

Strategic Development Plan

Ludlow Yards

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I. Background

In Summer 2016 planning was underway for Ludlow Beyond the Curb (BTC). This had been a highly successful event in all other River Cities, and it was time for the City of Ludlow to shine during their Beyond the Curb event. This is a Catalytic Development Fund event that takes place in the River Cities to highlight urban living. The intent is to get people “beyond the curb” and into each City’s unique residential properties to showcase the various styles and perks of urban living.

The City had been taking an aggressive approach to Code Enforcement and with Public Works activities to clean up the City. Various community groups had also made efforts in City cleanup and beautification efforts. The housing market was beginning to pick up, and rental properties were being purchased and reverted back to single family properties. Beyond the Curb was the event that could help the City’s revitalization efforts gain some real momentum. There was no shortage of great residential property to showcase. The one large problem identified that had no quick fix, but could negatively impact the event were two properties obtained located on Elm Street at the entryway to the downtown next to and across from the City Building.

These properties are both Brownfield properties. A brownfield is a property that is either known or perceived to be contaminated and is blight that negatively impacts surrounding property. It was already planned the property located adjacent the City Building would become a parking area, but a simply parking lot would be aggressive to the eye as people entered the City. The Strategic Plan the City adopted in 2012 called for a Public Square, and it seemed fitting to incorporate this into the plans for the Municipal Lot. It was also desired to incorporate as much greenery/landscaping detail as possible to beautify the lot while not breaching the cap (the parking lot serves as a cap to the contaminated cell). It is also a trending practice to use landscaping to mitigate stormwater runoff with contamination. This would all lend to a unique development that would provide a community area for Public Square, ample parking for future needed developments, and would mitigate the contamination as required by the EPA. The City would finally be compliant with both the federal and state EPA requirements for the site. Lastly, it was suggested by Council Member Tom Amann we consider incorporating a rail viewing station into the lot. Upon careful and thoughtful research, it was determined the economic impact of rail viewing stations would be an asset to the community.

With BTC quickly approaching, and there being not enough time to plan and break ground on the Lot, Mayor Wynn decided to begin planning and incorporate a rendering of the Lot and Rail Viewing Station onto a billboard. The intent was to show those visiting our community there were planned activities for the site, and the community was not sitting around on city-controlled properties. People prefer to invest in a City that actively invests in itself. This still left the other large property across from the Lot. This is the first thing people see when they enter the downtown gateway under the trestle, and it wasn’t going to provide for an inviting entry to the City. Mayor Wynn worked with Southbank Partners to provide not one, but two billboard renderings for

these sites. It had long been discussed planning for a mixed use development for the site at 38 Elm. No planning had occurred, and there was no time. Upon discussing ideas it was determined we could put up a conceptual rendering of what could be developed on the site. Hub & Weber was contracted to create a unique design for a mixed use residential and commercial development. Through discussion with Jim Guthrie, Hub & Weber, it was determined the best design would incorporate a feel of industrial buildings and rail through a historical lense. This would work in conjunction with the Rail Viewing Station to create a transitional gateway from the residential east side of town into the historic downtown. The intent was to show the City had a vision for the site and inspire interest in the property. The design produced exceeded the expectations of everyone, and it did inspire interest in the site.

BTC had one of its most successful events in Ludlow. The downtown was pristine, the weather was beautiful, properties were clean and charming, and our downtown was buzzing with community members and visitors. Several homes were sold, and shops gained new patrons as a result of the event. The City had successfully tackled the potential problems that would negatively impact the event. The long term impact of the event has been nothing but positive, and the returns have far outweighed the cost to the City. The event itself was not the only buzz in town, calls were pouring in regarding the Ludlow Yards.

The Ludlow Yards concept was well received in the region, and was even highlighted in the Lane Report, Kentucky's Business News Source. Inclusion of a Ludlow Development in the Lane Report was a very big deal. Residents began inquiring about the project at Council Meetings. It was explained the project design was conceptual and we had not moved forward with anything more than the print. It was also explained the plan was to have a mixed use development with residential and commercial space; there were also areas for office and community spaces in the design which everyone was hopeful for but understood those were likely the first pieces to be dropped by a developer. The rendering depicted a small scale (less than 100 units) new construction development that would have first floor commercial space to add to the streetscape. Knowing the other two sections could be dropped, the enthusiasm continued amongst residents and Officials for residential and commercial mixed use development. Due to the influx of calls, the extremely vocal and positive community buzz, and the inquiries at Council Meetings it was agreed upon by City Officials we needed to start the process of finding a developer for the Yards.

It was agreed upon by the Mayor and Council we should engage the Catalytic Development Fund in the process of procuring a developer. This is what the CDF is expert in, and their knowledge and experience could prove valuable. They created an RFQ with assistance from City Staff, which was reviewed by the Mayor, Council, and CAO. CDF suggested the use of a Community Selection Committee, as this is the best practice used in these projects, and they provided a listing of criteria the committee members needed to meet. This would ensure a diverse representation of the community.

After quite a bit of buzz and interest in the site (8 developers visited the site), a total of three developers submitted proposals. All were called in for an initial interview. Careful

interviewing, guided by questions pre-selected allowed for the committee to quickly narrow down the three developers into two. CRG/Merchants were not asked to return for a second interview as their project included no market rate units and no commercial space, both of which the City and Selection Committee believed were important to include in the project to diversify housing options for residents. It was also noted by the Selection Committee the Development Team's vision for Ludlow did not match what the community had been requesting to see in the future development. The Selection Committee wanted a developer who had a more dynamic view of the community and who believed there is a market for some market-rate units in Ludlow.

The Selection Committee selected one of the developers with all but three members voting in favor of the selected developer. The selected developer was the only developer out of the three to submit all of the RFQ's required documents at the time of the application (with both the other candidates not submitting company financials). All three individuals voting in favor of the other developer stated they felt Pennrose could provide a great project. The results of the selection were presented to Council. Several Council Members noted concern after having researched the selected developer, however, they had not been made aware of the newest developments and the background of the Project Manager assigned. Upon discussion all but two Council Members were favorable in moving forward with Public Engagement, with the knowledge the property would not be given to the developer until they presented Council with a desirable project. If the project does not ever meet the standard of the Council, they can reject the developer and move forward with another selection process.

Last November Council agreed to allow Mayor to enter an agreement which would allow the developer to move forward with a Development Agreement (draft proposal) and public engagement meetings. Both of these tasks were delayed as they were presented with a large problem regarding SD-1 infrastructure that was previously unknown. Once determined how to move forward they began planning for initial designs to begin public engagement. The first public engagement meeting was held on Thursday July 26th where an initial conceptual rendering was presented to begin discussions with the public. Roughly 40 community members attended this first public engagement meeting. All concerns and suggestions were kept for consideration, and it was noted the developer would return with conceptual renderings that would better reflect the desires of the community from an aesthetic perspective.

II. Process to Date

- **Conceptual Rendering—Hub & Weber—Beyond the Curb Catalyst and Process**
The rendering depicts a small scale unique new construction mixed use development. This was used to inspire interest in the property during Beyond the Curb.
- **Community Feedback—Prompted Engaging Catalytic Fund**
The community feedback was overwhelming and positive. Various individuals contacted the City Administrative Offices, contacted Officials, and attended Council Meetings to express their support for and questions about the project. It was repeatedly stated by various community members the addition of mixed use residential and commercial development would be welcomed and is needed.
- **Process for Selection—Selection Committee, Interviews, Notification to Council**
Committee members were selected to represent long term residents, new residents, business owners, young adults, senior adults, and various economic status. Two rounds of interviews were employed to select the developer from three candidates. Once selected, the choice was presented to Council. They were provided information about all three developers, the questions asked during interviews, and who the selected developer was. It would then be up to the developer to prove to Council they would meet their demands with a project. This would occur through Public Engagement and Planning Meetings with Council.
- **Community Engagement—Notification and Subsequent Meetings**
The initial meeting for Public Engagement occurred in July, several months after the anticipated timeframe. This was due to unforeseen infrastructure issue on the site. The first meeting began with a conceptual rendering which prompted discussion. Discussion points are covered in the following section.
- **Request for Phase I Agreement to Allow for Financing Approvals**
Currently Pennrose is requesting Council to approve a first stage agreement that will not give them control of the property, but will show Council is engaged with them so they may move forward with securing various financing opportunities that only arise once a year. This will in no way tether Pennrose to the property. They will be required to meet standards and have designs approved by Council in order to obtain the property and begin development.

III. Public Engagement

A. Initial Meeting—Presentation of Initial Idea & First Public Feedback Discussions Based on Initial Idea

There were roughly 40-50 individuals in attendance at the first public engagement event. There were multiple individuals willing to speak, and there seemed to be a consensus with concerns. The other notable issue seemed to be individuals were distressed over not being included in discussions for the designs of the property. As far as this being a mixed use residential and commercial property, this had been discussed at multiple meetings with positive reaction and commentary from the public. It had been noted at various meetings the development plans as presented to the developers were for a development that would have roughly 80 rental units and would have street level commercial.

Being the positive reception to this idea, this is what was provided to developers as the basis for what was being sought. The office space and community space would be ideal, but not required. The residential rental and commercial would not be negotiable. These two aspects must be included. These were both presented fairly close in proportion to what was originally designed, meeting both requirements. Of course, there will be plenty of time and discussions around other concerns where citizen feedback can be collected and used to create the final product presented to Council. It was determined by feedback and discussion early on the desire was for residential rental units and street level commercial.

B. Concerns, Suggestions, and Questions

Concerns:

Design Aesthetics—The Developer was aware this could be a hit or miss, and it appears the community all favor a more historic approach to the industrial and rail themed project with the inclusion of unique design elements.

Parking—1 to 1 parking is a large concern of attending community members, as well as City Officials. Calls are being placed to other communities with similar parking struggles with similar developments. It will be noted how they handle parking, and if the 1 to 1 parking works. There is additional parking for Yards commercial visitors at the Ludlow Municipal Lot. This lot was designed to be sectioned off with the front spaces remaining safely in use even during a public event in the back half of the lot.

A parking study was conducted by certified planners and a report and plan of action was included. There are other parking strategies the City plans to implement regardless of this project that will mitigate parking issues.

1 to 1 parking may not work, but it is an emerging trend that seems to be successful everywhere. The Officials will have to determine if conditions are right for it to be successful in Ludlow based off planning trends, similar success stories, and careful implementation. If 1 to 1 parking is not feasible, it may not be feasible to have a residential development in Ludlow at this site or any other site.

Affordable Housing—There seemed to be a large misconception regarding affordable housing. Affordable housing and low income housing (government subsidized/Section 8) are not the same thing. There is nothing wrong with low income housing, but Ludlow has already met its needs for low income housing. The goal now is to provide rental options for affordable and market rate housing. Affordable housing is often referred to as “workforce” housing. This is generally for individuals who are starting out in career, or work in physical labor, and they are slightly below the median income (if you were to think of it terms of income brackets this would be high end low income and low middle income annual salary).

Individuals who would fall into this category are likely teachers, social workers, clerical workers, public employees, nonprofit employees, laborers, graduate students, artists, small business owners. Retirees often fall into this category as well. The rents are not low, and they are not subsidized. They are simply kept below the ever-increasing market rate.

Affordable housing attracts business as they want a place for their employees to live. Currently financial institutions are being chastised and “dinged” for not financing affordable and mixed affordability projects. So many market rate developments were funded we now have a crisis with affordable housing in the urban core. Affordable housing is often how young professionals move into a community they eventually decide to call home. They reside in their cool and hip rental unit, and then they eventually buy a home when they are ready for the added responsibility of owning residential property.

Affordable Housing is not low income housing, subsidized housing, section 8 housing, or any other term you may have heard for low income housing. It should also be noted, rental property can be a positive for a community. Having renters by choice allows for an entirely new demographic to emerge in a community.

Number of Units—A small development in new construction is generally one with less than 100 units. This is by all standards a small development. The size and scope of the residential rental portion of the project was discussed early on before developers were engaged. Individuals concerned with number of units may not have been engaged and attending meetings at this time. All developers submitting for the project were given the well received conceptual rendering as their baseline which included roughly the same amount of units (Pennrose has proposed roughly twelve units less).

There is a further issue with financing. This is not a rehab, and the City is unable to support the project with a \$1M-\$2M cash injection. That would be required to either lower the number of units or propose only market rate rentals. Larger cities can afford to provide this size of cash injection, but smaller cities simply don't have the ability. The number of units will dictate the ability for the developer to make a profit. If there is no profit, no developer will develop.

Increased Commercial Space—The amount of commercial space is dictated by the optimized use of the site, the amount the developer feels can be rented (the amount proposed is on par with boutique mixed use developments, and almost all new developments in the river cities as this is the amount that is sustainable), the amount of residential space, the amount of exterior amenities (such as parking), and financing (there is no lack of commercial space in the river cities and it is near impossible to finance large scale commercial and prove sustainability).

Suggestions:

Arched windows (common place with rail depots and pictures were provided by two residents to the City to pass along to the developer), balconies, rooftop tenant amenity (if balconies are too expensive could this be an option), unique design features, awnings (commonplace with rail depots and adds variety to store front—photos also provided to City by two residents)

Questions:

Could preference for affordable units be given to Ludlow School Teachers to better support our Independent School District? Small business owners Public Employees? Graduate Students? Local Artists—Is there a way to give preference to support our school, adult students, local artists, and/or small business owners by their receiving preference when qualified for affordable housing?

C. Future Meetings

- Meeting on August 6th for Council to approve initial phase for development agreement that will not hold us to the project but will allow developer to move forward with applying for additional financing options.
- Public Engagement Meetings—There will be several more of these as we move forward. The next one will be scheduled after the next designs are ready to present (this design will incorporate feedback from the first public engagement meeting which was used as a kick off for discussions).
- Planning Charrette—In the coming weeks (in the next two months) the developer has suggested use of a planning charrette. This would include the original Selection Committee and roughly ten other selected citizens (representing various demographics, various community groups, and various neighborhoods). Council will be able to attend and view the charrette to witness community input but not guide their input.

D. Council Support in Collecting Community Feedback

We have asked all Council Members to discuss the project with constituents as there are multiple levels of support for the project and it's important to find out why each feels the way they do. Council Members Tom Amann and Josh Boone were specifically requested to ask for input from citizens to be included in this document and it was requested they provide this the week of July 30-August 3. Their being our senior Council Members and being a bit more versed in understanding how to collect input and decipher citizen requests it was hoped they would be able to provide additional feedback to include for review in this document. There must have been no further comment provided to our Council Members as nothing was reported. It is expected we will gather more comment and feedback at the planning charrette and public engagement meetings.

IV. Limitations for Consideration

There were several limitations that were not considered in the original conceptual renderings that have played a role in delays public engagement, delays in the development agreement, changes to development parking, and exact location of the project (shifted to the west).

- SD-1 Main—Caused a shift to the West with the development that affected commercial area.
- Slope—This affected the parking and the public area originally designed on the corner.
- Financing in Ludlow—Most mixed use developments we are used to hearing about are occurring in larger cities that have funds available to cover financing gaps. The City of Ludlow has no financial match to this project, nor are we capable of one, other than the property we would transfer ownership for to the developer once they have met our requirements. To have full market rate units it would require a \$2M cash injection (at a minimum) from the City.
- New Construction v. Repurpose/Renovated/Rehabbed/Redevelopment—Many of the extremely unique projects we see in the Greater Cincinnati Region were old buildings that have been repurposed for residential living from industrial or other uses. Many of these buildings were historic and with their being constructed in an era that allowed for ornate details, it provides for a beautiful façade. New construction can (and should) include some of these design features, but the cost to build some of these features in on new construction can lend to extreme cost increases. The key will be to find the middle ground of having enough features to keep a unique and exciting feel, but with keeping the project within its financial means.

V. Comparisons and Trends

Comparisons:

Early on it was stated by a couple Council Members the City of Ludlow would like to have a project similar to that of the American Can Lofts. At least one Council Member was disappointed the selection committee did not select the other final round developer, Bloomfield/Schon, who was responsible for the American Can Lofts.

Knowing this has been noted as the development style of choice we opted to call and gather information regarding the American Can Lofts project, and was provided information for the Gantry project as well. Ludlow is often touted as being similar to Northside. Both projects are limited in surrounding parking, have limited space for new development, are trying to meet the needs of renters by choice, creative communities, and just off the beaten path of the City Central. Below is a table comparison of # of units, rents, parking, and commercial space:

Development	# of Units	Rents 1 br	Rents 2 br	Parking ratio	Commercial Space
Yards	73	\$882 (affordable)/ \$1,100 Mkt Rate	\$1,057 A/ \$1,400 MR	1:1	
American Can Lofts	108	\$820	\$1,200	1.2:1, this includes what they have for their commercial	9K ft2, initially (right before opening) Ruth's leased. Other two spaces just recently leased (after 4 years of vacancy)
Gantry	88	\$1,100	\$1,320	Unclear. States there is a garage as a community amenity (not apartment amenity)	12k ft2, to date only 6k has been leased.

It appears the proposed Yards project is smaller than both projects listed in Northside, one of which was a project alluded to several times as a vision to achieve in Ludlow. Neither have had any issue with parking, and their main street (Hamilton Ave) has more issues with parking than Elm Street. Our rents (both affordable and market rate) are similar to the two projects only offering market rate. It appears to be neither

project began with an anchor business in commercial, and the leasing occurred as construction was underway. It also appears the suggested and trending amount of commercial space being between 5k-7k ft² is ideal as both have issues leasing the amount above this. Parking concerns were the same for the community as what we are hearing, and to date they have had no issues with parking. It appears the trend is towards less cars in families, and some individuals opt to not own a personal vehicle. Both developments remain at capacity with vacancies filling quickly. It was noted that since the opening of the American Can Lofts there has been a decrease in crime, the area surrounding the development has revitalized, and new businesses opened in the downtown as a result of the tenants moving in the rental units, specifically restaurants.

Trends in Development and Similar Projects

- Parking—The 1:1 parking seems to be the trend, if not less, and it works in the urban environments. This remains true even in communities not easily connected due to geography.
- “Boutique” Style Developments—The desire for boutique style development was mentioned at the meeting. Boutique developments are generally less than 100 units, have a small amount of commercial space, some common areas and amenities, and are repurposed buildings. The only difference with this project is the new construction.
- Common Area and Amenities—Common Areas appear to be a desirable amenity for developments allowing those who work from home a new space to work in, or a place to entertain guests, or mix with neighbors. Other amenities are natural light, washer and dryers, desirable view from unit or from a common area, bike racks/storage, and in development commercial business (generally a restaurant or drinkery).
- Small Scale Commercial—The current trend in commercial, due to lack of success in slightly older projects, and the issues in financing, is 5k-7k square feet. As mentioned above, it appears leasing more than this much space is difficult and causes a vacancy to linger which can have a negative impact.
- Business Anchor—Anchoring a project with a business does always seem ideal, but it is not the norm. Most developments begin leasing their commercial space as construction begins.
- New Construction v. Rehabilitation Projects—As mentioned before, Rehabilitation of buildings that are being repurposed is the emerging trend, but when there is not a building appropriate for such a repurpose there are still new construction developments occurring. The goal seems to be to complement existing architecture.
- Emerging Need for Affordable Housing as Well as Market Rate
 - Affordable Housing provides opportunity to attract those who may not be able to afford our sellers market rates, but still want to live in Ludlow in a cool and hip place. As mentioned previously, many of the individuals who will qualify for affordable rents are the very people we have been encouraging to move to the community, but with improved home values, we are pricing out of the City.

- Affordable Housing Rents in comparison to Mortgages—The affordable housing rents are comparable, if not higher, than many of the mortgage payments for homes in the community. The difference is the lack of cost associated with maintaining one’s own home.
- Validity of Need—Workforce Housing brings jobs. If we want to attract business to the region they want to know their employees have a place they can afford to live that is comfortable and desirable. Cost of homes in Ludlow are beginning to price out the very people we have been hoping to attract to the community. We have been priding ourselves on being a creative community for years now, and few artists can afford the emerging housing market at this time, nor can they afford market rate rents. They are often renters by choice, and urban dwellers by choice. They take pride in their community and add to the unique culture being cultivated.
- Every development like the Yards has resulted in increased patronage of businesses in the community, as well as new business locating to the community.
- Affordable Housing can help support the local independent school district by providing affordable housing for our teachers allowing them to live near their work, and benefit from the cost savings associated with walking to work.

VI. Next Steps

If Council approves, by voice Resolution, the initial Preferred Developers Agreement on Monday August 6th, Pennrose will move forward with applications for the last financing gaps they have. Mayor and Council will have their work to do with engaging the community and using feedback, careful evaluation of similar projects, and determining long term success of project to eventually accept or reject a final design by Pennrose. The goal of the Mayor and Council is to eradicate the blight and its impact with the vacant brownfield site at 38 Elm, determine if a mixed use commercial and residential project is the best use of the site and best way to optimize the site with limited area in the community to expand and grow the revenue base. They will then need to determine the short and long-term impacts on the City which can be achieved by looking at comparable projects for short term and using planning advice on the long term. They will seek to agree upon a project they feel will have long term sustainability. No development of this size is ever planned to remain for less than twenty years. Experienced local government planning is always looking at the twenty-year sustainability mark. One they have determined if the project itself is the best use of the site, that its short and long-term impact will be beneficial to the City, and the project can be sustained to expectations 9K ft², initially (right before opening) Ruth's leased. Other two spaces just recently leased (after 4 years of vacancy) they will vote to approve or reject the development.

During this time the community members interested can contact their elected officials and let them know their thoughts, they can attend public engagement sessions, and provide feedback. This will help Council know if the project is meeting the community needs and requests, as best any development could.

To summarize the next steps for Council:

- Evaluation of Project
- Determining Short and Long-Term Impact
- Likelihood of Sustainability
- Accept or Reject Final Design