



Business Lexington
Affordable Housing
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As a young professional and native Lexingtonian, I look to the future with great hope and anticipation. In January of this year, the Planning Commission made the visionary decision not to expand the urban service boundary. It was more than a mere vote on “expansion” vs. “no expansion”. It was an extraordinary turning point in our community’s history.

By “holding the line”, Lexington-Fayette County has a remarkable opportunity to address its significant sanitary sewer and stormwater problems, revitalize its urban fabric using innovative development practices, and promote its renowned and productive countryside. In doing so, a new growth formula can emerge-one characterized by a world-class city in a world-class landscape.

This is a powerful approach in today’s knowledge-based economy, in which a creative and educated workforce is the recipe for long-term success. According to expert economist Richard Florida,

“The physical proximity of talented, highly educated people has a powerful effect on innovation and economic growth-in fact, the Nobel Prize winning economist Robert Lucas declared the multiplier effects that stem from talent clustering to be the primary determinant of growth. That’s all the more true in a post-industrial economy dependent on creativity, intellectual property and high-tech innovation”
“Where the Brains Are”, the Atlantic Monthly, October 2006.

Recruiting these professionals is the key to sustainable economic development in the 21st century. This is done by creating a distinctive, attractive, amenity-rich community that has a recognizable brand. International Economic Development Council

We are the “Horse Capital of the World”- firmly grounded in a beautiful, historic, and finite geological resource. Simply stated, the Bluegrass is bringing the 2010 World Games to Lexington! Our brand is fragile, and hanging in the balance with the resurgence of regional sprawl.

Yet, at the public’s insistence and the Planning Commission’s resolve, Lexington-Fayette County is now committed to a fresh land-use approach that promotes urban and rural vitality. With earnest intentions, this dynamic promises to improve our quality of life and conversely our economic currency. But will we cash in?

Affordable housing is a key element to this answer. Without it, we will not only gentrify our city, but we will drive away young professionals, artists, entrepreneurs, and businesses

that would otherwise stay in Lexington to create the quality of life necessary for real economic development.

Although our home prices are lower than the national average, we still have some serious work to do. Affordable housing is a housing cost that does not exceed 30% of the household's income. HUD. In Lexington-Fayette County, 27% of both renter and owner occupied households pay at least 30% of their income towards housing, and over a quarter of the population is cost burdened in their housing. LFUCG Div. of Planning, Commerce Lexington.

Moreover, wealth has doubled since 1989 in households headed by people 55 and older, while households headed by people in their 20's, 30's, and 40's have fallen behind. The Federal Reserve Board. If not careful, we will create an urban core off-limits to the very people we need to attract.

Despite these statistics, Lexington-Fayette County has what it takes to get the job done. First, our cultural shift away from sprawl and towards a sustainable planning model is conducive to affordable housing. While less land is available to accommodate growth, urban construction-if appropriately done- produces walkable streetscapes, and mixed-use networks for efficient mass transportation. Consequently, city residents living in this environment can save big money on transportation costs.

For instance, in 2006, the cost of owning and operating one car is the equivalent to paying a \$100,000 annual mortgage. American Planning Association. In addition, public transportation use saves 1.4 billion gallons of gasoline every year, and can reduce household expenses by \$6,200-more than the average household pays annually for food. American Public Transportation Association. Needless to say, these savings can be used to cover other living costs like rent and mortgage payments.

Second, our local government leaders stand ready to evaluate and revise our zoning and regulatory processes, so as to achieve affordable housing in the urban context. With a limited and expensive land supply, infill development by its very nature is costly and complicated.

By many accounts, our current legal regime governing infill is confusing and cumbersome at best. For example, it took one local developer approximately two years to get a building permit to build downtown. In short, the longer it takes to start construction, the more legal and loan expenses developers incur on the front end of a project-translating into a higher final home price.

The LFUCG Planning Committee, Infill-Redevelopment Committee, and Division of Planning are working hard on this issue. Partnering with the private sector, local government is looking at ways to responsibly stream-line regulatory processes and use creative incentives to promote affordable housing in Lexington.

These potential measures include adopting inclusionary zoning, establishing land banks and low-income housing tax credits, and implementing tax abatements and low interest loan programs.

So, back to the original question-will we cash in? With community determination, collaborative thinking and progressive action-I am hopeful. Very hopeful.