

# ECONOMIC DEVELOPMENT

## Economic Development Strategies

The City of Hartsville's economic development objective is to promote policies that encourage new and expanded residential development in the downtown area and new and expanded business activity within the City, and especially in the downtown area, that results in growth in employment, income and the tax base in the City. This will enhance the "College Town" atmosphere.

*There is one critical factor necessary for the City to successfully implement each of these strategies: the political will and continued commitment to aggressively pursue these strategies. Some will be more easily accomplished than others, but the City leadership will need to make the political and financial commitment to see them through to completion.*

The following strategies are recommended for implementation within the next three years in order to support the Master Plan.

### 1. Create a vibrant, growing downtown residential community.

The key to stimulating Hartsville is already present within the City. It is right in the middle of the community. The key to the long-term growth and development of Hartsville is to attract and keep residents living in the downtown area. The mix of housing is critical to the success of this strategy. One of the primary areas of focus is the Oakdale properties adjacent to the Governor's School for Science and Mathematics (GSSM).

To stimulate additional demand for housing in the downtown area, the City should pursue the opportunity to partner with Florence-Darlington

Technical College (FDTC), Coker College and the GSSM. This would stimulate additional demands for housing and commerce in the downtown area. It would also enhance the "college town" strategy with broadening the opportunities for higher education in Hartsville.

To stimulate additional housing opportunities in the downtown area, the City should consider implementing the following activities:

- Review its building codes and regulations to determine if any could be amended to foster new housing development – in partnership with the Community for a Better Hartsville (CFBH) and local banks.
- In conjunction with the CFBH, the City should develop an RFP to solicit developer or developers to develop the Oakdale property.
- The City should solicit proposals from qualified developers to redevelop the Old Thornwell school. This property could potentially be developed into market based student housing or housing for young professionals.
- The City should promote, encourage and help facilitate the use of the development incentive programs that might be applicable to stimulate the redevelopment of properties such as the Old Thornwell School and other downtown properties such as:
  - The Abandoned Buildings Revitalization Act
  - The Bailey Bill
  - Special Property Tax Assessments for Rehabilitated Historic Buildings

- Federal and State Historic Rehabilitation Tax Credits for homeowners  
(See Appendix for details about these programs)

### 2. Create an Entrepreneurial Culture.

To complement the promotion of new housing and new residents in the downtown area, the City should implement policies to create an "Entrepreneurial Culture" in the City and in particular the downtown district by supporting and encouraging the cooperation of the new Duke Energy Center for Innovation with the existing network of young professionals at existing partners including Coker, GSSM, Sonoco, FDTC, Duke, Hartsville High School, the Arts Community, Main Street Hartsville, the Greater Hartsville Chamber of Commerce and others; and the integration of existing academic programs at Coker and the GSSM with the Duke Energy Center for Innovation.

Many of the ingredients of a successful entrepreneurial community are present in Hartsville. They include:

- Existing facilities and infrastructure – Duke Energy Center for Innovation
- Young professionals
- Above average educational attainment
- High percentage of engineers and professionals
- Students at institutions of higher education
- Flourishing arts community
- Small, close knit community
- Relatively low cost startup costs
- Proximity to larger communities and resources if needed

An entrepreneurial, creative community cannot be created in a vacuum, and it can't be easily taught in the classroom. An article in the September 4, 2013

edition of the *Wall Street Journal* by Melissa Korn made this argument:

***WSJ: Do you think business school is the right place to teach entrepreneurship?***

*No, it's not. Entrepreneurship should be a cross-functional enterprise. You need hackers and hustlers and hipsters. In other words, you need people who have technology [skills], businesspeople, people who are more design oriented or user-experience oriented. The strength comes from the heterogeneity of the team.*

One strategy to encourage and support the Entrepreneurial Culture while helping to redevelop buildings downtown is to create co-working spaces. Co-working spaces are gaining ground across the country as flexible, affordable and ideal work spaces for young professionals, particularly those in technology and creative professions. The days of major tenants occupying entire historic commercial buildings may be waning. Instead, individuals and companies are looking for spaces that meet office needs as well as the need to work in a community with others.

Galvanize in Denver, Colorado is a successful example of a co-working space located in an historic building. Galvanize creates an "innovation ecosystem" designed to give entrepreneurs and innovators the best chance of success at the start of their next (or first) big thing. Through the three pillars of Capital, Community, and Curriculum, Galvanize builds a community greater than the sum of its parts to spark disruptive ideas and breakout companies.



Galvanize, Denver, Colorado



Galvanize, Denver, Colorado



Grand Valley State University, Grand Rapids, MI



Grand Valley State University, Grand Rapids, MI

### 3. Create a Tax Increment Financing (TIF) District in the Downtown District

Marketing Hartsville’s downtown buildings as potential co-working spaces in concert with the Duke Energy Center for Innovation can become a great way to redevelop the existing infrastructure while supporting the Entrepreneurial Culture.

It is well known that the number and range of economic development incentives are very limited at the municipal level. The state and counties have vastly greater tools and pools of funding to utilize in economic development projects.

One of the few tools that the City has at its disposal is the creation of a Tax Increment Financing District (TIF). Tax increment financing (TIF) is a tool that allows municipalities and counties in South Carolina to promote economic development by earmarking property tax revenue from increases in assessed values within a designated TIF district. **All TIF projects must be for capital improvements (not operating expenses) and must be owned by the City.**

It is recommended that the City create a TIF whose boundaries are generally consistent with the boundaries of the downtown development district. The creation of a TIF will require the development of a *Redevelopment Plan* that outlines the goals and purposes of the TIF. It is typical for legal assistance to be required by the City in the creation of the TIF.

A brief excerpt from the *South Carolina Code of Laws* details the components of the Redevelopment Plan:

“SC code of laws, Title 31, Chapter 6”

(a) a copy of the redevelopment plan containing a statement of the objectives of a municipality with regard to the plan;

(b) a statement indicating the need for and proposed use of the proceeds of the obligations in relationship to the redevelopment plan;

(c) a statement containing the cost estimates of the redevelopment plan and redevelopment project and the projected sources of revenue to be used to meet the costs including estimates of tax increments and the total amount of indebtedness to be incurred;

(d) a list of all real property in the redevelopment project area;

(e) the duration of the redevelopment plan;

(f) a statement of the estimated impact of the redevelopment plan upon the revenues of all taxing districts in which a redevelopment project area is located;

(g) findings that:

(i) the redevelopment project area is an agricultural, blighted, or conservation area and that private initiatives are unlikely to alleviate these conditions without substantial public assistance;

(ii) property values in the area would remain static or decline without public intervention; and

(iii) redevelopment is in the interest of the health, safety, and general welfare of the citizens of the municipality.



Co-working Spaces, Steelcase



Grand Valley State University, Grand Rapids, MI



Steelcase

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The time required to create a TIF varies with the community and the complexity of the TIF plan, but a realistic goal for the City is to create a TIF by the end of 2014. Legal council would be needed to advise the City on the exact process and procedures necessary to adopt a TIF.

The potential funding capacity of the TIF would depend on the level of capital investment in the TIF. In addition, the potential public projects to be built using TIF funds are yet to be determined. Potential projects would include but are not limited to the following:

- Public parking facilities
- Site improvements of new development
- Public infrastructure such as lighting, parks, streetscapes

#### 4. Use the CFBH to function as a Community Development Corporation

It is recommended that the City use the CFBH to function as a Community Development Corporation (CDC) to help implement the economic development strategies for the City. If CFBH bylaws permit it, then it can act like a CDC and help promote economic development in the community. The CFBH would be a critical partner in promoting and implementing various economic development strategies for the City for many years. The CFBH would provide the opportunity for the City to accomplish the following:

1. Walk downtown. Fight the “drive-thru” mentality by parking and walking downtown to run your errands. Your local economy (and waistline!) will thank you.
2. Pick up someone else’s litter. So what if it’s not

- The CFBH could also provide sources of technical assistance.
- The staffing and initial funding could be relatively modest since the CFBH already exists.
- More resources are available through the South Carolina Main Street Program, the Municipal Association of South Carolina and the South Carolina Association of Community Development Corporations.

Once fully functional, the CFBH could provide an expanded array of programs in concert with Main Street Hartsville such as:

- Sign Replacement and Exterior Paint Grant Program (recently created)
- Storefront façade improvement program
- Direct Grant Program
- Bank Consortium
- Stimulate new and expanded commerce in the downtown area through focused economic development effort.

#### 10 Ways to Support Downtown

Adapted from Mississippi Main Street Program March 2012 newsletter

1. Walk downtown. Fight the “drive-thru” mentality by parking and walking downtown to run your errands. Your local economy (and waistline!) will thank you.
2. Pick up someone else’s litter. So what if it’s not your trash? Pick it up and throw it away. One small step for man. One giant leap for beautification.

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3. Act like a realtor and sell your community. Tell visitors about places to see and visit that are unique to your community. And by all means, don’t tell them there is nothing to do! Create blogs, tweets, instagrams about downtown Hartsville!.
4. Tell your history. Know and tell your town’s history well, and be sure to tell where you are now!
5. Volunteer. On a committee. For an event. Or just be a friendly ambassador and give someone directions. Roll out the welcome mat!
9. Support existing businesses. Sure, we want new businesses but let’s not forget to support the ones we already have!
10. Think creatively. Empty storefront? Ask a local artist or school to display their art as a makeshift window display. Vacant alleyway? Create an attractive walk-through! Work with the creative sector (and students) reflect the character of your town.

#### Next Steps

Once City Staff and/or City Council approve the Conceptual Master Plan and associated budget figures, the next step is to move into the production of Design Development level drawings. Detailed site surveys are required for this phase of work. The conceptual designs are hardlined to scale and adjusted accordingly to meet the actual conditions of the site surveys. Upon approval of the Design Development Drawings, Construction Documents and Specifications can be prepared for competitive bidding.

#### Potential Funding Sources

TIF	Tax Increment Financing
MID	Municipal Improvement District
HDC	Hartsville Development Corporation
CDBG	Community Development Block Grant
SCDOT	Transportation Enhancement Grant
SCDNR	Urban Forestry Grant
Accommodations Tax	
Hospitality Tax	

A TIF district could be the best opportunity to generate infrastructure funds for capital improvements (not operating). If only the city participates (i.e., the school district and county opt out of the TIF), then every \$1,000,000 in market value capital investment equates to about \$100,000 in bonding capacity (based on a 15-year TIF). If school and county participate, this equates to about \$260,000 bonding capacity (15-year TIF).

For example, in five years the city attracts \$5 million in new capital investment in the TIF district (with school district and county participation). This will provide the city with approximately \$1.25 million in funds to use for capital improvements. If only the city participates, total funds available would be approximately \$500,000.