

Heritage Trail Community Redevelopment Plan

City of Memphis, Tennessee
September 13, 2012



Acknowledgments:

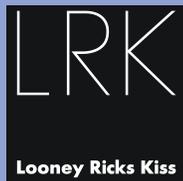


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Executive Summary

How This Plan Relates to the *Community Redevelopment Act*

In 2001 the City of Memphis and Shelby County established the Memphis and Shelby County Community Redevelopment Agency, an agency empowered by the State of Tennessee's *Community Redevelopment Act* legislation, to aid private redevelopment efforts through a variety of development and financing tools. The actions of the Community Redevelopment Agency are substantiated by the findings of the Workable Program report, adopted March 2001, which found that conditions of slum, blight, and the lack of affordable housing and housing for the elderly exist in Memphis, and which outlined the need for revitalization of several areas of the city. As part of the state legislation, a detailed *Community Redevelopment Plan* must be prepared for each area of the City in which the Community Redevelopment Agency may act. This report is the plan and satisfies the requirements of the state legislation for the Heritage Trail area.

Need for Redevelopment

Over the last two decades, the Heritage Trail Community Redevelopment Area has seen a slow progression of redevelopment and investment in the downtown core but left the areas south of downtown largely untouched. Private investment has overlooked this area where public housing, low-income housing, deteriorating buildings, vacant lots, and neglect predominate despite being in immediate vicinity of jobs, tourism destinations, and the Medical Center. Continuing to neglect this area will lead to fewer opportunities for affordable housing, deterioration of the tax base, and likely result in disinvestment in property and business. To reverse the downward trend, investment led by the public sector can stimulate a more sizable investment by the private sector.

The Community Redevelopment Plan provides the framework to incentivize the reinvestment and redevelopment of the Area in order to support Downtown and the existing neighborhood, improve housing conditions for those with the fewest means, improve infrastructure and land in order to support new investment, and sustain the needed parks and open spaces to promote quality of life.

Initial Undertakings of the Community Redevelopment Agency

The Community Redevelopment Agency has an important role in making the Redevelopment Plan become reality; however, it is not the sole entity that can carry out the Plan. The revitalization of neighborhoods is not conducted by Government alone, nor is private enterprise able to take on the risks and challenges of revitalization alone. It is too difficult, risky and expensive; however, private enterprise can carry out much of the heavy lifting when provided with incentives and assistance from the CRA, City, County and others. The role for the Community Redevelopment Agency, therefore, should be to carry out the following activities as well as those to be identified in the future, in order to accomplish the Community Redevelopment according to this plan.

Recommended initial Community Redevelopment Agency undertakings, activities and projects include (additional items to be added in the future):

- Assist financially in the redevelopment of declining public housing into mixed income development of public, affordable and market-rate housing such as the Cleaborn Pointe at Heritage Landing (400-unit) project and the redevelopment of Foote Homes.

- Establish a program for scattered site affordable housing new construction and housing rehabilitation of existing structures, totaling up to 800 residential units.
- Establish a site acquisition fund to acquire tax-delinquent, vacant, unsafe, surrendered or underutilized properties to make available as residential sites for developers or homeowners. The proceeds from sale of development lots could go to replenish the acquisition fund.
- Support key mixed-use redevelopments which have the potential to provide housing, neighborhood-oriented retail services, and jobs in locations convenient to residents.
- Work with a Master Developer and the City of Memphis for coordinating redevelopment efforts, such as infill housing sites, retail sites, or other strategic private enterprise investments in the study area.
- Infrastructure improvements in key locations in the form of parks and open spaces, sidewalks, stormwater drainage, underground utilities, public parking, and street realignment. These improvements should be aimed toward areas ripe for redevelopment or reinvestment, preparing them for private-sector investment, or in highly visible locations critical to the image of the community.
- Streetscape improvements in key locations where development is likely to occur or where they are highly visible, turning about the image of the neighborhood. Also, certain areas where streets would act to make the area more pedestrian or bicyclist friendly and make parks and recreation areas more accessible.
- Work in conjunction with the Memphis Land Bank, the City of Memphis or other agencies wherein the CRA can temporarily hold property to be later resold, or assembled into larger sites for development.
- Establish all the necessary funds, programs and financing tools that would enable CRA to provide development financing assistance, acquire and dispose of property, conduct housing rehabilitation/recovery/repair programs, etc. Examples include Tax Increment Financing (TIF) districts, funds from state and federal grant programs, and creating a consortium of banks and lenders willing to underwrite particular programs.

Summary

The *Community Redevelopment Plan* proposes acquiring as many as 200 vacant, tax delinquent or underutilized units/lots, promotes the demolition and removal of structures which are structurally unsound or unfeasible to renovate, and recommends redevelopment of those lots for residential or other uses. Rehabilitation of certain housing units will be promoted where appropriate. The plan promotes the redevelopment of 450 acres of vacant or underutilized properties for residential, commercial, industrial, or mixed-use development. The plan calls for up to 27 miles of streetscape improvements (including sidewalks, curb and gutter, lighting, landscaping, etc.), six (6) miles of new streets, 17 acres of new parks and recreation space and other public improvements. In certain large-scale redevelopment projects the CRA may make improvements to the site such as upgrading utility infrastructure, streetscape improvements, relocation of access or streets, grading, remediation, etc. in order to make the site suitable for redevelopment by private enterprise.

Chapter One: Introduction

1

Community Redevelopment Act

The “Community Redevelopment Act of 1998” (Chapter NO. 987) (“the Act”) was approved on May 18, 1998 by the Legislature of the State of Tennessee to allow certain jurisdictions to create an agency, called the Community Redevelopment Agency (CRA), with the purpose of addressing particular urban problems in a more nimble and effective manner than seen previously. The CRA Act expressly identified that *“there exists in counties and municipalities of the state slum and blighted areas which constitute a serious and growing menace, injurious to the public health, safety, morals, and welfare of the residents of the state; that the existence of such areas contributes substantially and increasingly to the spread of disease and crime, constitutes an economic and social liability imposing onerous burdens which decrease the tax base and reduce tax revenues, substantially impairs or arrests sound growth, retards the provision of housing accommodations, aggravates traffic problems, and substantially hampers the elimination of traffic hazards and the improvement of traffic facilities; and that the prevention and elimination of slums and blight is a matter of state policy and state concern in order that the state and its counties and municipalities shall not continue to be endangered by areas which are focal centers of disease, promote juvenile delinquency, and consume an excessive proportion of its revenues because of the extra services required for police, fire, accident, hospitalization, and other forms of public protection, services, and facilities.”*

The Act *“further found and declared that certain slum or blighted areas, or portions thereof, may require acquisition, clearance, and disposition subject to use restrictions since the prevailing condition of decay may make impracticable the reclamation of the area by conservation or rehabilitation; that other areas or portions thereof may, through the means provided in the act, be susceptible of conservation or rehabilitation in such a manner that the conditions and evils enumerated may be eliminated, remedied, or pre-vented; and that salvageable slum and blighted areas can be conserved and rehabilitated through appropriate public action as herein authorized and the cooperation and voluntary action of the owners and tenants of property in such areas.”*

The Act also *“found and declared that the powers conferred by this act are for public uses and purposes for which public money may be expended and the power of eminent domain and police power exercised, and the necessity in the public interest for the provisions herein enacted is hereby declared as a matter of legislative determination.”*

The Act *“further found and declared that the preservation or enhancement of the tax base from which a taxing authority realizes tax revenues is essential to its existence and financial health; that the preservation and enhancement of such tax base is implicit in the purposes for which a taxing authority is established; that tax increment financing is an effective method of achieving such preservation and enhancement in areas in which such tax base is declining; that community redevelopment in such areas, when complete, will enhance such tax base and provide increased tax revenues to all affected taxing authorities, increasing their ability to accomplish their other respective purposes; and that the preservation and enhancement of the tax base in such areas through tax increment financing and the levying of taxes by such taxing authorities therefore and the appropriation of funds to a redevelopment trust fund bears a substantial relation to the purposes of such taxing authorities and is for their respective purposes and concerns.”*

Finally, the Act *“ found and declared that there exists in counties and municipalities of the state a severe shortage of housing affordable to residents of low or moderate income, including the elderly; that the existence of such condition affects the health, safety, and welfare of the residents of such counties and municipalities and*

retards their growth and economic and social development; and that the elimination or improvement of such condition is a proper matter of state policy and state concern and is for a valid and desirable public purpose.”
(CRA Act Section 2)

It was because of the findings outlined above that the State of Tennessee adopted the Community Redevelopment Act.

Adopted Workable Program

A Workable Program document, required by the CRA Act, was adopted by the City of Memphis on March 6, 2001 and by Shelby County on March 28, 2001. Based upon the documents findings, the Memphis and Shelby County Community Redevelopment Agency was created and given the mission to use a wide-range of programs and financial instruments to help stabilize, revitalize, and redevelop certain areas of the city. Furthermore, the report identifies numerous redevelopment project areas, as well as the following goals.

Goals for the Community Redevelopment Agency

- Create neighborhoods in which people share a sense of belonging.
- Encourage preservation and a mixture of uses and activities that welcome and serve citizens of diverse incomes and ages.
- Preserve historic, cultural and natural assets, and use them to reinforce a unique sense of place. The architecture of any redevelopment should be in keeping with the surrounding area.
- Use the best design practices available to increase personal safety and social interaction.
- Maximize the use of existing infrastructure and give public funding priority to preserving and rebuilding existing neighborhoods.
- Encourage the preservation of natural resources and use environmentally sustainable development practices.
- Incorporate green spaces as part of neighborhoods.
- Encourage usable alternatives to the automobile as part of a transportation system that is accessible to all citizens and that supports good neighborhood design.
- Create sustainable mixed income communities.
- Improve job availability and economic opportunity.
- Create a climate that encourages business start-up and expansion
- Increase housing choice and affordability.
- Promote civic pride and community building.
- Promote a sense of place and quality of life for all citizens.
- Assist the revitalization of commercial areas.”

(CRA Workable Program page 7)

The Memphis and Shelby County Community Redevelopment Agency Workable Program is a public document and is available from the Memphis and Shelby County Office of Planning and Development.

Statement of Resolution

The City of Memphis and Shelby County adopted resolutions with findings, as required by Section 8 (1) and (2) of the CRA Act. The Resolution Finding Conditions Necessary for Community Redevelopment and the Resolution Declaring the Need for a Community Redevelopment Agency were adopted by the City of Memphis

on March 6, 2001 and Shelby County on March 28, 2001. The Workable Program document was adopted the City of Memphis on March 6, 2001 and by Shelby County on March 28, 2001. The Ordinance establishing the Memphis and Shelby County Community Redevelopment Agency was adopted by the City of Memphis on June 6, 2000 and Shelby County on July 10, 2000. The CRA Board members were appointed September 2000.

Role of the Community Redevelopment Agency

“The Memphis and Shelby County Community Redevelopment Agency is established to combat slum and blighted areas that constitute a serious and growing menace, injurious to the public health, safety, morals, and welfare of the residents of Shelby County.” (*CRA Workable Program page 6*)

The activities of the CRA are administered by the CRA Board who has authority to carry out the purposes of the agency. These include: executing contracts, acquiring real property, disposing of real property, establishing a redevelopment trust fund, establishing a Tax Increment Financing District, issuing revenue bonds with approval of governing body, and other powers necessary to carry out the purpose of the act and redevelopment plans approved by the governing body.

Criteria and Process for Designation as a Community Redevelopment Area

The Community Redevelopment Act of 1998 (“the Act”) establishes the criteria for designating community redevelopment areas within the State of Tennessee. According to the Act, to qualify or be designated as a community redevelopment area the area under consideration must be determined to be a 1) “*slum area, (2) a blighted area, or (3) an area in which there is a shortage of housing that is affordable to residents of low or moderate income, including the elderly, or a combination thereof which the governing body designates as appropriate for community redevelopment.*” (*CRA Act Section 3*) The qualifications document must identify which category will be used to designate the Area as a community redevelopment area.

1) According to the act, a “*Slum area means an area in which there is a predominance of buildings or improvements, whether residential or nonresidential, which by reason of dilapidation, deterioration, age, or obsolescence; inadequate provision for ventilation, light, air, sanitation, or open spaces; high density of population and overcrowding; the existence of conditions which endanger life or property by fire or other causes; or any combination of such factors is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency, or crime and is detrimental to the public health, safety, morals, or welfare.*”

2) The Act defines a “Blighted area” as either:

“(A) *An area in which there are a substantial number of slum, deteriorated, or deteriorating structures and conditions which endanger life or property by fire or other causes or one or more of the following factors which substantially impairs or arrests the sound growth of a county or municipality and is a menace to the public health, safety, morals, or welfare in its present condition and use:*

- (i) *Predominance of defective or inadequate street layout;*
- (ii) *Faulty lot layout in relation to size, adequacy, accessibility, or usefulness;*
- (iii) *Unsanitary or unsafe conditions;*
- (iv) *Deterioration of site or other improvements;*
- (v) *Tax or special assessment delinquency exceeding the fair value of the land; and*
- (vi) *Diversity of ownership or defective or unusual conditions of title which prevent the free alienability of land within the deteriorated or hazardous area; or*

(B) An area in which there exists faulty or inadequate street layout; inadequate parking facilities; or roadways, bridges, or public transportation facilities in-capable of handling the volume of traffic flow into or through the area, either at present or following proposed construction.”

3) An area in which there is a “shortage of affordable housing” is an area where there exists a shortage of housing that is affordable to residents of low or moderate in-come, including the elderly.

Area Qualifications

This report will document that the Heritage Trail Community Redevelopment Area (the “Area”) meets the definition of a “slum area,” a “blighted area,” and has a shortage of housing affordable to those of low to moderate income and the elderly. The following chapter of this report will show that the Area meets the definition of a combination of types of conditions necessary for community redevelopment.

**Chapter Two: Description of the
Redevelopment Area**

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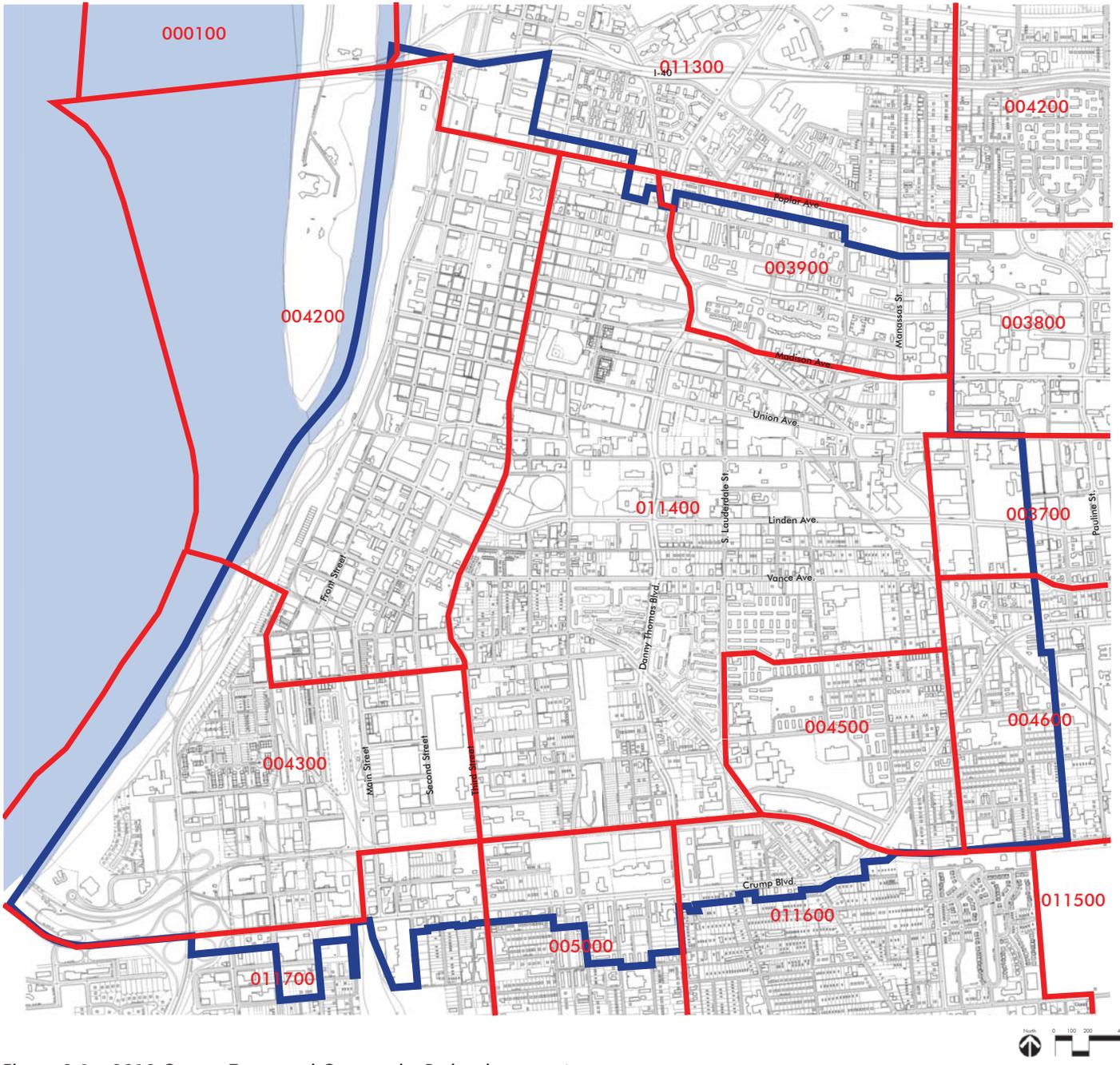


Figure 2.1 – 2010 Census Tracts and Community Redevelopment Area

The area identified for redevelopment shall be designated the Heritage Trail Community Redevelopment Area.

Boundaries

The Heritage Trail Community Redevelopment Area (the “Area”) includes the Downtown area, the central business district (CBD), and areas immediately south of Downtown in the City of Memphis. The boundaries of the Area are generally: Poplar Avenue and Interstate 40 to the north, Dunlap Street and East Street to the East, The Mississippi River and Wolf River Harbor to the West, and Crump Avenue to the South (See Figure 2.1). The area includes 2010 Census Tracts 37, 39, 42, 43, 45, 46, 50, 113, 114, 116, 117 (formerly 2000 Census Tracts 20 22, 23, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 48, 49, 50 and 51).

This Area is critically important for the long-term economic vitality of the city because of its singular uniqueness as the historical CBD for the region, but also that it includes areas adjacent to the CBD representing a high concentration of blight, disadvantage population, depressed housing values, high unemployment, and non-traditional family structures. Numerous prominent cultural and civic assets are within the Area such as governmental offices for the City, County, State and Federal agencies, Beale Street Entertainment District, FedExForum, AutoZone Park, corporate headquarters, and several educational institutions at the primary and secondary levels. Also, portions of the Area have been identified as targeted redevelopment project areas in the Workable Program. (*CRA Act Section 14 (1)*)

Heritage Trail Redevelopment Area Legal Description

The proposed area contains 1,484.3 acres and is bounded to the west by the Mississippi River, then east at the I-40 east bound exit ramp for Front Street. Turn north on Front to I-40 and follow east to Second Street. Turn south on Second Street past Exchange. Turn east halfway between Exchange and Poplar Ave following parcel boundaries until Fourth Street. Turn south on Fourth and go until half a block south of Poplar. Turn east and follow parcel boundaries to Lauderdale then head south on Lauderdale to Washington Avenue turning east, then north on Danny Thomas and go one half of a block. Turn east and follow parcel boundaries east to Orleans Street. Turn south on Orleans for half a block to Washington Ave and then turn east going two blocks until reaching Dunlap. Turn right on Dunlap and head south until reaching Union Avenue. Turn east on Union Avenue for one block then turn right on East Street. Head south on East Street for 4/10th of mile until reaching the railroad bounded the north side of Elmwood Cemetery. Follow the railroad west to E. H. Crump Boulevard then head west on E. H. Crump to the Mississippi River. The parcels on the south side of the E. H. Crump Boulevard from the railroad to I-55 are included in the Area. (*CRA Act Section 14 (1)*)

Overview and Background of the Area/Description of the Area/Area Conditions

The proposed Heritage Trail Community Redevelopment Area (proposed area) is located south of the Central Business District and Civic Center in Downtown Memphis. The area is served by three major streets that run west to east, Madison Avenue, Union Avenue and E.H. Crump Boulevard and four major streets that run north to south, Riverside Drive, Second Street, Third Street and Danny Thomas Boulevard. Interstate 55 traverses the southwestern corner of the area crossing the Mississippi River into the city before turning south at the interchange with E.H. Crump Boulevard and Riverside Drive. Interstate 240 and the proposed Interstate 69 is within a mile of the area with access from Union and Madison Avenues and E.H. Crump Boulevard.

In the past two decades, Downtown Memphis has seen a slow and steady stream of redevelopment as both public and private investment has targeted the Central Business District as a regional destination for business, entertainment, and living. Large corporations such as AutoZone and Pinnacle Airlines have chosen to locate

downtown; AutoZone Park (baseball) and FedExForum (basketball) sporting venues have been built; streetscape enhancements along the Main Street Mall and other downtown streets have “cleaned up” the image of the area; the South Main Arts and Historic District is now home to dozens of businesses and hundreds of residents; and Beale Street has grown to become one of the state’s largest tourism destinations. Billions of dollars of investment has also been made in the nearby Medical Center just east of the Area. Even within this area, however, a sizable number of buildings and properties remain vacant, a diverse range of retail shops and services remain absent, and there remain impediments to re-establishing this area as a premier part of Memphis.

The area immediately to the south of the CBD, however, is dominated by public housing and low-income residents, industrial property, and vacant land. Poverty and property neglect predominate this area which has not experienced wholesale improvement like the downtown area to its north. Despite the presence of anchor institutions such as the Church of God in Christ (C.O.G.I.C) and several schools, residents are challenged by deplorable housing conditions, a lack of jobs and neighborhood services, and pervasive crime.

A positive note is being struck by recent focus on redeveloping the Cleaborn Homes public housing project into a mixed-income community under HUD’s HOPE VI grant program. Also, the area is now focus of a Choice Neighborhoods (CN) planning grant which will envision a transformation of the area into a stable, safe, desirable residential neighborhood with opportunity for all. The CN area of focus revolves around the Foote Homes public housing project and includes much of the redevelopment Area.

The adjacent neighborhoods are fully developed with varied land uses. To the north, the Uptown neighborhood has been revitalized with St. Jude Children’s Research Hospital being a catalyst in the area. University Place, the redevelopment of the former Lamar Terrace public housing complex into a mixed income and mixed use housing development is located immediately to the east of the area. To the south of the Area, residential, commercial and industrial uses predominate.

The area’s population has seen growth in the years between the 2000 and 2010 Censuses, having grown from 11,488 to 12,471 people. The ethnic makeup of the area is nearing the City of Memphis average of approximately 63% African American and 30% White, however nearly all the recent growth has come from affluent new residents in the Downtown and South Main district. Outside those areas the population has remained predominantly poor and home to minorities. This indicates that living conditions are getting better for a narrow segment of the population in relatively small areas of the study area. (See Figure 2.2)

The purpose of this redevelopment plan is to support the continuing efforts to revitalize the Foote Homes and Cleaborn Homes areas, and improve the conditions for the disadvantaged population south of downtown, while making stronger connections to the successful downtown area in order to leverage investments made in the CBD to make positive change in the Area.

Existing Land Use Pattern

The Area is comprised of approximately 5,018 parcels in 1,484.3 acres and was home to 11,488 people according to the year 2000 census. The area has most, if not all, of the land uses one typically finds in a long-established traditionally developed city including residential, commercial, retail, institutional, industrial, transportation infrastructure, and park space.

Area Population	City of Memphis						
	2000	2010	Change	Percentage Change (2000-2010)	Percentage of Population (2010)	Population (2010)	Percentage of Population (2010)
White	2,654	3,384	730	21.57%	27.13%	190,185	29.40%
African American	8,560	8,667	107	1.23%	69.50%	409,481	63.30%
Asian	98	154	56	36.36%	1.23%	10,350	1.60%
American Indian & Alaska Native	21	28	7	25.00%	0.22%	1,294	0.20%
Other	36	78	42	53.85%	0.63%	26,522	4.10%
Identified by two or more	119	160	41	25.63%	1.28%	9,056	1.40%
Total	11,488	12,471	983	8.56%		646,889	100.00%

Figure 2.2 – Change in Area Population 2000-2010

The Area has a variety of land uses ranging from residential and commercial to industrial and institutional uses (Figures 2.3 & 2.4). Significant portions of the area are tax-exempt institutional and governmental uses. Some of the landmarks in the area include AutoZone Park, Beale Street Entertainment District, Tom Lee Park, FedEx Forum, Sun Studios, National Civil Rights Museum, The Orpheum Theater, Hunt-Phelan Home, Booker T. Washington High School, and Vance Middle School.

Residential

The Area is home to approximately 2,210 single family homes and condominiums which range from upper-end single family homes to smaller ranch-style houses. Condominiums range from upscale modern units to lofts in former industrial buildings. The average unit is about 1,600 square feet for this category of typically homeowner-occupied residential unit. Construction date of residential buildings range from the mid-1800’s to contemporary new construction, with half built before 1980.

Apartments and multi-family properties also account for nearly 3,120 units, ranging from small apartment buildings to large multi-family projects. Typically available for rent, these units average 1,230 square feet. Luxury condominium redevelopment and high-quality new apartment construction has taken place within the CBD and South Main historic areas in the last 20 years, however little affordable housing has been built in the area in the last 30 years.

Most of the residential uses are located in the western and eastern areas of the area. The two residential areas are completely different in terms of quality of housing. The western portion of the area includes conventional apartment units, townhomes, lofts, high rise condominiums, and custom built single family residential homes with river bluff views. The eastern portion of the area includes substandard housing, poverty rates are high, crime is widespread, and the area in general shows signs of years of neglect. Three public housing complexes exist within the redevelopment boundaries, R.Q. Venson Towers, Cleaborn Homes, and Foote Homes. Venson Towers is a high rise senior citizens complex that is in fair condition while Foote Homes is in severely distressed condition. Cleaborn Homes is currently being redeveloped under the HOPE VI program, while Foote Homes remains the City’s last conventional public housing project. Efforts are underway to study how to transform Foote Homes into a mixed-income housing development with strong ties into the surrounding neighborhood.

Commercial

Commercial and light industrial uses are other land uses in the area. These include the Beale Street entertainment district and the southern portion of the Central Business District with its numerous office buildings and businesses.

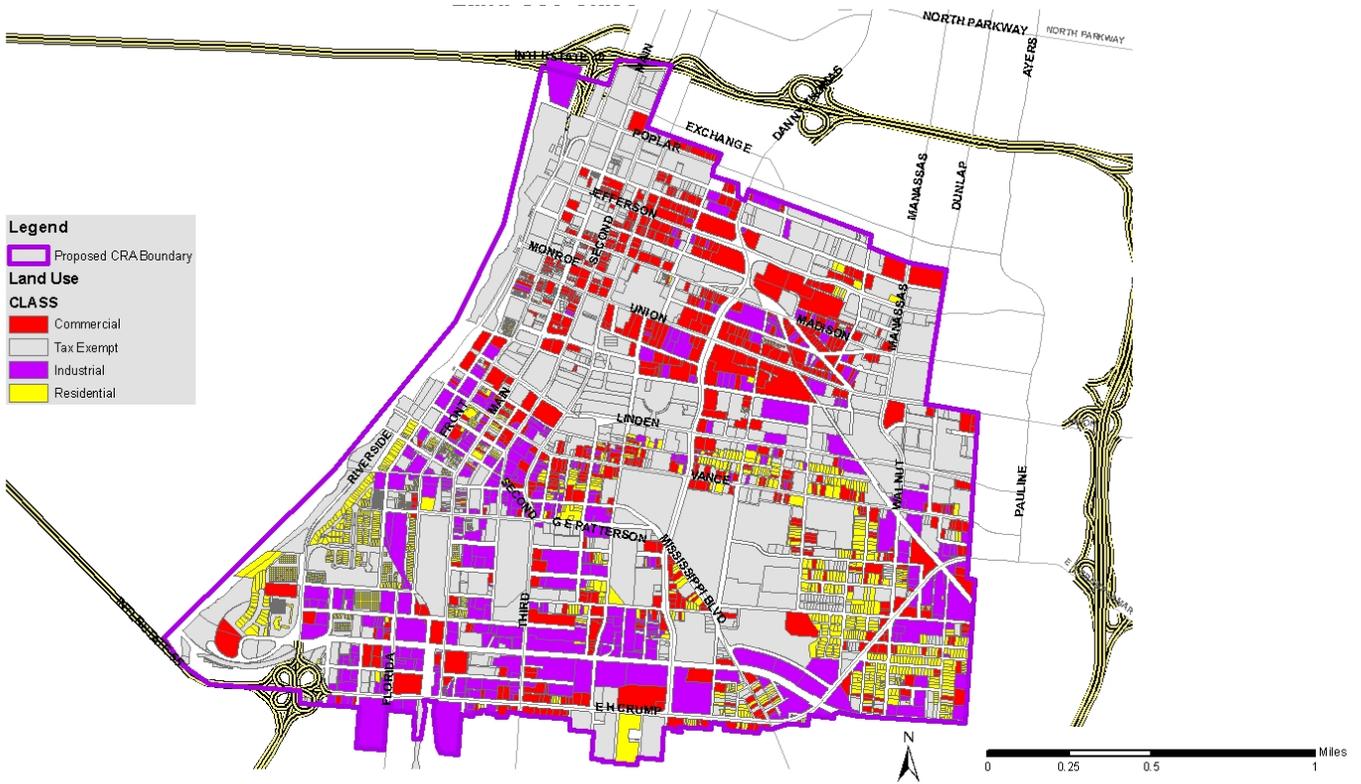


Figure 2.3 – Existing General Land Use by Classification
 Source: City of Memphis: Div. of Housing & Community Development, Qualification Analysis.



Figure 2.4 – Existing General Land Use by Type
 Source: City of Memphis: Div. of Housing & Community Development, Qualification Analysis.

Several other commercial areas are located along Madison & Union Avenues, E.H. Crump Boulevard, and Second and Third Streets.

Retail, restaurant and services are concentrated within the CBD along Main Street, Second Street and Beale Street, as well as commercial corridors of Poplar Avenue, Madison Avenue, Union Avenue and Crump Boulevard and account for nearly 2.6 million square feet of building area. Traditional corner neighborhood-oriented retail is located in the South Main Street and Madison Avenue, however gas station convenience stores and sundries are the only retail available in southern portions of the Area.

Hotel/motel and lodging is significant with over 2,960 rooms in the Area. Demand for lodging is driven by the presence of the Convention Center, corporate headquarters and business enterprises, sports and entertainment such as AutoZone Park and FedExForum, and the tourism destinations in the Area and beyond.

Corporate offices, including Class A space for headquarters of AutoZone, Belz Enterprises, Morgan Keegan, and Pinnacle Airlines are present within the CBD, as are numerous small-scale offices.

Industry

From the time Memphis was first established as a small riverside town, to its emergence as a modern-day city, numerous industrial operations located within the Area so as to be close to the river, rail operations, and the center of the population. Today, a great many have relocated closer to the Airport and other transportation centers. What remains in the Area includes utility properties owned by Memphis Light Gas and Water, railroads, Lone Star Industries, and a number of smaller light industrial manufacturers and warehouses. Many of these are now becoming obsolete, underused and in some cases derelict. Several light industrial uses are located close to the railroad mainline that feeds traffic into the city from the western United States by way of the Frisco & Harahan Bridges. Also, entities such as the U.S. Post Office Central Processing and Sorting facility are present.

Institutions

Because of its proximity to Memphis' historic city center, the hosts a large number of tax-exempt government, educational, and cultural resources. The seats of City and County government are located Downtown at/near Government Plaza, as are offices for various State and Federal agencies as well as numerous municipal services and the Post Office.

Educational institutions present in the Area range from primary schools (Georgia Avenue Elementary, Vance Avenue Middle School, Booker T. Washington High School, etc.), to Southwest Tennessee Community College and the University of Memphis Law School. The Memphis College of Art has also recently located a new facility on South Main Street.

Civic and cultural venues are present in the Convention Center, Orpheum Theater, the National Civil Rights Museum, Temple of Deliverance Church, Beale Street Baptist Church, Cleaborn Temple, and even sporting venues such as AutoZone Park and FedEx Forum. A number of historic properties are included, most notably within the Victorian Village Historic District, as well as tourist destinations such as Sun Studios and Beale Street.

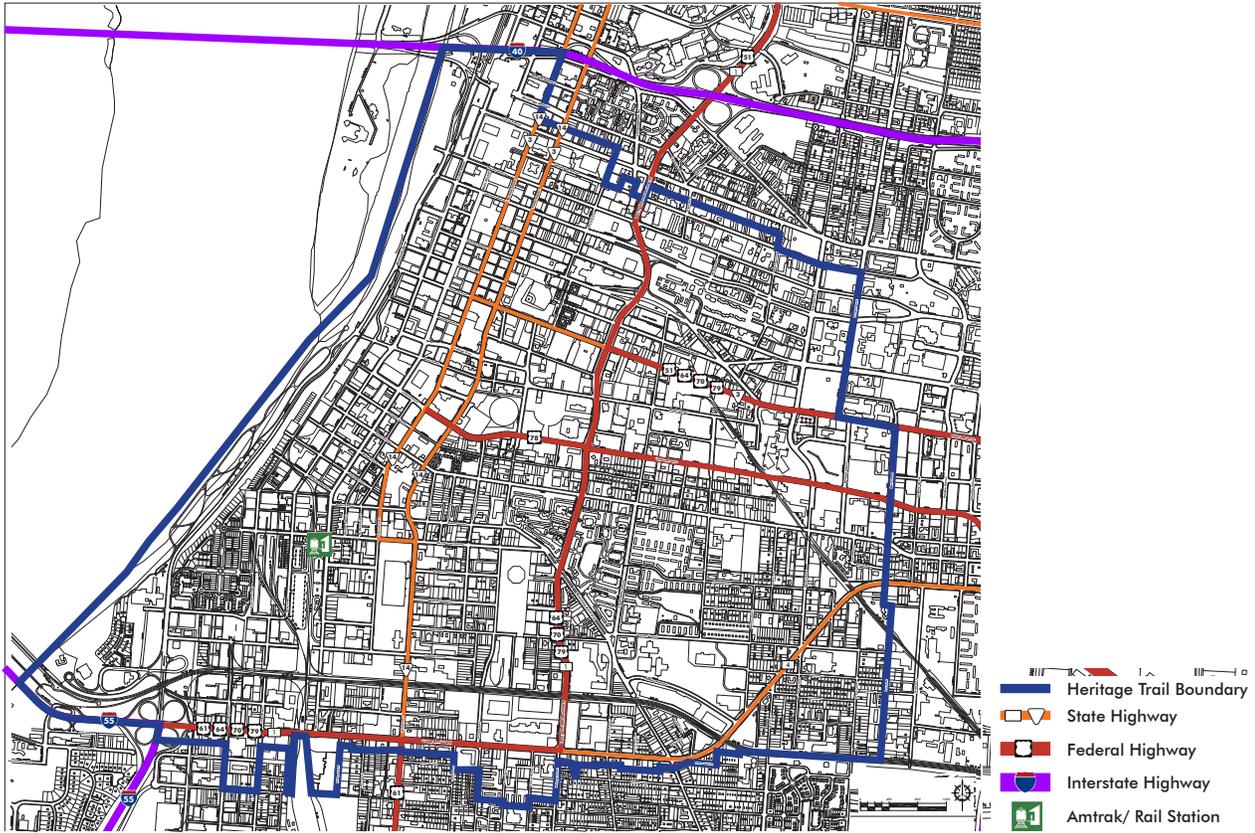


Figure 2.5 – Transportation Infrastructure

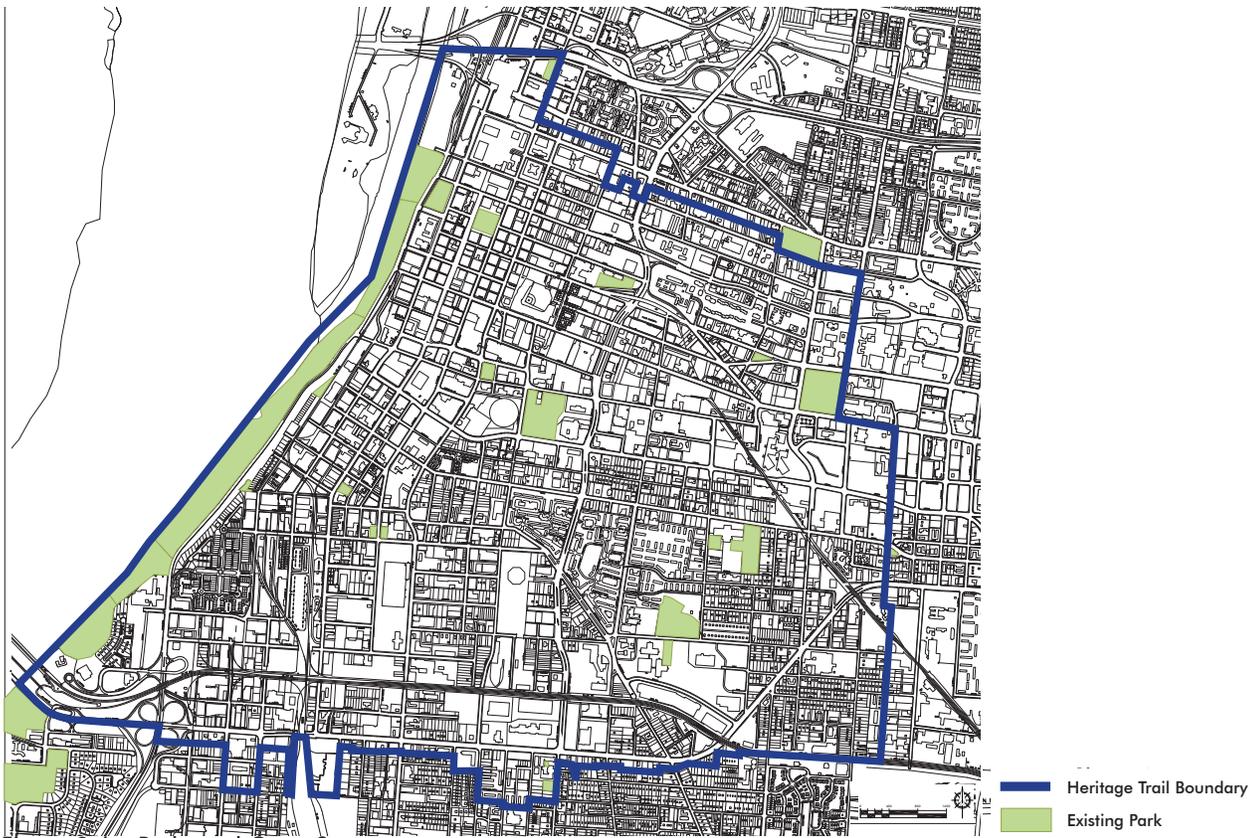


Figure 2.6 – Parks and Open Spaces

A number of faith-based entities call the Area home, including C.O.G.I.C. and several downtown churches, as do social service agencies such as the Salvation Army, Union Mission, and others.

Transportation Infrastructure

Several major transportation routes abut the Area, including Interstates 55 and 40, while a major rail corridor traverses the southern portion before crossing the Mississippi River. Amtrak Service is provided at Central Station along a north-south line between Chicago and New Orleans. Major roads include Crump Boulevard, Danny Thomas Boulevard, Front Street, Poplar Avenue and Union Avenue.

Central Station is the local stop for Amtrak’s City of New Orleans Train running between Chicago and New Orleans. (Figure 2.5)

Parks and Open Space

Among the community’s assets in the Area are several public parks and open spaces, such as Tom Lee Park, Confederate Park, Jefferson Davis Park, the Cobblestones, Forrest Park, Martyrs Park, Robert Church Park, Handy Park, Morris Park and Court Square. The Tennessee Visitors Center on Riverside Drive serves tourists, while Beale Street Landing is currently under construction for riverboat excursions. (Figure 2.6)

Existing Zoning

The Area is governed by the Memphis and Shelby County Unified Development Code, and includes the following zoning classifications (Figure 2.7):

Open Districts

OS Open Space

Residential Districts

R-15 Residential Single-Family – 15

R-6 Residential Single-Family – 6

RU-2 Residential Urban – 2

RU-3 Residential Urban – 3

RU-4 Residential Urban – 4

Mixed Use Districts

CMU-1 Commercial Mixed Use – 1

CMU-3 Commercial Mixed Use – 2

CBD Central Business

CMP-1 Campus Master Plan – 1

Industrial Districts

EMP Employment

IH Heavy Industrial

South Central Business Improvement District (SCBID)

SE Sports and Entertainment

SM South Main

R-SD South Downtown Residential

R-R Riverside Residential

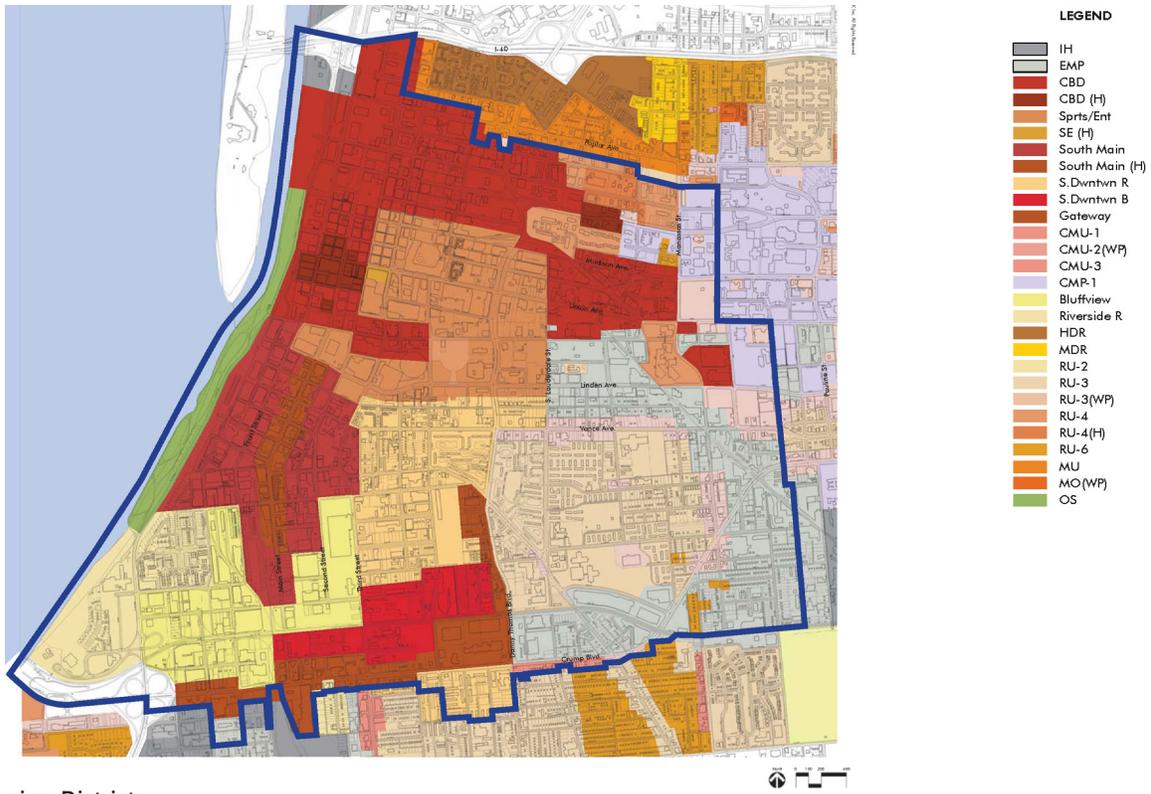


Figure 2.7 – Zoning Districts

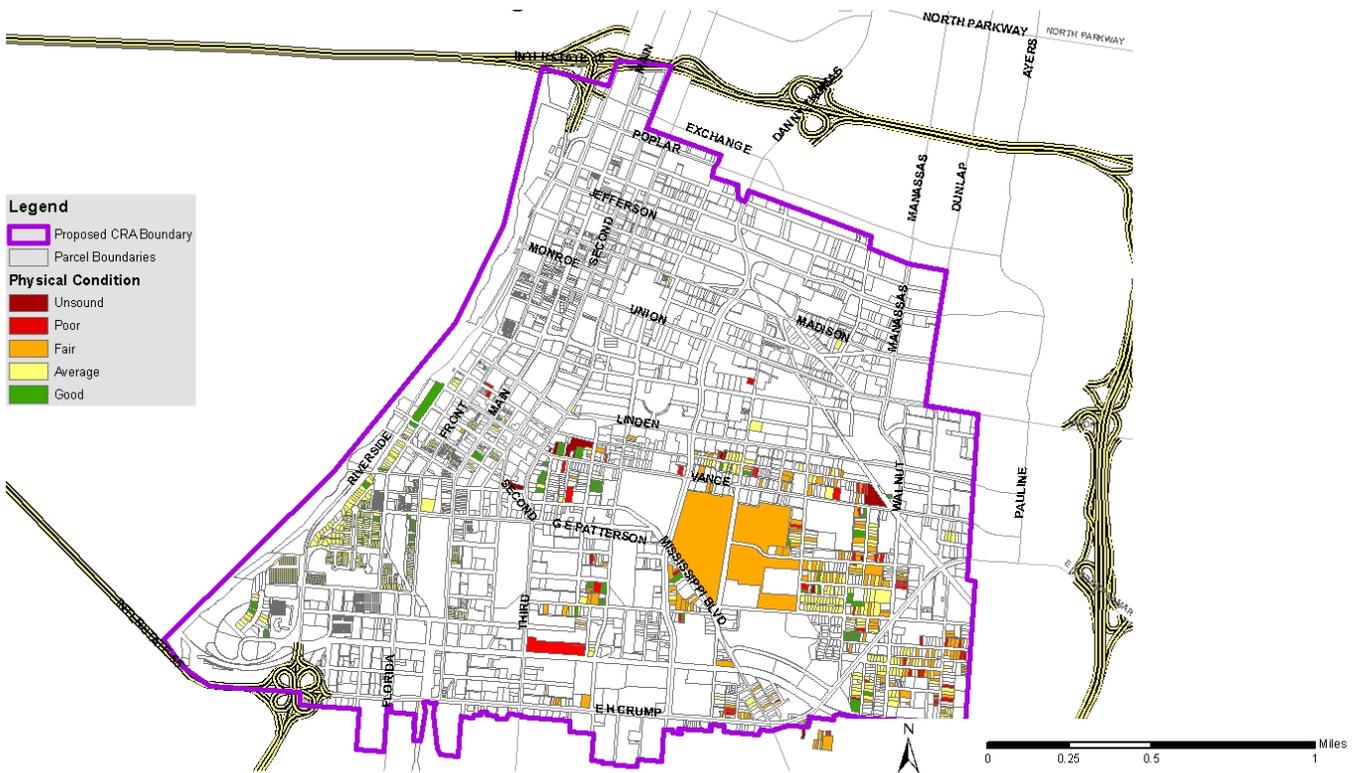


Figure 2.8 – Physical Conditions
 Source: City of Memphis: Div. of Housing & Community Development, Qualification Analysis.

R-B Bluffview Residential
 SDBP South Downtown Business Park
 C-G Gateway Commercial

Uptown District (U)
 HDR High-Density Residential
 MU Mixed Use

Other Districts
 -H Historic Overlay

Analysis of Blighting Factors

As described earlier, the Heritage Trail Area can qualify as a Redevelopment Area if it meets the definition of a “slum area,” a “blighted area,” or has a shortage of housing affordable to those of low to moderate income and the elderly.

Slum Conditions

A “slum area” is comprised of a predominance of buildings indicative of dilapidation, deterioration, age or obsolescence. A slum area is characterized by: inadequate ventilation, sanitation or open space; population density and overcrowding; and conditions, which endanger life or property, and is detrimental to the public health, safety, morals, or welfare. These characteristics are conducive to ill health, transmission of disease, infant mortality, juvenile delinquency and crime.

A Predominance of Buildings Indicative of Dilapidation, Deterioration, Age or Obsolescence

The following are concentrations of building conditions and environmental conditions which can be classified as slum:

The Foote Homes public housing project can be classified as a slum area based upon the conditions analysis included in the Memphis Housing Authority’s Vance Avenue Choice Neighborhoods Grant Application, which found that the buildings and site were subject to systemic mechanical, structural and site drainage issues which made the dwelling units inadequate for long-term housing. Despite a major renovation of each unit and the demolition of approximately half of the buildings on site in the 1990’s, physical signs of mold, wear and foundation distress were found in recent years. Also, an architect’s certification found that the 1940’s design and configuration (sizes of bedrooms, number of bathrooms, closet/storage space, size of kitchen/dining areas, lack of laundry facilities, etc.) of the dwelling units are obsolete when compared to other affordable housing units.

The Vance Avenue Choice Neighborhoods planning study has found that deteriorated housing conditions exist in several areas near Foote Homes, particularly the neighborhoods around Third Street and Vance Avenue (south of FedExForum), near Vance Avenue between Danny Thomas Boulevard and Walnut Street, near Tate Avenue between Orleans Street and Walnut Street, and Mississippi Boulevard south of Georgia Avenue. These areas contain: a substantial number of deteriorating and dilapidated structures; a patchwork of unkempt vacant land where buildings have been demolished; and several vacant buildings with structural or fire damage. (Figure 2.8)

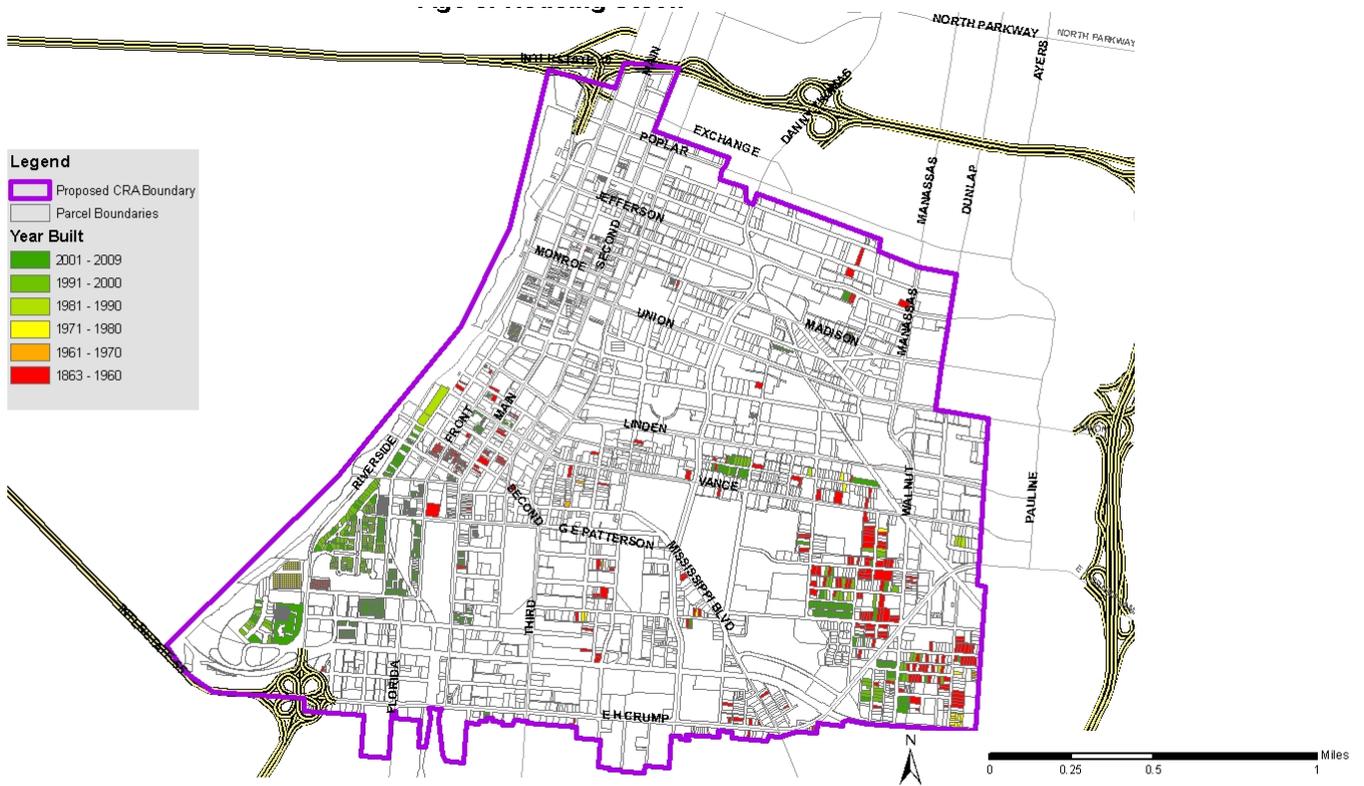


Figure 2.9 – Housing Age
 Source: City of Memphis: Div. of Housing & Community Development, Qualification Analysis.

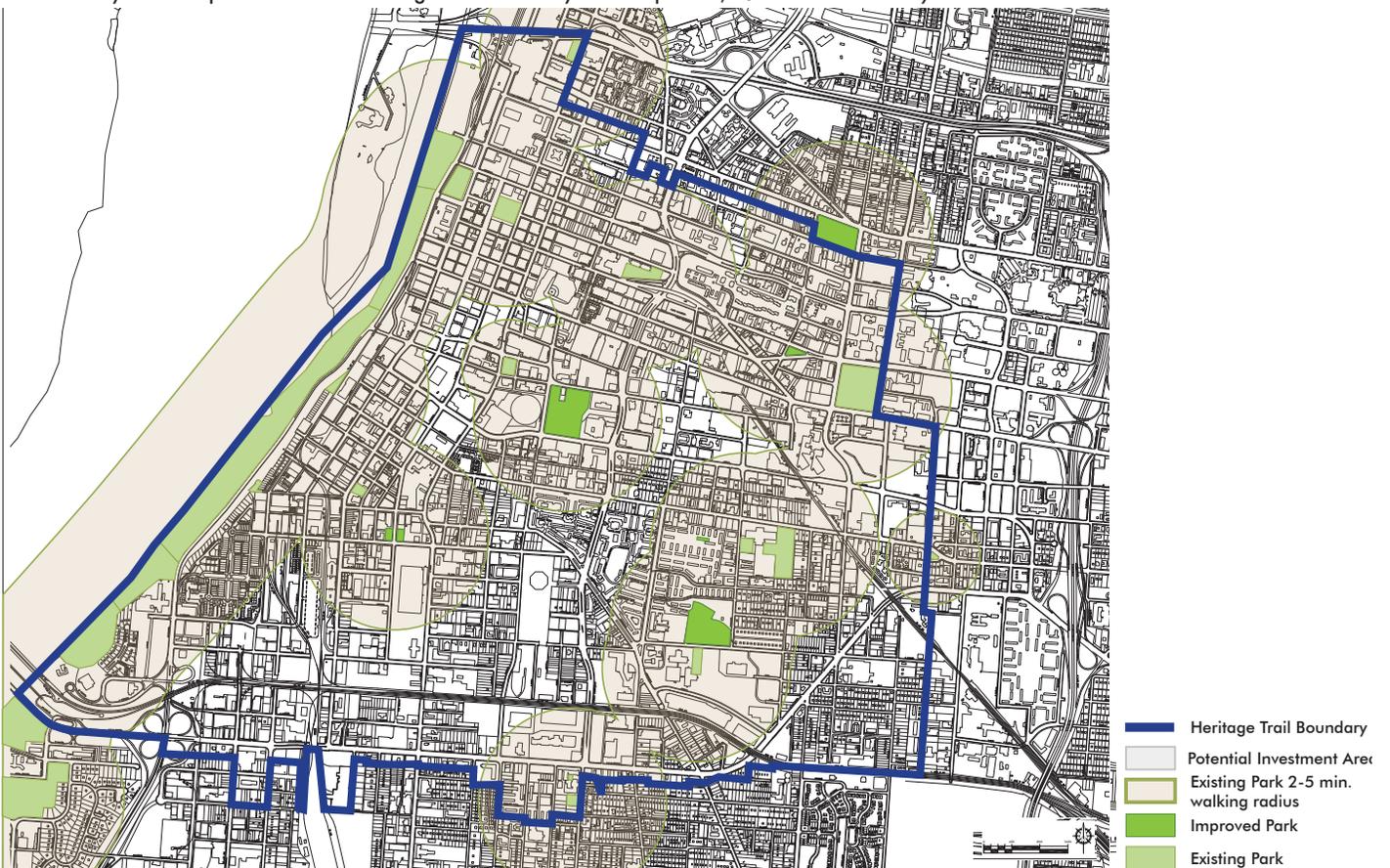


Figure 2.10 – Proximity of Existing Parks and Open Spaces

Likewise, significant areas south of Linden Avenue has several large junkyards, vacant or underutilized industrial buildings, and businesses using the public street for loading and unloading cargo. Numerous properties are now vacant and overgrown. Scattered throughout are numerous small multi-family properties ranging from 8 to 15 dwelling units which have signs of building deterioration and neglect.

Housing Age

Age presumes the existence of problems or limiting conditions that result from the normal and continuous use of structures over a period of time. Since building deterioration and related structural problems are a function of time, temperature, moisture, and the absence of normal routine maintenance (possibly due to limited funds or absentee landlords), structures that are 35 years and older typically exhibit more problems than recently constructed structures. Over 52% of the housing stock in the Redevelopment Area is more than 35 years old. The following table lists a breakdown of the year housing buildings were built. (Figure 2.11).

Housing Age		
Year Structure Built	# of Structures	Percentage of Structures
Built 2000 or later	847	36.89%
Built 1990 to 1999	118	5.14%
Built 1980 to 1989	139	6.05%
Built 1970 to 1979	178	7.75%
Built 1960 to 1969	3	0.13%
Built before 1959	1,011	44.03%
Total	2,296	100.00%

Figure 2.11 – Housing Age

Source: City of Memphis: Div. of Housing & Community Development, *Qualification Analysis*.

Inadequate Ventilation, Sanitation or Open Space

Open space contributes to being able to maintain health by giving access to fresh air, promotes exercise and social interaction. Significant open space is provided at the Foote Homes property; however the predominance of common open space with no semi-private or private outdoor space results in large expanses of uncontrolled space. Loitering and crime by outsiders occurs in this “un-owned” space leaving the residents at risk of crime. Within the rest of the neighborhood, park spaces within a 2- to 5-minute walk are limited, meaning that residents do not have access to convenient and safe recreation, leaving children to play in unsafe and unsanitary environments of vacant properties or in vacant buildings. (Figure 2.10)

The Foote Homes public housing development was completed around 1948. The development underwent a major renovation in the late 1990’s to reduce the number of housing units on the site and to replace portions the original utility infrastructure and building systems. Renovation work included modifications to the infrastructure and interior units. A common problem within the development is insufficient air movement in the bathrooms due to no mechanical ventilation which cause over time mold formation on wet surfaces. The sewer system main lines are constructed of clay pipe and requires constant repair due to pipes collapsing and tree roots entering the system at failed pipe joints. The water service pipes leak in the wall chases resulting in the growth of mold spores and the rotting of the building structure. The buildings and dwelling units lack the reasonable amenities found in recently built low income, moderate income, and mixed-income developments. Amenities such as central air-conditioning, washers, dryers, dish washers, garbage disposals are impossible to add due to lack of floor space and adequate electrical and plumbing systems capacity.

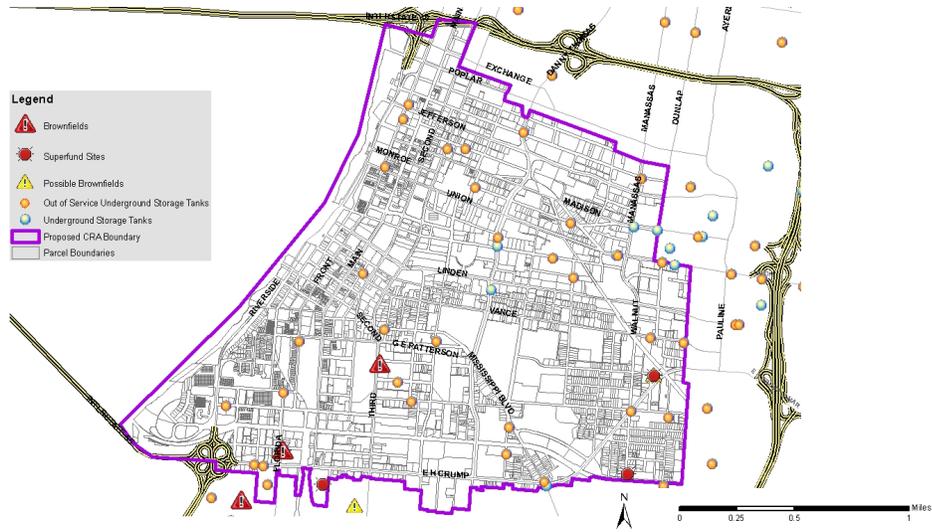


Figure 2.12 – Brownfield and Superfund Sites
 Source: City of Memphis: Div. of Housing & Community Development, Qualification Analysis.

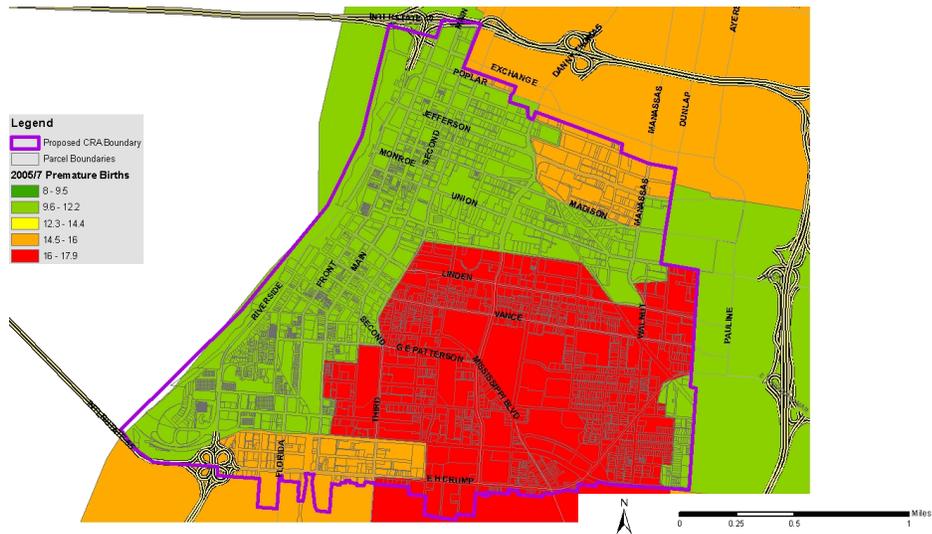


Figure 2.13 – Premature Births
 Source: City of Memphis: Div. of Housing & Community Development, Qualification Analysis.

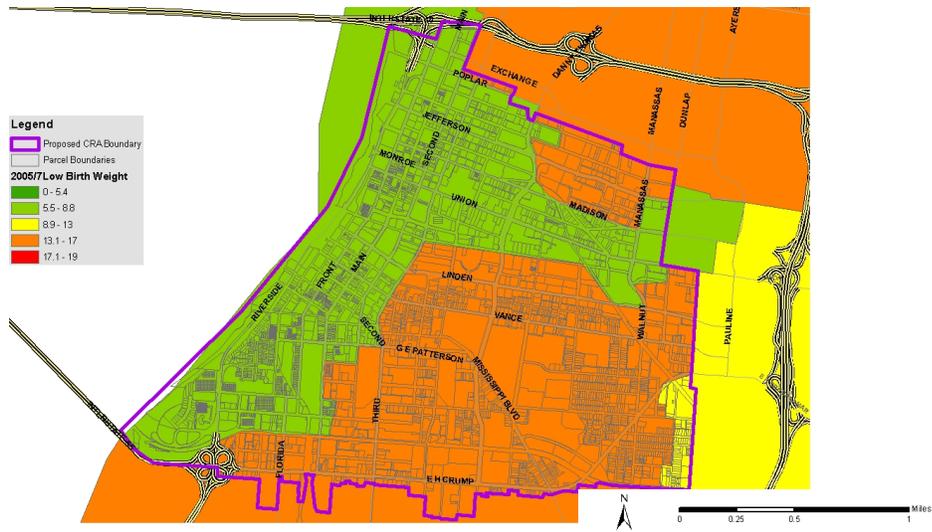


Figure 2.14 – Low Birth Weight
 Source: City of Memphis: Div. of Housing & Community Development, Qualification Analysis.

Conditions Which Endanger Life or Property

As a result of continued decay of both site and building conditions at the public housing developments, the Memphis Housing Authority has surmised that the annual Real Estate Assessment Center (REAC) inspection scores will be in serious trouble of failing to meet the grade required by HUD for safe, decent and satisfactory housing and the agency does not have the operational funds to continue the required maintenance.

The existence of four superfund sites and three Brownfields (Figure 2.12) indicate the presence of environmental elements which pose potential health and safety issues. The presence of debris on vacant lots throughout the study area indicate dumping; whereas debris in front of housing may indicate need for better service or lack of property upkeep by property owners in the area.

Infant Mortality

Although the overall infant mortality rate dropped to 12.7 per 1,000 live births for Shelby County as a whole in 2007, the rate for African-Americans was 17.8 per thousand births. This is more than three times that of whites, whose rate was 5.8 per 1,000 live births. Within the target area zip codes of 38103 and 38126, the rates are as follows:

Additionally within the Redevelopment Area, there are high percentages of low birth weight infants, preterm infants, and teen mothers, as indicated in the tables below. (Figures 2.13 - 2.18)

Infant Mortality						
Zip Code	1993-1995		1999-2001		2005-2007	
	Caucasian	African American	Caucasian	African American	Caucasian	African American
38103	*	*	No Deaths	No Deaths	11.1	25.6
38126	*	12.7	No Deaths	17.6	No Deaths	15.6

* Suppressed due to less than 100 births in the 3 year period

Figure 2.15 – Infant Mortality

Source: City of Memphis: Div. of Housing & Community Development, *Qualification Analysis*.

Percentage of Low Birth Weight Infants (less than 2500mg)			
Zip Code	1993-1995	1999-2001	2005-2007
38103	10.9%	9.8%	8.1%
38126	18.4%	19.6%	16.5%

Figure 2.16 – Percentage of Low Birth Weight

Source: City of Memphis: Div. of Housing & Community Development, *Qualification Analysis*.

Percentage of Preterm Infants (less than 37 weeks)			
Zip Code	1993-1995	1999-2001	2005-2007
38103	13.8%	23.5%	10.4%
38126	21.3%	32.0%	17.8%

Figure 2.17 – Percentage of Preterm Infants

Source: City of Memphis: Div. of Housing & Community Development, *Qualification Analysis*.

Percentage of Births to Teen Mothers										
Zip Code	Year	1993-1995			1999-2001			2005-2007		
	Age	10-14	15-17	18-19	10-14	15-17	18-19	10-14	15-17	18-19
38103		0.8%	2.5%	4.9%	0.0%	0.0%	3.0%	0.3%	0.3%	1.2%
38126		2.3%	13.0%	16.4%	1.2%	11.0%	15.9%	0.3%	14.7%	16.0%

Figure 2.18 – Percentage of Births to Teen Mothers

Source: City of Memphis: Div. of Housing & Community Development, *Qualification Analysis*.

Part One Crimes (Incidents)									
Year	Community Redevelopment Area					City of Memphis			
	2008	2009	2010	2011	Crime Rate per 1000	City-Wide	Crime Rate per 1000	Local Variation	
Aggravated Assault	133	129	111	91	7.3	2,744	4.2	72.0%	
Aggravated Assault/DV	66	62	51	45	3.6	1,788	2.8	30.5%	
Arson	3	8	7		0.0		0.0	n/a	
Burglary/Boxcar	2	2			0.0	3	0.0	n/a	
Burglary/Business	126	85	84	58	4.7	1,679	2.6	79.2%	
Burglary/DV	3	5	4		0.0	61	0.1	n/a	
Burglary/DV (Domestic Violence)	8	2	2		0.0	22	0.0	n/a	
Burglary/Non-Residential	10	10	15	9	0.7	906	1.4	-48.5%	
Burglary/Residential	108	108	105	75	6.0	10,212	15.8	-61.9%	
Carjacking	7	10	8	3	0.2	137	0.2	13.6%	
Forcible Rape	19	18	12	18	1.4	388	0.6	140.6%	
MVT/Motorcycle	1	6		4	0.3	83	0.1	150.0%	
MVT/Other	1				0.0	38	0.1	n/a	
MVT/Passenger Vehicle	126	110	110	88	7.1	2,809	4.3	62.5%	
MVT/Tractor Truck	1		1	1	0.1	39	0.1	33.0%	
Murder	2	2	3	5	0.4	112	0.2	131.6%	
Other Larceny/Access Device	22	12	10	11	0.9	290	0.4	96.8%	
Other Theft/Non-Specific	197	189	171	188	15.1	6,423	9.9	51.8%	
Other Theft/Scrap Metal	42	7	29	16	1.3	749	1.2	10.8%	
Pocket-Picking	27	31	22	22	1.8	107	0.2	966.5%	
Purse-Snatching	6	8	13	13	1.0	102	0.2	561.1%	
Robbery/Business	8	1	3	5	0.4	268	0.4	-3.2%	
Robbery/Individual	167	159	115	114	9.1	2,700	4.2	119.0%	
Shoplifting/Felony	5	5	3	2	0.2	326	0.5	-68.2%	
Shoplifting/Misdemeanor	65	62	67	60	4.8	5,421	8.4	-42.6%	
Theft & Recovery/Passenger Vehicle	6	9	7	9	0.7	276	0.4	69.1%	
Theft from Building	75	112	140	81	6.5	1,674	2.6	151.0%	
Theft from Building/Access Device	10	4	2	1	0.1	24	0.0	116.1%	
Theft from Coin Machine/Device	12	5	8	14	1.1	69	0.1	952.5%	
Theft from Motor Vehicle	636	723	504	429	34.4	5,880	9.1	278.4%	
Theft from Semi-trailer	4	3	1	2	0.2	177	0.3	-41.4%	
Theft of Construction/Farm Equipment	1				0.0	16	0.0	n/a	
Theft of Other Trailer	2	4	1	1	0.1	144	0.2	-64.0%	
Theft of Vehicle Parts/Accessories	129	170	152	125	10.0	4,385	6.8	47.9%	
Total	2030	2061	1761	1490	119.5	50,052	77.4	54.4%	

Figure 2.19 – Part One Crimes
 Source: City of Memphis: Div. of Housing & Community Development, Qualification Analysis.

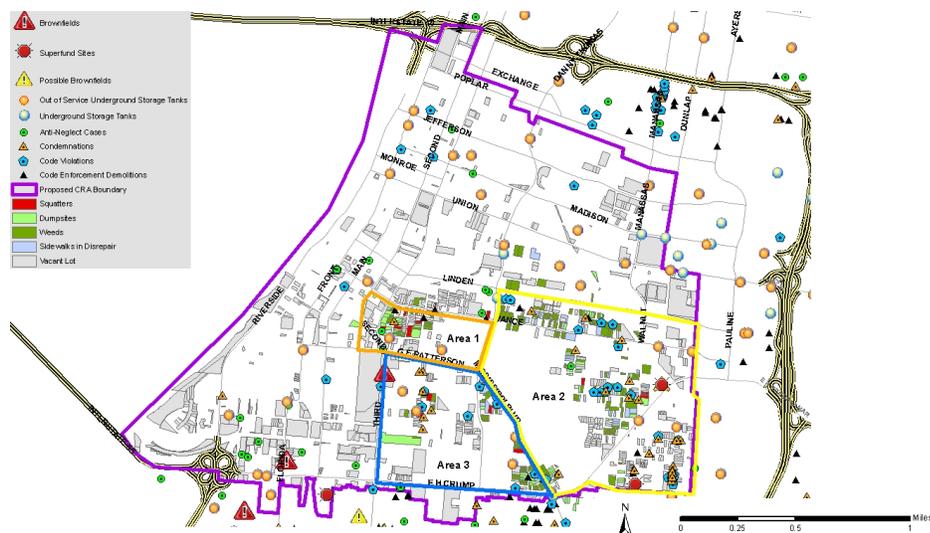


Figure 2.20 – Concentrations of Blight
 Source: City of Memphis: Div. of Housing & Community Development, Qualification Analysis.

Crime Statistics

The Memphis Police Department provided the following crime statistics for the Redevelopment Area for the 2008 through 2011 time period. The area contains Wards 422, 423, 429, 621, and 623. Over this three year period, the area experienced high occurrences of assaults, business and residential burglaries, and robberies of individuals. A variety of thefts remained high over this period as well. On average, the crimes in this area comprised 3% of the crime for the entire City of Memphis, while the population of the area is 1.1% of the total. This speaks to the effects that the physical environment has on or toward the residents of the proposed redevelopment area. (Figure 2.19)

Existence of Blight

The Area shows significant signs of blight in concentrated areas. Neglect and deterioration of structures affect public perception of the area and reinvestment by private interest and potential residents. The lack of investment coupled with varying stage of neglect negatively affects revenue from property taxes and is symptomatic of other blighting conditions. These blighting conditions or the mere perception of them can further erode the tax base as residents move to the suburbs within or without the City of Memphis. As residents move outside the corporate limits but within the City of Memphis Growth Area, the City of Memphis is expected to extend costly infrastructure to support and sustain this outward migration of residents with an ever-eroding tax base.

The proposed redevelopment area shows significant signs of blight in three concentrated areas, labeled Area 1, Area 2 and Area 3 (see Figure 2.20). These areas comprise a large portion of the Redevelopment Area and contain high instances of blight as documented by the existence of a variety of factors. These factors are evidenced in the accompanying maps and data below. Though many of the problems are concentrated in these three areas, there is also evidence presented that documents blight throughout the entire Area, with the exception of much of the Western edge of the Area.

A survey completed in 2009 by the Center for Community Based Neighborhood Action documented a number of issues in the proposed redevelopment area, including 195 sidewalks in disrepair, 105 illegal dump sites, 26 sites with evidence of squatters, and 337 sites with high weeds. The survey also documented 246 residential properties in the area as being in less than average condition (fair, poor, or unsound).

The City of Memphis Division of Community Enhancement, which has authority for residential code enforcement and condemnation, has demolished 39 structures in the proposed redevelopment area since 2006 and currently has 33 in the condemnation process (Figures 2.20).

As shown in Figure 2.2, 21.5% of parcels in the target area are vacant, including 356 vacant residential parcels, 170 vacant industrial parcels, 342 vacant exempt parcels, and 189 vacant commercial parcels.

Area 1, to the West of Foote Homes, is defined as Second Street on the West, G.E. Patterson on the South, Vance Avenue on the North, and Danny Thomas on the East. The area is severely blighted due to a concentrated amount of squatters, weeded lots, vacant lots, illegal dumping, environmental concerns, and properties that have been recently demolished or are currently in the condemnation process.

Area 2, to the East of the Cleaborn Homes site, is defined as Danny Thomas and Mississippi on the West, Crump on the South, Linden on the North, and Dunlap and East on the East. This area also contains a large number of vacant lots, weeded lots, evidence of squatters, and other environmental problems (including one Superfund

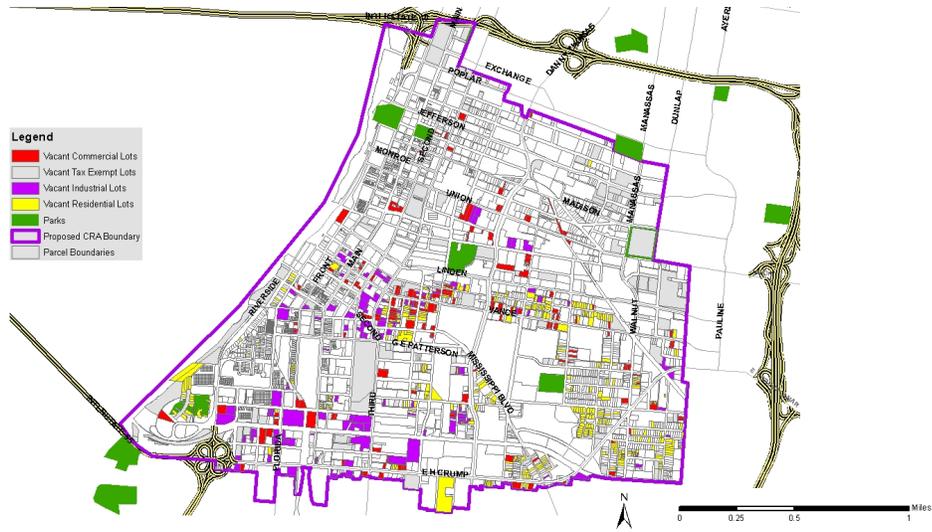


Figure 2.21 – Vacant Lots
Source: City of Memphis: Div. of Housing & Community Development, Qualification Analysis.

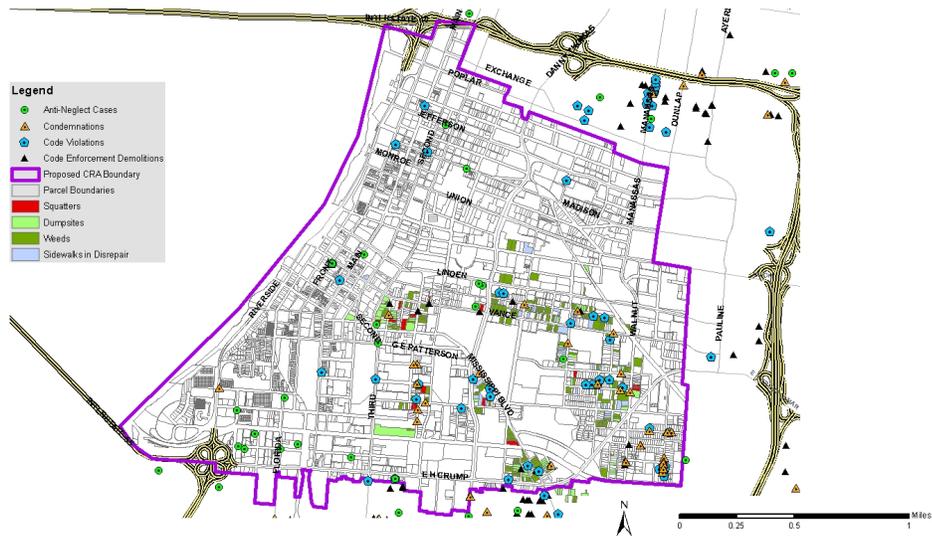


Figure 2.22 – Code Violations and Neglect
Source: City of Memphis: Div. of Housing & Community Development, Qualification Analysis.

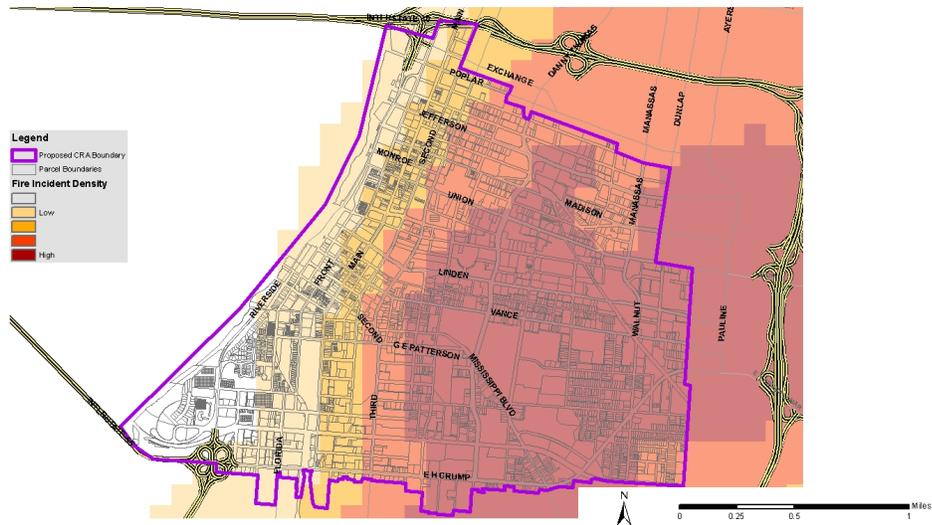


Figure 2.23 – Fire Incident Density
Source: City of Memphis: Div. of Housing & Community Development, Qualification Analysis.

site), but also contains several commercial properties on the Fire Department’s anti-neglect list and damaged sidewalks. In this area only a handful of once-handsome large scale Victorian-era homes remain standing among numerous vacant lots. The only recent investments include a small number of scattered site houses for low income residents. Housing here sits alongside older dilapidated housing in close proximity to active industry and vacant lots which show signs of illegal dumping.

Area 3, to the South of Foote Homes, is defined as Third Street on the West, Crump on the South, G.E. Patterson on the North, and Mississippi on the East. This area contains many vacant lots, weeds, environmental issues, poor sidewalk conditions, and illegal dump sites. This area includes a large swath of deteriorating industrial property, junk yards, vacant retail and other property. Clustered around the main east-west railroad line crossing the Mississippi River, this area is typified by the dramatic mix of residential, industry, dumping sites, railroad spurs, and overgrown lots. It is likely that many sites have environmental contamination issues that may inhibit redevelopment or reuse.

The Division of Fire Services performs commercial code enforcement anti-neglect activities similar to code enforcement activities performed by the Community Enhancement Division. As of 2008, there were 19 commercial buildings cited by anti-neglect as being risks to health and safety. Fire Incidents in the eastern section of the area are also high (totaling 1,158 in 2010 as illustrated in Figure 2.23).

The conditions described above describe the conditions in several areas of concentrated blight located within the Redevelopment Area. The information presented below describes the blight found throughout the redevelopment area.

Predominance of Defective or Inadequate Street Layout

A regular and orderly system of streets and blocks typifies those urbanized areas that are capable of sustaining stable or improving values over time. The redevelopment and reuse of sites is made difficult by an inadequate street layout and thereby is an inhibitor to an area’s stability.

Several areas within the proposed redevelopment area have a defective or inadequate street layout. The western portion of the study area has a good street layout. This is most due to the area being part of the warehousing

district of the city and that wide streets are necessary to accommodate truck traffic. In the eastern portion of the study area, there are streets that have no curb, gutter and/or sidewalk. Also in the area, very narrow streets exist with open ditches along side of the street. These streets include Neptune Street, Grove Avenue, Suzette Street, Railroad Avenue, Pontotoc Avenue, Louisa Street, Walnut Street, Dee Dee Alley and Heiskell Place.



Dee Dee Alley at Neptune: representative of narrow streets and lack of through streets.

The Foote Homes site is currently comprised of two so-called “super blocks” that are much larger than a typical block in the area. Excessive-sized blocks exist along Second and Third Avenues, between G.E. Patterson Avenue and Crump Boulevard, and between Madison Avenue and Jefferson Avenue. The current redevelopment

of the Cleaborn Homes HOPE VI site is an example where a former “super block” style of development is being redeveloped with a new street network creating a more typical block size. Formerly part of two large superblocks bisected by St. Paul Avenue and bounded by Lauderdale Street, Vance Avenue, Orleans Street and Georgia Avenue, the site will now be redeveloped into seven blocks. The Memphis and Shelby County Unified Development Code (UDC) now mandates that large blocks be divided into smaller areas by means of a block perimeter standard.

Similarly, many streets in the area inhibit redevelopment of adjacent properties due to undersized street width, unimproved alleyways, the disrepair or absence of sidewalks, deteriorated pavement, and inadequate lighting.

Faulty Lot Layout in Relation to Size, Adequacy, Accessibility or Usefulness

Faulty lot layout in relation to size, adequacy, accessibility or usefulness equates to obsolete platting with respect to current subdivision and zoning practices adopted since the 1950s. Obsolete platting includes parcels of irregular shape, narrow or small size, and parcels improperly platted.

Historically, these lots were platted late Nineteenth and early Twentieth Centuries before the first official city plan by Harland Bartholomew. As platted originally, these lots were located adjacent to industrial areas and met the needs of the residents of the time. Primarily due to the narrow lot frontages, many of the lots located in the redevelopment area are too small to accommodate modern amenities.

The proposed redevelopment area contains a predominance of lots that do not meet the standard single family zoning district requirements for lots containing 3,000 square feet in area with a minimum width of 25 feet at the building line.

Section 10.5.1 of the Memphis & Shelby County Unified Development Code states that a single-family detached dwelling which complies with the restrictions of Section 10.5.2 may be erected on a nonconforming lot that is not less than 25 feet in width, and which:

- A. Has less than the prescribed minimum tract or lot area, width and depth, or any of them; and
- B. Is shown by a recorded plan or deed to have been a lot of record or tract owned separately and individually from adjoining tracts of land at a time, when the creation of a lot or tract of such size, depth and width at such location would not have been prohibited by zoning or other ordinance; and
- C. Has remained in separate and individual ownership from adjoining tracts of land continuously since March 1, 1989.

There are 37 residential lots with less than 25 feet of frontage and less than 3,000 square feet in area. The Memphis & Shelby County Unified Development Code permits construction of a single-family residence on such lots, provided the following requirements are met:

- A. The dwellings shall be placed on the tracts or lots so as to provide a yard on each side of the dwelling;
- B. The sum of the width of the two side yards on such tracts or lots shall not be less than the smaller of:
 - 1. 25 percent of the width of the tract or lot; or
 - 2. The minimum total for both side yards prescribed by the building envelope standards of said zoning district; and
 - 3. No side yard shall be less than three feet.

Several parcels are landlocked which means they do not have road frontage on a public street. This condition could make opportunities for future development difficult if an individual is not able to acquire property with access and consolidate parcels for redevelopment.

Unsanitary or Unsafe Conditions

Structures that do not meet the minimum building code are located throughout the proposed Redevelopment Area. These structures represent a substantial percentage of the available housing units located in the Redevelopment Area. Additionally, there are 32 properties on Community Enhancement's condemnation list and 19 on the Fire Department's Anti-Neglect list, which is indicative of the number of properties in disrepair or that are uninhabitable or otherwise unsafe.

In addition to this, there are a number of sites that are considered to be environmentally contaminated, including 4 Superfund sites, 2 confirmed Brownfields sites and another potential Brownfields site, and 80 out of service underground storage tanks.

Deterioration of Site or Other Improvements

Other signs of blight and deterioration throughout the Redevelopment Area include aging and cracked infrastructure, particularly cracked sidewalks. Abandoned and unkempt alleys and noticeable debris, including illegal dumpsites scattered throughout the neighborhood indicating a need for overall cleanup.



Overgrown vacant lot at Grove Avenue and Walnut Street.

Tax or Special Assessment Delinquency Exceeding Fair Market Value of Land

There are 5,018 tax parcels inside the proposed redevelopment area. In 2010, 581 parcels are in arrears on the Shelby County tax roll and 809 on the City tax roll. Of these, 303 are vacant properties. It can be assumed that many of the vacant properties are the result of demolition proceedings by code enforcement activities. Due to declining rent income, property owners may decide to forgo maintenance, a cause for code enforcement activities, and may not pay property taxes. In 2010, the appraised value of the study area was \$1,373,632,300. The amount of taxes in County arrears is \$2,358,675 and the amount in City arrears is \$5,694,611.

Inadequate Parking Facilities

In observing the housing stock, a noticeable lack of adequate parking was observed. The observations indicated that cars were parked in the front yards of single family homes for additional parking space and occasionally repair. Several small apartment buildings appear to lack parking for residents.

In addition, double parked vehicles and parking on vacant lots seemed to occur around several businesses and institutions, particularly near FedExForum even when an event was not occurring. During peak events, numerous vacant lots are used for paid parking, even though there appears to be inadequate provision for the safety and security of the vehicles and their occupants, as well as lack of a paved surface or signage indicating it is a legitimate parking area.

Roadways, Bridges or Public Transportation Facilities Incapable of Handling Traffic Flow into or through the Area

Several small streets (such as Pontotoc Avenue, Fourth Street, Ioka Avenue, Walnut Avenue, etc.) are narrow by current-day standards thereby reducing their capability to accommodate two-way traffic flow, especially during peak usage.

As documented by the Memphis Metropolitan Planning Organization, The Memphis Urban Area 2030 Long Range Transportation Plan recommended four (4) focus areas in an effort to integrate land use, urban form and transportation decision making through scenario development planning.

These focus areas include (1) downtown reinvestment, (2) transit-oriented development, (3) Traditional neighborhood development, and (4) Rural preservation. The northwest portion of the Redevelopment Area is located in the “Downtown reinvestment” area. This area is located south of Union Avenue; west of Third Street; north of Huling Road and east of Mississippi River.

In this focus area two (2) development scenarios emerged. (1) The “Business-As-Usual Scenario” assumes continuation of existing land use patterns and development intensities. and (2) the “Reinvestment in Downtown Development Scenario” targets vertical mixed use infill development for underutilized parcels currently occupied with low-rise warehouses or surface parking lots. The development scenario advocates implementation of the streetscape improvements recommended in the Memphis CBID Streetscape Master Plan for improving the local pedestrian environment. Additions to the public realm include way-finding signage, landscaping and enhanced bus stops with shelters, benches, trash receptacles and lighting. Also recommended is a new street connection between Second Street and Third Street via Talbot Street. This will provide additional connectivity to the grid street pattern.

The “Existing Roadway Element” identifies existing roadways or those roadways that are presently committed to be constructed, and provides a overview of the current operating of the roadway network. Roadways identified in “The Existing Plus Committed Network” as “committed” are those projects that have advanced beyond the planning phase and that are far enough through the design and/or right-of-way phases that funding source has been identified. There are no roadways in the Redevelopment Area that have been identified.

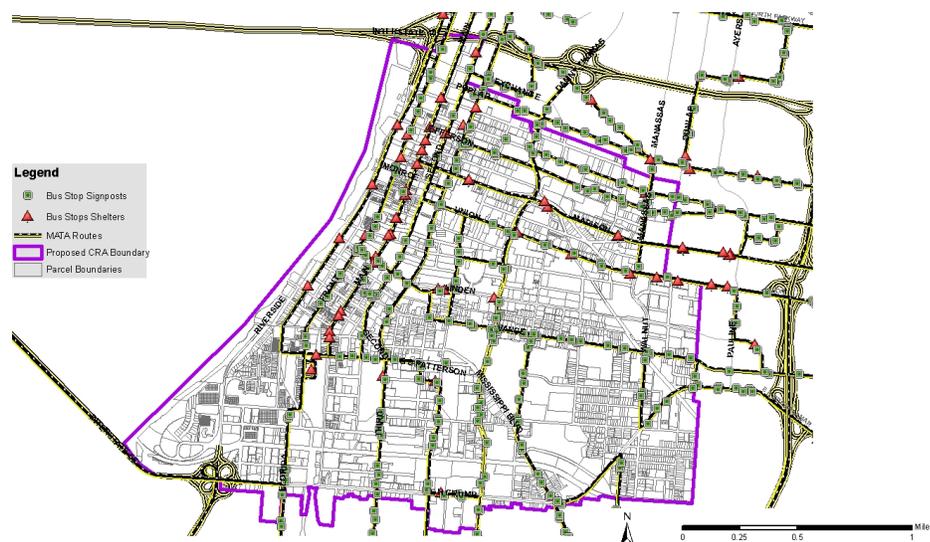


Figure 2.24 – MATA Bus Routes and Stops

Source: City of Memphis: Div. of Housing & Community Development, *Qualification Analysis*.

However, the Interstate 55 and E.H. Crump Boulevard interchange has a Level of Service (LOS) F and has been identified as a congested corridor. The State of Tennessee Department of Transportation (TDOT) is currently conducting an environmental study to determine the impact it will have on the surrounding community. Starting within the next year Tennessee Department of Transportation (TDOT) will be providing a temporary relief until the environmental assessment is complete by modifying the northeast quadrant of the interchange to allow for two (2) moving lanes entering the interstate rather than one (1) for west bound traffic.

The “Future Transportation Network” includes projects identified through the public participation process and a needs assessment that determines the transportation desires of the community. Three (3) roadways were identified:

- G.E. Patterson Avenue from Front Street to Mississippi Boulevard was recommended for widening. This will provide a moderate level of congestion relief to roadway system, and/or moderately enhances connectivity, a moderate level of connectivity for freight, transit, pedestrians, and bicyclists (e.g. serving intermodal facilities, some sidewalks/bus routes, etc.); little positive impact on promoting growth, stimulating jobs, and/or serving existing high growth areas; moderate level of improvement to safety and/or security; low level of public support and/or few benefits to transportation demand management (i.e. ITS, Access Management, CMS) in the region; high levels of adverse environmental impacts, socio-economic impacts, and/or historic sites; and a moderate level of cost-effectiveness and/or little advocacy by other agencies or jurisdictions.
- Improvements to Front Street from Georgia Avenue to G.E. Patterson Avenue. This will provide a moderate level of congestion relief to roadway system, and/or moderately enhances connectivity; a moderate level of connectivity for freight, transit, pedestrians, and bicyclists (e.g. serving intermodal facilities, some sidewalks/bus routes, etc.); little positive impact on promoting growth, stimulating jobs, and/or serving existing high growth areas; a low level of improvements to safety and/or security; a low level of public support and/or few benefits to transportation demand management in the region; high levels of adverse environmental impacts, socio-economic impacts, and/or historic sites; and a moderate level of cost-effectiveness and/or some advocacy by other agencies or jurisdictions.
- Improvements to Third Street from E. McLemore Avenue to G.E. Patterson Avenue. This will provide a moderate level of congestion relief to roadway system, and/or moderately enhances connectivity; a high level of connectivity for freight, transit, pedestrians and bicyclists; moderate positive impact on promoting growth, stimulating jobs, and/or serving existing high growth areas; a moderate level of improvement to safety and/or security; a moderate level of public support and/or few benefits to transportation demand management (i.e. ITS, Access Management, CMS) in the region; moderate levels of adverse environmental impacts, socio-economic impacts, and/or historic sites; and a moderate level of cost-effectiveness and/or little advocacy by other agencies or jurisdictions.

The Bicycle and Pedestrian Element notes that Front Street has an “existing signed shared route” on-street bicycle facility and South Front Street has been recommended as “wide outside lane”. Second Street has been recommended “signed shared route”. Pontotoc Avenue and Mississippi Boulevard has been recommended as a “bike lane”.

In terms of public transportation, the area is generally well-served by transit (Figure 2.24). MATA’s Central Station is located within the area and serves as a transit hub. The Riverfront Loop and Main Street Trolley serve the area as well. The area is also served by ten bus routes and bus service exists on most of the major streets in the area. Future plans for transit include the possibility of providing two-way trolley service north and south

along the Riverfront Loop, a new trolley station to serve the Main Street line at Central Station and the possible addition of a model railroad museum within Central Station.

Shortage of Affordable Housing

The 2000 Census Table Metro Areas Ranked by Population showed Memphis to rank 44th of 280 metropolitan statistical areas in population size. According to the 2010 Census, the City of Memphis' population totaled 646,889 persons. The 2009 American Community Survey (ACS) 1 Year Estimate shows that 65,759 families had incomes that were below \$35,000; given an average family size of 2.5 persons/family, more than 164,398 persons had incomes at or below the median income for the City. Early estimates from the 2010 Census suggest that approximately 26.2% (or 169,485 individuals) of the Memphis population was at, or below the poverty level. For percentage of poverty, Memphis ranked the 5th highest of ten places with a population of over 250,000 according to the 2009 ACS report. The U.S. Department of Housing and Urban Development's (HUD) 2011 Fair Market Rents for the Memphis, TN-MA-AR metro area range from \$628 for an efficiency unit to \$1,041 for a 4- bedroom unit. In 2000, the median value of a single-family home in Memphis was \$72,800; according the 2007 – 2009 ACS, in 2009, the median value of a single-family home had risen to \$101,100).

Memphis Housing Authority's Annual Plan for FY 2010, reported 12,779 families on the waiting list for public housing. The waiting list for Section 8 Housing Vouchers totaled 4,521 households.

The boundaries of the proposed Redevelopment Area includes Census Tracts (CT) 40, 43, 44, 45, 46; over seventy-five per cent of Census Tracts 41 and 42; and, a small percentage of Census Tracts 37 and 50. It is estimated that in 2010, the area's population totaled approximately 10,672 persons (according to City of Memphis, Div. of Housing and Community Development *Qualifications Analysis*). Of the census tracts in the target area, only CT 42 and CT 43 reflected income that was more than 35% of Memphis' median family income of \$40,745.

Some modest renovation of housing units within reach of low- and moderate-income households has taken place; the need is greater than the supply.

At this time, single-family housing units in the study area total 1,687. Between 1980 and 2000, new construction of single-family housing totaled 799 units. The number of demolitions in the past five years has been insignificant. However, the two public housing developments in the area (Cleaborn Homes and Foote Homes), within the past 11 years, demolished a total of 599 units as part of a plan to up-grade the buildings and lower the density of low-income public housing.

In 2011, the former Cleaborn Homes public housing project was demolished to make way for Cleaborn Pointe at Heritage Landing, a 400-unit mixed-income housing development including 84-units for the elderly. One hundred forty (140) of the units at Cleaborn Pointe will be available for rent to public housing residents earning less than 30% average median income (AMI) or less, 90 are project based Section 8 voucher holders earning 30% AMI or less, 108 units of Low Income Housing Tax Credit for residents earning 50% to 60% AMI, with another 62 available to market rate families. The remaining units would be available to market-rate renters. While this does address a significant need, to improve the condition of affordable housing units, it does not come close to satisfying the need.

As part of the proposed Redevelopment Plan, Memphis Housing Authority plans for demolition of Foote Homes within the near future. At the Foote Homes public housing development, both site and building conditions continue to decay. Based on a preliminary analysis, the cost to bring these up to a 30 year life and make them marketable will far exceed the cost of placing approximately 420 families on Section 8 vouchers. MHA does not have the operational funds to continue to maintain and repair this obsolete property.

Within the study area, a survey of housing conditions reports a total of 190 housing units having conditions ranging from structural (minor and cosmetic) to dilapidated (poor, burnt-out or unsound).

The Regional Economic Development Center (REDC) at the University of Memphis prepared the Memphis Housing Study 2010 that included an analysis of the Memphis housing market at that time. One section of the report analyzes the affordability of owning or renting a home for each census tract in Memphis. This analysis compares median monthly income available for housing in each census tract with the monthly home ownership costs for the median priced home in the same census tract to determine housing affordability gaps. A similar affordability comparison is made with the median rent. The methodology used in the analysis is rather detailed; however, the process essentially deducted reasonable non-housing costs (i.e. food, clothing, medical care, etc.) from each census tract's median disposable household income to provide an estimated amount of money remaining for housing. Median Household Income (in 2009 dollars) for the census tracts with the Heritage Trail Tax Increment Finance (TIF) Area showed a range of lows at \$4,693 (CT 45), the lowest and \$4,753 the next lowest (CT 40), to a high of \$64,830 (CT 43). One of the tables entitled "Affordability of Homeownership and Renting by Census Tract" revealed that in all census tracts there was a significant gap in the ability of residents to afford the costs of homeownership. Interestingly, the study revealed that within the proposed TIF area, only in Census Tracts 42 and 43 were residents able to afford the costs of rental housing. The excerpt from that table is depicted on the next page.

The study notes:

It is important to note that if the household represented by the census tract's median income cannot afford a house or rental unit in that particular census tract, it still might be able to afford suitable housing in another area. In fact, this will be true in all higher income census tracts. However, this affordability gap may indicate that the census tract does not contain sufficient housing stock in a variety of prices suitable for many of its current residents. Either the lack of sufficient home ownership or rental properties at a variety of prices in the City as a whole, or in particular sections of the City, can pose a barrier to housing opportunities.

The Memphis Housing Study 2010 provides substantial data that supports a shortage of affordable housing in the City of Memphis. In addition to the poor condition of a significant portion of the housing stock in the south-central Memphis area (which includes the Heritage Trail Tax Increment Finance Area), and the previously mentioned condition of the area's two public housing developments, there is adequate evidence that a shortage of affordable housing exists in the area proposed for redevelopment.

Summary

The Proposed Heritage Trail Community Redevelopment Area meets the eligibility criteria of all three qualifying types: (1) a “Slum Area”, (2) a “Blighted Area”, and (3) an area in which there is a shortage of housing and is affordable to the residents of low and moderate income, including the elderly. It meets the criteria based on individual areas and the proposed area taken as a whole meets the requirements based on all three of the qualifying criteria.

Conditions of slum and blight are prevalent throughout the proposed area. While many of the dilapidated structures have been demolished due to code enforcement efforts in the area, the majority of the remaining structures show signs of deterioration to varying degrees. This is due to the age of housing stock throughout the area, the inability of people in the area to maintain their homes, and physical and social conditions throughout the area that do not provide an environment where upkeep of existing homes is a priority for property owners. The continuation of a cycle of neglect creates an incentive for large scale redevelopment activities based on the obligation of local government to create safe, healthy communities. Additionally, the costs to continue to react to conditions in the proposed area, through code enforcement and law enforcement at the level needed far exceeds the budgets available for these activities.

The loss of public housing units in the area will have an impact on the lack of safe affordable housing for the elderly and low and moderate income residents. The de-densification of public housing, while necessary, will present a burden on the housing authority to find suitable units for these residents as there is a shortage of available public housing and housing choice voucher units in the area. As demonstrated in the Memphis Housing Study 2007 document, there is a strong demand for affordable housing throughout the City of Memphis due to the concentration of older housing stock and the level of poverty that exists in the Memphis community.

Low and Moderate Income Housing

The area characteristics documented above as well as the demographic profiles analyzed from Census and other data provided clear indications of the quantity and location of low or moderate income housing in the Area. In particular, concentrations of low and moderate income housing were observed in many areas: near Third Street and Vance Avenue (south of FedExForum), near Vance Avenue between Danny Thomas Boulevard and Walnut Street, near Tate Avenue between Orleans Street and Walnut Street, and Mississippi Boulevard south of Georgia Avenue. In these areas there were observed the Foote Homes public housing project, the Cleaborn Homes HOPE VI public housing redevelopment, numerous small single-family homes, duplexes or small apartment buildings that are available for rent by low and moderate income families. The quality and upkeep of residential properties are less than what one sees in stable, desirable neighborhoods. As such, within the study area there was clearly evidence of a need for improved low and moderate income housing.

As development activities take place in the area, construction and redevelopment may impact those low and moderate income families living in the area. The extent of those effects and measures to mitigate their impact is discussed in further detail in Chapter 6, Neighborhood Impact Element.

Chapter Three: Community Redevelopment Plan

3

Community Redevelopment Plan

The Community Redevelopment Plan for the Heritage Trail area has many components, including residential, public open space, street improvements and infrastructure, and many opportunities for private enterprise investment. The Plan calls for up to 1,200 new and rehabilitated residential units in single-family and multi-family components (both for rent and for sale), the streetscape enhancements of up to 27 miles of existing city streets, the creation of 6 miles of new city streets, 42 acres of land that could be used for passive recreation, and design guidelines and development regulations in order to accomplish the scope of the Redevelopment Plan. The property identified to be used as public open space, recreation areas, and streets include 93 acres.

In the following pages, the basis and specifics of the improvements included in the Redevelopment Plan will be explained in detail. For a more detailed list of streets, properties, and other components of the Plan, please refer to Appendix A. (*CRA Act Section 14 (2)*)

Objectives

The purpose of this Redevelopment Plan is to facilitate redevelopment of the Area, to alleviate those conditions that cause the Area to be a “slum area” or “blighted area,” to provide adequate housing for those of low to moderate incomes, and to facilitate private reinvestment through a unified, planned program for economic redevelopment. This Redevelopment Plan calls for residential, retail and commercial uses that will take advantage of the Area’s location, access, and potential trade area; will significantly contribute to the City’s need for both economic development, new neighborhood oriented commercial development, provide a diverse range of housing opportunities for public housing, low and moderate income residents, and market-rate residents, will provide revenue for the affective taxing districts; and will create new jobs within the City.

The following, more specific objectives, also form the basis for this Redevelopment Plan:

- Eliminate the conditions that have qualified the Area as a “slum area” and “blighted area” under the terms of the Act;
- Stimulate redevelopment of the Area and surrounding community through private investment in new commercial and residential uses that will provide the maximum job generation and revenue base for retirement of Redevelopment Area obligations and long-term revenue generation for all affective taxing districts, the City of Memphis and Shelby County;
- Utilize other available redevelopment mechanisms to facilitate new infill retail, commercial and housing construction through incentives to developers;
- Relocate incompatible land uses to more appropriate locations in the City;
- Provide an implementation mechanism that will accelerate the achievement of these objectives and complement other community and economic development objectives and programs;
- Further the objectives of the City and Memphis Housing Authority’s affordable housing policies and the community’s vision as described in the Vance Avenue Choice Neighborhoods Transformation Plan;
- Act as a catalyst for other rehabilitation and redevelopment projects within the Redevelopment Area.

(*CRA Act Section 14 (1)*)

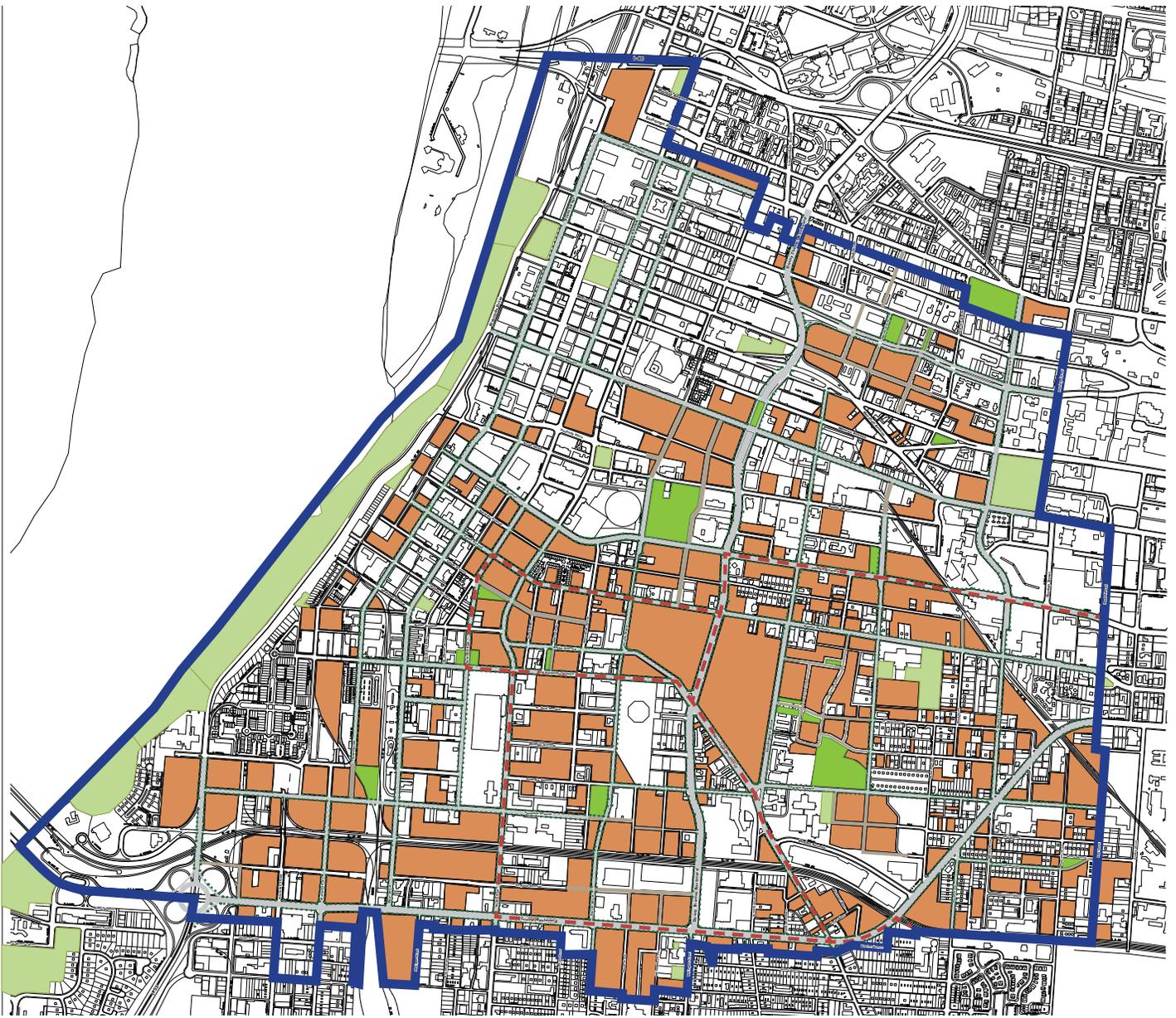


Figure 3.1 – Heritage Trail Community Redevelopment Master Plan

-  Heritage Trail Boundary
-  New Street
-  Street Improvements
-  Investment Areas
-  New or Improved Park
-  Existing Park
-  Focus Area

General Land Use Plan

The Redevelopment Area includes the historic core of the city. Within the Area is the region's largest concentration of commercial and office development, tourism-oriented retail, entertainment and cultural destinations, regional park spaces, and a diverse range of residential from public housing to new condominium conversions. A significant portion of the Area was once (and may still be) home to industrial activity and may have left a legacy of environmental contamination which may inhibit new investment.

The Redevelopment Plan provides for the framework to incentivize the reinvestment and redevelopment of the Area in order to support Downtown and the existing neighborhood, improve housing conditions for those with the fewest means, improve infrastructure and land in order to support new investment, and sustain the needed parks and open spaces to promote quality of life.

Affordable Housing

Fundamental to the Act is the aim to alleviate poor housing conditions and overcome the lack of affordable or appropriate housing for families and the elderly. Within the Area several projects previously mentioned are oriented towards providing replacement public housing, low and moderate income housing, or artist-oriented subsidized housing.

Major projects currently underway or envisioned include the Cleaborn Pointe at Heritage Landing HOPE VI redevelopment project (formerly Cleaborn Homes public housing project) which will provide 400 homes for public housing, low-income and market-rate families. Demolition has been completed and construction of the first phase, consisting of 84 units of senior housing, began in January 2012. Three future phases, slated for construction between 2012 and 2014 will provide much-needed housing for families within close proximity to transportation and jobs in the Downtown area.

Planning is currently underway as part of the Vance Avenue Choice Neighborhoods Planning Grant to envision the housing, services, neighborhood retail and other services needed to support the residents of Foote Homes public housing. Expected outcomes of the planning process include identifying the number and types of housing required to redevelop Foote Homes including on-site redevelopment and off-site renovation or new construction within the Area.

The so-called South of Forum study area includes redevelopment of housing south of Linden Avenue (now Dr. M.L. King Jr. Boulevard) near the FedExForum sports arena. Over the past several years efforts have been made to acquire and demolish sub-standard housing. Neither a defined plan for housing nor a developer has been identified for redeveloping the area.

Other proposed housing developments (listed previously) have either stalled or been cancelled due to economic conditions, however one development moving forward is the ArtSpace project which proposes to convert an existing warehouse to low-cost artist living quarters with studio space. Located within the South Main Arts and Historic District, this is expected to move forward in 2013.

The Redevelopment Plan calls for renovation, redevelopment and infill housing within the Area including the 400-unit Heritage Landing HOPE VI project, the potential redevelopment of the Foote Homes property, and between 500 and 800 units of mixed finance housing within the Downtown, South Main, and infill housing sites.

Tourism and Visitor-Oriented Development

As a regional (and international) tourism, medical and business destination, the Area sees thousands of visitors who walk, drive and experience the Area each year. The proper hotel accommodations, convenience retail, way-finding signage and street environment are fundamental to providing the visitor with a safe and enjoyable experience while in Memphis. Considerable future tourism, convention and business travel, and the creation of jobs with companies who rely upon tourism are dependent upon the Area remaining stable or improving.

The construction of FedExForum in 2004 was the catalyst for the construction of the Westin Hotel and associated parking structure; however, several hotels proposed for the area south of the arena have not yet been realized. The presence of hotel development would provide opportunities for growth of hospitality and restaurant industry jobs that would support the needs of business travelers, visitors to Beale Street, sporting events and festivals, and to those seeking medical support at the nearby Medical Center.

Brownfield Cleanup and Redevelopment

The Redevelopment Plan for the Area takes into account the overall trend of declining industrial use property in the Downtown and Mississippi Riverfront area. Industry departing for other parts of the region (particularly in the Airport area or Southeast Memphis) or beyond typically leaves behind underutilized buildings or vacant property. A number of these properties have environmental issues which inhibit their reuse for other industrial or non-industrial purposes. Essential to reclaiming this property is to address liability and allocate responsibility for cleanup of contaminated sites, remove out-moded buildings, and provide adequate utilities and street connections to make the properties suitable for redevelopment. Where attracting new business uses is possible, redevelopment efforts should focus where there is potential to provide jobs to neighborhood residents. In areas such as South Main, developers are either adaptively reusing or replacing industrial buildings for residential uses such as urban loft condominiums or mixed-use developments. The potential for adaptive reuse of appropriate buildings should be encouraged to bolster the diversity of uses and efficient use of existing structures.

Infrastructure Improvements Supporting Development

One of the criteria for a Redevelopment Area plan is the presence of an inadequate street layout for redevelopment. As identified previously, the absence of public streets have resulted in so-called “super blocks” that are neither pedestrian friendly or easily adaptable to new development patterns and do not conform to the current Unified Development Code standards for block perimeter. New streets are needed to break up larger blocks into appropriately sized urban sites, as illustrated in the plan. The plan calls for six (6) miles of new street connections be made in order to support the orderly development of large tracts of land.

An overall pattern of major and minor streets traverse the Area. Major streets oriented north-south include Riverside Drive, Front Street, Main Street, Second Street, Third Street, Danny Thomas Boulevard, and Manassas Street/Walnut Street. Major streets oriented east-west include Poplar Avenue, Jefferson Avenue, Madison Avenue, Union Avenue, Linden Avenue/Dr. M.L. King Jr. Boulevard, Vance Avenue, G.E. Patterson Avenue, Georgia Avenue, and E.H. Crumb Boulevard. Given the importance of these streets to the overall character of the Area each of these major streets should be improved with adequate lighting, landscaping, signage and other streetscape improvements. Additional minor streets such as Florida Street and others that act as gateways into the Area should be similarly improved. The plan calls for up to 27 miles of streets to receive streetscape improvements and essential repairs throughout the Area.

Sidewalks are provided through much of the Area, however many sections have deteriorated and in need of repair or replacement. In a few locations sidewalks are missing and should be installed. Handicapped ramps at street corners are being installed by the City in many locations and should be included in any future development and streetscape improvements. Bicycle facilities (bike lanes, cycle tracks, signage and signals) are being aggressively pursued throughout the City of Memphis and the region, however the only facilities currently in place are “sharrow” markings on Front Street in the South Main area, with bicycle lanes planned for portions of Linden Avenue (Dr. M.L. King Jr. Boulevard) from Danny Thomas Boulevard to Sommerville Street, and Florida Street south of Georgia Avenue. These facilities are disconnected from the rest of the bicycle network and so additional bicycle facilities should be installed making interconnected bicycling routes.

The Area is also one of the oldest portions of the city, and as a result has among the oldest and least adequate infrastructure and utility services. Any redevelopment of this area will likely require the removal, replacement or upgrading of sub-surface utilities (sewer, water, gas, etc.) to support modern day building standards. Also, where possible, electrical, telephone/data and cable TV service should be placed underground for protection as well as to beautify the Area by removing overhead wires on utility poles. Storm water drainage channels, such as Desoto Bayou and Gayoso Bayou, must continue to be maintained and could possibly benefit from new surface management ponds or even restoration to their original states.

Recreation and Open Space

Essential to establishing a high quality of life in the area for residents is adequate provisions for parks, recreation and other green spaces. The opportunities for children and families to walk just a few minutes to a neighborhood park to play, walk the dog, meet neighbors, or conduct community gatherings are limited. Children are left, therefore, with limited opportunities for healthy play and exercise, or to build essential social skills. Instead of participating in healthy and engaged activities, children are seen playing in the street, walking the neighborhood, or participating in disorganized groups which are often leading to mischief or ultimately crime.

The Area has few adequate park spaces within close proximity of residential uses. General use and active recreation parks in the Area include L.E. Brown Park and the fields at the schools in the area such as Georgia Avenue Elementary, Vance Middle School, and Booker T. Washington High School but these are not often used or off-limits to residents. Passive recreation parks such as Church Park, Army/Navy Parks, Morris Park and Forrest Park provide opportunities for casual recreation but are underutilized, ill-equipped or remote. In the case of Morris Park, it also hosts loitering and criminal activity. One major regional park is in the Area; Tom Lee Park is utilized primarily as a major festival park with little provision for active recreation for local residents and so is of little benefit to the Area. Within the Downtown CBD, several park spaces exist primarily for general civic and recreational use, such as Court Square, Confederate Park and Jefferson Davis Park, and are remote from anyone but those living in the luxury apartments and condominiums Downtown.

It is a typical best practice of desirable and healthy neighborhoods to contain passive green spaces within an approximately 2-minute walk (530 ft.) and active recreation areas within an approximately 5-minute walk (1320 ft.) of most residences. Based upon these metrics, many existing and potential residential areas are beyond those distances, so park space should be included in new residential development areas. Upgrades to existing or adding new playgrounds are suggested in several locations so as to provide adequate recreation within a few minutes' walk of a greater number of families than ever before. 17 acres of new parks and green spaces are illustrated in the Redevelopment Plan. (*CRA Act Section 14 (f)*)

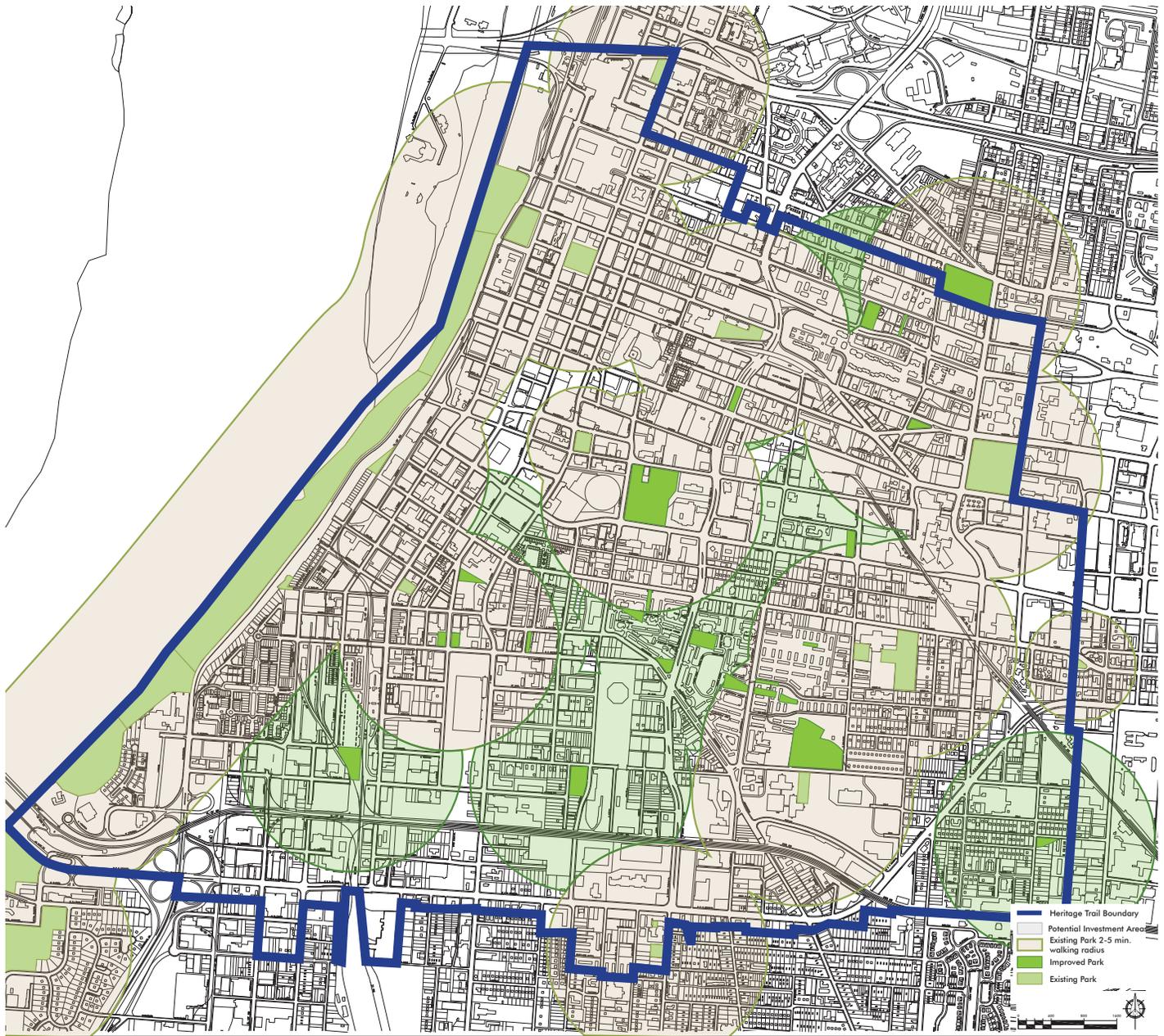


Figure 3.2 – Proximity to existing and proposed parks and open spaces

Streets

As noted throughout the Redevelopment Plan map and description, streetscape improvements should be considered for all major streets and for some minor streets within the Area in order to create the sense of quality and desirability for both residents and visitors to the Area. This can include repairing worn sidewalks, constructing new sidewalks where missing, planting street trees, erecting way-finding and community signage, and placing appropriate street furniture (benches, trash receptacles) as needed. Also, some street widths do not match their current traffic load and could be reduced in width, or parallel or angled parking could be introduced.

Residential Element

The Redevelopment Plan is intended to remedy a shortage of affordable housing for low and moderate income or elderly residents in the Area. Of the 6,684 housing units in the Area, approximately 40.5% are luxury and market-rate dwellings in the Downtown core and south of Downtown, while 59.5% are outside that zone and are predominantly occupied by low and moderate income households. A need exists within the entire Area for more decent and suitable housing affordable to a wide range of incomes.

The City of Memphis, the Memphis Housing Authority and Downtown Memphis Commission have been working on redevelopment plans for the Area for several years. Examples include the Cleaborn Homes HOPE VI redevelopment plan by the Memphis Housing Authority (MHA), *South of Forum Redevelopment Plan* by the Downtown Memphis Commission, and the Vance Avenue Choice Neighborhood Planning Grant process sponsored by HUD and administered by MHA is currently underway which will look at housing, social services, and neighborhood services needed in one portion of the Area.

Currently proposed residential developments which include provisions for affordable housing for low and moderate income households and the elderly are:

- Redevelopment of the Cleaborn Homes public housing project into the Cleaborn Pointe at Heritage Landing development, consisting of 400-units of public, affordable, and market-rate housing. The first phase consists of 84-units of senior housing, whereas future planned phases are comprised of 316-units of family housing.
- Potential redevelopment of the 428-unit Foote Homes public housing project into a mixed-income, mixed-style housing development. The redevelopment will likely also include scattered site housing within the Redevelopment Area.
- Additional private sector affordable and market-rate housing development, including housing projects proposed and listed elsewhere in the plan.

The Redevelopment Plan aims to promote residential reinvestment, homeownership, redevelopment, or infill of new housing units (affordable and market-rate) on vacant or underutilized properties. This is accomplished through a variety of methods including site-specific redevelopment, homeowner assistance to maintain existing housing, and the acquisition/disposition of vacant lots for the purpose of constructing new housing. The continued redevelopment of the Cleaborn Pointe and Heritage Landing project, and the possible redevelopment of Foote Homes Public Housing Projects will be coordinated with the Memphis Housing Authority (MHA) to ensure

that adequate public, subsidized, low-income or affordable housing is accomplished in each development, or as part of infill development, to maintain or increase the residential options and quality of affordable and elderly housing. See also Chapter 6, Residential Impact Element, for information regarding the predicted impact on the existing residential population of executing the elements of the Plan. (*CRA Act Section 14 (8) & Section 12 (b) (3)*)

Publicly Funded Capital Projects

The conditions of public infrastructure in the redevelopment area were observed in preparation of this plan. Streets, sidewalks, streetlights, parks, and other readily visible public infrastructure were determined to be subject to varying levels of deterioration. In some instances, capital improvements have recently been made, such as the repaving of Front Street or sidewalk improvements around Court Square. In other instances, such as along portions of Vance Avenue where pavement and sidewalks are cracked, deteriorated, or even missing, it is evident that no investment has been made in some time.

The age of infrastructure in this Area is advanced enough to require regular maintenance to maintain proper condition; however some infrastructure has reached its useful life and may require removal and reconstruction to provide the level of service and quality required by current standards. The Plan calls for upgraded public infrastructure (streets, sidewalks, utilities, parks, etc.) to meet current standards and set the stage for significant private investment. Depending upon the availability of funds, the Plan calls for approximately six (6) miles of new city streets, 17 acres of new parks and open spaces that could be used for passive recreation, and as much as 27 miles of upgraded streetscapes.

Currently planned Capital Improvement Projects within the City of Memphis 5-year budget (FY 2013-2017) include:

Cleaborn Pointe at Heritage Landing HOPE VI Public Housing Redevelopment (FY 2013-2014) \$48,751,854
 Morris Park Improvements (FY 2015) \$700,000
 Mallory-Neely House (FY 2014-2017) \$436,000

Public Capital Projects Investment

In the forecasted sources and uses of funds described later, the public infrastructure investments are projected at \$5.0 million. Of course that projection is based upon the availability of funds from the redevelopment revenues and priorities will be established based upon the current conditions, the redevelopment potential, and development activity taking place at the time.

Proposed Retention, Control and Safeguards for Implementing the Plan

The CRA, in disposing of the land in the Project Area to be redeveloped, will in its contract and deed or other instruments of conveyance, include such terms and conditions as in the judgment of the CRA will be necessary or advisable to insure redevelopment of the Project Area and its use thereafter, in accordance with the Plan, and to prevent recurrence of the condition of blight or inappropriate land uses in this area. Such provisions will be contained in such contracts, deeds or other instruments of conveyance irrespective of whether they duplicate, in whole or in part, requirements of existing or proposed zoning ordinances or other local laws, ordinances

or regulations with respect to the Project Area, so that such obligations may operate independently of such zoning or other laws, ordinances or regulations. In all instances, the improvements in the Project Area will be made in accordance with the applicable Memphis and Shelby County Unified Development Code provisions and regulations; building, electrical, plumbing and other local codes and ordinances; the requirements of this Redevelopment Plan; and such other requirements as may be set forth in the contracts between CRA and the redevelopers. Any contract or agreement for disposal of project land by sale, lease or rent shall contain, and the deed or deeds to the land shall contain a covenant that the redeveloper and its successors and assigns shall not discriminate upon the basis of race, color, creed, sex, marital status, or national origin in the sale, lease, or rental, or in the use or occupancy of the property or any improvements erected or to be erected thereon. It is intended by this Plan that the CRA is beneficiary of all such covenants and obligations and that it shall be entitled to represent the interests and to act on behalf of the community in enforcing any covenants and obligations as to the redevelopment and continued uses of the Project Area in accordance with the Plan. Such contracts, deeds, and other instruments or conveyance, in addition to including such other terms and conditions as the CRA may find desirable in order to implement and effectuate the objectives of this Plan, will obligate the purchases of land in the Project area and their successors in interest to:

1. Devote the parcels owned by them to and only to, uses and controls specified in this Plan;
2. Diligently pursue the construction of the improvements as provided in the disposition contract, and to begin and complete such improvements within a reasonable time as provided by the contract;
3. Make no changes, additions or alteration in such improvements after completion of their construction that are not approved by CRA as being in conformity with this Plan, or as it may be changed or amended; and
4. Not reassign contract rights, resell or otherwise transfer the land or any part thereof or interest therein purchase by them prior to the completion of the improvements thereon without the approval of CRA and except in cases satisfactory with CRA, and not to speculate in or with respect to such land.

To ensure that the public is properly protected in the creation of this Redevelopment Plan the following safeguards are in place. First, the Redevelopment Plan must be approved by both the Community Redevelopment Agency and City Council. This review and approval includes public hearings so that the public has the opportunity to review and speak about the specifics contained within the Plan. Second, the CRA will approve all plans for specific development in accordance with the Plan and the terms above. The CRA will also allocate funds for projects and infrastructure on a reimbursement basis so that the nature and quality of improvements is actually as planned. Thirdly, various code inspectors, planners, and other municipal staff will be focused on the redevelopment area and will observe any activity that is out of conformity with the Plan. The Shelby County Environmental Court has been established to expeditiously handle issues that arise that are violations of codes and ordinances. This includes housing codes, building codes, fire codes, animal codes and other property maintenance standards.

Current Planned Initiatives

The following are a list of proposed commercial and residential projects in the Area, taken from the RKG Associates Tax Increment Finance Analysis report prepared in 2011.

- Cleaborn Pointe at Heritage Landing – Memphis Housing Authority 400-unit mixed-income housing development. Phase I contains 84-units of elderly housing currently under construction. Future phases of 316-units of family housing planned to begin in late 2012.
- Lone Star Industries – City of Memphis acquisition as part of the Pyramid and Pinch District redevelopment.

Acquisition expected in 2012.

- Van Vleet Flats – Renovation and conversion of a historic industrial building into 50 apartments and 27,800 square feet of office. Construction underway with completion expected in early 2012.
- 436 South Front Street – Demolition and redevelopment into 25 apartments and 1,500 square feet commercial space. Construction underway for 2012 completion.
- Carlisle Hotels Headquarters – Conversion of former restaurant into office space. Construction complete 2011.
- One Commerce Square – Major renovation and upgrade of 29-story office tower in downtown for Pinnacle Airlines corporate headquarters and other offices. Construction underway for 2012 completion.
- Cotton Hills Apartments – 50-unit apartment project at 607 Monroe Avenue. Building approvals being sought, putting the project on hold. Construction expected to begin in 2012.

Commercial projects currently under construction:

- 115 Union Avenue – 18 apartments and 11,400sf commercial space renovation. Under Construction.
- Visible School – Renovation for college of music and worship arts. Under construction/partially occupied.
- Beale Street Landing – \$40 million dock facility for cruise ship port of call at the end of Beale Street. Under Construction.
- West Precinct Police Station – New police station on E.H. Crump Avenue. Under Construction.
- Shelby County Morgue – Regional forensics center on Poplar Avenue. Under Construction.
- McKinley Park Homes – 30-lot subdivision for for-sale homes as part of University Place HOPE VI redevelopment. Under Construction.
- Horizon Highrise – 155-unit luxury condominium project. Under Construction (bank-owned foreclosure).

Other projects currently in the planning process:

- Downtown Memphis Marriott – 200 room expansion, 80,000sf meeting space and parking.
- Downtown Hilton Hotel – 300 room hotel adjacent to FedExForum with parking.
- Roberts Clarion Hotel – 164 room hotel renovation.
- Hotel Indigo – 125 room hotel renovation.
- EmergeMemphis – 15,000sf expansion of office space.
- Cobblestone Landing – \$6.7 million upgrade and accessibility project.
- The Ivy at South End – 25-unit luxury townhouse development. 10 lots remain.
- Founder's Pointe – 24-unit luxury subdivision development. 10 lots remain.
- St. Charles on Main – 18-lot luxury subdivision development. 10 lots remain.
- River Bluff Homes – 18-lot luxury subdivision development. 5 lots remain.
- South Bluffs – 145 lot luxury subdivision. 4 lots remain.
- Butler's Row – 36-unit luxury condominium planned but project halted.
- Butler Square – 47-unit mixed-use development planned but project halted.
- State Place – Future development site.
- Front Court – 57-unit residential subdivision planned but project halted.

Comprehensive Rezoning

In accordance with the Memphis and Shelby County Unified Development Code, the purpose of a comprehensive rezoning is to rezone areas in conformance with the principles of a comprehensive plan. The Comprehensive Rezoning Process can be initiated after the adoption of a comprehensive plan for the Area. Recommendations of the plan will be supplemented by a separate zoning report that will be followed by a rezoning application filed with the Land Use Control Board. Such an application may result in the amendment of the official zoning map(s) of the City of Memphis. It is anticipated that portions of the Community Redevelopment Plan can be undertaken prior to the completion of the Comprehensive Rezoning Process.

Chapter Four: Undertakings of the CRA



Undertakings by the CRA or City

Those undertakings, activities or projects that the CRA and/or the City of Memphis can embark upon initially include (additional items to be added in the future):

- Assist financially in the redevelopment of declining public housing into mixed income development of public, affordable and market-rate housing such as the Cleaborn Pointe at Heritage Landing (400-unit) project and the redevelopment of Foote Homes.
- Establish a program for scattered site affordable housing new construction and housing rehabilitation of existing structures, totaling up to 800 residential units.
- Establish a site acquisition fund to acquire tax-delinquent, vacant, unsafe, surrendered or underutilized properties to make available as residential sites for developers or homeowners. The proceeds from sale of development lots could go to replenish the acquisition fund.
- Support key mixed-use redevelopments which have the potential to provide housing, neighborhood-oriented retail services, and jobs in locations convenient to residents.
- Work with a Master Developer and the City of Memphis for coordinating redevelopment efforts, such as infill housing sites, retail sites, or other strategic private enterprise investments in the study area.
- Infrastructure improvements in key locations in the form of parks and open spaces, sidewalks, stormwater drainage, underground utilities, public parking, and street realignment. These improvements should be aimed toward areas ripe for redevelopment or reinvestment, preparing them for private-sector investment, or in highly visible locations critical to the image of the community.
- Streetscape improvements in key locations where development is likely to occur or where they are highly visible, turning about the image of the neighborhood. Also, certain areas where streets would act to make the area more pedestrian or bicyclist friendly and make parks and recreation areas more accessible.
- Work in conjunction with the Memphis Land Bank, the City of Memphis or other agencies wherein the CRA can temporarily hold property to be later resold, or assembled into larger sites for development.
- Establish all the necessary funds, programs and financing tools that would enable CRA to provide development financing assistance, acquire and dispose of property, conduct housing rehabilitation/recovery/repair programs, etc. Examples include Tax Increment Financing (TIF) districts, funds from state and federal grant programs, and creating a consortium of banks and lenders willing to underwrite particular programs.

Summary of the Community Redevelopment

To summarize the recommendations above, the Community Redevelopment Plan sets out the aim to assist with the development of up to 1,200 units of public, affordable and market-rate housing. The Plan also sets out to

acquire as many as 200 vacant, tax delinquent or underutilized lots, promote the demolition and removal of structures which are structurally unsound or unfeasible to renovate, and to redevelop those lots for residential or other uses. The rehabilitation of certain housing units, either acquired by the CRA or with financial assistance to the homeowner by the CRA, will be promoted where appropriate. The Plan also promotes the redevelopment of up to 450 acres of vacant or underutilized properties for residential, commercial, industrial, or mixed-use development.

Neighborhood improvements include 27 miles of streetscape improvements (including sidewalks, curb and gutter, lighting, landscaping, etc.), six (6) miles of new streets, 17 acres of new parks and open spaces and other public improvements. In certain large-scale redevelopment projects, it is anticipated that the CRA will act to make improvements to the site such as upgrading utility infrastructure, streetscape improvements, relocation of access or streets, grading, remediation, etc. in order to make the site suitable for redevelopment by private enterprise.

At this time it is not anticipated that significant zoning or planning changes are required except perhaps on a case-by-case basis as the specifics of redevelopment projects become clear. The land uses proposed by the Redevelopment Plan are compatible with the existing uses of those particular sites or the areas surrounding those sites, so it is not intended that the proposed redevelopments be incompatible with adjacent uses. The maximum densities and bulk regulations/building requirements for residential or other uses proposed in the Redevelopment Plan are intended to be in accordance with the adopted Unified Development Code of the City of Memphis and Shelby County. Any proposed redevelopment project that does not conform to existing development regulations for that site will be expected to follow the regular process of requesting rezoning, variances or zoning adjustment as required by the governing body and the Community Redevelopment Plan does not allow a redevelopment project to by-pass any regulations or ordinances established by the governing body.

Real Estate Acquisition and Disposition

It is recommended that through a public/private partnership between a private developer or non-profit Community Development Corporation, the City of Memphis and the Memphis Housing Authority a coordinated effort be made to acquire and develop real estate according to the Redevelopment Plan. Acquisition of property should be conducted through multiple sources, including private developers, non-profit public/private partnerships, Memphis Land Bank, and other partners. The overall authorization and control of acquisition of the acquisition would be managed by the Memphis Housing Authority/Division of Housing and Community Development. Acquisition and disposition of up to 200 properties should occur within the overall Area including the former Cleaborn Homes and current Foote Homes public housing projects. The potential acquisitions are depicted in maps in Figure 4.1. The map identifies the location of vacant lots, vacant dilapidated buildings, and vacant buildings. It is from these categories that the acquisitions are planned.

The properties designated for acquisition are primarily vacant and underutilized lots throughout the area. Acquisition is necessary to provide for the redevelopment of vacant and underutilized land, to eliminate structures which, because of poor initial construction, inadequate maintenance, obsolescence or other conditions, are not suitable for rehabilitation; to eliminate non-conforming land uses which are detrimental to the area or the redevelopment of the Area; to provide for the replatting of land and the development or adjustment of streets,

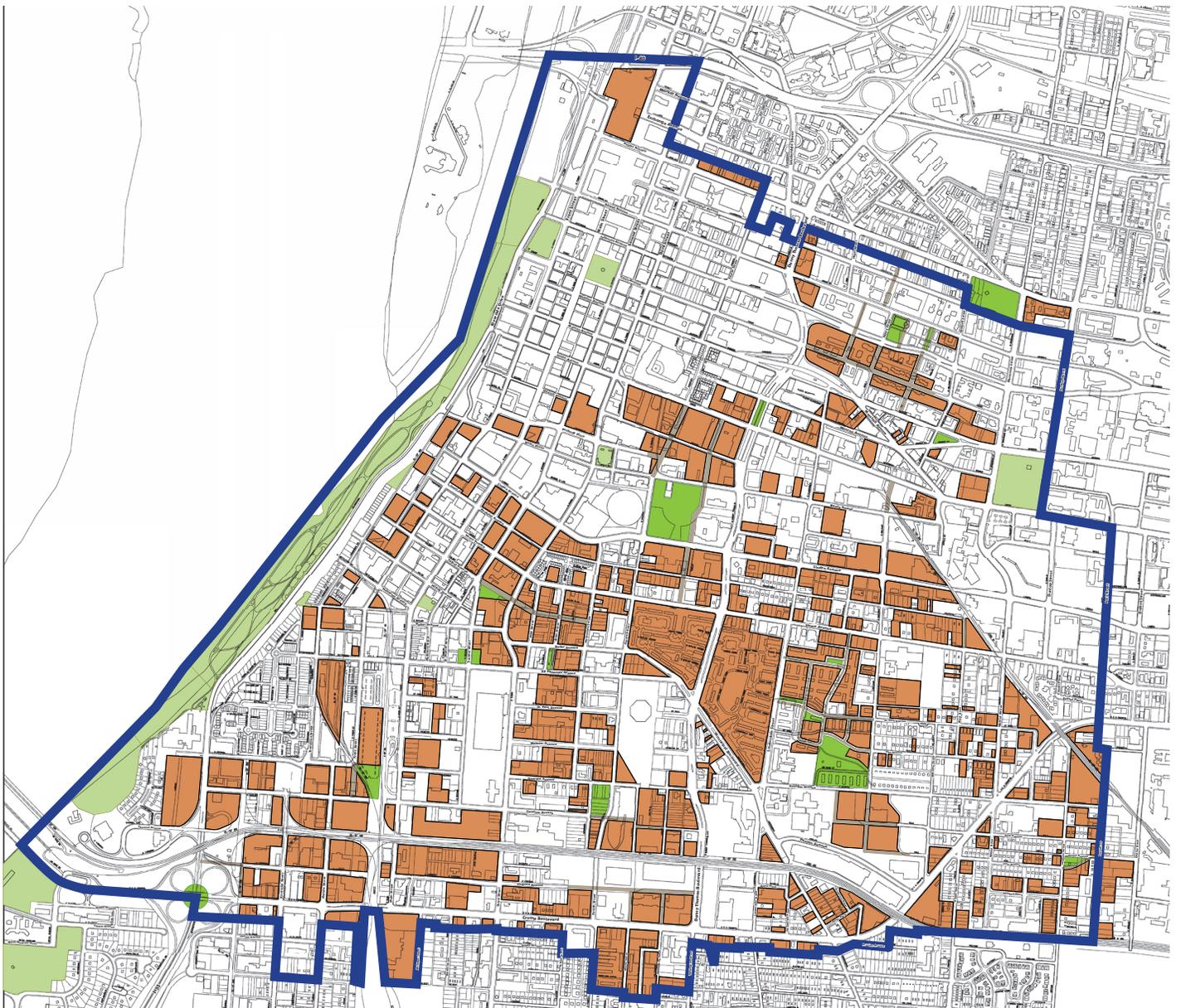


Figure 4.1 – Proposed acquisition and investment areas

alleys, and pedestrian ways; and to assemble suitable disposition tracts for new commercial, residential, and institutional development. Large-scale property assembly will take place after approval of a redevelopment plan for projects within the district. It is not proposed to acquire all acquisition parcels at the time of approval of this Plan, but as funds are available and the private market would support redevelopment.

The Memphis Housing Authority/Division of Housing and Community Development has incorporated the Memphis Land Bank, Inc. through the Community Foundation of Greater Memphis to act as land bank for the Area. This land bank was established to acquire and dispose of property of any kind or character by purchase, contract, gift, grant or otherwise for not for profit and public benefit purposes. This entity was established to assist the City of Memphis, its Division of Housing and Community Development and the Memphis Housing Authority in working through a public/private partnership. It is anticipated that the City of Memphis will utilize both the Memphis Land Bank, Inc. and the powers of the CRA to assemble property for the redevelopment of the Area.

Some property in the Area is already under control of one or another government entity, such as the City of Memphis including the Parks Commission and Fire Dept., Shelby County, Shelby County Court system, Memphis Housing Authority, Division of Housing and Community Development, Board of Education and others

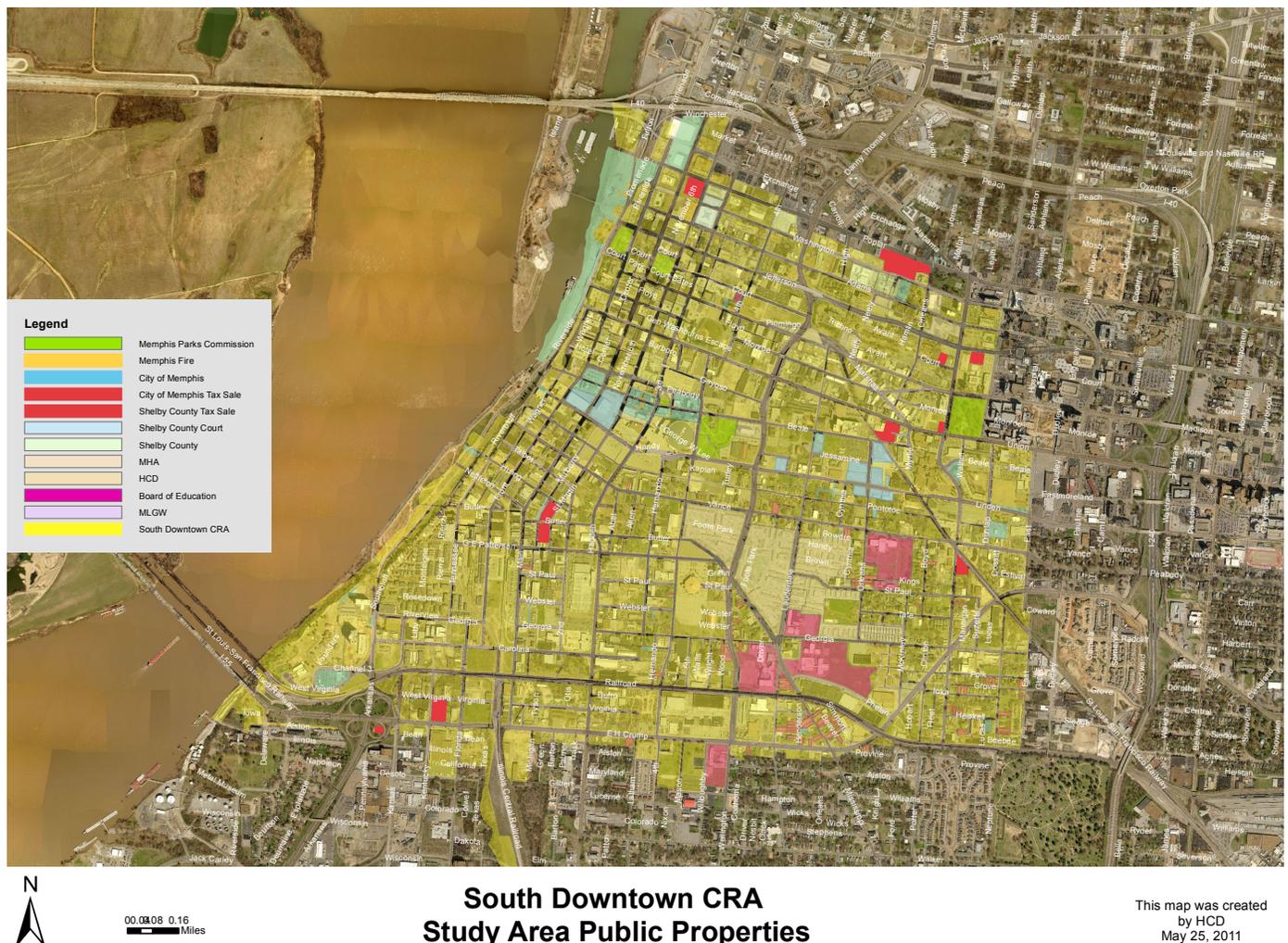


Figure 4.2 – Properties in public control

(Figure 4.2). Of these properties, some may be vacant, underutilized, or seized for back taxes and therefore be logical candidates for redevelopment if they can be acquired.

Properties designated for conservation may be acquired if a property owner fails to comply with a voluntary program of rehabilitation to eliminate building deficiencies and fails to comply or reach written agreement with the Memphis and Shelby County Redevelopment Agency (CRA) to abide by the design recommendations or review by commissions or authorized review planes of this Plan where the owner of the property shall have been notified and accorded a reasonable time, in no case less than ninety (90) days from the date of notice, to bring the structure into compliance with applicable building and housing codes or reach such an agreement, a property is found to be infeasible for rehabilitation because of the excessive relative costs of repairs, impracticality of necessary alterations, hardship on the owner, recalcitrance of the owner, or extremely deleterious conditions which would remain even if the structures could be rehabilitated; if any other conditions listed in this Plan pertain to the subject property or a property is determined to be necessary for a street right-of-way or utility easement as subsequently determined by final design and construction plans for project improvement.

Certain properties or portions thereof designate for acquisition may be exempted from acquisition as provided herein. Exemption may be made if it will not require a change in the Land Use Plan or plans for street or utility improvements; the exemption and/or permitted continuation of a non-conforming or detrimental use by CRA will not adversely affect the use and/or disposition of adjoining parcel agrees to or to be acquired or the redevelopment project as a whole; and the owner of any parcel agrees to eliminate any non-conforming use on the parcel as may be requested by CRA, to rehabilitate all structure on the parcel, use the land and structures in accordance with provisions of this Plan for its duration, acquire such land as deemed necessary by CRA to conform to current local zoning and codes requirements, and/or sell any portions of the tract as deemed necessary by CRA for street right-of-way purposes. Any such exemption shall be made conditional until the owner has complied with all the requirements of a contractual agreement to be executed by and between the owner and the CRA.

In order to achieve the objectives of the Plan, it may be necessary for the CRA to acquire certain properties in the Project Area in addition to those vacant abandoned and underutilized parcels, as well as parcels which may be identified in sub-area redevelopment projects within the district. Additional parcels may be acquired at the request of the owner to provide for necessary adjustments in utility easements of street, alley or pedestrian rights-of-way; to provide land for public use in connection with State or local projects; to provide for the redevelopment of abandoned railroad rights-of-way; to eliminate dilapidated or deteriorated structures which may be found to exist following subsequent surveys of interior conditions where the owner of the property shall have been notified and accorded a reasonable time, in no case less than ninety (90) days from the date of notice, to bring the structure into compliance with applicable buildings and housing codes; to provide clear and marketable title for vacant or abandoned properties; to eliminate any non-conforming uses, or local zoning; to provide for the proper development of vacant and poorly maintained lots; or to eliminate buildings which may encroach upon existing or planned rights-of-way whether they be totally or partially located within the Project Area.

Eminent Domain

It is anticipated that a percentage of all negotiations will not result in a contract with a willing seller. Three of the primary causes may be the absence of clear title information, the seller's opinion that they are not being offered fair compensation, or unwilling sellers. In these and other instances where properties cannot be

contracted, the developer will meet with Memphis Housing Authority/Division of Housing and Community Development and review the impact on the overall development plan. Jointly a decision will be made as to whether the parcels should be acquired through eminent domain. If the decision to proceed with condemnation is made, condemnation authority granted to the Memphis Housing Authority or the CRA will be utilized. The condemnation process will be consistent with the Community Redevelopment Act of 1998, Uniform Relocation Act (U.R.A.) and HUD guidelines.

Accordance with CRA Workable Program

The Community Redevelopment Plan is in accordance with the CRA Workable Program in that it describes, in greater detail, the specific revitalization tactics recommended by the Workable Program and how those tactics can be employed within the study area to achieve community revitalization. The Community Redevelopment Plan also specifically describes certain areas and tactics to eliminate and prevent the conditions of slum, blight, and the lack of affordable housing and housing for the elderly within the study area.

Accordance with Community Redevelopment Act

The Community Redevelopment Plan is also in accordance with the powers granted the CRA through Section 17 of the CRA Act, specifically, by describing the acquisition of slum areas and blighted areas; demolition and removal of buildings and improvements; locations for the installation, construction or reconstruction of streets, utilities, parks, and playgrounds; disposition of property; repair and rehabilitation of buildings or other improvements; acquisition of property for the repair or rehabilitation for residential use; acquisition of property prevent the spread of blight; to work with other parties and government agencies for the services, construction, repair or maintenance of streets, roads, public utilities or other facilities; and to conduct those activities in accordance with any federal laws regarding federal financial assistance.

Accordance with Other Comprehensive Plans

The Community Redevelopment Plan has in its preparation referred to and incorporated elements of the comprehensive plans for the City of Memphis, including the Metropolitan Planning Organization Year 2040 Long Range Transportation Plan, the South of Forum Redevelopment Plan, the Cleaborn Homes HOPE VI redevelopment plan, the Memphis and Shelby County Community Redevelopment Act Workable Program, and other planning policies and documents as specified by the Division of Planning and Development. In so doing it is in conformance with the comprehensive plans of the City of Memphis. *(CRA Act Section 12 (b)(2))*

Chapter Five: Financial Resources

5

Financial Resources

Implementation of the Revitalization Plan requires significant funding due to the current levels of slum and blighted conditions including residential, commercial and industrial properties, and public infrastructure. A combination of funding sources will be required because (1) the area is large; (2) in the majority of the Area there are no major projects that will generate significant revenues; and (3) the market conditions are somewhat weaker in the Area than in other areas of Memphis. Conventional mechanisms for generating revenues through the private sector will have to be combined with innovative funding mechanisms provided by the City of Memphis and Shelby County. A public private partnership among local, state, and federal governments, and private sector institutions, businesses and individuals will be required.

RKG Associates, Inc. (RKG) was retained by the City of Memphis, Division of Housing and Community Development, to complete an analysis of the estimated value of a potential tax increment financing (TIF) district. The purpose of this study was to determine the feasibility of establishing such a district for the purposes of providing public financing for projects and investments within the Area in order to create the conditions where private investment would take place. The following is based upon that study, which can be found in its entirety in Appendix D.

Tax Increment Financing (TIF)

One financing tool that has been recommended in the Redevelopment Plan is Tax Increment Financing (TIF). The local governments, by the authority vested in the Community Redevelopment Agency, are able to establish a Redevelopment District and utilize Tax Increment Financing to facilitate private sector investment. Approval of the appropriate taxing jurisdictions is also required. The TIF would produce revenues as a result of the new private sector investment and increase in the tax base of the area. The increment of tax growth is placed in a Trust Fund that must be used for the benefit of the Area and for eligible uses specified in the Community Redevelopment Act of 1998. This tool is perceived as a logical way to fund development projects because it relies on funds that would not otherwise be produced unless new development takes place and it does not supplant existing revenues from either city or county government.

A tax increment financing district would be useful in generating revenues to promote new housing and business development without relying exclusively on appropriated funds. It would complement grants that are likely to be obtained as well as local capital improvement dollars. A combination of revenues from the natural increase in assessments and tax revenues from already-built projects coming off the Payment In Lieu of Taxes (PILOT) program in future years will generate a sufficient amount of funding to significantly affect the neighborhood.

The table below provides a forecast of TIF funds over the 20 years of implementation of the plan. This forecast represents a relatively conservative estimate based upon known commercial and residential development. (Figure 5.1)

The amount of TIF revenues are predicted based upon the amount of property tax revenue that will be generated in each of the next 20 years that is above and beyond the current year's tax revenue. Current year (2011 values assuming the TIF district and Trust Fund are established in 2012) tax revenues are calculated to be \$10.3 million for the City of Memphis and \$13.1 million for Shelby County. This baseline revenue will continue to flow directly to the City and County in future years, however any natural increase in appraised value which results in an increase in tax assessments, and any new tax revenues from PILOT projects completing that program, will result in additional property taxes above the 2011 baseline to be directed to the Trust Fund. The baseline revenue

Year	Cleaborn-Foote	Known Projects	PILOTs	Base Appreciation	Less Delinquency	Estimated TIF Revenue
BASE 2011	\$0	\$428,681	\$3,766,099	\$12,276,850	(\$1,285,558)	\$15,186,072
1 2012	\$0	(\$36,203)	\$73,173	\$0	(\$5,724)	\$31,246
2 2013	\$6,745	(\$2,086)	\$75,548	\$0	(\$6,419)	\$73,789
3 2014	\$15,258	\$56,125	\$83,711	\$0	(\$12,111)	\$142,984
4 2015	\$23,690	\$110,778	\$290,322	\$0	(\$33,167)	\$391,622
5 2016	\$32,121	\$160,661	\$399,380	\$0	(\$43,422)	\$548,740
6 2017	\$43,163	\$312,317	\$863,490	\$1,234,923	(\$188,366)	\$2,265,527
7 2018	\$54,205	\$340,734	\$924,182	\$1,234,923	(\$196,122)	\$2,357,921
8 2019	\$65,247	\$402,143	\$964,109	\$1,234,923	(\$204,784)	\$2,461,637
9 2020	\$76,288	\$454,318	\$1,082,118	\$1,234,923	(\$218,920)	\$2,628,728
10 2021	\$87,450	\$631,234	\$2,123,607	\$2,593,338	(\$420,317)	\$5,015,312
11 2022	\$87,450	\$716,883	\$2,149,053	\$2,593,338	(\$429,453)	\$5,117,272
12 2023	\$87,450	\$855,817	\$2,162,028	\$2,593,338	(\$441,311)	\$5,257,323
13 2024	\$87,450	\$933,572	\$2,713,365	\$2,593,338	(\$489,667)	\$5,838,058
14 2025	\$96,196	\$1,242,489	\$3,883,186	\$4,087,595	(\$726,041)	\$8,583,425
15 2026	\$96,196	\$1,326,723	\$3,878,153	\$4,087,595	(\$732,249)	\$8,656,418
16 2027	\$96,196	\$1,439,036	\$3,877,807	\$4,087,595	(\$741,000)	\$8,759,633
17 2028	\$96,196	\$1,439,036	\$3,877,807	\$4,087,595	(\$741,000)	\$8,759,633
18 2029	\$105,815	\$1,600,119	\$5,435,191	\$5,731,278	(\$1,004,441)	\$11,867,962
19 2030	\$105,815	\$1,600,119	\$5,435,191	\$5,731,278	(\$1,004,441)	\$11,867,962
20 2031	\$105,815	\$1,880,083	\$5,435,191	\$5,731,278	(\$1,026,321)	\$12,126,046
Total	\$1,368,746	\$15,463,897	\$45,726,610	\$48,857,261	(\$8,665,275)	\$102,751,238
% of total	1.3%	15.0%	44.5%	47.5%	-8.4%	100.0%

Source: Shelby County, City of Memphis & RKG Associates, Inc.

Figure 5.1 – Forecast of TIF Funds

amount continues to go to the taxing bodies serving the redevelopment area. This system does not lower the tax revenues collected by the varying taxing districts; nor does it impose special assessments on the redevelopment area.

In early years, the amount flowing into the Trust Fund is much lower than later years. In order to leverage the power of future tax revenue, revenue bonds are issued at the outset to create a pool of funds available for redevelopment that is repaid over time. TIF revenues are predicted to accumulate over a 20 year period and be used to pay debt service on revenue bonds. The approximate \$102.8 million in estimated TIF funds can be combined with other grants and local funding to generate far more than that amount of available project funds. Of course this does not include private sector investment or public sector funding of through other programs.

It is also proposed that revenue bonds be issued based upon a portion, not the entirety, of the potential TIF revenue. Issuance of bonds on approximately half the projected revenue would occur at the outset of the TIF, leaving room for additional bonds to be issued later in the term to accommodate funding of projects that are currently unknown.

The financial forecast is based on the following assumptions:

- The term of the TIF District is 20 years. The state legislation allows 30 years, but the lesser terms provides the opportunity for local governments to gain additional tax revenues earlier. The 20 year bond term is generally preferred so long as a predictable revenue stream established before the bonds are issued.

- Tax rates at the current level since no prediction of increases over the life of the TIF.
- The redevelopment of Cleaborn Homes and Foote Homes are currently tax-exempt, however when they are redeveloped a payment in lieu of taxes (PILOT) is proposed.
- Changes in assessment will result from new private sector developments (projects) when they are completed.
- The transitioning of PILOT projects back on to the tax rolls and replacing the in-lieu payment with property tax payments to the City of Memphis and Shelby County.
- Changes in property assessment, represented by appreciation of the tax base at revaluation intervals. The appreciation change also reflects any potential changes in the tax rates that may occur over the TIF period.

Financial Analysis: Sources and Uses of Funds

Based upon the financial forecast and the needs for funds in the Redevelopment Plan, an estimate of the sources and uses of funds was prepared summarizing the financial analysis for the duration of the project. The table below delineates a potential source and use of funds based upon a limited number of new developments.

The source of funds is a projection based upon the estimated TIF revenues generated from a bond issuance for less than half of the 20-year potential revenue. These funds are not adequate to fully fund the plan that is recommended. If additional funds can be acquired from outside sources or allocated by city government, they will be able to accelerate the rate of improvement in the neighborhood. (Figure 5.2)

Base	Year	Estimated TIF Revenue	Accumulated Revenue
1	2012	\$31,246	\$31,246
2	2013	\$73,789	\$105,035
3	2014	\$142,984	\$248,019
4	2015	\$391,622	\$639,641
5	2016	\$548,740	\$1,188,381
6	2017	\$2,265,527	\$3,453,908
7	2018	\$2,357,921	\$5,811,829
8	2019	\$2,461,637	\$8,273,466
9	2020	\$2,628,728	\$10,902,194
10	2021	\$5,015,312	\$15,917,506
11	2022	\$5,117,272	\$21,034,778
12	2023	\$5,257,323	\$26,292,101
13	2024	\$5,838,058	\$32,130,159
14	2025	\$8,583,425	\$40,713,584
15	2026	\$8,656,418	\$49,370,002
16	2027	\$8,759,633	\$58,129,635
17	2028	\$8,759,633	\$66,889,268
18	2029	\$11,867,962	\$78,757,230
19	2030	\$11,867,962	\$90,625,192
20	2031	\$12,126,046	\$102,751,238

Figure 5.2 – Sources of TIF Funds

The uses of funds noted represents an allocation designed to concentrate activities in areas that will generate the largest positive change in the neighborhood. It must build in flexibility to recognize the market conditions and what it takes to incentivize a project. Whether a particular residential or commercial development materializes is also dependent upon the willingness of private investors to risk capital and devote resources and talent to the projects. (Figure 5.3)

Housing and Neighborhood Redevelopment		
	Redevelopment of Workforce Housing	\$22,000,000.00
	Neighborhood-Oriented Mixed Use Development	\$3,000,000.00
	In-fill Housing/Neighborhood Redevelopment	\$5,000,000.00
Public Facilities Improvements		
	Parks and Open Space	\$3,000,000.00
	Community and Public Facilities	\$3,000,000.00
	Tourism and Heritage Sites	\$4,000,000.00
Infrastructure Enhancements (Streetscapes, Streets, etc.)		\$5,000,000.00
Total		\$ 45,000,000.00

Figure 5.3 – Uses of TIF Funds

Loans

It is not uncommon for the local governments to provide a loan to the CRA upon issuance of bonds in order to pay debt service while the annual increment is initially low. In this instance it is proposed that loans be made to the Trust Fund for the purpose of interest-only debt service in the first five (5) years of the bond issuance. By Year 6, debt payment would include interest and a modest amount of principal and be funded by annual revenue. Repayment of the local government loan would also begin to occur. By Year 10, debt payment on principal would be significantly larger just as annual revenue would be larger. The potential for a local government loan facilitates the availability of funds while not presenting significant risk to the local governments for repayment from TIF proceeds.

If the loan is from proceeds of tax exempt bonds, the proceeds can not be used for private sector development on private property. It would allow improvements to public infrastructure or public facilities.

The CRA can also seek development loans from other sources such as local banks. With a predictable revenue stream local financial institutions with a commitment to revitalization may be willing to participate individually or in a collaborative fashion with other institutions.

A collaborative between local financial institutions such as commercial banks, savings and loans and credit unions should be pursued to provide construction and permanent mortgage lending for development in the district. This approach provides a source of funds needed for success and also 1) minimizes the risk for each institution, 2) provides Community Reinvestment Act credit, and 3) offers new banking relationships for the institutions. The loan pool can operate in several ways with each participating bank providing loans for a proportionate amount on a rotating basis or banks can deposit funds in a designated account with a Loan Pool Lending Committee represented by each bank making loan decisions based upon agreed upon criteria.

Bridge Financing

To begin the redevelopment of this area, over \$40 Million has already been obtained in leveraged dollars with anticipated additional leveraging of as much as \$120 Million including the TIF financing. To facilitate the redevelopment, many of the redevelopment activities (acquisition, street construction, utilities, etc.) will need to occur in 2012 through 2016. Bridge financing will be needed to be authorized before TIF revenues build up sufficiently to cover the redevelopment activities. These funds can be provided from the City to MHA, making the funds available to the project Partnerships. To facilitate the bridge financing, the City will establish a process for requisitioning that funding, as well as setting appropriate financing terms.

Statement of Projected Costs

The projected costs for the redevelopment project are referenced in the description of financial resources. The total projected TIF revenues are approximately \$102 million over 20 years and currently project costs are \$40 million. This actually represents the public sector investment in public infrastructure and facilities as well as housing development that is prescribed in the Plan. It can be expected that the private sector investment will reach a figure considerably higher. *(CRA Act Section 14 (9))*

Time Certain for Completion

It is estimated that the time schedule for implementing and completing the Heritage Trail Redevelopment Plan will be from the time period of 2012 to 2032. *(CRA Act Section 14 (10))*

Maximum Opportunity for Private Enterprise

Key to the implementation of the Community Redevelopment Plan is the participation of private enterprise in creating many of the elements of the Plan. Private enterprise should be solicited to build infill housing on vacant lots, construct single-family and multi-family affordable housing and elderly housing, redevelop underutilized property for commercial or residential uses, promote child welfare by including parks, recreation and services within new projects, create and enhance small business with new retail and commercial opportunities. The Plan presumes coordination with the Memphis Land Bank from which private enterprise can acquire properties for development. Also, the CRA can make financial incentives available to private individuals or developers to provide affordable housing, parks and recreation, or other elements in accordance with the recommendations of this Plan. *(CRA Act Section 4 (a))*

Chapter Six: Neighborhood Impact



Neighborhood Impact Element

If the redevelopment area contains low or moderate income housing, the Redevelopment Plan must contain a neighborhood impact element which describes in detail the impact of the redevelopment upon the residents of the redevelopment area and the surrounding areas in terms of relocation, traffic circulation, environmental quality, availability of community facilities and services, effect on school population, and other matters affecting the physical and social quality of the neighborhood.

The Heritage Trail Redevelopment Plan planning area does contain low and moderate income housing, so in accordance with Section 14 (3) of the CRA Act, a description of the neighborhood impact is required. The impact of the proposed redevelopment as planned should maintain or improve the physical and social quality of the community, especially in regards to low and moderate income residents who would be most directly affected by several of the proposed redevelopments. Overall, the quality and living conditions in the Redevelopment Plan area should improve, and not continue to degrade, resulting in a positive impact for those residents.

Likewise, clear measures of a stabilizing and improving neighborhood should be seen, such as stabilizing property values, an increasing property tax base, and increased incidence of homeownership, the steadying of the social infrastructure in the revitalizing area due to less deterioration and less residents moving away from their long-time neighborhood.

Relocation and Replacement Housing

It is not anticipated that the issue of replacement housing on an involuntary basis will arise. The philosophy of the redevelopment plan is that it is important to maintain the current social structure and neighborhood network that exists in the area today. This translates into the objective of not relocating families and individuals that have made this area their home for many years. Rather the objective is to enhance the quality of life and investment climate for the existing families by eliminating vacant lots, uninhabitable housing units, and create new housing on these properties.

There is not an intention to acquire properties by eminent domain unless a redevelopment opportunity arises that is currently unanticipated and is deemed vital to the overall effort. If this occasion arises, the eminent domain action will have to be approved by the CRA, MHA and the City Council. Relocation assistance would be provided in accordance with the current standards for other programs of the city, in terms of compensation for moving expenses, just compensation for value of the property, and potentially even provision of alternate housing in the area through the new construction or renovation activity associated with the redevelopment program.

Relocation of existing homeowners and renters is expected to be minimal in the redevelopment area with the possible exception of residents of the Foote Homes public housing project. Newly constructed residential dwellings are envisioned for currently vacant lots or where structures are in poor physical condition, while vacant and underutilized residential buildings should be renovated. It is anticipated that no homeowner will be unwillingly displaced from their home as the residential program is intended to be focused on infill and vacant property. If relocation were unavoidable, appropriate measures will be undertaken to ensure that it be handled in an equitable and fair way. In the case of the public housing projects, any redevelopment of that property will require adherence to government standards for relocation of public housing residents (Uniform Relocation Act, if applicable). Should Hope VI, Choice Neighborhoods or other public housing redevelopment funding be used, the aim would be to return as many qualified residents of public housing projects to the original sites as possible and to provide appropriate support for the remaining residents, including vouchers or subsidy.

Traffic Circulation

Traffic circulation within the study area will not be adversely affected; no road closures or detours are anticipated outside of normal construction activities. In fact, the proposed streetscape improvements and road extensions are expected to simultaneously improve the network of road facilities resulting in decreased traffic congestion as well as improve the safety of motorists and pedestrians on existing but improved roads. Before any major road project which would change or add to the area road network is undertaken, a traffic study is recommended in order to fully gauge the impact of such projects on traffic patterns and safety and to determine what form said improvements should take (reduced lane widths, speeds, or added/reduced numbers of lanes, etc.).

Environmental Quality

Overall, the environmental quality of the planning district based upon the proposed redevelopments should be maintained or improved as a result of the redevelopment. Improved water quality, decreased stormwater runoff and decreased erosion along the creeks that cross the study area should result from redevelopment, bank stabilization and park improvements projects. Air quality is not expected to be impacted significantly one way or another. Environmental remediation will be required on a case-by-case basis, if needed, and will be required if environmental conditions exist.

Availability of Community Facilities and Services (Parks, etc.)

The Community Redevelopment Plan recommends an increase of parks, recreation, walking trails, and play areas as part of the community facilities and services in the area. Similarly, improvements to local churches, convenience retail, and service providers will result in the maintenance or improvement of facilities and services for the community.

Effect on School Population

With the introduction of new housing, both infill residential and new development, the effect on the school population is expected to increase slightly but not enough to warrant new facilities. The demographics in the study area show an aging population with fewer school-aged children and families. The residential component envisioned may add as many as 1,200 infill homes and rental units over the next 20 years in the study area. Given current demographic profiles the impact is expected to be minimal to the school system.

Physical and Social Equity

Other physical and social quality effects anticipated by this Community Redevelopment Plan will be the stabilization of property values, increased safety and security, improved social health, and the end to decline and beginning of improvement of the conditions of the neighborhood. These will help stabilize families, improve living conditions, create a stable tax base for the City and County, and serve to stabilize the growth of the community through reinvestment in existing infrastructure and resources.

Chapter Seven: Findings

7

Findings

A. Section 12 (f)

1. Relocation Method Exists

The redevelopment of property in the Area is expected to be accomplished through the reuse of currently city owned property and acquisition of property that is unoccupied or without structures. There may be also circumstances where property owners that reside in structures seek the sale of property voluntarily. In these cases relocation services will not be required; however, through multiple listings and Realtors associated with the master developer, available properties in the area will be provided to enable those voluntarily relocating to stay in the neighborhood.

The CRA will not generally pursue properties for acquisition through condemnation except in cases where the property is deemed to be critical to a component of the development that is considered essential. In those cases, relocation assistance would be provided in accordance with the current standards for other programs of the city in terms of compensation for moving expenses, just compensation for value of the property, and potentially even provision of alternate housing in the area through the new construction or renovation activity associated with the redevelopment program. There are agencies that are versed in these procedures including the Memphis Housing Authority and advice and counsel from MHA would be sought.

2. Conformance of Community Redevelopment Plan

The Heritage Trail Community Redevelopment Plan has been conducted in accordance with the Workable Program as well as the overall plans and policies for the City of Memphis. The Division of Housing and Community and Memphis Housing Authority participated in the preparation of this Redevelopment Plan and provided guidance to the planning team.

Plans and policies that were specifically incorporated in the development of the Plan include: South Central Business Improvement District Comprehensive Plan, South Forum Redevelopment Plan, Central Business Improvement District Streetscape Master Plan, South End Extended Development Profile, Memphis Medical District Master Plan, Greater Memphis Neighborhoods, Vance Avenue Neighborhood Choice Neighborhoods Initiative, Metropolitan Planning Organization 2035 Long Range Transportation Plan, the Community Redevelopment Act Workable Program and other planning documents and policies provided.

Further the City of Memphis Planning Director provided documentation indicating that the Heritage Trail Community Redevelopment Plan conformed to the long range plans and policies of the City of Memphis and Shelby County.

3. Provision of Adequate Park and Recreation Areas and Facilities

The provision of park and recreation facilities is considered an important component of neighborhood development and a healthy environment for families and residents to enjoy the quality of life in the neighborhood. During the course of the preparation of the plan, it was observed that there is a need for additional property and facilities in the redevelopment area.

The Plan has provided for upgrades to existing parks, acquisition of property for new parks, and provision

of walking trails and connectors linking residential development with parks and open spaces. In total approximately 42 acres of new or upgraded park space is recommended.

4. Maximum Opportunity for Private Enterprise

The City of Memphis and Shelby County recognizes that a public private partnership is essential to carryout the Redevelopment Plan as envisioned. The City does not have adequate resources or expertise to implement all aspects of the Plan particularly the private property development that is the crux of the objective for the Plan.

Accordingly, a Master Developer was selected as part of the Cleaborn Homes HOPE VI development project process, which has extensive experience in urban revitalization, real estate development, construction, finance, and all aspects necessary to be successful.

The Master Developer, as part of its role, will solicit other private sector partners in follow-up planning and design for private projects and public infrastructure, for investing in and managing development projects, for providing development finance, and for ownership of projects. Further, the desired result of the initial planning and development projects is to stimulate additional private sector investment in properties not directly under the control of the City or the Master Developer.

B. Section 12 (g)

1. The Heritage Trail Community Redevelopment Plan calls for the acquisition of vacant and open land (see Potential Land Acquisition Map in Appendix F), either in whole or in part, by the City of Memphis, Shelby County and/or the Community Redevelopment Agency for residential uses in:

- a. That a shortage of housing of sound standards and design which is decent, safe, affordable to residents of low and moderate income, including the elderly, and sanitary exists in Memphis;
- b. That the need for housing accommodations has increased in the area;
- c. That the conditions of blight exist in the area and the shortage of decent, safe, affordable, and sanitary housing cause or contribute to an increase in and spread of disease and crime or constitute a menace to the public health, safety, morals, or welfare; and
- d. That the acquisition of certain areas for residential uses is an integral part of and is essential to the program of the City of Memphis.

2. The Heritage Trail Community Redevelopment Plan calls for the acquisition of vacant and open land (see Potential Land Acquisition Map in Appendix F), either in whole or in part, by the City of Memphis, Shelby County and/or the Community Redevelopment Agency for non-residential uses in:

- a. That such non-residential uses are necessary and appropriate to facilitate the proper growth and development of the community in accordance with sound planning standards and local community objectives, as requested by the community during the public design process which called for non-residential uses and development; and
- b. That acquisition may require the exercise of governmental action, as provided in this act, because of 1) defective, or unusual conditions of, title or diversity of ownership which prevents the free alienability of such land; 2) tax delinquency; 3) improper subdivision; 4) outmoded street patterns and inadequate street connections; 5) deterioration of the site; 6) economic disuse; 7) unsuitable topography or faulty lot layouts; 8) lack of connection between areas by streets and modern traffic requirements; and 9) any combination of such factors or other conditions which retard development of the area.

Appendix

Appendix A: Targeted Redevelopment Areas

Street Improvements

North/South Streets:

Riverside Drive, Florida Street, Front Street, Main Street, Second Street, Third Street, Fourth Street, Danny Thomas Boulevard, Mississippi Boulevard, Lauderdale Street, Neely Street, Orleans Street, Porter Street, Manassas Street, Walnut Street

East/West Streets:

Poplar Avenue, Jefferson Avenue, Union Avenue, Martin Luther King Jr. Avenue, Linden Avenue, Vance Avenue, Butler Avenue, G.E. Patterson Avenue, St. Paul Avenue, Georgia Avenue, Carolina Avenue, Ioka Avenue, Crump Boulevard

Potential New Street Connections

- New north-south street connection from Poplar Avenue to Adams Avenue near Neely Street.
- New north-south street connection from Poplar Avenue to Washington Avenue near Hamlin Place.
- New north-south street connection from Adams Avenue to Court Avenue between Neely Street and Danny Thomas Boulevard.
- Construct new north-south street from Adams Avenue to Jefferson Avenue between Neely Street and Orleans Street to create new neighborhood park.
- New north-south street connection pair from Adams Avenue to Jefferson Avenue to create a neighborhood park.
- Extension of Neely Street south to Court Avenue.
- New north-south street connection from Jefferson Avenue to Madison Avenue between Neely Street and Orleans Street.
- Relocation and construction of Fourth Street from Union Avenue to Beale Street in order to improve neighborhood connections.
- Relocation and extension of Turley Street from Union Avenue to Vance Avenue.
- Extension of Orleans Street north to Union Avenue.
- Extension of Boyd Street north to Pontotoc Ave.
- Extension of Allen Street south from Butler Avenue to G.E. Patterson Avenue to create a neighborhood park.
- New north-south street connection (Cleaborn Street) parallel to Lauderdale Street between Ratliff Lane (new street) and Cynthia Place (new street).
- Extension of Cynthia Place south from Vance Avenue to Cleaborn Street (new street).
- New north-south street connection from St. Paul Avenue to Tate Avenue (extension) parallel west of Orleans Street.
- New north-south street connection from Georgia Avenue to Polk Avenue (extension).
- Extension of Orleans Street south from Georgia Avenue to Ioka Avenue (extension).
- Extension of Kansas Street north from Crump Boulevard to Virginia Avenue.
- Extension of Mason Street north from Crump Boulevard to Virginia Avenue (extension).
- Extension of Willoughby Street north from Crump Boulevard to Virginia Avenue (extension).
- Extension of Court Avenue east from Danny Thomas Boulevard to Orleans Street.
- Extension of Peabody Place east to Fourth Street (relocated).
- Extension of Talbot Avenue east from Second Street to Hernando Street.

- New east-west street connection from Lauderdale Street to Cynthia Place (extension).
- Relocation and construction of St. Paul Avenue from Lauderdale Street to Orleans Street.
- Extension of Tate Avenue west from Orleans Street to Cynthia Place (extension).
- Extension of Carolina Avenue east from Hernando Street to Wright Street.
- Extension of Polk Avenue west from McKinley Street to new north-south street connection.
- Extension of Ioka Avenue west from McKinley Street to Orleans Street (extension).
- Extension of Ioka Avenue east to East Street in order to create a neighborhood park.
- Extension of Virginia Avenue west from Kansas Street (extension) to Riverside Drive.
- Extension of Virginia Avenue east from mid block terminus between Third Street and Fourth Street to Danny Thomas Boulevard.

Approximate amount of dwelling units

The plan calls for up to 1,200 residential units in single-family and multi-family components (both for rent and for sale).

Public property

As depicted in Figure 4.1

- 17 acres of property for new parks and open space
- 25 acres of improved parks and open spaces
- 42 acres total of parks and open spaces (17 acres + 25 acres = 42 acres)
- 51 acres of property for new streets (6 miles)
- 27 miles of improved streets
- 450 acres of property for redevelopment of underutilized properties for residential, commercial, industrial or mixed-use development.

Appendix B: Conformance Letter



JERRY GIST, MAYOR

**STANLEY T. PILANT
DIRECTOR OF PLANNING**

July 23, 2011

Jackson City Council
109 East Main Street Suite 107
Jackson, Tennessee 38301

To Whom It May Concern:

The draft Jackson Center City Revitalization Project – District 2 Plan has been reviewed and found to conform to the comprehensive plan documents for the City of Jackson. The Jackson Center City Revitalization Project – District 2 Plan references the comprehensive plan documents, incorporates general and specific policies and principles commonly held as fundamental to the planning process, and furthers the established planning goals and objectives.

Respectfully,

Stan Pilant, AICP
Director of Planning

SAMPLE

Appendix C: CRA Enabling Legislation

CHAPTER NO. 987

HOUSE BILL NO. 2293

By Representatives Brooks, Armstrong, Pruitt, Miller, Ulysses Jones, Langster, Towns, Larry Turner, Bowers, Brown, Cooper

Substituted for: Senate Bill No. 2327

By Senators Dixon, Harper

AN ACT to enact the Community Redevelopment Act of 1998 and to amend various provisions of Tennessee Code Annotated.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. The title of this act is, and may be cited as the "Community Redevelopment Act of 1998".

SECTION 2.

(a) It is hereby found and declared that there exist in counties and municipalities of the state slum and blighted areas which constitute a serious and growing menace, injurious to the public health, safety, morals, and welfare of the residents of the state; that the existence of such areas contributes substantially and increasingly to the spread of disease and crime, constitutes an economic and social liability imposing onerous burdens which decrease the tax base and reduce tax revenues, substantially impairs or arrests sound growth, retards the provision of housing accommodations, aggravates traffic problems, and substantially hampers the elimination of traffic hazards and the improvement of traffic facilities; and that the prevention and elimination of slums and blight is a matter of state policy and state concern in order that the state and its counties and municipalities shall not continue to be endangered by areas which are focal centers of disease, promote juvenile delinquency, and consume an excessive proportion of its revenues because of the extra services required for police, fire, accident, hospitalization, and other forms of public protection, services, and facilities.

(b) It is further found and declared that certain slum or blighted areas, or portions thereof, may require acquisition, clearance, and disposition subject to use restrictions; as provided in this part, since the prevailing condition of decay may make impracticable the reclamation of the area by conservation or rehabilitation; that other areas or portions thereof may, through the means provided in this act, be susceptible of conservation or rehabilitation in such a manner that the conditions and evils enumerated may be eliminated, remedied, or prevented; and that salvageable slum and blighted areas can be conserved and rehabilitated through appropriate public action as herein authorized and

the cooperation and voluntary action of the owners and tenants of property in such areas.

(c) It is further found and declared that the powers conferred by this act are for public uses and purposes for which public money may be expended and the power of eminent domain and police power exercised, and the necessity in the public interest for the provisions herein enacted is hereby declared as a matter of legislative determination.

(d) It is further found and declared that the preservation or enhancement of the tax base from which a taxing authority realizes tax revenues is essential to its existence and financial health; that the preservation and enhancement of such tax base is implicit in the purposes for which a taxing authority is established; that tax increment financing is an effective method of achieving such preservation and enhancement in areas in which such tax base is declining; that community redevelopment in such areas, when complete, will enhance such tax base and provide increased tax revenues to all affected taxing authorities, increasing their ability to accomplish their other respective purposes; and that the preservation and enhancement of the tax base in such areas through tax increment financing and the levying of taxes by such taxing authorities therefore and the appropriation of funds to a redevelopment trust fund bears a substantial relation to the purposes of such taxing authorities and is for their respective purposes and concerns.

(e) It is further found and declared that there exists in counties and municipalities of the state a severe shortage of housing affordable to residents of low or moderate income, including the elderly; that the existence of such condition affects the health, safety, and welfare of the residents of such counties and municipalities and retards their growth and economic and social development; and that the elimination or improvement of such condition is a proper matter of state policy and state concern and is for a valid and desirable public purpose.

SECTION 3. The following terms, wherever used or referred to in this act, have the following meanings:

(1) "Agency" or "community redevelopment agency" means a public agency created by, or designated pursuant to Section 9 or Section 10.

(2) "Public body" or "taxing authority" means the state or any county or municipality, including metropolitan government.

(3) "Governing body" means the legislative body for the county or municipality, including any metropolitan government.

(4) "Mayor" means the chief administrative officer of a municipality or, for a county, the county executive.

(5) "Clerk" means the clerk or other official of the county or municipality who is the custodian of the official records of such county or municipality.

(6) "Federal Government" includes the United States or any agency or instrumentality, corporate or otherwise, of the United States.

(7) "Slum area" means an area in which there is a predominance of buildings or improvements, whether residential or nonresidential, which by reason of dilapidation, deterioration, age, or obsolescence; inadequate provision for ventilation, light, air, sanitation, or open spaces; high density of population and overcrowding; the existence of conditions which endanger life or property by fire or other causes; or any combination of such factors is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency, or crime and is detrimental to the public health, safety, morals, or welfare.

(8) "Blighted area" means either:

(A) An area in which there are a substantial number of slum, deteriorated, or deteriorating structures and conditions which endanger life or property by fire or other causes or one or more of the following factors which substantially impairs or arrests the sound growth of a county or municipality and is a menace to the public health, safety, morals, or welfare in its present condition and use:

(i) Predominance of defective or inadequate street layout;

(ii) Faulty lot layout in relation to size, adequacy, accessibility, or usefulness;

(iii) Unsanitary or unsafe conditions;

(iv) Deterioration of site or other improvements;

(v) Tax or special assessment delinquency exceeding the fair value of the land; and

(vi) Diversity of ownership or defective or unusual conditions of title which prevent the free alienability of land within the deteriorated or hazardous area; or

(B) An area in which there exists faulty or inadequate street layout; inadequate parking facilities; or roadways, bridges, or public transportation facilities incapable of handling the volume of traffic flow into or through the area, either at present or following proposed construction.

(9) "Community redevelopment" or "redevelopment" means undertakings, activities, or projects of a county, municipality, or community redevelopment agency in a community redevelopment area for the elimination and prevention of the development or spread of slums and blight or for the provision of affordable housing, whether for rent or for sale, to

residents of low or moderate income, including the elderly, and may include slum clearance and redevelopment in a community redevelopment area or rehabilitation or conservation in a community redevelopment area, or any combination or part thereof, in accordance with a community redevelopment plan and may include the preparation of such a plan.

(10) "Community redevelopment area" means a slum area, a blighted area, or an area in which there is a shortage of housing that is affordable to residents of low or moderate income, including the elderly, or a combination thereof which the governing body designates as appropriate for community redevelopment.

(11) "Community redevelopment plan" means a plan, as it exists from time to time, for a community redevelopment area.

(12) "Related activities" means:

(a) Planning work for the preparation of a general neighborhood redevelopment plan or for the preparation or completion of a community-wide plan or program pursuant to Section 15.

(b) The functions related to the acquisition and disposal of real property pursuant to Section 17.

(c) The development of affordable housing for residents of the area.

(13) "Real property" means all lands, including improvements and fixtures thereon, and property of any nature appurtenant thereto or used in connection therewith and every estate, interest, right, and use, legal or equitable, therein, including but not limited to terms for years and liens by way of judgment, mortgage, or otherwise.

(14) "Bonds" means any bonds (including refunding bonds), notes, interim certificates, certificates of indebtedness, debentures, or other obligations.

(15) "Obligee" means and includes any bondholder, agents or trustees for any bondholders, or lessor demising to the county or municipality property used in connection with community redevelopment, or any assignee or assignees of such lessor's interest or any part thereof, and the Federal Government when it is a party to any contract with the county or municipality.

(16) "Person" means any individual, firm, partnership, corporation, company, association, joint stock association, or body politic and includes any trustee, receiver, assignee, or other person acting in a similar representative capacity.

(17) "Area of operation" means, for a county, the area within the boundaries of the county, and for a municipality, the area within the corporate limits of the municipality.

(18) "Housing authority" means a duly created public housing authority.

(19) "Board" or "commission" means a board, commission, department, division, office, body or other unit of the county or municipality.

(20) "Public officer" means any officer who is in charge of any department or branch of the government of the county or municipality relating to health, fire, building regulations, or other activities concerning dwellings in the county or municipality.

(21) "Increment revenue" means the amount calculated pursuant to Section 21.

SECTION 4.

(a) Any county or municipality, to the greatest extent it determines to be feasible in carrying out the provisions of this act, shall afford maximum opportunity, consistent with the sound needs of the county or municipality as a whole, to the rehabilitation or redevelopment of the community redevelopment area by private enterprise. Any county or municipality shall give consideration to this objective in exercising its powers under this act, including the formulation of a workable program; the approval of community redevelopment plans, community-wide plans or programs for community redevelopment, and general neighborhood redevelopment plans (consistent with the general plan of the county or municipality); the exercise of its zoning powers; the enforcement of other laws, codes, and regulations relating to the use of land and the use and occupancy of buildings and improvements; the development of affordable housing; the disposition of any property acquired; and the provision of necessary public improvements.

(b) In giving consideration to the objectives outlined in subsection (a), the county or municipality shall consider making available the incentives provided enterprise zones.

SECTION 5. Before the governing body adopts any resolution or enacts any ordinance required under Sections 8, 9, 10, or 21; creates a community redevelopment agency; approves, adopts, or amends a community redevelopment plan; or issues redevelopment revenue bonds under Section 20, the governing body must provide public notice of such proposed action at least fifteen (15) days before such proposed action, mail by registered mail a notice to each taxing authority which levies ad valorem taxes on taxable real property contained within the geographic boundaries of the redevelopment area.

SECTION 6. Any county or municipality for the purposes of this act may formulate for the county or municipality a workable program for utilizing appropriate private and public resources to eliminate and prevent the development or spread of slums and urban blight, to encourage needed community rehabilitation, to provide for the redevelopment of slum and blighted areas, to provide housing affordable to residents of low or moderate income, including the elderly, or to undertake such of the aforesaid activities or other feasible county or municipal activities as may be suitably employed to achieve the

objectives of such workable program. Such workable program may include provision for the prevention of the spread of blight into areas of the county or municipality which are free from blight through diligent enforcement of housing, zoning, and occupancy controls and standards; the rehabilitation or conservation of slum and blighted areas or portions thereof by replanning, removing congestion, providing parks, playgrounds, and other public improvements, encouraging voluntary rehabilitation, and compelling the repair and rehabilitation of deteriorated or deteriorating structures; the development of affordable housing; and the clearance and redevelopment of slum and blighted areas or portions thereof.

SECTION 7. Notwithstanding any other provision to the contrary, the purposes for which a taxing authority may levy taxes or appropriate funds to a redevelopment trust fund include the preservation and enhancement of the tax base of such taxing authority and the furthering of the purposes of such taxing authority as provided by law.

SECTION 8. No county or municipality shall exercise the authority conferred by this act until after the governing body has adopted a resolution finding that:

(1) One or more slum or blighted areas, or one or more areas in which there is a shortage of housing affordable to residents of low or moderate income, including the elderly, exist in such county or municipality; and,

(2) The rehabilitation, conservation, or redevelopment, or a combination thereof, of such area or areas, including, if appropriate, the development of housing which residents of low or moderate income, including the elderly, can afford, is necessary in the interest of the public health, safety, morals, or welfare of the residents of such county or municipality.

SECTION 9.

(a) Upon a finding of necessity as set forth in Section 8, and upon a further finding that there is a need for a community redevelopment agency to function in the county or municipality to carry out the community redevelopment purposes of this act, any county or municipality may create a public body corporate and politic to be known as a "community redevelopment agency." Each such agency shall be constituted as a public instrumentality, and the exercise by a community redevelopment agency of the powers conferred by this act shall be deemed and held to be the performance of an essential public function. The community redevelopment agency of a county has the power to function within the corporate limits of a municipality only as, if, and when the governing body of the municipality has by resolution concurred in the community redevelopment plan proposed by the governing body of the county.

(b) When the governing body adopts a resolution declaring the need for a community redevelopment agency, that body shall, by ordinance, appoint a board of commissioners of the community redevelopment agency, which shall consist of not fewer than five (5) or

more than seven (7) commissioners. The terms of office of the commissioners shall be for four (4) years, except that three (3) of the members first appointed shall be designated to serve terms of one (1), two (2), and three (3) years, respectively, from the date of their appointments, and all other members shall be designated to serve for terms of four (4) years from the date of their appointments. A vacancy occurring during a term shall be filled for the unexpired term.

(c)

(1) A commissioner shall receive no compensation for services, but is entitled to the necessary expenses, including travel expenses, incurred in the discharge of duties. Each commissioner shall hold office until his or her successor has been appointed and has qualified. A certificate of the appointment or reappointment of any commissioner shall be filed with the clerk of the county or municipality, and such certificate is conclusive evidence of the due and proper appointment of such commissioner.

(2) The powers of a community redevelopment agency shall be exercised by the commissioners thereof. A majority of the commissioners constitutes a quorum for the purpose of conducting business and exercising the powers of the agency and for all other purposes. Action may be taken by the agency upon a vote of a majority of the commissioners present, unless in any case the bylaws require a larger number. Any person may be appointed as commissioner if he or she resides or is engaged in business, which means owning a business, practicing a profession, or performing a service for compensation, or serving as an officer or director of a corporation or other business entity so engaged, within the area of operation of the agency, which shall be coterminous with the area of operation of the county or municipality, and is otherwise eligible for such appointment under this act.

(3) The governing body of the county or municipality shall designate a chair and vice chair from among the commissioners. An agency may employ an executive director, technical experts, and such other agents and employees, permanent and temporary, as it requires, and determine their qualifications, duties, and compensation. For such legal service as it requires, an agency may employ or retain its own counsel and legal staff. An agency authorized to transact business and exercise powers under this act shall file with the governing body and with the comptroller, on or before March 31 of each year, a report of its activities for the preceding fiscal year, which report shall include a complete financial statement setting forth its assets, liabilities, income, and operating expenses as of the end of such fiscal year. At the time of filing the report, the agency shall publish in a newspaper of general circulation in the community a notice to the effect that such report has been filed with the county or municipality and that the report is available for inspection during business hours in the office of the clerk of the city or county commission and in the office of the agency.

(4) At any time after the creation of a community redevelopment agency, the governing body of the county or municipality may appropriate to the agency such amounts as the

governing body deems necessary for the administrative expenses and overhead of the agency.

(d) The governing body may remove a commissioner for inefficiency, neglect of duty, or misconduct in office only after a hearing and only if he or she has been given a copy of the charges at least ten (10) days prior to such hearing and has had an opportunity to be heard in person or by counsel.

SECTION 10.

(a)

(1) As an alternative to the appointment of not fewer than five (5) or more than seven (7) members of the agency, the governing body may, at the time of the adoption of a resolution under Section 8, or at any time thereafter by adoption of a resolution, declare itself to be an agency, in which case all the rights, powers, duties, privileges, and immunities vested by this part in an agency will be vested in the governing body of the county or municipality, subject to all responsibilities and liabilities imposed or incurred.

(2) The members of the governing body shall be the members of the agency, but such members constitute the head of a legal entity, separate, distinct, and independent from the governing body of the county or municipality. If the governing body declares itself to be an agency which already exists, the new agency is subject to all of the responsibilities and liabilities imposed or incurred by the existing agency.

(b) Nothing in this act prevents the governing body from conferring the rights, powers, privileges, duties, and immunities of a community redevelopment agency upon any duly created entity in existence on July 1, 1998, which has been duly authorized by law to function as a downtown development board or authority or as any other body the purpose of which is to prevent and eliminate slums and blight through community redevelopment plans. Any duly created entity in existence on July 1, 1998, which has been duly vested with the rights, powers, privileges, duties, and immunities of a community redevelopment agency is subject to all provisions and responsibilities imposed by this act, notwithstanding any provisions to the contrary in any law or amendment thereto which established the entity. Nothing in this act shall be construed to impair or diminish any powers of any redevelopment agency or other entity as referred to herein in existence on the effective date of this act or to repeal, modify, or amend any law establishing such entity, except as specifically set forth herein.

SECTION 11. The community redevelopment powers assigned to a community redevelopment agency created under Section 9 include all the powers necessary or convenient to carry out and effectuate the purposes and provisions of this act, except the following, which continue to vest in the governing body of the county or municipality:

(1) The power to determine an area to be a slum or blighted area, or combination

thereof; to designate such area as appropriate for community redevelopment; and to hold any public hearings required with respect thereto.

(2) The power to grant final approval to community redevelopment plans and modifications thereof.

(3) The power to authorize the issuance of revenue bonds as set forth in Section 20.

(4) The power to approve the acquisition, demolition, removal, or disposal of property as provided in Section 17 and the power to assume the responsibility to bear loss as provided in Section 17.

SECTION 12.

(a) Community redevelopment in a community redevelopment area shall not be planned or initiated unless the governing body has, by resolution, determined such area to be a slum area, a blighted area, or an area in which there is a shortage of housing affordable to residents of low or moderate income, including the elderly, or a combination thereof, and designated such area as appropriate for community redevelopment.

(b) The community redevelopment plan shall:

(1) Conform to any comprehensive plan for the county or municipality as prepared by the planning agency for the locality.

(2) Be sufficiently complete to indicate such land acquisition, demolition and removal of structures, redevelopment, improvements, and rehabilitation as may be proposed to be carried out in the community redevelopment area; zoning and planning changes, if any; land uses; maximum densities; and building requirements.

(3) Provide for the development of affordable housing in the area, or state the reasons for not addressing in the plan the development of affordable housing in the area. The county, municipality, or community redevelopment agency shall coordinate with each housing authority or other affordable housing entities functioning within the geographic boundaries of the redevelopment area, concerning the development of affordable housing in the area.

(c) The county, municipality, or community redevelopment agency may itself prepare or cause to be prepared a community redevelopment plan, or any person or agency, public or private, may submit such a plan to a community redevelopment agency. Prior to its consideration of a community redevelopment plan, the community redevelopment agency shall submit such plan to the local planning agency of the county or municipality for review and recommendations as to its conformity with any comprehensive plan for the development of the county or municipality as a whole. The local planning agency shall submit its written recommendations with respect to the conformity of the proposed

community redevelopment plan to the community redevelopment agency within sixty (60) days after receipt of the plan for review. Upon receipt of the recommendations of the local planning agency, or, if no recommendations are received within such sixty (60) days, then without such recommendations, the community redevelopment agency may proceed with its consideration of the proposed community redevelopment plan.

(d) The community redevelopment agency shall submit any community redevelopment plan it recommends for approval, together with its written recommendations, to the governing body and to each taxing authority that levies ad valorem taxes on taxable real property contained within the geographic boundaries of the redevelopment area. The governing body shall then proceed with the hearing on the proposed community redevelopment plan as prescribed by subsection (e).

(e) The governing body shall hold a public hearing on a community redevelopment plan after public notice thereof by publication in a newspaper having a general circulation in the area of operation of the county or municipality. The notice shall describe the time, date, place, and purpose of the hearing, identify generally the community redevelopment area covered by the plan, and outline the general scope of the community redevelopment plan under consideration.

(f) Following such hearing, the governing body may approve the community redevelopment and the plan therefor if it finds that:

(1) A feasible method exists for the location of families who will be displaced from the community redevelopment area in decent, safe, and sanitary dwelling accommodations within their means and without undue hardship to such families;

(2) The community redevelopment plan conforms to the general plan of the county or municipality as a whole;

(3) The community redevelopment plan gives due consideration to the provision of adequate park and recreational areas and facilities that may be desirable for neighborhood improvement, with special consideration for the health, safety, and welfare of children residing in the general vicinity of the site covered by the plans; and

(4) The community redevelopment plan will afford maximum opportunity, consistent with the sound needs of the county or municipality as a whole, for the rehabilitation or redevelopment of the community redevelopment area by private enterprise.

(g) If the community redevelopment area consists of an area of open land to be acquired by the county or the municipality, such area may not be so acquired unless:

(1) In the event the area is to be developed in whole or in part for residential uses, the governing body determines:

(A) That a shortage of housing of sound standards and design which is decent, safe, affordable to residents of low or moderate income, including the elderly, and sanitary exists in the county or municipality;

(B) That the need for housing accommodations has increased in the area;

(C) That the conditions of blight in the area or the shortage of decent, safe, affordable, and sanitary housing cause or contribute to an increase in and spread of disease and crime or constitute a menace to the public health, safety, morals, or welfare; and

(D) That the acquisition of the area for residential uses is an integral part of and is essential to the program of the county or municipality.

(2) In the event the area is to be developed in whole or in part for nonresidential uses, the governing body determines that:

(A) Such nonresidential uses are necessary and appropriate to facilitate the proper growth and development of the community in accordance with sound planning standards and local community objectives; and

(B) Acquisition may require the exercise of governmental action, as provided in this act, because of:

(i) Defective, or unusual conditions of, title or diversity of ownership which prevents the free alienability of such land;

(ii) Tax delinquency;

(iii) Improper subdivisions;

(iv) Outmoded street patterns;

(v) Deterioration of site;

(vi) Economic disuse;

(vii) Unsuitable topography or faulty lot layouts;

(viii) Lack of correlation of the area with other areas of a county or municipality by streets and modern traffic requirements; or

(ix) Any combination of such factors or other conditions which retard development of the area. .

(h) Upon the approval by the governing body of a community redevelopment plan or of

any modification thereof, such plan or modification shall be deemed to be in full force and effect for the respective community redevelopment area, and the county or municipality may then cause the community redevelopment agency to carry out such plan or modification in accordance with its terms.

(i) Notwithstanding any other provisions of this act, when the governing body certifies that an area is in need of redevelopment or rehabilitation as a result of an emergency, with respect to which the Governor has certified the need for emergency assistance under federal law, that area may be certified as a "blighted area," and the governing body may approve a community redevelopment plan and community redevelopment with respect to such area without regard to the provisions of this section requiring a general plan for the county or municipality and a public hearing on the community redevelopment.

SECTION 13.

(a) If at any time after the approval of a community redevelopment plan by the governing body it becomes necessary or desirable to amend or modify such plan, the governing body may amend such plan upon the recommendation of the agency. The agency recommendation to amend or modify a redevelopment plan may include a change in the boundaries of the redevelopment area to add land to or exclude land from the redevelopment area.

(b) The governing body shall hold a public hearing on a proposed modification of a community redevelopment plan after public notice thereof by publication in a newspaper having a general circulation in the area of operation of the agency.

(c) If a community redevelopment plan is modified by the county or municipality after the lease or sale of real property in the community redevelopment area, such modification may be conditioned upon such approval of the owner, lessee, or successor in interest as the county or municipality may deem advisable and, in any event, shall be subject to such rights at law or in equity as a lessee or purchaser, or his or her successor or successors in interest, may be entitled to assert.

SECTION 14. Every community redevelopment plan shall:

(1) Contain a legal description of the boundaries of the community redevelopment area and the reasons for establishing such boundaries shown in the plan.

(2) Show by diagram and in general terms:

(A) The approximate amount of open space to be provided and the street layout.

(B) Limitations on the type, size, height, number, and proposed use of buildings.

(C) The approximate number of dwelling units.

(D) Such property as is intended for use as public parks, recreation areas, streets, public utilities, and public improvements of any nature.

(3) If the redevelopment area contains low or moderate income housing, contain a neighborhood impact element which describes in detail the impact of the redevelopment upon the residents of the redevelopment area and the surrounding areas in terms of relocation, traffic circulation, environmental quality, availability of community facilities and services, effect on school population, and other matters affecting the physical and social quality of the neighborhood.

(4) Identify specifically any publicly funded capital projects to be undertaken within the community redevelopment area.

(5) Contain adequate safeguards that the work of redevelopment will be carried out pursuant to the plan.

(6) Provide for the retention of controls and the establishment of any restrictions or covenants running with land sold or leased for private use for such periods of time and under such conditions as the governing body deems necessary to effectuate the purposes of this act.

(7) Provide assurances that there will be replacement housing for the relocation of persons temporarily or permanently displaced from housing facilities within the community redevelopment area.

(8) Provide an element of residential use in the redevelopment area if such use exists in the area prior to the adoption of the plan or if the plan is intended to remedy a shortage of housing affordable to residents of low or moderate income, including the elderly, or if the plan is not intended to remedy such shortage, the reasons therefor.

(9) Contain a detailed statement of the projected costs of the redevelopment, including the amount to be expended on publicly funded capital projects in the community redevelopment area and any indebtedness of the community redevelopment agency, the county, or the municipality proposed to be incurred for such redevelopment if such indebtedness is to be repaid with increment revenues.

(10) Provide a time certain for completing all redevelopment financed by increment revenues. Such time certain shall occur no later than thirty (30) years after the fiscal year in which the plan is approved, adopted, or amended pursuant to this act.

(11) Subsections (1), (3), (4), (8), (9) and (10) do not apply to any governing body of a county or municipality or to a community redevelopment agency if such governing body

has previously approved and adopted a community redevelopment plan; nor do they apply to any governing body of a county or municipality or to a community redevelopment agency if such governing body or agency has adopted an ordinance or resolution authorizing the issuance of any bonds, notes, or other forms of indebtedness to which is pledged increment revenues pursuant only to a community redevelopment plan as previously approved and adopted.

SECTION 15.

(a) Any municipality or county or any public body authorized to perform planning work may prepare a general neighborhood redevelopment plan for a community redevelopment area or areas, together with any adjoining areas having specially related problems, which may be of such scope that redevelopment activities may have to be carried out in stages. Such plans may include, but not be limited to, a preliminary plan which:

- (1) Outlines the community redevelopment activities proposed for the area involved;
- (2) Provides a framework for the preparation of community redevelopment plans; and
- (3) Indicates generally the land uses, population density, building coverage, prospective requirements for rehabilitation and improvement of property and portions of the area contemplated for clearance and redevelopment. A general neighborhood redevelopment plan shall, in the determination of the governing body, conform to the general plan of the locality as a whole and the workable program of the county or municipality.

(b) Any county or municipality or any public body authorized to perform planning work may prepare or complete a community-wide plan or program for community redevelopment which shall conform to the general plan for the development of the county or municipality as a whole and may include, but not be limited to, identification of slum or blighted areas, measurement of blight, determination of resources needed and available to renew such areas, identification of potential project areas and types of action contemplated, including the development of affordable housing if needed and appropriate for the area, and scheduling of community redevelopment activities.

SECTION 16.

(a) The officers, commissioners, and employees of a community redevelopment agency created by, or designated pursuant to this act shall be subject to the provisions and requirements of Sections 3-6-108 and 3-6-114.

(b) If any such official, commissioner, or employee presently owns or controls, or owned or controlled within the preceding two (2) years, any interest, direct or indirect, in any property which he or she knows is included or planned to be included in a community redevelopment area, he or she shall immediately disclose this fact in the manner provided in title 3, chapter 6, part 1. Any disclosure required to be made by this section shall

be made prior to taking any official action pursuant to this section.

(c) No commissioner or other officer of any community redevelopment agency, board, or commission exercising powers pursuant to this part shall hold any other public office under the county or municipality other than his or her commissionership or office with respect to such community redevelopment agency, board, or commission.

SECTION 17.

(a) Every county and municipality shall have all the powers necessary or convenient to carry out and effectuate the purposes and provisions of this act, including the following powers in addition to others herein granted:

(1) To make and execute contracts and other instruments necessary or convenient to the exercise of its powers under this act;

(2) To disseminate slum clearance and community redevelopment information;

(3) To undertake and carry out community redevelopment and related activities within the community redevelopment area, which redevelopment may include:

(A) Acquisition of a slum area or a blighted area or portion thereof.

(B) Demolition and removal of buildings and improvements.

(C) Installation, construction, or reconstruction of streets, utilities, parks, playgrounds, public areas of major hotels that are constructed in support of convention centers, including meeting rooms, banquet facilities, parking garages, lobbies, and passageways, and other improvements necessary for carrying out in the community redevelopment area the community redevelopment objectives of this act in accordance with the community redevelopment plan.

(D) Disposition of any property acquired in the community redevelopment area at its fair value for uses in accordance with the community redevelopment plan.

(E) Carrying out plans for a program of voluntary or compulsory repair and rehabilitation of buildings or other improvements in accordance with the community redevelopment plan.

(F) Acquisition of real property in the community redevelopment area which, under the community redevelopment plan, is to be repaired or rehabilitated for dwelling use or related facilities, repair or rehabilitation of the structures for guidance purposes, and resale of the property.

(G) Acquisition of any other real property in the community redevelopment area when

necessary to eliminate unhealthful, unsanitary, or unsafe conditions; lessen density; eliminate obsolete or other uses detrimental to the public welfare; or otherwise to remove or prevent the spread of blight or deterioration or to provide land for needed public facilities.

(H) Acquisition, without regard to any requirement that the area be a slum or blighted area, of air rights in an area consisting principally of land in highways, railway or subway tracks, bridge or tunnel entrances, or other similar facilities which have a blighting influence on the surrounding area and over which air rights sites are to be developed for the elimination of such blighting influences and for the provision of housing (and related facilities and uses) designed specifically for, and limited to, families and individuals of low or moderate income.

(I) Construction of foundations and platforms necessary for the provision of air rights sites of housing (and related facilities and uses) designed specifically for, and limited to, families and individuals of low or moderate income.

(4) To provide, or to arrange or contract for, the furnishing or repair by any person or agency, public or private, of services, privileges, works, streets, roads, public utilities, or other facilities for or in connection with a community redevelopment; to install, construct, and reconstruct streets, utilities, parks, playgrounds, and other public improvements; and to agree to any conditions that it deems reasonable and appropriate which are attached to federal financial assistance and imposed pursuant to federal law relating to the determination of prevailing salaries or wages or compliance with labor standards, in the undertaking or carrying out of a community redevelopment and related activities, and to include in any contract let in connection with such redevelopment and related activities provisions to fulfill such of the conditions as it deems reasonable and appropriate.

(5) Within the community redevelopment area:

(A) To enter into any building or property in any community redevelopment area in order to make inspections, surveys, appraisals, soundings, or test borings and to obtain an order for this purpose from a court of competent jurisdiction in the event entry is denied or resisted.

(B) To acquire by purchase, lease, option, gift, grant, bequest, devise, eminent domain, or otherwise any real property (or personal property for its administrative purposes), together with any improvements thereon; except that a community redevelopment agency may not exercise any power of eminent domain unless the exercise has been specifically approved by the governing body of the county or municipality which established the agency.

(C) To hold, improve, clear, or prepare for redevelopment any such property.

(D) To mortgage, pledge, hypothecate, or otherwise encumber or dispose of any real property.

(E) To insure or provide for the insurance of any real or personal property or operations of the county or municipality against any risks or hazards, including the power to pay premiums on any such insurance.

(F) To enter into any contracts necessary to effectuate the purposes of this act.

(G) To solicit requests for proposals for redevelopment of parcels of real property contemplated by a community redevelopment plan to be acquired for redevelopment purposes by a community redevelopment agency and, as a result of such requests for proposals, to advertise for the disposition of such real property to private persons pursuant to Section 19 prior to acquisition of such real property by the community redevelopment agency.

(6) To invest any community redevelopment funds held in reserves or sinking funds or any such funds not required for immediate disbursement in property or securities in which savings banks may legally invest funds subject to their control and to redeem such bonds as have been issued pursuant to Section 20 at the redemption price established therein or to purchase such bonds at less than redemption price, all such bonds so redeemed or purchased to be canceled.

(7) To borrow money and to apply for and accept advances, loans, grants, contributions, and any other form of financial assistance from the Federal Government or the state, county, or other public body or from any sources, public or private, for the purposes of this act and to give such security as may be required and to enter into and carry out contracts or agreements in connection therewith; and to include in any contract for financial assistance with the Federal Government for or with respect to community redevelopment and related activities such conditions imposed pursuant to federal laws as the county or municipality deems reasonable and appropriate which are not inconsistent with the purposes of this act.

(8) Within its area of operation, to make or have made all surveys and plans necessary to the carrying out of the purposes of this act; to contract with any person, public or private, in making and carrying out such plans; and to adopt or approve, modify, and amend such plans, which plans may include, but are not limited to:

(A) Plans for carrying out a program of voluntary or compulsory repair and rehabilitation of buildings and improvements.

(B) Plans for the enforcement of state and local laws, codes, and regulations relating to the use of land and the use and occupancy of buildings and improvements and to the compulsory repair, rehabilitation, demolition, or removal of buildings and improvements.

(C) Appraisals, title searches, surveys, studies, and other plans and work necessary to prepare for the undertaking of community redevelopment and related activities.

(9) To develop, test, and report methods and techniques, and carry out demonstrations and other activities, for the prevention and the elimination of slums and urban blight and developing and demonstrating new or improved means of providing housing for families and persons of low income.

(10) To apply for, accept, and utilize grants of funds from the Federal Government for such purposes.

(11) To prepare plans for and assist in the relocation of persons (including individuals, families, business concerns, nonprofit organizations, and others) displaced from a community redevelopment area and to make relocation payments to or with respect to such persons for moving expenses and losses of property for which reimbursement or compensation is not otherwise made, including the making of such payments financed by the Federal Government.

(12) To close, vacate, plan, or replan streets, roads, sidewalks, ways, or other places and to plan or replan any part of the county or municipality.

(13) Within its area of operation, to organize, coordinate, and direct the administration of the provisions of this act, as they may apply to such county or municipality, in order that the objective of remedying slum and blighted areas and preventing the causes thereof within such county or municipality may be most effectively promoted and achieved and to establish such new office or offices of the county or municipality or to reorganize existing offices in order to carry out such purpose most effectively.

(14) To exercise all or any part or combination of powers herein granted or to elect to have such powers exercised by a community redevelopment agency.

(b) The following projects may not be paid for or financed by increment revenues:

(1) Construction or expansion of administrative buildings for public bodies or police and fire buildings, unless each taxing authority agrees to such method of financing for the construction or expansion.

(2) Installation, construction, reconstruction, repair, or alteration of any publicly owned capital improvements or projects which are not an integral part of or necessary for carrying out the community redevelopment plan if such projects or improvements are normally financed by the governing body with user fees or if such projects or improvements would be installed, constructed, reconstructed, repaired, or altered within three (3) years of the approval of the community redevelopment plan by the governing body pursuant to a previously approved public capital improvement or project schedule or plan of the governing body which approved the community redevelopment plan.

(3) General government operating expenses unrelated to the planning and carrying out of a community redevelopment plan.

(c) With the approval of the governing body, a community redevelopment agency may:

(1) Prior to approval of a community redevelopment plan or approval of any modifications of the plan, acquire real property in a community redevelopment area, demolish and remove any structures on the property, and pay all costs related to the acquisition, demolition, or removal, including any administrative or relocation expenses.

(2) Assume the responsibility to bear any loss that may arise as the result of the exercise of authority under this subsection, in the event that the real property is not made part of the community redevelopment area.

SECTION 18.

(a) Any county or municipality, or any community redevelopment agency pursuant to specific approval of the governing body of the county or municipality which established the agency, as provided by any county or municipal ordinance has the right to acquire by condemnation any interest in real property, including a fee simple title thereto, which it deems necessary for, or in connection with, community redevelopment and related activities under this act. Any county or municipality, or any community redevelopment agency pursuant to specific approval by the governing body of the county or municipality which established the agency, as provided by any county or municipal ordinance may exercise the power of eminent domain, or it may exercise the power of eminent domain in the manner now or which may be hereafter provided by any other statutory provision for the exercise of the power of eminent domain. Property already devoted to a public use may be acquired in like manner. However, no real property belonging to the United States, the state, or any political subdivision of the state may be acquired without its consent.

(b) In any proceeding to fix or assess compensation for damages for the taking of property, or any interest therein, through the exercise of the power of eminent domain or condemnation, evidence or testimony bearing upon the following matters shall be admissible and shall be considered in fixing such compensation or damages in addition to evidence or testimony otherwise admissible:

(1) Any use, condition, occupancy, or operation of such property, which is unlawful or violative of, or subject to elimination, abatement, prohibition, or correction under, any law, ordinance, or regulatory measure of the state, county, municipality, or other political subdivision, or any agency thereof, in which such property is located, as being unsafe, substandard, unsanitary, or otherwise contrary to the public health, safety, morals, or welfare.

(2) The effect on the value of such property of any such use, condition, occupancy, or operation or of the elimination, abatement, prohibition, or correction of any such use, condition, occupancy, or operation.

(c) The foregoing testimony and evidence shall be admissible notwithstanding that no action has been taken by any public body or public officer toward the abatement, prohibition, elimination, or correction of any such use, condition, occupancy, or operation. Testimony or evidence that any public body or public officer charged with the duty or authority so to do has rendered, made, or issued any judgment, decree, determination, or order for the abatement, prohibition, elimination, or correction of any such use, condition, occupancy, or operation shall be admissible and shall be prima facie evidence of the existence and character of such use, condition, or operation.

SECTION 19.

(a) Any county, municipality, or community redevelopment agency may sell, lease, dispose of, or otherwise transfer real property or any interest therein acquired by it for community redevelopment in a community redevelopment area to any private person, or may retain such property for public use, and may enter into contracts with respect thereto for residential, recreational, commercial, industrial, educational, or other uses, in accordance with the community redevelopment plan, subject to such covenants, conditions, and restrictions, including covenants running with the land, as it deems necessary or desirable to assist in preventing the development or spread of future slums or blighted areas or to otherwise carry out the purposes of this act. However, such sale, lease, other transfer, or retention, and any agreement relating thereto, may be made only after the approval of the community redevelopment plan by the governing body. The purchasers or lessees and their successors and assigns shall be obligated to devote such real property only to the uses specified in the community redevelopment plan and may be obligated to comply with such other requirements as the county, municipality, or community redevelopment agency may determine to be in the public interest, including the obligation to begin any improvements on such real property required by the community redevelopment plan within a reasonable time.

(b) Such real property or interest shall be sold, leased, otherwise transferred, or retained at a value determined to be in the public interest for uses in accordance with the community redevelopment plan and in accordance with such reasonable disposal procedures as any county, municipality, or community redevelopment agency may prescribe. In determining the value of real property as being in the public interest for uses in accordance with the community redevelopment plan, the county, municipality, or community redevelopment agency shall take into account and give consideration to the longterm benefits to be achieved by the county, municipality, or community redevelopment agency resulting from incurring short-term losses or costs in the disposal of such real property; the uses provided in such plan; the restrictions upon, and the covenants, conditions, and obligations assumed by, the purchaser or lessee or by the county, municipality, or community redevelopment agency retaining the property; and the objectives of such plan for the prevention of the recurrence of slum or blighted areas.

In the event the value of such real property being disposed of is for less than the fair value, such disposition shall require the approval of the governing body, which approval may only be given following a duly noticed public hearing. The county, municipality, or community redevelopment agency may provide in any instrument of conveyance to a private purchaser or lessee that such purchaser or lessee is without power to sell, lease, or otherwise transfer the real property without the prior written consent of the county, municipality, or community redevelopment agency until the purchaser or lessee has completed the construction of any or all improvements which he or she has obligated himself or herself to construct thereon. Real property acquired by the county, municipality, or community redevelopment agency which, in accordance with the provisions of the community redevelopment plan, is to be transferred shall be transferred as rapidly as feasible in the public interest, consistent with the carrying out of the provisions of the community redevelopment plan. Any contract for such transfer and the community redevelopment plan, or such part or parts of such contract or plan as the parts of such contract or plan as the county, municipality, or community redevelopment agency may determine, may be recorded in the land records of the clerk of the circuit court in such manner as to afford actual or constructive notice thereof.

(c) Prior to disposition of any real property or interest therein in a community redevelopment area, any county, municipality, or community redevelopment agency shall give public notice of such disposition by publication in a newspaper having a general circulation in the community, at least thirty (30) days prior to the execution of any contract to sell, lease, or otherwise transfer real property and, prior to the delivery of any instrument of conveyance with respect thereto under the provisions of this section, invite proposals from, and make all pertinent information available to, private redevelopers or any persons interested in undertaking to redevelop or rehabilitate a community redevelopment area or any part thereof. Such notice shall identify the area or portion thereof and shall state that proposals must be made by those interested within thirty (30) days after the date of publication of the notice and that such further information as is available may be obtained at such office as is designated in the notice. The county, municipality, or community redevelopment agency shall consider all such redevelopment or rehabilitation proposals and the financial and legal ability of the persons making such proposals to carry them out; and the county, municipality, or community redevelopment agency may negotiate with any persons for proposals for the purchase, lease, or other transfer of any real property acquired by it in the community redevelopment area. The county, municipality, or community redevelopment agency may accept such proposal as it deems to be in the public interest and in furtherance of the purposes of this act. Except in the case of a governing body acting as the agency, as provided in Section 10, a notification of intention to accept such proposal must be filed with the governing body not less than thirty (30) days prior to any such acceptance. Thereafter, the county, municipality, or community redevelopment agency may execute such contract in accordance with the provisions of subsection (a) and deliver deeds, leases, and other instruments and take all steps necessary to effectuate such contract.

(d) Any county, municipality, or community redevelopment agency may temporarily operate and maintain real property acquired by it in a community redevelopment area for or in connection with a community redevelopment plan pending the disposition of the property as authorized in this act, without regard to the provisions of subsection (a), for such uses and purposes as may be deemed desirable, even though not in conformity with the community redevelopment plan.

SECTION 20.

(a)

(1) When authorized or approved by resolution or ordinance of the governing body, a county, municipality, or community redevelopment agency has power in its corporate capacity, in its discretion, to issue redevelopment revenue bonds from time to time to finance the undertaking of any community redevelopment under this act, including, without limiting the generality thereof, the payment of principal and interest upon any advances for surveys and plans or preliminary loans, and has power to issue refunding bonds for the payment or retirement of bonds or other obligations previously issued. Any redevelopment revenue bonds or other obligations issued to finance the undertaking of any community redevelopment under this part shall mature within twenty (20) years after the end of the fiscal year in which the initial community redevelopment plan was approved or adopted. However, in no event shall any redevelopment revenue bonds or other obligations issued to finance the undertaking of any community redevelopment under this act mature later than the expiration of the plan in effect at the time such bonds or obligations were issued. The security for such bonds may be based upon the anticipated assessed valuation of the completed community redevelopment and such other revenues as are legally available. Any bond, note, or other form of indebtedness pledging increment revenues to the repayment thereof shall mature no later than the end of the 30th fiscal year after the fiscal year in which increment revenues are first deposited into the redevelopment trust fund or the fiscal year in which the plan is subsequently amended. However, any refunding bonds issued pursuant to this paragraph may not mature later than the final maturity date of any bonds or other obligations issued pursuant to this paragraph being paid or retired with the proceeds of such refunding bonds.

(2) In anticipation of the sale of revenue bonds pursuant to paragraph (1), the county, municipality, or community redevelopment agency may issue bond anticipation notes and may renew such notes from time to time, but the maximum maturity of any such note, including renewals thereof, may not exceed five (5) years from the date of issue of the original note. Such notes shall be paid from any revenues of the county, municipality, or community redevelopment agency available therefor and not otherwise pledged or from the proceeds of sale of the revenue bonds in anticipation of which they were issued.

(b) Bonds issued under this section do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction, and are not subject to the provisions of any other law or charter relating to the authorization, issuance, or sale

of bonds. Bonds issued under the provisions of this act are declared to be issued for an essential public and governmental purpose and, together with interest thereon and income therefrom, are exempted from all taxes.

(c) Bonds issued under this section shall be authorized by resolution or ordinance of the governing body; may be issued in one or more series; and shall bear such date or dates, be payable upon demand or mature at such time or times, bear interest at such rate or rates, be in such denomination or denominations, be in such form either with or without coupon or registered, carry such conversion or registration privileges, have such rank or priority, be executed in such manner, be payable in such medium of payment at such place or places, be subject to such terms of redemption (with or without premium), be secured in such manner, and have such other characteristics as may be provided by such resolution or ordinance or by a trust indenture or mortgage issued pursuant thereto. Bonds issued under this section may be sold in such manner, either at public or private sale, and for such price as the governing body may determine will effectuate the purpose of this act.

(d) In case any of the public officials of the county, municipality, or community redevelopment agency whose signatures appear on any bonds or coupons issued under this act cease to be such officials before the delivery of such bonds, such signatures are, nevertheless, valid and sufficient for all purposes, the same as if such officials had remained in office until such delivery.

(e) In any suit, action, or proceeding involving the validity or enforceability of any bond issued under this act, or the security therefor, any such bond reciting in substance that it has been issued by the county, municipality, or community redevelopment agency in connection with community redevelopment, as herein defined, shall be conclusively deemed to have been issued for such purpose, and such project shall be conclusively deemed to have been planned, located, and carried out in accordance with the provisions of this act.

(f) Subsections (a), (d), and (e), do not apply to any governing body of a county or municipality or to a community -redevelopment agency if such governing body or agency has adopted an ordinance or resolution authorizing the issuance of any bonds, notes, or other forms of indebtedness to which is pledged increment revenues pursuant only to a community redevelopment plan as previously approved and adopted.

SECTION 21.

(a) There shall be established for each community redevelopment agency created under Section 9 a redevelopment trust fund. Funds allocated to and deposited into this fund shall be used by the agency to finance or refinance any community redevelopment it undertakes pursuant to the approved community redevelopment plan. No community redevelopment agency may receive or spend any increment revenues pursuant to this section unless and until the governing body has, by ordinance, provided for the funding

of the redevelopment trust fund for the duration of a community redevelopment plan. Such ordinance may be adopted only after the governing body has approved a community redevelopment plan. The annual funding of the redevelopment trust fund shall be in an amount not less than that increment in the income, proceeds, revenues, and funds of each taxing authority derived from or held in connection with the undertaking and carrying out of community redevelopment under this act. Such increment shall be determined annually and shall be that amount equal to ninety-five percent (95%) of the difference between:

(1) The amount of ad valorem taxes levied each year by each taxing authority, exclusive of any amount from any debt service millage, on taxable real property contained within the geographic boundaries of a community redevelopment area; and

(2) The amount of ad valorem taxes which would have been produced by the rate upon which the tax is levied each year by or for each taxing authority, exclusive of any debt service millage, upon the total of the assessed value of the taxable real property in the community redevelopment area as shown upon the most recent assessment roll used in connection with the taxation of such property by each taxing authority prior to the effective date of the ordinance providing for the funding of the trust fund. However, the governing body of any county may determine that the amount to be funded by each taxing authority annually shall be less than ninety-five percent (95%) of the difference between paragraphs (1) and (2), but in no event shall such amount be less than fifty percent (50%) of such difference.

(b)

(1) Except for the purpose of funding the trust fund pursuant to subsection (c), upon the adoption of an ordinance providing for funding of the redevelopment trust fund as provided in this section, each taxing authority shall, by January 1 of each year, appropriate to the trust fund for so long as any indebtedness pledging increment revenues to the payment thereof is outstanding (but not to exceed thirty (30) years) a sum that is no less than the increment as defined and determined in subsection (a) accruing to such taxing authority. If the community redevelopment plan is amended or modified pursuant to Section 13, each such taxing authority shall make the annual appropriation for a period not to exceed thirty (30) years after the date the governing body amends the plan.

(2) Any taxing authority that does not pay the increment to the trust fund by January 1 shall pay to the trust fund an amount equal to five percent (5%) of the amount of the increment and shall pay interest on the amount of the increment equal to one percent (1%) for each month the increment is outstanding.

(3) The following public bodies or taxing authorities created prior to July 1, 1998, are exempt from paragraph (1):

(A) A special district that levies ad valorem taxes on taxable real property in more than

one county.

(B) A special district the sole available source of revenue of which is ad valorem taxes at the time an ordinance is adopted under this section.

(4)

(A) A local governing body that creates a community redevelopment agency under Section 9 may exempt from paragraph (1) a special district that levies ad valorem taxes within that community redevelopment area. The local governing body may grant the exemption either in its sole discretion or in response to the request of the special district. The local governing body must establish procedures by which a special district may submit a written request to be exempted from paragraph (a) within one hundred twenty (120) days after July 1, 1998.

(B) In deciding whether to deny or grant a special district's request for exemption from paragraph (1), the local governing body must consider:

(i) Any additional revenue sources of the community redevelopment agency which could be used in lieu of the special district's tax increment.

(ii) The fiscal and operational impact on the community redevelopment agency.

(iii) The fiscal and operational impact on the special district.

(iv) The benefit to the specific purpose for which the special district was created. The benefit to the special district must be based on specific projects contained in the approved community redevelopment plan for the designated community redevelopment area.

(v) The impact of the exemption on incurred debt and whether such exemption will impair any outstanding bonds that have pledged tax increment revenues to the repayment of the bonds.

(vi) The benefit of the activities of the special district to the approved community redevelopment plan.

(vii) The benefit of the activities of the special district to the area of operation of the local governing body that created the community redevelopment agency.

(C) The local governing body must hold a public hearing on a special district's request for exemption after public notice of the hearing is published in a newspaper having a general circulation in the county or municipality that created the community redevelopment area. The notice must describe the time, date, place, and purpose of the hearing and must identify generally the community redevelopment area covered by the plan and the impact of the plan on the special district that requested the exemption.

(D) If a local governing body grants an exemption to a special district under this paragraph, the local governing body and the special district must enter into an interlocal agreement that establishes the conditions of the exemption, including, but not limited to, the period of time for which the exemption is granted.

(E) If a local governing body denies a request for exemption by a special district, the local governing body shall provide the special district with a written analysis specifying the rationale for such denial. This written analysis must include, but is not limited to, the following information:

(i) A separate, detailed examination of each consideration listed in subparagraph (B).

(ii) Specific examples of how the approved community redevelopment plan will benefit, and has already benefited, the purpose for which the special district was created.

(F) The decision to either deny or grant an exemption must be made by the local governing body within one hundred twenty (120) days after the date the written request was submitted to the local governing body pursuant to the procedures established by such local governing body.

(c) Notwithstanding the provisions of subsection (b), the obligation of the governing body which established the community redevelopment agency to fund the redevelopment trust fund annually shall continue until all loans, advances, and indebtedness, if any, and interest thereon, of a community redevelopment agency incurred as a result of redevelopment in a community redevelopment area have been paid.

(d) The revenue bonds and notes of every issue under this act are payable solely out of revenues pledged to and received by a community redevelopment agency and deposited to its redevelopment trust fund. The lien created by such bonds or notes shall not attach until the revenues referred to herein are deposited in the redevelopment trust fund at the times, and to the extent that, such revenues accrue. The holders of such bonds or notes have no right to require the imposition of any tax or the establishment of any rate of taxation in order to obtain the amounts necessary to pay and retire such bonds or notes.

(e) Revenue bonds issued under the provisions of this act shall not be deemed to constitute a debt, liability, or obligation of the local governing body or the state or any political subdivision thereof, or a pledge of the faith and credit of the local governing body or the state or any political subdivision thereof, but shall be payable solely from the revenues provided therefor. All such revenue bonds shall contain on the face thereof a statement to the effect that the agency shall not be obligated to pay the same or the interest thereon except from the revenues of the community redevelopment agency held for that purpose and that neither the faith and credit nor the taxing power of the local governing body or of the state or of any political subdivision thereof is pledged to the

payment of the principal of, or the interest on, such bonds.

(f) Moneys in the redevelopment trust fund may be expended from time to time for the following purposes, when directly related to financing or refinancing of redevelopment in a community redevelopment area pursuant to an approved community redevelopment plan:

(1) Administrative and overhead expenses necessary or incidental to the implementation of a community redevelopment plan adopted by the agency.

(2) Expenses of redevelopment planning, surveys, and financial analysis, including the reimbursement of the governing body or the community redevelopment agency for such expenses incurred before the redevelopment plan was approved and adopted.

(3) The acquisition of real property in the redevelopment area.

(4) The clearance and preparation of any redevelopment area for redevelopment and relocation of site occupants as provided in Section 17.

(5) The repayment of principal and interest or any redemption premium for loans, advances, bonds, bond anticipation notes, and any other form of indebtedness.

(6) All expenses incidental to or connected with the issuance, sale, redemption, retirement, or purchase of agency bonds, bond anticipation notes, or other form of indebtedness, including funding of any reserve, redemption, or other fund or account provided for in the ordinance or resolution authorizing such bonds, notes, or other form of indebtedness.

(7) The development of affordable housing within the area.

(g) On the last day of the fiscal year of the community redevelopment agency, any money which remains in the trust fund after the payment of expenses pursuant to subsection (f) for such year shall be:

(1) Returned to each taxing authority which paid the increment in the proportion that the amount of the payment of such taxing authority bears to the total amount paid into the trust fund by all taxing authorities within the redevelopment area for that year;

(2) Used to reduce the amount of any indebtedness to which increment revenues are pledged;

(3) Deposited into an escrow account for the purpose of later reducing any indebtedness to which increment revenues are pledged; or

(4) Appropriated to a specific redevelopment project pursuant to an approved community redevelopment plan which project will be completed within three (3) years from the

date of such appropriation.

(h) Each community redevelopment agency shall provide for an independent financial audit of the trust fund each fiscal year and a report of such audit. Such report shall describe the amount and source of deposits into, and the amount and purpose of withdrawals from, the trust fund during such fiscal year and the amount of principal and interest paid during such year on any indebtedness to which is pledged increment revenues and the remaining amount of such indebtedness. The agency shall provide a copy of the report to each taxing authority.

SECTION 22. All banks, trust companies, bankers, savings banks and institutions, building and loan associations, savings and loan associations, investment companies, and other persons carrying on a banking or investment business; all insurance companies, insurance associations, and other persons carrying on an insurance business; and all executors, administrators, curators, trustees, and other fiduciaries may legally invest any sinking funds, moneys, or other funds belonging to them or within their control in any bonds or other obligations issued by a county or municipality pursuant to this act or by any community redevelopment agency vested with community redevelopment powers. Such bonds and other obligations shall be authorized security for all public deposits. It is the purpose of this section to authorize all persons, political subdivisions, and officers, public or private, to use any funds owned or controlled by them for the purchase of any such bonds or other obligations. Nothing contained in this section with regard to legal investments shall be construed as relieving any person of any duty of exercising reasonable care in selecting securities.

SECTION 23.

(a) All property of any county, municipality, or community redevelopment agency, including funds, owned or held by it for the purposes of this act are exempt from levy and sale by virtue of an execution; and no execution or other judicial process may issue against the same, nor shall judgment against the county, municipality, or community redevelopment agency be a charge or lien upon such property. However, the provisions of this section do not apply to or limit the right of obligees to pursue any remedies for the enforcement of any pledge or lien given pursuant to this part by the county or municipality on its rents, fees, grants, or revenues from community redevelopment.

(b) The property of the county, municipality, or community redevelopment agency acquired or held for the purposes of this act is declared to be public property used for essential public and governmental purposes, and such property is exempt from all taxes of the municipality, the county, or the state or any political subdivision thereof. However, such tax exemption will terminate when the county, municipality, or community redevelopment agency sells, leases, or otherwise disposes of such property in a community redevelopment area to a purchaser or lessee which is not a public body entitled to tax exemption with respect to such property.

SECTION 24.

(a) For the purpose of aiding in the planning, undertaking, or carrying out of community redevelopment and related activities authorized by this act, any public body may, upon such terms, with or without consideration, as it may determine:

(1) Dedicate, sell, convey, or lease any of its interest in any property or grant easements, licenses, or other rights or privileges therein to a county or municipality.

(2) Incur the entire expense of any public improvements made by such public body in exercising the powers granted in this section.

(3) Do any and all things necessary to aid or cooperate in the planning or carrying out of a community redevelopment plan and related activities.

(4) Lend, grant, or contribute funds to a county or municipality; borrow money; and apply for and accept advances, loans, grants, contributions, or any other form of financial assistance from the Federal Government, the state, the county, another public body, or any other source.

(5) Enter into agreements, which may extend over any period, notwithstanding any provision or rule of law to the contrary, with the Federal Government, a county, a municipality, or another public body respecting action to be taken pursuant to any of the powers granted by this act, including the furnishing of funds or other assistance in connection with community redevelopment and related activities.

(6) Cause public buildings and public facilities, including parks, playgrounds, recreational, community, educational, water, sewer, or drainage facilities, or any other works which it is otherwise empowered to undertake to be furnished; furnish, dedicate, close, vacate, pave, install, grade, regrade, plan, or replan streets, roads, sidewalks, ways, or other places; plan or replan or zone or rezone any part of the public body or make exceptions from building regulations; and cause administrative and other services to be furnished to the county or municipality. If at any time title to or possession of any property in a community redevelopment area is held by any public body or governmental agency, other than the county or municipality, but including any agency or instrumentality of the United States, which is authorized by law to engage in the undertaking, carrying out, or administration of community redevelopment and related activities, the provisions of the agreements referred to in this section shall inure to the benefit of and may be enforced by such public body or governmental agency. As used in this subsection, the term "county or municipality" also includes a community redevelopment agency.

(b) Any sale, conveyance, lease, or agreement provided for in this section may be made by a public body without appraisal, public notice, advertisement, or public bidding.

(c) For the purpose of aiding in the planning, undertaking, or carrying out of any community redevelopment and related activities of a community redevelopment agency or a housing authority hereunder, any county or municipality may, in addition to its other powers and upon such terms, with or without consideration, as it determines, do and perform any or all of the actions or things which, by the provisions of subsection (a), a public body is authorized to do or perform, including the furnishing of financial and other assistance.

(d) For the purposes of this section, or for the purpose of aiding in the planning, undertaking, or carrying out of community redevelopment and related activities of a county or municipality, such county or municipality may, in addition to any authority to issue bonds pursuant to Section 20, issue and sell its general obligation bonds. Any bonds issued by the county or municipality pursuant to this section shall be issued in the manner and within the limitations prescribed by the applicable laws of this state for the issuance and authorization of general obligation bonds by such county or municipality. Nothing in this section shall limit or otherwise adversely affect any other section of this act.

SECTION 25. Any instrument executed by any county, municipality, or community redevelopment agency and purporting to convey any right, title, or interest in any property under this act shall be conclusively presumed to have been executed in compliance with the provisions of this act insofar as title or other interest of any bona fide purchasers, lessees, or transferees of such property is concerned.

SECTION 26. The powers conferred upon counties or municipalities by this act shall be supplemental to any community redevelopment powers now being exercised by any county or municipality in accordance with the provisions of any private act.

SECTION 27. State agencies may provide technical and advisory assistance, upon request, to municipalities, counties, and community redevelopment agencies for community redevelopment as defined in this act. Such assistance may include, but need not be limited to, preparation of workable programs, relocation planning, special statistical and other studies and compilations, technical evaluations and information, training activities, professional services, surveys, reports, documents, and any other similar service functions. If sufficient funds and personnel are available, these services shall be provided without charge.

SECTION 28. Nothing contained herein shall be construed to prevent a county or municipality which is engaging in community redevelopment activities hereunder from participating in the neighborhood development program under the Housing and Urban Development Act of 1968 (Pub. L. No. 90-448) or in any amendments subsequent thereto.

SECTION 29. The provisions of this act shall only apply in counties having a population of more than eight hundred thousand (800,000) according to the 1990 Federal Census or any subsequent Federal Census.

SECTION 30. For administrative purposes the community redevelopment agency shall be considered a part of the county or municipality which created such entity and shall be subject to the accounting, budgetary, purchasing, travel and audit requirements applicable to that county or municipality.

SECTION 31. This act shall take effect July 1, 1998, the public welfare requiring it.

PASSED: April 29, 1998

APPROVED this 18th day of May 1998

Appendix D: Tax Increment Finance Analysis for the Proposed Cleaborn-Foote CRA



**TAX INCREMENT FINANCE ANALYSIS
FOR THE PROPOSED
CLEABORN-FOOTE CRA**

MEMPHIS, TENNESSEE

DRAFT JULY 2011

Prepared for:

The City of Memphis
Division of Housing and Community
Development (HCD)
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Memphis, TN 38107

Prepared by:

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I. EXECUTIVE OVERVIEW

A. Introduction

RKG Associates, Inc. (RKG) was retained by the City of Memphis, Division of Community Housing and Development (HCD), to complete an analysis of the potential property tax increments that would be realized by the City of Memphis and Shelby County from within a potential tax increment financing (TIF) district referenced to as the Cleaborn-Foote Community Redevelopment Area (CRA)¹ in this analysis (refer to Figure 1).

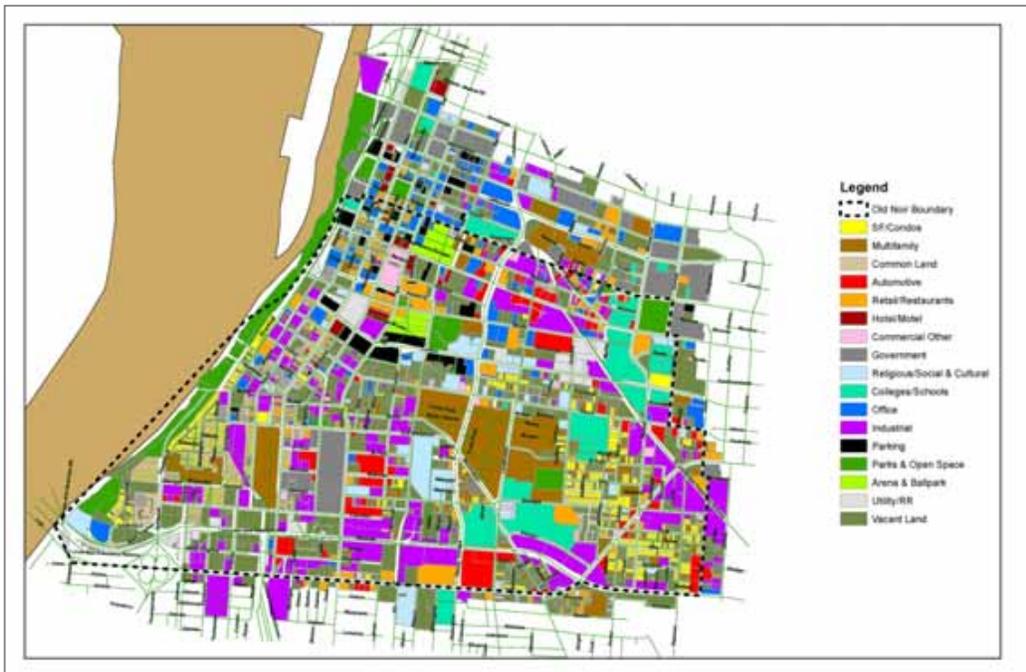


Figure 1 – Proposed Cleaborn-Foote CRA (and the former Triangle Noir CRA)

The purpose of this analysis is to determine the potential revenue stream, over a 20-year period, represented by the incremental property taxes from within the Cleaborn-Foote CRA that could be available for ongoing municipal infrastructure improvements, re-investment and other economic development within the CRA. This includes the transitioning and re-positioning of two (2) public housing developments, Cleaborn homes (400 units to be built) and Foote homes (500 units to be built). The “new” Cleaborn and Foote residential developments will include a mix of public sector, affordable and market-rate housing. The potential incremental tax revenues over the 20-years would result from a variety of changes in the underlying taxable property assessed values, which may include, but not necessarily be limited to the following:

¹ The proposed Cleaborn-Foote CRA includes the boundaries and the 4,227-parcels of the former Triangle Noir CRA (or TIF) and expands these by approximately 65-parcels on the southern boundary of E. H. Crump Boulevard and approximately 726-parcels to the north and east, abutting the existing Uptown CRA.

- Adjustments to reflect the Cleaborn-Foote redevelopment projects, as each property is currently tax exempt, and when they are redeveloped a payment in lieu of taxes (PILOT) is proposed.
- Adjustments to reflect any changes in assessment represented by new private sector developments (projects) in the CRA when they are completed.
- Adjustments reflecting the transitioning of PILOT projects back on to the tax rolls and replacing the in-lieu payment with property tax payments to the City of Memphis and Shelby County.
- Changes in property assessment, represented by appreciation of the tax base at revaluation intervals. This appreciation change also reflects any potential changes in the tax rates that may occur over the 20-year TIF period.

The overall model developed for this analysis is flexible, such that if any of the underlying assumptions or inputs, were to be revised, so too could the model. However, a brief review of prior research is warranted.

1. Prior Research

In October of 2009, RKG completed an analysis of the then referenced Triangle Noir CRA (or TIF) for the City of Memphis HCD². This TIF area comprised approximately 4,227-parcels and 1,226-acres. At that time, with 2009 as the base year and estimating a 30-year period, the resulting estimated incremental taxes (to the City and County combined) were \$171 million.

In May of 2010, RKG updated this analysis³ to reflect three alternative geographies, or TIF boundaries, and to consider the incremental tax impacts if PILOT projects were both included and excluded, as well as a 20-year period. These alternatives ranged from a low of 1,289-parcels (or 589-acres) to a high of 3,352-parcels (or 990-acres). The estimated incremental TIF property taxes ranged from \$14.8 million to \$52.2 million (if PILOTs are excluded) and from \$15.8 million to \$69.9 Million (if PILOTs are included).

In August of 2010, a third review was completed⁴ specifically for alternative three from May of 2010 (3,352-parcels and 990-acres) to consider the tax implications if Cleaborn homes were treated as a PILOT, in total, or if all but the market-rate housing at Cleaborn homes were treated as a PILOT and to adjust the PILOT status of two existing projects. These projects included the Horizon development (717 Riverside Drive) and the proposed Hilton Hotel project (formerly the Phoenix Hotel) whereby neither was considered to be a PILOT. Additionally the scenario was presented with and without PILOT projects. The resulting estimated 20-year TIF increments ranged from \$68.4 million to \$84.1 million.

A sampling of CRA area and property photographs is included in the Appendix.

² *Analysis of Incremental Tax Revenue and Bonding Capacity of the Triangle Noir Community Redevelopment Area*, dated October 15, 2009.

³ *Triangle Noir TIF-Alternative Geographies Analysis*, memorandum dated May 3, 2010.

⁴ *Triangle Noir TIF-Revised Bonding Capacity Analysis for Alternative 3 with Proposed Hilton Hotel*, memorandum dated August 12, 2010.

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B. Summary Findings

The key findings of this current TIF tax impact analysis are summarized in this section and presented in more detail elsewhere in the report.

1. Baseline Assessment and Taxes

The Cleaborn-Foote CRA contains 4,190 taxable parcels (including PILOTs) that have a baseline assessment of \$427.3 million and contributes \$10.3 million to the City of Memphis, and \$13.1 million to Shelby County, as shown in Table I-1. Another 828 parcels are classified as tax-exempt and their contribution to property taxes is nil; however, tax-exempt parcels account for 47% of the land acreage in the CRA (this includes the parcels for the Cleaborn and Foote redevelopment projects).

Table I-1 – Cleaborn-Foote CRA: Baseline Assessment and Taxes

Classification	Parcels	Acres	Assessed Value (mil)	Appraised Value (mil)	Real Estate Taxes (2011)	
					City of Memphis	Shelby County
Commercial	906	294	\$103.50	\$264.31	\$3,307,491	\$4,160,626
Industrial	459	302	\$30.54	\$76.36	\$976,107	\$1,227,885
Residential	2,641	134	\$113.70	\$454.58	\$3,633,415	\$4,570,619
PILOTs [1]	184	114	\$179.60	\$466.57	\$2,420,346	\$3,114,967
Taxable	4,190	844	\$427.34	\$1,261.82	\$10,337,359	\$13,074,097
Tax-Exempt	828	735	\$0.51	\$118.27	\$0	\$0
Total	5,018	1,579	\$427.85	\$1,380.09	\$10,337,359	\$13,074,097

[1] Payment in lieu of taxes; Real estate taxes include in-lieu payments and rent, if any.
 Source: City of Memphis; Shelby County & RKG Associates, Inc.

2. Properties in Transition

Research indicated that the Cleaborn-Foote CRA has a relatively large supply of transitional properties which would support establishing a CRA in order to encourage new investment, for example:

- 22% of the taxable parcels (count of parcels) have delinquent taxes to the City of Memphis and/or to Shelby County.
- The delinquency rate of 2010 taxes to the City of Memphis was 6%, while the delinquency rate was 16% to Shelby County⁵.
- 5% of the taxable parcels are bank-owned.
- 2% of the total parcels are Shelby County tax-title parcels.
- Nearly 14% of the taxable parcels had buildings in unsound to poor condition, and these represented more than 20% of the taxable base.
- 2% of the total parcels were classified as blighted and/or overgrown.

⁵ In the TIF analysis, a 5% delinquency rate was used for the City and 15% for the County, which effectively discounted the combined TIF revenues by 8.4%.

3. Changes in Assessments for the TIF Analysis

The first year (or “start date”) of the Cleaborn-Foote CRA is assumed to be 2012, and as such, the existing 2011 assessment values and property taxes serve as the baseline indicators. The baseline assessments are updated to present estimated taxable assessment values over a 20-year time period reflecting such variables as new projects/development, tax status change(s), PILOTs returning to the tax rolls, and an appreciation factor at revaluation periods. For each year an updated net taxable assessment value is developed and the resulting City of Memphis and Shelby County property taxes are estimated, less a delinquency factor.

The total of the baseline taxable assessments of the different components of the TIF analysis ranges between \$322.94 million (City of Memphis) and \$324.94 million (Shelby County) as shown in Table I-2⁶. Over the 20-year TIF period, total taxable assessment is forecasted to increase by \$258.7 million to over \$581 million, indicating an 80% increase for the City of Memphis and for Shelby County a \$256.2 million increase, or an approximate 79% increase.

- Appreciation of the base accounts for 43% of the net change over the 20-year period.
- PILOTs returning to the tax rolls accounts for another 41%± change depending on the tax district.
- Known residential (10%) and commercial (4%) projects account for 14% of the forecasted change in assessed value.
- The proposed PILOT at the Cleaborn and Foote redevelopment projects contributes the remaining 1% of the total change indicated over the 20-year TIF period.

As such, approximately 84% of the total estimated incremental increase in applicable taxes is a result of either the estimated appreciation of the base or the return of PILOTs as full tax-paying properties.

⁶ The difference is due to PILOTs since the base (contract) assessed value is determined by dividing their annual payment and the different tax rates and therefore differences result.

Table I-3 – Cleaborn-Foote CRA: Combined TIF Revenue by Source and Year

Year	Cleaborn-Foote	Known Projects	PILOTs	Base Appreciation	Less Delinquency	Estimated TIF Revenue
BASE 2011	\$0	\$428,681	\$3,766,099	\$12,276,850	(\$1,285,558)	\$15,186,072
1 2012	\$0	(\$36,203)	\$73,173	\$0	(\$5,724)	\$31,246
2 2013	\$6,745	(\$2,086)	\$75,548	\$0	(\$6,419)	\$73,789
3 2014	\$15,258	\$56,125	\$83,711	\$0	(\$12,111)	\$142,984
4 2015	\$23,690	\$110,778	\$290,322	\$0	(\$33,167)	\$391,622
5 2016	\$32,121	\$160,661	\$399,380	\$0	(\$43,422)	\$548,740
6 2017	\$43,163	\$312,317	\$863,490	\$1,234,923	(\$188,366)	\$2,265,527
7 2018	\$54,205	\$340,734	\$924,182	\$1,234,923	(\$196,122)	\$2,357,921
8 2019	\$65,247	\$402,143	\$964,109	\$1,234,923	(\$204,784)	\$2,461,637
9 2020	\$76,288	\$454,318	\$1,082,118	\$1,234,923	(\$218,920)	\$2,628,728
10 2021	\$87,450	\$631,234	\$2,123,607	\$2,593,338	(\$420,317)	\$5,015,312
11 2022	\$87,450	\$716,883	\$2,149,053	\$2,593,338	(\$429,453)	\$5,117,272
12 2023	\$87,450	\$855,817	\$2,162,028	\$2,593,338	(\$441,311)	\$5,257,323
13 2024	\$87,450	\$933,572	\$2,713,365	\$2,593,338	(\$489,667)	\$5,838,058
14 2025	\$96,196	\$1,242,489	\$3,883,186	\$4,087,595	(\$726,041)	\$8,583,425
15 2026	\$96,196	\$1,326,723	\$3,878,153	\$4,087,595	(\$732,249)	\$8,656,418
16 2027	\$96,196	\$1,439,036	\$3,877,807	\$4,087,595	(\$741,000)	\$8,759,633
17 2028	\$96,196	\$1,439,036	\$3,877,807	\$4,087,595	(\$741,000)	\$8,759,633
18 2029	\$105,815	\$1,600,119	\$5,435,191	\$5,731,278	(\$1,004,441)	\$11,867,962
19 2030	\$105,815	\$1,600,119	\$5,435,191	\$5,731,278	(\$1,004,441)	\$11,867,962
20 2031	\$105,815	\$1,880,083	\$5,435,191	\$5,731,278	(\$1,026,321)	\$12,126,046
Total	\$1,368,746	\$15,463,897	\$45,726,610	\$48,857,261	(\$8,665,275)	\$102,751,238
% of total	1.3%	15.0%	44.5%	47.5%	-8.4%	100.0%

Source: Shelby County, City of Memphis & RKG Associates, Inc.

5. Bond Potential (Preliminary and Illustrative)

RKG prepared a preliminary analysis to see how much the potential TIF revenues, as estimated in this analysis, would support in terms of a bond repayment. This analysis is presented *for illustrative purposes only*, and any potential bond funding for the CRA would be subject to the City/County financial advisor and bond counsel.

As noted previously, the TIF revenue in the first five years is small, and therefore RKG assumes interest only payments for the first five years; however, a reserve fund would need to be set aside in order to insure payments during this period, and this fund may have to come from alternative sources. RKG assumes that there would be three principal draws of \$10 million each, over the first five years in order to reduce up front interest (at a 6% rate) costs. Also, annual principal payments of \$0.5 million (fixed) are assumed for Years 6 through 10, and fixed annual principal payments of \$2.75 million per year for Years 10 to 20.

As shown in Table I-4, an initial draw of \$10 million occurs in 2012, the second \$10 million in 2013, and the final \$10 million occurs in 2016. Despite interest only payments, annual losses result for the first six years ranging from **-\$34,500** (Year 5) to **-\$1.25 million** (Year 4), and the cumulative balance peaks at nearly **-\$4.25 million** in Year 6. By Year 11, the running balance turns positive (\$35,000) and by the end of the term, the balance increases to

almost \$50 million, indicating that additional funds may be leveraged in the latter years of the CRA.

Table I-4 – Cleaborn-Foote CRA: Repayment of Potential Bond (Preliminary and Illustrative)

Year	Principal Balance	Principal Payment	Interest @ 6.0%	Total P & I	TIF Revenue	Surplus/Loss (P&I less TIF)	Running Balance	Debt Ratio
1 2012	\$10,000,000	0	\$600,000	\$600,000	\$31,246	(\$568,754)	(\$568,754)	0.05
2 2013	\$10,000,000	0	\$600,000	\$600,000	\$73,789	(\$526,211)	(\$1,094,965)	0.12
3 2014	\$20,000,000	0	\$1,200,000	\$1,200,000	\$142,984	(\$1,057,016)	(\$2,151,982)	0.12
4 2015	\$20,000,000	0	\$1,200,000	\$1,200,000	\$391,622	(\$808,378)	(\$2,960,360)	0.33
5 2016	\$30,000,000	0	\$1,800,000	\$1,800,000	\$548,740	(\$1,251,260)	(\$4,211,620)	0.30
6 2017	\$30,000,000	\$500,000	\$1,800,000	\$2,300,000	\$2,265,527	(\$34,473)	(\$4,246,093)	0.99
7 2018	\$29,500,000	\$500,000	\$1,770,000	\$2,270,000	\$2,357,921	\$87,921	(\$4,158,172)	1.04
8 2019	\$29,000,000	\$500,000	\$1,740,000	\$2,240,000	\$2,461,637	\$221,637	(\$3,936,535)	1.10
9 2020	\$28,500,000	\$500,000	\$1,710,000	\$2,210,000	\$2,628,728	\$418,728	(\$3,517,807)	1.19
10 2021	\$28,000,000	\$500,000	\$1,680,000	\$2,180,000	\$5,015,312	\$2,835,312	(\$682,494)	2.30
11 2022	\$27,500,000	\$2,750,000	\$1,650,000	\$4,400,000	\$5,117,272	\$717,272	\$34,777	1.16
12 2023	\$24,750,000	\$2,750,000	\$1,485,000	\$4,235,000	\$5,257,323	\$1,022,323	\$1,057,101	1.24
13 2024	\$22,000,000	\$2,750,000	\$1,320,000	\$4,070,000	\$5,838,058	\$1,768,058	\$2,825,159	1.43
14 2025	\$19,250,000	\$2,750,000	\$1,155,000	\$3,905,000	\$8,583,425	\$4,678,425	\$7,503,584	2.20
15 2026	\$16,500,000	\$2,750,000	\$990,000	\$3,740,000	\$8,656,418	\$4,916,418	\$12,420,002	2.31
16 2027	\$13,750,000	\$2,750,000	\$825,000	\$3,575,000	\$8,759,633	\$5,184,633	\$17,604,635	2.45
17 2028	\$11,000,000	\$2,750,000	\$660,000	\$3,410,000	\$8,759,633	\$5,349,633	\$22,954,268	2.57
18 2029	\$8,250,000	\$2,750,000	\$495,000	\$3,245,000	\$11,867,962	\$8,622,962	\$31,577,230	3.66
19 2030	\$5,500,000	\$2,750,000	\$330,000	\$3,080,000	\$11,867,962	\$8,787,962	\$40,365,192	3.85
20 2031	\$2,750,000	\$2,750,000	\$165,000	\$2,915,000	\$12,126,046	\$9,211,046	\$49,576,238	4.16
Total	\$0	\$30,000,000	\$23,175,000	\$53,175,000	\$102,751,238	\$49,576,238	\$49,576,238	1.93

Source: City of Memphis, Shelby County & RKG Associates, Inc.

II. CLEABORN-FOOTE CRA BASELINE CONDITIONS

This chapter presents the baseline conditions in 2011 of the proposed Cleaborn-Foote CRA, based on a review of Shelby County assessor’s data files, in-field research and input from various City of Memphis, Shelby County and other officials. Transitional properties within the CRA are also identified and quantified. Various maps are included in this chapter in order to thematically exhibit baseline conditions.

A. Baseline Assessment by Tax Class

Of the 5,018 total parcels in the Cleaborn-Foote CRA, 2,641 parcels are classified as residential, accounting for more than 53% of the parcels but only accounting for 8% of the land acreage. Properties classified as tax-exempt (excluding PILOTs) account for 17% of the tax parcels, but represent 47% of the acreage, and reflect the presence of government uses, public housing projects, sport facilities, and parks, as well as religious and social entities operating within the Cleaborn-Foote CRA.

Commercial and industrial uses utilize 38% of the land acreage, combined; while PILOT parcels account for the remaining 7% of the acreage in the Cleaborn-Foote CRA, as shown in Table II-1⁷.

Table II-1 – Cleaborn-Foote CRA: Baseline Tax Classification & Real Estate Taxes (2011)

Classification	Parcels	Acres	Units/ Keys	Bldg SF (mil)	Assessed Value (mil)	Appraised Value (mil)	Real Estate Taxes (2011)	
							City of Memphis	Shelby County
Commercial	906	294	2,828	10.09	\$103.50	\$264.31	\$3,307,491	\$4,160,626
Industrial	459	302	21	6.05	\$30.54	\$76.36	\$976,107	\$1,227,885
Residential	2,641	134	2,227	3.40	\$113.70	\$454.58	\$3,633,415	\$4,570,619
PILOTs [1]	184	114	3,082	9.54	\$182.61	\$466.57	\$2,420,346	\$3,114,967
Taxable	4,190	844	8,158	29.09	\$430.34	\$1,261.82	\$10,337,359	\$13,074,097
Tax-Exempt	828	735	346	1.91	\$0.51	\$118.27	\$0	\$0
Total	5,018	1,579	8,504	30.99	\$430.86	\$1,380.09	\$10,337,359	\$13,074,097
Percent of Total								
Commercial	18%	19%	33%	33%	24%	19%	32%	32%
Industrial	9%	19%	0%	20%	7%	6%	9%	9%
Residential	53%	8%	26%	11%	26%	33%	35%	35%
PILOTs [1]	4%	7%	36%	31%	42%	34%	23%	24%
Taxable	83%	53%	96%	94%	100%	91%	100%	100%
Exempt	17%	47%	4%	6%	0%	9%	0%	0%
Total	100%	100%	100%	100%	100%	100%	100%	100%
[1] Payment in lieu of taxes; Real estate taxes include in-lieu payments and rent, if any.								
Source: City of Memphis; Shelby County & RKG Associates, Inc.								

There are over 8,500 units (residential and hospitality) in the study area, and nearly 31 million square feet (SF) of building area. Combined, properties classified as commercial and

⁷ PILOTs parcels are classified as exempt, but for this analysis RKG identified them as taxable, since a payment in-lieu of taxes is made and in many cases an additional rent payment.

PILOTs account for 69% of the total units, and 64% of the total building area in the study area, while industrial properties account for 20% of the building area. Residential parcels account for 26% of the units, but 11% of the building area. Tax-exempt properties account for 6% of the building area and 4% of the units in the CRA, as shown in Table II-1⁸.

The total taxable assessment of the 4,190 parcels is \$430.4 million, with PILOT properties contributing 42% of the total, followed by residential and commercial parcels at 26% and 24%, respectively. Industrial parcels account for 7% of taxable assessed values. The total appraised value in the Cleaborn-Foote CRA is more than \$1.38 billion, with 91% considered taxable, and the remaining 9% tax-exempt.

Referring to Table II-1, property tax revenue to the City of Memphis from the parcels in the Cleaborn-Foote CRA totals \$10.32 million, and \$13.07 to Shelby County. Residential uses contribute 35% of the tax revenue to each entity, followed by commercial uses. PILOTs contribute another 23% to 24% of total revenue depending on the taxing district, as a result of actual contract payments⁹.

Map 1 on following page presents the tax classification status of the parcels in the Cleaborn-Foote CRA.

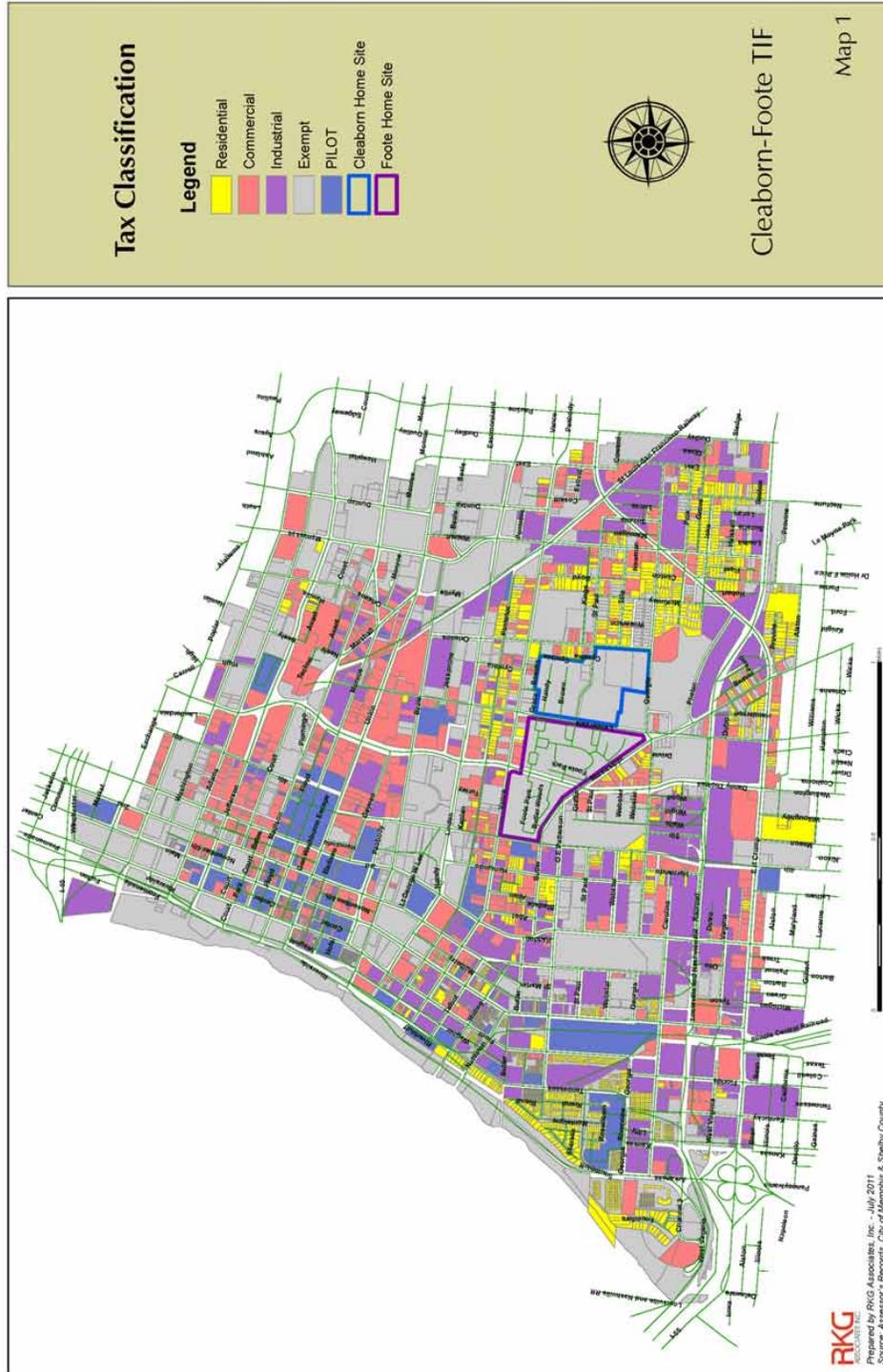
⁸ In many cases, building sizes and unit counts for tax-exempt properties are not in the assessor's file. As a result, the reported unit counts and building sizes (SF) of development reflect only those parcels where data is provided.

⁹ Real estate taxes for commercial, industrial and residential parcels were calculated by multiplying the FY-2011 tax rate per \$100 for the City of Memphis (\$3.1957) and Shelby County (\$4.0200) times the assessed value, and represents gross figures and do not account for any allowable deductions. The PILOT revenue is actual in-lieu and rent payments, and based on their assessed values reflect a contract tax rate of \$1.33 (Memphis) and \$1.71 (Shelby County).

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Tax Increment Finance Analysis for the Proposed Cleaborn-Foote CRA- Memphis, TN

Map 1 – Tax Classification Status Cleaborn-Foote CRA



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RKG Associates, Inc.

B. Land Uses and Appraised Value Characteristics

Land uses across the CRA vary widely, including but not limited to residential, commercial, industrial, governmental and institutional uses, as presented in Table II-2. The Cleaborn-Foote CRA contains 5,018 properties and comprises about 1,580 acres (rounded) of land. The CRA is improved with nearly 40.0 million SF of building area, including nearly 8,500 living units and lodging rooms¹⁰. An overview discussion of each of these land uses is presented next and is also represented thematically in the following Map 2.

a) Single-Family and Condominiums

Approximately 48% of the tax parcels are included in this category, accounting for 7% of the acreage, and 33% of the appraised value in the CRA. In total, this category contains a little more than 2,210 housing units having 3.5 million SF of building area, indicating an average unit size of 1,600 SF. The units vary in style and design from upper-end single-family homes, on the bluff overlooking the Mississippi River, to small ranch-style homes nestled on small lots on the eastern side of the CRA. Condominiums range from upscale modern units to lofts in former industrial buildings. The average appraised value for this group is nearly \$207,000 per unit.

b) Apartments and Multi-Family Properties

Approximately 4% of the tax parcels are included in this category, accounting for 11% of the acreage, and 9% of the appraised value in the CRA, as shown in Table II-2. This group has nearly 3,120 units with 3.84 million SF of building area indicating an average unit size of 1,230 SF. The average appraised value for apartments is \$40,400 per unit. The land area for the Cleaborn and Foote developments are included in this group; however unit counts, building sizes and improved appraisal values are absent.

c) Retail, Restaurant and Services

This group includes many of the commercial-oriented properties in the CRA and accounts for 5% of the parcels and 4% of the land area. This group is improved with 2.6 million SF of building area, indicating an average building size of 10,160 SF. Most of these parcels are concentrated on Main and Beale Streets in the downtown, as well as the major east/west corridors such as Union, Madison, and Monroe, as well as on EH Crump Boulevard. The average appraised value is slightly less than \$27/SF of building area.

d) Hotel, Motel and Lodging

There are twenty-five parcels in this group with approximately 1% of the land area in the Cleaborn-Foote CRA, and 7% of the building area containing over 2,960 keys/rooms. Nearly all the properties in this group are located in the downtown, along Main Street near the convention center, or near the AutoZone Park or FedEx Forum. The major flags include the historic Peabody Hotel, the Westin, the Madison and various Marriott brands to name a few. The appraised value exceeds \$177 million and accounts for 13% of the base. The average appraised value is almost \$60,000 per key/room.

¹⁰ The reported amount of building SF and unit counts for many tax exempt properties is not provided in the assessor's database, such as the Memphis Housing Authority. As a result, the reported SF and unit counts reflect only those parcels where data is provided.

f) Automotive Services and Repair

This group includes automotive services such as car/truck dealers, gas stations and convenience stores, as well as vehicle and automotive repair shops. Approximately 2% of the parcels in the Cleaborn-Foote CRA are classified in this group and utilize 4% of the land area, but only contributes 1% to the appraisal base. The average appraised value for this group is almost \$21/SF and among the lowest valued types in the CRA, ahead of industrial.

g) Industrial and Warehouse Use

This group also includes utility properties such as Memphis Light and Gas as well as many railroad properties. Approximately 6% of the tax parcels in the CRA are in this group, and consume nearly 22% of the land area, and have almost 20% of the total building area. Most of the industrial properties are either on the southern end of the CRA along EH Crump Boulevard, or the eastern side along the St. Louis San Francisco Railway. A handful of industrial properties remain active in and around the downtown including the Lone Star Industries on the river, and Gibson Guitar near Beale Street. There are also a high concentration of older buildings in the South End and many awaiting redevelopment such as the former Tennessee Brewery building. Wonder Bread has a major manufacturing facility in the middle of the CRA off of Danny Thomas Boulevard, while the Commercial Appeal has its production plant off of Union Street. The total appraised value of this group exceeds \$85 million, and represents 6% of the base. The average value is slightly lower than \$14 per square foot of building area, the lowest of any property type in the CRA.

h) Religious, Social and Care Providers

This group includes the various religious entities operating in the CRA as well as social groups and health care providers. Approximately 4% of the tax parcels are represented by this group containing 8% of the acreage but only 2% of the building area. The appraised value of this group represents 1% of the CRA, as shown in Table II-2, and the average appraised value for this group is less than \$30 per building SF.

i) Colleges, Schools, and Other Educational Services

This group includes public and private schools and colleges within the Cleaborn-Foote CRA. There are 100 parcels in this group on 123 acres or 8% of the acreage in the CRA, improved with 0.3 million SF of building area¹¹. The University of Tennessee and the Southwest Tennessee Community College have their campuses on the eastern side of the CRA, while the Memphis Public Schools has a few properties surrounding the Cleaborn and Foote redevelopment areas as shown in Map 2. The new Memphis College of Art location at the southern end of Main Street is also included.

j) Sporting, Cultural & Civic Places

This group includes the two major sporting venues (AutoZone Park and FedEx Forum) in the downtown, as well as civic venues such as the Convention Center, the Orpheum Theater, and the City/County Public Libraries. Cultural venues include the National Civil Rights Museum and Sun Studios as well as the historic buildings in Victorian Village in the northeastern

¹¹ As mentioned earlier, the building sizes at tax-exempt properties are missing in the assessor's file, such that this figure represents only that amount reported.

section of the CRA. There are 31 parcels in this group containing 38 acres having an appraised value of \$12.3 million or more than \$350,000 per acre, as shown in Table II-2.

k) Government Buildings

There are 40 parcels consisting of 67 acres and representing 4% of the land area in the CRA that are city, county, state or federal buildings. A majority of this group is located in the northern portion of the CRA on Main Street and along Washington, Adams and Jefferson Avenues heading east of the downtown. The US Postal Service also has a distribution center at the eastern edge on the South End.

l) Government Land

The Cleaborn-Foote CRA has 71 parcels of vacant land consisting of 29 acres or 2% of the land area in the CRA that is owned by the City of Memphis or the Memphis Housing Authority, and other county, state and federal entities. The average lot size is less than 0.5 of an acre and the average appraised value is over \$190,000 per acre.

m) Parking Garages and Lots

There are 144 parcels that were identified in the CRA with a parking garage or a parking lot containing 71 acres with more than 3 million SF of building area, as shown in Table II-2. Most of the parking facilities are located in and around the core downtown and in close proximity to the office buildings and sporting venues. The average lot size is less than 0.5 of an acre, and the average appraised value is more than \$1.1 million per acre, due primarily to the structured parking facilities.

n) Vacant Land

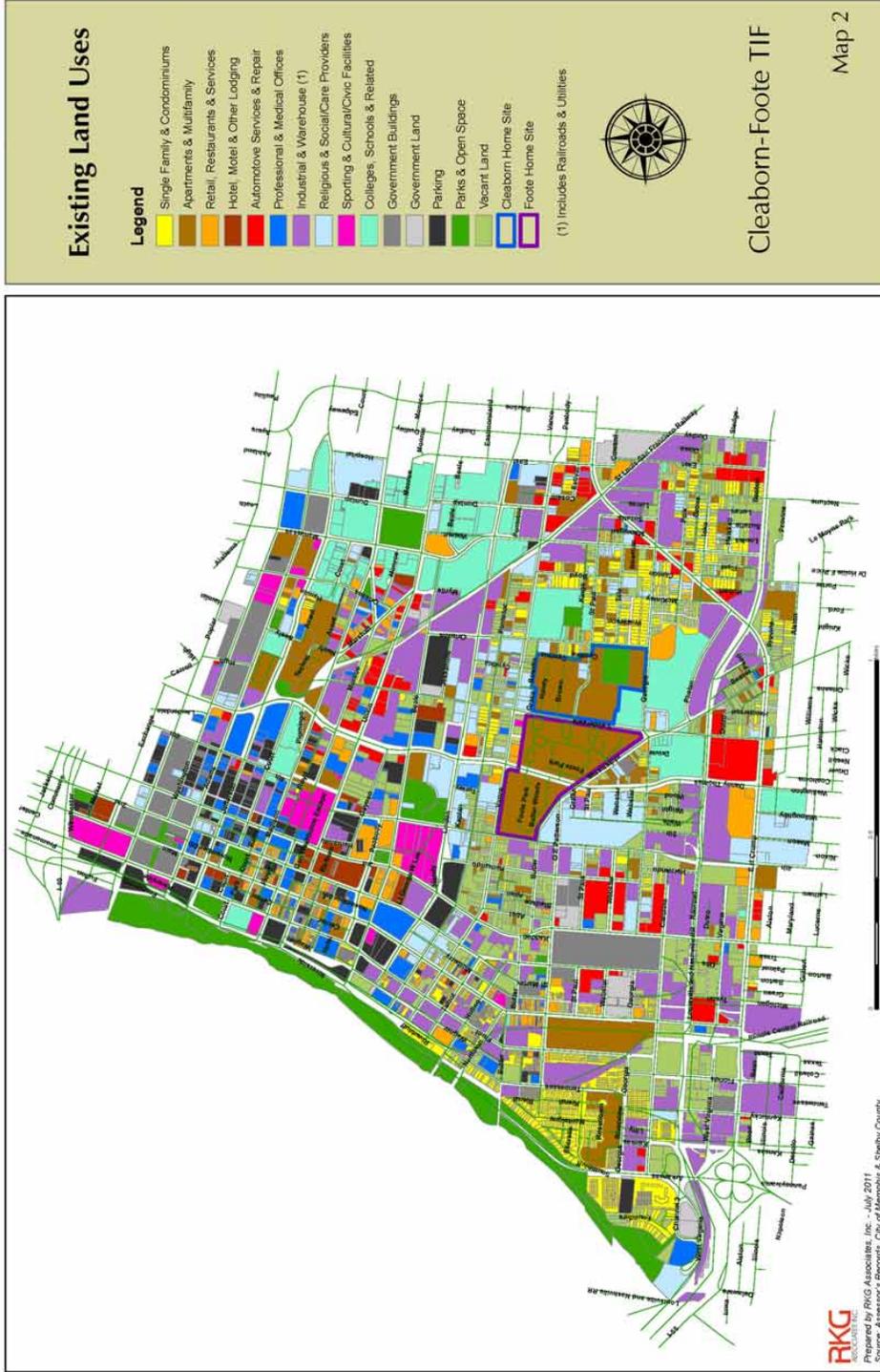
The Cleaborn-Foote CRA has over 862 parcels containing nearly 200 acres, or 13% of the acreage in the CRA, classified as vacant land (privately owned). As shown in Map 2, a high concentration is contained along the length of the southern boundary of the CRA, as well as in the center along both sides on Vance Avenue heading east from the downtown. The average lot size is less than 0.25 of an acre and the average appraised value is slightly more than \$110,000 per acre. Many of the Shelby County Tax Title properties are included in this group.

o) Parks and Open Space

The Cleaborn-Foote CRA has 56 parcels containing 69 acres classified as Parks and Open Space, representing 4% of the acreage in the CRA. As shown in Map 2, the length of the riverfront between Lone Star Industries at the northern to the First Unitarian Church of Memphis at the south is included in this category with Jefferson Davis Park, Thomas Lee Park, and Martyrs Parks, as well as the Tennessee Visitors Center and Beale Street Landing (currently under construction). A few of the other parks in the CRA include Court Square, Handy Park, Robert Church Park, Forrest Park and Victorian Village Park.

Map 2 on following page, highlights land uses within the Cleaborn-Foote CRA.

Map 2 - Land Uses Cleaborn-Foote CRA



C. Transitional Properties

This section identifies four different groups of properties in the CRA that would best be described as “transitional”. The properties are exhibited in Map 3 and the groups include:

- Parcels with delinquent real estate property taxes to the City of Memphis and/or Shelby County.
- Bank-owned and Shelby County tax-title parcels.
- Parcels with buildings in poor to unsound condition.
- Blighted and Overgrown parcels.

1. Properties with Delinquent Real Estate Property Taxes

There are 770 parcels in the CRA with delinquent taxes owed to the City of Memphis and 928 parcels with outstanding tax bills to Shelby County. As shown in Table II-3, approximately \$5.23 million in delinquent taxes (including fees) is owed to the City of Memphis including \$605,520 in arrears for 2010. This amount owed in 2010 equates to 11.6% of the total amount in delinquency. Shelby County is owed more than \$2.97 million in delinquent taxes, and nearly 57% resulted in 2010.

Table II-3 – Cleaborn-Foote CRA: Delinquent Real Estate Taxes

City of Memphis	All Years		2010		Appraised Value	% of Base
	Parcels	Amount	Parcels	Amount		
Commercial	244	\$1,712,186	104	\$197,771	\$36,230,380	14%
Industrial	125	\$2,344,284	48	\$96,329	\$13,325,860	17%
Residential	325	\$645,415	143	\$152,586	\$25,642,075	6%
PILOTS	47	\$430,722	29	\$136,171	\$69,053,600	15%
Taxable	741	\$5,132,607	324	\$582,857	\$144,251,915	18%
Exempt	29	\$97,602	4	\$22,669	\$1,212,260	1%
Total	770	\$5,230,209	328	\$605,526	\$145,464,175	11%
SHELBY COUNTY	All Years		2010		Appraised Value	% of Base
	Parcels	Amount	Parcels	Amount		
Commercial	303	\$1,385,960	302	\$843,513	\$51,820,200	20%
Industrial	149	\$723,647	148	\$286,649	\$18,950,700	25%
Residential	453	\$781,134	448	\$541,544	\$59,660,600	13%
PILOTS	2	\$5,089	1	\$686	\$381,400	0%
Taxable	907	\$2,895,829	899	\$1,672,393	\$130,812,900	16%
Exempt	21	\$74,321	17	\$18,813	\$2,189,300	2%
Total	928	\$2,970,150	917	\$1,691,206	\$133,002,200	10%

Source: City of Memphis; Shelby County & RKG Associates, Inc.

Referring to Table II-3, commercial properties in the CRA account for 33% of the 2010 delinquent taxes owed to the City and nearly 50% of the delinquency in 2010 owed to the

County. Residential uses account for another 25% of the 2010 delinquencies to the City and another 32% of that to the County.

The appraised value of the parcels with tax delinquencies (all years) to the City of Memphis represents approximately 18% of the taxable tax base, or 11% of the total appraised value in the CRA. The appraised value of the delinquent parcels to Shelby County accounts for 16% of the taxable base in the CRA, but 10% to the total, as shown in Table II-3. The parcels with delinquent taxes are exhibited in Map 3.

Table II-4 compares real estate taxes in 2011 to delinquencies in 2010 and exhibits the delinquency percentage for each tax district. As shown, the delinquency rate in the Cleaborn-Foote CRA for the City of Memphis (5.9%) is less than half that for Shelby County (12.9%). In both cases, the delinquency rate for residential properties is much less than for commercial and industrial properties, while the City of Memphis had a 5.6% delinquency rate at PILOT projects in the CRA, Shelby County on the other hand, had less than \$700 in delinquent taxes owed at PILOTs, or effectively almost nil. The reasons for the relatively high delinquency rates are unknown; however, poor economic conditions over the last several years, coupled with a countywide revaluation in 2009, may be contributing factors.

Table II-4 – Cleaborn-Foote CRA: Real Estate Taxes (2011) and Delinquent Taxes (2010)

Classification	Real Estate Taxes (2011)		Delinquent Taxes (2010)		Percent Delinquent	
	City of Memphis	Shelby County	City of Memphis	Shelby County	City of Memphis	Shelby County
Commercial	\$3,307,491	\$4,160,626	\$197,771	\$843,513	6.0%	20.3%
Industrial	\$976,107	\$1,227,885	\$96,329	\$286,649	9.9%	23.3%
Residential	\$3,633,415	\$4,570,619	\$152,586	\$541,544	4.2%	11.8%
PILOTs [1]	\$2,420,346	\$3,114,967	\$136,171	\$686	5.6%	0.0%
Taxable	\$10,337,359	\$13,074,097	\$582,857	\$1,672,393	5.6%	12.8%
Tax-Exempt	\$0	\$0	\$22,669	\$18,813		
Total	\$10,337,359	\$13,074,097	\$605,526	\$1,691,206	5.9%	12.9%

[1] Payment in lieu of taxes; Real estate taxes include in-lieu payments and rent, if any.
 Source: City of Memphis; Shelby County & RKG Associates, Inc.

2. Bank-owned and Tax-Title Properties

A review of the property owners’ names in the assessor data base indicated that 210 parcels are bank-owned as shown in Table II-5, and another 104 parcels are tax-title parcels owned by Shelby County, and account for 4% and 2%, respectively of the parcels in the CRA. These properties are also highlighted on Map 3.

Referring to Table II-5, residential parcels (187) represent almost 89% of the bank-owned properties, and contain 170 units. The Horizon project at 717 Riverside Drive with 155 units, accounts for 91% of the bank-owned units, while the 15 remaining units are scattered at 10 other projects. The appraised values of the bank-owned residential parcels total \$15.2 million, representing 3% of the residential base, and equate to an average value of \$81,400 per parcel.

Sixteen commercial parcels are also bank-owned totaling almost \$11.7 million in appraised value, or 4% of the commercial base in the CRA. The average appraised value for these commercial properties is slightly less than \$700,000 each. The remaining 7 bank-owned

parcels are industrial, and have an appraised value of \$1.2 million SF and account for less than 2% of the industrial appraisal in the CRA.

Table II-5 – Cleaborn-Foote CRA: Bank-Owned Properties (2011)

Classification	Parcels	Units	Appraised Value	% of Base
Commercial	16	3	\$11,169,300	4.2%
Industrial	7	0	\$1,232,200	1.6%
Residential	187	170	\$15,224,800	3.3%
Total	210	173	\$27,626,300	3.5%
% of Study Area	4.2%	2.0%	3.5%	

Source: City of Memphis; Shelby County & RKG Associates, Inc.

Nearly 90% of the tax-title properties in the CRA are vacant land totaling nearly 17 acres and nearly \$760,000 in appraised value, as shown in Table II-6. This indicates an average lot size of less than 0.2 of an acre, and average appraised value of \$8,150 per parcel or almost \$45,000 per acre. The appraised values for the commercial and industrial buildings, combined account for 41% of the total appraisal of tax-title properties; however the average value for the commercial buildings is nearly \$450,000 per acre and \$180,000 per acre for the industrial building.

Table II-6 – Cleaborn-Foote CRA: Shelby County Tax Title Properties (2011)

Type	Parcels	Acres	Appraised Value	% of Base
Vacant Land	93	16.9	\$758,100	3.4%
Single-Family	5	0.5	\$93,100	0.0%
Multi-Family	1	0.2	\$29,100	0.0%
Commercial Bldgs	2	0.8	\$358,400	0.5%
Industrial Bldgs	3	1.4	\$252,700	0.3%
Total	104	19.9	\$1,491,400	0.1%
% of Study Area	2.1%	1.3%	0.2%	

Source: City of Memphis; Shelby County & RKG Associates, Inc.

3. Parcels with Buildings in Poor to Unsound Condition

Table II-7 indicates a total of 559 parcels in the Cleaborn-Foote CRA where a building condition is categorized as poor to unsound in the assessor file. These represent 11% of all the parcels in the CRA, 18% of the land acreage, and almost 40% of the total building area. The appraised values of those parcels in poor to unsound condition, amount to \$163.2 million, or about 12% of the CRA appraisal base. As shown in Table II-7, nearly three-quarters of the parcels with building in poor to unsound condition are either commercial or industrial, while another 17% are at PILOTs. The parcels with poor to unsound buildings are also exhibited in Map 3.

Table II-7 – Cleaborn-Foote CRA: Parcels in Poor to Unsound Condition by Tax Class (2011)

Tax Classification	Parcels	Acres	Units/Keys	Bldg SF (mil)	% of Total	Appraised Value (mil)	% of Base
Commercial	277	84.0	927	4.58	37%	\$51.53	19.5%
Industrial	172	155.7	8	4.66	38%	\$41.88	54.8%
Residential	25	8.0	42	0.06	1%	\$1.44	0.3%
PILOTS	57	8.8	448	2.13	17%	\$59.66	12.8%
Taxable	531	256.5	1,425	11.43	93%	\$154.51	12.2%
Exempt	28	21.9	16	0.88	7%	\$8.65	7.3%
Total	559	278.3	1,441	12.30	100%	\$163.17	11.8%
% of Base	11.1%	17.6%	16.9%	39.7%		11.8%	

Source: City of Memphis; Shelby County & RKG Associates, Inc.

As shown in Table II-8, more than 35% of the total building sizes (SF) in poor to unsound conditions are at industrial properties, followed by nearly 20% at professional office buildings, and 17% at retail, restaurant and service buildings, and these parcels account for 43%, 10% and 54% of their respective appraisal base. Approximately 1,100 housing units at 79 apartment/multi-family parcels are also in poor to unsound condition, whose appraised values account for 21% of this base, while 270 hotel keys (rooms) are also in poor to unsound condition representing 9% of the hotel keys/rooms in the CRA.

Table II-8 – Cleaborn-Foote CRA: Parcels in Poor to Unsound Condition by Land Use (2011)

Use	Parcels	Acres	Units/Keys	Bldg SF (mil)	% of Total	Appraised Value (mil)	% of Base
Single-Family & Condominiums	23	4	23	0.04	0.4%	\$0.68	0.1%
Apartments & Multi-Family	79	28	1,099	1.44	11.7%	\$26.69	21.2%
Retail, Restaurants & Services	183	34	34	2.06	16.8%	\$37.46	54.3%
Hotel, Motel & Lodging	5	1	270	0.22	1.8%	\$7.13	4.0%
Professional & Medical Offices	47	11	4	2.39	19.4%	\$26.16	10.1%
Automotive Services & Repair	40	36	0	0.46	3.8%	\$7.17	45.1%
Industrial & Warehouse	150	140	0	4.34	35.3%	\$36.76	43.1%
Religious; Social & Care Providers	15	8	9	0.45	3.6%	\$3.84	18.8%
Colleges, Schools & Other Services	5	4	2	0.06	0.5%	\$2.60	9.8%
Sporting; Cultural & Civic Places	2	0	0	0.11	0.9%	\$2.91	23.7%
Government Buildings	3	4	0	0.22	1.8%	\$4.76	39.8%
Government Land	1	5	0	0.14	1.1%	\$1.45	26.2%
Parking Garages & Lots	5	2	0	0.36	2.9%	\$5.52	7.0%
Vacant Land	1	0	0	0.01	0.1%	\$0.02	0.1%
Total	559	278	1,441	12.30	100%	\$163.17	11.8%

Source: City of Memphis; Shelby County & RKG Associates, Inc.

4. Blighted and Overgrown Parcels

According to a file provided by the Center City Commission, there are 89 parcels in the CRA that are classified as blighted and overgrown. These parcels containing 47 acres are improved with 2.1 million SF and have an appraisal of \$14.4 million. These parcels represent 3% of the CRA acreage, and nearly 7% of the building area. The appraised value accounts for 1% of the appraisal base in the CRA. As shown in Table II-9, twenty-three parcels are industrial buildings consisting of 16 acres and 0.6 million SF of building area. The appraised value of these blighted industrial buildings represents 4.4% of the industrial

building base in the CRA. Blighted parcels for automotive services and religious, social and care providers in the CRA also represent a relatively high percentage of their appraised value base (12% and 9%, respectively) as shown in Table II-9. These blighted and overgrown parcels are also exhibited in Map 3.

Table II-9 – Cleaborn-Foote: Blighted and Overgrown Properties by Land Use (2011)

Use	Parcels	Acres	Units/ Keys	Bldg SF	Appraised Value	% of Base
Single-Family & Condominiums	1	5.1		0	\$100	0.0%
Apartments & Multi-Family	7	1.0	28	25,552	\$427,600	0.3%
Retail, Restaurants & Services	14	2.0	12	163,056	\$1,653,300	2.4%
Hotel, Motel & Lodging	1	0.1	140	53,008	\$152,700	0.1%
Professional Office	7	2.3		732,525	\$2,030,200	0.8%
Automotive Services & Repair	5	7.7		106,004	\$1,970,600	12.4%
Industrial & Warehouse	23	16.0		570,675	\$3,750,500	4.4%
Religious; Social & Care Providers	3	2.3		312,388	\$1,912,200	9.4%
Colleges, Schools & Other Services	1	0.3		14,139	\$364,500	1.4%
Sporting; Cultural & Civic Places	1	1.7			\$518,400	4.2%
Government Buildings	2	1.4			\$217,600	1.8%
Government Land	1	0.5			\$133,100	2.4%
Parking Garages & Lots	3	0.6		73,350	\$146,700	0.2%
Vacant Land	20	6.3			\$1,061,300	4.8%
Total	89	47.4	180	2,050,697	\$14,338,800	1.0%
% of Study Area	1.8%	3.0%	2.1%	6.6%	1.0%	

Source: City of Memphis; Shelby County; Center City Commission & RKG Associates, Inc.

5. Conclusion

When combining the parcel counts of the different groups of transitional properties, the indication is that between 38% and 45% of the parcels in the CRA are in a state of flux, depending on whether it is measured against the taxable or total base, as shown in Table II-10. The combined total appraised value of these transitional properties represent between 25% and 43% of the base.

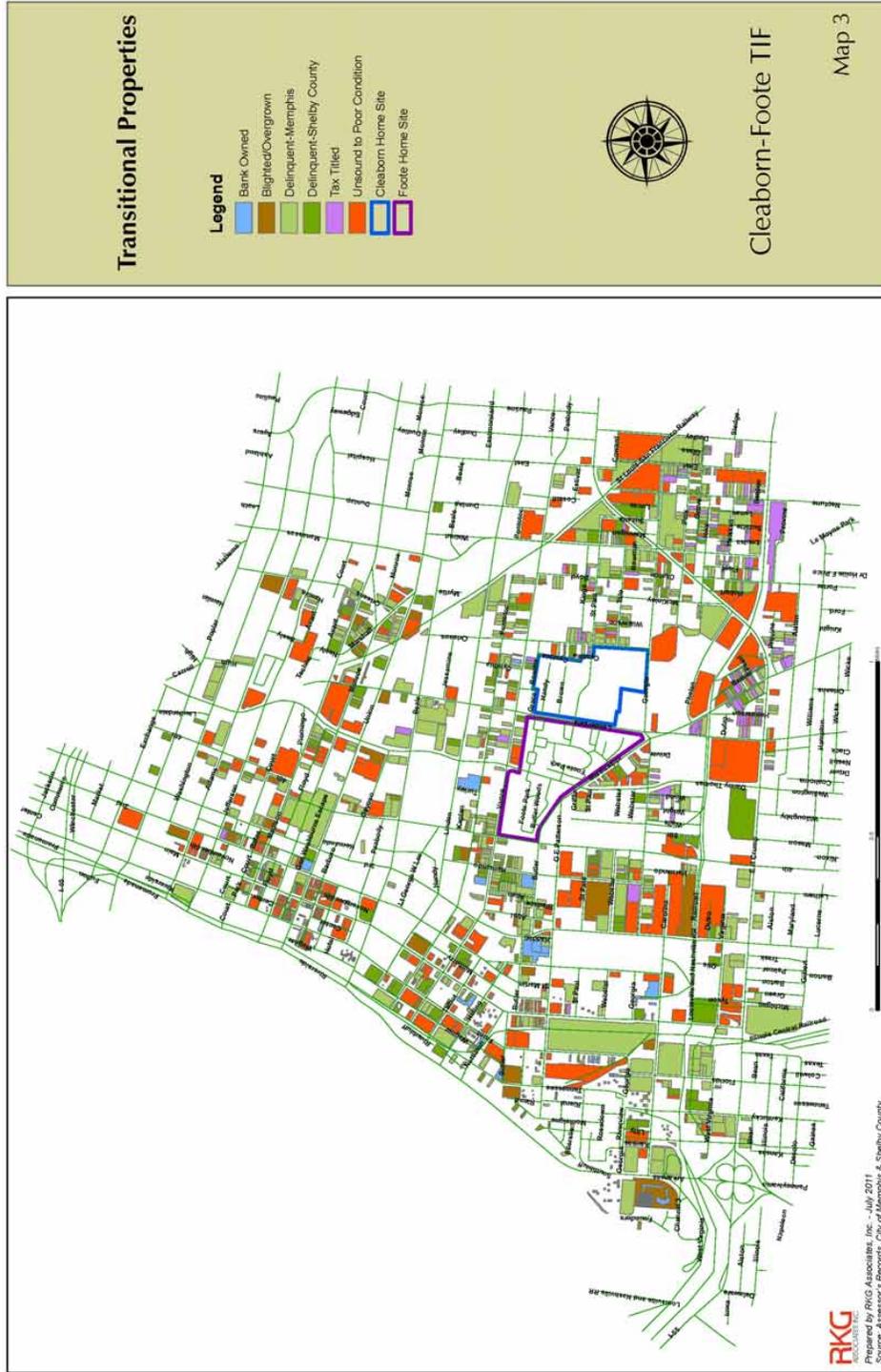
Table II-10 – Cleaborn-Foote CRA: Summary of Transitional Parcels (2011)

Transitional Property Group	Parcels	% of Taxable Base	% of Total Base	Appraisal (mil)	% of Taxable Base	% of Total Base
Tax Delinquent	928	22.1%	18.5%	\$133.00	16.7%	9.6%
Bank-Owned	210	5.0%	4.2%	\$27.63	3.5%	2.0%
Tax Title	104	2.5%	2.1%	\$1.49	0.2%	0.1%
Unsound Cond.	559	13.3%	11.1%	\$163.17	20.5%	11.8%
Blighted/Overgrown	89	2.1%	1.8%	\$14.34	1.8%	1.0%
Total	1,890	45.1%	37.7%	\$339.63	42.7%	24.6%

Source: City of Memphis; Shelby County & RKG Associates, Inc.

In the context of the TIF analysis, the estimated delinquent taxes, specifically for 2010 was around 6% of 2010 property taxes for the City, and 13% for Shelby County.

Map 3 – Transitional Properties in the Cleaborn-Foote CRA



III. CLEABORN-FOOTE TIF ANALYSIS

This section presents the TIF analysis and identifies the different components including the various assumptions used in the analysis and their bases. Additional information about specific projects is in the Appendix at the end of this report

A. TIF Term

The term of the TIF analysis is 20 years starting in 2012 and running through 2031. For this analysis a calendar year is used since January 1 coincides with the setting of the each year's assessments. The base year is 2011, so any changes in assessed values in future years will be measured off this base. It should be noted that the annual tax rate is set for a fiscal year that runs from July to June; however, real estate taxes are factored on the assessed value at the start of a fiscal year (July), half way through a calendar year.

B. TIF Tax Rate

The TIF tax rate is lower than the actual tax rate, since it is discounted for debt-service and other administrative fees. In addition, a local jurisdiction(s) can limit the amount allocated to a Community Redevelopment Authority (CRA) trust fund of between 50% (minimum) to 95% (maximum). For this analysis the FY-2012 actual tax rate will be used and the subsequent discounts to determine the TIF tax rate are shown in Table III-1.

The actual real estate property tax rate for the City of Memphis in FY-2012 is \$3.1889 per \$100 in assessed value, and for Shelby County, it is \$4.02 per \$100 in assessed value. In determining the TIF tax rate, Shelby County assesses a 2% "trustee fee", which the City of Memphis does not. This results in an adjusted tax rate for each jurisdiction against which the debt service millage is deducted and the result is the "net" tax rate, as shown in Table III-1.

Table III-1 – Cleaborn-Foote CRA: TIF Tax Rate (FY-2012)

	City	County	Total
Total Tax Rate (FY-2012)	\$3.1889	\$4.0200	\$7.2089
Less Trustee Fee [1]	0%	-2%	
Adjusted Tax Rate	\$3.1889	\$3.9396	\$7.1285
Less Debt Service	(\$0.7141)	(\$0.7500)	(\$1.4641)
Net Tax Rate	\$2.4748	\$3.1896	\$5.6644
Allowable for TIF Revenue			
Maximum	95%	95%	95%
Minimum	50%	50%	50%
Gross TIF Tax Rate (MAX)	\$2.3511	\$3.0301	\$5.3812
Gross TIF Tax Rate (MIN)	\$1.2374	\$1.5948	\$2.8322
Less Administration (CRA)	-5%	-5%	
TIF Rate For CRA Trust Fund			
Maximum	\$2.2335	\$2.8786	\$5.1121
Minimum	\$1.1755	\$1.5151	\$2.6906
[1] Shelby County (only) assesses a 2% trustee fee			
Source: City of Memphis; Shelby County & RKG Associates, Inc.			

From the net rate, a minimum (50%) or maximum (95%) allocation factor to a CRA trust fund is applied. Then, according to the TIF legislation, as part of the 1998 Community Redevelopment Act, 5% of all tax increment funds collected are to be set aside, annually, as an administrative fee. Therefore, this factor (5%) is applied and the resulting TIF tax rate per \$100 at the 95% level is \$2.2335 for the City of Memphis; and \$2.8786 for Shelby County, or a combined rate of \$5.1121, which is the TIF tax rate used in this analysis, and it is assumed to remain constant throughout the term¹².

C. Historic Trends in the CRA Tax Base Trends; Assessment and Appreciation

This section reviews historic trends in the Cleaborn-Foote CRA over the last 22 years, or between 1990 and 2011, by comparing parcel data in 2011 with prior assessor's files at different revaluation times (1993, 1998, 2001, 2005 and 2009). As shown in Table III-2, the CRA has over 4,000 taxable parcels in 2011 with an assessed value of nearly \$249.8 million, which was 8.7% lower than in 2009, or a compounded average annual decline of 4.4%, since the revaluation, and the decline in value occurred across all property types. This finding reflects the downturn in the real estate market caused by the global financial crisis and national recession of 2008 and 2009.

Between 2005 and 2009, the number of tax parcels in the CRA increased by more than 1,380 parcels and taxable assessed value increased by \$92.6 million. This was the largest gain in tax parcels and assessed value during any of the preceding periods. The next largest increase in tax parcels (513) occurred between 2001 and 2005, while the next largest increase in assessed value (\$60.9 million) happened in the 1993-1998 period.

The advent of residential living in the downtown and the South End were the primary drivers of the increase in tax parcels and assessed values, as the number of residential parcels increased from 592 in 1990 to 2,641 in 2001 for a net increase of 2,049 parcels. Residential assessed values increased from \$4.27 million in 1990 (year and dollars) to \$113.7 million in 2011 (year and dollars) for a net increase of \$109.42 million indicating a twenty-five times increase, or an annual compounded rate of 16.9%.

As shown in Table III-2, the number of commercial parcels increased by 152 between 1990 and 2011, while the number of industrial parcels increased by 71. The assessed values for commercial properties increased by \$59.6 million between 1990 and 2011 and for industrial properties the increase was \$21.9 million. These changes equated to annual compounded rates of 4.2% and 6.2%, respectively. However, commercial values in the CRA between 1998 and 2009, experience nominal annual increases in value, and by 2011 a 3.7% annual decline resulted since 2009. Assessed values for industrial parcels fared better but the base was smaller, as it was 15% of the commercial base. Residential values experienced much higher annual increases in values in the different periods up to 2009, but had the largest annual decline by 2011.

¹² The FY-2012 tax rate (\$3.1889) for the City of Memphis is slightly lower than in FY-2011 (\$3.1957) while the rate for Shelby County remained the same. Future changes in the tax rate may result due to fiscal conditions as it relates to the merger of the City and County school districts, and any future increase would likely be targeted to special fiscal needs and assumed not to be associated with a TIF program.

Table III-2 – Cleaborn-Foote CRA: Historic Tax Base Trends

Number of Taxable Parcels							
Classification	1990	1993	1998	2001	2005	2009	2011
Commercial	755	784	819	824	784	854	907
Industrial	388	404	410	380	458	476	459
Residential	592	719	802	856	1,331	2,626	2,641
Total	1,735	1,907	2,031	2,060	2,573	3,956	4,007
Total Assessed Value (\$ million)							
Classification	1990	1993	1998	2001	2005	2009	2011
Commercial	\$44.01	\$59.64	\$109.65	\$109.95	\$107.54	\$111.79	\$103.65
Industrial	\$8.69	\$11.16	\$16.84	\$18.81	\$25.72	\$30.79	\$30.54
Residential	\$4.27	\$8.40	\$13.56	\$20.53	\$45.59	\$128.90	\$113.70
Total	\$56.97	\$79.20	\$140.05	\$149.30	\$178.85	\$271.48	\$247.89
Annual Percentage Change by Period							
Classification	1990-1993	1993-1998	1998-2001	2001-2005	2005-2009	2009-2011	1990-2011
Commercial	10.7%	13.0%	0.1%	-0.6%	1.0%	-3.7%	4.2%
Industrial	8.7%	8.6%	3.8%	8.1%	4.6%	-0.4%	6.2%
Residential	25.3%	10.0%	14.8%	22.1%	29.7%	-6.1%	16.9%
Total	11.6%	12.1%	2.2%	4.6%	11.0%	-4.4%	7.3%

Source: City of Memphis; Shelby County; & RKG Associates, Inc.

In order to ascertain an appreciation factor, RKG matched the specific parcel identification number and tax classification of the 2011 CRA base with the files in each of the prior revaluation years. As a result, the count was reduced to 1,278 parcels that matched in each of the different years, and the information is summarized in Table III-3.

The total assessment in 2011 of the matching parcels was \$78.5 million which reflected a \$39.6 million increase since 1990 (\$40.0 million) indicating an annual compounded rate of 3.4%. Assessed values for commercial and industrial properties had an annual compounded rate of 3.3% while residential increased by 4.2%. Most of the increase in assessed values of matched parcels occurred between 1993 and 1998, as total values increased by \$30.6 million, and represented 77% of the total change in assessment between 1990 and 2011. In fact, the base in 2011 (\$78.5 million) was lower than in 1998 (\$79.0 million), and nearly all the loss occurred in the commercial class which spiked again in 2001 and has dropped by more than \$10.5 million.

Assessed values for industrial properties had annual increases at each revaluation period except between 1998 and 2001, while assessed values for commercial properties were more erratic. The annual rate of increase of residential assessed values was its greatest between 1990 and 1993 (14%) as shown in Table III-3, and ranged between 4.2% and 5.9% in the three periods between 1998 and 2009. Residential, however, experienced the greatest decline (-9%) between 2009 and 2011.

Table III-3 – Cleaborn-Foote CRA: Historic Trends in Assessment of Matched Parcels

Total Assessed Value (\$ millions)							
Classification	1990	1993	1998	2001	2005	2009	2011
Commercial	\$27.66	\$34.39	\$61.26	\$65.19	\$59.06	\$60.09	\$54.65
Industrial	\$7.46	\$8.39	\$11.28	\$11.20	\$12.31	\$13.77	\$14.68
Residential	\$3.85	\$5.70	\$6.48	\$7.69	\$9.40	\$11.10	\$9.21
Total	\$38.97	\$48.47	\$79.02	\$84.08	\$80.77	\$84.96	\$78.54
Annual Percentage Change by Period							
Classification	1990-1993	1993-1998	1998-2001	2001-2005	2005-2009	2009-2011	1990-2011
Commercial	7.5%	12.2%	2.1%	-2.4%	0.4%	-4.6%	3.3%
Industrial	4.0%	6.1%	-0.3%	2.4%	2.9%	3.3%	3.3%
Residential	14.0%	2.6%	5.9%	5.1%	4.2%	-8.9%	4.2%
Total	7.5%	10.3%	2.1%	-1.0%	1.3%	-3.8%	3.4%

[1] Based on 1,278 taxable parcels (512 commercial; 284 industrial; 482 residential) with same classification at each period
 Source: City of Memphis; Shelby County; & RKG Associates, Inc.

1. Conclusion

The tax base in the Cleaborn-Foote CRA experienced significant increases between 1990 and 2009, due in part by the addition of new residential properties. The base however has declined over the last two years due primarily to the global financial crisis and national recession. The decline in values over the last two years is even more pronounced in some cases when evaluating the matched parcel data. For the TIF analysis RKG estimates that applying an appreciation factor between revaluation cycles is appropriate. However, to be conservative, the first increase would not occur until the revaluation cycle in 2017 and it would then continue at 10% for every four-year increment thereafter, equating to an average rate of 2.5% per year, about 1% lower than indicated by the matched parcels (3.4%) over the last 22 years. This appreciation factor will also serve to account for any potential changes in the TIF tax rate during the 20-year term.

D. Cleaborn and Foote Redevelopments and Estimated PILOT Payments

Cleaborn and Foote homes are currently tax exempt and non-contributory to the City of Memphis property tax. Cleaborn homes will be redeveloped with 400 housing (apartment) units, while Foote homes will be redeveloped with 500 units. Communications with representatives of the development team, Duvernay + Brooks, LLC, indicate that this proposed build-out is subject to revision and funding sources, and Table III-4 summarizes the potential build-out of each redevelopment by their associated funding program.



Figure 2 – Conceptual Rendering of Cleaborn housing

Site clearing and demolition for the Cleaborn redevelopment is presently underway and reportedly the first phase (84 units) would be completed in 2012, while the next 3 phases will occur between 2013 and 2015 (one phase for each year). The Foote redevelopment (subject to approvals, financing, etc.) is forecasted to occur in four phases beginning in 2016 and completed in 2019.

Table III-4 – Cleaborn-Foote Redevelopment Proposal (Preliminary)

Funding Program Type	Cleaborn	Foote	Total
Public Housing [1]	140	150	290
Section 8 Housing	40	50	90
LIHTC Housing	110	200	310
Market Rate Housing	110	100	210
Total	400	500	900

[1] Includes 150 unit at Foote of ACC (Annual Contribution Contracts)
Source: City of Memphis; Duvernay + Brooks LLC & RKG Associates, Inc.

The redevelopment would make an annual payment in lieu of taxes (PILOT) that would continue over a twenty-year period. According to a representative of Duvernay + Brooks, LLC the annual PILOT payment would be based on the appraised value of the “as-is pre-development conditions” of the properties¹³. In addition to the parcels for the Cleaborn and Foote redevelopments, the developer proposes to acquire three off-site properties owned by the Memphis School District. Other off-site parcels have been identified for potential acquisitions subject to financing in the future, but at this stage they are not included as part of the pre-existing conditions, although they are exhibited in Map 4 which identifies the location of the Cleaborn and Foote redevelopment sites and other projects in the CRA.

Table III-5 exhibits the current appraisal value (land only) of the Cleaborn and Foote home sites and off-site acquisition parcels. RKG assumes this total appraisal value is a proxy for the pre-existing condition value (\$3.53 million) for the PILOT, which times 40% would equate to an assessed value of \$1.41 million. This assessment equates to a factor of \$1,571 per unit, which is used to determine the potential assessment of each completed phase of the redevelopment, and the combined total.

Table III-5 – Cleaborn-Foote Redevelopment: Proposed Acquisition and Assessment

Redevelopment	# of		# of Units	Total Appraisal [1]	Potential Assessment
	Parcels	Acres			
Cleaborn Homes	4	33.2	400	\$2,157,200	\$862,880
Foote Homes	2	44.6	500	\$1,319,800	\$527,920
Off-Site Acquisition [2]	3	3.2		\$57,400	\$22,960
Total		80.9	900	\$3,534,400	\$1,413,760
		AVG per Acre		\$43,675	\$17,470
		AVG per Unit		\$3,927	\$1,571

[1] Land only
[2] Fmr Locke School, playground & vacant lot
Source: Shelby County; City of Memphis; Duvernay + Brooks LLC & RKG Associates, Inc.

¹³ Repeated attempts were made to reach Mr. Baker at the Memphis Health, Educational and Housing Facility Board in order to update PILOTs in the CRA, and discuss the potential structure of the Cleaborn-Foote PILOT, but to no avail.

Therefore, the calculations for the estimated assessment and resulting TIF revenue by the different phases at the Cleaborn and Foote redevelopments are presented in Table III-6. The Cleaborn redevelopment at full build-out in 2015 (assessment Year 2016) would have an estimated assessment of almost \$628,340, which based on the TIF tax rate would result in \$14,030 in annual revenue to the City and \$18,090 to Shelby County. In 2020, after the Foote homes portion is completed, the combined assessment would be \$1.49 million and TIF revenue of \$33,330 to the City of Memphis and \$42,960 to Shelby County.

Table III-6 – Cleaborn-Foote Redevelopment: Estimated PILOT Payments

Cleaborn Home Redevelopment						Estimated Assessment		TIF Revenue [3]	
Year Complete	Public Housing	Section 8	Market LIHTC	Market Rate	Total	Per year [1]	Combined	City of Memphis	Shelby County
2012	44	40			84	\$131,951	\$131,951	\$2,947	\$3,798
2013	34		52	20	106	\$166,510	\$298,460	\$6,666	\$8,592
2014	32		52	21	105	\$164,939	\$463,399	\$10,350	\$13,339
2015	30		54	21	105	\$164,939	\$628,338	\$14,034	\$18,087
Total	140	40	158	62	400	\$628,338	\$628,338	\$14,034	\$18,087
Foote Home Redevelopment						Estimated Assessment		TIF Revenue [3]	
Year Complete	Public Housing	Section 8	Market LIHTC	Market Rate	Total	Per year [1]	Combined	City of Memphis	Shelby County
16 [3]	50	50		25	125	\$215,991	\$844,329	\$18,858	\$24,305
2017	30		70	25	125	\$215,991	\$1,060,320	\$23,682	\$30,523
2018	30		70	25	125	\$215,991	\$1,276,311	\$28,506	\$36,740
2019	40		60	25	125	\$215,991	\$1,492,302	\$33,331	\$42,958
Total	150	50	200	100	500	\$863,964	\$1,492,302	\$33,331	\$42,958
[1] Factored at \$1,571 per unit; assessment (& taxes) will be charge in the following year									
[2] Factor increases by 10% (revaluation year)									
[3] Factored on TIF tax rate of \$2.2335/100 (Memphis) & \$2.8786/100 (Shelby Co)									
Source: Shelby County; City of Memphis; Duvernay + Brooks LLC & RKG Associates, Inc.									

Table III-7 exhibits the cumulative TIF revenue over the build-out period and the 20-year CRA period. The assessed value per unit is assumed to increase at each 4-year revaluation period by 10% to account for appreciation/tax rate changes. Therefore, the assessed values of the completed projects increases to \$1.7 million in 2021 and holds steady for the next three years, increases to \$1.88 million between 2025 and 2028, and then increases to \$2.07 million for the remainder of the CRA period. Based on these assumptions the City of Memphis would realize a total of \$598,000 in TIF revenue, and for Shelby County it would total more than \$770,000 over the 20-year period, from the Cleaborn and Foote redevelopments.

Table III-7 – Cleaborn-Foote Redevelopment: Estimated TIF Revenue

Year	Assessed Value	TIF Revenue [1]	
		City of Memphis	Shelby County
2013	\$131,951	\$2,947	\$3,798
2014	\$298,460	\$6,666	\$8,592
2015	\$463,399	\$10,350	\$13,339
2016	\$628,338	\$14,034	\$18,087
2017	\$844,329	\$18,858	\$24,305
2018	\$1,060,320	\$23,682	\$30,523
2019	\$1,276,311	\$28,506	\$36,740
2020	\$1,492,302	\$33,331	\$42,958
2021	\$1,710,650	\$38,207	\$49,243
2022	\$1,710,650	\$38,207	\$49,243
2023	\$1,710,650	\$38,207	\$49,243
2024	\$1,710,650	\$38,207	\$49,243
2025	\$1,881,715	\$42,028	\$54,167
2026	\$1,881,715	\$42,028	\$54,167
2027	\$1,881,715	\$42,028	\$54,167
2028	\$1,881,715	\$42,028	\$54,167
2029	\$2,069,886	\$46,231	\$59,584
2030	\$2,069,886	\$46,231	\$59,584
2031	\$2,069,886	\$46,231	\$59,584
Total (20-year)		\$598,011	\$770,735
[1] TIF tax rate of \$2.2335/100 (Memphis) & \$2.8786/100 (Shelby Co)			
Source: Shelby County; City of Memphis; Duvernay + Brooks LLC & RKG Associates, Inc.			

E. Known Commercial/Industrial and PILOT Projects

At this time five known projects commercial projects are under way (or soon to begin) in the Cleaborn-Foote CRA as exhibited in Table III-8. Four are presently subject to PILOTs, and the fifth one (Cotton Hill/Memphis Housing LLC) is still awaiting final approvals, but is assumed to obtain a 10-year PILOT starting in 2012 and expiring in 2022.

Two apartment PILOTs (Van Vleet Flats and 436 S Front Street) are presently under construction and two other PILOTs involve major renovation to office buildings including Carlisle Hotel new headquarter on Wagner Place, and Pinnacle Airlines at One Commerce Square. A portion of the Van Vleet project is also being renovated for office use for the Arthur Fuller Company.

The industrial base is adjusted in 2012 to account for the City's pending acquisition of the Lone Star Industries parcel for future opportunities as part of the Pyramid and Pinch projects, just north (and outside) the Cleaborn-Foote CRA.

Map 4, at the end of this chapter, exhibits the location of these known projects and other potential opportunities in the Cleaborn-Foote CRA.

Table III-8 – Cleaborn-Foote CRA: C/I Projects, PILOTs and Adjustments

Apartment (PILOT)	Units	Base Assessed Value	Reported Investment	Completed Appraised Value [1]	Completed Assessed Value [2]	PILOT Expires
Van Vleet Flats	50	\$387,040	\$9,600,000	\$4,800,000	\$1,920,000	2024
Greenbriar 436 S Front St	25	\$34,800	\$2,525,000	\$1,262,500	\$505,000	2020
Memphis Hsg LLC/Cotton	50	\$103,480	\$5,093,961	\$2,546,981	\$1,018,792	2022
Office (PILOT)						
Carlisle Hotel HQ [4]		\$373,320	\$2,731,750	\$1,941,100	\$776,440	2016
Commerce Square		\$1,805,560	\$29,000,000	\$14,500,000	\$5,800,000	2030
Industrial						
Acquisition of Lone Star		\$558,920	\$10,000,000	Unk.	\$0	N/A
[1] Assumed to be 50% of investment						
[2] Factor at 40% of appraised value						
[3] PILOT pending permits; assumed to be 10 years beginning in 2012 & ending in 2022						
[4] Completed assessed value is based on appraisal of \$1.94 in 2011 assessor's file						
Source: City of Memphis; Shelby County; Center City Commission & RKG Associates, Inc.						

Table III-12 exhibits the change in assessed values for the known commercial/industrial project including PILOTs, under construction or soon-to-be. The assessed value of the base in 2011 is \$3.26 million, which reduces to \$2.7 million in 2012, as a result of the Lone Star acquisition. As PILOTs return to the tax roll, and appreciation (10%) is factored at all 4-year intervals, beginning in 2017 to account for revaluation/tax rate changes, the total assessed values increase to as much as \$1.42 million in 2031.

Table III-9 – Cleaborn-Foote CRA: C/I Projects, PILOTs and Changes in Assessed Value

Year	Van Vleet Flats	Greenbriar 436 S Front St	Cotton Hill Apt	Carlisle Hotel HQ	Commerce Square	Lone Star Acquisition	Total Ass'd Value
Base 2011	\$387,040	\$34,800	\$103,480	\$373,320	\$1,805,560	\$558,920	\$3,263,120
1 2012	\$387,040	\$34,800	\$103,480	\$373,320	\$1,805,560	\$0	\$2,704,200
2 2013	\$387,040	\$34,800	\$103,480	\$373,320	\$1,805,560	\$0	\$2,704,200
3 2014	\$387,040	\$34,800	\$103,480	\$373,320	\$1,805,560	\$0	\$2,704,200
4 2015	\$387,040	\$34,800	\$103,480	\$373,320	\$1,805,560	\$0	\$2,704,200
5 2016	\$387,040	\$34,800	\$103,480	\$373,320	\$1,805,560	\$0	\$2,704,200
6 2017	\$425,744	\$38,280	\$113,828	\$854,084	\$1,986,116	\$0	\$3,418,052
7 2018	\$425,744	\$38,280	\$113,828	\$854,084	\$1,986,116	\$0	\$3,418,052
8 2019	\$425,744	\$38,280	\$113,828	\$854,084	\$1,986,116	\$0	\$3,418,052
9 2020	\$425,744	\$38,280	\$113,828	\$854,084	\$1,986,116	\$0	\$3,418,052
10 2021	\$468,318	\$606,000	\$125,211	\$939,492	\$2,184,728	\$0	\$4,323,749
11 2022	\$468,318	\$606,000	\$125,211	\$939,492	\$2,184,728	\$0	\$4,323,749
12 2023	\$468,318	\$606,000	\$1,222,551	\$939,492	\$2,184,728	\$0	\$5,421,089
13 2024	\$468,318	\$606,000	\$1,222,551	\$939,492	\$2,184,728	\$0	\$5,421,089
14 2025	\$2,496,000	\$666,600	\$1,344,806	\$1,033,442	\$2,403,200	\$0	\$7,944,048
15 2026	\$2,496,000	\$666,600	\$1,344,806	\$1,033,442	\$2,403,200	\$0	\$7,944,048
16 2027	\$2,496,000	\$666,600	\$1,344,806	\$1,033,442	\$2,403,200	\$0	\$7,944,048
17 2028	\$2,496,000	\$666,600	\$1,344,806	\$1,033,442	\$2,403,200	\$0	\$7,944,048
18 2029	\$2,745,600	\$733,260	\$1,479,286	\$1,136,786	\$2,643,520	\$0	\$8,738,452
19 2030	\$2,745,600	\$733,260	\$1,479,286	\$1,136,786	\$2,643,520	\$0	\$8,738,452
20 2031	\$2,745,600	\$733,260	\$1,479,286	\$1,136,786	\$8,120,000	\$0	\$14,214,932
Source: Shelby County; City of Memphis & RKG Associates, Inc.							

1. TIF Revenue from Commercial Projects

Table III-10 exhibits the estimated TIF revenue from the commercial/industrial projects over the 20-year period which totals \$1.0 million to the City of Memphis and \$1.3 million to Shelby County.

Table III-10 – Cleaborn-Foote CRA: TIF Revenue for C/I Projects

Year	Total Ass'd Value	Change in Ass'd Value	TIF Revenue [1]	
			City of Memphis	Shelby County
Base 2011	\$3,263,120	\$0	\$72,882	\$93,933
1 2012	\$2,704,200	(\$558,920)	(\$12,484)	(\$16,089)
2 2013	\$2,704,200	(\$558,920)	(\$12,484)	(\$16,089)
3 2014	\$2,704,200	(\$558,920)	(\$12,484)	(\$16,089)
4 2015	\$2,704,200	(\$558,920)	(\$12,484)	(\$16,089)
5 2016	\$2,704,200	(\$558,920)	(\$12,484)	(\$16,089)
6 2017	\$3,418,052	\$154,932	\$3,460	\$4,460
7 2018	\$3,418,052	\$154,932	\$3,460	\$4,460
8 2019	\$3,418,052	\$154,932	\$3,460	\$4,460
9 2020	\$3,418,052	\$154,932	\$3,460	\$4,460
10 2021	\$4,323,749	\$1,060,629	\$23,689	\$30,531
11 2022	\$4,323,749	\$1,060,629	\$23,689	\$30,531
12 2023	\$5,421,089	\$2,157,969	\$48,198	\$62,120
13 2024	\$5,421,089	\$2,157,969	\$48,198	\$62,120
14 2025	\$7,944,048	\$4,680,928	\$104,549	\$134,746
15 2026	\$7,944,048	\$4,680,928	\$104,549	\$134,746
16 2027	\$7,944,048	\$4,680,928	\$104,549	\$134,746
17 2028	\$7,944,048	\$4,680,928	\$104,549	\$134,746
18 2029	\$8,738,452	\$5,475,332	\$122,292	\$157,614
19 2030	\$8,738,452	\$5,475,332	\$122,292	\$157,614
20 2031	\$14,214,932	\$10,951,812	\$244,609	\$315,260
Total			\$1,002,588	\$1,292,167

[1] Based on TIF tax rate of \$2.2333507 (Memphis) & \$2.878614 (Shelby Co)
Source: Shelby County; City of Memphis & RKG Associates, Inc.

F. Residential In-Fill Projects

Eight different projects in the Cleaborn-Foote CRA are identified as known residential in-fill projects whose developments would likely re-start within the next years or so. More details on the specific projects are provided in the Appendix, as well as analysis of new housing production in the Cleaborn-Foote CRA. Historic trends indicate that the development of new homes or condominiums with values of \$300,000 or more average at best 14 units per year over the last decade, which is the benchmark RKG, held over the next ten years in determining the build-out at these in-fill projects.

As shown in Table III-11, all the developments with the exception of McKinley Park Homes (28 units), 195 units would have an estimated completed appraisal value of \$300,000 per unit or more. When dividing this figure by the average over the last decade (14 units per year) results in a 14-year period for these 195 units to be developed, and therefore the build-out period of these projects extends to 2027. Map 4 exhibits these residential in-fill projects.

Table III-11 – Cleaborn-Foote CRA: In-Fill Residential Projects and Adjustments

Project Name	# of Units	Base Assessed Value	Base Ass'd \$ / Unit	Completed Unit Appraisal (AVG)	Completed Unit Assessed \$ (AVG)	Completed Assessed Value [1]	Year Project Completed
McKinley Park Homes	28	\$106,400	\$3,800	\$110,000	\$27,500	\$770,000	2014
The Horizon	155	\$2,402,600	\$15,501	\$400,000	\$100,000	\$15,500,000	2027
Ivy at South End	10	\$168,750	\$16,875	\$350,000	\$87,500	\$875,000	2016
Founders Pointe	10	\$421,575	\$42,158	\$500,000	\$125,000	\$1,250,000	2023
St. Charles on Main	10	\$312,000	\$31,200	\$375,000	\$93,750	\$937,500	2016
River Bluff Homes	5	\$303,950	\$60,790	\$900,000	\$225,000	\$1,125,000	2021
South Bluff - Riverview	2	\$192,575	\$96,288	\$1,000,000	\$250,000	\$500,000	2016
South Bluff - Internal	2	\$58,175	\$29,088	\$400,000	\$100,000	\$200,000	2017
89 S Front St (M/F to S/F)	1	\$1,156,440	\$1,156,440	\$2,891,100	\$722,775	\$722,775	2012
Total	223	\$3,966,025	\$17,785	\$392,471	\$98,118	\$21,880,275	

[1] Does not account for appreciation at revaluation periods
 Source: Shelby County; City of Memphis; Center City Commission & RKG Associates, Inc.

Opportunities to develop homes/condominiums in the \$150,000 to \$300,000 range may exist in the Cleaborn-Foote CRA, since the development of upper-end homes (\$300,000 or more) represents 24% of development activity since 1990; however, none of the known projects are targeted for that range. Table III-12 exhibits the total assessment at these known residential projects as they are built-out over the 20-year TIF period. A small decrease in assessment occurs in 2012, but with the completion of different projects, and appreciation factor at every revaluation period from 2017 on, the total assessment builds up to nearly \$31 million at the end of the TIF period, or a net change of \$25.8 million in assessment.

Table III-12 – Cleaborn-Foote CRA: Residential In-fill Projects – Change in Assessment

Year	McKinley Park	Horizon	Ivy at South End	Founders Pointe	St. Charles on Main	River Bluff Homes	South Bluff- Combined	89 S Front St (M/F to S/F)	Total Ass'd Value
Base 2011	\$106,400	\$2,402,600	\$168,750	\$421,575	\$312,000	\$303,950	\$250,750	\$1,156,440	\$5,122,465
1 2012	\$390,800	\$2,402,600	\$168,750	\$421,575	\$312,000	\$303,950	\$250,750	\$722,775	\$4,973,200
2 2013	\$556,700	\$2,402,600	\$310,000	\$421,575	\$437,100	\$468,160	\$321,663	\$722,775	\$5,640,573
3 2014	\$770,000	\$2,825,097	\$451,250	\$504,418	\$562,200	\$468,160	\$475,375	\$722,775	\$6,779,274
4 2015	\$770,000	\$3,247,594	\$663,125	\$587,260	\$749,850	\$632,370	\$475,375	\$722,775	\$7,848,349
5 2016	\$770,000	\$3,670,090	\$875,000	\$670,103	\$937,500	\$632,370	\$546,288	\$722,775	\$8,824,125
6 2017	\$847,000	\$4,966,592	\$962,500	\$828,240	\$1,031,250	\$876,238	\$770,000	\$795,053	\$11,076,872
7 2018	\$847,000	\$5,431,339	\$962,500	\$919,366	\$1,031,250	\$876,238	\$770,000	\$795,053	\$11,632,745
8 2019	\$847,000	\$6,360,832	\$962,500	\$1,010,493	\$1,031,250	\$1,056,869	\$770,000	\$795,053	\$12,833,996
9 2020	\$847,000	\$7,290,325	\$962,500	\$1,101,620	\$1,031,250	\$1,056,869	\$770,000	\$795,053	\$13,854,616
10 2021	\$931,700	\$8,967,074	\$1,058,750	\$1,301,178	\$1,134,375	\$1,350,000	\$792,000	\$874,558	\$16,409,634
11 2022	\$931,700	\$10,488,062	\$1,058,750	\$1,400,589	\$1,134,375	\$1,350,000	\$847,000	\$874,558	\$18,085,034
12 2023	\$931,700	\$12,009,050	\$1,058,750	\$1,500,000	\$1,134,375	\$1,350,000	\$847,000	\$874,558	\$19,705,433
13 2024	\$931,700	\$13,530,039	\$1,058,750	\$1,500,000	\$1,134,375	\$1,350,000	\$847,000	\$874,558	\$21,226,421
14 2025	\$1,024,870	\$16,305,279	\$1,164,625	\$1,625,000	\$1,247,813	\$1,485,000	\$931,700	\$962,014	\$24,746,300
15 2026	\$1,024,870	\$17,953,017	\$1,164,625	\$1,625,000	\$1,247,813	\$1,485,000	\$931,700	\$962,014	\$26,394,038
16 2027	\$1,024,870	\$20,150,000	\$1,164,625	\$1,625,000	\$1,247,813	\$1,485,000	\$931,700	\$962,014	\$28,591,021
17 2028	\$1,024,870	\$20,150,000	\$1,164,625	\$1,625,000	\$1,247,813	\$1,485,000	\$931,700	\$962,014	\$28,591,021
18 2029	\$1,127,357	\$21,700,000	\$1,281,088	\$1,750,000	\$1,372,594	\$1,633,500	\$1,024,870	\$1,058,215	\$30,947,623
19 2030	\$1,127,357	\$21,700,000	\$1,281,088	\$1,750,000	\$1,372,594	\$1,633,500	\$1,024,870	\$1,058,215	\$30,947,623
20 2031	\$1,127,357	\$21,700,000	\$1,281,088	\$1,750,000	\$1,372,594	\$1,633,500	\$1,024,870	\$1,058,215	\$30,947,623

Source: Shelby County; City of Memphis & RKG Associates, Inc.

1. TIF Revenue from Residential Project

Table III-13 exhibits the annual TIF revenue from the residential projects and it totals \$5.75 million to the City of Memphis and \$7.42 million to Shelby County, over the 20-year period.

Table III-13 – Cleaborn-Foote CRA: TIF Revenue from Residential Projects

Year	Total Ass'd Value	Change in Ass'd Value	TIF Revenue [1]	
			City of Memphis	Shelby County
Base 2011	\$5,122,465	\$0	\$114,411	\$147,456
1 2012	\$4,973,200	(\$149,265)	(\$3,334)	(\$4,297)
2 2013	\$5,640,573	\$518,108	\$11,572	\$14,914
3 2014	\$6,779,274	\$1,656,809	\$37,005	\$47,693
4 2015	\$7,848,349	\$2,725,884	\$60,883	\$78,468
5 2016	\$8,824,125	\$3,701,660	\$82,677	\$106,557
6 2017	\$11,076,872	\$5,954,407	\$132,992	\$171,404
7 2018	\$11,632,745	\$6,510,280	\$145,408	\$187,406
8 2019	\$12,833,996	\$7,711,531	\$172,238	\$221,985
9 2020	\$13,854,616	\$8,732,151	\$195,033	\$251,365
10 2021	\$16,409,634	\$11,287,169	\$252,100	\$324,914
11 2022	\$18,085,034	\$12,962,569	\$289,520	\$373,142
12 2023	\$19,705,433	\$14,582,968	\$325,712	\$419,787
13 2024	\$21,226,421	\$16,103,956	\$359,683	\$463,571
14 2025	\$24,746,300	\$19,623,835	\$438,300	\$564,894
15 2026	\$26,394,038	\$21,271,573	\$475,102	\$612,326
16 2027	\$28,591,021	\$23,468,556	\$524,172	\$675,569
17 2028	\$28,591,021	\$23,468,556	\$524,172	\$675,569
18 2029	\$30,947,623	\$25,825,158	\$576,807	\$743,407
19 2030	\$30,947,623	\$25,825,158	\$576,807	\$743,407
20 2031	\$30,947,623	\$25,825,158	\$576,807	\$743,407
Total			\$5,753,653	\$7,415,489

[1] Based on TIF tax rate of \$2.2333507 (Memphis) & \$2.878614 (Shelby Co)
Source: Shelby County; City of Memphis & RKG Associates, Inc.

G. Existing PILOTS

Another component of potential TIF revenue would come from existing PILOTs returning to the tax rolls, and assessed at the actual assessed value which would be either 25% (residential) or 40% (commercial/industrial) of the actual appraised value¹⁴. In 2011, there are 100 PILOT projects in the Cleaborn-Foote CRA as indicated in Table III-14 paying \$2.33 million to the City of Memphis and \$3.10 million to Shelby County in PILOT payments and rents (if any). The indicated PILOT assessment ranges from \$72.98 million (Memphis) to \$74.99 million (Shelby County) which is more than \$100 million less than their actual assessed values in 2011 as shown below. During the 20-year TIF period, the PILOT agreement for 90 existing projects will expire, and these PILOTs will return to the tax rolls.

¹⁴ RKG obtained 2011 PILOT information issued by the Center City Revenue Finance Corporation for the Cleaborn-Foote CRA from Jay Campbell of Adams & Reese LLC; however, data for two PILOTs issued by the Health, Educational and Housing Facility Board (HEHFB) are based on 2010 City and County data, since attempts to obtain 2011 data from Mr. Baker at HEHFB were unsuccessful. RKG used the return-to-date in the Adams & Reece LLC file for this analysis, since City and County dates differed in many cases.

In effect, almost 60% of the current assessed/appraised value of all existing PILOT projects will return to the tax roll during the 20-year period of the Cleaborn-Foote CRA, as shown in Table III-14.

Table III-14 – Cleaborn-Foote CRA: Timing & Values of Existing PILOT Projects

Return Year	# of PILOTS	City of Memphis		Shelby County		Assessed Value (2011)	Appraised Value (2011)	% of Total
		Payments [1]	PILOT Asmt [2]	Payments [1]	PILOT Asmt [2]			
2010	3	\$20,377	\$637,638	\$25,305	\$629,467	\$1,819,720	\$4,549,300	1.0%
2011	4	\$19,581	\$612,743	\$24,636	\$612,840	\$857,480	\$2,143,700	0.5%
2012	2	\$2,866	\$89,688	\$4,754	\$118,260	\$152,240	\$380,600	0.1%
2013	3	\$5,614	\$175,673	\$6,929	\$172,360	\$333,480	\$833,700	0.2%
2014	5	\$9,881	\$309,185	\$13,794	\$343,125	\$4,369,880	\$10,924,700	2.4%
2015	3	\$137,622	\$4,306,483	\$173,670	\$4,320,150	\$4,490,240	\$11,225,600	2.5%
2016	5	\$29,806	\$932,678	\$37,869	\$942,020	\$1,494,890	\$3,928,100	0.9%
2017	9	\$41,570	\$1,300,824	\$60,405	\$1,502,612	\$2,857,320	\$7,143,300	1.6%
2018	4	\$15,101	\$472,528	\$22,030	\$548,020	\$861,480	\$2,153,700	0.5%
2019	6	\$95,239	\$2,980,221	\$118,788	\$2,954,916	\$5,101,640	\$12,754,100	2.8%
2020	8	\$301,161	\$9,423,953	\$412,017	\$10,249,190	\$19,008,520	\$47,521,300	10.5%
2021	5	\$58,842	\$1,841,295	\$72,959	\$1,814,897	\$2,507,200	\$6,268,000	1.4%
2022	9	\$20,951	\$655,587	\$28,411	\$706,750	\$915,520	\$2,288,800	0.5%
2023	6	\$245,949	\$7,696,249	\$352,170	\$8,760,452	\$17,352,040	\$43,380,100	9.6%
2024	11	\$632,914	\$19,805,163	\$797,168	\$19,830,046	\$30,097,920	\$75,244,800	16.7%
2025	2	\$73,666	\$2,305,153	\$93,282	\$2,320,438	\$2,309,760	\$5,774,400	1.3%
2026	1	\$522	\$16,337	\$3,306	\$82,239	\$11,520	\$28,800	0.0%
2028	4	\$15,631	\$489,133	\$20,965	\$521,521	\$11,594,160	\$28,985,400	6.4%
TIF Ends	90	\$1,727,293	\$54,050,530	\$2,268,458	\$56,429,305	\$106,135,010	\$265,528,400	58.9%
2033	2	\$132,477	\$4,145,464	\$167,117	\$4,157,144	\$12,472,680	\$31,181,700	6.9%
2034	4	\$154,536	\$4,835,760	\$193,781	\$4,820,435	\$15,216,680	\$38,041,700	8.4%
2037	1	\$233,441	\$7,304,832	\$278,557	\$6,929,280	\$25,222,080	\$63,055,200	14.0%
2038	1	\$2,889	\$90,407	\$3,642	\$90,600	\$5,017,240	\$12,543,100	2.8%
2039	1	\$34,796	\$1,088,838	\$43,865	\$1,091,160	\$13,913,400	\$34,783,500	7.7%
2080	1	\$46,879	\$1,466,947	\$59,097	\$1,470,075	\$1,470,075	\$5,880,300	1.3%
Total	100	\$2,332,311	\$72,982,778	\$3,014,518	\$74,987,999	\$179,447,165	\$451,013,900	100%
[1] Includes PILOT payment and Rent (if any);								
[2] PILOT assessment (Asmt) estimated by dividing payment by tax rate/100								
Source: Shelby County; City of Memphis; Adams & Reese LLP & RKG Associates, Inc.								

1. TIF Revenue for Existing PILOTS

The methodology for determining TIF revenue for existing PILOT projects is as follows:

- The PILOT assessment was determined by dividing the total payment in 2011 (PILOT and rent, if any) by the tax rate, while the actual assessed value (2011) was factored at 40% of the 2011 appraised value (and in a few cases 25%). The PILOT assessment was carried forward in the TIF model and when a PILOT expired, then the actual assessed value was used in the subsequent year.
- The PILOT payments and actual assessed value in 2011 are assumed to remain constant between 2012 and 2016, except for those projects that will return to the tax roll.
- The next year after the return-to-date is used for the first year of full tax payments, based on the actual assessed/appraised value in 2011.

- A 10% increase in PILOT payments and actual assessed value are applied at every 4-year increment to reflect revaluation in 2017, 2021, 2025 and 2029, and the payments are assumed to remain constant for the four years, except for expiring PILOTS.
- The TIF tax rates for the City of Memphis (\$2.2355/\$100) and Shelby County (\$2.8786/\$100) are assumed to remain constant throughout the 20-year term.

Table III-15 exhibits the changes in assessed values of the PILOTS over the 20-year term, and the net change from the base year. TIF revenues generated from the existing PILOTS total \$20.89 million for the City of Memphis and \$24.84 million for Shelby County over the term. The TIF revenue builds up slowly in the first 9 years and by Year 10 (2021) exceeds \$1 million per year in both the City and County, as more PILOTS expire. By Year 18, annual TIF revenue to the City exceeds \$2.4 million, and \$3.0 million in Shelby County.

Table III-15 – Cleaborn-Foote CRA: TIF Revenue from Existing PILOTS

Year	City of Memphis			Shelby County			
	Assessed Value	Net Change	TIF Revenue	Assessed Value	Net Change	TIF Revenue	
Base 2011	\$72,982,778	\$0	\$1,634,554	\$74,987,999	\$0	\$2,131,544	
1 2012	\$74,409,597	\$1,426,819	\$31,868	\$76,422,892	\$1,434,892	\$41,305	
2 2013	\$74,472,149	\$1,489,371	\$33,265	\$76,456,872	\$1,468,872	\$42,283	
3 2014	\$74,629,956	\$1,647,178	\$36,790	\$76,617,992	\$1,629,993	\$46,921	
4 2015	\$78,690,651	\$5,707,873	\$127,486	\$80,644,747	\$5,656,748	\$162,836	
5 2016	\$83,354,268	\$10,371,490	\$231,648	\$80,814,837	\$5,826,838	\$167,732	
6 2017	\$92,934,199	\$19,951,421	\$445,616	\$89,504,477	\$14,516,478	\$417,873	
7 2018	\$94,184,803	\$21,202,025	\$473,549	\$90,642,513	\$15,654,514	\$450,633	
8 2019	\$95,074,192	\$22,091,414	\$493,413	\$91,339,462	\$16,351,463	\$470,695	
9 2020	\$97,407,753	\$24,424,975	\$545,534	\$93,628,367	\$18,640,367	\$536,584	
10 2021	\$118,555,769	\$45,572,991	\$1,017,876	\$113,399,907	\$38,411,908	\$1,105,731	
11 2022	\$118,647,764	\$45,664,986	\$1,019,931	\$114,212,522	\$39,224,522	\$1,129,123	
12 2023	\$118,914,911	\$45,932,133	\$1,025,897	\$114,455,978	\$39,467,979	\$1,136,131	
13 2024	\$130,424,898	\$57,442,120	\$1,282,974	\$124,678,279	\$49,690,280	\$1,430,391	
14 2025	\$150,320,597	\$77,337,819	\$1,727,346	\$149,879,611	\$74,891,612	\$2,155,840	
15 2026	\$150,205,847	\$77,223,070	\$1,724,783	\$149,793,796	\$74,805,797	\$2,153,370	
16 2027	\$150,199,079	\$77,216,301	\$1,724,631	\$149,787,027	\$74,799,028	\$2,153,175	
17 2028	\$150,199,079	\$77,216,301	\$1,724,631	\$149,787,027	\$74,799,028	\$2,153,175	
18 2029	\$180,734,671	\$107,751,893	\$2,406,646	\$180,196,427	\$105,208,428	\$3,028,545	
19 2030	\$180,734,671	\$107,751,893	\$2,406,646	\$180,196,427	\$105,208,428	\$3,028,545	
20 2031	\$180,734,671	\$107,751,893	\$2,406,646	\$180,196,427	\$105,208,428	\$3,028,545	
Total (20-year)			\$20,887,176	Total (20-year)			\$24,839,434

Source: City of Memphis; Shelby County; Adams & Reece LLP & RKG Associates, Inc.

Map 4 exhibits the location of the various development projects in the Cleaborn-Foote CRA, more discussion about the individual projects listed on the side are in the Appendix.

H. Adjustments and TIF Revenues from Appreciation of the Tax Base

The final source of TIF revenue comes from appreciation of the CRA tax base. Adjustments are necessary in order to remove the taxable assessment of those properties already evaluated. As shown in Table III-16, the baseline is adjusted for two commercial properties totaling \$1.26 million in assessed value; two industrial properties totaling \$0.95 million in assessed value; and by \$3.97 million for eight residential projects, such that the resulting baseline is reduced from \$247.74 million to \$241.57 million¹⁵.

Table III-16 – Cleaborn-Foote CRA: Adjustments to the Baseline

Tax Class (Baseline)	Assessed Value	Appraised Value
Commercial	\$103,498,155	\$264,309,500
Industrial	\$30,544,400	\$76,361,000
Residential	\$113,697,000	\$454,583,900
Subtotal	\$247,739,555	\$795,254,400
Adjustments by Tax Class and Projects	Assessed Value	Appraised Value
Commercial		
Cotton Hill Apartment (PILOT)	(\$103,480)	(\$258,700)
M/F Conv to S/F (89 S Front Street)	(\$1,156,440)	(\$2,891,100)
Subtotal	(\$1,259,920)	(\$3,149,800)
Industrial		
Van Vleet Flats (PILOT)	(\$387,040)	(\$967,600)
Lone Star Taking	(\$558,920)	(\$1,397,300)
Subtotal	(\$945,960)	(\$2,364,900)
Residential		
The Horizon	(\$2,402,600)	(\$9,610,400)
McKinley Park Homes	(\$106,400)	(\$425,600)
Ivy at South End	(\$168,750)	(\$675,000)
Founders Pointe	(\$421,575)	(\$1,686,300)
St. Charles on Main	(\$312,000)	(\$1,248,000)
River Bluff Homes	(\$303,950)	(\$1,215,800)
South Bluff - Riverview	(\$192,575)	(\$770,300)
South Bluff - Internal	(\$58,175)	(\$232,700)
Subtotal	(\$3,966,025)	(\$15,864,100)
Adjusted Base	Assessed Value	Appraised Value
Commercial	\$102,238,235	\$261,159,700
Industrial	\$29,598,440	\$73,996,100
Residential	\$109,730,975	\$438,719,800
Total	\$241,567,650	\$773,875,600

Source: City of Memphis; Shelby County & RKG Associates, Inc.

With the adjusted base, TIF revenue from appreciation at revaluation can be estimated. As discussed earlier, the baseline is estimated to remain the same until 2017, when a 10% factor will be applied, and again in each subsequent 4-year period. In this manner, any potential

¹⁵ Adjustments are not necessary for two PILOTs (Carlisle Hotel HQ & Commerce Square) since they were tax-exempt.

loss in value that may occur in the next year or so would have time to recover, and then modest appreciation is forecasted such that by 2017 or in six years, a 10% increase to 2011 values is assumed to occur. This appreciation change would also account for any increases in the tax rates during the 20-year period. As shown in Table III-17, the estimated TIF revenue from the appreciation of the existing base would total \$21.35 million to the City of Memphis over the 20-year period, and \$27.51 million to Shelby County. In effect, the existing taxable base is estimated to increase from \$241.6 million in 2011 to \$353.7 in 2031 indicating a 46% increase or an annual (compounded) rate of 1.9%. This rate is 44% lower than the 3.4% annual increase indicated by matched parcels between 1990 and 2011, and considered reasonable, if not conservative.

Table III-17 – Cleaborn-Foote CRA: Estimated TIF Revenue from Base Appreciation

Year	Assessed Value	Net Change	TIF Revenue	
			City of Memphis	Shelby County
Base 2011	\$241,567,650	\$0	\$5,410,255	\$6,866,594
1 2012	\$241,567,650	\$0	\$0	\$0
2 2013	\$241,567,650	\$0	\$0	\$0
3 2014	\$241,567,650	\$0	\$0	\$0
4 2015	\$241,567,650	\$0	\$0	\$0
5 2016	\$241,567,650	\$0	\$0	\$0
6 2017	\$265,724,415	\$24,156,765	\$539,543	\$695,380
7 2018	\$265,724,415	\$24,156,765	\$539,543	\$695,380
8 2019	\$265,724,415	\$24,156,765	\$539,543	\$695,380
9 2020	\$265,724,415	\$24,156,765	\$539,543	\$695,380
10 2021	\$292,296,857	\$50,729,207	\$1,133,040	\$1,460,298
11 2022	\$292,296,857	\$50,729,207	\$1,133,040	\$1,460,298
12 2023	\$292,296,857	\$50,729,207	\$1,133,040	\$1,460,298
13 2024	\$292,296,857	\$50,729,207	\$1,133,040	\$1,460,298
14 2025	\$321,526,542	\$79,958,892	\$1,785,887	\$2,301,708
15 2026	\$321,526,542	\$79,958,892	\$1,785,887	\$2,301,708
16 2027	\$321,526,542	\$79,958,892	\$1,785,887	\$2,301,708
17 2028	\$321,526,542	\$79,958,892	\$1,785,887	\$2,301,708
18 2029	\$353,679,196	\$112,111,546	\$2,504,019	\$3,227,259
19 2030	\$353,679,196	\$112,111,546	\$2,504,019	\$3,227,259
20 2031	\$353,679,196	\$112,111,546	\$2,504,019	\$3,227,259
Total (20-year)			\$21,345,941	\$27,511,320

Source: City of Memphis; Shelby County; Adams & Reece LLP & RKG Associates, Inc.

I. Adjustment for Tax Delinquency or Uncollectible Taxes

As discussed earlier the estimated 2010 tax delinquency in the CRA to the City of Memphis was approximately 6% of total City taxes from the Cleaborn-Foote CRA, or around \$605,500, and 16% of Shelby County taxes, or \$1.69 million were in arrears. In both cases, the appraised value of the delinquent parcels equated to 10% to 15% of the base. In this analysis, and projecting forward, an estimated tax delinquency of 5% is applied to TIF revenue to the City of Memphis, and 10% to Shelby County. These delinquency factors are slightly lower than those indicated from 2010 delinquencies, but are considered conservative in terms of estimating set aside TIF revenue to repay financial obligations by not overstating them.

J. Cleaborn-Foote CRA Estimated TIF Revenue for Bonding

The estimated incremental TIF revenue for the City of Memphis and Shelby County comes from these four sources less a deduction for delinquent taxes:

- Cleaborn and Foote redevelopment project PILOTs.
- Known projects, residential and commercial including new PILOTs.
- Existing PILOTs returning to the tax roll.
- Appreciation of the CRA tax base.

As shown in Table III-18, the estimated TIF revenue for the City of Memphis totals more than \$47.1 million over the twenty-year period. The TIF revenue is relative small in the first five years, and then it exceeds the \$1 million per year threshold in Year 6 (2017) and the \$2 million per year mark in Year 10 (2021).

Table III-18 – Cleaborn-Foote CRA: Total TIF Revenue for Financing (City of Memphis)

Year	Cleaborn-Foote	Known Projects	PILOTs	Base Appreciation	Less Delinquency	Estimated TIF Revenue
BASE 2011	\$0	\$187,293	\$1,634,554	\$5,410,255	(\$361,605)	\$6,870,497
1 2012	\$0	(\$15,817)	\$31,868	\$0	(\$1,593)	\$14,457
2 2013	\$2,947	(\$912)	\$33,265	\$0	(\$1,811)	\$33,490
3 2014	\$6,666	\$24,521	\$36,790	\$0	(\$3,399)	\$64,579
4 2015	\$10,350	\$48,399	\$127,486	\$0	(\$9,312)	\$176,923
5 2016	\$14,034	\$70,193	\$231,648	\$0	(\$15,794)	\$300,081
6 2017	\$18,858	\$136,453	\$445,616	\$539,543	(\$57,024)	\$1,083,447
7 2018	\$23,682	\$148,868	\$473,549	\$539,543	(\$59,282)	\$1,126,360
8 2019	\$28,506	\$175,698	\$493,413	\$539,543	(\$61,858)	\$1,175,303
9 2020	\$33,331	\$198,494	\$545,534	\$539,543	(\$65,845)	\$1,251,056
10 2021	\$38,207	\$275,789	\$1,017,876	\$1,133,040	(\$123,246)	\$2,341,667
11 2022	\$38,207	\$313,209	\$1,019,931	\$1,133,040	(\$125,219)	\$2,379,168
12 2023	\$38,207	\$373,910	\$1,025,897	\$1,133,040	(\$128,553)	\$2,442,503
13 2024	\$38,207	\$407,881	\$1,282,974	\$1,133,040	(\$143,105)	\$2,718,998
14 2025	\$42,028	\$542,849	\$1,727,346	\$1,785,887	(\$204,905)	\$3,893,204
15 2026	\$42,028	\$579,651	\$1,724,783	\$1,785,887	(\$206,617)	\$3,925,732
16 2027	\$42,028	\$628,721	\$1,724,631	\$1,785,887	(\$209,063)	\$3,972,204
17 2028	\$42,028	\$628,721	\$1,724,631	\$1,785,887	(\$209,063)	\$3,972,204
18 2029	\$46,231	\$699,099	\$2,406,646	\$2,504,019	(\$282,800)	\$5,373,195
19 2030	\$46,231	\$699,099	\$2,406,646	\$2,504,019	(\$282,800)	\$5,373,195
20 2031	\$46,231	\$821,416	\$2,406,646	\$2,504,019	(\$288,916)	\$5,489,397
Total	\$598,011	\$6,756,241	\$20,887,176	\$21,345,941	(\$2,480,205)	\$47,107,164
% of total	1.3%	14.3%	44.3%	45.3%	-5.3%	100%

Source: Shelby County, City of Memphis & RKG Associates, Inc.

By Year 15 (2026) annual TIF revenue is estimated at \$3.9 million and in Year 20 at nearly \$5.5 million. As shown in Table III-18, more than 45% of the revenue is generated from appreciation of the existing base, and another 44% from PILOTs as they return to the tax rolls. Another 15% is generated from known projects including 1% from the PILOT for the Cleaborn and Foote redevelopments, while a loss of 5% in TIF revenue is forecasted to account for tax delinquencies to the City of Memphis.

Table III-19 totals the estimated TIF revenue from the Cleaborn-Foote CRA for Shelby County, which over the twenty-year period exceeds \$55.6 million. Similar to the TIF revenue for the City of Memphis, the \$1 million threshold is not reached until Year 6 (2017), and the \$2 million mark is exceeded in Year 10 (2021). In both cases, the appreciation factor associated with revaluation is the primary reason for the gains.

Over the 20-year period, more than 49% of the TIF revenue comes from base appreciation, while almost 45% from PILOTs returning to the tax roll. Known projects account for almost 16% of total TIF revenue, while the Cleaborn and Foote PILOTs accounts for only 1%. Delinquency represents -11% of total TIF revenue to Shelby County.

Table III-19 - Cleaborn-Foote CRA: Total TIF Revenue for Financing (Shelby County)

Year	Cleaborn-Foote	Known Projects	PILOTs	Base Appreciation	Less Delinquency	Estimated TIF Revenue
BASE 2011	\$0	\$241,389	\$2,131,544	\$6,866,594	(\$923,953)	\$8,315,575
1 2012	\$0	(\$20,386)	\$41,305	\$0	(\$4,131)	\$16,789
2 2013	\$3,798	(\$1,175)	\$42,283	\$0	(\$4,608)	\$40,299
3 2014	\$8,592	\$31,604	\$46,921	\$0	(\$8,712)	\$78,405
4 2015	\$13,339	\$62,379	\$162,836	\$0	(\$23,855)	\$214,699
5 2016	\$18,087	\$90,467	\$167,732	\$0	(\$27,629)	\$248,658
6 2017	\$24,305	\$175,864	\$417,873	\$695,380	(\$131,342)	\$1,182,080
7 2018	\$30,523	\$191,866	\$450,633	\$695,380	(\$136,840)	\$1,231,561
8 2019	\$36,740	\$226,445	\$470,695	\$695,380	(\$142,926)	\$1,286,335
9 2020	\$42,958	\$255,825	\$536,584	\$695,380	(\$153,075)	\$1,377,672
10 2021	\$49,243	\$355,445	\$1,105,731	\$1,460,298	(\$297,072)	\$2,673,645
11 2022	\$49,243	\$403,674	\$1,129,123	\$1,460,298	(\$304,234)	\$2,738,104
12 2023	\$49,243	\$481,907	\$1,136,131	\$1,460,298	(\$312,758)	\$2,814,821
13 2024	\$49,243	\$525,690	\$1,430,391	\$1,460,298	(\$346,562)	\$3,119,060
14 2025	\$54,167	\$699,640	\$2,155,840	\$2,301,708	(\$521,136)	\$4,690,220
15 2026	\$54,167	\$747,072	\$2,153,370	\$2,301,708	(\$525,632)	\$4,730,686
16 2027	\$54,167	\$810,315	\$2,153,175	\$2,301,708	(\$531,937)	\$4,787,429
17 2028	\$54,167	\$810,315	\$2,153,175	\$2,301,708	(\$531,937)	\$4,787,429
18 2029	\$59,584	\$901,020	\$3,028,545	\$3,227,259	(\$721,641)	\$6,494,767
19 2030	\$59,584	\$901,020	\$3,028,545	\$3,227,259	(\$721,641)	\$6,494,767
20 2031	\$59,584	\$1,058,667	\$3,028,545	\$3,227,259	(\$737,405)	\$6,636,649
Total	\$770,735	\$8,707,656	\$24,839,434	\$27,511,320	(\$6,185,071)	\$55,644,074
% of total	1.4%	15.6%	44.6%	49.4%	-11.1%	100.0%

Source: Shelby County, City of Memphis & RKG Associates, Inc.

IV. APPENDIX

A. Commercial and Industrial Projects

The following presents more detail on the proposed commercial and residential projects in the Cleaborn-Foote CRA, and the assumptions used in the TIF analysis and their bases.

Lone Star Industries - The City of Memphis is proposing to acquire this property as part of the Pyramid and Pinch District projects at a reported price of \$10 million (negotiated). It is assumed that the City will acquire this parcel by the end of 2011, and adjustments are made starting in 2012, in order to account for the shift from industrial classification to tax-exempt as reflected by City ownership. Future development at this site is unknown at this time but when more details become evident then the TIF model can be updated.

Van Vleet Flats - This project consists of the major renovation and conversion of a multi-level, historic industrial building into residential flats (50 units) and updated office space (27,800 SF) for the Arthur Fulmer Company, at a reported cost of \$9.6 million. The project is subject to a PILOT agreement expiring in April, 2024. The PILOT assessment is \$387,040 based on the 2011 appraised “as-is” value of \$967,600. Assuming 50% of the investment is a proxy for the completed appraised value, the commercial assessment would be \$1.92 million. This amount is carried forward (and adjusted for appreciation) until the PILOT expires, and while be used in 2025¹⁶.

436 South Front Street - This PILOT is a conversion (and complete renovation) of an industrial building into 25 apartment units and 1,500 SF of ground floor commercial space, by Greenbriar Partners, LLC, at a reported cost of \$2.53 million. The PILOT assessment is \$34,800 based on the 2011 appraised value of \$87,000. The proxy for the completed assessed value is estimated to be \$505,000 which will be carried forward (and adjusted for appreciation) until it returns to the tax roll (2021), after the PILOT expires in 2020.

Carlisle Hotels Headquarters - This project is a major conversion of an industrial building at 236 Wagner Place for office use at a reported cost of \$2.73 million. The PILOT assessment is \$373,320. The completed appraised value, according to the 2011 database is \$1.94 million, or a completed assessed value of \$776,440, which will be carried forward until 2017 after the PILOT, expires in 2016.

One Commerce Square - This PILOT project is a major renovation and upgrade to a 29-story office tower for Pinnacle Airlines at a reported cost of \$29 million. The PILOT assessment is \$1,805,560 based on the 2011 appraised “as is” value of \$4.5 million. The completed assessed value is estimated to be \$5.8 million which will be carried forward until 2031 after the PILOT expires (or the last year of the 20-year TIF period).

Cotton Hills Apartments - This is a 50 unit, market-rate apartment project proposed for a vacant site at 607 Monroe Avenue by Memphis Housing LLC for a reported cost of \$5.09

¹⁶ Shelby County, and more specifically the School District, assesses an additional payment on these new PILOTs, which has not been included in this analysis, since RKG considers the additional payment as dedicated revenue.

million, or more than \$100,000 per unit. According to the broker, the developer hopes to receive final approvals at the end of the summer, and break ground in fall 2011 or spring 2012. A PILOT for the project has lapsed but it is assumed to be renewed, and for the TIF analysis, the PILOT assessment is assumed to be \$103,480, and the completed assessed value is estimated at \$1.02 million which will be carried forward (and adjusted for appreciation) until 2023 when the property is assumed to return to the tax roll.

1. Other Commercial Projects

The following identifies other key projects that are in the planning process in the Cleaborn-Foote CRA. When more details about the timing and the actual developments are known, the TIF model can be up dated. However, most of the projects would likely seek a PILOT such that the effects on the tax base would be marginal over the near term,

Downtown Memphis Marriott - The Marriott Hotel is planning a major expansion of another 200 rooms, 80,000 SF of additional meeting space, and additional structured parking. This project is still in the conceptual stage and likely would be a PILOT.

Downtown Hilton Hotel - Previously, the Royal Phoenix Development LLC proposed to construction an 11-story, 300-room hotel with attached garage of 257 spaces on a key block adjacent to the FEDEX Forum. The cost was reported to be \$69 million. The project however appears stalled, and in any event would likely be subject to a PILOT agreement, when its construction becomes a reality.

Roberts Clarion Hotel - A planned renovation of a 164-room hotel was proposed for 164 Union Street at a cost of \$12.575 million or \$76,700 per room.

Hotel Indigo - This project is a planned \$11.4 million investment to renovate completely a 12-story building located at 161 Jefferson Avenue into a 125-room hotel proposed by Vibrant Hotels, Inc. This project is on-hold, and would likely apply for a PILOT.

EmergeMemphis - This is a proposed expansion of 15,000 SF for additional office use at the property of 516 Tennessee Street. The property is presently subject to a PILOT which would likely be extended to accommodate the propose investment of nearly \$1.6 million when it happens in the future.

115 Union Avenue - This is a proposed renovation of an existing building into 18 apartment units and 11,400 SF of commercial space for a reported cost of \$4.04 million. When the actual timing of this project is known, the TIF model can be update. However, it would likely be subject to a PILOT, whereby reducing any near-term increment.

Visible School - An existing building at 200 Madison Avenue is proposed to be renovated as a campus for a college of music and worship arts by the Visible School at a reported cost of \$1.25 million. When more details about the construction are known and impact to the tax base the TIF analysis can be updated.

In addition to these previously proposed projects in the Cleaborn-Foote CRA, there were a few land parcels available for sale at different locations that are also exhibited in Map 4. In addition, the historic Tennessee Brewery is also available for redevelopment, and when actual development plans for this and other sites are known, the TIF analysis can be updated.

B. Tax-Exempt Projects

A few major tax-exempt projects are currently under construction (or will start soon) in the Cleaborn-Foote CRA; however, these projects would not impact the tax increment since they are assumed to remain tax-exempt.

- **Beale Street Landing:** Construction is underway for a new cruise ship, port of call in Memphis at the end of Beale Street whose cost is reported at approximately \$40 million. The Great American Steamboat Company will start operations here in mid-summer 2012.
- **Cobblestone Landing:** This is a \$6.7 million project to upgrade the cobblestones and accessibility along the riverfront.
- **New Police Station:** A new Police Station is under construction on E H Crump Boulevard near the University Place Hope VI project.
- **New County Morgue:** A new Shelby County Morgue is under construction on Poplar Avenue behind the County Courthouse building.

Other major tax-exempt projects are proposed by the University of Tennessee's Health Science Center as well as the Southwest Tennessee Community College, both on the northeastern corner of the CRA.

C. New Housing Production since 1990

Historic housing development trends in the CRA since 1990 are review in this section in order to place the potential built-out of the future residential projects into a context of historic development patterns within the CRA. New housing production in the CRA since 1990 is exhibited in Table IV-1 based on the year-built field in the assessor's database¹⁷. As shown, new single-family, condominiums and planned unit development (PUD) totaled 810 units, and new apartment units totaled 781 units. Therefore, new production of apartment units averaged 37 units per year since 1990, which is similar to the average annual production of apartments (37) during the last decade. The production of apartments in 2010 (92 units at Barboro Flats) exceeded these average figures.

New single-family homes and condominiums averaged 39 units per year since 1990; however, average annual production since 2000 (69 units per year) was almost 77% greater. Single-family and condominium development in the last decade was at its highest level between 2002 and 2008, when 626 units were added or 77% of the supply added since 1990. In the peak years of 2005 and 2006, 290 units were added. In reality, the peak production year was 2007 as 217 units were built including the Horizon; however, since that project is currently idle the unit count was removed for this analysis. The pace of new single-family development in 2009 and 2010 were well below this pace, and similar to that in the early 1990s which was also a recessionary period. In fact, the two single-family homes built in 2010 were at McKinley Park Homes one of the major residential projects discussed later.

¹⁷ These new housing production figures include only units at new buildings and do not include units at buildings that underwent major renovations and/or conversions, since the original year for those building is the one reported in the database. As noted in the table, the 155 units constructed in 2007 at the Horizon are excluded.

Table IV-1 – Cleaborn-Foote CRA: New Housing Production by Type and Appraised Value

Year	New Housing by Year and Type (All Values)					Units at \$300,000 or more				
	Condo-minums	PUD [1]	Single Family	Sub-total	Apart-ments	Condo-minums	PUD [1]	Single Family	Total	% of Subtotal
1990			2	2						
1991		4	2	6			3		3	50%
1992		9	4	13	225		8		8	62%
1993		2		2	34		2		2	100%
1994		12	1	13			9		9	69%
1995		10	1	11			7		7	64%
1996		10	6	16			4		4	25%
1997		6		6			5		5	83%
1998		17	7	24			8		8	33%
1999		21	6	27	60		12		12	44%
2000		28	12	40	216		17		17	43%
2001		11	1	12			8		8	67%
2002	21	22	9	52	121	2	20		22	42%
2003	51	22	12	85		1	18		19	22%
2004	20	24	12	56			2		2	4%
2005	88	13	3	104		15	13		28	27%
2006	159	25	3	187		2	18		21	11%
2007 [2]	42	18	2	62		3	10		13	21%
2008	69	9	2	80	6	1	5	2	8	10%
2009		10		10	27		1		1	10%
2010			2	2	92					
Total	450	273	87	810	781	24	170	2	197	24%
Annual AVG	21	13	4	39	37	1	8	0	9	24%
1990-1999	0	9	3	12	32	0	6	0	6	48%
2000-2009	45	18	6	69	37	2	11	0	14	20%
2010	0	0	2	2	92	0	0	0	0	0

[1] Includes PUD-attached, Zero Lot Line attached & PUD detached
 [2] 155 units at Horizon are excluded from condominium development in 2007
 Source: City of Memphis; Shelby County & RKG Associates, Inc.

Nearly 200 new single-family homes and condominiums were developed since 1990 that had an appraised value of \$300,000 or more, and accounted for 24% of the new supply. As shown in Table IV-1, the number of units valued at \$300,000 or more developed since 1990 averaged 9 units per year; and 14 units per year over the last decade. Therefore, approximately 20% of the new supply added since 2000, had a value of \$300,000 or more, and ranged from 1 unit per year (2009) to as many as 28 units per year (2005). For the financial analysis, the build-out at residential in-fill projects is assumed to start at some point in 2012 and continue forward. As discussed next, nearly all the proposed in-fill residential projects have a targeted price of \$300,000 or more, and as such the proposed build-out of these units are assumed to remain at or below the average of 14 units per year over the next 10 years, as evident by the data in Table IV-1.

D. Residential Infill at Existing Projects

This section provides more details about the build-out of residential in-fill projects, and the assumptions used in the TIF model.

McKinley Park Homes - This is a 30-lot subdivision with an average size of 0.14 acres/lot located at Georgia, Polk & Hillard Streets. It is part of a Hope VI project and the homes, reportedly costing between \$140,000 and \$160,000, will be marketed for between \$95,000 and \$120,000 to qualifying low-to-moderate income households. Presently, 12 homes have been built on site, including 2 homes in the 2011 baseline which have an average appraised value of \$115,850 or average assessed value of \$28,963. It is assumed that the remaining 28 new and to-be-built homes will be assessed at \$110,000. Seven more homes are assumed to be added in 2012, and the remaining nine in 2013. Total assessment of the 28 remaining homes would be \$770,000 at full build-out in 2014. Over the 20-year TIF period, the assessment is assumed to appreciate by 10% at every 4-year revaluation period starting in 2017, such that by the end of the TIF period in 2031 the total assessment would be \$1.13 million as shown in Table IV-2.

Table IV-2 – McKinley Park Homes: Estimated Build-out & Change in Assessed Values

McKinley Park Homes						
		Units	28	Existing	Completed	
		Ass'd \$/unit	\$3,800		\$27,500	
		Existing		Completed		
Year		#	Ass'd \$	#	Ass'd \$	Total Ass'd \$
Base	2011	28	\$106,400	0	\$0	\$106,400
1	2012	16	\$60,800	12	\$330,000	\$390,800
2	2013	9	\$34,200	19	\$522,500	\$556,700
3	2014	0	\$0	28	\$770,000	\$770,000
4	2015				\$770,000	\$770,000
5	2016				\$770,000	\$770,000
6	2017				\$847,000	\$847,000
7	2018				\$847,000	\$847,000
8	2019				\$847,000	\$847,000
9	2020				\$847,000	\$847,000
10	2021				\$931,700	\$931,700
11	2022				\$931,700	\$931,700
12	2023				\$931,700	\$931,700
13	2024				\$931,700	\$931,700
14	2025				\$1,024,870	\$1,024,870
15	2026				\$1,024,870	\$1,024,870
16	2027				\$1,024,870	\$1,024,870
17	2028				\$1,024,870	\$1,024,870
18	2029				\$1,127,357	\$1,127,357
19	2030				\$1,127,357	\$1,127,357
20	2031				\$1,127,357	\$1,127,357

Source: Shelby County; City of Memphis & RKG Associates, Inc.

Horizon - This is a 155-unit, high-rise, luxury condominium project located at 717 Riverside Drive that had been stalled by the current housing market/credit crisis. The project was foreclosed and taken back by the lending institution (Capital One, New Orleans). Presently, the units are classified as residential and have a total appraised value of \$9.6 million (\$62,000/unit), which is 14% of the reported cost of the project \$67 million or (\$432,300/unit). This project is assumed to remain as for-sale residential, and would require additional investment to complete. However, a potential buyer would likely recognize that the number of units that sold for more than \$300,000 in the Cleaborn-Foote CRA averaged only 14 units per year between 2000 and 2009, such that a prolonged absorption period would make its development a challenge. For this analysis, it is assumed that a new buyer would seek a creative PILOT by converting most of the units to rental, and seek to freeze the present assessed values (and classification) of all units at the current values (excepting changes due to appreciation) and request a 15 or 20-year term.

Furthermore RKG assumes that sales at the Horizon would average 5 units per year for three years beginning in 2014, and would increase to 10 sales per year for five years beginning in 2017, and then increase to 15 units per year in 2022 to 2026, and the remaining 20 units would be sold in 2027. All the unsold units are assumed to be rentals and would be assessed at its current factor, effectively freezing the value of the unsold/rented units. The changes in assessed values are exhibited in Table IV-3.

Table IV-3 – Horizon-717 Riverside Drive: Estimated Build-out & Changes in Assessed Values

Horizon - 717 Riverside Dr.						
	Units	155	Existing	Completed		
	Ass'd \$/unit		\$15,501	\$100,000		
		Existing		Completed		
Year	#	Ass'd \$	#	Ass'd \$	Total Ass'd \$	
Base	2011	155	\$2,402,600	0		\$2,402,600
1	2012	155	\$2,402,600	0	\$0	\$2,402,600
2	2013	155	\$2,402,600	0	\$0	\$2,402,600
3	2014	150	\$2,325,097	5	\$500,000	\$2,825,097
4	2015	145	\$2,247,594	10	\$1,000,000	\$3,247,594
5	2016	140	\$2,170,090	15	\$1,500,000	\$3,670,090
6	2017	130	\$2,216,592	25	\$2,750,000	\$4,966,592
7	2018	125	\$2,131,339	30	\$3,300,000	\$5,431,339
8	2019	115	\$1,960,832	40	\$4,400,000	\$6,360,832
9	2020	105	\$1,790,325	50	\$5,500,000	\$7,290,325
10	2021	95	\$1,767,074	60	\$7,200,000	\$8,967,074
11	2022	80	\$1,488,062	75	\$9,000,000	\$10,488,062
12	2023	65	\$1,209,050	90	\$10,800,000	\$12,009,050
13	2024	50	\$930,039	105	\$12,600,000	\$13,530,039
14	2025	35	\$705,279	120	\$15,600,000	\$16,305,279
15	2026	20	\$403,017	135	\$17,550,000	\$17,953,017
16	2027	0	\$0	155	\$20,150,000	\$20,150,000
17	2028		\$0	155	\$20,150,000	\$20,150,000
18	2029		\$0	155	\$21,700,000	\$21,700,000
19	2030		\$0	155	\$21,700,000	\$21,700,000
20	2031		\$0	155	\$21,700,000	\$21,700,000

Source: Shelby County; City of Memphis & RKG Associates, Inc.

The Ivy at South End - This is a townhouse project of 25 units at 629 S. Front Street costing about \$10 million for an average of \$400,000 per unit. Fifteen units were built between 2006 and 2008 ranging in appraised value between \$270,000 and \$530,000, with an average of \$380,000¹⁸. It is assumed the remaining 10 units will be built at 2 to 3 per year starting in 2013 and continuing through 2016, at an average value (appraised) of \$350,000 per unit. Five of the vacant parcels/units are currently banked-owned, and the others owned by the developer/builder. As shown in Table IV-4, at full build-out the remaining units will have an assessed value of \$875,000 or a net change of \$706,250. Appreciation will increase the assessed value to \$962,500 in 2017, to \$1.06 million in 2021, to \$1.16 million in 2025, and \$1.28 million in 2029.

Table IV-4 – Ivy at South End: Estimated Build-out and Changes in Assessed Values

Ivy at South End						
		Units	Existing	Completed		
		Ass'd \$/unit	\$16,875	\$87,500		
		Existing		Completed		
Year	#	Ass'd \$	#	Ass'd \$	Total Ass'd \$	
Base	2011	10	\$168,750	0	\$0	\$168,750
1	2012	10	\$168,750	0	\$0	\$168,750
2	2013	8	\$135,000	2	\$175,000	\$310,000
3	2014	6	\$101,250	4	\$350,000	\$451,250
4	2015	3	\$50,625	7	\$612,500	\$663,125
5	2016	0	\$0	10	\$875,000	\$875,000
6	2017			10	\$962,500	\$962,500
7	2018			10	\$962,500	\$962,500
8	2019			10	\$962,500	\$962,500
9	2020			10	\$962,500	\$962,500
10	2021			10	\$1,058,750	\$1,058,750
11	2022			10	\$1,058,750	\$1,058,750
12	2023			10	\$1,058,750	\$1,058,750
13	2024			10	\$1,058,750	\$1,058,750
14	2025			10	\$1,164,625	\$1,164,625
15	2026			10	\$1,164,625	\$1,164,625
16	2027			10	\$1,164,625	\$1,164,625
17	2028			10	\$1,164,625	\$1,164,625
18	2029			10	\$1,281,088	\$1,281,088
19	2030			10	\$1,281,088	\$1,281,088
20	2031			10	\$1,281,088	\$1,281,088

Source: Shelby County; City of Memphis & RKG Associates, Inc.

¹⁸ One home had an appraised value of \$160,000 and assumed to an affordable unit for a moderate income household.

Founder’s Pointe - This is a residential subdivision overlooking the Mississippi River with 24 lots for single-family homes. Ten undeveloped lots remain, including nine owned by the developer. The first homes were built in 1995 and the more recent ones (3) between 2005 and 2007. The average appraised value is over \$450,000, although the average value of the more recently built homes was more than \$530,000. The prior build-out averaged approximately 1.1 homes per year between 1995 and 2007, which is the average pace of development anticipated in the future. It is assumed that new homes are valued (appraised) at \$500,000, and one unit per year would be built beginning in 2014.

Table IV-5 – Founders Pointe: Estimated Build-out and Changes in Assessed Values

Founders Pointe						
Units		10	Existing	Completed		Total Ass'd \$
Ass'd \$/unit		\$42,158		\$125,000		
		Existing		Completed		
Year		#	Ass'd \$	#	Ass'd \$	
Base	2011	10	\$421,575	0	\$0	\$421,575
1	2012	10	\$421,575	0	\$0	\$421,575
2	2013	10	\$421,575	0	\$0	\$421,575
3	2014	9	\$379,418	1	\$125,000	\$504,418
4	2015	8	\$337,260	2	\$250,000	\$587,260
5	2016	7	\$295,103	3	\$375,000	\$670,103
6	2017	6	\$278,240	4	\$550,000	\$828,240
7	2018	5	\$231,866	5	\$687,500	\$919,366
8	2019	4	\$185,493	6	\$825,000	\$1,010,493
9	2020	3	\$139,120	7	\$962,500	\$1,101,620
10	2021	2	\$101,178	8	\$1,200,000	\$1,301,178
11	2022	1	\$50,589	9	\$1,350,000	\$1,400,589
12	2023	0	\$0	10	\$1,500,000	\$1,500,000
13	2024	0	\$0	10	\$1,500,000	\$1,500,000
14	2025	0	\$0	10	\$1,625,000	\$1,625,000
15	2026	0	\$0	10	\$1,625,000	\$1,625,000
16	2027	0	\$0	10	\$1,625,000	\$1,625,000
17	2028	0	\$0	10	\$1,625,000	\$1,625,000
18	2029	0	\$0	10	\$1,750,000	\$1,750,000
19	2030	0	\$0	10	\$1,750,000	\$1,750,000
20	2031	0	\$0	10	\$1,750,000	\$1,750,000

Source: Shelby County; City of Memphis & RKG Associates, Inc.

St. Charles on Main - This is a gated-community for 18 detached single-family homes located on Toulouse Drive of 688 South Main Street. Eight of the homes were built between 2007 and 2008 ranging in assessed value between \$320,000 and \$420,000 with an average value of \$372,200. The remaining 10 lots, including one bank-owned, are assumed to be built out at a pace of 2 to 3 units per year starting in 2012 and completed by 2016 as shown in Table IV-6, at an average value (appraised) of \$375,000 per unit.

Table IV-6 – St. Charles on Main: Estimated Build-out and Changes in Assessed Values

St. Charles on Main						
Units		10 Existing	Completed			
Ass'd \$/unit		\$31,200	\$93,750			
		Existing	Completed			
Year	#	Ass'd \$	#	Ass'd \$	Total Ass'd \$	
Base	2011	10 \$312,000	0	\$0	\$312,000	
1	2012	10 \$312,000	0	\$0	\$312,000	
2	2013	8 \$249,600	2	\$187,500	\$437,100	
3	2014	6 \$187,200	4	\$375,000	\$562,200	
4	2015	3 \$93,600	7	\$656,250	\$749,850	
5	2016	0 \$0	10	\$937,500	\$937,500	
6	2017		10	\$1,031,250	\$1,031,250	
7	2018		10	\$1,031,250	\$1,031,250	
8	2019		10	\$1,031,250	\$1,031,250	
9	2020		10	\$1,031,250	\$1,031,250	
10	2021		10	\$1,134,375	\$1,134,375	
11	2022		10	\$1,134,375	\$1,134,375	
12	2023		10	\$1,134,375	\$1,134,375	
13	2024		10	\$1,134,375	\$1,134,375	
14	2025		10	\$1,247,813	\$1,247,813	
15	2026		10	\$1,247,813	\$1,247,813	
16	2027		10	\$1,247,813	\$1,247,813	
17	2028		10	\$1,247,813	\$1,247,813	
18	2029		10	\$1,372,594	\$1,372,594	
19	2030		10	\$1,372,594	\$1,372,594	
20	2031		10	\$1,372,594	\$1,372,594	

Source: Shelby County; City of Memphis & RKG Associates, Inc.

River Bluff Homes - This is a subdivision of 18 lots on Tennessee Street, north of the former brewery building, overlooking the Mississippi River. Thirteen of the lots have been developed with 14 units ranging in appraised value between \$524,000 (condex - duplex converted into a condominium) to \$1.49 million (single family home), and an average value of \$915,000. The first home was built in 1994 and the last in 2008 indicating an average of about 1 unit per year. The five remaining lots are privately owned, so the exact timing of their development is not known. For this analysis, RKG assumes one home will be built every other year beginning in 2013, at an appraised value of \$900,000 each. Therefore the build-out is estimated to be completed in 2021 at which time the completed assessed value would be \$1.35 million, as shown below.

Table IV-7 – River Bluff Homes: Estimated Build-out and Changes in Assessed Values

River Bluff Homes						
Units		5	Existing	Completed		
Ass'd \$/unit		\$60,790		\$225,000		
		Existing		Completed		
Year		#	Ass'd \$	#	Ass'd \$	Total Ass'd \$
Base	2011	5	\$303,950	0	\$0	\$303,950
1	2012	5	\$303,950	0	\$0	\$303,950
2	2013	4	\$243,160	1	\$225,000	\$468,160
3	2014	4	\$243,160	1	\$225,000	\$468,160
4	2015	3	\$182,370	2	\$450,000	\$632,370
5	2016	3	\$182,370	2	\$450,000	\$632,370
6	2017	2	\$133,738	3	\$742,500	\$876,238
7	2018	2	\$133,738	3	\$742,500	\$876,238
8	2019	1	\$66,869	4	\$990,000	\$1,056,869
9	2020	1	\$66,869	4	\$990,000	\$1,056,869
10	2021	0	\$0	5	\$1,350,000	\$1,350,000
11	2022			5	\$1,350,000	\$1,350,000
12	2023			5	\$1,350,000	\$1,350,000
13	2024			5	\$1,350,000	\$1,350,000
14	2025			5	\$1,485,000	\$1,485,000
15	2026			5	\$1,485,000	\$1,485,000
16	2027			5	\$1,485,000	\$1,485,000
17	2028			5	\$1,485,000	\$1,485,000
18	2029			5	\$1,633,500	\$1,633,500
19	2030			5	\$1,633,500	\$1,633,500
20	2031			5	\$1,633,500	\$1,633,500

Source: Shelby County; City of Memphis & RKG Associates, Inc.

South Bluff - There are 4 privately owned, undeveloped lots in this PUD/condominium project containing 145 units, and two of the lots are internal while two have river-views. The project was developed in phases between 1991 and 2008, and unit appraised values range from \$200,000 to more than \$1.5 million, and average at over \$420,000. RKG assumes that the lot owners would build-out the vacant lots over the next five to six years, and by 2017 the four homes would be completed, and increase the assessment from \$250,750 (base) to \$770,000 when completed in 2016, as shown in Table IV-8.

Table IV-8 – South Bluff: Estimated Build-out and Changes in Assessed Values

PROJECT South Bluff - Internal							PROJECT South Bluff - Riverview							Total	Combined Ass'd Value
Units	2	Existing	Completed		Total Ass'd \$	Units	2	Existing	Completed		Total Ass'd \$				
Ass'd \$/unit	\$29,088		\$100,000			Ass'd \$/unit	\$96,288		\$250,000						
Year	#	Ass'd \$	#	Ass'd \$	Year	#	Ass'd \$	#	Ass'd \$						
Base	2011	2	\$58,175	0	\$0	\$58,175	2011	2	\$192,575	0	\$0	\$192,575	\$250,750		
1	2012	2	\$58,175	0	\$0	\$58,175	2012	2	\$192,575	0	\$0	\$192,575	\$250,750		
2	2013	1	\$29,088	1	\$100,000	\$129,088	2013	2	\$192,575	0	0	\$192,575	\$321,663		
3	2014	1	\$29,088	1	\$100,000	\$129,088	2014	1	\$96,288	1	\$250,000	\$346,288	\$475,375		
4	2015	1	\$29,088	1	\$100,000	\$129,088	2015	1	\$96,288	1	\$250,000	\$346,288	\$475,375		
5	2016	0	\$0	2	\$200,000	\$200,000	2016	1	\$96,288	1	\$250,000	\$346,288	\$546,288		
6	2017			2	\$220,000	\$220,000	2017	0	0	2	\$550,000	\$550,000	\$770,000		
7	2018			2	\$220,000	\$220,000	2018			2	\$550,000	\$550,000	\$770,000		
8	2019			2	\$220,000	\$220,000	2019			2	\$550,000	\$550,000	\$770,000		
9	2020			2	\$220,000	\$220,000	2020			2	\$550,000	\$550,000	\$770,000		
10	2021			2	\$242,000	\$242,000	2021			2	\$550,000	\$550,000	\$792,000		
11	2022			2	\$242,000	\$242,000	2022			2	\$605,000	\$605,000	\$847,000		
12	2023			2	\$242,000	\$242,000	2023			2	\$605,000	\$605,000	\$847,000		
13	2024			2	\$242,000	\$242,000	2024			2	\$605,000	\$605,000	\$847,000		
14	2025			2	\$266,200	\$266,200	2025			2	\$665,500	\$665,500	\$931,700		
15	2026			2	\$266,200	\$266,200	2026			2	\$665,500	\$665,500	\$931,700		
16	2027			2	\$266,200	\$266,200	2027			2	\$665,500	\$665,500	\$931,700		
17	2028			2	\$266,200	\$266,200	2028			2	\$665,500	\$665,500	\$931,700		
18	2029			2	\$292,820	\$292,820	2029			2	\$732,050	\$732,050	\$1,024,870		
19	2030			2	\$292,820	\$292,820	2030			2	\$732,050	\$732,050	\$1,024,870		
20	2031			2	\$292,820	\$292,820	2031			2	\$732,050	\$732,050	\$1,024,870		

Source: Shelby County; City of Memphis & RKG Associates, Inc.

89 South Front Street – This is a four-story, multi-family property that was converted into an upscale, luxury single-family home with elevator, swimming pool, ground-level garage and views of the river. The property is currently classified as commercial and has an appraised value of \$2.89 million and assessed value of \$1.16 million. The asking price was initially \$3.9 million but has since dropped to \$3.0 million. RKG assumes that the property would sell by the end of 2011 as a single-family, owner-occupied home, resulting in a change in tax classification to residential. RKG assumes the current appraised value would remain at \$2.89 million but the assessed value would decrease to \$772,775 due to reclassification.

1. Other Residential Projects

These are other projects whose status appears on hold, and as such have not been included in the TIF analysis, and therefore considered long-term, and shown as such in Map 4. As more information becomes available the TIF model can be updated.

Butler’s Row - This is a planned, gated residential project in 5-story buildings to be developed on a 2.1-acre site between East Butler Street and GE Patterson. Thirty-six upscale units were initially planned for this site at a cost of \$28 million or \$777,780 per unit. However, activity at this site appears dormant and therefore considered long-term.

Butler Square - This is a proposed mixed-use project on a 1.6-acre parcel at the S/E corner of Tennessee and Butler Streets. The project was initially planned for 30 loft-style townhomes, and 17 ground-level flats for either commercial or live-work space. The total cost was estimated at \$18 million indicating an average value of \$383,000 per unit. The site is currently advertized for sale, and as such this project is also considered long term.

State Place - A 1.9-acre parcel remains undeveloped at the intersection of Tennessee and Georgia that is owned by State Place LLC. Activity at this site and other surrounding sites in the South End is dormant so this is considered another long term project.

Front Court - Two vacant parcels containing 3.7 acres were proposed to be developed as a gated-community with a mix of single-family homes and townhouses totaling 57 units. However, the status of this project is changed to long-term and as more information becomes available, the TIF model can be updated.

Other projects are also exhibited on Map 4 including additional sites in the South End, including one where the ArtHouse project was identified in the “South End Extended Development Profile” prepared by the Center City Commission. Field research also identified an abandoned apartment project at the intersection of Walnut and Tate Streets, on southeastern side of the CRA, whose status is unknown. This parcel also had delinquent taxes owed to the City of Memphis. Another site for a future phase of University Place is also located in this part of the CRA, behind the Police Station under construction, and its development is on hold for the moment. Future development opportunities may also be available in the Victorian Village, although not shown in Map 4, but identified in the “Victorian Village Redevelopment Plan” prepared by the Center City Commission.

E. Cleaborn-Foote CRA Photographs

A photo-journal of selected properties and conditions in the Cleaborn-Foote CRA follows.



Figure 3 - The Kress building



Figure 4 – Site and signage for proposed Butler Row



Figure 5 – 115 Union Avenue (proposed project)



Figure 6 – Barboro Flats (recently completed) & Van Vleet Flats (under construction)



Figure 7 – Site for Butler Square Project; Tennessee at Butler Street



Figure 8 – Hunt-Phelan Inn (533 Beale St.)



Figure 9 – Historic Building in Victorian Village



Figure 10 – Historic Building in Victorian Village (Development Opportunity)



Figure 11 – Building for proposed Hotel Indigo (161 Jefferson Ave.)



Figure 12 – Madison Avenue at 3rd Street



Figure 13 – Main Street at Union Avenue



Figure 14 – Madison Hotel & Metro 67 (rear)



Figure 15 – former Hickman Building (Madison Avenue and 4th Street)



Figure 16 – former Chisca Hotel (Linden & Main St.)



Figure 17 – Court Square (apartments) & Morgan Keegan Office Tower (right)



Figure 18 – Modern Condominium Building in South End



Figure 19 – Boarded-up Home off McKinley Street



Figure 20 – New Home at McKinley Park Homes (Residential Project)



Figure 21 – Blighted buildings off Hernando Street



Figure 22 – Recently renovated home with gated yard



Figure 23 – Overgrown lot and boarded building in rear



Figure 24 – Linden Yards (Recent Affordable Housing PILOT)



Figure 25 – Boarded –up industrial building



Figure 26 – Horizon in background (residential in-fill); State Place on right



Figure 27 – St. Charles on Main (residential in-fill)



Figure 28 - Site for proposed downtown Hilton Hotel (Long-Term)



Figure 29 Available former industrial building in South End



Figure 30 – Mural on Building by AutoZone Park



Figure 31 – Memphis College of Art at 477 South Main



Figure 32 – Blighted Industrial Building



Figure 33 – Another Blighted Industrial Building



Figure 34 – Former Tennessee Brewery Building



Figure 35 – Abandoned/Boarded Apartment Complex @ Walnut & Tate



Figure 36 – Recently completed project at 8 Main St.



Figure 37 – Recently completed project at 95 Main St.



Figure 38 - Recently completed project at 91 Main St.



Figure 39 – Proposed Project at 59 Main St



Figure 40 – Buildings at 60 Front St.



Figure 41 – Buildings at 90 Front St.



Figure 42 – Arcade Restaurant on lower Main Street



Figure 43 – Apartments on Georgia St.



Figure 44 – Liya Food Mart at 579 Mississippi Blvd (across from Foote Homes)



Figure 45 - Buildings on 2nd Street facing Court Square



Figure 46 – Buildings For-Sale on Main Street



Figure 47 – Boarded Government Building on 3rd St.



Figure 48 – Peabody Hotel from 3rd Street



Figure 49 – Beale Street and Westin Hotel



Figure 50 – National Civil Rights Museum/former Lorraine Motel

Appendix E: Qualifications Analysis: Proposed Cleaborn and Foote Homes Community Redevelopment Area

QUALIFICATIONS ANALYSIS

**PROPOSED CLEABORN AND FOOTE HOMES
COMMUNITY REDEVELOPMENT AREA**

**PREPARED FOR THE
MEMPHIS & SHELBY COUNTY
COMMUNITY REDEVELOPMENT AGENCY**

**City of Memphis Division of Housing &
Community Development/Memphis Housing
Authority**

Description of the Proposed Area

The proposed Cleaborn and Foote Community Redevelopment Area (proposed area) is located south of the Central Business District and Civic Center in Downtown Memphis. The area is served by three major streets that run west to east, Madison Avenue, Union Avenue and E.H. Crump Boulevard and four major streets that run north to south, Riverside Drive, Second Street, Third Street and Danny Thomas Boulevard. Interstate 55 traverses the southwestern corner of the area crossing the Mississippi River into the city before turning south at the interchange with E.H. Crump Boulevard and Riverside Drive. Interstate 240 and the proposed Interstate 69 is within a mile of the area with access from Union and Madison Avenues and E.H. Crump Boulevard.

The district has a variety of land uses ranging from residential to commercial and some industrial uses and some institutional uses. Some of the landmarks in the area include AutoZone Park, Beale Street Entertainment District, Tom Lee Park, FedEx Forum, Sun Studios, National Civil Rights Museum, The Orpheum Theater, Hunt-Phelan Home, Booker T. Washington High School, and Vance Middle School.

The proposed area contains 1,484.3 acres and is bounded to the west by the Mississippi River, then east at the I-40 east bound exit ramp for Front Street. Turn north on Front to I-40 and follow east to Second Street. Turn south on Second Street past Exchange. Turn east halfway between Exchange and Poplar Ave following parcel boundaries until Fourth Street. Turn south on Fourth and go until half a block south of Poplar. Turn east and follow parcel boundaries to Lauderdale then head south on Lauderdale to Washington Avenue turning east, then north on Danny Thomas and go one half of a block. Turn east and follow parcel boundaries east to Orleans Street. Turn south on Orleans for half a block to Washington Ave and then turn east going two blocks until reaching Dunlap. Turn right on Dunlap and head south until reaching Union Avenue. Turn east on Union Avenue for one block then turn right on East Street. Head south on East Street for 4/10th of mile until reaching the railroad bounded the north side of Elmwood Cemetery. Follow the railroad west to E. H. Crump Boulevard then head west on E. H. Crump to the Mississippi River. The parcels on the south side of the E. H. Crump Boulevard from the railroad to I-55 are included in the CRA Area.

CRA Selection and Eligibility Criteria

Much of the proposed area is identified as a potential redevelopment area by the Strategic Plan: CRA Workable Program (March 2001) under the category of “neighborhood revitalization target areas identified by City of Memphis Division of Housing and Community Development/Memphis Housing Authority (shown as Foote Homes/Cleaborn Homes) and subsequently in the November 2007 Amendment; and if recommended by the Memphis and Shelby County Redevelopment Agency and approved by the Shelby County Board of Commission and the Memphis City Council, the area will become eligible for community redevelopment activities which may include tax increment financing.

The Community Redevelopment Act of 1998 designates the legal framework for the designation of community redevelopment areas within the State of Tennessee. A community Redevelopment Area is eligible if it meets one or more of three qualifying criteria: (1) a “Slum Area”, (2) a “Blighted Area”, or (3) an Area where there is a “severe shortage of housing affordable to residents of low and moderate income, including the elderly”. The qualification report must identify which of the three types of areas that the community redevelopment area meets. It may meet one or all of the qualifying types or a combination of them.

According to the Community Redevelopment Act of 1998:

“Slum area means an area in which there is a predominance of buildings or improvements, whether residential or nonresidential, which by reason of dilapidation, deterioration, age, or obsolescence; inadequate provision for ventilation, light, air, sanitation, or open spaces; high density of population and overcrowding; the existence of conditions which endanger life or property by fire or other causes; or any combination of such factors is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency, or crime and is detrimental to the public health, safety, morals, or welfare.”

"Blighted area means either:

(A) An area in which there are a substantial number of slum, deteriorated, or deteriorating structures and conditions which endanger life or property by fire or other causes or one or more of the following factors which substantially impairs or arrests the sound growth of a county or municipality and is a menace to the public health, safety, morals, or welfare in its present condition and use:

- (i) Predominance of defective or inadequate street layout;
- (ii) Faulty lot layout in relation to size, adequacy, accessibility, or usefulness;
- (iii) Unsanitary or unsafe conditions;
- (iv) Deterioration of site or other improvements;
- (v) Tax or special assessment delinquency exceeding the fair value of the land; and
- (vi) Diversity of ownership or defective or unusual conditions of title which prevent the free alienability of land within the deteriorated or hazardous area; or

(B) An area in which there exists faulty or inadequate street layout; inadequate parking facilities; or roadways, bridges, or public transportation facilities incapable of handling the volume of traffic flow into or through the area, either at present or following proposed construction.”

A shortage of affordable housing recognizes that in some areas within counties and municipalities within the State of Tennessee, there exists “a severe shortage of housing affordable to residents of low and moderate income, including the elderly; that the existence of such condition affects the health, safety, and welfare of the residents of such counties and municipalities and retards their growth and economic and social development; and that the elimination or improvement of such condition is a proper matter of state policy and state concern and is for a valid and desirable public purpose.”

Area Conditions

The proposed area is a mixed use area including residential, commercial and industrial uses. Most of the residential uses are located in the western and eastern areas of the area. The two residential areas are completely different in terms of quality of housing. The western portion of the area includes conventional apartment units, townhomes, lofts, high rise condominiums, and custom built single family residential homes with river bluff views. The eastern portion of the area includes substandard housing, poverty rates are high, crime is widespread, and the area in general shows signs of years of neglect. Three public housing complexes exist within the redevelopment boundaries, R.Q. Venson Towers, Cleaborn Homes, and Foote Homes. Venson Towers is a high rise senior citizens complex that is in fair condition while Foote & Cleaborn Homes are in severely distressed condition.

Commercial and light industrial uses are the other land uses in the area (reference Map A in the Appendix). These include the Beale Street entertainment district, the southern portion of the Central Business District with its numerous office buildings and businesses. Several other commercial areas are located along Madison & Union Avenues, E.H. Crump Boulevard, and Second and Third Streets. Light industrial uses are located close to the railroad mainline that feeds traffic into the city from the western United States by way of the Frisco & Harahan Bridges. Central Station is the local stop for Amtrak’s *City of New Orleans* Train running from Chicago to New Orleans.

Several institutional uses are located in the area. This includes the U.S. Post Office Central Processing and Sorting facility, Temple of Deliverance Church, Booker T. Washington High School, Beale Street Baptist Church, Cleaborn Temple, National Civil Rights Museum, Vance Middle School, and Southwest Tennessee Community College.

The adjacent neighborhoods are fully developed with varied land uses. To the north, the Uptown neighborhood has been revitalized with St. Jude Children’s Research Hospital being a catalyst in the area. University Place, is the redevelopment of the former Lamar Terrace public housing complex into a mixed income and mixed use housing development immediately to the east of the area. To the south of the area, the area is fully developed with residential, commercial and industrial uses.

Cleaborn and Foote Area Qualification

This report will document the proposed community redevelopment area meets the definition of a “slum area” and a “blighted area” as well as the existence of a shortage of affordable housing to those of low and moderate income as well as the elderly.

Slum Conditions

A Predominance of Buildings Indicative of Dilapidation, Deterioration, Age, or Obsolescence

Following are concentrations of building conditions and environmental conditions which can be classified as slum:

Two public housing developments are located in the proposed redevelopment area: Cleaborn and Foote Homes. The Memphis Housing Authority’s inspection of these developments found the buildings’ mechanical systems and utility infrastructure to be in poor condition and near or beyond their life expectancy. In addition, the unit designs and floor plans are obsolete and the costs of continual renovations and repairs exceed funding availability and feasibility in general. A majority of the units in the public housing complexes have not been renovated and the existing infrastructure is failing due to age.

The concentration of slum conditions is located south of Linden Avenue, east of Second Street and north of E.H. Crump Boulevard and the Burlington Northern-Santa Fe/ Norfolk-Southern /Union Pacific Railroad (reference Map F). This area contains a substantial number of deteriorated and dilapidated structures. Older commercial buildings that are vacant and obsolete are concentrated in the area of Butler Avenue, Vance Avenue Second Street and Fourth Street. This area also contains vacant weeded lots and Brownfield and Superfund sites. A number of weeded vacant lots are located in the area of Pontotoc Avenue, Vance Avenue and Orleans Street. Another group of large weeded vacant lots is in the area of Tate Avenue and Walnut Street. There are several locations of illegal dumping sites and junk yards which are polluting the area with outdoor storage. The proximity of these sites to the Beale Street Entertainment District and the South Main Arts District present a negative image to the visitors to these areas.

Housing Age

Age presumes the existence of problems or limiting conditions that result from the normal and continuous use of structures over a period of time. Since building deterioration and related structural problems are a function of time, temperature, moisture, and normal routine maintenance, structures that are 35 years and older typically exhibit more problems than recently constructed structures. Over 52% of the housing stock in the Triangle Noir area is more than 35 years old. The following table lists a breakdown of the year housing buildings were built. (Reference Map B).

Year Built	Number of Homes	Percentage of Housing
2000 and after	847	36.9%
1990 - 1999	118	5.1%
1980 - 1989	139	6%
1970 - 1979	178	7.8%
1960 - 1969	3	.2%
1959 and before	1,011	44%
Total	2,296	100%

Inadequate Ventilation, Sanitation, or Open Space

The Cleaborn Homes public housing development was completed around 1954. To date, the development hasn't undergone any type of major renovation work to replace or enhance the original utility infrastructure and building systems. These systems are near or beyond their expected life. The sewer system main lines are constructed of clay pipe and requires constant repair due to pipes collapsing and tree roots entering the system at failed pipe joints. The water service pipes leak in the wall chases resulting in the growth of mold spores and the rotting of the building structure. The buildings and dwelling units lack the reasonable amenities found in recently built low income, moderate income, and mixed-income developments. Amenities such as central air-conditioning, washers, dryers, dish washers, garbage disposals are impossible to add due to lack of floor space and adequate electrical and plumbing systems capacity.

Major renovations for Foote Homes occurred within the past 10 years. Renovation work included modifications to the infrastructure and interior units. A common problem within the development is insufficient air movement in the bathrooms due to no mechanical ventilation which cause over time mold formation on wet surfaces.

Conditions which Endanger Life or Property

As a result of continued decay of both site and building conditions at the public housing developments, the Memphis Housing Authority has surmised that the annual Real Estate Assessment Center (REAC) inspection scores will be in serious trouble of failing to meet the grade required by HUD for safe, decent and satisfactory housing and the agency does not have the operational funds to continue the required maintenance.

The existence of four superfund sites and three Brownfields (as illustrated in Map C) indicate the presence of environmental elements which pose potential health and safety issues. The presence of debris throughout the study area on vacant lots indicated the presence of dumping; where as debris in front of housing may indicate a need for better service or lack of property upkeep by property owners in the area.

Infant Mortality

For Shelby County as a whole in 2007, although the overall infant mortality rate dropped to 12.7 per 1,000 live births, the rate for African-Americans was 17.8 per thousand births, over three times that of whites, which were 5.8 per 1,000 live births. Within the target area zip codes of 38103 and 38126, the rates are as follows:

Zip Code	1993-1995		1999-2001		2005-2007	
	White	African American	White	African American	White	African American
38103	*	*	No deaths	No deaths	11.1	25.6
38126	*	12.7	No deaths	17.6	No deaths	15.6

* Suppressed due to less than 100 births in the three-year period

Additionally within Triangle Noir, there are high percentages of low birth weight infants, preterm infants, and teen mothers, as indicated in the tables below. These statistics are also illustrated in Maps D and E.

Zip Code	% of low birth weight infants (less than 2500gm)			% of preterm infants (less than 37 weeks)					
	1993-1995	1999-2001	2005-2007	1993-1995	1999-2001	2005-2007			
38103	10.9%	9.8%	8.1%	13.8%	23.5%	10.4%			
38126	18.4%	19.6%	16.5%	21.3%	32%	17.8%			
% of births to teen mothers by age group									
Zip Code	1993-1995			1999-2001			2005-2007		
	10-14	15-17	18-19	10-14	15-17	18-19	10-14	15-17	18-19
38103	0.8%	2.5%	4.9%	0%	0%	3.0%	0.3%	0.3%	1.2%
38126	2.3%	13%	16.4%	1.2%	11%	15.9%	0.3%	14.7%	16%

Crime Statistics

The Memphis Police Department provided the following crime statistics for the Triangle Noir Redevelopment Area for the January 2007-June 2009 time period. The area contains Wards 422, 423, 429, 621, and 623. Over this three year period, the area experienced high occurrences of assaults, business and residential burglaries, and robberies of individuals. A variety of thefts remained high over this period as well. On average, the crimes in this area comprised 3% of the crime for the entire City of Memphis, while the population of the area is 1.1% of the total. This speaks to the effects that the physical environment has on or toward the residents of the proposed redevelopment area.

**Part One Crimes
YTD 2008**

Description	Count
Aggravated Assault	133
Aggravated Assault/DV	66
Arson	3
Burglary/Boxcar	2
Burglary/Business	126
Burglary/DV	3
Burglary/DV (Domestic Violence)	8
Burglary/Non-Residential	5
Burglary/Non-residential	10
Burglary/Residential	108
Carjacking	7
Forcible Rape	19
MVT/Motorcycle	1
MVT/Other	1
MVT/Passenger Vehicle	126
MVT/Tractor Truck	1
Murder	2
Other Larceny/Access Device	22
Other Theft/Non-Specific	197
Other Theft/Scrap Metal	42
Pocket-Picking	27
Purse-Snatching	6
Robbery/Business	8
Robbery/Individual	167
Shoplifting/Felony	5
Shoplifting/Misdemeanor	65
Theft & Recovery/Passenger Vehicle	6
Theft from Building	75
Theft from Building/Access Device	10
Theft from Coin Machine/Device	12
Theft from Motor Vehicle	636
Theft from Semi-trailer	4
Theft of Construction/Farm Equipment	1
Theft of Other Trailer	2
Theft of Vehicle Parts/Accessories	129
Total	2035

**Part One Crimes
YTD 2009**

Description	Count
Aggravated Assault	129
Aggravated Assault/DV	62
Arson	8
Burglary/Boxcar	2
Burglary/Business	85
Burglary/DV	5
Burglary/DV (Domestic Violence)	2
Burglary/Non-Residential	5
Burglary/Non-residential	10
Burglary/Residential	108
Carjacking	10
Forcible Rape	18
MVT/Motorcycle	6
MVT/Passenger Vehicle	110
Murder	2
Other Larceny/Access Device	12
Other Theft/Non-Specific	189
Other Theft/Scrap Metal	7
Pocket-Picking	31
Purse-Snatching	8
Robbery/Business	1
Robbery/Individual	159
Shoplifting/Felony	5
Shoplifting/Misdemeanor	62
Theft & Recovery/Passenger Vehicle	9
Theft from Building	112
Theft from Building/Access Device	4
Theft from Coin Machine/Device	5
Theft from Motor Vehicle	723
Theft from Semi-trailer	3
Theft of Other Trailer	4
Theft of Vehicle Parts/Accessories	170
Total	2066

**Part One Crimes
YTD 2010**

Description	Count
Aggravated Assault	111
Aggravated Assault/DV	51
Arson	7
Burglary/Business	84
Burglary/DV	4
Burglary/DV (Domestic Violence)	2
Burglary/Non-Residential	5
Burglary/Non-residential	15
Burglary/Residential	105
Carjacking	8
Forcible Rape	12
MVT/Passenger Vehicle	110
MVT/Tractor Truck	1
Murder	3
Other Larceny/Access Device	10
Other Theft/Non-Specific	171
Other Theft/Scrap Metal	29
Pocket-Picking	22
Purse-Snatching	13
Robbery/Business	3
Robbery/Individual	115
Shoplifting/Felony	3
Shoplifting/Misdemeanor	67
Theft & Recovery/Passenger Vehicle	7
Theft from Building	140
Theft from Building/Access Device	2
Theft from Coin Machine/Device	8
Theft from Motor Vehicle	504
Theft from Semi-trailer	1
Theft of Other Trailer	1
Theft of Vehicle Parts/Accessories	152
Total	1766

Existence of Blight

The proposed redevelopment area shows significant signs of blight in three concentrated areas. These areas shown in map F), compose a large portion of the Redevelopment Area and contain high instances of blight as documented by the existence of a variety of factors. These factors are evidenced in the accompanying maps and data below. Though many of the problems are concentrated in these three areas, there is also evidence presented that documents blight throughout the entire Redevelopment Area, with the exception of much of the Western edge of the proposed Area.

The Division of Fire Services performs commercial code enforcement anti-neglect activities similar to code enforcement activities performed by the Community Enhancement Division. As of 2008, there were 19 commercial buildings cited by anti-neglect as being risks to health and safety. Fire Incidents in the eastern section of the Triangle Noir are also high (totaling 1,158 in 2010 as illustrated in Map G).

A survey completed in 2009 by the Center for Community Based Neighborhood Action documented a number of issues in the proposed redevelopment area, including 195 sidewalks in disrepair, 105 illegal dump sites, 26 sites with evidence of squatters, and 337 sites with high weeds. The survey also documented 246 residential properties in the area as being in less than average condition (fair, poor, or unsound).

The City of Memphis Division of Community Enhancement, which has authority for residential code enforcement and condemnation, has demolished 39 structures in the proposed redevelopment area since 2006 and currently has 33 in the condemnation process (reference Maps H and I)

As shown in Map J, 21.5% of parcels in the target area are vacant, including 356 vacant residential parcels, 170 vacant industrial parcels, 342 vacant exempt parcels, and 189 vacant commercial parcels.

The first area, to the West of Foote Homes, is defined as Second Street on the West, G.E. Patterson on the South, Vance Avenue on the North, and Danny Thomas on the East. The area is severely blighted due to a concentrated amount of squatters, weeded lots, vacant lots, illegal dumping, environmental concerns, and properties that have been recently demolished or are currently in the condemnation process.

The second area, to the East of Cleaborn Homes, is defined as Danny Thomas and Mississippi on the West, Crump on the South, Linden on the North, and Dunlap and East on the East. This area also contains a large number of vacant lots, weeded lots, evidence of squatters, and other environmental problems (including one Superfund site), but also contains several commercial properties on the Fire Department's anti-neglect list and damaged sidewalks.

The third area, to the South of Foote Homes, is defined as Third Street on the West, Crump on the South, G.E. Patterson on the North, and Mississippi on the East. This area contains many vacant lots, weeds, environmental issues, poor sidewalk conditions, and illegal dump sites.

The conditions described above demonstrate the area of concentrated blight located within the Triangle Noir Redevelopment Area. The information presented below describes the blight found throughout the redevelopment area.

Predominance of Defective or Inadequate Street Layout



Dee Dee Alley at Neptune representative of narrow streets and lack of thru streets

Several areas within the proposed redevelopment area have a defective or inadequate street layout. The western portion of the study area has a good street layout. This is most due to the area being part of the warehousing district of the city and that wide streets are necessary to accommodate truck traffic. In the eastern portion of the study area, there are streets that have no curb, gutter and sidewalk. Also in the area, very narrow streets exist with open ditches along side of the street. These streets include Neptune Street, Grove Avenue, Suzette Street, Railroad Avenue, Pontotoc Avenue, Louisa Street, Walnut Street, Dee Dee Alley and Heiskell Place.

Faulty Lot Layout in Relation to Size, Adequacy, Accessibility, or Usefulness

Faulty lot layout in relation to size, adequacy, accessibility or usefulness equates to obsolete platting with respect to current subdivision and zoning practices adopted since the 1950s. Obsolete platting includes parcels of irregular shape, narrow or small size, and parcels improperly platted.

Historically, these lots were platted late Nineteenth and early Twentieth Centuries before the first official city plan by Harland Bartholomew. As platted originally, these lots were located adjacent to industrial areas and met the needs of the residents of the time.

Primarily due to the narrow lot frontages, many of the lots located in the redevelopment area are too small to accommodate modern amenities.

The proposed redevelopment area contains a predominance of lots that do not meet the standard single family zoning district requirements for lots containing 3,000 square feet in area with a minimum width of 25 feet at the building line.

Section 10.5.1 of the Memphis & Shelby County Unified Development Code states that a single-family detached dwelling which complies with the restrictions of Section 10.5.2 may be erected on a nonconforming lot that is not less than 25 feet in width, and which:

- A. Has less than they prescribed minimum tract or lot area, width and depth, or any of them; and
- B. Is shown by a recorded plan or deed to have been a lot of record or tract owned separately and individually from adjoining tracts of land at a time, when the creation of a lot or tract of such size, depth and width at such location would not have been prohibited by zoning or other ordinance; and

- C. Has remained in separate and individual ownership from adjoining tracts of land continuously since March 1, 1989.

There are 37 residential lots with less than 25 feet of frontage and less than 3,000 square feet in area. The Memphis & Shelby County Unified Development Code permits construction of a single-family residence on such lots, provided the following requirements are met:

- A. The dwellings shall be placed on the tracts or lots so as to provide a yard on each side of the dwelling;
- B. The sum of the width of the two side yards on such tracts or lots shall not be less than the smaller of:
 1. 25 percent of the width of the tract or lot; or
 2. The minimum total for both side yards prescribed by the building envelope standards of said zoning district; and
 3. No side yard shall be less than three feet.

Several parcels are landlocked which means they do not have road frontage on a public street. This condition could make opportunities for future development difficult if an individual is not able to acquire property with access and consolidate the parcels for redevelopment.

Unsanitary or Unsafe Conditions

Structures that do not meet the minimum building code are located throughout the proposed redevelopment Area. These structures represent a substantial percentage of the available housing units located in the Redevelopment Area. Additionally, there are 32 properties on Community Enhancement’s condemnation list and 19 on the Fire Department’s Anti-Neglect list, which is indicative of the number of properties in disrepair or that are uninhabitable or otherwise unsafe.

In addition to this, there are a number of sites that are considered to be environmentally contaminated, including 4 Superfund sites, 2 confirmed Brownfields sites and another potential Brownfields site, and 80 out of service underground storage tanks.

Deterioration of Site or Other Improvements

Other signs of blight and deterioration throughout the Redevelopment Area include aging and cracked infrastructure, particularly cracked sidewalks. Abandoned and unkempt alleys and noticeable debris, including illegal dumpsites scattered throughout the neighborhood indicating a need for overall cleanup.



Overgrown Vacant Lot at Grove Avenue at Walnut Street

Tax or Special Assessment Delinquency Exceeding Fair Market Value of Land

There are 4,907 tax parcels inside the proposed redevelopment area. In 2010, 581 parcels are in arrears on the Shelby County tax roll and 809 on the City tax roll, as illustrated in Map M. Of these, 303 are vacant properties. It can be assumed that many of the vacant properties are the result of demolition proceedings by code enforcement activities. Due to declining rent income, property owners may decide to forgo maintenance, a cause for code enforcement activities, and may not pay property taxes. In 2010, the appraised value of the study area was \$1,373,632,300. The amount of taxes in County arrears is \$2,358,675 and the amount in City arrears is \$5,694,611.

Inadequate Parking Facilities

While conducting a windshield survey of the housing stock, a noticeable lack of adequate parking was observed. The windshield survey was conducted on a weekday during normal business hours. Parking may be worse after normal business hours, on weekends or during special events. Cars were parked in the front yards of single family homes for additional parking space and repairs. Several older apartment buildings had cars parked in front common open space front yard.

Roadways, Bridges, or Public Transportation Facilities Incapable of Handling Traffic Flow into or through the Area

As documented by the Memphis Metropolitan Planning Organization, The Memphis Urban Area 2030 Long Range Transportation Plan recommended four (4) focus areas in an effort to integrate land use, urban form and transportation decision making through scenario development planning.

These focus areas include (1) downtown reinvestment, (2) transit-oriented development, (3) Traditional neighborhood development, and (4) Rural preservation. The northwest portion of the Triangle Noir is located in the “Downtown reinvestment” area. This area is located south of Union Avenue; west of Third Street; north of Huling Road and east of Mississippi River.

In this focus area two (2) development scenarios emerged. (1) The “Business-As-Usual Scenario” assumes continuation of existing land use patterns and development intensities. and (2) the “Reinvestment in Downtown Development Scenario” targets vertical mixed use infill development for underutilized parcels currently occupied with low-rise warehouses or surface parking lots. The development scenario advocates implementation of the streetscape improvements recommend in the Memphis CBID Streetscape Master Plan for improving the local pedestrian environment. Additional for the public realm include wayfinding signage, landscaping and enhanced bus stops with shelters, benches, trash receptacles and lighting. Also recommended is a new street connection between Second Street and Third Street via Talbot Street. This will provide additional connectivity to the grid street pattern.

The “Existing Roadway Element” identifies existing roadways, identify those roadways that are presently committed to be constructed, and provides a overview of the current operating of the roadway network. Roadways identified in “The Existing Plus Committed Network” as “committed” are those projects that have advanced beyond the planning phase and that are far enough through the design and/or right-of-way phases that funding source has been identified. There are no roadways in the Triangle Noir that have been identified.

However, the Interstate 55 and E.H. Crump Boulevard interchange has a Level of Service (LOS) F and has been identified as a congested corridor and the State of Tennessee Department of Transportation (TDOT) is currently conducting an environmental study to determine the impact it will have on the surrounding community. However, starting within the next year Tennessee Department of Transportation (TDOT) will be providing a temporary relief until the environmental assessment is complete by modifying the northeast quadrant of the interchange to allow for two (2) moving lanes entering the interstate rather than one (1) for west bound traffic.

The “Future Transportation Network” includes projects identified through the public participation process a needs assessment that determines the transportation desires of the community. Three (3) roadways were identified:

- G.E. Patterson Avenue from Front Street to Mississippi Boulevard was recommended for widening. This will provide a moderate level of congestion relief to roadway system, and/or moderately enhances connectivity, a moderate level of connectivity for freight, transit, pedestrians, and bicyclists (e.g. serving intermodal facilities, some sidewalks/bus routes, etc.); little positive impact on promoting growth, stimulating jobs, and/or serving existing high growth areas; moderate level of improvement to safety and/or security; low level of public support and/or few benefits to transportation demand management (i.e. ITS, Access Management, CMS) in the region; high levels of adverse environmental impacts, socio-economic impacts, and/or historic sites; and a moderate level of cost-effectiveness and/or little advocacy by other agencies or jurisdictions.
- Improvements to Front Street from Georgia Avenue to G.E. Patterson Avenue. This will provide a moderate level of congestion relief to roadway system, and/or moderately enhances connectivity; a moderate level of connectivity for freight, transit, pedestrians, and bicyclists (e.g. serving intermodal facilities, some sidewalks/bus routes, etc.); little positive impact on promoting growth, stimulating jobs, and/or serving existing high growth areas; a low level of improvements to safety and/or security; a low level of public support and/or few benefits to transportation demand management in the region; high levels of adverse environmental impacts, socio-economic impacts, and/or historic sites; and

a moderate level of cost-effectiveness and/or some advocacy by other agencies or jurisdictions.

- Improvements to Third Street from E. McLemore Avenue to G.E. Patterson Avenue. This will provide a moderate level of congestion relief to roadway system, and/or moderately enhances connectivity; a high level of connectivity for freight, transit, pedestrians and bicyclists; moderate positive impact on promoting growth, stimulating jobs, and/or serving existing high growth areas; a moderate level of improvement to safety and/or security; a *moderate* level of public support and/or few benefits to transportation demand management (i.e. ITS, Access Management, CMS) in the region; moderate levels of adverse environmental impacts, socio-economic impacts, and/or historic sites; and a moderate level of cost-effectiveness and/or little advocacy by other agencies or jurisdictions.

The Bicycle and Pedestrian Element notes that Front Street has an “existing signed shared route” and South Front Street has been recommended as “wide outside lane”. Second Street has been recommended “signed shared route”. Pontotoc Avenue and Mississippi Boulevard has been recommended as a “bike lane”.

In terms of public transportation, the area is generally well-served by transit (Reference Map L). MATA’s central station is located within the area and serves as a transit hub. The Riverfront Loop and Main Street Trolley serve the area as well. The area is also served by ten bus routes and bus service exists on most of the major streets in the area. Future plans for transit include the possibility of providing two-way trolley service north and south along the Riverfront Loop, a new trolley station to serve the Main Street line at Central Station and the possible addition of a model railroad museum within Central Station.

Shortage of Affordable Housing

The 2000 Census Table *Metro Areas Ranked by Population* showed Memphis to rank 44th of 280 metropolitan statistical areas in population size. According to the 2010 Census, the City of Memphis’ population totaled 646,889 persons. The 2009 American Community Survey (ACS) 1 Year Estimate shows that 65,759 families had incomes that were below \$35,000; given an average family size of 2.5 persons/family, more than 164,398 persons had incomes at or below the median income for the City. Early estimates from the 2010 Census suggest that approximately 26.2% (or 169,485 individuals) of the Memphis population was at, or below the poverty level. For percentage of poverty, Memphis ranked the 5th highest of ten places with a population of over 250,000 according to the 2009ACS report. The U.S. Department of Housing and Urban Development’s (HUD) 2011 Fair Market Rents for the Memphis, TN-MA-AR metro area range from \$628 for an efficiency unit to \$1,041 for a 4- bedroom unit. In 2000, the median value of a single-family home in Memphis was \$72,800; according to the 2007 – 2009 ACS, in 2009, the median value of a single-family home had risen to \$101,100).

Memphis Housing Authority's Annual Plan for FY 2010, reported 12,779 families on the waiting list for public housing. The waiting list for Section 8 Housing Vouchers totaled 4,521 households.

The boundaries of the proposed Triangle Noir Community Redevelopment Area includes Census Tracts (CT) 40, 43, 44, 45, 46; over seventy-five per cent of Census Tracts 41 and 42; and, a small percentage of Census Tracts 37 and 50. It is estimated that in 2010, the area's population totaled approximately 10,672 persons. Of the census tracts in the target area, only CT 42 and CT 43 reflected income that was more than 35% of Memphis' median family income of \$40,745.

At this time, single-family housing units in the study area total 1,687. Between 1980 and 2000, new construction of single-family housing totaled 799 units. The number of demolitions in the past five years has been insignificant. However, the two public housing developments in the area (Cleaborn and Foote Homes), within the past 11 years, demolished a total of 599 units as part of its' plan to up-grade and lower the density of low-income public housing. As part of the proposed Triangle Noir Redevelopment Plan, Memphis Housing Authority plans for Cleaborn and Foote Homes include the demolition of Cleaborn in short range and demolition of Foote within an intermediate period of time. At the Cleaborn and Foote Homes public housing developments, decay continues for both site and building conditions. Based on a preliminary analysis, the cost to bring these up to a 30 year life and make them marketable will far exceed the cost of placing approximately 420 families on Section 8 vouchers. MHA does not have the operational funds to continue to maintain and repair these obsolete properties.

Within the study area, a survey of housing conditions reports a total of 190 housing units having conditions ranging from structural (minor and cosmetic) to dilapidated (poor, burnt-out or unsound).

The Regional Economic Development Center (REDC) at the University of Memphis in 2010 prepared the Memphis Housing Study 2010 that included an analysis of the Memphis housing market at that time. One section of the report analyzes the affordability of owning or renting a home for each census tract in Memphis. This analysis compares median monthly income available for housing in each census tract with the monthly home ownership costs for the median priced home in the same census tract to determine housing affordability gaps. A similar affordability comparison is made with the median rent. The methodology used in the analysis is rather detailed however, the process essentially deducted reasonable non-housing costs (i.e. food, clothing, medical care, etc.) from each census tract's median disposable household income to provide an estimated amount of money remaining for housing. Median Household Income (in 2009 dollars) for the census tracts with the Triangle Noir Tax Increment Finance (TIF) Area showed a range of lows at \$4,693 (CT 45), the lowest and \$4,753 the next lowest (CT 40), to a high of \$64,830 (CT43). One of the tables entitled "Affordability of Homeownership and Renting by Census Tract" revealed that in all census tracts there was a significant gap in the ability of residents to afford the costs of

homeownership. Interestingly, the study revealed that within the proposed TIF area, only in Census Tracts 42 and 43 were residents able to afford the costs of rental housing. The excerpt from that table is depicted on the next page.

The study notes

It is important to note that if the household represented by the census tract's median income can not afford a house or rental unit in that particular census tract, it still might be able to afford suitable housing in another area. In fact, this will be true in all higher income census tracts. However, this affordability gap may indicate that the census tract does not contain sufficient housing stock in a variety of prices suitable for many of its current residents. Either the lack of sufficient home ownership or rental properties at a variety of prices in the City as a whole, or in particular sections of the City, can pose a barrier to housing opportunities.

The Memphis Housing Study 2010 provides substantial data that supports a shortage of *affordable* housing in the City of Memphis. In addition to the poor condition of a significant portion of the housing stock in the south-central Memphis area (which includes the Triangle Noir Tax Increment Finance Area), and the previously mentioned condition of the area's two public housing developments, there is adequate evidence that a shortage of affordable housing exists in the area proposed for redevelopment.

Summary

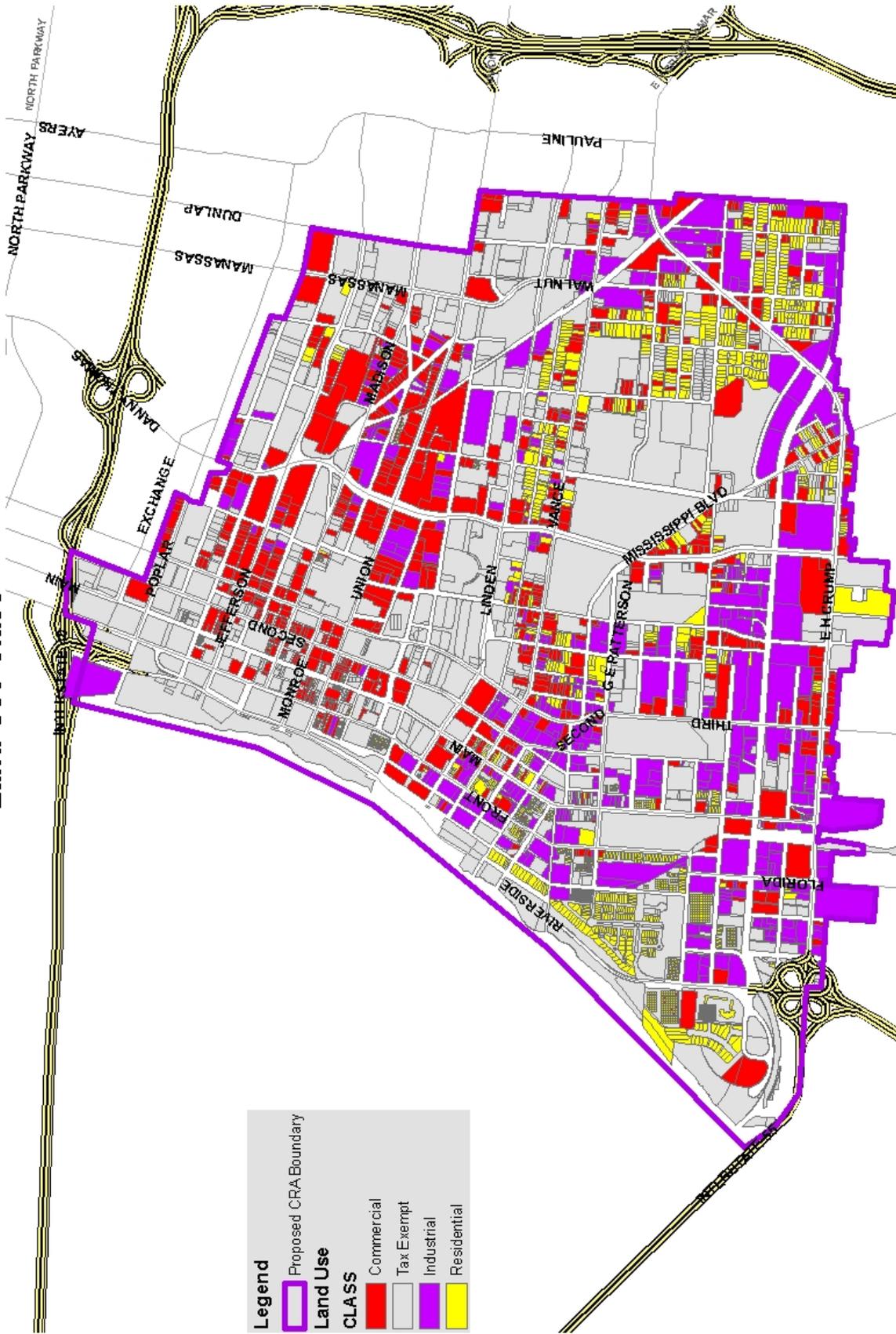
The Proposed Cleaborn and Foote Redevelopment area meets the eligibility criteria of all three qualifying types: (1) a “Slum Area”, (2) a “Blighted Area”, and (3) an area in which there is a shortage of housing and is affordable to the residents of low and moderate income, including the elderly. It meets the criteria based on individuals areas and the proposed area taken as a whole meets the requirements based on all three of the qualifying criteria.

Conditions of slum and blight are prevalent throughout the proposed area. While many of the dilapidated structures have been demolished due to code enforcement efforts in the area, the majority of the remaining structures show signs of deterioration to varying degrees. This is due to the age of housing stock throughout the area, the inability for people in the area to maintain their homes, and the physical and social conditions throughout the area do not provide an environment where upkeep of existing homes is a priority for property owners. The continuation of a cycle of neglect creates an incentive for large scale redevelopment activities based on the obligation of local government to create safe, healthy communities. Additionally, the costs to continue to react to conditions in the proposed area, through code enforcement and law enforcement at the level needed far exceeds the budgets available for these activities.

The loss of public housing units on the area will have an impact on the lack of safe affordable housing for the elderly and low and moderate income residents. The de-densification of public housing, while necessary, will present a burden on the housing authority to find suitable units for these residents as there is a shortage of available public housing and housing choice voucher units in the area. As demonstrated in the Memphis Housing Study 2007 document, there is a strong demand for affordable throughout the City of Memphis due to the concentration of older housing stock and the level of poverty that exists in the Memphis community.

Proposed Triangle Noir Community Redevelopment Area: Land Use Class

MAP A



Legend

- Proposed CRA Boundary

Land Use CLASS

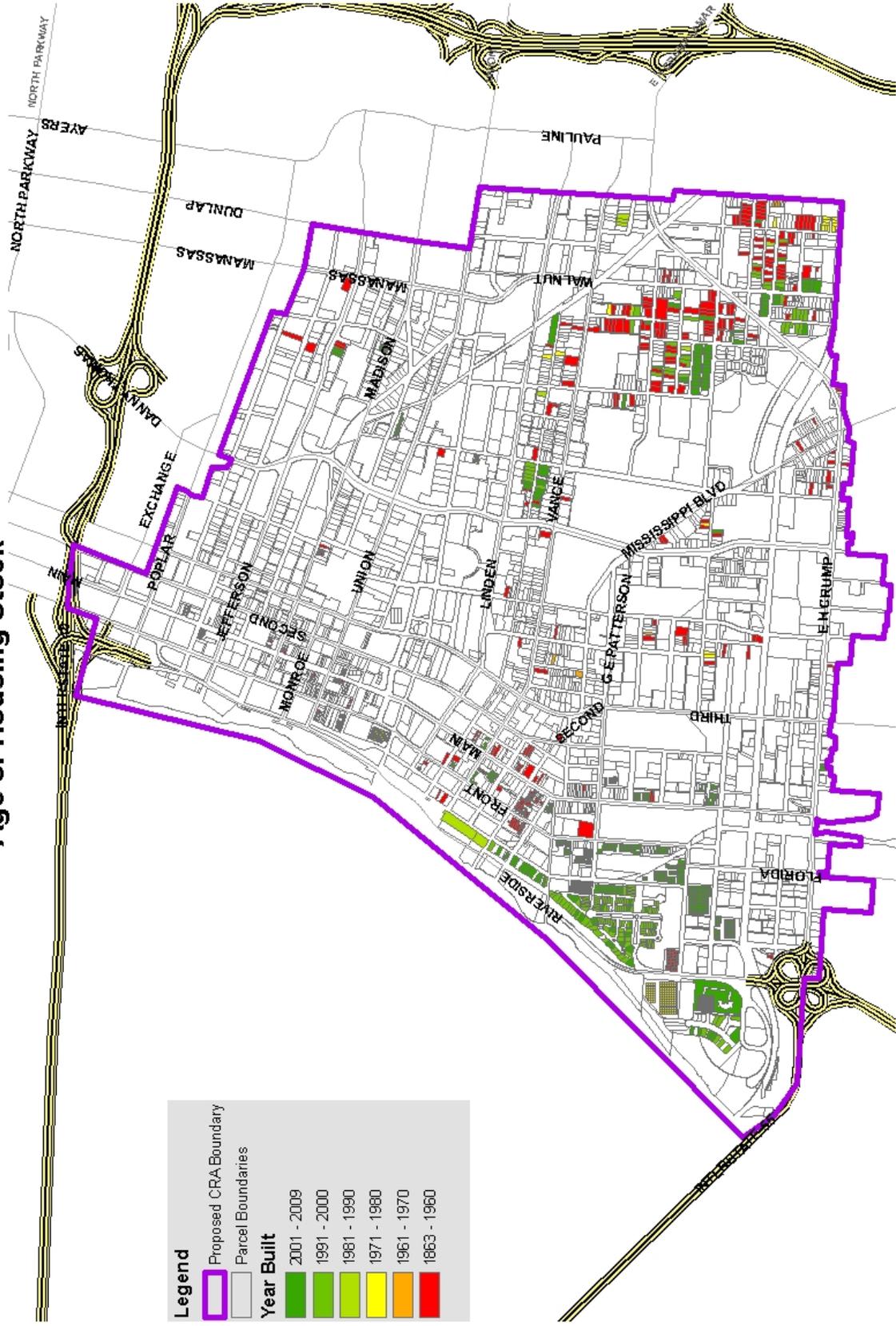
- Commercial
- Tax Exempt
- Industrial
- Residential



Map Prepared By:
Housing and Community Development
March 8, 2011

Proposed Triangle Noir Community Redevelopment Area: Age of Housing Stock

MAP B



Legend

- Proposed CRA Boundary
- Parcel Boundaries

Year Built

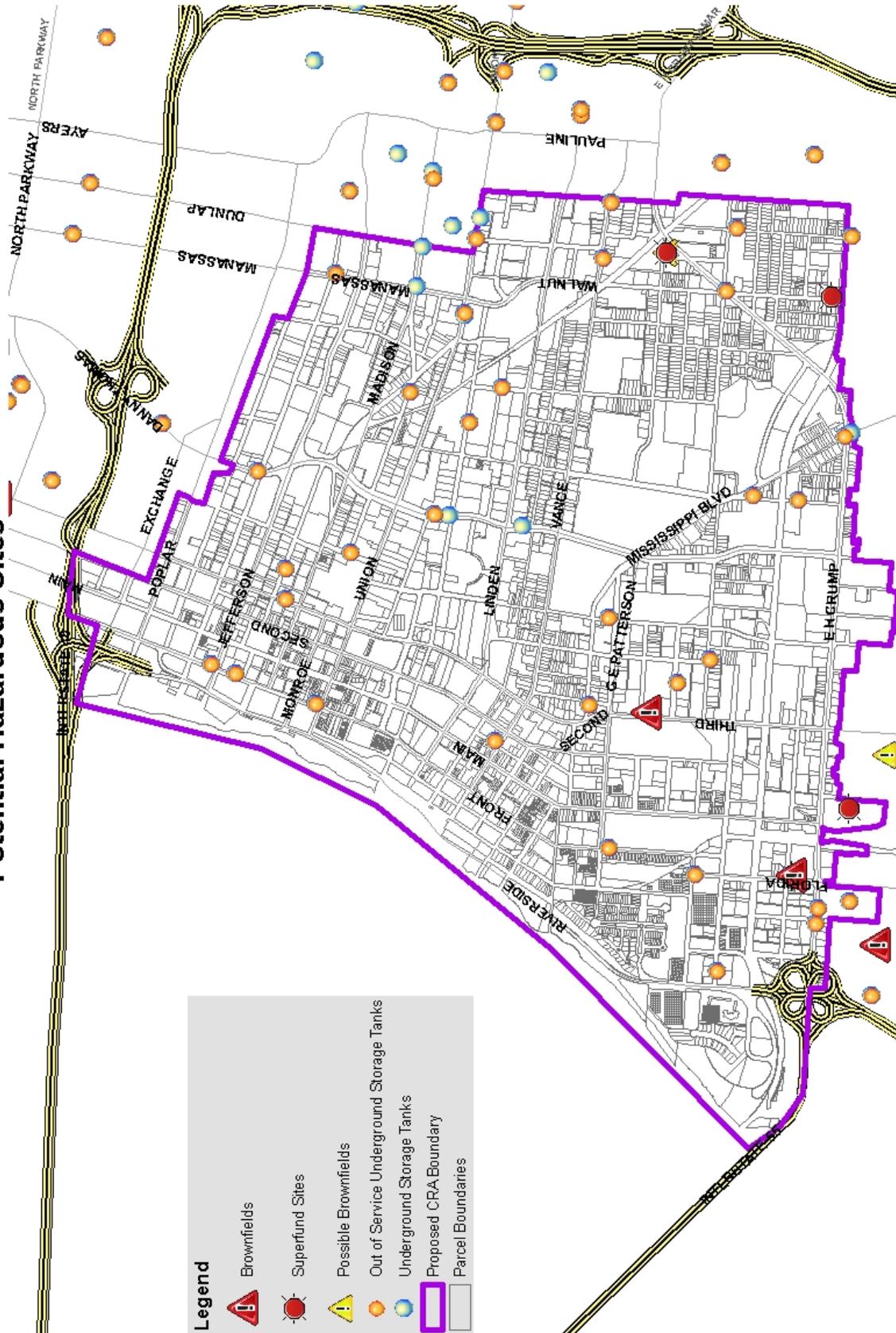
	2001 - 2009
	1991 - 2000
	1961 - 1990
	1971 - 1980
	1961 - 1970
	1863 - 1960



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Proposed Triangle Noir Community Redevelopment Area: Potential Hazardous Sites

MAP C



Legend

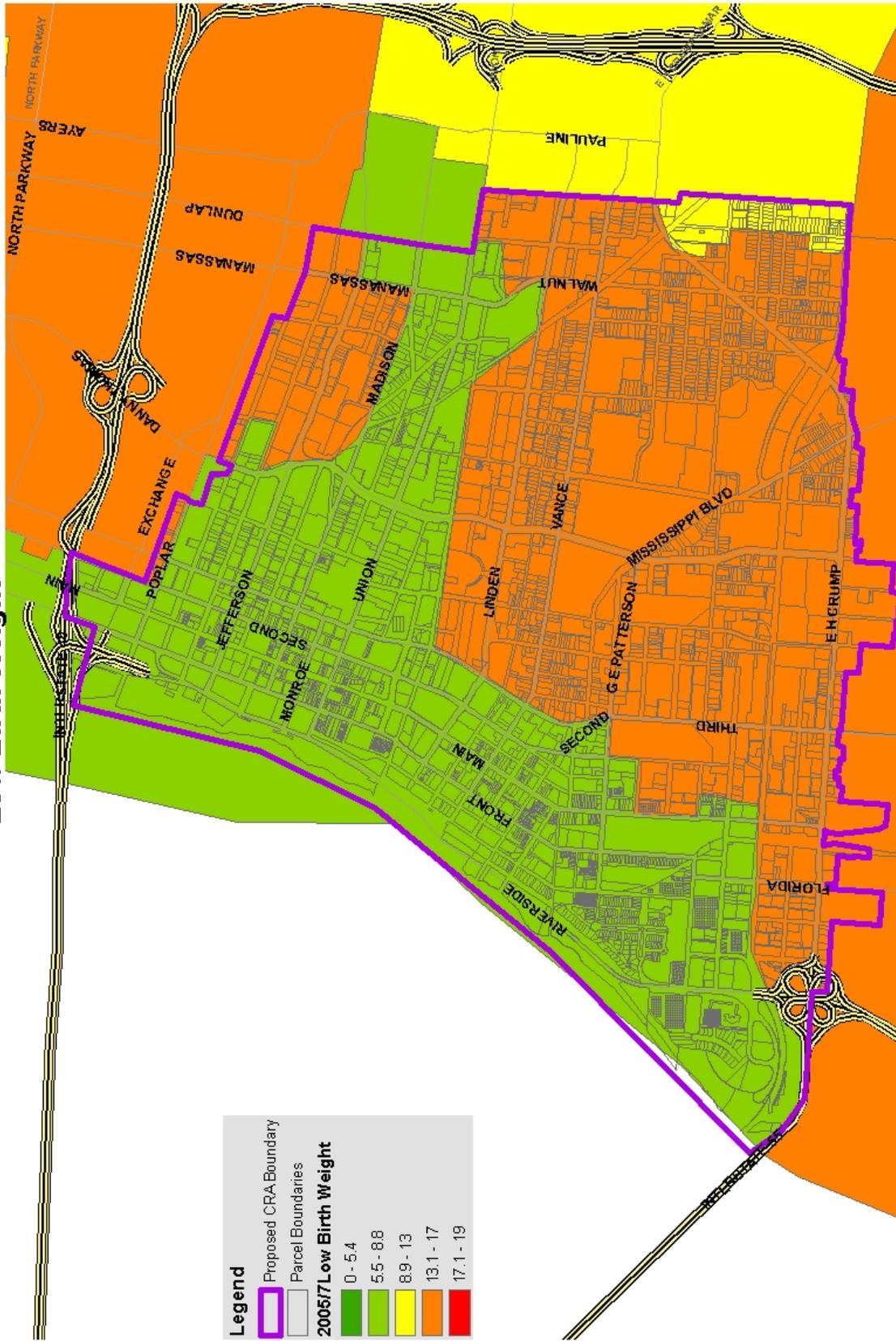
- Brownfields
- Superfund Sites
- Possible Brownfields
- Out of Service Underground Storage Tanks
- Underground Storage Tanks
- Proposed CRA Boundary
- Parcel Boundaries



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Proposed Triangle Noir Community Redevelopment Area: Low Birth Weight

MAP D



Legend

- Proposed CRA Boundary
- Parcel Boundaries

2005/7 Low Birth Weight

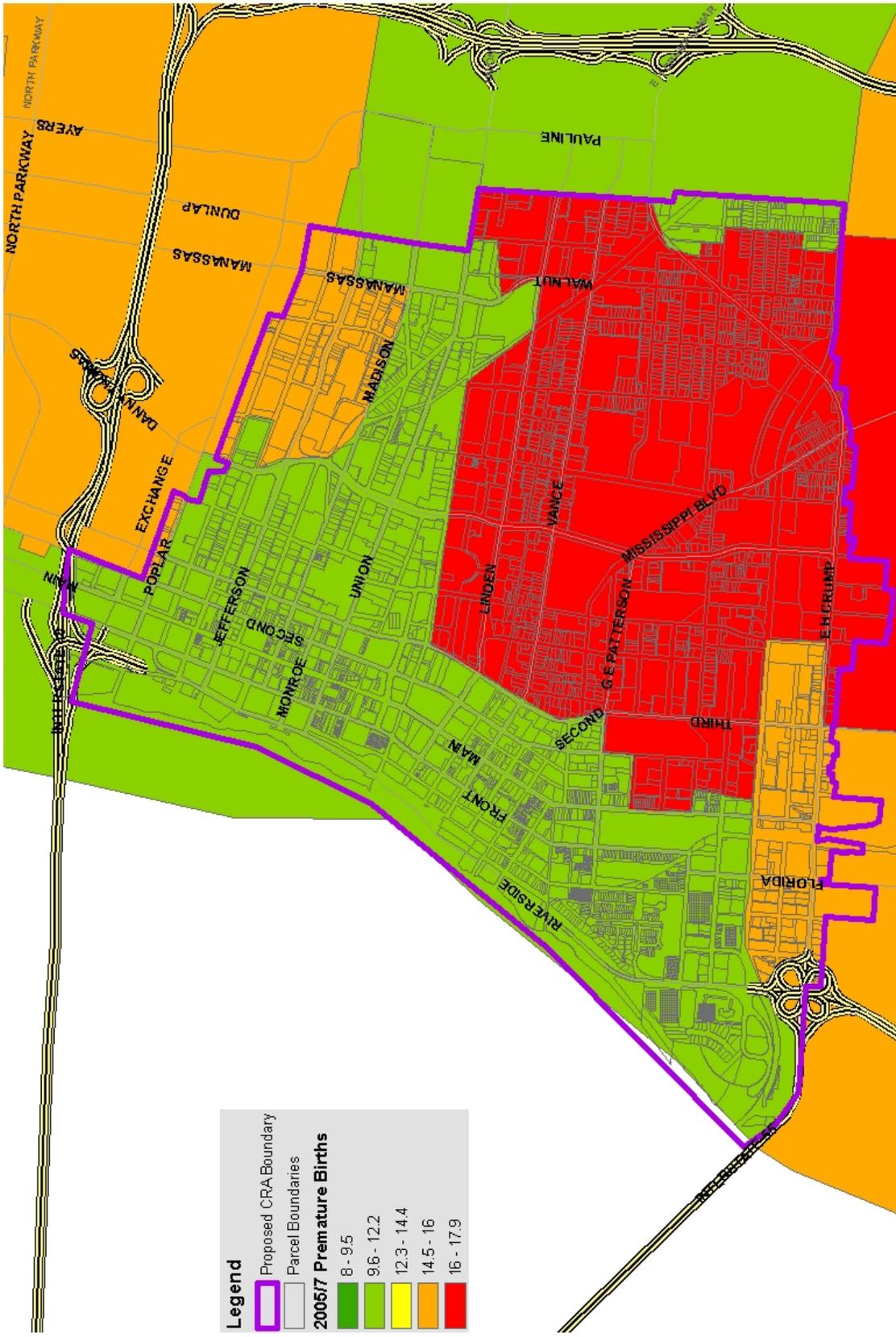
	0 - 5.4
	5.5 - 8.8
	8.9 - 13
	13.1 - 17
	17.1 - 19

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Proposed Triangle Noir Community Redevelopment Area: Premature Births

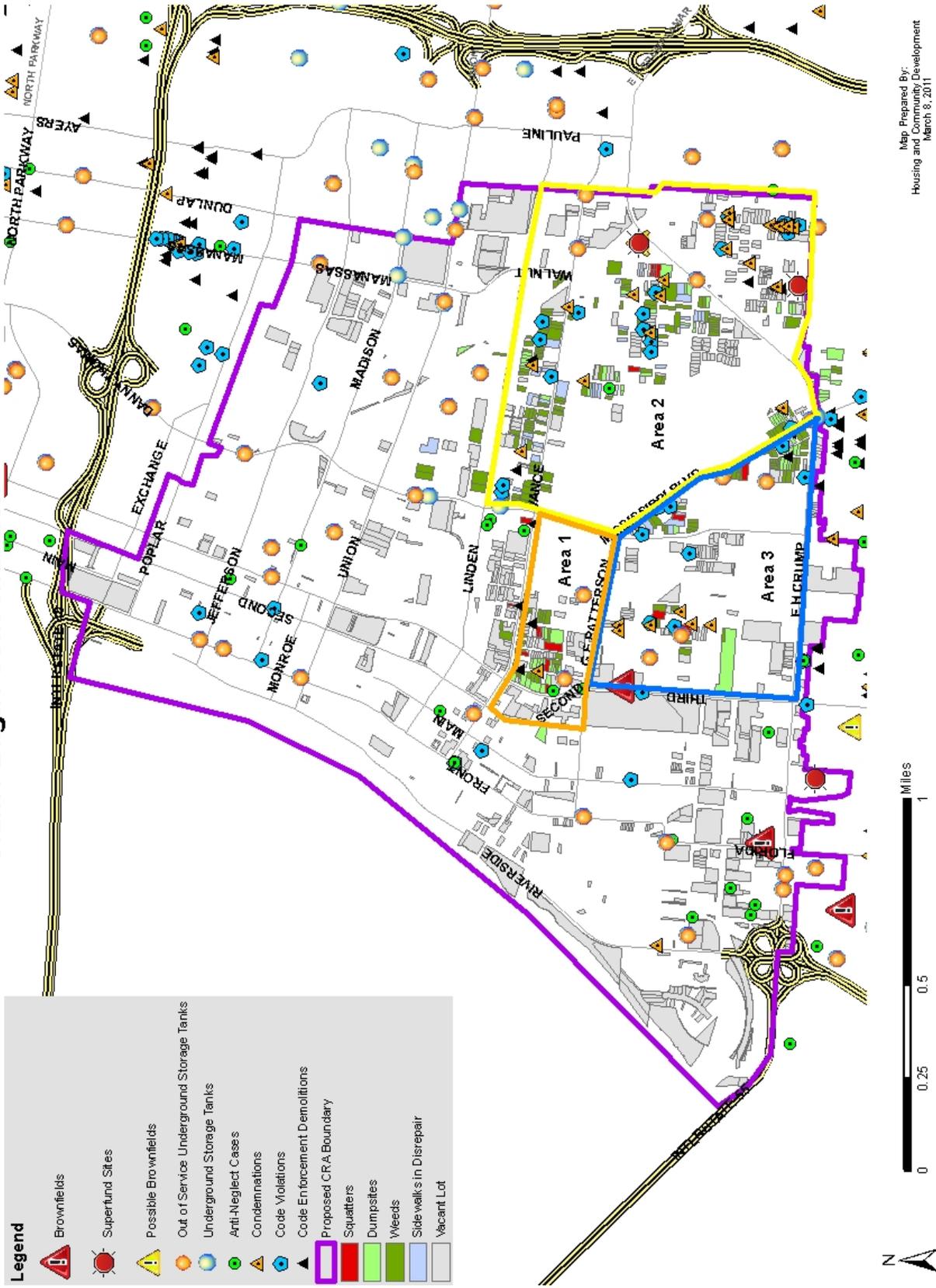
MAP E



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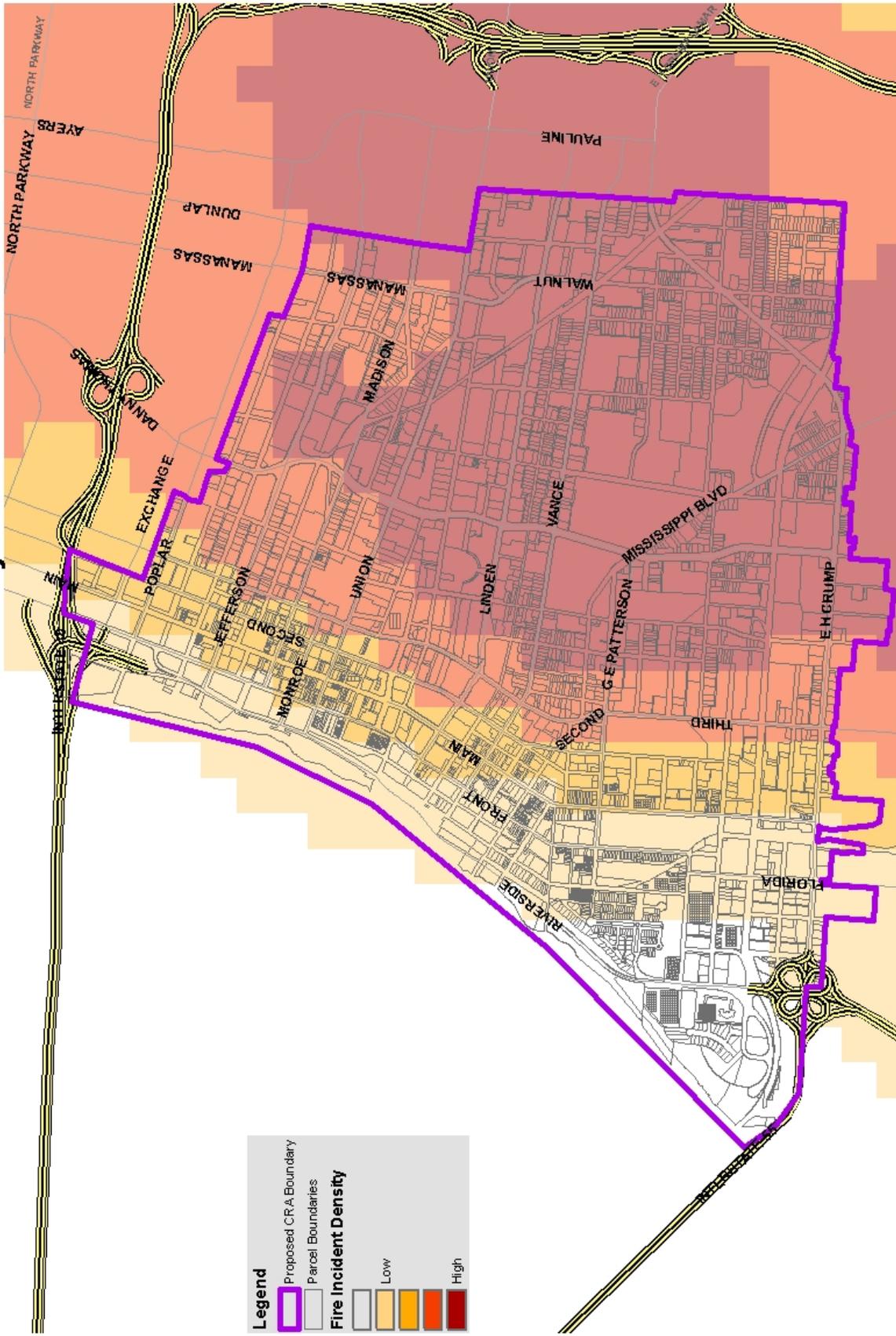
Proposed Triangle Noir Community Redevelopment Area: Slum / Blight Concentration

MAP F



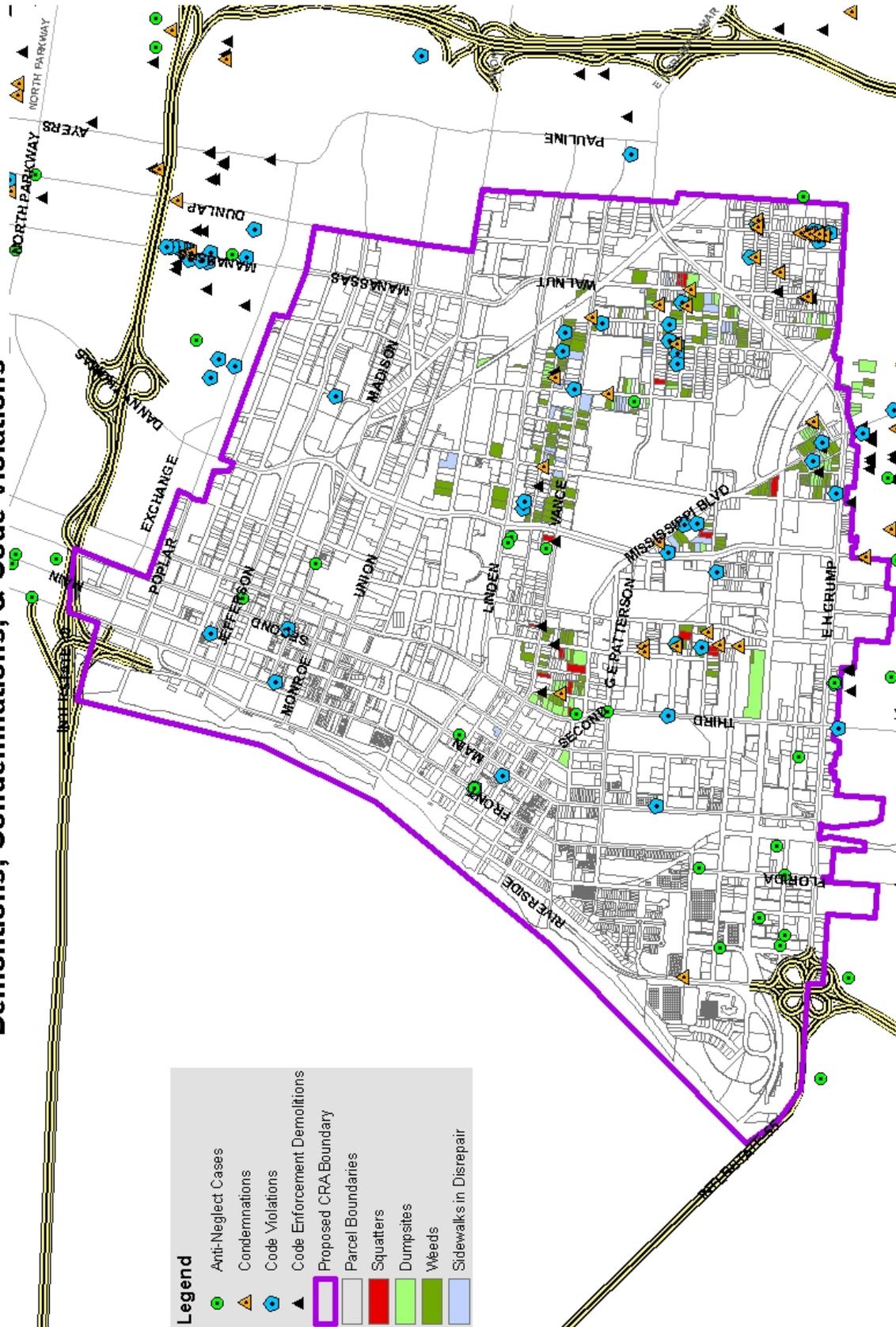
Proposed Triangle Noir Community Redevelopment Area: Fire Incident Density

MAP G



Proposed Triangle Noir Community Redevelopment Area: Demolitions, Condemnations, & Code Violations

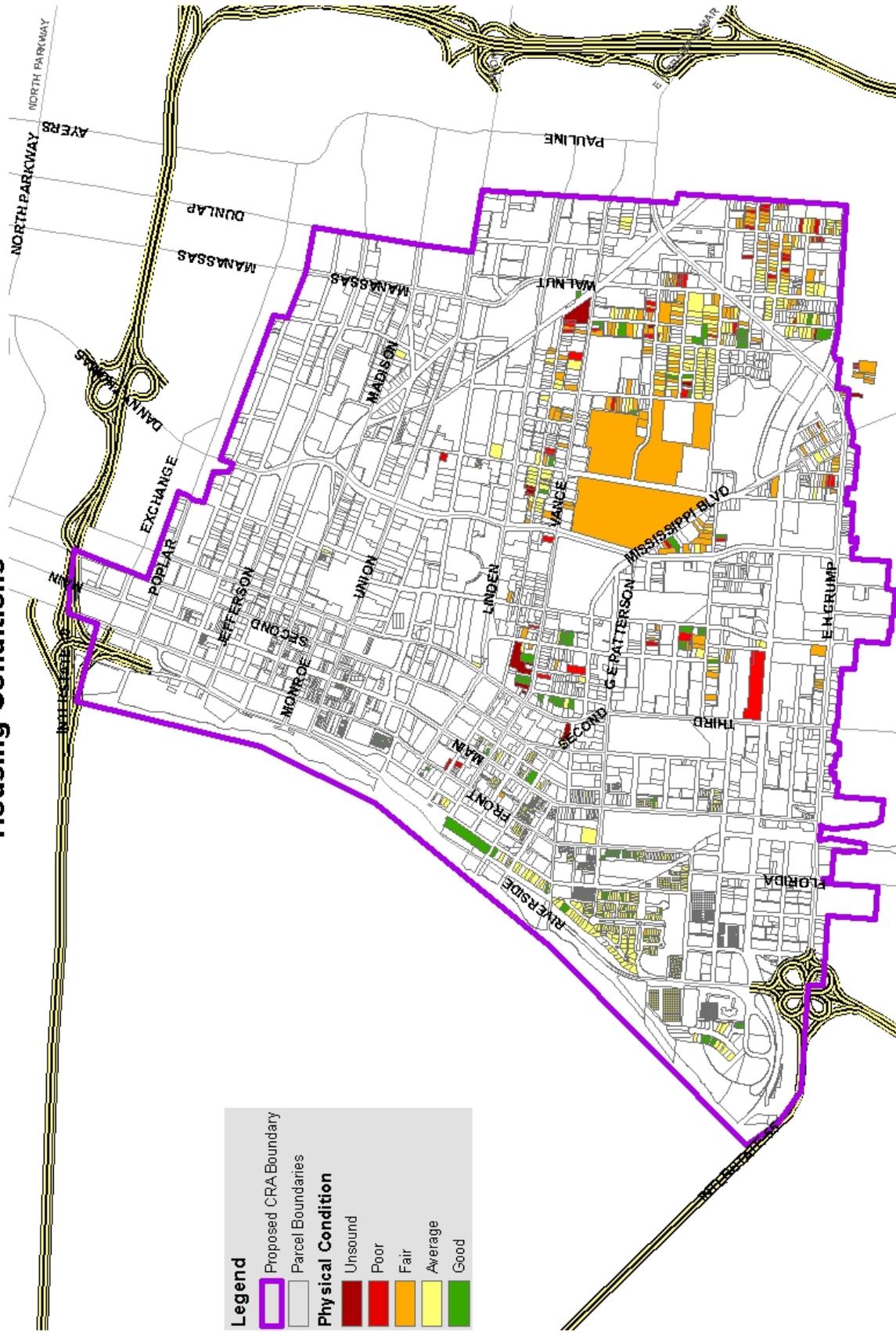
MAP H



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Proposed Triangle Noir Community Redevelopment Area: Housing Conditions

MAP I



Legend

- Proposed CRA Boundary
- Parcel Boundaries

Physical Condition

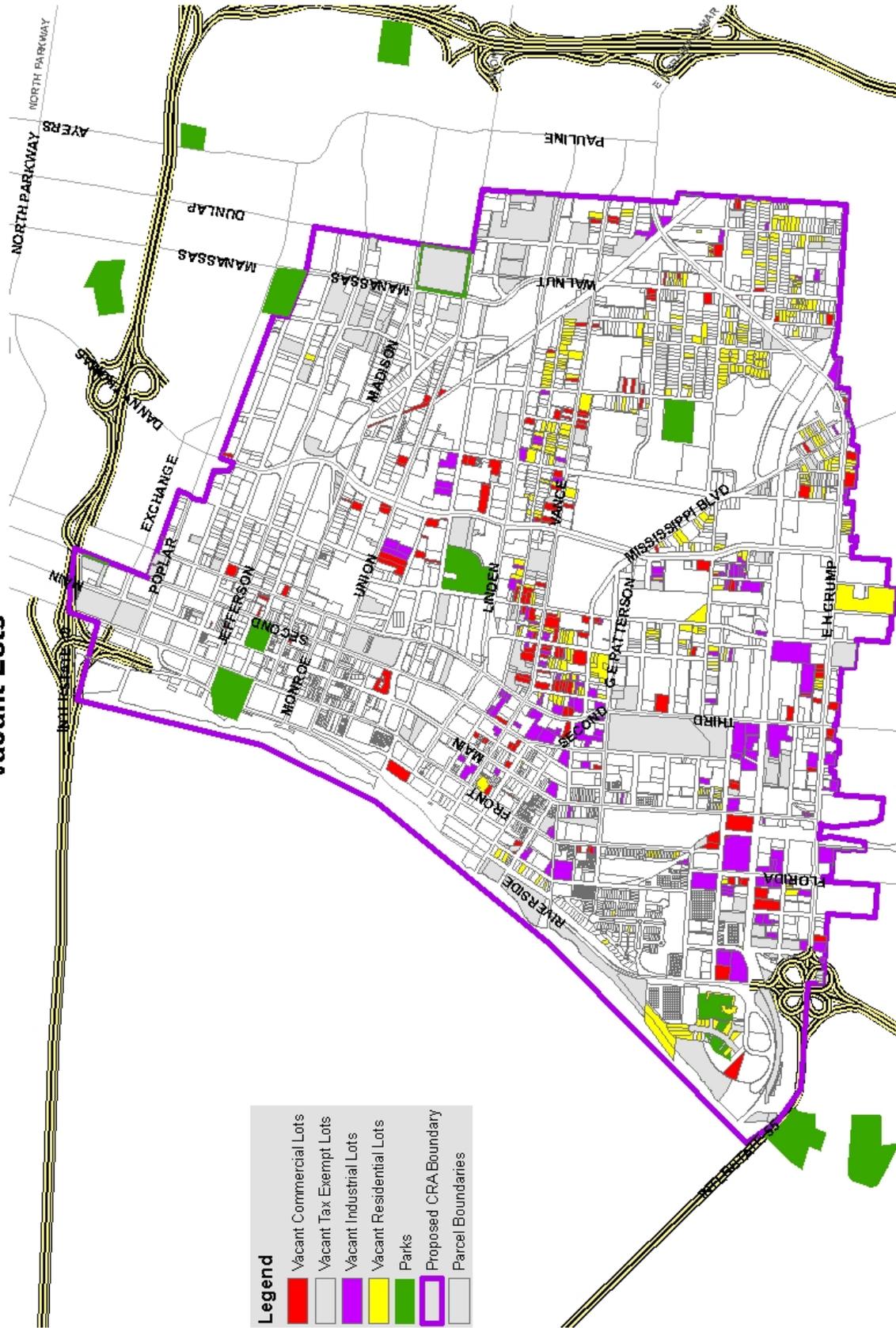
- Unsound
- Poor
- Fair
- Average
- Good



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Proposed Triangle Noir Community Redevelopment Area: Vacant Lots

MAP J



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March 8, 2011

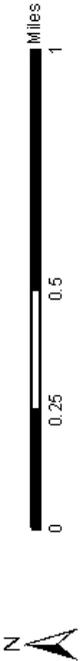
Proposed Triangle Noir Community Redevelopment Area: Access to Transportation

MAP K



Legend

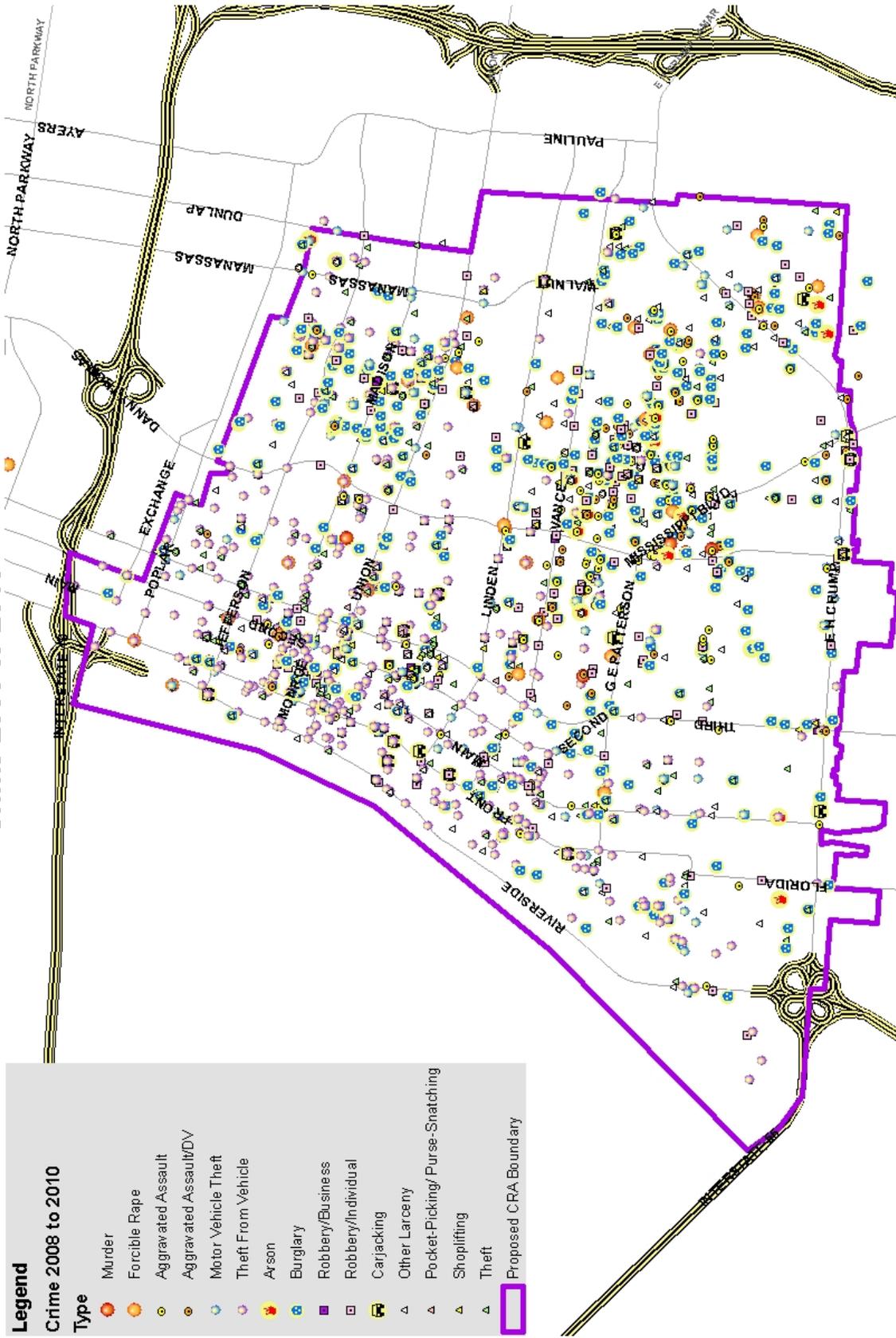
- Bus Stop Signposts
- Bus Stops Shelters
- MATA Routes
- Proposed CRA Boundary
- Parcel Boundaries



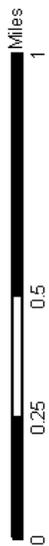
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Proposed Triangle Noir Community Redevelopment Area: Crime 2008 to 2010

MAP L

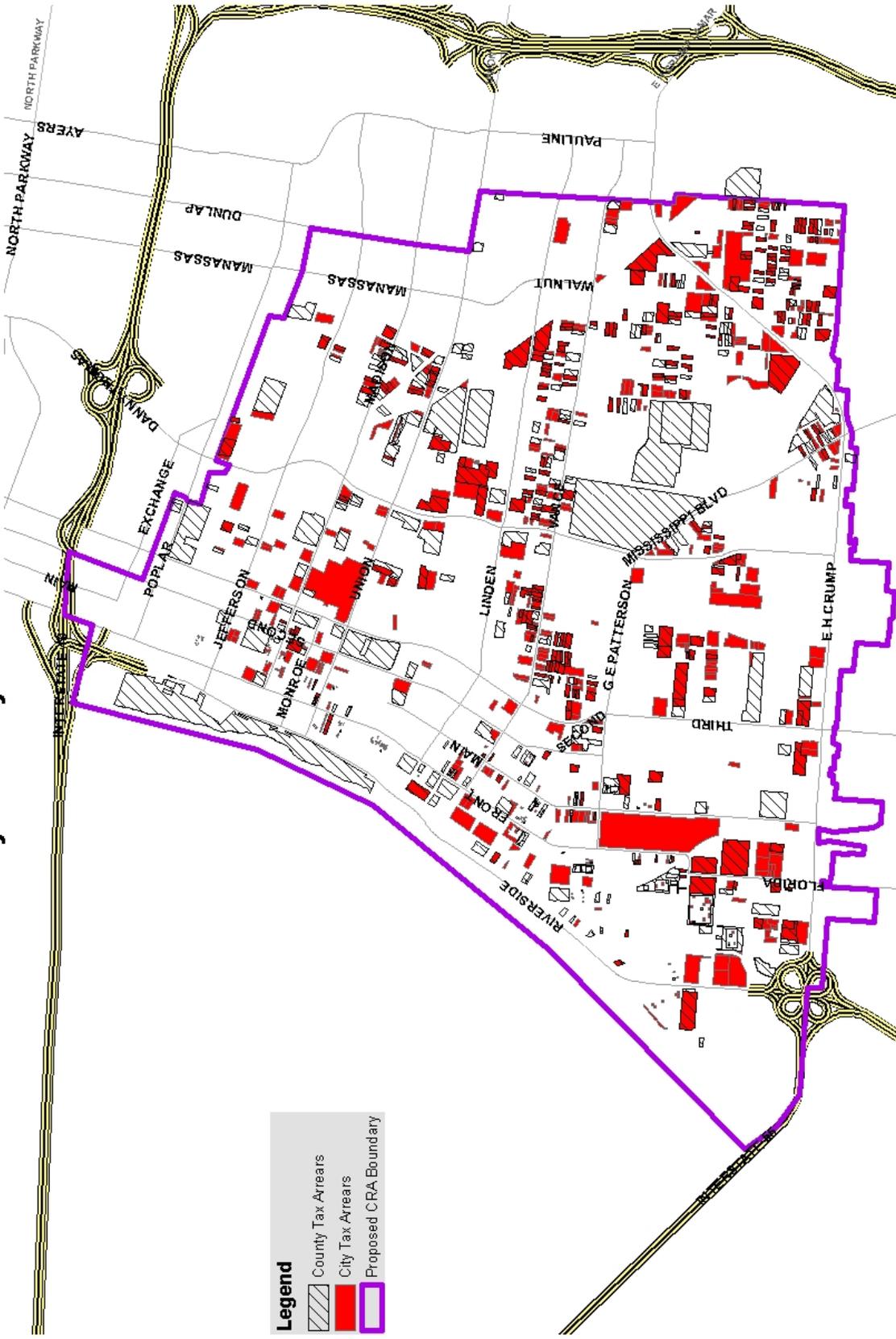


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Proposed Triangle Noir Community Redevelopment Area: City & County Tax Arrears

MAP M



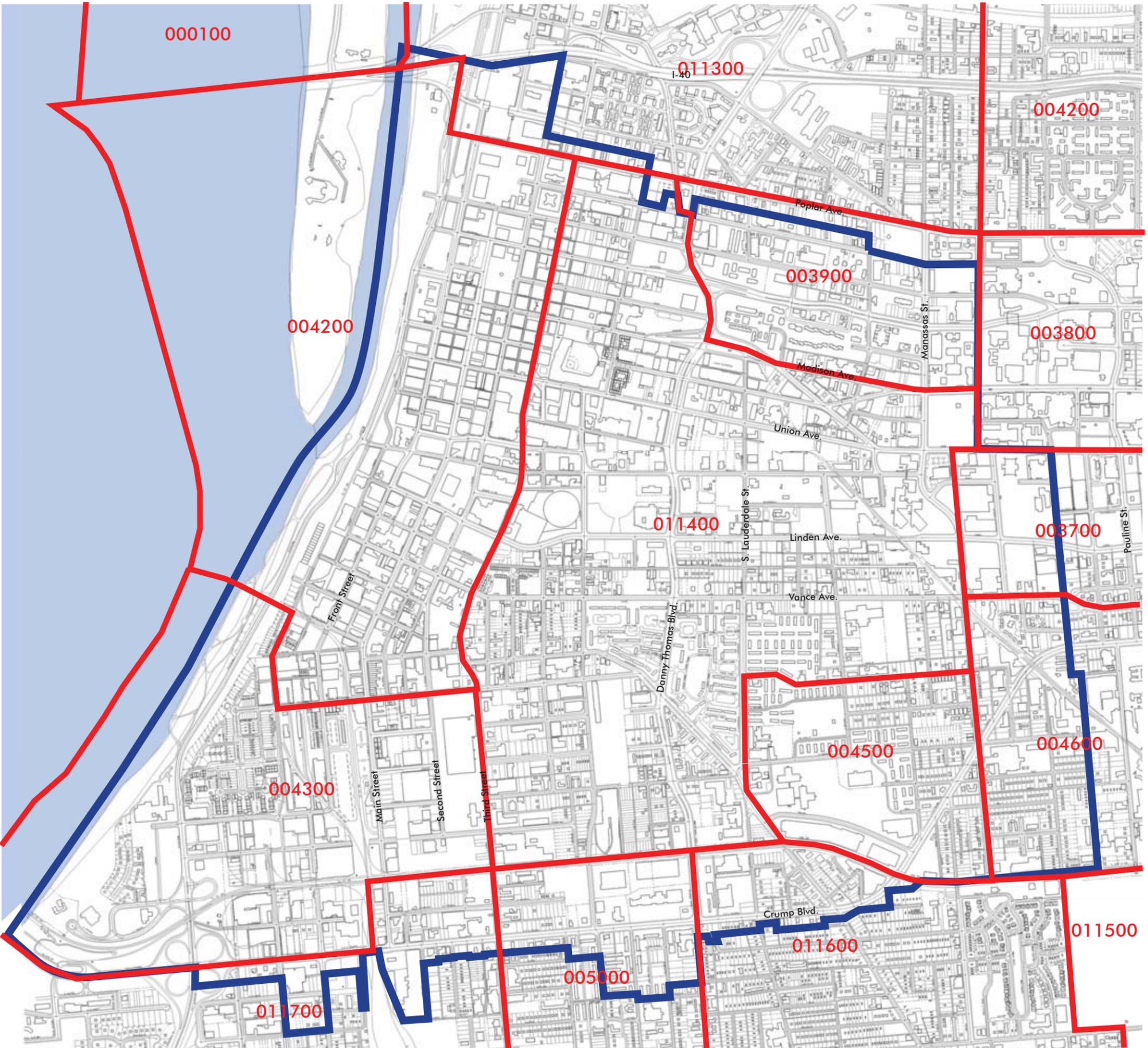
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Appendix F: Analysis Maps

CENSUS TRACT BOUNDARIES

LEGEND

-  Heritage Trail Boundary
-  Census Tract Boundary
- 004300** Census Tract



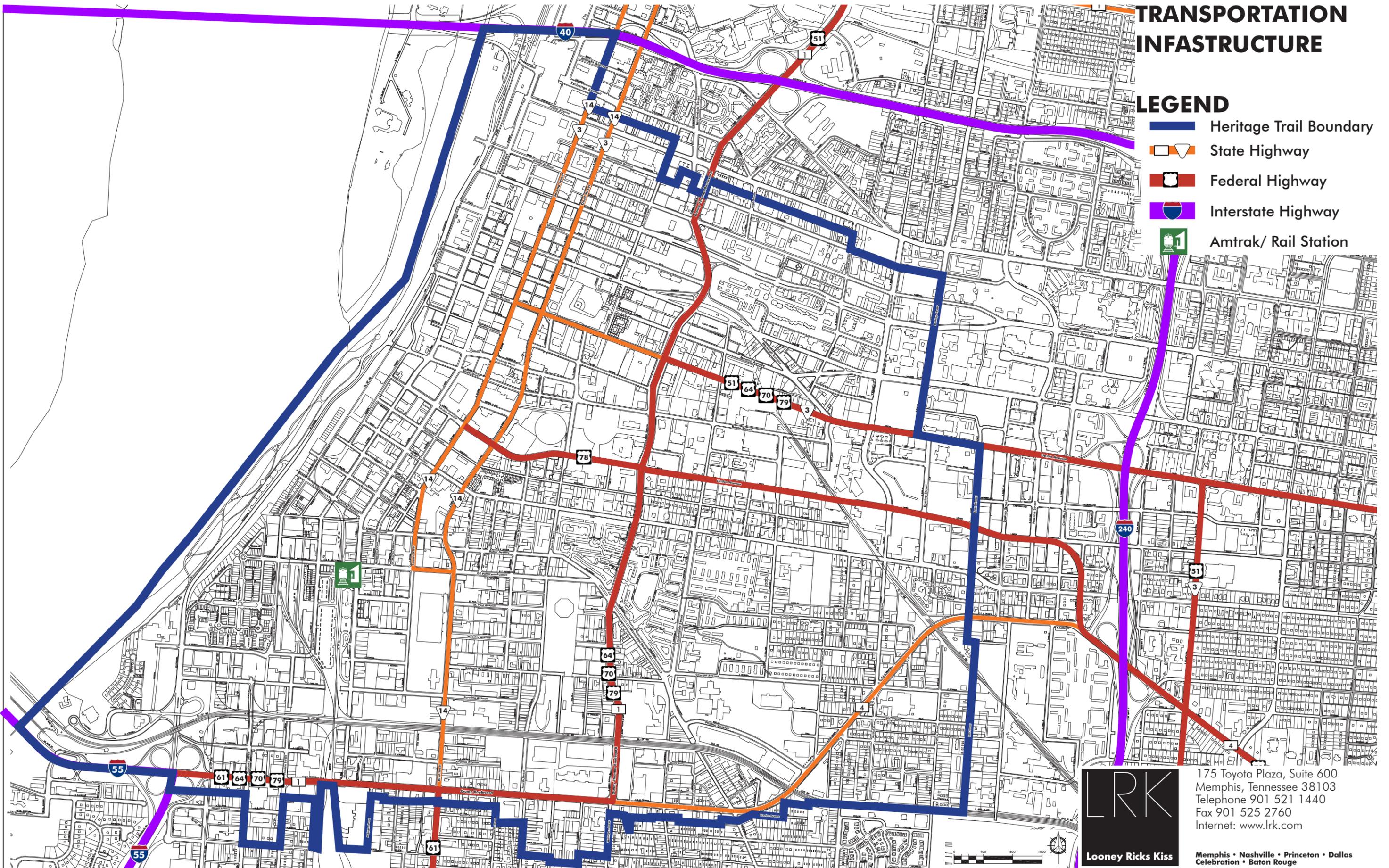
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TRANSPORTATION INFRASTRUCTURE

LEGEND

-  Heritage Trail Boundary
-  State Highway
-  Federal Highway
-  Interstate Highway
-  Amtrak/ Rail Station



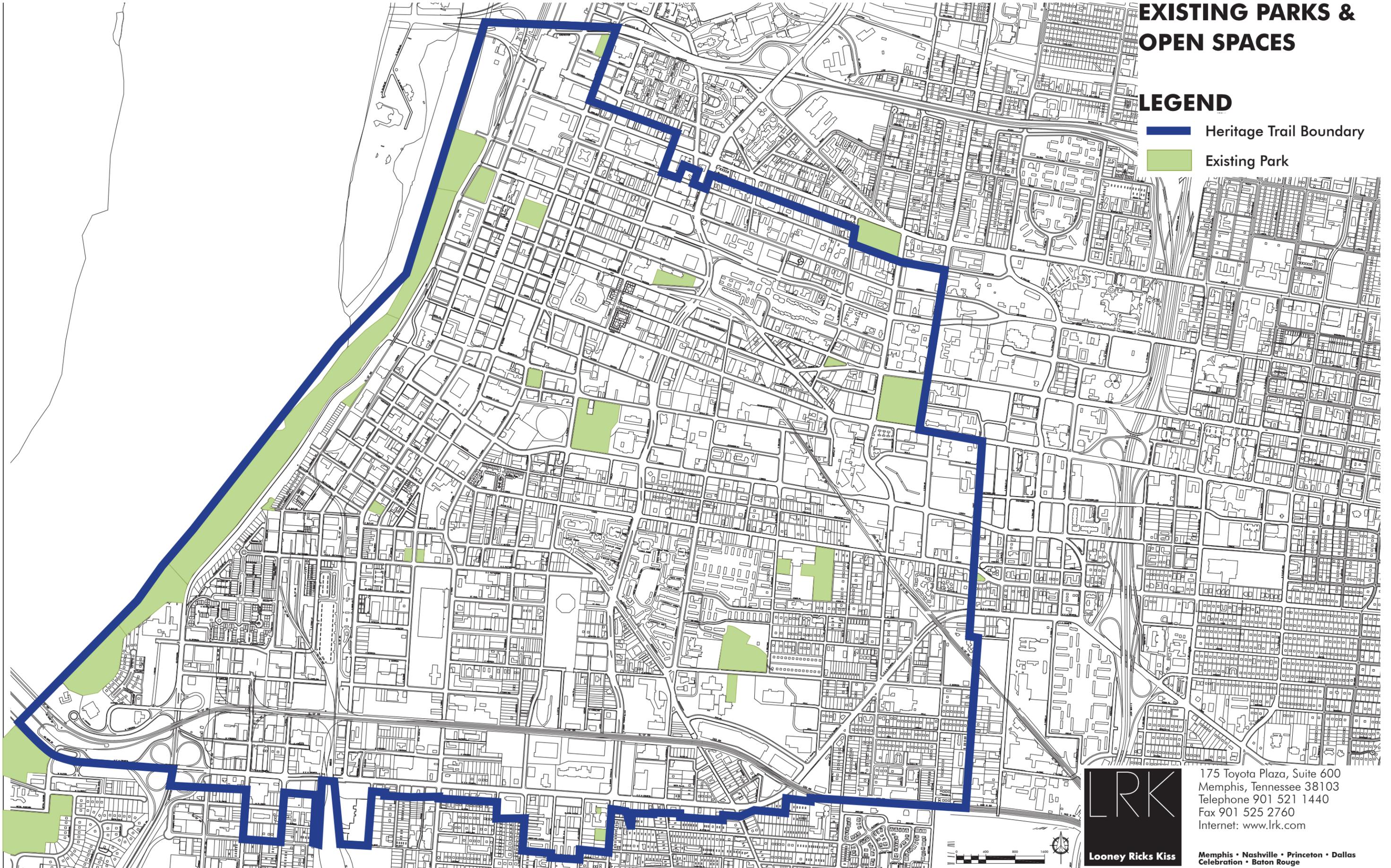
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EXISTING PARKS & OPEN SPACES

LEGEND

-  Heritage Trail Boundary
-  Existing Park



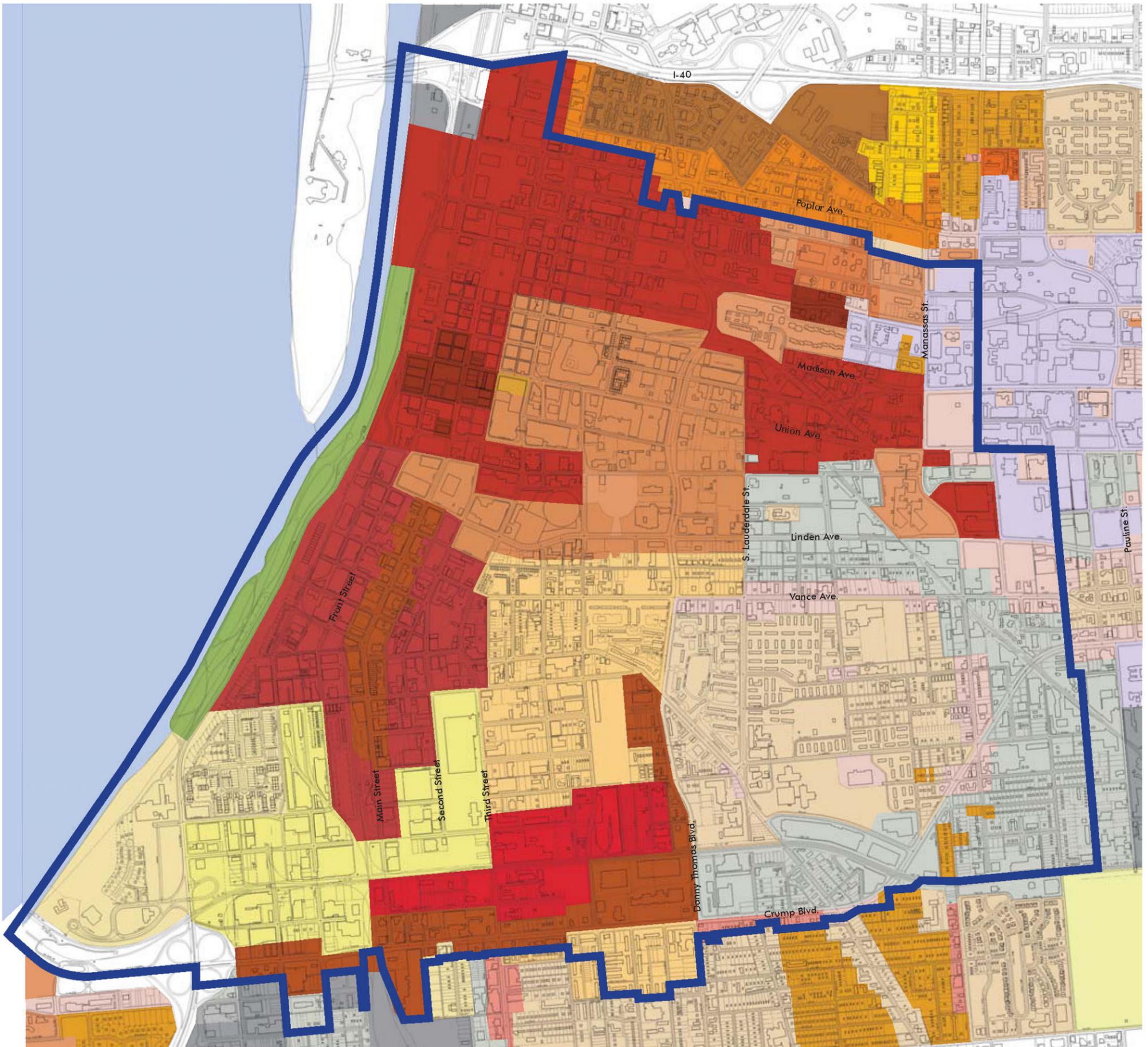
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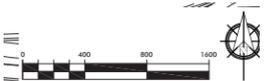
ZONING DISTRICTS

LEGEND

- IH
- EMP
- CBD
- CBD (H)
- Spts/Ent
- SE (H)
- South Main
- South Main (H)
- S.Dwntwn R
- S.Dwntwn B
- Gateway
- CMU-1
- CMU-2(WP)
- CMU-3
- CMP-1
- Bluffview
- Riverside R
- HDR
- MDR
- RU-2
- RU-3
- RU-3(WP)
- RU-4
- RU-4(H)
- RU-6
- MU
- MO(WP)
- OS



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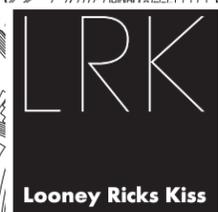
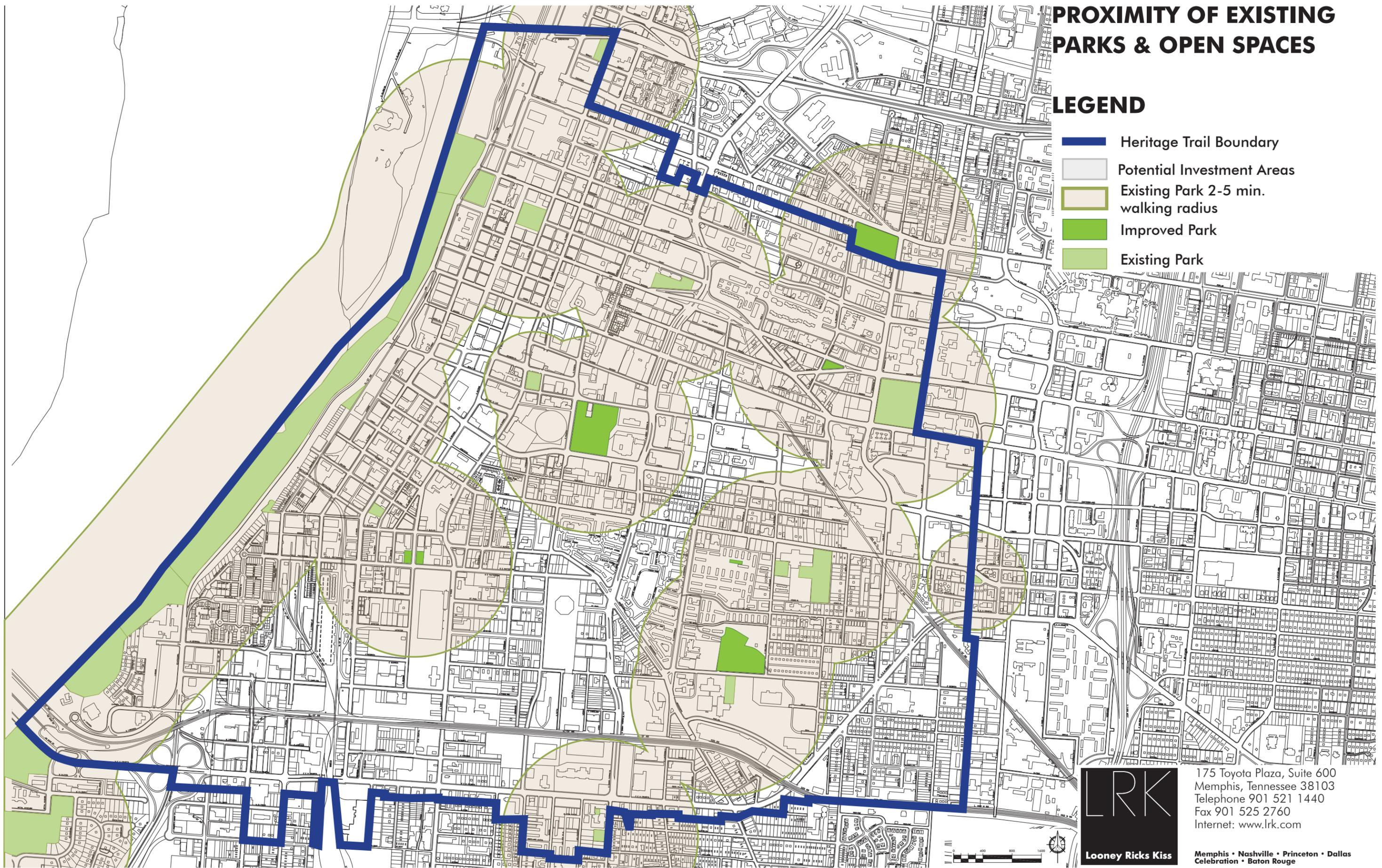
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PROXIMITY OF EXISTING PARKS & OPEN SPACES

LEGEND

-  Heritage Trail Boundary
-  Potential Investment Areas
-  Existing Park 2-5 min. walking radius
-  Improved Park
-  Existing Park



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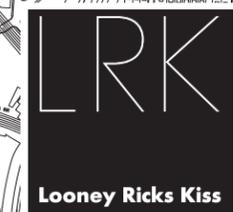
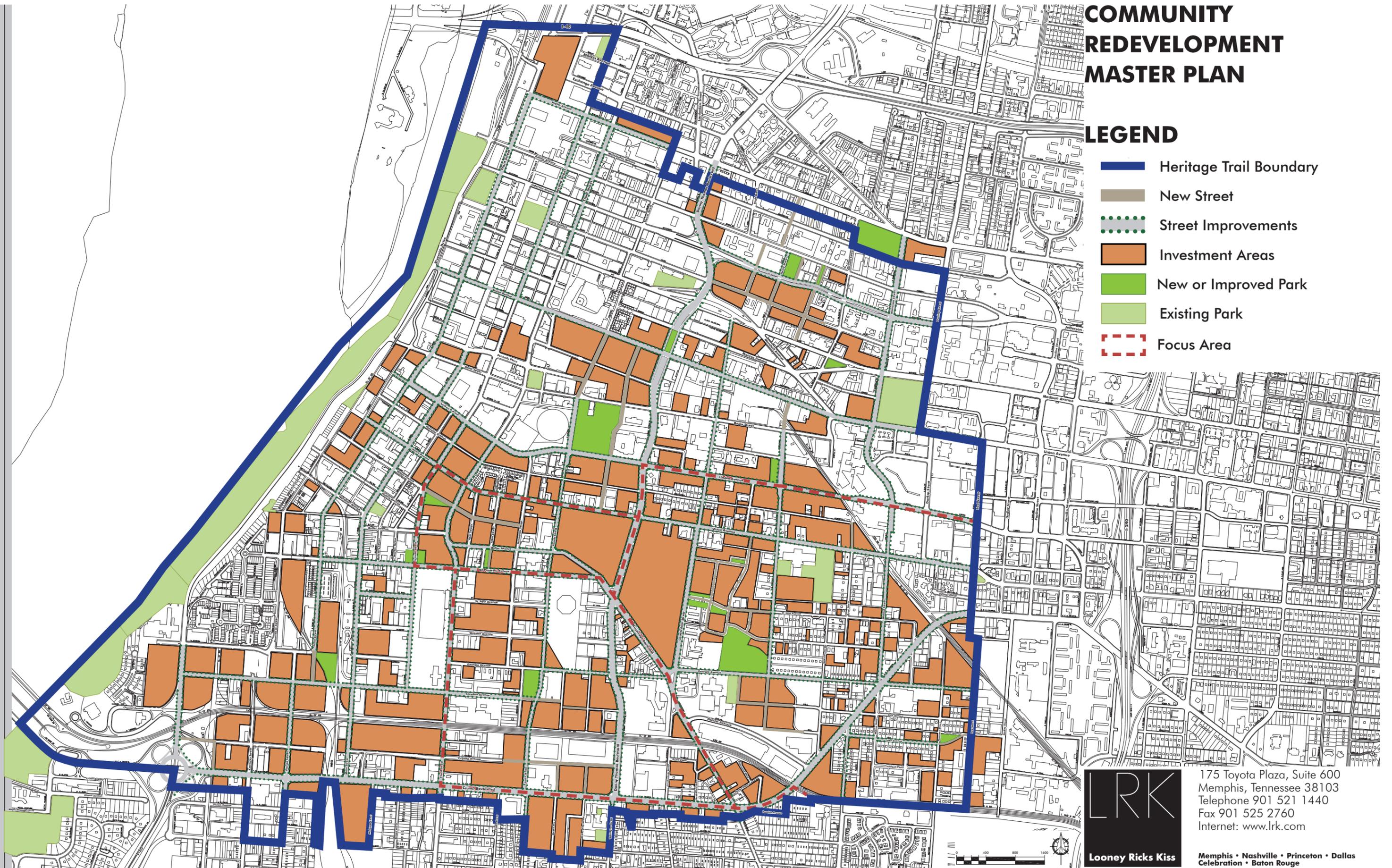
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COMMUNITY REDEVELOPMENT MASTER PLAN

LEGEND

-  Heritage Trail Boundary
-  New Street
-  Street Improvements
-  Investment Areas
-  New or Improved Park
-  Existing Park
-  Focus Area



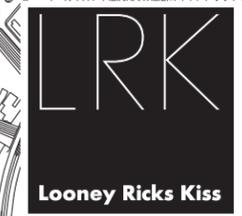
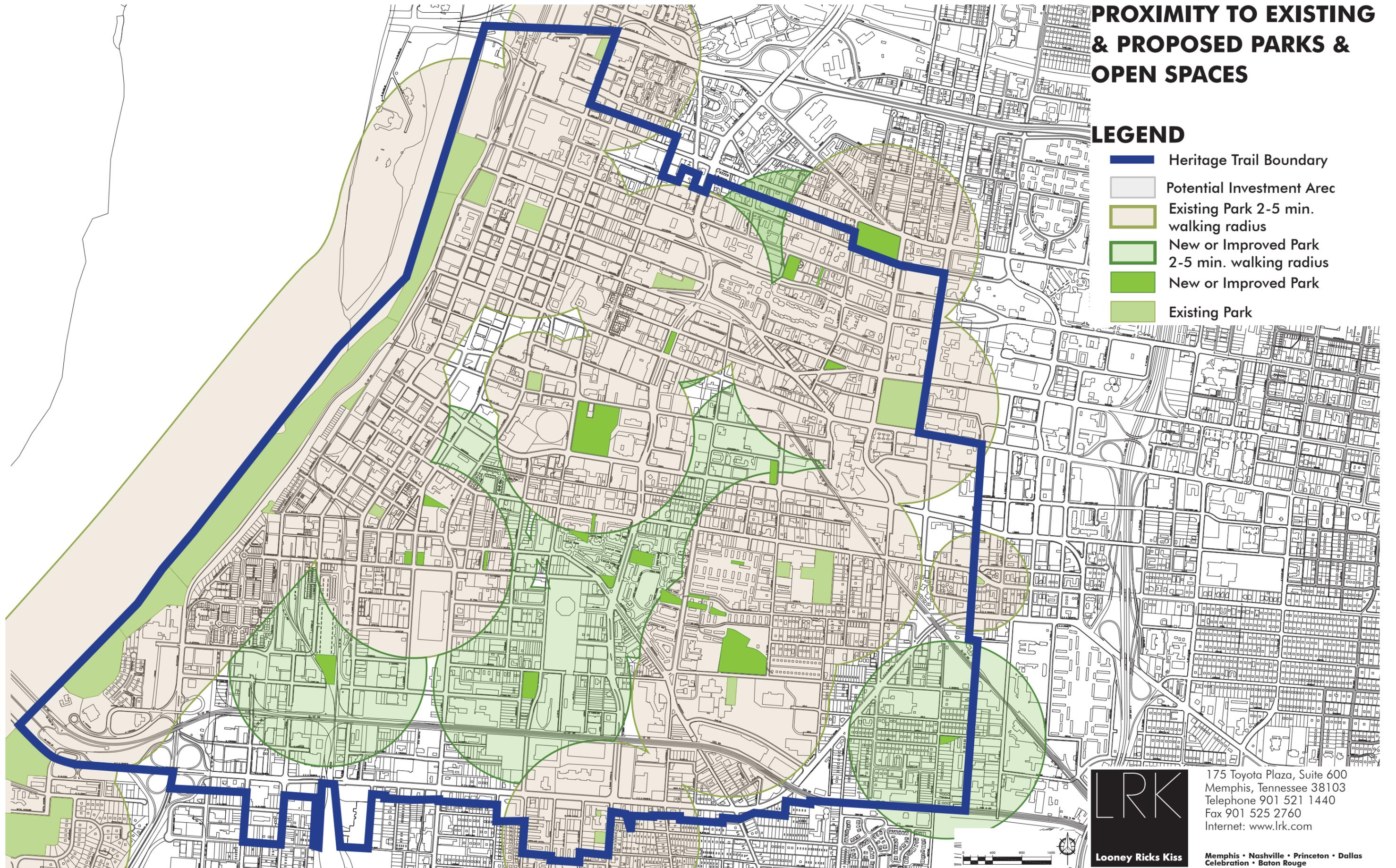
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PROXIMITY TO EXISTING & PROPOSED PARKS & OPEN SPACES

LEGEND

-  Heritage Trail Boundary
-  Potential Investment Area
-  Existing Park 2-5 min. walking radius
-  New or Improved Park 2-5 min. walking radius
-  New or Improved Park
-  Existing Park



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