

## TERM SHEET—422 e Main

The public notice was run in the Courier-Journal on October 31<sup>st</sup>, satisfying the public notice requirements.

1. ADDRESS: 418 East Main Street and 431 East Market Street. This development is in District 4, Councilwoman Sexton-Smith's District.

2. PROJECT DESCRIPTION: The Developer proposes to redevelop the existing parking lot property into a mixed-use project with a 343± unit multifamily residential community, with approximately 11,360 square feet of ground floor retail and restaurants along East Main Street, and the construction of a parking garage. The redevelopment plan for the Project will redevelop a site that has been underutilized and under maintained. 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 residential structure.

3. LEGAL: Satisfies statutory criteria—three of seven:

- **A substantial loss of residential, commercial, and industrial activity or use has occurred within the Development Area.** The Development Area is vacant and is used as a parking lot. The buildings on the property were removed due to their condition and for safety reasons. There has been no business activity on the property for more than 20 years.
- **Substantial abandonment of residential, commercial, or industrial structures.** The structures on the property were abandoned structures prior to being demolished.
- **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 East Main Street.

4. PRIVATE INVESTMENT: The project investment is expected to be approximately \$80 million, with \$65M of new investment going toward hard costs.

5. 80/20 SPLIT: The increase in ad valorem taxes associated with this project will be split 80% / 20% over a course of no greater than 25 years, with a cap to the developer of no more than \$7,644,184.

6. OTHER. Out of the 343 units, the developer has agreed to rent 34 of the units at no more than 80% of AMI, and to make good faith efforts to rent them to income eligible individuals.

These 34 units will be phased in as followed based of occupancy: 0-74% occupancy = 8 units; 75-84% occupancy = 12 additional units for a total of 20 units; and 85% occupancy = 14 additional units for a total of 34 units;

TIFs are self-performing and self-regulating. No money is pledged on the front end, and the cap is a maximum, not a guarantee. If the project performs better than expected, the cap might be hit in year 18, for example, rather than year 20, and from that point on, the TIF is over, and Metro would retain 100% of the taxes. If the project underperforms, less total tax revenues are paid, and so the amount paid under the TIF would also be less.