



South Waterfront Development Opportunities

Recommendations by the CRE® Consulting Corps
City of Knoxville, Tennessee
AUGUST 2023



**EAST TENNESSEE
REALTORS®**



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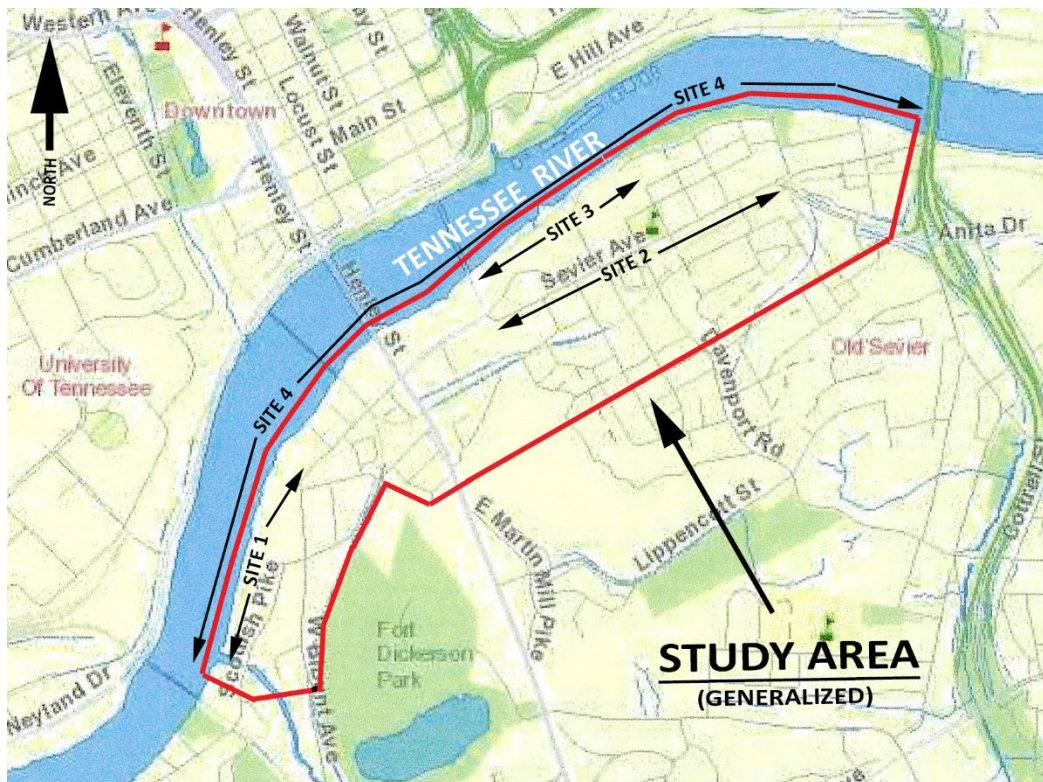
Executive Summary

The Counselors of Real Estate Consulting Corps was asked to advise the City of Knoxville and the East Tennessee REALTORS® (formerly Knoxville Area Association of REALTORS®) on action steps that could advance redevelopment of the South Waterfront. Despite measurable progress since 2006, many key areas along the waterfront have yet to reach their full potential, even as the area has continued to become more populated. Priorities include increasing access to the riverfront and helping to define Knoxville as a destination, waterfront city.

The Consulting Corps team reviewed applicable plans and studies; examined demographic, market, and employment data; assessed market conditions for housing and other property types; and reviewed legal constraints applicable to the South Waterfront. In addition, the team met with more than 30 stakeholders.

The team's assessment is that the South Waterfront zoning code, development incentives, and market forces seem effective at delivering large multifamily developments along or very near the waterfront, but so far not much else has been developed of note. While the zoning code intended to make the area more pedestrian-friendly and not block off the waterfront, the anticipated ground floor commercial and smaller scale building footprints have not been achieved.

Consulting Corps Study Area



To increase access to the waterfront and enhance the South Waterfront as a destination, the team identifies four sites and provides proactive steps to move toward redevelopment in a way that meets local priorities, improves public quality of life, and promotes economic development.

The four sites outlined below are:

1. West of the Henley Street Bridge
2. Sevier Avenue
3. East of the Gay Street Bridge
4. The River

Recommendations include:

- Create a riverfront that is an award-winning example for the nation that binds and connects people to the river, to Knoxville, and to the adjoining nature preserves and parks.
- **Site 1** offers the prospect - immediately - to increase riverfront access for public use. We recommend creating grassy areas and placing picnic tables along the river suitable for picnics, music, outdoor games, festivals, meeting spaces, pop-up restaurants, art installations, etc.
- Use Site 1 to enable increased access to the river and docking from the river.
- Clean up Goose Creek: circulate the water for consistent flow, remove litter, stabilize the banks, and cut back overgrown vegetation while maintaining the wooded nature.
- Retain and repurpose the buildings. Rather than demolishing any existing buildings, low capital improvement could accommodate mobile kitchens, creative bars, pop-up retail, etc.
- Longer term, following road infrastructure improvements, we believe a hotel with restaurant and event space would work at this site - even without the pedestrian bridge.
- Development of Site 1 does not interfere with the existing residential neighborhood. Rather, we believe the residential area remains, enabling current residents to benefit from new investments and new amenities.
- **Site 2**, Sevier Avenue, with its small scale commercial and adaptive reuse of former industrial buildings, has created an attractive, “cool” vibe, providing desirable services for nearby residents and enhancing the area. Retain this unique neighborhood feel, save any buildings along Sevier that can be retained and encourage redevelopment of vacant lots to complement this eclectic atmosphere.
- Had retail been included in all the new multifamily buildings, Sevier Avenue would likely not have its commercial vibrancy. We recommend continuing to draw the commercial activity to Sevier Avenue rather than pushing it to the multifamily buildings.
- Create connectivity to the Art Trail, as well as to the Riverwalk.

- We recommend a change to the code to remove the transparency requirement. The change could require corner retail within the multifamily developments. Along with this change, we recommend insistence upon the code; do not grant variance from the bulk requirement – the smaller block developments will foster the desired neighborhood feel.
- **Site 3** has the reputation of being difficult to acquire and difficult to develop, controlled by owners that have so far been uninterested in changing the use of their property. As a result, the site has remained immune to large apartment developments which would otherwise have been likely to occur. The primary near-term recommendation is to engage with the owners and develop/maintain an ongoing channel of communication with the owners.
- This site presents a tremendous opportunity to create a destination – a statement piece - and we urge all stakeholders to dream big. For instance, use this site for a museum or other postcard worthy institution.
- Create an organization or entity focused on South Waterfront redevelopment; or, if an existing entity can assume this responsibility, assign it this task. It should have patient capital, such as foundations' program-related investments. Other financing tools and programs include brownfields tax credits, EPA programs, and New Market Tax Credits - to help get to a “yes” on the redevelopment of these sites when the owners are ready.
- **Site 4**, the river. All areas of the river should feel clean, safe and loved. Clean up vegetation, which will also spur private neighbors to further care for vegetation in adjoining areas.
- Encourage riverfront events and budget funding for such programming.
- Increase the number of public riverfront access points, enhancing kayak and other boat launch opportunities.
- Build out floating docks and riverfront paths without waiting on private development. Other communities have invested upfront to create fabulous public amenities, and we encourage Knoxville to learn from these successes, such as by visiting Omaha, Oklahoma City, or other communities that have used innovative redevelopment tools.

By focusing on the South Waterfront, proactively engaging partners, experimenting with programming and activities, and leveraging resources, the City can optimize the opportunity to redevelop the South Waterfront to maximum public benefit.

Introduction

Background

The City of Knoxville, Tennessee, has a population of approximately 193,000 people. Located in the eastern part of the state, it is Tennessee's third largest city. The Tennessee River flows directly through central Knoxville, with the Downtown and the University of Tennessee on the north side of the river. As in many cities, much of the waterfront property was originally dominated by industrial uses.

Building on prior south waterfront redevelopment initiatives, the City engaged community members in a public process to re-envision the South Waterfront in 2005-2006. Community priorities articulated in the plan include increased access to the river, expanded green space, a variety of housing opportunities, walkable amenities, and improved infrastructure. The Plan was adopted in 2006, and a Form Based Code was adopted in 2007. Little immediate activity occurred due to the financial crisis of 2007-2008; however, significant development has occurred more recently.

Despite measurable progress since 2006, many key areas along the South Waterfront have yet to reach their full potential, even as the area has continued to become more populated. In fact, Knoxville has experienced significant growth in recent years, with the population increasing 6.6 percent from 2010 to 2020. Home prices rose 18 percent from 2021 to 2022, and rental occupancy was near a record high at 98.02% in 2022Q3. Additionally, the project of redeveloping waterfront property and the surrounding area has become important and timely with the potential addition of a pedestrian bridge that would offer easy access from the South waterfront area directly to the University of Tennessee's campus. Funding in the amount of \$20 million for the proposed pedestrian bridge was included in Gov. Bill Lee's FY 2024 budget to begin dedicating resources toward the estimated cost of \$70 million.

The East Tennessee REALTORS® (formerly Knoxville Area Association of REALTORS®) and the City of Knoxville requested the expertise of The Counselors of Real Estate Consulting Corps to offer action steps toward redevelopment of Knoxville's South Waterfront to transform the underused South Waterfront real estate into a walkable, amenity-rich community. Priorities include increasing access to the riverfront and helping to define Knoxville as a destination, waterfront city.

Through the Transforming Neighborhoods Program, the National Association of REALTORS® (NAR) is collaborating with the CRE Consulting Corps to deliver strategic real estate problem solving to select projects. NAR issued a call for applications. Following a competitive process, the Knoxville South Waterfront project, submitted by the East Tennessee REALTORS® in conjunction with the City of Knoxville, was selected to receive strategic real estate problem solving.

Process

The CRE Consulting Corps assembled a team of real estate experts from outside the Knoxville region. The team conducted a thorough analysis of applicable plans and studies relative to the area; reviewed demographic, market, and employment data; assessed market conditions for housing and other property types; and reviewed legal constraints, infrastructure capacity/ opportunities, and existing plans applicable to the South Waterfront including zoning, height and density requirements and other limits.

The team assembled in Knoxville April 16-21 to conduct an inspection of the focus area and meet with key stakeholders. Stakeholders included staff and elected representatives of the City of Knoxville, the University of Tennessee (UT), Knoxville-Knox County Planning, Knoxville Chamber of Commerce, developers, neighborhood representatives, and the East Tennessee REALTORS® staff and leaders. The team formulated their recommendations and presented those recommendations to members of the Knoxville community at the conclusion of the onsite week.



The Team's Assignment

The Consulting Corps team's tasks were to:

1. Identify 3-5 areas or properties that are ripe for redevelopment along the downtown waterfront proximate or visible from Downtown or the University's campus that would likely cause private market investment to follow if redeveloped.
2. Identify what a "good" redevelopment project for these areas would look like or contain.
3. Provide strategies to incentivize and facilitate the timely redevelopment of these areas, including municipal involvement or investment.
4. Identify new economic development tools that are potential alternatives or complements to TIFs/PILOTs (Tax Increment Financing/Payment In Lieu of Taxes).

Observations Regarding the 2006 Vision Plan Estimates

The City of Knoxville adopted a [Vision Plan in 2006 for the South Waterfront](#) and estimated the market demand and the volume of different types of uses that would be generated under the implementation of the Vision Plan. This provides us with a useful metric to determine whether the zoning code for the South Waterfront is actually delivering what it was intended to deliver in terms of new developments.

Type of Development	Estimated Market Study Demand	Vision Plan Approximate Capacity
Residential	2,200 units	2,200 units
Retail	60,000 square feet	420,000 square feet
Restaurant / Entertainment	30,000 square feet	60,000 square feet
Office	400,000 square feet	1,000,000 square feet
Hotel	100 rooms	160 rooms
Marina	225 slips	225 slips
Cultural/ Civic Institutions	135,000 square feet	135,000 square feet

[2006 Knoxville South Waterfront Vision Plan](#). Page i.

On the Residential type of development, the Plan called for 2,200 residential units to be developed in the South Waterfront district. Since then, approximately 794 units of multifamily developments have already been delivered, and approximately 888 units of multifamily developments are under construction. This puts the total at just under 1,700 units, which is over 75% of the target amount.

04 Progress — Private Investment Since 2006



On the Retail, Restaurant, Entertainment, and Office types of developments, [the Vision Plan](#) called for there to be a much higher volume allowed to be developed than there was a market demand at the time. These areas have likely not developed to even the level of predicted market demand, and certainly not to the same percentage of capacity as residential to this point. Also, there is not a Hotel or any Cultural or Civic Institutions to date in this area.

The take-away is that the South Waterfront zoning code, development incentives, and market forces seem effective at delivering large multifamily developments along or very near the waterfront, but so far not much else has been developed of note.

The take-away is that the [South Waterfront zoning code](#), development incentives, and market forces seem effective at delivering large multifamily developments along or very near the waterfront, but so far not much else has been developed of note. Given this, it is certainly possible that all of the available sites of any substantial size might become large multifamily developments in the near future. Further, all but one of the large multifamily developments that have been, or are in the process of being, delivered do not conform to the zoning code's spirit or text on two key issues – commercial use in the ground floor and smaller scale building footprints. Both of these were intended to make the area more pedestrian-friendly and not have these structures and uses block off the waterfront.

In addition to seeing what has been developed, we also want to take stock of what is left available to be redeveloped. Several prime spots have already seen redevelopment activity since the 2006 Vision Plan, including the former Baptist Hospital site. It will be too late to add a particular use along the waterfront if all the waterfrontage has already been redeveloped.

Knoxville South Waterfront Site Development

Guiding Principle: Do It Well or Don't Bother.

The Consulting Corps team identified four development sites. In considering steps toward development of the sites, we frame a guiding principle around quality. These sites, if done well, will elevate Knoxville's identity for visitors and residents. There truly is an opportunity for greatness: pursue quality or don't waste the time and money.

The river is a great amenity. Create a riverfront that is an award-winning example for the nation that binds and connects people to the river, to Knoxville, and to the adjoining nature preserves and parks.

Site 1 – West of Henley Street Bridge



The site extends west to Goose Creek, east to the former Ready-Mix site and Scottish Pike Road, and south to Blount Avenue. This site is bounded on the north by the Tennessee River. With about 1,550 feet of River frontage, this site is roughly 12 acres in area. While the land uses within the site boundaries are industrial and open space, the land immediately outside of this area is predominantly single-family residential.

This site has three different owners as shown in the map by three distinct tax parcels outlined in red. The proposed Pedestrian Bridge southern landing point would be in this Site. The City and UT are in the process of acquiring a substantial portion of this site.



Immediate Objectives – Interim Use

This site offers the prospect - immediately - to increase riverfront access for public use. We recommend creating grassy areas and placing picnic tables along the river suitable for picnics, music, outdoor games, festivals, meeting spaces, pop-up restaurants, art installations, etc. Cleaning up Goose Creek would be a worthwhile endeavor; for instance, circulate the water for consistent flow, remove litter, stabilize the banks, and cut back overgrown vegetation while maintaining the wooded nature. Small watercraft launching from the river or at Goose Creek along with kayaks, paddleboards, sailboats, etc., would provide increased opportunities for active engagement and activities.

We recommend retaining and repurposing the buildings. Rather than demolishing any existing buildings, low capital improvement could accommodate mobile kitchens, creative bars, pop-up retail, etc.

Currently, the site holds three buildings that could be put to interim use to activate the Riverfront. Today, with any segment of this property under control, we recommend retaining and repurposing the



buildings. Rather than demolishing any existing buildings, low capital improvement could accommodate mobile kitchens, creative bars, pop-up retail, etc. Food trucks can be positioned at the site; and a barge could be pulled to the riverbank to serve as a restaurant or stage for musical performances.

Such entertainment uses could both draw people to this destination and benefit current residents. Additionally, the neighbors would begin to experience a slightly different use. This changes the area from industrial to entertainment, active outdoor, and retail commercial use, without waiting on funding for a pedestrian bridge. These actions can be implemented now.

Infrastructure investments will further improve access to the site and increase interaction with the river. Even before the pedestrian bridge is a reality, Hawthorne Street will be the main arterial improvement to access the west side of the bridge, so Hawthorne Street should be improved with curbs and gutters. However, today, even with the narrow Blount underpass and Hawthorne unimproved, there could still be activity on this site.

This site can immediately become a greater asset to Knoxville. Minimal investments can enhance the area, energize the South Waterfront, improve river access, increase activity, and present a positive image. With residents and visitors traveling the edge of the UT campus and along the river viewing this area, site

improvement presents a great opportunity to enhance first impressions for visitors and residents alike. With minimal energy and investment, this site is ready to generate activity now.

Long Term Objectives

Development opportunities on this site will increase following road infrastructure improvements but do not rely on fully committed funding for the pedestrian bridge. Building on the near-term outdoor and small-scale commercial activities along the river described above, we recommend that larger scale development be pulled back from the river. With the benefit of the sloping topography which rises gently from the river, mid-rise buildings up to five- to seven stories tall could have views of the river. They would retain sight lines above one- and two-story buildings closer to the riverfront.

These buildings could be hotels, rooftop experiences, event space, restaurants, classrooms and more. They could sit as far back as Blount Avenue (and south of Blount if property became available) and still have a wonderful view, integrating a multi-use ability that is predominantly focused on commercial with a strong gravity toward tourism. This development must be implemented in phases to test the market and establish what the market will accept.

We believe a hotel with restaurant and event space would work at this site - even without the pedestrian bridge. The team recommends a limited-service brand with a minimum of 150 rooms; this number of rooms would allow sufficient capacity to create the synergy needed for small meetings, reunions, social occasions, etc.

We believe a hotel with restaurant and event space would work at this site - even without the pedestrian bridge. The team recommends a limited-service brand with a minimum of 150 rooms; this number of rooms would allow sufficient capacity to create the synergy needed for small meetings, reunions, social occasions, etc. It would have 66% single rooms and 34% suites. We suggest at least seven stories tall with good views of the river. It may set back from the river (allowing lawn in the front), as the topography slopes up from the river.

The hotel would include a first-floor restaurant and breakfast area with seating for 160 including the bar area. This hotel also should include convention and meeting space of 10,000 sf to accommodate at least 300 people, with catering from the restaurant to serve the convention space. A rooftop bar with limited food would benefit hotel guests as well as neighbors and the broader public. Some hotel space could meet the needs for shared work areas during daytime hours. The lobby could offer gathering spaces for small conversations. We recommend a water feature in the lobby with geothermal for common areas using water from the river. The hotel should include amenities such as a fitness facility and pool/hot tub. We

estimate 2,000 sf of retail, including for instance, a hair salon. The road improvements would need to be completed, but not necessarily the pedestrian bridge.

As the pedestrian bridge proves its economic return, a second hotel could be added. Surface parking can meet the site needs until the second hotel is built, at which time it would be appropriate to build a parking garage.

Development of Site 1 does not interfere with the existing residential neighborhood. Rather, we believe the residential area remains, enabling current residents to benefit from new investments and new amenities.

Development of Site 1 does not interfere with the existing residential neighborhood. Rather, we believe the residential area remains, enabling current residents to benefit from new investments and new amenities. Specific suggestions to assist homeowners are described below (Housing Tools and Strategies). As residences or lots become available they would more likely transfer to duplex, triplex, and townhomes to increase density. Over the long term, as development occurs, we believe this residential area will see increases in property values and yield return to the taxpayer resulting from the public investment.

A retirement community on the western portion of the site could be appropriate. This could include independent living, as well as the spectrum of assisted living to skilled nursing care, utilizing UT clinical staff and students, with an emphasis on medical education. This age group would also have traction for lifelong learning at UT. Such a development could leverage the UT Medical Center, which is an anchor and demand driver for this site.

Provision of continuing education is a significant economic benefit for many universities. If UT is interested in growing this area, UT could use the South Waterfront with hotel(s) and smaller convention event space with a focus on continuing education. Event space that can be customized to classrooms is an attractive option. Alumni and others could be connected to the campus yet find a more relaxed area than being in the center of campus. There could be integrated quality housing for faculty or graduate students, but we do not see this as a large component of the development.

It is very promising that Governor Lee's budget provided \$20 million toward the proposed pedestrian bridge. With significant public investment in this project, it is critical that the public benefit. The taxpayers need economic return from activity on both sides of the bridge – both north and south. UT's plan to develop an entertainment center on the north side will offer amenities and activities to the public, as well as generate sales and hotel tax, jobs, and small business development. Development on the south side – at the appropriate scale – will similarly provide important public benefits. These benefits include recreation, public river access, as well as economic activity.

Tactics and Strategies

Immediate: Retain the buildings - don't tear them down. Use the existing buildings for art galleries, farmers markets, and small scale and pop-up uses. Provide picnic tables and allow food trucks and pop-up restaurants. Clean up the sidewalks to enhance access. Clean up the riverfront, remove barbed wire fencing, and enable access to the water. Army Corps of Engineers and Tennessee Valley Authority (TVA) have different jurisdictions and should be consulted to ensure interagency coordination. Work with TVA, an important partner, on water rights, dock rights, and usable access. Enable access to the river and docking from the river, including allowing for a boat launch or kayak put-in. Allow for riverfront barges which could provide restaurants, bar, and/or entertainment.



Fence prevents waterfront access.

NEAR TERM:

- Clean up Goose Creek by removing litter, clearing overgrown vegetation.
- Connect to Fort Dickerson, addressing streets, easements, enabling bike access to the park and quarry, and providing better wayfinding signs and maps.
- TVA and the Army Corps of Engineers should be contacted concerning possible river improvements at the shore and ensuring appropriate interagency coordination. Initial inquiries could include such questions as: Is the bank stable? What improvements might be needed?

LONGER TERM:



Longer term, it will be important to improve vehicular access west of the Henley Street Bridge. Such improvements include addressing the traffic light, widening the underpass, and/or altering the road to adjust the circulation system. The team is encouraged that the City is working on a connectivity study which likely is assessing these issues.

Once the roads are addressed, development opportunities will open up for the destination centers such as hotel and restaurant, as well as housing. As discussed below in the Housing Strategies and Tools section, a diversity of product types, including for-sale and for rent townhomes, duplexes, and other small-scale buildings fit with the existing neighborhood character.

Site 2 – Sevier Avenue



Art hanging in a Sevier Ave. restaurant.

The site is the frontage on both sides of Sevier Avenue from the intersection of South Gay Street and Council Place to the intersection with Island Home Avenue. The land uses along this frontage vary from industrial, commercial, elementary school to a minor amount of single-family residential. There is approximately 3,500 feet of frontage with a width of 100 feet. Approximately 8 acres of land area comprise this site.

The small scale commercial and adaptive reuse of former industrial buildings has created an attractive, “cool” vibe. Sevier Avenue has organically created gravity for something incredibly unique providing desirable services for nearby residents and enhancing the area.

Immediate Objectives

Retain this unique neighborhood feel, save any buildings along Sevier that can be retained and encourage redevelopment of vacant lots to complement this eclectic atmosphere.

Development along Sevier Avenue has included multifamily housing and adaptive reuse for small-scale commercial. Many stakeholders commented positively on the “cool” factor regarding these locally-owned retail offerings and reuse of existing buildings. A primary recommendation is to retain this unique neighborhood feel, save any buildings along Sevier that can be retained and encourage redevelopment of vacant lots to complement this eclectic atmosphere. Adding public art – in conjunction with the new Art Walk – would bolster the identity of this neighborhood. A placemaking entrance and exit at the ends of Sevier could give further identification to the street.

During stakeholder interviews, discussion of development along and around Sevier Avenue often reflected on the “transparency” requirement of the building code and the frequent variance requests. While the transparency requirement aims to create retail on the first floor of all multifamily buildings, this outcome has not occurred. And we do not believe it will ever be economically feasible for ground floor residential to be converted to retail. We suggest removing this requirement and allowing the multifamily developers to do what they do well. We note that had retail been included in all the new multifamily buildings, Sevier Avenue would likely not have its commercial vibrancy. We recommend continuing to draw the commercial activity to Sevier Avenue rather than pushing it to the multifamily buildings where it would be sporadic at best.

Had retail been included in all the new multifamily buildings, Sevier Avenue would likely not have its commercial vibrancy. We recommend continuing to draw the commercial activity to Sevier Avenue rather than pushing it to the multifamily buildings.

Long Term Objectives

Addressing infrastructure will enhance functionality and access. We recommend making Sevier a two-way street in both directions, closing Council Street, and potentially opening up a signature Site 3. In addition, streetscape improvements are needed to improve functionality and pedestrian experience. We recommend parking on the periphery as well as underground utilities.

Tactics and Strategies

Celebrate the success of local retail along Sevier Avenue, which has become a commercial destination; continue to encourage similar commercial development to maintain the scale. Develop gateway signage and public art to demarcate and identify the neighborhood. Create connectivity to the Art Trail, as well as to the Riverwalk.

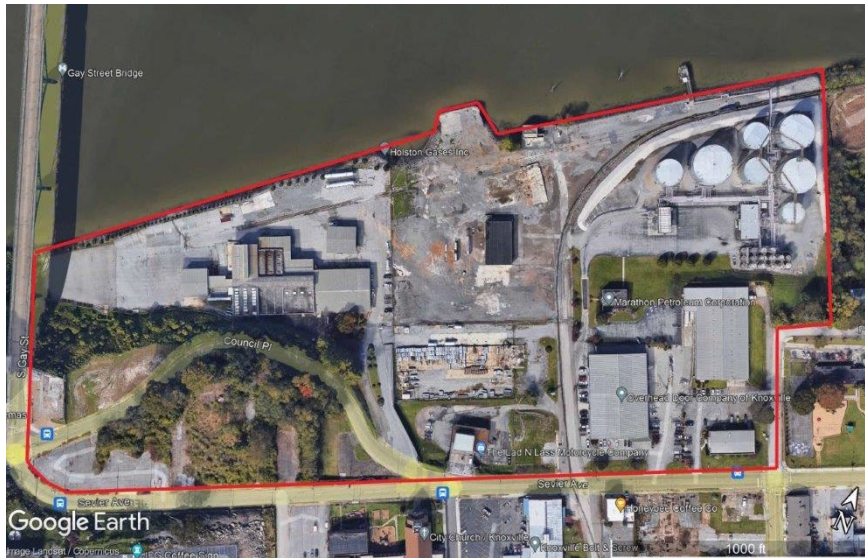


In Kansas City, buildings along Brush Creek retain view corridors from the neighborhood to the water.

Two recommendations pertain to the code. There is indication of a problem with the policy when every development seeks a variance. Therefore, we recommend a change to the code to remove the transparency requirement. The change could require corner retail within the multifamily developments. Along with this change, we recommend insistence upon the code; do not grant variance from the bulk requirement – the smaller block developments will foster the desired neighborhood feel.

We recommend a change to the code to remove the transparency requirement. The change could require corner retail within the multifamily developments. Along with this change, we recommend insistence upon the code; do not grant variance from the bulk requirement – the smaller block developments will foster the desired neighborhood feel.

Site 3 – East of Gay Street Bridge



This site is presently industrial and is bounded on the west by the Gay Street Bridge, on the east by Suttree Landing Park and the South Knoxville Elementary School, and on the south by Sevier Avenue. It has approximately 2,000 feet of Tennessee River frontage. It comprises an area of approximately 29 acres.

The current use appears to be long term sustainable industrial uses, and at least one of the current businesses likely needs to retain access to the river. Site 3 can have the most impact of any site on the waterfront due to its visibility, location and size.

Site History

Site 3, East of Gay Street Bridge, involves, at most, twelve parcels of land currently occupied by the following businesses:

- 1) Holston Gases (9 parcels);
- 2) Marathon Petroleum (Asphalt Terminal) (1 parcel);
- 3) Overhead Door Co. of Knoxville (1 parcel); and,
- 4) Eco Roof Concepts (1 parcel).

This site is located East of the Gay Street Bridge and situated along the southern bank of the Tennessee River in the “Old Sevier” neighborhood. The surrounding neighborhoods first developed following the construction of the Gay Street bridge in 1889. A sawmill occupied this site as early as 1903, and petroleum product storage tanks date back to as early as 1953. See, 1903 Sanborn Map, plate 69; <https://www.kgis.org/kgismaps/Map.htm?parcel=095PC006>.

Immediate Objectives

This site has the reputation of being difficult to acquire and difficult to develop, controlled by owners that have so far been uninterested in changing the use of their property. This, frankly, is a blessing since the site has remained immune to large apartment developments which would otherwise have been likely to occur. The primary near-term recommendation is to engage with the owners and develop/maintain an ongoing channel of communication with the owners. This engagement could also focus on exploring acquisition of easement rights, such as easements for pedestrian paths, air rights, façade rights, waterfront easements and maintenance rights. Planning over someone else’s property is a sensitive issue and should be handled with permissions and communications with the current owner. Including the owners in brainstorming and visioning a future landmark development could build momentum for working together. Communication also could include exploring the owners’ needs for potential alternative sites to meet their current and future needs. We also recommend reviewing zoning and possible overlay districts to encourage best uses and discourage adverse uses. Patience and preparation are needed.

Including the owners in brainstorming and visioning a future landmark development could build momentum for working together. Communication also could include exploring the owners’ needs for potential alternative sites to meet their current and future needs.

Long Term Objectives

This site presents a tremendous opportunity to create a destination – a statement piece - and we urge all stakeholders to dream big. Other communities have successfully created meaningful attractions, and this could be the site to host a future museum or other award winning and postcard worthy institution.

We urge all stakeholders to dream big....The fact that this site is unavailable or has been unavailable to date has saved this site, leaving it available to the City and creating an opportunity.

Examples include Omaha’s Kiewit Luminarium, Chattanooga’s Aquarium, Cleveland’s Rock & Roll Hall of Fame, and Greenville’s Peace Center. The fact that this site is unavailable or has been unavailable to date has saved this site, leaving it available to the City and creating an opportunity.



Peace Center, Greenville, SC



Rock and Roll Hall of Fame, Cleveland, OH



Luminarium, Omaha, NE



Tennessee Aquarium, Chattanooga, TN

Tactics and Strategies

Now is the time to start building capacity to address this opportunity. Create an entity with patient capital that will have responsibility and resources to control this site; or, if an existing entity can assume this responsibility, assign it this task. Philanthropies with program-related investments are a potential source of patient capital. This entity should be ready to acquire when the owners are ready. One example is Omaha’s MECA, a nonprofit that builds and manages public event venues through public private partnerships and long-term agreements. Additional potential financing tools are described below in the Site Acquisition Strategies and Incentives section; these may help get to a “yes” on the redevelopment of these sites when the owners are ready.

Now is the time to start building capacity to address this opportunity. Create an entity with patient capital.... Philanthropies with program-related investments are a potential source of patient capital.

In the meantime, keep communication open with the owners, focusing on potential easements to open up riverfront access and connectivity. Review zoning and possible overlay districts to encourage best uses and discourage adverse uses; and review street plans and conditions near the site and build infrastructure for future development. Include the community in providing input for different possible uses of the site.

LONG TERM STRATEGIES (3-10 YEARS)

1. Be prepared. Develop different scenarios and budgets that may play out with any combination of all or some of the properties, along with a plan for phasing development as different opportunities arise. See below tools and resources for acquisition and environmental remediation.
2. Usher in additional Knoxville Cool: Create an award-winning plan that would draw local/regional residents downtown and a present a postcard worthy site.
3. Address infrastructure. Develop the multi modal mobility plan that could be implemented in stages.
4. Continue public engagement. Keep the community involved, provide regular progress reports, and gather community input, such as via an annual open house.

Site 4 – The River



Source: KnoxvilleTennessee.com



Source: KnoxvilleKayakClinic.com



Immediate Objectives

The river is an incredible asset to the City of Knoxville, and the opportunity is present to increase access and activity. All areas of the river should feel clean, safe and loved. Clean up vegetation, which will also spur private neighbors to further care for vegetation in adjoining areas. Encourage events and budget funding for such programming. Programming will draw people that will build momentum for use. These can be small events that grow over time. Take risks and experiment with offerings such as river taxis, floating bridges, and entertainment barges, recognizing that some endeavors will not be successful.



*Expand rock climbing along bluffs.
Source: VisitKnoxville.com.*



*Try out a restaurant on a barge.
Source: fredarchitecte.com*



*Water taxis might attract users.
Source: onlymelbourne.com.au*

Long Term Objectives

Expand access and connectivity. Increase the number of public riverfront access points, enhancing kayak and other boat launch opportunities. Build out floating docks and riverfront paths without waiting on private development. Expand riverfront pedestrian and bike paths, so that all paths and bridges connect, including access to Sevier Avenue, the Urban Wilderness, and Fort Dickerson. Envision a connected system that would allow users to spend days in Knoxville without getting in a car. Make it the most unique riverfront - locally made and supported.

Build out floating docks and riverfront paths without waiting on private development.

Expand riverfront pedestrian and bike paths, so that all paths and bridges connect, including access to Sevier Avenue, the Urban Wilderness, and Fort Dickerson.

Tactics and Strategies

Create a quasi-public entity to operate the riverfront. Program it, maintain it and improve it. Create opportunities for private businesses to operate within the Riverfront. It should be balanced between for profit and non-profit. Start activating the river. It is important to experiment and see what the community reacts well to. Too often communities invest large amounts on big projects and realize that was not entirely the right plan. Budget money for programing. Develop budgets to finish out pedestrian connections and make this happen without waiting for property to develop. Work with TVA on permissions. The success of Knoxville's downtown redevelopment demonstrates the local capacity to achieve greatness on the South Waterfront, as well.

Create a quasi-public entity to operate the riverfront. Program it, maintain it and improve it.

Site Acquisition Strategies and Incentives

Below are tools and resources to assist with steps toward redevelopment, including acquisition, relocation of existing businesses, environmental remediation, and redevelopment. Of the four sites the team identified, Site 3 is the site for which property acquisition is required. Therefore, the following steps and tools primarily pertain to Site 3. However, these resources could prove useful for other redevelopment sites, as well.

Overview / Summary

In order to facilitate the redevelopment of Site 3 for any new project, the following activities must be undertaken: Acquisition; Relocation of existing businesses; Environmental Remediation; and, Redevelopment. There are different ways to structure a redevelopment project, but an expedient way to proceed would be for the City of Knoxville to acquire the site. The City can apply for an EPA Brownfields grant to assess the site. Thereafter, the City can use a combination of brownfield grants funds, local funds, and revolving loans to remediate the site. Once the site is remediated, the land, or portions thereof, can be made available by the City for vertical development as either a public project or a public-private partnership. Vertical development on the site may be an eligible New Markets Tax Credit project, assuming the end uses conform to the uses identified in the redevelopment plan. In the alternative, the City could assess the site, use local funds to relocate the industries, and then allocate Tax Increment Financing (TIF) funds to the redevelopment project and partner with a private developer.

In the alternative to a public-led redevelopment project, the City could partner with the current property owners. The current property owners could enter into a voluntary cleanup program and retain their ownership interest in the site. In this case, the expectation would be that at the end of the cleanup, the owner becomes a project partner with the City or the Knoxville Community Development Corporation in the redevelopment of the site. While Site 3 is located in an Opportunity Zone, another tool to facilitate private sector redevelopment, without more information about the extent of the contamination, and without the City taking ownership of the site, it may be difficult to attract Opportunity Fund investors.

Below is a chart showing the different activity phases, who the potential participants are at each activity step, and what incentives are available to them:

ACTIVITY	PARTICIPANTS	POTENTIAL INCENTIVES
Acquisition	City / KCDC	Local Government Funds
	Private Sector	South Waterfront Redevelopment Area TIF
	Private Sector	Brownfield Redevelopment Project TIF
	City / KCDC	Reduced acquisition costs due to Land Swap / County Industrial Development Board (IDB) Incentives
	City / KCDC	Section 108 / CDBG Loan
Relocation	City / KCDC / Knox County IDB	Partner with County IDB -- Land Swap
	City / KCDC / Knox County IDB	Partner with County IDB -- TIF
	City / KCDC / Knox County IDB	Partner with County IDB -- Property Tax Abatement
Environmental Remediation	Private Sector – new owner	Brownfield Redevelopment Project TIF
	Private Sector – current owner	Voluntary Cleanup program
	City / KCDC	Section 108
	City / KCDC	Local Government Funds
	City / KCDC	EPA Brownfields Grant or RLF Loan
	Private Sector	New Markets Tax Credit
Redevelopment (Vertical Development)	Private Sector	New Markets Tax Credit
	Private Sector	Low Income Housing Tax Credit
	Private Sector	Brownfield Redevelopment Project TIF
	Private Sector	Payment In Lieu of Taxes (PILOT)
	Private Sector	Opportunity Zone Fund
Redevelopment (Public Infrastructure)	Any	South Waterfront Redevelopment Area TIF

Location: Applicable Incentives

All parcels within Site 3 are located within the “Knoxville South Waterfront Redevelopment and Urban Renewal” area, which makes them eligible for incentives from the South Waterfront Redevelopment area TIF fund. Site 3 is situated in Census Tract 8 of Knox County (93). This census tract is eligible for the following federal incentive programs: Low Income Housing Tax Credit (LIHTC); see <https://thda.maps.arcgis.com/apps/MapSeries/index.html?appid=7a9f50162def4eb3810527512e71b4c2>; New Markets Tax Credit (NMTC); and, Opportunity Zones (OZ). See, https://cimsprodprep.cdfifund.gov/CIMS4/apps/pn-nmtc/index.aspx?entity=CT_2011_2015_NMTC_ELIGIBLE,47093003500¢er=-83.917447,35.940067&level=13&tool=layers&visible=CT_2011_2015_NMTC_ELIGIBLE.

Assessment

An environmental assessment of the industrial sites needs to be completed to understand the extent of the contamination and the feasibility of redeveloping each site. To this end, Brownfield Assessment Grants are available from the Environmental Protection Agency (“EPA”). The City is familiar with this approach, having received assessment grants in both 2006 for the Baptist Hospital site and 2009 for Suttree Landing Park.

Assessment grants are available each fiscal year to local governments or redevelopment agencies for up to \$500,000 or \$1 million. See <https://www.epa.gov/brownfields/brownfields-assessment-grants>. The City does not have to own the property to apply for these grants. A Phase II Assessment would be helpful, but a partial Phase III Assessment, providing a remediation plan, would best inform the extent of the environmental mitigation and the costs to remediate the property. Once these costs have been estimated, negotiations on the purchase price may take place, since the remediation costs are typically used to negotiate down the price to purchase the property.

Private Sector Acquisition and Cleanup

Acquisition and Tax Increment Financing

At the time of its adoption, the Vision Plan identified Tax Increment Financing as a tool for redevelopment. See Vision Plan, p. 82 (“The city has several tools that allow it to capture revenues generated by public and private investment. Primary among these tools is tax increment financing (TIF), which can capture new incremental real and personal property taxes in support of financing project-related public infrastructure. Special assessment districts and revenue generated from publicly-managed parking structures offer additional public funding possibilities.”). Relying on the authority to create the TIF, “the City of Knoxville will be able to borrow against the projected increases in tax revenues from new private development to finance the strategic public investments needed as a catalyst for that private investment.”

The City projected the use of TIF funds would leverage \$190,000,000. (Vision Plan). However, the resolution adopting / creating the redevelopment plan area only anticipated \$139,000,000 available for TIF financing:

The estimated cost of the public improvements for which the tax increment financing will be available, which shall be deemed the redevelopment project for the purposes of applicable case law, is approximately \$139,000,000. The City and KCDC do not anticipate, however, the amount of tax increment financing that can be issued and sold based upon current projections during the next twenty years would exceed \$60,000,000.

The Vision Plan anticipated TIF funding would be mixed with other sources of funding, including private financing, state grants, federal grants and local capital funds, to realize the suggested redevelopment projects.

In 2013, the City allocated TIF Funds to a private sector developer for the conversion of the former Baptist Hospital site into the Riverwalk apartments. The redevelopment plan resolution was amended to authorize \$22,000,000 in TIF funds for this project in October, 2013. In these documents, the City reiterated the maximum amount of TIF Funding available is \$139,000,000, inclusive of the \$22,000,000 allocated for Baptist Health center redevelopment. The 23-acre site closed in December, 2013, to a Georgia-based developer for \$6.25M. See <https://www.southeastern.company/former-baptist-hospital-site-officially-sold/>. Note, in this instance, the Baptist Hospital site transferred from the hospital entity directly to the developer.

As with the developer for the Baptist Hospital site, a future developer could apply for TIF funds to help offset acquisition costs. Since the City's South Waterfront TIF Fund is well-established, the amount of financing available should be reviewed and determination made as to how it should be used going forward. The Waterfront TIF fund is also set to expire in 2026.

Brownfield Redevelopment Project Area

Any future development, or redevelopment, of the site must conform to the redevelopment plan. The redevelopment plan and Vision Plan for this location along the South Waterfront identified the following goal for redevelopment:

- 30,000 Square Feet of Entertainment Uses.
- Approximately 20,000 to 30,000 square feet of restaurant and other entertainment uses that specifically take advantage of waterfront views should be located in the South Waterfront.

- The Sevier and Gay location is ideal for one or more restaurants because of its close proximity to the cinema and other entertainment opportunities along Gay Street and in Old City North of the river.

Given that the Vision Plan calls for intense retail uses in place of the current industrial uses at this site, future development may also be incentivized by creating a “Brownfield Redevelopment Project Area” in compliance with Tenn. Code § 7-53-216. Note, a brownfield redevelopment project area is also referred to as a “Brownfield TIF.” Enacted in 2011, the Urban Brownfield Redevelopment Project Act was intended to incentivize the development of “urban brownfield redevelopment projects” (“UBRPs”). In 2019 and 2023, the Tennessee Legislature amended the UBRP Act, both times, in an effort to broaden the applicability of the program. Within the UBRP context, brownfields are defined as “a parcel or adjacent or related parcels of real property that is currently, or at any time since January 1, 2000, has been the subject of an investigation or remediation as a brownfield project under a voluntary agreement or consent order pursuant to § 68-212-224.” Tenn. Code § 7-53-316 (f)(2).

The applicable incentive is available to a private developer to both acquire and bear the costs to clean up the site. Effective July 1, 2023, “qualified costs” include:

- A. Public infrastructure costs, including, but not limited to, costs for all roads, streets, sidewalks, access ways, ramps, bridges, landscaping, signage, utility facilities, grading, drainage, parks, plazas, greenways, public parking facilities, public recreational facilities, public educational facilities, public meeting facilities, and similar improvements that are necessary for or otherwise useful for the brownfield redevelopment project or for the development or redevelopment of the area subject to the economic impact plan;
- B. All administrative, architectural, legal, engineering, and other expenses as may be necessary or incidental to the development and implementation of the economic impact plan or the financing of expenses under this section;
- C. Costs that are directly related to the investigation, remediation, or *mitigation of the brownfield redevelopment project* as required by a voluntary agreement or consent order pursuant to § 68-212-224;
- D. *Costs of acquisition of the project site;* and
- E. Costs of improvements to the project site, including, but not limited to, demolition, clearing, grading, utility connections to public or private utilities, buildings constructed on the project site, landscaping for the project site, and stormwater facilities on the project site.

2023 Tennessee House Bill No. 319 (*emphasis added*).

A Brownfield Redevelopment Project must be approved by a local Industrial Development Board (“IDB”); therefore, it is subject to the rules governing IDB TIFs set forth in T.C.A. § 7-53-101 *et seq.* (the “IDB Act”) and the TIF Uniformity Act. For IDB TIFs, the approval process requires, among other things, creating an “economic impact plan” (the “Plan”) specifying the geographic area covered under such Plan and identifying a qualifying “project” to be constructed within the plan area. The “economic impact plan” must be submitted to the local IDB for approval. Elements to be included in the economic impact plan include a discussion of the benefits associated with development of the plan area, an assessment of anticipated tax revenue, and an estimate of job creation.

The economic impact plan is also subject to public hearing requirements and approval by the local government, or taxing entities, contributing their taxes to the incentive. Taxes eligible for capture in the increment include the following taxes in the identified plan area: property taxes imposed on the property the subject of the brownfield redevelopment, taxes on any personal property located within the area subject to the plan, the sales taxes imposed upon sales within the area subject to the plan, the sales taxes imposed upon construction and related development or redevelopment activity in the area subject to the plan, or any combination and amount of such property and sales taxes, will be distributable in the manner described in subsection (c) and § 7-53-312(c), as applicable, and used for the purposes permitted by subsection (e). [Tenn. Code Ann. § 7-53-316 \(West\)](#)

Therefore, unlike a Uniform TIF, or a traditional TIF, when identifying the available tax increment for an incentives package, the Brownfield Redevelopment Project area TIF may also consider future sales tax revenue to be created by the redevelopment project, amounting a significant incentive. Given that the Vision Plan/ redevelopment plan for this area contemplates a mixed-used development with retail sales, creating brownfield redevelopment project with a standalone economic plan and incentive program for Site 3 may prove more beneficial than tapping into the South Waterfront Redevelopment TIF.

In addition to the expansion of Brownfield Redevelopment Project legislation, on March 31, 2023, Tennessee created the “Brownfield Redevelopment Area Fund and Grant Program.” See SB 271; see also <https://tennesseelookout.com/2023/03/07/brownfield-bill-funnels-millions-into-polluted-properties-but-slights-environmental-justice-needs/> and <https://www.jdsupra.com/legalnews/new-tennessee-brownfield-legislation-7618976/>.

Under SB 271, a developer / private sector purchaser may receive a tax credit applicable to its franchise and excise taxes, equal to 50% of the purchase price of a brownfield undergoing investigation, mitigation or remediation at a brownfield site. This same legislation established a “Brownfield Redevelopment Area Fund.” The legislature appropriated \$5,000,000 for the 2023-24 fiscal year for these projects. Though the program has not yet been created, the Tennessee Department of Environmental Compliance will implement the program and develop criteria and guidelines so that that an eligible entity may obtain a grant up to \$500,000 per site, per year.

Voluntary Cleanup / Public-Private Partnership

The owners of the industrial sites may elect to participate in a voluntary cleanup program in order to ready the sites for redevelopment. The State of Tennessee’s Department of Environment and Conservation manages the “Brownfield Voluntary Cleanup Oversight and Assistance Program.” See <https://www.tn.gov/environment/program-areas/rem-remediation/rem-brownfields-redevelopment-overview.html>. Negotiations, leading up to the participation in the voluntary cleanup program, will outline the scope of the necessary remediation work in order for the owner to achieve liability protection. Throughout the remediation process, the owner retains control of the site. Therefore, at the conclusion of the remediation process, the owners may become partners in its redevelopment or sell the property outright. By actively participating in the cleanup, an owner is better positioned to control remediation costs, potentially maximizing profits from any future redevelopment or resale of the property.

Public Sector Acquisition, Relocation and Cleanup

Public Sector Acquisition

Private property may be acquired with public dollars within a redevelopment project area. See Tenn. Code § 13-20-202(a)(2) (“Acquire other real property for the purpose of removing, preventing, or reducing blight, blighting factors, or the causes of blight.”). Similarly, because this site is included within an urban renewal area, the City of Knoxville may use federal grant funds to acquire the properties. See Tenn. Code Ann. § 13-20-212 (“(a) An authority has all the powers necessary or convenient to undertake and carry out urban renewal plans and urban renewal projects, including the authority to acquire property by eminent domain or purchase, and to dispose of property, to issue bonds and other obligations, to borrow and accept grants from the federal government or other source and to exercise the other powers which this part confers on an authority with respect to redevelopment projects.”).

INCENTIVES FOR RELOCATION

As discussed, the City may use public dollars to purchase the property located at Site 3; however, at this particular location, acquisition costs are only part of the equation. Costs associated with relocating the industries must also be considered. The Vision Plan identified “industrial relocation” as a public sector funded activity. (Vision Plan, p. 71). Neither the existing South Waterfront TIF fund nor a future Brownfield Redevelopment Project TIF can fund relocation expenses to facilitate the relocation of Holston Gases or Marathon’s Asphalt plant (we think). In order to convince each industry to relocate, since the properties are operational, the City may consider a land swap, relying on property owned by the Knox County Industrial Development Board and/or a partnership with the Knox County Industrial Development Board.

Again, as with the Brownfield Assessment Grants, both the City and the leadership of Holston Gas are familiar with public-private partnerships. In 2011, Holston Gas purchased a brownfield on I-275 Corridor for expansion of its business from the City of Knoxville Industrial Development Board. This acquisition

provided Holston Gas with a second location in the “core” of Knoxville. See

https://www.knoxvilletn.gov/archived_news_stories/2011/holston_gases_announces_expansion_to_i_275_corrido. Similarly, if property could be found – potentially in the County, the County Industrial Development Board could provide an incentive to Holston Gas to relocate. The incentive could be a land swap, or a reduced acquisition cost, in exchange for Holston Gas’ current riverfront location.

The Knox County Industrial Development Board could offer Marathon Petroleum similar incentives to relocate. The Knox County Industrial Development Board administers two incentive programs aimed at industrial development: Tax Increment Financing (TIF) and Payment-in-lieu-of-Taxes (PILOT). See <https://knoxdevelopment.org/business-assistance/local-incentives-program-overview/>. The PILOT program is often used to spur additional investment in an under-utilized area. Rather than paying both taxes and acquisition costs, Marathon could lease a property from the IDB and make PILOT payment based on its annual taxes.

In addition to locating an appropriate site, infrastructure costs associated with the relocation must be considered. Once a location has been identified within the County, the County’s IDB TIF fund could finance the necessary infrastructure improvements to relocate Marathon. In sum, the two incentives could reduce Marathon and Holston’s acquisition and relocation costs, which, in turn, potentially reduces the amount the industries need from the sale of their existing property.

Note, Marathon has been through this experience, to some extent, in Boise, Idaho. There, in 2019, officials in Boise, Idaho set in motion plans to move Marathon’s above ground storage tank farm. The tank farm had been at its location for 67 years. See <https://boisedev.com/news/2019/10/02/boise-tank-farm-armbrust-ahlquist/>. By 2022, the project had lost momentum “on all fronts.” Marathon, who had made upgrades to the tanks, simply was not interested in relocating. See <https://boisedev.com/news/2022/08/30/boise-tank-farm-site/>.

Other communities have faced similar obstacles. In Washington state, economic development officials worked on a plan to move a tank farm. The incentive package contained a land swap and a number of tax abatements. In the end, the move was still cost prohibitive with costs exceeding \$200 million. That location, however, unlike the Marathon site in Knoxville, was linked to a regional pipeline. <https://www.washingtonpost.com/archive/local/1992/11/16/moving-a-tank-farm-easier-said-than-done/c9c9fcf9-4da3-4e55-be4b-a15ca10e2d91/>

Local Government Funded Brownfield Cleanup

It is possible, if Marathon were enticed to relocate, as part of that relocation, Marathon could bear some of the expense of the cleanup costs. However, the foregoing discussion assumes the remediation costs are deducted from the price of the property. Once the property transfers to the City of Knoxville or KCDC, there are several programs available to assist with remediation costs.

EPA Brownfields Cleanup Grants and Revolving Loans¹

The EPA provides funding to public entities to carry out cleanup activities at brownfield sites. Unlike the private sector, local governments are eligible to apply for cleanup grants from the EPA; however, the City, or another local government entity, such as the KCDC, must first own the site for which it is requesting funding. The municipality or public entity may request up to \$500,000, up to \$1 million, or up to \$2 million to address one brownfield site, or multiple brownfield sites, contaminated by hazardous substances, pollutants, contaminants (including hazardous substances co-mingled with petroleum), and/or petroleum. EPA will make a limited number of awards to applicants requesting above \$500,000. See <https://www.epa.gov/brownfields/brownfields-cleanup-grants>. The EPA also provides loan funds to local governments seeking to remediate brownfields. The maximum amount of the loan is \$1 million; however, the funds can be recycled through projects. Once a site is cleaned up and the property sold, the loan funds can be used again within a five-year period.

Section 108 Loan Program

In addition to EPA programs, the City may borrow against its annual Community Development Block Grant (“CDBG”) allocation from the Department of Housing and Urban Development to undertake brownfield cleanup activities. As an entitlement community, Knoxville receives these funds, based on a formula, each fiscal year. In 2022, Knoxville received \$1.7 million. Brownfield cleanup is an eligible activity, provided the site is located within an eligible low-moderate income census tract, which Site 3 is. Section 108 Loans are intended to be bridge loans, making such a loan particularly compelling for this activity. Once the site has been cleaned up and sold to a developer, the City can pay the Section 108 loan back. During the loan period, the principal payment is paid annually from the City of Knoxville’s CDBG allocation. The City of Knoxville’s current Section 108 Loan Authority is shown below:

<u>NAME</u>	<u>ST</u>	<u>Current/ Prior 108 User</u>	<u>FY 2022 CDBG</u>	<u>5 x FY22 Allocation</u>	<u>Section 108 Loan Authority</u>
Knoxville	TN	Yes	\$ 1,699,579.00	\$ 8,497,895.00	\$ 6,107,895.00

<https://www.hudexchange.info/resource/5197/current-availability-of-section-108-financing-cdbg-entitlement-and-state-grantees/>

¹ In Bay County Michigan, city officials obtained more than \$2.5 million in federal and state funding to remediate and redevelop 31 acres (12.5 hectares) of vacant and contaminated riverfront parcels. Sources of funding included an Environmental Protection Agency (EPA) area-wide planning grant, two EPA clean-up grants, and numerous public and private grants and contributions. <https://www.stantec.com/en/projects/united-states-projects/c/city-of-wausau-riverfront-brownfield-redevelopment>; ; see also <https://www.baycounty-mi.gov/News/MDEQ-Showcases-Bay-City-Riverfront-Brownfield-Development.aspx>. “The newest video highlights the long process of transformation from the

blighted remains of Industrial Brownhoist, once a major manufacturing employer in Bay City, to a vibrant mixed-use riverfront destination. The city looked for years to find the right development project for this highly-visible, 43 acre downtown site. The project was a success, in part, thanks to the MDEQ's investment of brownfield grants, loans, and tax increment financing."

Redevelopment

New Markets Tax Credits

Because Site 3 is located within a low-moderate income census tract, a redevelopment project could be eligible to receive a New Markets Tax Credit allocation. The NMTC program was created in order to spur investment by the private sector in low-income census tracts. This credit, which is allocated by intermediary financial institutions, or community development entities (CDE), creates equity in the project which the CDE then lends to the project through a low interest loan (1%).

New Market Tax Credits are generally competitive. While there are certain CDEs that only invest in brownfield remediation, more often, the CDE invests in the vertical development on the site. In general, a NMTC project must provide a benefit to the low-income community, through job creation, health care delivery, or low-income housing. While brownfield remediation is considered a qualified activity, New Market Tax Credit projects are often complex and the credits part of a larger funding strategy, involving federal, state and local incentives.

An EPA publication explains, investors in brownfields can benefit from the NMTC program as follows: 1) stakeholders may apply to an existing CDE to fund their projects; or 2) stakeholders may apply for CDE certification and apply for an allocation of New Markets Tax Credits; or 3) stakeholders may apply for CDE status. <https://www.epa.gov/brownfields/supporting-brownfields-redevelopment-using-tax-incentives-and-credits-0>.

Because CDEs are charged with loaning money in underutilized areas, a CDE is more likely to provide financing to a brownfield redevelopment project than a traditional lending institution. In addition, CDEs are familiar with packaging NMTC with other types of incentives.

Because CDEs are charged with loaning money in underutilized areas, a CDE is more likely to provide financing to a brownfield redevelopment project than a traditional lending institution. In addition, CDEs are familiar with packaging NMTC with other types of incentives.

For more information, see:

[https://www.cdfa.net/cdfa/cdfaweb.nsf/ord/201502_BF_Toolkit/\\$file/CDFA%20Brownfields%20Financing%20Toolkit%202018.pdf](https://www.cdfa.net/cdfa/cdfaweb.nsf/ord/201502_BF_Toolkit/$file/CDFA%20Brownfields%20Financing%20Toolkit%202018.pdf)

OPPORTUNITY ZONES AND QUALIFIED OPPORTUNITY FUNDS

Designated Opportunity Zones are intended to attract investors seeking to defer capital gains taxes. Site 3 is located within a designated opportunity zone; therefore, a qualified opportunity fund could be set up to attract investors to these properties. However, in order to avail itself of the incentive, the City needs to first allocate public resources to an assessment of the site, in order to better understand the scope and costs of the necessary remediation. Second, the properties need to be transferred from the current owners to a new owner. Funds from, or investments in, a qualified opportunity zone fund may be used to remediate a brownfield, provided the remediation work demonstrates a “substantial improvement” to the site. However, there are complexities surrounding the time period in which to deploy the funds.

Housing Status and Tools

Knoxville, Tennessee is widely regarded as one of the most popular up-and-coming cities in the Southeastern United States. It features a vibrant downtown, major university, many lakes, riverfronts, and historic neighborhoods. A strong economy and housing prices below the national average makes Knoxville an attractive area for residents looking to relocate. In recent years, the pandemic has accelerated the move to the Southeast, driven by the opportunity to work remotely, the desire for more space, and affordability. This has resulted in Knoxville being one of the top three cities in Tennessee that gained new residents as well as returning previous residents and professionals with young families.

The 2022 U.S. Census data outlines the net domestic migration in detail and shows that twenty-six states experienced an influx of people, with more people moving in than out. The state of Tennessee is one of the top ten inbound ranking states, at number six. North American Van Lines, Inc., concurs, ranking Tennessee #3 as a top inbound state. Such population growth spurs housing demands which in turn affects pricing and affordability for local residents.

This migration has resulted in neglected older homes providing opportunities for newcomers to acquire real estate at an affordable cost. Additionally, existing homeowners have benefited from significant home appreciation rates in the last ten years, with an average annual appreciation rate of 8.18%, due to strong demand and low supply. This backdrop and surge in property values is resulting in an increasing concern for affordability, particularly for first-time buyers.

In addition to the robust for-sale market, the rental market is also strong, with a vacancy rate that is consistently lower than the national average. This means that investors have a good chance of finding tenants quickly and maintaining a steady rental income. While favorable for investors, residents with low to moderate income and those using other sources of income such as vouchers may be rejected. Knoxville's policy environment is considered landlord-friendly, which may lead to evictions and displacement in the long run without tenant protections.

Strategies to Address Housing Affordability

Local action can help bolster housing affordability, and the City of Knoxville has taken steps to address this challenge. The City created an affordable housing trust fund to provide subsidy funding. The City has enabled increases in supply through zoning changes, instituting form based code in the South Waterfront and along Cumberland Avenue. In addition, the City has engaged assistance to address "missing middle housing." Based on the proposed 2023-24 budget, the City of Knoxville is working towards a vision of an economically vibrant City, prioritizing public safety, continued investments for needed infrastructure maintenance, affordable housing support, and creating best-in-class parks and public spaces to serve residents.

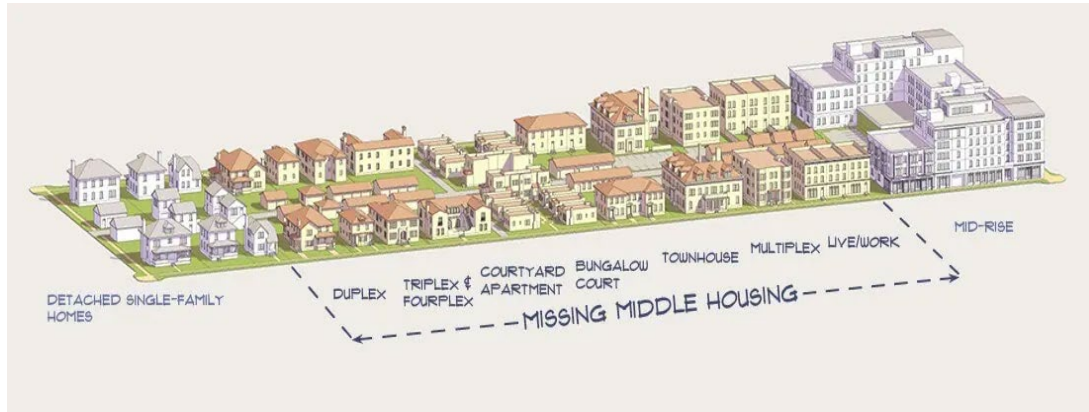
A major step toward providing long term, flexible, local funding is the City establishing the Knoxville Affordable Housing Fund. The local affordable housing development community has welcomed the additional local funding sources, as well as the PILOT (payment in lieu of tax) program. Established in 2021 with a \$50 million commitment for ten years, Knoxville’s Affordable Housing Fund has used \$19.5 million, leveraging 1:13 and helping more than 1,659 residents. To meet the growing housing need, it would be beneficial to expand the Fund, as well as increase affordable housing resources through partnerships with entities such as financial institutions, non-profit, for-profit developers, faith institutions, and other public-sector agencies. As many federal resources are competitive, such partnerships and resources can also help position Knoxville to be more competitive for such programs.

Federal funding, such as Low-Income Housing Tax Credits (LIHTC), is generally the primary funding source to create rental homes affordable to lower-income households. Successfully using this program, two developments have been created in recent years within the broader South Waterfront area, providing approximately 320 units. (Further information is included in the Appendix.) While the City has several funding resources, programs, and policies to support development of affordable housing, more are required to address this growing need as more than 1 in 3 Knoxville households pays too much for housing costs, defined as not exceeding 30% of a household’s gross income. This is a growing challenge as housing costs have increased at a higher rate than household incomes.

The following actions should be continued or considered to preserve existing and expand the supply of rental and owner-occupied housing that meets the needs of a broad range of households:

- Utilize land use ordinances to encourage workforce housing be built concurrently by the private sector under certain circumstances when land use permits for new construction or redevelopment are approved.
- Implement long-term affordability requirements when public dollars or incentives are invested in a project.
- Allow ADUs ‘as-of-right’ in all single-family residential districts for the purpose of creating additional affordable rental units.
- Encourage a range of housing types including housing that meets the needs of lower-income families.
- Leverage public surplus land and privately donated lands towards development.
- Partner with private and public entities, including faith-based organizations.
- Exhaust funding tools available including HUD section 108 loan, TIF, New Market and Historic Tax Credits to create and spur developments.

- Create an intermediary for potential social impact fund for below market debt to help develop missing middle products.



Source: Opticos Design. MMH Scan Prepared for Knoxville, TN. 2022.

- Consider creating a Community Land Trust and encourage private land donation to the trust to maintain long-term affordability.
- Provide development gap financing to incentivize development for the aging population.
- Implement a Source of Income protection. A prospective tenant's lawful source of income may include vouchers directly or indirectly funded through HUD Housing Choice Vouchers and other forms of rental housing subsidies.
- Expedite the process for seamless service delivery between City and County departments.
- Continue and expand family self-sufficiency programs.
- Support legislation whereby affordable housing properties that receive federal low-income housing tax credits are valued on the actual income derived from the property rather than including the tax credits as income. (Tennessee is one of the few states that allows local property assessors to include the tax credits generated for equity investors as income.)
 - Note that LIHTC developers must apply for the PILOT program to offset this cost, an additional burden for the developer.

Knoxville's South Waterfront

The South Waterfront District is defined by green space, a built environment, natural trails, and Vision Plan to put redevelopment into action. This vision plan, which was created with extensive public input, calls for preserving the waterfront with significant outdoor spaces, increased bike/walking trails, various transportation modes, retail, business establishments, and increased housing at all price points. The vision embraces mixed-use development with connectivity to homes, offices, shops, schools, and parks, as well as the river.

As discussed earlier in this report, significant new development has occurred on the South Waterfront, particularly east of the Gay Street Bridge. The location is attractive – close to downtown and close to the university. With the university’s increased enrollment has come demand for housing for students. The market has responded (both north and south of the river) - there has been a lot of development of multifamily housing. The team does not see a need for public intervention on the South Waterfront to increase the student-oriented housing supply. However, efforts should be made to maintain affordability.

Scottish Pike Neighborhood Housing

The Scottish Pike Neighborhood is experiencing increasing property values, like other parts of Knoxville. Further escalating property values and home prices will be spurred by regional growth and relocation patterns, as well as public and private investments. The neighborhood is low to moderate income neighborhood, and the property value increase will change the neighborhood unless a proactive effort mitigates unintended consequences (eg. developments not in line with residents’ vision). This growth presents the potential threat of displacement for existing long-term residents. At the same time, residents can benefit from the improvements and property value appreciation.

There are several strategies to preserve the neighborhood charm and encourage smaller-scale development such as single-family houses, small apartment buildings including duplexes, triplexes, quads, townhouses, multiplexes, cottage courts, live work and shop houses, and accessory dwelling units. This range of housing types can serve diverse housing preferences, ages, household sizes, and income levels.

HOUSING TYPES: EXAMPLES OF HOUSING OPTIONS FOR DISTRICT 1



The Old Sevier and Scottish Pike areas are envisioned to conserve the "small town, neighborhood" atmosphere. New developments in these areas are encouraged to preserve and extend the existing neighborhood character and to maintain a complementary scale and density. Large-scale assemblage of residential properties or any commercial uses are prohibited. Suggested building types include detached houses, cottages, duplex houses, attached townhouses and rowhouses.

Actions to assist existing residents and increase their ability to remain in the neighborhood and benefit from improvements include:

- Offer property tax relief for long term residents.
- Provide grants or 0% interest loans for existing Scottish Pike homeowners to renovate and upgrade their homes.
- Provide beautification grants to the neighborhood and homeowners for curb appeals and connectivity.
- Provide acquisition and renovation funds to ensure long term affordability to owners and investors through deed restrictions.

CITY OF CHARLOTTE STAYING IN PLACE PROGRAM:

Charlotte's Staying in Place Program is a great example of a strategic and collaborative approach to provide opportunity for residents who want to stay in their neighborhoods, while preserving housing affordability for future generations. This initiative brings together multiple city departments to take a holistic view of residents' needs and their homes/property. Residents can connect to programs, resources, and other forms of support to help them stay in place as neighborhoods change over time.

[Staying In Place - City of Charlotte \(charlottenc.gov\)](https://www.charlottenc.gov/staying-in-place)

Conclusion

The Scottish Pike neighborhood provides affordable housing close to the river and downtown. Public investments such as the Scottish Pike Neighborhood Park are valuable amenities that promote health and well-being and enhance quality of life. The Park provides scenic views of downtown, the University of Tennessee and provides for enjoying a riverside walk, playground area, and social gatherings.

A partnership that includes the Scottish Pike Neighborhood, City of Knoxville, the University, and Philanthropic Community could sustain this vision and preserve or create a range of housing options that meet the needs of working families, University faculty and graduate students. Preserving the existing single-family homes will add value and mitigate gentrification risks for the existing neighborhoods. The city can also provide funding for renovations encouraging longtime residents to stay in their communities. Additionally, providing property tax relief for seniors and low to moderate income residents will help mitigate displacement. There is an opportunity to encourage single-family homes, townhomes, garden style multifamily developments including senior housing as options for South

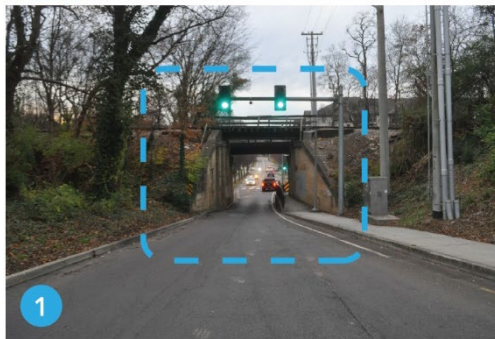
Waterfront redevelopment area. These types of developments will be attractive to pedestrians and provide a feel and sense of community. Providing connectivity to amenities, open space, and various transportation methods is critical to activate the South Waterfront to its full potential, which can add value to the high quality of life already enjoyed by Knoxville residents. We are aware that a connectivity study is underway which will guide the City's efforts.

Railroad Impact on South Knoxville Redevelopment

Existing rail lines have a significant impact on potential redevelopment of Knoxville’s South Waterfront. CSX, Norfolk-Southern, and a local industrial line identified as G&O have active tracks impacting the area. CSX (KD Subdivision) Railroad has a main line which crosses the Tennessee River west of the University of Tennessee and impacts the area of Cherokee Trail and Goose Creek, the western end of the redevelopment area of concern. Norfolk-Southern Railroad crosses the river from a point on the north side of the Tennessee River after transiting through World’s Fair Park, thence via a bridge before the rail line enters the re-development area near the West Blount Avenue and Henley Street/Chapman Avenue major intersection. This Norfolk-Southern Knoxville District – K & A Line is a “branch line”. This line continues through the redevelopment area to the southwest toward Alcoa and McGhee Tyson Airport. The third railroad line (identified as local G & O industrial line) is essentially a local industrial spur from the Norfolk Southern branch line serving several industries within the redevelopment area (Volunteer Asphalt, Holston Gas, Marathon- Ashland Petroleum, Kerns Bakery) and further to the east, Ergon-Knoxville, Inc.

The biggest impact on the redevelopment areas cited is the presence of one-lane underpasses in two areas leading in and out of the site

Blount Ave - narrow railroad underpass creates a traffic bottleneck



Blount Ave - narrow railroad underpass creates a traffic bottleneck



There are federal programs in place to help provide funding to widen and improve these types of features, and the conversations with the affected railroads need to start today.

West of the Henley Street Bridge. There are federal programs in place to help provide funding to widen and improve these types of features, and the conversations with the affected railroads need to start today.

The Norfolk Southern governmental relations person can be found on their website

(<http://www.nscorp.com/content/nscorp/en/about-ns/government-relations.html>). The federal grant

program to help with changes to existing railroad underpasses is available here:

<https://railroads.dot.gov/grants-loans/competitive-discretionary-grant-programs/consolidated-rail->

[infrastructure-and-safety-2](https://railroads.dot.gov/grants-loans/competitive-discretionary-grant-programs/consolidated-rail-) And, for an example of a railroad underpass project in action, see

<https://coloradosprings.gov/sdrur>.

Conclusion

The river, and its waterfront, is a fantastic amenity with the potential to further enhance Knoxville's status as an attractive, destination city. The opportunity is present for the City to increase river access for the public through proactive steps. These actions include building out the riverfront pedestrian / bike path, working with existing property owners to move toward redevelopment, and experimenting with entertainment and other popup amenities.

Designating a person or organization to focus on the South Waterfront will be very helpful in planning and implementing the actions outlined above. We also recommend a collaborative effort, engaging with the philanthropic community, major institutions, large employers, the key property owners, as well as public sector partners. Try out initiatives, recognizing that some efforts may fail.

The time, energy, and money spent to focus on these sites and this area has the potential to be life altering for Knoxville. Begin with small investments in cleaning, planning and programming – these investments will be money well spent. Data should be collected on the increase in value of existing housing and commercial properties in the focus area as plans are implemented; the University, TVA, or another partner could do a more detailed economic impact analysis.

Other riverfront cities can provide compelling models and lessons, and a visit to those places will prove worthwhile. The Consulting Corps team members from Omaha, Nebraska, and Owensboro, Kentucky, would welcome a visit from Knoxville leaders. Successful redevelopment on the north side of the river demonstrates that Knoxville has accomplished impressive redevelopment, and we are confident that similar success can be attained on the South Waterfront.

Appendix I – Resources

Omaha by Design: <https://omahabydesign.org/> - convening, engaging, educating and advocating for excellence in people-centered urban design and policy

[Staying In Place - City of Charlotte \(charlottenc.gov\)](https://www.charlottenc.gov/)

Owensboro, Kentucky's riverfront development offers a model for Knoxville.

- Master Plan: <https://www.edsaplan.com/project/owensboro-riverfront/>
- Riverfront hotel: <https://www.hilton.com/en/hotels/owbdwhx-hampton-suites-downtown-owensboro-waterfront/>
- RiverPark Center hosts events: <https://www.riverparkcenter.org/about>

[Metropolitan Entertainment & Convention Authority \(MECA\)](https://www.meca.org/) (MECA). Omaha's MECA is a nonprofit organization that builds and manages public event venues in Omaha, Nebraska. Development has occurred through public private partnerships and long term agreements. It runs the Charles Schwab Field Omaha, The RiverFront, and CHI Health Center Omaha. This is a potential model for the organization that could assemble patient capital and manage development along the South Waterfront.

Federal Realty Investment Trust has a model for financing temporary pop-up retail space leasing. <https://www.federalrealty.com/leasing/specialty-leasing/>

Investors in the South Waterfront may benefit from Opportunity Zone incentives. [Census Tract 1, Knoxville, Tennessee - OpportunityDb](https://www.opportunityzone.com/tn/knoxville)

Brownfields Financing Toolkit:

[https://www.cdfa.net/cdfa/cdfaweb.nsf/ord/201502_BF_Toolkit/\\$file/CDFA%20Brownfields%20Financing%20Toolkit%202018.pdf](https://www.cdfa.net/cdfa/cdfaweb.nsf/ord/201502_BF_Toolkit/$file/CDFA%20Brownfields%20Financing%20Toolkit%202018.pdf)

Appendix II – Affordable Housing

Affordable housing is generally defined as housing not exceeding 30% of a household’s gross income. FY2022 Housing Urban Development (HUD) Average Family Area Median Income (AMI) for Knoxville, Tennessee is \$84,400 (family of four).

- Low-income families are defined as families whose incomes don’t exceed 80 percent of the AMI.
- Very low-income families are defined as families whose incomes don’t exceed 50 percent of the median family income for the area.
- Extremely low-income families are defined as families whose incomes don’t exceed the higher of the Federal Poverty level or 30% of the AMI.

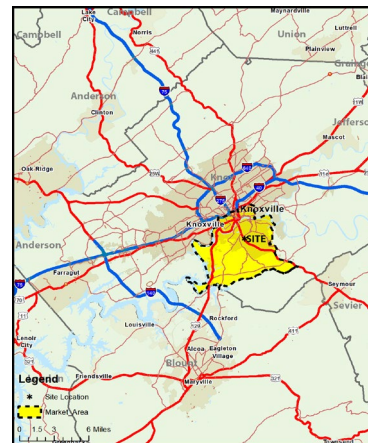
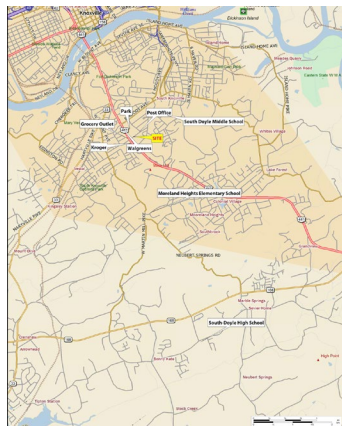
District 1 – Affordable Housing Development:

There are two affordable housing developments in the South Waterfront area.

South Side Flats-172 units
 Completed 2020
 2727 Ft Stanley Way
 Knoxville, TN 37920



Young High Flats – 156 Units – Completed 2021
 Family - 4% Tax Exempt Bond - Tax Credit (Sec. 42) Apartments
 111 E. Young High Pike
 Knoxville, TN 37920



The site is south of the Tennessee River near downtown Knoxville, Tennessee. It is located off Chapman Highway on East Young High Pike.

- The project is for family households with incomes at 60% of AMI. Rents range from \$825 to \$950 for the non-PBRA units, and 9 of the units have project based rental assistance.
- Partnership with Knoxville's Community Development Corporation (KCDC) encourages families to seek housing outside of low income and minority concentration by providing lists of available rental units on their websites including Southside flats and Young High Pike.
- Market analysis prepared for LIHTC application shows:
 - High demand for the project.
 - Total vacancy rates of the most comparable projects are 0.0%
 - The average vacancy rate reported at comparable projects is 0.0%.
 - The average LIHTC vacancy rate for units without PBRA is 0.0%.
 - The overall vacancy rate in the market for units without PBRA is 2.2%.

Sources:

- https://www.realtor.com/realestateandhomes-search/Knoxville_TN/overview
- <https://www.neighborhoodscout.com/tn/knoxville/real-estate>
- https://archive.knoxplanning.org/plans/missing_middle_housing_scan.pdf
- https://www.knoxvilletn.gov/government/city_departments_offices/Finance/budget
- https://www.huduser.gov/portal/datasets/home-datasets/files/HOME_IncomeLmts_State_TN_2022.pdf
- https://www.tn.gov/content/dam/tn/mentalhealth/documents/FY23_Creating_Affordable_Housing_AOF.pdf
- Market Study for Tennessee Tax Credit QAP

Appendix III – Rail Impact on Potential Development

The 2006 Knoxville South Waterfront Action Plan Report identified the following priority action items:

Down River - Cherokee Trail Railroad Underpass & Goose Creek Crossing

- Corp/TVA permit needed for flood plain & stream crossing of road culvert
- CSX negotiation for easement & underpass
- acquisition of 1 property from 1 owner *Mid River* -Blount Avenue Streetscape Improvements – St. Paul to Hawthorne Avenue
- acquisition of additional ROW from 1 owner
- road widening, streetscape, existing underpass improvements.

Source: 2006 Knoxville South Waterfront Action Plan Report

4.0 Priority Public Project Actions (p.23 of 126)

POTENTIAL FUTURE ACTIONS FOR CONSIDERATION

The achievement of goals relative to the integration of existing rail lines into the re-development of the Knoxville South Waterfront must be based on both short-term and long-term objectives being realized. Nevertheless, short-term actions must be cognizant of desirable long-term objectives. Local (“Knoxville South Waterfront”), Citywide, and regional considerations must be supportive of each other. The following actions are suggested:

- Prepare a Long-term Multi-modal Transportation Plan which incorporates the “adaptive re-use” of the existing rail lines, including existing rail bridges crossing the Tennessee River, to maximize pedestrian, rapid transit, bicyclical, and industrial rail service connectivity between the north shore and the south shore of the City of Knoxville.
- Be proactive in the development process to eliminate the rail spurs and sidings which are solely for the benefit of industrial users.
- Short-term, resolve the issue of the West Blount Street underpass. Consider the impact and need to have grade separation between vehicular and rail (rapid transit) in the circulation system coming from the west side of the South Waterfront to Chapman Highway.
- Related to the underpass and the fact that the Norfolk Southern and Local G&O industrial rail lines interconnect requiring a “double wide” overpass, determine the preferred location of a future “rapid transit” station and a development area which would be “future” TOD (Transit Oriented Development). While rapid transit may be a number of years away, the potential for this immediate area to be a transit stop with the adaptive reuse of the rail lines remains an opportunity.
- Study the possibility of a “future” TOD area being in the vicinity of James White Parkway, Island Home Avenue, Ford Place, and Anita Drive. This area would be a transit stop which utilizes the existing G&O industrial rail line and a portion of the Norfolk Southern rail line. Thereby, World’s Fair Park, University of Tennessee, Blount/Chapman and this location could be a significant rapid transit line enabling greater intensity of development.

- Continue the planning and development processing of “rail/trail” combined usage of the rail rights-of-ways to maximize their open space and connectivity in the “greater” South Knoxville Waterfront.
- Investigate the utilization of State and Federal funding sources, such as Federal Railroad Consolidated Rail Infrastructure and Safety Improvements (CRISI) Program to assist in achieving short-term objectives.

Appendix IV – Acknowledgements

We thank the National Association of REALTORS® for their support of the CRE Consulting Corps through the Transforming Neighborhoods program. Appreciation to Catrin Latham and other staff and leadership of the East Tennessee REALTORS® for the warm welcome and hospitality. Thanks to Maribel Koella, CRE. Gratitude to Tammie Cole for escorting the team and stakeholders in and out of UT Tower. Thanks to our uber drivers and airplane neighbors who shared their perspectives with us. We gratefully acknowledge the following individuals who graciously enlightened us with their candor and knowledge. Their commitment to the City of Knoxville was obvious.

Liz Albertson, City of Knoxville

Ben Bentley, KCDC

Bryan Berry, City of Knoxville

Amy Brooks, Knoxville-Knox County Planning

George Brown, SVN | Wood Properties

Kim Bumpas, Visit Knoxville

John Cadot, Scottish Pike resident

Justin Cazana, Avison Young

Sean Chalmers, Dominion Group

Rick Dover, Dover Signature Properties

Marc Gibson, University of Tennessee, Knoxville

Peter Hall, Dominion Group

Tim Hill, Hatcher-Hill Properties, LLC

Lyle Irish, East Tennessee REALTORS®

Rebeka Jane Justice, City of Knoxville

Dr. Bill Lyons, City of Knoxville

Debbie Mallard, South Waterfront Neighborhood Association

Mac McWhorter, Knoxville Chamber

David Miller, University of Tennessee

Amy Nolan, Knoxville Chamber

Mike Odom, Knoxville Chamber

Brandon Pace, Sanders Pace Architecture

Jessica Rodocker, First Neighborhoods Realty, Island Home Resident

Hancen Sale, East Tennessee REALTORS®

Matthew Scoggins, University of Tennessee, Knoxville

Tommy Smith, City Council

Solange Velas, Goldman Partners Realty

Jeff Welch, Knoxville-Knox County Planning

Stephanie Welch

Appendix V – What We Heard

The collection of thoughts listed below came from people the CRE Consulting Corps team interviewed during its visit in April 2023.

1. Cities we love have done a great job with their waterfronts.
2. Preserve existing buildings.
3. Limited acres available on the South Waterfront.
4. Chapman Highway (441) needs streetscape renovations.
5. University faculty cannot find housing.
6. 2200 new dorm beds coming + 2500 apartments on Cumberland.
7. Who wakes up every day focused on making sure the South waterfront will make Knoxville the best city it can be? Nobody.
8. Need to educate BZA (Board of Zoning Appeals) on definition of hardship to approve variances.
9. City staff shortage to work with developers through the process. City fees are being reviewed.
10. Retail market conditions are balanced.
11. South Waterfront residents expected smaller scale development.
12. Lack of trust that the city will fulfill its promises.
13. Inconsistent who gets a variance and why.
14. Land values on the river up 30%-50% in the last two years.
15. More parking is needed.
16. We do not need additional parking.
17. "There is unlimited opportunity for restaurants and docks on the river, yes year-round."
18. Scottish Pike houses: sale price has increased from \$120,000- \$200,000 in 5 years.
19. Pull development back from the river.
20. Very nervous about student housing.
21. Lack of industrial sites.
22. "Why would I go to west Blount?"
23. Lots of development is not human scale. Giant plazas are scary and uncomfortable.
24. Need a tree mitigation policy.
25. Realtors push prospective residents out of the city to the suburbs.

26. You will never get the density on the west side. The density and lack of infrastructure will not support retail.
27. We need Knoxville to know how cool it is downtown.
28. Up to \$600 psf for condos. Demand is better downtown than outside.
29. Industrial values up.
30. Aslan Foundation wants wild land.
31. Clean up Goose Creek.
32. Curtis Mock bought 40 houses and doing a good job.
33. City should do what they said they would do and have said for 10 years they were going to do [regarding infrastructure investments]. It is frustrating.
34. The code works better in grids.
35. City Council does not uphold plan's intents or hold developers to uniform standards.
36. Need public transportation - a bus at least.
37. Vestal has scale.
38. Feels like City's Economic Development department and developers are cozy.
39. Rents in downtown are \$35-\$38psf, with credit tenants- large like Aveda.
40. No longer rummage retail downtown. B Phase of retail.
41. City is slowing development. \$85,000,000 science city and we slow it down.
42. UT does what they want, not always to the benefit of the community.

Appendix VI – The Counselors of Real Estate® and CRE® Consulting Corps

The Counselors of Real Estate® is an international organization of commercial property professionals from leading real estate, financial, law, valuation, and business advisory firms, as well as real property experts in academia and government. Membership is selective and extended by invitation; commercial real estate practitioners with 10 years of proven experience may apply.

Counselors have created and endowed the MIT Center for Real Estate; resolved the dispute between the developer of the World Trade Center and its insurers post Sept. 11, 2001; led the privatization of U.S. Army Housing; developed a multi-billion-dollar, 10-year master plan for Philadelphia Public Schools; and valued both the Grand Canyon and Yale University. Counselors reside in 20 countries and U.S. territories, with only 1,000 professionals holding the CRE credential worldwide.

CRE Members:

- Recognized records of accomplishment
- Commitment to excellence
- Uncompromising adherence to high standards of professional conduct
- Visionary, yet practical approaches, to real estate issues

The CRE Consulting Corps, a public service program created and managed by The Counselors of Real Estate, provides real estate analysis and action plans for municipalities, not-for-profit organizations, educational institutions, and government agencies that address their clients' real estate dilemmas and often enhance the performance of a property or a portfolio. Each Consulting Corps project is conducted by a small group of volunteer members selected for experience and skillsets to address the specific needs of the client. The extensive talent base available within the CRE community ensures that teams can provide expertise on virtually any real estate issue.

CRE Consulting Corps

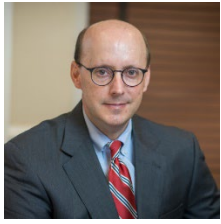
- Reliable solutions from experienced professionals
- Non-partisan, objective advice
- Exceptional service for fees that are a fraction of current market value
- Advice and recommendations provided quickly on site

Finding the Right CRE

Credentialed members of The Counselors of Real Estate are available to assist with your real estate challenge. Visit the CRE website to find the right CRE at <https://cre.org/find-a-cre-search/> or contact CRE staff members for assistance in identifying Counselors with the right skill sets to address your needs.

Appendix VII – The Team

The Counselors of Real Estate Consulting Corps team assisting Knoxville:



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Casey Pipes, Esq., CRE, is a lawyer in Mobile, Alabama. Casey has an active legal practice focused on municipal and real estate law. He has served as the City Attorney for the City of Foley, Alabama for over 20 years representing the City Council, Mayor, Planning Commission, Zoning Board, and other agencies. Much of Casey’s remaining legal practice has focused on eminent domain and land valuation litigation, plus land use and zoning work for developers. Casey was named the “Lawyer of the Year” by the Best Lawyers publication for the Mobile metropolitan area in various practice areas for 2017, 2018, 2020, 2021, 2022 and 2023. In addition to being a CRE member, Casey is a Fellow in the American Bar Foundation and the American College of Real Estate Lawyers, and he is the Alabama member of the Owner’s Counsel of America. Casey is a frequent speaker at national-level legal conferences on eminent domain topics. Casey graduated from Washington & Lee University in 1993 and from the University of Alabama School of Law in 1996. This is Casey’s second Consulting Corps assignment.



Zelleka Biermann, CRE
 Housing Development Manager
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Zelleka Biermann, CRE, is the Housing Development Manager for the City of Charlotte, where she manages the city’s \$300 million+ multifamily housing development program, including the Housing Trust Fund, HOME and CDBG funds. She is responsible for housing development, evaluation, rezoning petitions, asset management, financial review and compliance on housing projects.

In 2019, the Charlotte Business Journal honored Zelleka with the Women in Business Achievement Award for her dedication and exceptional services to the Charlotte affordable housing development community. In 2018 The Mecklenburg Times named Zelleka one of 50 Most Influential Women.

Prior to joining The City of Charlotte, Zelleka owned and operated her own business, has held Chief Financial Officer and Controllers positions with National and International Firms in the U.S. and Europe. She is a member of CREW Charlotte Leadership and Full Spectrum of New York, Green Communities Fund Advisory Board Member. She earned a Bachelor of Business Administration, Accounting/Finance

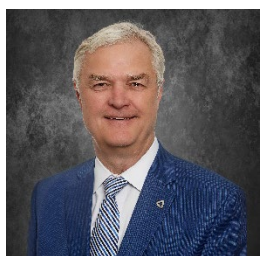
from the University of Minnesota, Carlson School of Business, a Master of Taxation at Golden Gate University and Certified Housing and Economic Development Finance Professional.



Malcolm Bryant, CCIM, CRE
 Founder
 Bryant Corporation
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Malcolm Bryant, CRE, is Founder of The Malcolm Bryant Corporation, a commercial real estate development and property management company headquartered in Owensboro, KY. With his wife Sally in partnership, the company owns and manages over 1 million sq. ft. of commercial real estate including office parks, industrial buildings, hotels, residential, etc, and is in expansion. He has recently served on the Federal Reserve Board (Louisville Branch), the Kentucky Bar Association Board of Governors and Vice-President of the Kentucky Chamber of Commerce. A community philanthropist with the YMCA, Scouts, and Community Diversity, he has sponsored mission trips to Central America and Haiti.

His company has been named Company of the Year and Entrepreneur of the Year by the Greater Owensboro Chamber of Commerce and received the Mayor's Award for Business Excellence. He was named the Outstanding Young Leader of Owensboro in 1986 and shared with his wife being named Owensboro's Outstanding Citizens in 1997. In 2019 he was inducted into the Junior Achievement Business Hall of Fame.



R.J. Neary, CCIM, SIOR, CRE
 Chairman
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rjneary@investorsomaha.com

Growing up in an Omaha real estate family, R.J. started in the commercial real estate field in 1980. He joined Investors Realty in 1987 after being a broker at Peschio & Company. He became President of Investors Realty in 2010.

R.J.'s expertise is in working on complex projects, including: multiple parcel assemblage; user representation in a purchase or build to suit; and buildings that may have a functional or economic obsolescence. He specializes in selling older, difficult and complicated properties. Many local and national financial institutions benefit from R.J.'s expertise in strategic planning and disposition of foreclosed properties. R.J. has advised investors and users in the development or redevelopment of their

real estate assets. His experience with clients includes sales and leasing of industrial, commercial, and investment properties, as well as assisting both tenants and owners.

He is a member of the Urban Land Institute and has served on the Boards of Holland Children's Movement and Omaha By Design, Omaha Habitat for Humanity, Catholic Charities, City of Omaha Planning Board, Goodwill Industries, Inc., and Home State Bank.



JAMES S. PATTON, PE, MCP, M. ASCE, CRE

Principal

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Jim Patton, CRE, has more than 52 years' experience in site engineering, site planning, land development consulting, development project management, and real estate counseling for public and private clients. Private sector experience includes residential, commercial, and industrial site development and construction for corporations and financial institutions, developers, and individuals. His public sector experience includes serving as an officer in the U. S. Navy Civil Engineer Corps, as City Engineer and Planner for Washington, PA, and as planning or engineering consultant to numerous municipalities, governmental agencies, school boards, hospitals, colleges, and the U.S. Fish and Wildlife Service.

He has been responsible for projects ranging in size and scope from a few thousand square feet to areas of more than a thousand acres. These projects have included storm water management, water distribution, sanitary sewer, streets, roads, parking areas, grading, building construction, wetlands and critical areas, and erosion control.

Jim was the founding co-chairman of the initial Leukemia Cup Regatta which has raised over \$70 million. He has served on the Board of the Leukemia Society of Maryland and is a charter member of the National Sailing Hall of Fame.



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