

Center City Revenue Finance Corporation Board Meeting

To: Center City Revenue Finance Corporation (CCRFC)
From: DMC Staff
Date: October 6, 2026
RE: PILOT Application: 22 N. Front St. (Falls Building Redevelopment - 2026)

The above-referenced PILOT application has been submitted for consideration at the October 13, 2026, CCRFC Board Meeting.

Project:	22 N. Front St. (Falls Building Redevelopment - 2026)
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Applicant:	Falls Building Property Owner, LLC c/o Left Lane Development, LLC 827 Washington St. New York, NY, 10014
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Representatives:	Gene Shevaldin SVP Investments Left Land Development, LLC
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	Ash Shaaban President Left Lane Development, LLC
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Applicant's Request:	20-year PILOT for redevelopment of the historic Falls Building as a 175-unit apartment building with ground-floor commercial tenant space
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Included Parcel:	#002005 00001C (22 N. Front St.)
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Project Description:	The subject property is located at the southeast corner of Court Avenue and Front Street in the heart of the Downtown Core. Originally constructed in 1910, the 11-story structure is listed on the National Register of Historic Places and contains approximately 156,000 square feet. The building was most recently operated as Class B, multi-tenant office space serving a variety of commercial tenants. The property previously received a 25-year PILOT from the CCRFC beginning in 1984; that PILOT expired in 2009.
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The applicant acquired the Falls Building in May 2022 with plans to convert the property from office to residential use as a 170-unit multifamily development. The CCRFC approved a 12-year PILOT for the project at its May 9, 2023 meeting. The applicant subsequently closed on the PILOT and began select interior demolition and cleanout work in preparation for the

full renovation. The original development budget was estimated to be \$79,075,000.

Unfortunately, challenging conditions in the national lending market, combined with construction cost escalation, prevented the project from moving forward beyond the initial interior cleanout and prep work as originally planned. The applicant has retained ownership of the property and remains committed to completing the proposed redevelopment. Although physical improvements have not advanced as anticipated, the development team has continued working to secure financing and establish a viable path to restart the project and fully renovate the historic building for residential use. The planned residential unit mix includes studio, one-bedroom, two-bedroom, and three-bedroom apartments. Approximately 35 units are anticipated to be offered as fully furnished apartments.

Contingent upon approval of a new 20-year PILOT from the CCRFC, the proposed redevelopment will transform the Falls Building into a 175-unit, Class A multifamily apartment community with associated resident amenities and 2,244 square feet of commercial tenant space along the north side of the building. With the support of the CCRFC through termination of the existing PILOT and consideration of a new PILOT request, the project is positioned to restart construction within 90 days.

Contingent upon PILOT approval, the applicant plans to close on project financing and begin renovations in Q4 2026. Construction is anticipated to take approximately 18–24 months to complete.

Project Budget:

The total development cost of the project is now approximately \$82,398,028. To be eligible for a PILOT, the value of the proposed building renovations, site improvements, or new construction must be equal to, or greater than, at least 60% of the total project cost. Based on the preliminary budget, the project meets this requirement. The following describes the overall sources and uses of funding:

Sources:

Equity	\$26,300,000	(32%)
Debt	\$55,000,000	(68%)
Sources	\$81,300,000	(100%)

Uses:

Property Acquisition	\$10,000,000	(12%)
Construction Costs	\$54,000,000	(66.5%)
Professional Fees/Soft Costs	\$11,300,000	(14%)
Financing Costs	\$6,000,000	(7.5%)

Uses (w/o PILOT Fee)	\$81,300,000	(100%)
Original PILOT Fee	\$1,098,028*	
Total Uses	\$82,398,028	

**PILOT closing fee will be determined based on 1.5% of final eligible project costs per CCRFC policy*

Project Grading:

Per the CCRFC's PILOT grading system, the project achieves a maximum grade of up to 22.5 Years:

Primary Qualification:

Residential (+51 units) 6 Years

Secondary Qualification:

Retail (Below 5,000 sq. ft.) 0.5 Year

Total Project Development Costs:

+\$20M Million 5 Year

Priorities & Initiatives

Located within CBID 3 Years

Renovation – National Register Building 5 Years

Main to Main Corridor 3 Years

Maximum Grade: 22.5 Years

PILOT Request: 20 Years

Parking Strategy:

The applicant has an agreement with the adjacent parking garage (Metro 67, currently managed by Premium Parking) for 160 parking spaces to satisfy the parking needs of the future residents at the subject property. Additional parking capacity, if needed, also exists at the nearby Shopper's Garage located at Jefferson Ave. and Front St.

Housing Policy:

This project will require compliance with the CCRFC's Affordable Housing Requirement. Per the PILOT policies, multifamily developments with 51 or more units are subject to, and must be compliant with, DMC's affordable housing policy. Per the policy, at all times during the PILOT term, at least twenty percent (20%) of the residential units shall be occupied by or held available solely for individuals and families of low and moderate income such that the percentage of median gross income shall not exceed eighty percent (80%) of the median gross income for Shelby County, Tennessee.

Design Review Board:

The applicant has received DRB approval for this project.

Estimated Payments:

The current annual City and County property taxes generated by the subject property total approximately \$122,147. Approval of a PILOT will facilitate the full redevelopment of this currently vacant building and substantially increase the property's contribution to the local tax base.

During the 20-year PILOT term, the annual payment in lieu of taxes to the City and County is estimated at approximately \$293,323, representing a 140% increase over the property's current annual tax contribution.

Without the PILOT, this vacant building is projected to generate less than \$2.5 million in property taxes to the City and County over the next 20 years if it remains undeveloped. This estimate does not account for the potential decline in surrounding property values that could result from the continued presence of blight and vacancy or its negative effect on nearby commercial properties.

With the proposed PILOT and resulting redevelopment of the Falls Building, the property is projected to generate approximately \$5,866,456 in direct payments to the City and County over the same period. This represents approximately \$3,423,508 in additional property tax revenue to the City and County directly attributable to the redevelopment and PILOT.

In total, approval of the PILOT will transform a vacant property into a significantly greater contributor to the local tax base, generating approximately \$3.4 million in additional property tax revenue to the City and County over the 20-year term that would not otherwise be realized without this development.

Staff Evaluation:

The DMC's Action Plan places a strategic focus on facilitating and accelerating real estate development, incentivizing development when necessary to increase investment and economic activity, and addressing blight to improve the appearance of the built environment.

DMC Staff agrees with the applicant that a PILOT is necessary to secure project financing and make the proposed redevelopment economically viable. Without a PILOT, the project's projected Debt Service Coverage Ratio (DSCR) falls well below acceptable underwriting standards, while projected returns are insufficient to attract equity investment, especially when compared to other low-risk investment opportunities.

Even before the significant impact of the COVID-19 pandemic on multi-tenant office buildings, the market for speculative office space in Downtown Memphis was challenged by higher vacancy, lower occupancy, and lower rents than other segments of the Memphis market. One structural disadvantage of the Downtown office market is its geographic location at the far edge of the county and regional population base. Unlike suburban office locations that are embedded within major concentrations of population, Downtown requires many employees and businesses to make a deliberate trip to a destination for work.

Overcoming this natural disadvantage requires making Downtown a truly great destination that people actively want to visit, rather than a place they perceive as a travel inconvenience or obligation. Growing the Downtown residential population through infill development and adaptive reuse of existing buildings is a key component of this strategy. A larger residential population creates the critical mass needed to support a more robust mix of retail, restaurants, services, entertainment, and other quality-of-life amenities. In turn, these amenities contribute to a more attractive and competitive environment for prospective office tenants and their employees.

Put simply, retail and restaurant development follows rooftops. More residents create greater demand for the businesses and amenities that make Downtown an attractive place to work, while a stronger amenity base helps make Downtown office space more competitive. Continued residential growth is therefore an important component of creating the kind of vibrant, amenity-rich office environment necessary to overcome Downtown's geographic reality and support long-term office demand.

Moreover, office-to-residential conversion can be a particularly effective strategy when it removes substandard or surplus office product from the market and repurposes it for a higher and more productive use, such as residential development. Over time, reducing excess office inventory may also help strengthen the Downtown office market by improving the overall balance of available space and increasing the desirability and competitiveness of remaining Class A office properties.

While Class A office buildings and their occupants remain a vital component of a healthy downtown by providing the daytime population necessary to support a vibrant urban environment, strategic conversion of Class B and lower-quality office space may be a reasonable response to current market conditions and an opportunity to establish viable future uses for potentially obsolete structures. Repositioning a vacant office tower as a fully occupied multifamily development is consistent with the DMC's broader goals of growing Downtown's residential population, increasing activity, improving commercial property values, and strengthening the tax base for the benefit of Memphis and Shelby County.

Recommendation:

Staff recommends approval of a 20-year PILOT, subject to standard closing requirements and conditions. The existing PILOT is anticipated to be terminated concurrently with the closing of the new PILOT.