



Presentation to Montgomery County Government  
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# PRELIMINARY FINDINGS: CIVIC SQUARE ROI ANALYSIS

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*Rendering produced by Hodgson Douglas*

# BACKGROUND AND PURPOSE



Concept Plan by Hodgson & Douglas

# Why is a new public space proposed in Downtown Clarksville?

- Development of a “Civic Square” has been proposed for *public use* in Downtown Clarksville.
- A stated public purpose of the square is to attract people and spur development to help **revitalize Downtown Clarksville**. The goal of Downtown revitalization is shared by City and County government, Two Rivers Company, residents and businesses

# How can public space help spur revitalization?

- Public spaces are often used as part of broader strategies to help improve conditions & leverage revitalization.
  - Well-designed public space can enhance the physical environment.
  - Public spaces can assist in “placemaking” or enhancing the sense of place – in this case, the civic “heart” of the community.
  - Public space is an amenity that can help enhance value, increase the marketability and value of surrounding properties.
  - Well-programmed spaces including audience support venues can draw audiences and build destination market support for downtown business and real estate development.

# What and Where is it?



- The proposed site is located at the heart of downtown, at the nexus of City and County government activities.
- The site was used primarily for a 22,000sf Bank of America office building, now vacant and available. Other uses include parking for Regions Bank and offices for the Better Business Bureau.
- Plans & renderings were drafted to illustrate concepts for the square. Selected components include:
  - Design focused on natural history & ecology
  - Splash pads, fountains, gardens, history walk
  - Market pavilion and stage




# Why Conduct this ROI Analysis?

- Ultimately, public officials must decide whether to purchase the property and to expend public funds to develop this site as a public space.
- The purpose of this analysis is to test the Civic Square as a mechanism for:
  - Leveraging revitalization and development; and
  - Generating economic & fiscal returns to help justify use of public funds for its development.



# Continued

- Normally, investments in parks & open space are based on the assumed need for “public goods.”
  - But in this case, there is an *expectation* that the Civic Square will leverage development and spur revitalization, thereby making the investment of funds for this project worth the cost.
  - In order to measure returns, it is imperative that the Civic Square be compared with the status quo as well as to alternative uses for this site.
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# METHODOLOGY



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1. *Downtown Clarksville Market Analysis Input*
2. **Economic Impact Assessment**
  - Development Leveraged by the Civic Square Project (based on the Market Analysis)
  - Business impacts: On- and off-site sales generated
  - Employment, Income
3. **Return-on-Investment (ROI) Analysis**
  - Fiscal benefits (e.g. tax revenues) from several alternatives (as follows), compared with site costs



Continued

- Alternatives Tested:
  - 1) Status Quo
  - 2) Civic Square
  - 3) Civic Square + Development impact
  - 4) Site Mixed-Use Redevelopment
    - All-private
    - Private/public/civic

# Market Analysis Input

## DESTINATION APPROACHES WILL ENHANCE DOWNTOWN PERFORMANCE AND DEVELOPMENT POTENTIAL

- Office: 23,000 square feet
  - “Clarksville IT Hub”
  - Targets: ITech/BPO, Admin, Prof/Tech, & Mgt/HQ businesses
- Hotel: Current over-supply
  - But with Conference Center: 150-240 rooms
- Housing: 180-270 rental units plus SF
  - Being refined thru surveys of FTC, APSU, others
- Retail: Limited potential in existing condition
  - But with Destination Marketing: 115,000-150,000SF
    - Anchors such as the proposed Clarksville Performing Arts Center
    - Destination business recruitment & development (see mix).

*Next Phase: Strategic Plan* – recommendations for marketing, development, management, financing; input through outreach to potential developers, investors and tenants.

## Continued

- **Key Issue:** Lack of new office space: Office vacancy 2%, so a high priority is development of **new office space** to accommodate “churn” in the market.
- **Key Issue:** Lack of **meeting space, dining & entertainment, and destination visitor attractions** as a basis for generating room-night demand for hotels.
- **Significant Potential w / INTERVENTIONS:** “Low” & “High” scenarios:
  - Low Intervention: No intervention in market
  - High Intervention: Use of:
    - Destination marketing
    - Incentives – land, PILOT, TIF, infrastructure, parking structure, etc
    - Facilitation – e.g., working with private property owners
    - Conference space and destination tourism anchors.
    - Public amenities: streetscaping/urban design, public space, etc.



# KEY ROI FINDINGS

# 1. This site is vitally important.

- This Site has a prime location at the heart of Downtown Clarksville and could be combined with adjoining property for larger redevelopment opportunities.
- It is very well-located for civic use, at the nexus of local government and the business district (although there are other parks and public gathering spaces in the downtown area, including the riverfront).
- It is also the prime site available for private development in Downtown Clarksville, offering significant redevelopment potential *and an opportunity for leveraging the private sector*
- For these reasons, public control of this site is a logical option to help assist in leveraging revitalization.

## 2. The Civic Square will help in “placemaking” and leveraging downtown development.

- The Civic Square will help create a central civic space for community gatherings. It (along with other interventions) could leverage:
  - 8 - 10,000 square feet of restaurants and retail, creating a more interesting and vibrant downtown gathering space.
  - At least 2,000 square feet of office spin-off
  - Up to 25 residential units
  - Some lodging rooms (although a weakness of the current design is a lack of overnight tourist destination appeal)

### 3. The Civic Square will generate economic & fiscal benefits beyond the status quo.

- Construction Period Benefits of Civic Square
  - 145 construction worker-years
  - \$4.9 million in worker income
  - \$3.0 million in private spin-off investment
- Annual Spin-Off Benefits of Civic Square
  - \$2.6 million in annual sales to downtown business
  - \$34,800 in County tax revenues (vs \$14,600 currently)
  - \$19,400 in City tax revenues (vs \$6,000 currently)



## 4. However, the site could also capture substantial private, mixed-use development & leverage downtown revitalization.

- Retail, Restaurants & Entertainment:
  - Up to 38,000 square feet (if destination venues, e.g. performing arts / event center, tourist attractions, etc)
- Office:
  - Up to 15,000 square feet of much-needed office space
- Residential:
  - Up to 190 multi-family units
- Lodging:
  - Up to 150 hotel rooms

...generating substantially more public Return-on-Investment than the Civic Square alone.

- Construction Period Benefits of Private Development:
  - 523 construction worker-years
  - \$17.9 million in worker income
  - \$26.1 million in private investment
- Annual Benefits of Private Development:
  - \$13.9 million in annual sales to downtown business
  - \$354,200 in County tax revenues (\$14,600 currently)
  - \$170,100 in City tax revenues (\$6,000 currently)

# Summary ROI with Leveraging: Montgomery County

	<u>CS+Leveraging</u>	<u>Site Developed</u>
▪ Public Investment:	\$5,464,200	\$1,191,200*
▪ Annual Revenues (High)	\$ 34,799	\$ 354,176
▪ Annual Cost (Maint Only)	\$ 40,000	\$ 0
▪ Net Annual Return	<b>(\$ 5,201)</b>	<b>\$ 354,176</b>
▪ Five-Year Total Return:	<b>(\$5,490,206)</b>	<b>\$1,175,278</b>
▪ Ten-Year Total Return:	<b>(\$5,516,213)</b>	<b>\$2,946,157</b>

\*Site Acquisition Cost Only

Source of Capital and Maintenance Costs: Hodgson & Douglas LLC

# Summary ROI with Leveraging: City of Clarksville

	<u>CS+Leveraging</u>	<u>Site Developed</u>
▪ Public Investment:	\$5,464,200	\$1,191,200*
▪ Annual Revenues (High)	\$ 19,352	\$ 170,148
▪ Annual Cost (Maint Only)	\$ 40,000	\$ 0
▪ Net Annual Return	<b>(\$ 20,648)</b>	<b>\$ 170,148</b>
▪ Five-Year Total Return:	<b>(\$5,567,441)</b>	\$ 255,142
▪ Ten-Year Total Return:	<b>(\$5,670,683)</b>	\$1,105,884

\* Site Acquisition Cost Only

Source of capital and maintenance costs: Hodgson & Douglas LLC



# SUMMARY AND RECOMMENDATIONS

# 1. Leveraging is Required for Revitalization: Public space is one component of the “Package”

- Downtown needs destination marketing and public interventions for revitalization:
  - Cultural Anchors: Clarksville Performing Arts Center
  - Hotel Drivers: Conference & Meeting Venue
  - Other Market Drivers: Tourist/Visitor Attractions
  - Use of Public land and infrastructure
  - Public Amenities: i.e., public space, streetscaping..
  - Destination Marketing, targeted business recruitment
  - Financial, regulatory and other incentives

## 2. The civic square may not need a full block: it can be integrated into larger mixed-use development

- The Site could maximize its benefits – economic, fiscal, and place-making - IF it is master planned to include:
  - Significant mixed-use private development
  - Public amenities such as a public space
  - Adjoining parcels – especially the transit center, which is not the highest-and-best use for that site
  - Structured Parking

### 3. Public Control of the Site is Recommended

- Control of the site provides an opportunity
  - to leverage private development by
    - Writing down land costs
    - Supplying public parking or other necessary assets
    - Facilitating consolidation with adjoining parcels to capture more development potential
  - to meet community objectives for
    - Maximizing revitalization efforts and public returns
    - Integrating public space / enhancing the environment
    - Master planning
    - Pro-active recruitment: Higher-quality development with stronger spin-off benefits for revitalization



## 4. Encourage Pro-Active Development

- **Complete Downtown Strategic Plan**
  - Integrate outreach to potential developers, investors and tenants based on market analysis
  - Development, marketing, financing, management
- **Revise Site Master Plan**
  - Integrate public space into broader mixed-use development concept
  - Integrate stronger destination drivers
- **Pro-actively Recruit “Master Developer”**
  - Through Strategic Planning or RFP process
- **Leverage Community Excitement to Elicit Support for other Downtown Anchors**
  - Clarksville Performing Arts Center
  - Conference/Meeting Space, etc

# Final Thoughts

- The proposal ignited passionate discussion, which has helped focus attention on Downtown Revitalization.
- If the purpose of the Civic Square were only to create a public good (a park) - then it must be judged on its own merits to achieve that aim.
- But the purpose of this project is also to leverage revitalization and economic & fiscal returns, so its role must be seen in the broader context of market dynamics.
- Mixed-use development of this site must be the focus, but *public civic space can still be integrated* into such development. A key objective is to ensure that public space adds destination marketing value to the overall project.
- Public control of the site can help maximize both the economic returns and the civic aims of the community.