
Development Plan

For

Eleventh and Jefferson

Louisville/Jefferson County Metro Government

_____, 2017

**Development Plan
The Eleventh and Jefferson Development Area**

1. Introduction.

1.1. Purpose. The Louisville/Jefferson County Metro Government (“Louisville Metro”) intends to establish the **Eleventh and Jefferson Development Area** (the “Development Area”) pursuant to the provisions of KRS 65.7041 to 65.7083, (collectively, the “Act”), to encourage a multifamily residential redevelopment project being undertaken by Allied Argenta, LLC, a Nevada limited liability company, or an affiliate of same (the “Developer”), to be located at and adjacent to 901-1101 W. Jefferson Street, Louisville, Kentucky. The Developer proposes to redevelop an older apartment complex that was built in 1969 into a 125 unit multifamily affordable housing community, all of which will cost approximately \$17.5 million (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.

1.2. The Project will renovate, improve and maintain an affordable housing option for Louisville Metro by converting seven (7) of the units to be fully ADA accessible and improving the energy efficiency of all units, replacing old galvanized plumbing line, providing improvements to the landscaping, walkways, parking areas, site lighting, and remodeling the existing clubhouse to serve as a multi-purpose community room for the residents and partnering with other entities to provide literacy programs and workforce training programs for the residents on-site.

1.3. The redevelopment plan for the Project will redevelop and renovate an older apartment complex, which was built in 1969 and renovated in 1996. In addition to contributing and supporting Louisville Metro's explicit goal of increasing and preserving affordable housing stock in Louisville Metro, this project will also improve the landscaping and public infrastructure on the site.

1.4 Size and Location. The Development Area is an approximate 4.394 acre area in the Russell neighborhood of Louisville 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 Metro finds in accordance with the Act that:

(a) The Development Area is a contiguous area consisting of approximately 4.394 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 \$1.518 billion. The taxable real property within the Development Area for calendar year 2016 is approximately \$6,498,790, and that combined with the other development areas that have been established by Louisville Metro totals approximately \$1.524 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. **Forty percent (40%) or more of the households are low income households.** The Development Area includes an older apartment complex that serves low income residents with the following income restrictions, at least 40% of the units are occupied by residents with Extremely Low Income, as defined by the U.S Department of

Housing and Urban Development (“HUD”), and the remainder of the units are occupied with Very Low Income, as defined by HUD.

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, particularly if the buildings are to be renovated and the units continue to be available for affordable housing. 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 redevelopment of the proposed Project will have a positive impact on Louisville Metro and the surrounding area, especially the impact on Jefferson 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, while maintaining affordable housing, 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 and will facilitate secondary and tertiary re-development within the area. The Development Area has a 2016 taxable assessment of approximately \$6,498,790 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 \$17,500,000, 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 \$1,268,228, to provide redevelopment assistance to the project, it will retain 20% of the new incremental increase of the local ad valorem real property taxes from the Development Area, and 100% of all other taxes, such as local occupational taxes.

The Project will continue to serve low income residents with the following income restrictions post-renovation: at least 40% of the units will be occupied by residents with Extremely Low Income, as defined by HUD, and the remainder of the units will be occupied by residents with Very Low Income, as defined by HUD.

Further, as required by other sources of funding for the Project and in compliance with federal law, Developer has agreed that the wages to be paid laborers and mechanics employed in the construction of the Project shall not be less than the wages

prevailing in the locality in which the work shall be performed for corresponding classes of laborers and mechanics employed on construction of a similar character, as Determined by the United States Secretary of Labor pursuant to the Davis-Bacon Act and as published in the applicable prevailing wage determination. Lastly, while the Project is not subject to Louisville Metro Code of Ordinances Section 37.75, the Developer intends to make a good faith effort to achieve the goals set forth in that ordinance with respect to minority participation, women participation and residents within the Louisville MSA during the construction of the project. Therefore, even when considering the requested incentives for the Project from Louisville Metro, the Project will be financially beneficial to Louisville Metro.

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 area immediately surrounding the Development Area has not been subject to growth and development by private investment. The proposed improvements within the Development Area will have a positive effect on the surrounding area, which faces stagnation in development without them.

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 4.394 acres on W. Jefferson Street on both sides of both Tenth and Eleventh Streets in the Russell neighborhood of Louisville. The existing site consists of twenty-two (22) three story buildings on the site, originally built in 1969, that is currently being used to provide affordable housing.

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.

The Development is expected to update and continue an affordable housing option 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 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 \$1,268,228 as more particularly 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 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 Russell neighborhood in Louisville and surrounding areas, will generate significant new tax revenues to Louisville Metro, and will facilitate the modernization and continuation 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

Tract 1: BEGINNING at the intersection of the east line of Tenth Street with the north line of Jefferson Street, thence with the north line of Jefferson Street, South 82° 00' 16" East 337 feet; thence North 07° 59' 44" East 110 feet, thence North 19° 35' West 214.18 feet, thence South 70° 16' 08" West 42.93 feet, thence North 81° 58' 01" West 200 feet to the east line of Tenth Street, thence with same South 07° 57' 59" West 280 feet to the point of beginning.

Tract 2: BEGINNING at the intersection of the east line of Eleventh Street with the north line of Jefferson Street, thence with the north line of Jefferson Street, South 81° 59' 45" East 420 feet to the west line of Tenth Street, thence with the same, North 07° 58' 15" East 196.24 feet, thence North 81° 59' 45" West 420 feet to the east line of Eleventh Street, thence with same South 07° 58' 15" West 196.24 feet to the point of beginning.

TRACT 3: BEGINNING at the intersection of the west line of Eleventh Street with the north line of Jefferson Street, thence with the west line of Eleventh Street, North 07° 57' 03" East 196.24 feet, thence North 81° 59' 17" West 110.53 feet, thence South 07° 57' 03" West 196.23 feet to the north line of Jefferson Street, thence with same 81° 59' 17" East 110.53 feet to the point of beginning.

THERE IS EXCEPTED from the foregoing all of that certain parcel conveyed to the Commonwealth of Kentucky for the use and benefit of the Department of Highways, by Deed of Conveyance, dated February 13, 1970, of record in Deed Book 4413, Page 517, in the Jefferson County Clerk's Office.

The above-described property being ALSO DESCRIBED AS FOLLOWS, pursuant to ALTA/ACSM Land Title Final As-Built Survey of Henry M. Greene, Sr. Gardens Apartments, 1005-A West Jefferson Street, Louisville, Jefferson County, Kentucky, dated July 29, 2011, prepared by Michael H. Hoffmann, PLS 2586, of Thoroughbred Engineering, Inc.:

Tract 1: BEGINNING at the intersection of the east right-of-way line of Tenth Street with the north right-of-way line of Jefferson Street, at a square concrete monument found at the back of sidewalk corner, thence with the east line of Tenth Street, North 07° 57' 47" East 280.00 feet to a ½" iron bar set with I.D. Cap "TEI 2402" and corner of Louisville Police Officers Credit Union, thence with the same, South 81° 58' 01" East 200.00 feet to a ½" iron bar set with I.D. Cap "TEI 2402", thence North 70° 09' 46" East 42.93 feet to a pipe found in the west right-of-way line of the ramp for Interstate 64, thence with the same South 19° 35' 00" East 214.26 feet to a crimped pipe found, thence South 07° 59'

44" West 100.0' to a ½" iron bar set with I.D. Cap "TEI 2402", thence South 52° 59' 44" West 14.14' to a ½" iron bar set with I.D. Cap "TEI 2402" in the north right-of-way line of Jefferson Street, thence with the same N 82° 00' 16" West 327.0' to the point of beginning. Containing 2.003 acres, more or less and accounts for the exception listed in Deed Book 4217, Page 231 (which is Deed Book 4413, Page 517).

Tract 2: BEGINNING at the intersection of the east right-of-way line of Eleventh Street with the north right-of-way line of Jefferson Street, at a square concrete monument found at the back of the sidewalk corner, thence with the north line of Jefferson Street, South 82° 00' 38" 420.16 feet to a square concrete monument found at the back of walk corner in the west right-of-way line of Tenth Street, thence with the same, North 07° 57' 45" East 196.20, to a ½" iron bar set with I.D. Cap "TEI 2402" in south line of Congress Street, thence with said Congress Street North 81° 59' 45" West 420.0 feet to a ½" iron bar set with I.D. Cap "TEI 2402" in the east line of Eleventh Street, thence with same South 08° 00' 38" West 196.31 feet to the point of beginning. Containing 1.89 acres, more or less.

Tract 3: BEGINNING at the intersection of the west right-of-way line of Eleventh Street with the north right-of-way line of Jefferson Street, at a square concrete monument found at the back of sidewalk corner, thence with the west right-of-way line of Eleventh Street, North 07° 57' 03" East 196.23 feet in south line of Congress Street, thence with the South line of Congress Street North 81° 59' 17" West 110.53 feet to a ½" iron bar set with I.D. Cap "TEI 2402", thence South 07°57' 03" West 196.23 feet to a crimped iron bar (found) in the north right-of-way line of Jefferson Street, thence with same south 81° 59' 17' East 110.53 feet to the point of beginning. Containing 0.50 acres, more or less.

Exhibit B

PROJECTED NEW REAL ESTATE TAX REVENUES

2019	62,059
2020	63,611
2021	65,201
2022	66,831
2023	68,502
2024	70,214
2025	71,970
2026	73,769
2027	75,613
2028	77,504
2029	79,441
2030	81,427
2031	83,463
2032	85,549
2033	87,688
2034	89,880
2035	92,127
2036	94,431
2037	96,791
2038	99,211