

Center City Development Corporation Board Meeting

To: Center City Development Corporation (CCDC)
From: DMC Staff
Date: March 13, 2019
RE: Exterior Improvement Grant & Development Loan Request – 707 Adams Ave.

The enclosed Exterior Improvement Grant & Development Loan applications have been submitted for consideration at the March 20, 2019, CCDC Board Meeting.

Project: **707 Adams Ave. (Pillow-McIntyre House)**

Applicant/Owner: Unity Properties
Representative – Mr. Derek Renfroe, Esq.
707 Adams Ave.
Memphis, TN 38105

Applicant's Request: Development Loan in an amount up to \$156,765.

Exterior Improvement Grant in an amount up to \$60,000.

Project Description: The subject property is a 2-story structure (7,532 sf) located at the southeast corner of Adams Avenue and Orleans Street in the Victorian Village District. The 0.6-acre site contains a historic building currently in use as legal offices. The building dates to 1851 and is an excellent example of the Greek Revival architectural style.

Built by General Gideon Pillow, the structure was also the home of Florence McIntyre, the founder of the Memphis College of Art (MCA). Its current use as law offices started in the late 1970's and continues to this date. The current owners purchased the property in 2016 and have subsequently made several improvements including a new roof, HVAC upgrades, and brick tuck-pointing.

The applicant is requesting CCDC approval for an Exterior Improvement Grant (EIG) and a Development Loan. EIG grant funds will be used to restore the front facade of the building. The existing conditions show significant deterioration of the front porch, columns, window frames, and pediment.

The applicant is also requesting a \$156,765 Development Loan to assist with permanent interior building improvements to create high-quality rental office space for attorneys and related professionals.

Contingent on CCDC and Design Review Board (DRB) approval, construction will likely begin this summer and be completed by the end of the year.

Overall Budget:

The following budget describes the overall project:

Sources:

Owner's equity	\$64,635	(22%)
MMDC grant	\$18,000	(6%)
CCDC Dev. Loan	\$156,765	(52%)
CCDC EIG grant	\$60,000	(20%)
Total Sources	\$299,400	(100%)

Uses:

Hard costs	\$289,650	(97%)
Soft costs	\$9,750	(3%)
Total Uses	\$299,400	(100%)

Dev. Loan Budget:

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 are also 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 for eligible expenses up to the program limit of \$200,000.

The following budget items are potentially eligible for the Development Loan program.

East window replacement	\$5,000	(3%)
Electrical upgrades	\$9,000	(6%)
Conf. center (walls/glass)	\$15,000	(10%)

New elevator	\$40,000	(25%)
Lead paint mitigation	\$12,000	(7%)
Original floor refinishing	\$15,000	(10%)
Floor leveling (rear bath)	\$3,000	(2%)
New recessed lighting	\$4,000	(2%)
Demo rear staircase	\$12,000	(7%)
Site clean-up & removal	\$1,500	(1%)
New receptionist area	\$2,700	(2%)
Parking fence & gate	\$9,500	(7%)
Ornamental window security	\$10,600	(7%)
1 st floor permanent TI	\$10,000	(6%)
General Conditions	\$7,465	(5%)
Total	\$156,765	(100%)

EIG Budget:

The Exterior Improvement Grant (EIG) is designed to help Downtown commercial property owners and businesses make high-quality aesthetic 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 \$60,000.

The following budget describes the EIG scope:

Sources:

Owner's contribution	\$64,635	(45%)
MMDC grant	\$18,000	(13%)
CCDC EIG	\$60,000	(42%)
Total Sources	\$142,635	(100%)

Uses:

Facade restoration	\$92,085	(65%)
Site/architectural lighting	\$12,300	(8%)
New fencing	\$6,000	(4%)
Exterior signage	\$4,500	(3%)
Design/project mgmt.	\$9,750	(7%)
<u>2nd fl. balcony (add. alternate)</u>	<u>\$18,000</u>	<u>(13%)</u>
Total Uses	\$142,635	(100%)

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.

According to the above estimates, a 25% level of MWBE inclusion for the project budget will be approximately **\$74,850**.

Staff Evaluation:

Staff is fully supportive of this project and the applicant's request for a Development Loan and EIG. The DMC and the property owner will reinvest in this historic building to prolong its useful life and improve its potential as Class A office space in the Medical District. Attracting and retaining office users is a key priority of the DMC.

Stabilizing and improving this building is also part of the economic development strategy for this important Downtown neighborhood. The Victorian Village Historic District claims the greatest collection of 19th and early 20th century architecture in the region. Victorian Village thrives on heritage tourism with two museum houses (Mallory Neely and the Woodruff Fontaine) as well as bed and breakfasts and churches. Along with the Hunt Phelan house on Beale Street, the Pillow McIntyre House is the most accessible to the heritage visitors and students of history and architecture. The Greek Revival style is especially rare in the urban core due to the widespread demolition seen in the 1960's during the urban renewal movement.

Recommendation:

Staff recommends approval of a Development Loan in an amount up to \$156,765 and an Exterior Improvement Grant in an amount up to \$60,000, based on approved receipts and subject to all standard closing requirements and conditions.