



AGENDA ACTION FORM

Consideration of a Resolution to Amend the Lynn Garden Redevelopment District and Approve Tax Increment Financing for the Friendship Dealership Project

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

Action Form No.: AF-109-2024
Work Session: April 15, 2024
First Reading: N/A
Final Adoption: April 16, 2024
Staff Work By: Steven Bower
Presentation By: C. McCartt & S. Bower

Recommendation:

Approve the Resolution.

Executive Summary:

This project is located at 1017 W Stone Drive and includes some surrounding parcels shown in the attached map. The property is located within the Lynn Garden Redevelopment District which was designated as a Redevelopment District by the Kingsport Housing & Redevelopment Authority (“KHRA”) in 2021. The purpose of Tax Increment Financing (TIF) is to provide an economic stimulus for blighted property in need of redevelopment. Upon adoption of this Amendment, TIF may be utilized to finance eligible redevelopment costs for the redevelopment project which includes an automobile dealership and related amenities.

The total estimated costs of all the proposed improvements to be made by Friendship Properties, LLC for the project is \$13,150,000.00. The proposed improvements by the Developer include demolition of the existing structures, removal of the existing asphalt, grading, installations of storm water and utilities, construction of parking areas, construction of an approximately 24,800 square foot automobile dealership. The TIF request is for \$560,000 in increment financing for the completed project over 25 years. According to the Sullivan County Property Assessor, the full build out land and improvement value is of the new development is estimated at \$4,772,600. Base city taxes on the property as it stands today are \$11,137.33 and base county taxes are currently \$13,466.66. Once the holdback and required debt service is set aside, new taxes available to the city would be \$16,054.33 and \$19,408.66 to the county. Once the TIF has matured, taxes available to the city would be \$37,989.90 and \$45,935.32 to the county.

KHRA held a public hearing on April 8th, 2024 and approved the Tax Increment Financing Amendment. The amendment will go before the Sullivan County Commission on April 18th, 2024.

Attachments:

- 1. Resolution
- 2. Project Area Map
- 3. TIF Amendment
- 3. KHRA TIF Guidelines

	<u>Y</u>	<u>N</u>	<u>O</u>
Cooper	—	—	—
Duncan	—	—	—
George	—	—	—
Montgomery	—	—	—
Olterman	—	—	—
Phillips	—	—	—
Shull	—	—	—