

# ECONOMIC DEVELOPMENT IN MEMPHIS



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# ECONOMIC DEVELOPMENT IN MEMPHIS

PLAN 7011  
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A cursory review of the economic policies, practices and groups that help to define and implement economic development in Memphis.

# I. Introduction

Economic Development is an important function of local government and a priority for most local elected officials. But the term “economic development” is not universally understood. Public interventions taken in the name of economic development can differ in purpose from one city to another, and can even vary widely within a single locality, ranging from huge public investments in pro sports facilities to job readiness training for ex-offenders leaving incarceration. As such, economic development policies can lead to increased opportunities and equitable distribution of wealth or serve to further reinforce existing inequalities. Ideally, economic development policies should be tied to a community’s comprehensive vision and reflect parallel policies in land use, education, transportation, infrastructure, etc. But economic development policies are often ill defined, haphazard and reactionary.

The purpose of this brief is to determine what “economic development” currently means in Memphis -- as defined by or policies and actions -- in order to lay a foundation for what economic development could or should mean, and for how economic development policies can become part of a comprehensive approach to planning.

The report first sets a context for analysis by describing some general ideologies and approaches that exist in the field of economic development. In order to determine where Memphis fits in this context, we have analyzed both stated economic development policy in the city and the typical actions and tools used in the name of economic development. In addition to determining how local policies and actions fit within general ideological spectrums, this approach allows for an analysis of whether local economic development actions are in fact in alignment with stated policies. Finally, our analysis considers whether our approach to economic development is designed to meet the most pressing needs of the Memphis community and whether there is a potential for change to more meaningful economic development planning.



## II. What is Economic Development?

### *General Ideologies and Approaches in the Field*

Economic development can appropriately be defined as “an increase in the economic well-being of area residents, usually manifested by positive changes in the level and distribution of area employment and per capita income.” The role of the planner in this situation is to protect the public interest. However in practice, economic development is more often only narrowly looking to build the tax base or create jobs with no distinction for whom will benefit, or to a broader physical development with no effort to increase income or jobs (mistakenly categorizing real estate development as economic development).

Real estate development is often confused as economic development. This misconception stems from the difference between what should economic development be and what it is in practice: instead of the focus being on research and analysis, it is more towards marketing, public relations, and sales.

Tourism was the third largest private employer and the third largest segment (by dollar value) of retail spending by the late 90s.<sup>3</sup> Therefore, it is not unreasonable for cities to assume that a focus on tourism will bring more money into the economy and increase the tax base, one of the objectives of economic development. A city will look more attractive to travelers especially if it is going through a “revitalization” or “renaissance,” and this was usually measured by a new hotel, new arena, new mall, among other things. However, in the new business development, the spillover effect for surrounding neighborhoods was insignificant, which brings put the questions: who actually gains from new real estate development? How many jobs are actually created and are they being given to the people who actually need them? Are the poverty and unemployment levels affected in a significant way? Consumption-oriented development is a wider view of real estate development. Burbank defines consumption-oriented development as “the pursuit of production activities... [with] an emphasis on attracting consumption activities in leisure, entertainment, tourism and sports.”<sup>3</sup> Politics come into play when the city shares real estate ventures with big businesses, so that the “obvious” parts - the business district, downtown area, or tourism and sports sectors - are given priority over other areas - low-income areas, working class neighborhoods, etc - that actually may need it. Again, the question of who actually benefits comes into play here, and if the theoretic goal of economic development is to increase the welfare of people by bettering job accessibility and increasing income then how can we justify real estate development and consumption oriented economics as economic development?

It is useful to define economic development ideology along two spectrums in particular.

#### **Spectrum 1: Traditional Export Based Approach vs Community Self Reliance**

There are two sides to the demand (or supply) side of regional growth. The more traditional idea is that regional growth is based on exports, where in order for a local economy to grow, money needs to come in from the outside. This side stems from the idea that the local economy, although more open, is more specialized and therefore less self sufficient than the national economy. It is favorable because exports generally produce labor and business income, and when that is spent on locally produced goods and services and is kept within the area, the economy and tax base will grow. One hitch with this side, however, is keeping the local market growing at a steady pace instead of fluctuating. This can be accomplished if the local region avoids keeping “all of its eggs in one basket” by diversifying its economic base and not being too heavily tied down to just a couple main industries. By switching the focus to the

less obvious, maybe even smaller, industries in the area, the local government can stabilize the growth rate for a greater chance at success.

Another problem with focusing on exports for market growth is keeping the exports and imports of a local economy in balance. Even if the selling of exports adds money to a local economy, if imports are not monitored and made sure to be in balance with exports, then the local money is slipping out of the economy just as the foreign money is coming in. It can even be argued that attempting to reduce imports can have just as great of an effect on the economy as increasing exports. This brings us to the other side of the spectrum, or community self-reliance. In his book *Going Local*, Shulman pushes more community friendly alternatives to bringing just any old new, big business in to a local economy. He mentions capital mobility, or the ability of corporations to not be tied to a specific location, but to freely move around from one community to another in order to take advantage of lower costs. This is a particular issue in Memphis where we promote our low minimum wage and large under qualified workforce, i.e. people who will work for anything and are basically disposable. The idea in community self reliance is to encourage local enterprises to provide for the community's basic needs, and to take the savings and invest them back into the community. Also, by encouraging community self reliance, corporate investments would have to be more tied to a location instead of so mobile, making the community less disposable and the tax base more solid given fewer corporate tax breaks. Shulman summarizes it best when he says "power should always be exercised at the level closest to the people affected by a decision."<sup>2</sup>

### **Spectrum 2: Trickle Down vs Direct Equity**

Another spectrum that relates to economic development is between the trickle-down effect in creating jobs or the direct, equity-based effect. This should not be seen as a separate or mutually exclusive spectrum from the demand side one, but rather one that draws from the other and runs parallel or overlaps. The idea behind the trickle-down side relative to jobs and economic development is that by lowering the tax burden in an area for business, more jobs will be created and, regardless of where they are located, will stimulate the overall economy and help everyone. With the lower tax rates, people are more inclined to spend what they earn and put it back into the economy, but how do we know if the actual "problem areas" of the city -- the low income neighborhoods and high poverty level -- are significantly affected if the jobs created are not close to the people who need them most. The other side of the spectrum, the direct equity effect, eases the tax burden on the lower working class directly. The idea is that lowering the tax burden directly (government intervention) will increase the demand and therefore increase spending, putting more money back into the economy. The argument here is that jobs will not necessarily be created (or created where needed) by decreasing the tax burden on business, but rather they will be created when the increased income of the local working class through a direct equity tax decrease will put enough back into business for jobs to be created.

### III. Memphis’ Economic Development Policies

To better understand what economic development is in Memphis, we reviewed two policy documents. One is the official plan of the city and county Economic Development Agency, the Economic Development Growth Engine (EDGE), while the other is a plan developed for a proposed entity, the Memphis Aero City Alliance.



Memphis: America’s Aerotropolis™

PLAN:	FOCUS: A Roadmap for Transforming the Metro Memphis Economy	Memphis Aerotropolis: Airport City Master Plan
VISION / GOALS:	<p>Metro Memphis will be a global leader in the development, production, and distribution of high-value goods and services and a model of broad-based cooperation and inclusive growth.</p> <p>Goals:</p> <ul style="list-style-type: none"> <li>•Solidify position as the preeminent center for multi-modal movement of goods</li> <li>•Establish hub for innovation, production, and exports in targeted sectors</li> <li>•Create opportunity by raising skills and improving access to jobs</li> <li>•Become model for regional collaboration, building ongoing capacity for leaders to access the region’s standing in the global marketplace, and shape ongoing strategy development and implementation</li> </ul>	<p>Provide a comprehensive framework for public and private development, transportation improvements, the establishment and recruitment of new businesses, and community revitalization by leveraging the existing traffic volume of the airport.</p> <p>Goals:</p> <ul style="list-style-type: none"> <li>•Build Community</li> <li>•Strengthen Connections (Physical &amp; Mental Perceptions)</li> <li>•Increase Competitiveness</li> <li>•Promote Collaboration</li> </ul>
STRATEGIES:	<ul style="list-style-type: none"> <li>•Secure the global logistics brand</li> <li>•Diversify the economy beyond logistics</li> <li>•Focus on exports and international trade</li> <li>•Build a Next Economy Workforce</li> <li>•Organize for Innovation and Entrepreneurial Growth</li> <li>•Create New Approaches to Development Designed for the New Economy</li> <li>•Develop New Capacity and Governance for Regional Development</li> </ul>	<ul style="list-style-type: none"> <li>•Utilize land use and zoning policies.</li> <li>•Promote urban structure and visual character. (“Smart Growth”)</li> <li>•Utilize transportation corridor and transit system policies.</li> <li>•Implement resource protection along with green infrastructure policies.</li> <li>•Utilize parks &amp; recreation policies.</li> <li>•Utilize and strengthen housing and neighborhood, community services and facilities, and community facilities policies.</li> </ul>

PLAN:	FOCUS: A Roadmap for Transforming the Metro Memphis Economy	Memphis Aerotropolis: Airport City Master Plan
STATED IDEOLOGY:	This plan is based on the Brookings Institute’s approach to economic development through metropolitan business planning that adopts the concept of private sector business planning	This plan is based on a combination of direct capital investment and place-making strategy in the Memphis International Airport area and its surrounding business and residential communities

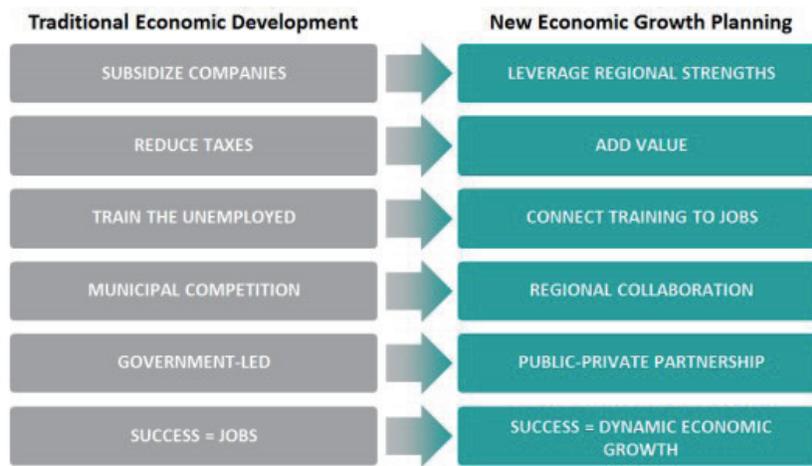


Figure 1 Focus Plan Stated Economic Ideology

**Discussion of the Focus Plan:**

*Internal Consistency*

The EDGE Focus Plan’s stated policies and ideologies claim they are shifting from a traditional approach of economic development to this new economic growth planning, as shown in Figure 1. However, their strategies and recommendations are in conflict. The recommendations want to diversify the economic base but tell us to build on our logistics base. Despite the ideology moving from export based models, the strategies seem to be indicating a focus on current export-oriented

*Power Structure*

The Brookings Institution developed the plan with assistance from RW Ventures and the co-chairs include FedEx Executive Vice President and General Counsel Christine P. Richards, Memphis Mayor AC Wharton, Jr., and Shelby County Mayor Mark H. Luttrell, Jr. They led development and will steer the plan’s direction, support initiative development, and advocate for strategic economic transformation. The most concerning component of the power is the conflict of interest that results from the plan’s intention to lessen our dependence on the logistics industry and having the vice president of FedEx chair the steering committee.

*Likelihood of Implementation*

The plan contains no specific timelines, deadlines, or deliverables and there are no methods for target setting or performance tracking of implementation. In effect, there is no mechanism to effectively track implementation of the strategies or monitor progress.

**Discussion of the Aerotropolis Plan:***Internal Consistency*

The stated policies include promoting greenways, neighborhood livability, workforce education and promoting the green economy. However, all of the “trigger” projects are for transportation improvement projects and some limited “blight removal”. There is no mention of how workforce education will be supported or the protection and enhancement of established residential neighborhoods will be accomplished.

*Power Structure*

The plan was prepared for: The City of Memphis, the Department of Housing and Urban Development and the Greater Memphis Chamber and was prepared by over a dozen consultants. The actual plan is to be implemented and overseen by the Memphis Aero City Alliance, which is given its power from the Memphis City Council.

Chad Bowman is currently listed as the Memphis Aerotropolis Project Manager for the City of Memphis, but no other personnel or employees are noted.

*Likelihood of Implementation*

Currently, there has been no mention by the City in even creating the entity that will oversee and implement the plan. There are no set target dates on number of years to implement. Given the lack of progress since the completion of the plan it seems unlikely that the plan will be implemented.

**Where do these two policies place us in the spectrum of economic development?**

The Edge plan places itself within the realm of spectrum one of the economic ideologies, moving from traditional export-based economic development towards a community self reliance model but have conflicting policies on what end of the spectrum they lie. The Aerotropolis plan is an expansion of the export based, economy utilizing local real estate development as the catalyst for economic development.

**IV. Memphis’ Economic Development Actions**

The policies reviewed above help us to understand the stated approaches to economic development that exist in Memphis, but to truly understand what the Memphis definition of economic development is, we also need to explore the economic development tools typically used in Memphis.

**PILOTS** (35 EDGE PILOTS for \$276M since 2012)

Payment-in-lieu-of-Tax (PILOT) Programs provide a property tax reduction of a specified duration (from three to fifteen years) to select businesses that locate or expand in the area generating a net increase in the number of local jobs.

Applicant commits to create or retain jobs with specified payroll and benefits, make the agreed upon investment or engage in other desirable activities.

Memphis and Shelby County’s main economic development incentive to create and encourage

economic growth by reducing unemployment in the area.

Different criteria and requirements for businesses applying for these PILOTs programs.

Ten entities in Memphis and Shelby County that can authorize the use of PILOTs:

- Economic Development Growth Engine
- Center City Revenue Finance Commission,
- The Health, Educational and Housing Facility Board of Memphis,
- Health, Educational and Housing Facility Board of Shelby County, and
- Industrial Development Boards in six different towns of Shelby County.

•Ninety-three PILOT programs in Memphis/Shelby County since program began.

**TIFs**

Tax Increment Financing (TIF) is a tax tool used to subsidize the cost of redevelopment in blighted areas of a city and potentially attract new development. These funds come from special tax districts where the increase property tax revenue from property improvement are used to improve things such as roads, sidewalks and structures. Tax Increment Financing is not used often in Memphis and may be hampered by the constant use of PILOTs in Memphis and Shelby County.

All potential TIF District applications must be approved by the Community Redevelopment Agency (CRA) Board and the Memphis City Council and Shelby County Board of Commissioners.

The CRA crucially analyzes all TIF applications to make sure that the proposed district will create a successful tax increment.

Memphis has two approved TIF districts as of 2015 which include the following:

Uptown TIF district

Highland Row district near the University of Memphis.

**EDGE**



The Economic Development Growth Engine for Memphis and Shelby County, or EDGE, was created in 2011 in order to further develop and enhance economic development programs in the area. There are several incentive programs EDGE offers, including the PILOT program (elaborated on earlier), Industrial Revenue Bonds, the Foreign Trade Zone 77, and project assistance.

Industrial Revenue Bonds (IRB)/ Industrial Development Bonds (IDB)-issued by public entities on behalf of private, for-profit companies.

Bond buyers are willing to accept a lower interest rate because interest is exempt from federal, and in some instances state, income tax,

Foreign trade zones -allows domestic producers a more even playing field by offsetting

customs advantages awarded to competing overseas producers.

The Foreign-Trade Zone No. 77- Activities in this zone benefit from no duty charge on re-exports, deferral on customs duties and federal excise tax, as well as a fair duty rate with respect to the inverted tariff and a good's final condition, and other logistical benefits.

SBA 504, SBA 7a, and a Revolving Loan Fund- helps small businesses by providing technical support and access to business opportunities.

**COMMUNITY L.I.F.T.**



Community L.I.F.T is the product of a citywide planning initiative known as Greater Memphis Neighborhoods.

Seeks out and provides access to sources of financial, human and intellectual capital.

Supports local revitalization efforts through a community development financial institution (CDFI) or non-traditional bank, River City Capital Investment Corporation.

The epicenter of neighborhood revitalization in Memphis, awarded to smaller neighborhood organizations working in one of the three target neighborhoods- Greater Binghampton, Upper South Memphis, and Frayser

Committed to incentivizing business development in the Soulsville/Upper South Memphis neighborhood by providing free broadband services through a grant supported by the Delta Regional Authority

Strategic partner in the economic development coalition whose membership includes groups like EDGE, TVA, MLGW, The Mayor's Innovation Delivery Team, and The Greater Memphis Chamber.

The River City Investment Corporation -provides several loan products, ranging from micro loans up to \$10,000 to working capital and bridge loans of up to \$100,000. Other funding sources are used to support LIFTs Uplift Grant Initiative-seeds grass roots projects that are designed to increase overall health and well-being, neighborhood pride, sustainability, educational exposure and community peace and unity.

**THE GREATER MEMPHIS CHAMBER**



The Greater Memphis Chamber is a collective of Memphis business and civic leaders who work to strengthen the Memphis business community by providing support to existing businesses and incentives to bolster local economic development activities.

Provides property information on existing commercial and office space for potential business transplants.

Petitions for tax incentives for businesses that fill certain needs like creating jobs,

incorporating green energy practices or relocating from foreign countries.

Training and workforce solutions give employers insights on increasing the existing human capital resources or introduce them to new staffing alternatives.

One Stop Shop (OSS) -streamlines the permitting process for new and existing businesses, making Memphis more attractive, as businesses have to jump through fewer hoops.

Economic Development Team -provides relocation and expansion resources to companies that may be interested in Shelby County.

### **Discussion of Economic Development Tools and Agencies**

By comparing tools and agencies, we can analyze whether local economic development actions are in alignment with stated policies described in section III. In order for us to further consider where Memphis lies on the spectrum of economic development ideology, current economic development actions must also be evaluated.

#### **Aerotropolis Plan**

The general goal of the plan is to reverse spontaneous and haphazard development in the area that has occurred and produced in some areas results that detract from its economic efficiency, aesthetic appeal, and social and environmental sustainability and to reverse the lack of coordinated strategic, community, transportation planning and reinvestment in the study area, middle-class flight, crime and rising blight. Basically, the entire plan focuses on development of new structures, roads, and green places while little attention is given to preservation of the historic neighborhood. This goal would require new investments that might call upon our traditional tax incentive tools such as PILOTS.

#### **Focus Plan**

The Focus Plan differs from the Aerotropolis plan because instead of using programs and tools that have experienced debatable success in the past, the plan draws upon the economic development approach of Metropolitan Business Planning. The MBP is constantly changing depending on the results of data analysis. This is a new approach that is rarely seen in Memphis and what Focus counts on to transform the economy. Because the goal is the to create a new economy, new economic development tools are needed. The traditional tools do not align with the Focus Plan. On the contrary, however, EDGE continues to use some of the old tools and programs in the transformation process. Memphis' most commonly used economic development tool is the PILOT tax incentive; however, the City's official economic development policy guide makes no mention of using tax incentives or breaks.

#### **Placement on Spectrum**

PILOTs remain the primary tool in the economic development of the Memphis area. These types of tax incentives are a traditional tools that places Memphis' approaches squarely in the "export-base" side of Spectrum One. Constant reliance on PILOTS also places Memphis on the "trickle-down" side of Spectrum Two. The theory seems to be that as long as jobs are created in the community, it is a good thing for the economy, even if the industry base is not diversified or increases job skills of future workers.

**Memphis Economic Development in the News**

Recent Economic Development actions in Memphis have been focused on Real Estate Development, consumer-oriented development, large publicly funded projects, and tax breaks. The most visible projects recently in Memphis include: The Bass Pro Pyramid, Fairgrounds Redevelopment, and the Electrolux manufacturing facility.

***BASS PRO PYRAMID***

“THE \$100 MILLION PYRAMID: Memphis taxpayers have paid and paid for the city landmark” Chris Butler Tennessee Watchdog



GOAL: Draw in Tourists from out of state to spend money in Memphis

TOTAL INVESTMENT: \$197 Million (3 bonds)

CITY OF MEMPHIS: \$215M total including City share of Convention Center for Future Projects. Includes \$30 Million for Seismic Retrofit.

OUTPUT: Draw tourists to retail location and downtown hotels and restaurants. 600 minimum wage level service jobs. Bass pro pay \$1M a year in rent to the City (over 20 years).

TOOLS: Tourism Development Zone (TDZ) to pay Revenue Bonds through sales taxes over 20 years

CURRENT STATUS: Opened in May 2015. Bond payments will be supported through potential sales tax revenue and the city will finish paying off the original bond for Pyramid construction.

BOTTOM LINE: Consumption-Oriented Development with large Bond costs for the City.

***FAIRGROUNDS REDEVELOPMENT PROJECT***

“Fairgrounds Redo: Will Third Time Be Charmed” Memphis Flyer



GOAL: Aligns with Tennessee’s state tourism strategy to draw tourists to the area through amateur kids sports.

TOTAL INVESTMENT: \$165M estimate

CITY OF MEMPHIS: \$165M estimate

OUTPUT: Estimated \$3.9B in spending over 30 years. 1,698 new jobs.

TOOLS: Tourism Development Zone (TDZ) to pay Revenue Bond

CURRENT STATUS: The Project is on hold due to citizens desire to be involved in the process.

BOTTOM LINE: Real Estate Development that is consumption-oriented focused on trend of profitable amateur and kids sports.

**ELECTROLUX MANUFACTURING FACILITY**

“Electrolux project has high price, big risks for Memphis,” Commercial Appeal



GOAL: To bring in a brand name with an excellent reputation that represents the global economy and brings jobs to the area

TOTAL INVESTMENT: \$195M

CITY OF MEMPHIS: \$188.3M (PILOT \$38.7M, State of TN \$100M in Incentives, City Bond for infrastructure improvements \$20M)

OUTPUT: 1,240 new manufacturing jobs, 2,250 supplier jobs, 700,000 SQ FT LEED certified facility

TOOLS: PILOT (15 years), bonds (local sales taxes and business taxes), state incentives

CURRENT STATUS: Opened the facility in January 2014. Has hired more than 550 new employees.

BOTTOM LINE: Most generous incentive in Memphis history - Electrolux is exempted from diversity requirements, no recapture, clawback or refund remedies on the PILOT. “This is an incredible contract which is absolutely 100-plus percent in favor for Electrolux. Any state that takes something like this has lost it.” said Somer Hollingsworth president and CEO of the Nevada Development Authority.

**V. The Right Economic Development for Memphis?**

Approaches to economic development should be tailored to meet the needs of a community. This section will discuss whether Memphis’ economic development plans and tools address the needs of this region’s residents.

**Who are the poor and what are the causes of poverty?**

Memphis’ poverty rate is 27 percent while Shelby County’s poverty rate is 7 percent (Santo). In addition to median income being lower in Memphis, per capita property values are lower as shown in Figure 2.

	Assessed Value of Real Property	Population	Real Property Value per Capita	Median Household Income
Arlington	\$ 255,486,955	11,517	22,183	\$93,208
Bartlett	\$ 1,074,354,105	54,613	19,672	\$75,225
Collierville	\$ 1,433,054,330	43,965	32,595	\$102,643
Germantown	\$ 1,425,727,595	38,844	36,704	\$114,520
Lakeland	\$ 323,788,740	12,430	26,049	\$85,928
Memphis	\$ 9,533,143,915	646,889	14,737	\$36,817
Millington	\$ 152,576,800	10,176	14,994	\$48,832

Figure 2. Property Value and Median Income for Memphis and Shelby County Municipalities.

Along with geographic inequality across Shelby County, there is racial inequality among Memphis residents. The poor in Memphis tend to be minorities. Poverty rates for Blacks and Latinos are higher than the overall poverty rate. Poverty rates for minorities are higher in every age category than poverty rates for non-Hispanic Whites. Note Figure 3 shows that recent trends indicate poverty rates for Whites to be decreasing while Latino and child poverty rates are increasing, especially in Shelby County.

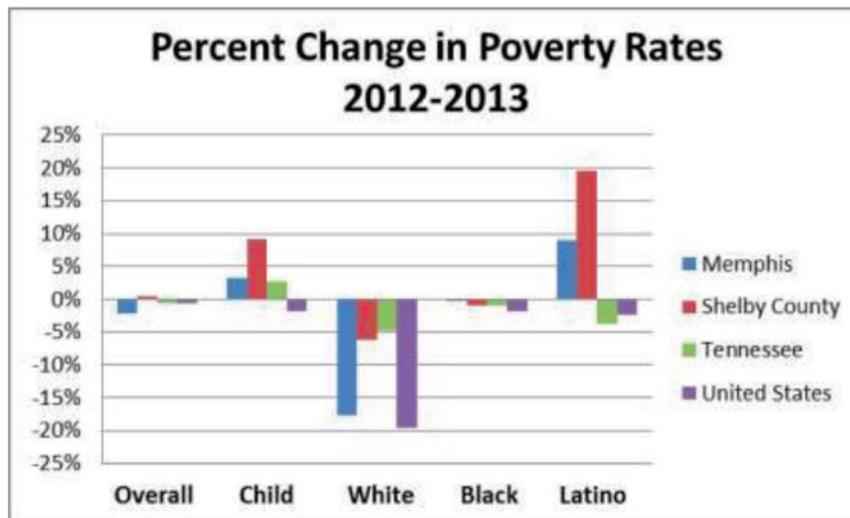


Figure 3. Percent Change in Poverty Rates, 2012-2013.

A higher income is not the only solution to poverty. In Memphis, 58 percent of the average median household income is spent on housing and transportation. This is one of the highest rates of America's 51 largest cities. A 2011 Brookings Institution study ranked Memphis 69th out of 100 metro areas for transit service. While 94 percent of Memphis residents are served by transit, only 30 percent of jobs in Memphis can be reached in less than 90 minutes by transit. In the suburbs, only 14 percent of residents are served by transit and only 4 percent of jobs are accessible in less than 90 minutes by transit.

## The Plans

EDGE’s Focus Plan advocates diversifying the region’s economy and lessening the reliance on logistics. The plan also has a large focus on job-training.

The Aerotropolis plan has little substance. It is a real estate development strategy based on the belief that a better urban design will improve the area through trickle-down effects as discussed in section 1.

## The Tools

The City continues to approve large PILOTS with very low standards. Currently, the PILOT program only requires a \$10 per hour wage and the employer to subsidize half the cost of healthcare. This would only qualify as a living wage for a single adult with no children. Additionally, data for PILOTS only reports the average wage which can easily be skewed.

Below, Figure 4 shows the Transit Access Score and Figure 5 shows Housing + Transportation Costs for the Memphis MSA. Comparing these maps to PILOT locations in Figure 6, it is apparent that PILOTS are not creating or retaining jobs that are accessible by means other than a private car.

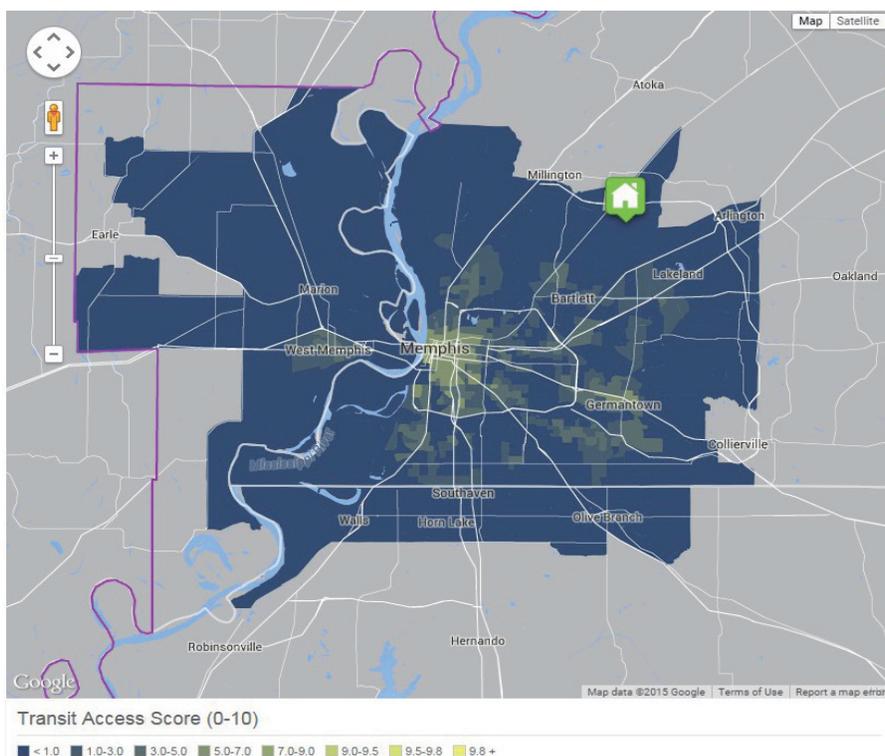


Figure 4. CNT Transit Access Score

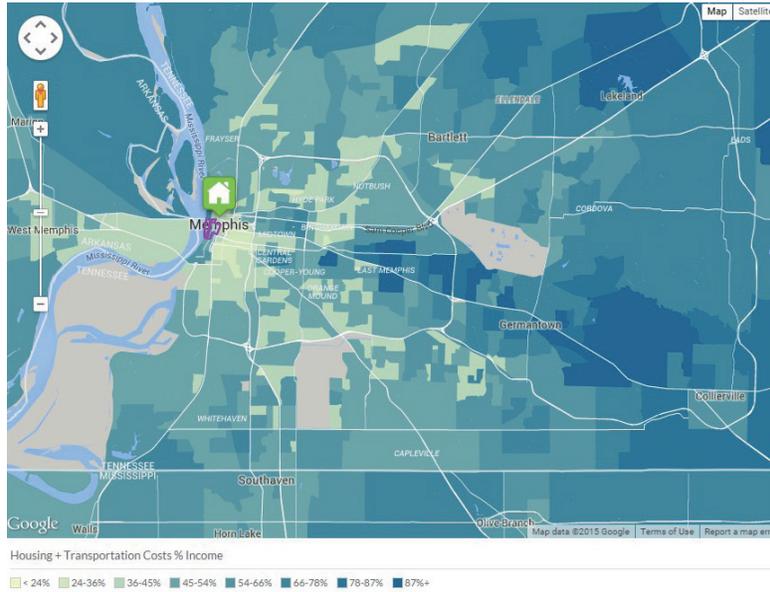


Figure 5. Housing and Transportation Costs.

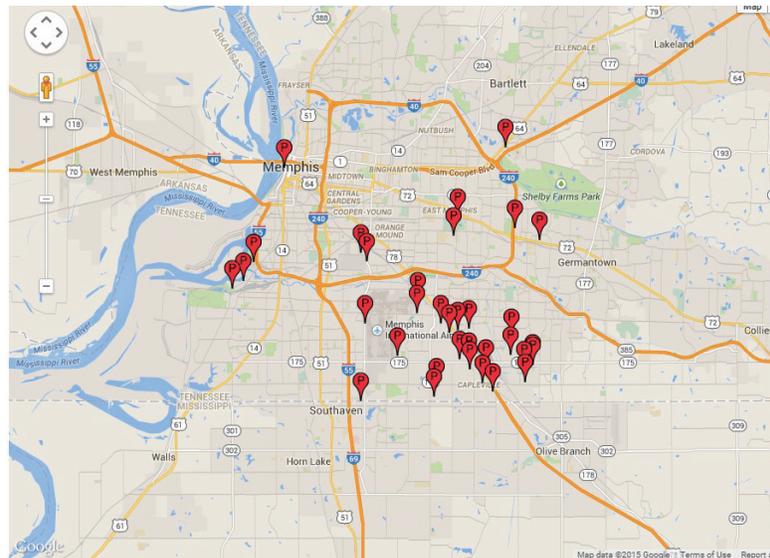


Figure 6. Map of PILOTs Locations.

The City seems reluctant to use the TIF district tool and instead relies on PILOTs (35 PILOTs compared to 2 TIF districts). Given this small data set, it's hard to determine actual outcomes from establishing TIF districts in Memphis. Additionally, TIFs themselves do not address transit, housing, or living wage jobs directly instead relying on possible trickle-down effects of increased property values.

**Does policy match action?**

Transit funding is primarily focused on a trolley system for tourists that attracts only 1 million rider annually. If City Council approves Mayor Wharton's proposed budget, the City will spend \$32.2 million over the next five years to purchase new trolleys. In the interim, MATA has requested 18-20 buses that resemble trolleys at a cost of \$150-180,000 each. The budget also requests \$60 million to relocate MATA administrative offices. The current office was built 30 years ago on top of landfill and unsurprisingly has resulted in excessive ground settlement. There has been no major effort in word or funding to improve

bus service throughout the city.

The City has removed all but one public housing project and replaced them with mixed-income neighborhoods in which only 12 percent of the former residents live. The rest of the residents are displaced and forced to move to residences further from the center city making access to health services and transit more difficult. A recent investigation of the Global Ministry Foundations and their involvement with Section 8 housing indicate a systemic lack of oversight. Where oversight occurs, no corrective actions are taken.

There is no evidence of job training supported by the City. No new information or news about any progress by the Focus plan's Greater Memphis Alliance for a Competitive Workforce can be found. The most recent article includes this quote that directly contradicts Focus stated intents. Dexter Muller, Senior Advisor at the Greater Memphis Chamber stated that the Alliance's initial objective is to "train 2,000 people a year in logistics jobs and 1,000 people a year in manufacturing jobs." Despite the Focus plan claiming that the region should diversify the economy and focus less on logistics, the initial training will be focused on logistics and manufacturing, two typically low wage job sectors.

As mentioned, poverty is a result of low-income jobs combined with housing and transportation costs which are addressed by local government in word and not deed. The Chamber's website even advertises the fact that Memphis wages are low and Tennessee is a right-to-work state. Even if improvements were made to decrease the cost of housing and transportation in Memphis, the decision makers seem to be only interested in the number of jobs, not quality jobs that can move people out of poverty.

## VI. Hope on the Horizon?

Memphis' economic development initiatives have helped the City to realize some of its goals in terms of business recruitment and business development. The PILOT tool has played an integral role in helping Memphis become more competitive, placing it on the short list of many firms looking to expand or relocate. However, this approach has neglected, to a degree, neighborhood enterprises and development efforts, because the impacts are not as far reaching or popular. This has resulted in an unbalanced approach to development that has received much criticism from those in favor of more equitable development alternatives.

One model of equitable development was put into practice in Chicago, Illinois in 1983 by then Mayor, Harold Washington. Mayor Washington's administration sought to change the course of Chicago's economic development efforts which, up to that point, had been central business district focused, leaving many neighborhoods to fend for themselves. His economic development team would go on to develop the "Chicago Works Together" plan. This plan had five main goals:

Goal I: Increase job opportunities for Chicagoans

Goal II: Promote balanced growth

Goal III: Assist neighborhoods to develop through partnerships and coordinated investments

Goal IV: Enhance public participation in decision making

Goal V: Pursue a regional, state, and national legislative agenda

This type of plan shifted the focus from “downtown to the neighborhoods.” Washington was very intentional about initiating meaningful citizen participation at the beginning stages of the planning process by convening of group of nearly 150 citizens who represented close to 75 local organizations. This committee helped craft a city wide agenda that was truly representative of the entire City’s interest and not just a select group. As cities evolve, hindsight shows us that this approach has long term benefits that outweigh the immediate ‘returns’ on incentive driven, downtown capital investment. Progressive Memphians have put Memphis on a path to more meaningful and equitable growth and development. Changes to the PILOT program, Community LIFT’s neighborhood efforts, and the Blueprint for Prosperity have set the City on a new trajectory.

The Community Builder PILOT is setup to target inner-city neighborhoods by allowing community development corporations to pick 15 sites within its boundaries to redevelop and experience some of the benefits that would typically go to larger corporations. Community LIFT, a neighborhood development clearinghouse, provides resources and information to neighborhood businesses in Memphis’ Upper South Memphis, Binghampton, and Frayser neighborhoods. LIFT’s River City Corporation provides access to much needed capital for neighborhood businesses. Lastly, The City of Memphis has set a new course in the form of “The Blueprint for Prosperity” plan. This citywide plan’s tenets are similar to that of the aforementioned “Chicago Works Together” plan, as it aims to:

Goal I: Reduce Poverty

Goal II: Reduce the costs of transportation and housing for low income individuals

Goal III: Improve employment in Memphis

Pursuing these key project goals will address some of Memphis long ignored issues, like workforce development, adult education, youth development, neighborhood level small business development, and overall citizen participation which has experienced a precipitous decline as Memphians have struggled to build and sustain healthy relationships with local government. The Blueprint for Prosperity gives us an opportunity to chart a new course.

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