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**Development Plan**  
**For**  
**Heritage Green**  
**Louisville/Jefferson County Metro Government**  
**\_\_\_\_, 2016**

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**Development Plan**  
**The Heritage Green Development Area**

**1. Introduction.**

**1.1. Purpose.** The Louisville/Jefferson County Metro Government (“Louisville Metro”) intends to establish the **Heritage Green 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 Heritage Green Development, LLC, a Kentucky limited liability company (the “Developer”), to be located at and adjacent to 101 E. Southland Boulevard, Louisville, Kentucky. The Developer proposes to redevelop an older apartment complex that was built in 1948 into a 560± unit multifamily residential community (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 ad valorem real property taxes generated within the Development Area as a result of the Project.

**1.2.** The Project will provide an affordable housing option for Louisville Metro, which has announced several initiatives to encourage affordable housing.

**1.3.** The redevelopment plan for the Project will redevelop and renovate an old apartment complex, where the vast majority of units contain fire and water damage, or are not up to Louisville Metro code. The Project will also include improvements to the sidewalks and other public infrastructure at the site.

In addition to contributing to and supporting Louisville Metro's explicit goal of increasing the affordable housing stock in Louisville Metro, this project will also improve the public infrastructure in the area, rejuvenate the area and help increase the economic development of Southland Boulevard near Second Street.

**1.4 Size and Location.** The Development Area is an approximate 25.5688 acre area identified more specifically on the map attached as Exhibit "A".

## **2. The Development Area**

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

**(a)** The Development Area is a contiguous area consisting of approximately 25.5688 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 \$1.487 billion.

The taxable real property within the Development Area for calendar year 2015 is approximately \$7,000,000, 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 several apartment buildings built after World War II, the vast majority of which contain fire and water

damage or are not up to Louisville Metro code, and therefore, many of the units are unoccupied.

2. **More than fifty percent (50%) of the residential, commercial, or industrial structures are deteriorating or deteriorated.** The census data for the site including and surrounding this Development Area demonstrate a trend of deteriorating and abandoned properties, diminishing home ownership and a reduction in commercial development over the last several decades. The structures in the area surrounding the Development Area include vacant, dilapidated, and abandoned buildings. The vast majority of the structures in the Development Area, constituting more than fifty percent (50%) of the structures within the Development Area, are deteriorating or deteriorated, as a result of the lack of investment provided for by the owners prior to the Developer.
3. **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, particularly if the units are to be affordable housing. 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 the surrounding area, especially the impact on Southland Boulevard and Second Street.

**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 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 \$7,000,000 and annually generates \$33,544 in ad valorem real property taxes to Louisville Metro. The Project will increase capital

investment by approximately \$20,000,000 (including \$7,000,000 in purchase price), 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 \$912,352, to provide redevelopment assistance to the project, including public infrastructure improvements, it will retain 20% of the new incremental increase of the local ad valorem real property taxes from the Development Area. 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. These special circumstances include the apartment buildings which require extensive renovation work, and the goal of making the resulting project an affordable housing project within the Development Area. The proposed improvements within the Development Area will have a positive effect on the surrounding area, which faces stagnation in development without them. Increased residential density and

affordable housing will increase the feasibility of developments within the area, not only within this Development Area, but also the development of the surrounding area.

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 affordable 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 25.5688 acres at 101 E. Southland Boulevard. The existing site includes several apartment buildings, originally built after World War II, many of which have fire and water damage or are out of compliance with the building code

**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.

### **3. The Development Program.**

This Development will provide an attractive and much needed affordable housing for the residents of Louisville Metro.

### **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, not to exceed a sum equal to 80% of the local ad valorem Real Property Tax Increment, 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 \$912,352 as 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 Southland Boulevard/Second Street areas, will generate significant new tax revenues to Louisville Metro, and will facilitate an increase in the availability of affordable 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

Land located and situated in Jefferson County, Kentucky, and described as follows:

Beings Lots 1 through 15, inclusive, and Lots 17 through 66, inclusive as shown on the Revised Plan of Lynn Acres, plat of which is of record in Plat and Subdivision Book 9, Page 56, in the office of the Clerk of Jefferson County, Kentucky; EXCEPTING THEREFROM 0.0155 acre conveyed to the Commonwealth of Kentucky, Department of Highways, by Deed dated May 3, 1990, and recorded in Deed Book 5966, Page 987, in the office aforesaid.

Being a portion of the same property acquired by Heritage Green Development LLC by Special Warranty Deed dated May 16, 2014, of record in Deed Book 10243, Page 276 in the Office of the Clerk of Jefferson County, Kentucky.