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**Development Plan**

**For**

**Axis on Lexington**

**Louisville/Jefferson County Metro Government**

**July 2015**

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**Development Plan**  
**Axis on Lexington Development Area**

**1. Introduction.**

**1.1. Purpose.** The Louisville/Jefferson County Metro Government (“Louisville”) intends to establish the **Axis on Lexington 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 development of a new project consisting of a multifamily residential use, being undertaken by Cityscape Residential, LLC, an Indiana limited liability company (the “Developer”), to be located at and adjacent to 1373 Lexington Road, Louisville, Kentucky. The Developer proposes to construct a new 300± Unit Multifamily Residential Community and a new space Parking Structure along with other major infrastructure improvements relating to foundation, environmental, utilities, and streetscape improvements (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.

This Project will provide unique support to the east of Downtown connector neighborhood along Lexington Road. The new Multifamily Residential Community will serve as a residential anchor for the Lexington Road gateway to the Highlands and the Central Business District. Interior features at Axis will be “condo-quality,” including stainless steel appliances, wood-look plank flooring throughout living spaces, quartz and granite countertops in kitchens and bathrooms, front load washers and dryers, 9’ ceilings throughout, garden soaking tubs, walk-in showers, and various

other luxury lighting, plumbing and trim details. The common amenities will be evocative of a high-end resort, including a salt water pool, private courtyards with grills and firepits at each building, a clubhouse with coffee bar, a business center, game and media rooms, a commercial quality fitness room, and a pet spa along with a pet park and bicycle maintenance facility. Axis will be professionally managed to provide the highest level of service for our residents. It will provide a unique urban living environment targeting young, well-educated millennials. This group is highly sought by employers and providing attractive urban living opportunities for them is an important key in attracting them to cities. The Project will also appeal to those of other generations specifically seeking an urban and active, maintenance-free lifestyle.

Areas with a concentration of urban residents become true communities and attract the development of restaurant, shopping and entertainment venues. This Project will support the City's goal of bringing high quality residential opportunities near urban Louisville. 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 in general and to Louisville's Central Business District in particular. Many of Louisville'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.

Young millennials are particularly attracted to living environments that are well connected to active walkable amenities. Not only will the Project provide a connection to existing shops and restaurants in the Highlands and Downtown, but it will serve as the catalyst for expansion of retail uses along the Lexington Road corridor.

A sense of community within their living environment is one of the prime characteristics desired by urban residents. The Project is being designed with multiple indoor and outdoor gathering spaces to facilitate building this sense of community. The Project will reinforce the design intent by providing regular planned opportunities for residents to come together, both in-house as well as gatherings in nearby restaurant and entertainment venues.

**1.2 Size and Location.** The Development Area, identified more specifically on the map attached as Exhibit “A,” is an approximate 8.87 acre area in downtown Louisville. This location, on the edge of the Highlands neighborhood and bordering the I-64 expressway, is perfectly situated for development of the Project, which will become the anchor and catalyst for continued high quality growth and development along Lexington Road. Several parcels in this area are ripe for development.

## **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 8.87 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 (as those terms are defined in the Act) to exceed twenty percent (20%) of the total assessed taxable value of real property within Louisville. To date, Louisville has established several other development areas with a combined taxable real property assessment of \$1.474 billion. The taxable real property within the Development Area for calendar year 2014 is approximately \$300,000, and that combined with the other development areas that have been established by Louisville totals approximately \$1.475 billion in taxable real property assessment. The total assessed value of taxable real property within Louisville for the calendar year 2013 exceeds \$51 billion, 20% of which is \$12 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; 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.

3. Louisville has reviewed and analyzed the conditions within the Development Area and finds that the Development Area exhibits at least four (4) of the seven (7) qualifying characteristics as follows:

**3.1. A substantial loss of residential, commercial, and industrial activity or use has occurred within the Development Area.** The Development Area includes buildings that were previously used by rail car processing facilities and other quasi-industrial uses. The largest building is vacant, having been abandoned by its tenant and has been an eyesore to the neighborhood. Adjacent to this property exist other underutilized buildings and properties that have had limited investment in recent years with large areas completely closed off and essentially abandoned. There have been previous attempts to redevelop this property which have been unsuccessful for a variety of reasons.

**3.2. 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 remaining in the Development Area include vacant, dilapidated, and abandoned buildings. The structures constituting more than fifty percent (50%) of the structures within the Development Area are deteriorating or deteriorated.

**3.3. Inadequate public improvements or substantial deterioration in public infrastructure.** 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, a parking structure is required to support the anticipated increased demand. Additional power, sewer and water infrastructure is required to facilitate the Project, and these improvements will facilitate further development within this area. These infrastructure improvements cannot be reasonably funded with private investment alone. In addition to project specific infrastructure, the public infrastructure is completely inadequate and dilapidated with crumbling sidewalks and curbs, no accessible routes, and deteriorating pavement. Restoration of this streetscape frontage, which includes sidewalks, landscaping, additional ROW grant, a new accessible TARC stop and paving, will be accomplished by this project.

**3.4. 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 extreme cost of providing adequate parking and related utility infrastructure to facilitate the proposed development, the cost of mitigating and managing brownfield conditions, and the structural costs of properly developing in the floodplain. Potential revenue alone cannot underwrite the costs of the proposed infrastructure improvements. Without additional parking, the continued development of the area will become impeded, and the residential space proposed to



be included in the Project will be feasible. No other adequate funding mechanism affords utility infrastructure 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 the city and surrounding area. Additionally, the Project will likely have a significant multiplier effect on overall property tax revenue generation in the city.

### **3.5. Assurances the Development Area Is Not Reasonably**

**Expected to Develop Without Public Assistance.** Louisville finds that the Development Area will not reasonably be developed without public assistance, including incentives as provided by the Act. The high cost of parking, public infrastructure and site development expenses, estimated to be in excess of \$8,000,000 or approximately 17% of the total Project's cost, needed for the Project, when compared with low potential revenue generated by these improvements, make public incentives critical to the financing of the Project.

### **3.6. Assurances the Public Benefits of Redeveloping the**

**Development Area as Proposed Justify the Public Costs Proposed.** Louisville 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, facilitate secondary and tertiary re-development within the area by the enhancements to parking and utilities, and bring additional residents and other visitors to Louisville. The Development Area has a 2014 taxable assessment of approximately \$300,000 and annually generates \$3,972 in real estate taxes to Louisville. The Project will increase capital investment by

approximately \$46.5 million, which will provide significant new taxes to Louisville and the other taxing districts. Based on a financial report, attached hereto as Exhibit “B”, the direct impact of the Project will increase employment within the Development Area by more than 428 total jobs and generate new Louisville taxes over the twenty-five (25) year life of the Development Area by more than \$18,623,322 (in addition to state taxes). Therefore, even when considering the requested incentives for the Project from Louisville, the Project will be financially beneficial to Louisville. Further, the Project will serve as a catalyst for additional development in the area surrounding the Development Area.

**3.7. 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 restricted economic feasibility for development of structured parking and utility infrastructure 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. Additional parking and utility services 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 surrounding the Development Area is at a turning point. There remains a distinct lack of residential rental units, parking, and streetscape and utility infrastructure to support continued development. In the surrounding area, antiquated manufacturing facilities are being abandoned and they now offer potential for re-development. There is the potential for attractive and desirable new multi-family housing and commercial development 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. These investments, and others, by public institutions in the surrounding area will be positively affected by the investment in this Development Area.

**3.8. 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.”

**3.9. Existing Uses and Conditions.** The Development Area consists of approximately 8.87 acres located at 1373 Lexington Road. The existing site includes a number of since abandoned older metal buildings used primarily for industrial and distribution uses.

**3.10. Changes in the Zoning Ordinance, Zoning Map, Comprehensive Plan or Other Codes or Plans Necessary to Implement the Development Plan.** The site is currently zoned R8A. No change is needed in zoning to implement the Development Plan.

### **3.11. Certification of Compliance with the Comprehensive Land-Use**

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

#### **4. The Development Program.**

This Development is designed to appeal to young professionals and creative types of the millennial generation; it 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 affluent empty nesters and others who specifically seek the maintenance-free, full service lifestyle offered by a high quality urban living environment.

#### **5. Redevelopment Assistance and Finance Plan.**

Louisville proposes to provide redevelopment assistance and pay for Project costs through a pledge of a portion of the incremental increases in tax revenues from real property taxes from the Development Area. Louisville proposes to pay annually to the Agency, the Released Amount which shall be calculated as provided in the Local Participation Agreement, not to exceed a sum equal to 100% of the local, Louisville Metro Ad Valorem Real Property Tax Increment in excess of the taxes otherwise due on the first \$5,000,000 of the valuation of the Project, 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 \$4,867,144 as set forth in the Local Participation Agreement.

Louisville 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”), a nonstock, nonprofit corporation organized pursuant to KRS Chapters 58 and 273, as the entity in charge of overseeing, administering and implementing the terms of the development ordinance.

**6. Conclusions.**

In conclusion, the Project will serve as an important catalyst to the development of the area along Lexington Road, will generate significant new tax revenues for Metro Louisville, and will facilitate an increase in the availability of high quality urban living opportunities needed to support the growth and development of Louisville. The incentives proposed to be provided under the Act are reasonable and critical to the overall financing for the Project.

## **List of Exhibits**

Exhibit A - Map and Description of Development Area  
Exhibit B – Financial Forecast from Cityscape Residential, LLC

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