



Contact:

Ellis Smith

770-331-7191

esmith@chattanooga.gov

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Chattanooga and Hamilton County unveil partnership to strengthen education, enhance affordable housing, and revitalize 300 acres on city's Westside

Plan will create downtown education opportunities, affordable housing, and new green spaces as part of the development of 1 million square feet of commercial space and thousands of new homes

Chattanooga, Tenn. (Friday, May 26, 2023) — A historic agreement unveiled Friday will revitalize 300 acres of downtown riverfront adjacent to Chattanooga's core, expand downtown education opportunities, create more affordable housing for more than 2,000 residents of Chattanooga's Westside, and enhance public infrastructure along 3,000 linear feet of the Tennessee River.

Beyond the direct public benefits, the One Westside plan envisions more than 1 million square feet of commercial space, thousands of new homes, and 14 acres of new green space, including 9 acres for a new Riverfront park on what is now known as the Bend. Of the new homes, at least 10 percent of all rental units in the Bend footprint will be reserved for residents making 80 percent or less of the area median income.

"For nearly a year, we've worked alongside Mayor Wamp and Urban Story Ventures to get the best possible deal for the residents of Chattanooga and Hamilton County, while ensuring that this transformative development will be something that will make us all proud. This plan is the culmination of that robust, collaborative and candid process," said Chattanooga Mayor Tim Kelly. "This trajectory-altering approach will provide a long-term lift to every resident's quality of life and will go the distance toward addressing our residents' housing, education and employment needs for decades to come. This project essentially adds a whole new neighborhood to Chattanooga, and transforms another, so it's not a stretch to call this a generational opportunity."

The new One Westside partnership, which includes the City of Chattanooga, Hamilton County, Hamilton County Schools, Chattanooga Housing Authority, and Urban Story Ventures, will leverage tax increment financing (TIF) to create and capture new tax revenue emerging from the redevelopment of brownfields to fuel public services, infrastructure, education, and affordable housing.

All funding that would normally be set aside for public schools will be protected. As part of this TIF structure, additional funding from the new revenues will be set aside to create new downtown

education opportunities, through a partnership between Hamilton County, the City of Chattanooga, and Hamilton County Department of Education.

Through Urban Story Ventures' private development of the under-utilized industrial site formerly occupied by Combustion Engineering, Alstom and GE, **the new TIF district and Westside Evolves are expected to conservatively unlock a minimum of \$800 million in new development over the next ten years, which will support the construction of public infrastructure, educational opportunities, and new affordable housing.**

"This agreement represents a new approach to economic development in which the priorities of the citizens of Hamilton County and the City of Chattanooga are aligned closely with the developers," said Hamilton County Mayor Weston Wamp. "Jimmy White and his team at Urban Story Ventures are visionaries who care deeply about our community, and I'm grateful they understand the importance of public education to the future of our local economy."

Tax Increment Financing

Tax increment financing (TIF) is a common funding tool used by cities and counties to revitalize blighted and under-utilized properties, such as the former industrial site that was once home to Combustion Engineering, Alstom and GE. As the improvement and development of these blighted properties increases their taxable value, local government sets aside a portion of the increase in property taxes to help fund public improvements in the area, improvements that also further catalyze the development – a virtuous cycle that will benefit people within and beyond the TIF boundary.

TIFs are enacted for a limited number of years, in this case 20 years per parcel. During this time, all existing property taxes will continue to be collected as usual. Of the new revenue collected as a result of new development, every dollar allocated to Hamilton County for school operations will still be collected. Only a portion of new revenues paid by property owners are set aside to help fund approved projects. After the TIF expires, all existing and all new tax revenues are collected and distributed as usual.

This TIF is unique in that it provides a split of every new tax dollar created: Here's how the new tax revenue will be allocated through the end of the TIF:

- Of the **County's** portion of new property tax revenue, the County will withhold its normal portions for essential County services and public schools;
- Of the **County's** remaining new property tax revenue, 53 percent of the remaining revenue will provide funding for downtown education opportunities, with the remaining funding being allocated to the TIF;
- Of the **City's** portion of new property tax revenue, the City will withhold its normal portions for essential City services;
- Of the **City's** remaining new property tax revenue, 53 percent of the remaining revenue will provide funding for the following:
 - Westside Evolves Revitalization Plan
 - New partnership with the County for downtown education opportunities
 - New fire station

- Remaining funding to be allocated to sidewalks, roads, stormwater, light poles, and other public infrastructure improvements.

By leveraging private development to fund the community’s most pressing needs, the City and County will be able to significantly grow their tax base and provide additional services without raising taxes. And like most TIFs, this agreement is backed by the developer, meaning that Urban Story Ventures will invest its own money in public infrastructure, and will only be reimbursed when the property begins generating incremental tax revenue.

"This community-focused partnership will allow us to revitalize the Westside — an area once known as an epicenter for business and prosperity," said Jimmy White, president and general partner of Urban Story Ventures. "Without the TIF, this transformation would not be possible. It's key to building out the substantial public infrastructure needed to support these 120 acres while simultaneously supporting affordable housing, education, and community services."

Westside Evolves

A key community benefit of the plan is that it provides revenue to reimagine public housing in the City, enabling the [Westside Evolves plan](#) to be executed.

Westside Evolves is a \$1 billion effort that will build new affordable housing to replace obsolete housing units one-for-one, while also building a mix of new housing types to spark new vibrancy, commercial activity and economic opportunity across the Chattanooga Housing Authority’s 115-acre footprint. The plan [was developed with input](#) from 82 percent of Westside’s more than 2,000 residents.

- The Chattanooga Housing Authority will use its portion of TIF proceeds to apply for HUD's Choice Neighborhood Implementation (CNI) Grant which could provide an additional \$50 million to the Westside. If the authority is successful in obtaining this grant, it could lead to multiple awards of [9% Low Income Housing Tax Credits](#) from the Tennessee Housing Development Agency and a better quality of life for families living in Chattanooga's oldest public housing community.

"We are grateful for the support the City, County and Bend are offering in allocating TIF proceeds to the transformation of the Westside," said Betsy McCright, executive director of the Chattanooga Housing Authority. "Working together, we will be able to make transformative change and in many instances, end generational poverty. The return on investment of these dollars will resonate for generations."

The Bend

[The Bend](#) is 120 acres of redevelopment led by Urban Story Ventures, a local commercial real estate company, that will take advantage of the site’s potential along the Tennessee River to redefine the scale of downtown Chattanooga. As an adaptive reuse project that will incorporate the site’s natural and industrial history, the Bend will be designed to feature new public parks and green spaces, as well as new commercial, entertainment, and residential options.

Next Steps

The proposed agreement will be reviewed for completion by Chattanooga's Industrial Development Board at its next public meeting. It will then be referred to the City Council and County Commission for a resolution of intent at their public meetings.

Afterward, an application review committee will review the content of the application for the Industrial Development Board. This will be followed by a public hearing before the Industrial Development Board.

After the public hearing before the Industrial Development Board, a final vote will be taken by the City Council and County Commission, as well as the establishment of an intergovernmental agreement between the City and County outlining the terms of the project, and between the City and the Chattanooga Housing Authority.

Visit OneWestside.info for more information and updates as the project progresses.

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