

Center City Development Corporation Board Meeting

To: Center City Development Corporation (CCDC)
From: DMC Staff
Date: May 10, 2023
RE: Exterior Improvement Grant Request, 119 Madison

The enclosed Exterior Improvement Grant application has been submitted for consideration at the May 17, 2023, CCDC Board Meeting.

Project: **119 Madison**

Applicant: Anahi Sanchez
Esborja Investments LLC
101 S. Main St. Ste. 209
Memphis, TN 38103

Applicant's Request: Exterior Improvement Grant in an amount up to \$60,000.

Project Description: The subject property is 119 Madison, a historic four-story commercial building noteworthy for its ornate glazed terra cotta façade. Originally built in 1917, the building is a contributing structure in the Madison-Monroe National Register Historic District and was the location of a Federal Bake Shop franchise from 1923 to 1976. The building has now been vacant and blighted for over a decade.

The applicant plans on fully renovating the building to accommodate a commercial use on the ground floor and three short-term residential units on the floors above. In addition to a complete interior renovation, the owners plan on restoring the building's exterior character. The prominent terra cotta siding will be cleaned and repaired, existing wood windows on the upper floors and storefront will be restored, and an existing elevator tower and penthouse on the southeast corner of the building will be reclad in new metal panels.

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 (Main Street target area) is \$60,000.

The following budget describes the EIG scope:

Sources:

| | | |
|----------------------|------------------|---------------|
| Applicant's Equity | \$128,924 | (76%) |
| CCDC EIG | \$60,000 | (24%) |
| Total Sources | \$188,924 | (100%) |

Uses:

| | | |
|-------------------------|------------------|---------------|
| Demolition | \$14,300 | (8%) |
| Terra Cotta Repair | \$63,413 | (34%) |
| Masonry | \$22,950 | (12%) |
| Window Refurbishment | \$10,761 | (6%) |
| Ground Floor Storefront | \$65,000 | (34%) |
| New Metal Panels | \$12,500 | (7%) |
| Total Uses | \$188,924 | (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 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 advertise and host a pre-bid conference to allow MWBE subcontractors an opportunity to ask questions and learn more about the job opportunity. DMC staff will be invited to attend the pre-bid conference to observe.
- 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 a 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 total construction costs estimated at \$1,090,000, a 25% level of MWBE inclusion for that work is approximately **\$272,500.**

Staff Evaluation: The subject property at 119 Madison is a prominent historic structure located in Downtown's Main Street retail node, which is an area of focus for the DMC's incentive programs. For years, the property has been vacant and blighted. Meanwhile, other investment has started to transform Madison into a more active corridor, including the recent renovations of 111 Madison and 105 Madison on the same block.

Despite the building's strong architectural character, 119 Madison's small footprint makes adaptive reuse financially challenging. An Exterior Improvement Grant will help to ensure that the owner can preserve the building's character while converting it into a new use. The proposed renovation of 119 Madison will bring a notable building back to life and continue Madison's progress toward becoming a more livable street.

Recommendation:

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