



Chattanooga Council

1000 Lindsay Street

Chattanooga, Tennessee 37402

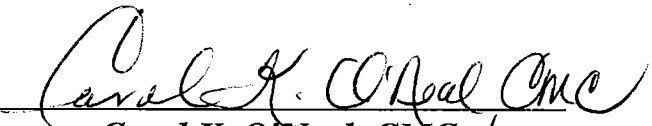
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CAROL K. O'NEAL, CMC
Clerk of the Council

I. SHIRLEY CROWNOVER
Assistant Clerk of the Council

NOTICE OF CERTIFICATION

I, CAROL K. O'NEAL, CMC, Clerk of the City Council of Chattanooga, Tennessee, and as such keeper of the records of the City Council of said City, do hereby certify that the foregoing is a true, compared and correct copy of Resolution No. 23253 adopted at the City Council meeting of January 8, 2002.


Carol K. O'Neal, CMC
Clerk of the City Council
City of Chattanooga, Tennessee

WITNESS my hand and the Seal of the City of Chattanooga,
Tennessee on this 7th day of February, 2002.

RESOLUTION NO. 23253

A RESOLUTION TO MAKE CERTAIN FINDINGS RELATING TO THE GRANTING OF INCENTIVES TO DEVELOP HOUSING IN DOWNTOWN CHATTANOOGA; TO DELEGATE CERTAIN AUTHORITY TO THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA, THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE CITY OF CHATTANOOGA, TENNESSEE, AND THE INDUSTRIAL DEVELOPMENT BOARD OF THE COUNTY OF HAMILTON, TENNESSEE (THE "BOND BOARDS"); TO ADOPT A PROGRAM FOR DOWNTOWN HOUSING DEVELOPMENT; TO AUTHORIZE THE MAYOR OF THE CITY OF CHATTANOOGA TO ENTER INTO AGREEMENTS FOR PAYMENTS IN LIEU OF AD VALOREM TAXES MEETING THE CRITERIA OF SAID PROGRAM AND TO PROVIDE FOR A TERMINATION OF THIS INCENTIVE PROGRAM IN TEN (10) YEARS.

WHEREAS, pursuant to Tennessee Code Annotated, Sections 7-53-305(b) and 48-101-312(b), the City of Chattanooga (the "City") is permitted to delegate to The Industrial Development Board of the City of Chattanooga; The Health, Educational and Housing Facility Board of the City of Chattanooga, Tennessee; and The Industrial Development Board of the County of Hamilton, Tennessee (the "Bond Boards"), the authority to negotiate and accept payments in lieu of ad valorem taxes ("PILOTS") from lessees of the respective Bond Boards upon a finding by the City that such payments are deemed to be in furtherance of the respective Bond Boards' public purposes; and,

WHEREAS, the City wishes to encourage the development of housing in the downtown Chattanooga area; and

WHEREAS, the City has determined that PILOTS from developers of downtown housing would be in furtherance of the Bond Boards' respective public purposes as set forth within Chapter 53 of Title 7 and Part 3 of Chapter 101 of Title 48 of the Tennessee Code Annotated;

WHEREAS, the City wishes to set forth the criteria that must be met by developers of downtown housing facilities in order for them to qualify for PILOT treatment at various levels; and

WHEREAS, the City also would like to encourage the development of single family housing in the downtown Chattanooga area;

NOW, THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CHATTANOOGA, TENNESSEE:

1. That we do hereby find that the development of all types of downtown housing is in the best interest of the City of Chattanooga and Hamilton County, and that PILOTS derived therefrom would be in furtherance of the respective public purposes of each of the Bond Boards; and,

2. That, having made such findings, we do hereby delegate to each of the Bond Boards the authority to negotiate and accept PILOTS from developers of housing in downtown Chattanooga pursuant to the terms of the attached Program for Downtown Housing Development (the "Program"); and,

3. That the Mayor of the City of Chattanooga is hereby authorized to enter into Agreements for Payments In Lieu Of Ad Valorem Taxes that meet the criteria of the

Program; and,

4. That this Resolution shall be effective for only ten (10) years from its passage, at which time it shall terminate and be of no further force or effect, unless extended by action of this Council.

5. That the City will use its best efforts to develop a mechanism to make similar incentives available to encourage single family housing in the downtown Chattanooga area.

ADOPTED: January 8, 2002

RLN/cjc/pm

Program for Downtown Housing Development
in the City of Chattanooga and Hamilton County, Tennessee

This Program for Downtown Housing Development (the “Program”) has been approved by the Chattanooga City Council and the Hamilton County Commission in order to provide material incentives for the development of all types of housing within downtown Chattanooga. Proposed housing projects will be evaluated based upon the criteria of the Program and may qualify for a complete or partial freeze on property taxes for a number of years that will vary depending upon the factors described below.

This tax incentive is possible only if title to the housing development is transferred to one of the three bond boards that exist in Hamilton County: The Industrial Development Board of the City of Chattanooga; The Health, Educational and Housing Facility Board of the City of Chattanooga, Tennessee; or The Industrial Development Board of the County of Hamilton, Tennessee (collectively the “Bond Boards”). The reason that this must be done is that under Tennessee law no reductions or freezes of property taxes may be given to private individuals or entities. If, however, title to property is transferred to a governmental entity, like one of the Bond Boards, then the governmental entity’s interest in property is not subject to ad valorem property taxation. Pursuant to this Program, if the property meets the required criteria, then the tenant of the respective Bond Board must agree to make payments in lieu of tax (“PILOTS”) in amounts that are less than the tax that would have been due on the property if it were privately owned. The PILOT program will have the effect of completely or partially freezing the property

taxes of the project for the prescribed number of years.

The approval process for projects will consist of the filing of an application with any one of the Bond Boards, a written notice to the Mayor of the City of Chattanooga and the City Council and the Hamilton County Executive and the Hamilton County Commission and the passage of a 14-day period during which the Mayor or a majority of the City Council or the County Executive or a majority of the Hamilton County Commission may veto the application.

The mechanics of the Program are described below. Capitalized terms are defined in a definitional section at the end of this document:

1. Basic Requirements. In order to qualify for the incentives of the Program, a housing development must be located within the Downtown and must qualify as a “project” under the state legislation under which the respective Bond Board was incorporated. Both existing housing is to be rehabilitated and new housing construction are eligible for the Program. All qualifying projects must comply with all applicable zoning, land use and building code requirements of the City of Chattanooga.

2. 60% Improvement Requirement. The value of all new construction, building renovation, and site improvements must be equal to at least 60% of the value of the property prior to the making of any improvements.

3. Terms of PILOT Freeze Period and PILOT Phase-In Period. The PILOT Freeze Period for each project shall be ten (10) years, plus two (2) additional years if the project involves the rehabilitation of an existing building and two (2) more years if the rehabilitation is a Certified Historic Rehabilitation. In addition to and after the PILOT Freeze Period, qualifying projects shall have the benefit of a PILOT Phase-In Period of four (4) years during which the

following percentages shall be applied to phase the property into full taxation:

<u>Year</u>	<u>Percentage</u>
1	20%
2	40%
3	60%
4	80%

4. Other Requirements: The following additional requirements shall apply to the Program:

- (a) Applications must be made on a written form to be promulgated by the respective Bond Board.
- (b) Any development project that is under construction after April 1, 2001, will be eligible to apply for a PILOT tax abatement. After September 1, 2001, an applicant must apply for a PILOT Freeze before commencement of construction or rehabilitation of a project.
- (c) An applicant must own the subject property or have an enforceable option to purchase the property before applying.
- (d) An applicant whose application for a PILOT Freeze is approved shall have one year from the date of approval to close a PILOT Lease. If this schedule is not met, the applicant must re-submit an application and pay an additional fee of \$1,000.
- (e) If property subject to a PILOT Lease has been unoccupied for a period of two years, the PILOT Lease will be terminated, and the property will be returned to private ownership and full property taxation.
- (f) PILOT Freezes may not be assigned without the prior written approval of the respective Bond Board.
- (g) Upon completion of any project qualifying for a PILOT Freeze, the project shall be reviewed by the respective Bond Board to determine if it was completed substantially in accordance with the representations set forth in the application. If appropriate, the term of the PILOT Freeze will be reduced by action of the Bond Board.
- (h) This program will not apply to extended stay hotels.

5. Review by Mayor and the City Council and County Executive and the Hamilton County Commission: When a PILOT Freeze has been approved by a Bond Board, a written notice shall be sent to the Mayor of the City of Chattanooga and the City Council and the Hamilton County Executive and the Hamilton County Commission, informing each of them of the precise terms of the PILOT Freeze. The Mayor and the City Council and the County Executive and the Hamilton County Commission shall each have 14 days from the date of their receipt of such notice within which to review the terms of the PILOT Freeze. If before the passage of said 14-day period either the Mayor or a majority of the City Council or the County Executive or a majority of the Hamilton County Commission feels in his or her sole discretion that the PILOT Freeze is not in the best interests of the citizens of the City or County, then he or she shall notify the Bond Board in writing of the exercise of a veto against the PILOT Freeze, in which case the Bond Board shall not proceed further to put such PILOT Freeze into effect.

6. Closing Fee: Any developer who applies for and receives a PILOT Freeze shall pay to the Bond Board a closing fee equal to 1% of the estimated new investment in the project, as set forth in good faith on the project application. Fees collected by the Bond Board shall be used to cover the costs of publicizing and administering this Program.

7. Definitions:

“*Downtown*” means that part of the City of Chattanooga more particularly described as follows:

Northern Boundary – Starting at US 27 and Manufacturers Road moving east on Manufacturers Road (taking in all property fronting on Manufacturers Road north and south) to Cherokee Boulevard going east to Frazier Avenue including properties on the south of Cherokee between Manufacturers Road and Frazier Avenue and on the north of Cherokee Boulevard that also have Market Street frontage. Moving to Frazier Avenue (taking in all property fronting on Frazier

Avenue north and south) and including property bounded by Frazier, Tremont and Tampa, then east to the Veterans Bridge.

Eastern Boundary – Moving south on Veterans Bridge to Amnicola Highway going east (taking in all property to the south of Amnicola Highway) to Lindsay. Turning south on Lindsay Street (taking in all property fronting on the east and west sides of Lindsay Street) to M. L. King Blvd.

Turning east on M.L. King Blvd (taking in the south side of ML King Blvd) to Houston Street. Turning south on Houston (taking in the west side of Houston) to 11th Street. Going east on 11th Street (taking in the south side of 11th Street) to King Street. Going south on King Street (taking in the west side of King Street) to Market Street including property on the east of King between the southern-most railroad right-of-way and Market St. Going south on Market Street (taking in both sides of Market Street) to Main Street.

Going east on Main Street to the railroad right-of-way immediately west of Slayton Street taking in all properties north of Main Street and south of the railroad right-of-way, turning back east on Main Street taking in properties that front on the south of Main Street to Wilhoit Road. Turning south on Wilhoit (taking in the west side of Wilhoit) to 17th Street. Turning west on 17th Street (taking in the north of 17th Street) to Baldwin Street, turning south (taking in west side of Baldwin Street) to 17th Street. Turning west on 17th Street (taking the north side of 17th Street) to Market Street. Going south on Market Street (taking in the west side of Market Street) to 20th Street. Turning east on 20th Street (taking properties on the south of 20th Street) to Read Avenue. Turning south to 22nd Street and due south to Interstate 24 and heading west on Interstate 24 to Market Street. Turning south on Market Street taking in all property on the west of Market Street to 28th Street.

Southern Boundary – Turning west on 28th Street taking in all property to the north of 28th Street to Sydney Street.

Western Boundary – Turning north on Sydney Street taking in all property to the east of Sydney to 26th Street. Turning west on 26th Street taking in all properties to the north of 26th Street to Chestnut Street. Turning north on Chestnut Street taking in all properties to the east of Chestnut to I-24 and thence to US 27. Moving north on US 27 (taking in the east side of US 27) across the bridge to Manufacturers Road.

“*PILOT Freeze*” means the benefits conferred under this Program for both the PILOT

Freeze Period and the PILOT Phase-In Period.

“PILOT Freeze Period” means a period of time during which annual PILOTS are due in an amount equal to the annual tax liability for the property before any new improvements were made.

“PILOT Lease” means the lease from one of the Bond Boards to the developer of property subject to this Program.

“PILOT Phase-In Period” means a period of time during which annual PILOTS are due in an amount equal to the annual tax liability for the property before any improvements were made, plus a specified percentage of the amount by which the annual tax liability on the property would have increased if the property had been subject to taxation.

CITY OF CHATTANOOGA
CITY COUNCIL
RESOLUTION

No. _____

A RESOLUTION TO AMEND PRIOR RESOLUTION TO MAKE CERTAIN FINDINGS RELATING TO THE GRANTING OF INCENTIVES TO DEVELOP HOUSING IN DOWNTOWN CHATTANOOGA; TO AMEND THE PROGRAM ADOPTED IN SUCH RESOLUTION FOR DOWNTOWN HOUSING DEVELOPMENT; TO CLARIFY THAT WHILE THE RESOLUTION SHALL BE EFFECTIVE FOR ONLY TEN (10) YEARS FROM THE DATE OF ITS PASSAGE, AT WHICH TIME IT SHALL TERMINATE AND BE OF NO FURTHER FORCE OR EFFECT, UNLESS EXTENDED BY ACTION OF THE CITY, ANY PROJECT FOR THE DEVELOPMENT OF DOWNTOWN HOUSING UNDER THE PROGRAM THAT IS APPROVED PRIOR TO DATE THE RESOLUTION SUNSETS SHALL BE VALID AND ENTITLED TO THE PILOT PROGRAM BENEFITS FOR THE TIME SPECIFIED IN SUCH APPLICATION.

WHEREAS, on January 8, 2002, the City approved a resolution for the development of downtown housing for the purpose of encouraging the development of housing in the downtown Chattanooga area (the "Resolution"); and

WHEREAS, in the Resolution, the City adopted a Program for Downtown Housing Development in the City of Chattanooga and Hamilton County, Tennessee (the "Program"); and

WHEREAS, the City hereby deems it advisable to amend the Resolution and certain provisions of the Program as follows:

NOW, THEREFORE, BE IT RESOLVED BY THIS CITY:

1. We hereby amend Section 4(b) of the Program to provide as follows:

Any development project that is under construction after April 1, 2001 will be eligible to apply for a PILOT tax abatement. After September 1, 2002, an applicant must apply for a PILOT Freeze before commencement of construction or rehabilitation of a project.

2. Section 6 of the Program shall be deleted in its entirety.
3. Any applicant who files and has an approved application to participate in the Program prior to the date in which the Resolution sunsets shall be entitled to receive all of the benefits under the Program even after the date the Resolution terminates.

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