

# Center City Development Corporation Board Meeting

To: Center City Development Corporation (CCDC)  
From: DMC Staff  
Date: April 17, 2019  
RE: Exterior Improvement Grant & Development Loan Request, 150 Madison

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The enclosed Exterior Improvement Grant & Development Loan applications have been submitted for consideration at the April 24, 2019, CCDC Board Meeting.

**Project:** **150 Madison Ave.**

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Applicant/Owner: Dana Bunke & Kevin Crowe  
150 Madison Avenue  
Memphis, TN 38103

Applicant's Request: Development Loan in an amount up to \$200,000.  
  
Exterior Improvement Grant in an amount up to \$74,750.

Project Description: The subject property is a vacant 2-story building on the north side of Madison Avenue, in the block between Second St. and BB King Blvd. The circa 1923 building is located directly west of the Brass Door Irish Pub & Restaurant.

The applicant has purchased the 5,205 sq. ft. building with plans to renovate the ground-floor and basement for a coffee shop or similar commercial use. The second floor of the building, and a potential vertical addition, will be used as a single-family residence and is not part of the eligible scope of work or budget included in the proposed CCDC grant and loan applications.

The applicant is requesting CCDC approval for an Exterior Improvement Grant (EIG) and a Development Loan. EIG grant funds up to \$74,750 are requested to help improve the building exterior. The proposed scope of work includes masonry repair, new metal awning, exterior lighting, exterior mural, and a new ground-floor storefront with an operable roll-up door.

The applicant is also requesting a Development Loan up to \$200,000 to assist with permanent building improvements including roof replacement, sprinklers and fire protection, HVAC, plumbing, electrical, and millwork.

Contingent upon CCDC and DRB approvals, construction is expected to begin in mid-June 2019. The exterior renovations and building improvements should be complete in Q4 2019.

Overall Budget:

The following budget describes the overall project:

**Sources:**

CCDC EIG Grant	\$74,750	(20%)
CCDC Development Loan	\$200,000	(53%)
Bank Financing	\$101,550	(27%)
<b>Total Sources</b>	<b>\$376,300</b>	<b>(100%)</b>

**Uses:**

Hard Construction Costs	\$364,800	(97%)
Soft Costs	\$11,500	(3%)
<b>Total Uses</b>	<b>\$376,300</b>	<b>(100%)</b>

Dev. Loan Program:

The Development Loan can be used for commercial building renovations, site improvements, and new construction. Building system improvements, permanent equipment, and first floor, non-residential tenant improvements that are permanent in nature may also be considered as eligible uses. Removable fixtures and equipment and soft costs are not eligible expenses under the program. The Development Loan is permanent financing at an interest rate of 1%. While the loan has a 10-year term, the amortization schedule is based on a 20-year period in order to offer lower monthly payments.

The program has a maximum loan amount of \$200,000 per project. As permanent financing, the final loan amount is reimbursable and based on approved receipts. The following budget describes the scope of work potentially eligible for reimbursement under the Development Loan program.

**Uses:**

Mobilization & Cleanup	\$20,000	(9.5%)
Select Demolition	\$5,000	(2.5%)
Electrical/Lighting	\$11,000	(5.5%)

Millwork	\$13,000	(6%)
Interior Painting	\$6,300	(3%)
Roof Replacement	\$44,000	(21%)
Fire Protection	\$28,000	(13.5%)
HVAC	\$70,000	(33%)
Plumbing	\$13,000	(6%)
<b>Total Uses</b>	<b>\$210,300</b>	<b>(100%)</b>

EIG Budget:

The Exterior Improvement Grant (EIG) is designed to help Downtown commercial property owners and businesses make high-quality cosmetic improvements to the exterior of their property. A secondary goal of the grant is to help new and existing businesses succeed by enhancing their curb appeal in ways that might not be possible without assistance. The Exterior Improvement Grant is for exterior work only and requires minimum leverage of 1 to 1. The maximum grant for this location is \$80,000.

The following budget describes the EIG scope:

**Sources:**

Owner's match	\$74,750	(50%)
CCDC EIG	\$74,750	(50%)
<b>Total Sources</b>	<b>\$149,500</b>	<b>(100%)</b>

**Uses:**

Mobilization & Cleanup	\$20,000	(13.4%)
General Conditions	\$20,000	(13.4%)
Temporary Utilities	\$6,000	(4%)
New Storefront	\$11,000	(7.4%)
Select demolition	\$1,000	(.67%)
Exterior Lighting	\$3,000	(2%)
Metal Awning & Signage	\$15,000	(10%)
Exterior Paint & Finishes	\$5,000	(3.3%)
Masonry/Tuck-pointing	\$20,000	(13.4%)
Concrete/Paving Repair	\$2,000	(1.3%)
Mural (west side of building)	\$15,000	(10.3%)
Window Replacement	\$20,000	(13.4%)
Design Fees	\$11,500	(10%)
<b>Total Uses</b>	<b>\$149,500</b>	<b>(100%)</b>

Design Review:

The applicant will submit design plans to the DRB in the coming months.

EBO Program:

Any project that is awarded a financial incentive from the DMC must comply with the Equal Businesses Opportunity

(EBO) Program. The EBO program requires that the applicant make a best faith effort to reach no less than 25% participation by minority and women-owned businesses (MWBE) for the portion of the project scope that is eligible for bidding or subcontracting. The portion of a project subject to meeting the EBO requirements typically involves the hard and soft costs for design & construction.

The following estimated costs are subject to the EBO program:

Hard Construction Costs	\$364,800
Soft Costs & Professional Fees	<u>\$11,500</u>
<b>Subtotal</b>	<b>\$376,300</b>

According to the above estimates, a 25% level of MWBE inclusion for the estimated hard and soft costs will be approximately **\$94,075**.

**Staff Evaluation:**

The DMC’s Strategic Plan encourages facilitating and accelerating real estate development, incentivizing Downtown development when necessary to increase investment and economic development, and fighting blight to improve the visual appearance of the built environment Downtown.

This project will put a vacant historic building back into productive use and add space for a new ground-floor business along an emerging commercial section of Madison Avenue. Additionally, improvements at this location will further enhance and leverage previous DMC and CCDC investments in nearby projects including the Brass Door, Madison Park, The Artery 2.0, and 149 Madison. Moreover, staff is supportive of approving CCDC incentives for this project given its prominent location within the Downtown Core and on Madison Avenue, a strategic east-west connector that links key points of interest including University of Memphis Law School, Hu Hotel, Madison Park, First Tennessee Building, Hotel Napoleon, Visible Music College, and AutoZone Park.

**Recommendation:**

**Staff recommends approval of a Development Loan in an amount up to \$200,000 and an Exterior Improvement Grant in an amount up to \$74,750, based on approved receipts and subject to all standard closing requirements and conditions.**