

- y. A Resolution authorizing the Industrial Development Board (“IDB”) of the City of Knoxville to negotiate and accept from Elmington Capital Group, or an affiliate thereof (“Sponsor”), payments in lieu of ad valorem taxes (“PILOT”) with respect to real property located at 1585 Coleman Road, Knoxville, TN and having a parcel ID of 107GE010 (“Property”), and finding that such payments are deemed to be in furtherance of the public purposes of the Board as defined in Tennessee Code Annotated Section 7-53-305.



CITY OF KNOXVILLE, TENNESSEE

City Council

AGENDA INFORMATION SHEET

AGENDA DATE: April 29, 2025

DEPARTMENT: Urban Design and Development

DIRECTOR or DESIGNEE: Rebekah Jane Justice

AGENDA SUMMARY A Resolution authorizing the Industrial Development Board (“IDB”) of the City of Knoxville to negotiate and accept from Elmington Capital Group, or an affiliate thereof (“Sponsor”), payments in lieu of ad valorem taxes (“PILOT”) with respect to real property located at 1585 Coleman Road, Knoxville, TN and having a parcel ID of 107GE010 (“Property”), and finding that such payments are deemed to be in furtherance of the public purposes of the Board as defined in Tennessee Code Annotated Section 7-53-305.

COUNCIL DISTRICT(S) AFFECTED 2nd

BACKGROUND Sponsor has proposed the acquisition and redevelopment of an existing assisted care facility into 18 units of supportive housing for youth aging out of foster care. The project will be named Lumen Flats. The Sponsor has applied to the City for development assistance in connection with the development of the Property in the form of a PILOT. A PILOT with a term of twenty (20) years, following a construction period not to exceed one (1) year is recommended based upon the Sponsor’s proposed use of the building and the project’s public benefits.

Lumen Flats assists in achieving one of the City’s most critical development priorities: increasing Knoxville’s supply of affordable housing. Specifically, Lumen Flats provides for 18 new units of supportive housing for some of Knoxville’s most vulnerable individuals: youth aging out of foster care.

Lumen Flats will be located at 1585 Coleman Rd, Knoxville, TN 37909. The Property has an excellent location in the West Knoxville submarket and is well situated for the intended population. The Property is conveniently located off Papermill Road, near “Papermill Plaza” shopping and other important support amenities including grocery stores and employment opportunities. Tennessee College of Applied Technology (TCAT) Knoxville is located just 2 miles from the property, where individuals can receive career certifications to become financially independent.

Through the Sponsor’s involvement with Every Child TN, a Tennessee-based organization sponsored by the TN Department of Children’s Services, the Sponsor has sought creative ways to house young adults aging out of foster care. In partnership with Knoxville’s Community Development Corporation (“KCDC”), Lumen Flats will receive 18 project-based “Foster Youth to Independence” (“FYI”) vouchers. Lumen Flats represents an innovative way to ensure that youth aging out of foster care will have access to safe, quality and affordable housing in Knoxville. Unlike traditional housing choice vouchers (“HCV”), which

depend on the participation of private landlords to accept housing choice vouchers which can sometimes result in a lack of housing availability / options, the 18 project-based FYI vouchers at Lumen Flats ensures that for the next 20 years youth aging out of foster care will always have an affordable, safe and quality housing option. The FYI vouchers are a critical component to the project in that they ensure that residents of Lumen Flats will pay no more than 30% of their income toward rent. The FYI voucher will pay the difference between the resident's portion and the contract rent amounts under the voucher contract between the Sponsor and KCDC.

The goal of Lumen Flats is to provide stable housing, along with on-site supportive services, and programming that trains and equips this population to be independent at the end of the three-year residency. Under the terms of the FYI voucher program, young adults aged 18-24 who have ever been in the foster care system, or will age out within 90 days, and are homeless or at risk of homelessness, are considered eligible for the FYI program. The FYI voucher program is unique in that it only provides housing assistance to individuals for three years. Upon the expiration of three years, individuals are placed at the top of the list to receive a Housing Choice voucher. However, the individual may remain in their current unit at Lumen Flats while they seek new housing options utilizing a housing choice voucher or a market rate unit. The FYI program requires on-going supportive services to be offered to individuals enrolled in the program. Through KCDC's Section 8 division, specifically the FYI voucher program, KCDC has an existing partnership with Tennessee's Department of Children Services ("DCS"), Knoxville Leadership Foundation, Youth Villages and Community Action Committee, to provide on-going supportive services to youth that are enrolled in the FYI program. Other local non-profits and faith-based organizations have also expressed interest in providing services to residents of Lumen Flats. With these 18 FYI vouchers being project-based at a single location, this provides for an opportunity for supportive services to be provided on-site, directly to the individuals residing at Lumen Flats.

The Sponsor will conduct a comprehensive renovation of the Property that will include renovating and updating all living units with a new shower, new fixtures, updated finishes, and the addition of a kitchenette. Within the common areas, there will be a new multipurpose living area that will be connected to a newly renovated common kitchen that will provide for communal seating options. Other resident-facing finishes will be updated throughout the Property while selected modifications and updates will be made to the Property's mechanical, plumbing, and electrical systems. The Property's existing windows will be replaced with secure, energy efficient windows. There will also be improvements made to the Property's parking and outdoor spaces surrounding the building.

The Sponsor is a Nashville-based national leader in the development and management of affordable and workforce housing. Elmington Capital is currently developing or has delivered more than 11,500 affordable apartment units since 2013. Within Knoxville, Elmington has developed and renovated more than 1,150 new units of affordable housing at properties such as Moss Grove Apartments, Southside Flats, Young High Flats, Pond Gap Flats and Sutherland Park Apartments. Additionally, Elmington Property Management (EPM) manages over 34,000 conventional and affordable apartment units across 18 states, including Tennessee. ECG has

experience developing housing using a diverse array of public and private financing tools, including 4% and 9% low-income housing tax credits, PILOTs, TIFs, HOME funds, tax-exempt bonds, and historic tax credits. The proposed development capitalizes on the experiences of ECG.

As such, in consideration of the benefits offered by Lumen Flats, and based on the public benefits of the project previously noted herein, a PILOT term of twenty (20) years is recommended following a construction period not to exceed one (1) year.

A formal third-party economic analysis for this project was not completed. Due to the fact the Property is being acquired and converted from an unrestricted / market rate use into an affordable housing development that limits the Property's rents to an affordable level, as determined by US Department of Housing and Urban Development, an economic review of the project's internal rate of return (IRR), as commonly done with other PILOT requests, would not provide a meaningful analysis since the Sponsor's motives behind the redevelopment of the building are not IRR-driven.

ESTIMATED PROJECT SCHEDULE

The Applicant has indicated that the construction of the Project is expected to begin in the third quarter of 2025 and take no more than one year to complete.

PRIOR ACTION/REVIEW None.

FISCAL INFORMATION The current annual property taxes for the Property are \$10,537 to the City and \$7,597 to the County (\$18,134 total). These property taxes are based on the Property's current status as a market rate / unrestricted property. In consideration of the Property being converted to an affordable housing use from a market rate / unrestricted property, the PILOT contemplated for this project would reduce the taxes to the City and County to \$1.00 annually beginning at lease commencement, including the one-year construction period, and through the proposed 20-year PILOT term. The PILOT lease will contain provisions that require the project to remain as an affordable housing project so long as the PILOT lease is in effect. At the conclusion of the PILOT term, the then project owner will pay property taxes at the full rate on the assessed value of the redeveloped property. The Property for this project will be outside the limits of the CBID and will not be subject to the Knoxville CBID levy/fee.

RESOLUTION

A RESOLUTION OF THE COUNCIL OF THE CITY OF KNOXVILLE AUTHORIZING THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF KNOXVILLE TO NEGOTIATE AND ACCEPT FROM ELMINGTON CAPITAL GROUP, LLC OR AN AFFILIATE THEREOF, PAYMENTS IN LIEU OF AD VALOREM TAXES (“PILOT”) WITH RESPECT TO CERTAIN REAL PROPERTY LOCATED AT 1585 COLEMAN ROAD (PARCEL ID: 107GE010) IN THE CITY OF KNOXVILLE, TENNESSEE AND FINDING THAT SUCH PAYMENTS ARE DEEMED TO BE IN FURTHERANCE OF THE PUBLIC PURPOSES OF THE BOARD AS DEFINED IN TENN. CODE ANN. § 7-53-305.

RESOLUTION NO: _____
REQUESTED BY: Economic Development
PREPARED BY: _____
APPROVED: _____
APPROVED AS AN EMERGENCY MEASURE: _____
MINUTE BOOK: _____ PAGE _____

WHEREAS, the Council (the “Council”) of the City of Knoxville, Tennessee (the “City”) has met pursuant to proper notice; and

WHEREAS, the City previously authorized the incorporation of The Industrial Development Board of the City of Knoxville (the “Board”) as an industrial development board duly organized and existing under the provisions of Title 53 of Chapter 7, Tennessee Code Annotated; and

WHEREAS, Elmington Capital Group, LLC (“Elmington”), a Tennessee limited liability company, has proposed the acquisition of real property located at 1585 Coleman Road, with parcel ID of 107GE010, located in the corporate limits of the City (collectively, the “Property”) and the redevelopment of such property as a housing project for persons of low or moderate income (the “Project”); and

WHEREAS, Elmington has requested the Board to hold ownership of the Project and lease the same to Elmington, or its affiliates, under an arrangement whereby Elmington (or its affiliates) will make payments in lieu of ad valorem taxes; and

WHEREAS, pursuant to the provisions of TENN. CODE ANN. §7-53-305(b), the Board is authorized to negotiate and accept from lessees of the Board payments in lieu of ad valorem taxes

upon the finding that such payments are deemed to be in furtherance of the public purposes of the Board; and

WHEREAS, the undertaking of the Project by Elmington will result in the redevelopment of the Project as approximately 18 new, supportive housing units for at-risk youth leaving the foster care system; and

WHEREAS, the City's staff recommends that all agreements relating to payments in lieu of ad valorem taxes authorized herein be applicable only to real property, not to have a term in excess of twenty (20) years after a reasonable construction period not to exceed one (1) year, and that the annual payment in lieu of ad valorem taxes be set to \$1.00 payable to the City and Knox County, respectively.

NOW THEREFORE BE IT RESOLVED BY THE COUNCIL OF THE CITY OF KNOXVILLE:

SECTION 1: The Council hereby finds that a payment in lieu of ad valorem taxes agreement with Elmington, or affiliates thereof, is consistent with and in furtherance of the public purposes of the Board under Tenn. Code Ann. § 7-53-305.

SECTION 2:

(1) The Council hereby finds that the negotiations and acceptance by the Board from Elmington or any affiliate thereof of payments in lieu of ad valorem taxes consistent with this resolution are deemed to be in furtherance of the public purposes of the Board as defined in TENN. CODE ANN. § 7-53-305, and the City hereby delegates to the Board authority to negotiate and accept such payments in lieu of ad valorem taxes from Elmington or any affiliate thereof.

(2) The Council's delegation herein is subject to each agreement of the Board with Elmington or any affiliate thereof regarding payments in lieu of ad valorem taxes with respect to all or any portion of the Property having a term of twenty (20) years after a reasonable construction period not to exceed one (1) year, and to require annual payments in lieu of ad valorem taxes be made in the amount of \$1.00, payable to the City and to Knox County.

(3) The Board's agreement with Elmington, or its affiliates, concerning payments in lieu of ad valorem taxes shall provide that the project be redeveloped in a manner consistent with comparable new and renovated affordable, supportive housing projects on such terms as are determined by City's Chief of Urban Design and Development in consultation with Knoxville's Community Development Corporation.

(4) The Board's agreement with Elmington, or its affiliates, concerning payments in lieu of ad valorem taxes may provide that any ad valorem taxes paid by Elmington or any affiliate to any taxing jurisdiction with respect to its leasehold interest in the Project shall constitute a credit against the payments in lieu of ad valorem taxes due such taxing jurisdiction.

(5) The Board's agreement with Elmington, or its affiliates, concerning payments in lieu of ad valorem taxes may contain such administrative provisions not inconsistent with this resolution as the Board deems appropriate.

(6) The City's Chief of Urban Design and Development is authorized to consult with the Board and its counsel as to the form of each agreement relating to payments in lieu of taxes authorized hereunder and to approve, in connection with the finalization of such agreements, such terms and requirements as such officer determines to be in the best interest of the City, including more specific terms implementing any conditions provided above and other terms as may be negotiated with Elmington, or its affiliates, and the Board may rely on the approval of such officer as to any such terms as being consistent with the delegation provided for in this resolution.

(7) The delegation granted to the Board by the City herein shall be effective for two years from the date the Board authorizes the agreement relating to payments in lieu of taxes unless such delegation period is extended by Council; however, the Board may establish a lease commencement deadline on or before the end of such two-year term.

SECTION 3: This Resolution shall take effect from and after its passage, the welfare of the City of Knoxville requiring it.

Presiding Officer of the Council

Recorder

46972273.2

Exhibit A. Preliminary Application for Public-Private Partnership



CITY OF KNOXVILLE

URBAN DESIGN & DEVELOPMENT

BEFORE COMPLETING THIS APPLICATION, PLEASE ACKNOWLEDGE YOUR REVIEW OF THE FOLLOWING:

Public Private Partnerships Process Roadmap

YES NO

Workforce Housing Program Description

YES NO

Public Record Disclosure:

YES NO

By submitting this application, you are aware that pursuant to Tenn. Code Ann. § 10-7-503 et. seq. and Knoxville City Charter § 1411, and subject to the limitations contained therein and any other applicable law, public records shall be open for public inspection. This rule governs access to and copying of municipal public records.

Date:

Applicant/Developer:

Phone Number:

Company:

Company Website:

Email:

Mailing Address:
Street Address / PO Box

City

State / Province

Postal / Zip Code

Project Location:
Street Address(es)

Parcel ID(s) / CLT # (s)
Separate multiple parcel numbers with a comma (,)

Attach a .pdf of the [KGIS map](#) with the general location of the project site(s) indicated to Exhibit A when emailed to Urban Design & Development staff.

Check here if attached.

Is the project within a current or proposed [City of Knoxville Redevelopment Area](#)? YES NO

Describe the project team: (List company/name, city/state)

Legal Counsel:

Engineer:

Architect:

Landscape Architect:

General Contractor:

Exhibit A. Preliminary Application for Public-Private Partnership



CITY OF KNOXVILLE

URBAN DESIGN & DEVELOPMENT

What is the current ownership of the property(s): *List parcel IDs and current ownership type/name.*

Parcel ID:107GE010
HERITAGE HOMES FOR SENIORS

What is the current status of site control for this property? *Including details of any purchase and sale agreements currently executed or the terms of any option the applicant may hold on the project property(s).*

Under contract

What is the property's current land use?

Residential, Commercial

What is the property's current base zoning? *List parcel IDs and current base zoning.*

107GE010, RN-4

Is the property and/or any existing building(s) located in or on the following? *Check all that apply.*

OVERLAY ZONES

- Historic (H)
- Neighborhood Conservation (NC)
- Infill Housing (IH)
- Technology Park (TO-1)
- Hillside Protection (HP)

HISTORIC DESIGNATION STATUS

- Listed on the National Register of Historic Places
- Eligible to be Listed on the National Register of Historic Places

Will this project require renovation or demolition of a historic building (a structure older than 50 years old)?

YES NO *If yes, briefly describe.*

Exhibit A. Preliminary Application for Public-Private Partnership



CITY OF KNOXVILLE

URBAN DESIGN & DEVELOPMENT

Are there any known environmental remediation requirements or brownfield agreements associated with the property?

YES NO *If yes, briefly describe.*

Is your proposed project developable by right or will a rezoning, plan amendment, variances or other discretionary approvals be needed?

YES NO *If no, please summarize any entitlement-related modifications, including any rezonings, plan amendments, variances, and/or other board approvals that will be needed to secure building permits.*

Provide a project timeline estimate including pre-development milestones (e.g. under contract/due diligence, closing date on the property, entitlements, etc...) through construction start and completion dates.

We are under contract on the property with a due diligence period of 150 days. At the end of the due diligence period, we will have 30 days to close and expect to close on the acquisition by the end of June 2025. Operating under this assumption, we will immediately begin construction renovations to be completed by December 2025.

Exhibit A. Preliminary Application for Public-Private Partnership



CITY OF KNOXVILLE

URBAN DESIGN & DEVELOPMENT

TYPE(S) OF PARTNERSHIP BEING REQUESTED: *Check all that apply.*

<input checked="" type="checkbox"/>	LOCAL TAX ABATEMENT PROGRAMS	DOLLAR AMOUNT REQUESTED (\$)	TERMS (YEARS)
<input type="checkbox"/>	TIF (Tax Increment Financing)		
<input checked="" type="checkbox"/>	PILOT (Payment in Lieu of Taxes)	\$0.00	20
<input type="checkbox"/>	LOCAL GRANT/LOAN PROGRAMS	DOLLAR AMOUNT REQUESTED (\$)	
<input type="checkbox"/>	Façade Improvement Program		
<input type="checkbox"/>	Historic Preservation Program		
<input type="checkbox"/>	OTHER PROGRAMS	APPLICATION DEADLINE	
<input type="checkbox"/>	LIHTC (Low Income Housing Tax Credit) PILOT		

WHAT IS THE TOTAL INVESTMENT AMOUNT?	\$ 3,200,000
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Will financial or development assistance be sought from other departments or agencies, including the other city programs not listed above, the county, the state, etc..?

YES NO *If yes, please describe.*

We will be requesting HOME funds, PSH funds, and Housing Trust funds.

Describe the project concept and intended final use, noting how Knoxville’s Key Development Priorities are being met (see also page 5 of this application).

Through our partnership with Every Child TN, we are converting the senior living facility into housing for youth aging out of foster care in Knoxville. The existing building layout works well to support this housing effort with the existing 20 individual units in place. We plan to upgrade the space by renovating the bathrooms and adding a kitchenette to create studio apartments. The renovated facility will serve as traditional housing for youth ages 18-24 who have aged out of the foster care system. Many of Knoxville's Key Development priorities will be met through the implementation of this project. The project type promotes the expansion of the permanent housing supply for one of the city's most vulnerable populations. By utilizing the Foster Youth to Independence project-based vouchers, the facility will provide free housing for this population for 3 years, making this project the only facility of its kind, offering programming to equip these youth for independence.

Exhibit A. Preliminary Application for Public-Private Partnership



CITY OF KNOXVILLE

URBAN DESIGN & DEVELOPMENT

Check all Key Development Priorities below that may apply to your project. Before submitting your completed Exhibit A, please meet with City of Knoxville Urban Design & Development staff either virtually or in-person to discuss your project and application.

Note date of meeting with staff here:



The City of Knoxville values public private partnerships that are aligned with our strategic development priorities, support public benefits and provide community amenities. Public Private Partnerships can include PILOTs, TIFs, Development Agreements, and the like.

Applicants for economic development assistance should thoughtfully design their projects with these development priorities in mind. Full application review will be required for all projects.

1 PROJECT TYPE

Favorable projects include:

- Expansion of the permanent housing supply, geared toward family, workforce, or senior demographics, with a preference for affordable and mixed-income properties
- Mixed-use developments incorporating ground floor commercial and/or the activation of under-utilized street frontage
- Development of commercial projects that support job growth and expand economic opportunity in alignment with the [Knoxville Chamber's Path to Prosperity](#)

2 PROJECT LOCATION

Project location should promote strategic public benefits in focus areas such as:

- Existing redevelopment areas
- Sites where development would include blight remediation
- Knoxville's primary transit corridors, particularly locations served by [Knox Area Transit \(KAT\)](#)

3 PROJECT CHARACTERISTICS

Incorporate forward-thinking and creative design characteristics that could include but are not limited to:

- Preservation, restoration, and reuse of historic structures
- Programmatically or architecturally distinctive, innovative or creative
- Property incorporating other environmentally friendly and sustainable engineering characteristics

4 PROJECT INTEGRATION WITH PUBLIC AMENITIES & TRANSPORTATION

Project should include an emphasis on continued development of public amenities and transportation resources toward holistic growth.

- Incorporate new or improved public spaces within the project's footprint and/or the expansion of, or significant upgrades to, connectivity to existing public amenities (e.g. parks, plazas, greenways, water/river front access, etc.)
- Leverage recent City investments in public infrastructure
- Widen the supply of smart-parking, structure-parking, and shared-parking resources
- Further multimodal and alternative transportation opportunities

Exhibit A. Preliminary Application for Public-Private Partnership



CITY OF KNOXVILLE

URBAN DESIGN & DEVELOPMENT

Please email completed digital application and attachments to:

Email: RJustice@KnoxvilleTN.gov

For questions and/or if other accommodations are needed for submission of the application please call the office.

Phone: 865-215-2141

Timbercrest

Far View Hills

Middlebrook Heights

Crossroads West Apts

Chenoweth Condos

Addison At Sutherland Apts

Scarlett Oak Ct (pvt)

Heritage Assisted Living

Knoxville

Papermill Place Condos

Colony Park Office Condos

West Towne Manor Apts

Central Church of God

Wesley Heights

Papermill

Forest Heights

