

# The University of the South | Sewanee

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## *Realizing the Potential*

Campus Visit: April 3 – 8, 2022

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## About ULI

The Urban Land Institute is a global, member-driven organization comprising more than 45,000 real estate and urban development professionals dedicated to advancing the Institute's mission of shaping the future of the built environment for transformative impact in communities worldwide.

ULI's interdisciplinary membership represents all aspects of the industry, including developers, property owners, investors, architects, urban planners, public officials, real estate brokers, appraisers, attorneys, engineers, financiers, and academics. Established in 1936, the Institute has a presence in the Americas, Europe, and Asia Pacific regions, with members in 80 countries.

The extraordinary impact that ULI makes on land use decision-making is based on its members sharing expertise on a variety of factors affecting the built environment, including urbanization, demographic and population changes, new economic drivers, technology advancements, and environmental concerns.

Peer-to-peer learning is achieved through the knowledge shared by members at thousands of convenings each year that reinforce ULI's position as a global authority on land use and real estate. In 2021 alone, more than 2,700 events, both virtual and in person, were held in cities around the world.

Drawing on the work of its members, the Institute recognizes and shares best practices in urban design and development for the benefit of communities around the globe.

More information is available at [uli.org](https://uli.org). Follow ULI on Twitter, Facebook, LinkedIn, and Instagram.

## **About the Advisory Services Program**

The goal of the ULI 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 700 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, brownfield 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 are 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.

ULI members are briefed by the sponsor, engage with stakeholders through in-depth interviews, deliberate on their recommendations, and make a final presentation of those recommendations. A report is prepared as a final deliverable.

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 ASP assignments can 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, academics, representatives of financial institutions, and others. In fulfillment of the mission of the Urban Land Institute, this ASP executive summary report is intended to provide objective advice that will promote the responsible use of land to enhance the environment.

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## ULI Panel

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## The Panel's Assignment and Key Recommendations

Founded in 1857, the University of the South, located in Sewanee, is an Episcopal liberal arts four-year college nestled in the mountains of southeastern Tennessee. In addition to its strong undergraduate academic programs and school of theology, the university is steward to the Domain, more than 13,000 acres of forests, bluffs, meadows, lakes, and caves that serves as a significant research and recreational resource for students and faculty as well land for housing for students, alumni, and staff.

The ULI Advisory Services panel was asked to help the university, understanding the significant resource that it has, determine how to optimize the nonacademic portions of the Domain so as to serve not only its academic constituents but also the community at large. This report recommends action plans for ongoing streams of incremental revenue to support the university's mission. It also identifies Domain (including the village) opportunities for short-term investment that will create economic benefit for all of Sewanee.

The panel believes a sense of **urgency to move fast is needed** in planning for the Domain. Studies show that there will be 20 percent fewer on-campus college students by 2026. An opportunity exists to evaluate the economic development potential that is currently not being maximized. The university has completed several studies (and more are planned), but the time for action is now. The land holdings are significantly underused, and significant opportunities exist to spur additional activity and investment to enhance the core mission through catalytic projects.

The panel suggests the following four metrics for success that can be achieved in the next five years:

- Raise academic ranking among peer groups.
- Attract and retain 1,700-plus high-achieving students.
- Attract and retain top-quality faculty and staff.
- Achieve and maintain financial sustainability.

This report focuses on the nonacademic priorities that the panel believes can be achieved by 2026. It outlines specific projects to catalyze activity in the Village and broader Domain. It also

- Identifies critical areas that need attention, such as the following:
  - Formation of Sewanee Village Venture as vehicle for investment;
  - Need for housing to support the university (internal), especially faculty, staff, and seminarians; and
  - Meeting the external demand for housing (alumni and the broader community); and
- Lays out specific action items that can begin immediately, building on the momentum because of the urgency to act

The report also focuses on recommendations that will address several key areas.

- First priority investments and development opportunities;
- Increasing and diversifying housing stock;

- Civic and community engagement;
- Activation and placemaking;
- Financing, delivery, and management; and
- Organizational structure for implementation of these recommendations.

## Market Insights

The real estate required to support the university's mission has several components. The most important is housing. In 2018 the university commissioned an analysis of demand for housing and retail development potential within the Domain through 2030 with an emphasis on the Sewanee Village area (*Development Economics Sewanee Housing and Retail Market analysis 2018*). The analysis assessed demand for future housing for academic members, nonteaching staff, and retirees. It conducted a survey among existing employees to determine pricing sensitivity, product preferences, and satisfaction with existing housing. The following are some observations from the survey:

- Employees have a wide range of incomes, with approximately 40 percent of employee respondents able to qualify for what is currently the average list price of a home within the Domain.
- Half the average monthly rent was \$800 in 2018 dollars.
- Nearly two-thirds of the respondents were dissatisfied with the condition of their homes, citing pricing out of line with the university salary structure and poor maintenance, including significant deferred maintenance.
- Single-family homes were the preferred type of house, but both detached cottages and townhouses also showed strong acceptance.

The estimated employee demand for housing inside the Domain was estimated to be 39 units of for-sale and 20 units of rental stock by 2023, with much stronger demand for almost 240 units from alumni. However, the large alumni demand has escalated prices. In total, the analysis shows the challenge of creating a mechanism that protects the affordability of the existing stock while creating new inventory that can match affordability with compensation structure.

In addition, staff-occupied for-sale units have been converted to nonstaff, third-party owners over the years. According to the university, only 81 for-sale units are occupied by faculty and another 60 by other staff. The goal is to supply 160 units to faculty, which replicates the percentage distribution that existed during the past 10 years. At one point in the past, approximately 90 percent of faculty lived on the Domain. The demand for second homes, retirement homes, and even “work from home” during the COVID pandemic has caused a sharp increase in the cost of a home.

Wealthy alumni and retirees have far greater resources than faculty and are bidding up prices. The end result is that faculty members are selling to outsiders. The logical extension of this trend as faculty members age is that the stock owned by employees will dwindle. This will require a concerted effort to develop more housing targeted to employees and coincidentally requires an examination of how to control transferal of existing housing inventory to “outside” buyers and control the escalation of pricing that has recently occurred. In essence, the goal is to keep housing in the Domain affordable to staff and faculty in keeping with the university salary structure.

Housing availability and affordability on the Domain for faculty and staff is at risk for several reasons. Home prices have escalated rapidly in recent years. This is a benefit to existing



homeowners but a threat to the sustainability of Sewanee. Construction costs have increased substantially, pushing the cost of a starter home beyond the reach of junior faculty. There are insufficient rental units to meet the needs of seminarians, visiting and new faculty, coaches, and administrative staff. And the existing stock of rental housing has substantial deferred maintenance. Action is required. Housing must be built and controlled to insure the long-term viability of the university.

Most college towns in rural areas are near a village or downtown that provide goods and services to the community. Sewanee aspires to have a walkable, vibrant downtown with a variety of retail offerings to enhance the college experience.

Finally, Sewanee aspires to grow program offerings to non-enrolled students. The idea is to build off the Sewanee brand and the existing institutional infrastructure (dorms, faculty, facilities, etc.) to diversify its revenue base and generate additional revenue to support university operations. To support an expanded program, it is important to have additional lodging and conference facilities.

Following is an examination of each of these land use categories.

## Housing

The first step in evaluating housing requirements is to create a matrix of housing needs. The 2018 housing market study and survey is a good starting point. What are the income levels, housing style choices (flats, townhouses, cottages, single-family detached) and preference to own or lease? This information can be used to identify needs and create a housing development program. The panel understands that a substantial number of units of rental and ownership housing are needed. This will require substantial capital and time, and many years of effort. The goal is to offer a variety of housing types to respond to the varying income levels and user preferences.

### *Recommendation 1: Rental Housing Development, Phase One*

The university needs to develop rental housing to begin to meet the housing need. Based upon prior studies and conversations with the Sewanee community, the most logical location for rental housing is in the village on the vacant land across highway 41A (referred to later in this report as the Depot Area). A land use plan needs to be prepared to accommodate required uses, including housing, public space, and a site for development of a limited-service lodging facility. A sample plan that demonstrates the ability to accommodate more than 80 units can be found later in this report.

The entire campus area should be evaluated for sites to add additional housing that is walkable and connected to public services. The residential density on the Domain is very low, and significant opportunities exist to add density consistent with best practice in urban planning. The lowest-cost solution to creating a supply of housing is using accessory dwelling units (ADUs). They could be granny flats, carriage houses, spare rooms, rear-yard “tiny houses,” and additions with separate entrances. This survey should identify “nooks and crannies” where new

construction can be accommodated. This could include removing a house or duplex at the end of its useful life and replacing it with townhouses or cottage homes. As well as being a low-cost solution, this densification approach is walkable, builds a sense of community, and is consistent with the university's sustainability goals.

The panel suggests an initial phase of 25 units for the Depot Area. Future phases would depend on market conditions, demand from university employees, and consumer response. Several different housing typologies are presented later in this report. The panel recommends that the housing be built, owned, and operated by Sewanee Village Ventures (SVV), a C corporation subsidiary of the university. The panel also recommends retaining a housing developer to be compensated on a fee basis. For illustrative purposes, the project would cost approximately \$7 million, could support a loan of \$4.5 million, and would require an equity investment of \$2.5 million. The loan-to-cost ratio would be 65 percent. Given the high cost of construction and modest salary levels for employees, the return on investment will be below market norms and the level required to attract third-party capital. Thus it will require a subsidy from the university. The equity invested would generate a modest initial rate of return (4 percent), which would likely increase along with inflation. The panel assumes the land is contributed at no cost and therefore does not generate a return.

The critical need for housing is evident, especially for employees with low incomes. Such product will require deeper subsidies than noted above. The SVV team should explore sources of public subsidy or local foundations that may be available to lower the cost of housing for those making between 30 and 60 percent of the area median income.

#### *Recommendation 2: Facilitate Faculty Housing Development and Ownership*

The housing construction and development process is intimidating for most people, including university faculty. Many faculty members seek to own homes in the highly desirable Domain community. The university should make it easy to do so.

The panel recommends an architect be retained to prepare detailed plans and specifications for three single-family "starter" homes of modest sizes. (Typologies are discussed later in this report.) Depending on anticipated demand, SVV could build several houses on a speculative basis for sale to faculty or staff upon completion. The sale price would be at cost including a development fee. Or a faculty member could identify a lot and contract for the purchase of the home upon completion. SVV would build the home, and it would be sold on a "turnkey" basis to the employee.

For many first-time homebuyers, it is difficult to save for a down payment and qualify for a mortgage. The university should establish a down payment assistance program to bridge the gap between savings and the equity required by the lender. Bear in mind that the university leasing program is highly favorable to employees and significantly reduces the cost of homeownership. The panel believes this large "gift" to employees is not well understood by the university community and needs to be explained.

### *Recommendation 3: Revise Lease Structure for Employees to Ensure Long-Term Affordability*

The historic structure of the Domain land lease for employees is as follows. The buyer enters into a 30- to 40-year lease and the land is available at no cost. Land typically represents 25 to 30 percent of the value of a finished home. Assuming the lot value is \$150,000 and the cost to build is \$400,000, the total cost would be \$550,000, but the buyer pays only \$400,000. The buyers have the benefit in effect of a zero-interest land loan as long as they own the property. This is a significant windfall for the buyer. If the house is sold to an employee, the seller would capture the market value of the land. If sold to a nonemployee, the new buyer enters into a land lease. Land and improvements are assessed by the Franklin County assessor at approximately half the land value. So in that case, the seller captures a portion of the land value.

The best practice in academic housing is to control the stock of housing so that it is affordable for faculty and staff for future generations.

The panel recommends that the university revise the land lease policy. There are many ways to establish such a program. One common approach is a community land trust (CLT), which is often used in resort locations where housing prices are high and the middle class is “priced out.” In simple terms, the CLT contributes the equity of the land, which is owned by the community. The Domain is a hybrid CLT. The buyer is entitled to appreciation set at the rate of inflation or incomes. The houses would be required to be sold to university employees. The price would by definition be affordable for the next buyer because there is no cost for land and the house has the same cost in real terms. The university could also have a right of first offer. A right of first offer is much more practical than a right of first refusal as it does not impede the marketing of the property. Many other models are used by universities that should be explored. The panel believes a modification to the lease program is essential for the university’s sustainability, recognizing that it will take a generation to fully implement.

The panel also recommends making the lease instrument simple and “commercially reasonable,” so buyers are able to obtain attractive financing. The construction and permanent lease can be combined into one document. The current limit on the length of the ground lease is 40 years, which is shorter than the typical land lease term that is often 55 years or longer. If a buyer’s debt terms and the marketability of the lot can be materially improved, the university should consider a longer lease term.

### *Recommendation 4: Encourage Retirement or Second-Home Purchases*

The panel recommends identifying parcels of land that can be developed in a sustainable manner to provide funds for the university’s real estate program and to generate earnings to support the mission. Currently 17 lots are available for lease. As part of the land use inventory previously referenced, the panel recommends creating an inventory of lots available within the existing developed portion of the Domain. These lots have the advantage of proximity to municipal services (water, sewer, electricity) and are walkable to the campus. The university should also open up several new areas for home development. Given the large size of the Domain, these areas would represent a very small fraction of the total acreage. Examples of locations that would be considered include areas around the golf course and equestrian center.

The sale process should be transparent and simple. The current process is a prepaid ground lease with a 30-year term renewable subject to a university right of first refusal. There is a formula to deduct from the land value the present value of land lease payments. This feature should be eliminated and the land sold for its market value. A “Domain fee” of 1 percent of assessed value should be added for nonemployee buyers. This fee would be like commonly accepted homeowners’ association fees found in master-planned communities. The university should consider revising the land lease instrument to make sure that it is simplified and has terms that facilitate sale and financing. This could include a longer term and elimination of the university’s right of first refusal.

## Retail

Sewanee Village is composed of about 33,000 square feet of retail space and another 9,000 square feet of office space. Several of the documents reviewed by the panel attempted to estimate the retail potential for the village area predicated on a variety of methodologies measuring aggregate annual retail spending within a 10-mile radius of the village location and then estimating a capture of that total market attributable to the village. Others seemed to take an approach of showing the development potential for the area in terms of total square feet developable and merely distributing the total space among a variety of potential land uses. The result of either approach is prone to overstate actual demand. The former depends on assumed capture rates, which inherently assumes the affected population will radically change their existing shopping habits. The latter can too easily assume that increased retail will attract both tenants and customers, and then drive housing demand.

The panel’s experience is the opposite: housing increases drive retail demand. Trade area population surrounding the village is projected to increase by fewer than 1,000 people by the end of the decade. The vitality of retail is fundamentally a function of rooftops in place as well as expenditures from visitors outside the trade area (tourists, family, conference attendees etc.). Residential density and visitation are insufficient to support a thriving downtown. Currently, a handful of vacant spaces have not been leased for some period of time. Merchants report that sales volumes are sufficient to pay salaries but not to generate a significant operating profit. Rents are low by typical retail standards and are not high enough to support new construction. The panel does not believe demand is sufficient to support new development of retail. For example, to support a grocery store requires a minimum of 10,000 residents.

Over time the panel expects retail demand to increase. The completion of the Goat Mountain Trail is likely to increase daytime visitors and foot traffic. As more housing is built on or near the Domain the increased purchasing power will result in higher sales. This is a slow and gradual process.

In the ideal world, the university would act as a shopping center developer and own all the stores and curate a tenant mix to increase sales. However, the retail industry is under siege. Placing scarce equity into ownership of stores, given the uncertain outlook for the retail industry and the marginal profitability of the establishments, is not recommended. Exceptions would be spaces for university uses.

## Noncontiguous Land Survey and Excess Land

The panel is aware that most of the Domain has been acquired through gifts. The sheer size of the gifts in term of acreage has both required and allowed for a very thorough examination of physical diversity, health, and the measures required to sustain, protect, and assess the economic value potential of the assets. However, over the years the university has acquired and will continue to acquire additional assets that are not contiguous to, nor bear any functional connection to the core Domain holdings. It is important to establish guidelines and a strategy for disposition of these assets that both create economic return and, as important, provide vehicles to broaden and enhance the brand equity of the Domain, augment its core values, and contribute back to the broader community by example of the stewardship principles practiced within the Domain. Current examples include the Lake Dimmick, Lost Cove, and Xanadu properties, any one of which might be candidates for future development by either the Domain or a third party. The panel strongly recommends that these landholdings be thoroughly examined as development parcels and prioritized as additional revenue enhancement opportunities. There may be a subtle difference in the approach taken for these lands.

Whereas the dominant portion of the existing Domain holdings are virgin and not in the path of development, other property is in the path of, or surrounded by, existing development activity. The approach to the historic lands rightfully is one of preservation and management. The approach to the noncore holdings can be one of monetizing the assets to the benefit of the university while at the same time transferring the philosophy of a light touch, preservation, and embracing the natural beauty of the asset. The panel believes the application of this philosophy to such assets will resonate with the potential buyer, and although the lot or house may not be within the historic Domain proper, the buyer will appreciate that the same approach has been applied to the land. For example, the Lake Dimmick site should also be explored as there have been very successful lake-oriented recreational developments in Mount Eagle. Some voices in the community may oppose development. This site is not near the university core and could be considered excess land. The gift was stipulated to be used for faculty salaries. Leadership from the Vice Chancellor will be necessary to explain the rationale for such development as important to realizing the Sewanee mission.

In addition to monetizing the land value, such development would increase the number of rooftops and support and enhance the vitality of the Sewanee community. The panel is aware that the university has already decided that the majority of the core domain will not be developed and that the available parcels within the core have already been identified and catalogued. The panel encourages a parallel effort be made on other existing and potential future gifts be assessed in a similar fashion and included as part of the development inventory.

In summary, the panel strongly recommends that the university prepare an inventory, fair-market evaluation, and disposition plan for all noncontiguous landholdings. The disposition of the assets should be completed in a two- to three-year time frame unless compelling reasons exist for a longer-term hold. In some cases where the land has significant development potential, the university may consider contributing the land to a joint venture with an experienced developer to generate an attractive risk-adjusted return.

## Lodging Expansion Potential

The panel believes that the lack of lodging options in and around the university are having a thwarting the potential for growth. It looked at various options to address this issue.

### *Sewanee Inn*

Through interviews with senior management of the Sewanee Inn, the panel ascertained that the asset has proven to be very successful, both as an operating business and as an icon for the Domain. It is successfully managed by a regional third-party company with similar properties in both scale and quality. Both the building and the interior furnishings are maintained to a very high standard, and the property is patronized by small groups and independent travelers at an average annual occupancy rate ranging from 70 to 74 percent (net of pandemic closures) in recent years, which is consistent with published experience for similar sized and positioned properties nationally. Average daily rate and posted rates are high relative to the immediate and adjacent hotel inventory, and net income relative to gross revenues appears to be consistent as well.

The property has only 43 rooms but was originally planned for  $\pm 20$  additional rooms on an additional floor. As such, the common areas, back of house/kitchen and meeting spaces are oversized relative to the room stock. For instance, the meeting space is more than 200 square feet per available room, more than double typical industry standards. Therefore, additional room stock could be created with minimal marginal cost, which would improve cash flow and operating margins, ensuring variable costs are more in keeping with industry standards. A feasibility study for the expansion has been completed, although it may need to be updated. The expansion would greatly improve the value proposition of the hotel and provide more flexibility in its operation. The expansion would also support broad needs of university programming. The cost of a 20-room expansion is estimated at \$4 million, which could be funded 50 percent by debt. The panel recommends that the adjacent land surrounding the golf course be examined as the probable location, perhaps configured as small cottages that would accommodate larger families or groups and might be presented as a for-sale real estate product within a rental pool.

A cursory examination of the operating metrics represents an approximately 4 percent yield on costs. Logically, this would be improved with the expansion through amortizing the costs of the existing oversized common areas with the greater room inventory and potential recapture of the capital costs through sale of the rooms.

### *Additional Hotel Opportunities*

Management of the Sewanee Inn was asked whether an additional hotel, positioned differently with a lower price structure would be a threat to the Sewanee Inn and cannibalize demand. It was not a concern because an addition to the room inventory would broaden the market and improve the attractiveness of the area. The panel believes this opportunity should be looked at closely as a potential anchor in the village area, where it would still be walking distance to the main campus, but also serve as a gateway to the Goat Mountain Trail and related outdoor recreational amenities. Conceptually, a logical prototype for this hotel might be what is considered as an “upscale” limited-service category. Depending on the brand and operator, such a property might be as small as 50 rooms and as many as  $\pm 100$  rooms. Importantly, these properties normally do

not include food and beverage venues beyond a modest continental breakfast. As such, the food and beverage revenue normally captured by the “house” would leak into the immediate food and beverage offerings in the village. This is a substantial impact that can easily contribute 30 to 35 percent of gross revenue to a full-service resort-oriented property.

Based on published operating data by industry sources, development costs for this type of property (in 2019) averaged \$140,000 nationwide. Obviously, inflation and the disruption of the pandemic in the markets has affected this metric. Still, on a historic basis, land costs are typically 10 percent of total costs, which should act as a guide for the Domain in its planning efforts. Surprisingly the disruption to the lodging market stemming from the pandemic has affected the leisure-oriented properties far less than urban business-oriented venues. The disruption was largely confined to a four-to-five-month period in 2020, but has rebounded sharply since to exceed 2019 levels for occupancy, average daily rate, and revenue per available room.

Thus, the panel believes such a hotel would

- (1) add to the attractiveness of Sewanee as a destination;
- (2) service a different market from the Inn (recreational visitors;
- (3) not compete with the Inn;
- (4) help anchor the village;
- (5) help bolster vitality of the existing merchant base, and
- (6) monetize some of the Domain’s assets.

However, the development should be phased to follow the introduction of housing to the village.



## Innovation and Placemaking

From arriving at Sewanee, the panel knew it was a special place. The natural environment, the strong sense of academic community, and the commitment of the students and residents are just part of what make Sewanee unique. However, the panel also felt that this specialness is not communicated—either internally to those who know and love Sewanee or externally to the rest of the world. Sewanee needs to create a sense of place by integrating all the parts and activating those parts to create a whole. Perception is reality, and when an area is perceived as less than what it can be, it becomes so in the minds of the people and the community.

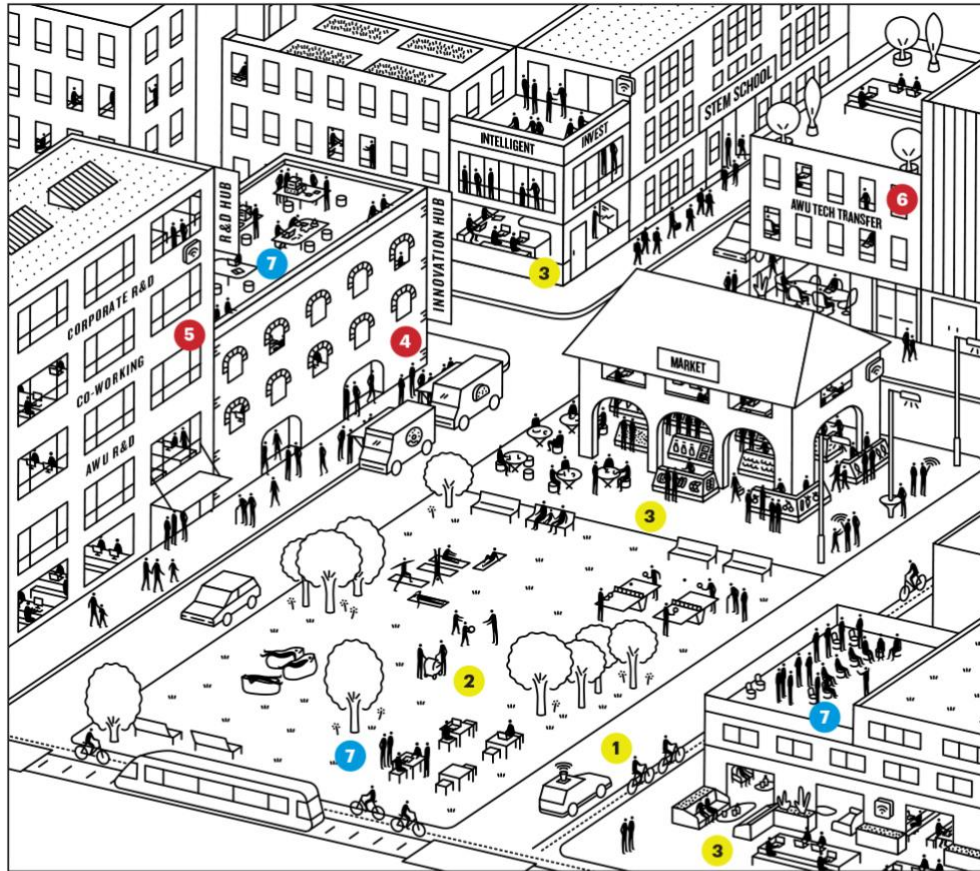
## Creating the Brand

Naming and branding will build buy-in and partnership with the larger community and create a vision for physical place that aligns with Sewanee's desired outward image. The panel suggests creating the **Innovation District** to distinguish Sewanee from its competition and convey a forward-looking approach and image. According to the Brookings Institute, innovation districts share the following five characteristics:

- ***Build a collaborative leadership network***, a collection of leaders from key institutions, firms, and sectors who regularly and formally cooperate on the design, delivery, marketing, and governance of the district. The triple helix model of governance is fundamental to the success of innovation districts. The triple helix consists of structured interactions between industry, research universities, and government.
- ***Set a vision for growth by providing actionable guidance for how an innovation district should grow and develop in the short, medium, and long terms along economic, physical, and social dimensions***. Most practitioners cite the importance of developing a vision to leverage their unique strengths—distinct economic clusters, leading local and regional institutions and companies, physical location and design advantages, and other cultural attributes.
- ***Pursue talent and technology, given that educated and skilled workers and sophisticated infrastructure and systems are the twin drivers of innovation***. Pursuing talent requires attraction, retention, and growth strategies; integrating technology requires a commitment to top-notch [capabilities] to create a high-quality platform for innovation.
- ***Promote inclusive growth by using the innovation district as a platform to regenerate adjoining distressed neighborhoods as well as creating educational, employment, and other opportunities for low-income residents of the city***. Strategies have particularly focused on equipping workers with the skills they need to participate in the innovation economy or other secondary and tertiary jobs generated by innovative growth.
- ***Enhance access to capital to support*** basic science and applied research; the commercialization of innovation; entrepreneurial startups and expansion (including business incubators and accelerators); urban residential, industrial, and commercial real estate (including new



collaborative spaces); place-based infrastructure (e.g., energy, utilities, broadband, and transportation); education and training facilities; and intermediaries to steward the innovation ecosystem.



This illustration depicts the concentration of economic, physical, and networking assets within one node of an innovation district—the size of a full city block. While a district commonly ranges in size between 300 acres and 1,000 acres, creating a critical mass at specific nodes or a key corridor, which then extends over time and space, is proving to be a smart and successful strategy.

#### Physical Assets

- 1 A walkable street grid provides the backbone of the innovation district—strengthening connections between people and firms.
- 2 Public spaces are designed and managed to spur interaction, learning and networking.
- 3 Ground floors of buildings are activated with coffee shops, cafes, and gathering places—wired, comfortable, and inviting.

#### Economic Assets

- 4 A mix of institutional, company, and start-up spaces are concentrated in close proximity—including affordable workspaces.
- 5 Major research facilities of large companies are also located near firms and institutions to help “crack the code” on new innovation.
- 6 Tech transfer offices, to support commercialization, are located where people and firms are innovating—not tucked away on a university campus.

#### Networking Assets

- 7 Programming—to incubate new enterprises, accelerate learning, and strengthen networks between people and firms—permeates across private innovation spaces and public spaces.

## Community-Focused Investment

Investments supportive of students, staff, faculty, and the community at large become economically beneficial to the whole region and create a gesture of Sewanee’s collaborative extension outward in a way that is mutually beneficial. The panel suggests exploring the following opportunities to show commitment to the community at large.

- The *bookstore* is already located in the new Innovation District. Expanding the offering of books and adding a small juice bar, coffee hub, or grab-and-go food will help create more of a gathering place. Expanded hours (evenings and weekends) will also help foster community engagement.
- Place the *Civic Engagement Office* in the Innovation District. This will lead to more activity such as visitor engagement and community meetings in the district and support more and finer dining options.
- Place a *hub for business/entrepreneurship/real estate* in the Innovation District, which will provide an opportunity for business meetings and support more and finer dining options.
- *Convert the Regions building* into a small multiuse project. Models exist where Regions has been brought into a mixed-used development and serves as an anchor for the project. This or a similar small-scale commercial real estate venture as well as entrepreneurial endeavor could be a curriculum extension and provide “man hours” to a newly formed entity associated with the university, as well as real-life experience for upper-level students. This is also responsive to input/requests for more student engagement, involvement, and directives in the village.

### Curating the Appropriate Retail

As discussed earlier in this report, the current economic landscape does not support an intensive increase in retail. Even one or two new establishments in the area could be considered a double-digit increase in percentage of retail. That type of growth must be appropriately ushered in with the energy and buying power of other factors such as housing, lodging, office, or some other version of industry. The following considerations should play into any retail decisions:

- Finding the right size/scale of offering(s), so that the retail is both appropriate, and able to succeed in this market;
- Managing factors that can be controlled, such as
  - Asking minimal rent,
  - Offering clean, open, and airy with modern and functional equipment and spaces, and
  - Choosing (curating) offerings that do not compete with current offerings but offer a variety and spectrum of dining or services;
- Encouraging a sense of place for students to be in the public realm (for example, purple benches along University Avenue leading toward the Depot Area); and
- Encouraging people to be outdoors and “seen,” creating a sense of belonging, safety (eyes on the street), energy, and vibrancy.

## Community Engagement

The panel's conversations with various Sewanee stakeholder groups have identified a significant need to establish consistent and transparent lines of communication. The various stakeholder groups are defined as follows:

- Students;
- Faculty;
- Seminarians;
- University employees;
- Residents;
- Senior residents;
- University administration;
- Business owners;
- Real estate community; and
- Government offices.

Each of these groups has its own perspectives that require consideration; however, the panel believes that these cohorts have common needs as well.

To address the issues related to community communication, the panel recommends the following:

- *Strengthen and enhance the exiting Community Council.* Reconstitute the mission and goals for the purpose of distributing university plans to inform and educate the community.
- *Maintain and strengthen the Office of Civic Engagement,* so it can continue to lead the effort to provide clear and continuous information and build relationships with the surrounding community. Over the past few years, many with whom we spoke commented on the importance of this office, which has been viewed as helping build positive relationships with many community members. This important role needs to be sustained and enhanced to continue to yield positive results.
- *Reengage a Leadership Council* consisting of local mayors and the Sewanee provost to inform and collaborate on local community issues and needs. Further, the university will be able to communicate its long-range plans and how they are integrated outside the Domain.
- *Invite community stakeholders* to university events to help sustain and build relationships in a post-COVID environment.
- *Develop a website* dedicated to the university's collaborations with its neighbors.

## Marketing Initiatives

The success of the panel's recommended initiatives as well as the university's initiatives already underway requires a clear understanding from all stakeholders—both internally and externally—of the Sewanee mission, vision, and brand extension. The panel recommends the following actions be taken to further this effort.

- *Clarify the identity and naming convention for each area of the Domain.* It is important to reinforce naming conventions for each area in a well-designed wayfinding signage program throughout the Domain.
- *Develop a vision and brand guidelines reference.* The purpose of this living library is to ensure all stakeholders have access to pertinent information and to keep everyone on the same page with respect to the Sewanee mission, vision, and brand extension. The library should include the following elements:
  - The Sewanee story;
  - Sewanee mission;
  - Sewanee vision;
  - Sewanee brand pillars;
  - Logo and standards for its use;
  - Fonts and colors and standards for their use;
  - Graphic standards;
  - Signage and banner standards;
  - Current talking points;
  - Standard public relations copy;
  - Current Q&A (internal);
  - Photo library of approved images; and
  - Standard disclaimers.
- *Revamp the existing website.* This includes the following actions:
  - Simplify the overall navigation and site structure.
  - Develop individual sections that speak directly to parents, engage students, and inform the community on current events at Sewanee.
  - Add short testimonial videos that highlight campus life.
  - Add a separate section or link to Sewanee Neighbors website that is designed to update the community outside the Domain on current university initiatives and construction projects.
- *Develop a reputation management program* where all reviews and comments (both positive and negative) are responded to in a timely manner. A process for elevating significant issues internally and finding ways to take certain issues offline to resolve needs to be part of this effort.
- *Hire an external PR consultant* to help with overall messaging and develop talking points. This consultant should also assist with the placement of press releases to a regional and national audience.

As Sewanee undertakes its development projects going forward, it will be critical to the endeavor to *hire or consult with a marketing and communication specialist*. This person is responsible to lead messaging, interface with governmental agencies, and conduct outreach to the community.

## Housing Segments and Typologies

As described in the “Market Insights” section of this report, the panel strongly believes a great opportunity exists to create a community for all of Sewanee’s constituents—from students and seminarians, to alumni, to the community at large. One of the things holding back this effort is the lack of housing opportunities, types, and price points.

The panel looked at what is offered in the community now and what it believes the land can carry. While the following are suggestions based on best practices, each of these housing types has a place in Sewanee and can help fill the severe housing need. Designed to fit the surrounding area and in harmony with the natural beauty that is a cornerstone of Sewanee, this housing can make the Domain a much more inclusive and inviting community in the panel’s view. The following table summarizes the types of housing. Schematics of what these products could look like follow as examples of the possibilities and to help the university, as the keeper of the Domain, think outside the box and imagine the options for housing in the community.

### Housing Typologies and Prices

The University of the South, Suwanee, TN - April 2022

Metrics	Flats	Town Homes	Cottage Courts	Bungalows	Family Homes
Home Sizes (sf)	800	1,250	1,450	1,700	2,000
Rents (per mo)	\$1,020	\$1,450	\$1,450	\$1,750	\$2,200 +
Household Income	\$35,000	\$50,000	\$50,000	\$60,000	\$75,000 +
% Faculty/Staff*	20%	25%		30%+	
Prices (Excluding land)	\$200,000	\$250,000	\$300,000	\$350,000	\$450,000 +
Household Income	\$45,000	\$55,000	\$65,000	\$75,000	\$100,000 +
% Faculty/Staff*	11%	14%	14%	22%	40%

\*Per 2018 Survey

## Apartment Flats

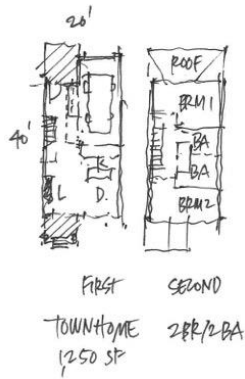
Several areas around the Domain would support apartment flats for students as well as those just out of school. These can be built in an eight-plex, two-story configuration with one- and two-bedroom options.





## Townhouses

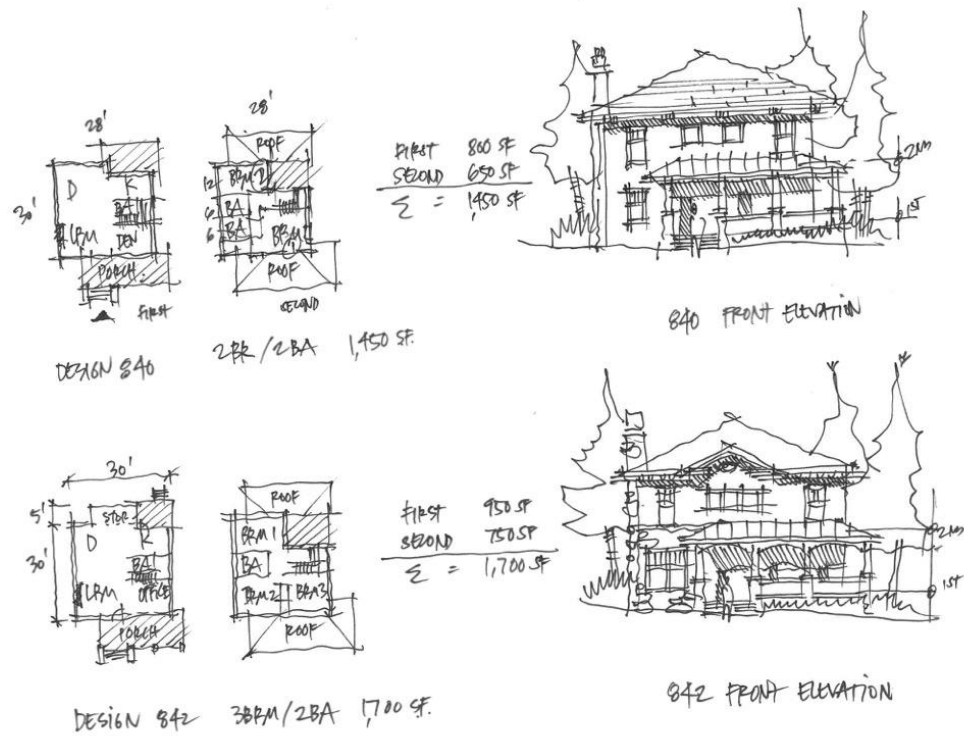
Small (1,250 square feet; two-bedroom/two-bath) and medium (1,600 square feet; three-bedroom/three-bath) configurations are the perfect starter home for a young family, new faculty, or empty nester.





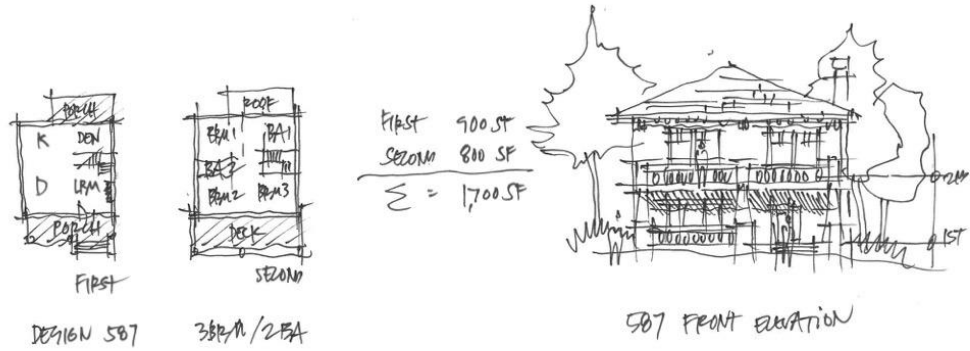
## Courts and Bungalows

Court homes of 1,450 square feet (two bedroom/two bath) with small porches and bungalows of 1,700 square feet (three bedroom/three bath) can serve as starter homes, homes for growing families, or homes for retirees.



## Single-Family Homes

Traditional 1,700- to 2,000-square-foot single-family homes with three bedrooms and 2.5 baths also have a place in the Domain and can be built in a variety of configurations.



## The Village and the Broader Domain

From the moment it arrived, the panel knew how special Sewanee is. The uniqueness of the Domain coupled with the excellent academic community creates a place like no other. Because of this, the panel believes that all strategic planning activities need to incorporate not just the campus but also the village and the broader Domain. Following are the recommendations for achieving this.

### Promote and Preserve the Domain

The panel knows that many studies have been done related to the campus, the Domain, and the surrounding areas; however, it did not feel that priorities were being set. The university needs to conduct landscape-based planning that prioritizes the preservation of the natural environment, including ecology, habitat, scenic quality, connectivity access, and quality of life. This will serve as the guide going forward.

### Continue to Elevate and Promote Bike and Pedestrian Connectivity

Although several miles of world-class hiking and walking trails take advantage of the natural environment, the panel was struck by how little bike and pedestrian access and connectivity exists, especially on the campus and into the village. The panel recommends adding to the network of trails, bike lanes, and sidewalks, with a focus on new trail connections, sharrows (bike lane markings), signage, and wayfinding. The figure provides some suggestions on how this can be accomplished.

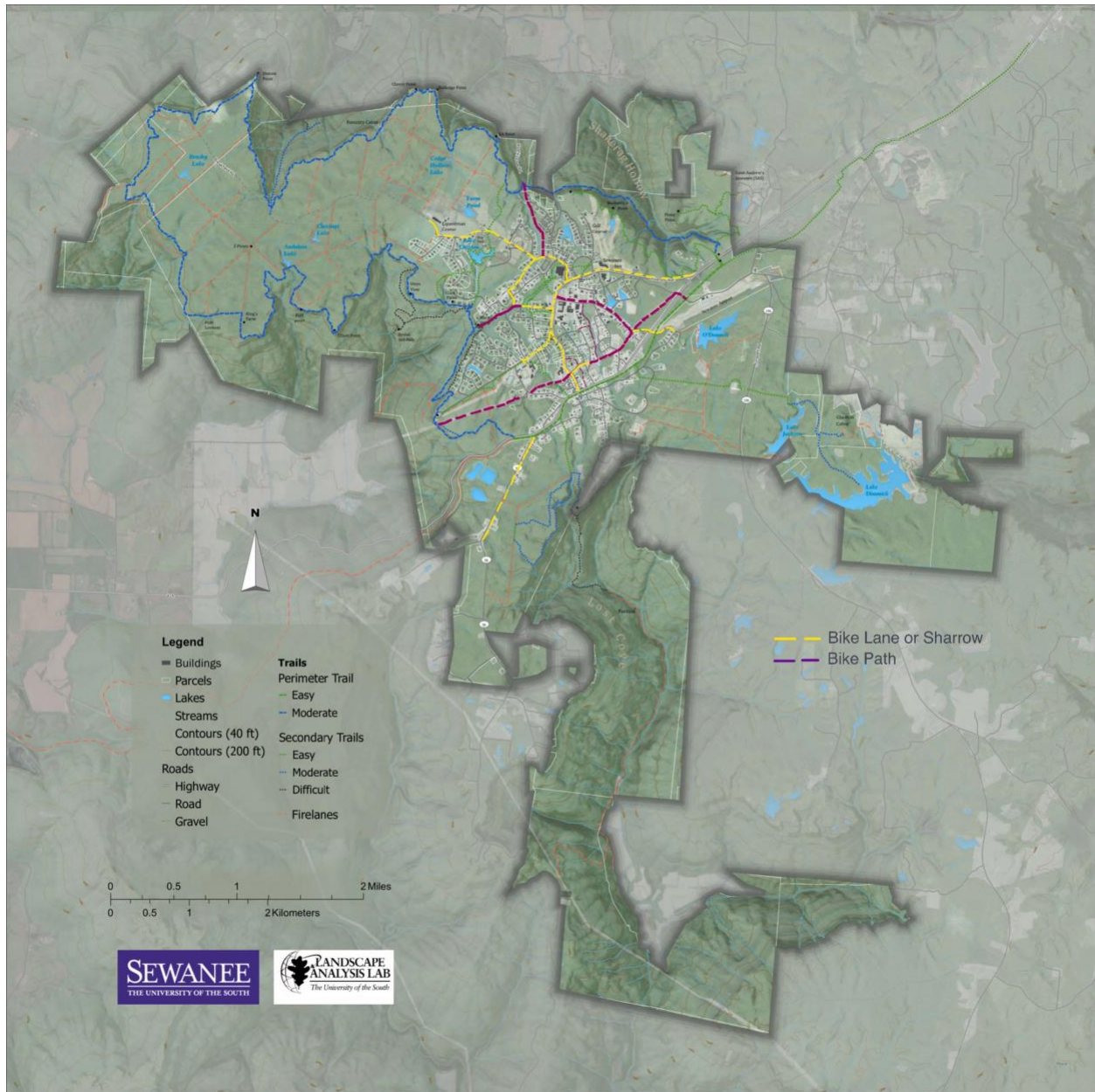


Figure 1: Bike and Pedestrian Connectivity

### Improve the Placemaking Quality of University Drive

University Drive is the gateway into the village and the campus; however, it is underwhelming. The panel saw great potential for generating a sense of place by creating more aesthetic continuity, safety, comfort, and fun. Additions include the following, as depicted in the figure:

- Multipurpose trails;
- Shade trees;
- Signage and wayfinding;
- Banners;
- Pole-mounted streetlights;
- Monumentation; and



- Crosswalks.

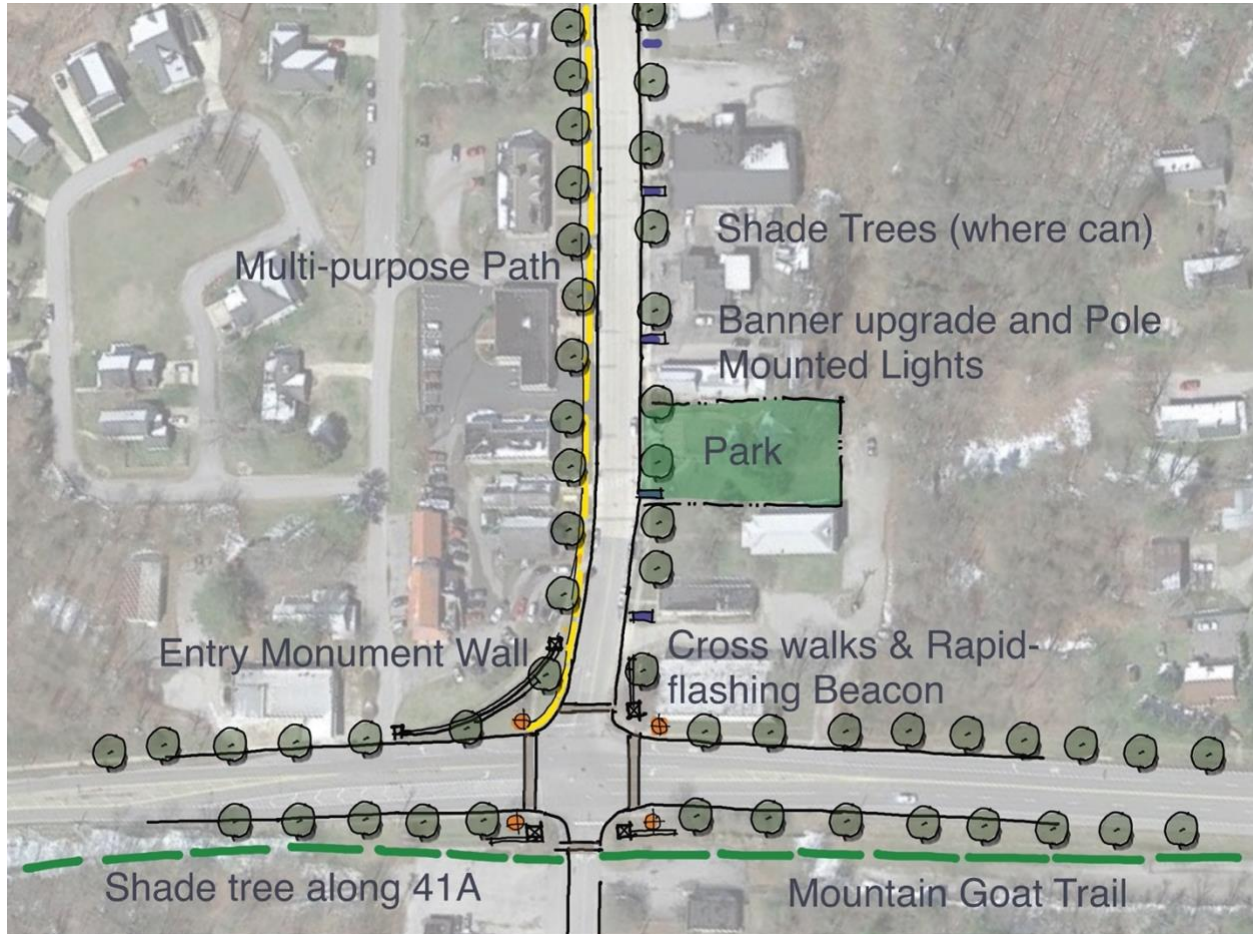
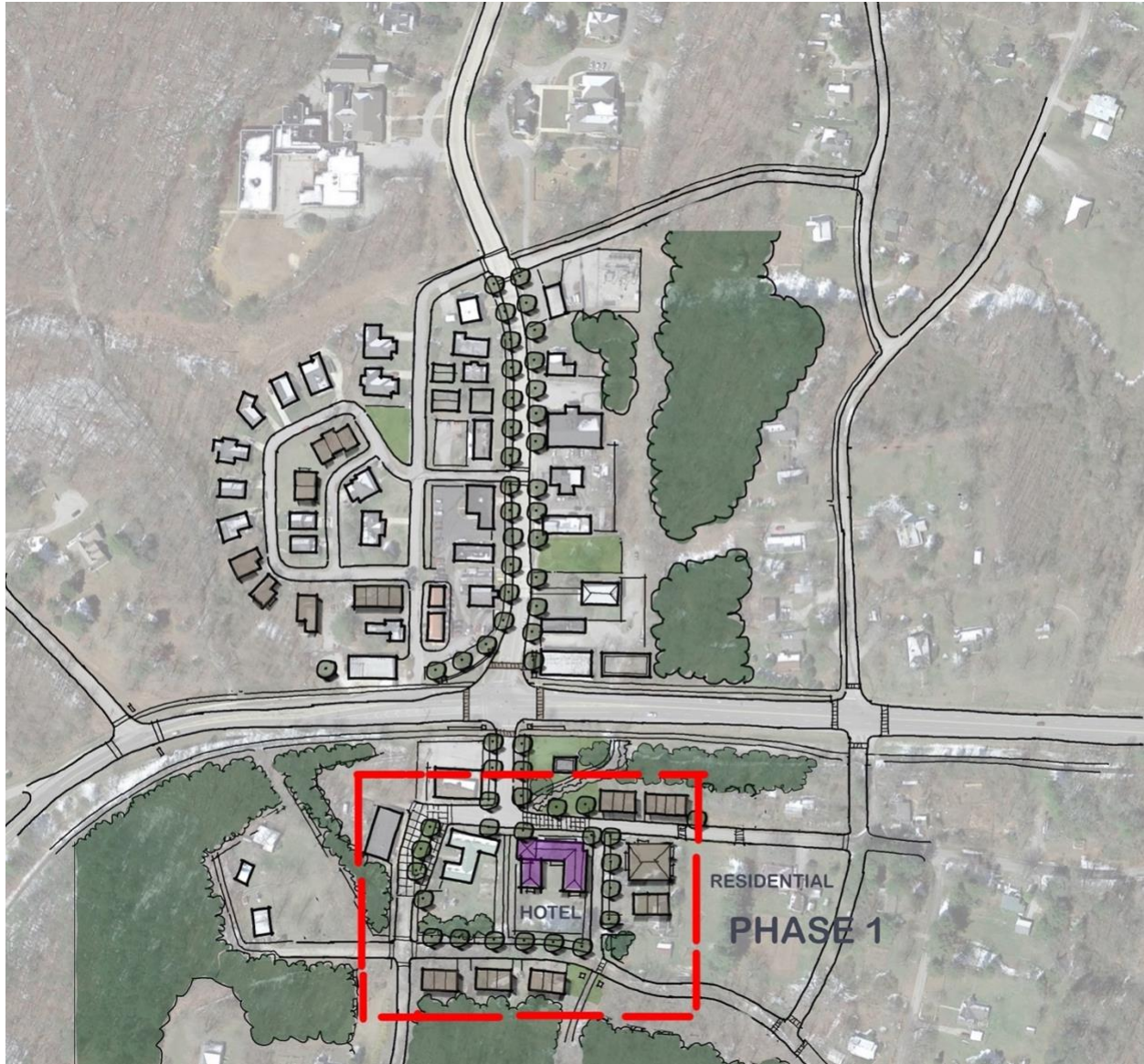


Figure 2: Creating a sense of place in the Village

### Focus on the Depot Area

The panel identified the area where University Drive meets 41A as the Depot Area, giving a nod to the historic use for this center of activity. The panel believes an opportunity exists to enhance the area as a great neighborhood that brings people together, responds to environmental conditions, uses existing infrastructure, maximizes connections to the Mountain Goat Trail, and supports the existing gathering place.

The panel suggest that this area be a focus for housing (25 to 30 units at first), a 50- to 80-room hotel, and the right size retail to fit the market. Figure 3 provides a schematic for a possible first phase.



*Figure 3: The Depot Area*

Additional actions to make the Depot Area a special place and destination that brings people together include the following:

- Create a trailhead park at Mountain Goat Trail and project entry.
- Locate historic and interpretive elements in existing buildings.
- Create parks and trail connections to support social interaction.
- Use clustering to support intergenerational learning (taking advantage of the senior center).

Figure 4 provides a schematic of how this can all come together.





*Figure 4: The Depot Area Connection to the Village*

### Other Domain Opportunities

The panel was also asked to look at other opportunities for uses of the Domain. There were so many thoughts and ideas that it was hard to focus on just a few. The panel believes that the university needs to look at all the opportunities and set priorities; start with one or two initiatives—the low-hanging fruit—and take advantage of the resources available. The top suggestions that came to the panel follow.

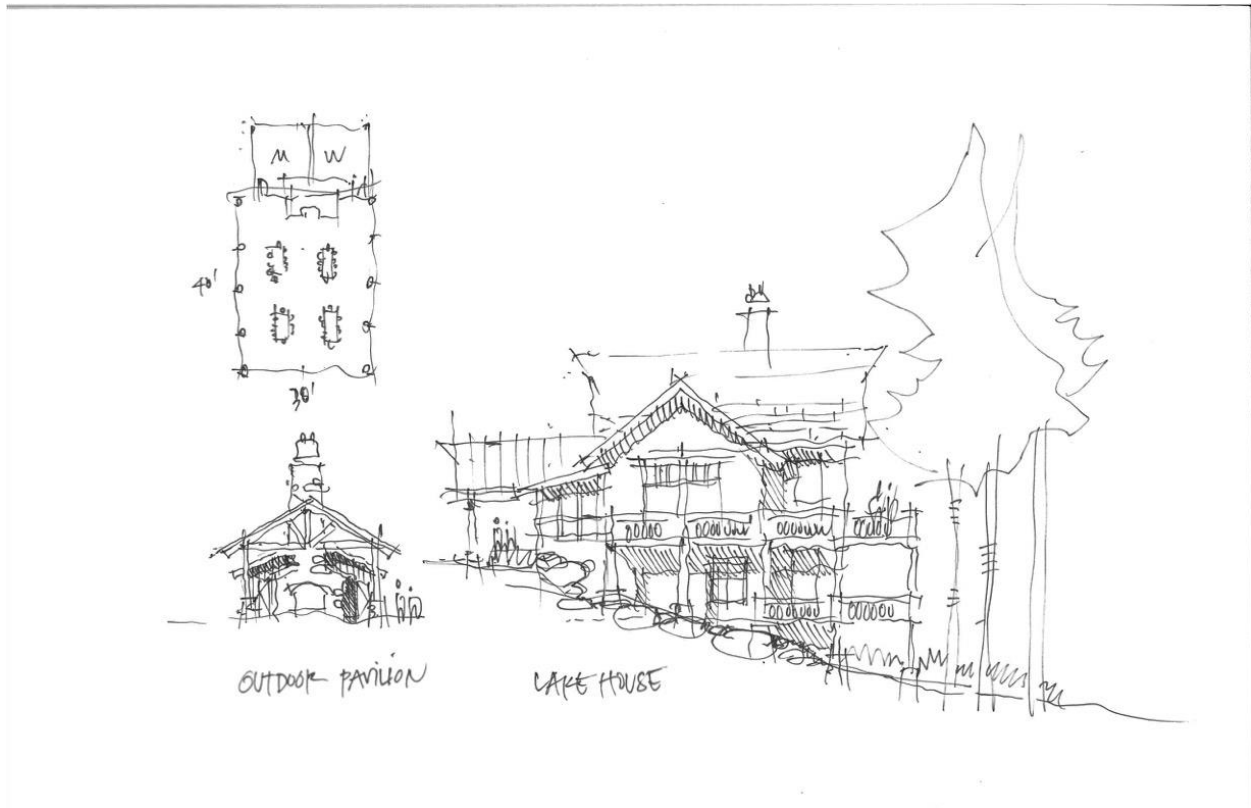
#### Camping

There is a “return to nature” trend in the country today, especially because of the pandemic. The panel believes that several camping and “glamping” opportunities exist if the right infrastructure is in place. Cabins, yurts, tent platforms, or lodges are all possibilities. Clustering them together

to maximize infrastructure can create special experiences for people and provide alternative housing for those who come to the university in the summer for its programs and events.

#### *Outdoor Event Pavilion and Lake House*

The panel saw a great opportunity at Lake Dimmik to create an outdoor destination for concerts, lectures, and other gatherings. The Lake House and ancillary pavilion depicted in the figure show one possible way to take advantage of the natural surroundings that so many other places lack.



*Figure 5: Potential Opportunity at Lake Dimmik*

#### *Sports Activities*

The panel was struck by the endless possibilities for sports (active and passive) and team-building activities. Biking and trail running events, zip lining, ropes courses, and even goat yoga, were some of the ideas. The panel realizes that these are not new or innovative; it takes priority setting and action plans to make them happen.



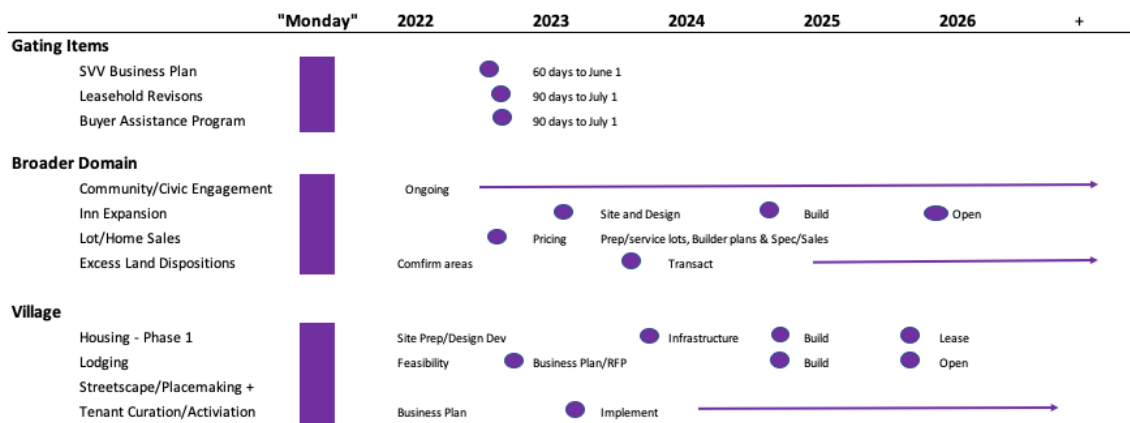
## Implementation

To accomplish the actions identified in the preceding sections requires a capable, dedicated team of real estate professionals. The panel recommends that the Sewanee Village Venture retain a real estate director and appropriate staffing, including the ability to retain consultants as needed.

The team's first step is to prioritize the panel's recommendations and prepare a business plan that illustrates the priorities, resources, timing, sequencing and potential costs, investments, and revenue over a five-year period. The following chart outlines the panel's recommended time frame for achieving the recommendations.

### Implementation Timeline to 2026

The University of the South, Sewanee, TN - April 2022



## Conclusion

The panel believes the university has a great opportunity to create a truly special place in southeastern Tennessee. The priority needs to be on addressing the housing issues outlined in the first section of this report and moving toward creating a truly welcoming destination in the village. The other recommendations are provided to support the efforts of the university to enhance the community for all the stakeholders. ULI looks forward to seeing all that can be achieved!