

Operation

NO VACANCY

City of Hickory North Carolina

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Synopsis

Operation No Vacancy is an economic development initiative to proactively attract reinvestment in distressed commercial and industrial corridors. An innovative vacant building inventory tool and grant program provide the means to encourage new and existing businesses to locate in vacant and under-utilized buildings within six target redevelopment zones of the City.

Background

In 2007, a management intern was tasked with developing an inventory of all vacant commercial and industrial buildings in Hickory. After reviewing a memo and map which outlined the vacant building inventory, City Council initiated *Operation No Vacancy* at its annual retreat in February 2008. During an open comment session entitled, "Look to the Future" one council member focused the discussion on concern for the more than 1,000,000 square feet of available space in vacant buildings that clutter the landscape and provide a reminder of Hickory's changing economy. Since the year 2000, Hickory has experienced a major shift in its economy. From 2000-2007 the Hickory MSA lost over 29,000 manufacturing jobs. In 2000 manufacturing jobs made over 42 percent of jobs in the region. Currently, 31percent of jobs are in manufacturing. Alderwoman Sally Fox suggested staff develop a grant program and provide incentives for major employers to retain employees or expand their business and to "think out of the box" to address this problem.

In response to the retreat, staff formed a committee including representatives from the City Manager's Office, Planning, Fire, Community and Economic Development, Public Services and Catawba County Building Services. The committees' major work tasks focused on (1) enhancing a vacant building inventory tool, developed in 2007, (2) designating a commercial revitalization area, (3) creating a vacant building revitalization grant program (4) unifying existing redevelopment programs and (5) reaching out to stakeholders.

Performance

Vacant Building Inventory. The Fire Department historically tracked which buildings were vacant within the city for fire prevention purposes. However, this list only tracked the building's address and whether or not it was vacant. The intern worked to enhance this listing by including additional property information including building square footage, ceiling heights, zoning information, photos, realtor information, historic designation, etc. (See Exhibits A, B and C.) This additional information gives developers, site selectors, preservation groups, and other interested parties the information necessary to see which buildings fit their needs. Property listings in PDF form are currently available on the city website.

In addition, the inventory is available as a layer on the city's GIS site, which is also available online. This allows users to access a wealth of additional information such as the location of the floodplain, infrastructure locations, topographical information and aerial photography. The GIS site has a query function which allows users to search for buildings that meet specific criteria.

Commercial Revitalization Area. GIS software allowed staff to plot all vacant structures on a map. (See Exhibit D.) The Redevelopment Committee identified clusters of vacant buildings, which led to the designation of six targeted redevelopment zones. Redevelopment plans will be developed for each of the six areas. The West Hickory/Green Park zone was chosen as a pilot project for the program. The plan proposes sidewalk, bus shelter and curb and gutter improvements that have been identified as a priority in the City's Sidewalk Master Plan and in the West Hickory/Westmont Neighborhood Plan. Funds were budgeted in the FY 2008 – 2009 Fiscal Year Budget to complete

this work as the City's capital contribution to the West Hickory community that must live with the impact of numerous vacant buildings on the landscape. The proximity of these six areas to each other led to the creation of a unified Commercial Revitalization Area. The committee is working to unify all of the areas that qualify for the city's redevelopment programs into one map. This will help target program impacts to the area of greatest need and make eligibility requirements easier to understand.

Vacant Building Revitalization Grant Program. This grant is one of the core programs of Operation No Vacancy. The grant is intended to encourage the reuse of existing buildings that have been identified by city staff as vacant or under-utilized within the designated Commercial Revitalization Area. This grant program is designed to help owners of vacant and under-utilized property make improvements that will result in the occupancy and reuse of the buildings. The program offers matching funds of up to \$25,000 for projects that renovate vacant or under-utilized buildings in the commercial revitalization area. Funds can be used for exterior improvements, demolition of substandard buildings and interior improvements necessary to protect the structural integrity of buildings. Brownfield sites are given priority. The Redevelopment Committee reviews the grant applications.

Existing Redevelopment Programs. Another important aspect of *Operation No Vacancy* is marketing and improving the city's current redevelopment programs. The city already offered a number of programs that encouraged redevelopment including landscape incentive grants, façade improvement grants and tax incentives for projects in a commercial revitalization area. One of the goals of *Operation No Vacancy* is to unify each of these programs under one eligibility map. This not only helps target program impacts, but it also makes it easier for citizens to understand the programs for which a particular property is eligible. Staff has developed brochures and other promotional materials to use for targeted mailings and distribution to potential stakeholders. Improved web content also helps promote the city's redevelopment programs.

Hickory's revised Economic Development Assistance Guidelines now promote the reuse of vacant industrial buildings as a result of the success of Operation No Vacancy. The guidelines, revised in June of 2008, now provide an additional year or an additional year of property tax grant incentives back to the company which must meet the threshold of \$1,500,000 in new investment and a minimum of 20 jobs. As an example, a company that invests \$5,000,000 and adds 20 new jobs would normally receive a 3-year/65 percent grant in property taxes owed to the City. If the company utilizes a vacant building on the inventory list, the incentive could be increased to 4 years and 70 percent upon approval by City Council. In this scenario the increased incentive generated by an additional year and an additional 10 percent property tax grant takes the grant from a total of \$48,750 over a 3 year period to \$70,000 over a 4 year period—an increase of \$21, 250 for selecting a vacant building.

The program also works in conjunction with Hickory's Brownfield and Community Development Block Grant (CDBG) programs. For example, the city's Brownfield grant will be used to pay for environmental assessments on vacant and under-utilized buildings, while CDBG funds can be used for sidewalk and other infrastructure investment. CDBG funds are also used for a first-time homebuyers program and a housing rehab loan program. This helps strengthen many of the residential neighborhoods adjacent to the commercial and industrial corridors where a number of the vacant buildings are located. Staff has compiled information about these programs and applicable state and federal programs as a resource to citizens, realtors and developers.

Stakeholder Outreach. As an ongoing process, the committee works with stakeholders to improve the process for occupying existing buildings and solicit feedback on potential programs. Staff has worked with Catawba County's building inspection department to develop a document which explains some of the issues that people may come across when trying to occupy existing buildings. The committee has consulted with local real estate professionals to gain perspective on potential programs. The committee makes presentations to City Council and Neighborhood Associations to get feedback on how the initiative can assist property owners. The committee has also partnered with a local historic preservation organization to help develop resources about programs available for historic properties. The group continually works with local professionals to gain additional information about sites and get input about potential redevelopment strategies.

Components of Presentation

Innovation / Creativity

Innovation and creativity were encouraged in more than one way. First, it was a directive of council to “think outside of the box” to create a means to fill vacant commercial buildings. With this directive came the ability to utilize resources and provide incentives. Second, the makeup of the committee enabled divisions, sectors and jurisdictions to cross typical boundaries and share information toward a common purpose. As simple as it may sound, this enabled staff to develop an innovative tool by collecting, reformatting and improving existing information into a useful means to achieve a common goal.

While it is relatively common for local and regional economic development corporations (EDCs) to have GIS based inventories of available sites, the city’s inventory takes the analysis one step further. Most EDCs only focus on sites which are actively being marketed by the development or real estate community. By tracking all vacant structures staff is able to enhance the redevelopment component of the initiative. A significant percentage of the vacant buildings contained within the revitalization area are not being actively marketed, and many are obsolete commercial and manufacturing facilities located in areas that the traditional real estate market has left behind. *Operation No Vacancy* is devoted to tracking all properties where redevelopment needs to occur, which is very uncommon in ordinary governmental operations. *Operation No Vacancy* represents a proactive approach to solving a city issue while assisting the private market in a positive way. This approach addresses issues affecting not only development, but the quality of life within the targeted redevelopment zones. Utilizing existing information to create an interactive tool and develop a consolidated program to encourage redevelopment of commercial properties was accomplished by enabling employees of various divisions the ability to work together and develop creative results.

With the exception of GIS support from the Western Piedmont Council of Governments, all work was performed in-house.

Citizen Outcomes

The program identified the need for the City to do a better job explaining the process for occupying vacant buildings. This led to the creation of a document that outlines implications of changes in use or occupancy classification when occupying an existing building. This allows citizens to look more critically at some of the issues that may arise when adaptively reusing a vacant building. Staff has also made improvements that effectively unify the city’s redevelopment programs. By creating one eligibility map for all of the city’s redevelopment programs, staff is able to simplify the process for citizens by making it easier to explain whether or not a property is located in the redevelopment area. While the different programs have different target audiences, simplifying the eligibility area made it easier to market the redevelopment programs. Staff also created brochures, marketing materials and improved the website.

A common barrier to the redevelopment of vacant commercial buildings is the lack of information available to potential buyers and local governments to easily access and search properties. In Hickory, most commercial realtors do not share information about other realtor’s listings as they do in the residential sector. Before the vacant building inventory was completed, staff had to make numerous phone calls to commercial realtors to fulfill economic development requests for business owners looking to locate in an existing building. The inventory has greatly improved staff response time to these requests. Small business owners also have the ability to search the list themselves to find buildings which meet their needs. The vacant building inventory tool also serves as free advertising for vacant commercial and industrial buildings within Hickory.



The inventory has helped staff identify corridors in need of redevelopment and enhanced staff ability to create realistic plans for corridor redevelopment. Identifying these corridors led staff to conduct a comprehensive reassessment of existing redevelopment programs and develop new programs. In addition, citizens benefit from improved quality of life, aesthetics, increased property values and improved transportation within the redevelopment of corridors they live, work, recreate or travel. Designating the Commercial Revitalization Area ensures that the city's redevelopment dollars are targeted to the areas where need is great and the dollars will have the most impact.

Operation No Vacancy positively impacts the health of the Hickory community by encouraging and enabling the reduction of sprawl, utilizing existing infrastructure, revitalizing old industrial and rail corridors and proactively addressing the major, abrupt shift in the City's economy.

Applicable Results and Real World Advice

Applications the *Operation No Vacancy* team can share that would be of value to other local governments include:

- Demonstrating how to utilize common information collected by local governments and develop an innovative tool for marketing and redeveloping vacant commercial buildings.
- Demonstrating how to effectively use the vacant building inventory tool.
- Sharing guidelines and templates of the applicable grant programs used.
- Providing examples of success and also lessons learned in both the preparation and implementation processes.
- Providing the opportunity to attendees to inquire of team members from a variety of divisions regarding the process and results.

Results and outcomes of the project include:

- A streamlined and simplified process that makes it easier to market vacant commercial and industrial buildings.
- Improved partnerships with other jurisdictions, the private sector and citizens to educate applicable stakeholders on redevelopment opportunities and benefits.
- Increased interest from potential developers and potentially expanding companies in redeveloping vacant commercial buildings.
- A grant program that not only fills vacant buildings, but encourages and assists the revitalization of distressed areas.
- Using in-house resources to conduct the inventory of vacant buildings has saved the city over \$15,000 during the inventory process for its Brownfield program. This will allow the city to perform more environmental site assessments than previously anticipated.
- A successful program that unifies staff of many divisions, elected officials, citizens and private investors to revitalize distressed areas of the city and jointly fulfill the needs of each group.
- Three recent projects have committed to occupy over 375,000 square feet of manufacturing and office space in vacant buildings.
- The city will invest approximately \$300,000 in the current and upcoming fiscal years for sidewalk projects within the Commercial Revitalization Area and designated in the West Hickory Action Plan.

Program goals

- The program is still in its beginning stages, but the committee is in the process of developing performance measures for the program. These will include:
 - net square footage of vacant buildings reoccupied
 - number of people reached through marketing efforts
 - hits to vacant building inventory and redevelopment web pages
 - number of vacant buildings toured and summary reports completed

Exhibits

Exhibit A: Web Platform to *Operation No Vacancy Inventory Tools*



Exhibit B: Vacant Building Inventory Listing Screen Shot

Section NW



1020 MAIN AV		NW	GIS PIN	370205192773	Building Type: Manufacturing/Industrial				
Status	Multi-Unit	Suspect Brownfield	Sq. Footage	Lot Acreage	Min Ceiling Height	Max Ceiling Height	Year Built	Exterior Walls	
Under-utilized	N	Y	20510	0.66	8	10	1890	Brick/Stucco	
Land Valuation	Building Valuation	Total Valuation	Zoning	City Limits					
\$17,300	\$97,100	\$114,400	C-5	Y					
Real Estate Broker: Owner			Contact Number: (828) 327-4890						
Notes: Piedmont Wagon Building									
									
1030 Main Av		NW	GIS PIN	370205190704	Building Type: Warehouse				
Status	Multi-Unit	Suspect Brownfield	Sq. Footage	Lot Acreage	Min Ceiling Height	Max Ceiling Height	Year Built	Exterior Walls	
Vacant	N	Y	20000	0.52	15	15	1965	Brick/Stucco	
Land Valuation	Building Valuation	Total Valuation	Zoning	City Limits					
\$27,200	\$160,900	\$188,100	I-2	Y					
Real Estate Broker: Rent			Contact Number: (828) 324-0665						
Notes:									
									
1040 Main Av		NW	GIS PIN	370205099734	Building Type: Warehouse				
Status	Multi-Unit	Suspect Brownfield	Sq. Footage	Lot Acreage	Min Ceiling Height	Max Ceiling Height	Year Built	Exterior Walls	

Exhibit C: GIS Based Vacant Building Inventory Screen Shot

Map created by Hickory GIS 9/10/2008

Rec	PIN	Section	Physical Address	Name	Multi-Unit	Comments	Brownfield	Square Footage	Acreage	Ceiling Height	Exterior Wall	Year Built
1	279316936999	NW	808 OLD LENOIR RD	VACANT BUILDING	No		Yes	1918	0.1	12	Concrete Block	195
2	279316929713	NW	561 11TH ST	VACANT BUILDING	No		Yes	16404	0.36	12	Concrete Block	194
3	370317022249	NW	1079 3RD AV DR	VACANT BUILDING	No	Parcel Address is 1097 3rd Ave Dr NW	Yes	3008	1.44	10	Brick/Stucco	194

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Exhibit D: Commercial Revitalization Map Plotting Vacant Buildings Screen Shot

