

RESOLUTION

A RESOLUTION AUTHORIZING THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA TO SUBMIT THE ECONOMIC IMPACT PLAN RELATED TO THE TAX INCREMENT FINANCING PROJECT BY EVERGREEN REAL ESTATE FOR THE EXTENSION OF M.L. KING BLVD. TO THE RIVERFRONT TO THE CHATTANOOGA CITY COUNCIL AND THE HAMILTON COUNTY COMMISSION FOR CONSIDERATION AND APPROVAL OF SAID ECONOMIC IMPACT STUDY.

BE IT RESOLVED, that the Industrial Development Board be and is hereby authorized to submit the Economic Impact Plan related to the Tax Increment Financing Project by Evergreen Real Estate for the extension of M.L. King Blvd. to the Riverfront to the Chattanooga City Council and the Hamilton County Commission for consideration and approval of said Economic Impact Study.

ADOPTED: January 8, 2018

THE INDUSTRIAL DEVELOPMENT
BOARD OF THE CITY OF CHATTANOOGA

Attest:

James A. Miller, *Chair*

Jimmy F. Rodgers, Jr., *Secretary*

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

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

I. Authority for Economic Impact Plan

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

II. The Project and Its Zoning

The project will be a four parcel multi-use project which includes significant public roadway/infrastructure upgrades to Martin Luther King, Jr. Blvd. (“M.L.K Blvd.”) as well as retail/restaurants, medical offices and a residential area component which includes housing for individuals of low or moderate incomes as determined by the IDB (approximately 36 units). The parcels are currently zoned C3, which allows this use. The C3 zone is designated for maximum efficient density and diversity of commercial, government and service enterprises in the downtown area. The project will be located on approximately 9.5 acres, as reflected in the attached exhibits, and specifically the boundary map and legal description, on parcels: 135N A 002 (Evergreen Real Estate), 135N A 003 (Newton Chevrolet Inc.), 135N A 003.01 (Newton Chevrolet Inc.), and 135 NA 007.01 (Newton Chevrolet Inc.). The “Project Site” is located adjacent to the Tennessee River, M.L.K. Blvd. and Riverfront Parkway, in close proximity to the Blue Goose Hollow Landing. The Project Site, the medical office buildings to be improved and constructed thereon, the restaurants/retail uses, the public infrastructure improvements that benefit the City as a whole and the multi-family housing provided for low or moderate income individuals are herein referred to collectively as “Project.” In order to make the Project financially feasible, the Industrial Development Board of the City of Chattanooga intends, subject to the approval of the City Commission and the County Commission, to engage in tax increment financing pursuant to Title 7, Chapter 53 of Tennessee Code Annotated to provide funds to pay a portion of the cost of acquiring the Project Site, constructing the public infrastructure improvements and constructing the medical office buildings and the multi-family housing for individuals of low or moderate income. The proceeds of the tax increment financing would be used exclusively to pay all or a portion of the cost of acquiring and developing the

“Project.” The Project is an eligible project within the meaning of Tenn. Code Ann. § 7-53-101(15)(A)(ii),(iv) and (x).

III. Boundaries of Plan Area

The Project is located in downtown Chattanooga adjacent to the Tennessee River and M.L.K. Blvd. in an area that is quickly redeveloping. The area that would be subject to this Economic Impact Plan, and to the tax increment financing provisions described below, includes the Project Site and property that will directly benefit from the development of the Project. The Plan Area generally includes the following tax parcels: 135N A 002, 135N A 003, 135N A 003.01, and 125 NA 007.01. The area that will be subject to this Plan is shown on **Exhibit A** attached hereto and a list of the tax parcels included in the Plan Area is shown on **Exhibit B** attached hereto. Likewise, the legal description is attached hereto as **Exhibit C**. In the event of any conflict between the general description of the Plan Area described in this paragraph and Exhibits A, B, and C, said Exhibits shall control. The Plan Area is hereby declared to be subject to this Economic Impact Plan, and the Project is hereby identified as the project that will be located within the Plan Area.

IV. Financial Assistance to Project

The Board will provide financial assistance to the Project by applying the proceeds of the tax increment financing described herein to pay all or a portion of the cost of acquiring and improving the Project.

The maximum amount that will be available by the Board for such financial assistance shall be \$4.5 million plus carried interest, reserve accounts, fees and expenses, and the projected total cost of the TIF is provided in the attached **Exhibit D** and also included as **Exhibit E** are the anticipated costs of the Project that will be funded by these TIF funds.

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

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

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

The City of Chattanooga (“the City”) and Hamilton County (“County”) stand to benefit in many ways from the Project. A description of these benefits is more fully set forth in the attached Economic Impact Study, identified as **Exhibit F**, which estimates a total economic impact of \$247 million dollars over a 15 year period.

The Project forecasts the addition of an approximately \$44.9 million dollar facility to the property tax rolls. After a period of tax increment financing, the addition to the tax base is expected to generate approximately \$385,116 annually in local tax dollars per year.

Furthermore, the Project will directly create approximately 89 jobs and these jobs will result in an addition of over \$2.9 million dollars in wages annually. This economic growth will not be limited to the Plan Area. Instead, the economic growth will extend to the surrounding community.

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

VII. Distribution of Property Taxes and Tax Increment Financing

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

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

2. 60% of the excess of real and personal property taxes over the Base Tax Amount shall be, as collected, paid into a separate fund of the Board, created to hold such payments until the tax proceeds in the fund are to be applied to pay the loan that is procured by the Developer and is specifically used to pay for the costs of acquiring the Project Site and improving the Project.

B. **TIF Obligations.** In order to pay for all or a portion of the costs of acquiring the Project Site and developing the Project, the Board intends to use the TIF Revenues to pay debt service on obligations incurred to finance such costs. This tax increment financing will be structured as follows:

1. The Developer will borrow not to exceed \$4.5 million dollars plus carried interest, reserve accounts, fees and expenses from Pinnacle Financial. The Board shall pledge any and all TIF Revenues allocated to the Board pursuant to this Economic Impact Plan to the payment of such notes or other obligations.

2. The proceeds of the obligations shall be used to pay all or a portion of the costs of acquiring the Project Site and improving the Project, together with expenses of the Board 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 two (2) years from the date of completion of the Project.

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

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

VIII. Approval Process

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

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

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

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

D. **Plan Review Committee.** The IDB Plan Review Committee will review the Economic Impact Plan, the application process to date, and the Resolution of Intent. The

Committee will advise the IDB whether the Economic Impact Plan is qualified to be considered for submission to City Council for approval.

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

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

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

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

EXHIBITS

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

Exhibit A



M.L.K. BOULEVARD EXTENSION | SITE PLAN

Exhibit B

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

Exhibit C: Legal Description of Plan Area

CLEMONS SURVEYING

Land Surveyors - Tennessee, Georgia, Alabama
300 Duggan Road
Jasper, TN 37347
Prepared by Samuel W. Clemons, Sr. TN RLS 1639

Telephone (423)942-5001
Mobile (423) 314-4569
Email: samclemons@charter.net

Dec. 13, 2017

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

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

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

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

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

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

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

IN THE CITY OF CHATTANOOGA, HAMILTON COUNTY, TENNESSEE:

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

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

IN THE CITY OF CHATTANOOGA, HAMILTON COUNTY, TENNESSEE:

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

Exhibit D:

Total TIF Costs:

TIF Costs	
Road Land Acquisition & Loss of Units to Development	2,000,000
Investment Into Project	500,000
Interest Expense - 3 years	300,000
Closing Costs	50,000
Legal Costs	50,000
Fulton Road Improvements	200,000
Intersection Improvement	100,000
MLK Extension, Sidewalks, Bike Lane, Onstreet Parking	800,000
SUBTOTAL	4,000,000

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

Exhibit E:

Total Project Costs:

Total Project Budget	Apartments	Medical Office	Restaurant	Exchange Mixed Use	Total	
Budget						
Land Acquisition	2,450,000	1,300,000	-	1,800,000	5,550,000	11%
Site Development	1,050,000	750,000	500,000	1,075,044	3,375,044	7%
Public Improvement*	4,000,000	-			4,000,000	8%
Building Costs	16,903,745	6,000,000	600,000	10,267,046	33,770,791	67%
Soft Costs	1,625,691	450,000	150,000	1,524,784	3,750,475	7%
Total	26,029,436	8,500,000	1,250,000	14,666,874	50,446,310	100%
Sources						
Owner's Equity	4,029,436	2,550,000	650,000	2,911,873	10,141,309	20%
Construction Loan	18,000,000	5,950,000	600,000	11,755,000	36,305,000	72%
Mezzanine					-	
Tax Increment	4,000,000				4,000,000	8%
Other						
Total	26,029,436	8,500,000	1,250,000	14,666,874	50,446,310	
*Includes Land Acquisition for Public Roads						

Exhibit F.

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

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

November 2017



97 Directors Row, Suite 100 • Jackson, TN 38306

2157 Madison Ave • Memphis, TN 38104

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

Introduction

The developers of a mixed-used commercial and residential development are applying for a Tax Increment Financing (TIF) District for the project. The developers are requesting a 15-year TIF agreement with 60% of the city and county tax increment going to fund the project and 40% going to the city and county. In this draft, phasing for the development has not been identified, so all operations and tax revenues are based on a full 15 years for all components of the development.

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

Methodology

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

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

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

Impact Definitions

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

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

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

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

One-Time Impact from Construction

The total construction cost of the residential and commercial development is projected to be \$44.9 million. For the purposes of the impact analysis, the projected cost of the land is not included. The construction will have a one-time impact on Chattanooga/Hamilton County economy of \$78.6 million over the course of the construction period. This activity will support 413 jobs in the local economy and generate \$308,849 in local tax revenues.

Table 1: One-Time Impact	
Investment	\$44,896,310
Economic Impact	\$78,550,584
Jobs Supported During Construction Period	413
Wages	\$20,256,411
Local Tax Revenue Generated from Capital Investment and Wages	\$308,849

Annual Economic Impact from Operations

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

The business revenue generated by the new operations is projected to have an economic impact of \$11.3 million per year. When the development is complete, these new operations will generate \$385,116 per year in local tax revenues after excluding the funds allocated to the TIF.

The total number of jobs supported directly and indirectly by these operations when operating at full capacity is projected to be 89. Based on the Hamilton County annual average wage for the specific types of operations indicated by the developers, these jobs will generate \$3 million in new wages annually.

Table II below summarizes the annual impact from operations.

Table II: Annual Impact from Operations	Total Economic Impact	Jobs Direct Indirect Induced	Wages
Restaurant	\$2,868,320	29	\$511,821
Commercial Office Space*	\$922,020	14	\$678,286
Residential Complex	\$3,090,242	16	\$718,496
Exchange – Residential Units	\$1,939,985	10	\$449,060
Exchange – Retail	\$2,469,389	20	\$629,420
Total	\$11,289,956	89	\$2,987,083

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

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

Table III: Summary of Annual Local Taxes for Chattanooga/Hamilton County	
Sales Tax	\$100,823
Other Local Taxes and Fees	\$12,006
Property Tax (Indirect)	\$130,066
Property Tax (Direct, after TIF Allocation)	\$142,221
Total Local Taxes	\$385,116

Benefit-Cost Ratio

For Chattanooga and Hamilton County, the Benefit to Cost Ratio for the funds allocated to the TIF is projected to be \$1.63 to \$1 over 15 years. This indicates that for every dollar designated for TIF district improvements, the city and county receive \$1.63 in new tax revenue. The benefit to cost ratio is based on local tax revenue only and does not consider any State or Federal taxes that would be apportioned to Chattanooga/Hamilton County.

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

Development Type	Annual Impact from Operations							Total Local Taxes
	Total Economic Impact	Total Jobs (Direct, Indirect & Multiplier)	Annual Wages	Local Sales Tax (Direct & Indirect)	Local Other Taxes	Indirect Property Tax	Direct Property Tax (City & County)	
Restaurant	\$ 2,869,320	29	\$ 511,821	\$ 41,746	\$ 2,057	\$ 42,361	\$ 137,775	\$ 223,559
Office	\$ 922,000	14	\$ 678,288	\$ 7,615	\$ 2,778	\$ 79,480		\$ 30,851
Residential	\$ 3,090,242	16	\$ 718,485	\$ 8,087	\$ 2,888	\$ 23,363	Included above	\$ 98,328
Exchange - Residential	\$ 1,938,985	10	\$ 445,050	\$ 5,042	\$ 1,805	\$ 14,614		\$ 21,751
Exchange - Retail	\$ 2,499,969	21	\$ 629,420	\$ 38,353	\$ 2,550	\$ 29,228		\$ 78,114
Total	\$ 11,298,856	89	\$ 2,982,983	\$ 96,623	\$ 12,888	\$ 138,066	\$ 137,775	\$ 469,809

One-Time Impact from Construction							Total Local Taxes
Total Economic Impact	Total Jobs (Direct, Indirect & Multiplier)	Annual Wages	Local Sales Tax	Local Other Taxes	Indirect Property Tax	Direct Property Tax (City & County)	
All Entities	\$ 78,550,594	413	\$ 20,258,411	\$ 651,495	\$ 81,428	N/A	\$ 742,916

15-Year Impact from Ongoing Operations, Plus One-Time Construction Impact							Total Local Taxes
Total Economic Impact	Total Jobs (Direct, Indirect & Multiplier)	Annual Wages	Local Sales Tax	Local Other Taxes	Indirect Property Tax	Direct Property Tax (City & County)	
All Entities	\$ 247,888,524	89	\$ 65,002,656	\$ 2,143,841	\$ 281,518	\$ 1,950,930	\$ 2,086,625
Total Taxes Designated to TIF During the 15-Year Period:							\$ 4,431,150
Net Present Value of Taxes Designated to TIF:							\$ 3,284,483

Benefit/Cost Ratio (Ratio of Taxes Designated to TIF to Local Taxes Generated From Operations) 1.81

12/20/2017

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

One Time Impact from Construction	
Building - Real Property *	\$ 44,896,310
Final Demand Output Multiplier ¹	1.7498
Economic Impact	\$ 78,550,584
Sales Tax Revenue from Capital Investment ²	\$ 404,067
Final Demand Employment Multiplier ³	9.189
Direct/Indirect Jobs Supported During Construction Period**	413
Hamilton County Annual Average Wage - All Industries ⁴	\$ 49,047
Wages Paid to Direct/Indirect/Induced Jobs	\$ 20,256,411
Sales Tax Revenue from Wages ⁵	\$ 227,428
Other Tax Revenue from Wages ⁶	\$ 81,420
Total Tax Revenue from Wages Paid During Construction Period	\$ 308,848

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

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

Annual Impact of Operations - Restaurant	
Total Square Footage*	4,000
Average Sales Per Square Foot ⁷	\$ 400
Total Annual Revenue	\$ 1,600,000
Direct Local Sales Tax Generated from Operation (2.25%)	\$ 36,000
Final Demand Output Multiplier ⁸	1.7927
Total Economic Impact from Operations	2,868,320
Final Demand Employment Multiplier ⁸	18.2383
Total Employment Supported from Operations- Direct/Indirect/Induced	29
Hamilton County Annual Average Wage ¹⁰	\$ 17,649
Total Wages - Direct/Indirect/Induced	\$ 511,821
Sales Tax Revenue from Wages ⁶ (Indirect)	\$ 5,746
Other Tax Revenue ⁹	\$ 2,057
Residential/Commercial Property Tax Revenue ¹¹	\$ 42,361
Total Tax Revenue - from Operations & Wages	\$ 86,184

*Projection provided by the developer.

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

Annual Impact of Operations - Office Space	
Total Square Footage ⁴	30,000
Average Rent Per Square Foot ¹²	\$ 20
Total Annual Revenue	\$ 600,000
Final Demand Output Multiplier ¹³	1.5367
Total Economic Impact from Rental Revenue	922,020
Final Demand Employment Multiplier ¹⁴	15.1173
Total Employment - Direct/Indirect/Induced	14
Hamilton County Annual Average Wage ¹⁶	\$ 46,449
Total Wages - Direct/Indirect/Induced	\$ 678,286
Sales Tax Revenue from Wages⁸(indirect)	\$ 7,615
Other Tax Revenue⁸	\$ 2,728
Residential/Commercial Property Tax Revenue¹¹	\$ 20,460
Total Tax Revenue - from Operations & Wages	\$ 30,801

**Projection provided by the developer.*

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

Annual Impact of Operations - Residential	
Units*	180
Monthly Rental Rates ¹⁰	\$ 980
Projected Occupancy Rate	95%
Projected Annual Revenue	\$ 2,010,960
Final Demand Output Multiplier ¹³	1.5367
Economic Impact from Rental Revenue	\$ 3,090,242
Final Demand Employment Multiplier ¹⁷	8.1487
Total Employment Supported from Operations- Direct/Indirect/Induced	16
Hamilton County Annual Average Wage ¹⁸	\$ 44,906
Total Wages - Direct/Indirect/Induced	\$ 718,496
Sales Tax Revenue from Wages ⁵ (Indirect)	\$ 8,067
Other Tax Revenue ³	\$ 2,888
Residential/Commercial Property Tax Revenue ¹¹	\$ 23,383
Total Tax Revenue - from Operations & Wages	\$ 34,338

*PROJECTIONS PROVIDED BY THE DEVELOPER.

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

Annual Impact of Operations - Exchange Residential Complex	
Units*	113
Monthly Rental Rates ¹⁶	\$ 980
Projected Occupancy Rate	95%
Projected Annual Revenue	\$ 1,282,436
Final Demand Output Multiplier ¹³	1.5367
Economic Impact from Rental Revenue	\$ 1,939,985
Final Demand Employment Multiplier ¹⁷	8.1487
Total Employment Supported from Operations- Direct/Indirect/Induced	10
Hamilton County Annual Average Wage ¹⁶	\$ 44,906
Total Wages - Direct/Indirect/Induced	\$ 449,060
Sales Tax Revenue from Wages ⁸ (Indirect)	\$ 5,122
Other Tax Revenue ⁹	\$ 1,805
Residential/Commercial Property Tax Revenue ¹¹	\$ 14,814
Total Tax Revenue - from Operations & Wages	\$ 21,461

¹Projection provided by the developer.

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

Annual Impact of Operations - Exchange Retail Space	
Total Square Footage ⁶	4,500
Average Sales Per Square Foot ⁷	\$ 309
Total Annual Revenue	\$ 1,390,500
Direct Local Sales Tax Generated from Operation (2.25%)	\$ 31,286
Final Demand Output Multiplier ¹⁹	1.7759
Total Economic Impact from Retail Operations	2,469,389
Final Demand Employment Multiplier ²⁰	14.7345
Total Employment Supported from Operations- Direct/Indirect/Induced	20
Hamilton County Annual Average Wage ²¹	\$ 31,471
Total Wages - Direct/Indirect/Induced	\$ 629,420
Sales Tax Revenue from Wages ⁸ (indirect)	\$ 7,067
Other Tax Revenue ⁹	\$ 2,530
Residential/Commercial Property Tax Revenue ¹¹	\$ 29,228
Total Tax Revenue - from Operations & Wages	\$ 70,111

**Projection provided by the developer*

City of Chattanooga, Hamilton County Riverfront TIF District

Project:

Total Investment: (includes land acquisition)
 85% of Investment Assumed for Appraised Value:
 Estimated Assessed Value of Mixed-Use Development (40% Basis)

Current Assessed Value of Parcels in Mixed-Use Development

Real Property Incremental Assessed Value Included in TIF:

Total Development

\$	50,446,310
\$	42,878,384
\$	17,161,748
\$	2,131,880
\$	15,819,886

Hamilton County Tax Schedule

Millage County Tax Rate: 12.7662	Real Property					Taxes Paid to Hamilton County
	Full Taxes	Taxes Allocated to Debt Service (\$1,422)	Taxes Allocated to Schools (\$1,253)	Remaining Funds	Funds Allocated to Project After Debt Service & Schedule	
Assessed Value	\$ 15,019,866	10.8%	45.2%		8%	
Year 1	\$ 415,328	\$ 77,251	\$ 187,728	\$ 150,349	\$ 60,208	\$ 60,140
Year 2	\$ 415,328	\$ 77,251	\$ 187,728	\$ 150,349	\$ 90,208	\$ 60,140
Year 3	\$ 415,328	\$ 77,251	\$ 187,728	\$ 150,349	\$ 60,208	\$ 60,140
Year 4	\$ 415,328	\$ 77,251	\$ 187,728	\$ 150,349	\$ 90,208	\$ 60,140
Year 5	\$ 415,328	\$ 77,251	\$ 187,728	\$ 150,349	\$ 90,208	\$ 60,140
Year 6	\$ 415,328	\$ 77,251	\$ 187,728	\$ 150,349	\$ 90,208	\$ 60,140
Year 7	\$ 415,328	\$ 77,251	\$ 187,728	\$ 150,349	\$ 90,208	\$ 60,140
Year 8	\$ 415,328	\$ 77,251	\$ 187,728	\$ 150,349	\$ 90,208	\$ 60,140
Year 9	\$ 415,328	\$ 77,251	\$ 187,728	\$ 150,349	\$ 90,208	\$ 60,140
Year 10	\$ 415,328	\$ 77,251	\$ 187,728	\$ 150,349	\$ 90,208	\$ 60,140
Year 11	\$ 415,328	\$ 77,251	\$ 187,728	\$ 150,349	\$ 90,208	\$ 60,140
Year 12	\$ 415,328	\$ 77,251	\$ 187,728	\$ 150,349	\$ 90,208	\$ 60,140
Year 13	\$ 415,328	\$ 77,251	\$ 187,728	\$ 150,349	\$ 90,208	\$ 60,140
Year 14	\$ 415,328	\$ 77,251	\$ 187,728	\$ 150,349	\$ 90,208	\$ 60,140
Year 15	\$ 415,328	\$ 77,251	\$ 187,728	\$ 150,349	\$ 90,208	\$ 60,140
Total	\$ 6,229,936	\$ 1,168,746	\$ 2,815,935	\$ 2,355,235	\$ 1,353,135	\$ 892,108
			Net Present Value	\$1,002,879		

Chattanooga Tax Schedule

City of Chattanooga Tax Rate: \$2.2176	Real Property				Taxes Paid to City of Chattanooga
	Full Taxes	Taxes Allocated to Debt Service (\$1,364)	Remaining Funds	Funds Allocated to Project After Debt Service	
Assessed Value	\$ 15,019,866	17.5%		8%	
Year 1	\$ 342,002	\$ 59,166	\$ 282,836	\$ 205,201	\$ 77,635
Year 2	\$ 342,002	\$ 59,166	\$ 282,836	\$ 205,201	\$ 77,635
Year 3	\$ 342,002	\$ 59,166	\$ 282,836	\$ 205,201	\$ 77,635
Year 4	\$ 342,002	\$ 59,166	\$ 282,836	\$ 205,201	\$ 77,635
Year 5	\$ 342,002	\$ 59,166	\$ 282,836	\$ 205,201	\$ 77,635
Year 6	\$ 342,002	\$ 59,166	\$ 282,836	\$ 205,201	\$ 77,635
Year 7	\$ 342,002	\$ 59,166	\$ 282,836	\$ 205,201	\$ 77,635
Year 8	\$ 342,002	\$ 59,166	\$ 282,836	\$ 205,201	\$ 77,635
Year 9	\$ 342,002	\$ 59,166	\$ 282,836	\$ 205,201	\$ 77,635
Year 10	\$ 342,002	\$ 59,166	\$ 282,836	\$ 205,201	\$ 77,635
Year 11	\$ 342,002	\$ 59,166	\$ 282,836	\$ 205,201	\$ 77,635
Year 12	\$ 342,002	\$ 59,166	\$ 282,836	\$ 205,201	\$ 77,635
Year 13	\$ 342,002	\$ 59,166	\$ 282,836	\$ 205,201	\$ 77,635
Year 14	\$ 342,002	\$ 59,166	\$ 282,836	\$ 205,201	\$ 77,635
Year 15	\$ 342,002	\$ 59,166	\$ 282,836	\$ 205,201	\$ 77,635
Total	\$ 6,139,036	\$ 887,480	\$ 4,242,540	\$ 3,078,015	\$ 1,164,325
			Net Present Value	\$2,281,504	

Total Taxes Designated to Hamilton County Debt Service:	\$ 1,168,748
Total Taxes Designated to Schools:	\$ 2,815,938
Total Taxes Paid to Hamilton County:	\$ 892,160
Total Taxes Designated to City of Chattanooga Debt Service:	\$ 887,480
Total Taxes Paid to City Chattanooga:	\$ 1,164,325
Total Taxes Designated to TIF:	\$ 4,431,188
Net Present Value of Taxes Designated to TIF:	\$ 3,286,488

The discount rate for NPV calculation is 4%