



Metropolitan Nashville and Davidson County, TN

Legislation Text

File #: RS2022-1902, **Version:** 1

A resolution approving an Economic Impact Plan for the Madison Station Economic Development Area.

WHEREAS, The Metropolitan Government of Nashville and Davidson County (the “Metropolitan Government”) is interested in preserving and promoting the economic welfare, educational growth, and vitality of this community; and

WHEREAS, the redevelopment of the Madison Station will provide a necessary and substantial public benefit to the citizens of the Metropolitan Government; and

WHEREAS, The Industrial Development Board of the Metropolitan Government of Nashville and Davidson County (the “Industrial Development Board”) has reviewed an Economic Impact Plan for the Madison Station Economic Development Area in the form attached hereto as Exhibit 1 regarding the redevelopment of the Madison Station (the “Plan”); and

WHEREAS, the development proposed in the Plan by Artesia Real Estate and The Cauble Group (collectively, the “Developer”) will consist of approximately 1.7 million square feet of 4- to 7-story residential, retail, and office space, including up to 170 units (10%) of the multifamily units developed to be affordable housing at 60-80% of the Area Median Income for Nashville and/or offered as senior, artist housing, built in a mixed-income format (the “Project”), at a cost expected to exceed \$600,000,000, and the Project will help revitalize the Madison area creating a vibrant pedestrian-friendly mixed use area; and

WHEREAS, the Industrial Development Board caused a public hearing with respect to the Plan to be held on December 14, 2022, as required by Tenn. Code. Ann. § 7-53-314(g) and at its meeting on December 14, 2022, approved the submission of the Plan to the Metropolitan Council; and

WHEREAS, the Industrial Development Board has submitted a copy of the Plan to the Mayor pursuant to Tenn. Code. Ann. § 7-53-314(f); and

WHEREAS, the Plan envisions that Developer will fund up to \$146,050,534.00 for the costs of certain public infrastructure and building demolition and site preparation, plus interest, to be paid back over time from seventy five percent (75%) of the incremental real property taxes from the Project and

WHEREAS, the public infrastructure contemplated to be constructed by the Developer includes the construction, relocation, lighting and/or improvement of streets and utilities, storm water detention, retention and management, parks and greenways for the use of the public, transit station and other public infrastructure for the completion, use and operation of the Project; and

WHEREAS, the Economic Impact Plan provides that, subject to approval by the State Comptroller and the Commissioner of the Tennessee Department of Economic Development, the Developer may be reimbursed the costs for demolition of the existing buildings and the preparation of the site for the development of the Project; and

WHEREAS, the Metropolitan Government has determined that Plan will promote economic growth and stability within the community.

NOW THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY:

Section 1. The Metropolitan County Council hereby finds that the Plan is in furtherance of promoting economic development in the community, will develop trade and commerce in and adjacent to our city, contribute to the general welfare, and alleviate conditions of unemployment, and will be necessary and advantageous to the Industrial Development Board in furthering the purposes of the Industrial Development Corporation Act.

Section 2. The Metropolitan County Council hereby approves the Plan in the form attached hereto as Exhibit 1 and incorporated herein by reference, it being in the interest of the citizens of The Metropolitan Government of Nashville and Davidson County so to do, and the Industrial Development Board is authorized to take such other action as may be necessary, appropriate or required to implement the Economic Impact Plan.

Section 3. This Resolution shall take effect from and after its adoption, the welfare of The Metropolitan Government of Nashville and Davidson County requiring it.

Analysis

This resolution, as amended, approves an Economic Impact Plan for the Madison Station Economic Development Area (the "Plan"). T.C.A. § 7-53-314 authorizes the Industrial Development Board (the "IDB") to prepare economic impact plans for approval by the Metropolitan Council. On December 14, 2022, the IDB considered and approved the Plan for submission to the Metropolitan Council. The purpose of an economic impact plan is primarily to provide tax increment financing for a designated project to cover costs related to public infrastructure and site development.

The Madison Station project is located at 721 Madison Square, Madison, TN 37215, currently home to a shopping center. At completion the project area will be a mixed-use development home to residential units, parks, other public spaces, and commercial units. The real property tax increment above the base tax and dedicated tax will be used to pay for the public improvements to the property, such as streets, transit center, pocket parks, greenway, etc. The funds will also be used to pay the costs of preparing the site for construction of the public improvements, such as demolition and grading.

An economic impact analysis was prepared by an outside consultant, Development Planning and Finance Group. The analysis estimates that the \$630+ million investment will generate 545 construction jobs, 732 average annual total jobs in the area, and \$608.8 million in annual labor income over the buildout period. Once completed, the analysis estimates that the project will create 845 direct permanent jobs on site, 2,026 permanent jobs in the area, and \$185.2 million annual labor income in the area. Local sales and use tax is expected to be over \$270,000 annually.

Over the life of the Plan, Metro will continue to receive all of the personal property tax generated in the plan area as well as the base tax amount equal to \$187,848 and any "dedicated tax" which is the amount designated to pay Metro's annual debt service. The annual excess over the base tax and the dedicated tax are the TIF Revenues, of which, Metro shall be paid 25% and the remaining 75% shall be available for the IDB (the "Net Increment") to use according to the Plan and a Project Agreement between the IDB and the Company, Artesia Real Estate and The Cauble Group. The maximum amount of TIF Revenues that will be made available over the term of the Plan will be \$146,050,534, divided over three phases:

Phase 1 - \$17,209,563

Phase 2 - \$44,502,620

Phase 3 - \$84,338,351

The IDB will issue bonds or notes for each phase of the project, the proceeds of which shall be used to pay the above referenced public improvements costs. The Net Increment shall be used to pay the debt service on the bonds or notes. The Plan permits the IDB to pledge all or a portion of the available Net Increment for the debt service “provided that the payment of any interest shall not increase the maximum” amount of TIF Revenues available for the project.

Any debt issued by the IDB will not be a debt obligation of the Metropolitan Government. The source of funds to pay the debt service for the IDB debt obligation is limited to the available Net Increment.

The term of the Plan is 30 years. Pursuant to state law, the Commissioner of the Department of Economic and Community Development and the Tennessee Comptroller must approve any term beyond 20 years. Submission of the Plan for such approval will occur after Council consideration and approval.

An amendment was added at the December 20, 2022, Council meeting to correct typographical errors in the exhibit.