
Development Plan
For
Logistics Air Park Development Area
Louisville/Jefferson County Metro Government
_____, 2021

Development Plan
The Logistics Air Park Development Area

1. Introduction.

1.1. Purpose. The Louisville/Jefferson County Metro Government (“Louisville Metro”) intends to establish the **Logistics Air Park Development Area** (the “Development Area”) pursuant to the provisions of KRS 65.7041 to 65.7083 and KRS 154.30-010-154-30.090, as the same may be amended (collectively, the “Act”), to encourage the redevelopment of a lot currently used for surface parking being undertaken by Nicklies & Company, a Kentucky corporation, or an affiliate of same (the “Developer”), to be located at and adjacent to (i) 3201 Dupin Drive, (ii) 5400 Minor Lane, and (iii) Parcel ID No. 064104420000, Louisville, Kentucky. The Developer proposes to redevelop the site into approximately 920,000 square feet of warehouse space and 30,000 square feet of office space, which will cost approximately \$49 million, of which \$20 million will be for public infrastructure improvements which will benefit both the site and the surrounding area (the “Project”). Louisville proposes to support the Project and provide redevelopment assistance through a pledge of a portion of the incremental increase in local, Louisville Metro ad valorem real property and occupational taxes generated within the Development Area as a result of the Project, and by requesting a pledge of State incremental tax revenues under the Commonwealth Participation Program for State Real Property Ad Valorem Tax Revenues (the “Property Tax Program”) as provided in the Act.

1.2. The Project will provide public infrastructure improvements that will allow commercial traffic, such as trucks, to utilize those improvements instead of Minor

Lane, Preston Highway and the Outer Loop, which would benefit the surrounding area and catalyze additional development.

1.3. The redevelopment plan for the Project will redevelop a site that has sat vacant with deteriorating buildings, and more recently, has been used as a surface parking lot.

1.4 Size and Location. The Development Area is an approximate 67.5872 acre area in south Louisville identified more specifically on the map attached as Exhibit “A”. This location, in south Louisville, is perfectly situated for development of the Project, which will catalyze development for continued high quality growth and development in the surrounding areas.

2. The Development Area

2.1. Assurances Regarding the Size and Taxable Assessed Value of the Development Area and Other Matters. Louisville Metro finds in accordance with the Act that:

(a) The Development Area is a contiguous area consisting of approximately 67.5872 acres, which is less than three square miles in area;

(b) The establishment of the Development Area will not cause the assessed taxable value of real property within the Development Area and within all “development areas” and “local development areas” established by Louisville Metro (as those terms are defined in the Act) to exceed twenty percent (20%) of the total assessed taxable value of real property within Louisville Metro. To date,

Louisville Metro has established several other development areas with a combined taxable real property assessment of \$1.539 billion. The taxable real property within the Development Area for calendar year 2020 is approximately \$271,360, and that combined with the other development areas that have been established by Louisville Metro totals approximately \$1.539 billion in taxable real property assessment. The total assessed value of taxable real property within Louisville Metro for the calendar year 2020 exceeds \$65.6 billion, 20% of which is \$13.1 billion. Therefore, the assessed value of taxable real property within all development areas is significantly less than twenty percent (20%) of the assessed value of taxable real property within Louisville Metro; and

(c) That the Development Area constitutes previously developed land as required by KRS 65.7043(2).

2.2. Statement of Conditions and Findings Regarding the Development Area. Pursuant to KRS 65.7049(3), a development area shall exhibit at least two of the following conditions to qualify for designation as a “development area” under the Act.

(a) Substantial loss of residential, commercial, or industrial activity or use;

(b) Forty percent (40%) or more of the households are low-income households;

(c) More than fifty percent (50%) of residential, commercial, or

industrial structures are deteriorating or deteriorated;

(d) Substantial abandonment of residential, commercial, or industrial structures;

(e) Substantial presence of environmentally contaminated land;

(f) Inadequate public improvements or substantial deterioration in public infrastructure; or

(g) Any combination of factors that substantially impairs or arrests the growth and economic development of the city or county; impedes the provision of adequate housing; impedes the development of commercial or industrial property; or adversely affects public health, safety, or general welfare due to the development area's present condition and use.

Louisville Metro has reviewed and analyzed the conditions within the Development Area and finds that the Development Area meets five (5) of the seven (7) qualifying characteristics as follows:

1. **A substantial loss of residential, commercial, and industrial activity or use has occurred within the Development Area.** Many of the buildings in the Development Area are deteriorated and abandoned a period of time ranging from two to ten years, have fallen into disrepair and have become havens for drug users and rodents.
2. **More than fifty percent (50%) of residential, commercial or industrial structures are deteriorating or deteriorated.** All of the

existing structures in the Development Area or deteriorating or deteriorated.

3. **Substantial abandonment of residential, commercial, or industrial structures are deteriorating or deteriorated.** All of the existing structures in the Development Area have been abandoned.
4. **There are inadequate improvements or substantial deterioration of public infrastructure to support the proposed new development within the Development Area.** In order to develop the proposed Project, significant road improvements are required to support the increased usage. Additional power, sewer and water infrastructure is required to facilitate the Project, and these improvements will facilitate further development within the area. These infrastructure improvements cannot reasonably be funded with private investment alone.
5. **A combination of factors substantially impairs or arrests the growth and economic development of the city or county and impedes the development of commercial or industrial property due to the Development Area's present condition and use.** Development of the Project site without assistance as provided by the Act is not feasible due to the dramatically rising large scale costs associated with the redevelopment of the proposed Project. Potential revenue alone cannot underwrite the costs of the proposed public infrastructure improvements. No other adequate

funding mechanism affords the proposed improvements absent the incentives provided under the Act. These improvements cannot be facilitated with private investment alone. The improved public infrastructure and connectivity resulting from the development of the proposed Project will have a positive effect on the city and surrounding area.

6. **Assurances the Development Area Is Not Reasonably Expected to Develop Without Public Assistance.** Louisville Metro finds that the Development Area will not reasonably be developed without public assistance, including incentives as provided by the Act. The high cost of site development expenses needed for the Project, particularly public infrastructure, make public incentives critical to the financing of the Project when compared with low potential revenue generated by these improvements.

2.3. Assurances Regarding the Public Benefits of Redeveloping the Development Area as Proposed Justify the Public Costs Proposed. Louisville Metro finds that the public benefits of redeveloping the Development Area justify the public costs proposed. The investment in the Development Area will result in significant returns through increased property valuations for the surrounding area, will facilitate secondary and tertiary re-development within the area. The Development Area has a 2020 taxable assessment of approximately \$271,360, but currently generates \$0 in ad valorem real property taxes to Louisville Metro because its owner qualified for the

property tax exemption pursuant to Section 170 of the Kentucky Constitution. The Project will increase capital investment by approximately \$49,000,000, which will provide significant new taxes to Louisville Metro and the other taxing districts. While Louisville Metro will pledge 80% of the incremental increase of the (i) local ad valorem real property taxes from the Development Area, up to a cap of \$1,234,732, and (ii) occupational withholding fees from the Development Area, up to a cap of \$6,772,948, to provide redevelopment assistance to the project, it will retain 20% of the new incremental increase of the local ad valorem real property taxes and occupational withholding fees from the Development Area. Therefore, even when considering the requested incentives for the Project from Louisville Metro, the Project will be financially beneficial to Louisville Metro. Further, the Project will serve as a catalyst for additional development in the area surrounding the Development Area.

2.4. Assurances Regarding the Area Immediately Surrounding the Development Area. Pursuant to the Act, the establishment of a development area requires a finding that the area immediately surrounding the Development Area has not been subject to growth and development through investment by private enterprise or, if the area immediately surrounding the Development Area has been subject to growth and development through investment by private enterprise, that there are certain special circumstances within the Development Area that would prevent its development without public assistance. While the area immediately surrounding the Development Area that would prevent its development without public assistance; specifically, the high cost of public infrastructure improvements needed to redevelop the Development Area, which are expected to cost approximately \$20 million out of the total capital investment of \$49

million, and include improvements to roads, earthwork, utilities, curbs, sidewalks, and stormwater and sanitary sewers. The proposed improvements within the Development Area will have a positive effect on the surrounding area which faces stagnation in development without them. The additional public infrastructure will result, not only in feasible development within the Development Area, but in additional feasible development of the surrounding area. In addition, pursuant to the Logistics Air Park Development Project Economic and Fiscal Analysis prepared by Commonwealth Economics (the "Economic Impact Report"), the projected local net positive impact to Louisville Metro from the Project is \$43,081,217, and is also estimated to generate \$26,299,547 in direct state tax revenues. A copy of the Economic Impact Report is attached as Exhibit B.

2.5. Development Area Description. The Development Area includes the real property within the boundaries described on the site plan and legal description attached hereto as Exhibit "A."

2.6. Existing Uses and Conditions. The Development Area consists of approximately 67.5872 acres along Dupin Drive and Minor Lane and bounded by on the west by I-65 Street in South Louisville. The existing site has been used for surface parking since the buildings were essentially abandoned.

2.7. Changes in the Zoning Ordinance, Zoning Map, Comprehensive Plan or Other Codes or Plans Necessary to Implement the Development Plan. No change is needed in zoning to implement the Development Plan.

2.8. Certification of Compliance with the Comprehensive Land-Use

Plan. The Project complies with the Comprehensive Land-Use Plan for Louisville Metro.

3. The Development Program.

The Development is expected to consist of approximately 920,000 square feet of warehouse space and 30,000 square feet of office space, as well as approximately \$20 million of public infrastructure improvements.

4. Redevelopment Assistance and Finance Plan.

Louisville Metro proposes to provide redevelopment assistance and pay for Project costs through a pledge of a portion of the incremental increases in tax revenues from local ad valorem real property taxes and occupational withholding taxes from the Development Area. Louisville Metro proposes to pay annually to the Agency, as defined in the Local Participation Agreement, the Released Amount which shall be calculated as provided in the Local Participation Agreement as follows: 80% of the Real Estate Tax Increment and 80% of the Withholding Tax Increment, as those terms are defined in the Local Participation Agreement, subject to the following condition: In no event shall the total of the Released Amount paid to the Authority over the term of the Local Participation Agreement exceed (i) \$1,234,732 with respect to the Real Estate Tax Increment, and (ii) \$6,772,948 with respect to the Withholding Tax Increment as set forth in the Local Participation Agreement. An estimate of the new tax revenues and the economic benefits to both Louisville Metro and the Commonwealth is included in the Economic Impact Report. In addition, Louisville will work to obtain a pledge of state incremental revenues under the Property Tax Program to support the Project.

Louisville Metro will establish a special fund for the deposit of pledged incremental revenues as required by KRS 65.7061. Pledged incremental revenues deposited into this special fund will be used solely to reimburse the Developer for redevelopment assistance or pay for project costs in compliance with this Development Plan, the Act, and all agreements and documents entered into in connection therewith. Louisville will enact an ordinance establishing the Development Area and adopting this Development Plan. The development area ordinance will designate the Metro Development Authority, Inc. (the "Agency"), organized by Louisville Metro, as the entity in charge of overseeing, administering and implementing the terms of the development ordinance.

5. Conclusions.

In conclusion, the Project will serve as an important catalyst to the further development of South Louisville and surrounding areas, will generate significant new tax revenues to Louisville Metro, and will facilitate an increase in connectivity and public infrastructure needed to support the growth and development of Louisville Metro. The incentives proposed to be provided under the Act are reasonable and critical to the overall financing for the Project.

Exhibit A

Map and Description of Development Area

Being Tracts 1A, 1B and 1C as shown on Minor Subdivision Plat approved by Louisville Metro Planning Commission on July 10, 2020 as Case No. 20-MPLAT-0076, which plat is of record in Plat Book 60, Page 12, in the Office of Jefferson County, Kentucky.

Exhibit B

ECONOMIC IMPACT REPORT