
Development Plan
For
Magazine Street
Louisville/Jefferson County Metro Government
_____, 2021

**Development Plan
The Magazine Street Development Area**

1. Introduction.

1.1. Purpose. The Louisville/Jefferson County Metro Government (“Louisville Metro”) intends to establish the **Magazine Street 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 Delaware limited liability company, or an affiliate of same (the “Developer”), to be located at and adjacent to 2223 Magazine Street, Louisville, Kentucky. The Developer proposes to renovate an older, independent senior living apartment complex that was built in 1978, which will cost approximately \$10 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 updating and continuing to maintain 71 moderately affordable housing units, including preservation of the existing structures and updating and modernizing the units, which will reduce the property’s energy consumption and lower utility costs for the tenants, and will also result in free WiFi for all residents.

1.3. The redevelopment plan for the Project will redevelop and renovate an older, independent senior living apartment complex that was built in 1978. 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 on the site by adding a dog park and a picnic and BBQ area for the residences.

1.4 Size and Location. The Development Area is an approximate 1.6917 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 1.6917 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 \$1.541 billion. The taxable real property within the Development Area for calendar year 2021 is approximately \$1,730,670, and that combined with the other development areas that have been established by Louisville Metro totals approximately \$1.543 billion in taxable real property assessment. The total assessed value of taxable real property within Louisville Metro for the calendar year 2021 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 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 senior citizen, independent living complex that serves low income residents with the following income restrictions, 100% of the units

are occupied by residents with Moderately Low Income, as defined by U.S Department of Housing and Urban Development (“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 Magazine 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 redeveloped without public assistance, including incentives as provided by the Act. The high cost of site redevelopment 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 2020 taxable assessment of approximately \$1,730,670 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 \$10,000,000, 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 \$791,345, 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 100% of the units will be occupied by residents with Moderate Income, as defined by HUD.

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 1.6917 acres on Magazine Street in the Russell neighborhood of Louisville. The existing site consists of 71 units, originally built in 1978, 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 \$791,345 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

BEGINNING on the North side of Magazine Street, 456-1/12 feet West of 22nd Street; running thence Westwardly along the North side of Magazine Street 43-1/2 feet to the East line of an alley; thence Northwardly with the East line of said alley, 200 feet to another alley; thence Eastwardly along the South side of the last mentioned alley, 43-1/2 feet to a point 457 feet West of 22nd Street; thence Southwardly and parallel with the East line of said first mentioned alley, 200 feet to the Beginning.

BEING the same property acquired by Mt. Lebanon Cedars of Lebanon Homes, Inc. a Kentucky Corporation, by deed dated the 18th day of July 1978, of record in Deed Book 5026, Page 212, in the office of the Clerk of the County Court of Jefferson County, Kentucky.

Exhibit B

PROJECTED NEW REAL ESTATE TAX REVENUES

2024	40,711
2025	41,526
2026	42,356
2027	43,203
2028	44,067
2029	44,949
2030	45,848
2031	46,765
2032	47,700
2033	48,654
2034	49,627
2035	50,620
2036	51,632
2037	52,665
2038	53,718
2039	54,792
2040	55,888
2041	57,006
2042	58,146
2043	59,309