

Amended and Restated Development Plan The 700 East Main Street Development Area

1. Introduction.

1.1. Purpose. The Louisville/Jefferson County Metro Government (“Louisville Metro”) previously established the **700 East Main Street Development Area** (the “Development Area”) pursuant to the provisions of KRS 65.7041 to 65.7083 and KRS 154.30-010-154-30.090, as the same may be amended (collectively, the “Act”) and Ordinance No. 95, Series 2025 (the “Establishment Ordinance”), to encourage the redevelopment of property, that has sat vacant since Service Tank moved out of the site in 2016, undertaken by NuLu Crossing, LLC, a Delaware limited liability company, or an affiliate of same (collectively, the “Developer”), to be located at 700 East Main Street, Louisville, Kentucky. The Original Development Plan adopted by the Establishment Ordinance contemplated an eligible project; however, the Developer has proposed changes to that project that requires this Amended and Restated Development Plan. The Developer now proposes to redevelop the site into a mixed-use development consisting of approximately 340 multi-family residential units, a hotel with approximately 214 rooms, approximately 35,715 square feet of retail space, a courtyard, and a parking garage with approximately 476 parking spaces, all of which will cost approximately \$275 million, of which approximately \$59.2 million will be for public infrastructure improvements which will benefit both the site and the surrounding area (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 and occupational license taxes generated within the Development Area as a result of the Project, and by requesting a pledge of State incremental tax

revenues under the Commonwealth Participation Program for Signature Project (the “Signature TIF Program”) as provided in the Act.

1.2. The Project will provide public infrastructure improvements that will benefit the surrounding area and catalyze additional development, specifically by providing streetscape and sidewalk improvements, site and utility work, and the parking garage.

1.3. The redevelopment plan for the Project will redevelop a site that has sat vacant since 2016.

1.4 Size and Location. The Development Area is an approximately 2.4769 acre area in the NuLu neighborhood identified more specifically on the map attached as Exhibit “A”. This location is perfectly situated for development of the Project, which will catalyze development 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 2.4769 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 \$1.561 billion. The taxable real property within the Development Area for calendar year 2024 is approximately \$7,525,000, and that combined with the other development areas that have been established by Louisville Metro totals approximately \$1.568 billion in taxable real property assessment. The total assessed value of taxable real property within Louisville Metro for the calendar year 2024 exceeds \$80.2 billion, 20% of which is \$16.2 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 three (3) 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 a site previously occupied by Service Tanks which left in 2016 and has sat vacant since then.

2. **Substantial abandonment of residential, commercial, or industrial structures are deteriorating or deteriorated.** The Development Area has been vacant since Service Tanks moved out in 2016.
3. **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, significant public infrastructure improvements are required to support the increased usage. Additional power, sewer and water infrastructure is required to facilitate the Project, and these improvements will facilitate further development within the area, as well as the construction of a parking garage and streetscape and sidewalk improvements, which will benefit both the Project and the surrounding neighborhood. These infrastructure improvements cannot reasonably be funded with private investment alone

2.3. 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. The Development Area has a 2024 taxable assessment of approximately \$7,525,000 and generates \$33,110 in ad

valorem real property taxes to Louisville Metro. The Development Area currently generates no occupational withholding fees to Louisville Metro. The Project will increase capital investment by approximately \$275 million, which will provide significant new taxes to Louisville Metro and the other taxing districts. While Louisville Metro will pledge (i) 80% of the incremental increase of the local ad valorem real property taxes from the Development Area, up to a cap of the product of \$33,302,249 multiplied by the “Project Completion Percentage” as that term is defined in the Local Participation Agreement, and (ii) 80% of the incremental increase of the local occupational withholding fees, up to a cap of the product of \$6,148,538 multiplied by the Project Completion Percentage, to provide redevelopment assistance to the project, it will retain 20% of the new incremental increase of the local ad valorem real property taxes and occupational withholding fees from the Development Area. The Project will have the following income restrictions on the multi-family residential units, post-construction: approximately 10% of the total units, a minimum of 34 units will be rented to income eligible tenants at rates not to exceed the applicable 80% AMI Cap, as that term is defined in the Local Participation Agreement, for that type of unit. The Developer has agreed to use best efforts to apply the 10% of the units will equally to the different size units: i.e, that 10% of one- bedroom units and 10% of two-bedroom units would be subject to this restriction, rather than 10% of the total units coming from one-bedroom units, but in any event, there will be not less than 5% of any specific unit type. 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, pursuant to the NuLu Crossing Development Project Economic & Fiscal Analysis Report Prepared by Commonwealth Economics (the “Economic Impact Report”), attached as Exhibit B, it is projected to generate \$132 million in direct local tax revenues and is also estimated to generate \$163 million in direct state tax revenues.

2.4. 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 enterprise without public assistance; in addition, there are special circumstances within the development area that would prevent its development without public assistance; specifically, the high cost of public infrastructure improvements needed to redevelop the Development Area, which are expected to cost approximately \$59.2 million out of the total capital investment of \$275 million and consist of streetscape and sidewalk improvements, site and utility work, and the parking garage. The proposed improvements within the Development Area will have a positive effect on the surrounding area which faces stagnation in development without them. The additional public infrastructure will result, not only in feasible development within the Development Area, but in additional feasible development of the surrounding area.

2.5. 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.”

2.6. Existing Uses and Conditions. The Development Area consists of approximately 2.4769 acres at 700 East Main Street in the NuLu neighborhood. The existing site has sat vacant since Service Tanks left in 2016.

2.7. 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.

2.8. Certification of Compliance with the Comprehensive Land-Use Plan. The Project complies with the Comprehensive Land-Use Plan for Louisville Metro.

2.9. Residential Use. The Project has a residential use that comprises at least fifty percent (50%) of the total finished square footage of the proposed Project.

3. The Development Program.

The Development is expected to consist of a mixed-use development consisting of a mixed-use development consisting of approximately 340 multi-family residential units, a hotel with approximately 214 rooms, approximately 35,715 square feet of retail space, a courtyard, and a parking garage with approximately 476 parking spaces, all of which will cost approximately \$275 million. In addition, approximately \$59.2 million of the capital investment will be for public infrastructure improvements which includes streetscape and sidewalk improvements, site and utility work, and the parking garage, which will benefit both the site and the surrounding area.

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 and occupational withholding 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 Real Estate Tax Increment and 80% of the Withholding Tax Increment, as those terms are defined in the Local Participation Agreement, subject to the following conditions: (i) Louisville Metro shall have no obligation to pay the released amount to the Authority until the Commonwealth and the Authority have entered into the Tax Incentive Agreement, (ii) Louisville Metro shall withhold payment until the Commonwealth certifies to Louisville Metro, pursuant to the terms of the Local Participation Agreement that the minimum capital investment equal to \$200 million has been made in the Project (the "Minimum Capital Investment"). Until such time that the Minimum Capital Investment has been made, the Office of Management and Budget shall deposit the Released Amount into an escrow account. Upon the certification of the Minimum Capital Investment, the Office of Management and Budget shall pay to the Authority the accumulated balance of the Released Amount in the escrow fund ("Escrowed Amount"). In the event that the Minimum Capital Investment is not certified by a date ten (10) years from the date the Tax Incentive Agreement is executed, the Escrowed Amount shall be paid into the Louisville Metro General Fund, and (iii) in no event shall the total of the Released Amount paid to the Authority over the term of the Local Participation

Agreement exceed the Cap Amount, as that term is defined in the Local Participation Agreement. The projected incremental revenues and the projected time frame of the financial obligations is attached as Exhibit “B”. In addition, Louisville Metro will work to obtain a pledge of state incremental revenues under the Signature TIF Program to support the Project.

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 NuLu neighborhood and surrounding areas, will generate significant new tax revenues to Louisville Metro, and will facilitate an increase in connectivity and public infrastructure 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

Beginning at the southeast corner of Clay Street and Main Street, thence east with the south line of Main Street, 525 feet to the west line of Shelby Street; thence south with the west line of Shelby Street 204 feet to the north line of an alley; thence west with the north line of said alley 525 feet to the east line of Clay Street; thence north with the east line of Clay Street, 204 feet to the point of beginning.

Exhibit B

ECONOMIC IMPACT REPORT