Reference is made to Chapter 22.5 “Stormwater and Street Ordinance” for the City of Knoxville as provided in its Land Development Manual (November 2020).

As part of Section 22.5-4, “Substantial Investment” is defined as follows;

“The investment of fifty (50) percent or more of the market value (licensed professional appraisal) or tax appraised value of the real property and improvements over a rolling five (5) year duration.”

The following Director Interpretation is presented to clarify the understood intent of a given Ordinance. Therefore, this Policy Document shall be considered applicable when Section 22.5-4 and its related sections are evaluated as part of a project submittal:

- Determination of Appraised Value
  - Determination of the market value for a given property shall be the responsibility of the Applicant and/or their Agent, and based upon (a) a formal appraisal prepared by a professional licensed to prepare such documents; (b) the current City/Public Entity tax appraised value; or, (c) recent sale price;
  - The value of Improvements assigned to the property during the previous five (5) year period shall be identified as part of the Substantial Investment calculation submittal, and compared to the current market value when determining the fifty (50) percent “threshold”.

- Development in designated Flood Zones
  - Where development is proposed within a FEMA designated flood zone, the provisions outlined in the Policy Document shall not apply;
  - For those specific developments, all submittals shall strictly adhere to the requirements of the City’s Stormwater Ordinance;
  - Determinations for Substantial Improvement (FEMA’s equivalent to the City’s “Substantial Investment”) shall be based upon FEMA guidelines, and shall take precedence over this Policy Document.

- Determination of Substantial Development Exclusions
  - General
    - This Document is considered applicable for improvements falling under the approval authority of the Department of Engineering;
• Interpretation of building-related improvements shall be under the authority of the Plans Review & Building Inspection Department. No part of this Document shall circumvent their authority in that portion of the Substantial Investment calculations;
• The general intent is to not penalize a Project in regards to Substantial Investment calculation process, where a portion of the work proposed would typically be considered “General Maintenance” and/or improvements required (or encouraged) based upon present-day regulations;
• It is understood that the final determination as to whether an improvement is considered “excluded” from the Substantial Investment analysis is solely that of the Department of Engineering and its Director;
• For purposes of determining the applicable Bond and Permit Fee amounts required for a given project, all new construction – regardless of whether it is technically excluded from the “Substantial Investment” calculation – shall be included in the overall determinations;
• Where an Applicant and/or their Agent (ex: Consultant) wishes to classify a portion of the proposed improvements as “excluded”, those specific actions/improvements shall be clearly classified as either “Applicable” or “Excluded”, including its corresponding value. Individual line items shall be of sufficient detail for the Reviewer to easily affirm – or deny – that line item being excluded from the Substantial Investment calculation;
• For the first six (6) months that this Policy is in place, Engineering will consider various formats for how the Substantial Investment calculations are presented. These could include a separate submittal independent of the drawings, or included on the drawings themselves;
• After the initial six (6) months, Engineering will amend this Policy to reflect the expected format for submitted calculations;
• Where there is disagreement regarding the Substantial Investment submittal, the Director of Engineering or their Designee reserves the final determination whether to require additional information.

○ Exclusions – Public Right-of-Way (ROW)

All work within the public ROW as required by the City and/or Public Utilities, which will provide general benefit to the public, shall be excluded. Examples of these improvements are as follows:

• Traffic Signalization Facilities;
• Lane modifications to existing roadway sections, including corresponding signage and striping;
• Public Sidewalks;
• Improvements to, or extensions of, the public Stormwater system;
• Public Utility improvements/upgrades as required by the Provider, including those utilities that are located within the property boundaries.
Exclusions – Site

The following proposed actions shall be considered for exclusion from the Substantial Investment calculations associated with Site Improvements:

- Environmental abatement of building or site, including removal of underground storage tanks (UST), asbestos removal, site remediation of pollutants, foundation/retaining wall repair, etc.;
- Building Foundation and/or retaining wall stabilization/repairs;
- ADA/IBC/ANSI - related modifications such as reworking accessible parking spaces to conform with current requirements, adding a ramp to enter the building, etc., as well as sidewalk upgrades necessary to meet current slope requirements provided these upgrades do not cause impacts outside the current impervious area;
- SPAP – related treatment facilities (subject to size of area being served);
- Landscaping, and associated irrigation and hardscape;
- Installation of new, or upgrades to, utility and/or life safety (ex; fire suppression ‘feed’ lines) associated with improving these services to Existing Building;
- Existing Parking Lot sealing, resurfacing, striping and/or repair;
- Site lighting.

Exclusions – Public Facilities (Local, State & Federal Government; Utilities)

Work associated with Public Facilities – as owned and/or managed by Local, State and/or Federal entities (including Public Utilities) – shall be exempt from the Substantial Investment analysis except as follows;

- Facilities serving predominately as Office Space;
- Facilities whose intent is to serve as event/gathering locations, which can be occupied by the Public.

It is understood that this document may require future modification based upon changes in regulatory requirements, and/or subsequent legal determinations.

Issued By: ___________________________ Title: DIRECTOR

Effective Date: AUGUST 12, 2021