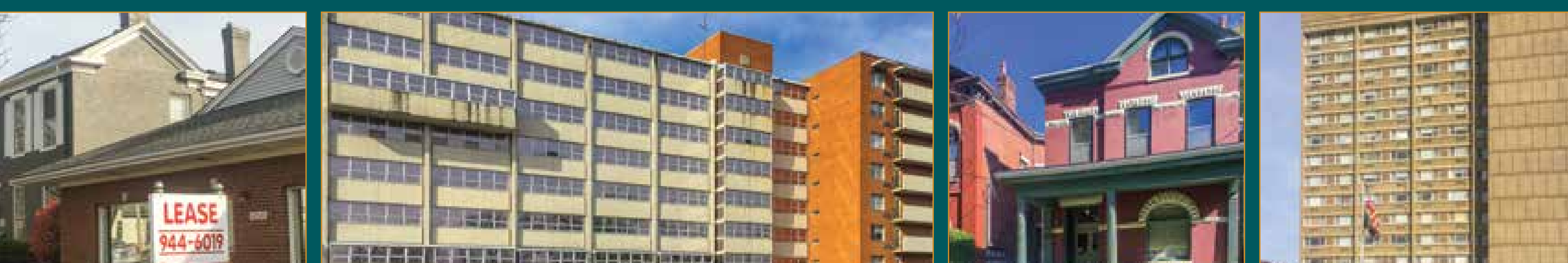
2017 STATE OF METROPOLITAN HOUSING REPORT



THE STATE OF AFFORDABLE RENTAL IN THE LOUISVILLE REGION

mhc METROPOLITAN HOUSING COALITION

UNIVERSITY OF LOUISVILLE. CENTER FOR ENVIRONMENTAL POLICY & MANAGEMENT

LETTER TO MHC MEMBERS

Louisville and the counties that make up the Metropolitan Statistical Area (MSA) have long encouraged homeownership; but the world since 2007 has changed. More people and more types of households now rent. Policies have failed to keep up with this change and, to the contrary, exclusionary zoning and land use policies are working against renters.

Many of the exclusionary policies have their roots in the desire to make and keep segregated communities. Harland Bartholomew, a noted city planner, used zoning to covertly exclude African Americans from integrating areas. Bartholomew not only did street planning for Louisville, he authored The Negro Problem in Louisville in 1932 which includes:

> *"Slums and blighted districts … It is a well-known fact that within the crowded Negro sections occur the highest death rates from communicable diseases …"*
>
> *"If it were possible to create among the Negro masses a real desire for decent accommodations, the slums would automatically eliminate themselves as it would be impossible for the owner of rundown property to obtain tenants unless he made such improvements that would attract them."*

Yet Bartholomew helped develop the current zoning system for Louisville, and he was working in Louisville as late as the 1960s. Bartholomew used economic zoning to effectively preclude African Americans from having the chance to purchase in the suburbs. Combined with policies in government and the private sector of housing finance, the results remain obviously and horrifically successful to this day.

In 2015, the United State Supreme Court recognized the entwining of fair housing with affordable housing as it barred a program that produced affordable rental housing to be confined for use in areas that were low-income and minority dominated. The law for fair housing is once again a useful tool and government policy-makers jeopardize their communities when they ignore this.

MHC is looking at rental housing in Louisville and in the whole MSA. The new bridges have made us regional in housing and changing demographics of who rents mandates updating our old policies.

In Louisville, MHC is asking you to stand up and insist that the new Comprehensive Plan that is currently being drafted, which is the 20-Year Plan for our built environment, tear down the segregationist policies that keep Louisville so segregated. In southern Indiana, the government actions to throw renters and lower-income people out of communities need to be met with resistance.

Highlights from this year's focus topic include:

- More people in the region are renting, and more higher income people are renting.
- Renters in the region are increasingly rent-burdened, especially low-income renters. Very low-income households are the most cost-burdened across the MSA.
- There is a gap in available affordable rental units of about 24,000, across the MSA, for households earning less than $20,000.
- Our rental market continues to be racially segregated across the MSA. While renter households are more likely to be white than black or people of color, a higher proportion of blacks or African-American households rent. However, there are also counties in the region in which there are no black or African-American households who rent.
- Several counties have low percentages of rental units that meet Fair Market Rents.

MHC has been working to expand affordable housing opportunities in all parts of the MSA.

- Getting public participation in the Comprehensive Plan. MHC has participated in work group meetings on Housing and Community form, encouraged active engagement, and facilitated meetings in a box for groups that are unable to attend work group meetings.
- MHC continued our Get the Lead Out initiative with the support of the Mayor's Healthy Hometown grant. MHC has distributed 2,000 free instant lead dust test kits to households with children in neighborhoods built before 1978 (before lead based paint was banned) while also helping link families to resources and information on practical and affordable ways to eliminate hazards and protect children from exposure to lead based paint.
- MHC worked with high school students to create 2-4 minute videos on aspects of fair housing. We now have a YouTube site where you can see several of those videos online at www.Goo.gl/EHHHML. We are working with TARC to advertise the videos on 100 TARC buses. Thank you to TARC for their commitment to this project!
- MHC also helped save you over $20 per month of increased utility rates through our work at the Kentucky Public Service Commission (many thanks to Kentucky Resources Council). MHC also helped negotiate improvements at the state level on the Low-Income Home Energy Assistance Program (LIHEAP). MHC is now working on demand-side management programs and is included in discussions on a $400 million LG&E proposal for updated computer controlled utilities and metering.
- MHC is actively engaged in the Age Friendly Louisville initiative as a member of the Housing work group.
- In New Albany, MHC worked with allies to mobilize affected renters and fair and affordable housing supporters against the city's plans to tear down public housing and replace with Section 8 vouchers. MHC continues to advocate for fair and affordable housing throughout Jefferson County.

John P. Cullen Cathy Hinko

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MHC Board President

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CONTENTS

THE STATE OF AFFORDABLE RENTAL IN THE LOUISVILLE REGION

INTRODUCTION

For both renters and homeowners, housing represents a substantial investment of income and is a significant factor in the quality of life of individuals and families (Burchell & Listoken 1995). While housing affordability is a concept that resonates with many cross-sections of homeowners and renters, shifting the conversation to a discussion of the placement, construction, or rehabilitation of "affordable housing" tends to bring forth a set of misconceptions and attitudes rooted in ideologies and stereotypes that are often racist and anti-poor (Koebel Theodore Lang & Danielson 2004; Tighe 2010). These negative perceptions and opposition to affordable housing, and at times, multifamily housing in general, are often labeled "Not In My Backyard" (NIMBY or NIMBYism).

Common arguments against affordable rental housing developments include a negative impact on property values, increased crime and traffic, and poor design (Belden, Shashaty, & Zipperer 2004). However, recent research analyzing twenty of the nation's strongest housing markets found that between 1996 and 2006, affordable housing projects developed through the Low-Income Housing Tax Credit (LIHTC) had no discernable effect on property values (Young 2016). There is vast evidence that spatially concentrating poverty, which often correlates to geographic concentrations of racial and ethnic minorities (Massey 1996), creates widespread and long-term negative outcomes for the individuals living in these communities (Galster 2005; Katz 2006). Thus, barriers to developing affordable rental housing, such as NIMBYism or local zoning regulations that do not permit multifamily developments by-right, severely limit where low-income renters can live and perpetuate existing race and class-based segregation patterns.

LIHTC housing is shown to have no discernable effect on **property values** nationwide

This year's report describes the state of affordable rental housing in the Louisville, KY-IN metropolitan statistical area (MSA), which is a 12-county region, 7 of which are in Kentucky (Bullitt, Henry, Jefferson, Oldham, Shelby, Spencer, and Trimble) and 5 in Indiana (Clark, Floyd, Harrison, Scott, and Washington) as defined by the U.S. Census Bureau. The report focuses on the broader regional context because of recent national trends towards rental over homeownership and because affordable rental housing directly connects to other issues that affect the broader Louisville region, including transportation, economic development, and land use. Although the affordable housing challenges in Louisville are not as dire as some other places, one particularly disconcerting trend is that among the 50 largest metros, the Louisville MSA had the seventh highest rate of eviction (5.3 percent) from 2015-2017. The two leading indicators of eviction include the poverty rate and foreclosure rate during the height of the crisis (2007-2008) (Salviati 2017). This report unpacks the regional context of affordable rental housing towards changing misconceptions and negative perceptions that exist regarding affordable housing. Additionally, this report can serve as a resource for organizing a proactive regional response focused on improving affordable housing options for low-income households throughout the Louisville MSA.

5.3%, Louisville's **eviction rate**, the seventh highest of the largest fifty MSAs

WHAT IS AFFORDABLE RENTAL HOUSING?

Affordable rental housing encompasses both private market and publically subsidized rental units. Affordable rental housing is most commonly associated with rental assistance programs provided through federal agencies, primarily the Department of Housing and Urban Development (HUD), intended to support low-income households needing assistance to cover housing costs. These programs are complicated in nature and have regional variations.

HUD supports several programs that provide affordable rental housing, including public housing and the Section 8 Housing Choice Voucher (HCV) program (see pg. 13). In recent years, HUD has shifted away from creating new public housing units. Instead, HUD funding has targeted programs such as: HOPE VI, which focuses on revitalizing distressed public housing, deconcentrating poverty, and encouraging mixed-income developments; and Choice Neighborhoods, which aims to improve distressed public or HUD-assisted housing and the broader neighborhoods where this housing is located. HUD has also reduced support for programs that provide financing sources to help for-profit and non-profit real estate developers create affordable rental units (e.g. project-based Section 8, Section 202, Section 236 programs). The main program that supports the supply of affordable rental units in the U.S. is the LIHTC, a federal program through the U.S. Treasury, which is administered by state housing agencies. LIHTC provides tax credits to help finance real estate projects that create or rehabilitate below market-rate units. On the demand-side of the housing equation, the HCV program provides vouchers to low-income persons in need of housing assistance, which cover all or part of rent in units within the private rental market.

HUD uses a set of income limits to determine which households are eligible for its rental assistance programs. These are calculated based on the numbers of persons in a family and the area median income (AMI) for a county or a group of counties within a MSA. Extremely low-income households are those earning less than 30 percent AMI, very low-income are households earning 50 percent or less AMI, and low-income households earn 80 percent or less than AMI. For instance, the 2017 AMI for Louisville, which is measured using data for Clark County, IN; Floyd County, IN; Harrison County, IN; Bullitt County, KY; Henry County, KY; Jefferson County, KY; Oldham County, KY; Spencer County, KY; and Trimble County, KY, is $66,400.

BEYOND FEDERALLY SUPPORTED RENTAL ASSISTANCE PROGRAMS, housing affordability is generally determined as a percentage of income. Most policies and programs operate with the understanding that families should not pay more than 30 percent of their income toward shelter costs. Cost-burdened households are those paying 30 percent or more of their income towards housing, with utility costs included in this calculation. Severely cost-burdened households are those paying more than 50 percent of their income towards housing (Schwartz & Wilson 2008).

30% of income and utility costs is the standard for determining **affordable shelter costs**

THE CURRENT STATE OF AFFORDABLE RENTAL HOUSING

National Context

Homeownership has long held a place as a core component of the "American Dream." A preference towards property ownership is not only a widely held cultural value, but also one that is enshrined in our institutions and governing structures, particularly our tax system, which favors owners over renters most notably through the mortgage interest tax deduction (Krueckeberg, 1999). Despite a longstanding penchant for homeownership, recent trends indicate renting is on the rise nationwide, which reflects a combination of converging preferences for rental housing among certain sub-groups (e.g. younger and higher-income households), and the outcomes from the housing foreclosure crisis, which forced some homeowners into the rental market. Since 2005, renter households are increasingly comprised of older adults, families with children, and high-income individuals. According to the 2017 State of the Nation's Housing report, renting has reached a fifty-year high, with 37 percent of households across the U.S. choosing to rent. The share of renters among U.S. households increased more than 5 percent since 2004, which reflects the peak rate of homeownership (69 percent) prior to the housing and mortgage foreclosure crisis. This recent surge in rental living has resulted in the lowest national rental vacancy rate in over thirty years (6.9 percent) and seven consecutive years of declining vacancy rates for rental units (Fernald 2017). Data from the U.S. Consumer Price Index also show that through April 2017, rents for primary residences rose at a 3.8 percent annual rate, widely outpacing the 0.9 percent increase for non-housing-related goods over the same period (Fernald 2017).

37% of U.S. **households rent**

Thus, vacancy rates are low nationwide and rents are rising, which combined with the lingering effects of the foreclosure crisis, low rates of new housing construction, and stagnant wages, create dire circumstances for the nation's renters and an extreme shortage of affordable rental housing (Collison 2011; Emmanual et al. 2016; Fernald 2017; Jan 2017; Misra 2017). From 2010-2016, there was a 60 percent decline in rental units reasonably affordable to households making less than 50 percent of AMI (Freddie Mac 2017). There is a gap in affordable available units for low-income households across the nation. For those earning 15 percent or less than AMI, there are 17 affordable units available for every 100 households. For those earning 30 percent or less than AMI, there are only 31 affordable units available for every 100 households (Emmanual et al., Errico, Leong, Rodriques 2016). Under these conditions of historically low vacancy rates and rising rents, unsubsidized affordable units in the private market are rapidly vanishing across the country (Jan 2017). Moreover, new construction of multi-family units is primarily serving growth in renters among upper income market segments (Freddie Mac 2017). Recent analysis of the largest metro areas shows marked increases in renting among upper income households, or those earning more than 120 percent of metro median income, with this share of renter households growing 6.2 percent since 2006 (Chan & Jush 2017).

Since the end of the Great Recession of 2008-2012, renter households across the nation are increasingly housing cost-burdened, while the same pattern is not evident for homeowners (Colburn & Allen 2016; Fernald 2017). According to the most recent data, nearly half of all renters (48 percent) in the US are housing cost-burdened. The picture of housing cost burden for the most vulnerable renter households is even starker: 83 percent of renter households with income under $15,000 and 77 percent of renters earning between $15,000 and $29,999 are cost-burdened (Fernald 2017). Between 2013 and 2015, there was an 8 percent increase among "worst case needs" renters. These are households defined by HUD as earning less than 50 percent of the area median income, who are without housing assistance, and are paying more than half of their income towards housing and/or living in deficient housing conditions (Watson, Steffen, Martin, & Vanderbroucke 2017).

48% of U.S. renters are **housing cost-burdened**

The lingering effects of the Great Recession on the housing market, including the foreclosure crisis and the lack of affordable rental housing disproportionately effects specific demographic sub-groups historically marginalized within U.S. cities, including people of color (White 2015). Black homeownership rates are trending downward (Misra 2017), and minority households comprise a large portion of the recent increases in renter households (Fernald 2017). Households with multiple children are more likely to be rent-burdened: 58 percent of renter households with three or more children were cost-burdened, compared to 47 percent of households with one child (Fernald 2017). As a means of dealing with rising rental costs, renter household size has increased (Colburn & Allen 2016), and there is evidence of rising homelessness, which disproportionately affects minority groups (National Coalition for the Homeless, 2009; National Law Center on Homelessness & Poverty 2015). A 2017 national survey indicates that vulnerable groups have been more severely impacted by eviction, including: black households (11.4 percent), female-headed households (4.9 percent), households without a high school degree (15 percent), and single parents with children (30.1 percent). All experienced some of the highest observed rates of eviction (Holder 2017a; Salviati 2017). The findings related to households with children are particularly disconcerting given that other research has documented the negative long-term effects for children associated with eviction, including weaker performance in school (Cunningham & MacDonald 2012) and increased health problems (Desmond & Kimbro 2015).

Under these circumstances, many households are forced to make difficult decisions as to where to direct their limited funds, often sacrificing food, transportation, and housing quality in favor of placing a roof over their heads (Fernald 2017; Salviati 2017). PolicyLink (2017) shows that the average U.S. household would save $6,200 per year if the excess burden from housing costs were removed, which could inject up to $124 billion into the national economy.

$124 Billion: the amount of money that would be injected into the economy by removing the **excess burden** of housing costs.

However, amid this context of increasingly cost-burdened renters, the level of government assistance to support these households far underserves the low-income renter population. For every low-income renter receiving assistance, 1.7 percent is unassisted (Watson, Steffen, Martin, & Vanderbroucke 2017). For those households that do receive assistance, for instance through the Section 8 Housing Choice Voucher program, they are further disadvantaged by fair housing laws that often do not protect tenants based on their source of income (Tighe 2010; Affordable Housing Online 2017). Property owners that do not accept vouchers are legally within their rights to do so, limiting the places where low-income renters relying on vouchers can live. There is evidence of voucher holders struggling to find units and in some cases losing their voucher before successfully securing a unit (Affordable Housing Online 2017).

Additionally, the primary existing federal program focused on increasing the supply of affordable housing, the LIHTC, does not adequately serve the lowest income households. McClure (2017a) shows there is a surplus of rental units nationwide for households earning between $25,000 and $34,999, which is the market segment primarily served by LIHTC, but a shortage of units for households with incomes under $20,000. Specifically, "there are about 13 million renter households with income below $20,000, but only about 5 million rental units with rents below $500 per month" (McClure 2017b: 488). The LIHTC program is also strongly oriented towards new construction over rehabilitation, and does not perform well in adding new affordable units in areas with low vacancy rates, or rehabilitating units in places with high vacancy rates. LIHTC also does not effectively facilitate the creation of mixed-income housing and tends to continue re-concentrating poverty, with low-income households fully occupying all units in more than three-quarters of all projects (McClure 2017b).

Other challenges exist at the federal level for improving the current state of affordable rental housing across the country. These include addressing expiring subsidies on privately owned, publicly subsidized affordable rental units (Lens & Reina 2016), the declining value of LIHTC due to proposed tax rate changes (Kusisto 2017), and severely underfunding a range of affordable housing initiatives within current federal budget proposals, which could result in a loss of approximately 140,000 housing choice vouchers nationwide (National Low Income Housing Coalition 2017a).

These national trends provide an important broader context of the challenges associated with affordable rental housing. The next section shifts focus to the regional context, starting with a comparison of affordable rental trends in the Louisville MSA relative to other large MSAs. It then provides a detailed account of key rental housing metrics in the Louisville MSA. There are some important parallels between national trends and those observed in the Louisville MSA, including the severe cost burdens experienced by most very low-income rental households.

REGIONAL CONTEXT

Comparing the Louisville/Jefferson County, KY-IN MSA to Other Metropolitan Areas: 2006-2015

A look at regional rental data for the Louisville MSA, relative to other larger MSAs, provides a more complete picture of the state of the rental market and the availability and accessibility of affordable rental. The Furman Center at New York University (2017) analyzed the landscape of rental housing in the 53 largest metropolitan regions, including the Louisville MSA, during four periods – 2006, 2009, 2012, and 2015 and ranked them according to a variety of measures relevant to rental affordability using American Community Survey (ACS) 1-year estimates. In this section, we present selected metrics from the report and highlight key findings regarding affordable rental in the Louisville MSA. Because there is a nationwide affordable rental housing crisis, receiving a positive ranking in any one metric does not indicate a metropolitan area is doing well; it indicates the area is not doing as poorly as others are.

The region ranks 9th in the share of owner-occupied households (66.7 percent), compared to the other regions. However, this percentage has declined over time, from an observed high of 70.3 percent in 2006. This decline in homeownership puts pressure on the rental markets causing a squeeze in the availability of units. In fact, the trend in the percentage of households earning more than 120 percent of AMI who rent increased from 9.1 percent in 2006 to 13.9 percent in 2015. Additional higher income households entering the rental market could result in more competition for units, fewer units available to lower-income renters, and the development of more high-end units to meet demand of upper-income renters, all of which are trends observed at the national level (Freddie Mac 2017).

The Furman Center report shows that on a national level, the number of recently available affordable units has declined across all income levels with particularly constrained options for lower income households. Looking at rental affordability by income levels (households earning between 50 percent and 120 percent AMI) in the Louisville MSA, we see that while it ranks fairly high across all income groups when compared to the other Metro areas, Louisville has only returned to 2006 levels after a marked decline in 2012. For instance, in 2015, among households earning 80 percent or more AMI, the Louisville MSA ranks second, with more than 80 percent of recently available rental units affordable to these earners in 2015. This reflects an increase from 2009 (77.1 percent) and 2012 (77.8 percent), but the region still has not returned to the 2006 rate (85.7 percent) for the share of recently available rentals affordable to households earning 80 percent of AMI.

While the MSA ranked 4th in the percentage of recently available rental units available to households earning 50 percent of AMI compared to the other metros in the study, only 31.9 percent of recently available units fall into this category. This is a higher percentage compared to the overall of 17 percent on average for all Metro areas and speaks to the region's reputation of being more affordable than other areas. However, like the rest of the Metro areas, we have yet to return to our 2006 level of 32.2 percent.

Another indicator of pressure on available affordable rental is the vacancy rate. In 2015, Louisville's rental vacancy rate of 7.2 percent is the 11th highest and is higher than most other large metros. This suggests one reason why the MSA may not have as a severe affordability crunch as seen in other large metros. However, since 2009, the MSA's rental vacancy rate has fallen from a high of 9.9 percent, indicating increasing pressure on the rental market.

Compared to the top 53 largest MSA's, Louisville ranks:

- 50th in percentage of upper income households (38.6 percent of Louisville's households are upper income)
- 48th in percentage of upper income households that rent (13.9 percent of upper income)
- 50th in percentage of renters that are upper income households (16.1 percent of renter households are upper income)

However, despite the low ranking in the percentage of upper income rental households compared to other large metros, this share has increased by 4.2 percent since 2006. The increase puts further pressure on the rental market as builders and existing rental owners respond to upper income household demand.

The Furman data show some positive news regarding rent burden trends in the Louisville MSA as compared to the other metro areas. The MSA witnessed a substantial decline of 7.5 percent in the share of severely burdened renter households between 2012 and 2015, and in severely burdened renter households with seniors over the same period, a decline of 5.6 percent. There were declines in both of these categories among all large metros from 2006 to 2015 (1.4 percent and 0.7 percent, respectively). However, the change witnessed in the Louisville MSA was larger. From 2006 to 2015, the share of rent-burdened households with seniors fell by 4.9 percent. While remarking on the decrease, it must still be noted that 45.8 percent of renter households with seniors remain rent-burdened. The fact that this is the third smallest share among all U.S. large metros, despite being a substantial percentage of senior households, highlights the national problem.

Almost **46% of Renter Households with Seniors** are **Rent-burdened** in the U.S.

The national picture of severe rent-burdened households is much starker than the Louisville Metro area. The share of renter households earning between 50-80 percent AMI that are severely rent-burdened in the Louisville MSA is 2.7 percent, 49th of the 53 metros. Of those earning 80-120 percent AMI, 4.2 percent are rent-burdened, putting the MSA in 52nd. The latter category has fallen back to pre-recession levels of approximately 4 percent after highs in 2009 and 2012 around 10 percent. Some of this is explained by the fact that median rent for all rental unit types is quite low compared to other large metros and median rent among all recently available units is $750, which is the second lowest median rent among all large metros. Although only 18.9 percent of our renter households are severely burdened, this still equates to roughly 31,000 households paying more than 50 percent of their income towards rent. At 40.1 percent, the Louisville

MSA has the lowest share of renter households earning less than 50 percent AMI that are severely rent-burdened among all large metros. Again, even as the comparative percentage is low, this is a large number of households (over 30,000) and further reveals the severity of the national affordable rental housing crisis.

31,000 Households in the Louisville MSA are **severely rent-burdened**

The Louisville MSA Rental Landscape Details

Beyond the comparative Furman data, there are additional indicators that tell a compelling story about the state of affordable rental housing in the Louisville MSA. The numbers of renters are growing across the region, and the renter population remains segregated by race, age, and income. Furthermore, the MSA continues to face a rent burden problem, and the distribution of affordable rental units continues to be uneven across the MSA. The following discussions, tables, and maps provide a snapshot of the rental landscape in the MSA region.

WHO OWNS AND WHO RENTS?

Figure 1: Renters are Growing in Numbers

More individuals are renting in the Louisville region and renters represent a significant percentage of households in the suburban and rural counties included in the Louisville MSA. According to the most recent American Community Survey (ACS) 5-year estimates, the majority of households in the Louisville metropolitan statistical area (MSA) are owner-occupied (67.2 percent). However, since 2006 the share of the total population living in rental housing units and the total number of households that rent have both increased by 24.1 percent and 17.8 percent, respectively (Chan & Jush, 2017). Although rental housing units are commonly associated with urban areas, in 2015 nearly one-third (32.8 percent) of all housing units in the MSA were rental units. Jefferson County is home to the largest share of rentals (38.1 percent) among the 12-county region, but renters occupy more than one-quarter of the housing units in six counties (Shelby, Henry, Clark, Floyd, and Scott).

The counties with the fastest growth in renter occupied units from 2010-2015 include Shelby, Spencer, Trimble, and Harrison counties, all of which experienced increases of approximately 20 percent or more, outpacing the 9.3 percent increase for the MSA overall. In six counties (Henry, Jefferson, Shelby, Spencer, Floyd, and Harrison) and for the whole MSA, the gains in total occupied housing units were linked directly to growth in renter occupied housing units, and there were losses in total owner-occupied units. There is clear evidence of land use shifts towards rental across the Louisville MSA (figure 1).

Figure 1: Change in Renter Occupied Units 2010-2015, Louisville MSA

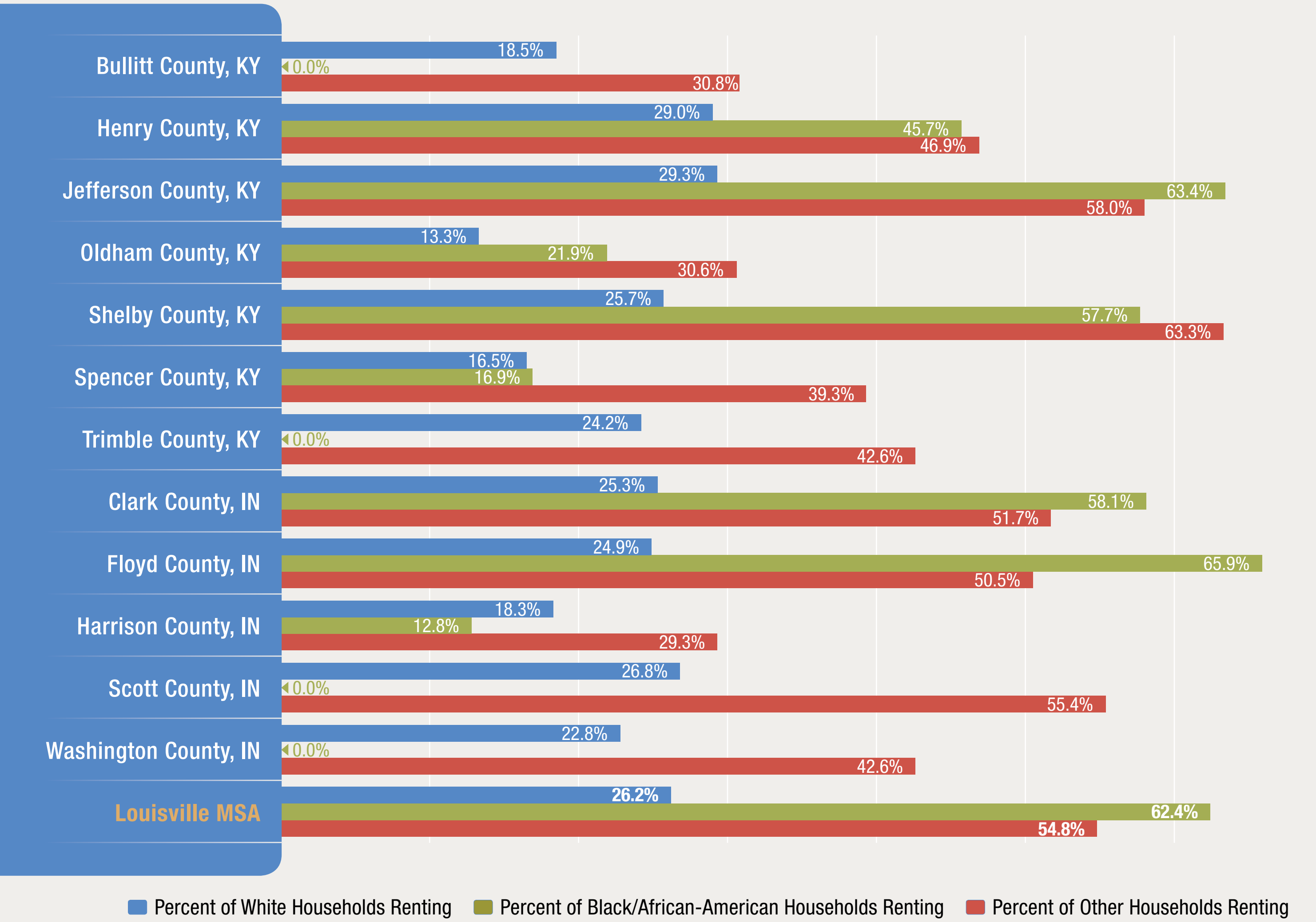
	% Renter Occupied Units		% Change
COUNTY	2010	2015	2010-2015
Bullitt County, KY	18.7%	18.8%	4.6%
Henry County, KY	26.7%	30.0%	14.0%
Jefferson County, KY	35.3%	38.1%	10.3%
Oldham County, KY	14.9%	14.2%	-2.4%
Shelby County, KY	26.5%	30.9%	23.3%
Spencer County, KY	11.9%	17.1%	52.1%
Trimble County, KY	21.1%	24.3%	20.6%
Clark County, IN	28.8%	28.9%	-0.3%
Floyd County, IN	26.9%	27.6%	2.9%
Harrison County, IN	15.8%	18.5%	19.7%
Scott County, IN	24.0%	27.5%	10.6%
Washington County, IN	20.8%	23.3%	9.3%
Louisville MSA	**30.6%**	**32.8%**	**9.3%**

WHAT ARE RACIAL PATTERNS AMONG RENTERS ACROSS THE MSA?

Figure 2: Housing Segregation by Race Persists Across the Region

The pattern of racial segregation across the regional rental market is stark. Rental households are predominantly white in each county, and whites are the largest group of renters overall. In each MSA county, more than 70 percent of occupied rental units are white, well above the MSA as a whole (63.9 percent), except in Jefferson where only 56 percent are white. Conversely, only in Jefferson County is the share of black/African-American renters larger than the share of black/African American renters in the MSA (33.8 percent compared to 26.7 percent). Only three other counties have shares of black/African American renters larger than 10 percent (Shelby, Clark, and Floyd). Shelby County has the largest share of renters in race categories other than black or white (18.6 percent). In Jefferson County, 45.4 percent of renters are non-white, higher than the percentage for the MSA (37.6). People of color are far more likely to be renting in Jefferson County than elsewhere in the region. While whites comprise the vast majority of renter households in all counties, the percentage of the total white households who rent in each county is below 30 percent. Generally, the inverse is true for black/African American households who account for one-third or less of all renter households in each county, but the percentage of black/African American's who rent is much higher in five counties (Floyd, Jefferson, Clark, Shelby, and Henry). Trimble, Scott, and Washington Counties have no black/African-American households. In Bullitt County, there is an 18 percent rental rate yet none of the rental households are black/African-American (figure 2).

Figure 2: Racial Patterns Among Renters, Louisville MSA Counties



HOW OLD ARE RENTERS?

Figure 3: Renters are Not Evenly Distributed by Age Across the Region

The distribution of renters by age across the MSA demonstrates another reason to use a regional lens. The largest shares of each of the age cohorts are all found outside of Jefferson County. Across the MSA, the majority of households living in rental units, 45.6 percent, are between the ages of 35 and 49, followed by households under 34 (35.3 percent) and those 60 and above (19.1 percent). Jefferson County hosts the largest share of young renters in the MSA, where nearly 38 percent of all renters are under 34 years old. At the other end of the spectrum, Harrison County has the largest share of older renters, with 27.6 percent aged 60 and older, and seven other counties outpace the MSA (19.1 percent) with their share of older renters (Clark, Scott, Bullitt, Washington, Trimble, Floyd, Henry). Looking at the middle age groups, nearly 60 percent of renters in Oldham County are between the ages of 35-49, and almost 47 percent of all renter households in Oldham County have children under 18, which taken together are likely associated with the perceived strength of the county's school district. The presence of children in renter households is on the rise across the MSA: since 2006, the share of households with children that rent increased from 28.8 percent to 35.3 percent (Chan & Jush 2017).

HOW MUCH DOES RENT COST?

Figure 4: Most Units Rent Between $500 and $749.

Nearly one-third of all rental units in the MSA have a cash rent between $500 and $749 and the majority of all units (59.5 percent) rent for between $500 and $999 (figure 4). Across the MSA, about 16 percent of all units rent for less than $500, while Spencer, Floyd, Henry, and Washington counties have the largest shares of these lowest priced rental units: more than 20 percent of the rentals in each of these counties cost less than $500 (figure 5). At the other end of the spectrum, in Bullitt, Shelby, and Oldham counties, less than 14 percent of their units rent for $500 or less. Washington County has the largest share of units renting between $500 and $749 (43.2 percent), and more than one-third of the units in three other counties (Harrison, Spencer, and Clark) rent within this range as well. Less than 25 percent of units in Oldham and Trimble counties rent for $500-$749. In six counties (Floyd, Clark, Scott, Bullitt, Shelby, Jefferson), more than one-quarter of units rent for between $750 and $999, while in Harrison, Washington, and Spencer, less than 20 percent of units are for rent in this range. Shelby and Oldham Counties have larger shares (above 20 percent) of units renting for between $1000 and $1499, and nearly 14 percent of all rentals in Oldham command more than $1500 per month. Overall, there are generally units available to renters across MSA at varying price points. However, connecting this information to income distributions, renter burden, and affordability, which is done in subsequent sections below, helps to clarify a deeper understanding of regional rental affordability in Louisville.

Figure 3: Age Distribution of Renters, Louisville MSA Counties

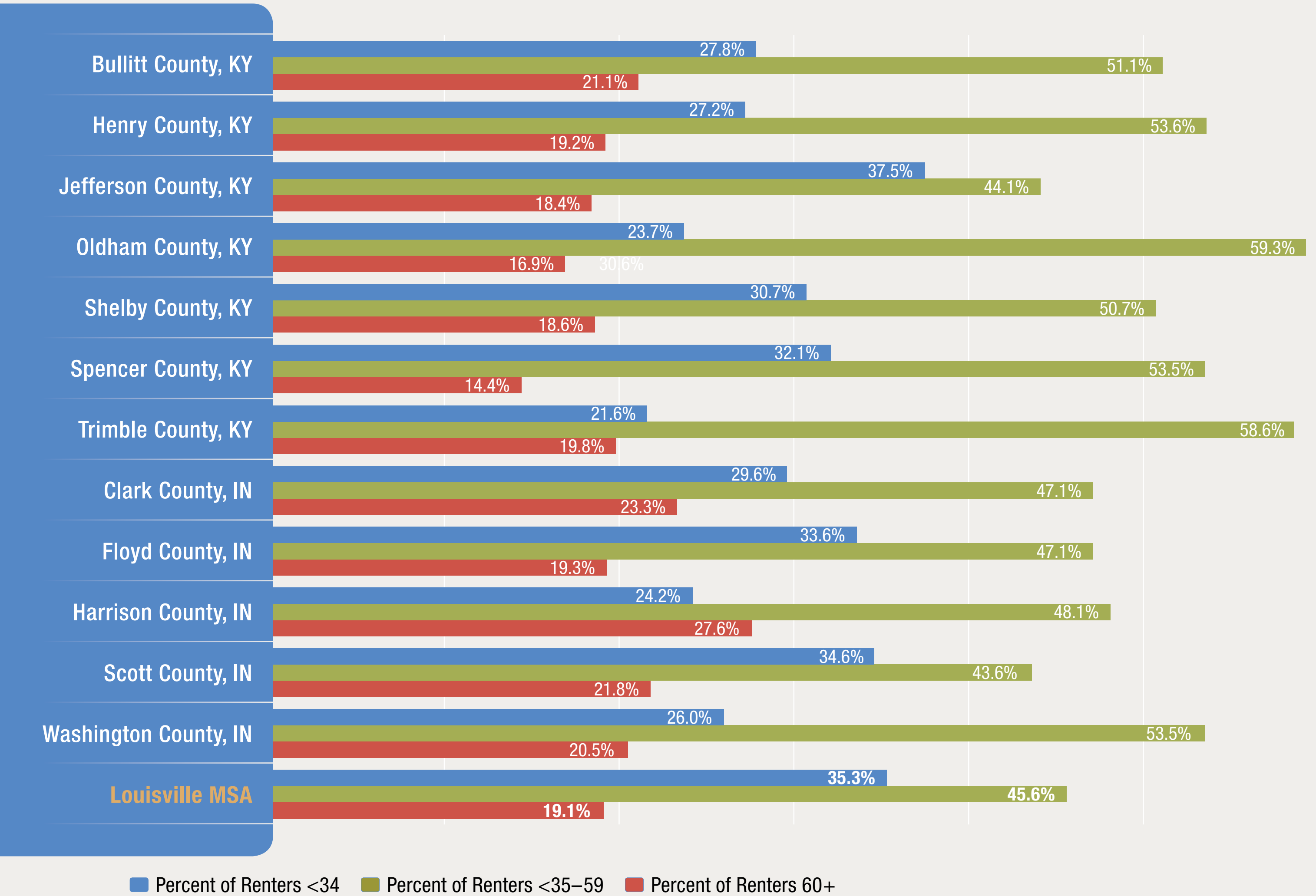
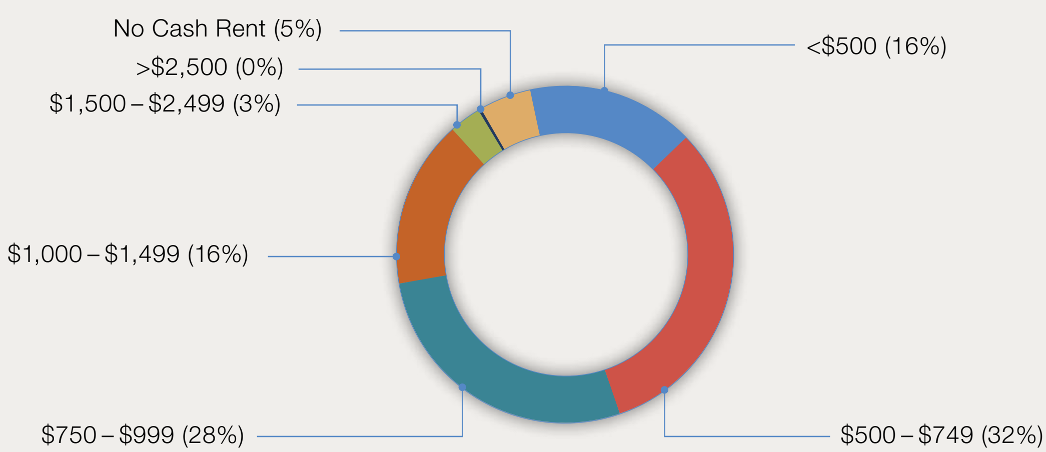


Figure 4: Distribution of Renter Households Cash Rent, Louisville MSA

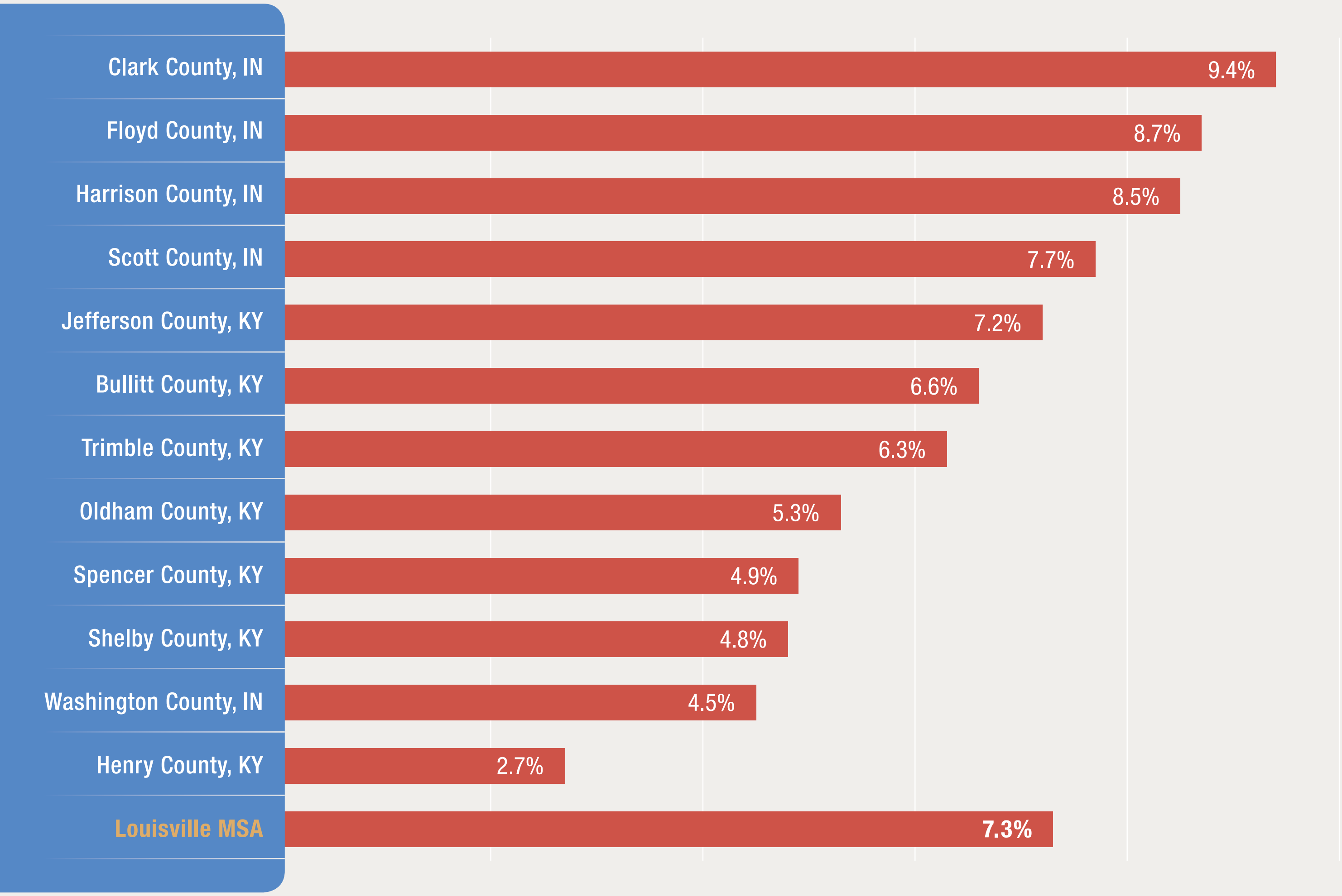


WHAT IS THE RENTAL VACANCY RATE?

Figure 5: Low Rental Vacancy Rates May Mean a Tighter Rental Market, Rising Rents, and Fewer Affordable Units.

In the MSA, the vacancy rate among rental units is 7.3 percent. Counties with the highest rental vacancy rates include Clark (9.4 percent), Floyd (8.7 percent), Harrison (8.5 percent), and Scott (7.7 percent). Those with lower rental vacancy rates include Henry (2.7 percent), Washington (4.5 percent), Shelby (4.8 percent), and Spencer (4.9 percent). Considering the national trends summarized earlier in this report, the existing affordable housing stock in places with lower vacancy rates may be at risk, as low vacancy rates tend to predict higher demand and thus higher costs (figure 5). Additionally, three of these counties (Spencer, Washington, and Shelby) with low rental vacancy rates also have larger percentages of low-cost rental units (less than $500) than the MSA overall (16.1 percent), as discussed above.

Figure 5: Rental Vacancy Rate, Louisville MSA Counties



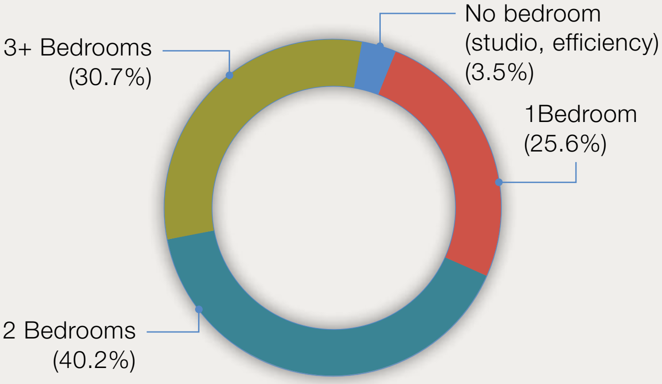
WHAT TYPE OF RENTAL IS AVAILABLE WHERE?

Figure 6: There is a broad selection of rental options at varying price points across the MSA.

Two-bedroom units represent the largest percentage of rental units across the MSA (40.2 percent) followed by units with three or more bedrooms (30.7 percent) and one-bedroom units (25.6 percent) (figure 6). Units with no bedrooms, or efficiencies, account for 3.5 percent of all rental housing units.

Over 80 percent of no bedroom units (efficiencies) rent for less than $999. Examining the distribution of these units by county, Harrison (6.9 percent) and Jefferson (4.1 percent) counties have the largest shares of efficiency units and are the only two counties with larger percentages of these units than found across the MSA as a whole (3.5 percent). Henry County has the largest percentage of no bedroom units renting for less than $500 (84.6 percent). At the other end of the spectrum, there are zero efficiency units in Bullitt or Scott counties that rent within this low price range. More than half of the no bedroom units in Oldham (71.1 percent) and Floyd (56.0 percent) rent for $500-999, while in Bullitt (72.7 percent) and Harrison (55.1 percent) more than half rent for $1000 or more.

Figure 6: Distribution of Rental Units by Bedroom Size, Louisville MSA



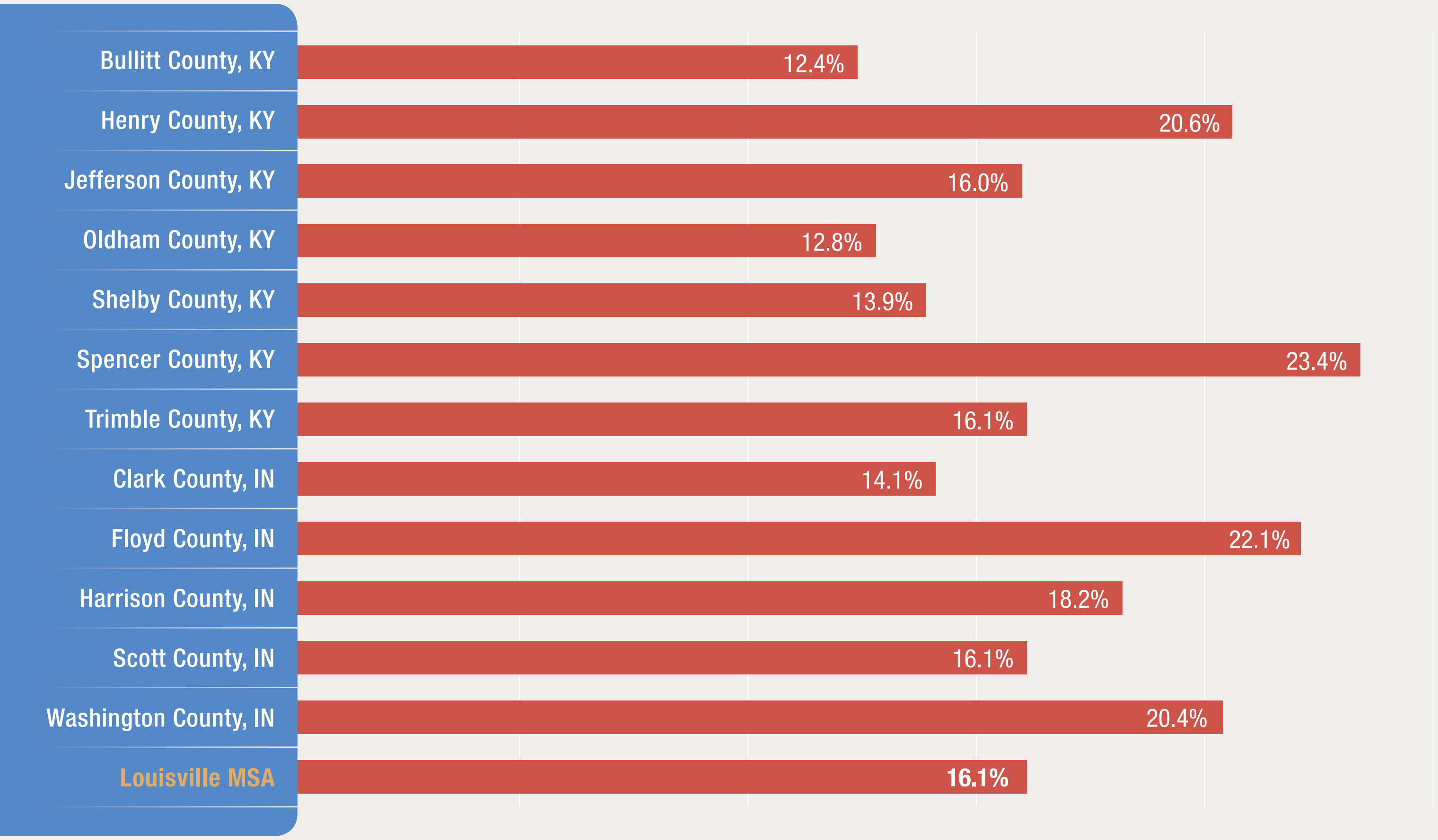
Turning to one-bedroom units, Jefferson (28.3 percent) and Clark (28.0 percent) have slightly larger percentages of one-bedroom units than the MSA. In all counties except Jefferson, more than one-third of the one-bedroom units rent for less than $500. On the other hand, Jefferson County has the largest percentage of one-bedroom units renting for $500-$999 (63.8 percent), and in Oldham (52.2 percent), Clark (56.9 percent), and Floyd (52.5 percent) more than half of the one-bedroom units command this rent range. Spencer (9.2 percent) and Henry (8.3 percent) counties have the largest percentages of one-bedroom units in the highest price range ($1000 or more), although the total number of these units is small (27).

Floyd (48.3 percent) and Washington (46.6 percent) have the largest percentages of two-bedroom units, and two-bedrooms represent a larger share of the rental distribution in Spencer (42.9 percent) and Bullitt (40.9 percent) counties compared to the MSA. In Spencer (28.0 percent) and Henry (25.1 percent) counties, more than one-quarter of the two-bedroom units rent for less than $500, which is higher than the rate among all two-bedroom units in the MSA (10.1 percent). The majority of two-bedroom units in the MSA (72.4 percent) rent for $500-$999, and in six counties, an even larger percentage of two-bedroom units command this range of cash rent (Bullitt - 75.3 percent, Shelby - 80.1 percent, Clark - 80.6 percent, Floyd - 75.4 percent, Harrison - 77.0 percent, and Scott - 74.7 percent).

Ten counties (Bullitt, Henry, Oldham, Shelby, Spencer, Trimble, Clark, Harrison, Scott, and Washington) have larger percentages of three-bedroom units than the MSA. In Bullitt (49.8 percent) and Oldham (49.7 percent) counties, nearly half of all rental units have three-bedrooms or more. Floyd (16.6 percent) and Spencer (12.0 percent) counties have the largest percentage of three-bedroom units renting for $500 or less. In six counties, more than half of the three-bedroom units rent for between $500 and $999 (Bullitt - 51.3 percent, Henry - 66.3 percent, Trimble - 61.8 percent, Clark - 52.9 percent, Scott - 64.6 percent, and Washington - 57.3 percent). Oldham (60.2 percent) has the largest percentage of three-bedroom units renting for $1000 or more.

This picture of the supply of rental in the Louisville MSA indicates that there is a relatively broad selection of rental options across the 12 counties at a range of price points. Across all rental unit types within the MSA, 16.1 percent are low-cost rentals (renting for less than $500) (figure 7). Nearly three-quarters (71.8 percent) of these low-cost units are located in Jefferson County. Spencer (23.4 percent), Floyd (22.1 percent), Washington (20.4 percent), Henry (20.6 percent), and Harrison (18.2 percent) counties all have larger shares of low-cost rentals, compared to the MSA. Notably, four of these five counties are at the farthest edges of the MSA, indicating that these affordable units are potentially disconnected from more centralized job opportunities, social services, and public transportation networks within Louisville/Jefferson County.

Figure 7: Percentage of Total Low Cost Rent Units (less than $500), Louisville MSA Counties



WHO BEARS THE BURDEN?

Figure 8: Very low-income households are the most cost-burdened across the MSA

The evidence presented above indicates a relatively strong supply of rental units at varying price points. However, shifting the lens to examine the distribution of renters by income and the share of renters who are rent-burdened (or paying more than 30 percent of income towards rent), brings into focus the regional nature of affordable housing challenges for low-income renters, particularly for renter households earning less than $35,000. The total number of rent-burdened households earning less than $35,000 is 65,065. Across the MSA as a whole, 85 percent of very low-income renters (earning less than $20,000 per year) are rent-burdened, and in each of the 12 counties, more than three-quarters of very low-income renters pay more than 30 percent of their income towards rent (figure 8). Very low-income renters actually fair slightly better than very low-income homeowners, as 97 percent of homeowners in this income bracket are cost-burdened (Measure 6). About 64 percent of all low-income renters (earning between $20,000 and $34,999) in the MSA are rent-burdened, although this is again a smaller total share when compared to homeowners with similar earnings (81 percent). Washington (44.6 percent) and Spencer (42.7 percent) counties have the smallest shares of low-income cost-burdened renters.

The share of burdened renters tapers off among households earning more than $35,000. Even so, 20 percent of all MSA renters with income between $35,000 and $49,999 commit a large share of their income to rent, and in three counties, the share of cost-burdened renters in this earnings bracket is above 20 percent (Clark, Jefferson, Shelby). Among higher income groups, 14 percent of Shelby County renters with income between $50,000 and $74,999 are cost-burdened as well as 8 percent of Oldham County renters earning more than $75,000.

The smaller overall share of cost-burdened renters indicates that renting is generally a more affordable option for the region's lowest income households, which makes sense given the additional costs of maintenance and upkeep required by homeownership.

Map 1 shows the spatial distribution of low-income, cost-burdened rental households in the MSA. Most tracts with the highest concentrations (35 percent or more) of low-income, cost-burdened renters are located in Louisville/Jefferson County (Map 2). Further, there is a clear concentration in west Louisville of census tracts where 35 percent of more households are low income, cost-burdened renters and a more scattered pattern of low income, cost-burdened renters throughout south Louisville. There are also a handful of tracts in the eastern part of the county where a high percentage of low-income renters are cost-burdened.

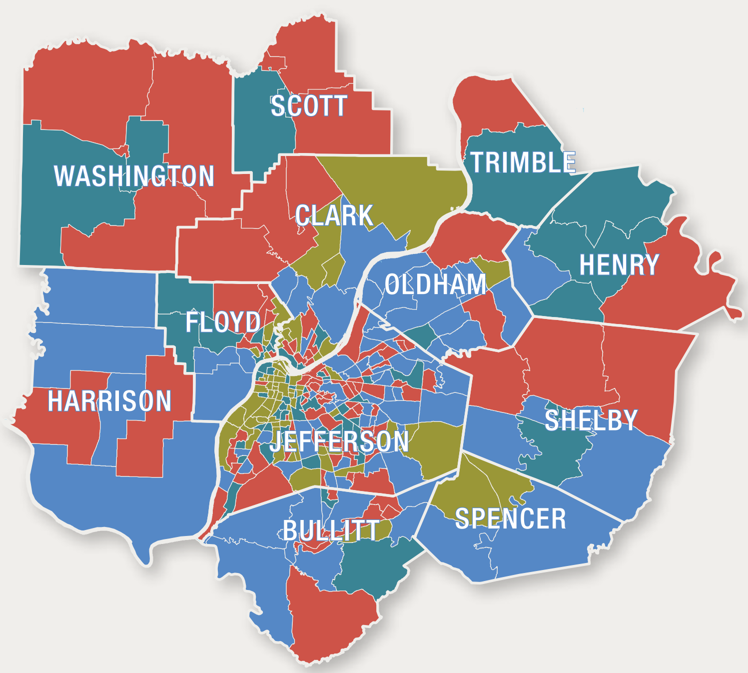
Figure 8: Cost Burdened Renter Households by Income Groups, Louisville MSA Counties

	Indiana Counties					Kentucky Counties							
	Harrison	Washington	Clark	Floyd	Scott	Oldham	Shelby	Bullitt	Jefferson	Henry	Trimble	Spencer	MSA Total
Total Renter Occupied Households (HHs)	2,699	2,454	12,411	8,033	2,465	2,794	4,909	5,321	117,001	1,797	862	1,098	161,844
Renter HHs Earning Less than $20,000	862	708	3,979	2,696	777	698	1,299	1,226	37,032	606	226	225	50,334
Percent Cost-Burdened	91.8%	84.2%	82.8%	81.8%	76.7%	89.1%	89.1%	86.5%	85.4%	82.7%	81.0%	80.9%	85.1%
Renter HHs Earning $20,000 -$34,999	516	637	2,324	1,803	427	533	1,120	1,380	25,506	334	131	248	34,959
Percent Cost-Burdened	56.0%	44.6%	65.0%	72.5%	65.6%	67.5%	77.0%	70.3%	62.4%	75.1%	78.6%	42.7%	63.6%
Renter HHs Earning $35,000 - $49,999	279	203	2,285	1,114	328	333	820	874	18,039	221	94	133	24,723
Percent Cost-Burdened	7.9%	13.3%	22.8%	15.6%	6.4%	15.6%	20.9%	13.2%	21.1%	13.1%	0.0%	3.0%	20.0%
Renter HHs Earning $50,000 to $74,999	403	286	1,798	980	514	343	687	910	16,328	312	77	236	22,874
Percent Cost-Burdened	9.2%	0.0%	2.7%	0.0%	5.6%	7.3%	14.4%	1.1%	4.1%	3.8%	0.0%	0.0%	4.1%
Renter HHs Earning $75,000 or more	254	118	1,528	787	67	688	718	434	12,602	85	132	77	17,490
Percent Cost-Burdened	0.0%	0.0%	0.0%	0.0%	0.0%	7.6%	1.8%	0.0%	1.2%	0.0%	0.0%	0.0%	1.2%
Total Cost Burdened Renter HHs	1,139	907	5,373	3,687	926	1,111	2302	2,156	52,192	793	286	292	71,164
Percent Cost-Burdened Renter HHs	42.2%	37.0%	43.3%	45.9%	37.6%	39.8%	46.9%	40.5%	44.6%	44.1%	33.2%	26.6%	44.0%

Map 1: Share of Low-Income Renter Households that are Cost-Burdened*

by Census Tracts – Louisville Metropolitan Statistical Area (KY-IN MSA) 2015 ACS 5-Year Estimates

% Cost-Burdened Renters
- Less than 15%
- 15% – 24%
- 25% – 34%
- 35% or Greater
- MSA Counties

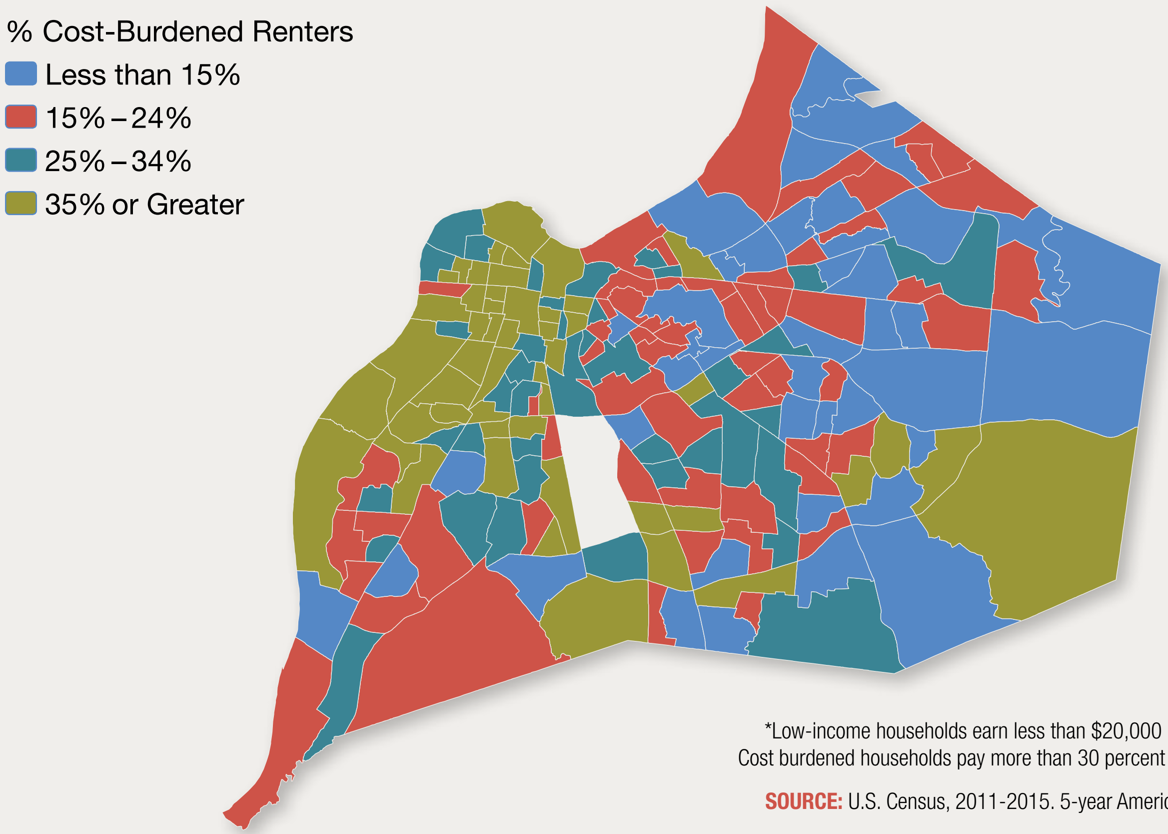


*Low-income households earn less than $20,000 in the past 12 months. Cost burdened households pay more than 30 percent of income on housing.

SOURCE: U.S. Census, 2011-2015. 5-year American Community Survey

Map 2: Share of Low-Income Renter Households that are Cost-Burdened*

by Census Tracts - Louisville/Jefferson County 2015 ACS 5-Year Estimates



*Low-income households earn less than $20,000 in the past 12 months. Cost burdened households pay more than 30 percent of income on housing.

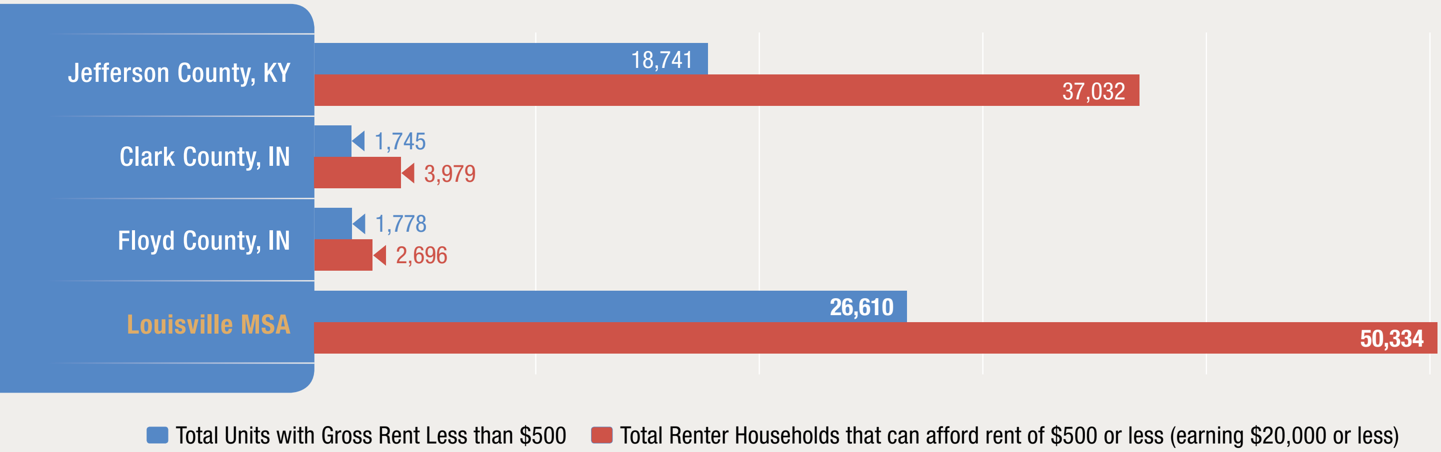
SOURCE: U.S. Census, 2011-2015. 5-year American Community Survey

WHERE'S THE AFFORDABILITY GAP?

Figure 9: The Affordable Housing Gap is Most Severe for Low-Income Households.

Across the MSA, there are more than 50,000 households earning less than $20,000 annually (figure 9). For this group, affordable rent (30 percent of income) is approximately $500 per month. Yet, there are only 26,610 units renting for $500 or less across the MSA, resulting in an affordable housing gap of roughly 24,000 units. There is a deficit of affordable units available to these households in all MSA counties with the exception of Spencer. For households earning between $20,000 and $34,999, there is a surplus of 17,054 affordable units available across the MSA. However, more than 60 percent of renter households in this income group remain rent-burdened. Some reasons for this could include occupation of these affordable units by higher income renters, or the location of these affordable units could be inaccessible to jobs, transit, or existing social networks, and low-income households may be choosing to pay more in rent to access these amenities.

Figure 9: The Affordable Housing Gap, Louisville MSA and Selected Counties



These data provide support for targeting new rental construction and rehabilitation towards the lowest income households, particularly those earning less than $20,000, who are likely renters and very likely to be cost-burdened. Additionally, careful consideration should be given to the location of new and existing affordable rentals towards ensuring strong connections to jobs, transit, and other amenities that will benefit renter households.

WHERE ARE FAIR MARKET RENT UNITS?

Figure 10: A Substantial Percentage of Units in All Counties do not Meet Fair Market Rent.

Measure 3 reports Fair Market Rents (FMR) for different bedroom types aggregated across all counties in MSA. Here, the percentage of units by bedroom size that meet FMR is shown for the individual counties to provide a more detailed look at differences in affordability across the MSA. These data reflect rents alone, but HUD calculates Fair Market Rents by including both rent and tenant paid utilities. Therefore, these are an overestimation of the percent of units that meet FMR. Because HUD sets FMR based on available units in a metropolitan area, and takes into consideration the gross rents in that area, one would expect the percentage of units meeting FMR to be relatively high. However, there are several counties where the percentage of units that meet FMR is lower than that of the MSA as a whole. For instance, while nearly 74 percent of all efficiency units MSA-wide are FMR eligible, the share of efficiencies that meet FMR in six counties (Washington, Spencer, Clark, Shelby, Harrison, and Bullitt) is below this rate. In Harrison and Bullitt counties, less than half of all efficiency units meet FMR. For one-bedroom units, three counties (Henry, Jefferson, and Bullitt) are below the MSA share of FMR eligible units and four counties are below the MSA threshold in two-bedroom units (Trimble, Henry, Oldham, and Jefferson). Finally, there are five counties (Oldham, Washington, Spencer, Harrison, Scott) below the MSA share of FMR eligible three-bedrooms. Only Floyd County is at or above the MSA share of FMR eligible units for all bedroom types. This suggests that HUD's efforts to use smaller areas (see next section) to calculate FMR is warranted given the substantial percentage of units in each county that do not meet FMR despite the fact that FMR is intended to reflect prices and availability in any given region.

Figure 10: Percentage of Housing Units Meeting Fair Market Rent Thresholds

	No Bedrooms/Efficiency	1 Bedroom	2 Bedroom	3 Bedroom
Trimble County, KY	100.0%	78.0%	53.3%	85.4%
Floyd County, KY	87.5%	87.6%	90.0%	87.1%
Henry County, KY	84.6%	58.5%	79.1%	89.5%
Oldham County, KY	78.9%	88.4%	80.9%	69.4%
Jefferson County, KY	75.5%	74.3%	81.1%	83.1%
Washington County, IN	71.4%	87.6%	83.4%	76.0%
Spencer County, IN	69.2%	83.9%	90.2%	67.7%
Clark County, IN	59.1%	85.7%	86.5%	93.6%
Shelby County, IN	51.3%	83.5%	86.6%	90.0%
Harrison County, IN	44.9%	77.1%	88.0%	75.4%
Bullitt County, IN	27.3%	72.9%	89.0%	86.4%
Scott County, IN	0.0%	96.8%	85.6%	82.4%
Louisville MSA	73.8%	76.5%	82.6%	83.8%

MSA Fair Market Rents (FY 2017) are as follows: Efficiency ($551), 1 BR ($629), 2 BR ($793), 3 BR ($1085), 4 BR ($1230).

WHAT IF FAIR MARKET RENTS WERE RECALCULATED BY ZIPCODE?

Small Area Fair Market Rent: Removing Barriers for Voucher Holders to Move to Low-poverty Neighborhoods.

In November of 2016, HUD finalized a new method, Small Area Fair Market Rents (SAFMR) to establish rental subsidies for Housing Choice Vouchers (HCVs) (HUD 2016a). Fair Market Rents (FMR) is a gross rent estimate used to calculate the maximum subsidy HUD provides families receiving rental assistance. There are currently 2.2 million households assisted through the HCV program. Qualifying households only are required to allot 30 percent of their income towards rent, with the remainder covered by the housing voucher subsidy. Currently, HUD sets the rent subsidy at the 40th percentile of all rents charged in the metropolitan region with some areas set at 50th percentile to deconcentrate poverty in some tracts. The SAFMR approach shifts the geographical focus away from metropolitan-wide areas to a calculation based on zip codes, a smaller geographic boundary. HUD moved forward with piloting SAFMR in 24 metropolitan regions, not including Louisville. However, in August 2017, the Trump Administration suspended the mandatory use of SAFMRs until further analysis determines its cost effectiveness (Jeon 2017).

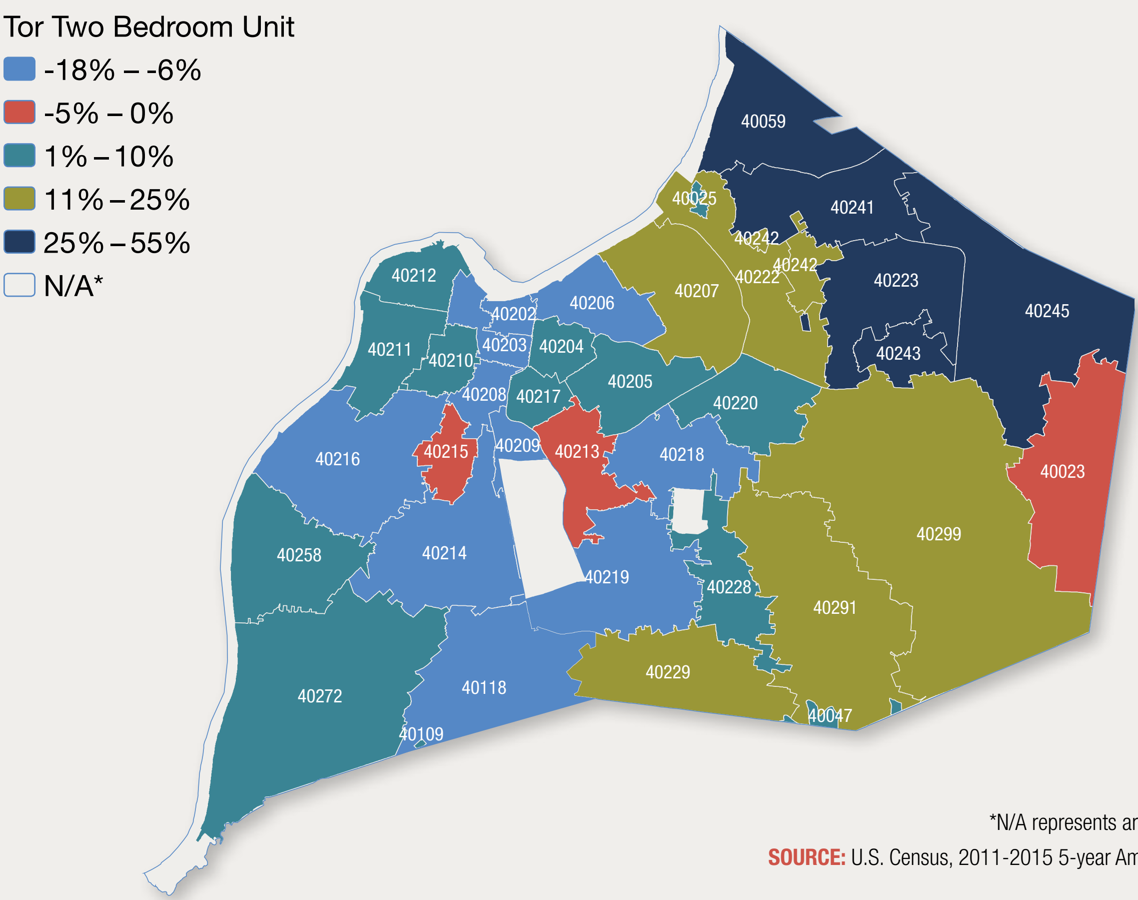
Although suspended, housing authorities may still elect to voluntarily employ SAFMR. Map 3 shows the percent change in fair market rent for two bedroom units in zip codes across Jefferson County, if the SAFMR formulas proposed by HUD were instituted by Louisville Metro Housing Authority (LMHA). The map highlights where options for HCV tenants might be expanded in areas of Louisville with lower poverty rates.

Using the SAFMR formula, the largest increases in fair market rents for two bedroom units would occur in five eastern Jefferson County zip codes, three of which directly border Oldham or Shelby Counties. The 40059 zip code in Prospect would see the largest increase in allowable rents for two-bedroom units. Allowable rent would shift from $793 under the current FMR to $1230 under SAFRM, an increase of 55 percent. Fair market rents for two-bedroom units in twelve zip codes would decline, with the largest decreases (-18 percent) occurring in the 40203 zip code, which includes parts of downtown and several neighborhoods to the west and south (Limerick, Shelby Park, Smoketown, Portland, and Russell).

The value of examining the impacts of using the SAFMR formula highlights how the previous FMR formulas reinforce barriers voucher holders face in accessing the limited supply of affordable housing that suits their needs and perpetuate a racially and economically segregated rental market in Louisville. SAFMR shows us that if implemented by LMHA, this could potentially make rental units in zip codes in the eastern part of Jefferson County more accessible to voucher holders. As these are areas that currently have lower poverty rates and higher rents, this could help to deconcentrate poverty. The caveat is that property owners would need to accept Section 8 vouchers. Additionally, while this policy has the potential to help deconcentrate poverty and provide more access for voucher holders, there could be unintended consequences related to connecting residents to jobs and transit. Thus, this policy, if implemented, should be linked to other broader policies that consider job and transit connections. Other concerns include the as yet unspecified outcomes for existing voucher holders in zip codes with substantial decreases. Attention must be paid to those lowered limits that might undermine current renters' ability to meet current rent obligations.

Map 3: Percent Change in Fair Market Rent for a Two Bedroom Unit Using HUD Small Area Fair Market Rent Formula

by Zip Code - Louisville/Jefferson County 2015 5-Year Estimates



*N/A represents areas without housing units.

SOURCE: U.S. Census, 2011-2015 5-year American Community Survey

LOCAL AFFORDABLE RENTAL POLICY AND PROGRAMS

The national affordable rental housing context informs regional and local affordable rental housing policy and programs. Currently, there are no substantive efforts by regional agencies to impact affordable housing in the region. Local and county level policy and programs do not look outside jurisdictional borders. We know however, that local actions have regional impact.

Recent local Louisville Metro Government (LMG) policies and programs related to affordable rental housing include: the Louisville Affordable Housing Trust Fund, the Louisville CARES program, the Rental Registry, Short-Term Rental Regulations, and proposed policies to be included in the 2040 Comprehensive Plan. We also remark on recent threats and opposition to affordable rental housing occurring in localities in the region.

Louisville Affordable Housing Trust Fund

The Louisville Affordable Housing Trust Fund (LAHTF) supports the development of affordable housing through grants, loans, and technical assistance to housing developers by reducing financing gaps and project risk. To date, the LAHTF has financed 38 affordable units and plans to support the creation or preservation of an additional 326 units. The 2017 fiscal year budget included $12 million from bond funds and $2.5 million for project development to support both the LAHTF and Louisville Cares, described below. In 2017, LAHTF used $2.25 million of the project development funds to support six housing developers that will construct or rehabilitate a combination of affordable single-family homes and rental units. The 2018 fiscal year budget allocates $9.57 million for the LAHTF. The proposed distribution of funds includes $7.07 million for development and $4 million to a Revolving Loan Fund pool both of which should increase affordable rental units (LMGH&CD 2017).

Because the need for affordable housing will be ongoing, the LAHTF continues to work on identifying a permanent source of funding. In the past, the LAHTF Board has recommended a 1 percent increase in the insurance premium tax that they projected would result in approximately $10.15 million annually. In September of 2017, LAHTF issued a request for proposal to identify additional permanent sources of funding.

Louisville CARES

The Louisville Creating Affordable Residences for Economic Success (CARES) Program, provides gap financing (a loan to cover costs that cannot be covered by other sources or programs) to encourage the creation of "affordable workforce housing"(80 percent AMI). The program also sets income limits and maximum rent using HUD's Income Limits Documentation System. This would mean that affordable rent for a three-bedroom unit for a family of 4 at 80 percent of AMI or $53,100, is set at $1,328. This is $243 higher than Fair Market Rent ($1085), which is the rent limit for families on HCV.

The program is intended to supplement other financing tools such as HOME or Community Development Block Grants (CDBG) as well as private financing mechanisms. LMG structured CARES to operate with the LAHTF as another layer of financing to encourage private developers to build more affordable units. In October of 2016, LMG reported that 3,000 affordable housing units had been "created or retained" using HOME or CDBG funds, with a goal of reaching 5,000 units by 2018. The CARES program set its contribution to that goal at 750 new units. The program projects as those units fill with renters looking to reduce their current rent burden, units they leave will become available. The program has committed to six projects with 578 new units and 101 rehabilitated units. Three projects were under construction as of November 2017.

Louisville Rental Registry

Rental registries are important tools for neighborhoods and governmental agencies to keep track of property owners and hold them accountable for property upkeep and tenant safety. In late 2016, LMG established a Rental Registry that required the registration of all occupied rental properties or those offered for occupancy. The registry is intended to create an accurate database for code enforcement inspectors and other LMG agency staff charged with protecting and maintaining Louisville's rental housing stock. The intention is to free up staff to do inspections rather than spending time tracking down owners and to improve property owner accountability so that rental stock is improved.

Louisville Short-term Rental Regulations

In 2016, with the rise of AirBnB, VBRO, and other similar services providing a marketplace for short-term rentals, LMG followed other local governments in the U.S. and established short-term rental regulations in order to mitigate their various effects on neighborhoods. Generally, the ordinance requires all proprietors of short-term rentals to register with Metro Revenue Commission, pay an annual $25 fee, along with associated occupancy taxes, and limits occupancy based on number of bedrooms. In instances when the short-term rental is not the hosts' primary residence, or if the property is located within a Traditional Neighborhood Zoning District, a conditional use permit is required. As of September 2017, LMG was in negotiations with AirBnB to collect local transient taxes automatically through the online platform, which would improve the share of revenue flowing to local government from this part of the tourism industry (Bailey 2017).

In the context of affordable rental housing, recent research examining the impact of short-term rentals on neighborhoods shows that this type of unit can have a detrimental effect on the overall rental housing market by removing current units from the available supply and by shifting units that would otherwise become long-term rental properties to short-term (Lee 2016). Limiting the overall supply of rental housing for residents within the region is likely to affect low- or moderate-income and minority households disproportionately by increasing rents of existing units. Research has shown short-term rentals are associated with rising rents, fewer units for long-term renters, and increased property values (Feldman 2017; Merante & Horn 2016).

Louisville Metro 2040 Comprehensive Plan Proposal Highlights

In August 2016, LMG's Develop Louisville started the process of creating a new comprehensive plan for Louisville/Jefferson County, replacing the existing Cornerstone 2020 document. Notably, the inclusion of housing as a standalone content element within the new comprehensive plan marks a distinct departure from Cornerstone 2020 where housing concerns were addressed indirectly. The new plan will serve as the primary policy document guiding planning and development in Louisville Metro over the next twenty years, and thus is the framework through which some of the affordable rental housing challenges presented in this report could be addressed.

The draft Housing element of the plan includes three goals:

- expand and ensure a diverse range of housing choices;
- facilitate the development of connected, mixed-use neighborhoods;
- ensure long-term affordability options in all neighborhoods.

To ensure long-term affordability, the draft plan recommends redeveloping vacant and underused properties, promoting universal design elements to foster aging in place, and encouraging energy-efficient practices to reduce housing costs.

Some specific proposed policies connected to improving affordability include:

- dispersing affordable housing throughout Louisville Metro;
- increasing the affordable housing supply through innovative housing types and incentives
- requiring the inclusion of affordable units for developments receiving public funding;
- funding existing tools such as the LAHTF and Louisville CARES;
- addressing homelessness through rental assistance, transitional housing, and shelters;

If implemented, the policy proposals within the comprehensive plan could be an important step towards increasing affordable housing options, deconcentrating poverty, and reducing race and income-based segregation in Louisville Metro.

Threats and Opposition to Affordable Housing Projects in Louisville Region

Existing affordable housing units in the Louisville MSA region are under threat. In New Albany, IN, the New Albany Housing Authority voted in April 2017 to demolish 600 public housing units in four public housing complexes by 2027, potentially displacing over 1,000 residents, or about 8 percent of New Albany's 7,270 total renter occupied units. The proposed complexes, Broadmeade Terrace, Parkview Tower, Parkview Terrace, and Vance Course, collectively house 1,142 people, more than half of city's total public housing residents. They are located on prime real estate close to the Ohio River. HUD has not approved the plan as of November 2017. Residents are concerned about relocation amid an existing shortage of units for low-income households, and difficulty of persons with housing vouchers finding available units that will accept vouchers. The plan will not replace existing units one-for-one (Sayers 2017).

In the Pleasant Ridge neighborhood of Charlestown, IN, the city is under investigation for colluding with a private developer to diminish property values, thereby lowering the cost for purchasing properties in the neighborhood via eminent domain (Clark & Goetz 2017). The Pleasant Ridge neighborhood, 15 minutes from the new Lewis and Clark Bridge, is primarily low-income. Proposals for a "high-end subdivision" to replace these affordable units would adversely affect the existing supply of affordable housing in the region (Goetz 2017).

In Louisville, there is also direct opposition to the development of new affordable housing. Residents of Prospect successfully opposed a 198-unit affordable housing complex adjacent to, but not in, Prospect along River Road, for low-income seniors. In late August, Metro Planning Commission approved the developer's (LDG) request for zoning changes. Opponents of the development, which included the Mayor of Prospect, claimed they were not against affordable housing for seniors but rather, the environmental and visual impacts of the project. In October 2017, Metro Council denied the request, citing the development's size, location, and adjacency to a gasoline station (Shafer 2017).

LDG also sought to build 144 affordable housing units on Newburg Road near Garden Green Way, but after widespread community opposition, dropped a request to rezone the property to multi-family residential. Community concerns included exacerbating concentrations of low-income residents. And while some of the arguments against this development mirror arguments against affordable housing in other locations, there are already existing affordable units within the Newburg neighborhood as shown in Measure 1.

MHC RECOMMENDS

The following are recommendations based on best practices and the current state of affordable rental in our region.

- Create mandatory inclusionary zoning for affordable housing building on current voluntary efforts.
- Require any rental developer receiving government-based incentives at local, regional, state or federal levels to include affordable rental housing units in the development.
- Create more incentives for efforts focused on income levels below 50 percent of AMI.
- Allow developers to meet affordable housing requirements by: developing units on site, at alternative sites, paying fees that go to Louisville Affordable Housing Trust Fund in lieu of units, donating land, and investing in the preservation or rehabilitation of existing affordable units.
- Expand use of Freddie Mac Small Balance Loan program, which provides financing to smaller multi-family developers, properties containing five to 50 units, and loans ranging from $1 million to $6 million (Freddie Mac 2017).
- Establish short-term low-interest or forgivable loan program for low-income renters in danger of eviction.
- Advocate for housing as a human right under the state constitution.
- Implement HUD's Small Area Fair Market Rent option with protection measures for voucher holders already living in units that might have the rental limit lowered to their detriment.
- Expand and support Rental Readiness Programs
- Support the establishment of a Tenants' Association to advocate for renters and provide tenants' rights information.
- Create new and support existing educational programs, centered on storytelling and the history of redlining to change the negative race and class- based perceptions of affordable housing residents.
- Advocate for Kentuckiana Regional Planning and Development to commit to affordable housing initiatives.

MEASURE 1
Concentration of Subsidized Housing

For the purposes of this report, subsidized housing units are classified as either public housing, Section 8 Housing Choice Voucher, or Section 8 Project-Based housing units. There are a total of 19,037 subsidized housing units in Louisville/Jefferson County. This is an increase of 303 subsidized housing units from 2016.

Subsidized housing units continue to be highly concentrated in West Louisville. Roughly 70 percent of all subsidized units are located within Louisville Metro Council districts 1, 3, 4, 5, 6, and 15, representing no change from 2016. 27 percent of all subsidized housing units are located within district 4 alone, which represents the largest concentration. See Maps 4, 5, 6 and Figures 10 and 11.

In an effort to address disparate impacts of policies that lead to the concentration of poverty among races or ethnicities, HUD developed a method using U.S. Census data that identifies such areas, or Racially/Ethnically Concentrated Areas of Poverty (R/ECAP), by census tract. A R/ECAP is a census tract with a population that is 50 percent or more non-white and has a poverty rate exceeding 40 percent or one that is three or more times the average tract poverty rate for the metropolitan/micropolitan area (whichever threshold is lower) (HUD 2016b).

The maps in this measure, and others in this report, highlight the HUD defined R/ECAP census tracts in Louisville/Jefferson County. This will assist area agencies and community organizations wishing to visualize and address the legacy of policies that have concentrated subsidized housing over time, producing disparate impacts across race and class. The population within these R/ECAPs are represented by Louisville Metro Council districts 1, 2, 3, 4, 5, 6, 13, and 15.

Public Housing

There are 4,327 total public housing units in Louisville/Jefferson County. A total of 179 public housing units at Beecher Terrace are on track for demolition as part of the Russell Choice Neighborhood Initiative; these have been excluded from the overall total. Out of the 4,327 units, 4,025 are occupied and 302 are vacant; 124 of the 302 vacant units are being held open for relocating Beecher Terrace residents. See Measure 4 for a discussion of the waiting lists for public housing. A majority of public housing units (77 percent) continue to be located in Metro Council districts 4 and 6. Districts 2, 7, 8, 11, 13, 14, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, and 26 contain less than one percent of the total public housing units for Louisville/Jefferson County. See Map 4.

17 of 26 Council districts contain less than 1% of total Public Housing units (Map 4)

Section 8

Louisville/Jefferson County has 14,710 Section 8 (housing choice and project-based) rent subsidies. Section 8 Housing Choice Vouchers, which give the individual a choice of where to live, account for roughly 64 percent (9,418) of all Section 8 units in Louisville/Jefferson County. The remaining 36 percent (5,292) are project-based, where the subsidy goes to the owner of the rental unit in order to offset costs for offering lower rent.

All Metro Council districts have at least one type of Section 8 subsidized units. 71 percent (10,468) of all Section 8 housing in Louisville/Jefferson County is located in districts 1, 2, 3, 4, 5, 6, and 15. See Map 5.

Low-Income Housing Tax Credits

The U.S. Department of the Treasury sponsors the Low-Income Housing Tax Credit (LIHTC) program as an incentive for developers to create affordable housing units for low-income individuals and families. The Kentucky Housing Corporation (KHC) is the state administering agency that awards credits across the state through a competitive application process. According to KHC, since 2008, the state of Kentucky has received $95,235,607 for the construction of 9,732 units using LIHTC. From this, Jefferson County has received $16,474,185 (17 percent of state allocated funds) for the construction of 1,634 units.

A majority of LIHTC units in Louisville/Jefferson County are concentrated (78 percent) in Metro Council districts 1, 2, 3, 4, 5, and 6. The concentration of LIHTC units remains relatively the same from 2016; the largest change was an increase of less than one percent in district 4. There continues to be eight Metro Council districts out of 26 that do not contain any housing units built using LIHTC funds; these are districts 7, 10, 14, 17, 18, 20, 21, and 23. See Fig. 11.

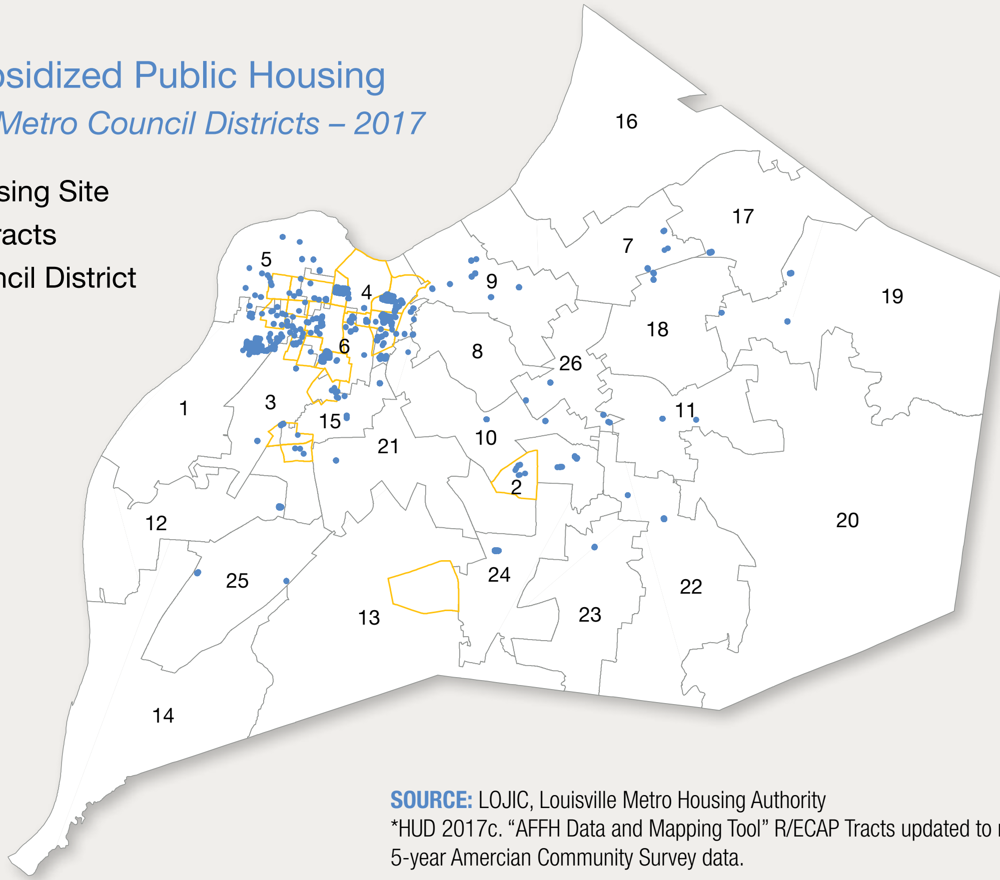
RECOMMENDATIONS

As you will see in Measure 2, placement of assisted or affordable housing is intertwined with segregation of protected fair housing classes. The new Comprehensive Plan must include an aggressive policy to deconcentrate rent assisted housing. Caps on rental assistance also confine Section 8 voucher holders to a limited geography of affordable units. Louisville Metro Housing Authority should consider implementing Small Area Fair Market Rents to reduce this geographic constraint and expand options for voucher holders in low poverty neighborhoods. Distribution of affordable housing must be a priority and reflected in mandatory policies when Louisville Metro Government is a participant or investor in housing or when any funding or waivers of the Land Development Code are requested.

Considering Louisville/Jefferson County is the largest city in Kentucky, the share of LIHTC funds allocated towards projects here appears relatively low compared to the rest of the state. Further research is warranted to understand whether this is due to a small number of applications from developers in the area or denials of applications, which cannot be determined from the data presented here.

Map 4: Subsidized Public Housing

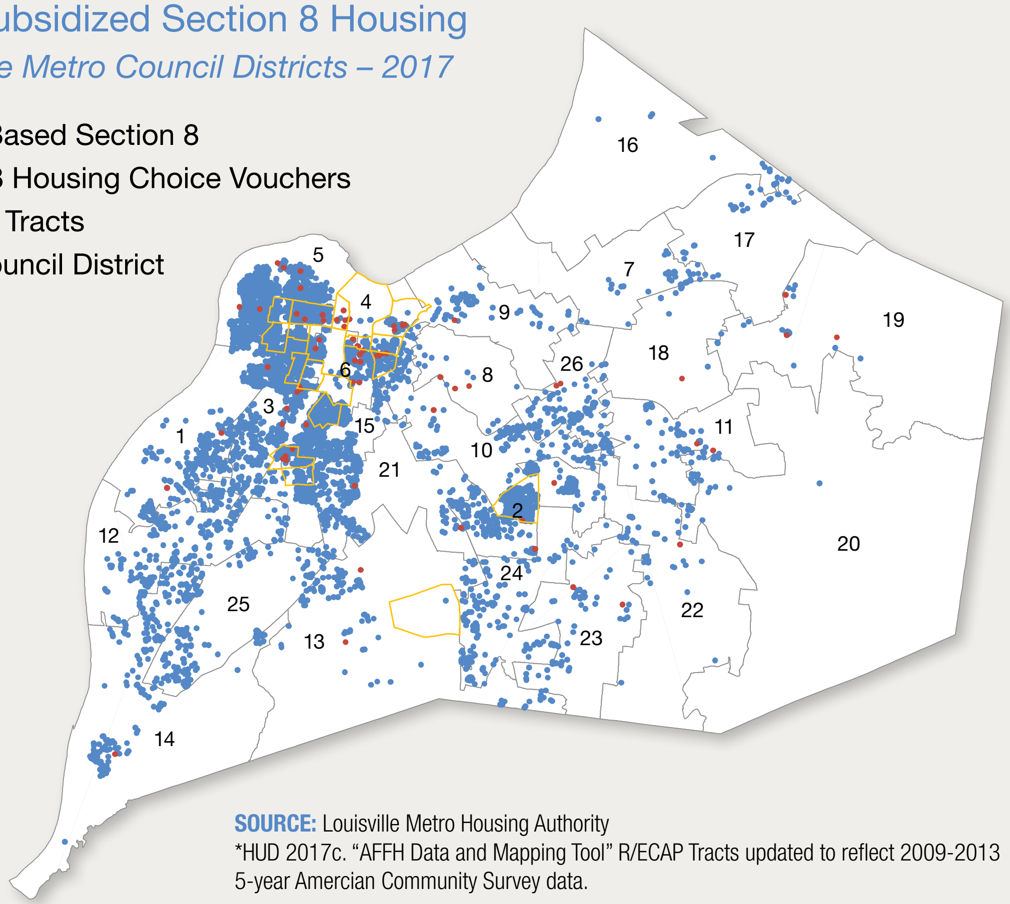
by Louisville Metro Council Districts – 2017



SOURCE: LOJIC, Louisville Metro Housing Authority
*HUD 2017c. "AFFH Data and Mapping Tool" R/ECAP Tracts updated to reflect 2009-2013 5-year Amercian Community Survey data.

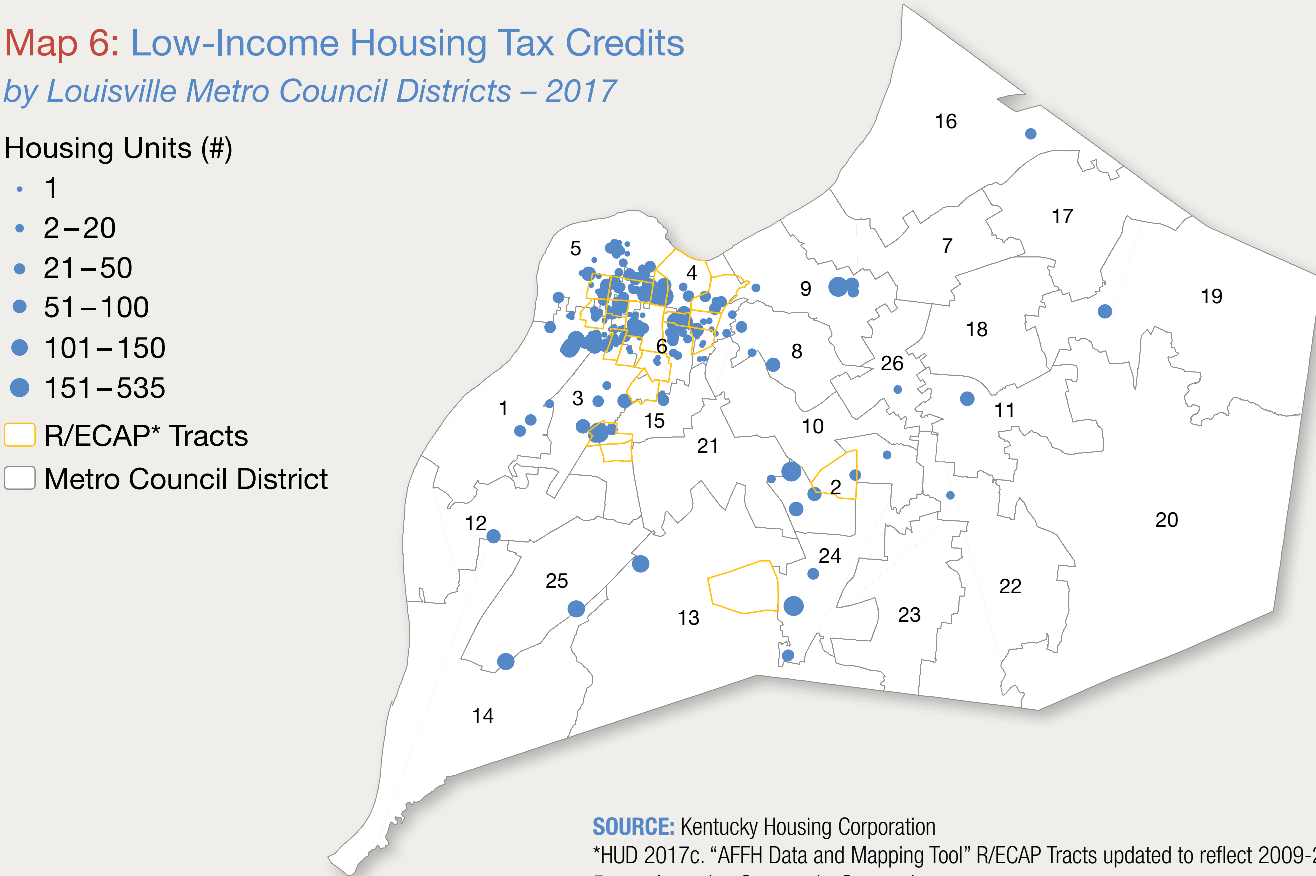
Map 5: Subsidized Section 8 Housing

by Louisville Metro Council Districts – 2017



SOURCE: Louisville Metro Housing Authority
*HUD 2017c. "AFFH Data and Mapping Tool" R/ECAP Tracts updated to reflect 2009-2013 5-year Amercian Community Survey data.

Map 6: Low-Income Housing Tax Credits
by Louisville Metro Council Districts – 2017



SOURCE: Kentucky Housing Corporation
*HUD 2017c. "AFFH Data and Mapping Tool" R/ECAP Tracts updated to reflect 2009-2013 5-year Amercian Community Survey data.

Figure 10: Percentage of Total Public Housing and Section 8 Units
by Louisville Metro Council Districts – 2017

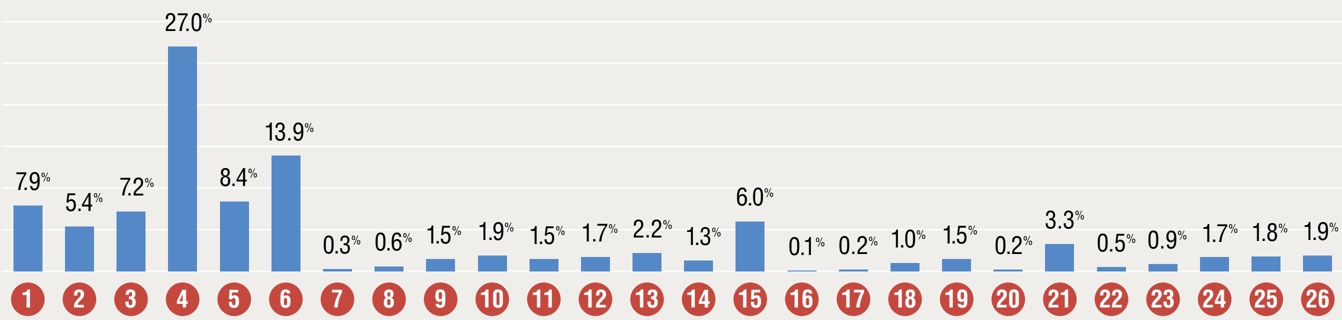
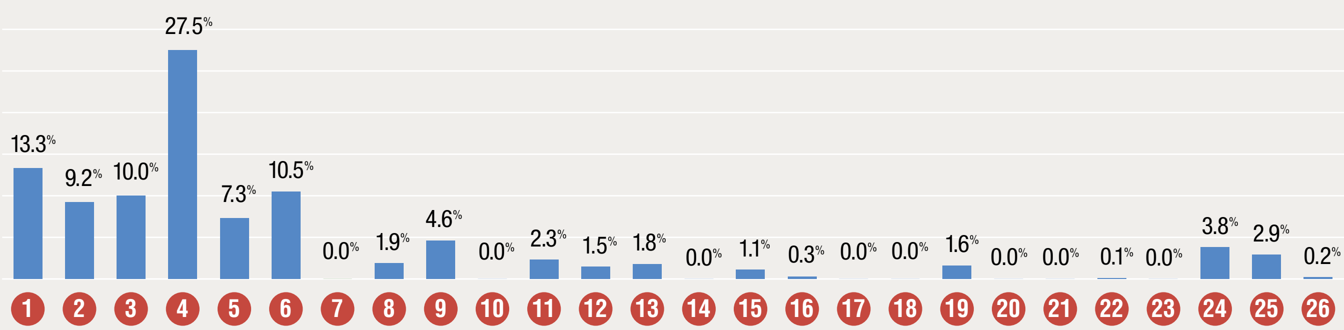


Figure 11: Percentage of Low-Income Housing Tax Credit Units
by Louisville Metro Council Districts – 2017



MEASURE 2
Housing Segregation

Poverty

In 2016, the U.S. Census reported 16.4 percent of Louisville/Jefferson County residents and 14.5 percent of Louisville MSA residents live below the federal poverty level, representing very minor (less than one percent) decreases in poverty from last year for both areas. The number of households subsisting on an income of less than $15,000 a year is also down slightly in Louisville/Jefferson County, to 14.4 percent from 15.0 percent last year, and remains steady at 13.0 percent of households in the Louisville MSA. Census tracts with the highest levels of poverty in Louisville/Jefferson County, those where one half to nearly 90 percent of the population lives in poverty, are in Metro Council districts 4, 5, and 6. This indicates that poverty continues to be severely concentrated in Louisville's West and South-Central areas. See Map 7.

The poverty rates among blacks/African-Americans and Hispanics/Latinx are more than double the current rate for whites. The poverty rate for white residents is 11.9 percent in Louisville/Jefferson County and 11.5 percent in the Louisville MSA, substantially less than for blacks/African-Americans, for whom it is 30.8 percent in Louisville/Jefferson County and 29.8 percent in Louisville MSA. Hispanics/Latinx also have a high rate of poverty, with 26.7 percent of the community in Louisville/Jefferson County and 28.4 percent of the community in the Louisville MSA living in poverty. West Louisville contains a majority of the region's 18 R/ECAP tracts. These tracts are located in West Louisville Council districts 1, 3, 4, 5, 6, and the remaining tracts are in Council districts 2, 13, and 15. See Map 7.

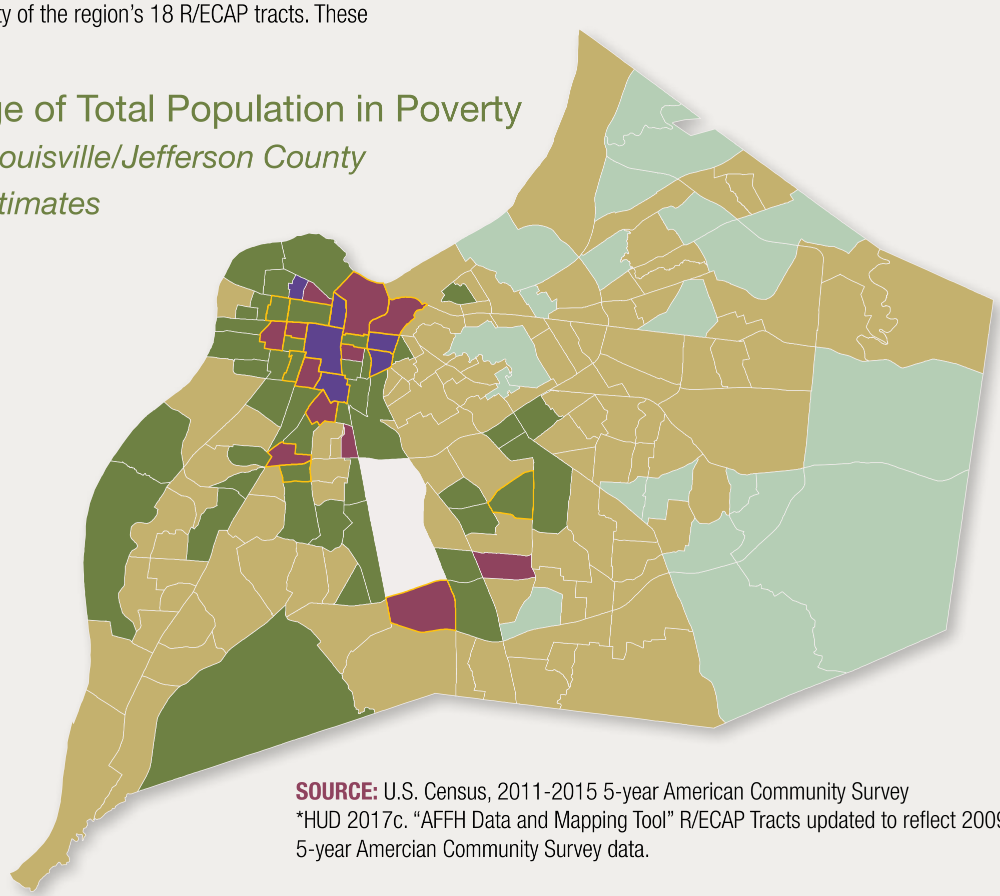
The poverty rates for seniors (65 and over) and for persons with disabilities (16 and over) have remained unchanged for the past three years. Nine percent of seniors in Louisville/Jefferson County and 8.8 percent of seniors in the Louisville MSA live in poverty, which is a lower rate than the overall county or MSA poverty rates. However, 24.4 percent of persons with disabilities (16 and over) in Louisville/Jefferson County live in poverty, and 22.6 percent of persons with a disability live in poverty in the Louisville MSA. This is substantially higher than the general poverty rate for Jefferson County and the Louisville MSA. The majority of Louisville's population of individuals with disabilities resides in Council Districts 4, 5, and 6. See Map 10.

It is important to note that 40.5 percent of female-headed households with children in Louisville/Jefferson County are living in poverty, as are 39.2 percent of female-headed households in the Louisville MSA

In Louisville/Jefferson County, 11.8 percent of families live in poverty compared to 10.6 percent of families in the Louisville MSA. 19.9 percent of families with children in Louisville/Jefferson County have earnings below the federal poverty line, while 17.4 percent of families with children live in poverty in the Louisville MSA. It is important to note that 40.5 percent of female-headed households with children in Louisville/Jefferson County are living in poverty, as are 39.2 percent of female-headed households in the Louisville MSA.

Map 7: Percentage of Total Population in Poverty
by Census Tracts - Louisville/Jefferson County
2015 ACS 5-Year Estimates

- 0%–4%
- 5%–19%
- 20%–39%
- 40%–49%
- 50%–87%
- R/ECAP* Tract



SOURCE: U.S. Census, 2011-2015 5-year American Community Survey
*HUD 2017c. "AFFH Data and Mapping Tool" R/ECAP Tracts updated to reflect 2009-2013 5-year Amercian Community Survey data.

Race and Ethnicity

White remains the primary racial demographic in both Louisville/Jefferson County (72.9 percent) and the Louisville MSA (80.7 percent). Blacks/African-Americans represent 20.7 percent of the population in Louisville/Jefferson County and 13.9 percent in the Louisville MSA. Hispanics/Latinx comprise 4.7 percent of the population of Louisville/Jefferson County and 4.2 percent in the Louisville MSA.

Louisville/Jefferson County continues to be highly segregated. 44 percent of Kentucky's blacks/African-Americans and 24.0 percent of Kentucky's Hispanics/Latinx reside in Louisville/Jefferson County. The black/African American population predominately lives in West Louisville in census tracts represented by Council districts 1, 3, 4, 5, and 6 and east of the Airport in census tracts represented by Council district 2. The majority of the white population of Louisville/Jefferson County continues to reside in East Louisville. The largest percentages of Hispanics/Latinx are living in census tracts south of the Watterson Expressway. The sole R/ECAP tract with a predominately Hispanic/Latinx population is census tract 119, directly south of the Louisville Airport, and represented by Council district 13. See Maps 8 and 9.

Household Type

In Louisville/Jefferson County, 60.5 percent of households classify as family households, compared to 64.6 percent of households in the Louisville MSA. Of the 185,758 Louisville/Jefferson County family households, 67.4 percent are married-couple households, 24.4 percent are female-headed households (no husband present), and 8.2 percent are male-headed households (no wife present). In the Louisville MSA, 71.3 percent of the 318,274 family households are married-couple households, while 21.1 percent are female-headed households (no husband present), and 7.6 percent are male-headed households (no wife present).

Most of Louisville/Jefferson County's female-headed households with children under 18 present are concentrated in western and central R/ECAP census tracts situated in Council districts 1 through 6. These households represent between 28 and 56 percent of the population in each of these tracts. See Map 11.

Recommendations

Louisville/Jefferson County segregates several fair housing protected classes: race, color, ethnicity, persons with a disability, and female-headed households with children. When compared to the historic redlining maps created through the Homeowner's Loan Corporation in 1937, the pattern of segregation has only grown and expanded beyond race to include other classes now covered by Fair Housing laws (LMGORS 2017). The U.S. Supreme Court, in Jones v. Mayer Co., 392 U.S. 409 (1968), recognized that housing discrimination was a residual of slavery status. Segregation through policy must end.

The U.S. Supreme Court case, Texas Department of Housing and Community Affairs v. al. V. Inclusive Communities Project, Inc., which allows a fair housing case stemming from disparate negative impact on those in protected classes to be based on outcomes and not intent, should draw government attention. The new 2040 Comprehensive Plan must focus on affordable housing as a remedy for lack of fair housing opportunities. Louisville Metro Government has adopted a Fair Housing Assessment, but it has not been in use in important policy considerations, such as the new Comprehensive Plan. Metro policymakers should be trained in fair housing requirements and implementation.

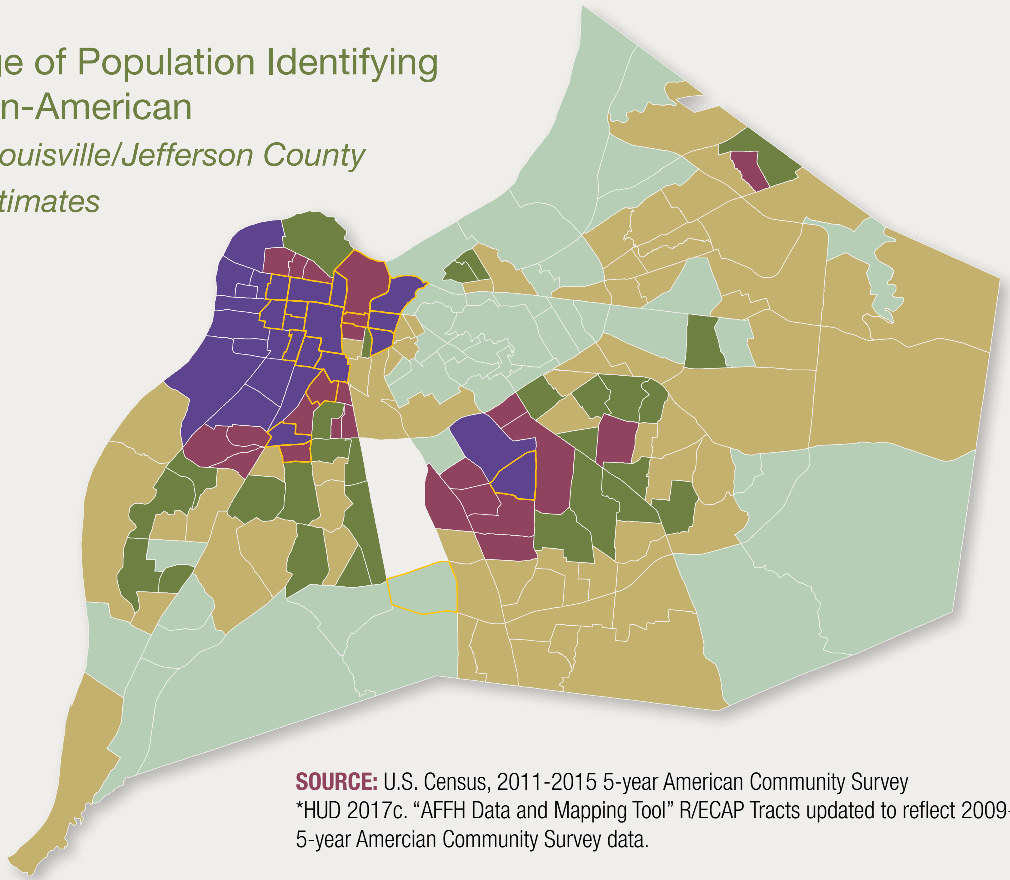
Deliberate inclusion of people in fair housing protected classes in all boards and committees, especially those making decisions affecting the built environment, must be implemented.

Map 8: Percentage of Population Identifying as Black or African-American

by Census Tracts - Louisville/Jefferson County

2015 ACS 5-Year Estimates

- 0%–4%
- 5%–14%
- 15%–24%
- 25%–49%
- 50%+
- R/ECAP Tracts*



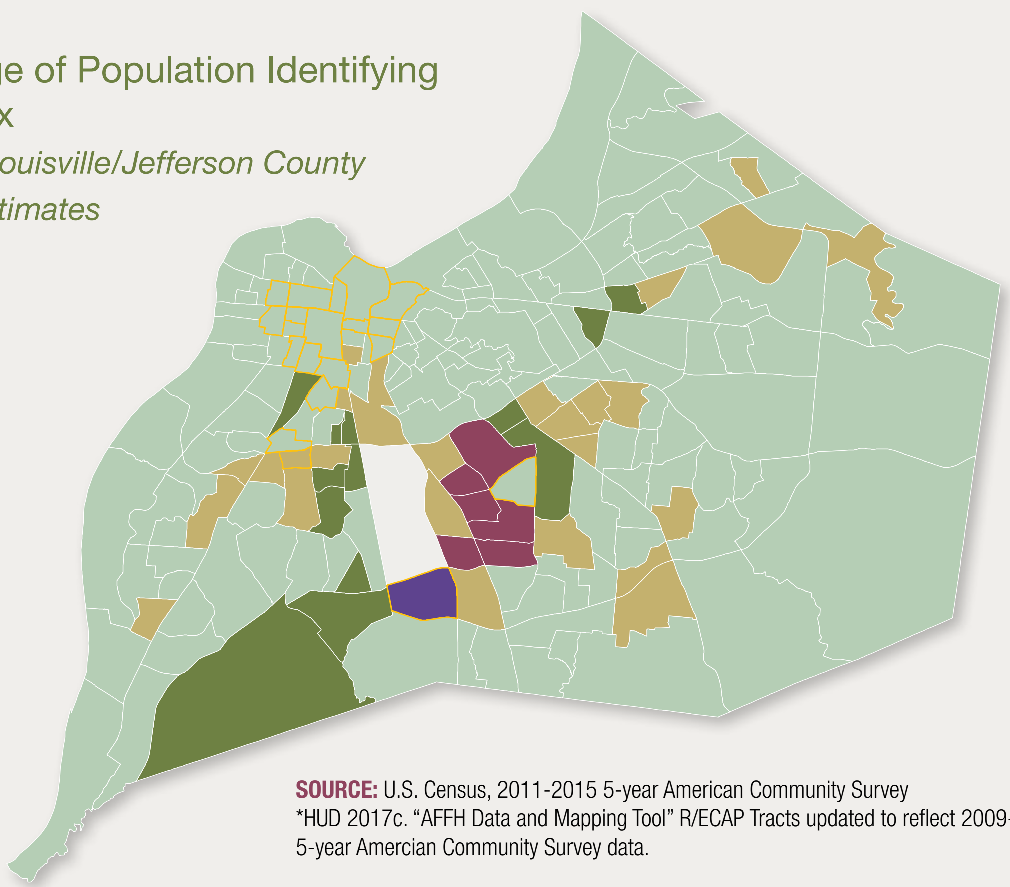
SOURCE: U.S. Census, 2011-2015 5-year American Community Survey
*HUD 2017c. "AFFH Data and Mapping Tool" R/ECAP Tracts updated to reflect 2009-2013 5-year Amercian Community Survey data.

Map 9: Percentage of Population Identifying as Hispanic/Latinx

by Census Tracts - Louisville/Jefferson County

2015 ACS 5-Year Estimates

- 0%–5%
- 6%–10%
- 11%–15%
- 16%–30%
- 31%–67%
- R/ECAP Tracts*



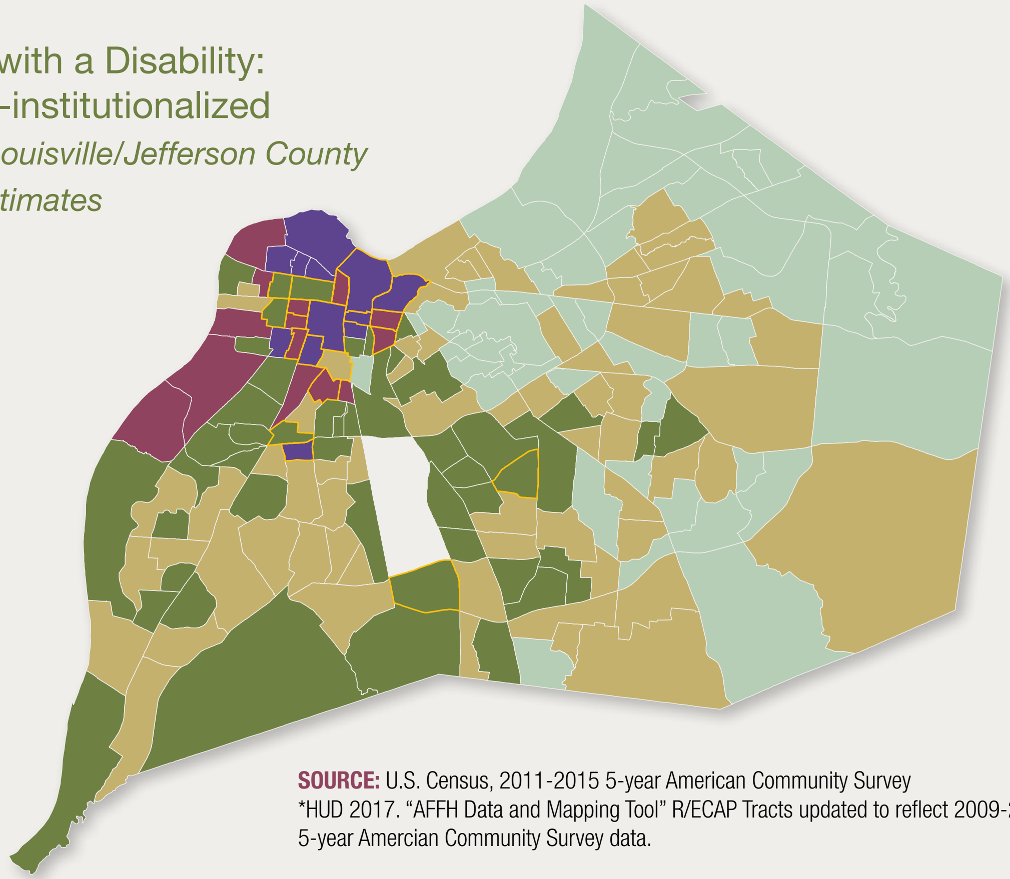
SOURCE: U.S. Census, 2011-2015 5-year American Community Survey
*HUD 2017c. "AFFH Data and Mapping Tool" R/ECAP Tracts updated to reflect 2009-2013 5-year Amercian Community Survey data.

Map 10: Percent with a Disability: Total Civilian Non-institutionalized

by Census Tracts - Louisville/Jefferson County

2015 ACS 5-Year Estimates

- 0%–10%
- 11%–15%
- 16%–20%
- 21%–25%
- 26%–38%
- R/ECAP Tracts*



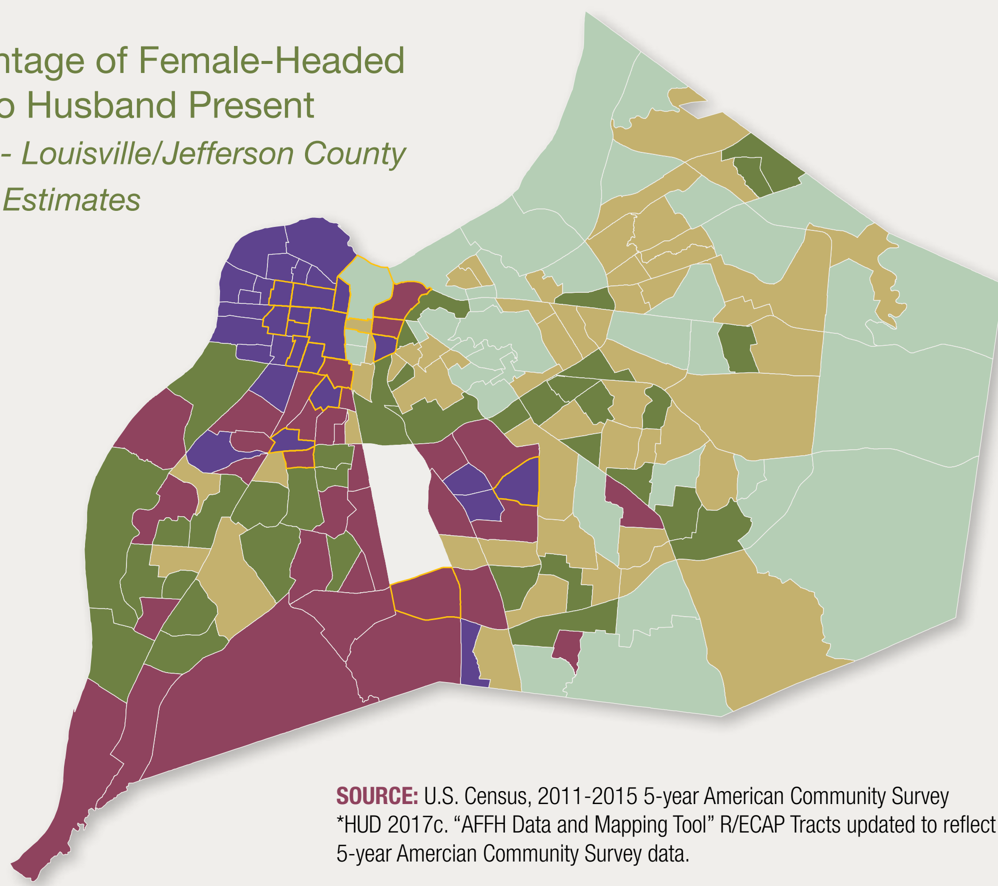
SOURCE: U.S. Census, 2011-2015 5-year American Community Survey
*HUD 2017. "AFFH Data and Mapping Tool" R/ECAP Tracts updated to reflect 2009-2013 5-year Amercian Community Survey data.

Map 11: Percentage of Female-Headed Households, No Husband Present

by Census Tracts - Louisville/Jefferson County

2015 ACS 5-Year Estimates

- 0%–6%
- 7%–11%
- 12%–17%
- 18%–27%
- 28%–56%
- R/ECAP Tracts*



SOURCE: U.S. Census, 2011-2015 5-year American Community Survey
*HUD 2017c. "AFFH Data and Mapping Tool" R/ECAP Tracts updated to reflect 2009-2013 5-year Amercian Community Survey data.

MEASURE 3
Fair Market Rents

The U.S. Department of Housing and Urban Development (HUD) established Fair Market Rents (FMRs) as a tool for housing authorities to determine rents for the Section 8 Housing Choice Voucher program, Section 8 Project-Based contracts, housing assistance payment (HAP) contracts, and in setting rent ceilings in the HOME rental assistance program. FMRs are gross rent estimates, which include shelter, rent, and utilities; not included are telephone, cable, satellite television, or internet.

The Fiscal Year (FY)2017 FMR for a two-bedroom unit within the Louisville MSA is $793; this is a 5 percent decrease in rent from the FY2016 FMR for the same sized unit (after adjusting to 2017 dollars). When compared to the FY2007 FMRs, the FY2017 FMRs for the five types of housing units have increased in cost between 7 percent and 18 percent. See Figure 12.

Prior to 2015, median household incomes in both Louisville/Jefferson County and the Louisville MSA had been on a steady decline for the past decade. This decline in income, coupled with the increase in the FMR since 2007, indicates a continued strain on households' capacity to afford rent. The 2015 ACS-5 Year Estimate does show slight increases of 2.1 percent and 1.6 percent from the 2014 5-Year Estimate for Jefferson County and the Louisville MSA, respectively. We also see an increase at the national level, where the 2015 ACS 5-Year Estimate shows median income rose to $53,889 from $53,482 in 2014.

The Louisville HUD Metro FMR Area (HMFA) is a HUD defined geographic space, which includes all Louisville MSA counties minus Washington County, Indiana, Scott County, Indiana, and Shelby County, Kentucky. The hourly housing wage in the Louisville HMFA for a two-bedroom unit at FMR is $15.35; for a three-bedroom unit at FMR, it is $20.87 (National Low Income Housing Coalition 2017). Housing wage is the hourly amount a person working full-time must earn in order to afford the fair-market rent on a residential unit, while paying no more than 30 percent of his or her income on rent. Within the Louisville MSA, an estimated 249,050 workers do not earn enough to afford a two-bedroom unit at FMR without taking on excessive cost-burden; this figure represents 38.7 percent of the total workforce. Furthermore, 63.5 percent of the entire Louisville MSA workforce does not earn enough to afford a three-bedroom housing unit at FMR and 69.8 percent does not earn enough to afford a four-bedroom housing unit at FMR. See Figure 13.

RECOMMENDATION

Mandatory inclusion of units affordable to people at 50 percent of median income becomes an imperative whenever there is any kind of government action that facilitates or supports the creation of new housing or rehabilitation of current housing. Wages lag behind housing costs, so the cost of shelter leaves more families and people behind. The poverty rate for those in protected classes is about double that of the overall population, so affordability becomes a fair housing issue that requires a thoughtful but aggressive approach.

Figure 12: Fair Market Rents by Unit Bedrooms

FMR Year	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
FY2017 as compared to FY2007 and FY2016, Louisville MSA					
FY2017	$551.00	$629.00	$793.00	$1,085.00	$1,230.00
FY2016	$551.00	$644.00	$817.00	$1,123.00	$1,275.00
FY2007	$426.00	$492.00	$584.00	$816.00	$867.00
Adjusted to 2017 dollars using the Consumer Price Index*					
FY2017	$551.00	$629.00	$793.00	$1,085.00	$1,230.00
FY2016	$569.00	$660.00	$837.00	$1,151.00	$1,306.00
FY2007	$511.00	$590.00	$700.00	$979.00	$1,040.00
Percent Change from FY2016-FY2017	-3.16%	-4.70%	-5.26%	-5.73%	-5.82%
Percent Change from FY2007-FY2017	7.83%	6.61%	13.29%	10.83%	18.27%

SOURCE: U.S. Department of Housing and Urban Development, 2016 (http://www.huduser.gov/portal/datasets/fmr.html)
*Dollars shown in 2016 dollars using the Consumer Price Index Calculator (http://data.bls.gov/cgi-bin/cpicalc.pl)

Figure 13: Housing Wage for Fair Market Rents 2017, 2016 Job and Wage Numbers for Louisville MSA

Housing Wage for One-Bedroom FMR	Housing Wage for Two-Bedroom FMR	Housing Wage for Three-Bedroom FMR	Housing Wage for Four-Bedroom FMR
$12.10	$15.25	$20.87	$23.65
# of jobs that pay median hourly wage less than $12.10	**# of jobs that pay median hourly wage less than $15.25**	**# of jobs that pay median hourly wage less than $20.87**	**# of jobs that pay median hourly wage less than $23.65**
151,370	249,050	408,790	449,690
% of total workforce	**% of total workforce**	**% of total workforce**	**% of total workforce**
23.51%	38.68%	63.49%	69.84%

MEASURE 4
Production and Rehabilitation of Affordable Housing

Public Housing

Nationally, roughly 1.2 million households live in public housing. Public housing provides 'decent and safe' housing for low-income individuals and families. Eligibility requirements consist of gross income, alongside U.S. citizenship/immigration, family status, being elderly, and disability status. Public housing units across the U.S. are managed by roughly 3,300 local housing authorities (HUD 2017b). Public housing agencies in the Louisville MSA include: Louisville Metro Housing Authority (LMHA); Eminence Housing Authority (Henry County, KY); Shelbyville Housing Authority (Shelby County, KY); Charlestown Housing Authority (Clark County, IN); Jeffersonville Housing Authority (Clark County, IN); and New Albany Housing Authority (Floyd County, IN).

LMHA has a total of 4,327 public units; this is a decrease of 26 units from 2016 (See Measure 1 concerning the reduction in units at Beecher Terrace). Roughly 7 percent (302) of these are vacant, being held for the relocation of Beecher Terrance residents, or off-line. Henry County has 85 public housing units, while Shelby County has 102 (representing no change from 2016 for either county). New Albany, IN reported 1,016 housing units for 2017, a 2-unit increase from 2016. It should be noted again (see page 16) that New Albany has plans to demolish four public housing complexes that currently house more than 1,100 residents (Sayers 2017). The total number of public housing units in Clark County, IN (specifically Charlestown and Jeffersonville), remained the same (619) as well. Overall, there was a decrease of 24 public housing units for the entire Louisville MSA from 2016-2017.

Section 8 Housing Choice Vouchers

Overall, there has been a 2.5 percent increase (282 more vouchers) in issued Section 8 Housing Choice Vouchers throughout the Louisville MSA from 2016 to 2017. For Jefferson County, 9,418 Section 8 Housing Choice Vouchers were issued in 2017, which is 329 more than in 2016. For the Kentucky counties of the Louisville MSA (Bullitt, Henry, Oldham, Shelby, Spencer, and Trimble), there were 42 fewer vouchers issued in 2017 (622 total). The Louisville MSA counties in southern Indiana (Clark, Floyd, Harrison, Scott, and Washington), alongside their three housing authorities (New Albany, Charlestown, and Jeffersonville), distributed a total of 1,420 vouchers, a decrease of five vouchers from 2016.

Section 8 Project-Based

The number of Louisville/Jefferson County Section 8 Project-Based units remained the same from 2016 (5,292 units). There was also no change from 2016 for the remaining Kentucky counties in the MSA (685 units). New Albany was the only southern Indiana housing authority to report Section 8 Project-Based units (64 units). In 2016, Charlestown reported 57 units; in 2017 they did not report any units. This is the only change in Section 8 Project-Based units for the entire Louisville MSA. The remaining Indiana housing authorities continue to report no units. HUD only provides funding for renewing current site-based units, not for creating new Section 8 Project-Based developments. The only funding for additional site-based units originates from public housing authorities.

Waiting Lists

LMHA maintains their waiting lists according to eligibility and applicant location preference. Thus, individual families may appear on more than one waiting list. In addition, families may be listed on public housing and Section 8 waiting lists, and, as these are dynamic lists, it is difficult to total the number of individual/families who are waiting for assistance in Louisville/Jefferson County at any given time. As of October 2017, LMHA reports 3,693 families on the managed sites waiting list and 4,556 on the site-based lists for public housing. Within the site-based list are the following locations: Liberty Green (1,002), Park DuValle (1,156), Sheppard Square (2,320), and Wilart Arms (78). There are a total of 878 families on the waiting list for Family Scholar House, which is a merged list of Section 8 and public housing applications. Overall, there are a total of 13,915 on the Section 8 waiting lists in Louisville/Jefferson County.

Throughout the entire Louisville MSA (including Louisville/Jefferson County), there are more than 24,000 families/individuals on either a public housing or the Housing Choice Voucher waiting list. This is a decrease of roughly 4,000 families/individuals from last year. For Section 8, all Kentucky counties (including Jefferson) reported decreases; the largest decrease was in Jefferson County (2,797). For Southern Indiana, there was a reduction of 282 families on Section 8 waiting list from 2016; the largest reduction was in Jeffersonville of 329 individuals/families. From January to September of 2017, a total of 28 individuals/families were removed from the waiting list in the five Indiana counties within the Louisville MSA; in 2016, 57 were removed in roughly the same timeframe.

RECOMMENDATIONS

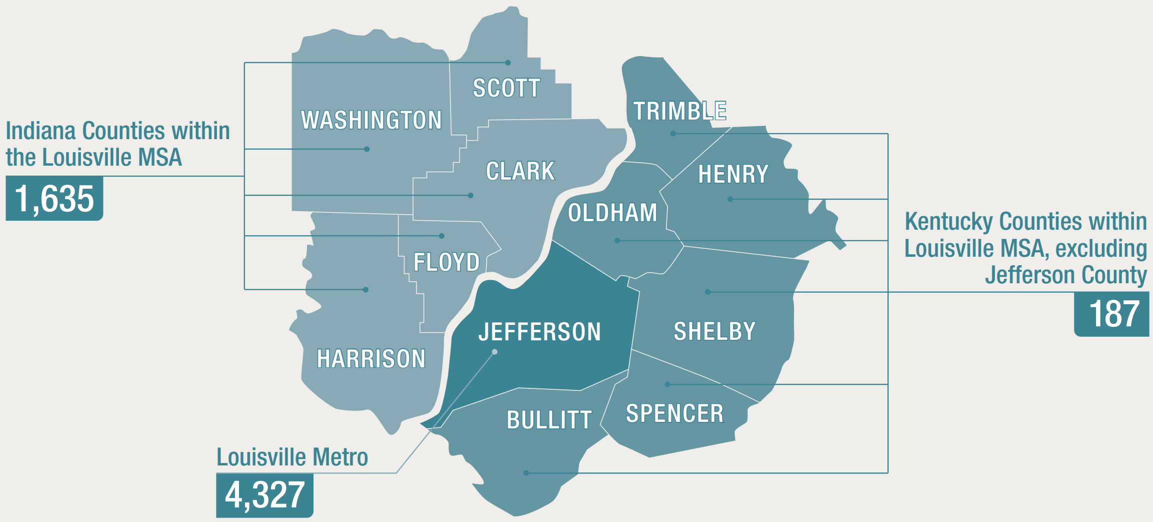
The Louisville Metro Council self-initiated the inclusion of a commitment to affordable housing when a developer asked for monetary assistance in creating market housing. This approach is laudable and needs to be codified so that developers know what is expected. This should apply to all Tax Increment Financing (TIF) projects even when not specifically for housing, if the TIF will create low wage jobs. This should also apply to zoning waivers if the waiver includes taking housing currently affordable and changing it to market rate.

Louisville should settle on a source of full funding from a dedicated, renewable, public source for the Louisville Affordable Housing Trust Fund.

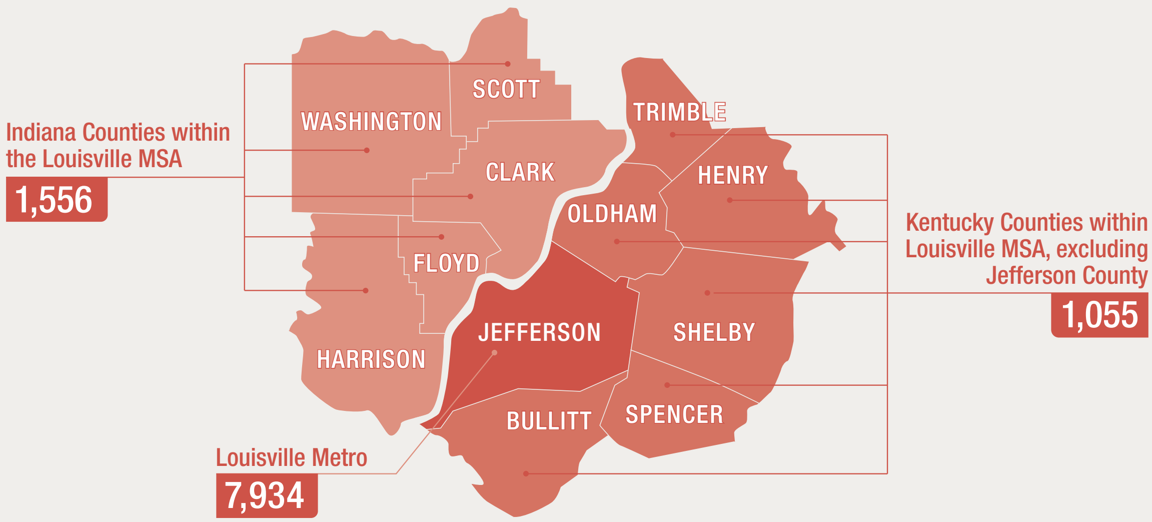
Louisville should continue their work to make it easier to reuse property in deteriorated neighborhoods through the Louisville and Jefferson County Landbank Authority.

Figure 14: 2016 Inventory of Federally-Subsidized Affordable Housing Units

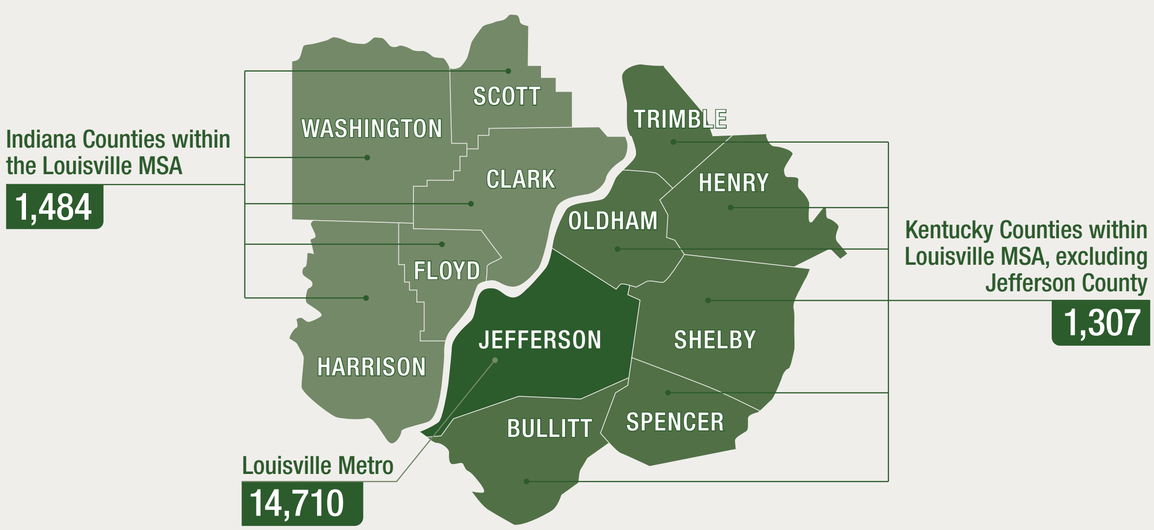
TOTAL PUBLIC HOUSING UNITS



TOTAL LIHTC UNITS



TOTAL SECTION 8 VOUCHERS AND SITE-BASED



MEASURE 5

Homeownership

From 2011 to 2014, the Louisville MSA saw increasing homeownership rates (from 61.7 percent to 68.9 percent). Between 2014 and 2016, homeownership rates decreased by 1.3 percent. Nationally, homeownership rates for the country's 75 largest MSAs have been decreasing slightly by an average of 0.5 percent per year since 2005; homeownership rates decreased by 0.7 percent from 2015-2016. As noted earlier on page 4, the Louisville MSA has a relatively high rate of homeownership compared to other large metro areas, and homeownership rates have not returned to the high rates observed during the mid-2000s.

> In the Louisville MSA, homeownership rates for black/African-American households is 38% compared to 73% for white households. (Figure 17)

Nationally, a large disparity in homeownership rate by race persists. The national homeownership rate for whites is 69 percent, while the rates for blacks/African Americans and Hispanics/Latinx are 42 percent and 46 percent, respectively. Rates for whites and blacks/African Americans decreased by one percent from 2014, while rates for Hispanics/Latinx remained the same.

In Louisville/Jefferson County and the Louisville MSA, homeownership rates for black/African-American households are 37 percent and 38 percent respectively, slightly lower than the national rate (42 percent). This is true for Hispanic/Latinx households as well with 41 percent for the MSA, 39 percent for Louisville/Jefferson County, and a national rate of 46 percent.

We also see a gender difference in homeownership among single family households, with 60 percent of single male-headed households owning compared to 46 percent of single female-headed households in the MSA. The difference also persists in Louisville/Jefferson County with homeownership rates of 55 percent and 42 percent for single male-headed and female-headed households, respectively (figure 17).

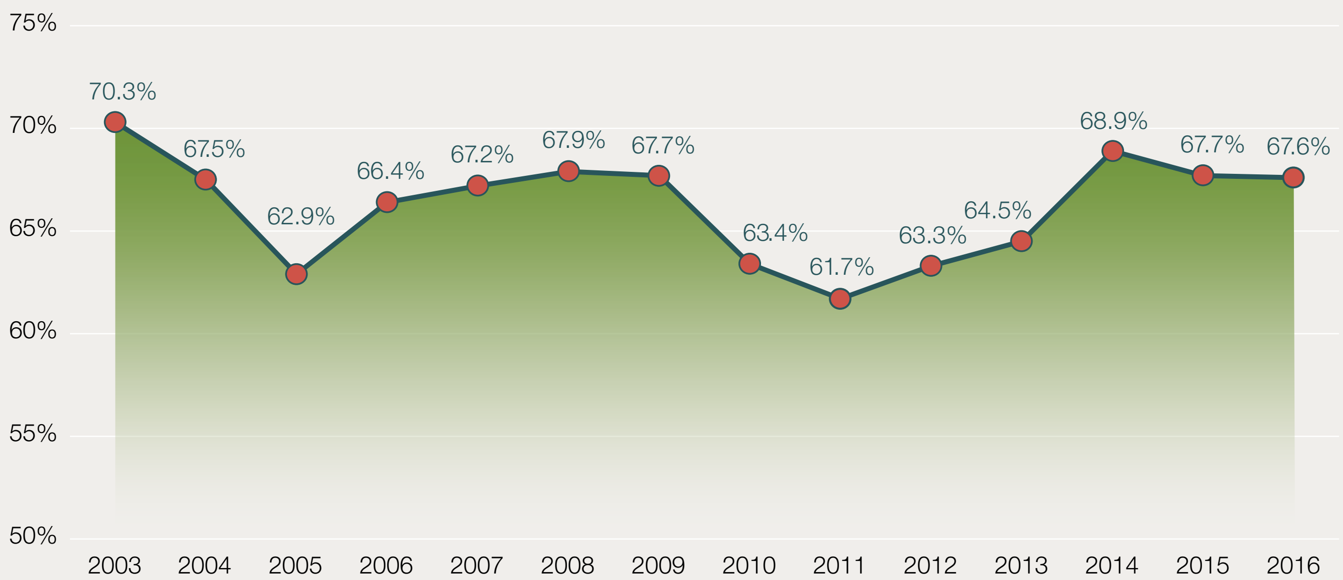
Demographic shifts in age are projected to decrease homeownership rates in the future. As our younger generations age, factors such as delayed marriage/childbearing, increasing debt, economic inequality, limited availability of new homes, and the rise in home prices are all expected to have a negative impact on homeownership rates. These anticipated shifts are also expected to increase the demand for rental units (Fernald 2017).

RECOMMENDATIONS

MHC recommends promoting the ability of renters to build positive credit through rental payments; budget and financial counseling for high school students; easy access to foreclosure counseling; and education in non-traditional forms of ownership that combine elements of rental and ownership in order to provide affordable housing and increase opportunities for building equity.

MHC recommends programs that help preserve homeownership by providing assistance for homeowners to do repairs even though their housing value may have fallen due to neighborhood conditions. MHC recommends aggressively assisting homeowners with paying property taxes on time and expanding the moratorium on selling delinquent property taxes.

Figure 15: Homeownership Rate Louisville MSA, 2005-2016



SOURCE: Data obtained from U.S. Census Bureau's Current Population Survey

Figure 16: National Homeownership by Race/Ethnicity 2016

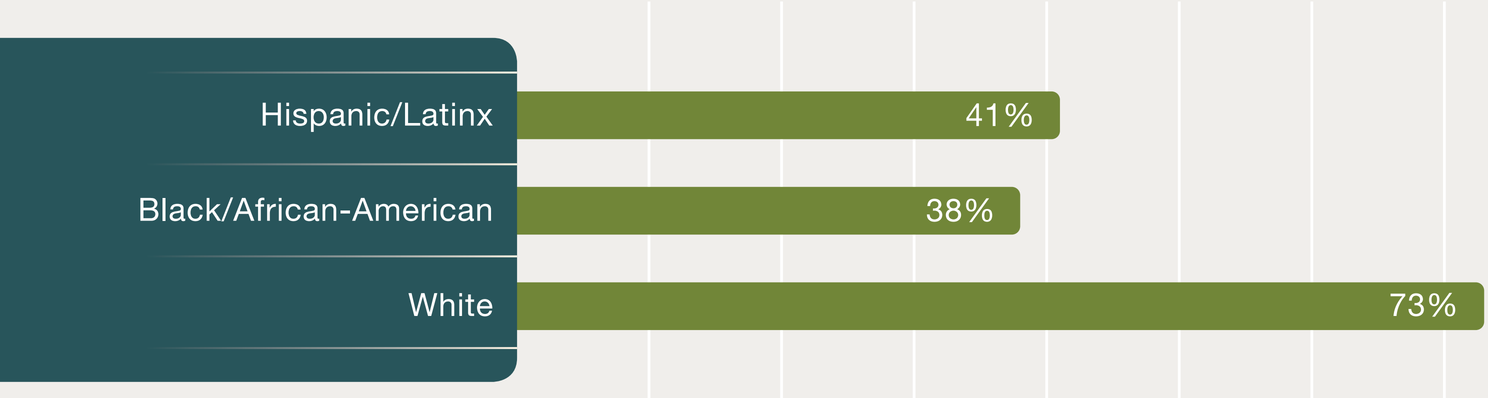


Figure 17: Housing Tenure

United States, Kentucky, Louisville MSA, and Louisville/Jefferson County

	United States	Kentucky	Louisville MSA	Louisville/ Jefferson County
Total Households	116,926,305	1,708,499	492,904	306,915
Owners	64%	67%	67%	62%
Renters	36%	33%	33%	38%
Households by Race/Ethnicity				
White Households	90,647,126	1,525,776	406,151	231,474
Owners	69%	70%	73%	70%
Renters	31%	30%	27%	30%
Black/African-American Households	14,186,983	132,753	69,184	62,503
Owners	42%	38%	38%	37%
Renters	58%	62%	62%	63%
Hispanic/Latinx Households	14,410,181	36,906	14,744	10,435
Owners	46%	36%	41%	39%
Renters	54%	64%	59%	61%
Households by Family Type				
Family households	76,958,064	1,134,316	319,185	185,802
Married-couple Household	56,270,862	836,940	228,179	126,001
Owners	80%	83%	86%	83%
Renters	20%	17%	14%	17%
Male Household, No Wife Present	5,543,754	79,946	23,607	14,702
Owners	54%	59%	60%	55%
Renters	46%	41%	40%	45%
Female Household, No Husband Present	15,143,448	217,430	67,399	45,099
Owners	46%	47%	46%	42%
Renters	54%	53%	54%	58%

MEASURE 6

Housing Affordability (Ownership)

The ability to access homeownership differs widely across demographics. The race and gender disparities, highlighted in Measure 5, link directly to the obstacles individuals face in achieving homeownership. Mortgage payments, property taxes, insurance, maintenance, utility costs, and association fees are among the array of expenses included in homeownership.

Housing affordability is calculated by considering all housing costs in relation to income; a homeowner whose monthly housing costs exceed 30 percent of their income is cost-burdened. Owner-occupied households with annual incomes less than $35,000 are at risk of not being able to meet household expenses. In Louisville/Jefferson County, 98 percent of households earning less than $20,000 annually are cost-burdened, as are 82 percent of households earning $20,000 to $34,999. Additionally, 48 percent of Louisville/Jefferson County homeowners and 47 percent of Louisville MSA homeowners earning $35,000–$49,999 are cost-burdened. Overall, one-quarter or more of all households with mortgages are cost burdened both in Louisville/Jefferson County and in the Louisville MSA. See Figure 8.

Overall, one-quarter or more of all households with mortgages are cost burdened both in Louisville/Jefferson County and in the Louisville MSA.

98 percent of people with a mortgage, who make less than $20,000 a year are spending more than 30 percent of their income on housing; compared to, **3 percent** of people with a mortgage, making more than $75,000 a year in Louisville/Jefferson County.

Excess spending on housing affects the ability of households to spend money on food, healthcare, transportation and growing wealth in other ways. Taken along with the concentrations of poverty and median home values from Measure 2, these findings highlight the stratified economic and social environment faced by householders.

Map 12 shows the uneven geographic distribution of median home values by census tract for Louisville/Jefferson County. High median home values are concentrated in the eastern portions of the county and in the downtown central business district. These higher home values are in Metro Council districts 4, 8, 16, 18, 19, and 20. The median values of all homes with mortgages in Louisville/Jefferson County and in the Louisville MSA are $154,000 and $152,900, respectively.

In both Louisville/Jefferson County and the Louisville MSA, 18 percent of all mortgages are either second mortgages or are home equity loans. The median monthly housing cost for homes with a mortgage in Louisville/Jefferson County is $1,218, compared to $1,204 for homes in the Louisville MSA. Annual median real estate taxes are $1,482 for Louisville/Jefferson County and $1,428 for the Louisville MSA.

RECOMMENDATIONS

MHC recommends expansion of the incentives program in the Land Development Code to allow lower price points for housing in all areas of Jefferson County.

To allow areas to improve in value but avoid unaffordable gentrification for those currently living in neighborhoods, MHC recommends a set of criteria be established to measure what is happening in a neighborhood and to have the flexibility to control development in the neighborhood. Further, MHC recommends a limit on increases in property taxes per year for owner-occupied housing that has not changed ownership in five years.

MHC advocates for changes in the state Historic Tax Credits to make it useful for owner-occupied housing.

Figure 18: Mortgage Status by Monthly Housing Costs as a Percentage of Household Income in the Past 12 Months

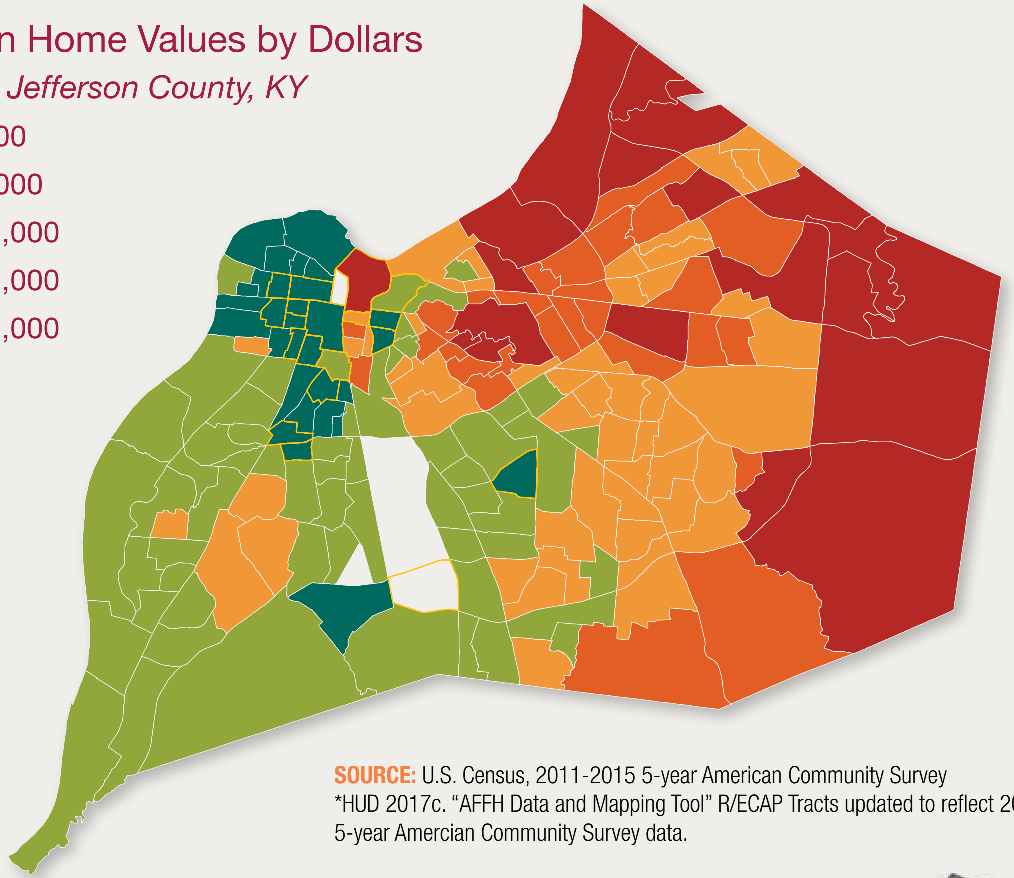
	Louisville/Jefferson County	Louisville MSA
	Estimate	Estimate
Total Households:	**189,914**	**331,060**
Households with a mortgage:	**127,645**	**223,718**
Less than $20,000:	**7,812**	**13,221**
	6%	**6%**
Less than 20 percent	0%	1%
20 to 29 percent	2%	2%
30 percent or more	98%	97%
$20,000 to $34,999:	**12,187**	**20,870**
	10%	**9%**
Less than 20 percent	3%	4%
20 to 29 percent	14%	15%
30 percent or more	82%	81%
$35,000 to $49,999:	**16,140**	**28,555**
	13%	**13%**
Less than 20 percent	11%	12%
20 to 29 percent	40%	41%
30 percent or more	48%	47%
$50,000 to $74,999:	**27,171**	**49,388**
	21%	**22%**
Less than 20 percent	36%	37%
20 to 29 percent	45%	44%
30 percent or more	19%	18%
$75,000 or more:	**63,998**	**110,935**
	50%	**50%**
Less than 20 percent	77%	76%
20 to 29 percent	20%	20%
30 percent or more	3%	4%
Percentage of Households Spending 30 percent or more, out of all Households with a Mortgage	26%	25%

Percentages based on within-group mortgage ranges (May not total 100 percent due to rounding).

Map 12: Median Home Values by Dollars

by Census Tracts, Jefferson County, KY

- $34,000 – $70,000
- $70,001 – $120,000
- $120,001 – $200,000
- $200,001 – $300,000
- $300,001 – $475,000
- R/ECAP Tracts*



SOURCE: U.S. Census, 2011-2015 5-year American Community Survey
*HUD 2017c. "AFFH Data and Mapping Tool" R/ECAP Tracts updated to reflect 2009-2013 5-year Amercian Community Survey data.

MEASURE 7
Foreclosures

For the seventh straight year, the national rate of mortgage foreclosures continued its downward trend. Regionally, “foreclosure starts” also reflect this improvement and are down approximately 7 percent from the previous year. In 2006 just before the Great Recession, the MSA saw 4,717 properties go into foreclosure and foreclosure starts peaked in 2010 with 8,197. In 2016, 3,450 properties were in foreclosure which represents a 26.9 percent decrease from the pre-recession numbers in 2006.

Jefferson County continues to trend well below its 2010 foreclosure peak, even while it saw a slight increase of 0.2 percent between 2015 and 2016. Jefferson County still has yet to return to 2002 levels (1,262 properties), the first year Metropolitan Housing Coalition began tracking foreclosures. Persisting at nearly 80 percent above the 2002 amount, foreclosures and housing affordability clearly remain a challenge for Jefferson County’s homeowners. Oldham County experienced the largest decline in foreclosure between 2010 and 2016 (70.5 percent), which roughly parallels the national foreclosure filings drop of 67.6 percent during the same period.

The Indiana counties within the Louisville MSA continued their downward trend with 18.9 percent fewer foreclosures in 2016 compared to 2015. Floyd County, IN and Clark County, IN together accounted for 68.3 percent of all foreclosure among the five Indiana counties in 2016. Floyd County saw the greatest improvement with 24.0 percent fewer properties entering foreclosure in 2016. Washington County experienced the largest drop in foreclosures since 2006, with a nearly 60 percent decline.

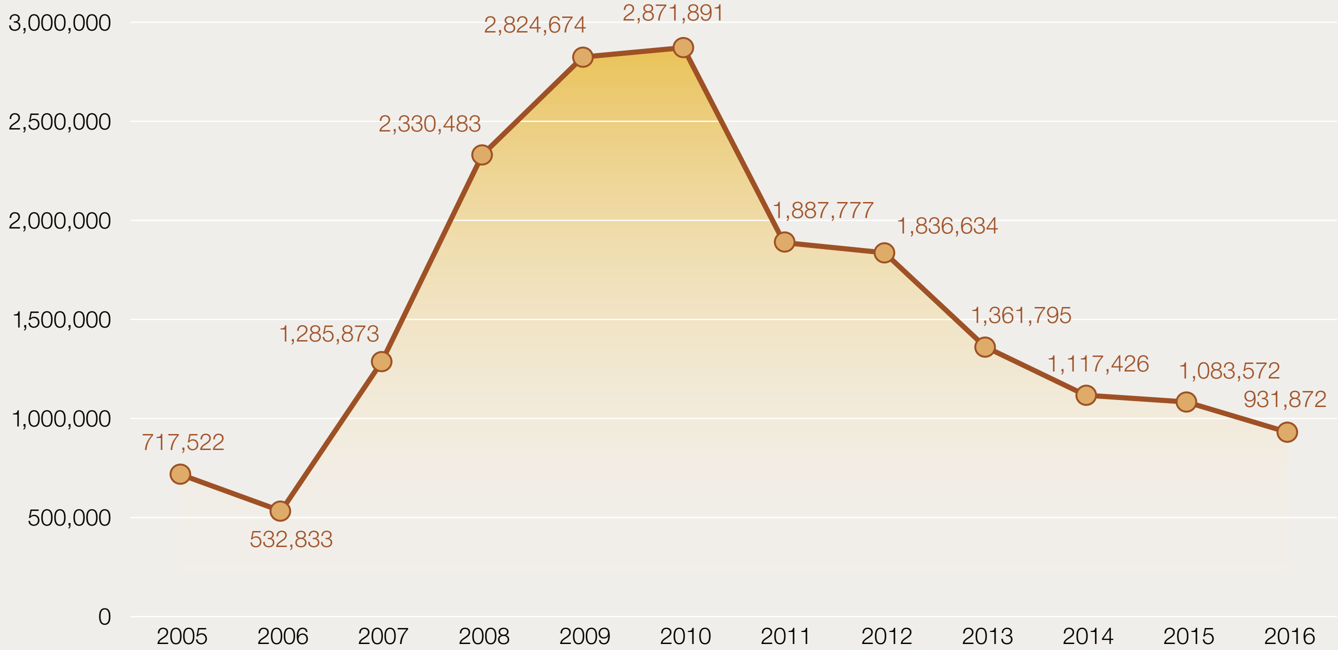
The Louisville MSA saw a 6.4 percent decrease in foreclosures from 2015 to 2016. This is a smaller decrease than the 10.6 percent reported between 2014 and 2015. Filings are down 58 percent since 2010 and are 26.9 percent less than a decade ago (2006) for the region. In 2016, national foreclosure rates declined 68 percent – slightly faster than the MSA rate – from their 2010 peak, but were 75 percent higher than 2006 levels. Thus, over the last decade, the MSA compares favorably to the nation as its total foreclosure starts are now below 2006 levels, whereas the 2016 national level remains above 2006 totals. With the exception of Jefferson County, which increased by 0.2 percent, all counties in the Louisville MSA witnessed fewer total foreclosure starts in 2016 compared to 2015, and all continue to track downward from the peak rates of 2010. However, the region still faces the problem of mitigating foreclosure starts. The MSA has not returned to the lower level of foreclosure starts experienced from 2002-2004, and the rate of annual decline appears to be leveling off in recent years.

RECOMMENDATIONS

While the time to complete a foreclosure has shortened, it still takes well over a year. Thus, the property is often not occupied, which can negatively affect the broader neighborhood. MHC recommends a time limit on how long an uncontested foreclosure can languish in the courts. MHC also recommends a change to the new Administrative Office of the Courts procedure. The current procedure requires a bonding which prohibits those who do not already own land from bidding on a foreclosed upon property. This new procedure favors investment housing over owner-occupied housing.

MHC has identified the problem that Kentucky does not mandate the registration of a deed within a determined time period and recommends that a mandatory time period to register a deed be enacted. MHC recommends the passage of a local ordinance mandating a registry of properties, as they become the subject of a foreclosure, including a requirement that the plaintiffs designate a local representative to be responsible for upkeep if the property becomes vacant. MHC recommends local control over the collection of delinquent property taxes. MHC recommends a stronger landbank system to allow acquiring vacant and abandoned property and reuse of property with a clear title.

Figure 19: U.S. Properties with Foreclosures 2005-2016



SOURCE: ATTOM Data Solutions

Figure 20: Numbers of Foreclosures Started (Ordered) in Kentucky Counties in the Louisville MSA

County	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	%change from 2015 to 2016	%change from 2010 to 2016	%change from 2006 to 2016
Jefferson	2,710	3,089	3,264	4,382	5,299	3,458	3,914	4,234	2,448	2,251	2,256	0.2%	-57.4%	-10.0%
Bullitt	300	450	450	490	450	365	500	280	244	258	214	-17.1%	-52.4%	-14.4%
Henry/Trimble	108	120	158	114	128	90	116	92	97	91	83	-8.8%	-35.2%	2.5%
Oldham	127	140	223	300	298	171	295	209	144	100	88	-12.0%	-70.5%	-21.4%
Shelby	101	134	140	223	228	144	261	129	99	98	87	-11.2%	-61.8%	1.2%
Spencer	46	76	78	115	93	52	128	93	66	60	50	-16.7%	-46.2%	66.7%
Total	**3,392**	**4,009**	**4,313**	**5,624**	**6,496**	**4,280**	**5,214**	**5,037**	**3,098**	**2,858**	**2,778**	**-2.8%**	**-57.2%**	**-9.4%**

Figure 21: Numbers of Foreclosures Started (Ordered) in Indiana Counties in the Louisville MSA

County	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	%change from 2015 to 2016	%change from 2010 to 2016	%change from 2006 to 2016
Clark	621	655	642	509	750	556	741	470	451	369	294	-20.3%	-60.8%	-52.7%
Floyd	379	341	424	395	375	380	423	260	240	217	165	-24.0%	-56.0%	-56.5%
Harrison	159	155	198	138	211	147	191	133	114	88	87	-1.1%	-58.8%	-45.3%
Scott	N/A	N/A	N/A	N/A	157	129	153	100	113	72	59	-18.1%	-62.4%	NA
Washington	166	186	174	157	208	134	150	135	109	83	67	-19.3%	-67.8%	-59.6%
Total	**1,325**	**1,337**	**1,438**	**1,199**	**1,701**	**1,346**	**1,658**	**1,098**	**1,027**	**829**	**672**	**-18.9%**	**-60.5%**	**-49.3%**

MEASURE 8
Homelessness

The Louisville Metro Continuum of Care 2016 Homeless Census reported 6,373 unduplicated homeless people served during the year of 2016 in Louisville/Jefferson County, reflecting an overall 5.4 percent decrease in homeless individuals from 2015. The total number of unsheltered homeless individuals, 743, increased by 22 percent from 2015. The estimated number of chronically homeless individuals was 773 for 2016, a decrease of 14 percent from 904 in 2015. Of those surveyed, 706 were veterans (down by 10.8 percent), 1,079 were children under 18 years of age (a decrease of 14 percent), and 3,549 were individuals with disabilities (up by 2.2 percent).

Importantly, after a decrease of 33 percent between 2013 and 2014, and an increase of 19 percent between 2014 and 2015, there was again an increase of 19.8 percent in the number of those surveyed who reported being homeless due to being victims of domestic violence. In November 2017, the Coalition for the Homeless housed 100 young adults in one hundred days as a part of the national program, A Way Home America. While a step in the right direction, the Coalition looks ahead to getting more young adults in stable housing soon.

Of those surveyed by CFH, 19.8 percent reported being homeless due to being victims of domestic violence.

While counting homeless students is difficult to track consistently and definitions used by the Kentucky Department of Education (KDE) and Jefferson County Public Schools (JCPS) tend to change, the data reported to KDE show that homelessness in JCPS is down slightly from 6.3 percent (2015-2016) to 6.0 percent (2016-2017) of all enrolled students. There were 5,780 homeless students enrolled in JCPS during the 2016-17 school year. JCPS is one of 14 school districts in Kentucky that are recipients of a 3-year grant under the McKinney-Vento Homeless Assistance Act. Regardless of whether or not a district receives funding under this grant, the KDE requires all school districts to track homeless students using the grant's definition of eligibility. Notably, as of December 10, 2016, students awaiting foster care will no longer be included, as they are not eligible for services under this grant. This change will be seen in school districts' 2017 reporting. It should also be noted that 2017-2018 is the last year of the 3-year grant cycle.

Schools in the other Kentucky counties within the Louisville MSA reported similar numbers in 2016-17 as in the previous year.

The Indiana Department of Education (IDE) did not update data available on-line and did not respond to a request for 2016/2017 records.

RECOMMENDATIONS

The aforementioned survey in Louisville/Jefferson County identified a shocking increase in homelessness due to domestic violence. The local media have reported in depth on the increase in opioid addiction, which may be one of the factors contributing to family housing instability (WFPL, 2017). MHC recommends more linkage between domestic violence services and/or drug treatment and family housing. One other group experiencing family housing instability affecting school age children is families who speak English as a second language. This has been noted in the Jefferson County Public School system.

MHC recommends creating a homeless families prevention program. This program establishes a set of criteria that identifies families in housing crisis but who are not yet homeless. These families then receive assistance in order to avoid homelessness and its harm to children which MHC has documented in the past.

MEASURE 9
CDBG and HOME Funds

Local governments including Louisville Metro Government (LMG) and the City of New Albany depend on the distribution of entitlement funds granted by the U.S. Department of Housing and Urban Development (HUD) to meet critical community development goals. The Community Development Block Grant (CDBG) and HOME Investment Partnerships program, each administered by HUD, allocate grants on a formula basis to assist individuals of low- and moderate-income in finding affordable housing, pursuing economic opportunities, and residing in safe living environments.

In order to qualify for and receive HUD funding, each participating jurisdiction must submit two reports each year – the Annual Action Plan and the Consolidated Annual Performance and Evaluation Report (CAPER). Each report must reflect the priority needs and goals expressed in the Consolidated Plan (produced every 3-5 years). The Annual Action Plan summarizes the actions, activities, and resource allocation, and the CAPER reports each jurisdiction's accomplishments and progress toward the Consolidated Plan. The following summarizes Louisville Metro and New Albany's distribution and projected fund allocation reported for 2016.

Community Development Block Grant (CDBG)

Since the program's inception authorized under Title 1 of the Housing and Community Development Act of 1974, CDBG program funds have served as a flexible and vital resource for assisting urban jurisdictions in their community development efforts. HUD determines eligibility of grantee jurisdictions, called entitlement communities, based on the criteria that they serve as either the principal city within a Metropolitan Statistical Area (MSA), a metropolitan city with a population of at least 50,000, or an urban county with a population of at least 200,000 (excluding the population of an entitled city) (HUD 2017a).

CDBG funds support state and local government in the provision of many beneficial strategies including affordable housing, community services, job creation, construction of public facilities and improvements, and other critical public services.

Though Louisville had approximately the same amount awarded in 2016 and 2015, they carried over approximately $500,000 from the previous year, resulting in $11 million in available funds for 2016, a 2.7 percent increase from 2015. Despite this small increase of funds available, their expenditures resulted in nearly 18 percent less spending on CDBG projects than in 2015. Most categories included a reduction in spending with exceptions being public services (19.8 percent increase from 2015) and the cost of household relocation, which increased 76 percent from 2015, but was only 0.1 percent of total CDBG expenditures. Acquisitions and code enforcement had the largest decrease with no funds expended in either activity during 2016. Public facilities and improvements and neighborhood revitalization strategy area funds also had large decreases in expenditures (52.6 and 82.2 percent decreases, respectively).

Louisville officials' projections for 2017 HUD program budgets include $10,836,333 in CDBG dollars; $2,468,400 for HOME; $928,273 for Emergency Solutions Grant (ESG); and $668,960 for Housing Opportunities for Persons with AIDS (HOPWA).

New Albany reported 53 percent less CDBG expenditures for 2016 than the previous year with $302,192. However, even though fewer funds were distributed, $112,248 of CDBG funds were spent on housing (37 percent of the total) - a 92 percent increase from the previous year. This change represents the city fostering partnerships with non-profit developers to fund housing rehabilitations on units serving 18 extremely low- and low-income households as well as related strategic code enforcement efforts. New Albany officials have budgeted for an estimated total of $610,821 CDBG allocations for program year 2017, a 4 percent reduction from program year 2016.

Since 2005, CDBG allocations (adjusted to 2017 dollars) continued to trend downward nationally by nearly 40 percent. Over the same time, local allocations continued to decline at similar rates, including a 38.4 percent decline for LMG, 38.2 for the state of Kentucky, and 40 percent less for the City of New Albany. The state of Indiana has fared somewhat better, with CDBG allocations declining only 23.0 percent since 2005.

HOME Investment Partnerships

Unlike CDBG funds which are fairly flexible in their project allocation, HOME Investment Partnerships Program funds are reserved strictly for meeting housing goals, especially rental housing for both very low-income and low-income families. The most common uses of HOME funds include acquisition and rehabilitation of properties, new housing construction, and tenant-based rental assistance. Housing assistance can also be provided in HUD approved forms of investment such as loans, advances, equity investments, and interest subsidies.

LMG's 2016 HOME fund resources distributions totaled $4,450,700. This 24 percent increase in expenditures reflects the decision to provide more down-payment assistance for homebuyers and gap financing for affordable housing developers on a first-come, first-served basis (Develop Louisville Office of Housing and Community Development, personal communication, October 24, 2017). LMG's expected entitlement HOME funds for program year 2017 is $2,339,400 including $129,000 in carryover and program income. These funds provide a critical resource for funding affordable housing development, homebuyer and rental assistance, homeowner rehab, new construction and rental rehab for multi-family units.

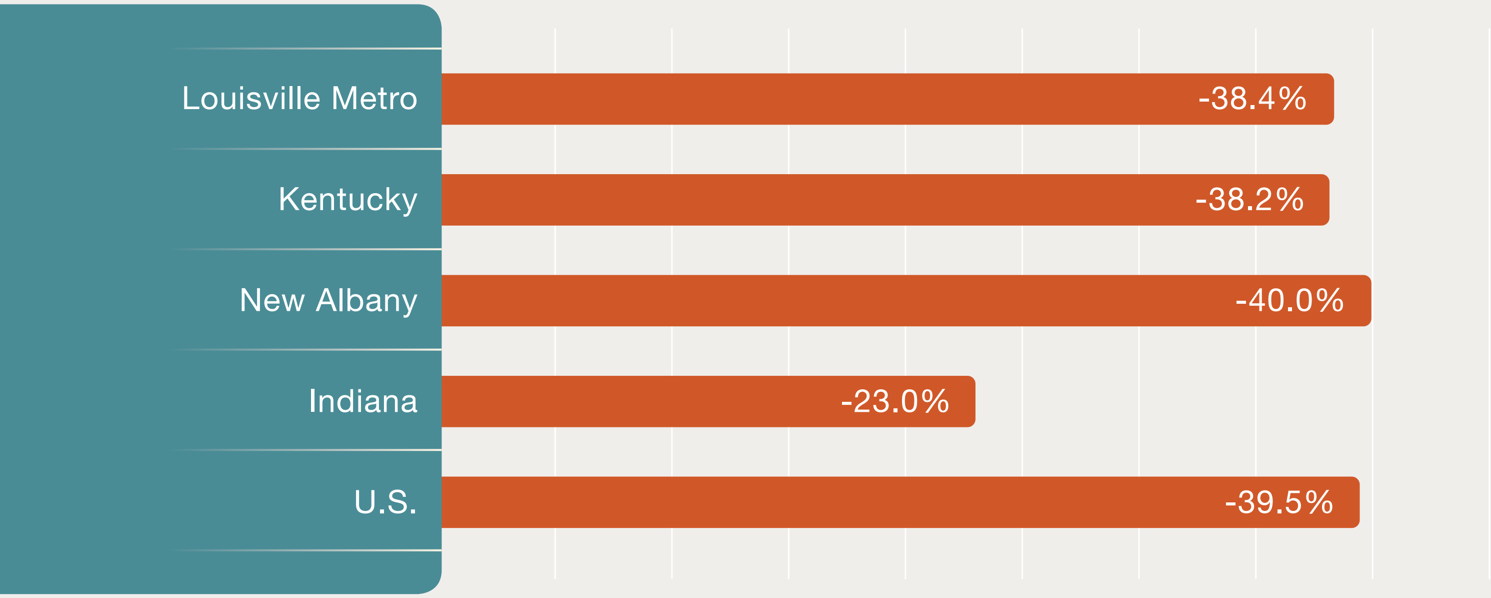
New Albany does not receive HOME program funding.

RECOMMENDATIONS

MHC recommends that funds that come from HUD be used to create housing that is affordable for households with incomes under 50 percent of median throughout the geographic area. MHC also advocates for creation of local resources through the Louisville Affordable Housing Trust Fund and the state Low-Income Housing Tax Credits. MHC recommends that local government use its power to require affordable housing be a part of any project that requires local government approval, waiver, or financial support.

Figure 22: U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) Allocations

Percentage of Change, 2005 – 2017



Gross Domestic Product (GDP) adjusted to 2017 dollars
SOURCE: U.S. Department of Housing and Urban Development (HUD)

Figure 23: Louisville Metro CDBG Expenditures 2016

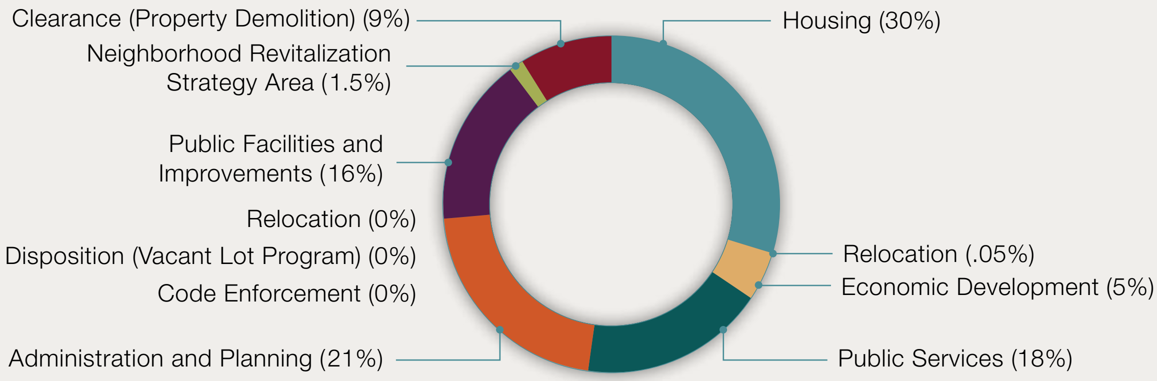


Figure 24: Louisville Metro CDBG Budget Plan 2017

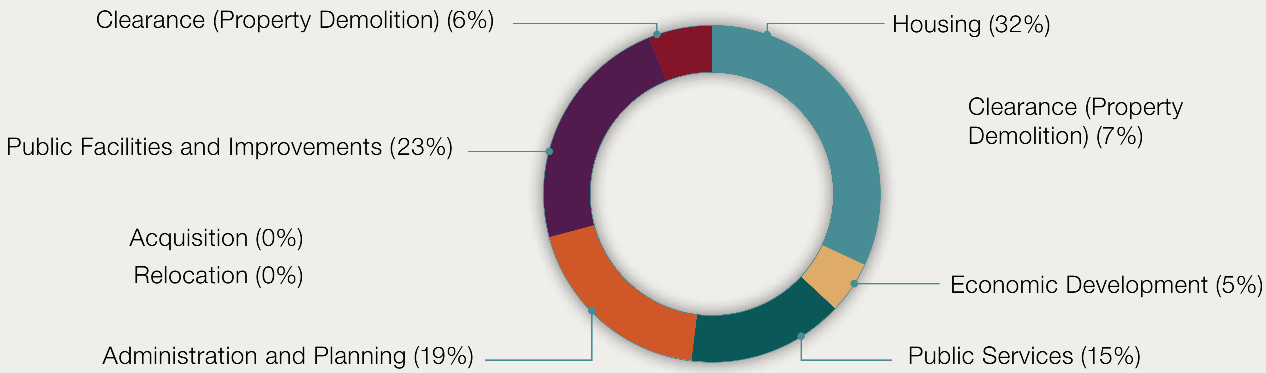


Figure 25: New Albany CDBG Expenditures 2016

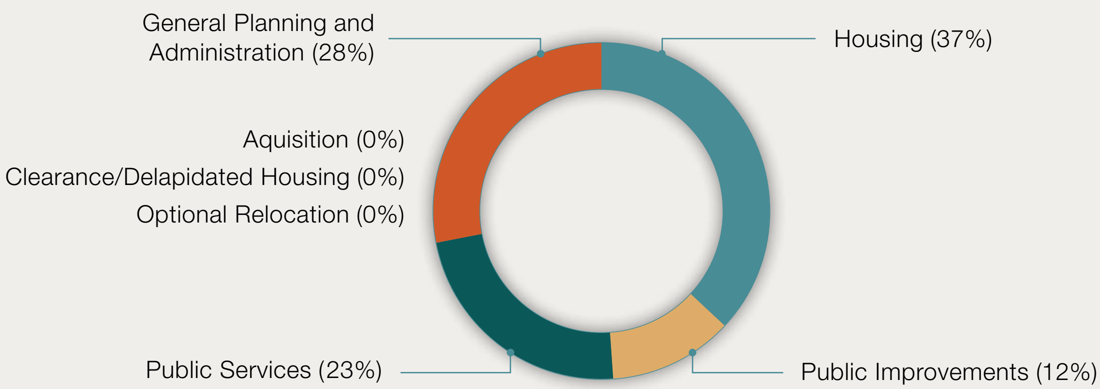
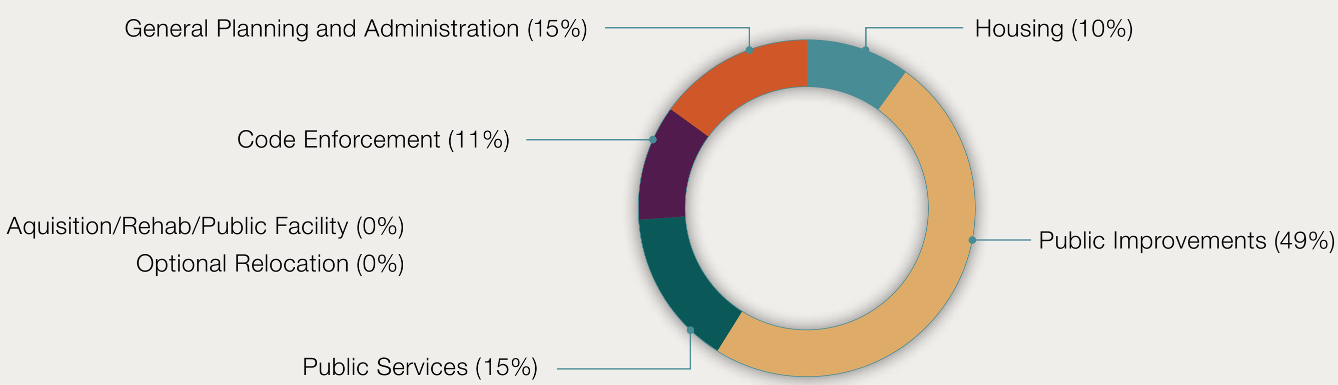


Figure 26: New Albany CDBG Budget Plan 2017



DATA SOURCES AND DEFINITIONS

INTRODUCTION: The State of Affordable Rental in the Louisville Region pg. 1

The Furman Center report uses U.S. Census Bureau's American Community Survey (ACS) 1-year estimates. Thus some the statistics presented in this section differ slightly from those presented in this section and in the Measures that examine the Louisville MSA and Louisville/Jefferson County, where we use ACS 2011-2015 5-year estimates.

MEASURE 1: Concentration of Subsidized Housing pg. 17

Statistics on subsidized housing by council district were obtained by geocoding administrative data by street address and then capturing the data for each district. Subsidized housing unit data were provided by the Louisville Metro-Housing Authority and the Kentucky Housing Corporation. Data used for LIHTC money allotment data was collect for Kentucky and Jefferson County on October 9th, 2016 from KHC's "Housing Credit Award List". Data concerning the public housing units at Beecher Terrace were obtained from personal communication with Sarah Galloway, Louisville Metro-Housing Authority on October 2, 2017.

Section 8 Housing Choice Vouchers- a voucher given to low-income individuals/families, the eldery, and/or those living with a disability to help offset the cost of rent. The voucher allows participants to find their own housing in the private market, providing it meets program requirements (HUD, 2017d).

Section 8 Project-Based- a voucher given to privately owned rental establishments to offset the cost of rent to low-income individuals/families, the elderly, and/or those living with a disability. Project-based differs from a housing choice vouchers in that the individual is not given the option to choose where they live; the voucher is tied to a specific unit, rather than an individual (HUD, 2017e).

Public Housing- housing provided by government authorities to provide decent and safe housing options for low-income individuals/families, the elderly, and those living with a disability (HUD, 2017b).

MEASURE 2: Housing Segregation pg. 20

Data on race, ethnicity, disability, and poverty were drawn from the ACS 2011-2015 5-year estimates. Percentages for mapping each census tract were rounded to the nearest whole number.

MEASURE 3: Fair Market Rents pg. 24

Fair Market Rent was gathered from the U.S. Department of Housing and Urban Development (HUD), and household population data was retrieved from the ACS 2011-2015 5-year estimates. Annual income data comes from the U.S. Census Bureau. Data regarding the workforce comes from the U.S. Bureau of Labor Statistics and was computed using the detailed labor categories, not categorical groups.

MEASURE 4: Production and Rehabilitation of Affordable Housing pg. 26

Subsidy data were obtained from the Louisville Metro Housing Authority, Kentucky Housing Corporation, from Indiana housing authorities (New Albany, Jeffersonville, and Charlestown); Indiana Housing and Community Development Authority; and HUD. Data concerning the removal of individuals/families off the waitlist in Indiana were obtained from personal communication with Greg Stocking, Indiana Housing and Community Development Authority on September 26, 2017.

MEASURE 5: Homeownership pg. 28

Data on homeownership rates were obtained from the U.S. Census Bureau's Current Population Survey. Data on homeownership by race were obtained from the ACS 2011-2015 5-year.

MEASURE 6: Housing Affordability (Ownership) pg. 30

Data on homeownership and median family income are from the ACS 2011-2015 5-year estimates.

MEASURE 7: Foreclosures pg. 33

Foreclosure Starts: In states with the judicial foreclosure process defined by state law, a foreclosure start is initiated when the lender files a foreclosure suit with the circuit court and files a lis pendens, a written notification of a real estate lawsuit, with the county clerk. All states allow this type of process, but many require it, including both Kentucky and Indiana.

Court records regarding foreclosure data are maintained by the State Courts of both Kentucky and Indiana. Kentucky foreclosure data were obtained from the Commonwealth of Kentucky Public Information Officer of the Administrative Office of the Courts. Indiana foreclosure data were obtained from the Indiana Supreme Court's Division of State Court Administration office. National foreclosure data were obtained from the December 2016, National Foreclosure Report published by CoreLogic Public Relations.

MEASURE 8: Homelessness pg. 35

Data regarding homelessness come for the Coalition for the Homeless, 2016 Annual Census of the Homeless in Metro Louisville. Homeless student data were provided by the Kentucky Department of Education. Indiana Department of Education did not publish or provide updated data for 2016/2017.

MEASURE 9: CDBG and HOME pg. 36

Data were obtained from the Develop Louisville Office of Housing and Community Development and the Louisville/Jefferson County Metro Government Consolidated Annual Performance and Evaluation Report (CAPER) Program Year 2016, July 1, 2016 – June 30, 2017, the Louisville/Jefferson County Metro Government Program Year 2017 Action Plan. The CDBG data for the City of New Albany were obtained from the New Albany Economic and Redevelopment Department and the Fiscal Year 2016 Consolidated Annual Performance and Evaluation Report (CAPER).

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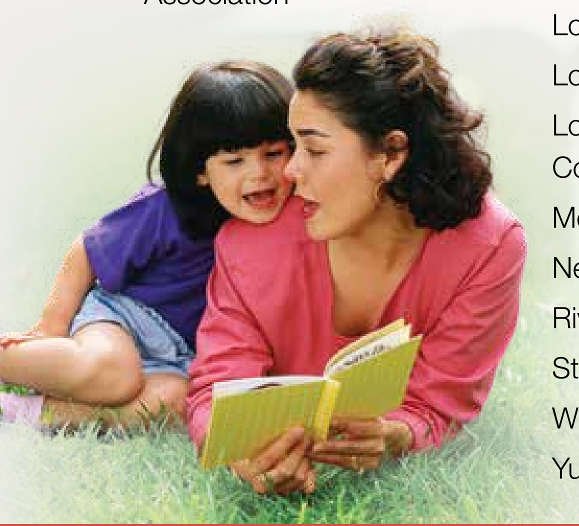

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IN MEMORY OF DAVE ARMSTRONG

On behalf of MHC's Board of Directors & Staff, we want to thank Suzy Post and Cathy Hinko, who donated to MHC in honor of Dave Armstrong. Former mayor, Kentucky Attorney General, chair of the Kentucky Public Service Commission, and MHC Board Member, Dave Armstrong will be greatly missed.

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