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**Development Plan**

**For**

**422 e-Main**

**Louisville/Jefferson County Metro Government**

**\_\_\_\_\_, 2020**

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**Development Plan**  
**The 422 e-Main Development Area**

**1. Introduction.**

**1.1. Purpose.** The Louisville/Jefferson County Metro Government (“Louisville Metro”) intends to establish the **422 e-Main 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 redevelopment of a project consisting of a multifamily residential use being undertaken by JPJ Main Street, LLC, a Kentucky limited liability company (the “Developer”), to be located at and adjacent to 418-422 E. Main Street and 431 E. Market Street, Louisville, Kentucky. The Developer proposes to redevelop the existing parking lot property into a mixed-use project with a 343± unit multifamily residential community, approximately 11,360 square feet of ground floor retail and restaurants along East Main Street, and the construction of a parking garage (the “Project”). Louisville proposes to support the Project and provide redevelopment assistance through a pledge 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.

**1.3.** 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. Interior features at the Project will be upscale, including stainless steel appliances, granite countertops and various other lighting, plumbing and trim details. The Project will be professionally managed to provide the highest level of service for its residents.

Redevelopment will transform an underutilized area, and will be a catalyst for further development of the surrounding neighborhood. The Developer appreciates the opportunity provided by the property, given its location adjacent to the Louisville Slugger baseball park in downtown Louisville Metro. 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, and will drive further development in the East Main Street corridor.

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 East Main Street corridor as well as providing retail on-site, it will serve as the catalyst for expansion of other Downtown uses.

**1.4 Size and Location.** The Development Area is an approximate 1.96 acre area on East Main Street identified more specifically on the map attached as Exhibit “A”. This location, next to the Louisville Slugger ballpark, 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 1.96 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 \$1.532 billion. The taxable real property within the Development Area for calendar year 2020 is approximately \$4,878,110 and that combined with the other development areas that have been established by Louisville Metro totals approximately \$1.537 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 more than two (2) 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 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.
2. **Substantial abandonment of residential, commercial, or industrial structures.** The structures on the property were abandoned structures prior to being demolished.
3. **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 site development 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 Metro. The Development Area has a 2020 taxable assessment of approximately \$4,878,110 and annually generates \$23,586 in ad valorem real property taxes to Louisville. The Project will increase capital investment by approximately \$65,000,000, which will provide significant new taxes to Louisville Metro and the other taxing districts. 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 \$7,644,184, to provide redevelopment assistance to the Project, and it will retain 20% of the new incremental increase of the local ad valorem real property taxes from the Development



Area, and will retain 100% of the increase in any other taxes, such as local occupational taxes. Further, the existing ad valorem real property taxes will be retained by Louisville Metro. **For the twenty-five (25) year term of the Local Participation Agreement, the Project will have the following income rent restrictions post-renovation: 10% of the total Project units, meaning 34 units based on the current plans to construct 343 units, shall be rented to persons with income at or below 80% of AMI and at the rental rate for same, based on the current plans to construct 343 units. The 34 units will correspond to occupancy of the overall Project as follows: when the Project is at 0-74% occupancy this shall require a total of 8 units; when the Project is at 75-84% occupancy this shall require 12 additional units for a total of 20 units; and when the Project is at 85% occupancy or above this shall require 14 additional units for a total of 34 units.** 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. **Lastly, the Project is subject to Louisville Metro Code of Ordinances (LMCO) § 37.75, and the Developer intends to make a good faith effort to achieve the goals set forth in the ordinance with respect to minority participation, women participation and residents within the Louisville MSA during the construction of the Project. As part of the Project's regular reporting to the Agency, and during the construction phase of the Project as well as upon completion of the construction, the Project shall provide a reasonable summary and reasonable supporting documentation that demonstrates its good faith effort and results to achieve the goals set forth in the ordinance with respect to minority**

participation, women participation and residents within the Louisville MSA during the construction of the Project, but shall be exempt from the prevailing wage requirements of LMCO § 37.75.

**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 through investment by private enterprise independent of government assistance. The proposed improvements within the Development Area will have a positive effect on the surrounding area, which faces stagnation in development without them. The area surrounding the Development Area is at a turning point. There remains a distinct lack of quality residential rental units, and underutilized structures now offer potential for re-development. There is the potential for attractive and desirable new multi-family housing and retail space 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.

**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 1.96 acres on East Main Street in Downtown Louisville Metro. The existing site is a parking lot.

**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.

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

Louisville Metro proposes to provide redevelopment assistance and pay for Project costs through a pledge 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 eighty (80%) of the Louisville Metro Ad Valorem Real Property Tax Increment, as that term is defined in the Local Participation Agreement, for the twenty-five (25) years of the term of 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 \$7,644,184 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 East Main Street corridor and surrounding areas, 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**

### **Description of Development Area**

#### **431 E. Market Street**

BEING a certain tract of land lying on Market Street in the City of Louisville, Jefferson County, Kentucky, further described as follows:

**BEGINNING** at a point in the northwardly right-of-way line of Market Street N 81° 10' 41" W 157.50 feet from Jackson Street; thence, running along said Market Street right-of-way, N 81° 10' 41" W 26.25 feet to a point; thence, leaving said right-of-way, N 08° 47' 18" E 204.00 feet to a point in the south right-of-way line of a 12-foot alley; thence, along said alley, S 81° 10' 41" E 26.25 feet to a point; thence S 08° 47' 18" W 204.00 feet to the point of **BEGINNING** and containing 5,355.00 square feet.

BEING the same property conveyed to JPJ MAIN STREET, LLC, by Deed of Conveyance dated April 15, 2008 of record in Deed Book 9211, Page 598 in the Office of the Clerk of Jefferson County, Kentucky.

#### **418 E. Main Street**

**BEGINNING** in the South line of Main Street, 235 feet East of Preston Street; thence Eastwardly with said line of Main Street 80 feet, and extending back Southwardly of that width throughout, between lines parallel with Preston Street, 204 feet to an alley.

BEING a portion of the same property conveyed to JPJ MAIN STREET, LLC, by Deed dated April 15, 2008, of record in Deed Book 9211, Page 600 in the Office of the Clerk of Jefferson County, Kentucky.

**EXHIBIT B**

**ESTIMATE OF NEW REAL ESTATE TAX REVENUE**

<b><u>2021</u></b>	<b><u>314,610</u></b>
<b><u>2022</u></b>	<b><u>320,901</u></b>
<b><u>2023</u></b>	<b><u>327,319</u></b>
<b><u>2024</u></b>	<b><u>333,867</u></b>
<b><u>2025</u></b>	<b><u>340,543</u></b>
<b><u>2026</u></b>	<b><u>347,355</u></b>
<b><u>2027</u></b>	<b><u>354,301</u></b>
<b><u>2028</u></b>	<b><u>361,387</u></b>
<b><u>2029</u></b>	<b><u>368,616</u></b>
<b><u>2030</u></b>	<b><u>375,988</u></b>
<b><u>2031</u></b>	<b><u>383,508</u></b>
<b><u>2032</u></b>	<b><u>391,178</u></b>
<b><u>2033</u></b>	<b><u>399,001</u></b>
<b><u>2034</u></b>	<b><u>406,981</u></b>
<b><u>2035</u></b>	<b><u>415,121</u></b>
<b><u>2036</u></b>	<b><u>423,423</u></b>
<b><u>2037</u></b>	<b><u>431,891</u></b>
<b><u>2038</u></b>	<b><u>440,530</u></b>
<b><u>2039</u></b>	<b><u>449,340</u></b>
<b><u>2040</u></b>	<b><u>458,327</u></b>
<b><u>2041</u></b>	<b><u>467,493</u></b>
<b><u>2042</u></b>	<b><u>476,843</u></b>
<b><u>2043</u></b>	<b><u>486,380</u></b>
<b><u>2044</u></b>	<b><u>496,108</u></b>