



Council Committee on Economic Sustainability

06.07.24

The Council Committee on Economic Sustainability exists to support opportunities to put Chapel Hill's people to work and create economic prosperity for all, now and in the future.

DRAFT



Minority Business Summit



Annual Incentives Report

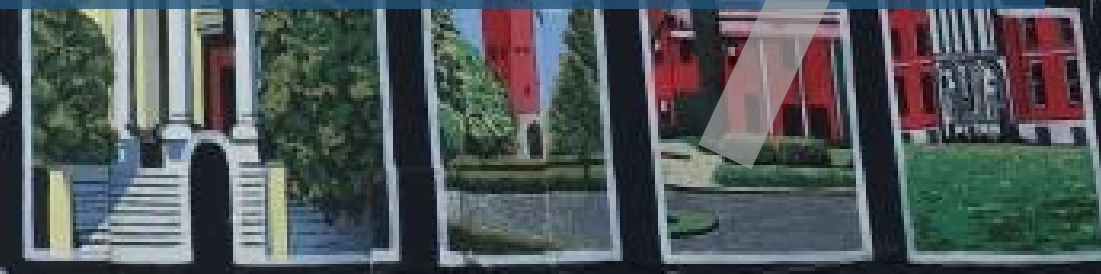


**Development Finance Presentation
by Jim Spaeth, UNC Kenan-Flagler**

Greetings from

DRIFT

Minority Vendor Summit



Council Interests

Prioritize an equity lens when exploring small business support and long-term development.

- October CCES: Staff presented several HUB-engagement approaches by other municipalities.
- This research, combined with Council feedback, directly informed the planning & execution of the Minority Vendor Summit.

Minority Vendor Summit

- Participating Town departments included Economic Development, DEI, Business Management & Manager's office.
- Partnering agencies included OWASA, UNC, and the Town of Carrboro.
- Connected with 50+ vendors, most of whom have not done business with any of the participating public agencies.



Economic Development Incentives

IMPROVING COMEDY
CLASSES & SHOWS
BUILD CONFIDENCE!
MEET NEW FRIENDS!
TEENS - ADULTS - SENIORS
IMPROVE YOUR LIFE!TM
FRANKLIN ST - CHAPEL HILL
ThePitChapelHill.com

Incentives Policy

Goals

- Create quality jobs
- Strengthen the economy & build community wealth
- Sustain a high quality of life

Targets

- Research and Development
- Applied Sciences
- Start-ups
- Technology
- Retail*

Performance Measures

- **Wegmans**

- Job creation
- Tax base growth
- Sales volume

- **Carraway Village**

- Amount of commercial space built
- Percentage of road improvements

- **Well Dot Inc.**

- Investment
- Jobs created

- **Glen Lennox**

- Amount of office space built

Economic Development Incentives

Town Council has approved 4 economic development incentives, all performance-based with individual terms for each project.

- Total expenditures NTE \$1,183,928 per fiscal year

Development Agreement	FY21 Planned	FY22 Planned	FY23 Planned	FY24 Planned	FY25 Planned
Carraway Village	\$ 154,892	\$ 206,523	\$ 206,523	\$ 206,523	\$ 206,523
Wegmans	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000
Glen Lennox	\$ -	\$ 446,160	\$ 446,160	\$ 446,160	\$ 446,160
Well Dot*	\$ -	\$ 131,245	\$ 131,245	\$ 131,245	\$ 131,245
TOTAL	\$ 554,892	\$ 1,183,928	\$ 1,183,928	\$ 1,183,928	\$ 1,183,928

Economic Development Incentives

Town Council has approved 4 economic development incentives, all performance-based with individual terms for each project.

Development Agreement	FY20 Actual	FY21 Actual	FY22 Actual	FY23 Actual	FY24 Actual
Carraway Village	\$ 60,867	\$ 132,694	\$ 200,955	\$ 204,258	-
Wegmans	\$ -	\$ -	\$ -	\$ 391,930	\$ 390,500
Glen Lennox	\$ -	\$ -	\$ 57,570	\$ 72,286	\$ 79,210
Well Dot*	\$ -	\$ -	\$ -	\$ -	\$ 131,245
TOTAL	\$ 60,867	\$ 132,694	\$ 258,524	\$ 668,474	\$ 600,955

Level Setting: U.S. Office Supply

The 'under-construction' pipeline has shrunk by nearly 40% in the last two years.

Factors include:

- Falling office demand
- Increasing capital costs; and
- Tightening standards for construction loans

Level Setting: U.S. Office Demand

Office sales & lease activity continues to wane in 2024.

- Trends expected to remain for the next 2-3 years.
- As demand for employment growth offsets corporate downsizing, the market is expected to shift towards more balanced conditions.

CommercialEdge, March 2024

JLL Global Real Estate Perspective, May 2024



Development Finance

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APPENDIX

NO PARKING
PRIVATE DRIVE
TOWING ENFORCED

The South Got Something to Say
90 MIN

TOUGAROU

E. THOMPSON ST.

Chapel Hill Office Market

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ReVive Plan Overview

RESILIENT ECONOMY

Strategies
&
Successes

Support, connect, and recognize small business success

- ✓ Best of Chapel Hill event sponsorship
- ✓ Business Resource Guide
- ✓ Small business grant programs

Strengthen the innovation and startup ecosystem

- ✓ Launch Chapel Hill partnership & support
- ✓ Innovation Hub/ Flexible co-working & office spaces

Recruit employers, entrepreneurs aligned with UNC, UNC Health

- ✓ Chapel Hill Life Sciences Center
- ✓ North Chapel Hill Business Center
- ✓ [Economic incentives policy](#)

RESILIENT PLACE

Strategies
&
Successes

Develop plans, partnerships for accessibility and affordability

- ✓ Downtown Mobility & Streetscape plans
- ✓ Downtown Together Partnership

Showcase Chapel Hill to increase foot traffic in commercial areas

- ✓ Downtown Communications group
- ✓ Garden Spot

Build reputation for being open to business and welcoming to all

- ✓ Marketing & branding campaigns
- ✓ Business Ombuds support

RESILIENT PEOPLE

Strategies
&
Successes

Build a talent pipeline to connect residents, students, and employers to opportunities

- ✓ Innovate Carolina & Launch Chapel Hill events
- ✓ Durham Tech Small Business Center @ The Junction

Support community partners as they address needs of historically underrealized businesses

- ✓ Opportunity Grant for Garden Spot
- ✓ Brightpath Solutions Grant & Workshops