



Park DuValle

An Urban Neighborhood Is Reborn.

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It's Christmastime in Louisville's Park DuValle neighborhood, and the houses are ablaze with twinkling lights of every color. People wave to their neighbors from wide front porches as faint strains of Christmas carols echo through the tree-lined streets.

An ordinary scene, perhaps—until you consider that, just a few short years ago, this neighborhood was home to Louisville's notorious Cotter and Lang housing projects. Here, the poorest of the poor—family median income was \$5,600—were warehoused in dark, decaying, dangerous 1950s-era buildings. Here, gunfire too often drowned out the sounds of laughter and Christmas carols. Here, the pulsing lights of police cruisers too often eclipsed the holiday's twinkling lights.

The revitalization—the rebirth—of Park DuValle may seem nothing short of miraculous, but it has actually been the result of hard work and faith, trust and teamwork. And fueling it all has been an innovative partnership between public, private, and non-profit entities, a partnership that could be replicated in communities across the commonwealth and across the country.

“Every community has its own version of the Cotter and Lang Homes—its own blighted neighborhood, street, or block crying out for help,” said Kelly Downard, president and CEO of Louisville Community Development Bank (LCDB). “Community bankers are uniquely positioned to answer that cry, to take the first step, to forge the partnerships that lead to revitalization.”

The Park DuValle initiative was born in 1993 when the Housing Authority of Louisville began planning for the rehabilitation of the Cotter Homes. When the U.S. Department of Housing and Urban Development began offering local officials more

flexibility in their use of federal dollars, the Housing Authority responded with a plan to demolish both the Cotter and Lang Homes and to replace them with a high-quality, economically-integrated community. “The goal was to create a safe, clean neighborhood populated by people who *wanted* to live there—not who had to live there,” Downard said.

Soon, a partnership developed that included the Housing Authority, the City of Louisville, nonprofit groups The Community Builders, Inc. and The Housing Partnership, Inc., LCDB, its affiliate the Louisville Real Estate Development Company (LREDC), and other private lenders and investors. LREDC and The Housing Partnership, Inc., together serve as developers of the for-sale homes in Phase II of the project.

According to Downard, several factors have led to Park DuValle’s success and could be replicated elsewhere. At the outset, the developers selected a group of eight qualified builders for Park DuValle homes and set up an architectural review committee to approve all designs. They have also closely controlled construction costs and have pre-sold every home built to date—never for more than the appraised value.

A simple but powerful incentive program encourages homeowners to stay in the neighborhood. First-time and low-income homebuyers can qualify for a “soft” second mortgage valued at roughly 10 percent of their home’s price. Provided through HUD financing, this loan can be used as a down payment and—if the buyer stays in the home for at least 10 years—is forgiven.

“The soft second makes the first mortgage company more comfortable because the mortgage is always within value,” Downard said. “It also encourages the homeowner to remain in Park DuValle and strengthen the neighborhood.”

The incentive program was important to Sergeant Anthony Padgett, a first-time homeowner who will retire from the Army next year. But what really sold him and his family on Park DuValle was the sense of community. “It’s a great place,” Padgett said, “You’ve got people actually looking out for you and your home, which makes a real difference.”

Fostering residents’ sense of community is a major goal of the Park DuValle partnership. LREDC has worked closely with the homeowners’ association, helping it incorporate and get up to speed. The Housing Authority bought and demolished a nearby liquor store that had become a haven of criminal activity. And the local school district committed \$16 million to improving the DuValle Education Center, which houses a fully-accredited early childhood education program.

The size of the Park DuValle revitalization is massive—125 acres, more than 1,000 planned homes and apartments, \$180 million in public and private financing. But Downard emphasized that size is irrelevant. “The same ideas could work in any community of any size,” he said. “The money is there—from HUD, from the Kentucky Housing Corporation, and from private sources—and the need is certainly there as well. All that’s lacking is someone to see the need and to take the first step.”