

CHATTANOOGA HEALTH & WELLNESS DISTRICT

A NEW ENGINE OF INNOVATION, GROWTH & OPPORTUNITY ON THE 3RD & 4TH STREET CORRIDOR

APRIL 2019





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April 1, 2019

We are pleased to present you with the exciting vision and roadmap to establish a world-class Health & Wellness District along the 3rd and 4th Street Corridor. In discussions with stakeholders over the past six months, a vision has coalesced around establishing a District as a first-class health care and education destination, a model neighborhood for wellness and healthy living, and an innovation hub that fuels research and job growth. Over time, this District will serve as an engine for innovation, growth, and opportunity for the city, county, and the region.

There is already significant momentum in the corridor, including the Innovation District's recent growth, planned traffic improvements, and major capital expansions planned by anchor institutions and public entities, but the development of a cohesive District vision and coordinated investment strategy is critical to realizing the corridor's full potential and establishing a true District that catalyzes new economic activity.

With more than 15 stakeholders engaged, including the University of Tennessee at Chattanooga, health care providers, education and business leaders, and many others representing shared interests throughout the Corridor, this plan represents an opportunity to create a district with mixed-use amenities, great public spaces, close ties to the Innovation District and the University, and positive benefits for the surrounding communities.

We look forward to implementing the vision with you to realize the District's full potential.

Sincerely,

Mayor Andy Berke & Mayor Jim Coppinger

CREATING A PLACE FOR

This roadmap outlines a plan for the development of a first-class health and wellness district that will serve as a new center of innovation, economic growth, and opportunity for the City of Chattanooga, Hamilton County, and the State of Tennessee. The district – situated along a 3-mile stretch of the 3rd & 4th Street Corridor – will build upon the historic level of recent investment by institutional and corporate anchors and the public sector, and leverage the city’s growing innovation ecosystem, to drive research, attract talent, create jobs, spur business, and create opportunity for existing and new residents, workers, and visitors of Chattanooga.

The product of more than a year of collaboration among private, public, and institutional leaders, this roadmap articulates the critical role that the health and wellness sectors play in Chattanooga today, the unique opportunities for investment, and a shared vision for a cohesive Health & Wellness District that dramatically expands and broadens the benefits to all Chattanoogaans.

CHATTANOOGA'S FUTURE

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CHATTANOOGA TODAY

Chattanooga, perched above the Tennessee River in Hamilton County, is one of the country's most livable cities, with a thriving downtown, growing tech and innovation economy, rich history and cultural attractions, and easy access to a range of outdoor activities and destinations.

Following continuous population growth since 2000, the city has more than 179,000 residents today. As the city continues growing, and with more than 175,000 people in the city's workforce, Chattanooga is the fourth largest city in Tennessee and belongs to a larger metropolitan region that extends south into Georgia, with a population of approximately 528,000.

Chattanooga's downtown has experienced a renaissance over the last three decades, emerging as a vibrant mixed-use district and a national model for urban revitalization. Today, thousands of residential units and a half-dozen hotels are either newly opened or underway; the downtown population has grown at nearly twice the rate of Hamilton County; and retail vacancy rates are in low single digits.

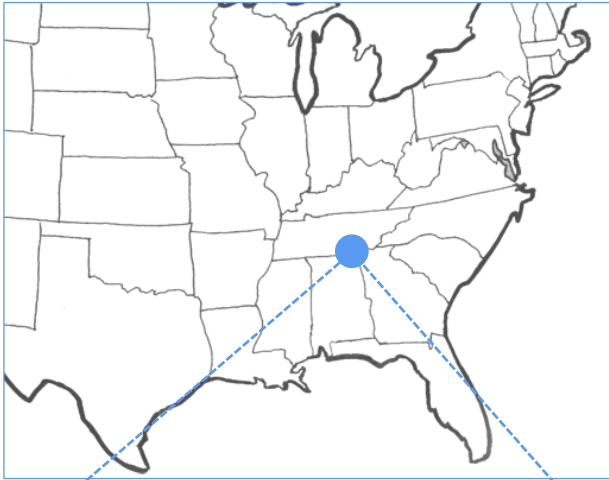
Much of this success is attributable to a deep collaboration among local businesses, foundations, public sector leaders, and residents. In 1984, the City launched the Vision 2000 public engagement effort, asking more than 1,700 community members to describe what they wanted their city to look like. The effort culminated in a downtown plan with 40 goals for revitalization and waterfront development, and the creation of River City Company (RCC), a private non-profit established to serve as the lead entity implementing the downtown plan.

In the last 30 years, Chattanooga's national recognition as one of the best cities to live, work, play, and visit has flourished. Chattanooga has welcomed the Tennessee Aquarium, the 22-mile Riverwalk, an expanded Hunter Museum of Art, a reconstructed Miller Park, and dozens of private developments, which have collectively attracted residents, businesses, and tourists to downtown.

Chattanooga's legacy of collaboration and careful execution directly informs plans for the Health & Wellness District.



CHATTANOOGA A GROWING REGION



Chattanooga Metropolitan Area



Chattanooga sits at the crossroads of a strong, and growing, region.

Stretching across Tennessee and Georgia, the Chattanooga metropolitan area is a major economic driver for Tennessee, Georgia, and Alabama. The region's \$27.1 billion economy is supported by advanced manufacturing, automotive production, and health services, among other key production and service provision industries. Major employers include Erlanger Health System, CHI Memorial, BlueCross BlueShield, Unum, Volkswagen, and Amazon. With 19 colleges and universities, and advanced logistics infrastructure, the region is positioned to continue growing due to its access to a strong and skilled employment base. In 2018, the Chattanooga Chamber of Commerce counted 12 major new businesses and eight expansions of existing businesses in Hamilton County that collectively added more than 2,000 direct jobs from nearly \$750 million of investment.

Surrounded by three major and growing metropolitan centers, Chattanooga benefits from outsized economic growth and opportunity.

Chattanooga is positioned to capture spillover economic activity from neighboring metro areas' growth,

while also offering a high quality of life for residents of adjacent cities to relocate to. The Atlanta Metropolitan area is one of the fastest growing in the country, increasing in population by more than 11% between 2010 and 2017. The Nashville Metropolitan area has continued to grow at an unprecedented speed, adding more than 100 people per day through 2017, and the Knoxville Metro area's population growth is expected to accelerate in the coming years. Supporting these population centers are strong and diversifying economies. Amazon is bringing 5,000 skilled jobs to Nashville, and Atlanta's information technology sector led the metro area's economic growth, securing Atlanta the second-highest "boom rate" among the nation's big city economies.



CHATTANOOGA QUALITY OF LIFE

Chattanooga offers residents a superior quality of life, with a low cost of living, growing job market, a vibrant arts, culture, and culinary scene, and proximity to world-class outdoor recreation. Access to rock climbing, mountain biking, hiking, boating, fishing, white water rafting, and hang gliding contributed to Chattanooga being named “Best Town Ever” by Outdoor Magazine, and a number of nearby natural attractions draw locals and visitors, such as Tennessee River, Lookout Mountain, and Ruby Falls. For open space experiences within the city, Chattanooga offers more than fifty city parks and trails. The family-friendly downtown is anchored by the popular Tennessee Aquarium, Ross’s Landing, and the Hunter Museum, and across the river the Bluff View Arts District is home to an artistic enclave lined with historic homes, artists’ studios, and the River Gallery Sculpture Garden. The city has a strong and growing culinary scene, with James Beard Award contenders serving local and international fare that can be washed down with a craft cocktail from one of Chattanooga’s many trendy drinking establishments. Daily life in Chattanooga has attracted an influx of young professionals and a diversifying workforce, feeding into the city’s burgeoning innovation economy.



OUTDOOR RECREATION



YOUNG & DIVERSE WORKFORCE



ARTS & CULTURE



GROWING CULINARY SCENE

CHATTANOOGA AN EMERGING INNOVATION HUB

Chattanooga is also known as Gig City, named for its first-in-the-nation citywide high-speed broadband internet network. To leverage this world-class internet infrastructure, the City designated a portion of downtown as the Chattanooga **Innovation District**, anchored by EPB, the public electric and telecommunications utility and a pioneer in smart grid technology, and the Edney Innovation Center, an 11-story ecosystem that combines community programming, business services, co-working space and private offices. In early 2018, following months of planning and engagement, the City released the *Innovation District Framework Plan*, proposing four overarching strategies to support district expansion and further establish Chattanooga as a destination – and a test bed – for innovation:

- **People & Programming**, to expand inclusive engagement
- **Public Realm Interventions**, to improve the urban design of the public realm.
- **Innovation Ecosystem Supports**, including incubators, research and education, and collaborative work spaces.
- **Building and Redevelopment Priorities**, to increase district density provide for a broad range of residents and workers.

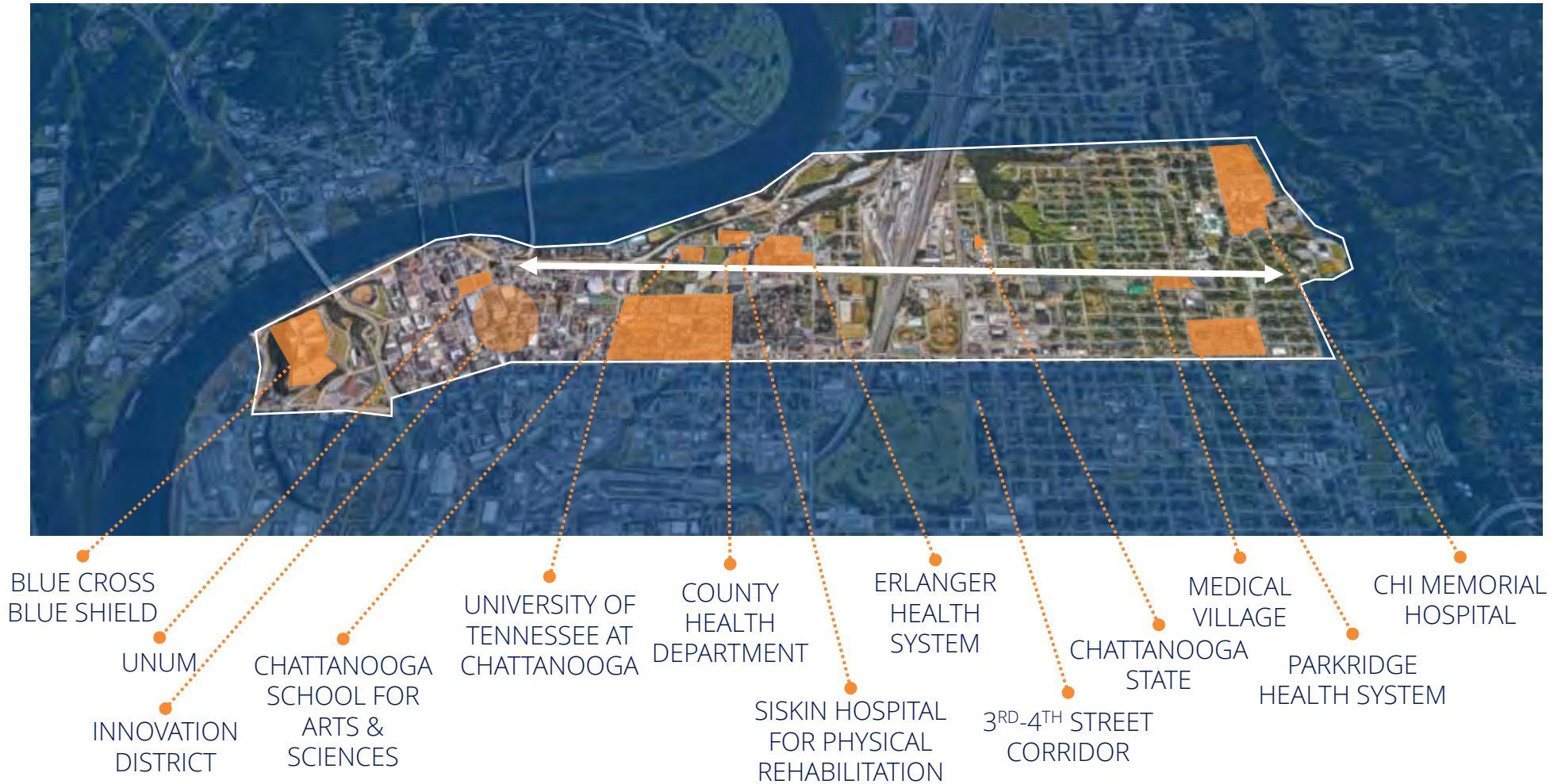


“Chattanooga’s Innovation District is our place where people from all walks of life come together to explore and collaborate, whether it’s within the realm of technology, art, recreation, commerce, or civic engagement. Thinkers, starters, and doers – a bold place full of people working together to discover the next big thing.”

Mayor Andy Berke



CHATTANOOGA MAJOR HEALTH & WELLNESS INSTITUTIONS & BUSINESSES

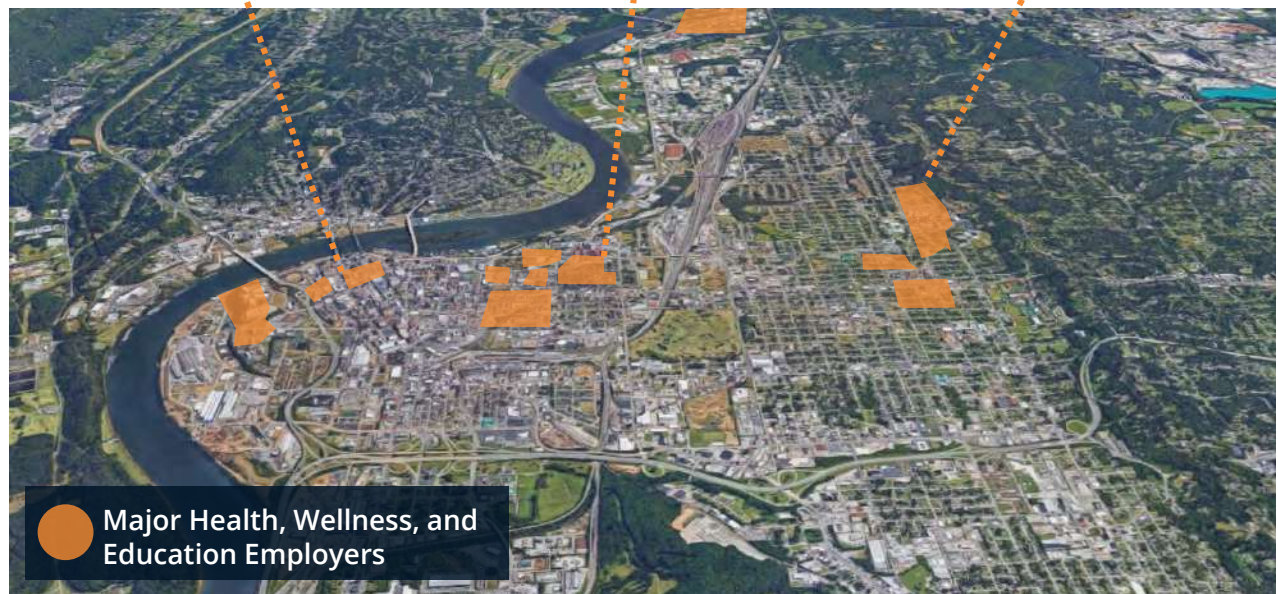
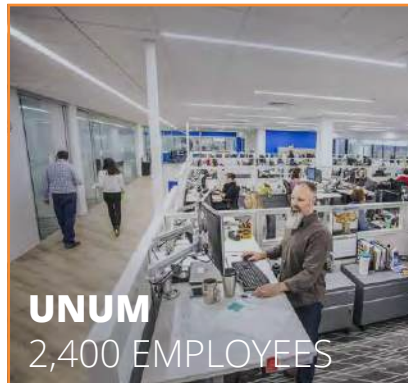


CHATTANOOGA MAJOR HEALTH & WELLNESS INSTITUTIONS & BUSINESSES

| STAKEHOLDER | OVERVIEW | EMPLOYEES | RECENT INITIATIVES |
|---|--|-----------|---|
| BLUECROSS BLUESHIELD OF TENNESSEE | BCBST is an independent nonprofit and the largest health benefit plan company in Tennessee. Chattanooga is the corporate headquarters. | 5,000 | Cameron Hill Campus (2006); 950,000 SF HQ |
| CHATTANOOGA CHAMBER OF COMMERCE | The Chamber is dedicated to business attraction and retention, economic development, and fostering collaboration among businesses. | 40 | Spearheaded the Health Care Alliance |
| CHATTANOOGA SCHOOL FOR THE ARTS & SCIENCES | CSAS is a K-12 public magnet school with enrollment of more than 1,000 students, leading county graduation and college placement rates. | 70 | N/A |
| CHATTANOOGA STATE COMMUNITY COLLEGE | Chatt State is a public community college, with more than 11,300 students, offering a variety of programs and university parallel programs. | 970 | Published an updated Campus Master Plan |
| CHI MEMORIAL HOSPITAL | CHI Memorial is a nonprofit, faith-based health care organization offering primary, acute, and specialty care. | 2,500 | Glenwood Expansion (2014); 580,000 SF |
| ERLANGER HEALTH SYSTEM | Erlanger is a public system of hospitals and physicians, and is the primary teaching hospital for the UT College of Medicine in Chattanooga. | 6,000 | Children's Hospital (2018); 90,000 SF |
| HAMILTON COUNTY HEALTH DEPARTMENT | The Health Department is the county's primary provider of public health services, offering preventive, maternal-child, and specialized care. | TBD | N/A |
| PARKRIDGE MEDICAL CENTER | Parkridge is privately-owned, and part of a regional network, offering comprehensive diagnostic and medical/surgical services. | 1,000 | Expansion in 2017; 93,000 SF |
| SISKIN HOSPITAL FOR PHYSICAL REHABILITATION | Siskin is the only nonprofit rehabilitation hospital in the state, with specialized programs for brain injury, amputation, and stroke, and other illnesses. | 550 | Added acute care beds (2018); constructing a 300-car garage |
| UNIVERSITY OF TENNESSEE AT CHATTANOOGA | UTC is a public university and one of three UT campuses, with an enrollment of 11,400 undergraduates and 1,300 graduate students. The university's endowment is \$112 million. | 1,300 | Developed a 600-bed campus housing project with parking in 2018 |
| UNIVERSITY OF TENNESSEE HEALTH SCIENCE CENTER | The University of Tennessee Health Science Center has nearly 3,000 students enrolled in the four major UTHSC campuses (Memphis, Knoxville, Chattanooga, and Nashville). | N/A | Exploring opening a 4-year medical school in Chattanooga |
| UNUM GROUP | Unum is a Fortune 500 insurance company specializing in supplemental disability and life insurance, and Chattanooga is the company's U.S. headquarters. | 2,400 | Sold surplus parking lots for 150-unit development |

CHATTANOOGA A REGIONAL HUB FOR HEALTH & WELLNESS

Much of the region's growth is attributable to the success and expansion of the city's major medical and educational institutions. The University of Tennessee at Chattanooga (UTC) is one of the fastest growing campuses in Tennessee, with more than 12,000 students enrolled. UTC is exploring opening a four-year medical school program that will round out the school's existing two-year stream. The medical school will sit within a new consolidated Health Sciences building, adjacent to Erlanger Health System's expanding campus. In addition to Erlanger's growing presence, Memorial and Parkridge are major employers on the eastern edge of the city's core. Overall, the corridor supports approximately 34,500 direct jobs (20% of the City total), grants more than 4,100 postsecondary degrees and certificates annually, and provides essential services including specialized clinical care at Erlanger, Memorial, Parkridge, and Siskin, in the hospitals' national Centers of Excellence, public health services at the County Health Department, education at all levels, including at Chattanooga School for the Arts & Sciences, Chattanooga State Community College and UTC, and increasingly space for R&D and commercialization, particularly within the Innovation District.



HEALTH & WELLNESS BY THE NUMBERS

Economy of the District

The health, wellness, and education sectors represent a critical economic asset for the Chattanooga region, and the District is a major job center for Chattanooga. Collectively, industries along the corridor represent an important path to economic opportunity, through both entry-level employment and education and training. For the purposes of this analysis, health, wellness and education jobs include the following subsectors: hospitals and health care systems, medical practitioners, medical and life insurance, nursing and assisted living, higher education and training, medical retail and wholesale, medical manufacturing, and research, development and training.

16%

HEALTH, WELLNESS &
EDUCATION JOBS AS A
SHARE OF ALL JOBS IN
CHATTANOOGA

34,500

JOBS ALONG
CORRIDOR

\$1B+

IN RECENT
& PLANNED
INVESTMENTS

\$1.4B+

IN ANNUAL
PAYROLL

4,100+

ACADEMIC
DEGREES AWARDED
ANNUALLY

\$100M+

IN CONTRIBUTED
COMMUNITY BENEFITS

CORRIDOR IMPACTS

OPPORTUNITY



DISTRICT OPPORTUNITY A MOMENT FOR INVESTMENT

Over the next decade, institutions along the 3rd & 4th Street Corridor will invest hundreds of millions of dollars to modernize facilities, expand their programming, and strengthen partnerships.

In recent years, stakeholders have invested significantly in the District, completing major facility renovations and expansions. At the east end of the District, CHI Memorial and Parkridge both undertook expansions. BlueCross BlueShield developed a new headquarters at the top of Cameron Hill, creating capacity for more than 1,000 employees onsite. Unum plans to use the organization's existing space more efficiently, making additional office space available downtown for other users, in addition to developing multiple mixed-use parcels in the core of the city. Erlanger recently completed a new Children's Hospital Outpatient Center, which is the first phase of an ambitious master plan, which once complete, will equal more than \$300 million in capital improvements. Adjacent to Erlanger's campus, the University of Tennessee plans to develop a Health Sciences building with collocated research and educational facilities, creating a new central hub to unite the District.

Three key features position the 3rd & 4th Street Corridor to succeed as a Health & Wellness District:

PLANNED INVESTMENTS

- \$1B+ of planned private and public investments within the District, including significant transit investments and market-rate and affordable mixed-use development.
- UTC's planned Health Sciences Building will create a new node of activity and lay the foundation for a 4-year medical school.
- Erlanger's proposed Master Plan will introduce world-class centers of medicine.

ENGAGED STAKEHOLDERS

- More than 15 major stakeholders are engaged in the visioning process for the Health & Wellness District, representing diverse assets and shared interests.
- In addition to major institutional stakeholder support, private property owners and businesses have been involved in the ongoing engagement process.
- Strong public and civic sector support underpins institutions' District planning.

INSTITUTIONAL CLUSTERING

- Proximity and collocation among institutions creates natural synergies.
- Institutional activity sustains ancillary uses, such as medical offices and pharmacies, and attracts housing and retail development, which in turn create a more dynamic, welcoming environment.

DISTRICT OPPORTUNITY RECENT & PLANNED INVESTMENTS

Motivated by Chattanooga's growth and a desire to expand and improve activities within the Health & Wellness District, stakeholders have invested \$750M+ in new projects in the last 5 years, with at least \$400M in projects planned for the next decade.



CHI Memorial Expansion
\$318M investment (2015)



BCBS Cameron Hill Campus
\$299M investment (2006)



Parkridge Expansion
\$62M investment (2017)



Erlanger Children's Hospital
\$35M investment (2018)



UTC West Campus Housing
\$70M investment (2018)



Unum Mixed-Use Development
\$50M investment (2019)



3rd & 4th Street Improvements

Wholesale reconstruction of 3rd and 4th streets to improve pedestrian and traffic safety and improve access to UTC and health care destinations along the District's central corridor. Planning in progress; construction scheduled to start in 2021. **Est. investment: \$17M+**



UTC Health Sciences Building

A planned 200,000 SF facility co-led by UTC and UT Health to consolidate academic and lab space for nursing, health, biology, geology, and environmental science programs. Scheduled start in 2022, completion by 2025. **Est. investment: \$100M.**



Erlanger Master Plan

A planned 600,000 SF long-term renovation and expansion at the core 3rd Street campus, resulting in new neurology, cardiac, women's, and children's health centers of excellence. Scheduled to take place in phases over 10 to 15 years.

Est. investment: \$300M+

See p. 12 for profiles of District stakeholders.

DISTRICT OPPORTUNITY EXISTING PARTNERSHIPS

In addition to large-scale capital investments, across the district, stakeholders have established a series of partnerships to leverage individual resources and areas of expertise to expand the breadth of programming and solve common challenges. Partnerships range from research collaborations to academic cross-programming to talent attraction initiatives – all seeking to grow Chattanooga’s economic pie and generate benefits for the district, city, and region.

SMART COMMUNITY COLLABORATIVE

The University of Tennessee at Chattanooga, EPB, Unum, and Erlanger Health System recently joined with the City, County and business accelerator groups including Co.LAB and the Enterprise Center to create the Chattanooga Smart Community Collaborative. The new collaborative will facilitate joint research projects in energy, transportation, and health care by connecting top-tier researchers from each institution. Each partner organization will provide its own staff and funding, with the goal of working together to provide locally driven solutions for a variety of research efforts and to continue to grow Chattanooga’s R&D footprint.

CENTER FOR URBAN INFORMATICS & PROGRESS

UTC also recently created the Center for Urban Informatics and Progress (CUIP) to engage UTC faculty, students, and others in cross-disciplinary research into urban challenges. The smart city initiative is part of a focus from UTC Chancellor Steven Angle to engage in more community-oriented research, training and engagement.

MASTER OF PUBLIC HEALTH PROGRAM

Started in 2018, UTC’s Master of Public Health program will equip students interested in health care with a wider set of career and professional opportunities. The master’s program is the only one in Tennessee with a concentration in chronic disease treatment and prevention. This issue is especially relevant in Tennessee given the state’s high rates of chronic disease. Graduates from the master’s program can work in County and State health departments, community health centers, nursing specialties, as physician assistants or research associates.

HEALTH CARE ALLIANCE

Led by the Chattanooga Chamber of Commerce, in collaboration with Erlanger Health System, Parkridge Medical Center, CHI Memorial Hospital, and Siskin Hospital for Physical Rehabilitation, the Alliance will serve as a convening entity to discuss and resolve shared issues in health care delivery. Initial workshops in 2018 identified talent and therapists as the Alliance’s first priority effort.

DISTRICT OPPORTUNITY NEED FOR COLLECTIVE VISIONING

A cohesive vision and strategic plan can unite many of the diverse stakeholders that offer critical services to Chattanooga's residents and visitors, improving users' experience for the benefit of both individuals and the city more broadly. While there has been significant recent investment and momentum in the District, stakeholders agree that a cohesive vision and overarching plan are required to maximize the District's long-term impact and cumulative benefits.

In a series of gatherings in 2018, the leaders of major institutions and businesses discussed how, absent a coordinated strategy for development along the 3rd & 4th Street Corridor, the District's recent and planned investments would not yield their full potential. Constraints including parking capacity, the lack of shared collaborative spaces, limited land for new facilities, and the overall physical environment required collective action on the part of District stakeholders and the public sector. Through these discussions, the District's leadership resolved to form a steering committee to develop and execute a vision for the Health & Wellness District that would produce a greater impact for the City, County, and State through coordinated investment.

SHARED CHALLENGES

Individual stakeholders in the District face similar challenges to one another. Without a coordinated visioning and implementation plan, these challenges will impede growth and threaten long-term sustainability. Challenges include:

- Limited parking capacity
- Lack of shared space for collaboration
- Inadequate or inaccessible workforce housing
- Insufficient transit system or transit options
- Narrow talent development opportunities
- Constricted ability to finance large projects

COLLECTIVE BENEFITS

With greater coordination, individual stakeholders and the District as a whole will stand to benefit.

If District stakeholders convene to develop a shared vision and implementation plan, the capacity of individual stakeholders will increase as will collective opportunities, which include:

- Improved coordination to execute shared projects
- Increased ability to secure funding for major projects
- Leverage to advocate for public investment

DISTRICT OPPORTUNITY STRENGTH THROUGH COLLABORATION

Benefiting from engaged stakeholders and shared interests, the Health & Wellness District requires strategic coordination to ensure that implementation occurs with the greatest potential benefits accruing to district, city, and county stakeholders.

1 SUCCESSFUL IMPLEMENTATION WILL REQUIRE COLLABORATION

While many District stakeholders have planned investments and initiatives along the corridor, collaboration is required to maximize benefits. For example, stakeholders expressed that a districtwide parking solution is required to most effectively meet the needs of all stakeholders. This project requires close coordination between stakeholders but will generate outsized impacts for all District users.

2 DISTRICT DEVELOPMENT IS GREATER THAN THE SUM OF ITS PARTS

Ad hoc district development will not leverage all potential benefits of a strategically planned Health & Wellness District, as evidenced by precedent districts' successful branding, shared resource development, and ability to attract and retain talent and organizations.

A summer 2018 survey asked District institutions and businesses to reflect on the potential for shared investment.

"In 10 years, with the right mix of investment, the Chattanooga Health & Wellness District could be..."

...the most significant district in the city for providing **upward economic mobility.**"

...capitalizing on our collective strength to improve **public health and economic prosperity.**"

... a **coordinated hub** of academic preparation, innovation, and care delivery, tied together through **campus unity.**"

...a **dynamic hub of economic, intellectual, and social activity**, changing the way Chattanooga views itself and the way that the world views Chattanooga."

...the **most important economic engine** in the region."

DISTRICT OPPORTUNITY PRECEDENTS

Cortex Innovation District

St. Louis, Missouri

In 2002, a coalition of five anchor institutions (Washington University, BJC Healthcare, University of Missouri St. Louis, St. Louis University, and the Missouri Botanical Gardens) formed the 501(c)3 non-profit Cortex, with the goal of building a biotech and innovation district in St. Louis. The City of St. Louis granted Cortex the master development rights for 200 acres near Midtown, where Cortex has since built out one of the leading research hubs in the Midwestern U.S.

Today, the Cortex Innovation Community houses over 250 companies and institutions. With a focus on biotech, life sciences, and agriculture, the district provides tenant companies with access to lab facilities, incubators, maker space, and highly programmed networking opportunities. The district is also home to retail anchors, restaurants, and a growing residential component, making the Cortex district a live-work-play innovation hub. The district offers 1.7 million square feet of mixed-use development, and the master plan projects over 4.5 million square feet of space when fully implemented.

Wake Forest Innovation Quarter

Winston-Salem, North Carolina

The Wake Forest Innovation Quarter was founded to rebrand Winston-Salem, NC as a hub for the biomedical and information technology sectors. Plans for the Quarter developed in the mid-1990s when tobacco industry giant RJ Reynolds donated 11 acres to Wake Forest University in downtown Winston-Salem. In addition to building out the Wake Forest Baptist Medical Center, the University formed partnerships with Wexford Science & Technology to develop offices and R&D space throughout the Quarter.

The Quarter is now home to 170 companies and five academic institutions, offering 1.9 million square feet of office space across 16 buildings and employing 3,700 workers. Having grown from 11 acres to 330 acres (150 of which are owned by Wake Forest University), the Quarter now also contains a mix of housing, with more than 730 apartments; a 1.6-acre centerpiece park and plaza; and ample retail.

DISTRICT PLAN

The successful development of the Health & Wellness District is dependent on the strategic planning and implementation of both physical and programming interventions. This shared plan envisions significant new facilities and spaces to drive innovation and growth; new approaches to R&D collaboration and talent development; and expanded public investment in transit, open space, and affordable housing to create a cohesive district that serves all Chattanoogaans.



VISION STATEMENT & GOALS

The Health & Wellness District will drive the next wave of Chattanooga's transformation, leveraging the collective strength of District institutions and businesses to create an inclusive hub for collaboration, creation, and care.

District investment will over time seek to create a...



First-class health care and education destination.

Building upon existing District assets, this goal will seek to improve the physical condition and connections within the District to create a welcoming environment for learning and clinical care, while investing in spaces and programs that serve current and future needs.



Model neighborhood for wellness & healthy living.

Key components of this goal include access to open space, walkable and bike-able streets, improved transit, enhanced healthy food options, and other district-wide initiatives that contribute to a complete community, including affordable housing.



Innovation hub that fuels R&D and job growth.

In concert with the downtown Innovation District, this goal envisions the Health & Wellness District as a critical driver of ideas and technologies that propel startup formation and industry growth, creating a networked innovation ecosystem.



Eye Level Perspective of District Core



VIEW LOCATION

Aerial Perspective of UTC / Erlanger Corridor

GUIDING PRINCIPLES FOR DISTRICT DEVELOPMENT

The following principles will steer District stakeholders as they invest in collective and individual projects, ensuring that the benefits of District investment are felt broadly and equitably.

1.

Catalyze **economic growth** and **job creation**, while supporting **economic mobility**.

2.

Create a **vibrant and inclusive environment** where employees, patients, students, faculty, visitors, and residents want to spend time.

3.

Foster collaboration across institutions and departments to promote innovation and new partnerships.

4.

Promote **healthy, active living** by providing a safe, restorative environment.

DISTRICT PLAN PHYSICAL PROJECT PRIORITIES



State-of-the-art medical and educational facilities to provide world-class services



+150,000 square feet of retail and dining space to serve workers, students, residents, and visitors



+900 new residential units, including market-rate and affordable units, to house new talent and create a 24/7 community

DISTRICT PLAN PHYSICAL PROJECT PRIORITIES



+300,000 square feet of office and R&D space to drive the next wave of business creation











+1,600-space district parking facility to support growth and provide convenient access to District assets



Traffic and transit improvements, to connect the District to neighboring communities

DISTRICT PLAN PRIORITY PROJECT DETAILS & PHASING

District stakeholders have identified eight priority projects that will catalyze transformation of the 3rd and 4th Street Corridor with meaningful benefits to the public. Identified priority physical projects are both individually important and symbiotic, with some projects enabling others. For example, without a district parking facility, UTC will need to build onsite parking to meet the needs of its Health Sciences Building, preventing the second phase of a critical research and innovation facility that will fuel further demand for R&D, commercial, residential, and retail development.

| | OVERVIEW | TOTAL PROGRAM | EST. END YR. | WHO'S INVOLVED | GOALS |
|--|--|---------------------------------------|--------------|------------------------------------|---|
| 1. DISTRICT PARKING FACILITY | The 4-level structured facility will replace the CSAS athletic fields, supporting UTC and Erlanger expansion. Potential for use as a multimodal transit hub. | 1,600 parking spaces | 2022 | Erlanger, UTC, County Health, CSAS |    |
| 2. ERLANGER: NEUROSCIENCE INSTITUTE | The Neuroscience Institute will consolidate and expand Erlanger's diagnostic and outpatient services in a modern facility. | 135,000 SF | 2022 | Erlanger |  |
| 3. UTC HEALTH SCIENCES BUILDING: PHASE 1 | The world-class allied health sciences building will contain classroom, lab, and program space, and enable an expansion of UT Health program offerings. | 200,000 SF | 2025 | UTC, UT Health |    |
| 4. DISTRICT-WIDE MIXED-USE DEVELOPMENT | Surplus parcels owned by UTC, Erlanger, and the City will make way for housing development with ground-floor retail to activate the corridor. | 900 housing units 63,000 SF retail | 2020-30 | Private Developers |  |

DISTRICT PLAN PRIORITY PROJECTS DETAILS & PHASING



First-class health care and education destination



Model neighborhood for wellness & healthy living



Innovation hub that fuels R&D and job growth

| | OVERVIEW | TOTAL PROGRAM | EST. END YR. | WHO'S INVOLVED | GOALS |
|---|--|--|--------------|-------------------------------|-------|
| 5. DISTRICT-WIDE COMMERCIAL AND R&D DEVELOPMENT | The parking facility site and parcels owned by Erlanger and private owners will accommodate future medical office, R&D, and hotel development. | 210,000 SF office/R&D 120 hotel rooms | 2020-30 | Private Developers | |
| 6. EAST END DEVELOPMENT | Mixed-use office, retail, and R&D development will create a node of activity and provide needed services. | 122,000 SF | 2020-30 | Private Developers, EPB, City | |
| 7. ERLANGER: FUTURE-PHASE EXPANSION | Erlanger's master plan calls for modern centers of excellence for core specialty areas, including a new facility replacing the current County Health Dept. | 560,000 SF | 2030 | Erlanger | |
| 8. UTC HEALTH SCIENCE BUILDING: PHASE 2 | The undefined second-phase facility could expand R&D-focused space and/or house a replacement Health Dept. | 100,000 SF | 2030 | UTC, County Health | |



Site Plan | West End

The site plan envisions two key nodes of development and activity with 3rd Street acting as the District connector. On the western edge, a core education and hospital district will be centered around the new UTC Health Sciences Building and the Erlanger master plan expansion. This node will connect the District to the neighboring Innovation District, to cross-pollinate ideas and resources.



CHI Memorial Hospital

Orange Grove Center

Parkridge Medical Center

1. District Parking Facility
2. Erlanger: Neuroscience Institute
3. UTC Health Science Building: Phase 1
4. Mixed-Use Development
5. Commercial and R&D Development
6. East End Mixed-Use Center
7. Erlanger Future-Phase Expansion
8. UTC Health Science Building: Phase 1
9. Traffic improvements

Site Plan | East End

At the East End of the District, adjacent to CHI Memorial and Parkridge hospitals, a hub of medical office buildings will be supported by neighborhood-serving retail. By connecting Downtown to the Ridge, and with realigned rights-of-ways, planned streetscape improvements, and increased transit, the East End will be an interconnected hub of economic and social activity and has the potential to support more mixed-use development in the future.

DISTRICT PLAN EAST END SNAPSHOT



DISTRICT PLAN EAST END SNAPSHOT



The East End will play a critical role in shaping the District. Third Street, at the east end of the District, will become a mixed-use corridor with new retail space to provide needed services for the existing residential community. A mid-sized grocery store, pharmacy, and other small shops and restaurants will be an asset to area residents.

Improved infrastructure for walking, biking, and public transportation will especially benefit the eastern edge of the District. Transit-oriented development in the East End can include affordable and market-rate housing to create a mid-density, mixed-use neighborhood for all Chattanoogaans.



Perspective view of development in eastern neighborhoods and potential transit-oriented development

DISTRICT PLAN PROGRAMMATIC PRIORITIES

In addition to direct physical investments, District stakeholders are working with one another and with City and County leaders to develop programs and programmatic interventions that promote inclusive development, support collaboration, and promote District activities.

Programmatic priorities will be achieved by different stakeholders through the implementation of various priority projects. Neighborhood development can occur through districtwide mixed-use development, in coordination with historic East Chattanooga neighborhoods; talent and workforce development can occur with public schools and with UTC's Health Sciences Building in partnership with healthcare providers; R&D and innovation can also occur with coordinated efforts between educational institutions and healthcare providers, with support provided from private landowners that enable specialized developments; transit and open space can occur with districtwide improvements implemented by the city and county; and branding and marketing can be advanced with buy-in from all stakeholders.



Neighborhood Development

Use inclusive zoning to create opportunities for holistic neighborhood development and complete communities, including affordable and mixed-income housing, neighborhood-serving retail, and a variety of employment options.

This programmatic priority supports the following District Goal(s):

- *Becoming a model neighborhood for wellness & healthy living*



Talent & Workforce Development

Establish a workforce center to create a direct pipeline to jobs in the district, expand certificate and other pathway programs, and establish incentives to create affordable workforce housing.

This programmatic priority supports the following District Goal(s):

- *Becoming a first-class health care and education destination, and*
- *Becoming an innovation hub that fuels R&D and job growth*



R&D and Innovation

Provide R&D and innovation support through business incubator and accelerator programs that provide companies with the resources, networks, and capital needed to grow in place.

This programmatic priority supports the following District Goal(s):

- *Becoming an innovation hub that fuels R&D and job growth*



Transit, Open Space & Public Improvements

Prioritize planning for and investing in public improvements, including expanded transit service, new open spaces, and other public-serving investments, that improve public health and the pedestrian experience.

This programmatic priority supports the following District Goal(s):

- *Becoming a model neighborhood for wellness & healthy living*



Branding & Marketing

Develop a cohesive District brand identity that can be used in marketing campaigns to attract additional development and resources.

This programmatic priority supports the following District Goal(s):

- *Becoming a first-class health care and education destination,*
- *Becoming a model neighborhood for wellness & healthy living, and*
- *Becoming an innovation hub that fuels R&D and job growth*



EMPLOYMENT

6,800 new permanent jobs supported in the County

3,800 direct jobs at \$82,000 average wage

3,000 additional jobs at \$54,000 average wage

\$475 million in labor income NPV at 5% rate

+

10,300 one-time construction job-years

7,000 direct job-years at \$57,000 average wage

3,300 additional job-years at \$47,000 average wage

\$553 million in labor income NPV at 5% rate

Equivalent of
adding another
Erlanger to
Chattanooga

More than
90% above
Chattanooga's
median wage



ECONOMIC IMPACT

\$960 million per year in new annual economic activity

\$80 million in annual retail, restaurant and parking revenue

\$7.4 million in annual hotel revenue

+

\$1.2 billion in onetime construction economic impact

\$890 million in direct development costs

50% higher than the annual impact of Volkswagen Chattanooga



TAX REVENUES

\$122 million in new tax revenues over 30 years NPV at 5% rate

\$59 million to the City

\$38 million to the County Schools

\$25 million to the County

Equal to almost 10% of the school board's current annual general-purpose budget

Additional District benefits and analysis assumptions can be found in the supporting Technical Memo.

DISTRICT PLAN ADDITIONAL BENEFITS

In addition to quantifiable economic impacts, the district will generate a range of benefits that are challenging to quantify yet no less significant. These benefits include improved health outcomes, additional R&D capacity and funding, and increased property values.



Improved health outcomes.

Hospital-community partnerships are necessary to address community health issues beyond what can be accomplished with clinical care.

- A **World Health Organization study** found that 80% to 90% of health outcomes are tied to where and how we live; and,
- A recent **Gallup Active Living Study** found that residents of places that score highest for “active living environment” experience lower rates of smoking, obesity, diabetes, high blood pressure, high cholesterol, and depression.



Additional R&D capacity and funding.

By creating the infrastructure and capacity for additional R&D, the Health & Wellness District will:

- Help **attract top-tier talent** to lead future research;
- Accommodate research in **modern lab and flex space**; and,
- Elevate the R&D profile of local institutions to **increase competitiveness for federal and foundation funding**.

Increased research will also help spin off businesses that will, in turn, make Chattanooga a more desirable home for applied research activity.



Increased property values.

Improvements to public spaces and activation of the main corridor will increase overall property values and consequently tax revenues.

- Studies of precedent wellness districts concluded that prospective homeowners are willing to pay an average **premium of 10% to 25%** for houses within wellness communities.

HEALTHY LIVING
OUTCOMES
AUSTIN

In 2014, Texas A&M University conducted a study on a wellness community called Mueller in Austin, Texas.

- It assessed 229 residents' levels of activity before and after moving to the neighborhood.
- Research concluded that neighborhood design led to more walking and biking, but also to **greater social interaction and neighborhood cohesiveness.**

ECONOMIC IMPACT OF
FEDERAL R&D FUNDING
BOSTON

Boston receives \$1.1 billion in R&D funding, which results in substantial economic impact in the city and region.

- Federal R&D spending is responsible for generating more than 20,000 jobs in the metro region and increasing **Gross Regional Product by more than \$970 million.**

PROPERTY VALUE
INCREASES
SILVER SPRING

The Pearl is part of The Blairs District planned community in Silver Spring, MD.

- Amid five acres of parks, the 14-story resort-like complex tries to create a nature-centered experience in an urban area.
- **The Pearl is achieving 20% higher rents compared to the local marketplace.**

NEXT STEPS





Chattanooga’s Health & Wellness District is poised to benefit city and county residents, workers, and visitors. Large-scale current and planned projects demonstrate stakeholders’ interest in advancing the District’s potential, and ongoing initiatives elsewhere in the city demonstrate capacity and willingness of local leaders to bolster the city’s economy through new avenues. With a cohesive vision for the District, supported by greater coordination between stakeholders, the District will generate quantifiable economic and fiscal impacts, in addition to a range of qualitative benefits. In order to realize these benefits, the District will rely on a careful phasing strategy, a multi-source funding strategy, and a clear governance framework.

DISTRICT GOVERNANCE OVERVIEW

The creation of an independent governing entity to lead the Chattanooga Health & Wellness District is critical to ensure its long-term success. Chattanooga's leadership has aligned on a shared vision for a Health & Wellness District that embraces a broader mission for the institutions along the 3rd & 4th Street Corridor and a bold new opportunity for economic investment and inclusive growth.

To achieve this vision and ensure that the projects and priorities contained in this plan total to more than the sum of their parts, District stakeholders and City and County leadership have begun the transition from an informal alliance of mission-aligned organizations to a formalized District governing body responsible for executing the shared plan.

This collaboration will build on the strong tradition of ambitious planning and public-private partnership that has restored Chattanooga's Downtown and riverfront, and made it the thriving city it is today.



DISTRICT GOVERNANCE PRECEDENTS

Buffalo Niagara Medical Campus

Buffalo, New York

Buffalo Niagara Medical Campus is anchored by major medical institutions and governed by an independent non-profit. The 120-acre campus serves as a hub to support innovation and drive economic development throughout the region. BNMC was founded in 2002 and is today home to more than 150 life sciences, bioinformatics, technology, and energy companies.

Buffalo Niagara Medical Campus, Inc. (BNMC) is a non-profit 501 (c)(3) organization that serves as the umbrella organization for the anchor institutions that make up the campus, and works to foster collaboration amongst member institutions and partners. The CEOs and Board Chairs of all involved institutions sit on the Board of BNMC, Inc. BNMC, Inc. acts primarily to convene stakeholders around shared interests, and works to support and build the innovation ecosystem across the campus. As described in its 2017 Annual report, BNMC, Inc. is focused on “improving infrastructure, managing our transportation system, creating a culture of health and well-being, driving innovation, and working with our partners to continue to build an innovative district that reflects the best of our community.”

Uptown Innovation Corridor

Cincinnati, Ohio

After achieving a highway interchange that opened up 670 acres for reuse, the Uptown Consortium (a coalition of five civic, academic, and medical institutions) developed a strategic plan for the Uptown Innovation Corridor, a mixed-use district supporting medical, research, and innovation industries. The Uptown Consortium acquired 100 properties for redevelopment as mixed-use and academic and R&D space, investing \$25 million in acquisition.

The board includes an executive committee made up of the CEOs and a designated SVP from each of the five member institutions; a management and operations committee with SVPs, neighborhood representatives, and a city government representative; a transportation subcommittee composed of representatives in charge of parking and planning at their respective institutions; and a workforce taskforce, among other subgroups.

DISTRICT GOVERNANCE OVERVIEW

The Chattanooga Health & Wellness District's governing entity will govern by consensus and have member-driven financial support from the outset of district development. Numerous stakeholders have an interest in the future of the Chattanooga Health & Wellness District. While the governing entity is in the early stages of development, the following governing components are envisioned to lead the District:

- A group of **Core Members** located along the 3rd & 4th Street Corridor that have a direct stake in the physical build-out of the District. These members will have full decision-making powers and provide seed funding or other support for the District entity.
- **Supporting Partners** from the public, philanthropic, and advocacy sectors will provide early startup support and assist Core Members as they establish and advance priorities.
- Additional **Ecosystem Partners** may contribute to specific District initiatives, including corporate stakeholders, local property owners, start ups, and other third parties.

Health & Wellness District stakeholders will make key decisions around what authority, funding, and development tools to provide the governing entity. The Health & Wellness District leadership will consist of a governing Board and President & CEO.

The **governing Board** will be composed of representatives from all Core Members, with equal voting power. The City and County mayors will hold nonvoting positions on the Board. The Board will be the primary decision-making body, establishing expectations, delineating responsibilities, and formally approving all strategy, real estate, and programming decisions. The Board representatives from each Core Member will be senior executives (e.g. EVPs, SVPs) with direct decision-making power who are directly involved in the organization's long-term strategic planning and who speaks for the chief executive on District efforts.

The Board will establish **subject-matter working groups** that leverage members' expertise while creating opportunities for collaboration. By establishing focused working groups as subsets of the

overarching governing entity, district members with different priorities are able to build trust within the organization while addressing districtwide challenges through decision-making processes that require coordination and compromise.

A **President & CEO** will report to the Board with defined powers and clear responsibilities. The President & CEO will be charged with facilitating decision-making processes; overseeing the first phase of strategic planning, development, and programming; and serving as a chief liaison with external stakeholders. The leader will have the power to manage a budget approved by the Board and to assemble the needed team for the District's startup phase. Ideal qualifications for the leader include prior experience managing a multi-stakeholder effort; experience with physical planning, project management, property management, and public/private partnerships; and credibility within the Chattanooga health, education, R&D, and business ecosystems (or a demonstrated ability to quickly establish local credibility).

DISTRICT GOVERNANCE HEALTH & WELLNESS LEADERSHIP

President & CEO

Reporting to the Board with defined powers and clear responsibilities

Governing Board

Composed of representatives from all Core Members, with equal voting power



Subcommittees

Focused on specific aspects of District development, with staff leads designated for subcommittee workstreams

Infrastructure

Planning

Business Attraction

SUPPORTING PARTNERS



ECOSYSTEM PARTNERS



TIMELINE DISTRICT BUILD-OUT & BUDGET

Projected District Buildout Timeline

| Phase | Area | Size | Budget | Critical steps |
|-----------------------------|--------------------------------------|----------------|--|---|
| Phase 1 (0-5 years) | 3rd-4th Street Traffic Improvements | 1.1M SF | \$285+ million | Critical steps: <ul style="list-style-type: none"> Develop parking garage, building on the District's existing parking study Right-size District parking need to leverage public-private financing |
| | District Parking Facility | | \$20 million | |
| | Streetscape Improvements | | \$40 million | |
| | Erlanger: Neuroscience Institute | | <i>Included in corridor improvements</i> | |
| | UTC Health Sciences Center: Phase I | | \$55 million | |
| | Mixed-use Development | | \$100 million | |
| | | | \$70 million | |
| Phase 2 (5-10 years) | East End Medical Village | 850K SF | \$150+ million | Critical steps: <ul style="list-style-type: none"> Expand UT College of Medicine programs Attract talent and additional research funding |
| | Office/R&D Space | | \$10 million | |
| | Mixed-use Development | | \$20 million | |
| | | | \$120 million | |
| Phase 3 (10+ years) | UTC Health Sciences Center: Phase II | 900K SF | \$490+ million | Critical steps: <ul style="list-style-type: none"> County Health Department building condition and space needs assessment County Health Department relocation |
| | Improved County Health Department | | \$40 million | |
| | Erlanger: Future-Phase Expansion | | \$50 million | |
| | Office/R&D Space | | \$300 million | |
| | Mixed-use Development | | \$30 million | |
| | | | \$70 million | |
| TOTAL | | | \$900+ MILLION | |

NEXT STEPS FUNDING STRATEGY

Implementation of the Health & Wellness District will require funding contributions from a mix of institutional, private, and public sources. The Health & Wellness District can leverage existing capacities and relationships across public and private entities while also creating a means to secure specialized funding sources, such as New Market Tax Credits or Opportunity Zone funding. While financial commitments from member organizations are essential during the startup phase, early district projects should also focus on revenue generating opportunities, in addition to leveraging public support, in order to sustain ongoing operations.

- **Institutional** stakeholders will self-fund several key development projects through appeals to private donors and sponsoring organizations, debt financing, and earned income. Projects include the UTC Health Sciences Building and proposed Erlanger expansions.
- **Private capital** will fund mixed-use development, including all housing, office, and R&D spaces, with potential

public support to incentivize public benefits such as affordable space. Most of the portion of the District west of Central Avenue sits within a federal Opportunity Zone, entitling private investors to tax benefits. In addition, the New Market Tax Credit Program can help incentivize private investment with federal tax credits, administered by Community Development Financial Institutions.

- The **City and County** will fund baseline public improvements, including 3rd & 4th Street Traffic Improvements and expanded transit service.

For critical District projects that require additional funding – likely to include the parking facility, improved County Health Department, and follow-on public realm improvements – it is anticipated that the City and County may seek to leverage future land and tax proceeds from District development to provide upfront gap funding. Mechanisms being explored include city, county, state, and federal tools. District stakeholders expect to finalize a funding strategy by early 2019.

