



South Carolina Council of Governments

© Ed McMahon Urban Land Institute

November 21, 2022

South Carolina is a Special Place!











No Place Will Stay Special By Accident!



CHANGES AHEAD

What is Changing?

- National and global economy
- Technology
- Demographics
- Consumer attitudes & market trends
- Health care
- Travel and Tourism
- Energy sources & transportation options
- The weather

There are two kinds of change:

Planned change

Unplanned change



A Global Pandemic



Pandemic is transforming how & where people live, work, shop & travel.



Working at Home



Small Town Living



Shopping Online



Bicycle Commuting

Opportunity for Small Town Revival

[] De Jagton | annang ment in men i rederenter i a **REAL ESTATE**

TOMORTO TOMO INCOMENTE A small-town boom

Development is matched by tich demand

the a contrary side



Rural real estate prices rise as people consider leaving cities

The virus is impacting how we spend money, how we shop and, perhaps, even where we want to

be in peril from within





Americans leave large cities for suburban areas and rural towns

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Watch live: Memorial service for John Lewis in Alabama NEWS – SM 85 A00	🏝 👔 🛊 🐪	* 🖌 👘	N N N
Starbucks barista punched over face mask policy, authorities say RLOG BRIETING ROOM - EN 335 A00	READY. SET.		KATTE ILCAS, INISH YOU NORE
Cuomo wishes good day to 'everyone wearing a mask' RLOG BRIETING ROOM - 11W 285 A00	A combination of the coronavirus pandemic.	economic uncertainty, and	1.
Our democracy could	social unrest is prompting waves of American	s to move from large cities	OTION IN CONTRACTOR

and permanently relocate to more sparsely populated areas. The trend



"The best way to predict the future is to create it yourself"

Abraham Lincoln

Growth is About Choices



Should we invest downtown? Should we design for people? Should we grow on greyfields?



Should we invest on the strip? Should we design for cars? Should we grow in greenfields?

Economic Development is About Choices





Should we recruit new businesses? Should we subsidize big businesses? Should we invest in one big project?

Should we expand existing businesses? Should we support small businesses? Should we diversify our economy?

Business Recruitment



- There are 3141 counties in the US, 46 counties in South Carolina.
- There are 19,495 towns in the US, 271 cities & towns in South Carolina.
- They are all competing for a small number of new plants, factories or distribution centers.

Site Selection Criteria

- Corporate Tax Rate
- Labor Costs
- Occupancy or Construction Costs
- Energy Availability & Costs
- Proximity to Major Markets
- State and Local Incentives
- Quality of Community
- Highway Accessibility
- Access to Talent

What Matters Most?





- "Access to talent has eclipsed all other site location factors to be become the single most important factor.
- Companies are now driven to locate where they have confidence, they can attract talent."
- The **quality of the community** is the top factor affecting where job seekers want to live."

Source: Ady Advantage, Inc. 2021

"Communities and regions are in a global competition to attract and retain a talented workforce. Increasingly these talented workers are choosing where they want to live first and figuring out their job situations later."

CEO's for Cities, Segmentation Study, 2006

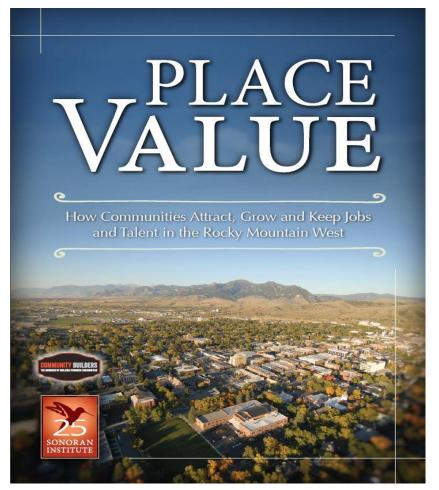
Place Matters!

 "New investment is increasingly seeking locations based on *quality of place* rather than *utility of location*".

Steve McKnight, Vice President Fourth Economy Consultants



Place Value Survey



- "People are willing to sacrifice salary for the ideal community"
- Jobs follow people
- Community quality is a top priority for businesses & residents
- People on the move are looking for great places

Survey of 1000 business owners in Rocky Mtn. states by non-profit Sonoran Institute, October 2015

Economic Development

20th Century Model

- Public sector leadership
- Shotgun recruitment strategy
- Low cost positioning
- Cheap labor
- Focus on what you <u>don't have</u>
- Quality of life unimportant
- Driven by transactions
- Key Infrastructure = Roads

21st Century Model

- Public/Private Partnerships
- Laser recruitment strategy
- High value positioning
- Highly trained talent
- Focus on what you do have
- Quality of life critical
- Driven by an overall vision
- Key Infrastructure = Education

The One Big Thing Rarely Works?



Convention centers



Big Box Stores

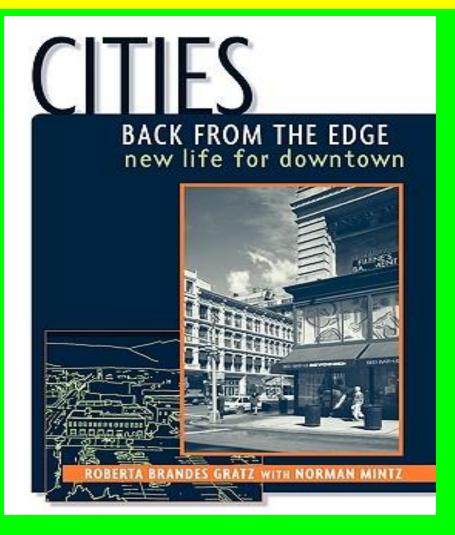




Casinos



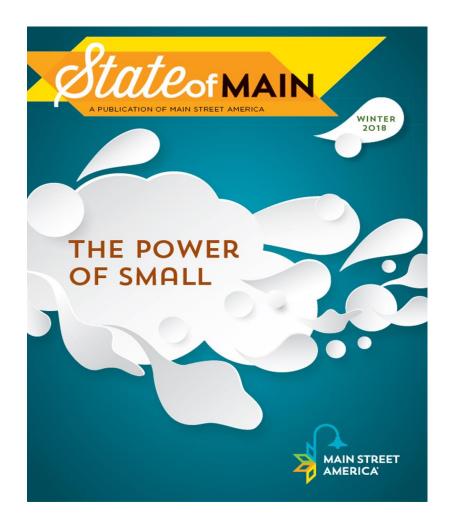
What works today?



" Successful cities and towns think small in a big way."

Roberta Brandes Gratz

Why Small Matters!



- Small Steps
- Small Businesses
- Small Deals
- Small Developments

Can add up to BIG IMPACT!

Small Projects Can Make a Big Difference!



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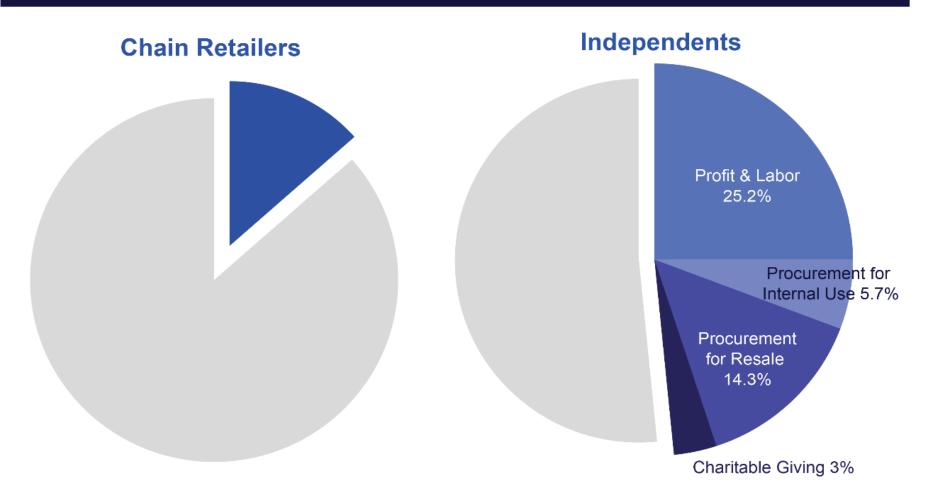
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Land Consumed (acres):	34.0	00.2
Total Property Taxes per Acre:	\$6,500	\$634,000
Retail Taxes [*] per Acre to City:	\$47,500	\$ 83,600
Residents per Acre:	0.0	90.0
Jobs per Acre:	5.9	73.7

*Estimated from public reports of annual sales per sq.ft..



Local Economic Return of Indies v. Chains



Local Recirculation of Revenue: 13.6%

Local Recirculation of Revenue: 48%

*Compiled results from nine studies by Civic Economics, 2012: www.civiceconomics.com Graph by American Independent Business Alliance: AMIBA.net

Most New Jobs in Small Businesses

•



HQ, Viking Range Co. – Greenville, MS



Research Triangle Park, Raleigh, NC

- US Small Business Administration says "small business generated 64% of new jobs over 15 year period".
 - Middle market companies produce 3 out of 5 new jobs in growth industries.
 - Even in high tech centers like the
 Research Triangle most jobs are in
 small businesses. 71% have 50
 employees or fewer; 42% have 20
 employees or fewer

Most Incentives Go to Big Business

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TUESDAY AUG. 28, 2018	LATEST ENEWSPAPER SPORTS OBITS ADVERTISING POPULAR BEST REVIEWS MD POLITICS	
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Maryland OKs \$8.5 billion in incentives to lure Amazon, biggest offer in nation



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	Why	
	Why	

BUSINESS NEWS NOVEMBER 8, 2017 / 8:23 PM / 10 MONTHS AGO

Wisconsin board clears way for \$3 billion Foxconn deal

Reuters Staff



(Reuters) - Wisconsin's economic development agency on Wednesday approved a \$3 billion incentives package for Taiwan-based Foxconn to build a massive liquid-crystal

What Makes More Sense?

Subsidies for Big Business

- Pits one community against another
- Moves economic activity around
- Businesses leave or threaten to leave after subsidies run out
- Puts all the eggs in one or two baskets
- Taxpayers subsidize big business



"YEAH, YEAH, THIS IS JUST TEMPORARY... THE FREE MARKET WORKS BEST WHEN THERE'S NO GOVERNMENT INTERVENTION... GET IN LINE, BUDDY!"

Investing in a Great Place

- Creates lasting assets that will pay dividends long after initial investment
- Helps existing businesses
- Creates diverse, durable local economies
- Communities invest in themselves
- A more realistic strategy for smaller cities and towns



What Does Investment in Place Look Like?



Carroll Creek – Eyesore to Asset

In 1991, the city invested \$11 million in the Carroll Creek Linear Park.

Small Town Turnaround

- This led to over \$300 million in private investment along the Creek.
- Downtown Frederick now has 5000 residents and 800 businesses, including 200 retailers & restaurants.
- Frederick is now the fastest growing city in Maryland.





Caldwell, ID - Before



- "Downtown was spiraling downwards. It was like a ghost town."
- It had a vacancy rate of 60%
- We knew something had to be done."
 - Mayor Garrett Nancolas,

Caldwell, ID - After





The City invested \$7.5 million to turn a vacant parking lot into Indian Creek Plaza.

- The plaza includes seating, shade
 trees, water features, a splash pad,
 fire pits, a performance stage and a
 winter ice rink.
- The plaza hosted 250 events & activities in 2021. The events attracted 137,000 people in the first year alone.

Downtown foot traffic grew by 50% and a dozen new businesses opened.

Downtown Statesville, NC



Statesville, NC - Before



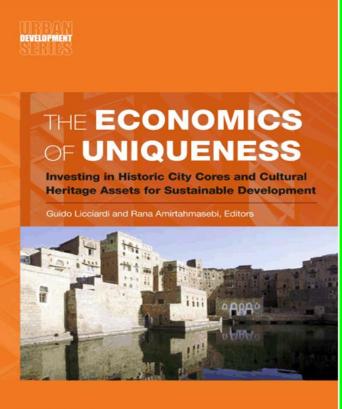
Statesville, NC - After

- In 2008, the Town of Statesville, NC devoted \$5.5 million to a streetscape improvement project.
- The project included new sidewalks, crosswalks, street trees, outdoor seating and public art.
- Within 18 months the city had seen 9 new businesses, reduced vacancy rates increased visitation & tourism and improved quality of life.
- The project illustrates the role of the public sector, which is to "set the table for the private sector".

Successful Communities Are Distinctive Communities



Distinctiveness has value!



HE WORLD BANK

- "If you can't differentiate your community, you will have no competitive advantage."
- "Sameness is a *minus*, not a plus, in today's world."

Build an Authentic Sense of Place

- The link between quality of place and the ability to attract and retain residents & talent is increasingly clear.
- A strong sense of place must be rooted in **authenticity.**
- South Carolina has world class natural landscape, great small towns, beautiful architecture
- Trying to copy other places is a mistake.





The Distinctive Community

"The unique characteristics of place may be the only truly defensible source of competitive advantage for cities & towns."

Joe Cortright, CEO's for Cities



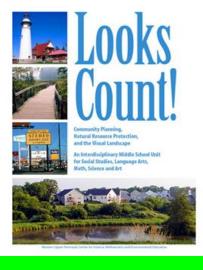
Community Character Matters!



- "We take stock of a city like we take stock of a man. The clothes or appearance are the externals by which we judge."
- Mark Twain







COMMUNITY IMAGE IS CRITICAL TO ECONOMIC VITALITY AND QUALITY OF LIFE

The Official 2000 Travel Guide

Oregon

Oregon: Things Look Different Here

In Today's Economy – Place Matters

Traditional Economy

- Product Driven
- Cost Sensitive
- Market Driven

• Making the sneakers



Today's Economy

- Knowledge Driven
- Value Sensitive
- Place Driven

Designing the sneakers



"The *place* is becoming more important than the *product*" - NAHB



Placemaking = Economic Development



Town Square - Wausau, WI

"Economic development is really the result of creating places where people want to be."



Mick Cornett, Mayor, Oklahoma City, OK

Bricktown – Oklahoma City, OK

The Placemaking Dividend





 People stay longer, come back more often, and spend more money in places that attract their affection.

Assets You Can Build On

- A healthy downtown
- Historic buildings
- Walkable neighborhoods
- Parks and green space
- Outdoor Recreation
- Arts and Culture
- Local shops and restaurants

Healthy Downtowns

- Downtowns plays a decisive role as an icon.
- They are critical as a connecting point and nerve center for a region.
- A key asset for regional prosperity





ANNUAL DIRECTORY EDITION

Corporate and Industrial Sites in the World's Third-Largest Economy

OUTHERN BUSINESSE DEPENDENT

The Perception Buster: First Annual Southern State Business Climate Index When Site Searching the South, Make Sure You Inspect a Community's Downtown First!

> Presorted Standard U.S. Postage PAID Quincy, FL Permit No. 632 www.sb-d.com

Shreveport

Why Do Downtowns Matter?



Greenville, SC

- Downtowns are the heart and soul of a community.
- If you don't have a healthy downtown, you don't have a healthy town.



- The apple rots from the inside out.
- It is hard to be a suburb of nothing.

Fort Mill, SC

Downtowns & Tourism

Top Activities of Interest To SC Visitors

Shopping

Historic Places

Beaches & Outdoor Activities

Cultural Activities

Culinary Experiences

Beer & Wine Tours/Tasting

- Tourism is South Carolina's largest industry ahead of aerospace and agriculture.
- Downtowns are a key to attracting tourists.
- Investing in downtowns is just as important as investing in roads, sewers, or attracting manufacturing, etc.

Companies Moving Downtown



Core Values Why American Companies are Moving Downtown



- A study by Smart Growth America and
 Cushman Wakefield reports that 500
 American companies have either relocated
 to, expanded, or opened new offices in **"walkable downtown locations"** in the
 past 5 years.
- 247 companies moved from suburban office locations to downtowns.
- The average Walk Score of old locations was 52. The average Walk Score of new locations was 88
- Fortune 500 companies that recently moved from suburban sites to downtowns include Motorola, McDonald's, Marriott, Caterpillar, Walgreen's and GE.

Why Move?



High-Tech Firms are Trending **#Downtown**

High-tech companies are strategically locating to create buzz and attract talent.



- To attract & retain talented workers
- To build brand identity & corporate culture
- To support creative collaboration
- To be closer to customers & business partners
- To centralize operations

Amazon moved 7000 employees into downtown Seattle



They moved into 9 new buildings and 2 historic renovations, all in a mixed-use neighborhood accessible by car, train, bus, boat, bike or on foot.

Durham, NC - Before



Durham, NC - After



Wheeling, WV- Old Approach





Wheeling, WV has one of the largest collections of historic architecture in the US.

- However, as a former manufacturing center, Wheeling, had suffered decades of population loss and disinvestment.
- In 2004, the State of West Virginia gave Cabela's a \$35 million grant to build a store, 10 miles outside of Wheeling.
- The State also paid to build a new interchange to provide access to the store from I-70.
- Despite the state's investment, Wheeling's population dropped by 15% in the next 10 years.

Wheeling, WV – New Approach





- A new focus on downtown revitalization & historic preservation finally helped turn the city around.
- Since 2015, Wheeling has added 2000 jobs, cut its vacancy rate in half, seen \$100 million in downtown investment and attracted hundreds of new residents.
- It did this by promoting the use of older buildings, creating an entrepreneur training program, developing an Artisan Market and holding weekly events like Cinema Under the Stars.
- In 2019, Wheeling, WV won a "Great American Main Street Award".



Before Vacant Warehouse Wheeling, WV



After

Boury Lofts Apartments Wheeling, WV



Before

Vacant Department Store Wheeling, WV

After

Stone Center Apartments Wheeling, WV





Before

Former Industrial Building Wheeling, WV

After

Global Operations Center Orrick, Harrington & Sutcliffe Wheeling, WV 300 employees



The Power of Historic Assets





- Historic building stock is often a community's greatest asset.
- The value of historic buildings is psychological, as well as economic and environmental.
- Historic buildings shape our memories and our identities.
- Savvy communities leverage the value of historic buildings

THOMAS CLAYTON WOLFE A GREAT AMERICAN WRITER BORN ON THIS SITE OF 92 WOODFIN STREET CO OCTOBER 3, 1900



Economics of Preservation

"Dozens of studies document that historic preservation is good for the economy". It positively effects:

- 1. Jobs
- 2. Property values
- 3. Tourism
- 4. Downtown Revitalization
- 5. Affordable Housing
- 6. Environmental Impacts



Source: Measuring the Economics of Preservation: Recent Findings, ACHP, 2011

Bay City, MI - Before



Bay City, MI - After



What Difference Does this Make?





- Improved Image
- More foot traffic
- More tax revenue
- More residents
- More liveliness
- More eyes on the street
- More activity after 5pm

Historic Preservation & Tourism



New Orleans - French Quarter



San Antonio - Riverwalk



Seattle – Pike Place Market



Williamsburg, VA



"Among cities and towns with no particular recreational appeal, those that preserve the past continue to enjoy tourism. Those that haven't receive almost no tourism at all.

Tourists simply won't go to a city or town that has lost its soul."

Arthur Frommer

Old is New Again



Boiler House Offices, Ambler, PA



 "Renovation & Redevelopment are not new, but the market is embracing older space with new fervor."

"Office space in rehabbed industrial buildings is now demanding rents above new Class A product."

Source: Emerging Trends in Real Estate, 2016

Faction Media, Denver, CO

Corporate Offices - Anywhere USA



Corporate Offices – Minneapolis, MN





Before Derelict Wharf Boston, MA

After Converse HQ's Boston, MA





Before

Sears Warehouse Seattle, WA

After Starbucks HQ's Seattle, WA





Before Vacant Post Office Chicago, IL

After Walgreens HQ's Chicago, IL





Before Navy Yard Philadelphia, PA

After Urban Outfitters HQ's Philadelphia, PA





Before

Detergent Factory Baltimore, MD

After Under Armour HQ's Baltimore, MD





Before Vacant Buildings Jefferson, IA

After

Tech Company Offices Jefferson, IA





Before Textile Mill Gastonia, NC

After Housing & Shops Gastonia, NC





Before Elementary School Provo, UT

After Senior Housing Provo, UT





Before State Mental Hospital Buffalo, NY

After Henry Hotel Buffalo, NY





Before Bexar County Jail San Antonio, TX

After Holiday Inn Express San Antonio, TX





Before John Deere Tractor Factory Waterloo, IA

After

Marriott Courtyard Hotel Waterloo, IA





Before Department Store Staunton, VA

After City Hall Staunton, VA





Before Amoco Station Princeton, NJ

After Pizza Restaurant Princeton, NJ





Historic Buildings: An Underutilized Asset



With Enormous Economic Potential



Parks & Green Spaces Create Real Estate Value

THE CASE FOR OPEN SPACE

WHY THE REAL ESTATE INDUSTRY SHOULD INVEST IN PARKS AND OPEN SPACES



- "The relationship between rising property values and green spaces is well documented."
- "Some studies find as much as a 15 to 30 % increase in the value of properties adjacent to parks and open space."

Parks Create Value and Vitality







Parks are a key to community revitalization in both big cities & small towns.

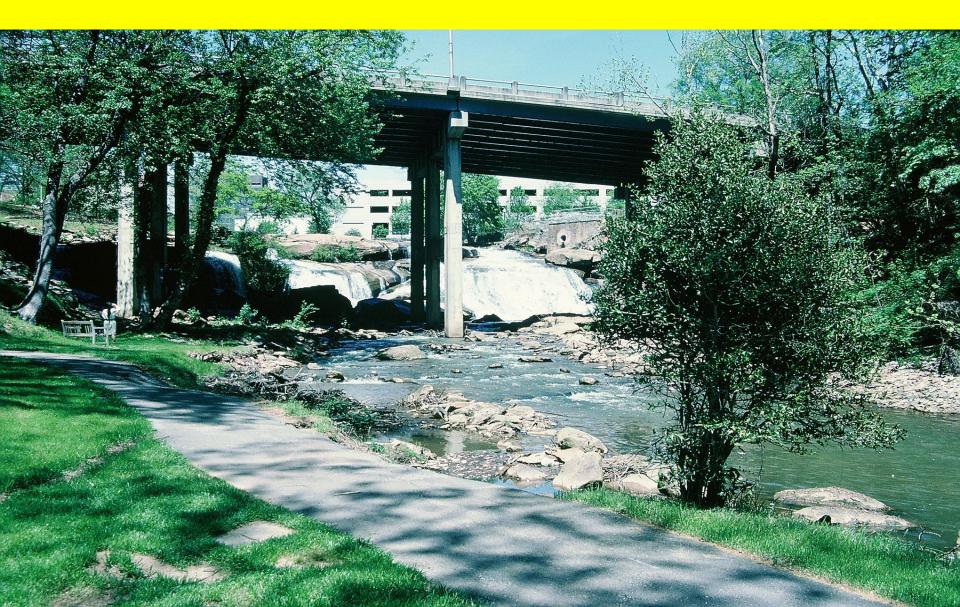
Abandoned Rail Line – New York



Highline Park – New York



Greenville, SC - Before



Greenville, SC - After



Sulphur Springs, TX - Before



Sulphur Springs, TX - After



Arts and Culture





- Museums
- Theatres & Playhouses
- Concert Halls
- Art Galleries
- Festivals
- Murals and public art
- Public squares
- Taverns & coffee houses

Use Public Art

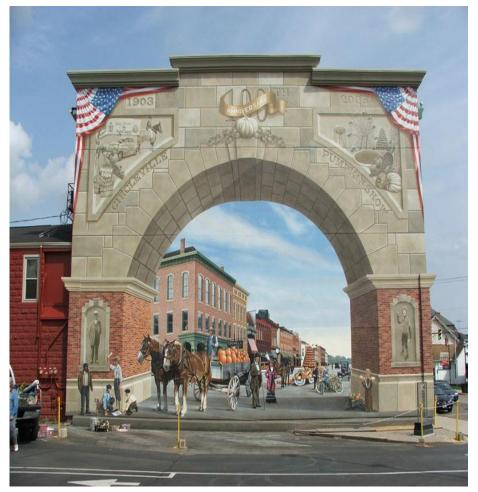


Dolly Parton Statue, Sevierville, TN



Thurgood Marshall Statue, Annapolis, MD

Public Art Can Enliven a Town



Mural, Franklin, OH

- The story of your town & region is an asset.
- Make the story of your town visible in the landscape.
- Public art can attract visitors, publicity & attention.
- It can add fun, interest and value to a city or town.

Celebrate Famous People



Babe Ruth

Eleanor Roosevelt

Buddy Holly

MARYLAND

THE OFFICIAL MARYLAND TRAVEL MAGAZINE



The Harriet Tubman Mural & Driving Guide increased tourism to Maryland's Eastern Shore

OPEN TO HONOR The 200th birthday of American hero Harriet Tubman.



OPEN FOR A ROADTRIP Explore America's Byways on a memorable Maryland road trip.

Celebrate Famous Events



Great Depression – Washington, DC

Lunch Counter Sit-In's – Greensboro, NC

Celebrate Ordinary People



Waterman – Massachusetts



Coal Miners – Pennsylvania



Ranchers – Wyoming



Lumberjacks - Wisconsin

Tell Your Story!



Tupelo, MS



Takoma Park, MD



Nashua, NH





Louisville Slugger Museum



Big Postcard Orlando, FL







Public Art Can Attract Tourists & Add Fun and Value to a Community







Lake City, SC



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Secrets of Successful Communities

- 1. Develop a shared vision for the future
- 2. Inventory local and regional assets
- 3. Build plans around the enhancement of assets
- 4. Use education, incentives, partnerships, and voluntary initiatives, <u>not just</u> regulation
- 5. Pick & choose among development proposals
- 6. Cooperate with neighbors for mutual benefit
- 7. Protect community character & foster an authentic sense of place
- 8. Have strong leaders & committed citizens

Most Polluted City



Model for Community Revitalization



One of the Worst Places to Live



City Hall Suisun City, CA - 1990

One of the Best Places to Live

d the ********** **City Hall** Suisan City, CA - 2000

Inventory Assets

- Natural Resources
- Cultural Resources
- Human Resources
- Economic Resources
- Educational Resources
- Recreational Assets

Sometimes the Assets are Obvious

Jackson, WY

Annapolis, MD

Sometimes They Are Not Obvious

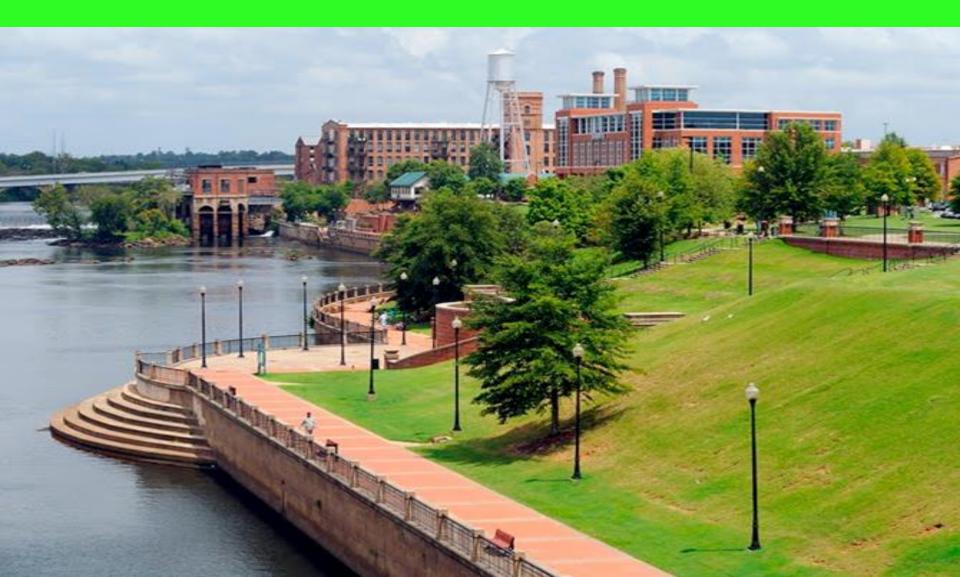
Lowell, MA - Before

Lowell, MA - After

Columbus, GA Riverfront - Before



Columbus, GA Riverfront - After



WWII Torpedo Factory



Torpedo Factory Arts Center



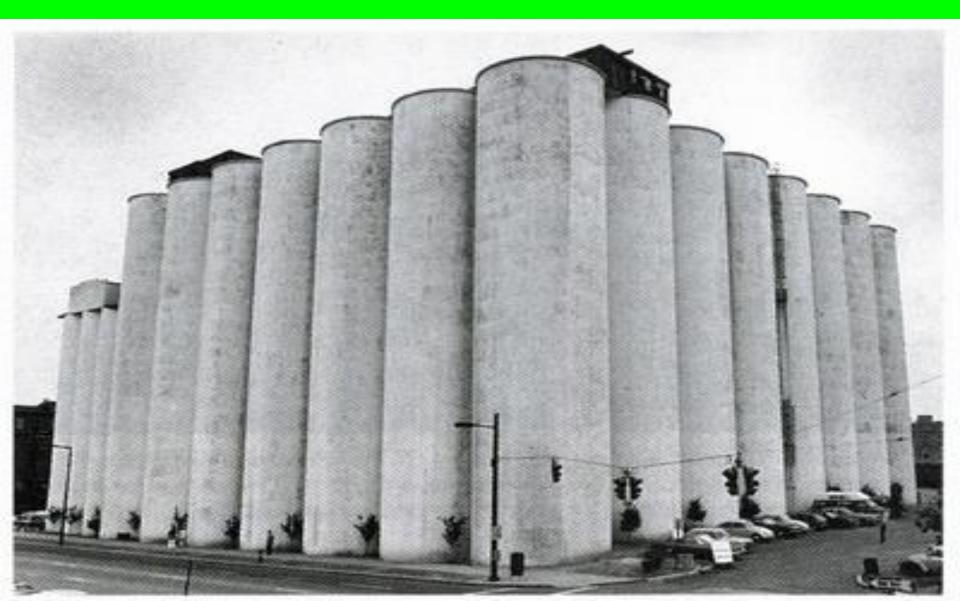
Paducah, KY Flood Wall – Before



Paducah, KY Flood Wall - After



Akron Grain Elevators - Before



Akron Grain Elevators - After



Rapid City, SD - Before

Contract of **EXISTING CONDITIONS**

e Sho

Rapid City, SD - After



Poughkeepsie Rail Bridge - Before



Poughkeepsie Rail Bridge - After



Explore Beyond Regulation

- Education
- Incentives
- Partnerships
- Voluntary Initiatives

Why Do We Educate?



Why Should We Use Incentives?



Development Incentives

- Expedited Permit Review
- Reduced Fees
- Property Tax Credits
- Form Based Codes
- Transferable Development Rights
- By Right Conservation Development
- Buffer Averaging
- Off-Site Mitigation
- Stormwater Credits
- Code Flexibility
- Grants and Awards

Incentives



 Grand Forks, ND reduced the cost of Liquor Licenses to encourage more downtown restaurants.



 Staunton, VA provided free Design Assistance to building owners who would restore their building facades.

Voluntary Initiatives



Conservation Easements

Community Beautification

Gettysburg, PA - Before



Gettysburg, PA - After



Yazoo City, MS - Before



Yazoo City, MS - After



SUCCESSFUL COMMUNITIES PICK AND CHOOSE AMONG DEVELOPMENT PROPOSALS

Davidson, NC - CVS Proposed



Davidson, NC - CVS Built



You Have a Choice!

"When a chain store developer comes to town they generally have three designs (A, B, or C) ranging from Anywhere USA to Unique (sensitive to local character)."

"Which one gets built depends heavily upon how much push back the company gets from local residents and officials about design & its importance."

Source: Bob Gibbs, Retail Consultant, Birmingham, MI

Walgreens – Plan A



Walgreens – Plan B



Walgreens – Plan C



Walgreens – Plan C



Walgreens – Plan C



Retailers Change the Rules



Mixed use projects



Multi-story buildings



Smaller Footprints



Restored Historic Buildings

Lexington, VA - Before



Lexington, VA - After



Leadership is important! But often unappreciated



"Apart from sanitation, medicine, education, wine, public order, roads, irrigation, public health and a freshwater system, what have the Romans ever done for us?" Monty Python's, Life of Brian

Hometown Heroes

"Never doubt that a small group of committed individuals can change the world. Indeed, it is the only thing that ever has" -Margaret Mead



40 houses restored 60,000 SF of commercial space renovated 25 new businesses Main Street Thriving

It didn't happen overnight!

Ben & Erin Napier – Laurel, MS

It's Not Always Easy



A Final Thought

Vision counts, but implementation is priceless!

Thank You!

Ed McMahon Urban Land Institute emcmahon@uli.org