



LEXINGTON

Lexington Industrial Revenue Bond (IRB) Program Policies & Guidelines Review

Budget, Finance, and Economic Development Committee

August 19, 2025

Presented by: Craig Bencz





Industrial Revenue Bonds

- To improve economic development, to relieve unemployment, and to encourage the increase of industry, LFUCG can issue bonds to finance the development or expansion of “industrial buildings”, as defined by state law
 - Recent example: The Manchester Hotel project
- These bonds are not the general obligation of LFUCG, an indebtedness of LFUCG, or backed by a pledge of LFUCG’s credit
- LFUCG typically sees requests for Industrial Revenue Bonds in one of two forms:
 1. Requests for bonds to assist with financing a project, typically to provide a lower interest rate
 2. A leaseback arrangement in which LFUCG also takes ownership of the property to provide certain ad valorem tax benefits





Scope of Policy Review

- Review current IRB Policies and Guidelines to allow for housing under some circumstances and conditions.
- Maintain requirement for “job creation or evidence of strong economic development resulting directly from the project”.
- Consider expanding the defined area for IRB applications to include the entire Urban Service Boundary.





Industrial Revenue Bond Types

- LFUCG has two types of IRBs for new construction projects:
 1. Traditional IRB: Essentially a loan agreement. Approved sites remain on the property tax roll.
 2. Leaseback IRB: PVA shows property ownership as LFUCG and is not subject to property tax for the length of the IRB agreement
 - Requires Payment in Lieu of Taxes (“PILOT”) agreements with taxing districts

Summary

Parcel Number	38092340
Location Address	941 MANCHESTER ST LEXINGTON KY 40508
Tax District	District 01
Tax Rate	1.2583
Acres	1.1276
Legal Description	M-994 JAMES M SHARP SR LOT 1
Property Class	E - EXEMPT
PVA Neighborhood	719 - LEESTOWN
Land Use Code	(400) C - COMMERCIAL VACANT LAND
USA/RSA Map	03
Map Block	048
Lot	1 PC 1&2
Subdivision	JAMES M SHARP SR CONSL
Cabinet/Slide	M-994
ND-1 Zone	
Overlay	
PDR	
Map Scale	200
Block	
LFUCG Zoning	I-1 - LIGHT INDUSTRIAL
Deeded SqFt	49,120
Frontage / Out of	121 / PARCEL 1



Owner

[LEXINGTON FAYETTE URBAN COUNTY GOVT](#)
200 E MAIN ST
LEXINGTON KY 40507

January 1, 2025 Owner
LEXINGTON FAYETTE URBAN COUNTY
GOVT





Policy and Guidelines Review Process

- Initial meeting with LFUCG internal working group to identify scope of review and specific issues to address
- Meetings with representatives from property taxing districts
- Input from building industry representatives and a stakeholder group to obtain additional input and perspectives
- Economic Development Investment Board (“EDIB”) review of draft policy language
- EDIB recommendation presented to Council BFED Committee and Urban County Council for consideration and approval





IRB Policy Review Stakeholders and Participants

LFUCG Internal Stakeholders

Kevin Atkins, Mayor's Office of Economic Development
David Barberie, Department of Law
Whitney Elliott Baxter, Councilmember
Craig Bencz, Mayor's Office of Economic Development
James Brown, Councilmember
Erin Hensley, Department of Finance
Wes Holbrook, Division of Revenue
Keith Horn, Department of Planning & Preservation
Charlie Lanter, Housing Advocacy & Community Development
Rick McQuady, Housing Advocacy & Community Development
Tyler Scott, Mayor's Office
Ashley Simpson, Department of Finance
Evan Thompson, Department of Law

External Stakeholders and Partners

Lisa Ball, Ball Homes
Tracy Bruno, Fayette County Public Schools
Victoria Carling, City National Bank
JD Chaney, Kentucky League of Cities
Fred Combs, Lextran
Mark Franklin, Dinsmore
Johan Graham, AU Associates
Todd Johnson, Building Industry Association of Central Kentucky
Anne-Tyler Morgan, McBrayer
Jeff O'Brien, Louisville Metro Government
Joe Palumbo, Palumbo Lumber Company
Rob Serrate, Lexington Public Library
Daryl Smith, LG&E/Kentucky Utilities
Mary-Alicha Weldon, Fifth-Third Bank





IRB Policy Amendments

- Update under consideration focuses on the “Leaseback” model.
- Improvements are the result of direct input from taxing district partners.
- Summary of process improvements:
 - Requires a pre-application meeting with LFUCG staff to determine if the project meets the goals of LFUCG.
 - LFUCG staff holds a preliminary meeting with other taxing district representatives to discuss the project and obtain input.
 - Only after the satisfactory completion of the above can the applicant begin negotiating with taxing district representatives.
 - Formal application for IRB occurs after PILOT agreements in place with taxing districts





Leaseback IRBs – Housing Requirements

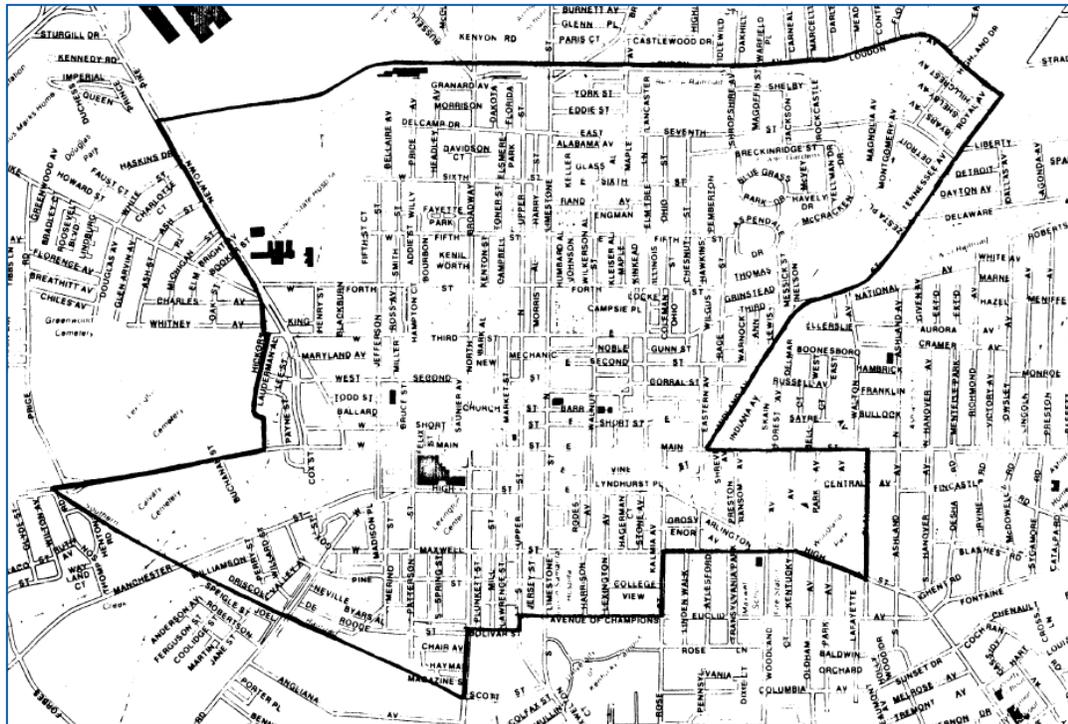
- Leaseback IRBs with a housing component have certain requirements:
 - The project must be mixed-use with creation of jobs onsite.
 - 20% of the proposed housing units must be affordable (80% of AMI) to receive a 15-year Leaseback IRB incentive
 - 20% of the proposed housing units must be workforce housing (80.1-100% of AMI) to receive a 10-year Leaseback IRB incentive





Area Eligible for IRBs

- Area eligible for IRBs is amended to include the Urban Service Area.



Questions?



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