

Center City Development Corporation Board Meeting

To: Center City Development Corporation (CCDC)
From: DMC Staff
Date: August 8, 2018
RE: Exterior Improvement Grant (EIG) Application – 226-236 S. Lauderdale

The enclosed Exterior Improvement Grant has been submitted for consideration at the August 15, 2018, CCDC Board of Directors Meeting.

Project: 226-236 S. Lauderdale

Applicant/Owner: Jonathan Thomas
8362 Cedar Bend Cove
Memphis, TN 38018

Applicant's Request: Exterior Improvement Grant in an amount up to \$59,725.

Project Description: The subject property is located on the east side of S. Lauderdale Street, in the block between Dr. MLK Jr. Avenue and Jessamine Avenue. The site is located to the northeast of Mt. Olive Cathedral CME Church and a short distance east of the recently completed Universal Life Building adaptive reuse project. The Juvenile Intervention and Faith-based Follow-up (JIFF) is located directly to the south.

The 0.7-acre site includes one parcel with a two-story apartment building. The existing building, built circa 1959, contains 30 one-bedroom rental units organized in a U-shape around a central courtyard. The applicant purchased the building in early 2018 and plans a full renovation of the building for market-rate apartments. Currently, the property does not provide on-site parking. That condition is unlikely to change given the small size of the site. As it stands now, ample street parking is available in the neighborhood.

Given the condition of the building and the significant work required, the applicant is requesting a CCDC Development Loan to assist with permanent building improvements and a CCDC Exterior Improvement Grant (EIG) for exterior aesthetic enhancements to the property.

The applicant plans to begin renovation work in September and be completed in Q1 2019.

Overall Project Budget:

The following describes the overall project budget:

Overall Project Sources:

Owner-funded	\$147,990	(36%)
CCDC Development Loan	\$200,000	(49%)
<u>CCDC EIG</u>	<u>\$59,725</u>	<u>(15%)</u>
Total Project Sources	\$407,715	(100%)

Overall Project Uses:

Exterior work	\$254,265	(62%)
<u>Interior work</u>	<u>\$153,450</u>	<u>(38%)</u>
Total Project Uses	\$407,715	(100%)

Scope of Work:

The Exterior Improvement Grant program is designed to help Downtown commercial property owners and businesses make high-quality 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 applicant plans to use the EIG grant to make the following high-impact exterior improvements:

- Repaint the building exterior
- New windows, doors, signage & exterior lighting
- New landscaping and walking path along Lauderdale
- Replace existing chain link fence and barbed wire with new wood fence and landscaping
- Add new dumpster enclosure and gate

Sources:

Owner-funded	\$59,725
<u>EIG (CCDC)</u>	<u>\$59,725</u>
Total EIG Sources	\$119,450

Uses:

New windows	\$35,000
Exterior doors at courtyard	\$9,750
Exterior painting & signage	\$19,000
New wood fencing	\$17,000
Landscaping & street furniture	\$13,000
New gate	\$3,000
Exterior lighting	\$7,100
New gutters	\$7,500
Fascia repair	\$4,500
<u>New dumpster enclosure & bike pad</u>	<u>\$3,600</u>
Total EIG Uses	\$119,450

Design Review: This project will be submitted for review and approval at the September meeting of the Design Review Board (DRB).

EBO Program: Any project that is awarded financial incentives from the Downtown Memphis Commission (DMC) shall include a best faith effort to reach no less than 25% participation by minority and/or women owned businesses (M/WBE) in the project's development cost (design and construction hard costs). Compliance with this Equal Business Opportunity (EBO) Program is a closing requirement. **If the requirements of the EBO Program are not met, the CCDC will cancel the incentive.**

According to the overall project budget, a 25% level of M/WBE inclusion for the entire scope of work is approximately **\$101,928.**

Staff Evaluation: Staff is in full support of approving a Development Loan and Exterior Improvement Grant for this renovation. This project is highly consistent with the DMC's dual goals of improving commercial property values and adding new population to Downtown Memphis. Moreover, the proposed exterior improvements will be high-impact and should help transform this site from an underutilized property to a neighborhood asset. The exterior changes will beautify the property and enhance neighborhood safety with new lighting and appropriate fencing.

Additionally, this project is located within South City, an area of special focus for the DMC in partnership with the City of Memphis and the South City Choice Neighborhood Initiative. DMC staff will continue to work collaboratively with our partners to attract new investment and redevelopment to this important neighborhood.

Staff Recommendation: **Staff recommends approval of an Exterior Improvement Grant (EIG) in an amount up to \$59,725, based on approved receipts and subject to all standard closing requirements.** The applicant requests that the grant be dispersed as a series of draws, based on approved receipts, after major project phases have been completed and inspected by DMC staff.