



# Appendix E. Economic Development Plan

INTRODUCTION

TRENDS & OUTLOOK

RECOMMENDATIONS

## Introduction

### ECONOMIC DEVELOPMENT OVERVIEW

The Economic Development Plan (ED Plan) of the Gen H Comprehensive Plan outlines a strategic roadmap that aligns economic growth with the values and aspirations of the community. The ED Plan provides recommendations for the City of Hendersonville based on projected economic growth and aligns with recommendations in the Gen H Comprehensive Plan and Downtown Master Plan. By employing an analytical approach to examine historic trends and future trajectories, recommendations were developed to support sustainable economic advancement.

Recommendations encompass a multifaceted approach aimed at fostering authentic community character and cultivating satisfying work opportunities.

Across the city, the ED Plan encourages engaging businesses in decision-making, fostering entrepreneurship, establishing vacant property programs, and redeveloping underutilized properties. The ED Plan acknowledges the importance of sustaining the success of downtown Hendersonville and promotes targeted redevelopment efforts, the exploration of additional or expanded municipal service districts, and the incentivization of upper floor redevelopment to maximize the utilization of downtown spaces.

Leveraging best practices and lessons learned from peer municipalities, Hendersonville is poised to realize its full economic potential through utilizing its unique character and community assets to foster prosperity inclusive for all its residents.

Main Street Hendersonville | Green Heron Planning

# Trends & Outlook

As the Gen H Plan looks ahead to the next 20 years, it's important to understand existing conditions of commercial properties, redevelopment tools, and consumer behavior. However, the retail and consumer industry is rapidly changing. The following are relevant trends and an outlook on several key components of the economic development realm:

## OFFICE

Hybrid work patterns have contributed significantly to out-migration of the working population since the pandemic, moving out of urban cores to more suburban areas. In a national survey of working professionals conducted by McKinsey Global Institute, 20% of respondents reported that they had recently relocated and that the move was possible only because they could now work from home more frequently.

Of those that moved out of urban cores, they reported being drawn by housing conditions: better neighborhoods, prospect of homeownership, and outdoor space.

Hybrid work appears to be here to stay, with office attendance being down approximately 30% as compared to pre-pandemic levels. Office attendance is even lower in large firms in the knowledge economy.

It's projected that there will be 13% less demand for office space than pre-pandemic levels; however, the demand for Class A space will be much higher. Now that hybrid work has reduced the total amount of space that employers need, they can spend their budgets on small amounts of higher-quality space rather than larger amounts of lower-quality space.

Cowork Center for Craft in Asheville, NC | Altura Architects



RETAIL

According to mobile tracking data, foot traffic at retail locations is recovering from the COVID-19 pandemic more quickly in the suburbs than in urban cores. It remains 10-20% lower than pre-pandemic levels in urban cores.

In urban cores, demand for real estate in 2030 is predicted to be lower than it was in 2019, approximately 9% less. Residential space will be less affected, although price gaps between suburban and urban markets will be narrower than they once were.

Boston Consulting Group estimates that by 2027, e-commerce will capture 41% of global retail sales, where it currently captures approximately 15%. However, consumers will continue to desire to view, touch, and feel items for purchase in person. Thus, retail spaces will likely transition from a center of commerce to an experiential retail hub, utilizing virtual reality for consumers to experience items rather than keeping high levels of inventory in the brick and mortar.



Augmented Reality Retail Consumers | Retail Customer Experience

LIVE, WORK, & PLAY

Business mix will be critical to sustainability of neighborhoods and development. Higher office ratios present greater risk. The “shop near where you work” trend is moving to “shop near where you live.” This gives support to retail/residential developments with good highway visibility, with a peppering of flexible, Class A office space.

Neighborhoods or nodes should not be dominated by a single type of real estate, but instead, incorporate a mix of office, residential, and retail.



Neighborhood Node in the Belmont Neighborhood located in Charlotte, NC | The Business Journals

New construction developments should be designed with spaces that are adaptable and flexible. That includes:

- Hybrid buildings: neutral-use building (design, infrastructure and technology could be medical, hotel, apartment, etc.)
- Accommodating different degrees of collaborative and individual work spaces
- Technology that promotes flexibility
- Retail space that includes new formats such as spaces intended for delivery, fulfillment, and logistics for a more omni-channel approach
- Building spaces more integrated with the environment: dining spaces that extend onto sidewalks
- Designing floor-level space that is modular and multi-use

Text Sources: McKinsey Global Institute; Boston Consultant Group; ICSC

MANUFACTURING OUTLOOK

The manufacturing industry is poised for significant growth. The U.S. Bureau of Labor Statistics (BLS) projects an average of 933,000 job openings annually in production occupations, including manufacturing, until 2032, indicating a robust job market in the sector.

The manufacturing sector not only promises a bright future for the industry but also offers a plethora of career opportunities. From roles in production, process development, logistics, inventory control, quality assurance, health and safety, environmental assurance, maintenance, installation, and repair, the sector is ripe with potential for career growth and development.

The manufacturing industry is on the cusp of a transformative era, driven by the rapid integration of digital technologies. Deloitte’s 2024 Manufacturing Industry Outlook Report reveals that 83 percent of modern manufacturers are confident

that innovative factory solutions will revolutionize production within five years. These technologies are not just tools, but catalysts for real-time insights, end-to-end visibility, scalable solutions, and improvements in efficiency, labor productivity, sustainability, and product quality.

Future manufacturing will demand faster innovation and more complex models and operational processes. It is envisioned as a highly efficient, high-tech sector capable of mass customization.

The demand for durable goods will begin earlier and last longer, mainly due to immigration patterns. This will lead to a broader customer demographic, including younger buyers. As people live longer and healthier lives, their purchasing power will also increase demand for goods such as caretaking robotics. Significant wealth is concentrated in older age groups, driving this trend.

As younger consumers dominate the market for major purchases like homes and cars, wealth accumulation will continue, boosting demand for manufactured goods.

INNOVATION & JOBS

Innovation in manufacturing will have a profound impact on job creation, influencing both the quantity and nature of jobs available.

Creation of New Job Categories  
Advanced Technologies

- The adoption of advanced technologies such as robotics, artificial intelligence (AI), and the Internet of Things (IoT) will create new job categories.

Positions like robotics engineers, AI specialists, IoT developers, and data analysts will become increasingly common.

Smart Factory Roles

- Jobs focused on the implementation, maintenance, and optimization of smart factory technologies will emerge. This includes roles such as smart factory managers, digital twin specialists, and industrial IoT consultants.



Smart industry control concept | Adobe Stock

Demand for Highly Skilled Workers  
**Upskilling and Reskilling**

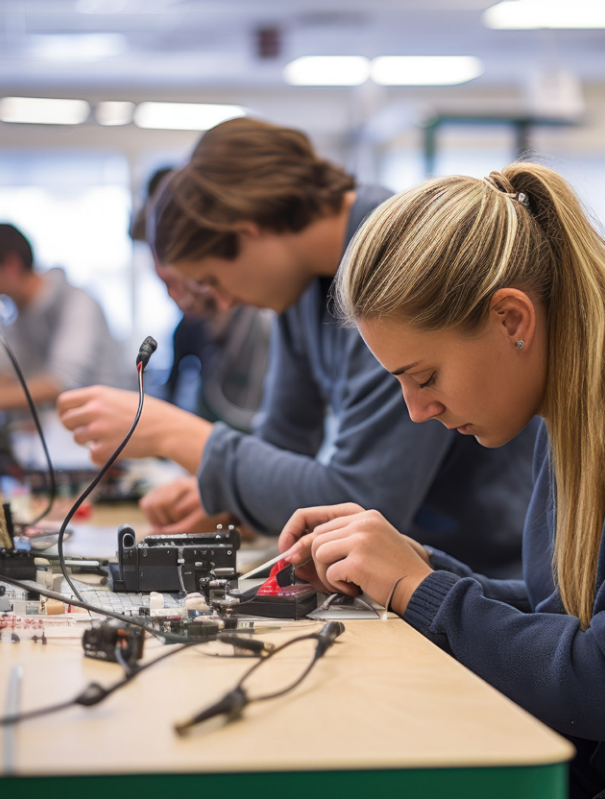
- As manufacturing becomes more technologically advanced, there will be a greater demand for workers with specialized skills. This will necessitate upskilling and reskilling programs to prepare the existing workforce for new roles in areas like automation, AI, and advanced manufacturing processes.

**STEM Focus**

- Emphasis on STEM (Science, Technology, Engineering, Mathematics) education will grow, creating a pipeline of skilled workers equipped to handle the complexities of modern manufacturing.

Enhanced Productivity and Efficiency  
**Automation**

- Automation and robotics will handle repetitive and hazardous tasks, leading to higher productivity and efficiency. While this may reduce the number of traditional manufacturing jobs, it will also create opportunities in the design, programming, and maintenance of automated systems.



Students working in microchips design and electronics development lab | Adobe Stock

**Quality Control and Optimization**

- Innovations such as machine learning and real-time data analytics will improve quality control and operational efficiency, leading to jobs in these specialized areas.

Growth in Supportive Roles

**Technical Support**

- As factories become more advanced, there will be a growing need for technical support roles, including IT support, systems integration specialists, and cybersecurity experts to protect manufacturing networks.

**Training and Development**

- Increased focus on continuous learning and professional development will create jobs in training and workforce development, ensuring employees are equipped to adapt to new technologies.

Expansion of Niche Markets

**Customization and Personalization**

- The ability to produce customized and personalized products through technologies like 3D printing will open up niche markets. This will create jobs in design, customization, and small-batch production.

**Sustainability**

- Sustainable manufacturing practices will generate roles focused on environmental engineering, sustainable product design, and compliance with environmental regulations.

Geographic Redistribution of Jobs

**Emerging Markets**

- As emerging markets grow and manufacturing focus shifts towards regions like Africa and India, job creation will follow, boosting local economies and providing employment opportunities in these areas.

Text Sources: Central New York Business Journal;  
Deloitte; Digi Web Global; TA Staffing

**Local Production**

- Advances in localized and small-scale manufacturing (e.g., micro-factories, decentralized production) will create jobs closer to consumer bases, reducing reliance on large, centralized factories.

**Job Evolution and New Responsibilities**

**Hybrid Roles**

- Traditional manufacturing roles will evolve into hybrid positions that combine manual skills with digital proficiency. For example, a maintenance worker might need to understand both mechanical systems and digital diagnostics.

**Interdisciplinary Expertise**

- The convergence of manufacturing with other fields such as biotechnology, nanotechnology, and materials science will create interdisciplinary roles requiring a broad range of expertise.

Innovation in manufacturing will drive the creation of new job categories, demand for highly skilled workers, and growth in supportive and niche roles. While some traditional jobs may decline due to automation, the overall impact will be a more dynamic and diversified job market. By focusing on upskilling, continuous learning, and embracing new technologies, Hendersonville’s manufacturing sector can ensure a thriving workforce equipped to meet the challenges and opportunities of the future.



Advanced Manufacturing Program at Blue Ridge Community College | Blue Ridge Community College

# Recommendations

Informed by the market analysis and industry expertise, there are several key economic development recommendations for Hendersonville to implement over the life of the Gen H Plan. These recommendations are organized in the ED Plan to coordinate with and contribute to themes in the Gen H Comprehensive Plan and Downtown Master Plan.



Pop Up Coffee Shop | AB Franklin Interiors



Downtown Square in Decatur, GA | Eater Atlanta

# Authentic Community Character

## CATALYZE DOWNTOWN REDEVELOPMENT WITH CHARACTER DISTRICTS & OTHER KEY NODES AND COMMERCIAL CORRIDORS

Catalyzing development in new or underutilized downtown districts requires a strategic and multifaceted approach that leverages the district's assets, addresses challenges, and fosters collaboration among stakeholders. Primary strategies include:

### Invest in Infrastructure & Amenities

- Invest in infrastructure improvements, such as streetscape enhancements, pedestrian-friendly features, public transportation access, and parking facilities, to enhance downtown's attractiveness and accessibility.
- Provide amenities such as parks, plazas, public art, and recreational facilities to create inviting public spaces for residents and visitors.

### Support Mixed-Use Development

- Encourage mixed-use development that combines residential, commercial, office, and recreational uses within the downtown district.
- Mixed-use projects can create a vibrant and diverse urban environment, support round-the-clock activity, and generate economic vitality

### Provide Incentives & Support

- Offer financial incentives, tax credits, grants, or low-interest loans to incentivize private investment and development in the downtown district.
- Provide technical assistance, planning support, and streamlined permitting processes to help developers navigate regulatory requirements and expedite project approvals.

Facilitate Adaptive Reuse & Redevelopment

- Encourage adaptive reuse of historic buildings and underutilized properties within the downtown district.
- Provide assistance with building renovations, historic preservation efforts, and brownfield redevelopment to repurpose vacant or obsolete structures for new uses.

Promote Entrepreneurship & Small Business Development

- Foster a supportive environment for entrepreneurship and small business development within the downtown district. Offer resources, mentorship programs, incubator spaces, and access to capital to help startups and local businesses thrive.

Cultivate a Unique Identity & Sense of Place

- Showcase the distinct character, history, and cultural heritage of the downtown district to differentiate it from other areas.
- Support local arts, culture, and creative industries through events, festivals, public art installations, and cultural programming that celebrate the community's identity and foster a sense of pride among residents.



Los Altos, CA Adaptive Reuse | Gensler, Jason O'Rear

Forge Public-Private Partnerships

- Collaborate with public, private, and nonprofit stakeholders to leverage resources, expertise, and networks for downtown revitalization efforts.
- Form partnerships to pursue joint projects, pool funding, and coordinate initiatives that align with the shared goals and priorities for the district.

The Gen H Plan and its recommendations cover all of these strategies through various projects, policies, and programs. Incentives, district policy programs, and other retail-focused strategies are detailed throughout this economic development report.



Downtown Hastings, MN | Audrey Kletscher Helbling

EXPAND CURRENT DISTRICTS' FOOTPRINT

The municipal service district tool, provided for by the Municipal Service District Act implements Section 2(4) of Article 5 of the North Carolina Constitution, which authorizes a local government to define special areas (districts) in order to assess additional ad valorem property taxes on properties located within the districts to fund projects and services in the districts.

Specifically, the Municipal Service District Act allows North Carolina municipalities to establish special taxing districts to fund, among a handful of other services or functions, downtown revitalization projects.

In Hendersonville, the Hendersonville Main Street Municipal Service District and 7th Avenue Municipal Service District generate funds for various Main Street programs and activities.

Consider using this tool to expand existing districts and create new ones downtown and throughout

Hendersonville. Property owner support and buy-in is critical, and engagement should be prioritized.

Commercial areas beyond the city's downtown area may qualify for a new municipal service district if one or more of the following conditions are met, according to G.S. 160A-536:

- It is the central business district of the city.
- It consists primarily of existing or redeveloping concentrations of industrial, retail, wholesale, office, or notable employment generating uses, or any combination of these uses.
- It is located in or along a major transportation corridor and excludes any residential parcels that are not, at their closest point, within 150 feet of the major transportation corridor right-of-way or any non residentially zoned parcels that are not, at their closest point, within 1,500 feet of the major transportation corridor right-of-way.

- It has as its center and focus a major concentration of public or institutional uses, such as airports, seaports, colleges or universities, hospitals and health care facilities, or governmental facilities.

PROVIDE INCENTIVES FOR ACTIVATION & REDEVELOPMENT OF UPPER FLOORS IN DOWNTOWN FOR RESIDENTIAL OR MICRO-COMMERCIAL USES

Having people living in downtown areas can lead to increased economic activity. Residents become customers for local businesses, supporting restaurants, shops, and cultural venues, which, in turn, can attract more businesses and investment to the area, and a well-populated downtown area with residential buildings on upper floors tends to be safer, particularly during evenings and weekends when office buildings may be empty.

More residents mean increased "eyes on the street," which can deter criminal activity and promote a

sense of community and security. Concentrating housing in the downtown core makes it more feasible for residents to rely on public transportation and walk or bike to work, services, and amenities. This can reduce traffic congestion, pollution, and the demand for parking spaces.

Many downtowns feature historic buildings with unique architectural value. Converting upper floors of these buildings into housing can help preserve their character and history while giving them new life and purpose.

However, property owners don't take action on these upper floor revitalization projects because the cost of rehabilitation, especially in a historic building, is far greater than the perceived return on investment via rent of residential units. Therefore, municipalities often incentivize this type of development if it's a targeted priority with grants.

EXAMPLES IN PEER CITIES

Biloxi, MS

- The City of Biloxi, MS, in partnership with Biloxi Main Street, implemented a Downtown Housing Incentive Program, offering a \$25,000 per-unit grant to incentivize market-rate residential units in a very targeted are of their downtown.

Beloit, WI

- The Downtown Beloit Association in Beloit, WI, implemented a Downtown Upper Floor Housing Grant Program designed to promote the continued use and maintenance of commercial and mixed-use buildings in the Downtown Beloit Business Improvement District by making funds available for creating upper floor housing in eligible structures as a means to preserve the historic culture of the community.

- Minimum total project estimate to be considered is \$20,000 per housing unit, and grants awarded are capped to 50% of total project cost to exceed \$30,000 per housing unit.
- Eligible improvements include:
  - Upgrading electrical and plumbing systems
  - Reconstructing or adding bathrooms or kitchens
  - Upgrading or adding windows
  - Moving interior walls
  - Paint and trim-finished units
  - Installing flooring and/or carpet
  - Installing new doors
  - Plaster and dry-wall
  - Soft costs including architectural engineering, inspections and appraisals (up to 10% of project cost)
  - Finishing including wall and floor treatments.

Albemarle, NC

- The City of Albemarle, NC, amended their Downtown Catalyst Grant Program which traditionally offered façade grants, to include provisions and funds for buildings stabilization.
- The program offers individual grants within the Municipal Service District of up to \$50,000.
- Building stabilization is defined as structural alterations or adaptations to buildings, or building system repair or replacement, that are undertaken as part of the process of rehabilitating, preserving, or restoring existing structures for business purposes.
- The program is funded by the City of Albemarle, Albemarle Downtown Development Corporation, and Uwharrie Bank.



Downtown Beloit, WI Mixed-Use Buildings | Visit Beloit

# Satisfying Work Opportunities

## ACTIVELY ENGAGE BUSINESS COMMUNITY IN BUSINESS IMPROVEMENT & POLICY DECISIONS

Property owner engagement and interest is critical to revitalization success in both downtown and commercial districts. Often though, barriers such as fragmented ownership, diverse interests, changing financial positions and financial constraints, and lack of alignment with community goals can lead to a lack of investment and participation in revitalization goals.

Regular (quarterly) meetings with property owners, both in-person and virtual, is a great way to increase engagement, understand property owner perspective, and share exciting news, opportunities, and improvements with this important stakeholder group.

Letter campaigns have proven to be effective to engage absentee owners, and consistent communication is key to long-term success.

Agenda items for these property owner meetings could include:

- Review of area goals and vision
- Sharing incentive opportunities
- Development process feedback
- Understanding existing property owner barriers
- Identification of opportunities for collaboration
- Thought leadership (real estate trends and successes)

## ENCOURAGE PROPERTY OWNERS TO RE-IMAGINE THEIR REAL ESTATE

Modern retailers are increasingly seeking smaller brick-and-mortar spaces in downtown areas due to several factors:

## Changing Consumer Behavior

- With the rise of e-commerce and changing consumer preferences, the traditional large-format retail store model is becoming less relevant. Consumers are now looking for convenience, unique experiences, and curated selections, which can often be better provided by smaller, more specialized stores.

## Urbanization Trends

- Many cities are experiencing a resurgence in downtown living, with more people choosing to live and work in downtown areas. Smaller retail spaces in these downtown cores can tap into the dense population and foot traffic, providing convenience for local residents and workers.

## Rising Real Estate Costs

- Downtown real estate tends to be more expensive, and retailers are increasingly looking for ways to optimize

their use of space to control costs. Smaller stores allow retailers to maximize the value of their real estate investments while still maintaining a presence in desirable locations.

## Focus on Experience

- Modern retailers understand the importance of providing unique and memorable experiences to attract customers. Smaller stores allow for more intimate and curated shopping environments where retailers can create personalized experiences and engage directly with customers.

## Flexibility and Agility

- In today's fast-paced retail environment, agility is key. Smaller stores are nimbler and more adaptable, allowing retailers to respond quickly to changing market trends, experiment with new concepts, and adjust their offerings based on customer feedback.

Omni-Channel Integration

- Retailers are increasingly adopting omni-channel strategies, where the online and offline shopping experiences are seamlessly integrated. Smaller brick-and-mortar spaces can serve as touchpoints for omni-channel initiatives, such as click-and-collect services, returns, and experiential events.

Sustainability Considerations

- Smaller stores typically have a smaller environmental footprint compared to large-format stores, aligning with growing consumer demand for sustainable and eco-friendly businesses.

The following graphics illustrate how a demising wall can be used to modify existing building footprints in a downtown. Two scenarios are listed.

Scenario 1 is an existing office building that occupies the entire building footprint including the storefront. By modifying the underutilized lobby and conference room area with a demising wall, an additional small footprint retail space is created. This additional unit provides revenue for the property owner, offers much needed retail space, and activates the storefront and sidewalk downtown.

Scenario 2 illustrates how a large, vacant building can be modified into a small storefront unit by adding a demising wall. This provides a more affordable space along the storefront and activates a vacant building. This approach allows property owners to phase renovations rather than renovating the entire building at once.

Downtown property owners should be encouraged to consider this type of building re-imagination through property owner meetings, case studies, and technical assistance grants for architecture plans.

Scenario 1 | Original Layout:

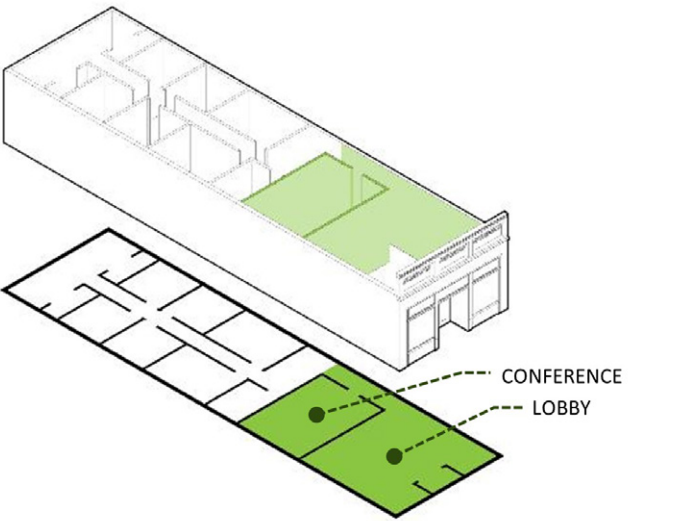
A typical downtown office space with an underutilized lobby area and conference room provides an opportunity to add additional retail space.

Scenario 1 | Modified Layout:

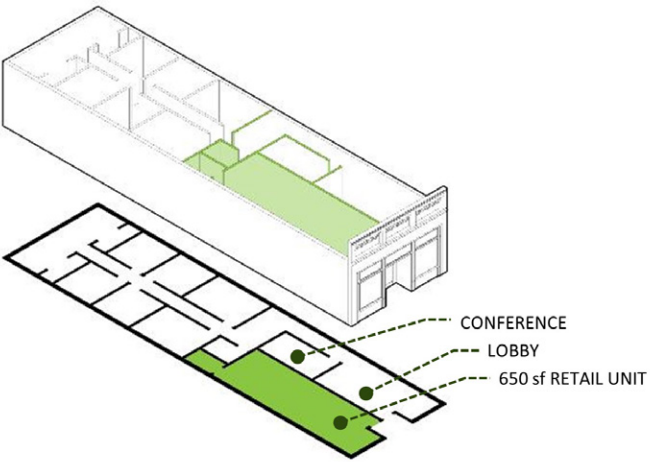
Adding a demising wall to reduce the size of the lobby and conference room adds an additional retail space to the downtown and provides additional income for the property owner.

Scenario 2 | Oversized Building:

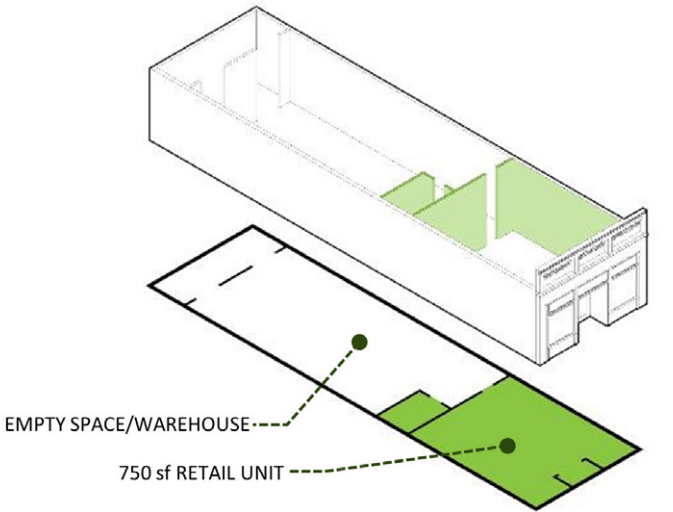
An oversized (2,500+ sf) “shell” of a building which is too large for a start-up retail business. A smaller (<1,000 sf) retail space can be added along the storefront.



Scenario 1, Original Layout | Retail Strategies



Scenario 1, Modified Layout | Retail Strategies



Scenario 2, Oversized Building | Retail Strategies

# Case Study

## Starkville, MS

### HOTEL CHESTER

The Hotel Chester, a boutique hotel located in downtown Starkville, Mississippi, saw a decline in the need of meeting and event space as a convention center opened locally. The configuration of the property included boutique hotel rooms on upper floors with meeting and event space on the ground floor. The property is located at a key corner and amasses nearly half a block in this rural downtown. The owners of the Hotel Chester, through conversations with the local economic development organization, decided to subdivide the large swath of event space on the ground floor and turn it into 3 retail spaces – each approximately 1500 square feet.

This transformation created three new desperately needed commercial spaces, and the revenue gained from steady rental income for the Hotel Chester outpaced the event space revenue they were previously accumulating. This provided a win-win solution for the downtown and property owner and has now become a key location for commerce in this growing downtown.



Hotel Chester | Trip Advisor



Hotel Chester Beer Garden | The Clio

GROWING A NEW GENERATION OF ENTREPRENEURS

Downtowns serve as a great “nest” for entrepreneurs to test concepts and grow over time. A common question for many communities is how to identify entrepreneurs and foster their growth? A short-term strategy is to tap into the existing entrepreneurs in the community - citizens who successfully took a risk and opened a new downtown business. These types of people are often connected with other like-minded individuals in the community. They likely know others who are operating an at-home business, striving to become a start-up, exploring options for brick-and-mortar locations.

Build a List of Entrepreneurs

- Engage with existing business owner, add quality makers and vendors from markets and festivals, and partner with Blue Ridge Community College Small Business and Technology Development Center to craft a list of budding entrepreneurs.

Host Entrepreneur Meet-Ups

- These casual gatherings of community members considering entrepreneurship can include programming such as thought leadership and trends, peer-to-peer success stories, maker-focused sessions and field trips, and real estate open house events.
- This programming can be incorporated into the Downtown Hendersonville Opportunity Fund



Entrepreneur Meet-Up at Lawless Brewing Co., North Hollywood, CA | Giggster

Encourage Pop-Up and Micro-Retail

In Hendersonville, there are two particular opportunities for pop-ups and micro-retail.

Pop-ups in Downtown Vacancies

- Pop-ups typically work by leasing or renting vacant spaces for a short period, ranging from a few days to several months. The organizers transform these spaces into temporary retail stores, art galleries, restaurants, or event venues. They may negotiate favorable terms with property owners, as landlords benefit from temporary income and potential long-term tenants attracted by the revitalized area.
- Successful pop-ups carefully plan their marketing strategies to attract customers and create a sense of urgency around their offerings. This may involve social media promotion, collaborations with local influencers, or partnerships with neighboring businesses.

- Additionally, creating a unique and immersive experience can differentiate a pop-up from traditional retail or entertainment options, encouraging visitors to return and spread the word.
- Supporting property owners with vacant properties by organizing a pop-up program can encourage them to clean-up buildings, receive some type of rent revenue, and contribute to the overall vitality of downtown, leading to a more permanent tenant in the future.



Pop-Up Coffee Shop in Athens, GA | Online Athens

**Micro-Retail along the Ecusta Trail**

- Micro retail refers to small-scale commercial spaces that cater to specific niche markets or serve localized needs within a community. These spaces are typically much smaller than traditional retail stores, often occupying less than 1,000 square feet. Micro retail can include pop-up shops, food carts, kiosks, or tiny storefronts.
- Micro-retail structures can be executed in the form of built-out shipping containers, sheds, prefabricated modular buildings, or any other structure imagined. Key components include electricity and access to water for restaurant concepts. The structures would be available to rent for short-term or peak seasons and tenants would be required to place a uniformed sign at the location.

- Potential pop-up uses along the trail are:
  - Bike repair shop
  - Juice/smoothie bar
  - Coffee shop
  - Sandwich shop/deli
  - Craft beer bar
  - Ice cream/dessert shop
  - Local artisan market
  - Farmers’ market stand
  - Outdoor yoga
  - Environmental education center
- Ultimately, the key to a successful pop-up retail or restaurant along a popular trail is to align with the outdoor lifestyle and interests of trail users while offering convenience, quality, and an authentic connection to the local community and environment.



Bodegas at Midtown | The Bodegas at Midtown, Auburn, AL



Pop-Up Shop on Pere Marquette State Rail Trail in Downtown Lake, MI | Garfield Township, MI

ESTABLISH VACANT PROPERTY PROGRAM

Vacant Property Registry Ordinances (VPRO,) implemented in numerous cities and towns across the country, require that owners of vacant commercial properties submit information to a registry and pay an annual fee for each year that the property remains vacant. In so doing, the municipality is able to track and monitor vacant properties, establish a dialogue with property owners to understand the nature of the vacancy, and develop strategies to help the owner either tenant the space, temporarily activate it, or else adhere to minimum standards for the appearance and maintenance of the property while vacant.

In North Carolina, a number of municipalities are considering or implementing this type of policy. Some examples include:

Charlotte, NC

- Charlotte implemented a vacant property registration program aimed at monitoring and maintaining vacant properties. The program requires property owners to register vacant properties with the City and pay a registration fee. The City uses the registry to identify and address issues related to vacant properties, such as blight and safety hazards.

Durham, NC

- Durham has also implemented a vacant property registration program to address blight and neighborhood deterioration. Property owners are required to register vacant properties with the City and pay a registration fee. The program aims to identify and monitor vacant properties, ensure compliance with property maintenance standards, and facilitate communication between property owners and the City.

Winston-Salem, NC

- Winston-Salem has explored the idea of implementing a vacant property registry ordinance as part of its efforts to address blight and vacant properties. While the City has not yet implemented a formal registry program, it has considered various strategies to address vacant properties, including increased code enforcement efforts and partnerships with community organizations.

Other cities in North Carolina, such as Kings Mountain, Greensboro, Raleigh, and Fayetteville, have also considered or implemented vacant property registration programs or similar initiatives as part of their efforts to address blight, property maintenance issues, and neighborhood revitalization.

It is important; however, to allow property owners to request a variance through the VPRO process if they are actively working with an architect or contractor or working through legal processes such as change of ownership or estate issues. In these cases, a variance could be granted for a short period of time if there is a written plan on file with the City as well as a hard stop date for re-evaluation. During this variance period, the property owner should be asked to work with the City and other community partners to temporarily activate the storefront with local art, storytelling posters, or some type of visually enhanced improvement.

REDEVELOPMENT OF  
UNDERUTILIZED SHOPPING  
CENTERS AND MALLS

Considering the trends provided in the opening of this report, it’s important to think about how existing shopping centers and malls can be redeveloped to more modern day uses now and in the future. The Gen H Plan identifies design and policy applications that will help transform commercial centers over time into more dense, economic drivers providing for not only commerce opportunities, but also residential and recreational.

In decades past, shopping centers and malls centered around a retail anchor – generally a department store or some other large footprint that acted as a destination and draw for consumers. Today, developers and real estate professionals are considering “green space” as the new anchor for commercial real estate developments.

Consumers are changing the way they purchase items. When anything can arrive at a consumer’s doorstep in 2 days, they have more choices than ever and are proving that if they choose to step into a brick-and-mortar shopping space, they crave an experience, not just a transaction. Progressive real estate developers are now prioritizing square footage for green space and applying the same placemaking principles to commercial shopping centers and malls that we’ve seen in downtowns for decades, such as murals, art installations, programming and events, outdoor dining, shared gathering space, beautiful landscaping, ornamental light fixtures with banners, and wayfinding signage.

Ultimately, these centers are privately owned, and sometimes with multiple owners, so leading conversations with property owners with the vision is critical. Adding residential developments to underutilized centers is often the first step, as there

is immediate return on investment. Next comes rethinking the existing footprint of commercial real estate, either recruiting new tenants that support residents, or taking down the real estate and adding new construction. As one can imagine, the pro forma may not “pencil out” for the latter, which could require assistance from the municipality.

Supporting developers by providing infrastructure improvements to roads, ingress and egress, and utilities is a pragmatic way the municipality can be involved.

Additionally, for projects that personify the vision in this plan, gap finance grants or an advance on projected increases of sales and property tax revenue should be considered.

It’s likely that the realization of this revitalization may not happen for quite some time, but having conversations with property owners early allows them to be mindful of long-term lease renewals from large tenants, and an understanding of what the municipality is willing to do to assist may make the difference.



Bottling Department Food Hall in San Antonio, TX | Eater