
Development Plan

For

Bradford Mills

Louisville/Jefferson County Metro Government

_____, **2016**

**Development Plan
The Bradford Mills Development Area**

1. Introduction.

1.1. Purpose. The Louisville/Jefferson County Metro Government (“Louisville Metro”) intends to establish the **Bradford Mills 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 BML Developers LLC, a Kentucky limited liability company (the “Developer”), to be located at and adjacent to 1036 E. Oak Street and 1124-1128 Reutlinger Avenue, Louisville, Kentucky. The Developer proposes to redevelop two existing old cotton mills currently used for storage space into a 147± unit multifamily residential community (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 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 convert old cotton mill buildings, which have been underutilized and under maintained for over 50 years, only being used for storage space, into residential units. The Project will include many

common-area, high-end amenity offerings, such as an open courtyard with landscaping, resort-quality pool, full gym, and a TARC stop directly adjacent to the property. Interior features at the Project will be high-end as well, including stainless steel appliances, granite countertops and various other luxury lighting, plumbing and trim details. The Project will be professionally managed to provide the highest level of service for its residents.

Redevelopment will transform two historic but neglected buildings in urban Louisville Metro, and will be a catalyst for further development of the surrounding Germantown area. The Developer appreciates the opportunity provided by the building, given its location in an adjacent urban neighborhood to 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 Oak Street corridor between Downtown/Old Louisville and the Highlands.

Areas with a concentration of urban residents become true communities, and serve as a draw for the development of restaurant, shopping and entertainment venues. This Project will support Louisville Metro's goal of bringing high quality residential opportunities to urban Louisville Metro. 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.

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 Germantown area, but it will serve as the catalyst for expansion of other uses between Downtown/Old Louisville and the Highlands.

A sense of community within their living environment is one of the prime characteristics desired by urban residents. The Project is being designed with multiple indoor and outdoor gathering spaces to facilitate building this sense of community. The Project will reinforce the design intent by providing regular planned opportunities for residents to come together, both in-house as well as gatherings in nearby restaurant and entertainment venues.

1.4 Size and Location. The Development Area is an approximate 2.2069 acre area in the Germantown neighborhood identified more specifically on the map attached as Exhibit “A”. This location, on the edge of the Germantown 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 2.2069 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 \$1.485 billion. The taxable real property within the Development Area for calendar year 2015 is approximately \$1,235,684, and that combined with the other development areas that have been established by Louisville Metro totals approximately \$1.487 billion in taxable real property assessment. The total assessed value of taxable real property

within Louisville Metro for the calendar year 2015 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 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 includes two old cotton mills that have been underutilized and under maintained for many years, and have been utilized only as storage facilities in recent years.
2. **More than fifty percent (50%) of the residential, commercial, or industrial structures are deteriorating or deteriorated.** The census data for the site including and surrounding this Development Area demonstrate a trend of deteriorating and abandoned properties, diminishing home ownership and a reduction in commercial development over the last several

decades. There are two structures in the Development Area. Both structure, which constitute more than fifty percent (50%) of the structures within the Development Area, are deteriorating or deteriorated, as a result of the lack of investment provided for by the owners prior to the Developer.

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, which involves two historic structures. 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 Oak 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 2015 taxable assessment of approximately \$1,234,040 and annually generates \$6,073 in ad valorem real property taxes to Louisville. The Project will increase capital investment by approximately \$20,000,000 (including \$1,500,000 in purchase price), 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 \$1,235,614, 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 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. 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.

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. These special circumstances include the restricted economic feasibility for redevelopment of historic structures that have been underutilized and under maintained for more than fifty years within the Development Area. 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. 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 redevelopment. 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 2.2069 acres on the southwest corner of the intersection at E. Oak Street and Reutlinger Avenue in the Germantown neighborhood of Louisville Metro. The existing site includes two old cotton mills that have been underutilized and under maintained for fifty years, having been primarily used as storage space.

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 affluent 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 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, not to exceed a sum equal to 80% of the local ad valorem Real Property Tax Increment, 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 \$1,235,614 as set forth in the Local Participation Agreement.

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 Germantown neighborhood 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

Map and Description of Development Area

Tract 1

Being Tract 1 as shown on the Minor Subdivision Plat attached to and made a part of Deed of record in Deed Book 5552, Page 772, in the office of the Clerk of Jefferson County, Kentucky.

Being the same property acquired by Bradford Mills, LLC, an entity related to the Developer, by General Warranty Deed dated July 16, 2014, of record in Deed Book 10271, Page 689 in the Office of the Clerk of Jefferson County, Kentucky.

Tract 2

Beginning at an iron rod at the intersection of the Southeast right of way line of Oak Street with the Southwest right of way line of Reutlinger Avenue; thence with the right of way of Oak Street, South 64 degrees 52 minutes 33 seconds West 147.71 feet to a x-cut and the true point of beginning; thence South 25 degrees 02 minutes 24 seconds East 309.75 feet to R.R. spike; thence South 27 degrees 40 minutes 39 seconds East 53.38 feet to an iron rod; thence South 25 degrees 00 minutes 00 seconds East 56.67 feet to an iron rod; thence South 64 degrees 52 minutes 33 seconds West 47.45 feet to an iron rod in the right of way of a 15 foot alley; thence with said right of way line North 51 degrees 05 minutes 12 seconds West 165.17 feet to an iron rod; thence North 25 degrees 00 minutes 00 seconds West 271.25 feet to a x-cut in the right of way line of Oak Street; thence North 64 degrees 52 minutes 33 seconds East 117.37 feet to the true point of beginning, containing 1.013 acres, being Tract 2 as shown on plat attached to Deed of record in Deed Book 5527, Page 180 in the office of the Clerk of Jefferson County, Kentucky.

Being the same property acquired by Bradford Mills, LLC, an entity related to the Developer, by General Warranty Deed dated August 31, 2015, of record in Deed Book 10460, Page 288 in the Office of the Clerk of Jefferson County, Kentucky.