

November 30 2015

City of Lewisburg Tennessee  
Mr. Randall D. Dunn  
City Manager  
131 East Church Street  
Lewisburg, Tennessee 37091

VIA ELECTRONIC MAIL

Dear Mr. Dunn:

You recently asked for strategies to enhance the economic vitality of the central business district. To that end, the following approaches have been successfully employed in other Tennessee cities to accomplish this objective.

- Main Street Program – The Tennessee Main Street® (TMS) Program serves as a statewide resource for communities seeking to revitalize and manage traditional downtowns. It was established to assist communities with their economic development and revitalization efforts in the central business district. Although TMS serves as a general information source in this capacity, hands-on technical services (including training and research) are typically delivered to local programs that have achieved designation through a structured application process and maintain designation annually by meeting program requirements and submitting an annual report. TMS designated communities have a non-profit organization specifically focused on downtown revitalization and are effectively applying the National Main Street Center's comprehensive Four-Point Approach®. It is a comprehensive strategy that addresses the variety of issues and problems that challenge traditional commercial districts.

Currently there are 28 Tennessee Main Street Communities including the area cities of Columbia, Fayetteville, Franklin, Lawrenceburg, and Murfreesboro. Information on the Tennessee Main Street Program can be found at <http://www.tennesseemainstreet.org/>.

- Tax Increment Financing – Tax increment financing (TIF) is a method utilized by local governments to pay for community improvements with future tax revenues. A TIF plan is approved by a local government to redevelop an area by paying for the cost of public or private improvements out of future growth in taxes attributed to the new development. The redevelopment typically consists of clearing blight, promoting housing, or other economic development. Historically, TIF in Tennessee has been used for housing and redevelopment, typically through the local housing and redevelopment authority. T.C.A. § 13-20-205. The use of tax increment financing for economic development, by way of the local industrial development board, is growing in popularity and use. T.C.A. § 7-53-312.

The following attachments provide further information on tax increment financing:

- Tennessee Comptroller of the Treasury - Roadmap to Tax Increment Financing
- City of Athens Tennessee - Tax Increment Financing Policies and Guidelines

- City of Bristol Tennessee – Tax Increment Financing Policy and Guidelines for Redevelopment Projects, Urban Renewal Projects, and Economic Impact Projects
  - City of Bristol Tennessee – Economic Impact Plan for Bristol West
- Façade Improvement Program – A number of cities utilize federal community development block grant (CDBG) funds to initiate a downtown façade improvement program. Such a program is designed to improve the façades of certain types of buildings within targeted redevelopment areas which, by bettering the appearance of building façades, serves to improve the economic viability of these areas. Better aesthetics increase property values, improve the marketability of space within the buildings and draw business and residents to the area.

The City of Knoxville offers such a program for improvements including, but not limited to, masonry repairs, cornice repair, exterior painting and stucco, awnings and canopies, window and door repair and replacement, permanent exterior lighting, and repair/replacement of gutters and down spouts. Funding is available at \$20 per square foot based on the square footage of the eligible façade, up to a maximum of \$50,000. A minimum 20% match is required. The funding is provided in the form of a loan which is forgiven over a five year period. The city utilizes a design review committee to ensure that all applicable design guidelines are met, with applicants required to include architectural drawings and specifications of the proposed façade improvements as part of their application.

The financial assistance is provided on a reimbursement basis following completion of the project. Security is required by a deed of trust on the real estate that amortizes proportionately each year. The Knoxville Façade Improvement Program Policies and Procedures, revised July 14, 2015, is enclosed for your information.

You will also be interested in knowing that in the recent past, the cities of Mount Pleasant and Waynesboro have both successfully applied and received grant funding for a façade improvement program through the Tennessee Department of Economic and Community Development “Small Cities” CDBG program.

- Low-Interest Loan Pool – A downtown loan pool designed to assist new business start-ups and to help existing downtown businesses upgrade their facilities is a strategy often employed. Such a loan pool can be facilitated by the city but is reliant upon civic minded financial institutions to join together to fund such a program. An example of such a program comes from the twin cities of Bristol Tennessee and Bristol Virginia where such a program was established in 2011. With the encouragement of the cities, eight (8) financial institutions contributed \$170,000 to capitalize the loan pool for use in downtown Bristol. Under this program, the loan pool can be used for down payment and closing costs assistance, business development costs, real estate acquisition and renovation, and fixed equipment. Other key elements of the program include loan amounts of \$2,500 - \$25,000; terms of up to 15 years for real estate acquisition and renovation and up to five years for fixed equipment and business development; and an interest rate of prime plus 3 percent.

In addition, loans are restricted to entities that satisfy Community Reinvestment Act requirements, including annual gross revenue of one million dollars or less; and all loans are secured by a personal guaranty, promissory note and appropriate deed of trust. People Incorporated Financial Services was contracted to administer the program.

- Central Business Improvement District – A central business improvement district can be established by a city as an alternative method for the making or acquisition of improvements to properties and infrastructure within the central business district, as well as the levy of assessments and issuance of bonds for the same. TCA Title 7, Chapter 84, Parts 1-5. The organization of such a district may be initiated by the governing body by adoption of a resolution containing the name and general description of the boundaries of the district; a general description of the improvements to be constructed, installed or acquired within and for the district; and the estimated cost of the proposed improvements. Alternatively, a petition process for owners of real property is authorized as another approach to form a district.

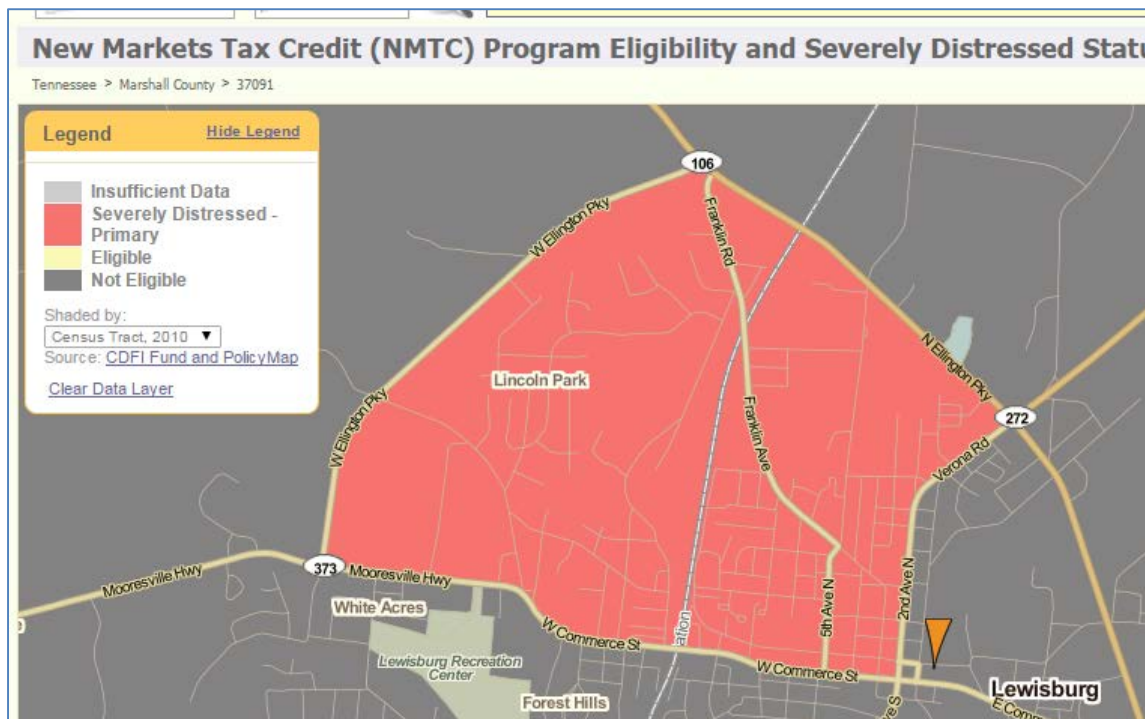
The municipality is authorized to levy special assessments against all properties, except those exempt from taxation, located within the central business improvement district to cover all costs and expenses of each and every improvement constructed, erected, or purchased and placed within such district, including all necessary incidental expenses. The costs of the improvement are apportioned to the various properties in accordance with the benefits derived by each property considering frontage, area, and other factors; or the municipality may find that the special benefit to all properties is uniform with such costs to be assessed against each property in the same proportion that the assessed value of each such property bears to the assessed value of all such properties within the district.

A plan of improvement is required for the planned improvements to be made in the district, including all such engineering studies, specifications, and drawings to fully effectuate the construction of improvements and the purchase of equipment or other items.

- Inner-City Redevelopment Act - Cities may by ordinance create inner-city redevelopment districts to provide a financing tool for public works improvements in redevelopment areas. TCA §§ 7-84-601 *et seq.* The district is created in the same manner as a central business improvement district as discussed above. The improvements, services and projects authorized to be provided within and for the district and other proposed uses of special assessment revenues within the district are established by the city, as well as the rate of the levy of the special assessment to be imposed and the time and manner in which the assessment is to be paid.

A failure to pay the assessment by the due date shall result in interest of one percent (1%) per month and a penalty of one percent (1%) per month. An assessment, any interest accruing on the assessment, and the costs of collection of the assessment constitutes a lien against the property.

- New Market Tax Credits – The New Market Tax Credit (NMTC) is a federal program designed to encourage investment in low-income communities. A small portion of the Lewisburg downtown is included in a NMTC eligibility area (2<sup>nd</sup> Avenue N. at W. Commerce Street).



Under this program, community development entities (CDE) compete for new market tax credits. Once funded, a CDE will seek taxpayers to make equity investments in the area. Substantially all of the tax credits must be made to low-income businesses. The business will be eligible to claim a federal tax credit equal to 5 percent of its equity investment for each of the first three years and a 6 percent credit for each of the next four years (39% total).

The program is designed to allow the CDE to use its local knowledge and expertise to decide what business to invest in or lend to with the funds it raises with the new markets tax credit. Most businesses located in low-income communities could qualify for loans or equity. Typical firms could include small technology firms, inner-city shopping centers, manufacturers, retail stores, or micro-entrepreneurs. Residential rental property does not qualify as a qualified active low-income business.

A business seeking to invest in a qualified area may find this tax credit program of benefit. The following seven (7) CDE have been funded in Tennessee and may be contacted for further information.

Mr. Randall Dunn  
November 30, 2015  
Page 5

Awardee	City	State	Year	Program	Amount
Appalachian Fund for Growth II, LLC	Chattanooga	TN	2005	NMTC	\$17,000,000.00
Citizens Tri-County Development Corporation	Dunlap	TN	2002	NMTC	\$1,000,000.00
D.C.C.D. Corporation	Decaturville	TN	2003	NMTC	\$2,250,000.00
First State Development Corp.	Union City	TN	2002	NMTC	\$7,000,000.00
Pinnacle Community Development, Inc.	Nashville	TN	2003	NMTC	\$6,000,000.00
River Gorge Capital, LLC	Chattanooga	TN	2012	NMTC	\$15,000,000.00
TMA Development Corporation	Memphis	TN	2009	NMTC	\$30,000,000.00

Full information on the new markets tax credit program can be found at the following resource center:  
[http://www.novoco.com/new\\_markets/resources/program\\_summary.php](http://www.novoco.com/new_markets/resources/program_summary.php).

Please let me know if you require further assistance regarding this request.

Very truly yours,



Jeffrey J. Broughton  
Municipal Management Consultant



# ROADMAP

TO TAX INCREMENT FINANCING

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## Public Chapter 605 – The New Roadmap for Tax Increment Financing

Tax Increment Financing – or TIF – is a method utilized by local governments to pay for community improvements with future tax revenues. A TIF plan is approved by a local government to redevelop an area by paying for the cost of public or private improvements out of future growth in taxes attributed to the new development. The redevelopment typically consists of clearing blight, promoting housing, or other economic development. Public Chapter 605 addresses TIF plans utilizing future property tax revenue. Historically, TIF in Tennessee has been used for housing and redevelopment. TIF use for economic development is growing.

By enacting the Uniformity in Tax Increment Financing Act of 2012, the Tennessee General Assembly strengthened a powerful tool for job creation and economic development in our state. Prior to this legislation, the multiple laws governing TIF were inconsistent. Public Chapter 605 does not authorize new types of TIFs. It establishes overriding parameters for existing TIFs.

The basic provisions for developing and submitting a TIF plan for local approval remain unchanged. Public Chapter 605 includes new standards for state approval of TIF projects for certain uses and extended TIF terms. The new law also adds consistency by requiring central filing of TIF plans with the state, providing uniform calculation of the property tax base, and creating the opportunity to cover administrative costs. Additionally, the new law will revert unused TIF revenue to the city or county as appropriate.

### Summary of Public Chapter 605

#### Legal Authority for Tax Increment Financing

TIFs are authorized in four Tennessee statutes:

- (1) T.C.A. § 7-53-312: Industrial Development Board (IDB) ‘Economic impact plans’ (non-Metro government)
- (2) T.C.A. § 7-53-314: Industrial Development Board (IDB) ‘Economic impact plans’ (Metro government)
- (3) T.C.A. § 13-20-205: Housing & redevelopment
- (4) The uncodified Community Redevelopment Act of 1998 (Pub. Ch. 987 of 1998), which authorizes housing/redevelopment TIFs in counties larger than 800,000 (currently only Shelby County).

All four of the existing statutes share a common approach: the industrial development board or housing authority – or TIF agency – submits a TIF plan for approval to the affected city and county. As mentioned above, the TIF plan is created by the TIF agency to clear blight or promote housing or economic development. The TIF plan uses future growth in taxes attributed to the new development to pay for the cost of public or private improvements to the area. A TIF plan includes several common features that are unchanged by the new law. The common features include: TIF area identification and revenue estimates, TIF budget information, certain specific findings as required under the applicable statute, and details of TIF allocation.

#### Features of a TIF Plan Unchanged by Public Chapter 605

*TIF Area Identification and Revenue Estimates.* A TIF plan should identify, within the designated area, real and taxable tangible personal property parcels using an existing tax roll. A total current assessed value of the designated area should also be a part of the plan. This total value should include structures and other improvements to the land, as well as taxable tangible personal property associated with business use of the real property. A TIF plan should estimate the projected assessed value of these parcels for each subsequent year that the TIF plan will remain in effect. The county assessor of property and the state Division of Property Assessments are essential to gathering this information.

*TIF Budget.* A TIF plan should estimate the cost and date of completion of public or private improvements to be funded. In addition, the plan should describe all funding sources for these improvements, including the amount and final maturity of bonded or other proposed incurred indebtedness.

*Required Findings.* Each statutory provision for TIF in Tennessee requires certain unique findings. IDB TIF plans should identify an industrial park (T.C.A. § 13-16-202) or IDB “project” (T.C.A. § 7-53-101) within the TIF area. A list of IDB ‘projects’ with codes assigned for purposes of the annual fiscal impact report required of IDB lessees can be found on the Comptroller’s website. Findings for redevelopment TIF plans (T.C.A. § 13-5-205) should include items extracted from the general redevelopment plan (T.C.A. § 13-5-203). The comparable provisions for community redevelopment plans (Shelby County only) are Section 14 of Pub. Ch. 987 of 1998.

*Details of Allocation.* The TIF base and increment are the heart of a TIF plan. All TIF plans should detail the allocation of tax

revenue payable concerning TIF area property and identify the allocation term in years. Each year's adopted city or county budget will continue to allocate the base tax. The balance of tax due from taxable real property or tangible personal property TIF area parcels, is the tax increment revenue payable to the TIF agency for purposes permitted under the law or in the TIF plan.

## What's New in Public Chapter 605

*State Approval in General* - TIF increments, or expenditures, can be used for a variety of improvements. These include: acquiring, clearing, and preparing land; the cost of constructing public infrastructure (broadly defined), professional design costs, and financing costs. Certain uses of TIF increments must be preapproved by the state Commissioner of Economic and Community Development and the state Comptroller of the Treasury. The approval signifies the expenditure is in the "best interest of the state." If a TIF plan contains an expenditure that would require preapproval, the plan should be submitted in writing to both officials detailing the use of the increment and the relevant economic development goals. These TIF plans are deemed approved if not explicitly approved or denied within 30 days.

*State Approval – Using TIF increment for privately owned land, improvements, or equipment.* Use of incremental revenue for land, improvements, or equipment that is to be owned by a private person or entity requires state preapproval. A privately-owned parking lot, facility or garage available for public use would not require state approval.

*State Approval – Using TIF increment for general economic development.* Use of incremental revenue for the industrial development board that generally furthers or promotes economic development in the municipality requires state preapproval.

*State Approval – Exceeding Standard Term.* IDB TIF plans allocating revenue for economic development for a term exceeding 20 years requires state preapproval. Redevelopment TIF plans with a term exceeding 30 years require state preapproval. In both instances, the TIF plan should detail reasons why the longer term is necessary for completion of the plan.

*Central Reporting.* The new law imposes uniform reporting requirements for all TIFs. The TIF agency must file approval resolutions, TIF area descriptions, and estimates of base tax amounts with the state Comptroller of the Treasury, as well as

the county assessor. Additionally, the TIF agency must annually file with the Comptroller a report of incremental revenues allocated to the TIF agency.

*Uniform and Flexible Calculation of Base Taxes.* Historically, base tax calculations for TIF plans were inconsistent. With a redevelopment TIF, base taxes are calculated on base year assessed value of TIF parcels and the current tax rate. With an IDB TIF, base taxes are calculated on base year taxes payable on TIF parcels. In neither case could the base tax exceed the actual tax levied on TIF parcels the year before the base year. Before Public Chapter 605, the possibility existed that the base tax could shrink solely because the permitted tax rate fell to the tax-neutral rate in a year of reappraisal under the terms of the certified tax rate law. The new law protects the base year tax amount from shrinking.

The new law also allows greater flexibility in allocating incremental revenues under a TIF plan. TIF plans could enlarge a base allocation higher than the defined base tax before Public Chapter 605. Now, a TIF plan may also aggregate parcels and delay allocation of the increment otherwise due for a particular parcel or group until the base tax has been remitted for all aggregated parcels. In addition, TIF plans may vary the timing of the allocation among parcels or parcel groups to match revenue with the purpose for which they are being allocated.

*Administrative Costs Limit.* Up to 5% of incremental revenue may be allocated to costs of administering the TIF plan. These costs include overhead costs, administrative costs of the TIF agency, and administrative costs of the assessor, trustee, or other collecting official. In addition, a city or county may choose to fund additional administrative costs in its annual budget for these agencies.

*Reversion of Unused Increment.* If the incremental revenue exceeds the amount budgeted or reserved for permitted expenditures in any year, the surplus must either pay down the approved debt or revert to the general fund of the city or county that levied the tax.

## Moving Forward

Tax increment financing is poised to become a leading source of funding for housing and economic development in Tennessee. Public Chapter 605 improves consistency and provides clarity among the different TIF projects. The new law ensures that TIF projects are transparent and provide accountability. Contact the Comptroller of the Treasury for more information.





TENNESSEE  
COMPTROLLER  
OF THE TREASURY

For questions or additional  
information contact:

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Jason.Mumpower@cot.tn.gov

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TAX INCREMENT FINANCING POLICIES AND GUIDELINES  
FOR CITY OF ATHENS, TENNESSEE

The City of Athens, Tennessee desires to assist with qualified redevelopment projects, urban renewal projects, and economic impact projects that demonstrate a substantial and significant public benefit by constructing public improvements and/or cause the productive reuse of under-utilized property. Tax increment financing, as allowed by law, offers a means to assist with such projects which are for the public good or for such projects which would otherwise not occur but for Tax Increment Financing. In furtherance of this objective, the City of Athens is establishing policies and guidelines under which the City of Athens will consider and implement the use of Tax Increment Financing for a specific project.

To assure the judicious use of Tax Increment Financing, the City of Athens will evaluate each project to ensure that the benefits accruing from the approval of the project with Tax Increment Financing are appropriate and in the best interest of the City.

TCA Section 13-20-201, et al and TCA Section 7-53-301, et al and specifically Section 7-53-312 are the legal authorities for the use of Tax Increment Financing by municipalities. Projects which may warrant the use of Tax Increment Financing are those in which the use or reuse of property will:

- A) Eliminate blight;
- B) Remove, prevent, or reduce blight, blighting factors, or the cause of blight;
- C) Reduce poverty;

D) Stabilize and upgrade existing residential, commercial, and industrial areas;

E) Create economic stability;

F) Strengthen the employment and economic base of the City;

G) Increase property values and tax revenues; or

H) Any or all of the above.

In no event shall the creation of Policies and Guidelines be construed to obligate the City of Athens to provide Tax Increment Financing to any individual or entity or to limit the City's discretion to decline to issue any Tax Increment Financing. These Policies and Guidelines may be amended by the City of Athens or revoked at any time.

#### APPLICATION PROCESS

1. To initiate consideration of a Tax Increment Financing transaction to finance qualifying costs relating to a specific project, each Tax Increment Financing applicant must submit an application for Tax Increment Financing and any other required materials in a form prescribed by the City Manager to the City of Athens Community Development Office. An Application may be obtained in the City of Athens Community Development Office. The information to be provided by the Tax Increment Financing applicant may include, but is not limited to, the following:

A) Applicant name and contact information;

B) Name and address of any of the following involved in the project:

1) Developer of Project;

2) Lender;

3) General Contractor;

4) Project Engineer;

5) Project Architect; and

6) Legal Counsel

C) A project description to include a summary of the intended use of the property after the project is completed and a conceptual site plan for the project which shall include, but is not limited to, the following:

- 1) Drawings of existing and proposed improvements;
- 2) Drawings of existing and proposed utilities;
- 3) Drawings of existing and proposed roadways, entrances and parking areas; and
- 4) General landscape plan.

D) A project pro forma to include, but not limited to:

- 1) Actual or estimated land acquisition cost;
- 2) Site preparation costs, including grading, demolition, infrastructure, construction and finished site costs;
- 3) Estimated construction costs for the development exclusive of land acquisition and site preparation costs;
- 4) Summary of financing plan, including, but not limited to, a statement of sources and uses of funds, which must equal total project costs;
- 5) Estimate of construction time line, including start date and completion date;
- 6) A summary of public benefits to include, but not limited to, the following:
  - (a) number of jobs created during construction;
  - (b) number of jobs created after completion of project;
  - (c) description of permanent jobs created;
  - (d) estimated pay scale of permanent work force;
  - (e) estimated sales after completion of project;
  - (f) a description of how this project will create potential for other development or serve as an economic stimulus;
  - (g) a description of the project's design compatibility with



the immediate area around the project; and

(h) a description of any other public benefits.

E) Information related to the request for Tax Increment Financing to include, but not limited to, the following:

- 1) A description of the financial assistance requested from the City;
- 2) The reason for the Tax Increment Financing request specifically referencing the importance of Tax Increment Financing to the project;
- 3) The time duration of the Tax Increment Financing;
- 4) The use of funds resulting from approval of Tax Increment Financing;
- 5) Current tax parcel id numbers for the real property within the project area;
- 6) Current assessments for the real property;
- 7) Current tax bill for the real property (City and County);
- 8) Estimated tax bill after project is complete (City and County);
- 9) Projected tax increment revenue;
- 10) Current sales tax generation from the project area;
- 11) Estimated sales tax generation after project is complete;
- 12) A statement of whether financial assistance will be sought from other agencies, including McMinn County, Tennessee, and if so, a description of the financial assistance to be requested;

F) Information to support the competency of the Developer to include, but not limited to, the following:

- 1) A list and thorough description of prior or other projects;
- 2) Credit references or letters of recommendation to include recommendations from financial institutions; and
- 3) A description of the bonding capacity of the Developer and/or General Contractor.

G) If the Tax Increment Financing request is approved by Athens City Council, there will be a required administrative fee to cover the processing costs of the taxing agency (City of Athens) each year the Tax Increment Financing is still active.

#### POLICY GUIDELINES

The City of Athens will use criteria in evaluating Tax Increment Financing Applications as follows:

1. The Tax Increment Financing applicant must demonstrate that the Tax Increment Financing component is a key element of the financing package and that the project would not otherwise be undertaken in its proposed form without Tax Increment Financing. Evidence to this effect can be satisfied with a project pro forma which demonstrates the financial need for Tax Increment Financing and/or a written statement from the lender or principal funding provider noting the importance and basis therein of Tax Increment Financing to the overall financial package assembled to finance the project.

2. Each Tax Increment Financing application must demonstrate that the applicant possesses the financial and technical ability to successfully complete and operate the project.

3. Due to transactional costs associated with creating redevelopment plans and economic impact areas using Tax Increment Financing, Tax Increment Financing funding generally will not be considered for projects with total costs less than \$5,000,000.00 except for affordable housing projects or projects located in the central business district. "Affordable housing projects" are projects in which 50% of the housing units are at or below the median average housing cost in the City. The "central business district" is the area shown on the Official Zoning Map of the City of Athens. The "central business district" is an irregular shaped

zoning district loosely bound by Cook Drive, Green Street, Glendale Avenue and Matlock Avenue.

4. The total amount of Tax Increment Financing assistance issued for any project shall not exceed a twenty (20) year amortization period except for affordable housing projects or projects in the central business district that may be granted a thirty (30) year amortization. In no event shall the total Tax Increment Financing issued for a project exceed twenty percent (20%) percent of the total project costs. Total project costs shall be that segment of the project, in whole or in part, that Tax Increment Financing is requested to assist.

5. Tax Increment Financing assistance for public infrastructure, including, but not limited to, on or off site street improvements, utility improvements, public street lighting, public spaces and traffic safety improvements and extraordinary costs associated with the demolition and/or removal of existing man-made site conditions or natural land conditions are the favored use of Tax Increment Financing.

6. Projects in which the applicant contributes equity of at least ninety percent (90%) of the total cost will be viewed more favorably than projects with an equity contribution of a lesser amount.

7. Projects that create jobs with wage scales that average eighty percent (80%) or greater of the average area wage for the applicable retail, service or manufacturing sector will be viewed more favorably.

8. If the project involves development/redevelopment of a vacant land, it should conform to the City's plans and programs and serve as a catalyst for further, high quality development or redevelopment.

9. Projects involving redevelopment of existing retail, commercial, office or industrial properties should serve to stabilize areas that are experiencing deterioration, and create development in conformity with the City's current

development standards and regulations.

10. Projects for retail and serve commercial uses should be targeted to those that encourage an inflow of customers from outside the City or that will provide services or fill retail markets that are currently unavailable or in short supply in the City.

11. Projects involving redevelopment of existing residential neighborhoods should serve to stabilize areas that are experiencing deterioration and should include needed infrastructure improvements as determined by the City.

12. Projects involving new residential development should fulfill a significant housing need for the City's current and/or projected population without substantially impacting public services and facilities, including schools.

13. Projects involving residential development should encourage a diversity of household income levels, or otherwise be specifically targeted to low and moderate income families.

14. The proceeds of the Tax Increment Financing shall only be used for eligible costs under state law relating to the project or to reimburse the applicant for such costs, including costs incurred for the acquisition of land and existing improvements, site preparation costs, public improvements necessary for carrying out the project, and such other costs as are approved by the City of Athens.

15. If Tax Increment Financing is approved for a project and the owner/applicant of the real property sells or transfers the entirety of the real property, Tax Increment Financing shall terminate. In the event the owner/applicant sells or transfers a part of the real property, the Tax Increment Financing shall terminate with respect to that part of the property that is sold or transferred. The City of Athens may, within its discretion, amend the Tax Increment Financing amount for that part of the real property which is retained by the owner/applicant.



16. Debt Service amounts for the City of Athens shall be subtracted from any Tax Increment Financing revenues generated by the project before any monies are sent to pay down the Tax Increment Financing debt.

17. In addition, Maintenance of Effort amounts for the City of Athens shall be subtracted from any Tax Increment Financing revenues generated by the project before any monies are sent to pay down the Tax Increment Financing debt. Therefore the Tax Increment Financing revenue payment equation is as follows: (Tax Increment Financing revenues - City Debt Service - City Maintenance of Effort = Revenue Amount sent to pay down Tax Increment Financing debt)

18. After an application is filed with the City of Athens Community Development Office, the Community Development Office shall review the application and materials and determine whether to recommend that Tax Increment Financing be made available in connection with the project to the City Manager. The City Manager shall thereafter review the application and materials therewith and the recommendation from the Community Development Office and after the City Manager's review, the City Manager shall make a recommendation to the City Council concerning whether to grant the request for Tax Increment Financing. City Council shall review the application and materials therewith and the recommendations from the Community Development Office and the City Manager and any other materials and information the Council desires at one or more work sessions and thereafter place for consideration at a regular or called meeting of the City Council whether to further consider the request of the applicant for Tax Increment Financing. If City Council votes to further consider the request of the applicant for Tax Increment Financing, City Council shall at this same meeting request the City Manager and the City Community Development Office to prepare with the assistance of the applicant a redevelopment and urban renewal plan that includes Tax Increment Financing for final approval of the issuance of Tax Increment Financing for the submitted redevelopment and urban renewal plan as prepared by the City Community

Development Office, City Manager and the Applicant. The vote of the City Council to request the preparation of a redevelopment and urban renewal plan shall not obligate or be construed to obligate City Council to approve or authorize Tax Increment Financing for the applicant's project. The City Council shall retain its discretion to decline to issue Tax Increment Financing after the required public hearing and after review and consideration of the final redevelopment and urban renewal plan prepared by the City of Athens Community Development Office, the City Manager and the Applicant.

After the redevelopment and urban renewal plan is prepared, it shall be submitted to the organization which implements the Tax Increment Financing for the City, either the Athens Housing Authority or the Industrial Development Board of McMinn County for its review. If the assisting and implementing organization determines to recommend that Tax Increment Financing be made available for the project, the City of Athens and the assisting and implementing organization shall hold the public hearing in connection with the plan as required by law. After the public hearing, the redevelopment and urban renewal plan shall be submitted to the Athens City Council for final consideration and a vote. The redevelopment and urban renewal plan shall likewise be submitted to the McMinn County Commission for its consideration.

The applicant shall pay a plan preparation fee to the City of Athens in an amount equal to \$3,000.00 with respect to the preparation of any redevelopment and urban renewal plan that proposes Tax Increment Financing for the applicant's project and in an amount equal to \$1,500.00 with respect to the preparation of an amendment to any existing redevelopment and urban renewal plan that authorizes tax increment financing for Applicant's Project. The applicant may request that such fee be paid at the closing of the Tax Increment Financing transaction, with the City of Athens reserving the right to require payment of the plan preparation fee prior to the preparation of the plan.

The Applicant shall pay all third-party expenses, including attorney's fees, incurred by the City of Athens in connection with any proposed tax increment financing, whether or not such financing is closed. The Applicant may request that such expenses be paid at the closing of the tax increment financing transaction. The City of Athens reserves the right to require payment of such expenses as they are incurred.

To reimburse the City of Athens for its administrative expenses in connection with administering the tax increment financing, the City of Athens shall retain an annual Administrative Fee in an amount equal to five percent (5%) of the tax increment revenues allocated to the City of Athens with respect to such financing, subject to a maximum and minimum limit provided hereafter. Such annual Administrative Fee shall be not less than \$2,000 or more than \$5,000 for each year in which tax increment revenues are allocated to the City of Athens with respect to such financing. The tax increment financing documents shall provide that such fee shall be payable each year, beginning the first year in which any tax increment revenues are payable to the City of Athens, before any amounts are paid to the Lender to be applied to the tax increment financing debt.

Prior to the commencement by the City of Athens of the preparation of a redevelopment and urban renewal plan or amendment thereto with respect to a particular Project, the Applicant shall execute a letter agreement for the benefit of the City of Athens acknowledging Applicant's responsibility for the payment of the fees and expenses provided for above. The Agreement shall also advise Applicant that McMinn County and the Organization which implements the tax increment financing for the City of Athens may charge to Applicant fees and expenses.

City of Bristol, Tennessee

TAX INCREMENT FINANCING POLICY AND GUIDELINES  
FOR REDEVELOPMENT PROJECTS, URBAN RENEWAL PROJECTS,  
AND ECONOMIC IMPACT PROJECTS

*IT IS THE POLICY* of the City of Bristol to consider the judicious use of tax increment financing (TIF) for Redevelopment Projects, Urban Renewal Projects, and Economic Impact Projects (collectively “*project*” or “*projects*”) that demonstrate a substantial and significant public benefit by constructing public improvements and/or by providing assistance to cause the productive reuse of underutilized property that will:

- (1) Eliminate blight;
- (2) Remove, prevent, or reduce blight, blighting factors or the cause of blight;
- (3) Reduce poverty;
- (4) Stabilize and upgrade existing residential, commercial, and industrial areas;
- (5) Create economic stability;
- (6) Strengthen the employment and economic base of the City;
- (7) Increase property values and tax revenues; or
- (8) Any or all above.

Priority will be given to projects that support the redevelopment of affordable housing, Brownfield redevelopment, and downtown redevelopment.

Care will be exercised in the use of TIF to thoroughly evaluate each project to ensure that the benefits accruing from the approval of project, with tax increment component, are appropriate and in the best interest of the city.

TCA 13-20-201 *et al* and 7-53-312 *et al* serve as the underlying legal authorities for this policy.

### **Policy Guidelines**

The City of Bristol will use following criteria in evaluating TIF applications:

1. The TIF applicant must demonstrate that the tax increment financing component is a key element of the financing package and that the project would not otherwise be undertaken in its proposed form without tax increment financing. Evidence to this effect can be satisfied with a project pro forma which demonstrates the financial need for TIF and/or a written statement from the lender or principal funding provider noting the importance and basis therein of TIF to the overall financial package assembled to finance the project.

It shall be prima facie evidence that a project can be undertaken without tax increment financing if the applicant commences construction of the project prior to TIF authorization, except and unless the applicant clearly substantiates after commencement



of construction how the project will be significantly improved from its original plan with TIF to achieve the public policy outcomes enumerated above. "Construction" as defined herein shall mean the erection of walls or other support structures. Construction shall not include land acquisition, site grading/land preparation activities, installation of infrastructure, or installation of building footers.

2. Each TIF application must demonstrate that the applicant possesses the financial and technical ability to successfully complete and operate the project.
3. Because of transactional costs associated with creating redevelopment plans and economic impact areas using TIF, TIF funding generally will not be considered for projects with total costs less than \$2,000,000 except for affordable housing projects, projects involving Brownfield property, or projects located in the central business district. As defined in this policy "affordable housing projects" are projects in which 50% of the housing units are at or below the median average housing cost in the city; "Brownfield property" is real property where the expansion, redevelopment, or reuse may be complicated by the presence or potential presence of a hazardous substance as evidenced by a TDEC Brownfield Agreement in accord with TCA 68-212-224; and "central business district" is the area bounded by State Street, Volunteer Parkway, Anderson Street, and Edgemont Avenue.
4. The total amount of TIF assistance issued for any project shall not exceed a fifteen (15) year amortization period except for affordable housing projects, Brownfield property projects, or projects in the central business district that may be granted a twenty (20) year amortization period. In no event shall the total TIF issued for a project exceed twenty five (25) percent of the total project cost.

Total project cost shall be that segment of the project, in whole or part, that TIF is requested to assist. Incremental or phased projects are to be set forth and identified in the project agreement and should not generally provide for supplemental TIF assistance (such TIF assistance being predicated on additional project construction) beyond a period greater than twenty-four (24) months following execution of the development agreement.

5. TIF assistance for public infrastructure, including but not limited to on- or off-site street improvements, utility improvements, public street lighting, public spaces and traffic safety improvements; and extraordinary costs associated with the demolition and/or removal of existing man-made site conditions or natural land conditions, are the favored use of TIF.
6. If the project will involve the issuance of TIF bonds or notes, the TIF applicant must demonstrate that incremental revenues derived from the project will be sufficient to obtain TIF for the project in the amount requested and on commercially reasonable terms.

7. Projects in which the applicant contributes equity of at least fifteen percent (15%) of the total cost will be viewed more favorably than projects with an equity contribution of a lesser amount.
8. Projects that create jobs with wage scales that average 125% of the area wage average for the applicable retail, service or manufacturing sector will be viewed more favorably.
9. If the project involves development/redevelopment of vacant land, it should conform to the City's plans and programs and serve as a catalyst for further, high quality development or redevelopment.
10. Projects involving redevelopment of existing retail, commercial, office or industrial properties should serve to stabilize areas that are experiencing deterioration, and create development in conformity with the City's current development standards and regulations.
11. Projects for retail and service commercial uses should be targeted to those that encourage an inflow of customers from outside the City or that will provide services or fill retail markets that are currently unavailable or in short supply in the City.
12. Projects involving redevelopment of existing residential neighborhoods should serve to stabilize areas that are experiencing deterioration and should include needed infrastructure improvements, as determined by the City.
13. Projects involving new residential development should fulfill a significant housing need for the City's current and/or projected population without substantially impacting public services and facilities, including schools.
14. Projects involving residential development should encourage a diversity of household income levels, or otherwise be specifically targeted to low and moderate income families.

### **Application Process**

Each TIF applicant will be required to submit in a form prescribed by the City Manager, in consultation with the Bristol Tennessee Housing and Redevelopment Authority and/or Bristol Industrial Development Board, information that may include, but is not limited to, the following to commence formal consideration of a project.

- (a) Proposed use of property.
- (b) Conceptual Site Plan for the project which shall include, but is not limited to, the following:
  1. Proposed exterior building elevations and façade design;

2. Existing structures, buildings to be added and removed;
  3. Entrances and parking areas;
  4. Existing and proposed utilities or infrastructure; and
  5. General landscape plan.
- (c) A project pro forma, including but not limited to:
1. Land acquisition costs or estimated land acquisition costs;
  2. Site preparation costs, including grading, demolition, infrastructure construction and finished site costs;
  3. Estimated construction and/or reconstruction costs for the development, exclusive of (a) 1 above;
  4. Estimated employment and payroll (*if applicable*) – 36-month period;
  5. Salary structure of employees (*if applicable*);
  6. Estimated sales (*if applicable*) – 36-month period; and
  7. Source(s) of project funding (*must equal total project cost*).
- (d) TIF related information, including:
1. Amount and time duration of TIF request;
  2. Reason for TIF request, importance to project;
  3. Use of funds resulting from approval of TIF;
  4. Projected tax increment revenue; and
  5. Other redevelopment assistance.
- (e) References and developer pro forma including:
1. History and background of developer;
  2. Credit references or letters of recommendation, including financial institutions and other company assurances of competency; and
  3. Bonding capacity.

**City Council Memorandum**  
**12-219**

September 4, 2012

TO: Honorable Mayor and City Council  
FROM: Jeffrey J. Broughton, City Manager  
SUBJECT: Bristol West Economic Impact Plan

The lone item on the special meeting agenda of Friday, September 7, 2012 is a resolution approving the Economic Impact Plan for the Bristol West economic development area.

Tennessee code authorizes the Industrial Development Board of the City of Bristol to adopt an economic impact plan for a project and to allocate the incremental property tax revenues generated, upon the approval of the county and city, to pay for eligible costs of the project. The purpose of such legislative authority is to facilitate economic development in a project area.

The Bristol West plan area incorporates approximately 288 acres generally located at the intersection of Interstate 81 and U.S. Highway 11W and lies within the Bristol Border Region Retail Tourism Development District as certified by the State of Tennessee in February 2012. The plan includes a tax increment financing component whereby 100% of the incremental tax revenues, less the portion that constitutes "dedicated taxes" and are annually paid to the county and city, will be used to pay eligible project costs for a maximum period of 20 years. The use of tax increment financing is an integral part of the total financing necessary for the development to occur.

Johnson Commercial Development and Oldacre McDonald, the development team, propose a major destination retail shopping center including retail shopping facilities, restaurants, offices, and hotels. Over 1,200,000 square feet of retail, hotel, restaurant, and office space is planned with a total capital investment of over \$332,000,000. Annual retail sales are projected to exceed \$340,000,000.

The benefits to the county and city are substantial and include:

- ✓ An expansion of the job base and household income, with over 2,600 direct construction jobs and 2,000 permanent jobs to be created in Bristol, Sullivan County.
- ✓ Substantial local sales tax receipts distributed to the three county school systems with over \$2 million annually to Sullivan County Schools, \$1.2 million annually to Kingsport Schools, and \$700,000 to Bristol Schools at project build-out.



- ✓ Dedicated tax revenue annually to the county and city during the TIF period, and over \$1.8 million annually to each following.
- ✓ Increased tourism related spending in the county and city with visitation expected to exceed 3,500,000 annually.
- ✓ The Project presence will help in business, manufacturing, and job talent recruitment, as well as help promote the life style of Bristol and Sullivan County.

A comprehensive financial plan has been devised to make the project a reality using the statutory powers granted to the IDB to facilitate economic development. The IDB will provide significant financial assistance by issuing notes, bonds, or other indebtedness to finance project costs. A key element of that financing plan is the tax increment generated by the substantial real property improvements to monetize all revenue streams generated from the project.

The magnitude of the upfront costs to commence the project supports adoption of the economic impact plan as the benefits inuring to Sullivan County and Bristol are substantial in so doing. Significant job creation and tax revenue streams to the county, city, and school systems will be result and the power of the border region legislation will be realized by Bristol and Sullivan County for years to come.

Staff recommends approval of the attached resolution as submitted.



Jeffrey J. Broughton

cc: Mike Sparks  
Jack Hyder

**Resolution No. 12-96**

**A Resolution Approving the Economic Impact Plan for the  
Bristol West Economic Development Area and Recommending that  
the Same be Approved by the Board of Commissioners of Sullivan County**

WHEREAS, following a public hearing held on September 7, 2012 the Industrial Development Board of the City of Bristol, Tennessee (the "IDB") approved and adopted the *Economic Impact Plan for the Bristol West Economic Development Area* (the "Economic Impact Plan"), a copy of which is attached hereto as *Exhibit A* and;

WHEREAS, the IDB has submitted the Economic Impact Plan to the City Council with a recommendation that it be approved; and,

WHEREAS, the City Council has considered the Economic Impact Plan and desires to approve the same.

NOW, THEREFORE, BE IT RESOLVED by the City of Bristol Tennessee as follows:

A. That the City Council hereby finds that the Economic Impact Plan will benefit the City of Bristol, Sullivan County, and the surrounding area by increasing economic activity, creating new employment opportunities and generating additional tax revenue.

B. That the Economic Impact Plan, including the tax increment financing therein, is hereby approved.

C. That the City Council recommends that the Board of Commissioners of Sullivan County approve the Economic Impact Plan.

D. That the city recorder shall take all actions required by Tennessee Code Annotated Section 7-53-312(i).

WHEREUPON, Mayor Staton declared the Resolution adopted, signed and affixed the date thereto, and directed that the same be recorded.

\_\_\_\_\_  
Joel Staton, Mayor

Date: \_\_\_\_\_

\_\_\_\_\_  
Tara E. Musick, City Recorder

Approved as to Form and Legality  
this 4th day of September, 2012

  
\_\_\_\_\_  
Jack W. Hyder, Jr., City Attorney

**The Industrial Development Board of the  
City of Bristol, Tennessee**

**ECONOMIC IMPACT PLAN  
FOR THE  
BRISTOL WEST ECONOMIC DEVELOPMENT AREA**

**I. Introduction**

This Economic Impact Plan (the "Plan") has been prepared by the Industrial Development Board of the City of Bristol, Tennessee (the "IDB") pursuant to Tennessee Code Annotated Section 7-53-312 ("Section 7-53-312"). The Plan will be submitted to the City Council (the "City Council") of the City of Bristol, Tennessee (the "City") and the Board of Commissioners (the "County Commission") of Sullivan County, Tennessee (the "County") for formal consideration and approval.

Section 7-53-312 authorizes an industrial development corporation to prepare and submit to the City and County an economic impact plan for an area that includes either an "industrial park" or a "project." The plan may also include other properties which the IDB determines will be directly improved or benefited due to the undertaking of the industrial park or project. Pursuant to the plan, new incremental property tax revenues, which arise from the area covered by the plan, may be allocated 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.

The purpose of this Plan is to facilitate the economic development of an area in the City and the County commonly known as *Bristol West* (the "Plan Area"). This area lies within a Border Region Retail Tourism Development District (the "District") as approved and certified on February 9, 2012 by the Tennessee Commissioners of Revenue and Economic and Community Development under the Border Region Retail Tourism Development District Act (the "Border Region Act").<sup>1</sup> This Plan includes a tax increment financing ("TIF") component which will be an integral part of the total financing that is necessary for the development to occur.

**II. The Project**

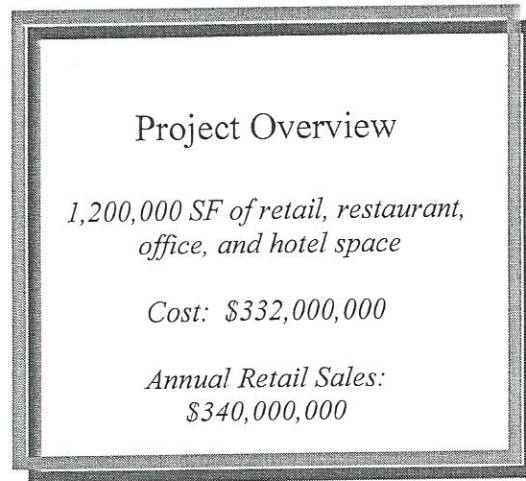
Johnson Commercial Development and its development partners (collectively the "Developer") have teamed to propose a major destination retail shopping center in the Plan Area (the

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<sup>1</sup> Chapter 420 of the Tennessee Public Acts of 2011 which is codified as Tennessee Code Annotated Section 7-40-101 *et seq.*



"Project"). In addition to the retail shopping facilities, the Project will include an assortment of outparcels for restaurants, offices and hotels. Over 1,200,000 square feet of retail, hotel, restaurant, and office space is planned with a total capital investment of over \$332,000,000. Annual retail sales are projected to exceed \$340,000,000.



Project construction will be phased so as to open the first phase of stores as soon as possible. Extensive grading, site preparation, and public infrastructure construction will be undertaken upfront to ready the entire area for vertical development and complete Project build-out. The upfront cost of land, site preparation, and infrastructure construction is estimated at \$68,000,000.

The Project is an eligible project under Tennessee Code Annotated Section 7-53-101(13) and will be the project within the Plan Area for purposes of Tennessee Code Annotated Section 7-53-312.

### **III. Boundaries of Plan Area**

The area included in this Plan consists of approximately 288 acres generally located at the intersection of Interstate 81 and U.S. Highway 11W as shown on the attached *Exhibit A*. The parcels comprising the Plan Area are listed on the attached *Exhibit B*. The Plan Area includes properties that will be the site of the Project for which the IDB will provide financial assistance. Also included in the Plan Area are several additional parcels that the IDB has determined will be directly improved or benefited due to the undertaking of the Project.

### **IV. Expected Benefits to County and City**

The Project will produce significant financial and economic benefits for the County and City. These benefits will arise from an expansion of the job base, new retail sales and resulting sales

taxes, increases in the property tax base, companion development nearby, and increased tourism and tourism spending.

Jobs and Payroll

Numerous jobs will be created by the Project. Over 2,600 direct construction jobs are anticipated with a combined payroll in excess of \$84,000,000.

Once the center is complete, a minimum of 2,000 permanent jobs will be created to support the 1.2 million square feet of retail, hotel, restaurant, and office space. This will add an estimated \$42,000,000 in annual wages to the local economy.

Local Sales Tax Receipts

The regional retail destination center is expected to generate in excess of \$340,000,000 annually in sales. This will provide local optional sales tax revenue in excess of \$7,600,000 each year. One-half (50%) of this new sales tax revenue will be distributed to the three public school systems in the County based on enrollment. Based on existing enrollment levels, Sullivan County schools will receive approximately \$2,000,000 annually, Kingsport schools will receive approximately \$1,200,000 annually, and Bristol schools will receive approximately \$700,000 annually.

Local Sales Tax Distribution to School Systems (annual)	
<i>Sullivan County</i>	- \$2,000,000
<i>Kingsport</i>	- \$1,200,000
<i>Bristol</i>	- \$ 700,000

Since a majority of the retail sales at the Project are expected to be purchases that would otherwise occur outside of the county and state, most of these sales taxes will be a net new source of revenue to the three county school systems.

Ad Valorem Property Taxes

The County and City property tax base in the Plan Area will be significantly enhanced by the Project. The majority of the area is undeveloped/underdeveloped and has been so for many years despite a significant infrastructure investment by the City of Bristol to accommodate development. Total property tax revenues generated for the County and City in the entire area is only a combined \$209,000. As mentioned, much of the land is unimproved. The Project will increase the value of the properties in the Plan Area, resulting in additional property tax revenue for the County and City. Based on current tax rates, the Project is projected to generate



combined County and City property taxes in excess of \$3,600,000 annually, a factor 17 times higher than the existing ad valorem tax base. Although a significant portion of such increase will be used to pay debt service on tax increment financing or costs related to the Project while this plan is in effect, certain additional dedicated taxes relating to debt service will be immediately received by the County and the City.

#### Tourism

The regional retail destination center, restaurants, offices and hotels proposed for Project will enhance tourism. Visitors to the Project are projected to exceed 3,500,000 annually, and this influx will have a substantial impact throughout the County, City, and region. The monies spent by these visitors will be new dollars that have been drawn into the County and City by the regional nature and location of the Project, resulting in indirect and induced tax benefits from the project elsewhere in the County and City.

### **V. Financial Assistance to the Project**

A comprehensive financing plan has been devised to make this Project a reality using the statutory powers granted to the IDB to facilitate economic development. The IDB will provide significant financial assistance for the Project by issuing notes, bonds, or other indebtedness to finance eligible costs of the Project. The IDB will apply the proceeds of the tax increment described herein, and the state sales tax distributions received under the Border Regions Act, to pay debt service on various series of debt expected to be incurred to finance components of the Project.

Assistance from the County and City, through the IDB, is necessary due to the significant upfront costs of the Project. The allocation of tax increment revenues to the IDB by both the County and City is proposed, while the City will additionally finance certain public improvements from the proceeds of a general obligation bond (the "City Financing"). The public financial support to the Project is estimated to be approximately 14% of total project costs, with a County contribution of approximately 3% and a City contribution of 11%. Eighty-six percent (86%) of Project costs will be borne by the Developer and from funds available from or debt secured by state sales tax distributed under the Border Region Act. As earlier mentioned, significant upfront costs necessitate an element of public financing through tax increment support to provide the funds necessary to advance the Project. The absence of this support would render the Project financially unfeasible and the economic benefits to the County and City as detailed in Section IV would be lost.

The substantial benefits to the County and City resulting from the development of the regional retail destination center strongly augur in favor of the approval of this economic impact plan. The magnitude and upfront costs of the Project, coupled with the competition from the bordering state with a substantially lower sales tax rate and similar legislative authorities to induce a project to Virginia, necessitates the use of tax increment financing as a funding source to successfully compete and complete the Project. This regional retail destination center has been certified by the State of Tennessee under the Border Region Act intended to facilitate this type of development and will provide a substantial economic benefit to the County and City sufficient to justify the allocation of tax increment revenues herein.

## VI. Distribution of Property Taxes

The Local TIF Financing will use the incremental property tax revenues generated from the Project to pay eligible costs incurred for the Project or debt service incurred to finance such costs. The IDB will apply these revenues in the manner provided in this Article VI.

a. Distribution of Taxes. Property taxes, including personal property taxes, imposed 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 divided and distributed as follows in accordance with Tennessee Code Annotated Sections 7-53-312(c) and 9-23-102:

(i) The portion of the real and personal property taxes payable with respect to the Plan Area equal to the year prior to the date of approval of this Economic Impact Plan (the "Base Tax Amount") shall be allocated to and, as collected, paid to the City and the County as all other taxes levied by the City and the County 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 and the County only the taxes actually imposed.

(ii) The portion of real and personal property taxes payable with respect to the Plan Area that constitute "dedicated taxes" within the meaning of Tennessee Code Annotated Section 9-23-101(8) (the "Dedicated Tax Amount") shall be allocated and paid to the City or County, as applicable.

(iii) The excess of real and personal property taxes over the sum of the Base Tax Amount and the Dedicated Tax Amount (the "TIF Revenues") shall be allocated and, as collected, paid into a separate fund of the IDB, created to hold such payments until the tax proceeds in the fund are to be applied as provided herein.

b. TIF Obligations and Payment of Project Costs. In order to pay for a portion of the costs incurred for the Project, the IDB intends to use the incremental tax revenues it would receive as a result of the approval of this Plan to pay debt service on notes, bonds or other obligations issued to finance such costs and to pay other eligible costs of the Project (the "Local TIF Financing"). The Local TIF Financing will be structured as follows:

i. The IDB will borrow funds based on the tax increment through the issuance of notes, bonds or other obligations in one or more series at one or more times. The amount of such borrowing shall be used to finance eligible costs plus the costs relating to the tax increment financing. The IDB shall pledge any and all TIF Revenues allocated to the IDB pursuant to this Plan to the payment of such notes, bonds or other obligations. In no event will the obligations issued by the IDB be considered a debt or obligation of the



County or City in any manner whatsoever, and the source of funds to satisfy the IDB's payment obligations thereunder shall be limited solely to the TIF Revenues.

ii. The proceeds of the notes, bonds or obligations shall be used to pay the eligible costs of the Project together with expenses incurred by the IDB in connection with the Project and the tax increment financing and capitalized interest on the notes, bonds or other obligations for a maximum period of twenty (20) years.

iii. The IDB will use the TIF Revenues to the extent needed pay debt service on the Local TIF Financing. If there are incremental property tax revenues in excess of the debt service, the excess will be held as reserves to pay other eligible costs of the Project.

iv. The IDB may issue additional debt from time to time secured by the TIF Revenues to be applied to pay the eligible costs of subsequent phases of the Project. In no event shall the TIF Revenues from any property be applied to pay any such indebtedness for a period of more than 20 years concurrent with any limitations for the maturity of indebtedness under the Act.

v. Notwithstanding anything herein to the contrary, the TIF Revenues arising from real and personal property taxes on parcels in the Plan Area that are not owned by the Developer, or by an entity organized and controlled by the Developer, within 24 months following the date this Plan is first approved by the IDB shall not be used by the IDB for the Project, but may be used by the IDB for any other purpose authorized by Section 7-53-312.

vi. The TIF Revenues payable to the IDB under this Plan shall only be applied to pay those costs which are eligible under Tennessee Code Annotated Section 9-23-107.

c. Time Period. Taxes on the real and personal property within the Plan Area will be divided and distributed as provided in this Section VI of the Plan, for a period equal to twenty (20) years. This twenty (20) year period will commence with respect to a tax year designated by the IDB which initial tax year shall not commence later than three (3) years from the date of the last approval of this Plan.

d. Qualified Use. The IDB, the City and the County, by the approval of this Plan, find that the use of the TIF Revenues as described herein, is in furtherance of promoting economic development in the State of Tennessee, the County and the City, and that the costs to be financed and paid as described herein are costs of the Project.

e. Calculation of Increment. Pursuant to the Uniformity in Tax Increment Financing Act of 2012 (the "TIF Act"), the County and City delegate to the IDB the authority to elect to calculate the Base Tax Amount and Dedicated Tax Amount within the Plan Area on an aggregate basis or on the basis of each parcel within the Plan Area. The IDB will give notice to the City and the County of any such election. Such election may apply to all or any portion of the Plan Area.

f. Separation of Parcels. The IDB is authorized to separately group one or more parcels within the Plan Area for purposes of calculating and allocating TIF Revenues, and in such cases, the allocation of TIF Revenues shall be calculated and made based upon each such parcel or group of parcels, and not the entire Plan Area. The allocation of TIF Revenues with respect to any parcel or group of parcels within the Plan Area may begin in different years in order to match TIF Revenues with the purposes for which such TIF Revenues will be applied as determined by the IDB, provided that the allocation of TIF Revenues as to any parcel shall not exceed twenty (20) years.

## **VII. Approval Process**

Pursuant to Section 7-53-312, the process for the approval of this Plan is as follows:

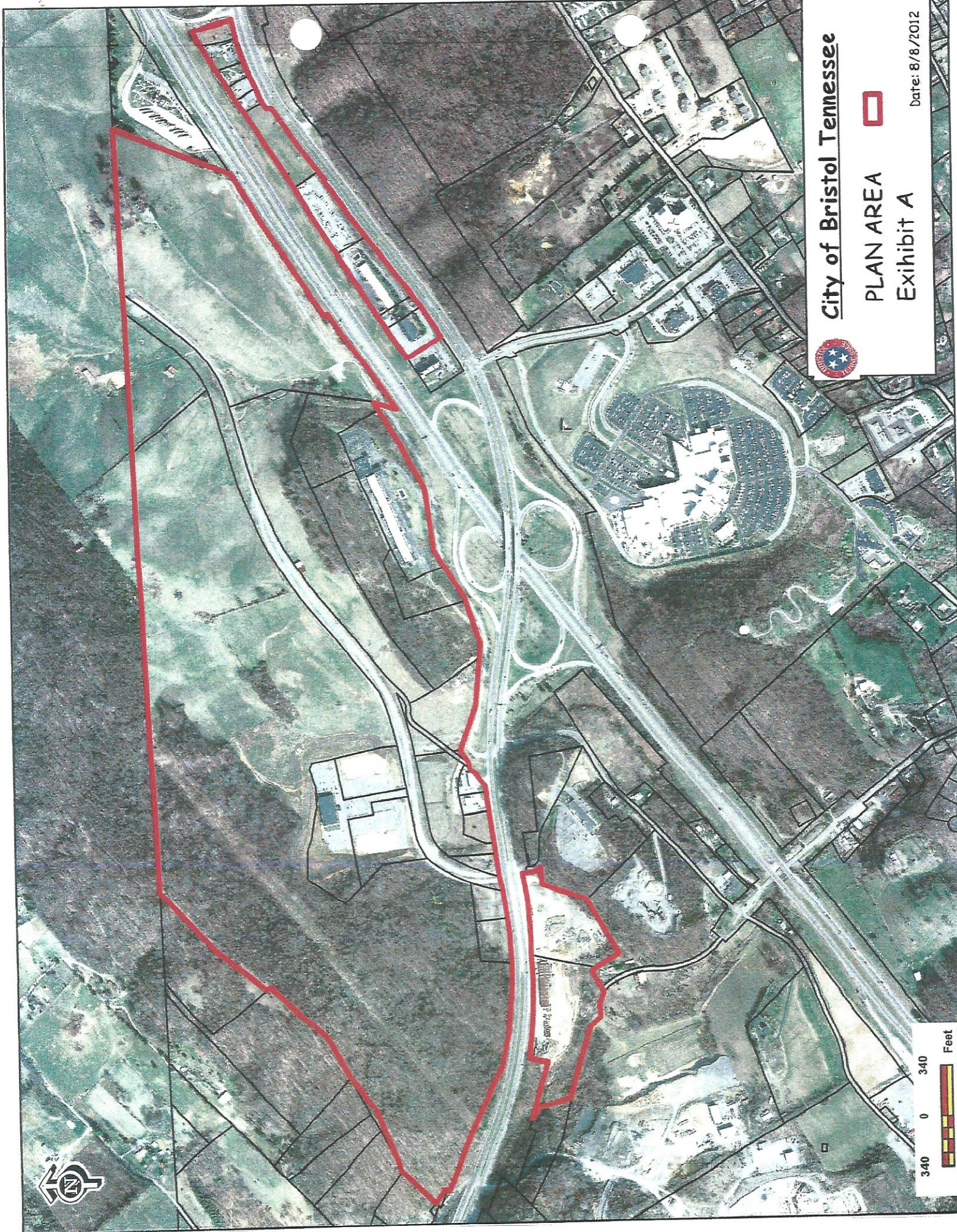
a. The IDB holds a public hearing on the Plan after publishing notice of such hearing in a newspaper of general circulation in the County at least two (2) weeks prior to the date of the public hearing. The notice must include the time, place and purpose of the hearing as well as notice of how a map of the Plan Area may be viewed by the public. Following the public hearing, the IDB may submit the Plan to the City and County for their approval.

b. The City Council must approve the Plan. This approval may be by resolution notwithstanding any charter provision to the contrary.

c. The County Commission must approve the Plan. This approval may be by resolution notwithstanding any charter provision to the contrary.

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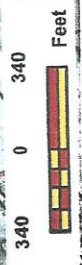
**City of Bristol Tennessee**

**PLAN AREA**



**Exhibit A**

Date: 8/8/2012





**Exhibit B**  
**Parcels Comprising Plan Area**

Address	GIS Link	County Tax Map	Parcel
3221 W STATE ST	082019 17800	019	17800
3229 W STATE ST	082019 17900	019	17900
3237 W STATE ST	082019 17910	019	17910
3245 W STATE ST	082019 18000	019	18000
3253 W STATE ST	082019 18010	019	18010
3269 W STATE ST	082019 18100	019	18100
3275 W STATE ST	082019 18200	019	18200
3279 W STATE ST	082019 18210	019	18210
3283 W STATE ST	082019 18220	019	18220
3297 W STATE ST	082019 18230	019	18230
229 HENARD PVT DR	082019 18601	019	18601
111 HOLIDAY DR	082019 18700	019	18700
190 HOLIDAY DR	082019 18750	019	18750

Address	GIS Link	County Tax Map	Parcel
107 HOLIDAY DR	082019 18810	019	18810
103 HOLIDAY DR	082019 18815	019	18815
1287 HIGHWAY 11W	082019 18820	019	18820
1291 HIGHWAY 11W	082019 18822	019	18822
1305 HIGHWAY 11W	082019 18825	019	18825
191 BRISTOL WEST BLVD	082019 18830	019	18830
360 BRISTOL WEST BLVD	082019 18940	019	18940
320 BRISTOL WEST BLVD	082019 18950	019	18950
280 BRISTOL WEST BLVD	082019 18960	019	18960
1449 HIGHWAY 11W	082019 19200	019	19200
1409 HIGHWAY 11W	082019 19201	019	19201
1411 HIGHWAY 11W	082019 19202	019	19202
1410 HIGHWAY 11W	082019 00620	019	00620
1404 HIGHWAY 11W	082019 00700	019	00700



## **Façade Improvement Program Policies and Procedures City of Knoxville, Tennessee Revised July 14, 2015**

### ■ **Purpose of the Program**

The City of Knoxville Community Development Department is providing an incentive program to improve the façades of buildings within priority redevelopment areas. By enhancing the appearance of building façades, the program serves to improve the economic viability of these areas. Better aesthetics increase property values, improve the marketability of space within the buildings and draw business and residents to the area.

### ■ **Priority Redevelopment Areas**

The current façade improvement priority areas are the Broadway-Central Area, the Five Points Redevelopment Area, the Mechanicsville Redevelopment Area, the Burlington Business District, the Jackson Avenue Redevelopment Area, portions of the Magnolia Warehouse District, portions of Magnolia Avenue, the Vestal Redevelopment Area, South Waterfront Area and the Central Avenue portion of the Downtown North Redevelopment Area. If you have a question as to whether your property is within one of the priority areas, please contact the Community Development Department. In addition, we have the option to address individual blighted buildings outside the priority areas if funding is available.

### ■ **Funding and Match Requirements**

Funding is based on the square footage of the eligible façade. Buildings (within the program areas) can receive \$20 per square foot, with a maximum of \$50,000 per building, based on total project cost. Applicants must provide a match equal to or greater than 20% of the amount awarded through this program. The match must be spent on the façade improvement project.

Program funding is provided in the form of a loan that is forgiven over a five year period with no payments required, provided the property continues to be maintained in accordance with the program requirements, such as retention of ownership, **occupancy by tenant**, maintenance of the façade, insurance, and payment of all property taxes due.

## ■ Application Process

Applications for the Façade Improvement Program will be available as funding allows. To obtain an application or additional information about the program, call the Community Development Department at (865) 215-2120 or visit [www.cityofknoxville.org/development/facade.asp](http://www.cityofknoxville.org/development/facade.asp). Applicants will be required to complete the program application and provide a project timeline, architectural drawings, and specifications of the proposed façade improvement work to Community Development for approval. Proposals must pass a threshold review for eligibility, and will then be reviewed for quality and impact of the proposed improvements. **Below are the steps in the process:**

- Obtain application, either from the City web site or the Community Development Department.
- Forward completed application to the Community Development Department.
- Community Development staff will conduct a site visit to determine if the proposed project meets eligibility.
- Commercial Façade Application Committee will meet to evaluate and score applications. Applications will be primarily scored according to the economic development criteria in the application.
- Applications will then be processed. This will include credit history, mortgage verification, etc.
- Applicant will then be notified of status of application
- Environmental Review: City staff will conduct an environmental review to determine project eligibility.
- Community Development staff will contact East Tennessee Community Design Center to provide concept drawings. This service is provided at no cost to the owner. These drawings will also be provided to the architect who will produce a build set of drawings.
- The design will be evaluated and, if the proposed project meets the established eligibility, will be reviewed by the Façade Design Review Committee. Applicants are required to attend the Design Review Committee meetings. Buildings in historic overlay zones and Downtown redevelopment areas may be subject to additional review.
- Once the committee completes design recommendations, the owner will be notified and can then proceed to obtain an architect with the assistance of Community Development staff. The architect, Community Development staff and the owner will work to develop drawings, the scope of work and a line-item budget, based on recommendations from the Façade Design Review Committee. **Work will not proceed from this point until proof of financing is in place.**
- Community Development staff will assist the owner with securing a licensed contractor using a competitive bid process, following federal regulations and the City's procurement process.

## ■ Eligibility

All property owners willing to improve the exterior of properties located within the designated program areas may be eligible to receive assistance. A recipient may utilize the Façade Improvement Program in conjunction with other public and private financial resources. Owners may receive assistance for more than one building based on funding availability.

Eligible buildings are commercial and mixed commercial/residential with façades visible from the street. New construction will not be considered for this program. For the purposes of this program, blighted means designated for acquisition or otherwise identified as blighted under a redevelopment plan or as part of the redevelopment planning process.

Applicants should be aware that buildings containing or that will contain residential units may require lead hazard abatement. The cost of lead hazard abatement is not an eligible expense under the facade program and will be the total responsibility of the owner.

Applicants will be required to demonstrate financial capacity to meet the program matching requirements, and must be current on all property taxes, mortgages and insurance. Existing mortgage(s) on the property must be current and in good standing for a minimum of 12 consecutive months immediately prior to the submission of an application. Both City and County property taxes on all real property owned by the applicant must be up to date. The delinquent date for a tax year is February 28 of the following year.

Applicants are not required to have insurance on their building in order to apply for the program. However, they must have insurance in place by loan closing. If the building is uninsurable, coverage must be obtained by final inspection. Coverage during construction can be obtained through the general contractor's builders risk policy.

## ■ Credit History

- While there is no minimum credit score, applicants are expected to have a credit history that shows a willingness to pay obligations. If an applicant's credit history demonstrates a disregard for meeting financial obligations, they will be referred to credit counseling. Upon verification of credit counseling completion, a written re-payment plan with creditors and 6 consecutive months of an established payment history, the application may be re-considered. An applicant who has had payment delinquencies in the past must have re-established credit with payments made as agreed for at least 6 consecutive months. Medical collections are not considered in the credit evaluation.
- Judgments and collections (*other than medical of any amount and service provider collections that are less than \$500.00*) that are reported on the applicant's credit report must be either paid in full or have written documentation of an ongoing re-payment plan. At least one payment must have been made.

- Judgments that have been recorded in the Register of Deed's office are a lien against the property and not allowed for the program. These liens must be paid in full before the application may be considered.
- Any bankruptcy by the applicant must have been discharged a minimum of 12 months prior to application and the applicant must have re-established credit.
- Alternative credit references may be required if the applicant has little or no credit on the credit report.

## ■ INELIGIBLE APPLICATIONS

An applicant may be ruled ineligible for the Façade Improvement Program if:

- The proposed project is not an eligible activity or does not meet a national objective of the Community Development Block Grant Program, HOME Program, or other federal funding in place for commercial façade improvement.
- Even if the needed repairs were made, the building would still be substandard due to the owner's inability to complete repairs that render the building safe, secure and stable.
- The applicant furnishes a false or fraudulent statement.
- The applicant or any member of the household has a history of illegal activity that impairs the physical or social environment of the neighborhood.
- The building owner, principal officer of an ownership corporation or members of their households have an ownership interest, direct or indirect, in tax delinquent real property.

## ■ Eligible Activities

Façade renovation activities must involve the general upgrading of a building's external appearance in compliance with the Design Guidelines and Design Review process. Examples of eligible activities are:

- Masonry repairs and tuckpointing
- Repair/replace/preserve historically significant architectural details
- Storefront reconstruction
- Cornice repair
- Exterior painting and stucco
- Awnings and canopies
- Window and door repair or replacement
- Permanent exterior signage integrated into the storefront design
- Permanent exterior lighting
- Repair/replacement of gutters and down spouts
- Façade building code items
- Visible roof repairs relating to the building's façade and known by Community Development staff before an application is submitted to the appropriate design review committee.
- Utility/trash enclosures
- Decking and stairs

- Side and rear building façades where improvements will serve to cause the removal of a blight designation

■ **Examples of activities that are not generally eligible:**

- Landscaping and fencing
- Non-visible roofing repair, roofing repair unknown by Community Development staff when an application is submitted to the appropriate design review committee, or roofing repair unrelated to the building's façade (e.g., structural improvements)
- Attached, hanging or projecting signs unrelated to the architecture of the building
- Mechanical equipment enclosures (non-visible)
- Parking lots
- Billboards
- Interior renovation
- Temporary, portable or non-permanent improvements
- New construction
- Property acquisition
- Expansion of building area
- Conversion of use
- Working capital
- Refinance of existing debt
- Payment of delinquent taxes
- Improvements in progress or completed prior to loan/grant approval
- Interior rehabilitation including modernization of electrical, mechanical, or structural elements. However, façade improvement funds may be used for façade improvements in conjunction with a separately financed rehabilitation project.
- Do not follow the approved architectural plans and designs for the façade renovation.
- Cannot demonstrate the ability to bear the entire cost of relocation and related expenses of residential or nonresidential tenants displaced as a result of project activities.
- Activities specifically prohibited by the program's funding source.

■ **Community Development Priorities**

Approval of applications will be considered based on strength of proposals and readiness to begin work, funding availability, and Community Development priorities. Proposals will be scored and selected by the Community Development Façade Improvement Committee based on the following priorities:

1. Projects supporting the overall goals of the City's Consolidated Plan
2. Projects improving economically distressed areas by eliminating blight, improving property values, creating and retaining jobs, and enhancing commercial viability.
3. Severely deteriorated buildings with negative impact on the community
4. Properties identified blighted as defined in applicable area redevelopment plan
5. Projects advancing disadvantaged business entities, defined as a minority-owned business, a woman-owned business, or a small business.
6. Properties with significant Codes Enforcement history
7. Prominent highly visible locations such as major intersections or locations on major arterials
8. Businesses located in pedestrian oriented business districts such as Broadway & Central
9. Vacant buildings being returned to active use
10. Buildings located in areas where other public investment is taking place
11. Projects that leverage maximum private investment
12. Building without residential occupancy



## ■ Design Guidelines

Eligible proposals will be required to follow design guidelines provided for this program. These guidelines are provided to assure appropriateness of the proposed work, to provide for compatibility with the affected building's original appearance and with other area buildings. For buildings not within an H-I overlay and not otherwise designated as historic, the design guidelines are provided to essentially “do no harm” to the possibility of a future historic designation. The current guidelines may be viewed at [www.knoxmpc.org](http://www.knoxmpc.org) under Plans and Studies.

In the case of buildings within an H-1 overlay or otherwise designated as historic, the façade improvements must meet all applicable historic preservation requirements in addition to the program's façade improvement design guidelines and program requirements.

## ■ Design Review Committees

Applications for properties not located in a designated historic zone will be considered by a Façade Design Review Committee. Applications for properties located in a designated historic zone will be considered by the Historic Zoning Commission and/or the Downtown Design Review Board. These committees will review applications to assure, through an equitable process, that an application meets all applicable design guidelines. Property owners are required to attend, or send a representative to attend, the committee meeting when their design is being reviewed.

## ■ Architectural Drawings and Specifications

Applicants will be required to include architectural drawings and specifications of the proposed façade improvements as part of their application. If assistance is needed with obtaining drawings, applicant may contact the Community Development Department. The City may reimburse the owner for architectural fees related to the creation of a detailed scope of work and stamped plans for façade-related improvements in an amount not to exceed \$3,000.00. Any architectural expense in excess of \$3,000.00 will be the sole responsibility of the applicant with consultation by the City.

## ■ Procurement

Once the design is approved, the owner agrees to solicit a minimum of five competitive bids to include Section 3 certified and disadvantaged business contractors for the rehabilitation work from general contractors licensed by the State of Tennessee. Bids must be solicited separately for the Façade Improvement Program eligible work. In cases where non-façade work is to be completed simultaneously with façade funded work, the owner may include the façade work in the scope for the entire project

providing that the façade portion is delineated separately. The City portion of façade funding will be based on the lowest bid for the façade portion. While the low bid is the standard for defining the City's contribution to the façade financing, the owner does have the option of choosing one of the other contractors that submitted bids, provided that the contractor can and will perform the defined scope of work at the low bid price. City staff will assist with the bidding process and the evaluation of bids. Eligible bids must be within 10% of the staff estimate. Contractors selected are required to take affirmative steps to encourage the use of minority and women-owned business enterprises when subcontracts are let. All contractors must be eligible to do work on federal contracts and must not be debarred or suspended.

### ■ **Architect and Contractor Registries**

The Community Development Department maintains a registry of qualified, licensed architects and contractors who are familiar with the Façade Improvement Program and have successfully worked on such projects in the past. These architects and contractors do not work for and are not employed by the City of Knoxville. The City does not recommend or suggest that these contractors or architects are better or more capable than other contractors or architects, but merely maintains the registry as a service to applicants. Applicants may only select architects and contractors from the corresponding registry unless they complete and submit an Architect/Contractor Preference Statement, available from the Community Development Department. The Architect/Contractor Preference Statement allows the applicant to use an architect or contractor of his or her own choosing, provided all program eligibility requirements are met. The applicant should submit this Architect/Contractor Preference Statement and all required accompanying documentation with the Façade Improvement Program Application.

### ■ **Temporary Relocation**

If temporary tenant relocation will be required for this project, contact the City for further guidance prior to submitting this application. For federally funded projects, the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 as amended will apply. Documentation of vacancy should be placed in the project file. In cases where the building is occupied by a tenant or owner, a notification letter should be addressed to the property owner and tenant stating that they will not be displaced from the building based on the scheduled rehabilitation. The letter should contain the following statement: "We urge you not to relocate your business. If you elect to relocate for reasons of your own choice, you will not be provided relocation assistance under this program."

### ■ **Financing Policies**

- Reimbursements – Progress payments will typically be on a reimbursement basis. The total reimbursement for all forms of façade improvement assistance will not exceed \$50,000 per building. Projects must be completed within 6 months after the start of construction, unless the City approves a longer timeline, which is at the City's sole discretion.

- Security and Loan Forgiveness - The façade improvement project loan will be secured by deed of trust on the real estate for the requisite term, which amount will be forgiven proportionally each year providing the property continues to be maintained in accordance with the program requirements, such as retention of ownership, maintenance of the façade, payment of all property taxes due, and maintaining property insurance with the City listed as mortgagee. In addition, full occupancy of the completed structure is a required condition for loan forgiveness. Upon receiving a certificate of occupancy for the building, the owner has 90 days to install tenants within the structure. Any vacancy beyond this 90-day period will cease all forgiveness of the loan until the building is fully occupied. However, at the City's discretion, the loan may continue to forgive for a second 90-day period if the owner shows proof of active and aggressive efforts to obtain tenants for the property. This second 90-day period will be calculated cumulatively over the entire term of the loan. Proof of efforts to obtain tenants includes invoices for advertising, copies of ads run and any other proof of active marketing of the property. After the second 90-day period has expired, all loan forgiveness will cease until the building is fully occupied, regardless of proof of active marketing. "Occupancy" refers to having an active business open to the public, or tenant in the case of mixed use properties. Use of the building for storage does not qualify as occupancy, with the exception of buildings marketed and licensed as retail storage facilities.
- Repayments - No repayments will be required if all terms are met.
- Default - A recipient will be considered in default and the balance of financial assistance immediately due and payable upon failure of the borrower to retain ownership of the property for the duration of the forgivable loan; failure to properly maintain the façade after improvements are completed; failure to maintain property insurance; delinquency in property taxes; or failure to operate in compliance with all applicable local, state, and federal codes, laws, and regulations.
- Remedies of Default - In the event of default, the City may exercise any combination of the remedies available to it with respect to the security agreement(s). The City may take whatever action at law, or in equity, as may appear necessary or desirable to collect any outstanding balance or to enforce the performance and observation of any other obligation or agreement of the recipient.

## ■ General Requirements

- All work must be done in accordance with the Design Guidelines; all applicable local, state and federal codes; and rules and regulations for the Community Development Block Grant program or any other applicable federal program. Any renovation work undertaken prior to the City's written authorization to begin construction is not eligible for assistance under the program. All renovation work undertaken in conjunction with the Façade Improvement Program that exceeds approved financial assistance will be borne by the applicant.
- All construction management will be the responsibility of the applicant. All work undertaken using CDBG and/or HOME funds are subject to the Davis-Bacon Act and Section 3 of the Fair Housing Act.
- Properties with residential components will be required to meet applicable lead-based paint abatement requirements.
- Each recipient will be responsible for all acquisition and relocation costs when displacement of residential or nonresidential tenants occurs as a result of the project, in accordance with the Federal Uniform Relocation Act. If temporary tenant relocation will be required for this project, contact the City for further guidance prior to submitting this application.

- All applicants will be required to demonstrate compliance with nondiscriminatory employment practices and Affirmative Action Programs under Title VI and Section 112 of the Civil Rights Act of 1964 and Public Law 92-65. Applicants are encouraged to utilize minority and women-owned business enterprises under this program.
- The City, the Department of Housing and Urban Development, the Comptroller General of the United States, or any duly authorized representatives, will have access to any books, documents, papers and records that are directly related to the program assistance for the purposes of monitoring, making audits, examination, excerpts, and transcripts. All records supporting the costs and components of program-assisted improvements will be maintained for a period not less than 5 years following completion of the program agreement period, agreement termination, or default, whichever shall first occur. No person who is an employee, agent, consultant, officer, appointed official, or elected official of the City of Knoxville who exercises or has exercised any functions or responsibilities with respect to CDBG activities, or is in a position to participate in a decision-making process, or gain inside information with regard to such activities, may obtain a personal or financial interest or benefit, or have interest in any program assistance, either for themselves or those with whom they have family or business ties, during their tenure or for one (1) year thereafter.
- Please contact the City of Knoxville Community Development Department at (865) 215-2120 with any questions or to obtain additional information about the Facade Improvement Program.

#### ■ **Other Complaint/Grievance**

If a Property owner has a complaint or grievance other than one that is related to the contractor and the work of the contractor, he or she must first contact the Community Development staff person with whom they have been working. If the staff person cannot or does not resolve the issue, the property owner should submit their complaint or grievance in writing to the Economic & Community Development Project Manager. The Economic & Community Development Manager will respond in writing to the complaint within 5 business days with specific answers. If the property owner remains dissatisfied, he or she may contact the Director of Community Development.

**Subordination**

Property owners who have a loan with the City of Knoxville’s Community Development Department may apply for a subordination agreement. Applications will be reviewed carefully and, approved or disapproved, on a case-by-case basis. Approval is not automatic. Generally, the City will subordinate only once over the life of the loan. The criteria listed below will be considered in arriving at a decision.

1. Subordination agreements will only be approved for the purpose of refinancing of an existing mortgage with better rates and/or terms. Cash out exceptions will be for loans needed to make improvements to the property.
2. Basic requirements for approval:
  - a. The property owner’s loan(s) with Community Development must be paid up-to-date or otherwise not in default.
  - b. Property taxes must be current and in compliance with the policy stated above.
  - c. Property owner must provide insurance coverage on the property with the City of Knoxville listed as additional insured.
  - d. The new loan must not affect the client’s ability to retain eligibility for their loan(s) to the City of Knoxville.

I have read and understand the Façade Improvement Policies and Procedures, for the City of Knoxville, revised March 15, 2015.

\_\_\_\_\_  
Signature of applicant and date

\_\_\_\_\_  
Printed name of applicant

\_\_\_\_\_  
Signature of witness and date

\_\_\_\_\_  
Printed name of witness



# CITY OF KNOXVILLE

**Façade Improvement Program  
Application Form  
City of Knoxville, Tennessee  
Community Development Department**

## **A. Applicant Information**

Owner Type (check one):    Individual(s)    Proprietorship    LLC    Corporation

Building Owner (s):

Social Security Number:

DUNS#:

Address:

City/State/Zip:

Phone:

Fax:

E-mail:

Contact Name (if different from above):

Address:

City/State/Zip:

Phone:

Fax:

E-mail:

## **B. Building Information**

Property Address:

Number of Buildings:

CLT#:

Current Usage:

Zoning:



**C. Current Indebtedness**

*Furnish information on BUILDING-RELATED debts, notes, and mortgages payable.*

Type	To Whom Payable	Original Amount	Original Date	Present Balance	Interest Rate	Maturity Date	Monthly Payment
1 <sup>st</sup> Mortgage Holder		\$		\$	%		\$
2 <sup>nd</sup> Mortgage Holder		\$		\$	%		\$
Other Building Lien		\$		\$	%		\$
Other Building Lien		\$		\$	%		\$
<b>Total</b>		\$	<b>Total</b>	\$		<b>Total</b>	\$

**D. Current Tenancy**

*Use additional sheets if necessary.*

Unit Number and Name	Type (retail, office, residential, etc.)	Current Rent	Will building renovations result in increased rent?			
			Yes	No	If yes, new rent=\$	/mo
		\$ /mo				
		\$ /mo				
<b>Total</b>		\$ /mo	<b>Total new rental income=\$</b>			

**E. Project Overview**

1. Describe in detail the proposed "project" being undertaken (e.g., awning replacement, cornice repair.) This narrative should describe the same project outlined by the financials. (Attach additional sheets if necessary.)

2. When will the project begin?

3. When will the project be completed?

4. Has any portion of the project been started yet? Yes No  
If yes, please describe.

*Note: Any portion of the project started prior to an agreement resulting from this application will not be eligible for assistance or count as match funding for this project.*

**F. Economic Development Overview**

**JOB CREATION/RETENTION**

❖ Upon completion of the project, will new jobs be created?    Yes    No  
If yes, how many and what are their classification?

\_\_\_\_\_

Will this project retain existing jobs?    Yes    No    If yes, how many and what are their classification?

\_\_\_\_\_

Will this project result in residential housing units.    Yes    No    If yes, how many? \_\_\_\_\_

Will any be affordable housing?    Yes    No    If yes, how many? \_\_\_\_\_

**ADDITIONAL INVESTMENT**

❖ Please describe any private investment committed to this project: \_\_\_\_\_

\_\_\_\_\_

Please describe complete scope of work that private investment will be applied to: \_\_\_\_\_

\_\_\_\_\_

In addition to Façade, what other investment is involved? \_\_\_\_\_

\_\_\_\_\_

**BUILDING LOCATION/CONDITION**

❖ Is this building previously vacant and being returned to use?    Yes    No

Is the property severely deteriorated with a negative impact on the community?    Yes    No

Is the property identified blighted?    Yes    No

Is the property in a priority redevelopment area?    Yes    No

Is this property in a prominent, highly visible location or located on a major arterial highway?    Yes    No

**DISADVANTAGED BUSINESS**

❖ Will this project advance disadvantaged businesses, defined as minority or woman owned business, or small business?    Yes    No    If yes, please explain: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Use Additional Pages if Necessary

**G. Proposed Financing**

*Note: Other sources of funding must be equal to or greater than 20% of the Façade Program Assistance amount.*

Source	Rate	Term	Type	Eligible Costs	Other Costs	Total Costs
Façade Program Assistance	0%		Term Loan	\$	N/A	%
Owner Cash Investment				\$	\$	\$
Bank				\$	\$	\$
Other				\$	\$	\$
Total				\$	\$	\$

**H. Attachments**

*Check if submitted. If not submitted, explain why in the space below, right.*

Yes    No	Drawings and specifications.	
Yes    No	Photographs of building.	
Yes    No	Letters of commitment (others involved in financing).	
Yes    No	Personal financial statements for each building owner.	

**Disclosure**

**By signing and submitting this application, the applicant hereby agrees to the following:**

1. Applicant agrees that the acceptance of this application does not commit the City to enter into an agreement, to pay any costs incurred in its preparation to participate in subsequent negotiations, or to contract for the project. Further, the acceptance of this application does not constitute an agreement by the City that any contract will be entered into by the City. The city expressly reserves the right to reject any or all applications or to request more information from the applicant.
2. The applicant also agrees that Façade Design Assistance will only be considered for the proposed project by the City if: 1) a façade design has been completed and is included with this application, and 2) bids or quotes for all proposed work were obtained and are included with this application.
3. Applicant hereby certifies that all information contained in this document and any attachments is true and correct to the best of the applicant's knowledge. Applicant also gives permission to the City of Knoxville to research the building's history, research the applicant's history, contact respective financial institutions, obtain credit reports and perform other related activities necessary for the reasonable evaluation of this proposal.

**Should assistance be provided applicant/borrower agrees:**

1. To comply with all applicable provisions of federal statutes and regulations concerning equal employment opportunities for persons engaged in rehabilitation work undertaken in connection with program assistance.
2. To keep such records as may be required by the City in connection with the work to be assisted.
3. To not discriminate upon the basis of race, color, sex, marital status, disability, religion or national origin in the sale, lease, rental, use or occupancy of the property to be assisted.
4. To allow no member of the governing body of the City of Knoxville and no employee of the City of Knoxville to have any interest, direct or indirect, in the proceeds of any loan or in any way contract entered into by the borrower for the performance of work financed, in whole or in part, with the proceeds of the loan.
5. That NO financial assistance will be provided if the project involves the permanent and involuntary displacement of tenants unless the applicant agrees to provide financial assistance to the tenants at levels consistent with the Federal Relocation and Real Property Acquisition Act, as amended. Such assistance granted will not, however, be counted in the private match requirement.

**In addition, the applicant is aware of the following:**

1. The assistance involves federal funds and requires compliance with federal guidelines, including Davis-Bacon Wage Rates, Handicapped Accessibility and Historic Preservation.
2. If assistance is given, an audit of the project may be required.
3. The applicant will be obligated to maintain the building improvements for a period equal to the terms of the loan.
4. Financial assistance will not be provided if property taxes or special assessments are in arrears.

***\*Please note that incomplete applications will not be considered for funding.***

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title (if applicant is a company representative)

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Date

**Applicant Submission**

**Submit completed application to:**

Ken McMahon  
Community Development Department  
City of Knoxville  
P.O. Box 1631  
400 Main Street  
Knoxville, TN 37901  
[kcmahon@cityofknoxville.org](mailto:kcmahon@cityofknoxville.org)

***For Questions regarding the application or program guidelines Call: (865) 215-2120 or Fax: (865-215-2962)***

**REQUEST FOR VERIFICATION OF MORTGAGE  
CITY OF KNOXVILLE  
COMMUNITY DEVELOPMENT DEPARTMENT**

Name, Address, and Zip Code of Applicant for Loan

Account No \_\_\_\_\_

Name, Address, and Zip Code of Mortgagee

Date of Request \_\_\_\_\_

Address of Mortgaged Property

**NOTE TO MORTGAGEE:** The applicant identified above has authorized this Agency to obtain verification of the status of existing mortgages on the above property. The requested information is required for us in connection with an application for financing through the City of Knoxville's Façade Improvement Program funded through the U.S. Department of Housing and Urban Development's Block Grant Program. The requested information in this verification is for the confidential use of this Agency and the U.S. Department of Housing and Urban Development. Please furnish the information requested below and return this form, using the stamped, addressed envelope provided.

<b>Mortgage Data</b>
----------------------

Financial Data

Date of Mortgage \_\_\_\_\_ Original Amount \$ \_\_\_\_\_ Date of Maturity \_\_\_\_\_ Present Balance \$ \_\_\_\_\_

Type of Mortgage: Conventional FHA VA

Are payments current? Yes No

If not current, state amount in arrears \$ \_\_\_\_\_

Monthly Payment To: \_\_\_\_\_

Principal & Interest: \_\_\_\_\_

Mortgage Insurance Premium: \_\_\_\_\_

Real Estate Taxes: \_\_\_\_\_

Fire Insurance: \_\_\_\_\_

TOTAL MONTHLY PAYMENT: \_\_\_\_\_

Other Remarks: \_\_\_\_\_  
\_\_\_\_\_

State the amount of termination fee or prepayment penalty payable upon full prepayment of the loan. \$ \_\_\_\_\_

Has the account been satisfactory: Yes No

Authorization by applicant: I authorize the mortgagee to furnish to the public body (identified in Financial Data) the mortgage above.

\_\_\_\_\_  
Date of Authorization

\_\_\_\_\_  
Signature

The above information is furnished in strict confidence in response to your request.

Name, Address, and Zip Code of agency to which form is to be returned:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

Community Development Department

Ken McMahan

P.O. Box 1631

Knoxville, TN 37901

[kmcmahan@cityofknoxville.org](mailto:kmcmahan@cityofknoxville.org)

\_\_\_\_\_  
Title