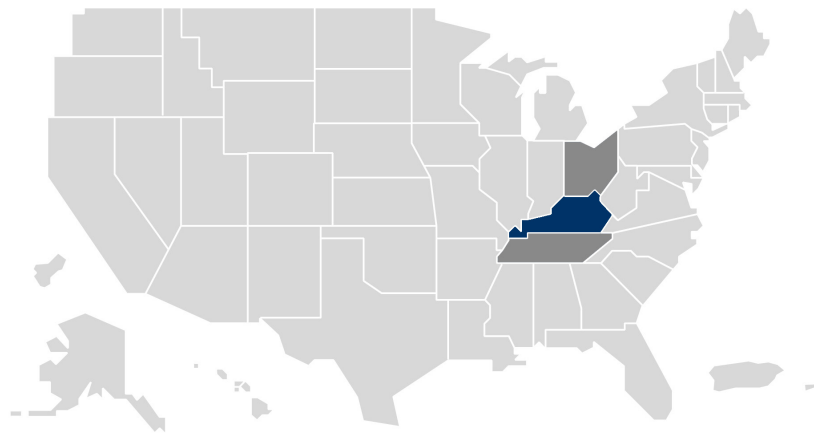


ENHANCING LIVES, IMPACTING COMMUNITIES: THE FEDERAL HOME LOAN BANK SYSTEM



KENTUCKY
STATE REPORT

KENTUCKY STATE REPORT

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Since its creation in 1989, the Federal Home Loan Bank System’s Affordable Housing Program (AHP) has been a substantial and valuable source of real estate equity for the financing of affordable housing in the United States. From 1990 through 2016, the 11 Federal Home Loan Banks (FHLBanks) collectively contributed more than \$4.1 billion (\$5.4 billion in inflation-adjusted dollars) in AHP real estate finance equity for rental, home construction and rehabilitation activities. This equity was combined with \$65.7 billion (\$83.9 billion in inflation-adjusted dollars) in leveraged dollars from other private and public sources, enabling \$69.9 billion (\$89.3 billion in inflation-adjusted dollars) in total development funding for more than 601,000 housing units. From 1995 through 2016, the FHLBanks also collectively contributed approximately \$1.0 billion (\$1.2 billion in inflation-adjusted dollars) in AHP equity for down payment assistance and mortgage principal reduction, assisting more than 183,000 home purchase activities. Each FHLBank allocates at least 10 percent of its annual net earnings to fund its AHP. As such, the continued operating and mission success of the FHLBanks has directly enhanced the development and purchase of affordable housing throughout the country and has had a positive impact on local and state economies and on the national economy. The state of Kentucky is in the Cincinnati district. This report details the economic impact of housing within Kentucky that has been enhanced by AHP funding from 1990 through 2016.*

* Note: some projects within Kentucky may have received AHP funding from a Federal Home Loan Bank other than FHLBank Cincinnati. For further detail on the economic impact study methodology, please see: Study Methodology and Appendices Report.

KENTUCKY Rental, Home Construction and Rehabilitation Activities

Economic Basis



\$119.27 MILLION

TOTAL AHP SUBSIDY

AHP provides real estate finance equity for both rental and for-sale housing. AHP is more often referred to as a subsidy or grant and is delivered to FHLBank-member financial institutions to assist in the funding for construction, rehabilitation and purchase of affordable housing.

\$151.78 MILLION

TOTAL AHP SUBSIDY INFLATION-ADJUSTED



\$945.84 MILLION

DEVELOPMENT COST

Development Cost refers to the cost of acquiring land or pre-existing housing units, demolition and/or relocation costs and any costs incurred while constructing, rehabilitating or redeveloping housing.

\$1.22 BILLION

DEVELOPMENT COST INFLATION-ADJUSTED

 **655**

PROJECTS

Projects refers to the distinct use of AHP funding for a specific acquisition, construction or rehabilitation of building(s) or housing unit(s).

 **11,027**

TOTAL UNITS

Total Units refers to the total number of single-family and multifamily units constructed using AHP funding, where each individual dwelling unit in a multifamily building is counted separately.

Inflation-Adjusted refers to the measure of return that takes into account the time period's inflation rate. For example, \$100 in 1990 is worth \$192 in 2018. This study reports all economic impacts in inflation-adjusted dollars.

KENTUCKY Home Purchase Activities

Economic Basis



\$32.23 MILLION

TOTAL AHP SUBSIDY

AHP provides real estate finance equity for both rental and for-sale housing. AHP is more often referred to as a subsidy or grant and is delivered to FHLBank-member financial institutions to assist in the funding for construction, rehabilitation and purchase of affordable housing.

\$38.88 MILLION

TOTAL AHP SUBSIDY INFLATION-ADJUSTED



\$523.53 MILLION

FIRST MORTGAGES

First Mortgages refers to the volume and value of first-lien position mortgages financed by lenders in a home purchase activity.

\$611.08 MILLION

FIRST MORTGAGES INFLATION-ADJUSTED



6,121

TOTAL UNITS

Total Units refers to the total number of single-family and multifamily units constructed using AHP funding, where each individual dwelling unit in a multifamily building is counted separately.

Inflation-Adjusted refers to the measure of return that takes into account the time period's inflation rate. For example, \$100 in 1990 is worth \$192 in 2018. This study reports all economic impacts in inflation-adjusted dollars.

KENTUCKY Rental, Home Construction and Rehabilitation Activities

Economic Impact



\$2.31 BILLION

TOTAL ECONOMIC BENEFITS

Total Economic Benefits measure the economic activities associated with rental, home construction and rehabilitation enhanced by AHP funding.



18,121 JOBS

JOB CREATION

Job Creation includes new full-time, part-time, temporary, permanent, salary-based and fee-based jobs generated by the addition of AHP-enhanced rental, home construction and rehabilitation activities.



\$784.59 MILLION

LABOR INCOME

Labor Income refers to all forms of income that stem from employment, such as salaries and hourly wages and profits made by developers, builders and contractors.

1.89

MULTIPLIER (IMPLAN Factor)

Multiplier is a term used for the economic ripple effect measured by an economic impact model. In this case, the multiplier effect accounts for how each additional job or dollar of output enhanced by AHP funding impacts the home construction and rehabilitation of affordable rental and housing units.

\$66.44 MILLION

TAX REVENUE

Tax Revenue includes the revenue generated by local and state taxes related to rental, home construction and rehabilitation.

All dollars are in inflation-adjusted dollars.

KENTUCKY Home Purchase Activities

Economic Impact



\$1.32 BILLION

TOTAL ECONOMIC BENEFITS

Total Economic Benefits measure the economic activities associated with home purchases, enhanced by AHP funding.



9,612 JOBS

JOB CREATION

Job Creation includes new full-time, part-time, temporary, permanent, salary-based and fee-based jobs generated by the addition of AHP-enhanced home purchase activities.



\$294.99 MILLION

LABOR INCOME

Labor Income refers to all forms of income that stem from employment, such as salaries and hourly wages and profits made by developers, builders and contractors.

1.94

MULTIPLIER (IMPLAN Factor)

Multiplier is a term used for the economic ripple effect measured by an economic impact model. In this case, the multiplier effect accounts for how each additional job or dollar of output enhanced by AHP funding impacts the home purchases of affordable housing units.

\$35.31 MILLION

TAX REVENUE

Tax Revenue includes the revenue generated by local and state taxes related to rental, home construction and rehabilitation.

Hope Center Recovery Program – Making a Difference



Hope Center, Inc.

Hope Center, Inc., in partnership with member Central Bank and Trust Company, was awarded \$1,000,000 for the development of the Hope Center Men’s Recovery Program. Financing for the project included a HOME grant, sponsor equity, donated land and a member cash contribution.

The George Privett Recovery Center for Men is a transitional housing program with 65 beds. The target population is homeless males, most of whom suffer from mental illness and/or substance-abuse issues; many are being released from correctional institutions with no place to go. Residents pay zero rent, and operating expenses are covered by per diems from the Department of Corrections, with which Hope Center has partnered for many years to serve males being released from correctional institutions.

SOURCES		
AHP	\$	1,000,000
Sponsor Equity	\$	1,000,000
Donated Land	\$	910,000
HOME	\$	500,000
Owner Equity	\$	45,638
Member Cash Contribution	\$	500
Total	\$	3,456,138

KENTUCKY

Project Profile: Home Purchase Activity



People’s Self-Help Housing, Inc.

The project involved the new construction of eight single-family units in Appalachian Lewis County, Kentucky, for purchase by very-low-, low- and moderate-income first-time homebuyers; three elderly homebuyers; and three families coming out of homelessness. The \$927,000 project was financed with USDA Rural Development loans, HOME grants, a cash contribution from the member and sponsor, donated professional labor and a \$151,525 Affordable Housing Program (AHP) grant.

People’s Self-Help Housing, Inc. program participant, the Clifford family was one of eight families included in this project. Their home was replaced with a new home for the multigenerational household. The new five-bedroom, two-bathroom home was specifically designed to provide privacy for the grandparents and the grandchildren, and replaced a severely dilapidated frame house with numerous room additions and dangerous electrical and heating hazards. Three members of the household have disabilities. Affordable permanent financing was provided by People’s Self-Help Housing, Inc. in the form of a \$98,000 25-year loan. Federal Home Loan Bank of Cincinnati-member Citizens Deposit Bank and Trust provided a \$50,000, four percent construction loan for the project and contributed eight hours of staff labor to landscape the new home. An AHP grant of \$10,024 covered the gap between the mortgage and the actual cost of the project. The Cliffords no longer worry about keeping their home warm during cold winter nights or lie awake worrying about the possibility of an electrical fire resulting from the use of space heaters.

SOURCES		
USDA Mortgage Loans	\$	628,000
AHP	\$	151,525
HOME	\$	124,500
Sponsor Cash Contribution	\$	15,696
Donated Goods and Services	\$	3,896
Down Payment	\$	1,516
2nd Mortgage by Sponsor	\$	1,500
Member Cash Contribution	\$	500
Total	\$	927,133