

**Substantial Amendment to the FY2016 Consolidated  
Plan  
Annual Action Plan**

**Consolidated Plan FY2014-2016  
Year 3**

Web address where the substantial amendment is posted:

[www.memphistn.gov/government/housingcommunitydevelopment.aspx](http://www.memphistn.gov/government/housingcommunitydevelopment.aspx)

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## **Introduction**

This document is a substantial amendment to the City of Memphis' FY2016 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.

## **Description of the Proposed Change and Amount:**

The substantial amendment will create new project, the Union Avenue Mixed-Use Development Project and fund with \$4,000,000 in Section 108 Loan Guaranty as follows: \$3,400,000 for demolition and \$600,000.00 for public improvements related to a special economic development project. The impact of the project is that it will create jobs and remove spot blight.

The proposed project located at the intersection of Union and Mclean, encompasses three different land parcels, totaling 3.3 acres. In its current state, the property consists of over 176,000 square feet of blighted and vacant buildings at the most visible intersection in Midtown Memphis. These two properties are not just an eye sore, but also a danger to the surrounding neighborhood. This site has been the scene of criminal activity and most recently a portion of the building fell onto the parking lot of 1801 Union.

The developers, Harbour Retail Partners and Belz Investco GP, are seeking to combine all three properties to develop a mixed use development that will have both a residential and retail component. The development would remove the slum and blight conditions and be transformational both for the neighborhood as well as for the City and County. The Belz/Harbour partnership is formulating two different scenarios for the development. In both scenarios, the demolition of the existing buildings is complicated due to the nature and condition of the structures. There is a three level below-grade parking structure under the building. The removal of this underground parking structure is complicated and expensive partly because the walls of the structure must be carefully shored up so that the adjacent street does not collapse into the excavated site.

The first scenario (Scenario A) involves the possible recruitment of a gourmet grocer to serve as the retail anchor for the development. The second scenario (Scenario B) involves increasing both the residential units as well as the small shop retail square footage in the event that there is no grocery anchor.

Scenario A has a total of 188 apartment units with a mix of 141 one bedrooms and 47 two bedrooms. The small shop retail component has 10,521 square feet and a 30,500 square foot anchor tenant. It also includes a 513 space garage that will be wrapped by both the retail and apartments.

Scenario B contains approximately 225 apartment units with a mix of 168 one bedrooms and 57 two bedrooms. The small shop retail component has around 24,000 square feet.

## **Project Benefits:**

- The project will remove spot blight at one of the most visible intersections in Midtown Memphis
- The project includes the construction of a new architecturally significant development
- Scenario A will generate a total annual economic impact of \$51,798,100. The total annual taxes generated will be approximately \$2,431,131. This includes a direct and indirect local sales tax of \$908,707. This scenario will create 482 direct and indirect jobs. In addition, 511 jobs created during the construction of this development with a one-time economic impact of \$74,209,769. The project will also generate approximately \$851,216 in local taxes during construction.
- Scenario B will generate a total annual economic impact of \$17,856,955. The total annual taxes generated will be approximately \$1,053,459. This includes a direct and indirect local sales tax of \$277,658. This scenario will create 167 direct and indirect jobs. In addition, 547 jobs created during the construction of this development with a one-time economic impact of \$79,378,737. The project will also generate approximately \$910,770 in local taxes during construction.

## **Public Notice**

Notice of the proposed amendment will be published in the Commercial Appeal on January 14, 2016 which will begin a 30 day comment period ending February 12, 2016. A public presentation about the project was made to Memphis City Council on December 15, 2015.

Written comments on the project should be sent on or before February 12, 2016 to Planning Department, City of Memphis Division of Housing and Community Development, 701 North Main Street, 38107. HCD will respond to all comments on or before February 19, 2016.

This substantial amendment is made available on the City of Memphis' website at: [www.memphistn.gov/government/housingcommunitydevelopment.aspx](http://www.memphistn.gov/government/housingcommunitydevelopment.aspx)