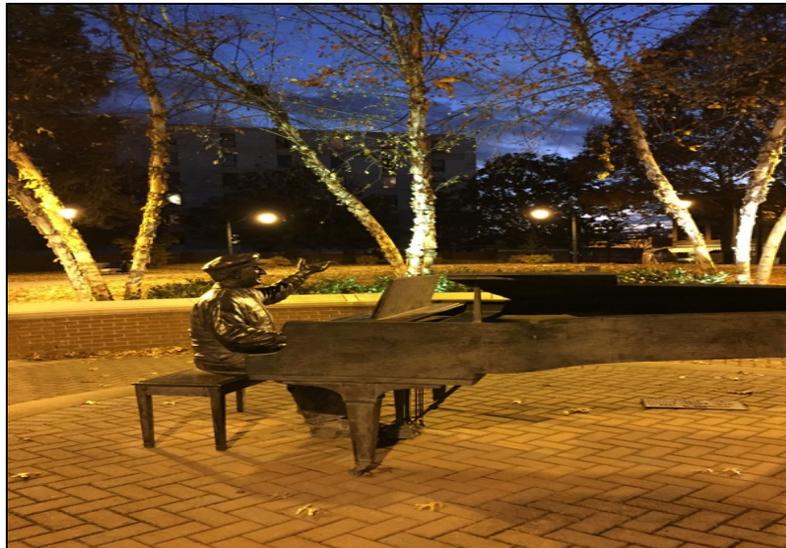


***A New Vision for Music Row:
Recommendations and Strategies
to create a
Music Row Cultural Industry District
Nashville, Tennessee***



**National Trust for
Historic Preservation**

Save the past. Enrich the future.™

April 2016

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About the National Trust for Historic Preservation

The National Trust for Historic Preservation, a privately funded nonprofit organization, works to save America's historic places. We are the cause that inspires Americans to save places where history happened. The cause that connects us to our diverse pasts, weaving a multi-cultural nation together. The cause that transforms communities from places where we live into places that we love. As the leading voice for preservation, we are the cause for people saving places. Information on National Trust programs and how to get involved can be found at savingplaces.org.

About National Treasures

A National Treasure is a place of national historical and cultural significance that faces a threatened or uncertain future where the National Trust can play a specific role in saving the resource and ensuring its future. Designation as a National Treasures brings a commitment to provide resources and expertise to work with local partners to save historic places. In January 2015, the National Trust designated Music Row as a National Treasures and committed to work with local partners for a three-year period to plan for the future of this unique resource while preserving and celebrating Music Row's culture and heritage.

About Randall Gross/Development Economics

Randall Gross provides strategic consulting services in development economics. He specializes in conducting real estate development feasibility studies, community and downtown revitalization strategies, economic and tourism development strategies, policy analyses, fiscal/economic impact assessments, and target industry / employment studies. Mr. Gross has consulted to public, private, and non-profit organizations on over 500 projects worldwide, during the past 26 years. He has offices in Nashville, Washington, London and Johannesburg.

Partners

Many partners provided leadership and guidance in developing this document including:

Metro Nashville Government

- Office of Mayor Megan Barry (September 2015 – present)
- Office of former Mayor Karl Dean
- Metro Council – Music Row representatives – Freddie O'Connell (District 19) and Colby Sledge (District 17)
- Metro Planning Department – Doug Sloan, executive director; Kathryn Withers, manager, Community Plans and Design Studio; Stephanie McCullough, planner
- Metro Historical Commission – Tim Walker, executive director

Music Row Leadership

- Music Industry Coalition – Mike Kopp, chair, and board of directors
- Music Row Neighborhood Association – Eddie Robba, chair, and board of directors

Partners Leadership

- Nashville Convention and Visitors Corporation – Terry Clements, vice president, Government and Community Relations
- Historic Nashville, Inc. – Brian Tibbs, chair, and board of directors

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Our history is what helps to define the character of our city, and once it is lost, you can't get it back. We need to be cognizant of that fact whenever new construction threatens to erase that history and do a better job of incorporating preservation into our growth strategies.

*Mayor Megan Barry
Mayoral Campaign Statement
May 2015*

Introduction

A New Vision for Music Row: Recommendations and Strategies to Create a Music Row Cultural Industry District is the result of more than a year of research, analysis and input by numerous partners. It is intended introduce the concept of designating the Music Row Cultural Industry District—the first such district in Nashville and in the State of Tennessee—and to provide the tools for a variety of public-private partnerships to ensure a sustainable future for Music Row, the centerpiece of Nashville’s international reputation as Music City. The planning and visioning process was instigated by three key factors:

- In the summer of 2014, plans to demolish RCA Studio A prompted a campaign to save this historic studio. This campaign quickly grew into a grassroots movement to “Save Music Row” with social media erupting with supporters from Nashville and around the world calling attention to the threat to Music Row’s future. The Music Industry Coalition and Music Row Neighborhood Association were formed out of this movement.
- In January 2015, the National Trust for Historic Preservation designated Music Row as a “National Treasure,” characterized as a highly significant yet threatened historic place. The National Trust committed its resources to work with local partners over a three-year period to develop long-range plans for Nashville’s Music Row.
- In February 2015, the Metro (Nashville) Planning Commission placed a hold on approvals of rezoning requests on Music Row and directed the Metro (Nashville) Planning Department staff to prepare a new design plan for Music Row that recognizes its iconic nature and supports preservation while allowing growth.

Music Row is a National Treasure

Music Row is the very definition of a National Treasure. The sounds created here have echoed throughout the country for decades, earning Music Row an unparalleled place in America’s cultural life.



*David Brown
Executive Vice President and
Chief Preservation Officer
National Trust for Historic
Preservation
January 2015*

Photo by Rick Smith

A New Vision for Music Row: Recommendations and Strategies to Create a Music Row Cultural Industry District (hereafter referred to as *A New Vision for Music Row*) was developed by Carolyn Brackett, a Senior Field Officer with the National Trust for Historic Preservation and Randall Gross, Principal of Randall Gross Development Economics.

Developed concurrently, the Metro Planning Department's *Music Row Design Plan* is a separate document which addresses design-based planning and land use factors such building heights, setbacks, streetscape design, parking and transportation. *A New Vision for Music Row* is intended to coordinate with and be implemented in conjunction with the *Music Row Design Plan* upon its approval by the Metro Planning Commission. The *Music Row Design Plan* is expected to be finalized in the summer of 2016.

I'm glad we're pausing to try to look at the bigger picture and make the best decision about the future of our historic Music Row. We're happy to assist the planning commission and are working with the National Trust for Historic Preservation and our partner organizations to survey the area's historic resources and to write a history of Nashville's Music Row.

*Tim Walker, Executive Director
Metro Historical Commission
February 2015*

Music Row Growth, Change and Planning

Nashville's Music Row is an urban neighborhood encompassing 16th Avenue South, 17th Avenue South, Music Square West, Music Square East, Music Circle East, Music Circle South, Grand Avenue, Chet Atkins Place, Roy Acuff Place and parts of 18th Avenue South, 19th Avenue South, 20th Avenue South, Division Street Horton Avenue, Edgehill Avenue and Magnolia Boulevard.

The neighborhood's built environment dates to the late 19th century when it developed as a streetcar suburb, but it is the area's unique role over the past 60 years as the center of Nashville's music industry that defines its transformative impact on national and international culture. Although the neighborhood has experienced considerable redevelopment in recent years, Music Row continues to retain its historic sense of place and distinctive character, based primarily on the resilient and spirited community of music industry businesses that support Nashville's economy.



16th Avenue South. Looking toward Belmont University. Circa 1906. Source: Tennessee State Library and Archives

Challenges and Opportunities

The future of Music Row has been the subject of intense discussion in recent years as it has become a focal point for new redevelopment projects. Factors contributing to the need for a new plan to ensure Music Row's sustainability as the center of Nashville's music industry include:

- **Increased demolition and redevelopment** - Approximately 35 historic music-related buildings were demolished between 2013 and 2015 for redevelopment projects, including multi-story apartments, condominiums, parking lots, hotels, and mixed-used developments. Most of the new construction received "Specific Plan Zoning," from the Metro Planning Commission, meaning the building plans were approved outside the zoning district's established design standards. (Elements addressed by SP Zoning include building height and size, setbacks, buffers, signage and materials.)
- **Lack of preservation incentives** - In July 2014, the sale and planned demolition of the renowned RCA Studio A was announced. Although the building was rescued by a local businessman the near-loss of the historic studio, along with the demolition of almost three dozen music-related buildings, made apparent the lack of incentives to encourage the preservation of historic resources on Music Row.
- **Challenges for small music businesses** – Rising property taxes, rents or mortgages and increases in the cost associated with operating a business have created challenges for small music businesses to remain on Music Row. Currently there are no programs or incentives to encourage these businesses to stay on Music Row.
- **Transition in the music industry** – Sweeping changes have affected every part of the music industry in recent decades including radio, production, promotion, sales and performance. Copyright infringement and lack of payment has been an ongoing issue for the music industry. These transitions have affected every type of music business on Music Row, adding to the challenge of continued successful business operations.



Demolition on 17th Avenue South, March 26-27, 2015.
Photo by Victoria Lazarus

Music makes Nashville unique, and it's important that we think carefully about how Music Row, a historic and iconic area in our city, gets developed.

*Karl Dean, Mayor, 2007-2015
February 2015*

- **Building on brand recognition** – The name “Music Row” is known around the world as the place where music has been made for over 60 years. Currently, there is a window of opportunity to build this “brand” to communicate clearly the central role and significance of Music Row to Nashville’s music-based economy and to tell Music Row’s remarkable past and present stories to residents and visitors.
- **Manageable tourism development** – Building on the Music Row brand, there is an opportunity to make Music Row a stronger and more integral part of Nashville’s tourism economy with manageable tourism products that offer a unique visitor experience.

Analysis Identifies Four Key Points about Music Row

The research process and development of a Music Row plan emerged from a consensus among stakeholders that Music Row is a unique place with a compelling story. Yet, the fascinating history of Music Row as a place had remained untold. As part of the research phase, this premise was investigated and resulted in four key points about Music Row.

These points have guided the development of *A New Vision for Music Row*:

1. **Music Row is a community.** In initial discussions with stakeholders there were often references to the robust community that existed many years ago, but one that appeared to have waned in the modern era. However, it quickly became evident to the National Trust and its team that a strong and distinctive community continues to exist on Music Row as evident by:
 - The formation of the Music Industry Coalition and Music Row Neighborhood Association, nonprofit organizations that provide a voice to neighborhood residents and to the music industry.
 - Hundreds of supporters attended events, including the “Save Studio A” rally, National Treasures announcement and public meetings, and participated in stakeholder interviews and an oral history project.
2. **Music Row’s built environment – its neighborhood or campus-like landscape - is crucial to its culture.** The historic buildings and landscape are critical elements of Music Row’s sense of place. Stakeholders emphasized the connection they feel to their music industry colleagues because of proximity. Many stakeholders described their love for the small, old houses that line the streets with music businesses. For buildings that have been lost in recent years, there was a palpable feeling of sadness that something irreplaceable was gone – the memories and stories may still exist – but the place where the music happened is lost forever.

3. **Music Row has over 200 music-related businesses.** Although there has been an ebb and flow to music businesses over the years – with publicity focusing on those that have closed or moved to other parts of town – the National Trust’s inventory found that the neighborhood continues to hold a vibrant music industry with well over 200 music-related businesses on Music Row.

What really makes up Music Row are small publishing companies, management offices, publicists, recording studios. That's where the business synergies lie.

*Pat McMakin, Director of Operations
Ocean Way Studios*

3. **Music Row is unique in its history, built environment, and culture.** The National Trust investigated other places around the country that are or have been centers of music production. Surprisingly, most of these places only retain a handful of music industry businesses and very few historic resources such as recording studios and publishing houses. In fact, Music Row probably retains more historic music-related buildings than the rest of the country - combined. In addition, the role of the music industry in most other cities is limited to live performance venues. This research confirmed there is no other place like Music Row anywhere.

Music Row National Register of Historic Places Nomination

Although Music Row is recognized nationally and internationally, Music Row’s history had never been documented to identify key places and stories from its 60 year history. The National Trust determined a necessary first step in planning for Music Row’s future was to document its past. In 2015, working with consultant New South Associates, the National Trust prepared a nomination to the National Register of Historic Places in the category of a Multiple Property Documentation Form (MPDF). The nomination resulted from numerous stakeholder interviews, archival and publications research, fieldwork survey of nearly 400 buildings, preparation of a historic context, categorization of nine property types, and identification of 63 properties that are potentially eligible for individual listing on the National Register of Historic Places. The National Trust and New South also nominated the House of David Recording Studio complex on Music Row to the National Register of Historic Places.

Findings from this research were presented in a public meeting in October 2015. The National Register MPDF and an individual nomination for the House of David Recording Studio ([Music Row National Register nomination](#)) will be presented to the Tennessee Historical Commission State Review Board on May 4, 2016. Upon approval, it will be submitted to the National Park Service for review and approval in the summer of 2016.

The National Register MPDF cover document provided a foundation for development of both the *Music Row Design Plan* and *A New Vision for Music Row* and will continue to serve as a resource for implementation of strategies recommended in both plans.

Metro Planning Department Public Meetings and Surveys

In the fall of 2015 and early 2016, the Metro Planning Department hosted a series of four public meetings and issued surveys at meetings and online to gather input on the desired future for Music Row from the community and stakeholders.

The public meetings and surveys encompassed issues ranging from transportation to streetscape design to maintaining the community's character.

An analysis of results from the public meetings, stakeholder interviews and surveys found that preserving the character of the Music Row neighborhood in balance with new redevelopment projects is the primary desire of stakeholders.

Additionally, a summary report described recommended community character policies including building heights and streetscape features such as parking, lighting and landscaping. (The summary report is found at [Music Row Planning Report](#)).

Guiding Principles for Music Row Plans

After compiling and analyzing input at the public meetings and through the surveys, the Metro Planning Department staff drafted guiding principles for a new *Music Row Design Plan*. These principles are also applicable to *A New Vision for Music Row*.

1. Preserve Music Row's character. Music Row is a neighborhood where the business of music production and publication occurs, and there's nothing like it anywhere else in the country.
2. Reuse of existing historic buildings should support the Music Row community while maintaining neighborhood character.
3. Manage tourism. Music Row should be an entertaining and educational place...but tourist traffic can't be allowed to interfere with the work that goes on there.
4. Encourage creativity and collaboration within the music community by providing incentives for affordable and unique creative and performances spaces.
5. Preserve and enhance the streetscape. Music Row's compact and walkable nature have been an essential part of the business and creative process. New redevelopment projects should respect that and continue to provide a pleasant, pedestrian-oriented environment.

We are facilitating the community in figuring how to get (a plan) done. I give (the Music Industry Coalition) a lot of credit. They started a neighborhood association and they were very inclusive. I think they've created this community group that is very informed and very active.

*Doug Sloan, Executive Director
Metro Planning Department
October 2015*

Section 1

**Music Row:
The World's Premier
Cultural Industry District**



Photo by Rick Smith

Introduction

This section introduces a concept for a ***Music Row Cultural Industry District***. This district would function as a not-for-profit entity oriented to strengthening, developing, and promoting the music industry and associated businesses in Music Row. The Cultural Industry District differs from arts and entertainment districts, which are often focused on promoting the arts or using arts and entertainment venues to help revitalize a neighborhood. Rather, this district has a broader economic development function relating to cultural *industries* and specifically to Nashville’s world-renowned music industry, which despite many changes is still highly-concentrated in Music Row. It is hoped that this concept can become a model for programs that promote cultural and other industry “clusters” in districts throughout Nashville and Tennessee.

A key component of this District is the concept of a ***Music Row Investment Trust***, which would exist in tandem to the District. The trust would be comprised of the individual property owners and businesses within the designated Music Row Cultural Industry District. The primary purpose of the trust would be to help finance the acquisition, rehabilitation, restoration, expansion, and development of properties throughout the Music Row area, with the mission of cultivating the Music Row story and maximizing benefits to Music Row’s music industry as a whole. The trust could help Music Row, its businesses and property owners retain more control over the district’s historical context as well as prospective development while providing financial resources to its members

Why Create a District?

While not new, the concept of designating a special district for promoting cultural industries (or other businesses for that matter) is a first for Nashville and for Tennessee. Despite the enormous talent, entrepreneurial spirit, and economic impacts that cultural industries have in Tennessee, few of these

The concept of designating a special district for promoting cultural industries is a first for Nashville and for Tennessee.

industries are promoted or leveraged as economic drivers in the state. The district will promote the interests of the music industry and its support functions through a package of incentives, branding, promotion, financing, amenities, infrastructure investment, and other tools to leverage the growth and sustainability of the music industry in Music Row.

Music Row is home to an entrepreneurial spirit that eschews government handouts and celebrates individual private business decisions. Music companies have developed as an economic cluster in Music Row without any government assistance. So why would Music Row need designation as a special “district?” And why would or should there be any form of incentives offered there? The answer lies not necessarily in the status of individual companies or the profits received by any one individual business but rather in the broader economic benefits to the music industry as a whole, and to the economic development of Nashville and the state of Tennessee.

Why is Music Row Important?

The National Trust for Historic Preservation has designated Music Row a “National Treasure,” due in large measure to its unique contribution to American cultural heritage. But Music Row is more than the sum of its historical parts. Music Row comprises the heart of Nashville’s music industry “cluster,” an agglomeration of music-related and support businesses and activities. An economic impact assessment completed by the Nashville Area Chamber of Commerce for the Music City Music Council found that Nashville’s music industry is among the largest economic “clusters” of its kind. (1)

Further, Music Row is unique as the only remaining geographical concentration of music business activities in the world. New York’s famed “Tin Pan Alley” (West 28th Street between 5th and 6th avenues in Manhattan), is probably the closest historical equivalent, in terms of character and impact, to Nashville’s current hub of songwriting, publishing and recording.

The music industry is extremely important to Nashville’s economy, as evidenced by the Music Council’s impact assessment, but Music Row’s unique place in that industry is threatened. Real estate development pressures, a technological revolution, and rapidly changing business formats for the purchase and distribution of music, have all threatened to up-end Music Row’s 60-year old highly-concentrated model for music creation and production.

Nashville’s brand, its identity and its economic engine are hitched to the idea to our city is a creative one...and for encouraging entrepreneurship in a collaborative environment that incubates talent.

Certainly private businesses adapt, survive or fail within their particular operating environments and Nashville’s music industry is no different. That being said, Nashville as a city has more than a vested interest in the survival and prosperity of the music industry as embodied in iconic Music Row. Nashville’s brand, its identity, and its economic engine are hitched to the idea that our city is a creative one, a hub not only for making country music but for the creating all types of great culture, and for encouraging entrepreneurship in a collaborative environment that incubates talent.

The Music City Music Council is dedicated to helping the music industry thrive in Nashville, and there are concerted efforts to assist and grow the industry overall here. But what makes Music Row unique within that industry is its geographic concentration. Such a concentrated district as Music Row helps promote collaboration, creativity, contracting, personal networking, marketing, business deal-making, and entrepreneurial development in a way that cannot be as easily achieved when businesses are spread geographically throughout an increasingly traffic-clogged and sprawling metropolitan area. Los Angeles and Atlanta are perfect examples of that

(1) Dr. Garrett Harper and Chris Cotton: “Nashville Music Industry: Impact, Contribution, and Cluster Analysis,” for the Music City Music Council.

Private businesses have naturally agglomerated in geographically-concentrated districts from ancient civilizations through today because of self-interest. The reasons that local and state governments seek to strengthen and encourage the development of industry “districts” or “corridors,” as well as research and development (R&D) parks and similar models, is to encourage the personal networks, collaboration, creative idea sharing, and **commercialization** of those ideas that help make industries thrive, thereby maximizing investment, tax base, jobs, and economic spin-off.

Economic Clusters and Geographic Concentrations

So what is so special about “economic clusters?” An enormous amount of economic research over many years has shown that successful industries are more likely to grow in concentrated geographical areas that have large and small firms, support infrastructure, and specialized talent. Geographical concentrations in industry reduces the cost of doing business by providing access to target markets, goods, services, transportation, communication networks, contractors and suppliers, and “the rapid exchange of information and knowledge that is critical to the success and growth of industries.”

The various industry support services – training and education, business services, research and development activities, technology infrastructure, etc. – also benefit the industry. Geographic concentrations reinforce personal contacts and professional networks. The ability to have face-to-face communication is especially important in creative and collaborative industries. “Geographical concentrations also tend to intensify competition, motivating the participants to out-shine one another, thereby improving the quality of goods.” (20)

Agglomeration of businesses helps establish an identity for an industry and enhances the quality of the overall product. There are multiple examples in history, starting with the traditional marketplace where all of the rug sellers or iron workers clustered in one area so that the free flow of information was established between buyers, sellers and among competitors.

Interviews conducted for this study with dozens of actors in various components of Music Row industry – musicians and writers, producers, publishers, recording studios, labels, artist representatives and managers, performing rights organizations and others – generated output which strongly suggests a continued interest and dependence on the very networking, contracting, collaboration and R&D that proximity afforded by Music Row engenders.

An enormous amount of economic research over many years has shown that successful industries are more likely to grow in concentrated geographical areas that have large and small firms, support infrastructure, and specialized talent.

(2) Daniel E. Bender and Richard A. Greenwald, Editors: Sweatshop USA, the American Sweatshop in Historical and Global Perspective.

Like in the early days of Music Row, many industry leaders and participants still walk between offices and meet up for lunch, networking, contracting, or collaboration. When one company generates a “hit,” all of Music Row (including the competition) comes to celebrate together. Where companies or services have relocated out of Music Row, it has often resulted from real estate development pressures, external incentives, and attractive (“can’t refuse”) buy-out offers, a lack of available or affordable space in Music Row, consolidations in the industry, or the basic cost of doing business; not because of any particularly strong desire to leave Music Row itself.

The Drivers for Creating a District

As noted above, there are several issues that are driving music-related businesses to leave Music Row. The concept of a cultural industry district is established as a response to these issues, and to help Nashville better promote its brand through Music Row. Ultimately, Music Row to Nashville is in many ways equivalent to Broadway for New York theater or Hollywood for the film industry in Los Angeles. It is a creative industry cluster that is (potentially in Nashville) a very strong brand in and of itself for selling the product – music – that is produced there.

Development Pressures and Buy-Outs

Real estate development pressures driven by apparent demand (especially for rental apartments and hotel rooms) allow developers and investors to offer high prices for purchasing Music Row real estate. It is not unusual for a small Music Row property owner (or operator of a music-related business) to be offered 1000%, 4000% or more what they paid for a small house or other property as part of a broader redevelopment project. These kinds of returns cannot be matched for small businesses in the music industry.

Loss of Music Row Heritage

A net result of development pressures can be the loss of important Music Row heritage (such as what might have occurred to RCA Studio A) and/or the loss of music-based businesses that otherwise comprise this important economic cluster. Unchecked demolition has created gaping holes along entire blocks of Music Row and can reduce the competitiveness of Music Row for attracting and retaining the smaller businesses that thrive in small historic homes, and reduce the historic ambiance of those sections of Music Row that retain some sense of the early, heady years of the music industry.



Many music –related businesses operate out of historic homes. Photo by Rick Smith.

In interviews with representatives of today's Music Row industry, many expressed a desire to be "where it all happened" and a connection to the past in Music Row that they fear will be lost with wholesale demolition. It was recognized that Music Row has always seen demolition and redevelopment in its 60-year history, and that some of the newer buildings (though they housed important events in music history) were never built properly or efficiently as office, recording studio, or business operating spaces. That being said, there is a deep desire to retain as much of Music Row's unique heritage as possible while respecting individual business and private property decisions.

Displacement

The infiltration of non-music related uses can reduce the overall agglomeration effect within The Row. Rental apartments are increasingly replacing whole blocks of music-related businesses. That being said, new uses can be integrated in a strategic way if there is a broader consensus and creative approach to integrate uses. Strategic planning and oversight can ensure that new uses do not displace music-related businesses (and long-time residents) but rather support and integrate them.

Property Speculation

Property speculation is helping to drive up land values and make it harder for local or small investors and music-oriented businesses to purchase, lease, expand, preserve, and retain their holdings in Music Row.

Increasing Rents and Cost of Business

Increasing real estate-related and other business operating costs (e.g., real estate taxes, rents, etc) have forced or encouraged music-related businesses to consider other locations outside of Music Row. As in many parts of Nashville, landlords are finding it easier to charge higher lease rates, thereby reducing affordability and limiting opportunities for small businesses (and workforce residential tenants).

Lack of Available or Appropriate Space

Even where large or small companies want to remain, expand, or relocate to Music Row, there are real estate constraints. Some businesses operate out of historic homes or buildings that may require substantial renovation, upgrading or expansion to accommodate business needs but the businesses lack resources to finance such improvements. Sometimes, there is little available or appropriate space for businesses to expand, relocate, or consolidate in Music Row. Nashville has continued to prove itself an attractive location for music industry in part because of its relative affordability vis-à-vis New York or Los Angeles. Nashville has attracted the back office administrative functions of several large music organizations and entertainment companies, and there are opportunities to attract more if the right space is available in the right location at an affordable price.

Lack of Vision for Music Row as a Nashville Brand

In a letter to consultant Randall Gross in 1974, Metro Nashville Mayor Beverly Briley acknowledged that there is no plan for Music Row and that decisions were being made by individual businesses and investors. Certainly the private entrepreneurial spirit that made Music Row a prime location for the music industry must be respected. However, there is a broader public and private opportunity to maximize Music Row as an industry hub and economic generator by strengthening and popularizing its brand. Having a strategic vision and plan for how Music Row and its industry can develop and flourish while retaining its unique heritage are keys to its



future. Envisioning Music Row as more than a collection of office buildings or as one of Nashville's several office zones but as *the world's creative hub for music* is the real opportunity. Again, there is the opportunity for Music Row to become Nashville's Broadway or Hollywood, in terms of a globally-recognized brand.

Private Business Decisions and Property Rights

As noted above, Music Row became what it is not because of some government initiative or program, but because of the individual decisions of entrepreneurs in the music business who also happened to be savvy about real estate investment. In creating a special "district" around Music Row, the purpose is not to undermine that entrepreneurial spirit or private property rights but to enable, encourage, and enhance economic opportunities for the music industry and Nashville while retaining as much of the heritage in Music Row that made it all possible.

Antiquated Office Space and Physical Environment

Much of Music Row has developed into a format that replicates office parks, with single-use buildings. While in many ways, this format has helped the music industry retain its foothold in Music Row and avoid displacement by other commercial uses, the overall market dynamics for office tenants has changed rapidly during the past decade throughout the U.S. Where businesses are hiring young creative people and Millennials who prefer to work in an interesting and walkable urban environment, those businesses tend to increasingly locate in mixed-use districts that offer amenity value including restaurants, coffee shops, housing and a mix of creative uses. While on the surface it might seem that encouraging a mixed-use environment would escalate the conversion of music-related uses to others, this does not have to be the case if there is a strategic vision, master planning, and collaboration between property owners, businesses and investors in Music Row. Further, there is the need for upgrading antiquated office space and making Music Row's buildings more competitive for retaining and attracting music-related businesses while honoring the historic events and character of key spaces.

Purpose of Districts

A number of different kinds of special economic development districts have been created throughout the United States and worldwide over many years. Above and beyond zoning and land use decisions, many communities have determined a need to encourage the revitalization, retention, sustainability and/or growth of certain industries, commercial corridors, or business nodes. Nashville has several special districts, several relating to redevelopment using tax increment financing (TIF) and other tools to revitalize “blighted” areas. Nashville also has one private-sector oriented special district, the Downtown Business Improvement District (BID) which is a mechanism to provide marketing, cleaning, and security services for the benefit of downtown businesses and property owners. That service is funded primarily through a special levy self-imposed by downtown property owners, but not all districts require a special levy.

Many cities establish special district programs for commercial or business district revitalization. Since a significant share of local tax revenues are often generated by businesses within commercial corridors and districts, cities often establish public infrastructure and incentive programs to encourage business development and real estate prosperity in those districts. Sometimes, such districts have BIDs but often, there is direct public investment in infrastructure and incentives such as low-interest loans, façade improvement programs, marketing initiatives, and other programmatic interventions. The National Trust for Historic Preservation operates the Main Street Program, which also serves to revitalize downtowns and commercial districts through a targeted program approach.

Other cities and states employ the use of special economic zones and districts for specific industries, in order to build on existing strengths (such as Buffalo’s Medical Industry Corridor) or to encourage revitalization using community assets including arts and culture. States like Maryland and Massachusetts and cities like Denver, Dallas, and others have art & cultural district programs that provide a rash of incentives and assistance for artists and cultural venues as a basis for revitalization and economic development.

Cultural districts have the potential—due to their concentration of industry—to attract and nurture the creative workforce that Nashville and Tennessee needs to succeed in the emerging technology-driven economy.

Cultural districts (focused on cultural industries like music) have the potential – due to their concentration of industry – to attract and nurture the creative workforce that Nashville and Tennessee needs to succeed in the emerging technology-driven economy. The global knowledge economy depends on a workforce with skills capable of creative thinking in an innovative marketplace. Key components of the Music Row Cultural Industry District are outlined below.

Music Row Investment Trust

One of the key concepts for integration with the Music Row Cultural Industry District is the creation of a Music Row Investment Trust, which would have the ability to acquire property and provide financing for business expansion, building rehabilitation, and real estate development in support of the music industry and related support services. All property owners within the designated district can become participants, would help to elect a board of their peers, and would have authority to veto decisions made by the board. The Trust would operate with some similarities to a Business Improvement District (BID) or to Homeowners Associations (HOA), in that they are self-regulating entities empowered to assist their community and work for the common good of their respective stakeholders. The Nashville Downtown BID, for example is empowered by downtown property owners and businesses to support downtown economic success. Similarly, HOAs across the nation work to protect the real estate value, social goods and amenities of their respective communities.

The Music Row Investment Trust would have the ability to acquire property and provide financing for business expansion, building rehabilitation and real estate development in support of the music industry and related support services.

The Music Row Investment Trust would be empowered to work in the best interests of music-related and support businesses, associations, institutions, and property owners. Part of this mission would be to ensure that the Music Row brand is protected and promoted on a local, national and global basis. The brand includes the various music products produced on Music Row as well as the cultural heritage of Music Row as a unique place of universal value.

Loan Guarantee (“Letter of Credit”) Program

Overlaid onto the concept of a Music Row Investment Trust would be a Metro Government loan guarantee program, which would provide guarantees (or, as bankers would prefer, a “Letter of Credit”) for financing sought by the Music Row Trust and other special districts in the city. The concept is to provide a benefit to music-related businesses and associated activities in Music Row in the form of reduced cost-of-money for financing acquisition, rehabilitation, preservation and other functions of the trust. A Letter of Credit from Metro Government (without going through major regulatory “hoops”) can help mitigate risks for lending within this special district, thereby reducing underwriting costs to lenders which can be passed on to investors like the Trust. Lower underwriting costs can help banks discount interest rates by 1.0 to 3.0%. The discounted lending rates offered by a loan pool of private banks, backed through a letter of credit from Metro Government, can help smaller music businesses and property owners in Music Row gain access to financing for rehabilitation, preservation, expansion, acquisition and other activities. The caveat for access to the discounted rates would, by necessity, require that the purpose meet certain standards and requirements approved by the Music Row Investment Trust and Metro Government. Ultimately, such access should help make preservation as well as retention and expansion of music businesses, more financially feasible in Music Row.

Broad-Based Strategic Planning and Interventions

The Music Row Cultural Industry District through the Music Row Investment Trust would have responsibility for broad-based strategic planning and for certain interventions as appropriate to assist music-related and associated support businesses and property owners in Music Row.

Strategic Planning.

While Metro Government has primary responsibility for physical planning and zoning within this special district, the Music Row Investment Trust can take a lead in concert with the Music Row Neighborhood Association, Nashville Music Industry Coalition and the Mayor's Office of Economic and Community Development, in developing a Strategic Plan for Music Row. The Strategic Plan would address key issues relating to retention and development of the music industry and associated support businesses in Music Row, creation of key amenities that help support business development, and property investment, preservation and development that is sensitive to the district's unique heritage as a hub for the music industry.

The trust would also have responsibility for assisting trust members, music-related businesses and property owners with the following interventions:

- Property acquisition and investment. In addition to providing a "counter offer" for development of sensitive or historic sites, the Trust would also look at strategic acquisition for investment purposes and for generating income to the trust for other activities including financing.
- Enhancing affordability through rental discounts to music-related businesses. The trust, by acquiring or collaborating with owners of strategic properties, might consider providing spaces at reduced or even market-rate rents for music-related activities that might not otherwise remain on or relocate to Music Row.
- Music Business-Related Financing. The trust could provide rehabilitation loans at discounted rates to music-related businesses and property owners for building rehabilitation, restoration, preservation, and expansion. Many buildings in Music Row are in need to upgrading and rehabilitation in order to remain competitive for music-related and other uses. The trust could leverage financing to assist businesses and property owners in rehabilitating and otherwise upgrading their facilities.
- Music-Related Development Leveraging. The trust could also assist property owners and music-related businesses with projects and programs that would act to strengthen Music Row as a global hub for the music industry, such as development of new recording facilities, film & TV scoring facilities, training or educational facilities, affordable artist housing, and other uses.

- Technology Development and Collaboration. The trust could help provide financial support to efforts in the district focused on the development of new technologies and technology collaborations between the music industry and technology companies, local universities, and other key stakeholders. Ultimately, there are opportunities to strengthen Music Row as an incubator or R&D base for tech innovation relating to music content and distribution.
- Fundraising and Grants (for Strengthening Amenity Value). Where members of the investment trust agree that there is a need for enhancing the amenity value of the district, such as through physical improvements or by creating public art, affordable housing for musicians, etc, then the trust could seek grants, or conduct fundraising efforts on behalf of the Music Row community.
- Marketing and Branding. The trust would work with the Music Council and others on marketing and branding Music Row and Nashville as the hub for the music industry through marketing and branding campaigns that establish Music Row's identity (for music) in Nashville as equivalent to Broadway (for theater) in New York and Hollywood (for film) in Los Angeles. Wholly-owned, broad-based Music Row-oriented merchandising strategies can be developed that seek to increase revenue streams for publishing companies, songwriters and others above and beyond the existing artist-specific and other merchandising that already occurs for companies in Music Row. Working on tourism strategies, as outlined elsewhere in this report, could also be coordinated through the trust.
- Master Planning. There are opportunities for collaboration between property owners and businesses through the Investment Trust to develop a physical master plan vision for the preservation and development of the Music Row district. Such a master plan does not have to be approved by the Metro Planning Commission, with many master plans completed by private property owners and developers for sites that already have zoning to support by-right development. Nor do master plans require much new development, with many focused on rehabilitation, restoration, expansion, preservation and infill development of key sites. A master plan can nevertheless provide a visual image of how the stakeholders on Music Row would like for it to be preserved and developed, and would provide a blueprint or roadmap for the future of Music Row.
- Special Events. Music Row is unique in that a hit song will garner support from the entire music community, even among competitors. Celebrations are held on Music Row when a hit is achieved and it is perceived that everyone benefits. Nashville already hosts Tin Pan South, CMA and other massive and important music events. But there are opportunities for further event development specific to Music Row that might benefit songwriters and others who represent the "bread and butter" of Nashville's Music Row community. A Music Row Open House event is discussed in the tourism section of this report.

In addition to the Music Row Investment Trust, there is a host of fiscal and other incentives as well as economic development strategies that are recommended as part of the district's "tool box." These incentives and strategies are explored in greater detail in the sections that follow.

Section 2

Preserving Music Row's Historic Built Environment and Unique Character



Decca Records, Opened 1962 on 16th Ave. S..

Introduction

“The completely unique role of Music Row as the core geographic locale in Nashville where the modern music industry was born suggests significant attention. Few cultural districts have so significantly developed in a unique geographic zone and so vitally shaped a worldwide trend.” (3) This statement in a study of Nashville’s music industry by the Music City Council for the Nashville Chamber of Commerce reflects the importance of both the music that came from this location *and* the location itself.

This understanding is further emphasized in the key points which emerged from the National Trust’s research phase (outlined in the introduction of this report) including the statement that *Music Row’s built environment – its neighborhood or campus-like landscape - is crucial to its culture*. The human-scale of buildings, whether in converted houses or purpose-built music offices and studios, and their proximity within a few streets, promotes a creative and collaborative environment for the music industry to thrive.

Sixty years before the “creative class” was defined and options such as “facility-centric” and “people-oriented” were characterized, Nashville’s music industry leaders intuitively knew that proximity – both of facilities and of people – promotes creativity.

As noted in “How the Arts and Culture Sector Catalyzes Economic Vitality,” a report by the American Planning Association” “Terms such as ‘creative economy,’ ‘creative class,’ and ‘cultural economy’ are becoming common among urban planners, arts administrators, economic developers, and business and municipal leaders.” (4) The report goes on to describe “facility-centric” and “people-oriented” options: “Economic development approaches that integrate arts and culture are usually combinations of facility-centric, people-oriented and program-based approaches.”



Bradleys’ Film and Recording Studio, late 1950s, 16th Ave. S. Photo by Harold Bradley.

Despite the recent emergence of these terms, 60 years before the “creative class” was defined and options such as “facility-centric” and “people-oriented” were characterized, Nashville’s music industry leaders intuitively knew that proximity – both of facilities and of people – promotes creativity.

This intuitive understanding fostered the growth of Music Row, starting with one music studio opened by Owen and Harold Bradley in a converted house in 1954, and expanding with hundreds of other music businesses into the surrounding houses and purpose-built studios and offices over the last 60 years.

(3) Dr. Garrett Harper and Chris Cotton: “Nashville Music Industry: Impact, Contribution, and Cluster Analysis,” for the Music City Music Council.

(4) “How the Arts and Culture Sector Catalyzes Economic Vitality,” American Planning Association, 2011

As noted in the National Register of Historic Places nomination:

Music Row would become a unique cultural center that at various times attracted the attention of Nashville’s elected officials, city leaders, and planners. The intersection of city government planning, local politics, and Music Row as a business district resulted in periodic planning phases which reflected the planning ethos of the country at large at the time and had a direct impact on the area as a business and cultural district. Like so many urban neighborhoods around the country, the evolution of Nashville’s Music Row was often a controversial tug-of-war between various factions attempting to influence the outcome. (5)

Stakeholders Voice Support for Saving Music Row

In recent years, in addition being a focal point for local government and music businesses, Music Row has attracted the attention of developers in Nashville and around the country and has become a preferred location for new construction of high-rise apartments and condominiums, hotels and offices resulting in the demolition of numerous historic music-related buildings, including recording studios, publishing houses, songwriters’ housing, and other music industry support businesses.

The furor surrounding the planned demolition of RCA Studio A – and its subsequent rescue – has rallied local, state, and national support for planning and visioning for a sustainable future for Music Row that retains the character of the neighborhood. The decision by the Metro Planning Commission in February 2015 to halt approvals for rezoning in order to develop a new Music Row plan has afforded the time needed to research and document Music Row’s history, the engage the public in a planning and visioning process and to identify strategies that can aid in preserving historic resources and the culture of the music industry.



Comments shared by respondents to a series of surveys issued by the Metro Planning Department confirm the desire of stakeholders to preserve Music Row’s built environment. Top responses to survey questions about a desired future for Music Row were:

(5) “Historic Music Industry Resources, Nashville, Davidson County, Tennessee: Historic Resources on Music Row, 1895-1989,” National Register of Historic Places, Multiple Property Documentation Form, Nomination prepared by National Trust for Historic Preservation, 2016.

- Maintain neighborhood character
- Encourage rehab/renovation of existing buildings
- Provide incentives for preservation
- Provide incentives for music businesses
- Preserve old homes and studios
- Find ways to better utilize existing buildings
- Preserve music businesses

Examples of stakeholder statements elaborating on these responses include:

- “I think we already have a strong identity (it's in the music, in the songs, in the creators, in the buildings, in the history), but I'm not sure our voice is loud enough to defend it. People with dollar signs in their eyes who are unfamiliar with the Music Row identity have no problem coming in and bulldozing it. I'm not sure how to make something important to a stranger. But I think the community meetings and the recent work by the National Trust (and surveys like this) are great starting points for giving a voice to the needs of this community.”
- “...the buildings and structures should be cherished and preserved, not bulldozed to the highest bidder or by an overnight unpermitted developer.”
- “The (National Trust’s National Treasure) designation is an excellent start, and it means something very dear to my own heart. However, I'm not sure what it will mean (if anything) to the developers who are actively stripping this town of its identity. I feel protective of this sweet community, and every time I see another crane towering over midtown, I feel the palpable threat of developers' fascination with all things new and shiny and I worry what structures (and the stories within their walls) will be bulldozed (and forgotten) next.
- “...keep music companies on Music Row. Invest in the buildings that have been there for decades, provide discounts or benefits to companies in the biz wanting to put their company on Music Row.”

Music Row Research and Documentation

In order to plan for Music Row's future, it was determined that the first step was to research and document its past. The National Trust for Historic Preservation and consultant New South Associates prepared a National Register of Historic Places Multiple Property Documentation Form which will recognize the historic importance of Music Row through the U.S. Department of Interior/National Park Service.

Research revealed the majority of Nashville's extant music industry resources are located on Music Row. In addition to documenting the history of Music Row in a narrative, an inventory of 389 properties found the following:

- Extant properties – 314
- Demolished properties – 75
- National Register listed – 3
- National Register eligible – 63
- Worthy of Conservation – 180

Nine categories of property types were identified:*

1. Music Recording Studios
2. Radio Broadcast Studios
3. Music Union Halls & Professional Associations
4. Music Performance Venues & Gathering Places
5. Music Industry Housing
6. Music Professional & Media Services
7. Music Publishing Houses
8. Music Multi-Purpose Facilities
9. Neighborhood Landmarks

(* A complete listing of all properties listed under each property type is found at [Music Row National Register Nomination](#))

The Need for Preservation Strategies for Music Row

There is no doubt that Nashville is changing – and Music Row is changing too. Nashville has reached a crossroads as a city, suddenly thinking about what is valued, what should be preserved and how to make that happen. Music Row is a story that easily resonates with people across the country because they know the singers and the songs that were recorded here. It is “their” music, which means people outside of Nashville also have an interest in the decisions that will affect the future of Music Row.

One question that has been discussed repeatedly is *what are we saving?*

- Is it a building that may or may not be architecturally important?
- Is it the stories of events that happened in a particular building in the past?
- Or is it the story that continues today – one of creativity and talent that continues to shape our culture locally and nationally?

This report answers the question *what are we saving* with the response *all of the above* because they are all part of what makes Music Row unique. Additionally, the goal is not just to save these elements, but to make them part of a vibrant future for Music Row. An essential part of addressing all of the elements is to consider the built environment – the buildings and structures where important events have occurred and the places where the atmosphere of creativity has been nurtured.

Guidelines for Considering Preservation Tools

This section offers a variety of preservation tools which are recommended for use on Music Row.

Guidelines to aid in considering these tools are:

- Preservation tools that are adopted are intended to be used as part of the Music Row Cultural Industry District in coordination with the Music Row Investment Trust.
- Suggested preservation tools include those that are currently available and those that need to be considered, adopted, approved and in some cases funded before they can be implemented.
- Not every preservation tool is applicable to every building on Music Row. Property owners and investors can consider these tools as options and identify those that are most helpful to a particular building or project.
- None of these preservation tools imposes regulations or restrictions on properties. The exception is the existing South Music Row Conservation Overlay, which was implemented on a portion of Music Row in 1997.
- These tools can be used in conjunction with other economic development strategies described in other sections of this report.

Americans are aware of the value inherent in many older structures: not that they are old, but that they contain so much of ourselves. This awareness of human values, whether conscious or hidden behind the expression of other motivations, plays a real part in the growing movement for preservation of older structures.

Report to the U.S. Conference of Mayors, 1966

Suggested preservation tools include those that are currently available and those that need to be considered, adopted, approved and in some cases funded before they can be implemented.

Music Row Historic and Cultural Preservation Fund

While many financial resources exist for large businesses and housing developments locating in Nashville and constructing large buildings, there are few resources at the local or state level specifically designed to assist smaller cultural businesses operating in historic buildings. The current lack of resources necessitates the creation of new strategies and funding to address the desire of the community and stakeholders to ensure Music Row’s future while preserving its character and honoring its past.

The New Vision for Music Row recommends the establishment of a public-private partnership called the **Music Row Historic and Cultural Preservation Fund**. Elements of this proposed fund include:

The current lack of resources necessitates the creation of new strategies and funding to address the desire of the community and stakeholders to ensure Music Row’s future while preserving its character and honoring its past.

- **Music Row Investment Trust** – The fund is intended to operate as part of the responsibilities of the Music Row Investment Trust discussed in Section 1 of this report.
- **Public Support** – This report recommends that Metro Government take a leadership role in supporting the preservation programs outlined by providing funding in the form of grants, capital expenditures, or seed money to launch the fund. Metro already has several programs with dedicated funding for various purposes; therefore this recommendation has precedent in Metro Government. An example is the Blighted Property Grant Program which is administered through Metro’s Economic and Community Development Department. An allocation of \$1 million was placed in the fund to provide grants for rehabilitation of blighted properties and to stimulate full-time job creation in redevelopment districts.
- **Grow the fund with revenues from other public and private sources** – Once the fund is established, additional funds can be obtained from other sources such as Tennessee Historical Commission grants, state appropriations, corporate sponsorships, private foundation grants, donations, and revenue-generating activities.
- **Establish guidelines for fund distribution** – Each program outlined in the following section will have detailed guidelines for application, review and award of funds. The availability of grants or loans will be dependent on the amount of available funds each year.

Following are recommended programs which could operate through the **Music Row Historic and Cultural Preservation Fund**. Additional programs may be created as other needs are determined and as funds allow.

Demonstration Historic Preservation Projects

Funding selected rehabilitation projects, especially in the first few years of the fund's existence, is an effective way to support needed stabilization, preservation, restoration or reconstruction work on selected historic properties. In addition to supporting work on a specific property, demonstration projects will make a visible statement of support for preserving Music Row's built environment. Guidelines would be developed for applicants to request funding support and could include requirements such as:

- Properties should be included in the Music Row Historic Resource Inventory as National Register-listed, National Register-eligible or Worthy of Conservation.
- Applicants should execute a preservation easement through Historic Nashville, Inc.
- Projects should meet the Secretary of Interior's Standards for Treatment of Historic Properties.
- Projects could address both exterior and interior work on the building.
- Projects should demonstrate the overall preservation and sustainability goals for Nashville's Music Row.
- Project should provide maximum leverage of the Preservation Fund grant with private funds.

Case Study:
Historic Preservation Demonstration Project Program
City of Phoenix, Arizona

[Phoenix Historic Preservation Demonstration Project Program](#)

Phoenix's Demonstration Project Program encourages rehabilitation and reuse of significant historic commercial, multi-family or institutional buildings. The program pays up to 50 percent of eligible rehabilitation costs. Awards are made based on the extent to which the project meets the selection criteria, the extent of the project's needs and the availability of funds.

Projects are required to meet the city's historic preservation guidelines and the Secretary of Interior's Standards for Treatment of Historic Properties. Applicants are required to execute a conservation easement based on the city's funding. The program's primary focus is to assist projects that substantially rehabilitate the exteriors of significant historic buildings. Interior work can also be funded including architectural and engineering costs.

The program is funded through the Phoenix Historic Preservation Bond Fund. First approved by voters in 1989, the fund generated \$10 million for preservation projects. In 2001, voters approved another \$14.2 million in bonds to fund the historic preservation program, and in 2006, voters authorized the fund for a third time in the amount of \$13.1 million.

National Register of Historic Places Nominations

The inventory of historic resources created as part of the National Register of Historic Places Multiple Property Documentation Form (MPDF) identified 63 properties within the Music Row geographic boundaries that are potentially eligible for individual listing on the National Register of Historic Places.

The Music Row National Register MPDF will serve as a cover document to provide the historical context for individual nominations to the National Register. National Register nominations would be prepared by a historian or preservationist with experience in the nomination process. Preparation costs can range from \$5,000 to \$7,500 depending on the complexity of the nomination.

Grant funds for nominations are available through the Tennessee Historical Commission. These grants cover 60 percent of the cost and require the applicant to match the remaining 40 percent. To encourage property owners to nominate their historic buildings to the National Register of Historic Places, the Music Row Historic Preservation Fund should set aside funds each year to provide a portion of the cost for a selected number of properties.



National Register of Historic Places

The National Register of Historic Places is the official federal list of districts, sites, buildings, structures, and objects significant in American history.

Currently there are **more than 4,000 entries from Nashville** listed individually or as part of a district.

The National Register is an **honorary list** of the nation's historic places and provides formal recognition of a property's significance based on national standards.

Benefits of listing include federal tax credits for rehabilitation of properties for commercial use and review of federally funded projects that could negatively impact the historic resource.

Listing a property on the National Register places no obligations on private property owners. There are no restrictions on the use, treatment, transfer, or disposition of private property. Listing does not lead to public acquisition or require public access. A property will not be listed if, for individual properties, the owner objects, or for districts, a majority of property owners object. National Register listing does not invoke local historic district zoning or local landmark designation.

Three properties on Music Row are currently listed on the National Register:

- Top — RCA Studio A
- Lower left— RCA Studio B
- Lower right— Little Sisters of the Poor (Sony/Vanderbilt).

Preservation Easements

Research conducted for the preparation of a National Register of Historic Places Multiple Property Documentation Form nomination found 63 properties on Music Row that are considered eligible for individual listing on the National Register. Additionally, three properties are already listed on the National Register. Owners of these 66 properties may take advantage of federal tax benefits through voluntary donation of a preservation easement of their property.

A preservation easement is a voluntary legal agreement that protects a significant historic or cultural resource. An easement is an important historic preservation tool for several reasons:

- It allows an individual to retain private ownership of the historic property and obtain potential tax benefits.
- It binds not only the current owner but all future owners to ensure the property will continue to be maintained and preserved.
- It is tailored to meet the needs of the property owner and the individual historic resource.

Once recorded the preservation easement becomes part of the property's chain of title and "runs with the land" in perpetuity for all future owners. Under the terms of a preservation easement, any exterior façade modification or renovation must meet accepted historic preservation standards.

The value of the preservation easement is based on the difference between the appraised fair market value of the property prior to conveying the easement and its value with the preservation easement restrictions in place. Federal estate taxes for property heirs may also be reduced.

The benefit to the property owner is the ability to claim a federal income tax charitable deduction of up to 30 percent of the taxpayer's adjusted gross income in the tax year of the donation. Any unused deduction may be carried forward for up to five years.

Historic Nashville, Inc. Preservation Easement Program

HNI's easement program was the first established in the state of Tennessee in 1982. The program currently includes 17 properties valued at over \$50 million. Some of the properties include:

- Hermitage Hotel** – 6th Ave. N.
- Elliott School** – 6th Ave. N.
- Southern Turf building** – 4th Ave. N.
- Gladstone Apartments** – West End Ave.
- Tuck Hinton Architects** – 5th Ave. N.
- Cornerstone Square** – Church Street

In Nashville, the city's nonprofit preservation organization, Historic Nashville, Inc., operates a preservation easement program. Historic Nashville's attorney works with property owners to facilitate assessment of the property's value and to prepare and submit the necessary legal documents. Depending on the complexity of the easement, costs can range from \$2,500 to \$5,000. To encourage property owners the Music Row Historic Preservation Fund should set aside funds each year to provide grants for this purpose for a selected number of properties.

Cultural Legacy Music Row Business Fund

Creation of a Music Row Historic Resource Inventory included more than 200 music-related businesses currently operating on Music Row. Although in recent years some music businesses have located in other parts of Nashville, such as Berry Hill or nearby Franklin, this concentration of music businesses means that Music Row is still the uncontested center of Nashville's music industry. Many of these businesses have been on Music Row for decades, continuing the area's legacy, while others have arrived more recently with the desire to be a part of this established music community.

For many music businesses, staying on Music Row has become a challenge as rents, property taxes and operating expenses continue to increase. Addressing this challenge – keeping the music on Music Row - requires not only creating incentives for the buildings on Music Row, but for the businesses themselves.

Creating a Cultural Legacy Music Row Business Fund will encourage qualified "legacy" music businesses to stay on Music Row by providing direct funding to selected businesses. Initial funding from Metro Government as part of the Music Row Historic and Cultural Preservation Fund can create a foundation for this program with additional financial support coming from other revenue sources as the Music Row Historic and Cultural Preservation Fund grows over the years.

A committee with representatives from the public and private sectors would create program guidelines. Considerations would include:

- Total number of businesses that could receive funding each year based on available funds.
- Required age of the music business and length of time on Music Row.
- Grant categories such as maximum number of employees, square-footage space occupied by the business, landlord allocation, business owner allocation, length of lease.
- Grant categories for types of music businesses and determination of any priorities for assistance (such as impact of Music Row history).
- Grant amounts in designated categories.
- Nomination, review and approval process.
- Reporting requirements.

Case Study
Legacy Business Historic Preservation Fund
San Francisco, California
<http://legacybusinesssf.com/>

In the fall of 2015, with advocacy from San Francisco Heritage, the city's nonprofit preservation organization, San Francisco became the first city in the nation to create a \$3 million annual fund designed to assist independent and historic small businesses (restaurants, bars, retail stores, galleries and nonprofits). The program responded to an alarming loss of these businesses – increasing from 500 in 1992 to 4,000 in 2014 as commercial rental rates soared by 256 percent.

A ballot (Proposition J) was passed to create the fund which has the following guidelines.

- A Legacy Business Registry will be created. Legacy businesses must be 30 years old or older and have contributed to their neighborhood's history. They must agree to maintain their name, identity and craft.
- The program is open to 300 businesses each year.
- Legacy businesses receive city grants of \$500 per full-time employee per year with a maximum of 100 employees. Grants are capped at \$50,000 per year.
- Landlords who extend business leases for at least 10 years receive \$4.50 per square foot of space leased per year. The landlord grant is capped at \$22,500 annually.
- To qualify, a business must be nominated by the mayor or a member of the Board of Supervisors and approved by the Small Business Commission.

Tax Benefits for Preservation Actions

PILOT (Payment in Lieu of Taxes)

Payment of property taxes, city and state taxes add additional costs for business owners, in some cases making it difficult for businesses to remain on Music Row. Offering tax benefits for preservation actions can provide a two-fold benefit:

- Mitigating certain taxes can make it more feasible for businesses to continue to operate on Music Row, and
- Offering tax benefits for preservation actions provides incentives to preserve both the historic built environment and the culture of the music business on Music Row.

A PILOT program (Payment in Lieu of Taxes) could be used to encourage preservation-related actions including the following (See “Section 1” section for more information on PILOT.):

- **National Register of Historic Places nomination** – As previously explained, the Music Row inventory identifies 63 properties which may be eligible for individual listing on the National Register.
- **Local Historic Landmark nomination** – The Metro Historic Zoning Commission oversees the city’s Local Historic Landmark program. Landmark designation creates a historic zoning overlay on an individual property or “campus” of special significance to Nashville’s history. Changes to the property’s exterior must be approved by the Metro Historic Zoning Commission and must follow preservation guidelines. Currently most Local Landmarks are properties owned by Metro or the State of Tennessee.
- **Preservation easement** – As previously explained, preservation easements are a useful tool to ensure that a building will be maintained in perpetuity.
- **Rehabilitation** – Rehabilitation of a historic property may increase its value and correspond to higher property taxes. Those properties which are rehabilitated following preservation guidelines could be considered for a PILOT.

Federal Historic Preservation Tax Credits

The Federal Historic Preservation Tax Incentives program encourages private sector investment in the rehabilitation and re-use of historic buildings. It is one of the nation's most successful and cost-effective community revitalization programs. The program has leveraged over \$78 billion in private investment to preserve 41,250 historic properties since 1976. The National Park Service and the Internal Revenue Service administer the program in partnership with State Historic Preservation Offices. The Tennessee Historical Commission is Tennessee’s State Historic Preservation Office. ([THC Federal Tax Credit Program](#)) The two categories of tax credits are:

- **20% Tax Credit** - A 20% federal income tax credit is available for the rehabilitation of historic, income-producing buildings that are determined by the Secretary of the Interior, through the National Park Service, to be “certified historic structures.” The State Historic Preservation Offices and the National Park Service review the rehabilitation work to ensure that it complies with the Secretary’s Standards for Rehabilitation. The Internal Revenue Service defines qualified rehabilitation expenses on which the credit may be taken. Owner-occupied residential properties do not qualify for the federal rehabilitation tax credit.
- **10% Tax Credit** —The 10% tax credit is available for the rehabilitation of non-historic buildings placed in service before 1936. The building must be rehabilitated for non-residential use. In order to qualify for the tax credit, the rehabilitation must meet three criteria: at least 50% of the existing external walls must remain in place as external walls, at least 75% of the existing external walls must remain in place as either external or internal walls and at least 75% of the internal structural framework must remain in place. There is no formal review process for rehabilitations of non-historic buildings.

Preservation Resources

There are many resources available to assist property owners and investors to preserve historic buildings on Music Row. Assistance can range from providing guidance on tax credits or other financial opportunities, technical assistance on building rehabilitation, providing information about a building’s history and other services. As the recently-formed Music Row Neighborhood Association continues to grow, making information on these resources available will be an important role for the organization. Following are preservation organizations and agencies and a brief summary of assistance they can provide:

- **Metro Historical Commission (MHC)** - The [Metropolitan Historical Commission](#) is a Metro government historic preservation agency that employs an Executive Director and nine professional staff members. MHC works to document history, save and reuse buildings, and make the public more aware of the necessity and advantages of preservation in Nashville and Davidson County, Tennessee. The commission board consists of fifteen citizens appointed by the mayor. MHC operates a historical marker program and recently placed a marker at Owen Bradley Park commemorating the development of Music Row. MHC can provide technical assistance to research a building’s history or to assess National Register eligibility. The [Metro Historical Commission Foundation](#) (MHCF) supports the mission of MHC. The foundation hosts an annual Preservation Awards Program and the Metro Historical Zoning Commission holds an Old House Fair each year. The foundation provided financial support for preparation of the Music Row National Register of Historic Places Multiple Property Documentation Form nomination. Additionally, the [Metropolitan Historic Zoning Commission](#) reviews applications to create new historic overlay districts and reviews and approves preservation permits in historic and conservation districts or for Local Landmarks for new construction, alterations, additions, repair and demolition. MHZC oversees the South Music Row Conservation District which includes approximately 70 properties.

- **Historic Nashville, Inc. (HNI)** - [Historic Nashville Inc.](#) is the city's nonprofit preservation organization. The membership organization's mission is to promote and preserve the historic places that make Nashville unique through advocacy, education and action. HNI operates a preservation easement program that currently has 17 properties valued at over \$50 million. Historic Nashville has been designated an official Local Partner in the National Trust for Historic Preservation's Local Partner Program. In 2014-2015, HNI partnered with the National Trust, Metro Historical Commission, Tennessee Preservation Trust and other local partners to advocate for saving Nashville's famed Music Row in recognition of the neighborhood's 60-year history as the centerpiece for production of much of America (and the world's) music. HNI placed Music Row on its annual "Nashville Nine Most Endangered Sites" list in 2015.
- **Tennessee Historical Commission (THC)** – The [Tennessee Historical Commission](#) is the designated State Historic Preservation office for Tennessee. THC manages a variety of state and federal programs including overseeing nominations to the National Register of Historic Places, awarding of grants for historic preservation projects, managing the state's investment tax credit program for rehabilitation of historic properties and assisting local governments in establishing preservation programs. THC staff provided expert guidance in the preparation of Music Row's National Register of Historic Places Multiple Property Documentation Form nomination and recommending the nomination for approval by the THC State Review Board.
- **Tennessee Preservation Trust (TPT)** – The [Tennessee Preservation Trust](#) is the state's nonprofit preservation organization and is a statewide partner of the National Trust for Historic Preservation. TPT focuses on advocacy and education through its programs including a statewide conference, a preservation easement program, preservation-focused training for realtors, an annual "10 in Tenn" most endangered properties announcement and other activities. TPT provided financial support for preparation of the Music Row National Register of Historic Places Multiple Property Documentation Form nomination.
- **National Trust for Historic Preservation (NTHP)** – The [National Trust for Historic Preservation](#) is a nonprofit membership organization that works to protect significant places representing our nation's diverse cultural experience by taking direct action and inspiring broad public support. In 2015, the NTHP designated Music Row as a National Treasure and is currently providing staff and resources to work with local partners to develop a sustainable plan to ensure Music Row's future. [Music Row National Treasure](#)

Section 3

Incentive Package



Music Row, 2015. Photo by Rick Smith

Introduction

Integrated with the Music Row Cultural Industry District concept would be a “package” of incentives to encourage retention, growth and development of Nashville’s music industry in Music Row. “Incentives” includes not only fiscal mechanisms but also financial, regulatory, economic and other business development tools. Some of these incentives already exist, so there is no sense in reinventing the wheel but in marketing and packaging existing programs and incentives in a way that maximizes exposure and opportunities for the district. In addition to existing programs, there are other programs and incentives proposed that could function within this district as well as in other parts or districts in Nashville or Tennessee.

Integrated with the Music Row Cultural Industry District concept would be a “package” of incentives to encourage retention, growth and development of Nashville’s music industry in Music Row.

PILOTs and Tax Relief

While the Tennessee State Constitution (Article II, Section 28) prevents local governments from directly abating property taxes, State law does allow for the use of payment in-lieu of tax (“PILOT”) programs as a tool for reducing the tax burden on property owners and encouraging business and industrial development.

According to Metro Government, “Projects involving a large capital investment and large numbers of new jobs may qualify for a property tax freeze or reduction (property in lieu of tax agreement). These requests are considered on a case-by-case basis and are based on an analysis of job creation, economic impact, capital investment and wage rates. Metro Council and the Industrial Development Board has approved 14 PILOTs since 2011 including AIG, American Standard, AmSurg, Asurion, and Bridgestone.”

Small Business Development in Designated Districts

It is unlikely under existing Metro policy that PILOT programs might be used for small businesses, or for investments and development that do not match the scale of a Bridgestone headquarters project. It would seem that Metro Nashville and the State of Tennessee lack comparable property tax-related programs to assist small businesses, including those that are in jeopardy of losing their space due to a substantial increase in assessed value and the resulting property tax burden. Metro does however offer a small business grant program (see below).

It is recommended that Metro Government consider use of PILOT for small business retention and development, specifically within a special district such as the Music Row Cultural Industry District. By focusing PILOT in a district, Metro can take advantage of the agglomeration effect of concentrated small businesses, which may equal or exceed the economic impacts of leveraging a single large business or real estate investment.

Preservation and Rehabilitation to Enhance Business Development

Metro Government should also consider use of PILOT for preservation and rehabilitation purposes, especially where such use will encourage economic development. The use of PILOT may be particularly useful in Music Row for the purpose of building rehabilitation, where music businesses want to preserve but also *need* to enhance, expand or otherwise improve their existing building stock to increase operating efficiencies. Rehabilitation is likely to result in an increase in value and a corresponding increase in property tax burden that could be relieved through the use of a PILOT program. Steps to enact a PILOT program would require securing support from Metro Council and the Mayor's Office and determining the percentage of property taxes eligible (with a sunset provision based on preservation related actions (e.g., National Register nomination, etc.) as outlined in the Section 2 of this report.

Assessment Freezes and Rollbacks

Metro Government last reassessed property at the nadir of the Great Recession and Great Flood in 2010. Clearly, property values were comparatively low and as such, assessed values and tax bills were also relatively low. With a rapid escalation in property values as Nashville emerged from the recession with substantial job growth and development pressure, tax bills in some parts of the county are likely to increase significantly after the current reassessment. Metro Government will, by law, adjust the property tax rate upwards or downwards to account for a change in overall value. Where there has been an increase in value above the county-wide average (such as is probable in Midtown and Music Row), then it is likely that property taxes will increase. It is recommended that Metro examine opportunities to freeze tax increases in parts of the city or among properties that are most adversely impacted (such as in low-income neighborhoods, among senior citizens, and in areas like Music Row that are of unique economic importance to the city's health).

Tennessee's Greenbelt Law (Agricultural, Forest and Open Space Land Act) allows for land to be taxed according to its current use (e.g., farmland) rather than what the land may be worth on the open market (fair market value). There may be opportunities to work with the State to extend the Greenbelt Law for preservation of existing buildings and properties in special districts like the Music Row Cultural Industry District.

Local Sales Tax Exemption

It is also recommended that Metro Government consider options for using the local option sales tax to create a direct financial incentive for eligible music businesses, and to encourage stewardship of historic buildings and support growth of the music industry in Music Row. Ultimately, such incentives could be extended to other special districts created throughout the city for the purposes of business and economic development as well as for historic preservation.

Preservation.

One concept for this sales tax waiver (exemption) or credit program focuses on preservation of properties listed on (or eligible for) the National Register, those that are Local Landmarks (or Worthy of Conservation), or those that have a preservation easement. When following guidelines for exterior rehabilitation, property owners would receive a waiver or credit for a specified percentage of Local Option Sales Tax paid on construction materials used for said rehabilitation.

**Case Study
City Sales Tax Waiver
Boulder, Colorado**

As one of 14 different incentives for landmarked buildings and properties in designated historic districts, the City of Boulder, Colorado provides a city sales tax waiver on construction materials when applying for a building permit if at least 30% of the value of the materials will be used for the building’s exterior. Sales tax waiver applications are submitted with the building permit application.

Music Business and Economic Development

Another aspect of this sales tax waiver program could apply to purchases made by any music-related business within the Music Row Cultural Industry District for the purposes of enhancing or growing their business, such as for equipment, interior renovation (that meets guidelines for rehabilitation), technology infrastructure, and related business investments. Again, such incentive programs could be extended to other special business districts created in the city. A tax exemption program of this type in some ways mirrors a similar tax credit (1% to 5%) program instituted by the State (see below) for purchase of large machinery and equipment with a certain investment value.



Maintaining up-to-date equipment is a major expense for Music Row’s recording studios. Photo by Rick Smith.

Preservation Incentives

An in-depth discussion of preservation incentives and strategies is found in the Section 2 of this report.

Grant Programs

The Music Row Cultural Industry District and its investment trust could seek grants for various types of programs and special projects such as through the National Endowment for the Arts (NEA's) OurTown grants or ArtPlace Grants generated through private foundations. There are also existing grant programs that could be "packaged" into the district for marketing and business recruitment and development purposes.

- **NEA Our Town Grant Program.** This federal program supports "creative placemaking" projects. Such funding can be used for arts engagement, cultural planning and design projects as well as for technical assistance for creative placemaking. Ultimately the funding can be used to enhance identity and establish a sense of place, which addresses some of the issues with the offices and physical environment in Music Row.
- **ArtPlace Grants.** The National Creative Placemaking Fund is a privately-managed foundation effort to provide grants for planning and development projects "where arts and culture play a central role." Since 2011, the fund has provided grants for 227 projects nationwide.
- **Metro Nashville Fast-Growing Business Employment Incentive.** Metro offers a business incentive for small companies with fewer than 100 employees. If such companies add 10 or more jobs in a 12-month period, they are eligible for a one-time \$500 per-job grant (\$750 for Veterans). It should be noted that these jobs must pay more than the average wage for Nashville (currently \$43,500). There is a \$50,000 maximum grant per company.
- **Tennessee FastTrack Economic Development Grant.** The State offers grants to help companies that are hiring large numbers of workers. These grants are geared to traditional manufacturing jobs, provided to local communities to reimburse expenditures in exceptional cases – net new full-time jobs and capital investment, discretionary and subject to accountability agreements.
- **Metro Property Rehabilitation & Development Grant.** Metro Government also offers an infrastructure incentive, available for "constructing or rehabilitating the exterior portions of commercial property located in Tier 1 (low-income) Census tracts with an existing property value less than million dollars (\$1,000,000) at the time the grant application is made. The Grant is for 10% of the investment in the improvements up to a \$50,000 cap." Unfortunately, Music Row does not fall within the Tier 1 definition of 65% of households having incomes of less than 80% of the area median average. However, there may be opportunities for leveraging affordable housing or work space in nearby Tier 1 tracts (e.g., 16300, 16200, 16600, 14400) that would benefit those working in Music Row.

- **Relocation Grants.** Metro Council does make cash grants available to some companies that move significant corporate headquarters or technology operations to Nashville. According to the Mayor’s Office, the firm must “add 500 or more jobs in Nashville during the first five years of operation. Nashville may pay a company up to \$500 per job over a set period of time. Metro Council and the IDB have approved seven cash grants including Asurion, Bridgestone, Dell, HCA, Parallon/Sarah Cannon, and UBS.” Unfortunately, such grants do not apply to small businesses or companies adding fewer numbers of employees.
- **Developer Fee Preservation Fund.** Several cities and counties in Tennessee impose fees on developers relating to the fiscal impacts of their projects to pay for schools, infrastructure and other public assets that are impacted by new development. Since the State has no enabling legislation relating to development impact fees, home rule allows local jurisdictions to impose their own fee structures. If Metro Nashville Government were to impose a developer fee, it could theoretically be possible to dedicate funds from that fee to pay for infrastructure, schools, community development and preservation initiatives including grants for preservation projects in Music Row.

Low-Interest Loan Programs

As noted earlier, there are opportunities for the Trust to provide direct low-interest loans for building rehabilitation, preservation, expansion and development that meet the criteria established by the Music Row Investment Trust according to its Strategic Plan.

Metro Government and the State of Tennessee appear to have a dearth of low-interest loan programs that might help address issues such as rehabilitation or renovation of historic buildings for housing music businesses, although there are grant programs associated with business growth promising job creation. Thus, the concept of a low-interest loan program may be somewhat unique in Tennessee for this cultural industries district.

Tax Credits

There are various existing tax credit programs that can be marketed and accessed through the Trust.

- **Federal Historic Rehabilitation Tax Credits.** Federal income tax credits are available for historic rehabilitation as explained in Section 2 of this report.
- **State Job Tax Credit.** The State offers a credit of \$4,500 per job to offset up to 50% of franchise and excise taxes for up to 15 years. The company must create at least 25 net new full-time jobs within a 36-month period and invest at least \$500,000 in a business enterprise. Additional credits are allowed in Tier 2 and Tier 3 counties which does not include Davidson .

Several music-related businesses, including Viacom and Sony, have taken advantage of the State’s tax credit programs to offset franchise and excise taxes in order to relocate back office functions to Nashville and/or Music Row. Some other major Music Row relocations, including BMI’s back offices, did not take advantage of this incentive.

- **Industrial Machinery Tax Credit.** The State also offers credits of 1% to 5% for the purchase, installation and repair of certain industrial machinery. This can include network, software, or peripheral equipment at headquarters operations.
- **Sales and Use Tax Exemptions.** The State provides sales tax exemptions for industrial machinery and reduced sales tax rates for utilities for qualified manufacturing facilities (typically large-scale manufacturing operations, not recording studios or small businesses).
- **Opportunity for Admissions and Amusement Tax Credit.** It appears that the State does not as yet offer a credit for entertainment taxes paid on ticket and other sales in Tennessee, although there should be an opportunity to establish such a credit in designated cultural districts or cultural industry districts in the state..

Parking and Infrastructure Incentives

There are also opportunities for Metro Government to help leverage rehabilitation and appropriate development in Music Row through the use of public infrastructure improvements and public parking facilities. While typically not perceived as a “fiscal” or “financial” incentive, the use of public infrastructure can be a critical and effective tool for leveraging certain economic activities and forms of development. Where parking is at a premium (such as in Music Row) or where development of structured parking dampens financial returns for private development, Metro Government can help form a public-private partnership through financing and development of parking facilities.

While typically not perceived as a “fiscal” or “financial” incentive, the use of public infrastructure can be a critical and effective tool for leveraging certain economic activities and forms of development.

As music distribution has shifted to Internet-based services, and as business operations in general have become more dependent on moving large files across the web, there is a necessity for Music Row to remain competitive through high-speed Internet infrastructure. The several high-speed providers competing for Nashville’s business appear to have had some challenges in providing the necessary infrastructure in the Music Row area. For whatever reasons this may be the case, Music Row and Nashville have an interest in ensuring that this business district, among others, gains access to these services.

Metro has established Tax Increment Financing (TIF) as a tool for revitalization and redevelopment. “TIF allows the cost of infrastructure and the costs of assembly, relocation, demolition and development of a site within a designated redevelopment district to be financed through future increases in property taxes generated by the development itself. As private investments add to the tax base, the increased revenues are placed in a special fund with the revenues then funneled back into the project. TIF funds can amount to a substantial reduction in overall project development costs and can make available for reinvestment approximately 10 percent of an eligible project's total development costs.” A portion of Music Row (around the statue Musica) falls within the Arts Center Redevelopment District that also includes The Gulch. TIF has been utilized to upgrade infrastructure along Demonbreun and Division streets and to help finance redevelopment in the area.

The Tennessee FastTrack Infrastructure Development Program provides grants to local government for infrastructure needs – water, sewer, road, telecommunications for new and expanding companies. The program requires local matching funds and for onsite improvements, align with a PILOT on the real property investment for at least five years.

Labor Force Training and Education Incentives

Labor force development is in the public interest and as such, government entities often provide training, technology and other types of “soft” incentives to assist various types of companies. Such resources as Tennessee Department of Economic and Community Development’s FastTrack Job Training Assistance Program can and should be packaged as an element of the Music Row Special District. There are also opportunities to market the immediate resources available at Belmont University (Mike Curb College of Entertainment and Music Business), Vanderbilt University, and other institutions with a focus on elements of the music industry.

Regulatory Incentives

There are also various regulatory incentives that are recommended as part of this overall “package,” including Fast Track programs for building rehabilitation and restoration (targeted to those buildings used for music-related purposes in Music Row), development (which compliments or grows the music activities in Music Row), codes and permits necessary for linking music businesses or other related activities.

Metro Nashville already offers some fast-track permitting and one-stop business assistance. “The Mayor's Office of Economic Development was created specifically to assist new and existing companies in their interaction with local, state and federal governmental agencies. The One-Stop Business Assistance Program provides a streamlined structure to access representatives of all applicable local, state and federal agencies in one meeting to outline services, answer questions, fulfill requests and solve problems. The One-Stop Business Assistance Program is designed to facilitate and expedite the permitting, licensing and regulatory processes within the Metropolitan Government.”

Section 4

Economic Development Strategies



Picture from fountainsofmusica.org

Introduction

Above and beyond “incentives,” there are other types of strategies that are recommended for the Music Row Cultural Industry District to help promote music and related businesses within the district. These strategies relate to the development of assets and amenities that help strengthen the district’s physical identify and provide spaces and venues to accommodate the broad mix of businesses and supporting labor force; programmatic elements to build on the district’s brand, encourage the integration of new technologies and lower the cost of doing business; and regulatory strategies to protect the character of the district and promote development that is consistent with the mission.

Technology Development

Internet infrastructure, technology training and education resources, and collaborative approaches between the music industry and technology development should be encouraged and promoted within Music Row.

The district should serve as a “laboratory” and the “R&D” department for music technologies, with every component of the industry – writers/creators, artists, publishers, labels, recording studios, and support businesses - sharing in the development of new and emerging technologies that could generate new sources of revenue and benefits to the industry.

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The Music Row Cultural Industry District should help facilitate and foster collaborations with Belmont and Vanderbilt on technology innovation and development. Research and development already underway at these institutions on the use of music content in various medical, engineering, and other technology applications should be explored and encouraged. Strengthening relationships and collaboration between music companies and research institutions could be an important role for the district that could assist in the long-term renewal and growth of the music industry, with Nashville as its focus. Using R&D parks or technology corridors as models, placement of institutional research within the district along with patent relationships for testing, development, and commercialization of new products would be a focus.

Engineering

The Music Row Investment Trust and Metro Government should view Music Row as the perfect incubator for new music creation but also for technology development that supports every facet of the industry. In essence, research and development parks can serve as a model for the collaboration, creation and patenting processes that give rise to new technologies and business models. Collaboration should be established with Vanderbilt University's School of Engineering which already has a focus area in the entertainment industry and relevant research in such entities as the Institute for Software Integrated Systems.

There are obvious synergistic opportunities for engineering and developing technologies that better serve the growth and sustainability of the music industry and that bring more control of technologies into the hands of the creators. Thus it is recommended that the trust establish a strategic partnership or alliance with Vanderbilt to work on approaches that strengthen the industry's technological and business models for the future.

Bio-Medical

Vanderbilt University also sponsors the Program in Music, Mind and Society that, among other things, features research on the effect of music in treating pain and anxiety. Partnerships and collaborations on this research should bring more R&D activity directly to Music Row.

Emerging Technologies and New Business Models

The district would work with the Music Industry Coalition, Music Row Neighborhood Association and the Mayor's Office for Community and Economic Development to encourage the relocation of technology-based music distribution services to Music Row. Again, collaborations between these services, Belmont's Mike Curb School of Entertainment and Music Business, and Music Row industries would help strengthen synergies for capitalizing on new and emerging technologies through development of new music content and products in the district.

Gaming and Music

There are significant opportunities for recruiting more electronic gaming industries to Nashville and Music Row, due to the requirement for music content in many gaming models. Collaborations facilitated by the district between the music industry; Watkins College of Art, Design, and Film; and gaming companies could help explore opportunities for the e-arts and gaming industries in Music Row. Ultimately, any opportunity that expands the potential market and revenue sources for content produced in Music Row should be explored.

Assets and Amenities

The concept for establishing this district includes not only incentives, but also enhancing asset and amenity value that can be used to retain and attract music-related businesses and strengthen the industry as a whole.

Affordable Housing and Work Space

Nashville is an attractive location for music-related businesses, industry and artists to some extent because of its affordability relative to competitive locations in New York, Los Angeles, Atlanta and other music centers. Thus, any pro-active efforts promoted by Metro Government, private philanthropy, investors, institutions, and public-private partnerships to create affordable live and work space will help Nashville retain its competitive edge for music-related and other businesses. Ideally, any new housing that is developed or rehabilitated in Music Row should include some element of affordability and where MDHA has built artist housing in Rolling Mill Hill, there could be additional opportunities for such housing closer to Music Row, such as in “Tier 1” census tracts nearby. Philanthropic interests in the music industry have succeeded in building retirement housing in other cities and in this region for aging musicians. Such opportunities should be explored further in Music Row if appropriate.

Affordable collaboration space has been proposed by some individuals active in Music Row as a way of bringing more people in the industry together in affordable creative space. Others have deemed this type of space to be unnecessary, but there is certainly the need for a technical assessment of the demand and need for creative work spaces in Music Row and in Nashville in general. Metro can help fund a needs assessment for affordable collaboration space as part of this “package” of incentives.

Physical Environment

Streetscape, parks, open space, unique signage, gateways and building treatments can be employed to strengthen Music Row as a unique district with its own character. Some of these features already exist and there are efforts underway to add value. Streetscape planning should include plans for the alleyways which serve as a traffic route and entrance point for many offices. Currently the alleyways are unattractive with paving in disrepair and with no streetscape elements such as curbs, signage or landscaping. Metro Arts Commission might offer technical assistance or sponsor a design competition within the district for businesses that are interested in enhancing their business signage. Signage codes could enable creative and interesting business signage within the district for businesses that have taken advantage of the technical assistance as part of a “carrot and stick” approach (similar to other regulatory incentives).



Streetscape, open space, signage, gateways and other elements are an important part of Music Row’s environment. Photo by Rick Smith.

Film, Gaming, and Television Soundtrack Recording Studios

It has been noted that all segments of the music industry continue (due to legal structures) to benefit from residuals and other revenue generated from film and television. Gaming is also a growth niche for soundtracks. While there are already soundtrack recording facilities in Music Row, there may be a need to examine opportunities for additional high-quality or specialized soundtrack facilities to help promote Nashville and Tennessee as a location for film, gaming, and television production, while taking advantage of the city's and Music Row's available resources.

Writers / Performance Venues

Like film and television, live performance is another segment of the music industry where revenues are generated at fair and substantive rates. Music Row is the perfect location for writers' and artists' performance venues that showcase Music Row talent. That being said, there is resistance in Music Row to creating large-scale performance venues and audience support facilities because of the potential for traffic, congestion, and general crowding-out of operational music businesses. There is little support for large-scale tourist-oriented music venues, but there are opportunities for small spaces where writers and artists can collaborate, perform and generate interest in their work.

Retail / Eating & Drinking

Music Row has long existed as primarily an office district alongside its residential neighbors. Industry executives, administrators, engineers, artists, writers and others have availed themselves of eating (and drinking) establishments within walking distance of Music Row, in Demonbreun Street, Broadway/Division, and increasingly, Edgehill Village. Places like Noshville Delicatessen have long served as hubs for deal-making and collaboration. Edgehill Village has established itself as a newly-emerging center not only for coffee and dining but also upscale shopping (Warby Parker) and specialty foods (Dulce Desserts). Encouraging the rehabilitation of this area, and perhaps enhancing opportunities for other small "corner" retail hubs (including some limited allowance for small-scale retail in zoning) can help enhance the overall business environment.

The traditional model of offices locating in office parks, insular buildings, and single-use districts is waning in popularity as the demand for mixed-use, walk-able neighborhoods increases among younger, Millennial workers. Thus, maintaining Music Row primarily or solely as an office district may be short-sighted with respect to office use in general. Most Music Row workers in administrative and management positions (as well as creative workers) are, for the most part, like other young office workers. They will want to be in locations where they can walk to lunch, meet friends for coffee or a drink after work, hear some live music sometimes, and perhaps live nearby. These are the workers for which Nashville and Music Row compete, so creating the environment to support them is critical for attracting and retaining the businesses that employ them.

Programmatic Elements

In addition to the establishment of an Investment Trust, the incentives package, assets and amenities, there are also programmatic elements that can be woven into the concept of the cultural industry district as follows.

Education Resources

Music Row benefits from direct access and programmatic interventions from top music and business programs at Belmont University, Vanderbilt University and other institutions. The Mike Curb School of Music Business has established its reputation on a national if not international basis, and the school has made direct investment and interventions into Music Row, establishing a major presence there. As a source for administrative, management, marketing, technology, talent, and creative labor, these institutions help keep Nashville and Music Row a strong draw for music businesses.

Marketing and co-promoting these educational assets is an obvious part of the overall packaging of Music Row as a hub for the music industry. Doing so also helps promote the institutions and enhance their own visibility. There are likely to be additional opportunities for education and training interventions, for example in music technology, that can and should have a presence in Music Row as part of this district concept.

Cooperatives

Various large businesses, unions and associations help their employees, contractors, or members with health and other benefits. However, there are a number of people who either fall through the cracks or otherwise do not receive certain types of support through existing systems. Cooperatives can help reduce the “cost of business” for smaller companies, entrepreneurs and individuals working in the music industry by providing group health coverage, housing, retirement/pension and/or other benefits that they otherwise would not receive. Reducing the cost of business and operations is a key facet of being part of the Music Row Cultural Industry District, and private non-profit cooperatives are one approach for helping to reduce operating costs. It has been noted that writers and other creative workers are notoriously disinterested in planning for their retirement or health care. What may be required is basic education on the importance of health and retirement planning. The presence of a cooperative can also become part of the broader business recruitment and retention package offered in marketing and promoting Music Row as a unique business location.

Music Making Tourism: Studios and Writers

One of the prospective tourism-related activities that would benefit local music businesses while minimizing potential negative impacts is to enable a tour system for studios, writers and publishers. This system would help generate revenue that could help supplement income for Music Row businesses and writers. Section 5 of this report discusses this plan in detail.

Telling Music Row's Story

As noted earlier, many of the stakeholders in Music Row would prefer not to see the area shift towards becoming a tourist mecca. However, many recognize the opportunity of celebrating the area's heritage and enhancing opportunities for others to share in the experience. Plans for a Music Row walking tour app are discussed in Section 5 of this report.

Events

Events can celebrate Music Row and strengthen its identity as a unique creative hub. Recommendations for a Music Row Open House event are discussed in Section 5.

District Regulatory Elements

The district is subject to existing and potential new regulatory elements to help address some of the key issues impacting on Music Row's development. For the most part, these regulatory mechanisms already exist and there is the need to refine, enforce, or encourage their use.

Zoning

Other cities have special districts where development must conform to special city regulations. Many are in the South and include large private property owners. Dallas has the largest and most famous of these districts, with the Dallas Arts District. NTC Arts & Cultural District in San Diego zoning requires arts and cultural uses be integrated into development. Nashville could require music-related activity (offices, performance space, rehearsal space, etc) be integrated into any new development. As noted earlier, there is also the need to re-envision land and building uses in Music Row to encourage integration of mixed-use and amenities that support the activities and lifestyle of Music Row workers but also to ensure that Music Row continues to prosper through the availability of affordable office space. Strategic and master planning initiatives undertaken by the Music Row Investment Trust and/or in coordination with Metro Planning, can help guide development, rehabilitation and preservation in a way that meets industry needs, respects private property rights and maximizes economic benefits to Nashville.

Limiting Special Exceptions

The granting of special zoning exceptions can contribute to land speculation, rapid escalation in property prices, and replacement of music-related businesses. Most of the new construction on Music Row in the last three years received "Specific Plan Zoning," from the Metro Planning Commission, meaning the building plans were approved outside the zoning district's established design standards. (Elements addressed by SP Zoning include building height and size, setbacks, buffers, signage and materials.) Private property owners have a right to benefit financially from their property investments. The concept of a Music City Investment Trust can help ameliorate conflict where there is consensus that music-related uses should remain in the district and provide opportunities for partnerships, collaborations, and joint ownership agreements that promote solutions. Consideration of granting specific zoning by the Metro Planning Commission should occur in consultation with the Music City Investment Trust. As a matter of policy, specific zoning exceptions should be limited and the new Music Row Design Plan should guide planning commission decisions.

Section 5

Developing and Managing Tourism on Music Row



Tour group at RCA Studio B. Photo: Adventures by Disney

Introduction

Although Nashville offers many ways for tourists to enjoy a music-based visit, experiencing the story of Music Row's 60-year history appears to be the "missing piece" of the current tourism product. This section of the recommendations report addresses the development of tourism on Music Row designed to fill that gap.

Benefits of Tourism for Music Row and Nashville

Adding to Nashville's visitor experience by creating new opportunities to share Music Row's story can benefit Music Row businesses and the city's economy. Recognizing that the primary business of Music Row is music production, strategies have been carefully selected with consideration that tourism product development should:

- not interfere with the area's primary business of music production and promotion
- offer compelling, authentic ways for visitors to learn Music Row's stories
- offer the opportunity for music businesses, particularly studios, to generate economic revenues from tourism
- coordinate with the wider music-oriented visitor experience through promotions and sales
- contribute to Nashville's economy by generating additional visitation or increased tourist length of stay
- cultivate increased awareness and appreciation among Nashville residents of the historic and present-day importance of Music Row to the city's history and economy
- be continually monitored to determine positive – or negative - impacts

Nashville's Musical Tourism Experience

At the helm of Nashville's \$5 billion-a-year tourism industry is the Nashville Convention and Visitors Corporation (NCVC) which states as its brand promise:

"The Promise of Nashville, where the music is inspired, created, recorded and performed, is to provide the ultimate musical entertainment experience, celebrated throughout our diverse cultural and entertainment offerings, and presented in an authentic, unique, friendly and unpretentious atmosphere."



CMA Music Fest is one of many music events which attract visitors to Nashville throughout the year. Photo: CMA

Nashville attracts some 13 million tourists come each year. NCVC research identifies visitor categories: 40% are convention goers or groups; 32% are leisure travelers; 23% are business travelers and 5% are "other" travelers with ongoing hotel contracts (such as flight attendants). Visitor research shows that Nashville's visitor demographic is trending younger each year. Additionally, the city's international market, primarily the U.K., Germany and Canada, is growing 6 to 8% each year.

Demographic and visitor origin shifts may be due in part to increased interest in the popular ABC television show “Nashville.” Now in its fourth season, the show airs in 100 countries, showcasing Nashville’s sites and presenting a storyline centered on the country music industry. Additionally, the May 2013 opening of the massive Music City Center convention center, with 1.2 million square feet of public space, places the city’s primary recruitment focus on booking conventions.



The popularity of the TV show “Nashville” is attributed with attracting increased visitation to Nashville.

The NCVC works with numerous partners including convention center sales staff, local receptive tour operators and sales staff at attractions, hotels, restaurants and the Music City Center to promote the city. The primary focus is marketing a music-themed experience through a wide array of music activities including museum tours, city tours, live music performances and festivals.

The centerpiece of music-themed museums is the **Country Music Hall of Fame and Museum**. The museum first opened in 1967 on Music Row and moved into a new downtown building in 2001, sparking a revitalization of the downtown area that now includes the Music City Center and numerous new hotels. Museum visitation continues to increase with a record-shattering 1 million visitors in 2015. The Country Music Hall of Fame and Museum also manages historic RCA Studio B on Music Row. Many visitors to the museum also purchase an extra admission ticket and are brought via shuttle from downtown to tour RCA Studio B.

Other music-themed museums located in the downtown area include the **Musicians Hall of Fame and Museum**, **Johnny Cash Museum** and **George Jones Museum**. Also in development is the **National Museum of African American Music**.

The **Ryman Auditorium**, known as the “Mother Church of Country Music,” is owned by the Ryman Hospitality Properties and features a continual performance schedule with artists from all musical genres. Additionally, visitors can tour the historic venue and view a film, “The Soul of Nashville,” as well as exhibits which tell the story of the Ryman’s history, near demolition and rebirth.



The restored Ryman Auditorium features performances and tours.

Increasing attendance at the annual **CMA Music Fest** continues to demonstrate the popularity of country music. The event began as Country Music Fan Fair in 1972 with a few thousand fans coming to see and meet their favorite artists. After moving to several locations over the years and changing its name, CMA Music Fest settled in the downtown area in 2001. By 2015, CMA reported record-setting daily attendance of 87,680 fans, up 9.6 percent from 2014. Almost half of the attendees were there for the first time.

Music fans flock to Nashville to hear live music with choices that range from the **Grand Ole Opry** (also owned by Ryman Hospitality Properties) to honky tonks and clubs on Lower Broadway and throughout the city. Artists perform in venues of all sizes, ranging from the almost 70,000-seat Nissan Stadium and the newly-opened 6,800-seat riverfront Ascend Amphitheatre to the cozy settings of places like 3rd and Lindsley and the Bluebird Café.

Tourists wanting to delve into Nashville’s music story may take one of a selection of music tours offered by local receptive tour operators for groups and individuals. Offerings include driving tours of stars’ homes, packages that include attraction tours, music venues, driving tours and other options.

Tourism on Music Row – 1960s – 1990s

For Nashvillians who were here several decades ago, the concept of developing tourism for Music Row may bring to mind the tourism that existed in the area from the late 1960s through the 1990s. The first tourism attraction Music Row was the Country Music Hall of Fame and Museum which opened in 1967, drawing nearly half-a-million visitors a year by 1980.

In 1972, the construction of Spence Manor Motor Hotel was announced as the first hotel on Music Row. The “executive type” hotel featured 50 “super-deluxe” units renting for \$30 to \$40 a night.

Other tourism developments created a Music Row tourism destination on Demonbreun Street in what local media dubbed the “Hottest Part of Town.” Among the first tourist attractions was the Country Music Wax Museum. Opening in 1971, the museum featured life-size replicas of Hank Williams, George Jones, Dolly Parton, Minnie Pearl, Johnny Cash, Conway Twitty, and Barbara Mandrell. Country stars donated original costumes and instruments; some were even involved in designing their statues. Other museums and attractions included the Elvis-a-Rama, Hank Williams Jr. Museum, Barbara Mandrell Country and the Car Collectors Hall of Fame.

Tourists could also browse and purchase souvenirs in the “Wild Wild West Shirt Shop,” “Loretta Lynn’s Western Wear” store, and “Willie Nelson & Family General Store.” Log Cabin Souvenirs offered t-shirts, Goo-Goo Cluster candy and camera film. Record stores included “Conway’s Twitty Bird Record Shop” and “Ernest Tubb’s Records” store.

In 1978, a new tourism attraction opened, the Webb Pierce Hall of Fame for Country Music Fans. Tourists could see a guitar-shaped swimming pool and meet country singer Webb Pierce for the price of \$2. (The attraction closed in 1979, and the pool is now part of Spence Manor Condominiums.)



Tourists flocked to museums and souvenir shops on Demonbreun Street from the late 1960s through the 1990s. Photo by Hank DeVito.

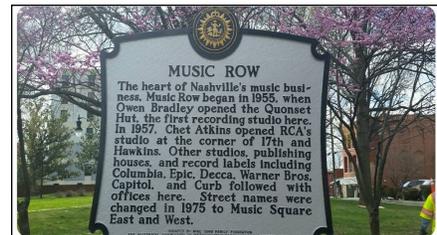
In the mid-1990s, the landscape began to change as the Country Music Hall of Fame and Museum announced plans to relocate downtown. This announcement quickly led to the departure of other tourist businesses which no longer had a ready-made audience. These changes prompted local leaders to undertake a visioning process for Music Row's future which did not include plans for tourism development.

Tourism on Music Row in 2016

The decision made in the mid-1990s – not to encourage tourist souvenir shops, entertainment venues or country stars' "vanity" museums in the area – has continued. This is not because of specific laws or regulations; rather it has occurred as the city's tourism focus has shifted to the downtown.

Nevertheless, tourism has continued to exist on Music Row in several ways:

- **RCA Studio B** - Operated by the Country Music Hall of Fame and Museum, the studio hosts 900 groups as well as many individual visitors each year. Visitors must purchase tickets from the downtown museum and ride a shuttle to and from the studio. This creates a manageable system that does not overwhelm the streets around the studio with visitor cars.
- **Driving and Bicycle Tours** – Local receptive tour operators offer a variety of tours for visitors that include Music Row but are currently limited to drive-arounds, not entering any of the music businesses. One company offers bicycle tours that include the Music Row area.
- **Visit Music City**- The Nashville CVC's website, www.visitmusiccity.com, features Music Row in its "Neighborhoods" section and includes a map identifying the locations of some music businesses.
- **Historic Markers** – Historic markers placed on Music Row by the Metro Nashville Historical Commission include markers at Broadcast Music Inc. (BMI), Owen Bradley Park, Bradley Studios and RCA Studio B. Additionally, in 2015, the Mississippi Development Authority's tourism division, Visit Mississippi, unveiled a marker for its Mississippi Country Music Trail to honor Mississippi-raised artists who achieved success in Nashville's music industry. (This is the first out-of-state marker for the program.)
- **Gateway Signage** – The north and south entrances to Music Row have gateway signage placed as part of a citywide wayfinding signage program.
- **Wandering Visitors** – Many of Nashville's tourists know the historical importance of Music Row and can be spotted exploring the neighborhood.
- **Accommodations** – Spence Manor Condominiums offers several Air B&Bs. Additionally, Chateau on the Row is a B&B located on Music Row. Best Western Plus Music Row hotel is located on Division Street.



The Metro Historical Commission placed a historic marker in Owen Bradley Park in March 2016. Photo: Metro Historical Commission

Tourism Strategies

Tourism strategies include plans that are already under way by the Music Industry Coalition and Music Row Neighborhood Association and as well as strategies for future tourism product development. Incremental implementation allows for strategic use of partners' time and resources and careful monitoring of the success and impact of each new tourism product. This approach will ensure that tourism is beneficial to the area without negatively impacting the primary business of music production.

Create a Consistent Visual and Graphic Identity for Music Row

Music Row is a name that has instant worldwide recognition due to its 60-year history of producing a continual flow of hits from artists in all musical genres. However, for visitors coming to Nashville to enjoy the city's music experience, Music Row may not be an obvious destination. There is minimal information about Music Row available to tourists and the only identification of Music Row is the wayfinding signs placed at the neighborhood's entrances. This lack of information led to several recent tourism articles to mistakenly refer to Nashville's Lower Broadway commercial district as "Music Row." The recently formed Music Industry Coalition and Music Row Neighborhood Association each have logos and a social media presence, but these are geared toward supporters of each organization's cause (being a voice for Music Row) and not necessarily targeted to tourists.

As leaders develop strategies to accommodate and manage tourism, helping tourists to clearly identify and locate Music Row is essential. A key step in creating awareness is the creation of a consistent visual and graphic identity, often referred to as "Brand Identity." This process includes more than creating a logo. It encompasses considering the message of Music Row (its past and present), the desired image and how it is visually communicated. Benefits of a unified visual identity are:

- Reinforces the message of Music Row as a place with a unique history and a vibrant present
- Creates public awareness of Music Row as a singular place
- Connects all electronic and printed materials including web-based and mobile technologies, printed brochures and guidebooks, and interpretive signage.

Steps in the development process include:

- **Budget and Fundraising** – An experienced graphic designer will be needed to work with a planning committee to develop visual and graphic identity tools and guidelines for their use.
- **Graphic Design** – Creating a unique design that communicates "Music Row" and can be used across all platforms.
- **Usage Guidelines** – Develop guidelines specifying who may use the graphic elements and provide specifics on colors, fonts, sizes, etc. as well as required usage permission.
- **Trademark** – The graphic elements should be trademarked.

Behind-the-Scenes Studio Tours (in process)

Nashville visitors can currently enjoy a music-themed experience by touring museums, listening to live music in a variety of performance venues or attending a festival. A “missing piece” of the visitor experience is getting an inside look at how the music is made in Music Row’s recording studios. Plans are currently under way to develop behind-the-scenes studio tours for pre-booked groups.

A research and planning process was undertaken in early 2016 to explore the opportunity to develop behind-the-scenes studio tours. The process was led by the National Trust, Sweet Magnolia Tours and the Music Row Neighborhood Association with the following steps:

1. **Tour Operators/NCVC Meeting/CMHF** –A meeting was held with local receptive tour operators and sales staff from the Nashville CVC and the Country Music Hall of Fame and Museum to discuss how they are currently selling a Nashville music experience, how Music Row is included and the potential for developing studio tours. (Tour companies included representatives from Sweet Magnolia Tours, Let’s Go Travelin’, Gray Line, Art Henry Tours, Flair Tours, Nashville Express Tours, Destination Nashville, NashTrash Tours and Grand Avenue Worldwide.) All agreed that the opportunity to see a working recording studio is easily saleable. Key points which emerged from the discussion included:
 - The appeal of getting inside a recording studio is *authenticity* – seeing a real part of Nashville’s music industry at work.
 - Every studio has its own story – visitors are interested in stories from the past on Music Row as well as “modern” history of present-day recording.
 - Visitors are interested in learning about the *process* of making music – the business side of how songs are written, published, recorded and promoted.
 - Visitors want to know about country music but also are interested in all of the genres of music recorded here.
 - There is interest in offering special activities such as having a songwriter teach a group how a song is written and working with them to write, then record their own song.

Some tour operators already include Music Row in their packages through:

- Taking buses or shuttles along Music Row’s streets while narrating some of its history.
- Hosting evening events for groups at a Music Row location.
- Hiring a songwriter to guide VIP visitors around Music Row and to tell them about its history.

2. **Recording Studio Owners/Managers Meeting** – A meeting was held with interested recording studio owners/managers to discuss the opportunity to offer behind-the-scenes studio tours. A number of studios have expressed interest in offering tours. Some studios already offer tours or other activities. An example is Jay’s Place Recording which offers tours for small groups and the opportunity to record a song and to learn about the process of producing music. Others such as Curb Records host tours for their own company VIPs or other business colleagues but are interested in offering tours for tourists.

Recording Studio Tour Development

With the agreement of the Nashville CVC, tour operators and studio owners/managers, development of recording studio tours began in March 2016. Steps include:

Tour development

- The National Trust and Sweet Magnolia Tours will work with recording studios to develop 45 minute-1 hour studio tours. Guidance will be provided to create a compelling tour that tells the studio’s story to showcase artists and the songs they have recorded there. Tour development will also include assistance in determining capacity – the maximum number that can be accommodated in the studio’s space.
- Additional activities may also be created such as songwriting sessions for groups to work with a songwriter, learning how a song is written, writing and recording their own song.

Logistics

- Sweet Magnolia Tours will assist studios in pricing their tours and ensure understanding of how receptive tour operators package, price and sell tour products.
- Tour operators will provide a Certificate of Insurance (COI) upon request from a studio. Deposits will be paid to studios to secure the time slot.

Tour Directory

The National Trust will create a tour directory to be provided to receptive tour operators and the Nashville CVC. The MRNA will maintain the directory and update it regularly as offerings change or new studios join the tour program. Information will include:

- Product offered – tour or activity experience
- Description of recording studio and tour/activity offered
- Capacity – maximum number for tours and activities
- Availability - best times to book the studio (weekends, nights, etc.)
- Costs for tours and/or activities
- Contact information
- An online calendar (such as Google calendar) will be created by participating studios. Studios will maintain the calendar to show available dates to hosts tourists. Receptive tour operators will have access to the calendar to check availability before contacting a studio owner or manager.

Music Row Walking Tour App (in process)

The Music Industry Coalition and the National Trust for Historic Preservation plan to develop a walking tour app to tell the stories of Music Row’s past and present. A walking tour app which shares well known and unfamiliar stories about Music Row’s history, told through the voices of artists, songwriters and musicians, will attract national and international attention as a unique Nashville music experience. The walking tour app will use information from the National Register of Historic Places nomination . An additional resource is the recorded oral histories of artists, musicians, songwriters and others.

Benefits of a Music Row Walking Tour App

A Music Row walking tour app is a timely addition to Nashville’s music experience because it:

- Takes visitors to the place where the music is made
- Offers a new and unique opportunity to experience Music Row up close and in depth, learning the stories of Music Row’s past and present
- Brings Music Row’s stories to life through the voices of artists, songwriters and musicians
- Gives options for a visitor to choose areas of interest to explore
- Allows a visitor to tour at his/her own pace
- Provides maps that make it easy to follow a tour route

Smart Phone Use Increases

The Pew Research Center reported in 2015 that 64% of Americans own smart phones and continued growth is anticipated. Google Mobile Planet’s 2013 report showed that international ownership continues to grow as well with 51% smart phone owners in the U.K. and 38% in France. owners in the U.K. and 38% in France.

With the increase in ownership and usage of smart phones for travel increasing (57% use their smart phone for trip planning according to Destination Analysts’ “2015 State of the American Traveler Survey”) tour apps are becoming popular amenities at visitor destinations across the country.

Walking Tour App Development

Content

A committee will work with the National Trust and the Music Industry Coalition to research and write content, contact artists; secure locations and schedule recording, locate pictures, video and audio, load tour content onto site and prepare maps. The tour will include:

- **Route and Stories** – The tour will be developed as an overview of the history of Music Row with stops at key locations. Additional themes, such as how a song is written and recorded or stories of women leaders on the Row, can also be developed to appeal to specific visitor interests. Tours will be enhanced with pictures, video, audio and maps.
- **Maps** – Tour route maps will be developed by the National Trust’s GIS staff.
- **Narration** – Artists, songwriters and musicians will be recruited to narrate various parts of the tour that reflect their experiences on Music Row.

Technology

An app development company will be selected to provide a platform in Native and Web formats. Options include images, GPS-enabled maps, fundraising, multi-language support, photo gallery, video, interactive images, favorites page, push notifications, RSS feeds and customizable color themes.

Financial Support

Development of the walking tour app is budgeted at \$30,000. This includes three-year hosting and service contract with an app development company, deploying apps, obtaining rights for song segments, and retaining consultant New South Associates to assist with research and content development. Additional services from the National Trust, artists and committee members will be provided at no cost.

A partnership with the country artists Brian Kelley and Tyler Hubbard who make up the mega-selling duo “Florida-Georgia Line” will provide financial support. Through their Tree Vibe Music artist development and music publishing company, Florida-Georgia Line is creating a collectible t-shirt inscribed “Music Row Junkie.” A hang-tag on the shirt gives information about efforts to save Music Row and about the new walking tour app.

A media event to unveil the t-shirts is planned for mid-2016. A sales plan will include selling t-shirts through social media channels for Florida-Georgia Line and the National Trust as well as direct sales in local retail stores.

Proceeds from the t-shirt’s sales will be donated to support development of the Music Row walking tour app. Additional funders are also being identified and solicited for financial support.

Annual Music Row Open House Event

Behind-the-scenes studio tours will only be available for groups that are pre-booked by a local receptive tour operator. Being open for walk-in tourists is not practical or feasible for Music Row businesses. However, a once-a-year open house event can provide a way for tourists (and Nashville residents) to get an inside look at Music Row in a way that is manageable for businesses and limits disturbance of day-to-day operations.

Neighborhood festivals are very popular with Nashville residents and visitors. Examples include the Tomato Art Festival in East Nashville which draws approximately 40,000 and Oktoberfest in Germantown which attracts up to 70,000 each year. In addition, there are numerous thematic festivals throughout the year celebrating everything from beer to hot chicken to music.

Additionally, some historic neighborhood associations, including Edgefield, Belmont-Hillsboro, Lockeland Springs and Richland-West End, host home tours to share the neighborhood's history and to raise funds for association activities.

Music Row can combine the two types of events – festivals and tours – into one event, a *Music Row Open House*, to showcase the neighborhood to tourists and residents. An open house event can also serve as a fundraiser for future projects undertaken by the Music Industry Coalition and Music Row Neighborhood Association.

Open House Development

There are many considerations in developing an open house event. Following is an outline of steps and decisions that will be needed.

Planning Committee

A committee which includes members with experience in event planning should be formed to plan and guide development and promotion of the open house.

Date

The committee should determine the best date for the open house. One option could be holding the event during CMA Music Fest and coordinating with organizers to promote the open house to tourists who are in town during that week. Another option would be to select a date when no other major events are taking place. The open house could then be packaged and promoted by tour operators and hotels to create new economic impact by attracting tourists on the selected dates.

Event Activities

- **Open House** - Invite all businesses on Music Row to participate in a one-day open house. Businesses would be asked to decorate their entrances, offer refreshments and open their doors to welcome guests. Welcome signs would be provided to place in front of participating businesses. Cardboard stand-ups of celebrities could also be placed in front of buildings or along the walkway. Tourists could be invited take selfies and post on Instagram.
- **Music in the Streets** - Local musicians could perform outside of businesses at scheduled times throughout the day.
- **Music Talks** – Knowledgeable speakers can be scheduled throughout the day to give talks on various aspects of Music Row's history.
- **Music Row Block Party** – The open house could end with a block party featuring Music Row musicians, songwriters and artists.

- **Tours** - Two types of tours could be offered:
 - ◇ Self-guided – Temporary informational signs would be placed at selected sites. The walking tour app will lead visitors along the tour route and provide information on Music Row’s past and present.
 - ◇ Guided – Guided walking tours could also be offered at specific times with knowledgeable tour guides from MIC or MRNA. Local receptive tour operators could also be invited to sell bus or shuttle tours during the day.

Budget and Sponsors

The planning committee would be responsible for developing a budget for the event. This would include deciding which activities would be offered for free and which would have a ticket cost. Once a budget is prepared with projected expenses and revenues, identification and solicitation of corporate sponsors will be undertaken to support the event.

Interpretive Resources

Research and documentation undertaken for the Music Row National Register of Historic Places nomination details the story of Music Row within the context of Nashville’s music history and the history of the neighborhood’s development starting in the late 19th century to the present. This document can provide the foundation for developing new interpretive resources which can be share Music Row’s story with visitors. Resources can include:

- **The Story of Music Row** – Despite the growth of technology resources for planning and experiencing a destination, printed materials are still popular both as information sources and keepsakes from a special tour, program or visit. A commemorative Music Row book can include historic pictures, content about the history of the neighborhood and Music Row, interviews with artists, musicians, songwriters, producers and music industry leaders. Maps can show the locations of studios and other locations past and present. The book can be sold as a collectible souvenir for tourists with proceeds benefiting future Music Row projects.
- **Wayside Interpretive Signs** – The historical markers already found on Music Row tell some of the history of the music industry. Additional wayside interpretive signs can further enhance Music Row’s story for visitors. Signs can provide information to visitors who may not have access to the walking tour app and can also supplement information on the app. Development of an interpretive signage program is a major undertaking and will require a planning committee to manage each step of process. Steps can include:



Interpretive signs are an effective way to tell the story of historic places. Photo: National Trust for Historic Preservation

- ◇ **Budget and Fundraising** – Funds will need to be raised to retain an experienced interpretive specialist to guide the process, design the signage and oversee installation. Additionally funds will be needed for sign fabrication and maintenance.
- ◇ **Identify locations** – How many locations can accommodate signage and where are they located?
- ◇ **Placement permissions** – Signage may be placed on private property or on city-owned property. In either case, written permission will be needed for placement.
- ◇ **Establish consistent visual and graphic identity** – A graphic designer with experience in creating interpretive signs will create a visual and graphic identity guide which can be applied to signage and all other Music Row electronic or printed materials.
- ◇ **Develop major interpretive themes** – What are the main messages to communicate through signage? How does each theme coordinate and connect to other themes and the larger story of Nashville’s music history?

Tell Music Row’s Story through Public Art

There are currently two public art installations on Music Row. Both art installations are located on public property, but were funded privately:

- **Musica** – At the center of the Music Row roundabout is *Musica*, a 40-foot tall bronze sculpture which was unveiled in 2003. Created by Nashville sculptor Alan LeQuire, the statue features nine male and female figures, each 14 to 15-feet tall. Five of the figures emerge from the base and four appear to float above the others. At the top, a female figure holds a tambourine with outstretched arms. Funding for the \$1.1 million statue was raised privately. The statue is located within Metro right-of-way. Plans were unveiled in early 2016 for a \$10 million private fundraising campaign which will fund installation of fountains and colored lights around the sculpture.
- **Owen Bradley Statue** – Located on one side of the Music Row roundabout is a small public park managed by the Metro Parks Department. Originally named Music Square Park when it was constructed in 1975, the park was rededicated as Owen Bradley Park in 1997. Unveiled in 2003, a life-size bronze statue of Owen Bradley seated at a piano, created by Utah-based artist Gary Ernest Smith, is the centerpiece of the park. Funded by private donations raised by his daughter Patsy Bradley and his brother Jerry Bradley, the statue captures Bradley’s musical style, with one hand on the keyboard and the other arm raised to give direction to the artist and musicians. A historic marker honoring Bradley’s legacy of founding what became Music Row was placed in the park in March 2016 by the Metro Historical Commission



Musica was unveiled in 2003.
Photo: Carolyn Brackett

In recent years, communities across the country have embraced the concept of public art as a way to communicate a community’s unique qualities, to showcase local artists and to bring the arts to all residents and visitors. In more recent years, public art has come to reflect a touch of whimsy – unique pieces of art that say something about the community.

Nashville began a publically-funded art program in 2000 through an ordinance which sets aside one percent of certain capital improvement funds for commissioning and purchasing art. The Metro Arts Commission identifies the public art program as a key contributor to cultural tourism for Nashville.

In the last 15 years, 40 permanent works of art have been created and installed at various locations and several new works are in development. Selections are made by the Metro Arts Commission and the Public Art Committee following established guidelines. [Public Art Program](#)

A location study that was completed in 2010 identifies possible locations for public art throughout Nashville and Davidson County. No locations are identified on Music Row.

However, the “Public Art Guidelines” document which was updated in 2015 states as a future goal the identification of potential locations for public art. In March 2016, the Metro Arts Commission issued a survey asking for input on a “Community Investment Plan” to determine the future of the city’s public art program.

This suggests the possibility for Music Row to be considered as a location for public art in future planning. It is recommended that Music Row’s leadership encourage stakeholders to respond to the survey and to begin communication with staff at the Metro Arts Commission to express interest in the inclusion of Music Row in future public art planning, funding and installation.



Nashville’s public art program seeks to place works of art throughout the city. Photo: Metro Arts Commission

Section 6

Organization and Management



National Treasures announcement, January 2015. Photo by Rick Smith.

Introduction

This section discusses the organizational structure and fiscal management of the Music Row Cultural Industry District. It is envisioned that the district will operate under a not-for-profit (501(c)3) structure empowered by its board to make decisions relating to the hiring of staff, collection of membership dues, financing of projects, and operation of programs. Critical to the success of the district's operation will be the creation of at least one dedicated staff position to oversee all of the programs outlined in this recommendations report. Additionally, a board of directors will be needed to oversee the development and implementation of a strategic plan based upon the recommendations in this report. The following information on organization and management structure includes possible scenarios for how the district could be established and outlines questions that should be considered in its establishment.

Existing Organizations

There are four existing non-profit organizations, as well as Metro and State Government agencies that are already in some way engaged in promoting or otherwise assisting the music industry in Nashville. As such, it is important first to consider how the proposed Music Row Cultural Industry District and the investment trust might benefit from existing resources rather than "reinventing the wheel" or creating another organization that distracts from the overall efforts of others. That being said, none of the entities currently has significant resources or services dedicated solely to assisting, growing, and protecting the music industry and conserving its unique heritage in Music Row. So understanding where there are opportunities for establishing a Music Row focus within an existing structure is key to this strategy. Below are brief descriptions of the existing entities promoting Nashville's music industry as a basis for developing a structural model.

Tennessee Film, Entertainment and Music

The Tennessee Film, Entertainment and Music Commission ("the Commission") is a state agency with very limited staff oriented to recruiting these cultural industries to Tennessee and promoting Tennessee for such activity. Ultimately, the objective includes job creation and economic impacts on the state of Tennessee. Since the Commission is a state government agency, it represents the interests of cultural industries throughout Tennessee and not just those in Nashville. The Commission helps recruit activity through negotiated and other incentives, although the focus of many of these efforts has been on the film industry and film shoots in Tennessee specifically. The State has helped several music industry companies with incentives for relocating back office and other functions to Nashville.

Metro Nashville Mayor's Office of Economic and Community Development

The Mayor's Office of Economic and Community Development has during previous administrations assisted in business recruitment, with a particular focus on attracting large corporate headquarters and other major investments. However, the Mayor Barry has broadened the focus of this office to include staffing for the Music City Music Council (see below) and the Creative Economy and Placemaking. There is also a new focus on small business development and incentives. Staff support for each of these divisions is available to assist the music industry and music businesses in the city with technical assistance, incentives, and other support from the Mayor's Office and local government.

Music Industry Coalition

The Music Industry Coalition (MIC) is a 501©3 which formed in response to the threatened demolition of RCA Studio A in 2014. MIC subsequently broadened its scope and states its mission as follows: "The Music Industry Coalition is the collective voice representing the past and future of the diverse Nashville music industry and its unique music culture." Although this broad vision encompasses the whole of Nashville's music industry, MIC's focus in the past two years has been on Music Row. MIC is the primary local partner for the National Trust for Historic Preservation and the work implemented as a result of National Treasures designation. MIC has established a wide network that has enabled fundraising for various projects, hosting public meetings, communicating with elected officials and Metro agencies, facilitating media coverage and establishing the Music

Arts and Business Council of Greater Nashville (ABC)

ABC "leverages and unites the unique resources of the arts and business communities to create a thriving, sustainable creative culture in Nashville." ABC establishes partnerships between artists, arts organizations, and the business community; and also provides direct services such as business training for the creative community while also helping business reap the benefits of creativity and innovation inspired by music, as well as the visual and performing arts. ABC was instrumental in assisting the Music Industry Coalition's establishment and obtaining its 501©3 status.

Music Row Neighborhood Association (MRNA)

The MRNA is a non-profit membership-based organization dedicated to "responsible growth and development that will promote and preserve the integrity of the Music Row Neighborhood while also enriching the spirit of the community." MRNA was established through the Music Industry Coalition and is oriented specifically to the Music Row community. MRNA has acted as a voice for Music Row businesses, residents and property owners within the city's broader planning efforts.

Music City Music Council (MC2)

The Music City Music Council is “an association of business leaders charged with developing strategies toward heightening the awareness and development of Nashville’s world-wide reputation as Music City.” The Council operates as a partnership between the Nashville Mayor’s Office, the Chamber and the CVB; and the Mayor’s Office provides a dedicated staff person in Economic and Community Development specifically to assist the efforts of the Council. The Council is oriented to recruiting and assisting music-related businesses, and to bringing more music-related events and televised productions to Nashville.

Proposed Organizational Structure

Again, it is highly recommended that the proposed District work within the framework of existing organizations and agencies, rather than re-writing the same song, so to speak. Ultimately, this concept may serve as a model for the creation of a commercial or business district program within Metro Government, or for cultural and other industry districts statewide. It would be unrealistic to expect local or state government to operate an individual district. Rather, the role of local or state government would be ultimately to help designate special districts through a programmatic approach and provide funding or technical assistance. That assistance would be provided to non-profit organizations (e.g., industry-based councils, community-based organizations, foundations, etc) that can use that funding to leverage broader fundraising efforts.

The mission of the MRNA is closely aligned with the concept for the district, but it is envisioned that the district draw from a broader pool of property owners as well as from the various resources of the music industry at large to leverage strategic program services and interventions. The ABC is a well-established and effective organization but with a fairly broad mission relating to the integration of arts and business at the city-wide level and beyond. The MC2 has existing staff support from the Mayor’s Office but also represents a broader city-wide economic development agenda. Both the MRNA and the MC2 could benefit from strategic planning that translates their efforts into more direct services and actions.

Because of its role in first organizing a collective voice for Music Row, it makes sense to pursue the opportunity of organizing the District under the Music Industry Coalition banner. In the past two years, MIC has established a reputation as an effective facilitator in bringing together a variety of opinions and ideas from partners, stakeholders and interested citizens in a civil discourse about Music Row’s future. The respect earned by MIC has positioned the fledgling coalition to expand into a mature organization that managed the District.

Through a Strategic Planning effort, MIC would envision and develop specific program and project functions, including the Music Row Cultural Industry District, the Music Row Investment Trust and the Music Row Historic and Cultural Preservation Fund. These programs and functions would operate under the auspices of MIC, although an investment trust may require a separate legal designation. The concept for the district and the trust are already developed and tested to the extent that they have been introduced and vetted through a variety of stakeholders. As noted earlier, the district can be established as a model for a possible business district program for all of Metro, which should elicit more political support countywide. In partnership with the MRNA, MC2 and the Mayor's Office, MIC can promote the concept of the trust to garner support from a majority of property owners (or in a manner consistent with the creation of a BID).

Music Row Cultural Industry District Staffing

There are many programs and projects outlined in this report which can be part of a successful Music Row Cultural Industry District. Additionally, the recent focus on Music Row has created numerous requests for information and assistance. Examples include responding to requests from property owners for information on this history of their buildings, assisting in promotional activities, participating in local, national and international media interviews, speaking at conferences, coordinating with Metro Planning, Metro Historical Commission and other city departments and attending public meetings related to Music Row. In order to implement the District's plans and to continue as a source for information and assistance, a **Director** position should be created for the Music Row Cultural Industry District, who would work under the auspices of MIC and its board. Similar to the thousands of Main Street Program directors across the country, this position requires the ability to manage multiple programs, work with the board, manage fiscal resources and coordinate efforts from a variety of agencies, businesses and organizations. As funds permit, an **Administrative Assistant** position should also be created. Some of the responsibilities of the Director could include:

- Work with the MIC board of directors to coordinate development and operation of the Music Row Investment Trust.
- Serve as contact point for Metro and State government agencies and advocate for development and management of cultural industry district activities.
- Promote, develop, and encourage use of music industry incentives and economic development strategies on Music Row.
- Promote, develop, and encourage use of preservation incentives for historic buildings.
- Manage creation of tourism programs such as the studio tours, Music Row Open House and other activities.
- Develop volunteer opportunities and recruit volunteers for committees and projects.
- Manage communications including media outreach and social media.
- Develop Music Row network through contacts with elected officials, MRNA, and other associations as well as individual businesses, artists and others.
- Oversee fiscal management and development of financial reports.
- Develop program evaluation system and prepare regular reports tracking success or challenges.

Management

Creation of the Music Row Cultural Industry District will require program development and the establishment of systems to manage programs, raise funds and monitor and report on activities as well as fiscal management. As noted, the extent of programs needed to ensure a successful future for Music Row will necessitate at least one staff position. The MIC board of directors will oversee staffing, accept fiscal responsibility, investment decisions, programs and other activities and to maintain transparency through regular reporting.

Appendix 1

Music Industry

Music Row Indicators

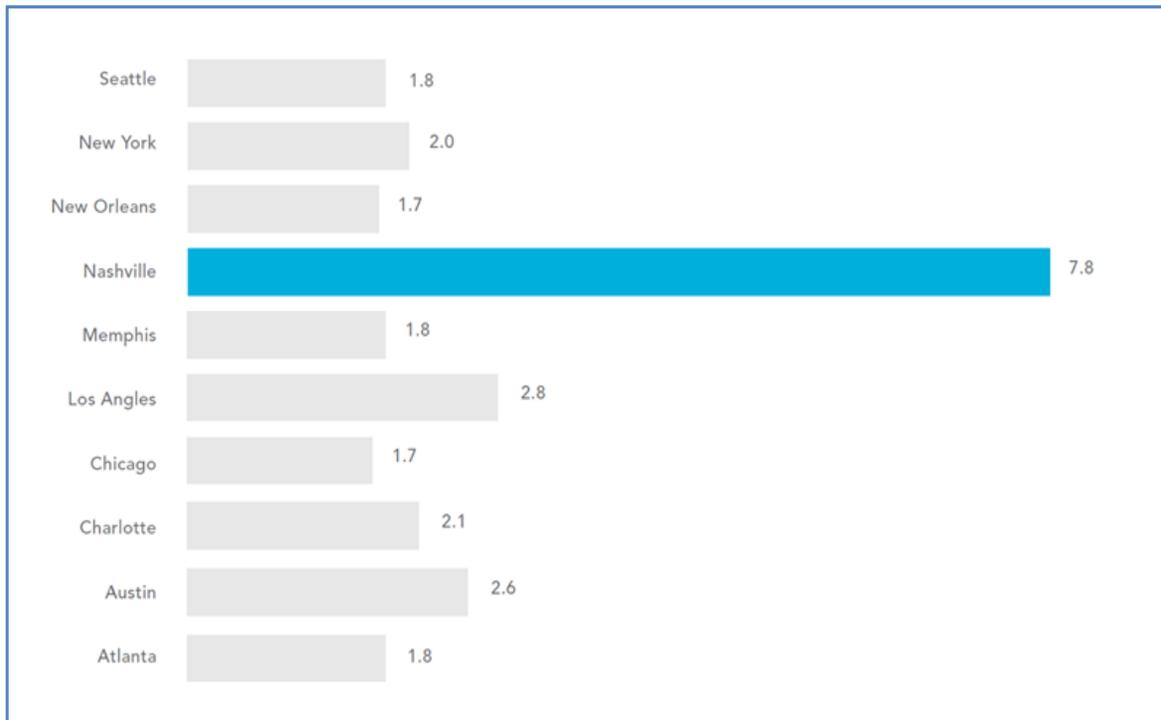
Introduction

This brief summary provides an overview of several indicators relating to the music industry in Nashville and Music Row. While the scope for this assignment did not include an in-depth analysis of the opportunities for growth and sustainability of Music Row and its music industry, this summary provides background on several key industry trends.

Nashville Music Industry Cluster and Trends

The economic impact report (*Nashville Music Industry: Impact, Contribution and Cluster Analysis*) prepared for the Music City Music Council details the size and concentration of the music industry in the Greater Nashville area. This analysis determined that Nashville has the highest concentration of the music industry in America, as a share of the local economic base. The concentration was measured by examining the Location Quotient (LQ), or the share of total Nashville employment in the music industry as compared with the national average and with other cities. Nashville has an LQ of **7.8**, which means that Music City has almost **800 times** the average music-related employment compared with the nation as a whole. While that in itself is not surprising, Nashville's Music Industry LQ was significantly higher than all other cities that produce substantial volumes of music, including Los Angeles (2.8), Austin (2.6), and New York (2.1).

Music Industry Location Quotient (Concentrations)



Source: *Nashville Music Industry: Impact, Contribution and Cluster Analysis*
Music City Music Council

According to the impact report, the Nashville metropolitan area's music industry employed 8,300 people directly in music production, publishing, and performance in 2012. However, the study also found there to be a broader cluster of related industries concentrated in Nashville with a total employment of more than 27,000 people, generating \$5.8 billion in output. When including the multiplier effect of these jobs and related income on the regional economy, the music industry generated a total impact of over 56,500 jobs, \$3.2 billion in income and nearly \$10 billion in output.

Industry Trends

The music industry has undergone dramatic changes as the format for distribution of most music has shifted from the sale of recorded disks to the legal (and illegal) digital distribution of music via the Internet. Technological shifts in format are nothing new for the music industry, which saw its first major boom in New York's Tin Pan Alley, with the creation and distribution of songs through sheet music. Changing technologies can be tracked through the recording and distribution of music via cylinders, phonograph records, LPs, cassette tapes, compact disks, DVDs, and other media while radio dominated broadcasting for much of the 20th century.

What has impacted the music industry most since the advent of the Internet has not been a change in technology formats per se, but the amounts and process by which the various segments of the industry are compensated for their work. Surprisingly, the industry's basic business model has not changed much over time, with songwriters creating work for publishers who sell songs to record companies, who (with artists under contract to perform and record the songs through artist representatives and management) distribute the music through media (radio, internet, film, television). Organizations like BMI, SESAC and ASCAP represent the artists, composers, and recording industry to recover and distribute fees from the sale of the music.

What has changed is the revenue and ways in which fees are collected on behalf of the industry, with internet companies and streaming services collecting and distributing relatively little revenue per spin for each song. Also, whereas an album might have included many songs that did not become hits, a writer and publisher would have collected for the song based on the sales of the entire album. In today's world, the writer and publisher only collect on the songs that are downloaded and saved (and even then, it is a nominal amount). Nothing is collected for streaming music, which is the primary avenue for distribution to much of today's listening audience.

With so little collected and distributed within the industry from Internet sales, the industry (especially writers and publishers) has become much more reliant on live performance fees, and fees collected for music content, such as that included in film, advertising, television and other media outlets.

Nashville's Music Industry. The dramatic shifts in the music distribution model have played out in Nashville and Music Row, resulting in consolidations and job losses. Nashville's music industry is heavily oriented to songwriting and publishing, which have been hit hard by the changes in format and revenue distribution even as the model for making music has not changed all that dramatically since the 1960s. The city's music industry has certainly seen a long-term shift downward over the past 15 years due to these changes. However, employment appears to have finally stabilized and may be growing in some sectors during the past five or six years.

Table 1. INDICATIVE EMPLOYMENT TRENDS IN SELECTED INFORMATION SERVICES INDUSTRIES, NASHVILLE, 2007-2013					
Industry	2007	2013	2007-2013 Change		
			Number	Percent	
Information Services	51	16,452	14,857	(1,595)	-9.7%
Publishing	511	4,715	2,562	(2,153)	-45.7%
Software Publishers	5112	100	560	460	460.0%
MP/Sound Recording	512	2,110	2,699	589	27.9%
MP & Video	5121	614	905	291	47.4%
MP & Video Prod	51211	319	528	209	65.5%
MP & Video Postpr	51219	26	98	72	276.9%
Sound Recording	5122	1,496	1,794	298	19.9%
Record Production	51221	228	35	(194)	-84.9%
Integrated RP/Dist	51222	236	521	285	120.8%
Music Publishers	51223	854	1,009	155	18.1%
Sound Rec Studios	51224	112	137	25	22.3%
Other Sound Rec	51229	66	40	(26)	-39.4%
Broadcasting	515	1,675	1,187	(488)	-29.1%
Radio Broadcast	51511	611	571	(40)	-6.5%
Data Processing	518	3,153	3,990	837	26.5%
Internet Pub/Broad	51913	75	168	94	125.5%
SELECTED INDUSTRY	2,282	3,093	812	35.6%	
Note:	Selected Industries include 5112, 5122, 51511, & 51913. Software, Sound Recording, Radio, Internet Pub/Broad.				
Sources:	U.S. Bureau of the Census and Randall Gross / Development Economics.				

The music “industry” is largely part of the Information Services (IS) sector, which creates, publishes, distributes and broadcasts printed, sound, film/video, and web-based material. Overall, Davidson County’s Information Services sector saw nearly a 10% decrease in employment between 2007 and 2013, a period which included the global financial crisis and the “Great Recession.” Nashville lost about 1,600 information jobs during that period. Yet, during this same period, the motion picture and sound recording sub-sector of IS saw a 28% increase in employment, with Davidson County adding nearly 600 jobs. About 300 of these jobs were in motion picture and video recording, but almost exactly the same number was in sound (music) recording.

Not surprisingly, **record production fell by 85%** within this 5-6 year period, with Davidson County losing about 200 direct jobs. But, *integrated record production and distribution added 285 jobs (121%)*. Music publishers added 155 jobs (18%) and even recording studios saw some nominal employment growth, adding 25 full-time jobs (22%). The traditional broadcasting industries, including radio broadcasting, did not fare very well, with a loss of nearly 500 jobs in Nashville. The shift from traditional broadcasting (and printed media, where newspapers and other publishing lost 2,200 jobs) to computer-based services is apparent. Software publishing grew by 460% in Davidson County, adding 460 jobs. Data processing industries added over 800 jobs in Nashville and internet publishers added about 100 of these jobs (126%). If several key components of the publishing and recording industries are taken together (sound recording, radio broadcasting, software publishing and internet broadcasting & publishing), Nashville added 812 jobs or 35.6% over the period.

Ultimately, the growth in these industries has been concentrated in **computer-based publishing and broadcasting**, but integrated sound recording industries and music publishing have expanded in Nashville.

Music Row Industry Concentration

Music Row is the heart and soul of Nashville’s music industry and, despite challenges over recent years that have caused music-related businesses to relocate out of Music Row, the district still contains a large portion of the city’s music companies. Overall, the zip codes that include Music Row and surrounding areas of Midtown have a total of about 4,300 jobs in the Information Services sector overall. While IS includes more than just the music industry, the fact that this area alone has 30% of the city’s IS jobs provides some indication of the level of concentration and dependence that music and other information industries have on the Music Row/Midtown area. The nearby Berry Hill area, where there are a number of music recording studios and related businesses, has about 500 IS jobs.

Table 2. EMPLOYMENT TRENDS IN THE INFORMATION SERVICES SECTOR, SELECTED ZIP CODES, 2007-2013				
Zip	2007	2013	2007-2013 Change	
			Number	Percent
37203	4,466	3,651	(815)	-18.2%
37212	582	667	85	14.6%
TOTAL	5,048	4,318	(730)	-14.5%
37204	406	469	63	15.4%
Sources:	U.S. Bureau of the Census and Randall Gross / Development Economics.			

Inventories prepared by the National Trust for Historic Preservation and Randall Gross / Development Economics confirm that there are at least 200 music-related businesses still operating in the Music Row area. The mix of businesses includes music publishing companies (nearly 60), recording studios (about 30), radio broadcast studios, record labels, music associations and unions, artist managers and representatives, entertainment companies, entertainment & copyright attorneys, vocal coaches, music education facilities (not to mention Belmont University’s Mike Curb College of Entertainment and Music Business), touring (travel and transportation) companies, banks (music-industry focused), and other professional services and suppliers to the music industry. This district clearly represents a unique concentration not only of music recording and publishing businesses but also music industry suppliers, training and education resources, representatives and services that form the core of a true Nashville Music Industry Cluster.

Overall, the Music Row/Midtown area lost about 815 IS jobs from 2007 to 2013, or 14.5%. Berry Hill and surrounding areas gained around 60 IS jobs or 15.4% during this same period. This trend may be indicative of the overall shift that many have seen from Music Row and Midtown to more affordable areas like Berry Hill. More detailed analysis would be required to refine the trends and future prospects for the music-related establishment and employment base in Music Row, but this overview clearly indicates the unique character of the district and suggests the possible impacts of rising operating costs and declining availability of affordable space for music-related businesses in the district. The Music industry’s ability to take advantage of new opportunities for securing revenue through **internet publishing, live performance, and production of new content for film, television and other media** will be paramount for Music Row’s future.

Appendix 2

Real Estate

Music Row Indicators

Introduction

This brief summary provides an overview of several indicators relating to real estate markets and development in Nashville and Music Row. While the scope for this assignment did not allow for any in-depth analysis of the opportunities for real estate market analysis as background for developing strategies for Music Row, this summary provides background on several key industry trends.

Nashville Real Estate Indicators

Nashville's real estate markets peaked in 2006-07 before the onset of the Global Financial Crises and the real estate "depression" of 2008-2010. Nashville's 2010 flood only worsened conditions. Real estate markets are cyclical and it was inevitable that markets would gradually recover from the recession. Nashville's is no exception. But Nashville's normal market upswing has been boosted further by exceptionally high job growth, which has helped to spur population growth and a boom in demand for all forms of real estate. Perhaps the only form of real estate that has not fully rebounded from the recession is condominium development, which has been hampered not by any market weaknesses but by strict lending conditions imposed by wary banks.

The markets impacting most on real estate conditions in Music Row are primarily rental apartments, office space, and hotels. Demand for all of these uses is booming in the Midtown area (including Music Row) due to a variety of reasons.

Apartments

The explosive job growth that has placed Nashville among the top five large metros for several years, has contributed significantly to demand for rental apartments. The metro area is adding about 30,000 to 35,000 people per year, with about 10,000 of those added each year in Davidson County. Given that many of the new hires are young Millennial workers relocating to the city, demand is strong in the downtown, Midtown, and surrounding areas of the central city.

Overall rental apartment occupancy has fluctuated between 4.5 and 5.4% in recent months, indicating a healthy overall market. The market has sustained high occupancies despite a rapid escalation in rental rates over several years, with a 10% overall rental increase in one year since March 2015. The health of the Nashville apartment market has attracted national apartment builders, and demand in the central city has encouraged high-density, high-rise construction that has contributed to an overall increase in property values. The interest and demand have resulted in nearly 15,000 apartment units currently under construction, with another 9,000 proposed in this market. ⁽¹⁾

(1) Real Data Nashville Apartment Index, February 2016.

There are indications that demand will continue to grow steadily but that development and pricing may be over-shooting demand. Thus, there is likely to be a growing over-supply of over-priced units, despite continued demand, if too many additional units in the higher price ranges are brought onto the market. Market balance and affordability will become more of an issue in the near term. If Nashville's job growth falters however, there will be a much more significant over-hang in the apartment market with high vacancy.

Hotels

Nashville has become a hot commodity for both tourism and business travel, thanks to the combination of a high-profile television series, expanding business base, increasing culinary reputation, and large new convention center, among other factors. Nashville International Airport has finally seen volumes that expand beyond the airport's peak in the 1980s as a hub for American Airlines.

The Nashville hotel market was under-built even before Music City Center opened its doors. But the center's added capacity for conventions of was further under-served by the single 800-key Omni convention hotel and the need for more large blocks of rooms to sell to convention planners. The dearth of hotel rooms during a period of rapid expansion in both business and leisure travel to Nashville has resulted in high occupancy rates (approaching 75% market-wide) coupled with increasing REVPAR (revenue-per-room) figures in excess of \$110 on average.

The combination of high revenues and high occupancy has, much like apartments, attracted national and even international attention to the Nashville hotel market. There are in excess of 6,000 rooms under construction or planned in the city, many of which are located in downtown or Midtown. As more rooms come onto the market, prices will inevitably stabilize or decline. That is not necessarily a bad thing. Nashville will have to remain affordable as a destination if it can continue to sustain its current Top 15 market position in attracting the leisure tourist.

Office Space

Nashville's downtown-area office market was relatively static for many years due to direct competition from Cool Springs as the region's premier office node. Certainly there was new construction, such as the Pinnacle Bank Tower, which attracted a few relocations and internal move-ups among law firms and others from within the downtown area. The dearth of new office space was perceived as a constraint by economic development officials trying to recruit headquarters and back office uses to Nashville and its central city areas. But as the office vacancy rate dwindled and rates began to increase, the investment value and attractiveness of office development spurred new construction.

Several new speculative and purpose-built office buildings have been or are under construction in The Gulch, including 205,000 square-foot Gulch Crossing and Eakin Partners' 15-story, 275,000 square-foot office building under development at 1201 Demonbreun Street. HCA is constructing a new headquarters building for the Sarah Cannon Research Institute and Parallon Partners in the North Gulch on Charlotte Avenue. Lifeway Christian Resources is consolidating its headquarters from aging space on 10th Avenue into a new building also being developed in the North Gulch. Bridgestone is building a new 30-story headquarters in SoBro. Other large office projects such as the redevelopment of the former convention center site are planned or proposed in SoBro and other central city areas.

Market-wide, office vacancies have continued to fall to around 5%, the lowest rate in at least 20 years. Downtown vacancy has fallen from about 18% just two years ago to under 10%, despite all of the new construction. Absorption is averaging about 400,000 square feet per year (360,000 downtown), but there is 2.8 million square feet under construction. Rental rates are increasing at 6% per year and downtown rates are escalating rapidly, especially for Class A space. A record \$38 per square foot is being paid for Class A space in The Gulch, nearly \$10 more than the previous record.

Demand for office space continues to grow, and economic development officials continue to beat the drum for more office space as an asset for recruiting headquarters to Nashville. There may be some validity to this supply-driven approach, with Nashville continuing to attract headquarters or administrative offices such as for Hankook Tire, Lyft, and others. A national economic downturn would bring a halt to such growth, at least temporarily.

Music Row Market Pressures

The Nashville market for apartments, office space and hotels is growing. Certainly this regional growth impacts on demand for space within Music Row, particularly for housing. However, the circumstances of the Music Row business base are also driving demand, especially for office space, due to a variety of reasons that are unique to the music industry. Market pressures from outside and inside of Music Row are discussed below.

Apartments

Music Row is included in the West End sub-market, which is characterized by the highest rents out of the city's 13 sub-markets, at nearly \$1,500 per month (compared with \$1,000 market-wide). Rent per-square-foot is approaching \$2.00 in the West End sub-market, nearly twice that of the market as a whole. West End also has by far the highest vacancy, at 14.6%, but this is indicative of an active market with significant new construction rather than a weak market. The West End market added 450 units in the last six months and there are 4,500 units under construction. So, much of the vacancy is in projects currently under construction and in pre-leasing. ⁽²⁾

Ibid.

The Music Row area has seen the addition of several large apartment projects in the last year or so, including the 19-story Element Music Row, at 1515 Demonbreun Street. Units in this building are priced outside the affordable range of many musicians and others who may actually work in Music Row. Music Row has always had small apartment buildings, as well as rented single-family houses that provided affordable housing for Music Row's throngs of songwriters, artists, and office workers. But the addition of high-priced high-rise apartment buildings is a relatively new phenomenon. Property investors from Forestar Group paid \$6.25 million for buildings along an entire block of 16th Avenue South, which were subsequently raised for the construction of an apartment building. Forestar then pulled back from real estate investment to focus on core energy businesses, leaving the site in limbo until earlier this year, when Dinnerstein Companies paid \$11.6 million for the same site to develop a 230-unit project called "Millennium Music Row." Not surprisingly, the project is targeting Millennials. ⁽³⁾

Ironically, those Millennials are not likely to include the young songwriters, struggling artists, or the office workers that make up the bulk of the employment base in Music Row but who cannot afford \$1,500 a month rents. Thus, while the market is driving up demand for expensive apartments throughout the city, there is even higher demand for affordable workforce housing especially in or near places like Music Row, to house the people who actually create, perform, publish, record, administer, and sell the music.

Hotels

Much of the city's large-scale hotel development is being driven to the downtown/SoBro/Gulch area to ensure proximity to Music City Center and the tourist districts. However, Midtown has seen a fair share of new hotel construction, including the 145-room Springhill Suites by Marriott, which recently opened at 1800 West End Avenue. Continental Hotels has had plans for several years to occupy a still-to-be-built tower proposed by Alex Palmer at the split of Broadway and West End Avenue. Virgin Hotels has proposed development of a new 240-room hotel at Division and 17th Avenue, South on Music Row. The project would also include function space, a recording studio, live music venue, rooftop lounge and other features. An historic house and buildings on the site were already cleared when the original developer dropped plans and Virgin purchased the site from the developer for \$11 million. ⁽⁴⁾

Hotel development in Midtown would be more dependent on Vanderbilt University, Belmont University, and the Midtown business base since the location is less convenient for downtown conventions and tourism. That being said, a Virgin Hotel on Music Row could serve as a destination because of potential links to the music industry, in terms of marketing as well as real business base. Beyond a large destination like Virgin or a high-caliber boutique hotel, demand for lodging in Music Row is more likely to depend on the same modestly-growing markets as other Midtown hotels.

(3) The Tennessean, April 1, 2016: "New Music Row Luxury Apartments to Target Millennials."

(4) The Tennessean, December 9, 2015. "Virgin Hotels Nashville Changes to One Tower, No Condos."

Office Space

Music Row is considered part of the Green Hills/Music Row sub-market. This sub-market has 2.8 million square feet of office space tracked by Colliers International. Most of this is in Class B buildings and the sub-market has only a 3.8% vacancy rate, making it a much tighter market than downtown but only 5th out of the nine Nashville-area sub-markets in terms of occupancy. Rents are averaging about \$23 per foot, or slightly above the market as a whole (and \$5 less than the expensive West End sub-market). Very little of the sub-market's multi-tenant space is actually located in Music Row, with most in the Hillsboro/21st corridor and in Green Hills. Music Row is characterized more by single-tenant occupancy with the exception of functionally-obsolete (but culturally significant) buildings like the United Artists Tower, which may be redeveloped as multi-tenant space.

Music Row is primarily an office district, although the use of space varies significantly and some of the space (e.g., recording studio) does not function like traditional "office" use. Nashville and Music Row have become increasingly attractive as a location for back-office, technology support, and administrative uses. Music Row has attracted the back office functions of BMI, which moved those administrative activities from New York in large part due to the relative affordability of business space and function in Nashville. Other music industry-related companies have also transferred back-office uses to Nashville, sometimes with incentives generated by State or Metro Government.

Interviews with music businesses in suggest that there are three issues driving demand for more office space in Music Row:

1. **Functional Obsolescence.** Many music businesses are located in older houses and office buildings that are functionally obsolete or otherwise poorly designed for modern office and music industry uses. Rehabilitation of older buildings has proven to be costly, time-consuming, restricted through regulation, or otherwise challenging for some of these businesses and a few have relocated out of Music Row as a result. The concept of the Music Row Investment Trust has been introduced in this report in part to help finance rehabilitation of these buildings.
2. **Consolidation and Back Office.** Some music-related companies have consolidated operations within or to Nashville, causing a need for larger or more productive buildings to house a larger and more diverse complex of employees. As noted above, music-related businesses and associations have relocated employees to Nashville as a cost-savings measure due to the high cost of real estate in New York or Los Angeles.
3. **Technology & Service Business Recruitment.** There are opportunities for recruiting more music-related or supplier businesses and organizations to Music Row, including associations, Internet companies, management, and other service businesses to support the music industry. The concept of recruiting more internet-based businesses, web designers, software companies, and others to Music Row could help the Music Industry take more advantage and control of the shift in technology by building stronger relationships with Internet companies and their distribution platforms.

Like other office districts and traditional office “parks,” there is a movement to re-design such areas to incorporate more mixed-use environments and to create more inviting places (with retail and other amenities). Thus, if Music Row is to increase its competitiveness for attracting and retaining music-related and other office uses, then there is also a need for master planning and strategies to establish more inviting office nodes that appeal to younger workers and those that desire a walk-able environment. Regardless of the overall environment created, affordability is a key component of any business recruitment strategy for Music Row, since cost savings are a driver for small and large music businesses during this period of falling revenues and increased consolidation.