
Development Plan
For
Fifth and Broadway Development Area
Louisville/Jefferson County Metro Government
_____, 2019

**Development Plan
The Fifth and Broadway Development Area**

1. Introduction.

1.1. Purpose. The Louisville/Jefferson County Metro Government (“Louisville Metro”) intends to establish the **Fifth and Broadway 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 building originally constructed in 1960 being undertaken by Fifth and Broadway, LLC, a Kentucky limited liability company, or an affiliate of same (the “Developer”), to be located at and adjacent to 500 W. Broadway, Louisville, Kentucky. The Developer proposes to redevelop the building for a hotel project consisting of approximately 195 rooms plus conference space, which will cost approximately \$50 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 have approximately 195 rooms, and it is anticipated that the hotel will be part of the _____ and add a _____ hotel experience option to the Louisville Metro market and support the burgeoning “Urban Bourbon” Trail rapidly establishing in Downtown Louisville Metro, as well as addressing the hotel need brought on by the expanded and renovated Kentucky International Convention Center in Downtown.

1.3. The redevelopment plan for the Project will redevelop a site that consists of a building originally constructed in 1960 that has sat essentially vacant for more than five years.

Redevelopment will transform a significant block along West Broadway, and will be a catalyst for further development of the surrounding area. In addition to redeveloping an older building that has sat essentially vacant for years, this proposed project will provide additional opportunities for tourists, and will drive further development in Downtown Louisville.

1.4 Size and Location. The Development Area is an approximate 0.6212 acre area in Downtown Louisville identified more specifically on the map attached as Exhibit “A”. This location, in Downtown Louisville, 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 0.6212 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 \$1.529 billion. The taxable real property within the Development Area for calendar year 2018 is approximately \$3,050,000, and that combined with the other development areas that have been established by Louisville Metro totals approximately \$1.532 billion in taxable real property assessment. The total assessed value of taxable real property within Louisville Metro for the calendar year 2018 exceeds \$59 billion, 20% of which is \$11.8 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. **A substantial loss of residential, commercial, and industrial activity or use has occurred within the Development Area.** The Development Area includes a building that was built in 1960 and has sat essentially vacant for more than five years.
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, including the renovation of an older building which is not in good condition. 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 W. Broadway.

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 visitors to Louisville Metro. The Development Area has a 2018 taxable assessment of approximately \$3,050,000 which annually generates \$14,538 in ad valorem real property taxes to Louisville Metro. The Project will increase capital investment by approximately \$50,000,000, 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 \$2,715,061, 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. Lastly, while the Project is not subject to Louisville Metro Code of Ordinances (LMCO) § 37.75, 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 Metro Development Authority, Inc., and during the construction phase of the project as well as upon completion of the construction, the project shall provide a summary and any supporting documentation that demonstrates its good faith effort and results on each category enumerated in LMCO § 37.75. 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. Most of the area immediately surrounding the Development Area has been subject to growth and development only through public support of 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 0.6212 acres at the corner of W. Broadway and S. Fifth Street in Downtown Louisville. The existing site consists of a building originally constructed in 1960 that has essentially been vacant for the past five years.

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 be a _____ brand hotel, which will complement the Bourbon Trail, the renovated and expanded Kentucky International Convention center and Downtown Louisville Metro by providing another option for visitors wishing to lodge in Louisville.

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 \$2,715,061 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 Downtown Louisville and surrounding areas, will generate significant new

tax revenues to Louisville Metro, and will facilitate an increase in the availability of hotel space 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 Southwest corner of Broadway and Fifth Streets; thence West with the South line of Broadway, 153 feet, more or less, to a point 267 feet 7 inches East of Sixth Street, as measured along said line of Broadway, and at the Northwest corner of the lot conveyed to Paul Semonin, Inc. by Deed date March 18, 1926, and recorded in Deed Book 1207, Page 299, in the Office of the Clerk of Jefferson County, Kentucky; thence South with the West line of said lot 178 feet 11-1/2 inches to the North line of an alley; thence Eastwardly with the North line of said alley 153 feet, more or less, to the West line of Fifth Street; thence North with the West line of Fifth Street 178 feet 8 ½ inches to the point of beginning.

TAX ID Number: 08-029B-0034-0000

Exhibit B

PROJECTED NEW REAL ESTATE TAX REVENUES

2021	137,104
2022	140,137
2023	143,231
2024	146,387
2025	149,606
2026	152,889
2027	156,238
2028	159,654
2029	163,138
2030	166,692
2031	170,317
2032	174,015
2033	177,786
2034	181,633
2035	185,557
2036	189,559
2037	193,641
2038	197,805
2039	202,053
2040	206,385