
Development Plan
For
Shelby Street Development Area
Louisville/Jefferson County Metro Government
_____, 2021

**Development Plan
The Shelby Street Development Area**

1. Introduction.

1.1. Purpose. The Louisville/Jefferson County Metro Government (“Louisville Metro”) intends to establish the **Shelby Street 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 property that has sat vacant since the buildings were demolished in 2005 undertaken by City Development Group, LLC, a Kentucky limited liability company, Weyland Ventures Development, LLC, a Kentucky limited liability company, or an affiliate of same (collectively, the “Developer”), to be located at and adjacent to 704-728 Marshall Street, 710 and 726 E. Liberty Street, 320 E. Shelby Street, 730 Ballard Street, and 710, 730 and 750 E. Jefferson Street, Louisville, Kentucky. The Developer proposes to redevelop the site into a mixed-use development consisting of a hotel with approximately 130 rooms and a rooftop bar, 295 units of market rate housing, a Family Scholar House with 60 units of affordable housing, approximately 70,000 square feet of commercial space and a parking garage with approximately 280 parking spaces, all of which will cost approximately \$115 million, of which approximately \$11 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 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 benefit the surrounding area and catalyze additional development, specifically by providing two greenspace parks, streetscape and sidewalk improvements, site and utility work, and the parking garage.

1.3. The redevelopment plan for the Project will redevelop a site that has sat vacant since 2005.

1.4 Size and Location. The Development Area is an approximately 5.5588 acre area in the Nulu neighborhood identified more specifically on the map attached as Exhibit “A”. This location 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 5.5588 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 \$2,166,030, and that combined with the other development areas that have been established by Louisville Metro totals approximately \$1.541 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 three (3) 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 is a vacant site previously occupied by the Clarksdale public housing development which was demolished in 2005 and has sat vacant since that time.

2. **Substantial abandonment of residential, commercial, or industrial structures are deteriorating or deteriorated.** The Development Area has been vacant since the public housing structures were demolished in 2005.
3. **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 public infrastructure 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, as well as the construction of a parking garage and streetscape and sidewalk improvements, which will benefit both the Project and the surrounding neighborhood. These infrastructure improvements cannot reasonably be funded with private investment alone
4. **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 \$2,166,030, 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 \$115,000,000, 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 \$7,712,754, 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. In addition, the Project contains a Family Scholar House, which contains 60 units of affordable housing. 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. The area immediately surrounding the Development Area has not been subject to growth and development by private enterprise without public assistance; in addition, there are special circumstances within 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 \$11 million out of the total capital investment of \$115 million and consist of two greenspace parks, streetscape and sidewalk improvements, site and utility work, and the parking garage. 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.

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 5.5588 acres along Marshall Street, E. Liberty Street, Ballard Street, E. Jefferson Street and E. Shelby Street in the Nulu neighborhood. The existing site has sat vacant since the buildings were demolished in 2005.

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 a mixed-use development consisting of a hotel with approximately 130 rooms and a rooftop bar, 295 units of market rate housing, a Family Scholar House with 60 units of affordable housing, approximately 70,000 square feet of commercial space and a parking garage with approximately 280 parking spaces, all of which will cost approximately \$115 million. In addition, approximately \$11 million of the capital investment will be for public infrastructure improvements which includes two greenspace parks, streetscape and sidewalk improvements, site and utility work, and the parking garage, which will benefit both the site and the surrounding area.

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: 80% of the Real Estate Tax Increment, as that term is 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 \$7,712,754 with respect to the Real Estate Tax Increment as set forth in the Local Participation Agreement. The projected incremental revenues and the projected time frame of the financial obligations is attached as Exhibit "B". In addition, Louisville Metro 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 the Nulu neighborhood 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

704-728 Marshall Street

Being Lots 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204 and 205, as shown on the recorded Plat of Clarksdale Hope VI Revitalization Phase 3, Blocks, "A," "B" and "H" of record in Plat and Subdivision Book 52, Pages 57 and 58, in the Office of the Clerk of Jefferson County, Kentucky.

710 E. Liberty Street

Being Revised Lot 223 as shown on the Minor Subdivision Plat recorded in Deed Book 11554, Page 65 in the Office of the Clerk of Jefferson County, Kentucky.

726 E. Liberty Street and 730 Ballard Street

Being Lots 236 and 263 as shown on the recorded Plat of Clarksdale Hope VI Revitalization Phase 4, Blocks "I," "J" and "K" of record in Plat and Subdivision Book 52, Pages 59 and 60, in the Office of the Clerk of Jefferson County, Kentucky.

320 S. Shelby Street

Being Lot 237 as shown on Instrument of Record Minor Plat of record in Deed Book 11544, Page 79 in the Office of the Clerk of Jefferson County, Kentucky.

710, 730 and 750 E. Jefferson Street

Being Lots 264A, 264B and 264C as shown on Instrument of Record Minor Plat of record in Deed Book 11633, Page 80 in the Office of the Clerk of Jefferson County, Kentucky.

Exhibit B

ESTIMATE OF NEW REAL ESTATE TAX REVENUE

2023	425,988
2024	432,377
2025	438,863
2026	445,446
2027	452,128
2028	458,910
2029	465,793
2030	472,780
2031	479,872
2032	487,070
2033	494,376
2034	501,792
2035	509,319
2036	516,958
2037	524,713
2038	532,583
2039	540,572
2040	548,861
2041	556,911
2042	565,265