Louisville Metro Government

Legislation Details (With Text)

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Title: AN ORDINANCE ESTABLISHING A DEVELOPMENT AREA PURSUANT TO PROVISIONS OF KRS 65.7041- 65.7083 TO BE KNOWN AS THE EIGHTEENTH AND BROADWAY DEVELOPMENT AREA, DESIGNATING THE METRO DEVELOPMENT AUTHORITY, INC. AS AN "AGENCY", ADOPTING A DEVELOPMENT PLAN, APPROVING ENTERING INTO A LOCAL PARTICIPATION AGREEMENT, AUTHORIZING THE PAYMENT OF THE "RELEASED AMOUNT" PURSUANT TO THE TERMS AND CONDITIONS OF THE LOCAL PARTICIPATION AGREEMENT, REQUIRING THE SUBMISSION OF REGULAR REPORTS TO LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT AND AUTHORIZING THE EXECUTION AND DELIVERY OF ANY OTHER DOCUMENTS AND THE TAKING OF ANY OTHER ACTIONS NECESSARY TO ACCOMPLISH THE PURPOSES AUTHORIZED BY THIS ORDINANCE.

Sponsors: Barbara Sexton Smith (D-4), Cheri Bryant Hamilton (D-5)

Indexes:

Code sections:

Attachments: 1. O-292-17 V.1 082417 18th and Broadway Development Area.pdf, 2. O-292-17 V.1 082417 ATTACH 18th and Broadway TIF Development Plan.pdf, 3. O-292-17 V.1 082417 ATTACH 18th and Broadway TIF Local Participation Agreement.pdf, 4. O-292-17 V.1 082417 ATTACH Map Development Area First Project.pdf, 5. O-292-17 V.1 082417 ATTACH Map Development Area.pdf, 6. 090517 Passport Health Presentation.pdf, 7. ORD 162 2017.pdf

Date	Ver.	Action By	Action	Result
9/14/2017	1	Metro Council	passed	Pass
9/5/2017	1	Labor and Economic Development Committee	recommended for approval	Pass
8/24/2017	1	Metro Council	assigned	

ORDINANCE NO. , SERIES 2017

AN ORDINANCE ESTABLISHING A DEVELOPMENT AREA PURSUANT TO PROVISIONS OF KRS 65.7041- 65.7083 TO BE KNOWN AS THE EIGHTEENTH AND BROADWAY DEVELOPMENT AREA, DESIGNATING THE METRO DEVELOPMENT AUTHORITY, INC. AS AN "AGENCY", ADOPTING A DEVELOPMENT PLAN, APPROVING ENTERING INTO A LOCAL PARTICIPATION AGREEMENT, AUTHORIZING THE PAYMENT OF THE "RELEASED AMOUNT" PURSUANT TO THE TERMS AND CONDITIONS OF THE LOCAL PARTICIPATION AGREEMENT, REQUIRING THE SUBMISSION OF REGULAR REPORTS TO LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT AND AUTHORIZING THE EXECUTION AND DELIVERY OF ANY OTHER DOCUMENTS AND THE TAKING OF ANY OTHER ACTIONS NECESSARY TO ACCOMPLISH THE PURPOSES AUTHORIZED BY THIS ORDINANCE.

SPONSORED BY: COUNCIL MEMBERS SEXTON SMITH AND BRYANT HAMILTON

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WHEREAS, the Kentucky General Assembly enacted KRS 65.7041- 65.7083 (the "Act") relating to tax increment financing and urban redevelopment, which Act establishes development areas to increase property values, increase employment opportunities, and increase economic activity;

WHEREAS, University Health Care, Inc., d/b/a Passport Health Plan, a Kentucky non-profit corporation, and/or Passport Health Solutions, LLC, a Kentucky limited liability company, or any approved affiliate or assignee thereof (the “Developer”) plans to undertake a major project within the Eighteenth and Broadway Development Area (the “Development Area”) to complete the Eighteenth and Broadway Redevelopment Project (the “Project”), as more particularly described in the Development Plan attached hereto as Exhibit A;

WHEREAS, the Project, which qualifies as a development area under the Act, will involve new capital investment of approximately $60 million for the First Project and $70 million for the Second Project when fully developed;

WHEREAS, in accordance with the provisions of the Act, a Development Plan for the Development Area has been prepared and a public hearing has been conducted to seek public comment on the Development Plan;

WHEREAS, the Legislative Council of the Louisville/Jefferson County Metro Government (the “Council”) finds that the Project to be undertaken in the Development Area by the Developer will further the public purposes identified in the Act by increasing the value of property located in the Development Area, increasing employment within the Development Area, Louisville and the region and increasing the tax base of Louisville;

WHEREAS, it is therefore in the interest of Louisville/Jefferson County Metro Government (“Louisville Metro”) and Metro Development Authority, Inc. (the “Authority”) that there be a plan for the optimal revitalization and development of the Development Area in a most efficient manner;

WHEREAS, the redevelopment of previously developed land, within the meaning of the Act and as presented by the Developer and the Authority, enables Louisville Metro to use tax increment financing to encourage major economic development projects and is a worthy public purpose;

WHEREAS, Louisville Metro is authorized under the Act to execute a local participation agreement with an agency in acknowledgement of benefits to be derived by Louisville Metro within a development area in order to promote the public purpose of Louisville Metro;

WHEREAS, the Authority is organized and incorporated as a nonprofit, nonstock corporation pursuant to KRS Chapters 58 and 273 to act as an "Agency" under the Act; and

WHEREAS, Louisville Metro has determined that based on the benefits to be derived from the Project that it is in furtherance of its public purposes to assist Developer, through the Authority, with the costs of the Project and agrees to enter into the Local Participation Agreement in order to pay to the Authority the Released Amount (as hereinafter defined) for use solely for purposes of the Project.

NOW, THEREFORE, BE IT ORDAINED BY THE LEGISLATIVE COUNCIL OF THE LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT AS FOLLOWS:

SECTION I. The Development Plan, attached hereto as Exhibit A, is hereby adopted.

SECTION II. That the Council finds as follows:

A. All statements of fact set forth in the recitals to this Ordinance are found true and correct and are incorporated herein by reference.

B. The Development Area, as depicted in Exhibit B, is a contiguous parcel of property, approximately 19.608 acres in size, and is less than three (3) square miles in area as required by the Act.

C. The Development Area constitutes previously developed land as required by KRS 65.7043(2).

D. The establishment of the Development Area shall not cause the assessed value of taxable real estate in all development areas located in Louisville Metro to exceed 20% of the assessed value of all taxable real property in Louisville. To date Louisville Metro has established several other development areas with a combined taxable real property assessment at the time they were established of approximately $1.507 billion. The taxable real property assessment of the Development Area for calendar year 2016 is approximately $878,368.41, and that amount combined with the previous development areas established

by Louisville Metro totals $1.509 billion, while the total taxable real property assessment for Louisville exceeds $53 billion, 20% of which is $10.6 billion.

E. The conditions within the Development Area meet at least three (3) of the seven (7) factors of blight as set forth in KRS 65.7049 and are as follows:

1. **A substantial loss of residential, commercial, and industrial activity or use has occurred within the Development Area.** The bulk of the Development Area is the old Philip Morris site, which has sat vacant since the factor closed in 2001, and the majority of the remaining buildings were demolished in 2007 and 2008.

2. **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, a parking structure is required to support the anticipated increased demand. Additional public infrastructure will be needed to support the site, including utilities, storm water retention and the extension of Anderson and Maple Streets, which improvements will facilitate further development within this area. These infrastructure improvements cannot be reasonably be funded with private investment alone.

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 the city and surrounding area, especially the impact on Broadway and 18th Street.

F. 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, such as the public infrastructure improvements needed for the Project makes public incentives critical to the financing of the Project when compared with low potential revenue generated by these improvements.

G. 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, facilitate secondary and tertiary re-development within the area, and increase employment in Louisville Metro. The Development Area has a 2016 taxable assessment of approximately $878,368.41 and annually generates $4,021.24 in ad valorem real property taxes to Louisville Metro ($2,272.52 from the area attributable to the First Project and $1,928.72 from the area attributable to the Second Project). The Project will increase capital investment by approximately $130 million (approximately $60 million for the First Project and $70 million for the Second Project), 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 (i) $5,541,927 for the First Project and (ii) $4,935,652 for the Second Project, to provide redevelopment assistance to the project, including public infrastructure improvements, it will retain 20% of the new incremental increase of the local ad valorem real property taxes from the Development Area. 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. The Project will also serve as a catalyst for additional development in the area surrounding the Development Area.

H. The area immediately surrounding the Development Area has not been subject to growth and development through investment by private enterprise independent of public support. The proposed improvements within the Development Area will have a positive effect on the surrounding area, which faces stagnation in development without them.

I. The pledge and use of a portion of Louisville Metro's incremental revenues, as defined in the Local Participation Agreement, derived from the Development Area to provide redevelopment assistance to the Project and the Development Area will increase capital investment and employment in Louisville Metro, and therefore constitutes a public purpose.

SECTION III. The Development Area as illustrated and described in Exhibit B is designated as a development area pursuant to the Act and shall be named the Eighteenth and Broadway Development Area. The Development Area shall be established as of the effective date of this Ordinance and shall terminate on the earlier of (a) the termination of the Local Participation Agreement, attached hereto as Exhibit C, or (b) 25 years from the date hereof, provided that in no case the

termination date will be more than twenty (20) years from the activation date.

SECTION IV. That the Metro Development Authority, Inc., a Kentucky nonprofit, nonstock corporation (the “Authority”), (a) is designated as the Agency, pursuant to the terms of the Act, (b) shall be the recipient of the Released Amount under the Local Participation Agreement and (c) shall be required to oversee and administer the implementation of the Project within the Development Area.

SECTION V. That the Mayor is authorized to negotiate and enter into a Local Participation Agreement with the Authority for the release to the Authority of a portion of the new ad valorem real property taxes expected to be derived by Louisville Metro from the Project to be constructed in the Development Area ("Released Amount”), substantially in the form attached hereto as Exhibit C.

SECTION VI. That the Office of Management and Budget is designated as the department in Louisville Metro to oversee the payment of the Released Amount and to review all documentation concerning the Project, its progress, costs and development. The Office of Management and Budget shall annually submit to the Council a report concerning the Development Area (“Report”). The Developer shall provide to the Office of Management and Budget, on a timely basis, all information required by the Office of Management and Budget to prepare the Report. The Report shall include but not be limited to:

A. An accounting of all payments made to the Authority pursuant to the Local Participation Agreement;

B. An analysis and review of development activity within the Development Area;

C. The progress made toward meeting the stated goals of the Development Area;

D. An accounting of the Approved Project Costs and other Project Costs incurred by the Developer.

SECTION VII. That the Council authorizes Louisville Metro to pay annually to the Authority the Released Amount, which shall be calculated as provided in the Local Participation Agreement, not to exceed a sum equal to: 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 Authority over the term of the Local Participation Agreement exceed (i) $5,541,927 for the First Project and (ii) $4,935,652 for the Second Project as set forth in the Local Participation Agreement.

SECTION VIII. That the Authority shall establish a Special Fund pursuant to the Act for the Development Area as set forth in the Local Participation Agreement.

SECTION IX. That the Mayor and other appropriate Louisville Metro officials, and each of them, for and on behalf of Louisville Metro, are hereby authorized, empowered and directed to do and perform any and all things necessary to effect

the execution of the Local Participation Agreement, the performance of all obligations of Louisville Metro under and pursuant to the Local Participation Agreement and related documents, and the performance of all other actions of whatever nature necessary to effect and carry out the authority conferred by this Ordinance and the Local Participation Agreement. The Mayor and other appropriate Louisville Metro officials, and each of them, are hereby further authorized, empowered and directed for and on behalf of Louisville Metro to execute all papers, letter, documents, undertakings, certificates, assignments, forms, instruments and closing papers that may be required for the carrying out and effectuation of the authority conferred by and for the purposes of this Ordinance and the Local Participation Agreement, or to evidence said authority and purposes, and to exercise and otherwise take all action necessary to the full realization of the rights and purposes of Louisville Metro under the Local Participation Agreement and related documents and to perform all of the obligations of Louisville Metro under the Local Participation Agreement and related documents.

SECTION X. The provisions of this Ordinance are hereby declared to be severable, and if any section, phrase or provision shall for any reason be declared invalid, such declaration of invalidity shall not affect the validity of the remainder of this Ordinance.

SECTION XI. This Ordinance shall take effect upon its passage and approval.

_____ _____

H. Stephen Ott
Metro Council Clerk

David Yates
President of the Council

_____ _____

Greg Fischer
Mayor

Approval Date

APPROVED AS TO FORM AND LEGALITY:

Michael J. O'Connell
Jefferson County Attorney

_____

18th and Broadway TIF Ordinance nl O-292-17 081717.docx

Exhibits

A. Development Plan
B. Map of Development Area
C. Local Participation Agreement

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EXHIBIT A

DEVELOPMENT PLAN

EXHIBIT B

MAP OF DEVELOPMENT AREA

LEGAL DESCRIPTION

BEING A TRACT OF LAND LOCATED AT THE INTERSECTION OF DIXIE HIGHWAY (18TH

STREET) AND WEST BROADWAY IN LOUISVILLE, KENTUCKY AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT AT THE SOUTHWEST CORNER OF THE INTERSECTION OF CURRENT DIXIE HIGHWAY (18TH STREET) AND WEST BROADWAY; THENCE ALONG THE SOUTH LINE OF WEST BROADWAY, SOUTH 80°36'09" EAST (THIS AND ALL SUBSEQUENT BEARINGS HEREON REFER TO THE KENTUCKY STATE PLANE COORDINATE SYSTEM, NORTH ZONE, NAD 83), 61.00 FEET TO A POINT; THENCE FOLLOWING THE SOUTH LINE OF WEST BROADWAY, SOUTH 79°08’58” EAST, 73.28 FEET TO A POINT AT THE SOUTHWEST CORNER OF THE INTERSECTION OF THE PROPOSED DIXIE HIGHWAY (18TH STREET) AND WEST BROADWAY; THENCE ALONG THE WEST LINE OF THE PROPOSED DIXIE HIGHWAY, SOUTH 19°55’09” EAST, 57.24 FEET TO A POINT; THENCE CONTINUING ALONG THE WEST LINE OF THE PROPOSED DIXIE HIGHWAY, WITH A CURVE TO THE RIGHT HAVING A RADIUS OF 368.00’ AND A CHORD THAT BEARS SOUTH 35°34’57” WEST, 264.58 FEET TO A POINT; THENCE WITH A CURVE TO THE LEFT HAVING A RADIUS OF 432.00’ AND A CHORD THAT BEARS SOUTH 40° 13’21” WEST, 244.36 FEET TO A POINT; THENCE CONTINUING ALONG THE WEST SIDE OF DIXIE HIGHWAY, SOUTH 18°28’14” WEST, 298.99 FEET TO A POINT; THENCE FOLLOWING THE WEST LINE OF DIXIE HIGHWAY, SOUTH 19°10'06" WEST, 60.13 FEET TO A POINT; THENCE LEAVING THE WEST LINE OF DIXIE HIGHWAY, NORTH 81°59'04" WEST, 965.56 FEET TO A POINT; THENCE NORTH 8°00'56" EAST, 55.67 FEET TO A POINT; THENCE NORTH 80°56'28" WEST, 100.00 FEET TO A POINT IN THE EAST LINE OF DR. W. J. HODGE STREET; THENCE FOLLOWING THE EAST LINE OF DR. W. J. HODGE STREET NORTH 9°39'58" EAST, 2.53 FEET TO A POINT; THENCE FOLLOWING THE EAST LINE OF DR. W. J. HODGE STREET NORTH 8° 53'52" EAST, 247.20 FEET TO A POINT; THENCE CONTINUING ALONG THE EAST LINE OF DR. W. J. HODGE STREET, NORTH 8°53'46" EAST, 249.00 FEET TO A POINT IN THE SOUTH LINE OF ANDERSON STREET; THENCE FOLLOWING THE SOUTH LINE OF ANDERSON STREET, SOUTH 86°38'59" EAST, 142.75 FEET TO A POINT; THENCE FOLLOWING THE SOUTH LINE OF ANDERSON STREET, SOUTH 8°53'30" WEST, 15.00 FEET TO A POINT; THENCE FOLLOWING THE SOUTH LINE OF ANDERSON STREET, SOUTH 86°29'46" EAST, 142.77 FEET TO A POINT; THENCE FOLLOWING THE SOUTH LINE OF ANDERSON STREET, SOUTH 85°23'41" EAST, 15.52 FEET TO A POINT; THENCE FOLLOWING THE SOUTH LINE OF ANDERSON STREET, SOUTH 86°57'20" EAST, 180.85 FEET TO A POINT IN THE EAST LINE OF SOUTH 20TH STREET; THENCE FOLLOWING THE EAST LINE OF SOUTH 20TH STREET, NORTH 8°52'35" EAST, 210.20 FEET TO A POINT IN THE SOUTH LINE OF WEST BROADWAY; THENCE SOUTH 86°36'30" EAST, 734.63 FEET TO THE POINT OF BEGINNING, CONTAINING 19.608 ACRES.

The First Project is contained in 7.499 acres of the above described tract, more particularly described as follows:

BEING A TRACT OF LAND LOCATED AT THE INTERSECTION OF DIXIE HIGHWAY (18TH STREET) AND WEST BROADWAY IN LOUISVILLE, KENTUCKY AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT AT THE SOUTHWEST CORNER OF THE INTERSECTION OF CURRENT DIXIE HIGHWAY (18TH STREET) AND WEST BROADWAY; THENCE ALONG THE SOUTH LINE OF WEST BROADWAY, SOUTH 80°36'09" EAST (THIS AND ALL SUBSEQUENT BEARINGS HEREON REFER TO THE KENTUCKY STATE PLANE COORDINATE SYSTEM, NORTH ZONE, NAD 83), 61.00 FEET TO A POINT; THENCE FOLLOWING THE SOUTH LINE OF WEST BROADWAY, SOUTH 79°08’58” EAST, 73.28 FEET TO A POINT AT THE SOUTHWEST CORNER

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OF THE INTERSECTION OF THE PROPOSED DIXIE HIGHWAY (18TH STREET) AND WEST BROADWAY; THENCE ALONG THE WEST LINE OF THE PROPOSED DIXIE HIGHWAY, SOUTH 19°55’09” EAST, 57.24 FEET TO A POINT; THENCE CONTINUING ALONG THE WEST LINE OF THE PROPOSED DIXIE HIGHWAY, WITH A CURVE TO THE RIGHT HAVING A RADIUS OF 368.00’ AND A CHORD THAT BEARS SOUTH 35°34’57” WEST, 264.58 FEET TO A POINT; THENCE WITH A CURVE TO THE LEFT HAVING A RADIUS OF 432.00’ AND A CHORD THAT BEARS SOUTH 44° 36’56” WEST, 180.16 FEET TO A POINT; THENCE LEAVING THE WEST LINE OF THE PROPOSED DIXIE HIGHWAY NORTH 81°06’42” WEST, 668.92 FEET TO A POINT; THHENCE NORTH 8°52'35" EAST, 365.48 FEET TO A POINT AT THE INTERSECTION OF SOUTH 20TH STREET AND WEST BROADWAY; THENCE FOLLOWING THE SOUTH LINE OF WEST BROADWAY, SOUTH 86°36'30" EAST, 734.63 FEET TO THE POINT OF BEGINNING, CONTAINING 7.499 ACRES.

The Second Project is contained in the remaining 12.109 acres of the Development Area (the difference between the overall Development Area and the First Project).

EXHIBIT C

LOCAL PARTICIPATION AGREEMENT

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