

The Louisville Affordable Housing Trust Fund: A solution to our housing crisis

The LAHTF was established by a bipartisan act of Metro Council in 2008 as an initiative for Metro Council to invest public funds in the kind of housing our community needs: for people on fixed incomes like seniors and people with serious disabilities; for young families starting out; for veterans; and for working people whose wages are not enough to live in Metro Louisville.

Louisville Metro County Ordinance 40.41- 45 allowed for the creation of the Louisville Affordable Housing Trust Fund as a private nonprofit agency authorized to receive and disburse monies to organizations dedicated to addressing the need for safe affordable homes in Louisville.

How Will the Funds Be Spent?

The LAHTF is designed to be flexible and respond to evolving community needs by giving grants and/or loans for affordable housing-related activities including: homeownership and rental housing acquisition, new construction, rehabilitation, emergency repair, down payment assistance, temporary rental assistance, technical assistance and training for developers and low-income housing consumers, support services designed to keep special at-risk people stably housed, foreclosure intervention, and housing-related asset-building. Currently the LAHTF is focusing on the rehabilitation of vacant and abandoned properties for affordable housing re-use.

Who Will Benefit from the LAHTF?

The whole city benefits when everyone has stable, decent housing, including: businesses that require a stable workforce and workforce housing; neighborhoods that have been devastated by the foreclosure and vacant property crisis; working families that need decent affordable housing and basic economic security; and the community as a whole, due to the economic impact of the LAHTF and reduced crisis-care expenses related to unaffordable housing.

Every \$1 million invested in affordable housing in Louisville creates as many as 84 units of affordable housing, supports 112 jobs, and generates more than \$6.4 million in local revenue. On an annual ongoing basis, the economic impact of having these units of affordable housing occupied includes 44 jobs supported and more than \$3 million generated in local revenue. The LAHTF is intended to be a catalyst, helping generate participation by other lenders, investors, and partners, further leveraging the impact of each LAHTF dollar.

The Trust directs its resources to affordable housing developers and service providers to promote, produce, and preserve housing for working families and low-income households who need housing that is affordable; they are the real beneficiaries of the Trust. Eligible applicants for the funding will include non-profit or for-profit housing developers, public housing authorities, and housing and homeless service providers. Funds will be awarded through a competitive application process.

By ordinance, at least half of any public funds supporting the LAHTF must serve households at or below 50% of the area median income (\$19,814 for an individual). The remaining funds are to serve households earning no more than 80% of median income (\$31,702 for an individual). Any private funds

For a copy of the Needs Assessment, to learn more, or to get involved, please contact Rachel M. Hurst, Executive Director, Louisville Affordable Housing Trust Fund, at rachelmhurst@gmail.com or 502-637-5372

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received by the trust fund may serve households earning as much as 110% of the area median income (\$43,590 for an individual).

Who Makes Decisions about the Trust Fund?

The Affordable Housing Trust Fund is be governed by a 13-member Board representative of the community, appointed by the Mayor and approved by Metro Council. The Board members include:

- A member of the banking community
- an affordable housing consumer
- a low income housing advocate
- a neighborhood association representative
- a nonprofit developer
- a social service provider
- a representative of the Homebuilders Association of Louisville
- a representative of the Apartment Association of Louisville
- homeless individuals
- a representative of the Greater Louisville Association of Realtors
- a member at-large
- a Metro Council member
- a member from the Metro Government directly reporting to the Mayor

The Board is responsible for establishing policies and procedures for operation of the Trust, monitoring the Fund's activities, and making funding decisions. The Board is also responsible for identifying and pursuing additional sources of revenue. The LAHTF reports annually to the Metro Council and Mayor.

Where Will the Revenue Come From?

Unfortunately, The Louisville Affordable Housing Trust Fund still lacks the key component that defines all housing trust funds – a source of dedicated ongoing public revenue. The LAHTF was awarded \$1 million in 2006 to capitalize the fund until dedicated ongoing public revenue could be established by further ordinance. In 2008, Metro Council established by ordinance a goal of \$10 million annually in dedicated ongoing public revenue for the LAHTF. In 2011, Mayor Greg Fischer allocated an additional \$100,000 in “matching” funds for the LAHTF, and directed \$250,000 in National Mortgage Settlement funds to the LAHTF.

Though this initial funding is a positive step, to effectively address housing need in Louisville Metro the LAHTF requires a dedicated revenue source. The Board of Directors recommends an increase to the insurance premium tax as that dedicated source. With a 1% increase in the insurance premium tax, Louisville will establish an estimated \$10.15 million annually in dedicated public revenue for the LAHTF to help struggling families and individuals.