



City Council Presentation

March 3, 2026

HISTORIC MELROSE REVITALIZATION: AFFORDABLE AND SENIOR HOUSING

Approval of Option to enter into a 50-year ground lease
with Melrose Housing Partners for the Melrose Project

PROJECT OVERVIEW

- **Option to enter into a 50-year Ground Lease (\$1/year) to Melrose Housing Partners LLC for 3 parcels: Floors 2&3 of Melrose Building + 1.03-acre site along Douglass Ave and Dallas St**
- **Housing Redevelopment will construct 51 quality, affordable housing:**
 - **24 apartments on upper two floors of historic building (marketed to seniors)**
 - **16 townhome style and 11 flat units constructed on-site**
 - **All units restricted to 80% AMI**

Progress & Schedule

- **Developer has been awarded:**
 - **\$1M from MAHTF**
 - **MHA Project-Based Vouchers**
 - **Rezoning approved**
 - **20-year MHA PILOT**
- **Next Steps**
 - **Execute Ground Lease Option: March 2026**
 - **Apply for 4% LIHTC: March 2026**
 - **Secure private financing & Exercise Lease Option by December 2026**
 - **Construction period: December 2026 – Q2 2028 (18 months)**
 - **Lease-up: Q2-Q3 2028**

HISTORIC MELROSE PROJECT BACKGROUND

The Historic Melrose Revitalization is an Accelerate Memphis Project

- Prior City Investment funded:
 - Historic Structure Preservation
 - 1st Floor Library & Genealogy Center
 - Creation of a “cold, dark shell condition” of upper two floors

Sources - \$17.3M		Uses - \$17.3M	
Accelerate Memphis (FY22)	\$10M	Construction Costs	\$13.7M
CDBG	\$4.2M	Sitework & Utilities	\$1.5M
CIP (FY22 & FY24)	\$2.1M	Library & Genealogy FFE	\$1.6M
Congressionally Appropriated CPF	\$1M	Other Costs (A&E, Project Management, Etc.)	\$2M



HISTORIC MELROSE PROJECT BACKGROUND



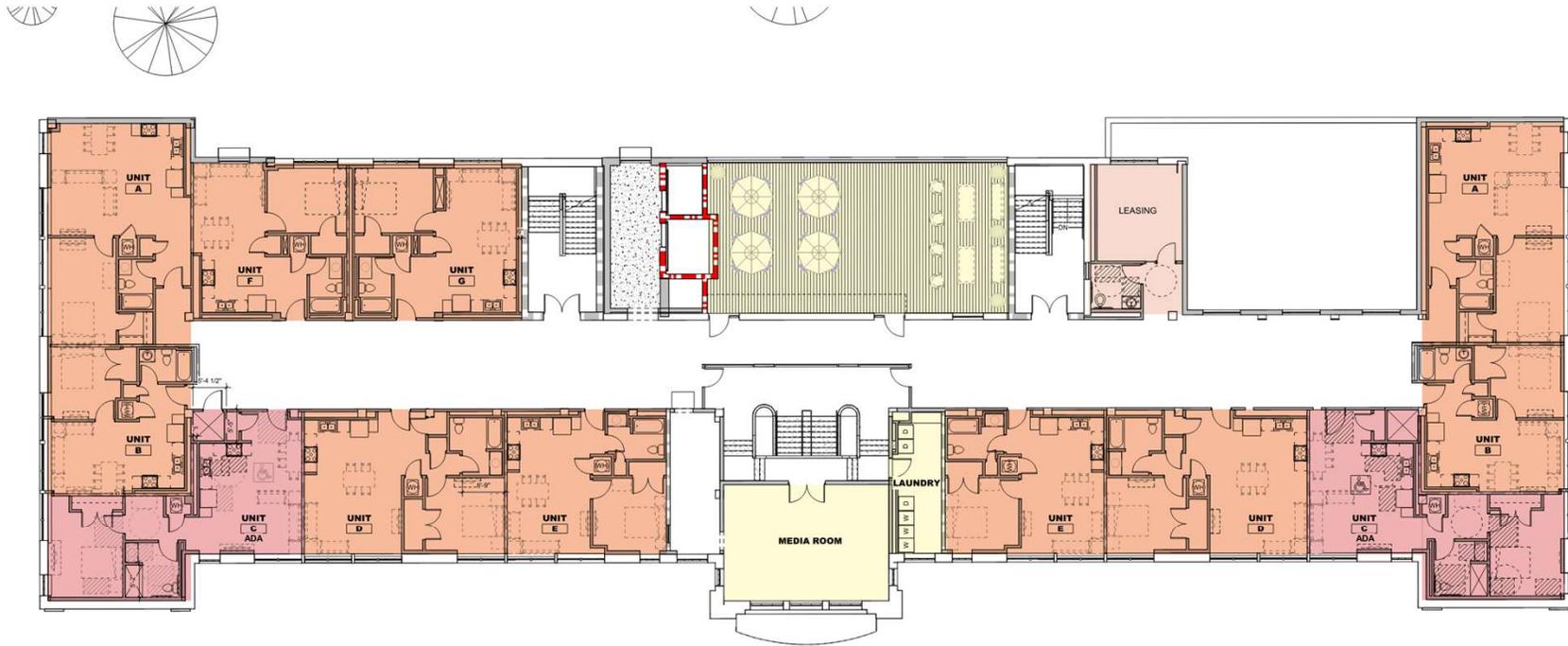


**HISTORIC MELROSE PROJECT BACKGROUND:
FLOORS 2&3 EXISTING CONDITIONS**



HISTORIC LOFTS FOR SENIORS

Second Floor Plan



- (10) One Bedroom
- (2) Accessible Units
- Resident Amenities
- Leasing Office

Unit A :	730 NSF
Unit B :	500 NSF
Unit C :	725 NSF
Unit D :	710 NSF
Unit E :	565 NSF
Unit F :	565 NSF
Unit G :	605 NSF



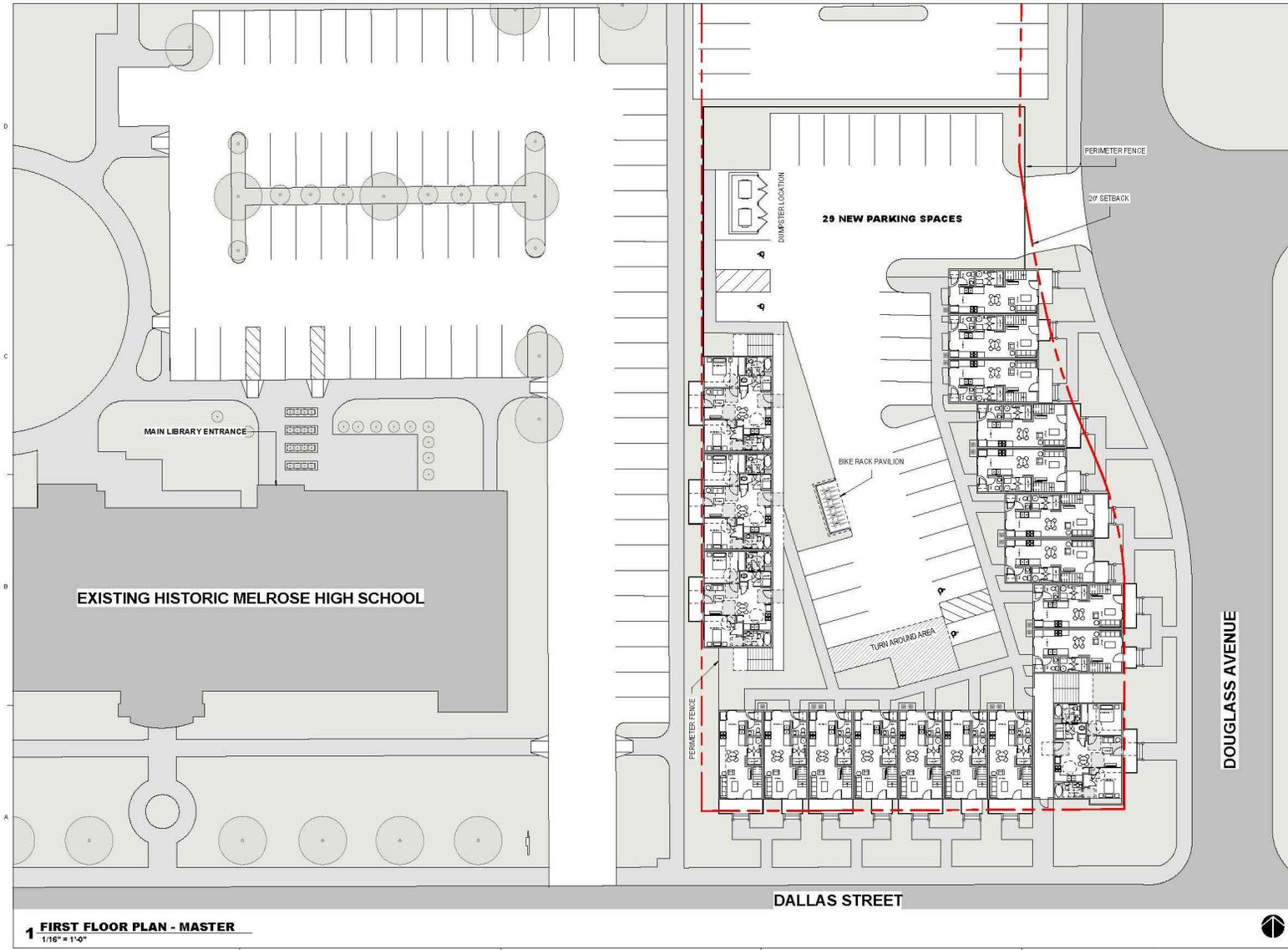
HISTORIC LOFTS FOR SENIORS

Third Floor Plan



- (10) One Bedroom
- (2) Accessible Units
- Resident Amenities

- Unit A : 730 NSF
- Unit B : 500 NSF
- Unit C : 725 NSF
- Unit D : 710 NSF
- Unit E : 565 NSF
- Unit F : 565 NSF
- Unit G : 605 NSF



1 FIRST FLOOR PLAN - MASTER
1/16" = 1'-0"



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ARCHITECT: **JAMIE E. TUCKER**
ARCHITECTURAL REG. NO.: 05101118
DATE ISSUE: DATE

PROJECT
MELROSE NEW APARTMENTS

DEVELOPER:
JOHN STANLEY INC.

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ISSUES AND REVISIONS:

DESCRIPTION	DATE

PROJECT NUMBER: 2507
PHASIS SURVIS: SUTHEMAN/DESKIN
DRAWN BY: AULIX
CHECKED BY: Checker
APPROVED BY: Approver

SHEET NAME
FIRST FLOOR PLAN

SHEET NUMBER
A101 V1



HISTORIC MELROSE
EXISTING SITE OVERVIEW



Douglass Street

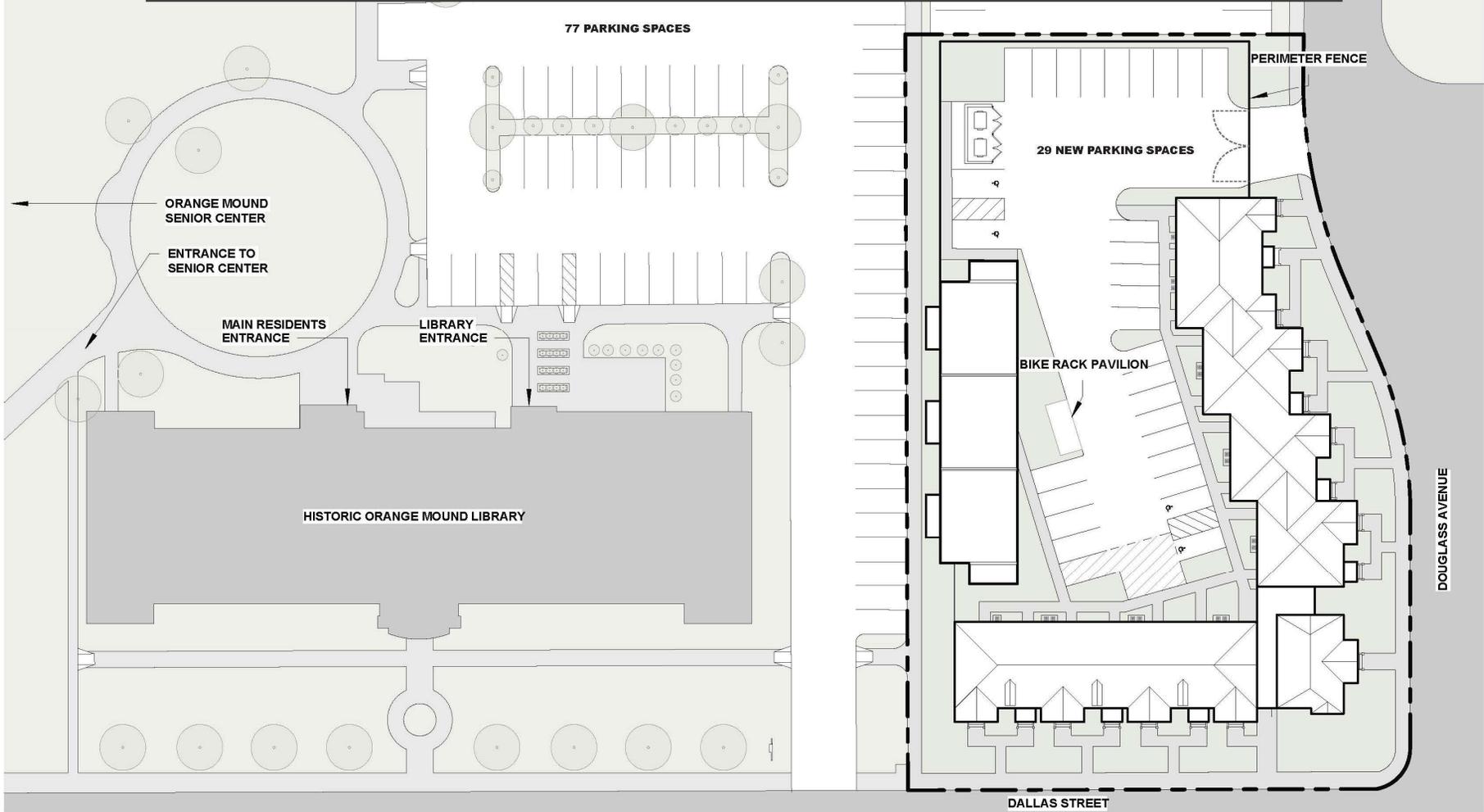


Dallas Street



HISTORIC MELROSE HOUSING

HISTORIC MELROSE HOUSING SECURITY & SUSTAINABILITY FEATURES

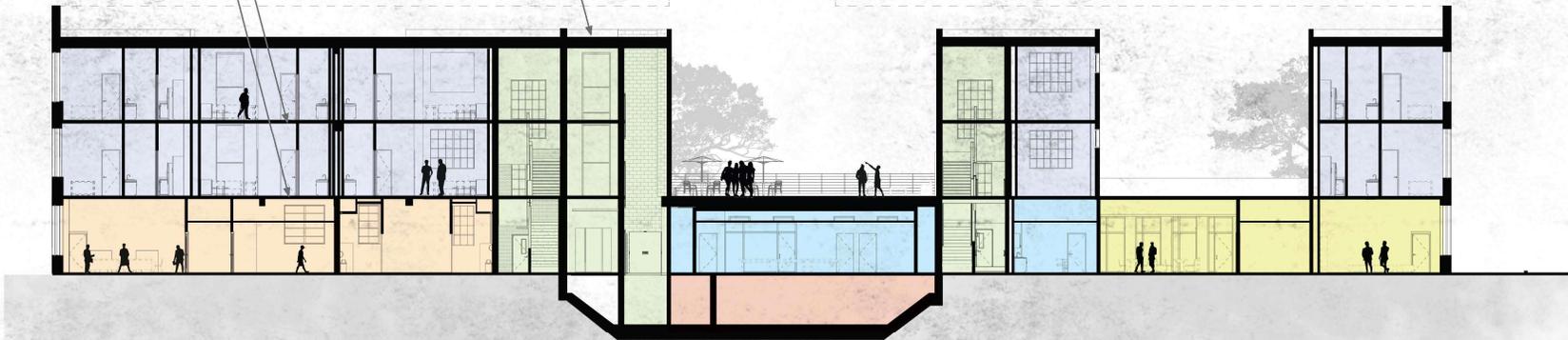


HISTORIC MELROSE HOUSING SECURITY & SUSTAINABILITY FEATURES

REINFORCED CONCRETE FLOOR SLABS PROVIDE BOTH ACOUSTICAL SEPARATION AND REQUIRED FIRE-RESISTANCE BETWEEN LEVELS.

THE NEW SENIOR APARTMENTS ARE PROTECTED BY AN INDEPENDENT SPRINKLER SYSTEM SEPARATE FROM THE ORANGE MOUND LIBRARY

THE NEW SENIOR APARTMENTS WILL BE SERVED BY DEDICATED ROOFTOP HVAC UNITS THAT ARE INDEPENDENT OF THE ORANGE MOUND LIBRARY



- APARTMENTS
- VERTICAL CIRCULATION
- LIBRARY
- ADMIN
- GENEALOGY
- MECHANICAL

HISTORIC MELROSE HOUSING

- **Direct City Contribution \$3.8M = \$74K/unit**
 - **Overall costs/per unit = \$332K**

Construction Sources - \$16,961,182	
Bonds/Construction Loan	\$9,000,000
Tax Credit Equity (15% of TC Equity)	\$1,012,081
MAHTF	\$1,000,000
Congressionally Appropriated CPF	\$3,000,000
CDBG	\$2.2M
Remaining CIP (FY24)	\$600,000
Deferred Costs/Reserves	\$149,731

Stabilized Cash Flow	Year 1	Per Unit
Gross Scheduled Rent	\$646,752	\$12,681
Laundry Income	\$3,672	\$72
Vacancy (7%)	(\$45,530)	(\$893)
Effective Gross Income	\$604,894	\$11,861
Operating Expenses	(\$378,669)	(\$7,425)
Net Operating Income	\$226,226	\$4,436
Debt Service	(\$196,718)	(\$3,857)
Cash Flow	\$29,508 (DCR 1.15)	\$579

OPTION TO GROUND LEASE TERMS

- **Prior to Exercise of Option, developer will:**
 - Obtain all construction financing
 - Obtain title insurance for the property
 - Seek City Council approval
 - Enter into a Redevelopment Agreement with the City through HCD
 - Comply with all requirements for use of federal funding
- **Lease Terms:**
 - Lease Agreement shall have a term of 50 years, at an annual lease price of \$1.00/year
 - Reversionary Clause that property will revert back to City if vertical construction has not begun within 24 months
 - City will have the right to approve property management company and remove/replace if substantial management or maintenance issues are unresolved
 - Developer will be responsible for ongoing maintenance and operations
 - Developer will maintain liability and property insurance
 - Developer will enter into emergency maintenance plan with City of Memphis

CITY JUSTIFICATION

- **This property was acquired by the City of Memphis in 2015 from the Board of Education of the Memphis City Schools for \$10.00 (nominal conveyance)**
- **The property is currently tax-exempt and generating no tax revenue**
- **The developer has obtained a PILOT for the parcels that will contain the housing development and will be financially responsible for the PILOT payments, and eventual full property taxes after the PILOT period**
- **The Annual Lease price of \$1.00/year makes this development feasible, increases the City's tax benefit long-term, and delivers on the City's commitment to create quality affordable housing on this site within Orange Mound**