted from the Moderate Vulnerability designation to the Substantial Vulnerability designation. Residents of the Northwest Core, Downtown, University areas maintained increased levels of being at-risk of displacement.



Map 38: Vulnerability Index

Source: Mullin & Lonergan Associates, 2023

Conclusion

This updated housing needs assessment identified any changes to the makeup of Louisville's neighborhoods and housing markets since 2019 when the original housing needs assessment was conducted. Since then, new studies and data have been made available to aid in painting a picture of Louisville's progress in achieving the goals and executing the potential strategies that were laid out in the last HNA. This update has also highlighted areas where progress still needs to be made. In sum, the following changes have occurred since the last HNA in 2019:

Health

- **Education:** Since the previous HNA, the percentage of residents with a Masters or Doctoral degree saw the greatest change, with a 3% increase. However, a quarter

of Louisville residents have only a high school degree or GED, and 8% lack a high school degree.

- **Education:** The number of residents with no high school degree, those with a high school degree or GED, and those with some college but no degree have decreased by a combined 4% since the previous HNA. These residents disproportionately live in market areas in the northwest of the county.
- **Employment:** Louisville's unemployment rate decreased by 2.3% since the last HNA to 4.9% in 2021.
- **Employment:** Since the previous HNA, parts of the Northeast Metro, East Metro, North Floyd, and Floyd's Fork market areas saw a decrease in unemployment rates.

- **Employment:** After adjusting for inflation, Louisville's overall median annual salary has increased by about \$14,000 since the previous HNA.
- **Wage Growth:** Some of the sectors with the greatest number of employees such as Food Preparation/Serving, Sales, Production, and Healthcare Practitioners have seen some of the highest wage growth rates between 2018 and 2022. Though these sectors saw the greatest wage growth, they have some of the lowest annual mean wages in Louisville with Food Service workers earning as low as \$26,010 annually, or \$11.30 hourly (2021 BLS). Others, like Construction and Management have seen declines in wages.
- **Poverty:** Louisville's overall poverty rate in 2021 decreased by 2.3% since the last HNA to 13.7%.
- **Household Income:** Louisville's median income for all households, regardless of size was \$61,633 in 2021, an 8.9% increase since the previous HNA, after adjusting for inflation.
- **Household Income:** Household incomes in the Downtown and University market areas saw large increases in household income after adjusting for inflation. For example, the mean tract income in Downtown Louisville increased by 27.1% from \$22,453 in the last HNA (after adjusting for inflation) to \$28,548 in 2021.
- **Area Median Income:** Louisville's HUD Area Median Income in 2022 was \$84,700, showing a 1.6% increase since the last HNA.
- **Cost Burden:** 25.3% of households are still cost-burdened, but this is down 4% since the previous HNA. Additionally, 11.4% of households are severely cost burdened, down 2%.
- **Cost Burden:** Since the previous HNA, the number of 30% AMI households that are cost burdened slightly decreased by 1.3%. The number of severely cost burdened decreased by 2.1%.
- **Cost Burden:** Since the previous HNA, the number of 50% AMI households that are cost burdened increased by 33.4%. The number of severely cost burdened increased by 12.0%.
- **Cost Burden:** Since the last HNA, the number of 80% AMI households that are cost burdened increased by 20.4%, the number of severely cost burdened households increased by 2.4%.

- **Foreclosure:** Between April 2022 and June 2023, 427 foreclosure cases were filed, a 70.1% decrease from the 1,427 foreclosure cases in 2017 from the previous HNA.
- **Vacancy:** Louisville's overall vacancy rate decreased by 0.3% to 8.7% in 2021 since the last HNA.
- **Exterior Housing Conditions:** The West and Northwest Core contain more than half of the surveyed properties with visible exterior issues.
- **Demolition:** Between 2018 and 2023, 377 residential demolition permits were approved, and are concentrated in the Northwest Core, West Core, and Downtown areas. These areas similarly have higher vacancy rates and larger volumes of deteriorated structures.
- **Renovation:** The number of renovation permits issued have increased since the start of COVID-19, with an annual average of 1,464 renovation permits issued since 2019, with a current peak of 2,414 permits issued in 2023. The annual average was 917 in the five years prior to the COVID-19 pandemic.
- **New Construction:** Since the advent of the COVID-19 pandemic, the annual number of new construction permits has decreased each year. On average, 1,488 new construction permits were issued each year between

2019 and 2023; an annual average of 3,613 permits were issued between 2014 to 2018.

- **Eviction:** According to the 2023 State of Metropolitan Housing Report, eviction filings have trended to pre-pandemic numbers since the beginning of 2022. At the start of 2023, there were 4,376 eviction filings in Louisville, the highest since 2018. However, the number of filings decreased in the second quarter of 2023 by 46% to 2,352. This may be due to the available emergency rental assistance expended at the end of September 2022.

Diversity

- **Population:** Since the last HNA, the population of the Louisville/Jefferson County, KY-IN Metropolitan Area has grown by about 3% to 780,449 residents.
- **Race & Ethnicity:** Louisville's minority residents made up 34.1% of Louisville's population in 2021, a 3.1% increase since the last HNA.
- **Race & Ethnicity:** Compared to the previous HNA, parts of North Floyd, Floyd's Fork, and Central Taylorsville areas have become more integrated in terms of the proportion of White and Black residents living in these areas.

- **Age:** Since the previous HNA, the number of residents between the age of 55 and 74 increased by almost 2% making this the largest difference among age groups since the last HNA.
- **Household Size:** Generally, household size continues the trend of getting smaller. In 2021, Louisville's average household size decreased by 0.14 to 2.26 persons.
- **Tenure:** In 2021, renter households were 38%. This is similar to the 39% reported in the previous HNA. Conversely, owner households saw an increase in 2021 to 62% compared to 61% in the previous HNA.
- **Housing Type:** The number of occupied housing in Louisville grew by 4.2% since the last HNA to be 323,293 units.
- **Housing Size:** The majority of occupied housing units tend to be single family detached (66%) or multifamily (27%).
- **Housing Size (continued):** Since the previous HNA, the number of single family detached homes decreased by 1% while the number of multifamily homes increased by 2%.
- **New Construction:** As of 2021, 21,760 housing units have been built since 2010. These units consist of 6.2% of Louisville's overall housing stock. Over 75% of these units (16,351) were built after 2016.
- **Gross Rent:** Median gross rent increased by 9.7% since the previous HNA to \$954 in 2021, after adjusting for inflation.
- **Gross Rent:** The Southeast Core also saw significant increases in gross rent, specifically the neighborhoods along Trevilian Way such as Schnitzelburg, Audubon, Poplar Level, Belknap, and Hawthorne.
- **Sales Trends:** The median home sale price in Louisville was \$239,900 in 2021, which is an increase of 16.6%. The lowest home values are found in the Northwest Core (Median Value: \$63,000) and West Core (\$64,600), while the most expensive homes are found in the easternmost areas of the Louisville Metro.
- **Public Housing:** Demand for public housing has slightly increased with a waitlist containing 4,090 applicants as of February 2024, compared to 3,602 applicants captured in the previous HNA. During this same time frame, a total of 758 units at Beecher Terrace were demolished, 21 of which were converted through RAD.
- **Housing Choice Vouchers:** LMHA manages a current total of 10,284 vouchers around Louisville metro. This is 11%

- (1,042 residents) more than in 2018. By increasing the number of available vouchers, LMHA has been able to better meet demand for affordable housing, seeing its waitlist shrink by 43.5%.
- **Subsidized Affordable Units:** Since the previous HNA, the number of affordable assisted housing units grew by 4,208 or 25.6%. The Russell neighborhood of the Northwest Core alone contains 11.9% (39 out of 326) developments and 13.6% of all units.
- **Subsidized Affordable Units:** In total, 71 developments or 2,677 affordable units in these four market areas could lose their affordability restrictions in the next five years unless action is taken to preserve their affordability.
- **Affordability Groups:** Housing units that fall within the 30%AMI to 50% AMI affordability range saw the largest share increase (11.9%) of housing units. Access to affordable housing improved overall for households earning less than 80% AMI.
- **Affordability Gaps:** Since the previous HNA, the gaps closed for 80% AMI and 100% AMI households. The number of homes affordable and available to 30% AMI households and 50% AMI households have nearly doubled, but since these income groups have also increased in population, the affordability gap is widening.

Equity

- **Mortgage Lending Trends:** Between 2020 and 2022, lenders received about 161,000 mortgage applications. This is an increase from about 100,000 applications observed in the previous HNA.
- **Denial Rates:** Mortgages are being denied more frequently in recent years when comparing with the 2019 HNA. In 2022, 28.1% of Black applicants received denials, and 23.6% of Latinx applicants received denials. In 2022, White applicants had the lowest application denial rate at 16.1%.
- **Homeownership Trends:** Since 2010, homeownership rates for racial and ethnic minorities in Louisville have increased by 2% for Latinx and Black households and 4% for Asian households, while homeownership rate for White households stayed relatively the same.
- **Distribution of Opportunity:** The disparities in opportunity between West and East Louisville appear to have increased since the previous study.

- **Resident Vulnerability Index:** Since the previous HNA, parts of the Southwest Core, Iroquois Park, and Central Bardstown have shifted from the Moderate Vulnerability designation to the Substantial Vulnerability designation. Residents of the Northwest Core, Downtown, University areas maintained increased levels of being at-risk of displacement.

The data in this updated Housing Needs Assessment has been compiled to reflect the progress that has been made in the City of Louisville since 2019 and to provide guidance in decision-making over the coming years.

Endnotes

1 $|(b1 / B) - (w1 / W)|$, where b1 = the non-Hispanic Black population in the census tract, B = the total non-Hispanic Black population in the county, w1 = the non-Hispanic White population in the census tract, and W = the total non-Hispanic White population in the county.

2 This is the only instance in the document that uses 2022 ACS 1-Year estimates. The rest of the document uses 2021 ACS 5-Year Estimates as noticed in the citations.