# DOWNTOWN CARTHAGE TECHNICAL ASSISTANCE VISIT & BUSINESS DEVELOPMENT RECOMMENDATIONS



Prepared by: Greenberg Development Services September 2017

The following recommendations for strengthening downtown's mix of businesses are based on a one-day technical assistance visit to Carthage in September, 2017. This visit was conducted by Hilary Greenberg of Greenberg Development Services (Charlotte, North Carolina). The purpose of the visit was to identify possible activities that the town of Carthage could implement over the next few years to accelerate the pace of reinvestment including recommendations for establishing a public-private initiative to encourage greater property redevelopment and business activity in the downtown. In preparation for this visit, the consultant reviewed customized demographic and retail sale reports generated by Esri Business Analyst Solutions, a computer analytics demographic company. The consultant also toured the downtown and surrounding area and conducted several in-store interviews. During the site visit, the Consultant met with business and property owners and representatives from several civic or governmental committees. During the visit, the consultant conducted a one-hour presentation on best practices for developing a more active downtown revitalization effort to interested government leaders, businesses and property owners. The following observations and recommendations should be seen as a starting point for a more in-depth discussion regarding future activities within the downtown commercial district.

### 1. OVERVIEW

Carthage is a vibrant, rural community of approximately 2,200 persons with a strong sense of place, historic buildings and rich history. Overall, the community enjoys a high quality of life with good schools, varied recreational opportunities and low housing costs. Located in the northern portion of Moore County, the town was incorporated in 1796, and was once known as the buggy capital of North Carolina due to the Tyson Buggy Company that produced buggies and carts from the mid-1800's to the early 1900's. While the southern half of the county has experienced a greater degree of growth in both population and retail sales due to its large concentration of golf courses and resort facilities, health care and retail shopping, household growth in the northern portion of the county also is expected to continue to grow, albeit at a slower pace. As the housing market improves, the town should continue to attract retirees and young families including those associated with military bases in the region.

While the town's population has been increasing, commercial development in the area is limited and focused primarily on the convenience goods and service and agriculture markets. The greatest concentration of retail activity in the county is located to the south in the towns of Pinehurst, Southern Pines, and Aberdeen. Residents also patronize larger enclosed shopping malls in Sanford, Asheboro and Fayetteville. While downtown was once a full-service retail center, today it is primarily a center for government and ancillary business and personal service uses. The county is the major employer in the downtown. In addition to a historic courthouse, the county has a recently built a new public safety center in the downtown and has plans to build a new \$25 million courthouse.

While the town has made several investments in or near the downtown over the years to improve public infrastructure, private sector investment has not kept pace. While businesses are located on almost every street running through the downtown, many buildings are underutilized or in poor condition. Several require significant repairs before they could be leased. While several

buildings have upper-floor residential units, most are leased to lower-income residents and are in poor condition. In addition to deteriorating buildings, downtown supporters also must grapple with issues relating to the potential relocation of the court to a new courthouse and a proposed bypass that could relocate some commuter traffic from the downtown. Other issues that negatively impact downtown included a fragmented land use pattern and a road pattern that disconnects existing businesses from one another. Many function as free-standing uses rather than as part of a complementary retail center.

While the town has several committees that are working on some of these issues, there is not a downtown organization or business association responsible for overseeing or coordinating downtown improvements. While there has been some discussion among town staff about becoming a NC Main Street community, the selection process is highly competitive and the next application period will not be held until 2019. The NC Main Street program is a downtown revitalization program that uses an approach developed by the National Trust for Historic Preservation's National Main Street Center that is centered around the concept of "economic development within the context of historic preservation". Selected communities receive a variety of financial and technical assistance to help improve downtown's tax base through a variety of promotional, economic development and design improvements.

While downtown is a center for government services and ancillary uses, we believe that it could capture a greater share of the region's growing retail and visitor markets. Pinehurst and Southern Pines will capture the majority of the region's specialty retail, dining and beverage sales, but Carthage should be able to attract a small businesses and restaurants that want to be located in the region but prefer lower overhead, historic buildings and quaint pedestrian friendly atmosphere.

We believe that the timing is right for the town to start to work with interested property owners and businesses to develop a more proactive approach to downtown revitalization. While it could take time to build this coalition of interested stakeholders, there are several projects pending that could have a transformational impact on downtown if addressed in a more comprehensive manner. These projects include the county's new courthouse project which could create opportunities to recruit new tenants to space that is currently off the tax rolls, a streetscape/pedestrian improvement plan that will make it easier to utilize the downtown, and the recent acquisition of several key properties including the historic Buggy Building.

While there is not a single roadmap for rebuilding commercial activity in a downtown, commercial revitalization typically starts by first regaining a position of importance in the lives of local residents through community events that attract residents to the area on a regular basis and through small improvements that create a more favorable "first impression" to residents or persons traveling through the area. These small visual improvements and events are then followed with larger projects that create jobs for local residents and provide more inviting places for residents to socialize as well as the recruitment of new businesses. For Carthage, success will also depend upon the community's ability to resolve issues relating to deferred maintenance and disinvestment, and whether the town can engage sufficient support from businesses and property owners.

### 2. ASSETS AND LIABILITIES

Below is a brief review of some key assets and liabilities observed during our visit that should be considered as Carthage develops a strategic plan to improve the downtown. Not surprisingly, many of our observations echo those cited by persons surveyed during our on-site visit. While some of these issues are longstanding and difficult to resolve, they can be resolved through a more organized effort that involves downtown public and private sectors.

### **2.1. ASSETS**

Below are several assets or strengths that can be used to promote existing businesses and attract new investment to downtown.

- **Growing Market.** Carthage is located in a growing residential and visitor market. While the primary (5-mile) and secondary (10-mile) trade areas are small with 2017 population of 6,700 and 36,000 respectively, the regional or tertiary (20-mile) trade has over 175,000 persons. Although the majority of new residential and visitor attractions are concentrated in the southern half of the county, the northern portion is expected to capture an increasing share of future growth. Internet sales will continue to capture some of the identified sales leakage; however, there should be sufficient sales support for several new businesses within the downtown.
- Employment Base. Overall employment in or near the downtown has remained stable. In addition to being a government center, downtown is home to many businesses and restaurants that cater to government employees and visitors. According to ARCGIS BUSINESS ANALYST SOLUTIONS reports, there were 600 persons employed within ¼ mile of the courthouse square, with 35% in the service sector and 23% in the government sector.
- **Strong Sense of Place.** Downtown's architecture, building scale and tree canopy provide an attractive setting for small retailers or restaurants looking to differentiate themselves. Many of downtown's buildings are contributing structures that should be eligible for listing on state or national historic tax registries.
- Affordable Real Estate. Downtown has a good supply of affordable rental space suitable for entrepreneurs. In addition to available rental space, there also are several larger buildings suitable for mixed-use residential or office development.
- Reinvestment Momentum. Several recent or pending projects are helping to build a stronger climate for reinvestment in the downtown. These projects include the new Judicial Complex, downtown streetscape project and the town's recent acquisition of the Buggy

Building. In addition, several businesses have recently opened and several buildings have been purchased and are being remodeled. The proposed relocation of the County Courthouse from their building provides a unique opportunity for the town to identify new uses that would help attract new visitors to the downtown and strengthen the core of the downtown. The consolidation of other county uses to the new facility also would increase space for other types of businesses and increase the downtown's tax base.



- **Downtown Businesses are "Survivors".** Downtown businesses have learned to thrive in a challenging economic environment. Many have learned the value of strong customer service, and attention to details that will allow them to survive and attract customers from the regional market.
- **Public Sector Investment.** Both the town and county have made a significant investment in the downtown. The county's new judicial complex will consolidate several smaller agencies and provide new parking for employees, providing more onstreet space around the courthouse for customers. In addition to financially supporting the Carthage Historic Museum, Buggy Festival and several holiday events, the town recently purchased the historic Buggy Building. The town also is working with NCDOT to prepare a pedestrian and bicycle plan for the downtown that will improve public access in or near the downtown.

### 2.2. ISSUES

Below is a brief list of key issues that will need to considered when developing a business recruitment program.

- **Building Conditions.** While overall vacancy rates are low, many buildings are in need of repairs ranging from small façade improvements to more major improvements. A few vacancies are "move-in ready" condition, but many property owners are leasing their buildings "as is", or require the tenant to make repairs, thus limiting the number and type of tenants willing to locate downtown. In some cases, property owners may be reluctant or unable to make repairs due to low rents and perceived limited demand for better quality space. As a general rule, retailers should pay no more than 7% of their sales or 25% of gross margins in rent. Issues observed during our visit included vacant upper-story windows, peeling paint, interior mold, water damage, and signage that detract from the overall appearance of the district. While some of these issues can be addressed through a façade grant program, other issues will require longer-term solutions. Several persons interviewed expressed a need for greater code enforcement, but there was concern that this could lead to the town having to condemn significant properties.
- Underutilized Buildings. Several buildings in the downtown have been vacant or underutilized for many years. Reasons for these vacancies vary and include unrealistic sales

prices, code issues and limited demand for the commercial space. There are several buildings that are too large for today's tenants. While some of these buildings have been subdivided into smaller rental spaces, few are fully leased. Many buildings require significant improvements before they could be fully utilized.

- Low Rents. While low rent can be a valuable sales tool to attract entrepreneurs to the area, it also can attract underperforming businesses whose presence in turn discourages stronger tenants from locating to the area. Low rents also can depress property values and make it difficult for property owners to finance necessary repairs.
- Limited Retail Activity. While downtown is home to a range of business uses, it does not have a sufficient number of retail uses to function as a shopping district. Many of the retailers in the downtown function as free-standing uses and do not interact with other uses that may complement their business. In addition to being physical disconnected from other businesses due to distance, businesses are disconnected due to the presence of adjacent non-retail uses, parking lots or roadways that have created pedestrian "dead "zones. Many businesses target county employees and are open only during the weekday and have limited evening hours. Given the quality and variety of retail in the region, it will be difficult for Carthage to rebuild its retail sector.
- Parking and Traffic. While parking and traffic flow should improve with the construction of the new courthouse and parking lot, additional improvements may be needed to increase customer parking and improve pedestrian safety. In addition to the two-hour parking limit around the square, the town may need to improve off-site parking lots and improve wayfinding signage. Pedestrian related improvements should include new crosswalks and pedestrian traffic signals to slow or stop traffic for pedestrians.
- Organizational Support. While the town is actively engaged in a variety of downtown
  improvement projects, Carthage does not have an organization responsible for overseeing
  downtown improvements or a business association to advocate on behalf of small business
  owners. In addition to building greater organizational capacity, the town also will need to
  recruit additional volunteers and secure funding to support a more active downtown program.

### 3. CATALYST AND BUSINESS MIX RECOMMENDATIONS

Based on our brief visit to Carthage and review of previous reports and supplemental demographic and sales data, we have identified several projects or business concepts that could help strengthen downtown's existing businesses, improve property values and expand downtown's share of regional marketplace. The following recommendations should be seen as a starting point for a larger discussion that the town should have with downtown's stakeholders regarding specific projects and possible funding sources.

### 3.1. CATALYST PROJECTS

For rural communities to thrive, they must be places that people want to live. It is our experience that communities that have spaces for people to meet and interact are more likely to attract and keep families and businesses than those that don't. While catalyst projects can create a stronger sense of place, these projects are often expensive and take many years to complete. It will be important for downtown volunteers to work closely with the town to secure the political, financial and technical support needed to ensure the success of these projects. Below is a brief review of several projects identified during our visit that could be explored further by the town.

- **County Courthouse.** The county's new courthouse project may provide an opportunity to redevelop the historic courthouse as well as other spaces in the downtown that are currently being used by county agencies.
  - We recommend that the town work with the county to explore alternative uses for the historic courthouse as well as identify possible organizations that might want to utilize
    - space in the building. Possible tenants could include an art facility or gallery space, performing arts, classroom space, children's' theater or museum. The building also might be suitable for residential use, or corporate headquarters.



- The town should work with the county to develop a list of other buildings in or around the downtown that might become vacant due to this consolidation and prepare a plan for their reuse.
- **Downtown Streetscape project.** When completed, the proposed bicycle and pedestrian plan could help improve traffic flow, encourage greater bicycle or pedestrian activity and create a more walkable downtown for specialty retailers.
  - The town should hold regular meetings to update businesses on plans and ideas as well as work with them to avoid business disruption during construction.
  - The town should encourage property owners to make building façade improvements that coincide with the completion of the streetscape project to maximize the visual impact.
  - o The town should work with legislators to secure funding for identified improvements.
- Downtown Housing. While revitalization can occur without a downtown residential
  population, increasing the supply of quality housing in or near the downtown would
  strengthen sales and increase property values. In addition to opportunities for additional
  housing, there may be opportunities for to develop B&B or Airbnb uses in the surrounding
  residential neighborhoods.

- The town should develop a list of buildings suitable for upper-floor housing.
- The town should select one building to use as a case study and prepare a pro forma for developing market rate upper-floor housing.
- The town should continue efforts to list buildings on the national and state historic register so that they are eligible for tax credits.
- The town should explore financing incentives that might encourage new housing projects in or near the downtown. (See Woodbine IA upper-floor housing program).
- Educational Facility. Higher education institutions are increasingly looking for offsite locations to broaden their student base and attract non-traditional students through evening or adult education classes or services. Many are also collaborating with other organizations to develop programs that provide students with work experience in student-run businesses. The town should talk with Sandhills Community College about possible programs that could be located in the downtown.
- Market and Event Space. Farmers' markets can be an important anchor attracting both locals and out of town visitors to the area. In addition to providing fresh produce, many markets also provide space to home-based businesses. While there are seasonal farmers' markets in Pinehurst, Southern Pines and at the Health Department in Carthage, there is not a farmers' market in operation in downtown Carthage.
  - We recommend that the town work with the county to explore the possibility of constructing a permanent farmers' market structure as part of the new courthouse construction. The structure should be flexible in use and layout so that the market could function with small or large numbers of vendor's stalls and could be combined with a small outdoor entertainment pavilion for a range of activities.
  - O The town should evaluate the opportunity to coordinate an evening "maker's market" that would feature crafts and music. Funding could come from a USDA grant, or grants from wellness providers such as BCBS of NC.
- **Brewery.** Breweries, and to a lesser extent micro-distilleries and wineries, are becoming important anchors in downtowns across North Carolina, providing a place for residents of all ages to socialize.
  - We recommend that the town work with the County's EDC to develop marketing prospective to solicit investors in a Carthage facility that could be funded through public-private partnership.

 The town should work with an experienced architect to evaluate feasibility of utilizing the Buggy Building for a brewery/restaurant.

### 3.2. BUSINESS MIX RECOMMENDATIONS

Identifying new business activity for a downtown commercial area is a function of market demand, lifestyle characteristics, space availability, property owner support and a prospective store's site criteria. While downtown may be able to support higher price-point stores, the more likely prospect in the short-term is to focus on businesses that will strengthen existing business niches and serve surrounding residential neighborhoods, downtown employees and persons utilizing county services. Ancillary offices for small companies looking to serve a broader regional market are also good potential businesses. While there may be opportunities to attract new restaurants and lifestyle retailers, the town's ability to recruit these uses will depend upon how successful the town is in implementing identified promotional, design and image improvements. Below is a summary of possible categories of business uses that the town could focus on.

- **Food and Beverage.** Many communities in North Carolina have jump-started their downtown revitalization efforts by recruiting regionally serving restaurants and entertainment uses. While only a few restaurants in Carthage capture sales from residents living outside the immediate area, rising rents and space constraints in the southern portion of the county could create opportunities to attract more regionally-serving restaurants to Carthage.
  - o It is important that new restaurants not compete on menu items with existing restaurants and market to residents living outside the area.
  - The town may need to work with local investors to provide start-up financing for these signature restaurants.
- Lifestyle or Experiential stores. While the Primary Trade Area's population is fairly homogeneous in terms of residents' lifestyles, the Secondary and Tertiary Trade Area's have a greater range of demographic lifestyle groups that could provide opportunities to support niche retailers (See Appendix for Lifestyle Category summaries) that focus on hobbies or interests.
- Home décor. While the antique and collectible sector is undergoing a major shift in consumer taste and shopping behavior, housing growth and Carthage's proximity to larger population centers should provide support for additional retailers that focus on home décor and accessories. As housing sector improves, there also could be additional support for home repair and improvement related businesses such as tile, lighting or plumbing that could complement existing businesses within this sector already downtown.
- **Health and Wellness.** The community's growing retiree community should provide opportunities for additional businesses in this category such as women's exercise studio,

weight loss center, massage, home health care, dietary supplement store, hair, nail and personal care uses.

• **Personal or Business Service.** Downtown has a strong government related business cluster that includes businesses within the Financial/Insurance and Real Estate sector, and general service categories. The town could work with property owners to fill missing gaps within these sectors based on information gathered through employees or resident surveys.

### 4. ORGANIZATION RECOMMENDATIONS

The town of Carthage has several committees working on a variety of downtown projects, but it does not have a single committee or group responsible for overseeing its downtown revitalization effort. While local businesses often work together on promotions or events, there is not a Carthage Business or Merchant organization to support their on-going efforts. While the Chamber of Commerce provides some small business support, it is a countywide organization that is focused more on the hospitality sector.

### 4.1. BUILD ORGANIZATIONAL CAPACITY

We recommend that the town meet with interested downtown stakeholders to discuss possible organizational structures that would allow the private sector to work more effectively with the town on common issues. Ideally, stakeholders should establish a downtown organization that could provide leadership and advocate for improvements that will increase customer traffic, improve real estate values and encourage new investment. Below are a few options that downtown stakeholders could consider.

- Downtown Business Association. This organization could include business and property
  owners interested in improving the downtown. The organization would help coordinate
  downtown events that create foot traffic as well as provide support for small businesses and
  encourage new investment. Funding for the Association could come from voluntary
  contributions or membership fees.
- **Downtown Advisory Committee.** This Committee could be appointed by the Mayor or Council to advise the town on desired improvements in the downtown and help coordinate on-going events or projects. Membership could include representatives from existing committees such as the town's appearance, historic, and bicycle and pedestrian committees as well as businesses or representatives from local civic organizations. Funding for the Committee would come from general fund.
- NC Main Street Affiliate Status. The town could apply to become a Main Street Associate Program, assuming there was sufficient interest among key downtown stakeholders. If selected, the town would receive a variety of financial and technical support that would help

accelerate the pace of reinvestment. Only Associate communities are eligible to apply for full Main Street status. To apply to become a Main Street Associate, the town would need to commit to hiring a full-time downtown manager and show that there is financial support to sustain the program.

### 4.2. SHARED VISION

Carthage has the option of either creating a future it wants or accepting the future it is given. To implement the recommendations found in this report, we recommend that the interested downtown stakeholder create a shared vision for the future that can be used to guide future activities and secure new funding.

- **Vision**. The town and downtown stakeholders should work together to develop a comprehensive vision for the downtown that can be used to guide activities. A vision-setting session could be facilitated by a consultant or with town staff.
- Workplan. Based on this vision, downtown stakeholders should also develop a workplan that identifies key objectives and projects that could be accomplished given current funding and organizational capacity.

### 4.3. FUNDING

Downtown programs can be funded through a combination of government and private sector funding. Private sector funding can include donations from business and property owners as well as from local residents. To be successful, a fundraising campaign should have clear goals and objectives and identify groups to contact. Other sources of funding include:

- **Special Event Funding**. Many downtown programs generate revenue for the organization through special events that include the sale of tickets, sponsorships, raffle or silent auctions.
- Municipal Service District (MSD). Downtown programs also can be funded through a special assessment district. Revenues generated by a MSD are typically used to pay for extra services or projects within the area such as streetscape or parking improvements. Funding is generated by an assessment on real and personal property in the district and would apply to owners of businesses, residents or renters whose lease agreement contains a "pass-through" provision. Nonprofit or government organizations are exempt from this assessment, but often contribute funding or provide other financial support such as office space or labor.

### 4.4. VOLUNTEER DEVELOPMENT

While there are several businesses and residents actively involved in downtown revitalization efforts, many more will be needed to fully implement the recommendations outlined in this report. While rural communities often struggle to fill volunteer positions, the town of Carthage may be able to tap into the growing retiree population within Moore County. To supplement local business volunteer efforts, we recommend that the town reach out to new residents living in

the region as well as students attending community college and high school.

- **Recruitment of Volunteers.** If you don't ask, residents won't know you need help. To increase volunteer support for downtown program or projects, we recommend that the town add a *Volunteer Solicitation* page on the town's website that can be used to sign-up residents to help with specific projects or beautification efforts as well as contact area schools and homeowner groups to solicit volunteers from outside the town. (See Prossner, WA website).
- Training. It is important that volunteers have some training in community based economic development. We suggest that the town of Carthage become a member of the NC Downtown Development Association and encourage downtown volunteers to attend regional Main Street networking events, the NC Main Street Conference in Clayton next spring as well as hold informal training sessions for residents interested in working on downtown revitalization projects. This could be a fun evening over hot dogs and drinks that can be used to update volunteers and sort out responsibilities based on skills and interests.
- **Recognition.** It is important to recognize volunteers for their commitment of time. Possible activities that the town could do to recognize downtown volunteers include:
  - Develop a downtown aprons or T-shirts (designed through a school competition) that volunteers could wear when performing a task.
  - o Annual volunteer party to celebrate successes.
  - o Recognition in a newsletter that can be posted to the town's website.

### 5. PROPERTY REDEVELOPMENT

While some owners have made on-going improvements to their buildings, others are either unable or unwilling to make the improvements necessary to attract a stronger tenant and protect the building from further deterioration. In some cases, the owner is willing to make repairs for a prospective tenant, but the current rents are not high enough to cover renovation costs. Moving forward, it will be important to hold property owners to a higher standard of maintenance and building renovation in order to protect property values. While code enforcement is expensive, time consuming and unpopular, stronger code enforcement as well as the adoption of a commercial maintenance code could send a signal to owners that it is time to either reinvest or sell their building to someone willing to make this investment. It is important that the town pair a stronger enforcement effort with financial incentives and explore new types of partnerships for acquiring and renovating key buildings. Below are several activities the organization could consider that would help accelerate the pace of redevelopment.

### 5.1. PROPERTY OWNER AGREEMENT

Gaining property owner support can be challenging and time-consuming. While some property owners may embrace the town's vision for a more vibrant downtown, others may have plans for their building that conflict with this vision. Before a property owner posts a "for rent" sign in the window, there often are a variety of issues need to be addressed from code violations to space that is not suitable for today's tenant. It is

essential that the town understand the issues and concerns that property owners have about their buildings before developing strategies to solicit new businesses. Below are a few recommendations for building stronger partnerships between the town and property owners.

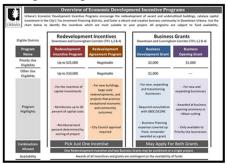
- **Property Owner Interview.** Downtown volunteers should conduct interviews with property owners or their realtors regarding their sale or leasing plans, concerns and interest in renovating space.
- **Property Agreements.** Based on this information, the Downtown Committee could prepare an agreement outlining actions that both the committee and the property can take to improve the property or increase utilization. (See Appendix for Sample Property Owner Agreement).
- **Property Action Plan.** Based on property interviews and agreements and additional information regarding the building's historic, architectural or locational importance as well as condition, the downtown committee could prioritize buildings in terms of actions that could be taken:
  - Buildings that can be renovated by existing owner and then leased to a prospective tenant with little assistance. These projects may require financial or technical support to bridge financing gaps.
  - O Buildings that should be stabilized by existing owner to prevent further deterioration and then "mothballed" until owner is able to make additional repairs, the ownership changes or the market improves. These projects could also receive financial assistance to encourage owner to make essential repairs as well as design improvements that camouflage vacant storefronts.
  - Buildings that should be targeted for immediate renovation due to deteriorating conditions. These projects may require new ownership or town involvement to encourage property owner to donate or sell the building to a nonprofit such as Preservation NC.

### **5.2. FINANCIAL INCENTIVES**

Below is a description of several incentives or funding resources that could be used to encourage greater property redevelopment or business expansion in downtown Carthage. These incentives could be highlighted on the town's website.

• **Downtown Loan Program.** This loan program would encourage property owners to improve existing rental space by providing lower cost financing, loan guarantees or

bridge financing to reduce the gap between the amount the borrower can obtain and amount needed to renovate a building. This program could be used to finance improvements to street-level or upper-floor rental space that add to the assessed value of the building. Program funding could come from the town or County through federal grants (USDA, CDBG), local foundations or consortium of local lenders.



- Industrial Revenue Bonds. (IRB) Many communities are using IRB financing to purchase buildings or land in the downtown and partnering with developers to redevelop. (See Saltville VA program that uses Industrial Development bonds to provide forgivable loans.)
- National Register Historic District. Properties located in a historic district can qualify for both state and federal tax credits that can defray the cost to rehabilitate older properties and generate new revenues for local governments. It is important to note that a national register district does not limit property owner rights, but rather provides an important incentive.
  - Qualifying income producing properties located in a national historic district are eligible to receive a 20% federal tax credit. Non-contributing buildings built before 1936 are eligible for a 10% federal tax credit for qualifying rehabilitation. See <u>Historic Preservation Tax Incentives</u> for more information about the 10% credit.
  - O Qualifying properties are also eligible to receive a state historic tax credit that varies between 10-15% depending upon the total project budget with the possibility of "bonus credits" in the amount of 5% for projects in a Tier 1 or 2 county, and 5% for a targeted investment. In addition, the state provides a 15% credit for the rehabilitation of non-income-producing historic properties, including private residences. (http://www.hpo.ncdcr.gov/tchome.htm)

### State or Foundation Grants.

- Carthage should talk to their State Legislators about direct appropriations for downtown projects.
- o If selected to become a Main Street community, Carthage would be eligible to apply for NC Main Street Solutions or Development Fund grants.
- The town should research grant funding that is available through state insurance companies. For example, BCBS Foundation provides small grants for wellness related projects such as pedestrian or bicycle improvements, farmers' markets or special events.

- **Façade Grant Program.** Many communities have established façade grant programs to encourage businesses to make a variety of signage, awnings and exterior painting improvements. Funding typically comes from the municipality, but additional funding can come from foundations, USDA or other sources.
- Century Committee Investment Fund. Carthage already has a non-profit organization that has helped to fund a variety of projects in the downtown. We recommend that the proposed Downtown Committee work with this organization to increase fund balance and membership so that it can be a more active partner in helping to purchase or renovate key buildings that otherwise might be in danger of demolition (See Salisbury Preservation Fund).
- Community Redevelopment Corporation (CDC). The town could establish a CDC to help acquire properties that are in danger of demolition due to neglect. Property owners would be eligible to take a tax deduction for donating their building to the non-profit corporation. Typically, a building is donated to the non-profit organization who then uses grant funds or bond financing to make necessary pre-development improvements and then sells the building to a private developer. (See Troy's Neighborhood Redevelopment Corp.)
- **ADA Tax Credit.** Businesses can take a maximum \$5,000 tax credit (50% of the cost up to \$10,000 to offset the cost of making their business ADA compliant. These improvements could include removing architectural barriers, improving accessibility; providing accessible formats such as Braille, large print signage or purchasing certain adaptive equipment.
- **SBA and USDA.** While SBA and USDA have several programs that a business could use to purchase a building or fund an expansion, businesses often are reluctant to apply due to concerns that the programs may be too bureaucratic or that they would not qualify.
  - The town could work with regional Small Business Development Center and local lenders that offer SBA loans to discuss how to better disseminate information about SBA 7-a, 504 and micro loan programs to small businesses. This information about available loans should be summarized on the town's website.
  - Town staff should meet with USDA staff to discuss programs such as Rural Business Enterprise Grants (RBEG), Rural Business Opportunity Grants (RBOG), Community Facility Grants and Guaranteed Loans.
- **Federal Home Loan EDplus Grant.** Member banks can apply for a grant up to \$25,000 for a local business to use to purchase or expand a building, buy machinery or cover closing costs. To be eligible, business must contribute 5% of their own funds and take out an EDP advance (FHLB EDPlus grant).

- Local Foundations and Philanthropic Individuals in Southern Moore County
  Many residents in Pinehurst and Southern Pines retired from corporate enterprises that
  offer foundation funding. Others represent private trusts or be in a position to help
  fund a new business in Carthage.
  - The town should coordinate with Partners in Progress and develop a list of potential sources for local investment.
  - The potential investors should be courted by the town through use of a marketing campaign.
  - The town could use crowdfunding platform to solicit funding for new business such as a microbrewery.

### 6. BUSINESS ATTRACTION STRATEGY

Downtown organizations approach business recruitment in a variety of ways depending on the perceived need for volunteer involvement, the level of property owner support and identified market demand for new businesses. While downtown property owners or their Realtors are responsible for the sale or leasing of their property, they often need help identifying potential tenants for their buildings or assistance in financing the improvements necessary to bring their buildings up to today's leasing standards. In some cases, a downtown organization can step in to find a new owner willing to make the repairs necessary to activate the space. While business recruitment programs vary widely, most programs provide prospective businesses or investors with background information on market and real estate trends and develop marketing campaigns to increase regional awareness regarding downtown opportunities. Other activities that are often undertaken by a downtown organization include coordinating referrals or actively identifying and contacting desired tenants. Below are a few activities that downtown volunteers or town staff could implement to improve the current situation.

### 6.1. DATA ANALYSIS

While data collection is time consuming, it is an important component of a successful business retention or attraction program as it provides the basis for future investment decisions. Information that would be useful to collect include:

- **Annual Business Survey.** Volunteers or staff should try to interview downtown businesses once a year to identify hours, parking needs, expansion or exit strategies.
- Employee Survey. It would be useful to survey downtown employees particularly county employees regarding their dining and shopping habits and types of events or business they would like to see locate downtown

Businesses in Operation

1 year or less
1-5 years
6-10 years
11-25 years
26-50 years
50+ years

- **Special Event Survey.** Working with the County Tourism staff, the town could conduct a zipcode survey at the museum and downtown events to clarify where visitors are from and what they do during their visit.
- **Real Estate.** Staff should develop an inventory of existing businesses and property ownership that includes property values, current rent or sale prices, square footage and ownership.

## **6.2. IMAGE ENHANCEMENT**

While image activities tend to focus on printed material, social media and marketing campaigns to change public perceptions, perceptions also can be changed through new special events or improvements to streetscape or buildings.

- **Visual Improvements.** Downtown can be enhanced through a variety of small improvements to buildings and public spaces.
  - Vacant storefronts can be camouflaged with vinyl cling window displays or with merchandise from other stores.
  - Encourage area churches and civic organizations volunteer to clean windows or doorways of vacant storefronts
- **Regulatory/Enforcement.** Over the next year, staff should review existing regulations and code enforcement ordinances and discuss ways to improve compliance and encourage better property maintenance.
  - Discourage warehousing and storefront churches by requiring businesses to be open during specified business hours.
  - o Review regulations that support pop-up storefronts in underutilized space.
  - o Allow alcohol sales/bars on first floor.
- **Special Events.** Carthage is known for its Buggy Festival as well as its holiday parades. In addition to these large events, the town might want to partner with other organization to hold smaller, family-friendly events that would generate customer traffic in key areas around the square.
  - Install temporary activities that could be utilized by employees or visitors to the courthouse.
  - o Hold a Halloween event with businesses distributing candy.
  - o Coordinate an evening "maker market" with music
  - Show movies at the park during the summer (see Troy's downtown movie night).
  - Close a street in the downtown so children can ride their bicycles while families socialize.



### 6.3 MARKETING CAMPAIGN

While better marketing alone will not ensure that downtown's vacant spaces are leased or buildings sold, increasing awareness can translate into stronger leads and a better applicant pool. Carthage's marketing program should start by first identifying the types of uses they would like to see relocate downtown and reasons why a business should locate downtown instead of surrounding areas. This message can be conveyed through a variety of mediums including print, social media, video or pitch deck presentations. It also should be conveyed through signage and through the organization's website. Below are some recommendations for developing a downtown marketing campaign.

### Fact Sheets.

- Prepare fact sheets about available property that highlights opportunities, surrounding tenant mix and available incentives.
- Prepare a "white paper" that highlights the opportunity for specific types of tenants, key redevelopment projects and available sites. (see MainStreet Deland residential white paper).



### • Video or Power Point Presentation.

- Prepare a video promoting the town/downtown that could be posted on town's website that includes images from the Buggy Festival. (See MainStreet Deland, FL "Definitely Deland" video)
- Prepare a pitch deck presentation that could be uploaded to the website and social media or printed and distributed. (<a href="www.andersonscoonnections.org">www.andersonscoonnections.org</a>).

### • "I wish I was" Campaign.

- Employees or customers can identify possible uses for vacant spaces on writable boards. (see Danville VA Re-Imagine campaign.)
- Place a "Coming Soon" sign in the window when a space is leased or sold.



### 6.4 TARGETED RECRUITMENT PROGRAM

While general marketing and better networking are two reliable ways to increase interest, and generate leads for property owners or realtors, the town may need to supplement property owners or realtors' efforts with volunteers who can help identify and contact prospects. While new businesses might be chain or franchise operations, the most likely prospect will be either an existing business or someone interested in starting a new business venture. Once a business has been identified and vetted, volunteers would

contact the business to determine their interest in opening a new location and refer them to an interested property owner or realtor.

### • Local Business Leads.

- Conduct field trips to communities within 30 miles of Carthage to identify desired businesses.
- Ask local residents to provide the names of their favorite non-chain out-of-town businesses.
- Contact vendors that supply local companies with products or services regarding their interest in opening a satellite location in town.
- Start-Up Business Leads. While traditional economic development efforts have
  - focused recruiting larger companies, many communities now recognize the value of building from within and supporting local entrepreneurship. The town could work with the Chamber and the Sandhills Community College to develop an entrepreneurready program. Celebrate entrepreneurial activity by recognizing home-grown achievement at an annual dinner or on the town's website.



- o Work with the High School to develop an entrepreneurial program for local students where they could sell or display their products at the famers' market.
- Talk to vendors at regional craft fairs and farmers' markets about their interest in opening a business in Carthage in an incubator shared retail project.
- O Hold a business competition with the winning business idea receiving a cash prize that could be used for rent or utilities and other prizes donated by local businesses such as flooring, web design, chamber membership or free newspaper advertisement. (See St. Paul Entrepreneur Challenge or Marion VA Biz Competition).
- **Contacting Prospect.** When volunteers have identified possible prospects, they should contact these businesses either in person or via a media campaign.
  - o It is important to establish a procedure to follow when contacting a prospective business.
  - o Volunteers can practice making a sales pitch on a "sympathetic" local business first.
  - O During the visit, volunteers should encourage the prospect to come and visit downtown to meet with the owner or realtor.
  - If the business is unable to commit to a storefront, they may be interested in a smaller Pop-Up storefront site.

# **APPENDIX**

### 1. MARKET SNAPSHOT

Below is a summary of market and sales trends that impact downtown businesses. This information is based on Esri Business Analyst Solutions data reports. Esri Business Analyst Solutions is a nationally recognized market data company that provides communities and businesses with site analysis information. For this study, we reviewed market data for a 5, 10 and 20-mile area.

### 1.1. TRADE AREA PROFILE

Below are key market trends for Carthage's three trade areas: (primary trade area 0-5 miles, a secondary trade area 0-10 mile and a tertiary trade area 0-20 mile.)

- **Population and Households.** For 2017, there is approximately 6,800 persons or 2,800 households living in the primary or 5-mile trade area. There is approximately 36,000 persons or 15,000 households in the secondary or 10-mile trade area and 175,600 persons or 71,000 households living in the tertiary or 20-mile. All three trade areas are expected to increase in size over the next five years, with the primary trade area having the greatest annual rate of growth. Household size for all three trade areas is below the state's. Of the three areas, the secondary trade area had a slightly lower median household size.
- Race. All trade areas have a slightly higher percentage of white persons living in the trade area than the State as a whole. The secondary trade area has the highest percentage of white persons living in the area and the tertiary trade area the lowest percentage. The number of Hispanic persons living in the area is increasing with the tertiary trade area having the highest percentage at 13% and the primary trade area having the lowest at 2.9%.
- **Income.** The secondary trade area had the highest 2017 estimated median household income (\$53,339), while the primary trade area had the lowest (\$42,497). The median household income for both the secondary and tertiary trade area was slightly above the State of North Carolina's median.
- Age. The primary trade area had a lower median age than the other two areas. All
  areas are growing older and have a higher median age than the State of North
  Carolina's.

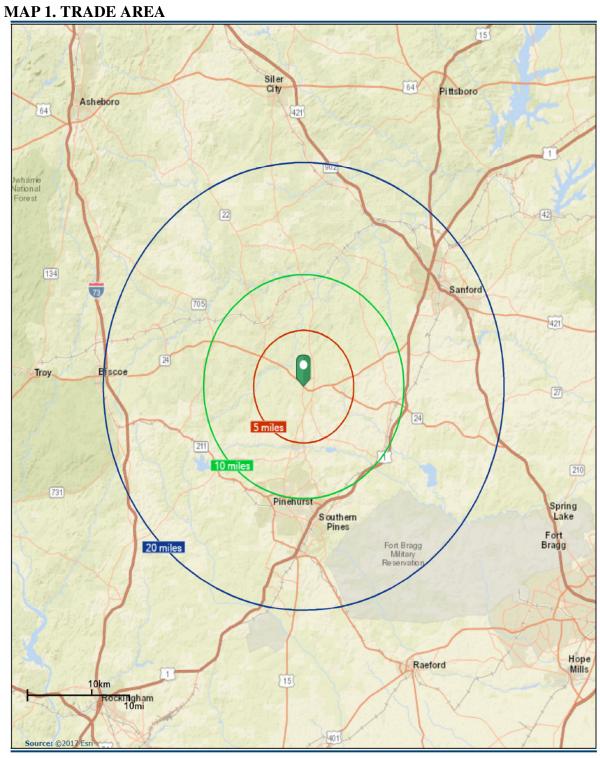


TABLE 1. QUICK FACTS CARTHAGE

CHARACTERISTIC: 2016	PRIMARY TRADE AREA 0-5 miles	SECONDARY TRADE AREA 0-10 miles	TERTIARY TRADE AREA 0-20 miles
POPULATION			
2010	6,264	32,751	162,266
2017	6,789	36,093	175,603
2022	7,223	38,719	185,594
2017-19 annual rate	1.25%	1.1%	.83%
HOUSEHOLDS			
2010	2,526	13,404	65,546
2017	2,789	14,946	71,456
2022	2,989	16,118	75,847
Average HH size 2017	2.43	2.39	2.43
INCOME INDICES			
MEDIAN HH INCOME 2017	\$42,497	\$53,339	\$48,015
PER CAPITA INCOME 2017	\$24,079	\$30,994	\$27,202
RACIAL COMPOSITION 2017			
White	78.8%	83.9%	72.3%
Black	16%	9.7%	15.5%
Hispanic	3.9%	5.2%	13.1%
MEDIAN AGE 2017	41.5	45.7	42.6
HOUSING			
Owner Occ. Housing	74%	77%	69%
Rental Occ Housing	26%	23%	31%

Source: 2017 Esri Business

### 1.2. LIFESTYLE SEGMENTS

Recognizing that people who share the same demographic characteristics may have widely divergent interests and shopping preferences, Esri Business Analyst reports categorizes neighborhoods throughout the nation into 65 consumer groups or market segments. Neighborhoods are geographically defined by census blocks, which are analyzed and sorted by a variety of demographic and socioeconomic characteristics as well as other determinants of consumer behavior. While there were some lifestyle

categories that were common to all three trade areas, the secondary and tertiary trade areas had a greater number of diverse lifestyle categories, several of which describe more affluent older households. Of the three areas, the primary trade area was the most homogenous and the tertiary the most diverse. For the primary trade area, 100% of households were classified in one of five categories, while 98% of households in the secondary trade area were found within 14 categories, and 94% of households in the tertiary trade area were found within 20 categories. Below is a description of some of these lifestyle categories.

TABLE 2. TOP 5 LIFESTYLE SEGMENTS CARTHAGE TRADE AREAS

PRIMARY TRADE AREA	SECONDARY TRADE AREA	TERTIARY TRADE AREA
Southern Satellites	Southern Satellites	Southern Satellites
Midlife Constant	Comfortable Empty Nester	Silver and Gold
Heartland Community	Silver and Gold	Down the Road
Salt of the Earth	Middleburg	Comfortable Empty Nester
Rooted Rural	Salt of the Earth	Middleburg

Source: Esri Reports 2017

TABLE 3. LIFESTYLE SEGMENTS CARTHAGE TRADE AREAS

LIFESTYLES 2017	PTA		STA		TTA		U.S.
Southern Satellites	40%	1	27.5%	1	17.1%	1	3.1%
Midlife Constants	22.7%	2	4.2%	7	3.5%	7	2.5%
Heartland Communities	18.6%	3	3.5%	10	.7	22	2.3%
Salt of the Earth	11.4%	4	6.9%	5	5.0%	6	2.9%
Rooted Rural	6.5%	5	2.5%	11	2.8%	12	2.0%
Comfortable Empty Nester			18.1%	2	7.5%	4	2.5%
Silver and Gold			14.7%	3	13.4%	2	.8%
Middleburg			7.1%	4	6.1%	5	2.9%
Down the Road			5.5%	6	10.4%	3	1.1%
TOTAL	100.0%		98.9%		98.3%		15.9%

• **Southern Satellites.** These households are dominated by a single manufacturing or construction industry. Residents tend to own newer homes with a median value of \$81,400.

This group has a median age of 37.1. Married couples dominate this segment. Residents enjoy country living and listen to country and gospel music. They are active participants in outdoor recreational opportunities such as fishing, hunting and ATV riding. Many have satellite TV. Residents own older cars and trucks. They own riding lawn mowers, garden tractors and like to garden.

- Midlife Constants. These residents are seniors, at or approaching retirement, with below average labor force participation and above average net worth. Their lifestyle is more country than urban. They are generous, but not spendthrifts. Traditional, not trendy; opt for convenience and comfort, not cutting-edge. Technology has its uses, but the bells and whistles are a bother. Attentive to price, but not at the expense of quality, they prefer to buy American and natural products. Radio and newspapers are the media of choice (after television).
- **Heartland Community.** These households are semirural and semiretired. These older householders are primarily homeowners, and many have paid off their mortgages. Their children have moved away, but they have no plans to leave their homes. Their hearts are with the country; they embrace the slower pace of life here but actively participate in outdoor activities and community events. Traditional and patriotic, these residents support their local businesses, always buy American, and favor domestic driving vacations over foreign plane trips.
- Salt of the Earth. A rural or small-town lifestyle best describes the *Salt of the Earth* market. Labor force participation is higher than the U.S. level, and unemployment is lower. Above-average numbers of employed residents work in the manufacturing, construction, mining, and agricultural industries. Households are dominated by married-couple families who live in single-family dwellings, with homeownership at 86 percent. Twenty-eight percent of the households own three or more vehicles. Most homes own a truck; many own a motorcycle. Residents are settled, hardworking, and self-reliant, taking on small home projects as well as vehicle maintenance. Families often own two or more pets, usually dogs or cats. Residents enjoy fishing, hunting, and target shooting, attending country music concerts and auto races, and flying kites.
- Comfortable Empty Nester. Married, older couples, with college degrees. Many are professionals working in government, health care, or manufacturing. These Baby Boomers value their health and financial well-being. Prefer eating at home. Home Maintenance is a priority. Residents enjoy listening to sports radio or watching sports on television. Physically active, they play golf, ski, ride bicycles, and work out regularly.
- **Silver and Gold.** One of the oldest lifestyle categories, these senior households are affluent retirees who have relocated to sunnier climates to enjoy recreational amenities. Households are partial to luxury cars or SUVs and exercise regularly. They pursue the luxuries that well-funded retirement affords: an active social life, travel, hobbies, and sports (especially golf

and boating) and liberal use of home maintenance services to minimize chores. They are generous supporters of charitable organizations

- Rooted Rural. Residents live in many of the heavily forested regions of the country. Nearly 9 of 10 residents are non-Hispanic whites. This group enjoys time spent outdoors, hunting, fishing, or working in their gardens. Indoors, they enjoy watching television with a spouse and spending time with their pets. When shopping, they look for American-made and generic products. These communities are heavily influenced by religious faith, traditional gender roles, and family history.
- Middleburg. Household live in exurban parts of the country, in newer homes. Residents are conservative, family-oriented consumers. Most have some college experience. They rely on their smartphones and mobile devices to stay in touch and pride themselves on their expertise. They prefer to buy American and travel in the US. Residents are partial to trucks, SUVs, and occasionally, convertibles, or motorcycles. Entertainment is primarily family-oriented, TV and movie rentals or theme parks and family restaurants. Sports include hunting, target shooting, bowling, and baseball. TV and magazines provide entertainment and information.
- **Down the Road.** This category includes a mixture of ethnically diverse households living in low-density, semirural neighborhoods. Many live in mobile homes. Residents work in service, retail trade, manufacturing, and construction industries, with higher proportions in agriculture and mining, compared to the US. This market has higher unemployment, much lower median household income and home value. Many live below the poverty level. Households maintain their own cars and routinely purchase lottery tickets. They enjoy hunting and fishing and listen to the radio. They frequent Walmart and fast food restaurants.

### 1.3. RETAIL SALES LEAKAGE/SURPLUS

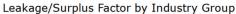
A retail sales leakage analysis can help businesses determine whether their sales projections reflect a realistic capture rate given the market's size and strength of the competition. An analysis of retail sales leakage and surplus also helps a community understand what merchandise is meeting local demand, what items are missing from the market resulting in customers shopping elsewhere and the extent to which the business district is capturing the retail spending potential of households living in the defined trade area.

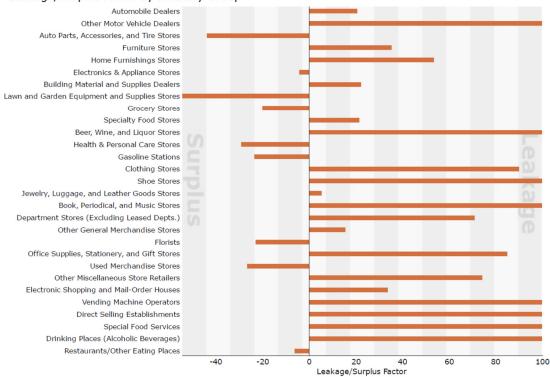
In a sales leakage analysis, *Demand* refers to the potential sales that could be spent by residents in the trade area, based on average household expenditures. Demand is calculated by multiplying an average spending estimate (based on the Bureau of Labor's Consumer Expenditure Survey that considers household size, income and regional spending patterns) by the total households living within the defined trade area. Demand

calculations do not include potential sales from seasonal households. *Supply* refers to the total sales actually spent in stores within the trade area. To determine "retail sales leakage or sales surplus," actual sales are compared to potential sales. *Sale leakage* occurs when potential sales are greater than actual sales (positive number). This can occur if desired products are not available or if existing stores are not competitive in terms of convenience, price or quality to stores outside the trade area. These "lost dollars" or sales leakage represent sales that could support additional stores in the trade area. A *Sales Surplus* occurs when actual sales are greater than potential sales estimates for area (negative number). A large surplus might indicate that the area is saturated with that kind of retail, or that consumers are being attracted from outside of the study area. It also can occur in areas with large numbers of seasonal residents or students who are not counted in the residential based analysis that only calculates demand for residents. Below is a brief summary of sales gaps and opportunities within the three trade areas. Of the three areas, the Secondary Trade Area had the greatest sale leakage.

- Primary Trade Area. According to Esri Retail Marketplace Profile report, there was a sales surplus in the following categories of goods: Auto Parts and Supply, Electronics and Appliances, Lawn and Garden, Grocery, Health and Personal Care, Gasoline, Florist, Used Merchandise and Restaurants and Other Eating Places. This surplus is most likely due to sales generated by residents living outside the 5-mile area that work or traveled to Carthage to purchase goods. Categories of goods that reported a sales leakage included Auto Dealers, Furniture and Home Accessories, Building Supply, Specialty Foods, Beer and Wine, Clothing and Shoes, Jewelry, Books, Department Store, Other General Merchandise Stores, Office Supply, Other Misc. Retail, Drinking Establishments. Sales leakage occurs when residents living in the defined area purchase goods outside the trade area. This includes sales purchased on-line.
- Secondary Trade Area. According to Esri Retail Marketplace Profile report, the Secondary Trade Area had significant sales leakage in almost every category of goods. Sales leakage occurs when residents living in the defined trade area purchase goods from stores located outside the trade area. The only categories of goods to report a sales surplus were the categories of Lawn and Garden, Health and Personal Service and Used Merchandise.
- Tertiary Trade Area. The Tertiary Trade Area had a mixture of sales surplus and sales leakage. Categories that reported a sales surplus included Electronics and Appliances, Lawn and Garden, Grocery, Specialty Food, Health and Personal Service, Department Store, Florist, Used Merchandise and Drinking Establishments. Esri Retail Marketplace Profile reported sales leakage in the categories of Auto Dealer and Parts, Furniture and Home Accessories, Building Supply, Beer and Wine and Liquor, Gasoline, Clothing and Shoes, Jewelry, Books, Other General Merchandise Stores, Office Supply, Other Misc. Retail, and Restaurants.

### TABLE 4. PRIMARY TRADE AREA SALES



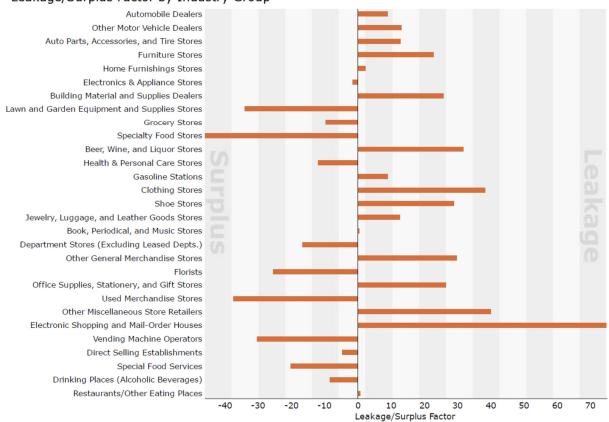


### TABLE 5. SECONDARY TRADE AREA SALES

### Leakage/Surplus Factor by Industry Group Automobile Dealers Other Motor Vehicle Dealers Auto Parts, Accessories, and Tire Stores Furniture Stores Home Furnishings Stores Electronics & Appliance Stores Building Material and Supplies Dealers Lawn and Garden Equipment and Supplies Stores Grocery Stores Specialty Food Stores Beer, Wine, and Liquor Stores Health & Personal Care Stores Gasoline Stations Clothing Stores Shoe Stores Jewelry, Luggage, and Leather Goods Stores Book, Periodical, and Music Stores Department Stores (Excluding Leased Depts.) Other General Merchandise Stores Office Supplies, Stationery, and Gift Stores Used Merchandise Stores Other Miscellaneous Store Retailers Electronic Shopping and Mail-Order Houses Vending Machine Operators Direct Selling Establishments Special Food Services Drinking Places (Alcoholic Beverages) Restaurants/Other Eating Places -30 -20 -10 10 20 30 40 Leakage/Surplus Factor

### TABLE 6. TERTIARY TRADE AREA SALES

### Leakage/Surplus Factor by Industry Group



# PROPERTY OWNER AGREEMENT

Pro	operty information
Pro	operty address:
Na	me of owner:
Squ	uare footage:
Cu	rrent tenants:
Ass	sessed Value:
Sal	e price or rent:
Lo	ng-term plans:
Pro	operty owner responsibilities:
1.	Prepare building to be leased or sold
	Remove trash or unused display cases removed
	Turn on electricity
	Wash windows
	Remove old signs from building
	Repair broken windows or leaks
2.	Provide leasing or sale information
	Desired tenants
	Rent or sale price
	Provide information for marketing material
	Provide rent, estimated utilities, taxes or other expenses and possible tenant upfit allowance
	or incentives (free rent in exchange for repairs etc.).
	Clarify marketing plan
	Hire realtor or Broker
	List property yourself
	Signage in window
	Window cling signage
	Participation in Main Street marketing
	Bonus commission
	Ad/Marketing budget
	nin Street assistance:
	Include property in Downtown marketing brochure
	Include property in Downtown website
	Include property in Downtown referral network campaign
	Display Main Street "opportunity sign" in window
	Provide façade or design assistance (drawings, grants, tax application)
	Provide assistance with renovation, acquisition loan or grant
ш	Contact possible tenants on owner/realtor's behalf