



EUCLID AVENUE & SOUTH LIMESTONE STREET

COMMERCIAL CORRIDOR STUDY

Lexington, Kentucky - 03.27.2015

ACKNOWLEDGEMENTS

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EXECUTIVE SUMMARY

Overview

The South Limestone Street and Euclid Avenue/Avenue of Champions corridors provide critical links between the University of Kentucky, Downtown Lexington, the Chevy Chase shopping district, and surrounding urban neighborhoods. Across the country, universities and cities have reinvested in the areas adjacent to college campuses to better integrate them with the surrounding urban fabric, improve the university experience, revitalize neighborhoods and attract reinvestment. This is already underway in Lexington, with the City's investment in the South Limestone streetscape, UK's investment in new student housing and student center that will engage the Limestone and Euclid corridors, and the private market investment in the new Kroger grocery on Euclid. This study will build on this momentum by identifying market opportunities, strategies and critical next steps that need to be taken in order to continue the successful transformation of these two corridors and the neighborhoods and university uses that surround them.

Both corridors have experienced significant changes over the years in terms of development character, infrastructure conditions, and their relative positions in Lexington's commercial and residential marketplace. Some of these changes, such as the streetscape improvements in the South Limestone corridor, have had a positive impact. Others, such as the development of suburban-style commercial buildings and low-end student apartment buildings in the Euclid Avenue corridor, have had undesirable effects. There are opportunities in each corridor to **capitalize on improvements** and **transform problems into assets**.

The Lexington-Fayette Urban County Government (LFUCG), in partnership with the University of Kentucky and the Lexington Downtown Development Authority (DDA), commissioned this commercial corridor study to identify **market and data-driven opportunities** to fully realize the economic potential of each corridor. The ultimate goal of this study is to create **an actionable plan for implementation** with clear next steps for each partner. This plan provides a clear vision for what these corridors can be - in terms of land use and private development character, and the look, feel and function of the public realm - all with an eye toward **creating vibrant, walkable urban streets** that reinforce and enhance the image of Lexington and the



Recent streetscape improvements have helped to revitalize the South Limestone Street corridor.

University of Kentucky as **desirable places to live, work and learn**. In particular, for UK to differentiate itself in the increasingly competitive market of higher learning among top-tier residential universities, it is necessary for the university and the city to act as community partners.

Despite being a "commercial" corridor study, this analysis takes a comprehensive approach, paying equal attention to the residential market, as the success of commercial areas is tied closely to the depth and quality of nearby housing and consumer markets. The report assesses current conditions in the study area, including a detailed analysis of residential and retail markets, and identifies opportunities for further investment that will continue to advance the upward trajectory of the two corridors and surrounding neighborhoods. This study considers site context, marketability opportunities and constraints, socio-economic trends and characteristics, competitive supply, demand and market segmentation. These analyses result in conclusions about potential future resident characteristics, the housing and retail products they will demand, and the likely market performance of those development products.

EXECUTIVE SUMMARY

Major Findings

Stakeholder Input

This process engaged area residents and businesses, UK students, and local real estate professionals. While there are differences in the perspectives of these groups, there are common themes as well. There is broad recognition of South Limestone Street as the high-profile destination commercial corridor for both students and non-students. Likewise, there is universal agreement in the need to **improve the pedestrian experience** along the Euclid Avenue corridor. There is a strong desire to **enhance development quality** in the Euclid corridor, and to **preserve the historic residential character** of surrounding neighborhoods. There is also support for **more housing options** to serve young professionals and graduate students, as well as **additional commercial services**, particularly dining and neighborhood-serving retail.

Residential Market

Market opportunities for new housing are abundant for both corridors. Graduate student housing is significantly underserved in the area, and there is an opportunity to provide new undergraduate-oriented, off-campus housing types of higher quality than existing student apartments. There is also a long-term opportunity to develop rental and condominium units that would appeal to young professionals. Steps should be taken now to stabilize the neighborhoods and increase the attractiveness of the existing single family housing stock for UK staff, faculty and local buyers to build a stronger presence of owner-occupied residential.

Retail Market

Building on the success of the retail, restaurants and entertainment uses along South Limestone, there is an opportunity to create a vibrant mixed-use retail environment along both study corridors. Transforming these corridors into desirable destinations for experience-driven commerce will better connect UK to downtown Lexington and Chevy Chase.

Although the Chevy Chase area includes a grocery and pharmacy, there are competitive opportunities for an additional 'niche market' urban grocer in the Limestone corridor, as well as a near-campus pharmacy. There are also competitive opportunities



A new Kroger grocery on Euclid Avenue suggests a growing demand for more urban, walkable development in the corridor.

for student and young professional-oriented apparel stores, and fast casual restaurants. National chains will be better able to pay rents associated with new commercial and mixed use development, while local retail tenants will likely require market subsidies to successfully locate in new development projects.

Market Strategies and Opportunities

Section 3 of this report outlines market strategies to support the development of various residential, retail, and mixed use products and typologies in each corridor. These include:

- Market Rate Undergraduate Housing
- Graduate/Professional Housing
- Off-Campus University Housing
- Young Professional Condominiums
- General Retail
- Anchor Retail and Structured Parking
- An Urban Format Hotel/Conference Center

The corridors are divided into a series of segments, each with different development characteristics, surrounding contexts and opportunities. This study presents strategies for each that build on their unique assets, with the intent of creating distinctive places that complement — rather than compete with — one another.



Historic neighborhoods in the study area should be preserved.

Euclid Corridor

The strategy recommends a phased approach to seizing market opportunities with catalyst projects, starting with an emphasis on new student housing types in the short term, which can be leveraged to change the landscape of the Euclid corridor in a positive way. This, combined with a strong **emphasis on placemaking and value creation** through streetscape and other public infrastructure improvements, will set the stage for other types of development that will ultimately target non-student populations.

Limestone Corridor

There are near and mid-term opportunities to add significant development value to the Limestone corridor through the development of an anchor retailer and public parking at the “100% Corner” of Limestone and Euclid, and to **fill a critical development gap between campus and downtown** by redeveloping a university-owned parking lot as part of a first step in a larger redevelopment of the Good Samaritan Hospital.

Opportunity Testing

These and other catalytic development opportunities are tested for physical and market feasibility in Section 4, with data and illustrations to help communicate the possibilities for private and public investments that will help transform these corridors.

Implementing the Plan

Section 5 outlines an implementation framework comprised of three categories of **Next Step** actions that the City, the University and the DDA can take to transform and enhance these two critical corridors. Strategies are organized into three major themes:

1. Invest in Place

2. Support Neighborhood Reinvestment

3. Create Strategic Development Opportunities

Within these categories, specific key projects are recommended as high priorities for near term implementation:

- The City should undertake a **comprehensive streetscape improvement** for Euclid Avenue
- The City should establish a **design character overlay** for Euclid Avenue
- UK should make a strong investment in **faculty/staff housing assistance** programs
- UK should focus on **land acquisition and development opportunities** in the Woodland Avenue/Euclid Avenue area
- The City, UK and the DDA should establish a **Strategic Working Group** to determine an implementation framework and assign lead responsibilities for property acquisition, management, and implementation of strategic development projects

More information about these and other Next Steps is provided in the Implementation section, including lead and supporting actors, key priorities and general timeframes.



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INTRODUCTION & BACKGROUND

Study Area & Purpose

The study area follows two corridors situated between the University of Kentucky campus and Lexington's downtown core. The area includes the Euclid Avenue/ Avenue of Champions Corridor from its intersection with High Street, to its intersection with Upper Street, and the South Limestone corridor from its intersection with Avenue of Champions, to its intersection with High Street. The corridors that comprise the study area include single and multi-family housing, retail, restaurants and nightlife, higher education and healthcare facilities, and other professional offices.

The Euclid and South Limestone corridors provide critical links between the University of Kentucky, downtown Lexington, the Chevy Chase shopping district, and surrounding urban neighborhoods. The challenge is to target the right sites for development to enhance the study area's marketability and functionality as a residential and retail location and leverage existing investment from the University and commercial enterprises. This report will assess current conditions in the study area's residential and retail markets and identify opportunities for further investment that will continue to advance the upward trajectory of the two corridors and surrounding neighborhoods.

MKSK, Development Strategies (DS) and EHI Consultants were commissioned by the Lexington-Fayette Urban County Government to identify market and data-driven opportunities and strategies to fully realize the economic potential of the Euclid and Limestone corridors. The study considers site context, marketability opportunities and constraints, socio-economic trends and characteristics, competitive supply, and demand and market segmentation; these analyses result in conclusions about potential future resident characteristics, the housing and retail products that they will demand, and the likely market performance of those development products.

The end result is a plan that, while grounded in market realities, creates a vision for a dynamic mixed-use neighborhood that enhances the vitality and attractiveness of the two study corridors. A detailed implementation plan guides the successful transformation of this neighborhood by identifying the specific tasks (and timelines) that need to be undertaken by the University, the City and the DDA to achieve the goals of this plan.

Map 1 - Corridor Study Areas



Data Source: LFUCG GIS, 2014

INTRODUCTION & BACKGROUND

Existing Conditions

South Limestone Street Corridor

The South Limestone Street corridor, extending from High Street to Euclid Avenue (Avenue of Champions), serves as the primary pedestrian link between the University of Kentucky campus and downtown Lexington. With recent streetscape and infrastructure improvements to South Limestone, it has begun to replace Woodland Avenue at High Street and Euclid Avenue as the main student entertainment district. However, businesses along South Limestone are also frequented by non-students and the corridor is quickly becoming a prime destination commercial corridor in the near downtown area.

South Limestone serves as the southeast boundary of the historic South Hill neighborhood. The South Hill National Historic Register District and H1 Historic Overlay District extends from High Street to Maxwell Street along the northwest side of the street. A small portion of the National Register District extends across South Limestone Street.

Architectural character ranges from Victorian-style single-family homes to a variety of mixed-use and commercial structures. The Kimball House Square complex, between Maxwell and Warren Court, has preserved five historic Victorian homes, connected with a mixed use building in the rear. While the residential component of this project has been somewhat successful in recent years, the commercial space remains unleased. Additional Victorian homes adjacent to Kimball House create a striking architectural presence along the northwest side of Limestone. However, the lack of commercial activity in this stretch contributes to a perceived gap between the downtown central business district and the university-oriented dining/entertainment district west of Maxwell Street. This gap is further reinforced by surface parking lots, including a one-acre surface lot serving the UK Healthcare Good Samaritan Hospital.

The south side of Limestone from Maxwell Street to Avenue of Champions includes University of Kentucky facilities, including the UK Healthcare Good Samaritan Hospital and an associated four-level parking garage. Holmes Hall, an outdated five-story university



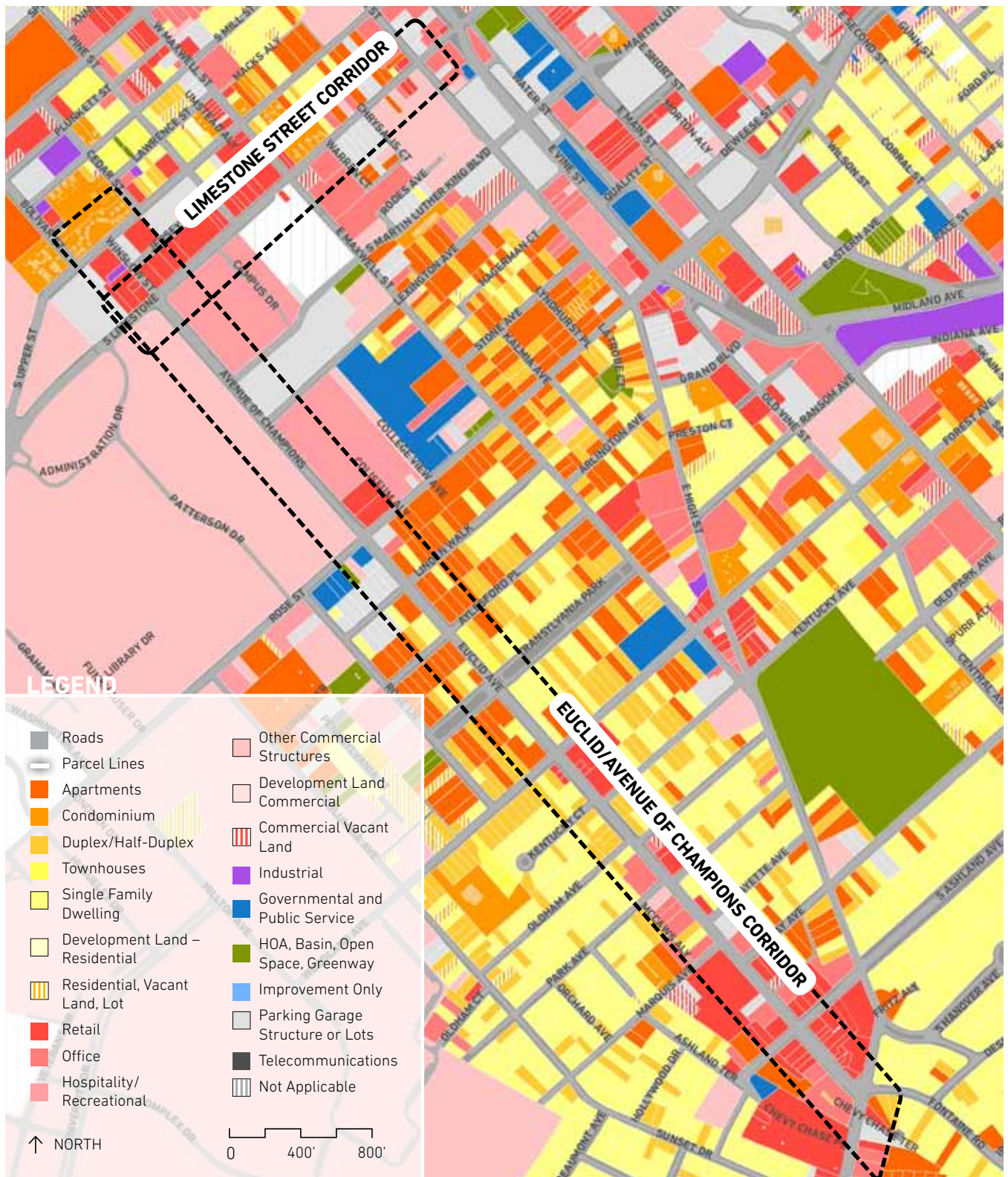
Kimball House Square has successfully preserved historic homes, although commercial space has not leased well to-date.

dormitory at the corner of South Limestone and Avenue of Champions, has recently been demolished to make way for new student housing with the potential for ground floor retail and/or academic space. The seven-level South Limestone Parking Garage west of Avenue of Champions/Winslow Street provides nearly 1,500 publicly accessible spaces in close proximity to the South Limestone commercial activity hub.

Transportation and Infrastructure

South Limestone Street functions as the eastbound vehicular link into downtown in the Limestone/Upper Street one-way street couplet. The corridor is served by the Lextran COLT and standard bus lines, as well as the UK CATS system. Portions of the street include parallel parking, primarily in front of dining and retail establishments. A bicycle lane connects the campus to downtown. Recent streetscape improvements including sidewalk enhancements, crosswalk bumpouts and rain garden planters have enhanced the pedestrian realm along South Limestone and serve to reinforce the street's position as the signature destination for near-university dining and entertainment. As part of a larger policy discussion of one-way to two-way street conversions in downtown, the Downtown Lexington Master Plan suggests the possibility of converting South Limestone Street to two-way traffic. However, there are no immediate plans to pursue this change.

Map 1 - Existing Land Use



Data Source: LFUCG GIS, 2014

INTRODUCTION & BACKGROUND

Euclid Avenue Corridor

The Euclid Avenue corridor extends approximately one mile, from South Limestone Street to High Street. The corridor has an eclectic character with a diverse mix of uses and building types. The corridor runs through and adjacent to a series of districts and neighborhoods, including the University of Kentucky campus, the Aylesford, Columbia Heights, and Hollywood Terrace residential neighborhoods, and the Chevy Chase commercial district. The surrounding residential neighborhoods consist primarily of one- and two-story craftsman-influenced and Victorian-style single-family homes, many of which have been converted to student rentals. In various locations, original homes have been replaced with student apartment buildings that do not fit with the scale or architectural character of the neighborhood.

Avenue of Champions

The portion of Euclid Avenue referred to as the Avenue of Champions, from South Limestone to Rose Street, is almost exclusively institutional in nature, with the exception of two small retail buildings at the corner of Euclid and Rose. This university zone includes the UK Student Center and University Bookstore, new on-campus student housing (recently completed and under construction), the Memorial Coliseum, and the Singletary Center for the Arts.

Aylesford Residential Zone

South of Rose Street, the corridor transitions from campus facilities, including the UK Alumni House and Campus Safety, to off-campus student housing, comprised of a mix of converted one- and two-story single-family dwellings and three- to four-story apartment buildings, the latter of which are generally out of character with surrounding historic architecture. Properties on both sides of Euclid in this zone are located in the Southeast Lexington National Register Historic District, although only the properties to the east of Euclid are within the H1 Historic Overlay.

Woodland Commercial Node

The intersection of Euclid Avenue and Woodland Avenue includes a mixture of residential and commercial structures. This intersection was once a popular student bar and nightclub area, but the center of gravity has shifted to the South Limestone



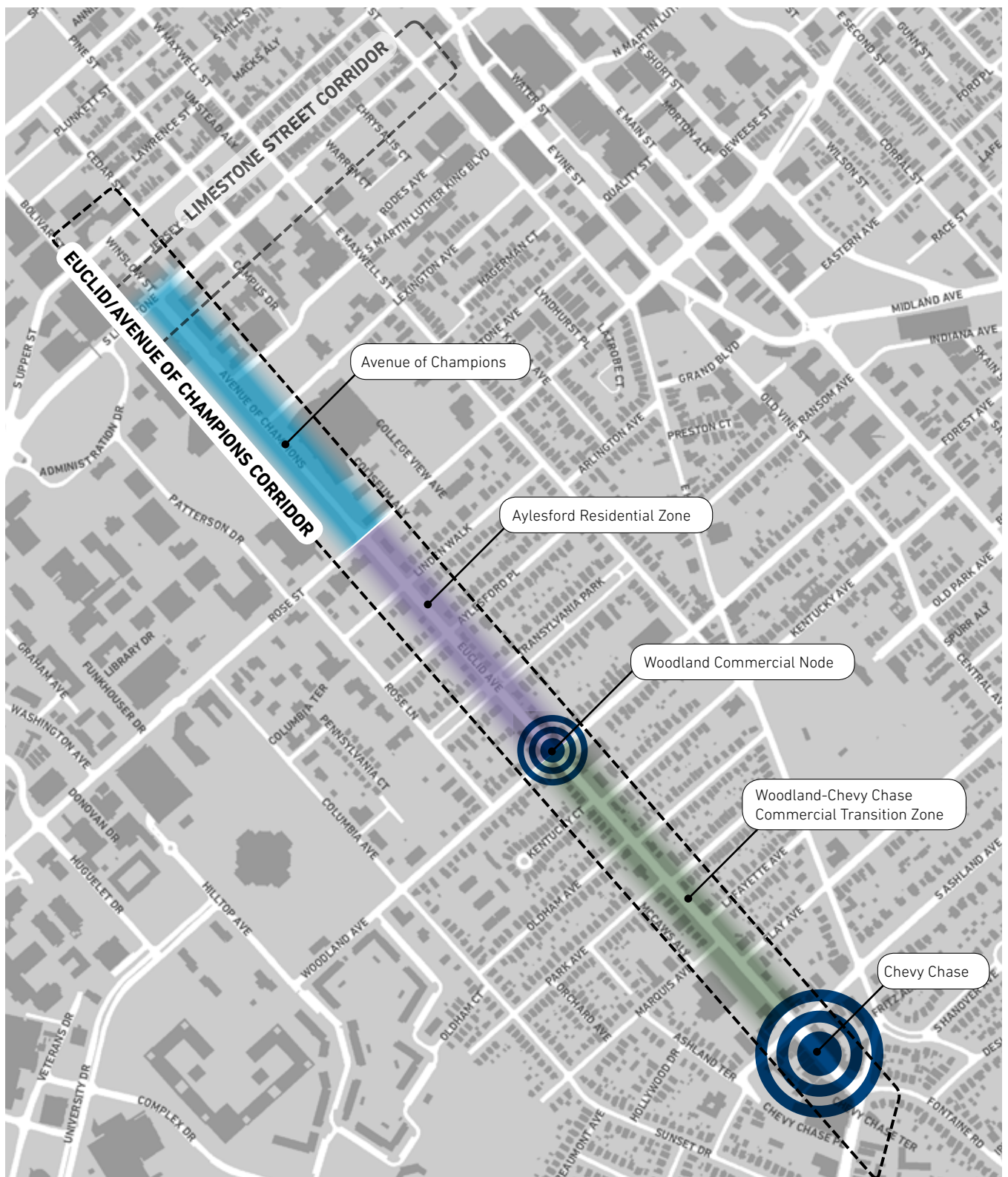
An historic home at Euclid Avenue and Transylvania Park, converted to student housing.



Commercial establishments, some now vacant, at Euclid Avenue and Woodland Avenue.

corridor. Commercial structures include the one-story University Plaza, set behind a surface parking lot, two-story mixed use buildings, and single-family homes converted to commercial use. A suburban-style gas station/convenience store is located at the corner of Kentucky Avenue and Euclid. Single-family homes at the northeast corner of Woodland and Euclid fall within the H1 Overlay. A three-story student apartment building is located at the northwest corner.

Map 3 - Euclid Avenue Corridor Zones



Data Source: LFUCG GIS, 2014

INTRODUCTION & BACKGROUND

Woodland-Chevy Chase Commercial Transition Zone

South of the Woodland/Euclid commercial node, the Euclid Avenue corridor is comprised of a wide mix of residential and commercial structures. Most of the remaining one- and two-story single-family homes have been converted to student housing, although some have been converted to professional office and commercial service establishments. The most prominent grouping of residential to commercial adaptations are located between Park Avenue and Lafayette Avenue. A mixture of post-1970's commercial structures have replaced original homes and have introduced surface parking directly adjacent to the sidewalk in numerous locations. A number of drive-through establishments, primarily banks, are located along this stretch of Euclid, including numerous parking lot access points. South of Woodland Avenue, the Aylesford H1 Overlay extends to the rear of (but does not include) the properties fronting on Euclid Avenue. To the west of Euclid and south of Oldham Avenue, the Hollywood Terrace National Register Historic District also extends to the rear of properties fronting Euclid.

A new Kroger grocery store has been constructed at the corner of Euclid and Marquis. A previous suburban-style Kroger at the same location was set behind a large parking lot and represented a significant architectural gap along the corridor. The new store has a more urban character, built to the street with a sidewalk-oriented café. Parking is provided via a rear-accessed rooftop deck, and smaller surface lot located to the side of the building. The new Kroger will likely generate additional redevelopment interest for nearby properties, as is already evidenced by proposed plans to redevelop three single-family homes, located at the corner of Euclid and Marquis, to a single-story retail building.

Chevy Chase

The Chevy Chase commercial district anchors the southern terminus of the Euclid Avenue Corridor, and serves as the most recognizable "place" within the corridor south of the UK campus. The core of Chevy Chase includes the block of Euclid Avenue between



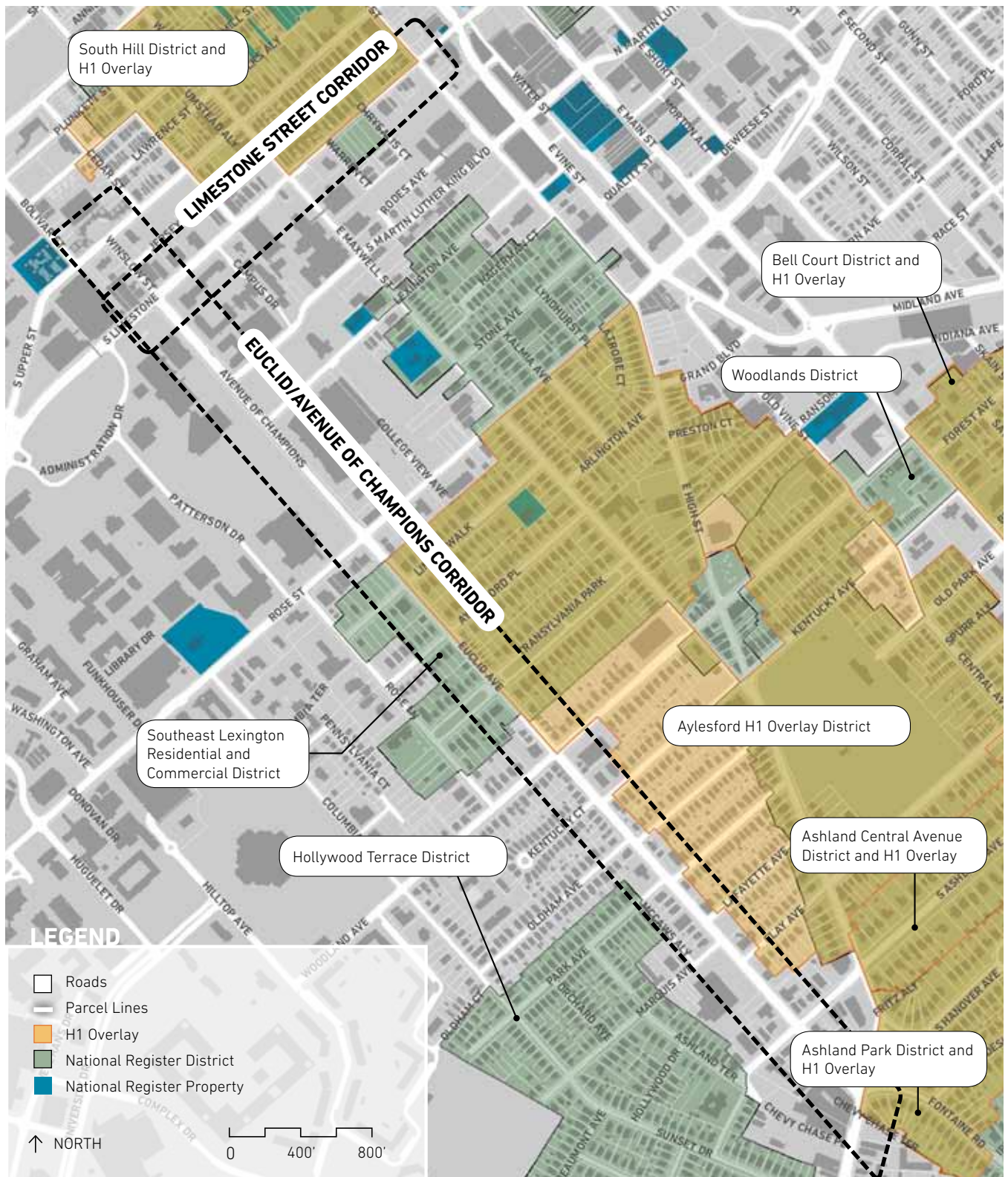
A successful example of adaptive commercial reuse of a single family home along Euclid Avenue.



Large scale electric transmission poles line Euclid Avenue and create visual clutter in the streetscape.

South Ashland Avenue and High Street/Tates Creek Road. However, the Chevy Chase Business Owners Association includes businesses as far north as Oldham Avenue. Chevy Chase is an eclectic mix of new and old buildings, comprised primarily of one- and two-story commercial structures, with some converted single-family homes along South Ashland. The Chevy Chase Plaza mixed use development at the corner of Euclid and Tates Creek Road includes five stories of retail, office and residential condos, with interior structured parking. With the redevelopment of Kroger one block away, there is an opportunity to extend the pedestrian-oriented character of Chevy Chase further to the north along Euclid Avenue.

Map 4 - Existing Historic Districts



Data Source: LFUCG GIS, 2014

INTRODUCTION & BACKGROUND

Transportation and Infrastructure

Euclid Avenue was converted from a four-lane street section to three lanes with outside bike lanes in the 1990's. The existing pavement width is approximately 50 feet from curb to curb, more than necessary to accommodate typical travel lanes and bike lanes. As a result, the center lane is wider than necessary and the bike lanes are wide enough to be mistaken for parallel parking lanes. Sidewalks in the residential portions of the corridor are typically 4-feet wide, located directly behind the curb, or separated by a grass strip too narrow to support trees. Sidewalks are generally in poor condition, and are often interrupted by residential and commercial driveways due to a lack of rear alley access. Narrow lot depths, side-facing building orientation, and suburban-style commercial site layouts also result in vehicular access directly from Euclid Avenue and parking directly adjacent to the sidewalk, creating an uninviting pedestrian realm.

Euclid Avenue is served by a Lextran standard bus line from the South Limestone to High Street. Portions of the corridor are served by the Lextran COLT system at the UK campus and Chevy Chase.

A major overhead electric transmission line runs the length of Euclid Avenue south of Rose Street. Portions of this line have been buried on the UK campus. The remaining overhead portion is supported by substantial galvanized steel poles, which add to the visual clutter of standard overhead utility poles that also run along Euclid Avenue.

Pending capital improvement plans include reconfiguration of travel lane alignment at the Euclid/High Street intersection in Chevy Chase, removal of deteriorating concrete medians, and curb realignment to shorten pedestrian crossing distance. Sidewalks in the Chevy Chase area, although wider, are showing age and generally lack public street furnishings, street trees and streetscape elements typical of vibrant neighborhood commercial areas. The streetscape directly adjacent to the Chevy Chase Plaza development is an exception.

The Euclid Avenue area is part of the city's EPA consent decree program to reduce sanitary sewer overflows



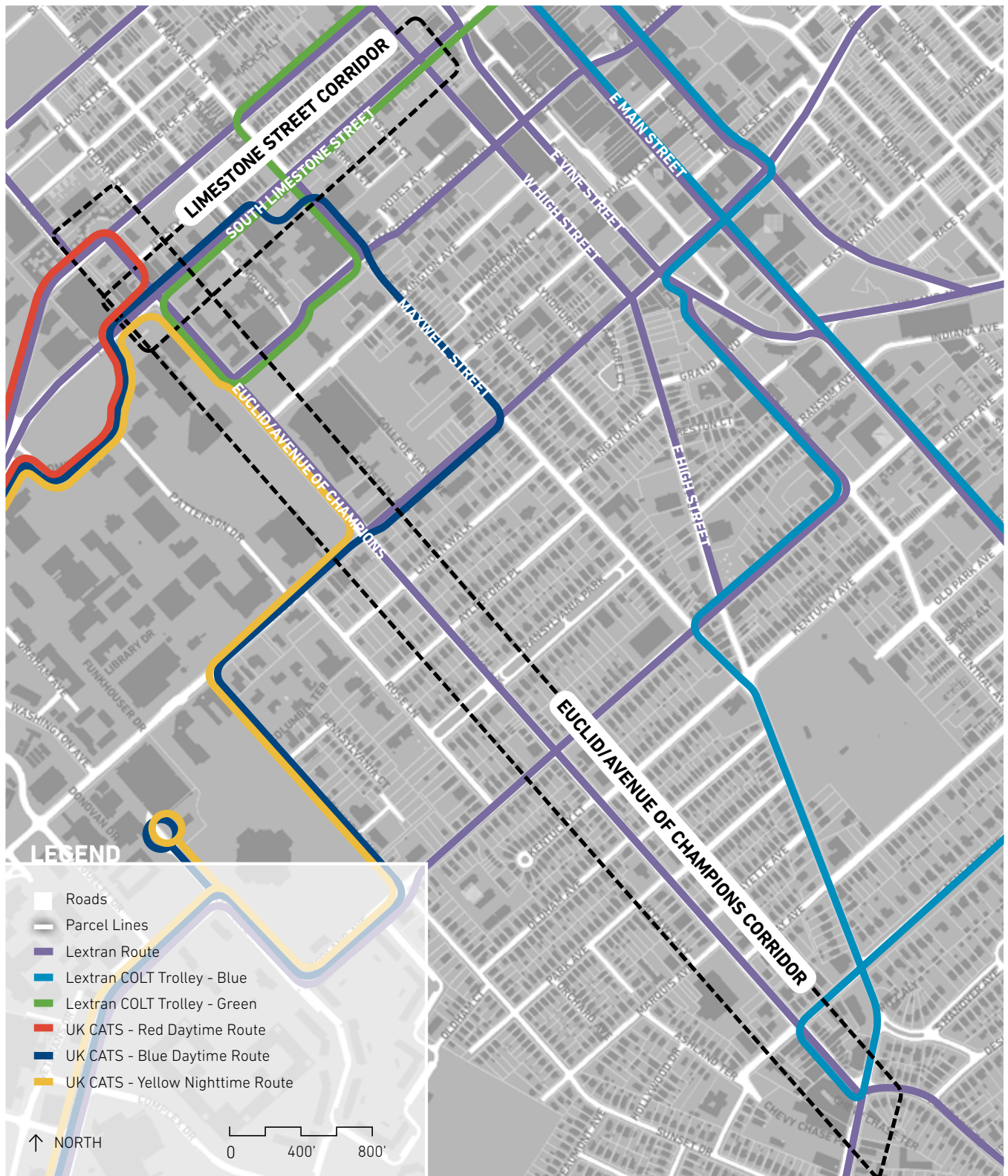
Example of a well-designed bus shelter at Euclid Ave and Rose St.



A number of transit lines serve Euclid and South Limestone.

(SSOs) and has been incorporated into Lexington's remedial measures program. The remedial measures program targets major sanitary sewer upgrades along Euclid Avenue for design in 2019 with construction planned for 2020. The new lines will combine and replace several inadequate lines in the Euclid corridor, and will also remove several lines located throughout the university south of Euclid between Rose Street and Limestone Street, with improved connections to the new main trunk lines. Given the magnitude of this sewer system upgrade, the planned construction may provide an opportunity to coordinate additional street-related design improvements throughout the corridor.

Map 5 - Existing Transit



Data Sources: LFUCG GIS, Lextran, UK Parking & Transportation Services, 2014

INTRODUCTION & BACKGROUND

Street Frontage and Development Character

The following series of diagrams provides an inventory of street frontage and development character conditions along both corridors. The term “street frontage” refers to the relationship between private lots and the public street right-of-way, and includes the location, scale and character of buildings and parking as they relate to the street and sidewalk.

The corridors are divided into a series of frontage types, generally ranging from most (Type 1) to least (Type 2) pedestrian-oriented. The University of Kentucky area (Type 7) provides a special condition, currently undergoing a transition to an improved pedestrian environment with infill and redevelopment along the Avenue of Champions. The diagrams also identify existing structures considered to be “non-contributing” to the character of the corridors.

Type 1

Continuous building frontage along the street with active, commercial uses. These are the most pedestrian-oriented areas of the corridors.

Type 2

Commercial buildings engage the street, but there are gaps in street frontage. Gaps are created by landscape setbacks and surface parking, but there are no driveway curb cuts directly accessing Euclid.

Type 3

Commercial buildings engage the street, but with gaps, including direct vehicular curb cuts from Euclid.

Type 4

Primarily residential with front yard setbacks and minimal to no vehicular curb cuts on Euclid.

Type 5

Primarily residential with sides of buildings facing Euclid rather than the front facade. Typically includes vehicular curb cuts from Euclid and visible surface parking along the sidewalk.

Type 6

Buildings are set back behind surface parking lots and do not engage the street. Surface parking is typically accessed directly from Euclid.

Type 7

University of Kentucky campus. This includes a range of building-street relationships. New and planned construction within this area generally calls for improved relationships between buildings and street.

Non-Contributing Buildings

Residential or commercial structures with poor street frontage relationship, either due to building siting and/or architectural character. These are typically one-story commercial strip buildings set behind parking lots or single-tenant drive-thru establishments with numerous curb cuts. Residential examples include low-quality student apartment buildings that do not fit with surrounding historic architectural character, and do not present an inviting, pedestrian-friendly street facade. These buildings typically occur within the Type 5 and Type 6 Street Frontage areas.

In general, Type 1 and 2 Street Frontage areas are the most pedestrian-oriented sections of each corridor. Additional streetscape enhancements and appropriate infill development will further reinforce the desirability of these areas.

Types 5 and 6 represent the least pedestrian-oriented areas. Most of these sites, particularly the commercial sites, are candidates for redevelopment into more appropriate, pedestrian-oriented urban forms.

Types 3 and 4 fall within the middle of this spectrum. These areas should be enhanced through access management and site improvements where possible.



Example of Type 1 Frontage on Euclid Avenue. Buildings engage the street and sidewalk with active storefronts.



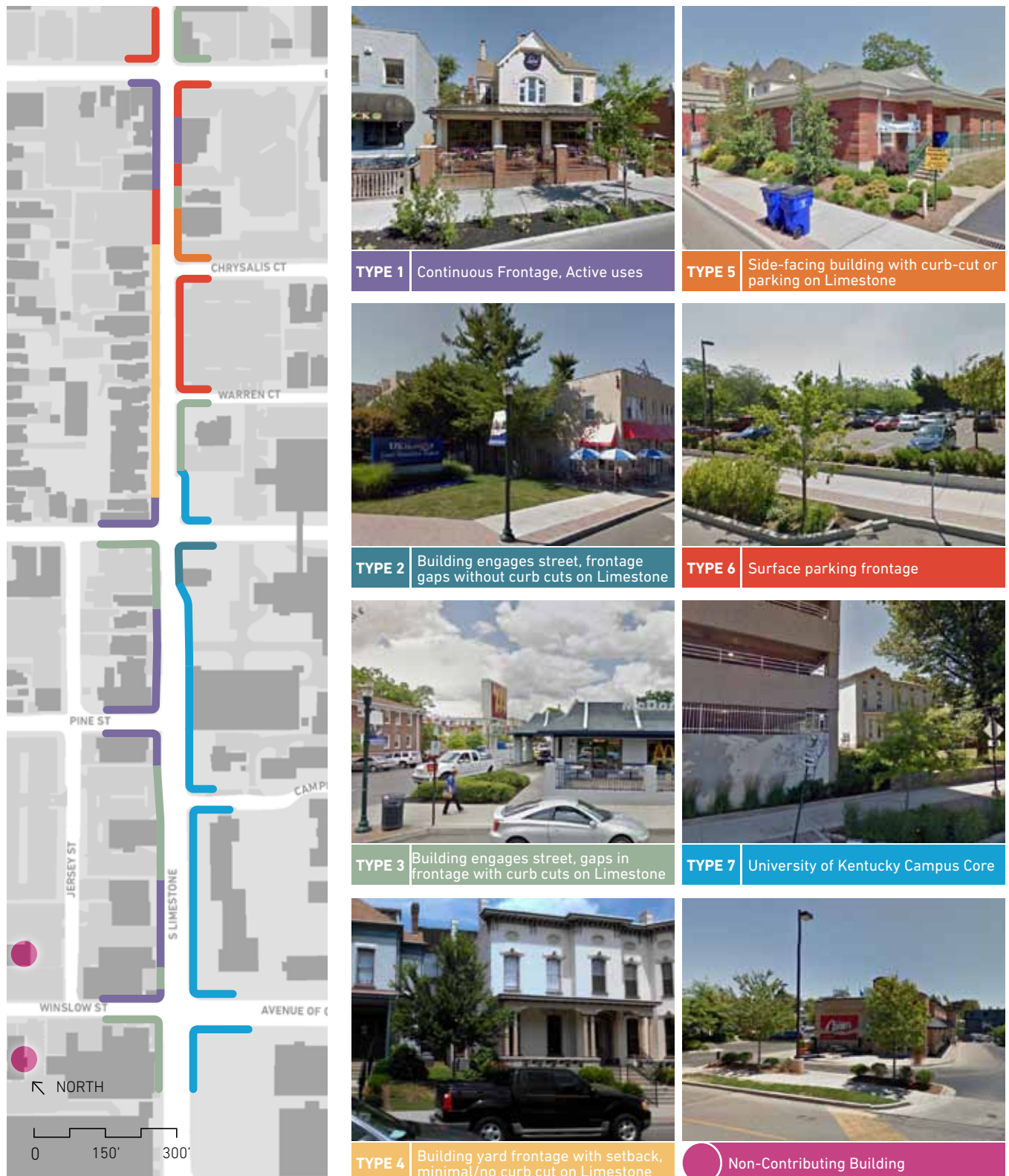
Example of Type 6 Frontage on Euclid Avenue. Buildings are set behind surface parking.

INTRODUCTION & BACKGROUND

Map 6: Frontage Diagram Locations



Diagram 1 - Limestone Street Frontage (Winslow/Avenue of Champions to High Street)



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Diagram 2 - Euclid Avenue Frontage (Upper Street to Woodland Avenue)



Diagram 3 - Euclid Avenue Frontage (Woodland Avenue to High Street)



TYPE 1 Continuous Frontage, Active uses



TYPE 4 Building yard frontage with setback, minimal/no curb cut on Euclid



TYPE 2 Building engages street, gaps in frontage without curb cuts on Euclid



TYPE 5 Side-facing building with curb-cut or parking on Euclid



TYPE 3 Building engages street, gaps in frontage with curb cuts on Euclid



TYPE 6 Building does not engage street, parking with setback and curb cuts



Non-Contributing Building



Non-Contributing Building

INTRODUCTION & BACKGROUND

Existing Plans & Policies

South Limestone Corridor

Portions of both corridors are included in the Downtown Lexington Master Plan (2006), which is adopted by reference as part of the 2007 Lexington-Fayette County Comprehensive Plan. The downtown plan includes a series of precinct studies illustrating potential infill and redevelopment opportunities throughout various neighborhoods in and near the downtown core.

The South Limestone corridor is divided between the South Hill and College Town precinct plans. The College Town Plan provides a detailed analysis of retail opportunities along South Limestone Street, depicting infill and redevelopment along both sides of the corridor. The plan states that, at the time of its writing, the College Town retail market could absorb approximately 55,000 square feet of retail space over a five-year time span, with all of this space proposed along South Limestone Street to reinforce the existing

commercial dynamic of the corridor. Proposed retail infill along the north side of South Limestone, between Maxwell Street and Avenue of Champions, is relatively modest in scale, serving primarily to fill architectural gaps in the existing commercial frontage. Mixed use development opportunities are identified for two surface parking lots at the intersection of South Limestone and Chrysalis Court, suggesting the combined potential for approximately 24,000 square feet of ground floor retail space and nearly 80 residential loft units on three floors above. Infill opportunities between Chrysalis Court and High Street are identified for ground floor retail and upper floor office uses.

The plan also calls for the rehabilitation of existing historic homes to the east of Kimball House Square, and the development of new medical office space on the Good Samaritan Hospital grounds with expansion of the hospital parking structure.

Infill and Redevelopment Potential for South Limestone Street as Identified in Adopted Plans



Euclid Avenue Corridor

The Downtown Lexington Master Plan incorporated the 2002 University of Kentucky Campus Physical Development Plan, which depicted campus-related infill and redevelopment along portions of Euclid Avenue/Avenue of Champions. The UK Campus Master Plan was updated in 2013, superseding earlier versions depicted in the Downtown Master Plan. The UK plan includes a series of district plans depicting updated recommendations for infill and redevelopment. The North Campus and Greek Park district plans provide detailed illustrations of potential university development along Euclid Avenue from South Limestone Street to Woodland Avenue. The North Campus plan also depicts redevelopment along the east side of South Limestone that is not anticipated in the Downtown Master Plan. This includes the redevelopment of the Good Samaritan Hospital, expected to reach the end of its life cycle in 20 years,

to a hotel/conference center. Additional redevelopment is depicted at the southwest corner of Limestone and High Street, on land not currently controlled by the University, but informed by a joint charrette between UK, LFUCG, and property owners. The plan depicts the replacement of the outdated residence halls at the corner of Limestone and Avenue of Champions with a new student residential complex, which will have the potential to provide additional ground floor retail space along the Avenue of Champions. The North Campus Plan depicts additional student housing along Avenue of Champions (Champions Court) and the expansion of the UK Student Center and the Singletary Center for the Arts.

Infill and Redevelopment Potential for Euclid Avenue between Woodland Avenue and Rose Street, as Identified in Adopted Plans



INTRODUCTION & BACKGROUND

The Greek Park Plan illustrates potential infill and redevelopment along Euclid Avenue between Rose Street and Woodland Avenue, including expansion of the University Alumni House at the corner of Rose and Euclid, and additional university-related infill on a vacant lot at the intersection of the Euclid and Linden Walk. The plan depicts complete redevelopment of existing student rental homes along the north side of Woodland Avenue for fraternity housing, with redevelopment of a student apartment building at the corner of Woodland and Euclid to include ground-floor retail. Much of this property is not currently controlled by UK, but is located within the University's identified acquisition boundary. Other existing residential buildings along Euclid Avenue are shown to remain. Likewise, although the University acquisition boundary extends south across Woodland Avenue, no redevelopment is depicted on that side of the street. Additional sorority housing is depicted via



City investment in the Euclid Avenue streetscape and UK investment in redevelopment would be transformative.

Euclid Avenue in the Chevy Chase Area Depicting the Kroger Redevelopment



the construction of rear connections between existing single-family structures along Transylvania Park within the Greek District, similar to the Kimball House complex.

The east side of Euclid Avenue, from Rose Street to Oldham Street, is included in the Downtown Master Plan's Aylseford precinct plan; however, no infill or redevelopment opportunities are identified, with the exception of the UK Alumni House addition. Outside of the areas covered by the downtown plan, the 2007 Comprehensive Plan recommends retail uses along Euclid Avenue at the Woodland Avenue intersection and the Chevy Chase commercial activity center. Professional service/office uses are recommended for properties along Euclid between Woodland Avenue and Chevy Chase. Existing zoning for some of these properties remains residential, reflecting existing uses.

The bulk of the Euclid Avenue corridor was also included in the Aylesford – East University Small Area Plan (1991). Although nearly 25 years old, and not formally incorporated into the 2007 Comprehensive Plan, the Aylesford Small Area Plan identified a number of issues that remain relevant to the Euclid corridor and surrounding neighborhoods today, including:

- Conversion of single-family homes to student rentals and the need to protect existing stable residential neighborhoods
- Demolition of single-family homes and redevelopment with student apartment buildings that are incompatible with existing neighborhood character
- Poor conditions of converted homes and commercial structures and the need to enforce building codes and promote compatible residential infill
- Commercial and institutional expansion into the surrounding neighborhood
- General town-gown social conflicts
- Deteriorating public infrastructure

INTRODUCTION & BACKGROUND

Stakeholder Engagement

The project team conducted a series of stakeholder and focus group interviews over August 5 and 6, 2014 to gain additional insight from those who experience the South Limestone and Euclid Avenue corridors on a regular basis. Participating stakeholders included:

- Residents representing the South Hill, Aylesford, Columbia Heights and Hollywood Terrace neighborhoods
- Local Real Estate Brokers
- University of Kentucky Student Body Representatives
- Chevy Chase Business Owners Association President
- 3rd Council District Office

Additionally, City staff attended the Aylesford Neighborhood Association meeting on August 6, 2014 and held a public meeting on September 18, 2014. The interviews and discussion groups highlighted a number of common interests and themes, though views amongst various groups differ on some points:

Neighborhood Character

- There is a need to protect the quality and character of existing historic housing stock from continued conversion to student rentals.
- Need for better code enforcement to prevent and reverse physical neglect of student housing and paving of yards for parking.
- There is a fear among residents of continued poor quality student housing infill and redevelopment, based on past experience.
- Redevelopment of historically-contributing structures should be avoided; focus should be on replacing post-1970's low-quality student apartment buildings.
- There are mixed views of the effectiveness of the H1 Overlay in protecting neighborhood character.
- There is an interest in the adoption of development design standards for Euclid Avenue.

Housing Options

- There is a need for more housing options to serve young professionals and graduate students,



The Lex provides new off-campus student housing options, although commercial space has not leased well; low pedestrian activity along South Broadway is likely a contributing factor.

including townhomes and owner-occupied products.

- There is a community desire to re-establish owner-occupancy within the near university neighborhoods, but it is often financially difficult to flip detached student housing back to owner-occupancy.
- The development of new on-campus and off-campus student housing is seen by residents as an opportunity to reconvert rental homes back to single-family use, but there will likely remain a student population seeking the lower rents offered in converted homes.
- New on-campus student housing options reflect changing preferences among the student population, but there will likely remain off-campus interest in more independent options.



Drive-through facilities interrupt the pedestrian experience on Euclid Avenue.



Poor sidewalk conditions along Euclid Avenue.

Commercial Service Options

- There is a desire for more dining and service retail (for both students and permanent residents), both as a neighborhood amenity and to decrease dependence on the automobile. There is a particular interest in more mid-priced and casual restaurants. Dry cleaners, pharmacy (in closer proximity to campus) and other neighborhood services were also noted.
- Students are forced to drive to suburban big box locations for general home goods and clothing.
- There would likely be demand for hotel accommodations closer to campus for use by visiting parents.
- Interest in small-scale or boutique grocer in the Limestone area.
- There is some interest in small-scale movie theaters in both corridors.
- There is neighborhood concern with commercial expansion along Euclid Avenue into adjacent

residential areas. There are also concerns with commercial expansion beyond South Limestone into the South Hill neighborhood.

- South Limestone is seen as the primary market and most desirable location for new retail, including national chains.
- New development should include a mix of local and national businesses.
- There is a desire among residents for commercial reuse of historically contributing residential structures on Euclid Avenue. Mixed use is viewed as acceptable, if done at an appropriate scale and compatible with the surrounding neighborhood.

Pedestrian Experience

- The South Limestone streetscape improvements are viewed as a success, despite inconvenience to local businesses during construction.
- There is an activity gap/perceived barrier along Limestone between Maxwell and Downtown that discourages walking from campus to downtown. However, Limestone is the main pedestrian link between the two. This is viewed as a combination of the existing surface parking lots and commercial vacancy in Kimball House Square.
- Euclid Avenue has a poor pedestrian environment and is viewed as unsafe to walk at night. There is a desire for traffic calming and aesthetic improvements along the corridor.
- There is some desire for modest streetscape enhancements among the Chevy Chase Business Owners Association, but concern with the potential for large-scale construction projects that could impede access to businesses.

INTRODUCTION & BACKGROUND

Parking and Transportation

- Parking was identified as a concern in various areas. There is a need for a combined approach to improving supply, management policies and wayfinding.
- There may be opportunity for expanded public use of UK parking garages in the Limestone corridor (i.e. longer hours/late evening use), but would require management to ensure availability of spaces for next day users.
- There are mixed views of the Pedestrian-Oriented Business District parking requirements. The standards are viewed as effective for the South Limestone Corridor, but there is concern that it would exacerbate neighborhood parking pressure in the Euclid Avenue/Chevy Chase area.
- The transit system is viewed by students as overly complicated. There is a need for better education, simplification of redundant routes, and improved stop identity. Students will use transit for occasional destinations, but not necessarily for everyday transportation.



The Good Samaritan Parking Lot on Limestone is a prime site for development.

INTRODUCTION & BACKGROUND SUMMARY

- The South Limestone Street corridor has experienced revitalization and increased retail activity in recent years, particularly in the near campus area. Recent streetscape improvements have contributed to this success.
- There remains a critical activity gap in the South Limestone corridor in the area of Kimball House Square and the Good Samaritan Hospital surface parking lot.
- The Euclid Avenue corridor has a wide range of development types. Many of these do not contribute to the visual character of the corridor and detract from the pedestrian experience.
- There is a need for extensive streetscape and pedestrian infrastructure improvements throughout the Euclid corridor. Ideally, this would include burial of overhead utility lines.
- Existing city and university plans and policies support targeted infill and redevelopment of various sites throughout both corridors.
- Many long-standing community concerns and issues in the Euclid corridor area remain relevant today. These include single-family to student rental conversion, deteriorating public infrastructure, and commercial expansion into surrounding neighborhoods.
- There is a desire among students and area residents for additional neighborhood service retail options.
- There is a desire for increased owner-occupancy of existing housing stock in the Euclid corridor area, as well as interest in new housing options to attract graduate students, UK faculty/staff, and young professionals.

MARKET ANALYSIS

Introduction

This section of the report will assess current conditions in the study area's residential and retail markets and identify opportunities for further investment that will continue to advance the upward trajectory of the two corridors and surrounding neighborhoods. The challenge is to target the right sites for development to enhance the study area's marketability and functionality as a residential and retail location and leverage existing investment from the university and commercial enterprises.

Market and economic analyses, like the design and development process, requires vision and knowledge of what is possible given a set of resources. It requires an understanding of development sites, the opportunities and constraints they represent, the types of people who might live, work, or shop there, and the types of real estate products necessary to attract them. More than simply a "market study", market and economic analyses define the scale and scope of realistic opportunities over five or ten years, and identify ways in which governments and anchor institutions can be leveraged to catalyze private investment.

Process Overview

The linear process shown in the following page, from left to right was followed in creating a development plan for the corridors, and also includes some elements of the development strategy at the right.

Market Study

In the first phase, a market study is conducted in order to understand the scope of market-supported housing and retail products that are within the corridors. Site context is understood, demographics are studied, current product supply is surveyed, and demand is analyzed, resulting in a marketable land use program for the corridors.

Market Strategy

Building upon the market study, a market strategy evaluates ways in which to add value to existing and potential market opportunities. A market strategy will take a set of market opportunities and mold them into something that is better than the sum of their parts, whether through curating the right mix of uses or tenants, creating an inviting public realm, identifying optimal locations, adding amenities, aligning design (such as architectural features) with consumer demand, or targeting underserved niches.



Residential properties on Euclid have been converted to retail storefronts.

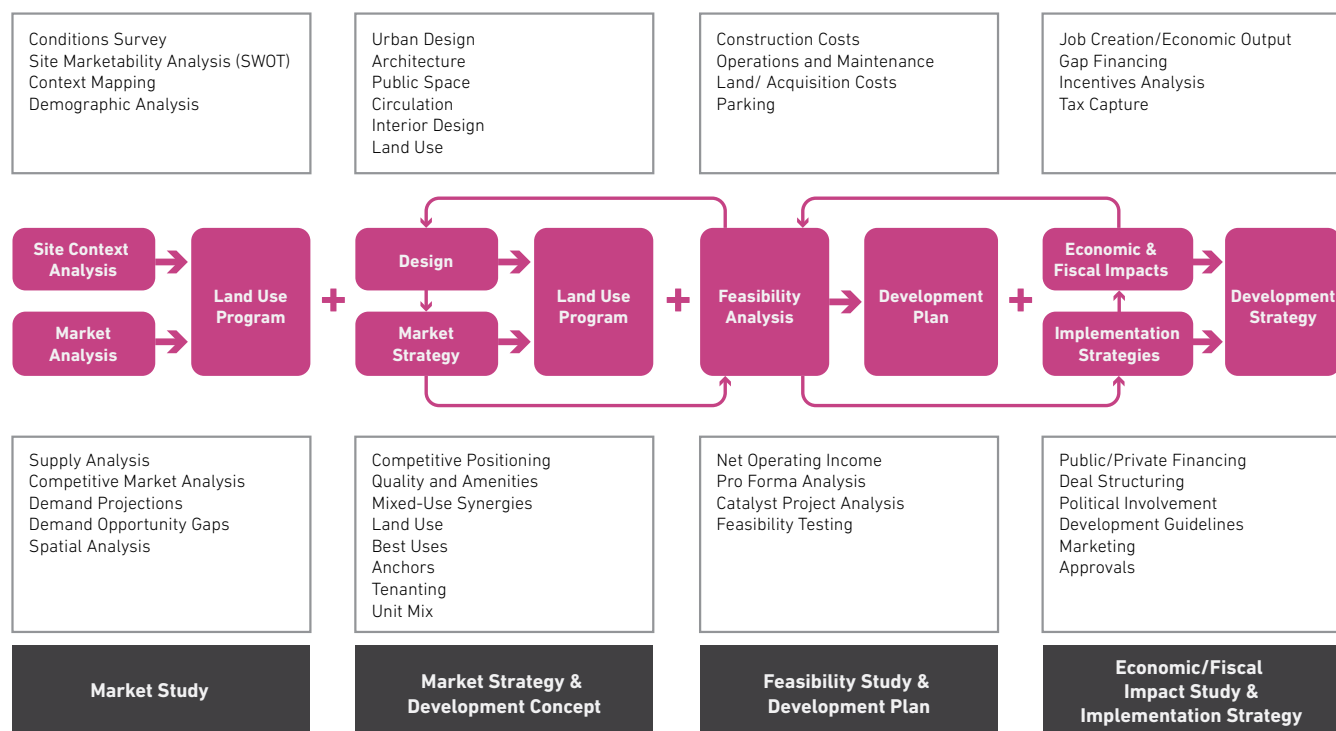
Development Plan

In this phase, development economics—construction and acquisition costs, facility operations, etc.—meet market analysis. This is known as feasibility testing, which involves identifying products—be they housing, retail, etc.—for which the economic returns justify the development costs. If a project passes this test, it is on its way to becoming a “real project”. Often the amount of density that is achievable can “make or break” the viability of a project, so site feasibility testing is an important component. The goal of a development plan is often to identify one or more “catalyst projects” that can potentially stimulate an even greater amount of development that is both feasible and supported by the community.

Development Strategy

Oftentimes, a number of opportunities are identified that would benefit a community, but the development projects are not quite viable—often because the development costs are greater than the economic returns. In such instances, the potential benefits to the community must be carefully weighed against public involvement—financial or otherwise, to determine if the ends justify the means. Financial analysis is often needed, as is economic impact analysis, which looks at the broader “multiplier effects” a project can have on economy. Incentive tools need to be evaluated, deals need to be structured, and implementation entities sometimes need be identified or reorganized.

Market Analysis Process



MARKET ANALYSIS

Market Areas and Demographics Trends

Over the next ten to twenty years, the demographics of America are going to change—as are people’s preferences about where they want to live and what kinds of housing they want. These trends will shape Lexington in numerous ways, including increased demand for in-town and downtown living. Therefore, demographic analysis of the study area, while useful (in some ways), merely indicates who lives there today, and not who might want to live there if the right product(s) were offered. Other methods, such as market segmentation analysis, are therefore needed in order to tell a more complete story.

Definition of Market Areas

In market analysis, a Primary Market Area (PMA) is typically defined as the smallest geographic area from which a high percentage (often 75 percent) of support for a project will be drawn. Market boundaries are sometimes defined by hard boundaries, such as rivers, highways and other major thoroughfares, railroads, etc. Often, market areas are defined by soft boundaries—that is, marked changes in socio-economic condition, such as income, density, ethnicity, and educational attainment.

In addition to these two factors, this study relied partly on geo-demographic segmentation analysis, which considers not only conventional demographic variables like age and income, but also neighborhood preferences (i.e. geographic characteristics) and culture, values, and buying habits (psychographic variables). As a result, the market boundaries are not only defined by hard and soft boundaries, but by clusters of households that are inclined to live in dense, walkable, urban environments.

Residential Market Areas

In addition to the study area, we have identified three unique market areas from which potential residential demand for future development could be derived.

Residential Market Area 1

The market is largely composed of renters and contains a number of large market-rate apartment developments as well as some scattered single-family rentals in average to below-average condition. Households in the first market area are slightly smaller than the regional average, and have the lowest median age and median household income.

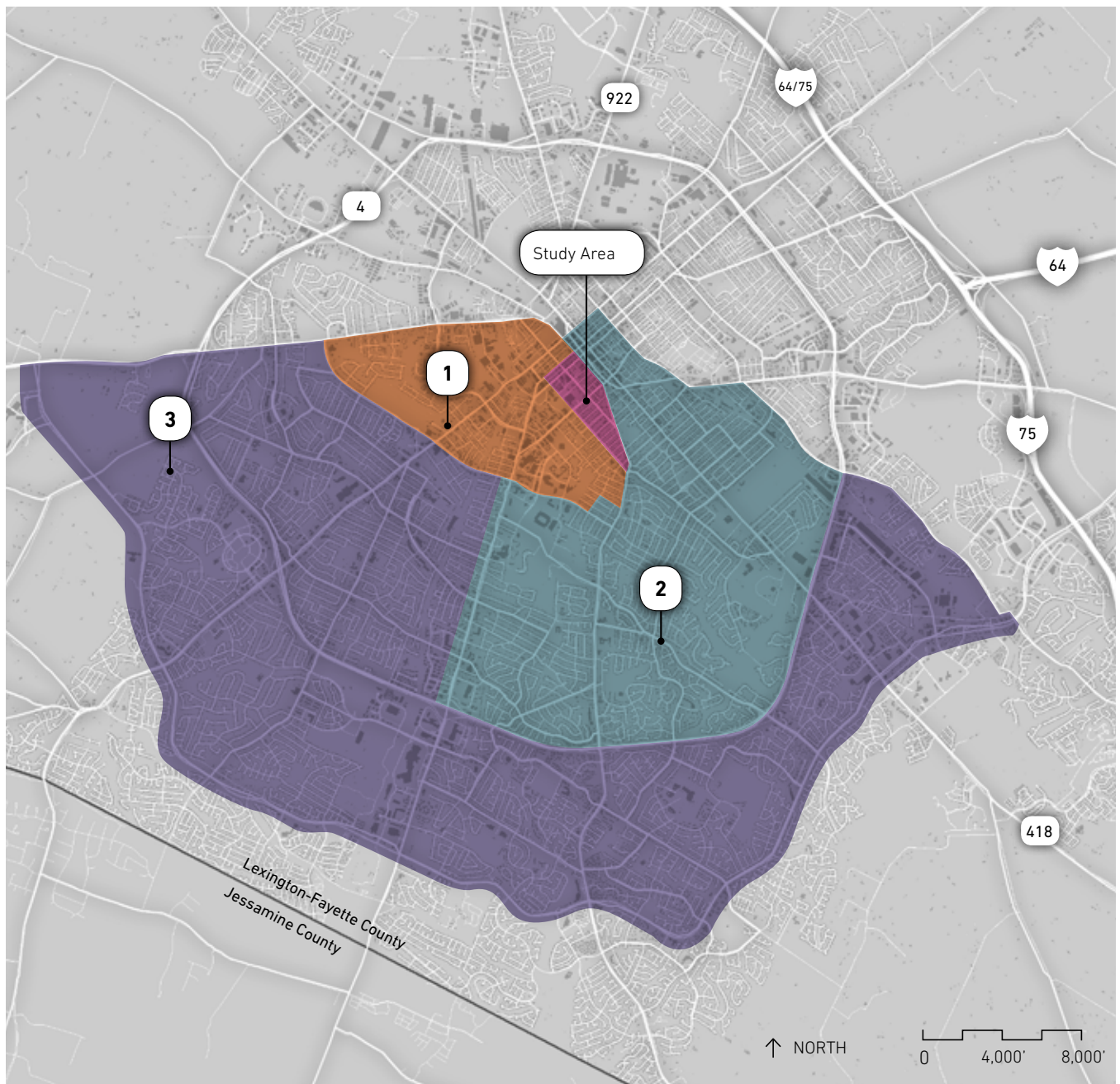
Residential Market Area 2

The area contains a large portion of downtown as well as several well-established historic neighborhoods including Chevy Chase, Idle Hour, and Lansdowne. Large single-family homes are predominant in the area, and households are relatively affluent, with the highest median household income and housing value of the areas selected. While renter households are common downtown, most units to the east and south are owner-occupied.

Residential Market Area 3

This area captures much of the development occurring along New Circle Road over the past three decades, as well as more historic neighborhoods in Lexington’s southwest quadrant. The third market area contains a variety of housing types, including large apartment communities constructed in the 1970s and 1980s and suburban-style single-family homes built in the same period.

Map 7 - Residential Market Areas



| Key Demographic Information | Study Area | 1 | 2 | 3 | Lexington |
|-------------------------------|------------|-----------|-----------|-----------|-----------|
| Population (2014) | 4,039 | 19,708 | 31,214 | 84,665 | 305,331 |
| Population Growth (2014-2019) | 3% | 6% | 3% | 4% | 5% |
| Median Age | 23 | 23 | 40 | 35 | 35 |
| Percent Renter Occupied | 92% | 87% | 51% | 52% | 48% |
| Median Household Income | \$17,000 | \$18,000 | \$51,000 | \$45,000 | \$50,000 |
| Median Housing Value | \$214,000 | \$158,000 | \$304,000 | \$168,000 | \$185,000 |

Data Source: Development Strategies, 2014

MARKET ANALYSIS



Retail Market Areas

Retail market areas also can be defined by natural and man-made boundaries, as well as socio-demographic characteristics. Retail areas are also influenced by competition, drive times, and the presence (or lack) of anchors, which can alter the distance people are willing to travel to get to a retail environment. Since there are two corridors, each with unique characteristics, two sets of market areas were defined—one for Limestone and one for Euclid.

Limestone Retail Market Areas

The Limestone Primary Market Area (PMA) includes the study area, University of Kentucky campus, and several predominantly student areas to the west. This PMA comprises the core student area in the Lexington region, and the core market for Limestone retailers.

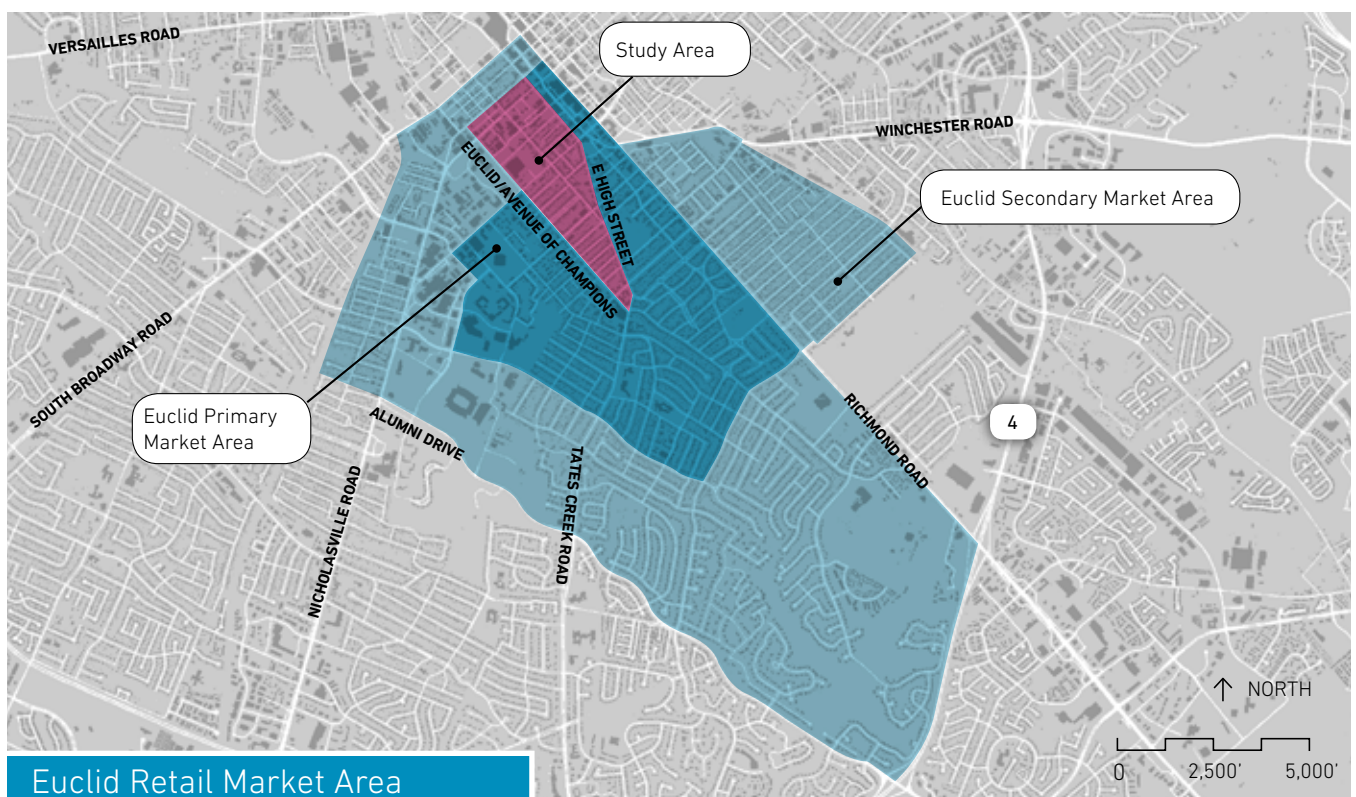
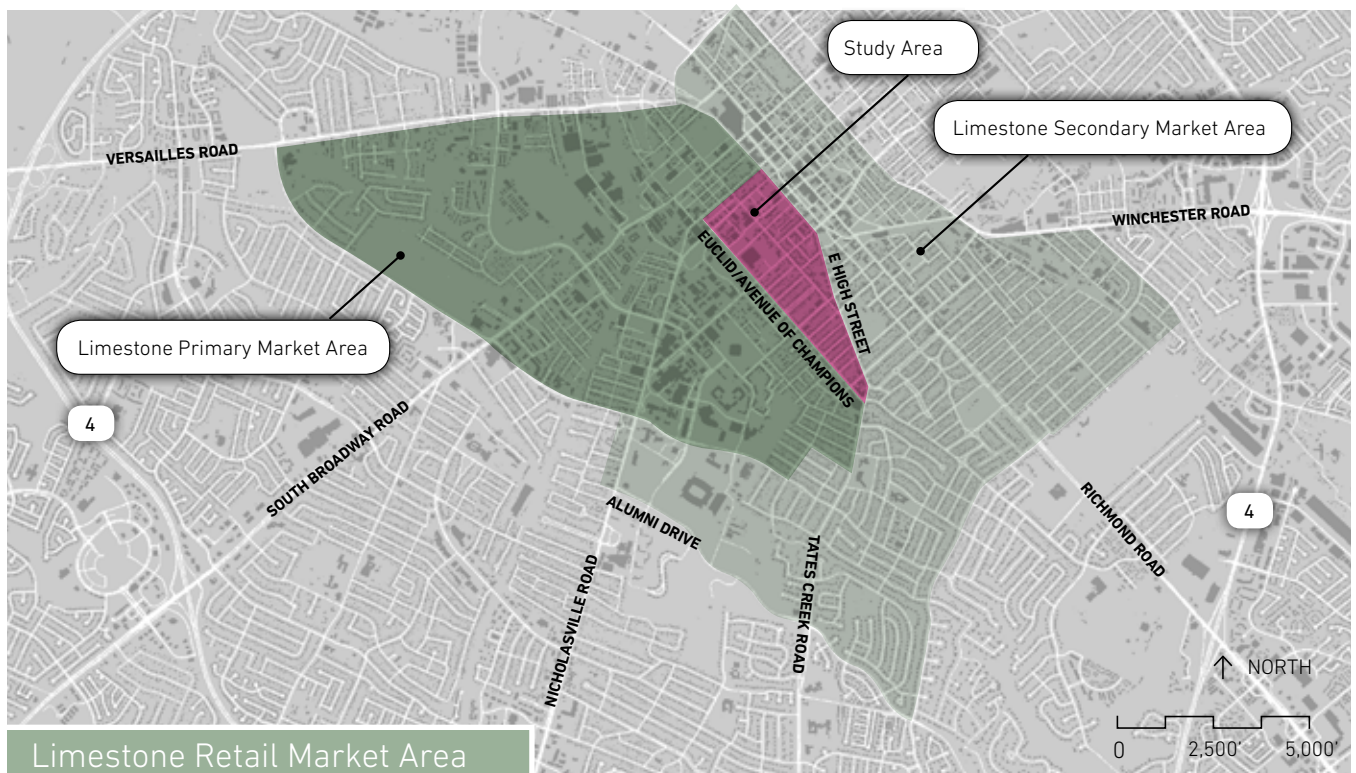
A Secondary Market Area (SMA) includes downtown Lexington, as well as portions of Chevy Chase and other close-in neighborhoods. These neighborhoods, while not populated so thoroughly by students, generally consist of residents who value outdoor dining and walkable retail environments. They do not comprise the core market for Limestone, but contribute an amount of expendable income that can supplement student revenue at many establishments.



Euclid Retail Market Areas

The Euclid PMA is driven, largely, by the Chevy Chase shopping district, which anchors the southern portion of the corridor. The Chevy Chase district serves the student population in the area, but is also very successful in pulling residents from the affluent Chevy Chase neighborhood to the south. So while the primary market area consists of a mix of student areas and the northern portion of the Chevy Chase neighborhood, the SMA reaches far to the south, and includes the remainder of the Chevy Chase neighborhood, as well as Lakeview.

Map 8 - Limestone & Euclid Retail Market Areas



Data Source: Development Strategies, 2014

MARKET ANALYSIS

National Demographic Trends

The population of the United States is growing and, at the same time, shifting demographically, which implies that the types of housing offered will have to be altered to meet changing needs. Smaller types of housing are likely to become in greater demand, which will benefit Lexington’s urban areas.

Lexington is a fairly rapidly-growing region, which will continue to create demand pressure for new housing growth. This growth will be pushed toward the region’s edges, unless closer-in housing is renovated or new products are offered.

National growth

The U.S. will reach 400 million people around 2040, up 100 million from 2005. ¹

Housing demand

The next 100 million people will require 40 million homes. Add 30 million replacement homes, and 70 million homes will be constructed between 2005 and 2040, for an average of two million homes per year. ¹

Regional growth

Over the next five years, the Lexington MSA is projected to add 23,000 people (ESRI). Using a straight-line projection, the region stands to gain 46,000 people over the next ten years, bringing the regional population up to 532,000.

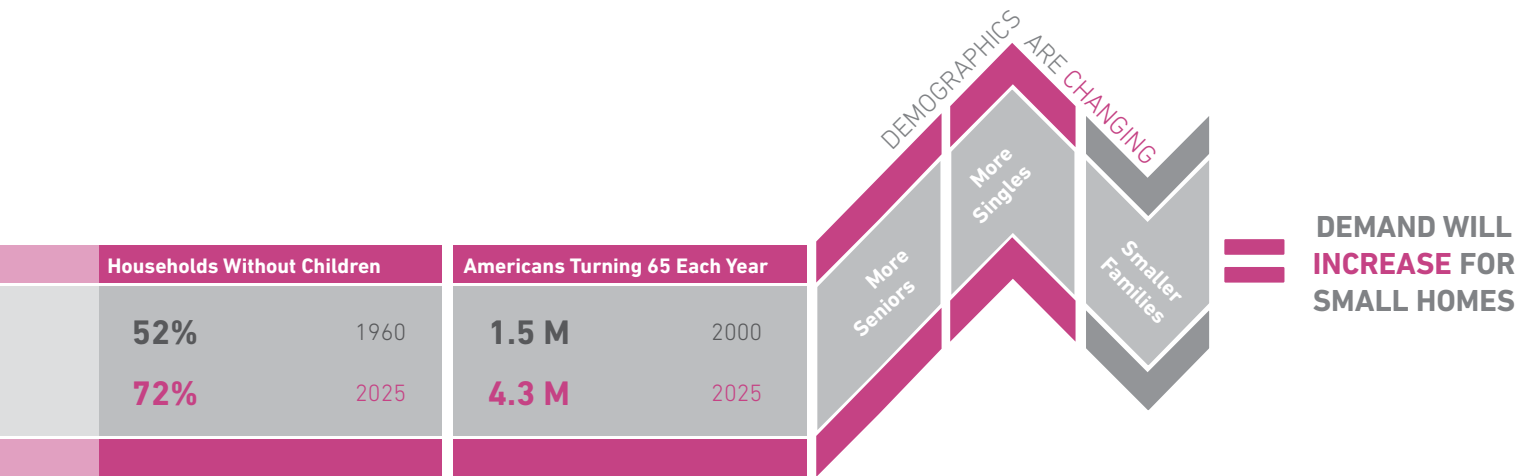
Fewer families

Households are becoming more diverse. In 1960, 48 percent of households had children. By 2025, this number will be reduced to 28 percent. ²

More seniors

The population is aging: 41 million of the next 100 million will be over 65. ¹

1-4: Refer to Appendix C for Sources



Increasingly, surveys indicate a shift in the type of homes and communities that many households prefer. Specifically, there is greater recognition of the trade-offs to owning a big home; many have expressed a willingness to exchange some space in order to reduce commute times and live closer to shopping and a mix of uses.

Consumer preference surveys align with demographic shifts in that they indicate a slight majority or sizeable minority prefer walkable communities and will live in dense, walkable environments if it places them closer to jobs and amenities.

Walkability

33 percent of residents in conventional suburbs prefer a more walkable environment.³

Mix of Uses

49 percent prefer a neighborhood where they can walk to nearby shopping.³

Underserved Market

20 to 40 percent of residents showed a preference to compact, walkable neighborhoods, but only five percent live in such an environment.³

Smaller homes and Lifestyle

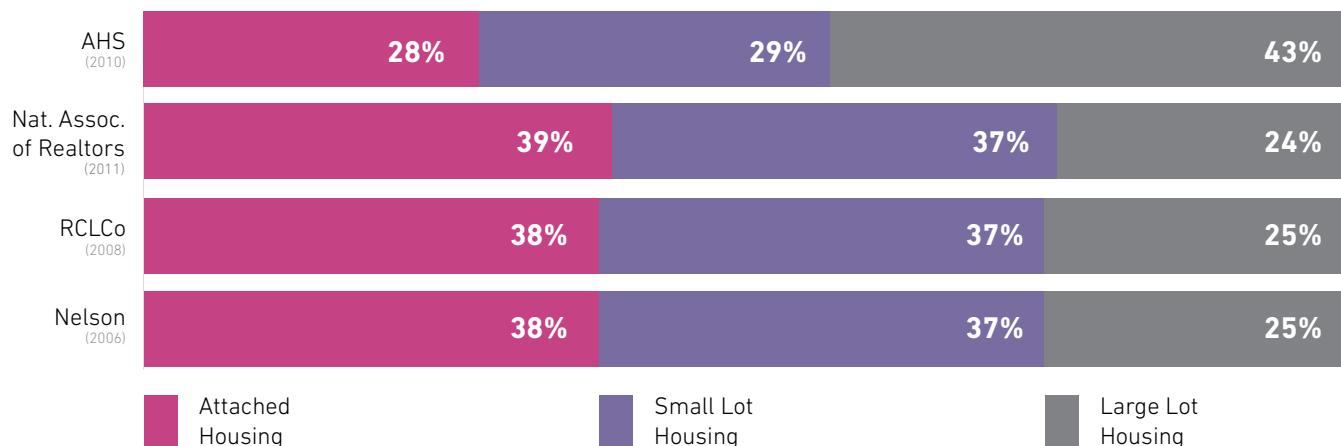
55 percent would accept a smaller house if it meant more options to walk, cycle, or take transit.³

Smaller homes and Commute

Recently, four national studies have confirmed what local studies have been demonstrating for a decade—many people are willing to trade housing size for shorter commutes.⁴

1-4: Refer to Appendix C for Sources

Summary of National Housing Preference Surveys



MARKET ANALYSIS

Area Demographic Summary

Population

- Lexington is growing rapidly. The city's estimated 2014 population of 305,000 represents an increase of 17 percent since 2000, and is expected to grow an additional five percent through 2019. This will create additional development pressures in the region, including for urban infill.
- The hub of the region, the city of Lexington contains more than 60 percent of the total MSA population of 486,000.
- Population growth in the study area has been steady, but lags behind the city overall, increasing about nine percent since 2000. It is unclear the degree to which new student housing developments will alter this dynamic, but it will likely increase the population density of the area, driving up demand for retail services.
- At an average of 2.3 persons, households in Lexington tend to be smaller than the national figure of 2.6, while those in the study area are smaller in size still (1.9 persons). This is driven by the significant student population of the area.
- More than 40 percent of the city's population is under the age of 30, and approximately 70 percent of the population in the study area is between the ages of 18 and 24. This contributes to an average age of 34.5 for Lexington as a whole—below comparable figures of 35.9 for the MSA and 37.7 for the nation.

Income

- Lexington is relatively affluent, with an estimated median household income of \$50,143. Annual income growth is expected to remain steady over the next five years around two percent, projecting a median income of just over \$55,000 by 2019.
- The city contains a relatively large proportion of high-income households, with about 20 percent earning in excess of \$100,000 annually.
- Household income figures in the study corridor are much lower, reflecting a student population. The 2014 estimated median household income in the area is \$16,907—more than 65 percent below Lexington overall. Less so than with other populations, students' purchasing power is supplemented by other forms of income, such as student loans and parental support.

Housing

- Lexington's housing stock contains a relatively diverse mix of age and construction. Approximately 65 percent of all housing units in the city are contained within attached or detached single-family homes, while the remaining 35 percent of units are distributed evenly across multi-family properties of various sizes.
- The presence of a significant amount of multifamily housing in the study area is again representative of the University's presence. Single-family homes account for just less than 20 percent of all housing units in the corridor, with duplexes and four-plexes accounting for more than 30 percent of all units. Large apartment buildings of more than 20 units account for about 20 percent of housing units in the study area, while remaining units are distributed across mid-size multifamily properties.
- In contrast to income trends, the median housing value in the study area (\$214,286) is approximately 16 percent higher than the city overall (\$185,485). This illustrates the unique condition of university districts, in which income is not the sole indicator of purchasing power.
- While just under half of all housing units in Lexington are renter-occupied, renters account for 92 percent of all residents in the study area—a very high number, even for a student district. This underscores a need to focus efforts on neighborhood stabilization by encouraging home ownership of existing housing stock and supporting the creation of new for-sale housing products.

MARKET ANALYSIS

Residential Demand

This analysis demonstrates that lack of demand is not an issue in providing new, market rate housing in the corridors. Providing the right products at the right price points will therefore yield positive results, if strategic investments are made and policies are crafted to increase the area’s marketability.

Demand: Market Segmentation

Target market analysis is used to determine demand based not only on geography and demographic traits, but also on consumer preferences. As a result, desired product types can be determined, in addition to affordability. This is useful with respect to the study area, where a diverse group of market segments could be appealed to with an array of housing products.

Just as market segmentation and target marketing are used to determine tendencies to buy different types of consumer products—including products as diverse as cars, computers, and dish soap—Development Strategies analyzes market segmentation data to identify demand for different types of housing products at a particular location. Market segmentation analysis provides a clearer understanding of how many households might be attracted to a project (or community), who those households will consist of, and where they will come from. Ultimately, this guides the type, pricing, and market position of housing product to be offered at a given site.

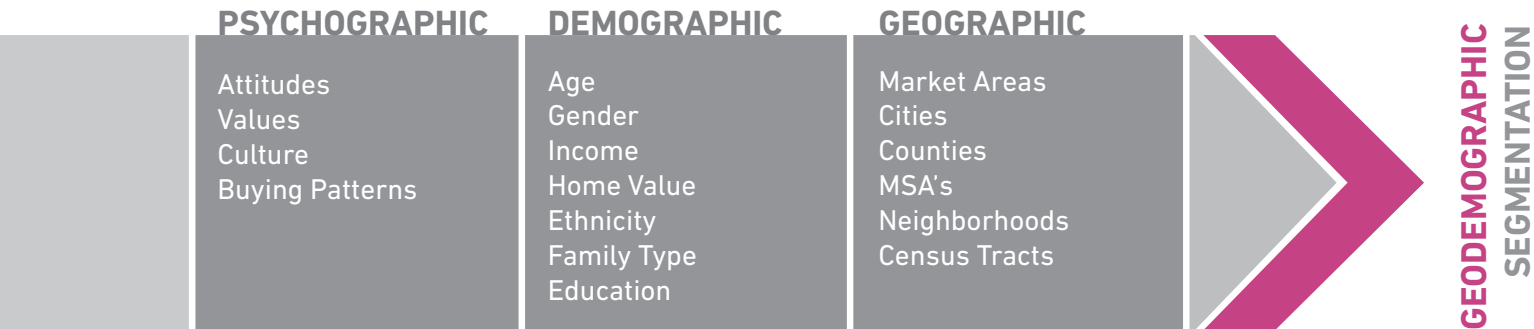
The methodology makes use of ESRI’s Community Tapestry™ data, which uses algorithms to link demographic, geographic, and psychographic data to

create 65 unique geodemographic segments. In other words, these “segments” are essentially 65 household groupings, each with their own unique combination of demographic (income, age, etc.), geographic, and psychographic (values, culture, etc.) characteristics.

Unlike conventional demand methodologies, which focus on absorption of nearby projects or subdivisions—and demographic data such as age and income within a market area—target market analysis allows us to focus on geographic preferences, and attitudes and cultural norms. This is particularly useful when no nearby comparable properties exist, a number of housing products are being pondered, or a large percentage of the market may come from well beyond traditional market boundaries. Our target market analysis enables us to find potential homebuyers and renters for the project that are located throughout the Lexington region.

Demand: Target Markets

This study identified three categories of target market segments for market rate housing in the study area. They are: **Urban Professionals, College and Post-Graduate, and Displaced Urbanites.**



Urban Professionals

This group tends to be highly educated, earn high incomes, and have a strong preference toward urban living. This segment tends to support cultural institutions, attend rock concerts, own the latest technology (e.g. laptops, handheld devices), read, travel, and eat ethnic food. Households tend to be civic-minded.

The Urban Chic and Metropolitans groups are likely to own their homes, and perhaps have children. Laptops and Lattes, Trendsetters, and Metro Renters are more likely to be singles or couples/roommates without children, and thus are more likely to rent or desire multifamily or townhome arrangements.

College and Post-Grads

This group actually consists of two separate and distinct groups: undergraduates (i.e. Dorms to Diplomas), on one hand, and post-graduates and young professionals (College Towns), on the other. Both have very low household incomes, but often supplement their income with money from parents or with student loans. As a result, their buying power tends to exceed other types of households with similar incomes. Both groups are very likely to rent and share housing/

rent with roommates, although this is more true of undergraduates.

Displaced Urbanites

This group consists of a wide variety of households that, for reasons cultural or practical, are strong candidates for urban or urbane living, but currently live in suburban locations. The Young and Restless group is young, transient, single, and well-educated—an ideal market for the study area, yet currently live in more suburban areas outside of New Circle Road.

Enterprising Professionals are more likely to have children, but culturally are very similar to Urban Professionals. This group, along with the Young and Restless, is likely to be lured by new housing. Connoisseurs are very affluent, and already live in some of the choicest locations in Lexington. It is unlikely that development within the Study Area will be able to lure a significant number of these households away from already established neighborhoods in the city's southeast.

The following table provides general information on income, tenure, household size, and household composition for the market segments analyzed.

Table 1: Potential Market Segments – Lexington Market Areas

| Tapestry Group/Segment | Median HH Income | % Owner | Average HH Size | Predominant Household Type |
|-----------------------------------------------------------------------------------------------------------------|------------------|---------|-----------------|------------------------------|
| Urban Professionals: Highly educated, high incomes, preference toward urban living | | | | |
| Laptops and Lattes | \$94,000 | 39% | 1.80 | Singles, Couples, Roommates |
| Urban Chic | \$87,000 | 66% | 2.40 | Couples, Singles, Families |
| Metropolitans | \$60,000 | 60% | 2.09 | Singles, Couples, Roommates |
| Trendsetters | \$64,000 | 32% | 2.18 | Couples, Singles, Roommates |
| Metro Renters | \$56,000 | 10% | 1.61 | Singles, Roommates |
| College and Post-Grads: Low household incomes, likely to rent and share housing | | | | |
| College Towns | \$31,000 | 30% | 2.06 | Singles and Roommates |
| Dorms to Diplomas | \$19,000 | 10% | 2.13 | Singles and Roommates |
| Displaced Urbanites: Varied demographics, currently live in suburbs but would prefer to live in urban locations | | | | |
| Prosperous Empty Nesters | \$67,000 | 87% | 2.37 | Married Couples w/o children |
| Connoisseurs | \$121,000 | 87% | 2.65 | Married Couple Families |
| Enterprising Professionals | \$70,000 | 46% | 2.28 | Couples, Singles, Families |
| Young and Restless | \$46,000 | 15% | 2.00 | Singles, Roommates |
| In Style | \$71,000 | 68% | 2.43 | Couples, Families |

Source: ESRI Business Analyst 2014. Data presented are national figures.

MARKET ANALYSIS

Demand: Target Market Analysis

Target market analysis indicates 33,400 student, young professional, or displaced urbanite households live in the Lexington area. A portion of these—roughly 3,200 could theoretically be captured in the study area over a period of 10 to 15 years.

By applying a mathematical model to ESRI Tapestry™ data on market segmentation, DS arrived at the numbers shown in the table below, which offers a breakout of the number and types of households most likely to provide support for new and rehabilitated housing in and along the subject corridors.

The demand analysis indicated that approximately 3,200 housing units could be supported within the corridors. This includes roughly 1,800 college and graduate students, but also nearly 1,600 non-student units. This non-student population would be spearheaded by the Young and Restless group, which comprises almost 700 units of potential housing demand, primarily in rental housing. Another group, the Metropolitans, comprise almost 500 units of potential housing demand. This group is more inclined to own, so a return of the for-sale housing market, along with targeted improvements to the community, are needed as a “longer-term play” to attract this group.

Table 2: Target Market Segment Methodology - Implied Product Pricing

Lexington Corridors

| Tapestry Group/Segment | Total Households | Implied Owner Households | Implied Average Price | Implied Renter Households | Implied Average Rent |
|-------------------------------|------------------|--------------------------|-----------------------|---------------------------|----------------------|
| Urban Professionals | 615 | 322 | \$230,000 | 293 | \$1,170 |
| Laptops and Lattes | 0 | 0 | \$350,000 | 0 | \$1,800 |
| Urban Chic | 25 | 16 | \$330,000 | 8 | \$1,670 |
| Metropolitans | 493 | 296 | \$230,000 | 197 | \$1,150 |
| Trendsetters | 0 | 0 | \$250,000 | 0 | \$1,330 |
| Metro Renters | 97 | 10 | \$210,000 | 88 | \$1,170 |
| College and Post-Grads | 1,811 | 454 | \$120,000 | 1,357 | \$800 |
| College Towns | 1,364 | 409 | \$120,000 | 955 | \$900 |
| Dorms to Diplomas | 447 | 45 | \$70,000 | 403 | \$550 |
| Displaced Urbanites | 762 | 148 | \$200,000 | 615 | \$970 |
| Prosperous Empty Nesters | 0 | 0 | \$260,000 | 0 | \$1,120 |
| Connoisseurs | 0 | 0 | \$460,000 | 0 | \$2,020 |
| Enterprising Professionals | 5 | 2 | \$260,000 | 2 | \$1,170 |
| Young and Restless | 697 | 105 | \$170,000 | 593 | \$960 |
| In Style | 61 | 41 | \$270,000 | 19 | \$1,180 |
| Totals | 3,189 | 924 | \$170,000 | 2,265 | \$890 |

Sources: ESRI, Development Strategies 2014

Demand: Student Housing

To supplement the target market analysis, a student-specific analysis of demand has been conducted for this study. The diagram below provides a conservative estimate of demand.

Total Student Enrollment
(29,437)

Total Full-Time Student Population*
(27,774)

Undergraduate
(20,570)

Full-Time So/Jr/Sr
(14,268)

Excluded Population:
Freshman (6,302)

Undergrads Seeking Off-Campus Housing
(8,453)

Excluded Populations:
University Housing (1,038)
Greek Housing, estimated (3,350)
Commuter, estimated at 10% (1,427)

Undergraduate Beds

| | | | | |
|------------------|-----|-------------------|-------|-------|
| Economy/Midscale | 50% | < \$500 per mo. | 4,227 | 3,462 |
| Upper Mid | 25% | \$500-650 per mo. | 2,113 | 1,731 |
| Upscale | 25% | \$650 per mo. | 2,113 | 1,731 |

UNIVERSITY ENROLLMENT

Graduate
(7,174)

Graduate Students Seeking Off-Campus Housing
(6,924)

Excluded Population:
University Housing (250)

Graduate Beds

*Excludes part time students and UG auditors

Source: University of Kentucky Office of the Registrar, November 2014

MARKET ANALYSIS

Residential Supply

A supply analysis is instrumental in understanding how a market is currently performing. It grounds a demand analysis by providing real-time measures of how a market responds to different product-types—be they single family housing, mid-resident apartments, or an urban retail district.

Supply surveys can be performed at different scales. At a micro-scale, it involves visiting residential and retail properties to determine how they are performing (looking at metrics such as rents and occupancy), as well as charting the amenities that are offered, the character offered, and unique design elements. At a macro scale, it involves looking at competitive neighborhoods and shopping districts that might, on one hand, compete with the study area for residents and shoppers, but could also help better understand how a particular development product might be received in the marketplace.

Supply: Competitive Neighborhoods Analysis

The following offers an analysis of the competitive residential neighborhoods in Lexington.

Generally, South Tates Creek and Monticello are neighborhoods that the study area could draw residents from. They are suburban in character, yet their demographics are consistent with consumer markets that increasingly want a more urban place with a mix of uses and better walkability.

Chevy Chase, Lakeview, and Tabor Oaks are affluent areas that are very attractive and sought-after. The most likely way in which the study area could attract residents from these neighborhoods is by providing a high-quality, yet more affordable, housing option for those who are “priced-out” of this coveted neighborhood.

Northside and Liberty Heights are currently poised to attract more young professionals—those in Northside tending to be younger and lacking children, with Liberty heights capable of attracting more young families. Downtown could be positioned in such a way that it is very attractive for young professionals; establishing a critical mass of such residents has been elusive here, but likely has more to do with land economics than market demand. Historic South Hill has increasingly attracted successful, urban-minded, mid-career professionals that seek a more urban alternative to the leafy Chevy Chase neighborhoods.

A survey of individual properties was undertaken to understand their performance in the market.

Map 9 - Residential Analysis



| Residential Analysis | Study Area | Monticello | South Tates Creek | Chevy Chase | Downtown | Liberty Heights |
|----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Median Housing Value Range | \$130,000 - \$200,000 | \$150,000 - \$200,000 | \$115,000 - \$160,000 | \$275,000 - \$450,000 | \$130,000 - \$225,000 | \$110,000 - \$150,000 |
| Average Sq. Ft. | 1,300 SF | 2,100 SF | 1,600 SF | 3,000 SF | 1,050 SF | 1,350 SF |
| Avg. Rent (1BR) | - | - | \$575-\$825 | - | \$850-\$900 | - |
| Avg. Rent (2BR) | \$850 - \$950 | - | \$665-\$1,000 | - | \$1,000-\$1,100 | - |
| Avg. Rent (3BR) | \$1,050 - \$1,200 | - | \$930-\$1,250 | - | - | - |

| Residential Analysis | Historic South Hill | Northside | Tabor Oaks | Gardenside | Lakeview |
|----------------------------|-----------------------|----------------------|-----------------------|-----------------------|----------------------|
| Median Housing Value Range | \$275,000 - \$475,000 | \$95,000 - \$250,000 | \$185,000 - \$225,000 | \$100,000 - \$160,000 | \$95,000 - \$140,000 |
| Average Sq. Ft. | 2,000 SF | 2,300 SF | 2,300 SF | 1,600 SF | 1,100 SF |
| Avg. Rent (1BR) | - | - | - | - | \$650-\$700 |
| Avg. Rent (2BR) | - | - | - | - | \$730- \$800 |
| Avg. Rent (3BR) | - | - | - | - | \$925-\$950 |

Data Source: Development Strategies, 2014

MARKET ANALYSIS

Supply: Condos

Like many downtowns across the country, Lexington's urban core has seen significant growth in its residential population over the past several decades. In the current housing climate, successful new condominium development is rare. In many cases, projects were developed at the height of the housing boom with inflated prices; these prices have had to come down considerably during the housing downturn in order to sell units. Nevertheless, future demographic trends indicate that multifamily housing is likely to be in greater demand, and several urban neighborhoods could be made to be an appealing location for high-density, for-sale housing.

Newer Lexington condos are located near the central business district, with several developments along Main and Vine streets. Condominium development lines Martin Luther King Boulevard to both the northeast and southwest of downtown, while the Center Court Lofts and Condos are located near the edge of the study corridor, at the terminus of the Euclid Avenue corridor (Winslow Street) at Upper Street. Units in these areas vary in price and quality, with most recent one-bedroom sales ranging from \$115,000 to \$180,000 and two-bedroom sales ranging from \$195,000 to \$275,000.

Supply: Undergraduate Student Apartments

The University of Kentucky supports a student population in Lexington approaching 30,000. This has spurred the development of a number of large apartment developments that target undergraduates seeking the independence of off-campus living while maintaining close proximity to UK. These developments are generally newer—most were built in the past decade—and large, containing between 150 and 350 units. Two- and four-bedroom units are most common in the market, but various properties also contain an array of options including studio, one-, and three-bedroom layouts.

These newer developments achieve rents well above the market average. The Lex was completed in 2009 and is located near the intersection of Broadway and Pine Street, approximately five blocks northwest of both the University and the Limestone corridor. On a per-square-foot basis, rents at the Lex range from about \$1.50 to \$1.80.

Supply: Graduate Student Apartments

Graduate student apartments are located further away from Lexington's urban core, with many clustered along New Circle Road. These properties tend to be older than the undergraduate developments closer to campus, and offer limited or no community amenities. Larger three- and four-bedroom layouts are mostly absent, with a much greater emphasis on one- and two-bedroom units. Fewer amenities and a longer commute to campus translate to significantly lower rents for these properties, ranging from approximately \$0.80 to \$1.00 on a per-square-foot basis.

Retail Demand

In order to conduct an analysis of the retail market for the study area, the types of markets must first be defined. In this area, they include:

Residents

Provide the bulk of support in most contexts

University of Kentucky Faculty and Staff

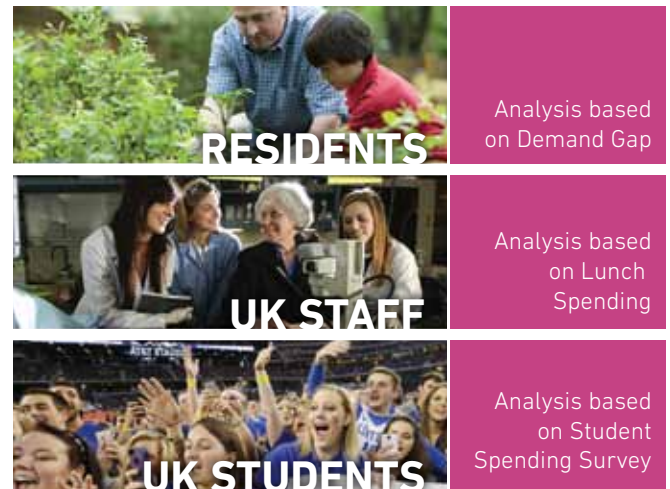
Generally add daytime spending, primarily for restaurant services

University of Kentucky Students

Standard household incomes typically do not properly reflect expendable income (because of supplemental forms of income, such as student loans and allowances from parents)

Different methods are used to estimate market opportunities derived from each. Resident demand involves an analysis of total purchasing power, relative to the number and scale of retailers that serve them. Faculty expenditures involve a simple analysis of likely daytime spending per employee. Student spending is more reliant on survey information regarding daily and monthly expenditures.

It is also important to distinguish market analysis conclusions from a market strategy. In the highly-competitive business that is retail services, supply can often appear to meet or exceed demand. Yet opportunities still exist for new retail development because of competitive market opportunities. A successful clothing apparel retailer, for example, might locate in an already-crowded market if they offer a better product for a better price, better services, or otherwise have a distinct, competitive advantage. Trader Joe's, for example, can often thrive in a place that is crowded with supermarkets, because it offers something different. Such is largely the case in the study area, where unmet demand, in the aggregate, is minimal, but competitive market opportunities are nonetheless present.



Resident Demand: Gap Analysis

Demand gap analysis helps to determine whether a market is underserved or oversaturated. For example, the average household spends roughly 30 percent of its income on retail goods. By comparing the types of goods that households in a market area are buying with the actual stores located in a market area, gap analysis can determine whether supply is effectively meeting demand. If not, there may be opportunities to build more now or in the future.

In most instances, a shopping center at a given location will face competition, either within a small, neighborhood market area, or with a shopping center in an overlapping community or regional market area. To address this, market analysts apply a "capture rate"—an estimate of the percentage of retail sales, by category, that retailers at a particular location can secure.

MARKET ANALYSIS

Residentially-Driven Demand: Limestone Demand Gap Conclusions

Based on demand gap analysis, most resident needs are already being met, either in the corridor, or by regional retail anchors, such as Fayette Mall. A limited number of opportunities exist for electronics, gaming, apparel, hardware, and furniture. These opportunities amount to less than 10,000 square feet. A greater number of opportunities exist as part of a market strategy when taking into account student demand, and a market strategy that emphasizes place and a more competitive mix of retail tenants would increase Limestone's trade area, and thus its retail development opportunities.

Demand: Euclid Demand Gap Conclusions

If the Chevy Chase commercial area can successfully pull residents from the whole of the Chevy Chase residential neighborhood, some opportunities for retail development are revealed in a demand gap analysis. These include apparel stores, electronics, and hardware, totalling between 20,000 and 30,000 square feet of space. Although some of these retail segments, such as hardware, are already present in the Chevy Chase area, the demand gap analysis suggests a potential for either modest expansion or introduction of a niche competitor.

Limestone Primary Market Area



Electronics
2,500 s.f.



Furniture
1,500 s.f.



Apparel
2,500 s.f.

Limestone Secondary Market Area



Electronics
5,000 s.f.



Hardware/Building Material
1,500 s.f.



Apparel
2,500 s.f.

Chevy Chase Primary Market Area



Apparel
2,500 s.f.

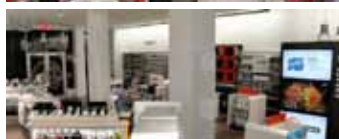
Chevy Chase Secondary Market Area



Apparel
15,000 s.f.



Hardware/Building Material
12,000 s.f.



Electronics
5,000 s.f.

Demand: Student And Worker Spending

As noted previously, student and worker spending represent supplemental forms of market demand. Understanding these types of demand can be rewarding in formulating a tenanting strategy for a place or district. Using survey data provided by the University of Kentucky regarding student spending, and assumptions made about potential daytime spending by UK workers, the following market support was determined. (Detailed methodologies are presented in the appendix.)

What the data below shows is that a significant amount of retail demand is being generated from sources that are sometimes overlooked in conventional market analyses. It is likely that students travel to Fayette Mall for clothing apparel, for example, but the visibility of Limestone and increased desirability for urban experiences may soon draw the attention of apparel stores, such as Pitaya and American Apparel, which have shown a willingness to be urban pioneers. Unsurprisingly, students can support a rather large bookstore; the University of Kentucky has efforts underway to meet this need on-campus.

An excellent opportunity exists to develop another pharmacy in the corridors. One exists in the Chevy Chase shopping district that serves residential demand, but there is enough student demand to support a competitor. A new Kroger pharmacy in

Chevy Chase will increase options; however, the Limestone corridor would also be a desirable location to serve student demand in a walkable distance from campus. All told, students generate 170,000 square feet of non-food oriented retail, much of which is not being properly accounted for in standard demand gap methodologies.

University of Kentucky workers are capable of supporting 70,000 square feet of restaurant-oriented businesses. While some of this demand is being met near campus, additional opportunities likely exist—primarily in the South Limestone Street corridor.

| Table 3: Retail Demand - Student and Worker Demand | |
|----------------------------------------------------|----------------|
| Students | |
| Clothing & Apparel | 30,000 Sq. Ft. |
| Health & Beauty | 30,000 Sq. Ft. |
| Books | 20,000 Sq. Ft. |
| Entertainment | 20,000 Sq. Ft. |
| Gifts & Misc. Items | 60,000 Sq. Ft. |
| Pharmacy | 10,000 Sq. Ft. |
| University of Kentucky Employees | |
| Restaurant & Retail Space | 70,000 Sq. Ft. |

MARKET ANALYSIS

Retail Market and Tenancing Strategy

As stated in the introduction to this section, opportunities for retail development often exist in the competitive environment, even when it appears that retail is in undersupply. This often comes to light when devising a tenancing strategy, which involves evaluating tenants that are not currently in the market that could succeed. This exercise is equal parts science, art, and strategy.

Consumer Patterns: Restaurants

The science comes from evaluating consumer spending patterns, to find out what types of tenants are missing in the market that have been demonstrated to be supported by similar consumer groups in other locations. Table 4 shows such tenants in the left column, followed by their dining category (which also serves as a local restaurant recommendation), and also includes a recommendation of location.

Though referenced so often it has become cliché, choosing the right location for a real estate program

can mean the difference between a successful project and an unsuccessful one. Where important, a location preference has been suggested for particular tenant types. For instance, ice cream and yogurt shops are recommended on Limestone, not Euclid, so they do not compete with Graeter's Ice Cream at Chevy Chase. Likewise, a breakfast diner is recommended near Kroger, to take advantage of the increased visibility provided by an anchor supermarket.

Curating a tenant mix for a district can sometimes be challenging. Many potential tenants could serve as anchors in a ground-floor retail scenario. Because chain tenants tend to pay significantly higher rents than local operators, they can become an important part of an economic strategy to underwrite a building's development with private money. That said, local businesses have certain strategic advantages (such as attracting residents to a building), so these two needs have to be weighed against each other. In a "best of both worlds" scenario, both national and local tenants are curated to bind a market strategy with an economic strategy.

Table 4: Top Chain Restaurant Chains not in Market

South Limestone and Euclid (Chevy Chase Area) Corridors

| Chain | Alternative restaurant | Best near Limestone | Best near Chevy Chase | Would Work in Either | Comments |
|--------------------------|----------------------------------|---------------------|-----------------------|----------------------|--------------------------------------------------------------------------------------------------------------------|
| California Pizza Kitchen | Wood-Fired Pizza Restaurant | | | | Chevy chase is too close to Fayette Mall |
| Baskin Robbins | Ice Cream/Yogurt Shop | | | | Yogurt shop would complement Graeter's; also does very well in campus environments |
| Quiznos | Sub Shop | | | | |
| Steak and Shake | Soda Fountain/Burger Diner | | | | |
| Coldstone Creamery | Slow-churned Ice Cream | | | | Would not complement Graeter's at Chevy Chase |
| IHOP | Breakfast Diner | | | | Would benefit from Kroger traffic |
| Panera* | Potbelly's/Atlanta Bread Company | | | | Panera at Fayette Mall would be too close to Chevy Chase. Other chains may compete with McAlister's at Chevy Chase |

*Note: A Panera Bread franchise is planned to open in the new Commons Building on the UK campus.

Tenancing Strategy: Limestone

In the case of Limestone, which is a rapidly improving retail environment that generates significant traffic and visibility, a number of national and local tenants are likely to show increasing interest over time. In such an environment, the public and institutional sectors can best serve the area by providing design guidelines that are supportive of quality of place enhancements, and by providing the right catalyst projects that accelerate the corridor's evolution as a more livable, walkable, economically thriving and resilient place.

The following mix is part of a tenancing strategy that is informed by demand gap analysis, consumer patterns, and an assessment of the competitive environment. Demand for a pharmacy is driven by student demand, as well as the lack of a pharmacy near the Limestone/Euclid corner. Though a high-quality Kroger store is now open near the Chevy Chase shopping district, a smaller-format store, especially where foot traffic and visibility is greatest, could also succeed in the study area—especially if it is sufficiently differentiated by offering a greater percentage of organic and/or fresh foods.

A student bookstore is a strong market opportunity—one currently being seized upon by the University of Kentucky. This will serve as an appealing junior anchor to the area. A number of restaurants could be successful in the area. Although UK is providing a Panera, other fast-casual restaurants, such as Potbelly, would succeed here as well. American Apparel and Pitaya are in-line apparel stores that have shown a willingness to pioneer a burgeoning retail district, and often locate in or near student districts. These retailers often signal a further step in the revitalization of an urban commercial district. Urban Outfitters, another such store, has recently located in downtown's Victorian Square, indicating urban retail evolution is already underway in Lexington.

One intriguing idea for which there is ample market demand is a small format general merchandise retailer. Both Target and Walmart are experimenting with 20,000 to 30,000 square foot building footprints that enable them to access urban areas with high amounts of expendable income, including university

environments. Target has opened less than ten such facilities to date but, if it finds a formula it deems successful, could someday provide an enticing anchor to one of the corridors.

Limestone Area — Market Demand



- Pharmacy (Walgreen's)
- Urban/Organic Grocer (Lucky's)
- Bookstore (B&N @ UK Campus)
- Frozen Yogurt Shop
- Steak and Shake Restaurant
- Coldstone Creamery/Jeni's
- Splendid Ice Creams
- Panera/Potbelly Café
- American Apparel
- Pitaya (Apparel)
- Foot Locker
- Bank Branch

MARKET ANALYSIS

Tenancing Strategy: Euclid

Along Euclid, a retail tenancing strategy is more nuanced, since it is not as far along in its evolution as Limestone. It’s strongest asset is the Chevy Chase shopping district. Opportunities for retail in the corridor are generally strongest near this anchor. Here, a balance between chain stores and local stores—between economic and market strategy—is likely to be necessary.

The following lists chain retailers that could locate in the corridor, many of which could pay a fairly high rent. So while a Quiznos or cell phone store may not be viewed as adding to the authenticity of a place, they could be key tenants in getting the commercial part of a mixed-use building off the ground. A Blick art supplies store is currently lacking in the Lexington market. It is likely to do well near the university, and the Chevy Chase shopping district would provide a perfect location that straddles the purchasing power of university students and the affluent Chevy Chase neighborhood to the south.

These chain opportunities contrast with a number of potential retail tenants that have local operators. Many of these would add greatly to the Euclid environment as an attractive place to live and shop, but they cannot typically pay high rents. Further, a few might cannibalize on other operators in or near the study area but, in general, most of these operators have been demonstrated to succeed where other, similar operators are present.

Chevy Chase Area - Retail Tenancing



| No Subsidy | Market Demand | |
|------------------|----------------------------|---------------------|
| | Utrecht/Blick Art Supplies | Apparel Store |
| | Game Stop | Bank Branch |
| | Pizza Restaurant | Cell Phone Store |
| | Quiznos | Smoothie Store |
| Requires Subsidy | Market Strategy | |
| | Coffee Roaster | Micro Brewery |
| | Breakfast Diner | Barbeque Restaurant |
| | Bicycle Shop | Craft Donut Shop |
| | Bakery/Craft Pastries | Art Galleries |

MARKET ANALYSIS SUMMARY

Retail Opportunities

- There are competitive opportunities in the Limestone and Euclid market areas. These include a niche market for an urban grocer specializing in fresh foods, certain chain apparel stores that target student and young professional demographics, successful fast casual restaurants not currently in the market, a near-campus pharmacy, and a chain art supply store (although a local art supply store is currently present in the market).
- Although most student, worker, and resident retail needs are being met, many of them are being met in more suburban regional retail centers, such as Fayette Mall, and provide an opportunity to create a more urban shopping experience closer to home.
- While some retail needs are unmet, most retail possibilities are a result of competitive opportunities—introducing chains or other stores to the market that serve an unmet niche, or would be deemed superior to existing offerings in the marketplace.

Housing Opportunities

- Market opportunities for new housing are abundant for the corridors, although some are more immediate, while others will require patience and strategic policy and economic efforts (which are discussed later in this report).
- An opportunity exists to develop 300 condos that appeal to young professionals. This will require a recovery in the for-sale market. In addition, 800 units of rental housing could target this demographic, although the relatively high unit size requirements are likely to push rent per square foot returns downward, so the condo opportunity is economically stronger.
- The bulk of immediate demand is in the student market. Not only are quality options currently limited for undergraduate and graduate students, but the proximity of both Limestone and Euclid to the UK campus would provide such properties a competitive advantage over comparable products in Lexington. This advantage should translate into smaller achievable unit sizes, and thus greater returns, on a per square foot basis.

Table 5: Market Demand Summary for Lexington Corridors

| Key Product Type | Target Market(s) | Price Point(s) | Demand Pool | Timeframe* |
|---------------------------------------|-------------------------------------|---------------------------------|-------------------------------------------------|---------------|
| Midscale Young Professional Condos | Young Professionals | \$190,000 to \$230,000 | 300 units | Mid and Long |
| Upscale Graduate Rental Housing | Grad Students | \$650-\$875/mo | 1,600 beds | Short |
| Upscale Undergraduate Housing | Undergraduates | \$650-\$900/mo | 2,100 beds/units | Short |
| Upscale Young Professional Apartments | Young Professionals | \$950-\$1,150 | 800 units | Short and Mid |
| Undersupplied Retail | Area Residents | \$15-\$25 psf annual lease rate | 10,000 s.f. (Limestone) 35,000 (Chevy Chase) | Short and Mid |
| UK Student and Worker-driven Retail | UK Student and Worker-driven Retail | \$15-\$25 psf annual lease rate | 240,000 s.f. | Short and Mid |
| Competitive Market Retail | Residents, Students, and Workers | \$15-\$25 psf annual lease rate | 60,000 s.f. (Limestone) 25,000 (Euclid) | Mid |

*Short Term: 1-4 years; Mid Term: 5-8 years; Long Term: 9-12 years

MARKET STRATEGIES

Introduction

A market strategy ensures that the right types of products will be delivered to the right markets, thereby reducing risk to developers and the public sector while increasing the likelihood of lasting, sustainable development and communities. Building on the market analysis, there are multiple market strategies that will be discussed in this section that have been specifically developed for the South Limestone and Euclid corridors. These strategies—some long-term, others short-term—will enable UK, the city and the surrounding neighborhoods to work together to transform these corridors into a thriving urban district that attracts more residents, commercial activity and visitors.

A market strategy builds on the program derived from market analysis, molding it into a strategy that takes advantage of a community or site's assets—resulting in a plan that is wholly unique and distinctive. By leveraging investments in place and the public realm, sound urban design and architecture, anchors to drive traffic, and coordination of complementary uses, a development, district, or community can be created that is greater than the sum of its parts.

Market Strategy: Placemaking And Value Creation Overview

An important intervention in the physical realm that can lead to enhanced performance of private enterprise involves making portions of the corridors (where feasible, in terms of traffic considerations) into more walkable, livable, human-scaled streets with a strong sense of place. While significant strides have been made in the Limestone corridor, a more robust overhaul is needed for Euclid.

Over the past decade, a measurable positive market response has been well-documented in areas with great character and placemaking principles (i.e., main streets, town centers, walkable neighborhoods, historic districts, transit-oriented development) in the form of value appreciation for property owners, greater retail traffic, greater desirability as a location for employers and employees, and greater real estate revenues (which make quality development more economically viable).

Street Environment and Retail

The quality of the street environment can boost retail traffic. Often, this can be accomplished by enhancing the streetside zone with sidewalks, street trees, and opportunities for outdoor dining. This has been accomplished for much of Limestone. Along Euclid, where retail demand needs to be focused in select areas (because market demand is not sufficient to support retail for the entire corridor), locations for on-street parking might be identified at nodes where walkability and storefront retail is desirable.

Main Street Model

Many of the most rapidly-revitalizing communities across the nation are leveraging their historic main streets as assets that increase retail traffic as well as demand for housing (and thus retail sales and home values). This is true along Bardstown Road in Louisville, where home values in adjacent neighborhoods are appreciated at a rate far more rapid than that of the city or region. Creating an inviting sense of enclosure with multistory buildings, narrow street lanes, and street furniture are value-creating efforts. Where architecture and building enclosure are



Streetscape improvements on South Limestone have helped to revitalize the retail environment close to campus.

not possible, mature street trees can be a practical placemaking tactic that has positive benefits for economic development.

Town Centers

The 15-year retail trend of developers successfully leveraging placemaking principles as a means of increasing traffic and revenues by building open-air town centers in the U.S. is noteworthy because it validates many urban design principles. These include:

- Accessible, but hidden, parking behind buildings
- Storefront retail
- Inviting streetside zones
- Public plazas and village greens
- Attractive trees and landscaping

Alternative Transportation

High quality public transportation systems and bicycle facilities have been demonstrated to create real estate value premiums for nearby property. Effects are often dependent on the design of the surrounding

community; pedestrian-oriented development is most capable of maximizing the positive benefits of alternative transportation.

Parks

In many communities, parks can be enormous value-creating assets that improve property values. Opportunities for plazas and activity areas in targeted nodes should be sought, in conjunction with private and civic building development.

Green Infrastructure

Linear parks and other forms of green infrastructure also can create real estate value. Real estate development strategies should be sought to maximize views of, and access to, green amenities—if developed in the corridors at some point in the future.

MARKET STRATEGIES

Development Products and Typologies

A thorough analysis of housing and retail supply, demand, consumer preferences, case study, and location considerations was undertaken to determine marketable development products for the corridors. Ultimately seven development products were identified, based on these analyses, as part of a market strategy to generate catalyst projects that can alter the course of development in the corridors in a positive way. Not all of these products will be successful at every location in the corridor, but each of them is likely to be well-received in some part of the corridors. Following is a summary of each.

Market Rate Undergraduate Housing

Market rate undergraduate housing has been a highly successful development product near campus environments across the country, including Lexington. In Lexington, successful projects have kept one-bedroom price points below \$850 per month, two-bedroom price points below \$650 per month (per person), and so on. Given the proximity of Euclid and Limestone to campus, it is almost certain that these

properties can achieve these rents with smaller unit sizes than more remote properties, increasing the achievable “rent per square foot”. The strategy, therefore, is to leverage proximity to campus, as well as an improved public realm, to create a more marketable and economically successful project. Demand for this type of product is deep.

Graduate/Professional Housing

One model not currently present in Lexington is a large-scale apartment development that specifically targets graduate students. This project would be marketable in a revitalized Euclid environment, if the public realm is enhanced. Relative to undergraduate housing, emphasis would be placed on studio, one-bedroom, and some two-bedroom units. Units could be relatively small, and at \$1.45 per square foot, rents relatively high. Compared to undergraduate student housing, the number of parking spaces per unit is lower, because graduate students have relatively fewer roommates. An example of such a project can be found at the South Campus Gateway in Columbus, Ohio.



Market Rate Undergraduate Housing



Graduate/Professional Housing



Off-Campus University Housing



Young Professional Condo

| | | | |
|------------------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|
| Rent/ Square Foot: | Rent/ Square Foot: | Rent/ Square Foot: | Sale Price/ Square Foot: |
| \$1.50 | \$1.45 | \$3.20 | \$190 |
| Avg. Unit Size (SF) | Avg. Unit Size (SF) | Avg. Unit Size (SF) | Avg. Unit Size (SF) |
| 825 | 600 | 560 | 1,150 |
| Units/Acre | Units/Acre | Units/Acre | Units/Acre |
| 45-70 | 40-70 | 40 | 25-45 |
| Parking Spaces/Unit | Parking Spaces/Unit | Parking Spaces/Unit | Parking Spaces/Unit |
| 2.0 | 1.25 | 2.0 | 2.0 |
| Development Costs/Sq. Ft. With Structure | Development Costs/Sq. Ft. With Structure | Development Costs/Sq. Ft. With Structure | Development Costs/Sq. Ft. With Structure |
| \$150 | \$150 | \$230 | \$160 |
| With Surface Parking | With Surface Parking | | With Surface Parking |
| \$120 | \$120 | | \$130 |

Off-Campus University Housing

In this instance, the University of Kentucky would effectively offer some of its students who seek a university-controlled housing option an off-campus alternative. The property would have full apartments, with complete kitchens, and charge an annual rent that is consistent with the amount of money charged for two semesters of room fees. Students would get an extremely high-quality living environment that would look and function like an authentic mixed-use apartment in an appealing urban environment. In this way, it is differentiated from a typical “dorm” environment, and targets a more independent (i.e., non-freshman) student. A recent case study includes the Lofts at WashU, which are located in St. Louis’s Delmar Loop, near Washington University. On a per square foot basis, rents are quite high, enabling high-quality construction, structured or underground parking, anchor retail tenants, and top-notch security.

Young Professional Condominiums

One option that is likely to become more viable — following a fuller recovery in the for-sale market — is condominiums that target young professionals. A product that is priced near or below \$200,000 is likely to have the greatest amount of market depth. An advantage of condominiums is that they tend to create more value, per acre, than most types of apartment properties, enabling land price hurdles to be overcome more readily. They also appeal to a non-student demographic, which could help increase socio-economic diversity in the area. In order to appeal to the broadest market possible, a quality product is needed that is a “step up” from apartment properties, but should not have luxury finishes or services that add too significantly to building cost (and thus push up sale prices).

Retail

The market analysis and tenancing strategy sections of this report identified several opportunities for retail development. Generally, lease rates of \$20 to \$25 per square foot are achievable for chain retailers, and \$12 to \$16 per square foot are achievable for local retailers. If blended lease rates of \$20 per square foot can be achieved, retail can enhance the economic viability of most mixed use projects proposed in the corridors.

Anchor Retail/Garage

Though a detailed parking market analysis was not conducted, preliminary analysis indicates a parking garage could thrive in the Limestone corridor, if properly located. If revenues per space can exceed \$180 to \$200 per square foot, it may be possible to subsidize ground floor retail, in order to ensure a key anchor tenant can be attracted to the corridor.

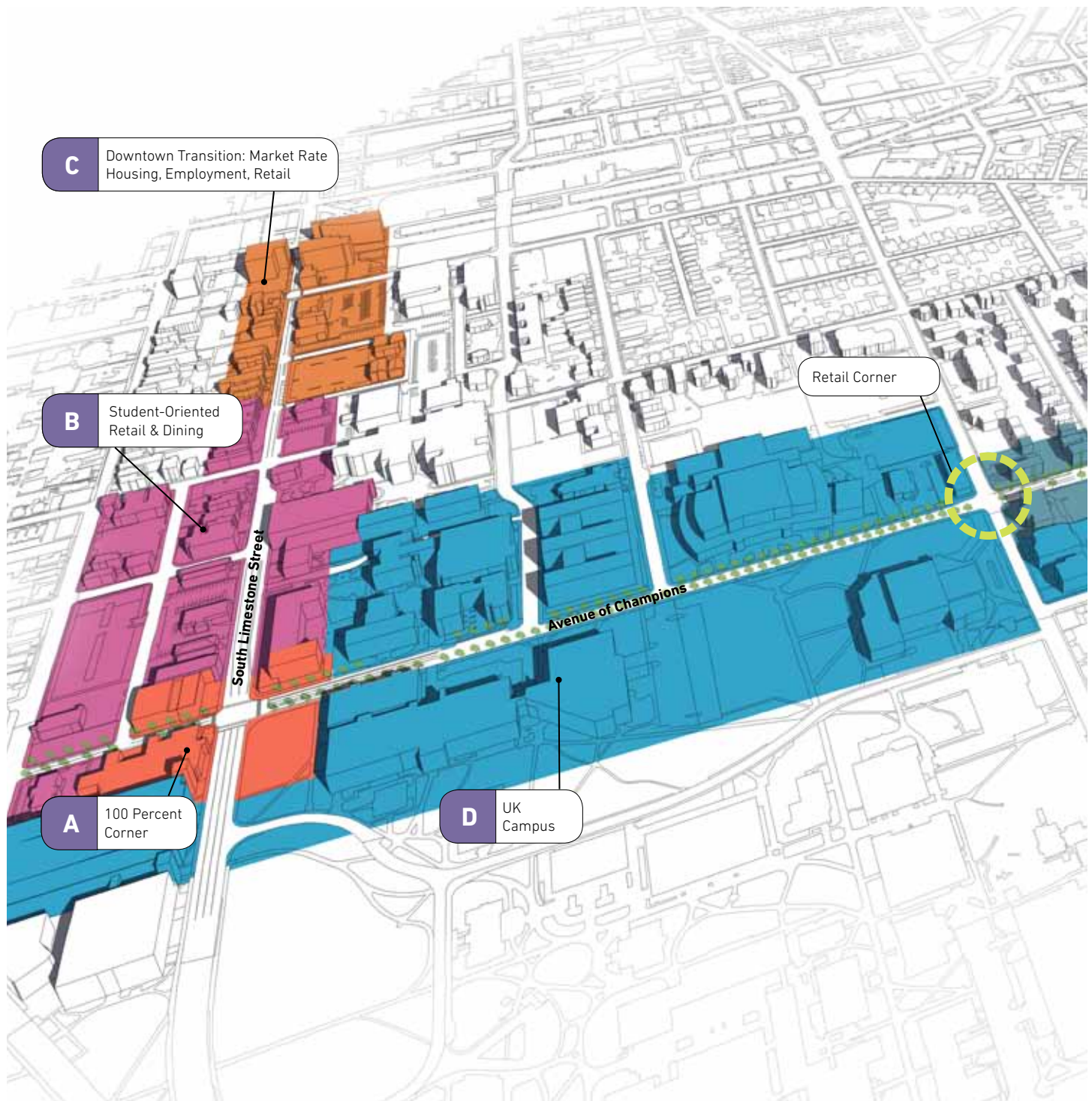
Boutique Hotel

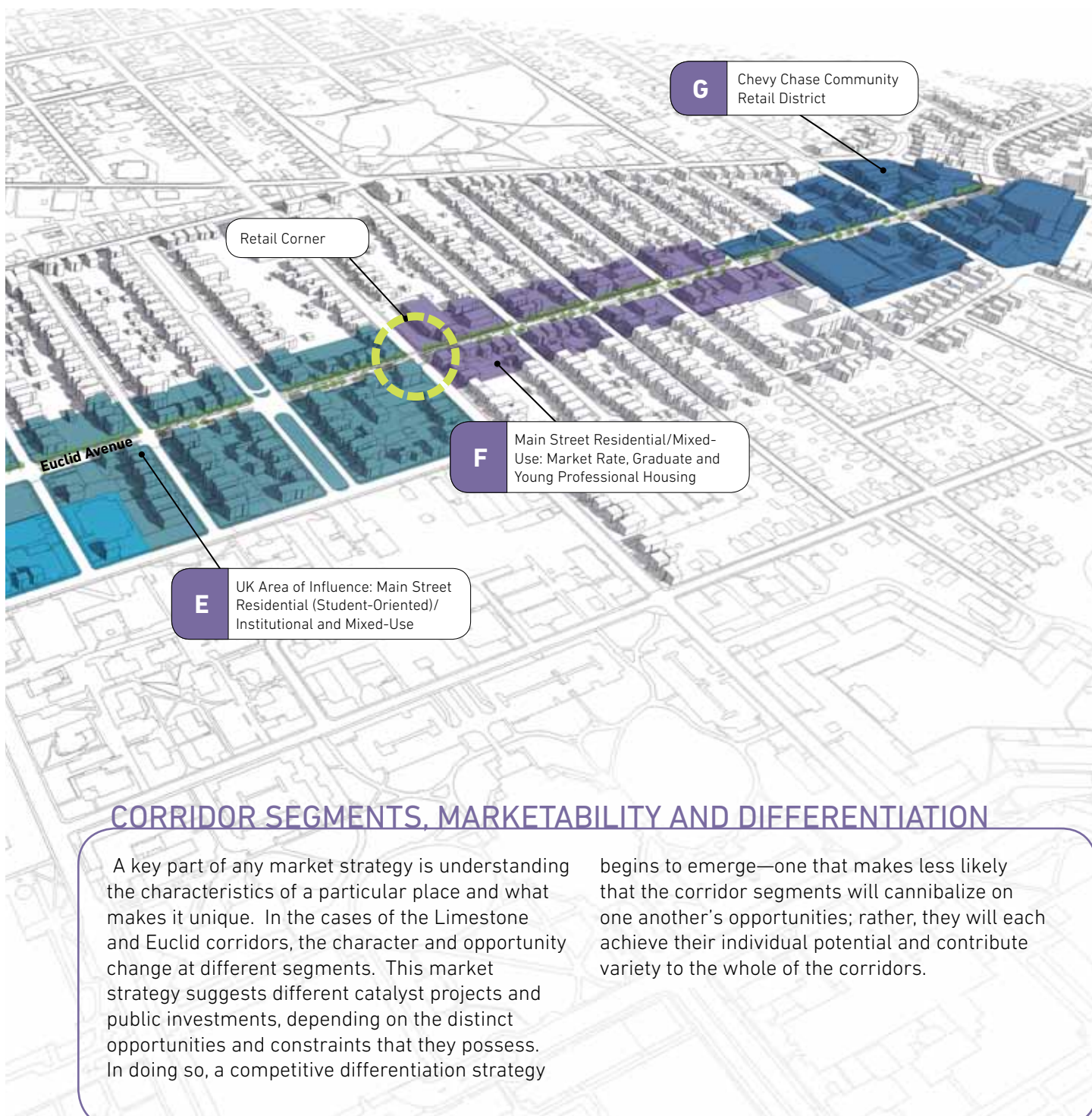
A detailed hotel market study was not conducted, but market metrics indicate the very likely possibility that a boutique hotel could thrive in the Limestone area. The hotel would take advantage of the appeal of Limestone, as well as the proximity to the University of Kentucky. Such a hotel should be trendy, design-forward, and integrated into the urban form that is emerging on Limestone.

|  |  |  |
|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| Anchor Retail/Garage | Boutique Hotel | Retail |
| Monthly Revenue/ Space: | Room Rate/Night: | Lease Rate/s.f. Chain |
| \$120-\$240 | \$150 | \$20-\$25 |
| Parking Spaces/s.f. | Occupancy Rate | Lease Rate/s.f. Local |
| 4/1,000 s.f. GLA | 70% | \$12-\$16 |
| Development Costs/Space With Structure | Development Costs/ s.f. With Structure | Development Costs/s.f. |
| \$15,000 - \$20,000 | \$195 | \$120-\$150 |
| | | Spaces/1,000 s.f. GLA 2.0 |

MARKET STRATEGIES

Corridor Segments, Marketability, and Differentiation





CORRIDOR SEGMENTS, MARKETABILITY AND DIFFERENTIATION

A key part of any market strategy is understanding the characteristics of a particular place and what makes it unique. In the cases of the Limestone and Euclid corridors, the character and opportunity change at different segments. This market strategy suggests different catalyst projects and public investments, depending on the distinct opportunities and constraints that they possess. In doing so, a competitive differentiation strategy

begins to emerge—one that makes less likely that the corridor segments will cannibalize on one another's opportunities; rather, they will each achieve their individual potential and contribute variety to the whole of the corridors.

MARKET STRATEGIES

Corridor Segments

South Limestone

A 100 Percent Corner Euclid & Limestone

This area is just what its name implies—a place with immense economic opportunity because of the confluence of two significant thoroughfares. As the primary gateway between the University and the pedestrian-oriented commercial corridor of Limestone, visibility and traffic are high. “Big ideas”, such as anchor retail, entertainment and hospitality uses, and structured parking, are possible here. Anchor retailers that should be explored include urban grocery stores, small-format general merchandisers, junior anchors not found in the Lexington market to date, and one or two national in-line apparel chains that target university students.



Existing development at Euclid Avenue & South Limestone Street.

B Student-Oriented Retail and Dining Limestone

In this stretch of Limestone, with so much positive momentum, it is likely that the place will largely “take care of itself”. That is, with public improvements in place and some moderate design regulations, private investment is likely to occur that is of increasingly higher quality and character. Presently, a McDonald’s site exists that, while not wholly unattractive, presents development opportunities that could contribute more to the urban landscape and economic performance of the area. One possibility is to incorporate a McDonald’s as an anchor tenant in a mixed-use building. Such developments by the private sector should be encouraged.

C Downtown Transition Limestone

The Downtown Transition area is truly the place where the campus district meets downtown. In this area, the University of Kentucky’s influence begins to diminish, and the employment, hospitality, and convention sectors of downtown begin to take precedent. With significant new investments slated to occur nearby, such as the CentrePointe project and urban entertainment around Rupp Arena, the value of this ground could improve significantly.

Until these projects materialize, the best public interventions may be cosmetic ones, to improve the spaces within the public right-of-way, in order to better link the downtown and university districts. If private-sector jobs grow in Lexington or the convention/hospitality district takes off, the private market may choose to invest in the existing buildings, perhaps modernizing their appearance in the process.

A special opportunity site exists on Limestone that is controlled by the University of Kentucky; a surface parking lot currently serving the Good Samaritan Hospital. Such underutilized sites are often filled with market-rate opportunities and, if well-designed, can help an entire district “leap forward” as an urban place. The result is a “win-win” for both the City and the University, in terms of their enhanced visibility, marketability, and perceived prestige and competitiveness. While many uses are viable at this site, it does pose a particularly exciting opportunity to develop a quality boutique hotel, along with conference facilities and dining. If the architecture is sufficiently “design forward”, it could become a new landmark for both the City and University.

Euclid Avenue

D

UK Campus

Euclid

This corridor already has several large facilities developed or under development, and has a fairly strong institutional feel. Enhancement of the street environment could reinforce the “campus-meets-city” place that it has the potential of becoming. Efforts to focus campus retail toward the street in a typical urban retail arrangement is likely to add value to the community.

E

UK Area of Influence

Euclid

This area is largely controlled by, or greatly influenced by, the University of Kentucky. As such, development opportunities are largely going to be university-related. Off-campus university housing could thrive here, and it would enable the University to establish a strong precedent of urbanity that will both add value for the whole of the corridor, and likely become a strong marketability enhancement for incoming students.

F

Main Street Residential/Mixed-Use

Euclid

In this area, development opportunities should be focused at selected nodes, since there is not sufficient retail demand to fill the whole corridor. Housing should target graduate and undergraduate (primarily upperclassmen) students in high-quality multifamily properties. The proximity to campus should give these properties a competitive advantage over more remote options that target these groups.

G

Chevy Chase Community Retail District

Euclid

This district is already an established retail district. With a new, high-quality Kroger anchor, as well as access to both the University of Kentucky student market and the affluent Chevy Chase neighborhood, it is likely to receive more attention from retailers in the coming years. Encouraging new retailers (as well as existing ones that seek to upgrade their properties) to embrace an urban “storefront retail” environment will create value for everyone, driving up pedestrian traffic and enhancing property values in adjacent neighborhoods.

This area also represents one of the best opportunities in which to market housing to urban professionals in the 25 to 35 age demographic. Following a return of the for-sale housing market (as well as improvements to the street environment), condominiums would be very marketable here, due to the appeal of the Chevy Chase shopping environment, and the “close but not too close” location it provides, relative to the University of Kentucky campus.

MARKET STRATEGIES

Market Strategies Summary

With marketable product types developed, target markets understood, locations/corridor segments identified, and demand quantified, a market strategy for catalyst projects comes into focus, and is displayed in the matrix below. Student housing, be it undergraduate or graduate, has significant depth of demand in the short term, and can be leveraged as project catalysts that change the landscape of the Euclid corridor in a positive way. This, along with public improvements and policy efforts (articulated in the implementation section of this report) will set the stage for other types of development that target non-student populations.

These projects, as they begin to unfold, will alter the landscape of the corridors in many positive ways, contributing to economic prosperity and enhancing property values in ways that a singular project cannot.

Housing that targets young professionals will become more marketable as these other catalytic efforts are implemented (and as the for-sale housing market recovers). Some retail amenities could be added in the near-term; other catalytic retail could be added in the near-term, but is more likely to happen in a second phase, because of various efforts (site acquisition, incentive packaging, tenant recruitment) that are likely necessary first. A boutique hotel is also possible in the short-term, but is essentially up to the campus planning needs of the University of Kentucky, since they control the most marketable ground for such a use.

Table 6: Development of Catalyst Projects

| Product Type | Target Market(s) | Primary Corridor Segment | Depth of Demand | Phase(s)** | Key Action(s) Needed |
|--------------------------------------|----------------------------------------------|---------------------------------------------|-----------------|--------------|--------------------------|
| Off-Campus University Housing | Undergraduates (Under & Upperclassmen) | UK Area of Influence | Moderate | I | UK Involvement |
| Undergraduate Market Rate Apartments | Upperclassmen | UK Area of Influence | Deep | I | Incentives |
| Graduate Student Housing | Graduate Students | Main Street Residential | Moderate | I + II | Incentives |
| Young Professional Condos | Young Professionals | Main Street Residential | Modest | II + III | For-Sale Market Recovery |
| Anchor Retail/Garage | Students; Residents; UK Workers; UK Visitors | 100 Percent Corner | Moderate* | II | Property Acquisition |
| Boutique Hotel | Campus Visitors/ Business Travelers | Special Opportunity Site | Moderate* | I or II | Land Availability |
| Retail | Varied | Limestone; Chevy Chase; Select Euclid Nodes | Moderate | I + II + III | Varied |

*Demand not fully evaluated as part of this study

**Phase I: 0-3 years; Phase II: 4-7 years; Phase III: 8-12 years

Market Evolution

A variety of policy makers have expressed a desire for the study area to evolve into a more diverse neighborhood that attracts young professionals, faculty, and families, in addition to students. Such a place would have obvious benefits for the economic competitiveness of Lexington and the University of Kentucky. The proximity of the University of Kentucky, and the sheer number of people it attracts for school, employment, and visitation makes the study area one of the most visible neighborhoods in the region. A neighborhood capable of attracting such a diverse residential base would have to be a very interesting and inviting place—one poised to retain talented people who are lured to Lexington by UK.

In order to be a more inclusive neighborhood, several steps need to be taken, many of which involve crafting policies and laying groundwork that will pay off over time. It also involves seizing upon the best market opportunities available today, and doing so in a way that sets the table for future attraction and retention of young professionals, faculty, and families. These, and other needed efforts are explored in greater detail in the Implementation section of this study.

It is helpful to think about the evolution of the residential market in three general phases, particularly in terms of when market conditions can be expected to support a critical mass of each demographic group. However, these “phases” can and will overlap, and the speed of the market evolution depends on the strategic actions taken by both the City and UK. It is important note that work toward realizing the potential for each target market can and should begin today to make progress toward and set the stage for each phase.

Phase I: Graduate Students and Underclassmen

The first phase involves taking the “low-lying” fruit—that is, developing quality undergraduate and graduate student housing that helps improve the urban form and physical conditions of Euclid and Limestone. Such projects could be leveraged to remove blight, add residents (and thus foot traffic) on the corridors, and incorporate retailers into appealing, mixed-use building formats. The university has already undertaken this step along the Avenue of Champions and at the corner of South Limestone Street, with modernized student housing that incorporates active ground floor uses. This strategy should be continued in key locations, with additional opportunities to further reinforce streetscape character with the urban development types described in the Strategic Development Opportunities section of this report.

This is also the best time to lay down policy frameworks, including proactive code enforcement, and improving security measures in area neighborhoods. Acquisition of key sites and land-banking also need to take place. Retail recruitment should begin, with short-term and longer-term plays being made to capitalize on available commercial space and new development opportunities.



MARKET STRATEGIES

Phase II: Young Professionals

With a sufficient amount of blight removed, retail amenities gradually being added, an improved street environment created, and housing quality upgraded, the marketability of the area for housing that targets young professionals will be greatly enhanced. These efforts, coupled with a for-sale housing market recovery, will likely lead to new housing development in the corridor that will attract this demographic.

During this phase, some key anchor tenants may start to locate in the area. A public parking garage may begin to become a practical need. Laying the groundwork for the next phase, the University of Kentucky could start to roll out more robust incentives to attract faculty and families to the area.

Phase III: Faculty and Families

With significant improvements made to the marketability of Euclid and Limestone, as well as the surrounding neighborhoods, some number of faculty and families are likely to value the proximity to the University, as well as the array of services offered in an attractive, mixed-use, urban setting. With a thriving environment in place, exemplified by a high-quality public realm and complementary, tone-setting development types, the City may begin to consider rolling back incentive tools as the private market begins to take hold.



Existing single-family housing stock offers an opportunity to attract faculty and families to invest in the study area.

PHASE I

Graduate Students
& Underclassmen

PHASE II

Young
Professionals

PHASE III

Faculty
& Families

MARKET STRATEGIES SUMMARY

- Investing in place catalyzes value, particularly where it involves the investment in, and creation of a “Main Street Model”—i.e., storefront retail, inviting pedestrian realm, on-street parking, slow traffic, meaningful public space, and an appealing sense of enclosure.
- Six development products were identified that either take advantage of specific site opportunities, particular demographic opportunities, or both. These include market rate undergraduate housing, graduate professional housing, off-campus university housing, young professional housing, anchor retail with a parking garage, and a boutique hotel. A seventh product involves infusing many of these projects with a mix of in-line retail.
- The two corridors have a total of seven distinct areas, each with their own opportunities and limitations. Over time, achieving the development potential of each will create two corridors that are full of variety, with complementary places that collectively result in something that is greater than the sum of their parts. Each segment therefore has its own competitive differentiation strategy that ultimately enhances the marketability of the whole of Euclid and Limestone.
- Often, a market strategy informs an implementation strategy. The results of the market analysis and market strategy indicate that high quality student housing, along with other early-opportunity catalyst projects can advance the evolution of the district into something that will appeal to young professionals and, ultimately, university faculty and families. This three-phase strategy will harness market opportunities, urban design, and policy change to create corridors (and their surrounding neighborhoods) that are more diverse, stable, and economically sustainable.

STRATEGIC DEVELOPMENT OPPORTUNITIES

Introduction

While planning efforts are inherently long range in scope, there is often a need to identify early projects—catalyst projects—that are necessary to improve market conditions and set a new standard for future development. This is where a development plan becomes more tangible and near-term goals for the community and implementation entities (such as community development corporations) come into sharper focus.

A critical component to a development plan is proper vetting through a number of prisms, including site capacity, economic viability, and political support. The vetting of potential projects through these different lenses is often referred to as feasibility testing, as in:

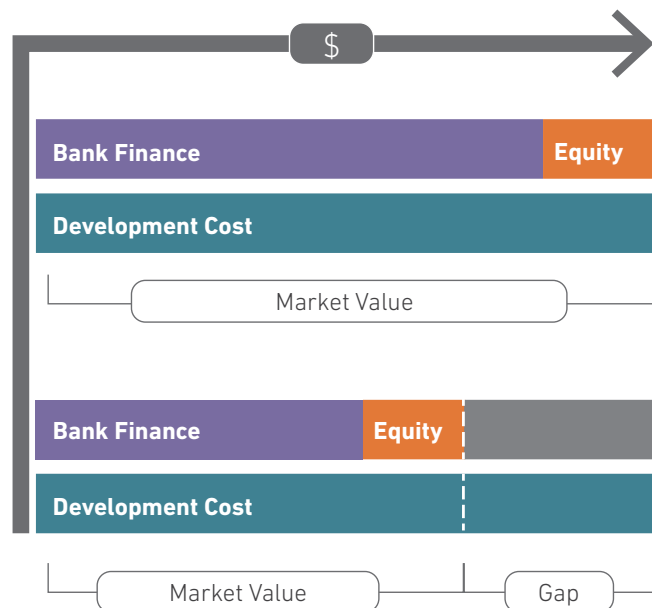
- **Site Feasibility** tests how much development product (typically expressed in housing units, hotel rooms, or commercial square footage) can be reasonably fit onto a site
- **Economic Feasibility** compares revenues (typically in the form of rents or sale prices) with construction and operation costs, to determine whether a project is economically viable
- **Political Feasibility** assesses whether a project is not only legally permissible, but also whether it has public support or opposition

The following section will test the feasibility of several marketable development products, at different locations, to understand the degree to which they are viable.

Feasibility Testing: Overview

In this section, targeted sites and catalyst projects are identified and prioritized for use of limited public and institutional funds in order to set the corridors on a path of greater economic sustainability. While market analysis helps to identify opportunities and establish revenue potentials, feasibility analysis considers the cost side of the development equation.

Site feasibility analysis was conducted for several sites to determine the number of housing units, hotel rooms, garage spaces, or retail square footage that can be accommodated on a site. Economic feasibility analysis will evaluate and test development products by determining their development value and weighing it against their development costs (i.e., construction, acquisition, etc.) and operational costs. Where development value exceeds development costs, a project is likely to be viable and attractive to private investment. Where it is not, public or institutional funds are needed to make a project feasible.



Acquisition Estimates

Though not as difficult as estimating remediation costs, acquisition costs can sometimes represent something of an unknown or “X factor” in determining a development cost. Materials and labor costs are generally easier to estimate, since there is less subjectivity involved. With acquisition, a landowner may have an inflated sense of their property’s worth, or be unwilling to sell. Other times, it is difficult to estimate the value of a particular

business operation, unless they open their books.

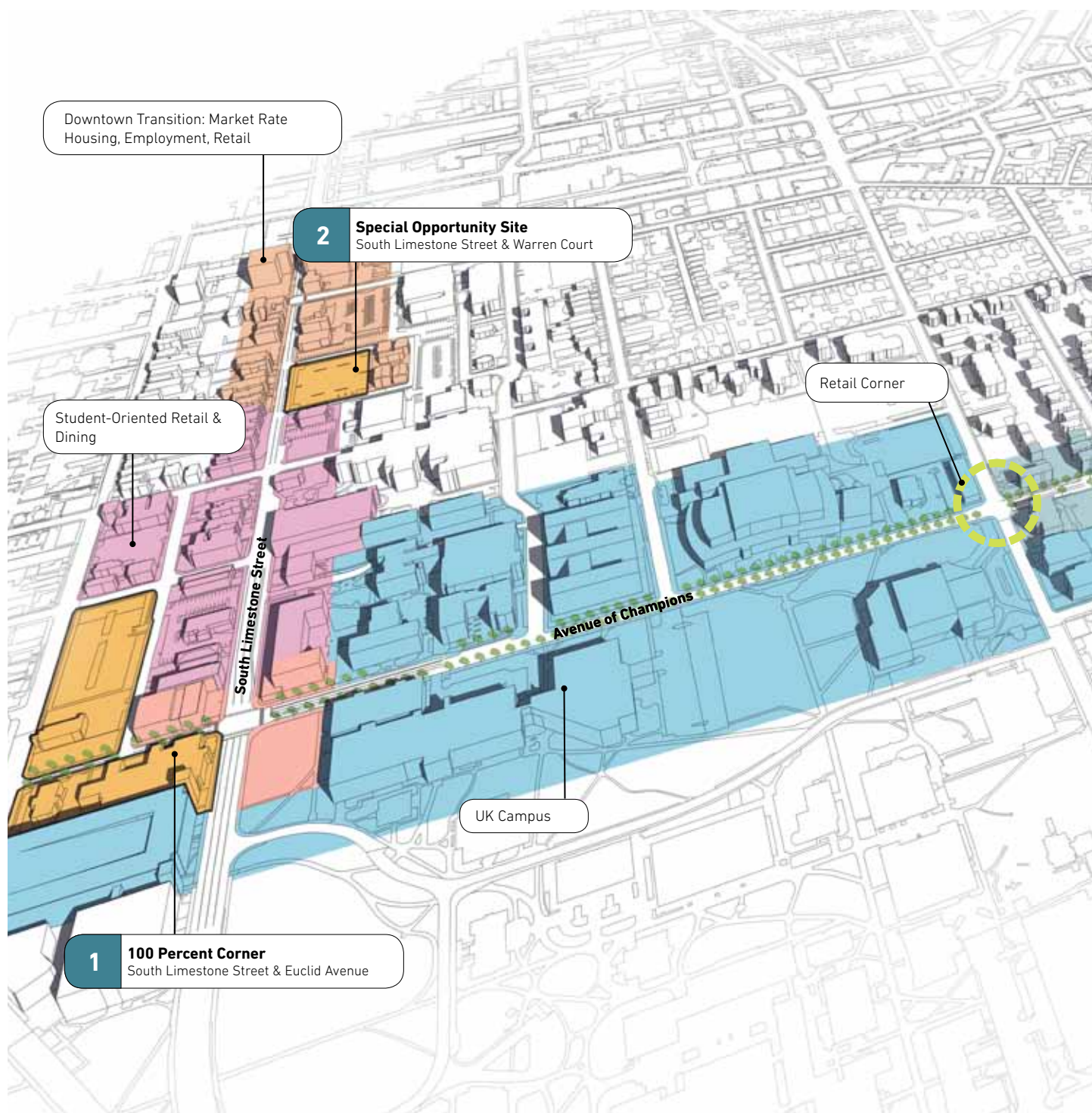
While a detailed appraisal is always recommended in determining a property value, some general assumptions were made regarding possible acquisition costs, based on residual value analysis (estimating the total value of a property and backing into a land cost), recent sales in the area, and the sales of comparable bank or restaurant franchises in the Lexington market.

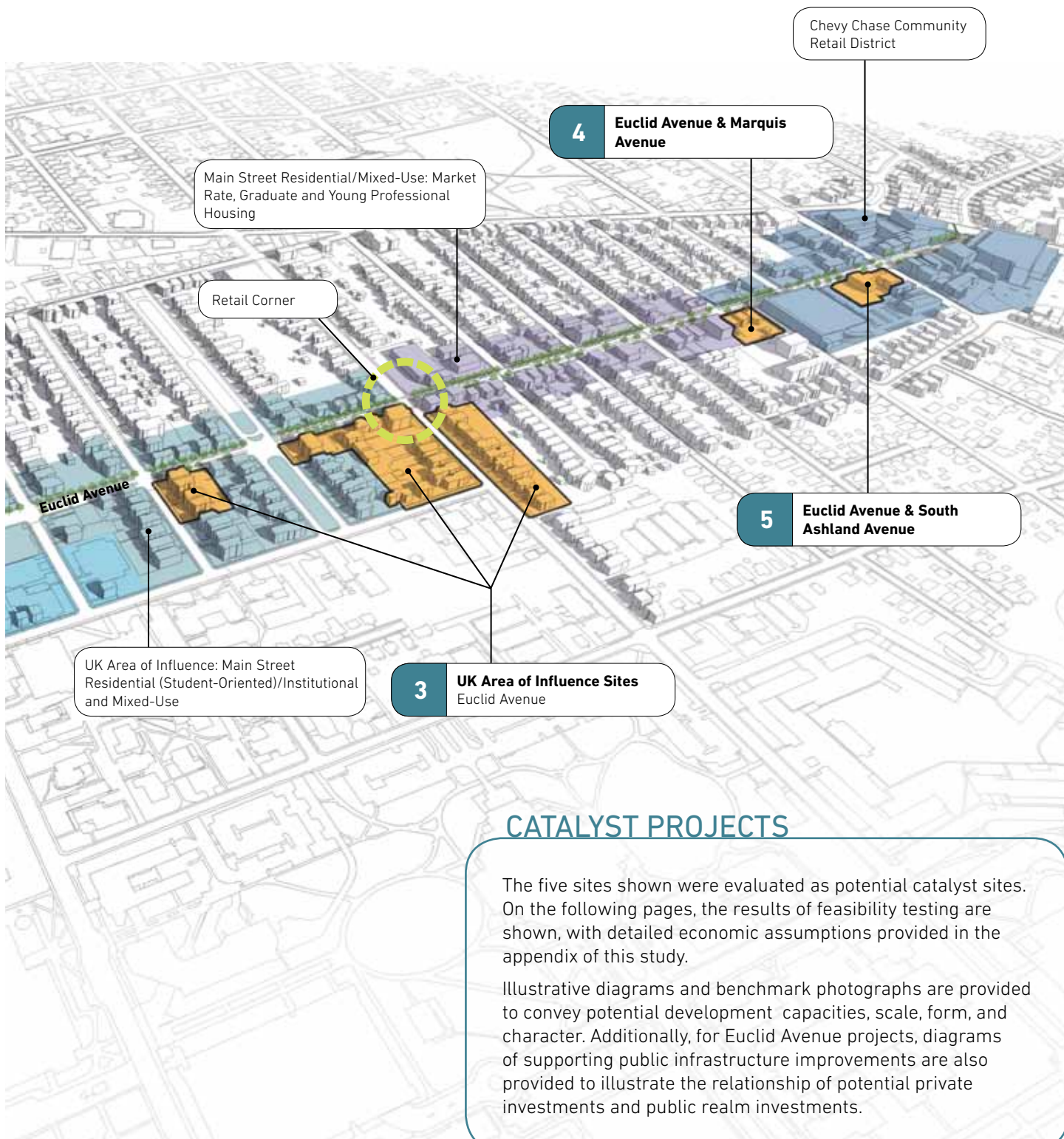
Map 10 - Property Types (Estimated Price/Acre)



STRATEGIC DEVELOPMENT OPPORTUNITIES

Opportunity Sites





STRATEGIC DEVELOPMENT OPPORTUNITIES

1 100 Percent Corner

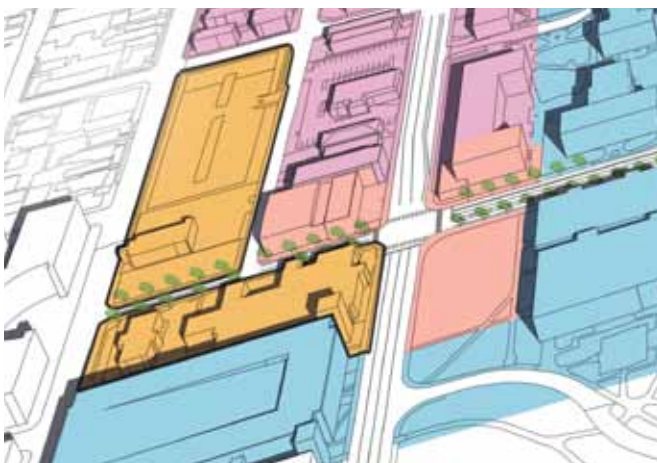
The “100 Percent Corner” represents the confluence of both the Euclid (Avenue of Champions) and South Limestone Street corridors. This is the primary gateway to the University of Kentucky, with the UK student center and the Limestone Garage serving as the first stops for many first-time visitors to the campus. This intersection also serves as the transition point to the student-oriented bar and dining district along South Limestone Street. New on-campus student housing with ground floor active space is currently under construction at the corner opposite from the opportunity site.

The Kennedy Bookstore, long recognized as a campus institution, is located in a prime location. While there are no immediate plans for the bookstore to close or be relocated, this site offers incredible potential that should be capitalized on in the event that the store becomes available for redevelopment.

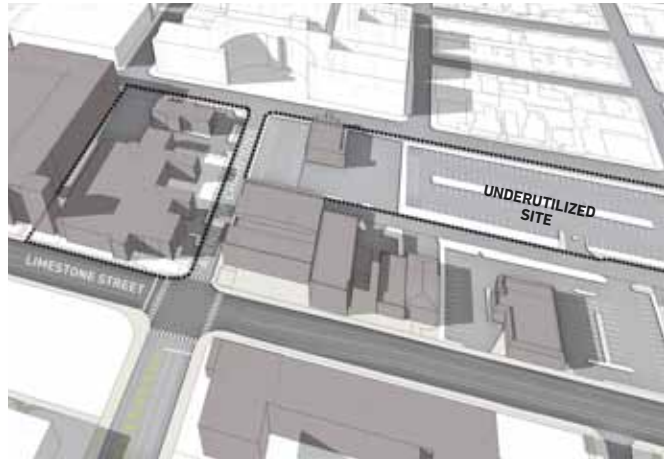
A fast food chain restaurant (Fazoli’s) is located behind the bookstore on Winslow Street, with another fast food establishment (Raising Cane’s) located across Winslow on South Upper Street. Both are drive-thru establishments with suburban-style development forms.

The Kennedy’s/Fazoli site could be redeveloped with a substantial expansion of the Limestone Garage, with ground floor retail and upper floor “liner” residential units. The Cane’s and UK surface lot site could be redeveloped with urban format student apartments, served by integrated structured parking, and including ground floor retail space along Winslow Street.

100 Percent Corner



Existing Conditions



Note: Hugh Jass Burger site is not included in redevelopment scheme



Location: Limestone & Euclid

Uses: Academic Bookstore, Fast Food Restaurant, UK-owned surface lot

Form/Type: 2-story (Limestone); 1-story auto-oriented

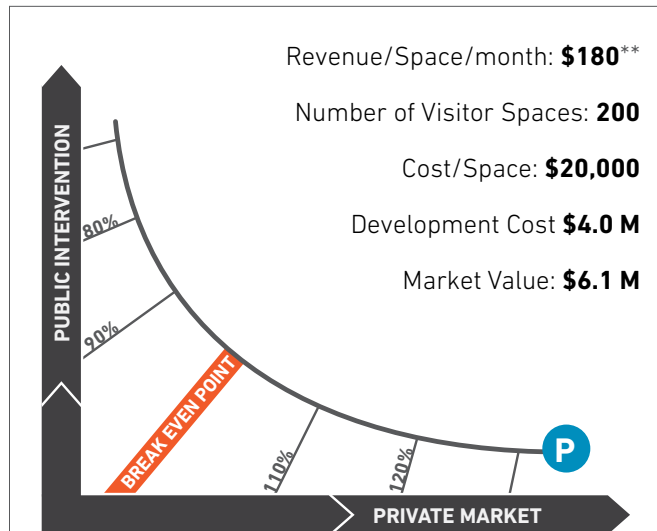
Acres: 1.5 (Bookstore Site); 2 (Cane's/Surface Lot)

Potential Redevelopment



STRATEGIC DEVELOPMENT OPPORTUNITIES

Summary of Inputs & Break-Even Analysis



Value to Cost Summary

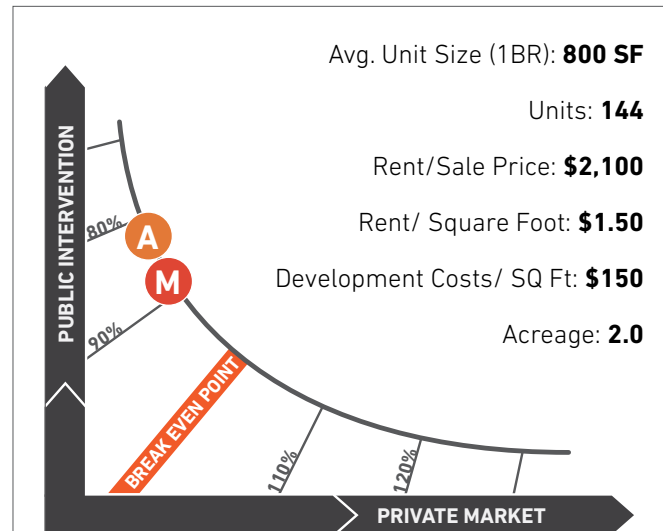
| | | | |
|----------|--------------------|---------|-----------------|
| P | Structured Parking | \$6.1 M | \$2.1M Surplus |
| | | \$4 M | 153% Value/Cost |

| | | | |
|---|--------------------|---|-------------------|
| ■ | Building Costs | ■ | Development Value |
| ■ | Acquisition Costs* | | |

*Acquisition Cost Not Factored



Summary of Inputs & Break-Even Analysis



Value to Cost Summary

| | | | |
|----------|-------------------------|----------|----------------|
| A | High Density Apartments | \$21.9 M | \$4.0M Deficit |
| | | \$25.9 M | 85% Value/Cost |

| | | | |
|----------|-----------------------|----------|----------------|
| M | Apartments and Retail | \$24.3 M | \$3.0M Deficit |
| | | \$27.3 M | 89% Value/Cost |

| | | | |
|---|-------------------|---|--------------|
| ■ | Acquisition Costs | ■ | Retail Costs |
| ■ | Building Costs | ■ | Retail Value |
| ■ | Development Value | | |



**Data provided by the University of Kentucky Facilities Management (refer to table 8) indicated a higher value is likely supportable; however, a more conservative number has been used for this study.

Site 1 - Feasibility Analysis

These developments would extend the vibrant, walkable character of the Limestone corridor around the corner to Upper Street, creating a stronger connection between both corridors and solidifying this area's position as a critical mass location at UK's doorstep.

At this site, garage parking was tested, using information on the non-reserved spaces in the garage next-door. Assuming \$180 per space is achievable on a monthly basis, structured parking is highly feasible. Not counting acquisition (which undoubtedly will be a factor) a \$2.1 million surplus is achieved, yielding a 153 percent value to cost ratio. Assuming a willing seller, this should leave ample money for acquisition. Equally important, the economic structure is such that it would likely be possible to subsidize ground floor retail, in order to get a quality anchor tenant, such as a green/organic grocer.

Dense student housing was also evaluated, although the presumed high acquisition cost of the Raising Cane's proved to be a prohibitive hurdle, without some form of incentives. A partnership might be explored with the fast food franchise—one that continues to accommodate the restaurant on-site, as part of a mixed use building.



Table 8: South Limestone Garage Visitor Revenue

| | |
|--------------------------------------------------|------------------|
| Hourly Visitor Revenue | \$412,822 |
| Validated Visitor Revenue | \$34,773 |
| Total Annual Visitor Revenue | \$447,595 |
| Total Spaces | 1,470 |
| Dedicated Permit Spaces | 1,283 |
| Official Vehicle, Disabled Spaces, etc | 33 |
| Visitor Space Remainder | 154 |
| Annual Visitor Revenue per Visitor Space | \$2,906 |
| Monthly Visitor Revenue per Visitor Space | \$242 |

Source: UK Parking and Transportation Services, 2013 - 2014

STRATEGIC DEVELOPMENT OPPORTUNITIES

2 Special Opportunity Site

At Warren and Limestone lies the Good Samaritan parking lot, owned by the University of Kentucky and serving the hospital complex. This site represents a special opportunity, given its location at a critical point between the student-oriented dining and entertainment district west of Maxwell Street and the transitional area connecting the campus to downtown. Currently, the parking lot creates a physical and psychological gap in the active, walkable street presence of the South Limestone Street corridor. Development of this site would significantly contribute to creating a “two-sided” Limestone, with architecture and active uses on both sides of the street.

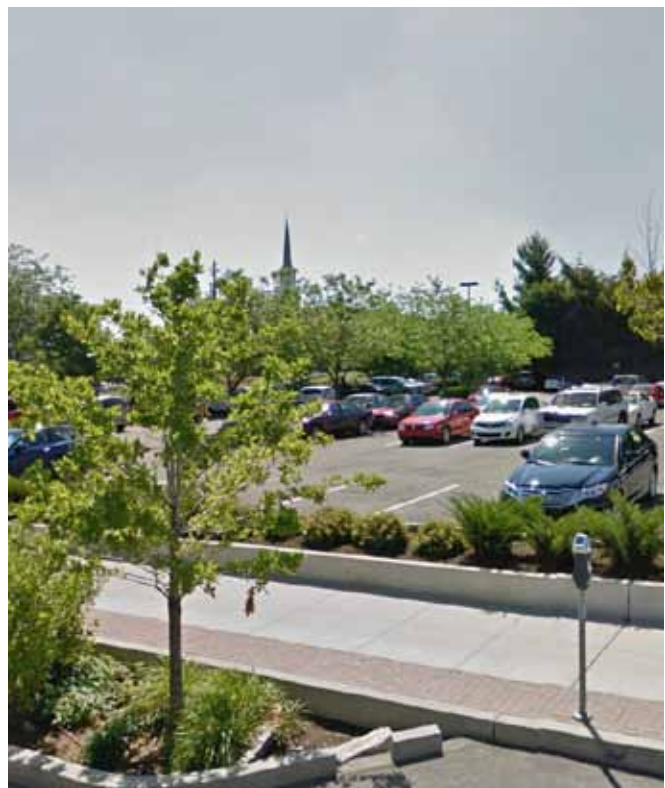
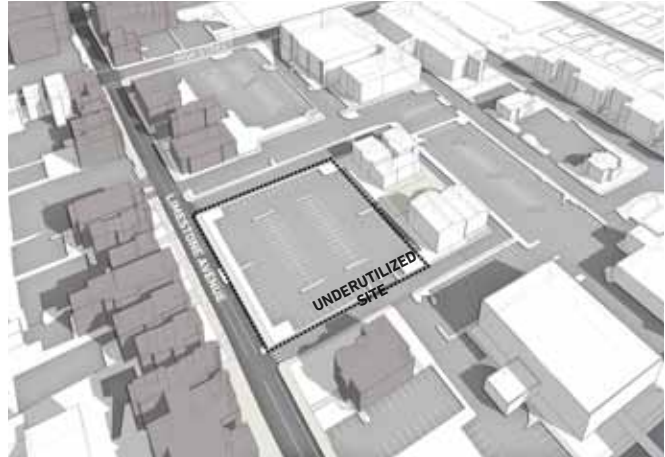
A variety of uses could be successful here. However, because it is situated mid-way between campus and downtown, the site offers a unique opportunity to introduce a destination-oriented use such as a boutique hotel with dining and conference space that would help to tie the University to downtown, providing a service that both would benefit from and draw people to and from both locations. Design-forward architecture with an emphasis on street presence would create a physical and visual asset to the corridor, as well as an economic one.

The site could also accommodate a parking structure with sufficient capacity to serve the hotel and to replace the existing 139 surface spaces currently serving the hospital, with additional spaces available for university-related or general public use.

Limestone Street at Warren & Chrysalis



Existing Conditions



Location: Limestone at Warren & Chrysalis

Uses: UK-owned surface parking

Acreage: 1.0

Potential Redevelopment



Uses: Hotel/Conference Center, University/Public Parking

Conference Center: 30,000 SF

Restaurant: 7,000 SF

Rooms: 95

Form/Type: 5-story, walkable urban

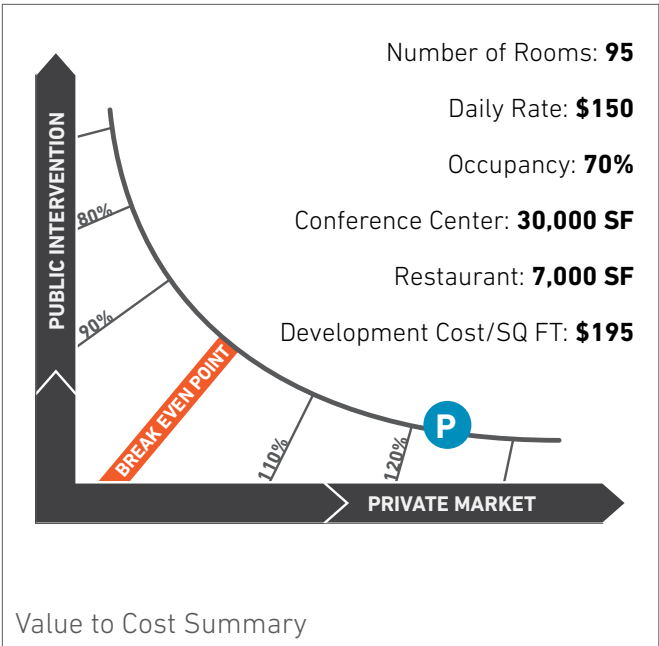
Parking: Structured (± 250 capacity at 3 stories; ± 425 capacity at 5 stories)

STRATEGIC DEVELOPMENT OPPORTUNITIES

Site 2 - Feasibility Analysis

While a detailed market study was not conducted for a hotel use, some basic assumptions were made regarding average daily rates and occupancy. If these are validated in a detailed hotel study, the project appears highly viable, with a \$3.9 million surplus. Land acquisition was not factored in, since UK owns the property, but even if the university chose to sell the land to a developer at its market value, a hotel project appears to be viable.

Summary of Inputs & Break-Even Analysis



Value to Cost Summary

P

Structured Parking

\$20.2 M

\$16.3 M

\$3.9 M Surplus

124% Value/Cost

■ Building Costs

■ Acquisition Costs*

■ Development Value

*Acquisition Cost Not Factored



Special Considerations: Good Samaritan Hospital Redevelopment

The Good Samaritan parking lot is highlighted in this study due its prime location on South Limestone Street, clear development potential, and relative lack of constraints as compared to other opportunity sites. With structured parking as part of a development plan, the hospital could retain access to the same number of spaces currently on the site, and would likely benefit from more spaces. This is an important consideration for near-term phasing of a development plan that could proceed while the hospital complex remains operational.

However, the University has indicated that the Good Samaritan Hospital will eventually be absorbed into the university's primary medical campus, opening up a significant area of land between South Limestone Street and Martin Luther King Boulevard for redevelopment. While a detailed analysis of development capacity and programming for this larger site is outside the scope of this study, a more thorough analysis of opportunities and constraints as part of a focused area planning initiative is recommended. Possibilities to consider with future study include:

- Creation of new Limestone frontage and potential to create a two-sided commercial street
- Potential to introduce additional apartment-style student housing options
- Potential to introduce graduate student housing options
- Potential to introduce faculty/staff housing options in a new mixed use neighborhood setting (particularly to the east of Maxwell Street in closer proximity to downtown)
- Potential to develop additional structured parking at the campus periphery



STRATEGIC DEVELOPMENT OPPORTUNITIES

3 UK Area of Influence Sites

The intersection of Woodland Avenue and Euclid Avenue already serves as a retail destination node. Retail activity could be expanded and targeted redevelopment could reinforce this area as a gateway to the UK campus. Opportunity sites include a variety of existing student rentals, ranging from single-family conversions to aging multi-unit structures that do not positively contribute to the character of the corridor. Additional multi-unit structures that should be replaced with a more desirable architectural form are located at the corner of Euclid and Aylesford Avenue. These nearer-term redevelopment opportunities would help to set the stage for additional redevelopment, such as the existing University Plaza, with mixed-use urban development typologies.

Euclid Avenue & Woodland Avenue

This project tested graduate student housing at Woodland and Euclid. Unlike the other projects evaluated for the Euclid corridor, this one is not feasible without incentives. Part of the issue is somewhat higher land costs, at \$1.8 million an acre. But at \$1.45 per square foot in rent, these apartments do not create as much value as condos. Even with retail, the value to cost ratio is 79 percent, which is well-below a feasible project. Interestingly, a 100 percent tax abatement brings the value to cost ratio to 95 percent as estimated—making it more-or-less feasible. While Kentucky enabling legislation does not exist for tax abatements, this simple analysis implies that public incentives, or some sort of tax-exempt status, could make this project work.

UK Area of Influence



Existing Conditions



Location: Euclid & Woodland

Uses: Student Rentals

Form: 3-story multi-unit buildings, 1.5 and 2-story converted single-family

Acreage: 3.8



Location: Euclid & Aylesford

Uses: Student Rentals

Form: 3-story multi-unit buildings

Acreage: 0.8

Euclid Avenue & Ayelsford Avenue

This project assessed the feasibility of redevelopment projects at an intersection where acquisition is quite high--\$2.5 million per acre. Here, very few market rate projects are viable, other than luxury condos and hotels—uses that aren't especially marketable at this site.

However, off-campus university housing, with its \$3.20 per square foot effective rents, is very much feasible at this site. Analysis revealed a 101 percent value to cost ratio. This is even with very high construction costs that include underground parking and high-quality building materials. A more detailed analysis of construction costs

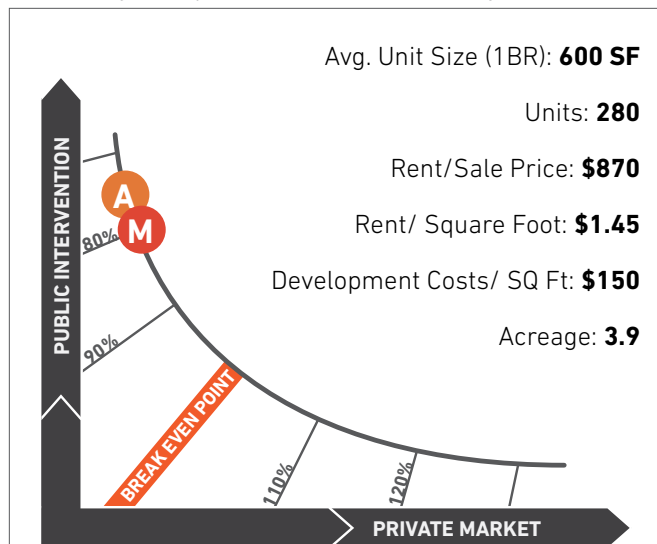
should be undertaken, but it appears that this project type is a viable way in which to replace some expensive properties that do not add to the quality and character of Euclid as a vibrant place.

Potential Redevelopment: Euclid & Woodland

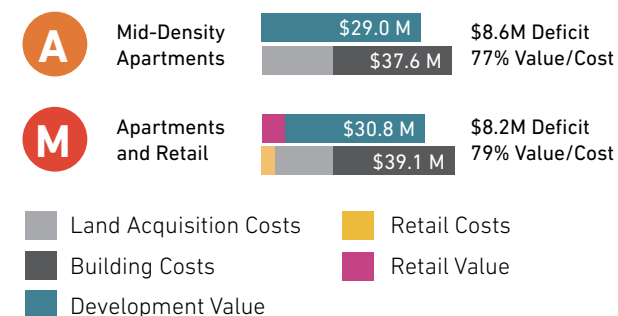


STRATEGIC DEVELOPMENT OPPORTUNITIES

Summary of Inputs & Break-Even Analysis*

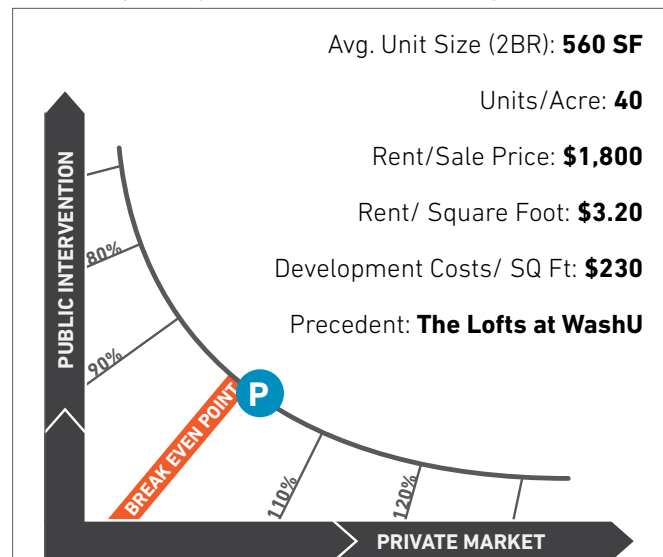


Value to Cost Summary*

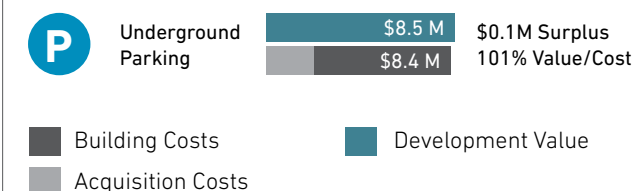


*Tested for Woodland Site

Summary of Inputs & Break-Even Analysis**



Value to Cost Per Acre Summary**



**Tested for Aylesford Site

Note: Rents are assumed at a per unit rate, divided among tenants (beds per unit). This typology equates to a rent of approximately \$900 per tenant per month, consistent with upper end student rental rates currently observed in the Lexington market. Rents for off-campus university housing were derived by taking a portion of upper-end, per-bed fees charged to UK students for two semesters, and annualizing to arrive at a monthly rent.

Infrastructure: Euclid Avenue & Woodland Avenue

New mixed use urban development will be most successful, and in fact, more likely to be supported by the private market, if developed along an attractive, walkable and “complete” street. The diagram below illustrates the potential for comprehensive complete street improvements to Euclid Avenue that would complement the type of development being recommended for this and other opportunity sites along the corridor.

Sufficient space is available within the existing public right-of-way to maintain the existing three-lane street section, but also to incorporate on-street parking with rain garden “bump-outs”, wider sidewalks and potentially, a “cycletrack.” The cycletrack is a protected bikeway located behind the street curb, and offers an opportunity to provide a safe and convenient transportation alternative along the entire length of the Euclid Corridor. The streetscape is also free of overhead utility lines, which would be buried to enhance aesthetic character.

This concept also depicts a modest setback for the proposed mixed use building, providing a wider pedestrian realm and outdoor plaza and dining spaces to further enhance the streetscape and public realm.

Alternative street section options considered as part of this analysis are included in Appendix H.



STRATEGIC DEVELOPMENT OPPORTUNITIES

4 Euclid Avenue & Marquis Avenue

The northwest corner of Euclid Avenue and Marquis Avenue formerly included three small single-family structures with existing rear alley access. The site is located directly across Marquis from the new Kroger redevelopment, which has established an improved urban form at this intersection. During the course of this study, this site has seen redevelopment interest with a zone change, multiple iterations of development proposals, and the demolition of the existing structures.

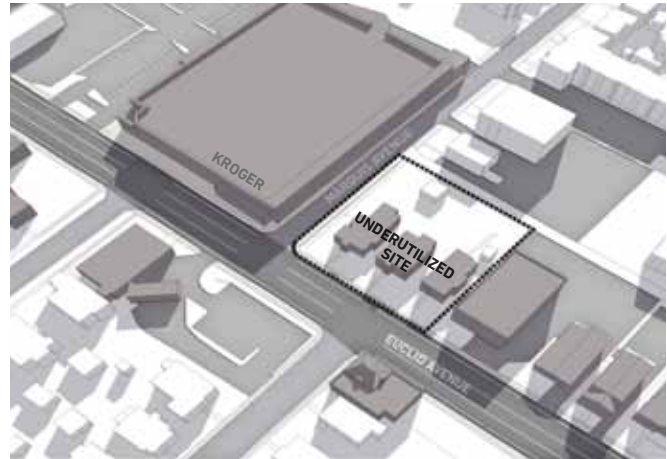
The site offers an opportunity to introduce a more walkable, mixed use urban project that would build on the development tone being set by Kroger. The site offers some of the most generous lot depths along Euclid Avenue, allowing for a more efficient development plan that could yield up to three floors of residential units above ground floor retail. Surface parking could be screened entirely by the building and accessed directly from the alley, allowing for a continuous building facade and active uses along the public sidewalk for the entire length of the development site. The building could wrap the corner, also providing frontage along Marquis to complement the adjacent Kroger, framing both sides of the street with urban architecture.

Although the most recent version of the development plan for this site incorporates some of these elements, it is likely to develop as a low density, single-use product in the near term. However, the typology tested here can be applied to other similar sites in this section of the Euclid corridor.

Main Street Residential/Mixed-Use



Existing Conditions (prior to demolition)



Location: Marquis and Euclid

Uses: Student Rentals (single-family conversions)

Form: 1.5-story, cottage

Acreage: 0.61

Potential Redevelopment



Uses: Ground-floor Retail/Dining, Upper-floor Condos

Units: 27

Retail Sq. Ft.: 9,000

Form/Type: 4-story, walkable urban

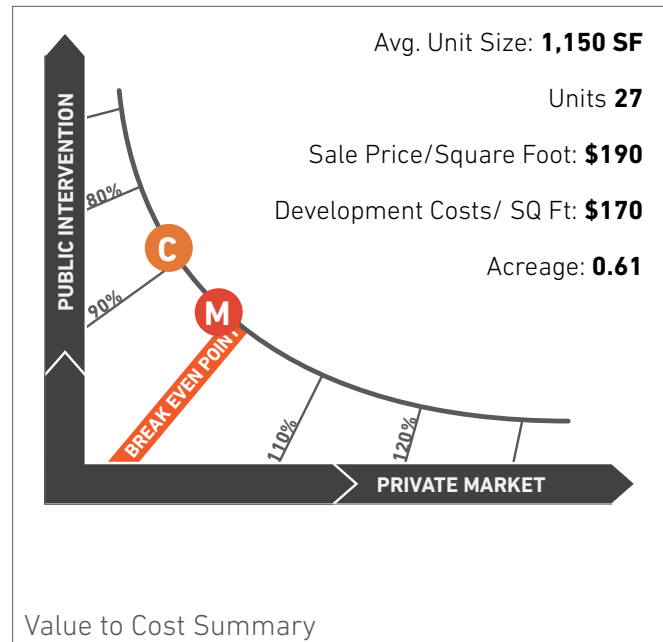
Parking: Surface and underground

STRATEGIC DEVELOPMENT OPPORTUNITIES

Site 4 - Feasibility Analysis

Similar to the Ashland and Euclid project, this project tested condos that target young professionals, and is more viable with the addition of a retail component. What is more revealing about this project is that it evaluates the viability of a condo project with underground parking. Even though this adds significantly to the project's expense (\$170 per square foot, compared with \$140 per square foot for Ashland and Euclid), the added density that is achievable pushes the project very close to feasibility.

Summary of Inputs & Break-Even Analysis



Value to Cost Summary

| | | | |
|----------|------------------------|---------|----------------|
| C | Midscale Condo | \$5.9 M | \$0.9M Deficit |
| | | \$6.8 M | 87% Value/Cost |
| M | Condo and Retail | \$7.7 M | \$0.2M Deficit |
| | | \$7.9 M | 98% Value/Cost |
| | Land Acquisition Costs | | Retail Costs |
| | Building Costs | | Retail Value |
| | Development Value | | |



Infrastructure: Euclid Avenue & Marquis Avenue

As with the Woodland Avenue area, a conceptual street section at Euclid and Marquis includes on-street parking, wider sidewalks and a cycletrack. Right-of-way width in this area also provides space to include a continuous tree lawn or planting zone between the on-street parking lane and cycletrack, creating a protective buffer for cyclists, and a more continuous line of street trees.

Where existing parking lots are located in close proximity to the sidewalk, they should be buffered with trees and street walls to help define the edges of the public realm.

Alternative street section options considered as part of this analysis are included in Appendix H.



STRATEGIC DEVELOPMENT OPPORTUNITIES

5 Euclid Avenue & South Ashland Ave

The northwest corner of Euclid Avenue and South Ashland Avenue marks a stark transition from the pedestrian-oriented core of the Chevy Chase commercial center between Ashland and High Street. Previously a video rental store set behind a parking lot with large, poorly defined access points, it was announced during the course of this study that it will be converted to a liquor store associated with the reconstructed Kroger. A drive-thru bank on the adjacent lot has a better building-to-street relationship than the video store, but also has large vehicular curb cuts on Euclid.

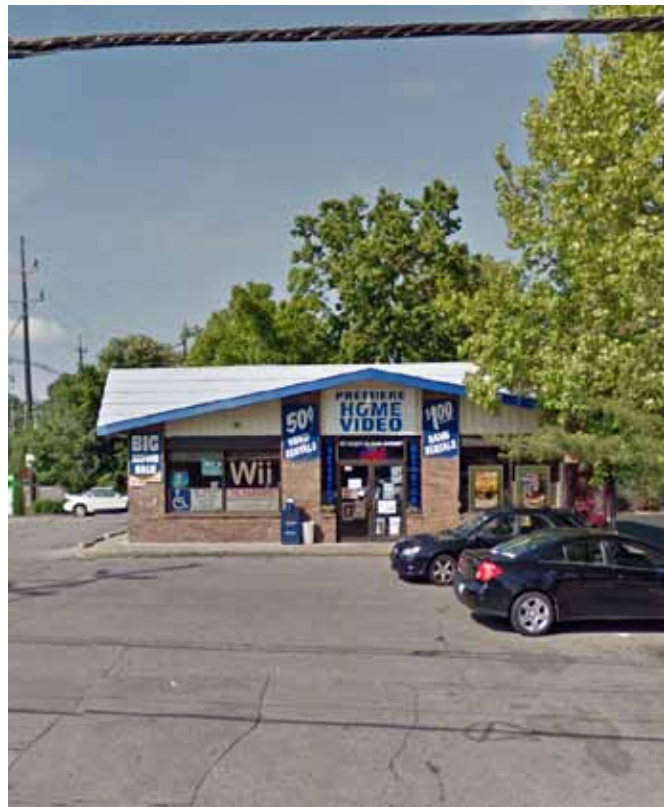
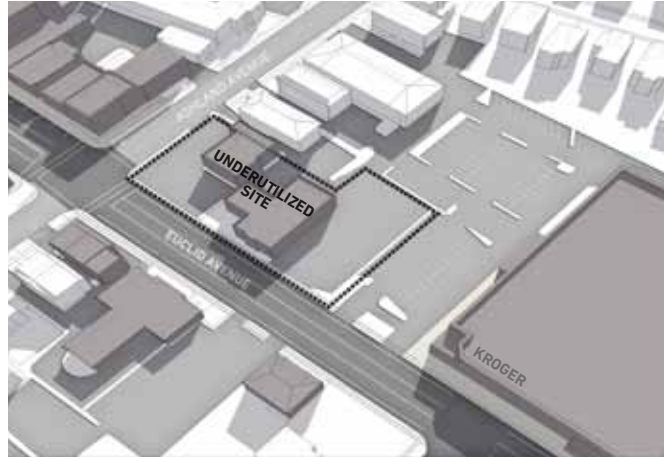
Redevelopment to a more urban, mixed use form would help to extend the walkable character of Chevy Chase further along Euclid Avenue with active ground floor uses adjacent to the sidewalk. Surface parking to serve the retail uses could be located to the side of the building and coordinated with the adjacent Kroger parking lot. Parking lot access, even if still provided directly from Euclid, would be better defined, as would the edges of the parking along the sidewalk through the use of an architectural edge wall, or "street wall."

This site was chosen to test the potential to replace a non-contributing structure with a more urban form. However, it should be noted that a viable mixed-use project would require property consolidation with the adjacent bank site, which is depicted in this scenario. The tested development typology can be applied to other similar sites in this section of the Euclid corridor.

Chevy Chase Community Retail District



Existing Conditions



Location: Ashland & Euclid

Uses: Video Store, Drive-thru Bank

Form/Type: 1-story, Auto-oriented

Acreage: 0.74

Potential Redevelopment



Uses: Ground-floor Retail/Dining, Upper-floor Condos

Units: 19

Retail Sq. Ft.: 9,000

Form/Type: 3-story, walkable urban

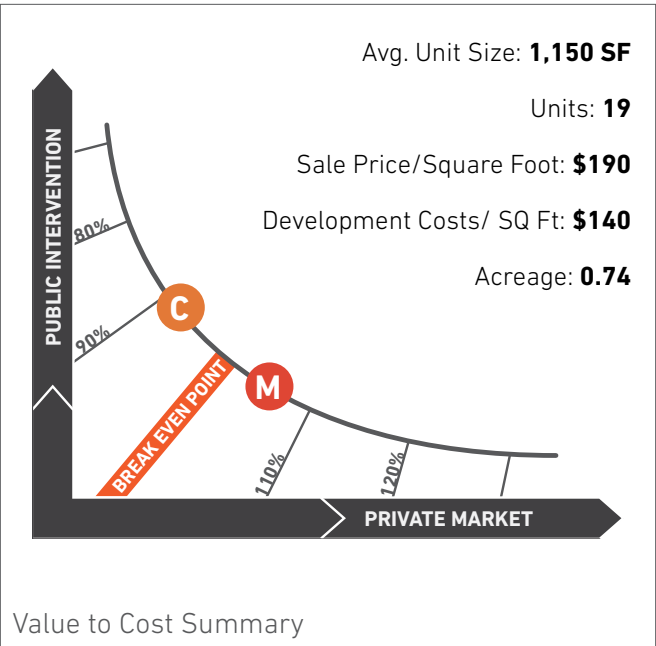
Parking: Surface and covered

STRATEGIC DEVELOPMENT OPPORTUNITIES

Site 5 - Feasibility Analysis

This project tested the urban professional condo product at the intersection of Ashland and Euclid. Feasibility analysis reveals that the Ashland and Euclid project is close to viability as a residential-only project, and adding a retail component pushes the project into viability. With 19 units, it represents a \$4.1 million project, with a \$0.4 million financial gap, meaning it has a 91 percent value to cost ratio. At this ratio, public incentives are often sufficient to push a project into viability. Better still, the addition of a retail component makes this project viable, without any public money. This is contingent on three factors: a revived for-sale housing market; a retail lease rate of \$20 per square foot; and a retail parking ratio of two spaces per 1,000 square feet of gross leasable area.

Summary of Inputs & Break-Even Analysis



Value to Cost Summary

| | | | |
|----------|--------------------------------|---------------------------------------------------------------------------------------------------------|-----------------------------------|
| C | Condo w/ Surface Parking | <div><div></div><div></div></div> <div><div>\$3.7 M</div><div>\$4.1 M</div></div> | \$1.1M Deficit 91% Value/Cost |
| M | Condo and Retail | <div><div></div><div></div><div></div><div></div></div> <div><div>\$5.5 M</div><div>\$5.1 M</div></div> | \$0.4M Surplus 106% Value/Cost |
| | Land Acquisition Costs | Retail Costs | |
| | Building Costs | Retail Value | |
| | Development Value | | |



Infrastructure: Euclid Avenue & South Ashland Avenue

Similar to the street sections depicted for sites 3 and 4, a conceptual street section at Euclid and Ashland includes on-street parking, wider sidewalks and a cycletrack. However, right-of-way width in this area is somewhat narrower, making a continuous tree lawn more challenging. In these situations, street trees could be placed at regular intervals within bump-out planters in the on-street parking lane.

Alternative street sections considered as part of this analysis are included in Appendix H.



STRATEGIC DEVELOPMENT OPPORTUNITIES

Special Considerations: Developable Lot Depths and Alley Access

Over the past 40 years, a number of development decisions have compromised the character of the Euclid Avenue Corridor, as well as the surrounding historic single-family neighborhoods. Suburban-style commercial buildings have been permitted to encroach into the adjacent neighborhoods in a piecemeal pattern along the corridor. Redevelopment of residential to commercial uses along arterial streets is a natural progression of urban evolution. However, the type of redevelopment that has occurred over much of the corridor is of relatively low quality and lacks the type of urban form and character that could actually complement the adjacent residential neighborhoods.

Remaining narrow single-family lots with Euclid frontage (some as narrow as 50 feet in depth) present a challenge to reuse and redevelopment that could introduce a more appropriate urban form. While adaptive reuse of single-family homes to commercial services can be successful, this appears to have already occurred in the most suitable structures. Continued conversion of single-family homes along Euclid to retail or office uses will be limited. Remaining single-family homes with Euclid frontage likely have no viable use beyond student rentals and it is unlikely that these will revert back to owner-occupancy along this busy street.

The portion of Euclid Avenue between Woodland Avenue and Chevy Chase has potential to take on a more consistent commercial and mixed use corridor presence that better fits with the character of surrounding neighborhoods. As near-term redevelopment opportunities are fulfilled, remaining single-family homes along Euclid within this area will also face increased redevelopment pressure. Where lot depths are narrow, redevelopment opportunities will be limited to single-story commercial buildings with parking to the side rather than to the rear, and vehicular access from Euclid rather than from side streets or an alley.

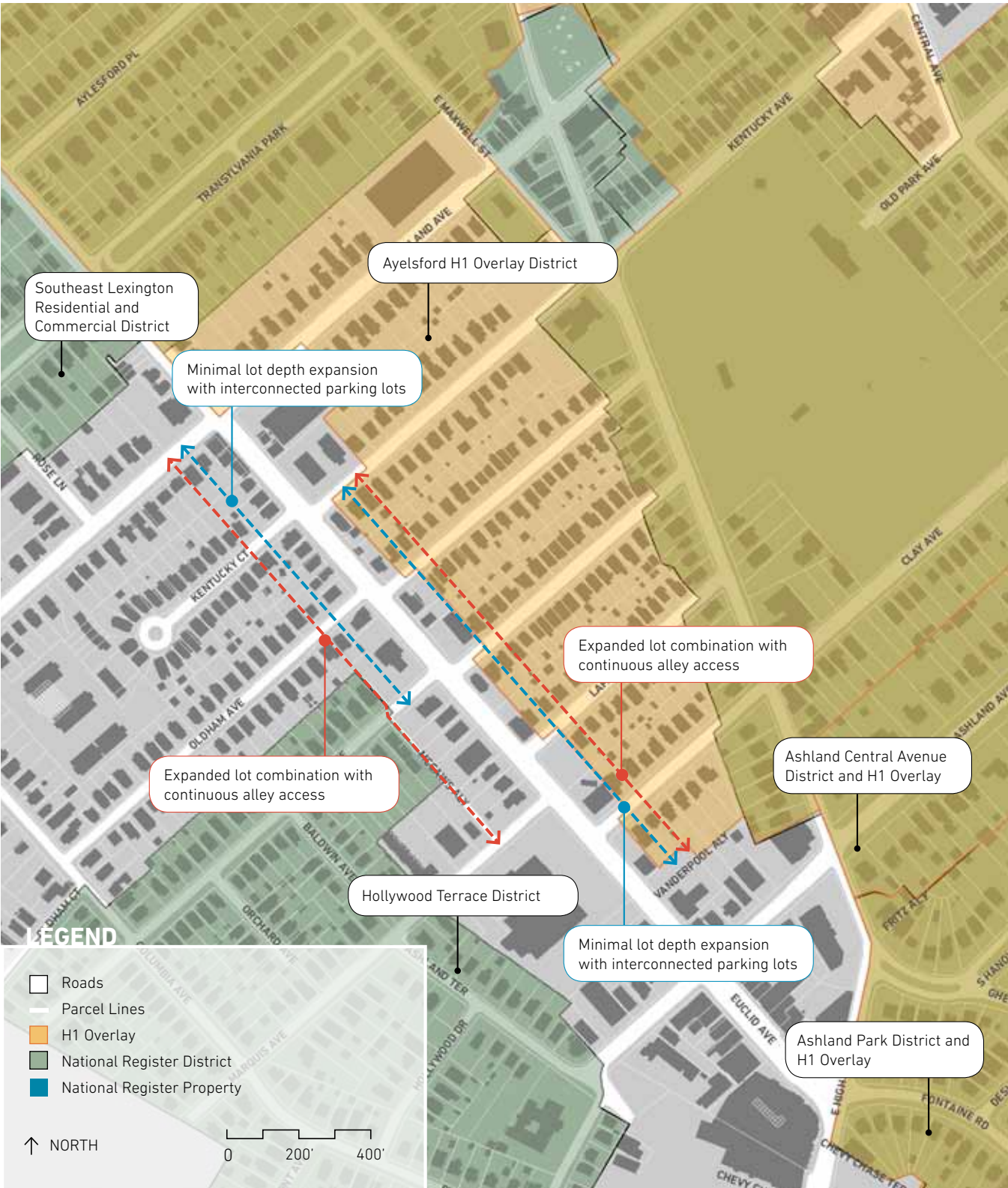
While single-story commercial buildings have a place within the corridor and can contribute to an active walkable streetscape – much of Chevy Chase is comprised of single-story retail – the most appropriate development form will provide a more or less continuous building façade along the public sidewalk, with parking primarily to the rear of the building and accessed from a rear alley or side street. However, even this lower density development form will be difficult to achieve in some locations without targeted redevelopment of student rentals located one or two lots off of Euclid.

This situation most directly applies to the east side of Euclid between Kentucky Avenue and Vanderpoole Alley. Development conditions along this stretch of the corridor are particularly inconsistent, with a patchwork of single-family rentals and commercial buildings that have already replaced original homes. A consistent rear alley boundary, set one to two lots back from Euclid, would establish a clear and consistent line for both redevelopment and preservation. However, it should be noted that this approach would involve the redevelopment of some lots currently located within the Aylesford H1 Overlay District.

On the opposite side of Euclid, between Kentucky Court and Marquis Avenue, lots are generally deeper and provide more physically viable development sites. An alley is already located between Marquis and Park Avenue (McCaws Alley). Direct extension of McCaws Alley past Park Avenue would require removal of existing single-family rentals; however, a staggered, or “off-set” alley connection could be provided at the rear of Euclid frontage lots, minimizing the need to further impact the adjacent neighborhood. As an alternative to a formal alley system paralleling Euclid, the same effect could also be achieved through the creation of interconnected rear parking lots with cross-access easements.

In addition to expanding opportunities for quality commercial and mixed use investment, uniform lot depths and standardized vehicular access points also affords more opportunity to create consistent landscape buffers along the rear of commercial properties and public alleyways.

Map 11 - Existing Historic Districts & Developable Lot Depths and Alley Access



Data Source: LFUCG GIS, 2014

STRATEGIC DEVELOPMENT OPPORTUNITIES

Table 7 - Summary of Development Opportunities and Key Actions

| Corridor Segment | Development Typology | Key Actions |
|-------------------------------------------------------|-----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| South Limestone Street Corridor | | |
| 100 Percent Corner | Garage/Anchor Retail | Land assembly is a critical step; retail anchor recruitment is essential to seize opportunity; detailed parking study needed to further understand revenue potential |
| Downtown Transition (Special Opportunity Site) | Hotel/Conference Center | With land assembled and demand for a hotel/conference center present, UK can partner with a developer at any time to develop at this site |
| Euclid Avenue Corridor | | |
| UK Area of Influence | Graduate/ Professional Student Housing | Public improvements make this project marketable on Euclid; incentives, such as a property TIF, make it economically viable; assembly makes it attractive to private developers |
| UK Area of Influence | Off-Campus University Housing | If the proper site is identified and assembled, UK could develop immediately; retail tenant recruiting is needed |
| Main Street Mixed Use | Young Professional Condos | Improvements to the public realm (particularly the street environment along Euclid), added retail amenities, removal of blight, and increased security all enhance marketability |

STRATEGIC DEVELOPMENT OPPORTUNITIES SUMMARY

- Strategic development opportunities are present throughout both corridors. The University of Kentucky has an opportunity to fulfill some near-term market needs in both corridors, and also to set the tone for a new development character in the Euclid corridor that will influence private market investments to follow.
- The University has an opportunity to fill a critical gap along South Limestone by redeveloping the Good Samaritan Hospital surface parking lot across from Kimball House Square. This can serve as a beachhead—the initial thrust in a broader strategic plan that would redevelop the entire Good Samaritan Hospital complex over time. Although additional study is necessary, a hotel/conference center at this site appears viable and would significantly contribute to the character of South Limestone while fulfilling both UK and downtown needs.
- Of course, a host of other uses, including more student housing and mixed use development, could be explored, since many uses are likely to be viable here. That said, few other uses would present a better economic use of the land, and few other sites are so exceptionally suited for a hotel/conference center that could make use of both university and downtown traffic.
- Improvements to the public realm in the Euclid corridor, particularly streetscape amenities, pedestrian infrastructure and bicycle facilities are critical to support private market investments for new development typologies.
- Development opportunities for “main street residential” and mixed use buildings are available at various sites along Euclid, particularly between Woodland Avenue and Chevy Chase. This will be easiest where existing lot depths are sufficient to accommodate multi-story development and rear alley access. To support these development forms along both sides of the street, it will be necessary define acceptable limits for lot consolidation and redevelopment.
- Like the Good Samaritan site, the 100 percent corner presents several exceptional opportunities. Perhaps the greatest opportunity is the extension of the University of Kentucky parking garage, which is currently in need of additional capacity. If a more detailed parking study confirms the basic market indicators provided by UK, the relatively high parking revenues (on a per-space basis) could be leveraged to facilitate anchor retail development at the ground floor. Such an exceptional site would likely be appealing to sought-after anchor stores, such as an urban grocer, a pharmacy, and perhaps a small-format general merchandiser.
- Other uses could be viable here, including a conference center/hotel (although the Good Samaritan parking lot site is better-positioned to serve UK and downtown) and urban entertainment uses (although such uses are also planned near Rupp Arena).

IMPLEMENTATION

Strategic Action Plan

This study outlines a market-based vision for the Euclid Avenue and South Limestone corridors to realize their full potential as vibrant, walkable, mixed-use places that contribute to the economic and community vitality of downtown Lexington, the University of Kentucky, and surrounding neighborhoods.

In some cases, the private market can be expected to capitalize on opportunities consistent with this vision, with little or no intervention by the City or University. This is most likely to occur for select sites in the Limestone corridor, as property values continue to increase and walkable, urban infill development becomes increasingly profitable. Even so, there are opportunities to catalyze such private investment by further reinforcing the image of South Limestone Street as “the place to be.” The recent streetscape improvements to Limestone have arguably already kick-started this effort.

In the case of Euclid Avenue, which is more complex and faces greater challenges, public intervention will be critical to set the tone and expectations for private development, and to achieve the community’s long-term goals for a vibrant, walkable commercial street and safe, stable, well-maintained area neighborhoods.

A variety of strategies are recommended in this section, divided into three general categories: (1) Invest in Place, (2) Support Neighborhood Reinvestment, and (3) Create Strategic Development Opportunities. Among the set of strategies, high priority recommendations include the following:

- The City should undertake a **comprehensive streetscape improvement** for Euclid Avenue
- The City should establish a **design character overlay** for Euclid Avenue
- UK should make a strong investment in **faculty/staff housing assistance** programs
- UK should focus on **land acquisition and development opportunities** in the Woodland Avenue/Euclid Avenue area
- The City, UK and the DDA should establish a **strategic working group** to determine an implementation framework and assign lead responsibilities for property acquisition, management, and implementation of strategic development projects

An Implementation Matrix (pages 106-109) summarizes the key actionable items and identifies lead actors and supporting entities across near-term, mid-term and long-range timeframes.

1. Invest in Place

Significant infrastructure improvements are needed in the Euclid Avenue Corridor to improve the pedestrian and bicycle experience and overall corridor aesthetics. Depending on the type of private investment proposed, a “place premium” or “bump” in rent can be realized through the creation of a safe, attractive, and amenity rich streetscape and public realm. Such a premium will be necessary for the market to support certain desirable projects, especially for condominium or other owner-occupied housing. A comprehensive streetscape improvement for Euclid Avenue is recommended as a top priority for the city.

Streetscape

Investment in public infrastructure, particularly streetscape improvements, has been a successful strategy in supporting the vibrancy and walkability of the South Limestone corridor. However, Euclid Avenue is in need of extensive improvements to the pedestrian realm. The street should be right-sized to balance automobile travel with improved sidewalks, bicycle facilities, lighting, street trees, on-street parking and other streetscape amenities. Depending on the type of private investment proposed, a “place premium” or “bump” in rent of perhaps 10 to 15 percent could mean the difference between a viable project and an infeasible one—or a quality project and a mediocre one. In this way, the right investments in streetscape and other public enhancements make more likely a quality mixed-use environment that is consistent with community and university aspirations.

The streetscape diagrams included in this report illustrate potential reconfigurations of Euclid Avenue and are intended to illustrate possibilities for transforming the corridor into an attractive, walkable, bicycle-friendly street. More extensive analysis will be necessary to determine actual travel lane configurations and exact dimensions and locations of specific street section elements. For instance, a cycletrack facility could be located on either side of the street; the most appropriate location will be influenced by a variety of factors such as frequency of vehicular curb cuts, relationship to on-street parking and transitions to bicycle facilities on other streets outside of the corridor.

The City should undertake preliminary design studies as a first step to determine the full range of physical constraints and opportunities and to develop a preferred complete street design for the entire corridor. After selecting a preferred design concept and establishing preliminary cost estimates, the project should be added to the City’s Capital Improvements Program (CIP) with identified funding sources and schedule for detailed design, acquisition (if necessary) and construction.

Utilities

Planned sewer main replacements for the Euclid Avenue corridor provide an opportunity to coordinate streetscape improvements with another major capital improvement project already included in the CIP. This approach will minimize long term or repeated disruption during construction and provide economies of scale to a combined suite of public improvements, the whole of which will be much greater than the sum of parts in terms of enhancing and adding value to the corridor. Incorporation of green infrastructure elements into the streetscape, such as rain garden bump outs or bioswales for stormwater treatment, also provides an opportunity to alleviate pressure on traditional below-ground infrastructure with a positive impact on down-stream water quality. A complete rebuild of the Euclid Avenue street section also provides an opportunity to bury overhead utilities, including the high tension transmission line that runs along the south side of the street. Though an immense undertaking, burial of this visually and physically obtrusive utility should be considered as a necessary element of any significant streetscape improvement project.

Major street rebuilding projects require a multi-year process to undertake conceptual design planning and proceed through preliminary and final engineering. Although sewer main improvements are not planned for construction until 2020, conceptual design work for streetscape improvements should begin now to allow for appropriate timing and coordination.

IMPLEMENTATION

Construction Coordination

The City should pursue a comprehensive capital improvement design process for all projects within the Euclid corridor, both underground and above ground. Given the multiple City departments and non-City entities that will be involved in various aspects of planning and design, the City should consider establishing a construction manager to oversee all aspects of the corridor improvement plans and ensure proper coordination and phasing.

Management District

While numerous roles exist for private, institutional, and philanthropic entities, improvement of public roads and sidewalks typically falls under the responsibility of the public sector. Developers and operators of retail shopping centers (be they conventional enclosed malls or new, open-air town centers) have long understood the need to invest in common area maintenance in order for their retail businesses to thrive. In the instance of a commercial district with numerous property owners, maintenance of common areas (or public space) can be addressed through special assessment districts or business improvement districts (SADs and BID, respectively) in which property owners self-impose a tax to finance public improvements, marketing, and maintenance.

A Management District, also called a Business Improvement District or a Special Improvement District, is another tool that could be used to maintain, program and market the Euclid and Limestone corridors. Management Districts are defined as an area of land within which local businesses and property owners elect to pay an additional assessment or fee in order to fund improvements and services within the district's boundaries. Created by property owners who want to self-fund and control maintenance, management and improvements, Management Districts represent a mechanism that urban commercial districts and neighborhoods can use to compete with shopping centers that often fund supplemental services through mandatory tenant fees. Forming a Management District requires a petition signed by 33% of the property owners representing 51% of the property values in that district. While funds cannot be collected from non-taxable land uses, in

many cases these property owners still contribute willingly because they see the benefit of participating in neighborhood revitalization.

The funds gathered by a Management District are controlled by a board made up of property owners and can be self-directed to engage in a number of supportive activities that ensure the longevity and proper management of the improvements made to the Euclid and Limestone corridors. The amount of the property assessment can be right-sized to the desired effort. Management Districts are staffed by a full-time or part-time director and typically perform the following services and activities:

- Street cleaning
- Maintenance and snow removal
- Security
- Additional capital improvements
- Marketing
- Event coordination

Forming a Management District would unify property and business owners around a common purpose and build on the existing momentum along the Euclid and Limestone corridors. At a minimum, such a district should be established as public improvements for Euclid Avenue are completed. However, nearer-term benefits related to funding of security enhancements and maintenance of existing Limestone streetscape improvements warrant consideration for earlier creation. As implementation gets underway, the DDA should canvass property owners to educate and evaluate interest in forming a Management District, and take the lead in creating the district framework.

A Management District should be considered as part of a larger funding strategy; revenues may not necessarily cover all desired functions, especially in the formative period, but creating such an organization can be pivotal in fostering collaboration among property owners and providing key services.

2. Support Neighborhood Reinvestment

Deteriorating market-rate rental properties represent a threat to neighborhood stability. The City should adopt enhanced code enforcement measures for the study area, including required annual inspections. The city should also place a high priority on creating a design character overlay for Euclid Avenue that will ensure new development contributes to the creation of a high quality urban design that enhances surrounding neighborhoods.

At the same time, the university can help stabilize area neighborhoods through a more robust faculty/staff housing assistance program that would target home ownership and rehabilitation in the corridor-area neighborhoods. This is recommended as a top priority for UK.

Faculty/Staff Housing Assistance

The University of Kentucky offers an Employer Assisted Housing Program (EAHP) to encourage faculty and staff home ownership in near-campus neighborhoods, including those immediately surrounding the Euclid and Limestone corridors. The program currently offers up to \$15,000 in “forgiveable loans” for assistance with down payments, closing costs, rehabilitation and renovation of homes for owner-occupancy. Eligibility requirements include a maximum asset threshold of \$60,000. Additional financial assistance for home repairs and rehabilitation is available from local homeowner education program providers such as REACH Kentucky, the Community Ventures Corporation, and the Community Reinvestment Alliance of Lexington.

UK should consider expanding this program through increased funding, with robust support for home repair and restoration, which is of particular need in neighborhoods that have experienced high amounts of student rental conversions. One way to do this is by designating a portion of available funds specifically for exterior maintenance and improvements, with oversight by the city to ensure that improvements respect the historic character of the neighborhood.

As part of a strategic action plan to support home ownership in and near the Euclid and Limestone corridors, the university should also consider either narrowing the focus of its current assistance program to these neighborhoods, and/or creating specialized or enhanced incentives to encourage staff and faculty investment in these areas specifically.

In particular, UK should consider a near-term focus on incentivizing home ownership in the single-family neighborhoods immediately surrounding the Chevy Chase commercial activity center. This approach has the benefit of focusing efforts where faculty, staff and other potential homeowners are most likely to be drawn due to proximity to a walkable neighborhood center. A geographically targeted program could also have the benefit of fostering a critical mass of owner-occupancy in a faster period of time as new participants are attracted to areas that are clearly converting back to ownership and reinvestment. A block-by-block, street-by-street conversion of student rental areas back to home ownership has the potential for a greater impact on neighborhood stability that can then be geographically expanded over time.

CASE STUDY



The **Princeton Faculty Residential Purchase Plan (PFRPP)** allows Princeton University faculty and staff to purchase homes in near-campus neighborhoods directly from the university. The program allows the university to retain the option to repurchase the property under certain conditions. Purchase agreements include restrictive covenants to ensure properties are used as a principal personal residence, and requiring university approval of major exterior changes to the home.

IMPLEMENTATION

Some universities around the country have found themselves in the position of owning single-family homes on or near campus, and have established programs to sell the properties to faculty or staff at a subsidized rate or through university-managed loans. Such an approach could be undertaken by the University or by a separate non-profit entity. Also, some of these model programs do not require a maximum asset threshold for employee eligibility, thus providing a broad-based benefit to faculty and staff. In order to maximize the impact of UK's housing assistance program, the University should re-evaluate its current asset threshold requirement; it may be appropriate to eliminate the threshold entirely.

Code Enforcement and Blight Remediation

Deteriorating market rate rental properties represent a threat to neighborhood stabilization. In university environments, this is true, in spite of relatively high rental rates. A typical three-bedroom single family home in the study area rents for between \$1,000 and \$1,200 per month—a rate at which landlords should be able to maintain their properties. Buildings often fall victim to insidious decline—years of deferred maintenance slowly add up to a block full of buildings in fair to poor condition.

The City, University, DDA and/or a new implementation entity can take a proactive role in engaging and assisting owners of some of the study area's at-risk rental properties. Requiring landlords to obtain a license before renting a property can help agencies identify property owners for maintenance and safety issues, as well as other concerns. This will require, for a nominal fee, any rental property to be inspected when a new tenant moves in. As a result, city inspectors will be able to inspect the interiors of homes for code violations, especially health and safety issues. Properties will have to pass inspection or resolve any violations in order to legally lease their property. Such policies have been enacted in many cities, including University City, Missouri, which has a significant amount of student housing that serves Washington University. The result has been a steady improvement in the quality and character of neighborhoods like Parkview Gardens, which has encouraged some new private investment in the area.

CASE STUDY



The **Brown to Brown Home Ownership Program** allows Brown University faculty and staff to purchase university-owned homes close to campus. The program is offered to any existing or prospective faculty or staff member on the regular payroll and eligible for full-time benefits, provided they can document their ability to finance the property.

In addition to assisting employees with home ownership, one of the program's objectives is to improve town-gown relationships by placing under-utilized properties into a more productive use and to encourage home restoration. As with the University of Princeton program, Brown University retains the right to repurchase the property if the homeowner wishes to sell.

Design Character Overlay

To guide appropriate infill development along the Euclid and Limestone corridors, a Design Character Overlay should be considered. This overlay could address issues of building form and site design to ensure that new development matches the expectations of a more vibrant and active commercial corridor. As shown in the Opportunity Sites, setting maximum building setbacks and frontage standards, providing active first floor uses, and placing parking to the rear of buildings, would create a more engaging street presence that encourages pedestrian activity.

While LFUCG's Neighborhood Design Character Overlay (ND-1) has not yet been applied to commercial

districts, this same zoning framework could be used to achieve this new set of corridor standards. It should be noted that this overlay would not function as a detailed architectural review; but would rather focus on form, scale, location and pedestrian-oriented design.

Allowing a reduction in parking requirements (similar to what has been recently implemented on South Limestone Street) to match the more urban form of the district would also be valuable. The existing Pedestrian Oriented Business District mechanism should be considered elsewhere along these two corridors, especially where there are opportunities to create new on-street parking and shared parking arrangements. Care should be taken to ensure that modified parking standards do not unduly strain the parking supply on nearby neighborhood streets, while acknowledging that street blocks closest to the corridor will naturally serve as a parking location for some visitors to area businesses.

Establish Corridor Limits

The full potential of the Euclid Avenue corridor can be achieved with a strategic redevelopment policy as described in the Development Opportunities section of this report. Opportunities to create continuous building frontage with rear parking, particularly in the stretch of Euclid between Woodland Avenue and Chevy Chase, will depend on the ability to combine lots into developable sites with sufficient space for rear alley service. The City should consider establishing a defined alley boundary, beyond which no additional commercial or mixed-use encroachment should be permitted. This would permit targeted redevelopment of some student rental conversions along Euclid and in some cases, one to two lots in from Euclid.

Such redevelopment is likely to be of concern to existing area homeowners who have experienced the negative effects of inappropriate redevelopment patterns and past student rental conversions. However, a vibrant, walkable, mixed-use corridor will be the best catalyst for homeowner reinvestment and conversion of surrounding student rentals back to owner-occupancy. The ability to create a cohesive street presence for development along the corridor

will be hampered by a patchwork development pattern without some degree of targeted lot combinations. The City should undertake a thorough assessment of student rental structures that could be impacted by this policy to verify an acceptable level of redevelopment that will not compromise the overall character of the surrounding historic neighborhoods. This approach, in combination with design overlay standards, will provide an opportunity for neighborhood residents to influence the quality and form that new development takes to ensure the end result advances the needs of both the commercial corridor and the residential neighborhoods.

Enhanced Security

Crime—or the perception of crime—can have a significant impact on the marketability of a development, neighborhood, or community. In an effort to enhance the marketability of the corridors for new types of housing (i.e., upscale student housing, market rate non-student housing), supplemental forms of security may need to be provided for a period of time, in order to stabilize conditions.

CASE STUDY



In the **Grove neighborhood of St. Louis**, funding from a Community Improvement District (CID) and the Washington University Medical Center (WUMC) are combined to provide over 4,000 hours of additional police patrols in the neighborhood. This is largely credited with the 38 percent drop in crime that the neighborhood has experienced from 2005 to 2013.

IMPLEMENTATION

3. Create Strategic Development Opportunities

This study identifies a number of catalyst development projects, geared toward introducing various residential and commercial product types that will serve different market segments. These are described in the Market Strategies and Strategic Development Opportunities sections of this report. The specific development sites tested in Section 4 should not be considered an exhaustive inventory of all near term or catalytic opportunities. These are intended to be representative and provide an assessment of general feasibility under current market conditions. Other similar sites within the corridors may yield similar possibilities, depending on location and physical site conditions. As implementation efforts proceed, new and unforeseen opportunities may arise, for instance, as property owners realize the full potential of their land holdings, or as market conditions begin to change. Conditions should be continually monitored to ensure that new opportunities can be quickly seized and leveraged to further the goals of this plan.

Many catalytic development opportunities, particularly in the Euclid corridor, require a strategic approach, including the acquisition, consolidation, and management of properties for redevelopment. Often, a non-profit community development corporation (CDC) is established to implement a plan such as this, or powers are granted and additional capacity is given to an existing entity, such as the Lexington Downtown Development Authority (DDA).

Among the various catalytic development sites and potential investment areas described in Section 4 of this report, the area with the greatest strategic impact is likely at the intersection of Woodland Avenue and Euclid Avenue and nearby surrounding properties. UK has an opportunity to affect near term change in the development character of the corridor by investing in a new off-campus student housing product with a more urban, mixed-use form at this important gateway location. The university should consider strategic property acquisition to achieve this objective; however, the DDA or a new CDC could also serve this function.

Further Study and Planning Efforts

This study identified a number of potential development opportunities for which more detailed analyses and site planning studies should be conducted to determine the full potential and preferred strategy. Three key studies are recommended below.

Hotel Study

This study identified a market-based hotel opportunity that capitalizes on the increasingly appealing location of Limestone, and the likely need by the University of Kentucky to have lodging and conference facilities near its campus. This study finds that a hotel is worthy of more detailed analysis, taking account campus-driven demand and the addition of several hundred planned units in downtown Lexington.

Parking Study

Similar to the hotel analysis, this study identified an opportunity for structured parking near the intersection of Euclid and Limestone. A more detailed analysis would look at the depth of additional demand generated by campus visitors, Limestone retail, and the addition of one or more retail anchors at this key intersection.

Opportunities for structured parking in the Euclid corridor will be more limited, but may be possible in select locations such as a potential redevelopment project at Woodland and Euclid. Such garages, if made feasible through university participation or by incentivizing the private market, are likely to focus primarily on serving individual development sites. However, opportunities to provide shared parking and/or some portion of publicly available parking to serve area businesses should be explored.

Good Samaritan Hospital Master Plan

The potential for complete redevelopment of the Good Samaritan Hospital site provides an opportunity to locate additional structured parking at the University's perimeter, consistent with UK's overall goals for creating a park and walk campus environment. Opportunities for a variety of potential uses and development typologies noted in this report should be considered as part of a focused area planning effort to determine a full development program for this portion of campus.

Strategic Planning Effort and Implementation Entity

A strategic planning effort is needed to determine the best way forward regarding an implementation entity for the plan. The City, University of Kentucky, and the DDA will need to participate and evaluate each organization's capacity (i.e. knowledge and amount of staff) to determine who is most capable of carrying out the plan. As it stands today, the DDA is likely the organization able to act most nimbly and with the fewest conflicts of interest. That said, it likely needs more capacity, funding, and powers in order to achieve the objectives of this plan. Alternately, a new entity (CDC) could be created as a partnership organization. Whether the DDA or a new CDC, a collaborative relationship between these groups and other community agencies and neighborhood associations is critical to shape the future of the Euclid and Limestone corridors.

Regardless of which form the organization takes, the following will have to be evaluated and/or established:

- Powers to catalyze changes in the physical environment;
- A defined (or in the case of the DDA, potentially revised) mission and set of goals;
- Buy-in from different constituents (including, in this case, the University of Kentucky, LFUCG, the DDA, neighborhood residents, and businesses on the corridor); and
- Funding for capital projects and operations

The implementation entity will need real-estate savvy professionals on staff to help implement a physical transformation. Equally important, staff dedicated to outreach is essential to ensuring that the organization is proceeding toward a vision that is understood, and supported by, the constituent groups noted. In the case of the DDA, these skills are present, but additional personnel is likely needed to focus on this initiative.

To determine the best approach, LFUCG, UK, and the DDA should work quickly to establish a strategic working group with representation from each organization's administration. The working group should meet frequently to maintain the momentum of this planning effort and strengthen existing

partnerships. The group will determine shared priorities, assess capacity and capabilities, and ultimately, determine an agreed upon structure for the implementation organization, be it a new partnership CDC, or the existing DDA with expanded resources targeted toward the Limestone and Euclid corridors.

It should be noted that the implementation entity will serve as the *lead* party in implementing the plan; however, successful results will require continuous cooperation and commitment of resources by the City, UK, and the DDA. The working group and resulting organizational approach must assign clear responsibilities to each entity, and each must be prepared to commit resources and take action.

CASE STUDY



In Cincinnati, over \$700 million has been invested in downtown, including the Banks development and Over-the-Rhine neighborhood, resulting in the restoration of over 130 buildings, 10 acres of renovated civic space, 464 apartments, 374 condominiums, 156 hotel rooms, over 600,000 square feet of commercial space and over 2,500 parking spaces.

These projects were administered by the **Cincinnati Center City Development Corporation (3CDC)**, which has served as a master developer and development partner, land bank entity, and asset manager for public spaces, garages, and commercial and residential properties. The organization has also managed private equity funds and secured New Markets Tax Credits to fund projects and finance private developments.

IMPLEMENTATION

Once the organizational framework is determined, the following steps are recommended to position the entity toward implementing this plan:

- 1. Establish/Evaluate an advisory board:** A board that oversees an implementation entity should have representation from key constituent groups: UK, LFUGC, the DDA, neighborhood residents/leaders, and the business community. If the DDA serves as the entity, resident board members may need to be added.
- 2. Establish powers and mission:** If powers, such as land assembly and use of incentives, are granted, it should be spelled out when and why such powers would be granted—and what their limits should be.
- 3. Identify sources of funding:** while all funding sources cannot be identified early on, likely “anchor funders” should be identified, as should public financing tools.
- 4. Seek and select a president/executive director:** If a new entity is created, an executive director that understands the organization’s mission and can engage different constituents is essential. In the case of the DDA, a president is already present, so only additional staffing would have to be evaluated. Positions to be evaluated include additional personnel in marketing/retail recruitment, real estate, and community engagement.
- 5. Undertake a strategic plan:** using this Corridor Study as a guide, a strategic plan should be developed to guide the efforts of the implementation entity. In the process, staff can begin to engage the community and the different stakeholders, building and strengthening a coalition around a set of shared goals and objectives. In the case of the DDA, its mission should be evaluated to determine if it needs to be modified to meet necessary objectives.
- 6. Implement the plans:** with sufficient staff, identified funding sources, a defined mission and coalition built around agreed-upon goals and objectives, the DDA or new CDC can begin the work of implementing the strategic plan.

CASE STUDY



In Columbus, Ohio, a non-profit redevelopment entity was formed as part of the revitalization of High Street adjacent to Ohio State University. Created in 1995, **Campus Partners** has overseen new mixed-use development at the South Campus Gateway. Opened in 2005, this catalytic development is a \$153 million, 7.5 acre, 942,000 square-foot mixed-use entertainment, retail, office, and residential complex at the southern edge of the OSU campus.

Campus Partners has also worked to stabilize the area housing market in nearby neighborhoods, allocating \$500,000 for an employer-based home ownership incentive for faculty and staff. The organization continues to work to implement its 1997 plan for the University District through land assembly and facilitation of public-private partnerships to revitalize areas of High Street adjacent to campus.

Retail Recruitment/Management

Successful tenant recruitment can serve as a catalyst for a retail corridor at times, and can provide an important maintenance component to a district at others. In particular, recruiting key anchor tenants—be they organic grocers or small format general merchandise stores—requires consistent effort. It is also important to identify and curate local businesses that may be ready for the increased visibility that South Limestone Street provides. It is also likely that some desirable retailers are looking at the Lexington market in the near-term. Proactively seeking them out and sharing with them the vision and tangible revitalization efforts in the corridors may prove rewarding, in terms of landing key tenants.

This study identified several anchor tenant opportunities, including an urban grocer, a pharmacy, additional fast-casual restaurants, and apparel stores, as well as categories of local tenants, such as a coffee roaster, that would contribute to the marketability of the area. A retail recruitment manager can be tasked with attracting these tenants, or linking them with developers who will. This function should be integrated into the responsibilities of the preferred implementation entity.

Integrated Funding Plan

This plan identifies a number of catalysts that are needed in order to realize the full market potential of the corridors. While some are policy-oriented (and thus do not require significant amounts of funding), others, such as public improvements and real estate development, require investment from the public, private, or institutional sectors—or a combination of the three.

An integrated plan should be developed that includes all sources and uses of funding in order to implement the plan, including:

- Cost estimates of proposed public improvements
- Planned capital improvements
- Present value estimates of future revenues that could be captured through different economic development programs, including Tax Increment

Financing (TIF) and Community Improvement Districts (SID)

- Potential infrastructure grants

With the plan in place, funding sources can be linked with uses identified in the plan, and remaining “gaps” in the funding plan can be identified, so that alternate fundraising efforts can be undertaken.

Tax Increment Finance District (TIF)

Through use of Tax Increment Financing (TIF)—a tool already “on the books” that would not require any change in legislation—future taxes generated by real estate investments can be used to finance current costs of facilitating those improvements. A project-based property TIF could be utilized to increase the viability of desirable development products at select catalyst sites. A retail sales TIF could also be used, perhaps to fund corridor-wide improvements along Euclid and/or Limestone.

Tax Credits

New Markets Tax Credits (NMTC), which are eligible for use throughout both corridors (they are deemed “severely distressed” areas by the federal government) are an excellent tool to help develop quality commercial space that can be underwritten in such a way that below-market rents are achievable. These credits are sometimes deemed difficult or risky by quality developers that could contribute greatly to downtown. Either the DDA or a new implementation entity could take a lead role in structuring public-private partnerships—a key ingredient in realizing the aspirations expressed in the plan.

Business Incentives and Financial Programs

A wide variety of other local, state and federal funding mechanisms are available to assist new and expanding businesses that could be used to assist commercial enterprise within the study area. Refer to Appendix F for a complete listing and description of programs.

IMPLEMENTATION

Near-Term Strategies (Years 1-4)

| Implementation Strategy | Lead Role | Supporting Role |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|--------------------------------------------------------------------------|
| 1. INVEST IN PLACE | | |
| A. Develop a comprehensive streetscape and capital improvement plan for Euclid Avenue | LFUCG | University of Kentucky |
| <ul style="list-style-type: none"> Establish unified construction management oversight for Euclid corridor improvements | LFUCG | |
| 2. SUPPORT NEIGHBORHOOD REINVESTMENT | | |
| A. Expand and/or restructure UK faculty/staff housing assistance programs | University of Kentucky | Neighborhood Associations |
| B. Establish a landlord licensing structure and require annual rental housing inspections | LFUCG | University of Kentucky |
| C. Enact an enhanced neighborhood security program | LFUCG, University of Kentucky | |
| D. Create a design character overlay for Euclid Avenue and South Limestone Street | LFUCG | Business Owners Associations, Neighborhood Associations, Property Owners |
| <ul style="list-style-type: none"> Establish modified parking standards | LFUCG | Business Owners Associations, Neighborhood Associations |
| <ul style="list-style-type: none"> Establish appropriate corridor limits (e.g. alley boundaries) | LFUCG | Neighborhood Associations, Property Owners |
| 3. CREATE STRATEGIC DEVELOPMENT OPPORTUNITIES | | |
| Implementation Entity | | |
| A. Establish Strategic Working Group and determine organizational framework of implementation entity | DDA, LFUCG, UK | Business Owners Associations, Neighborhood Associations |
| <ul style="list-style-type: none"> Evaluate/Establish powers Develop strategic action plans; conduct outreach Identify sources and uses of funding for projects Write grants, secure incentives | DDA or CDC | LFUCG, University of Kentucky |
| Economic Development | | |
| B. Develop integrated funding plan | DDA or CDC | LFUCG, University of Kentucky |
| <ul style="list-style-type: none"> Create Incentive District(s) | LFUCG, Private Developers | DDA/CDC, University of Kentucky |
| <ul style="list-style-type: none"> Utilize New Markets Tax Credits to subsidize developments where needed | LFUCG, Private Developers | DDA/CDC, University of Kentucky |
| C. Create a retail recruitment manager position | DDA or CDC | Business Owners Associations |
| <ul style="list-style-type: none"> Establish and implement a retail recruitment strategy | DDA or CDC | Business Owners Associations |
| <ul style="list-style-type: none"> Market the corridors | DDA or CDC | Business Owners Associations |

Near Term Strategies (Continued)

| Implementation Strategy | Lead Role | Supporting Role |
|-------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|--------------------------------------------------------|
| Real Estate Development | | |
| D. Implement a land acquisition/land banking program | DDA or CDC | University of Kentucky, Lexington Community Land Trust |
| <ul style="list-style-type: none"> Targeted land assembly | DDA or CDC | University of Kentucky, Lexington Community Land Trust |
| <ul style="list-style-type: none"> Facilitate redevelopment partnerships where needed | DDA/CDC, University of Kentucky, Private Developers | |
| E. Developer Recruitment/RFPs | DDA or CDC | |
| F. Undertake a hotel/conference center study | University of Kentucky | DDA/CDC |
| G. Undertake a detailed study of campus/near campus parking needs and site specific analyses | University of Kentucky | DDA/CDC |
| H. Undertake a master planning study to explore full redevelopment potential of the Good Samaritan Hospital | University of Kentucky | DDA/CDC |

IMPLEMENTATION

Mid-Term Strategies (Years 5-8)

| Implementation Strategy | Lead Role | Supporting Role |
|--------------------------------------------------------------------------------------------------------------------|---------------------------------------|--------------------------------------------------------|
| 1. INVEST IN PLACE | | |
| A. Construct public improvements | LFUCG | University of Kentucky |
| B. Create a Management District (e.g. BID/SID) for each corridor | DDA/CDC, Business Owners Associations | Property Owners, University of Kentucky |
| <ul style="list-style-type: none">Establish basic district maintenance responsibilities and programs | Management District | |
| 2. SUPPORT NEIGHBORHOOD REINVESTMENT | | |
| A. Monitor and evaluate UK housing assistance program(s) | University of Kentucky | Neighborhood Associations |
| B. Monitor and evaluate landlord licensing program | LFUCG | University of Kentucky |
| C. Monitor and evaluate enhanced security program | LFUCG, University of Kentucky | |
| 3. CREATE STRATEGIC DEVELOPMENT OPPORTUNITIES | | |
| Implementation Entity | | |
| A. Continue to identify sources of funding for projects | DDA or CDC | LFUCG, University of Kentucky |
| B. Continue outreach efforts | | |
| C. Write grants and secure incentives | | |
| D. Begin to implement strategic plans | | |
| Economic Development | | |
| E. Continue implementing incentive districts | DDA/CDC, LFUCG | |
| F. Continue to recruit retailers | DDA or CDC | |
| G. Continue to forge public/private partnerships | DDA or CDC | LFUCG, University of Kentucky |
| H. Continue to market the corridors | DDA or CDC | Business Owners Associations |
| Real Estate Development | | |
| I. Continue targeted land assembly | DDA or CDC | University of Kentucky, Lexington Community Land Trust |
| J. Continue developer recruitment/RFPs | DDA or CDC | |
| K. Rezone properties (if necessary) | LFUCG, DDA/CDC, Private Developers | Neighborhood Associations, Property Owners |

Long-Term Strategies (Years 9+)

| Implementation Strategy | Lead Role | Supporting Role |
|--------------------------------------------------------------------|------------------------------------|--------------------------------------------------------|
| 1. INVEST IN PLACE | | |
| A. Expand maintenance responsibilities for new public improvements | Management District | University of Kentucky |
| B. Maintain public improvements | Management District | Property Owners, University of Kentucky |
| 2. SUPPORT NEIGHBORHOOD REINVESTMENT | | |
| A. Monitor and evaluate UK housing assistance program(s) | University of Kentucky | Homeowners Associations |
| B. Monitor and evaluate landlord licensing program | LFUCG | University of Kentucky |
| C. Monitor and evaluate enhanced security program | LFUCG, University of Kentucky | |
| 3. CREATE STRATEGIC DEVELOPMENT OPPORTUNITIES | | |
| Implementation Entity | | |
| A. Continue to identify sources of funding for projects | DDA or CDC | LFUCG, University of Kentucky |
| B. Continue outreach efforts | | |
| C. Write grants and secure incentives | | |
| D. Implement strategic plans | | |
| Economic Development | | |
| E. Evaluate incentives; continue as necessary | DDA/CDC, LFUCG | |
| F. Continue to market the corridors | DDA or CDC | Business Owners Associations |
| Real Estate Development | | |
| G. Targeted land assembly as needed | DDA or CDC | University of Kentucky, Lexington Community Land Trust |
| H. Rezone properties (if necessary) | LFUCG, DDA/CDC, Private Developers | Neighborhood Associations, Property Owners |

