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New tax incentives attract developers to key urban sites Renewal Community designation expected to draw more businesses downtown

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The future of downtown Chattanooga looked bleak in the early 1980s when many landmark stores closed or moved to the suburbs.

Today, city officials said they don't have a day without someone calling to ask about available downtown housing or business opportunities.

In addition to tourist attractions and trendy stores, city officials said being in Chattanooga's **Renewal Community** zone is becoming a major draw to the downtown area. "All of these phone calls we're getting suggest that there is a significant amount of interest," said Amy Cherry, business and economic development adviser to the mayor.

Being in the zone means that businesses and people who live and work there may be eligible for thousands of dollars in tax credits.

Businesses can get wage credits up to \$1,500 for every newly hired or existing employee who lives and works in the area. A business can also get \$2,400 tax credit for hiring an employee from a group with traditionally high unemployment rates.

Hiring workers off the welfare rolls can also earn businesses up to a \$3,500 tax credit in the first year and up to \$5,000 in the second year for each such person hired.

The city and county governments are also giving developers a 10-year property tax freeze on buildings they redevelop into downtown retail housing.

"We see developers and people with commercial interest posturing and evaluating business options in the downtown area," Ms. Cherry said. "We anticipate designation will be a great asset to our city."

It's been three months since the Department of Housing and Urban Development announced the **Renewal Community** program and details of the program are still developing, Ms. Cherry said.

However, the HUD designation entitles Chattanooga businesses to share a \$17 billion in tax incentives. The program's purpose is to revamp some of the city's neediest neighborhoods and boost efforts to create more downtown housing.

Other areas in the **renewal community** zone include the M.L. King district, the Southside and Alton Park.

Chattanooga Neighborhood Enterprise has developed old buildings into apartments and has built new rental properties in anticipation of more people moving downtown.

Rental rates range from \$300 to \$1,200 a month for the apartments. However, CNE officials said they have no problem filling the units. CNE has more than a 90 percent occupancy rate for its downtown properties that have been developed for at least a year, said Jerry Konohia, CNE executive director.

The affordable properties include the Grand, 1603 Williams St. and 1808 Cowart St. The market rate properties include the Robinson building on Georgia Avenue, the Riverset apartments and the apartments in the old Southern Railroad building.

The Southern Railroad building, one of the more recently developed properties, has a 60 percent occupancy rate. "And there is a demand for it," said Mr. Konohia.

Staff writer Duane Gang contributed to this article.

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