

# Northside Community Campus

## Community-Developed Neighborhood Services Hub

Memphis, TN

 **93,246**  
People Served

 **209,466**  
Square Feet

 **75**  
Job Creation and Retention

### The Project

In 1968, Northside High School opened to great acclaim as one of the most technologically advanced schools of its era. At its peak, it served more than 1,200 students, making it the largest vocational high school in the state. Despite sustaining minor damage since its closure in 2016, the 209,466-square-foot facility remains a valuable community asset, ideally suited for accommodating multiple complementary community service providers.

### A Disinvested Community

Located in North Memphis, the project encompasses the Klondike and Smokey City neighborhoods. Historically, these areas were segregated, with Smokey City predominantly white and Klondike primarily African American. Despite this segregation, both neighborhoods experienced robust growth and fostered strong community networks until the 1960s. As city schools integrated, the dynamics of the neighborhood began to shift. Once a thriving and stable community, the area experienced out-migration and decline as white residents moved to new neighborhoods.

In the 1980s, the closure of North Memphis's largest employers, International Harvester and Firestone Tire and Rubber, exacerbated the area's challenges. These plant closures resulted in more than 3,000 job losses, which significantly impacted the residents of Klondike and Smokey City. By the mid-1990s, the rerouting of I-40 through the heart of these neighborhoods dealt an even more severe blow, demolishing over 100 homes and churches and disrupting the fabric of the community. Despite strong, community-led efforts to stabilize the area, a persistent cycle of disinvestment and decline led to a dramatic hollowing of the neighborhoods.

At the time of closing, the area was marked by numerous blighted properties and vacant land. Over the past two decades, both Klondike and Smokey City have lost nearly 40% of their populations. The remaining residents, almost exclusively African American (99.3%), earn a per capita income of \$11,388 and a median family income of \$19,808, which is significantly lower than the living wage of \$23,317 for Shelby County.

#### Total Development Cost:

\$71,242,214

#### Allocation Requested:

\$42,040,000

#### Business Type:

Real Estate Special Purpose Entity (SPE)

#### Uses:

Construction Costs

#### Direct Lender:

Blue Hub Capital

#### Project Timeline:

NMTC Closed Q2 2023

#### Address:

1212 Vollintine Ave., Memphis, TN 38107

#### Census Tract:

47157011200

#### Higher Distress Characteristics

- ▶ Poverty 55.50%
- ▶ Median Income 34.04%
- ▶ Unemployment 23.10% (2.78x)
- ▶ Federal Emergency Management Agency (FEMA) Disaster Area
- ▶ Opportunity Zone
- ▶ U.S. Department of Agriculture (USDA) Food Desert

#### Community Services:

Primary Care Physician's Clinic, Adult literacy programming

Minority Controlled Development Entity

Despite these challenges, a strong diasporic community remains, with former residents maintaining community connections. The area has a rich tradition of community participation, organization and activism, which has emerged in response to the challenges faced by neighborhood residents.

## The Impact

The project has been underway for several years. In addition to being informed by a locally driven study, it fits perfectly within the greater Memphis 3.0 Comprehensive Plan. Specifically, the project meets these goals for the community:

- ▶ Build connections between neighborhoods (short term, one to two years)
- ▶ Support redevelopment of corridor (short term, one to two years)
- ▶ Determine adaptive reuse strategies for closed schools and large, abandoned buildings (long term, five to 10 years)

The campus will be home to a multi-service community hub that serves thousands of people per year. Paying homage to the original purpose of the building, the basement will house a new campus for Moore Tech, allowing students to gain experience in various trades. Furthermore, other literacy-focused programs will be offered by Literacy Mid-South to ensure there is a continuum of on-site education. A Federally Qualified Health Center (FQHC) and healthy food options will also be offered in an effort to provide the community access to commercial goods and services that improve outcomes. These diverse tenants were brought together with renovations to the gymnasium and theater, breathing a genuinely new life into such a prominent building in the community.

## Our Analysis

As with many non-profit developments, particularly those that accommodate community service providers, the project's viability and amount of commercial debt it can secure are significantly constrained. To foster growth in this underinvested community, rents must be set below market rate. While these reduced rents are beneficial for the project and provide essential services to the community, they ultimately create a funding gap. The sponsor has committed \$40 million in equity and is pursuing the maximum amount of permanent and subordinated debt available, in addition to seeking third-party philanthropy and grants. Despite these efforts, the project still faces a \$7 million shortfall in the necessary funding to reach completion, which the Cherry Bekaert team helped successfully close by attracting upward of \$40mm of allocation for the project with a bespoke structure spanning three separate condos, multiple incentives and a complex capital stack.

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## Your Guide Forward



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