
Development Plan
For
Houston Road/Erlanger Road Development Area
City of Erlanger, Kentucky
~~August~~ November 1, 2017

Development Plan
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1. Introduction.

1.1. Purpose. The City of Erlanger, Kentucky (“City” or “Erlanger”) intends to establish the Houston Road/Erlanger Road Development Area (the “Development Area”) pursuant to the provisions of KRS 65.7041 to 65.7083, and KRS 154.30-010 to 154.30-090, as the same may be amended (collectively, the “Act”), as a tool to encourage new private and public redevelopment in an area of the City in need of redevelopment and new investment. The City intends to establish the Development Area to encourage redevelopment and new investment with such projects including, but not limited to, the Erlanger Commerce Center Project ~~[(hereinafter described)]~~, mixed-use commercial, residential ~~and~~ office development and other related public and private development and needed infrastructure improvements (the “Project”).

The City proposes to support the Project and provide redevelopment assistance through a pledge of certain new taxes from the City, the County of Kenton, Kentucky (the “County”) and other local taxing districts, and State incremental tax revenues (for projects within the Development Area that are eligible for a pledge of State incremental revenues) generated from the Project within the Development Area and to pay for redevelopment assistance, Project costs and to undertake certain public infrastructure improvements needed within the Development Area.

1.2. Size and Location. The Development Area is an approximate 185.66 acre area in the City identified more specifically on the map attached as Exhibit “A”.

2. The Development Area.

2.1. General Description of the Development Area. For purposes of this Development Plan the Development Area is divided into two separate and distinct areas as shown on the map attached as Exhibit “B”; and generally described as follows:

(a) “Erlanger Commerce Center Area”. This area includes the former Showcase Cinema site and other adjacent property along Erlanger Road in the vicinity of Zone A on the map attached as Exhibit “B”.

(b) “Houston Road Area”. This area includes the area located generally along and adjacent to Houston Road, east of Donaldson Road, and west of the former Showcase Cinema site, immediately west of I-75, designated as Zone B on Exhibit B.

2.2. Assurances Regarding the Size and Taxable Assessed Value of the Development Area and Other Matters. The City finds in accordance with the Act that:

(a) The Development Area is a contiguous area consisting of 185.66 acres, which is less than three (3) square mile 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 the City (as those terms are defined in the Act) to exceed twenty percent (20%) of the total assessed taxable value of real property within the City. The approximate assessed value of taxable real property within the Development Area for calendar year 2016 is \$10,211,500. The total assessed value of taxable real property within the City for the

calendar year 2016 is approximately \$1,099,020,057. 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 the City; and

(c) That the Development Area constitutes previously developed land as required by KRS 65.7043.

2.3. Statement of Conditions and Findings Regarding the Development Area.

A. 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 and to qualify for a pledge of State incremental revenues pursuant to KRS 154-30.010 to 154.30-090 (three factors for projects under KRS 154-30.060).

(1) Substantial loss of residential, commercial, or industrial activity or use;

(2) Forty percent (40%) or more of the households are low-income households;

(3) More than fifty percent (50%) of residential, commercial, or industrial structures are deteriorating or deteriorated;

(4) Substantial abandonment of residential, commercial, or industrial structures;

(5) Substantial presence of environmentally contaminated land;

(6) Inadequate public improvements or substantial deterioration in public infrastructure; or

(7) 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.

B. The City has reviewed and analyzed the conditions within the Development Area and finds that the Development Area exhibits at least four of the qualifying characteristics:

(1) **There has been substantial loss of residential, commercial, or industrial activity or use within the Development Area.** The Development Area used to have a significant number of commercial and hospitality related businesses. Showcase Cinemas was the first multi-screen movie theatre in Northern Kentucky, which for years served as the primary location for moviegoers across Northern Kentucky. However, the Showcase Cinemas has been closed for years and the building has been demolished. In addition, the Development Area previously included other businesses, such as L&N Concrete, a Texaco gas station, insurance office building, restaurant and rental car offices that have closed, with the buildings being demolished.

(2) **There has been a substantial abandonment of residential, commercial, or industrial structures within the Development Area.** As indicated in ~~Sub-section~~ [Subsection](#) B(1) above, several of the commercial businesses and structures within the Development Area have now closed and the buildings therein have been demolished. As evidence of the abandonment of these sites, many of these

sites have been the focus of code enforcement action by the City for such things as high weeds, accumulation of rubbish, abandoned vehicles, graffiti and other related violations.

(3) There are inadequate improvements or substantial deterioration of public infrastructure to support the proposed new development within the Development Area. To support the redevelopment of the Development Area, there must be significant improvements to the public infrastructure, including road improvements, provision of sanitary and storm sewer facilities, and other infrastructure. The redevelopment of the Showcase Cinemas site has been significantly impaired by the poor road access to the location. In addition, the Showcase Cinemas site is impacted by a gas main that transects the site, and which must be relocated to allow for development of the site as contemplated herein. The site development and infrastructure costs needed to allow for the redevelopment of the Erlanger Commerce Center Area of the Development Area is estimated to exceed \$15,500,000.

(4) 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. One would expect the Development Area to be an active site for commercial development due to its visibility and proximity to I-75 and other major transportation routes. The Erlanger Commerce Center Area is one of the most visible sites from I-75. However, it has not developed and has impeded the growth and development of the City, primarily due to its limited access. In addition, the topography of

the Development Area and elevation changes presents unique development challenges within the Development Area.

2.4. Assurances the Development Area Is Not Reasonably Expected to Develop Without Public Assistance. The City finds the Development Area is not reasonably expected to develop without public assistance including, but not limited to, assistance available under the Act. The extreme cost for site development and infrastructure needed to fully development the Development Area, the topographical challenges in the Development Area and the gas main relocation make public assistance critical to the redevelopment of the Development Area.

2.5. Assurances the Public Benefits of Redeveloping the Development Area as Proposed Justify the Public Costs Proposed. The City finds that the public benefits of redeveloping the Development Area justify the public costs involved. It is estimated that providing incentives through the establishment of the Development Area combined with other incentives available has the potential of increasing new investment within the Development Area by well over \$100 Million. The resulting increases in new City, County and other taxes from these developments will more than offset the incentives recommended through the establishment of the Development Area. While the Development Plan recommends the City commit 80% of the incremental increase in real property taxes and occupational taxes to pay for redevelopment assistance and projects costs within the Development Area, there will be still be a net benefit in new revenues to the City. First of all, the establishment of the Development Area will not impact the amount of any existing City tax revenues generated within the Development Area. Secondly, the City will retain 20% of the

incremental increase in revenues from real property taxes and occupational taxes. Finally, the Project will generate other taxes to the City and other taxing districts, including personal property taxes, insurance premium taxes, etc, which will not be impacted by any pledge of incremental revenues through the establishment by the City of the Development Area.

2.6. Assurances Regarding the Area Immediately Surrounding the Development Area. The City finds that the area immediately surrounding the Development Area has not been subject to growth and development through investment by private enterprise.

2.7. 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.”

2.8. Existing Uses and Conditions. The Development Area consists of a diverse area of the City’s and includes:

(a) The Erlanger Commerce Center Area. This area includes the former Showcase Cinemas complex, which has been demolished and some other City owned parcels along Erlanger Road.

(b) The Houston Road Area. This area includes a mix of existing and former commercial sites, many of which are now vacant and ready for redevelopment.

2.9. Changes in the Zoning Ordinance, Zoning Map, Comprehensive Plan or Other Codes or Plans Necessary to Implement the Development Plan. The proposed development plan as set forth in Section 3 for the

respective sub-areas as set forth in this Development Plan is consistent with the City's adopted Comprehensive Plan, and no zoning map amendments are contemplated.

2.10. Certification of Compliance with the Comprehensive Land-Use Plan. As evidenced by the certification from the Kenton County Planning Commission attached as Exhibit "C", the Development Plan is in compliance with the current comprehensive plan for the City.

3. The Development Program. The City anticipates that the respective sub-areas will develop as follows:

3.1. Erlanger Commerce ~~Park~~ Center Area. The City has entered into a Development Agreement with Al. Neyer, LLC (the "Developer") for the redevelopment of this area. The Developer along with its joint venture partner, Hillwood Properties, plans to develop this area as the Erlanger Commerce Center for industrial and/or related office use. The current plan is to construct up to 1.8 million square feet of industrial, warehousing and /or office space, with a potential capital investment in excess of \$60 million. When fully developed the potential businesses within the Erlanger Commerce Center Area have the potential of creating up 1,700 new jobs in the City.

3.2. Houston Road Area. The City does not have a specific plan for the redevelopment of this area at present, but due to its location adjacent to I-75, the City contemplates this area to be redeveloped for significant office and commercial development. Any new development will be consistent with the adopted Comprehensive Plan for this area which call for this area to be developed for commercial use. The City

will encourage the redevelopment of this area with incentives that will be available under the Act.

4. Redevelopment Assistance and Finance Plan.

The City proposes to provide redevelopment assistance and pay for Project costs through a pledge of City incremental tax revenues from real property taxes and occupational taxes from the Development Area. Within the Erlanger Commerce Center Area the City will pledge eighty percent (80%) of its incremental tax revenues from occupational taxes from that area for a 30-year period to pay for infrastructure and site development costs needed to support the Erlanger Commerce Center Project. The City will also request the County to pledge its occupational tax from payroll taxes to support the Erlanger Commerce Center Project. After those costs have been paid the incremental taxes generated from the Erlanger Commerce Center Area will be used to support other projects within the Development Area.

Within the Houston Road Area the City will pledge eighty percent (80%) of its incremental tax revenues from occupational taxes and real property *ad valorem* taxes from that area for a 30-year period to pay for redevelopment assistance and project costs as defined by the Act, and will encourage the other applicable local taxing districts (not including the Erlanger/Elsmere Independent School District) to pledge a portion of their incremental tax revenues to support development of that section of the Development Area. The City intends to except from its pledge of incremental tax revenues to the Development Area tax revenues that may be required to match applicable state incentive programs, such as the Kentucky Business Investment Program. In addition, for those projects within the Development Area that qualify for a pledge of state incremental revenues under the Act, the City will work to obtain a pledge

of state incremental revenues to promote those projects. The amount of the specific incentive for each respective project within the Development Area will be determined by the City and the Agency after negotiations with respective project developers, taking into account such factors as the needs of the project, other incentives that may be available, the amount of incremental revenues available and produced by the project, the ability to leverage a pledge of incremental revenues to encourage other funding for the project, etc, with the goal of maximizing the value of new development within the Development Area.

The City will establish a special fund for the deposit of pledged incremental revenues. Pledged incremental revenues deposited into this special fund will be used solely to pay debt service and costs of issuance on increment bonds, including “financing costs” (as defined by the Act) issued by the City to finance the redevelopment assistance or pay for project costs and other eligible project expenses or, if increment bonds are not issued, to pay directly for such redevelopment assistance in compliance with this Development Plan, the Act, and all agreements and documents entered into in connection therewith. The City will enact an ordinance establishing the Development Area and adopting this Development Plan. The development ordinance will designate the Finance Department of the City (the “Agency”) to oversee, administer and implement the development area ordinance.

5. Conclusions.

The Development Area’s mix of private investment and public improvements will allow the City to encourage the redevelopment of a highly visible and significant area of the City, which has the potential to increase capital investment in the City by over \$100

million and create thousands of new jobs. The proposed assistance is critical to the successful redevelopment of the Development Area and the significant amount of private investment and economic benefit that will come with this Project.

List of Exhibits

Exhibit A - Map and Description of Development Area

Exhibit B – Map of [Erlanger Commerce Center](#) (Zone A-) and [Houston Road Area](#) (Zone B)

Exhibit C - Certification of Compliance with the Comprehensive Plan

EXHIBIT A

Map of the Development Area

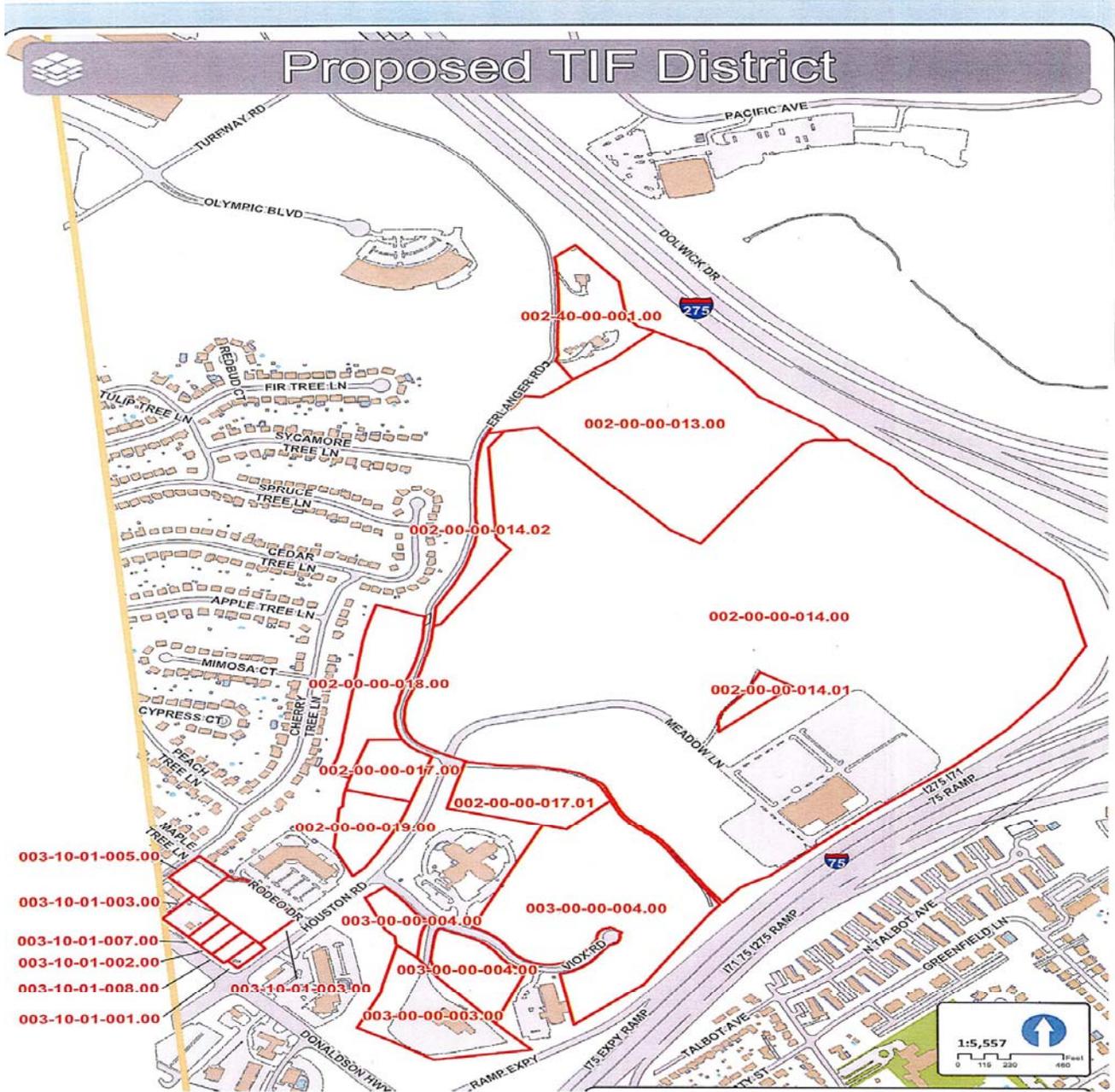


EXHIBIT B

Map of Erlanger Commerce Center Area (Zone A-) and Houston Road Area (Zone B-) in the Development Area

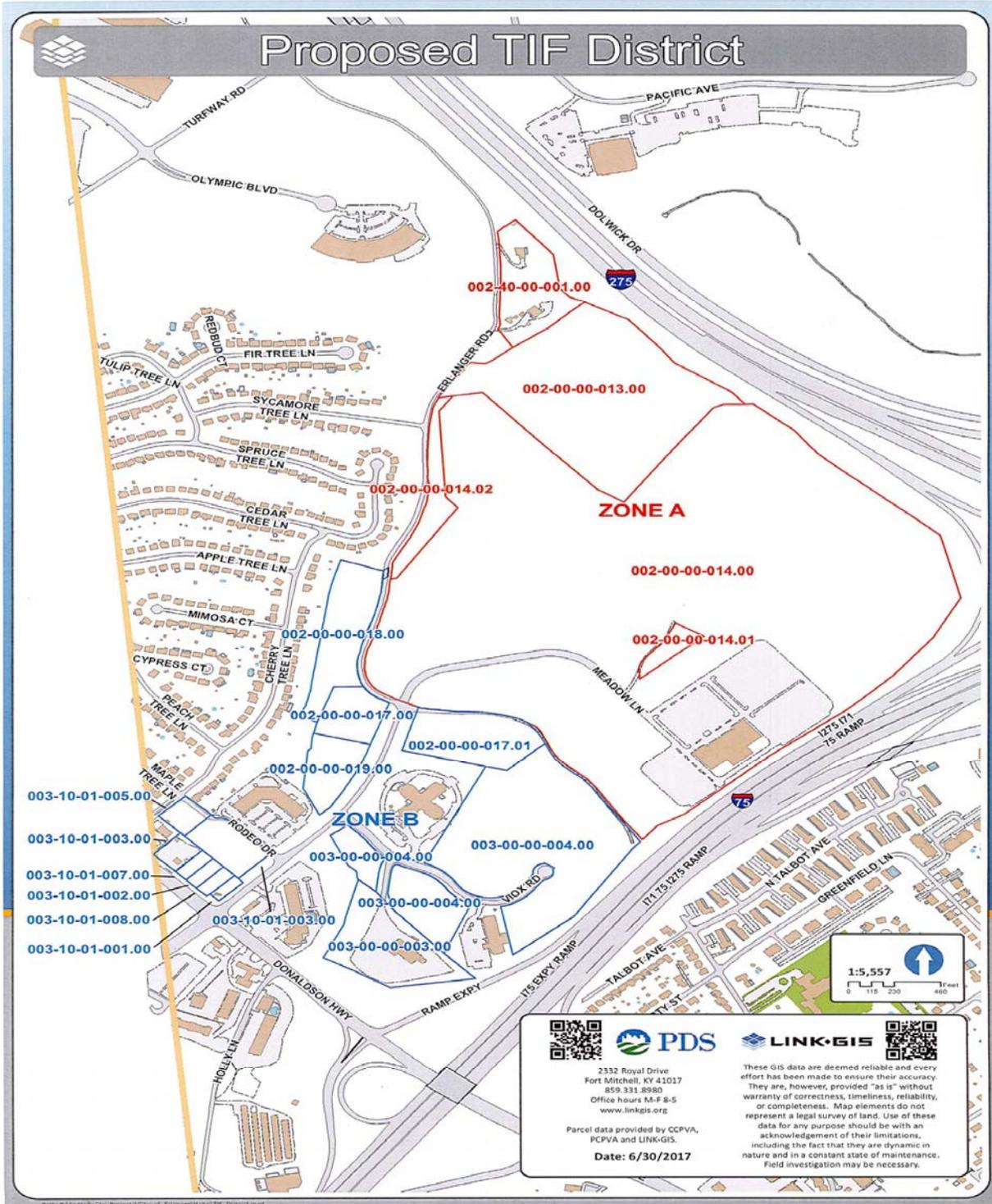


EXHIBIT C

Certification of Compliance with the Comprehensive Plan

Comparison Details	
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Comparison Time	5.51 seconds
compareDocs version	v4.1.500.10

Sources	
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Modified Document	[#7551733] [v3] Development Plan Erlanger.doc

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