



**AGENDA ACTION FORM**

**Consideration of a Resolution Authorizing the Industrial Development Board of the City of Kingsport, Tennessee to Execute a Payment in Lieu of Tax (PILOT) Agreement with LHP Capital**

To: Board of Mayor and Aldermen  
From: Chris McCartt, City Manager *CM*

Action Form No.: AF-346-2024  
Work Session: December 16, 2024  
First Reading: N/A  
Final Adoption: December 17, 2024  
Staff Work By: Steven Bower  
Presentation By: Steven Bower

**Recommendation:**  
Approve the Resolution.

**Executive Summary:**  
The Kingsport Economic Development Board voted unanimously at their December 3, 2024 meeting to approve this PILOT as presented. If approved, this action would authorize the execution of a PILOT Agreement with LHP Capital for a \$17 million-dollar renovation of the Stonecrest Apartments, formerly Model City Apartments, located at 1040 Stonegate Rd.

The 256-unit affordable housing community is approximately 50 years old and in need of renovations. The extensive rehab of the property will improve the quality of life for residents and enhance the curb appeal in the highly visible area. This project mirrors the renovation done at Kingsport West Apartments, that was also brought before the board on May 19<sup>th</sup>, 2020.

LHP has agreed to work closely with the Kingsport Police Department to enhance security measures following the renovation work. These measures include continuation of KPD presence on the property, shared access into the site security system, and installation of additional cameras at the Police Department request.

The PILOT will be for 15 years starting with a pro-rata payment of \$110,000 between the City and County and will increase at a rate of \$1,000 per year. The current pro-rata payment is \$106,660.

- Attachments:**
- 1. Resolution
  - 2. PILOT Agreement/Lease
  - 3. PILOT Financials

	Y	N	O
Baker	—	—	—
Cooper	—	—	—
Duncan	—	—	—
George	—	—	—
Mayes	—	—	—
Phillips	—	—	—
Montgomery	—	—	—