HIATUS
ADVISORY

FROM GAP TO GROUNDBREAKING · STAGE 01

Gap Analysis

A food truck park with a bar
Edge of downtown, Chattanooga, Tennessee

Sample engagement. The site, the sponsor and the project figures are illustrative. The zoning, wastewater and licensing framework is real as of the date below; market figures are carried as working ranges.

Prepared for	Carla Whitlock, Trestle Yard LLC
Prepared by	Hiatus Advisory
Date	October 30, 2026

SUMMARY

What this analysis found

Hiatus Advisory reviewed the sponsor's plan for a food truck park on a 0.6-acre corner lot her family has owned since 1971 on the edge of downtown Chattanooga: a 2,000 square foot bar and commissary building, six truck pads, a covered pavilion and a playground, on a $1.23 million budget with the land at zero and an 80 percent bank loan.

THE HEADLINE

The sponsor's sheet is a restaurant operator's sheet: right about what a bar sells and what it costs to pour, blind to what the ground costs. Site work and utilities for six trucks are more than twice her figure, the land she counts at zero is $650,000 of equity the project has to earn a return on, and a bar built to a lender's standard costs $355 a foot, not $300. At the Hiatus read the project costs $2.77 million and yields 8.4 percent on cost: a business that covers its debt 1.7 times, inside a property worth about 80 cents on the dollar the day it opens. The appraisal, not the budget, sizes the loan. Phase the pavilion, sign two anchor trucks before the loan closes and get the parking count in writing before design, and the project clears at 9 percent with a $249,000 cash gap the family can see the edges of.

$1,230,000	$2,765,000	8.4%	$249K
SPONSOR'S BUDGET, LAND AT ZERO	HIATUS READ, LAND AT $650,000	YIELD ON COST, HIATUS READ AS DRAWN	OUTSIDE CASH, VERSION THAT CLEARS

The findings

1. The cost is light where food projects are always light: in the ground. Six pads with power, water and a drain each, a 600-amp service, the grease interceptor the city requires, stormwater on a lot going from gravel to pavement, and two frontages come to $478,000 against $220,000 carried. Hard cost is $1.45 million against $995,000.

2. The land is not free. At the broker's opinion it is $650,000. Counted at zero, the sheet shows a 45 percent return; counted, 8.4. The bank will treat it as equity; the family should treat it as the largest check anyone writes.

3. Four questions decide the project and none is on the sheet. Parking: the lot holds 24 stalls with its lawn, and the count the city applies to a bar with a covered pavilion and six trucks is a determination. Grease and wastewater: six trucks' grey water has to go somewhere legal. Noise: two houses sit across the alley. Alcohol: the license requires a menu of the licensee's own, which six trucks are not.

4. The appraisal sizes the loan, not the budget. Special-purpose food and beverage property appraises on what an operator would pay in rent: cost approach $2.3 million, income approach $1.49 million, about $1.9 million reconciled. A 504 pairing lends 80 percent of that, $1.52 million, against $2.77 million of cost. The family has $890,000 in land and cash against a $1.25 million requirement: a $357,000 gap as drawn.

5. The business covers its debt. $231,220 of net operating income after a $78,000 management salary, against $135,000 of debt service, is 1.71 times coverage; a lender's 1.25 is reached at $878,000 of bar sales. The project is fundable as a business, not as a development.

WHAT FOLLOWS

Sections 01 and 02 test the site and the four questions, 03 and 04 the cost and the revenue. Section 05 gives the result as drawn, 06 the version that clears, 07 to 10 capital, context, readiness and next steps.

SECTION 01

The site and the program

ITEM	DETAIL
Location	Corner lot on the edge of downtown Chattanooga, outside the 2016 downtown form-based code area, two commercial frontages, an alley at the rear with two houses beyond it. A live engagement records the address, parcel and legal description.
Site area	26,136 sf (0.60 acres), roughly 150 by 174 feet, level, graveled
Zoning	Commercial. The sketch carries the pre-2024 district; the city replaced its 1961 code with a new ordinance (City Code Chapter 38, effective December 18, 2024), and the current district, use table and parking schedule are the first documents a live engagement pulls.
History and condition	The family's auto repair shop from 1971 to 2018, demolished in 2019. Gravel since, leased for event parking. No environmental report exists.
Utilities	Water and sewer in both streets; three-phase power at the corner, transformer capacity unconfirmed
Ownership	The sponsor's parents, free and clear. Broker opinion of value $650,000 (2026). To be contributed to Trestle Yard LLC
Program	A 2,000 sf bar and commissary building: 40 indoor seats, two public restrooms, a shared commissary kitchen. Six 12 by 30 truck pads with a power pedestal, water and a drain each. A 2,400 sf covered steel pavilion seating 120. A 1,200 sf playground
Budget as submitted	$1,230,000 with the land at zero; an 80 percent loan at 7.5 percent, quoted verbally by a branch manager for "a small commercial building"; opening eight months after permit
Sponsor	Carla Whitlock. Opened a 70-seat restaurant in 2013, ran it for eleven years, sold it in 2024; general manager of a 180-seat downtown restaurant since

Site control

The family owns the land outright, which removes the question that dominates most Stage 01 reviews and replaces it with two others. The first is the one the sheet skipped: the land is worth $650,000, the bank will count it as equity, and the project has to earn a return on it because the family is putting it at risk. The second is the lot's history: forty-seven years of auto repair means a lender will require a Phase I environmental assessment, and the Phase I will very likely recommend a Phase II, with soil borings where the lifts, the used oil tank and the floor drains were. Hiatus carries $30,000 for both and treats the result as the first gate in the schedule.

> ONE STRUCTURE WORTH SETTLING NOW
>
> Contribute the land to the LLC rather than leasing it to the project. Under a ground lease the lender wants a leasehold mortgage and the parents' subordination, the SBA does not count leased land as the borrower's equity, and the appraiser values a leasehold. Contributed, the land is the equity that makes the loan possible. The family's lawyer sets the terms, before the bank conversation.

The sponsor

Ms. Whitlock knows what a Friday night costs in labor and what a slow Tuesday in February does to a month. She has held a liquor license, passed inspections for eleven years and made payroll for forty people. What she has not done is build, borrow for construction, run a property with six vendors on it, or sell drinks without a kitchen behind the bar. A lender will price all four; Section 07 names who has to join her.

SECTION 02

The four questions that decide the project

Small food projects do not fail on the menu. They fail on what happens before the first truck parks: whether the lot can hold the parking the city counts, where the grease and the dishwater go, who lives within earshot, and whether the license the bar needs is one the bar as drawn can hold. The intake listed none of the four. All are answerable, and the answers shape the plan.

QUESTION	WHAT THE RULES SAY, AND WHAT IT MEANS HERE
Parking	The 2024 ordinance lowered parking requirements citywide but keeps a minimum for eating and drinking places outside the downtown form-based code area, with on-street and shared credits. What counts as floor area for an open-air pavilion and six trucks is a city determination. The program takes 13,200 sf; the rest holds 24 stalls with a 5,000 sf lawn, or 39 with the lawn paved. At one stall per 100 sf of indoor and covered area the count is 44; at one per 200, 22; the building alone, 20. Two frontages carry about 14 on-street spaces and a congregation across the side street has a 60-stall lot empty on weekend nights.
Grease and wastewater	Every new food service establishment installs a grease interceptor outside the building before connecting to the sewer: EPA sizing, class minimums of 500 to 2,000 gallons, a FOG plan approved before construction, inspection before occupancy, pumping at 25 percent of capacity or quarterly (City Code Chapter 31). The commissary's sinks and six trucks' grey water both run through it, so Hiatus carries a 1,500-gallon exterior interceptor and a dump station on the truck lane ($28,000), not the trap under the bar sink on the sheet. Gravel becoming pavement also triggers the city's water quality rules: $95,000 for grading, erosion control and treatment.
Outdoor noise	The noise provisions (City Code Chapter 25) set limits measured at the receiving property that tighten at night; the Council tightened them for residential neighbors in 2023, and the city keeps trucks on public property 100 feet from any R-1 through R-4 lot. Two houses sit across the alley. A stage facing them with amplified music until closing is a complaint on the first warm Saturday and a hearing by August. Put the building between the yard and the alley, the stage against the building, amplified sound off at 10 pm, and write it into the operating plan.
Alcohol licensing	A Tennessee limited service restaurant liquor-by-the-drink license requires 40 seats at tables, a prepared-food menu (food at 50 percent or less of revenue; snacks do not count), an approved security plan, zoning for on-premise sales and a local certificate of compliance. Ordinary beer is permitted separately by the city's beer board. The licensed premises must include the pavilion and the lawn, fenced, or a drink cannot leave the building. The 40 seats must be the bar's, which the indoor room satisfies. The menu must be the licensee's: six independent trucks do not meet the test. The commissary gives the bar a legal menu of its own if it has a Type I hood and fire suppression, about $35,000 the sheet did not carry.

FINDING

All four questions have answers, and three cost money the sheet does not hold: the interceptor and dump station, the hood that makes the license work, and stormwater. The fourth, parking, costs a site plan: Hiatus carries 24 stalls, the lawn kept, a shared parking agreement for the evening peak and an on-street credit, and makes the city's written determination the first task in Section 10. The sketch also puts the pavilion against the alley and the trucks on the street; reverse it, so the building shields the houses.

SECTION 03

What it costs to build

The sponsor's $1.23 million is a contractor friend's rule of thumb for the building and her own estimate for everything else. The building figure is close for a shell and far for a bar with a commissary: restrooms, a walk-in, draft lines, a hood with suppression, a panel sized for six pedestals. The rest is where the money is, and the gap between the columns is almost entirely in the ground.

LINE	SPONSOR'S SHEET	HIATUS READ	WHAT CHANGED
Land	$0	$650,000	The equity a bank will count; the money at risk
Building, 2,000 sf	$600,000	$710,000	$355/sf against $300: hood, walk-in, bar, restrooms
Pavilion, 2,400 sf	$150,000	$204,000	$85/sf: steel, slab, fans, lighting, event power
Site work and utilities	$220,000	$478,000	See the table below
Playground	$25,000	$58,000	Commercial structure, surfacing, fence
FF&E and equipment	$100,000	$145,000	Draft system, point of sale, 160 seats, commissary
Soft costs	$60,000	$203,000	14% of hard: design, civil, surveys, Phase I and II, fees, lender costs
Contingency	$50,000	$145,000	10 percent of hard, against about 5
Working capital	$25,000	$75,000	Inventory, training payroll, three months of fixed costs
Financing	none	$97,457	Interim interest, bank and debenture fees, closing
Total project cost	**$1,230,000**	**$2,765,457**	**Plus 125 percent; plus 72 with the land out of both**

SITE WORK AND UTILITIES, HIATUS READ	ALLOWANCE	WHAT IT IS
Grading, erosion control, stormwater	$95,000	Gravel to pavement; detention and water quality
Paving: drives, 24 stalls, truck lane	$78,000	About 12,000 sf
Six truck pads	$90,000	$15,000 each: slab, 100-amp pedestal, water, drain
Electrical service	$48,000	600 amps, trenching, feeders; transformer by the utility
Water and sewer taps, lateral	$32,000	Meter sized for the commissary and six hose bibbs
Grease interceptor, dump station	$28,000	1,500 gallons, exterior, FOG plan approved first
Landscape, fence, lighting, trash	$62,000	The fence is the licensed perimeter
Frontage, two streets	$45,000	Sidewalk, curb, street trees, with the site plan
Site work and utilities	**$478,000**	**The sponsor carried $220,000; each line is an allowance**

THE NUMBER THAT MATTERS

The building is 26 percent of the project. Land, site work, utilities, soft costs, contingency and carry are 60 percent, and almost none of that moves if the bar gets smaller or the pavilion gets cheaper. Hiatus's building figure could be $40 a foot high and the project would still cost $2.67 million. Food truck parks look cheap because the kitchens arrive on wheels. The ground that serves them does not.

SECTION 04

Revenue, and the operating statement

Revenue in a food truck park comes from three places that behave differently. Pad fees are rent: steady, seasonal, exposed to the churn of small businesses that fail often. Bar sales are a restaurant's revenue without a restaurant's food cost, and they decide everything. Events are upside. The sheet carries all three at the top of their ranges, with no vacancy.

WORKING RANGES	SPONSOR'S SHEET	HIATUS READ	RANGE AND BASIS
Bar sales	$1,350,000	$1,050,000	$900,000 to $1,200,000: six days averaging $3,400, summer Saturdays above $8,000, January Tuesdays near nothing. Her restaurant did $1.6 million on 70 seats with a full menu
Pad fee and occupancy	$1,500; 100%	$1,100; 85%	$900 to $1,400 with power and water; six pads full on summer weekends, four in February. Ten to 12 percent of sales is the alternative
Commissary	10 at $400	8 at $350	Every licensed mobile unit needs one: six resident trucks plus two outside users, 87.5 percent full
Events	$120,000	$48,000	24 private events at $2,000; the pavilion is the product being rented
Cost of goods; bar labor	25%; 25%	27%; 29%	Draft-heavy menu; 160 seats with a manager on every shift. The 15 percent liquor-by-the-drink tax is remitted, not a cost
Management	in "other"	$78,000	What she earns today as a general manager; a lender requires the project to pay it

OPERATING STATEMENT, STABILIZED	ANNUAL	NOTE
Bar sales	$1,050,000	$3,400 a day, six days
Pad and commissary fees, less vacancy	$96,720	$112,800 gross, $16,080 vacancy at 15 and 12.5 percent
Events	$48,000	Sponsor carried $120,000
Total revenue	**$1,194,720**	**Sponsor's sheet: $1,626,000**
Cost of goods and bar labor, 27 and 29 percent	−$588,000	$283,500 and $304,500, of bar sales
Direct bar operating, 8 percent	−$84,000	Card fees, supplies, music licensing, security
Marketing, utilities, repairs	−$98,000	$30,000; $42,000; $26,000
Tax, insurance, licenses	−$81,500	$38,000; $34,000; $9,500
G&A, management, reserve	−$112,000	$22,000; $78,000; $12,000
Net operating income	**$231,220**	**Sponsor's sheet: $556,000**

FINDING

The sponsor's revenue is a good restaurant's revenue without the kitchen that earned it, and her cost side omits the two lines a lender reads first: vacancy and her own salary. Replace them and the project nets $231,220, not $556,000. Every $100,000 of bar sales moves that figure by $36,000, which is why Section 05 tests bar sales rather than pad fees.

SECTION 05

The result, as drawn

A for-sale project is judged on margin and a rental project on yield against what a buyer would pay. This project is a third thing, a business with real estate under it, and it has to pass two tests: can the income carry the debt, and what is the finished property worth to anyone but its owner. It passes the first and fails the second, which sizes the loan.

THE RESULT	SPONSOR'S SHEET	HIATUS READ
Total project cost	$1,230,000	$2,765,457
Net operating income	$556,000	$231,220
Yield on cost	45.2%	8.4%
Debt and annual debt service	$984,000, 80% of cost; $87,260	$1,518,107, 80% of appraised value; $135,472
Debt service coverage	**6.37x**	**1.71x**

WHAT A BUYER WOULD PAY	BASIS	VALUE	PER $1 OF COST
The real estate, leased	Building at $28 NNN, pads, commissary and yard, less landlord costs: $111,920 at a 7.5 percent cap rate	$1,492,267	$0.54
The going concern	$231,220 of income after a management salary at 10.5 percent, where owner-operated food and beverage property trades	$2,202,095	$0.80
The cost approach	Land plus hard and soft cost; furniture and equipment are personal property	$2,303,000	$0.83
The appraisal Hiatus carries	**Cost and income approaches weighted equally, as special-purpose property usually is**	**$1,897,633**	**$0.69**

> THE FINDING IN ONE LINE
>
> It costs $2.77 million to build a property worth about $2.2 million as a business and $1.5 million as real estate. A developer builds to sell above cost and would not build this. An operator who owns the land, intends to run it for twenty years and is paid to do so might, because the business covers its debt 1.7 times. That is the project, and why the bank lends against the appraisal, not the budget.

Bar sales are the whole question

BAR SALES, HIATUS COSTS	$900,000	$1,050,000	$1,200,000	$1,350,000
Net operating income	$177,220	$231,220	$285,220	$339,220
Yield on cost	6.4%	8.4%	10.3%	12.3%
Coverage, 504 pairing	1.31x	1.71x	2.11x	2.50x
Going concern value at 10.5 percent	$1,687,810	$2,202,095	$2,716,381	$3,230,667

At the sponsor's $1.35 million the property is worth more than it costs and every question gets easier. At $900,000 it still covers its debt, barely; a lender's 1.25 times is reached at $878,000, or $2,830 a day, and the analysis asks Ms. Whitlock to write down why this bar reaches it without a kitchen. One more test: leave the land out, as the sheet does, and the yield is 10.9 percent. The land turns a good business into a thin project, which is the measure of what the family is contributing.

SECTION 06

The version that clears

Three changes, none of which needs a different site, a different program or a different family.

Phase the pavilion. Shade sails over the same slab cost $48,000 now; the steel pavilion, repriced at about $215,000, is a year-three purchase. The appraiser gives it almost no value: in year one it adds $193,440 to the project and attracts $71,136 of debt, so $122,000 of it is equity. Cash after debt service and the owner's salary is $103,197 a year, which buys it in just over two years.

Sign two anchor trucks before the loan closes. Two established trucks on 24-month license agreements at $1,100 with deposits, and six commissary pre-leases. It gives the appraiser contracts behind the income approach, which is why Hiatus moves pad vacancy from 15 to 12 percent, and it is the market study: if two trucks will not sign before there is a park, the fee is wrong.

Get the parking count in writing before the architect draws. A determination from the Land Development Office on what the city counts and what credits apply, and a recorded shared parking agreement with the congregation across the side street for weekend evenings. Twenty-four stalls and the lawn is the plan; the determination makes it legal.

THE THREE VERSIONS	SPONSOR'S SHEET	HIATUS READ, AS DRAWN	THE VERSION THAT CLEARS
Total project cost	$1,230,000	$2,765,457	$2,566,924
Appraised value, as complete	not considered	$1,897,633	$1,784,553
Debt, 80 percent of value	$984,000	$1,518,107	$1,427,643
Yield on cost	45.2%	8.4%	**9.0%**
Debt service coverage	6.37x	1.71x	1.81x
Equity required	$246,000	$1,247,350	$1,139,282
Land plus cash available	$240,000	$890,000	$890,000
Outside cash required	**$6,000**	**$357,350**	**$249,282**

FINDING

At 9.0 percent on cost the version that clears is a real business and a thin development, and both facts have to be held at once. The business covers its debt 1.8 times and pays its owner; the property is worth 86 cents on the dollar at opening, because food and beverage property appraises on what an operator would pay in rent. The $249,000 gap is what that appraisal leaves the family to fund. Pivot figures: hard cost $1,294,000, events $40,000, net operating income $230,596.

The levers, priced

LEVER	EFFECT	WHERE IT COMES FROM
Every $100,000 off hard cost	gap −$80,967	The playground and the frontage scope are the candidates
Every $100,000 of bar sales	NOI +$36,000	Hours, menu, events; the appraiser credits it least
Every $100 a month on the pad fee	gap −$33,792	Two anchors at $1,200 would prove it
A corridor or small-business grant	dollar for dollar	$10,000 to $50,000 where one exists; a possibility, not a source

SECTION 07

Capital, team and timeline

Capital

The sponsor has $180,000 and her brother has offered $60,000. For a first-time operator building special-purpose property, the structure that reaches furthest is an SBA 504 pairing: a bank first lien for half, a certified development company debenture for 30 percent, fixed for 25 years, and 20 percent equity, which the land satisfies by itself. When the appraisal comes in under cost, both lenders size to the value; Hiatus carries debt at 80 percent of it. The trucks must also be vendors under license agreements, not tenants under leases, for the park to count as owner-occupied.

VERSION THAT CLEARS	SPONSOR'S SHEET	CONVENTIONAL BANK	SBA 504 PAIRING
Total project cost	$1,230,000	$2,553,620	$2,566,924
Debt	$984,000, 80% of cost	$1,338,415, 75% of value	$1,427,643, 80% of value
Annual debt service	$87,260 at 7.5%	$132,044 at 8.75%	$127,399 at 8.25% and 6.4%
Coverage	6.37x	1.75x	1.81x
Equity required	$246,000	$1,215,205	$1,139,282
Outside cash, after land and $240,000	**$6,000**	**$325,205**	**$249,282**

THE FINANCIAL GAP

About $249,000 of cash the family does not have, on the version that works, against a business that returns 9 percent on cost and pays its owner first. Three sources fit the size: a second family contribution as a subordinate note, one or two local investors in the operating company, or a grant. Sizing the gap is this document's job; structuring it is the underwrite's, after the Phase II, the parking determination and the appraisal.

Team

Four seats. A civil engineer first, because stormwater, the interceptor, the pads' utilities and the parking plan are one drawing and the critical path. An architect who has permitted a bar in Chattanooga and drawn a licensed premises boundary. A contractor with two food service buildings behind him, from two written budgets. And a hospitality accountant, because six vendor accounts, a commissary and two alcohol tax regimes are a bookkeeping problem first.

Timeline

STEP	SPONSOR'S PLAN	HIATUS READ	NOTE
Phase I and II, parking determination	not carried	2 to 3 months	Nothing else is reliable until then
Design, FOG plan, site plan review	1 month	4 to 5 months	Civil and architecture together
Permits and loan closing	1 month	2 to 3 months	Closes with the interim loan
Construction	5 months	8 to 10 months	Utilities and interceptor first
Licensing, hiring, opening	1 month	2 months	Liquor license after the CO
Ramp to stabilized	on opening	12 months	The first winter is the real opening
Start to stabilized	**8 months**	**30 to 35 months**	**The carry is in the Hiatus read**

SECTION 08

Tailwinds and headwinds

Chattanooga is a city food projects want to be in, and the context around this lot is better than the sponsor's sheet knew and harder than it assumed, in that order.

TAILWINDS

- **The land, paid for.** $650,000 of equity that most food projects never have, and the reason a 20 percent equity structure is available at all.
- **The 2024 zoning ordinance.** Chattanooga replaced its 1961 code with Chapter 38, effective December 18, 2024, lowered parking requirements and created mixed-use corridors with parking behind buildings. The question is no longer whether a park belongs on a commercial corner; it is how much parking the city counts.
- **The commissary is a business, not a cost.** Every licensed mobile unit has to operate from a commissary, and licensed commissary space is short in most cities. A park that offers one recruits trucks and earns a second rent from the same kitchen.
- **A license built for a bar-first model.** The limited service restaurant license requires a menu, not a restaurant; prepared food can be half of revenue or less.
- **Twenty-five-year fixed debt.** The 504 debenture fixes three eighths of the debt for 25 years below the bank's rate. For a business whose revenue moves with the weather, a fixed payment matters more than a low one.
- **An operator, not a developer.** Eleven years of P&Ls, inspections and payroll is the experience food projects usually lack and lenders weigh most.

HEADWINDS

- **The appraisal.** Special-purpose property is worth what an operator would pay in rent, and that is about half of cost here. Every dollar of cost the appraiser does not credit is equity.
- **Seasonality.** Four seasons and a bar with 120 of its 160 seats outdoors. Hiatus's $1.05 million averages an $8,000 Saturday in June with a $600 Tuesday in January. The sponsor's sheet averages the Saturdays.
- **Truck churn.** Trucks fail and move at rates that make 15 percent pad vacancy a base case, not a stress. The anchors in Section 06 are the hedge.
- **The neighbors.** Two houses across an alley, a noise ordinance tightened in 2023 and amplified music are a combination that has closed outdoor venues in this city and others. The reversed site plan and the 10 pm rule are the answer, and neither is optional.
- **Insurance.** Liquor liability and a playground on the same policy; carriers have repriced both since 2023. The $34,000 carried needs two quotes.
- **Rates and steel.** Bank money at 8.25 to 8.75 percent, an opening in 2028 into a rate environment nobody can see, and a steel pavilion whose price has moved more than any other line since 2025, which is a second reason to buy it in year three.

WHAT THIS MEANS FOR THE PLAN

The tailwinds are structural: the land, the code, the license, the commissary. The headwinds are operational and seasonal, which is the kind an operator can manage and a developer cannot. The plan that fits both is the one in Section 06: build the part of the project the appraiser credits and the business needs on day one, prove the trucks and the parking before the loan closes, and let the business buy the pavilion.

SECTION 09

Readiness

DIMENSION	STATUS	ASSESSMENT
Site control	GREEN	Owned by the family free and clear since 1971, contributed as equity at $650,000. The strongest position a Stage 01 sponsor can hold, subject to the Phase I and II that forty-seven years of auto repair require.
Entitlement and licensing	AMBER	A permitted use on a commercial corner under the 2024 ordinance. The parking count, the FOG plan and the licensed premises boundary are determinations to get in writing, not approvals to win. The noise question is a design question with a 10 pm rule attached.
Program and design	AMBER	The right product for the site and the sponsor. The sketch has the pavilion against the houses and the trucks on the street; reverse it. The pavilion itself is a year-three purchase, not a year-zero one.
Cost basis	RED	$1.23 million against $2.77 million. The building figure is close; the ground, the utilities, the land, the contingency and the carry are not on the sheet. Two written budgets on a civil and architectural set are required.
Market evidence and the numbers	AMBER	Bar sales carried at $1.05 million inside a $900,000 to $1.2 million range, with no vacancy or salary on the sponsor's side. 8.4 percent on cost as drawn, 9.0 in the version that clears, coverage 1.7 to 1.8 times. The business works; the development is worth 86 cents on the dollar at opening. Two signed anchor trucks are the market study.
Capital and team	RED	$249,000 of outside cash on the version that clears; the sponsor's sheet showed $6,000. The 80 percent loan does not exist for this property; a 504 pairing sized to the appraisal does, if the trucks are vendors and not tenants. No engineer, architect, contractor or accountant yet.

ASSESSMENT

The sponsor chose a product she can run, on land her family already owns, in a city whose code and licensing fit it, and she priced it from the inside of a restaurant: strong on the operating lines, blind to the ground, the land and the appraisal. Every red on this table traces to one habit, which is treating what the family already has as free. The land is not free; it is the equity. The gravel lot is not ready; it is a repair shop's history. And the pavilion is not a cost of opening; it is the reward for a good second year.

None of that is a reason to stop. It is a reason to spend the next four months on the four determinations that decide the project, the two budgets that price it and the two trucks that prove it, before anyone appraises anything.

> *The land is why the project is possible. The appraisal is why it is not yet funded.*

SECTION 10

What we asked, and what to do next

THE QUESTION ROUND, AND WHAT IT CHANGED

Partway through, Hiatus sent the sponsor five questions. Does the contractor's $300 a foot include the hood, the walk-in and the restrooms? *No; a shell with a bar top.* Where does the trucks' grey water go? *She assumed the trucks handled it.* Who serves the food the license requires? *The trucks; she had not read it as requiring the licensee's own menu.* What is the land worth, and whose name is on it? *Her parents'; nobody had asked a broker.* Was the 80 percent quote for this project? *For "a small commercial building," by phone.* The fourth answer became Section 05.

Recommended next steps, in order

1. **Commission the Phase I environmental assessment this month** and budget the Phase II it will recommend: about $30,000 and six weeks. Nothing else is reliable until the soil is.
2. **Request a written parking determination** from the Land Development Office for the program as drawn, and open the shared parking conversation.
3. **Hold a pre-application meeting** with the city on the FOG plan, the interceptor and stormwater.
4. **Pre-read the license** with the state and the beer board: the premises boundary, the 40 seats, the licensee's menu, the security plan.
5. **Sign two anchor trucks** to 24-month license agreements at $1,100 with deposits, and six commissary pre-leases. If two will not sign, the fee is wrong.
6. **Commission a schematic set** around the reversed site plan, shade sails on the pavilion slab, 24 stalls and the lawn, and obtain two written contractor budgets.
7. **Talk to one certified development company and two local banks** about a 504 pairing sized to the appraisal, vendor-not-tenant question first, and get written conditions before anyone talks about the gap.

The menu

Each gap maps to a piece of work. The site and concept study produces the reversed site plan, the parking exhibit and the schematic set the budgets need. The pro forma, seeded from this analysis, becomes the model the bank, the CDC and the appraiser all read, month by month through four seasons. The underwrite then tests the project and sizes the raise.

WHERE THIS PROJECT STANDS

Conditional pass. The site, the sponsor and the product are right, and the business covers its debt. The cost, the land's value, the appraisal and the four questions that decide small food projects were not on the sheet, and each has a specific fix with a date inside the next four months. The sponsor did not have a bad idea. She had a restaurant's spreadsheet for a real estate project, and the work now is giving it the half it was missing.

A Stage 01 diagnostic, not an appraisal, an investment recommendation or a substitute for legal, tax or engineering advice. In a live engagement, sponsor figures are tested against market ranges and every comparable, code, fee and licensing citation carries a source and date. A 60-minute working session is included. **This document is a sample:** the site, the sponsor and the project figures are illustrative and no such engagement took place. The Chattanooga zoning ordinance, FOG provisions and mobile food unit policy and Tennessee's liquor-by-the-drink license terms cited were checked against public sources on October 30, 2026; bar sales, fees, costs and the appraisal are Hiatus working figures. Hiatus Advisory is the development advisory practice of Hiatus Capital Management LLC, Bend, Oregon.