

Impact of Tax Increment Financing

Partners for Economic Solutions

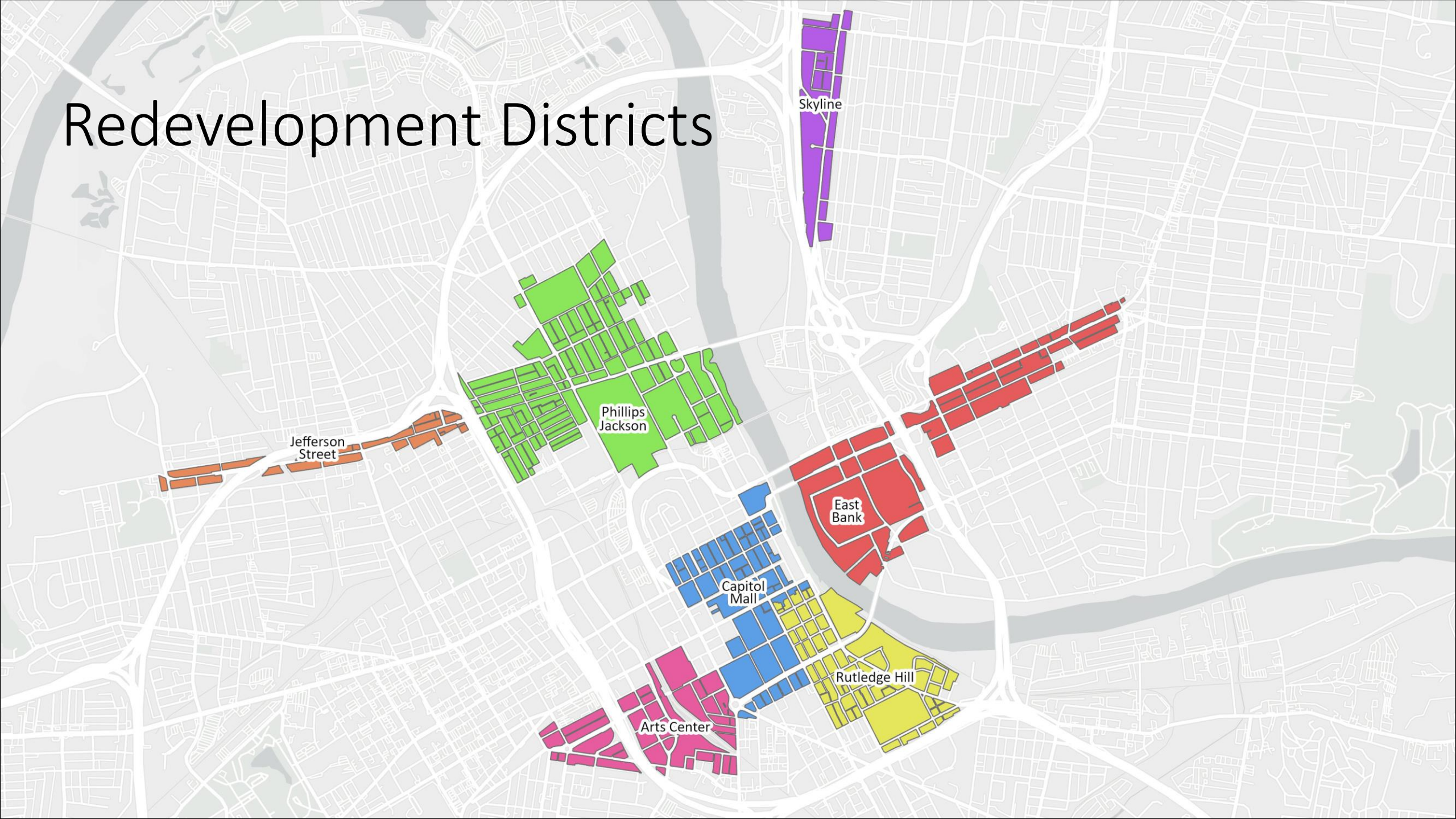
September 27, 2022

Our Direction

- Analyze the fiscal impacts of tax increment financing in Metro Nashville



Redevelopment Districts



Skyline

Phillips Jackson

Jefferson Street

East Bank

Capitol Mall

Rutledge Hill

Arts Center

TIF Purpose

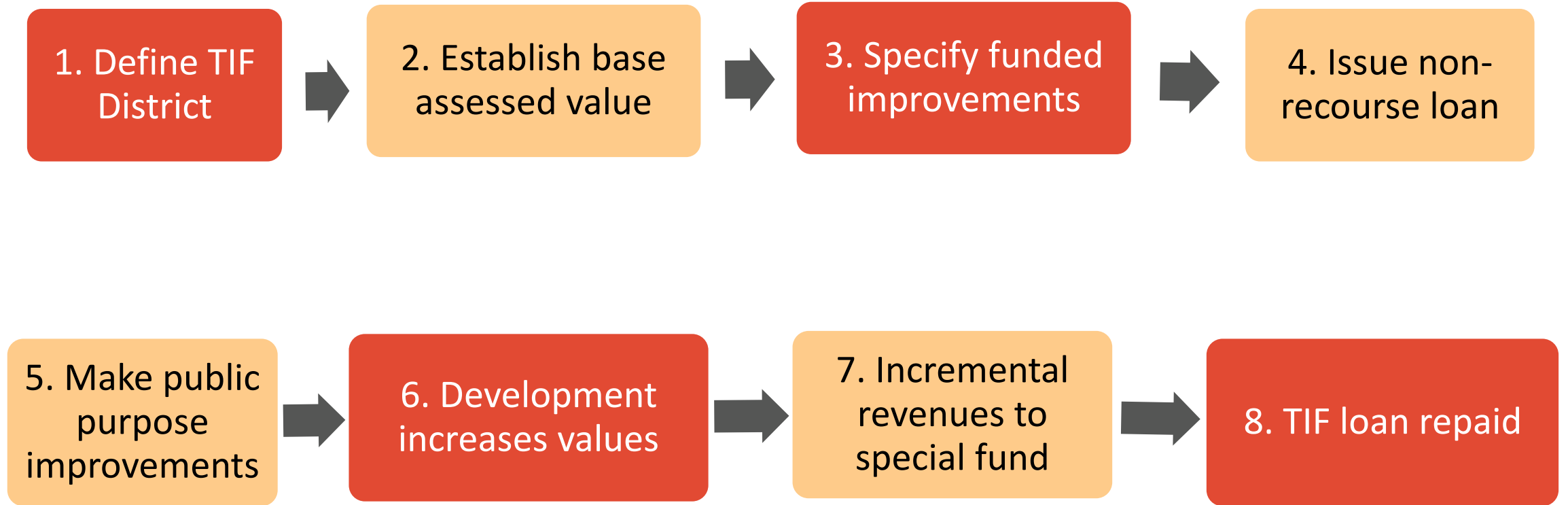
Tool to leverage private \$\$\$

Tax Not a new tax or increased tax

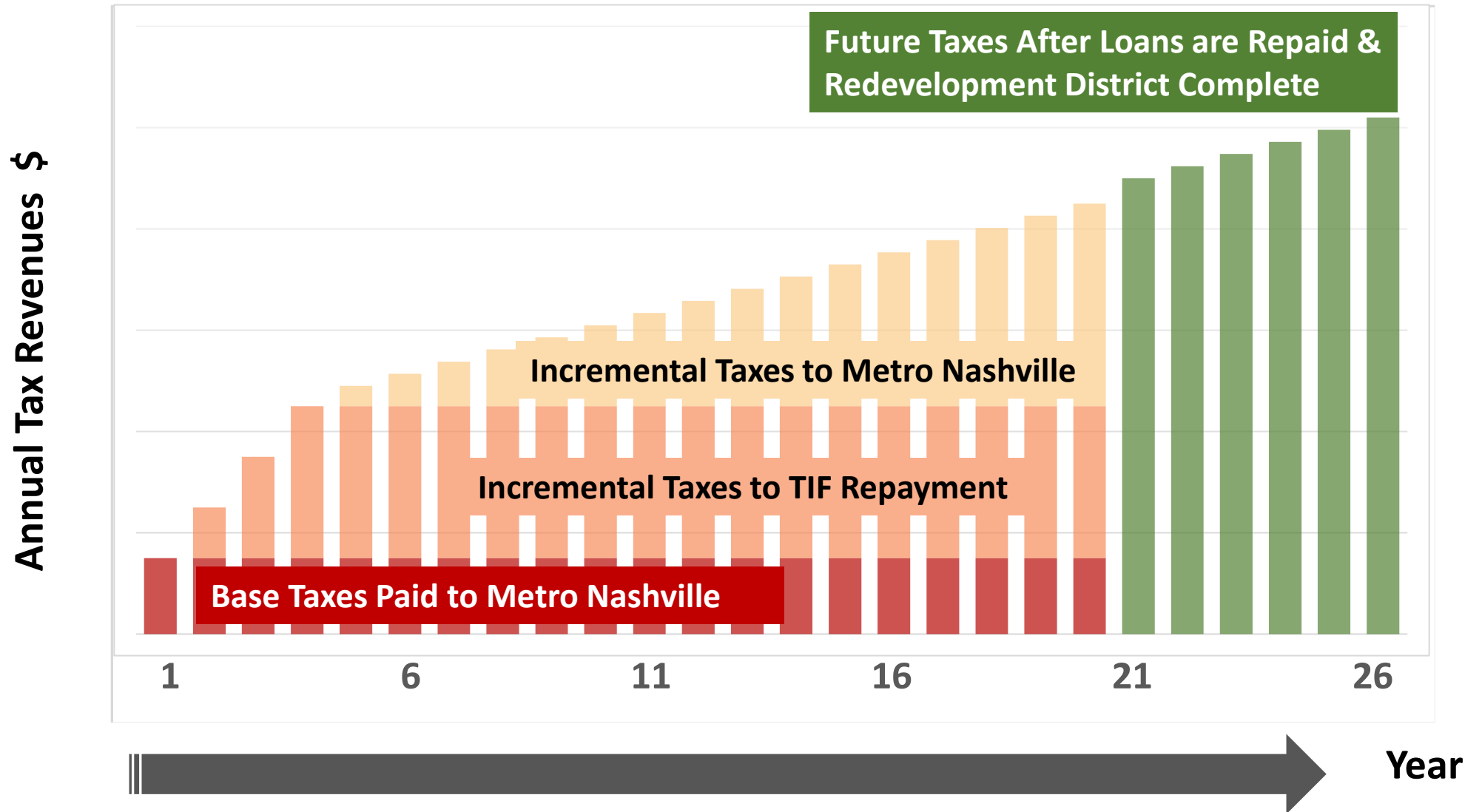
Increment Additional tax revenues created by increase in assessed values from redevelopment

Financing Issuing non-recourse debt, not backed by jurisdiction's full faith and credit, for new public improvements and other specified uses
Using incremental taxes to repay debt

Typical TIF Process



TIF Revenue Allocation

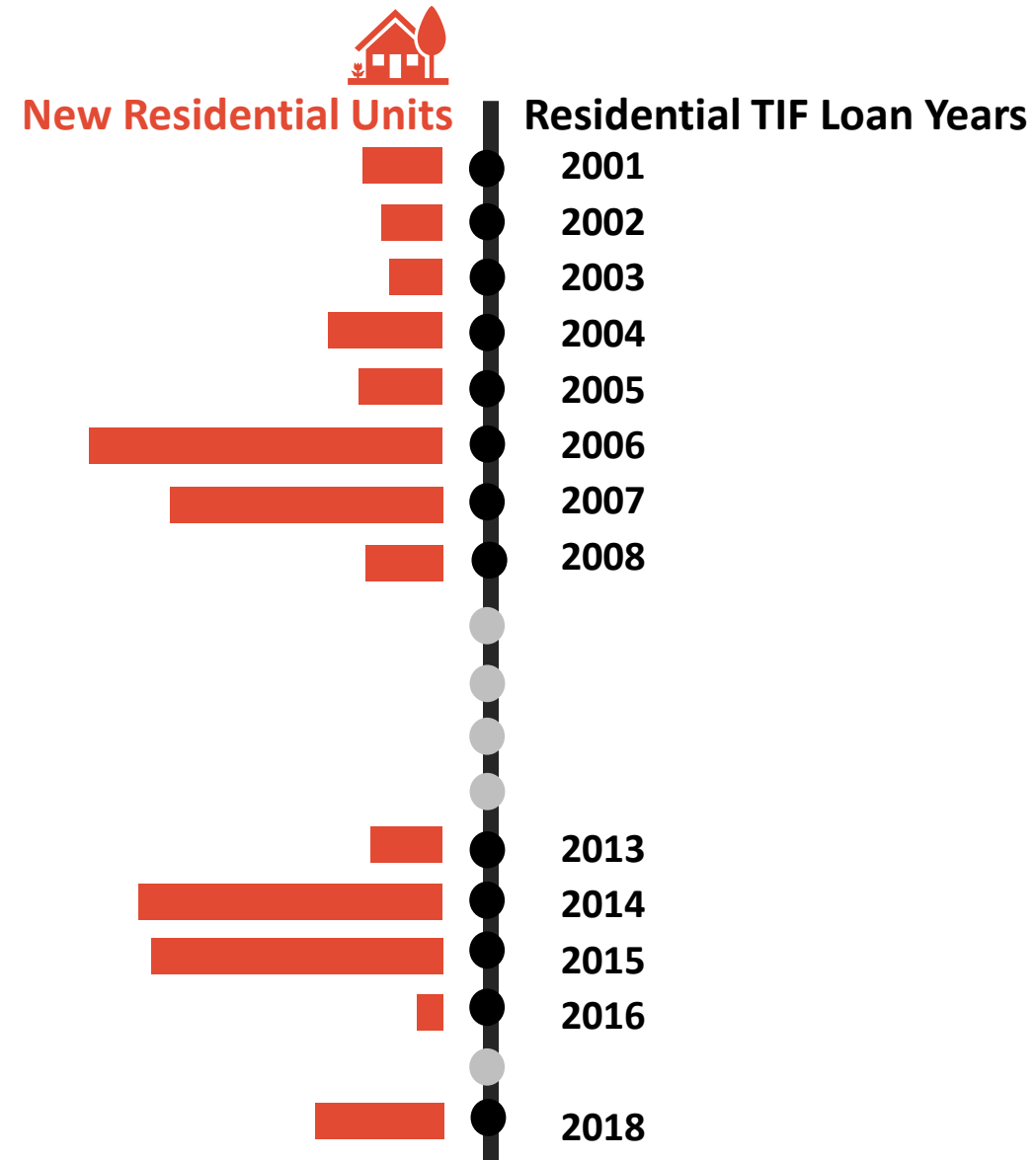


Critiques of TIF

- National stage – recent adjustments to TIF policy to reach goals:
 - Increase transparency allow all scale developers
 - Protecting specific public funding, affordable housing
 - More infrastructure as the economic development tool, transit-centric
- Local experience in Nashville, no defaults
 - Development might have happened anyway elsewhere in city

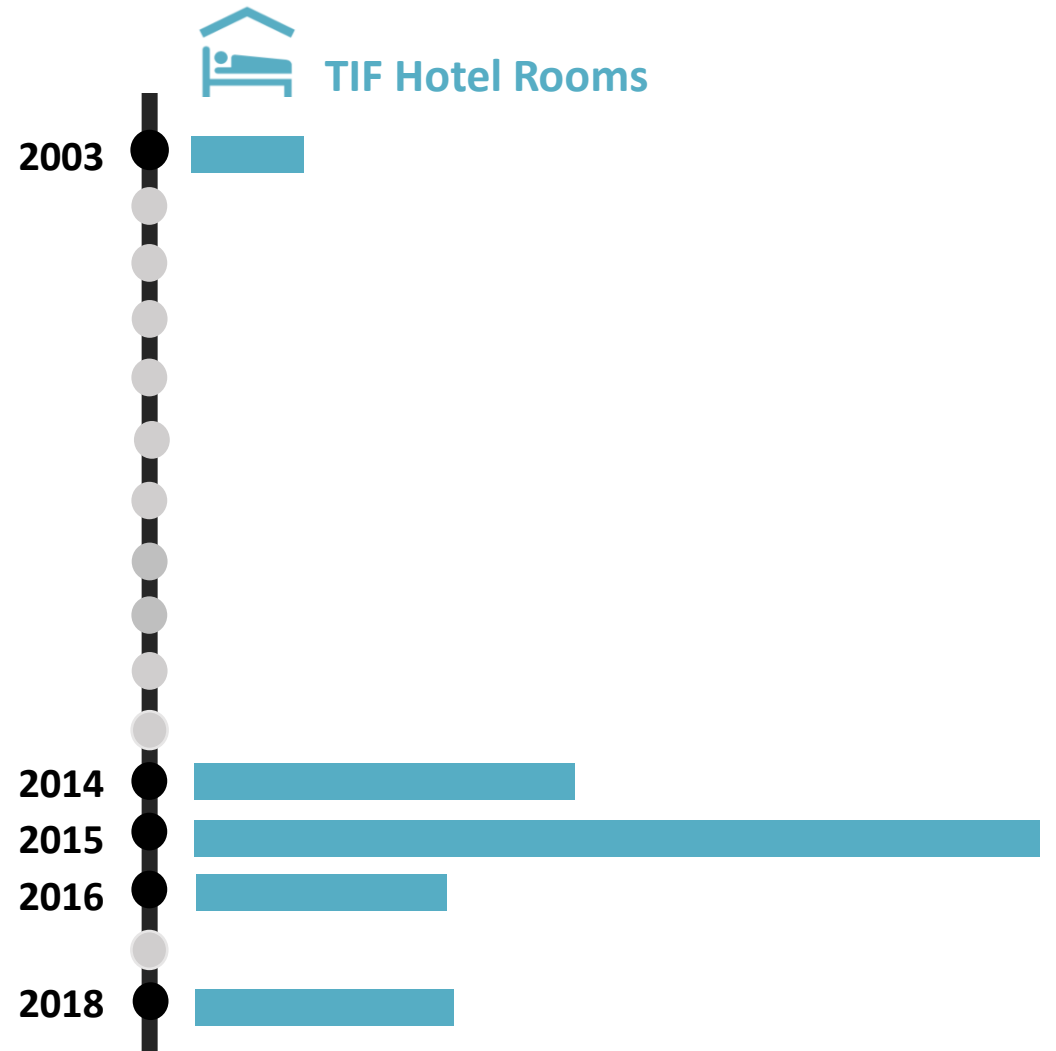
Use of TIF in Nashville

- Use of TIF often directed by mayoral administrations to address needs at a given time
- From late 1990s through 2008 – Major emphasis on bringing residential units back to downtown
- Downtown Population
 - Year 2000: 1,960
 - Year 2020: 14,000
- During recession TIF for residential halted and continued again afterwards with emphasis along the urban corridors
- Approximately 4,512 new residential units added through TIF from 2001 through 2021



History of TIF in Nashville

- Coming out of recession, there was emphasis on encouraging commercial activity and tourism
- TIF use shifted to support hotel development largely to accommodate the Music City Center
- Approximately 2,190 hotel rooms added through TIF from 2001 to 2021



Fiscal Impact Model

- Estimated General Fund revenues
- Average cost of providing services to
 - Residents
 - Businesses/workers
 - Visitors



Firefighters



E.M.T.



Police



Teacher

What We Found

Redevelopment District	Net Fiscal Impact
Arts Center	\$2,853,000
Capitol Mall	\$6,292,000
East Bank	-\$4,633,000
Jefferson Street	\$12,000
Phillips Jackson	-\$810,000
Rutledge Hill	\$1,736,000
Skyline	-\$87,000
One Bellevue Place	\$1,300,000
Total	\$7,220,000

- Positive net impact of \$7.2 million
- District with negative impacts
 - Primarily residential
 - Areas with lower property values
 - Supporting debt for major projects
 - Sounds Ballpark

Additional TIF Project Revenue

- \$10.2 million in tax revenues for special purpose tourism
- \$11.3 million tax revenues for Metro debt repayment



Not the Whole Story

- Conservative estimate of net revenues from individual TIF projects
- TIF has been a critical tool in spurring redevelopment
- From 2000 to 2021, districts added
 - 6,700 new apartments – up 800%
 - 2,126 new condominiums
 - 5,875 new hotel rooms – up 240%
 - 3.2 million square feet of office space – up 39%
 - 207,000 square feet of retail space – up 7%



Spin-Off

- Seven redevelopment districts from 2000 to 2021
 - Added \$12.5 billion in appraised value
 - Total value increased 1,200%
 - Compares with 360% citywide
- Other property on block with TIF projects increased in value

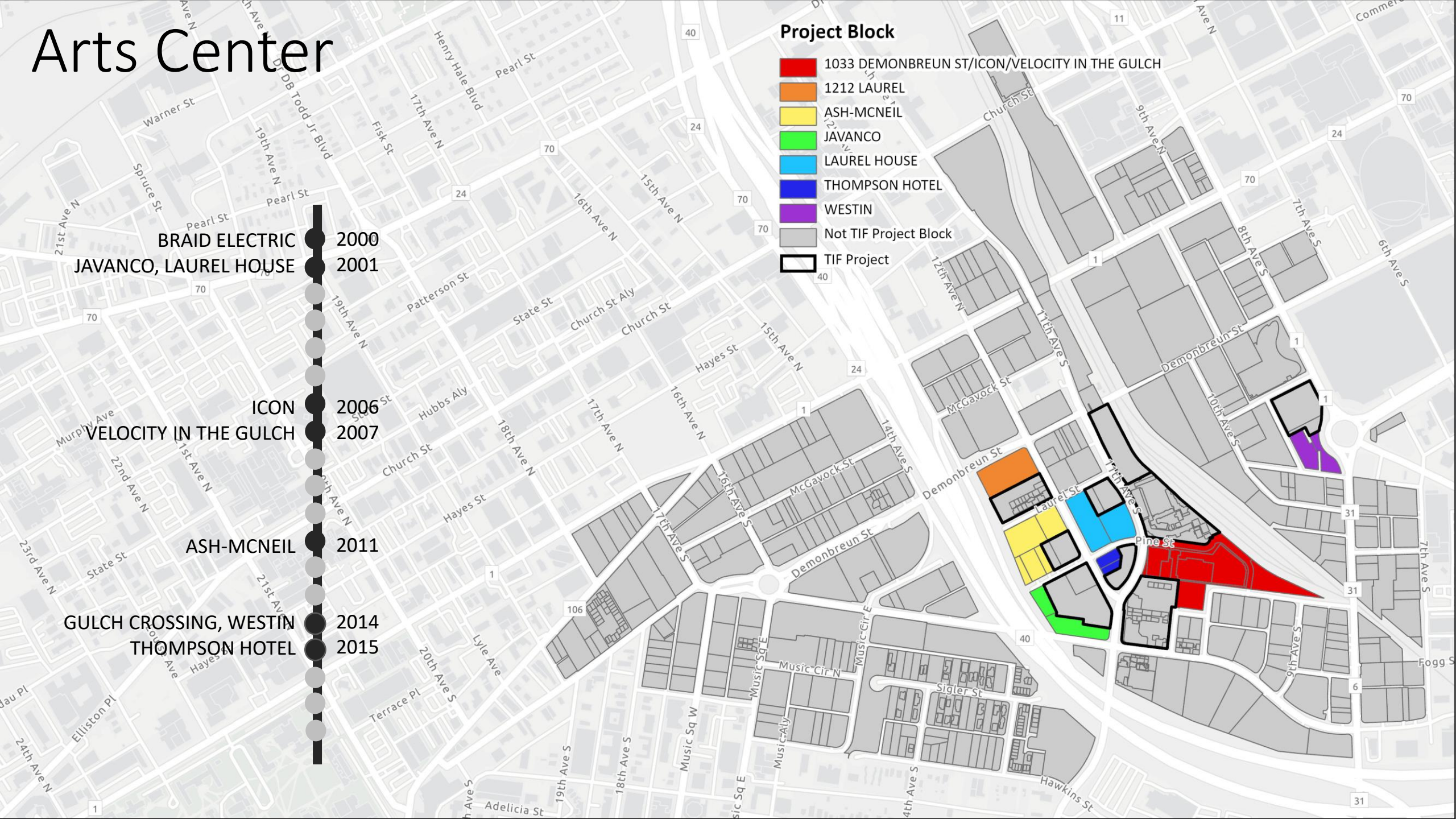


Arts Center

Project Block

- 1033 DEMONBREUN ST/ICON/VELOCITY IN THE GULCH
- 1212 LAUREL
- ASH-MCNEIL
- JAVANCO
- LAUREL HOUSE
- THOMPSON HOTEL
- WESTIN
- Not TIF Project Block
- TIF Project

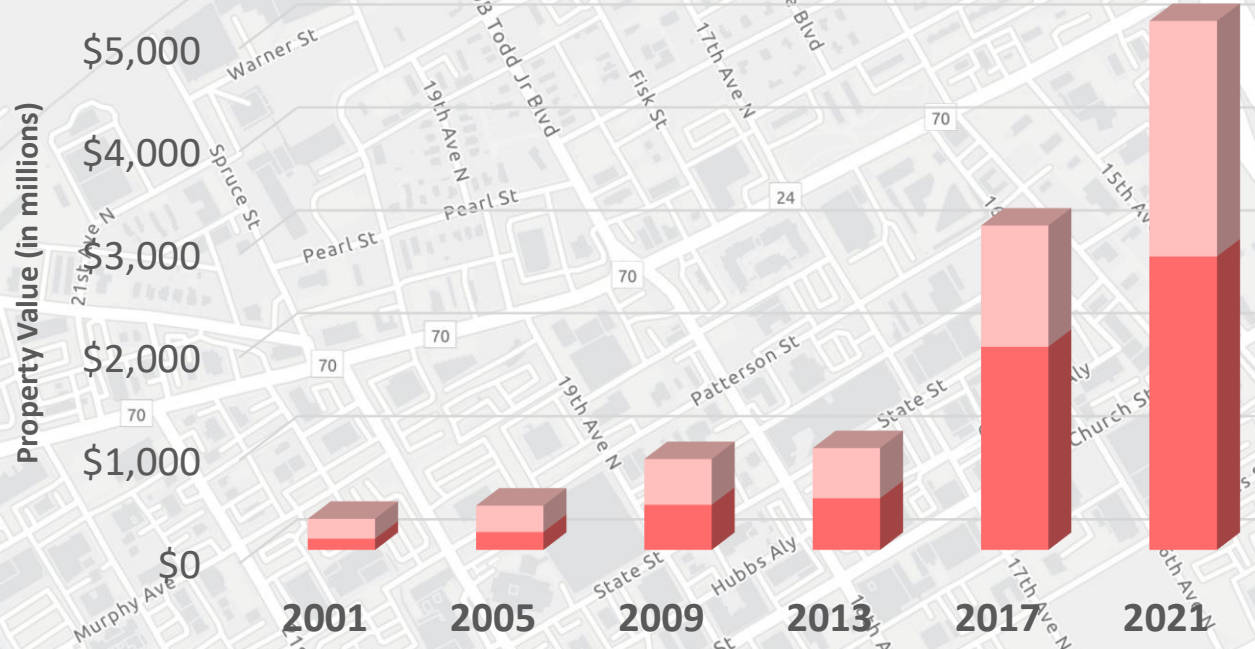
- 2000 BRAID ELECTRIC
- 2001 JAVANCO, LAUREL HOUSE
- 2006 ICON
- 2007 VELOCITY IN THE GULCH
- 2011 ASH-MCNEIL
- 2014 GULCH CROSSING, WESTIN
- 2015 THOMPSON HOTEL



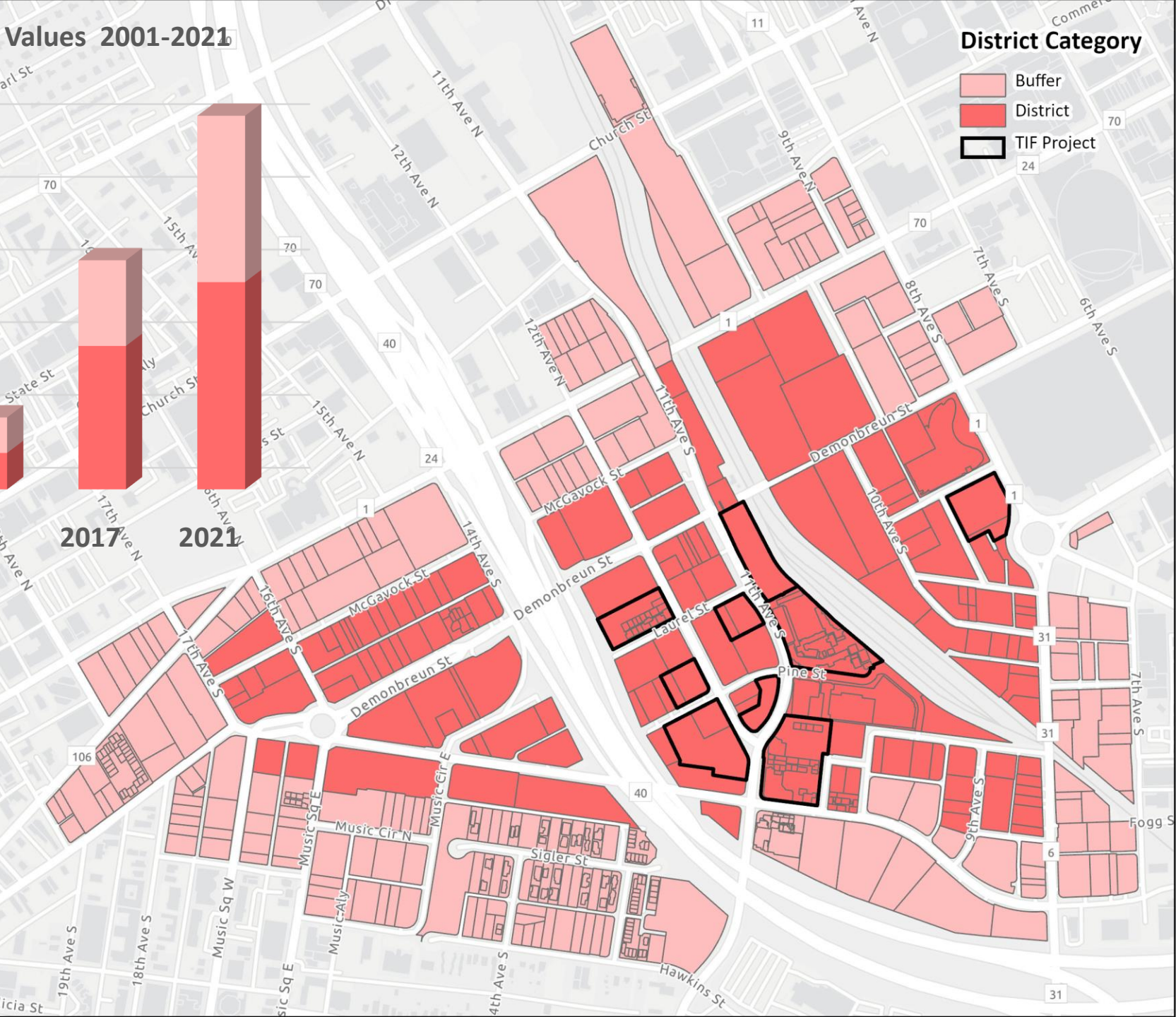
Arts Center District and Buffer Appraised Values 2001-2021

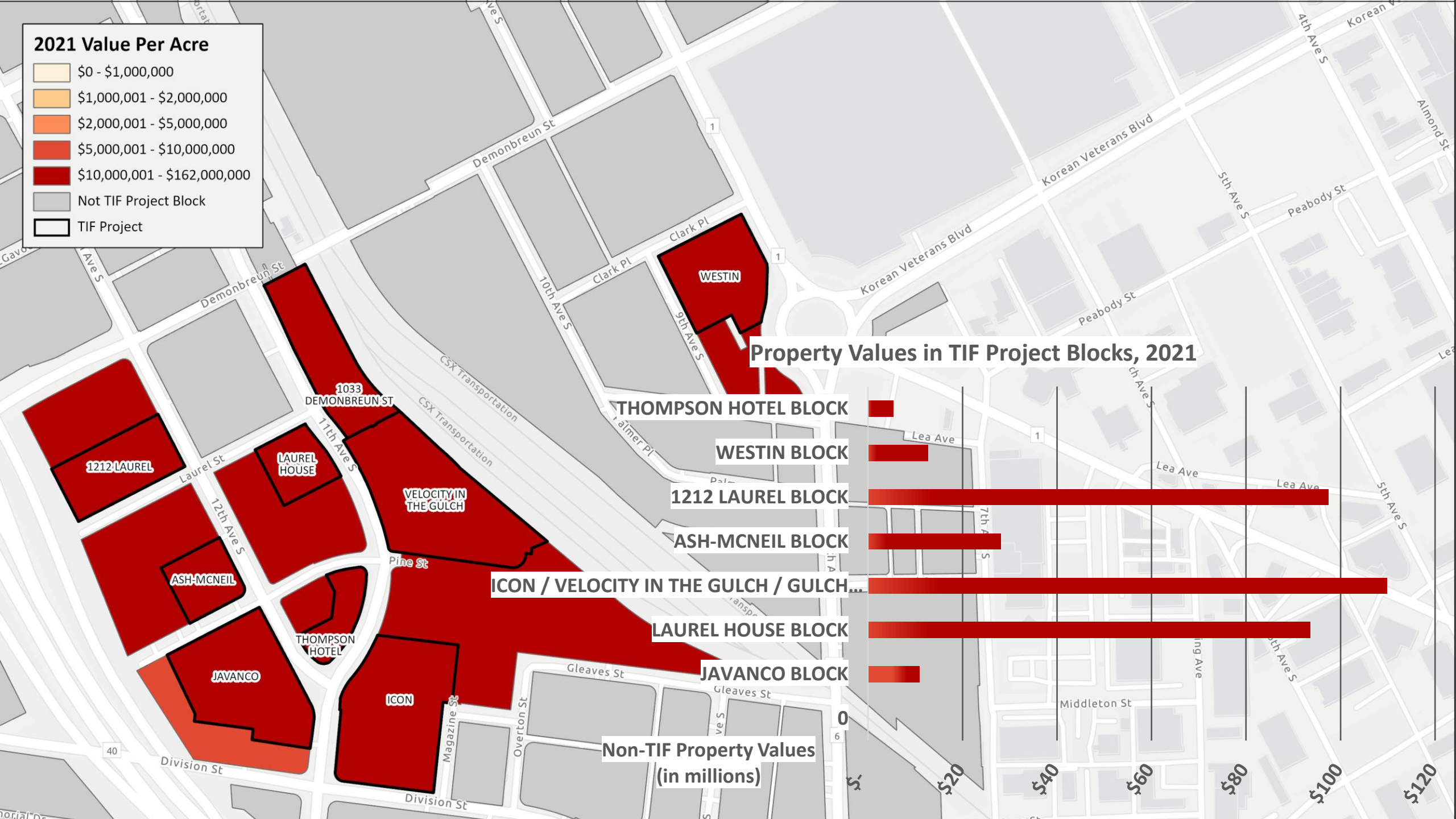
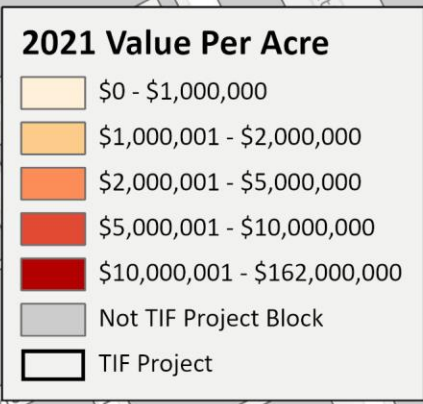
District Category

- Buffer
- District
- TIF Project



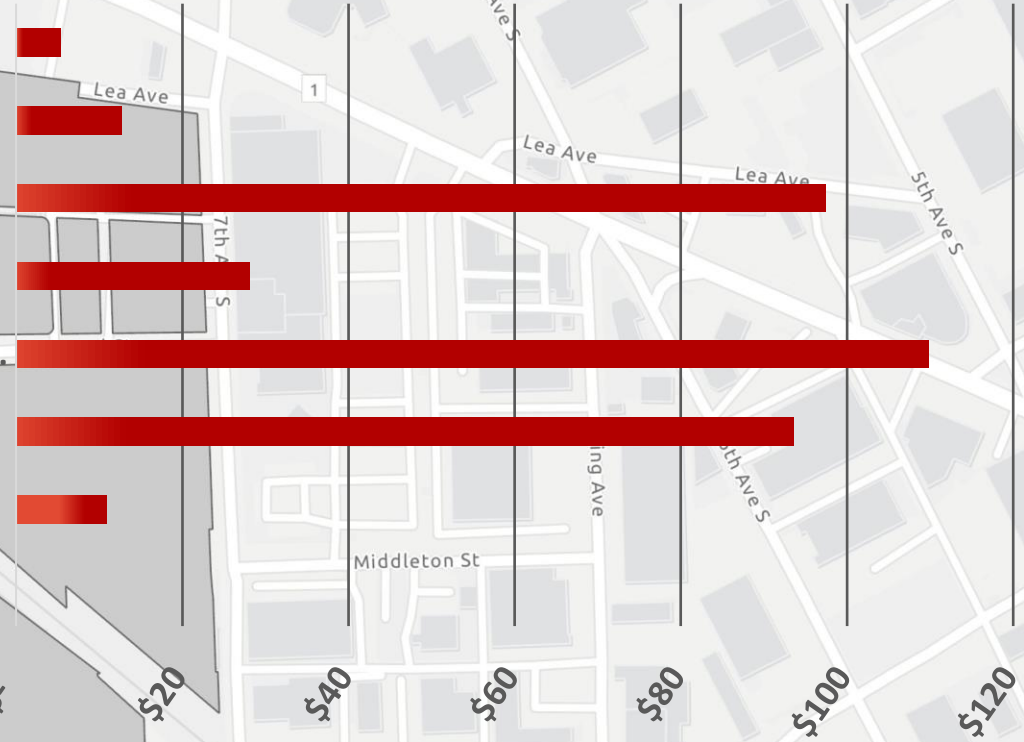
Arts Center





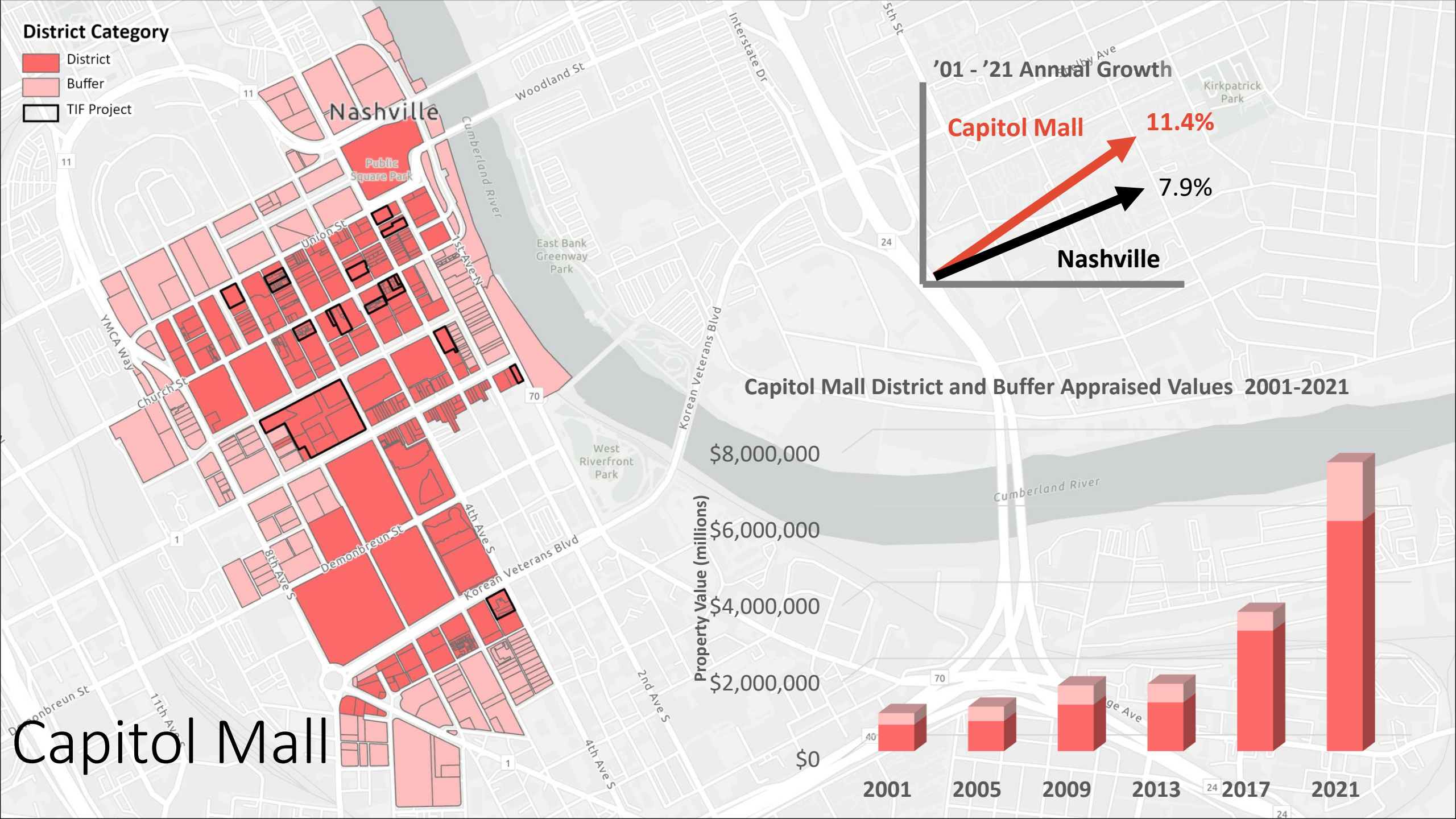
Property Values in TIF Project Blocks, 2021

**Non-TIF Property Values
(in millions)**

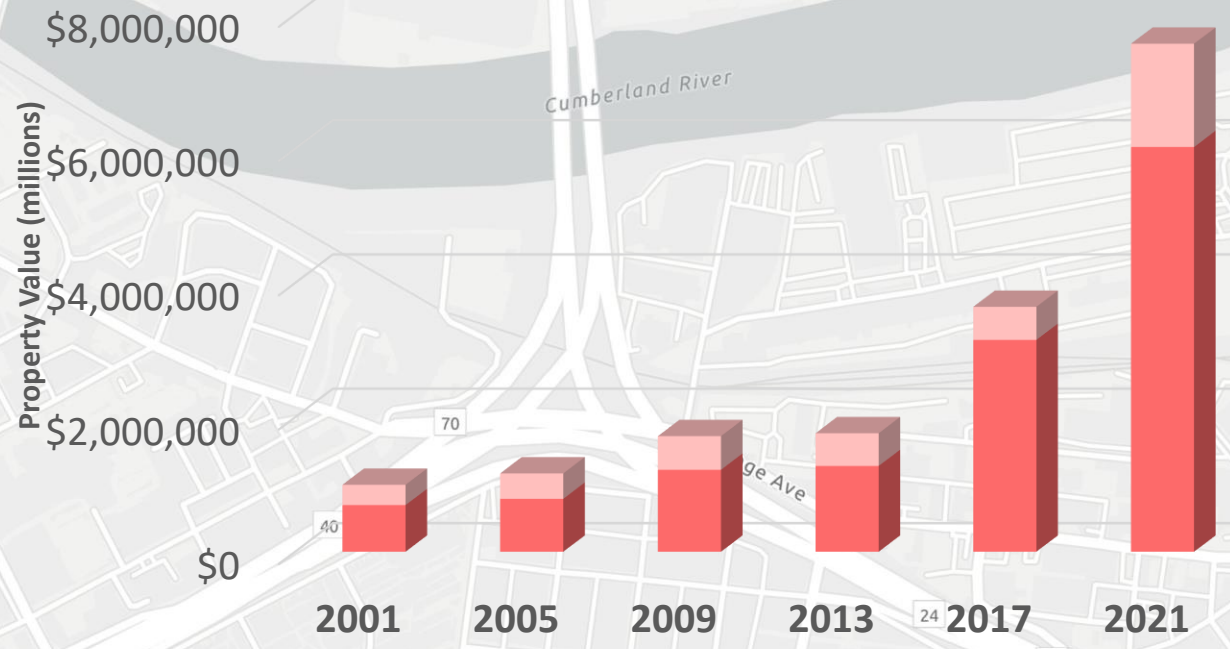


District Category

- District
- Buffer
- TIF Project



Capitol Mall District and Buffer Appraised Values 2001-2021

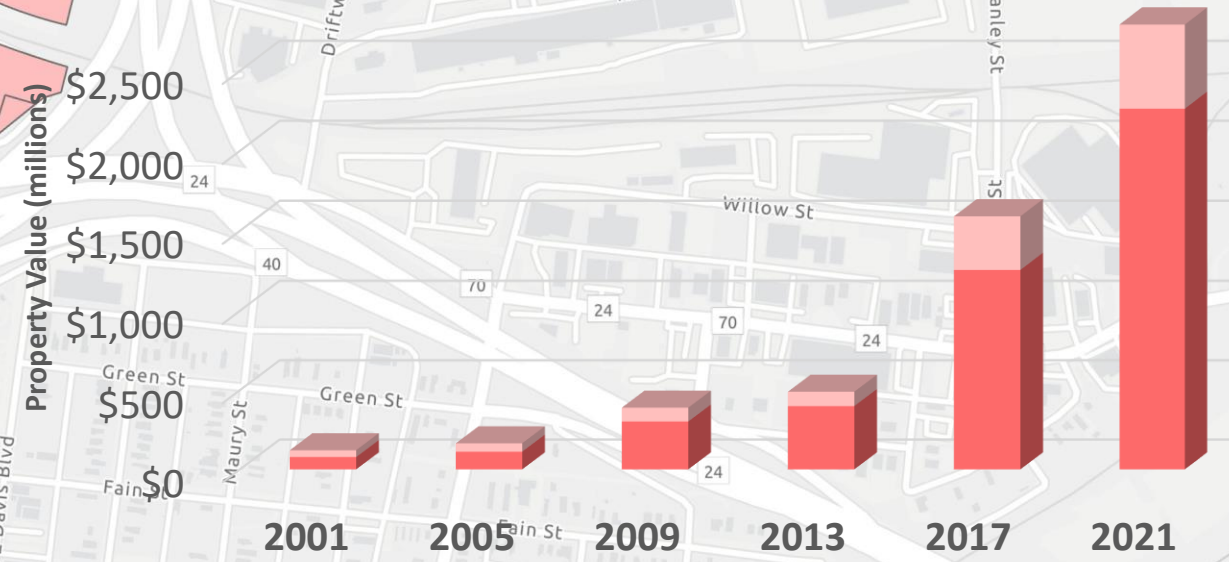


Rutledge Hill



Rutledge Hill District and Buffer Appraised Values 2001-2021

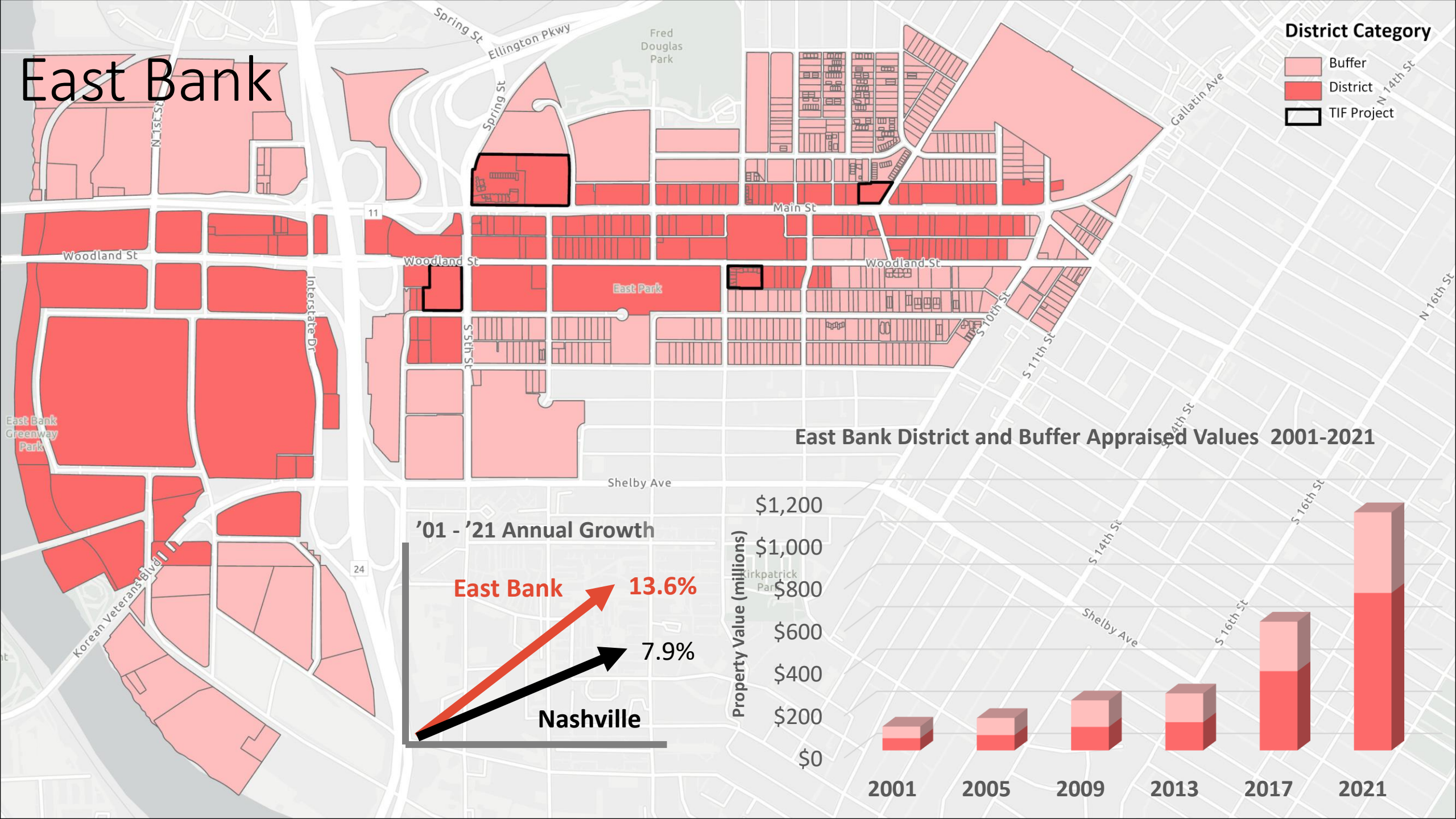
- District Category**
- Buffer
 - District
 - TIF Project



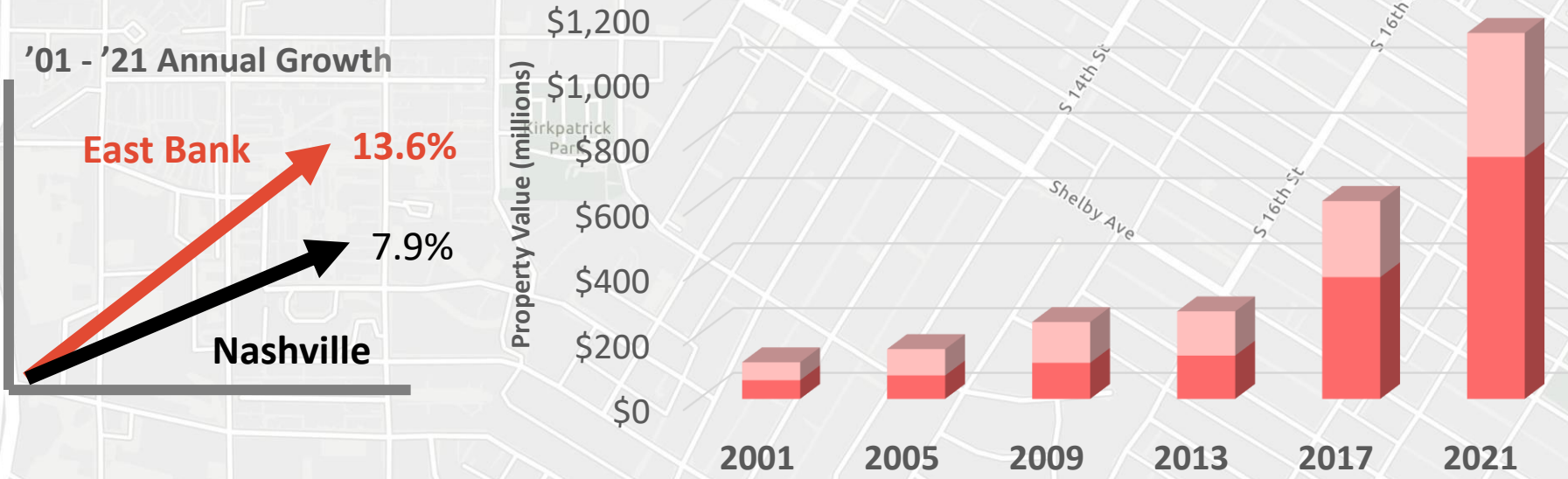
East Bank

District Category

- Buffer
- District
- TIF Project



East Bank District and Buffer Appraised Values 2001-2021

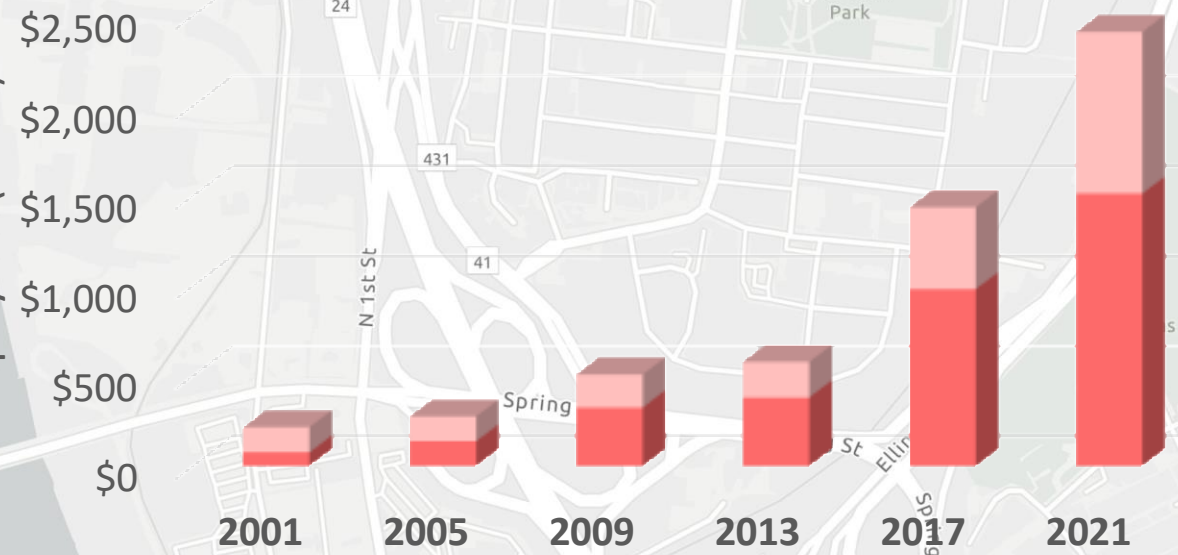


District Category

- Buffer₁₂
- District
- TIF Project

Phillips Jackson District & Buffer Appraised Values 2001-2021

Property Value (millions)

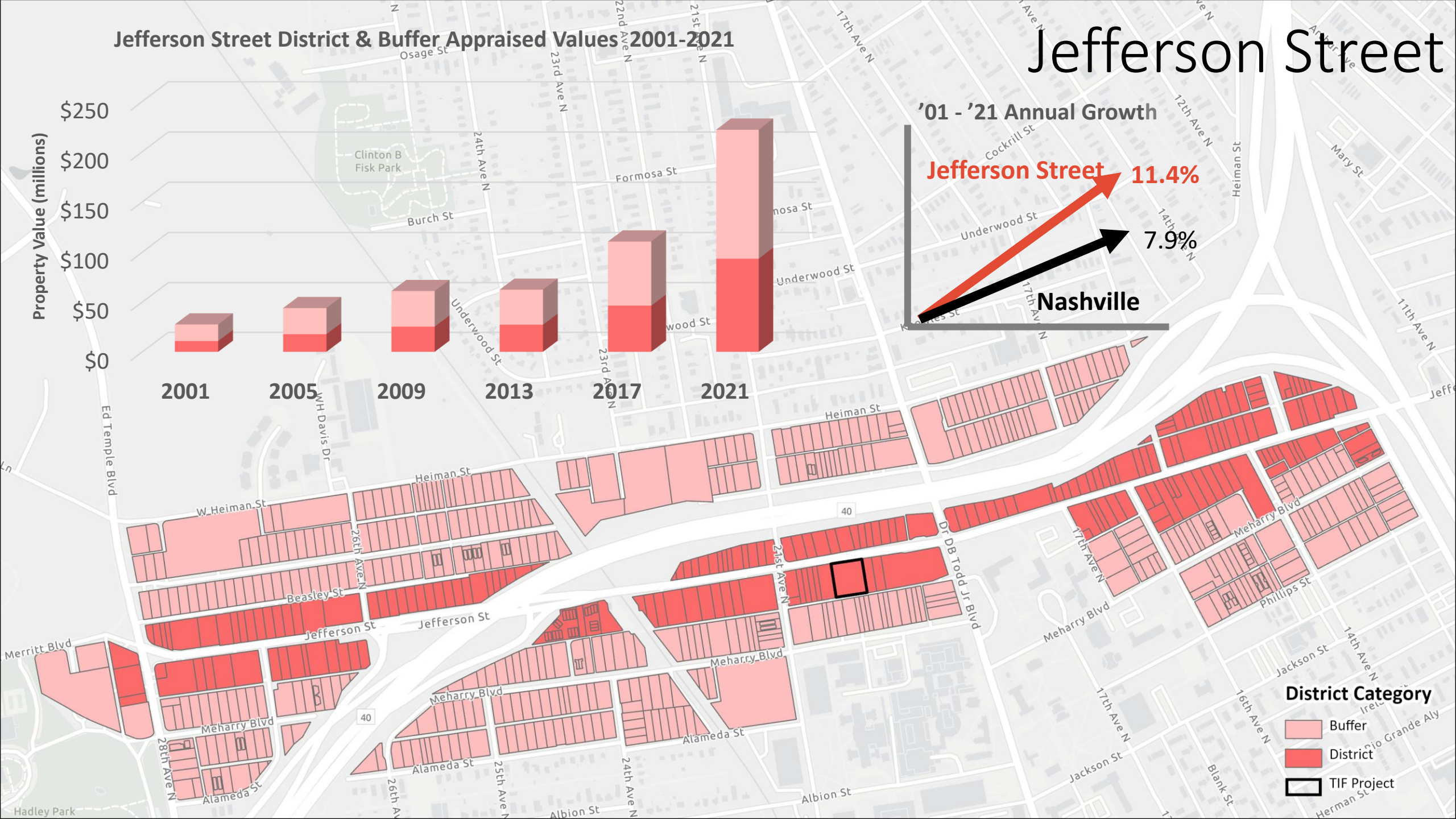
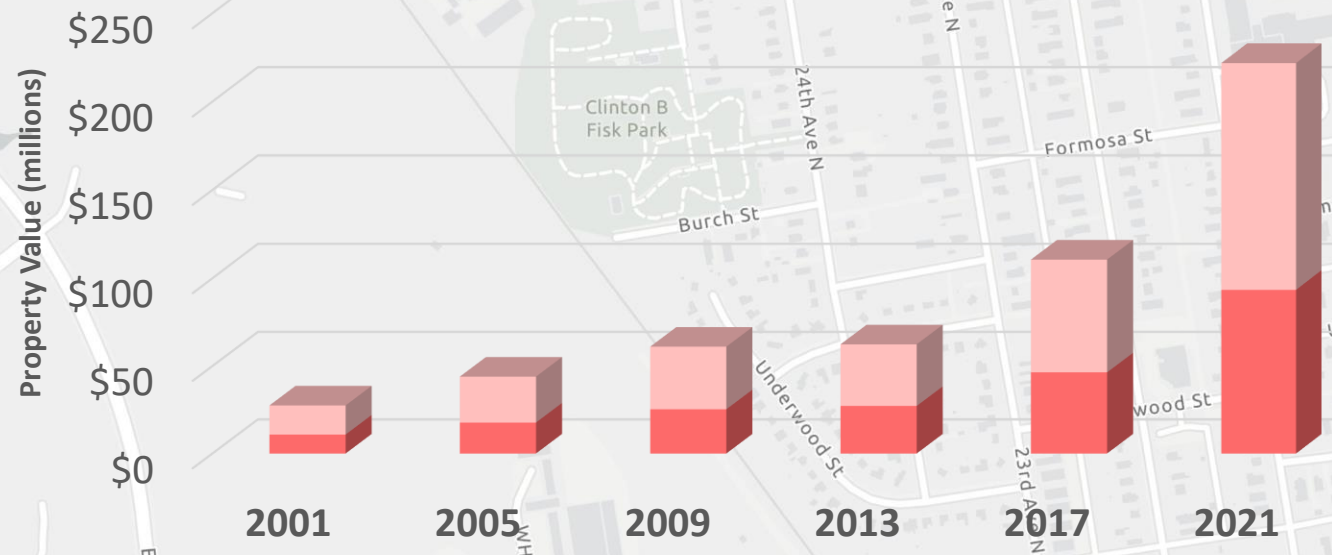


Phillips Jackson



Jefferson Street

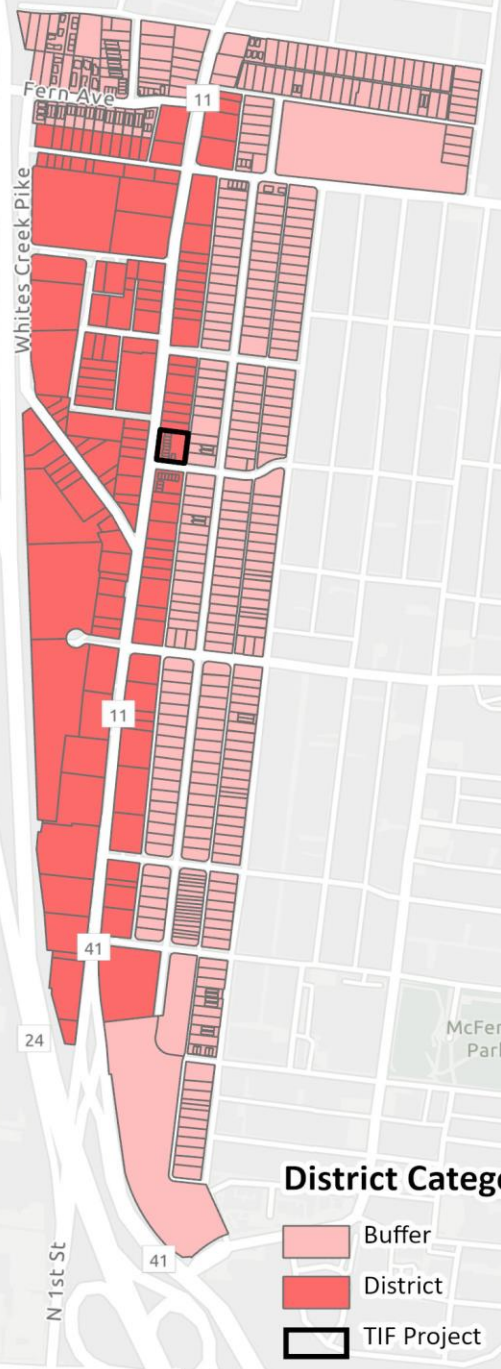
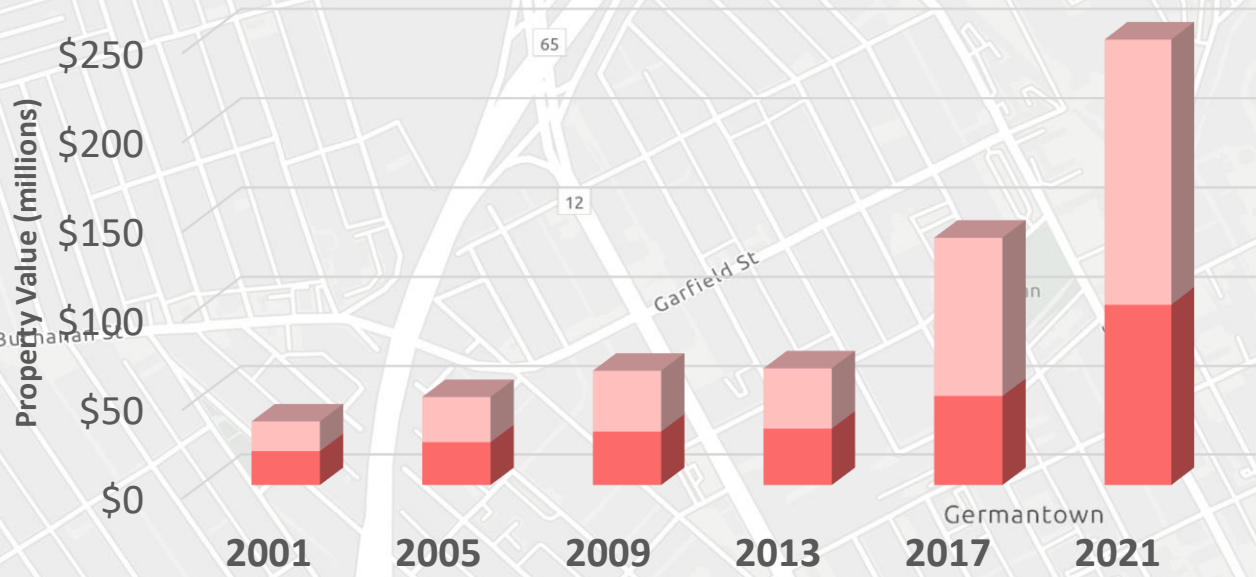
Jefferson Street District & Buffer Appraised Values 2001-2021



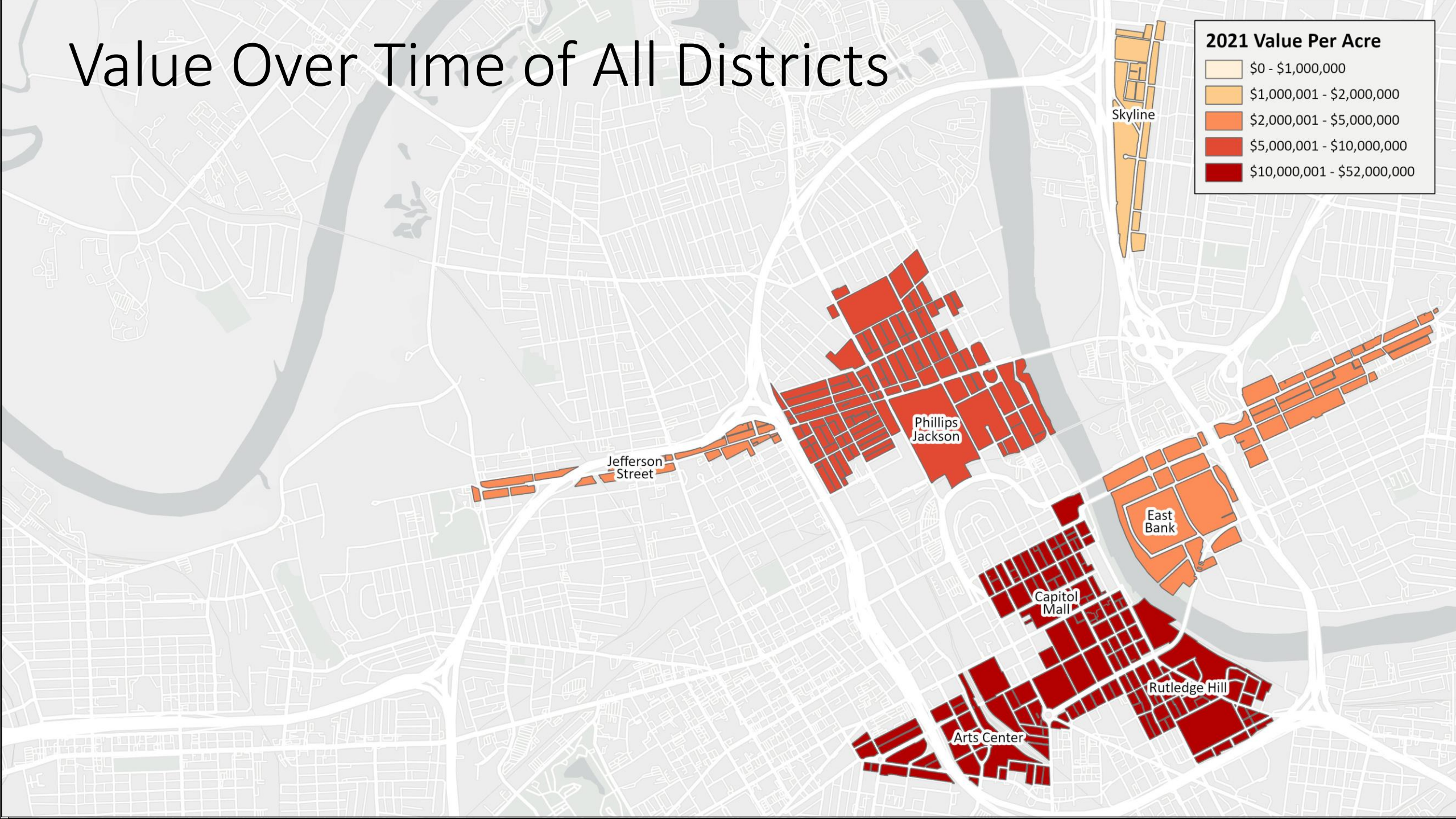
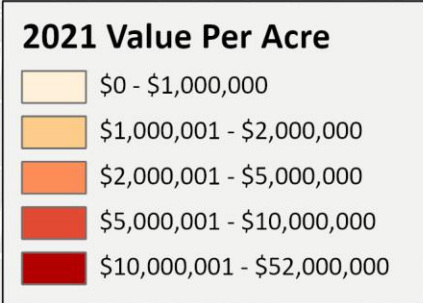
Skyline



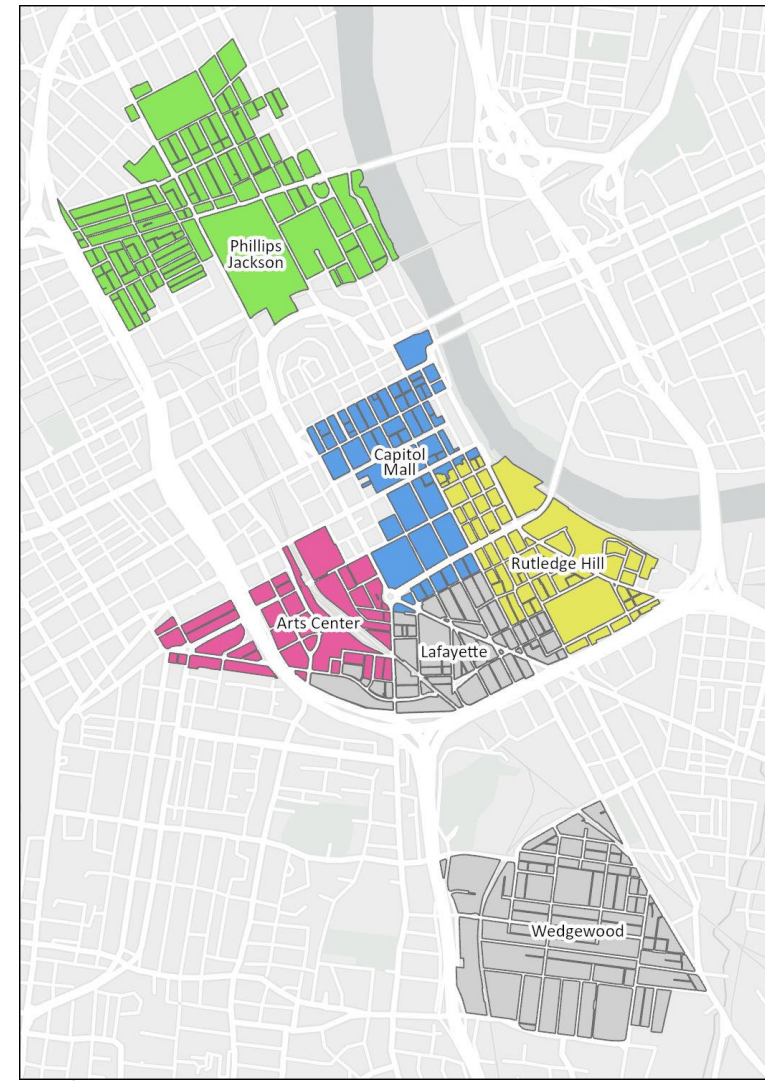
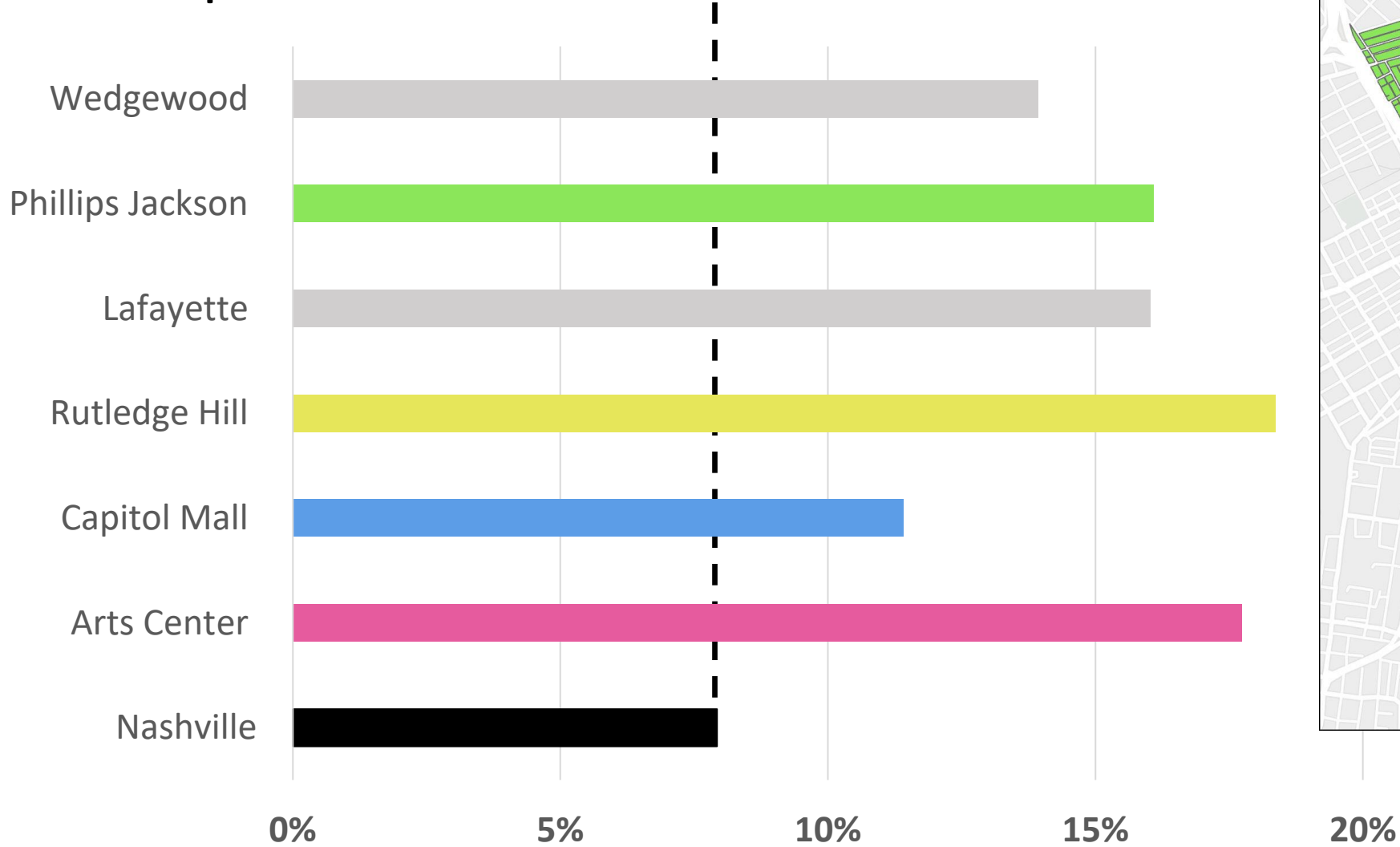
Skyline District & Buffer Appraised Values 2001-2021



Value Over Time of All Districts

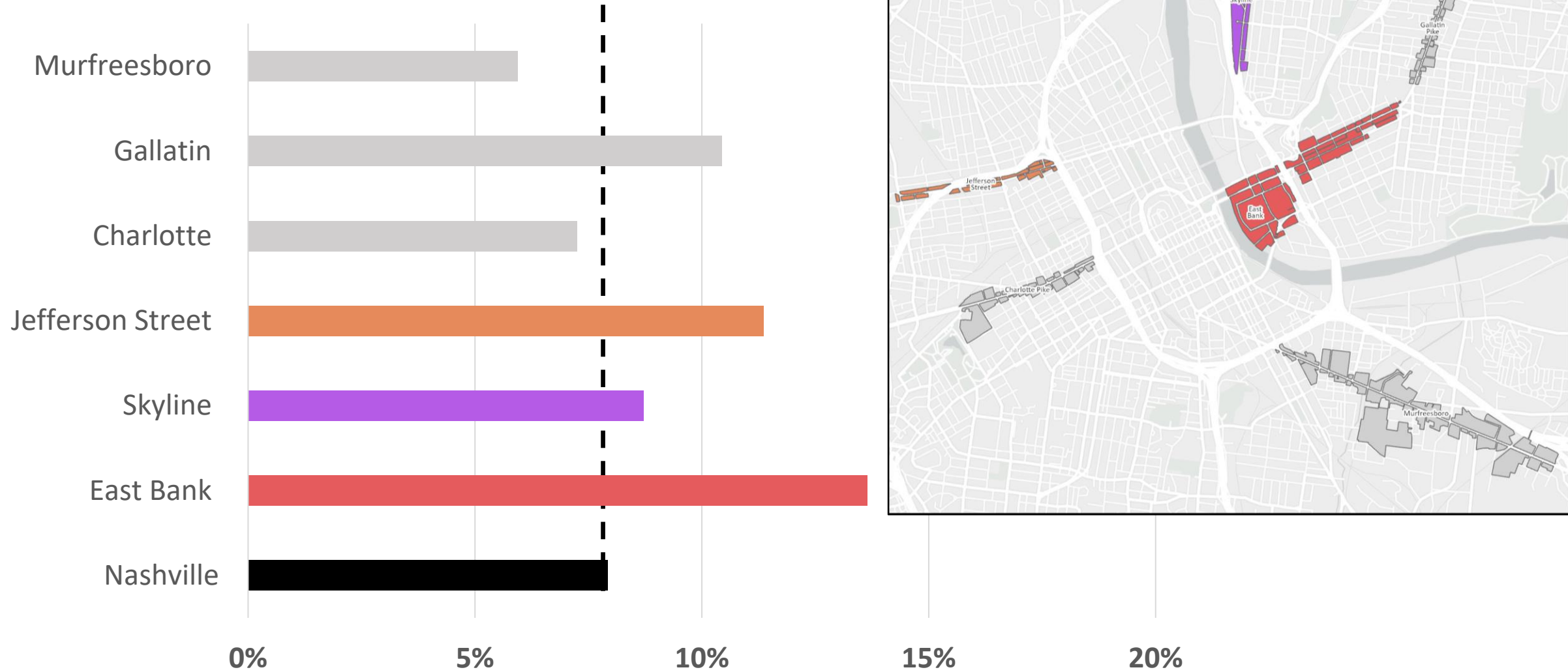


Comparable Areas



- TIF Districts outperform Nashville from 2001- 2021

Comparable Areas



- TIF Districts outperform comparable areas/Nashville from 2001- 2021

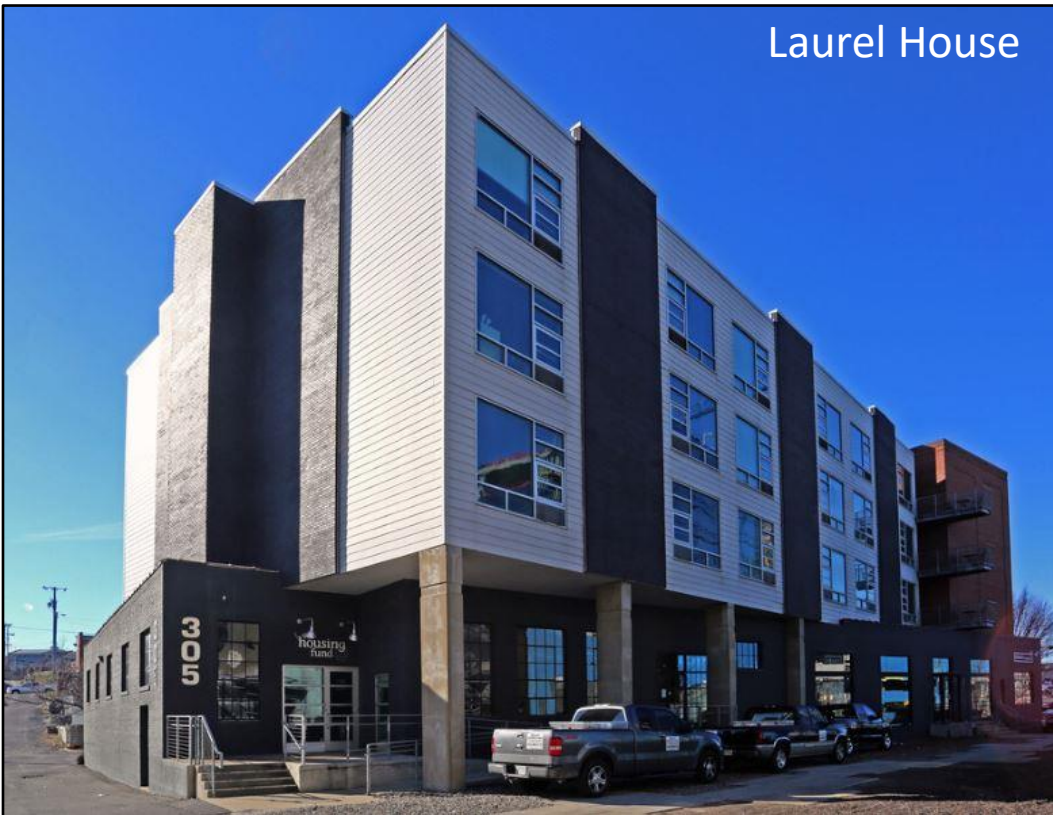
Downtown Housing



- Cumberland proved the market for downtown housing in 1996

Affordable Housing

- Laurel House 48 units
- From 2000, a mixed-income housing component in each development



Historic Preservation



Ryman Auditorium



The Hermitage Hotel

- 19 historic buildings preserved

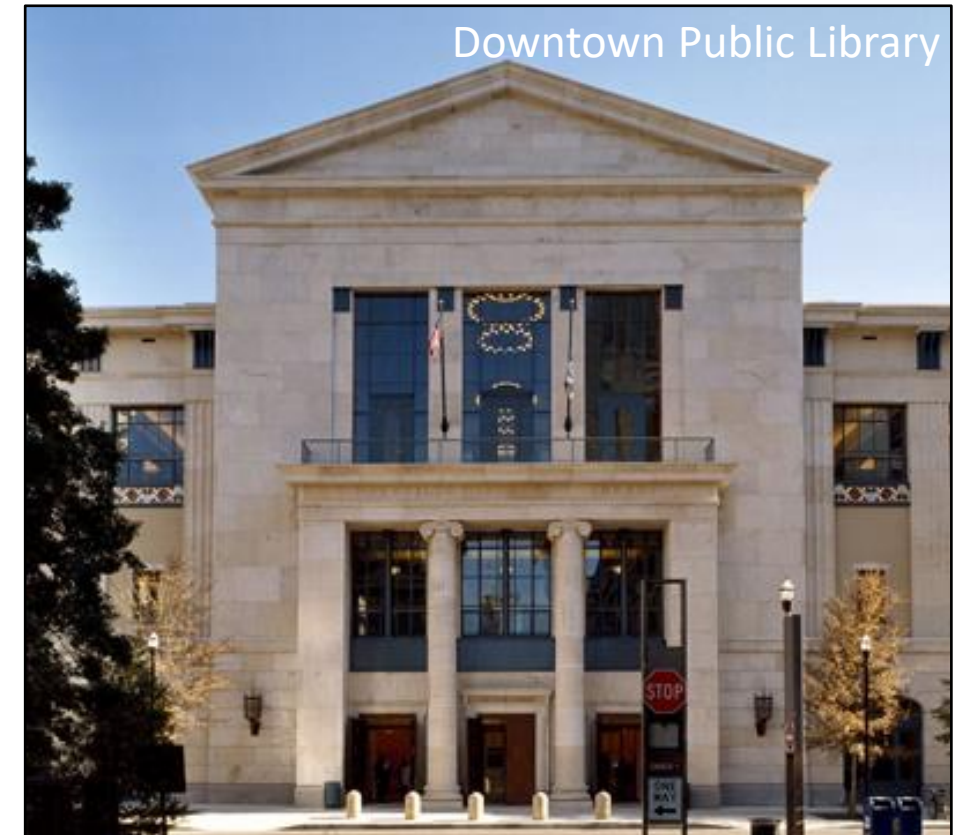
Thriving Downtown

- Dynamic tourist hub
- Regional gathering place
- Historic fabric
- Active mixed-use environment
- Major commercial center



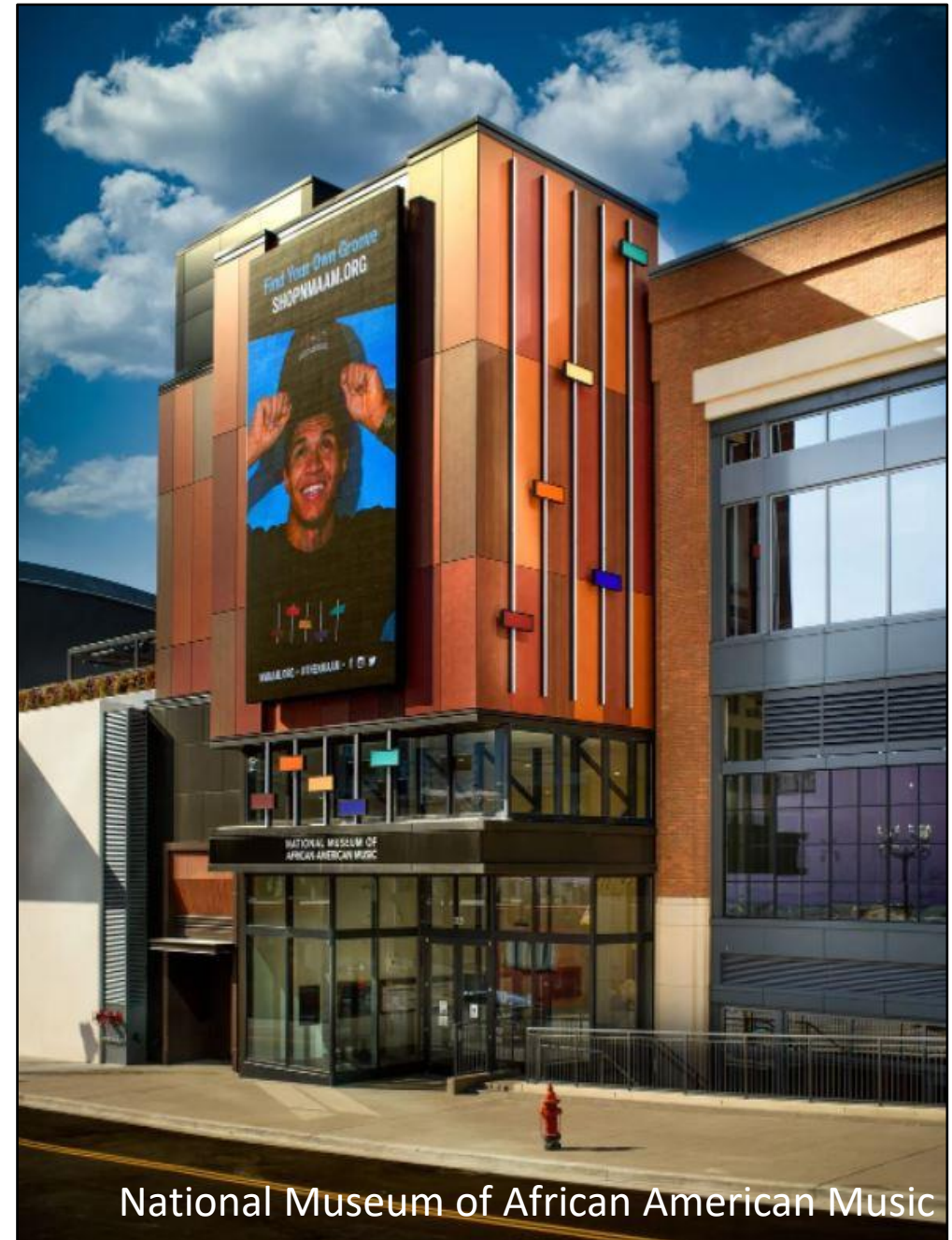
Downtown Clustering

- Music City Center
 - Country Music Hall of Fame
 - Bridgestone Arena
 - Ryman Auditorium
 - Municipal Auditorium
 - Frist Museum
 - Downtown Public Library
 - Symphony Center
-
- Clustering of major public facilities



Regional Gathering Place

- Omni Hotel and Country Music Hall of Fame
- 16.2 million tourists supporting 38 hotels
- National Museum of African American Music



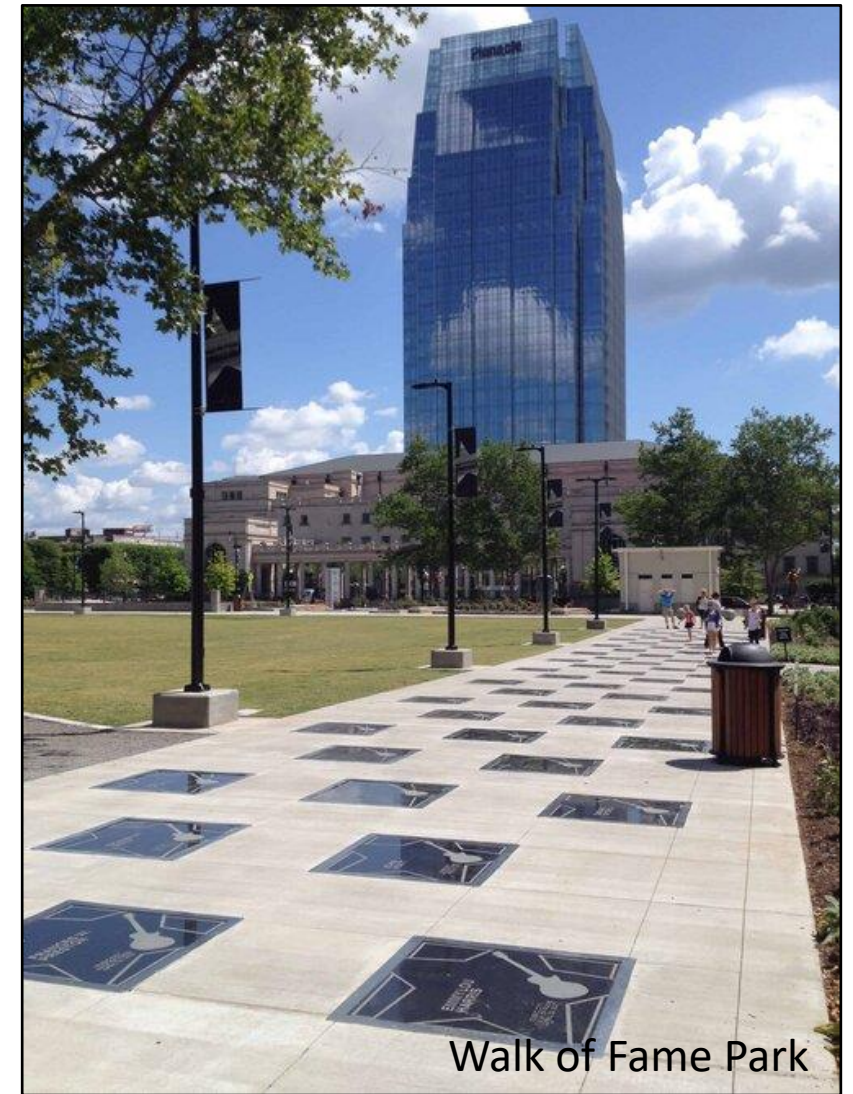
National Museum of African American Music

Mix of Uses



- Vital entertainment and restaurant scene
- Fifth + Broadway is introducing major new retail

Enhanced Public Realm



- Open space amenities
- Pedestrian improvements and public parking

Q & A

Partners for Economic Solutions

Full Report Available

