



Hamilton County Board of Commissioners

RESOLUTION

No. 318-14

A RESOLUTION APPROVING AN ECONOMIC IMPACT PLAN FOR THE MARTIN LUTHER KING, JR. (MLK) BLVD. DEVELOPMENT AREA AND AUTHORIZING THE APPROPRIATE COUNTY OFFICIALS TO TAKE ALL ACTIONS REQUIRED TO IMPLEMENT SAID PLAN

- WHEREAS, Hamilton County is interested in preserving and promoting the economic welfare, educational growth, and vitality of this community; and
- WHEREAS, construction of an extended Martin Luther King, Jr. (MLK) Blvd. will provide a necessary and substantial public benefit; and
- WHEREAS, tax increment financing (TIF) transactions can be effective for the financing of components of public infrastructure; and
- WHEREAS, because of the accelerated development of public infrastructure, the ad-valorem property tax base from associated and adjacent properties often increases, which produces even greater benefits to the County; and
- WHEREAS, the Industrial Development Board of the City of Chattanooga (the Industrial Development Board) has reviewed an Economic Impact Plan in the form attached hereto as Exhibit 1 regarding the development of the area located in the vicinity of MLK Blvd.; and
- WHEREAS, the development proposed in the Economic Impact Plan will include a needed roadway extension to the Blue Goose Hollow trailhead of the Tennessee Riverwalk and will encourage pedestrian, vehicular, and bicycle traffic that will increase usage of the Tennessee Riverwalk and further connect Chattanooga's Central Business District and urban neighborhoods to the river; and

- WHEREAS, the Industrial Development Board held a public hearing with respect to the Economic Impact Plan on February 12, 2018, as required by Tennessee Code Ann. § 7-53- 312(g), and at its meeting on February 12, 2018, approved the submission of the Economic Impact Plan to the City Council and the County Commission; and
- WHEREAS, the City Council of Chattanooga passed a resolution on February 20, 2018, to execute a development and financing agreement with Evergreen Real Estate for Tax Increment Financing related to road infrastructure and the extension of MLK Blvd to the Riverfront and the Blue Goose Hollow Trailhead; and
- WHEREAS, the Economic Impact Plan envisions tax increment financing being provided by the Industrial Development Board with the proceeds from each of the City of Chattanooga and the County of the tax increment from the associated tax parcels as outlined in the Economic Impact Plan to be used exclusively to pay all or a portion of the cost of acquiring the project site for the infrastructure and road improvements and of constructing the roadway and public infrastructure associated with the project; and
- WHEREAS, the Economic Impact Plan will cap the tax increment financing revenues available to the Project at \$3.5 million for the Project and \$1.7 million for the carried interest, reserve accounts, fees and expenses; and
- WHEREAS, in accordance with the Economic Impact Plan, the Industrial Development Board will use the tax increment available to fund the eligible tax increment financing costs and would pledge the tax increment financing revenues to such lenders to apply to the debt service on the tax increment financing loans; and
- WHEREAS, the tax increment financing shall not represent or constitute a debt or pledge of the faith and credit or the taxing power of the County; and
- WHEREAS, the City Council of Chattanooga passed a resolution on February 20, 2018, approving the Economic Impact Plan for the MLK Development Area as attached hereto as Exhibit 1; and
- WHEREAS, the County Commission deems the approval of the Economic Impact Plan to be in the best interest of the citizens of the County.

NOW, THEREFORE BE IT RESOLVED BY THIS COUNTY LEGISLATIVE BODY IN SESSION ASSEMBLED:

That the Economic Impact Plan, in the form attached hereto as Exhibit 1, is hereby approved by this County Commission, and the officers of the County are authorized to take all appropriate actions to carry out the terms of the Economic Impact Plan.

BE IT FURTHER RESOLVED THAT THIS RESOLUTION TAKE EFFECT FROM AND AFTER ITS PASSAGE, THE PUBLIC WELFARE REQUIRING IT.

CERTIFICATION OF ACTION

Approved:



Rejected:




County Clerk

Approved:



Vetoed:




County Mayor

March 7, 2018

Date

**THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA,
TENNESSEE**

**ECONOMIC IMPACT PLAN
FOR
MARTIN LUTHER KING, JR. BLVD. DEVELOPMENT AREA**

I. Authority for Economic Impact Plan

Industrial development corporations (“IDBs”) are authorized under Tenn. Code Ann. § 7-53-312 to prepare and submit to cities and counties an economic impact plan with respect to an area that includes an industrial park within the meaning of Tenn. Code. Ann. § 13-16-202 or a project within the meaning of Tenn. Code. Ann § 7-53-101 and such other properties that the IDB determines will be directly improved or benefited due to the undertaking of such industrial park or project. Tennessee Code Annotated § 7-53-312 also authorizes cities and counties to apply and pledge new incremental tax revenues, which arise from the area subject to the economic impact plan, to the IDB to promote economic development, to pay the cost of projects or to pay debt service on bonds or other obligations issued by the IDB to pay the costs of projects.

II. The Project and Its Zoning

The project will be a four parcel multi-use project which includes significant public roadway/infrastructure upgrades to Martin Luther King, Jr. Blvd. (“M.L.K Blvd.”) as well as retail/restaurants and medical offices. The parcels are currently zoned C3, which allows this use. The C3 zone is designated for maximum efficient density and diversity of commercial, government and service enterprises in the downtown area. The project will be located on approximately 9.5 acres, as reflected in the attached exhibits, and specifically the boundary map and legal description, on parcels: 135N A 002 (Evergreen Real Estate), 135N A 003.01 (Newton Chevrolet Inc.), 135N A 003.03 (Newton Chevrolet Inc.), and 135 NB 007.01 (Newton Chevrolet Inc.). The “Project Site” is located adjacent to the Tennessee River, M.L.K. Blvd. and Riverfront Parkway, in close proximity to the Blue Goose Hollow Landing. The Project Site, the medical office buildings to be improved and constructed thereon, the restaurants/retail uses, and the public infrastructure improvements that benefit the City as a whole are herein referred to collectively as “Project.” In order to make the Project financially feasible, the Industrial Development Board of the City of Chattanooga intends, subject to the approval of the City Council and the County Commission, to engage in tax increment financing pursuant to Title 7, Chapter 53 of Tennessee Code Annotated to provide funds to pay all or a portion of the cost of acquiring the Project Site for the infrastructure and road improvements, and constructing the roadway and public infrastructure improvements associated with the Project. The proceeds of the tax increment financing would be used exclusively to pay all or a portion of the cost of acquiring and developing the site for the M.L.K. Blvd. extension and public infrastructure improvements. The Project is an eligible project within the meaning of Tenn. Code Ann. § 7-53-101(15)(A)(ii) and (iv).

III. Boundaries of Plan Area

The Project is located in downtown Chattanooga adjacent to the Tennessee River and M.L.K. Blvd. in an area that is quickly redeveloping. The area that would be subject to this Economic Impact Plan, and to the tax increment financing provisions described below, includes the Project Site and property that will directly benefit from the development of the Project. The Plan Area generally includes the following tax parcels: 135N A 002, 135N A 003.01, 135N A 003.03, and 135 NB 007.01. The area that will be subject to this Plan is shown on **Exhibit A** attached hereto and a list of the tax parcels included in the Plan Area is shown on **Exhibit B** attached hereto. Likewise, the legal description is attached hereto as **Exhibit C**. In the event of any conflict between the general description of the Plan Area described in this paragraph and Exhibits A, B, and C, said Exhibits shall control. The Plan Area is hereby declared to be subject to this Economic Impact Plan, and the Project is hereby identified as the project that will be located within the Plan Area.

IV. Financial Assistance to Project

The Board will provide financial assistance to the Project by applying the proceeds of the tax increment financing described herein to pay all or a portion of the cost of acquiring and developing the site for the M.L.K. Blvd. extension and various public infrastructure improvements associated with the Project.

The maximum amount that will be available by the Board for such financial assistance shall be \$3.5 million plus carried interest, reserve accounts, fees and expenses not to exceed \$1.7 million and the projected total cost of the TIF is provided in the attached **Exhibit D** and also included as **Exhibit E** are the anticipated costs of the Project that will be funded by these TIF funds.

V. Expected Benefits to the City of Chattanooga, Hamilton County and to the Surrounding Properties

The Project will benefit the surrounding properties in several ways. First, it will enhance the land valuation of the surrounding parcels by revitalizing and bringing economic life to the area. Second, it will encourage additional businesses to relocate to this district.

VI. The Benefits to the City/County and the Job Numbers/Wages

The City of Chattanooga ("the City") and Hamilton County ("County") stand to benefit in many ways from the Project. A description of these benefits is more fully set forth in the attached Economic Impact Study, identified as **Exhibit F**, which estimates a total economic impact of \$253 million dollars over a 15 year period.

The Project forecasts the addition of an approximately \$44.9 million dollar facility to the property tax rolls. After a period of tax increment financing, the addition to the tax base is expected to generate approximately \$878,713 annually in local tax dollars per year.

Furthermore, the Project will directly create approximately 92 jobs and these jobs will result in an addition of over \$3.1 million dollars in wages annually. This economic growth will not be limited to the Plan Area. Instead, the economic growth will extend to the surrounding community.

Additionally, the Plan Area will be enhanced aesthetically with a revitalized development and significant public infrastructure upgrades including the long awaited extension of M.L.K. Blvd. to connect downtown to Blue Goose Hollow Landing, the new Riverwalk trailhead. A straightened M.L.K. Blvd. will provide visual sightlines directly to the river and encourage pedestrian, bicycle and vehicular traffic that will increase usage of the Riverwalk and further connect the City's Central Business District and urban neighborhoods to the Tennessee River. This will support area businesses and increase Chattanooga's tax base, and it is not feasible without tax increment financing.

VII. Distribution of Property Taxes and Tax Increment Financing

A. **Distribution of Taxes.** Property taxes, including personal property taxes, imposed by the City and the County on the property located within the Plan Area shall be allocated and distributed as provided in this subsection. The taxes assessed by the City and the County on the real and personal property within the Plan Area will be distributed as follows in accordance with Tenn. Code Ann. § 7-53-312:

1. The portion of the real and personal property taxes that were payable with respect to the Plan Area for the year prior to the date of approval of this Economic Impact Plan shall be allocated to and, as collected, paid to the City and the County as all other taxes levied by the jurisdictions on all other properties; provided, however, that in any year in which the taxes on the property within the Plan Area are less than the Base Tax Amount, there shall be allocated and paid to the City/County only the taxes actually imposed.

2. Of the remaining increment for both the City and the County, the lessor of 60% of the excess of real and personal property taxes over the Base Tax Amount or the incremental increase in property taxes associated with the TIF agreement (as defined as Total Property Taxes less portion of County property taxes assigned to County Schools and portion of County property taxes allocated toward debt service and portion of City property taxes allocated toward debt service) shall be, as collected, paid into a separate fund of the Board, created to hold such payments until the tax proceeds in the fund are to

be applied to pay the loan that is procured by the Developer and is specifically used to pay for the costs of acquiring the Project Site and improving the Project. ¹

3. 5% of the incremental increase in real and personal property taxes described in subparagraph 2 Above (the "Administrative Fee") shall annually be removed by the City and the County before the funds are distributed to the Board, and this fee shall be used for administrative fees incurred by the City, County and IDB associated with the TIF. These funds shall be divided by the City, County and IDB pursuant to a join agreement. ²

B. **TIF Obligations.** In order to pay for all or a portion of the costs of acquiring the Project Site and developing the M.L.K. Blvd. extension and the various other public infrastructure improvements associated with the Project, the Board intends to use the TIF Revenues to pay debt service on obligations incurred to finance such costs. This tax increment financing will be structured as follows:

1. The Developer will borrow not to exceed \$3.5 million dollars plus carried interest, reserve accounts, fees and expenses from Pinnacle Financial. The carried interest, reserve accounts, fees and expenses shall not exceed an additional \$1.7 million dollars. The Board shall pledge any and all TIF Revenues allocated to the Board pursuant to this Economic Impact Plan, less the Administrative Fee, to the payment of such notes or other obligations.

2. The proceeds of the obligations shall be used to pay all or a portion of the costs of acquiring the Project Site and developing the M.L.K. Blvd. extension and the various other public infrastructure improvements associated with the Project together with the tax increment financing and capitalized interest on the notes, bonds, or other obligations for a maximum period of two (2) years from the date of completion of the Project.

C. **Time Period.** Taxes on the real and personal property within the Project Area will be distributed as provided in this Section of the Economic Impact Plan for a period equal to the lesser of (a) the period that the tax increment financing described above is outstanding, or (b) fifteen (15) years from the date of the first TIF payment upon full reappraisal of the completed property for each redevelopment parcel.

D. **Qualified Use.** The Board and the City and County, by the adoption of this Plan find that the use of the TIF Revenues as described herein is in furtherance of promoting economic development in the City/County and that costs to be financed as described herein are costs of the Project.

¹ The increment referenced in Part VII. A. 2 is worded in this manner to clearly indicate that the City/ County shall preserve and protect the bonds, loans, or other indebtedness that are secured with pledged property tax revenue within this District as provided for by state law.

² Both the City and the County will each individually assess a 5% administrative fee on the remaining increment that is associated with the City/County as described in Part VII. A. 2.

VIII. Approval Process

Pursuant to Tenn. Code. Ann. § 7-53-312 and the City's TIF Policies, the process for the approval of this Economic Impact plan is as follows:

A. **Application.** Developers file a completed Application, along with an Application Fee to the IDB. The Application Fee will be used towards resources for the initial review of the Application.

B. **Submission to Governmental Authorities.** After receiving the Application, the IDB shall work with the City of Chattanooga to review the Application. If the IDB determines that it has received a properly completed Application, the IDB will submit its acceptance of the Application with a proposed Resolution of Intent to the City Council, the City of Chattanooga ECD, and other governmental departments specified by either the Mayor or City Council.

C. **Economic Impact Plan.** If the IDB receives a Resolution of Intent from the City Council authorizing the IDB to proceed with the preparation and submission of an Economic Impact Plan, the Applicant shall submit a proposed Economic Impact Plan describing the project ("Project") to the IDB no later than ninety (90) days after approval of the Resolution of Intent.

D. **Plan Review Committee.** The IDB Plan Review Committee will review the Economic Impact Plan, the application process to date, and the Resolution of Intent. The Committee will advise the IDB whether the Economic Impact Plan is qualified to be considered for submission to City Council for approval.

E. **Public Hearing.** The IDB holds a public hearing relating to the proposed Economic Impact Plan after publishing the notice of such hearing in a newspaper of general circulation in the jurisdiction at least two weeks prior to the date of the public hearing. The notice must include the time, place and purpose of the hearing as well as notice of how a map of the subject area may be viewed by the public.

F. **Commission/Council Approval.** The governing body of the City must approve the Economic Impact Plan. The Economic Impact Plan may be approved by resolution of the governing body, whether or not the local charter provisions of the governing body provide otherwise.

G. **Approval Via Resolution.** To collect County taxes, the County Commission must also approve the Economic Impact Plan. The Economic Impact Plan may be approved by resolution of the governing body, whether or not the local charter provisions of the governing body provide otherwise.

H. **Plan Transmission.** Once the Economic Impact Plan has been approved by the governing body of the City/County, the clerk or other recording official of the City/County shall transmit the following to the appropriate tax assessors and taxing agency affected: (a) a copy of the description of the property within the Plan Area, and (b) a copy of the resolution approving the Economic Impact Plan.

EXHIBITS

- A) Site Plan/ Map for the Economic Development District**
- B) Detailed List of Properties**
- C) Plan Area and Legal Description**
- D) Projected Total TIF Costs**
- E) Projected TIF Project Costs**
- F) Economic Impact Study**

M.L.K. BOULEVARD EXTENSION | SITE PLAN

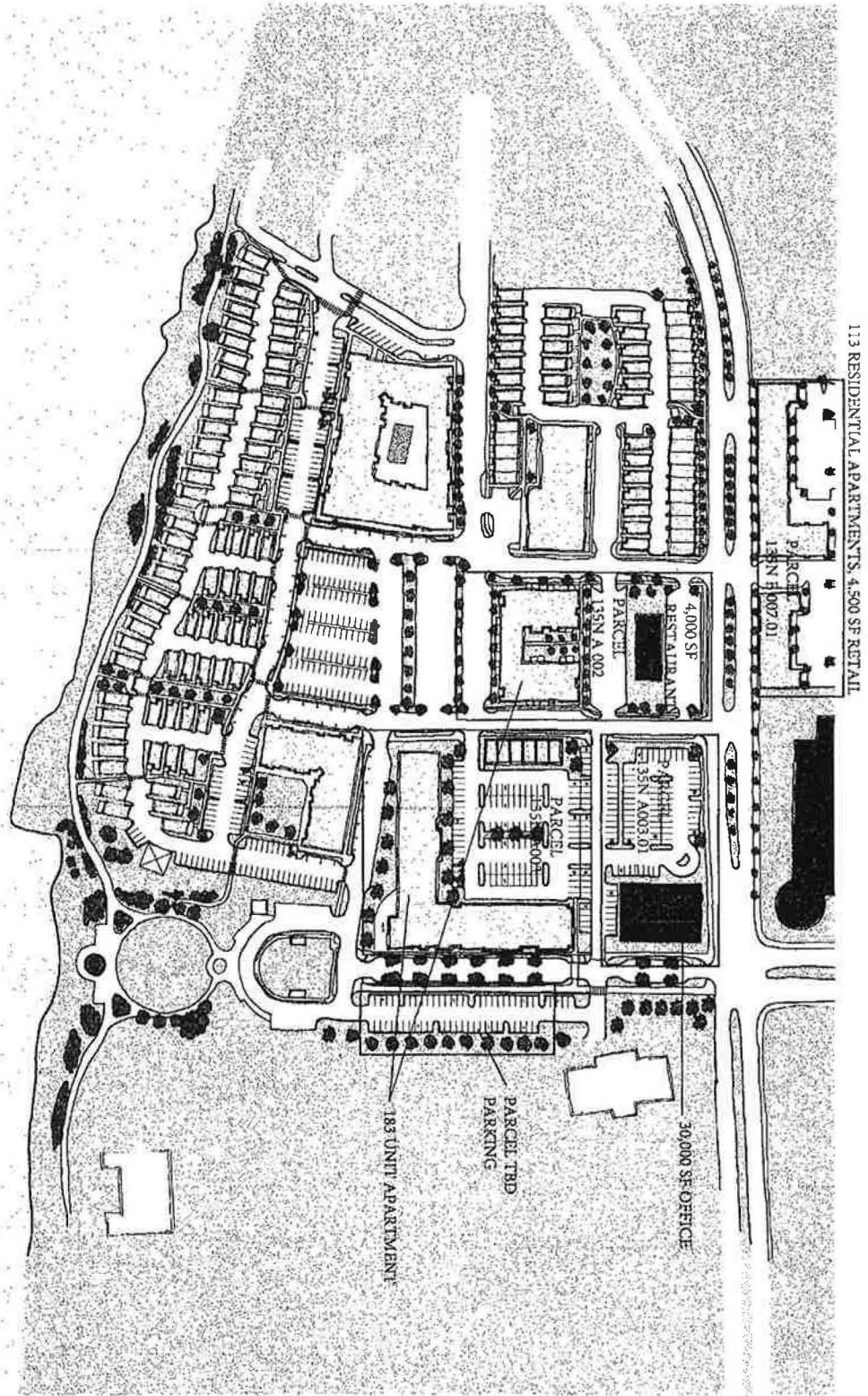


Exhibit B

135 N B007.01
135N A 002
135 N A 003.01
135 N A 003.03

Exhibit C: Legal Description of Plan Area

CLEMONS SURVEYING

Land Surveyors - Tennessee, Georgia, Alabama

300 Duggan Road

Jasper, TN 37347

Prepared by Samuel W. Clemons, Sr. TN RLS 1639

Telephone (423)942-5001

Mobile (423) 314-4569

Email: samclemons@charter.net

Dec. 13, 2017

Tax Map 135N, Group B, Parcel 007.01 Deed Book 11037, Page 210

IN THE COUNTY OF HAMILTON, STATE OF TENNESSEE, and described as follows:

Being a lot or parcel of land in Hamilton County, Tennessee described as Lot 2 on the Plat of Lots 1 and 2, Newton Chevrolet, Phase 2 of record in Plat Book 103, Page 191, in the Register's Office of Hamilton County, Tennessee

Tax Map 135N, Group A, Parcel 002.00 Deed Book 10928, Page 588

Being a tract of land located in the City of Chattanooga, Hamilton County, Tennessee and known as lot 2, Jones Blair Paint Company Subdivision recorded in the Plat Book 76, Page 88 in the Register's Office of Hamilton County, Tennessee and being more particularly described as follows:

BEGINNING at an RLS capped 5/8" rebar on the eastern right-of way of Molly Lane having a width of 40 feet and being the northwest corner of the property herein described; thence, leaving the eastern right-of-way of Molly Lane and along the common line of said Lot 2 and Lot 1, Jones Blair Paint Company Subdivision; S 65°43'55"E, 311.75 feet to a Clemons capped half inch rebar on the western right-of-way of Riverfront Parkway; thence along the western right-of-way of Riverfront Parkway in curve to the right having a radius of 788.75 feet, an arc distance of 144.14 feet and being subtended by a chord of S 17°09'53"W, 143.94 feet to a point; thence, S 22°24'00", 267.53 feet to PK nail at the intersection of the western right-of-way of way of Riverfront Parkway and the northern right-of-way of Molly Lane having a width of 40 feet; thence, along the northern right-of-way of Molly Lane, N 65°44'00"W, 283.35 feet to a PK nail; thence, in a curve to the right having a radius of 50 feet, an arc distance of 77.86 feet and being subtended by a chord of N 21°07'26"W, 70.22 feet to a PK nail in the eastern right-of-way of Molly Lane; thence along the eastern right-of-way of Molly Lane, N 23°29'08"E, 360.95 feet to the POINT OF BEGINNING

Tax Map 135N, Group A, Parcel 003.01 Deed Book 11188, Page 56

IN THE CITY OF CHATTANOOGA, HAMILTON COUNTY, TENNESSEE:

Lot ONE (1), Riverfront Noon Office, as shown by plat of record in Plat Book 109, Page 142, in the Register's Office of Hamilton County, Tennessee.

Tax Map 135N, Group A, Parcel 003.03 Part of Deed Book 3440, Page 88

IN THE CITY OF CHATTANOOGA, HAMILTON COUNTY, TENNESSEE:

Lot ONE (2), Riverfront Noon Office, as shown by plat of record in Plat Book 109, Page 142, in the Register's Office of Hamilton County, Tennessee.

Exhibit D:

Total TIF Costs:

TIF Costs	
Road Land Acquisition & Loss of Units to Development	2,000,000
Interest Expense	300,000
Closing Costs	50,000
Legal Costs	50,000
Fulton Road Improvements	200,000
Intersection Improvement	100,000
MLK Extension, Sidewalks, Bike Lane, Onstreet Parking	800,000
SUBTOTAL	3,500,000

MLK Extension, Sidewalks, Bike Lane, On-street Parking costs may be up to \$1,300,000 which could bring total costs to \$4,500,000

Exhibit E:

Total Project Costs:

Total Project Budget	Apartments	Medical Office	Restaurant	Exchange Mixed Use	Road Improvements	Total	
Budget							
Land Acquisition	2,450,000	1,300,000	500,000	1,800,000		6,050,000	12%
Site Development	1,050,000	750,000	500,000	1,075,044		3,375,044	7%
Public Improvement*		-			3,500,000	3,500,000	7%
Building Costs	16,903,745	6,000,000	600,000	10,267,046		33,770,791	67%
Soft Costs	1,625,691	450,000	150,000	1,524,784		3,750,475	7%
Total	22,029,436	8,500,000	1,750,000	14,666,874	3,500,000	50,446,310	100%
Sources							
Owner's Equity	4,029,436	2,550,000	1,150,000	2,911,873		10,641,309	21%
Construction Loan	18,000,000	5,950,000	600,000	11,755,000		36,305,000	72%
Mezzanine						-	
Tax Increment					3,500,000	3,500,000	7%
Other							
Total	22,029,436	8,500,000	1,750,000	14,666,874	3,500,000	50,446,310	

*Includes Land Acquisition for Public Roads

**The Economic Impact of
A Riverfront Mixed-Use Development**

**On the Economy of the
Chattanooga/Hamilton County, TN**

February 2018



97 Directors Row, Suite 100 • Jackson, TN 38305

2157 Madison Ave • Memphis, TN 38104

The Economic Impact of A Mixed-Used Development On the Economy of Chattanooga/Hamilton County

Introduction

The developers of a mixed-used commercial and residential development are applying for a Tax Increment Financing (TIF) District for the project. The developers are requesting a 15-year TIF agreement. In this draft, phasing for the development has not been identified, so all operations and tax revenues are based on a full 15 years for all components of the development.

The purpose of this study is to provide state and local policy makers with an understanding the job, wage and local tax impact generated by the ongoing operations of new retail, restaurant, office space, and housing over a fifteen year period. This analysis measures the economic impact on the Chattanooga/Hamilton County economy.

Methodology

The economic impact calculations in this study were generated using an economic model of the local economy based on regional input-output multipliers (RIMS II) from the U.S. Bureau of Economic Analysis. The model also utilizes county and region-specific data such as local tax rates, state tax rates, historical tax collection ratios, annual average wage rates, commute patterns and historical spending patterns.

Younger Associates has used this impact calculation methodology in hundreds of projects across the United States over 25 years. The methodology is recognized by the International Economic Development Council and utilized in courses by the Economic Development Institute. Over the years, our approach has proven to be highly accurate although slightly conservative, by design, in projecting tax revenue generation.

The primary data regarding the development costs, square footage to be constructed and the tenant mix was supplied by the development company. Secondary data was collected by Younger Associates for this analysis from the Tennessee Department of Revenue, the Tennessee Department of Labor and Workforce Development, U.S. Bureau of Economic Analysis, and the U.S. Department of Labor - Bureau of Labor Statistics. In addition, proprietary licensed data from Claritas and ESRI was utilized.

Impact Definitions

Economic Impact – the total dollar value of change in output from all industries, within the local economy, that results from \$1 of change in output from operations.

Direct Jobs – the number of jobs directly employed by new operations of the project.

Indirect/Induced Jobs – the number of jobs across all industries in the local economy that are supported by the new operations. This could include jobs (or hours of work, which comprise portions of a job) of vendors, business services, retail, personal services, transportation and all other industry sectors.

Local Taxes – the dollar amount of taxes collected for Chattanooga and Hamilton County from local option sales tax, and other smaller local tax revenue sources such as business permits, alcohol and tobacco taxes. State or Federal taxes are not included, nor is local revenue sharing from State and Federal tax revenues

One-Time Impact from Construction

The total construction cost of the residential and commercial development is projected to be \$44.9 million. For the purposes of the impact analysis, the projected cost of the land is not included. The construction will have a one-time impact on Chattanooga/Hamilton County economy of \$78.6 million over the course of the construction period. This activity will support 413 jobs over the course of an estimated three-year construction period. Spending from wages paid to these jobs, which may be direct construction jobs, support or supplier jobs, or indirect jobs, will generate \$712,916 in local tax revenues.

Table E: One-Time Impact	
Investment	\$44,896,310
Economic Impact	\$78,550,584
Jobs Supported During Construction Period	413
Wages	\$20,256,411
Local Tax Revenue Generated from Capital Investment and Wages	\$712,916

Annual Economic Impact from Operations

Based upon the size and type of new operations that have been identified for development in the TIF district, total annual revenues were projected for each entity using industry averages for retail and restaurant operations. Local average rental rates were utilized for projecting annual revenue for commercial and residential operations.

The business revenue generated by the new operations is projected to have an economic impact of \$11.6 million per year. When the development is complete, these new operations will generate \$878,713 per year in local tax revenues excluding property tax allocated to the TIF.

When operating at full capacity, the total number of jobs supported directly and indirectly is projected to be 92. These jobs will net new jobs within Hamilton County. Based on the Hamilton County annual average wage for the specific types of operations indicated by the developers, these jobs will generate \$3.1 million in new wages annually.

Table II below summarizes the annual impact from operations.

Table II: Annual Impact from Operations	Total Economic Impact	Jobs Direct/Indirect/Induced	Wages
Restaurant	\$2,868,320	29	\$511,821
Commercial Office Space*	\$922,020	14	\$678,286
Residential Complex	\$3,310,974	18	\$808,308
Exchange – Residential Units	\$2,078,556	11	\$493,966
Exchange – Retail	\$2,469,389	20	\$629,420
Total	\$11,649,259	92	\$3,121,801

*It should be noted that employment will likely exceed this number as actual employment in the commercial office space was not calculated; only those jobs (direct/indirect/induced) associated with the rental, management and operations of the office complex is considered in this analysis.

New local tax revenues generated annually for Chattanooga and Hamilton County as a result of the project are summarized in Table III below.

Table III: Summary of Annual Local Taxes for Chattanooga/Hamilton County	
Sales Tax	\$102,335
Other Local Taxes and Fees	\$12,547
Property Tax (Indirect)	\$130,450
Property Tax (Direct – Allocated to Debt Service & Schools)	\$629,381
Total Local Taxes	\$878,713

Benefit-Cost Ratio

For Chattanooga and Hamilton County, the Benefit to Cost Ratio for the funds allocated to the TIF is projected to be \$2.10 to \$1 over 15 years. This indicates that for every dollar designated for TIF district improvements, the city and county receive \$2.10 in new tax revenue. The benefit to cost ratio is based on local tax revenue only and does not consider any State or Federal taxes that would be apportioned to Chattanooga/Hamilton County.

City of Chattanooga, Hamilton County, TN
Riverfront TIF District
Economic Impact Analysis - Summary

Annual Impact from Operations								
Development Type	Total Economic Impact	Total Jobs (Direct, Indirect & Induced)	Annual Wages	Local Sales Tax (Direct & Indirect)	Local Other Taxes	Indirect Property Tax	City & County Direct Property Tax (Allocated to Debt Service & Schools)	Total Local Taxes
Restaurant	\$ 2,868,320	29	\$ 511,821	\$ 41,746	\$ 2,057	\$ 42,381	\$ 629,381	\$ 715,565
Office	\$ 922,020	14	\$ 678,286	\$ 7,615	\$ 2,726	\$ 20,460	included above	\$ 30,801
Residential	\$ 3,310,974	18	\$ 808,308	\$ 9,075	\$ 3,249	\$ 26,305		\$ 38,629
Exchange - Residential	\$ 2,078,556	11	\$ 493,966	\$ 5,546	\$ 1,985	\$ 16,076		\$ 23,607
Exchange - Retail	\$ 2,469,389	20	\$ 629,420	\$ 38,353	\$ 2,530	\$ 29,228		\$ 70,111
Total	\$ 11,649,259	92	\$ 3,121,801	\$ 102,335	\$ 12,547	\$ 134,450	\$ 629,381	\$ 878,713

One-Time Impact from Construction								
	Total Economic Impact	Total Jobs (Direct, Indirect & Induced)	Annual Wages	Local Sales Tax	Local Other Taxes	Indirect Property Tax	City & County Direct Property Tax (Allocated to Debt Service & Schools)	Total Local Taxes
All Entities	\$ 78,550,584	413	\$ 20,256,411	\$ 631,496	\$ 81,420	N/A	N/A	\$ 712,916

15-Year Impact from Ongoing Operations, Plus One-Time Construction Impact								
	Total Economic Impact	Total Jobs (Direct, Indirect & Induced)	Annual Wages	Local Sales Tax	Local Other Taxes	Indirect Property Tax	City & County Direct Property Tax (Allocated to Debt Service & Schools)	Total Local Taxes
All Entities	\$ 253,289,469	92	\$ 67,083,426	\$ 2,166,521	\$ 269,625	\$ 2,016,750	\$ 6,026,715	\$ 10,479,611

Total Taxes Designated to TIF During the 15-Year Period: \$ 5,333,250
Net Present Value of Taxes Designated to TIF: \$ 3,953,142

Benefit/Cost Ratio (Ratio of Taxes Designated to TIF to Local Taxes Generated From Operations) 2.10

**City of Chattanooga, Hamilton County, TN
Riverfront TIF District
Economic Impact Analysis**

One Time Impact from Construction	
Building - Real Property *	\$ 44,896,310
Final Demand Output Multiplier ¹	1.7496
Economic Impact	\$ 78,550,584
Sales Tax Revenue from Capital Investment ²	\$ 404,067
Final Demand Employment Multiplier ³	9.189
Direct/Indirect Jobs Supported During Construction Period**	413
Hamilton County Annual Average Wage - All Industries ⁴	\$ 49,047
Wages Paid to Direct/Indirect/Induced Jobs	\$ 20,256,411
Sales Tax Revenue from Wages ⁵	\$ 227,429
Other Tax Revenue from Wages ⁶	\$ 81,420
Total Tax Revenue Generated During Construction Period	\$ 712,916

**Construction estimates provided by the developer. Land purchase not included.*

**City of Chattanooga, Hamilton County, TN
Riverfront TIF District
Economic Impact Analysis**

Annual Impact of Operations - Restaurant		
Total Square Footage*		4,000
Average Sales Per Square Foot ⁷	\$	400
Total Annual Revenue	\$	1,600,000
Direct Local Sales Tax Generated from Operation (2.25%)	\$	36,000
Final Demand Output Multiplier ⁸		1.7927
Total Economic Impact from Operations		2,868,320
Final Demand Employment Multiplier ⁹		18.2383
Total Employment Supported from Operations- Direct/Indirect/Induced		29
Hamilton County Annual Average Wage ¹⁰	\$	17,649
Total Wages - Direct/Indirect/Induced	\$	511,821
Sales Tax Revenue from Wages ⁵ (Indirect)	\$	5,746
Other Tax Revenue ⁸	\$	2,057
Residential/Commercial Property Tax Revenue ¹¹	\$	42,381
Total Tax Revenue - from Operations & Wages	\$	86,184

**Projection provided by the developer.*

**City of Chattanooga, Hamilton County, TN
Riverfront TIF District
Economic Impact Analysis**

Annual Impact of Operations - Office Space		
Total Square Footage*		30,000
Average Rent Per Square Foot ¹²	\$	20
Total Annual Revenue	\$	600,000
Final Demand Output Multiplier ¹³		1.5367
Total Economic Impact from Rental Revenue		922,020
Final Demand Employment Multiplier ¹⁴		15.1173
Total Employment - Direct/Indirect/Induced		14
Hamilton County Annual Average Wage ¹⁵	\$	48,449
Total Wages - Direct/Indirect/Induced	\$	678,286
Sales Tax Revenue from Wages ⁵ (Indirect)	\$	7,615
Other Tax Revenue ⁶	\$	2,726
Residential/Commercial Property Tax Revenue ¹¹	\$	20,460
Total Tax Revenue - from Operations & Wages	\$	30,801

**Projection provided by the developer.*

**City of Chattanooga, Hamilton County, TN
Riverfront TIF District
Economic Impact Analysis**

Annual Impact of Operations - Residential		
Units*		180
Monthly Rental Rates ¹⁶	\$	1,050
Projected Occupancy Rate		95%
Projected Annual Revenue	\$	2,154,600
Final Demand Output Multiplier ¹³		1.5367
Economic Impact from Rental Revenue	\$	3,310,974
Final Demand Employment Multiplier ¹⁷		8.1487
Total Employment Supported from Operations- Direct/Indirect/Induced		18
Hamilton County Annual Average Wage ¹⁸	\$	44,906
Total Wages - Direct/Indirect/Induced	\$	808,308
Sales Tax Revenue from Wages ⁵ (Indirect)	\$	9,075
Other Tax Revenue ⁶	\$	3,249
Residential/Commercial Property Tax Revenue ¹¹	\$	26,305
Total Tax Revenue - from Operations & Wages	\$	38,629

**Projection provided by the developer.*

**City of Chattanooga, Hamilton County, TN
Riverfront TIF District
Economic Impact Analysis**

Annual Impact of Operations - Exchange Residential Complex		
Units*		113
Monthly Rental Rates ¹⁶	\$	1,050
Projected Occupancy Rate		95%
Projected Annual Revenue	\$	1,352,610
Final Demand Output Multiplier ¹³		1.5367
Economic Impact from Rental Revenue	\$	2,078,556
Final Demand Employment Multiplier ¹⁷		8.1487
Total Employment Supported from Operations- Direct/Indirect/Induced		11
Hamilton County Annual Average Wage ¹⁸	\$	44,906
Total Wages - Direct/Indirect/Induced	\$	493,966
Sales Tax Revenue from Wages ⁵ (Indirect)	\$	5,546
Other Tax Revenue ⁶	\$	1,985
Residential/Commercial Property Tax Revenue ¹¹	\$	16,076
Total Tax Revenue - from Operations & Wages	\$	23,607

*Projection provided by the developer.

**City of Chattanooga, Hamilton County, TN
Riverfront TIF District
Economic Impact Analysis**

Annual Impact of Operations - Exchange Retail Space		
Total Square Footage*		4,500
Average Sales Per Square Foot ⁷	\$	309
Total Annual Revenue	\$	1,390,500
Direct Local Sales Tax Generated from Operation (2.25%)	\$	31,286
Final Demand Output Multiplier ¹⁹		1.7759
Total Economic Impact from Retail Operations		2,469,389
Final Demand Employment Multiplier ²⁰		14.7345
Total Employment Supported from Operations- Direct/Indirect/Induced		20
Hamilton County Annual Average Wage ²¹	\$	31,471
Total Wages - Direct/Indirect/Induced	\$	629,420
Sales Tax Revenue from Wages ⁵ (Indirect)	\$	7,067
Other Tax Revenue ⁸	\$	2,530
Residential/Commercial Property Tax Revenue ¹¹	\$	29,228
Total Tax Revenue - from Operations & Wages	\$	70,111

**Projection provided by the developer.*

City of Chattanooga, Hamilton County Riverfront TIF District

Project:

Total Development

Total Investment: (includes land acquisition)	\$	50,446,310
85% of Investment Assumed for Appraised Value:	\$	42,879,364
Estimated Assessed Value of Mixed Use Development (40% Ratio)	\$	17,151,746
Current Assessed Value of Parcels in Mixed-Use Development	\$	2,131,880
Real Property Incremental Assessed Value Included in TIF:	\$	15,019,866

Hamilton County Tax Schedule

Chattanooga Tax Schedule

Total

Hamilton County Tax Rate: \$2.7652	Real Property				City of Chattanooga Tax Rate: \$2.2770	Real Property			Total Funds Allocated to TIF	Cumulative Total Allocated to TIF
	Total Tax on Increment	Taxes Allocated to Debt Service (\$0.4223)	Taxes Allocated to Schools (\$1.2603)	Remaining Funds Allocated to TIF*		Total Tax on Increment	Taxes Allocated to City of Chattanooga (Includes Debt Service of \$0.3943)	Remaining Funds Allocated to TIF*		
Assessed Value	\$ 15,019,866	18.6%	45.2%		Assessed Value	\$ 15,019,866	40%	60%		
Year 1	\$ 415,329	\$ 77,251	\$ 187,729	\$ 150,349	Year 1	\$ 342,002	\$ 136,801	\$ 205,201	\$ 355,550	\$ 355,550
Year 2	\$ 415,329	\$ 77,251	\$ 187,729	\$ 150,349	Year 2	\$ 342,002	\$ 136,801	\$ 205,201	\$ 355,550	\$ 711,100
Year 3	\$ 415,329	\$ 77,251	\$ 187,729	\$ 150,349	Year 3	\$ 342,002	\$ 136,801	\$ 205,201	\$ 355,550	\$ 1,066,650
Year 4	\$ 415,329	\$ 77,251	\$ 187,729	\$ 150,349	Year 4	\$ 342,002	\$ 136,801	\$ 205,201	\$ 355,550	\$ 1,422,200
Year 5	\$ 415,329	\$ 77,251	\$ 187,729	\$ 150,349	Year 5	\$ 342,002	\$ 136,801	\$ 205,201	\$ 355,550	\$ 1,777,750
Year 6	\$ 415,329	\$ 77,251	\$ 187,729	\$ 150,349	Year 6	\$ 342,002	\$ 136,801	\$ 205,201	\$ 355,550	\$ 2,133,300
Year 7	\$ 415,329	\$ 77,251	\$ 187,729	\$ 150,349	Year 7	\$ 342,002	\$ 136,801	\$ 205,201	\$ 355,550	\$ 2,488,850
Year 8	\$ 415,329	\$ 77,251	\$ 187,729	\$ 150,349	Year 8	\$ 342,002	\$ 136,801	\$ 205,201	\$ 355,550	\$ 2,844,400
Year 9	\$ 415,329	\$ 77,251	\$ 187,729	\$ 150,349	Year 9	\$ 342,002	\$ 136,801	\$ 205,201	\$ 355,550	\$ 3,199,950
Year 10	\$ 415,329	\$ 77,251	\$ 187,729	\$ 150,349	Year 10	\$ 342,002	\$ 136,801	\$ 205,201	\$ 355,550	\$ 3,555,500
Year 11	\$ 415,329	\$ 77,251	\$ 187,729	\$ 150,349	Year 11	\$ 342,002	\$ 136,801	\$ 205,201	\$ 355,550	\$ 3,911,050
Year 12	\$ 415,329	\$ 77,251	\$ 187,729	\$ 150,349	Year 12	\$ 342,002	\$ 136,801	\$ 205,201	\$ 355,550	\$ 4,266,600
Year 13	\$ 415,329	\$ 77,251	\$ 187,729	\$ 150,349	Year 13	\$ 342,002	\$ 136,801	\$ 205,201	\$ 355,550	\$ 4,622,150
Year 14	\$ 415,329	\$ 77,251	\$ 187,729	\$ 150,349	Year 14	\$ 342,002	\$ 136,801	\$ 205,201	\$ 355,550	\$ 4,977,700
Year 15	\$ 415,329	\$ 77,251	\$ 187,729	\$ 150,349	Year 15	\$ 342,002	\$ 136,801	\$ 205,201	\$ 355,550	\$ 5,333,250
Total	\$ 6,229,935	\$ 1,158,765	\$ 2,815,935	\$ 2,255,235	Total	\$ 5,130,030	\$ 2,052,015	\$ 3,078,015	\$ 5,333,250	
				**Net Present Value: \$ 1,671,638				Net Present Value: \$ 2,281,504	\$ 3,953,142	

Total Taxes Designated to Hamilton County Debt Service: \$ 1,158,765

Total Taxes Designated to Schools: \$ 2,815,935

Total Taxes Designated to City of Chattanooga Debt Service: \$ 2,052,015

Total Taxes Designated to TIF: \$ 5,333,250

Net Present Value of Taxes Designated to TIF: \$ 3,953,142

City & County Funds Designated to TIF Expressed as a Percentage of Total Incremental Tax 47%

*Subject to administrative fee not to exceed 5% of incremental tax.

**The discount rate for NPV calculation is 4%.

Notes for the Chattanooga Riverfront TIF District Development Impact Analysis

1. U.S. Bureau of Economic Analysis, RIMS II final-demand aggregate output multiplier for Hamilton County, Tennessee for construction. This multiplier represents the total dollar change in output that occurs in all industries for each additional dollar of output delivered to final demand by the specified industry.
2. For the purpose of this analysis, it is assumed that 40% of the construction costs would be for materials and services that are subject to the City of Chattanooga/Hamilton County local option sales tax rate of 2.25%.
3. U.S. Bureau of Economic Analysis, RIMS II aggregate final demand employment multiplier for construction for Hamilton County, Tennessee. This multiplier calculates the number of indirect jobs supported per million dollars of output by the specified industry.
4. Based upon data from the Tennessee Department of Labor; Annual Average Wage for Hamilton County, 2016 for all industry types with a 1.5% inflation factor applied for 2017 and 2018.
5. U.S. Department of Labor, "Consumer Expenditure Survey, Southern US" 2016; factor applied to determine the rate of indirect or "downstream" expenditures on sales taxable goods and services at the City of Chattanooga local option tax rate of 2.25%.
6. Based upon July 2016 - June 2017 collections of Business, Alcohol, Motor Vehicle and other local taxes compared to sales tax for Hamilton County.
7. Average sales per square foot by specified industry (restaurants) are based on the Retail Industry Financial Ratios and Benchmarks for Average Sales per square foot as reported by Bizstats.com.
8. U.S. Bureau of Economic Analysis, RIMS II aggregate final-demand output multiplier for Hamilton County, Tennessee for food services and drinking establishments.
9. U.S. Bureau of Economic Analysis, RIMS II aggregate final demand employment multiplier for food service and eating and drinking establishments for Hamilton County, TN.
10. Based upon data from the Tennessee Department of Labor; Annual Average Wage for Hamilton County, 2016 for food services and drinking establishments with a 1.5% inflation factor applied for 2017 and 2018.
11. New indirect property tax for Hamilton County and the City of Chattanooga based on new property value generated from wages paid to jobs supported by the new development. The new property value may be new single family homes, new rental property, expansions or improvements to existing residential or commercial property. Although commercial property value is included, the residential rate of assessment is used as a conservative measure. The assessment rate of 25% and a combined Hamilton County (\$2.7652) and City of Chattanooga (\$2.277) tax rate of \$5.0422, per \$100 of assessed value is used. A 65% residency factor is included in the calculation. Direct property taxes paid by companies are not included in this value.
12. Based on the current average per square foot rental rate of commercial office space listed for lease with LoopNet for the downtown Chattanooga area.
13. U.S. Bureau of Economic Analysis, RIMS II final-demand output multiplier for Hamilton County, Tennessee for real estate.

14. U.S. Bureau of Economic Analysis, RIMS II direct effect employment multiplier for business support services for Hamilton County, TN.
15. Based upon data from the Tennessee Department of Labor; Annual Average Wage for Hamilton County, 2016 for professional and business services with a 1.5% inflation factor applied for 2017 and 2018.
16. Based on an estimated monthly rental rate provided by the developer.
17. U.S. Bureau of Economic Analysis, RIMS II final demand employment multiplier for real estate for Hamilton County, Tennessee.
18. Based upon data from Tennessee Department of Labor; Annual Average Wage for Hamilton County, 2016 for real estate rental and leasing industry sector with a 1.5% inflation factor applied for 2017 and 2018.
19. U.S. Bureau of Economic Analysis, RIMS II final-demand aggregate output multiplier for Hamilton County, Tennessee for retail trade.
20. U.S. Bureau of Economic Analysis, RIMS II direct effect aggregate employment multiplier for retail trade for Hamilton County, TN.
21. Based upon data from the Tennessee Department of Labor; Annual Average Wage for Hamilton County, 2016 for retail trade with a 1.5% inflation factor applied for 2017 and 2018.