

OLD KNOXVILLE GLOVE FACTORY REDEVELOPMENT AND URBAN RENEWAL PLAN



Prepared by: Knoxville's Community Development Corporation

*Center City Redevelopment Project Number 13
Knoxville, Tennessee
March, 2006*

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INTRODUCTION

The City Administration has placed special emphasis on the redevelopment of the southside of Knoxville's downtown waterfront. Only in the recent past has Knoxville engaged in waterfront development with the completion of the Northside Waterfront Redevelopment Plan. The most significant land mass along the waterfront that is prime development land is the land on the southside of the Tennessee River.

The City engaged Fregonese Calthorpe Associates to study the feasibility and options of development on the City's South Waterfront. The purpose of the study was to use a "scenario planning technique" to investigate the range of feasible alternatives for development. Scenario planning is widely used in business and military settings. Given the complexity of the environment, the number of variables that have to be considered, and the long time frame for City projects, it is practically impossible to develop a long range plan that envisions only a single outcome. Scenario planning is a process that provides for a way to explore these options.

The Knoxville South Waterfront Project, initiated by Mayor Bill Haslam and announced by the City of Knoxville in summer 2005, is designed to set a framework for future investment and development in the South Waterfront area that is clear, predictable, and consistent with public expectations of development quality. The two most important aspects of this project are: 1) the commitment to seek significant citizen and stakeholder input throughout the planning process, and 2) the focus on the economic viability and fiscal soundness of the final plan recommendations.

The project will build upon past planning processes and incorporate a thorough analysis of current information about the Knoxville South Waterfront. An interdisciplinary team of consultants led by Hargreaves Associates of Cambridge, MA, was selected to help the city craft a vision and strategy plan by Spring 2006. The local oversight committee named by Mayor Haslam and chaired by Dave Hill, Chief Operating Officer of the City, will advise the consultant team throughout the process.

There are currently two active projects under way on the west end of the study area. One is a condominium development at the far west edge comprising a 6-story building with units ranging from \$210,000 to \$290,000. The other is the existing Glove Factory property with a proposed 3-phase development of condominiums and possible a hotel. The Glove Factory redevelopment is the focus of this redevelopment and urban renewal plan.

PROJECT AREA BOUNDARY AND EXISTING CONDITIONS

The proposed redevelopment and urban renewal area generally is bounded by Norfolk Southern Railway on the east, the Tennessee River on the north, Blount Avenue on the south, and the American Smelting and Refining Company (Rinker Sales) property on the west. The boundary map depicting the redevelopment area is attached to this plan as Exhibit A.

Presently the redevelopment area consists of the vacant buildings of the former Knoxville Glove Company. This property is within the area of an existing redevelopment area known as the Lower Second Creek Redevelopment Plan. Accordingly, this property shall be automatically excluded from any plan other than this plan, effective the date of adoption of this plan by the City Council of the City of Knoxville.

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 dilapidation of the buildings throughout 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 which by reason of dilapidation, obsolescence, overcrowding, faulty arrangement or design, lack of ventilation, light, and sanitary facilities, excessive land coverage, deleterious land use, or obsolete layout, or any combination of these or other factors that are detrimental to the safety, health, morals or welfare of the community.” Much of the land use in the area is also deleterious because of vacant buildings, vacant lots or inappropriate land uses.

REDEVELOPMENT PLAN OBJECTIVES

The primary objectives of this redevelopment and urban renewal plan are:

- * Enhancing the quality of the Downtown built environment.
- * Achieving quality contextual design.
- * To establish harmonious land use patterns and provide adequate sites for the planned development of mixed uses, including commercial, recreational, and residential.
- * To facilitate the future development of Knoxville's South Waterfront.
- * To eliminate conditions of blight and blighting influences and incompatible and inappropriate land uses through acquisition and demolition of substandard buildings.
- * To establish standards and guidelines for the redevelopment and continued use of the area, which will assure the future stability of the entire area through quality development.
- * To provide for the layout of new public facilities necessary to support the redevelopment of the area.
- * To assist the development of the area through tax increment financing.

LAND USE PLAN

The zoning is C-2 (Central Business District). C-2 allows a wide range of uses including retail, office, public/institutional and residential; off street parking is not required in the district.

C-2 CENTRAL BUSINESS DISTRICT

A. GENERAL DESCRIPTION:

This district, with complementary office, medical, civic, residential, and historical areas, forms the metropolitan center for commercial, financial, professional, governmental, and cultural activities. The intent here is to protect and improve the central business district for the performance of its primary functions. In addition, uses are discouraged which do not require a central location or would create friction in the performance of functions that should be centralized.

B. USES PERMITTED:

The following uses shall be permitted in the C-2 Central Business District:

1. Retail store, sales and display rooms and shops.
2. Offices.
3. Hotels and motels.
4. Financial institutions.
5. Eating and drinking establishments.
6. Personal service establishments.
7. Business service establishments.
8. Commercial and job printing.
9. Establishments offering repair services on items brought in by customers.
10. Amusement and recreation establishments.
11. Wholesaling from sample stocks only, provided that no manufacturing or storage for distribution shall be permitted on the premises.

12. Business schools, studios, vocational schools not involving processes of light or heavy industrial nature.
13. Laboratories and establishments for production and repair of jewelry, eyeglasses, hearing aids, and prosthetic appliances.
14. Clubs and lodges.
15. Churches.
16. Public buildings and lands other than elementary or high schools.
17. Amended 5-15-90.
18. Utility sub-stations, easements, alleys and rights-of-way, and transportation easements, alleys and rights-of-way.
19. Outdoor advertising as regulated in Article 5, Section 10.
20. Other uses and structures which are customarily accessory and clearly incidental to permitted or permissible uses and structures and are not of a nature prohibited under "Prohibited Uses and Structures."
21. Any other store or shop for retail trade or for rendering personal, professional, or business service which does not produce more noise, odor, dust, vibration, blast or traffic than those enumerated above.
22. Dwelling units.
23. Private day nurseries and kindergartens, subject to:
 - a. Total building area shall equal seventy (70) square feet of usable play area per child. At least thirty-five (35) square feet of this area per child shall be designated for large motor skill activities.
 - b. There shall be a minimum of fifty (50) square feet of usable outdoor play area for each child on the playground at one time (maximum number of children to be permitted on the playground at one time to be established by the Tennessee Department of Human Services at the time of licensing).
 - c. The outdoor play area shall be fenced to a minimum height of four (4) feet.
 - d. The fenced play area shall be thirty-five (35) feet from any public street. Where the thirty-five (35) foot setback cannot be met, the applicant may have the option of installing a vehicle barrier that will

meet the objectives of separation and safety. The barrier alternative shall be subject to approval by the Department of Engineering.

- e. Asphalt, concrete, and other non-resilient surfaces shall be prohibited under and around outdoor play equipment where children could possibly fall more than one (1) foot. This includes:
 - 1. At least two (2) feet around any climbing apparatus.
 - 2. At least four (4) feet beyond the end of any slide.
 - 3. At least two (2) feet beyond the end of the arc of any swing.
24. Recycling collection facility as an accessory use only as regulated by Article 5, Section 18, B.
25. Call centers.

C. USES PERMITTED ON REVIEW:

- 1. Parking facilities consistent with the adopted Downtown Plan.
- 2. Marinas, subject to the requirements set forth in Article 5, Section 3(F).
- 3. Commercial telecommunications towers.

D. PROHIBITED USES AND STRUCTURES:

The following uses are prohibited in the C-2 Central Business District:

- 1. Gasoline service stations, repair garages.
- 2. Manufacturing, except for production of products for sale at retail on the premises or as involved in production of jewelry, eye-glasses, hearing aid, and prosthetic appliances.
- 3. Service or repair of gasoline or diesel motors.
- 4. Warehousing and storage except as necessary to a permitted principal use.
- 5. Storage of goods except in completely enclosed buildings.
- 6. Elementary or high schools, public or private.

7. All uses and structures not of a nature specifically permitted herein.
Article 4, Section 8 C-2 Central Business District

8. Any use which the Planning Commission upon appeal and after investigating similar uses elsewhere, shall find to be potentially noxious, dangerous, or offensive to adjacent occupancies in the same or neighboring districts or to those who pass on public ways, by reason of odor, smoke, noise, glare, fumes, gas, vibration, threat of fire or explosion, emission of particulate matter, interference with radio or television reception, or radiation, or likely for other reasons to be incompatible with the character of the district.

E. AREA REGULATIONS:

The following requirements shall apply to all uses permitted in this district:

1. Front Yard:

There shall be a first story setback for all buildings on vehicular streets of not less than five feet.

2. Side and Rear Yard:

There are no specified side or rear yard requirements.

1. Maximum Lot Coverage:

Stories	Coverage
6	100%
7 - 12	95%
13 - 16	90%
17 - Over.....	85%

F. HEIGHT REGULATIONS:

Unlimited.

G. OFF-STREET PARKING:

None required.

H. OFF-STREET LOADING AND UNLOADING REQUIREMENTS:

As regulated in Article 5, Section 9.

RELATIONSHIP TO LOCAL OBJECTIVES

Appropriate Land Uses

The land use in the Knoxville Glove Company area has traditionally consisted of manufacturing. The redevelopment plan encourages mixed land uses such as commercial, residential and recreational. The proposed new land uses in the area are appropriate complements to the other existing land uses. The area has already witnessed expansion of the residential component on the far west end of the study area, and further expansion is encouraged.

The redevelopment area is presently zoned for the proposed land uses. In the event that any specific proposed use requires zoning approvals, KCDC will take steps to secure the proper zoning for the area.

Improved Traffic and Public Transportation

The downtown area is the center of the public transportation network for Knoxville. The present system of trolleys serving the entire downtown market and the existing bus lines serving adjoining areas are adequate to meet the needs of the redevelopment area.

Improvements to Blount Avenue and the Norfolk Southern Railway underpass are necessary to enhance the access to the redevelopment area.

In order to enhance the pedestrian experience between the businesses and residences, attention should be placed on enhancing the existing sidewalk system through the area and to create a more pleasant green space and to make the system more biking- and walking-friendly.

New parking facilities will be provided in conjunction with the development of each parcel by the separate businesses or residential owners. And some public parking for access to the waterfront is contemplated.

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 plan contemplates the redevelopment area containing a public waterfront access component. The redevelopment area already contains one of the best views of downtown Knoxville and the Tennessee River. This plan will provide for the impetus for further recreational and community facilities as the balance of the South Waterfront is developed over the next few years.

RELOCATION OF RESIDENCES AND BUSINESSES

It is not anticipated that any residences or businesses will need to be relocated as a result of the redevelopment and urban renewal 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 the Knoxville Glove Factory property 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. Neither KCDC nor the City will directly fund such costs of private redevelopment projects except through the availability of tax increment financing.

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 acquisition thereof by KCDC, may be divided in accordance with the following state law requirements:

(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 acquisition of such property by KCDC (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 project contemplated by such 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 of Knoxville 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 compromising 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 project 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 compromising 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.

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. At this time, KCDC has the necessary information with respect to a proposed redevelopment project in the redevelopment area. This proposed redevelopment project will occur in three phases and involves the redevelopment of the property located at 445 West Blount Avenue (the "Old Knoxville Glove Company Project"). By adoption of this plan, tax increment financing for the Old Knoxville Glove Company Project shall be authorized.

The estimated cost of the first phase of the Old Knoxville Glove Company Project is approximately \$27,550,330. The sources that are expected to be used to pay the costs of the Project are an estimated bank loan of \$20,673,000, estimated tax increment financing of \$2,800,000 and estimated owners equity of \$4,077,330.. The tax increment financing for the Project is expected not to exceed \$2,800,000 and the final maturity is expected not to exceed 15 years after the later of the date the tax increment financing is issued or the completion of the Old Knoxville Glove Company Project. The TIF amount represents 10 % of the first phase cost and 3% of the \$90 million total project cost which includes three phases. The expected impact of the tax increment financing amendment upon the City of Knoxville is approximately \$138,341 per year and on Knox County approximately \$169,084 per year.

The City should receive \$35,232.04 during the TIF term and \$199,769.27 after the TIF term expires. The County should receive \$43,061.38 during the TIF term and \$244,162.45 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. In addition, property owners should also note that all special assessments for properties located in the Central Business Improvement District will be unaffected by any tax increment financing and will not be made available to pay debt secured on any tax increment financing.

PROCEDURE FOR PLAN AMENDMENTS AND TERMINATION

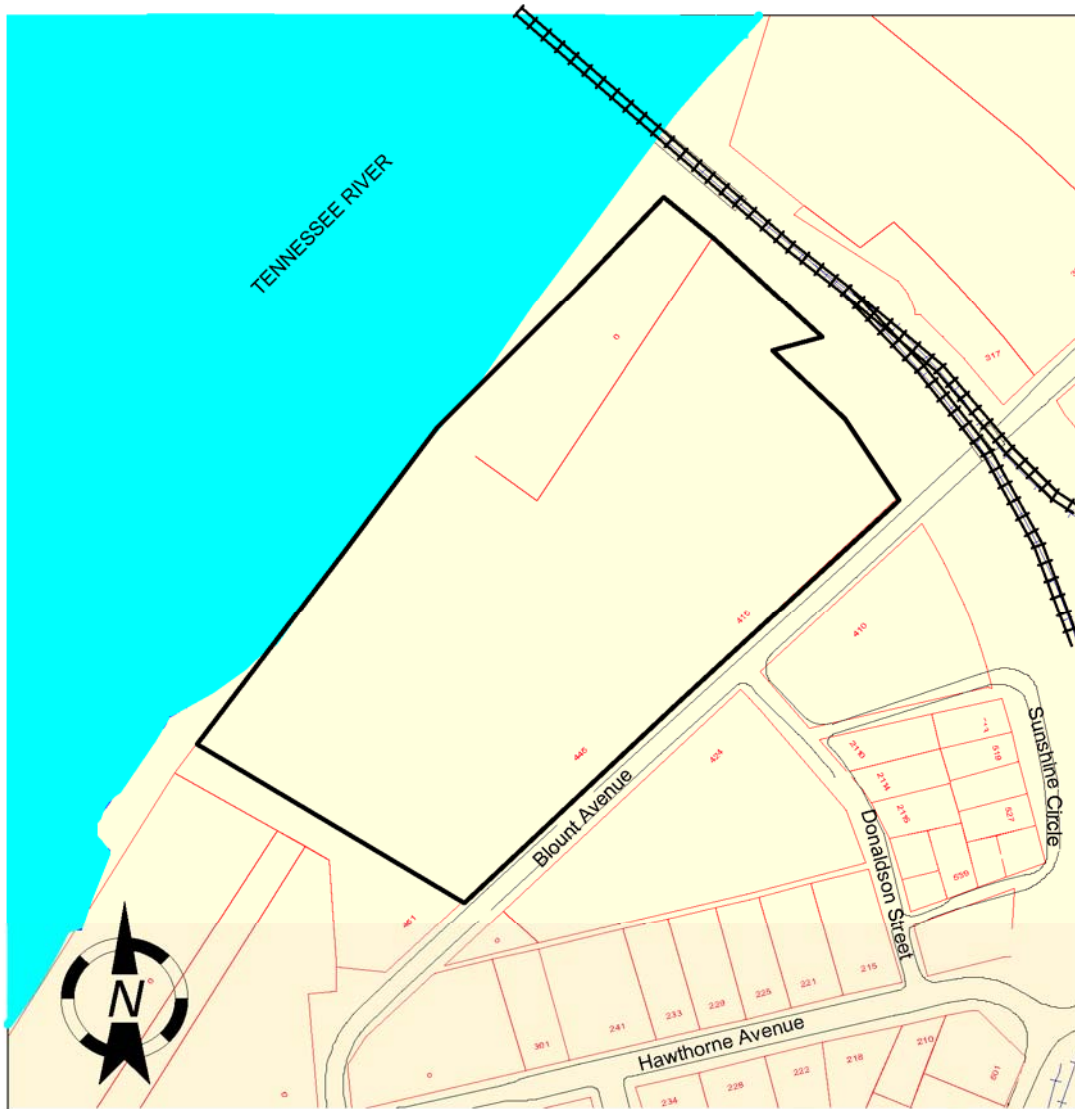
In the course of implementing this redevelopment plan, amendments to this plan may be warranted, particularly in connection with the utilization of tax increment financing for particular redevelopment projects. Any amendments to this plan will only be adopted by City Council after a public hearing is 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 project 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) twenty (20) 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 Knoxville City Council of Knoxville, 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



OLD KNOXVILLE GLOVE FACTORY
REDEVELOPMENT AND URBAN RENEWAL SITE

Exhibit B





