

Center City Development Corporation Board Meeting

To: Center City Development Corporation (CCDC)
From: DMC Staff
Date: December 7, 2022
RE: Development Loan Request – 73 Union Ave.

The enclosed Development Loan application has been submitted for consideration at the December 14, 2022, CCDC Board Meeting.

Project: **73 Union Ave.**

Applicant/Owner: Ms. Crystell Harris
2750 Mount Moriah Parkway
Memphis, TN 38115

Applicant's Request: Development Loan in an amount up to \$40,300.

Project Description: The subject property is a commercial condominium on the south side on Union Avenue, in the block between Front Street and South Main Street. The space includes approximately 4,000 sf. ft. on the ground-floor and basement level. This vacant commercial space has frontage along Union Avenue and was formerly used as an office use.

The applicant purchased the commercial condominium and plans to move her business, Harris & Harris Realty Group, into the space. The applicant has 9 agents under brokerage and plans to grow the business and hire additional support staff. The applicant is applying for the CCDC's Development Loan to help make improvements needed to update the space and bring it fully up to code as office space.

Dev. Loan Program: The Development Loan can be used for commercial building renovations, site improvements, and new construction. Building system improvements, permanent equipment, and first floor, non-residential tenant improvements that are permanent in nature are also eligible uses. Removable fixtures and equipment and soft costs are not eligible expenses under the program. The Development Loan is permanent financing at an interest rate of 1%. While the loan has a 10-year term, the amortization schedule is based on a 20-year period in order to offer lower monthly payments.

The program has a maximum loan amount of \$200,000 per project. As permanent financing, the final loan amount is reimbursable and based on approved receipts for eligible improvements.

Overall Budget: The following budget describes the project:

| | | |
|-----------------------------|------------------------|----------------------|
| <u>Sources:</u> | | |
| CCDC Development Loan | \$40,300 | (100%) |
| <i>Total Sources</i> | <i>\$40,300</i> | <i>(100%)</i> |
| <u>Uses:</u> | | |
| Electrical | \$12,500 | (31%) |
| Plumbing | \$7,500 | (19%) |
| Carpentry | \$18,300 | (45%) |
| Cleanup | \$2,000 | (5%) |
| <i>Total Uses</i> | <i>\$40,300</i> | <i>(100%)</i> |

Design Review: DRB review and approval will only be required for any exterior work.

EBO Program: Any project that is awarded a financial incentive from the DMC must comply with the Equal Businesses Opportunity (EBO) Program. The EBO program requires that the applicant make a best faith effort to reach no less than 25% participation by minority and women-owned businesses (MWBE) for the portion of the project scope that is eligible for bidding or subcontracting. The portion of a project subject to meeting the EBO requirements typically involves the hard and soft costs for design & construction.

According to the estimated budget, a 25% level of MWBE inclusion for the estimated hard and soft costs will be approximately **\$10,075**.

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 supports this project for a number of reasons. The subject property at 73 Union sits near a key intersection in the heart of the Downtown Core. Union Avenue is a high-traffic pedestrian corridor for residents, office workers, and visitors alike. Replacing vacant ground-floor space within the Downtown Core with active uses is a high-priority for the DMC and its affiliates. Filling ground-floor vacancy along key pedestrian corridors helps improve walkability downtown and can contribute to an increased sense of safety.

Moreover, approving a Development Loan for this project actively supports a local company, Harris & Harris Realty, in their efforts to invest in permanent office space in Downtown Memphis. Recruiting and retaining new Downtown office users, especially minority and women-owned firms, is a top goal for the DMC.

Recommendation:

Staff recommends approval of a Development Loan in an amount up to \$40,300, based on approved receipts and subject to all standard closing requirements and conditions.