

## **REQUEST FOR BOARD ACTION**

### **HENDERSON COUNTY PLANNING BOARD**

**MEETING DATE:** August 20, 2009

**SUBJECT:** Continued Discussion on the Draft Amendments to the Henderson County 2020 Comprehensive Plan Economic Development Element

**ATTACHMENTS:** 1. Draft Amendments to the CCP Economic Development Element

#### **SUMMARY OF REQUEST:**

The Planning Board has been reviewing and discussing the Economic Development Element of the CCP. Steve Dozier was appointed by the Planning Board to work with Staff and business leaders in Henderson County to update the economic section and associated recommendations in the CCP.

At its meeting on July 16, 2009, the Planning Board briefly reviewed the Draft Amendments to the Economic Development Element. After much discussion and comments by board members, the item was tabled until the August meeting to research some of the Boards issues and concerns. After further research and discussion with Mr. Dozier and business leaders, additional revisions to the attached Draft Economic Development Element are not recommended.

Any amendments to the CCP will require a recommendation by the Planning Board and must be adopted by the Board of Commissioners. Due to the nature of the content and possible amendments, the Economic Development Element will be considered an administrative amendment. Administrative amendments are reviewed as needed and adopted by the Board of Commissioners. According to the Land Development Code, these amendments do not require a public hearing or public notification because they do not change the meaning or intent of the CCP, but instead make corrections that are technical or clerical and may involve additional explanatory materials and graphics.

#### **PLANNING BOARD ACTION REQUESTED:**

If the Board agrees with the proposed amendments to the Economic Development Element, Staff has provided the following motion.

#### **Suggested Motion:**

I move that the Planning Board initiate an administrative amendment to the Economic Development Element of the Henderson County 2020 Comprehensive Plan as discussed by the Board under §200A-313 (Comprehensive Amendments) of the Land Development Code, and

I further recommend that the Board of Commissioners adopt the proposed amendments.

## ECONOMIC DEVELOPMENT ELEMENT

### *Introduction*

The purpose of this *Economic Development Element* of the 2020 Henderson County Comprehensive Plan is to set forth key Recommendations and Action Strategies necessary to maintain a healthy, vibrant, sustainable economy.

The Henderson County Board of Commissioners has often expressed its commitment to the development of a sustainable economy through its various efforts both past and present that support economic development. In particular, that commitment is expressed through the County's funding of the ~~Greater Hendersonville Chamber of Commerce~~ Henderson County Partnership for Economic Development (HCPED), as well as the through the County's ~~Economic Incentives~~ Development Assistance Guidelines and the *Henderson County Strategic Plan*. A number of other key documents and resources were consulted in the development of this element, including the following:

- The Henderson County Comprehensive Economic Development Master Plan
- A Report to the Henderson County Board of Commissioners. Committee on Economic Development.
- Staff and resources of the Henderson County Partnership for Economic Development; ~~Greater Hendersonville~~ Henderson County Chamber of Commerce; AdvantageWest; North Carolina Department of Commerce, Division of Community Assistance; Henderson County Travel & Tourism; and Land-of-Sky Regional Council.

A review of Henderson County's economic characteristics and recent trends can be found in Section 2, *Economic Trends*.

### *Public Input*

The results of the Citizen Survey indicate that economic issues are not a high priority among the survey respondents relative to other issues such as the natural environment, the rural landscape, and a visually attractive community.

- Respondents indicated a moderate level of concern regarding the stability of the economy.
- There was a moderate level of agreement that key industrial sites should be identified and protected, but somewhat less agreement that public funds should be spent to develop those sites.

- The need for County support for tourism was the least important of all issues addressed by the survey, and there was virtually no support for the expenditure of public funds for tourism development.
- There was moderate support for the expenditure of funds to provide incentives for industry and somewhat higher support for the expenditure of funds to promote small businesses.
- The survey indicated high agreement that a visually attractive community and a clean natural environment are necessary for economic growth.
- There was a high level of support for the protection of agriculture and farmland, including support for the expenditure of public funds and the implementation of related policies and regulations.

Citizen Survey questions relating to economic development are in the separately bound document entitled *Citizen Survey Report*.

The results of the community meetings generally echo those of the Survey. Approximately 1.6% of the comments provided by Community Meeting attendees indicated a need for economic development measures to provide jobs. However, this was the least important of the top 20 issues of the Community Meetings. Meanwhile, Community Meeting attendees indicated a very high level of support for the protection of agriculture and for regulations and land use policies that protect residential development from the negative impacts of industrial and commercial development. Also identified was the need for more conveniently located commercial services, although this was 18<sup>th</sup> among the top 20 comments.

| <b>Figure E.1 Designing Our Future Ballot Results, Economy</b>                                                                                                                                    |                             |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| <b>ISSUE: ECONOMY</b>                                                                                                                                                                             | <b>Percent of Responses</b> |
| Bring in high tech & environmentally friendly industries with incentives, high-tech infrastructure, industrial parks                                                                              | 28.9%                       |
| Improve salaries, opportunities, and benefits                                                                                                                                                     | 24.3%                       |
| Increase jobs and job options                                                                                                                                                                     | 19.3%                       |
| Maintain a balanced economy                                                                                                                                                                       | 9.7%                        |
| Support our agricultural community                                                                                                                                                                | 9.3%                        |
| Attract a younger population                                                                                                                                                                      | 8.4%                        |
| Source: Designing Our Future. <u>Community Vision Ballot Results</u> .<br><a href="http://www.designingourfuture.org/ballot_results.htm">http://www.designingourfuture.org/ballot_results.htm</a> |                             |

Phase II of the Designing Our Future project gathered public input through a process called Community Vision Balloting. More than 2,600 ballots were collected. The results of the Balloting Process pertaining to the economy are shown on Figure E.1.

Lockwood Greene surveyed 101 businesses employing almost 3,000 persons in Henderson County and achieved a 41% response rate. The most immediately useful results detailed those things that area businesses need in order to thrive in Henderson County:

- Good economy and growth
- Lower cost of living
- Diversified, thriving economy
- Additional industry as part of the local economic base
- Support for manufacturing in the city, county, and state
- Inclusion of travel, tourism, and the retirement industry in the local economy
- High quality of life
- Good workforce with diversified skills and experience and a good work ethic
- Suitable, available sites and lower property values
- Financial incentives for expansion and retention purposes
- Strong education system
- Improved business climate
- An overall plan for economic development and marketing

The process of developing the 1993 *Henderson County Comprehensive Land Use Plan* included a questionnaire. Respondents ranked 15 key issues in order of importance. The issue ranking highest was the need for jobs (28% of the respondents), followed closely by the need for zoning controls. Also, 90% of respondents agreed that the County should be working to attract new jobs and industries. However, there was considerably less agreement that more commercial development and retail shopping opportunities were needed at the time.

### ***Recommendations & Action Strategies***

It is often stated that Henderson County's economy is composed of four primary sectors: manufacturing, commerce, agriculture, and tourism. The growth of the retirement community is also cited as a distinct component of the economy. The following Recommendations and Action Strategies will address industry, commerce, and tourism. Agriculture and retirement development will be addressed in the *Agriculture, Housing, and Growth Management* elements of this Comprehensive Plan.

It should be reiterated that the preceding summary of public input indicates very little interest among the public in government involvement in economic development activities. However, the County recognizes that economic development is critical to the longterm success of Henderson County and that balanced, cost-effective attention to economic development issues is required.

In 2007, the County enlisted Dr. Mitch Renkow, N.C. State University Professor, to conduct a Cost of Community Services Study for Henderson County. In 2008, Mr. Renkow presented his findings to the Board of Commissioners. The study was to provide information regarding if community services needed to accommodate residential and commercial development exceed the contribution of that development to the County's revenue. According to the study, for every public dollar generated the County spends:

- \$1.16 to provide supporting services to residential uses, and
- 40¢ to provide supporting services to commercial and industrial establishments.

The residential sector is a net user of local public finances, while the commercial and industrial sector are net contributors to local fiscal resources and thus pay for itself. It is important to note that the revenue/expenditure ratio for agriculture implies revenues exceed expenditures and agricultural lands more than pay for their supporting services. For additional information please see the separate document entitled, *The Cost of Community Services in Henderson County*, January 2008.

Economic development is vital in preserving and growing high paying jobs. In 2006, the average manufacturing wage was 41% higher than the total average wage in Henderson County. In 2006, Henderson County manufacturers paid \$284,286,031.00 in total wages.

Economic development is a strategic tool aimed at maintaining and growing industrial investment. Industrial investment equates to a strong and balanced tax base, meaning a lower tax burden for everyone. From a tax and service perspective, industry contributes more than industry consumes. In 2007, Henderson County real and personal property tax values of local manufacturers totaled \$574,589,576.00.

***Recommendation E-01: Support the development of the industrial sector of the economy by implementing the recommendations of the Lockwood Greene Study.***

In 2001, the Henderson County Partnership for Economic Development (~~formerly, Committee of 100~~) of the ~~Greater Hendersonville Chamber of Commerce~~ enlisted the assistance of Lockwood Greene Consulting to develop the *Henderson County Comprehensive Economic Development Master Plan* (the "Lockwood Greene Study"). The Lockwood Greene Study, which was supported financially in part by Henderson County government, was completed in June 2002 and focused specifically on economic development from the industrial standpoint.

The study included a competitive assessment (economic development strengths and weaknesses); labor force analysis; target industry analysis; and marketing plan development. For additional information relating to these components of the plan, ~~the complete list of strengths and weaknesses~~ please see the separate bound document entitled, *Henderson County Master Plan: Executive Summary*.

The recommendations of the Lockwood Greene Study are summarized as follows:

- a) Increase the supply of prepared industrial sites and buildings, and make them available on a cost competitive basis.
- b) Consider a regional approach to water and sewer infrastructure and service to improve the economic development situation.
- c) Increase the resource and funding base for economic development.
- d) Work to improve commercial air service.
- e) Establish a committee of retired executives to serve as an economic development liaison with the retirees of the county.
- f) Communicate the importance of manufacturing to the future of the economic development of Henderson County.
- g) Explore options to increase the supply of affordable housing.
- h) Avoid raising the minimum wage in Henderson County.
- i) Implement the Lockwood Greene Marketing Plan and recruit key target industries.

It is the recommendation of this Comprehensive Plan to maintain the identified strengths of Henderson County and to improve upon the county's identified neutrals and weaknesses by supporting the full implementation of the recommendations of the Lockwood Greene Study.

**A. Work with the ~~Chamber of Commerce~~ Henderson County Partnership for Economic Development and other entities to implement the Lockwood Greene Study.**

Any specific responsibilities of Henderson County should be identified and incorporated into the *Henderson County Strategic Plan* and the County budget as required.

**B. ~~Conduct a Countywide Industrial/Commercial Zoning Study.~~ Continue efforts to identify, preserve and appropriately zone industrial property.**

On February 16, 2005, the Board of Commissioners began the implementation of Recommendation E-01 of the CCP by adopting it as Goal 1, Strategy 1.1 of the Henderson County 2005 Strategic Plan. Supporting Action Steps for Strategy 1.1 included: (1) “work with the Partnership for Economic Development and other entities to implement elements of the Lockwood Greene Study”, and (2) “identify appropriate land to preserve for future industrial development”.

Planning Staff worked, in cooperation with the Partnership for Economic Development, to identify areas most suitable for industrial development in the County’s jurisdiction.

The Henderson County Planning Board endorsed recommendations of the Industrial Study and recommended approval of such recommendations by the Board of Commissioners. The Board of Commissioners received the materials at their May 18, 2006 meeting and sent the recommendations of the Industrial Study back to the Planning Board for its consideration as part of the larger Comprehensive Plan Amendment Process. Amendments to the Henderson County 2020 Comprehensive Plan and Chapter 200A, Land Development Code Official Zoning Map, based on recommendations of the Industrial Study, were made effective by Board of Commissioner action at its April 7, 2008 meeting.

The *Countywide Industrial / Commercial Zoning Study* ~~will~~ accomplished the following:

- a) ~~Identify~~ Identified key sites to be targeted for industrial and commercial zoning.
- b) ~~Establish~~ Established general criteria to be used in siting industrial and commercial land uses.
- c) ~~Examine~~ Examined potential industrial zones proposed by the Partnership for Economic Development (~~formerly, Committee of 100~~) of the ~~Greater Hendersonville Chamber of Commerce~~ for their appropriateness for industrial development. Such sites are shown on Map #8, “Committee of 100” Recommended Industrial Zones and Map #24 Future Land Use Map (Appendix I).
- d) ~~Analyze~~ Analyzed existing industrial and commercial zoning districts for necessary modifications ~~at the time of adoption of this Plan~~. Such zoning districts are shown on Map # 17, Current Zoning Map, and Map # 18, Current Zoning Map Inset (Appendix I).
- e) ~~Identify~~ Identified other appropriate industrial and commercial zoning sites not currently identified by the Partnership for Economic Development or the Official Zoning Map.
- f) ~~Result~~ Resulted in future modifications to, and re-adoption of, the Future Land Use Map of this Comprehensive Plan.

- g) ~~Result~~ Resulted in modifications to, and re-adoption of, the Official Zoning Map.
- h) Set the stage for more detailed commercial zoning consideration during the development of the community plans envisioned in Section 04 of this Comprehensive Plan.

The Industrial Study should be reviewed and revised as needed every 2-4 years.

Similar zoning studies will be conducted from time to time to ensure that zoning is consistent with the demands of the economy and the needs of the County's residents.

***Recommendation E-02: Support the development of the commercial sector.***

It is in the County's interests to promote the development of the local commercial sector. Numerous organizations currently support local businesses, including the Downtown Merchants' Association; Blue Ridge Community College; and the ~~Greater Hendersonville~~ Henderson County, Fletcher, and Hickory Nut Gorge Chambers of Commerce. Continued support for and cooperation with such organizations are required.

Also required ~~are improvements to the Henderson County Zoning Ordinance in order to minimize unnecessary restrictions and~~ is flexibility within the Land Development Code to allow for more innovation and adaptation on the part of commercial development while at the same time protecting adjacent residential development. Furthermore, new commercial zoning districts will need to be created in order to provide adequate space for commercial development to occur while at the same time protecting adjacent residential development.

**C. Explore ways to support & expand programs & policies that promote local businesses & locally produced products.**

The Henderson County Chamber of Commerce initiated its Shop and Dine Henderson County Program to encourage citizens to shop locally as opposed to traveling to Asheville or Greenville. Shopping locally in our community creates jobs, funds more services through sales tax, invests in neighborhood improvements, and promotes community development. Shopping locally not only benefits our merchants and their employees, it adds to local government revenue in the form of sales tax dollars. According to the Chamber, North Carolina collects a 6.75¢ sales tax on every dollar spent and returns 2.25¢ of those cents to the County in which the taxed items were purchased. Sales taxes collected by Henderson County businesses make up over 20% of the County's budget and between 20-30% of our municipalities' budget, which provides



for school needs, infrastructure and countless other services enjoyed and expected by residents.

The Henderson County Chamber of Commerce sponsors a number of educational seminars focused on local business that assist them in growing and sustaining their business in Henderson County.

The Henderson County Partnership for Economic Development (HCPED) is in the process of completing an Industrial Products & Suppliers Directory aimed at connecting procurement and purchasing persons with local sourcing opportunities. The HCPED is also working to distribute this information to buyers in the WNC region including airports, universities, community colleges and units of government. This information, along with additional search functions on the HCPED website, will further connect buyers with local manufactures.

Examples of such measures could include the following:

- a) Offering support to existing local and regional “Buy Local” programs.
- b) Understanding the effect that the geographic placement of government offices can have on local retail.
- c) Exploring ways to support local businesses through governmental purchases.

***Recommendation E-03: Promote appropriate, compatible tourism.***

Tourism is a vital component of the county’s economy. However, public input places tourism in a rather unfavorable light. Such lack of interest in tourism development indicates that tourism should not detract from the county’s high quality of life or take on a form that is incompatible with the traditions and values of the community.

To that end, the County will continue exploring ways to promote a form of tourism that highlights the county’s heritage and important recreational, cultural, and historic resources.

***D. Participate in the development of a Heritage Tourism Plan.***

The Henderson County Travel and Tourism’s Heritage Council was established to develop and implement a Heritage Tourism Plan for Henderson County. ~~Among other things,~~ The Heritage Tourism Plan ~~will~~ promotes tourism programs and destinations that

highlight local heritage and agricultural resources. The mission of the Council was to create a plan that recognized, documented and promoted unique heritage of Henderson County and provided for the preservation of its heritage while developing opportunities for public education, appreciation and participation in the County's heritage. ~~Federal funding may be available for such plan.~~ The Heritage Tourism Plan for Henderson County was completed in 2005.

***Recommendation E-04: Pursue innovative approaches to regional economic development initiatives.***

Henderson County's economy does not operate in isolation. It is inextricably integrated with the regional, statewide, and national economies. Economic development activities must recognize and take into account this reality. Furthermore, certain efficiencies may be achieved by pursuing some economic development efforts in cooperation with the county's municipalities and neighboring jurisdictions. Regional collaboration allows Henderson County to leverage limited resources with like-minded organizations.

**E. Identify and act upon opportunities for joint economic development projects with municipalities, neighboring jurisdictions, and area economic development entities.**

Henderson County should continue to be an active participant and leader in CarolinaWest, a six county sub-regional marketing group; AdvantageWest, the Western NC Regional Economic Development Partnership; and the North Carolina Department of Commerce.

**F. Take a leadership role in ~~developing the development of the transportation and industrial corridor, proximate to~~ the Asheville Regional Airport ~~and northern Mills River area, and its vicinity~~ as a regional center of economic activity.**

Henderson County has a direct stake in the future of this transportation and industrial corridor ~~the Airport and its vicinity~~. The County will benefit from job growth, tax revenues, and overall economic expansion. As such, the County has an interest in ensuring that area development occurs in a manner that does not waste land resources or the opportunities provided by the presence of transportation and industrial infrastructure ~~the airport~~. Henderson County ~~has no longer has~~ direct land use control in this transportation corridor ~~the area directly adjacent to the Airport~~ and a stake in ~~maintains considerable influence over~~ the future of the area through its ability to

engage in economic development activities and its influence over transportation and infrastructure ~~sewer/water~~ development.

This transportation and industrial corridor ~~The Airport~~ is a logical focal point for ~~joint~~ economic development activities involving Henderson County, municipal governments and the Henderson County Partnership for Economic Development ~~local governments and economic development agencies in the region.~~ However, development pressures and the mix of jurisdictional interests in this corridor ~~around the airport~~ will pose challenges for inter-jurisdictional cooperation, particularly in land use management. The County will take a proactive leadership role in the management and development of this transportation and industrial corridor ~~the Airport~~ and its vicinity by working with all parties, including landowners. ~~to do the following:~~

- |                                                                                                                                 |                                                                                                                                                                                                                                                                           |
|---------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a) <del>Establish a multi-jurisdictional economic development and planning area around the Airport.</del>                       | <del>cooperation with area educational institutions, economic development agencies, and others.</del>                                                                                                                                                                     |
| b) <del>Develop an economic development master plan for that area.</del>                                                        | e) <del>Consider establishing an airport overlay district to protect the airports from development that may restrict airport operations and/or expansion, and address public health, safety, and general welfare issues associated with developments near airports.</del> |
| c) <del>Develop a land use and zoning plan for that area.</del>                                                                 |                                                                                                                                                                                                                                                                           |
| d) <del>Explore the benefits of establishing a regional technology training facility and business / industry incubator in</del> |                                                                                                                                                                                                                                                                           |

### *Other Action Strategies*

The following Action Strategies are intended to implement any number of the aforementioned Recommendations.

#### **G. Identify any economically distressed areas of the county and explore revitalization measures.**

Certain Federal and State economic development funds, such as the Community Development Block Grant program, exist for the purpose of revitalizing economically distressed areas. As part of the Community Planning Process envisioned in Section 04 of this Comprehensive Plan, qualifying areas that currently exist, or that emerge during the operational timeframe of this Comprehensive Plan, will be identified, and steps will be taken to apply available funds to the revitalization of those areas.

#### **H. Pursue legislation and solicit regional and statewide support to further economic development initiatives.**

**I. Continue to budget funds annually for economic development initiatives.***Relationship to Other Elements*

Two of the most important steps that can be taken to promote economic growth in the county involve (1) the creation of dedicated, appropriately zoned space for commercial and industrial development, and (2) the development of adequate sewer and water infrastructure. Also, public input indicated considerable support for protecting residential communities from incompatible commercial and industrial land uses. Map # 24, *Future Land Use Map* (Appendix I) of this Comprehensive Plan will propose areas for commercial and industrial development. These areas will be further refined via the Community Planning Process (Section 04), which will result in revisions to the *Future Land Use Map* and the *Industrial / Commercial Zoning Study* suggested by this element. The *Growth Management Strategy Element* of this Comprehensive Plan will call for a revision of the Henderson County Zoning Ordinance that will include requirements that promote the appropriate placement and design of commercial enterprises. Sewer and water development is addressed in the *Sewer and Water* and *Growth Management Strategy* elements of this Comprehensive Plan.

Agriculture, which is also an important component of the county economy, is addressed in the *Agriculture Element* of this Comprehensive Plan.