



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.



Minority Vendor Summit



Annual Incentives Report

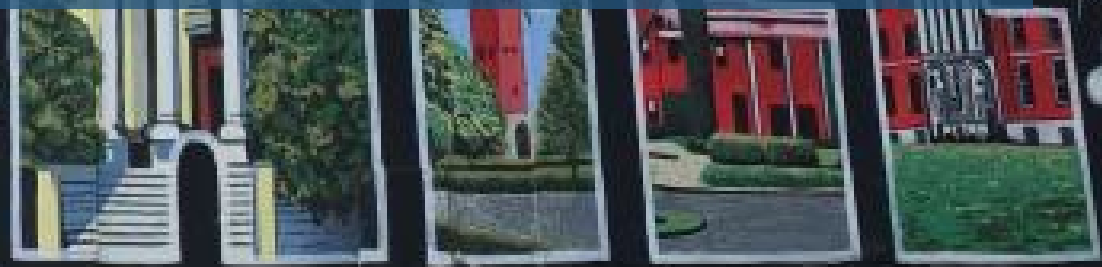


**Development Finance Presentation
by Jim Spaeth, UNC Kenan-Flagler**

Greetings from



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

- Town planning team included Economic Development, 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.

A vibrant street scene with people walking. In the foreground, a semi-transparent orange rectangle contains the title text. The background shows a brick building with red accents, a man with a backpack, a woman on a phone, and a sign for comedy classes.

Economic Development Incentives

IMPROV COMEDY
CLASSES & SHOWS
BUILD CONFIDENCE!
MEET NEW FRIENDS!
TEENS - ADULTS - SENIORS
IMPROV YOUR LIFE!™
FRANKLIN ST - CHAPEL HILL
ThePIT-ChapelHill.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*

Economic Development Incentives

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

- **Carraway Village:** Commercial space built, % of road improvements
- **Wegmans:** Job creation, tax base growth, sales volume
- **Glen Lennox:** Office space built
- **Well Dot:** Investment, job creation

Planned expenditures NTE \$1,183,928 per year, peaking in FY22-25.

Payments by Project

Development Agreement	TOTAL Planned FY 21-25	TOTAL Actual FY 20-24
Carroway Village	\$ 980,984	\$ 863,859
Development Agreement	TOTAL Planned FY 21-25	TOTAL Actual FY 23-24
Wegmans	\$ 2,000,000	\$ 782,430
Development Agreement	TOTAL Planned FY 21-25	TOTAL Actual FY 22-24
Glen Lennox	\$ 1,784,640	\$ 209,066
Development Agreement	TOTAL Planned FY 21-25	TOTAL Actual FY 24
Well Dot*	\$ 524,980	\$ 131,245

*Includes parking in-kind (\$56,248) & cash payment (\$74,997)

Level Setting: U.S. Office Supply

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

- Factors: Falling office demand, increased capital costs, and tightening standards for construction loans.

Office sales & lease activity continues to wane in 2024.

- Trends expected to remain for the next 2-3 years.

CommercialEdge, March 2024

JLL Global Real Estate Perspective, May 2024

Appendix



Incentives Payments Planned v. Actual

Incentive Payments: Planned

Development Agreement	FY21 Planned	FY22 Planned	FY23 Planned	FY24 Planned	FY25 Planned	TOTAL Planned
Carraway Village	\$ 154,892	\$ 206,523	\$ 206,523	\$ 206,523	\$ 206,523	\$ 980,984
Wegmans	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 2,000,000
Glen Lennox	\$ -	\$ 446,160	\$ 446,160	\$ 446,160	\$ 446,160	\$ 1,784,640
Well Dot*	\$ -	\$ 131,245	\$ 131,245	\$ 131,245	\$ 131,245	\$ 524,980
TOTAL	\$ 554,892	\$ 1,183,928	\$ 1,183,928	\$ 1,183,928	\$ 1,183,928	\$ 5,290,604

Incentive Payments: Actual

Development Agreement	FY20 Actual	FY21 Actual	FY22 Actual	FY23 Actual	FY24 Actual	TOTAL Actual
Carraway Village	\$ 60,867	\$ 132,694	\$ 200,955	\$ 204,258	\$ 265,085	\$ 863,859
Wegmans	\$ -	\$ -	\$ -	\$ 391,930	\$ 390,500	\$ 782,430
Glen Lennox	\$ -	\$ -	\$ 57,570	\$ 72,286	\$ 79,210	\$ 209,066
Well Dot*	\$ -	\$ -	\$ -	\$ -	\$ 131,245	\$ 131,245
TOTAL	\$ 60,867	\$ 132,694	\$ 258,524	\$ 668,474	\$ 866,040	\$ 1,986,599

Incentive Payments: Totals

Development Agreement	TOTAL Planned FY 21-25	TOTAL Actual FY 20-24
Carraway Village	\$ 980,984	\$ 863,859
Wegmans	\$ 2,000,000	\$ 782,430
Glen Lennox	\$ 1,784,640	\$ 209,066
Well Dot*	\$ 524,980	\$ 131,245
TOTAL	\$ 5,290,604	\$ 1,986,600

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

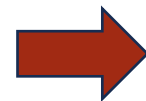
Strategies
&
Successes

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



- ✓ **Minority Vendor Summit**