

Downtown Memphis Housing Report 2000 - 2010



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City Commission

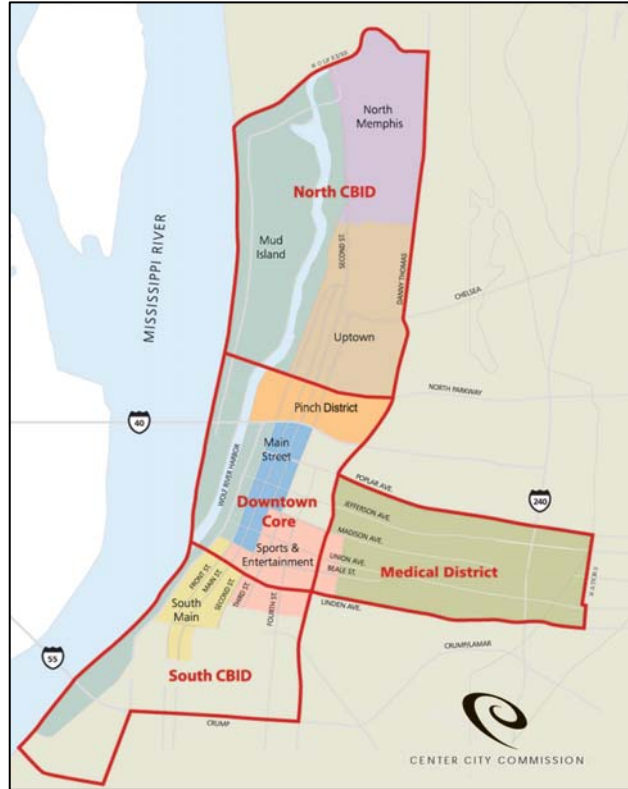
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EXECUTIVE SUMMARY

Over the past decade, Downtown Memphis has been the subject of significant revitalization efforts, and residential development has accounted for a sizable portion of the total Downtown investment dollars. Since population growth is a key factor in the continued revitalization of Downtown, residential development that meets the needs of the local market is instrumental to the success of the community.

The 2000 – 2010 Downtown Memphis Housing Report provides an overview of Downtown housing development since 2000, identifies population and housing trends, and determines housing needs. This report analyzes trends in terms of demographics, residential market statistics, and affordable housing supply for moderate-, low-, and very low-income households. The types of housing units considered in the report are apartments, condominiums, single-family homes (detached and attached), and public and subsidized housing. This report is intended to serve as a resource to a variety of users, including developers, government agencies, real estate brokers, lenders, and potential residents, in understanding the trends and needs of the Downtown Memphis housing market.



Map of the Downtown CBID Districts.

After analyzing a comprehensive set of residential market indicators, the Downtown Memphis Housing Report draws a set of conclusions on the population trends and potential housing needs of the growing population, market sectors for future residential growth, and development opportunities and constraints in the Downtown area. The report concludes that Downtown Memphis has potential for continued residential growth and development based on population growth, changes in age groups, strong multifamily occupancy rates, above average appraised values, and the presence of urban amenities.

Although Downtown is already one of the most diverse communities in Memphis, Downtown must continue to offer a range of housing types and price points for families, first-time buyers, and low- and moderate-income households in order to sustain residential growth. To meet the needs of future residents, Downtown has a wealth of residential development opportunities in the form of historic properties, former commercial and industrial facilities for adaptive re-use, and vacant land and parking lots for new infill. Development opportunities and constraints for each CBID district are discussed in the full report.

Downtown Residential Trends: 2000 – 2010

Since 2000, there have been 97 residential development projects in the Central Business Improvement District (CBID) totaling over \$600 million in investment. As a result, there are a variety of housing options in the CBID, including apartments, condominiums, single-family homes, and affordable housing. Most new apartment development has occurred on Mud Island and in the Downtown Core, and new condominiums have been developed mainly in the South Main area and in the Downtown Core. The majority of Downtown's new single-family homes have been built on Mud Island and in the revitalized Uptown neighborhood.

New housing development has produced a 12% increase in the CBID population since 2000. The 2009 population estimate for the CBID was approximately 23,000.¹ This population growth since 2000 is significant when compared to the estimated 7.3% population decrease in the City of Memphis and the 0.6% population growth in Shelby County during the same period.²



Population growth activates the streets of Downtown Memphis

It is important to note that the 12% population increase represents only the net population increase versus the total population in-migration since 2000. The total population in-migration since 2000 is estimated at approximately 4,000 residents. However, this gain has been offset by population loss in some areas of the CBID due to a variety of factors. For example, in the redevelopment of public housing units in Uptown, the total housing units decreased to lessen the density of low-income housing units. In addition, some areas of the CBID have aging housing stock; when units become vacant, it may be difficult to attract new residents to housing stock that needs improvements. Another factor offsetting the total population growth may be the existence of second homes. Since the population estimate is based on postal drops, Downtown second homes may be appearing as unoccupied units if the property owner does not receive mail at the second home address. Healthy Downtown population growth is anticipated to continue through 2014 and beyond based on recently completed, under construction, or planned development projects in the CBID.

The Downtown Core was the fastest growing area of the CBID from 2000 – 2009 with an estimated 19% population increase. Population growth in the Core is expected to continue over the next five years as over 138 apartment units, currently under construction, become available for lease.

¹ Dakota Data Worldwide, *Memphis, Tennessee Market Study* (population data only) (Minneapolis: Dakota Data Worldwide, July 2009).

² Decision Data Resources, *Demographic Detail Report for Memphis and Shelby County*, <http://decisiondata.net> (accessed November 10, 2009).

The South CBID also experienced significant growth from 2000 – 2009 with an estimated 16% increase in population. The South CBID is forecast to have the highest average annual growth rate from 2009 – 2014, pending the completion of the Horizon development and continued development within the South End neighborhood.

Even though the North CBID showed a 16% population increase from 2000 – 2009, this district is not expected to grow as rapidly from 2009 – 2014 due to the build-out of Mud Island and the need for comprehensive revitalization of neighborhoods located to the north of Uptown.

Although the portion of the Medical Center within the CBID underwent a slight population decline in recent years, the population of this area is expected to increase in the future as the UT-Baptist Research Park generates jobs and increases demand for living options in the vicinity. Two major public housing redevelopment projects, Legends Park and University Place, are located in the Medical Center just outside of the CBID and will also bring new housing options for Medical Center workers and students.

Downtown Demographic Trends

Demographic data indicates that Downtown has an increasing number of upper-middle-income residents, single households, 55-64 age individuals, college-age residents, married couples, and children.

Households with incomes greater than \$75,000 per year are the fastest growing income demographic in the CBID. Despite the fact that households with incomes less than \$35,000 per year have decreased since 2000, a significant amount of the Downtown population still falls into this income category; 55% of households in 2009 made less than \$35,000 per year.

The fastest growing age demographic in the CBID is the 55-64 cohort, which increased 66% between 2000 and 2009. This cohort grew 21 percentage points faster than the national average growth rate for the cohort. Downtown also has a growing population of children and young adults. Although age cohorts under 25 had decreased significantly between 1990 and 2000, most of the under-25 age groups increased between 2000 and 2009. The 0-4 cohort grew by 14%, the 15-19 cohort increased by 17%, and the 20-24 cohort grew by 11% during this period. The increase in the 15-24 age population shows that Downtown living is attractive to some college students; however, decreases in the 25-34 cohort and the 35-44 cohort may indicate out-migration when people marry and start families.

CBID Households by Income

Income Range	Percent Change	
	2000 to 2009	2009 to 2014
\$0 - \$15,000	-9.0%	4.8%
\$15,000 - \$24,999	-4.6%	9.5%
\$25,000 - \$34,999	-8.7%	4.4%
\$35,000 - \$49,999	33.3%	18.4%
\$50,000 - \$74,999	29.7%	28.1%
\$75,000 - \$99,999	89.6%	25.3%
\$100,000 - \$149,999	95.8%	37.3%
\$150,000 +	141.7%	39.9%
Average Hhld Income	34.6%	12.6%
Median Hhld Income	47.5%	14.0%
Per Capita Income	65.6%	19.5%

Source: Decision Data Resources, 2009.

CBID Population by Age

Age Cohort	Percent Change	
	2000 to 2009	2009 to 2014
0 to 4	13.7%	3.1%
5 to 14	-0.7%	2.0%
15 to 19	16.8%	-0.3%
20 to 24	10.6%	4.6%
25 to 34	-10.4%	6.5%
35 to 44	-4.1%	-7.7%
45 to 54	19.8%	-1.2%
55 to 64	65.8%	15.3%
65 to 74	14.7%	37.4%
75 to 84	0.4%	9.1%
85+	1.3%	9.3%

Source: Decision Data Resources, 2009.

It is estimated that 80% of the Downtown population over age 15 is single, which is defined as never married (44%), divorced (14%), married but spouse absent (12%), or widowed (10%). The large singles population has resulted in a decreasing average household size for the CBID, which decreased from 2.1 in 2000 to 2.0 in 2009. Although singles make up a large part of the population, married couples showed a 19% increase since 2000, a growth rate greater than any of the single household categories.

CBID Population by Marital Status

Marital Status	Percent Change	
	2000 to 2009	2009 to 2014
Age 15+ Population	9.3%	5.9%
Married, Spouse Present	19.0%	9.2%
Married, Spouse Absent	1.8%	3.4%
Divorced	9.1%	6.4%
Widow ed	4.0%	5.5%
Never Married	8.7%	4.9%

Source: Decision Data Resources, 2009.

Downtown Housing Trends

As of the end of 2009, Downtown has approximately 13,400 housing units, of which 57% are apartments, 18% are single-family homes, 16% are condos, and 10% are public housing units.

Multifamily Rental Housing

From 2000 – 2009, 2,538 apartment units were developed in the CBID. Most of these units were developed either on Mud Island or in Uptown. The South CBID had the fewest number of apartments developed with only 128 new units between 2000 and 2009. Although there was a net increase in apartments during this period, 343 units were removed from the market through public housing redevelopment, and 618 apartments were converted into condominiums. There are currently 420 apartment units under construction and 272 units in the planning phase in the CBID.



The Lincoln American Tower and CA2 apartments are examples of adaptive re-use and new construction in the Downtown Core.

Downtown apartments have had some of the highest occupancy rates in the metro area in recent years. For most of the 2000 – 2009 period, the average CBID apartment occupancy rate was above 90%.³ In 2009, CBID occupancy rates were slightly lower due to the recession. Based on the CCC’s January 2010 Residential Occupancy Report, the CBID average occupancy rate is 90%, which is slightly above the metro area average occupancy of 89% in 4th Quarter 2009.⁴ The North CBID and the South CBID have the strongest occupancy rates at 94% and 90% respectively. The Downtown Core has an 87% occupancy rate, and the Medical Center has the lowest occupancy rate of the CBID districts at 86%.

The Downtown Core and the North CBID have the highest average apartment rents overall. Concerning apartment size, the Downtown Core has the largest units, and the Medical Center has

³ Economic Research Associates and Urban Construct, *Memphis Downtown Market Study* (Memphis: Memphis Center City Commission, 2008), 26.

⁴ CB Richard Ellis, *Market View: Memphis Multi-Housing, 4th Quarter 2009* (Memphis: CB Richard Ellis, 2009), 1.

the smallest units. The highest average rents per sqft are in the Downtown Core and North CBID. Studio apartments in the CBID have the lowest rents but the highest price per sqft.

Condominiums

Downtown Memphis currently has 2,100 condominium units, of which the majority were developed between 2000 and 2009 in the South CBID and the Downtown Core. Currently, there are no condo units under construction; 47 units are planned for the RiverTown development on Mud Island, but there are no other additional condo units planned for the CBID for the immediate future. There are 93 new condo units on the market as of January 2009, representing 18% of the recently completed condo units.⁵

The average new condo sales price for the CBID and for 38103 has paralleled the County trend since 2001, increasing from the mid-\$100,000s in 2002 to the lower \$200,000s in 2009. From 2008 – 2009, the average new condo sales price decreased due the economic downturn. Despite the recession, the average new condo sales price for 38103 has been above the County average since 2008. Since 2005, the appraised value of condos in 38103 and in the entire CBID has been well above the average condominium appraisal for Shelby County. In 2009, the average appraised value of 38103 condos was \$228,401.



State Place Condominiums in South End.

Single – Family Homes



New single-family homes on Mud Island.

Over the past 10 years, 1,232 single-family homes have been built Downtown. During this time, Mud Island has become almost completely built out, and the Uptown neighborhood just to the east has benefitted from redevelopment and infill development on vacant lots. The number of new single-family home sales has decreased in the CBID since 2005 primarily because there have been fewer single-family homes developed since the completion of Mud Island homes in 2007 and Uptown homes in 2008. As of August 2009, all new homes on Mud Island have sold, and only 6 new homes remain in Uptown.

⁵ Bologna Consultants, LLC, *Downtown Condo Matrix: Summary of 4th Quarter Activity* (Memphis: Bologna Consultants, Inc., January 2010), 2-4.

The average sales price of new single-family homes throughout the CBID have been below the County average over the past few years. In 2009, the average sales price for a new single-family home in 38103 was \$228,721, and the average sales price for the CBID overall was \$217,316. The lower average sales price in the CBID may be attributed to Downtown's smaller lot sizes and the development of affordable homes in the Uptown area.

In 2009, the average 38103 single-family home appraisal was double the County average, and the average single-family home appraisal in the CBID was 44% higher than the Shelby County average. In 2009, the average appraised value for single-family homes in 38103 was \$304,405, and the average appraised value for the entire CBID was \$218,609. The higher average appraised values in Downtown are likely attributed to Downtown's newer housing stock (versus the County's mix of new and aged single-family homes) and urban amenities such as riverfront views, nightlife, and greenways.

Public and Subsidized Housing Units

Over the past decade, the City of Memphis has aggressively pursued improvements in public and subsidized housing by securing federal HOPE VI redevelopment grants from the U.S. Department of Housing and Urban Development (HUD). The Uptown, University Place, and Legends Park developments constitute over 1,800 new or redeveloped housing units and \$320 million in public-private investment. In addition to these projects, the City has recently applied for another \$20 million HOPE VI grant for redevelopment of Cleborn Homes just east of Danny Thomas near the FedEx Forum and plans to apply for another federal grant for redevelopment of Foote Homes.



In 2005, Lauderdale Courts was redeveloped as the mixed-income Uptown Square Apartments.

Data collected on public housing and government subsidized housing units in 2009 indicates that there has been an increase in government assisted housing in the CBID since 2005. Although the number of public housing units has remained the same, the number of affordable housing units funded with Low-Income Housing Tax Credits (LIHTC) and Section 8 vouchers has increased from 2005 to 2009.

Senior Housing

Currently, there are 1,742 senior housing units in the CBID. 827 of these units are publicly owned by the Memphis Housing Authority, and 915 are privately owned. Many of the privately held facilities also offer housing for low- and moderate-income seniors. With a growing 55+ population, Downtown will likely see increased demand for senior housing providers in the coming years.

Downtown Affordable Housing

Affordable housing is an important consideration for the well-being of moderate-income and low-income households, especially in high-growth and high-demand market areas. The availability of affordable housing is key to sustaining Downtown as an economically integrated community, where citizens with varied incomes have access to housing, jobs, transportation, and resources.

Affordable housing is considered to be housing that accounts for no more than 30% of a household's gross annual income, including utilities, principal, interest, taxes, and insurance. When housing expenditures exceed 30–35% of household income, households are considered to be “cost burdened.”

Moderate-income and low-income households are considered to be households with incomes below the median income for an area. The U.S. Department of Housing and Urban Development (HUD) defines moderate-, low-, and very-low households according to the following definitions:

Moderate–Income:

Households whose incomes are between 81% and 95% of the median area income

Low–Income:

Households whose incomes do not exceed 80% of the median income for the area

Very Low–Income:

Households whose incomes do not exceed 50% of the median area income

The affordability of Downtown apartments was estimated by comparing the maximum base rents for moderate-, low-, and very low-income groups with the average rents for different sized apartments in the four districts of the CBID. The supply of affordable condos and single-family homes was estimated by finding the percentage of CBID condos and single-family homes that are affordable for moderate-, low-, and very low-income households based on the tax assessor's appraised home values.

Multifamily Rental Housing Affordability

The comparison of maximum base rents to the average CBID rents shows that Downtown offers more affordable units for moderate-income and low-income households than for very low-income households. The average rents for studio and 1-BR units in all districts of the CBID are affordable to moderate-income households. The average rents for 2-BR and 3-BR apartments are affordable in the North CBID, the South CBID, and the Medical Center, but the Downtown Core lacks 2-BR and 3-BR units that are affordable for moderate-income households.



New, affordable single-family homes in Uptown Circle.

For low-income households, the average studio rents in all districts of the CBID are affordable, but for 1-BR units, the average rents are affordable only in the Medical Center. The average rents for 2-BR units exceed the maximum base rents in all CBID districts except for the Medical Center. The average rents for 3-BR units in the Core and North CBID exceed the maximum base rents for low-income households, but the average rents are affordable in the South CBID and Medical Center.

Affordable apartments for very low-income households are very limited; all of the average rents in the CBID exceed the maximum base rents for very low-income households. However, there are 1,291 public housing units in the CBID, along with low-income housing tax credits and Section 8 vouchers to assist this population.

Condominium Affordability

Based on the appraised values for CBID condominiums, 18% of condominiums are affordable for moderate-income households, 11% are affordable for low-income households, and only 7% are affordable for very low-income households. The overall trend shows that the percentage of affordable units decreases as unit size increases. Most of the affordable condo units are located in either the Medical Center or in the North CBID.

Single-Family Home Affordability

Based on appraised values, 46% of the total single-family housing stock is affordable to moderate-income households, 34% is affordable to low-income households, and 18% is affordable to very low-income households. The study of CBID single-family home appraised values indicates that a greater percentage of smaller size single-family homes are affordable than larger size single-family homes. Single-family homes for moderate-income households are found throughout the CBID; however, affordable homes for lower income households are located mainly in the North CBID.

Summary of Housing Affordability by Income Group

The study of affordable housing indicates that Downtown offers affordable housing options; however, there are more affordable housing choices for moderate-income households than for low- or very low-income households. Single-family homes and apartments are the most affordable type of housing; most condominiums lack affordability, even for moderate-income households.

Assessment of the Downtown Housing Market

Based on the data collection and analysis conducted in this report, the following sections provide conclusions about Downtown's market potential and housing needs in the coming years.

Demographic Trends Affecting the Future Housing Market

Demographic data on marital status, age, and income provide insight into the type of households that are likely to move to Downtown Memphis in the future.



Downtown amenities such as the Mud Island Greenbelt attract residents of all ages.

Since demographic sources estimate that 80% of the Downtown population over the age of 15 is single and also identify the 55-64 population as the fastest growing age group, these populations may need a smaller housing unit than the average household. Future residential development projects should account for the needs and interests of these demographic groups.

Age data also shows decreases in the 25 to 44 age population. Decrease in 25 to 44 age population indicates some outmigration of young and middle age residents. To retain this age group, Downtown will need to offer a range of housing styles and price points for families and for first time home buyers.

Since 1990, households with incomes greater than \$35,000 per year have been increasing. Households with incomes greater than \$75,000 per year represent the fastest growing income demographic in the CBID. Consideration of the average and median household income is important for the pricing of current and future housing stock.

Housing Market Potential

Downtown residential development over the past decade has been a product of the demand for urban living options, the boom in the housing market from 2000 – 2006, and the availability of financing for both developers and buyers of housing units. The nationwide recession, job losses, foreclosures, lack of liquidity in the credit markets for development projects, and the tightening of financing standards for home buyers have recently affected the projected growth rate within Downtown Memphis.

Taking into account the past trends and forecasts for the Downtown area, it is anticipated that there will be continued demand for Downtown living options in the coming years. This outlook is based on the following factors:

1. Approximately \$5 billion has been invested in Downtown Memphis over the past decade, and this investment has greatly improved the conditions within the CBID. As

redevelopment efforts continue, Downtown will become increasingly attractive to potential residents.

2. Downtown has become a unique place with historic properties, cultural attractions, restaurants, educational institutions, and transportation alternatives that may be attractive to future residents.
3. 9,000 jobs are forecast for the Memphis Medical Center over the next decade. A percentage of these workers will likely want to live close to their jobs in the Downtown area.
4. As the University of Memphis Law School, the Visible School, and Memphis College of Art relocate to Downtown, the students, faculty, and staff of these institutions may wish to live close to their place of study or place of work.
5. Downtown offers a variety of housing types and prices and thereby appeals to a range of age groups and incomes.
6. Downtown is an ideal location for “smart growth,” since the existing infrastructure and public services can reduce development costs.
7. The 2008 historic high in fuel costs and the nationwide movement toward sustainable living have turned attention to the development of dense, walkable, and transit-friendly communities with mixed-use development. Downtown Memphis offers several pedestrian-friendly neighborhoods, where residents can live, work, learn, and spend leisure time in one place and do not necessarily have to continuously depend on an automobile.



The UT – Baptist Research Park located in the Medical Center is currently under construction and is expected to create more than 5,000 jobs over the next decade.

Although Downtown evidences significant potential for growth, there are also obstacles to development to consider. The primary challenges are:

1. Some areas of the CBID are in need of comprehensive redevelopment due to blighted conditions and concentrated areas of poverty. These areas will require a holistic redevelopment approach that includes: planning, an influx of capital, strategic partnerships between public and private entities, and social service programs to help existing residents.
2. Downtown’s public realm and infrastructure suffers from a lack of maintenance and will require improvements to attract future investment. The Center City Commission

estimates that \$115 million in streetscape improvements are needed to provide a quality public realm for residents, businesses, and visitors.

3. Although retail and residential services have increased significantly over the past decade, Downtown residents continue to be underserved from a retail standpoint.
4. Downtown needs an improved perception as a potential home for families, including greater awareness of the quality of educational facilities available to Downtown residents.

Housing Needs and Opportunities

Although Downtown has experienced over \$600 million in residential development since 2000, the CBID still has vacant and underutilized properties that present opportunities for future residential development. As Downtown grows and develops, the CBID should continue to offer a variety of housing types and price points to meet the needs of the local population. Housing market statistics, demographic trends, and analysis of existing housing affordability assisted in identifying the following housing needs and opportunities.

Multifamily Rental Housing

Downtown apartments have performed very well in recent years with CBID occupancy averaging 90% over the past decade. With a large singles population, a trend towards smaller household sizes, and a growing number of college students in Downtown, it is anticipated that there will be continued demand for apartments in all areas of the CBID.

Specifically, the South CBID may present an opportunity for future apartment development based on vacancy rates, rental rates, and the focus on condo development versus apartment development in recent years. The South CBID has a 90% occupancy rate and a competitive average rent for 1-BR apartments. The South CBID has only 445 apartment units (8% of Downtown's inventory), and only 5% of the apartment units developed from 2000 – 2009 are located in the South CBID. In addition, the South CBID has no studio units. Additional apartment units could attract artists and students, who are key to sustaining the neighborhood as an arts district.

Condominiums

Condominium development since 2000 has supported the creation of dense urban environments throughout Downtown that are necessary for business growth and development; however, many recent condo developments have been priced for households with incomes above the median income. Based on appraised values, only 18% of existing condos are affordable for moderate-income households – those households at or below 95% of the median county income; even fewer units are affordable for low-income or very low-income households. The lack of affordable condominiums demonstrates a need for more affordable units for low- and moderate-income households. In addition, affordable condominiums could potentially help retain young professionals by offering affordable urban living options to first-time home buyers.

Single-Family Homes

Despite the fact that Downtown single-family housing development has tapered off due to the completion of major developments and the recent recession, single-family home development in the past has been very successful on Mud Island and in Uptown. Future single-family home development has the potential to attract more families to Downtown and is appropriate for areas of the North CBID and South CBID with lower densities.

Senior Housing

With a growing 55+ population, Downtown will likely see increased demand for senior housing providers in the coming years. Senior housing is important to enable Downtown citizens to age in place in their communities. Downtown will also need a range of senior housing price points to serve all income groups.

Affordable Housing

Analysis of rents and appraised values indicates that Downtown is an economically diverse community, offering affordable housing options for moderate-income, low-income, and very low-income households. There are more housing choices for moderate-income and low-income households than for very low-income households. Single-family homes and apartments tend to be more affordable than condominiums; there is an apparent lack in affordable condominiums, even for moderate-income households. In addition, there are a greater number of smaller size affordable units (studios and 1-BR) than larger size units (2-BR and 3-BR). While affordable housing is limited for the very low-income group, Downtown has the majority of the public housing units in the city to serve this population. Despite the supply of public and subsidized housing, there is still demand for low-income and very low-income housing in Shelby County. The demand for affordable housing is illustrated through the waitlists for the Housing Choice Voucher Program (Section 8). The Memphis Housing Authority currently supports 5,700 vouchers with a waitlist of over 4,000 individuals.⁶

Additional affordable housing would be best designed as a component of market-rate development projects to avoid concentrations of lower-income households. Larger size affordable units could also assist in attracting families to Downtown. To encourage the creation of affordable housing, local, state and federal entities offer a variety of incentives and programs. Incentives include property tax freezes, low-interest loans, grants, tax credits, bond issuance, and land acquisition subsidies. A list of some of the available programs for affordable housing development is provided in the appendix.

Conclusions on the Downtown Housing Market

Based on the consideration of a range of housing market indicators, Downtown Memphis has potential for continued residential growth and development, therefore making it attractive for future housing investment. The 55+ population, college and graduate students, single households, Medical Center workers, and families are target populations to sustain residential

⁶ Memphis Housing Authority, email message, October 22, 2009.

growth. In the future, Downtown must continue to offer a range of housing types and price points to maximize opportunities for residential development.

The high occupancy rates and rental rates reflect a strong multifamily market in the CBID overall and show potential for future apartment development. While both condominium and single-family home development and sales have decreased, the average appraised values for Downtown condos and single-family family homes remain well above the County average, demonstrating long-term value. Although Downtown has a growing high-income earning population, housing price points also need to take into account the median and average household incomes. Affordable housing products will be key to retaining a well-balanced workforce, including young professionals, families, low- and moderate-income households, and college students.

The decade ended with one of the deepest economic turndowns in history with the housing crisis at its core. The housing crisis dramatically altered the structure of the housing market in terms of development, financing and the short-term viability of residential real estate as an investment tool. This slow down in the residential market provides the opportunity to redirect the housing sector toward a more sustainable approach. The long-term result could be a more diverse housing stock created strategically to serve the needs of changing demographics and lifestyles. Urban neighborhoods provide the opportunity for a greater variety of housing types and price points along with increased access to amenities. This new housing development pattern can be more easily serviced by local government and can result in healthier more vibrant communities.

I. PURPOSE AND SCOPE

Over the past decade, Downtown Memphis has been the site of significant revitalization efforts, and residential development has accounted for a sizable portion of the total Downtown investment. Since population growth is a key factor in the continued revitalization of Downtown, residential development that meets the needs of the local market is key to the success of the community. Data and analysis contained within this report are intended to assist a variety of users in understanding the trends and needs of the Downtown Memphis housing market, including developers, government agencies, real estate brokers, lenders, potential home buyers, and potential residents.

The purpose of the 2000 – 2010 Downtown Memphis Housing Report is to provide an overview of Downtown housing development, identify population and housing trends, and determine housing needs within the Downtown community. The report analyzes Downtown trends in terms of demographics, residential market statistics, and the supply of affordable housing for moderate-income, low-income, and very low-income households.

The housing types considered within this report include the following:

Multifamily Rental Property or Apartment

A multi-family rental property or apartment is a residential structure with 4 or more individual housing units leased to tenants. Such structures frequently have a common entrance and shared amenities.

Condominium

A condominium is a type of property ownership where all of the property owners collectively own the structure, land, and common areas and individually own the interior of their units.

Single-Family Detached Home

A single-family detached dwelling is a residential structure that is occupied by no more than one family and is surrounded by open space or yards with no roof, wall, or floor in common with any other dwelling unit.

Single-Family Attached Home

A single-family attached dwelling is a residential structure that is occupied by no more than one family and has a wall in common with one other dwelling unit. Single-family attached homes include townhomes, duplexes, and triplexes.

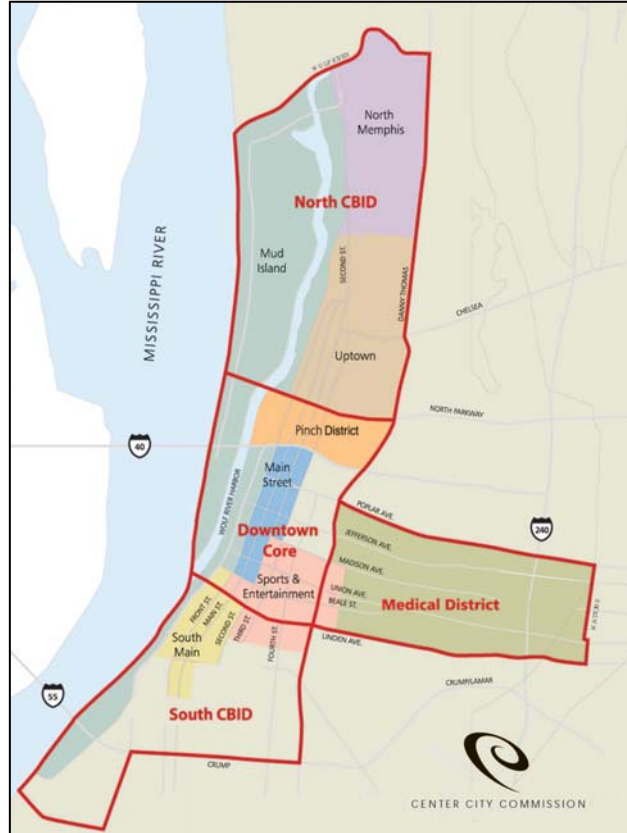
Public and Subsidized Housing

Public and subsidized housing is defined as residential units that are owned and operated by a governmental or non-profit group to provide affordable housing for low-income populations.

II. DOWNTOWN RESIDENTIAL TRENDS 2000 - 2010

The past decade has brought a variety of housing types and price points to the Downtown market. Since 2000, there have been 97 residential development projects in the CBID totaling \$600 million in investment.

The development of Mud Island and South Bluffs resulted in new single-family homes and multifamily properties on both the north and south ends of Downtown. In addition to single-family homes and apartments, Downtown has also experienced a substantial increase in the number of condominiums, especially within the South Main and South End areas of the South CBID. In the Downtown Core, there have been a number of apartment-to-condo conversions and renovations of vacant, historic buildings for use as condos or apartment buildings. The Uptown area of the North CBID has undergone comprehensive neighborhood revitalization with over \$150 million in public and private dollars invested in housing redevelopment efforts.



Map of the Downtown CBID Districts.

Downtown Population Estimates and Forecasts

As a result of the demand for Downtown housing, the CBID population is estimated to have grown approximately 12% since 2000. Based on residential postal drop data as a primary indicator, the 2009 CBID population estimate is approximately 23,000. The 12% increase in Downtown population is significant when compared to the estimated population change in the City of Memphis and Shelby County from 2000 – 2009. Decision Data Resources estimates that the population of the City of Memphis declined by 7.3%, and the population of Shelby County grew by only 0.6% during this period.⁷

It is important to note that the 12% population increase represents the net population increase versus the total population in-migration since 2000. Based on an analysis of housing units constructed since 2000, average household size per block group, and occupancy rates, it is estimated that the total population in-migration since 2000 was approximately 4,000 residents. However, this gain has been offset by population loss in some areas of the CBID due to a variety of factors. In the redevelopment of public housing units in Uptown, the total housing units

⁷ Decision Data Resources, *Demographic Detail Report for Memphis and Shelby County*, 2009.

decreased to lessen the density of low-income housing units. In addition, some areas of the CBID have aging housing stock; when units become vacant, it may be difficult to attract new residents to housing stock that needs improvements. Another factor offsetting the total population growth may be the existence of second homes. Since the population estimate is based on postal drops, Downtown second homes may be appearing as unoccupied units if the property owner does not receive mail at the second home address.

CBID Population Trends: 2000-2014

CBID District	2000 Pop Census	2009 Pop Estimate	Estimated Pop % Change '00-'09	Estimated Avg Annual Growth Rate '00-'09	2014 Pop Forecast*	Forecasted Avg Annual Growth Rate '09-'14*
Downtown Core	3,586	4,415	19.00%	2.34%	4,669	1.12%
North CBID	6,390	7,614	16.08%	1.97%	8,012	1.02%
South CBID	2,501	2,969	15.76%	1.92%	4,184	7.10%
Medical Center	7,735	7,580	-2.04%	-0.22%	7,980	1.03%
CBID	20,212	22,578	11.71%	1.24%	24,844	1.93%

Source: Dakota Data Worldwide, 2009 and Memphis Center City Commission, 2009.

*2014 population forecast and '09-'14 average annual growth rates were calculated based on recently completed, under construction, and planned residential units. For the complete methodology, please refer to Appendix A.

The Downtown Core proved to be the fastest growing area of Downtown with an estimated 19% population increase since 2000. The high growth rate in the Downtown Core is attributed to 30 residential development projects from 2000 – 2009. Three of these projects were apartment developments of more than 100 units.

The North CBID and the South CBID also experienced substantial growth with an estimated 16% growth over 10 years. Growth in the North CBID can be explained by the continued development of single-family homes and apartments on the northern end of Mud Island, as well as the infusion of investment into the Uptown neighborhood located to the east Harbor Town. With funds from a \$35 million U.S. Department of Housing and Urban Development (HUD) HOPE VI grant, the Hurt Village and Lauderdale Courts public housing projects have been redeveloped into economically viable, mixed-income housing. The total Uptown development completed thus far consists of 268 single-family homes and townhomes and 549 apartment units.

The South CBID has been the site of several adaptive re-use projects with conversion of industrial / commercial properties to residential loft-style condominiums and apartment-to-condo conversions. Within the South End area, located just to the south of the Historic South Main Arts District, new residential construction has brought 442 residential units to the district since development began in 2005.

Although the Medical Center underwent a slight population decline in recent years, population is anticipated to increase in the future as the UT-Baptist Research Park generates jobs and increases demand for living options in the vicinity. While the North CBID showed one of the highest rates of population increase from 2000 – 2009, this area is not expected to grow as rapidly from 2009-2014 due to the build-out of Mud Island and the need for comprehensive revitalization of areas located to the north of Uptown.

Downtown population growth is expected to continue through 2014 based on development projects that are recently completed, under construction, or planned for the CBID. The South CBID is forecast to have the highest average annual growth rate, pending the completion of the Horizon tower and continued development within the South End neighborhood. Population growth in the Downtown Core is also expected to continue over the next five years as over 138 apartment units, currently under construction, become available for lease.

Downtown Demographics

The study of Downtown demographics indicates that the CBID has mostly single households with an increasing number of upper-middle income residents, 55-64 age individuals, college age residents, married couples, and children.

Income and Employment

Analysis of income trends within the CBID shows that Downtown has an increasing number of middle-income and upper-middle-income households and a decreasing number of low-income households. Since 1990, households with incomes greater than \$35,000 per year have been increasing. Households with incomes greater than \$75,000 per year represent the fastest growing income demographic in the CBID. As an illustration of this trend, the average household income is estimated to have increased by 35% from \$37,653 in 2000 to \$50,687 in 2009. The average household income is expected to increase to \$57,076 by 2014.

Although middle- and upper-income households are increasing and the low-income population in Downtown has decreased since 1990, 55% of CBID households in 2009 made less than \$35,000 per year. By 2014, low-income households are projected to decrease to 50% of CBID households.

CBID Households by Income

	1990 Census		2000 Census		2009 Estimate		2014 Projection		Percent Change		
	Census	% of Total	Census	% of Total	Estimate	% of Total	Projection	% of Total	1990 to 2000	2000 to 2009	2009 to 2014
\$0 - \$15,000	6,095	64.2%	3,980	42.3%	3,620	33.9%	3,795	30.6%	-34.7%	-9.0%	4.8%
\$15,000 - \$24,999	1,463	15.4%	1,242	13.2%	1,185	11.1%	1,298	10.5%	-15.1%	-4.6%	9.5%
\$25,000 - \$34,999	772	8.1%	1,201	12.8%	1,096	10.2%	1,144	9.2%	55.6%	-8.7%	4.4%
\$35,000 - \$49,999	592	6.2%	956	10.2%	1,274	11.9%	1,509	12.2%	61.5%	33.3%	18.4%
\$50,000 - \$74,999	328	3.5%	913	9.7%	1,184	11.1%	1,517	12.2%	178.4%	29.7%	28.1%
\$75,000 - \$99,999	80	0.8%	405	4.3%	768	7.2%	962	7.8%	406.3%	89.6%	25.3%
\$100,000 - \$149,999	33	0.3%	377	4.0%	738	6.9%	1,013	8.2%	1,042.4%	95.8%	37.3%
\$150,000 +	117	1.2%	343	3.6%	829	7.8%	1,160	9.4%	193.2%	141.7%	39.9%
Average Hhld Income	\$0		\$37,653		\$50,687		\$57,076		N/A%	34.6%	12.6%
Median Hhld Income	\$9,079		\$20,625		\$30,420		\$34,672		127.2%	47.5%	14.0%
Per Capita Income	\$8,855		\$17,543		\$29,057		\$34,724		98.1%	65.6%	19.5%

Source: Decision Data Resources, 2009.

An important factor in housing location decisions is the proximity to the workplace. According to the 2008 Memphis Downtown Market Study, Downtown was estimated to have 64,478

employees in the CBID in 2007.⁸ Approximately 50% of these employees worked in the Medical Center.

Downtown employment is expected to increase over the next decade with the development of the UT-Baptist Research Park, a major bioscience technology campus currently under construction in the Medical Center. When complete, the park will feature 1.2 million square feet of laboratory, research, education, and business development space on a 10-acre campus. The research park is expected to generate nearly 5,000 bioscience jobs, 4,000 support non-bioscience positions, and \$2 billion in annual economic impact. Capital investment in the research park is expected to reach \$1.6 to \$4.3 billion over the next decade.⁹

Age and Marital Status

An analysis of the CBID population in terms of age and marital status indicates that Downtown living is popular with a range of ages and household types. The fastest growing age demographic is the 55 to 64 cohort, which increased 66% between 2000 and 2009. The growth in this age demographic follows national trends that illustrate the aging of the Baby Boomers; however, within the CBID, this cohort grew 21 percentage points faster than the national growth rate for the cohort.

Another notable statistic is the growth of children and young adults under 25. Age cohorts under-25 had decreased significantly between 1990 and 2000; however, most of the under 25 cohorts showed increases between 2000 and 2009. The 0 – 4 cohort grew by 14%, the 15 – 19 cohort increased by 17%, and the 20 – 24 cohort grew by 11% during this period. The development of single-family homes on Mud Island and in Uptown, the opening of the Maria Montessori School in 1992, and the opening of the Downtown Elementary School in 2002 have likely attracted families.

Although there has been growth in the children and young adult populations, the 25 to 34 cohort and the 35 to 44 cohorts decreased from 2000 – 2009. Since these ages traditionally coincide with marriage and birth events, such life changes may result in different housing needs or preferences, such as the need for a larger home, back yard, or a preferred school district. In addition, many young families and first-time home buyers also need affordable housing options.

Growth in the 15-19 cohort and the 20-24 cohort indicates that Downtown is likely attractive to the college age population. These age groups are expected to increase further with the opening of the University of Memphis Cecil C. Humphreys School of Law in the former U.S. Customs House building on Front Street, the Visible School's adaptation of the former C&I Bank building at 200 Madison, and the planned refurbishment of 477 S. Main Street for the Memphis College of Art's graduate school. The Law School has recently brought 460 students to their new campus; the Visible School will bring 92 students to their new campus with capacity for 76 students to reside at the new Madison 19 development in the Medical Center; and, the Memphis College of Art will bring approximately 100 students to their planned campus in 2011.

⁸ Economic Research Associates and Urban Construct, *Memphis Downtown Market Study*, 26.

⁹ Memphis Bioworks Foundation, "About Us: Community Impact,"

http://www.memphisbioworks.org/about_impact.php (accessed November 10, 2009).

Downtown is also home to a sizable number of single individuals. It is estimated that 80% of the Downtown population over age 15 is “single,” which is defined as never married (44%), divorced (14%), married but spouse absent (12%), or widowed (10%). The singles population is potentially attracted to the housing types and lifestyles available Downtown. Condominiums, apartments, and densely situated single-family homes generally have minimal grounds upkeep and are located within walking distance of restaurants, parks, and entertainment venues.

While single households account for the majority of the population, married couples increased by 19% from 2000 – 2009. The percentage growth of married couples is greater than the never married, divorced, or widowed populations.

CBID Population by Age

	1990 Census		2000 Census		2009 Estimate		2014 Projection		Percent Change		
	Census	% of Total	Census	% of Total	Estimate	% of Total	Projection	% of Total	1990 to 2000	2000 to 2009	2009 to 2014
0 to 4	1,659	7.6%	1,013	5.0%	1,152	5.3%	1,188	5.1%	-38.9%	13.7%	3.1%
5 to 14	2,310	10.6%	1,844	9.1%	1,831	8.3%	1,868	8.1%	-20.2%	-0.7%	2.0%
15 to 19	1,338	6.1%	1,141	5.7%	1,333	6.1%	1,329	5.7%	-14.7%	16.8%	-0.3%
20 to 24	2,572	11.8%	2,128	10.5%	2,353	10.7%	2,462	10.6%	-17.3%	10.6%	4.6%
25 to 34	4,722	21.6%	4,451	22.0%	3,990	18.2%	4,250	18.4%	-5.7%	-10.4%	6.5%
35 to 44	2,824	12.9%	3,156	15.6%	3,027	13.8%	2,794	12.1%	11.8%	-4.1%	-7.7%
45 to 54	1,672	7.6%	2,575	12.7%	3,084	14.0%	3,046	13.2%	54.0%	19.8%	-1.2%
55 to 64	1,495	6.8%	1,685	8.3%	2,793	12.7%	3,219	13.9%	12.7%	65.8%	15.3%
65 to 74	1,669	7.6%	1,145	5.7%	1,313	6.0%	1,804	7.8%	-31.4%	14.7%	37.4%
75 to 84	1,257	5.7%	756	3.7%	759	3.5%	828	3.6%	-39.9%	0.4%	9.1%
85+	346	1.6%	318	1.6%	322	1.5%	352	1.5%	-8.1%	1.3%	9.3%
Median Age	30.8		33.7		36.0		36.6		9.3%	6.8%	1.7%

Source: Decision Data Resources, 2009.

CBID Population by Marital Status

	1990 Census		2000 Census		2009 Estimate		2014 Projection		Percent Change		
	Census	% of Total	Census	% of Total	Estimate	% of Total	Projection	% of Total	1990 to 2000	2000 to 2009	2009 to 2014
Age 15+ Population	17,895		17,355		18,975		20,088		-3.0%	9.3%	5.9%
Married, Spouse Present	3,603	20.1%	3,245	18.7%	3,860	20.3%	4,214	21.0%	-9.9%	19.0%	9.2%
Married, Spouse Absent	1,553	8.7%	2,141	12.3%	2,180	11.5%	2,254	11.2%	37.9%	1.8%	3.4%
Divorced	2,170	12.1%	2,496	14.4%	2,723	14.4%	2,898	14.4%	15.0%	9.1%	6.4%
Widowed	2,416	13.5%	1,736	10.0%	1,805	9.5%	1,905	9.5%	-28.1%	4.0%	5.5%
Never Married	8,153	45.6%	7,737	44.6%	8,407	44.3%	8,817	43.9%	-5.1%	8.7%	4.9%

Source: Decision Data Resources, 2009.

Household Size

Due to the combination of continued growth of single individuals and older individuals, the average household size for the CBID has continued to decrease since 1990. In 1990, the average household size was 2.3, followed by 2.1 in 2000, and estimated to be 2.0 in 2009.

Downtown Housing Trends

Based on data and analysis from Decision Data Resources, the Shelby County Tax Assessor, and the CCC’s Residential Occupancy Survey, it is estimated that Downtown has approximately 13,400 housing units, of which 57% are apartments (7,608 units), 18% are single-family homes (2,386 units), 16% are condos (2,100 units), and 10% are public housing units (1,291).

Multifamily Rental Housing

From 2000 – 2009, there were over 2,500 apartment units developed with the CBID. Half of the apartment developments (54%) over the past nine years have been sited in the North CBID on Mud Island or in Uptown area. Although few units are currently under construction in the North CBID, the 204-unit Grand Island Apartment development is planned for Mud Island south of the A.W. Willis Bridge.

In the Downtown Core, 802 new apartment units have been developed since 2000, representing 18 different apartment projects. There are 3 apartment developments currently under construction that will bring 138 units to the market; beyond these units, there are few apartments planned for the Downtown Core.

In the Medical Center, the Bristol brought 227 units to the market to serve the Medical Center employees and students. Another 110 units are under construction, and 50 units are planned for the Medical Center. In the future, additional housing units will be needed to support the 9,000+ jobs forecast for the Medical Center as a result of the UT-Baptist Research Park and other planned medical facilities.

The South CBID had only 128 apartment units developed from 2000 – 2009. At the Horizon project on Riverside Drive at Carolina, an additional 155 luxury units, originally planned as condominiums, may be developed as apartments.

CBID Apartment Projects

Completed Apartments, 2000 - 2009		
Downtown Core	802	32%
NCBID	1381	54%
SCBID	128	5%
Medical Center	227	9%
Total	2,538	
Apartments Under Construction, December 2009		
Downtown Core	138	33%
NCBID	17	4%
SCBID	155	37%
Medical Center	110	26%
Total	420	
Planned Apartments, December 2009		
Downtown Core	18	7%
NCBID	204	75%
SCBID	0	0%
Medical Center	50	18%
Total	272	

Source: Memphis Center City Commission, Current Projects List, 2009.

Of the 2,538 new apartment units, 477 units involved redevelopment or demolition of existing multifamily properties with low occupancy levels in the Uptown area. Redevelopment and reduction in densities of the Hurt Village and Lauderdale Courts public housing projects resulted in a net loss of 343 units within the Uptown neighborhood.¹⁰ However, these properties averaged only 50% occupancy and were redeveloped into mixed-income housing to mitigate concentrated poverty sites.¹¹ In addition to apartment loss due to public housing redevelopment, additional

¹⁰ Stanley E. Hyland and others, *HOPE VI in Uptown: Final Evaluation Submitted November 2005 to the City of Memphis, Division of Housing and Community Development* (Memphis: University of Memphis, 2005), 3 and 23.

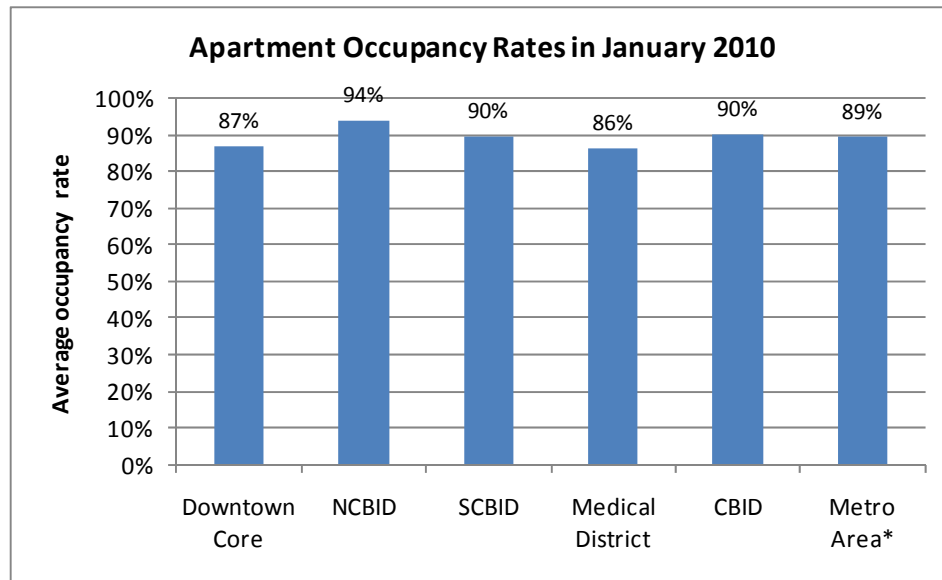
¹¹ Hyland and others, *HOPE VI in Uptown*, 15.

apartment units were removed from the market through apartment-to-condo conversions. Between 2000 and 2009, 618 apartment units were converted into condominiums.

The current state of the Downtown Memphis multifamily market can be illustrated through occupancy rates and average rents. The Memphis Center City Commission gathers market data on the Downtown multifamily housing market on a biannual basis through the Downtown Residential Occupancy Report. This report surveys 50 apartment buildings within the CBID and inventories the total number of apartment units in each development, the number of units occupied, the number of units by unit size, the rent range by unit size, the square foot range by unit size, and any utilities included in the rent. Based on data from the Residential Occupancy Report, the following sections provide an analysis of Downtown’s current multifamily occupancy rates and rental rates.

Occupancy rates

Downtown apartments have had some of the highest occupancy rates in the metro area in recent years. For most of the 2000 – 2009 period, the average CBID apartment occupancy rate was above 90%.¹² Over the past year, CBID occupancy rates have been slightly lower due to the recession. Based on the Center City Commission’s January 2010 Residential Occupancy Survey of 50 apartment developments within the CBID, which account for approximately 5,718 multifamily units, the overall occupancy rate for apartments in the CBID is 90%. The overall CBID occupancy is just above the last reported Memphis metro area apartment occupancy rate of 89%.¹³



Source: Memphis Center City Commission, Residential Occupancy Survey, January 2010, and CBRE, Market View: Memphis Multi-housing, 4th Quarter 2009.

*Note: Metro area statistic includes Downtown Memphis, Cordova, East Winchester area, Germantown / Collierville, Ralieg / Bartlett, Southeast area, and Desoto County.

¹² Economics Research Associates, *Memphis Downtown Market Study*, 19.

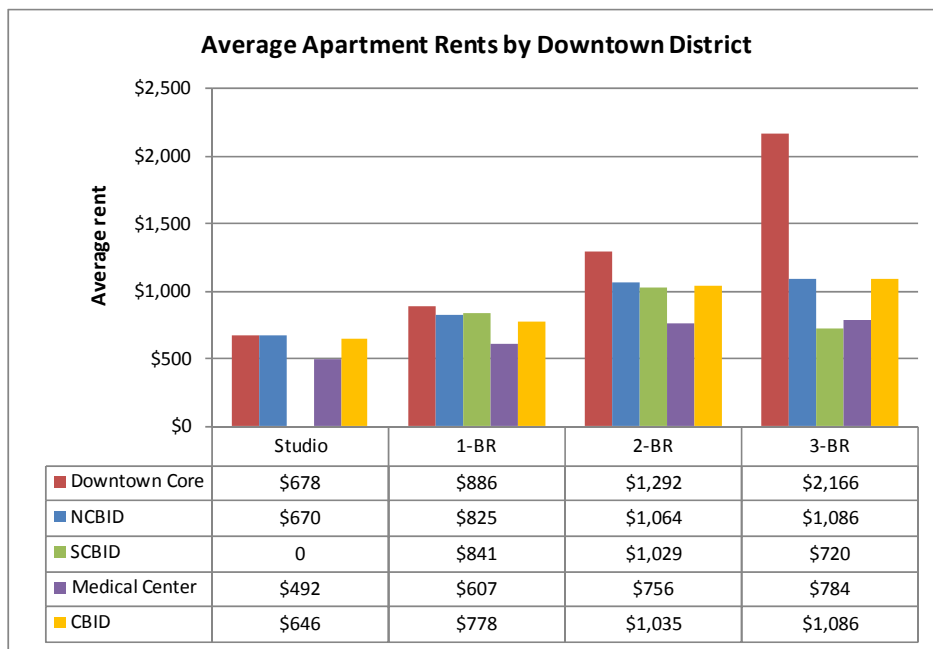
¹³ CB Richard Ellis, *Market View: Memphis Multi-Housing, 4th Quarter 2009*, 1.

The North CBID has the highest occupancy rate within the Downtown area and benefits from riverfront parks and neighborhood amenities on Mud Island. The South CBID also shows a strong average occupancy of 90%. This occupancy level may be partially explained by the limited number of apartments in area; only 5 apartment developments (totaling 445 units) are located in the South CBID. Although there has been a significant amount of development and growth in the area since 2000, development in the South CBID has focused on the building of condominiums and townhomes versus apartments.

Apartment rents

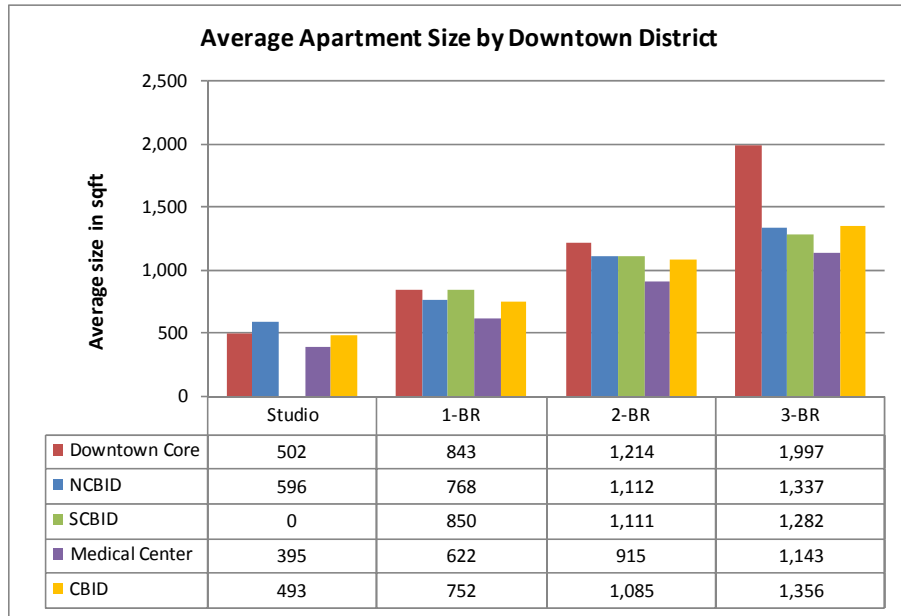
The following tables compare average rents for various size units within each of the CBID districts to the overall average CBID rents for different unit sizes. These tables are based on data from apartment developments that reported their number of units, rent range, and square feet range for each unit size (i.e. 1-BR, 2-BR, etc.). If a property manager only reported the overall price range or square feet range, the property was not included in the averages. For the full methodology on the calculations and for a listing of all of the apartments and rent ranges that factor into the analysis, please refer to Appendix B.

Apartment rents vary by the location of the property within the CBID. The Downtown Core and the North CBID have the highest apartment rents overall. Apartments in the Medical Center offer the most affordable rents by unit type. It is important also to note that there are no studio apartments and few 3-BR apartments in the South CBID; there are no 3-BR apartments west of Second Street in the South Main or South End neighborhoods.



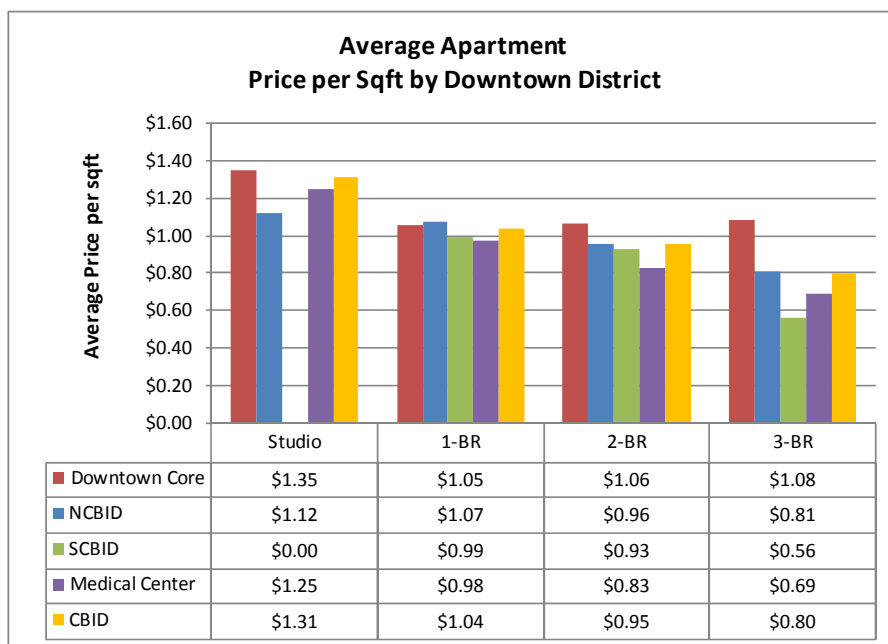
Source: Center City Commission, Residential Occupancy Report, January 2010.

In terms of apartment size, the Downtown Core has the largest size units overall, and the Medical Center has the smallest size apartments.



Source: Memphis Center City Commission, Residential Occupancy Report, January 2010.

Within the CBID, the average price per sqft decreases as unit size increases. The highest average rents per sqft are in the Downtown Core and the North CBID. Although studio apartments have the lowest rents, these units have the highest price per sqft. In general, apartments in the Medical Center offer the lowest price per sqft and provide affordable rents for medical students in the area.



Source: Memphis Center City Commission, Residential Occupancy Report, January 2010.

Condominium Development

Downtown Memphis has 2,100 condominium units, of which the majority were developed between 2000 and 2009. In the CBID, condominium development has been concentrated in the South CBID (63%) and the Downtown Core (26%). Within the South CBID, condo projects have involved the adaptive reuse of former warehouse buildings in addition to new construction. In the Downtown Core, many condos have resulted from historic, commercial building conversions or from apartment conversions.

Recently, condominium development has slowed due to the dynamics in the national and local housing markets. Currently, there are no condo units under construction; 47 units are planned for the RiverTown development on Mud Island, but there are no other additional condo units planned for the CBID for the immediate future.

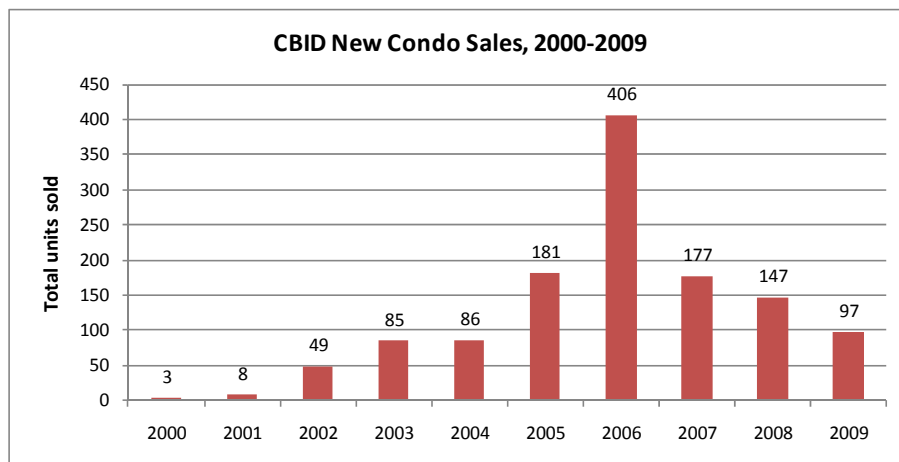
CBID Condominium Projects

Completed Condominiums, 2000 - 2009		
Downtown Core	362	26%
NCBID	97	7%
SCBID	871	63%
Medical Center	46	3%
Total	1,376	
Planned Condominiums, December 2009		
Downtown Core	0	0%
NCBID	47	100%
SCBID	0	0%
Medical Center	0	0%
Total	47	

Source: Memphis Center City Commission, Current Projects List, 2009.

Condominium sales

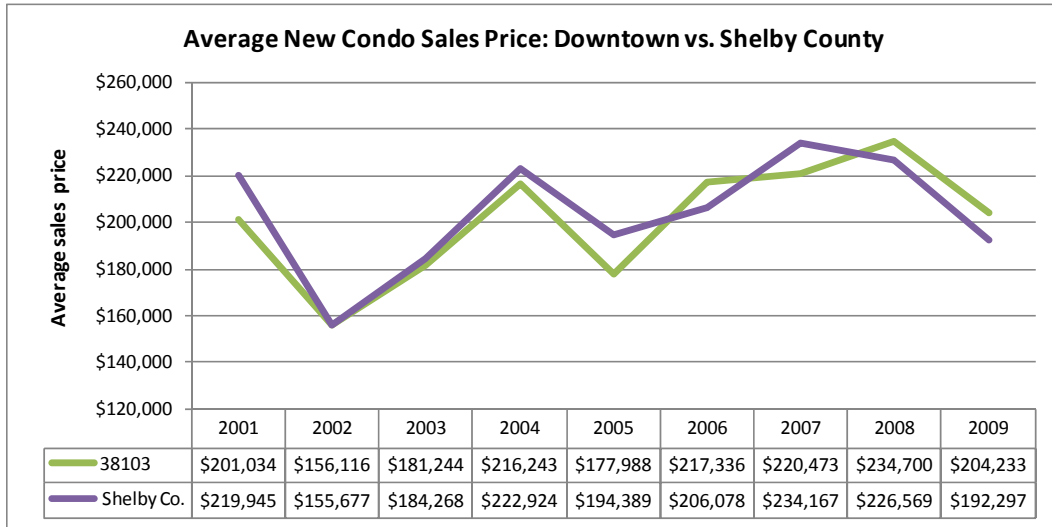
From 2000 – 2006, condo sales in the CBID steadily increased, reaching a peak in 2006 at the height of the housing market. The decrease in condo sales from 2007 – 2009 is attributed to a range of economic factors, including instability in the financial markets, a decrease in credit and financing options, and the overall economic recession. There are currently 20 active condominium development projects with new units for sale. These development projects have a total of 510 completed condo units, of which 397 units (78%) have sold and 20 units (4%) have been taken off the market through leases or lease-purchase contracts.¹⁴ 93 new condo units remain unsold.



Source: Center City Commission, 2009; Chandler Reports, 2009; and Economics Research Associates, 2008.

¹⁴ Bologna Consultants, LLC, *Downtown Condo Matrix: Summary of 4th Quarter Activity* (Memphis: Bologna Consultants, Inc., January 2010), 2-4.

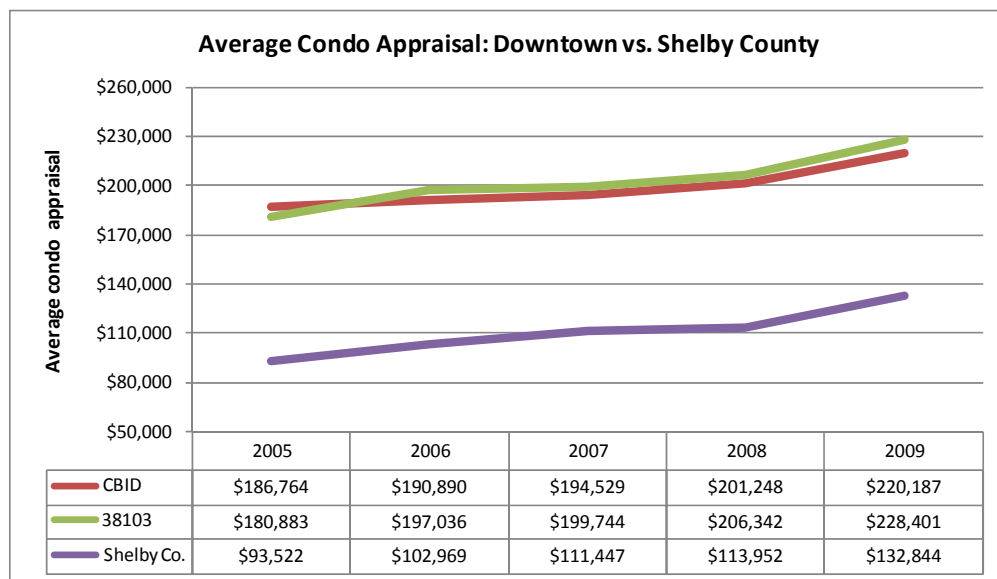
The average new condo sales price for 38103, Downtown’s primary zip code, has roughly paralleled the county trend from 2001 to 2009, increasing from the mid-\$100,000s in 2002 to the lower \$200,000s in 2009. The decrease in the average new condo sales price from 2008 to 2009 reflects the economic downturn. Despite the recession, the average new condo sales price for 38103 has been above the County average since 2008.



Source: Economic Research Associates, 2008; Chandler Reports, 2009.

Condominium appraisals

Since 2005, the average appraised values of condos in 38103 and in the entire CBID have been well above the average appraised value for Shelby County. The average appraised value of condominiums in Shelby County is likely lower due to the age of condominium developments. The majority of condominiums Downtown have been developed since 2000.



Source: Chandler Reports, 2009; Shelby County Tax Assessor, Certified Tax Roll, 2005-2009.

Single-Family Home Development

Over the past nine years, the majority of the Downtown single-family home developments (93%) have been sited in the North CBID on the north end of Mud Island or in the Uptown neighborhood. The Uptown HOPE VI grant in 2003 provided funding for the redevelopment of two dilapidated public housing projects and the creation of 268 new, affordable single-family homes in the historic Greenlaw neighborhood of Uptown. Although the Uptown housing development is now complete and Mud Island is almost 100% built out in terms of residential capacity, many needs and opportunities still exist in the North CBID for redevelopment projects.

Single-family homes priced primarily for middle- to upper-income households have been developed in the South CBID. Single-family detached homes are located in the South Bluffs neighborhood, along the river bluff, and in the Founder's Pointe development on the west side of Riverside Drive. Single-family attached townhomes have been developed south of GE Patterson on Front Street, Tennessee Street, and Georgia in conjunction with the South End Master Plan, a development plan that envisions a dense, mixed-use neighborhood directly south of the South Main Historic District. The only planned single-family homes in the CBID are for vacant lots within these existing South CBID housing developments.

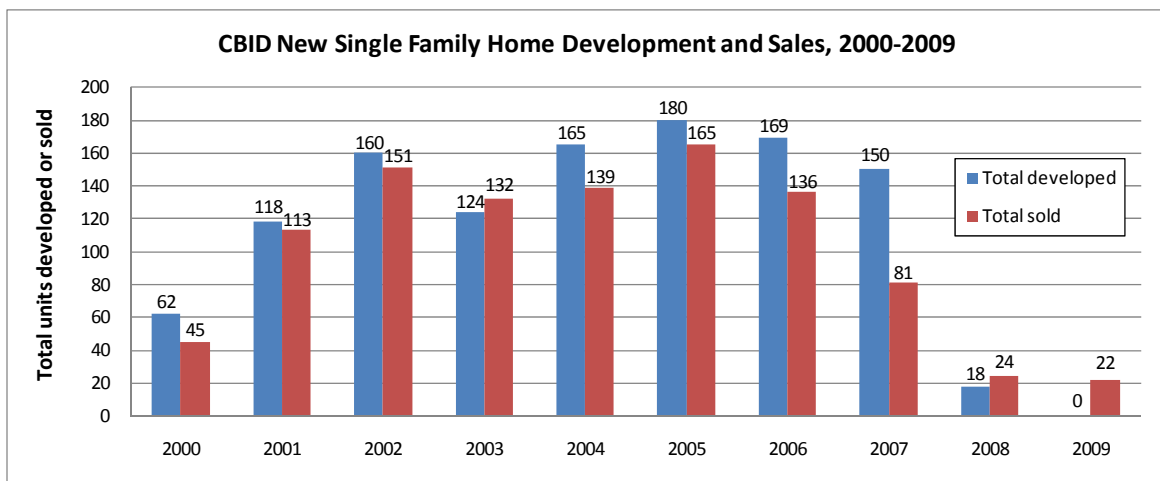
Single-family home sales

New single-family home sales have decreased in the CBID since 2005 primarily because there have been few new single-family home developments since the completion of Mud Island homes in 2007 and Uptown homes in 2008. As of August 2009, all new homes on Mud Island have sold, and only 6 new homes remain in Uptown.

CBID Single-Family Homes

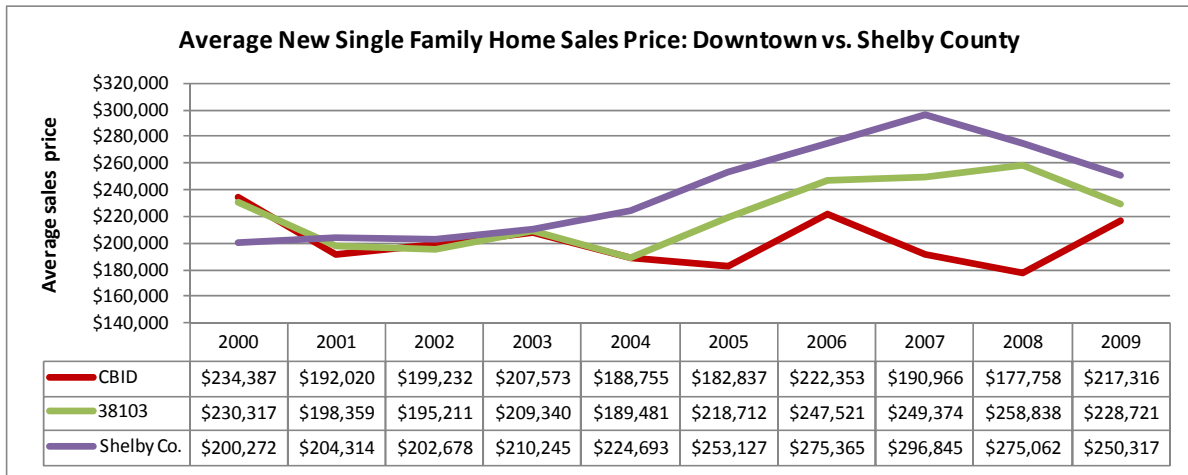
Completed Single-Family Homes, 2000 - 2009		
Downtown Core	1	0%
NCBID	1,142	93%
SCBID	89	7%
Medical Center	0	0%
Total	1,232	
Planned Single-Family Homes, December 2009		
Downtown Core	0	0%
NCBID	0	0%
SCBID	63	100%
Medical Center	0	0%
Total	63	

Source: Memphis Center City Commission, Current Projects List, 2009.



Source: Center City Commission, 2009; Chandler Reports, 2009; and Economics Research Associates, 2008.

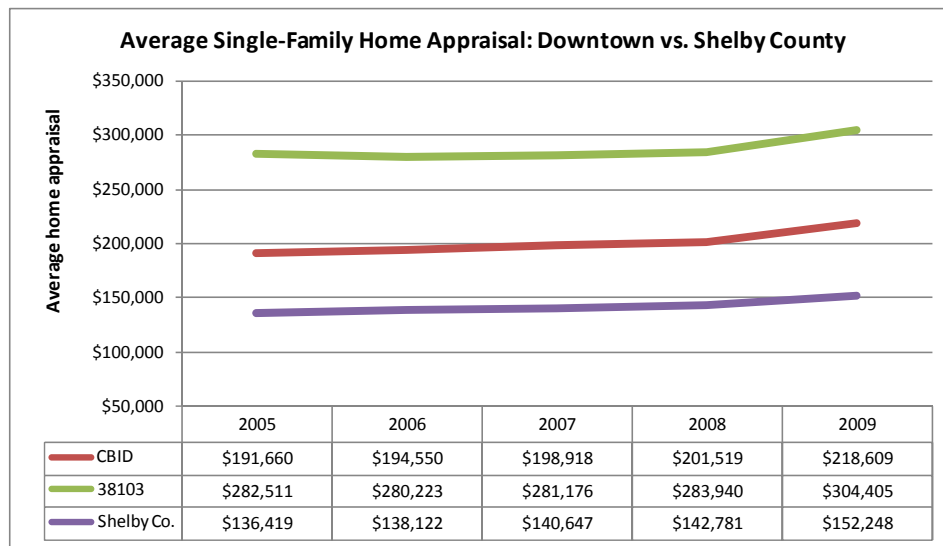
The average new single-family home sales prices for 38103, the entire CBID, and the Memphis metro area were around \$200,000 from 2001 to 2003. The lower average sales price in the Downtown area may be partially attributed to smaller lot sizes. In Downtown, housing development is constrained by a limited supply of land, as opposed to greenfield development in suburban municipalities and the unincorporated areas of the County. In addition, the lower average sales price from 2006 – 2008 also reflects the sale of a number of affordable single – family homes in the Uptown area during this time.



Source: Economic Research Associates, 2008; Chandler Reports, 2009.

Single-family home appraisals

In 2009, the average 38103 single-family home appraisal was double the County average, and the average single-family home appraisal in the CBID was 44% higher than the Shelby County average. The higher average appraised values in Downtown are likely attributed to Downtown’s newer housing stock (versus the County’s mix of new and aged single-family homes) and urban amenities such as riverfront views, nightlife, and greenways.



Source: Economic Research Associates, 2008; Chandler Reports, 2009.

Public and Subsidized Housing Units

Over the past decade, the City of Memphis has aggressively pursued improvements in public and subsidized housing by securing federal HOPE VI redevelopment grants from the U.S. Department of Housing and Urban Development (HUD). Having successfully redeveloped LeMoyne Gardens public housing into the College Park development in the 1990s, the City has embarked upon 3 additional projects that are revitalizing neighborhoods in and around Downtown. The Uptown, University Place, and Legends Park developments constitute over 1,800 new or redeveloped housing units and \$320 million in public-private investment. In addition to these projects, the City has recently applied for another \$20 million HOPE VI grant for redevelopment of Cleaborn Homes just east of Danny Thomas near the FedEx Forum and plans to apply for another grant for Foote Homes redevelopment in the future.¹⁵

City of Memphis Public Housing / HOPE VI Redevelopment Projects 2000-2010

Project Status	Project Name	Project Scope	Total Units	Public Sector Funding	Private Sector Funding	Total Project Cost
Awarded Projects	Uptown	Public housing redevelopment: Hurt Village and Lauderdale Courts New phases: Greenlaw, Metropolitan, Magnolia Terrace, Uptown Square Apts., Uptown Single-Family Homes (subsidized and market rate)	926	\$72,000,000	\$65,000,000	\$137,000,000
	University Place	Public housing redevelopment: Lamar Terrace New phases: University Place Senior Housing, University Place Phases 2 & 3	476	\$57,000,000	\$33,000,000	\$90,000,000
	Legends Park	Public housing redevelopment: Dixie Homes New phases: Legends Park East, McKinley Park Homes, Legends Park North, Legends Park West	404	\$53,000,000	\$39,000,000	\$92,000,000
Planned Projects	Triangle Noir	Public housing redevelopment: Cleaborn Homes New phases: Multi-family rental housing and senior housing	400	\$64,000,000	\$31,000,000	\$95,000,000

Source: Memphis Housing Authority, Hope VI Projects Investment Summary, 2009.

Data collected on public housing and government subsidized housing units in 2009 indicates that there has been an increase in government assisted housing in the CBID since 2005. Although the number of public housing units has remained the same, the number of affordable housing units funded with Low-Income Housing Tax Credits (LIHTC) and Section 8 vouchers has increased from 2005 to 2009.

CBID Public and Subsidized Housing Units

	Public Housing	Low-Income Housing Tax Credits	Section 8 vouchers
2005	1,291	660	37
2009	1,291	872	75

Sources: Memphis Housing Authority and Tennessee Housing Development Agency, 2005-2009.

¹⁵ Memphis Housing Authority, *HOPE VI Projects Investment Summary* (Memphis: Memphis Housing Authority, 2009), 1-3.

Senior Housing

Currently, there are 1,742 senior housing units in the CBID. 827 of these units are publicly owned by the Memphis Housing Authority, and 915 are privately owned. Many of the privately held facilities also offer housing for low- and moderate-income seniors.

With a growing 55+ population, Downtown will likely see increased demand for senior housing providers in the coming years. Harbor View Properties is planning Harbor View Manor an 82,862-square-foot skilled nursing facility on the Wolf River Harbor at Second Street and Pear. The facility will provide extended term health and life services to its resident patients.

Senior Housing in the CBID

Existing Housing	Units
Public	
Jefferson Square	208
Vinson Center	215
Barry Towers	198
Borda Towers	206
Total Public	827
Private	
Linden Camilla Towers	430
Wesley Madison	147
Magnolia Terrace	69
Memphis Towers	269
Total Private	915
Total Public & Private	1,742
Planned Housing	
Private	
Harbor View (Assisted Living)	120

III. DOWNTOWN AFFORDABLE HOUSING

Affordable housing is an important consideration for the well-being of moderate-income and low-income households, especially in either high-growth or high-demand market areas. The availability of affordable housing is key to sustaining Downtown as an economically integrated community, where citizens with varied incomes have access to housing, jobs, transportation, and resources.

Affordable housing is defined as housing that accounts for no more than 30% of a household's gross annual income, including utilities, principal, interest, taxes, and insurance. When housing expenditures exceed 30–35% of household income, households are considered to be “cost burdened.”

Moderate-income and low-income households are considered to be households with incomes below the median income for an area. The U.S. Department of Housing and Urban Development (HUD) defines moderate-income and low-income and households according to the following definitions:¹⁶

Moderate-Income

Moderate-income households have incomes between 81 percent and 95 percent of the median income for the area, as determined by HUD, with adjustments for smaller or larger families. HUD may establish income ceilings higher or lower than 95 percent of the median for the area on the basis of HUD's findings that such variations are necessary because of prevailing levels of construction costs, fair market rents, or unusually high or low family incomes.

Low-Income

Low-income households have incomes that do not exceed 80 percent of the median income for the area, as determined by HUD, with adjustments for smaller or larger families. HUD may establish income ceilings higher or lower than 80 percent of the median for the area on the basis of HUD's findings that such variations are necessary because of prevailing levels of construction costs, fair market rents, or unusually high or low family incomes.

Very Low-Income

Very low-income households have incomes that do not exceed 50 percent of the median area income for the area, as determined by HUD, with adjustments for smaller and larger families and for areas with unusually high or low incomes, prevailing levels of construction costs, or fair market rents.

According to these definitions, HUD calculates maximum incomes for low-income and moderate-income households to determine if a household qualifies for housing subsidy programs. The maximum incomes are derived from the *median county income* and then adjusted according to household size.

¹⁶ U.S. Department of Housing and Urban Development, *Glossary of Community Planning and Development Terms*, <http://www.hud.gov/offices/cpd/library/glossary/>.

To examine housing affordability, it is important to take into consideration the level of household income, the household size, the housing unit size, the maximum occupancy of the housing unit, and the maximum affordable housing cost (including base rent and utilities or mortgage payment and utilities). For this report, affordable monthly housing payments for different unit sizes were calculated according to the Low-Income Housing Tax Credit (LIHTC) maximum housing cost methodology, which determines maximum rents for households at 50% or 60% of the median county income based on income, unit type, and maximum occupancy per unit type. Although LIHTC program only calculates maximum rents for low-income households, this same methodology can be applied to determine the maximum rent for moderate-income households as well. The full explanation of the LIHTC methodology employed in determining the maximum affordable housing costs for low-income and moderate-income households is provided in Appendix C.

The following table provides the calculated affordable monthly housing costs for apartments, condos, and single-family homes for moderate-income, low-income, and very low-income households. The maximum monthly housing costs for apartments have been broken down into monthly base rent and utilities. The maximum monthly housing costs for condos and single-family homes have been separated into a monthly mortgage payment (including principal, interest, taxes, and insurance) and utilities to estimate the maximum affordable home price per unit size and income group.

To gauge the supply of affordable apartments in the Downtown area, the maximum base rent for moderate-, low-, and very low-income households was compared with the average rents for CBID apartments. The supply of affordable condos and single-family homes was estimated by using the tax assessor's appraised values for these units and then by finding the percent of CBID units with appraised values at or below the calculated maximum home prices for moderate-income and low-income households.

Maximum Monthly Housing Costs for Moderate-Income Households at or below 95% of the Median County Income

Unit Type	Expected Occupancy	Maximum Income	Maximum Monthly Housing Cost (Income/12)*.3										
			Apartments			Condos				Single Family Homes			
			Max Monthly Cost	Base Rent	Utilities Allowance	Max Monthly Cost	Max Mo. Mortgage Payment	Utilities Allowance	Maximum Condo Price	Max Monthly Cost	Max Mo. Mortgage Payment	Utilities Allowance	Maximum Home Price
Studio	1.0 person	\$38,437	\$961	\$883	\$78	\$961	\$883	\$78	\$124,251	N/A	N/A	N/A	N/A
1-Bedroom	1.5 persons	\$41,183	\$1,030	\$931	\$99	\$1,030	\$931	\$99	\$133,799	\$1,030	\$911	\$119	\$131,702
2-Bedroom	3.0 persons	\$49,419	\$1,235	\$1,115	\$121	\$1,235	\$1,115	\$121	\$170,397	\$1,235	\$1,091	\$145	\$168,024
3-Bedroom	4.5 persons	\$57,106	\$1,428	\$1,287	\$141	\$1,428	\$1,287	\$141	\$204,609	\$1,428	\$1,258	\$169	\$201,723
4-Bedroom	6.0 persons	\$63,696	\$1,592	\$1,419	\$173	\$1,592	\$1,419	\$173	\$230,865	\$1,592	\$1,385	\$208	\$227,350

Maximum Monthly Housing Costs for Low-Income Households at or below 80% of the Median County Income

Unit Type	Expected Occupancy	Maximum Income	Maximum Monthly Housing Cost (Income/12)*.3										
			Apartments			Condos				Single Family Homes			
			Max Monthly Cost	Base Rent	Utilities Allowance	Max Monthly Cost	Max Mo. Mortgage Payment	Utilities Allowance	Maximum Condo Price	Max Monthly Cost	Max Mo. Mortgage Payment	Utilities Allowance	Maximum Home Price
Studio	1.0 person	\$32,368	\$809	\$731	\$78	\$809	\$731	\$78	\$94,017	N/A	N/A	N/A	N/A
1-Bedroom	1.5 persons	\$34,680	\$867	\$768	\$99	\$867	\$768	\$99	\$101,377	\$867	\$748	\$119	\$97,399
2-Bedroom	3.0 persons	\$41,616	\$1,040	\$920	\$121	\$1,040	\$920	\$121	\$131,611	\$1,040	\$896	\$145	\$128,675
3-Bedroom	4.5 persons	\$48,090	\$1,202	\$1,061	\$141	\$1,202	\$1,061	\$141	\$159,656	\$1,202	\$1,033	\$169	\$156,320
4-Bedroom	6.0 persons	\$53,638	\$1,341	\$1,168	\$173	\$1,341	\$1,168	\$173	\$180,939	\$1,341	\$1,133	\$208	\$176,499

Maximum Monthly Housing Costs for Very Low-Income Households at or below 50% of the Median County Income

Unit Type	Expected Occupancy	Maximum Income	Maximum Monthly Housing Cost (Income/12)*.3										
			Apartments			Condos				Single Family Homes			
			Max Monthly Cost	Base Rent	Utilities Allowance	Max Monthly Cost	Max Mo. Mortgage Payment	Utilities Allowance	Maximum Condo Price	Max Monthly Cost	Max Mo. Mortgage Payment	Utilities Allowance	Maximum Home Price
Studio	1.0 person	\$20,230	\$506	\$428	\$78	\$506	\$428	\$78	\$30,192	N/A	N/A	N/A	N/A
1-Bedroom	1.5 persons	\$21,675	\$542	\$443	\$99	\$542	\$443	\$99	\$32,862	\$542	\$423	\$119	\$29,703
2-Bedroom	3.0 persons	\$26,010	\$650	\$530	\$121	\$650	\$530	\$121	\$48,343	\$650	\$506	\$145	\$44,674
3-Bedroom	4.5 persons	\$30,056	\$751	\$610	\$141	\$751	\$610	\$141	\$66,107	\$751	\$582	\$169	\$61,699
4-Bedroom	6.0 persons	\$33,524	\$838	\$665	\$173	\$838	\$665	\$173	\$80,889	\$838	\$631	\$208	\$71,040

NOTE: The maximum incomes were derived from the median county income and adjusted for household size. The complete methodology and the notation data sources are found in Appendix C.

Multifamily Rental Housing

The comparison of the maximum affordable base rents to the average CBID rents shows that Downtown offers more affordable housing opportunities for moderate-income and low-income households than for very low-income households.

Apartment Affordability for Moderate-Income Households

The average rent rates indicate that studio and 1-BR apartments are affordable to moderate-income households in all CBID districts. 2-BR and 3-BR apartments are affordable in the North CBID, the South CBID, and the Medical Center; however, the Downtown Core lacks 2-BR and 3-BR units affordable for moderate-income households. The higher rents in the Downtown Core may be due to the central location and premium river views offered by many apartments.

Comparison of Maximum Base Rents for Moderate-Income (95%) Households and Average CBID Rents by District

Unit Type	Maximum Base Rent	Average Rent				
		Downtown Core	NCBID	SCBID	Medical Center	CBID
Studio	\$883	\$678	\$670	N/A	\$492	\$646
One-Bedroom	\$931	\$886	\$825	\$841	\$607	\$778
Two-Bedroom	\$1,115	\$1,292	\$1,064	\$1,029	\$756	\$1,035
Three-Bedroom	\$1,287	\$2,166	\$1,086	\$720	\$784	\$1,086

Source: Memphis Center City Commission, Residential Occupancy Report, January 2010.

NOTE: Maximum base rent does not include utilities, and average apartment rents include no utilities or only cover water, sewer, or trash service.

Apartment Affordability for Low-Income Households

Analysis of the average rents indicates that the average studio apartment rents in the CBID are affordable for low-income households. For 1-BR and 2-BR units, the Medical Center has the most affordable average rents. Although the Uptown area has affordable apartments, the average rents for the North CBID are skewed upwards by the higher-end developments on Mud Island. The average rents for 3-BR apartments in the Downtown Core and the North CBID exceed the maximum affordable rents for low-income households; but, the average rents in the South CBID and the Medical Center are affordable. It is important to note that only one property within the South CBID offers affordable 2-BR and 3-BR units for the low-income sector.

Comparison of Maximum Base Rents for Low-Income (80%) Households and Average CBID Rents by District

Unit Type	Maximum Base Rent	Average Rent				
		Downtown Core	NCBID	SCBID	Medical Center	CBID
Studio	\$731	\$678	\$670	N/A	\$492	\$646
One-Bedroom	\$768	\$886	\$825	\$841	\$607	\$778
Two-Bedroom	\$920	\$1,292	\$1,064	\$1,029	\$756	\$1,035
Three-Bedroom	\$1,061	\$2,166	\$1,086	\$720	\$784	\$1,086

Source: Memphis Center City Commission, Residential Occupancy Report, January 2010.

NOTE: Maximum base rent does not include utilities, and average apartment rents include no utilities or only cover water, sewer, or trash service.

Apartment Affordability for Very Low-Income Households

Although certain apartments within the CBID offer rents that are affordable for very low-income households, all of the average rents in the CBID exceed the maximum base rents for very low-income households. It is also important to note that the average rent of 3-BR units in the South CBID is not indicative of the entire district; there is only one apartment property that offers 3-BR units that are affordable to very low-income households. Although the average rents in the CBID are not considered affordable for very low-income households, public housing in the CBID and Section 8 vouchers provide affordable housing for this income group.

Comparison of Maximum Base Rents for Very Low-Income (50%) Households and Average CBID Rents by District

Unit Type	Maximum Base Rent	Average Rent				
		Downtown Core	NCBID	SCBID	Medical Center	CBID
Studio	\$428	\$678	\$670	N/A	\$492	\$646
One-Bedroom	\$443	\$886	\$825	\$841	\$607	\$778
Two-Bedroom	\$530	\$1,292	\$1,064	\$1,029	\$756	\$1,035
Three-Bedroom	\$610	\$2,166	\$1,086	\$720	\$784	\$1,086

Source: Memphis Center City Commission, Residential Occupancy Report, January 2010.

NOTE: Maximum base rent does not include utilities, and average apartment rents include no utilities or only cover water, sewer, or trash service.

Condominiums

The affordability of Downtown’s condominiums for moderate-, low-, and very low-income groups was estimated by analyzing the percentage of CBID condominium units with appraised values at or below the calculated maximum affordable condo price for each unit size. The overall trend shows that smaller units tend to be more affordable than larger units. In addition, there are more units available for moderate-income households than for low-income and very low-income households. For moderate-income households, affordable housing is available throughout the CBID; however, for low-income households, limited affordable housing is located in the Medical Center.

Condominium Affordability for Moderate-Income Households

Overall, 18% of CBID condominiums are affordable for moderate-income households. The percentage of affordable units decreases as unit size increases. The most affordable condo unit for moderate-income households is the studio condo; nearly half of all studio condos are affordable to households at or below 95% of the median county income. Only 25% of 1-BR units, 10% of 2-BR, 13% of 3-BR, and 0% of 4-BR condominiums are affordable for moderate-income households. Although the number of affordable condominiums is limited, these affordable units are located throughout the CBID and are not concentrated in only one area. Uptown, the Medical Center, the Downtown Core, South Main, and the South End all have affordable condominiums.

Existing Affordable Condos for Moderate-Income Households at or below 95% of the Median County Income

Unit Type	Total Units in the CBID	Maximum Affordable Condo Price	No. of Condos in the CBID Appraised At or Below Max Affordable Price	% of Condos in the CBID Appraised At or Below Max Affordable Price
Studio	51	\$124,251	24	47%
1-Bedroom	918	\$133,799	227	25%
2-Bedroom	809	\$170,397	79	10%
3-Bedroom	79	\$204,609	10	13%
4-Bedroom	12	\$230,865	0	0%

Source: Center City Commission, 2009 and Shelby County Tax Assessor, Certified Tax Roll, 2009.

Condominium Affordability for Low-Income Households

For low-income households at or below 80% of the median county income, there are a limited number of affordable condominiums. 11% of CBID condominiums are affordable for the low-income group. For smaller units, 20% of studios and 16% of 1-BR are affordable for low-income households. Only 6% of 2-BR, 11% of 3-BR, and 0% of 4-BR are affordable. The majority of these affordable units are located in Uptown and the Medical Center with some units in South Main and the Downtown Core.

Existing Affordable Condos for Low-Income Households at or below 80% of the Median County Income

Unit Type	Total Units in the CBID	Maximum Affordable Condo Price	No. of Condos in the CBID Appraised At or Below Max Affordable Price	% of Condos in the CBID Appraised At or Below Max Affordable Price
Studio	51	\$94,017	10	20%
1-Bedroom	918	\$101,377	143	16%
2-Bedroom	809	\$131,611	45	6%
3-Bedroom	79	\$159,656	9	11%
4-Bedroom	12	\$180,939	0	0%

Source: Center City Commission, 2009 and Shelby County Tax Assessor, Certified Tax Roll, 2009.

Condominium Affordability for Very Low-Income Households

For very low-income households, affordable condominium housing is very limited. Only 7% of all CBID condominiums are affordable for the very low-income population, and these affordable units are found only in the Medical Center. No studio units are affordable, and only 10% of 1-BR condominiums are affordable. Only 5% of 2-BR, 10% of 3-BR, and 0% of 4-BR condos are affordable for this income group.

Existing Affordable Condos for Very Low-Income Households at or below 50% of the Median County Income

Unit Type	Total Units in the CBID	Maximum Affordable Condo Price	No. of Condos in the CBID Appraised At or Below Max Affordable Price	% of Condos in the CBID Appraised At or Below Max Affordable Price
Studio	51	\$30,192	0	0%
1-Bedroom	918	\$32,862	92	10%
2-Bedroom	809	\$48,343	40	5%
3-Bedroom	79	\$66,107	8	10%
4-Bedroom	12	\$80,889	0	0%

Source: Center City Commission, 2009 and Shelby County Tax Assessor, Certified Tax Roll, 2009.

Single-Family Homes

The affordability of Downtown’s single-family homes for moderate-, low-, and very low-income groups was estimated by finding the percentage of CBID single-family homes with appraised values at or below the maximum affordable home price for each unit size. Although the study at the affordability of home sizes ranging from 1-BR homes to 4-BR homes, the majority of homes in the CBID are either 3-BR homes (64%) or 2-BR homes (22%). The overall trend shows that a greater percentage of smaller homes are affordable than larger homes; however, there are significantly more medium size homes than small homes in the CBID. Affordable single-family homes for moderate-income households are found throughout the CBID districts, but homes for low-income households are located mainly in the North CBID.

Single-Family Home Affordability for Moderate-Income Households

Of the total CBID single-family housing stock, 46% is affordable to moderate-income households. Although there are few 1-BR homes in the CBID, the majority of these units are affordable to the moderate-income demographic. Nearly half of all 2-BR, 3-BR, and 4-BR units are affordable to this income group. Affordable single-family homes are located throughout the CBID in the North CBID (Uptown and Mud Island), the Medical Center, and the South CBID (French Fort Neighborhood and area south of the FedEx Forum).

Existing Affordable Single-Family Homes for Moderate-Income Households at or below 95% of the Median County Income

Home Size	Total Homes in the CBID	Maximum Affordable Home Price	No. of CBID Homes Appraised At or Below Max Affordable Price	% of CBID Homes Appraised At or Below Max Affordable Price
1-Bedroom	18	\$131,702	17	94%
2-Bedroom	551	\$168,024	241	44%
3-Bedroom	1,561	\$201,723	698	45%
4-Bedroom	311	\$227,350	162	52%

Source: Center City Commission, 2009 and Shelby County Tax Assessor, Certified Tax Roll, 2009.

Single-Family Home Affordability for Low-Income Households

Overall, 34% of the total CBID single-family housing stock is affordable to low-income households. Most of the 1-BR units are affordable to the low-income demographic, and a sizable portion (30%-45%) of the 2-BR, 3-BR, and 4-BR homes is affordable to this income group. Single-family homes for low-income households exist in the Uptown area, Medical Center, and South CBID (French Fort Neighborhood and area south of the FedEx Forum).

Existing Affordable Single-Family Homes for Low-Income Households at or below 80% of the Median County Income

Home Size	Total Homes in the CBID	Maximum Affordable Home Price	No. of CBID Homes Appraised At or Below Max Affordable Price	% of CBID Homes Appraised At or Below Max Affordable Price
1-Bedroom	18	\$97,399	17	94%
2-Bedroom	551	\$128,675	220	40%
3-Bedroom	1,561	\$156,320	461	30%
4-Bedroom	311	\$176,499	141	45%

Source: Center City Commission, 2009 and Shelby County Tax Assessor, Certified Tax Roll, 2009.

Single-Family Home Affordability for Very Low-Income Households

Overall, 18% of the total single-family housing stock is affordable to very low-income households. 1-BR homes form only a small portion of the CBID housing stock, but most of these units are affordable for very low-income households. 25% of 2-BR, 13% of 3-BR, and 28% of 4-BR are affordable to the very low-income group. Affordable single-family housing for very low-income households exists only in the North CBID.

Existing Affordable Single-Family Homes for Very Low-Income Households at or below 50% of the Median County Income

Home Size	Total Homes in the CBID	Maximum Affordable Home Price	No. of CBID Homes Appraised At or Below Max Affordable Price	% of CBID Homes Appraised At or Below Max Affordable Price
1-Bedroom	18	\$29,703	15	83%
2-Bedroom	551	\$44,674	139	25%
3-Bedroom	1,561	\$61,699	203	13%
4-Bedroom	311	\$71,040	86	28%

Source: Center City Commission, 2009 and Shelby County Tax Assessor, Certified Tax Roll, 2009.

Summary of Housing Affordability by Income Group

The study of affordable housing indicates that Downtown offers affordable housing options; however, there are more affordable housing choices for moderate-income households than for low- or very low-income households. Single-family homes and apartments are the most affordable type of housing; most condominiums lack affordability, even for moderate-income households.

Housing Affordability for Moderate-Income Households

Moderate-income households at or below 95% of the median county income have many affordable housing options in the CBID. 46% of the single-family housing stock is affordable to moderate-income households, and the average rents for all sizes of apartments are below the maximum affordable rents for this income group. However, condominium affordability for moderate-income households is lacking. Although 47% of studio condo units are affordable, only 18% of all condo units are affordable for this income group.

Summary Comparison of Maximum Affordable Housing Costs for Moderate-Income Households (95% of Median County Income) and Estimated CBID Housing Costs

Unit Type	Apartments		Condos			Single-Family Homes		
	Maximum Affordable Base Rent	Average CBID Base Rent	Max Mo. Mortgage Payment	Maximum Affordable Condo Price	% of CBID Condos Appraised At or Below Max Affordable Price	Max Mo. Mortgage Payment	Maximum Affordable Home Price	% of CBID Homes Appraised At or Below Max Affordable Price
Studio	\$883	\$646	\$883	\$124,251	47%	N/A	N/A	N/A
One-Bedroom	\$931	\$778	\$931	\$133,799	25%	\$911	\$131,702	94%
Two-Bedroom	\$1,115	\$1,035	\$1,115	\$170,397	10%	\$1,091	\$168,024	44%
Three-Bedroom	\$1,287	\$1,086	\$1,287	\$204,609	13%	\$1,258	\$201,723	45%
Four-Bedroom	N/A	N/A	\$1,419	\$230,865	0%	\$1,385	\$227,350	52%

Source: Memphis Center City Commission, Residential Occupancy Report, January 2010, and Shelby County Tax Assessor, Certified Tax Roll, 2009.

NOTE: Maximum base rent does not include utilities, and the average CBID apartment rents include no utilities or only cover water, sewer, or trash service. The maximum monthly mortgage payment is the maximum monthly housing cost minus estimated monthly utility costs.

Housing Affordability for Low-Income Households

Single-family homes prove to be the most affordable housing option in the CBID for low-income households at or below 80% of the median county income; overall, 34% of single-family homes are affordable to low-income households. Almost all 1-BR homes are affordable, and 30-45% of 2-BR, 3-BR, and 4-BR homes are affordable. The average rent for CBID studios is affordable, and the average rents for larger units are borderline with the maximum affordable rents for this income group. Since the average CBID rents and maximum base rents are relatively close, this indicates that there are both affordable and unaffordable units for low-income households in the CBID. On the other hand, there are few affordable condo options for low-income households; based on appraised condo values, only 11% of condos are affordable to low-income households.

Summary Comparison of Maximum Affordable Housing Costs for Low-Income Households (80% of Median County Income) and Estimated CBID Housing Costs

Unit Type	Apartments		Condos			Single-Family Homes		
	Maximum Affordable Base Rent	Average CBID Base Rent	Max Mo. Mortgage Payment	Maximum Affordable Condo Price	% of CBID Condos Appraised At or Below Max Affordable Price	Max Mo. Mortgage Payment	Maximum Affordable Home Price	% of CBID Homes Appraised At or Below Max Affordable Price
Studio	\$731	\$646	\$731	\$94,017	20%	N/A	N/A	N/A
One-Bedroom	\$768	\$778	\$768	\$101,377	16%	\$748	\$97,399	94%
Two-Bedroom	\$920	\$1,035	\$920	\$131,611	6%	\$896	\$128,675	40%
Three-Bedroom	\$1,061	\$1,086	\$1,061	\$159,656	11%	\$1,033	\$156,320	30%
Four-Bedroom	N/A	N/A	\$1,168	\$180,939	0%	\$1,133	\$176,499	45%

Source: Memphis Center City Commission, Residential Occupancy Report, January 2010, and Shelby County Tax Assessor, Certified Tax Roll, 2009.

NOTE: Maximum base rent does not include utilities, and the average CBID apartment rents include no utilities or only cover water, sewer, or trash service. The maximum monthly mortgage payment is the maximum monthly housing cost minus estimated monthly utility costs.

Housing Affordability for Very Low-Income Households

The affordable housing analysis indicates that there limited affordable housing options for very low-income households. Most of the small, 1-BR single-family homes are affordable, but only 18% of the single-family home housing stock is affordable. All of the average CBID rents exceed the maximum affordable rents for very low-income households, and only 7% of condominiums are considered affordable for this income group.

Although there is an apparent lack of affordability for very low-income households, this income group can qualify for housing subsidies or public housing tenancy to mitigate the income burden. The CBID has nearly 1,300 units of public housing to serve the very low-income population.

Summary Comparison of Maximum Affordable Housing Costs for Very Low-Income Households (50% of Median County Income) and Estimated CBID Housing Costs

Unit Type	Apartments		Condos			Single-Family Homes		
	Maximum Affordable Base Rent	Average CBID Base Rent	Max Mo. Mortgage Payment	Maximum Affordable Condo Price	% of CBID Condos Appraised At or Below Max Affordable Price	Max Mo. Mortgage Payment	Maximum Affordable Home Price	% of CBID Homes Appraised At or Below Max Affordable Price
Studio	\$428	\$646	\$428	\$30,192	0%	N/A	N/A	N/A
One-Bedroom	\$443	\$778	\$443	\$32,862	10%	\$423	\$29,703	83%
Two-Bedroom	\$530	\$1,035	\$530	\$48,343	5%	\$506	\$44,674	25%
Three-Bedroom	\$610	\$1,086	\$610	\$66,107	10%	\$582	\$61,699	13%
Four-Bedroom	N/A	N/A	\$665	\$80,889	0%	\$631	\$71,040	28%

Source: Memphis Center City Commission, Residential Occupancy Report, January 2010, and Shelby County Tax Assessor, Certified Tax Roll, 2009.

NOTE: Maximum base rent does not include utilities, and the average CBID apartment rents include no utilities or only cover water, sewer, or trash service. The maximum monthly mortgage payment is the maximum monthly housing cost minus estimated monthly utility costs.

IV. ASSESSMENT OF DOWNTOWN HOUSING MARKET

Based on the data collection and analysis conducted in this report, the following sections provide conclusions about Downtown's market potential and housing needs in the coming years.

Demographic Trends Affecting the Future Housing Market

Demographic data on marital status, age, and income provide insight into the type of households that are likely to move to Downtown Memphis in the future.

Since demographic sources estimate that 80% of the Downtown population over the age of 15 is single and also identify the 55-64 population as the fastest growing age group, these populations may need a smaller housing unit than the average household. Future residential development projects should account for the needs and interests of these demographic groups.

Age data also shows decreases in the 25 to 44 age population. Despite some increases in married couples and children, the decrease in 25 to 44 age population may indicate some outmigration of young adults when they marry and have children. To retain families, Downtown will need to offer a range of housing styles and price points for families.

Since 1990, households with incomes greater than \$35,000 per year have been increasing. Households with incomes greater than \$75,000 per year represent the fastest growing income demographic in the CBID. Consideration of the average and median household income is important for the pricing of current and future housing stock. In 2009, the average household income for the CBID was \$57,076, and the median household income was \$34,672. Assuming that households pay no more than 30% of their monthly gross income towards housing and reserve 10% of their housing allocation for utilities, the average household could afford a base rent or mortgage payment of \$1,283 or a house or condo priced at \$203,814. The average household income is likely influenced by the growing number of \$75,000+ households.

In addition to the average household income, it is also important to consider the median household income. Continuing with the previous assumptions, the median household with an income of \$34,672 could afford a base rent or mortgage payment of \$779 or a house or condo priced at \$103,565. Consequently, 50% of households can only afford a monthly payment below \$779 per month, and 50% of households can afford more than \$779 per month. The median household income reflects the lower-income population of Downtown that has decreased since 1990 but continues to account for a sizable portion of the Downtown population.

Housing Market Potential

Downtown residential development over the past decade has been a product of the demand for urban living options, the boom in the housing market from 2000 – 2006, and the availability of financing for both developers and buyers of housing units. The nationwide recession, job losses, foreclosures, lack of liquidity in the credit markets for development projects, and the tightening

of financing standards for home buyers have recently affected the projected growth rate within Downtown Memphis.

Taking into account the past trends and forecasts for the Downtown area, it is anticipated that there will be continued demand for Downtown living options in the coming years. This outlook is based on the following factors:

1. Approximately \$5 billion has been invested in Downtown Memphis over the past decade, and this investment has greatly improved the conditions within the CBID. As redevelopment efforts continue, Downtown will become increasingly attractive to potential residents.
2. Downtown has become unique place with historic properties, cultural attractions, restaurants, educational institutions, and transportation alternatives that may be attractive to future residents.
3. 9,000 jobs are forecast for the Memphis Medical Center over the next decade. A percentage of these workers will likely want to live close to their jobs in the Downtown area.
4. As the University of Memphis Law School, the Visible School, and Memphis College of Art relocate to Downtown, the students, faculty, and staff of these institutions may wish to live close to their place of study or place of work.
5. Downtown offers a variety of housing types and housing prices and thereby appeals to a range of age groups and incomes.
6. Downtown is an ideal location for “smart growth,” since the existing infrastructure and public services can reduce development costs.
7. The 2008 historic high in fuel costs and the nationwide movement toward sustainable living have turned attention to the development of dense, walkable, and transit-oriented communities with mixed-use development. Downtown Memphis offers several pedestrian-friendly neighborhoods, where residents can live, work, learn, and spend leisure time in one place and do not have to continuously depend on an automobile.

Although Downtown evidences significant potential for growth, there are also obstacles to development to consider. The primary challenges are:

1. Some areas of the CBID are in need of comprehensive redevelopment due to blighted conditions and concentrated areas of poverty. These areas will require a holistic redevelopment approach that includes: planning, an influx of capital, strategic partnerships between public and private entities, and social service programs to help existing residents.

2. Downtown's public realm and infrastructure suffers from a lack of maintenance and will require improvements to attract future investment. The Center City Commission estimates that \$115 million in streetscape improvements are needed to provide a quality public realm for residents, businesses, and visitors.
3. Although retail and residential services have increased significantly over the past decade, Downtown residents continue to be underserved from a retail standpoint.
4. Downtown needs an improved perception as a potential home for families, including greater awareness of the quality educational facilities available to Downtown residents.

Housing Needs and Opportunities

As Downtown grows and develops, the CBID should continue to offer a variety of housing types and price points to meet the needs of the local population. Housing market statistics, demographic trends, and analysis of existing housing affordability assisted in identifying the following housing needs and opportunities.

Multifamily Rental Housing

Downtown apartments have performed very well in recent years with CBID occupancy averaging 90% over the past decade. With a large singles population, a trend towards smaller household sizes, and a growing number of college students in Downtown, it is anticipated that there will be continued demand for apartments in all areas of the CBID.

Specifically, the South CBID may present an opportunity for future apartment development based on vacancy rates, rental rates, and the focus on condo development versus apartment development in recent years. The South CBID has a 90% occupancy rate and a competitive average rent for 1-BR apartments. The South CBID has only 445 apartment units (8% of Downtown's inventory), and only 5% of the apartment units developed from 2000 – 2009 are located in the South CBID. In addition, the South CBID has no studio units. Additional apartment units could attract artists and students, who are key to sustaining the neighborhood as an arts district.

Condominiums

Condominium development since 2000 has supported the creation of dense urban environments throughout Downtown that are necessary for business growth and development; however, many recent condo developments have been priced for households with incomes above the median income. Based on appraised values, only 18% of existing condos are affordable for moderate-income households – those households at or below 95% of the median county income; even fewer units are affordable for low-income or very low-income households. The lack of affordable condominiums demonstrates a need for more affordable units for low and moderate-income households. In addition, affordable condominiums could potentially help retain young professionals by offering affordable urban living options to first-time home buyers.

Single-Family Homes

Despite the fact that Downtown single-family housing development has tapered off due to the completion of major developments and the recent recession, single-family home development in the past has been very successful on Mud Island and in Uptown. Future single-family home development has the potential to attract more families to Downtown and is appropriate for areas of the North CBID and South CBID with lower densities.

Senior Housing

With a growing 55+ population, Downtown will likely see increased demand for senior housing providers in the coming years. Senior housing is important to enable Downtown citizens to age in place in their communities. Downtown will also need a range of senior housing price points to serve all income groups.

Affordable Housing

Analysis of rents and appraised values indicates that Downtown is an economically diverse community, offering affordable housing options for moderate-income, low-income, and very low-income households. There are more housing choices for moderate-income and low-income households than for very low-income households. Single-family homes and apartments tend to be more affordable than condominiums; there is an apparent lack in affordable condominiums, even for moderate-income households. In addition, there are a greater number of smaller size affordable units (studios and 1-BR) than larger size units (2-BR and 3-BR). While affordable housing is limited for the very low-income group, Downtown has the majority of the public housing units in the city to serve this population. Despite the supply of public and subsidized housing, there is still demand for low-income and very low-income housing in Shelby County. The demand for affordable housing is illustrated through the waitlists for the Housing Choice Voucher Program (Section 8). The Memphis Housing Authority currently supports 5,700 vouchers with a waitlist of over 4,000 individuals.¹⁷

Additional affordable housing would be best designed as a component of market rate development projects to avoid concentrations of lower-income households. Larger size affordable units could also assist in attracting families to Downtown. To encourage the creation of affordable housing, local, state and federal entities offer a variety of incentives and programs. Incentives include property tax freezes, low-interest loans, grants, tax credits, bond issuance, and land acquisition subsidies. A list of some of the available programs for affordable housing development is provided in the appendix.

Development Opportunities and Constraints by CBID District

Although Downtown has experienced over \$600 million in residential development since 2000, the CBID still has vacant and underutilized properties that present opportunities for future residential development. These opportunities are not free of obstacles due to the age and nature

¹⁷ Memphis Housing Authority, email message, October 22, 2009.

of the Downtown environment. The following sections provide an overview of the development opportunities and challenges within each of the CBID districts.

Downtown Core

The Downtown Core has a supply of historic buildings and quality vacant office buildings with potential for conversion to residential uses. The dense, urban environment allows residents to “live, work, and play” in the same area. Restaurants, bars, parks, and the riverfront are all within walking distance of the Core. In addition to revitalization of existing buildings, Downtown’s surface parking lots could be sites for new construction. Challenges to redevelopment in the Downtown Core include accommodations for parking and higher costs for urban core construction.

North CBID

Mud Island has been the center of Downtown residential development for the past 15 years; however, the Island is now built out with no further capacity. To the east of Mud Island, the Uptown HOPE VI redevelopment initiative has transformed a formerly blighted, 100-block area into a mixed-income residential community. Future development in the North CBID can build upon the New Urbanist success of Harbor Town and the reinvestment within the Uptown neighborhood.

The land running along the eastern bank of the Wolf River Harbor offers sizable opportunities for future residential development. The Center City Commission’s *Uptown Community Redevelopment Plan Update for the Pinch District & Wolf River Harbor Area* recommends rezoning of industrial and vacant land along the harbor to high-density residential, moderate-density residential, and mixed-use zoning to complement Mud Island and Uptown development.¹⁸ Development barriers in this area include industrial sites, potential brownfields, the 100-year and 500-year floodplains, a protective floodwall that runs parallel to the harbor, and a lack of infrastructure to support residential development. In addition to harbor development, revitalization and reinvestment are needed in the area just north of the Uptown HOPE VI redevelopment.

South CBID

Anchored by the Historic South Main Arts District, the South CBID has experienced significant residential growth over the past decade. Revitalization began in the 1980s with renovation of commercial and warehouse spaces into residential property. Although a number of buildings have been renovated west of South Main Street, most of the area from South Main to Danny Thomas and from Carolina to Crump is still in need of reinvestment.

As the Memphis Housing Authority (MHA) moves forward with the redevelopment of Cleaborn Homes and eventually Foote Homes, two public housing developments located just south of the FedEx Forum, there will be new opportunities for affordable single-family homes and apartment

¹⁸ Memphis Center City Commission, *Uptown Community Redevelopment Plan Update for the Pinch District & Wolf River Harbor Area* (Draft version) (Memphis: Memphis Center City Commission, 2008), 56-62.

developments. Redevelopment of public housing into a mixed-income, Uptown-style development will leverage additional private investment in the surrounding area. Within the South Forum area, vacant land, vacant buildings, and tax delinquent properties present development opportunities and make property acquisition easier for new development projects. Although 11 property owners possess two-thirds of the parcels, 125 property owners possess the remaining one-third of the South Forum area, creating a potential challenge for land assembly. Blighted properties and relatively higher crime rates also deter redevelopment activity.

Medical Center

The Medical Center is dominated by large-scale medical facilities, but the existing surface parking lots have potential for infill development to serve medical students and office workers in the area. One major amenity of the district is the Madison Avenue trolley line, which enables people to travel easily between the Medical Center and the Downtown Core and could serve future transit-oriented developments. A challenge in the district will be the creation of mixed-use, pedestrian-scale development amidst segregated land uses and large-scale, institutional facilities.

Conclusions on the Downtown Housing Market

Based on the consideration of a range of housing market indicators, Downtown Memphis has potential for continued growth and development, therefore making it attractive for future housing investment. The 55+ population, college and graduate students, single households, Medical Center workers, and families are target populations to sustain residential growth. In the future, Downtown must continue to offer a range of housing types and price points to maximize opportunities for residential development.

The high occupancy rates and rental rates reflect a strong multifamily market in the CBID overall and show potential for future apartment development. While both condominium and single-family home development and sales have decreased, the average appraised values for Downtown condos and single-family family homes remain well above the County average, demonstrating long-term value. Although Downtown has a growing high-income earning population, housing price points also need to take into account the median and average household incomes. Affordable housing products will be key to retaining a well-balanced workforce, including young professionals, families, low- and moderate-income households, and college students.

The decade ended with one of the deepest economic turndowns in history with the housing crisis at its core. The housing crisis dramatically altered the structure of the housing market in terms of development, financing and the short-term viability of residential real estate as an investment tool. This slow down in the residential market provides the opportunity to redirect the housing sector toward a more sustainable approach. The long-term result could be a more diverse housing stock created strategically to serve the needs of changing demographics and lifestyles. Urban neighborhoods such as Downtown provide the opportunity for a greater variety of housing types and price points along with increased access to amenities. This new housing development pattern

can be more easily serviced by local government and can result in healthier more vibrant communities.

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APPENDICES

A. Population Growth Methodology

The 2014 population forecast and the correlated average annual growth rates for 2009-2014 are based on an analysis of recently completed, under construction, and planned residential units within the CBID. These units were multiplied by an average household size of 2.0 (the Decision Data Resources average household size estimate for the CBID in 2009) to forecast population growth between 2009 and 2014. The resulting figures were then multiplied by 90% to assume a 10% vacancy for the new units in 2014.

The 2009-2014 average annual growth rates were determined from the population forecast based on the following formula:

$$\text{Average Annual Growth Rate} = ((\text{Pop 2014} / \text{Pop 2009})^{1/5} - 1)$$

B. Multifamily Housing Methodologies

The CBID average rents, average sqft, and average prices per sqft for apartments are based only on data from apartments that reported a rent range and a sqft range for each unit size (i.e. 1-BR, 2-BR, etc.). If a property manager only reported the overall price range or sqft range for all unit sizes, the property was not included in the average rent or average sqft statistics.

Average Rents

The average rent for each unit size in each district was calculated by first finding the average rent for each unit size at each apartment development. The average rent for each unit size in each development was calculated by averaging the reported high rent and low rents. The average rent for each type of unit size in each of the CBID districts was then calculated with a weighted average method:

$$\text{Average rent} = \frac{(x_1 \text{ mean} * x_1 \text{ units}) + (x_2 \text{ mean} * x_2 \text{ units}) + \dots + (x_n \text{ mean} * x_n \text{ units})}{x_1 \text{ units} + x_2 \text{ units} + \dots + x_n \text{ units}}$$

The average rents for the entire CBID were calculated by the same weighted average method.

Average Sqft

The sqft for each unit type in each district was calculated by first finding the average sqft for each unit size at each apartment development. The average sqft for each unit size in each development was calculated by averaging the reported high sqft and low sqft. The average sqft for each type of unit in each of the CBID districts was then calculated with a weighted average method:

$$\text{Average sqft} = \frac{(x_1 \text{ mean} * x_1 \text{ units}) + (x_2 \text{ mean} * x_2 \text{ units}) + \dots + (x_n \text{ mean} * x_n \text{ units})}{x_1 \text{ units} + x_2 \text{ units} + \dots + x_n \text{ units}}$$

The average sqft statistics for the entire CBID were calculated by the same weighted average method.

Average Price Per Sqft

The average price per sqft was also calculated based on the weighted average method:

$$\text{Average price per sqft} = \frac{\text{weighted average rent for each district}}{\text{weighted average sqft for each district}}$$

The average prices per sqft for the entire CBID were calculated by the same weighted average method.

The following tables list all of the apartments that were surveyed through the Center City Commission's January 2010 Residential Occupancy Report. The tables list the reported units, rent ranges, and sqft ranges for studio, 1-BR, 2-BR, and 3-BR apartments within the four districts of the CBID. *If any field indicates "no data available," the apartment development was excluded from the statistical analysis.*

Studio Apartments

Location	PropertyName	Units	Rent range	Sqft range
Downtown Core	The Exchange Building		No data available	
	Main Street Flats	3	\$800-\$850	705
	Metro 67	24	\$775-\$785	587-625
	Renaissance Apartments	114	\$550-\$619	364-499
Medical Center	Fielder Square Downtown	82	\$650-\$900	424-699
	The Edison	3	\$345	240
	Medical Center Tower Apts		No data available	
	750 Adams Place	9	529	525
	Blair Tower	15	\$560	500
	Beauregard Place		No data available	
South CBID	Park Tower Apartments	24	\$435-\$475	280-322
		No data available		
North CBID	Uptown Square	23	\$623	460-470

1-BR Apartments

Location	PropertyName	Units	Rent range	Sqft range
Downtown Core	Cotton Row Apartments	1	No data available	
	Cotton Growers Apartments	2	\$700	1200
	91 Cotton Row Apartments	2	\$950	715-750
	Radio Center Flats	10	\$899-\$1350	816-1197
	The Cornerstone at Main Street Flats	11	\$850-\$1200	735-1050
	Court Square Center Apartments	24	\$899-\$1125	1003-1157
	Main Street Flats	26	\$900-\$1250	900-1600
	Metro 67	89	\$970-\$1705	740-1165
	Pembroke Square Apartments	43	\$750-\$1200	650-1200
	Number 10 Main Apartments	56	\$790-\$970	850-890
	Renaissance Apartments	76	\$695-\$819	709-804
	Gayoso House	131	\$637-\$1150	600-1150
Medical Center	The Exchange Building	140	\$440-\$510	646-687
	126 N Bellevue Apartments	8	\$340-\$375	500-500
	Bellevue Apartments	8	\$399	550
	737 Court Apartments	8	\$450-\$490	450
	Beauregard Place	16	No data available	
	Colonial Apartments	18	\$500-\$550	700-800
	Heritage Square Apartments, L.L.C.	28	\$429	575
	Jefferson Place	33	\$730	750
	Faulkner Court Apartments	36	\$570-\$620	575
	Medical Center Tower Apartments	75	\$425-\$495	No data available
	Park Tower Apartments	80	\$585	506
	750 Adams Place	130	\$449-\$499	550-680
	The Edison	140	\$485-\$535	480-696
	The Bristol on Union	142	\$735-\$1040	593-860
North CBID	Fielder Square Downtown	145	\$730-\$1195	556-1035
	Blair Tower	150	\$599-\$619	620
	Arbors of Harbor Town	139	\$719-\$885	630-812
	Island Park Apts & Harbor Town Sq	176	No data available	
	The Estates at River Pointe	241	\$865-\$995	716-931
	The Riverset Apartments	268	\$779-\$885	630-885
	Belle Harbor	No data available	\$800-\$1190	625-1031
	Mary Francis Building Apartments	4	\$675	637
	660 N 6th St Apartments	6	\$250-\$300	No data available
	Riverbend Place Apartments	8	No data available	
	Greenlaw Place	34	\$544	731
	Uptown Square	191	\$678-\$823	646-862
	Fulcrum Apartments		No data available	
	The Metropolitan	No data available	\$544	851
South CBID	Uptown Place	No data available	\$550-\$700	No data available
	Studio Station	7	\$795-\$1100	620-1281
	Owens Place Townhomes/Apartments	16	\$525	690
	The Adler Apartments	19	\$650-\$800	600-800
	South Bluffs Apartments	148	\$840-\$931	819-945

2-BR Apartments

Location	PropertyName	Units	Rent range	Sqft range
Downtown Core	Cotton Row Apartments	1	No data available	
	Pembroke Square Apartments	2	\$1,400	No data available
	The Cornerstone at Main Street Flats	3	\$1350-\$1450	1400-1500
	Cotton Growers Apartments	4	\$850	1400
	91 Cotton Row Apartments	4	\$1,450	1100-1500
	Radio Center Flats	4	\$1500-\$1700	1556-1652
	Main Street Flats	5	\$1500-\$1900	1350-1550
	Metro 67	37	\$1625-\$2240	1196-1615
	Gayoso House	25	\$762-\$1175	800-1175
	Court Square Center Apartments	48	\$1100-\$1659	1087-1424
	Renaissance Apartments	38	\$915-\$995	1100-1200
	The Exchange Building	55	\$550-\$575	693-763
	Number 10 Main Apartments	56	\$1080-\$1590	1250-1340
Fielder Square Downtown	129	\$1010-\$2010	814-1872	
Medical Center	Medical Center Tower Apartments	3	\$525	No data available
	Colonial Apartments	12	\$600-675	1104-1149
	Park Tower Apartments	24	\$675-\$765	625-728
	The Dunlap Apartments	25	\$525-\$600	1275
	Jefferson Place	32	\$865	\$1,000
	Blair Tower	43	\$795-\$829	900-910
	Heritage Square Apartments, L.L.C.	48	\$529	725
	750 Adams Place	62	\$565-\$665	700
	The Bristol on Union	74	\$982-\$1717	1045-1507
The Edison	123	\$545-\$595	720-910	
North CBID	Island Park Apts & Harbor Town Sq	123	No data available	
	The Estates at River Pointe	135	\$1155-\$1275	1093-1249
	Arbors of Harbor Town	174	\$945-\$1175	937-1131
	The Riverset Apartments	232	\$925-\$1043	1009-1150
	Belle Harbor	No data available	\$1260-\$1900	1190-1893
	Mary Francis Building Apartments	2	\$1,150	1275
	Bickford Square Apartments	12	\$610	1070
	Riverbend Place Apartments	16	\$645	No data available
	Greenlaw Street Apartments	16	\$475-\$495	850
	Greenlaw Place	36	\$654	No data available
	Uptown Square	113	\$913-\$1448	922-1610
The Metropolitan	No data available	\$669	1088	
South CBID	The Adler Apartments	2	\$895-\$900	No data available
	Studio Station	8	\$850-\$1395	1357-1635
	Owens Place Townhomes/Apts	39	\$600-\$645	830-958
	South Bluffs Apartments	117	\$1065-\$1250	1065-1250

3-BR Apartments

Location	PropertyName	Units	Rent range	Sqft range
Downtown Core	The Cornerstone at Main Street Flats	1	\$2,500	1994
	91 Cotton Row Apartments	1	\$2,350	1980
	Metro 67	7	\$2,600	1740
	The Exchange Building	4	\$745-\$1650	2500
	Fielder Square Downtown	7	\$2110-\$2310	1949-1990
Medical Center	The Bristol on Union	4	\$1525-\$1640	1442-1527
	The Edison	36	\$695	1040-1169
North CBID	Island Park Apts & Harbor Town Sq	3	No data available	
	The Estates at River Pointe	24	\$1,395	1368
	Arbors of Harbor Town	32	\$1372-\$1517	1554
	Riverbend Place Apartments	6	\$488-\$735	No data available
	Greenlaw Place	18	\$749	1408
	Uptown Square	20	\$1163-\$1253	1106-1273
	April Woods Apartments	78	\$575-\$699	No data available
	Belle Harbor	No data available	\$1470-\$1570	1312-1506
	Bickford Square Apartments	35	\$650	1165
The Metropolitan	No data available	\$779	1256	
South CBID	Owens Place Townhomes/Apartments	26	\$720	1282

C. Housing Affordability Methodology

The Low-Income Housing Tax Credit (LIHTC) methodology¹⁹ was selected as the most appropriate method for calculating affordable housing costs because it takes into account HUD's definitions of income groups, income limits, unit size, and an expected occupancy for each unit size.

The methodology applied in the following maximum housing cost calculations begins with the HUD determined median gross income for a 4-person household in Shelby County.²⁰ HUD then calculates 50% of the median household income for a 4-person household as the baseline for adjusting the median income according to household size.

Housing costs for very-low income households (50% of the median income) are calculated beginning with the 50% of the median county income figure. For low-income households (80% of the median county income), the 50% of the median county income figure is multiplied by 1.6 to adjust the figure to 80% of the median county income. For moderate-income households (95% of the median county income), the 50% of the median county income figure is multiplied by 1.9 to adjust the figure to 95% of the median county income.

Next, the calculated median incomes for the 4-person very low-, low-, or moderate-income households are further adjusted by a percentage factor to account for variations in household size. The listed maximum incomes in the second table on the following sheets represent the adjusted median gross incomes for different household sizes.

In the third table on the following sheets, the calculated maximum incomes for household sizes are then adjusted for different unit sizes based on the HUD determined occupancy levels. For example, a studio unit has an expected occupancy of 1-person. For this unit to be affordable for a very low-income, 1-person household, the unit would have to be priced for a household with an income of \$20,230 or less. The column labeled "maximum income" in the third table correlates directly with the calculated maximum incomes in the previous table; some of the maximum incomes have to be adjusted to correspond with the expected occupancies. For example, to determine the maximum income for a 1-bedroom unit that has an expected occupancy of 1.5-persons, the 1-person household maximum income and the 2-person household maximum income are averaged together.

The maximum monthly housing costs are then calculated by dividing the maximum income for each unit size by 12 and multiplying by 0.3 to allocate monthly housing costs to no more than 30% of a household's monthly income. Maximum monthly housing costs are further broken down into base rent and utilities for apartments or monthly mortgage payment and utilities for condos and single-family homes. The utilities data was derived from estimated basic utility costs published in the Tennessee Housing Development Agency's *Allowances*

¹⁹ Danter Company, *LIHTC Maximum Rents and Incomes*, <http://www.danter.com/TAXCREDIT/getrents.HTML> (accessed November 25, 2009).

²⁰ U.S. Department of Housing and Urban Development, *Income Limit Data Sets*, http://www.huduser.org/portal/datasets/il/il2009/select_Geography.odt (accessed November 25, 2009).

*for Tenant-Furnished Utilities and Other Services Form for Apartments*²¹. Since most condos are similar in form and size to apartments, the utilities data for apartments was applied directly to the condos table. The utilities data for single-family homes was based on the apartments data, but estimated utility expenditures were increased by 20% to account for the larger size of single-family homes as compared to apartments.

The calculated base rent or monthly mortgage payment is the calculated maximum monthly housing cost minus estimated utilities. For condos and single-family homes, the calculated maximum monthly mortgage payment was used to determine the maximum affordable condo price or home price. The source for calculating the maximum affordable prices was the Quicken Loan's "How much house can you afford?" mortgage calculator²². The calculator enables the user to enter a maximum monthly payment and then accounts for principal, interest, taxes, and insurance in calculating the maximum affordable home price.

²¹ Tennessee Housing Development Agency, *Allowances for Tenant-Furnished Utilities and Other Services Form for Apartments*, 10/1/2009, <http://www.thda.org/hcv/utilityallow/uacover.html> (accessed November 25, 2009).

²² Quicken Loans, "How much can you afford?" (mortgage calculator), <https://www.quickenloans.com/mortgage-calculator/home-affordability> (accessed November 25, 2009).

Maximum Monthly Housing Cost for Very Low Income Households at or below 50% of the Median County Income

Shelby Co. Median Gross Income 2009 (4 person HH)	\$57,800
HUD VLI for 4 person HH (50% of median)	\$28,900

Per LIHTC methodology, 50% of median 4 person household is adjusted for household size as follows:

Household Size	Adjustment	Maximum Income
1 person	70% (*0.7)	\$20,230
2 persons	80% (*0.8)	\$23,120
3 persons	90% (*0.9)	\$26,010
4 persons	100%	\$28,900
5 persons	108% (*1.08)	\$31,212
6 persons	116% (*1.16)	\$33,524

Maximum monthly cost afforded by each household size based on:

1. Expected occupancy per unit type
2. Assumption that households at maximum income pay no more than 30% of income for housing
3. Maximum monthly cost includes rent plus utilities or mortgage payment plus utilities.

Unit Type	Expected Occupancy	Maximum Income	Maximum Monthly Housing Cost (Income/12)*.3										
			Apartments			Condos				Single Family Homes			
			Max Monthly Cost	Base Rent	Utilities Allowance	Max Monthly Cost	Max Mo. Mortgage Payment	Utilities Allowance	Maximum Condo Price	Max Monthly Cost	Max Mo. Mortgage Payment	Utilities Allowance	Maximum Home Price
Studio	1.0 person	\$20,230	\$506	\$428	\$78	\$506	\$428	\$78	\$30,192	N/A	N/A	N/A	N/A
1-Bedroom	1.5 persons	\$21,675	\$542	\$443	\$99	\$542	\$443	\$99	\$32,862	\$542	\$423	\$119	\$29,703
2-Bedroom	3.0 persons	\$26,010	\$650	\$530	\$121	\$650	\$530	\$121	\$48,343	\$650	\$506	\$145	\$44,674
3-Bedroom	4.5 persons	\$30,056	\$751	\$610	\$141	\$751	\$610	\$141	\$66,107	\$751	\$582	\$169	\$61,699
4-Bedroom	6.0 persons	\$33,524	\$838	\$665	\$173	\$838	\$665	\$173	\$80,889	\$838	\$631	\$208	\$71,040

Maximum Monthly Housing Cost for Low Income Households at or below 80% of the Median County Income

Shelby Co. Median Gross Income 2009 (4 person HH)	\$57,800
HUD VLI for 4 person HH (50% of median)	\$28,900
Multiply by 1.6 to adjust to 80% of median (4 person HH)	\$46,240

Per LIHTC methodology, 80% of median 4 person household is adjusted for household size as follows:

Household Size	Adjustment	Maximum Income
1 person	70% (*0.7)	\$32,368
2 persons	80% (*0.8)	\$36,992
3 persons	90% (*0.9)	\$41,616
4 persons	100%	\$46,240
5 persons	108% (*1.08)	\$49,939
6 persons	116% (*1.16)	\$53,638

Maximum monthly cost afforded by each household size based on:

1. Expected occupancy per unit type
2. Assumption that households at maximum income pay no more than 30% of income for housing
3. Maximum monthly cost includes rent plus utilities or mortgage payment plus utilities.

Unit Type	Expected Occupancy	Maximum Income	Maximum Monthly Housing Cost (Income/12)*.3										
			Apartments			Condos				Single Family Homes			
			Max Monthly Cost	Base Rent	Utilities Allowance	Max Monthly Cost	Max Mo. Mortgage Payment	Utilities Allowance	Maximum Condo Price	Max Monthly Cost	Max Mo. Mortgage Payment	Utilities Allowance	Maximum Home Price
Studio	1.0 person	\$32,368	\$809	\$731	\$78	\$809	\$731	\$78	\$94,017	N/A	N/A	N/A	N/A
1-Bedroom	1.5 persons	\$34,680	\$867	\$768	\$99	\$867	\$768	\$99	\$101,377	\$867	\$748	\$119	\$97,399
2-Bedroom	3.0 persons	\$41,616	\$1,040	\$920	\$121	\$1,040	\$920	\$121	\$131,611	\$1,040	\$896	\$145	\$128,675
3-Bedroom	4.5 persons	\$48,090	\$1,202	\$1,061	\$141	\$1,202	\$1,061	\$141	\$159,656	\$1,202	\$1,033	\$169	\$156,320
4-Bedroom	6.0 persons	\$53,638	\$1,341	\$1,168	\$173	\$1,341	\$1,168	\$173	\$180,939	\$1,341	\$1,133	\$208	\$176,499

Maximum Monthly Housing Cost for Moderate Income Households at or below 95% of the Median County Income

Shelby Co. Median Gross Income 2009 (4 person HH)	\$57,800
HUD VLI for 4 person HH (50% of median)	\$28,900
Multiply by 1.9 to adjust to 95% of median (4 person HH)	\$54,910

Per LIHTC methodology, 95% of median 4 person household is adjusted for household size as follows:

Household Size	Adjustment	Maximum Income
1 person	70% (*0.7)	\$38,437
2 persons	80% (*0.8)	\$43,928
3 persons	90% (*0.9)	\$49,419
4 persons	100%	\$54,910
5 persons	108% (*1.08)	\$59,303
6 persons	116% (*1.16)	\$63,696

Maximum monthly cost afforded by each household size based on:

1. Expected occupancy per unit type
2. Assumption that households at maximum income pay no more than 30% of income for housing
3. Maximum monthly cost includes rent plus utilities or mortgage payment plus utilities.

Unit Type	Expected Occupancy	Maximum Income	Maximum Monthly Housing Cost (Income/12)*.3										
			Apartments			Condos				Single Family Homes			
			Max Monthly Cost	Base Rent	Utilities Allowance	Max Monthly Cost	Max Mo. Mortgage Payment	Utilities Allowance	Maximum Condo Price	Max Monthly Cost	Max Mo. Mortgage Payment	Utilities Allowance	Maximum Home Price
Studio	1.0 person	\$38,437	\$961	\$883	\$78	\$961	\$883	\$78	\$124,251	N/A	N/A	N/A	N/A
1-Bedroom	1.5 persons	\$41,183	\$1,030	\$931	\$99	\$1,030	\$931	\$99	\$133,799	\$1,030	\$911	\$119	\$131,702
2-Bedroom	3.0 persons	\$49,419	\$1,235	\$1,115	\$121	\$1,235	\$1,115	\$121	\$170,397	\$1,235	\$1,091	\$145	\$168,024
3-Bedroom	4.5 persons	\$57,106	\$1,428	\$1,287	\$141	\$1,428	\$1,287	\$141	\$204,609	\$1,428	\$1,258	\$169	\$201,723
4-Bedroom	6.0 persons	\$63,696	\$1,592	\$1,419	\$173	\$1,592	\$1,419	\$173	\$230,865	\$1,592	\$1,385	\$208	\$227,350

D. Housing Development Incentives and Programs

To aid urban revitalization efforts and to encourage the creation of affordable housing units, local, state and federal entities offer a variety of incentives and programs. Incentives include property tax freezes, low-interest loans, grants, tax credits, bond issuance, and land acquisition subsidies.

Memphis Center City Commission Programs

Payment in Lieu of Taxes (PILOT)

The PILOT program is a financial incentive that is designed to encourage commercial real estate development in and around the Central Business Improvement District by "freezing" property taxes at the predevelopment level for a predetermined period of time. Multifamily housing development is considered to be commercial real estate development. To be eligible for a PILOT, the value of the building renovations, site improvements, or new construction must be equal to or greater than sixty percent (60%) of the total project cost. The program is administered by the Center City Revenue Finance Corporation through an application and review process.

Development Loan

The Center City Development Corporation's (CCDC) Development Loan Program is a financial incentive designed to encourage commercial real estate improvements within the Central Business Improvement District. This low-interest loan program offers up to \$90,000 for building renovations based on established project evaluation criteria. The loan is amortized over a 20-year period at a 3% interest rate with a balloon payment due at the end of the 10th year. The program is administered by the CCDC through an application and review process.

Bond Issuance

The Center City Revenue Finance Corporation (CCRFC) and the Downtown Parking Authority (DPA) can issue tax-exempt revenue bonds for public development projects or taxable bonds for the construction of private development that serves a public purpose. In the past, bonds have been issued for the construction of public parking garages, affordable housing projects, and publicly owned sports or entertainment facilities.

City of Memphis Division of Housing and Community Development Strategic Community Investment Funds (SCIF)

Affordable Single/Multi Family Housing Program

The Affordable Single/Multi Family Housing Program provides financial incentives for both nonprofit and for-profit housing developers to create single-family and multifamily housing for families with incomes at or below 80% of the area's median income. Financial incentives can take the form of either grants or loans. Grant dollars are available through the Capital Improvements Project funds (CIP) and can only be applied to the costs of infrastructure

improvements affiliated with the cost of the affordable housing development. Low-interest loans, funded by federal HOME/CDBG dollars, are also available for the rehabilitation, new construction, and site acquisition costs associated with the development of affordable single and multifamily housing.

Community Housing Development Organization Program

This program provides funding for housing development to certified, nonprofit Community Housing Development Organizations (CHDOs), whose primary purpose is to provide decent, affordable housing. The activities that CHDOs may apply for under the competitive process include acquisition, rehabilitation, new construction of rental housing, and/or rehabilitation of homebuyer properties. Purchasers of CHDO developed housing may also be eligible to receive direct financial assistance.

Housing Developer's Incentive Program (HDIP)

The purpose of the Housing Developer Incentive Program (HDIP) is to promote middle-income development for homeownership in Memphis neighborhoods that have higher rates of poverty, lower home values, lower rates of homeownership, and higher risk of return on investment for developers. HDIP projects must include a minimum of 10 contiguous units or 10 infill units within a 5-mile radius of each other. The development must be located within one of HCD's priority or targeted "Neighborhood Redevelopment" areas. The units may be contiguous or in-fill development located within a 3-5 mile radius and be under the same construction/management partner. HDIP funds are strictly for infrastructure-related costs. The maximum funding per project may not exceed \$500,000. Home prices must be between \$85,000 and \$250,275.

Shelby County Department of Housing

Down Payment Assistance Program

The Down Payment Assistance Program provides low-interest loans to moderate-income homebuyers for closing costs and down payments associated with a THDA, FHA, or VA mortgage.

Lead Hazard Control Program

The Lead Hazard Control Program provides funds to assess and remediate lead-based paint and other environmental hazards in single-family, owner-occupied housing units that were constructed before 1979 and are occupied by low-income and very low-income households with eligible children below the age of six.

Homestead Program

The Shelby County Homestead Program can assist in the development of affordable housing by offering low-cost, vacant land to individuals or nonprofits who seek to build new homes. The vacant land is obtained by Shelby County through the tax foreclosure process. The program

requires a \$50 application fee for each requested lot, submission of the design specifications on the unit to be constructed, and a deposit of \$2,025 on each lot transferred under the program. Upon completion of construction on the new unit, the \$2,025 is refunded. The deposit is forfeited in the event that construction is not completed within 12 months of the transfer to the property.

Tennessee Housing Development Agency (THDA) Programs

Low-Income Housing Tax Credits

The Low-Income Housing Tax Credit Program (LIHTC) provides a credit against federal income tax liability each year for 10 years for owners and investors in low-income rental housing. The program requires that either a minimum of 20% of the units be occupied with households with incomes no greater than 50% of the area's median income or that 40% of the units be occupied with households with incomes no greater than 60% of the area's median income.

BUILD Loan Program

The BUILD Loan Program offers low-interest loans to nonprofits dedicated to the development of affordable housing for low-income families at or below 80% of the area's median income. Funds from this program can be applied to operating and program expenses incurred in the development of affordable housing. Eligible expenses include construction costs associated with development of affordable single-family or multi-family units for ownership or lease, land acquisition costs, site preparation costs, and pre-development expenses.

Federal Home Loan Bank of Cincinnati (FHLBC) Programs

Affordable Housing Program (AHP)

The Affordable Housing Program provides grants and/or discounted loans for owner-occupied and rental housing for persons with incomes at or below 80% of the median area income.

Community Investment Program (CIP)

The Community Investment Program provides discounted loans for both owner-occupied housing and rental housing. Owner-occupied units must be priced to accommodate households with incomes at or below 115% of the median area income, and rental housing must have 51% of units occupied by households with incomes at or below 115% of the median area income.

Zero-Interest Fund (ZIF)

The Zero-Interest Fund (ZIF) offers zero interest loans for 24 months to fund early stage costs of projects related to housing, commercial, and industrial real estate development in Kentucky, Ohio, and Tennessee.

National Parks Service Programs

Federal Historic Tax Credits

The Federal Historic Tax Credits program offers a 20% tax credit for the rehabilitation of commercial historic structures. The tax credits provide a one-to-one reduction in income tax liability and applies to buildings listed on the National Register of Historic Places or buildings that contribute to the historic nature of a registered historic district (as determined by the National Park Service).

U.S. Department of Housing and Urban Development (HUD) Programs

HOPE VI Revitalization Grants

Hope VI revitalization grants provide funds to public housing agencies to redevelop severely distressed public housing. These grants fund:

- Capital costs of major rehabilitation, new construction, and other physical improvements
- Demolition of severely distressed public housing
- Acquisition of sites for off-site construction
- Community and supportive service programs for residents, including those relocated as a result of revitalization efforts

Mortgage Insurance for Rental and Cooperative Housing: Section 221(d)

Section 221(d)(3) and 221(d)(4) insures mortgage loans to facilitate the new construction or substantial rehabilitation of multifamily rental or cooperative housing for moderate-income families, elderly, and the disabled. Section 221(d)(3) and Section 221(d)(4) insure lenders against loss on mortgage defaults. Section 221(d)(3) is used by nonprofit sponsors, and Section 221(d)(4) is used by profit-motivated entities. Both programs assist private industry in the construction or rehabilitation of rental and cooperative housing for moderate-income and displaced families by making capital more readily available. The program allows for long-term mortgages (up to 40 years) to be financed with Government National Mortgage Association (GNMA) mortgage backed securities.

Other Housing Development Strategies

Affordable Housing Trust Fund

Housing trust funds are distinct funds established by legislation, ordinance, or resolution to receive dedicated public revenues, which can only be spent on housing. Housing trust funds receive ongoing revenues from dedicated sources of public funding such as taxes, fees, or loan repayments. Typically, legislation is passed that increases an existing revenue source, such as a real estate transfer tax, interest from government loans, developer fees, or hotel/motel taxes, and then this increase is committed to the housing trust fund. Housing trust funds are designed locally to take advantage of unique opportunities and to address specific needs that exist within a particular community.

Inclusionary Zoning Ordinance

An inclusionary zoning ordinance sets forth a mandatory minimum percentage of affordable units to be provided in a specific residential development. In many ordinances, the county or municipality provide some form of incentive to the developer in return for the provision of affordable housing. These incentives can take the form of waivers of zoning requirements, such as density, area, height, open space, or use restrictions; local tax abatements; waiver of permit fees or land dedication; fewer required developer-provided amenities and exactions; "fast track" permitting; and/or, the subsidization of infrastructure for the developer by the jurisdiction.

Density Bonus Law

A density bonus is an incentive that allows a developer to build more units on a site than are allowed under the zoning for that particular parcel if a percentage of the units are designated as "affordable housing."

Tax Increment Financing

State law gives local governments the authority to establish redevelopment areas based on poverty, deteriorated housing, and other conditions collectively called "blight." A redevelopment agency is created to administer the redevelopment area. Within the boundaries of the redevelopment area, the difference between the property tax revenues of the base year and property tax revenues in subsequent years, called the "tax increment," is collected by the redevelopment agency and used to finance public improvements or affordable housing in accordance with the area's redevelopment plan.

E. Partnerships

Since housing development in Downtown Memphis frequently involves property redevelopment or adaptive re-use of non-residential uses, collaborative partnerships between public and private entities are often needed to facilitate projects in targeted redevelopment areas. The Memphis Center City Commission, City of Memphis, Shelby County, Tennessee Housing Development Agency, community development corporations, public-private partnerships, and the private sector can all play strategic roles in housing development.

Memphis Center City Commission (CCC)

The Memphis Center City Commission is the primary leader in the comprehensive redevelopment of the Central Business Improvement District and the official partnership between local government and the private business community in Downtown's revitalization. The CCC prepares planning documents, conducts market studies, provides development advising services, and offers development incentives for property revitalization and new construction. CCC programs, such as the PILOT tax freeze program and the low-interest Development Loan Program, frequently serve as financing tools in the development of affordable housing.

City of Memphis

The City of Memphis Division of Housing and Community Development (HCD) and the Memphis Housing Authority (MHA) are key organizations involved in the development of affordable housing and the administration of local affordable housing programs and grants. HCD develops housing plans and administers programs for down payment assistance, homeless and special needs housing, single-family and multi-family housing programs for low-income and moderate-income families, community development and faith-based initiatives, and business and economic development programs. MHA oversees the administration of the City's public housing program and any redevelopment or reinvestment in public housing.

Shelby County, Department of Housing

The Shelby County Department of Housing administers several housing programs to assist in meeting the housing needs of the citizens of Memphis and Shelby County. These programs promote the development of affordable housing and provide financial assistance to residents to help them remain in their homes. Shelby County programs include: down payment assistance for the purchase of affordable homes; lead-based paint remediation grants for income-eligible households with children; and, low-cost, tax-foreclosed vacant lots for development (Homestead Program).

Tennessee Housing Development Agency (THDA)

The Tennessee Housing Development Agency is the primary state agency involved in the creation of safe, affordable housing for Tennesseans. The agency administers several affordable housing programs including low-interest loans, grants through the Housing Trust Fund, Low-

Income Housing Tax Credits, and tax-exempt bonds for affordable multifamily rental developments.

Community Development Corporations

Community development corporations (CDCs) are 501(c)(3) nonprofit organizations that specialize in neighborhood revitalization efforts. Many CDCs focus on housing rehabilitation or new housing development. As nonprofit agencies, CDCs are eligible for a variety of local, state, and federal housing subsidy programs. Potential CDC partner agencies for the CBID are Memphis Center City Development Corporation (CCDC), United Housing, and the North Memphis CDC.

Public-Private Partnerships

Public-private partnerships may be extremely advantageous in the comprehensive redevelopment of large areas. The public agency may play a role in planning, zoning, land acquisition, tax-increment financing (TIF) for public improvements, development review, incentives administration, or grant writing. The private sector takes on the role of housing development, risk management, and marketing of new units for either a development fee or a percentage of the profit.

Private Sector Developers

Private sector developers play an important role in the development and management of quality, affordable housing. Developers can apply for various government incentives for affordable housing to increase a project's feasibility.