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Lexington- Fayette Urban County Council
200 East Main Street
Lexington, KY 40507

August 26th, 2014

Dear Vice Mayor Gorton and Council members,

My name is Knox van Nagell, and I am writing this letter on behalf of Fayette Alliance.

Founded in 2006, Fayette Alliance is a coalition of citizens dedicated to achieving sustainable growth in Lexington-Fayette County through land use advocacy, education, and promotion.

As the voice for sustainable growth, Fayette Alliance believes that preserving our unique and productive Bluegrass farmland, advancing innovative development, and improving our infrastructure are essential to our collective success in Lexington.

Through our efforts at government and beyond, Lexington can become the model for sustainable growth, by connecting and balancing its vibrant city with its unique and productive Bluegrass farmland.

In furtherance of this mission, Fayette Alliance supports the ordinance creating the Affordable Housing Fund and Governing Board.

Lexington must address its shortage of affordable housing for working families, as part of a viable and equitable growth strategy for the community. This is a real need. According to the study released by CZB earlier this year,

"6000 households, most of whom include at least one worker, cannot find decent housing on the open market in Lexington at rates considered affordable (equal or less than 30% of their gross income)." ¹

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Executive Director

Knox van Nagell, J.D.

¹ *Lexington's Affordable Housing Challenge and Potential Strategy*, p.2, CZB, February 2014.



This condition has wide ranging consequences for our entire community, as

"...these 6,000 working households either overpay or live in substandard or overcrowded conditions. When households overpay, the Lexington economy is deprived of spending, costing Lexington valuable revenue. When households--overpaying or not--have no choice but to live in substandard or overcrowded conditions, Lexington's tax base suffers, and neighborhoods become less stable." ²

A comprehensive and coordinated effort is needed to address this complex issue, and an Affordable Housing Fund ("Fund") is a critical piece of the puzzle. If properly administered, the Fund can leverage local, state, and federal resources to build projects, and improve property values throughout Lexington- Fayette County. With the right programmatic goals in place, the Fund will strengthen our economy, quality of life, and built environment.

Therefore, Fayette Alliance supports the ordinance to create the Fund and Governing Board. In addition, we make the following recommendations to promote the long-term success of the program:

1. **The policies and criteria by which the Board and staff will administer the Fund should be expressly adopted into ordinance at a future date.** Public monies will support the program, either through a general fund allocation or a dedicated funding source. The taxpayer must be informed of its programmatic goals in the interests of transparency, best management practices, and community buy-in. Like its rural cousin the PDR program, having the administrative criteria affirmed in ordinance will create an objective standard by which both the public and government can gauge the success and ongoing needs of the Fund. This legislative approach will generate both confidence in and resources for the Fund today and into the future.
2. **The Fund's project criteria should support development that has solid financing and leverages additional monies from state and federal sources.** Given the shortage of affordable housing funding across all levels of government, the Fund will have the most impact if it supports developments that are financially stable and resourceful.
3. **The Fund's project criteria should reward those applicants that have a demonstrated capacity and experience in constructing affordable housing.** Such a requirement will ensure that the Fund makes sound investments in achieving its mission not just on paper, but in building actual projects.
4. **The Fund's project criteria should reward affordable housing developments that have good design, primarily by exhibiting a respect for neighborhood character, a commitment to sustainability both in form and function, multi-modal transportation considerations, and the use of low-maintenance and durable materials.** As the recipient of public subsidies, the Fund should advance exemplary that create value for the entire community. As such, the Fund's resources should support brick and mortar development to generate the greatest economic impact and quality of life

² *Lexington's Affordable Housing Challenge and Potential Strategy*, p.2, CZB, February 2014.

improvements for our city. Providing rental vouchers should not be the focus of this program.

Collaboration with the Division of Planning, the Lexington Housing Authority, and the private sector is key to achieve this goal.

5. **A support system for the tenants and owners of Fund properties is needed, to ensure that program investments are not made in vein.** Educational programming focusing on the financial expectations of home ownership, and sound property management standards and requirements, etc. should be considered.

Collaboration with the Urban League, REACH, the Community Land Trust, the Lexington Housing Authority, and other partner agencies is essential for implementation.

6. **The Fund Board will yield much power, as it—along with the Executive Director—will establish the policy goals and administrative criteria of the program. Board membership must be diverse and qualified.** This is where the rubber meets the road, and the Board will determine how the Fund's mission will be achieved in Lexington. Therefore, members of the Board must have strong credentials in the financing, construction, and real estate sectors of affordable housing development. Additionally, end-users, along with neighborhood and rural representatives, should be part of the mix as the program will have broad land use implications from downtown to the Fayette county-line.

The Affordable Housing Fund is an essential and exciting opportunity for our community that affirms our commitment to innovative land-use planning. With strong leadership and clear objectives, the Fund will be a game-changer that will move us closer to sustainably growing our city and promoting our farms in Lexington-Fayette County.

Therefore, Fayette Alliance supports the Fund, and respectfully request that you adopt our recommendations moving forward.

Thank you for your consideration, and we appreciate your dedication to Lexington-Fayette County.

With highest regards,

Knox van Nagell, JD
Executive Director
Fayette Alliance

Cc: Mayor Jim Gray
Dr. Derek Paulsen