

UNIVERSITY COMMONS REDEVELOPMENT & URBAN RENEWAL PLAN

KNOXVILLE CITY GOVERNMENT

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KNOXVILLE'S COMMUNITY DEVELOPMENT
CORPORATION

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INTRODUCTION

The City of Knoxville (the "City") has identified the Redevelopment Area (as defined in the Section of this Plan entitled "Project Area and Boundary Existing Conditions") as an ideal area for redevelopment. Commonly known as the Fulton Bellows site, the Redevelopment Area is a 12 acre site along Third Creek. It is the site of a historic Knoxville manufacturing facility that is currently an unoccupied brownfield that separates the University of Tennessee from residential development in West Knoxville. The site was originally developed by the Fulton Company for use as a machining and stamping facility for seamless metal bellows. The Fulton Company was started by Weston Fulton, the inventor of the seamless metal bellows.

Fulton was born and raised in Hale County, Alabama on a cotton plantation. He left the plantation to attend Howard College and later the University of Mississippi and became a meteorologist. After working at other Weather Bureau stations, Fulton came to Knoxville to manage the Knoxville Weather Bureau station. During his tenure with the Weather Bureau in Knoxville, Fulton invented the sylphon, a device that allowed him to automatically measure the fluctuating depth of the Tennessee River. The sylphon, more commonly known as a seamless metal bellows, was eventually used in thermostats, switches and other temperature-control devices. In 1904, Fulton left his job with the University of Tennessee's Weather Bureau to open the Fulton Company, which manufactured sylphons.

The Fulton Company factory was originally located on the fringes of the Fort Sanders neighborhood, however, by World War I, the company had outgrown the factory and a new facility was constructed on Third Creek. The Fulton Company changed hands and names several times over the intervening years, but the facility on Third Creek remained a stamping and machining facility producing seamless metal bellows and other similar devices. In March 2000, the company was sold and the purchaser renamed it the Fulton Company. The Fulton Company operated the Third Creek facility until mid-2005 when the company moved to the Forks of the River Industrial Park.

In 2006, the 450,000 square foot manufacturing facility was demolished, however, for environmental reasons, the concrete pad remains on the property. A local development group has proposed to develop a retail center on the existing concrete pad. The purpose of this Plan is to assist in facilitating that development.

KCDC, as the redevelopment authority of the City, has been asked by the City to assist with this redevelopment effort. On January 10, 2012, the City Council adopted a resolution requesting KCDC to develop a redevelopment and urban renewal plan for an area comprising the Redevelopment Area. Responding to that request, KCDC has prepared this plan (the "Plan") and has submitted it as both a redevelopment plan under §13-20-203(B) of the Tennessee Code Annotated and an urban renewal plan under § 13-20-211 of the Tennessee Code Annotated.

PROJECT AREA BOUNDARY AND EXISTING CONDITIONS

The Redevelopment Area is generally bounded on its western side by Third Creek, on its eastern side by the Knoxville and Holston River Railroad Company railroad tracks and on its northern side by Kingston Pike. The boundary map depicting the Redevelopment Area is attached to this Plan as Exhibit A.

Presently the Redevelopment Area consists of the vacant concrete pad on which the former Fulton Company manufacturing facility was located and surrounding ancillary areas. The Redevelopment Area clearly is eligible to be a redevelopment project within the meaning of Section 13-20-202(a) of the Tennessee Code Annotated. Based on physical inspections of the area conducted by KCDC, the Redevelopment Area is blighted due to the dilapidation of the site of the former Fulton Company manufacturing facility located in the Redevelopment Area. The Redevelopment Area also clearly qualifies as an urban renewal project within the meaning of Section 13-20-212(a) of the Tennessee Code Annotated because the area, based upon physical inspection by KCDC, when considered as a whole, is blighted, deteriorated and deteriorating. Blight is defined as "areas with buildings or improvements that, by reason of dilapidation, obsolescence, overcrowding, lack of ventilation, light, and sanitary facilities, deleterious land use, or any combination of these or other factors are detrimental to the safety, health, morals or welfare of the community." The Redevelopment Area is also blighted due to lack of use and inappropriate use of an urban site.

REDEVELOPMENT PLAN OBJECTIVES

The primary objectives of this Plan are

- Enhancing the quality of the Cumberland Avenue/University of Tennessee built environment.
- Achieving quality contextual design.
- To facilitate the future development of Cumberland Avenue.
- To eliminate conditions of blight and blighting influences and incompatible and inappropriate land uses through acquisition and demolition of substandard buildings.
- To provide for the layout of new public improvements necessary to support the redevelopment of the area.
- To assist the development of the area through tax increment financing.

RELATIONSHIP TO LOCAL OBJECTIVES

Appropriate Land Uses

The land use in the Redevelopment Area has traditionally consisted of manufacturing. The proposed land use is a commercial retail development. The proposed new land uses in the area are appropriate complements to the other existing land uses.

The Redevelopment Area was rezoned from RPD to C-3 effective as of February 21, 2012. Therefore, the current zoning of the Redevelopment Area is consistent with the proposed commercial development.

Improved Traffic and Public Transportation

Substantial improvements are necessary to support the planned development of the Redevelopment Area. Tentative plans for traffic improvement include, but are not limited to the following:

- providing additional turn lanes from Cumberland Avenue into the development,
- improving traffic signals at the entrance to the proposed development from Cumberland Avenue,
- extending an access road from the proposed development to Joe Johnson Drive via a new bridge,
- provide traffic signals at the proposed site access at the bridge connection to Joe Johnson Drive,
- Improving left turns for Neyland Drive approaching Joe Johnson Drive, and
- Modify striping on Joe Johnson Drive approaching Neyland Drive to provide a separate left turn lane, two right turn lanes and a single entrance to the Agricultural Campus of University of Tennessee.

In addition, the proposed development will be on the bus line, which will provide additional shopping options to those using public transportation.

Public Utilities

The Redevelopment Area presently has full access to all public utilities. It is likely, however, that some utility improvements may be required in order to meet the demands of the renovated or newly developed structures.

Recreational and Community Facilities

The planned development in the Redevelopment Area includes providing sidewalks and bike lanes along the new site access bridge connection to Joe Johnson Drive to accommodate the modal choices of the surrounding community. In addition, the development plans include the construction of a depot for the Three Rivers Rambler.

RELOCATION OF RESIDENCES AND BUSINESSES

It is not anticipated that any residences or businesses will need to be relocated as a result of this Plan. However, in the event that any residents or businesses need to be temporarily or permanently displaced to permit redevelopment of the district, KCDC will assist such residents with relocation benefits and payments. If the need for any displacement arises, KCDC will comply with its own relocation policies and City relocation ordinances. Additionally, in the event that any businesses must be permanently relocated or temporarily displaced during the redevelopment of the area, KCDC will use its best efforts to assist those businesses in identifying suitable replacement space in the area in close proximity to the area they currently occupy. Any such relocations will be conducted in accordance with applicable policies. In the event that any federal funds become involved in the project KCDC will follow the Federal Uniform Relocation and Property Acquisition Policies Act of 1970, as amended.

LAND ACQUISITION AND DISPOSITION PLAN

The only property that KCDC will acquire under this Plan is property to become a part of the University Commons project which will be necessary to permit the flow of tax increment financing to the project. KCDC intends to secure a bank loan to acquire the property.

KCDC will acquire property in the Redevelopment Area by condemnation only if necessary to cure title defects. Any condemnation of properties shall be in compliance with state law and KCDC's acquisition policies.

Properties acquired by KCDC will be disposed of in accordance with state law and specifically Tennessee Code Annotated Sections 13-20-204 and 13-20-210. As provided in those statutes, KCDC may dispose of any acquired property at such value as KCDC determines such property should be made available in order that it may be redeveloped for the purposes set forth in the plan. Any such dispositions will be made subject to such restrictions and covenants as KCDC deems necessary to (a) ensure completion of the redevelopment project after the transfer, (b) maintain the quality of the Redevelopment Area, and (c) ensure the continued maintenance of the properties in the area.

PROPERTY MANAGEMENT

In the event KCDC acquires any properties in the Redevelopment Area under the circumstances described above, such properties may be under management by KCDC at various times during the redevelopment process. Although the primary objectives of the property management activity will be to minimize the length of occupancy of property after acquisition and to relocate occupants as quickly and efficiently as possible into appropriate accommodations in accordance with this Plan, relocation and construction activities will be staged in a manner determined most beneficial to the project. Only such maintenance as may be required for the health and safety of persons lawfully remaining in occupancy will be undertaken with respect to acquired properties. A rent schedule will be established by KCDC for any property that is to be occupied after acquisition.

TAX INCREMENT FINANCING PLAN

The cost of redeveloping particular projects under the Plan generally are expected to be funded by the property owners and developers of projects within the Redevelopment Area and from the proceeds of tax increment financing that may be made available for particular projects. This Plan hereby specifically authorizes the use of tax increment financing to the extent permitted by applicable law for any eligible costs relating the project. Neither KCDC nor the City will directly fund such costs of private redevelopment projects except through the availability of tax increment financing. Upon approval of the Plan, property taxes levied upon property in the Redevelopment Area shall be divided and allocated as provided in Section 9-23-102 of the Tennessee Code Annotated.

As was mentioned above, KCDC and the City of Knoxville, in conjunction with Knox County, may provide assistance to property owners and developers through approval of tax increment financing proposals. Generally, when tax increment financing is available with respect to a particular redevelopment project, real property taxes imposed by the City of Knoxville and Knox County, Tennessee with respect to such property, after the adoption of a redevelopment plan, may be divided in accordance with the following state law requirements:

(a) Property taxes, if any, that were levied by the City and/or the County (collectively or sometimes individually, a “taxing agency”) and payable with respect to the property within a plan area (other than any portion of such taxes that is a debt service amount) for the year prior to the date the plan was approved (“base taxes”) and that portion of property taxes, if any, designated by a taxing agency to pay debt service on the taxing agency’s debt (“dedicated taxes”) shall be allocated to and shall be paid to the respective taxing agencies as taxes levied by such taxing agencies on all other property are paid; provided, that in any year in which the taxes on any property are less than the base and dedicated taxes, there shall be allocated and paid to the respective taxing agencies only those taxes actually imposed and collected; and

(b) Subject to the specific constraints of applicable law, any excess of taxes levied by a participating taxing agency, over the base and dedicated taxes, shall be allocated to and shall be paid to KCDC (a “tax increment agency”) for the purpose of paying principal of and interest on bonds, loans or other indebtedness incurred or to be incurred by KCDC to finance or refinance, in whole or in part, the redevelopment project contemplated by the plan or as otherwise provided in applicable law or reserved for purposes permitted by applicable law, provided (i) a portion of the excess taxes may be allocated for administrative purposes as provided by applicable law, and (ii) excess taxes beyond amounts necessary to fund or reserve for eligible expenditures under applicable law, may be applied to principal and interest of debt incurred to finance such eligible expenditures, or shall revert to the taxing agency general fund.

Pursuant to applicable law and this Plan, up to five percent (5%) of incremental tax revenues generated by the project may be set aside for administrative expenses.

ECONOMIC INFORMATION RELATED TO TAX INCREMENT

State law requires that certain financial information be set forth in a redevelopment plan with respect any redevelopment project that utilizes tax increment financing.

The estimated cost of the University Commons Project is approximately \$62,000,000. The sources that are expected to be used to pay the costs of the Project are estimated proceeds of the sale of tax credits of \$15,000,000, estimated tax increment financing of \$10,000,000, estimated bank construction financing of \$32,000,000 and estimated owners equity of \$5,000,000. The tax increment financing for the Project is

expected not to exceed \$10,000,000 and the final maturity is expected not to exceed 25 years after the later of the date the tax increment financing is issued or the completion of the University Commons Project. The expected impact of the tax increment financing amendment upon the City of Knoxville is approximately \$365,000 per year and on Knox County approximately \$400,000 per year.

The City should receive approximately \$125,000 during the TIF term and approximately \$490,000 after the TIF term expires. The County should receive approximately \$68,000 during the TIF term and approximately \$470,000 after the TIF term expires.

CERTAIN TAXES EXCLUDED

Taxes levied upon property subject to tax increment financing provisions by any taxing agency for the payment of principal of and interest on all bonds, loans or other indebtedness of such taxing agency, and taxes levied by or for the benefit of the State of Tennessee, shall not be subject to allocation as provided in subsection (a), but shall be levied against such property and, when collected, paid to such taxing agency as taxes levied by such taxing agency on all other property are paid and collected.

PROCEDURE FOR PLAN AMENDMENTS AND TERMINATION

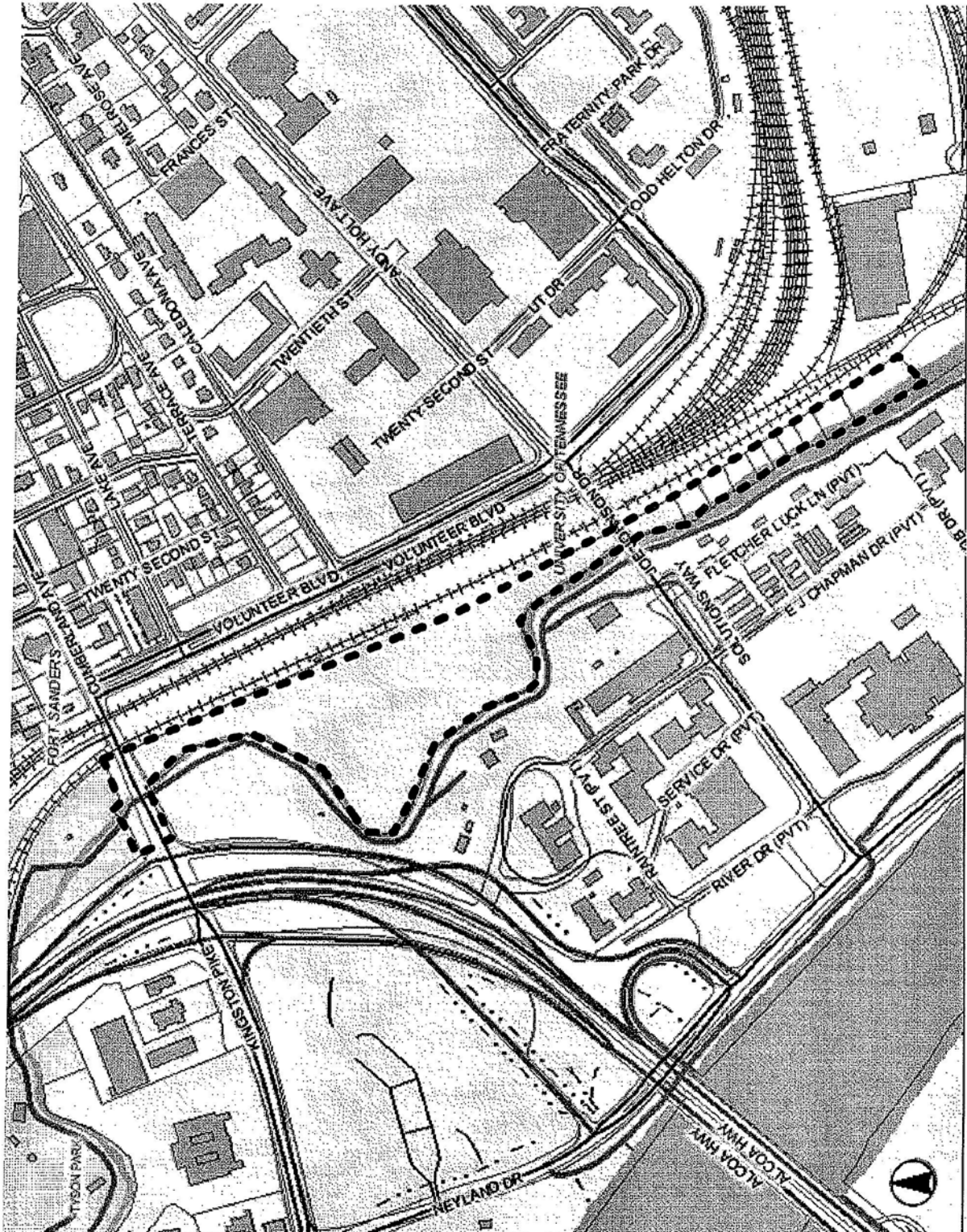
In the course of implementing this Plan, amendments to this Plan may be warranted, particularly in connection with the utilization of tax increment financing for particular redevelopment projects. Any amendments to this Plan will only be adopted by City Council after a public hearing is conducted in the same manner as the hearing was conducted prior to the adoption of this Plan and, where applicable, in compliance with the requirements of Section 13-20-205 of the Tennessee Code Annotated. Notice of any proposed amendments will be given to all property owners within the Redevelopment Area pursuant to the requirements of state law. If County Commission's approval of any amendment is required by state law, such approval will also be requested.

This Plan and the provisions thereof shall terminate on the date that is the later of (i) the date that no tax increment financing remains outstanding with respect to any portion of the redevelopment area or (ii) thirty (30) years from the date of approval of this plan by the City Council of the City of Knoxville.

SEVERABILITY

The invalidation of any or more of the foregoing provisions of this Redevelopment Plan as approved by the City Council of Knoxville, and the County Commission of Knox County, Tennessee or any part thereof by judgment of any Court of competent jurisdiction shall not in any way affect the validity of any other of such provisions of the Plan, but the same shall remain in full force and effect.

EXHIBIT A
REDEVELOPMENT AREA





City of Knoxville
Tennessee

Resolution
R-115-2012

Approved
Apr 17, 2012 7:00 PM

A Resolution approving the **University Commons** Redevelopment and Urban Renewal Plan containing a provision for tax increment financing prepared by Knoxville's Community Development Corporation for the former Fulton Bellows site.

Information

Department:

Office of Redevelopment

Sponsors:

Category:

Acceptance of Report

Attachments

[Resolution](#)

KCDC **University Commons** Plan

Body

COUNCIL DISTRICT(S) AFFECTED District 1

BACKGROUND On January 10, 2012, City Council requested that KCDC study and prepare a Redevelopment and Urban Renewal Plan for the former Fulton Bellows site. The proposed Redevelopment Area, which is to be called **University Commons**, is generally bounded on its western side by Third Creek, on its eastern side by the Knoxville and Holston River Railroad company railroad tracks and on its northern side by Kingston Pike. A map of the Plan area and the objectives of the Plan can be found in the attached plan document.

Specifically contained within this plan is the authorization for Tax Increment Financing not to exceed \$10,000,000 for a term not to exceed 25 years. This financing would allow for **University Commons** LLC. to develop and improve certain public infrastructure deemed necessary to support the development of an urban retail center. This development will help accomplish the goals of the plan by removing blight and placing a currently vacant Brownfield site back into productive use. Details on the project can be found in the attached plan document and application for Development Assistance.

OPTIONS

RECOMMENDATION Approve

ESTIMATED PROJECT SCHEDULE Redevelopment area established immediately upon the final approval of City Council, County Commission and the KCDC board in the spring of 2012.

PRIOR ACTION/REVIEW On January 10th 2012, Council requested that KCDC prepare a redevelopment and urban renewal plan for the site. On February 20th, KCDC hosted a public meeting for the developers to present their proposed project to the community at which time comments were received and incorporated into the Plan as appropriate. On April 12th the statutorily required formal public hearing on the proposed Plan occurred.

FISCAL INFORMATION No cost at this time

RESOLUTION

A RESOLUTION OF THE COUNCIL OF THE CITY OF KNOXVILLE APPROVING THE UNIVERSITY COMMONS REDEVELOPMENT AND URBAN RENEWAL PLAN CONTAINING A PROVISION FOR TAX INCREMENT FINANCING PREPARED BY KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION FOR THE FORMER FULTON BELLWS SITE.

RESOLUTION NO: R-115-2012

REQUESTED BY: Office of Redevelopment

PREPARED BY: Law Department

APPROVED: 04-17-2012

APPROVED AS AN EMERGENCY MEASURE: _____

MINUTE BOOK: 76 PAGE _____

WHEREAS, on January 10, 2012, the Council of the City of Knoxville (the "City Council") requested Knoxville's Community Development Corporation ("KCDC") study and prepare a redevelopment and urban renewal plan for the Fulton Bellows District and conduct a public hearing to determine the necessity for the adoption of said redevelopment and urban renewal plan; and

WHEREAS, the Fulton Bellows District is a vacant, formerly industrial, brownfield site and is generally bounded by Kingston Pike to the north, railroad tracks to the east, Joe Johnson Drive to the south, and Third Creek to the west; and

WHEREAS, after study, KCDC has prepared the University Commons Redevelopment and Urban Renewal Plan (the “Plan”), which includes a provision authorizing tax increment financing in an amount not to exceed Ten Million and No/100 Dollars (\$10,000,000.00) for a term not to exceed twenty-five (25) years to provide for the development and improvement of certain public infrastructure deemed necessary to support the development of an urban retail center within the Fulton Bellows District; and

WHEREAS, on February 20, 2012, KCDC hosted a public meeting and comments were received and incorporated into the Plan as appropriate; and

WHEREAS, on April 12, 2012, KCDC conducted a public hearing as required by *Tennessee Code Annotated* §§ 13-20-203(b) and 13-20-205(c) to determine the necessity for the adoption of the Plan; and

WHEREAS, the Plan has been submitted by KCDC to the City.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF KNOXVILLE:

SECTION 1: The University Commons Redevelopment and Urban Renewal Plan containing a provision for tax increment financing prepared by KCDC for the former Fulton Bellows site and presented to the City, a copy of which is attached hereto as Exhibit A and incorporated herein by reference, is hereby approved.

SECTION 2: The City Recorder is hereby directed to file a copy of said Redevelopment and Urban Renewal Plan with the minutes of this meeting of the Council of the City of Knoxville.

SECTION 3: This Resolution shall take effect from and after its passage,
the welfare of the City requiring it.

Presiding Officer of the Council

Recorder

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