

*City of*  **GRAHAM** *North Carolina*

*Spurring Downtown  
Revitalization and Entrepreneurship*



2017 Creative Give Back Winner

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# Summary

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Graham has the most important key to success – passionate leaders. We encountered small business owners, entrepreneurs, town staff and officials, and nonprofit leaders who are all passionate about revitalizing Graham. The enthusiasm behind their application is what made Graham the 2017 Creative Give Back winner. The City of Graham asked for assistance to develop a framework for the implementation and operation of a Community Development/Revolving Loan Fund and programs to support entrepreneurship initiatives.

We started the process with a tour of downtown, to see firsthand the history and architecture and to talk with business owners. We then distributed an online survey to the Graham Area Business Association and interviewed other business leaders. From the survey and interviews, we learned the types of assistance businesses need, who they contact for assistance, and their perceptions of downtown Graham as a business location.

Downtown is big business for Graham. The consulting team estimated the economic impact of the businesses in a portion of downtown to be 1,229 direct and indirect jobs, and more than \$69 million in direct economic impact.

Downtown economic  
impact = **\$69** million

After gathering local input, conducting analysis, and gathering best practices, the consulting team recommended a set of new grants, incentives, financing tools, programs, and initiatives that will support building redevelopment and entrepreneurial start-ups. We encourage a full read of this report to understand the context of the recommendations and how they will contribute to economic growth in Graham.

## Summary of Recommendations

- Create a Revolving Loan Fund
- Base new incentive grants on net new taxable investment
- Waive some city fees for developers and small businesses
- Implement an economic gardening approach to small business development
- Increase awareness and marketing
- Leverage partner agencies to support small business growth
- Implement new grant programs for signage, design, rent subsidies, and events
- Be a good partner (WiFi, streetscape, parking enforcement)
- Support an entrepreneur education tuition reimbursement program

# The Creative Give Back

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The City of Graham was selected as the 2017 Creative Give Back winner. The Creative Give Back is Creative Economic Development Consulting's way to give back to the field of economic development. Starting in 2014, Creative EDC began giving away one consulting project a year through a competitive application process. Creative EDC establishes an independent review panel to select the winning proposal. Previous winners have included the Alliance of South Charlotte Communities, Cabarrus County EDC, and Wayne County Development Alliance.



To be considered for The Creative Give Back, the project must:

- ⦿ BE CREATIVE
- ⦿ Challenge us to think outside the box
- ⦿ Have the ability to significantly impact the local economy
- ⦿ Have a true, demonstrated consulting need
- ⦿ Be consistent with sustainable economic development practices
- ⦿ Give us the opportunity to work with a great community and great people

The City of Graham asked for our assistance to develop a framework for the implementation and operation of a Community Development/Revolving Loan Fund and programs to support entrepreneurship initiatives. The intent of this model is two-fold, simultaneously, in order to achieve the development goals of the city. Creative EDC's scope of work included the following tasks:

- ⦿ Held a kick-off meeting with the City of Graham and allies. We reviewed and finalized the scope of work. We also toured downtown and the area targeted for revitalization.
- ⦿ Developed an online survey of local businesses to gather information on what prevents buildings from being used, what causes businesses to go into existing buildings, what causes businesses to fail, and other related topics.
- ⦿ Interviewed people about their experiences redeveloping buildings in downtown Graham.
- ⦿ Reviewed best practices in redevelopment and gap financing.
- ⦿ Conducted an economic impact analysis of downtown to quantify the potential return on public investment.
- ⦿ Provided recommendations and structure for a Community Development Fund and/or Revolving Loan Program. Suggested how these tools can be integrated with entrepreneur development strategies.
- ⦿ Conducted a presentation of the project and recommendations to the City of Graham and its allies.

We believe the Creative Give Back project in Graham can be used as a pilot for other communities across the state. Creative EDC is continuing The Creative Give Back with the next proposal cycle to begin January 1, 2018.

# Business Interviews and Survey Summary

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Creative EDC designed an online survey to be distributed to the Graham Area Business Association and other business contacts.

The purpose of the survey was to gather information about Graham as a business location, ease of doing business with the city, preference for downtown locations, and information

about future growth plans. A total of 33 surveys were completed. The full survey results can be reviewed in Appendix A. In addition to the survey, the consulting team interviewed Lee Kimrey, Jose Lagunas, Paul Crotts, Jerry Peterman, Chuck Talley, Jennifer Talley, and Jason Cox, who are involved in redevelopment and downtown businesses. We also reviewed a previous survey of Elon University students.



The profile of the business survey respondent is a person living in Graham who owns a business in retail, business and professional services, leisure and hospitality, or financial activities. Most have been in business more than 10 years and have five or fewer employees. The responses primarily came from long-time small business owners. These businesses have found long-term success in Graham, but may not be in a growth mode.

The majority, about 77%, searched for an existing building when they started their business. They either wanted a building ready to move into or were willing to do some remodeling or redevelopment. The primary reasons their business located in Graham was either the location or they had a personal connection to the city. Business owners with personal connections are “stickier” and sometimes more willing to ride out economic cycles. Other reasons included the low cost of doing business and the availability of a building or developable land.

The majority, 69%, prefer a downtown Graham location. They indicated that lease rates and sales prices are reasonable, downtown is a preferred location, and it is easy to do business with the city. Everyone interviewed commented on the support the city offers to developers and property owners. The types of spaces that are in most demand are residential, entertainment, retail, and restaurants.

Interviewees said that the courthouse, proximity to I-85, traffic, location between Greensboro and Raleigh, design elements, and history are what draws businesses to downtown. Hurdles to developing in downtown include financing, parking, and infrastructure.

Seventy-two percent say that Graham meets or exceeds their expectations as a pro-business location. There is an opportunity to retain and grow existing businesses. Thirty percent indicate they plan to expand at their current location, and 17% say they plan to expand at a new location. The most common hurdles to expansion are financing, workforce availability and development, broadband availability, business planning, and sales growth.

Businesses have received assistance from the City of Graham, Alamance Chamber, Small Business Center, Co-Operative, Alamance County, and SCORE (Senior Corps of Retired Executives). The assistance most often needed is tax breaks, grants, incentives, marketing, financing, and new market identification. Interviewees added infrastructure and wayfinding assistance to the list.

People actively involved in redevelopment see opportunities in the older buildings. They believe there is room in the market for more restaurants, apartments, and shops. In order to capture these opportunities, Graham needs people that want to be a part of the revitalization effort and the story of transformation – locals and newbies alike.

From the survey and interviews, we learned the types of assistance businesses need, who they contact for assistance, and their perceptions of downtown Graham as a business location. The consulting team used this information in the formulation of program recommendations.

# Downtown Economic Impact Analysis

## Summary

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The consulting team used IMPLAN, a well-known economic impact modeling program, to estimate the impact of the businesses and employers in a portion of downtown Graham on the local economy. Appendix B, Exhibit A shows the study area. Quantifying the impact can put investments in downtown development into perspective.

There are more than 120 non-vacant parcels in the study area defined by the City of Graham. There are more than 100 employers and approximately 854 employees. In addition to the 854 direct jobs, another 375 jobs are connected with downtown and its ongoing economic activity. All of these jobs - 1,229 - are permanent and continuous jobs; therefore, the impacts continue on an annual basis. The ongoing operations of the downtown enterprises are estimated to positively impact the city and county economy by more than \$69 million, and increase output by \$116 million.

economic impact =  
**\$69 million**

Comparing to industrial development, Alamance County announced over \$151 million in new investment in 2016 (\$162 million in 2015). The largest single project was the Lotus Bakery announcement of \$55.3 million. Downtown, as a whole, is the equivalent of a single, large, industrial development project.

The City of Graham’s property tax rate is \$0.455 per \$100 valuation for fiscal year 2017-18. Alamance County’s tax rate is \$0.58 per \$100 valuation. Downtown’s \$28,923,197 in assessed private property value brings a total of \$299,354 in annual property tax revenues, with \$131,600 going to the City of Graham and \$167,754 going to Alamance County.

**\$131,600**  
annual tax revenue

Combined, downtown Graham is one of the largest employers in the area and returns significant tax revenue to both the city and county.

# Graham Façade Grant

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Currently, the only city program to support downtown redevelopment is the Façade Grant Program. Over the last five years, the program has invested over \$47,000 in grants that leveraged over \$200,000 in private investment.

The program provides matching funds for exterior improvements to historical, non-residential structures. It targets the historic district of the city and funding only applies to improvements that are consistent with the historic district. Funds can be used for removing false fronts and metal canopies, safe cleaning of brick and stone fronts, sign replacement, canvas awning installation, window and door repairs or replacements, repainting, structural repair to exterior, historic reconstructions, store front reconstruction, tuck point mortar joints, stain brick to match existing, roof vents on store face, exterior lighting, and to relocate electrical wiring.

Owners or tenants of non-residential properties in the Courthouse Square Historic District are eligible. The program reimburses expenses on a 50-50 match with a maximum grant of \$5,000.

**Façade Grant Awards 2012-13 to 2016-17**

Year	Applicants	Total Grant Awards	Total Private Investment
<b>2012-13</b>	Carolina Property Holdings, Court Square Development Group, Lee Laskody, Audrey McHugh	\$9,620	\$52,620
<b>2013-14</b>	Carolina Property Holdings, Tony Wood, Paul Crotts, Don Bulla, Viviana Maltby, Jean and Tom Boney, Chuck Talley	\$14,223	\$40,885
<b>2014-15</b>	Alamance Farmers’ Mutual Insurance, Charles Thompson III, Graham Cinema, Court Square Development Group, Chuck Talley	\$10,000	\$49,080
<b>2015-16</b>	Alamance Farmers’ Mutual Insurance, Graham Cinema, William Hughes, Opera Signage, Court Square Development Group, Jennifer and William Talley	\$10,000	\$30,341
<b>2016-17</b>	Press, Verdict, Jennifer and Chuck Talley, Jay Burke, Carolina Property Holdings	\$3,200 – Some grants yet to be paid.	\$53,975 – Estimate. Work to be completed.

Source: City of Graham

# Best Practice Programs

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The consulting team researched best practices used by communities to fund building redevelopment and support entrepreneurs. We summarize the programs most applicable to Graham below. Later, in the recommendations section of the report, we outline action steps Graham can take to implement some of these best practices.

## Winston-Salem Neighborhood Rehabilitation Strategy Area Building Rehabilitation Program

This program is designed to stimulate the interest and commitment of private building owners by providing inducements to encourage the rehabilitation of commercial and industrial buildings throughout the Neighborhood Revitalization Strategy Area. The program is structured as a forgivable loan. The entire amount of the loan is deferred for five years. If the building has been maintained for five years as agreed, the entire loan balance is forgiven. If at any time during the five years the building no longer conforms to the plan, or the property changes ownership, the loan must be repaid. The repayment term is 12 months at a prime plus one percent interest rate.

To be eligible for a 50% loan match, the minimum private investment must be at least \$2,500. For private investment less than \$2,500, a project is eligible for a loan of 30%. The maximum public investment is up to 50% of the total project cost or \$10,000, if the total private investment is greater than \$2,500. Up to 30% of the total project cost if less than \$2,500. Only one loan per building is allowed.

Funds may be used for site or facility improvements, structural improvements, facade renovation, or signage improvements that meet design guidelines for the area.

## Downtown Raleigh Alliance Retail Up-Fit Grant

The goal of this program is to create an incentive to attract new retail businesses and aid in the expansion of existing retail businesses in downtown Raleigh. All retail businesses locating within the Municipal Service District (MSD) or retail property owners located within the MSD are eligible. Preference is given to new businesses occupying first-floor space with a street-front presence, complementing the downtown retail mix, and helping strengthen the existing retail clusters. Additionally, existing retail businesses looking to expand by 30% or more in downtown are eligible. Grants are equal to 50 cents for every dollar the applicant spends on property improvements up to \$5,000.

Type of businesses eligible:

- Apparel/other clothing
- Home furnishings and furniture
- Shoes and boots

- Specialty food stores/grocers/gourmet establishments such as fruit and produce markets, seafood, butcher shops, bodegas, etc.
- Pharmacies
- Bookstores, music, entertainment media stores
- Electronics
- Health and Personal Services
- Used merchandise stores
- Toys and games, hobbies
- Gift card/stationary
- Sporting goods stores
- Jewelry stores
- Crafting or production workshops such as glass blowing, ceramic/pottery, antique reclamation

Ineligible businesses include bars, restaurants, financial services, offices, or any uses that do not allow for the sale of products or services to the general public.

Qualifying Project Expenditures Include:

- Design work, drawings, renderings associated with the project
- Mechanical, electrical, plumbing work for the build-out
- HVAC, fire suppression, costs of bringing building up to current code
- Permits and inspections
- Flooring
- Lighting
- Attached fixtures and/or the installation of fixtures
- Accessibility compliance
- Environmental remediation
- Restrooms
- Utility upgrades
- Construction of new walls/demolition of unnecessary existing walls

### Conover Downtown Building Revitalization Grant Program

The Conover Downtown Building Revitalization Grant Program provides up to a \$25,000 grant, or 50% of eligible project costs. Funds can be used for renovations to windows, doors, painting, awnings, roofing, HVAC, demolition, etc. Priority is given to projects that will result in improved aesthetics downtown.

### City of Asheville Development Incentives

The City of Asheville’s Business Development Grant program is designed to provide the same type of assistance as the Industrial Development Grant, but the funding level is for all investment in projects between \$250,000 and \$1,499,999 and the length of time for the grant is up to three years. The incentive is a grant based on the amount of new capital investment. The grant is calculated as a percentage of property taxes and is paid annually. Typically, companies qualify for up to 90% of property taxes for up to three years.

Eligible companies must be for-profit, and in manufacturing, research and development, or warehousing and distribution, and consistent with the city’s long-range plans and development policies.

## Florence, SC

### Rent Subsidy Grant

This grant is directed at supporting business activities within the Florence Historic District. To be eligible for this grant, a tenant must be in one of the following categories: (a) a tenant which was located in the H-1 District as of January 1, 2015 in a building where “significant renovation” occurred, resulting in at least a 50% increase in the rent being charged; (b) a tenant that is a business start-up originating out of the North Dargan Innovation Center. Rent Subsidy Grants are not greater than fifty (50%) percent of the rent payment and are limited to the first two years of operation. The total subsidy grant may not exceed the maximum grant amount.

Additionally, for five years from the date of the certificate of occupancy for the new or renovated building, the city will waive all commercial municipal solid waste charges for services.

The following utility incentives are available to projects involving the renovation of a historic structure where the renovation investment is equal to, or greater than, 30% of the value of the renovated building:

- The City of Florence shall provide a 50% reduction in initial water and sewer connection fees (physical tap and unit contributory loading fees)
- Reimbursement for costs to connect building to the City’s water, sanitary sewer or storm sewer system, not to exceed \$25,000.

### Sign Grant Program

Grants of up to \$500 to provide business signage on the exterior of buildings are available. All signs must be approved by the Design Review Board and be compatible with the historic character of the overlay district. No match is required.

### Design Assistance Grant

Grants of up to \$500 are provided for architectural work required to create scope of work or design services for building facades. No match is required.

## Franklin-Southampton, VA Commercial Rehabilitation Loan Program

The City of Franklin, through the repayments from previous low interest loans, has established a revolving loan fund to be used for the restoration, renovation, rehabilitation, and preservation of commercial buildings within the corporate limits of the City of Franklin. Funds are limited to physical improvements to the facility. The maximum amount of any loan under this program is \$25,000. The minimum amount is \$5,000.

### Eligibility Requirements:

- The real property to be improved must be located within the corporate limits of the City of Franklin.

- The improvements to be made with the loan proceeds are limited to the cost for the restoration, renovation, rehabilitation, and preservation of commercial buildings and structures.
- Only new loan applications are accepted. No refinancing of an earlier Low-Interest Loan for building improvements are allowed under this program.
- The applicant shall have no current delinquent payments or have had any delinquent payments from a previous low-interest loan for one year prior to application.
- The applicant shall be in good standing with the City of Franklin.

Terms and Conditions:

- Loans are made available at a fixed interest rate of 1% above prime per annum.
- The repayment term may vary up to a maximum of 7 years.
- Repayment shall be in equal monthly installments commencing on the first of the month after the project has been completed.
- Up to 10% of the loan may be applied to soft costs for the hiring of an approved architect, architectural designer, interior designer, or contractor to prepare façade improvement plans and specifications.
- Loan applications shall be approved with regard to financial feasibility, collateral requirements, and design guidelines as established by a committee appointed by Franklin City Council.

### Chesterfield County, VA Commercial Rehab Program

Chesterfield County grants a partial tax exemption for the rehabilitation, renovation, or replacement of older commercial or industrial structures. The concept could be applied to downtown properties. Upon approval, the partial exemption is in effect for seven years and transfers with the real estate. The amount exempt from tax is based solely on the amount of increase in assessed value resulting from the rehabilitation, renovation, or replacement.

In Chesterfield County, the program is available to property owners who rehabilitate, renovate, or replace existing commercial or industrial structures, subject to the following criteria:

- Commercial or industrial structures must be no less than 25 years of age.
- Motel or hotel structures must be no less than 35 years of age.
- The exemption shall apply to 200 percent of the square footage of the original structure(s) replaced or rehabilitated for residential use.
- In any year in which the market value of the qualified real estate decreases below the base value, no credit or refund shall be provided.

### Roanoke, VA Economic Development Authority Entrepreneur Grant

The Economic Development Authority (EDA) of the City of Roanoke announced a new program in the spring of 2016. The EDA provides grants for entrepreneurs and small businesses located within the City of Roanoke. One grant reimburses Roanoke residents the \$200 tuition for the GrowthWheel entrepreneurship training program, once the training is successfully completed. GrowthWheel helps entrepreneurs and small business owners build their businesses through a simple action-focused process that stays true to the way most entrepreneurs think and work. The program will be administered through the Small Business Development Center and consists of ten courses over a five-month period and covers topics such as networking, legal issues, financials, and market positioning.

The second grant is up to \$5,000 for market research, new marketing plan, equipment, printed materials, electronic devices, software, website development, etc., and is a reimbursement after expenses. Eligible businesses must be located in the City of Roanoke, employ no more than 10 full-time employees, and successfully completed the GrowthWheel training program.

# Recommendations

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The following recommendations were developed to address the two main points of this study: 1) implementation and operation of a Community Development/Revolving Loan Fund; and 2) entrepreneurship support. We added other recommendations as a result of what we learned in interviews and our survey of businesses.

## Funding Revitalization and Entrepreneurship Programs

The City of Graham will need to seek new funding in order to implement some of the programs listed below. However, there are several programs which will require no direct funding allocation. With downtown's direct economic impact of \$69 million (indirect \$116 million) and 854 jobs, the city will see a return on its investment. When considering investments in downtown, keep in mind that downtown is the equivalent to a large industrial project.

- The following programs will not require new revenue:
  - Revolving Loan Fund
  - Incentive grants based on net new taxable investment
  - Waiver of city fees
  - Implementing economic gardening approach into small business development
  - Awareness and marketing
  - Leveraging partner agencies
- The following programs will require new revenue:
  - New grant programs: sign, design, rent subsidy, downtown events
  - Being a good partner (WiFi, streetscape, parking enforcement)
  - Entrepreneur education tuition reimbursement

To start, Graham should decide what geographic areas of the city are eligible for community development programs. Most cities designate a redevelopment zone or geographic area to target development programs. Sometimes the area can follow the lines of a municipal service district or historic area. Asheville has three Innovation Districts, identified due to blight and redevelopment need, as an example.

### Action Step

- Define the area that will be eligible for city programs such as revolving loan, grants, fee waivers, etc. The eligible program area could be the area the city defined for the economic impact analysis. See Exhibit A in Appendix B for a map.

## Create a Revolving Loan Fund for Building Redevelopment

Revolving loan programs are used for a wide range of purposes in economic development. The most common is to provide gap financing for start-ups and business expansions and to fund capital expenditures. We outline below some best practice examples in revolving loan

programs. Graham can use both approaches: publicly-funded loan fund (federal or local dollars) and a private/investor model.

### **Action Steps**

- Communities have sometimes sought grants to seed revolving loan funds. In some cases, USDA Rural Development Funds have been used. We recommend first seeking grants that can be used as seed money for the revolving loan program.
- Another option to seed the loan fund is an “Invest Local” program. Some communities have raised funds from private citizens and businesses to create a loan pool. Mountain BizWorks in Asheville has an Invest Local fund program.
- If no grants are obtained or funds raised, use city funds for the loan program. The fund will only lose money if there is a loan default. Over time, repayment of loans will increase the loan pool.
- Follow the examples of either Winston-Salem, NC, or Franklin, VA. The loan can be up to 50% of the project or a maximum of \$25,000.
- Be sure to implement best practices such as a loan review committee and personal guarantee, and consider contracting with an experienced agency to administer the loans. Typically these loans are part of a portfolio of financing that includes a lender who completes due diligence.

### **Create Incentives for Building Redevelopment and Investment**

There are examples offered above in this report of communities that provide a traditional incentive grant for small business investment. These grants are based on net new taxable investment, similar to traditional industrial incentive grants. Thus, the city does not pay any incentive up front, only after property taxes have been paid. Not listed above but another good example is the IDEAL incentive program in Gastonia, NC.

### **Action Steps**

- Create an incentive grant program based on net new taxable investment in the downtown district.
- The grant could equal up to 90% of new property tax revenue over a period of three years. The grant will be paid annually, after the property taxes are paid. Thus, the city is never paying an incentive upfront. This could be done before a revolving loan is requested/granted to help initiate the project.
- The City of Asheville is a good example for this type of incentive program. The threshold for investment is \$250,000.
- Another incentive can be the waiver of city fees. Florence, SC, waives water and sewer connection fees. Graham should consider a waiver of fees in the downtown area for redevelopment projects that meet a set of criteria such as investment level or job creation.

Beyond incentivizing developers, look for opportunities for the city to develop directly, or in a public-private partnership, unique spaces such as an arts incubator, a commercial shared-use kitchen, or a retail incubator.

- Abingdon, VA, has a good example of an arts incubator in a former school building.
- The best example of a commercial shared-use kitchen in North Carolina is Blue Ridge Ventures in Asheville, although smaller ones can be placed in former schools with commercial kitchen equipment. Often these facilities need ongoing financial support.
- Morganton, NC, explored a retail incubator several years ago. The concept was to provide low-cost start-up space in the form of multiple kiosks in a redeveloped building. Start-up retailers shared time manning the store.

### Expand Grant Programs

Grant programs can be used to support targeted redevelopment. The City of Graham's Façade Grant is one example. We recommend keeping that grant and adding a few others.

#### Action Steps

- Create a Sign Grant Program similar to the one in Florence, SC. The grant could be a 50/50 match up to \$500. This grant will improve the aesthetics of downtown through better signage.
  - Quality signage is a general issue in downtown. We recommend the city maintain a list of quality sign vendors and give the list to new and existing businesses.
- Graham should protect its image. The biggest asset downtown Graham has is the way it looks (court square, historic buildings, walkability). First, encourage businesses to use the design services of the Main Street Program, which are free. However, often additional design services are needed. Create a Design Assistance Grant. This grant could be a 50/50 match up to \$500 for architectural work. This type of grant will help improve the aesthetics of downtown.
- Most of the loan and grant programs recommended in this study are targeted to building developers and property owners. We recommend a rent subsidy program that will support new businesses in downtown, whether or not they are property owners. Florence, SC, and Wilson, NC, have rent subsidy programs. We recommend a grant of up to 50% of rent for one year to businesses starting up in downtown. The grant, like in Wilson, can be targeted to pedestrian-oriented businesses that generate foot traffic during regular business hours. It could be further targeted to businesses that diversify the market.

### Help Existing Businesses Grow and New Business Start-up

The Retail MarketPlace Profile shows there is retail leakage in several sectors. There is enough leakage in some segments of the marketplace to warrant either new business start-ups or

existing business expansions - Motor Vehicle Parts, Building Materials and Garden Equipment, Grocery Stores, General Merchandise, Restaurants.

### **Action Steps**

- Share this data with the Alamance Community College Small Business Center and use them as a partner when counseling small businesses.
- Use an economic gardening approach to counsel existing small businesses on expanding their inventory. For example, a hardware store could expand its inventory of garden equipment and supplies. More on economic gardening can be found in Appendix D.
- Use the data to counsel new business start-ups on market potential. For example, there is a \$10 million gap in restaurants and other eating places.
- Counsel existing businesses in the changing marketplace and demographics. Help them understand what today's customer desires in retail, dining, and entertainment experiences, rather than catering to shrinking demographics. Alamance Community College Small Business Center can assist with this – maybe a “how to attract the millennial customer.”

### **Fund Education for Entrepreneurs**

Many entrepreneurs dive into a business venture without training and planning. Education can increase the success rate. Adopt the Roanoke, VA, program that provides tuition reimbursement for entrepreneurs that complete a training program.

### **Action Steps**

- Work with Alamance Community College to determine if the existing educational program “Clapp Entrepreneurial Opportunity Initiative (CEO)” is similar enough to the GrowthWheel program in Roanoke. The CEO program provides 16 weeks of training and culminates in a business plan competition.
- Provide tuition reimbursement for up to five entrepreneurs to go through the training each year. Organize them as a cohort for synergies.

### **Awareness and Marketing**

None of the programs or initiatives will be successful if no one knows about them. Thus, marketing and promotion have to be integral parts of these programs. Graham has important advantages that can be used when promoting the downtown: access to interstate, center of the county, compact and walkable downtown, building infrastructure, design elements, historic properties, underutilized buildings, etc.

### **Action Steps**

- Create a Graham e-newsletter or periodic email blast to downtown businesses about grants, special events, and marketing opportunities, and use this communication to

exchange information on things the city is doing to support small businesses and entrepreneurs.

- Share Graham events on the UNCG NC Entrepreneurship Center e-newsletter and share this newsletter with Graham area businesses. It lists start-up and entrepreneurship events every month. <https://startup.uncg.edu/triad-startup-e-ship-events/>
- Create a page on the town website (or a new URL) that is a common calendar of events. Create a set of guidelines for postings. Give posting access to businesses. A staff person should review posts to ensure they meet the guidelines, but the majority of work will be done by businesses who post.

### More People in Downtown

The focus of this study is building redevelopment and entrepreneurship. However, without more people coming to downtown Graham, there will not be a need for more businesses or residences. Downtown events connect people to downtown, creating a relationship that leads to patronage of businesses, restaurants, and entertainment. Therefore, it is appropriate to consider programs that will bring more people to downtown. For example, the 2016 Elon University survey showed that people will come to downtown regularly for food trucks.

### Action Step

- Consider implementing a program like SparkGrant, grants by Action Greensboro and Downtown Greensboro, Inc. to support community development. The program supports “unexpected, fun, and existing projects in downtown Greensboro that create buzz, community involvement, and vitality.” Grants (up to \$5,000) have supported murals, a Ferris Wheel on South Elm Street, pop-up shops, a pop-up museum, and special events. The Graham Cinema has had success with pop-up art events.

### Be a Good Partner

The City of Graham was noted many times as easy to do business with, a strong partner, and supportive of downtown. Therefore, these comments should be used to reinforce the business friendliness of the city and support planning and public works efforts.

### Action Steps

- Continue to work with property owners on projects that are mutually beneficial such as bump-outs, landscaping, encroachments, outdoor dining, etc.
- Allocate more resources to enforce parking time limits.
- Reinstall WiFi in downtown. This is not only an attractor to visitors but also aids with safety when business cameras can be linked.
- Be aggressive with grants for lighting, signage, murals, and streetscape improvements.
- Ensure the technical review committee has the attitude “how can we make this happen.”

## Leverage Partner Agencies

Graham is doing a good job of leveraging county, regional, and state partners. We list a few partners here who can assist with building renovation and entrepreneur development.

- **Alamance Community College Small Business Center (SBC)** – We mentioned several times above the need to partner with the SBC. Share this plan with the SBC, discuss ways to work together (like the GrowthWheel initiative), and raise awareness of the SBC resources among local businesses.
- **NC Main Street Program, NC Small Town Main Street Program, and the new Downtown Associate Community Program** – We encourage Graham to seek designation in the Main Street Program. The new Downtown Associate Community Program may be the place to start. Once affiliated with the Main Street Program, Graham and its businesses will have access to many state resources.
- **UNC Development Finance Initiative (DFI)** - The Development Finance Initiative is housed at the UNC School of Government. The organization partners with local governments to attract private investment for transformative projects by providing specialized finance and development expertise.

DFI partners with communities on projects including:

- Building reuse and downtown revitalization
- Master planning and execution
- Community and neighborhood development
- Economic development including assessment of underutilized assets

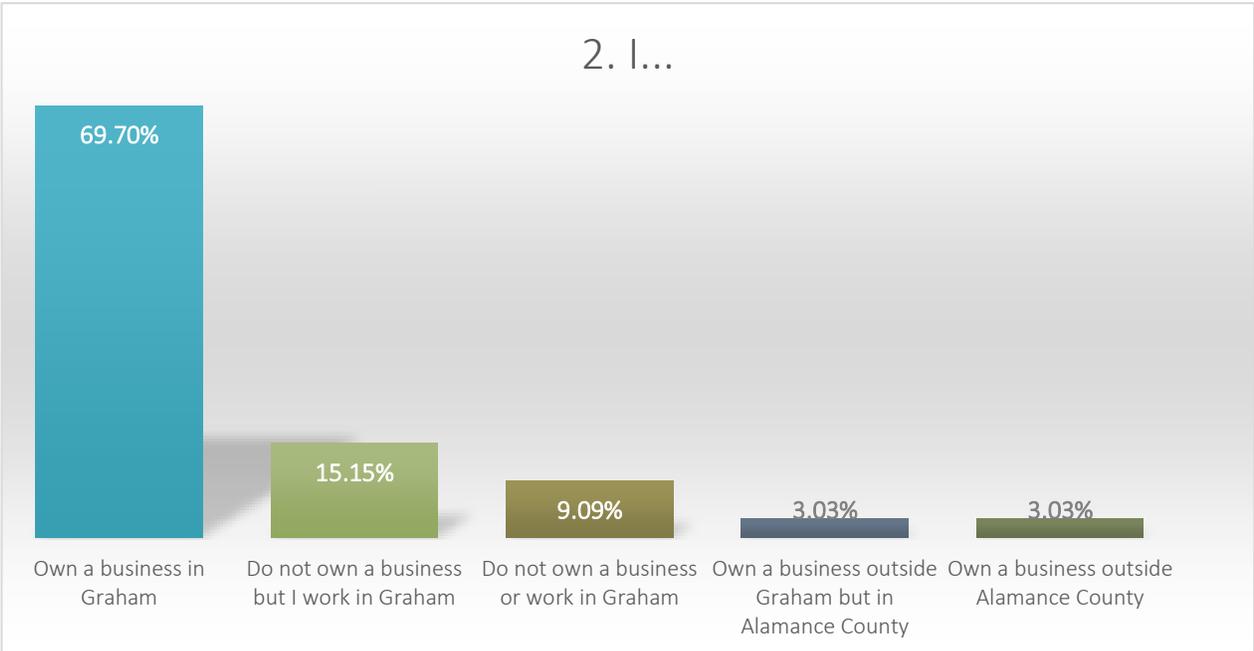
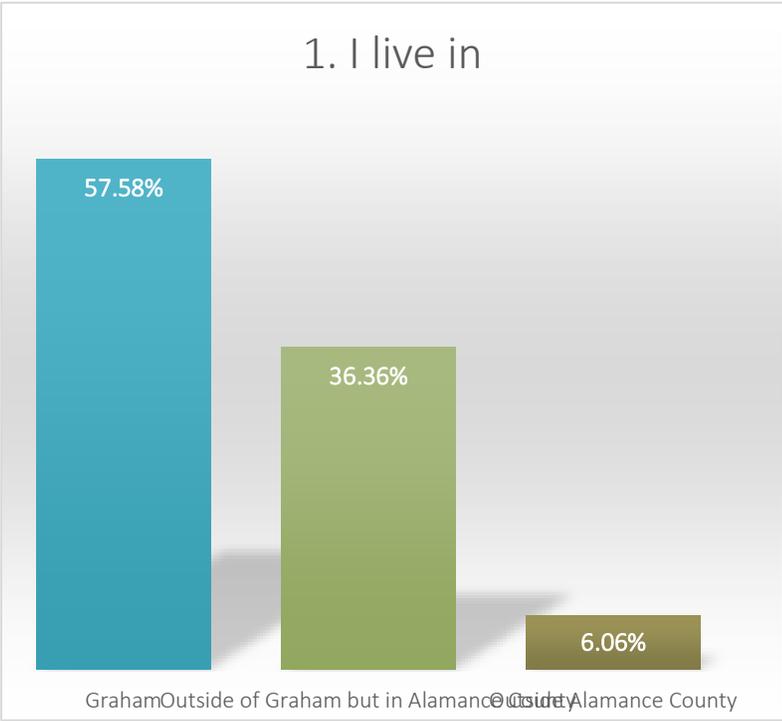
## Implementation Priorities

The obvious priorities for implementation will be those items that have no direct cost such as a loan fund, grants based on new taxable investment, waiver of fees, and marketing. Efforts such as forgoing revenue for increased tax value don't cost anything upfront and are repaid for years and years. At the same time, by making investments in revitalization and entrepreneurship, the city is investing for the future.

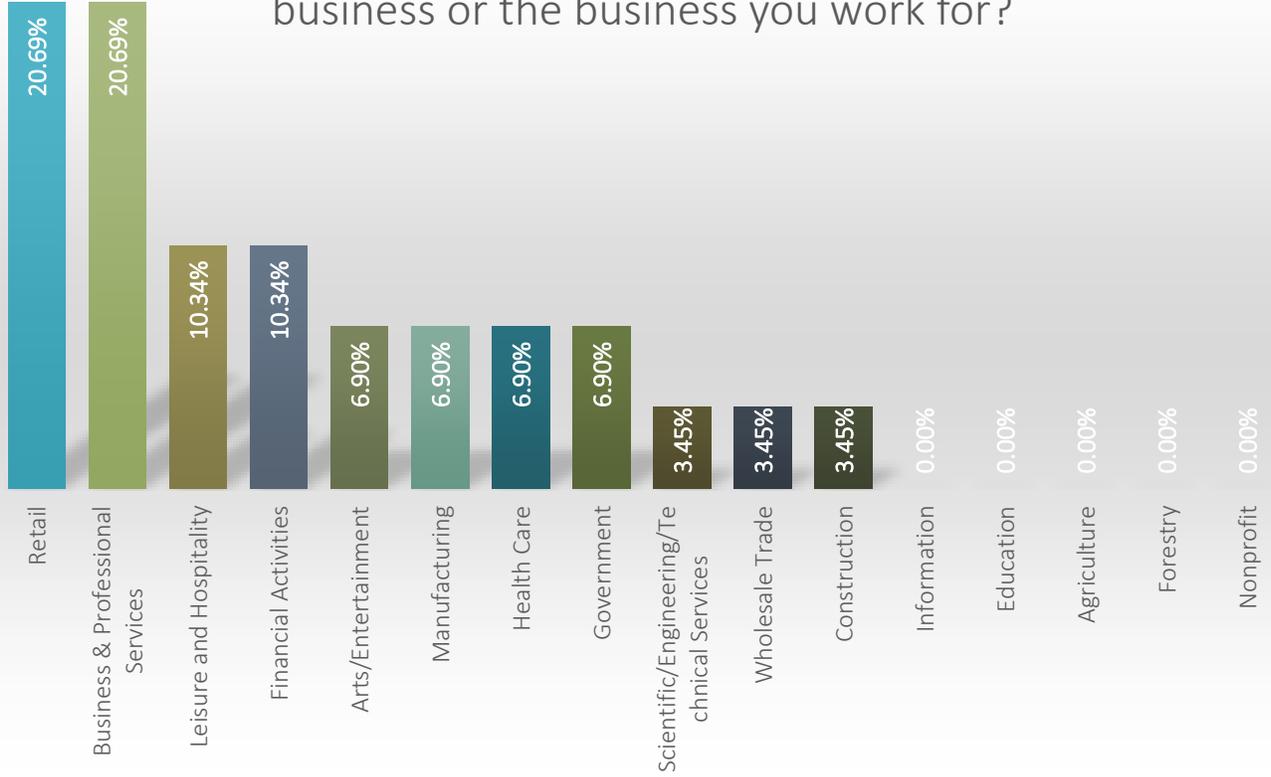
The next step is for staff to draft terms, administrative protocols, requirements, and eligibility for the programs mentioned above. More details on the best practice programs can be found on the respective websites. After individual program details are approved by city council, staff can begin marketing them.

# Appendix A: Graham Area Business Association Survey

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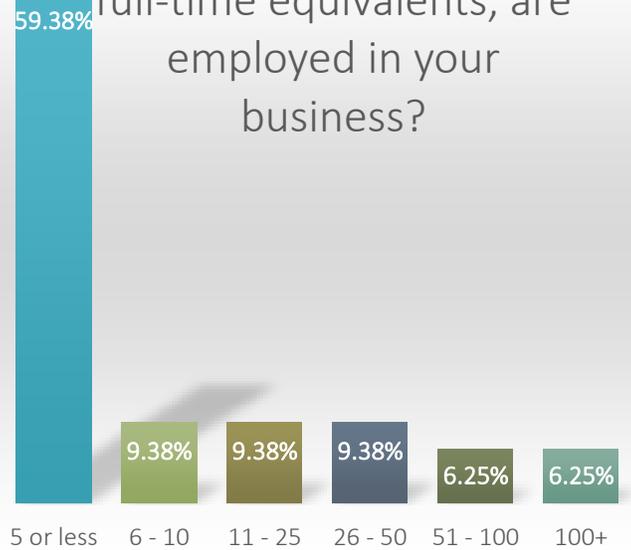
### 3. What business sector most closely matches your business or the business you work for?



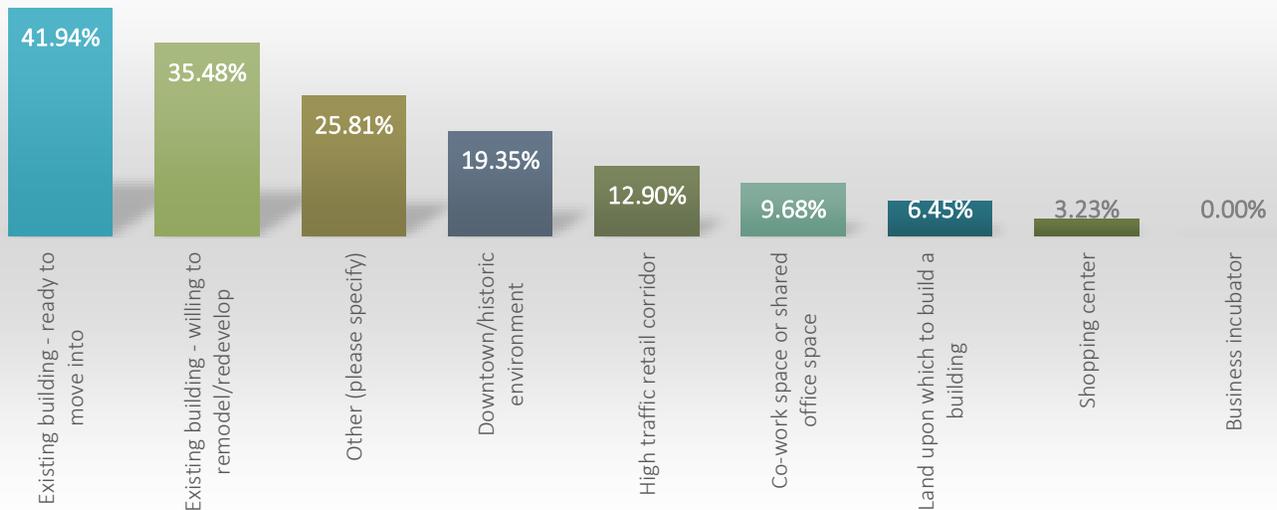
4. How many years has your business been in operation in Graham?



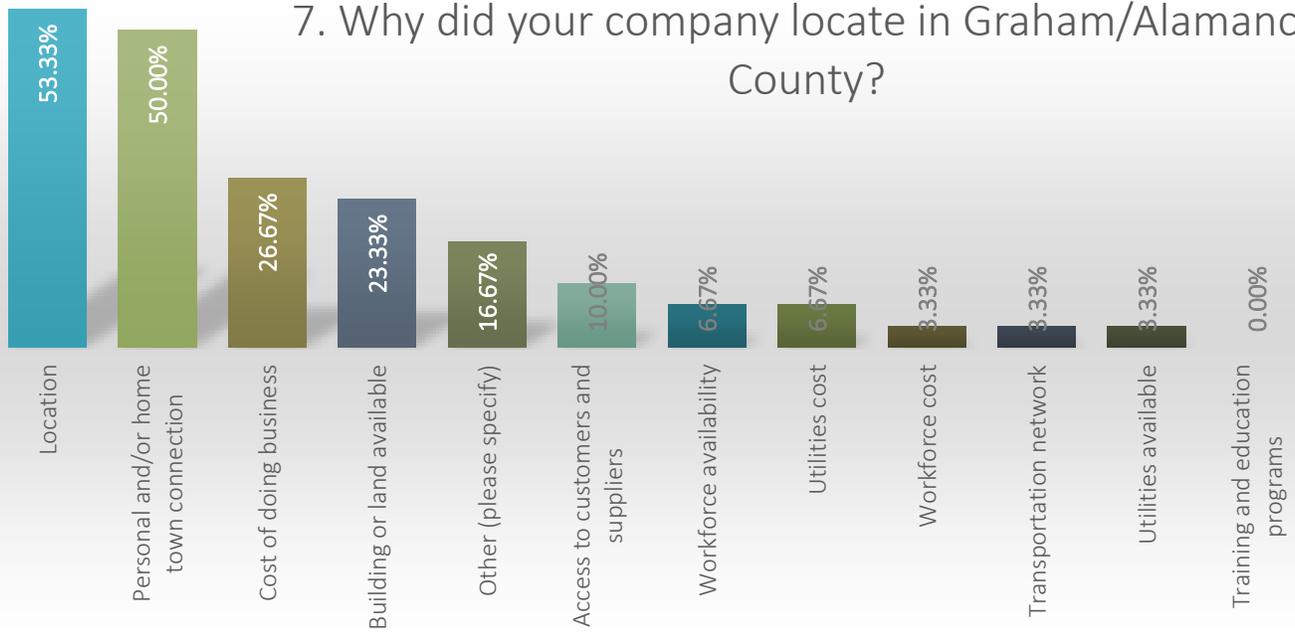
5. How many employees, full-time equivalents, are employed in your business?



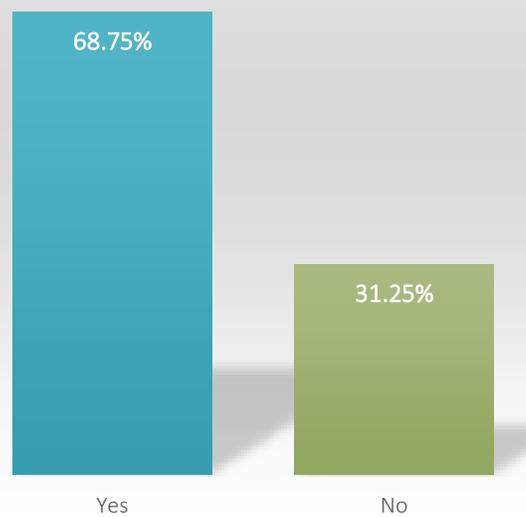
6. When your business started, were you looking for?



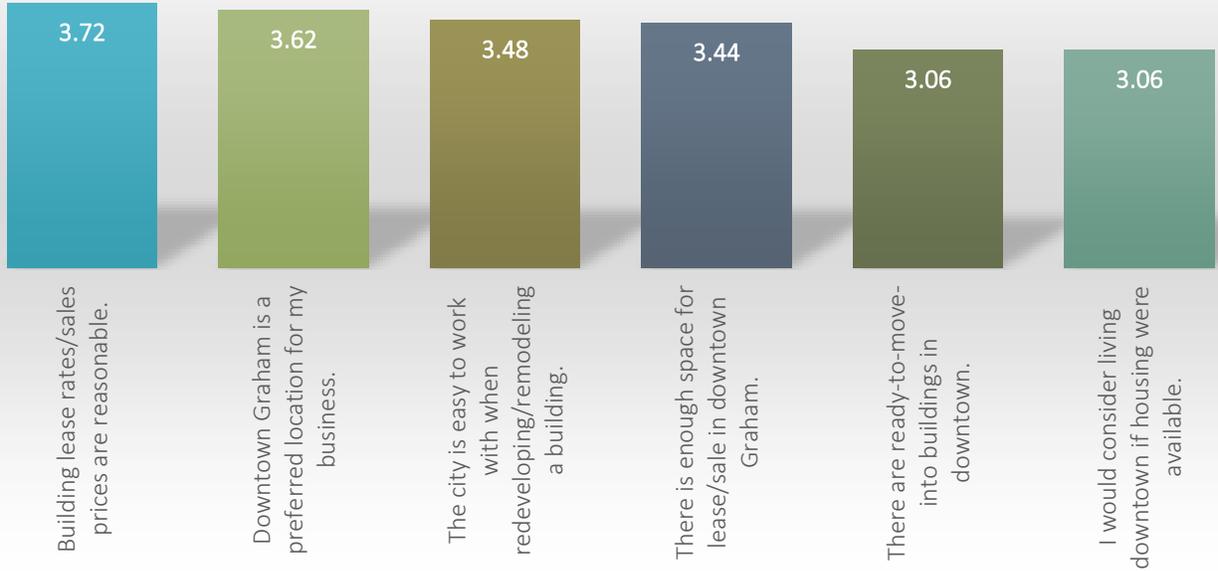
## 7. Why did your company locate in Graham/Alamance County?



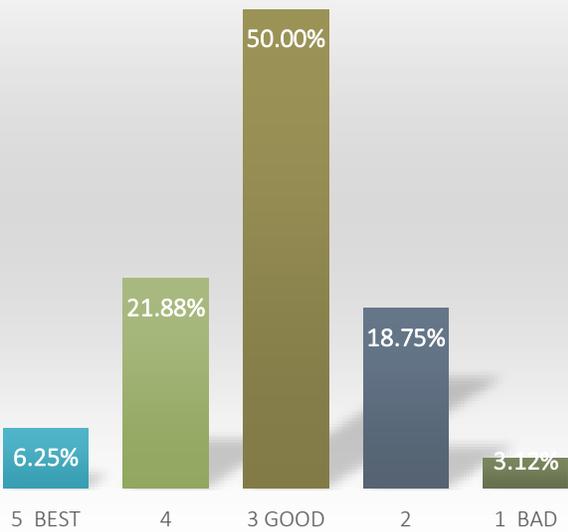
## 8. Was a downtown Graham location considered for your business either when it started or later?



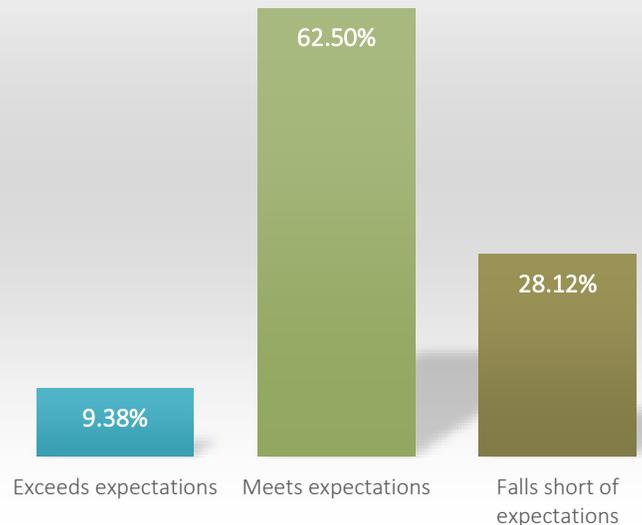
9. Indicate whether you agree or disagree with the statements below about downtown Graham.



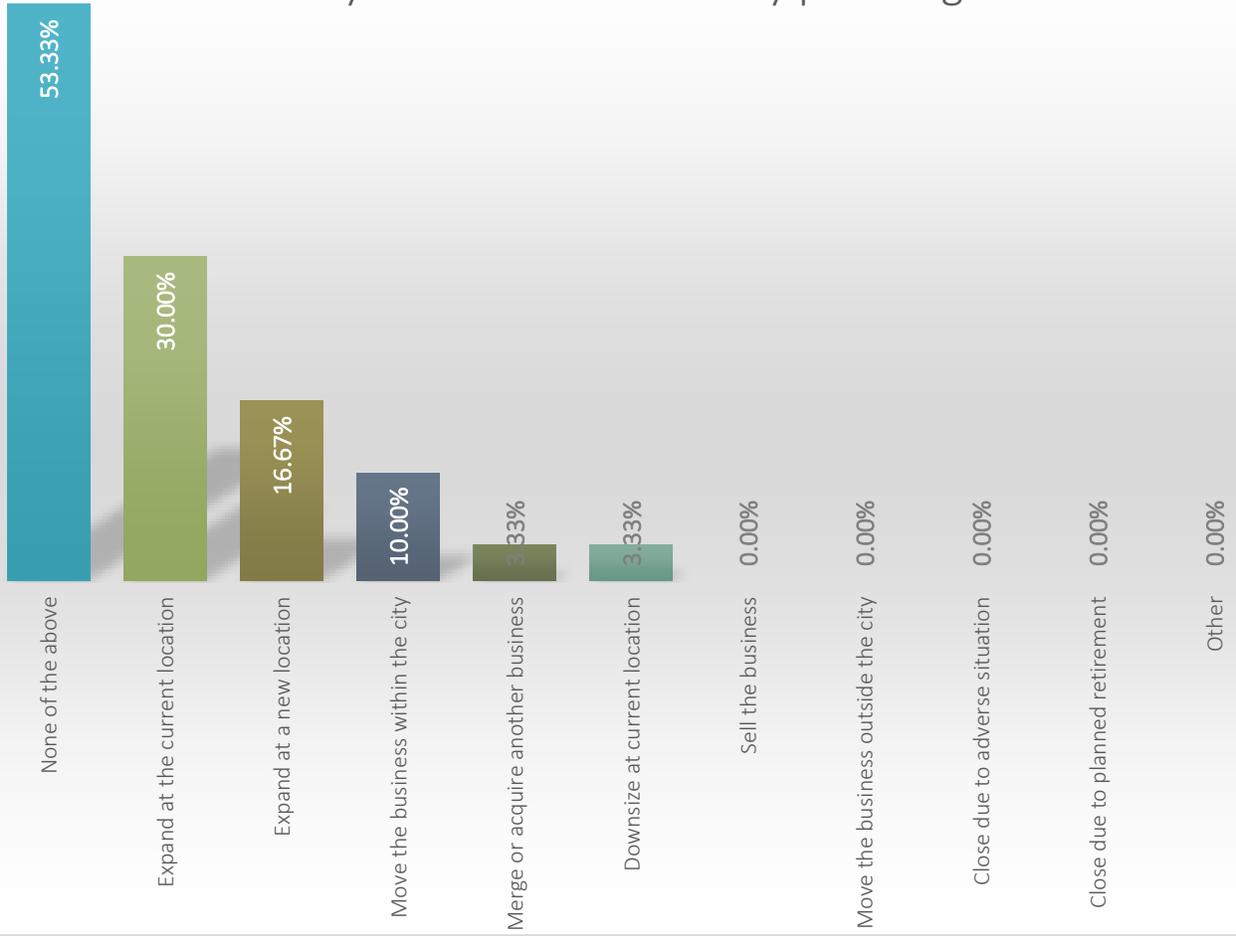
10. Rate the current business climate in Graham on a scale of 1 to 5 where 5 is the highest.



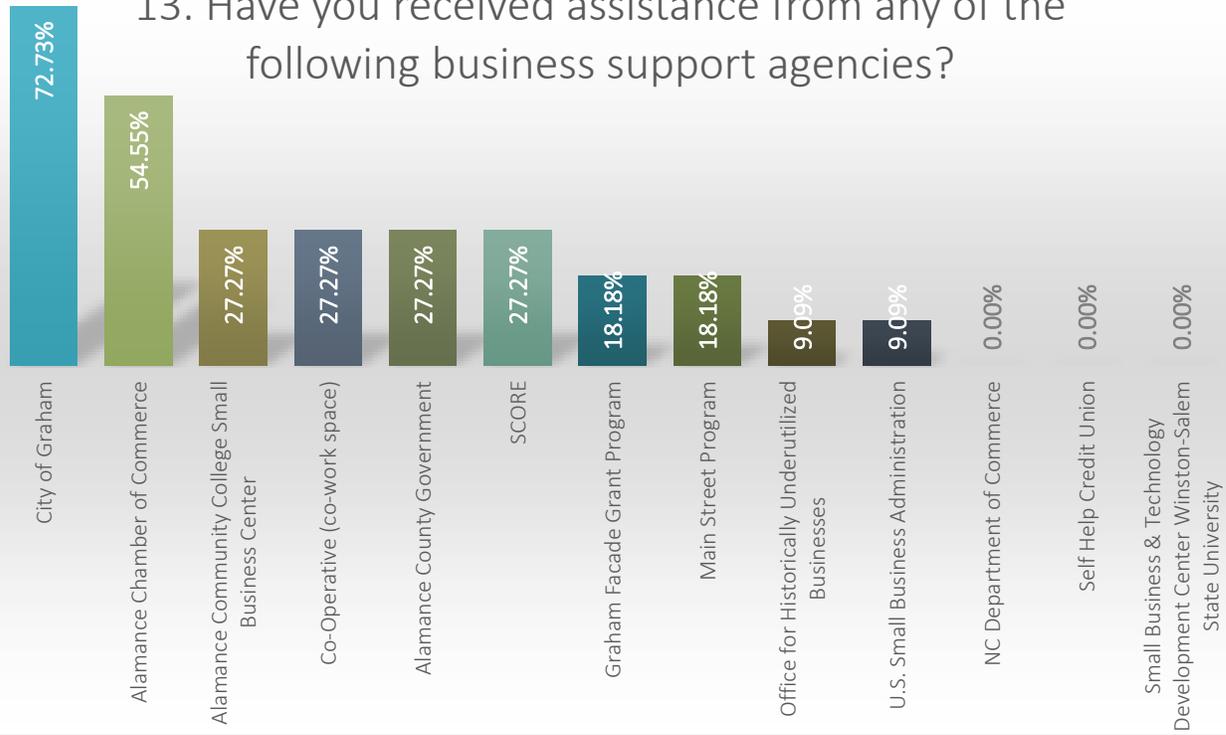
11. Does Graham meet or exceed your expectations as a pro-business location?



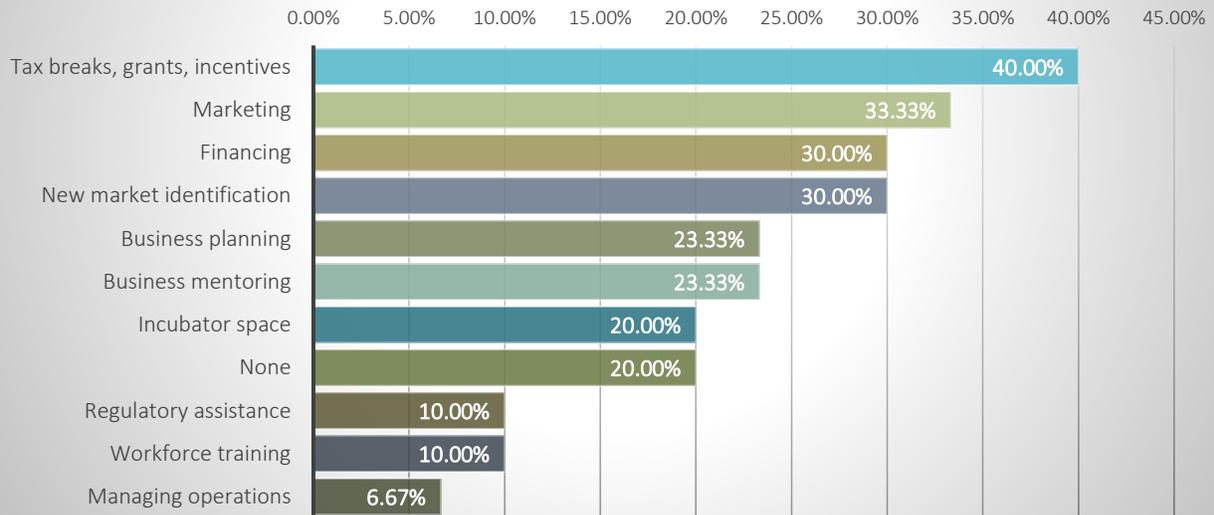
## 12. Is your business currently planning to ...



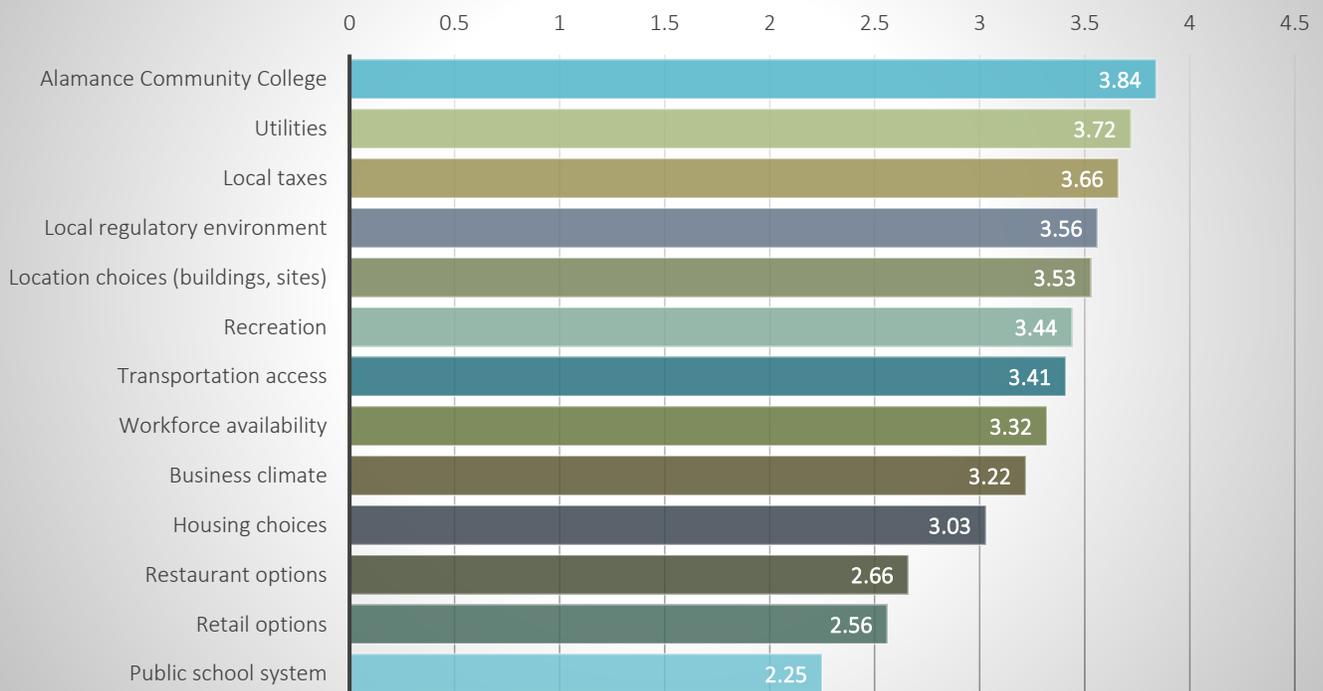
13. Have you received assistance from any of the following business support agencies?



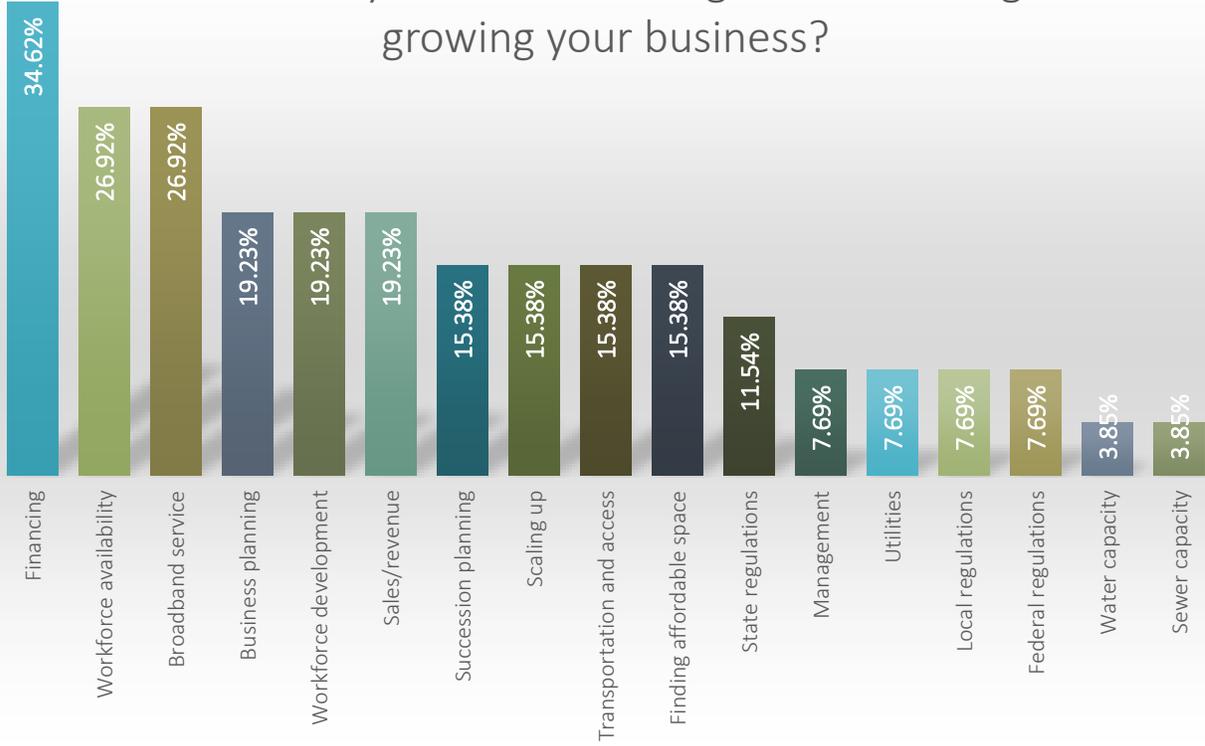
### 14. What business assistance would have been helpful when you started/expanded your business and/or would be helpful to a new business starting in Graham today?



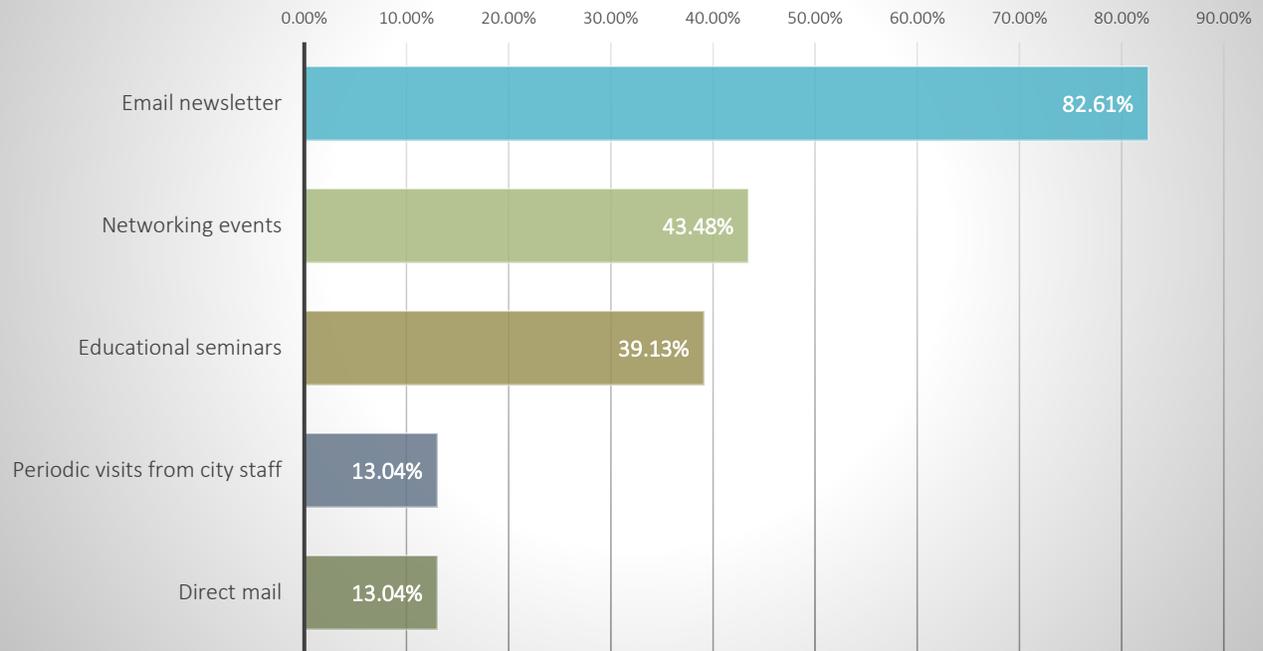
### 15. Overall, how satisfied are you with the following in Graham?



## 17. What are your main challenges to sustaining and growing your business?



## 18. How would you like to be contacted with information that can help you grow your business in Graham?



# Appendix B: Downtown Economic Impact Analysis

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## Introduction

This report estimates the economic impact of the businesses and employers in a portion of downtown Graham, NC. There are more than 120 non-vacant parcels in the study area, more than 100 employers, and approximately 854 employees.

There are ten new projects proposed or underway in downtown Graham. These 10 projects represent an estimated \$25 million in new construction and investment.

The analysis was performed using IMPLAN software for economic impact modeling. IMPLAN develops local level input-output models to estimate the economic impact of companies moving into an area, business closures, and ongoing economic activities. This model is widely used by local, state, and federal government agencies as well as private industry and universities. The following table summarizes data and assumptions used in developing the economic impact model for this project.

## Project Overview

<b>Project Location</b>	<b>Downtown Graham, Alamance County, NC (see map of study area as Exhibit A)</b>
<b>IMPLAN Sectors (Downtown Economic Activities)</b>	A total of 37 IMPLAN Sectors in retail, services and government were used to analyze economic activity in 120 parcels in downtown Graham with a total of 854 direct employees. See <b>Exhibit B</b> for a complete table of uses and employment details.
<b>Local Purchase Percent</b>	Construction: All (100%) construction inputs are expected to be purchased in the state.

The following analysis considers the economic impacts of the existing economic activity in downtown Graham. {could add construction and qualifiers}

## Estimated Operations Impact

### Operations Employment Impact

In Graham and Alamance County, approximately 1,229 jobs are connected with downtown and its ongoing economic activity. Of these, 854 are direct jobs employed in the study area, and 165 are supported by those jobs in the local economy. Another 210 jobs are created through multipliers in the economy. All of these jobs are permanent and continuous jobs, therefore these impacts continue on an annual basis.

### Operations Financial Impact

The ongoing operations of these enterprises are estimated to positively impact the town and county by more than \$69 million and increase output by \$116 million.

### Financial Impact: Alamance County

Impact Type	Employment	Value Added	Output
Direct Effect	854	\$48,694,967	\$75,016,729
Indirect Effect	165	\$8,505,634	\$18,802,846
Induced Effect	210	\$12,309,827	\$22,690,171
<b>Total Effect</b>	<b>1,229</b>	<b>\$69,510,428</b>	<b>\$116,509,746</b>

### Local Tax Revenue

The Town of Graham's property tax rate is \$0.455 per \$100 valuation for fiscal year 2017-18. Alamance County's tax rate is \$0.58 per \$100 valuation. The downtown's \$28,923,197 in assessed private property brings a total of \$299,354 in annual property tax revenues, with \$131,600 going to the Town of Graham and \$167,754 going to Alamance County.

### Town of Graham

	Tax Rate	Total Assessed Property Value	Annual Tax Revenue
<b>2017</b>	\$0.455 per 100	\$28,923,197	\$131,600.55

### Alamance County

	Tax Rate	Total Assessed Property Value	Annual Tax Revenue
<b>2017</b>	\$0.58 per 100	\$28,923,197	\$167,754.54

## IMPLAN

This project consists of two analysis components: 1) impacts associated with constructing the facility and 2) impacts associated with operations at the facility. Ten percent of the facility up-fit is expected to occur with existing suppliers in North Carolina, and all (100%) of the construction is expected to occur in the state. All impacts are presented as statewide impacts with monetary figures presented in 2015 dollars.

### Key Economic Impact Definitions

Source: [www.implan.com](http://www.implan.com)

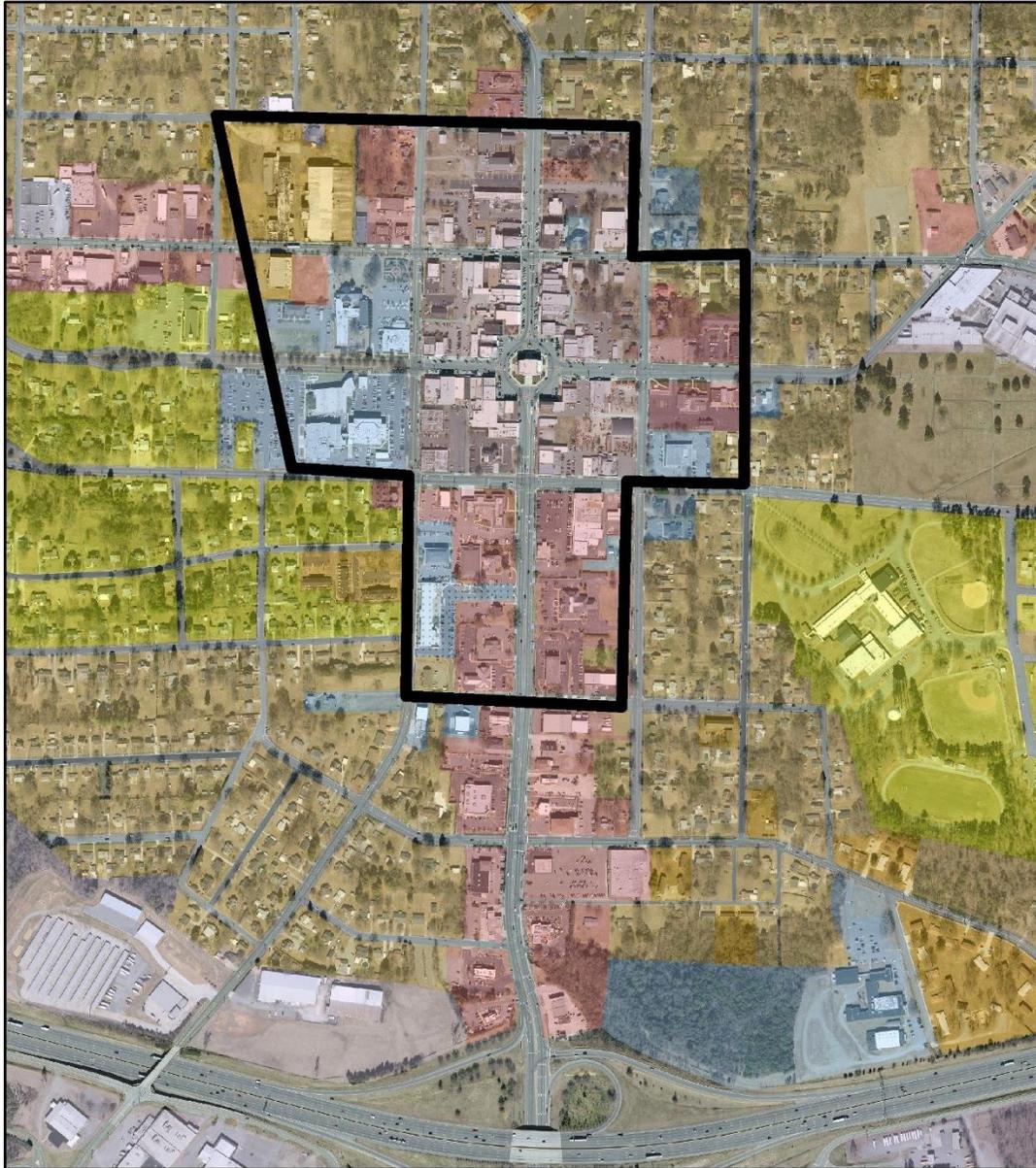
- ⊙ Direct Impacts: The known or predicted change in the economy that is being studied.
- ⊙ Indirect Impact: Secondary impact caused to industries in the supply chain of the direct impact.
- ⊙ Induced Impact: Direct and indirect employment (and increases in labor income) creates additional household spending on goods and services.
- ⊙ Employment: The number of full-time and part-time jobs; measured by place of employment. Employees, sole proprietors, and active partners are included, but unpaid family workers and volunteers are not.
- ⊙ Job-Years: IMPLAN measures employment impacts in job-years with each unit of employment equivalent to one job for one year. This is important when IMPLAN is used to measure construction or other non-permanent operations. For example, IMPLAN does not distinguish between ten units of employment (workers) employed over five years, and fifty workers employed in one year. Therefore, one construction worker may account for multiple units of employment if that person is employed over multiple years. Unlike construction impacts, operation employment and economic activity are illustrated as yearly impact estimates. That is, the impacts shown can be expected to occur in every year.
- ⊙ Output: The amount of production, including all intermediate goods purchased, as well as value added (compensation and profit). Output is equal to sales in service industries; to sales plus the change in inventory for manufacturing; and to gross margin for retail and wholesale trade.
- ⊙ Value Added: Value added is the difference between total output and the cost of intermediate inputs. Value added is a measure of an individual producer, industry, or sector's contribution to the state's gross domestic product.

*Disclaimer:* Economic modeling provides general impact estimates for economic development projects. However, future results will be affected by political, social, and economic conditions. Economic modeling is most informative when used in conjunction with other forms of analysis, such as cost-benefit analysis and fiscal impact analysis, to estimate the overall impact of a project. The completion of this analysis by Creative EDC is neither an endorsement for or against this project. Additionally, the analysis is based on information provided by the company. If that information were to change for any reason, it would change the results of the analysis.

Exhibit A – Map of Study Area

# Downtown Graham, NC

600 300 0 600 Feet



## Exhibit B –IMPLAN Codes and Employment in Study Area

IMPLAN Code	IMPLAN Sector	Sector Employment	Number of Establishments
252	Metal coating and nonprecious engraving	10	1
388	Sign manufacturing	2	1
396	Retail - Motor vehicle and parts dealers	10	2
397	Retail - Furniture and home furnishings stores	9	2
399	Retail - Building material and garden equipment and supplies stores	4	1
400	Retail - Food and beverage stores	7	2
403	Retail - Clothing and clothing accessories stores	8	3
403	Retail Clothing	8	1
404	Retail - Sporting goods, hobby, musical instrument and book stores	1	1
405	Retail - General merchandise stores	62	2
406	Retail Miscellaneous	3	1
417	Newspaper publishers	5	1
423	Motion picture and video industries	2	1
433	Monetary authorities and depository credit intermediation	74	7
434	Non-Depository Credit	6	2
435	Security Contracts	7	4
438	Insurance Agencies	27	4
440	Real Estate	17	3
447	Legal Services	37	13
448	Accounting Services	20	3
449	Engineering & Related Services	1	3
465	Business Support Services	84	4
474	Other educational services	2	1
480	Home health care services	20	1
485	Individual & Family Services	6	2
488	Performing Arts	2	1
493	Museums, parks, etc.	10	1
502	Restaurant	50	6
503	All other food and drinking places	6	3
504	Auto Repair & Maintenance	7	5
505	Car washes	2	2
506	Electronic Equipment repair	1	1

<b>509</b>	Personal Care Services	30	6
<b>510</b>	Death Care Services	6	1
<b>513</b>	Church	28	3
<b>518</b>	Postal service	10	1
<b>533</b>	Local Government, non-education	258	3

# Appendix C: Retail MarketPlace Profile

Zip Code: 27253 (Graham)

<b>Summary Demographics</b>						
2016 Population						30,949
2016 Households						12,346
2016 Median Disposable Income						\$37,027
2016 Per Capita Income						\$22,810
<b>NAICS Industry Summary</b>		<b>Demand</b> (Retail Potential)	<b>Supply</b> (Retail Sales)	<b>Retail Gap</b>	<b>Leakage/Surplus Factor</b>	<b>Number of Businesses</b>
Total Retail Trade and Food & Drink	44-45,722	\$388,682,144	\$234,408,114	\$154,274,030	24.8	166
Total Retail Trade	44-45	\$352,803,939	\$211,153,649	\$141,650,290	25.1	119
Total Food & Drink	722	\$35,878,205	\$23,254,465	\$12,623,740	21.3	47
<b>NAICS Industry Group</b>		<b>Demand</b> (Retail Potential)	<b>Supply</b> (Retail Sales)	<b>Retail Gap</b>	<b>Leakage/Surplus Factor</b>	<b>Number of Businesses</b>
Motor Vehicle & Parts Dealers	441	\$82,631,519	\$65,214,020	\$17,417,499	11.8	20
Automobile Dealers	4411	\$69,640,780	\$56,054,633	\$13,586,147	10.8	11
Other Motor Vehicle Dealers	4412	\$6,812,794	\$2,340,367	\$4,472,427	48.9	2
Auto Parts, Accessories & Tire Stores	4413	\$6,177,945	\$6,819,020	-\$641,075	-4.9	7
Furniture & Home Furnishings Stores	442	\$12,264,995	\$5,667,107	\$6,597,888	36.8	5
Furniture Stores	4421	\$7,681,009	\$5,050,442	\$2,630,567	20.7	3
Home Furnishings Stores	4422	\$4,583,986	\$616,665	\$3,967,321	76.3	2
Electronics & Appliance Stores	443	\$16,030,346	\$8,450,583	\$7,579,763	31.0	10
Bldg Materials, Garden Equip. & Supply Stores	444	\$22,199,572	\$7,995,636	\$14,203,936	47.0	11
Bldg Material & Supplies Dealers	4441	\$20,573,668	\$5,434,485	\$15,139,183	58.2	9
Lawn & Garden Equip & Supply Stores	4442	\$1,625,904	\$2,561,151	-\$935,247	-22.3	2
Food & Beverage Stores	445	\$63,674,573	\$44,963,250	\$18,711,323	17.2	22
Grocery Stores	4451	\$58,728,176	\$36,638,992	\$22,089,184	23.2	17
Specialty Food Stores	4452	\$3,123,440	\$769,356	\$2,354,084	60.5	2
Beer, Wine & Liquor Stores	4453	\$1,822,957	\$7,554,902	-\$5,731,945	-61.1	3
Health & Personal Care Stores	446,4461	\$20,956,797	\$28,117,610	-\$7,160,813	-14.6	9
Gasoline Stations	447,4471	\$24,468,898	\$24,420,864	\$48,034	0.1	8
Clothing & Clothing Accessories Stores	448	\$14,580,683	\$9,456,743	\$5,123,940	21.3	8
Clothing Stores	4481	\$9,696,540	\$8,404,255	\$1,292,285	7.1	7
Shoe Stores	4482	\$2,187,327	\$0	\$2,187,327	100.0	0
Jewelry, Luggage & Leather Goods Stores	4483	\$2,696,816	\$1,052,488	\$1,644,328	43.9	1
Sporting Goods, Hobby, Book & Music Stores	451	\$8,457,615	\$2,326,497	\$6,131,118	56.9	5
Sporting Goods/Hobby/Musical Instr Stores	4511	\$7,032,545	\$2,201,980	\$4,830,565	52.3	4
Book, Periodical & Music Stores	4512	\$1,425,070	\$124,517	\$1,300,553	83.9	1
General Merchandise Stores	452	\$62,559,535	\$7,059,308	\$55,500,227	79.7	6
Department Stores Excluding Leased Depts.	4521	\$47,115,067	\$0	\$47,115,067	100.0	0
Other General Merchandise Stores	4529	\$15,444,468	\$7,059,308	\$8,385,160	37.3	6
Miscellaneous Store Retailers	453	\$17,835,414	\$4,030,986	\$13,804,428	63.1	14

Florists	4531	\$521,662	\$241,294	\$280,368	36.7	2
Office Supplies, Stationery & Gift Stores	4532	\$2,936,213	\$395,677	\$2,540,536	76.2	2
Used Merchandise Stores	4533	\$1,549,858	\$937,067	\$612,791	24.6	4
Other Miscellaneous Store Retailers	4539	\$12,827,681	\$2,456,948	\$10,370,733	67.9	6
Nonstore Retailers	454	\$7,143,992	\$3,451,045	\$3,692,947	34.9	1
Electronic Shopping & Mail-Order Houses	4541	\$4,603,118	\$0	\$4,603,118	100.0	0
Vending Machine Operators	4542	\$394,271	\$0	\$394,271	100.0	0
Direct Selling Establishments	4543	\$2,146,603	\$3,451,045	-\$1,304,442	-23.3	1
Food Services & Drinking Places	722	\$35,878,205	\$23,254,465	\$12,623,740	21.3	47
Special Food Services	7223	\$330,796	\$0	\$330,796	100.0	0
Drinking Places - Alcoholic Beverages	7224	\$2,297,641	\$194,986	\$2,102,655	84.4	3
Restaurants/Other Eating Places	7225	\$33,249,768	\$23,059,479	\$10,190,289	18	44

**Source:** Esri and Infogroup. Retail MarketPlace 2016 Release 2. Copyright 2016 Infogroup, Inc. All rights reserved.

# Appendix D: Economic Gardening Overview

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## Economic Gardening

*(Excerpted from <http://edwardlowe.org/entrepreneurship-programs/economic-gardening/>)*

### An entrepreneur-oriented approach to prosperity: grow from within

In contrast to relocation or start-up initiatives, Economic Gardening® targets second-stage companies already operating in a community. It helps these existing businesses grow larger by assisting them with strategic issues and providing them with customized research.

Economic Gardening differs dramatically from traditional types of business assistance. It's not about business plans, financial analysis, or workforce development. Instead, researchers assist in five key buckets: core strategy, market dynamics, qualified sales leads, innovation, and temperament. Within these areas, Economic Gardening specialists leverage sophisticated corporate databases, geographic information systems, SEO and Web marketing tools to help second-stagers:

- Identify market trends, potential competitors and unknown resources.
- Map geographic areas for targeted marketing.
- Raise visibility in search engine results and increase web traffic
- Track websites, blogs, and online communities to better understand competitors as well as current and potential customers.
- Refine their core strategy and sustainable competitive advantage.

### History of Economic Gardening

Economic Gardening traces its roots back to 1987 in Littleton, Colorado, when missile manufacturer Martin Marietta (now Lockheed Martin) cut its workforce in half, which resulted in 7,500 lost jobs and 1 million square feet of vacant real estate. In response, Chris Gibbons, Littleton's director of business and industry affairs, began to implement his version of Economic Gardening, working with local companies to create new jobs in lieu of recruiting, incentives, or tax rebates. Over the next two decades Littleton more than doubled jobs (a time when its population only increased by 23 percent) and tripled sales tax revenue.

To help other communities implement his approach, Gibbons founded the National Center for Economic Gardening (NCEG) and partnered with the Edward Lowe Foundation in 2011 to host the center. Since then, NCEG has helped establish Economic Gardening programs in more than 25 states.

### Quick Program Guide

#### PROGRAMS

#### SUMMARY

Introductory Course

Whether it's understanding the philosophy, principles, and tools of Economic

	<p>Gardening, or how to start a program in your area, there's a lot to learn. Our virtual <b>introductory course</b>, which is a requirement for organizations contracting with us, is a great place to start.</p>
<p><b>Launching a Pilot Program</b></p>	<p>The best way to decide if Economic Gardening is right for your organization is to launch a <b>pilot program</b>. With a requirement of only five second-stage companies, pilot programs minimize risk and give you direct insight into the process and results.</p>
<p><b>Certification and Training</b></p>	<p>The majority of Economic Gardening programs utilize our National Strategic Research Team (NSRT) for their company engagements. If you're interested in joining the NSRT or just want to take a deeper dive into the philosophy and tools of Economic Gardening, learn more about our <b>certification and training</b>.</p>

## Impressive outcomes

Economic Gardening programs have demonstrated a much lower cost per job created than incentive-based or relocation strategies. For example, in Rochester, New York, 20 companies participated in a regional pilot program and created 117 new jobs, which translated into a cost of \$1,700 per jobs. Granted, job creation and revenue growth are important goals of Economic Gardening, but there are other benefits:

- **Gaining greater relevancy with growth companies.** Second-stage entrepreneurs are a skeptical audience and tune out many economic development entities. Yet their perspective changes dramatically after an Economic Gardening engagement, and entrepreneur support organizations (ESOs) become a trusted source for these growth companies.
  - **Scaling ESO efforts.** For example, spending 10 hours with a startup company might lead to the creation of one new job and a \$50,000 loan. Yet the same amount of time with a second-stager could add another \$1 million to their sales and result in five new jobs within a few months. There's also the opportunity to refer Economic Gardening clients into other existing programs.
  - **Strengthening staff skills.** Economic Gardening administrators, team leaders, and research specialists are required to go through extensive training at the NCEG. Participants say this training benefits them beyond Economic Gardening engagements, as many principles can be used with other clients.
  - **Strengthening roots of growth entrepreneurs.** Although second-stagers are typically dedicated corporate citizens to begin with, participants tell us Economic Gardening engagements have increased their commitment to their communities.
- Bottom line, Economic Gardening helps establish a strong entrepreneurial culture that is critical to company, industry, and regional and statewide growth.