

# Center City Development Corporation Board Meeting

To: Center City Development Corporation (CCDC)  
From: DMC Staff  
Date: September 7, 2022  
RE: Exterior Improvement Grant Request – 69 Pontotoc

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The enclosed Exterior Improvement Grant (EIG) application has been submitted for consideration at the September 14, 2022, CCDC Board Meeting.

**Project:** 69 Pontotoc Ave.

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Applicant/Owner: Joseph Lewis & Anthony Kuhn  
69 Pontotoc, LLC  
65 West Galloway Drive  
Memphis, TN 38111

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

Project Description: The subject property (0.184 acres) is located on the south side of Pontotoc, in the block between Front Street and South Main Street. The site contains a 3-story historic building originally built in 1906 and commonly known as the Hotel Pontotoc. Although the building has been partially occupied as a single-family residence in recent years, the building is now vacant and in need of full renovation.

The applicant has purchased the property and is proposing a full interior and exterior renovation of the historic building as a mixed-use commercial development. The ground-floor will be a restaurant tenant space for lease with a sizable outdoor dining area possible on the west side of the building. The upper two floors will be renovated for a total of approximately 10 rental apartment units. The current operation plan is to make the residential units available for short-term rentals with the ability to adjust to traditional 12-month rentals, if market conditions change.

The scope of work and overall exterior improvement budget will far exceed the maximum EIG grant. Major exterior improvements include the following components:

- Replace all existing windows
- Roof replacement
- Structural façade repairs and tuck pointing
- New stairway entry

Following CCDC grant approval, construction will likely begin in October 2022. Construction is expected to take approximately 12-18 months following start of work.

EIG Budget:

The Exterior Improvement Grant 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 (South Main target area) is \$60,000.

The following budget describes the grant-eligible scope:

**Sources:**

Applicant's contribution	\$299,448	(83%)
CCDC EIG Grant	\$60,000	(17%)
<b>Total Sources</b>	<b>\$359,448</b>	<b>(100%)</b>

**Uses:**

General conditions	\$35,500	(10%)
Contractor fee & insurance	\$23,000	(6%)
Select demolition	\$12,554	(3.5%)
Exterior cleaning & prep	\$4,500	(1%)
New exterior stair	\$45,411	(13%)
Façade structure & masonry	\$75,000	(21%)
Steel (railings & structural)	\$11,044	(3%)
Flashing & caulking	\$2,500	(1%)
Exterior windows & doors	\$134,824	(37.5%)
Exterior lighting & electrical	\$15,115	(4%)
<b>Total Uses</b>	<b>\$359,448</b>	<b>(100%)</b>

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.
- Once a general contractor is identified, 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 total exterior improvement budget of \$359,448, a 25% level of MWBE inclusion for that work is approximately **\$89,862.**

Staff Evaluation:

The DMC’s Strategic Plan encourages facilitating and accelerating real estate development, incentivizing Downtown development when necessary to increase investment and economic development, and fighting blight to improve the visual appearance of the built environment Downtown.

DMC staff is in full support of this grant request for numerous reasons. Supporting a significant redevelopment at this location is closely aligned with the DMC’s goals of improving commercial property values, increasing commercial density

within an established retail node, and fighting blight and vacancy in the core city.

Historic renovation and adaptive reuse projects help build a great downtown that leverages our existing building stock as a distinct competitive advantage. Encouraging the preservation and reuse of historic buildings is part of the DMC's strategy to embrace our authenticity and unique sense of place. Additionally, adding new ground-floor restaurant and commercial space within South Main is highly consistent with the Downtown Retail Strategy & Action Plan. A key focus of that work is to increase the density of retail offerings and fill vacancy gaps in ground-floor activity within established retail nodes, especially South Main. Reanimating empty or underutilized buildings adds population density needed to build the compact critical mass of customers and commercial offerings required for a vibrant retail district. Vacant buildings discourage walkability and can contribute to perceptions of disinvestment, blight, and safety issues.

With major neighborhood investments underway or recently completed at The Downtown Mobility Center, One Beale, Frontline Townhomes, Tennessee Brewery, Central Station, Artspace Lofts, Malco Theater, Arrive Hotel, Slider Inn, WLOK, Ambassador Hotel, Wiseacre, Museum Lofts, Century House, and the Arcade building, this project will only add to the continued momentum of South Main.

**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.**