

Center City Development Corporation Board Meeting

To: Center City Development Corporation (CCDC)
From: DMC Staff
Date: August 12, 2020
RE: Exterior Improvement Grant Request, 376 S. Main St.

The enclosed Exterior Improvement Grant application has been submitted for consideration at the August 19, 2020, CCDC Board Meeting.

Project: **376 S. Main St.**

Applicant/Property Owner: Joel Lyons
1750 Transport Ave
Memphis, TN 38116

Applicant's Request: Exterior Improvement Grant in an amount up to \$80,000.

Project Description: The subject property is located on the east side of South Main Street, just south of Talbot Avenue, in the heart of the South Main historic district. The 0.06-acre site contains a 2-story historic commercial building. The structure (ca. 1910) has been vacant for several years and was most recently used for Smith Discount.

The applicant purchased the building with plans to add ground-floor commercial space and rental apartments on the upper floor. It should be noted that the existing storefront was significantly damaged by a vehicle. While an unfortunate occurrence, this damage presented the applicant with an opportunity to turn the property back into a neighborhood asset and rebuild the storefront in a manner compatible with the character of the historic district.

Contingent upon CCDC and DRB approvals, construction could begin in Q3 2020. Full renovation is expected to be complete in Q2 2021.

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	\$120,000	(60%)
CCDC EIG	\$80,000	(40%)
Total Sources	\$200,000	(100%)

Uses:

Awning/sidewalk/signage*	\$49,500	(25%)
Masonry & tuckpointing	\$34,500	(17%)
Structure & beams	\$33,500	(17%)
New storefront	\$37,500	(19%)
Exterior painting	\$15,000	(7%)
Crane, traffic ctrl, demo, etc.	\$15,000	(7%)
Exterior lighting	\$7,500	(4%)
Design fees	\$7,500	(4%)
Total Uses	\$200,000	(100%)

**This line item also includes a 10% construction contingency*

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

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 (MWBE) 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.**

Outreach & Inclusion Plan: The specific steps required for each applicant to be compliant with the DMC’s EBO Program takes into consideration the size, scope of work, and development costs associated with the project. At the time of incentive application, it is typically too early to identify specific contractors or sub-contractors that will ultimately be involved in the construction.

However, the applicant has a clear understanding of the EBO Program and has worked with DMC staff to identify the following key steps that will be included in their Outreach & Inclusion Plan:

- The applicant will use the City of Memphis Business Diversity & Compliance Registry and the resources at the Shelby County Office of Equal Opportunity Compliance to identify qualified general contractors and tradespeople to perform the needed work.
- The applicant will contact a minimum of 3 certified MWBE general contractors and proactively invite them to submit a bid.
- Once a general contractor is identified, the applicant will contact a minimum of 3 certified MWBE businesses for each trade or type of subcontractor needed, and provide each a fair opportunity to submit a bid and be considered for the work.
- Once the service providers have been identified, the applicant will submit the form titled “Proposed Utilization Plan” to DMC staff for review and approval. The applicant will also be asked to provide a full record of the outreach steps taken and the results thus far. This documentation can include items such as a phone call log, copies of emails, meeting notes, and similar materials.
- After construction has started, the applicant will provide monthly updates to DMC staff detailing the project status and level of MWBE involvement at each major phase of the project.

Minimum MWBE Goal: With an estimated EIG budget of \$200,000 a 25% level of MWBE inclusion for that work is approximately **\$50,000.**

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.

The planned renovation at 376 S. Main, while modest in scale, will be impactful due to its prime location and mix of

compatible uses. Adding new ground-floor commercial space along South Main Street is highly consistent with the Downtown Retail Strategy & Action Plan. A key focus of this work is to increase the density of retail offerings and fill vacancy gaps in ground-floor activity within established retail nodes, especially within the South Main District.

The applicant and their architect should also be commended for designing a new storefront that will be highly compatible with the historic context. The unique character of Downtown Memphis is a competitive advantage as we strive to attract population and new investment to strengthen the local tax base. Adaptive reuse and historic renovation projects, such as this one, are a key part of an economic development strategy that capitalizes on our distinct and valuable sense of place.

Recommendation:

Staff recommends approval of an Exterior Improvement Grant in an amount up to \$80,000, based on approved receipts and subject to all standard closing requirements and conditions.