



# **KNOXVILLE SOUTH WATERFRONT REDEVELOPMENT AND URBAN RENEWAL PLAN**

## **Center City Redevelopment Project Number 13**

**Adopted by the Knox County Commission: September, 25, 2006**

**Adopted by the Knoxville City Council: September 26, 2006**

**Adopted by Knoxville's Community Development Corporation: September 28, 2006**



## **KNOXVILLE CITY GOVERNMENT**

**MAYOR - HONORABLE WILLIAM E. HASLAM**

City Council:

Vice-Mayor – Mark A. Brown

Councilman – Joe Bailey

Councilman – Bob Becker

Councilman – Rob Frost

Councilman – Steve Hall

Councilman – Joe Hultquist

Councilwoman – Barbara B. Pelot

Councilwoman – Marilyn Roddy

Councilman – Chris Woodhull

**KNOXVILLE'S COMMUNITY DEVELOPMENT  
CORPORATION**

**BOARD OF COMMISSIONERS**

Culver Schmid, Chairman

Commissioners:

Craig L. Griffith, Vice Chairman

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Fr. Ragan Schriver

David Hutchins

Sandra A. Jones

## INTRODUCTION

The City of Knoxville (the "City") has identified the Knoxville South Waterfront (the "South Waterfront") as an ideal area for redevelopment. On April 25, 2006, and after considerable public input, the City Council of the City approved the South Waterfront Vision Plan (the "Vision Plan") as the guiding document for the redevelopment of the South Waterfront area. A copy of the Vision Plan is available on the City's website at [www.cityofknoxville.org](http://www.cityofknoxville.org) and the website of Knoxville's Community Development Corporation ("KCDC") at [www.kcdc.org](http://www.kcdc.org), and paper copies will be made available upon request at City's or KCDC's offices. The Vision Plan is incorporated by reference into this Plan.

While much of the public participation outlined in the Vision Plan will be performed by the City, KCDC, as the redevelopment authority of the City, has been asked by the City to assist with this redevelopment effort. On August 14, 2006, the City Council adopted a resolution requesting KCDC to develop a redevelopment and urban renewal plan for an area comprising the South Waterfront. Responding to that request, KCDC has prepared this plan (this "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 proposed redevelopment and urban renewal area (the "Redevelopment Area") is generally bounded by the Island Home neighborhood on the east, the end of Scottish Pike on the west, Fort Dickerson Park on the south, angling gradually toward the Tennessee River to include the neighborhood on the ridge sides that face north and by the Tennessee River on the north and is depicted on Exhibit A attached hereto and described on Exhibit B attached hereto. These boundaries are intended to encompass all potential areas identified for redevelopment and public improvement projects in the next 20 years, and to include additional areas reasonably expected to experience redevelopment and/or new investment as a result of increased market demand stemming from the contemplated improvements.

This Redevelopment Area presently consists of a wide range of uses. The area is primarily a series of residential communities, with interspersed community and institutional uses. The area also includes, however, some heavy industrial uses as well as a small amount of retail use. The current uses of the Redevelopment Area are described in detail in the Vision Plan.

This Redevelopment Area clearly contains significant components of blight, within in the meaning of Tennessee Code Annotated §13-20-201. While many parts of the area are used productively, based upon the Vision Plan and visual inspections by KCDC, a number of properties in the area, including certain public improvements, are dilapidated. A number of property uses within the redevelopment area are also obsolete, as described in the Vision Plan, and the land uses of certain properties in the Redevelopment Area are deleterious to the growth of the City. Because of these elements of blight, the Redevelopment Area is the proper subject of a redevelopment plan, and the improvements to be undertaken pursuant to this plan constitute an eligible redevelopment project under Tennessee Code Annotated § 13-20-201.

## **REDEVELOPMENT PLAN OBJECTIVES**

The Vision Plan sets forth primary objectives to be accomplished through the redevelopment of the South Waterfront. Without limiting the objectives set forth in the Vision Plan, this Plan is intended to support those objectives and accomplish the following:

- a. Assist the City in establishing standards and guidelines for the redevelopment and continued use of the area, which will assure adequate light, air, open-space, off-street parking, and the future stability of the entire area through adequate development.
- b. Assist the City in eliminating conditions of dilapidation and in beautifying the area.
- c. Assist the City in encouraging effective and desirable uses of land in accordance with the Vision Plan.
- d. Provide for the design of new streets, pedestrianways, parking facilities and other public improvements as necessary to support the redevelopment of the area.
- e. Assist the City in mitigating natural and man-made restraints on development, including mitigation of industrial site contamination along the waterfront.
- f. Assist the City in financing projects necessary to link the South Waterfront District with Gay Street and other thriving downtown Knoxville areas.
- g. Assist the City in encouraging and stimulating investment in redevelopment of private property by implementing public improvements including the rehabilitation of existing streets, utility relocation and construction of parking structures, new streets, parks and open spaces, pedestrian and bicycle pathways and a River Walk.
- h. Assist the City in facilitating a combination of public and private investments intended to improve Knoxville's South Waterfront, recognizing the proximity of the district to downtown and the University of Tennessee, and recognizing the potential of the district to enhance the role of downtown Knoxville as a regional center and destination attraction.
- i. Promote voluntary, market-driven reuse or redevelopment of privately owned industrial properties, vacant parcels or blighted structures for a compatible mix of residential, office, retail, entertainment, civic and water-related uses.
- j. Assist the City in developing a range of options within existing neighborhoods that counteract gentrification pressures, provide home improvement assistance, and ensure that new homes and other development projects are compatible with existing homes in the Redevelopment Area.
- k. Assist the City in expanding the property tax yield and maximize the potential of other economic return to the City of Knoxville.

## **RELATIONSHIP TO LOCAL OBJECTIVES**

### **Appropriate Land Uses**

In the Vision Plan, the City has described in detail the appropriate land uses for the South Waterfront area. These uses include substantial residential uses, significant office development, a retail presence, marinas, restaurant and entertainment facilities and potentially a hotel. The Vision Plan also outlines a development strategy for each of the three major areas within the Redevelopment Area, which are identified in the Vision Plan as the Down River, Mid River, and Upper River areas. The primary purpose of this Plan is to assist the City in achieving the proposed land uses outlined in the Vision Plan by making KCDC's redevelopment and urban renewal experience available to the City through the adoption of this Plan.

### **Improved Traffic and Public Transportation**

As described in the Vision Plan, substantial improvements need to be made to the traffic circulation system in the Redevelopment Area to support the redevelopment and growth anticipated by the Plan. Through the use of tax increment financing and KCDC's experience with redevelopment, this plan will facilitate the implementation of these public improvements. The Vision Plan also contemplates significant pedestrian improvements in the area, and this Plan would also support these efforts. Improved streets and roads will permit more efficient use of public transportation and will assist the City in making public transportation more widely available in the Redevelopment Area.

### **Public Utilities**

While the Redevelopment Area is served by all major public utilities, some of these utilities are dated and are not designed to serve the development anticipated by the Vision Plan. Therefore, as part of the redevelopment process, certain utilities will need to be repaired or replaced, and utilities needed to serve specific developments will need to be installed.

### **Recreational and Community Facilities**

The implementation of the plan will result in the development of a diverse group of recreational and community facilities to supplement those facilities that already exist in the Redevelopment Area. Additional greenways, including a river walk bordering the Tennessee River, are expected to be constructed, as well as a number of other recreational facilities as described in the Vision Plan.

## **REDEVELOPMENT PROCESS**

Although the redevelopment area as a whole contains blighted areas, several buildings in the redevelopment area contain active businesses, and numerous sound residential structures comprise established neighborhoods that should be preserved. The intent of the Vision Plan is to stimulate the voluntary redevelopment, reuse, or improvement of private property in target areas through a highly defined series of public improvements. A map of the properties within the redevelopment area boundaries identified as redevelopment candidates has already been completed and is part of the adopted Vision Plan, and does not currently include single family residential structures. The Vision Plan does not include or recommend the involuntary public acquisition of private property for economic development purposes (transfer from one private owner to another private owner). Acquisition of private property for public improvements, both as a partial and/or total purchase, is required and recommended in the Vision Plan, with the intent that such property will remain in public ownership with associated improvements made to benefit and be enjoyed by the general public. Single-family properties located in the Old Sevier and Scottish Pike neighborhoods are not identified for redevelopment, but acquisition for public ownership and improvement will likely affect several of these residential properties.

The Vision Plan's intent, and the intent of this Plan, is to avoid public intervention with respect to any existing uses of South Waterfront properties that continue to comply with city regulations, and to achieve plan objectives related to land use change and property redevelopment over 20 years using public improvement incentives and a revised land development code. Therefore, this redevelopment plan does not contain any provisions or development requirements for properties that are defined as "blighted" but not "dilapidated." Blighted properties include any properties that meet the definition of "blighted areas" within the meaning of Section 13-20-201 of the Tennessee Code Annotated. "Blighted areas" are areas with buildings or improvements, which 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. "Dilapidation" is a more narrowly defined subset of blight, and for purposes of this statute is defined as extreme deterioration and decay due to lack of repairs to and care of the area. Properties that are "dilapidated" may be required to undergo development requirements to achieve a level of maintenance and/or use that meets minimum city code standards.



If KCDC identifies a specific property as "dilapidated" within the Redevelopment Area, KCDC anticipates issuing a request for redevelopment proposals from the existing owner of that property within 60 days from the date the determination has been made. KCDC will request each existing owner of a dilapidated property to submit to KCDC a redevelopment proposal specifying the intentions of each owner for redevelopment of that owner's property. Each proposal should include, in detail, descriptions of the intended use of the property, the improvements to be made to the property, a proposed budget for the cost of improvements, and a timetable for construction. In addition, each owner must demonstrate in its proposal its financial ability to complete any proposed redevelopment project, including evidence of the availability of funds to complete the project. The proposals from property owners must be submitted within 90 days from the date proposals are requested.

An advisory board will be established to be comprised of persons representing, to the extent practicable, the interests described in Section 13-20-208 of the Tennessee Code Annotated. The advisory board members will be appointed within 90 days of the date of plan adoption by the Chairman of the KCDC Board of Commissioners. The advisory board will examine the proposals of owners of dilapidated properties. The advisory board will advise KCDC in determining whether a proposal is consistent with this plan, whether the proposal is feasible and whether the intended use of the dilapidated property is compatible with the land uses recommended in the Vision Plan and applicable City development regulations. The advisory board may discuss a property owner's redevelopment proposal with the property owner in whatever fashion the advisory board deems appropriate, and the property owner may resubmit a redevelopment proposal to KCDC based on such discussions. However, the final action on any redevelopment proposal by a property owner will be by KCDC, subject to the filing of an appeal.

If a property owner whose property has been identified as dilapidated by KCDC does not agree with such determination, that property owner may ask the advisory board to consider whether the property is dilapidated. In such a case, the advisory board will be asked to make a recommendation to the KCDC Board of Commissioners as to whether a particular property is dilapidated. The KCDC Board of Commissioners will then make a final determination as to whether a particular property is dilapidated, and the property owner will have 90 days from such determination to submit a proposal if such property owner's property is determined to be dilapidated.

If an owner's proposal to renovate its property is approved by KCDC, KCDC and the owner will enter into a development agreement under which the owner will agree to develop its property as described in its proposal as

approved by KCDC. In the event that any such owner fails to renovate its property in accordance with its development agreement, KCDC may elect to acquire such property and make it available for redevelopment.

If an owner submits a redevelopment proposal, and KCDC does not approve the redevelopment proposal, KCDC shall notify the owner in writing, specifying the reason or reasons why KCDC did not approve the redevelopment proposal. The owner shall have 60 days from receipt of the notification to submit a revised redevelopment proposal responding to the reasons specified in the notification.

If an owner of a dilapidated property fails to submit a redevelopment proposal, fails to receive approval of its redevelopment proposal or fails to redevelop its property in compliance with its proposal, KCDC intends to acquire such property to solicit proposals to redevelop such owner's property. Responses to such proposals shall also be submitted to the advisory board for its review and will be submitted to KCDC for approval. KCDC will enter into a development agreement with any person whose proposal is approved by KCDC to ensure compliance with the redevelopment proposal.

Appeals of decisions made by the KCDC Board of Commissioners regarding dilapidation as referenced in this “Redevelopment Process” section will be heard and decided by the Knoxville City Council. Appeals must be filed in writing with KCDC within 30 days of the decision rendered by the KCDC Board of Commissioners. KCDC will notify the property owner of the right to file an appeal to City Council before a final decision is made to designate a property as dilapidated.

## **PROPOSED LAND USES AND BUILDING REQUIREMENTS**

The proposed land uses for the Redevelopment Area are set forth in detail in the Vision Plan, and these proposed land uses are hereby incorporated by reference as the proposed land uses for the Redevelopment Area. Any development permit applications for new construction or modifications to existing structures must comply with all applicable City of Knoxville codes, as is consistent for other properties within the City.

## **RELOCATION OF RESIDENCES AND BUSINESSES**

It is not anticipated that any residences or businesses will need to be involuntarily relocated as a result of the implementation of this plan. However, if any residents are temporarily or permanently displaced to permit redevelopment of the South Waterfront due to the acquisition of their property, KCDC will assist such residents with relocation benefits and payments and will make every effort to provide relocation options within the South Waterfront area if so desired by the resident(s). In any case, KCDC will comply with its own relocation policies, City ordinances or the Federal Uniform Act if applicable with respect to relocation. If any substandard dwellings determined to be dilapidated are acquired and cleared from the redevelopment area, KCDC, in its role as the City's housing authority, will strive to provide decent, safe and sanitary housing, in a manner consistent with KCDC's policies, to any relocated persons at rents within the financial reach of the persons displaced from such substandard dwellings.

## **LAND ACQUISITION PLAN**

The only properties anticipated to be acquired under this plan are: (1) dilapidated properties identified for acquisition and redevelopment as provided in the section "Redevelopment Process", (2) properties that are purchased voluntarily, or (3) properties required for public ownership and construction of public improvements. Such acquisitions are hereby authorized by this Plan in the manner permitted by applicable law.

Properties identified for acquisition will be obtained through negotiation if possible. Property in the Redevelopment Area will be acquired by eminent domain as an option of last resort, and eminent domain will be used only if efforts to reach agreement on a voluntarily purchase are unsuccessful. Any condemnation of properties shall be in compliance with laws of the State of Tennessee, and the owners of any property acquired shall receive fair market value for their properties. Alternatives to condemnation will include, but not be limited to, (1) voluntary purchase, (2) purchase of right of first refusal, (3) purchase of easements rather than fee simple ownership if such purchase satisfies project needs, and (4) voluntary relocation to vacant and available publicly owned property.

Properties acquired by KCDC will be disposed of in accordance with state law and specifically Tennessee Code Annotated §§ 13-20-204 and 13-20-210 and other applicable provisions of law. As provided in those statutes,

KCDC may dispose of any acquired property at such value (unless acquired by eminent domain) as KCDC determines such property should be made available in order that it may be redeveloped for the purposes set forth in this 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 Redevelopment Area.

## **PROPERTY AND PROJECT MANAGEMENT**

The adopted South Waterfront Action Plan, a companion document to the adopted Vision Plan, recommends that the City of Knoxville Mayor's administration dedicate at least two full-time positions for plan implementation until such time that a decision is reached regarding the creation of a formal South Waterfront organization.

Typical tasks of a formal South Waterfront organization could eventually include:

1. Hire staff and contract with consultants.
2. Create plans; propose zoning changes and other ordinance or regulatory changes.
3. Coordination of utility and infrastructure assessment, upgrade and relocation.
4. Design review assistance as a whole or on a project-by-project basis.
5. Vision Plan updating every 5 years.
6. Project spokesperson, information clearinghouse and public relations.
7. Fundraising and hold private funds.
8. Creation and management of homeowner incentive programs.
9. Securing necessary regulatory approvals (TVA, USACE, etc.)
10. Acquire, swap, maintain, insure or sell real estate.
11. Develop real estate.
12. Negotiate for and hold property easements.
13. Make loans and grants for public and private improvement.
14. Operate a business improvement district.
15. Contract for and manage public improvements.
16. Act as a limited liability partner.
17. Provide relocate assistance to businesses and residents.
18. Adopt PILOT agreements.
19. Perform and enforce design review guidelines.
20. Issue tax-exempt bonds.
21. Negotiate and grant TIF agreements.

It is anticipated that certain properties may be under management by KCDC and/or the City of Knoxville at various times during plan implementation. The primary objectives of property and project management activity will be to facilitate private property investment and redevelopment, and to coordinate and manage contracts related to the construction of public improvements.

## **FINANCING PLAN INCLUDING TAX INCREMENT FINANCING PROVISION**

Neither KCDC nor the City anticipate funding the cost of private redevelopment projects within the redevelopment district, although public assistance with particular projects that are essential to the implementation of the Vision Plan may be considered on a limited basis at some point in the future. Both property owners and developers of projects within the Redevelopment Area will be expected to demonstrate the financial ability to undertake and complete any private redevelopment project. Although neither KCDC nor the City expects to pay the direct cost of private redevelopment projects, plan implementation is strongly vested in the strategy of funding public improvements to support private redevelopment.

Public improvement assistance will be provided based on consistency with the South Waterfront Vision Plan, resource availability, and the extent to which the assistance will trigger private redevelopment. Until such time as formal public improvement agreements or contracts are executed, KCDC and the City retain the right and flexibility to shift project priorities and funding allocations based on development needs. A more detailed description of the public improvement projects and estimated costs is provided in the Vision Plan

The assistance provided by KCDC and/or the City is not limited to public improvements assistance. Other services or resources may be provided, including but not limited to, assistance with the development review and permitting process, assistance with other regulatory agencies such as the Tennessee Valley Authority (TVA) or the U.S. Army Corps of Engineers (USACE), development of homeowner retention programs, purchase of land for voluntary relocation agreements, or business relocation assistance.

The Vision Plan and the South Waterfront Action Plan that is being prepared by the City contains a financial strategy that depends in large part on the use of tax increment financing within the Redevelopment Area to finance public improvements. KCDC and the City anticipate using tax increment financing to hasten the development of the public improvements that are needed to implement the Vision Plan. Therefore, this Plan contains the following provisions to permit the use of tax increment financing in the Redevelopment Area.

Subject to the limitations herein, taxes, if any, levied each year upon real property located in the Redevelopment Area shall after the date this Redevelopment Plan is approved by the City Council of the City of Knoxville and the County Commission of Knox County, Tennessee shall be divided as follows:

- (1) That portion of taxes which would be produced by the rate at which the tax is levied each year by each taxing agency, upon the assessed value of such property as shown upon the assessment roll of the appropriate

assessor, as of the date of the most recently determined valuation prior to the date on which the Redevelopment Plan was approved by the applicable municipality or municipalities pursuant to Tennessee Code Annotated § 13-20-203 (the assessed value being herein called the "base assessment") shall be allocated to, and when collected, 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 actual assessment of the area comprising a redevelopment project is less than the base assessment, there shall be allocated and paid to the respective taxing agencies only those taxes actually produced by the application of the current tax rates against such actual assessment;

(2) All the taxes levied in each year in excess of the amount provided for in subdivision (1) shall be allocated to and, when collected, shall be paid into a special fund or funds of KCDC to pay the principal of and interest on bonds, loan or other indebtedness incurred or to be incurred by KCDC to finance or refinance, in whole or in part, the redevelopment projects contemplated by the Redevelopment Plan. If any portion of the taxes received by KCDC pursuant to this provision are not needed within the next six-month period to pay scheduled debt service payments, such excess shall either be used to prepay such indebtedness or to reimburse any guarantor of such indebtedness for payments made by such guarantor with respect to such indebtedness;

(3) Upon the retirement of all bonds, loans or other indebtedness incurred by KCDC and payable from such special fund or funds or at such time as moneys on deposit in such special fund or funds are sufficient for such purpose, all the taxes referred to in subdivision (2) shall, when collected, be paid to the respective taxing agencies as taxes levied by such taxing agencies on all other property are paid, and KCDC shall give notice to the City and Knox County of such retirement. Any incremental taxes received by KCDC during the last tax year that the indebtedness is outstanding that is in excess of the amount needed to pay the remaining debt service on such indebtedness may be used to reimburse any guarantor of such indebtedness for payments made by such guarantor with respect to such indebtedness. Thereafter, all incremental tax revenues shall be retained by the appropriate taxing agency; and

(4) Taxes shall be levied and collected over all or any part of the area comprising a redevelopment project in the manner provided by the law with the following exceptions:

(A) The appropriate assessor shall, in each year during the period in which taxes are to be allocated to KCDC pursuant to subdivision (2), compute and certify the net amount, if any, by which the current assessed value of all taxable property located within the Redevelopment Area which is subject to taxation by the particular taxing

agency exceeds the base assessment. The net amount of any such increase is referred to in this subdivision (4) as the incremental value for that particular year;

(B) In any year in which taxes are to be allocated to KCDC pursuant to subdivision (2) in which there is an incremental value, the appropriate assessor shall exclude it from the assessed value upon which the appropriate assessor computes the tax rates for taxes levied that year by the taxing agency. However, the appropriate assessor shall extend the aggregate tax rate of such taxes against the base assessment and the incremental value and shall apply the taxes collected therefrom, subject to any other provisions of this amendment or any other legal limitations, as provided above; and

(C) For purposes of this section, if in any year property comprising a portion of a particular redevelopment project shall be removed from the tax rolls of a taxing agency, the base assessment for the area of such redevelopment project shall be reduced by the amount of the base assessment allocable to the property so removed for each subsequent year in which taxes are to be allocated to a particular authority pursuant to the above provisions.

The estimated cost of the public improvements for which the tax increment financing will be available, which shall be deemed the redevelopment project for the purposes of applicable case law, is approximately \$139,000,000. The City and KCDC do not anticipate, however, the amount of tax increment financing that can be issued and sold based upon current projections during the next twenty years would exceed \$60,000,000. The sources that are expected to be used to pay the costs of the public improvement projects are private donations, state grants, federal grants, capital funds of the City and the tax increment financing. The maximum maturity of any tax increment financing will be not later than forty (40) years from the date the financing is issued. The expected impact of the use of tax increment financing in the Redevelopment Area is expected not to exceed approximately \$4,000,000 per year with respect to either the City or Knox County.

Notwithstanding anything to the contrary in this section, 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.

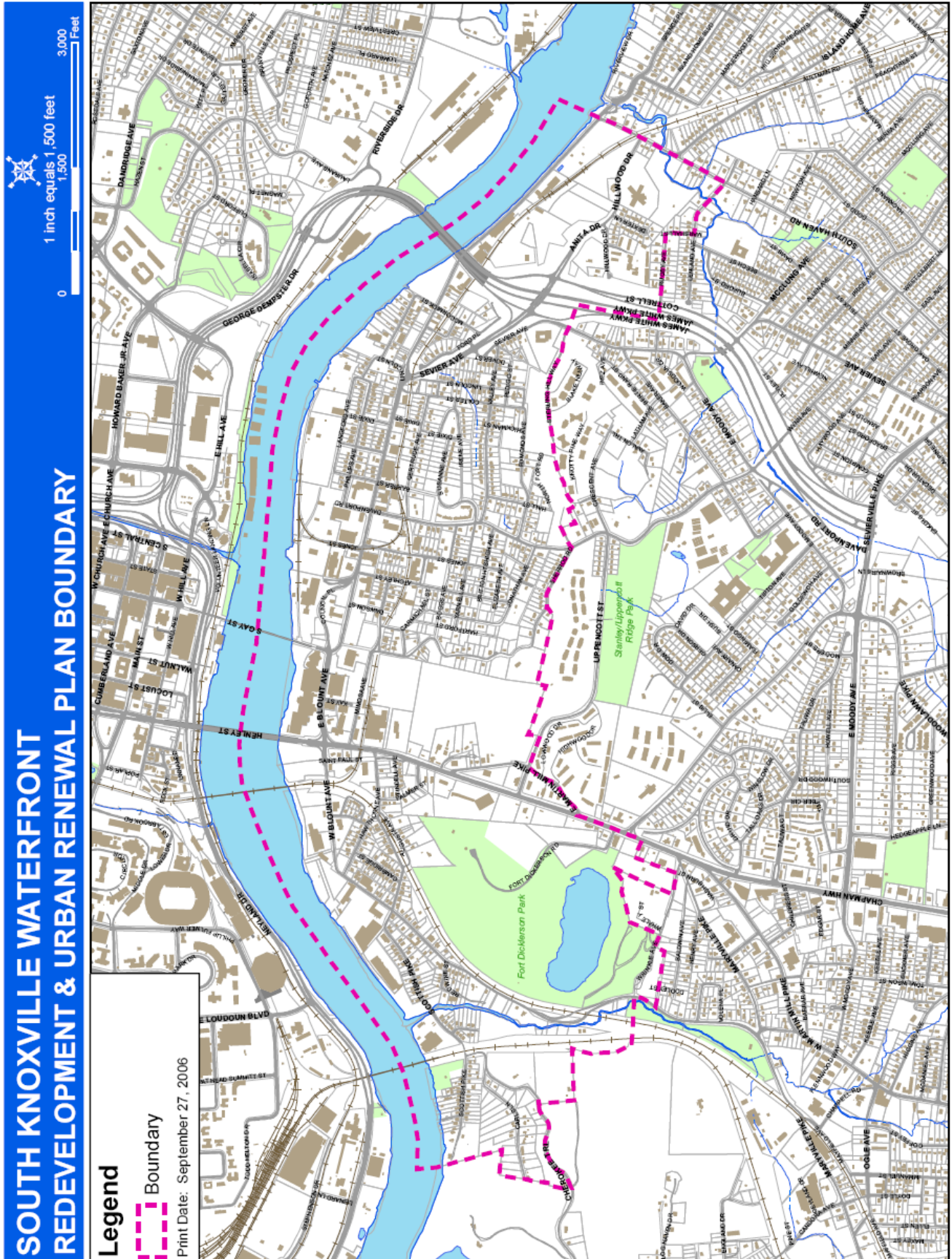
## **AMENDMENTS AND TERM**

This Plan provides broad guidelines for the implementation of the redevelopment of the Redevelopment Area, and actions taken by KCDC in furtherance of the redevelopment objectives set forth in this Plan may be undertaken without further approval of the City, unless specified herein. KCDC shall not, however, change any of the basic objectives of this Plan or expand or contract the boundaries of the Redevelopment Area without receiving the approval of the Board of Commissioners of KCDC and City Council.

This Redevelopment Plan shall remain in effect until terminated by resolution of the City Council of the City. No such termination shall effect any tax increment indebtedness issued pursuant to this Plan, and the pledge of any tax increment revenues to secure tax increment indebtedness shall remain in full force and effect notwithstanding.



# EXHIBIT A



## **EXHIBIT B**

### **REVISED REDEVELOPMENT PLAN BOUNDARY DESCRIPTION**

SITUATED in the Ninth (9<sup>th</sup>) Civil District of Knox County, Tennessee, and being more particularly described as follows:

BEGINNING at the point of intersection of the southeast line of East Martin Mill Pike and the northeast line of Chapman Highway;

Thence with the northeast line of Chapman Highway south 795 feet, more or less, to a point.

Thence crossing Chapman Highway 65 feet, more or less, in a northwesterly direction to a point in the northwest line of Chapman Highway corner common Wayland-Goodman and Wayland-Goodman;

Thence with said common line 176 feet, more or less, to a point in the City of Knoxville line;

Thence with the City of Knoxville line in a southwesterly direction 500 feet, more or less, to the north line of Wrinkle Avenue;

Thence with the north line of Wrinkle Avenue 250 feet, more or less, to a point corner common City of Knoxville and Blount Avenue Baptist Church;

Thence with the common line in a northeasterly direction 760 feet, more or less, to a point in the City of Knoxville Line;

Thence with the common line of City of Knoxville and Blount Avenue Baptist Church, 715 feet, more or less, to a point corner common with Smelcher;

Thence leaving the City of Knoxville line and with the common line of Blount Avenue Baptist Church and Smelcher 370 feet, more or less, to a point in the north line of Wrinkle Avenue;

Thence with the north line of Wrinkle Avenue in a northwesterly direction 150 feet, more or less, to a point;

Thence in a southerly direction 50 feet, more or less, to a point in the south line of Wrinkle Avenue corner common with Smelcher and Smelcher;

Thence leaving the south line of Wrinkle Avenue and with said common line 100 feet more or less, to the north line of McCarty Avenue;

Thence with the north line of McCarty Avenue 630 feet, more or less, to a point in the eastern line of West Blount Avenue;

Thence with the eastern line of West Blount Avenue 300 feet, more or less, to the point of intersection of the east line of West Blount Avenue and the north line of Wrinkle Avenue;

Thence in a southwesterly direction and with the north line of Wrinkle Avenue produced to the point of intersection with the east line of West Blount Avenue;

Thence leaving the east line of West Blount Avenue and with the north line of Wrinkle Avenue produced, 600 feet, more or less, to a point in the common line of Seesaw Construction, LLC and Norfolk Southern;

Thence with said common line northwesterly direction to a point, corner common with Ray;

Thence with and along the Ray line until it intersects the southeast line of Cherokee Trail;

Thence with the Seesaw line and along the south line of Cherokee Trail in a southwesterly direction 1200 feet, more or less, to a point in the Seesaw line;

Thence in a northerly direction 50 feet, more or less, to a point in the north line of Cherokee Trail corner common Woodlands of Knoxville and White;

Thence leaving the north line of Cherokee Trail and the common line of Woodlands and White 300 feet, more or less, to a point in the Woodlands line corner common with Hall;

Thence with the Woodlands line 225 feet, more or less to the point of intersection with the south line of Carls Lane;

Thence with the Woodlands line and the western line of Carls Lane north 50 feet, more or less, to the point of intersection with the north line of Carls Lane corner common with Sentell;

Thence leaving the north line of Carls Lane and with the common line of Sentell and Woodlands 290 feet, more or less;

Thence with the Woodlands line in a northeasterly direction 300 feet, more or less, to a point in the Marino line;

Thence with the common line of Marino and Woodlands 280 feet, more or less, to a point in the Woodlands line corner common with Tennessee River Condominium;

Thence, with the Woodlands and Tennessee River Condominium line 520 feet, more or less, to the point of intersection of the southeast line of the Tennessee River;

Thence, leaving the southeast line of the Tennessee River and with the line produced by Woodlands 290 feet, more or less, to the midpoint of said River;

Thence with the midpoint of the river in a northeasterly direction 14,700 feet, more or less, to a point in the centerline of the river;

Thence leaving said point and with the east line of Island Home Avenue produced 425 feet, more or less, to the point of intersection of the South line of the Tennessee River and the north line of Versatile Development;

Thence leaving said point of intersection and with the east line of Island Home Avenue produced 160 feet, more or less, to the point of intersection of the south line of Maplewood Drive and the East line of Island Home Avenue;

Thence with the east line of Island Home Avenue 1,650 feet, more or less, to the point of intersection with the north line of Leyland Avenue and the east line of Island Home Avenue (now South Haven Road);

Thence with the north line of Leyland Avenue in a westerly direction to the point of intersection of the east line of Marshall Street;

Thence with the east line of Marshall Street in a northerly direction until the point of intersection with the north line of Rugby Avenue;

Thence with the north line of Rugby Avenue to the point of intersection with the east line of Cottrell Street;

Thence with the north line of Rugby Avenue produced in a southwesterly direction 375 feet, more or less, to the west right-of-way line of James White Parkway;

Thence, with said right-of-way line in a northwesterly direction to the point of intersection with the south line of a private drive Sterling Hill Way produced;

Thence with the south line of Sterling Hill Way produced 1375 feet, more or less, to the termination of said private drive;

Thence in a southwesterly direction 200 feet, more or less, to a point corner common with Oak Crest Apartments LLC;

Thence with the common line of Oak Crest Apartments LLC and Knotty Pine Associates LLC 611 feet more or less to a point corner common with Wolfe;

Thence leaving the Knotty Pine line and with the Oak Crest and Wolfe line 75 feet, more or less, to a point in the Oak Crest line corner common with Oak Crest Apartments LLC;

Thence with the common line of Oak Crest and Oak Crest 640 feet, more or less, to a point in the north line of Davenport Road;

Thence along the south line of Sherrod Road produced in a westerly direction 830 feet, more or less, to a point in the south line common corner of Meyers and Drews;

Thence leaving the south line of Sherrod Road and with the common line of Meyers and Drews in a southwesterly direction 86 feet, more or less, to a point in the common line;

Thence with the Meyers line in a southwesterly direction 840 feet, more or less, to a point in the Wayland-Goodman line common corner with Gurney and Meyers;

Thence with the common Wayland-Goodman and Meyers line in a southwestwardly direction 845 feet, more or less, to a point in the north line of Lippencott Street;

Thence with the north line of Lippencott Street in a southwestwardly direction 380 feet, more or less, to the east line of East Martin Mill Pike;

Thence with the southeast line of East Martin Mill Pike and in a southerly direction 890 feet, more or less, to the point of intersection with the northeast line of Chapman Highway, POINT OF BEGINNING;

BEING known and designated as the South Knoxville Waterfront Redevelopment & Urban Renewal Plan boundary.

RESOLUTION

A RESOLUTION OF THE COMMISSION  
OF KNOX COUNTY, TENNESSEE,  
APPROVING AN AMENDMENT TO  
THE KNOXVILLE SOUTH WATERFRONT  
REDEVELOPMENT AND URBAN  
RENEWAL PLAN CONTAINING  
PROVISIONS RELATED TO TAX  
INCREMENT FINANCING. (AUTHORIZES  
THE USE OF TAX INCREMENT  
FINANCING IN CONNECTION WITH  
THE REDEVELOPMENT OF THE  
FORMER BAPTIST HOSPITAL SITE  
IN THE AMOUNT NOT TO EXCEED  
\$22,000,000.00 FOR A PERIOD NOT  
TO EXCEED 30 YEARS)

RESOLUTION: R-13-10-807

REQUESTED BY: FINANCE

PREPARED BY: KNOX COUNTY LAW  
DIRECTOR'S OFFICE

APPROVED AS TO FORM  
AND CORRECTNESS: *Richard B. Armstrong Jr.*  
DIRECTOR OF LAW

APPROVED: *Oct. 28, 2013*  
DATE

VETOED: \_\_\_\_\_  
DATE

VETO  
OVERRIDE: \_\_\_\_\_  
DATE

MINUTE  
BOOK \_\_\_\_\_ PAGE \_\_\_\_\_

WHEREAS, Knoxville's Community Development Corporation ("KCDC") has previously prepared a redevelopment and urban renewal plan entitled the Knoxville South Waterfront Redevelopment and Urban Renewal Plan (the "Plan"), which Plan was approved by Resolution R-06-9-901 of the Knox County Commission; and

WHEREAS, KCDC has prepared the attached amendment to the Plan for the purpose of providing that the Uniformity in Tax Increment Financing Act of 2012 shall apply to the Plan; and

WHEREAS, the amendment to the Plan also authorizes the use of tax increment financing in connection with the redevelopment of the former Baptist Hospital site, which redevelopment project is known as the Bridges at Riverside Project; and

WHEREAS, KCDC conducted a public hearing on October 10, 2013, as required by Sections 13-20-203(b) and 13-20-205(c) of the Tennessee Code Annotated, as amended, relating to the Amendment; and

WHEREAS, the proposed Amendment to the Plan has been submitted by KCDC to the Knox County Commission for its approval under Tennessee Code Annotated § 13-20-203(b)(1).


NOW THEREFORE BE IT RESOLVED BY THE COMMISSION OF KNOX COUNTY AS FOLLOWS:


The Knox County Commission hereby approves the Amendment to the Knoxville South Waterfront Redevelopment and Urban Renewal Plan, a copy of which is attached hereto and incorporated herein by reference.

BE IT FURTHER RESOLVED, that if any notifications are to be made to effectuate this Resolution, then the County Clerk is hereby requested to forward a copy of this Resolution to the proper authority.

BE IT FURTHER RESOLVED, that this Resolution is to take effect from and after its passage, as provided by the Charter of Knox County, Tennessee, the public welfare requiring it.

  
\_\_\_\_\_  
Presiding Officer of the Commission      10-28-13  
Date

  
\_\_\_\_\_  
County Clerk      10-29-13  
Date

Approved:   
\_\_\_\_\_  
County Mayor      11/14/13  
Date

Vetoed: \_\_\_\_\_  
County Mayor      Date

## AMENDMENT TO SOUTH WATERFRONT REDEVELOPMENT AND URBAN RENEWAL PLAN RELATING TO TAX INCREMENT FINANCING

Knoxville's Community Development Corporation ("KCDC") has previously prepared a redevelopment and urban renewal plan (the "Plan") for the Redevelopment Area (as such term is defined in the Plan). After a public hearing held by KCDC, the Plan was approved by the City Council of the City of Knoxville and the County Commission of Knox County, Tennessee. Since adoption of the Plan, the Uniformity in Tax Increment Financing Act of 2012 (the "TIF Uniformity Act") has been adopted in the State of Tennessee. Section 8 of the TIF Uniformity Act provides that such Act would not apply to the Plan without the concurrence of the City of Knoxville, Tennessee (the "City"), Knox County, Tennessee (the "County"), KCDC and the holder of any indebtedness secured by the tax revenues allocable pursuant to the Plan. The City is the only holder of such indebtedness at this time. The City, the County and KCDC have determined it to be in their best interest to elect for the TIF Uniformity Act to apply to the Plan. By approving this Amendment, each of the City, the County and KCDC shall be deemed to approve the application of the TIF Uniformity Act to the Plan.

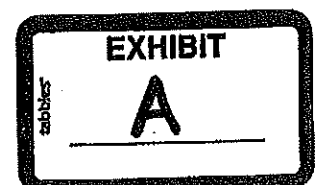
Pursuant to the Plan, KCDC anticipated assisting private redevelopment projects only where such projects are essential to the implementation of the Vision Plan. Since the adoption of the Plan, Tennova vacated the former Baptist Hospital site, which occupies a prominent location in the Redevelopment Area. The City and KCDC have received a request from a developer to utilize tax increment financing in connection with a redevelopment project comprised of the redevelopment of the Baptist Hospital site. This amendment would permit the use of tax increment financing to support such project, which is essential to implementation of the Vision Plan. To achieve such purpose and the application of the TIF Uniformity Act, the section of the Plan entitled Financing Plan Including Tax Increment Financing is hereby deleted in its entirety and the following is substituted in lieu thereof:

### FINANCING PLAN INCLUDING TAX INCREMENT FINANCING PROVISION

Neither KCDC nor the City anticipate funding the cost of private redevelopment projects within the redevelopment district, although public assistance with particular projects that are essential to the implementation of the Vision Plan may be considered on a limited basis. The redevelopment of the former Baptist Hospital site is determined to be such an essential private redevelopment project and tax increment financing to support such project is authorized as provided herein. Both property owners and developers of projects within the Redevelopment Area will be expected to demonstrate the financial ability to undertake and complete any private redevelopment project.

Public improvement assistance will be provided based on consistency with the South Waterfront Vision Plan, resource availability, and the extent to which the assistance will trigger private redevelopment. Until such time as formal public improvement agreements or contracts are executed, KCDC and the City retain the right and flexibility to shift project priorities and funding allocations based on development needs. A more detailed description of the public improvement projects and estimated costs is provided in the Vision Plan.

The assistance provided by KCDC and/or the City is not limited to public improvements assistance. Other services or resources may be provided, including but not limited to, assistance with the development review and permitting process, assistance with other regulatory agencies such as the Tennessee Valley Authority (TVA) or the U.S. Army Corps of Engineers (USACE), development of homeowner retention programs, purchase of land for voluntary relocation agreements, or business relocation assistance.





The Vision Plan and the South Waterfront Action Plan that is being prepared by the City contains a financial strategy that depends in large part on the use of tax increment financing within the Redevelopment Area to finance public improvements. KCDC and the City anticipate using tax increment financing to hasten the development of the public improvements that are needed to implement the Vision Plan and to encourage redevelopment projects that are essential to the implementation of the Vision Plan. Therefore, this Plan contains the following provisions to permit the use of tax increment financing in the Redevelopment Area.

After the date this Redevelopment Plan is approved by the City Council of the City of Knoxville and the County Commission of Knox County, Tennessee and subject to the limitations herein, property taxes levied upon real property located in the Redevelopment Area shall be divided and allocated as provided in Section 9-23-102 of the Tennessee Code Annotated and in accordance with applicable law as follows:

(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 the Redevelopment 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 the TIF Uniformity Act, any excess of taxes levied by the applicable 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(s) 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 KCDC's policies in effect from time to time with respect to the administration of tax increment financing, 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.

KCDC is hereby authorized to separately group one (1) or more parcels within the Redevelopment Area for purposes of calculating and allocating the tax increment revenues under this Plan and applicable law, and in such cases, the allocation of tax increment revenues shall be calculated and made based upon each such parcel or group of parcels, and not the entire area subject to the Plan. Without limitation, KCDC is specifically authorized to group the parcels included within the proposed redevelopment of the former Baptist Hospital site and adjacent benefited parcels to facilitate the tax increment financing described below. KCDC is also authorized to designate that the allocation of tax increment revenues with respect to a parcel or group of parcels within the Redevelopment Area may begin in subsequent or different years in order to match tax increment revenues with the purposes for which such revenues will be applied as determined by KCDC.

The City and County shall allocate tax increment revenues to KCDC no later than May 31 in each year for the prior tax year. Delinquent payments shall be allocated as provided in the TIF Uniformity Act.



Calculations of incremental tax revenues with respect to the Redevelopment Area or any grouping of parcels within the Redevelopment Area shall be done on an aggregate basis as provided in Section 9-23-103(c) of the TIF Uniformity Act, as codified.

Pursuant to applicable law and this Plan, up to five percent (5%) of incremental tax revenues generated by the Redevelopment Area may be set aside for administrative expenses; provided, however, such set aside shall not be applicable where tax increment revenues will be used to make debt service payments by KCDC to the City on loans made by the City to KCDC.

#### Tax Increment Financing to Support City-Implemented Redevelopment Projects

The estimated cost of the public improvements for which the tax increment financing will be available is approximately \$139,000,000 (inclusive of any amounts related to the former Baptist Hospital site described below). The City and KCDC do not anticipate, however, the amount of tax increment financing that can be issued and sold based upon current projections during the next twenty years would exceed \$60,000,000 (inclusive of any amounts related to the former Baptist Hospital site described below). The sources that are expected to be used to pay the costs of the public improvement projects are private donations, state grants, federal grants, capital funds of the City and the tax increment financing. The maximum maturity of any tax increment financing will be not later than forty (40) years from the date the financing, including any refinancing, is issued. The expected impact of the use of tax increment financing in the Redevelopment Area is expected not to exceed approximately \$4,000,000 per year with respect to either the City or Knox County.

The allocation of tax revenues with respect to any property in the Redevelopment Area to pay debt service with respect to the tax increment financing described in this Section shall not exceed thirty (30) years.

#### Tax Increment Financing to Support Redevelopment Projects

The City, the County and KCDC have determined that redevelopment of the former Baptist Hospital site, which redevelopment project is known as the Bridges at Riverside Project, is essential to the implementation of the Vision Plan. Therefore, KCDC intends to allocate the tax increment revenue generated by the Baptist Hospital site and immediately adjacent benefited property to pay debt service on financing for certain public improvements identified in the Vision Plan relating to such redevelopment project and other eligible costs relating to such redevelopment project. As authorized above, KCDC shall undertake a grouping of parcels related to such redevelopment project.

The costs of and financing amounts related to the redevelopment of the former Baptist Hospital are part of the amounts described above related to City-implemented redevelopment projects. The estimated cost of the Bridges at Riverside Project is approximately \$165,000,000. The sources that are expected to be used to pay the costs of the Project are estimated tax increment financing of \$22,000,000, estimated bank construction financing of \$114,400,000 and estimated owners' equity of \$28,600,000. The tax increment financing for the Project is expected not to exceed \$22,000,000, and the allocation of tax increment revenues with respect to any property in the Redevelopment Area for repayment of said debt shall be for a period of not more than thirty (30) years. The expected impact of the tax increment financing related to this redevelopment project upon the City is approximately \$928,726 per year and upon the County is approximately \$1,023,541 per year.

The City should receive approximately \$527,594 in property tax revenues with respect to the parcels expected to be grouped for purposes of this tax increment financing during the term of the tax increment financing and approximately \$1,456,320 after the tax increment financing is paid. The County

should receive approximately \$373,579 in property tax revenues with respect to the parcels expected to be grouped for purposes of this tax increment financing during the term of the tax increment financing and approximately \$1,397,120 after the tax increment financing is paid.

**RESOLUTION**

A RESOLUTION OF THE COUNCIL  
OF THE CITY OF KNOXVILLE  
APPROVING AN AMENDMENT TO  
THE KNOXVILLE SOUTH  
WATERFRONT REDEVELOPMENT  
AND URBAN RENEWAL PLAN TO  
PROVIDE FOR TAX INCREMENT  
FINANCING PREPARED BY  
KNOXVILLE'S COMMUNITY  
DEVELOPMENT CORPORATION.

RESOLUTION NO: R-348-2013REQUESTED BY: Office of RedevelopmentPREPARED BY: LAWAPPROVED: 10-15-2013APPROVED AS AN EMERGENCY  
MEASURE: \_\_\_\_\_MINUTE BOOK: 77 PAGE \_\_\_\_\_

WHEREAS, the Council of the City of Knoxville previously adopted Resolution No. R-357-06 on September 26, 2006 approving The Knoxville South Waterfront Redevelopment and Urban Renewal Plan (the "Plan") prepared by Knoxville's Community Development Corporation ("KCDC"); and

WHEREAS, KCDC has prepared an amendment to the Plan, attached hereto as Exhibit A and incorporated herein by reference (the "Amendment"), the purpose of which Amendment is to provide that the Uniformity in Tax Increment Financing Act of 2012 shall apply to the Plan; and

WHEREAS, the Amendment also authorizes the use of tax increment financing in connection with a private redevelopment project known as the Bridges at Riverside, which project is determined to be essential to the implementation of the Vision Plan (as such term is defined in the Plan); and

WHEREAS, KCDC conducted a public hearing on October 10, 2013, as required by

Sections 13-20-203(b) and 13-20-205(c) of the Tennessee Code Annotated, as amended, relating to the Amendment; and

WHEREAS, a summary of the public hearing has been prepared by KCDC and submitted to the City; and

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

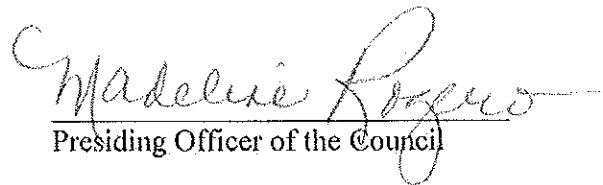
**NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF KNOXVILLE:**

**SECTION 1:** The Amendment to the South Waterfront Redevelopment and Urban Renewal Plan, as presented to the Council of the City of Knoxville on the date hereof, is hereby approved.

**SECTION 2:** The City Recorder is hereby directed to file a copy of said Amendment 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.

  
Recorder

  
Presiding Officer of the Council

## AMENDMENT TO SOUTH WATERFRONT REDEVELOPMENT AND URBAN RENEWAL PLAN RELATING TO TAX INCREMENT FINANCING

Knoxville's Community Development Corporation ("KCDC") has previously prepared a redevelopment and urban renewal plan (the "Plan") for the Redevelopment Area (as such term is defined in the Plan). After a public hearing held by KCDC, the Plan was approved by the City Council of the City of Knoxville and the County Commission of Knox County, Tennessee. Since adoption of the Plan, the Uniformity in Tax Increment Financing Act of 2012 (the "TIF Uniformity Act") has been adopted in the State of Tennessee. Section 8 of the TIF Uniformity Act provides that such Act would not apply to the Plan without the concurrence of the City of Knoxville, Tennessee (the "City"), Knox County, Tennessee (the "County"), KCDC and the holder of any indebtedness secured by the tax revenues allocable pursuant to the Plan. The City is the only holder of such indebtedness at this time. The City, the County and KCDC have determined it to be in their best interest to elect for the TIF Uniformity Act to apply to the Plan. By approving this Amendment, each of the City, the County and KCDC shall be deemed to approve the application of the TIF Uniformity Act to the Plan.

Pursuant to the Plan, KCDC anticipated assisting private redevelopment projects only where such projects are essential to the implementation of the Vision Plan. Since the adoption of the Plan, Tennova vacated the former Baptist Hospital site, which occupies a prominent location in the Redevelopment Area. The City and KCDC have received a request from a developer to utilize tax increment financing in connection with a redevelopment project comprised of the redevelopment of the Baptist Hospital site. This amendment would permit the use of tax increment financing to support such project, which is essential to implementation of the Vision Plan. To achieve such purpose and the application of the TIF Uniformity Act, the section of the Plan entitled Financing Plan Including Tax Increment Financing is hereby deleted in its entirety and the following is substituted in lieu thereof:

### FINANCING PLAN INCLUDING TAX INCREMENT FINANCING PROVISION

Neither KCDC nor the City anticipate funding the cost of private redevelopment projects within the redevelopment district, although public assistance with particular projects that are essential to the implementation of the Vision Plan may be considered on a limited basis. The redevelopment of the former Baptist Hospital site is determined to be such an essential private redevelopment project and tax increment financing to support such project is authorized as provided herein. Both property owners and developers of projects within the Redevelopment Area will be expected to demonstrate the financial ability to undertake and complete any private redevelopment project.

Public improvement assistance will be provided based on consistency with the South Waterfront Vision Plan, resource availability, and the extent to which the assistance will trigger private redevelopment. Until such time as formal public improvement agreements or contracts are executed, KCDC and the City retain the right and flexibility to shift project priorities and funding allocations based on development needs. A more detailed description of the public improvement projects and estimated costs is provided in the Vision Plan.

The assistance provided by KCDC and/or the City is not limited to public improvements assistance. Other services or resources may be provided, including but not limited to, assistance with the development review and permitting process, assistance with other regulatory agencies such as the Tennessee Valley Authority (TVA) or the U.S. Army Corps of Engineers (USACE), development of homeowner retention programs, purchase of land for voluntary relocation agreements, or business relocation assistance.

The Vision Plan and the South Waterfront Action Plan that is being prepared by the City contains

a financial strategy that depends in large part on the use of tax increment financing within the Redevelopment Area to finance public improvements. KCDC and the City anticipate using tax increment financing to hasten the development of the public improvements that are needed to implement the Vision Plan and to encourage redevelopment projects that are essential to the implementation of the Vision Plan. Therefore, this Plan contains the following provisions to permit the use of tax increment financing in the Redevelopment Area.

After the date this Redevelopment Plan is approved by the City Council of the City of Knoxville and the County Commission of Knox County, Tennessee and subject to the limitations herein, property taxes levied upon real property located in the Redevelopment Area shall be divided and allocated as provided in Section 9-23-102 of the Tennessee Code Annotated and in accordance with applicable law as follows:

(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 the Redevelopment 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 the TIF Uniformity Act, any excess of taxes levied by the applicable 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(s) 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 KCDC's policies in effect from time to time with respect to the administration of tax increment financing, 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.

KCDC is hereby authorized to separately group one (1) or more parcels within the Redevelopment Area for purposes of calculating and allocating the tax increment revenues under this Plan and applicable law, and in such cases, the allocation of tax increment revenues shall be calculated and made based upon each such parcel or group of parcels, and not the entire area subject to the Plan. Without limitation, KCDC is specifically authorized to group the parcels included within the proposed redevelopment of the former Baptist Hospital site and adjacent benefited parcels to facilitate the tax increment financing described below. KCDC is also authorized to designate that the allocation of tax increment revenues with respect to a parcel or group of parcels within the Redevelopment Area may begin in subsequent or different years in order to match tax increment revenues with the purposes for which such revenues will be applied as determined by KCDC.

The City and County shall allocate tax increment revenues to KCDC no later than May 31 in each year for the prior tax year. Delinquent payments shall be allocated as provided in the TIF Uniformity Act.

Calculations of incremental tax revenues with respect to the Redevelopment Area or any grouping of parcels within the Redevelopment Area shall be done on an aggregate basis as provided in

Section 9-23-103(c) of the TIF Uniformity Act, as codified.

Pursuant to applicable law and this Plan, up to five percent (5%) of incremental tax revenues generated by the Redevelopment Area may be set aside for administrative expenses; provided, however, such set aside shall not be applicable where tax increment revenues will be used to make debt service payments by KCDC to the City on loans made by the City to KCDC.

#### Tax Increment Financing to Support City-Implemented Redevelopment Projects

The estimated cost of the public improvements for which the tax increment financing will be available is approximately \$139,000,000 (exclusive of any amounts related to the former Baptist Hospital site described below). The City and KCDC do not anticipate, however, the amount of tax increment financing that can be issued and sold based upon current projections during the next twenty years would exceed \$60,000,000 (exclusive of any amounts related to the former Baptist Hospital site described below). The sources that are expected to be used to pay the costs of the public improvement projects are private donations, state grants, federal grants, capital funds of the City and the tax increment financing. The maximum maturity of any tax increment financing will be not later than forty (40) years from the date the financing, including any refinancing, is issued. The expected impact of the use of tax increment financing in the Redevelopment Area is expected not to exceed approximately \$4,000,000 per year with respect to either the City or Knox County.

The allocation of tax revenues with respect to any property in the Redevelopment Area to pay debt service with respect to the tax increment financing described in this Section shall not exceed thirty (30) years.

#### Tax Increment Financing to Support Redevelopment Projects

The City, the County and KCDC have determined that redevelopment of the former Baptist Hospital site, which redevelopment project is known as the Bridges at Riverside Project, is essential to the implementation of the Vision Plan. Therefore, KCDC intends to allocate the tax increment revenue generated by the Baptist Hospital site and immediately adjacent benefited property to pay debt service on financing for certain public improvements identified in the Vision Plan relating to such redevelopment project and other eligible costs relating to such redevelopment project. As authorized above, KCDC shall undertake a grouping of parcels related to such redevelopment project.

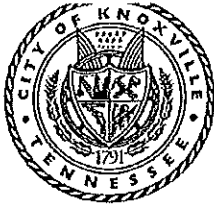
The costs of and financing amounts related to the redevelopment of the former Baptist Hospital are in addition to the amounts described above related to City-implemented redevelopment projects. The estimated cost of the Bridges at Riverside Project is approximately \$165,000,000. The sources that are expected to be used to pay the costs of the Project are estimated tax increment financing of \$22,000,000, estimated bank construction financing of \$114,400,000 and estimated owners' equity of \$28,600,000. The tax increment financing for the Project is expected not to exceed \$22,000,000, and the allocation of tax increment revenues with respect to any property in the Redevelopment Area for repayment of said debt shall be for a period of not more than thirty (30) years. The expected impact of the tax increment financing related to this redevelopment project upon the City is approximately \$928,726 per year and upon the County is approximately \$1,023,541 per year.

The City should receive approximately \$527,594 in property tax revenues with respect to the parcels expected to be grouped for purposes of this tax increment financing during the term of the tax increment financing and approximately \$1,456,320 after the tax increment financing is paid. The County should receive approximately \$373,579 in property tax revenues with respect to the parcels expected to be grouped for purposes of this tax increment financing during the term of the tax increment financing and

approximately\$1,397,120 after the tax increment financing is paid.

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CITY OF KNOXVILLE, TENNESSEE

City Council

AGENDA INFORMATION SHEET

**AGENDA DATE:** October 15, 2013  
**DEPARTMENT:** Office of Redevelopment  
**DIRECTOR:** Bob Whetsel

**AGENDA SUMMARY** A Resolution approving an amendment to the Knoxville South Waterfront Redevelopment and Urban Renewal Plan to provide for Tax Increment Financing prepared by Knoxville's Community Development Corporation.

**COUNCIL DISTRICT(S) AFFECTED**

District 1

**BACKGROUND**

Blanchard & Calhoun Commercial have applied to the City for Development Assistance in connection with the redevelopment of the Baptist Hospital site. The project is planned to include a hotel, luxury apartments, office space, retail and student housing as well as public improvements including an events terrace and riverwalk.

The proposed amendment to the Knoxville South Waterfront Redevelopment and Urban Renewal Plan (the "Plan") provides that the Uniformity In Tax Increment Financing Act will apply to the Plan and authorization for the allocation of the tax increment revenues generated by the Baptist Hospital site to support a tax increment financing transaction in an amount not to exceed \$22,000,000 for a period not to exceed 30 years. This financing would be used for certain eligible costs related to the redevelopment of the Baptist Hospital site. This development will repurpose a key site in South Knoxville and is important in achieving the goals of the Plan. Details of the project can be found in the attached proposed amendment.

The Plan currently provides for a tax increment financing transaction secured by the tax increment revenues generated by the entire area subject to the Plan. The maximum authorized amount of the tax increment financing is \$60,000,000. The proposed amendment provides that a portion of the \$60,000,000 of authorized tax increment financing equal to \$22,000,000 would be issued in connection with the Baptist Hospital site and would be secured by the tax increment revenues generated by that site.

On October 10, 2013, KCDC will host the statutorily required public hearing on the proposed amendment to the Plan.

**RECOMMENDATION**

Approve

**PRIOR ACTION/REVIEW**

A Public Hearing on the proposed amendment to the Knoxville South Waterfront Redevelopment and Urban Renewal Plan will be held on October 10, 2013.

**FISCAL INFORMATION**

Please see the attached document.

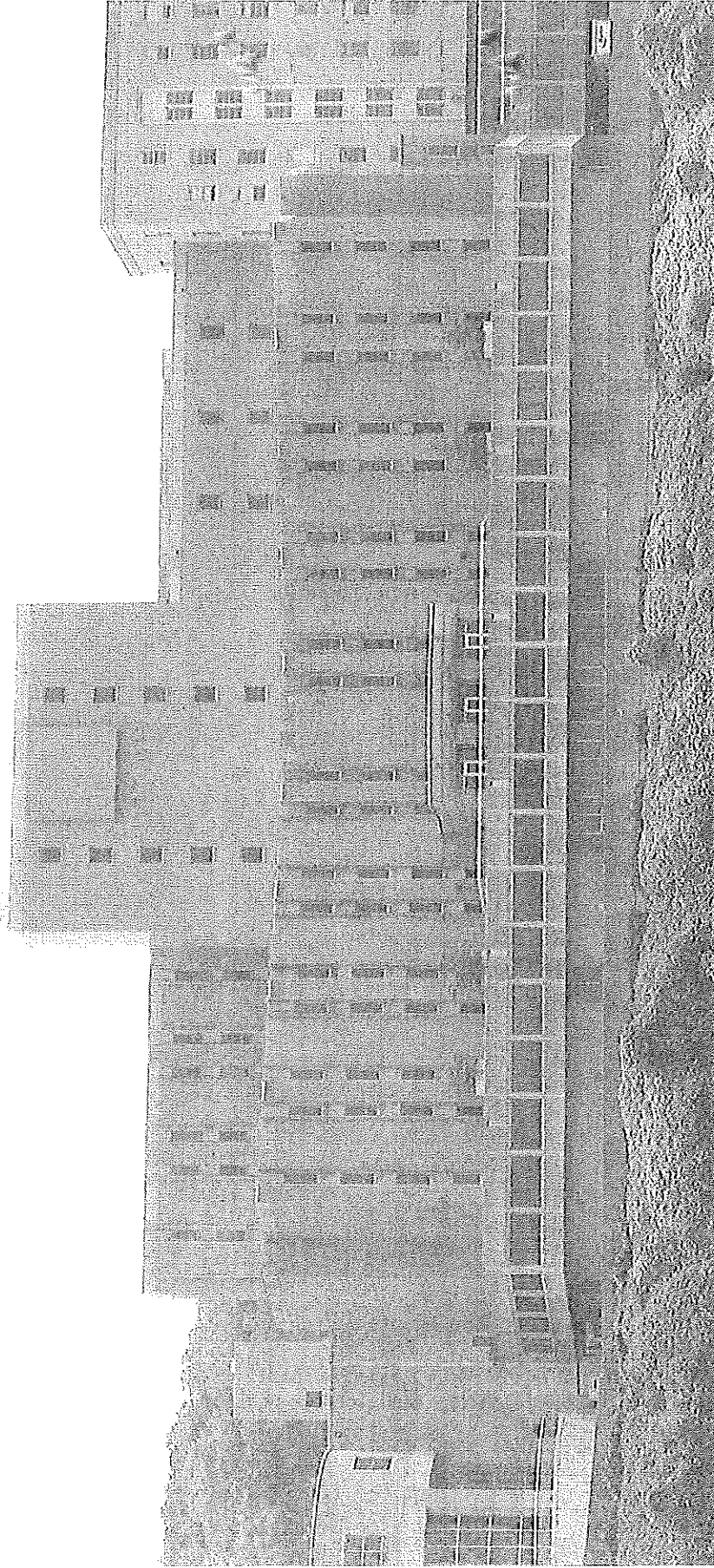
**ATTACHMENTS:**

- Baptist - TIF Financing Resolution 2013 (DOC)
- 10-7 AMENDMENT TO SOUTH WATERFRONT REDEVELOPMENT AND URBAN RENEWAL PLAN (DOCX)
- Final\_Amendment\_To\_South\_Waterfront\_Redevelopment\_And\_Urban\_Renewal\_Plan\_3.sflb (PDF)

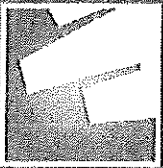


BLANCHARD  
& CALHOUN  
COMMERCIAL

# Former Baptist Hospital Redevelopment

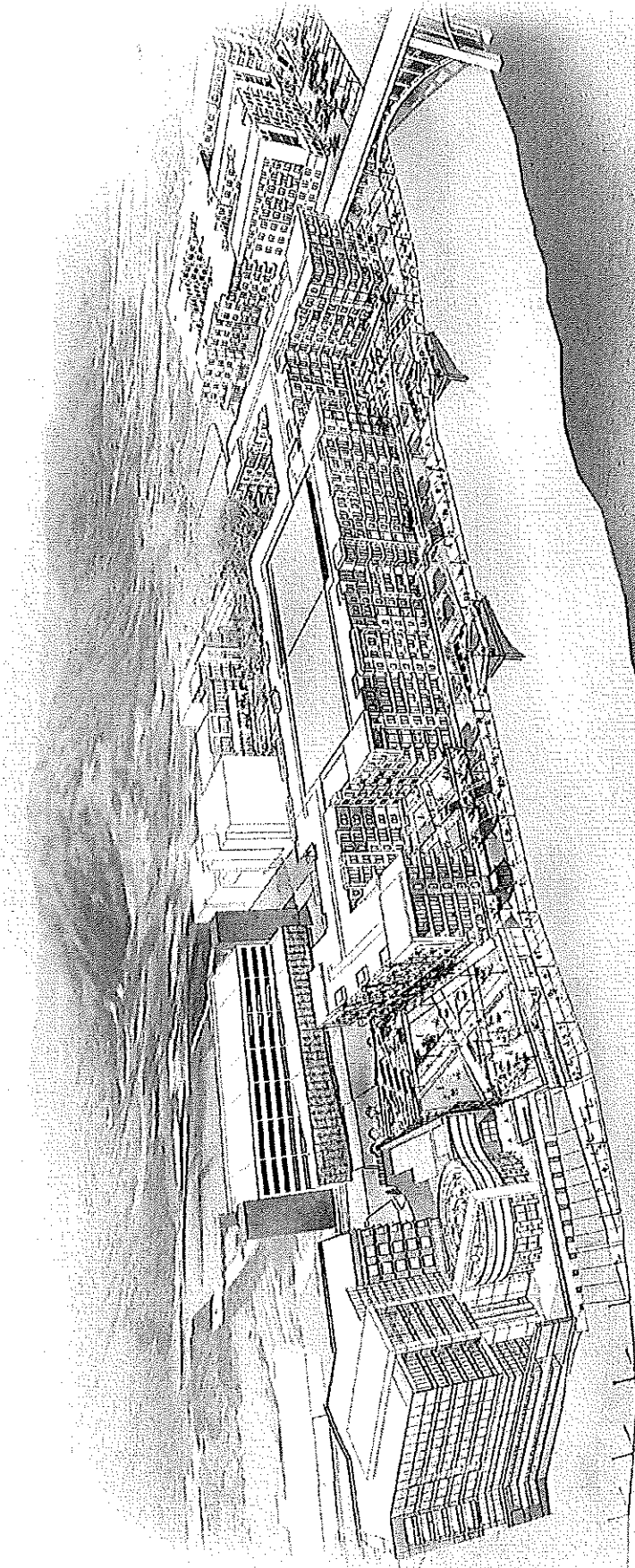


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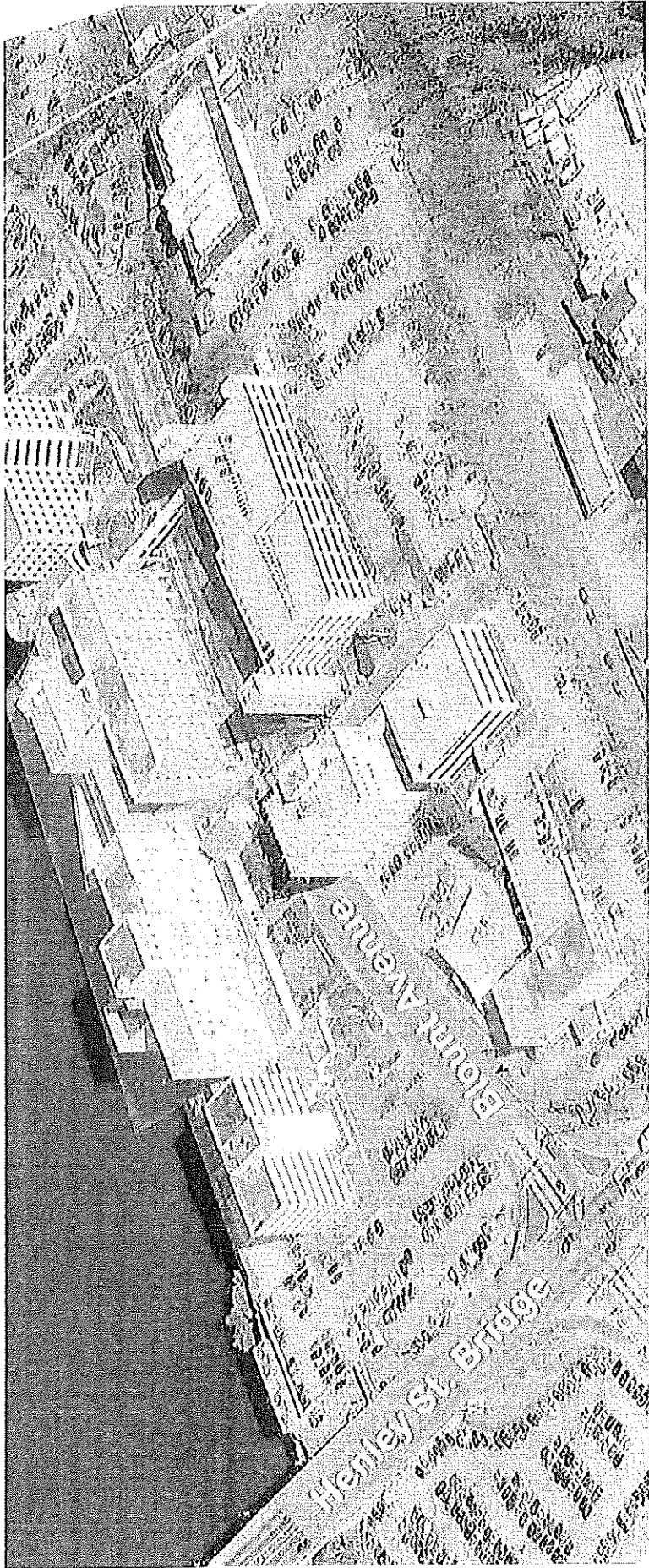


BLANCHARD  
& CALHOUN  
COMMERCIAL

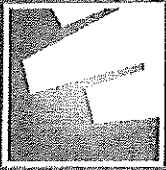
# Former Baptist Hospital Redevelopment







- January 1, 2014 - Demolish former hospital totaling 588,700 SF
- January 1, 2014 - Demolish former Vols Inn & Bank Building totaling 25,000 SF
- September 31, 2014 Demo Complete



BLANCHARD  
& CALHOUN  
COMMERCIAL

## Redevelopment of Office Building 1 & 2



- January 1, 2014 - Start on the renovation of Office Buildings 1 & 2
- Renovation to include complete exterior & interior renovation.
- Completion estimated September 30, 2014



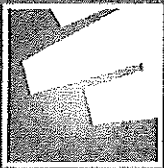


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## Redevelopment of Gay Street Office Building

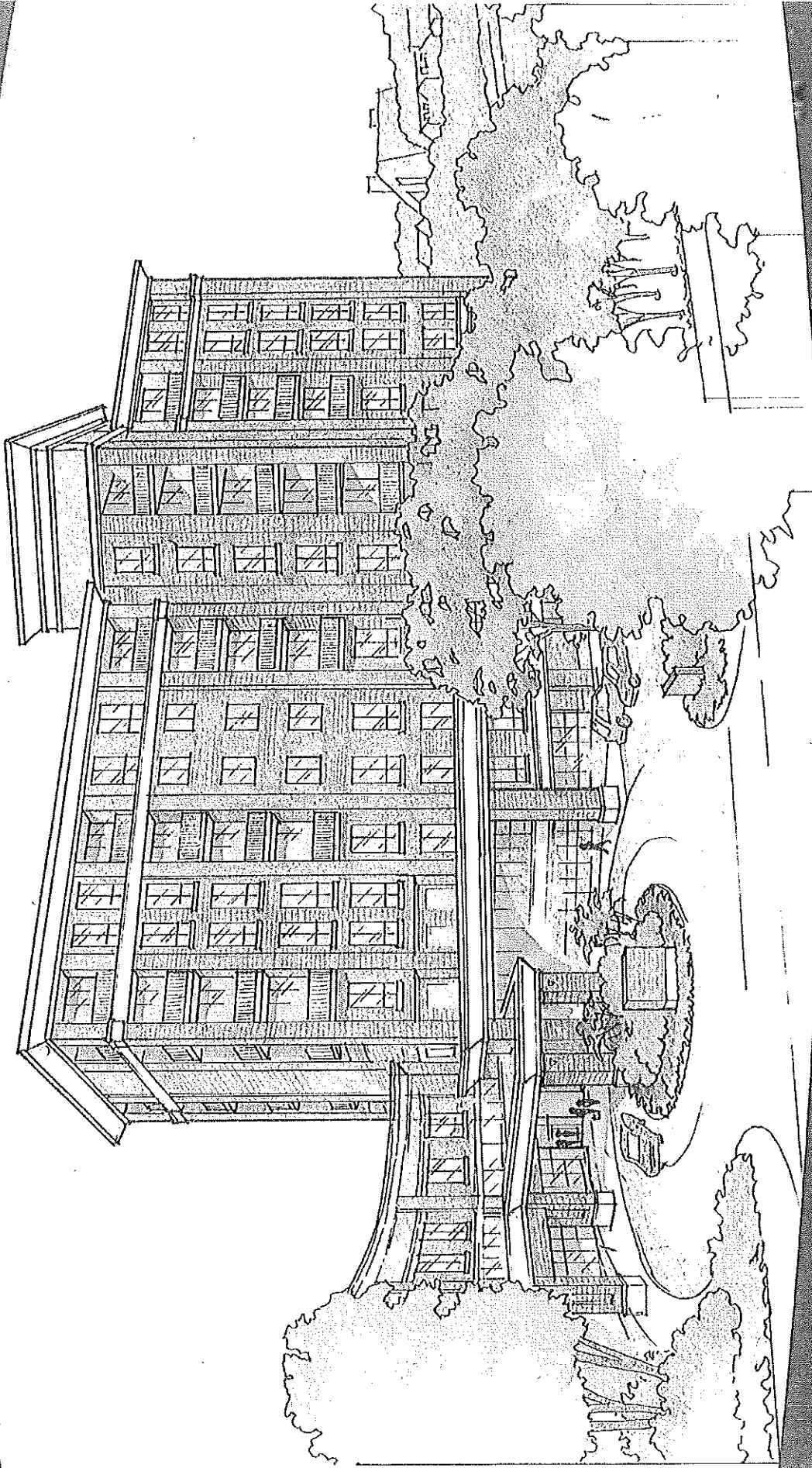


- March 1, 2014 - Start Redevelopment of the former Gay Street  
Medical Office Building



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## Redevelopment of Gay Street Office Building



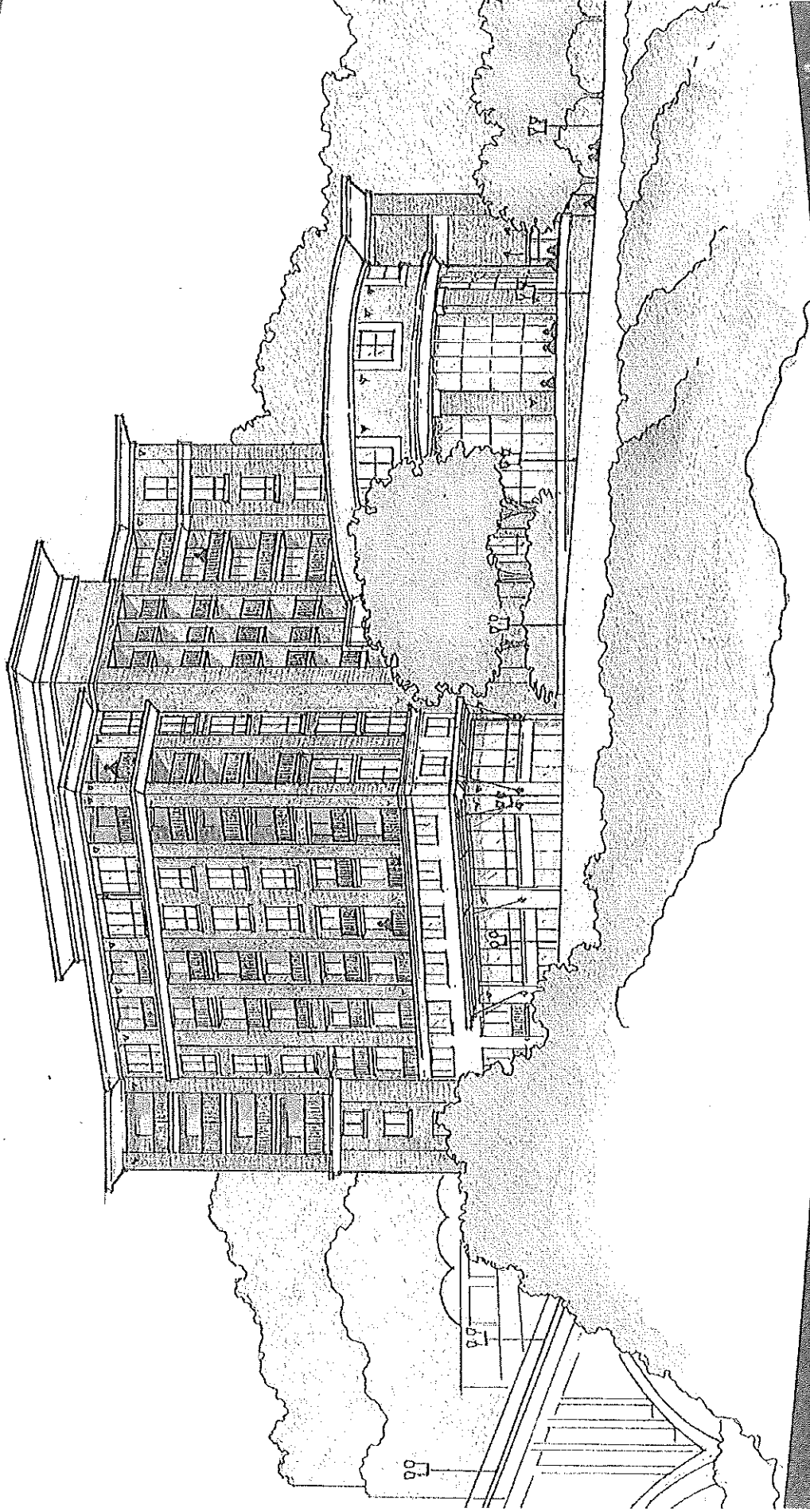
- March 30, 2015 - 100 Room Hotel, 52 Class A Apartment Units,  
6,500 SF Restaurant and Fitness Center will open in the Former Baptist  
Medical Office Tower.



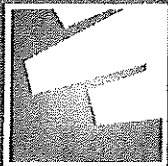


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## Redevelopment of Gay Street Office Building

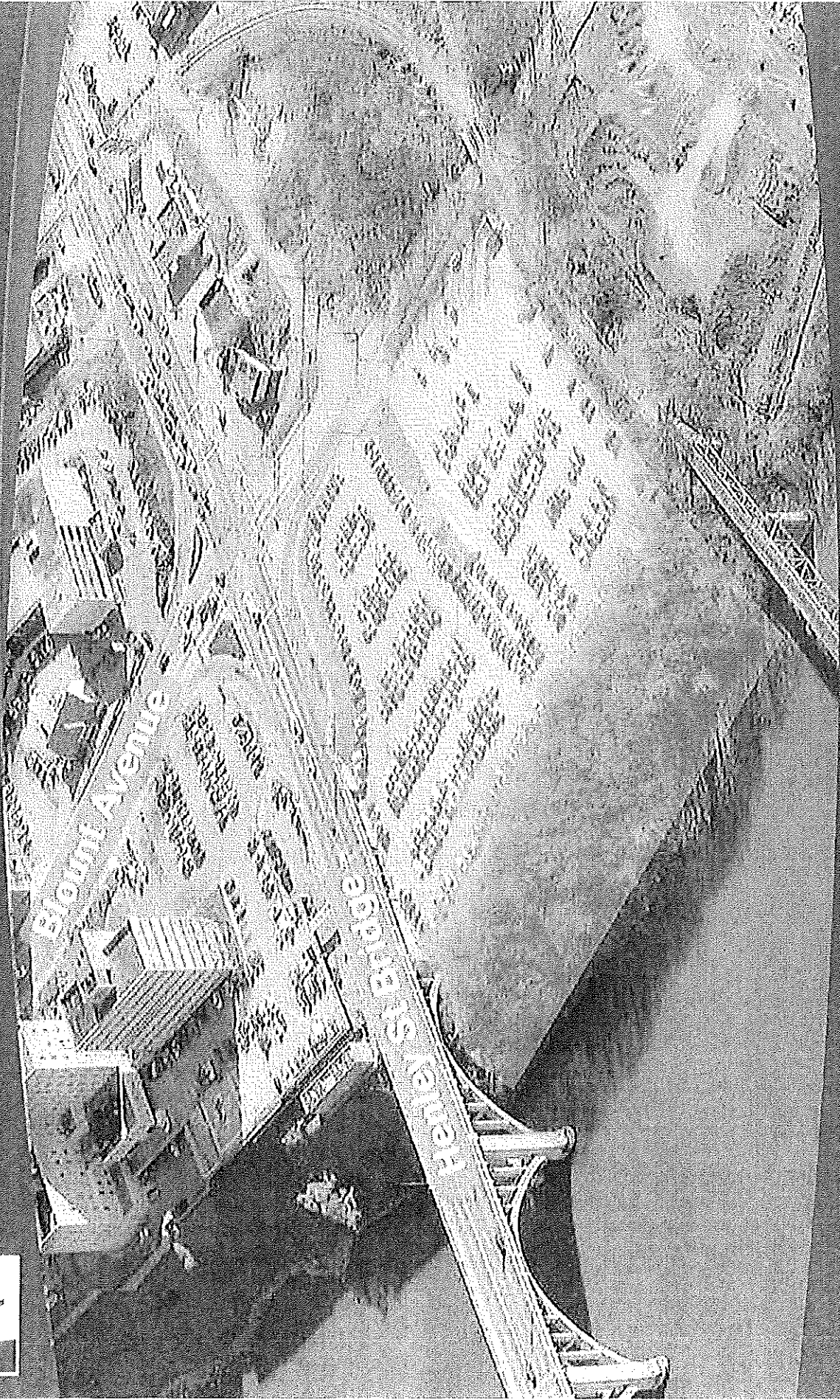


- March 30, 2015 - 100 Room Hotel, 52 Class A Apartment Units,  
6,500 SF Restaurant and Fitness Center will open in the Former Baptist  
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## Student Housing Development



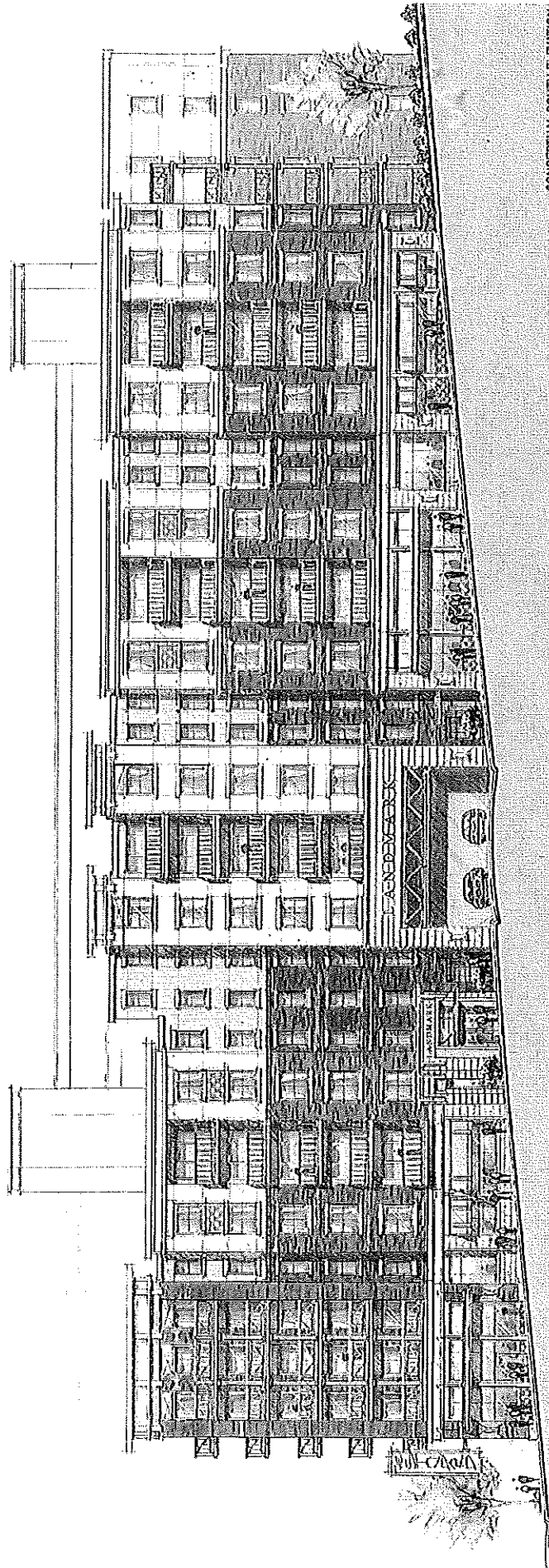
- May 1, 2014 - Start construction on Student Housing Site
- Site is located on 4.9 acres which is currently vacant land
- Student Housing is estimated to open July 1, 2015





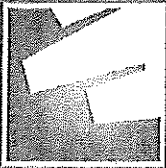
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## Student Housing Development



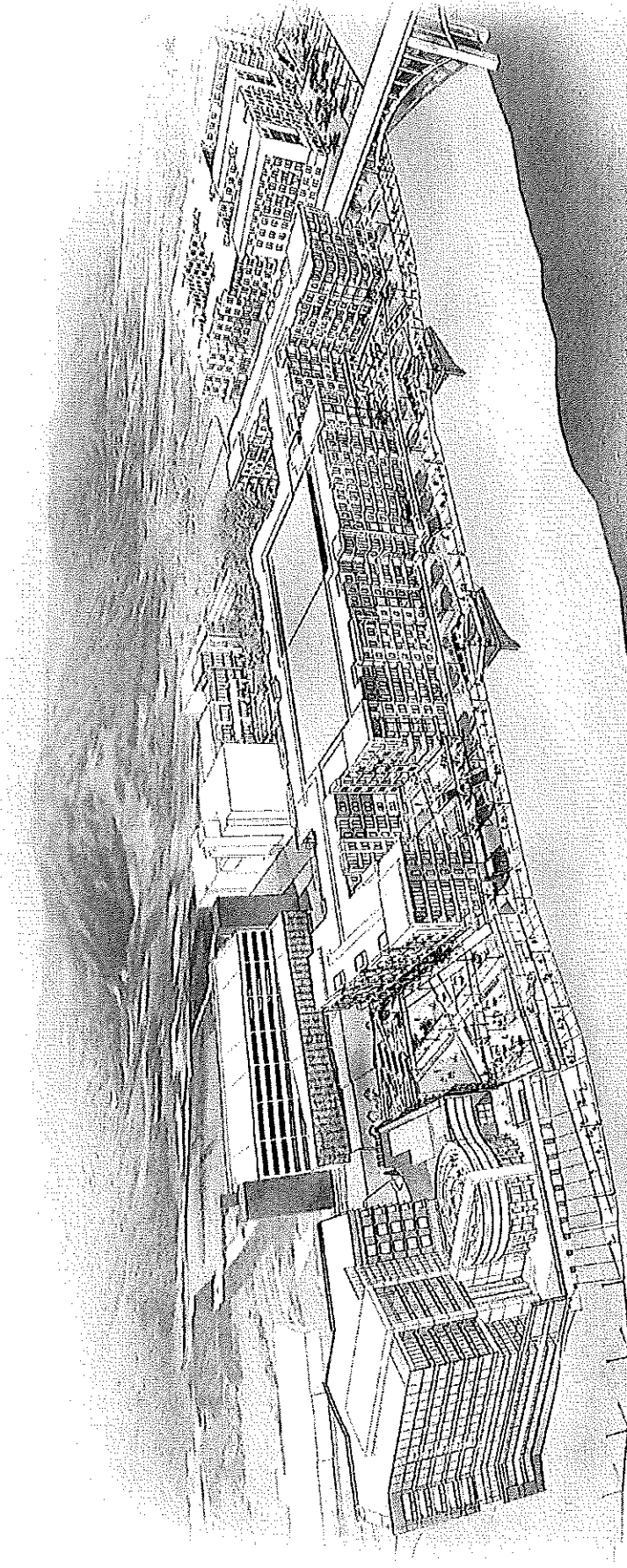
CONCEPTUAL SOUTH ELEVATION  
Scale: 1/8" = 1'-0"

- May 1, 2014 - Start construction on Student Housing Site
- Site is located on 4.9 acres which is currently vacant land
- Student Housing is estimated to open July 1, 2015



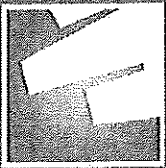
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## Apartments, Retail, Riverwalk & Event Terrace



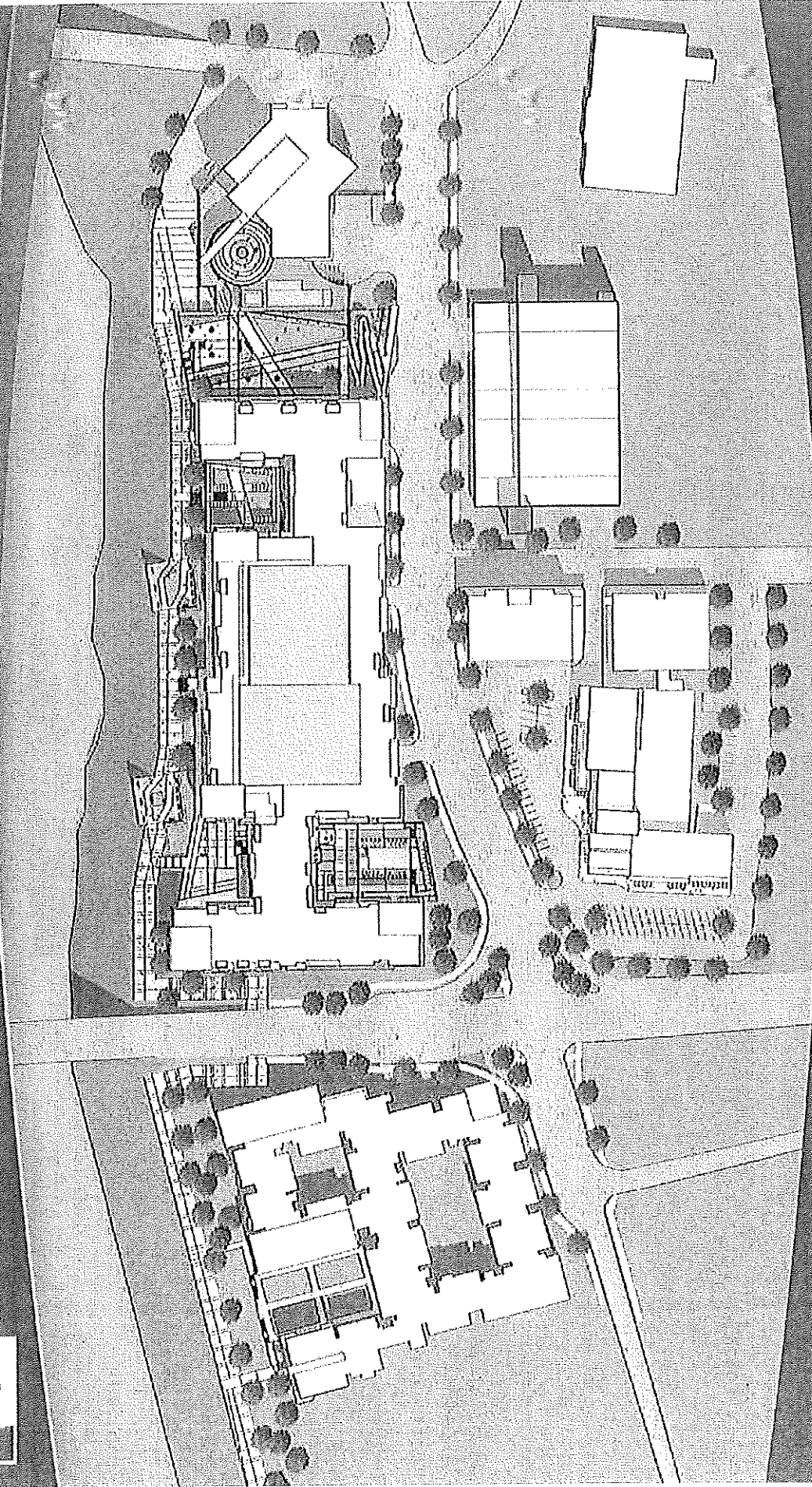
- October 1, 2014 - Start Construction on 314 Class A Apartment Units & 18,000 SF of Retail
- October 1, 2014 - Start Construction on Riverwalk & Event Terrace
- The Riverwalk & Event Terrace will open in September 2015
- The Apartments & Retail will open in October 2015





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## Public Improvements

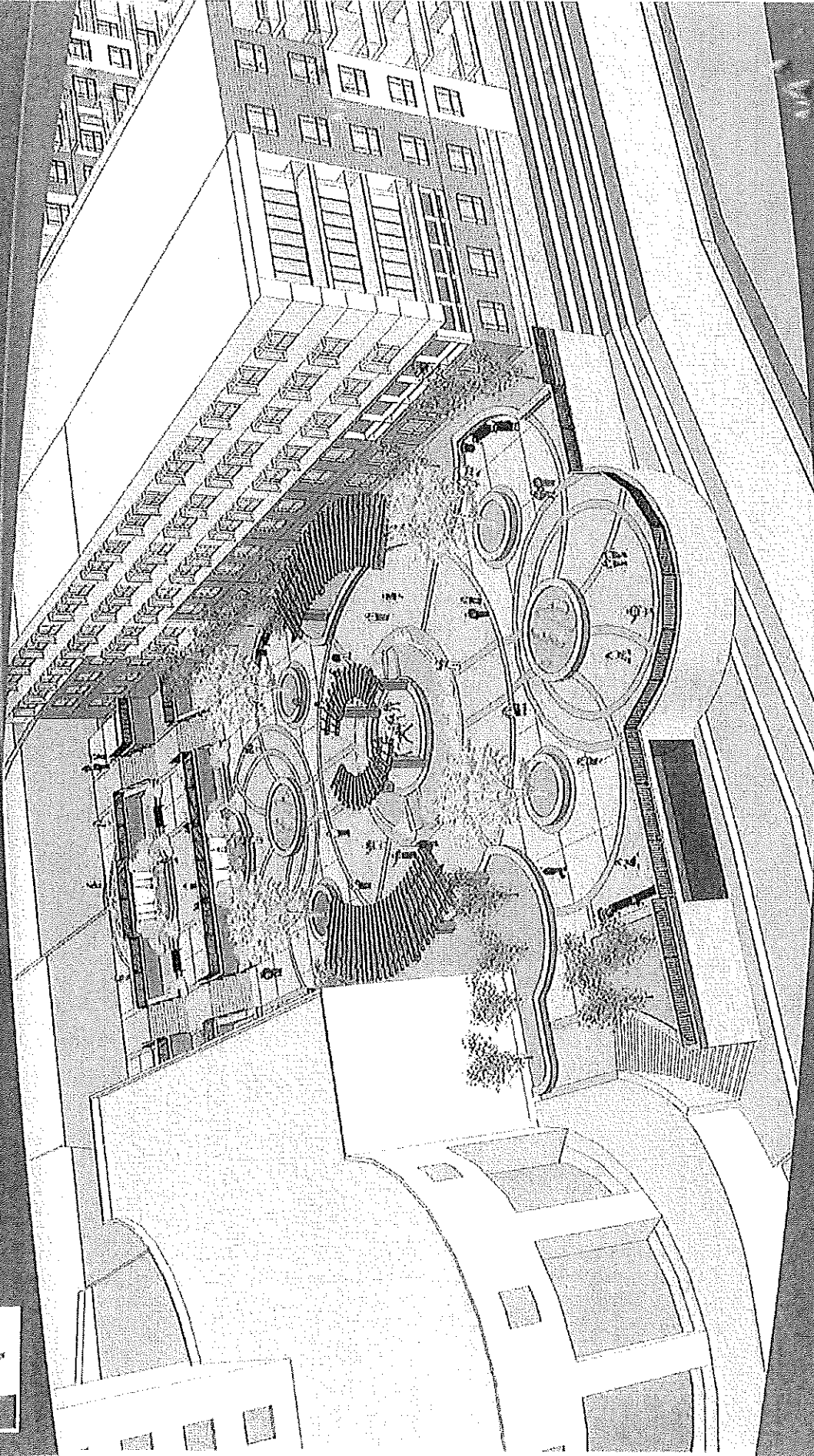


- The Riverwalk will begin at the Gay Street Bridge and extend through the site, under the Henley Street Bridge and connect to the City View Riverwalk.
- The Event Terrace will contain over 20,000 SF fronting the Tennessee River and is located between the Hotel, Restaurant & Class A Apartment Units.
- The Riverwalk & Event Terrace will have access to the Blount Avenue Parking Deck



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## Public Improvements



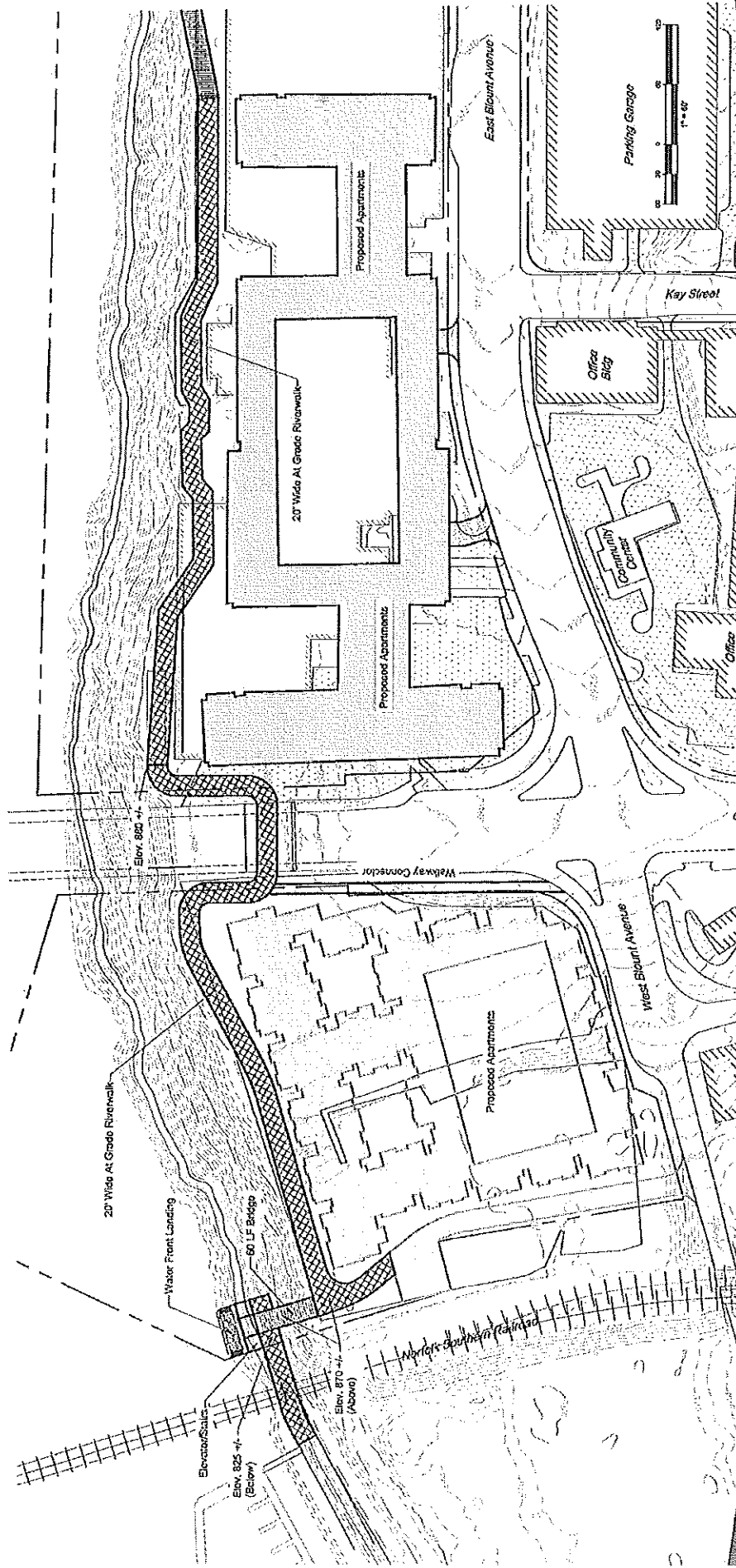
- The Event Terrace will contain over 20,000 SF fronting the Tennessee River and is located between the Hotel, Restaurant & Class A Apartment Units.
- Parking will be available in the Blount Avenue Parking Deck





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## Public Improvements



- The Riverwalk will begin at the Gay Street Bridge and extend through the site, under the Henley Street Bridge and connect to the City View Riverwalk.

AMENDMENT TO SOUTH WATERFRONT REDEVELOPMENT AND URBAN RENEWAL PLAN  
RELATING TO TAX INCREMENT FINANCING

Knoxville's Community Development Corporation ("KCDC") has previously prepared a redevelopment and urban renewal plan (the "Plan") for the Redevelopment Area (as such term is defined in the Plan). After a public hearing held by KCDC, the Plan was approved by the City Council of the City of Knoxville and the County Commission of Knox County, Tennessee. Since adoption of the Plan, the Uniformity in Tax Increment Financing Act of 2012 (the "TIF Uniformity Act") has been adopted in the State of Tennessee. Section 8 of the TIF Uniformity Act provides that such Act would not apply to the Plan without the concurrence of the City of Knoxville, Tennessee (the "City"), Knox County, Tennessee (the "County"), KCDC and the holder of any indebtedness secured by the tax revenues allocable pursuant to the Plan. The City is the only holder of such indebtedness at this time. The City, the County and KCDC have determined it to be in their best interest to elect for the TIF Uniformity Act to apply to the Plan. By approving this Amendment, each of the City, the County and KCDC shall be deemed to approve the application of the TIF Uniformity Act to the Plan.

Pursuant to the Plan, KCDC anticipated assisting private redevelopment projects only where such projects are essential to the implementation of the Vision Plan. Since the adoption of the Plan, Tennova vacated the former Baptist Hospital site, which occupies a prominent location in the Redevelopment Area. The City and KCDC have received a request from a developer to utilize tax increment financing in connection with a redevelopment project comprised of the redevelopment of the Baptist Hospital site. This amendment would permit the use of tax increment financing to support such project, which is essential to implementation of the Vision Plan. To achieve such purpose and the application of the TIF Uniformity Act, the section of the Plan entitled Financing Plan Including Tax Increment Financing is hereby deleted in its entirety and the following is substituted in lieu thereof:

FINANCING PLAN INCLUDING TAX INCREMENT FINANCING PROVISION

Neither KCDC nor the City anticipate funding the cost of private redevelopment projects within the redevelopment district, although public assistance with particular projects that are essential to the implementation of the Vision Plan may be considered on a limited basis. The redevelopment of the former Baptist Hospital site is determined to be such an essential private redevelopment project and tax increment financing to support such project is authorized as provided herein. Both property owners and developers of projects within the Redevelopment Area will be expected to demonstrate the financial ability to undertake and complete any private redevelopment project.

Public improvement assistance will be provided based on consistency with the South Waterfront Vision Plan, resource availability, and the extent to which the assistance will trigger private redevelopment. Until such time as formal public improvement agreements or contracts are executed, KCDC and the City retain the right and flexibility to shift project priorities and funding allocations based on development needs. A more detailed description of the public improvement projects and estimated costs is provided in the Vision Plan.

The assistance provided by KCDC and/or the City is not limited to public improvements assistance. Other services or resources may be provided, including but not limited to, assistance with the development review and permitting process, assistance with other regulatory agencies such as the Tennessee Valley Authority (TVA) or the U.S. Army Corps of Engineers (USACE), development of homeowner retention programs, purchase of land for voluntary relocation agreements, or business relocation assistance.



The Vision Plan and the South Waterfront Action Plan that is being prepared by the City contains a financial strategy that depends in large part on the use of tax increment financing within the Redevelopment Area to finance public improvements. KCDC and the City anticipate using tax increment financing to hasten the development of the public improvements that are needed to implement the Vision Plan and to encourage redevelopment projects that are essential to the implementation of the Vision Plan. Therefore, this Plan contains the following provisions to permit the use of tax increment financing in the Redevelopment Area.

After the date this Redevelopment Plan is approved by the City Council of the City of Knoxville and the County Commission of Knox County, Tennessee and subject to the limitations herein, property taxes levied upon real property located in the Redevelopment Area shall be divided and allocated as provided in Section 9-23-102 of the Tennessee Code Annotated and in accordance with applicable law as follows:

(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 the Redevelopment 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 the TIF Uniformity Act, any excess of taxes levied by the applicable 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(s) 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 KCDC's policies in effect from time to time with respect to the administration of tax increment financing, 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.

KCDC is hereby authorized to separately group one (1) or more parcels within the Redevelopment Area for purposes of calculating and allocating the tax increment revenues under this Plan and applicable law, and in such cases, the allocation of tax increment revenues shall be calculated and made based upon each such parcel or group of parcels, and not the entire area subject to the Plan. Without limitation, KCDC is specifically authorized to group the parcels included within the proposed redevelopment of the former Baptist Hospital site and adjacent benefited parcels to facilitate the tax increment financing described below. KCDC is also authorized to designate that the allocation of tax increment revenues with respect to a parcel or group of parcels within the Redevelopment Area may begin in subsequent or different years in order to match tax increment revenues with the purposes for which such revenues will be applied as determined by KCDC.

The City and County shall allocate tax increment revenues to KCDC no later than May 31 in each year for the prior tax year. Delinquent payments shall be allocated as provided in the TIF Uniformity Act.

Calculations of incremental tax revenues with respect to the Redevelopment Area or any grouping of parcels within the Redevelopment Area shall be done on an aggregate basis as provided in Section 9-23-103(c) of the TIF Uniformity Act, as codified.

Pursuant to applicable law and this Plan, up to five percent (5%) of incremental tax revenues generated by the Redevelopment Area may be set aside for administrative expenses; provided, however, such set aside shall not be applicable where tax increment revenues will be used to make debt service payments by KCDC to the City on loans made by the City to KCDC.

#### Tax Increment Financing to Support City-Implemented Redevelopment Projects

The estimated cost of the public improvements for which the tax increment financing will be available is approximately \$139,000,000 (inclusive of any amounts related to the former Baptist Hospital site described below). The City and KCDC do not anticipate, however, the amount of tax increment financing that can be issued and sold based upon current projections during the next twenty years would exceed \$60,000,000 (inclusive of any amounts related to the former Baptist Hospital site described below). The sources that are expected to be used to pay the costs of the public improvement projects are private donations, state grants, federal grants, capital funds of the City and the tax increment financing. The maximum maturity of any tax increment financing will be not later than forty (40) years from the date the financing, including any refinancing, is issued. The expected impact of the use of tax increment financing in the Redevelopment Area is expected not to exceed approximately \$4,000,000 per year with respect to either the City or Knox County.

The allocation of tax revenues with respect to any property in the Redevelopment Area to pay debt service with respect to the tax increment financing described in this Section shall not exceed thirty (30) years.

#### Tax Increment Financing to Support Redevelopment Projects

The City, the County and KCDC have determined that redevelopment of the former Baptist Hospital site, which redevelopment project is known as the Bridges at Riverside Project, is essential to the implementation of the Vision Plan. Therefore, KCDC intends to allocate the tax increment revenue generated by the Baptist Hospital site and immediately adjacent benefited property to pay debt service on financing for certain public improvements identified in the Vision Plan relating to such redevelopment project and other eligible costs relating to such redevelopment project. As authorized above, KCDC shall undertake a grouping of parcels related to such redevelopment project.

The costs of and financing amounts related to the redevelopment of the former Baptist Hospital are part of the amounts described above related to City-implemented redevelopment projects. The estimated cost of the Bridges at Riverside Project is approximately \$165,000,000. The sources that are expected to be used to pay the costs of the Project are estimated tax increment financing of \$22,000,000, estimated bank construction financing of \$114,400,000 and estimated owners' equity of \$28,600,000. The tax increment financing for the Project is expected not to exceed \$22,000,000, and the allocation of tax increment revenues with respect to any property in the Redevelopment Area for repayment of said debt shall be for a period of not more than thirty (30) years. The expected impact of the tax increment financing related to this redevelopment project upon the City is approximately \$928,726 per year and upon the County is approximately \$1,023,541 per year.

The City should receive approximately \$527,594 in property tax revenues with respect to the parcels expected to be grouped for purposes of this tax increment financing during the term of the tax increment financing and approximately \$1,456,320 after the tax increment financing is paid. The County should receive approximately \$373,579 in property tax revenues with respect to the parcels expected to be grouped for purposes of this tax increment financing during the term of the tax increment financing and approximately \$1,397,120 after the tax increment financing is paid.