

Center City Development Corporation Board Meeting

To: Center City Development Corporation (CCDC)
From: DMC Staff
Date: January 13th, 2021
RE: Exterior Improvement Grant Request, 644 Madison Ave.

The enclosed Exterior Improvement Grant application has been submitted for consideration at the January 20th, 2021, CCDC Board Meeting.

Project: **644 Madison Ave.**

Applicant/Owner: John Halford
676 Marshall Ave. #101
Memphis, TN 38103

Applicant's Request: Exterior Improvement Grant in an amount up to \$80,000.

Project Description: The subject property is located on the north side of Madison Ave. between Marshall Ave. and S. Orleans St. The project includes a 0.22-acre site containing a 13,200 sq. ft. 2-story commercial building and an adjacent 0.44-acre lot, previously used for MLGW service vehicle parking.

The existing building was previously renovated to operate as a dog daycare center. The exterior façade currently features elongated "roman" brick and long ribbon windows that have been barred shut for security. There is an 8 ft. fence that encloses the property with cyclone razor wire for additional security.

The proposed renovations will convert the existing building into 10,500 sq. ft. of rentable commercial space and 3,000 sq.ft. of residential space. The parking-lot to the west of the building will be repaired and utilized as shared parking for the building along with 631 Madison Ave. and 616 Marshall Ave. A linear park is planned for the full length of the south property line and a screen wall to limit views of the parking lot.

Contingent upon CCDC and DRB approvals, construction is expected to begin May 2021 and take approximately four (4) months to complete.

EIG Budget:

The Exterior Improvement Grant (EIG) is designed to help Downtown commercial property owners and businesses make high-quality cosmetic improvements to the exterior of their property. A secondary goal of the grant is to help new and existing businesses succeed by enhancing their curb appeal in ways that might not be possible without assistance.

The Exterior Improvement Grant is for exterior work only and requires minimum leverage of 1 to 1. The maximum grant for this location (The Edge District) is \$80,000.

The total project budget for 644 Madison Ave. is \$1,450,000. The applicant will cover the acquisition and building improvement costs, totaling \$1,195,000. The applicant will also match the exterior improvement grant of \$80,000 with \$170,000 towards the exterior improvement scope of work. This project was also awarded a \$5,000 façade improvement grant from the MMDC.

The following budget describes the EIG scope:

Total Exterior Sources:

MMDC	\$ 5,000	(2%)
CCDC EIG	\$ 80,000	(32%)
Owner’s Exterior match	\$ 165,000	(66%)
Total EIG Sources	\$ 250,000	(100%)

EIG Eligible Uses:

Façade Demolition	\$ 8,000	(3%)
Site Demolition	\$ 18,000	(7%)
Structural Repair	\$ 12,000	(5%)
Misc. Metals & Framing	\$ 12,000	(5%)
Glass & Glazing	\$ 65,000	(26%)
Exterior Doors & Hardware	\$ 18,000	(7%)
Exterior Paint	\$ 14,000	(6%)
Electrical & Lighting	\$ 12,000	(5%)
Sidewalk Repairs & Concrete	\$ 18,000	(7%)
Fencing & Screen	\$ 30,000	(12%)
Landscaping	\$ 25,000	(10%)
Signage	\$ 8,000	(3%)
Misc. Repairs	\$ 10,000	(4%)
Total EIG Eligible Uses	\$ 250,000	(100%)

Design Review:

This project will be submitted for review and approval at an upcoming meeting of the Design Review Board (DRB).

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. The applicant had already begun interviewing several MBE certified General Contractors at the time of submitting this application. The applicant has a clear understanding of the EBO Program and has worked with the 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 continue identifying qualified 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, 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 an estimated budget of \$1,450,000, a 25% level of MWBE inclusion for that work is approximately **\$362,500.**

Staff Evaluation:

Staff is supportive of approving an Exterior Improvement Grant for this project. Renovating existing buildings into mixed-uses of commercial and residential space Downtown helps to advance the DMC's dual goals of improving commercial property values and increasing both the daytime and the residential population. Moreover, improving the exterior appearance of this property will further strengthen Madison Avenue as an essential corridor connecting the Edge neighborhood to Downtown's core.

The proposed changes, such as large landscape improvements, paint, and a new storefront will dramatically enhance a highly-visible site in the neighborhood. This project also helps to fill a crucial gap along the northern portion of the Edge District, surrounded by important institutions in the neighborhood such as the MMDC office, Evelyn & Olive, Karen Adams Designs, Sam Philips Recording Studio and Sabor Caribe. The applicant is currently in negotiations with tenants to occupy the newly renovated spaces.

Recommendation:

Staff recommends approval of an Exterior Improvement Grant in an amount up to \$80,000, based on approved receipts and subject to all standard closing requirements and conditions.