

**Substantial Amendment to the FY2011 Consolidated
Plan
Annual Action Plan**

**Consolidated Plan FY2011-FY2013
Year 1**

Web address where the substantial amendment is posted:

www.memphistn.gov/government/housingcommunitydevelopment.aspx

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Introduction

This document is a substantial amendment to the City of Memphis' FY2011 Annual Action Plan.

Title 24 Section 91.505 of the Code of Federal Regulations stipulates the participating jurisdictions shall amend their approved plans whenever they make the following decisions:

1. To make a change in its allocation priorities or a substantial change in the method of distribution of funds.
2. To carry out a new activity using funds from any program covered by the Consolidated Plan (including program income), not previously described in the Annual Action Plan.
3. To substantially change the purpose, scope, location, or beneficiaries of an activity.

The regulation further requires that jurisdictions identify in their citizen participation plans the criteria that they will use for determining what constitutes a substantial amendment.

Consistent with these requirements, the City of Memphis Citizen Participation Plan, states that substantial amendments to the Consolidated Plan or Annual action Plan are required when the City of Memphis Division of Housing and Community Development wishes to make one of the following changes:

1. A substantial change in funding allocation priorities or a substantial change in the method of distribution of funds.
2. To carry out a new activity using funds from any program covered by the Consolidated Plan (including program income), not previously described in the Annual Action Plan.
3. To substantially change the purpose, scope, location, or beneficiaries of an activity.
4. Increases or decreases in funding levels for existing or already proposed projects shall not be considered a substantial change unless the increase or decrease is 25% or more than the original funding level.

The proposed change is to carry out a new activity not previously described in the Annual Action Plan using Section 108 Loan Guaranty funds and Brownfields Economic Development Initiative funds.

Description of the Proposed Change and Amount:

The substantial amendment will create new project, the Sears Crosstown Multi-Use Redevelopment Project and fund with \$4,000,000 in Section 108 Loan Guarantee and \$2,000,000 in Brownfields Economic Development Initiatives (BEDI) funds to fund eligible activities and to provide assistance to a non-profit to undertake a Special Economic Development Project. The impact of the project is that it will increase job creation by creating 877 new FTE jobs with not less than 51% available to low-moderate income persons.

This project will enable the renovation and reutilization of the vacant former Sears Crosstown facility that, when developed into a vibrant community place, will serve not only as a catalyst for revitalizing Crosstown, but also as a landmark cornerstone among Midtown, Medical Center, and Downtown. It will address the needs described above with the following activities:

Improving aesthetics and stimulating future development. The former 1,500,000 square foot iconic, Art Deco-style building was an economic engine from the 1930s through the mid-1980s, until Sears vacated the building in 1993. It has been vacant since. Conditions in this “working-class” neighborhood range from well-maintained to disinvested with vacant and neglected properties. The historic Sears Roebuck & Co. Distribution Center, originally built in 1927 and located in the Crosstown neighborhood of Memphis, TN, is being preserved and redeveloped as a mixed-used, “vertical urban village” anchored by arts, education and healthcare. The project will consist of a charter high school for arts and sciences, teacher residency and graduate urban education program for 100-150 Memphis teachers, wellness and fitness center, healthcare clinics, contemporary art exhibition space with shared art-making facilities, a comprehensive cancer treatment center, healthcare administration offices, along with other commercial and mixed-residential uses. Due to its scale and mix of tenant uses, this Project will serve as an anchor and catalyst to revitalization and economic development in the Crosstown neighborhood, Medical Center as well as the surrounding communities.

Creating jobs and economic impact. During construction, this project will create nearly 1,000 construction jobs, 884 indirect construction jobs, and put more than \$50,000,000 in construction wages and \$39.5 million indirect construction wages into our economy. Post construction, the Crosstown building will be home to 1,317 jobs, which includes 877 net new full-time-equivalent positions. These jobs will contribute \$37,000,000 in wages to our economy every year. Taxable retail sales from ongoing retail, restaurant, and other activities will result in annual net sales tax revenues of \$1,500,000. Additional residential and employment at Sears Crosstown represents an estimated annual demand for \$7,600,000 in consumer spending. The indirect economic impact throughout the rest of the

Memphis metropolitan area will produce 619 new jobs with \$21,500,000 in wages. A minimum of 20% participation by certified minority and women-owned businesses, per the payment-in-lieu-of-taxes agreement being sought with the Downtown Memphis Commission. Twenty-percent (20%) of the project's 230 new residential units will be designated as affordable to low-income housing, which means that the project will provide 46 new units of affordable housing in one of the most diverse and high need districts of our city.

Expanding benefits to adjacent neighborhoods. Based on the needs of the Founding Partners and plans for residential, project architects have estimated that there will be 2,500 people in the building at peak times between 8:00 a.m. and 3:00 p.m. As a result, the redevelopment's economic benefits will carryover throughout the rest of the district, particularly along the Cleveland Street corridor that runs south to Union Avenue – a corridor that will be an ideal setting for the City of Memphis' new "complete streets" vision – and the vastly under-developed areas of Washington Bottoms and Klondike-Smokey City. In recent months, the Cleveland Street corridor in Crosstown has seen over 20,000 square feet of blighted empty storefronts leased up and completely renovated with new tenants. This tenancy includes education, music, art, office, retail, and health care.

Using Green Technology/Enhancing Sustainability Because of the potential for great environmentally sustainable outcomes, both for the building and the surrounding neighborhood, the development team will pursue LEED certifications for core and shell (CS), commercial interiors (CI), and Neighborhood Development (ND). Certification will provide independent, third-party verification that the development's location and design meet accepted high levels of environmentally responsible, sustainable development.

The development will seek to enhance bicycle infrastructure including internal storage and unique internal bike friendly circulation. The development team is also working closely with the City of Memphis to add dedicated bike lanes to the main Cleveland Street corridor leading to the building, as well as extend and upgrade the Vollintine-Evergreen Greenline (which terminates at the building). In addition, the development team will partner with the city to create mass transit options including bus and light rail interface. The ability for users to walk or bike to many services, both in the neighboring community and within the building itself, will greatly reduce the reliance on carbon based modes of transportation. The Project will maximize the reuse of the 1.5 million square foot historic existing structure and materials thus preserving the embedded carbon and energy footprint of this substantial amount of construction. The Crosstown Project seeks to be an exemplary example of a large-scale mixed-use redevelopment with leading edge sustainable thinking and design.

Public Notice

Notice of the proposed amendment will be published in the Commercial Appeal on Friday, August 22, 2014, which will begin a 30 day comment period ending September 20, 2014. A public presentation about the project was made to Memphis City Council on December 3, 2013. The substantial amendment and additional information about the project is made available on the City of Memphis' website at:

www.memphistn.gov/government/housingcommunitydevelopment.aspx