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**Development Plan**

**For**

**Phoenix Hill**

**Louisville/Jefferson County Metro Government**

\_\_\_\_\_, **2016**

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**Development Plan  
The Phoenix Hill Development Area**

**1. Introduction.**

**1.1. Purpose.** The Louisville/Jefferson County Metro Government (“Louisville Metro”) intends to establish the **Phoenix Hill Development Area** (the “Development Area”) pursuant to the provisions of KRS 65.7041 to 65.7083, as the same may be amended (collectively, the “Act”), to encourage the redevelopment of a project consisting of a multifamily residential use being undertaken by Louisville Baxter Apartments, LLC, an Ohio limited liability company (the “Developer”), to be located at and adjacent to 626-628, 632, 638, 640-644, 648-652 and 656 Baxter Avenue, 1203-1219, 1223, 1227-1235, and 1249 E. Broadway, and 1014-1026 Rogers Street, Louisville, Kentucky. The Developer proposes to redevelop existing buildings, including a former entertainment nightspot that closed in 2015 into a mixed-use project with a 260± unit multifamily residential community, approximately 31,500 square feet of ground floor retail and restaurants along Baxter Avenue and E. Broadway, the construction of a parking garage in the center of the residential structure, and the preservation of five existing houses at 1203-1211 E. Broadway (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 taxes generated within the Development Area as a result of the Project.

**1.2.** The Project will provide an updated urban housing option for Louisville Metro, catering to professionals and families desiring an urban lifestyle, as

well as baby boomers and “empty-nesters” seeking an urban retirement experience that allows opportunities and ease of access to arts and cultural attractions downtown. .

**1.3.** The redevelopment plan for the Project will redevelop a site that has been underutilized and under maintained, and will also work with a third party group to preserve five existing houses. The Project will include many common-area, high-quality amenity offerings, and will also provide retail on the ground-level and provide on-site parking, which will be contained in the center of the residential structure. Interior features at the Project will be upscale, including stainless steel appliances, granite countertops and various other lighting, plumbing and trim details. The Project will be professionally managed to provide the highest level of service for its residents.

Redevelopment will transform an underutilized area, and will be a catalyst for further development of the surrounding neighborhood. The Developer appreciates the opportunity provided by the building, given its location in an adjacent urban neighborhood to downtown Louisville Metro. In addition to contributing to and supporting Louisville Metro’s explicit goal of bringing high-quality residential opportunities to the Downtown Louisville area, this proposed project will strengthen the basis for groceries and other urban services, and will drive further development in the Broadway corridor between Downtown and the Original Highlands.

Areas with a concentration of urban residents become true communities, and serve as a draw for the development of restaurant, shopping and entertainment venues. By providing an attractive, exciting place to live, the Project will reinforce the ability of private and public employers to recruit young professional and creative people

to Louisville Metro in general. Many of Louisville Metro's peer cities are experiencing substantial growth in downtown housing and employment as a result of the creation of urban living spaces. Memphis, Nashville, Indianapolis, Charlotte, and Raleigh all serve as examples of this evolution. Downtown Louisville has the employment base and a growing restaurant and retail base to support urban living. Currently missing is a critical mass of urban living spaces, particularly upscale rental communities. This Project will serve as a catalyst for more urban residential development.

“Empty nesters” and young millennials are particularly attracted to living environments that are well connected to active walkable amenities, particularly urban streets with restaurant, entertainment and shopping opportunities. Not only will the Project provide a connection to existing shops and restaurants in the Original Highlands as well as providing retail on-site, it will serve as the catalyst for expansion of other uses between Downtown and the Original Highlands.

**1.4 Size and Location.** The Development Area is an approximate 4.13 acre area in the Original Highlands neighborhood identified more specifically on the map attached as Exhibit “A”. This location, on the edge of the Original Highlands neighborhood, is perfectly situated for development of the Project, which will become the anchor and development catalyst 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 4.13 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 \$1.489 billion. The taxable real property within the Development Area for calendar year 2015 is approximately \$2,602,520, and that combined with the other development areas that have been established by Louisville Metro totals approximately \$1.492 billion in taxable real property assessment. The total assessed value of taxable real property within Louisville Metro for the calendar year 2015 exceeds \$53 billion, 20% of which is \$10.6 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 more than two (2) 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.** The Development Area includes a former entertainment nightspot that was closed in 2015 and several other buildings that have been that have been underutilized and under maintained for many years.
2. **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 large scale costs associated with the redevelopment of the proposed Project. Potential revenue alone cannot underwrite the costs of the proposed 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 aesthetic improvement resulting from the development of the proposed Project will have a positive effect on Louisville Metro and surrounding area, especially the impact on E. Broadway and Baxter Avenue.

**2.3. 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 make public incentives critical to the financing of the Project.

**2.4. 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, and will bring additional residents, diners and other visitors to Louisville Metro. The Development Area has a 2015 taxable assessment of approximately \$2,602,520 and annually generates \$12,472 in ad valorem real property taxes to Louisville. The Project will increase capital investment by approximately \$50,000,000, 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 local ad valorem real property taxes from the Development Area, up to a cap of \$4,908,093, to provide redevelopment assistance to the project, it will retain 20% of the new incremental increase of the local ad valorem real property taxes from the Development Area, and 100% of the increase in any other taxes, such as local occupational taxes. Notwithstanding the foregoing, if the parking structure should be owned by an entity that would result in an exemption from ad valorem real property taxes for the parking structure pursuant to Section 170 of the Kentucky Constitution, the cap shall be adjusted downwards to \$3,969,036. Further, the existing ad valorem real property taxes will be retained by Louisville Metro. 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.

**2.5. 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. The area immediately surrounding the Development Area has not been subject to growth and development through investment by private enterprise. The proposed improvements within the Development Area will have a positive effect on the

surrounding area, which faces stagnation in development without them. The area surrounding the Development Area is at a turning point. There remains a distinct lack of quality residential rental units, and underutilized structures now offer potential for re-development. There is the potential for attractive and desirable new multi-family housing and retail space within the surrounding area. This Project, at this time, is a catalyst project that can excite, and create the momentum needed to completely transform, this area over the coming years.

**2.6. 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.”

**2.7. Existing Uses and Conditions.** The Development Area consists of approximately 4.13 acres on the northwest corner of the intersection at Baxter Avenue and East Broadway in the Old Highlands neighborhood of Louisville Metro. The existing site includes a former entertainment nightspot that was closed in 2015 and several other underutilized and under maintained structures.

**2.8. 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.

**2.9. 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.**

Designed to appeal to young professionals and creative types of the millennial generation, this Development will provide an attractive living environment for this group of individuals who are so highly sought after by employers and create the necessary and critical support for a vibrant urban life. Additionally, it will appeal to middle class empty nesters and others who specifically seek the lifestyle offered by a high quality urban living environment.

### **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 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: (i) for the first ten (10) years of the term of the Local Participation Agreement, 100% of the Louisville Metro Ad Valorem Real Property Tax Increment, as that term is defined in the Local Participation Agreement, and (ii) for the next ten (10) years of the term of the Local Participation Agreement, 65% of the Louisville Metro Ad Valorem Real Property Tax Increment (which averages 80% over the term of the Local Participation Agreement), subject to the following condition: in no event shall the total of the Released Amount paid to the Agency over the term of the Local Participation Agreement exceed \$4,908,093, or \$3,969,036 (if certain conditions are met) as more particularly set forth in the Local Participation Agreement.

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 the Original Highlands neighborhood and surrounding areas, will generate significant new tax revenues to Louisville Metro, and will facilitate an increase in the availability of high quality urban living opportunities 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 LAND LOCATED IN LOUISVILLE, JEFFERSON COUNTY, KENTUCKY, ON THE NORTH SIDE OF EAST BROADWAY AND THE WEST SIDE OF BAXTER AVENUE AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A MAG NAIL AND WASHER STAMPED "GEHLHAUSEN PLS-3005" (MAG & WASHER) AT THE INTERSECTION OF THE NORTH RIGHT-OF-WAY (R/W) LINE OF EAST BROADWAY (60' R/W) AND THE WEST R/W LINE OF BAXTER AVENUE (60' R/W), ALSO THE EAST CORNER OF A TRACT OF LAND CONVEYED TO BAXTER AVENUE REALTY, LLC (BAXTER) IN DEED BOOK 8886 PAGE 104 OF RECORD IN THE CLERK'S OFFICE OF JEFFERSON COUNTY, KENTUCKY, THENCE WITH SAID R/W LINE OF EAST BROADWAY NORTH 83 DEGREES, 34 MINUTES, 34 SECONDS WEST, 619.67 FEET TO A MAG & WASHER ON A STONE WALL AT THE SOUTHWEST CORNER OF A TRACT OF LAND CONVEYED TO TRIANGLE REALTY, LLC (TRIANGLE) IN DEED BOOK 8886 PAGE 101 OF RECORD IN THE CLERK'S OFFICE AFORESAID AND ALSO BEING THE SOUTHEAST CORNER OF A TRACT OF LAND CONVEYED TO MILLER IN DEED BOOK 8514 PAGE 191 OF RECORD AFORESAID; THENCE LEAVING SAID R/W LINE AND WITH TRIANGLE AND MILLER AFORESAID NORTH 6 DEGREES, 10 MINUTES, 41 SECONDS EAST, 150.00 FEET TO A MAG & WASHER AT THE NORTHWEST CORNER OF TRIANGLE AND THE NORTHEAST CORNER OF MILLER BOTH AFORESAID AND IN THE SOUTH R/W LINE OF A 20 FOOT ALLEY; THENCE WITH SAID R/W LINE AND WITH TRACTS OF LAND CONVEYED TO TRIANGLE IN DEED BOOK 8886 PAGE 101 OF RECORD AFORESAID SOUTH 83 DEGREES, 34 MINUTES, 34 SECONDS EAST, 83.42 FEET TO AN UNMARKED POINT; THENCE LEAVING SAID R/W LINE NORTH 6 DEGREES, 25 MINUTES, 26 SECONDS EAST, 20.00 FEET TO A MAG & WASHER IN A WOOD POST AT THE SOUTHWEST CORNER OF A TRACT OF LAND CONVEYED TO BAXTER IN DEED BOOK 8886 PAGE 104 AND THE SOUTHEAST CORNER OF A TRACT OF LAND CONVEYED TO PRIEST IN DEED BOOK 10294 PAGE 218 OF RECORD IN THE CLERK'S OFFICE AFORESAID; THENCE LEAVING SAID ALLEY AND WITH BAXTER AND PRIEST NORTH 30 DEGREES, 43 MINUTES, 42 SECONDS WEST, 158.69 FEET TO AN IRON PIN AND CAP STAMPED "GEHLHAUSEN PLS-3005" (IPC) AT THE NORTHWEST CORNER OF BAXTER AND THE NORTHEAST CORNER OF PRIEST IN THE SOUTH R/W LINE OF ROGERS STREET (60' R/W); THENCE WITH SAID R/W LINE OF ROGERS STREET AND TRACTS OF LAND CONVEYED TO BAXTER AND TRIANGLE NORTH 59 DEGREES, 19 MINUTES, 21 SECONDS EAST, 155.00 FEET TO A PK NAIL IN BRICK WALL AT THE INTERSECTION OF THE SOUTH RIGHT-OF-WAY LINE OF ROGERS STREET AND THE WEST R/W LINE OF A 20 FOOT ALLEY AND ALSO BEING THE NORTHEAST CORNER OF A TRACT OF LAND CONVEYED TO TRIANGLE IN DEED BOOK 8886 PAGE 101 OF RECORD IN THE CLERK'S OFFICE AFORESAID; THENCE WITH TRIANGLE AND THE WEST R/W LINE OF SAID ALLEY SOUTH 30 DEGREES, 43 MINUTES, 42 SECONDS EAST,

25.02 FEET TO AN UNMARKED POINT; THENCE LEAVING SAID R/W LINE NORTH 59 DEGREES, 16 MINUTES, 18 SECONDS EAST, 20.00 FEET TO A MAG & WASHER IN THE EAST LINE OF SAID ALLEY AND THE SOUTHWEST CORNER OF A TRACT OF LAND CONVEYED TO DOWNING IN DEED BOOK 5765 PAGE 576 AND THE NORTHWEST CORNER OF BAXTER IN DEED BOOK 8886 PAGE 104 OF RECORD IN THE CLERK'S OFFICE AFORESAID; THENCE LEAVING SAID ALLEY AND WITH DOWNING AND BAXTER NORTH 59 DEGREES, 19 MINUTES, 21 SECONDS EAST 149.87 FEET TO A MAG & WASHER AT THE NORTHEAST CORNER OF BAXTER AND IN THE WEST R/W LINE OF BAXTER AVENUE; THENCE WITH SAID R/W LINE AND WITH BAXTER, TRIANGLE AND TRACTS OF LAND CONVEYED TO ROPPEL INDUSTRIES INC IN DEED BOOK 5107 PAGE 323 AND RICHE PROPERTIES IN DEED BOOK 8032 PAGE 475 OF RECORD IN THE CLERK'S OFFICE AFORESAID SOUTH 30 DEGREES, 45 MINUTES, 56 SECONDS EAST, 593.15 FEET TO THE POINT OF BEGINNING CONTAINING 4.13 ACRES AND BEING THE SAME PROPERTY CONVEYED TO BAXTER AVENUE REALTY, LLC IN DEED BOOK 8886 PAGE 104, TRIANGLE REALTY IN DEED BOOK 8886 PAGE 101, ROPPEL INDUSTRIES INC IN DEED BOOK 5107 PAGE 323 AND RICHE PROPERTIES, LLC IN DEED BOOK 8032 PAGE 475 OF RECORD IN THE CLERK'S OFFICE AFORESAID.