



LOUISVILLE OPPORTUNITY ZONE DEAL BOOK

November 2019

*Louisville Projects
Ready for OZ
Investment*

*Prepared by
MAYOR GREG FISCHER & THE
CITY OF LOUISVILLE
in collaboration with
NEW LOCALISM ADVISORS*

*A project of
ACCELERATOR FOR AMERICA*

ABOUT LOUISVILLE

Louisville is an inclusive, growing, entrepreneurial city-county of 770,000 people in a region of 1.3 million



Greg Fischer, Mayor

- Louisville has a diversified economy built on healthcare, business services, manufacturing, food and beverage, and logistics.
- Economic boom has created 80,000 new jobs and 2,700 new businesses since 2011.
- Thriving downtown with \$14 billion has been invested within the city/county limits since 2014 alone.
- The city has a strong commitment to education, workforce development, equity, and inclusion.
- Louisville's Opportunity Zones were intentionally chosen to maximize the impact of Opportunity Zone investment, reinforcing multiple growth hubs.
- Louisville has 19 Opportunity Zones in 8 distinct geographies, each with highlighted catalytic investments and adjacent investment potential.
- Louisville Metro Government is one of the most successful examples of city/county consolidation in the country.
- The city has a strong fiscal base, with solid bond ratings.
- The city of Louisville has a one-stop agency for land use and economic development, Louisville Forward. Contact:
 - Mary Ellen Wiederwohl
Chief of Louisville Forward
maryellen.wiederwohl@louisvilleky.gov
 - Eric Burnette
Senior Policy Advisor
eric.burnette@louisvilleky.gov

WHY LOUISVILLE

America's next mid-sized breakout city is winning the accolades

2019 Livability

Top City for New College
Grads

Top City Where Millennials
Are Moving

Top 7 City for First-Time
Homebuyers

2019 JPMorgan Chase

Inaugural *AdvancingCities*
grant winner (1 of 5 cities)

2018 Jetsetter

Top 5 Hip City



Photo Credit @sampsontheghost

Human Rights Campaign

Perfect score four years
running

2019 Forbes “Cultural Hub”

2018 Lending Tree

Highest proportion of
Millennial founders among
cities with the youngest
entrepreneurs

2018 Glassdoor Best City for Jobs

BOURBONISM

A new and rapidly growing year-round tourism draw creating the Napa Valley of Bourbon



- 1.4 million unique visitors a year
- Dynamic placemaking strategy with broad Millennial appeal
- 10 distilled spirits attractions within city limits in a growing Bourbon District
- Louisville is the official start of the Kentucky Bourbon Trail



DOWNTOWN RENAISSANCE

Louisville's downtown opportunity zone has become a hotbed of investment

56% increase in rooms in 2019



HOTELS

39% increase in 2019



HOUSING

State-of-the-art new convention center



TOURISM

9% growth in 2019



RETAIL

OPPORTUNITY ZONE BASICS

OPPORTUNITY ZONES IN A NUTSHELL

A federal tax incentive for US taxpayers with capital gains

Three ingredients to Opportunity Zone eligibility*:

- ✓ US capital gains;
- ✓ Rolled over into a Qualified Opportunity Fund (QOF) within 180 days;
- ✓ QOF then invests the funds into real property, business property, or operating businesses in designated Opportunity Zones within 30 months.

Three benefits to Opportunity Zone investing*:

- 1) Deferral on original capital gains tax until December 31, 2026;
- 2) Reduced tax liability on your original capital gains if you invest in the QOF before the end of 2021;
- 3) 10-year appreciation rule—if you leave your capital gains in the QOF for more than 10 years, any appreciation on your investment is exempt from US capital gains.



**There are many rules and regulations governing OZ investments; you should consult a professional tax attorney or accountant before making any OZ investment decisions. This Louisville Opportunity Zone Deal Book is intended to raise basic awareness of the Opportunity Zone incentive, not to provide legal or tax advice.*

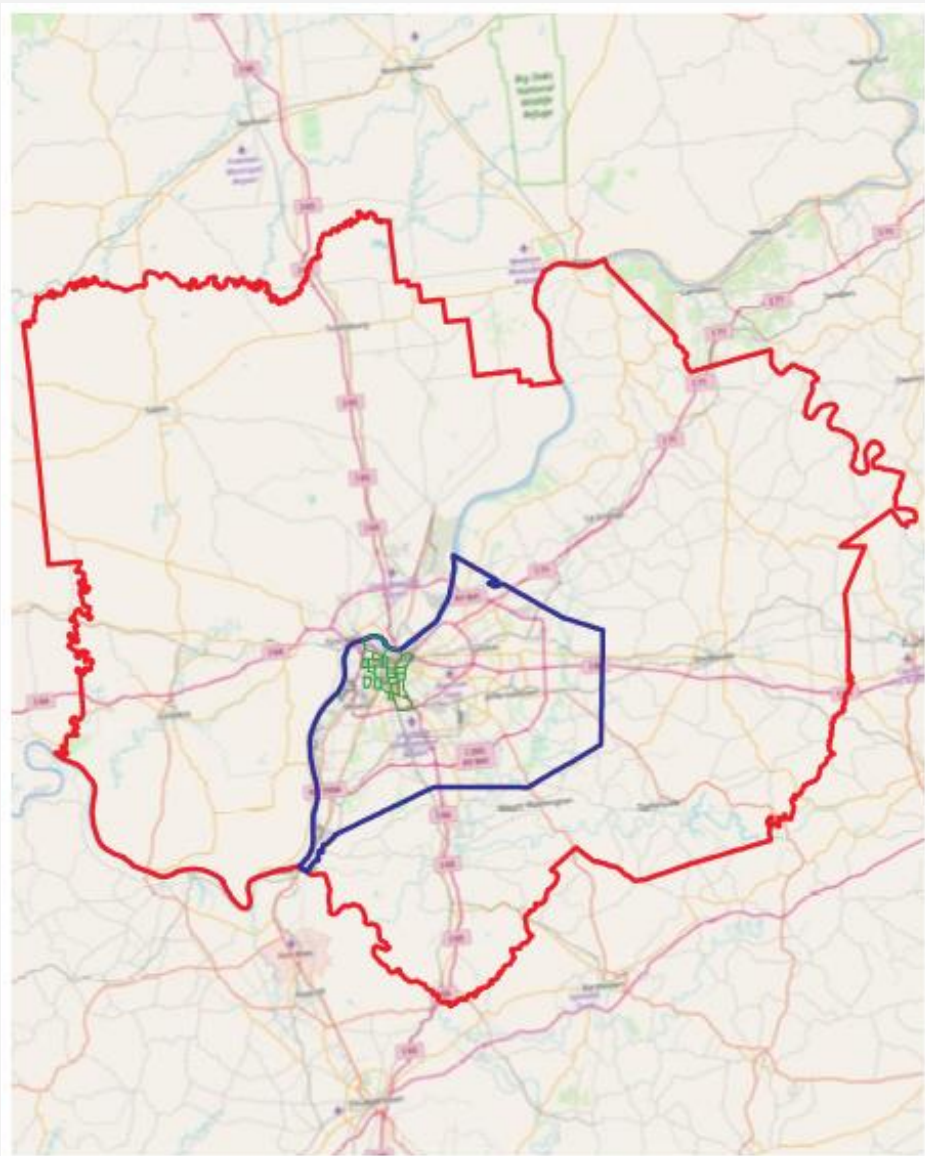
HOW IS THIS DIFFERENT THAN OTHER TAX INCENTIVES?

There are 4 parties in an Opportunity Zone transaction :



- ✓ More market-oriented
- ✓ Residential, commercial real estate, and business investments
- ✓ No benefit cap
- ✓ Stackable with other established incentives such as New Market Tax Credits, Historic Tax Credits, and Low-Income Housing Tax Credits

GEOGRAPHY OF LOUISVILLE OPPORTUNITY ZONES

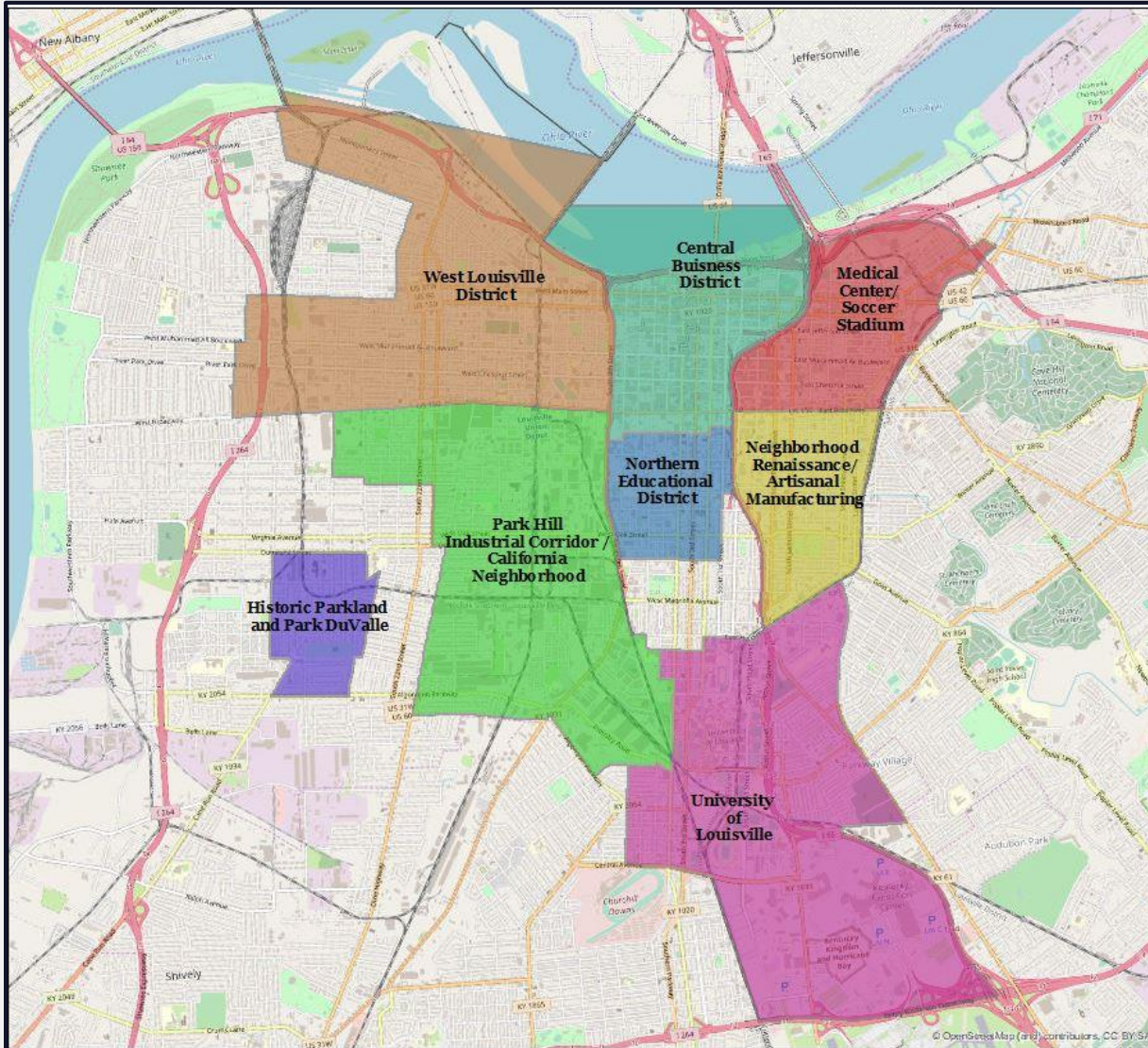


	POPULATION 2018	SQ. MILES
MSA	1,297,301	4,135
City/County Government	770,377	398
Opportunity Zones (2017 5-year)	55,560	17

- Louisville Metropolitan Area
- Louisville / Jefferson Metro Government
- Louisville Opportunity Zones

LOUISVILLE OPPORTUNITY ZONE GROUPS

Louisville has eight different OZ groups, each with distinct personalities and competitive advantages



LOUISVILLE'S LARGEST NON-GOVERNMENT EMPLOYERS

National leader in wellness and aging care innovation, advanced manufacturing, and logistics

EMPLOYER	TYPE OF BUSINESS	APPROXIMATE NUMBER OF EMPLOYEES
United Parcel Services Inc.	Global commerce services	22,354
Ford Motor Co.	Automotive manufacturer	12,600
Humana Inc.	Health Insurance	12,500
Norton Healthcare Inc.	Health care	11,944
University of Louisville	Higher education	6,901
Baptist Healthcare Systems Inc.	Health care	6,786
Amazon.com	Logistics and customer service	6,500
GE Appliances, a Haier company	Appliance manufacturer	6,000
KentuckyOne Health	Health care	6,000
The Kroger Co.	Grocery retailer	3,079

LOUISVILLE PRIORITIES

PROJECTS WITH HIGH SOCIAL RETURN

Small businesses and start-ups



Affordable housing



Community spaces and surrounding commercial uses



Focus on tech



STREET CORNER DEVELOPMENT

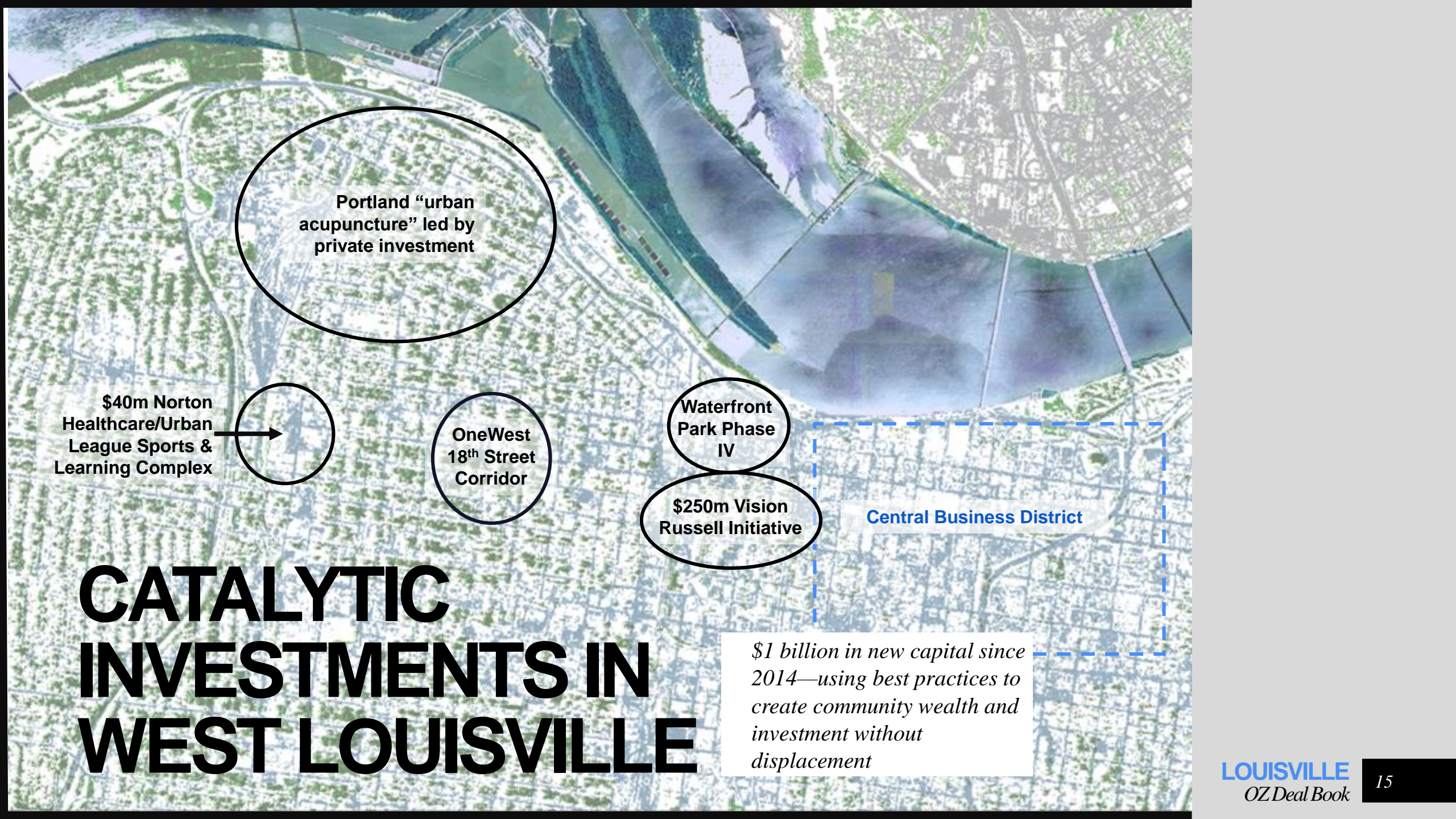
Leveraging key intersections as catalysts for neighborhood transformation

- Following principles outlined by Bruce Katz and Ross Baird in “Towards a New System of Community Wealth”
- Creates a dense ecosystem of businesses, properties, and residences
- Builds opportunities to grow jobs filled by local residents
- Shifts street corners away from predatory businesses towards enterprises that serve residents



18th & Muhammad Ali





Portland “urban acupuncture” led by private investment

\$40m Norton Healthcare/Urban League Sports & Learning Complex

OneWest 18th Street Corridor

Waterfront Park Phase IV

\$250m Vision Russell Initiative

Central Business District

CATALYTIC INVESTMENTS IN WEST LOUISVILLE

\$1 billion in new capital since 2014—using best practices to create community wealth and investment without displacement

PROJECTS READY FOR INVESTMENT

WEATHERCHECK

Emerging tech business that helps insurance companies assess damage

- WeatherCheck monitors properties for hail damage so that insurance carriers, mortgage companies, and property owners can take action
- 2019 Y-Combinator Company
- Looking for \$500,000 in OZ Equity as part of a \$2m bridge to Series A at a \$15m valuation
- CEO: *Demetrius Gray*
- Contact: *d@weathercheck.co*



ROYAL THEATER BUILDING AT 18TH & BROADWAY

Keystone of OneWest's plan to revitalize commercial development in west Louisville

- \$5 million project to renovate historic theater building at the gateway to the 18th Street Commercial Corridor
- Leverages high traffic and visibility, with nearby Brown-Forman corporate headquarters and new YMCA across the street
- Will create multi-use facility with office, retail, and residential space
- *Developer: OneWest*
- *Contact: Evon Smith, esmith@onewest.org*



18TH STREET COMMERCIAL CORRIDOR

Part of OneWest's plan to revitalize commercial development in west Louisville

- \$15 million plan to create a commercial corridor in Louisville's historic Russell neighborhood
- Leverages city-owned and vacant and abandoned properties
- Will create incubators for small businesses and entrepreneurs
- Developer: OneWest
- Contact: Evon Smith, esmith@onewest.org



NORTON SPORTS HEALTH ATHLETICS & LEARNING CENTER

Creating a multi-use sports & entertainment destination in the historic Russell neighborhood

- \$40 million USA Track & Field-supported indoor track and field sports and learning complex at 24-acre Heritage West site at 30th Street and Muhammad Ali Blvd
- Leverages \$10m in city investment and \$7m+ in privately raised funds
- Conservative projected impact of \$47m and 20,000-30,000 visitors during track season alone
- Catalyst for economic development, community engagement, brownfield remediation, and STEAM learning



The Developer: Louisville Urban League



Contact: Christina Shadle, cshadle@lul.org

PORTLAND INVESTMENT INITIATIVE

Using “urban acupuncture” to redevelop a historic neighborhood without runaway gentrification

- Multi-layered approach to community redevelopment in one of Louisville’s oldest neighborhoods
- Investment opportunities range from shotgun houses to 130,000 square foot warehouses
- Leverages plans for Waterfront Park Phase IV expansion
- Catalyst for continued transformation of near-downtown edge neighborhood



The Developer: Portland Investment Initiative



Contact: Gill Holland, gillholland@gmail.com

PROJECTS CURRENTLY IN PRE- DEVELOPMENT

18TH & MUHAMMAD ALI STREET CORNER DEVELOPMENT

Part of OneWest's 18th Street Commercial Corridor

- Building out underutilized corners in the heart of the 18th Street Commercial Corridor
- Leverages existing neighborhood institutions (Chefspace restaurant incubator and Sweet Peaches café) and city-owned property
- Adjacent to the Kentucky Center for African-American Heritage
- Pre-developer: Louisville Forward
- Contact: Eric Burnette, eric.burnette@louisvilleky.gov



MULTI-NEIGHBORHOOD, MULTI-FAMILY, MIXED-INCOME HOUSING

- \$90m+ million set of multi-family, mixed-income residential developments in four different edge neighborhoods
- Funding the projects from a common pool allows market-rate units to subsidize affordable units and increase overall affordable unit build
- Could leverage local government and philanthropic support
- Provides hundreds of affordable and market rate housing units in fast-developing edge while still penciling a healthy overall return
- *Pre-Developer: The Governance Project and Louisville Forward*
- *Contact: Eric Burnette, eric.burnette@louisvilleky.gov*



Existing multi-family, mixed-income housing in NuLu neighborhood

MADISON STREET WAREHOUSE

Historic property to anchor of redevelopment and wealth building in Louisville's Russell neighborhood

- Adjacent to Norton/Urban League Sports & Learning Complex
- Opportunity to redevelop 200,000 square feet of former industrial property on 6-acre site at the corner of 30th and Muhammad Ali Blvd
- Ripe for adaptive reuse, including retail, restaurant, multi-family, small business incubator, and complementary hotel
- Market assessments, Phase I & II Environmental Assessments, and Building Condition Assessment available upon request



Pre-Developer: Russell: A Place of Promise

◆ *Contact: Theresa Zawacki, Theresa.Zawacki@louisvilleky.gov*

GREAT IDEAS FOR VISIONARY DEVELOPERS

RIVERFRONT AT MUSEUM ROW

Historic site of prime real estate in the heart of downtown tourism district

- 4 contiguous city-owned lots, totaling nearly 3 acres in the heart of historic Museum Row tourism district of west Main Street
- City seeking development partner to create new mixed-use facility
- City offering land and incentives
- *Pre-Developer: Louisville Forward*
- *Contact: Eric Burnette, eric.burnette@louisvilleky.gov*



LOUISVILLE GARDENS

Transformative development of Louisville's most historic performance venue

- City-owned, historic 6,000-seat performance venue
- Primed for restoration as an arts and entertainment venue, convention facility, and mixed-use space, at an estimated cost of \$65 million.
- Located in the heart of downtown, a few blocks from 4th Street Live! and award-winning hotels, including 10 new downtown hotels since 2009.



Pre-Developer: Louisville Forward ♦ Contact: Eric Burnette, eric.burnette@louisvilleky.gov

**LOUISVILLE FORWARD
WEBSITE:**

louisvilleky.gov/louisvilleforward

**OPPORTUNITY ZONE WEBSITE:
louisvilleky.gov/government/louisville-forward/opportunity-zones-louisville**

**LOUISVILLE OPPORTUNITY ZONE
POINTS OF CONTACT:**

Mary Ellen Wiederwohl

Chief, Louisville Forward
maryellen.wiederwohl@louisvilleky.gov

Eric Burnette

Senior Policy Advisor, Louisville Forward
eric.burnette@louisvilleky.gov

