

6.0 ECONOMY AND EMPLOYMENT

6.1 OVERVIEW



Chapel Hill benefits from a strong economy driven by the University of North Carolina at Chapel Hill (UNC) and the UNC Health Care System at the local level and regional growth in the Research Triangle Area. The unemployment rates for both Chapel Hill and the region in 1998 were under 2%, as compared to 3.5% and 4.5%, respectively, for North Carolina and the United States. The number of jobs in Chapel Hill grew from 20,320 in 1990 to 24,200 in 1998, a rate of growth twice as fast as the increase in population during the same period.

Chapel Hill residents have identified several issues of concern related to the local economy and employment. One issue is the desire for a balance among employment, housing, and commercial opportunities within Chapel Hill, so that the prevalent pattern is less one of nonresidents commuting into town to work and residents driving out of town to work and shop. Providing local workers with opportunities to live in Chapel Hill through housing affordability/diversity strategies is a key consideration (see Chapter 7.0). A second issue is the extent to which UNC and the UNC Health Care System dominate the local economy. While the economic benefits these institutions provide to Chapel Hill are indisputable, their tax-exempt status and the fact that they comprise over 70 percent of the Town's employment suggest that diversification of the local economy should be considered.

A strategic approach to promoting non-residential development and related employment and commercial opportunities in Chapel Hill is proposed to address these issues. A basic premise is that economic development should occur in a manner that supports the Town's high quality of life and community character, which are key to Chapel Hill's economic prosperity. Thus economic development initiatives should be measured not only by how much they increase employment opportunities or the tax base, but also by the extent to which they help fulfill other objectives of the Comprehensive Plan. Implementation of the strategies proposed in this chapter should be coordinated

with such other Comprehensive Plan strategies as creating mixed-use environments, increasing housing choice, and promoting alternatives to use of the private automobile.

6.2 GOALS, OBJECTIVES, AND STRATEGIES

GOALS AND OBJECTIVES

Goal

Increase employment opportunities for residents and satisfy local demand for commercial and retail services.

Objectives

Economic Diversity: Promote diversification of the Town's economy and employment opportunities for residents, consistent with supporting a high quality of life.

Commerce:

- Develop and maintain commercial uses that are compatible with the character and scale of Chapel Hill.
- Develop and maintain the downtown as a pedestrian-oriented focal point for the community's commercial and retail needs.

Mixed Use: Provide opportunities to create "living and working neighborhoods," or mixed-use developments in appropriate locations.

STRATEGIES AND ACTIONS

6A. Non-Residential Development

Non-residential development in Chapel Hill includes a variety of uses, such as office buildings, retail and service establishments, and institutions. As Chapel Hill's primary employers, UNC and the UNC Health Care System are the driving forces in the local economy. The contributions of these two institutions to the economic vitality of the community should be recognized and supported in the future as the Town and University jointly address issues associated with growth (see Chapter 4.0, Relations with the University/University Health Care System). Given the tax-exempt status of these institutions and the objective to diversify the economy, appropriate forms of private non-residential development should also be encouraged. This strategy

is intended to achieve a variety of purposes – to make it easier for people to live and work in Chapel Hill, increase local shopping opportunities, augment the tax base, support mixed-use development, etc. – in a manner compatible with the Town's character and scale.

6A-1. Encourage desirable forms of non-residential development.

A multi-faceted approach is called for to attract and retain desirable forms of non-residential development. Elements of this approach include the following:



- *Designate appropriate locations for new non-residential development.* As a maturing community, Chapel Hill has relatively little vacant land remaining that is suitable for non-residential development. Chapter 8.0 (Land Use and Development) identifies appropriate locations for office and commercial uses, wherever possible in mixed-use settings, with the objective of achieving a balance between residential and non-residential uses.
- *Define desirable types of non-residential development.* Certain uses, such as heavy industry or regional shopping centers, are not suitable for Chapel Hill because of their character, scale, and/or community impacts. As part of a proactive economic development strategy that builds on the strengths of the community, the types of development that are appropriate to Chapel Hill should be identified. Berkeley, CA is an example of a community that used this approach at a larger scale. Berkeley worked with business interests and citizens on strategies to develop an “environmental economy” that emphasizes “green business” development. (“Green business” refers to economic activities that avoid harm to the environment, or help protect the ecosystem in some way.⁶)

In Chapel Hill, desirable types of non-residential development are those that are attracted to and complement the Town's quality of life and high standards for community character. Examples include appropriately scaled office and research facilities, businesses that involve the humanities or the fine arts, and retail uses that serve the local community. The presence of UNC and the UNC Health Care System suggests that businesses derived from University-related research activities

⁶ Roseland, Mark, *Toward Sustainable Communities: Resources for Citizens and their Governments*, New Society Publishers, 1998, p. 160

may be good candidates (see Strategy 6C-1). Office uses provide the greatest net fiscal benefits to the Town (see Chapter 12.0, Fiscal Conditions).

- **Consider proactive approaches to attracting new development.** Having defined appropriate locations and types of non-residential development, the Town should consider public/private partnerships and other proactive ways to make desired developments happen on designated opportunity sites. Examples include providing incentives, expedited development reviews, or soliciting developer proposals on specific projects (e.g., downtown projects that combine office and/or retail with housing).
- **Encourage small business development.** An important part of a diverse economy, small businesses promote local self-reliance, increase employment opportunities for residents, and are appropriate to the scale of Chapel Hill. The Town should maintain a policy/regulatory climate that is supportive of small businesses. An example is development review and approval procedures that expedite minor projects, thus helping to make Chapel Hill more affordable for small businesses. The Development Ordinance revision should include consideration of provisions to facilitate small business development.
- **Support the incubation and growth of entrepreneurial/start-up businesses.** As part of a strategy of encouraging small business development, the Town should pursue regulatory and other mechanisms to facilitate and promote the start-up of new businesses in Chapel Hill. This effort could include partnering with UNC and the UNC Health Care System to identify entrepreneurial opportunities associated with research and development activities at these institutions
- **Retain existing businesses.** In contrast to traditional economic development strategies, which often focus on attracting companies from other locations, contemporary practice emphasizes growing and retaining local businesses. For this strategy to be most effective, land and facilities that can accommodate the various stages of business development (from startup through growth and maturation) should be available in the community. Chapel Hill's ability to accommodate business expansion needs is constrained by the amount of suitable land available. Nevertheless, the Town should keep apprised of the needs of local businesses

Action: Non-Residential Development

- Develop and implement a proactive strategy to encourage and retain non-residential development, including small businesses (Town staff, Town Council, Orange County Economic Development Commission)

Measure of Progress: Non-Residential Development

- Develop and adopt a non-residential development strategy no later than 12/31/2004

Action: Non-Residential Development Design Guidelines

- Review and strengthen existing design standards and guidelines for non-residential development (Town staff, Design Commission, Town Council)

Measure of Progress: Non-Residential Development Design Guidelines

- Address non-residential development design guidelines in the comprehensive development ordinance revision (no later than 12/31/2001)

and assist in meeting those needs where possible. This effort should include working with the Orange County Economic Development Commission and Chapel Hill-Carrboro Chamber of Commerce to encourage Chapel Hill businesses that are considering relocating to stay in Orange County.

6A-2. Strengthen design standards to ensure that new non-residential development is compatible with existing development.

It is important that new non-residential development be in keeping with the character and scale of Chapel Hill. Development in the downtown, for example, should be compatible with the form, proportion, and pedestrian scale of existing buildings and streetscapes. The Eastowne Office Park off of US 15-501 is an auto-oriented office development but has a wooded character typical of Chapel Hill and is located next to apartment buildings, creating opportunities to walk to work.

The proactive approach to encouraging non-residential development recommended by Strategy 6A-1 should be coupled with strengthened design standards and guidelines to ensure that such development complements Chapel Hill's built and natural environment and promotes transit, pedestrian, and bicycle usage. Issues that should be addressed by these standards include visual character and scale; relationship to adjacent land uses; transportation issues (traffic, transit, and pedestrian/bicycle connections); and protection of natural resources. The standards should encourage mixed-use development forms and be linked to the criteria for the location and design of mixed-use centers proposed in Chapter 8.0, Strategy 8A-2.

6B. Mixed-Use Development

As described in Chapter 8.0 (Land Use and Development), an important concept of the Comprehensive Plan is to foster mixed-use environments that create opportunities for living, working, and shopping in close proximity.

6B-1. Encourage new non-residential development in mixed-use settings.

The conventional suburban development pattern isolates office developments, shopping centers, and residential subdivisions from each other. To counteract this prevalent trend, the Town should encourage non-residential development to be located in mixed rather than single-use settings wherever possible. Regulatory or other issues that are hindering efforts to create true mixed-use developments should be addressed as part of this

effort. The mixed-use development concept is addressed in more detail in Chapter 8.0, Strategy 8A-2.

6C. University-Related Business Development

Many universities across the country have strategic relationships with host communities designed to parlay research and related activities into local economic development opportunities. Northwestern University and the City of Evanston, IL, for example, jointly own a 24-acre mixed-use research park adjacent to the campus. This park contains nearly 350,000 square feet of office, laboratory, commercial, and residential space occupied by 90 companies and organizations employing nearly 1,000 persons. Georgia Tech University in Atlanta has “incubator” facilities located both on and off campus. These facilities accommodate University research activities while providing space and assistance for start-up companies.

6C-1. Work with UNC to identify opportunities for private entrepreneurial activity related to University research.

As part of the strategy to encourage appropriate non-residential development recommended by Strategy 6A-1, the Town and UNC should explore opportunities to establish University-related private businesses in Chapel Hill. Potential areas include medical sciences, communications, engineering, and other research/technology functions. The Horace Williams tract is a logical candidate for this type of development; the Land Use Plan developed by a joint UNC/Town work group recommends uses such as research-oriented facilities and incubator facilities for technology transfer on portions of the property. Ways to capture revenues for the Town from private businesses located on University-owned property should be explored in implementing this recommendation. Appropriate sites not owned by UNC should also be considered in order to generate local property tax revenues. Potential sites include areas designated for mixed-use development on the Future Land Use Plan and smaller sites or buildings that could serve as incubators for small business enterprises.

Action: Mixed-Use Development

- In implementing Strategy 6A-1, encourage mixed-use developments that integrate uses such as office/employment, retail, and residential (Town staff, Town Council)

Action: University-Related Business Development

- Initiate discussions with UNC to explore opportunities for University-related business development (Chapel Hill, UNC)

Measure of Progress: University-Related Business Development

- Include University-related business development in the non-residential development strategy adopted per Strategy 6A-1