

# A Comprehensive Housing Strategy for Louisville Metro



**Mayor Jerry E. Abramson**  
**Louisville, Kentucky**

**March 2006**



**I** see a city unified in the challenge of building a diverse and inclusive, prosperous and progressive community. I see a city where people want to move, and stay, because of its safe and unique neighborhoods, choice of housing, and lively downtown.

*– Mayor Jerry Abramson*

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## A Vision for Louisville Metro



In his first term as Mayor of Louisville-Jefferson County Metro, Mayor Jerry Abramson has consistently articulated a vision for Louisville. It is a vision of a city with strong and vibrant neighborhoods, where all people can live, at all stages of life. In these neighborhoods of choice, residents feel safe, are valued in their communities, and appreciate public space and amenities including neighborhood retail and commercial services. In this vision of Louisville Metro, a corporate executive may live with her family in any one of the city's thriving neighborhoods. Her young children will live within easy distance of their retired grandparents, their schools and their teachers. As they grow into young adulthood, they will have affordable and attractive housing opportunities within the neighborhood they were raised.

Quality neighborhoods are critical to the quality of life essential for city competitiveness. The new Regional City must work to ensure it fosters healthy, attractive neighborhoods in every district. Providing good services and a range of housing, transportation and recreational choices in every neighborhood, from the urban core to the new subdivisions, is imperative. – *Beyond Merger: A Competitive Vision for the Regional City of Louisville.*

In January of 2003, the governments of the City of Louisville and Jefferson County, Kentucky merged under the leadership of Mayor Abramson and the Metro Council.

**Housing Choice**  
Housing of diverse types and price points with access to goods, services, employment and education

In the wake of merger, the Greater Louisville Project commissioned and published *Beyond Merger: A Competitive Vision for the Regional City of Louisville*. This report by the Brookings Institution notes that one of Louisville’s great strengths before merger was housing value and affordability. It warned, however, of “disturbing trends.” These included a pattern of concentrating federally subsidized housing,

the decline of minority homeownership, the growing gap between wages and housing prices, and the effects of racial segregation in Louisville’s neighborhoods.

As part of its “competitive vision for the New Louisville,” the Brookings Institution report states that Louisville Metro must “build and nurture healthy, attractive neighborhoods, throughout their boundaries, from the urban core to the new subdivisions.” At a minimum, Louisville Metro should vigorously pursue a market share of housing that stabilizes its regional position.

To seize the historic opportunity to attain this vision, Mayor Abramson pledged to create a Comprehensive Housing Strategy. This strategy will ensure that neighborhoods throughout the city provide housing of diverse types and price points with access to goods, services, employment and public amenities. The Comprehensive Housing Strategy will address the entire spectrum of the housing market – from supportive and subsidized housing to upscale single-family housing. Very simply, the Mayor’s Comprehensive Housing Strategy will guide future efforts to ensure a place for everyone, at every stage of life, in our hometown.





## The Housing Policy Advisory Team

In June of 2004 Mayor Abramson convened a diverse group of housing stakeholders to form his Housing Policy Advisory Team (HPAT). The HPAT was charged with articulating the broad vision that would become the Comprehensive Housing Strategy for Louisville Metro. Under the guidance of the Louisville Metro Department of Housing and Community Development, the HPAT discussed the provision of housing in the region, analyzed housing markets and assessed housing need, and identified impediments to accomplishing housing choice in Louisville Metro.

The HPAT was co-chaired by Community Development Cabinet Secretary Bruce Traugher, and Robert Horton, a retired banker and community leader. Membership included representatives from private and not-for-profit housing developers, home builders, apartment owners, financial institutions, land conservation groups, affordable housing advocates, land use attorneys and real estate agents. Metro Government staff also supported and participated in the HPAT. Representatives from Louisville Metro Housing and Community Development (LMHCD), the Metropolitan Development Authority, Louisville Metro Housing Authority, the Downtown Development Corporation, Louisville Metro Planning and Design, and the Louisville Metro Department of Inspections, Permits, and Licenses (IPL) participated in the work. Councilman Glen Stuckel represented the Louisville Metro Council.

*The HPAT itself is a merger success story. Through it, Mayor Abramson brought together stakeholders who may have considered themselves “urban” or “suburban” before merger. In 18 months time, HPAT had begun to build a common housing agenda for the new city of Louisville.*

The HPAT itself is a merger success story. Through it, Mayor Abramson brought together stakeholders who may have considered themselves “urban” or “suburban” before merger. In 18 months time, HPAT had begun to build a common housing agenda for the new city of Louisville. In August of 2005, the HPAT delivered to the Mayor a report recommending strategic objectives and policies to advance the mission of providing housing of all structures and types, at all price points, in neighborhoods throughout Louisville.

## Housing Opportunities, Choices and Needs in Louisville

In the most basic terms, the housing market is composed of the supply of housing and the consumer demand for it. However, housing supply and demand does not exist in a vacuum. It exists in complex interaction between demographic trends, regulations that define where and how housing can be provided, land availability, investments of infrastructure, and economic and social trends.

The housing market does not always address need – especially in the area of housing affordability. In Louisville, the housing market is expressed in the range of housing choices available to the people who live here, the people who consider moving here, and the people who move from one home or neighborhood to another.

Louisville's strength in the housing market is its strong urban and suburban neighborhoods, and the relative affordability of housing. The Comprehensive Housing Strategy examines and responds to the Louisville housing market in three distinct, interdependent rings.

The Comprehensive Housing Strategy examines and responds to Louisville housing market in three distinct, interdependent rings.

- **Urban Core and 1<sup>st</sup> ring suburbs**, the area inside the Watterson Expressway
- **2<sup>nd</sup> suburban ring**, the area between the Watterson Expressway and the Gene Snyder Expressway
- **3<sup>rd</sup> suburban ring**, the area between the Gene Snyder Expressway and the Jefferson County line

They are the Urban Core and 1<sup>st</sup> suburban ring, which constitute the area inside the Watterson Expressway; the 2<sup>nd</sup> suburban ring which is the area between the Watterson Expressway and the Gene Snyder Expressway; and the 3<sup>rd</sup> suburban ring which is the area between the Gene Snyder Expressway and the Jefferson County line. These three rings have distinct issues and opportunities. The Comprehensive Housing Strategy will ensure that housing of diverse price and style is available in all rings to people seeking housing in Louisville.

In order to embark on strategic planning based on the housing market, Louisville Metro engaged the services of two firms – the Louisville-based Allgeier Company, and Zimmerman/Volk Associates, Inc., the New Jersey firm that conducted market analysis for the successful Park DuValle redevelopment. The unique feature of this analysis is that it provides not only demand/supply analysis of the regional housing market, it examines national trends in order to offer a representation of Louis-

ville’s market potential. Housing market potential is the interaction of supply and demand *that is possible* if the public and private sectors choose to take steps to create the appropriate housing opportunities.

### Future Market Potential

A review of the historic and current housing demand and supply in the region confirms Louisville’s dominance in the market. Close to half of the region’s building permits issued between 1999 and 2004 were issued in Louisville. Louisville’s new housing construction has produced between 3,500 and 4,000 units annually for the past five years. A substantial number of those new building permits were issued in the second ring. In fact, the last 14 years saw a 10% decrease in available land in the second ring. The third ring, while experiencing strong new housing development, did not develop as quickly due to the lack of adequate roads, sewers and other infrastructure. The urban core and first suburban ring have less available land for new development but more existing housing stock than in the third ring. This indicates that substantial rehabilitation of existing housing stock must be a priority in the future.

Housing market potential is the interaction of supply and demand *that is possible* if we choose to take steps to create the appropriate housing opportunities.

#### Target Market Distribution Current Annual Market Potential

- 35% Young Singles & Couples
  - 34% Traditional & Non-Trad Families
  - 31% Empty Nesters & Retirees
- Zimmerman/Volk Associates

The demographic trends that drove housing production in the 1980’s and 1990’s will not lead Louisville into the future. In those decades, America’s largest generation – the Baby Boomers (born between 1946 and 1964) – were raising their families. To do this, they overwhelmingly chose to own and live in single-family detached houses. This drove development toward the creation of new suburbs, typically in green fields – or undeveloped parts of Louisville and surrounding counties.

Today, the oldest of the Baby Boomers are 59-years-old. In the decades ahead, the Baby Boomers will become empty-nesters and retirees. Their children, the Millennials (born between 1977 and 1996), are the second largest generation in American

#### Unit Mix Based on Current Potential Market Preferences

- Multi-Family & Attached 57.2%
  - Single Family Detached 42.8%
- Zimmerman/Volk Associates



history and represent an emerging housing market segment. These two generations will converge to drive the housing market with housing preferences that are significantly different from those of the past twenty years.

The demographic shifts in Louisville’s population over the next twenty years will change the housing landscape significantly. Urban and first-ring suburban neighborhoods will be in much higher demand. There will be growing and significant demand for new and renewed housing in existing neighborhoods.

Empty nesters’ and retirees’ housing preferences tend to run toward convenience and accessibility. They may prefer, for example, ownership opportunities with a master suite on the same floor as the living area. They may also choose housing that is lower in maintenance needs – new or recently renovated – and may avoid the high costs associated with older housing stock. As retirees anticipate decreased mobility, they may choose locations closer to commercial and retail services and public transportation. Finally, for thousands of Americans, retirement comes with reduced income and, therefore, limited housing choices.

Younger singles and couples with no children tend to choose to live in urban and higher density suburban locations offering access to a variety of cultural and recreational opportunities. They also generate a larger market demand for rental housing. Young workers, in particular, will drive the market for attractive rental housing in diverse neighborhoods.

The convergence of aging Baby Boomers and emerging Millennials will spark the demand for denser forms of housing in Louisville. Furthermore, 72% of the market potential over the next five years will be in the urban and 1<sup>st</sup> ring suburban neighborhoods and 2<sup>nd</sup> ring suburban neighborhoods, where much existing housing already currently exists. In other words, the largest portion of market potential must be accommodated in existing housing units and/or neighborhoods. This will drive the market for new infill and substantially rehabilitated – or renewed – existing housing.

**Future Market Potential by Market Group**

	Urban & 1 <sup>st</sup> Ring	2 <sup>nd</sup> Ring	3 <sup>rd</sup> Ring
Empty-Nester/Retiree	28%	29%	31%
Trad & Non-Trad Family	31%	28%	45%
Young Single/Couples	41%	43%	24%

- Zimmerman/Volk Associates

The demographic shifts projected in the region's emerging housing market require a wide variety and expanded range of housing types. There is increased market potential for multi-family opportunities including but not limited to courtyard apartment buildings, loft apartment buildings, "mansion" apartment buildings that resemble large houses, and townhouse-over-flat designs. Some of these housing forms are emerging in the Louisville Metro market – patio homes and condominiums, in particular. Others are still under-represented. There also will be demand for single-family attached housing including townhouses, row houses, duplexes, and live-work units that combine commercial and residential space. The potential demand for single-family detached housing of a variety of styles will certainly continue, but will not drive the housing market at the level of the past twenty years.



The demographic shifts in Louisville's population over the next twenty years will change the housing landscape significantly. Urban and first-ring suburban neighborhoods will be in much higher demand. There will be growing and significant demand for new and renewed housing in existing neighborhoods.

To meet this potential, Louisville's developers and policy makers will have to invest in, support, and encourage higher density, innovative housing. Louisville Metro needs bold new strategies to maintain its dominance in the regional housing market and the concentration of the regional population.

Without these strategies, Louisville stands to lose more and more housing – and therefore population – to areas of the region and country that can meet that potential. Of course, the market potential for new types of housing and in-fill development also presents Louisville Metro with the opportunity to strengthen urban and suburban neighborhoods, to bring the wealth of new homeownership opportunities into the urban center, and to retain and foster the energy of the young workforce.

## *Unmet Housing Needs*

Clearly, there are unmet housing needs in Louisville Metro. According to analysis provided by the Metropolitan Housing Coalition, twelve of the twenty fastest growing occupations in the Louisville region do not provide workers with incomes that enable them to rent a 2-bedroom apartment.

Certain segments of the workforce – including firefighters, health care workers, child care workers, teachers – may earn too much to qualify for federal housing subsidies. However, the same study notes that, “a Louisville Metro fire fighter earning median wages in his field can afford to purchase a home valued at \$94,000 – which excludes him from buying a median priced home in 13 of the 26 Metro Council districts.”

Opportunities for homeownership subsidy are rarely available to households at 80% - 110% of area median income (AMI). Louisville Metro cannot afford to exclude area workers from the marketplace – and from neighborhoods that would benefit from the stabilizing force of homeownership.

Finally, the need for housing affordable to the lowest income people in the community is increasing. For seventy years, local governments have relied on federal funding to subsidize housing for the lowest income households. However, in real dollars, federal funding for housing for low-income Americans is less than half of what it was 30 years ago – and the costs of addressing these housing needs fall more and more on local governments. Today, more than 12,000 qualified households are on a waiting list for federal housing subsidy through the Louisville Metro Housing Authority.

Five years ago, the Coalition for the Homeless embarked on a *Blueprint to End Homelessness*, with the support of local government. This blueprint outlined the channels into – and out of – homelessness. The Blueprint strategy calls for increased, service-enriched housing opportunities to ensure that people suffering from mental illness, physical disability, or recovering from drug and alcohol addiction have the support necessary to remain in stable housing.

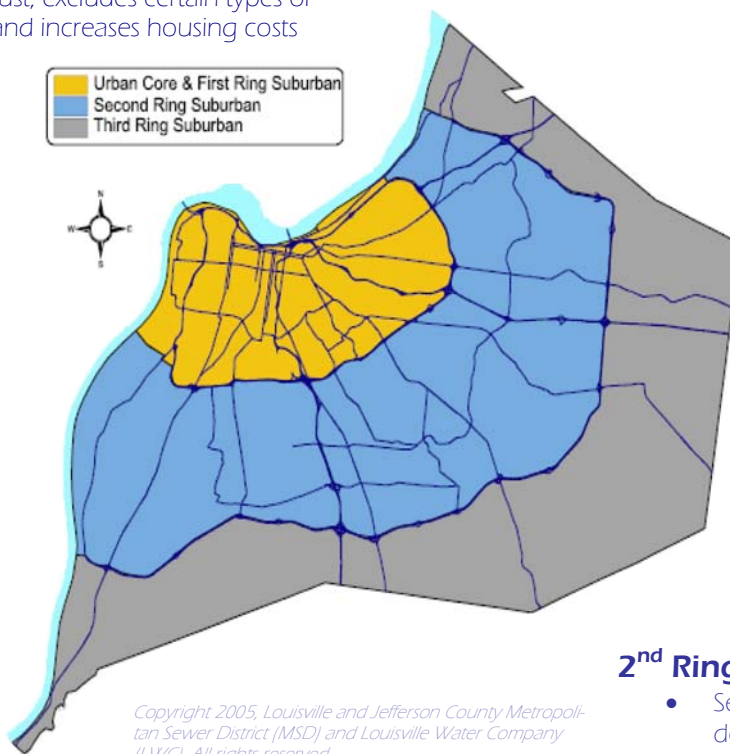
*The Blueprint* also calls for more housing that is affordable to low-wage workers. Low-wage workers and other low-income households typically rely on affordable rental housing. However, rental housing in the local market is rarely affordable to low-wage workers, who may sacrifice health care, child care, or nutrition to pay rent. Louisville Metro must allocate new, significant resources to address the housing needs of low-income and disabled residents.

# Barriers to Housing Choice in Louisville

- Lack of long-range planning
- Concentration of poverty
- Racial segregation
- Lack of private investment in certain neighborhoods
- Lack of support for housing density and innovative forms of housing
- Reduction of federal funding for housing for the lowest-income groups
- Lack of subsidy for households at 80-110% of Area Median Income (AMI) to become homeowners
- Delays in housing development review process increase costs of development
- Myths and fears about neighborhood change undermines community values and trust, excludes certain types of housing, and increases housing costs

## Urban and 1<sup>st</sup> Ring

- Urban blight and decay
- Obsolete housing
- Concentration of subsidized housing
- Concentration of poverty
- Racial segregation
- Lack of long-range planning
- Lack of private investment and financing
- Lack of support for innovative housing development
- Lack of adequate land assembly opportunities to create whole block revitalization



## 3<sup>rd</sup> Ring

- High land costs drive up housing costs
- Lack of infrastructure drives up housing costs

## 2<sup>nd</sup> Ring

- Segments of blight and decay
- Racial segregation
- Lack of long-range planning
- Lack of support for innovative housing development
- Regulatory barriers to density and innovation

## A Comprehensive Housing Strategy for Louisville Metro

Louisville Metro will reach its potential in the market, and in the distinct and vital neighborhoods Louisvillians call home, to the extent it adequately plans for the future, continues to ensure neighborhoods of choice and protect the quality of life in the metropolitan region, facilitates and supports innovative housing finance, addresses regulatory barriers to housing production, and brings the community together around a common vision for the new city.

### *Goal I : Plan for the Future*

Louisville Metro will facilitate measurable housing production outcomes throughout Louisville by strategically directing public and private resources for housing, infrastructure and community development, and by using solid planning efforts to leverage additional resources from national foundations, federal and state government, and private investment.

The challenge for municipalities across the country is to create an environment in which public policy and public funding support community values and goals and address needs that otherwise will not be met in the community. Louisville is no different. It is the largest urban county in the state. It is comprised of urban and suburban neighborhoods and surrounded by suburban and rural counties.

Before merger, Louisville and Jefferson County dominated the housing market in the region. However, it had begun to face the same problems faced by once-dominant urban counties throughout the nation that today find themselves hollowing out as they lose population and housing to surrounding counties. The merger of the old City of Louisville and Jefferson County presented the opportunity for Louisville Metro to avoid the fate of these cities and plot a different course of action.

The Comprehensive Housing Strategy starts with Louisville's strengths – its strong neighborhoods and largely affordable housing market. It also works from the premise that Louisville is a unified urban county, comprised of urban and suburban neighborhoods. As Louisville plans for future markets, the distinct market potential of the three development rings will define housing production goals.

All over the country, cities have responded to housing needs and housing demand – rather than create an environment to meet market potential. In Louisville, instances of reactive (rather than proactive) housing policies and regulations have left neighborhoods, developers, local government and other stakeholders frustrated and lacking in trust. This lack of trust delays new community development and housing



efforts and increases costs of development and therefore housing prices. Some neighborhood residents express a sense of disenfranchisement from decision-making about their community's development. Developers are hesitant to involve themselves in certain markets. Potential buyers are not certain of a return on investment. Local government experiences a great deal of resistance to efforts to address

## GOAL I

### Plan for the Future

- Engage in a 10 - 15 year, long-range, neighborhood-oriented planning process
- Engage in comprehensive & strategically targeted community development
- Obtain & distribute ongoing research on regional and national housing strategies
- Rigorously evaluate the Comprehensive Housing Strategy

community development needs. Finally, without the presence of a shared housing strategy based on market potential, development has primarily occurred where land is available and unencumbered.

To meet its market potential, maintain population, and continue historic dominance of the housing market – Louisville must engage in strategic, market-based planning and investment in housing. Louisville must engage in long-range planning to capture new and emerging households and retain the young workforce.

The Comprehensive Housing Strategy undertakes five key objectives to guide Louisville as it plans for the future.

#### Objective 1

Louisville will produce 4,700 to 6,000 new and substantially renewed housing units throughout Louisville Metro annually over the next five years.

#### Objective 2

Louisville Metro will engage in a 10 - 15 year, long-range, neighborhood-specific, market-oriented, planning process to outline measurable goals and objectives for community development.

#### Objective 3

Louisville Metro will engage in comprehensive and strategically targeted community development efforts.

#### Objective 4

Louisville Metro will cul-



tivate partnerships with the University of Louisville and the University of Kentucky, the Louisville and National Homebuilders Associations, and other partners in order to obtain and distribute ongoing research on regional and national regulatory and housing issues and solutions.

### Objective 5

Louisville Metro will form and/or support an effective mechanism to guide, advance and evaluate the Comprehensive Housing Strategy and the long-range Housing and Community Development Plan.

### *Goal II: Ensure Neighborhoods of Choice*

In order to ensure that all neighborhoods are neighborhoods of choice, Louisville Metro will address areas of advanced decay and blight, while also working to prevent deterioration and destabilization in corridors on the verge of decline.

The market potential for new types of housing in existing neighborhoods presents the opportunity to strengthen urban and suburban neighborhoods, to bring the



wealth of new homeownership opportunities into the city, and to retain and foster the energy of the young workforce. Within that potential is the opportunity to ensure neighborhoods of choice with housing of diverse price points and types in all parts of Louisville. However, existing barriers to these neighborhoods of choice must be overcome.

The last forty years have seen significant decay and neglect in many neighborhoods. Deterioration and blight are not limited to urban neighborhoods. Areas of neighborhood decay are scattered throughout, and often adjacent to, stable residential corridors in the first and second suburban rings.

The concentration of poverty and subsidized housing and the continuing racial segregation in Louisville also impede the community from realizing its potential and ensuring quality of life for all people in all neighborhoods. Public housing has been historically concentrated in urban neighborhoods. The federal Housing Choice Voucher program (Section 8) and scattered site public housing are designed to pro-

vide families greater choice of geography. While there are Section 8 units in every one of the 26 Metro Council districts, they are predominantly concentrated in urban and first ring suburban neighborhoods. Finally, the federal Low-Income Housing Tax Credit (LIHTC) program provides incentives for developers working in high-poverty census tracts. This public policy serves to concentrate poverty.

Decreased neighborhood vitality depresses the housing market in specific neighborhoods, and ultimately contributes to high concentrations of poverty and accompanying social ills. Louisville Metro has worked to reverse these patterns with large-scale HOPE VI developments in Park DuValle and Clarksdale (now called Liberty Green.) The success and lessons learned from these community development efforts are a real strength as Louisville Metro works to revitalize other struggling neighborhoods.

Like many metropolitan regions, Louisville faces a prevalence of obsolete structures that render a significant portion of existing housing stock inadequate to meet mar-

## **GOAL II**

### **Ensure Neighborhoods of Choice**

- Vigorously enforce property maintenance standards.
- Establish a source of technical assistance to guide developers through the process of undertaking particularly risky development in unproven markets.

### **Urban and 1<sup>st</sup> Ring Strategies**

- Identify strategic opportunities for aggressive tax foreclosure/spot condemnation program to clear blight and make properties available for redevelopment.
- Encourage and support private property reinvestment.
- Create opportunities for adaptive re-use of underutilized or empty non-residential structures & re-design un-marketable single family housing stock.
- Seek opportunities to acquire large tracks of land to facilitate large scale re-development .
- Actively de-concentrate federally subsidized housing while ensuring one-for-one replacement of Public Housing.
- Target a rental rehabilitation program that provides incentives to current landlords to invest in properties and deliver affordable units.
- Implement a taxed-based incentive to encourage middle-income homeownership in targeted neighborhoods..

### **2nd Ring Strategies**

- Encourage and support private property reinvestment.
- Establish a source of technical assistance to guide developers through the process of undertaking particularly risky development in unproven markets.
- Create opportunities for adaptive re-use of underutilized or empty non-residential structures and redesign un-marketable single family housing stock.
- Target a rental rehabilitation program that provides incentives to current landlords to invest in properties and deliver affordable units.

ket potential. For example, the Volk and Allgeier studies point to the extremely low market demand for some existing housing forms in the first ring (e.g. houses with small kitchens, one bathroom, one bedroom, lack of closets and storage, no garage, etc.). They suggest this may depress the housing market in those neighborhoods.

Louisville Metro must strengthen neighborhoods by addressing deteriorating and obsolete housing structures in older urban and suburban neighborhoods with rigorous code enforcement. Louisville Metro also must facilitate significant land assembly, particularly in the urban and 1<sup>st</sup> ring. Finally, Louisville Metro must strategically target public and private investment in neighborhood revitalization.



The Comprehensive Housing Strategy undertakes seven key objectives to ensure neighborhoods of choice in Louisville.

#### **Objective 1**

Louisville Metro will vigorously enforce property maintenance standards while holding absentee landlords and investment property holders accountable to neighborhood standards.

#### **Objective 2**

Louisville Metro will encourage and support private property reinvestment for both homeowners and investors.

#### **Objective 3**

Louisville Metro will identify strategic opportunities for aggressive tax foreclosure/spot condemnation program to clear blight and make properties available for redevelopment in first and second ring neighborhoods.

#### **Objective 4**

Louisville Metro will establish a source of technical assistance to guide developers through the process of undertaking particularly risky development in unproven markets in first and second ring neighborhoods.

#### **Objective 5**

Louisville Metro will create opportunities for adaptive re-use of underutilized or empty non-residential structures and redesign un-marketable single-family housing stock in first ring neighborhoods. When adaptation is not feasible Louisville Metro will support demolition and appropriate new construction.

### Objective 6

Louisville Metro will aggressively seek and assemble tracts of land in first and second ring neighborhoods for re-development.

### Objective 7

Louisville Metro will actively de-concentrate subsidized housing in first ring neighborhoods, while maintaining one-for-one replacement of every federally subsidized unit of public housing, and will introduce market-rate housing into low-income census tracts.

### *Goal III: Create and Promote Innovative Housing Finance*

Louisville Metro will expand financing mechanisms for housing development in order to support the creation of diverse housing types and price points.

In order to promote the positive outcomes of the Comprehensive Housing Strategy, Louisville Metro will need to create and promote innovative housing finance for housing of diverse types, structures and price points. Private builders, with support, have the capacity to meet the potential demand of the market. They can address the housing demands and needs of households living at 100% of the Area Median Income (AMI) and above. However, there are still far too many residents of Louisville who cannot engage in that marketplace. The development of housing for those families also requires support.

Many private builders find the development of mixed-income housing difficult to market. In order to create the housing that the market requires, builders and developers need specialized gap financing or funding. Currently, opportunities for this kind of financing are limited. Louisville Metro must work to increase those financing opportunities.

Louisville Metro also must support and facilitate financial products that allow area workers to engage more fully in the marketplace. Louisville Metro government must allocate new, significant resources to address the housing needs of low-income

#### **GOAL III**

#### **Create and Promote Innovative Housing Finance**

- Create a Community Development Fund to provide gap financing and funding for housing
- Create a local Affordable Housing Trust Fund to provide housing opportunities for households under 50% AMI.
- Facilitate down payment assistance programs and mortgage products for households at 80% - 110% AMI



and disabled residents. New sources of housing finance must be identified to ensure housing of diverse price points, structure and type in all areas of the city.

The Comprehensive Housing Strategy undertakes five key objectives to create and promote innovative housing finance in Louisville.

**Objective 1**

Louisville Metro will create a Community Development Fund to provide gap financing and funding to both for-profit and not-for-profit developers in first and second ring neighborhoods.

**Objective 2**

Louisville Metro will create a local Affordable Housing Trust Fund from a dedicated, renewable source of public revenue to provide housing opportunities for households under 50% AMI in all three rings of the city.

**Objective 3**

Louisville Metro will facilitate down payment assistance programs and mortgage products for the 80% - 110% median market in order to create and support mixed-income neighborhoods in all rings of the city.

**Objective 4**

Louisville Metro will target a rental rehabilitation program that provides incentives to current landlords to invest in properties and deliver affordable units in all three rings of the city.

**Objective 5**

Louisville Metro will implement a tax-based incentive to encourage middle-income homeownership in target neighborhoods in the first and second rings.

***Goal IV: Address Regulatory Barriers***

*In order to capture Louisville Metro's share of the demand for new housing stock and limit sprawl into surrounding counties, Louisville Metro will minimize the costs of developing diverse housing types at multiple price points.*

Creating and sustaining housing of diverse structures and price points will enhance Louisville Metro's ability to meet market potential and to retain its standing as the leader in the regional housing market. This will require increased density, innovative urban and infill housing development, renewal of existing housing stock, and addressing infrastructure needs to minimize the cost of new suburban development.

However, current zoning policies and review procedures delay and, in many cases, hinder the development of certain types of housing in Louisville. Furthermore, developers and builders perceive a lack of support and guidance for those in their field interested in entering unproven markets, particularly in urban and 1<sup>st</sup> and 2<sup>nd</sup> ring neighborhoods.

## **GOAL IV**

### **Address Regulatory Barriers**

#### **1st and 2nd Ring Strategies**

- Redesign incentives that promote higher density residential development in close proximity to existing infrastructure and public transportation.
- Create incentives for neighborhoods and neighborhood clusters to address resident concerns about higher density

#### **3<sup>rd</sup> Ring Strategies**

- Create a leadership team of developers, policy makers, and nonprofit and business volunteers to identify ways to minimize infrastructure and land expense
- Produce and prioritize a master planning process that coordinates elements of infrastructure (roads, sewers, etc.) and density to minimize development cost per unit.

For some housing developers, the high cost of land and increasing costs of infrastructure make the development of housing of diverse types and price points unprofitable. This is true both in undeveloped areas in the 3<sup>rd</sup> ring, and in urban areas where adequate land assembly is either unaffordable or unmanageable.

Louisville Metro must examine and reform building and land development codes in order to meet the emerging market demand for housing of diverse structures and price points throughout Louisville.

The Comprehensive Housing Strategy undertakes five key objectives to address regulatory barriers to housing choice in Louisville.

#### **Objective 1**

Louisville Metro will create a leadership team of developers, policy makers, and nonprofit and business volunteers to identify ways to minimize infrastructure and land expense, particularly in the third ring, and report to city and industry leaders.

#### **Objective 2**

Louisville Metro will produce and prioritize a master planning process that coordinates elements of infrastructure (roads, sewers, etc.) and density in the third ring to minimize development cost per unit.

### Objective 3

Louisville Metro will promote opportunities for mixed-income and innovative housing forms in second and third ring neighborhoods by redesigning incentives that promote higher density residential development in close proximity to existing infrastructure and public transportation.

### Objective 4

Louisville Metro will create incentives for neighborhoods and neighborhood clusters to address resident concerns about higher density in all rings of the city.

### Objective 5

Louisville Metro will promote simultaneous or improved coordination of agency reviews and improved communication to minimize development costs associated with a long or delayed review process.

## Goal V : Create a Shared Vision of Housing Choice

Louisville Metro will create a shared community vision of the value and necessity of ensuring housing choice throughout Metro Louisville.

As new housing of diverse price points and types is created throughout the city, Louisville Metro must continue to provide tools to address change and growth in neighborhoods. Neighbors need education and information on issues of concern including housing affordability, density, traffic patterns and compatibility. Resistance to affordable or low-income housing, to changes in neighborhood density patterns, to changes in neighborhood demographics, different housing types, and changes in traffic or road patterns is often the result of inconsistent or unreliable information.



Neighborhood fears or opposition can lead to long disputes over development. This ultimately increases the costs of housing development (and therefore of housing), contributes to a general sense of mistrust among all stakeholders, contributes to socio-economic and racial segregation and prevents Louisville Metro from creating the kinds of neighborhoods that offer opportunity to all people.

In order to provide housing choice, capture the demand for new housing within Louisville, and discourage the sprawl that increases municipal and household costs, Louisville Metro has to continue to bring the community together. Louisville Metro will accomplish this by providing education and information, and by increasing opportunities for neighbors, developers, and local government to work together to ensure housing choice.

The Comprehensive Housing Strategy undertakes four key objectives to creating a shared vision of housing choice in Louisville.

#### **Objective 1**

Louisville Metro will engage in a public education/marketing campaign to extol the benefits of urban living, dispel fears and myths about neighborhood change and growth, and cultivate a community that promotes housing choice.

#### **Objective 2**

Louisville Metro will infuse the process of Neighborhood Assessments and Neighborhood Plans with a commitment to community values expressed in the Mission of the Mayor's Comprehensive Housing Strategy.

#### **Objective 3**

Louisville Metro will align the Building Code and Land Development Code with the Comprehensive Housing Strategy, with Neighborhood Planning efforts, and with other planning efforts (corridor plans, historic preservation plans, etc).

#### **Objective 4**

Louisville Metro will create opportunities for professional facilitation between developers and neighborhood groups to ensure thorough, non-biased information is available to all parties and to ensure a vehicle to effectively manage change in Louisville Metro neighborhoods.

### **GOAL V**

#### **Create a Shared Vision of Housing Choice**

- Promote simultaneous or improved coordination of agency reviews and improved communication
- Engage in a public education/marketing campaign to dispel fears and myths about neighborhood change and growth, and cultivate a community that promotes housing choice
- Infuse the process of Neighborhood Assessments and Neighborhood Plans with commitment to community values expressed in the Mayor's Comprehensive Housing Strategy
- Align the building code and Land Development Code (LDC) with the Comprehensive Housing Strategy, with Neighborhood Planning efforts, and with other planning efforts
- Create opportunities for professional facilitation between developers and neighborhood groups to ensure good, non-biased information is available to all parties and to ensure a vehicle to effectively manage change in neighborhoods



## Creating Housing Choice and Opportunity In Our Hometown

The next five years will be exciting and challenging ones as the community works together to nurture the vision of housing opportunities for all people in neighborhoods of choice, and to implement the programs and policies that will realize that vision. The Louisville Metro Department of Housing and Community Development has been charged with facilitating the Comprehensive Housing Strategy, and is developing an action plan based on the work of the HPAT. With the HPAT, staff will undertake the actions outlined in the plan and engage in annual evaluation of progress toward this community's housing goals.

The Mayor's Comprehensive Housing Strategy is a landmark tool for housing planning in the Louisville community. It positions Louisville Metro to meet market potential and to address existing unmet housing needs. The Comprehensive Housing Strategy will lead Louisville Metro to create and sustain housing for the future — in neighborhoods that include housing of all types and price points with access to public amenities and commercial and retail opportunities.





## The Housing Policy Advisory Team

Mayor Jerry Abramson gratefully acknowledges the Housing Policy Advisory Team, whose work resulted in the Comprehensive Housing Strategy for Louisville Metro

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