

Center City Development Corporation Board Meeting

To: Center City Development Corporation (CCDC)
From: DMC Staff
Date: August 10, 2022
RE: Exterior Improvement Grant Request – 35 N. Claybrook (Claybrook 16)

The enclosed Exterior Improvement Grant application has been submitted for consideration at the August 17, 2022, CCDC Board Meeting.

Project: **35 N. Claybrook (Claybrook 16)**

Applicant: SMH Partners
11 South Orleans Street
Memphis, TN 38103

Architect: Ryan Morris
UrbanARCH
498 South Main Street
Memphis, TN 38103

Applicant's Request: Exterior Improvement Grant in an amount up to \$40,000.

Project Description: The subject property is located at the eastern end of the CBID in the Madison Height neighborhood. This neighborhood has not received as much development attention as other areas around the Memphis Medical District.

The proposed project will renovate an existing, 2-story apartment building. Currently, the building has design elements such as a hip roof and limited windows that obscure the entrance and make it uninviting.

The applicant is proposing exterior improvements to complement the interior improvements to the apartment units. The 16 units are each approximately 600 square feet. Being smaller than average, the estimated rental rates will be lower while still market rate. The target audience will be students of the nearby universities, Southern College of Optometry and UTHSC. The College of Optometry is a 5-minute walk from the site.

Scope of Work:

The exterior scope of work will include repairs and aesthetic enhancements. The applicant is also requesting support for design, permitting, and construction mobilization costs which are eligible per the grant. The scope of work includes the following:

- Mobilization, Cleanup, Permitting
- Architectural Fees
- General Conditions
- Demo Existing Hip Roof
- New Storefront & New Openings
- Exterior Paint
- Exterior Lighting
- New Brick & Fiber Cement Façade
- Restripe Parking Lot
- Fence Reconfiguration & Gate
- New Parklet/Courtyard
- Sidewalk Replacement

EIG Budget:

The Exterior Improvement Grant (EIG) is designed to help Downtown commercial property owners make high-quality improvements to the exteriors of Downtown buildings. These improvements help businesses draw customers by enhancing curb appeal, increase walkability by adding street-level interest, and increase neighborhood property values.

The Exterior Improvement Grant is for exterior work only and requires a 1 to 1 match from the applicant. The maximum grant for this location within the Central Business Improvement District (CBID) is \$40,000.

The following describes the estimated project budget:

Sources:

Owner’s Contribution	\$129,000	(76%)
CCDC EIG	\$40,000	(24%)
Total Sources	\$169,000	(100%)

Uses:

New Brick/ Fiber Cement Façade	\$57,000	(34%)
Paint Exterior	\$20,000	(12%)
General Conditions	\$17,000	(10%)
New Storefront & New Openings	\$16,000	(9%)
Replace Sidewalk	\$14,000	(8%)
New Parklet/Courtyard	\$10,000	(6%)
Architectural Fee	\$10,000	(6%)
Demo Existing Hip Roof	\$8,500	(5%)

Mobilization, Cleanup, Permit	\$4,500	(3%)
Exterior Lighting	\$4,500	(3%)
Fencing Reconfiguration & Gate	\$4,000	(2%)
<u>Restripe Parking Lot</u>	<u>\$3,500</u>	<u>(2%)</u>
Total Uses	\$169,000	(100%)

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 meet and coordinate with minority-owned business assistance organizations such as the Memphis Area Minority Contractors Association (MAMCA) and the Mid-South Minority Business Council Continuum (MMBC) to make their members aware of the project and any contracting and sub-contracting opportunities.
- 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 subcontractors and other tradespeople to perform the needed work.
- 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, and meeting notes.
- 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 total project budget of \$688,500, a 25% level of MWBE inclusion for that work is approximately **\$172,125.**

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 within the Central Business Improvement District (CBID).

DMC staff is supportive of this grant application because it creates attractive housing and supports walkability in a historically underinvested area. This project enhances residential units to produce more attractive housing in close proximity to retail along Madison Avenue. The incremental addition of attractive residential units will support existing residential demand near the Medical District and encourage further development.

Located along the route for MATA Bus Line 2 and a trolley station for the soon to be reactivated Madison trolley line, apartment residents will have access to public transportation. Additionally, the updated courtyard at the entrance of the building will create a community gathering space improving safety and comfort for pedestrians.

Moreover, the façade improvement with interesting brick details and updated materials and colors will make the building bright and modern.

Recommendation: **Staff recommends approval of an Exterior Improvement Grant in an amount up to \$40,000 based on approved receipts and subject to all standard closing requirements and conditions.**