

AHEART: A Comprehensive Housing Recovery Strategy

The Problem

Since December 2021, Kentucky has been hit by two massive natural disasters: the western KY tornados and the flash flooding impacting eastern KY. Each of these events has revealed the unique challenges in how we can rebuild these devastated communities. Meanwhile, our cities face housing affordability challenges including eviction and foreclosures stemming from the pandemic against a backdrop of historical disinvestment.

Despite the barriers Kentuckians face, there is one common theme that unites us all: **The need for flexible capital that allows us to meet families where they're at, tackle immediate projects, keep folks safe, and lay the foundation for the long-term building necessary to fully recover.**

United We Stand, Divided We Fall

Kentucky's strongest housing developers, financial counselors, and providers have united in an effort to respond to this critical time. These groups represent Kentucky's affiliations with national housing intermediaries that include NeighborWorks America, The National Urban League, Habitat for Humanity, and The Housing Partnership Network. Our recommendations:

- 1. Establish an Affordable Housing Emergency Action Recovery Trust Fund (AHEART) using the 2023 Regular Session to seed this fund with \$150M.**

Federal funds (i.e. CDBG Disaster Recovery, FEMA and SBA loan products) either do not provide enough assistance, are not approved or deployed fast enough, or are not designed to assist folks in unique circumstances.

Beattyville Housing and Development Corp.
Bell-Whitley Community Action Agency
Christian Appalachian Project
COAP
Community Ventures Corp.
Fahe
Frontier Housing
HOMES Inc.
Housing Development Alliance
Housing Partnership Inc.
Highlands Housing
KCEOC Community Action Partnership
Kentucky Habitat for Humanity
Kentucky River Community Care
Kentucky River Foothills Development Council
Louisville Affordable Housing Trust Fund
Louisville Urban League
New Directions Housing Corporation
Partnership Housing
People's Self-Help Housing
REBOUND
Urban League of Lexington-Fayette County

This model does not duplicate federal funding tools and resources; it allows us to maximize their impact by providing skilled nonprofit partners with resources to address housing needs for which FEMA and others will not pay. It further enables key nonprofits and partners to leverage other funding sources, including private investment.

We are confident based on historical performance and need assessed to date that we can fully use an initial \$150M (to include 10% for admin to Kentucky Housing Corporation to quickly deploy the funds) over the next 12-18 months. But it's not sufficient to meet the need. On average, rebuilding and rehabbing homes costs roughly \$100,000 minimum per unit. With estimates far exceeding 1,500 homes in need of major repair or rebuilds, we know we'll need additional resources moving forward.



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2. In 2024 allocate an additional \$150 million to AHEART to sustain rebuilding and resiliency efforts across the Commonwealth.

An additional \$150M in the budget session will allow housing providers to fully meet the housing needs exposed since December 2021:

- Finish repairs and rebuilds with long-term affordability and resiliency
- Invest in housing counseling to mitigate predatory actors
- Expedite large redevelopment projects

Establishing a disaster housing fund, with the flexibility in uses needed to respond to community need; and then funding it over 2-3 years will create the infrastructure needed for future disasters, wherever they occur.

3. In 2024 use the budget to invest in the Affordable Housing Trust Fund.

Even before these weather events, we were facing a housing crisis. The dual effects of the pandemic, combined with historically low investment in rural regions and our urban centers have created a perfect storm. Families across Kentucky are struggling to find homes close to work and schools. Folks hoping to age in place are unable to repair and restore their current homes to sustain their safety and maintain their value. Vacant and abandoned properties are community blights that are being quickly bought up by out-of-state corporations without Kentuckians best interests in mind.

- Add ~6,000 new units over 3 years
- Revitalize previously divested census tracts
- Continue to provide Kentuckians with wealth-building tools
- Funding awarded to nonprofit developers
- Increasing the real estate fees to \$12 would add ~600 new homes annually.

Total Investment and Activities:

AHEART Year 1: Disaster Recovery	AHEART Year 2: Disaster Recovery	AHTF Year 2: Housing Investments
	Total Year 2: \$265M	
\$150M Disaster Trust Fund	\$150M Disaster Trust Fund	\$40M in AHTF
Emergency home repair	Emergency home repair	Home repair & New Home Building
New home build	New home build	Technical assistance to include housing counseling
Multifamily capital repairs	Multifamily capital repairs	Multifamily development + preservation
Technical assistance to include housing counseling	Technical assistance to include housing counseling	\$75M in vacant/abandoned property mitigation
		Change fee from \$6 to \$12 – no state budgetary impact

Contacts:

Maggie Riden, Fahe
mriden@fahe.org

Adrienne Bush, HHCK
abush@hhck.org

