



To: CCDC Board of Directors
From: CCDC Policy Committee & DMC Staff
Date: March 23, 2022
RE: Retail TI Program – 2022 Updates

Background

The Downtown Retail Tenant Improvement (TI) Grant was adopted in 2019 to help attract and grow diverse retail in Downtown Memphis. This program supports new retail, creative arts & entertainment, and food & beverage-based businesses within key corridors and retail nodes. The

Retail TI Grant helps bridge the financial gap between property owner and tenant by providing financial assistance of up to \$30,000 on qualified permanent improvements to the interior of a tenant’s space.

The Retail TI Grant program operates as a reimbursable grant. Following grant approval, the applicant can sign the lease and begin interior work. After all interior work has been completed and the business is open, the applicant submits receipts to the CCDC and demonstrates compliance with the closing conditions. The Grant is designed for tenants who will sign a lease with a minimum term of 12 months to occupy ground-floor space.

Over the past 3 years, DMC Staff has been able to approve and move forward with eight (8) Retail TI grant applications:

Project	Retail Node	Retail TI Amount	Project Status
Amani Spa	South Main	\$20,400	Approved
Downtown Nutrition	Main St.	\$30,000	Construction
Inkwell	Edge	\$30,000	Construction
Paper & Clay	South Main	\$30,000	Complete
Peanut Shop	Main St.	\$30,000	Construction
Quintessential Sweets	Main St.	\$24,000	Construction
Raw Girls	Main St.	\$30,000	Complete
Shred 4/15	Main St.	\$30,000	Complete

Existing Program Details

The following outline describes the major elements of the current program:

I. Purpose of Grant:

This grant is designed to help grow a vibrant and thriving retail climate in Downtown Memphis. This program supports new retail, creative arts & entertainment, and food & beverage based businesses who choose to locate within key corridors and retail nodes.

The Retail TI Grant helps bridge the financial gap between property owner and tenant by providing financial assistance of up to \$30,000 on qualified permanent improvements to the interior of a tenant's space.

II. Goals for Grant Program:

- Encourage new businesses to open ground-floor locations along priority corridors and within targeted retail nodes.
- Motivate property owners to work with tenants to fill long-vacant spaces.
- Increase the total number of retail businesses Downtown.

III. Project Eligibility:

In order to be considered potentially eligible for this Grant, the proposed ground-floor business must be (i) an approved retail, (ii) creative arts & entertainment, or (iii) food & beverage business. Funding decisions will ultimately be based on a variety of factors, including consistency with the DMC's Downtown Master Plan, Retail Strategy, and availability of resources. Funding priority will be given to proposals that are filling a ground-floor space that has been vacant for 24 or more consecutive months.

The Retail TI Grant is designed to assist:

- Tenants interested in ground-floor retail bays with prominent street frontage
- A new business locating within the target area
- An existing business relocating from outside the CBID to within the target area
- An existing business opening an additional location within the target area

IV. Administration & Program Details

- Projects located within the 3 retail nodes are eligible (Main St., South Main, Edge).
- Applicant must be a tenant who will sign a lease with a minimum of 12 months.
- Maximum grant of \$30,000, depending on the size of the space, lease and length
- Reimbursable program, or CCDC can pay the contractor directly based on invoices.
- Equal Business Opportunity (EBO) program applies to all projects.

Proposed Changes to the Retail TI Grant

Staff recommends continuation and re-adoption of the Retail TI program with a new sunset date of March 19, 2025. The revised Retail TI program will be modified with the below changes:

1. Remove grant formula.

- Allow up to \$30k per project based on reimbursable approved receipts.
- Size and lease term have a small impact on the overall retail TI budget
- Formula was intended as a place to start

2. Expand South Main retail node.

- Overlap eligible area with the South City neighborhood boundary
- Main St. and Edge retail nodes remain as they are

Staff Recommendation:

Staff requests that CCDC approve the attached updated version of the Retail Tenant Improvement (TI) Grant and make it operative as of March 23, 2022.