

# Redevelopment Districts 101

How MDHA Administers Tax Increment Financing (TIF) Districts

MDHA | Urban Development

6/24/2022



# What are Redevelopment Districts

- Areas created to combat disinvestment and blight
- These Districts give predictability to property owners, tenants, and investors in the area by providing:
  - land use controls
  - design controls
  - financial inducements through TIF



# Blight Definition

*(for traditional districts)*

The Tennessee Code says:

"Blighted areas" are areas, including slum areas, with buildings or improvements that, by reason of dilapidation, obsolescence, overcrowding, lack of ventilation, light and sanitary facilities, deleterious land use, or any combination of these or other factors, are detrimental to the safety, health, morals, or welfare of the community. "Welfare of the community" does not include solely a loss of property value to surrounding properties, *nor does it include the need for increased tax revenues.*

Faulty arrangement or design, excessive land coverage, deleterious land use, or obsolete layout is now excluded from the current blight definition.

○ *(TCA 13-20-201)*

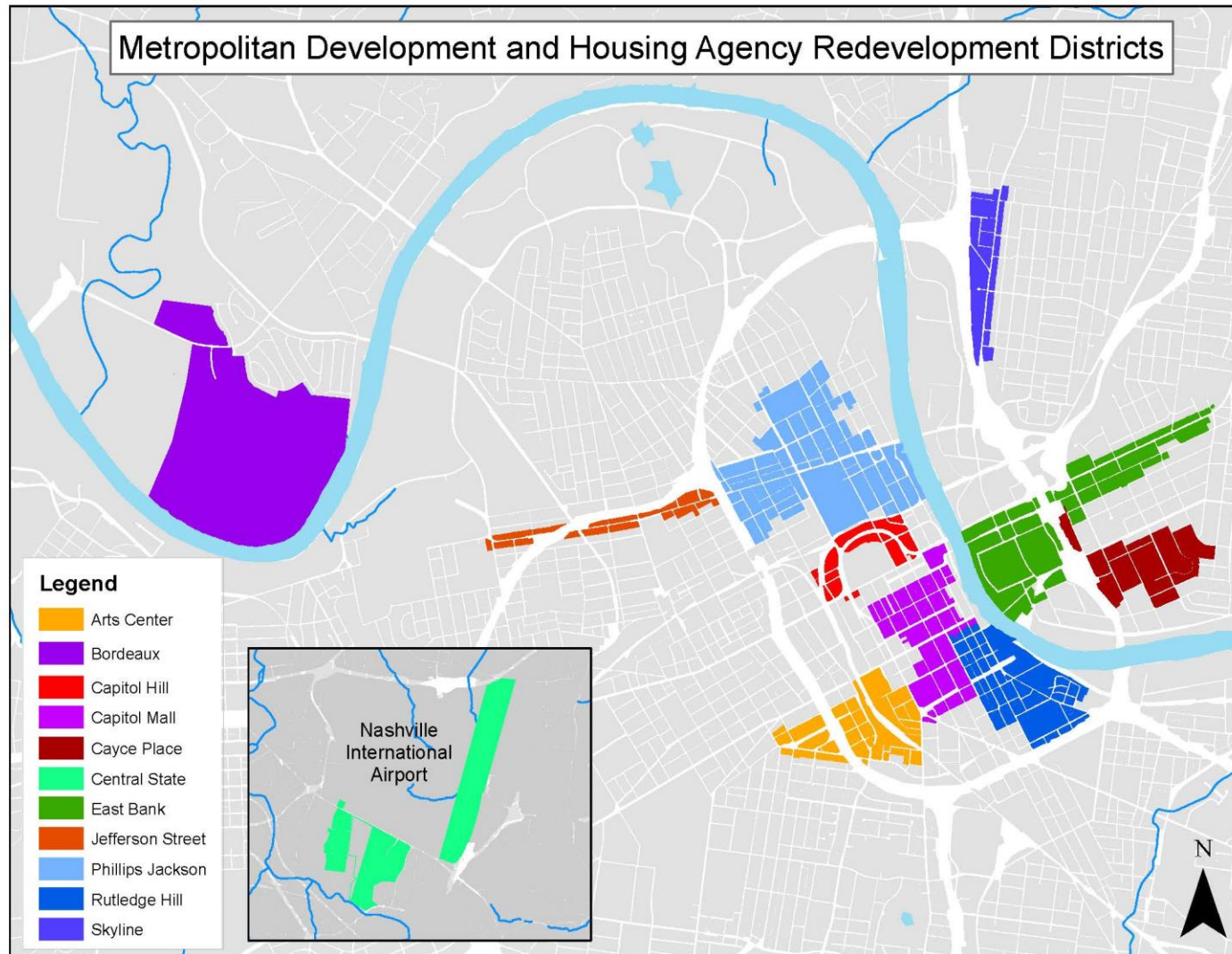


# Role of Redevelopment Districts

- The first Redevelopment District was Capitol Mall in 1978.
  - It addressed deteriorating conditions along Commerce Street and was expanded several times over the years to include the “seedy” area of lower Broadway, the flight of retail from Church Street, and expansion of downtown southward to include the Bridgestone Arena and the Country Music Hall of Fame
- Play a major role in changing the face of Nashville
- MDHA’s Redevelopment Districts and their associated Plans are still making impactful changes to our City today by supporting projects like the Sounds Ballpark and the 5th & Broad / National Museum of African Music.



# Redevelopment Districts Map



# District Listings

Former Urban Renewal Districts	Current Redevelopment Districts
Capitol Hill East Nashville Edgefield Edgehill University Center	Capitol Mall Rutledge Hill Arts Center Phillips Jackson East Bank Skyline Central State Jefferson Street Bordeaux Cayce





# Redevelopment Districts

6/24/2022

MDHA | Urban Development

# What is a Redevelopment Plan?

The Tennessee Code says:

An authority shall not initiate any redevelopment project under this chapter until the governing body, or agency designated by it or empowered by law so to act, of each city or town, hereafter called "municipalities," in which any of the area to be covered by such project is situated, has approved a plan, herein called the "*redevelopment plan,*" *which provides an outline for the development or redevelopment of such area and is sufficiently complete to:*

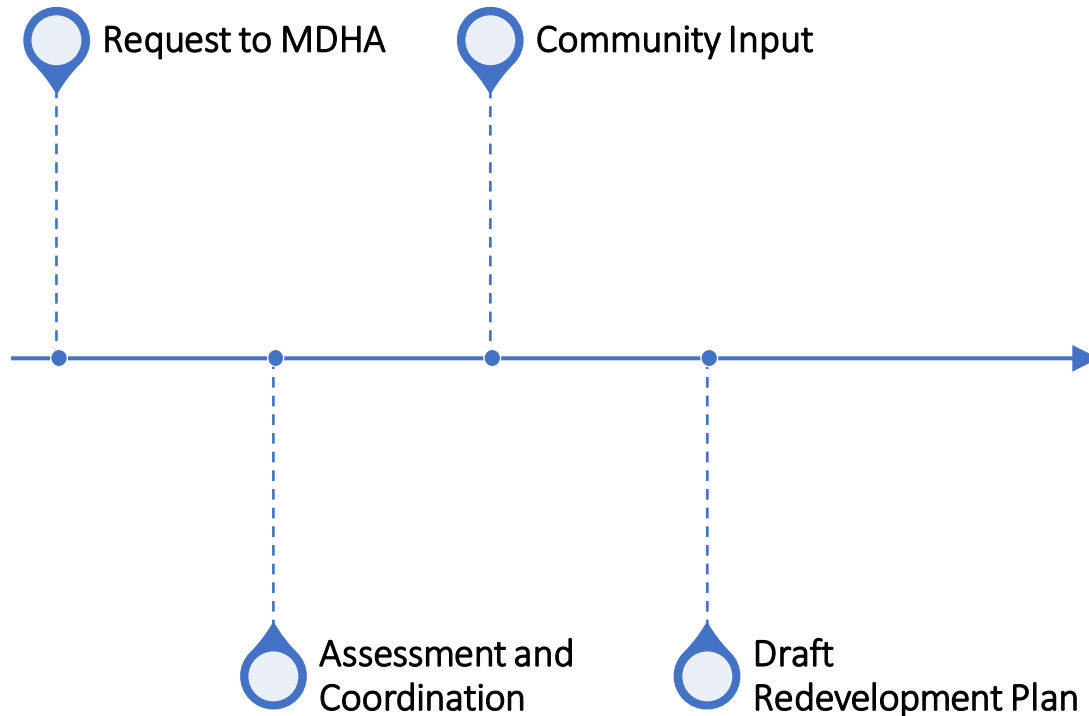
- (i)** Indicate its relationship to definite local objectives as to appropriate land uses and improved traffic, public transportation, public utilities, recreational and community facilities and other public improvements;
- (ii)** Indicate proposed land uses and building requirements in the area; and
- (iii)** Indicate the method of the temporary relocation of persons living in such areas....

(TCA 13-20-203)





# Establishing a Redevelopment Plan



---

Upon requests of elected officials, community leaders, property owners or developers, MDHA may consider an area for a Redevelopment District.

---

Urban Development Staff of MDHA perform a preliminary review of the area to see if the area will meet minimum thresholds, consult with the local Councilmember and discuss with Metro administration and Metropolitan Planning Department the viability of a district.

---

If the area meets the criteria, MDHA will host multiple community meetings. This includes all property owners, elected officials and Planning Department staff.

---

From those meetings, a plan is drafted and shared with the community for their comment. MDHA continues to meet with the community until a consensus is reached on the text of the plan.



# Benefits of a Redevelopment Plan



Predictable Land Use

Regulations are NOT zoning



Design Guidelines/Requirements

Holding development to minimum standards



Tax Increment Financing

Financial tool to guide specific development and public improvements



Eminent Domain for Public Benefit

Authorized by Council when Plan is approved



# Approval of a Plan

## MDHA Board of Commissioners

## Metro Planning Commission

- Public Notices
- Public Hearing

## Metro Council Ordinance

- Public Hearing
- By publishing notice, once a week for three (3) consecutive weeks immediately preceding the public hearing
- By written notice to at least one (1) of the owners or at least one (1) of the occupants of each parcel of property within the area
- Budget and Finance Committee
- Planning and Zoning Committee





# Tax Increment Financing (TIF)

# Where Can TIF be Used in Nashville?

- MDHA can use TIF within any of the approved Redevelopment Districts.
- The Industrial Development Board (IDB) may also provide TIF to support projects anywhere in the County.
  - Note: The remainder of this document pertains to MDHA's TIF program. For information about the IDB TIF program, [click here](#)



# How TIF Works



MDHA invests in an approved project during construction



Investment adds value to project site and increases property tax generation



A portion of the new property taxes that are generated are dedicated to repay the initial investment



When initial investment is paid off, all property taxes flow to Metro Government



# TIF as a Tool



Assists the community in carrying out the adopted Redevelopment Plan



Promotes investment in a given area



New investment spurs additional economic development



Provides potential investors predictability through land use and design controls.



Allows the City to carry out smart growth strategies by incentivizing growth in core redevelopment areas / areas with high transit capacity and ensures that development remains consistent with adopted plans



# Eligible expenses of Tax Increment Financing

Activities eligible for TIF are limited to those authorized under state legislation as powers vested in the redevelopment agency.

In Tennessee, TCA 13-20-202 defines the powers of a public housing authority in blighted areas.



LAND ACQUISITION



CLEARANCE AND  
REMEDIATION



RELOCATION



PUBLIC  
INFRASTRUCTURE  
(SIDEWALKS AND  
UTILITIES)



PARKS AND PUBLIC  
PLAZA



PARKING GARAGES



GREEN INITIATIVES



ASSOCIATED  
PLANNING AND  
ADMINISTRATION







# TIF Application, Approval, and Administrative Processes

# How can I get TIF?



Tax Increment Financing is only available as part of a Redevelopment Plan once authorized by the Metropolitan Council.



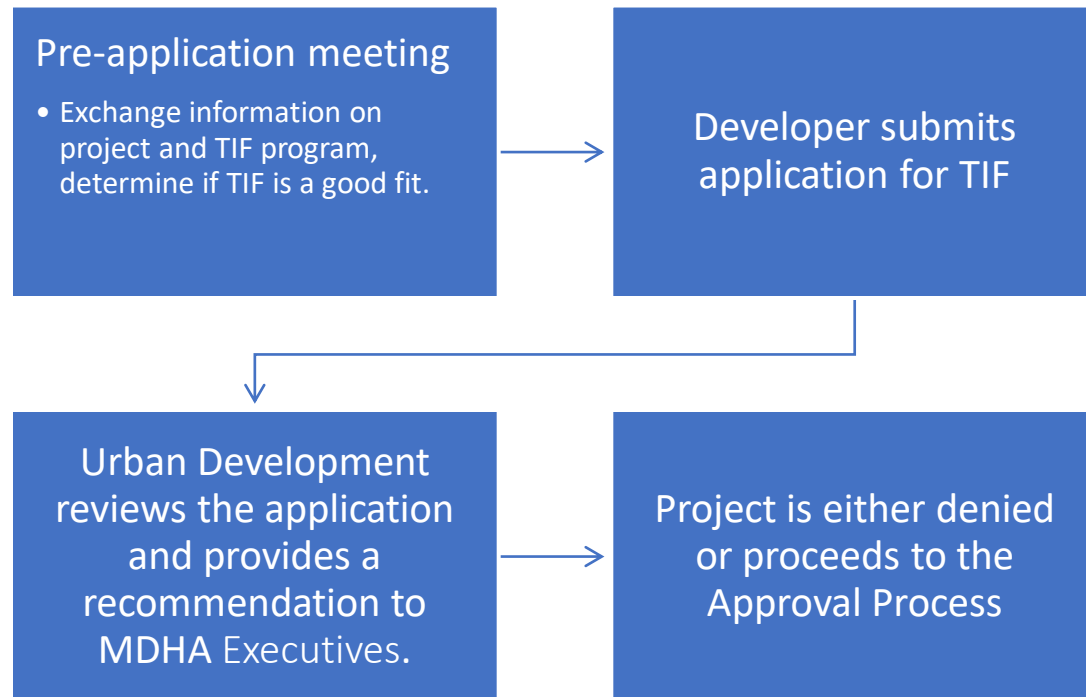
TIF amount is limited in each plan and is only available in Redevelopment Districts.



Plans are created in accordance with State law and must be approved by the Metropolitan Council.



# Current MDHA Process to Request TIF



MDHA evaluates applications based on the following:

- Is it consistent with the adopted plans?
- Is there a gap in financing?
- Is the cost of the project reasonable?
- Will the project spur additional development?
- What is the public benefit?
- What are the TIF eligible expenses?
- How much tax increment will the post-development site generate?



# Approval Process



Negotiation of Development Agreement



Presentation and discussion with the  
Development Committee of MDHA's  
Board

Publicly advertised



Presentation and discussion with the full  
MDHA Board of Commissioners

Publicly advertised with public comments



# Development Agreement



Project  
Description



Time Line for  
Development



Financing  
Requirements



Diversified  
Business Goals



Final Report



# Mechanics of TIF

- After MDHA has approved TIF and a Development Agreement has been executed:

TIF financing is then secured from a commercial lender, with future tax increment being pledged to repay the debt.

At TIF closing, Developer and MDHA execute binding documents requiring the project to be completed in accordance with the Redevelopment District and the Development Agreement.

MDHA reports to the State Comptroller once a TIF loan has closed.



# Program Facilitation & Reporting

- Each year Metro collects the full property taxes of the pledged parcel(s) and distributes the incremental portion to MDHA, which is then used to pay the TIF debt and its administrative expenses.
- In some cases, after consulting with Nashville administration, the increment from other parcels is pledged to repay TIF debt. This has occurred specifically where TIF is used on tax exempt sites including the Ascend Amphitheater and First Horizon Ballpark.
- MDHA provides annual reporting to Metro and State Comptroller.
- Once TIF debt obligations are met for a given parcel, Metro will retain all property taxes from the parcel(s).
- Metro captures all property tax increases that take place on surrounding parcels.

