



ECONOMIC DEVELOPMENT  
**GROWTH ENGINE**  
FOR MEMPHIS & SHELBY COUNTY

## Residential PILOT Project Summary

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<b>Company/Applicant:</b>	<u>University Park Apartments</u>
<b>Capital Investment:</b>	<u>\$ 9,235,000</u>
<b>Recommended PILOT Length: (years)</b>	<u>11</u>
<b>Tax Incentive:</b>	<u>\$ 2,064,777</u>
<b>Local Tax Benefit:</b>	<u>\$ 1,344,491</u>
<b>Benefit/Cost Ratio:</b>	<u>0.65</u>

**University Park Apartments**  
**City of Memphis, Shelby County, TN**  
**Tax Incentive Eligibility Analysis - Residential PILOT**

Category	Project Data	Years
Units	80	8.0
Location: City of Memphis - 1 Year	Yes	1.0
Location: New Market Tax Credit Eligible Census Tract = 2 Years	Yes	2.0
LBP - Required Optional additional year for Extraordinary Plan	No	0.0
Required Low & Moderate Income Units - Required Optional additional year for Extraordinary Number of Qualified Units	No	0.0
Environmental Sustainability	No	0.0
<b>Total Years</b>		<b>11</b>

**Length of tax incentive: (years)**

**11**

**University Park Apartments  
City of Memphis, Shelby County, TN  
Economic Impact Analysis**

<b>One Time Impact from Construction</b>		
Total Capital Investment*	\$	8,800,000
Real Property - Construction	\$	8,800,000
Final Demand Output Multiplier <sup>1</sup>		1.8251
Total Economic Impact from Construction	\$	16,060,880
Personal Property	\$	-
Final Demand Output Multiplier <sup>2</sup>		1.7436
Total Economic Impact from Equipment Purchase & Set-Up	\$	-
<b>Total One-Time Economic Impact During Construction Period</b>	<b>\$</b>	<b>16,060,880</b>
Sales Tax Revenue <sup>3</sup>	\$	106,027
Other Tax Revenue <sup>4</sup>	\$	18,025
<b>Total Tax Revenue from Wages Paid During Construction Period</b>	<b>\$</b>	<b>124,052</b>

*\*Does not include land value.*

**University Park Apartments**  
**City of Memphis, Shelby County, TN**  
**Economic Impact Analysis**

<b>Annual Impact of Operations - Apartment Complex</b>		
Total Apartment Units		80
Average Monthly Rent Per Unit*	\$	1,080
Monthly Rent Revenue	\$	86,400
Projected Occupancy Rate		95%
Total Rental Monthly Rental Revenue	\$	82,080
Total Annual Revenue		984,960
Final Demand Output Multiplier <sup>5</sup>		1.7919
<b>Total Economic Impact from Rental Revenue</b>		<b>1,764,950</b>
Final Demand Employment Multiplier <sup>6</sup>		7.2918
<b>Number of Direct &amp; Indirect Jobs Supported</b> (FTE)		<b>7</b>
Shelby County Annual Average Wage - All Industries <sup>7</sup>	\$	57,988
<b>Projected Direct &amp; Indirect Wages</b>	<b>\$</b>	<b>405,916</b>
Sales Tax Revenue <sup>3</sup>	\$	5,927
Other Tax Revenue <sup>4</sup>	\$	1,008
Indirect Residential/Commercial Property Tax Revenue <sup>8</sup>	\$	16,912
<b>Total Tax Revenue</b>	<b>\$</b>	<b>23,847</b>

*\*Based on average SF of 700 per unit at a rental rate of \$1.54 per SF.*

**University Park Apartments**  
**City of Memphis, Shelby County, TN**  
**Economic Impact Analysis**

**Annual Impact of Operations - Retail**

	<b>Food Services</b>
Total Square Footage *	1,300
Average Sales Per Square Foot <sup>9</sup>	\$ 500
Total Annual Revenue	\$ 650,000
<b>Direct Local Sales Tax Generated from Operation (2.75%)*</b>	<b>\$ 17,875</b>
Final Demand Output Multiplier <sup>10</sup>	1.8928
<b>Total Economic Impact from Retail Sales</b>	<b>1,230,320</b>
Final Demand Employment Multiplier <sup>11</sup>	17.0965
<b>Total Employment - Direct &amp; Indirect</b>	<b>21</b>
Shelby County Annual Average Wage <sup>12</sup>	\$ 18,557
<b>Total Wages - Direct &amp; Indirect</b>	<b>\$ 389,697</b>
<b>Local Sales Tax Revenue from Wages<sup>3</sup>(Indirect)</b>	<b>\$ 5,691</b>
Other Local Tax Revenue <sup>4</sup>	\$ 967
<b>Total Tax Revenue - from Operations &amp; Wages</b>	<b>\$ 24,533</b>

*\*Projection provided by the developer.*

*\*\*Assumes 90% of sales are subject to locals sales tax.*

## University Park Apartments

### Shelby County Property Tax Schedules

Shelby County Tax Rate: \$4.05	Real Property Land & Building			
	Full Taxes	% of taxes paid	Payments Made in Lieu of Tax	Taxes Abated
<b>Value*</b>	<b>\$ 8,635,000</b>			
Year 1	\$ 139,887	25%	\$ 34,972	\$ 104,915
Year 2	\$ 139,887	25%	\$ 34,972	\$ 104,915
Year 3	\$ 139,887	25%	\$ 34,972	\$ 104,915
Year 4	\$ 139,887	25%	\$ 34,972	\$ 104,915
Year 5	\$ 139,887	25%	\$ 34,972	\$ 104,915
Year 6	\$ 139,887	25%	\$ 34,972	\$ 104,915
Year 7	\$ 139,887	25%	\$ 34,972	\$ 104,915
Year 8	\$ 139,887	25%	\$ 34,972	\$ 104,915
Year 9	\$ 139,887	25%	\$ 34,972	\$ 104,915
Year 10	\$ 139,887	25%	\$ 34,972	\$ 104,915
Year 11	\$ 139,887	25%	\$ 34,972	\$ 104,915
Year 12		25%	\$ -	\$ -
Year 13		25%	\$ -	\$ -
Year 14		25%	\$ -	\$ -
Year 15		25%	\$ -	\$ -
<b>Total</b>	<b>\$ 1,538,757</b>		<b>\$ 384,692</b>	<b>\$ 1,154,065</b>

### City of Memphis Property Tax Schedules

City of Memphis Tax Rate: \$3.19599	Real Property Land & Building			
	Full Taxes	% of taxes paid	Payments Made in Lieu of Tax	Taxes Abated
<b>Value*</b>	<b>\$ 8,635,000</b>			
Year 1	\$ 110,389	25%	\$ 27,597	\$ 82,792
Year 2	\$ 110,389	25%	\$ 27,597	\$ 82,792
Year 3	\$ 110,389	25%	\$ 27,597	\$ 82,792
Year 4	\$ 110,389	25%	\$ 27,597	\$ 82,792
Year 5	\$ 110,389	25%	\$ 27,597	\$ 82,792
Year 6	\$ 110,389	25%	\$ 27,597	\$ 82,792
Year 7	\$ 110,389	25%	\$ 27,597	\$ 82,792
Year 8	\$ 110,389	25%	\$ 27,597	\$ 82,792
Year 9	\$ 110,389	25%	\$ 27,597	\$ 82,792
Year 10	\$ 110,389	25%	\$ 27,597	\$ 82,792
Year 11	\$ 110,389	25%	\$ 27,597	\$ 82,792
Year 12		25%	\$ -	\$ -
Year 13		25%	\$ -	\$ -
Year 14		25%	\$ -	\$ -
Year 15		25%	\$ -	\$ -
<b>Total</b>	<b>\$ 1,214,279</b>		<b>\$ 303,567</b>	<b>\$ 910,712</b>

**Total Real Property Taxes Abated:** **\$ 2,064,777**  
**Payments Made in Lieu of Taxes:** **\$ 688,259**

**University Park Apartments**  
**City of Memphis, Shelby County, Tennessee**  
**Economic Impact and Benefit/Cost Analysis**

**Payback Summary**

Length of PILOT (years)		<b>11</b>
Total Taxes Forgone	\$	2,064,777
Hard Costs	\$	-
Total Taxes Forgone and Hard Costs	\$	2,064,777
Tax Revenues From Construction (Indirect)	\$	124,052
Tax Revenues From Operations During PILOT Period (Indirect)	\$	262,317
Tax Revenues From Retail Operations During PILOT Period (Indirect)	\$	269,863
Property Tax Revenues & Payments Received During PILOT Period	\$	688,259
Total Tax Revenues Received During PILOT Period	\$	1,344,491
Benefit/Cost Ratio		<b>0.65</b>

**Projected Costs:**

*Hard Costs* (land, infrastructure, etc.)

None.

*Opportunity Costs*

Local government is requested to forgo for a period of years the opportunity to collect taxes on site improvement, building, and industrial equipment that are a part of the project.

Benefit/Cost Ratio: The sum of tax revenues from construction, operations and property during the PILOT period divided by the total taxes forgone.

**University Park Apartments**  
**City of Memphis, Shelby County, Tennessee**  
**Economic Impact Analysis**

<b>Estimated Fees</b>	
Application Fee	\$ 3,000
Closing Fees - 7% of Total Taxes Forgone (Maximum of \$300,000)	\$ 144,534
City of Memphis Personal Property Fees for PILOT (5% of Taxes Abated) (Maximum \$50,000)	\$ -
Shelby County Personal Property Fees for PILOT (5% of Taxes Abated) (Maximum \$50,000)	\$ -
<b>Total Fees</b>	<b>\$ 147,534</b>



## Notes for University Park Apartments Impact Analysis:

1. U.S. Bureau of Economic Analysis, RIMS II final-demand aggregate output multiplier for Shelby County, Tennessee for construction. This multiplier represents the total dollar change in output that occurs in all industries for each additional dollar of output delivered to final demand by the specified industry.
2. U.S. Bureau of Economic Analysis, RIMS II final-demand aggregate output multiplier for Shelby County, Tennessee for wholesale trade.
3. U.S. Department of Labor, "Consumer Expenditure Survey, Southern US" 2018; factor applied to determine the rate of indirect or "downstream" expenditures on sales taxable goods and services at the Memphis option tax rate of 2.75%.
4. Based upon July 2019 - June 2020 collections of business, motor vehicle and other local taxes compared to sales tax for Shelby County.
5. U.S. Bureau of Economic Analysis, RIMS II final-demand aggregate output multiplier for Shelby County, Tennessee for real estate leasing and rentals.
6. U.S. Bureau of Economic Analysis, RIMS II aggregate final demand employment multiplier for real estate leasing and rentals for Shelby County, Tennessee.
7. Based upon data from the Tennessee Department of Labor; Annual Average Wage for Shelby County, 2018 for all industry types with a 1.5% inflation factor applied for 2019 and 2020.
8. New property tax for Shelby County and the City of Memphis based on projected new property value created by wages paid by the new development. The new property value may be new single-family homes, new rental property, expansions or improvements to existing residential or commercial property. Although commercial property value is included, the residential rate of assessment is used as a conservative measure. The assessment rate of 25% and a combined Shelby County (\$4.05) and City of Memphis (\$3.19599) tax rate of \$7.24599 per \$100 of assessed value is used. For this calculation, it is assumed that 75% of the jobs supported are direct jobs. Property taxes paid directly by companies in the development are not included in this value.
9. Average sales per square foot by specified industry are based on the Retail Index as published by eMarketer.com coffee and specialty beverage food services.
10. U.S. Bureau of Economic Analysis, RIMS II final-demand aggregate output multiplier for Shelby County, Tennessee for food services and drinking places.
11. U.S. Bureau of Economic Analysis, RIMS II aggregate final demand employment multiplier for food services and drinking places for Shelby County, Tennessee
12. Based upon data from Tennessee Department of Labor; Annual Average Wage for Shelby County, TN, 2018 for food services and drinking places with a 1.5% inflation factor applied for 2019 and 2020.

*Constant 2020 dollars. No tax rate increases are assumed.*