
Development Plan

For

Main and Shelby

Louisville/Jefferson County Metro Government

_____, 2017

Development Plan
The Main and Shelby Development Area

1. Introduction.

1.1. Purpose. The Louisville/Jefferson County Metro Government (“Louisville Metro”) intends to establish the **Main and Shelby Development Area** (the “Development Area”) pursuant to KRS Sections 65.7041 to 65.7083, as the same may be amended (collectively, the “Act”), to encourage the mixed-use redevelopment project undertaken by The Local Kentucky, LLC, a Delaware limited liability company (the “Developer”), to be located at and adjacent to 700 E. Main Street and 121 S. Clay Street, Louisville, Kentucky. The Developer proposes to redevelop the site of a former industrial building into a 276+/- unit multifamily residential community with 11,550 square feet of street level office and retail/flex space and a parking structure (the “Project”). Louisville Metro 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. .

The redevelopment plan for the Project is to redevelop the site of an industrial building into a mixed-use project containing both residential units and retail space. The Project will include many common-area, high-quality amenity offerings,

including a fitness center, outdoor kitchens, outdoor gathering spaces, club room, and a pool, and will be professionally managed to provide the highest level of service for its residents.

Redevelopment will transform an underutilized block in a significant retail corridor of the Nulu neighborhood, and will serve as a catalyst for further development of the surrounding area. 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.

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 Nulu neighborhood, but it will serve as the catalyst for expansion of other uses in the Nulu neighborhood and Downtown area. The Project will initially include retail space at the corner of Main and Clay, but has provided additional first floor space along both Main Street and Clay Street that could accommodate increases in demand for retail and other uses.

1.4 Size and Location. The Development Area is an approximate 2.701 acre area in the Nulu neighborhood identified more specifically on the map attached as Exhibit “A”. This location, in the Nulu 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 2.701 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 \$1.504 billion. The taxable real property within the Development Area for calendar year 2016 is approximately \$2,455,420, and that combined with the other development areas that have been established by Louisville Metro totals approximately \$1.507 billion in taxable real property assessment. The total assessed value of taxable real property within Louisville Metro for the calendar year 2016 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 two (2) of the seven (7) qualifying characteristics as follows:

1. **Inadequate public improvements or substantial deterioration in public infrastructure.** In order to develop the proposed Project, a parking structure is required to support the anticipated increased demand from new residents and retail customers. Additional infrastructure improvements will also be required to facilitate the Project. Not only will these improvements foster this Project, they will facilitate further development within the area. The infrastructure improvements cannot reasonably be funded with private investment alone.

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 East Main 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 the site development expenses, including foundation issues, parking, and other public infrastructure 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. The Development Area has a 2016 taxable assessment of approximately \$2,455,420, and currently generates \$11,744 in ad valorem real property taxes to Louisville. The Project will increase capital investment by approximately \$52 million, 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 \$5,027,936, to provide redevelopment assistance to the project, it will retain 20% of the new incremental increase in 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. 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. In addition to the direct tax impact of the Project, the Project will provide unique and unavailable residential offerings to support the surrounding neighborhood.

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 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 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 independent of public support. The proposed improvements within the Development Area will have a positive effect on the surrounding area, which faces stagnation in development without them. 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. Businesses in the Central Business District and in Nulu will directly benefit from the investments in public infrastructure and structured parking that will be provided under this Project.

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 2.701 acres located at 700 East Main Street and 121 South Clay Street in the Nulu neighborhood. The existing site includes a variety of older metal and masonry buildings used primarily as industrial centers and warehouses, and was previously occupied by Service Tanks and Welding before the business was sold and the site was abandoned. There is currently no activity of any kind on the site, and all buildings sit vacant and empty.

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.

Flournoy Development Company LLC, a Georgia limited liability company, is the owner of the Developer and has developed over 30,000 units of multifamily housing in 156 projects throughout Georgia, Tennessee, South Carolina, Florida, Ohio, Alabama, Kansas, Texas, Oklahoma and North Carolina. Many of these projects are urban-style communities such as the proposed Project. This type of development is well suited for the Nulu site and coordinates perfectly with the surrounding neighborhood.

The Project will include 276 +/- units of multifamily residential community housing, 11,500 square feet of office and retail/flex space and a parking garage that will provide over 450 parking spaces.

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 Louisville Metro Ad Valorem Real Property 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 Agency over the term of the Local Participation Agreement exceed \$5,027,936 as set forth in the Local Participation Agreement. The projected incremental revenues and proposed time frame of the financial obligations is attached as Exhibit "B."

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 Metro 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, 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

700 East Main Street

BEING A CONSOLIDATED TRACT OF LAND LOCATED ON THE SOUTH SIDE OF EAST MAIN STREET BETWEEN SOUTH CLAY STREET AND SOUTH SHELBY STREET, LOUISVILLE, JEFFERSON COUNTY, KENTUCKY AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT AT THE SOUTHEAST CORNER OF THE RIGHT-OF-WAY OF EAST MAIN STREET AND SOUTH CLAY STREET, SAID POINT BEING REFERENCED BY TWO FOUND NOTCH CUTS IN A THE STONE BASE OF A BUILDING CORNER, EACH NOTCH IN LINE WITH THE EASTERLY AND SOUTHERLY BOUNDARY LINES PROJECTED, SAID POINT ALSO BEING REFERENCED BY A SET MAG NAIL WITH A DISC, STAMPED "JOHN THOMAS 3259" (HEREAFTER REFERRED TO AS A "SET MAG NAIL") THAT BEARS NORTH 35°56'16" WEST (THIS AND ALL SUBSEQUENT BEARINGS REFER TO SCALED LOJIC MAPPING), 7.07 FEET; THENCE ALONG THE SOUTH RIGHT-OF-WAY LINE, OF EAST MAIN STREET, 90 FEET WIDE, OF RECORD ON THE PLAT OF PRESTON'S ENLARGEMENT, OF RECORD IN DEED BOOK EE, PAGE 464, IN THE OFFICE OF THE CLERK OF JEFFERSON COUNTY, KENTUCKY (HEREAFTER REFERRED TO AS THE CLERK'S OFFICE), SOUTH 81°00'00" EAST, 525.31 FEET TO A FOUND FAINT AND FRESHENED CROSS CUT, SAID CROSS IS ALSO REFERENCED BY A FOUND FAINT AND FRESHENED CROSS CUT THAT BEARS NORTH 54°03'37" EAST, 5.00 FEET FROM THE CORNER; THENCE ALONG THE WEST RIGHT-OF-WAY LINE OF SOUTH SHELBY STREET, 60 FEET WIDE, OF RECORD ON THE SAID PLAT OF PRESTON'S ENLARGEMENT, SOUTH 9°09'11" WEST, 204.00 FEET TO A SET MAG NAIL; THENCE ALONG THE NORTH LINE OF BILLY GOAT STRUT ALLEY, 12 FEET WIDE, OF RECORD ON THE SAID PLAT OF PRESTON'S ENLARGEMENT, NORTH 81°00'00" WEST, 525.31 FEET TO A SET MAG NAIL AND REFERENCED BY A SET MAG NAIL THAT BEARS NORTH 81°00'00" WEST, 5.00 FEET FROM THE CORNER; THENCE ALONG THE EAST RIGHT-OF-WAY LINE OF SOUTH CLAY STREET, 60 FEET WIDE, OF RECORD ON THE SAID PLAT OF PRESTON'S ENLARGEMENT, NORTH 9°07'28" EAST, 204.00 FEET TO THE POINT OF BEGINNING. SAID TRACT OF LAND CONTAINING 107,153 SQUARE FEET OR 2.460 ACRES. SAID DESCRIPTION IS BASED ON AN ALTA/NSPS LAND TITLE SURVEY, BY JOHN M. THOMAS, PLS NO. 3259, OF SABAK, WILSON & LINGO, INC., JOB NO. 2976, DATED MAY 13, 2016. BEING THE CONSOLIDATION OF TWELVE TRACTS OF LAND AND TWO 8-FOOT WIDE PRIVATE ALLEYS (SOURCE UNKNOWN) AND BEING THE SAME PROPERTY CONVEYED TO SERVICE WELDING AND MACHINE COMPANY, A KENTUCKY CORPORATION, NOW KNOWN AS SWM PROPERTIES INCORPORATED BY DEEDS DATED AND RECORDED AS FOLLOWS: DEED DATED MAY 10, 1939, OF RECORD IN DEED BOOK 1706, PAGE 235, AND DEED DATED MAY 10, 1939, OF

RECORD IN DEED BOOK 1707, PAGE 234, AND DEED DATED JUNE 22, 1939, OF RECORD IN DEED BOOK 1713, PAGE 179, AND DEED DATED JULY 20, 1939, OF RECORD IN DEED BOOK 1714, PAGE 486, AND DEED DATED JULY 31, 1939, OF RECORD IN DEED BOOK 1717, PAGE 18, AND BY DEED DATED OCTOBER 17, 1944, OF RECORD IN DEED BOOK 1977, PAGE 347, AND DEED DATED JULY 26, 1956, OF RECORD IN DEED BOOK 3401, PAGE 404, AND DEED DATED NOVEMBER 4, 1965, OF RECORD IN DEED BOOK 4002, PAGE 121, AND DEED DATED NOVEMBER 4, 1965, OF RECORD IN DEED BOOK 4002, PAGE 136 AND DEED DATED NOVEMBER 4, 1965 OF RECORD IN DEED BOOK 4002, PAGE 155, AND DEED DATED NOVEMBER 23, 1965, OF RECORD IN DEED BOOK 4006, PAGE 14, AND DEED DATED NOVEMBER 23, 1965, OF RECORD IN DEED BOOK 4006, PAGE 15; ALL IN THE OFFICE OF THE CLERK OF JEFFERSON COUNTY, KENTUCKY.

121 South Clay Street

BEING A TRACT A TRACT OF LAND LOCATED AT THE SOUTHEAST CORNER OF BILLY GOAT STRUT ALLEY AND SOUTH CLAY STREET, LOUISVILLE, JEFFERSON COUNTY, KENTUCKY AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT AT THE SOUTHEAST CORNER OF THE RIGHT-OF-WAY OF BILLY GOAT STRUT ALLEY AND SOUTH CLAY STREET, SAID POINT BEING A SET MAG NAIL WITH DISC STAMPED "JOHN THOMAS 3259" (HEREAFTER REFERRED TO AS A "SET MAG NAIL"), SAID POINT BEING REFERENCED BY A SET MAG NAIL THAT BEARS NORTH 35°56'16" WEST, 7.05 FEET (THIS AND ALL BEARINGS REFER TO SCALED LOJIC MAPPING); THENCE ALONG THE NORTH RIGHT-OF-WAY LINE, OF BILLY GOAT STRUT ALLEY, 12 FEET WIDE, OF RECORD ON THE PLAT OF PRESTON'S ENLARGEMENT, OF RECORD IN DEED BOOK EE, PAGE 464, IN THE OFFICE OF THE CLERK OF JEFFERSON COUNTY, KENTUCKY (HEREAFTER REFERRED TO AS THE "CLERK'S OFFICE"), SOUTH 81°00'00" EAST, 105.00 FEET TO A POINT IN A 8-INCH STEEL BOLLARD, SAID POINT BEING REFERENCED BY A SET MAG NAIL THAT BEARS NORTH 9°07'28" EAST, 5.00 FEET; THENCE ALONG THE WEST LINE OF A TRACT OF LAND CONVEYED TO BLANK FOR NOW, LLC, OF RECORD IN DEED BOOK 7573, PAGE 580, IN THE CLERK'S OFFICE, SOUTH 9°07'28" WEST, 100.00 FEET TO A COMPUTED, UNMARKED POINT; THENCE ALONG THE NORTH LINE OF A 4-FOOT WIDE PRIVATE ALLEY, SOURCE UNKNOWN, NORTH 81°00'00" WEST, 105.00 FEET TO A SET MAG NAIL AND BEING REFERENCED BY A SET MAG NAIL THAT BEARS NORTH 81°00'00" WEST, 5.00 FEET; THENCE ALONG THE EAST RIGHT-OF-WAY LINE OF SOUTH CLAY STREET, 60 FEET WIDE, OF RECORD ON THE SAID PLAT OF PRESTON'S ENLARGEMENT, NORTH 9°07'28" EAST, 100.00 FEET TO THE POINT OF BEGINNING. SAID TRACT OF LAND CONTAINING 10,500 SQUARE FEET OR 0.241 ACRE. SAID DESCRIPTION IS BASED ON AN ALTA/NSPS LAND TITLE SURVEY, BY JOHN M. THOMAS, PLS NO. 3259, OF SABAK, WILSON & LINGO, INC., JOB NO. 2976, DATED MAY 13, 2016.

BEING THE CONSOLIDATION OF THREE TRACTS OF LAND CONVEYED TO SERVICE WELDING AND MACHINE COMPANY, NOW KNOWN AS SWM PROPERTIES INCORPORATED AND BEING THE SAME PROPERTY CONVEYED TO SERVICE WELDING AND MACHINE COMPANY, A KENTUCKY CORPORATION, BY DEED DATED APRIL 10, 1925, OF RECORD IN DEED BOOK 1139, PAGE 335, AND DEED DATED JANUARY 31, 1928, OF RECORD IN DEED BOOK 1312, PAGE 617, AND DEED DATED JANUARY 31, 1928, OF RECORD IN DEED BOOK 1313, PAGE 584, AND APRIL 5, 1935, OF RECORD IN DEED BOOK 1570, PAGE 329, ALL IN THE OFFICE OF THE CLERK OF JEFFERSON COUNTY, KENTUCKY.

EXHIBIT B

ESTIMATE OF NEW REAL ESTATE TAX REVENUE

2018	111,702
2019	268,352
2020	273,719
2021	279,193
2022	284,777
2023	290,473
2024	296,282
2025	302,208
2026	308,252
2027	314,417
2028	320,705
2029	327,120
2030	333,662
2031	340,335
2032	347,142
2033	354,085
2034	361,166
2035	368,390
2036	375,758
2037	383,273
2038	390,938