

The Memphian

Applicant: The Memphian TN TC, LP
4000 Key Tower, 127 Public Square
Cleveland, OH 44114

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PILOT Application Summary: The Memphian (the “Property”, f.k.a. Serenity Towers) is an existing 396-unit elderly affordable apartment community located at 400 South Highland Street, Memphis TN 38111. The Property was originally built in 1964 and was acquired by the current owner in 2021 as part of the Global Ministries Foundation portfolio, which consisted of highly distressed and undercapitalized HUD Section 8 developments. In order to address years of mismanagement and wear, the Property requires a comprehensive renovation to preserve this much-needed resource of affordable housing for the City of Memphis. The total project costs are anticipated at approximately \$130M. Specific planned improvements include fully renovated, modernized and amenitized community facilities including new retail spaces, signage, site furniture, facade improvements, outdoor pavilion and community gardens. Redundant community space will be converted into thirty (30) new income-restricted affordable housing units serving elderly residents, for a total of 426 units. Some of the proposed unit renovations include HVAC and electrical replacement, new doors, vinyl flooring, cabinets and countertops, new EnergyStar appliances, plumbing fixtures, and lighting and finishes. These improvements will help to save on energy bills while providing better functionality and aesthetics. Construction is anticipated to commence in July 2023 and conclude by December 2025. The in-place rehabilitation will not require relocating tenants offsite and no tenants will be displaced. The Property is projected to be fully leased and stabilized within twelve (12) months following construction completion. All 396 existing units will be undergoing rehabilitation, and 30 new units will be constructed. Flooring will consist of all new LVT flooring. 100% of residential units (426 units) will be reserved for elderly/disabled tenants, and 100% of residential units will be leased to tenants whose income is 60% or less of the AMI.

Total Units	BR/BA	Units	SF	Rent: Pre/Post Rehab	Rent: Pre/Post \$/SF
426	Efficiency(S8)	126	198	\$659/\$1,026	\$3.33/\$5.18
	Efficiency (S8)	86	224	659/1,026	2.94/4.58
	Efficiency (S8)	4	261	702/1,064	3.13/4.08
	Efficiency (MHA)	26	224	598/904	2.67/4.04
	Efficiency (LIHTC)	5	261	598/755	2.29/2.89
	Efficiency (LIHTC)	14	224	598/755	2.67/3.37
	Efficiency (LIHTC)	2	400	n/a*/805	n/a*/2.01
	Efficiency (LIHTC)	9	450	n/a*/805	n/a*/1.79
	1 BR/ 1 BA (MHA)	54	442	632/1,008	1.42/2.28
	1 BR/1 BA (LIHTC)	98	442	632/866	1.42/1.96
	1 BR/1 BA (LIHTC)	1	642	n/a*/916	n/a*/1.43
	2 BR/1 BA (LIHTC)	1	710	n/a*/1049	n/a*/1.48

***new construction unit types**

Total Development Cost: \$ 130,340,388
Development Cost per Unit: \$ 305,963.35
Location: 400 S. Highland St, 38111

Sources and Uses of Funds:

Sources		Uses	
First Mortgage	\$31,010,000	Total Acquisition	\$35,000,000
Limited Partner Equity	55,562,583	Total Construction	49,100,158
Seller Note	19,000,000	Architecture and Engineering	1,792,750
Seller Note Interest	2,660,000	Total Legal	490,000
THDA/City Soft Funds (assumption)	3,000,000	Total Closing Costs	1,931,587
HOME-ARP Funds (assumption)	2,500,000	Total Financing Fees	18,748,000
Construction Period Income	4,388,481	Total Tax Credit Agency Fees	676,789
Construction Period Expenses	1,585,087	Total Owner Costs	7,701,103
Deferred Developer Fee	8,634,237	Total Developer Fee	14,900,000
Total Development Costs	\$130,340,388	Total All Costs	\$130,340,388

Tenant Benefit Breakdown	Actual Cost
Onsite Healthcare Clinic Buildout and Ongoing Operations (25 years) <i>*Typical annual cost to operate 800 SF healthcare clinic is \$300,000.</i>	\$7,700,400
University of Memphis Resident Services – Ongoing Operations (25 years)	266,250
Computer Lab – buildout costs, furnishings and equipment, ongoing operational fees, WIFI service (25 years)	385,400
“Main Street” Common Space Upgrades: large central “street” with seating, fixtures, seat wall, artwork, etc.	716,400
New Onsite Library, Puzzle Room, Pool Table Room - Buildout and FF&E	172,915
New Communal Kitchen – buildout and FF&E	148,888
Laundry Room Renovation – buildout and FF&E	145,880
Outdoor improvements – outdoor seating, accessible paths, gazebo, exterior lighting, community gardens, landscaping, entrance canopies	732,200
New Community Room – buildout and FF&E	305,260
Movie Room – buildout and FF&E	105,445
Accessibility Improvements: Grab Bars, ADA Height Toilets	213,000
Gut Renovation of existing Three (3) Retail Spaces and FF&E: Beauty Salon (leased), Sundry Shop (leased), one unleased space	209,232

Security Upgrades: surveillance camera package, emergency call system, access control system	238,161
Kitchen – new base and wall cabinets, new countertops	1,491,000
Bathroom – new vanities, toilet and bath accessories	140,580
Interior – all new entry doors and hardware	1,039,435
Flooring –new LVT flooring in all units and corridors	795,327
Appliances – All new Energy-Star appliances	856,000
HVAC – All new HVAC in units and common areas	3,195,000
Remediation of asbestos	754,200
Windows – All new framed windows	1,330,808
Property Façade Improvements – installation of new metal wall cladding	1,321,000
Total Cost	\$22,262,831

Tenant Benefits made possible through receiving the PILOT include:

- Common Area Amenities including a fully furnished computer lab; enhanced multipurpose community spaces and upgraded retail spaces, including upgrades to existing beauty salon
- Outdoor improvements including accessible paths, enhanced lighting, seating, community gardens, outdoor recreation areas, landscaping and other aesthetic improvements
- Complete Kitchen upgrades with new Energy-Star appliances, cabinets and countertops
- All new Bathroom fixtures and features
- All new LVT flooring in all units
- All new HVAC air handler units
- All new framed windows
- Asbestos remediation
- Façade improvements including all new metal wall cladding
- We are currently in discussions with an onsite healthcare clinic, which would give tenants direct access to primary care providers on a daily basis, as well as other wellness resources. We are also in discussions with the University of Memphis to provide supplemental educational and financial literacy programming. These costs have not been factored into the tenant benefit summary.

Proposed timing/anticipated dates for the following:

- a. Closing of the loan, bond, or related supplemental financing: May 2023**
- b. First expenditure of funds related to the project: June 2023**
- c. Anticipated date of demolition and/or commencement of construction: July 2023**
- d. Anticipated completion date of the project: December 2025**
- e. When the project will be placed into service: June 2026**
- f. Anticipated closing date for the PILOT: May 2023**

