

Development Plan For The Urban Government Center Development Area

1. Introduction.

1.1. Purpose. The Louisville/Jefferson County Metro Government (“Louisville Metro”) intends to establish the **Urban Government Center Development Area** (the “Development Area”) pursuant to the provisions of KRS 65.7041 to 65.7083, (collectively, the “Act”), to encourage a mixed use development project being undertaken by UPPT, LLC, a Kentucky limited liability company, or an affiliate of same (the “Developer”), to be located at and adjacent to 768, 810 and 850 Barret Avenue, 1235 E. Breckinridge Street and 814 Vine Street, Louisville, Kentucky. The Developer proposes build a mixed-use redevelopment consisting of approximately 440 units of apartments or condominiums, approximately 165,000 square feet of office and commercial space, approximately 20 cottage homes, a hotel with approximately 100 room and five (5) rooftop condominiums, a parking garage containing approximately 850 parking spaces, and public green space, all of which will cost approximately \$249 million (the “Project”). Louisville Metro 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 redevelopment plan for the Project will redevelop the former Urban Government site into an urban infill mixed-use redevelopment that provides housing, retail, office space, and a hotel, with a parking garage to support those uses.

The Project will transform an important, but neglected and underutilized, block within Louisville's Paristown Pointe neighborhood.

1.4 Size and Location. The Development Area is an approximate 11.6546 acre area in the Paristown Pointe neighborhood identified more specifically on the map attached as Exhibit "A". This location, in Paristown Pointe, and adjacent to the Original Highlands and Germantown neighborhoods, is perfectly situated for the development of the Project, which is a key mixed use infill project that will support continued 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 11.6546 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 \$1.568 billion. The taxable real property within the Development Area for calendar year 2023 is approximately \$2,660,600, and that combined with the other development areas that have been established by Louisville Metro totals approximately \$1.571 billion in taxable real property assessment. The total assessed value of taxable real property within Louisville Metro for the calendar year 2022 exceeds \$71.6 billion, 20% of which is \$14.3 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 consists of five parcels, and all of the structures on those parcels are currently vacant. The majority of the structures have been vacant for more than five years.

2. Substantial abandonment of residential, commercial, or industrial structures. The Development Area consists of five parcels, and all of the structures are currently vacant. The majority of the structures have been vacant for more than five years and all of the vacant structures have been vacant for at least eight years.

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, including the public infrastructure required in connection with the redevelopment of the site, such as the parking garage. 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 the Paristown Pointe, Original Highlands and Germantown neighborhoods.

3.1. 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, make public incentives critical to the financing of the Project.

3.2. 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 2023 taxable assessment of approximately \$2,660,600 but currently generates \$3,042 in ad valorem real property taxes to Louisville Metro because all but one of the five parcels in the Development Area (the exempt parcels are assessed at \$2,010,600) were owned by a qualifying organization that was granted exemption from ad valorem real property taxes pursuant to Section 170 of the Kentucky Constitution. The Project will increase capital investment by approximately \$249 million, 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 \$20,316,819, 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 have the following income restrictions on the residential units post-construction: 46 units (10% of the total 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. It is expected that the 10% of the units will apply 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. Further, the Project will serve as a catalyst for additional development in the area surrounding the Development Area.

3.3. 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.

3.4. 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."

3.5. Existing Uses and Conditions. The Development Area consists of approximately 11.6546 acres at 768, 810 and 850 Barret Avenue, 1235 E. Breckinridge Street and 814 Vine Street in the Paristown Pointe neighborhood. The

existing site consists of several vacant structures. One parcel is currently used as a parking lot.

3.6. 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.

3.7. 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 be a mixed use redevelopment consisting of approximately 440 units of apartments or condominiums, approximately 165,000 square feet of office and commercial space, approximately 20 cottage homes, a hotel with approximately 100 room and five (5) rooftop condominiums, a parking garage containing approximately 850 parking spaces, and public green space, which will be a key urban infill project.

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 \$20,316,819 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 area ordinance.

5. Conclusions.

In conclusion, the Project will serve as an important catalyst to the further development of the Paristown Pointe, Original Highlands and Germantown neighborhoods and surrounding areas, will generate significant new tax revenues to Louisville Metro, and will facilitate an urban infill project 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

768 Barret Avenue

Being Tract 2 as shown on the plat approved by the Louisville and Jefferson County Planning Commission and recorded in Deed Book 6143, Page 554, in the Office of the Clerk of Jefferson County, Kentucky.

810 Barret Avenue

Being Tract 1 as shown on the plat approved by the Louisville and Jefferson County Planning Commission and recorded in Deed Book 6143, Page 554, in the Office of the Clerk of Jefferson County, Kentucky.

850 Barret Avenue

Beginning at a point where the North line of Breckinridge Street intersect with the East line of Vine Street; thence North 55 degrees 36 minutes 00 seconds East along the North line of Breckinridge Street 384.52 feet, more or less, to a point; thence North 33 degrees 58 minutes 45 seconds West along a line parallel to the West line of Barret Avenue 167 feet to a point; thence South 55 degrees 36 minutes 00 seconds West 5 feet to a point; thence South 33 degrees 58 minutes 45 seconds East 15 feet to a point; thence South 55 degrees 36 minutes 00 seconds West 209.63 feet to the East line of Vine Street; thence South 33 degrees 59 minutes 30 seconds East along the East line of Vine Street, 167 feet to the point of beginning, and being Tract 1 on the plat attached to Deed of record in Deed Book 5170, Page 755 in the Office of the Clerk of Jefferson County, Kentucky.

1235 E. Breckinridge Street

Beginning at a point where the North line of Breckinridge Street intersects with the West line of Barret Avenue: thence North 33 degrees 58 minutes 45 seconds West along the West line of Barret Avenue 167 feet to a point; thence South 55 degrees 36 minutes 00 seconds West 110 feet to a point; thence South 33 degrees 58 minutes 45 seconds East along a line parallel to the West line of Barret Avenue 167 feet to a point in the North line of Breckinridge Street; thence North 55 degrees 36 minutes 00 seconds East along the said North line of Breckinridge Street 110 feet to the point of beginning and being Tract 2 as shown on the plat attached to Deed of record in Deed Book 5170, Page 755 in the Office of the Clerk of Jefferson County, Kentucky.

814 Vine Street

Being all of Lot 1 on the minor subdivision plat approved by the Land Development & Transportation Committee of the Louisville and Jefferson County Planning Commission, 19MinorPlat1007 on January 31, 2019, said plat being attached to a Deed recorded on July 3, 2019 in Deed Book 11447, Page 703 in the Office of the Clerk of Jefferson County, Kentucky.

Exhibit B

PROJECTED NEW REAL ESTATE TAX REVENUES

2026	1,045,217
2027	1,066,121
2028	1,087,444
2029	1,109,193
2030	1,131,376
2031	1,154,004
2032	1,177,084
2033	1,200,626
2034	1,224,638
2035	1,249,131
2036	1,274,114
2037	1,299,596
2038	1,325,588
2039	1,352,100
2040	1,379,142
2041	1,406,724
2042	1,434,859
2043	1,463,556
2044	1,492,827
2045	1,522,684