THE DEPARTMENT OF HOUSING ADVOCACY AND COMMUNITY DEVELOPMENT & AFFORDABLE HOUSING

August 2022
Presented by Charlie Lanter, Commissioner and Carlisha McKissic, Affordable Housing Specialist
Department Overview

DEPARTMENT OF HOUSING ADVOCACY AND COMMUNITY DEVELOPMENT

MISSION STATEMENT

To develop and implement strategies to build strong and equitable neighborhoods, provide needed guidance and assistance, and ensure sustainable growth and development to improve quality of life for Lexington residents.

PURPOSE

Recognizing the importance of strong and equitable neighborhoods, the Department of Housing Advocacy and Community Development uses federal, state, and local funding to provide a variety of public services to the community including Homelessness Prevention and Intervention, Affordable Housing, Code Enforcement, Grants and Special Programs, Historic Preservation, Community and Resident Services.
What is Affordable Housing?

Housing affordability is tied to household income and often calculated as a percentage of Area Median Income (AMI). Lexington’s Affordable Housing Fund creates and preserves units for people at or below 80% of AMI although most units funded are affordable for people at or below 60% AMI.

<table>
<thead>
<tr>
<th>Household Size</th>
<th>100% of Area Median</th>
<th>80% of Area Median</th>
<th>60% of Area Median</th>
<th>50% of Area Median</th>
<th>30% of Area Median</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>$52,900</td>
<td>$42,300</td>
<td>$31,740</td>
<td>$26,450</td>
<td>$15,900</td>
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<tr>
<td>2</td>
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<td>$48,350</td>
<td>$36,240</td>
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<td>$18,150</td>
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<td>3</td>
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<td>$54,400</td>
<td>$40,800</td>
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<td>4</td>
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<td>$60,400</td>
<td>$45,300</td>
<td>$37,750</td>
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</tr>
</tbody>
</table>
Fayette County Average Rent

By quarter

- 2 Bedroom
- 1 Bedroom
- Overall

<table>
<thead>
<tr>
<th>Qtr1</th>
<th>Qtr2</th>
<th>Qtr3</th>
<th>Qtr4</th>
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<th>Qtr1</th>
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<th>Qtr1</th>
<th>Qtr2</th>
<th>Qtr3</th>
<th>Qtr4</th>
</tr>
</thead>
</table>
Maybe this guy was on to something?

If you don’t remember him, just search the internet for Jimmy McMillan!

https://www.youtube.com/watch?v=kcsNbQRU5TI
Affordable rents for this population are extremely low thereby making it difficult for owners to cover expenses related to the property. These expenses include, but are not limited to, insurance, staff payroll, taxes, maintenance upkeep, management fees, etc. The solution is to have a blended development which includes a set-aside of units for those at 30% or below.

For developments with a large number of units, set-aside for households at or below 30% AMI, vouchers are needed.

Housing Choice Voucher/Section 8 – Wait List Closed
Project Based Voucher/Housing – Wait List, Limited Availability
Population Specific Voucher – Veterans, Mental Illness, Domestic Violence

And then, when you get a voucher…
A large majority of landlords will not accept a voucher of any kind, for any reason.

This is legal in Lexington.

Louisville has passed an ordinance preventing this but has found it difficult to enforce.

All projects accepting Lexington’s Affordable Housing Fund dollars must accept vouchers.
Other Issues/Barriers

- Increasing Rents
- Increasing Material and Labor Costs
- Rising Interest Rates

All of these issues mean projects financed by the city require additional money. That equals higher cost per unit and fewer units created/preserved.
What is the city doing?

The Office of Affordable Housing is tasked with managing the day-to-day administration of the Affordable Housing Fund, and also serves as the point of contact for all affordable housing at the City of Lexington.

Affordable Housing Fund

The mission of the Affordable Housing Fund is to leverage public investment to preserve, produce, and provide safe, quality, affordable housing. The Affordable Housing Fund was created with an initial allocation of $3 million from Lexington's FY 2014 general fund budget. Annual allocations of at least $2 million were adopted by Ordinance 103-2014. In 2022, the program received an allocation of $10 million from the American Rescue Plan Act.

The Affordable Housing Fund offers loans and grants to create affordable housing for those households at or below 80% of area median income. To date the Fund has invested in almost 3,000 units of affordable housing.
AFFORDABLE HOUSING FUND

Since 2014:

- $20.5 million from General Fund
- $10 million from State and Local Fiscal Recovery Fund (SLFRF)
- $4.2 million in loan receipts (about $280K/year)

Lexington has allocated $34.5 million to the Affordable Housing Fund

Other Resources:

Federal HOME funding - $6.3 million allocated since 2014
Federal HOME ARP funding - $4.9 million currently available
AFFORDABLE HOUSING FUND

Since 2014:

• $352 million leveraged
• Average AH Funds per unit is $8,088.
• Average cost per unit (total) is $128,500.

Of 2,924 units funded:

• 1,362 have been New Construction.
• 963 were preservation of units previously affordable but at risk of falling out of that pool.
• 599 are existing units that were preserved and are now deed restricted, added to the stock of affordable housing.
AFFORDABLE HOUSING FUND

Units completed and leased to tenants---1,862
Homeownership units completed----------28
Units under construction---rehab--------155
Units under construction---new----------879
Total=2,924 units funded

The average income of residents is just over $14,000.
AFFORDABLE HOUSING FUND

Many of these units – **36.5 percent of the total** – are serving Special Needs Populations:

- 757 Elderly
- 97 Homeless
- 50 Veterans
- 48 Recovering from Addiction
- 6 Youth
- 54 Mentally and/or Physically Disabled
- 26 Medically Vulnerable
- 4 Severe Mental Illness
- 24 Domestic Violence Survivors
ASSISTANCE PAID & HOUSEHOLDS SERVED

$30.8 million disbursed
84% of total federal funding available for direct assistance

4266 households served
1 of every 14 renter households in Fayette County

85% below 50% of AMI
65% below 30% of AMI

> $6,400 average payment
7.2 months rent/5.1 months utilities

> 850 unique landlords paid
Average total payments received >$18,000 per landlord

93% acceptance rate

As of 7/31/22

Department of Housing Advocacy and Community Development

LEXINGTON

Community Action Council

TEAM KENTUCKY
Office of Homelessness Prevention and Intervention

The Office of Homelessness Prevention and Intervention was created in 2014 as a response to the Report of the Mayor’s Commission on Homelessness.

The Office coordinates activities and planning for providers, stakeholders, and affected citizens to ensure an efficient and effective system offering everyone access to shelter, food, employment, housing, and other basic needs and opportunities. The office does not provide direct support services but serves as an information source and assists with problem-solving and communications for difficult situations requiring multiple resources and organizations.

The Office manages an annual allocation of $750,000 to the Innovative & Sustainable Solutions to Homelessness Fund which provides grants to address specific areas of need.
Division of Community and Resident Services

The mission of Community and Resident Services is to support individuals and families in sustaining safe housing environments and to achieve financial self-sufficiency. The division manages several programs including:

- Emergency Financial Assistance
- Relocation Programs
- Utility and repair support programs
- Case management
Being able to provide affordable housing for citizens of Fayette County is a benefit to us all!

Let’s take a look!
Our occupants of affordable housing work at many of the places that provide services to each of us in some capacity.

- McDonald’s
- Speedway
- Joe Bologna’s
- Army Reserves
- Kroger
- Spalding’s
- Mary, Queen of the Holy Rosary school
- UK Healthcare
- Macy’s
- Malone’s
- Taco Bell
- A Brighter Future (brain injury rehab)
- LFUCG
- Amazon
Let’s meet a few!
Georganna
Deborah
Before getting sick, John worked for Meals on Wheels delivering food to those shut in. He is also a veteran.
Diann
John

He will be 95 in January! John trained and owned horses for SEVENTY years. He is also a veteran.
She received her degree in nursing later in life and served as a nurse for over THIRTY years!
I would like to end this presentation with before and after pictures, some remodeling of an apartment community that was built in the 80’s and new construction!
Christian Towers
Elderly housing 62+
18+ if mobility impaired

Total rehab of 92 units and common areas
Lexington Housing for the Handicapped, Inc. (expansion)

Housing for the disabled
Christian Towers
40 additional units

New Construction
BEFORE

AFTER
Second floor porch was fully enclosed by prev. owner and served as bedrooms. Very poorly insulated and not framed properly. Will be reverted back to porch for second floor tenants.

First floor porch was partially enclosed w/ cinderblock by prev. owner. Will be opened up to serve as open sided porch and main entry.

W. Fifth Street

Smith Street

BEFORE

AFTER
Any Questions?
Contact information:

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