



MIDTOWN OLD BLACKSBURG MIDDLE SCHOOL DEVELOPMENT FACTS AND FIGURES

In May 2019, Blacksburg's Town Council accepted plans by Midtown Redevelopment Partners to rezone and redevelop approximately 21 acres of land in Downtown Blacksburg, previously the site of the old Blacksburg Middle School. The following presents a summary of those plans and conservative estimates of tax revenue resulting from the new development. It provides descriptions of:

1. the construction timeline for the development,
2. the kinds of activities that will take place on site including residential housing, commercial and office space, and public space,
3. the additional tax revenue to the town and county, and
4. the timeline for debt payoff for the town from its bonds, issued to build the on-site public parking garage.



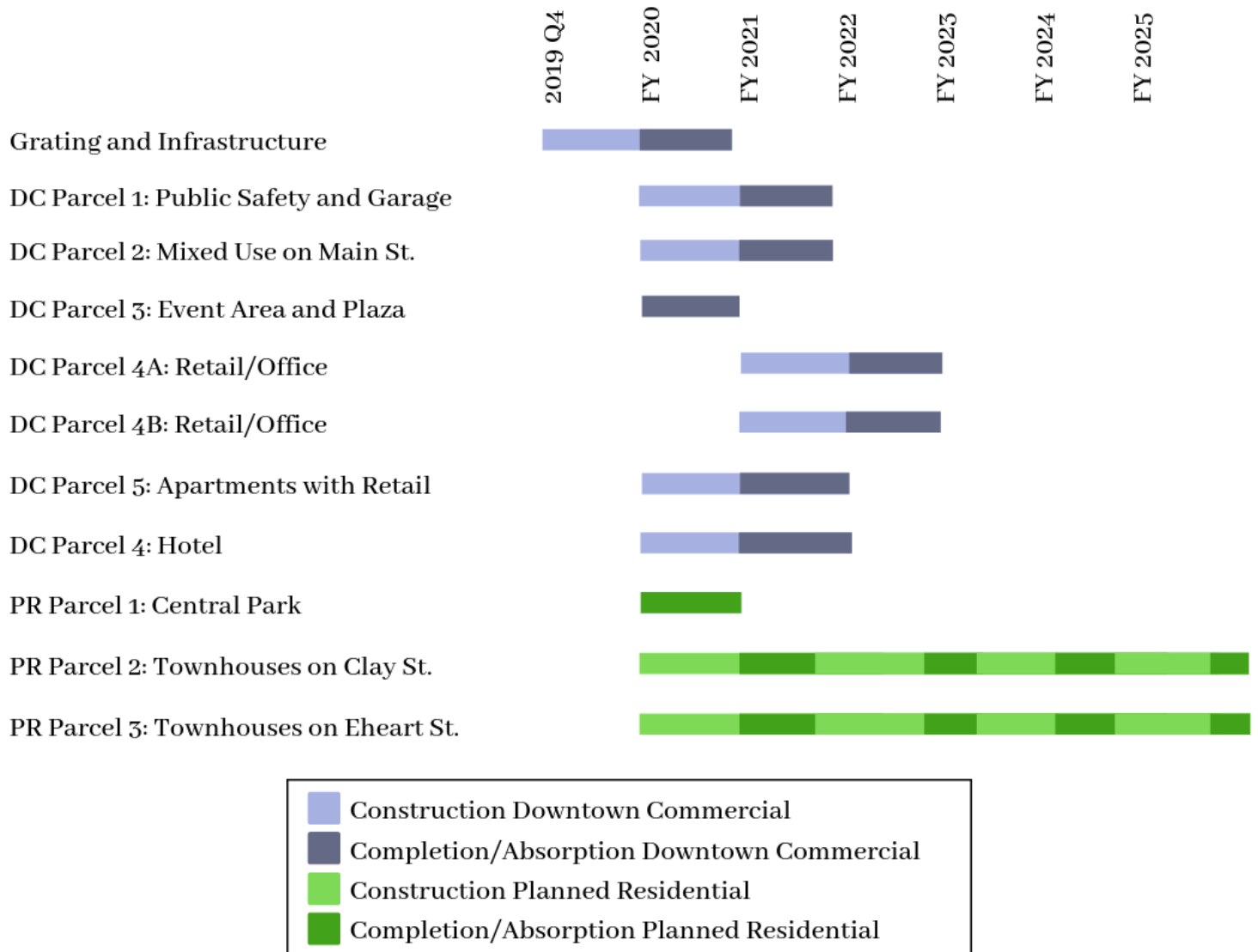
Blacksburg
TOWN OF
VIRGINIA



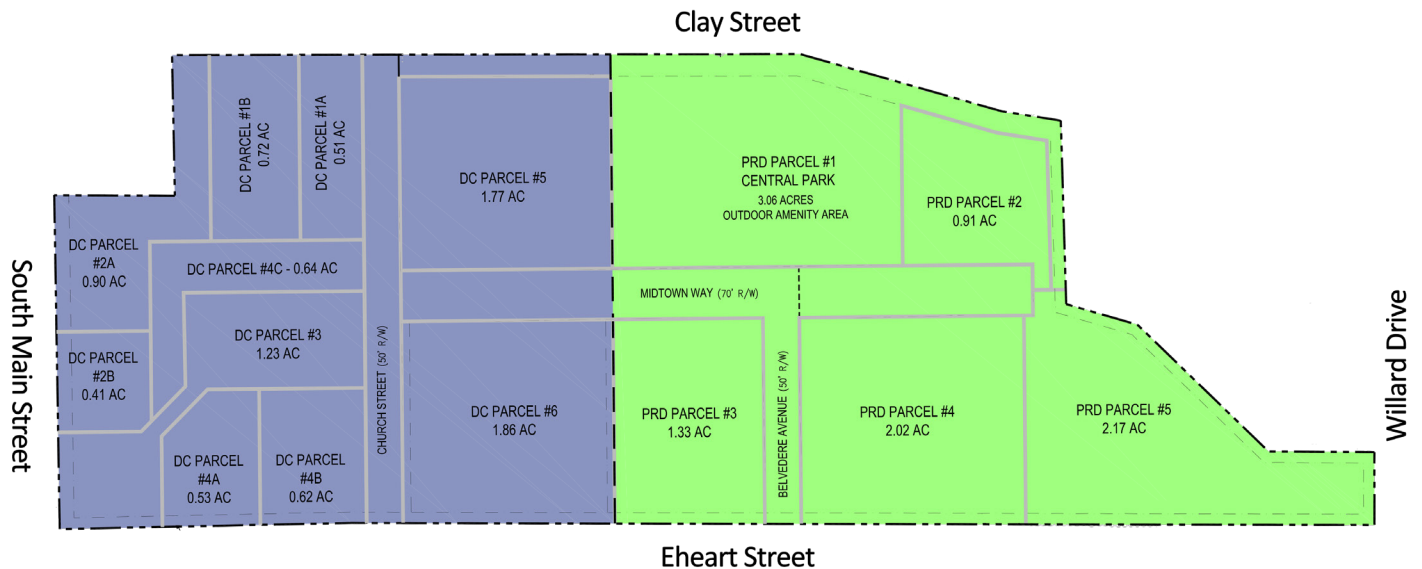
OUTREACH & INTERNATIONAL AFFAIRS
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OFFICE OF ECONOMIC DEVELOPMENT

Report created for legislative action.

Construction and Absorption Timeline



Source: Cowan and Perry Law Firm



New Real Estate

This is the current estimate on number of residential units and square footage of residential and commercial space. Final numbers may vary based on changing demand during the construction process.

RESIDENTIAL

65-75 two-bedroom apartments
120-125 condominiums
75-85 townhouses



RETAIL AND RESTAURANTS

Approximately 45-60,000 sq ft
at build-out

OFFICE SPACE

Approximately 100-150,000 sq ft
(could go higher depending on
demand and parking needs)



OPEN SPACE

4.53 acres, which includes a corner
plaza, event space and central park.

New Real Estate

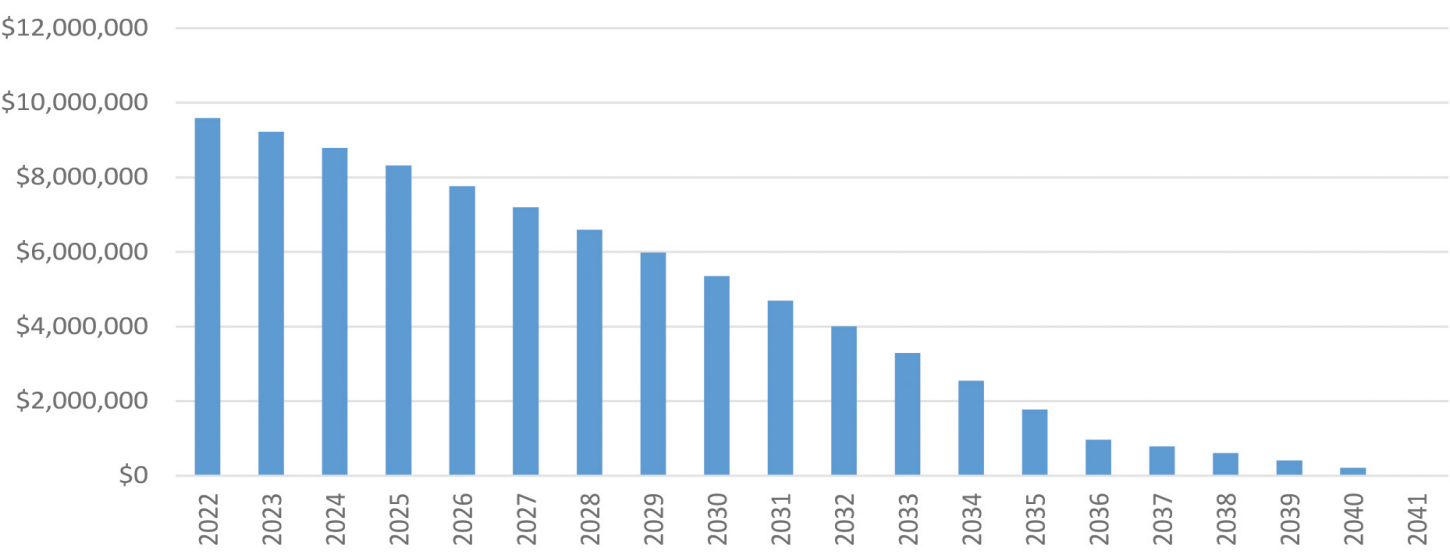
By 2025, Montgomery County will have an additional \$1.0 million and the Town of Blacksburg will have an additional \$294 thousand in real estate tax revenue annually. Additional taxes to the town may be as high as \$611 thousand annually.

Based on discussions with other market experts and development groups in this region, we assume the construction and absorption timeline is correct, vacancies remain about 5%, and 50% of the retail and office space it taken by companies new to the region. Tax revenue estimates are based on estimated appraisal values of each building post-construction, made by the contractor. The calculation is based on construction costs and estimates of additional money to be spent by tenants on tailoring each space.

Additional taxes to the town include a 20 cent special tax district over the whole property, as well as lodging tax and meals tax. With lodging and meals, the town included only a proportion of the tax revenue from the property. This proportion accounts for net new tax revenue only, not revenue that the new restaurants and hotel gain by drawing customers who would otherwise go to other restaurants or hotels in town.

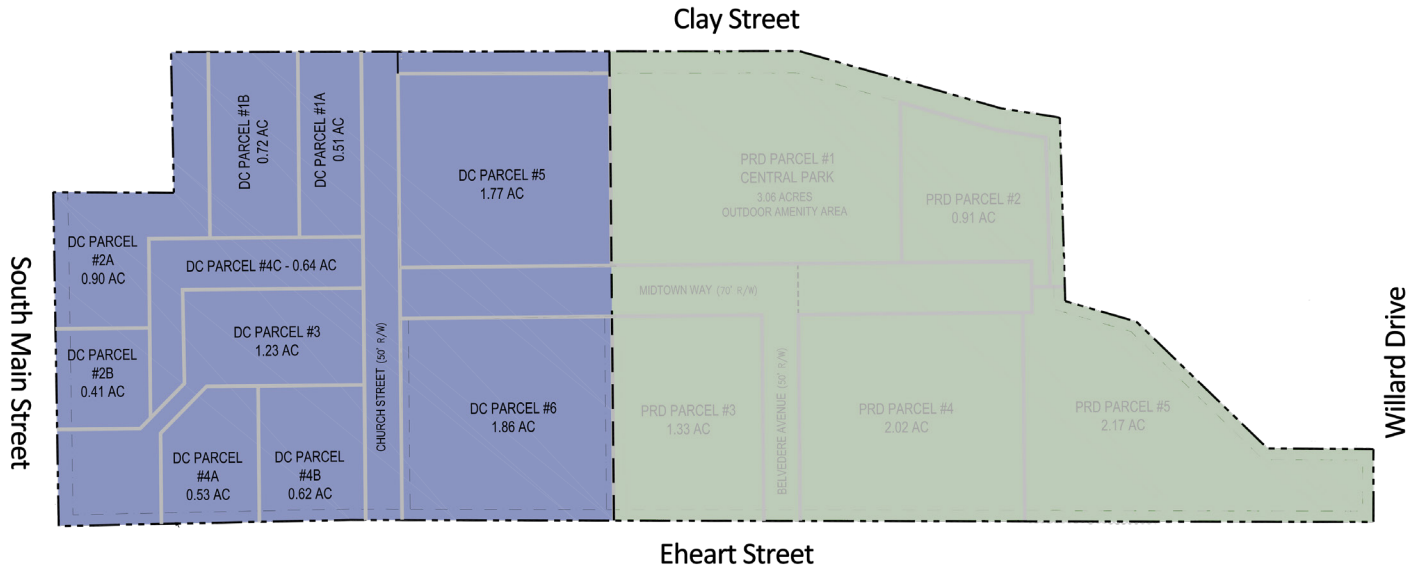
Debt Payoff

Through 2041, much of the tax revenue drawn from the property will go to paying off \$9.1 million in taxable bonds, which will be used to build the public parking garage on the site. According to Davenport & Company, the bond term is 30 years with the estimated payoff of 22 and 17 years respectively. Interest rate trends in the past two years have ranged between 2.48%-2.91%. The projected pay off schedule below is based on an interest rate above 3.1%.



Source: Davenport & Company

Site Description



New Public Safety Building and Garage (DC Parcel 1): The Town of Blacksburg will issue bonds of up to \$25.6 million for the development of a new public safety building and a public garage that will support the new support the new Downtown Commercial office, retail, and residential uses, as well as parking for the southern edge of the downtown area.

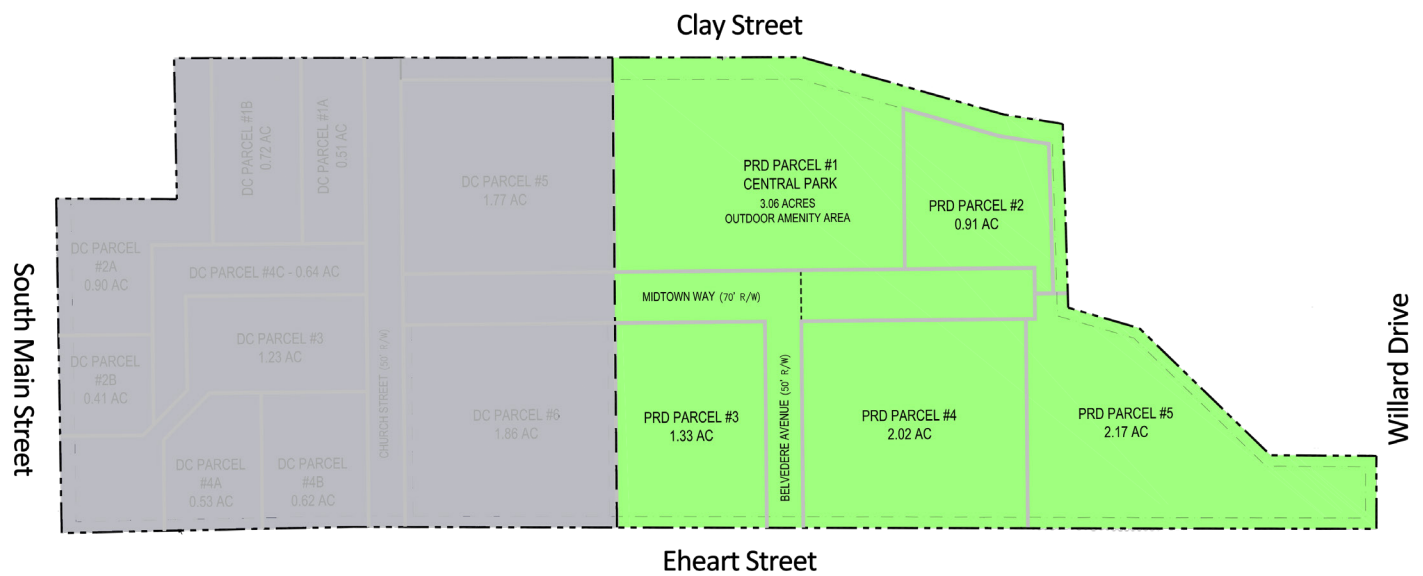
Main Street Building(s) (DC Parcel 2): OBMS land along Main Street will allow for one large building or two smaller buildings with four floors and over 84,000 square feet total. The building would house four restaurants or retail on the first floor, office space on the second and third floors, and optional office or residential space on the fourth floor. The current estimated value for one larger building is \$25 million, which would facilitate \$175,000 in new annual revenue to the town and \$222,500 in new annual revenue to the county once the building is 95% full. The developer is already in conversations with businesses that would fill floors one, two and three.

Event Space and Plaza (DC Parcel 3): Situated at the corner of Main Street and Eheart Street, the plaza would be a meeting space and entrance to the larger development. The event space, Old School Commons, housed within the development, would provide an additional venue for town events. Construction on these two spaces would occur during the initial phase of development.

Eheart Office and Retail (DC Parcels 4A and 4B): Two buildings on Eheart Street, just as you turn off of Main Street, will house a mix of retail, restaurants and office space. The current estimated value for these buildings is \$20 million, which would facilitate \$152,000 in new annual revenue to the town and \$178,000 in new annual revenue to the county once the building is 95% full. Because these two buildings are scheduled for the later phases of construction, specific uses are still vague. However, the developer has already received interest from businesses for these sites.

Apartment Complex with Retail (DC Parcel 5): The first floor of this building will house retail and office space, for instance a small convenience store for residents may be appropriate here. Subsequent floors will have approximately 60 two-bedroom apartments and 36 condominiums targeted specifically to young professionals and empty nesters. This additional house stock could facilitate as much as \$55,200 in new annual revenue to the town and \$106,800 in new annual revenue to the county once the building is 95% full.

Hotel (DC Parcel 6): The hotel will have approximately 90-95 rooms with suites. It will help to fill the growing need for accommodation space during university and sports events. The current estimated value for these buildings is \$14.5 million, which would facilitate \$66,700 in new annual revenue to the town and \$129,000 in new annual revenue to the county. The developer expects the hotel to be the first finished building. It will offer downtown hotel space.



Central Park (PRD Parcel 1): Situated on Clay Street, this public green space will be an added draw for young families, downtown residents and other visitors to Downtown Blacksburg. Construction of the park would occur during the early phase of development.

Clay Street Townhouses (PRD Parcel 2): Twenty-six condominiums or townhouses, depending on demand, will be located on this Midtown Way parcel, east of the central park. Condominiums will be 1,600 square feet on average. Townhouses will be 2,500-3,000 square feet on average. This additional housing stock could facilitate as much as \$42,099 in new annual revenue to the town and \$81,000 in new annual revenue to the county once the building is 95% full.

Eheart Street Townhouses (PRD 3, 4 and 5): These land parcels along Eheart Street will host approximately 112 condominiums and 56 townhouses. Depending on demand, the ratio may change. Condominiums will be 1,600 square feet on average. Townhouses will be 2,500-3,000 square feet on average. This additional housing stock could facilitate as much as \$204,500 in new annual revenue to the town and \$395,600 in new annual revenue to the county once the building is 95% full. Construction will occur in cycles, with 25 units or more being completed annually over a 3-4 year period.

Notes

1. The construction and revenue data presented here was developed by Cowan and Perry law firm in collaboration with Midtown Redevelopment Partners. The Town of Blacksburg lowered meals and lodging tax revenue estimates to account for displacement of current consumer spending in town. The debt payoff timeline for the bonds used to construct the parking garage was developed by Davenport & Company. The Virginia Tech Office of Economic Development reviewed the estimates and interviewed other external parties to vet these numbers.
2. While residential uses are intended to accommodate non-student housing, there is potential for students of high income and those interested in investment property to also fill these residential spaces. Blacksburg's Downtown Housing Study does offer examples of other communities that have successfully mitigated the use of residencies by these populations.
3. The contractor is marketing the new office space mostly for IT firms, those that would also reside at Virginia Tech's Corporate Research Center but wish to be closer to downtown. However, there are market concerns regarding future growth of certain IT sectors, such as cloud computing businesses. Some of this space will likely go to other industries requiring office space (e.g. healthcare services, etc).