

\$1.1 billion Pinch District project, expanded Union Row could bookend Downtown

By [Wayne Risher](#)

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Developer Tom Intrator's plan for the Pinch district includes some buildings as tall as 17-18 stories. (Submitted rendering)

A billion dollar real estate development is brewing on the north end of Downtown, potentially book-ending an expanded Union Row project.

Tom Intrator, the New Yorker just approved for tax incentives for five separate projects on the south end, unveiled a massive \$1.1 billion mixed-use development in the Pinch district Wednesday.

Intrator and the Downtown Memphis Commission (DMC) revealed the Pinch plan to a Shelby County Commission committee, which wasn't asked to take action yet.

The committee had earlier reviewed a proposed expansion of the \$1 billion plus Union Row development at Union and Danny Thomas, the principal eastern entrance to Downtown.

Union Row developer Kevin Adams and the DMC want to increase a previously approved authorization for tax increment financing on Union Row to \$185 million, a net increase of \$35 million in incentives. The request comes after Adams expanded the project's geographic area and first phase budget to \$751 million from \$511 million.

On the north end of Downtown, Intrator wants to supersize a Pinch redevelopment master plan produced in 2016 by the city and Downtown commission.

The old plan called for filling in empty blocks with low- to mid-rise commercial and office buildings. Intrator's proposal is bigger, with some buildings as tall as 17-18 stories.

The Downtown Memphis Commission told commissioners Wednesday they'll be coming back with a request to plow 75% of new taxes generated by Intrator's development back into the project for 30 years.

DMC chief Jennifer Oswalt said the Pinch financing package would combine features of a tax abatement, or payment in lieu of taxes (PILOT), and a tax-increment financing district. It requires approval by the Center City Revenue Finance Corp., County Commission, City Council and state government, she said.

The Pinch district has languished for almost 30 years, a zone of mostly vacant lots and under-utilized buildings, with a smattering of new development, between the Pyramid and St. Jude Children's Research Hospital.



View down Overton Street facing St. Jude Children's Research Hospital in the Pinch District. (Daily Memphian file)

A 2016 Pinch district concept study by the architecture firm LRK, which was adopted by the city, county and DMC, was an attempt to guide development in the area after St. Jude announced plans for a more than \$1 billion expansion of its facilities.

The city of Memphis later made improvements in the Pinch as part of its bicentennial gateway project and began the process of fixing up antiquated infrastructure.

Intrator, who came to Memphis as an investor in apartments outside Downtown, said he quietly began buying up property in the Pinch last year and started working with LRK to tweak the existing plan.

“We’ve been very quiet. We have been assembling a number of properties in the Pinch between St. Jude and Bass Pro,” Intrator said. “We have been working with that plan and very closely with LRK on bringing that plan to life,” he said.

His development group, 18 Main LLC, generally controls the property between Front and Second, north of Jackson and south of Shadyac. So far it has spent about \$14 million on property acquisition.

18 Main plans call for a \$604 million first phase of 942 apartments, 406 hotel rooms, 160,000 square feet of retail and 200,000 square feet of office.

The \$486 million phase two would be 586 apartments, 45,000 square feet of retail and 479,000 square feet of office.

18 Main was approved on Tuesday by the Center City Revenue Finance Corp. for property tax abatements on \$104 million in development on the south end of Downtown. Projects include a \$54 million Dream Hotel at the Royal Furniture site at 122 S. Main. 18 Main also is renovating 18 S. Main in a project previously approved for tax relief.

Intrator told the commission his Pinch redevelopment is a continuation of his strategy of filling in vacant and under-utilized places Downtown, to boost its appeal for Downtown dwellers, workers and visitors.

“That’s in a nutshell what we’re wanting to do,” Intrator said.

The first phase would include two boutique-type hotels as part of more than 2.8 million square feet of development, not including parking. Plans call for about 150,000 square feet of speculative office space to be built at the start of phase one.

“This project in the Pinch clearly services St. Jude’s growth,” Oswald said.

Oswald envisions the Pinch being an amenity for residents of Harbor Town, Mud Island and Uptown, as well as serving traffic associated with St. Jude, the revamped Memphis Convention Center and Bass Pro Shops at the Pyramid.

The DMC’s PILOTs are usually limited to 15 years in duration, but the organization has leeway to extend them to 20 years in extraordinary circumstances. A PILOT of more than 20 years requires state approval.

Oswald said the 18 Main project would be financed in part by bonds that are secured by the money that 18 Main would have saved in taxes under a conventional PILOT. She said the DMC estimates the project would generate an additional \$3 million a year in city and county taxes, compared to the current taxes.

Oswald said the DMC believes Union Row and Intrator’s Pinch development would complement each other.

Oswald said in a DMC master plan, “the number one theme that has come out of that is that we need to concentrate compact critical mass in our development, and both projects before you today do just that. Instead of spreading housing units in small numbers across our entire Downtown, if we concentrate them into dense buckets of neighborhoods we will be able to experience the vibrancy that that housing brings on a 24-7 basis.”

Oswald also noted both projects are inside a federally designated Opportunity Zone in which investors can delay or avoid capital gains taxes.

The Union Row item presented to commissioners is a change in the tax increment financing (TIF) district previously approved for Adams' mixed-use development.

In a TIF district, a portion of the additional property taxes generated by development is earmarked to be spent on the improvements. The existing incentive package authorized up to \$100 million in TIF funding and an additional \$50 million in public parking investments related to Union Row.

Adams and the DMC propose to eliminate the parking funds and increase the TIF authorization to \$185 million.

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