

Center City Revenue Finance Corporation Board Meeting

To: Center City Revenue Finance Corporation (CCRFC)
From: DMC Staff
Date: October 6, 2026
RE: PILOT Application: Belle | Mont (Phase II)

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

Project:	Belle Mont Multifamily Development – Phase II
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Applicant:	Scott Kern, Development Team Representative Belle Mont Phase 2, LLC 1770 Kirby Parkway, Suite 215 Memphis, Tennessee 38138
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Applicant's Request:	10-year PILOT for a new-construction multifamily development with 14 apartment units.
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Included Parcel:	The existing parcel (#020005 00011) will ultimately be subdivided into three separate parcels, with each of the three project phases located on its own parcel.
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Project Description:	The overall project site consists of a 2.53-acre lot located at 0 North Bellevue and 272 N. Bellevue in the Crosstown neighborhood. The property is located within the CCRFC's area of jurisdiction for purposes of the PILOT Program.
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At its September 17, 2024 meeting, the CCRFC approved a 10-year PILOT for Phase I of the Belle | Mont multifamily development. Phase I is now complete and nearing full occupancy, with 23 rental residential units, onsite parking, and shared public-space amenities. Phase I occupies approximately the easternmost third of the overall site. The larger, overall parcel will be subdivided. At the time of the original PILOT approval, the applicant indicated that future phases would be developed as market conditions warranted with the support of future PILOT requests.

The applicant is now prepared to move forward with a PILOT request for Phase II, a modern, community-focused residential development that incorporates a range of unit sizes and amenities designed to enhance livability. The second project phase will add new housing to the “middle third” of the site. Phase II will consist of 14 residential units arranged in a combination of duplexes and triplexes surrounding a shared pedestrian walkway that will provide convenient access and a

connection to Phase I. The proposed unit mix includes two (2) two-bedroom triplexes, two (2) two-bedroom duplexes, and two (2) one-bedroom duplexes, for a total of 14 units averaging approximately 902 square feet per unit.

Interior finishes are planned to include quartz countertops, LVT flooring, and Energy Star appliances. Exterior improvements will create a walkable residential environment with access to the Phase I courtyard, which includes a covered grilling station and fire pit. Additional site amenities will include enhanced landscaping, a dog run, and secured parking.

If the Phase II PILOT is approved, construction is anticipated to begin in December 2026, with substantial completion anticipated by the end of December 2027.

PILOT Grading Criteria: The applicant is requesting a PILOT term of 10 years.

<u>Grading Criteria:</u>	
Residential (11-15 units)	3 Years
Located within CCRFC Boundaries	1 Year
\$1-5 Million Development Cost	1 Year
Census Tract with Poverty Rate >20%	2 Years
Census Tract earning <80% AMI	2 Years
Maximum PILOT Grade:	9 Years
Applicant’s PILOT Request:	10 Years

The traditional CCRFC PILOT Grading Criteria were developed many years ago and reflect a clear preference for incentivizing larger projects. Under the existing grading rubric, developments with more residential units, greater commercial square footage, and larger overall development budgets generally receive longer PILOT terms. While that rationale continues to make sense as a general policy preference for supporting catalytic development and more significant investment, smaller-scale infill projects remain vitally important to Downtown and the surrounding neighborhoods’ continued revitalization.

These infill projects help fill gaps in the urban fabric, address vacant or blighted properties, and return otherwise unproductive sites to productive use. Importantly, smaller infill projects are not inherently easier to develop simply because they are smaller. In many cases, they operate with tighter margins and fewer economies of scale, while still facing many of the same pre-development, financing, construction, and operating challenges as larger projects. As a result, the size of a project alone does not necessarily reflect the level of difficulty or financial feasibility involved in bringing a commercial development project to completion.

For these reasons, staff believes the CCRFC's general preference for larger, more catalytic projects should continue to serve as the central guiding principle, while also allowing appropriate consideration for smaller-scale infill projects that address strategic redevelopment opportunities.

Staff is fully supportive of approving the requested 10-year PILOT term. Although application of the existing grading criteria would result in a 9-year term when the project is evaluated based on its smaller, phased development approach, staff believes a 10-year term is appropriate in this case. The phased approach is structured to make the project's financing and equity investment feasible, and the additional year of PILOT support will provide greater financial certainty during the project's initial operating years.

It is also important to recognize that the project's phased structure affects how it scores under the existing grading rubric. If the overall development were undertaken as a single project rather than in three individual phases, the project would likely qualify for a substantially longer PILOT term - approximately 14 years - under the existing criteria. Staff therefore believes that providing the requested 10-year term is a reasonable application of the CCRFC's existing policy framework while appropriately recognizing the importance of this smaller-scale, phased infill development.

Site Control & Zoning:

The applicant has confirmed with the City of Memphis that the proposed Phase II development may proceed as a by-right project. An Administrative Site Plan Review has been submitted to the City, along with a Certificate of Appropriateness (CoA) application to the Memphis Landmarks Commission (MLC). The applicant anticipates receiving the required approvals and CoA in October 2026.

Amenities & Affordability:

The project is designed to maximize usable green space while preserving as many of the site's existing mature trees as possible. Overall amenities will include a shared courtyard with landscaping, a dog run, secured parking, and a covered grilling station.

The proposed development will provide housing with rents targeted between 80% - 100% of Area Median Income (AMI) rent limits. This affordability component addresses the need for attainable housing in the area and supports local workforce housing needs by creating opportunities for residents to live in proximity to employment centers.

Development Budget:

The total development cost of the project is approximately **\$2,798,362**. 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:

Construction Loan	\$1,902,886	(68%)
Subordinate Debt*	\$220,000	(8%)
Equity	\$655,476	(23%)
Grants (City HCD)	\$20,000	(1%)

Total Sources \$2,798,362 (100%)

**Subordinate debt is anticipated to be provided through the City of Memphis HCD Middle Income Program.*

Uses:

Acquisition	\$77,839	(3%)
Hard Costs	\$2,058,050	(73.5%)
Soft Costs	\$281,547	(10%)
Contingency	\$154,354	(5%)
Reserves	\$11,012	(0.5%)
Development Fee	\$139,918	(5%)
Financing Fees	\$75,642	(3%)

Total Uses \$2,798,362 (100%)

Parking Strategy:

Parking will be provided onsite in a fenced parking lot. The existing parking lot will ultimately be expanded to provide 61 spaces, with an additional 7 spaces provided as adjacent on-street parking. As part of Phase II, the parking lot will be expanded to provide at least 1 parking space per residential unit. Additionally, bicycle parking racks have been provided on-site in partnership with the Downtown Memphis Commission (DMC) and its Downtown Mobility Authority (DMA).

Design Review Board:

The applicant will submit plans to the DRB in the coming months.

Estimated Payments:

The current annual city and county taxes on the subject property total approximately **\$1,050**. A PILOT would allow for new infill development and residential density on what is currently vacant and underutilized space.

During the 10-year PILOT term, the annual payment in lieu of taxes to the City and County is estimated to equal approximately **\$10,401**. This represents a **+800% increase**

from the amount of taxes currently generated by the property. Over the course of the 10-year PILOT term, the cumulative increase in City and County taxes generated by this property as a result of this PILOT will be approximately **\$93,508**.

Staff Evaluation:

Based on the submitted application and accompanying pro forma, DMC staff agrees with the applicant that a PILOT is necessary for Phase II of the Belle | Mont development to be economically viable and to attract the debt financing and equity investment necessary to undertake the project. While the property will generate substantially more tax revenue during the PILOT period than it does today, the PILOT is designed to slow the growth of the project's fixed property tax expense during the initial operating years. This improves project economics and helps make the overall financial structure acceptable to both bank underwriters and equity partners.

The CCRFC works deliberately to facilitate and accelerate investment in commercial property within the core city. Expanding the property tax base and increasing the population of Memphis are foundational goals of both the DMC and CCRFC. This PILOT application is consistent with these objectives and represents an important continuation of the investment initiated through Phase I. Given the demonstrated financial need, the cumulative benefits of the Belle | Mont development, and the importance of maintaining momentum between phases, DMC staff believes a 10-year PILOT is appropriate.

The Belle | Mont development is successfully transforming a long-underutilized site into a high-quality multifamily community and returning a vacant property to productive use. Phase II will build upon the momentum established by Phase I by adding additional residents, generating new private investment, and creating additional future property tax revenue. It will also advance the redevelopment of a site that has remained underutilized for decades.

Recommendation:

Staff recommends approval of a 10-year PILOT subject to meeting all standard closing requirements and conditions.