

Louisville Affordable Housing Trust Fund Business Plan

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The genius of housing trust funds is that they are both flexible and stable. Stable, in that they have a designated public source of revenue, and flexible, in that they are designed to allow communities to respond to current needs in our community as they emerge. Outlined here is the preliminary plan for implementing the Louisville Affordable Housing Trust Fund.

Purpose of the Fund

The Louisville Affordable Housing Trust Fund (LAHTF) was created in 2008 as the way for Metro Council to invest public funds in the kind of housing our community needs: for people on fixed incomes like seniors and people with serious disabilities; for young families starting out; for veterans; and for working people whose wages are not enough to live in Metro Louisville. The Housing Trust Fund is founded on the principle that a place to call home opens the door to opportunity, and that the whole community does better when everyone has a decent place to call home.

General Budget

The LAHTF was fortunate to receive initial one-time funds to demonstrate the value of investing in affordable housing for Louisville. The Mayor committed national mortgage settlement funds which the Board of Directors added to through raising additional private funds. This initial \$410,000 investment will be directed to the rehabilitation of vacant and abandoned properties for re-use by families and individuals who need affordable housing. These funds will be invested through a revolving loan fund program designed by the Board of Directors of the LAHTF, and approved by the Department of Community Services and Revitalization. This important initial step in implementing the LAHTF will build the necessary platform for future investments.



The LAHTF was also awarded \$1 million in 2006 to administer the fund while dedicated ongoing public revenue could be established by further ordinance. By ordinance, \$100,000 of the initial seed money is drawn down annually for administration and operation of the

Trust. Metro Council established in its 2008 ordinance a goal of \$10 million annually in dedicated ongoing public revenue for the LAHTF. The LAHTF continues to work with Metro Council to recommend a source of dedicated public revenue to allow Metro Council to fulfill its commitment and the Trust to address the housing needs of hardworking Louisville families.



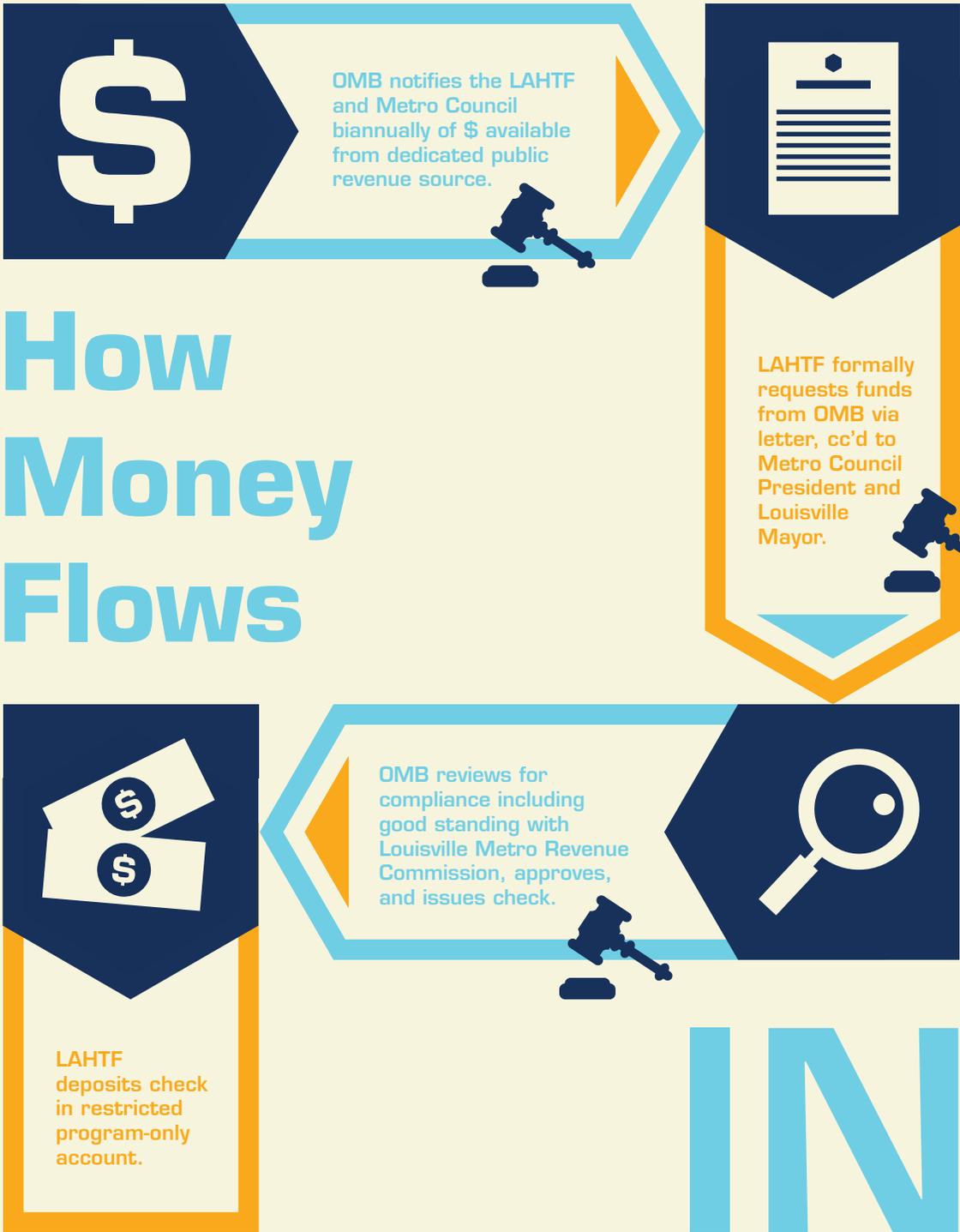
Administration

The Board of Directors of the LAHTF is appointed by the Mayor and confirmed by the Council. It includes 13 specific constituencies listed in LMCO 40.45, including a representative of the Mayor's staff, and a representative of Metro Council (appointed by the Council President annually). Other constituencies include a representative of the Home Builders Association, the Apartment Association, Louisville Realtors Association, banking community, neighborhood associations, nonprofit housing developers, homeless service providers, and a low-income housing consumer, among others. In addition, by ordinance, at least seven of the Board of Directors must reside west of I-65. This makeup reflects the will of the Council and is also similar to the makeup of the former Mayor's AHTF Task Force.

In addition, as outlined in LMCO 40.45(C), the LAHTF employs an Executive Director to direct the daily activities and fulfill the purpose and responsibilities of the Trust, including operating the Trust with fiscal discipline; developing and executing operations to deliver funding grants and loans for affordable housing; providing ongoing administration; managing staff; and ensuring the Trust is adequately capitalized.



Metro Council ordinance also requires a periodic Needs Assessment be performed by the LAHTF to determine the Housing Trust Fund's priorities, further governing what the LAHTF may fund. The 2012 LAHTF Needs Assessment documents the scope of the need, outlines the various types of housing solutions suggested for addressing different aspects of the affordable housing crisis, and clearly the six specific priorities of the LAHTF. All funded projects will meet one or more of the identified solutions. Our first Needs Assessment was released in November 2012 in a joint press conference with Mayor Fischer.



How Money Flows

DECISION-MAKING

Mayor and Metro Council appoint and confirm Board of Directors of LAHTF.

Board of Directors hires and supervises Executive Director.

Executive Director completes periodic Needs Assessment as required by ordinance. LMCO 40.41-45 establishes allowable activities of the Trust, and Needs Assessment establishes priorities within these allowable activities, which forms the annual offering of funds to non-profit and for-profit organizations for affordable housing development.

Department of Community Services and Revitalization, Louisville Metro Housing Authority, and Kentucky Affordable Housing Trust Fund are members of the Program Committee and provide input and guidance.

LAHTF issues a public notice of funding availability and holds a public question-and-answer session.

LAHTF Program Committee creates application and evaluation criteria for annual offering.

Applications are submitted to the LAHTF.

Councilmembers are notified if a program has been proposed in their district with a request for their review.

Program Committee reviews proposals for eligibility thresholds and if eligible, scores programs based on 100-point scale, including input from Council member.

Council- and Mayor-appointed Board of Directors, including representatives of the Metro Council and Mayor's office, make final award decisions. Applicants, Councilmembers, Mayor's office, and public are notified.

Program Committee submits recommendations to the full Board of Directors for approval.

POST



After the decision-making process is completed, but before any funds are actually awarded, the LAHTF ensures approved projects must sign contract and grant agreement with stipulations including:

Awardees must be in good standing with the Kentucky Secretary of State and Louisville Metro Revenue Commission.

Long-term affordability

Payback schedule and terms

Interest rate

Specific population who will be served by number, family size, and income group



Checks are issued from LAHTF restricted program-only account.

Reports and required are submitted to LAHTF from awardees. Documentation of compliance is maintained by LAHTF.

LAHTF formally reports outcomes, including number served, affordable housing units created, income targeting, and project outcomes to Metro Council annually in written report and appears before Council when requested.



LAHTF ensures continued compliance with all applicable statutes and regulations including LMCO 40.41-45, Revenue Commission, IRS, KY SoS, and ethics guidelines.

Program Activities

All allowable activities for the LAHTF are explicitly listed in LMCO 40.44. Based on the needs, problems, and opportunities identified in this Needs Assessment, there are clear areas for intervention by the Louisville Affordable Housing Trust Fund and others interested in investing in affordable housing. The LAHTF will prioritize projects that incorporate the following solutions, excerpted below from pages 29-31 of our 2012 Needs Assessment. All are approaches permitted by Council in 40.44.

1. Make existing homes in Louisville affordable and sustainable.
2. Develop affordable rental housing for the lowest income families, those who are very low income and extremely low income.
3. Create more affordable workforce housing, both multifamily and single family homes, near places of employment.
4. Increase homeownership opportunities for low income and very low income families.
5. Prevent people from losing existing, otherwise-affordable homes (foreclosure prevention, supportive housing, and accessible rehabilitation).
6. Promote housing choice to make affordable housing more widely available in all neighborhoods across Louisville and near areas of economic opportunity.

Who Benefits?

A special emphasis was made by Metro Council in LMCO 40.42 for the LAHTF to serve individuals and families who are very low income and extremely low income. Low income is defined as those earning at or below 50% of the Louisville median income (an income at or less than \$24,300 annually for a family of two). The remaining funds are to serve low income families earning no more than 80% of median income (an income at or less than \$38,850 annually for a family of two). The definitions of affordable housing terms such as extremely low income, very low income, and low income are included in the Appendices of the Needs Assessment.



Process for Awarding Funds

In approving applicants for funding from the LAHTF, the highest-quality projects will be selected from among the proposals received through a public notice of funding availability, using scoring priorities set by the Council-approved Board of Directors.

The application focuses on the overall concept of the proposed project, as well as project design, site information, readiness to proceed, capacity to undertake the project, projected budget, and funding requests.



Both nonprofit and for-profit organizations are eligible for consideration. All applicants must:

- propose 100% repayment
- propose leveraging of at least 6:1. Leverage funds include all federal dollars, loaned funds, donated materials, property donation or below-market rate sale, waived fees and taxes, and owner cash contributions.
- propose eligible project type based on the Needs Assessment's "Six Solutions" section
- be in good standing with the Kentucky Secretary of State and Louisville Revenue Commission



Projects will be selected for funding by the LAHTF based on their total score and ranking, with the highest-ranking applications ranked first. Scoring is based on a 100 point scale. This model follows the state Affordable Housing Trust Fund scoring and other Housing Trust Fund best practices from around the nation.

Applications for 2013 LAHTF funds received through LAHTF's competitive funding process will be evaluated on the following criteria:

- **LAHTF loan payback schedule**

 - Timing of payback to LAHTF

- **Community planning & impact**

 - Physical impact on neighborhood

- **Fiscal soundness of project**

 - Project budget and cost feasibility
 - Cost per unit/loan to value ratio

- **Secure funding commitments**

 - Availability of other funding resources, status of other commitments
 - Projects must leverage other resources 6:1

- **Readiness to proceed & developer experience**

 - Control of site, land use controls status, few impediments to project start
 - Number and nature of affordable housing projects completed

- **Commitment to serve lowest income**

 - Income group(s) that will benefit from project



Sample Projects

Housing Trust Funds work because they unlock federal and state resources and serve as a magnet for private resources. For every dollar invested, housing trust funds attract an additional \$6 to \$13 to the community. Here are some examples of the kind of projects that could be created by an investment in the LAHTF.

South Oaks Senior Housing Community, 11717 Tierney Avenue (Metro Council District 14)



Volunteers of America of Kentucky

SIZE: 48 affordable apartments

SERVES: seniors with very low incomes (at or below 50% of the Area Median Income)

COST: \$3.4 million

Photo credits: Volunteers of America of Kentucky

Seniors with low incomes need affordable housing with supports to keep them stable and safe and to extend and enhance their independence and quality of life. Low income seniors avoid homelessness, illness, and trauma when stable housing allows them to avoid having to choose between needed medications/health care or groceries and housing.

The city's Five Year Strategic Plan identified a need for 13,952 more affordable homes for seniors in Louisville. Our community's elders and the community at large are in a win-win scenario when our seniors have their needs met in stable housing rather than other more costly alternatives. VOA's South Oaks provides high-quality, safe, affordable housing to individuals age 62 and older who can live independently with outreach or community-based services. South Oaks connects residents with a host of community resources such as transportation, housekeeping assistance, meal delivery, legal advocacy, wellness and preventative health care, and safety monitoring services.



South Oaks residents participate in occupational therapy through a partnership with Spalding University and Jefferson Community and Technical College. Dare to Care Food Bank and local chefs provide cooking classes, and Spencerian College's personal trainer program provides exercise and wellness classes to residents, and their nursing program provides health fairs and screenings.

VOA also credits the program's success to the high-quality design of the building, enabling it to be an asset to the community; to having the financial resources for on-site management and maintenance, allowing issues with residents and facilities to be addressed quickly; and to having a facility "large enough to generate sufficient income, but small enough that staff can know every resident personally."

"I was looking for a safe, secure, clean, convenient, and affordable place to live. I was fortunate to find South Oaks which met those criteria and more! The on-site maintenance person, management, and service coordinator are wonderful. The decision to move wasn't easy because I was used to being around young people, and I wasn't sure how I'd feel living with all older people. However, I soon found that the people at South Oaks cared about one another and treated each as family - in the best sense of that word. We look after one another, rejoice with one another, and console one another. When one has a need, we are all touched. This move to South Oaks was one of the best decisions I've made."

-Wanda Terry, South Oaks resident

This project was funded by the U.S. Department of Housing and Urban Development and The Federal Home Loan Bank of Cincinnati at a cost of \$3.4 million.

Rehabilitation of vacant and abandoned properties in the Weinland Park neighborhood of Columbus, Ohio



Columbus/Franklin County Housing Trust Fund, Columbus, OH

Photo credit: 2012 Annual Report: Affordable Housing Trust for Columbus and Franklin County

A national model for housing trust fund, the Columbus/Franklin County HTF in Ohio chose to invest in the rehabilitation of vacant and abandoned properties to transform a neighborhood facing problems similar to some neighborhoods in Louisville. Weinland Park was part of the largest portfolio of project-based Section 8 subsidized housing in the nation. The units had earned a reputation of “housing of last resort” and were in need of extensive rehabilitation. The neighborhood also included extensive industrial brownfields and a large number of vacant and abandoned properties.

The goal in Weinland Park is to preserve and improve low-income housing, while promoting economic diversity and neighborhood stability. A number of vacant and abandoned homes in the neighborhood were renovated and new homes constructed vacant properties. The new homes and renovations were done with care to match with the existing architecture and character of the neighborhood. An industrial site, formerly plagued by illegal salvaging, vandalism, fires and other public safety problems, is being redeveloped into 500 affordable housing units. And grants were given to homeowners for exterior repairs to fix roofs and porches, paint, and similar activities.

In addition to the Affordable Housing Trust for Columbus and Franklin County, additional funding sources included Campus Partners, JPMorgan Chase Foundation, Columbus Foundation, Mid Ohio Regional Planning Commission, Ohio Capital Corporation for Housing, Community Properties of Ohio, Wagenbrenner Development Company, Columbus City Council, and state historic tax credits.