

Subject: Application to Downtown Memphis Commission for approval of PILOT

Property: 633 Monroe Ave., Memphis 388103

Date: 3/14/2022

1. Applicant Background

Its Not Me Its You, LLC
9277 Cordova Park Rd.
Cordova, TN 38018

Representatives:

Mr. Jon Hodge
9277 Cordova Park Rd.
Cordova, TN 38018

Mr. Reuben (Tripp) Atkinson III
9277 Cordova Park Rd.
Cordova, TN 38018

Corporate Structure: an TN Limited Liability Company

2. Proposed Project

Property Name: Heartbreak

Location: 633 Monroe Ave., Memphis, TN 38103

Parcel ID: 007031 00005

Site Area: 0.172 of Acre or 7,492 Square Feet

Building Size: 11,872 Square Feet

Improvements: The subject property is a vacant 3-story building. Subject to approval of a PILOT, the applicant plans a full renovation of the 11,872 square feet building for a restaurant tenant on the ground floor and a up to 5 apartments on the upper floors. An outdoor pavilion patio will support the residential tenants and a rooftop deck will support the restaurant.

Zoning: CMU-1 – CBD, Central Business District

Highest and Best Use: Commercial / Mixed Use

PART III - PRESENTATION OF DATA IDENTIFICATION OF THE SUBJECT PROPERTY

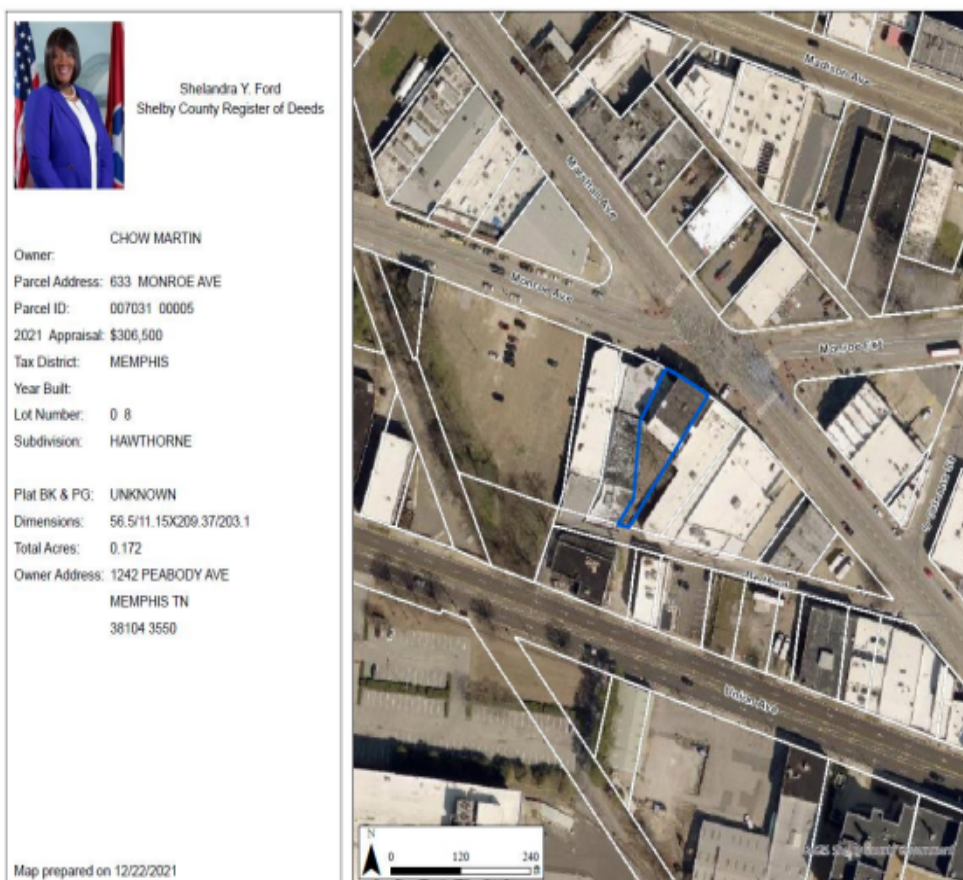
The subject site can be legally identified as:

Part of Lot 8, Agnes Hawthorne Subdivision, less part of widen streets, and being more particularly described as follows:

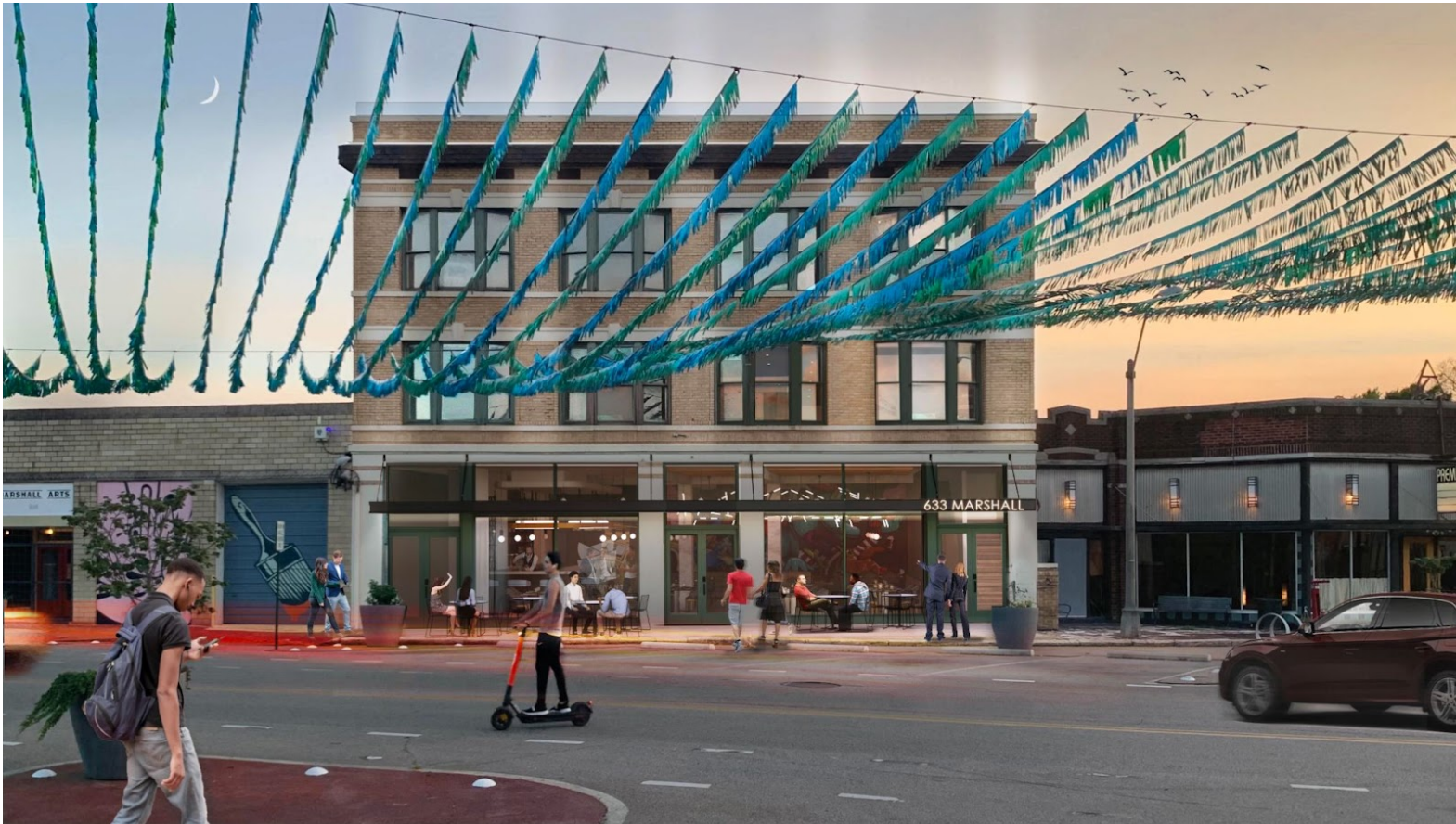
BEGINNING at a point in the south line of Monroe Avenue 869.1 feet eastwardly from the east line of South Lauderdale Street, said point being in the northeastward projection of the west edge of brick wall of a three story brick building and said point being in the west line of Lot 8 of said Subdivision; thence southeastwardly with the south line of Monroe Avenue and Marshall Avenue 56.5 feet to an old spike in the west line of Lot 7, said point being in the east edge of a brick wall of a three story brick building; thence southwestwardly with the west line of Lot 7 and the east edge of said brick wall 203.0 feet to the north line of Bedford Alley; thence westwardly with the north line of said alley 11.15 feet to the east edge of a brick wall; thence northeastwardly with the east edge of said brick wall and making an interior angle with the north line of Bedford Alley of 61 degrees, 48 minutes as measured from east to north, a distance of 28.7 feet; thence northwardly with the east edge of said wall and making an angle to the left of 27 degrees 54 minutes a distance of 95.33 feet; thence northwardly with the east edge of said wall 8.26 feet to a point in the south edge of brick wall of a three story brick building, said point being 2.96 feet southeastwardly from the west line of Lot 8; thence northwestwardly with the south edge of said wall 2.96 feet to the southwest corner of said 3 story building, said point being in the west line of Lot 8 and said point being 76.7 feet southwestwardly from the point of beginning; thence northeastwardly with the west edge of said brick building and the west line of Lot 8, 76.7 feet to the point of beginning.

The legal description or identification utilized as the subject of this appraisal, either provided by the owner or obtained from public records, or other sources, is assumed to be correct, but its accuracy is not the responsibility of the appraiser. The identification of this property is a legal matter that may involve or require a title search, which the appraiser is not trained to perform and has no expertise in. It is recommended that the user of this appraisal consult an attorney or engineer or both about the correctness or accuracy of the legal identification utilized.

GIS PHOTOGRAPH







- See the attached “633 Plans” for the interior design and layout

CURRENT CONDITION























PARKING

The property itself does not include parking, however there are three paid for parking lots within a short walking distance as well as paid for street parking. We have negotiated a parking lease consisting of fifteen parking spots for the residential tenants (See attached LOI by Premium Parking). The restaurant guests will have the option to either self park or valet their vehicles.

Paid parking lot options:

- Premium Parking-P2709 (Rise Apartments) 400 Monroe Ave. , Memphis, TN 38103
 - 5 Min walk or .2 miles



633 Monroe Ave. Memphis, TN 38103

Premium Parking-P2733 607 Monroe Ave. Memphis, TN 38103

1 Min walk or 279 ft

Approximately 106 parking spot



661 Monroe Ave, Memphis, TN 38103

2 Min walk or .1 miles

23 Parking Spots



Paid Street Parking Options:

Monroe to Lauderdale
Approximately 43 spaces

Marshall to Madison
Approximately 41 spaces

633 Monroe Ave
Approximately 4 spaces directly in front of building

Monroe Extended to Madison
Approximately 24 spaces

Orleans Station to Monroe
Approximately 28 spaces

Marshall to Union
Approximately 21 spaces

The redevelopment will:

1. Rectify deferred maintenance
2. Improve energy efficiency
3. Increase employment during and after the redevelopment
4. Result in a materially higher quality property
5. Encourage other investors to consider investing in the Edge District

The redevelopment plan includes:

- Comprehensive renovations of all interior and exterior areas of the buildings on the property to deliver a restaurant on the street level and a mix use of residential apartments
- Urban design, modern and efficient construction practices
- Approximately 5 apartment units
- Other amenities include an outdoor pavilion behind the building and a roof top deck.

Economic / Environmental Impact:

- (a) The removal of vacant property will deter illegal drug dealings , prostitution and other illegal activities
- (b) The property's energy efficiency and environmental impact is significantly improved

3. Site Control

Property Owner: Its Not Me Its You, LLC
Current Financing: The property has currently closed. Upon approval of PILOT the construction funds will be approved and released by the bank.

4. Financial Items:

Sources of Funds		
Bank Loan	\$2,337,500	83.%
Shareholder Equity	\$412,500	15.%
DMC Exterior Grant	\$60,000.00	2.%
TOTAL	\$2,810,000	100.%

Use of Funds		
Land & Building Acquisition	\$700,000.00	25.%
Hard Costs	\$1,960,000.00	70.%
Soft Costs	\$122,206.00	4.%
PILOT FEE	\$27,794.00	1.%
Total	\$2,810,000.00	100.%

	Grading In Year	Grading Rationale
Primary Qualification	1	Res 2 to 5 Units
Secondary Qualification A:		
Secondary Qualification B:		
Secondary Qualification C:		
Total Project Development Cost	1	\$2+MM
CCRFC Priorities:	8	Located in CBID (3) + Located in Edge Neighborhood (3) + Public Art (1) Enhanced Architectural Lighting (1)
PILOT TERM:	10	

Pro Forma w/out PILOT:

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Total Net Income	\$271,131	\$273,842	\$276,581	\$279,346	\$282,140	\$284,961	\$287,811	\$290,689	\$293,596	\$296,532
Operating Expenses	\$58,330	\$59,497	\$60,687	\$61,900	\$63,138	\$64,401	\$65,689	\$67,003	\$68,343	\$69,710
Taxes	\$36,547.00	\$36,547.00	\$36,547.00	\$36,547.00	\$36,547.00	\$36,547.00	\$36,547.00	\$36,547.00	\$36,547.00	\$36,547.00
NOI	\$176,254	\$177,799	\$179,347	\$180,899	\$182,455	\$184,013	\$185,575	\$187,139	\$188,706	\$190,275
Debt Service	\$164,849.00	\$164,849.00	\$164,849.00	\$164,849.00	\$164,849.00	\$164,849.00	\$164,849.00	\$164,849.00	\$164,849.00	\$164,849.00
Cash Flow	\$11,405	\$12,950	\$14,498	\$16,050	\$17,606	\$19,164	\$20,726	\$22,290	\$23,857	\$25,426
ROI	0.41%	0.47%	0.52%	0.58%	0.63%	0.69%	0.74%	0.80%	0.86%	0.91%
ROE	2.76%	3.14%	3.51%	3.89%	4.27%	4.65%	5.02%	5.40%	5.78%	6.16%
DSCR	1.07	1.08	1.09	1.10	1.11	1.12	1.13	1.14	1.14	1.15
IRR										9.38%

PILOT: Cash Flow Impact w/ PILOT

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Total Net Income	\$271,131	\$273,842	\$276,581	\$279,346	\$282,140	\$284,961	\$287,811	\$290,689	\$293,596	\$296,532
Operating Expenses	\$58,330	\$59,497	\$60,687	\$61,900	\$63,138	\$64,401	\$65,689	\$67,003	\$68,343	\$69,710
Taxes	\$14,804.00	\$14,804.00	\$14,804.00	\$14,804.00	\$14,804.00	\$14,804.00	\$14,804.00	\$14,804.00	\$14,804.00	\$14,804.00
NOI	\$197,997	\$199,542	\$201,090	\$202,642	\$204,198	\$205,756	\$207,318	\$208,882	\$210,449	\$212,018
Debt Service	\$164,849.00	\$164,849.00	\$164,849.00	\$164,849.00	\$164,849.00	\$164,849.00	\$164,849.00	\$164,849.00	\$164,849.00	\$164,849.00
Cash Flow	\$33,148	\$34,693	\$36,241	\$37,793	\$39,349	\$40,907	\$42,469	\$44,033	\$45,600	\$47,169
ROI	1.18%	1.23%	1.29%	1.34%	1.40%	1.46%	1.51%	1.57%	1.62%	1.68%
ROE	8.04%	8.41%	8.79%	9.16%	9.54%	9.92%	10.30%	10.67%	11.05%	11.43%
DSCR	1.20	1.21	1.22	1.23	1.24	1.25	1.26	1.27	1.28	1.29
IRR										15.77%

Our group is seeking to yield a minimum of a 15% IRR and a minimum of a 10% ROE. With a PILOT we are able to achieve both of these metrics. The PILOT also satisfies the DSCR requirement of most lenders being 1.2 or greater.

Therefore, the PILOT is required to make the project financially feasible.

****See attached “PILOT Worksheet” for tax calculations***

Accounting Relationships: Roland & Carter, CPAs, PLLC

Financing: The redevelopment project will be financed using a conventional bank loan from a well-respected commercial lender.

5. Project Timeline

Funding the Project: Funding on the purchase of the property has closed. Construction funds are contingent on PILOT approval.

First Expenditure of Funds: April 2022 for physical construction. Significant funds will be spent prior to that point to complete project design and architectural plans.

Construction Commencement: 60-90 days after closing

Completion: 12-18 month construction schedule

6. Project Team

Architect: FiveOne

General Contractor: TBD, we will have an open bid process allowing both MWBE and other general contractors and MWBE and other subcontractors to complete the construction of the project .

7. Credit References

First Citizens National Bank
3668 S Houston Levee Rd
Collierville, TN 38017
Gene Bridges
901-861-1140

Bancorpsouth Bank
3694 S Houston Levee Rd
Collierville, TN 38017
Durden Sharpe
901-850-3242

Patriot Bank
279 Market Blvd
Collierville, TN 38017
Charles Brassfiel
901-848-5042

8. Disclosures

Criminal Proceedings: None

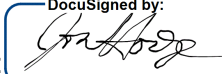
Felony Incidents : None

Bankruptcy Filings: None

9. Applicant Affirmation

This application is made in order to induce the Memphis Center City Revenue Finance Corporation (CCRFC) to grant financial incentives to the applicant. The applicant hereby represents that all statements contained herein are true and correct. All information materially significant to the CCRFC in its consideration of the application is included. The applicant expressly consents to the CCRFC's investigation of its credit in connection with this application. The applicant acknowledges that it has reviewed the descriptions of the CCRFC financial program for which it is applying and agrees to comply with those policies. The applicant shall also be required to show a good faith effort with regard to the employment of MWBE contractors. The applicant significantly agrees to pay all reasonable costs, fees and expenses incurred by CCRFC whether or not the incentive is granted or project completed:

Agreed and Affirmed: by Member, Jon Hodge

Signed: 
234F2B21923749A...

Dated: 3/14/2022

633 Monroe_PILOT Tax Worksheet

PILOT Request	
Requested PILOT Term (years)	10.0
Project Type	Rehabilitation
Located in the CBID?	Yes
Current Amounts	
Base Appraisal	\$306,500
Base Assessment	\$122,600
Annual City Tax on Base Assessment	\$3,326
Annual County Tax on Base Assessment	\$4,230
Annual RE Taxes on Base Assessment	\$7,556
Project Costs	
Acquisition Cost	\$700,000
Hard Costs	\$1,960,000
Soft Costs	\$122,206
Total Project Costs w/o PILOT fee	\$2,782,206
Hard Costs Investment Check - 70.4%	YES
Public grants eligible for PILOT fee basis reduction	\$0
PILOT fee basis	\$2,782,206
PILOT fee	\$27,822
Total Project Costs w/ PILOT fee	\$2,810,028
Valuation & CBID Assessment	
Base Appraisal	\$306,500
Percentage of Hard Costs	\$1,176,000
Estimated Appraisal after Improvements	\$1,482,500
Estimated Assessment after Improvements	\$593,000
Estimated Annual CBID Assessment after Improvements	\$3,790
Annual RE Taxes	
<i>Hypothetical annual taxes without PILOT*</i>	
Estimated Hypothetical Annual City Tax without PILOT*	\$16,088
Estimated Hypothetical Annual County Tax without PILOT*	\$20,459
Estimated Hypothetical Total Annual Taxes without PILOT*	\$36,547
<i>Estimated annual taxes with PILOT</i>	
Estimated Annual City Tax with PILOT	\$6,517
Estimated Annual County Tax with PILOT	\$8,287
Estimated Total Annual Taxes with PILOT	\$14,804
Estimated Annual Benefit	\$21,743
Cumulative RE Taxes	
<i>Hypothetical cumulative taxes without PILOT*</i>	
Estimated Hypothetical Cumulative City Tax without PILOT*	\$160,884
Estimated Hypothetical Cumulative County Tax without PILOT*	\$204,585
Estimated Hypothetical Total Cumulative Taxes without PILOT*	\$365,469
<i>Estimated cumulative taxes with PILOT</i>	
Estimated Cumulative City Tax with PILOT	\$65,167
Estimated Cumulative County Tax with PILOT	\$82,869
Estimated Total Cumulative Taxes with PILOT	\$148,036
Estimated Cumulative Benefit over 10-Year PILOT	\$217,432
Estimated Cumulative Increase in Taxes due to PILOT	\$72,477

**Staff has concluded that this project would not go forward without a PILOT. Hence, the "Estimated Hypothetical" amounts are fictional/moot numbers used to calculate the benefit of the PILOT to the project. The benefit figure does not represent lost tax revenue to the City or County. Without the PILOT, the property would remain unimproved and the tax assessment would continue to be based upon the unimproved value. With the PILOT, the amount listed above as "Estimated Cumulative Increase in Taxes due to PILOT" would be the approximate benefit over the PILOT term to the City and County from newly generated property tax revenue. That amount does not include any new sales taxes that will be generated by the construction and operation of the project. Furthermore, after the PILOT term has finished, it is expected that the annual taxes will be approximate to the amount listed as "Estimated Hypothetical Total Annual Taxes without PILOT".*

Jon Hodge

Real Estate
Resume

2014 – Present: 901 Properties, LLC

Purchased commercial flex space, currently leased to two tenants. 100% occupancy

2016 September- Present: Memphis Property Solutions, LLC

Purchased 36 unit apartment complex (Broadmoor Apartments) 90% occupancy

2016 December-Present: Memphis Property Solutions, LLC

Purchased 34 unit apartment complex (Woodland Apartments) 90% occupancy

2017 March- Present: Memphis Property Solutions, LLC

Purchased duplex 100% occupancy

2015- Present, Personal Real Estate Investment Purchases

Multiple single family dwellings and condos, 100% occupancy on all long term leasing as well as a strong short term leased units

2012-Present - Contracting Solutions, LLC

Involved in rehabbing an excess of 3000 multifamily units in the greater Memphis area.

2021 - Present, NLS Holdings, LLC

1 single family condo, currently short term leasing

Reuben (Tripp) Atkinson III
901-210-7069
tripp@nextlevelstays.com

Construction Background:

2012- Present: ContractingPRO, LLC
Owner and managing member
General Contractor in TN, MS, AR

Real Estate Acquisition & Development

2014 – Present: TEAS Investments, LLC
Purchased commercial flex space, currently leased to three tenants 100% occupancy

2016, September- Present: Memphis Property Solutions, LLC
Purchased 36 unit apartment complex (Broadmoor Apartments) 90% occupancy
Extensive interior and exterior value add project

2016, December-Present: Memphis Property Solutions, LLC
Purchased 34 unit apartment complex (Woodland Apartments) 100% occupancy
Extensive interior and exterior value add project

2017, March- Present: Memphis Property Solutions, LLC
Purchased duplex 100% occupancy

2017- Present, Personal Real Estate Investment Purchases
4 single family dwellings, 100% occupancy

2018, January- Present, MATA Holdings
2 single family condo, currently short-term leasing

2021 - Present, NLS Holdings, LLC
1 single family condo, currently short term leasing





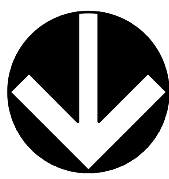
FIVE ONE

85 south front street
memphis tennessee 38103
[t] 901.347.2474

fiveonearch.com

21008

SCHEMATIC DESIGN



F1 FRONT ELEVATION

SCALE: 1/4" = 1'-0"



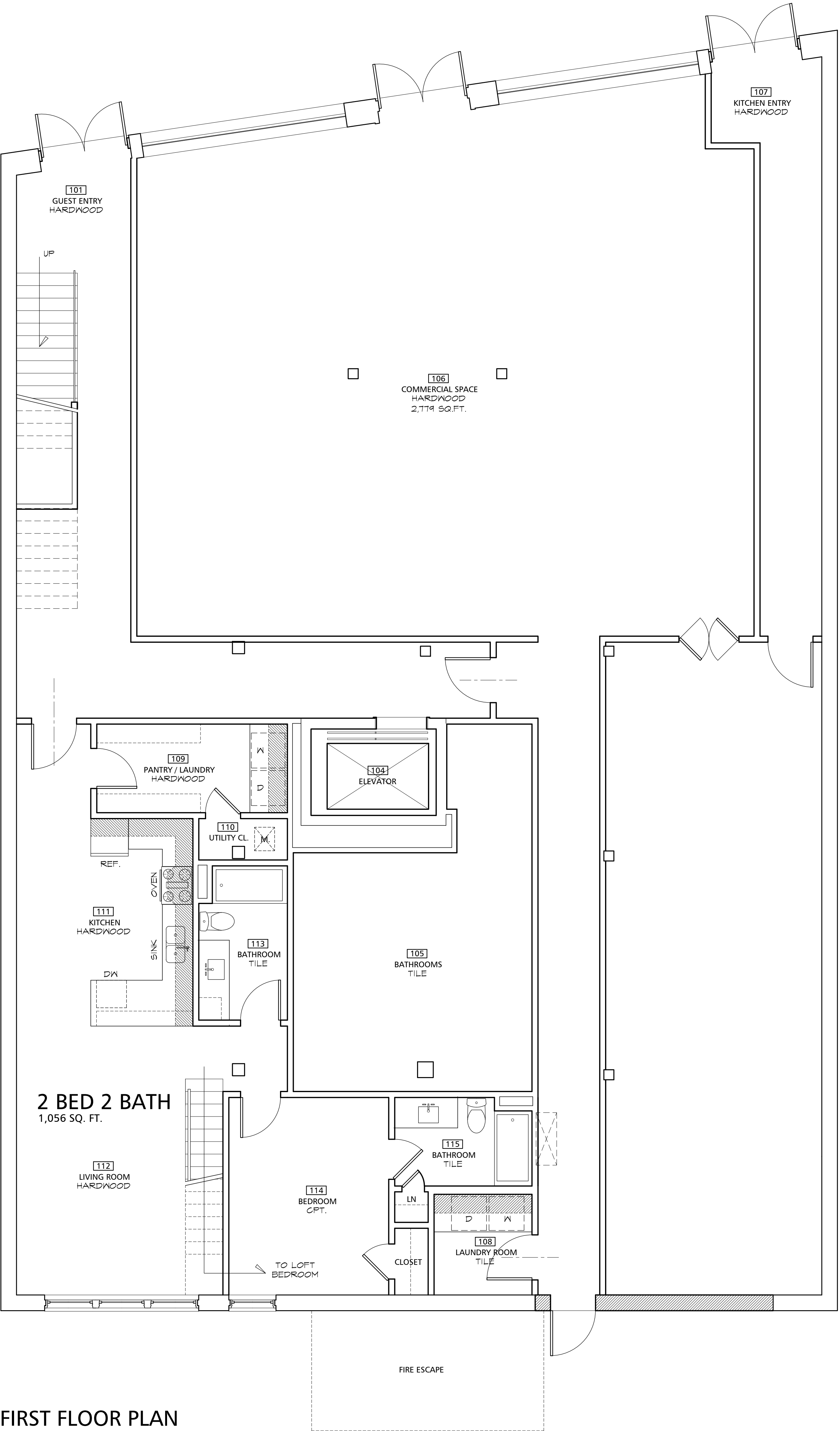
FIVE ONE

85 south front street
memphis tennessee 38103
t| 901.347.2474

fivonearch.com

21008

SCHEMATIC DESIGN



P1 FIRST FLOOR PLAN

SCALE: 1/4" = 1'-0"



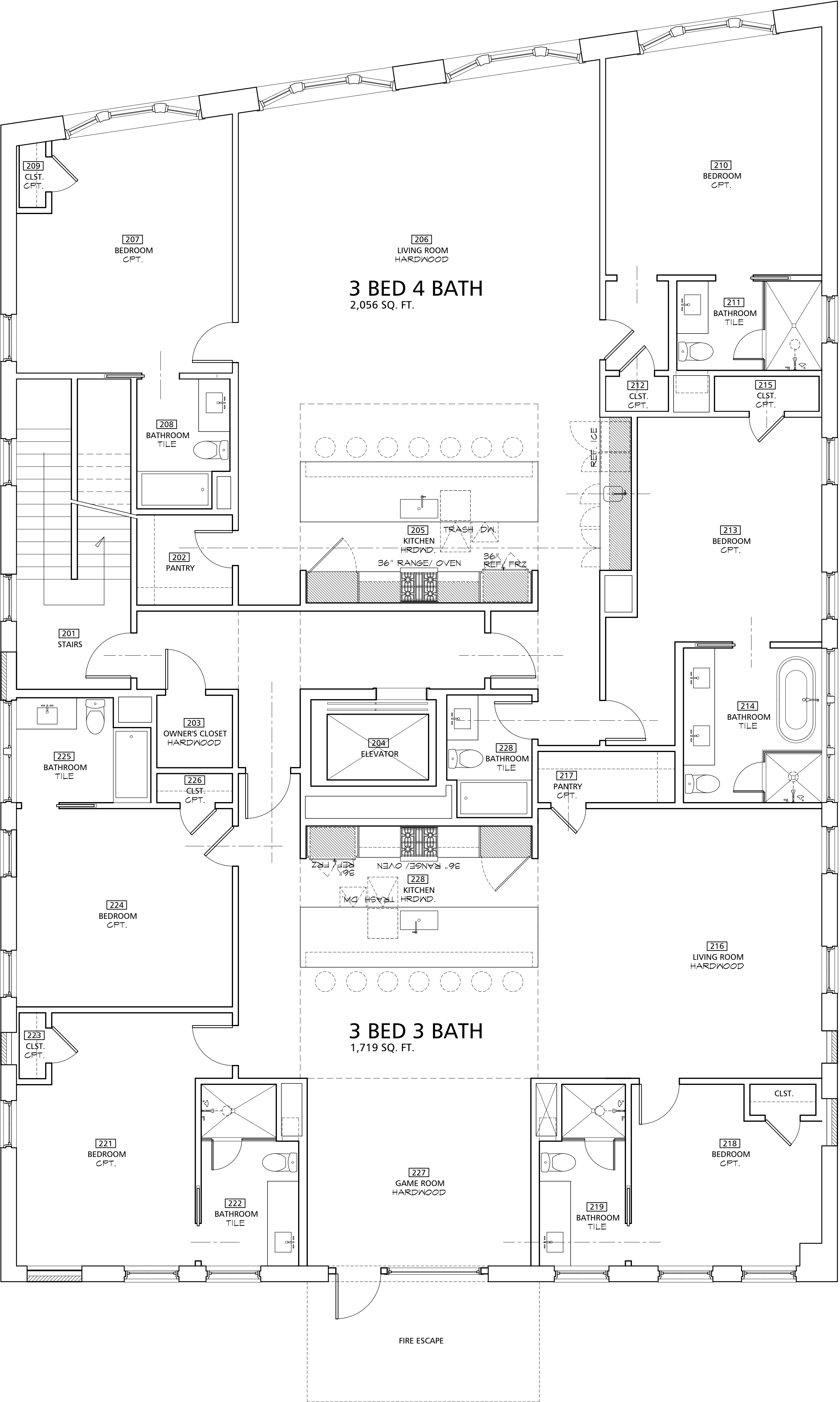
FIVE ONE

85 south front street
memphis tennessee 38103
t| 901.347.2474

fivonearch.com

21008

SCHEMATIC DESIGN



P2 SECOND - THIRD FLOOR PLAN

SCALE: 1/4" = 1'-0"



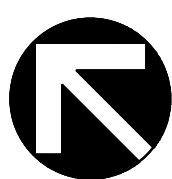
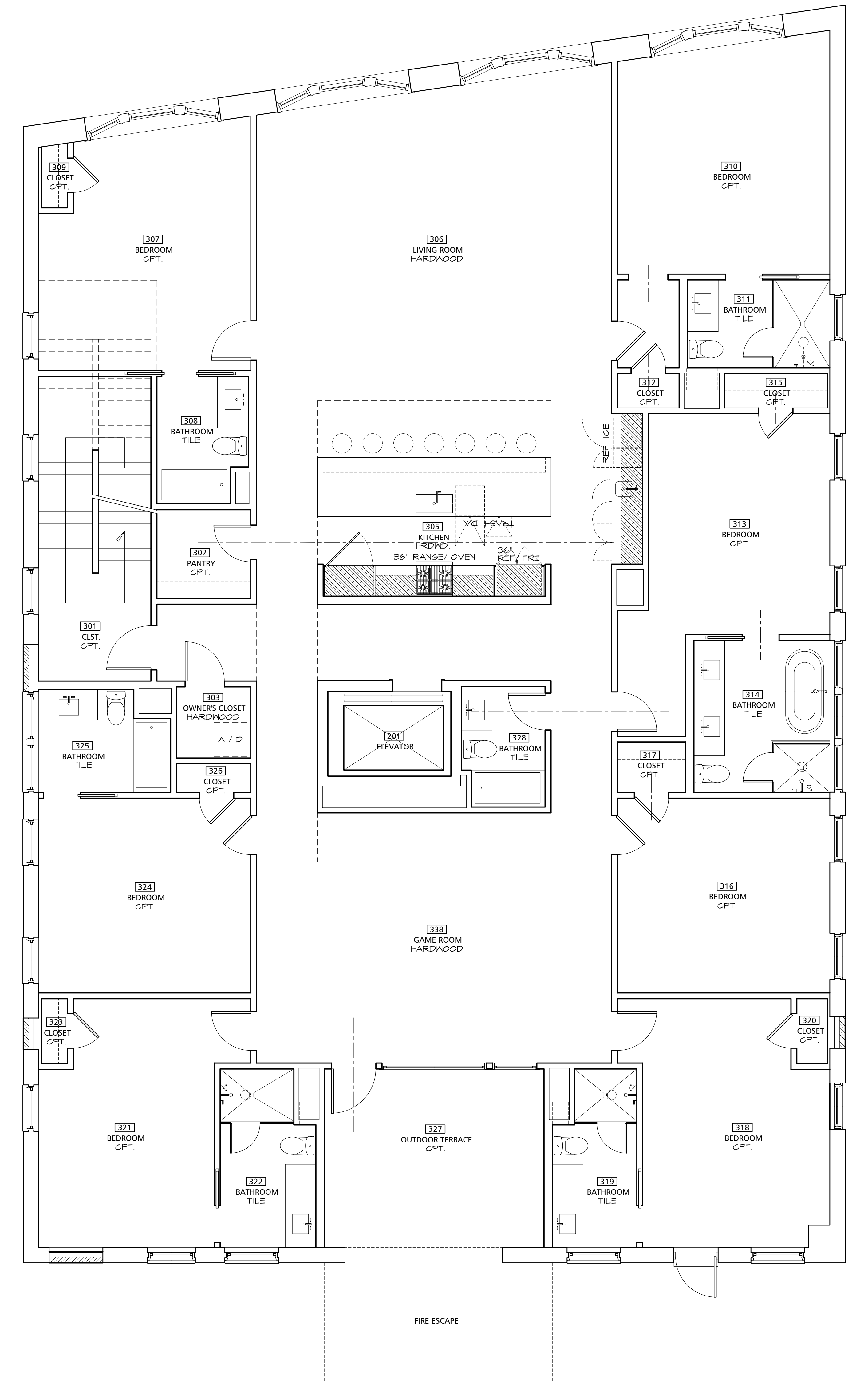
FIVE ONE

85 south front street
memphis tennessee 38103
t| 901.347.2474

fivonearch.com

21008

SCHEMATIC DESIGN



P3 THIRD FLOOR PLAN

SCALE: 1/4" = 1'-0"



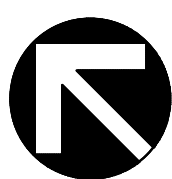
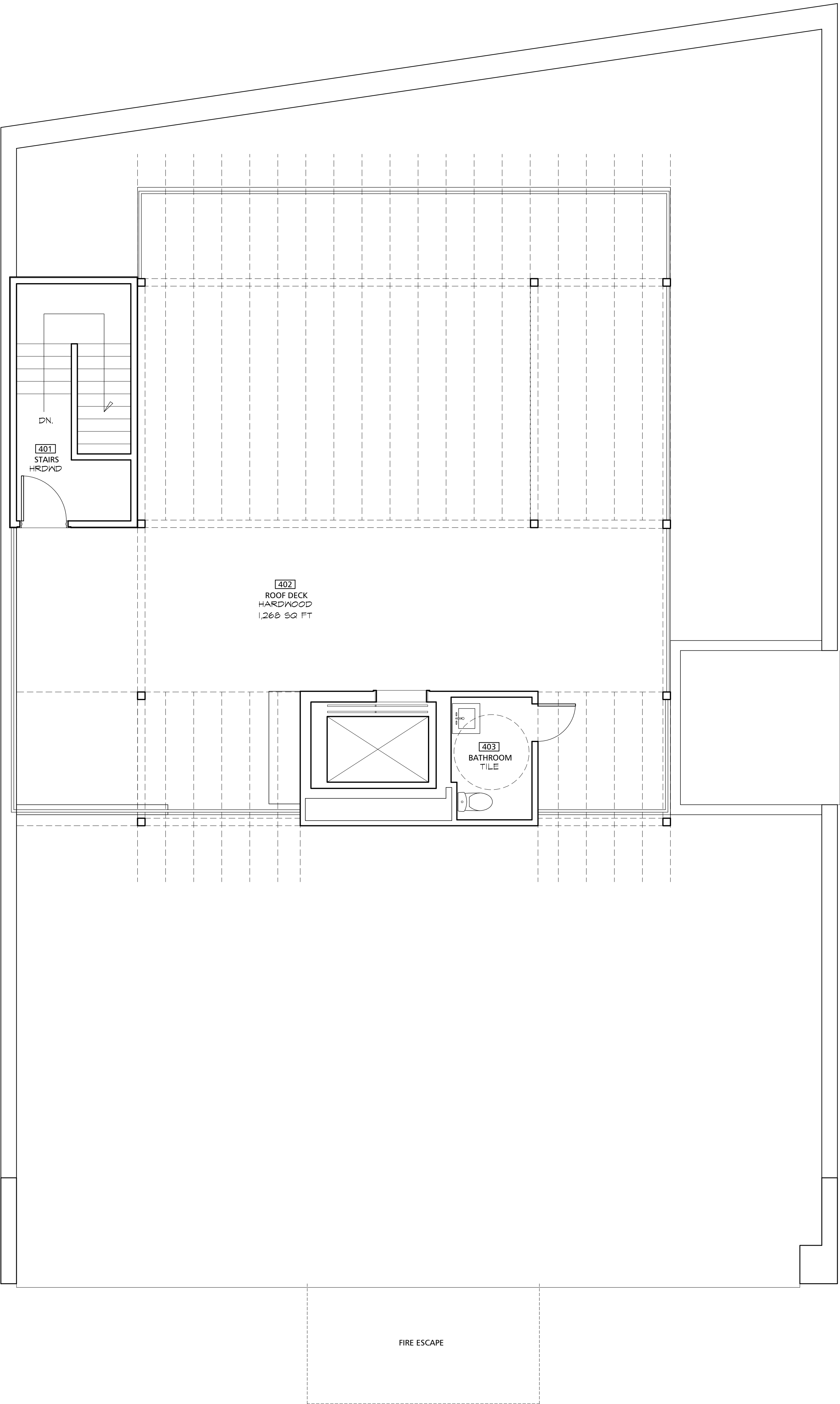
FIVE ONE

85 south front street
memphis tennessee 38103
[t] 901.347.2474

fivonearch.com

21008

SCHEMATIC DESIGN



P4 ROOF FLOOR PLAN

SCALE: 1/4" = 1'-0"