PROJECT AREA DESCRIPTION AND PLANS FOR REVITALIZATION

1.a Target Area and Brownfields

1.a.i Background and Description of Target Area –
Louisville, Kentucky is largest city in the Commonwealth of Kentucky with a population of 621,349 (US Census, 2017 population estimates). The local government, Louisville-Jefferson County, is a consolidated government that includes all of Jefferson County. West Louisville contains nearly a dozen neighborhoods, including the target area’s neighborhood, Russell. Much of the built environment in these urban neighborhoods include remnants of manufacturing economy, particularly vacant warehouses. Neighborhoods such as Russell, have seen disinvestment for decades. Russell is a predominantly African-American neighborhood, and has suffered the lingering effects of policies including urban renewal, the practice of redlining, and predatory lending. Despite proximity to the Central Business District, market demand hasn’t been spurred in Russell, and investors face uncertainty in both housing and commercial investments. The uncertainty in the real estate market must addressed in order for private investors to assume financial risk in the target area. One of the largest vacant buildings in the West End is the 5-story Axton-Fischer Warehouse, completed in 1921 and originally used as a candy factory for the Frank A. Menne Candy Company. In the years since its completion, the building has served as a tobacco warehouse for the Axton-Fischer Company, an Army office building and recruitment center, and most recently, a church; however, it has now sat entirely vacant for over a decade and largely vacant since the 1970s, creating a blighting influence on the Russell neighborhood and Broadway commercial corridor for decades. The extremely visible, historic building is located at 15th and Broadway, and is truly the gateway to Louisville’s West End from downtown. After several years of pursuing site control of the building, the Housing Partnership, Inc. (“HPI”), a Louisville nonprofit focused on affordable housing and neighborhood revitalization, acquired the property in December of 2018. HPI’s redevelopment plan involves the renovation of ab entire building at 1405 West Broadway could serve as a catalyst for economic development along the commercial corridor of West Broadway, which will include retail and office space on floors 1 through 3, two stories of senior affordable housing on floors 4 and 5, a basement parking garage, and surface level parking to the west and north of the building. The gross square footage of the commercial floors is 26,690 SF for floor 1, and 28,067 SF each for floors 2 and 3, totaling over 80,000 gross square feet of commercial space.

1.a.ii. Description of the Brownfield Site –
The site includes four contiguous addresses included 1403 West Broadway; 1405 West Broadway, and 1419/1421 West Broadway. The targeted cleanup will occur at 1405 West Broadway, which includes the 5-story warehouse. HPI has obtained construction estimates from Bosse Construction, Inc., which most recently completed redevelopment of a very similar historic warehouse building known as the Edison Center, located at 701 W. Ormsby Ave in Louisville. Structurally, 1405 W. Broadway is in fantastic condition, as confirmed in a recent Capital Needs Assessment.
and noted by Mr. Boyd Bosse, owner of Bosse Construction and the project manager for the Edison Center development, during his site visits to the building. As an historic adaptive reuse development, the renovation work will be extensive, and will include repair of the historic windows, new flooring, roof, HVAC, plumbing, and electrical, new elevators, and the construction of 51 high-quality affordable apartments for seniors. HPI has obtained the quantity of hazardous materials located on site, and estimates for abatement work. The building includes 117,500 sq. ft. of asbestos tile, nearly 20,000 linear ft. of asbestos caulking, coating and other materials, and mechanical systems located on the roof that are coated in asbestos containing materials. The estimate for the asbestos remediation ranges from $600,000 to $880,000. In addition, much of the paint in the building is lead-based. The lead-based paint will be removed through the demolition stage of construction.

1.b. Revitalization of the Target Area

1.b.i. Redevelopment Strategy and Alignment with Revitalization Plans – The project supports the Russell Neighborhood Revitalization Strategy Area plan, approved by HUD on June 16, 2016, by addressing vacant and abandoned structures in the Russell neighborhood. The project also address the plan by creating new units of affordable housing for seniors, and by stimulating economic development through the commercial component and nonprofit "hub". The project also supports the goals of the Vision Russell Transformation Plan by providing high-quality, affordable rental housing, and units that can serve as replacement housing for Beecher Terrance residents. Beecher Terrace, a public housing development that is a few blocks north of the site, is already in the process of demolition. It also addresses the plan’s goal of addressing vacant properties by activating a high visibility block along the Broadway commercial corridor. The Vision Russell Transformation Plan is part of the strategic plan for the implementation of a $29.5MM HUD Choice Neighborhoods grant, which was awarded to the city of Louisville. The project also aligns with Russell: A Place of Promise, a new initiative intending to act as a model of equitable community development in African-American communities. The initiative will ensure that Russell neighbors and stakeholders play a prominent role in the effort to create affordable housing, new jobs, business opportunities, new community gathering spots, opportunities for mobility, wealth creation and whole-community health. Finally, the project supports housing and community development goals outline in Metro Louisville’s Comprehensive Plan 2040, which will guide citywide polices through year 2040. The project will align with the guiding principles of the plan – “Connected, Healthy, Authentic, Sustainable, and Equitable”

Several of the development’s retail and office uses will be focused on community development and empowerment, benefiting residents throughout the West End. The retail and office component will be co-developed via an exciting and innovative partnership between OneWest and The Housing Partnership, Inc., and will include a local bank branch, space for HPI, OneWest, and other nonprofits, as well as other office
The Housing Partnership, Inc. – 2019 Brownfields Cleanup Grant

tenants. Founded in 2014, OneWest is Louisville’s community development corporation focused on community revitalization through commercial development growth in West Louisville, and with its strong Board of Directors, has played an active role in bringing new investment to the West End in recent years.

1.b.ii. Outcomes and Benefits of Redevelopment Strategy

The building will be divided into two separate condominiums. The housing, including a prorata portion of the common elements and a portion of the garage parking, will be owned by a low-income housing tax credit partnership, with PNC as the investor. The retail and office floors, and the remainder of the garage and common elements, will be owned by a separate ownership entity utilizing New Markets Tax Credits, Historic Tax Credits, and Opportunity Zone Funds.

The residents of 1405 W. Broadway will have access to both jobs and services on site, including homeownership counseling, workforce development, and financial literacy training. This innovative approach to stimulating growth in Louisville’s West End will have a profound impact on the Russell neighborhood, and create a vibrant gateway to the West End. In addition, the development will complement other redevelopment efforts underway within blocks of the site, including a new West End YMCA, the Passport Health campus, Park Duvalle Community Health Center’s Russell Neighborhood Health Center at 15th and Broadway, and Chef Space. The development will also support the Beecher Terrace redevelopment being carried out by the Louisville Metro Housing Authority by providing much-needed replacement housing units in Russell.

1.c. Strategy for Leveraging Resources

1.c.i. Resources Needed for Site Reuse – The total development cost of the development is currently projected at around $32,000,000. The project involves an innovative financing structure that allows for Low Income Housing Tax Credit’s, Historic Tax Credits, New Markets Tax Credits, state and local affordable housing trust fund dollars, and Opportunity Zone Funds to come together to balance sources and uses. HPI will also use the Kentucky Department of Environmental Protection’s (“KDEP”) Cleaner Commonwealth Fund as a resource for cleanup. HPI will contribute $100,000 towards the cleanup of hazardous materials as leveraged funding in addition to $500,00 in EPA funds, if awarded.

1.c.ii..Use of Existing Infrastructure – The project will primarily feature the adaptive reuse of the vacant warehouse located on the site. The environmental cleanup and remediation will allow for the use of almost all of the present infrastructure, including sewer, water, electric, and telecommunications. Fiber infrastructure for high speed internet for both commercial and residential tenants will be available within the next few years. The site will also make use of transit infrastructure, as the site fronts a main thoroughfare. This portion of Broadway is highly trafficked, and the site within proximity to several bus lines.
2. COMMUNITY NEED AND COMMUNITY ENGAGEMENT

2.a. Community Need

2.a.i The Community’s Need for Funding –
The Russell Neighborhood has been economically distressed for decades. The neighborhood, once known as “the Harlem of the South”, has been impacted by both public and private policies including urban renewal and redlining. The neighborhood never recovered in the post-industrial economy. Residents of the neighborhood have restricted access to capital, and many of the credit products available to residents feature subprime terms. Russell also has a high concentration of vacant and abandoned properties, creating blighting influences on an already strained housing market with some of the lowest home values in the city. The low real estate values perpetuate a cycle of disinvestment by inhibiting a larger tax base. Public funding, such as EPA grant funds, are essential to closing the financial gap in projects such as 1405 West Broadway. There is a reason the building has been vacant for decades despite the fact that the structure is prime for renovation. The project could serve a demand generator for this portion of the Russell neighborhood, but there currently isn’t a strong market for multifamily apartments in the area, nor is there a strong market for higher-rent commercial or retail space. The project would not generate enough cash-flow or return to entice a private developer, therefore public resources and partners are essential to the sites revitalization. The abatement of the asbestos on site alone will cost $600,000 to $8,800,000.

2.a.ii. Threats to Sensitive Populations
1. Health or Welfare of Sensitive Populations – The project will remove a significant blighting influence along a key corridor in the Russell Neighborhood. The site is adjacent to much pedestrian and automotive traffic, as well as bus stops. The conditions around the site will be vastly improved and the project will stabilize nearly an entire city block. The project is based upon a growing national recognition of the adverse health impacts upon children, adolescents and adults residing in high-poverty, minority neighborhoods, and upon the correspondingly urgent need to address place-based health disparities. In the absence of any realistic program to relocate residents to more amenable neighborhoods and circumstances, the project seeks to develop both (1) the housing development, home ownership, and rental property management strategies and (2) the effective, collaborative social service mechanisms that together would begin to ameliorate – and aspire to remedy – the circumstances of neighborhoods seemingly consigned to otherwise dire trajectories; and to remake those neighborhoods as places where increased homeownership may be integral both to the restoration of neighborhood stability and to wealth-building for households and families otherwise deprived of that opportunity. The neighborhood has higher concentration of vulnerable populations than the rest of Jefferson County. A high percentage of the population consists of children under the age of 18.
2. Greater Than Normal Incidence of Disease and Adverse Health Conditions – Louisville has come to acknowledge the increasing body of evidence correlating housing instability (e.g. high eviction rates, high housing health of children and adolescents. These effects then relate to poor educational outcomes, to loss of economic competitiveness as adults, and consequently to the perpetuation of poverty and its attending negative social spillovers. By focusing on the “upstream” factors contributing to the diminished life chances of families living with constant uncertainty and stress – by focusing intensively, and at scale, on the fundamental housing needs, and the aspirations for self-reliance, of households residing in Louisville’s poorest neighborhoods, then we will be addressing one of the most important social determinants affecting the life chances of children and families residing in the Russell neighborhood.

Environmental contaminants in west Louisville also have a significant adverse impact on the health of residents. For example, children in west Louisville have the highest blood concentrations of lead in the city. According to the Louisville Metro Health Equity Report 2017, death rates due to cancer are diabetes higher than the rest of the county. Also, low air quality contributes to higher rates of asthma.

Economically Impoverished/Disproportionately Impacted Populations – The project will yield safe, decent affordable housing is an area where it is much needed, particularly due to the demolition of over 600 units of public housing. The 51 units of housing provide replacement units for those displaced residents.

HPI will move its headquarters to the site, and will lease to similar community developer organizations create a nonprofit “hub” to better concentrate activities.

HPI intends to move its corporate office to one of the floors, which will include a dynamic homebuyer training center that will support HPI’s Beyond 9th initiative, which is HPI’s plan to acquire, rehabilitate, and sell blighted single family homes in west Louisville based on a data driven plan that focuses our efforts on census blocks that have homeownership rates of 40% or better. This program will bolster the single family housing market in the area, and allow for existing residents who are currently renters to acquire their homes. HPI has developed a holistic plan that includes homebuyer education, credit counseling, down payment assistance and quality first mortgage programs that will be available to residents of the community.

2.b. Community Engagement

2.b.i. Community Involvement – Please see the table below for a list of community partners involved in the project at this point. HPI is also in preliminary discussions with several nonprofits in the community to establish a community development “hub” on one floor of the building to stimulate agglomeration and cooperation between groups working in Louisville’s West End.

<table>
<thead>
<tr>
<th>Partner</th>
<th>Point of Contact</th>
<th>Specific role in the project</th>
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<td>Metro Louisville Government</td>
<td>Rebecca Fleischaker, <a href="mailto:Rebecca.fleischaker@louisvilleky.gov">Rebecca.fleischaker@louisvilleky.gov</a></td>
<td>Lender for acquisition, providing assistance with</td>
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</table>
2.b.ii. Incorporating Community Input – HPI will work with OneWest, Metro Louisville Governments, Russell Neighborhood Association, Russell: Place of Promise, and other community development groups in West Louisville to solicit community input for the project. OneWest and HPI have planned a series of meetings in Russell for 2019. The input from these meetings will be used to guide the design of 1405 West Broadway. We anticipate the formation of an institution designed to engage Russell residents – substantively and continuously – in a robust network of kindred agencies, institutions, and community stakeholders whose collective purpose will be to address the complex of adverse factors present today in the lives of a substantial plurality of Russell households.

3. TASK DESCRIPTIONS, COST ESTIMATES, AND MEASURING PROGRESS

3.a Proposed Cleanup Plan
TriEco, an environmental consultant, produced a Phase I environmental report, a hazardous materials report, and a Project Management Plan (“PMP”). These reports concluded that asbestos contamination is the greatest and most costly environmental concern on the site. There is nearly 200,000 sq ft of asbestos containing materials in the building that will need to be removed. The reports also found Vapor Encroachment Concerns (“VEC”) which will be addressed through renovation with installation of radon/VEC ventilation devices, as well as lead based paint, which will be removed during demolition.

The EPA cleanup grant funds will be used for abatement of asbestos containing materials through the following process
- A Contractor will be selected through a competitive bidding process.
The Housing Partnership, Inc. – 2019 Brownfields Cleanup Grant

- The contractor will request the appropriate permits for removal of hazardous materials.
- The contractor will remediate all asbestos containing materials on site.
- The hazardous materials will be properly disposed of by the contractor, with a Qualified Environmental Professional ("QEP") on site to monitor disposal.
- HPI will work the KDEP and the QEP for guidance through the cleanup.

3.b. Description of Tasks and Activities
All $500,000 of EPA Cleanup Funds requested, along with a $100,000 contribution from HPI, will be used for the abatement of asbestos containing materials. The first task of this process will be to acquire permits for abatement work, which is estimated at $15,000. The contractor will perform this work. The second task will be to perform the contracted abatement and disposal of asbestos containing materials.

3.c Cost Estimates and Outputs

<table>
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<tr>
<th>Category</th>
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<th>Task 2 Cleanup of Asbestos-Containing Materials</th>
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<tr>
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3.d. Measuring Environmental Results – HPI will work with contractor and subcontractors to monitor progress throughout the remediation process. The environmental consultant, TriEco, will assist with monitoring and compliance. Quantities of asbestos and other hazardous materials removed will be reported quarterly. HPI will also update the EPA’s Assessment, Cleanup and Redevelopment Exchange System throughout the cleanup. HPI will be ready to deploy the EPA grant funds...
4. PROGRAMMATIC CAPABILITY AND PAST PERFORMANCE

4.a. Programmatic Capability

4.a.i. Organizational Structure - HPI is a private, non-profit organization founded in 1989 that strengthens neighborhoods and improves lives through education, preservation and development of affordable housing. HPI is a member of NeighborWorks America and the Housing Partnership Network. HPI is committed to safe, clean and affordable rental housing HPI has been addressing affordable housing issues for nearly 30 years. In that time HPI has been successful in developing and placing in service multiple multifamily, Single Family and elderly housing developments using funds ranging from Low Income Housing Tax Credits ("LIHTC", Exchange funds, Kentucky Housing Corporation Small Multifamily Affordable Loan Program, Housing and Urban Development HOME funds, Affordable Housing Trust Fund dollars, Federal Home Loan Bank’s Affordable Housing Program and HUD 202 Capital Advances and Pre-development funds. HPI’s portfolio includes 764 multifamily units, 200 senior living units, and 198 single-family units. Pursuant to its mission, HPI has endeavored constantly to address the factors that otherwise limit the choices available to low income households aspiring to own a decent home within amenable surroundings. Within the larger context of a civic agenda shared by Louisville’s Mayor, other elected officials, neighborhoods, business, non-profit, and community leaders, HPI has adopted a 2018 strategic plan aspiring to more production to a scale that can effect significant change – both in neighborhoods that have long been in precipitous decline and those where growth and prosperity have left a significant proportion of the city’s families behind. HPI’s Housing Production department consists of four seasoned real-estate professionals who have decades of combined experience in the development of affordable housing. Josh Hooper - Director of Housing Production, and Landen Burcham – Senior Project Manager, will oversee the day-to-day administration of the cleanup grant.

4.a.ii. Acquiring Additional Resources - HPI felt it imperative to get the site into local control and purchased it with the assistance of Louisville Metro Government ($300K loan), OneWest ($300K loan) and private bank financing through HOPE of Kentucky ($700K loan). HPI will utilize resources from Metro Louisville Government, KDEP, and will contribute $100,000 for the cleanup work. HPI has extensive experience redeveloping properties, particularly old school buildings, through adaptive reuse utilizing the HUD 202 and LIHTC programs HPI also has experience with renovating and recapitalizing neglected multifamily housing). In most of these developments, HPI has worked with environmental consultants to conduct assessments and the remediation of hazardous materials. HPI has stringent policies in
place for due diligence items, and will continue to abide by these systems when procuring contractors for the remediation of hazardous materials at West Broadway.

4.b. Past Performance and Accomplishments

4.b.ii. Has Not Received an EPA Brownfields Grant, but has Received Other Federal of Non-Federal Assistance Agreements
Purpose and Accomplishments – HPI has proven itself to be a good steward of public resources. HPI has a long history of developing affordable single-family and multifamily housing with low income housing tax credits, both as a consultant and as a developer. Most recently, HPI was awarded local, state, and federal funds including state and local Affordable Housing Trust Fund, LIHTC’s, and HUD HOME funds for the rehabilitation of York Towers Apartments. York Towers is an historic, 89 unit apartment building in downtown Louisville. The project includes environmental remediation of asbestos containing materials.

HPI a HUD approved credit counseling agency, a HUD approved Down Payment Assistance provider, and an approved FHA nonprofit mortgagor (the first nonprofit in a decade to produce units with this program).

Compliance with Grant Requirements – HPI has history of ensuring compliance with programs including HOME, HUD 202, LIHTC, and local and state grant resources. HPI’s property management department oversees compliance with programs such as Section 8 and LIHTC.

HPI’s housing production team has experience complying with stringent delivery and reporting deadlines. HPI has never had any issues complying with requirements including Davis-Bacon, Universal Relocation Act, Section 3, Fair Housing Act, etc.