

Economic Development
Incentives Update

Council Committee on
Economic Sustainability
May 5, 2022

CHAPEL HILL

OPEN2.BIZ

Incentive Policy

GOAL

GOAL: To encourage developments for employment and to encourage occupancy of the development.

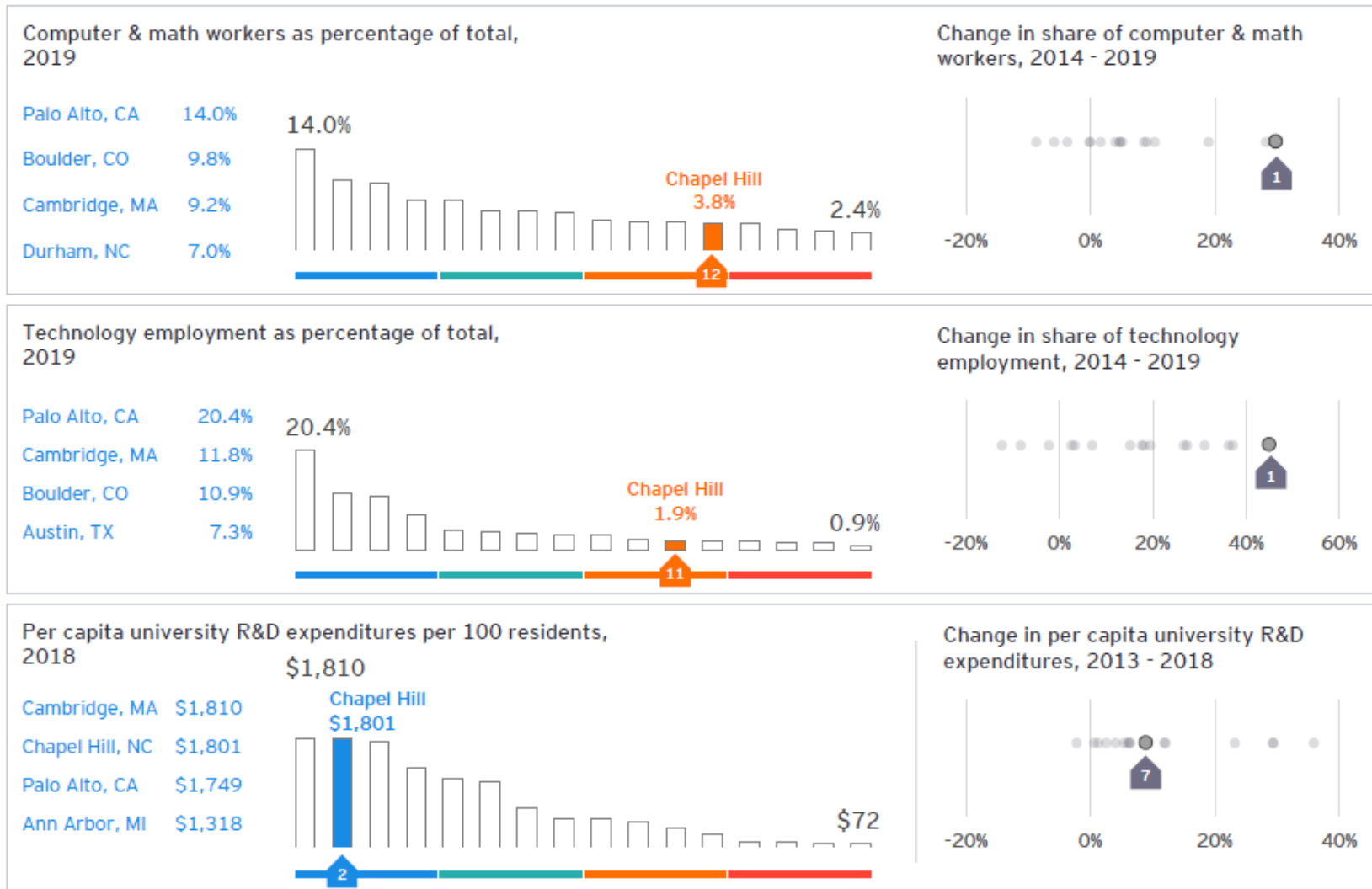
Grow

Grow our Office Market (Build commercial space.)

Jobs

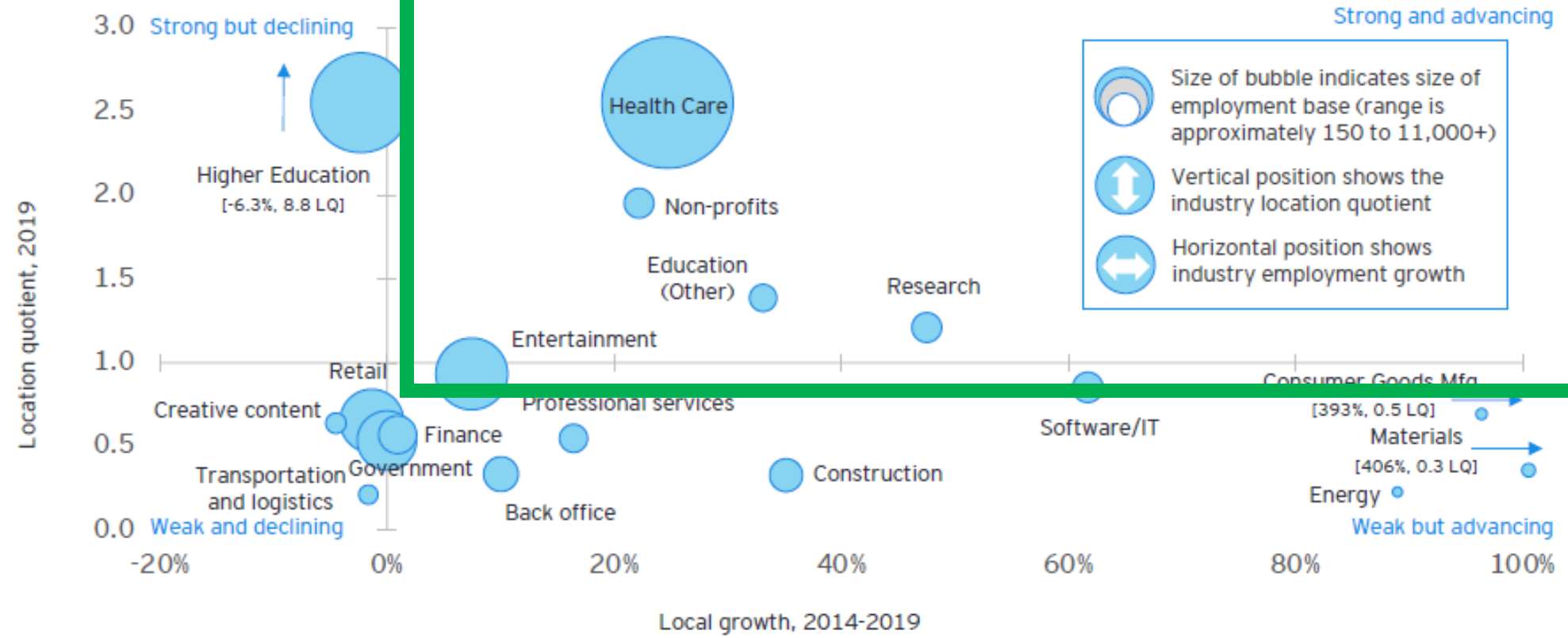
Bring new companies to Chapel Hill to fill buildings

Innovative

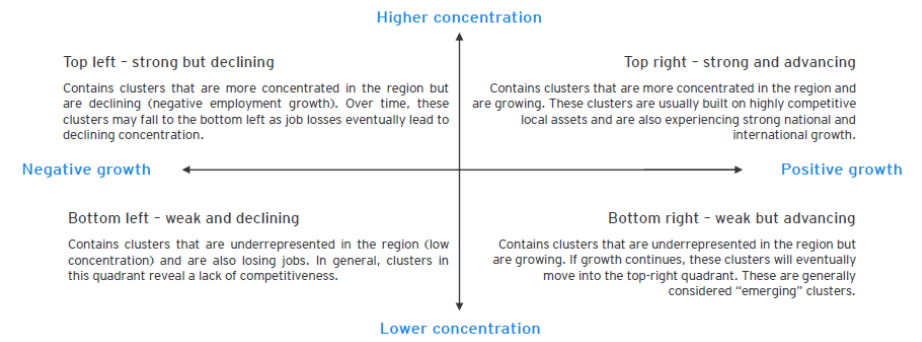


Sources: US Census Bureau, EMSI, National Science Foundation

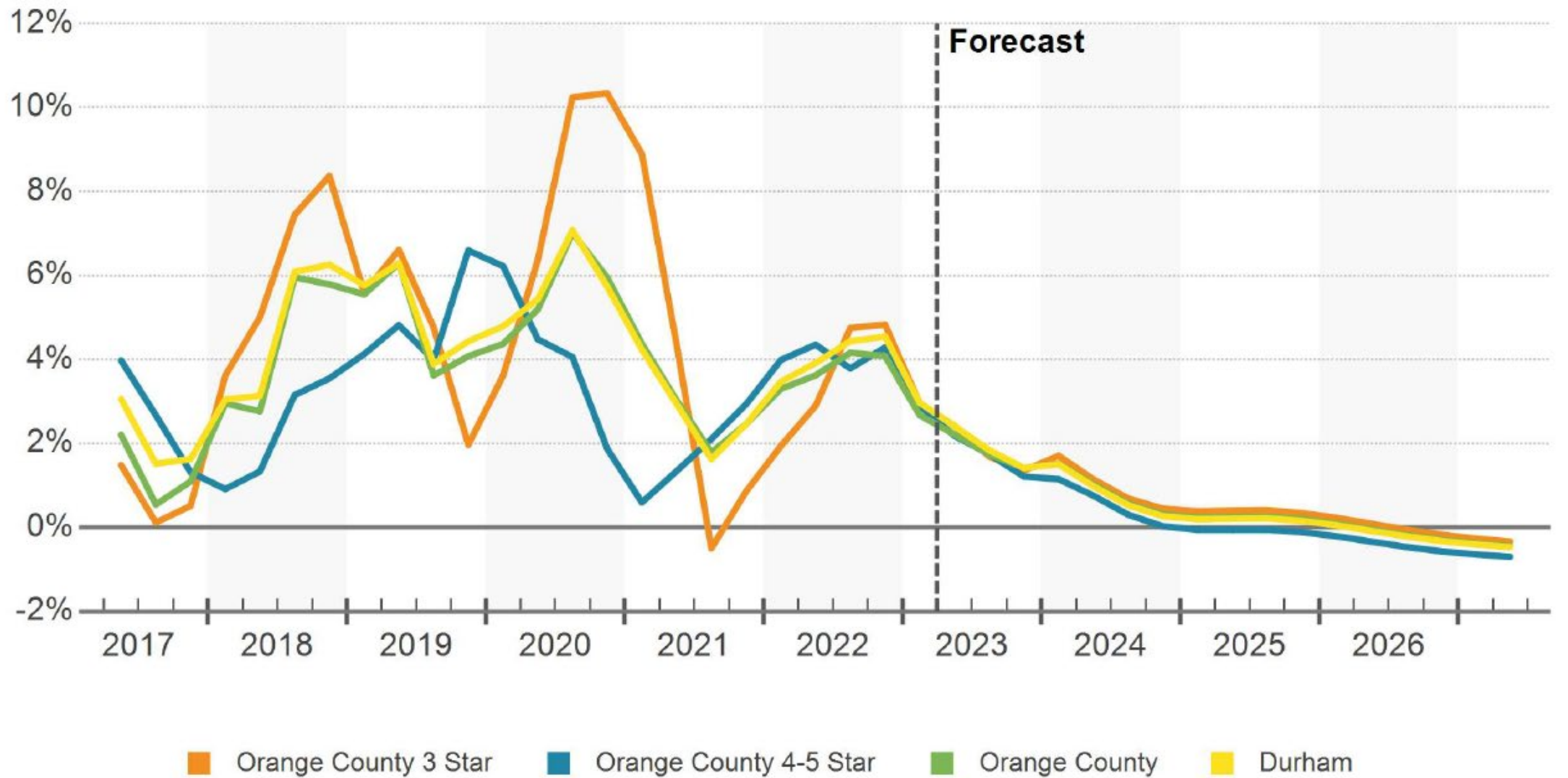
Chapel Hill industry cluster performance



Source: EMSI (only clusters with more than 100 jobs are shown).



MARKET RENT GROWTH (YOY)



Economic Development Incentives



The Town has focused economic development efforts on the commercial tax base. The Town Council approved four economic development incentives, described below. Payments for these incentives begin in FY20 and end in FY28, peaking in FY22, FY23, and FY24. All incentives are performance-based with individual terms for each project. If a project does not achieve its milestones, it won't receive an incentive payment.

Table 7-1: Committed Economic Development Incentive Funds

	FY21	FY22	FY23	FY24	FY25
Carraway Village Incentive	\$154,892	\$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	-	64,286	64,286	64,286	64,286
Total	\$554,892	\$1,116,969	\$1,116,969	\$1,116,969	\$910,446

Performance Measures:

- **Wegmans**

- Job creation
- Tax base growth
- Sales volume
- Investment is the redevelopment

- **Carraway Village**

- Square feet of commercial space built
- Percentage of road improvements

- **Well Dot Inc.**

- Investment
- Jobs created

- **Glen Lennox**

- Amount of office space built

Table 7-1: Committed Economic Development Incentive Funds	FY20	FY21	FY22	FY23	FY24	FY25
Carraway Village Incentive	\$51,630	\$154,892	\$206,523	\$206,523	\$206,523	-
<u>paid</u>	<u>\$60,867</u>	<u>\$132,694</u>	<u>\$200,955</u>	<u>\$204,258</u>		
Wegmans		\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
<u>paid</u>				<u>\$391,929</u>		
Glen Lennox		-	\$446,160	\$446,160	\$446,160	\$446,160
<u>paid</u>			<u>\$57,569</u>	<u>\$72,286</u>		
Well		-	\$64,286	\$64,286	\$64,286	\$64,286
<u>paid</u>			\$0	\$0		

MARKET: Office

• Glen Lennox 488,000SF	Gwendolyn 110,000SF	=	378,000
• Tri-properties (Barbie Chapel & Hwy 54)		=	60,000
• 150 E. Rosemary		=	238,000

TOTAL Entitled Office market 676,000SF

> According to a previous Office market study, we have the capacity to absorb 100,000+ SF per year. The Triangle office market is approximately 55 million square feet; we should be about 6-7% of that market. We stand at roughly 2.6 million SF of office space.

> We set goals in 2016 to grow our office market. These entitlements are an outcome of that goal.

> We currently have a negative office space absorption that we need to improve.

Creating jobs in Chapel Hill

- In the future, we will look at investment and job creation.
- We need to continue to strengthen our ecosystem for innovators and entrepreneurs.
- May need to play a more direct role in space needs and relationship building to help companies that start in Chapel Hill stay in Chapel Hill.
- We are working to rebuild our retention strategy for our existing business.



Questions?

Council Committee
on Economic
Sustainability
December 2, 2022

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