

Center City Development Corporation Board Meeting

To: Center City Development Corporation (CCDC)
From: DMC Staff
Date: December 12, 2018
RE: Grant Request – One Beale

Project: One Beale Mixed-Use Development (Phase I)

Applicant/Owner: Front Street DevCo, LLC
Carlisle Hotels, Inc.
c/o Carlisle LLC
263 Wagner Place
Memphis, Tennessee 38103

Representatives: Mr. Chance Carlisle, Chief Executive Officer
Mr. Louis Jehl, Chief Financial Officer

Background: The One Beale mixed-use development received CCRFC approval for a 20-year PILOT and funding for a public parking garage in May 2018. Phase I was approved with a development budget of approximately \$111 million and the current budget is near \$130 million. The project includes the following components:

- New construction of a 227 key full-service hotel with 20,000 sf meeting space and ground floor retail/restaurant space (located at SW corner Beale & Front Street) which incorporates the historic Ellis buildings into the concept.
- New construction of a 232-unit residential apartment building with 10,000 sf Class A office, 7,000 sf restaurant/retail, and parking garage with up to 490 spaces (located at 263 Wagner, 275 S. Front, and 287 S. Front).

The closing of financing and construction for Phase I are expected in the first quarter of 2019. Construction will take approximately 20 months to complete.

Applicant's Request: The applicant is requesting a grant to assist in funding certain high quality public infrastructure items which would not otherwise be funded and completed.

Scope: Due to a significant rise in construction costs, nationwide, certain high quality public facing features of the project are at risk of being eliminated from the plan for budgetary reasons.

The following items are included in this grant request:

The Landing Residences, a 232 multifamily mixed-use development

Linden Street Improvement	225,000
Includes 1 MLK Ave Water Feature, Decorative Pavers, ADA ramp, Cobble Stone Tree Wells	
Site Lighting, StreetScape	215,300
Exterior Site and Bldg. Lighting	52,500
Total Multi-Family Request	492,800

The Hyatt Centric on Beale Street, a 227 room full service hotel

Historic Ellis Development	
Exterior Repair of Roof/Walls	\$ 130,000
Shoring Systems for new walls	150,000
Fireproofing b/w buildings	25,000
Interior Ceiling/Roof System	50,000
Ellis SubTotal	\$ 355,000
StreetScape Upgrades/Fountain System	100,000
Sculptural Foundations/Benches	39,300
Exterior Lighting & Sculptural Art	\$ 139,300
Total Hotel Request	\$ 494,300
Combined MF + Hotel Requests \$ 987,100	

EBO Program: Any project that is awarded financial incentives from the Downtown Memphis Commission (DMC), or any of its affiliate boards, shall include a best faith effort to attain no less than 25% participation by women and/or minority-owned businesses (W/MBEs) in the project’s development costs (design soft costs and construction hard costs). Compliance with this Equal Business Opportunity (EBO) Program is a closing requirement. If the requirements of the EBO Program are not met, the CCRFC reserves the right to cancel the incentive.

The following project costs are subject to the EBO program:

Total Hard Costs

\$987,100

According to the above estimates, a 25% level of W/MBE inclusion for the combined hard and soft costs will be approximately **\$246,775**.

Design Review Board:

The items funded by the grant will be subject to DRB approval.

Staff Evaluation:

It is staff's determination that the items included in the grant request are critically important to the public facing areas of the project.

The DMC's Strategic Plan encourages the following: facilitating and accelerating real estate development, incentivizing development when necessary to increase investment and economic development, and fighting blight to improve the visual appearance of the built environment.

One Beale has been a high priority of the DMC and its partners for many years. The developer has diligently worked to bring the project to fruition in a way that preserves historic buildings as well as a high quality pedestrian experience.

The DMC's support for this project has been consistent and unwavering. One Beale will be a true mixed-use development including residential, commercial, hotel, and office. The proposed new hotel will be at a key location with great potential to improve the pedestrian experience and help anchor the western half of Beale Street. Creating better connections between the Downtown Core and the Riverfront is a high priority for the DMC and its partners.

As a whole, One Beale will be an iconic and transformative project for Downtown Memphis. The project will add much-needed population and residential density to an area linking the Downtown Core with the South Main District. Moreover, a commercial real estate investment of this magnitude will only bolster the positive momentum demonstrated with the approximately \$4 Billion currently in Downtown's development pipeline.

Recommendation:

Staff recommends the following CCDC Board actions:

1. Approve the grant request for \$987,100 of public facing enhanced infrastructure.