



2009 STATE OF Metropolitan Housing Report



LETTER TO MHC MEMBERS

On our 20th anniversary, the Metropolitan Housing Coalition (MHC) releases the seventh *State of Metropolitan Housing Report*, an ongoing report card of the fair and affordable housing challenges and successes in the Louisville metropolitan region. In it, we look at nine measures of housing conditions in our region. This year's mounting economic crisis has left families homeless in record numbers. MHC's focus this year is on an expanded assessment of the state of metropolitan housing, so we can focus on what needs to be done. We have added more indicators in every measurement to assess what is happening to affordability and fairness in housing.

The data in this year's report shows us that:

- ▶ Subsidized housing remains concentrated in areas of high-poverty with few employment opportunities;
- ▶ Grandparents with primary guardianship of their grandchildren appear to suffer a financial disadvantage in comparison to families with children overall in the Louisville MSA;
- ▶ In 2008, a higher percentage of wage earners in the Louisville MSA cannot afford a two-bedroom unit at Fair Market Rent than in 2007;
- ▶ There are still too few subsidized units for the nearly 14,000 households who are on the waiting list for housing subsidies;
- ▶ In 2008, when attempting to secure a home mortgage, the denial rates for African-Americans and Hispanics was twice as high as white borrowers;
- ▶ The highest rates of high-cost mortgage loans are heavily concentrated in areas west of downtown Louisville;
- ▶ While first-time homeownership affordability has increased, many homebuyers still cannot obtain a mortgage loan;
- ▶ Every county in the Louisville MSA has seen a 30 percent or greater increase in the number of foreclosures since 2002;
- ▶ During the 2008-2009 school year there were 8,582 homeless students enrolled in the Jefferson County Public School System, an increase of nearly 1,000 students from the prior school year; and
- ▶ Louisville Metro has seen a 22.9 percent decrease in CDBG funding since 2002, while New Albany has seen a decrease of 20.4 percent.

THE YEAR IN REVIEW:

As we celebrate our 20th year, this is the perfect time to look at all we have accomplished this year.

Since 2004, MHC documented the issue of foreclosures. The failure of home mortgages has led to a recession for the entire economy and this year we saw the affects of high unemployment on stable housing and neighborhoods. Significant numbers of foreclosures, vacant housing in all neighborhoods, the heartbreak of rising numbers of homeless children in our public schools and the impact on fair housing have all been issues MHC has tackled. MHC has been at the forefront of collecting meaningful data to understand these problems and of advocacy and education for policy and program reform.

MHC released *"Where Do You Live? Louisville's Homeless Children and the Affordable Housing Crisis"* in August, just as school started. Almost nine percent of all children in Jefferson County public schools were homeless in the last school year. What kind of world is it where we make children the "canary in the coal mine" of affordability of housing? We have our proof that families cannot afford housing and we must act.

MHC has been working with neighborhood associations and activists on the growing problem of vacant properties and formed the Louisville Vacant Properties Campaign. The Campaign was invited to help plan and present at the National Vacant Property Campaign's national conference held in June in Louisville. MHC coordinated a campaign to raise scholarship money for 30 citizens from the Louisville Metro Council for conference registrations.

Following on this work, MHC produced a 4-page paper, *Vacant Properties: A Tool to Turn Neighborhood Liabilities into Assets*. Using this paper and our connections with the Metro Council, the Campaign is working on several ordinances and projects to address vacant properties and other barriers to neighborhood revitalization. MHC also was invited to be part of the Mayor's Task Force regarding federal funds destined for Louisville Metro through the Neighborhood Stabilization Act I and II.

MHC hosted several major events for more than 1,000 community participants, learning about and testifying for affordable housing issues. Highlights include nearly 400 attending the Annual Meeting in June with keynote speaker Michael Bodaken of the National Housing Trust and a forum on disparate racial use of high-cost mortgages, regardless of income. We are working with the Kentucky Attorney General's office to follow up on this racial disparity.

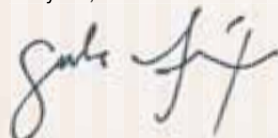
Once again, MHC worked with a coalition to revamp the local Affordable Housing Trust Fund (AHTF) ordinance. MHC's persistence in raising this issue meant it was never forgotten. Louisville now has a local AHTF.

MHC has followed up the *2008 State of Metropolitan Housing Report* analysis of how utility costs affect affordability and MHC has struck up new partnerships to bring energy efficient rehabilitation to housing stock in low-income neighborhoods.

Of course, MHC continued our work of facilitating industry meetings for 21 member organizations under the Non-profit Housing Alliance. MHC made loans to non-profit developers for construction or rehabilitation of affordable housing.

MHC is supported by 180 organizational and 200 individual members and appreciates the grant awards of the Louisville Metro Government, Kentucky Housing Corporation, BB&T Bank, Gannett Foundation, PNC Bank, Catholic Charities, Presbyterian Church (U.S.A.), Unitarian Universalists, Metro United Way, The Louise Judah Irrevocable Trust and the special support of Janet Dakan. This support allows us to maintain a strong focus on safe, fair and affordable housing in the region.

For two decades MHC emphasizes the Coalition part of our name and together we have made remarkable strides towards safe, fair and affordable housing for all in our region. Thank you for your continued support of the Metropolitan Housing Coalition, both financially and with your time and effort. We invite new partners to join us in addressing pressing fair and affordable housing needs in our metro area. Truly, working as a coalition and with the effort of everyone, we can build a healthier and vibrant community. ■



Gabriel Fritz
MHC Board President
Project Manager, The Housing Partnership, Inc.



Cathy Hinko
Executive Director
Metropolitan Housing Coalition

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Introduction

2009 STATE OF METROPOLITAN HOUSING REPORT

Despite falling housing prices and an increasing number of vacant properties, there is still a lack of affordable housing in the U.S. In the Louisville Metropolitan Statistical Area (MSA), the number of homeless persons accessing services has increased and a recent report by MHC tracks an alarming increase in the number of homeless children in Louisville's public schools (Metropolitan Housing Coalition, 2009). National reports show that many prospective homebuyers still cannot obtain a mortgage due to problems with credit history and job security. Some communities are using Neighborhood Stabilization Program funds* to purchase and rent foreclosed and vacant properties, but the efforts are not nearly enough to meet the demand for affordable housing (TIME Magazine, 2009).

Record unemployment rates, decreases in home prices, increases in vacant properties, and the growing instability of neighborhoods have all contributed to a housing climate that makes it more difficult than ever for families to maintain an acceptable quality of life. Current housing conditions are impacting the health and stability of individuals, families, and communities. While there are a number of programs in place that attempt to mitigate some of these conditions, many households are still in need of help as they inch closer toward losing their homes or are forced to make the impossible choice between food and shelter. The dramatic increase in the number of homeless children in the Jefferson County Public School system to almost nine percent of all students (Metropolitan Housing Coalition, 2009) is evidence enough that this is an unsustainable problem that requires immediate action.

While the media is full of reports on topics such as foreclosures, mortgage loans and housing cost, it is important to remember that these indicators of the state of housing are interrelated and intricately linked to one another. When a family's wages decrease or a family member loses a job, their financial situation can lead to damaged credit, the inability to make repairs to their home or eventually result in foreclosure. If that family cannot obtain a new home loan because of a reduction in their credit score or lack of income they may find themselves homeless. Access to affordable housing and mortgage loans, housing subsidies, and a healthy and safe home each play an important role in family, housing, and neighborhood stability. Only by examining the relationship between housing availability, basic costs of living, access to sound mortgage loans, and proximity to jobs can we fully understand the problems we face and how best to address them.

FOCUS OF THIS YEAR'S REPORT

Since 2003, the State of Metropolitan Housing Report has been comprised of nine measures of housing conditions in the Louisville area, as well as a focus topic relating to housing. In past reports these focus topics have included utilities cost and energy efficiency (2008), transportation (2007), planning and zoning (2006), non-profit housing development (2005), and foreclosures (2004). In light of the recent economic turmoil precipitated by homeownership lending practices,

this year's report focuses on expanding the nine measures of housing conditions, providing a more in-depth look at each. By examining the intersections of each measure, advocates and policy makers can better understand how to make the most positive change, especially as our nation is struggling to recover from economic and housing crises. This year the report will include information about topics such as health conditions and housing (Measure 2), homeless children in the school system (Measure 8), vacant properties (Measure 7), and wages (Measure 6), among others. We also intend to show how these topics reflect current conditions in the location, accessibility, and affordability of housing in the Louisville community.

What MHC finds is that, more than ever, housing that is affordable to the lowest income families is in too short supply and that we lack a specific articulated strategy for the Louisville MSA or its component jurisdictions. The time has come to change our approach. To address this, you will find that MHC's recommendations repeatedly call for the creation, rehabilitation and distribution of affordable housing, complete with numeric goals and targets. In Louisville Metro, the opportunity exists to create this specific strategy through the Consolidated Plan for the years 2011 to 2015. The Consolidated Plan commits the community's expenditure of federal housing dollars, and with numerical goals set for our community, this plan will provide resources to create, rehabilitate and distribute affordable housing for more families. ■

**Administered by HUD, the Neighborhood Stabilization Program fund was established to provide emergency assistance to state and local governments to acquire and redevelop foreclosed properties that might otherwise become sources of abandonment and blight within their communities.*



Measure 1

CONCENTRATION OF SUBSIDIZED HOUSING

Subsidized housing units within Louisville Metro continue to be concentrated in council districts 1, 2, 3, 4, 5, 6, 15, and 21. These districts represent the western portion of the city that has a predominance of older housing stock, first ring or older suburbs located south of the downtown and west of the fairgrounds and airport, and the Newburg area.

These Metro Council Districts are not only the districts faced with the highest levels of poverty, but they also have the largest percentage of Louisville Metro's African-American population (see Measure 2 for maps illustrating race and poverty). Housing advocates continue to push for policies and programs that promote racial and economic diversity in residential neighborhoods. The Brookings Institution Center on Urban and Metropolitan Policy has long studied affordable housing policies and practices and in a discussion paper published in 2003, the authors stated that "a growing body of research now indicates that living in a high-poverty neighborhood can undermine the well-being of families and children" (Katz et al, 2003).

In the past, the majority of the federally subsidized housing production in Louisville Metro was focused in low-income and distressed neighborhoods, primarily in neighborhoods west of the downtown district. In the meantime, manufacturing, retail, and service industries moved to areas beyond the perimeter of the older city-served area. This shift in job locations left these low-income and distressed neighborhoods lacking in job growth and, as jobs moved further out, lack of transportation contributed to the inability to find stable employment (see the 2007 State of Metropolitan Report). By failing to expand the availability of affordable housing close to suburban jobs, the concentration of poverty in distressed city neighborhoods has prevailed.

Research by the Brookings Institution indicates that "communities that are strategic about the location of affordable housing can contribute to balanced metropolitan growth by including a mix of affordability levels in communities throughout a metropolitan region, particularly in areas of job growth" (Katz et al, 2003). Conversely, some subsidized housing programs such as the Internal Revenue Service's Low-Income Housing Tax Credit (LIHTC) actually award developers additional bonuses for building in the lowest-income neighborhoods, thereby sanctioning housing and income segregation (Jewell, 2005; Baum-Snow and Marion, 2009).

A comparison of two maps showing the dispersion of Louisville Metro subsidized housing units in 2005 and 2009 show that even though the concentration of subsidized housing units continue to be located in council districts 1, 2, 3, 4, 5, 6, 15, and 21, more units are appearing in other parts of the Louisville Metro area. The exceptions are council districts 16 (Prospect-Glenview area) and 18 (Anchorage-Hurstbourne area). Although there is a stigma that subsidized housing units lower neighboring property values, a report from the University of Minnesota's

Extension Program found conclusive evidence that introducing subsidized housing in areas where it does not exist in great numbers will not have adverse community impacts nor will it have any negative impacts on nearby property values. Instead, they reported that "studies that do show a negative impact suggest that these effects occur either in central cities or in neighborhoods that are already characterized by decline" (Goetz, 2000).

Policies of the Louisville Metro Housing Authority and its predecessor agency over the last 15 years halved the number of family units available for the most economically fragile families in Louisville. These policies are discussed in Measure 4.

MHC advocates that the answer to deconcentration of subsidized units is not their eradication, but rather the creation of a deliberate strategy to preserve and increase the number of subsidized housing units serving the lowest-income families by building in low-impact neighborhoods while ensuring preservation or equivalent replacement units.





MHC further recommends that the Louisville Metro Consolidated Plan for the years 2011-2015 contain numeric goals for the creation of affordable rental units so we can measure our progress and promote deconcentration of affordable housing and a nexus between job centers and affordable worker housing. ■

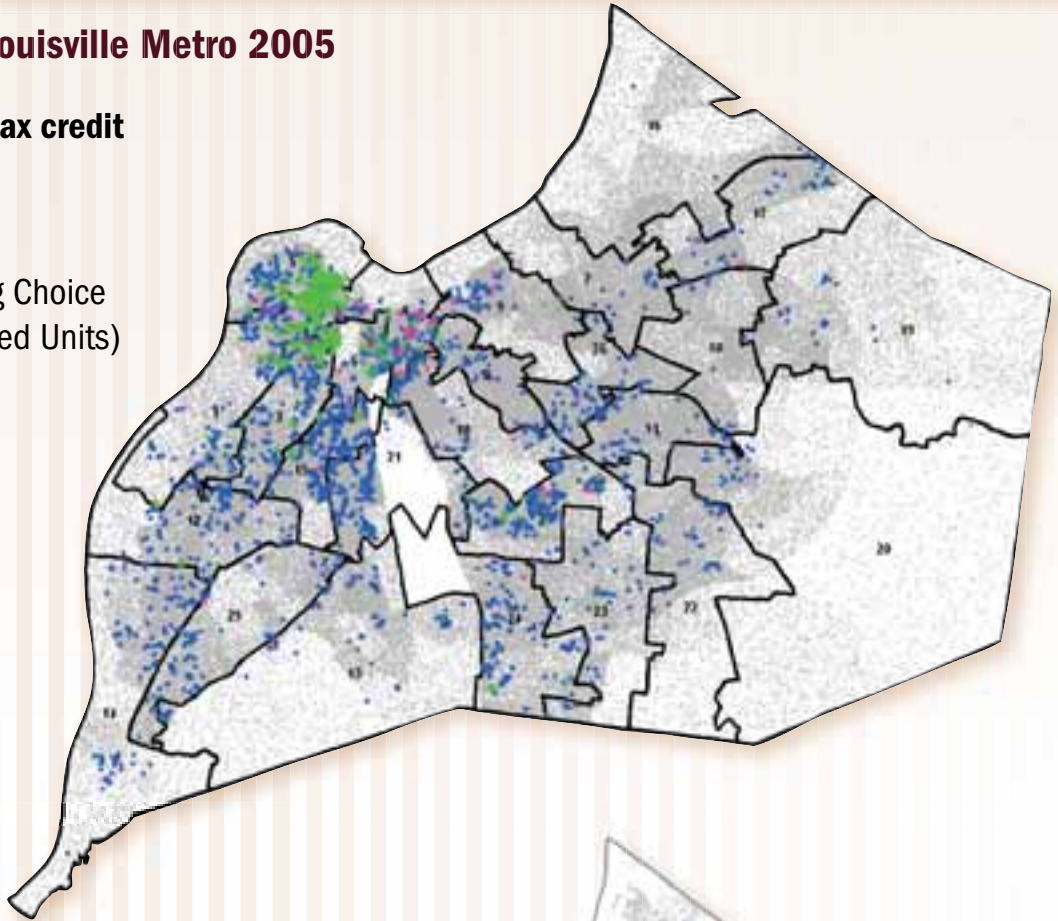


Measure 1






CONCENTRATION OF SUBSIDIZED HOUSING

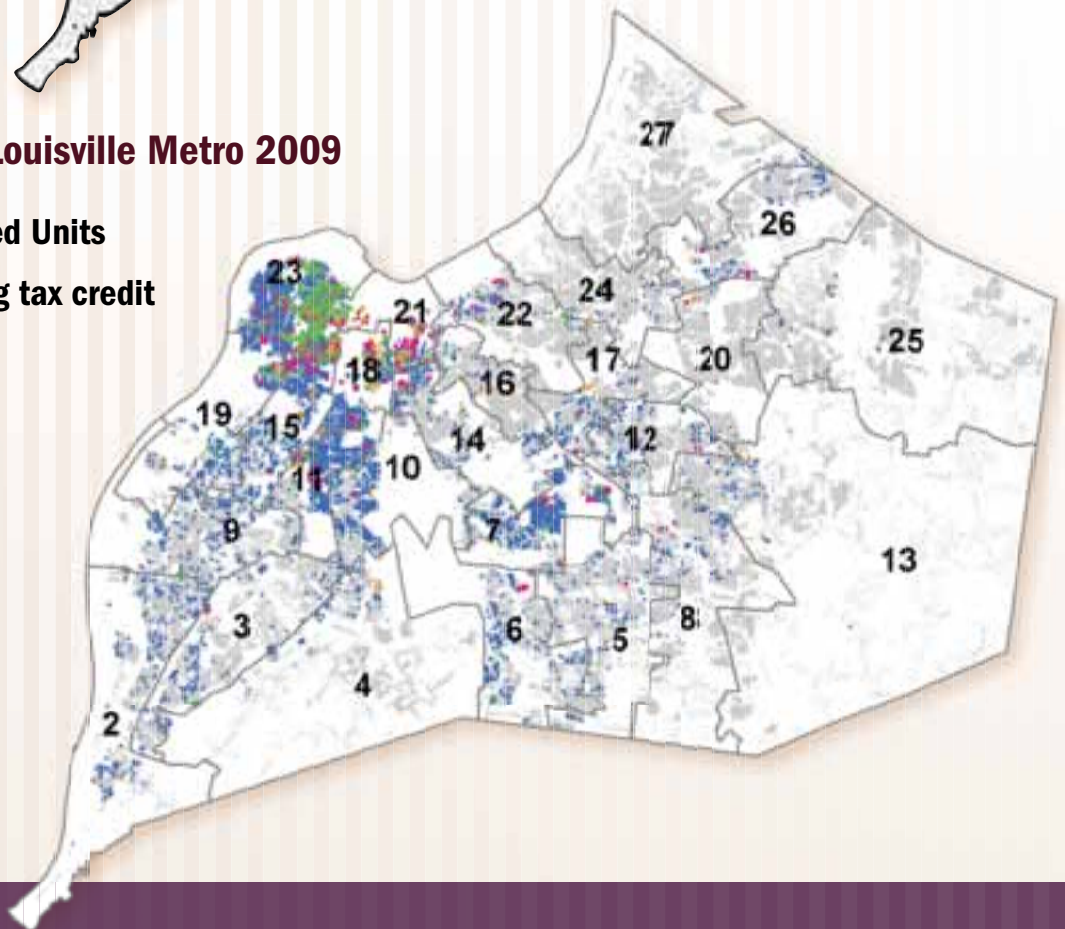
Subsidized Housing in Louisville Metro 2005

-  Low-income housing tax credit
-  Public Housing
-  Section 8
(includes both Housing Choice Vouchers and Site-Based Units)
-  Housing unit



Subsidized Housing in Louisville Metro 2009

-  Section 8 Site-Based Units
-  Low-income housing tax credit
-  Public Housing
-  Section 8 Housing Choice Vouchers
-  Housing unit



Measure 2

HOUSING SEGREGATION

In 2008, 12.8 percent of Jefferson County residents had incomes below the federal poverty level. This is lower than in 2007, when 14.5 percent lived below the poverty level. The percentage of residents living in poverty in the Louisville MSA, which includes the surrounding Kentucky and Indiana counties, was 14.4 percent in 2008, higher than the 2007 poverty numbers at 13.2 percent (American Community Survey, 2007, 2008).

The 2000 Census, the most current data source for Jefferson County poverty levels broken down by council districts, shows the council districts with the highest poverty levels are also the same areas with the highest concentrations of subsidized housing (see Measure 1), the greatest number of health problems, the least access to healthcare, the greatest number of African-Americans, and the greatest number of foreclosures and vacant properties (see Measure 7). This illustrates that race, poverty, poor housing conditions, and poor health conditions are concentrated in the same areas of the county.

Age and Family Type: Grandparents Responsible for their Own Grandchildren

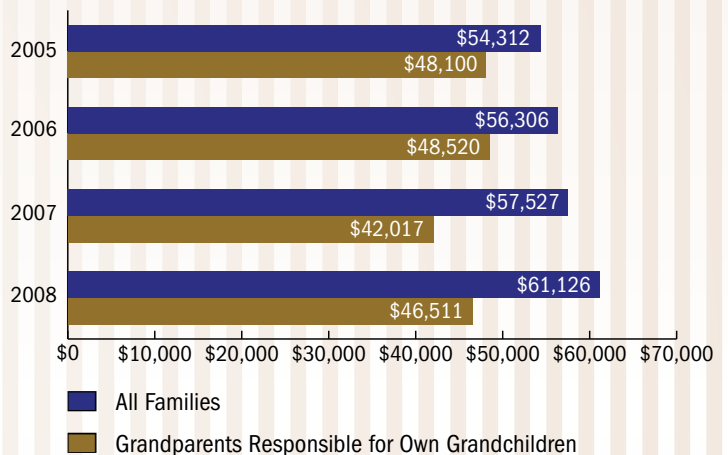
When considering families and housing issues we often assume this means a two-parent family responsible for the care of their child(ren). However, it is important to remember that many families are structured differently. The MHC documented the number of children living in a single female-headed household and the low wages and total family income for this family type, now 35 percent of all households in Louisville in the 2008 report, *The Dividing Line: Women and Housing Patterns in Louisville*. MHC also recognizes a growing family type. In 2008, there were 12,191 grandparents in the Louisville MSA who were responsible for taking care of their grandchildren without a parent present. This has increased from 11,447 grandparents in 2007, 11,337 in 2006, and 9,378 in 2005 (American Community Survey, 2005-2008). In 2008, of the grandparents responsible for their own grandchildren, it was estimated that 9,349 were white and 2,842 were African-American. While the number of African-American grandparents caring for their own grandchildren has decreased since 2005 (from 3,280), the number of white grandparents caring for their own grandchildren has increased dramatically from 5,727 in 2005.

Grandparents with primary guardianship of their grandchildren appear to suffer a financial disadvantage in comparison to all families with children in the Louisville MSA. As the following chart shows, this family type consistently has incomes less than median income for all families.

As we look at poverty figures for grandparents who are caring for grandchildren, in 2005 16.7 percent of grandparents caring for their own grandchildren were living below the poverty line. This percentage jumped to 23.4 percent in 2007, but decreased in 2008 to 13.1 percent. Though the percent of grandparents who are caring for grandchildren and living in poverty fluctuates, it has always been higher

than the percent of all families living below the poverty line. Of all families in the Louisville MSA, 10.4 percent live below the poverty line, up from 9.3 percent in 2007. None the less, for families living both below and above the poverty line, the number of grandparents caring for their grandchildren has increased since 2005. This indicates that households of grandparents caring for their grandchildren is increasingly becoming a phenomenon that affects all families despite income level.

Median Family Income for Families with Grandparents Responsible for own Grandchildren Louisville MSA 2005-2008



Source: American Community Survey

Health and Housing

Emerging research is beginning to clarify the relationship between health and housing conditions. Access to affordable housing contributes to both the physical and mental health of individuals and families. Living in housing that is affordable can lower stress, improve self-esteem, provide security and stability, and free up resources for healthy foods and healthcare expenditures. Safe and well-maintained housing can reduce health problems by limiting exposure to allergens, neurotoxins, and other dangers associated with poor quality housing conditions (Center for Housing Policy, 2007).

While the home itself can affect a family's health, so can the location of the home. Research has shown that low-income neighborhoods have higher rates of poor birth outcomes, cardiovascular disease, HIV, depression, physical inactivity, and mortality, regardless of individual risk-factors (Krieger and Higgins, 2002). Some of these health risks may be due in part to greater exposure to air pollution, noise, and pests that can accompany industrial uses in some neighborhoods. Neighborhood design may also be a factor, specifically a lack of open green space, recreational sites, sidewalk and street design, and the convenient location of amenities within safe walking distance of housing.

► Continued on page 5

Measure 2

HOUSING SEGREGATION

► *Continued from page 4*

Housing conditions disproportionately affect low-income and minority households. Low-income families are 2.2 times more likely to live in homes with severe physical problems than other families; African-American families are 1.7 times more likely (Krieger and Higgins, 2002).

Health Conditions in Louisville Metro

In 2004 and 2005, the Louisville Metro Health Department conducted a research study to examine behavioral risk factors across Jefferson County. The study included phone interviews with over 2,000 adults, asking questions related to their physical and mental health, insurance status, and other factors that could potentially affect their health and well-being (Louisville Metro Health Department, 2006). The results were divided into groups of council districts, which are shown on page 6.

Health Care Access

The northwest portion of Louisville Metro had the lowest percentages of residents with health care coverage at 76.6 percent, followed by southwest Louisville at 80.0 percent. Both of these areas have lower percentages of residents with health care coverage than Kentucky as a whole (82.4 percent) and the United States (85.5 percent). Northeast Louisville had the highest percentage of residents with health care coverage at 95 percent. Even more striking is the percentage of residents who needed to see a physician, but did not, due to cost in the previous year. The highest percentage, by a wide margin, was in northwest Louisville, with 24.7 percent, followed by 18.7 percent in southwest Louisville. The percentage of residents who did not see a physician in Louisville Metro as a whole was 14.3 percent, and the number was only 6.9 percent for Kentucky as a whole.

Environmental Factors

Residents in northwest Louisville also had the highest percentage of illnesses caused by poor indoor air quality at 33.7 percent, followed by central Louisville with 31.9 percent. This is in comparison to 26.7 percent in Louisville Metro as a whole. The results are similar for residents with illnesses resulting from air pollution outdoors, with 30.0 percent in northwest Louisville, followed by 20.7 percent in central Louisville and 19.4 percent in Louisville Metro as a whole.

Chronic Diseases and Other Risk Factors

In northwest Louisville, 22.0 percent of residents reported asthma, almost twice as many as northeast Louisville at 11.6 percent. 13.3 percent of Kentucky residents and 12.6 percent of U.S. residents reported asthma. The differences between areas of Louisville Metro on the number of residents reporting diabetes are not as great as other risk factors, but the highest percentage is still in northwest Louisville at 11.8 percent, followed closely by southwest Louisville at 11.3 percent.

This is compared to 8.9 percent of residents in Kentucky as a whole and 7.3 percent of residents in the U.S. Two other risk factors that are interrelated, high blood pressure and obesity, are also highest in northwest Louisville, with 37.2 percent of residents reporting high blood pressure and 73.9 percent reporting obesity. The next highest percentages were in southeast Louisville with 30.0 percent of residents reporting high blood pressure and 61.2 percent reporting obesity. By comparison, high blood pressure is reported by 28.2 percent of Kentucky residents and 25.5 percent of U.S. residents. In Kentucky, 64.9 percent of residents are obese, compared to 61.1 percent in the U.S. as a whole.

Exposure to Lead

Children can be exposed to potentially harmful levels of lead through lead paint or lead dust, typically found in older homes. High levels of lead in the blood (10µg/dL or greater) are associated with a number of adverse effects in children in everything from performance in school to cognitive development (Zierolod and Andersen, 2004). The number of children with high lead levels has been steadily decreasing since 2000 due to increased screening efforts, but in 2007 1.2 percent of children screened still had high levels of lead in their blood. The vast majority of these cases were concentrated in the northwest and central portions of Louisville Metro. Most of these cases occurred in areas where the majority of the homes were built before 1950, reinforcing the relationship between housing conditions and the health of residents and their children (Louisville Metro Public Health and Wellness, 2008).

Health Conclusions

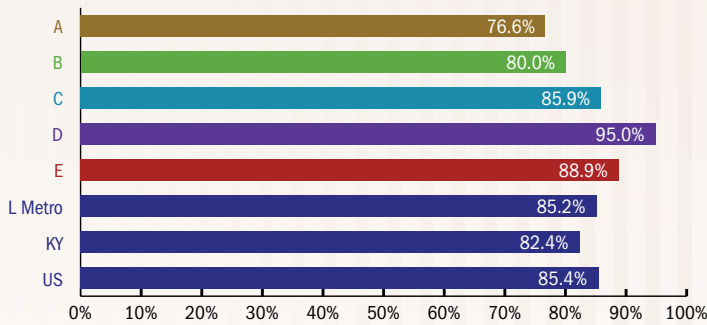
Poor housing conditions can negatively affect the health of residents. When examining the housing conditions and other risk factors related to health, it is clear that adverse conditions are highly concentrated in the northwest and southwest portions of Metro Louisville. Problems related to poor indoor air quality are highly concentrated in these areas, a direct result of housing conditions. Exposure to outdoor air pollution is also the most severe in these areas. These housing and environmental concerns, combined with lower access to health care and other health risk factors, paint a clear picture of housing and health segregation in our community.

MHC calls for the cessation of segregating low-income households, and African-American households regardless of income, to areas with environmental hazards and limited economic opportunities which lead to poor health and economic outcomes.

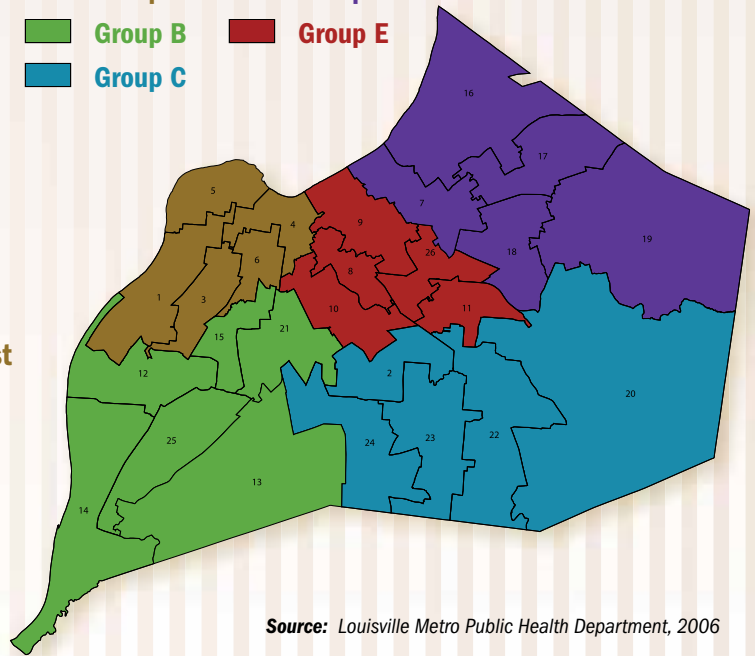
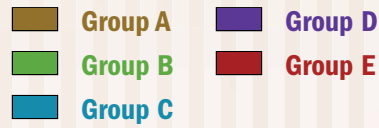
MHC recommends creating community goals to distribute affordable housing opportunities for the lowest-income households throughout the Louisville MSA and that numeric goals be developed for the Louisville Consolidated Plan for years 2011 to 2015. ■

Measure 2 HOUSING SEGREGATION

**Percent with any Type of Health Care Coverage
2005 Behavioral Risk Factor Surveillance System (BRFSS)**

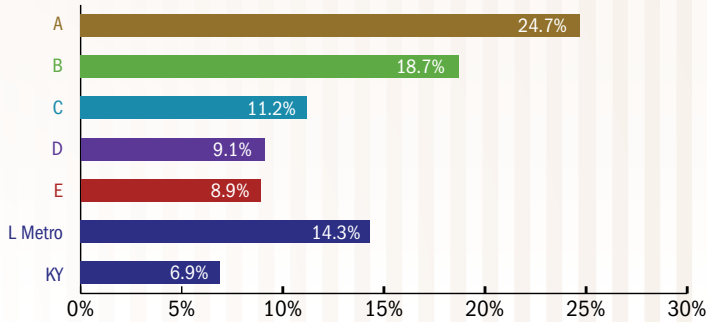


Council District Groups

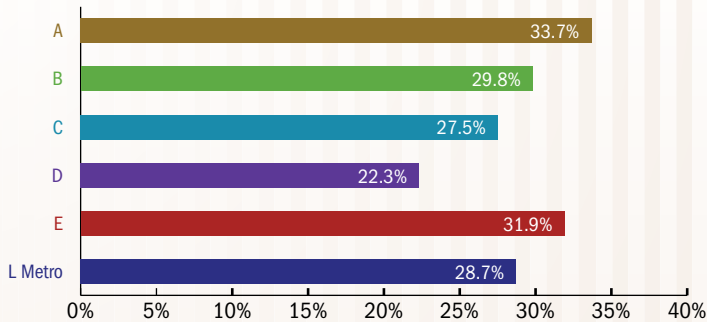


Source: Louisville Metro Public Health Department, 2006

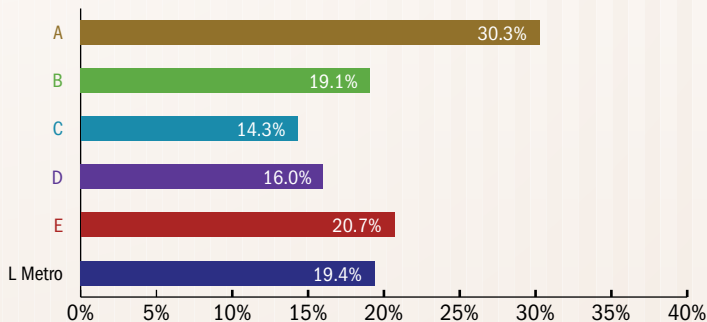
**Percent Needing to See a Physician but Did Not Due to Cost
Louisville Metro 2005, KY 2002**



**Percent with a Symptom or Illness Caused by Poor
Indoor Air Quality, 2004**

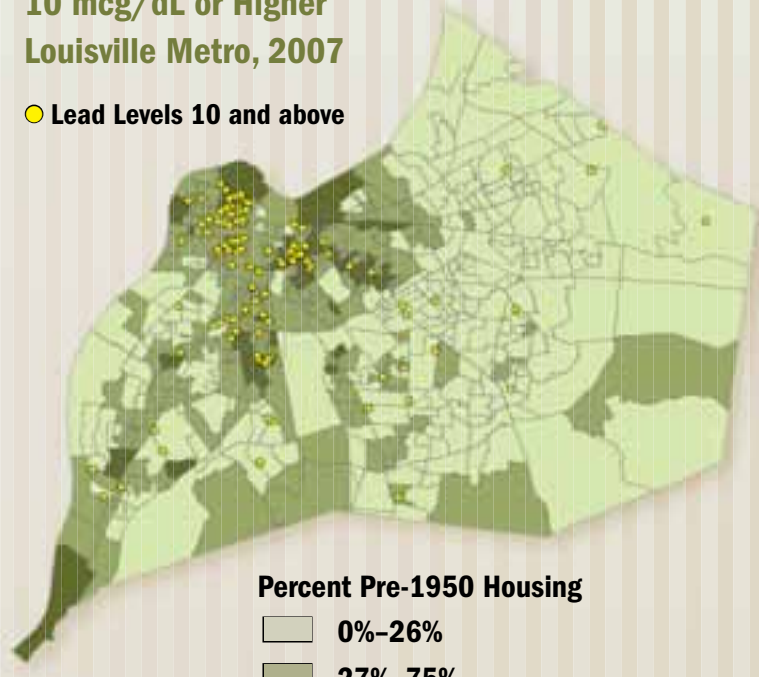


**Percent with a Symptom or Illness Caused by Pollution
in the Air Outdoors, 2004**

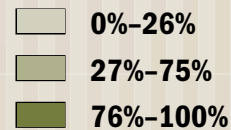


**Children with Elevated Blood Lead Levels
10 mcg/dL or Higher
Louisville Metro, 2007**

● Lead Levels 10 and above



Percent Pre-1950 Housing



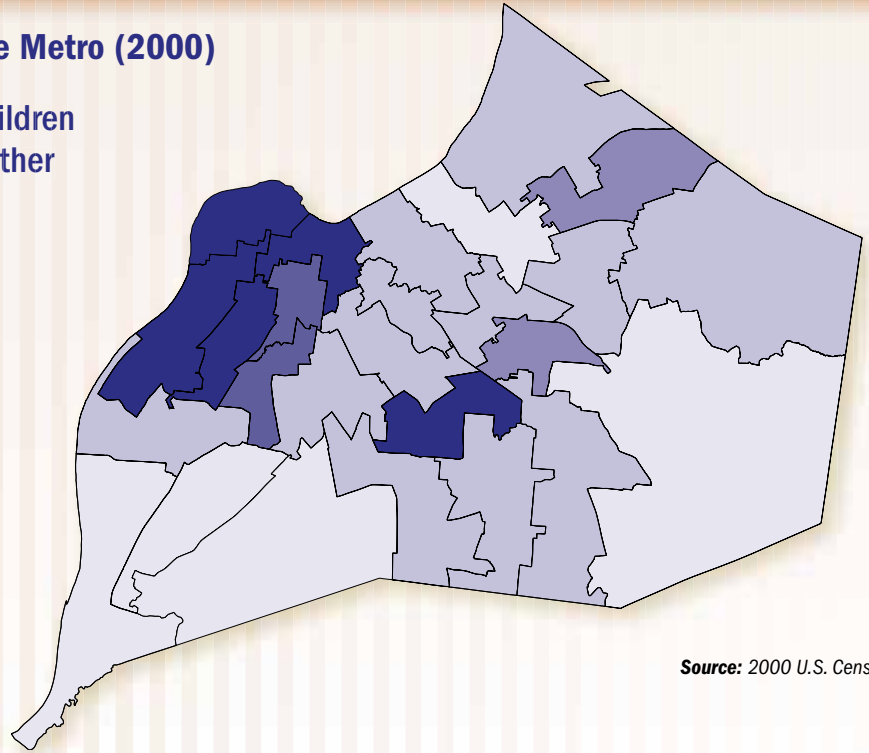
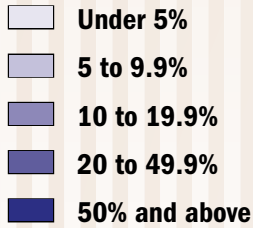
Source: Louisville Metro Public Health and Wellness, 2008

Measure 2

HOUSING SEGREGATION

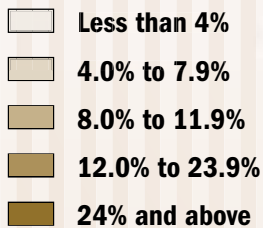
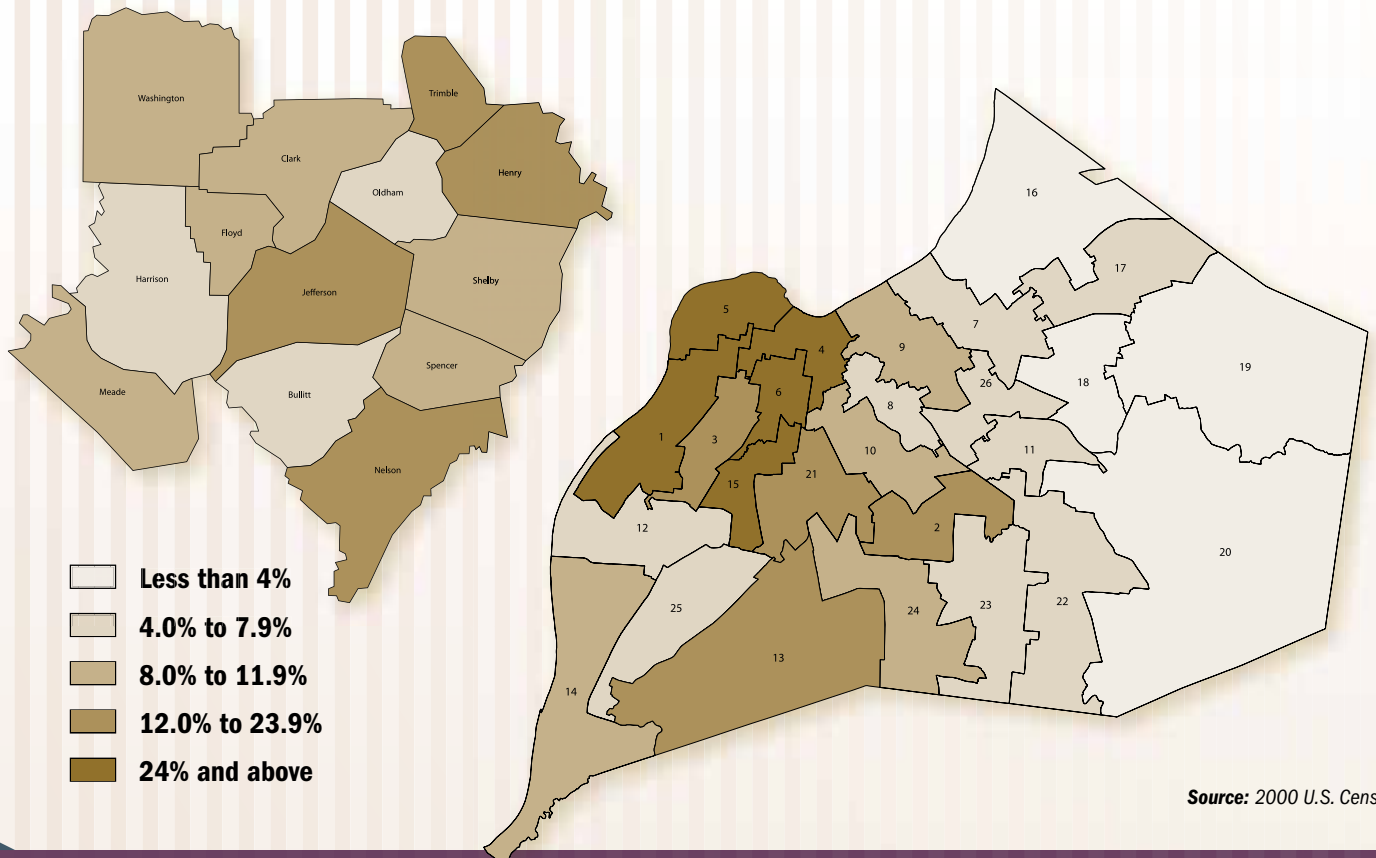
African-American Population, Louisville Metro (2000)

In Louisville Metro, African-American children are twice as likely to live in poverty as other children.



Source: 2000 U.S. Census

Poverty in the Louisville MSA (1999)



Source: 2000 U.S. Census

Measure 3

RENTERS WITH EXCESSIVE COST BURDEN

The current economic and housing crises have highlighted the downfalls of what is often referred to as the “American Dream,” proving what housing advocates have long known: homeownership is not right for everyone, all the time. For some families and households, homeownership is simply beyond reach and renting is their only option. For others, such as students, young professionals, empty nesters, or the elderly, renting is a better fit for their lifestyle. Either way, finding a place to rent that is safe, clean, but yet affordable is a challenge for many Louisvillians. This housing problem is compounded as local workers are faced with wages not keeping pace with inflation, rising unemployment rates, and an increase in basic cost of living expenditures such as health insurance premiums.

In 1974, the U.S. Department of Housing and Urban Development (HUD) developed the Fair Market Rent (FMR) standard for the Section 8 rent assistance program. (See definition in Appendix on page 26). This is considered a modest, affordable rent which includes utility costs. Comparing 2000 and 2009, FMR has jumped 12.1 percent for a one-bedroom, 8.3 percent for a two-bedroom and so forth. These percentage changes are all higher than the increase of median income levels for the same years.

The 2009 FMR for a two-bedroom rental unit within the Louisville MSA is \$680 per month; a three-bedroom unit is \$950 per month. A family

or household would need an annual income of \$27,200 (or \$13.08 per hour) to afford a two-bedroom FMR unit or an annual income of \$38,000 (\$18.27 per hour) for a three-bedroom unit. For full-time workers paid minimum wage, which is currently set at \$7.25 per hour, the affordable rent is \$377 per month, which is considerably less than the \$496 FMR for a zero-bedroom unit.

The U.S. Census Bureau reports that nearly a third of all households in the Louisville MSA are renters. Within that group, 40 percent have household incomes less than \$20,000, which does not meet the \$22,920 annual income needed for even a one-bedroom FMR unit. In addition, monthly Supplemental Security Income (SSI) payments for an individual are \$674 in the Louisville MSA. Therefore, if SSI represents an individual's sole source of income, \$202 in monthly rent is affordable, while the FMR for an efficiency unit is \$496 and a one-bedroom is \$573.

According to the Bureau of Labor Statistics job classification system, of workers in the Louisville MSA within the 22 major occupational groups, nearly 55 percent of workers fall into the 8 major occupational groups that have median incomes less than the Louisville MSA's 2008 median hourly wage of \$14.93 (\$31,050/annual median). Furthermore, after adjusting for inflation, when comparing 2008 median wages to 2000 median wages, all but one of these groups have experienced a drop in annual income.

▶ *Continued on page 9*

FAIR MARKET RENTS BY UNIT BEDROOMS 2000–2009 LOUISVILLE MSA

FMR Year	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
FY2000	\$318	\$408	\$501	\$691	\$729
FY2008	\$483	\$559	\$663	\$926	\$984
FY2009	\$496	\$573	\$680	\$950	\$1,009
% Change from FY2008-FY2009*	2.5%	2.3%	2.3%	2.4%	2.3%
% Change from FY2000-FY2009*	24.3%	12.1%	8.3%	9.7%	10.4%

*adjusted for inflation

Source: <http://www.huduser.org/datasets/fmr.html>

2008 MEDIAN HOURLY WAGES LESS THAN LOUISVILLE MSA \$14.93/HOURLY MEDIAN

	Number of Workers as a Percentage of All Wage Earners		2-BR FMR as a percent of monthly wages		2000 Median Wage*	2008 Hourly Median Wage	Change in Median Wage 2000-2008
	2000	2008	2000	2008			
Food Preparation & Serving Related Occupations	8.3%	8.6%	46%	50%	\$8.91	\$7.58	-14.9%
Personal Care and Service Occupations	2.0%	2.2%	40%	44%	\$10.25	\$8.92	-13.0%
Building and Grounds Cleaning and Maintenance Occupations	2.8%	3.0%	40%	39%	\$10.39	\$10.10	-2.8%
Farming, Fishing, and Forestry Occupations	0.1%	0.1%	37%	36%	\$11.32	\$10.48	-7.4%
Sales and Related Occupations	10.1%	10.4%	36%	34%	\$11.52	\$11.35	-1.5%
Healthcare Support Occupations	2.2%	2.5%	34%	32%	\$12.24	\$12.34	0.8%
Transportation and Material Moving Occupations	9.4%	9.9%	31%	29%	\$13.49	\$12.63	-6.4%
Office and Administrative Support Occupations	17.7%	17.9%	25%	28%	\$14.52	\$13.80	-5.0%
Percentage of Total Wage Earners	52.6%	54.6%					

*2000 wages adjusted for inflation

Source: Bureau Labor Statistics, HUD

Measure 3

RENTERS WITH EXCESSIVE COST BURDEN

► Continued from page 9

Unemployment

By the fourth quarter of 2001, the Louisville MSA unemployment rate rose by almost two percentage points (4.4 percent to 6.2 percent) from the previous year; this rate held steady until the fourth quarter of 2008 when the rate jumped from 6.5 percent in the previous quarter to an alarming 9.4 percent. When compared to the 100 largest metro areas in the U.S., the Louisville MSA unemployment rate ranks 69th out of the 100 largest metro areas in the U.S. (a rank of 1 by Brookings signifies the strongest-performing metro area while a rank of 100 signifies the weakest-performing metro area)(Brookings Institution, 2009). These figures illustrate the struggle that many renters face when trying to find the means to pay their monthly rent.

Rise in Health Insurance Costs

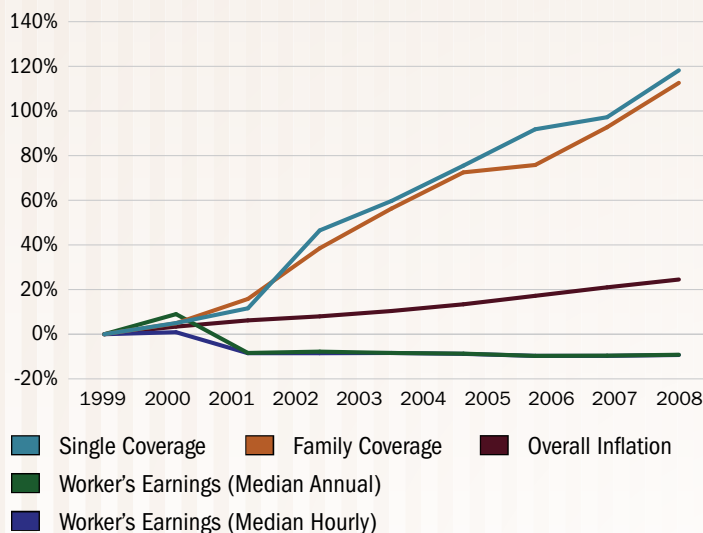
Over the past decade, workers' earnings have lagged behind the rising cost of inflation which increases the burden of rent. In addition, health care costs have risen at alarming rates which in turn have caused businesses to cut back on health insurance coverage. Based on a survey on employer-sponsored health benefits, the Kaiser Family Foundation found that from 1999 to 2008, the cumulative change in the job-based health insurance premiums showed an increase of 127 percent, four times the rate of inflation for that same time period. The survey also found that employees' job-based coverage increased during this period from \$1,543 to \$3,354. These increases have placed heavy burdens on employers, causing many to cease coverage for their employees. For many employees, the cost to self-insure is unattainable.

The National Coalition for Health Care cited in a recent report that 62 percent of all bankruptcies filed in 2007 were linked to medical expenses and of those who filed for bankruptcy, nearly 80 percent had health insurance. The coalition also reported that about 1.5 million families lose their homes to foreclosure every year due to unaffordable medical costs.

MHC recommends that the Mayor and Metro Council immediately convene a broad-based task force to address the pressing crisis of housing Louisvillians as rent continues to rise while incomes fall.

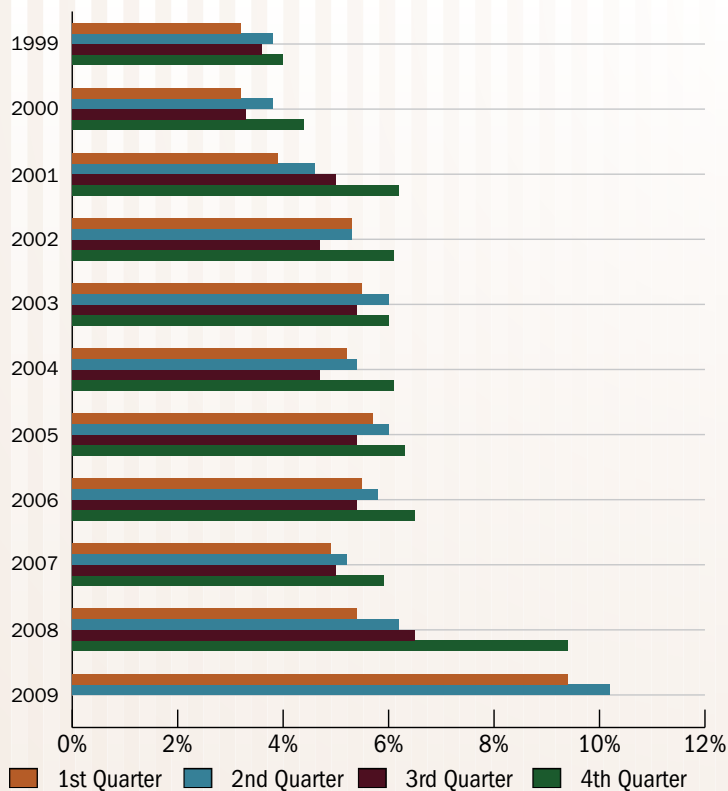
MHC recommends that the Louisville Metro Consolidated Plan for the years 2011-2015 contain numeric goals for the creation of affordable rental units so we can measure our progress and focus our resources on meeting these long-term goals. ■

Cumulative Changes in Employer-Sponsored Health Insurance Premiums, Median Wages, and Inflation, 1999-2008



Sources: Kaiser Family Foundation: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2008; Bureau of Labor Statistics, Consumer Price Index, Occupational Employment Statistics

Louisville MSA Unemployment Rate by Quarter: 1999-2009



Source: U.S. Department of Labor: Bureau of Labor Statistics

Measure 4

PRODUCTION AND REHABILITATION OF AFFORDABLE HOUSING

For the past 70 years, the federal government has implemented housing assistance programs for low-income families and households. Some of these federal programs provide housing assistance to low-income renters and other programs provide incentives and subsidies for the construction, rehabilitation, and operation of affordable housing units for low-income individuals and families.

Of the rental assistance programs, the five largest are: Housing Choice (Section 8) Voucher; Project-Based (Site-Based) Section 8 Program; Public Housing; Section 515 Rural Rental Housing Program and Section 521 Rental Assistance Program; and Section 202 and Section 811 Supportive Housing Programs. The programs that offer subsidies and incentives for builders and developers are: Low-Income Housing Tax Credits (LIHTC), HOME Investment Partnership Programs, and the McKinney-Vento Homeless Assistance Program. For the purpose of this report, we will highlight aspects of the Section 8 vouchers, site-based and public housing units, and the LIHTC program.

The Housing Choice vouchers enable low-income individuals and families to rent moderately-priced units in the private market. This subsidy covers the gap between what the tenant can pay and the cost of the rent; rent is based on tenant income and limited to 30 percent of household income. Participation is limited; three quarters of new program participants must have incomes below 30 percent of area median income. The remaining quarter of new participants may have incomes up to 80 percent of local median income. Across the nation, nearly one-third of the voucher holders are elderly or people

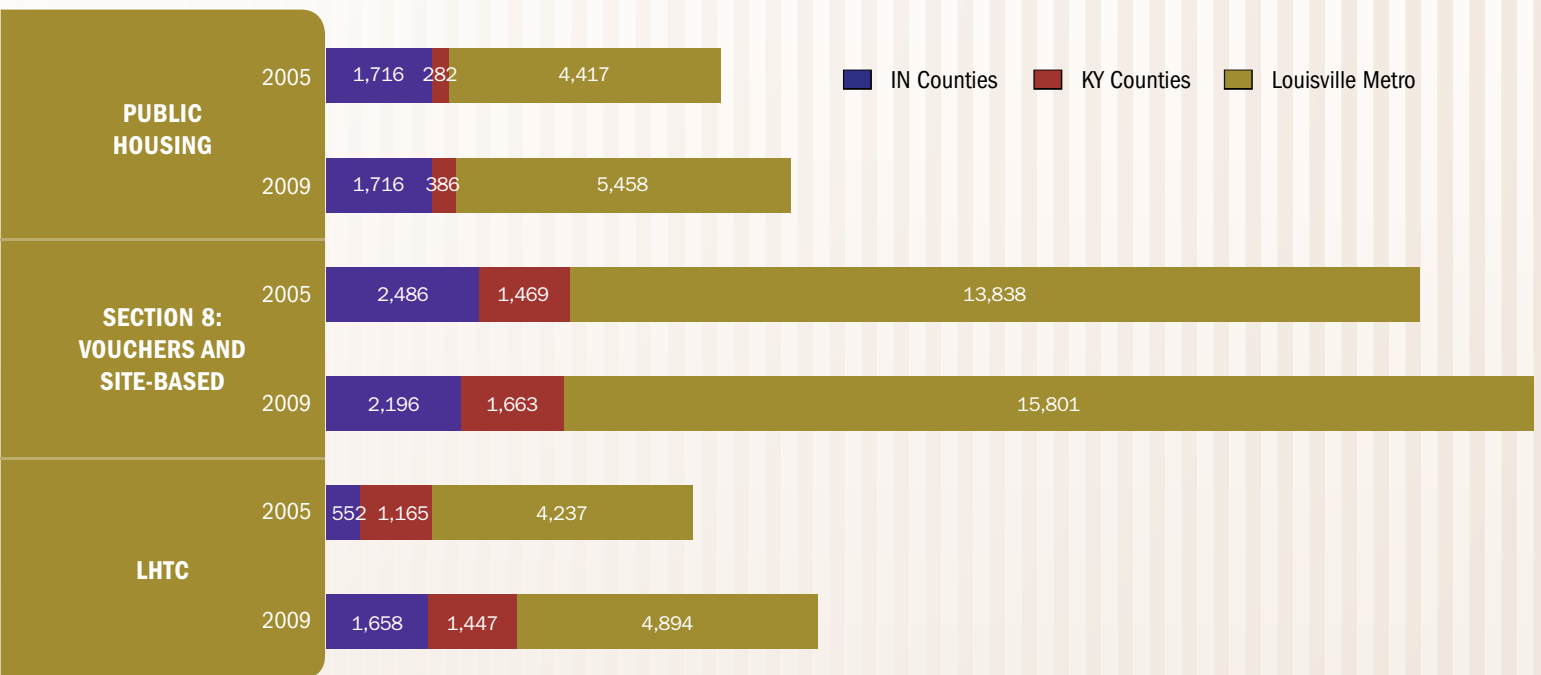
with disabilities, while over half are families with children. Since 2002, Congress has ceased funding new vouchers annually, though a small number were funded in 2008.

Project-Based (Site-Based) Section 8 units are privately owned and operated. The owners, who must abide by rent restrictions and other federal guidelines, contract directly either through HUD or a state housing finance agency for rental assistance. Other than a few units set aside for the homeless, no new units have been added since the mid-1980s. Furthermore, the number of available units is shrinking; nationally, these numbers have been declining at a rate of 10,000 to 15,000 units per year. Like the Section 8 vouchers, rent is based on tenant income and limited to 30 percent of household income. Forty percent of new program participants must have incomes below 30 percent of area median income, and 15 to 25 percent of the participants may have annual incomes that are 50 to 80 percent of the local median income. About two-thirds of the participants are elderly or people with disabilities and almost all the remaining third are families with children.

Public Housing units, owned and operated by local public housing authorities or agencies, are subsidized through the Public Housing Capital and Operating Funds. Tenants pay rent, which is based on tenant income and limited to 30 percent of household income. About two-thirds of the households in public housing units include people with disabilities and the elderly; children live in more than 40 percent of the units.

► *Continued on page 11*

Number of Subsidized Rental Units, Louisville MSA by Program Type Years 2005 and 2009



Measure 4

PRODUCTION AND REHABILITATION OF AFFORDABLE HOUSING

► Continued from page 10

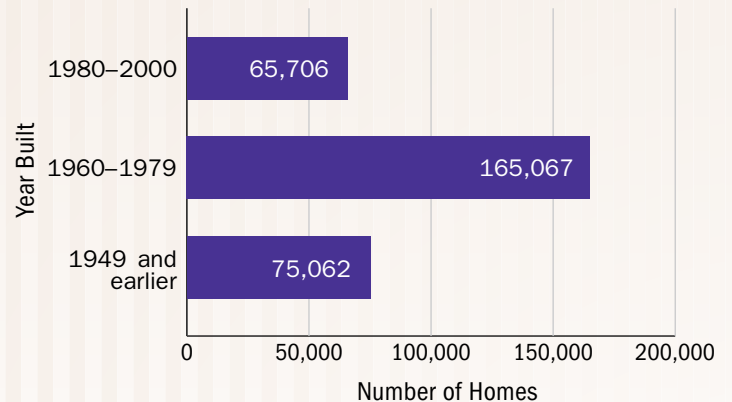
Public housing units designated for the elderly were built in the early 1960s. HUD defined the “Elderly Family” as a family whose head, spouse or sole member is a person aged 62 or older, disabled or handicapped, or one or more such persons living with another person essential to his or her care or well-being. During the late 1980s, the nation saw an expansion of private elderly housing stock resulting in a lesser demand (and in some areas zero demand) for public housing for the elderly. In order to open the use of these public housing units to others in the community, local housing authorities (with HUD approval) amended eligibility criteria for occupancy. In an attempt to increase occupancy levels at public housing sites for the elderly (which in turn would ease the waiting list for sites for younger individuals and families with children), the Louisville Metro Housing Authority (LMHA) proposed a pilot program in their 2008 *Moving To Work Plan* to redefine local elderly as an elderly household is any household in which the head, spouse or sole member is 55 years of age or older; two or more persons at least 55 years of age who live together or one or more persons at least 55 years of age who live with one or more live-in aides. This was subsequently approved by HUD (Head, 2009).

Like the site-based units, the criteria for new applicants for public housing units is limited; 40 percent of new program participants must have incomes below 30 percent of area median income, whereas the remainder of the new tenants may have incomes up to 80 percent of local median income. There have been no additional public housing units for more than a decade and since the mid-1990s, the nation has seen a decrease of nearly 165,000 units.

LIHTCs offer developers 10-year tax credits to offset the costs of acquisition, construction and/or rehabilitation of affordable housing units. Not all units are required to have rents set as affordable housing units. However, either 20 percent of units must have rents affordable to households with incomes below 50 percent of the area median income, or 40 percent of units must have rents affordable to households with incomes below 60 percent of the area median income. Nationally, about 70 percent of LIHTC households include members who are employed and of the remaining 30 percent, many of these residents are elderly or disabled. The federal government allocates \$2.30 per capita annually for LIHTCs; state agencies, such as the Kentucky Housing Corporation and the Indiana Housing and Community Development Authority, allocate and administer these tax credits. Due to the current financial market, LIHTCs have fallen short in 2008 and 2009 and the number of new LIHTC-subsidized units is expected to be lower than in the past (Center on Budget and Policy Priorities, 2009).

From 2005 to 2009, the total number of subsidized units within the Louisville MSA has had a slight increase of around 5,000 units. However, this is still too few subsidized units for the nearly 14,000 households who are on the current waiting list for housing subsidies

Age of Homes in Louisville Metro



Source: 2000 U.S. Census

and the anticipated 2,000 new housing choice voucher applicants that are expected to be added to the waiting list next year. A breakdown of the Louisville MSA shows that there has been a small increase in public housing units in Louisville Metro and the MSA Kentucky counties, though no additional public housing units were added since 2005 in southern Indiana. The combined totals of the Section 8 vouchers and Site-Based Section 8 units show that even though there are few subsidies for these programs in southern Indiana, there are more voucher-holders and landlords participating in these programs in Louisville Metro and the Kentucky MSA counties. Overall, there is an increase in the number of LIHTC units throughout the Louisville MSA; however, based on the report issued by the Center on Budget and Policy Priorities, the numbers of these units is not likely to grow in the next few years.

Changes in Public Housing Stock and Entry Criteria

Over the last 15 years the Louisville Metro Housing Authority (LMHA) has taken units out of the public housing stock. Before Cotter and Lang Homes were demolished, there were approximately 4,400 family complex public housing units, including some one-bedroom units with entry criteria that made them available to the lowest income families. In addition, there were 195 scattered site units with entry criteria demanding more economically stable family households with higher incomes, as well as 1,222 units reserved for the elderly and/or disabled. In 2009, there are only 2,200 family complex public housing units, half the number in 1994, and 712 scattered site units with entry criteria demanding more economically stable families with higher incomes. This represents a shift from 4.5 percent of family units demanding higher income and economically stable families to 32.4 percent. The number of units available to the elderly and disabled has changed little since 1994 at 1,295 units (Louisville Metro Housing Authority, 2005, 2009; Barry, 2009). However, the supply of units for the elderly and disabled are in such supply that LMHA now defines elderly as age 55 instead of the federal definition of age 62.

Measure 4

PRODUCTION AND REHABILITATION OF AFFORDABLE HOUSING

Park DuValle replaced only a fraction of the Cotter and Lang Homes' public housing units for families, and Iroquois Homes has even fewer replacement units in place, although demolition has taken place over several years. The newly constructed replacement units for these developments and for the Clarksdale complex have requirements to serve a diversity of income levels, including economically stable families at higher income levels than the previous residents. The number of units dedicated to low-income families is decreasing since the replacement units only allow a portion of those prior (low-income) residents to return to the new development.

These trends indicate a reduction in the number of public housing units in Louisville, as well as a shift in who is allowed into public housing. Those who are least able to maintain housing stability without assistance now have fewer public housing options than they did 15 years ago. As these families attempt to find other housing, many become homeless or must live with relatives, which leads to the problem of an increasing number of homeless children in the JCPS system (see Measure 8) and an increasing cost burden for renters (see Measure 3).

Weatherization and Energy-Efficiency

Household energy consumption increases dramatically when homes are less energy-efficient, and the lowest-income residents typically live in older homes which are less energy-efficient than newer homes. In the Southern and Midwestern United States, homes built before 1970 are 20 percent to 25 percent less energy-efficient than homes built since 1990 (Joint Center for Housing Studies, 2007). Older homes

are less efficient primarily because it was not cost effective to build homes with insulation in the early to mid-1900s because energy was so inexpensive. Most of the homes in Louisville, about 240,000, were built before the 1980s when insulation became a requirement in the local building code. About 75,000 of these were built before 1950 and may still have original windows, lighting, and older heating systems and appliances that are far less efficient than those available today. Weatherization and energy-efficient rehabilitation of these homes helps reduce their energy consumption and lower utility costs. For more information about weatherization and energy efficiency in housing see the 2008 *State of Metropolitan Housing Report*.

MHC recommends that the Louisville Metro Housing Authority be required to issue a community-wide assessment of the impact of each new specific project or change to housing stock, such as the demolition of Sheppard Square using HOPE VI, before moving forward with the project. This assessment must study how projects or changes will affect the whole community and housing opportunities for the lowest-income households.

MHC recommends that the Louisville Metro Consolidated Plan for the years 2011-2015 contain numeric goals for the creation of affordable rental units and the promotion of homeownership opportunities so we can measure our progress and focus our resources on meeting these goals. We also recommend that all new production and rehabilitation of affordable housing be energy-efficient through weatherization and the use of energy efficient technologies to reduce the burden of utility costs for residents. ■



Measure 5

HOMEOWNERSHIP RATE

According to the U.S. Census Bureau, the homeownership rate for the Louisville MSA was 67.9 percent in 2008, up from 67.2 percent in 2007 and 66.4 percent in 2006. The local homeownership rate has increased each year since 2006 but is still 5.5 percentage points lower than in 2002. In the U.S., the homeownership rate in 2008 was 67.8 percent and has dropped each year since 2004.

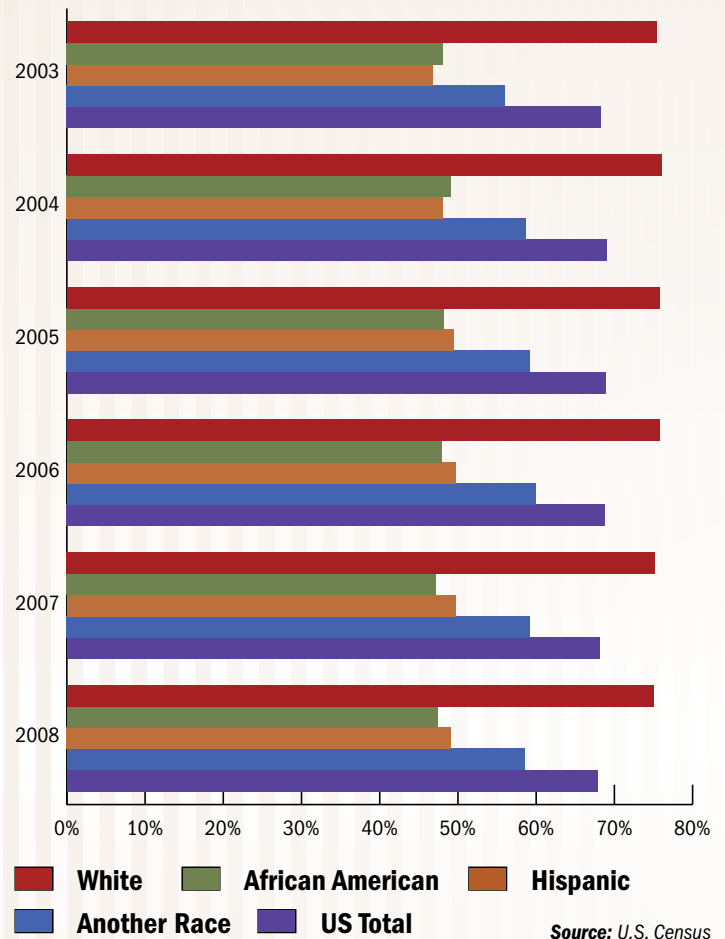
Homeownership rates in the U.S. by race/ethnicity have changed little over the past five years. In 2008, whites had the highest rate of homeownership at 75 percent, followed by Asian/Native American/Pacific Islander at 58.5 percent, and Hispanics at 49.1 percent. African-Americans had the lowest homeownership rate of any racial or ethnic group at 47.4 percent. This is compared to the overall 2008 homeownership rate in the U.S. of 67.8 percent. This is about race and discrimination, yet there has been little action on the local or state levels to combat this clear disparity.

Disparities in Home Mortgage Lending

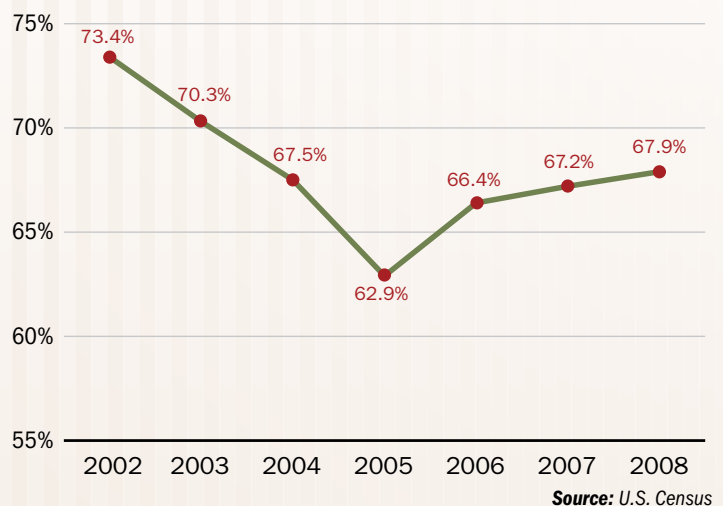
When considering homeownership in terms of race, minorities are at much higher risk of receiving a poorly underwritten high-cost home loan. A recent study determined that middle- and upper-income (MUI) African-Americans were at least twice as likely as MUI whites to receive high-cost loans in 71.4 percent of metro areas in 2007 (National Community Reinvestment Coalition, 2008). While high-cost loans were developed to compensate for additional risk to lenders when the borrower has insufficient or no credit, minorities receive a disproportionate number of these loans, even when controlling for creditworthiness and other housing market factors. Having a high-cost loan can result in a loss of home equity because of higher payments made to lenders, thus creating a barrier to building wealth through homeownership. High-cost loans also create exposure to imprudent types of lending that are more likely to result in default and foreclosure. When examining the location of high-cost mortgage loan rates in Louisville Metro from 2004 to 2006, in areas west of downtown Louisville 50 to 76 percent of homeowners have high-cost loans, while much of the south and southwest portions of Jefferson County have high-cost loan rates of 25 to 50 percent. These areas also have the greatest concentration of African-Americans in the city (see Measure 2).

MHC recommends stricter oversight of lending companies and institutions to combat racially disparate lending practices. MHC further recommends innovative and safe lending products for lower wage workers that allow them to purchase in areas that are still appreciating in value. ■

U.S. Homeownership Rate by Race/Ethnicity 2003-2008








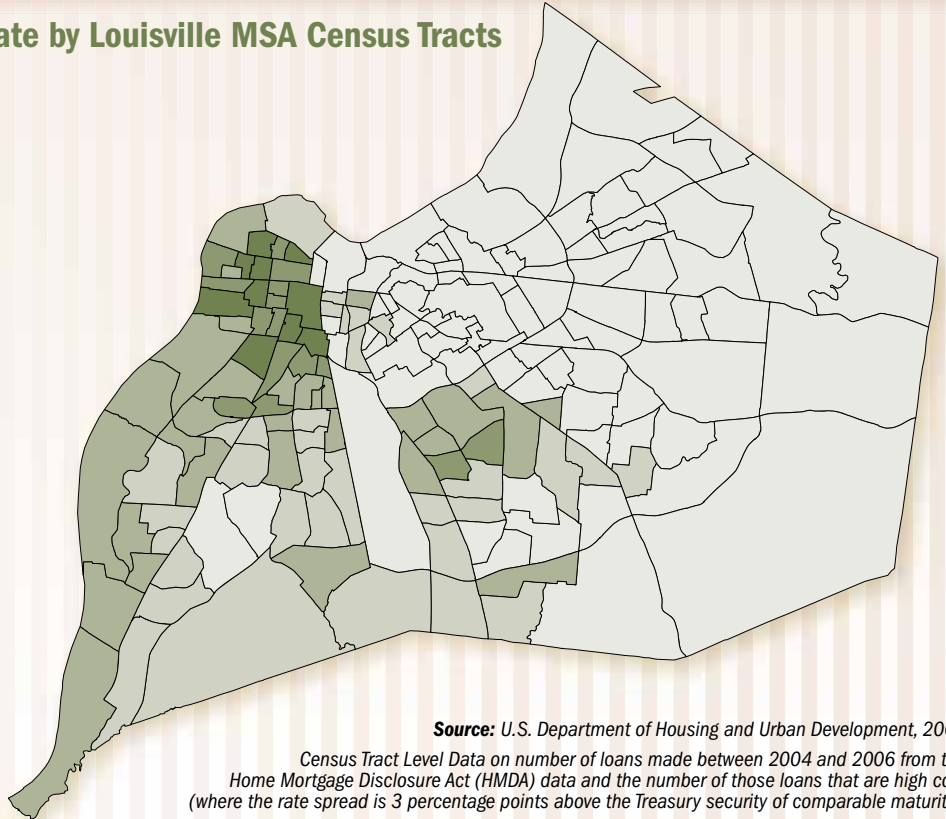
Louisville MSA Homeownership Rate 2002-2008



Measure 5 HOMEOWNERSHIP RATE

Estimated High-Cost Mortgage Rate by Louisville MSA Census Tracts

-  0%-24.9%
-  25%-34.9%
-  35%-49.9%
-  50%-59.9%
-  60%-75.7%



Source: U.S. Department of Housing and Urban Development, 2008

Census Tract Level Data on number of loans made between 2004 and 2006 from the Home Mortgage Disclosure Act (HMDA) data and the number of those loans that are high cost (where the rate spread is 3 percentage points above the Treasury security of comparable maturity).



Measure 6

ACCESS TO HOMEOWNERSHIP

In past reports, this measure has focused primarily on the First-Time Home Buyer Affordability Index, a tool used to track the affordability of homes for first-time homebuyers. While this index still provides pertinent information about housing affordability, it tells us less about access to homeownership in the current housing climate. Thus, this year, the measure is now titled Access to Homeownership and includes additional information about the accessibility of homeownership for Metro Louisville residents.

Affordability Index

A First-Time Home Buyer Affordability Index score of 100 indicates that a family with an annual income that is at 70 percent of the area median income should be able to afford a starter home priced 85 percent lower than the median price for all houses sold within that area. As the index score increases in value, the opportunity for homeownership also increases. The Affordability Index score for 2008 was 138, an improvement over the score of 124 for 2007. In 2008, the Louisville MSA median family income was \$61,126 and the median sales price for a home was \$134,900; thus, a family living in the Louisville MSA would need an annual income of at least \$42,788 to afford a starter home priced at \$114,665.

The Affordability Index score for 2008 increased due to several factors. One contributing factor was a slight decrease in the 2008 median sale price for a single-family home in the Louisville MSA when compared to 2007 (-5 percent after adjusting for inflation). Another factor was a dip in the averaged annual effective rate on conventional home mortgages (6.2 percent as compared to 6.5 percent). It is also important to note that the index does not include a number of relevant variables such as credit requirements, down payment requirements, and the types of mortgage products available. All of these variables play an important role in determining whether or not a family can qualify to purchase a home.

Homeownership Accessibility

Though first-time homeownership in the metropolitan region is still considered affordable, maintaining ownership can be a challenge when facing increases in utility, transportation, food, and health costs. In particular, health insurance premiums and out-of-pocket health care expenses are an integral component of homeownership affordability. In addition, rising utility costs may offset any savings gained from lower home sale prices for potential homebuyers.

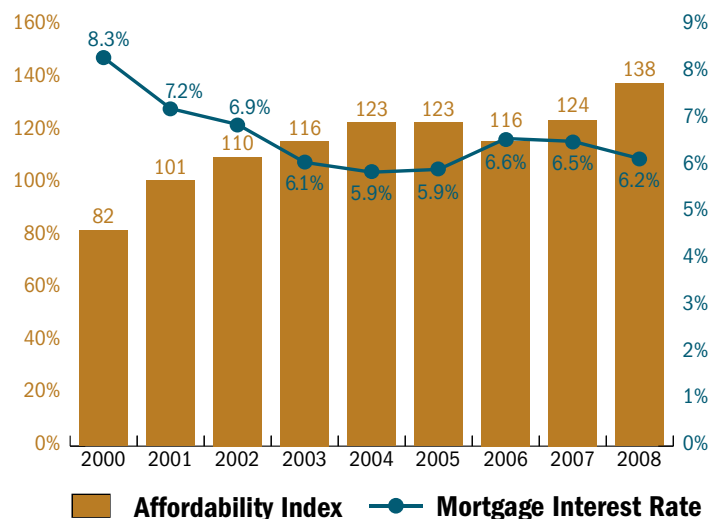
A challenge for many first-time homebuyers is securing a home mortgage. Since the recent collapse of the subprime mortgage market, banks and other lenders have adopted stricter standards for home mortgage loans. Mortgage lenders reporting to the Federal Reserve Board disclosed that 32.3 percent of all mortgage applications were denied by lenders in 2008, about the same as 2007 and up from 29 percent in 2006. The denial rates for blacks and Hispanics were more than twice as high as denial rates for white borrowers. In addition, the

number of federally-assisted (FHA) mortgage loans is almost 3 times greater than the number in 2007, or 21 percent of all loans in 2008, which indicates a greater reliance on federal assistance for prospective home buyers (U.S. Federal Reserve, 2009). The results from a survey conducted by the Federal Reserve Bank of senior loan officers revealed that “about 45 percent of domestic respondents indicated that they had tightened their lending standards on prime mortgages” and “almost 50 percent of the 25 banks that originated nontraditional residential mortgage loans over the survey period reported having tightened their lending standards on such loans” (U.S. News and World Report, 2009). In addition, disparities in lending practices based on race can affect homeownership accessibility; a recent study determined that middle- and upper-income African-Americans were at least twice as likely as their white counterparts to receive high-cost loans in 71.4 percent of metro areas in 2007 (see Measure 5).

Access to homeownership in areas near workforce centers can also be a hurdle for first-time homebuyers. Transportation costs and proximity to jobs are factors when considering homeowner affordability. In a report issued by the Brookings Institution on job locations in 98 of the largest metropolitan areas in the U.S., Louisville was found to have one of the higher rates of “job sprawl.” The report indicated that there was a decrease in the share of jobs located within 3 miles of the downtown and an increase in the number of jobs locating in suburban areas (Kneebone, 2009). Further study is warranted to show the actual number of affordable homes in areas of the region within a close proximity of major employment centers.

MHC recommends innovative and safe lending products for low wage earners that allow them to purchase in neighborhoods that are still appreciating in value. MHC further recommends stricter oversight of lenders to combat racially disparate lending practices. ■

First Time Home Buyers Affordability Index



Measure 7 FORECLOSURES

In 2008, the U.S. saw a total of 3,157,806 foreclosure filings on 2,330,483 properties. This represents a 43 percent increase over filings and an 81 percent increase in total number of properties in foreclosure for 2007. Nationally, 1.84 percent of all housing units (1 in 54) were in some stage of foreclosure in 2008 compared to 1.03 percent in 2007 and 0.6 in 2006.

Kentucky was ranked 42nd in the nation in number of foreclosures for 2008, while Indiana was ranked 11th. In 2008, Kentucky filings totaled 8,820 on 7,244 properties, with a foreclosure rate of 0.38 percent. This is compared to 8,793 filings on 5,105 properties in 2007, with a foreclosure rate of 0.30 percent. Indiana filings for 2008 totaled 61,141 on 45,937 properties, with a foreclosure rate of 1.67 percent (RealtyTrac, 2009).

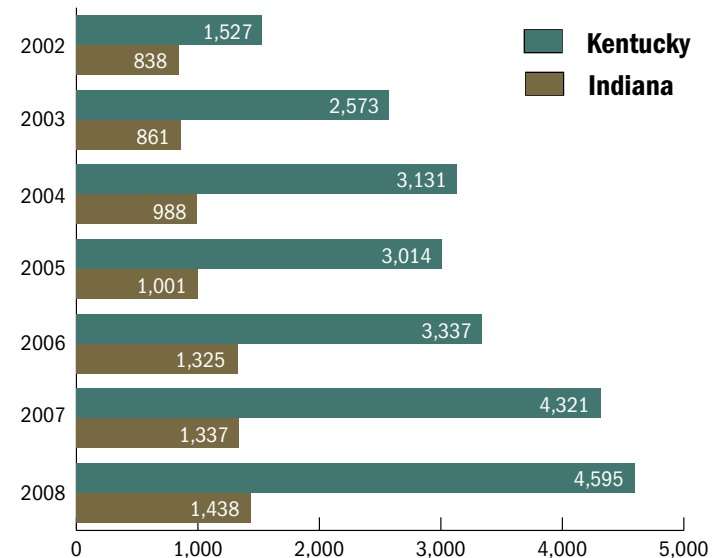
For those counties located within the Louisville MSA there were a total of 4,595 foreclosures ordered in Kentucky and 1,438 filed in Southern Indiana.* This represents an overall increase of 6.6 percent for the Louisville MSA, with an increase of 6 percent for the Kentucky counties and an 8 percent increase for the Indiana counties. When comparing foreclosures in 2008 to those in 2002, for the Kentucky counties there has been a 201 percent increase, with a 72 percent increase in the Indiana counties. In Kentucky, Oldham County saw the greatest increase over 2007 with 59 percent, while in Indiana, Harrison and Floyd Counties increased 28 percent and 24 percent, respectively. Jefferson County foreclosures increased 6 percent over the previous year. Some counties saw a decrease in the number of foreclosures from last year, including Nelson and Meade counties in Kentucky, and Clark and Washington counties in Indiana. However, these counties have each seen considerable increases in foreclosures since 2002. Every county in the Louisville MSA has seen a 30 percent or greater increase in the number of foreclosures since 2002, with Bullitt, Jefferson, Oldham, and Spencer counties in Kentucky seeing triple-digit increases during that period.

In 2008, the U.S. Department of Housing and Urban Development (HUD) estimated the rate of foreclosures at the census tract level to aid local communities in deciding how to target Neighborhood Stabilization Program funding. For 2007 through the first half of 2008, the foreclosure rates in the Louisville MSA were highest in portions of northwest Jefferson County in Kentucky, and in southern Clark County and southwestern Washington County in Indiana. Foreclosure rates were 5 percent or higher throughout Henry, Trimble, Meade, Washington, and Clark Counties, as well as in large portions of Spencer, Bullitt, and southern Jefferson counties.

Vacant Properties

Vacant properties are a growing concern as more foreclosures result in empty homes. These properties present a number of problems

Number of Foreclosures 2002-2008 in Louisville MSA



for cities, including increased crime, lost property taxes, and public health concerns, all of which are costly to address. They also present problems for homeowners, such as decreased property values for the vacant and surrounding properties, higher insurance premiums, and an overall poorer quality of life (National Vacant Properties Campaign, 2005). Researchers in Philadelphia studied the impact of foreclosures on surrounding property values and discovered that properties in their city within 300 to 450 feet of an abandoned property lose \$3,542 in value, while those within 150 feet lose \$7,627. They also found that homes located on blocks with an abandoned property sold for \$6,715 less than a comparable home without an abandoned property on the block (Temple University, 2001). This demonstrates that even homes that are near vacant properties can be adversely affected by the problem. In areas with a concentration of abandoned properties it becomes apparent that entire blocks and neighborhoods can become devalued because of foreclosure and abandonment. For more information about vacant properties in the Louisville area see the Metropolitan Housing Coalition's report entitled *Vacant Properties: A Tool to Turn Neighborhood Liabilities into Assets* (Metropolitan Housing Coalition, 2009).

An escalating number of foreclosures has led to an increasing number of vacant properties in Louisville area neighborhoods. Within the Louisville MSA, areas with the highest residential vacancy rate are generally the same areas with high rates of foreclosure. These are also roughly the same areas that have the highest rates of high-cost mortgage loans and unemployment.

► Continued on page 17

*The terms *filed* and *ordered* represent different stages of the foreclosure process. *Filed* refers to the filing of a property with the local County Recorder's office to say that a loan is delinquent, while *ordered* refers to the order to sell a property that is delinquent on a loan.

Measure 7 FORECLOSURES

► Continued from page 16

Local Responses to Foreclosures

As part of the federal Housing and Economic Recovery Act of 2008, the Kentucky Housing Corporation (KHC) received approximately \$1.5 million from NeighborWorks America to fund foreclosure prevention efforts in the state. The grant provided continued funding to the existing Kentucky Homeownership Protection Center (KHPC) for the Protect My Kentucky Home program, which provides legal services, training, and staffing to provide foreclosure intervention and mortgage default counseling services. The counseling services include information about prevention and assistance programs, assessment of the client's financial circumstances, referral to other services that may be beneficial to the client's needs, case management, and debt management and budgeting services. Prior to the grant the KHPC aided 2,100 Kentuckians with foreclosure-related problems and the grant will fund prevention efforts for 2,200 additional state residents (Walker, 2009).

At the state level, KHC has established a federally-funded down-payment assistance program for first-time homebuyers who obtain a KHC loan, called the First Home Advantage Program. However, the program will end November 30, 2009, and clients must be a first-time homebuyer, obtain a mortgage through a KHC-approved lender, and have a 620 minimum credit score (Kentucky Housing Corporation, 2009).

In addition, the Louisville Legal Aid Society and The Making Connections Network, in partnership with KHC and other organizations in the community, have established the Foreclosure Conciliation Project, an initiative funded by the Annie E. Casey Foundation that is designed to help homeowners and lenders find alternatives to foreclosure. The process begins when a homeowner receives a foreclosure complaint from the Jefferson County Circuit Court Clerk's office. Information about the project is included with the complaint and volunteers visit homeowners to encourage them to participate in the program. If homeowners choose to enroll in the program they have the option to 1) attend free clinics where attorneys provide advice on foreclosure alternatives and answer questions about foreclosures and bankruptcy; 2) complete a financial packet with a HUD-certified housing counselor; 3) present that packet directly to the lender in advance of the conciliation conference; and 4) engage in a conciliation conference with their lender to explore alternatives to foreclosure. If the homeowner follows the procedure and requests a conciliation conference with the lender, the court will not sell the home until after the conference occurs (Legal Aid Society, 2009).

MHC supports mortgage intervention and rescue programs for homeowners facing foreclosure and recommends a focus on eliminating racially-based mortgage lending practices. ■

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

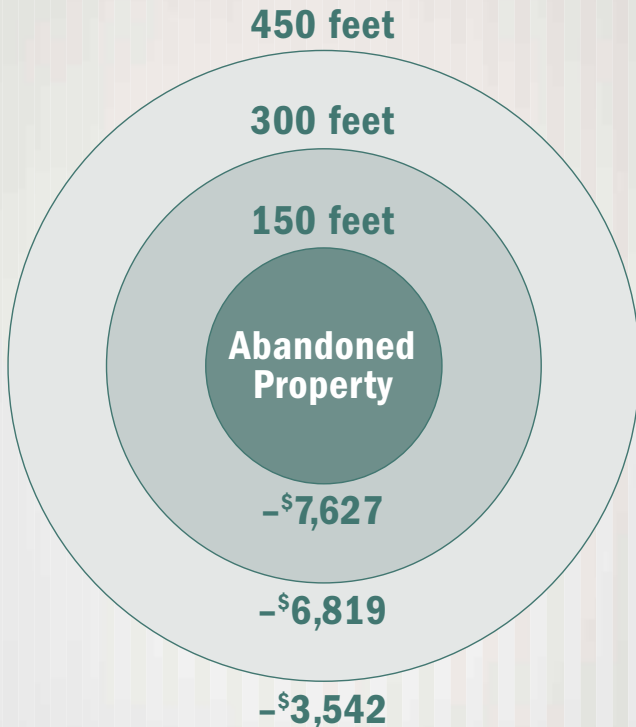
County	2002	2003	2004	2005	2006	2007	2008	% Change from 2007 to 2008	% Change from 2002 to 2008
Bullitt	104	171	N/A	250	300	450	450	0%	333%
Jefferson	1,262	2,161	2,610	2,508	2,710	3,089	3,264	6%	159%
Oldham	71	89	105	112	127	140	223	59%	214%
Henry/Trimble	N/A	N/A	116	81	108	120	158	32%	36%
Nelson	N/A	N/A	125	125	156	178	162	-9%	30%
Shelby	N/A	80	83	86	101	134	140	4%	75%
Spencer	N/A	N/A	N/A	30	46	76	78	3%	160%
Meade	90	72	92	102	89	134	120	-10%	33%
Total	1,527	2,573	3,131	3,014	3,337	4,321	4,595	6%	201%

Numbers of Foreclosures Started (Filed) in Indiana Counties in the Louisville MSA

County	2002	2003	2004	2005	2006	2007	2008	% Change from 2007 to 2008	% Change from 2002 to 2008
Clark	369	385	429	455	621	655	642	-2%	74%
Floyd	253	212	323	304	379	341	424	24%	68%
Harrison	112	141	117	152	159	155	198	28%	77%
Washington	102	123	119	90	166	186	174	-6%	71%
Total	836	861	988	1,001	1,325	1,337	1,438	8%	72%

Measure 7 FORECLOSURES

The impact of abandoned property on surrounding property values



Source: Temple University Center for Public Policy & Eastern Pennsylvania Organizing Project. "Blight Free Philadelphia: A Public Private Strategy to Create and Enhance Neighborhood Value," Philadelphia, 2001.

KENTUCKY HOMEOWNERSHIP PROTECTION CENTER

The Kentucky Homeownership Protection Center (KHPC) provides aid to homeowners in danger of foreclosure by referring them to organizations within the community that can provide assistance in the form of legal services, training, and foreclosure intervention and mortgage default counseling services. The KHPC has received a total of 5,221 calls statewide, with 1,763 calls from counties in the Louisville MSA, most of which are from Jefferson County residents (1,424). Statewide, the program has referred or completed cases on 2,928 clients. The average client age is 46, ranging from 20-93 years of age. Over half of these clients are female (57 percent), nearly half of all clients are single parents (47 percent), most are white (81 percent), and the average number of dependents in the households served is two. The average borrower income is \$33,289 and 28 percent of clients are first-time homebuyers. Most clients have a fixed-rate mortgage and have an average mortgage amount of \$108,231, which is \$12,945 more than the average appraised value of clients' homes.

Overall, we see that the KHPC clientele are mostly white, about half female, about half are single-parents, and have an average of two children. The average annual income is above \$30,000, most are not first-time homebuyers, most have an average mortgage amount below the median home price for the area, and the vast majority has a fixed-rate mortgage. Some clients owe more on their homes than the home's worth. These statistics show that those being served by the protection center are not low-income families who obtained adjustable-rate mortgages or borrowed irresponsibly. However, it is important to note that statistics are only for those seeking help from KHPC and not necessarily representative of those facing foreclosure as a whole in the area, but there are no restrictions on who can receive services from the program.

Kentucky Homeownership Protection Center Calls by County

COUNTY	NUMBER OF CALLS
Bullitt	85
Henry	24
Jefferson	1,424
Meade	18
Nelson	71
Oldham	47
Shelby	53
Spencer	30
Trimble	11
Total	1,763

Totals are as of September 1, 2009

Source: Kentucky Housing Corporation, 2009

Kentucky Homeownership Protection Center Client Intake Statistics

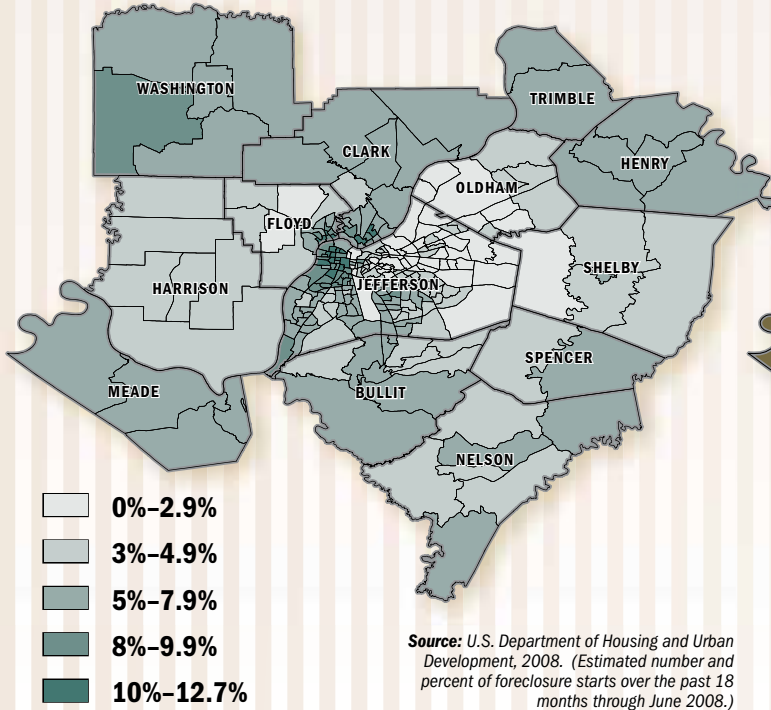
Female	57%
Average age	46
Age range	20-93
Average number of dependents	2
Single-parents	47%
White	81%
Average borrower income	\$33,289
First-time homebuyers	28%
Adjustable-rate mortgage	22%
Average mortgage amount	\$108,231
Average appraised amount	\$95,286

Totals are as of September 1, 2009

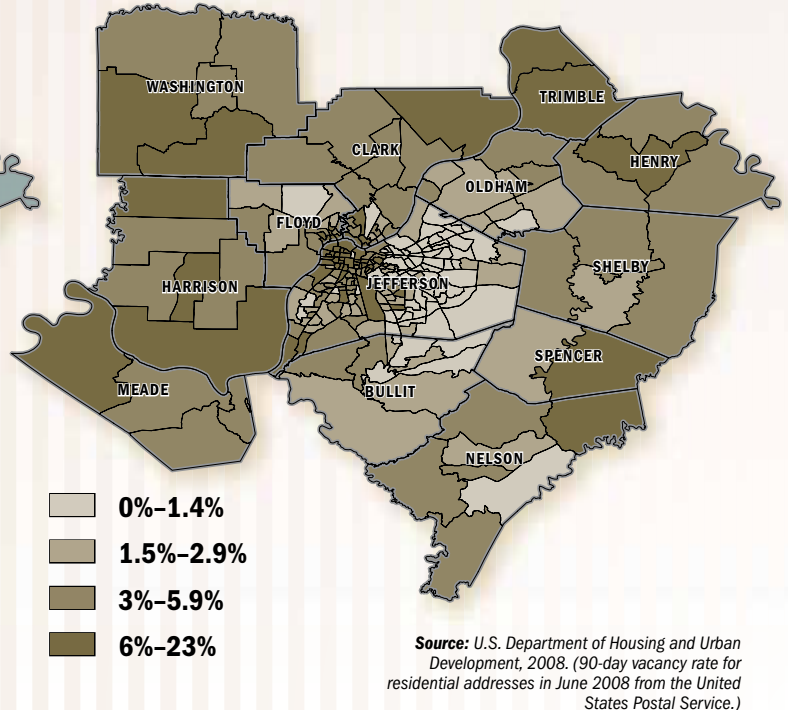
Source: Kentucky Housing Corporation, 2009

Measure 7 FORECLOSURES

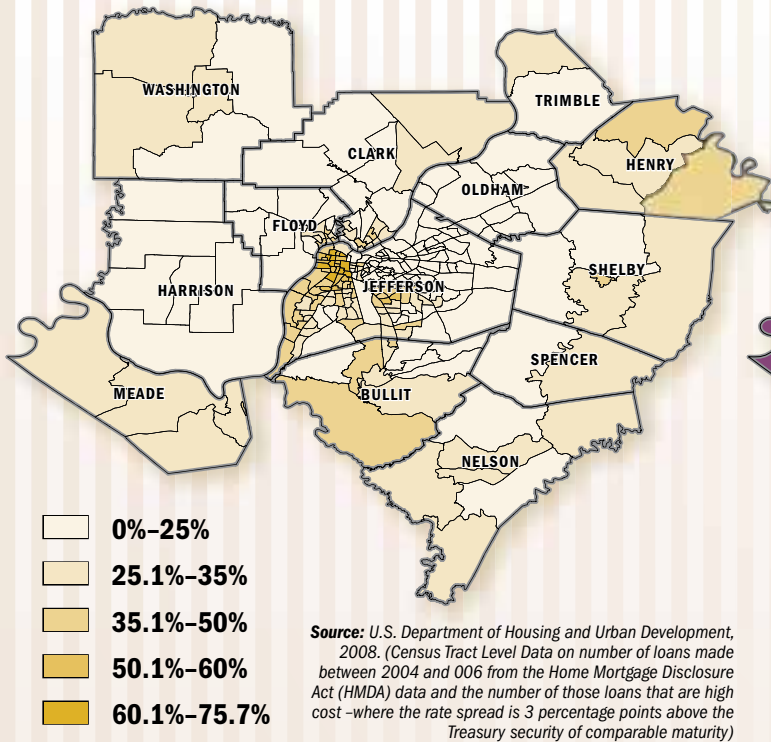
Estimated Foreclosure Rate by Louisville MSA Census Tracts



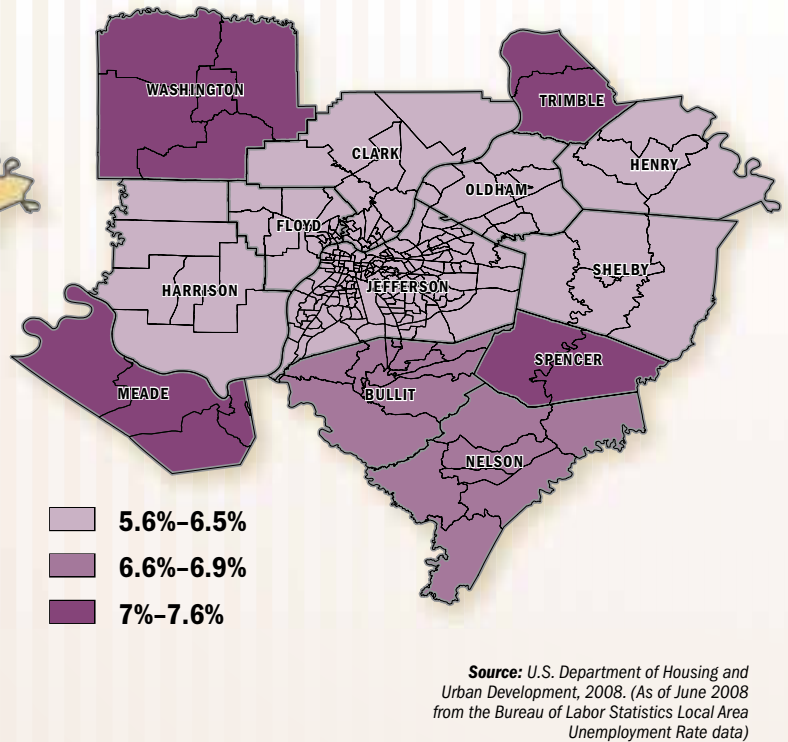
Estimated Vacancy Rate by Louisville MSA Census Tracts



Estimated High-Cost Mortgage Rate by Louisville MSA Census Tracts



Unemployment Rate by Louisville MSA Census Tracts



Measure 8 HOMELESSNESS

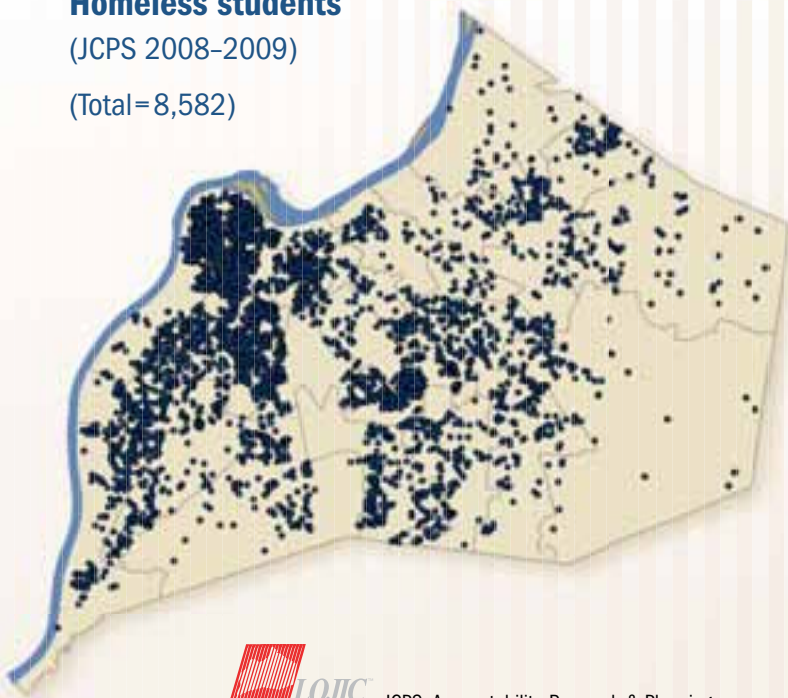
From January 1 through December 31, 2008, a total of 13,167 persons accessed homeless services in the Louisville MSA (Coalition for the Homeless, 2009; Haven House, 2009), about a 5 percent increase from the number of persons served in 2007. This number includes those individuals who reside in treatment centers, permanent supportive housing units, or institutions. It is important to note that these persons are not considered homeless according to the current federal definition used by the U.S. Department of Housing and Urban Development (HUD). For more on definitions of homelessness, see the section in this report titled “Defining Homelessness.” When using the federal definition of homelessness, a total of 10,733 persons accessed homeless services in the Louisville area. Of those individuals served in Metro Louisville, 56 percent were in emergency shelters, 34 percent were in transitional shelters, and 10 percent were unsheltered. It is also important to note that these numbers are a conservative estimate of the number of homeless persons in the Louisville area. The count only includes homeless persons and families who either choose to access shelter services or had access to a shelter in the area.

During the 2008-2009 school year there were 8,582 homeless students enrolled in the Jefferson County Public School System. This is an increase of nearly 1,000 students from the 2007-2008 school year and nearly 1,300 from the 2006-2007 school year (Metropolitan Housing Coalition, 2009). Last year nearly nine percent of all children in the JCPS system were homeless at some point during the school year. While the highest concentrations of homeless students are in the West and Southwest areas of Louisville, homeless students can be found in every Metro Council District across Jefferson County.

Homeless students

(JCPS 2008-2009)

(Total=8,582)



JCPS: Accountability, Research & Planning

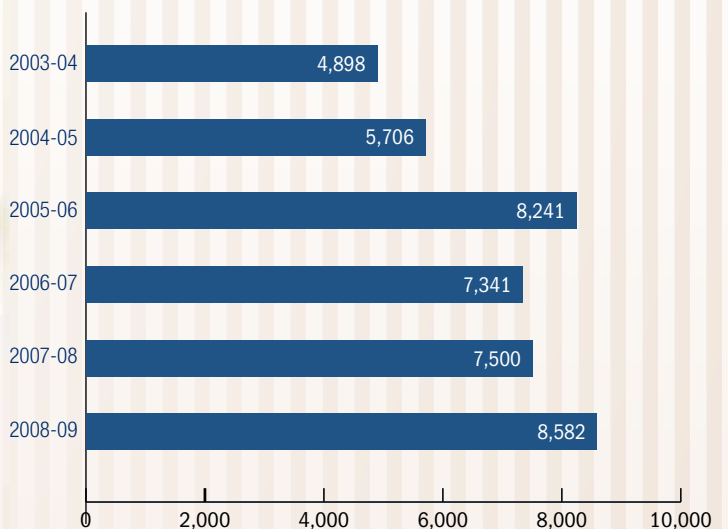
A study released this year by the Kent School of Social Work at the University of Louisville examined the cost of housing, healthcare, correctional facilities, and shelters to determine the true costs of homelessness to our community. The study found that Louisville spends about \$88,802,380 every two years to aid 7,108 adults in our community (Coalition for the Homeless, 2009), an amount that is unsustainable. The report also states that the total cost of high-cost, multi-service clients living in transitional shelters for 2 years was \$54,945 per client, while the same high-cost clients living in permanent supportive housing was \$54,900 for the same period of time. Thus, the cost of placing individuals in permanent supportive housing units is about the same or lower than providing services to them in transitional housing.

Homelessness is often a result of an inability to pay for housing costs, but the amount of income families can dedicate to housing is affected by how much they spend on other necessities. Other basic costs of living continue to increase, such as food, gasoline, and utilities (see the 2008 State of Metropolitan Housing Report), as well as healthcare costs (see Measure 3 in this report). Combined with record unemployment rates (see Measure 6 in this report) and stagnant wages, these rising costs place families at an even greater risk of homelessness.

MHC advocates for an increase in the amount of affordable housing options throughout the city, and for the creation of an inter-agency task force to coordinate community support for homeless individuals and families. ■

Homeless students attending JCPS (pre-K - 12)

(JCPS 2008-09)



Source: Jefferson County Public Schools

Note: Numbers represent unduplicated count of children identified as homeless for at least some part of the school year.

2005-06 represents period following Hurricane Katrina, adding to Louisville's homeless student population.

Measure 8 HOMELESSNESS

DEFINING HOMELESSNESS

Not everyone agrees on how the term “homeless” should be defined. The U.S. Department of Housing and Urban Development (HUD) currently uses a more conservative definition, which includes individuals who do not have a stable nighttime residence, as well as individuals in shelters or institutions. The U.S. Department of Education also includes children living with others due to a loss of housing. This latter definition recognizes the importance of a stable and permanent home for children’s educational development by seeking to identify children and families who are not living in shelters, institutions, or on the street, that cannot afford stable housing on their own. By not including these children and families in their definition of homelessness, HUD does not provide funding to aid these individuals in finding stable housing and thus is not fully recognizing the affordable housing needs of the communities it serves.

Federal Definition of “Homeless” (U.S. Department of Housing and Urban Development, 2009)

The term “homeless” or “homeless individual or homeless person” includes:

1. an individual who lacks a fixed, regular, and adequate nighttime residence;
2. an individual who has a primary nighttime residence that is at least one of the following:
 - A. a supervised publicly or privately operated shelter designed to provide temporary living accommodations (including welfare hotels, congregate shelters, and transitional housing for the mentally ill);
 - B. an institution that provides a temporary residence for individuals intended to be institutionalized;

- C. a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.

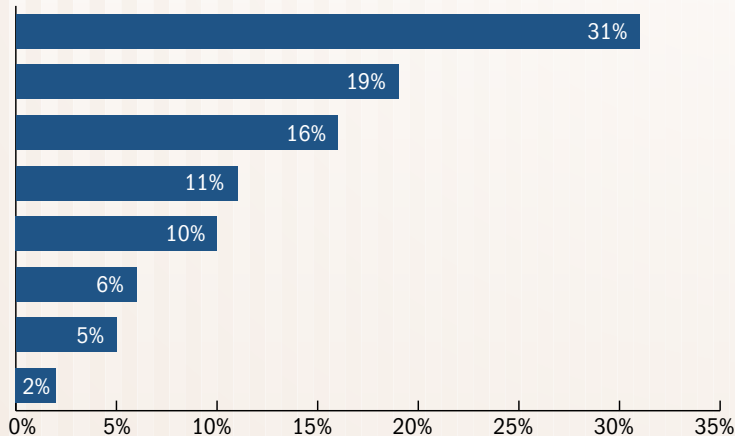
McKinney-Vento Definition of “Homeless” (U.S. Department of Education, 2009)

The term “homeless children and youths”:

- (A) means individuals who lack a fixed, regular, and adequate nighttime residence (within the meaning of section 103(a)(1));
- (B) includes:
 - (i) children and youths who are sharing the housing of other persons due to loss of housing, economic hardship, or a similar reason; are living in motels, hotels, trailer parks, or camping grounds due to the lack of alternative adequate accommodations; are living in emergency or transitional shelters; are abandoned in hospitals; or are awaiting foster care placement;
 - (ii) children and youths who have a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings (within the meaning of section 103(a)(2)(C));
 - (iii) children and youths who are living in cars, parks, public spaces, abandoned buildings, substandard housing, bus or train stations, or similar settings; and
 - (iv) migratory children (as such term is defined in section 1309 of the Elementary and Secondary Education Act of 1965) who qualify as homeless for the purposes of this subtitle because the children are living in circumstances described in clauses (i) through (iii). ■

Inability to pay their rent or mortgage
Family arguments and/or divorce
Substance abuse
Domestic violence
Evicted
Mental illness
Criminal activity
Other

Reason for Becoming Homeless 2009



Source: Source: 2009 Homeless Point-in-Time Survey, Coalition for the Homeless

WHO ARE THE HOMELESS

When we hear the word “homeless” we often picture someone who is male, panhandling on the street, a substance abuser, or perhaps, mentally ill. These images do not represent the majority of homeless, only the most visible portion of the homeless population. Many other homeless are women and children, educated, and even employed. This raises the questions: Who are the homeless? How did they become homeless? What are their lives like?

The Coalition for the Homeless conducts an annual homeless census and point-in-time survey to determine how many homeless individuals have been served and to provide a snapshot of the homeless population in the Louisville Metro area. On February 19, 2009, 1,015 individuals in shelters, transitional housing, and on the street were surveyed. Single adults make up 71 percent of the homeless people who were interviewed, both women and men, but 24 percent are adults and children in families, and the remaining 5 percent are

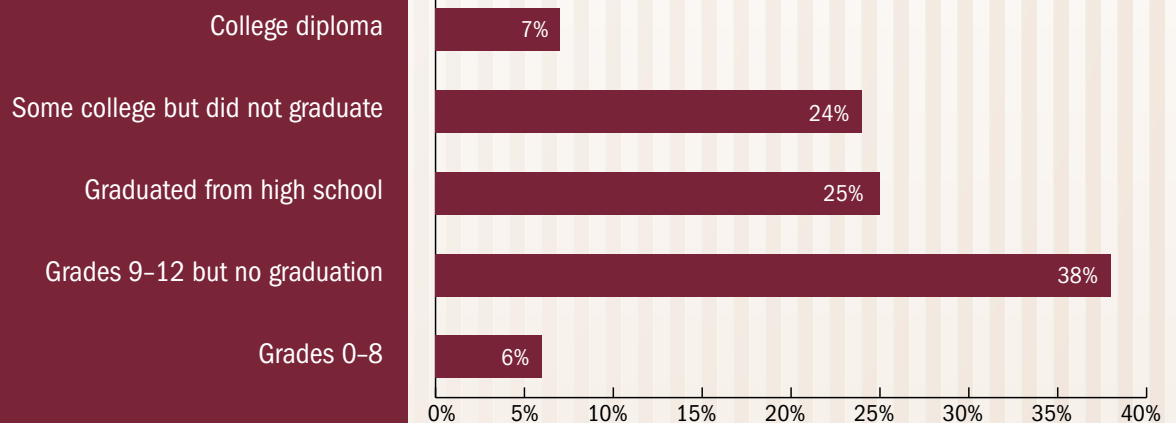


children unaccompanied by an adult. About one-third (31 percent) of the survey respondents became homeless because of an inability to pay their rent or mortgage, up from 29 percent the previous year. Inability to afford housing costs is now the most-cited cause of homelessness by survey respondents, up from the third most-cited cause last year. Only 16 percent became homeless because of substance abuse and only 6 percent because of mental illness. While only 11 percent cited domestic violence as the primary cause of their homelessness, 26 percent of respondents were victims of abuse. The findings also revealed that 26 percent of homeless adults are employed, with 10 percent working full time jobs.

About half (51 percent) have an income, although 91 percent of those individuals make less than \$11.00 per hour.

In addition, 56 percent of the homeless surveyed have completed high school, with 31 percent having attended at least some college and 7 percent holding a college diploma. Taken together, these data show that many of the people who are homeless in Louisville are educated and employed, have families, and often became homeless because of an inability to pay for housing costs. ■

Education Level of Homeless Individuals 2009



Source: Source: 2009 Homeless Point-in-Time Survey, Coalition for the Homeless

Measure 9

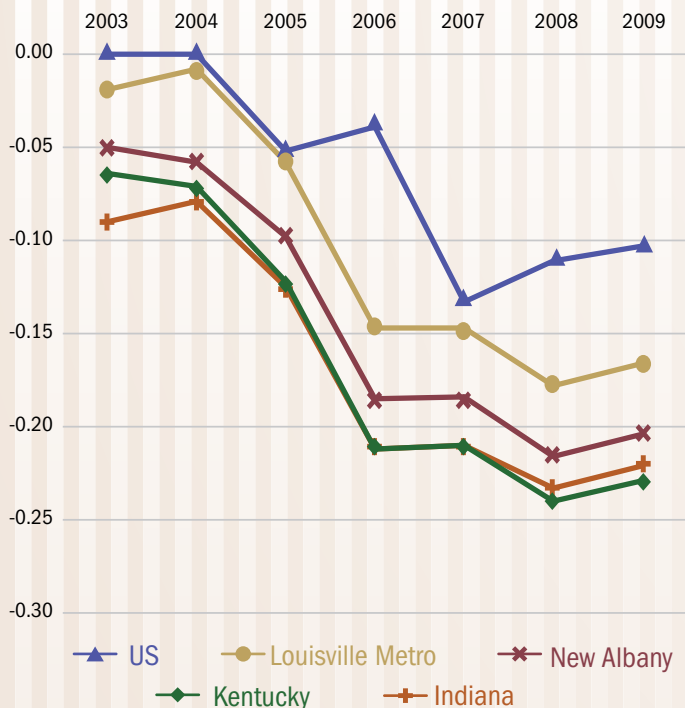
CDBG AND HOME FUNDS

Community Development Block Grants (CDBG)

The Community Development Block Grants (CDBG) program has been administered by the U.S. Department of Housing and Urban Development (HUD) since 1974. It has provided over \$120 billion to state and local governments to target community development initiatives, including rehabilitation of affordable housing, improvement of public facilities, job growth and economic development. Funds are distributed based on a community's population, poverty, age of its housing stock, and the extent of overcrowded housing. Louisville's funding is targeted to improve local communities by helping to rebuild neighborhoods and their affordable housing stock.

Louisville Metro and New Albany, Indiana have seen decreases in CDBG funding nearly every year since the first State of Metropolitan Housing Report in 2002. 2009 marks the first year that the allocations have actually increased over the previous year, with Louisville Metro receiving \$11,894,234 and New Albany receiving \$731,972. However, this represents only a 1.4 percent increase for Louisville Metro and a 1.6 percent increase for New Albany over 2008. Furthermore, Louisville Metro has seen a 22.9 percent decrease in CDBG funding since 2002, while New Albany has seen a decrease of 20.4 percent. Federal allocations from HUD for 2009 also increased slightly, about 1 percent over 2008, but have decreased 10.3 percent since 2002. State CDBG allocations for Kentucky and Indiana have followed a similar pattern, with 22.1 percent and 16.6 percent decreases since 2002, respectively.

Changes in CDBG Appropriations Since 2002



Source: HUD

In 2008, about half of the CDBG funds were spent on public improvements (28 percent) and administration and planning (22 percent), followed by housing rehabilitation (19 percent), public service (15 percent), code enforcement (8 percent), and clearance (6 percent). About 2 percent was spent on economic development and no funding was spent this year for tenant relocation. When compared to the total federal expenditures for all CDBG funding in 2009, Louisville Metro spent 8 percent more on administration and planning and 4 percent more on public services. Nationally, about 8 percent of CDBG funds were spent on economic development, whereas Louisville Metro spent 2 percent.

HOME Funds

Louisville Metro also receives funding from HUD's HOME Investment Partnerships Program, which is exclusively for the production of affordable housing for low-income families. For 2009, Louisville Metro received \$4,028,623, an increase of 11 percent over 2008. New Albany, IN does not receive funding from the HOME program.

Expenditures vs. Allocations

Each year Louisville Metro receives financial resources from HUD for local projects. However, not all of these funds are actually spent that year. Some funding may carry over to the next year or, in some cases, never spent at all. In 2008, Louisville Metro had a total of \$18,050,616 in federal resources to be spent locally, while \$14,396,924 was actually spent (regardless of what year the funds were allocated), a difference of \$3,653,692 (Louisville Metro Department of Housing and Family Services, 2009). While differences between expenditures and available funds are typical, failure to administer certain program funds can put the availability of those funds in jeopardy. In a recent audit, the Commonwealth of Kentucky found that some CDBG and HOME funds were improperly spent by Louisville Metro Government, which may also put some of these funds in jeopardy (Luallen, 2009).

MHC recommends that the Louisville Metro Consolidated Plan for the years 2011-2015 contain numeric goals for the creation of affordable housing so we can measure our progress and focus our resources on meeting these goals. We recommend that, as part of the Consolidated Plan Process, Louisville Metro government must provide an honest critique of how much of the next five years of funding needs to be invested in current and prospective major projects. ■

Measure 9 CDBG AND HOME FUNDS

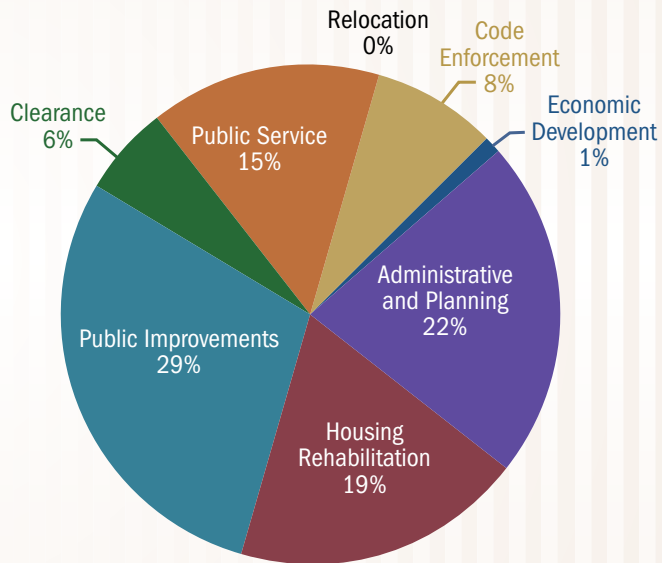
LOUISVILLE METRO SUMMARY OF RESOURCES AND DISTRIBUTION OF FUNDS FROM 2008 FEDERAL HOUSING GRANTS

	2008 Actual Resources	Amount Expended in 2008*	Difference in 2008 Actual Resources and 2008 Actual Expenditures
CDBG	\$12,333,712	\$10,361,780	\$1,971,932
HOME	\$4,716,430	\$3,234,392	\$1,482,038
ESG	\$524,474	\$414,647	\$109,827
HOPWA	\$476,000	\$386,105	\$89,895
TOTAL	\$18,050,616	\$14,396,924	\$3,653,692

*Amount expended in 2008 represents the total spent in 2008 regardless of fund year.

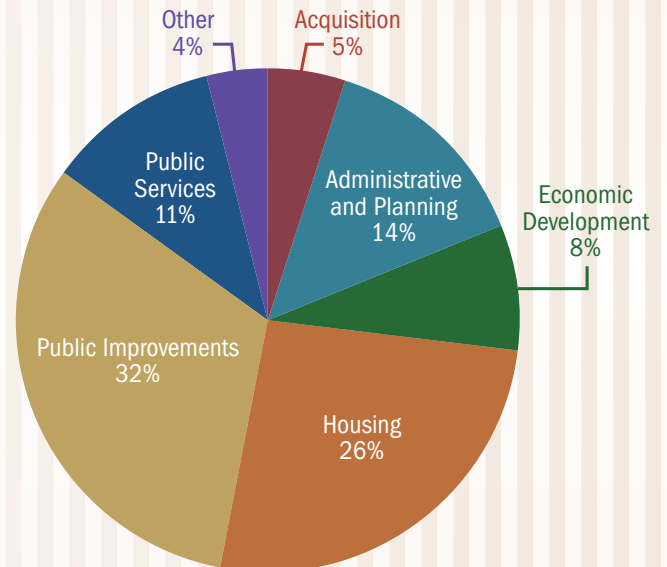
Source: Consolidated Annual Performance and Evaluation Report CAPER Program Year 2008, March 31, 2009 – Prepared by the Louisville Metro Department of Housing and Family Services, Christina Heavrin, Interim Director

CDBG Expenditures, 2007 Louisville Metro



Source: HUD

National CDBG Funding Expenditures FY 2008



Source: HUD



Appendix

DATA SOURCES

Measure 1: Concentration of Subsidized Housing *pg. 2*

Statistics on subsidized housing by council district were obtained by geocoding administrative data by street address and then capturing the data for the districts. Subsidized housing data were provided by the Louisville Metro Housing Authority, the U.S. Department of Housing and Urban Development, the Kentucky Housing Corporation and the Indiana Housing and Community Development Authority.

The population data (used as the basis for assessing the geographic distribution of subsidized units) are drawn from the 2000 census Summary File 1. Within Jefferson County, census block group data were aggregated to obtain statistics for the districts. Where a district boundary split a block group, the data were partitioned by overlaying a land use map on a map of the LOJIC master address file. Residential addresses were then captured for each “split” and census data were allocated to the “splits” based on their share of residential addresses in the entire block group.

Measure 2: Housing Segregation *pg. 4*

The poverty, race/ethnicity, gender and age of housing data are drawn from the 2000 Census Summary File 3. The household income data is from the 2008 American Community Survey. Census block group data were aggregated to obtain statistics for the districts. Where a district boundary split a block group, a land use map was overlaid on a map of the LOJIC master address file. Residential addresses were then captured for each “split” and census data that were allocated to the “splits” based on their share of residential addresses in the entire block group. A comparison was made for the number of persons in poverty with the number of persons for whom poverty level was determined (rather than the total population) in each geographic area.

Measure 3: Renters with Excessive Cost Burdens *pg. 8*

Annual income data were obtained from the Bureau of Labor Statistics Occupational Employment Survey and dollars were adjusted for inflation using the Bureau’s inflation calculator. Median gross rent data was gathered from the 2000 U.S. Census and 2008 American Community Surveys.

Measure 4: Production and Rehabilitation of Affordable Housing *pg. 10*

Subsidy data were obtained from the Louisville Metro Housing Authority, Kentucky Housing Corporation, Bardstown Housing, New Albany Housing Authority, Indiana Housing and Community Development Authority, Indiana Housing Finance Authority, Jeffersonville Housing Authority, Charlestown Housing Authority, Sellersburg Housing Authority, Community Action of Southern Indiana (CASI), Hoosier Uplands, and the Indiana and Kentucky offices of the U.S. Department of Housing and Urban Development (HUD). Section 8 and public housing numbers refer to units allocated by HUD; LIHTC numbers refer to units in service.

Measure 5: Homeownership Rate *pg. 13*

Owner and renter occupant status data are obtained from the 2000 Census Summary File 3 and the U.S. Census Bureau’s Annual Statistics on Housing Vacancies and Homeownership. The definition of the Louisville Metropolitan Statistical Area (MSA) changed between 2000 and 2007; however, we report 2000 data for the same counties as those included in the 2003 definition of the Louisville MSA.

Measure 6: Access to Homeownership *pg. 15*

House price data for the Louisville region are obtained from the National Association of Realtors and the Greater Louisville Association of Realtors. Median family income data are from the 2008 American Community Survey. For 2001-2008, the first-time home buyers affordability index for the Louisville MSA was calculated based on the following assumptions: median purchase prices for first-time home buyers are about 15% lower than the median for all houses sold; first-time home buyers make a 10% down payment; consequently they must pay for mortgage insurance, which increases the cost of financing; and first-time home-buyer incomes are about 30% lower than median household incomes.

Measure 7: Foreclosures *pg. 16*

Court records regarding foreclosure data are maintained differently in the two jurisdictions of the Louisville MSA. Therefore, for all Kentucky counties in the Louisville MSA, we have defined the rate to be the number of actual foreclosures (or orders of sale) as a percentage of the number of owner-occupied homes with mortgages. The foreclosure rates for Indiana counties in the MSA reflect the number of foreclosures led as a percentage of the number of owner-occupied homes with mortgages for all Indiana counties in the MSA. The number of foreclosures was obtained from the relevant court clerks in each county. Data for the maps was retrieved from the U.S. Department of Housing and Urban Development.

Measure 8: Homelessness *pg. 20*

Shelter usage data were provided by the Coalition for the Homeless for the Kentucky counties and Haven House for the Indiana counties. The data may include some duplication of individuals. The demographic data for individuals using homeless shelters were provided by the Coalition for the Homeless, based on a survey (The 2009 Louisville Point-in-time Survey) conducted by the Coalition for the Homeless of persons living in Louisville area shelters.

Measure 9: Community Development Block Grant (CDBG) and HOME Funds *pg. 23*

Data were obtained from Louisville Metro Housing Authority and the New Albany Economic and Redevelopment Department.

Affordable Housing – As defined by HUD, housing is affordable when a low-income family pays no more than 30 percent of its income for housing and utilities combined.

CDBG – The Community Development Block Grant program (CDBG) is a federal program aimed at creating prosperous communities by providing funds to improve housing, the living environment, and economic opportunities, principally for persons with low- to-moderate incomes. The CDBG program was established in 1974. At least 70 percent of the CDBG funds received by a jurisdiction must be spent to benefit people with low and moderate incomes. The remaining 30 percent can be used to aid in the prevention or elimination of slums and blight—often used by local government officials to justify downtown beautification—or to meet an urgent need such as earthquake, flood, or hurricane relief. Both Louisville Metro and the City of New Albany are entitlement cities eligible for CDBG funds.

Emergency Shelter – Emergency shelter is basic, overnight accommodation provided for persons and families. The shelter is generally for one night only, and provides a cot for sleeping and perhaps a meal. Shelters typically provide service referrals to clients.

Fair Market Rent (FMR) – FMR sets limits on Section 8 rents for qualifying families and households that either receive assistance through vouchers or through site-based units to rents below 40 percent of all rents in a housing market. Voucher program households receive a subsidy equal to the difference between the FMR and 30 percent of their monthly incomes. For site-based units gross rents cannot exceed the FMR and the qualifying families or households receive a subsidy equal to the difference between the gross rent and 30 percent of their incomes. Utility allowances are included with a rent subsidy when factoring a program participant's 30 percent of income (U.S. Department of Housing and Urban Development, 2009).

Family Household (Family) – For statistical purposes, a family consists of a householder and one or more people living in the same household who is related by birth, marriage, or adoption. Each person living in the same house that is related is considered to be part of the same family. If there is a person (or persons) living in a family household that is not related to the householder, that person (or persons) is not included in the family household census tabulations.

Gross Rent – Gross rent, as defined by the U.S. Census Bureau, is “... the sum of contract rent, utilities (electricity, gas, and water), and fuels, (oil, coal, kerosene, wood, etc.) [and] as a percentage of household income, is a computed ratio of monthly gross rent to monthly household income.” Excluded in these totals are units for which no cash rent is paid and units occupied by households that report no income or net loss.

HOME Program – The largest federal block grant to state and local governments, the HOME Program is designed exclusively to create affordable housing for low-income households. Fifteen percent of HOME funds must be used for projects sponsored, owned, or developed by Community Housing Development Organizations (CHDOs). Participating jurisdictions may allocate more funds for CHDOs, but 15 percent is the minimum amount.

Participating jurisdictions may use HOME funds to provide home purchase or rehabilitation financing assistance to eligible homeowners and new homebuyers; build or rehabilitate housing for rent or ownership; acquire or improve housing sites; demolish dilapidated housing to make way for HOME-assisted development; and pay relocation expenses. HOME funds can also support tenant-based rental assistance for up to two years.

Householder – As defined by the U.S. Census Bureau, a householder is “the person, or one of the people, in whose name the home is owned, being bought, or rented.” If that person is not present, than any household member, age 15 and over, is considered the householder for census purposes.

HUD – The United States Department of Housing and Urban Development is the cabinet-level department of federal government whose mission is to ensure “a decent, safe, and sanitary home and suitable living environment for every American.” HUD allocates federal funds for housing to states and local governments and public housing authorities.

Low Income - HUD defines low income as those families whose annual incomes do not exceed 80 percent of metropolitan area median family income. This figure is adjusted for the size of the family. In 2006, 80 percent of median income for a family with children in Louisville Metro was \$44,263.

Low Income Housing Tax Credit - Created by the Tax Reform Act of 1986, the Low Income Housing Tax Credit (LIHTC) has assisted in the production of more than one million affordable homes for low-income renters, by providing investors in eligible affordable housing developments with a dollar-for-dollar reduction in their federal tax liability. Developers, including nonprofit community-based organizations, typically do not have sufficient tax liability to use the tax credits, so they sell the credits to corporations. Corporations purchase 98 percent of all housing credits, as tax code rules effectively prevent individuals from investing. Developers then use the cash they receive from the corporations to finance the affordable housing. The Credit accounts for most new affordable apartment production and drives up to 40 percent of all multi-family apartment development. There is some overlap between LIHTC and Section 8. For this reason, LIHTC units are presented separately from units subsidized by the other programs.

► Continued on page 27

Appendix

DEFINITIONS

► *Continued from page 26*

Median Income – Median income is the midpoint of the income distribution; 50 percent of families are above the median and 50 percent are below the median.

Moderate Income – HUD defines those of moderate income as having income greater than 80 percent up to 120 percent of area median income.

Poverty Threshold – The U.S. Department of Health and Human Services defines the poverty threshold and, except for adjustments for household composition, it is the same across the 48 contiguous states. The original poverty thresholds were developed in the early 1960s and they have been revised annually by the Consumer Price Index since then. Poverty thresholds are significantly lower than the low-income thresholds defined by HUD.

Public Housing - The public housing program is the nation's oldest effort to provide decent and affordable housing for families, elderly persons, and people with disabilities who have very low incomes.

Public housing was created in the 1937 Housing Act, and is owned and operated by public housing agencies (PHAs) that are chartered by the states in which they operate and governed by locally appointed or elected Boards of Commissioners.

Section 8 – Also called Housing Choice Vouchers, Section 8 is federal tenant-based rental assistance. It works two ways. One is by providing certificates and vouchers, each with different rental payment formulas. Housing vouchers are one of the major federal programs intended to bridge the gap between the cost of housing and the incomes of low-wage earners and people on limited fixed-incomes. The Housing Choice Voucher program provides flexibility and options by issuing vouchers to eligible households to help them pay the rent on privately-owned units. Project-based Section 8 provides a housing subsidy directly to the leasing agent of buildings that are designated as Section 8 properties.

Subsidized Housing – The term subsidized housing refers to houses and multi-family dwellings (generally apartments) that receive some federal funding either in their construction, or in the form of assistance to families renting the units.



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