



To: CCRFC Board of Directors  
From: CCRFC Policy Committee and Staff  
Date: July 12, 2016  
Re: Downtown PILOT Program and Policies

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**Background:**

The Downtown Memphis Payment-In-Lieu-Of-Taxes (PILOT) Program is a financial incentive designed to encourage commercial real estate development in and around the Downtown Memphis area by “freezing” property taxes at the predevelopment level for a predetermined period of time. The eligible amount of time for a PILOT to be in place is determined by use, cost, as well as other criteria. Every so often, those criteria, as well as our general PILOT policies are re-evaluated by staff and the CCRFC Policy Committee to ensure they are sympathetic to current circumstances. Below are our recommendations for PILOT policy modifications based on our most recent evaluation.

**Proposed PILOT Policy Modifications:**

- I. Require that apartment and mixed-use PILOT projects include energy efficient heating systems
- II. Add or adjust grading accumulation for energy efficiency standards:
  - a. Leadership in Energy and Environmental Design (LEED) Certification – 4 years (*previously 2 years*)
  - b. Net Zero Energy Building (NZEB) Certification – 4 years (*new*)
  - c. MLGW Energy Advantage Certification – 1 year (*new*)
- III. Add or adjust grading accumulation for specific community-based initiatives:
  - a. Within South City Impact Area – 3 years (*replaces SoFo*)
  - b. Within Pinch District – 4 years (*new*)
- IV. Add grading accumulation for economically distressed Census Tracts:
  - a. In a Census Tract with a Poverty Rate over 20% – 2 years (*new*)
  - b. In a Census Tract earning 80% or less of Area Median Income – 2 years (*new*)
- V. For projects located outside the Central Business Improvement District (CBID), for a trial period of 36 months:
  - a. Institute an increased PILOT fee based on project costs of 2% to 2.5% for terms up to 10 years and more than 10 years, respectively, except for Low Income Housing Tax Credit (LIHTC) projects, which would be subject to the standard PILOT fee of 1% to 1.5%
  - b. Eliminate the “high impact” qualification requirement
  - c. Limit PILOT term to 8 years, except for Low Income Housing Tax Credit (LIHTC) projects