

50 Projects – 50 States: Tennessee

Westin Beale Hotel Memphis, TN

The city of Memphis is working hard to revitalize the historic Beale Street Entertainment District. A centerpiece of this project involves the construction of the Westin Beale Street Hotel, a \$40 million project that opened in 2007 in a low income part of downtown Memphis.

The hotel is adjacent to the new FedEx Forum NBA arena and has 203 guestrooms, a restaurant, Starbucks, and lobby bar. While Memphis' growth sectors of hospitality/tourism present job opportunities for local residents and business opportunities for minority-owned and disadvantaged small businesses, there are obstacles that must be overcome. The Westin-Beale development presents an opportunity to change the way jobs are filled and services procured.

The CDE, Empowerment Reinvestment Fund, a subsidiary of Seedco Financial/SFS, provided a \$15.5 million loan to help finance the hotel construction using its New Markets Tax Credit (NMTC) allocation. NMTC financing reduced the project cost by approximately \$1 million. As part of the financing agreement Seedco/SFS insisted on a covenant that makes this NMTC model unique. The community covenant required the Westin to work with them on workforce opportunities and on providing opportunities to small businesses. As part of this covenant, Seedco/SFS has built a network of partners focused on connecting Memphis residents to jobs at the Westin-Beale and other South Downtown Memphis employers. Partners include the state, city and community and faith-based nonprofit organizations.

In addition, Seedco or Seedco/SFS designed a package of services for employers in the area to include financing, access to tax credits such as renewal community credits, and access to benefits and retention services through Seedco's *EarnBenefits*® program. *EarnBenefits* helps newly hired local workers access important government and private benefits and work supports such as health insurance, subsidized childcare, and the Earned Income Tax Credit. The combination of these supports can enhance the annual income of an \$8 per hour wage earner with dependent children by more than \$5,000 per year. Seedco is also working with Senate Hotel Partners Memphis, LLC to develop a recruitment and training strategy that employs local labor modeled after a similar Seedco program.

NMTC Allocatee

Empowerment Reinvestment Fund

New York, NY

Ken Brezenoff: 212.204.1300

An Affiliate of SEEDCO Financial/SFS

Community Profile

- 24% poverty rate
- Central Business Improvement District



Project Highlights

- Real Estate: hotel
- Total Project Cost: \$40 million
- NMTC: \$15.5 million
- Lenders: First Tennessee Bank, Trustmark Bank, a private group providing a Mezzanine Loan and private equity investors.
- Jobs: 200 new