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Creating Carrboro's Economic Future

Submitted by

**Regional Technology Strategies, Inc
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Introduction

Carrboro is a town with uncommon assets. It is the state's most densely populated city, with numerous walking neighborhoods near the downtown core. Even more opportunities to live downtown are on the horizon. It has a vibrant arts scene – from music and film festivals to galleries and a successful ArtWalk. Carrboro attracts crowds to its outdoor events, most notably the Farmer's Market and Weaver Street Market's "After Hours" and Sunday brunches. Carrboro is filled with many talented and well-educated citizens. It has a fast growing Latino community that is adding yet another dimension to the town's character. And not many small towns anywhere can lay claim to their own rap song.

Pass through town on a weekend evening and you are likely to encounter crowded sidewalks and streets, not to mention crowded parking lots. Yes, the mill and railroad mecca that defined Carrboro for most of the 20th century has long disappeared. Yet what remains is not entirely different. Carrboro still has a strong sense of place and community. It is filled with citizens and leaders who are deeply committed to its future.

There is no doubt that Carrboro has achieved the goal it set almost twenty years ago, in its previous economic development plan, to become an entertainment district. But that was then and this is now; town leaders today recognize that Carrboro has the potential, and even the imperative, to be much more than a place where residents and others spend their leisure time. It needs to become a town where there are more good jobs and more opportunities for citizens and others to pursue meaningful work.

Leaders also recognize that if the town is to continue to remain such a vibrant community it needs additional resources. Without additional tax revenue from businesses, the continuation of Carrboro's high level of services will require an increasing burden on residents.

With this in mind, the town hired Regional Technology Strategies, Inc., a Carrboro-based organization, to assist the Town in creating a new economic roadmap. In approaching the project, RTS used the guidelines developed for the town to create a plan that will not only respect Carrboro's unique character but use a Triple-Bottom Line approach to economic development. This approach ensures that economic development promotes environmental sustainability, allows for private sector growth, and promotes better jobs and services for the town's residents.

Drawing on interviews, data analyses, a community input process, and RTS' experiences working in other communities, this economic development plan seeks to build on the town's strengths and look for new opportunities to create a community that is stronger and more fiscally secure in the years to come.

The report comprises the following:

- Section 1: Report Approach: *the community input process and research that guided this economic development plan*
- Section 2: Triple Bottom Line Framework: *sustainable development that considers “people, planet, and profit”*
- Section 3: Carrboro’s Economy: *Carrboro’s current economy and trends*
- Section 4: Carrboro’s Competitive Position: *where Carrboro fits in the Triangle’s regional economy*
- Section 5: Carrboro’s Commercial Nodes: *strengths and challenges facing Carrboro’s downtown and other commercial areas*
- Section 6: Carrboro’s Land Use Ordinances and Development Process: *how Carrboro’s land use policies impact economic development*
- Section 7: Economic Development Options: *an assessment of potential types of economic development in Carrboro*
- Section 8: Findings: *conclusions and findings*
- Section 9: Economic Development Principles for Carrboro: *a framework to guide economic development decisions*
- Section 10: Recommendations: *“best bets,” strategies and policies to support expanded commercial activity*
- Section 11: Action Plan: *budget and staffing to support the recommendations*
- Section 12: Economic Impact: *potential outcomes from new commercial projects*
- Section 13: Sustainability Checklist for Commercial Development: *a tool to be used internally by Carrboro’s staff and leaders to help understand a proposed project*

Section 1: Report Approach

In assessing Carrboro's economy, RTS implemented a community input and a research/analytical process. The community input process consisted of three briefing papers to guide community participation, a community-based survey, two community-wide workshops and three targeted focus groups for individuals involved in the creative economy. The research/analytical process included reviewing available statistical information about Carrboro and the regional economy; conducting interviews with knowledgeable local citizens and business people; and conducting focus groups with developers and the town's planning staff. The following describes each of these activities.

Community Input Process

Briefing Papers

Prior to the community input process, RTS wrote three briefing papers to help guide citizen participation. The three papers consisted of:

- The Triple Bottom Line Approach to Economic Development
- An Economic Profile of Carrboro
- Carrboro's Creative Economy

Key elements of all these papers are included in this final report; they are available in their entirety at www.townofcarrboro.org/e.cd.

Survey

RTS designed a survey to get feedback from both residents and non-residents around four general economic development questions:

- What types of *goods and services* do people use and demand in Carrboro?
- What kind of *work environment* should Carrboro attempt to create?
- What are the concerns about and what should be the goals of *economic development* in Carrboro?
- What are the *general impressions* of Carrboro that people currently hold?

The survey, available in English and Spanish, was posted in electronic form, through the Town of Carrboro's website, and hard copies were made available upon request. 187 individuals responded to the survey. A copy of the survey is contained in Appendix 1. We should note

that the purpose of the survey was to collect input; it is not a scientific representation of citizens' opinions.

Community Input Workshops

RTS facilitated two workshops aimed at soliciting community opinion about Carrboro's economic future. The first workshop, held May 20, 2006, provided information on Carrboro's economic future. Participants offered their opinions on Carrboro's economic development challenges and ways in which the town could respond effectively. Participants were also presented with scenarios of several different types of businesses that could potentially come to Carrboro and were invited to respond on whether these firms were a "good fit" for Carrboro.

The second workshop, on May 24, 2006, asked participants their opinion of how Carrboro could better take advantage of the enormous creativity present among its citizens. Participants were again given scenarios of different creative businesses and how Carrboro could support these potential enterprises.

Summaries of citizen input from these workshops are contained in Appendix 2.

Creative Economy Focus Groups

To gain insight on particular segments of the creative economy, RTS convened three focus groups. The groups met at The ArtsCenter to discuss the challenges facing their businesses in particular and the town's creative economy in general. The three groups were:

- Music industry
- Visual Arts
- Media/Designers

Research/Analytical Process

The project team used a wide range of statistical sources to get a picture of Carrboro's economy and how it fits into the larger regional picture. Materials used included U.S. Census, County Business Patterns, public databases such as that published by the North Carolina Arts Council and the Orange County Office of Economic Development, and proprietary business databases such as Dun and Bradstreet. All these sources are cited as appropriate in the body of the report.

The project team also conducted person and phone interviews with knowledgeable citizens and stakeholders in the community.

Design Collective, a Baltimore-based land use planning firm, was a subcontractor for the project and provided valuable detailed analysis of the town's land use ordinances and development process. Staff from Design Collective was also instrumental in facilitating three focus groups

relating to land use issues. Two were held with commercial developers with project experience in Carrboro. One was held with the Town’s planning staff and the contract engineer.

Section 2: Triple Bottom Line Framework

Economic development is often cast in terms of financial incentives to lure companies and grow. Even some small towns in North Carolina have recently opted to give tax breaks to attract companies. Carrboro, however, seeks to take another path—one that builds on the assets of its citizens and its location in a leading regional economy to support sustainable development.

When the Town began this effort, it expressed a desire to create a plan that allows for growth, but that also respects the environment, creates quality jobs, and encourages businesses to profit responsibly. This “triple bottom line” approach to community sustainability comes from John Elkington, author of a popular 1998 book, *Cannibals with Forks*.¹ It encourages measuring companies according to their impact along three dimensions: being socially just, economically profitable, and environmentally sound. A shorthand expression for Elkington’s triple bottom line is “people, planet, and profits.”

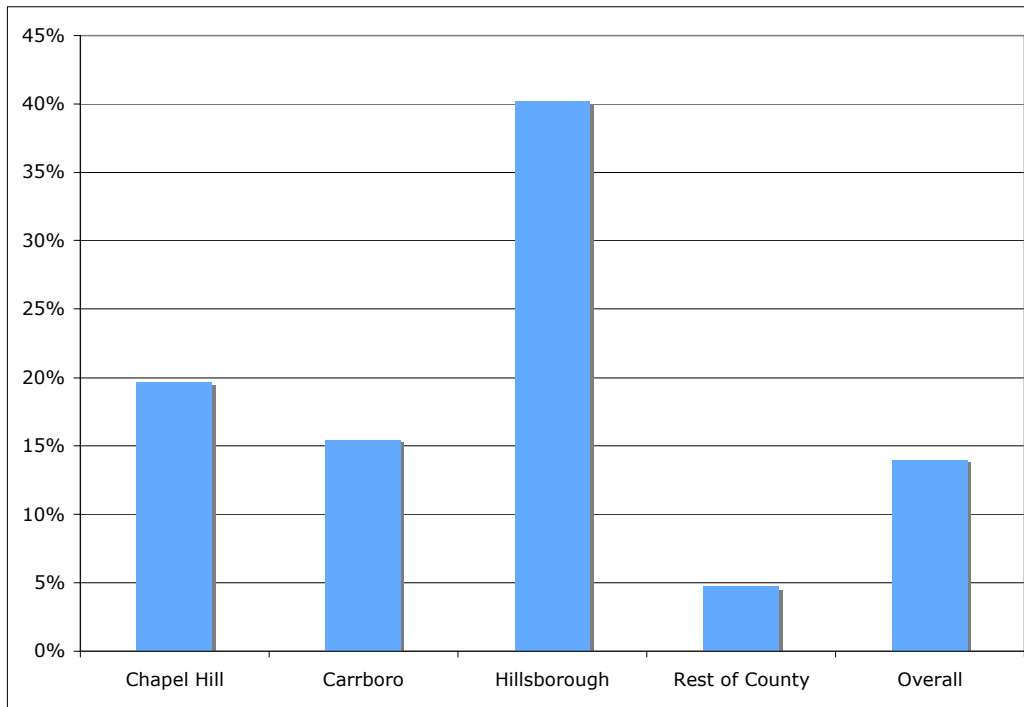
People

It is helpful to think about the “people” component of the triple bottom line approach to sustainable economic development in two main ways: 1) commercial growth that creates tax revenues to help pay for high quality town services, and 2) growth that provides town residents better access to jobs, goods, and services.

Currently residents of Carrboro, through property taxes, are more responsible for their town’s tax revenues than residents in most communities in the county and state. The Carrboro planning department estimates that 89 percent of property value in the town is residential. Orange County includes apartment residences in its commercial tax base so it lists Carrboro’s residential tax base as 84 percent. This compares to a state average of 78 percent, with neighboring Durham County at 61 percent, and the town of Hillsborough at 60 percent. To support the high level of services that Carrboro residents expect, Carrboro’s property tax rate is one of the highest in North Carolina. Figure 1 compares the percentage of tax revenues coming from non-residential sources within Orange County.

¹ Elkington, John, *Cannibals with Forks: Triple Bottom Line of 21st Century Business*, Capstone Publishing, Oxford, UK, 1998.

FIGURE 1: Percentage of Tax Revenue from Non-Residential Sources, Orange County, 2005



Source: Orange County Economic Development Commission

Residential development is costly to any municipality. The cost of providing services to residents (from garbage collection to schools) is on the whole more expensive than the costs of providing services to a business. A 2006 study for Orange County found that while residential development brings \$0.76 in revenue to the County government for every dollar that is expended, commercial and industrial development generates \$4.21 in revenue for every dollar expended for their services. Encouraging responsible economic development relieves the tax burden on homeowners, easing the share of taxes paid by residential property owners in the town and reducing the cost of home ownership.

Carrboro residents recognize the high tax burden they bear. In the survey conducted for this project, survey respondents chose “increasing commercial development to ease the tax burden on residents” as their top economic development goal. Interestingly, Carrboro residents and non-residents alike both chose this as the top goal.

Economic development in Carrboro also benefits town citizens by providing more local jobs, as well as more goods and services available to local residents. Right now there is clearly an “outflow” of workers and consumers from Carrboro to other communities. RTS’ economic analysis of Carrboro, presented in detail in Section 3, shows that the town sends the vast majority of its workers to other towns every day to work—only 8 percent of the town’s workforce holds jobs in Carrboro. Indeed, almost as many Carrboro residents commute 30 miles to Raleigh to work as work within the town limits.

The community input survey illustrated pent up demand to work in Carrboro. Eighty percent of respondents who do not already work in Carrboro said that they would do so if they could.

Planet

There can be environmental benefits associated with having more economic activity in Carrboro. Better access to retail goods reduces the distance traveled by residents to other communities, especially for basic goods that are purchased frequently. More jobs in Carrboro could also reduce the number of people traveling to other towns for work. Assuming that most shoppers and commuters are driving, this would reduce emissions and fuel consumption.

Carrboro leaders have a long tradition of enacting policies to limit sprawl.² Encouraging density, with appropriate buffers for neighborhoods, benefits the environment because it encourages fewer and shorter trips, and makes public transportation more attractive. While this clearly applies to downtown, promoting commercial density can also apply to Carrboro's other commercial areas, including the western corridor along Highway 54 (Carrboro Plaza) and a potential new node in the "northern transition area" which is near Homestead Road and Old Highway 86.

Environmental protection is important to residents and others who took the survey for this project. "Building an environmentally sustainable community" was the second most frequent response among Carrboro residents who responded to the survey question about the top goal for economic development in Carrboro.

Another way to think about the environment and economic development is whether all businesses are "right" for Carrboro. Some types of businesses are more oriented toward environmentally sound practices than others.

Profits

Economic development will not take place in Carrboro unless businesses are confident that locating in Carrboro offers some competitive advantage that will make them profitable. Of course, municipalities cannot control whether companies make a profit; however, they can take some actions that help companies prosper. For retail stores, for example, town amenities and infrastructure (such as roads, sidewalks, and bike lanes) that are both highly functional and attractive are important for attracting customers. For non-retail businesses, town governments can help companies by supporting business networking, sponsoring business-related amenities (such as Carrboro's free downtown Wi-Fi), and even through more intensive actions such as creating public/private partnerships to help entrepreneurs, pool small businesses to lower their costs for supplies and services, and connect them to training and other services available from

² *A New Vision for Downtown Carrboro, 2001; Carrboro Vision 20/20, 2000*

public resources. Carrboro’s revolving loan fund aimed at small businesses has been one successful tool for encouraging entrepreneurship in town.

The RTS survey asked what business practices respondents thought were important for Carrboro businesses to abide by. Overall, respondents felt that Carrboro businesses should be environmentally friendly, provide benefits to employees and pay employees well. Two of these practices, “are environmentally friendly” and “provide employees with benefits”, were rated “very important” by a majority of Carrboro residents and a near majority of non-residents. Interestingly, survey respondents rated “provide employees with benefits” even higher than “pay their employees well,” though both were deemed either “important” or “very important” by most.

The business practice that rated lowest—“do not compete with locally-owned businesses”—earned a rating score of 2.6 (on a scale of 1 to 4), putting it right between “somewhat important” and “important.” The survey showed that all of the business practices in the survey are at least somewhat important for Carrboro to consider in the process of economic development.

Section 3: Carrboro's Economy

This analysis of Carrboro examines the town's current position both as an independent economic entity and as it relates to the larger regional economy. Any discussion of a small jurisdiction such as Carrboro must take into account the economic picture of the surrounding region and where it fits into this larger picture. In particular, this analysis provides:

- Demographic profile of the town to show where Carrboro stands in relationship to its neighbors and the state of North Carolina.
- Snapshot of the regional economy, defined as the Raleigh-Durham-Chapel Hill Metropolitan Statistical Area.
- Profile of Carrboro's citizens' occupations and the industries in which they work.
- Description of the types of businesses located in Carrboro and the industries for which Carrboro possesses particular strength.
- Discussion of Carrboro's creative economy.

A Demographic Picture of Carrboro

In 2004, Carrboro had 17,648 residents. Population has grown fairly steadily—5.2 percent—over the past five years. Table 1 shows population growth in Carrboro compared to Orange County, Chapel Hill, and the State of North Carolina.

TABLE 1: Population Growth, 2000-4

	2000	2004	Percent Growth
Carrboro	16,782	17,648	5.2
Chapel Hill	44,102	49,443	12.1
Orange County	115,537	120,965	4.7
North Carolina	8,049,313	8,541,221	6.1

Source: US Census, 2004

The ethnic makeup of Carrboro is very different than the rest of the state, with Carrboro having a much larger Latino population than both Orange County and the state. Table 2 shows Carrboro's ethnic breakdown compared to the rest of Orange county and the state.

TABLE 2: Ethnic Group Composition

	White	African-American	Latino
Carrboro	72.7%	13.9%	12.3%
Chapel Hill	78.0%	14.0%	4.5%
Orange County	78.0%	14.0%	4.5%
North Carolina	72.1%	21.9%	4.7%

Source: US Census, 2000

Carrboro, like the rest of the county, is a more affluent compared to the rest of the state. In 2000, Carrboro's per capita income was \$21,429, which is 5.5 percent higher than the state per capita income of \$20,307. An even more striking disparity can be found in looking at the median household income of Carrboro. Median income of those households in Carrboro who live in their own home is \$70,148 compared to \$46,287 for the state as a whole. For Carrboro residents who rent, median household income is \$27,614 compared to \$26,140 for North Carolina. This income gap reflects that Carrboro is a densely populated town with a larger than average number of apartment complexes for a town its size. UNC-Chapel Hill students mostly fill these apartments; however, low-income working adults and families live in some of them too.

Residents of Carrboro are also extremely well educated. In Carrboro, more than 60 percent of residents have at least a bachelor's degree compared to just 19 percent of the state as a whole. This makes the population more readily employable in high wage activities. Table 3 compares the educational attainment level of Carrboro residents to those in the county, state and Chapel Hill.

TABLE 3: Educational Attainment

	Less than High School Degree	High School Graduate only	Associates' Degree only	Bachelors Degree	Post-Graduate Degree
Carrboro	9.8%	24.1%	5.3%	30.2%	30.6%
Chapel Hill	5.7%	17.3%	3.3%	33.2%	40.5%
Orange County	12.4%	30.7%	5.4%	24.4%	27.1%
North Carolina	21.9%	48.9%	6.8%	15.3%	7.2%

Source: US Census, 2000

Carrboro in a Regional Context

In conducting economic development studies, most analysts prefer to look at regional economies. Products, services and labor markets are not constrained by political jurisdictions, especially not within of town or city limits. People, products and goods can and do travel without respect to boundaries. Thus, any analysis of the economic development prospects should start with an analysis of the economy of the larger region.

Carrboro is part of the US Census Bureau's Durham-Chapel Hill Metropolitan Statistical Area, a geographic area that encompasses Durham, Chatham, Person, and Orange Counties. Until 2003, Orange County was included in the larger Raleigh-Durham MSA, which consists of Chatham, Durham, Franklin, Johnston, Orange, and Wake Counties. Since most businesses and individuals who reside in Carrboro continue to think of themselves as part of the larger MSA, for the purposes of this economic analysis, the town is placed primarily within the context of the older Raleigh-Durham MSA.

Known nationally as a center of high tech and research, the Raleigh-Durham MSA remains one of the fastest growing areas of the entire nation both in terms of population and economic growth. One way in which regional economies are examined is by studying industry clusters. Clusters are geographic concentrations of competing and collaborating firms that tend to produce innovation and higher wages. Such concentrations typically include competitive firms and cooperating suppliers, service providers, educational and knowledge providers, and associated institutions that may do business with each other and share needs for common talent, technology and infrastructure. A cluster can be said to exist where a group of businesses are found drawing on similar resources and relationships with other nearby businesses and interacting with institutions that contribute to their competitiveness.

In 2000, the Monitor Group profiled the Research Triangle region to determine the region's main clusters.³ The study identified fourteen clusters in which the region had both large numbers of people employed and that were growing. The fourteen clusters are:

- Agricultural products
- Building fixtures
- Equipment and services
- Business services
- Communications equipment
- Construction materials
- Heavy Construction services
- Heavy machinery
- Distribution services
- Processed Food
- Power generation, transmission and distribution
- Pharmaceutical/biotechnology
- Tobacco

In particular, the study mentioned pharmaceutical/biotechnology and communications equipment as the clusters that were receiving the highest level of support and represented growth opportunities for the region. Unfortunately, the Monitor report does not reveal the

³ Michael Porter, "Clusters of Innovation: Regional Foundations of U.S. Competitiveness;" Council on Competitiveness, 2002

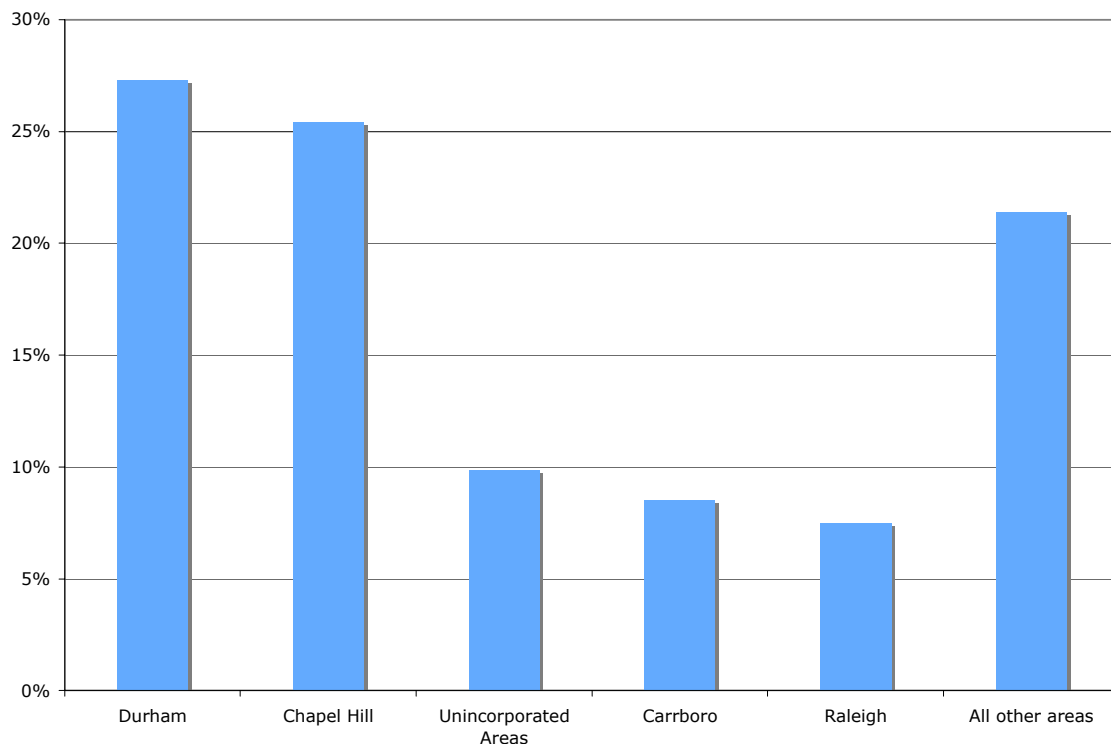
specific categories of companies that comprise each of these clusters so the analysis cannot be specifically replicated for Carrboro. Nonetheless, as the industry analysis that follows will illustrate, it is safe to say that few businesses in Carrboro are part of these clusters. While the economic engines of the Triangle are found primarily in high-tech and financial services, Carrboro's commercial base is primarily retail and service industries.

The following detailed profile of Carrboro examines the town first by looking at residents' occupations and job location, and secondly looking at the composition of Carrboro's employers. Finally, there is a discussion of some structural challenges to Carrboro's ability to access the larger regional economy.

Carrboro's Residents' Employment Patterns

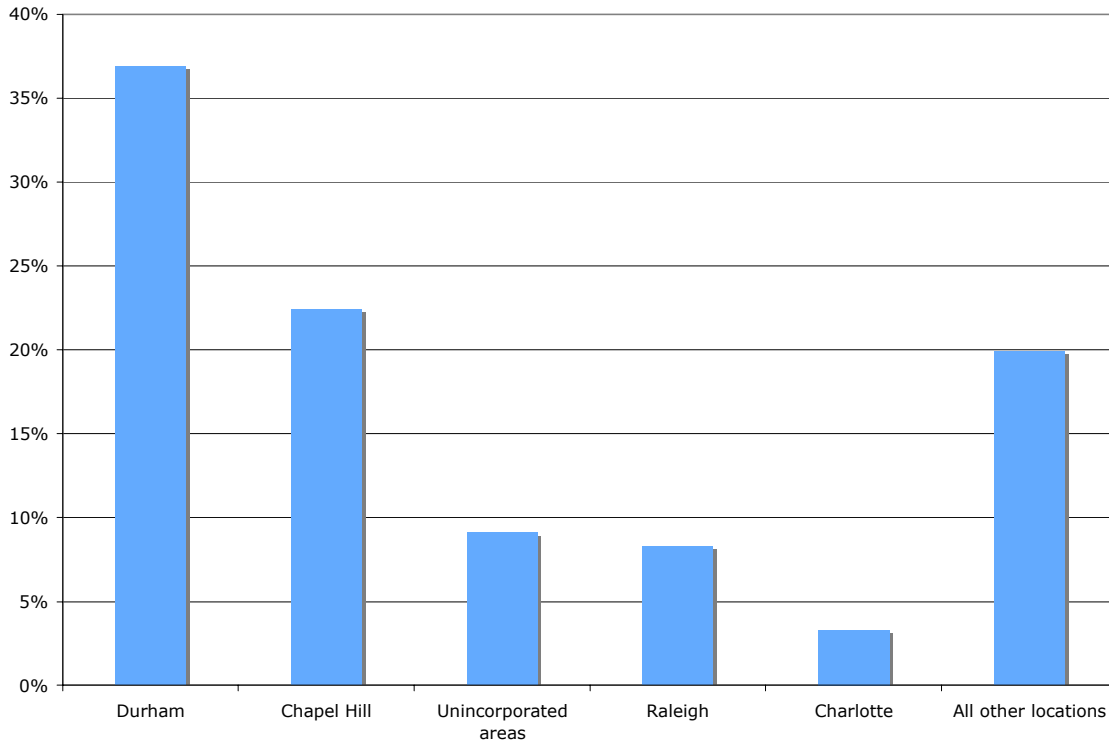
One of the most striking things about Carrboro's residents is how few of them actually work within the town's limits. According to the US Census, in 2003 only 8.5 percent of Carrboro residents worked inside the town's limits. This contrasts to 33 percent of residents in other Triangle communities who work in the same city in which they live. Carrboro residents do travel a shorter distance than other Triangle residents, however, with 74 percent of them having a commute time less than 30 minutes compared to 65 percent of other Triangle residents. Figure 2 shows in which cities Carrboro residents work. Chapel Hill and Durham combine for more than half of the jobs where Carrboro residents are employed.

FIGURE 2: Distribution of Where Carrboro Residents Work, 2003



Source: US Census, 2003

FIGURE 3: Distribution of Where Chapel Hill Residents Work, 2003



Source: US Census, 2003

As Figure 3 shows, Chapel Hill is able to employ almost three times more of its own residents than is Carrboro, demonstrating both its larger geographic size and that community’s stronger job base. The fact that Carrboro is a “bedroom” community and exports almost all of its workers is not surprising, especially considering the town shares a contiguous border with Chapel Hill, which has a single very large employer—the University of North Carolina at Chapel Hill. Nonetheless, the fact that almost as many Carrboro residents work in Raleigh—which is 30 miles away—as in Carrboro illustrates a tremendous gap in employment opportunities in town. Of course, this statistic also shows Carrboro’s attractiveness as a place to live.

Although no exact information is available on the particular companies or businesses where Carrboro residents work, there is data concerning the industries in which they are employed and the types of jobs they hold. This information helps show what types of businesses could potentially employ Carrboro residents if they were located in the town limits, with the caveat that regional labor forces are quite mobile. Of course, it is unrealistic to expect Carrboro to offer employment that matches most residents’ occupations. Yet the data below present a perspective about opportunities to expand the town’s job base, which in turn would strengthen the town’s economic health.

Town residents are primarily employed in education, health care, and social services. According to the US Census in 2000, more than 40 percent of Carrboro residents worked in these sectors compared to just over 22 percent for the entire Raleigh-Durham-Chapel

Hill MSA. In addition, 26.2 percent of Carrboro residents work in educational services, demonstrating the importance of local universities such as UNC-Chapel Hill to the Carrboro economy. One industry where Carrboro residents work far less than do other MSA residents is manufacturing. While 12.5 percent work in this sector across the region, only 5.5 percent Carrboro residents do so. Table 4 details the types of industries in which Carrboro residents work and shows the same figures for the MSA.

TABLE 4: Percentages of Residents Working in Industry Sectors

Industry	Carrboro	Raleigh-Durham-Chapel Hill MSA
Educational services	26.2	10.9
Health care and social assistance	14.2	11.1
Accommodation and food services	10.2	5.4
Professional; scientific; and technical services	8.6	9.7
Retail trade	7.5	10.3
Construction	6.1	8.0
Manufacturing	5.2	12.5
Information	4.4	4.2
Other services (except public administration)	4.3	4.4
Administrative and support and waste management services	3.2	3.4
Finance and insurance	2.9	4.2
Arts; entertainment; and recreation	1.8	1.4
Public administration	1.8	5.3
Real estate and rental and leasing	1.3	1.9
Wholesale trade	1.0	2.9

Source: US Census, 2000

Similar to the types of industry where they are employed, town residents are overrepresented in education-related occupations and food service occupations and underrepresented in manufacturing type occupations. Table 5 details the occupations most prevalent among Carrboro residents and contrasts this with the entire MSA.

TABLE 5: Percentage of Local Residents in Occupations

Occupation	Carrboro	Raleigh-Durham MSA
Education; training; and library	15.3	6.6
Health care and social assistance	14.2	11.1
Office and administrative support	12.2	14.3
Accommodation and food services	10.2	5.4
Management occupation; except farmers and farm managers	9.1	10.7
Retail trade	7.5	10.3
Sales and related occupations	7.5	10.5
Construction; extractions and maintenance	7.1	9.0

Source: US Census, 2000.

Carrboro's Industry Patterns

As typical in a relatively small town, Carrboro does not have many particularly large employers. The largest employers are government, grocery stores, affiliates of UNC-Chapel Hill, and restaurants. The largest non-retail private employer is Willow Springs Long Term Care, a nursing home with 40 employees. Table 6 lists all companies in Carrboro with 25 or more employees.

TABLE 6: Employers in Carrboro with 25 or more Employees

Name of Employer	Employees at Carrboro location
Harris Teeter*	200
Weaver Street Market Inc.	195
Orange Water And Sewer Authority	150
Town Of Carrboro	147
UNC Hospitals Fiscal Service*	129
McDougle Elementary School**	99
Division TEACCH—UNC-Chapel Hill***	97
McDougle Middle School**	94
Elmo's Diner	90
Carrboro Elementary School**	89
Food Lion	59
Domino's Pizza	50
Fitch Lumber Co Inc	44
Willow Springs Long Term Care LLC	40
Tarheel Janitorial	39
Spotted Dog Restaurant & Bar	38
Mellot Trucking & Supply Co, Inc.	31
Hangers Cleaners	31
Acme Food & Beverage Company	31
Rice's Glass Co Inc	30
Wendy's International Inc.	28
CVS	27
Burger King	27
The Animal Hospital Of Carrboro, Inc.	26
Leap Technologies Inc	25

Source: Except where noted employment figures some from the Orange County Economic Development Office

* Dun and Bradstreet, 2006

** Chapel Hill-Carrboro Public Schools, 2005

** Self-reported

One way to measure a region or town's assets is to examine strength in a particular sector through location quotients. A location quotient (LQ) is the chief measure of the specialization of an area's employment and business base. The LQ reflects the percentage of regional employment or businesses in a particular industry relative to the national average percentage of employment or businesses in the industry. LQs suggest what one region or community is "better" at than the nation as a whole.

The LQ is calculated as follows:

$$LQ = \frac{\frac{\text{Region's establishments in a specific NAICS}^4 \text{ code}}{\text{Region's total establishments}}}{\frac{\text{Nation's establishments in a specific NAICS code}}{\text{Nation's total establishments}}}$$

If the location quotient is less than 1, the concentration of activity in that industrial sector is lower than the national average. If the location quotient is higher than 1, then the concentration of activity in that industrial sector is higher than the national average. This demonstrates that there is a competitive advantage within a community.

Examining Carrboro's LQs and those of the Triangle is another way to reveal where the town's economic strength lies. Table 7 provides Carrboro's largest location quotients.

TABLE 7: Location Quotient of Carrboro's Businesses

NAICS Description	Number of Firms	Carrboro LQ
Motion Picture and Sound Recording Industries	5	4.89
Sporting Goods, Hobby, Book, and Music Stores	11	3.86
Heavy and Civil Engineering Construction	6	2.56
Building Mtl. & Garden Equipment & Supplies Dealers	10	2.48
Social Assistance	16	2.45
Nonstore Retailers	5	2.01
Nursing and Residential Care Facilities	6	1.89
Real Estate	22	1.78
Furniture and Home Furnishings Stores	5	1.66
Miscellaneous Store Retailers	9	1.53
Educational Services	5	1.42
Construction of Buildings	14	1.38
Food and Drinking places	32	1.35
Food and Beverage Stores	9	1.28
Personal and Laundry Services	11	1.17
Professional, Scientific, and Technical Services	40	1.11

Source: US County Business Patterns, 2003.

As Table 7 indicates, Carrboro has a strong presence in Motion Picture and Sound Recording Industries indicating a greater than expected number of firms in this sector. This likely primarily comprises music industry companies given the "music scene" for which the town is known.

⁴ The North American Industry Classification System (NAICS) groups industries into different sectors.

Other high location quotients are specialty retail establishments, restaurants, construction, building supplies, and social assistance entities. The social assistance sector includes a wide range of assistance given directly to individuals, such as counseling, mediation and child care. Educational Services and Professional, Scientific and Technical Services are both sectors that merit further attention as sectors upon which to build since the town is already attractive to these types of businesses. The former are likely university-related entities and the latter comprises firms such as law, accounting and consulting.

Examining location quotients for the entire region shows the regional economy’s strength and also potentially offers some clues to the types of firms that could be attracted to Carrboro.

As Table 8 shows, Professional, Scientific and Technical Services is the only sector in which both the region and Carrboro share a relatively high concentration, yet Carrboro’s “share” of the sector is less than that of the region as a whole—with an LQ of 1.11 compared to 1.37. This once again highlights a potential to increase Carrboro’s representation in this sector that contains many well-paying jobs.

TABLE 8: Establishment Location Quotient for Raleigh-Durham-Chapel Hill MSA (Durham, Wake, Orange, Chatham, Franklin, Johnston) 2003

NAICS	NAICS Description	Total MSA establishments	MSA LQ
485	Transit and Ground Passenger Transportation	51	10.96
516	Internet Publishing and Broadcasting	17	1.74
525	Funds, Trusts, and Other Financial Vehicles	24	1.52
334	Computer and Electronic Product Manufacturing	110	1.49
511	Publishing Industries (except Internet)	222	1.48
541	Professional, Scientific, and Technical Services	5126	1.37
611	Educational Services	493	1.35
518	Internet Service Providers	124	1.32
237	Heavy and Civil Engineering Construction	319	1.31
561	Administrative and Support Services	1974	1.25
442	Furniture and Home Furnishings Stores	389	1.24
236	Construction of Buildings	1299	1.23

Source: US County Business Patterns, 2003.

Carrboro’s Creative Economy

One of the key engines of Carrboro’s economy is what might be thought of as creative industries. From the performance spaces at the Arts Center and Cat’s Cradle, to galleries and designers, to the previously mentioned music-related companies, the arts and design play a role not only in the quality of life in the town but in the economic health of the community.

There is increasing recognition of the importance and potential economic development contributions of creative enterprises. Creative enterprises are firms that create, produce or disseminate art- or design-based goods or services. This includes, for example, traditional artists, but also entertainment and digital media firms, as well as graphic and product design firms, interior designers, and landscape architects.

Many communities are beginning to take advantage of the economic value of their creative and cultural assets. A recent study by RTS for the NC Arts Council showed the impact of the creative economy on economic development in the state—more than \$3.2 billion in wages and income, much of it from the self-employed and micro-enterprises. This undercounted sector of the economy depends heavily on entrepreneurial abilities. While blessed with creative skills, artisans and designers—and other participants in the creative economy—often lack the business savvy to operate a successful venture that can create employment opportunities in a community.

Another benefit of creative enterprises is that they fit in well with national trends toward knowledge-based industries. After all, US exports of content-based goods have exceeded the export of product-based goods for at least a decade.

What is Carrboro's Creative Economy?

Carrboro has many of the ingredients and the scale necessary to turn its existing assets into growth and win national recognition as one of the nation's top arts towns—and do it in a measured and sustainable way. The ArtsCenter, Century Center, Cats Cradle, Weaver Street Market, Open Eye Café, Tyler's, the Farmer's Market, and other establishments support art, crafts, and performers. Carrboro businesses have invested in outdoor art to make the shopping areas attractive to customers or just people out on a stroll, and Carrboro's many indoor/outdoor cafes and restaurants are places where people choose to meet to socialize, conduct business, learn, discuss politics, or just enjoy the scenery.

Carrboro is also benefiting from the explosion in the region's Latino population. Much of the town's growth, in fact, has been propelled by an expanding Hispanic population that has brought new forms of cultural experiences and new talents that contribute to the creative economy.

Beyond the arts scene, however, Carrboro is also home to large numbers of designers, architects, media professionals and decorators who also contribute to the creative milieu of the town. These individuals and firms help build Carrboro's reputation as a place where creativity flourishes.

It is difficult to precisely measure the creative economy using traditional government data. Much of the relevant data are only available at the county level, and even these sources often miss much creative activity. Nonetheless, looking at Orange County data provides a starting point.

A first glance at the industry data for Carrboro and Orange County confirms that the data are missing most of the town's, and the county's, creative economy. The 2000 Census, for example, shows that in the arts and entertainment category, Carrboro has a total of *one* business. Even a casual glance at the Yellow Pages shows that this must be inaccurate.

The North Carolina Arts Council lists 108 artists in Carrboro. Yet even this is likely still an undercount, since not all of the town's artists may have registered to be included on the database. Carrboro is also shown to have 26 arts-relevant organizations and venues, an impressive total for a community of fewer than 20,000 individuals.

In Orange County, the industry data reveal a strong showing in creative industries; in fact, compared to the state as a whole, Orange County has more than double the concentration in creative economy industries. Table 9 shows Orange County's establishments and employment in each of the categories of the creative economy, as defined by RTS in a study it carried out for the NC Arts Council. There is some overlap among these categories – called “subclusters” – so the numbers sum to more than the total.

TABLE 9: Orange County's Creative Economy Subclusters, 2004

	Establishments	Employees
Total Creative Economy (as defined by RTS)	183	1,077
Arts subcluster (painting, drawing, sculpture, and other forms of visual art and crafts)	68	945
Entertainment and new media subcluster (film, music, digital media, and others related to entertainment)	23	49
Design subcluster (architects, interior designers, web design, clothing design, and other design-based industries)	117	691

Source: US Census and NC Employment Security Commission

These numbers combine people who are working for a business with those who are self-employed. Of the 1,077 people in Orange County working in the creative economy, 744 are self-employed. Most of these are independent artists, musicians, and writers, but the architect, photographer, and design consultant categories are also dominated by the self-employed.

Section 4: Carrboro's Competitive Position

Analyzing the economic development prospects of Carrboro requires looking at the competitive position of the town as a place to locate new businesses, relocate existing businesses and encourage existing businesses to remain within the town limits. This section of the report takes a look at Carrboro and analyzes how it fits into the regional economy, as well as the advantages and disadvantages it possesses for attracting and retaining businesses.

This section presupposes the existence of appropriate space for new businesses to move into Carrboro. The reality is that in recent years there has not been much commercial development in Carrboro, particularly downtown. However, there are several new commercial projects being proposed. The land use and development issues related to economic development are discussed in Sections 6 and 7.

Competitive Position in the Research Triangle

Carrboro lies at the western edge of the Research Triangle region. It is an attractive place to live, and many of its citizens work in high-tech, education and health care professions abundant throughout the region. In addition to working in Chapel Hill, many residents of Carrboro commute to jobs in Wake and Durham Counties.

But the impact of the Triangle on Carrboro is obviously not limited to citizens accessing jobs elsewhere. Carrboro has relatively unusual assets as a business location and as such companies in or drawn to the Triangle may in turn be attracted to locate in Carrboro. This is especially true in the sectors or clusters in which Carrboro's concentration of employment overlaps with regional concentrations. As the section profiling Carrboro's regional economy noted, there is one sector in which the Raleigh-Durham region and Carrboro already have overlapping concentrations: Professional, Scientific and Technical Services. However, Carrboro's "share" of the sector is less than that of the region as a whole—with a location quotient (concentration) of 1.11 compared to 1.37. This once again highlights a potential to increase Carrboro's representation in this sector that contains many well-paying jobs.

One possible reason that Carrboro has a smaller share of this type of employment is its location at the edge of the Triangle MSA, with no direct Interstate access. Firms such as accountants, lawyers and other professional services want their businesses to be located in an area that provides their clients from around the region easy access. Other professional services may want as quick as possible drive to the airport if they have a national business. In these areas, Carrboro suffers. Table 10 compares the distance between some prominent office locations in Durham, Chapel Hill and Carrboro and Raleigh-Durham International Airport. The table shows that Carrboro locations are generally the farthest away from the airport. The airport was chosen as a good proxy

address for both its obvious use as access to national and international flights and also its proximity to Research Triangle Park and Raleigh.

TABLE 10: Sample Commuting Distances to RDU International Airport

Office Space	Address	Location	Miles
Diamond View	400 S. Mangum St.	Durham	14.1
University Tower	3100 Tower Blvd.	Durham	17.9
Meadowmont Village	Meadowmont Village Circle	Chapel Hill	15.1
Europa Center	100 Europa Dr.	Chapel Hill	17.2
Southern Village	410 Market St.	Chapel Hill	19.5
Franklin Park	1512 E. Franklin St.	Chapel Hill	18.3
The Campus at Vilcom Center	Vilcom Ctr.	Chapel Hill	20.7
Bank of America Center	137 E. Franklin St.	Chapel Hill	17.8
Carr Mill	200 N. Greensboro St.	Carrboro	19.8
605 W. Main	605 W. Main St.	Carrboro	20.3

Source: MapQuest

In addition to proximity to customers and markets, the distance of Carrboro away from other communities in the Triangle impacts the ability of the town to attract businesses that may depend on a certain level of workers. Several individuals interviewed for this study believed that some businesses are reluctant to come to Carrboro because their mid-level workers could not afford to live in Carrboro and do not want to commute from their homes in more affordable housing markets such as Morrisville and Durham.

Proximity to the Triad

While Carrboro’s location is disadvantageous in terms of fully benefiting from being located in the Raleigh-Durham MSA, the town could benefit more from its proximity to the Piedmont Triad region. Burlington and Graham, the Eastern edge of the Triad, are 30 minutes away. Companies that locate in Carrboro may be able to tap serve these communities’ labor markets more effectively. For instance, UNC-Chapel Hill has noticed more of its workers commuting from Alamance County in recent years, in part to combat the high cost of housing in Orange County. In 2004, the University reported that 6.8% of its faculty and staff lived in Burlington, Mebane or Graham. By comparison only 5.3% of faculty or staff lives in Raleigh or Cary.⁵

⁵ Source: UNC Office of Institutional Research, and Registrar's Office

Proximity to UNC/Chapel Hill

One area where Carrboro holds real advantage is in its border with Chapel Hill. The location of UNC-Chapel Hill next to Carrboro holds potential for many businesses that serve the university community at large. For instance, the relatively large number of eating and drinking establishments in the town caters to the large number of students attending school next door. The proximity could have more “intellectual” benefits than just drinking a beer at the local bar. More businesses that serve the university itself may find Carrboro an attractive location. For instance, some web and graphic designers in Carrboro create materials for use by UNC-Chapel Hill.

The proximity of Carrboro to UNC-Chapel Hill would also seem to encourage the location of university spin off companies. With the high level of intellectual capital, universities are often engines for innovative products and ideas that make the transition into marketable products and viable private enterprises. The most high profile of these university spin-offs tend to be in science and high tech related fields. In these cases, Carrboro appears to be at a current and probably future competitive disadvantage. Interviews with university and private industry representatives suggest that most technology-intensive spin-offs are attracted to flexible, readily available physical space prevalent elsewhere in the Triangle, especially firms that require such specialized facilities as a wet lab. Venture capitalists prefer to invest in companies located in places they know—this means having an RTP address is advantageous for small start-ups. Further, the coming addition of Carolina North, UNC-Chapel Hill’s proposed new campus, will likely make it even harder for Carrboro to compete for life science or computing-intensive university spin-offs.

Although the exact form that Carolina North will take has not been finalized there will be space for entrepreneurial faculty to locate their businesses. UNC will likely offer incentives such as favorable leases, shared equipment and lab space, and proximity to university resources to encourage their location in Carolina North. It is difficult to see how Carrboro, even located right next door, will be able to compete in any systematic way with such an effort. Of course, this does not mean that Carrboro should not encourage a high tech business to move to the town if it is interested. However targeting that industry specifically in any systematic way seems problematic given the competition.

Carolina North does, however, leave open the opportunity for Carrboro to create its own niche for other university-related spin-offs. Carrboro is likely to be attractive to those companies that are not a good fit with what might be the “sterile” atmosphere and scientific leanings of Carolina North. These would be humanities, public health and social science-oriented entities, as well as lifestyle companies and start-ups that come from the business school.

Carrboro also has the potential to benefit from the national caché of Chapel Hill. Chapel Hill has a national reputation as a progressive community with good quality schools

and a high quality of life. While these descriptors certainly hold true for Carrboro, the town—at least not yet—does not have the same word of mouth as Chapel Hill.

New Competition

Carrboro finds itself in a very competitive environment as businesses and individuals make location decisions. Two worth highlighting are the northern end of Chatham County that borders Carrboro and downtown Durham. The competition from Chatham County comes from development occurring on the US 15-501 corridor from Chapel Hill to Pittsboro. Massive amounts of retail, housing and professional office development is planned or currently under construction. Improved access to Raleigh via Highway 64 is one reason for this development. Another reason for this development is less strict development policies than exist in Orange County. This should not be construed to suggest that Chatham County's development strategy is better than Carrboro's but that those looking to build may look to Chatham as an attractive alternative to Orange County.

Downtown Durham also presents a competitive challenge to Carrboro, particularly in the creative sector. Downtown Durham has one critical advantage over Carrboro in the availability of cheaper, built space for offices and studios. For instance, Merge Records, one of the most influential music labels in the region left Carrboro in recent years not because of dissatisfaction with the town as a place to do business but simply because there was available property in downtown Durham to purchase.

In addition to the availability of space, Durham also is recognized for some of the same things that make Carrboro attractive—especially for firms interested in communities that are open and diverse. Durham is less expensive than Carrboro and it is working diligently to revitalize its downtown, with a particular focus on attracting arts and creative enterprises.

Carrboro's Strongest Asset: Its Quality of Life

One competitive advantage for Carrboro is its high quality of life for residents. Carrboro residents can send their children to one of the top school systems in the state. The town also boasts other high measures of livability such as relatively low crime, enviable walkability, and a great nightlife. Indeed the respondents to the survey indicated that “just hanging out in Carrboro” was one of the main reasons they wanted to come to town. All of these components make Carrboro an attractive place for companies to locate. As one interviewee put it: the marketing slogan for Carrboro should be “Come to Carrboro—your employees will love it!”

Indeed, the intangibles of Carrboro are what make it such a potential attractive place for certain types of businesses, ones that look beyond issues of access to markets and who instead may concentrate on issues such as employee satisfaction and talent attraction.

For instance, Carrboro has cultivated a reputation as a “funky” place to do business. A company executive who is more comfortable doing a business deal outside at Weaver Street Market rather than in a corporate boardroom will be drawn to the “vibe” of Carrboro. One business owner returned to Carrboro primarily because when office space opened there he wanted his employees to have access to the ‘non-work’ environment offered in Carrboro rather than the sterile office park environment in which they were located. Carrboro’s unique atmosphere is particularly attractive to creative enterprises such as design firms, media companies, publishing, and similar businesses.

The Creative Economy: Preserving the Asset

Carrboro certainly has earned a reputation as a strong center of the creative economy for the Triangle and the entire state. Arts venues bring visitors to the area and promote the town as a destination for those wanting to partake of the arts. However, interviews with local artists and musicians suggest that Carrboro cannot stand by idly and rest on its reputation as an arts-friendly community. For instance, a focus group of individuals involved in the music industry suggested that Carrboro’s reputation as a music hotbed greatly outstripped the reality. The relocation of two prominent record labels from town in recent years and the lack of a recording studio that could record national-level acts were cited as evidence that the music industry was not as strong as it could be. At the same time the focus group acknowledged that the presence of KitchenWorks, a nationally-known mastering facility, and Cats Cradle were important assets the community could build upon.

Similarly, a focus group of artists had concerns about the ability of local arts galleries to succeed in this market. Several galleries have struggled in recent years with at least one relocating to Durham. While these individuals found the town generally supportive of their efforts, the market was not as strong as it was in other communities. For both musicians and visual artists lack of available, affordable studio space is problematic. High costs of rents and the lack of available space make actually producing art an expensive proposition for artists. In addition, the high cost of housing makes it difficult for the prototypical “starving artist” to live in town. Some suggested establishing a shared or collective space to reduce operating expenses.

Many designers and artists interviewed for the project also expressed desire to increase networking among those engaging in the arts. For instance, designers and musicians interviewed for the project expressed interest in exploring ways in which they could get together on a regular basis to investigate opportunities for collaboration.

Despite these concerns, the creative economy was still considered a strong competitive advantage for Carrboro by most interviewed for this project. Individuals who specialize in design activities are drawn to the unique nature of the Carrboro environment, especially downtown. For instance, a locally-owned, high-end shoe design company recently opened on Lloyd Street.

Section 5: Carrboro's Commercial Base

This section provides overview information about commercial development and trends in Carrboro. It also discusses the assets and issues each node faces with respect to further commercial development.

Carrboro has two primary commercial areas: downtown and the Highway 54/Jones Ferry Road corridor. The Town envisions development of a third commercial area in the Northern Transition area, near the intersection of Homestead and Old Highway 86.

Commercial Contributions

One important part of a city or town's revenue stream comes from the taxes assessed on the value of the land and buildings within the jurisdiction's limits. The property tax rate remains constant regardless of the building's use; the revenue a particular property generates is based on the property's tax value. Commercial properties in Carrboro generate a significant amount of revenue for the town based on just their real estate value alone. Table 11 gives an idea of the contribution sample commercial properties in Carrboro currently make annually to the town's coffers. These properties pay more taxes; this is Carrboro's estimated share of revenue.

TABLE 11: Sample Tax Contribution of Commercial Properties, 2005

	Type of Property	Real Estate Tax Value	Estimated Property Tax Paid to Carrboro*
CarrMill Mall	Large Shopping Center	\$14,689,817	\$92,000
205 Lloyd St	Office Building	\$1,133,643	\$7,000
Carrboro Plaza	Large Shopping Center	\$11,555,777	\$72,000
Cats Cradle/VisArt	Strip-Type Shopping Center	\$2,503,824	\$16,000
Trading Post**	Stand Alone Retail	\$544,787	\$3,000
605 W Main	Mixed Use Condos	\$4,199,000	\$26,000

Source: Orange County Tax Office

* This is Carrboro's share of property taxes; additional taxes go to other governmental entities such as Orange County and the public school system.

** Trading Post is under renovation and its value and taxes will increase.

By comparison, the median residential house in Carrboro provides the town just over \$1000 each year in revenue. This compares to \$1200 in Chapel Hill and \$760 in Durham, differences accounted for by both different tax rates and home values.

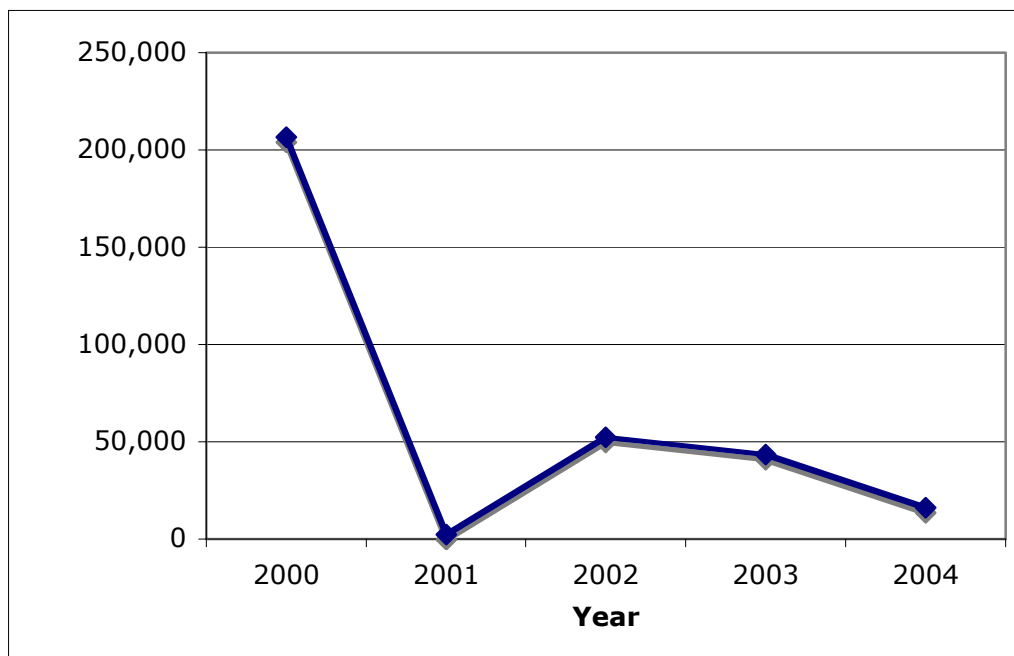
Trends

From 2000 to 2004 Carrboro added 320,860 square feet of new commercial space, the majority of which was located outside downtown. More than 200,000 square feet of this development came in the year 2000, when a large (137,000 square feet) mini storage facility came online. Since 2000 the annual total of commercial development has been 50,000 square feet or less.

Interestingly, despite Carrboro's stated policies to promote density and encourage downtown development, between 2000 and 2004, 60 percent of commercial development space in Carrboro took place outside of downtown. Another way to look at it is that fifteen of the commercial projects during the same time period took place outside of downtown while nine were downtown.

Figure 4 shows overall yearly commercial development. A table in Appendix 3 lists each commercial development.

FIGURE 4: Approved Commercial Development, 2000-2004



Source: Town of Carrboro

Proposed Commercial Projects

Five projects are in Carrboro's development pipeline at the time of this report. One large mixed used development (66 acres) has been approved as well as a new commercial office building. Three projects have been proposed but not yet approved by the town. In addition to the large mixed-use development, the other four projects would add

approximately 500,000 square feet of additional space if completed, a significant increase in the town’s commercial property. Table 12 lists these projects.

TABLE 12: Proposed and Approved Non-Residential Development

Mixed Use Development			
Address	Size	Status	Description
300 E Main (Downtown)	416,660 sq ft	Proposed	Mix of offices, retail shops and apartments to be located downtown and possibly include a hotel.
201 Maple Ave (Downtown)	47,588 sq ft	Proposed	Mix of offices, retail and residential located in a four story building on the site of the old farmers market.
1318 Homestead (Northern Transition Area)	66.74 acres	Approved	A large mixed use subdivision containing single family homes, townhomes and apartments and 20 commercial lots.
Commercial Development			
Address	Size	Status	Description
209, 211, 213 Lloyd (Downtown)	13,294 sq ft	Proposed	Three separate but integrated multi-use office/retail/etc buildings on the west side of Lloyd Street.
Renee Lynne Ct (Off Smith Level Rd.)	9,000 sq ft	Approved	Part of the Rock Hill Center commercial subdivision. Three buildings have been completed and an additional two have been proposed and approved.

Source: Town of Carrboro

The addition of these mixed-use and commercial spaces would substantially enhance the ability of the town to meet its stated goal of doubling commercial activity.

Available Commercial Project and Redevelopment Opportunities

Empty parcels of commercially-zoned property in downtown Carrboro are few—combined they total about two acres. Yet this figure is somewhat misleading because there are a number of opportunities for redevelopment of properties that have fallen into disuse, such as the old Andrews-Rigsbee building and the lot next to a car wash on Merritt Mill Road. Further, there are a number of developed lots with fairly sizeable surface parking that could be good candidates for “infill” development if a parking structure were built.

Outside of downtown there are more than 100 acres of commercially-zoned parcels. Appendix 4 provides a list of all of Carrboro’s vacant commercial parcels and their permitted uses.

It is useful to analyze more specifically the different commercial nodes in Carrboro—their assets and challenges, as well as their suitability for various types of businesses.

Downtown Development

Little new commercial space has been developed in downtown Carrboro in recent years; however, several projects—including one that is very large—are now being proposed. If developed, these projects would provide much more space for commercial growth. Demand for Carrboro’s commercial space appears quite healthy. In the fourth quarter of 2005, Chapel Hill/Carrboro had a commercial vacancy rate of 6.9 percent, well below the rate for the Triangle as a whole (13.7 percent).

For many individuals, both residents and visitors, downtown Carrboro is the defining neighborhood of the town. Simply put, when people think of Carrboro they often are thinking about the central business district. While other parts of Carrboro may offer more available space for development, those spaces will not be that different than other parts of the Triangle. Thus, downtown makes the most sense for retail establishments who look to engage customers who are drawn to the environment of downtown and for employers who want to provide their workforce with the maximum amount of amenities.

In addition to being an attractor for businesses due to its unique nature, downtown also represents the most environmentally sustainable path for commercial development in town. Downtown is walkable, meaning that employees of companies could drive to work and walk to lunch, an option that doesn’t exist in most parts of the Triangle. Also, public transportation links and good bike lane access encourage non-car travel to the downtown.

A pressing concern surrounds a coming parking crunch in town. Currently, businesses in downtown Carrboro are forced to find parking where they can, establishing shared parking arrangements with other businesses that may not require daytime spaces. As the proposed projects are constructed, parking will become even more of an issue as the town is slated to lose at least one municipal lot. Both consumers and employees could potentially be discouraged to coming to Carrboro if they cannot find convenient parking opportunities.

Highway 54/Jones Ferry Road

The greatest asset of this corridor is that it has the only commercial area in Carrboro with direct access to a four-lane road (the Highway 54 Bypass), which makes it attractive to retailers. There is one available parcel next to the US Post Office large enough (25 acres) to sustain a significant new retail presence.

In addition, previous analysis for the town has indicated the possibility of adding more density to Carrboro Plaza shopping center. Currently there is more surface space (parking spots) than used by businesses there.

Another advantage of this node is relative proximity to the Triad's labor market that, as mentioned earlier, could be tapped for new businesses locating here.

From a business attraction or sustainability perspective, there are some drawbacks to this part of town. There is nothing distinctive or uniquely "Carrboro" about this corridor, making it unlikely to attract the types of companies that are drawn to the downtown.

This area is best suited for retail and perhaps light industrial production, although land costs could be prohibitive for the latter. The town's ban on "drive-thrus" currently impedes certain retail development. This includes fast food restaurants obviously, but also the possibility of attracting a new drug store (most of which now require drive thru pharmacy windows in all new facilities).

Given Carrboro's development policies and history, the balance that the town will likely seek to delicately strike in this area is how to 1) maximize the economic value of the commercial "footprint" already in existence and 2) encourage new commercial development (likely mostly retail) that will meet citizens' needs and values while reducing retail (tax dollar) leakage to other towns and counties.

Northern Transition Area

The Northern Transition Area is located at the crossroads of Old Highway 86 and Homestead Road, near the large new Lake Hogan Farms and other residential developments.

The governments of Carrboro, Chapel Hill and Orange County worked together in 1999 to create a unified planning approach to this area that encompasses parts of all three jurisdictions. The resulting plan called for 25 acres for commercial development. However, no significant commercial projects have been built to date, and as yet no land owners have specifically applied for commercial zoning.

This area benefits from relative proximity (approximately seven minutes by car) to Interstate 40 compared to the rest of Carrboro, which makes it easier to draw workers

and customers from other Triangle communities. As this part of town continues to grow, it will become increasingly attractive to professional offices as well as community retail establishments (grocery, drug store, etc.)

Similar to the Highway 54 corridor, this part of town is not urban or uniquely “Carrboro.” It is rural/suburban in character.

An impediment to development is infrastructure—two-lane road access makes significant size development difficult. This area is also an important link to rural Orange County. As such, sensitivity to avoiding sprawl and preserving the natural beauty of the land may be seen as important.

At the same time, the fact that the Northern Transition area is still fairly undeveloped presents an opportunity to Carrboro. The town has the possibility of a more “blank slate” approach to commercial development than in other parts of town. This could mean promoting additional mixed-use projects (that tend to be primarily residential). However, there is also the opportunity to think even more creatively. For example, the town could explore encouraging development of a “green” office park filled with companies attracted to modern design and environmentally friendly commercial spaces. This development could be something completely different from any existing or proposed downtown development. Rather than harking back to Carrboro’s mill town roots, this development could look forward, using modern design and technologies to build light-filled, energy efficient spaces. A green office park is most feasible if an anchor tenant is secured who either buys or takes a long-term lease. Because green office space is an emerging market but one that aligns well with Town goals, the Town might consider offering incentives to support the development, possibly in conjunction with Orange County and Chapel Hill. Key to such a space would be links to public transportation.

The goal would be to create commercial space that differentiates itself from what is available in other parts of the Triangle, much of which is characterized by bland development. By doing so, the town could attract firms that might otherwise overlook Carrboro because of its perceived out of the way location. To accomplish this creative use of land, the Town and nearby jurisdictions could adopt a special overlay district, the concept of which is discussed in Section 6.

A first step for further commercial development of any type in the Northern Transition area should be to hold conversations with the many new residents who have moved to this area since the Northern Transition Area plan was first written. Their involvement in determining the shape and form of commercial development in this area is critically important.

Section 6: Carrboro's Land Use Ordinances and Development Process

The purpose of this section is to identify current development obstacles within the Land Use Ordinance (LUO) and within the land development approval process that may hinder the ability to achieve economic development goals. In Section 10 of this report, RTS suggests a series of potential recommendations that may address these obstacles. It is beyond the scope of this project to fully assess the town's LUO or the land development approval process for all land development.

A review of Carrboro's Land Use Ordinance and the Town's development approval process reveals that both are similar to typical zoning regulations and approval processes, with some significant and minor differences. Generally, Carrboro's LUO is comprehensive, thorough, and covers all necessary zoning and development regulations. However, some items could use further clarification and/or modification so as not to deter wanted development that will help to achieve economic development goals. In some instances, it may be possible that the LUO's complexity and the perception of a difficult approval process may be obstacles to effective commercial development. This section outlines these obstacles.

Land Use Ordinance and Regulations

In most municipalities, Zoning Regulations (LUOs) are organized by zoning category with separate chapters for each zone. For each zoning category (and chapter), the permitted uses, bulk regulations, densities, etc. are identified for that zone. For these type of LUOs, it is rather easy to look up a particular zone within and determine the development rights and regulations. Carrboro's LUO, however, is organized by regulations, not by zone, and it is cumbersome to find exactly what one can and cannot do. Permitted uses, bulk regulations, densities, and similar regulations are each found in separate locations within the LUO. Carrboro does provide a Table of Permissible Uses but it can be difficult to determine precisely what is allowed on a particular piece of property. Additionally, permitted uses are given a 4-digit number, which is used as a key to determine other regulations within the LUO. This complexity of determining uses (rather than simply listing them for each zone) could lead to a misunderstanding of what uses are or are not permitted.

Parking requirements represent another challenge. Most municipalities' Zoning Regulations outline parking requirements by use. In these instances, it is rather easy to determine exactly what the parking requirements for a development proposal would be. Carrboro's parking requirements, however, are keyed to the use category (referring back to the Table of Permissible Uses and the 4-digit number), which could lead to misunderstandings.

The LUO's approach to densities is also problematic. Densities seem to be regulated within the LUO by dwelling type or lot size. The LUO does not make it clear how density is determined or if this, too, can be subjective and/or "negotiated" as part of the approval process. Commercial FARs (allowable "footprint" of a building) seem to be regulated by building height, parking requirements, and other bulk regulations. In both instances, it could be difficult for a developer/investor to determine how much density/FAR and, therefore, what the yield and value of the land may be.

While these obstacles are not likely to prevent development, they do make it cumbersome to determine development rights, what is permitted, and what yield/value a particular piece of property may have.

Development Approval Process

Carrboro's development approval process contains several useful tools to facilitate positive commercial development depending on developers' willingness to use the services provided. In some cases, however, the Town could make adjustments to make sure the process is not unduly burdensome. The following are some of the most important findings in the project team's review of the development process.

1. *Carrboro's Development Guide is very thorough at 248 pages.* This guide is a good tool for determining the necessary approval process, depending upon development intentions (e.g. subdivisions, text amendments, etc.); steps involved, what agencies will be involved, the timeframe, etc. are all outlined for each development scenario. However, based upon comments from focus groups, it appears developers do not often use the guide. Many jurisdictions have such a guide; it is just a guide and should not be misconstrued to be absolute or perfect for every situation. Developers should understand this.
2. *The development review process is a good but underutilized tool.* In addition to the guide, Carrboro's development approval process includes an opportunity for a courtesy review with town staff; a process that is outlined in the development Guide. Unfortunately, according to focus group participants, the courtesy review is not often taken advantage of by developers. It is a good tool and should continue to be encouraged.
3. *The development process is often long and inconsistent.* Carrboro's approval process includes many steps, each requiring feedback from town staff and the town engineer. It appears that the completeness, timeliness, and consistency of feedback and comments from staff and the engineer are inconsistent. Of course, quick turnaround times are partly dependent upon timely, thorough, and complete submittals from the applicant (developer). Nonetheless, it may benefit the town to establish clear and specific timeframes for feedback that might remove the perception of unpredictability, which is important to developers/investors. Also, it may be important to address the perception that

the town engineer is not always timely and/or consistent in response. This change could improve the ability to achieve economic development goals by encouraging wanted development and not losing opportunities because of an unpredictable process.

4. *The Town of Carrboro requires fairly detailed engineering drawings early in the process, perhaps unnecessarily.* Most jurisdictions do not require such detail early but rather, later in the process once a development concept appears to have support. Detail is still required, and, in fact, it may even require some refinement of the development concept because of something not yet discovered because the detail is lacking early on. However, developers recognize this development risk.
5. *The process may stifle creative development.* The current Land Use Ordinance does not encourage new, creative thinking, and design; development that might better meet town goals than is presently allowed with “by-right” zoning according to the LUO. Presently, a single plan must be taken through the process, with rather detailed engineering drawings, and in compliance with the zoning. This strict interpretation and compliance discourages more creative ideas because such an approach can be more time consuming, costly, risky and unpredictable.

Section 7: Economic Development Options

Section 5 discussed commercial development trends and issues in different parts of town, and Section 6 discussed the town's land use ordinances and process from the perspective of economic development. This section takes the analysis to another level, looking specifically at potential types of economic development in Carrboro. All of these factors will lead to the findings and recommendations presented later in the report.

Retail Development

New retail development would provide shopping options for residents and visitors, create new jobs (albeit not very well paying), and increase revenue for the town. However, during the community input process some concerns were raised about substantially more retail development in Carrboro, particularly as it pertains to competing with locally-owned businesses and the fact that retail jobs are typically not well paid.

The community input survey asked what goods and services respondents would like to have more available in Carrboro. Residents ranked books above all other goods and services, although not by a clear majority, and also wanted to see clothing stores and more recreation (gym, etc.) in Carrboro. Non-residents preferred to see books, clothing, hardware and restaurants.

Retail establishments provide a source of revenue aside from property taxes—sales taxes that flow to the state and county but are redistributed in part to towns and cities. The more retail activity that occurs in Orange County, the higher the sales tax revenue Carrboro receives. This is because the County distributes sale taxes based on towns' population. Carrboro's town government estimates it will receive about \$3 million in sales taxes for FY 05-06. This represents a healthy 17 percent of total Town revenues.

Currently, annual retail sales in Orange County are close to \$12,000 per capita, compared to \$21,000 in Durham County. And, while Carrboro is home to 14 percent of Orange County residents, it is responsible for less than 11 percent of the county's retail sales (compared to Chapel Hill which has 41 percent of the county's population but more than 62 percent of retail sales).⁶ Given the fact that Carrboro's median household income is relatively high, especially among homeowners, these figures clearly demonstrate that Carrboro is exporting its retail dollars. As a result, the town loses tax revenues that would support local services.

⁶ Statistics based on data from *State of the Local Economy*, Orange County Economic Development Commission, March 2006.

Revenues from Sample Retail Establishments

The Town of Carrboro receives income from retail establishments in three ways: directly due to privilege license fees, from the county due to property taxes and from the state due to sales tax. Table 13 provides estimates on the revenue that Carrboro would receive from different types of retail establishments. These are direct revenue estimates for Carrboro based on a model described in Appendix 5.

Table 13 shows, not surprisingly, that larger and higher volume stores produce more revenue.

TABLE 13: Tax Revenue Estimates for Various Retail Types

Business Type	Example Business in Local Area	Estimated Yearly Tax Revenue for Carrboro*
Grocery Store	Harris Teeter, Carrboro	\$200,000
Restaurant: Small-Medium	Armadillo Grill, Carrboro	\$20,000
Restaurant: Fast Food	Wendy's, Carrboro	\$20,000
Big Box: Home Improvement	Lowe's, Chapel Hill	\$900,000
Big Box: Warehouse	COSTCO, Durham	\$1,500,000
Specialty Retail: Clothing	Townsend, Bertram & Co., Carrboro	\$15,000
Specialty Retail: Small Bookstore	Regulator Bookstore, Durham	\$10,000
Specialty Retail: Music Store	Music Explorium, Carrboro	\$10,000

**combines sales, property and other business taxes; includes only Carrboro's estimated share.*

Source: See Appendix 5 for methodology and sources

It is widely believed that northern Chatham County is poised for extensive retail development to accompany its fast paced residential development. More retail options in Chatham County will attract even more Orange County residents and their tax dollars away. It will also increase travel along Smith Level Road, adding wear and tear to roads and increasing emissions and fuel consumption.

As retail development expands in northern Chatham County, opportunities for certain types of retail development in Carrboro will diminish, particularly the types that might fit along Highway 54. As mentioned in Section 4, the current ban on drive-thrus in Carrboro limits some retail development.

The retail challenge for Carrboro is how to stem retail leakage to Durham, and increasingly Chatham, Counties while adhering to core values about sprawl and density. One response may be to recognize that retail development that is inappropriate for downtown may be acceptable, with appropriate environmental and design

measures, outside of downtown. Similarly, there are certain retailers whose business practices may be a better fit with Carrboro's triple bottom line goals than others.

Light Production/Manufacturing

For many communities and regions, encouraging development in the manufacturing sector makes a great deal of sense. Manufacturing jobs pay much higher wages than do the retail and service sectors and provide career ladders for entry-level workers. Manufacturing not only benefits workers, it can also have significant impact on a community's tax base. Taxes would come not only from sales tax but also from taxes on equipment. Since manufacturing uses expensive equipment, the more firms in this sector in a community the larger amount of tax revenue generated.

Carrboro, and indeed the rest of Orange County, does not appear to be a promising candidate for manufacturing. In 2003, Carrboro had only 9 companies classified as manufacturing, only one of which employed more than 10 workers; that company, Triem, Inc., has ceased operations. It should also be pointed out that two of the companies that were classified as manufacturing are actually print shops rather than what might be traditionally thought of as manufacturing.

Carrboro has limited amounts of land available for any manufacturing facilities. In addition, high land costs inhibit manufacturing development because cheaper land can be obtained elsewhere.

Further, many manufacturing facilities require significant capital expenditures to improve road access and make other infrastructure improvements necessary to transport products and raw materials to and from a manufacturing facility. Carrboro's land use policies are more strict compared to most communities, again steering development elsewhere.

If Carrboro were to attract a manufacturing facility, it would necessarily need to be on the edge of town in an area that had good road access. In addition, it is likely it would need to be a light production facility in a sector that was environmentally sensitive. A relatively small facility of this type could support mid-skill level workers would receive higher wages than they might have otherwise received from a service or retail establishment.

Office Space

Perhaps the most natural fit for Carrboro's economy are firms that occupy traditional office space. As mentioned earlier, professional and technical services is the main sector in which Carrboro's comparative strength matches that of the Triangle region as a whole. These sectors also match most closely with Carrboro's residents' employment patterns. If a goal of Carrboro's economic development is to more effectively match

residents with work opportunities in their own town then developing and filling more office space is imperative. Office jobs also tend to be much better paying than those found in the retail and service sector. Like all commercial development, increased office space and increased occupancy would increase tax revenue for the town thus potentially lowering the tax burden on residents.

According to the Triangle's *Space* magazine, at the end of 2005, Carrboro had only two properties classified as Class A or Class B Office Space. Carr Mill and 400 Roberson St. were listed as Class B Office Space with a combined 73,000 square feet of leasable square feet, 6,500 was eligible for lease.⁷ To be sure this does not represent all the available office space in the community as many office buildings are left off this list but in terms of attracting potential businesses it is a striking figure. It should be pointed out that much of this space is very small and would not accommodate companies with large numbers of employees.

Of even more concern is the lack of available office space in the downtown corridor. As mentioned earlier, downtown remains the most attractive place for certain types of businesses to locate. A business that is attracted to Carrboro because of the amenities and quality of life that the town offers will most likely be drawn to downtown. If there is not the space available downtown, that business may choose to operate elsewhere in the region rather than in Carrboro.

The lack of available office space downtown is also problematic for companies operating in the creative sector. As mentioned, one record label left Carrboro for Durham primarily because of the lack of available space. Other creative businesses such as graphic designers and architects also require this type of space and also are primarily drawn to the downtown environment. Once creative enterprise interviewed located in Durham is actively seeking, but cannot find, appropriate space in Carrboro. There are several proposals to build more downtown office space in Carrboro that could allow more of these types of businesses to come to town.

⁷ *Space*, January 27, 2006.

Section 8: Findings

This section presents conclusions and findings based the project team’s analyses and community input. They form the foundation for the recommendations presented in Section 10.

- 1) *Increased commercial development is key to Carrboro’s ability to meet the needs of its residents.* Residential property owners in Carrboro pay one of the highest property tax rates in the state in large part because residents are forced to contribute a very high share of the town’s revenues. The town’s tax base is 89 percent residential, which is very high compared to most other North Carolina cities. More commercial development will lead to increased commercial tax revenue without a corresponding growth in (costly) town services. For example, a recent study by NC State University found that Orange County residential properties contribute \$0.76 for each \$1.00 of services received. Commercial property was found to be the highest contributor to the county’s coffers—contributing \$4.21 in revenue for each dollar of services it consumed.

Survey respondents support the goal of increasing commercial development to reduce the residential tax burden, naming it as the top goal of any economic development plan. Encouraging more commercial development will enable increased economic activity in Carrboro. This in turn will give the town the ability to fund amenities citizens desire, such as a library, additional recreational facilities, improved sidewalks, or more bike paths.

- 2) *Carrboro possesses marketable assets.* Carrboro successfully transformed itself from a Southern mill town into a community with a strong sense of place and a healthy downtown. It has been forward-thinking—enacting policies to limit sprawl, encouraging walkability and public transportation, and supporting environmental protection long before many other places. The town’s high quality of life, good schools, and cultural amenities make it an enviable community in many ways and attractive to prospective businesses. These assets are especially attractive to businesses that employ “knowledge workers” who are drawn to the amenities present in a town such as Carrboro.

The town’s downtown is an especially strong attractor to businesses. Numerous redevelopment and infill opportunities exist for firms seeking a core-city environment. The downtown also offers Wi-Fi access, a service most similarly sized towns do not have. Carrboro’s commitment to downtown is evidenced by the existence and support of an advisory committee dedicated to the development of downtown, the Economic Sustainability Commission.

A valuable resource is the Carrboro Revolving Loan Fund that helps existing and prospective locally-owned businesses in town. It is extremely effective in helping

innovative entrepreneurs get their business started and has performed solidly since its inception 18 years ago.

- 3) *Carrboro's economy is dominated by sectors that offer few high-paying jobs.* While Carrboro residents are by-and-large well-educated and affluent, Carrboro's business community is dominated by its low-paying retail sector, particularly restaurants. Survey respondents say it is important to them that new jobs in Carrboro pay well; it is even more important that the jobs have benefits such as health insurance. Carrboro needs to move beyond its "low end" job market and create a more mixed portfolio of mid-skilled and high-skilled jobs. This would have the added benefit of potentially employing more residents of the town. Currently only eight percent of Carrboro residents work in town, although survey results indicate that more would like to do so if opportunities were available.
- 4) *The town's growing Latino population represents an important resource and potential market opportunity.* Carrboro has a fast growing Latino population. Indeed, a higher percentage of Latinos—more than 12 percent—live in Carrboro than in the state as a whole or in other Triangle communities. While a few businesses that target these residents have opened, more opportunity exists to attract businesses that serve this market. There are also opportunities for these citizens to start new businesses in Carrboro that would not only serve their own ethnic community, but the town at large.
- 5) *Carrboro's creative economy needs to be nourished.* Carrboro has earned a reputation as a community where the arts and creativity are encouraged. However, there is a perception among some that the creative economy is being taken for granted and that more should be done to make sure the image of Carrboro as an arts haven matches the reality. In particular, artists (including visual and musicians), and design and media professionals (from graphic to industrial designers) are interested in building stronger networks. In many cases, these individuals and firms may not be aware of their colleagues within town and/or how they could potentially collaborate to create more business opportunities.
- 6) *Carrboro's location can be a deterrent to businesses operating in the Triangle.* Carrboro is located on the western edge of the Triangle, and most commercial areas are 15 minutes from Interstate 40. Firms such as accountants, lawyers and other professional services typically locate where clients have easy access from around the region—putting Carrboro at a disadvantage. In addition, because of higher living costs compared with most Triangle cities, large employers are less interested in locating in Carrboro because they perceive difficulty in retaining workers, many of whom would commute because they could not afford a home here.
- 7) *Opportunities for manufacturing in Carrboro are limited.* The limited supply of available land zoned for manufacturing, high land costs, and the town's strict planning policies lead the town away from significant industrial development. It is possible,

however, that light production facilities on the outskirts of town would provide good jobs for mid-skilled workers and expand the town's commercial tax revenues.

- 8) *Most new commercial development in Carrboro is likely to mostly come in the form of small to mid-sized companies and businesses.* A business employing more than 50 people would be a large company for Carrboro—indeed, currently only four privately-owned companies are that large. A certain amount of “churning” of firms with 25 or fewer employees is inevitable as such companies grow and contract. However, promoting the development of larger and flexible commercial office space in downtown Carrboro makes sense. This will help firms that grow from small to medium-sized still be able to call Carrboro home.
- 9) *Orange County and Carrboro “leak” retail spending.* Currently, annual retail sales in Orange County are close to \$12,000 per capita, compared to \$21,000 in Durham County. And, while Carrboro is home to 14 percent of Orange County residents, it is responsible for less than 11 percent of the county's retail sales (compared to Chapel Hill which has 41 percent of the county's population but more than 62 percent of retail sales).⁸ Given the fact that Carrboro's median household income is relatively high, especially among homeowners, these figures clearly demonstrate that Carrboro is exporting its retail dollars. As a result, the town loses tax revenues that would support local services.
- 10) *Carrboro is part of a regional economy and thus local “competition” must be taken into account when pursuing economic development.* Carrboro is too small to be considered a true economic entity—goods, labor and services flow without concern for town limits. Thus the town needs to pursue activities recognizing that firms and individuals have many other options in the region. In particular, Carrboro finds itself in competition for commercial development with Durham and Chapel Hill. In Chapel Hill, the creation of Carolina North, a large new UNC-CH campus located just a few miles from downtown Carrboro, poses a significant challenge to any thoughts that Carrboro could be a center of high-tech development. The campus is anticipated to be developed in the next five to seven years and is expected to house many biomedical and life science entities related to the University, including spin-offs. Durham is increasingly competing with Carrboro to attract firms in the creative and non-profit sector. Durham has advantages related to inexpensive, available space in a downtown environment.

Northern Chatham County represents another competitive threat. As more commercial development occurs, especially retail development, opportunities for certain types of commercial development will disappear in Carrboro. This is especially true along Highway 54. This has both tax and environmental

⁸ Statistics based on data from *State of the Local Economy*, Orange County Economic Development Commission, March 2006.

implications. More development in Chatham County will cause even more retail leakage of Orange County residents and their tax dollars. It will also increase travel on Smith Level Road, adding to increased emissions.

- 11) *Little new commercial space has been developed in downtown Carrboro in recent years; however, several projects—including one very large—are now proposed.* If developed, these projects would provide much more space for commercial growth. Demand for Carrboro’s commercial space appears quite healthy. In the fourth quarter of 2005, Chapel Hill/Carrboro had a commercial vacancy rate of 6.9 percent well below the rate for the Triangle as a whole (13.7 percent).

In 2000, more than 200,000 square feet of commercial space was approved by the town (more than 65 percent of which comprised a large mini storage facility). Since that time the annual total has been 50,000 square feet or less. Between 2000 and 2004, 60 percent of commercial development space in Carrboro took place outside of downtown. Only nine of fifteen approved commercial projects during that same time period were downtown.

- 12) *Commercial growth is impeded because the town is often perceived by developers as a costly and time consuming place to develop new projects.* To a certain degree Carrboro does not want to be an “easy” place for developers because it wants to ensure well-conceived projects that fit with the community and limit environmental impact. However, land use ordinances and a cumbersome review process not only discourage new development necessary to increase the commercial tax base, but also stifle “creative” new projects, such as green building or innovative design concepts, that could benefit the town.

Unlike most communities, Carrboro’s Land Use Ordinances (LUOs) are organized by regulations, not by zone, making it cumbersome to find exactly what one can and cannot do on a parcel of land. Parking requirements are also difficult to find and interpret. Further, Carrboro’s development process entails many steps, and the completeness, timeliness, and substance of feedback from staff and the town’s outside engineer is inconsistent. In addition, the town requires fairly detailed and costly engineering drawings early in the process. Most jurisdictions require these details later in the process once a development “concept” appears to have support.

Because of the strict interpretation of zoning and permissible uses—and the requirement for detailed engineering drawings early in the process—it is “risky” for developers to suggest anything creative.

- 13) *Positive steps have been taken to improve the development process in Carrboro.* In recent years Carrboro has taken measures to improve the development approval process. For example, it has created a Carrboro Development Guide and made planning staff available for development reviews prior to proposal submissions.

Section 9: Economic Development Principles for Carrboro

Based on the opinions expressed during the community input process, the citizens and leaders of Carrboro desire a community that is sustainable and successful. RTS recommends the following as principles to guide decisions regarding commercial development in Carrboro. They reflect principles the town appears to implicitly, if not explicitly, already support. They also reflect input received from Carrboro citizens during this project. The principles are a useful framework to evaluate new projects and seek new opportunities to increase economic activity in Carrboro.

Economic development in Carrboro should:

- ease the tax burden on residents by encouraging more and different types of commercial projects;
- respect the environment;
- promote downtown as a high-density, vibrant, and walkable urban core with a unique character;
- support an atmosphere that allows creative people and enterprises to prosper;
- recognize that Carrboro has the opportunity to encourage a wider range of commercial projects outside of downtown;
- create jobs that pay at least a living wage with benefits; and
- provide citizens with more local choices for goods, services, and workplaces.

Not all economic development opportunities that emerge in Carrboro—or that Carrboro actively seeks—will meet all of these criteria equally well. Inevitably there are some trade-offs. However, evaluating potential projects through the lens of these principles gives the town the opportunity to continue to make good decisions for Carrboro’s future.

Section 10: Recommendations

Recommendation 1: Improve the Development Process and Land Use Ordinances to Support Economic Development

The private sector—landowners and developers—and the market drive many aspects of when and where new commercial projects take place. However, the town has control over the extent to which it supports or limits development through the permitting process.

In order to increase Carrboro’s commercial tax base, it is a given that additional space in the form of new or redeveloped buildings must be built. The good news is recently there has been a slate of new proposed commercial projects for Carrboro—including redevelopment of The ArtsCenter shopping center that would add 400,000 square feet of mixed-use space downtown, approximately 80 percent of which would house businesses.

Carrboro’s goal and intent should be to encourage thoughtful, attractive and beneficial commercial development that enhances the community. The key to doing this is establishing land use ordinances (LUO) and a development process that effectively supports the town in reaching this goal. The following recommendations address obstacles within the Carrboro’s current LUO and within the development approval process:

- a) Most developers are immediately interested in the particulars of a piece of property, such as the permitted uses, the permitted density, flexibility that may or may not exist (such as rezoning, or a Planned Unit Development (PUD)); and the approval process. Although this is outlined in Carrboro’s Development Guide, it might be helpful to have a small pamphlet, handout, or web link that summarizes (in a few pages) how to find this information in the LUO. This may be especially helpful for a developer, investor, or potential business interested in moving to Carrboro and in addressing economic development goals to determine if their project/property is viable. The most important information is:
 - How to determine permissible uses;
 - How to determine Density and Floor Area Ratio (FAR);
 - How to determine the required process (although, depends on development intention)
- b) Consider listing the permissible uses within each zoning category or create a separate but parallel table that lists uses by zone. A separate list may be needed for each zone. Although it seems redundant, it can help clarify misconceptions and

simplify the procedure for determining the permitted uses within a particular zone and/or for a particular piece of property.

- c) Consider creating a similar, but parallel, parking table that outlines parking requirements by use rather than by 4-digit number. This would simplify the procedure for determining parking requirements.
- d) Establish guidelines for more “creative” development, sustainable design, green architecture, or similar practices that meets the town’s goals. Such development could be targeted for the downtown and/or for specific outlying areas in the town (such as the Northern Transition Area). It could also be in the form of an overlay district, parallel code, or similar and should be allowed only if certain criteria were to be met. For non-downtown areas, the opportunity exists to be especially creative. The town could develop guidelines that encourage the development of an environmentally friendly or “green” office park that could attract firms with a special interest in promoting sustainability. Especially important will be making sure that these developments have strong connections to public transportation.
- e) Establish specific steps in the development process, including expectations at each step (for town staff, town engineer, and developer/applicant) and timeframe for staff and town engineer comments to be returned to developer/applicant. It should be clear what the developer/applicant is required to submit to make sure that all required information at each step is available for town staff and town engineer to review. Likewise, the town staff and town engineer should complete all comments and review as required. Six weeks should be the expected amount of time for the town to return complete comments to a developer (subject to change for large, complex projects).
- f) Consider a way to evaluate and renew the contract with the town engineer to ensure quality, timely service such as a competitive selection process for the engineer(s) on a regular basis, with yearly renewals/applications, and/or consider more than one consulting engineer. The requirement for detailed engineering/design drawings early in the process can be unnecessarily costly and time consuming for developers. This often requires drawings that still may not be approved and/or will need revisions. Consider less detailed drawings early in the process while revisions and comments are still occurring. The developer understands that detailed drawings will eventually be necessary and they will still assume some, although less, risk in project approvals and changes.
- g) Consider designating one of the town’s three planners/zoning development specialists as the commercial development “point person” responsible for working with the town’s community and economic development director to ensure responsiveness.

Recommendation 2: Branding Carrboro

For most residents of Carrboro, the appeal of the town is obvious. The town has an enviable quality of life, including world-class schools and a commitment to diversity. However for many businesses, especially those from outside the area, the advantages of Carrboro as a place to do business are unclear. Accordingly, Carrboro should undergo a branding exercise that will allow the town to better market itself. This report suggests several possible brands the town may want to consider. Emphasizing certain aspects of the town to different prospective businesses makes sense.

It may make sense for the town to hire a marketing/advertising consultant to formalize the brand or brands. The following two suggestions should form the basis of any further work. The first “brand” likely has the most cache’ for those firms that are located within the state and region and that have some familiarity with Carrboro. The second may be more appropriate for attracting out-of-state firms that are not as familiar with the town.

a) An attractive place for employees. Carrboro can be seen as especially attractive for companies whose most important reason for location is employee happiness. As one interviewee put it, “Carrboro should market itself to businesses as “Come to Carrboro—your employees will love you for it.” The walkability of the downtown core, the many lunch-time eating options, and other amenities make Carrboro an attractive place for many workers, especially those who are comfortable in non-traditional work environments as opposed to office parks or high rise towers. Carrboro is “grown up” (not dominated by students) yet “laid back.” A company executive who is more comfortable doing a business deal outside at Weaver Street Market rather than in a corporate boardroom will be drawn to the “vibe” of Carrboro. One business owner returned to Carrboro primarily because when office space opened, he wanted his employees to have access to the ‘non-work’ environment offered in Carrboro rather than the sterile office park environment in which they were located. The type of businesses that might respond to this type of brand includes employees of high-tech firms non-profits and associations.

b) Carrboro as part of a vibrant region: Carrboro also has the potential to benefit from the national caché of the Research Triangle. The Research Triangle area has a strong national recognition as a growing, relatively progressive metropolitan area. But for many outsiders, Carrboro may not have the national reputation of a Raleigh, Durham or Chapel Hill. Carrboro as it markets itself should more aggressively market itself as a part of the wider regional economy, playing on among other things, its shared border with Chapel Hill. Many communities use this regional marketing approach to attract businesses. A prime example comes from just down 15-501 at Fearington Village. That community markets itself as “Chapel Hill” in publications such as the *New Yorker* even though its address is officially Pittsboro.

Recommendation 3: Target “Best Bets” and Market the Town’s Assets

Key to the town’s economic future is marketing Carrboro’s assets to appropriate companies and industries. While the day-to-day responsibility for this effort is with the town’s economic development office, town officials should also play an active role. For example, any leads on prospective businesses identified by individuals should be quickly forwarded to the town’s economic development office. Town representatives and staff should be at least somewhat acquainted with available space in town so they can talk intelligently with business people who may approach them in an informal manner. Although the town is fortunate to have an economic development director, it is valuable to have more than one individual responsible for promoting commercial development.

Targeting Businesses

It is without question that Carrboro has an exciting “brand” to offer businesses, but the town must become more proactive in marketing itself to businesses. RTS has identified the types of companies and businesses that are most likely to be attracted to Carrboro. These “best bets” are presented by commercial node.

Downtown Development

Downtown Carrboro is the vibrant core that makes Carrboro what it is today. RTS recommends that downtown economic development efforts focus on encouraging more commercial office space and sustaining its already healthy retail sector. Opportunities for other types of commercial development, such as light industrial or larger retail, are best suited for other parts of Carrboro.

A large amount of new office space in downtown Carrboro that could become available in the next five years based on proposed projects under consideration. They provide the opportunity to house many more “office dwellers” in Carrboro than currently the case.

Commercial Office Space

“Best bets” for downtown Carrboro are:

- ***UNC-CH spin-offs and entities:*** Those that are most attracted to Carrboro are the non- life science university spin-offs, such as entities related to public health, social sciences, and web applications. Examples would be i-biblio and the Carolina Population Center, currently in Chapel Hill, or groups similar to NC Prevention Partners or the NC Center for Public Health Leadership already in Carrboro.
- ***National and state non-profits and associations:*** These organizations tend to employ mostly high wage workers who would be attracted to Carrboro’s amenities

and quality of life. Those most likely to locate in Carrboro are less involved in lobbying (which would require them to be near Raleigh or Washington, DC) and more oriented toward policy development, member support, and technical assistance. An example is IPAS, an international women's health organization, which used to be in Carrboro but moved to Southern Village. Some associations and non-profits are quite large—50 or more employees—and they tend to be fairly stable.

- **Professional, technical & education services companies:** Carrboro already exhibits a relatively high number of these companies for a town of its size, and there is potential to attract more. Most of these are going to be small, specialized consulting firms that do work outside of the Research Triangle area.
- **Creative companies:** The segments of the creative economy most likely to succeed in Carrboro are design firms (everything from web to graphic to industrial), advertising, music, and publishing. Some may serve primarily local markets while others work nationally or internationally.
- **"Green"-oriented companies:** Carrboro's leaders and citizens take environmental sustainability very seriously and as such the town is well positioned to attract "green" firms. There is potential for Carrboro to become a hub of for-profit and non-profit businesses promoting, among other things, organic agriculture, green energy, biodiesel, and green construction.
- **Entrepreneurial start-ups from UNC-CH and Duke:** Start-ups that receive venture capital funding are most likely to locate in flexible, short-term space near RTP because that is where their investors want them to be. However, smaller scale start-ups from recent MBA grads, for example, are looking for lifestyle amenities and networking opportunities that Carrboro offers. The town should target companies coming out of Kenan-Flagler and Fuqua Schools of Business, like the American Tobacco Warehouse facility in Durham does.

Retail

Retail is currently downtown Carrboro's strongest economic sector. The creation of more retail space downtown is also in the "pipeline" as part of the mixed-use projects.

Downtown Carrboro is home to many restaurants and social clubs, two grocery stores and an ethnic market, a drug store, a large lumberyard, and a number of specialty retail shops and galleries. The town should encourage downtown retail that continues to support both Carrboro as a nightlife destination (as it already is the case) and that supports a growing population of Carrboro office workers.

What should differentiate retail in the downtown core (compared to retail outside of the core) is an orientation toward "high quality experiences." That can mean outdoor dining, exposure to local art or music, or the opportunity to purchase unique products and art. While this does not preclude offering convenience goods in downtown Carrboro, it does suggest that the preponderance of retail development should support the Carrboro "vibe" or brand, as described earlier.

A successful tool to attract people to Carrboro has been its downtown free Wi-Fi internet access. The Wi-Fi network should be expanded to all parts of downtown.

What should be recognized in Carrboro's commercial development is that businesses that may not be appropriate for downtown may be acceptable elsewhere in town. For example, larger retail establishments, particularly nationally owned stores, may not make sense in the downtown context but they could be appropriate in other parts of the community.

Highway 54/Jones Ferry Road

The most significant commercial corridor in Carrboro outside of downtown is along Jones Ferry Road and west on Highway 54 (from Jones Ferry Rd. to the edge of town). Currently this commercial activity is primarily retail, anchored by Willow Creek and Carrboro Plaza shopping centers.

An asset of this commercial area is that it is the only one in Carrboro with a limited access, four-lane road (the Highway 54 Bypass). This makes it more attractive to businesses that require easy access for customers and workers or need to transport goods.

The "best bets" for this area are:

- larger retail stores;
- convenience and basic goods (drug store, grocery store, hardware store);
- medical, insurance, and personal service establishments serving local populations;
- nursing homes and other services for the growing elderly population; and,
- light industrial production (e.g., specialty food production).

Northern Transition Area

The Northern Transition Area is located at the crossroads of Old Highway 86 and Homestead Road, near the large new Lake Hogan Farms and other residential developments.

This area benefits from relative proximity (approximately seven minutes by car) to Interstate 40 compared to the rest of Carrboro, which makes it easier to draw workers and customers from other Triangle communities.

The governments of Carrboro, Chapel Hill and Orange County worked together in 1999 to create a unified planning approach to this area that encompasses parts of all three jurisdictions. The resulting plan called for 25 acres for commercial development.

However, no significant commercial projects have been built to date, and as yet no landowners have specifically applied for commercial zoning.

Since the Northern Transition Area plan was written, there has been some significant new residential development in this area. As such, it will be important for Carrboro to hold conversations with those communities to involve them in determining the shape and form of commercial development in the Northern Transition Area.

The “best bets” for this area are:

- convenience and basic goods (e.g., drug store, grocery store, hardware store);
- medical, insurance, and personal service establishments serving local populations;
- nursing homes and other services for the growing elderly population;
- small retail shops in mixed-use developments; and,
- real estate, legal, accounting, engineering and other professional service firms.

The fact that commercial development in the Northern Transition Area is a blank slate affords some creative possibilities such as an overlay district and incentives to promote, for example, development of a “green” office park. This type of development fits with Town goals and could differentiate the area from other otherwise similar—but more accessible—commercial nodes in the Triangle.

Marketing to Targeted Companies

Carrboro should actively market Carrboro’s attractiveness as a business location in order to create more demand for emergent commercial development space in town. Action steps related to attracting targeted companies can be carried out primarily through existing staff, leaders, and resources. However, the town may want to consider contracting with a marketing/advertising firm to develop sophisticated marketing materials and to aid with placing articles in magazines and trade publications associated with target sectors. Articles would highlight Carrboro as a good place to do business, highlighting internal success stories. While this could be a significant investment, if it results in substantial new commercial development, it would be money well spent. It should be noted that this plan does not recommend a massive direct mail or advertising campaign since such efforts are usually not worth the costs.

Developing a more comprehensive economic development web site

The town should revamp the economic development portion of its website to market the town as an attractive place to do business. While the current economic development website has helpful information, substantial improvements can and should be made to make it more accessible for businesses.

This web site should include:

- *Information about Carrboro's brand.* Why would a business want to locate in Carrboro? For instance, while the current website provides general demographic information, there is not much information on specific industries and why specific types of companies ("best bets") might find Carrboro attractive.
- *Up-to-date listing of available space and potential uses of properties.* Currently the site links to Orange County's Economic Development Site. However, having Carrboro-specific information on the town's own web site would be an improvement.
- *Detailed information about available town resources.* Although the current website has information about the town's innovative revolving loan fund, tweaks could be made to ensure that businesses can more easily understand if they are eligible for the program.
- *Testimonials and success stories.* Carrboro has a great story to tell. Highlighting existing companies, particularly those that have used instruments such as the revolving loan fund will give the site an extra potency.

This web site could potentially be designed and updated by the town's current information technology specialist. The town could, however, make a decision to contract with an outside web design specialist to develop an even "snazzier" site. The town should look at other municipalities' economic development sites for ideas. The city of Moorhead, Minnesota's website, <http://www.ci.moorhead.mn.us/eda/index.asp>, which was named a top web site by industry experts, could serve as a good example for Carrboro's efforts.

Regardless of whether an outside consultant is used to develop the website there must be internal capacity within the Town to continually update the site on a regular, at least monthly, basis. The site will only be useful if it contains current information.

Promoting Carrboro's Brand

The application of a brand image for communities is fairly new. Research indicates that constructing a strong image is best achieved by 1) demonstrating satisfied internal customers and 2) neutral third party media coverage.⁹ While direct mail and advertising is not particularly effective in attracting new companies, article placement and recommendations from industry peers are trusted information sources for companies looking for a location.

⁹ *Considering a Regional Image Campaign for Central Louisiana*, DADCO Consulting, 2002.

With this in mind, it would be useful to encourage more media and article placements, particularly in state and national outlets, which showcase Carrboro's particular assets, amenities, and niches. The town should always promote on its web site—and elsewhere—positive media or “third party” coverage. Business testimonials should also be used, as previously mentioned, in materials promoting Carrboro.

Using the list of “best bet” industries described earlier, Carrboro should develop information packets for prospective businesses tailored toward particular industries. For instance, create a package of materials that describes how the town makes sense for environmental or “green” businesses. The materials would contain general information about the town but also contain a targeted brochure that includes information about other similar companies in the area and Carrboro's commitment to environmental sustainability. Similar tailored packets could be created for creative enterprises, associations/non-profits, and other “best bet” categories.

The community's fast growing Latino population also affords Carrboro the opportunity to target businesses that meet the needs of this community. The town's revolving loan fund could be one tool to assist Latino entrepreneurs. Looking at ways to tap into and showcasing artistic assets in the Latino community is another potential opportunity.

Conducting exit interviews with companies

Routinely contacting companies that have recently left Carrboro or are in the process of leaving gives concrete information to help educate town officials about problems or shortcomings that exist. Interviews with companies for the purposes of this study indicate most firms are leaving town because of a lack of available space. Keeping an internal database of companies' needs would allow the town to contact the company if appropriate space becomes available at some point in the future.

Recommendation 4: Enhance Carrboro's Assets

Carrboro's image throughout the state and increasingly the country is directly tied to two elements: the vibrancy of the downtown core of the town and the creative energy of its population. Playing on these strengths and ensuring that they remain a powerful attraction should be a priority in any economic development plan for Carrboro.

Creative Carrboro

In terms of enhancing the creative economy, there are several things that Carrboro can do immediately as well as some efforts that are more long-term in nature. To support these efforts RTS recommends the town hire an individual whose primary job will be coordinating efforts aimed at promoting and enhancing the creative economy within the town. Not only could that individual provide needed assistance to firms and individuals in this sector but by simply having a dedicated staff person who wakes up

every morning thinking about this subject it will speak volumes about the commitment of the town to creative sector.

The specific duties of this creative economy specialist would include:

- *Coordinating a “creative economy advisory council.”* Although Carrboro has a committee that focuses on the arts, no entity focuses on the intersection of arts and businesses that make up the true creative economy. The purpose of such a council is to have an entity that represents and thinks about the needs of the broad creative economy, provides a collective voice in local political and economic development matters, and helps create a brand. Unlike typical arts councils, it would include all aspects of the creative economy such as design and media firms and look for ways to create synergy among the many players.
- *Organizing networks of designers and artists:* As shown in the findings section of this report, individual artists and design firms are clamoring for a way to get together on a regular basis to discuss common problems and share ideas for growth. While this can be an organic process, experience has shown that having a convener charged with stimulating and organizing these groups is key to their long-term success. The support could also extend to promoting communications between members of the network(s) through newsletters or on-line medium.

Beyond just building social capital, the individual could work together to organize small groups of companies with complementary skills in order to market their services collectively, combine them where scale is required, and make referrals to one another where appropriate. This also represents a way to showcase small firms as part of a larger and more comprehensive whole, allowing them to serve larger customers. For example, DesignBox in Raleigh brings together designers from a variety of disciplines to “inspire and motivate each other” but also to refer business to one another and grow their clientele. Emulating DesignBox in Carrboro could stimulate creativity and ultimately growth in this sector. It should be pointed out these networks may include designers and artists not located Carrboro, but by the town sponsoring such an effort it would cement Carrboro as a hub of design activity.

- *Assisting those in the creative field with the business side of creativity:* Those in the creative field often have underdeveloped business and marketing skills. The town official focusing on the arts could help individual artists and design professionals navigate through the existing technical assistance programs available in the community such as UNC's Small Business Technology Development Center. In addition, the official can help organize a group of artists as business mentors. These individuals would have strong business skills and an understanding of the business side of the arts ought to improve the economic performance of artists. The mentors could be established artisans with good business skills, retired artisans, or business executives interested in the arts. This mentorship program may require some additional funds; although, if it was done in cooperation with Chapel Hill or Orange County, the cost to Carrboro should not be too onerous.

- *Developing and managing a Creative Carrboro web site:* The new position within the town should serve as the prime marketer for Carrboro as a destination for artists and consumer of arts. One key marketing function will be the creation of an arts/creative economy web site. The objective of such a site would be to serve the community by (a) marketing Carrboro as a source of creative goods and services; (b) attracting visitors and potential customers; (c) providing links to individual creative firms' and artists' web sites to enhance marketing; (d) providing information about special events; and (e) generally branding the town as a creative hub.
- *Coordinating innovative public events:* Carrboro is fortunate to have a series of innovative arts based events including the Carrboro Music Festival, a poetry festival and frequent public concerts. Having one individual at the town level responsible for assisting in the organization of these events would help community volunteers who now do most of the work themselves. In addition, this individual could help promote additional events that continue to make Carrboro a unique destination and place to do business.

Other possible roles for the creative economy specialist would be to encourage investment in public art in Carrboro, working with entities such as The ArtsCenter to continue to focus on teaching arts to school-age children and helping artists and designers develop shared studio space and opportunities to share equipment and materials. A more detailed job description of this position is included in Appendix 6.

While the creation of a specialist for the creative economy within the town government is a short-term effort, over the longer term the town should investigate ways to shift some of these responsibilities to other entities. Specifically, some of the business mentoring and social capital type activities could potentially be undertaken by a community college. Accordingly, the town of Carrboro should work with Durham Technical Community College, whose service area includes Carrboro, to secure a satellite office of its continuing education or small business center that specializes in creative occupations and the arts. Such a facility, potentially housed at the ArtsCenter, would be able to offer classes in Carrboro and be capable of providing business assistance to individuals operating creative businesses. To secure such a campus would require work with not only Durham Tech but also possibly the North Carolina Community College System.

Carrboro may also want to work with the ArtsCenter to promote the entrepreneurship/economic side of creativity—hosting more production and exhibition space as it considers building a large facility. As that organization grows, taking on a larger role in the economic life of the town would be of great benefit to the community.

Enhancing Downtown

Interviews with individuals and community participation in this economic development process reveal that Carrboro's identity is wrapped up significantly in the downtown core. Accordingly, the town should encourage commercial development that enhances

downtown while preserving its unique character. As one participant in a forum put it, “Growth is fine, but we don’t want to kill the goose that laid the golden egg in the process.”

Some things to consider as the town encourages responsible development downtown:

- *Promote infill development and redevelopment of existing properties:* The town appears to be approaching development in the right way in this respect. For example, the redevelopment of the Trading Post Building converted an outdated retail spot into one that better met the needs of consumers without changing the core nature of the building. Plans for the redevelopment of The ArtsCenter/CatsCradle/VisArt properties are similarly promising. It will be important to strike a balance between commercial and residential development downtown—too much residential development could, *de facto*, limit the creation of additional downtown commercial space.
- *Continue promoting walkability within the town:* Community input sessions and survey respondents stressed that the walkability of Carrboro was a major attraction. Thus, development that allows for adequate pedestrian access is a must. Carrboro has approached this well in the past. However, the town’s 40 percent open space requirement for downtown is seen by many as working against other stated goals such as walkability and density. One solution is to give developers options that can partially substitute for open space, such as indoor or outdoor exhibition space for art or other design amenities. Thinking about open space for the downtown as a whole makes more sense than 40 percent open space requirements for each parcel.
- *Allow for adequate parking downtown:* Downtown businesses, whether they are attracting consumers or employees, need adequate parking. Unfortunately, Carrboro is nearing the breaking point in terms of parking. Part of the issue is the often informal nature of parking agreements between businesses. The town may want to consider talking to businesses to create a database of existing parking arrangements to at least begin to map out the current and potential parking needs. For future needs, the town will likely need to build some sort of parking structure to support continued growth downtown. This is, of course, an expensive proposition and thus more comprehensive study needs to be done to find the most cost-effective, environmentally appropriate, and business-friendly structure that can be built. The town does need to be aware that the time for a new structure will be soon and that plans should be made quickly to start the process.

Section 11: Action Plan

RECOMMENDATION	ACTION ITEMS	BUDGET	STAFFING
IMPROVE COMMERCIAL DEVELOPMENT PROCESS	<ul style="list-style-type: none"> ➤ Streamline development process 	<ul style="list-style-type: none"> • Internal allocation of staffing resources 	<ul style="list-style-type: none"> • Planning director • Community and economic development director • Designate one planner/zoning development specialist as commercial project “point person”
IMPROVE LAND USE ORDINANCES	<ul style="list-style-type: none"> ➤ Create summary document to aid finding information in the LUO by zone ➤ List permissible uses by zone ➤ Create parking table that outlines parking requirements by use rather than by 4-digit number ➤ Consider separate guidelines to enable “creative” development, sustainable design practices, green architecture 	<ul style="list-style-type: none"> • Internal allocation of staffing resources 	<ul style="list-style-type: none"> • Planning director • Community and economic development director
BRAND CARRBORO	<ul style="list-style-type: none"> ➤ Adopt recommended brand identities ➤ Hire marketing firm to hone recommended brands 	<ul style="list-style-type: none"> • \$15,000 if outside firm used 	<ul style="list-style-type: none"> • Community and economic development director

RECOMMENDATION	ACTION ITEMS	BUDGET	STAFFING
<p>TARGET "BEST BETS" AND MARKET CARRBORO</p>	<ul style="list-style-type: none"> ➤ Develop more comprehensive economic development web site ➤ Develop tailored marketing packets for "best bets" ➤ Highlight and promote article placement and 3rd party testimonials ➤ Conduct exit interviews with companies leaving Carrboro 	<ul style="list-style-type: none"> • \$7,000 for website development, if outside entity used • \$10,000 for marketing materials • \$5,000 for general marketing efforts 	<ul style="list-style-type: none"> • Information technology specialist • Community and economic development director • All elected officials and senior staff
<p>ENHANCE CREATIVE ASSETS: CREATIVE CARRBORO</p>	<ul style="list-style-type: none"> ➤ Organize networks of artists and designers ➤ Assist artists with business skills ➤ Create a Creative Economy Web site ➤ Coordinate innovative public events ➤ Establish a "creative economy advisory council" 	<ul style="list-style-type: none"> • \$60,000 salary and benefits of new staff person • \$3,000 for website development, if outside entity used 	<ul style="list-style-type: none"> • Create creative economy position within town's economic development office • Information technology specialist
<p>ENHANCE CARRBORO'S ASSETS: DOWNTOWN</p>	<ul style="list-style-type: none"> ➤ Promote infill and redevelopment ➤ Continue to promote walkability and public transportation ➤ Address parking needs through database of existing parking relationships and further study of building g structure 	<ul style="list-style-type: none"> • New parking structure could cost between \$3 and \$5 million 	<ul style="list-style-type: none"> • Community and economic development director • Planning department

Section 12: Economic Impact

The economic impact of increased commercial activity on Carrboro is impossible to precisely calculate. The biggest reason is that, as pointed out earlier, Carrboro is not an isolated economic entity—many of the economic benefits from economic development will leak to neighboring towns and counties because people, goods and services are fluid across these borders. Therefore it is not feasible to calculate a multiplier effect—numbers that would estimate the increased jobs and income in an economic region induced by direct economic investments in Carrboro.

There are, however, measures we can estimate to estimate the effect of commercial development in Carrboro. For this analysis we use two indicators: increased jobs and increased tax revenues. We should point out that these measures do not reflect all development impacts. For example they do not incorporate externalities—side effects—from a project that affect others. Externalities can be both positive and negative. An example possible externality is improved road access created by development that that benefits neighboring properties. A negative externality could be environmental impacts that affect the whole town.

The model below is a tool to understand the potential result of new commercial development in Carrboro. It can be used as a guide to assess the impact on Carrboro’s job base and tax revenues that would stem from a new project. The data used to determine these figures came from county tax records, national “rules of thumb,” and local reconnaissance.

Office Space

Table 14 estimates the impact of new office development in Carrboro in terms of yearly tax revenues and new jobs.

TABLE 14 Impact of New Office Development in Carrboro

	Estimated Tax Value*	Estimated Yearly Property Tax Revenue for Carrboro**	Estimated Jobs***
Every 10,000 sq. feet new development	\$1.2 million	\$7200	40

**based on \$125/sq. ft construction costs. Excludes land value so this is a conservative estimate.*

***Carrboro’s share of property taxes only*

****Some of these jobs may not represent a net gain as companies may move from one Carrboro location to another. Assumes 250 sq. feet of space per worker.*

Retail

Retail establishments typically have fewer employees per square feet of space compared to offices. For every 10,000 square feet of new retail space that comes to Carrboro, we would expect to see about 10 new jobs. However, most of these jobs would be low paying and many do not carry benefits such as health insurance.

Table 15 presents a different version of the tax revenue estimates shown earlier in Table 13 of this report. It offers tax revenue estimates for different type of retail establishments. Because sales taxes are such a large component of the total taxes the table separates those figures. Not surprisingly, larger and higher volume stores produce more revenues for the town.

TABLE 15: Estimated Tax Revenues in Carrboro from New Retail Development

Retail Business Type	Estimated Yearly Property and Business Tax Revenues for Carrboro*	Estimated Yearly Sales Tax Revenues**
Grocery Store	\$33,500	\$167,000
Restaurant: Small-Medium	\$2,000	\$18,000
Restaurant: Fast Food	\$8,500	\$10,000
Big Box: Home Improvement	\$111,000	\$789,000
Big Box: Warehouse	\$37,000	\$1,463,000
Specialty Retail: Clothing	\$3,000	\$12,000
Specialty Retail: Independent Bookstore	\$1,000	\$9,000
Specialty Retail: Music Store	\$4,000	\$6,000

*combines property and other business taxes; includes only Carrboro's estimated share.

**only includes Carrboro's estimated share

Source: See Appendix 5 for methodology and sources

Section 13: Carrboro’s Sustainability Checklist for Commercial Development

The purpose of this tool is to gauge potential projects from the perspective of their 1) economic impact, 2) site planning and design, and 3) environmental impact.

This checklist is primarily an internal tool to help Town advisory boards and the Board of Aldermen gain information about the extent to which potential commercial development projects in Carrboro meet Town goals of sustainable development. The checklist will be completed by a small committee of Town staff comprising the community and economic development director and planning staff members.

It is not required nor expected that proposed commercial developments receive a “yes” in each of these categories in order to be approved. Indeed some of these measures, while desirable, are not required by the Town’s code.

Economic Impact	<u>Yes</u>	<u>No</u>	<u>N/A</u>
The project provides a net increase in tax revenues for the Town.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The project provides Carrboro citizens with more local choices for goods or services.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The project is likely to reduce retail leakage from Orange County.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The project is likely to increase job opportunities for Town residents.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The jobs created pay will pay at least Orange County’s living wage.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Employers are likely to provide workers access to health insurance.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Site Planning and Design

Yes No N/A

General Planning Objectives

The development appears and functions as a physical or natural extension of existing / adjacent development.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The project takes steps to allow for future adjacent development.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
If located downtown, the development is compact and walkable.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The development is near public transportation.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Building Placement and Orientation

The placement of buildings forms spatial relationships and open spaces that are beneficial, pleasant and usable.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Placement of buildings reinforces connectivity to/from adjacent properties, developments, and destinations.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Buildings are placed to form streets and/or pedestrian pathways.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Buildings placed so that streets are designed to encourage and support pedestrian activity.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pedestrians are equally, if not more, important than cars.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Buildings align the street, where practical, as opposed to fronting parking lots.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Parking is sited to minimize its visibility from a public street or open space.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Service areas are located away from public streets, open spaces, or neighboring properties.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Design and Compatibility

Yes No N/A

The building design respects the Town of Carrboro's *Design Guidelines*.

If downtown, the building design respects the Downtown Architectural Standards and the Downtown Carrboro: New Vision.

The proposed buildings respect the scale and character of adjacent buildings/structures.

The development is compatible in use, intensity, scale, building height, and overall character with surrounding development.

There are transitional uses, intensity, and building heights so that uses at the edge are similar to adjacent uses and development.

Natural features and buffers along the boundary have been protected.

Environmental Considerations

Site Sustainability

Yes No N/A

The placement of buildings, roads, and parking minimizes impact on the existing topography.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
There has been an attempt to save existing trees and environmental features, where possible.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Best Management Practices for storm water management have been implemented.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
IESNA dark sky recommendations (limit light trespass on adjacent properties and in the night sky with high angle cut-off fixtures) have been implemented.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The heat island effect (use light colored paving materials and/or generous use of shade trees) has been minimized.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Green Building Design

The building(s) is proposed to be LEED certified.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Energy consumption is limited by exceeding model energy code.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
There is an attempt to use solar orientation to minimize summer heat loads.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
There is an attempt to use of recycled materials or locally-sourced materials.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Water-efficient plumbing fixtures are utilized.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Low or no VOC building materials are used, at least to some extent.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
There are "green" roofs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Daylight dimming systems and/or occupancy sensors are used.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The development meets the <i>Architecture 2030</i> fossil fuel reduction standard for new buildings.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Appendix 1: Survey Questions

1. Do you live in Carrboro?

Yes No The ZIP code where I live is: _____

2. Do you work in Carrboro?

Yes No I do not work outside the home I am a full time student

3. How old are you?

Under 18 18-24 25-34 35-44 45-54 55-64 65 or older

4. What is your ethnicity?

Caucasian/white African-American/black Latino/Hispanic
 Asian/Pacific Islander American Indian/Native American Multi-racial

5. Of the following, what are the top 3 reasons why you come to Carrboro?

	1st reason	2nd reason	3rd reason
Shop for convenience goods (e.g., groceries, drug store)			
Shop at particular specialty stores (e.g., gifts, sporting goods, antiques)			
Use professional or personal services (e.g., health care, legal, hair salon)			
Go to restaurants/bars/coffee shops			
Attend performing arts/music shows (e.g., Cat's Cradle, ArtCenter)			
Attend a public event (e.g., Century Center)			
Visit art galleries			
Take a class (e.g., ArtCenter, CHICLE, Carrboro Parks & Rec)			
Attend a public event (e.g., Century Center, Carrboro Music Festival)			
Enjoy outdoor events (e.g., Farmers' Market, Weaver St. lawn)			
I just like hanging out in Carrboro (people watching, wi-fi)			

6. What goods or services would you like to see more available in Carrboro? (Check top 3 choices)

	1st choice	2nd choice	3rd choice
Books			
CD/music store			
Child care			
Clothing			
Groceries			
Hardware/home improvement/garden			
Kid-oriented venues			
Nightlife spots (bars, music venues)			
Performing arts/art galleries			
Professional services (lawyers, accountants, insurance)			
Restaurants/Prepared foods			
Recreation (gyms, swimming pools, etc.)			
Specialty goods shops			

7. If possible, would you like to work in Carrboro?

Yes No I already work in Carrboro I am not currently employed

8. Assuming your place of employment could be located anywhere, how important is it to you that your place of work is located:

	Not at all important	Somewhat important	Important	Very important
Near your home				
Near your child's daycare or school				
Near eating establishments				
Near shopping				
Near businesses or workers with similar interests				
Near entertainment or cultural amenities				
Near public transportation				

9. For businesses that locate in Carrboro how important is that they:

	Not at all important	Somewhat important	Important	Very important
Pay their employees well				
Provide employees with benefits, such as health care				
Are locally-owned				
Provide goods or services that you would use				
Do not compete with locally-owned businesses				
Hire local residents				
Are environmentally friendly				

10. What are the 2 most important goals of economic development in Carrboro?

	1 st Choice	2 nd Choice
Helping local businesses expand		
Attracting entrepreneurs and encouraging business start-ups		
Encouraging firms and business to locate in Carrboro		
Increasing commercial development to ease the residential tax burden		
Creating more jobs in Carrboro		
Creating higher quality (better paying) jobs in Carrboro		
Building an environmentally sustainable community		
Improving quality of life for residents		

11. Do you have any concerns about economic development in Carrboro? Check any that apply.

- Increased housing costs Negative impact on the environment
 Negative impact on local businesses Increased sprawl
 Changing the character of Carrboro Other (please specify) _____

12. If you had to pick three words that describe Carrboro, what would they be?

- 1)
- 2)
- 3)

13. Do you have any additional thoughts you would like to share about Carrboro's economic future?

Appendix 2: Community Input Sessions

RTS conducted a series of interactive exercises with individuals attending two Community Input Sessions in Carrboro. The first session focused on economic development in general in Carrboro. The participants broke into groups to discuss Carrboro's overall economic strengths and challenges, and the participants' vision for the Town's economic future. They also considered assets and barriers in Carrboro for particular types of business (e.g. a new specialty food business, a creative enterprise, an expanding local company) that might potentially come to Carrboro. Then they assessed the economic and community impact of these types of business using Triple Bottom Line (people, planet, profits) principles. The second session focused on Carrboro's Creative Economy and followed a similar framework but with an emphasis on evaluating and discussing the Creative Economy.

The following summarizes input received during the workshops and the materials that were used during the meetings.

Summary of Comments During Community Input Session #1

Saturday, May 20, 2006 @ The Homestead Center

Greatest Overall Economic Development Strengths:

People:

- Large, increasing Latino population
- Environmental awareness of residents, commitment to healthy environment
- Senior citizens/recent retirees
- Loyal citizens – shop locally when they can
- Sense of community
- Synergy of creative people
- “Spunk” – new age entrepreneurial spirit
- Progressive politics
- Potential for labor pool

Planet:

- Street level office space
- Affordability
- Centralized/walking distance
- Vibrant town center
- Public transportation free
- Proximity to Chapel Hill
- Retail – Saturday traffic

Profit:

- Self-employed/home offices
- Cyber-based businesses
- Home of locally-owned businesses
- Revolving loan fund
- WIFI system helps creative people

Greatest Overall Economic Development Challenges:

People:

- Mismatch of labor /affordability
- Affluence is recent – impact?
- Disparities in income, disenfranchisement of lower income population
- Middle income population also neglected
- Children and teenagers of color leave Carrboro and do not return
- Perception that Carrboro is disparaged by other communities

Planet:

- Regulations constrain building
- Lack of buildable/built space
- Maintain character of Carrboro while growing
- Lack of transportation to airport
- Traffic in town
- Affordable housing

Profit:

- Lack of demand for space for large companies
- Carolina North development
- Partnership with UNC-Chapel Hill and Town of Chapel Hill
- Need businesses with job opportunities for populations with variety of income levels and ethnicities

Top Economic Development Assets in Five Years:

- Compact downtown, walkability
- Growth with character
- Critical mass that draws full spectrum of businesses
- Community for employers who want proximity to their workforce
- Main Street Properties and The ArtsCenter
- Proximity to Carolina North – draw firms to area in next 10 years (Carrboro Bedroom Community)

Scenarios of Possible of Carrboro Businesses

Scenario 1: Environmental Risk Management/Engineering Firm

New Horizons Partners is a private firm that specializes in the acquisition, remediation and sustainable redevelopment of brownfields. It acquires properties while protecting sellers, future owners and communities from the risks and liabilities associated with environmental impairment. New Horizons invests in properties throughout North America and Western Europe. By accepting projects that traditional investors often reject, New Horizons seeks to transform communities where urban blight and environmental contamination hinder community redevelopment. New Horizons is currently headquartered in RTP, and has four additional offices worldwide. Its RTP office employs 32 people, about evenly split between high-level risk management experts and environmental engineers and mid-skilled positions such as accounting clerks and administrative staff. The lease of their 5,000 square foot, single level office space in RTP is up for renewal and the top executives, two of whom live in Chapel Hill / Carrboro, are exploring new location possibilities. One requirement is being as close as possible to I-40 in order to accommodate workers who live in other Triangle communities.

Assets:	The current feeling of Carrboro is it is a nice place to live and work, and it provides chances to meet people and opportunities to collaborate with university researchers.
Barriers:	The main challenges for this company would be space, proximity to I-40, transportation, and housing affordability.
People:	The types of jobs this company would offer depends on if it brings its existing labor force, hires locals to do work, or hires a mix of workers. It would help ease the tax burden by bringing more businesses downtown, which supports retail establishments.
Planet:	Location would definitely be in town, though it could be outside. The environmental impact would depend on the building/green building and where they build this business. It would be great mixed use.
Profits:	This company may prefer politically progressive employees and a politically progressive environment. Carrboro can offer these things.
Bottom line:	Sure. It makes the cut.

Scenario 2: Specialty Food Production

A locally owned grocery store with a small on-site restaurant is successful and growing. The store would like to expand its grocery shelf space and in-store eating area by moving its bakery and food production facilities off-site. It also plans to ramp up production of its baked goods and prepared foods and sell them to other stores in the region. The production facility would be considered light manufacturing. Initial requirements are 6,000 square feet of production space, good road access, and the ability to host a small fleet of delivery trucks. The land parcel also needs to be large enough to allow the production facility to expand to at least 12,000 square feet at some point in the future. It would initially employ about 25 individuals, but as production grows that could rise to as many as 50. This would include master bakers and cooks, sales and marketing staff, production and packaging workers, and drivers.

Assets:	Carrboro could provide workforce and community attitude.
Barriers:	May require space away from neighborhoods. People may be generally against production; it is not necessarily environmentally friendly.
People:	Housing prices may be a challenge for lower-wage workers. This company would pay property tax and equipment tax, but no retail taxes.
Planet:	Not certain of the best location of this type of business. Environmental impacts would include infrastructure and traffic. Need to be close.
Profits:	This company may need proximity to supplies and labor force. Carrboro has access to a labor force and agriculture.
Bottom line:	It would be a very good fit.

Scenario 3: University Spin-Off

eHarness was started by a local university to digitally store and distribute publicly available information such as music, literature, art, history, and science. It has grown to one of the largest internet databases of its type in the world, providing information to millions of researchers and aficionados everywhere. It currently employs 10 individuals—a mix of IT specialists, librarians and designers. The organization's accolades and recognition are growing – as is its funding from corporate partners and grants. eHarness' strategic plan calls for becoming an independent non-profit with a ramped up staff of 15 within 5 years. They are seeking new space that will support their need for growth in the future, house their computer equipment, and make their generally young, educated workers happy.

- Advantages:** Carrboro provides access to workers and affordable office space downtown. Ideal for companies attracted to WIFI, funky cache, and tax base – consistent with creative economy.
- Barriers:** Parking and expensive housing could deter its location in Carrboro. Would this company be supporting professional services?
- People:** A University Spin-Off could attract other similar companies and create secondary impacts by supporting other companies.
- Planet:** This company could be located in a downtown office. People do not want to travel as much for goods because of fuel costs. Carrboro should consider promoting the recycling of electronics. Get this service here or provide nearby access.
- Profits:** The company may need IT infrastructure, which may not be available in old buildings in downtown Carrboro. They also may need access to cutting edge talent and technology, and Carrboro can provide that.
- Bottom line:** It fits Carrboro, but there may be a horizon issue. Do it now before Carolina North.

Scenario 4: Home Improvement Store

A national large retail home improvement store is thinking about opening a location in Carrboro. The store would employ about 200 workers. Most employees would be cashiers and sales associates; however, the store would also employ some managers and supervisors. Many would be part-time workers. Typical land requirements would be access from a four-lane road and a lot size of approximately three acres.

Assets:	Carrboro offers customers.
Barriers:	Strong resistance to big box companies. There may be a question of longevity. It would not be a local employer.
People:	This company may offer a wide range of jobs, which could include seniors and lower-skilled workers, but these jobs do not usually carry benefits. For some chains, employees have specialized skills, so it could be a source of secondary income. The company would pay taxes, but management often comes from outside of locale.
Planet:	Not sure where it would locate. On farm land? There would be a concern with lots of impermeable surfaces and lots of driving.
Profits:	Right now, these dollars are being spent outside of Carrboro.
Bottom line:	Not a good fit. Wal-Mart or Target would make more sense, but would take business away from downtown.

Summary of Comments During Community Input Session #2

Wednesday, May 24, 2006 @ Carrboro Elementary School

Greatest Overall Creative Economic Development Strengths:

- Image
- People
- Large number of volunteers to support the arts
- Cyberbusinesses
- Rich in the healing arts
- Large number of people making a living in the arts/number of artists
- Huge music industry
- Huge concentration of visual arts
- Local support of art
- Community space at Weaver Street
- Social capital/nurturing community
- ArtsCenter expansion
- Walkability
- Freedom of expression
- Eclectic/Diverse
- Location (topography)
- Proximity to sources of creativity
- Politics/progressive
- Government support (revolving loan fund)

Greatest Overall *Creative* Economic Development Challenges:

- Remaining affordable
- High entry costs
- Taxes
- Attracting customers
- Lack of sites/restrictions
- More effective use of Latino community/how to include
- Lack of multiple family housing
- Transportation
- Need civic open space (library)
- Lack of business support for the arts
- Lack of money/tax support
- Artists are the only ones driving the image but everyone benefits
- More formalized infrastructure to support the arts/need government support to do this
- Hard to serve all artists
- Locals don't buy local art
- Need more collaboration among arts businesses

- Making town a sustainable community
- How to keep businesses here

Scenarios of Possible of Carrboro Businesses

Scenario 1: Music Merchandising

BandArt provides professional graphic design services for musicians, labels, managers and music marketing companies across the globe. The company has carved out a niche as one of the only full-service graphic design, CD replication and printing firms founded by musicians and completely dedicated to the music industry. The company specializes in the following services for bands: Logo Development, Album Art & CD Replication, Press Kit Design & Production, Website Design, One-Sheet Design & Printing, Online Marketing Tools, Marketing Collateral Design, LP Design & Vinyl Pressing, Merchandise Design & Production. Currently located in Richmond, the company is looking to move to a smaller community, one with a more vibrant music scene. They require 2,500 square feet of space to house 12 employees (6 designers, 3 marketing professionals, 2 office managers/secretary and one executive).

Assets:	Participants feel that Carrboro has better racial relations than other communities, has a strong arts and music base and has a general quality that appeals to “hip” workers. The local schools, music events, talent and affordable space (especially as compared to neighboring Chapel Hill) contribute to the creation of these assets.
Barriers:	Perhaps the cost of space would be too high. Also, participants were unsure Carrboro’s downtown has enough available space to satisfy this company.
People:	This is a good fit for Carrboro. Carrboro already has an available workforce for this type of business. Perhaps partnerships could make things happen. Some concerned Carrboro already has enough designers. Carrboro should think about how this company might affect social networks
Planet:	Carrboro should focus on downtown and keeping green and civic space available for people to enjoy.
Profits:	Making money from business development can be a problem.
Bottom line:	To develop the media arts and support system Carrboro needs a major success story.

Scenario 2: Web Design

Create.net is a professional website design company in Durham. Most of its clients are in North Carolina; however, it recently won a national design award and is starting to pick up clients outside of the state. They specialize in website design, e-commerce, online marketing, Flash multimedia and print graphics. One of the company's owners lives in Carrboro and with two young children is tired of commuting. While the staff is currently 10 (the firm principal, 2 marketing staff, 5 designers and two administrative staff), they are looking for 2500 square feet so that they could grow to 15 within a few years (if the work keeps rolling in). They desire a mostly open layout with only a few small offices.

Assets:	Carrboro could provide workforce and community attitude. Carrboro's government is supportive (revolving loan fund) as well as the community as a whole. Carrboro can also provide a diverse customer base.
Barriers:	Carrboro's high costs including housing and land, entry costs and taxes. Carrboro's proximity to transportation routes and lack of sites could also be barriers.
People:	Some feel we already have enough of these kinds of people and Carrboro should seek a more diversified approach to economic development.
Planet:	N/A
Profits:	Participants think Carrboro should pursue a more diversified economy with larger firms and more jobs than this company would provide.
Bottom line:	Not good. The company doesn't provide diversity to Carrboro's existing economy and is too small.

Appendix 3: Recent Commercial Development in Carrboro

Commercial Development 2000-2004

Project Name	Address	Size (sq ft)	Commercial Node
201 W Weaver Street Art Gallery	201 W Weaver St	272	Downtown
RBC Centura	300 Weaver St	335	Downtown
Community Realty/WCOM Radio	201 N Greensboro St	400	Downtown
Love Overboard Kennels	710 Rosemary St	1200	Downtown
El Mercado Central	109 W Main St	1800	Downtown
Council Daycare	N/A	2000	N/A
Orange County ABC Store at Carrboro Plaza	106 Highway 54	2000	Highway 54 Area
Chan Mixed Use Development	114 Merritt Mill Rd	2200	Other
309 W Weaver Street	309 W Weaver St	2212	Downtown
The Clay Centre	402 Lloyd St	2315	Downtown
The Pantry	500 Jones Ferry Rd	2500	Highway 54 Area
Wilkinson Supply Company	103 Barnes St	2500	Other
Arby's	102 Highway 54	3000	Highway 54 Area
304 W Weaver St	304 W Weaver St	3953	Downtown
Carrboro Plaza Veterinary/Office Building	104 Highway 54	5600	Highway 54 Area
Gourmet Kingdom Restaurant	301 W Main St	6580	Downtown
Rock Haven Center	Renee Lynne Ct	9000	Other
Village Self Storage	515 S Greensboro St	15,000	Other
605 W Main Street Mixed Use Building	605 W Main St	16,666	Other
Winmore VMU	1318 Homestead Rd	18,418	Northern Transition Area
Old Farmers Market Office Building	201 Maple Ave	18,755	Downtown
Sheryl-Mar #2 Building	517 S Greensboro	27,104	Other
Willow Creek Office Park	602 Jones Ferry Rd	40,000	Highway 54 Area
Morningstar Mini Storage	510 Jones Ferry Rd	137,050	Highway 54 Area
Total		320,860	

Source: Town of Carrboro

Appendix 4: Vacant Commercial Properties in Carrboro

TABLE A1: Vacant Properties, Downtown

PIN	Address	Size (Acers)	Zoning District
9778868361	109 E MAIN ST	0.0	B1C
9778863323	102A W MAIN ST	0.1	B1C
9778868320	107 E MAIN ST	0.1	B1C
9778963580	103 LLOYD ST	0.1	B1C
9778963670	102 B ST	0.1	B1C
9778863704	101 SHORT ST	0.1	B1C
9778963841	B ST	0.2	B1C
9778852955	101 W MAIN ST	0.2	B1C
9778962810	111 B ST	0.2	B1C
9778867005	104 E MAIN ST	0.2	B1C
9778961193	200 E MAIN ST	0.7	B1C
9778672475	605 W MAIN ST UNIT# 305	0.5	B1G
9778957817	105 PADGETTE LN	0.7	B1G
9778853824	200 S GREENSBORO ST	0.7	B1G

Source: Town of Carrboro

TABLE A2: Vacant Properties, Outside, Downtown District

PIN	Address	Size (Acers)	Zoning District
9778276920	105 HWY 54 W	0.5	B3
9778285152	103 HWY 54 W	0.7	B3
9778449917	100 ALABAMA AVE	0.9	B3
9778286664	1307 W MAIN ST	1.2	B3
9769880545	8909 OLD NC 86	61.2	B3T
9778354394	310 HWY 54 W	1.2	B4
9778259863	306 HWY 54 W	1.3	B4
9778196618	706 OLD FAYETTEVILLE RD	25.0	B4
9769311287	607 HWY 54 W	0.9	B5
9769314258	603 HWY 54 W	1.0	B5
9769218312	611 HWY 54 W	1.2	B5
9778879369	113 PARKER ST	0.6	CT
9778970512	500A N GREENSBORO ST	0.6	CT
9778972072	301 LLOYD ST	0.8	CT
9778656581	303 JONES FERRY RD	1.3	M1
9778346032	603 JONES FERRY RD	1.0	O
9777598290	104 RENEE LYNNE CT	0.7	OA
9777598290	101 RENEE LYNNE CT	0.9	OA

Source: Town of Carrboro

Table A3: Zoning Codes and Descriptions

Zoning Code	Description
B1C	This district provides for a unified, compact, contiguous shopping and entertainment area focused around restaurants, specialty shops, arts and crafts. This area is intended for development around a theme or themes (e.g.: Carr Mill, The Station old Carrboro) and to accommodate pedestrian users.
B1G	This district provides for a broad range of business uses. Because established residential single family neighborhoods are nearby, night uses and hours of operation are limited. Metal buildings are prohibited.
B3	This district provides for urban neighborhood commercial needs such as grocery stores, branch banks, gas sales, etc.
B3T	This district provides for commercial needs in the town's more rural neighborhoods, especially in the joint planning transition areas.
B4	This district provides for various commercial enterprises serving a larger market area than those businesses permitted in other commercial districts. Taller buildings and increased density are allowed in this district as opposed to the B-3 zone with the goal of creating an attractive, concentrated business district in areas outside the town's central business district but on or near the town's major thoroughfares. Permitted uses include shopping centers, professional offices and motels. Outside storage and drive-in theatres are prohibited.
B5	This district provides for a commercial uses within the University Lake Watershed area without adversely affecting the community water supply.
CT	This district seeks to maintain the existing visual character of N. Greensboro Street and provides for a visually attractive, commercial district with flexible space including assembly, research and development, and residential uses.
M1	This district provides for a limited range of industrial activities and a wide range of commercial uses including wholesaling, storage, mail-order, auto related, and office and retail in conjunction with industrial or wholesaling uses. Permitted industrial uses include manufacturing, processing, creating, repairing, renovating, painting, cleaning and assembly where all operations are fully contained inside a building.
O	This district provides locations for low intensity office and institutional uses with emphasis on converting and adapting existing residential structures to office or institutional use. Special requirements, including appearance and pedestrian circulation standards, ensure compatibility with residential development.
OA	This district provides for office, administrative, professional, research, and specialized manufacturing (such as light assembly and processing) employment opportunities close to arterial streets and near residential areas. Development standards promote compatibility with adjacent residential uses, provide park-like employment settings and promote non-vehicular transportation.

Appendix 5: Retail Tax Revenue Estimates: Methodology

This section develops a methodology to estimate only the revenue new retail development would create for the town of Carrboro.

The Town of Carrboro receives income from retail establishments in four ways: directly due to privilege license fees, from the county due to two kinds of property taxes and from the state due to sales tax.

Privilege License Fees: Privilege license fees are collected directly by the Town of Carrboro as a fee to the town for doing business within Carrboro. Privilege license fees are paid annually and depend on the nature of the business. For example, a video rental establishment pays \$25 and a barber pays \$2.50 in annual privilege license. Businesses whose fees are not specifically determined by state law pay privilege license fees based on the amount of gross receipt sales the business does. For example, a business doing \$0-\$100,000 in gross receipts pays a \$50 fee. The fee can be as large as \$5,000 for a business doing up to \$25M in gross receipts. Overall, privilege license fees in Carrboro generated \$61,120.25 in 2006 as of June 30th.

Property Taxes: Property taxes are assessed and collected by the county. The town of Carrboro receives a portion of the property taxes that the county collects for properties located within the town at a rate of 0.6244% of the property's assessed tax value. Businesses can pay multiple types of property tax on multiple types of property: tax on the building and land (real estate property tax), tax on the value of the property within a building (personal property tax) and tax on any vehicles the business might own (vehicle tax). The more highly valued the property, the more the town receives in property tax for that property.

Personal Property Tax: Personal Property tax is assessed on the value of the goods and infrastructure within a business and is paid by the retail business. For example, in 2005 Carrboro received \$12.98 in personal property tax paid by a local comic store, \$785.32 in personal property tax paid by a local restaurant and \$7,998.91 in personal property tax paid by a large grocery store. Businesses may also pay motor vehicle property tax. These provide a relatively small amount of revenue to the town: \$200 of revenue is generated for a vehicle valued at \$32,000. The model estimated the revenue this type of tax creates for Carrboro by examining tax records of representative businesses in the Carrboro area between 2003 and 2005. Table 1 shows this calculation in depth.

TABLE A4: Business Property Tax Estimates

Business Type	Example Business in Local Area	Estimated Business Property Value	Carrboro Real Estate Property Tax Rate	Estimated Business Property Tax
Grocery Store	Harris Teeter, Carrboro	\$1,000,000	0.006244	\$6,244.00
Restaurant: Small-Medium Sit Down	Armadillo Grill, Carrboro	\$60,000	0.006244	\$374.64
Restaurant: Fast Food	Wendy's, Carrboro	\$150,000	0.006244	\$936.60
Big Box: Home Improvement	Lowes, Chapel Hill	\$1,300,000	0.006244	\$8,117.20
Big Box: Warehouse	COSTCO, Durham	\$1,750,000	0.006244	\$10,927.00
Specialty Retail: Clothing	Townsend & Bertrand, Carrboro	\$30,000	0.006244	\$187.32
Specialty Retail: Small Bookstore	Nice Price Books, Carrboro	\$8,000	0.006244	\$49.95
Specialty Retail: Music Store	Music Explorium, Carrboro	\$1,000	0.006244	\$6.24

Real Estate Property Tax: Not all businesses own their buildings, however, the owner of the building a business occupies pays real estate tax based on the assessed value of the building and land, generating additional tax revenue for the town. For example, the property owner of a shopping center in North Chapel Hill paid real estate property tax of \$27,815.05 in 2004. The model attributes real estate property tax to specific retail types regardless of the ownership of the building. Table A5 shows this calculation in depth.

TABLE A5: Real Estate Property Tax Estimates¹⁰

Business Type	Example Business	Address	Tax Parcel Owner	Value of Real Estate Property	Carrboro Real Estate Property Tax Rate	Percent of Tax Parcel Attributed to Retail Business	Estimated Real Estate Property Tax
Grocery Store	Harris Teeter	301 N Greensboro St, Carrboro	CarrMill Mall Limited	\$14,689,817	0.006244	30%	\$27,517
Restaurant: Small-Medium Sit Down	Armadillo Grill	120 E Main St, Carrboro	Jones, Joseph M	\$784,785	0.006244	25%	\$1,225
Restaurant: Fast Food	Wendy's	100 S Greensboro St, Carrboro	Wendy's International	\$1,097,191	0.006244	100%	\$6,851
Big Box: Home Improvement	Lowe's Home Improvement	1801 N Fordham Blvd, Chapel Hill	Tri City Investments Inc	\$16,319,353	0.006244	100%	\$101,898
Big Box: Warehouse	COSTCO	1510 N Pointe Dr, Durham	North Pointe CGL LLC	\$10,381,670	0.006244	100%	\$64,823
Specialty Retail: Clothing	Townsend & Bertrand	200 N Greensboro St, Carrboro	CarrMill Mall Limited	\$14,689,817	0.006244	5%	\$4,586
Specialty Retail: Small Bookstore	Regulator Bookstore	720 9th St, Durham	Top of the Ninth LLC	\$312,556	0.006244	100%	\$1,952
Specialty Retail: Music Store	Music Explorium	403 W Weaver St, Carrboro	B Bradshaw LLC	\$261,449	0.006244	100%	\$1,632

¹⁰ Source: Orange and Durham County Property Tax Records, 2003-2005

Sales Taxes: Sales tax is collected by the state of NC, distributed to each NC county and then distributed to the cities within a county based on both population the amount of sales activity taking place in a particular municipality. Since both the amount of sales tax revenue going from the state to Orange County and the amount of sales tax revenue going from Orange County to Carrboro are based on these ever-changing numbers, it is difficult to predict the exact amount of revenue that filters down to Carrboro specifically from each sale. Table A6 shows sales tax activity in Carrboro from July 2005 (beginning of FY05-06) to March 2006. Based on the amount of taxable sales in Carrboro and the amount of tax that Carrboro received over the past eight months, a safe estimate is that approximately 3% of each dollar in taxable sales which takes place in Carrboro gets distributed to the town as revenue from sales taxes. Carrboro estimates a total of \$2,929,970 in revenue will be received from sales taxes during FY 05-06¹¹.

TABLE A6: Sales and Use Tax Distributed to Carrboro, Estimate¹²

	Taxable Sales	Tax Distributed	Percent of Taxable Sales Distributed to Carrboro
Carrboro: March 2006	\$7,906,701.00	\$234,110.78	2.96%
Carrboro: February 2006	\$8,292,577.00	\$264,158.81	3.19%
Carrboro: January 2006	\$9,537,122.00	\$285,388.76	2.99%
Carrboro: December 2005	\$7,419,389.00	\$238,075.81	3.21%
Carrboro: November 2005	\$9,564,570.00	\$265,270.38	2.77%
Carrboro: October 2005	\$9,336,454.00	\$235,217.25	2.52%
Carrboro: September 2005	\$8,107,112.00	\$267,646.22	3.30%
Carrboro: August 2005	\$8,237,419.00	\$242,178.74	2.94%
Carrboro: July 2005	\$8,158,429.00	\$284,438.65	3.49%
Carrboro: Average (8 month)	\$8,506,641.44	\$257,387.27	3.04%

In order to most accurately estimate the amount of revenue retailers provide Carrboro from sales tax, RTS obtained estimates of total sales from a variety of sources, conservatively estimated that three-fourths of those sales were taxable and then applied the 3% rate calculated above. Table A7 shows this calculation in depth.

¹¹ Town of Carrboro, North Carolina Annual Budget FY 2005-2006.

¹² Source: NC Department of Revenue

Table A7: Sales and Use Tax Estimates

Business Type	Example Business	Estimated Sales	Source of Sales Data	Taxable Percent	Carrboro Sales Tax Rate	Estimated Sales Tax
Grocery Store	Harris Teeter, Carrboro	\$7,400,000	2002 Economic Census, Durham MSA	75%	3%	\$166,500
Restaurant: Small-Medium Sit Down	Armadillo Grill, Carrboro	\$800,000	Dunn & Bradstreet, Carrboro Businesses	75%	3%	\$18,000
Restaurant: Fast Food	Wendy's, Carrboro	\$510,000	Dunn & Bradstreet, Carrboro Businesses	75%	3%	\$11,475
Big Box: Home Improvement	Lowes, Chapel Hill	\$35,071,500	Company Financial Statements	75%	3%	\$789,109
Big Box: Warehouse	COSTCO, Durham	\$65,000,000	2002 Economic Census, US	75%	3%	\$1,462,500
Specialty Retail: Clothing	Townsend & Bertrand, Carrboro	\$550,000	Dunn & Bradstreet, Carrboro Businesses	75%	3%	\$12,375
Specialty Retail: Bookstore	Regulator Bookstore, Durham	\$407,328	Dollars and Cents, 2002	75%	3%	\$9,165
Specialty Retail: Music Store	Music Explorium, Carrboro	\$280,000	Dunn & Bradstreet, Carrboro Businesses	75%	3%	\$6,300

Final Estimates: Finally, RTS combined the estimated revenue from each of these four tax revenue types to estimate the total revenue each type of retail might provide for the town. Table A8 shows the overall estimates.

TABLE A8: Tax Revenue Estimates for Various Retail Types

Business Type	Example Business in Local Area	Estimated Business Property Tax	Estimated Real Estate Property Tax	Estimated Sales Tax	Estimated Privilege License	Estimated Yearly Tax Revenue for Carboro
Grocery Store	Harris Teeter, Carboro	\$6,244	\$27,517	\$166,500	\$3,250	\$200,000
Restaurant: Small-Medium Sit Down	Armadillo Grill, Carboro	\$375	\$1,225	\$18,000	\$43	\$20,000
Restaurant: Fast Food	Wendy's, Carboro	\$937	\$6,851	\$11,475	\$50	\$20,000
Big Box: Home Improvement	Lowes, Chapel Hill	\$8,117	\$101,898	\$789,109	\$850	\$900,000
Big Box: Warehouse	COSTCO, Durham	\$10,927	\$64,823	\$1,462,500	\$50	\$1,500,000
Specialty Retail: Clothing	Townsend & Bertrand, Carboro	\$187	\$4,586	\$12,375	\$50	\$15,000
Specialty Retail: Small Bookstore	Regulator Bookstore, Durham	\$50	\$1,952	\$9,165	\$50	\$10,000
Specialty Retail: Music Store	Music Explorium, Carboro	\$6	\$1,632	\$6,300	\$50	\$10,000

Appendix 6: Job Description for Creative Economy Specialist

Position Description

This position brings together several functions: networking, marketing, business development, and public events coordinator. The purpose in creating the position is to have one person who brings together all of these functions as they relate to arts and creativity in Carrboro, and who is working to develop and expand the impact of creative industries on Carrboro's economy.

Position Responsibilities

The Carrboro Creative Economy Specialist will be responsible for helping to develop social capital among artists and arts organizations, for helping artists with the business side of their work, and for promoting and marketing Carrboro's creative economy. The position should start as a two-year position; another responsibility of the position will be to secure funding that expands and funds the position beyond this two-year period. Specific responsibilities will include:

- *Coordinate a Creative Economy Advisory Council.* The Specialist would develop, in conjunction with other Town employees, an advisory council to focus on developing Carrboro's assets and image as a creative center. This council would not replace, but would work with, the arts committee that currently exists. The Specialist would look to this council for assistance in funding, networking, and goal-setting; however, the council would play no supervisory or directive role.
- *Organizing networks of artists and designers.* The Specialist will fill the defined need for creative firms and artists and artistic firms to meet and network, by identifying likely participants, establishing a regular time and venue, and facilitating communications among participants. In the early stages of these networks, the Specialist would play a more prominent role in establishing agenda and facilitating the meetings themselves; as the networks become more established, the Specialist will cede these responsibilities to the participants.
- *Developing the business side of creativity.* The Specialist will help artists to improve and expand their business skills, either through helping them to access already available training and education resources or by helping to develop and find resources for business training that targets artists and creative enterprises. The Specialist may also assist in business development by using the networks described above to connect firms and artists with complementary skills and interests with a view toward developing joint opportunities.

- *Coordinate innovative public events.* Most of Carrboro's many and varied arts-based public events are currently coordinated primarily by volunteers. The Specialist will serve as a resource at the town level for these volunteers, to assist in coordination of events, and to help promote additional innovative public events that showcase Carrboro's unique creative assets.
- *Serve as primary marketer and promoter for Carrboro's Creative Economy events and opportunities.* The Specialist would initiate and manage activities that brand Carrboro as a creative community, including a website that provides information about special events, markets the Town's creative firms and assets, and attracts potential visitors, customers, and firms to the Town.

Position's role in Town personnel structure

The Carrboro Creative Economy Specialist would report to the Economic Development Director. As currently constructed, the Specialist would have no supervisory responsibilities.

Position Requirements

The individual who fills this position should have an undergraduate degree and at least three to five years' experience in arts development, with preferably also some experience in economic development. The individual should be able to demonstrate a working knowledge of how artistic and creative activities can affect a local economy and how these can be developed as economic drivers, as well as a commitment to helping parlay creative activity into economic activity. Demonstrated ability to create networks and connect people and organizations to each other is also key.

Salary

Between \$35,000 and \$50,000 dependent on experience and qualifications.