

Greetings from

EY

Building a better
working world



ReVive

CHAPEL HILL

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ReVive

The Town organized the ReVive effort to make sure we were doing our part to plan for a successful recovery post-pandemic. The Advisory group met numerous times to pick the consulting firm, review the research and decide where the Town should place its priorities to help assure we thrive again.

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Town Staff:

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We would like to acknowledge and thank the following members of the ReVive Chapel Hill advisory committee:

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Town of Chapel Hill

UNC - Carolina

Vista Properties

Launch Chapel Hill

Chamber of Commerce

Visit Chapel Hill

NAACP

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CHDP/Vibehouse

Fidelity Bank

UNC Health

Pandemic Facts:

- ▶ **The recession has had a disproportionate negative impact on populations of color and workers with lower levels of education and income.**
- ▶ **Small businesses, particularly those that are locally-owned, have been devastated by shutdowns and have struggled to adapt toward virtual business models.**
- ▶ **Significant layoffs have occurred in service industries with most impact felt in retail, tourism, hospitality and some health care.**
- ▶ **College towns have suffered uniquely due to campus closures, a shift to online learning and reduced student foot traffic.**
- ▶ **Remote work has led to a lower daytime population in Chapel Hill, resulting in a sizeable loss in revenue for local businesses.**
- ▶ **Countless other changes have impacted the families, students, businesses, non-profits and government workers of Chapel Hill.**

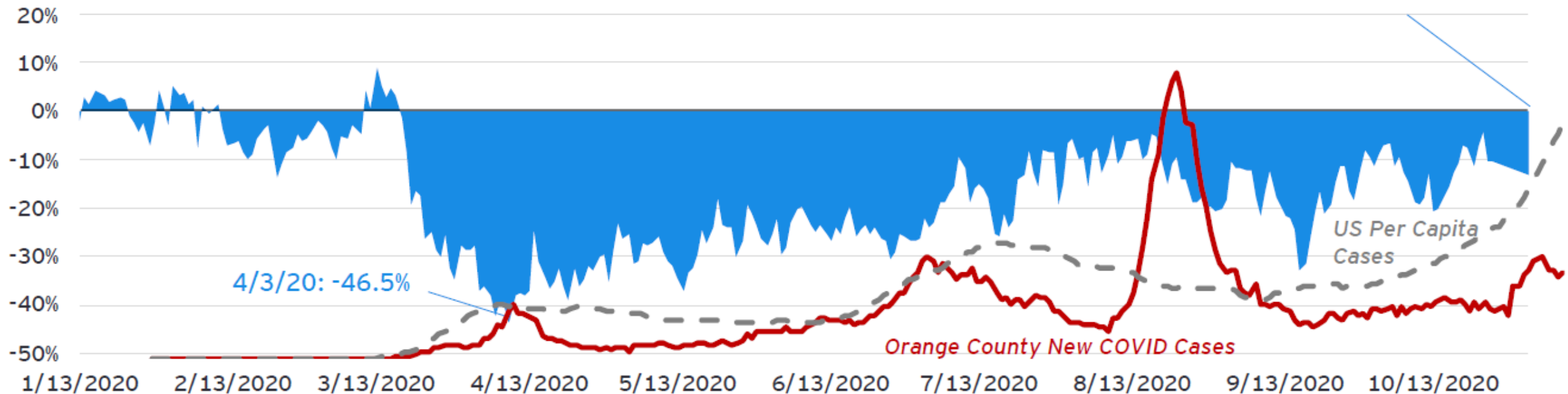
Some of what we heard:

- Chapel Hill sees strengths in the incredible assets of UNC-Chapel Hill and the health system. Residents and business owners aspire to see a greater connectedness with the university by way of small business support programs for minorities, incubation of innovative ideas and companies, learning opportunities for all ages and backgrounds, and overall greater visibility throughout the community.
- Residents respect individualism and value the diversity of their community. They love the natural charm and feel of being a college town. The community wishes that the diversity and talents of its residents were better showcased by way of public art and events that drive traffic to the downtown.
- Chapel Hill seeks to balance any growth with investments in its livability to include more greenspaces and bike lanes. There is a desire for the community to reduce its dependence on cars.
- Growth can be a been a challenge for Chapel Hill. Residents face housing issues related to affordability and diversity of offerings. Workers and visitors struggle to access the community due to traffic and parking availability. Businesses, entrepreneurs, and developers often face challenges with permitting and the availability and cost of office space.
- The leaders of the community also feel that talent pipeline development needs renewed focus, taking full advantage of the strength of the local school system, the presence of the university and technical college, and the overall emphasis on talent-driven economic prosperity. New remote-work trends offer new opportunities to recruit talent.

Mid-March shutdowns caused significant declines in household spending in Orange County, with a decline of 47% in early April from January levels. Household spending improved throughout the summer until a late August COVID spike caused a further reduction in local spending. Household spending in the county was just 11% down by November.

Household Spending, Indexed to January 1, 2020

Orange County

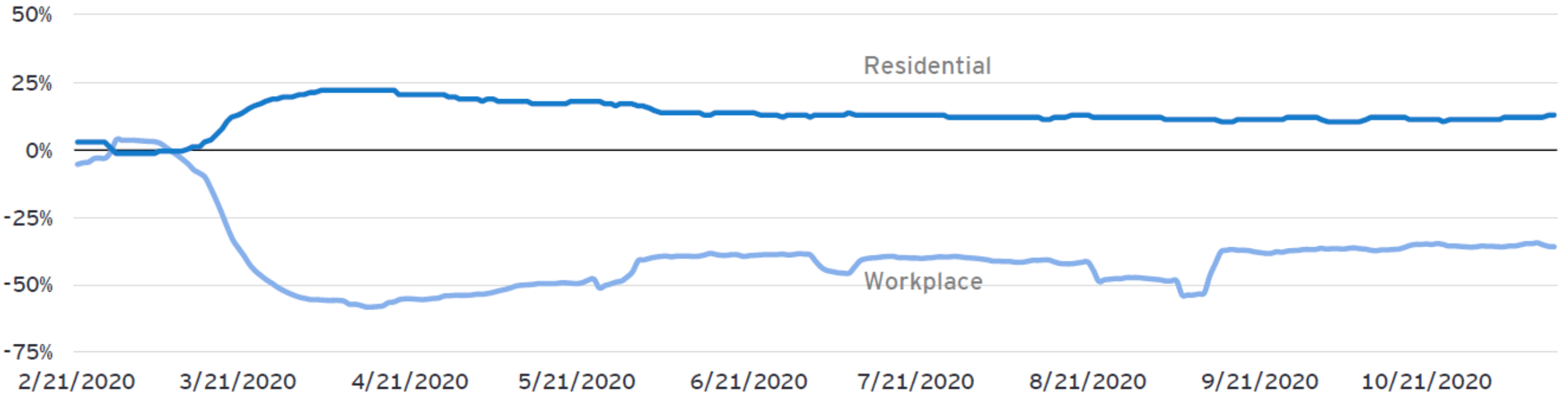


Source:
Affinity Solutions (spending); Johns Hopkins University (COVID cases)

Foot traffic at workplaces fell nearly 60% by mid-April as foot traffic at local residences increased 25%. Chapel Hill is an employment center that was dramatically impacted by virtualization of schooling and some health care operations.

Foot Traffic, Indexed to January 2020 , 7-day moving average

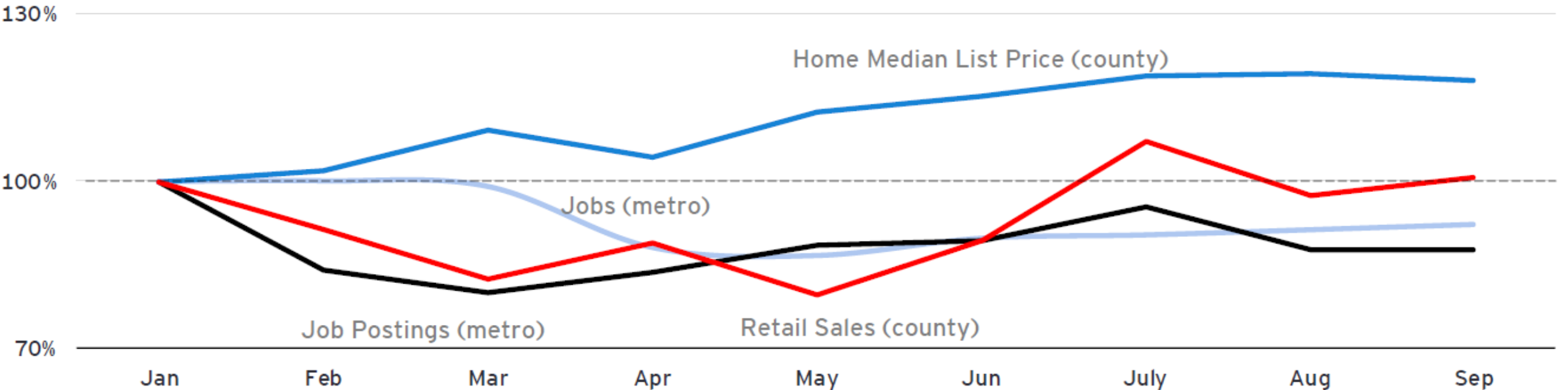
Orange County



Source: Google Mobility Data

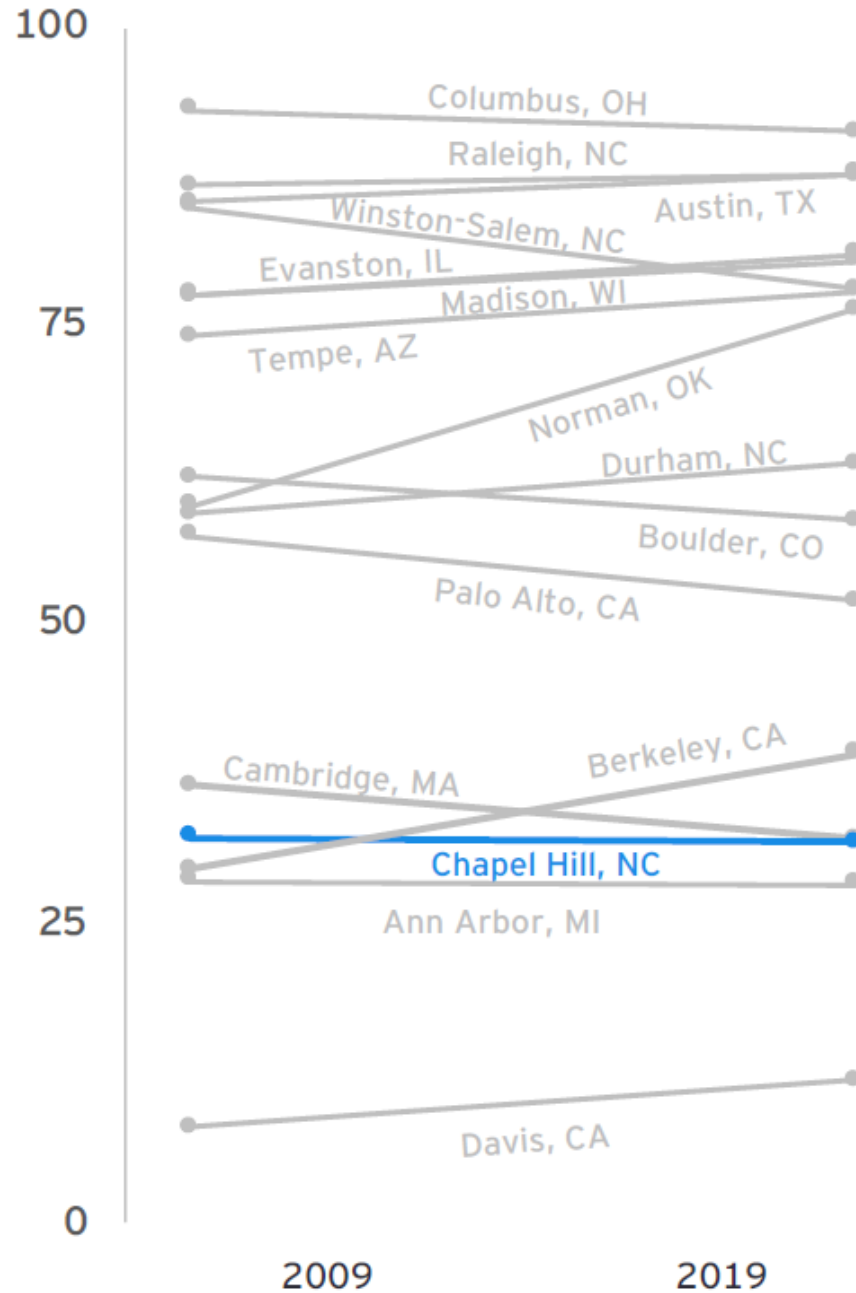
Shutdowns led to layoffs and retail sales decline, while renewed demand for housing led to continued price increases.

Comparison of Recovery Metrics, % of January Level
Orange County / Durham-Chapel Hill Metro



Source: Burning Glass (job postings), State of North Carolina (retail sales), and Realtor.com (home list price)

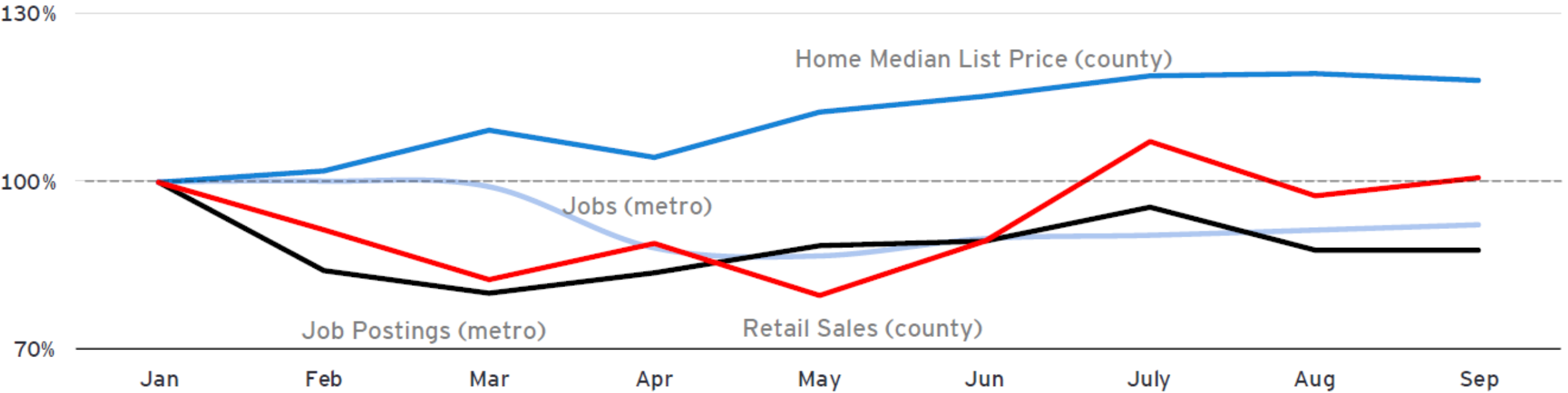
Industry diversity index
(100 equals national average)



Chapel Hill's recession was made worse by its lack of industry diversification. Compared to benchmarks, Chapel Hill is the 3rd least diverse economy.

Shutdowns led to layoffs and retail sales decline, while renewed demand for housing led to continued price increases.

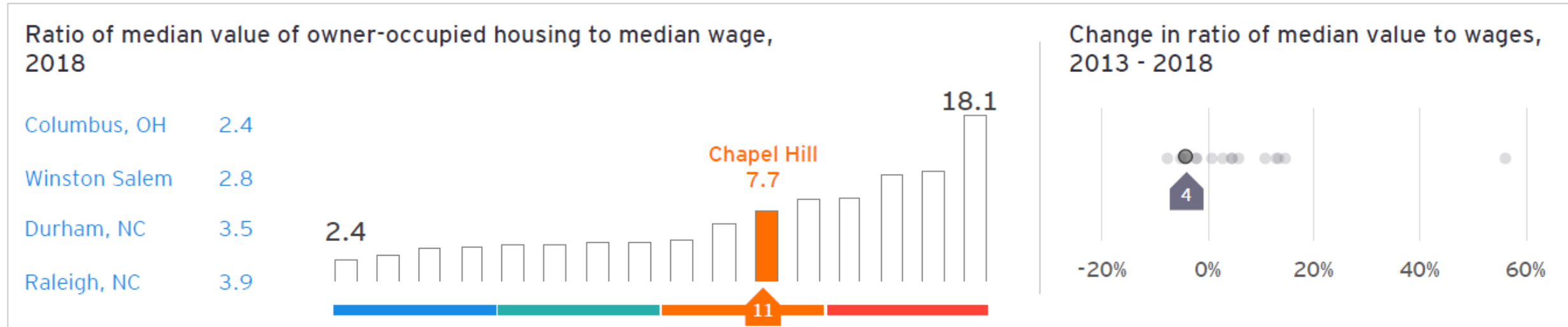
Comparison of Recovery Metrics, % of January Level
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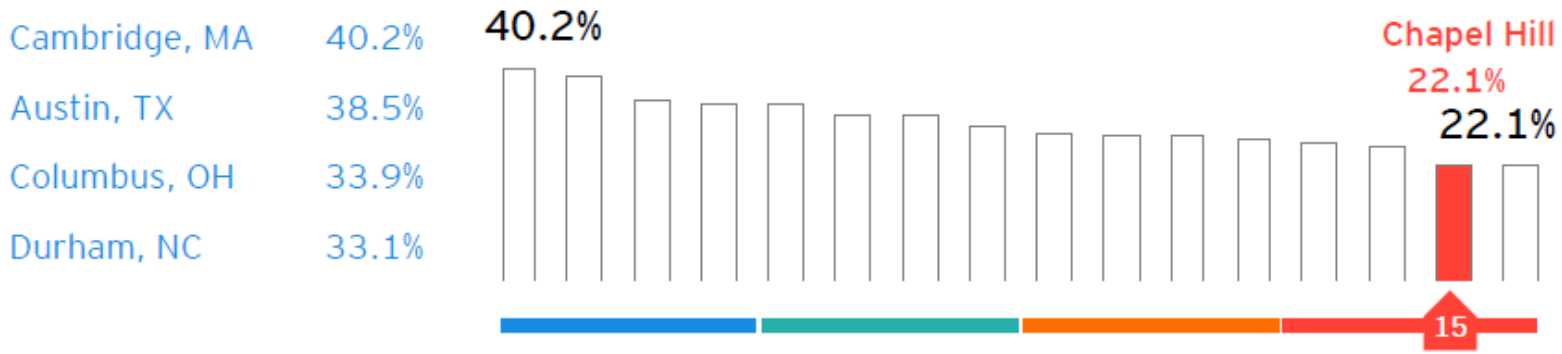
Chapel Hill's high quality of life comes with a high cost. The Town's median home price (\$409k) is nearly 8 times more than the average annual wage (\$53k) in the Town. Affordability is much worse in Chapel Hill than peer cities, including Raleigh and Durham, which are more affordable.

Fortunately, the Town's affordability ratio is improving as new housing is being permitted and built in recent years.

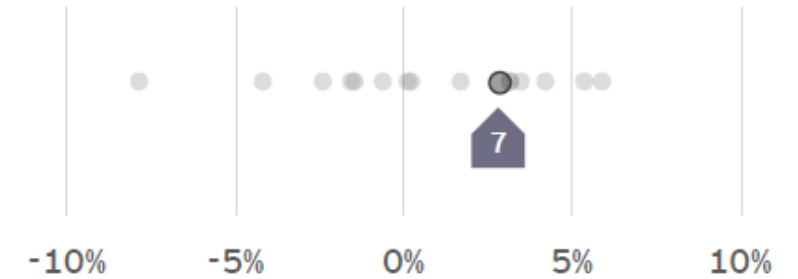


Chapel Hill has a low capture of young talent and has historically struggled to retain graduates. Compared to peer communities, Chapel Hill has experienced the greatest level of out-migration of college educated individuals. Austin, Raleigh, and Winston-Salem both produce and attract high numbers of college-educated workers.

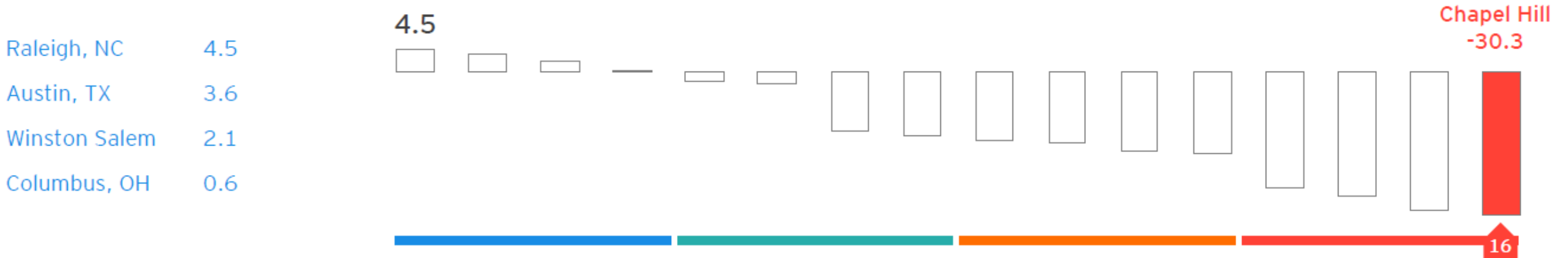
Young professionals (age 25 to 44) as share of total population, 2018



Change in percentage of young professionals, 2013 - 2018



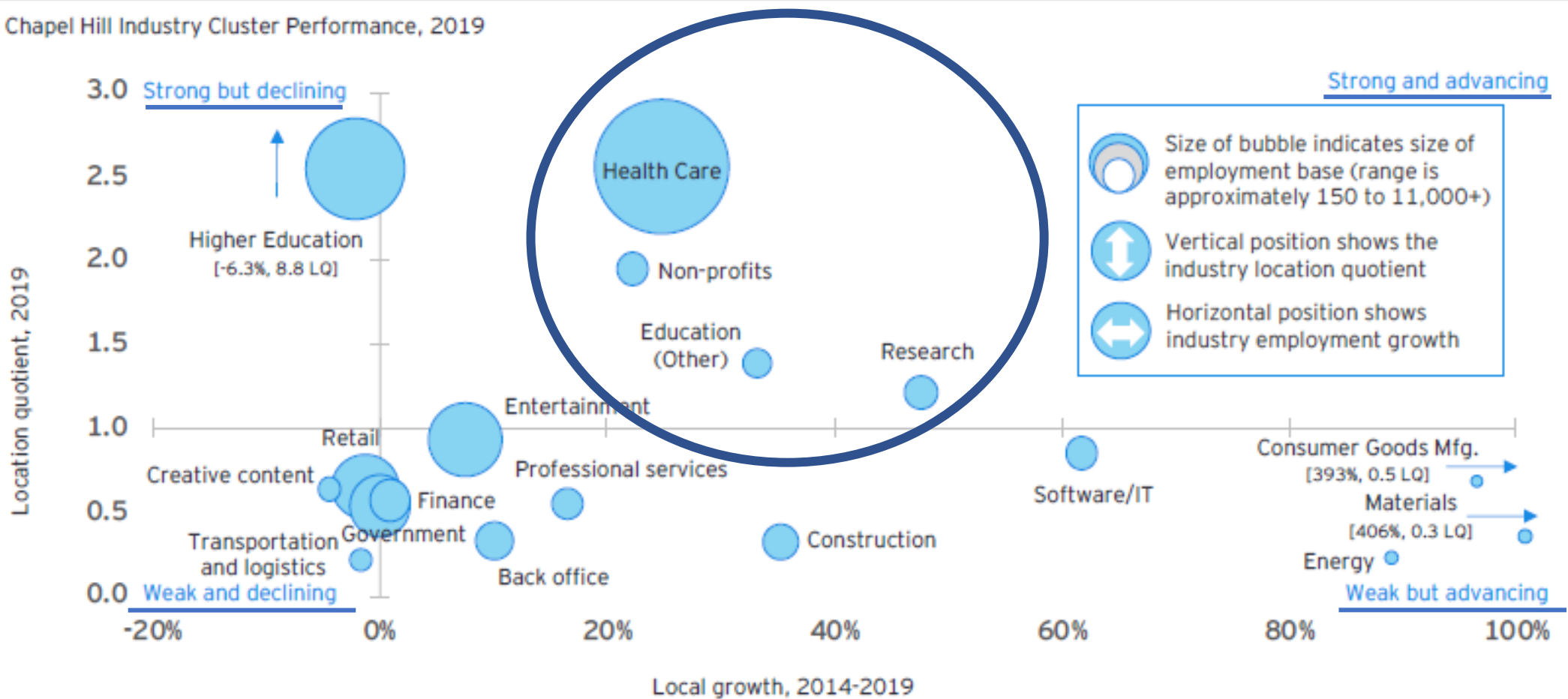
Net in-migration (college educated) per 1,000 residents, 2018



Chapel Hill's economy is clearly led by Health Care and Higher Education. Entertainment (including restaurants/bars) and Retail are strong secondary clusters.

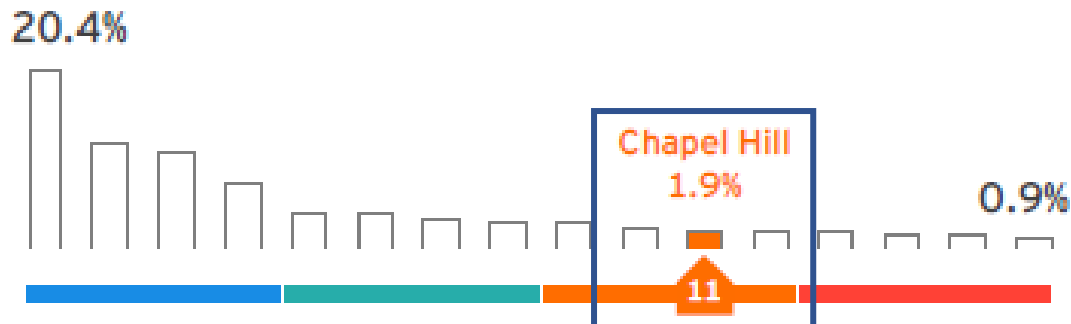
Health Care is not only large (with 18,000 local jobs) but growing significantly. Health Care added 3,600 new jobs over the 5-year period through 2019, growing 25%. In contrast, Higher Education job growth is flat to negative.

Chapel Hill Industry Cluster Performance, 2019

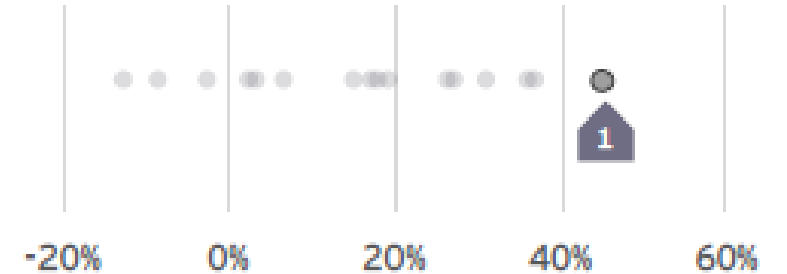


Technology employment as percentage of total, 2019

Palo Alto, CA	20.4%
Cambridge, MA	11.8%
Boulder, CO	10.9%
Austin, TX	7.3%

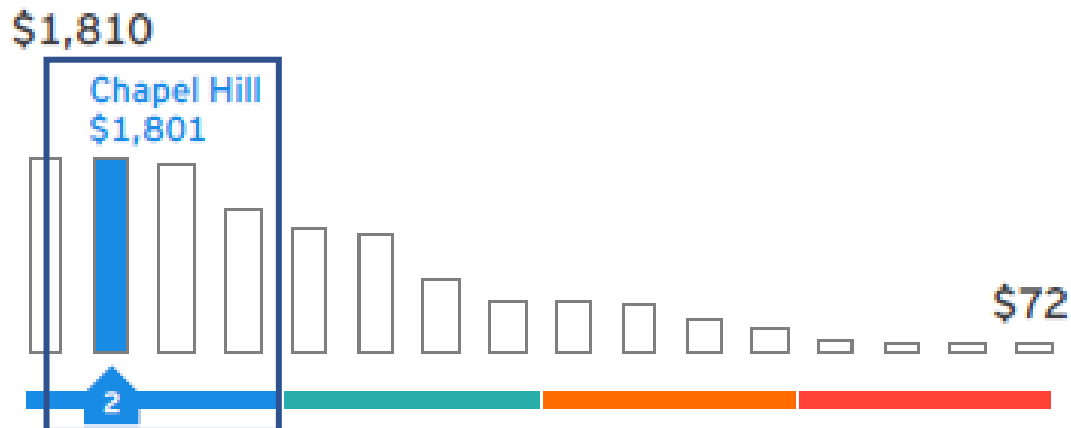


Change in share of technology employment, 2014 - 2019

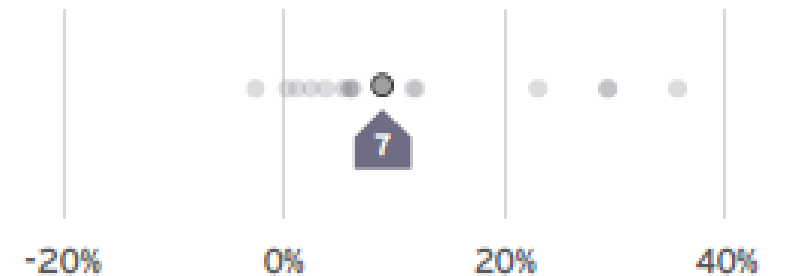


Per capita university R&D expenditures per 100 residents, 2018

Cambridge, MA	\$1,810
Chapel Hill, NC	\$1,801
Palo Alto, CA	\$1,749
Ann Arbor, MI	\$1,318



Change in per capita university R&D expenditures, 2013 - 2018



Chapel Hill Economic Development Targets

Target	Focus	Activity Mix
Small businesses	<ul style="list-style-type: none"> • Grants • Recovery and re-tooling 	<ul style="list-style-type: none"> • Restore • Grow
Retail, tourism and downtown	<ul style="list-style-type: none"> • Restaurants • Independent retailers • Hotels • Community events/spaces 	<ul style="list-style-type: none"> • Restore • Attract
Technology startups	<ul style="list-style-type: none"> • Life sciences • Software/IT • Research 	<ul style="list-style-type: none"> • Develop • Retain
Corporate office	<ul style="list-style-type: none"> • Professional services 	<ul style="list-style-type: none"> • Attract
Housing	<ul style="list-style-type: none"> • Mixed income development 	<ul style="list-style-type: none"> • Develop
Talent	<ul style="list-style-type: none"> • Graduates • Remote Workers 	<ul style="list-style-type: none"> • Retain • Attract

Critical Early Goals to begin moving forward:

Critical early action will be required to implement the Recovery & Resiliency Plan:

- 1. Execute on a business retention and expansion initiative to conduct 20 interviews in 45 days from which feedback will inform future implementation and funding.**
- 2. Expand marketing resources to tell the real estate opportunity story in Chapel Hill to support filling vacant and new spaces in the community.**
- 3. Create grant programs to support strengthening business during redevelopment projects and as a part of post-pandemic recovery. (Micro grants, Entrepreneur grants and established business grants)**
- 4. Look at work of similar economic development agencies in North Carolina and compare the Town's output to determine areas for potential growth in programs and services.**

ReVive Framework:

Chapel Hill Recovery & Resiliency Framework		
Resilient Economy	Resilient Place	Resilient People
Chapel Hill is a more resilient community with a thriving, innovative and diverse economy.	Chapel Hill prioritizes investments in livability and accessibility.	Chapel Hill empowers its people to advance their knowledge, prosperity and social impact.
Strategies	Strategies	Strategies
Increase the creation and success of small businesses through enhanced support, connections and recognition	Develop the plans and partnerships to build a more accessible and affordable Chapel Hill	Build a talent pipeline that connect residents, students and employers to opportunities for learning, earning and serving
Strengthen the ecosystem for innovative startup companies and university spinoffs to thrive locally	Launch programming that showcases Chapel Hill and increases foot traffic in its commercial areas	Support community partners as they provide social services to address the needs of disadvantaged communities
Actively recruit employers and entrepreneurs aligned with UNC and UNC Health programs, Town targets and development goals	Build our reputation for being open for business and welcoming to all	

- Framework -

Resilient economy

Goal 1: Chapel Hill is a more resilient community with a thriving, innovative and diverse economy.

Resilient Place

Goal 2: Chapel Hill prioritizes investments in livability and accessibility.

Resilient People

Goal 3: Chapel Hill empowers its people to advance their knowledge, prosperity and social impact.

Resilient economy

Goal 1: Chapel Hill is a more resilient community with a thriving, innovative and diverse economy.

Strategies:

1. Increase the creation and success of small businesses through enhanced support, connections and recognition
2. Strengthen the ecosystem for innovative startup companies and university spinoffs to thrive locally
3. Actively recruit employers and entrepreneurs aligned with UNC and UNC Health programs, Town targets and development goals

Resilient Place

Goal 2: Chapel Hill prioritizes investments in livability and accessibility.

Strategies

1. Develop the plans and partnerships to build a more accessible and affordable Chapel Hill
2. Launch programming that showcases Chapel Hill and increases foot traffic in its commercial areas
3. Build our reputation for being open for business and welcoming to all

Resilient People

Goal 3: Chapel Hill empowers its people to advance their knowledge, prosperity and social impact.

Strategies

1. Build a talent pipeline that connect residents, students and employers to opportunities for learning, earning and serving
2. Support community partners as they provide social services to address the needs of disadvantaged communities

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