

CITY DEVELOPMENT

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Learning from lively Louisville

Lexington can look to the west for downtown vitality tips

By Beverly Fortune

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LOUISVILLE --

On a recent Friday night, 10,000 people showed up for a concert at Fourth Street Live, the 3-year-old downtown entertainment complex here that attracted 4 million visitors last year to its restaurants, bars and nightclubs.

Fourth Street Live is just one of several major projects bringing vitality and crowds of people to downtown Louisville.

Downtown construction over the next several years will top \$1.5 billion with a new arena, a 62-story Museum Plaza skyscraper and contemporary arts center, a twin towers high-rise and the Iron Quarter project with 100,000 square feet of retail, the first extensive downtown retail project in years.

Lexington has received kudos for a recent uptick in downtown redevelopment. But for an example of downtown revitalization on a fast track, Lexington leaders need only take a short drive to the west.

Louisville has pursued several redevelopment strategies that have sparked the downtown boom, including a focus on dining, recreation and entertainment, an emphasis on urban housing and a city government that has spent millions to acquire key parcels of land, which it then makes available for development.

"Keep in mind, it's been a long time in coming," said developer Craig Greenberg, one of the Museum Plaza developers. "It's been an incremental process. We're seeing the fruit of people's labor from many years back."

Lexington was a little sluggish starting its downtown make-over, but the city is catching up "in a pretty strong way," said Steve Austin, executive director of regional planning group Bluegrass Tomorrow. Still, he said, "We can always learn from other people by constantly looking over their shoulder."

Green space and museums

In Louisville, two major attractions generate energy and bring millions of people downtown each year: Waterfront Park and Fourth Street Live. The city played a key role in developing both.

The city bought industrial land along its Ohio River waterfront, cleaned it up and created acres of green space. Last year 1.5 million people enjoyed festivals, fireworks, hiking and biking trails in Waterfront Park. The Urban Land Institute named the park one of the 10 most exciting urban parks in the region.

"It's been incredible. It gives people of all ages, from all walks of life, a reason to come downtown," Greenberg said.



DAVID STEPHENSON | STAFFA lunch crowd roamed Fourth Street Live, a popular downtown hangout in Louisville. Photo by David Stephenson | Staff

A few years ago the city spent more than \$15 million to redevelop the defunct Galleria Mall into the Fourth Street Live entertainment complex.

"Everything we've tried to do is encourage people to pour out onto the street," said Barry Alberts, executive director of Louisville's Downtown Development Corp.

"When you see activity on the street, you get a sense of excitement. It isn't brain surgery, but it had been missing in downtown for a while."

Louisville has six downtown museums, including the Muhammad Ali Center, the Louisville Slugger factory, art galleries and restaurants. Groundbreaking will be in September for the \$480 million Museum Plaza, which will have a contemporary art museum, restaurants, shops, a Westin hotel, fitness center, office space, plus 98 luxury condos.

Lexington developer Phil Holoubek, who's building the downtown residential/retail complex Main & Rose, said Fayette County has an opportunity to borrow from Louisville and create an exciting entertainment district around the old Fayette County Courthouse square.

"They have gotten out in front of us in creating Fourth Street Live," Holoubek said. "Why do we have an old courthouse square that is dead, when we have an amazing iconic building that could be the centerpiece?"

A lot of other available real estate could house the Lexington History Museum, now located in the courthouse, Holoubek said. "That plaza is dead as a doornail except for 22 hours a year when there is Thursday Night Live, 11 times in the summer."

Preserve, lease, recycle

Louisville Mayor Jerry Abramson has made downtown revitalization one of his top priorities. The city buys key parcels that it then leases or sells to developers at below-market rates to encourage development, especially housing.

Abramson recently announced he set aside \$3.5 million to acquire part of the Water Company block (about two blocks from Fourth Street Live); the city has options to buy 40 percent of the 6-acre tract. In the next year or so, the land will be sold to a developer to build a retail shopping area.

One of the first such projects was in 1987, when the city paid \$1 million for the old YWCA building, formerly the Henry Clay Hotel, to save it from being torn down. The city held onto it, and turned it over to a developer, who this summer is completing a mixed-use project with retail, offices, apartments and condominiums.

A critical part of Louisville's revitalization has been preserving and recycling its old buildings, unlike other cities (including Lexington) where many grand old buildings were razed and replaced by surface parking lots. "Renovation of older buildings, preserving the facades, has become quite fashionable," Abramson said.

He added: "Unlike Charlotte, which literally tore everything down and built everything in glass and steel, we have kept the texture of Louisville. I'd recommend that to any city."

"Jerry understood the importance of the public sector taking a leadership role," Alberts said. "He has been enthusiastic in saying, 'Let us go out and take the risky step, show that there is commitment, show it can be successful, and the private sector will follow.'"

Occasionally, the city has leaned on people to sell critical parcels. "Don't underestimate the power of the mayor picking up the phone and calling some heirs and saying, 'How can we work with you?'" said Chris Poynter, an Abramson spokesman. "We talk about doing something for the greater good of the city, where a private developer may only want to talk about his cash flow."

Louisville developer Phil Scherer said city involvement was critical. "The projects I'm looking at out my window, if the city wanted to promote the development of those properties and didn't own the land, most of that development would not have occurred," he said.

The city now has 2,000 downtown housing units open or soon to be completed, with another 2,000 in the pipeline.

In Lexington, 870 units are being constructed or are on the drawing board, representing a \$240 million investment.

Harold Tate, executive director of Lexington's Downtown Development Authority, said that's a strong start for Lexington, considering it is a much smaller city than Louisville. He said he sometimes gets "aggravated" that

people compare the two cities, neglecting to recognize Louisville is "four to five times bigger in population, their industry is different than ours and land-wise they're eight times bigger."

Former Louisville Mayor David Armstrong formed a coalition of banks to create a downtown housing fund that lent developers money at lower-than-market interest rates for as much as 20 percent of the project cost.

"That primed the pump," said Scherer, who is developing condominiums near Slugger Field. Armstrong recognized that land costs and the logistics of building downtown made development much more expensive than in the suburbs. There had to be financing to bridge that gap, Scherer said.

Lexington started a similar fund about two years ago when nine banks came together to provide gap financing for developers. "With ours, at least 80 percent of the project has to be residential," Tate said, adding that Louisville's fund did not have that restriction.

Successful business deals

Having the city actively involved in buying and selling downtown land is relatively new territory for Lexington.

Mayor Jim Newberry included \$2 million in his current city budget to buy land for infill and redevelopment projects throughout the city. Earlier this summer, the Urban County Council approved a 50 percent property tax break over the next 22 years for Shelbourne Plaza and agreed to issue industrial revenue bonds to help fund the project, a mix-used retail and residential project on Broadway.

The city will be involved in several other projects that have not yet been announced, Newberry said, adding that he expects city participation "will just continue as we go forward."

Newberry said downtown is one of his top priorities. "If we want to help Transylvania and the University of Kentucky attract and retain outstanding faculty or research people, or help St. Joseph or Central Baptist attract doctors, we've got to create a downtown environment people find appealing."

Tate hopes Lexington will continue to follow Louisville's example of buying land to control and stimulate development.

"It's a huge help. It allows the city to assemble land for developers, and lets developers spend their time doing what they're supposed to do," he said.

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