Nashville
Tennessee

Ensuring a Fiscally Sustainable Future: Increasing Opportunities for High-Quality Infill and Redevelopment

October 21–24, 2013
THE MISSION OF THE URBAN LAND INSTITUTE is to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide. ULI is committed to

■ Bringing together leaders from across the fields of real estate and land use policy to exchange best practices and serve community needs;

■ Fostering collaboration within and beyond ULI’s membership through mentoring, dialogue, and problem solving;

■ Exploring issues of urbanization, conservation, regeneration, land use, capital formation, and sustainable development;

■ Advancing land use policies and design practices that respect the uniqueness of both built and natural environments;

■ Sharing knowledge through education, applied research, publishing, and electronic media; and

■ Sustaining a diverse global network of local practice and advisory efforts that address current and future challenges.

Established in 1936, the Institute today has more than 32,000 members worldwide, representing the entire spectrum of the land use and development disciplines. Professionals represented include developers, builders, property owners, investors, architects, public officials, planners, real estate brokers, appraisers, attorneys, engineers, financiers, academicians, students, and librarians.

ULI relies heavily on the experience of its members. It is through member involvement and information resources that ULI has been able to set standards of excellence in development practice. The Institute has long been recognized as one of the world’s most respected and widely quoted sources of objective information on urban planning, growth, and development.
About ULI Advisory Services

THE GOAL OF ULI’S ADVISORY SERVICES program is to bring the finest expertise in the real estate field to bear on complex land use planning and development projects, programs, and policies. Since 1947, this program has assembled well over 400 ULI-member teams to help sponsors find creative, practical solutions for issues such as downtown redevelopment, land management strategies, evaluation of development potential, growth management, community revitalization, brownfields redevelopment, military base reuse, provision of low-cost and affordable housing, and asset management strategies, among other matters. A wide variety of public, private, and nonprofit organizations have contracted for ULI’s advisory services.

Each panel team is composed of highly qualified professionals who volunteer their time to ULI. They are chosen for their knowledge of the panel topic and screened to ensure their objectivity. ULI’s interdisciplinary panel teams provide a holistic look at development problems. A respected ULI member who has previous panel experience chairs each panel.

The agenda for a panel assignment is intensive. It includes an in-depth briefing composed of a tour of the site and meetings with sponsor representatives; hour-long interviews of key community representatives; and a day of formulating recommendations. Long nights of discussion precede the panel’s conclusions. On the final day on site, the panel makes an oral presentation of its findings and conclusions to the sponsor. A written report is prepared and published.

Because the sponsoring entities are responsible for significant preparation before the panel’s visit, including sending extensive briefing materials to each member and arranging for the panel to meet with key local community members and stakeholders in the project under consideration, participants in ULI’s panel assignments are able to make accurate assessments of a sponsor’s issues and to provide recommendations in a compressed amount of time.

A major strength of the program is ULI’s unique ability to draw on the knowledge and expertise of its members, including land developers and owners, public officials, academicians, representatives of financial institutions, and others. In fulfillment of the mission of the Urban Land Institute, this Advisory Services panel report is intended to provide objective advice that will promote the responsible use of land to enhance the environment.

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THE MISSION OF THE ULI FOUNDATION is to serve as the philanthropic source for the Urban Land Institute. The Foundation’s programs raise endowment funds, major gifts, and annual fund monies to support the key initiatives and priorities of the Institute. Philanthropic gifts from ULI members and other funding sources help ensure ULI’s future and its mission of providing leadership in the responsible use of land and in creating and sustaining thriving communities worldwide.

The Foundation exists to support the content development and dissemination efforts of the Urban Land Institute and to educate the public—and those making decisions on behalf of the public—about responsible land use practice and patterns. Whether creating scholarship opportunities for worthy students, publishing original research on critical land use issues, or convening decision makers to discuss current industry developments, the ULI Foundation enables members to make a visible difference in communities around the world—and in the lives of countless individuals within those communities. The ULI Foundation has benefited from the generous philanthropy of many donors, who see in their giving an opportunity to provide for others through an organization that has meant so much in their own lives and careers.

Governors Advisory Panels

The Governors Advisory Program (GAP) is unique in that the ULI Foundation funds the program completely. Governor John S. Hagestad has generously funded the program for three years. Like Advisory Services panels, GAP panels will be organized as interdisciplinary panels that can help communities address important land use and real estate development issues.

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ULI governors are a select group of members united by their commitment to ensuring the future of the organization. Becoming a governor is one of the most profound ways to make a visible difference to the future of our nation’s communities as well as our collective professions. The Governors Program funds the largest and most significant endowment for ULI. The endowment has contributed approximately $2 million during the last three years to support many key content initiatives.
Acknowledgments

THE PANEL WISHES TO THANK ULI Nashville for hosting this Governors Advisory Program panel. A special thanks goes to the ULI Nashville GAP Planning Committee: ULI Nashville chairman R. Hunter Gee, ULI Nashville GAP cochairs Bryan Phelps and Hal Clark, Rick Bernhardt, Jennifer Carlat, Ryan Doyle, Brian Echols, Shawn Henry, Bryan Jacobs, Jeff King, Andree Lequire, Brian Sewell, and especially Rose Faeges-Easton, ULI Nashville executive director. Finally, the panel acknowledges the many individuals who were interviewed. Representing a diverse and informed public, these stakeholders exhibited passion and understanding and provided valuable information and perspectives, greatly aiding the panel in its analysis.
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IF YOU TAKE A LOOK AROUND downtown Nashville, the capital of Tennessee and the second most populous city in the state, you will see cranes in the sky in every direction. Announcements are frequently made about new real estate development projects, particularly multifamily, across the region, including in the urban center. The buzz around Nashville’s investment and development activity is warranted. Real economic vibrancy is occurring, with more on the horizon. In 2011, Forbes ranked Nashville third among American cities best positioned to grow and prosper in the coming decade (“The Next Big Boom Towns in the U.S.,” July 6, 2011). Forbes cited the city’s low housing prices and pro-business environment, the rapid growth in educated immigrants, the climate, and the city’s commitment to building infrastructure as reasons for this ranking.

Although the city leaders and business community appreciate the prosperity they have been experiencing, they are wary of the phenomenon of boom cities going bust because they were not properly prepared for market vagaries, infrastructure shortcomings, fluctuations in public financing, and accurate assessment of the real estate market. Also clear is that much of Nashville’s success is occurring in limited neighborhoods and affecting limited demographic segments. Like many other American cities, Nashville is experiencing growth and interest in established neighborhoods that are denser, that have a notable urban character, that mix uses, that are walkable, and that provide housing diversity with increased multifamily options at different price points, small-lot single-family homes, and single-room occupancy or boarding options. Those trends are evidenced in the growth of downtown residents. The downtown is projected to have 6,742 residents by the end of 2013, compared with 1,960 in 2000—more than 200 percent growth. The downtown apartment occupancy rate was 98 percent in 2012. The average sales price for condominiums was $260 per square foot in 2012.

The city is also aware of the need for the Metro government to balance the cost of service delivery and tax revenues. Development requires strong service support and yields tax revenues that positively affect this balance. Finally, a vibrant core with redevelopment, infill, and new development opportunities is desirable, because it is necessary not only for fiscal sustainability but also in terms of good quality of life, market attractiveness, and the overall health of the region.

Nashville does not, however, escape many problems that other urban centers have. Obstacles and disincentives to redevelopment and infill development in the Nashville urban core exist and will continue to threaten the region’s sustainable fiscal health. The public education system is...
not as strong as it could be. NIMBYism is problematic. A lack of government coordination, limited economic development tools, insufficient transit options, and parking demand management issues are among those facing the city.

The challenges that Nashville poses for urban infill development and redevelopment make suburban greenfield development more attractive and less expensive. Yet the city is interested in promoting higher-density urban redevelopment as a more environmentally sustainable form of development and because it costs the government less per capita to service and maintain infrastructure in higher-density areas and generates increased tax revenues. Currently, urban developers, property owners, residents, and consumers living in the urbanized centers of Nashville appear to pay a disproportionate share of maintenance costs and are in effect subsidizing suburban development and lifestyle. The city would like to address that inequity.

Given the situation outlined above, ULI Nashville is seeking advice on an overall approach to redevelopment and infill development in Nashville’s urban center, focusing on questions of fiscal responsibility and sustainability. In that vein, the ULI panel was asked to respond to the following questions:

- Are practices, tools, and incentives available that would expand opportunities for urban redevelopment and infill development for when the market is not as strong so Nashville can be best prepared for its future demands?

- How do we remove barriers to successful development of the type and nature that supports the changing demographics and demands in places that have the highest return to the community?

- Do opportunities exist to change and begin to balance the disproportionate municipal cost/revenue model of suburban/low-intensity development when compared to urban redevelopment/higher-density infill (i.e., reduce the subsidy of high cost/low revenue development)?

- What opportunities, practices, tools, and incentives would increase opportunities for urban infill and redevelopment of those areas of the core that are not benefiting even now because of market forces?
**Initial Observations**

**THE PANEL HAD A VERY GOOD IMPRESSION** of how the city is being managed. The panel members feel that the city and the development community are doing very well in regard to overall development—and specifically redevelopment and infill of the urban core. Most cities in the United States would be delighted to have Nashville’s current situation and success.

Nashville has a strong base with a diversity of employment, such as “meds and eds,” health care industry, tourism, music, government, and so on. The Metro government and the community have provided public realm amenities that will continue to draw new residents to the area, and the interstate highway system and airport provide excellent support for growth.

The city has successfully taken advantage of the current strong national and regional market demand, but it is appropriate that the city seek out ideas that will enable it to continue to be successful in the future. Often, success is its own worst enemy, either because a city takes its success for granted, or in an effort to benefit as much as possible from a strong market, a city overbuilds and starts its own boom/bust cycle, which the city of Nashville so rightly identified as a possible problem. Measured growth with an eye to adapting to future market and demographic changes is the best way to avoid a downturn.

However, the panel feels that areas of planning, process, and implementation must receive, in some cases, continued focus, and, in other cases, new emphasis.

As noted in the ULI Rose Center Advisory Services panel report of February 2010, “a disconnect seems to exist between the vision of the urban form and uses in the plans and the economic realities in weaker market demand corridors” and “likewise, a disconnect seems to exist between the land use regulations and public investment in streetscapes and transportation infrastructure.” Three and one-half years after those comments, the panel suggests...
that the community needs to continue to focus on those disconnects.

In addition, this report reprints some recommendations from the Rose Center report that this panel found to be still of great importance and critical to success:

■ Use the Transportation Improvement Program of the Nashville Area Metropolitan Planning Organization and Metro’s capital improvement program for proposed improvements to both corridors;

■ Create special corridor tax increment financing (TIF) legislation in Tennessee;

■ Use investment tax credits; and

■ Create neighborhood commercial area business improvement districts (BIDs) or other special districts.
Primary Recommendations

TO CONTINUE WORKING OUT such “disconnects” and best prepare for the longer-term future, the panel focused on seven major areas that need attention and that are expanded upon in the report:

■ Mass transit: The panel felt that, above all other recommendations, increased focus on mass transit is needed. Although the current planning for bus rapid transit (BRT) along the Broadway corridor is a first step, a process should be in place to develop a comprehensive transit master plan. As has been said, “The best time to plant a tree is 20 years ago, and the second best time is today.” The longer-term future of greater Nashville will, in large measure, be determined by the implementation of mass transit. Given the long lead times required, the commitment to mass transit must begin immediately.

■ Corridor differentiation: Although the panel appreciates that the “corridor” planning and development concept is appropriate for Nashville given the historic realities, the panel likewise believes that more differentiation is needed in both planning and implementation along those corridors as well as an evaluation of how much density is desirable and in which locations. That evaluation should drive the allocation of public expenditures to incentivize development.

The panel has identified the urban core as the area within the I-440 loop; densities should be highest there, and the focus should be on balancing the costs of infill (e.g., parking costs) compared with suburban development. Not every location along the various corridors is as important as every other location, and although the panel supports increased density, not every location should be allowed or encouraged to have the same level of density. As noted elsewhere in this report, the panel suggests that more focus should be given to key nodes or neighborhoods based on market demand and impact on the overall community.

■ Funding: The panel urges the city not to focus on TIFs for individual projects, but rather to think in terms of funding public realm improvements (such as streetscape, traffic, utility line placement, and the like) for larger neighborhoods, whether through TIFs or simply general obligation bonds. This strategic tool will serve to indemnify and incentivize the key corridor locations.

■ Coordination: Although Metro government has been doing a very good job of supporting development, a single point of coordination responsibility is needed to manage the nexus of planning and implementation of all public sector actions with respect to redevelopment and infill.
Whether this focal point is an existing or newly created agency is less important than whether it is given the authority to be an effective coordinator of public involvement.

- **Communication:** Given that change is not the natural order of Nashville’s culture, an increased effort to communicate with the community about the need for adaptation to change is critical. The new Amp transit system is a good example of the need for a stronger communication strategy. The city needs to communicate examples of best practices elsewhere and the positive benefits that will inure to Nashville.

- **Redevelopment and infill:** Additional specifics might be used in a “toolkit” for promoting redevelopment and infill:
  - More strategic parking management to maximize revenues and influence demand;
  - Revised fee structures (water, electric) that would help level the playing field;
  - Additional BIDs to manage the operations of the public realm improvements at the major nodes/neighborhoods;
  - More integration and involvement by the institutions (meds and eds) in the development planning process;
  - Additional thinking about incentivizing workforce housing; and
  - Coordination with state government about its future space requirements.

- **Education:** The ability of Nashville/Davidson County to continue to attract new residents will also depend significantly on the quality of educational opportunities for their children. It is not within the panel’s expertise to suggest specifics, but elementary and secondary education is very clearly a key factor.

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**Tiered Water Rates**

Many cities are turning to a system of tiered water rates, which are designed to encourage efficient water use by charging more, at different tiers or levels, as customers use more water. The system has the effect of lowering water bills for many residents who live in smaller houses and use less water.

The advantage to setting higher rates for heavier users is that if more of those users begin conserving water, it can have the effect of lessening the need to build new and expensive plants as well as easing the strain on the existing delivery system. Many jurisdictions have begun implementing tiered water rates, particularly those that are subject to water shortages. Examples of such areas include Orange, California; the Las Vegas Valley Water District in Nevada; and Raleigh, North Carolina.
Achieving a Complete Urban Environment

THE PANEL WAS MOST IMPRESSED with the enormously successful work of the past two or three decades in Nashville, in part because of the cooperative effort of the public and private sectors. This continuing partnership between the public and private sectors has positioned Nashville as a major urban center in the region and as a city poised to continue to grow and prosper throughout the 21st century. Many things are being done right in Nashville, including the successful emphasis on the downtown core and the consequent river redevelopment and parks, the corridor plans, and the many well-planned and executed specific projects dispersed around the county.

However, even with all this success, some areas need additional conceptualization and execution for Nashville to meet the ever-changing economics and demographics of the decades to come. To compete as an urban center and continue to grow and prosper, Nashville must be a complete urban environment. It must be attractive to and functionally meet the demographic demands coming from the new and changed population makeup of the city. An overall urban design vision for the entire city and county should be developed.

The current updating of the city’s general plan in a three-year planning process known as NashvilleNext has put the city on the right path. NashvilleNext is a five-phase process that will create a comprehensive, countywide plan to address the many diverse neighborhoods that make up the consolidated metropolitan government known as Metro. The effort includes unprecedented levels of community engagement with the public sharing their vision for the future. Nashville has a great advantage in having a consolidated government, which has been in effect for some 50 years and presents some economic benefits and cost savings.

Any long-range plan should include a conceptual public transportation system for the entire city, working off the corridor development plans now in place. A comprehensive BRT system should be designed—one that will reinforce the nodal neighborhoods with efficient and attractive stations. The city has not done the best job of selling the BRT system, known as the Amp. The one line that has been approved is a good start, but the plan needs to be a more comprehensive, connected system, and its advantages need to be communicated. Above all, an urban design plan should be a part of the comprehensive BRT plan. The plan and its staged implementation are most important, so the needed capital improvements can be scheduled in the budgeting process.

This system should be integrated into the parking system of the city as well. A conceptual street design plan should be developed that includes street furniture, landscaping and attractive sidewalks, bicycle lanes, and unique lighting features for the corridors and nodes that are being...
Denver Transit Alliance

Denver’s Regional Transportation District is currently being watched as one of the country’s most ambitious expansions of public transportation infrastructure and services. Its FasTracks program is a multibillion-dollar effort to build 122 miles of new commuter rail and light rail and 18 miles of bus rapid transit and to enhance current bus service for access and transfers across an eight-county district. The program is already beginning to change the region by bringing more and better ways of getting around to more people while stimulating walkable development around the rail stations.

And it almost didn’t happen. When the city of Denver was beginning to plan its now very successful FasTracks light-rail system, it faced many obstacles. The first ballot measure, which was named “Guide the Ride,” failed by a vote of 58 to 42 percent. The region was diligent, however, about trying to understand the dissent and through surveys discovered that the public didn’t think of the transit plan as being for the community and thought that it was unaffordable.

Based on this understanding, the city formed the Transit Alliance, composed of a broad coalition of local officials, business leaders, and environmentalists. They created a multiyear outreach campaign to build support for local funding that ultimately resulted in a successful ballot measure. They used the following key campaign strategies:

- Focus on messages about the value of public transit for ensuring Denver’s long-term economic vitality and competitiveness;
- Collaboration with the Metro Mayor’s Caucus to build support throughout outlying communities;
- Hundreds of public meetings to educate the public and distribution of promotional flyers and fact sheets to metro Denver residents with the help of thousands of volunteers;
- A mass media campaign financed with $1.7 million in funding from the Denver Chamber of Commerce; and
- A key primary message: for just four pennies on a $10 purchase, FasTracks will deliver projects on time that will transform Denver into a livable city for decades to come.

Transit Alliance continues its educational outreach, most recently through the development of a Citizens Academy, to teach people more about transportation options and thus help them become more active citizen participants.

Source: Institute for Sustainable Communities, Case Study: Denver; FasTracks and Transit-Oriented Development: Integrating Land-Use and Transportation Planning to Transform a City (2010).

Denver’s Northwest Rail South Westminster Station, which is part of Denver’s growing transit system.
emphasized. Such a street plan should be developed in the downtown as well. The public realm of the city should be given high priority. That area shapes the quality of life that Nashville needs to continually emphasize and reinforce.

A new plan should link the numerous well-planned projects—residential and retail—dispersed within the county that are already completed and link the projects of the future into the city’s overall urban fabric. The panel was impressed with the high quality and forward thinking behind so many of the projects but dismayed that any well-planned and attractive linkage of these projects to either a larger nodal center or the city at large seems to be lacking.

**Corridors and Nodes**

Metro Nashville is 520 square miles, an area larger than Los Angeles or New York City, with a very diverse constituency and a range of development opportunities. With 35 Council Districts and five at-large members, the regional governance provides a workable system to manage a complex territory. Metro has been successful and received enviable national attention for its accomplishments and has wisely asked what can be done to sustain growth and minimize the impacts of economic downturns.

Historically the city plan has been a spoke-and-corridor design that can easily encourage sprawl. One of the ways to combat that kind of sprawl is to identify areas that can be turned into nodes. The nodes can take on a different character from the corridors and accept more density and intensity of uses.

Given the many opportunities available in Nashville, deciding where to focus and concentrate resources can yield better results by supporting existing population and stability in the inevitable downturn. The panel identified the need to define better development opportunity in the urban core and neighborhood nodes: downtown Nashville as the center and the highest density or urban core of Davidson County.

**Inside I-440**

The panel recommends continuing to concentrate the highest density in the downtown Nashville urban core and the area within I-440. What has been completed or is underway is well done. The recommendation is to continue work with the vision, quality, and scale of the new development, but to be flexible in responding to changes in the market demand and the economy.

The Gulch already has mixed uses and offers mixed density; it is appropriate for a variety of office, light manufacturing, entertainment, and residential users, including a variety of for-sale and for-rent housing options. It greatly benefits from a master plan approach to meeting market needs and a utilities business development district to deliver high-quality services to its business and residences.

OneC1ty is a multibuilding, mindful-living community that cares about trends of today and the future of Nashville: health care, life sciences, and technology. OneC1ty is a forward-thinking, innovative collaborative environment acknowledging and building on neighboring university and medical resources. It brings existing resources and attracts new resources and provides a perfect platform for allowing higher-density residential development. All the uses represented in OneC1ty have residential needs, whether workforce housing for the hospital staff or luxury housing for executives. A variety of consumer segments can be served.

Scale is also an important consideration. Increasing density is a worthy goal, but it should be done selectively and in a way that is compatible with the existing built environment. Germantown is a neighborhood whose scale and character appeal to urban users. Although it is primarily historic, new development has prospered since the 1970s when the neighborhood had deteriorated and was reclaimed by urban pioneers.

**Outside I-440**

Outside I-440, development should be concentrated in neighborhood nodes rather than the entire length of
Belmar

Some retail owners have been able to turn their fortunes around by launching massive remodeling programs, adding new features, tweaking their tenant mix, and altering their marketing strategies. But sometimes the best choice is to simply tear down the building and start over—as in the case of Belmar, a now-thriving retail and residential development in Lakewood, Colorado.

The hub of Lakewood had been Villa Italia Mall, a 1.4 million-square-foot enclosed regional center that was ringed by asphalt parking lots on a 104-acre plot of land. The mall opened to great fanfare in 1966 and flourished into the early 1980s. But then a gradual decline began, caused in part by a slowing economy, growing competition, and poor maintenance. By the time the center finally closed its doors in 2001, three of its four anchors had left, as had many of its smaller retailers.

Local officials wanted the project to be redeveloped but knew it would not be easy. The mall was owned by one entity but stood on land leased from another, and the two did not see eye to eye. The soil beneath the mall was contaminated by chemicals that had streamed from two dry-cleaning businesses inside the old mall, and the nationwide push to make future developments across the country more environmentally friendly was gathering steam. Several potential buyers looked at the property but quickly backed away.

Despite those stumbling blocks, the enclosed and outdated Villa Italia Mall in Lakewood, Colorado, was ultimately demolished by Denver-based Continuum Partners and replaced with Belmar, a thriving open-air center that has 900,000 square feet of retail space, 269,000 feet of office space, public areas, and 1,300 apartments and for-sale homes. The complicated project included division of a 104-acre chunk of land into 22 city blocks, use of a U.S. Environmental Protection Agency loan to clean up contaminated soil, and leveraging of tax incentives to install a network of solar panels and other generators of renewable energy. Belmar now generates about $17 million annually in tax revenue for Lakewood, more than four times the amount the old mall produced.

the counties connecting spoke corridors. Consider the corridors as gateways to the nodes rather than as a development continuum. Scale development or concentrate development to respond to changes in market and economic trends. Allow existing market demands and resources to determine where to define the opportunities, and concentrate development rather than attempt a patchwork of activity.

Nashville and Davidson County are attractive because of their diversity and related opportunities. Identify what has been created and what is needed to support future healthy growth within each core or node. Identify and assess the resources, trends, and what is missing in each neighborhood node. Create a master plan for implementation.

Provide connecting high-quality infrastructure, including green, walkable streetscapes, urban and neighborhood pocket parks, and community gathering and multipurpose centers (schools, libraries, social centers) that acknowledge and build on what is special and what creates value in each neighborhood. Curb appeal and neighborhood appeal attract capital and end users.

Outside the I-440 ring, the uses are generally less intense, but population, education, employment, and retail centers provide the basis for focused concentrations. The neighborhood development pattern is less intense than the urban core but ready to transition to a more efficient, more pedestrian-friendly pattern than suburban.

The Green Hills Mall, for example, could be improved and made to function as a stronger neighborhood activity center, as a node. Decision makers need to explore how density and residential can be applied. Also outside I-440, Lenox Village is a very well executed traditional use community that contains a nice variety of product types and retains an intimate feel.

The nodes can be located around existing medical, retail, educational, or cultural assets with consideration as centers for future transportation nodes. Today and in the near future, the transformation of these areas should reflect the needs and desires of the existing business and residential users and transition organically, instead of abruptly. Community-wide infrastructure improvements to streetscapes, parks, schools, and community centers will add value and attract investment and development. In certain cases, government-owned or government-controlled properties or larger land assemblages may be used to further establish or enhance core development in these areas.

To enhance the flexibility of different developments, decision makers can, for example, look at parking lots as interim uses that could become residential. Having variety in form, stepping back, and adding green spaces are all critical for adding value.

Your Customer

All cities—Nashville included—need to pay attention to demographic change and how things may look five years or more from now. The quickly changing market demands that a plan be flexible to respond timely to new conditions. And although much is focused on millennials, baby boomers are still around—from 60 to 85 years of age is a long process and potentially covers a lot of life changes.

The millennials, while they tend to want to live in carless, walkable environments, may choose to live a different lifestyle when they have families. Cities need to prepare for the eventualty that millennials could outgrow their current preferences.
The Public Realm

IN CONSIDERING HOW TO ENCOURAGE the kind of infill development the city wants, the panel made several observations. Those observations are based on the synopsis and survey provided by the Exploring Fiscal Sustainability Committee and on the tour. The panel was impressed by the quality and variety of the infill development currently underway and what it understands to be the city’s plans and zoning. However, the panel was unimpressed with the character of the public realm.

All American cities have miles of unattractive corridors, and fixing them takes time and a significant amount of money. But the panel’s concern was that the public realm in the very areas where new infill development is occurring does not live up to the quality of what is being built.

Why is this important? Government or civic action cannot reasonably affect some of the “additional costs” of urban infill development—such as higher land prices. However, improving and managing the public realm to a high level of quality can encourage good infill development and mitigate the often-cited additional costs of traffic and parking.

In fact, the city clearly has the responsibility to provide a public realm that is sufficient in capacity, efficient in functioning, and attractive in appearance. The following components identified by the panel must improve both the functioning and the visual character of the streets and the public right-of-way: traffic management and improvements, parking management and facilities, and pedestrian environment.

Note that “management” is a common theme in these components. That is because Nashville, like many American cities, is at a stage in its evolution of growth where it cannot build its way to new capacity by constructing new roads or significantly widening many. It has to better manage the roadbed it already has.

Traffic Management and Improvements

A variety of physical improvements, ranging from the expensive (intersection improvements, including straightening where important) to the inexpensive (restriping), to current right-of-way can squeeze more capacity out of the road system. Such improvements also include turn lanes and turnouts or drop-off pockets that do not interrupt traffic flow and, where appropriate, bike lanes and provision for buses. In terms of management, Nashville has a system of automated and synchronized traffic signals, but some American cities have increasingly sophisticated technologies to permit real-time signal modifications to make traffic flow more efficient.

Parking Management and Facilities

Although the step-by-step development of an overall mass transit system is essential to reducing the vehicle miles traveled, the need for parking will not go away, and parking is more expensive to provide in an urban infill setting. The most cost-effective strategy will be to carefully manage existing public parking—both on street and in garages—and to build new parking facilities in strategic locations.

Management of on-street parking can be refined through regulations, fee structure, and parking meter technology. The panel believes the city may be leaving money on the table if it does not use variable rates, maximizing its parking revenue while advantaging key users such as short-term, high-turnover shoppers. Many resources are available to assist in developing an on-street parking management strategy (e.g., Donald Shoup, “The High Cost of Free Parking,” Journal of Planning Education and Research 17: 3–20 [1997]).
In the densest areas with high land costs, structured parking will be required, but it should be built and managed to handle multiple users. Every time a $25,000 space sits empty, it is an underused investment. Lower-density shopping areas or nodes with existing parking deficits may require building small, new off-street surface parking lots, with appropriate screening and landscaping, typically adjacent to or just behind storefronts.

Management of and revenue from both existing and new spaces are important. In concept the panel liked the model of the city building off-street spaces, but with a local entity, such as a BID, managing and maintaining the facility. This pattern is already occurring in downtown where the BID has been operating certain facilities as well as a shuttle for remote parking. The panel would also like to note that the decision by the city some years ago to fold all parking revenues into the General Fund should be revisited. It is important that parking revenues—especially as they are enhanced—be plowed back into solving and managing parking problems. The city should also consider establishing a parking authority or a parking management district with a new dedicated funding source. At the very least, parking and parking management should be elevated in importance within the existing Metro bureaucracy.

In addition, where a public entity has built surface or structured off-street parking, blocks of spaces can be leased to nearby infill development or new businesses to fulfill part of their parking needs.

Pedestrian Environment

The visual character of streets is as important to new infill development as their functioning. The basic infrastructure of walkable sidewalks, street trees, and street lighting is essential and can be supplemented by attractive landscape buffers as part of new residential development. Form-based zoning, with its emphasis on street walls, should be flexible enough to permit landscape buffers.

Depending on the local character, additional elements of the public realm—pocket parks, parklets, street furniture, and signage—should be added. In retail areas, these could be maintained by BIDs, as part of their “clean and green” mission.

Nashville appears to be behind other cities in moving utilities underground in areas targeted for new infill development. Doing so is difficult and expensive on either a massive scale or a small project-by-project basis. As part of a street and streetscape improvement program in a discrete area, burial of utilities can be more than justified by the proposed tax increment that will be gained by adjacent infill development. Even a fractional percentage increase in rate would generate a significant amount of revenue that could be used to bury utilities.

**SeaPark**

As Nashville assesses its parking management approach, it may look to Seattle’s SeaPark program, a relatively low-cost system designed to respond to parking demand. Before implementing SeaPark, Seattle did what many cities do: charged a simple flat rate for all parking throughout the downtown. But upon study of the behavior of parkers, the city found that different neighborhoods have different demands.

Now the city prices parking differently in different districts based on need. By collecting annual parking data, the city can change the parking rates neighborhood by neighborhood when availability goals are not being met. In addition, Seattle has signs to show where people can park longer and cheaper, typically on the edge of popular districts.

Seattle’s success demonstrated that cities don’t need a huge amount of money to make some important changes to their parking. They just need to focus on patterns and develop a strategy around patterns and needs.

Revenue Sources for Burial of Utilities

The biggest challenge to placing wires underground is the cost, with estimates for utility burial ranging from $500,000 to $3 million per mile. The high cost is caused by the expense of burying the utility wires in conduits, which is the most reliable method to facilitate repairs. Coordinating the burial of several utility wires, such as telephone and cable television wires that also use poles, is another expense, although it obviously further reduces the visual and spatial effects of other overhead wires. In addition, property owners in the district where the work is being done must agree to pay for the cost of hookup from the new underground conduit to their property (typically $2,000 to $5,000).

In this regard, communities with municipally owned electric utilities have a great deal of control over such projects. In 1993, the municipally owned City Public Services in San Antonio launched one of the most innovative schemes in the country for burying utilities. The city receives 1 percent of City Public Services’ retail electric sales revenue to pay for utility burial and relocation. The city then determines how and where to spend this conversion fund. Because the fund is limited and does not pay for the relocation of other wire-based utilities, the city uses a nine-step process to select and implement projects, giving priority to historic districts, public spaces, and scenic areas.

Some communities have established special assessment areas in regions that are scheduled for burial of utilities in which utility subscribers pay an extra fee, generally 2 percent, on their monthly bill to fund the project. Special assessment areas are usually created through a petition by the majority of property owners in an area. Since the early 1970s, Commonwealth Electric in Massachusetts has successfully used special assessments to fund utility burial efforts in historic Cape Cod communities such as Nantucket. However, one drawback to special assessments is that the total revenue collected is often minimal compared to the cost of utility relocation, thus forcing communities to extend the schedule for the work over a long period of time.

Virtually all utilities in Cincinnati’s downtown are located underground, but almost none is in the neighborhood business districts. In 2011, the city, in partnership with the Center City Development Corporation as well as individual developers and property owners, instituted a requirement to bury all utilities adjacent to development projects. The city sometimes uses TIF district bonds and proceeds toward these efforts when necessary.

Several states, including California and Oregon, have established special “undergrounding districts” to help communities pay for burying utility wires. For example, in California the public utilities commission collects a percentage of revenue from all wire-based utilities to pay for burial. To receive a share of this funding to bury wires, a community must form an undergrounding district by either collecting signatures from at least 70 percent of the property owners within the proposed district or by passing a special resolution of the local government. Once a community meets these requirements, the local government can apply to the public utilities commission for funds to bury utilities and coordinate a schedule with planners and utility providers.
Some states and municipalities require utility companies to establish trust funds for a long-term program for burying utilities, funded by tiny surcharges on ratepayers. Even when additional funding will not be available, municipal utilities must prioritize the work in association with new development or improvements by having staff who cooperatively assist developers (or public works) in permitting and construction, rather than act as passive impediments. In California, for example, California Public Utilities Commission Rule 20 provides three possible ways to pay for utility burial: Rule 20A burial projects are paid for by all customers of the utility companies. Rule 20B projects are partially funded this way and cover the cost of an equivalent overhead system. Rule 20C projects enable property owners to fund the work.

Implementation

Plans and policies do not really gain support until people see results on the ground. Seeing is believing. Fortunately, Nashville already has visible results of high-quality new infill development. Now is the time to demonstrate visible results of high-quality public right-of-way. The necessary public improvement program should be focused on discrete areas or nodes or segments of corridors where new infill is occurring—both to complement that private investment and to encourage more.

Of course public rights-of-way should maintain a basic level of quality throughout the city, but the level of investment and attention that the panel is calling for can be realized only on a targeted and strategic basis. The city may already be headed in this direction with an existing $10 million improvement plan for the Green Hills area, where traffic is a concern, but it is not yet underway.

Implementing a public improvement program in discrete focused areas requires roles by both government, and property owners or developers. The government role will depend on leadership and organization. Leadership will have to come from the mayor, as chief executive of the city. Mayors in various cities throughout the country have championed “Great Streets” and shown results. This should not be heavy lifting in Nashville’s case because Mayor Dean has already demonstrated significant urban leadership, and these public improvements are a traditional responsibility of municipal government whose cost is demonstrably returned by property tax increments.

The panel’s role is not to tell the city how to organize to implement this program, but it must be staffed with professionals who have the necessary capacity and focus. It could be accomplished through a task force approach where the right individuals are plucked from existing offices and charged with a special coordinated effort. It could also be accomplished by elevating these traffic, parking, and streetscape functions to their own department with a clear mandate.

However the effort is organized within city government, the panel’s warning is the same: it cannot be buried in the bureaucracy. You know you are in trouble if developers and citizens alike are not sure who and how many assistant

Director of Transit-Oriented Development

As the city of Minneapolis increased its investment in a light-rail system, it quickly became aware of the need to be strategic in its growth along the expanding transit corridors. According to Minneapolis mayor R.T. Rybak, “When we offer people more transit options, we will attract more residents and more workers—and when we do that, our tax base will grow and the tax burden will be spread more widely.” To help achieve those results, the city hired its first transit-oriented development manager. The new manager is charged with implementing development activities along light-rail stops and bus lines, capturing market opportunities along the city’s transit corridors. The end result is expected to be well-designed, dense, mixed-use opportunities in key locations around the city with better focus and coordination of planning, housing, and economic development efforts.

Other cities that have dedicated transit-oriented development staff include Atlanta, Austin, Los Angeles, Portland, San Francisco, Seattle, and Washington, D.C.
directors in different bureaus and departments are needed to accomplish a coordinated improvement.

Financing these public improvements is, of course, essential. The panel asked about the current typical use of TIFs and the future possible uses. Clearly the city has sufficient general obligation bonding capacity to undertake this traditional role and could pay itself back from the identifiable property tax increases that will result from new infill development in the focused areas. Whether through formal use of TIF or a more informal accounting use of property tax increases, the philosophy is the same: a smart public investment can generate substantial private investment.

Property owners and developers must play their role as well. Increasingly in American cities, the affected property owners working in concert through BIDs or similar entities are undertaking some maintenance responsibilities for the streetscape of discrete areas. In a few cases, large and well-funded BIDs will undertake certain capital improvements themselves, as well as the management of certain shared facilities. The city can fairly prioritize its special public investments into areas where the property owners are making their own coordinated efforts. Individual developers must play their own role by building to the highest quality development standards for the streetscape at their front door and the public face of their infill projects.

The panel’s recommendations on improvements to the public realm to incentivize high-quality infill development did not come out of thin air. In fact, ULI Nashville’s organizers first voiced them. Two of their comments that the panel heard or read were as follows: “The character and functioning of the public right-of-way should be an encouragement to new quality infill development, not the least attractive aspect” and “The city needs to be more proactive about investing in public infrastructure projects in areas that have demonstrated sustained demand for dense Class A development throughout the city.”
Conclusion

**AS STATED EARLIER,** much of what is happening in Nashville is very good, and the city should be proud of its leadership and the changes that have been implemented. Nashville has a vibe to it that it didn’t have a decade ago, and all signs point to things only getting better. The panel’s recommendations therefore are meant to help make those areas that ought to be redevelopment infill districts more attractive and appealing to the private sector to encourage additional high-quality infill.

Mass transit is a critical part of that effort, and a broader strategy for the BRT system is needed. Not surprisingly, a commitment to improving elementary and secondary education in areas targeted for infill development is critical to having positive growth and getting and keeping people in those neighborhoods. Much discussion was given to increasing density, but the panel urges the city to allow a range of densities depending on the locations. Corridor differentiation is an important part of building a city’s urban character.

For the city to make the best decisions about growth and development in identified corridors, the panel recommends instituting a single point of coordination in the mayor’s office—either an existing person or agency or something new—who can ensure sound implementation. And, given that change can be slow and unwelcome in Nashville, this individual must have strong communication and marketing skills to help explain why the change is necessary, why it is good, and why it will benefit the overall community.

But overall, the panel was quite impressed with the efforts underway. As noted above, Nashville, both public and private, is doing an excellent job with regard to development and in response to market conditions. The panel’s suggestions are simply to provide ways that Nashville can continue to be successful in adapting to inevitable economic and demographic changes.
Richard W. Reynolds  

Panel Chair  

Boston, Massachusetts

Reynolds is president of the Reynolds Group Inc. in Boston. Previously, Reynolds, an alumnus of Tufts and longtime member of the university’s real estate advisory committee, returned to campus as senior vice president of operations in January 2010, where he remained until 2013. His responsibilities included facilities management for 4.3 million square feet of space on three campuses, construction, public and environmental health and safety, and dining services. Before joining Tufts, Reynolds had been president of the Reynolds Group Inc., a strategic real estate consulting firm based in Needham, Massachusetts, since 2004.

Between 1993 and 2004, Reynolds was a principal with Spaulding and Slye LLC, serving in a number of roles with the company, including managing director of the Capital Markets Group, transacting over $1 billion of investment sales annually, and major transaction principal, including joint venture developments, major tenant representation assignments, various corporate relocation analyses, and client relationship management. Reynolds also acted as lead principal for the acquisition of over $300 million of properties for Windsor Realty Fund II, a joint venture with the DuPont Company and General Investment and Development.

Reynolds was president of Reynolds, Vickery, Messina and Griefen, a development, property management, and advisory services firm for institutional and corporate clients from 1987 to 1993. He was a partner in Hines Industrial, an office/industrial development affiliate of the Gerald D. Hines Interests, from 1978 to 1987. He started his career in 1970 with New England Life as second vice president in the underwriting and placement of debt and joint venture equity nationally.

For almost 30 years Reynolds has been active in the Urban Land Institute, and he is a governor of the ULI Foundation. He has served as chair of several flights of the Office and Industrial Parks Council, vice chair of the Office Development Council, and member of the Public/Private Partnership Council. He also served as chair of ULI Boston. He has participated in or chaired five Advisory Services panels across the country. Reynolds was president of the Greater Boston Real Estate Board in the early 1990s as well as chairman of the Massachusetts Government Land Bank.

Reynolds received his undergraduate degree from Tufts University in 1967 with a BA in economics, and his graduate degree was completed in 1970 at Babson College where he received an MBA with high distinction.

Mary Borgia  

Newport Beach, California

Borgia, president of the Borgia Company, based in Newport Beach, California, specializes in marketing advisory services for resort and residential community developments. Today, given the increased need to understand overall sales and marketing dynamics, Borgia often serves as chief marketing officer for her clients. Founded in 1986, the Borgia Company has successfully executed hundreds of major assignments ranging from creating the concept and programming for resort and residential communities to developing and executing strategic marketing plans.

Distinguished clients include the Irvine Company, Hines Resorts, Hunt Realty, Leucadia National Corporation, Lowe Development Corporation, the Pivotal Group, Mitsubishi Corporation, Murray Franklyn Companies, the Nature
Conservancy, the Pebble Beach Company, Port Blakely Tree Farms, and Valencia Company.

Borgia’s experience and talents span a wide array of disciplines. She has been the marketing force behind many successful and award-winning projects, including the Residences at Spanish Bay, Pebble Beach, California; Tumble Creek and Suncadia, Roslyn, Washington; the Terraces at the Vintage Club and the Reserve, Indian Wells, California; Snowcreek, Mammoth, California; River Valley Ranch, Carbondale, Colorado; and Stowe Mountain Lodge, Stowe, Vermont.

With more than 35 years of active involvement in real estate development, Borgia is a frequent speaker at professional and university forums. She is very involved in the Urban Land Institute at the national level and is currently the council counselor for the four Recreation Development Councils. She holds a BA from Knox College and an MBA from Pepperdine University.

Con Howe
Los Angeles, California

Howe is managing director of CityView’s $150 million Los Angeles Fund, partnering with homebuilders and developers to entitle land and build workforce housing in greater Los Angeles. CityView, founded by Henry Cisneros, has financed more than 7,000 units of housing in over 40 projects in California and throughout the United States.

Previously, Howe was executive director of the Urban Land Institute’s Center for Balanced Development in the West, focusing on the special land development issues of the fast-growing western United States.

Howe served as the director of planning for Los Angeles from 1992 to 2005. His work included revision of the city’s General Plan to provide a comprehensive strategy for growth, updating the city’s 35 Community Plans, streamlining the development permitting process, creating new zoning to encourage mixed-use and infill housing projects, and the adaptive use of older structures into housing.

From 1987 to 1991, he served as executive director of the New York City Planning Department where he directed a staff of 400 located in a central office and five borough offices. Earlier, as director of the agency’s Manhattan office, he helped direct major commercial growth to west Midtown and established urban design and preservation requirements for the city’s Theatre District and Times Square. Before going to New York City, Howe was executive director of the Massachusetts Land Bank, a state redevelopment agency, and served in the Governor’s Office.

Howe earned a master’s degree from MIT’s School of Architecture and Planning and an undergraduate degree from Yale, and he teaches a graduate course in planning and redevelopment at the University of Southern California.

Richard M. Rosan
New York, New York

Rosan is a senior adviser and former president of the Urban Land Institute Foundation, which is the philanthropic arm of the Urban Land Institute. The ULI Foundation, which has a corpus of more than $40 million, supports many of the Institute’s general research and education activities, as well as local programs offered through ULI’s district council network. In addition, the Foundation provides endowments for specific activities, including those related to workforce housing, infrastructure, sustainability, and public leadership in land use.

Rosan transitioned full time into the role of ULI Foundation president after stepping aside as chief executive officer of ULI Worldwide. For more than 17 years, he served simultaneously as ULI’s top executive and as the ULI Foundation president. Under Rosan’s leadership, ULI experienced a fourfold increase in membership, expanded its global outreach into Europe and Asia, and secured many new funding sources. Rosan broadened ULI’s intellectual content through the creation of the ULI Senior Resident Fellows program and the funded centers, which are supported through endowments from the ULI Foundation.
Rosan is an architect and a fellow of the American Institute of Architects. Before his service at ULI, he spent 22 years in New York City in several capacities, including 12 years with the city of New York, concluding with his service as the city’s economic development director. Rosan also was president of the Real Estate Board of New York for six years and spent five years in the private development business as a project director for several large New York City development projects.