

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.