



To: CCDC Board of Directors
 From: DMC Staff
 Date: September 7, 2022 (For consideration at the Sept. 14, 2022 CCDC Meeting)
 RE: Special Development Grant – Malone Park Commons

Background:

In November 2018, the Center City Revenue Finance Corporation (CCRFC) approved a 15-year PILOT for the Malone Park Commons project, a 35-unit apartment development with live/work space and a range of unit types. This new development is an example of the type of “missing middle” housing options once common in the core city prior to World War II. The project is led by Mr. Andre Jones, an Uptown resident and promising emerging developer working to attract new commercial investment to his neighborhood.

To help the project attract senior debt, the CCDC originally approved a \$200,000 Development Loan in November 2018. The CCDC increased the loan amount to \$300,000 in July 2019 as part of a strategy to increase the unit count and overall project budget to better satisfy bank underwriting requirements. In October 2019, the CCDC approved another modification to make the previously-approved loan available as “last dollars in” during the construction period, as opposed to permanent financing post completion. Due to major increases in the cost of construction labor and materials, the project now has a budget gap of approximately \$361,000 that requires additional resources.

Current Project Status:

The first phase of the project included 11 cottage court apartments that are now complete and fully leased. The second phase is currently under construction. Two live/work buildings are scheduled for fall 2022 completion. Muggin Coffee House has signed on as a ground-floor tenant. Additionally, four 4-plex buildings are currently in Construction Code Enforcement plan review. These buildings were delayed due to the state fire marshal’s suspension of the recently adopted large home amendment. Construction Code Enforcement is allowing the developer to move forward now and break ground in the next 45 days.

The following table summarizes the current budget.

SOURCES:		
Senior Debt – Financial Federal	\$2,622,000	87%
CCDC Development Loan	\$300,000	10%
MMDC Loan	\$100,000	3%
Total Sources	\$3,022,000	100%

USES:		
Land Cost	\$75,000	2%
Hard Construction Costs	\$2,959,000	98%
Soft Costs	\$349,000	11%
Total Project Costs	\$3,383,000	111%
Less Total Available Uses	\$3,022,000	100%
Total Gap in Project Funding	\$361,000	11%

Staff Request:

In the interest of supporting a high-priority project and in the spirit of collaboration, the DMC staff has been working very closely with the developer and key project partners to identify options for moving forward. The primary lending partner has shown significant flexibility in modifying the original loan terms to further support the project. Additionally, the Memphis Medical District Collaboration (MMDC) recently approved a low-interest loan of up to \$100,000 to assist the project.

As part of this collaboration towards a solution, DMC staff requests that the CCDC approve a Special Development Grant in an amount of up to \$150,000 to help close the project gap. This special grant will reduce future debt service, allowing the developer to increase the amount of senior debt to cover the increased costs. Following substantial completion of the second project phase, this special grant will be applied towards the hard cost improvements to be funded under the current CCDC Development Loan, based on approved receipts and subject to normal closing requirements. The developer is highly confident that the proposed special grant from the CCDC will close the project gap and allow Malone Park Commons to move forward and be completed as planned.

DMC staff remains in strong support of the project as it aligns with multiple strategic objectives. Supporting infill housing development in Uptown is highly consistent with the DMC’s dual goals of increasing population density and improving commercial property values through high-quality commercial development. The project also increases Downtown housing options by adding unique product to the market. Moreover, the applicant for the project is a small developer with strong ties to the Uptown neighborhood. Growing the Memphis development ecosystem and supporting emerging and new developers is an important goal of the DMC as we work to build a Downtown for Everyone.

Lot 5
Greenlaw Subdivision
Plat Book 3, Page 16

Part of Lot 28
Greenlaw Subdivision
Plat Book 3, Page 16

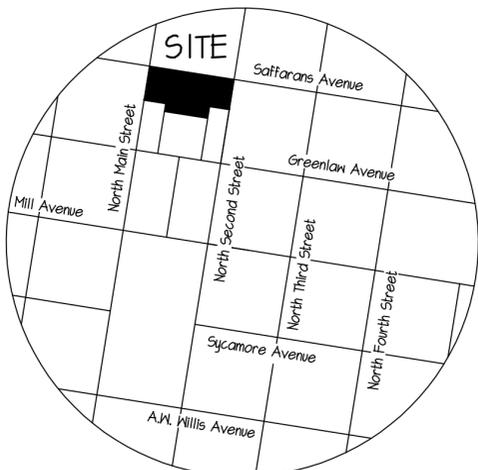
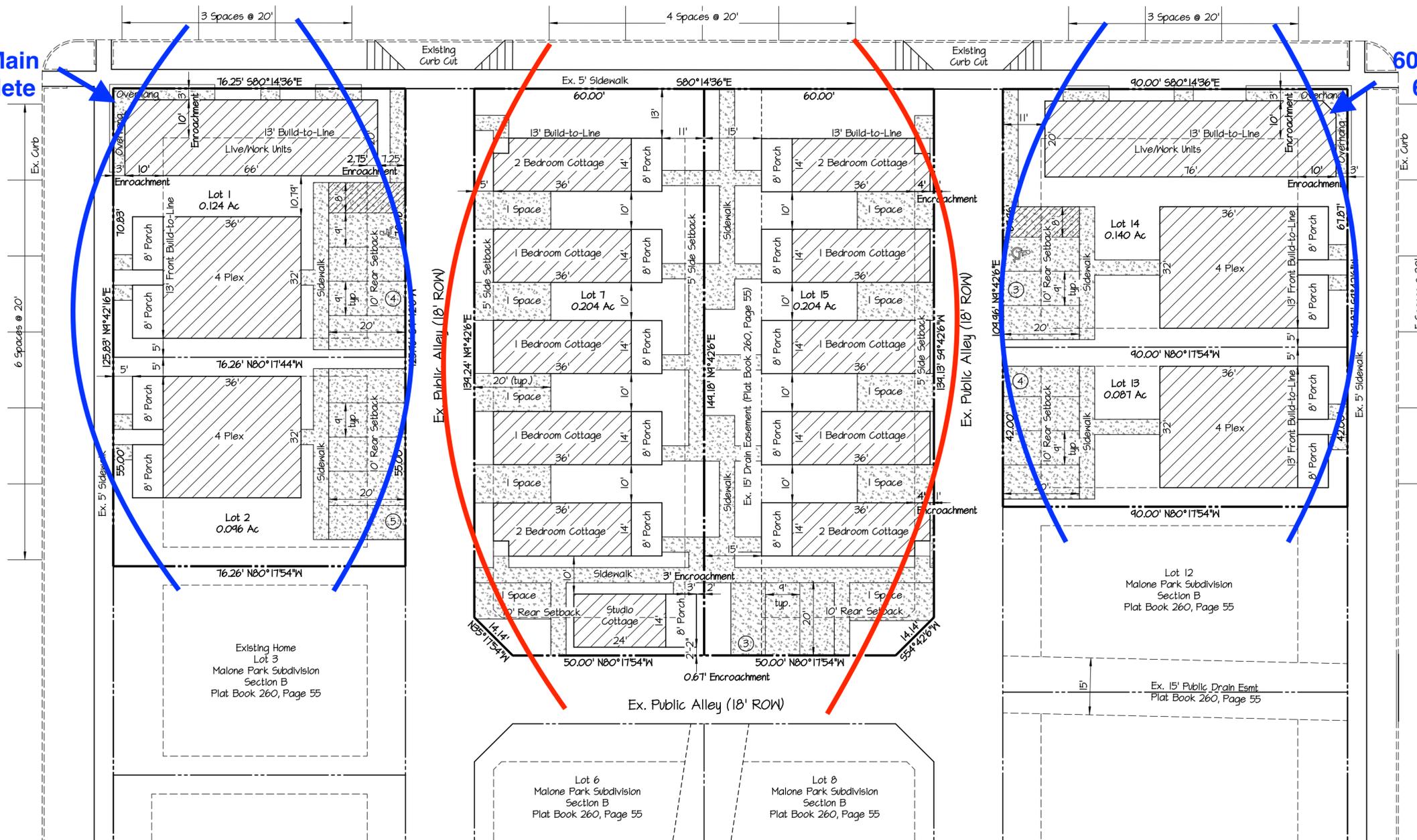
Saffarans Avenue (66' ROW)

Phase 1 - Completed

Phase 2

606 North Main
65% Complete

605 North Second
65% Complete



VICINITY MAP
NTS



SITE PLAN
LOTS 1, 2, 7, 13, 14 and 15
MALONE PARK SUBDIVISION, SECTION B

BOA 18-82

OWNER: **MLB-UPTOWN, LLC**
 DEVELOPER: **JONES URBAN DEVELOPMENT LLC**
SRCONSULTING, LLC ENGINEERING - PLANNING
 5909 Shelby Oaks Drive Suite 200 Memphis TN 38134 901-373-0380 (fax) 373-0370 www.SRCE-memphis.com
 ZONING: **HDR**
 MEMPHIS, TENNESSEE
 APRIL 2019
 SHEET 1 OF 2

File: 20180210-2018-021 Malone Park 51e Plans/Use Plans/Use Plat 4-23-19.dwg, Apr 26, 2019, 9:46am





Main ST



SafetyQuip
452-7040



