BA513 INNOVATION IN PRACTICE

16 Class Projects...5,600 Hours

OVERVIEW

INTERVIEWS

Total

Brian Mohney
John Lutz
Michael Haas
Flavio Rodrigues
Matt Siger

Flavio Rodrigues
Brian Mohney
Mike Haas

AGENDA

• OVERVIEW
• INTERVIEWS
• ECONOMIC THREATS
• BENCHMARKS
• LEVERS TO PULL
• MOVING FORWARD

JACKSON SQUARE DISTRICT

April 20, 2011

OAK RIDGE REVITALIZATION

City of Oak Ridge
Mark Watson
Kathryn Baldwin

Faculty Partners
Austin Lance
Pat Richardson

Total
Helen Ross McNabb Center

Oak Ridge

431

Oak Ridge

1
STATEMENT OF WORK

• The City of Oak Ridge desires to understand what strategic levers it can pull to transform the historic Jackson Square District into a thriving vital retail, commercial and residential center, creating a heart and soul identity for the City.

BASELINE

Establish a synergistic view of the city’s issues, and collaborate all supporting forces to create a catalyst in the redevelopment of the area.

OAK RIDGE

• Commuter Town
  • Permanent Residents – 29,000
  • Daily Commuter Influx – 60,000
  • 25% Population 65+
• Excellent Outdoor Amenities
  • Greenway and Trail Connectivity

OAK RIDGE IS UNIQUE

• Manhattan Project
• 75,000 Locked-In
• War Town
• Legacy Housing
• National Labs, Innovation, and Education
• “Secret” keeping infrastructure
OAK RIDGE NEEDS

• Increased property value
• More tax revenue to city
• Retail Rejuvenation
• Entertainment for youth
• Green Infrastructure Expansion
• Mass Social Interaction

JACKSON SQUARE

• To be more visible from Oak Ridge Turnpike.
• Pedestrian Traffic
• Sense of Community
• More green space, new trees and lighting, sitting areas
• Connection from all local area populations
• Vibrant and lively places for local residents and groups to meet and eat
INTERVIEWS

WHAT DID LOCAL INTERVIEWS TELL US?

INTERVIEWS: GOVERNMENT

• If you want people to have a quality of life you’ve got to have a gathering place.
  • “We need a nightlife, a gathering, a place for people to pass by each other.”
  • “These people should be coming to Jackson Square for lunch, to sit outside and after work.”

• The loudest voices generally don’t support change.

• “It’s time to engage our citizens who are already here, let’s take some pride in our homes, our neighborhoods, the businesses around us; let’s get everyone to start talking.”

INTERVIEWS: BUSINESS OWNERS

• “Young people want to be with other people like them, they want places to eat out because they don’t cook as much, they want all the gadgets like wireless internet, they want an easy, safe community to have fun in.”

• “Biggest obstacle is OR contractors that don’t have a value proposition that says this would have value if you invested in it, who else can help create a value statement?”

WE TALKED TO....

DEVELOPERS

BUSINESSES

GOVERNMENT

OAK RIDGE & Jackson Square
INTERVIEWS: DEVELOPERS

• "City hall needs to be open minded and consider developer plans and tweak them, not shut them down."

• "Easy with the safety walks and crossings, let's spend the money and make an economic value added project."

• "The city could do more than anyone else to get this project started. They have to show us they are serious and make some moves – then developers will really bite and get interested. It wouldn't take that much, they can use city services to get a lot of this done."

DRIVERS OF DEVELOPMENT

17

Community Buy-In
Master Plan
Financing
Developer Relationships

18

JACKSON SQUARE: DEVELOPER OPINIONS

• No visibility, outdated, poor maintenance

• Only sentimental and traditional value, no draw

• Some developers have plans, have made offers

• "There is a vocal minority in OR that will not be ok with tearing down the property"

• It's time for change, time to get progressive.

19

DR. MURRAY’S HYPOTHESIS

19

Matthew N. Murray
Center for Business & Economic Research
The University of Tennessee
DR. MURRAY’S HYPOTHESIS

- Education can be linked directly to economic and social well-being:
  - Economic prosperity and development
  - Communities & Society
  - Government Budgets

EXPECTATIONS OF THE FUTURE TENNESSEE WORKFORCE


DO YOU BELIEVE PEOPLE CAN BE TRUSTED?


U.S. VOTING RATES IN 2004: WHO IS ENGAGED IN OUR POLITICAL PROCESS?

Source: U.S. Census Bureau.
VOLUNTEERISM IN THE U.S.

The percentage of the population by educational attainment in the U.S. for those 25 years and older. The percentages are shown for the total population, males, and females.


TIME PREFERENCES FOR TODAY OR THE FUTURE: DO YOU LIVE FOR TODAY?

Fraction of respondents before and after conditioning on income, categorized by years of schooling:

- Before conditioning on income:
  - 0–11 years: 0.35
  - 12 years: 0.40
  - 13–15 years: 0.45
  - 16+ years: 0.50

- After conditioning on income:
  - 0–11 years: 0.55
  - 12 years: 0.60
  - 13–15 years: 0.65
  - 16+ years: 0.70


AVERAGE LOCAL SALES TAX REVENUE PER CAPITA, TENNESSEE COUNTIES BY EDUCATIONAL ATTAINMENT OF ADULT POPULATION

Average local sales tax revenue per capita in Tennessee counties by educational attainment. The data shows the revenue for groups categorized by educational attainment.

Source: U.S. Census Bureau, Census 2000.

OUR HUMAN CAPITAL STOCK:

Educational attainment, share of adult population without a high school diploma, 2000.

Tennessee average: 24.1%
**DR. MURRAY’S HYPOTHESIS: OAK RIDGE**

- Belief would be that Oak Ridge is on the high end of Murray’s study.

However Oak Ridge is trending toward lower end of Murray’s Hypothesis. Housing, crime, engagement, lower per capita income.

---

**BENCHMARKS**

**HOW DID THEY DO IT?**

---

**BENCHMARKS: SUCCESSFUL STRATEGY**

- Paducah, Kentucky
- Columbus, Mississippi
- Ferndale, Michigan
- Maryville, Tennessee

---

**BENCHMARK CITIES: ISSUES**

Diagram showing various issues: Authoritative Leadership, Community Support, Building Code, and Designated Route.
BENCHMARKS: DRIVERS

- TIF’s
- Government Grants
- Initial Private Investment
- Local Business Incentives
- Community Buy-in
- Developer Commitments

PADUCAH, KENTUCKY

- Reasons for successful implementation
- Re-branding of the downtown area
- Complete remodel of LowerTown
- Artist Relocation Plan
- Downtown Streetscape Program
- Riverfront Redevelopment Project
- Main Street Four Points Approach®

MAIN STREET®

Main Street® is an economic development tool that enables communities to revitalize downtown and neighborhood business districts by leveraging local assets.

FOUR POINTS APPROACH

- Organization
- Economic Restructuring
- Promotion
- Design
COLUMBUS, MS

- Main Street Columbus
- Proven strategy
- National support
- Attractive blend of retail and residential

MARYVILLE, TN

- $6 million expenditures
- Walking trails
- Get the community excited to invest their money
- Idea that people can walk everywhere

FERNDALE, MI

- "The Ferndale Downtown Development Authority's story is about not quitting when everyone has"
- Great American Main Street Award (GAMSA)
- Vacancy rate: 30% ten years ago to 6% today
- "I could not imagine a city that is not walking"

MAINSTREET®

- Powerful network
- Proven strategy
- National support
WHAT DO THEY ALL HAVE?

- Downtown Development Authority
- A Guided Step Approach
- Developer Partners
- Community Buy-In
- Local Business Incentive

OAK RIDGE NEEDS A CITY SANCTIONED DEVELOPMENT COUNCIL APPROACH

- Downtown Development Council
- Authority
- Teamwork
- Charter

Establish and connect value proposition for each player
- Developers
- Businesses
- Residences

RECOMMENDED STRATEGIC LEVERS TO PULL

- Development Council Approach
- Value Proposition Establishment
- Expand Jackson Square District Horizons
- Expand Mindset From City Process to Business Return
- Attract the Youth
- Market the Square
- Create Traffic Flow
- Build Solid City-Developer Partnership
- Gain Community Engagement

NEW AUTHORITY

- Leadership
- Sanctioned group that can lead change in retail and residential development.
- DDA and Fort Collins

VIDEO:
- Downtown Development Authority
TAX INCREMENT FINANCING

- Sidewalks and pedestrian under and overpasses
- Water mains and extensions
- Parking facilities
- Landscaping – plants, lighting, fountains, benches

AND

- All related expenses to redevelop and finance the redevelopment project.

RECOMMENDED STRATEGIC LEVERS TO PULL

- Development Council Approach
- Value Proposition Establishment
- Expand Jackson Square District Horizons
- Expand Mindset From City Process to Business Return
- Attract the Youth
- Market the Square
- Create Traffic Flow
- Build Solid City-Developer Partnership
- Gain Community Engagement

VALUE PROPOSITIONS

City
Businesses
Residences
Developers
VALUE PROPOSITION: CITY

- Land use value
- City growth
- Demographics shift
- Employment growth
- Increased tax revenue

<table>
<thead>
<tr>
<th>Asheville</th>
<th>Downtown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Consumed (Acres):</td>
<td>34.0</td>
</tr>
<tr>
<td>Total Property Taxes/Acre:</td>
<td>$6,500</td>
</tr>
<tr>
<td>City Retail Taxes/Acre:</td>
<td>$47,500</td>
</tr>
<tr>
<td>Residents per Acre:</td>
<td>0.0</td>
</tr>
<tr>
<td>Jobs per Acre:</td>
<td>5.9</td>
</tr>
</tbody>
</table>

Buncombe County Property Tax Revenue Profile: 2007 Tax Yield per Acre
VALUE PROPOSITION: BUSINESS

- Creation of thriving retail district
- Opportunity for new stores and expansion
- High volume of traffic
- Increased property value
- ROI
**VALUE PROPOSITION: RESIDENTS**

- New Retail Options
- Residential Development
  - New JS Residences $150-250k range
  - Push for renovation of legacy housing
- Entertainment and Social District
- Strong Sense of Community

**VALUE PROPOSITION: DEVELOPERS**

- Developers - Commercial/Residential
  - Increased property valuation
  - ROI
  - Expansion/Growth of JSD
  - New opportunities in Oak Ridge
  - Buyer/Renter Traffic Flow

**RECOMMENDED STRATEGIC LEVERS TO PULL**

- Development Council Approach
- Value Proposition Establishment
- Expand Jackson Square District Horizons
- Expand Mindset From City Process to Business Return
- Attract the Youth
- Market the Square
- Create Traffic Flow
- Build Solid City-Developer Partnership
- Gain Community Engagement
RECOMMENDED STRATEGIC LEVERS TO PULL

- Development Council Approach
- Value Proposition Establishment
- Expand Jackson Square District Horizons
- Expand Mindset From City Process to Business Return
- Attract the Youth
- Market the Square
- Create Traffic Flow
- Build Solid City-Developer Partnership
- Gain Community Engagement

EXPAND MINDSET FROM CITY PROCESS TO BUSINESS RETURN

- Move from process mentality to business mentality
- It is about return!

ATTRACTING THE YOUTH

- Entertainment
- Outdoor Recreation
- Nightlife
- Shopping
- Social Scene
- Restaurants
- Housing
- Need for 100-250k
- Urban living opportunity
- JOBS
RECOMMENDED STRATEGIC LEVERS TO PULL

- Development Council Approach
- Value Proposition Establishment
- Expand Jackson Square District Horizons
- Expand Mindset From City Process to Business Return
- Attract the Youth
- Market the Square
- Create Traffic Flow
- Build Solid City-Developer Partnership
- Gain Community Engagement

MARKETING THE SQUARE DISTRICT

- “Historic Jackson Square District”
- Signage
  - “Historic Jackson Square District”
  - Signage
  - Brick, Stone
  - Signal entry into “district”
- Social Media
  - Social Media
  - Events

PEDESTRIAN TRAFFIC FLOW

- Dog Park
- Frisbee Golf

GREENWAYS

DOG PARK

FRISBEE GOLF
RECOMMENDED STRATEGIC LEVERS TO PULL

- Development Council Approach
- Value Proposition Establishment
- Expand Jackson Square District Horizons
- Expand Mindset From City Process to Business Return
- Attract the Youth
- Market the Square
- Create Traffic Flow
- Build Solid City-Developer Partnership
- Gain Community Engagement

BUILD SOLID CITY-DEVELOPER RELATIONSHIP

- Ingredients for Success
  - Creative vision
  - Definitive Goal and Community Buy-In
  - Bold City Council Commitment
  - Motivation for Property Owners
  - Area Attractiveness and Re-Designed Traffic Flow

GAIN COMMUNITY ENGAGEMENT

- Forums/Focus Group Approach
- Present case for change - Market
- Singles lead to wins
- Create the economic impact case
- Demonstrate how to turn city lots into economic advantage while increasing aesthetic appeal of environment
- Connect dots of common ground
- Attract large festivals
TRANSFORM OAK RIDGE’S UNIQUENESS INTO OAK RIDGE’S LEVERS

TAKE ADVANTAGE OF JACKSON SQUARE LEVERS

CONNECT THE DOTS
STUDENT KEY TAKEAWAYS

• The importance of communication between consultants and clients
• Team incentives and clear goals are necessary to create movement in stagnant processes
• Knowledge of the development process and how communities can leverage their assets
• Oak Ridge is a wonderful example of a city with massive growth potential – the bones are there, now it’s time for the next generation to step in and create their own value.

CLIENT KEY TAKEAWAYS

• Validation of the potential for private redevelopment in the Jackson Square district
• Fresh perspective on the economics of reinvestment in Jackson Square
• “Youthful” review on improvements to reach “nextgen” audiences
• Development of a plan to link the “job centers”.
• Examination of zoning rules applied and adaptive reuse conducted on neighboring buildings
• Suggestions for moving forward and financial tools to use.

FOCUS ON THE CHANGE MANAGEMENT PROCESS

QUESTIONS?
FORT COLLINS: DDA

- Downtown Development Authority uses tax increment financing to stimulate redevelopment in the central business district.
- The Authority focuses on projects that have benefit for the entire community. It uses its financial resources to directly leverage private investment.
- Typically the DDA will partner with a developer, business owner, or property owner in a manner that “induces” a private investment in real estate improvements. The DDA’s participation in such public-private partnerships ranges from a few thousand dollars to investments in excess of $5 million.

Exhibit 3.

The TIF Process

**INITIATION**
- Draft project proposal
- Identify special features
- Evaluate project feasibility
- Identify arterial streets
- Determine project boundaries
- Identify project stakeholders

**FORMULATION**
- Develop redevelopment plan
- Determine geographical boundaries
- Estimate potential impact
- Evaluate project feasibility
- Determine tax base
- Identify project boundaries
- Identify arterial streets
- Draft project proposal

**IMPLEMENTATION**
- Manage construction process
- Obtain necessary permits
- Post-construction management
- Manage project finances
- Issue debt instruments
- Establish tax base and tax rates
- Calculate capital and depreciation of tax increment
- Generate tax increment to meet debt service payments

**EVALUATION & TERMINATION**
- Distribute tax increment
- Evaluate project
- Real property taxes, base and increment, and new developments in surrounding area