



March 22, 2017

FAYETTE ALLIANCE

603 W. Short Street
Lexington, Kentucky 40508
info@fayettealliance.com
fayettealliance.com

Board Members

Eunice A. Beatty, Phd
James G. Bell
Price Bell, Jr.
Sandra Noble Canon
Todd Clark
Kip Cornett
Susan Enlow
Greg Goodman
Gay Haggin VanMeter
Stan Harvey
Bary Holmes
Matt Hovekamp
Chauncey Morris
John Phillips
Tom Poskin
Walt Robertson
Don Robinson
Jack van Nagell
Knox van Nagell
Griffin VanMeter
Holly Wiedemann
Anthony Wright

Sustainers

Josephine Abercrombie
Helen Alexander
Andover Management Group
Ann Bakhaus
Ian Banwell
Antony & Angela Beck
Gary Bizsantz
Alex Campbell
Darley
Fayette Co. Farm Bureau
David & Philippa Fogg
Greg Goodman
Dave Harper
John Hendrickson
Larry & Marsha Hester
Watts & Sally Humphrey
Bill Justice
Keeneland Association
KTA
Murray & Teri Kessler
Lane's End Farm
Langley Properties Co.
Lisa Lourie
Deirdre Lyons
Richard & Sue Ann Masson
Joe & Jacqueline Murphy
Don Robinson
Dr. Kim & Robert Rosenstein
Bill Shively
Tom VanMeter
Derek Vaughan
Fra Vaughan
Brian & Lori Wood
Misdee Wrigley Miller
Chris & Josefina Young

Dear Chairman Wilson and Members of the Planning Commission,

Please accept this letter on behalf of the Fayette Alliance with respect to ZOTA 2016-7: Amendment to Article 8-24 for the Office, Industry and Research Park (P-2) Zone (P-2 ZOTA).

Founded in 2006, the Fayette Alliance is a coalition of citizens dedicated to achieving sustainable growth in Lexington-Fayette County through land use advocacy, education, and promotion. The Fayette Alliance believes that preserving our unique and productive Bluegrass farmland, advancing innovative development, and improving our infrastructure are essential to our collective success in Lexington.

In furtherance of this mission, the Fayette Alliance supports the P-2 ZOTA for the following primary reasons, which shall be discussed more fully below:

- The proposal increases the amount of acreage and square footage dedicated to employment uses.
- Coldstream has a track record of attracting the types of businesses for which the zone was intended.
- The proposal limits “supportive uses” to the exact same amount of acreage currently dedicated in the P-2 Zone for retail, restaurant, and hotel/motel uses—15% of the total acreage.¹
- The proposal makes clear that the “supportive uses” are truly intended to support the principal employment uses by:
 - Restricting their location in the development;
 - Mandating that they shall only be developed and constructed either concurrently with or post-construction and occupancy of at least 250,000 square feet of principal employment uses;
 - Phasing in the supportive uses by mandating that, until the 250,000 square foot threshold is achieved, a ratio of principal/supportive uses must meet the 80/20% ratio even on preliminary development plans.

While we do have concerns about the fact that the ZOTA does not restrict the percentage of supportive uses available for residential development, there are other factors that dis-incentivize Coldstream from building residential at a high ratio compared to other supportive uses, which are discussed below. Under the P-2 ZOTA, the “supportive uses” are just that—supportive of the principal employment use in acreage, square footage, location, and timing/implementation.

¹ The proposal changes hotels/motels from a principal use to a supportive use.



I. Coldstream and the University Research Park

The modern university research park² is envisioned as a dynamic environment that encourages innovation, discovery, and creativity.³ In today's knowledge-based economy, there is growing emphasis on the importance of innovation for sustained economic growth and competitiveness.⁴ University research parks provide an important means of focusing on innovation and creating economic development.⁵

The University of Kentucky Coldstream Research Campus is comprised of 735 acres, and the only parcel in Fayette County zoned P-2. The P-2 Zone is intended to be a "jobs creation" zone. Currently, fifty-six organizations in biotech, pharmaceutical, equine health, and other industries are located at Coldstream, employing over 2,250 people. Coldstream estimates that in 2015 the average annual wage was \$55,000 and annual payroll taxes generated were over \$2.75 million.

Coldstream has a track record of attracting high-wage paying, innovative businesses that benefit Lexington's economy and quality of life. Given the incredible growth of the University of Kentucky and UK HealthCare, Coldstream is in a unique position to accelerate economic development, particularly around the primary pillars of Fayette County's economy: agriculture, health care, education, and high-tech.

In 2009, Coldstream adopted a new Master Plan that called for incorporating multi-family residential and additional mixed-uses to its physical development. According to the Survey of North American University Research Parks, this has been a trend in the evolution of university research parks for some time.⁶ The Survey reports this trend to be popular for both newer parks built over the last decade and more established parks.⁷ The Survey finds that these types of research parks are more competitive and better able to attract high-value, knowledge-intensive industries—and the high-wage paying jobs and educated workers that go along with them.⁸

Along with other elements contained in Coldstream's Master Plan, the P-2 ZOTA provides changes to the physical development and permitted land uses that Coldstream believes will enable them to remain competitive and create the dynamic

² Among the other amendments contained in the ZOTA, Coldstream proposes to change the name of the Zone to "University Research Campus Zone" to more clearly express its intent.

³ University research parks differ from other science or technology parks in that they are developed by, or in collaboration with, a leading research institution. *The 2012 Survey of North American University Research Parks*, Battelle Technology Partnership Practice, August 2013, pg. 6 (hereinafter cited as "Survey").

⁴ *The Global Competitiveness Report 2016-2017*, World Economic Forum at <http://reports.weforum.org/global-competitiveness-index/results-overview-and-main-findings/>.

⁵ Survey, pg. 1.

⁶ "A more far-reaching change in the physical development of university research parks is the trend towards incorporating mixed-use, live-work-play environments." Pg. 23.

⁷ Survey, pg. 23.

⁸ Survey, pg. 24.

research park that will provide job growth and quality of life benefits to our entire community. Given Coldstream's track record of success and unique position as a university research park, the Fayette Alliance supports the ZOTA.

II. The P-2 ZOTA

The primary amendments contained in the ZOTA are as follows:

- Increase the building density, which results in greater land utilization and increased area dedicated to employment uses;
- Create a more pedestrian friendly campus by reducing the setbacks and yard and lot sizes;
- Change the green space requirements to create clusters that can be used for parks and recreation;
- Add new "supportive uses," including multi-family residential and other uses in the same ratio that retail and hotel/motel uses are currently permitted;
- Provide for phasing of supportive uses either concurrent with or after construction of principal employment uses, and maintain 80/20% ratio of uses until at least 250,000 square feet of employment uses are constructed.

A. Physical Development

The proposed changes to the physical development increase the amount of acreage and square footage available for employment uses and create a denser, more pedestrian friendly environment. The ZOTA proposes:

- Reducing the useable open space requirement from 50% to 40% of the entire park;
- Eliminating the minimum lot size, which is currently 5 acres;
- Reducing the overall yard requirements;
- Increasing the maximum floor area ratio from 0.5 to 0.75;
- Increasing the maximum building height to 120'.

With respect to employment uses, these amendments result in a significant net increase in acreage and square footage available for employment as follows:

CURRENT RULE

Minimum acres employment: 257.25

Minimum square footage employment: 4,482,324

PROPOSED RULE

Minimum acres employment: 330.75

Minimum square footage employment: 10,805,603

Since Lexington is largely dependent upon payroll taxes for its revenues, maximizing our current stock of employment land is critical to our community's success. By modernizing and more efficiently using existing space, Coldstream proposes to add nearly 75 acres and more than double the amount of square footage devoted to jobs.

Coldstream is a proven economic development site, and the proposed changes represent a significant opportunity for additional job growth.

While the amendments would reduce the overall percentage of green space, the ZOTA would create clustered, usable open spaces for parks and recreation. Coldstream has demonstrated its commitment to providing quality green spaces and recreation. In addition to the 225-acre park, Coldstream contains two dog parks and nearly two miles of the Legacy trail.

The proposed changes to the physical development would create a more modern, walkable environment that efficiently uses both employment areas and green spaces. These changes would enable Coldstream to modernize its facility and provide the type of environment that is attractive to young professionals and workers in today's knowledge-based industries.

B. Supportive Uses

The P-2 Zone uses the term “supportive use” also contained in the proposed Economic Development ZOTA (ZOTA 2016-4). The P-2 ZOTA ensures that these uses are truly supportive of the principal employment uses. The intent section of the ZOTA provides: “Residential, retail, restaurants, and hotel/motel uses are intended to be supportive uses for the organizations located on the research campus.”⁹ To ensure that the uses are truly supportive, the ZOTA restricts the amount, location, and timing of construction of these uses.

The current P-2 Zone allows for up to 15% of the entire research park to be used for a “designated retail sales area”¹⁰ and hotels/motels. Among other uses, the retail sales area permits restaurants, bars and retail stores. While the proposed ZOTA includes some additional mixed-uses, including multi-family residential, and increased density, it does not increase the total maximum percentage of acreage available to such uses.¹¹

As cited above, there is research to support the attractiveness of mixed-use, live-work-play environments to the types of businesses that locate in university research parks. “With the growing trend towards more mixed-use development, university

⁹ P-2 ZOTA, 8-24(a).

¹⁰ The following uses are currently permitted in the P-2 “designated retail sales area:” Offices for business, professional, governmental, civic, social, fraternal, political, religious, and charitable organizations; banks, credit agency, security and commodity brokers and exchanges, credit institutions, saving and loan companies, holding and investment companies; establishments for the retail sale of food products; medical and dental offices, clinics, and laboratories; travel and ticket agencies; restaurants, cocktail lounges and night clubs; establishments for the retail sale of merchandise; beauty shops, barber shops and shoe repair; automobile service stations; quick copy services; laundry and laundry pick-up stations, but not including self-service laundry; kindergartens, nursery schools and child care centers for four or more children; athletic clubs.

¹¹ The proposed ZOTA changes hotels/motels from principal use to a supportive use, making clear that a hotel/motel “counts” towards the allowable 15% available for supportive uses.

research parks are becoming even more integrated as signature developments for creating the dynamic, life-style communities that attract high-skilled and entrepreneurial technology professionals to a region.”¹² With the University of Kentucky and UK HealthCare as our top employers and generators of economic development, the unique potential for Coldstream is significant.

In addition to limiting the amount of acreage, the proposed ZOTA also restricts the location of mixed-use areas. The ZOTA provides:

The designated retail areas shall be designed and located to primarily serve the needs of employees, residents, and visitors to the university research campus. Entrances to designated retail areas shall be on collector streets or local streets and not on major arterial or minor arterial streets.¹³

By requiring mixed-use areas to be located internally to the park, the supportive uses meet their stated intent and provide the mixed-use amenities in a setting that research suggests will help attract and retain the types of business that locate in university research parks.

The ZOTA further protects the principal intent of the zone by restricting the timing of construction of supportive uses. The ZOTA provides: “Supportive uses shall only be developed and constructed either concurrently with or post construction and occupancy of at least 250,000 square feet of other principal permitted uses.”¹⁴ Additionally, the ZOTA requires that until the 250,000 square footage threshold is reached, a developer must meet a ratio of principal/supportive square footage of 80/20 even in preliminary development plans.¹⁵

This phasing requirement is critical to ensure that our “job creation” land does not transform into some other type of land use in the future.

Because all of our employment land is precious, we do have concerns about the fact that the ZOTA does not restrict the percentage of supportive uses available for residential development. However, there are other factors that dis-incentivize Coldstream from building residential at a high ratio.

First, the University has invested significant infrastructure in Coldstream over the past 25 years and is home to 56 entities that provide more than 2,250 jobs. Coldstream is clearly committed to its central economic development mission.

Second, the ZOTA is a direct result of the University’s Master Plan completed in 2009. Thus, the changes envisioned at Coldstream are part of a larger vision regarding the growth of the Commonwealth’s flagship university. Given the tremendous economic growth UK has experienced, it only makes sense that Coldstream would play a significant part of the University’s long-range plan.

¹² Survey pg. 24.

¹³ P-2 ZOTA, 8-24(o)(13)(c).

¹⁴ P-2 ZOTA, 8-24(o)(13)(b).

¹⁵ P-2 ZOTA, 8-24(o)(13)(b).

Third, the ZOTA presents an opportunity for Coldstream to take advantage of a state law that allows university research parks to apply for tax-increment financing to build infrastructure.¹⁶ Qualifying for TIF could help attract businesses to Coldstream. However, TIF-financed developments need sales tax revenues to work.

Finally, in order for Coldstream to compete with other university research parks, they must have the amenities those other parks offer. Successful parks like the Research Triangle offer a limited ratio of multi-family housing along with restaurants, retail and other mixed uses.

Given the above reasons, there is no incentive for Coldstream to build a high ratio of residential units when compared with other supportive uses.

III. Conclusion

Coldstream is a unique economic development site in Lexington with tremendous potential to attract the type of innovative businesses that create new products and jobs and improve the quality of life of our community. While we must maximize all of our employment land, Coldstream is not asking for any more acreage to be dedicated to supportive uses than what is currently permitted.

For the reasons stated above, we respectfully request that you approve the P-2 ZOTA.

Thank you for your consideration and commitment to our community.

Respectfully submitted,



Susan B. Speckert, J.D.
Executive Director

Cc:

Derek Paulsen, Commissioner of Planning, Preservation & Development
Jim Duncan, Director, Planning Services
Bill Sallee, Manager, Planning Services
Traci Wade, Senior Planner, Planning Services

¹⁶ See KRS 65.7043