Growing the Information Technology Sector in Carrboro, NC

Recommendations and Suggested Strategies

by

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Chapel Hill

2002

Approved by:

______________________   _______________________
READER (optional)          ADVISOR
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Executive Summary

The town of Carrboro lies in the Raleigh-Durham metropolitan region, which ranks as the fourth largest high-tech economy according to the Progressive Policy Institute in their New Economy Index, which looks at several factors including high-tech jobs, degrees awarded in high-tech fields, and Internet domain names (2001). Carrboro town leaders want to know what they can do to encourage economic growth in the information technology (IT) sector, a subset of the high-tech economy.

This study utilizes a variety of methods to examine the location behavior of IT firms, local IT business needs and issues, and strategies and IT issues in towns similar to Carrboro. The methods include a review of current literature, interviews with local IT companies, and interviews with city officials and IT companies in several towns that serve as case studies.

The quality of life of an area is very important to IT firms, as evidenced in interviews with IT firms and reading the literature. Carrboro has the quality of life that many IT companies are looking for. The downtown is compact and has many entertainment options. Carrboro is a small town void of most big city problems such as traffic gridlock and a high cost of living, yet it has a cosmopolitan feel. The most important input for an IT business is the highly skilled labor that develops ideas and products. Competition for a highly skilled and highly mobile workforce compels IT firms to locate in places that are desirable to their employees. The human capital of an area is more important to an IT firm than any financial incentive. Even if companies do not hire university graduates, the presence of a highly educated workforce is important to IT firms.

Downtown Carrboro, however has an acute shortage of office space. Also, relationships between IT firms and landlords in Carrboro are strained. Some landlords do not
understand the special needs of IT businesses. Interaction between IT firms in Carrboro and between IT firms and developers and the University of North Carolina at Chapel Hill (UNC) is limited.

As Carrboro attempts to double the commercial tax base over the next 20 years, it has to take steps today to ensure that future growth is managed properly. Carrboro is blessed with an excellent mix of amenities that give it a high quality of life and needs to sell this to potential IT firms. However, the very amenities that make Carrboro an attractive community today will be diminished if growth is not planned for. The fiber-optic line under Weaver Street, which is currently underutilized, needs to be marketed as an advantage for potential IT firms. Town leaders should step into the role of facilitator and educator, and act as a clearinghouse of information for local business conditions and contacts. Finally, Carrboro needs to encourage the construction of more class A office space downtown. Renting office space to IT companies is more risky than renting to traditional businesses but Carrboro is fortunate to have a potential third party solution to this problem.
I. **Introduction**

*Reasons for this project*

This paper addresses how the town of Carrboro, North Carolina, can encourage growth in its information technology (IT) sector. By applying new information technologies, the US economy has transformed into a globally connected economy. Countless new products and services have fundamentally changed the way business is done (Progressive Policy Institute, 1999). The explosive growth of industries and services centered on high technology is an exciting prospect. Software developers, Internet content providers, and computer network providers are examples of these new high-tech enterprises. In particular, they are examples of businesses that do not require a huge amount of land or building space. Because these enterprises are high paying and high skilled, municipalities desire them.

The down side to high-tech, and IT businesses in particular, is their cyclical instability. Witness the well-publicized phenomenon of high growth and potentially lucrative “dot-coms” turning into “dot-bombs” in the span of a few months. The first two years of the twenty-first century have seen a tremendous shakedown in the IT sector where only sound business ideas have survived. A high rate of business failure follows the IT sector, due to the short life cycle of products and services. The upside is that the sector creates new jobs and ideas as old ideas and businesses phase out, leading to a tremendous amount of innovation (Progressive Policy Institute, 1998).

Carrboro was motivated to examine ways to encourage growth in the IT sector for two reasons. In 1998, Dianna McDuffee, an Alderman on the Carrboro Town Board, attended a local conference organized by the Office of Economic Development at UNC-Chapel Hill, which discussed the changing nature of business due to new technology. She
saw growth in the information technology field and the opportunity to foster that growth in Carrboro. She suggested encouraging this growth to the Board of Aldermen which later decided that encouraging growth in the information technology field should be a goal of the town.

Then, in September, 2000, Carrboro’s largest IT firm, Webslingerz, moved from Carrboro to Chapel Hill. Webslingerz, which employs about 30 people, builds web-based applications for other companies. Although the move was only a couple of miles to the east and most of Webslingerz employees still reside in Carrboro, it signaled a larger problem and a potential trend that concerned the town. If a company such as Webslingerz, which is exactly the type of IT company Carrboro wants to attract, decides it cannot make its business work in Carrboro, then what chance does the town have of attracting other IT businesses? This question is the focus of the paper.

**Definition of Information Technology**

An IT firm is not the same as a high-tech firm. High-tech can include many manufacturing companies, such as Boeing, and also many research and development activities, such as medicine or biotechnology. Carrboro does not want to attract those types of activities to its downtown, as those activities require large amounts of space. IT firms are defined here as software development companies, Internet content providers – including Internet commerce websites (the dot-coms) –, and network providers – (Internet, wireless, intra-office networks) – other than the traditional telephone, radio, or television utility providers. Those are the types of high-tech businesses that do not require large amounts of land and can fit easily into downtown Carrboro while providing high paying and high skilled jobs.
Methods

A variety of angles were pursued to determine how to encourage economic growth in the IT sector. The first step was to review literature that addresses various strategies used in IT recruitment and what factors go into the location decisions of IT companies. Background on the issues surrounding location decisions for IT firms was provided by the literature review and helped formulate questions for the next step in the research.

The second step in the process was to interview CEOs and managers of IT companies currently in Carrboro. A focus group held on September 7, 2001, at the Carrboro Town Hall accomplished most of this process. The focus group participants were three IT managers or CEOs (out of a possible five), three developers/landlords in Carrboro, two people affiliated with UNC, an official from the Orange County Office of Economic Development, an official from the Chapel Hill/Carrboro Chamber of Commerce, and one alderman from Carrboro (Appendix A provides a full list of names and organizations). The two IT companies not present were interviewed over the phone.

The third step in the research process was to interview Webslingerz, done by phone on September 24, 2001.

The last research step was to examine other communities in the United States that are somewhat similar to Carrboro (mid-sized with a large university close by) and have been successful in developing their IT sector. The case study towns were Blacksburg, Virginia; Bloomington, Indiana; Burlington, Vermont; Davis, California; Fargo, North Dakota; Fort Collins, Colorado; and Portsmouth, New Hampshire. Additionally, innovative ideas from Austin, Texas, and Boulder, Colorado, were examined but not used as case studies because of those cities’ distinctive characteristics. Interviews with various city and county officials
including economic development directors, city managers, and chamber of commerce personnel, as well as with two IT firms in each town, were also conducted.

**Background on Carrboro**

Carrboro is a diverse and growing community, with a large and growing Hispanic population as well as an established African-American population. Home to many students attending UNC, Carrboro has also recently become a popular destination for families. Its economy is dominated by the service and retail trade sectors.

- Population increased 45% in the 1990s
- The Hispanic population grew from 199 in 1990 to 2,062 in 2000, a 936 percent increase
- 20 percent of the population is between the ages of 20 and 24
- The school age population (ages 5-19) doubled in the 1990s and married couple families with children under the age of 18 increased by 91 percent
- Owner-occupied housing grew 74 percent in the 90s while rental housing only grew at a 22 percent rate
- The median cost of an owner-occupied housing unit in Carrboro in 2000 was $143,242, up from $93,008 in 1990, a 54 percent increase
- The median household income in 2000 was $35,273, below the Raleigh-Durham metro area median income of $66,000 but above the state average of $26,000
II. Literature Review

The location decisions of high-tech firms has generated a significant volume of literature. The literature, though, is somewhat limited for the purposes of this study. Some of the literature discusses high-tech firms, not specifically IT firms. Some was written as early as 1977, so it cannot speak to the Internet-connected world that we live in today. And some evidence is fragmented and thin. Still, the literature provides a number of important ideas.

The following themes recur in the literature on the IT sector and its implications for local economic development:

• In an industry such as information technology, the amenities and the quality of life of an area are major location factors (Gottlieb, 1994; Florida, 2000a, Florida, 2000b; Foster, 1977; Kotkin, 2000). Labor, the main input into the product for IT firms, is highly educated, mobile, and in high demand. Therefore, the IT workforce can force IT companies to locate in places that are desirable to their employees.

• IT workers tend to locate in places with different work opportunities because they are in high demand and thus frequently change jobs. To take advantage of this concentration of labor, IT companies are somewhat agglomerative in their location behavior (Florida, 2000a, Florida, 2000b; Kohler, 1997; Malecki, 1984; Kotkin, 2000).

• Policies that advance an area’s human capital (skills, education, and knowledge) are more efficient and effective than those that focus on traditional capital, especially for high-tech firms (Florida, 2000b; Mathur, 1999; O’Mara, 1997; Sommers and Carlson, 2000).
• Different types of high-tech firms tend to locate in different areas of a metropolitan area (Sommers and Carlson, 2000). High-tech manufacturers tend to locate in suburban industrial parks. New telecommunications firms, Internet content firms, and e-commerce firms tend to locate downtown.

Quality of life is especially important for IT companies (Gottlieb, 1994; Florida, 2000a, 2000b; Foster, 1977; Kotkin, 2000). Members of the IT workforce are skilled, mobile, and in high demand, which enables them to choose a variety of places to work from and a variety of companies to work for (Florida, et. al., 2000; Florida, 2000b; Kohler, 1997; Malecki, 1984). IT companies know they are in competition for labor so not only must they offer competitive wages and benefits, but they must locate in places that attract prospective workers. Paul Sommers, senior research fellow at the Evans School of Public Affairs at the University of Washington, and Daniel Carlson, senior lecturer at the Institute for Public Policy and Management at the University of Washington, explain the dynamic between IT companies and IT workers:

Software and internet-based companies have essentially one tangible “asset,” the talented software developers and entrepreneurial thinkers who walk in and out their doors every day… They know that other companies are eager to hire them if compensation and local living conditions are not to their liking. Attracting and retaining these key staff members are among the highest priorities of the owners and managers of these companies, and for that reason, an attractive urban environment is also a key asset of the company (Sommers and Carlson, 2000:27).

That a high quality of life is important leads to the question, what determines the quality of life for a “typical” IT worker? Unfortunately the answer is unclear. In general, a highly educated workforce, such as IT, prefers places that offer a broad array of cultural and recreational opportunities (Florida et. al., 2000). More specifically, what are termed
“amenities” – from good restaurants to live music to bicycling and hiking trails – factor into the overall quality of life. As Richard Gottlieb (1994), research fellow at the Center for Regional Economic Issues in the Weatherhead School of Management at Case Western Reserve University, noted, the amenities are often already in place. They just need to be upgraded or maintained and then publicized. Other factors such as commuting time also affect the perception of the quality of life (O’Mara, 1997). Thus, a town’s ability to control traffic congestion through street layout and (re)design can have an impact.

Based on discussions with IT CEOs and managers in Carrboro, Webslingerz, and local developers and property owners, it is apparent that Carrboro has an excellent mix of amenities. Carrboro has a funky, cosmopolitan feel. Already known as an artist’s haven, it boasts a thriving live music scene, and makes bicycle riding easy and convenient. Other attributes, such as a compact and walkable downtown, a few diverse and high-end restaurants, a high-quality and well-attended farmers market, and an overall sense of a tight-knit yet progressive community, all contribute to Carrboro’s high quality of life. Webslingerz wanted to stay because of the aforementioned qualities, but it had to move due to office space restraints.

Carrboro has the potential to capitalize on its unique position in the Triangle. One can “get out of the car” and walk to work, or commute a short 10 minutes, and still be part of the Research Triangle high-tech economy that is only a 30-minute drive away. At the focus group meeting, one person said, “Carrboro has a funky feel to it. People here are interesting, they do interesting work, and there are a fairly high number of already established tech firms around.” Likewise a Boston Globe article said about Portsmouth, New Hampshire: “The city of 23,000 has a cosmopolitan feel, the kind of funky, artsy flavor that attracts young
computer programmers and Web designers. The center of town is filled with restaurants and unique shops. It’s close to Boston, but far enough away to avoid traffic hassles like those along the 128 corridor” (Muther, 1999). Substitute Research Triangle Park for Boston and I-40 for Route 128 and the same situation should exist for Carrboro.

Richard Florida has tried to quantify this perception that “cool” places attract higher levels of educated workers (those with at least a bachelor’s degree) than do other places. Florida is a professor of regional economic development in the Heinz School of Public Policy and Management at Carnegie Mellon University. His “cool index” includes the percentage of population between the ages of 22-29 and the number of bars, nightclubs, music clubs, art galleries, and museums per capita (Florida, 2000a). The correlation coefficient between the coolness index and the talent index was 0.469, significant at the 0.01 level. The results have to be taken with a grain of salt because many “cool” places are cool because they have some competitive advantage over non-cool places and therefore have already attracted business, industry, and people. For a town like Carrboro, however, which is looking to double the downtown commercial square footage and attract IT companies, that grain of salt should be comforting because Carrboro is perceived as a cool place.

Another important finding is that the IT workforce tends to locate in places with multiple employment opportunities. Due to the high mortality rate of IT firms, the typical career of an IT worker entails working for several different companies. The high demand for IT workers and their mobility allows them to choose to work for a variety of companies (Florida, 2000a, Florida, 2000b; Kohler, 1997; Malecki, 1984; Kotkin, 2000).

This is both a plus and a minus for Carrboro. Many towns the size of Carrboro do not have any IT companies. Currently in Carrboro there are five IT companies: a networking
company that also provides web design, domain hosting, and email services; a bio-
informatics software developer; a dot-com that is working on a “paperless coupon” idea; a
software developer who designs programs for municipalities; and a professional web page
designer. Since IT firms tend to agglomerate in their location behavior, if Carrboro is able to
attract more IT firms, the agglomeration factor will start to gain momentum. From a pure
numbers perspective, Carrboro has far fewer IT firms compared to other places in the
Triangle and other IT hotspots across the country. But by merely being in the Raleigh-
Durham metropolitan area, Carrboro is part of one of the larger high-tech agglomerations in
the United States. The challenge will be convincing IT companies in the region that they can
still do business as normal in Carrboro and at the same time give their employees the option
for a higher quality of life.

An area’s human capital (the skills, education, and knowledge) is extremely
important to attracting high-tech and IT firms (Florida, 2000b; Florida, 2000c; Mathur, 1999;
O’Mara, 1997; Sommers and Carlson, 2000). Therefore, when it comes to high-tech and IT
companies, public policies aimed at improving the human capital of an area are more
important than those that focus on traditional infrastructure or capital. Because of their risky
nature, IT companies often find their capital from venture capital funds rather than from
traditional banks or cash incentives from a city. Traditional economic development
incentives, such as tax breaks, do not seem to stir IT firms to move around. Richard Florida
writes of the time he was at a National Governors Association meeting and heard the CEO of
Hewlett Packard plead with the governors to “stop giving us incentives, stop giving us tax
breaks, stop building us roads. We will go where the highly skilled people are” (Florida,
2000c:1).
IT firms, which rely on an educated and up-to-date skilled labor force, want assurances that the local and regional labor force will be satisfactory (Mathur, 1999; O’Mara, 1997; Sommers and Carlson, 2000). This applies to everything from elementary school education to the community college system to the university level. Carrboro has control over the quality of its elementary and secondary education systems but little can be done to directly affect the post-secondary education institutions. As Paul Sommers and Daniel Carlson explain, however, there are ways to lead in education without having a direct hand in the process.

Mayors and council members also have access to the “bully pulpit” that comes with public office, and can use speeches, op eds, and community meetings to articulate the importance of focusing educational resources in fields that meet the needs of expanding sectors of the economy that can influence the allocation decisions of educational institutions, and the decisions young people and their parents make concerning fields of study. Seattle’s experience indicates that whether or not municipal government has a direct role in education, it has a leadership role ensuring that the common schools, community colleges, and universities have math, science, and IT programs of first rate quality, and these institutions can attract faculty and expand to meet probate needs of local companies and the demands of students for access to seats in relevant programs (Sommers and Carlson, 2000:29).

Carrboro is fortunate to be in an area where the regional labor force has many opportunities for higher education and training at places such as UNC-Chapel Hill, Duke University, North Carolina State University, North Carolina Central University, and Durham Technical Community College.

Given a highly skilled and highly educated workforce, traditional financial incentives can still help a municipality’s chances of landing an IT firm. One of the IT firms at the focus group stated that some kind of startup loan fund specifically for IT companies could be a
financial incentive to IT firms that would be desirable. Still, with the high mortality rate of IT companies, it is risky to offer any financial incentives.

Sommers and Carlson (2000) point out that certain types of high-tech firms tend to locate differently within a metropolitan area. High-tech manufacturers tend to locate in suburban industrial parks because they need large amounts of land for their operations and/or future expansion. New telecommunications firms, Internet content firms, and e-commerce firms usually set up downtown. These creative content and dot-com firms, prefer a location that is part of an urban fabric with mixed land uses such as housing, retail, office space, or even is historically significant. Proximity to street life and places that allow one to feel connected to others is important to employees that sit in front of computers all day, but who are still required to generate creative ideas and products (Sommers and Carlson, 2000).
III. **Discussion of Focus Group Meeting and Interviews**

On September 7, 2001, I held a focus group meeting with various members of the Carrboro/Chapel Hill/UNC community to discuss issues surrounding IT companies. In attendance were three IT managers or CEOs of firms in Carrboro, three developers/landlords in Carrboro, two academics from UNC, one official from the Orange County Office of Economic Development and the Chapel Hill/Carrboro Chamber of Commerce, and one Carrboro alderman. Two IT companies were not able to attend and were interviewed separately. The CEO of Webslingerz was also interviewed to explore the reasons for his company’s departure. The following section highlights the important ideas generated.

**The right quality of life.** One of the local IT CEOs explained that he moved his small start-up company to Carrboro because he was fed up with the commute to RTP. With just himself and two other employees, the company needed about 2000 square feet of space, which he was able to find on Main Street, above an existing retail business. Without having to deal with I-40 traffic twice a day, he and his employees could spend less time in traffic and more time at work. He finds the downtown setting of Carrboro a more creative environment than the sterile office parks of Research Triangle Park (see picture 1). Creativity is important to his company, a dot-com that sells a service over the Internet.
The CEO of Webslingerz, the IT company that left Carrboro in September 2000, regretted having to move out of downtown Carrboro because he and his employees loved working there. Many employees lived in Carrboro and could walk or bike to work. They enjoyed working at a location with several quality restaurants, two grocery stores, a pharmacy, numerous retail stores, and several nightlife spots, all within a couple of blocks of the office. The company builds web-based applications for other companies. Similar to a lot of information technology companies, many employees do not work 9 to 5. The time of work does not matter, as long as the product or application is built by the deadline. Employees can come into the office late at night or on the weekend, if need be. In downtown Carrboro, employees could count on a relatively lively scene, no matter the time of day or the day of the week. This is a nice benefit to being in downtown, especially if the company relies on the creativity and talent of its employees to deliver innovative products and solutions. It is easy for employees working long hours to get away from the office by just walking downstairs into the downtown environment. That is something a company cannot achieve in an office park setting.

There is a lack of office space in downtown Carrboro. The lack of office space that is ready to occupy, specifically class-A office space\(^1\), was a problem raised by one IT manager. The lack of quality office space in Carrboro was also the most immediate reason for the departure of Webslingerz. The company had its operations in downtown, on the second floor of the Carr Mill Mall. While the space there was not class-A, it was acceptable in the early stages of the firm’s operation. But, as the company and its clientele grew, the

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\(^1\) The difference between class-A and class-B office space depends on the local market, but in general there are a couple of things that distinguish the two types. Class-A office space is generally built or remodeled within the last five or six years, using the most up-to-date buildings materials and incorporating the most up-to-date
need to occupy a more professional space became apparent. When the time came to expand operations, the company could not find enough contiguous, class-A office space in its current building or any other building in downtown Carrboro. Chapel Hill, on the other hand, had several class-A office spaces ready to occupy.

There is also a lack of flexible office space\(^2\) in Carrboro. Many information technology companies desire flexible office space because their workforce and space needs may fluctuate in a short amount of time. A recent *Wall Street Journal* article stated demand for flexible office space is expected to grow from 2 percent of the $100 billion office leasing market to 25 percent over the next 10 years as companies protect against business fluctuations (Motoko, 2001). Currently, Carrboro has very little undeveloped land left downtown that is zoned for flexible office space. Developers and landlords think that offering flexible leases would be very risky and time intensive. There needs to be a way to spread out the risk, maybe among tenants or through a third party.

*There are strained relationships between landlords and IT tenants.* Some landlords do not understand the nature of IT businesses and that they need reliable Internet access, a redundant power supply, and a static free environment for their servers. When an IT company needs to do something as simple as put tile down in its server room to protect against the build up of static electricity, it should not be met by a landlord dragging his feet as was the case recently. The same company, a computer networking firm, met equal resistance when attempting to install high-speed Internet access lines for a client. Even though the product it was installing would have been beneficial to the building, the landlord

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\(^2\) Flexible office space can easily be converted from one use to another or from vacant space to usable space in a short amount of time, usually less than one month.
did not want his building altered. Some people at the meeting suggested that government could facilitate the process and educate both companies and landlords.

**Carrboro should be a facilitator/clearinghouse.** Several focus group participants suggested that government should act as a facilitator or clearinghouse of business and contact information. Since IT companies are busy running their own business, developers are busy with various projects, and academics at UNC are busy doing research, someone needs to be a focus point where these different people can come to find out what the others are doing and how they can potentially benefit each other. For example, Ted Zoller, Director of Academic Affairs at the Kenan-Flagler Business School, sparked the interest of both developers and IT businesses when he mentioned a new student’s idea for micro-managing office space. Many of the case-study towns have embraced this role and have seen benefits from their efforts.

**UNC is important to local IT firms.** The presence of the university and the graduates it produces are very important to the local IT companies. Some companies have already dipped into the UNC talent pool for labor and others plan to do so in the future when they are ready to hire for more positions. A significant number of Webslingerz’s 30 employees are graduates of the Computer Science and Information Science Departments at UNC. IT firms that have not already hired UNC graduates said their contact with UNC is currently very limited. They do not know how to start a dialogue with appropriate personnel at UNC. Fortunately for Webslingerz, the CEO is a graduate and had forged ties with appropriate departments. The CEO did mention that if he were not a UNC graduate, it would have been tough to forge the ties that led to the acquisition of productive employees. The focus group meeting itself, where IT managers and UNC academics were introduced to each other, was an example of the kind of facilitation the town could provide to the IT sector. Informal
meetings have the potential to foster partnerships between the IT sector and others in the community.
IV. Case Studies

Towns of similar size and situation to Carrboro that have been successful in developing IT sector were selected as case studies. Through discussions with government officials and IT firms in these towns, reasons for their success can be extracted and possibly applied to Carrboro. Before conducting the interviews, background information was gathered on the towns from articles on the Internet. One interview protocol was developed for interviews with town officials and another for IT firms (see Appendices B and C). Usually, I talked to the head of economic development or the assistant town manager to probe about strategies that have been successful. Then, I interviewed a couple of IT firms in the town to see how what town officials were saying impacted the IT firms. The case studies were Blacksburg, Virginia; Bloomington, Indiana; Burlington, Vermont; Davis, California; Fargo, North Dakota; Fort Collins, Colorado; and Portsmouth, New Hampshire.

Snapshots. All of the case study towns are mid-sized and have a large state university (see Table 1 for details). The towns were chosen based on two criteria. Carrboro specifically wanted to look at Blacksburg, Bloomington, and Davis because some city officials had heard that these towns had been successful in developing their IT sector. Burlington, Fargo, Fort Collins, and Portsmouth, among others, were suggested by some of

<table>
<thead>
<tr>
<th>Town</th>
<th>2000 population</th>
<th>University</th>
<th>Enrollment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrboro</td>
<td>16,782</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chapel Hill</td>
<td>48,715</td>
<td>University of North Carolina at Chapel Hill</td>
<td>29,900</td>
</tr>
<tr>
<td>Blacksburg, VA</td>
<td>39,573</td>
<td>Virginia Tech University</td>
<td>26,000</td>
</tr>
<tr>
<td>Bloomington, IN</td>
<td>69,291</td>
<td>Indiana University at Bloomington</td>
<td>36,000</td>
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<td>Burlington, VT</td>
<td>38,889</td>
<td>University of Vermont at Burlington</td>
<td>10,600</td>
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<td>Davis, CA</td>
<td>60,308</td>
<td>University of California at Davis</td>
<td>22,900</td>
</tr>
<tr>
<td>Fargo, ND</td>
<td>90,599</td>
<td>North Dakota State University</td>
<td>9,300</td>
</tr>
<tr>
<td>Fort Collins, CO</td>
<td>118,652</td>
<td>Colorado State University</td>
<td>22,800</td>
</tr>
<tr>
<td>Portsmouth, NH</td>
<td>20,784</td>
<td>University of New Hampshire (Durham)</td>
<td>13,900</td>
</tr>
</tbody>
</table>
the authors in my literature review. Table 2 shows the size of each town’s IT sector, the relative size of the IT sector compared to overall employment, and the percentage growth from the previous year.

<table>
<thead>
<tr>
<th>Case Study Area (county name if town is not in an MSA)</th>
<th>Employment in IT sector, 1999</th>
<th>IT Firms</th>
<th>IT emp. as a % of total employment</th>
<th>% growth, 98-99</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blacksburg (Montgomery)</td>
<td>331</td>
<td>32</td>
<td>1.5%</td>
<td>9.6%</td>
</tr>
<tr>
<td>Bloomington MSA</td>
<td>155</td>
<td>36</td>
<td>0.3%</td>
<td>27.0%</td>
</tr>
<tr>
<td>Burlington MSA</td>
<td>1,793</td>
<td>96</td>
<td>1.9%</td>
<td>22.0%</td>
</tr>
<tr>
<td>Davis (Yolo)</td>
<td>161</td>
<td>31</td>
<td>0.3%</td>
<td>3.9%</td>
</tr>
<tr>
<td>Fargo MSA</td>
<td>394</td>
<td>30</td>
<td>0.4%</td>
<td>3.7%</td>
</tr>
<tr>
<td>Fort Collins MSA</td>
<td>754</td>
<td>144</td>
<td>0.8%</td>
<td>1.9%</td>
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<td>Portsmouth (Strafford)</td>
<td>214</td>
<td>27</td>
<td>0.6%</td>
<td>56.2%</td>
</tr>
<tr>
<td>Average for case studies</td>
<td>543</td>
<td>57</td>
<td>0.9%</td>
<td>15.0%</td>
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<tr>
<td>Orange County, NC</td>
<td>263</td>
<td>74</td>
<td>0.8%</td>
<td>6.0%</td>
</tr>
<tr>
<td>Raleigh-Durham MSA</td>
<td>9,585</td>
<td>922</td>
<td>1.7%</td>
<td>5.7%</td>
</tr>
<tr>
<td>U.S. Total</td>
<td>1,111,924</td>
<td>101,512</td>
<td>1.0%</td>
<td>16.8%</td>
</tr>
</tbody>
</table>

The averages for the case studies mimic the national data. The percentage of the workforce employed in the IT sector is nearly identical, at 0.9 percent and 1.0 percent for the case studies and US respectively. Likewise, the one-year growth rates are similar, the towns growing at an average of 15 percent and the US at 16.8 percent. There was variation within the towns. Because employment data is not available at the place level from the County Business Patterns, Carrboro cannot be directly compared to the case studies, but Orange county can represent the local IT sector and the Raleigh-Durham metropolitan area can represent the regional IT sector. However, using first-hand knowledge of the IT sector in 20

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3 The employment data used to compare towns are from the County Business Patterns for 1998 and 1999. The North American Industrial Classification System (NAICS) codes used to represent the IT sector are 5415, computer systems design and related services, and 514191, on-line information services.
Carrboro, there are five IT firms with approximately 25 employees. That is approximately 0.7 percent of the total workforce in Carrboro.

The following section highlights various strategies used to encourage growth in the IT sector and looks at the reasons for the success of the case study towns.

**Facilitator.** Four towns play the role of facilitator between IT firms and developers as well as between different IT firms. The best example was Portsmouth, New Hampshire. The city partnered with the chamber of commerce to attract IT companies. In January, 1999, the Portsmouth Chamber of Commerce created the Technology Roundtable, a forum for anyone interested in the high-tech business world and how it is playing out in Portsmouth. Monthly e-brews, held at local breweries and pubs, were started as a more informal way to accomplish this interaction and attendance rose quickly.

Four main sub-committees of the Technology Roundtable were created. The programs sub-committee holds the monthly e-brews and brings in guest speakers. In addition, this sub-committee holds one-day and half-day seminars and conferences on current topics in the IT business world.

Bloomington, Indiana is another town that has played the role of facilitator with a high degree of success. The Bloomington Economic Development Corporation acts as a bridge between the city and the university by providing opportunities for interaction. For example, the Bloomington Information Technology Sector (BITS) taskforce regularly brings in speakers from around the state and from within the university to talk about current events in the IT sector. Attendance by local IT firms is high.

Davis, California, does not play the role of facilitator in any capacity. However, leaders in the high-tech and information technology field realized they needed some sort of
intermediary to help promote growth and to facilitate interaction within their sector of the economy. Because the government was unwilling to step into this role, private high-tech and IT companies formed the Davis Area Technology Association (DATA) in 1997. Membership is over 600 companies, not all of which are IT or high-tech. DATA convenes once a month, always with a guest speaker, and it has its own web page and monthly newsletter. DATA provided a needed opportunity for an interface between tech-related businesses in a non-threatening environment. The industry provided leadership for itself when the town failed to do it.

On the one hand, DATA is probably a stronger organization than similar groups in Portsmouth and Bloomington because it was started by leaders from within the IT and high-tech sector. This “grassroots” organization creates “ownership” of the group by the IT entrepreneurs that have the largest stake with what happens in the IT and high-tech sector. People in DATA feel like they are participating in a group that is truly a panel of their peers, whereas government-led groups such BITS, can sometimes lead to the feeling among IT people that they are just going through the motions of another government meeting. Davis was fortunate that the private sector led the way where government would not.

**Publicist.** Promoting itself as a place where high-tech and IT firms can prosper was a strategy that all of the towns, except Davis, employed to some degree. Portsmouth and Bloomington were the most active and innovative. In Portsmouth, the Technology Roundtable adopted the name e-Coast, to represent the high-tech region that stretches from northern Massachusetts to southern Maine, with Portsmouth as the hub. This name is catchy and has been used widely in promotional efforts. The promotions sub-committee of the Technology Roundtable publicizes the greater Portsmouth area. Through its efforts, articles
were written about Portsmouth in publications such as the *Boston Globe*, *GQ magazine*, and technology trade magazines based in Silicon Valley.

Bloomington, Indiana partnered with the Bloomington Economic Development Corporation, a public-private partnership consisting of business leaders and city and county officials, to market the city to the rest of the world as tech-friendly and ready for business. The thrust of the marketing compares Bloomington to other high-tech hot spots such as Austin, Seattle, and San Jose. The corporation emphasizes Bloomington’s lighter traffic, cheaper land and office space, more affordable housing, and a highly educated and skilled labor force. The city advertised heavily in the University of Indiana alumni magazine, which circulates globally, and the response has been very positive. Several high-tech business leads have resulted directly from the promotion.

*Quality of Life.* City officials said that being a mid-sized town helps rather than hinders recruitment of IT companies. IT firms confirmed this statement. Only two of the twelve firms said they would move to a larger high-tech hot spot, such as San Francisco, Seattle, or Boston, if given the chance. In fact, one firm in Fort Collins declined $3 million in venture capital funding because the funder required relocating to Silicon Valley. The firm did not want to give up the lifestyle and lower cost of business it enjoyed in Fort Collins. Other firms also mentioned that the quality of life is too good in their present locations to relinquish for any perceived business advantage in a larger city. All of the IT firms said that quality of life was a big factor in their location decision. Two of the firms said quality of life was the number one decision factor. Attributes mentioned include low crime rate, many young, plenty of entertainment, low cost of living, and an entrepreneurial atmosphere of friendly competitiveness. Some amenities, such as entertainment and restaurants, may not be
as good as in larger high-tech places like Boston, Seattle, or San Francisco, but the lower cost of living and doing business outweighs these factors.

**Labor Force.** While every firm said the labor force in its town is sufficient, there were mixed feelings about the importance of the university to the IT workforce. Firms in Blacksburg, Portsmouth, Davis, and Bloomington were pleased with the quality of graduates from the local universities. Two firms in Fargo were split in their views of local university graduates. Finally, the firms in Fort Collins and Burlington were generally not impressed with the technology skills of university graduates. They said the university enhances the overall quality of the workforce, but they do not look to graduates for employees.

**Intra-metropolitan Location.** IT firms in the case study towns did not conform to the location preferences laid out by Sommers and Carlson (2000). 4 Only three of the twelve IT companies interviewed expressed an absolute preference for being downtown as opposed to an office park. Two of the three are web-based application developers and one is a computer-networking firm. Both firms in Fargo preferred downtown, as did one firm in Burlington. One firm in Portsmouth said its employees prefer to be downtown, but rents are too high. The reasons firms prefer a downtown setting are proximity to amenities such as restaurants, a unique office setting, and a lively street scene. The drawbacks to being downtown are lack of parking and higher rents. Firms prefer office parks because they offer more professional space, proximity to other high-tech businesses, plenty of parking, and lower rents. Of the 12 firms, four are computer networking firms, five are web-based solutions firms, two are software developers, and one is a large multi-function IT provider.

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4 Sommers and Carlson claim that web-based firms and new telecommunications providers prefer to be downtown and software developers locate in both suburban office parks and downtown.
Infrastructure Provision. Two towns have taken the lead on providing the infrastructure needed to ensure the high-speed Internet access that is critical for IT businesses. Burlington, Vermont is in the early stages of developing a fiber-optic backbone that will link all of the town’s facilities together. After the fiber-optic line is laid, anyone located along the path of this line will be able to tap into it and utilize the high-speed Internet connection. Since it is so early in the process, officials do not know all the specifics of how this access will be leased or sold to private companies that want to tie on. Financing details have not even been laid out yet. The only certain thing is that Burlington voters approved a $6 million bond issue to spend on developing the fiber-optic line, which matches the $6 million that a private telecommunications provider has promised for the project.

Boulder, Colorado, has also been proactive in providing high-speed Internet connections through a fiber-optic network. In the past several years, the city has invested about $500,000 to put a fiber-optic conduit in the ground. Today the network is 35 miles in length, most of it along major streets in the city’s business district. Boulder realized that an advanced telecommunications infrastructure would keep the town as an attractive location for IT businesses. Boulder’s goal was to provide a competitive atmosphere for private telecommunications firms. With increased competition, there will be better Internet service for citizens and businesses in Boulder. With the improved infrastructure and continuing commitment from the town, Boulder is ready for growth in the IT sector.

5 The financing works in a couple of different ways. After some of the initial conduit was laid down, it was ready to be leased or sold to private telecommunications companies. In one instance, the city sold the rights to an existing conduit to AT&T in exchange for the installing more conduits. AT&T laid the new conduit in previously un-served parts of town, thus further extending the network at no additional cost to the city. If a telecommunications firm does not want to provide more conduits in exchange for access to existing ones, then the city can just charge them a fee for the sale or lease of the existing conduit.
**Comprehensive Initiative.** Some towns have taken a broad-based approach to developing the IT sector. Rather than attracting IT firms through one incentive or another, these towns have used their established relationships with local businesses and the university to develop the basic infrastructure, labor force, and public relations necessary to create an environment for IT growth. The Blacksburg Electronic Village, for example, is an initiative undertaken collectively by the town government, local businesses, and the university. In the early 1990s, Virginia Tech developed a campus-wide voice/data network and began looking to extend network access to faculty, staff, and students living in Blacksburg. The university joined forces with the town and the local telephone company to offer Internet access to every citizen in town. Over the next few years, the combined efforts made Blacksburg a completely wired town. Local and regional Internet service providers laid the physical network and the town and university provided the content.

Today, 87 percent of residents and 75 percent of businesses in Blacksburg are online. In addition, 60 percent of residents have broadband Internet access either at home or at work. The Electronic Village has done two things for Blacksburg. First, providing a high-speed Internet connection has produced the basic environment of inter-connectedness that IT companies need to flourish in. Virginia Tech, a major research university, is constantly spinning off new businesses and technologically savvy graduates. The expansive high-speed Internet and the multitude of qualified college graduates provides a prosperous business environment. Second, the Blacksburg Electronic Village creates an image for the town that goes a long way in selling Blacksburg, which is off the beaten path in western Virginia, to IT companies that may be more enticed to move there.
Unified Vision. One of the main reasons the towns have been successful in attracting IT firms is a high quality of life. At the same time, the growth in employment can threaten the quality of life. Some towns have put measures into place to try and preserve the quality of life while still stimulating the employment base.

Although Austin, Texas was not used as a case study because of its large size (650,000), it is an example of a city that has worked hard to promote growth in the high-tech and IT sector while still maintaining the unique character that made it attractive to businesses in the first place. Austin has put together what it calls a smart growth matrix to help guide growth within their city limits (see Appendix D – Austin Smart Growth Matrix for complete details).

Every development presented to the Austin planning board that is located in what is referred to as the desired development zone, is run through the smart growth matrix to help city officials decide if it is desirable and if so, how much financial incentive to offer. The two main goals of the matrix are to determine how and where growth within the desired development zone will take place and to improve the quality of life in Austin. For the first goal, factors such as the development’s proximity to and inclusion of mass transit, density standards, and compatibility with surrounding uses are examined. The better the development is in these regards, the more points it accumulates. For the second goal, attributes including building design standards, inclusiveness in the planning process, pedestrian and bicycle access, hidden parking, affordable housing, and environmental protection are all considered in awarding points.

No consideration is given to awarding financial incentives for a project if it scores below a certain threshold. If a development scores between the lowest level and the highest
level, 50 percent of the development fees usually levied are waived. If a development scores above the highest threshold, the maximum value of potential incentives is tied to the increased property taxes generated by the new project. These incentives include waiving development fees and public investment in new or improved infrastructure such as water and sewer lines, streets, or streetscape improvements. Incentives available under the smart growth matrix require city council review and approval.

Table 3 provides a summary matrix of the strategies used in the case study towns.

<table>
<thead>
<tr>
<th>Town</th>
<th>Facilitator</th>
<th>Publicist</th>
<th>Provide Infrastructure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blacksburg</td>
<td>X no formal programs but firms report cohesive feeling</td>
<td></td>
<td>X Electronic Village has worked</td>
</tr>
<tr>
<td>Bloomington</td>
<td>X BITS very successful</td>
<td>X national leads through university magazine</td>
<td>X too early to tell if efforts paid off</td>
</tr>
<tr>
<td>Burlington</td>
<td>X no formal programs but firms report cohesive feeling</td>
<td>X regional focus, fairly successful</td>
<td>X too early to tell if efforts paid off</td>
</tr>
<tr>
<td>Davis</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fargo</td>
<td></td>
<td>X county economic development has been successful</td>
<td></td>
</tr>
<tr>
<td>Fort Collins</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Portsmouth</td>
<td>X E-coast nationally recognized, well-attended</td>
<td>X very active and successful on a national scale</td>
<td></td>
</tr>
</tbody>
</table>
V. Summary of Findings and Recommendations for Carrboro

Findings

Quality of Life. IT firms heavily consider the quality of life as part of the location decision. Carrboro has many of the same amenities as other towns that successfully attracted IT companies. Attributes, such as a compact and walkable downtown, bicycle-friendliness, a few diverse and high-end restaurants, a good live music and art scene, a high quality and well-attended farmers market, and an overall sense of a tight-knit yet progressive community, all contribute to Carrboro’s high quality of life.

Agglomeration. IT firms and IT workers tend to locate in areas that have a high concentration of other IT firms and workers because the industry as a whole is very unstable. Being in the Raleigh-Durham metropolitan area, Carrboro lies in one of the larger high-tech agglomerations in the United States. There are hundreds of IT and high-tech companies to work for and thousands of qualified employees to choose from. Also, with five IT companies in Carrboro, the town already has a base from which to expand the IT sector.

Human Capital. IT firms rely on an educated, up-to-date, skilled labor force. Traditional economic development incentives, such as tax breaks do not seem to factor into location decisions. Because of their risky nature, many IT companies find start-up capital from venture capital funds rather than from traditional banks or town-generated cash incentives.

Intra-metropolitan Location. Computer networking firms, Internet commerce companies, and e-commerce businesses tend to locate downtown in an urban setting that has vibrant street life as opposed to a removed office park. The location preference of software development companies are harder to pinpoint because they show up all over the urban
fabric. This finding was not completely validated in interviews with IT companies in towns similar to Carrboro.

Facilitation is Important. Several case study towns adopted the role of facilitator or clearinghouse of information and contacts. They serve this function not only for IT-to-IT interactions but also for IT-to-private developers and academia as well. The time commitment for such a role is minimal to government, but the benefits have the potential to impact growth in the IT sector. Currently, the only interaction between IT firms in Carrboro is accidental; one computer networking firm provides services to the other IT firms. IT companies, though, want a more formal environment, such as the focus group meeting, where they can talk face-to-face with other companies, as well as with developers and academics.

Publicizing. Promoting the town as ready for growth in the high-tech and IT sector is important. Many IT firms want to do business in a mid-sized city because of the quality of life. It is up to the towns to actively promote themselves as “IT friendly” and reinforcing it with improvements in areas such as infrastructure and government services.

Carrboro’s Quality of Life. Downtown Carrboro offers an alternative to IT companies in the Research Triangle Park that want a more dynamic setting for daily operations. The compact and walkable downtown has multiple places to shop, relax, and dine. The Research Triangle Park largely lacks such amenities.

Lack of Office Space. Downtown Carrboro lacks ready to occupy, class-A office space. IT companies currently in Carrboro complain about the shortage of quality office space, particularly flexible office space.
**Strained Relationships.** IT companies have special needs. Often, they need a static-free room for the server. Reliable and redundant Internet service and power supply is especially important for IT companies that sell or deliver products on-line. Some landlords do not understand these special needs and are unwilling to change the building space. Some IT firms in Carrboro have already met resistance from landlords.

**Recommendations for Carrboro**

**Establish a Unified Vision.** Before Carrboro attempts to double the commercial square footage in downtown and attract IT companies, it needs to create a comprehensive development plan for downtown. Without such a plan, developers will look away from downtown, frustrated by fractured regulations and decisions. On the other hand, if Carrboro doubles its commercial square footage but without a unified vision, the development will be haphazard and the unique character of downtown will be lost. In order to maintain its character, design criteria regarding individual buildings need to be established. Carrboro has begun to create a common development goal by hiring a consultant to hold a “downtown visioning” charette. A large number of people turned out, and citizens expressed ideas and visions by drawing on maps and general conversation. Many important ideas were generated during the three-day event.

Carrboro should look at Austin’s smart growth matrix, outlined in the case study section and in Appendix D, as an example of how to control and manage growth. Carrboro should establish a similar matrix, so future growth can be judged reasonably, effectively, quickly, and consistently. Conceptually, this matrix can be viewed as a “development scorecard,” which the Planning Board and Board of Alderman can use to evaluate proposals.
City officials can decide if a development meets Carrboro’s goals by simply running down the scorecard and adding up the positives and negatives of the project. Examples of attributes that should be scored include building height, total floor space, number of jobs and/or housing units, parking, compatibility with existing use and/or future planned uses, multiple uses within the development, pedestrian/bike access, and contribution to Carrboro’s goal of doubling the commercial tax base by 2020.

**Promote Carrboro’s Quality of Life.** Carrboro cannot offer the same amenities as high-tech cities such as Seattle, Austin, San Francisco, or Boston. But not every IT company wants to be in a big city. A majority of IT firms interviewed prefer the lifestyle of a mid-sized town. They would not trade the quality of life they enjoy for any kind of business advantage they could get in a bigger city with a larger IT sector. Carrboro has the best of both worlds. It is a small town with a cosmopolitan feel and it is in of one of the largest high-tech metropolitan areas in the United States. Carrboro needs to promote its image as a “funky” place and its amenities while also promoting its proximity to the Research Triangle Park. The live music, art, bicycle-friendly atmosphere, and well-respected and diverse restaurants and nightclubs make an attractive recruitment package for IT and other businesses.

Also, the cost of doing business in Carrboro is cheaper than it is in larger cities. Commuting times and traffic congestion in Carrboro is much lower than in large metro areas. These are major selling points to IT firms in the Research Triangle Park. Instead of living in Cary and coping with I-40 traffic everyday to get to RTP, employees can easily live within a 10-minute drive of an office in downtown Carrboro. Still, traffic patterns downtown are a nightmare at certain times of the day. This will only get worse as Carrboro doubles the
commercial square footage. Carrboro has to formulate a strategy to fix the poor traffic flow. Also, office space in Carrboro is currently cheaper than it is in the Research Triangle Park and other high-tech hot spots across the U.S.

**Utilize Existing Infrastructure.** Carrboro has a section of fiber-optic cable that is paid for and owned by the government. It runs along Weaver Street, between Greensboro and Hillsborough streets. Additionally, a fiber optic line owned by BellSouth, which has excess capacity, runs beneath South Greensboro Street. The Weaver Street line was installed a couple of years ago at a cost of about $75,000. One of the major downtown streets, Weaver Street, connects the Century Center (a town owned activity center) and Weaver Street Market (the social hub of Carrboro) to Town Hall and the farmers market space (another social hub and site of many outdoor activities).

Carrboro can leverage its current fiber-optic network in the same fashion that Boulder has. By selling or leasing access to the conduit in exchange for providing more conduit elsewhere in town, Carrboro could eventually connect the entire downtown and work on extending the fiber-optic infrastructure to the northern transition zone, where future development will likely take place.

Carrboro should advertise this high-speed line. Carrboro can pursue several options to utilize the line further. First, additional conduits run underneath Weaver Street, which the town owns and could lease or sell to a high-speed Internet service provider. Second, Carrboro could exchange access to the existing line with telecommunications providers for the provision of more fiber optic lines in other parts of town. Third, the town could sell or lease the conduits to individual businesses, or a co-op of businesses, that need reliable, high-speed Internet access. A discussion group similar to the IT focus group may be a good place
for Carrboro to start discussing what the private sector would like in terms of fiber-optic access along this corridor.

**Act as Facilitator, Educator, and Clearinghouse of Information.** Playing the role of facilitator does not require much effort on the part of government, and the potential benefits are large. IT companies in Carrboro would be more competitive if they had regular interaction with each other and with academics studying the IT field. Regular dialogue with developers keeps IT and other businesses on top of potential expansion or relocation opportunities. Educating landlords on the special needs of IT companies prevents misunderstandings. With the help of IT firms, Carrboro should put together an informational brochure on the special needs of IT businesses. Carrboro should also facilitate face-to-face meetings with the two parties if needed.

A potential partner in this facilitation process is the Chapel Hill/Carrboro Chamber of Commerce. Scott Maitland, president of the Chapel Hill/Carrboro Chamber of Commerce, attended the focus group and expressed a desire for government to fill the communication void and act as a facilitator and clearinghouse of information and contacts. Carrboro should explore its options of possibly sharing responsibility with the Chamber of Commerce. Since Carrboro’s IT sector is small, it is a good idea to partner with Chapel Hill to get large-scale interaction and buy-in from IT companies. If partnering with Chapel Hill succeeds, Carrboro should explore starting a metropolitan-wide IT focus group, similar to the organizations that exist in Portsmouth and Bloomington.

Being a clearinghouse of information and contacts is also an important role for Carrboro. The office of Community Economic Development (CED) in Carrboro should be a one-stop shop for information on major IT players in Carrboro. One example of what the
CED office should do is to provide IT businesses with contacts at UNC that could provide employees down the line. Carrboro should make sure the heads of appropriate departments know about job opportunities in Carrboro. IT firms need to be represented at UNC job fairs. In some of the case study towns, a website has been set up where prospective employees can submit resumes on-line to many different companies. While Carrboro is too small to do this on its own, a metropolitan-wide consortium of IT firms would effectively perform such a function. Other examples of CED initiatives include putting IT businesses in Carrboro in touch with other businesses in Carrboro and Chapel Hill that need IT services, and putting developers in contact with IT and other businesses looking to expand.

One idea that is rather easy to implement would be to host monthly discussion forums with a local guest speaker. A good number of local academics and professionals can speak at a roundtable discussion. The focus group conducted on September 7, 2001, has provided the initial groundwork for this type of discussion. Carrboro needs to take over this role.

**Build More Office Space.** There is little class-A office space available in downtown Carrboro. IT companies worry that they will not be able to find sufficient space should they expand operations. Some IT firms, such as Wavesale.com, located above a restaurant, are comfortable in less than class-A space for the time being. But, eventually firms such as these will require larger and more professional space.

The physical space along Weaver Street presents an interesting decision to Carrboro. Currently, most of the street is occupied by old mill houses that have been converted into businesses, but a few modern buildings also contain businesses. Sculpture made out of twisted pieces of metal stand in front of many buildings (see picture 2). The street art and the old mill houses give this stretch a unique personality and the fiber-optic line that runs
beneath the ground makes this stretch particularly attractive to IT businesses. It would be possible for an IT business to occupy an existing mill house and use it as an office as many businesses currently do. This would preserve the unique character of the street while still achieving growth. Also, by leasing or selling access to the fiber-optic line, the town could recoup some of the money it put into the line two years ago.

A different option is to demolish the mill houses (see picture 3) and build an office building that would hold many more businesses. If designed properly, an attractive office building could incorporate the existing street art. The character of the street would be preserved, while more commercial space would be created.

Little flexible office space is available in downtown Carrboro. Landlords and developers are leery of providing large amounts of office space that may not be occupied. Fortunately for Carrboro, a local solution is possible. Work Smart Offices is a company started by a graduate student at the UNC business school. Work Smart acts as a third party in office leasing and offers a valuable service to IT companies. By providing shared services and equipment, including IT support, Work Smart makes flexible
office space an attractive option for leasing. Traditionally, flexible office space has been disappointing to small businesses because of a lack of IT solutions, the anonymity of a sterile environment with dozens of other companies, and hidden charges and frustrating billing procedures. Work Smart provides a stable, high-speed Internet solution, one-call support for IT and billing questions, and a chance to cut costs by sharing office equipment and common area resources. Additionally, rather than offering a three or five-year lease that companies will likely outgrow or need to adapt in some way, Work Smart offers shorter leases that provide flexibility.

Work Smart also offers a valuable service for landlords and developers. Rather than dealing with many different clients on a variety of leases, the landlord or building owner contracts one deal with Work Smart, which takes on the burden of dealing with multiple tenants and leases of varying length.

Carrboro is fortunate to have this innovative solution to managing flexible office space close by. The office of Community Economic Development should contact Ron Unger, CEO of Work Smart Offices, Inc., and discuss the company’s potential in the Carrboro office space market.
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Florida (c), Richard. 2000 “Place and the New Economy,” a transcript of “Champions of Sustainability Lecture,” Sustainable Pittsburgh Lecture Series.


**Interviews**


Harburg, Bob. Director of Public Works, Boulder, CO. Telephone Interview. 27 October 2001


Miller, Mary. Interactive Design & Development, Blacksburg, VA. Email Interview. 30 November 2001.


Verneil, Marc. Assistant Town Manager, Blacksburg, VA. Telephone Interview. 18 September 2001.


Williams, Stephen. Reconix Information Services, Blacksburg, VA. Telephone Interview. 6 December 2001.
**List of Focus Group Attendees – 7 September 2001**

Alazraki, Sean. Manager, NetPhoenix, Inc.
Haaland, Perry. Partner, GrayCrane.
Harris, James. Director, Community Economic Development, Carrboro.
Maitland, Scott. Director, Chapel Hill/Carrboro Chamber of Commerce.
Reid, Dianne. Orange County Economic Development.
Richardson, Sherman. Property owner in downtown Carrboro.
Roos, Julie. Carr Mill Mall.
Salveson, David. Director of the Smart Growth and New Economy Program at the Center for Urban and Regional Studies.
Zaffrion, Alex. Board of Alderman, Carrboro.
Zoller, Ted. Director of Academic Affairs, Kenan-Flagler Business School.
Appendix B

**Questions for officials in the case study towns**

What are your strategies for recruiting and retaining IT companies?  
What role does the government play in the attraction of IT companies (facilitator, clearinghouse, financer, publicist, provider of infrastructure)?

What role do the amenities of your town play in the economic development strategies?  
(Amenities can be anything from good music scene to a clean environment to outdoor activities to quality restaurants and nightlife to diversity)

Describe the labor force in your town? Is the local university important to the IT companies located in your town? What has been the role of government, if any, in the development of the workforce?

What kinds of space do IT companies need? Do they prefer to be downtown rather than on the fringes of town in a business park setting? Has there been any trouble finding enough space and also enough quality space?

Does the town have any specific strategies for nurturing very small start-up IT companies?

Did the IT companies tell you anything specific about special needs they have?

General observations…
Questions for IT companies in case study towns

1. Given the choice, would your company rather locate downtown or in an office park? Why?

2. Did the quality of life in ____ factor into your decision to locate there instead of anywhere else in the U.S.? What specifically?

3. How important is the university to your workforce? Do you hire university graduates? Does the university produce the right kind of graduates for your business?

4. What is and has been your interaction with local government?

5. What is your interaction with other IT businesses?

6. Given the chance, would you rather be in a highly concentrated tech “hot spot” such as Silicon Valley or Seattle, or are your business needs being met in ________?
The following is a brief overview of the City of Austin Smart Growth Initiative, the Smart Growth Matrix, and the process for applying for incentives under the Smart Growth matrix.

Background

Smart Growth is a nationwide movement that seeks to solve problems that have long been endemic to urban growth and development in the United States. In the suburbs, the problems are urban sprawl, growing traffic congestion, the absence of a sense of place, and air pollution resulting from auto dependence. In central cities and older inner suburbs, the traditional problems of crime, poor schools and poor quality housing remain. Smart Growth argues that the problems of both the suburbs and the cities can be addressed through new strategies that encourage more infill development, more concentrated development, and more redevelopment. Smart Growth calls for the investment of time, attention and resources in restoring community and vitality to center cities and older suburbs and in encouraging more town-centered and transit- and pedestrian-oriented new development throughout a region. It incorporates the principles of sustainability in the form, location, and the materials of development.

In January 1995, the Austin City Council appointed a group of key civic leaders to meet the challenge of change. The Citizens’ Planning Committee made 12 recommendations to serve as broad guidelines for specific action items. The report to Council was so favorably received that the group was asked to prepare a comprehensive strategy and action plan based on those recommendations. Issued in April 1996, From Chaos to Common Ground provided a blueprint for Austin and surrounding communities with specific strategies for growth in Austin.

Smart Growth in Austin

In February of 1998, the City Council launched the Smart Growth Initiative based in large part on the Committee’s recommendations, but with a new blend of sustainability, economic development and a vision for managing growth.

Mayor Kirk Watson and City Council Members Jackie Goodman, Daryl Slusher and Bill Spelman formed a Council Subcommittee to develop the Smart Growth Vision and to prepare practical implementation actions for consideration by the full Council. They have been supported by a 21 member citizen advisory group and a cross-functional staff support team throughout the entire process.
Smart Growth Goals, Principles and Actions

Smart Growth in Austin has evolved to include a number of kinds of activities, projects and processes. Based on the work of the Citizens’ Planning Committee, the policies of the community and the Smart Growth literature, three broad goals have been developed which will guide the planning and implementation efforts based on City Council priorities:

1. **Determine how and where Austin grows.** Smart Growth Zones are defined to determine “where” development ought to occur (See Austin Smart Growth Zone Map included with this packet). Neighborhood planning, and pedestrian and transit-oriented design principles help determine “how” development ought to occur.

2. **Improve the quality of life.** Smart Growth encourages development that restores community and vitality to the urban core, protects the character of existing neighborhoods and historic resources, preserves environmental quality and provides alternatives to the automobile.

3. **Enhance the tax base.** Through strategic investments and regional partnerships, focus capital expenditures to enhance Austin’s tax base.

Purpose of the Smart Growth Matrix

The Smart Growth Matrix is a tool to assist the City Council in analyzing development proposals within the Desired Development Zone (DDZ). It is designed to provide one quantitative measure of how well a development project accomplishes the City’s Smart Growth goals. The matrix incorporates measurements that reflect the three Smart Growth goals described above. These include the location of development, proximity to mass transit, urban design characteristics, neighborhood support, employment opportunities, increased tax base and other policy priorities.

If a development project, as measured by the matrix, significantly advances the City’s Smart Growth Initiative financial incentives may be available to help offset the higher cost of developing in urban areas. These incentives may include the reduction or elimination of development fees, public investment in new or improved infrastructure and accelerated infrastructure investments which would include available, but unassigned, CIP resources related to on-site project improvements. A maximum value for incentives is set based on the project matrix score and the increase in property tax revenue related to the project.

Austan S. Librach P.E., AICP
Director, Transportation, Planning and Design Department
Matrix Application Process

The following describes the process for evaluating development projects for Smart Growth incentives. This process involves both preliminary and formal review of the project and encourages an ongoing dialogue between the developer, the City and other interested parties. A brief overview of the process is presented below.

Stage 1: Self-Score and Preliminary Staff Review
Applicant prepares self-scoring of the project based on the matrix. Upon receipt of a letter of request from applicant, city staff will assemble the project review team. The City project review team prepares an informal matrix scoring of the project to provide the applicant the opportunity to understand the criteria and discuss the project with the staff.

Applicable Documents: Smart Growth Matrix
Smart Growth Zones Map
Smart Growth Matrix Instructions
Green Building Rating (If applicable)

Expedited processing of development applications
Projects which score in the highest two levels on the preliminary staff review may qualify for expedited processing of development applications. Consult with the matrix project manager for more information.

Stage 2: Formal Review
Upon receipt of Site Plan approval, the Applicant submits the Formal Matrix Application with support materials to Planning, Environmental & Conservation Services for review. The City review team scores the project, determines the property tax value of the project, and, with the applicant, determines the incentive package. The formal matrix review must be completed within 90 days of site plan approval.

Applicable Documents: Smart Growth Matrix Application
Smart Growth Matrix Submittal Requirements
Green Building Rating (If applicable)

Stage 3: Contract
City staff obtains City Council and any other approvals, then negotiates and signs a contract with the applicant. Based on City Council approval of incentives, a binding contract is negotiated between the developer and the City at this stage.

Stage 4: Permits/Construction
City staff posts incentives for fee waivers and reimburses fees already paid by applicant. As construction of the project occurs, city staff monitors the project for contract fulfillments.

Applicable Documents: Green Building Rating Inspection / Certification (If applicable)

For additional information on the Smart Growth Initiative or the Smart Growth Matrix, please reference our Internet site at www.ci.austin.tx.us/smartgrowth.
## SMART GROWTH CRITERIA MATRIX

**City of Austin Transportation, Planning and Design Department**

**GOALS**

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### SMART GROWTH GOAL I: Determine How and Where Development Occurs

#### 1. Smart Growth Zones (Eligible for only one zone - A, B, or C for a maximum possible 45 points)

- **A. Downtown**
  - 1. Anywhere
  - 2. Within a 1 block radius of a CMTA bus stop
  - 3. Consistent with transit station area plan
  
- **or B. Urban Core**
  - 1. Anywhere
  - 2. Within one lot deep of a Smart Growth Corridor
  - 3. Consistent with transit station area plan

- **or C. Desired Development Zone (DDZ) inside City Limits**
  - 1. Anywhere
  - 2. Within one lot deep of a Smart Growth Corridor/park & ride
  - 3. Consistent with transit station area plan

#### 2. Location Risk

- A. Focus on area of economic need
- B. "Trail Blazer" in an untested market

#### 3. Neighborhood Planning (Choose A or B)

- A. Requires dialogue and support by adjacent neighborhoods (Projects outside of Downtown)
- B. Downtown Projects

#### 4. Design Commission (Choose A or B)

- A. Presentation & endorsement of plans without conditions (Projects outside of Downtown)
- B. Downtown Projects

#### 5. Historic Landmark Commission

- A. Presentation & endorsement of plans without conditions
- B. Historically zoned buildings or buildings within a historic district

### 1. Threshold Density

- **A. Population (DUA)**
  - 1. Meets minimum threshold to support transit
    
- **B. Employment (FAR)**
  - 2. Meets minimum threshold to support transit

### 1. Land Use Contribution (Eligible for only one A, B, or C for a maximum possible 35 points)

- **A. Downtown Projects**
  - 1. Regional draw - retail (anchor retail), entertainment, or cultural center
  - 2. Greater than 200 new housing units

- **or B. Urban Core Projects**
  - 1. Regional draw - retail (anchor retail), entertainment, or cultural center
  - 2. Variety of housing types (apartments, rowhouses, SF)
  - 3. Greater than 200 new housing units

- **or C. Traditional Neighborhood Projects**
  - 1. Meets TND codes and ordinances
  - 2. Variety of housing types (rowhouses, gar. apts, sf)
  - 3. Town Center with neighborhood retail

---

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**Version 9**

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A business case analysis for proposed developments seeking financial incentives is handled separately.

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**Matrix Threshold Levels**

- 0 to 250 points = No Additional Consideration
- 251 to 335 points = 50% of All Applicable COA Fees Waived (GF & Enterprise)

For projects that score in the two highest levels a business case analysis sets a not to exceed (NTE) value for the incentive package. The NTE value is based on the present value of the increase in property tax revenues generated by the project over a 5 or 10 year time period. The amount of the incentive package can include up to 100% of applicable COA fees, utility charges (at a 5 or 10 year break even level) and the cost of planned infrastructure accelerated in time for the project.

- 336 to 420 points = 5 Year Incremental Tax Value NTE
- 421 to 705 points = 10 Year Incremental Tax Value NTE
Description of Matrix Criteria

The following information is provided to clarify the meaning of the criteria listed in the Smart Growth Matrix and the assignment of points for each criteria. The categories listed below correspond in order to those found in the Smart Growth Matrix.

Smart Growth Goal I:
Determine How and Where Development Occurs (356 points = 50%)

Eligibility

1. **Neighborhood Plans**
   Proposed use does not conflict with a City-adopted Neighborhood Plan for the area of the project. If the proposed project is in conflict with a Neighborhood Plan adopted by the City of Austin the project is not eligible for Smart Growth Matrix incentives.

2. **Historic Review**
   Projects proposing demolition or modification of a historic building or a potentially historic building are subject to historic review. Historic buildings include designated historic landmarks and buildings located in historic districts. Potentially historic buildings are defined as 50 years or older that may qualify for historic landmark designation. The COA Historic Preservation Officer will conduct an initial review to determine historic significance. Additional review by the Historic Landmark Commission may be required if a building is determined to be historically significant.

3. **Incentive Package**
   Project may not receive Smart Growth Zone Specific incentives.

Location (87 points)

1. **Smart Growth Zones**
   1. **Downtown.** Anywhere between Lamar to the West, IH 35 to the East, Martin Luther King Blvd. to the North, and the North shore of Town Lake to the South. **No partial points given.**

   2. **Within a 1 block radius of a CMTA bus stop.** The property must be within a one downtown square block of a Capital Metro Transit Authority bus stop. The bus stop must be accessible from the site by a direct route. Full points will be awarded for a mixed-use project within 1 block. **Partial Points:** Available for single use projects within 1 block of a CMTA bus stop.

   3. **Consistent with Transit Station Area Plan.** If located within an area covered by a Transit Station Plan the project must be consistent with the assumptions of that plan. **No partial points given.**

2. **Urban Core.** Anywhere within the urban watersheds. **No partial points.**

   2. **Within one lot deep of a proposed Smart Growth Corridor.** Full points will be given for mixed use projects actually fronting on a Smart Growth Corridor. Smart Growth Corridors are roadways designated as proposed mixed-use corridors as shown on the Smart Growth Map. These corridors are candidates for proposed mixed-use development based on existing transportation capacity and the potential for future light rail service. **Partial Points:** Mixed-use projects within 300’ of a corridor will receive 2/3 points, single use projects on or within 300’ will receive 1/3 points.
3. **Consistent with Transit Station Area Plan.** If located within an area covered by a Transit station Plan the project must be consistent with the assumptions of that plan. **No partial points given.**

**C. Desired Development Zone (DDZ) inside the City Limits.**

Anywhere within the Desired Development Zone within the city limits (Full Purpose Jurisdiction) as shown on the Smart Growth Zone Map. Projects within the Extra Territorial Jurisdiction (ETJ) will not receive points for any section of this category. **No partial points given.**

2. **Within one lot deep of a proposed Smart Growth Corridor or a Park & Ride.** Full points will be given for projects fronting directly on a Smart Growth corridor or a Capital Metro Transit Authority Park & Ride facility. These corridors are candidates for proposed mixed-use development based on existing transportation capacity and the potential for future light rail service. **No Partial Points given.**

3. **Consistent with Transit Station Area Plan.** (see above)

**A. Area of Economic Need.** Census tracts with poverty rate of 20% or more, median income of 80% or less than City’s median, or areas considered high risk because they are surrounded by low income area as defined by the City of Austin’s Neighborhood Housing and Community Development Department. **No partial points given.**

**B. “Trail Blazer.”** A project that is the first of its use and size to locate within a 10 block radius of the area. “Trail Blazer” status is based on the difficulty to determine market support for that use in that geographic area. **Partial points** will be given for projects that are considered the second and third of their kind in their location.

**Process (135 pts)**

1. **Neighborhood Planning**

   **A.** Requires dialogue and support by adjacent neighbors. Requires evidence of support for the project by neighborhood organizations whose boundaries include the proposed project. Neighborhood organizations must be listed in the City of Austin Community Registry. Documentation may be in the form of a letter, resolution or similar material. If multiple neighborhood organizations include the project in their boundaries, support must be obtained from all organizations for full points to be awarded. Partial points: 1/3 points will be given for intial dialogue and significant coordination with adjacent neighborhoods without full support.

2. **Design Commission**

   **A.** Presentation and endorsement of plans without conditions. The project must have been presented to the Design Commission and endorsement received based on the current plan submitted to receive the full points of this category. **Partial Points:** 1/3 and 2/3 partial points will be received based on the Design Commission's recommendations.

3. **Historic Landmark Commission (HLC)**

   **A.** Projects that propose restoration or reuse of a historic building require HLC review and approval to receive full points. Projects that reuse a structure 50 years or older may receive 25 points, those that reuse a historic landmark, a structure within a historic district or that involve new historic designation may receive 50 points.
Critical Mass (24 points)

1. Threshold Density

A. Population (DUA). Project includes dwelling units per acre (DUA) needed to provide the minimum threshold to support transit. Projects located within one lot deep of a proposed Smart Growth Corridor must meet the minimum range of 7 to 12 DUA to receive full points. Projects located downtown must meet the minimum range of 12 to 25 DUA. Partial points will be given for projects located downtown with 7 to 12 DUA.

B. Employment (FAR). Project includes Floor Area Ratio (FAR) needed to provide the minimum threshold of employees to support transit. Projects located within one lot deep of a proposed Smart Growth Corridor must meet the minimum range of .35 to 50 FAR to receive full points. Projects located downtown must meet the min range of .5 to 1.0 FAR. Partial points will be given for projects located downtown with .35 to 50 FAR.

Land Use (110 points)

1. Land Use Contribution

Projects are eligible for only one set of the points for Downtown Projects, Urban Core Projects, or Traditional Neighborhood Projects.

A. Downtown Projects. To receive points in this section, the project must have received the points for locating anywhere in the Downtown (1A) section in the Location category above.

1. Regional draw. Retail (anchor retail), entertainment, or cultural center. Full points will be given for projects that include at least one of the following: an anchor retail store, an entertainment facility or a cultural center that will draw population from the entire city and surrounding area. For example, a department store, a theatre, or a museum. No Partial Points given.

2. Greater than 200 new housing units. Full points will be given in the Downtown Project category for projects providing 200 or more new housing units. Partial Points: 2/3 of the points will be given for 101 to 200 new housing units. 1/3 points will be given for 25 to 100 new housing units.

B. Urban Core Projects. To receive points in this section, the project must have received points in the Urban Core section (1B) of the Location category above.

1. Regional Draw (see definition above)

2. Variety of Housing Types. Full points will be given for projects with at least three of the following residential uses: 1) single family/duplex; 2) live/work; 3) row house/townhouse; 4) condominiums; 5) apartments. Each use must comprise a minimum of 10% of the total housing units to be counted. Partial points will be given for projects that provide two types of residential uses.

3. Greater than 200 new housing units. (see definition above)

C. Traditional Neighborhood Projects. To receive points in this section, the project may be located anywhere in the Desired Development
3. Mixed Use

Zone within the Urban Core or Full Purpose Jurisdiction as shown on the Smart Growth Zone Map.

1. Meets TND codes and ordinances. Full points will be given for projects where the site is at least 80% zoned TND. Partial Points: 2/3 points will be given for projects not zoned TND but providing the main elements of the TND ordinance, including a neighborhood center with a town square, open space, and a mixed residential area.

2. Variety of Housing types. (see definition above)

3. Town Center with Neighborhood Retail. Provides a minimum 1/4-acre public town green or square bounded by streets on at least two sides and neighborhood retail fronting. Partial Points: 2/3 points will be given for a town square of a minimum 1/4 acre.

2. Land Use Compatibility

Degree of consistency with adopted area plans. Plans are not currently available, therefore no points will be given at this time and these points are not included in available totals.

3. Mixed Use

The inclusion of multiple land use in a single building or building complex. Uses are defined as retail/commercial, housing, office and industrial. To be considered, however, the use must comprise a minimum of 20% of the total building square footage. Partial points will be given if a second or third use comprises 10% of the total building square footage.

A. Includes residential above 1st floor. Projects with residential space totaling at least 20% of the building square footage and located above the first floor will receive full points.

B. Street Level Pedestrian Uses. To receive full points, the ground floor of the building must be located close to the street and have 75% of the street and plaza side façade in pedestrian uses. Pedestrian uses are defined as those that require daily public access, i.e. retail, restaurants or services such as hair salons, dry cleaners, travel agencies. Pedestrian uses should generally be located as close to the street as setbacks permit. Offices must have a significant amount of daily traffic other than employees. Residential must have a minimum of 75% of ground floor units as live/work. Partial Points given: 2/3 of points will be given for projects with 50% of the ground floor façade containing pedestrian uses or live/work units.

C. Includes 2 uses. Project includes a minimum of 20% of the square footage in two of the following three uses: retail, residential, or office. 1/3 Points will be given for projects with a minimum of 10% in two of the above three uses.

D. Includes 3 uses. Project includes a minimum of 20% of the total project square footage in the following three uses: retail/commercial, residential, and office. 1/3 Points will be given for projects with a minimum of 10% in two of the above three uses.
### Smart Growth Goal II:

**Improve Our Quality of Life (342 points = 48%)**

#### Urban Design (44 points)

1. **Building Façade Treatment**
   - **A. Division of façade into traditional 30’ increments.** Vertical divisions approximately every 30’ on all street-side building façades to add comfort, variety, and interest at a smaller, human scale. Thirty-foot increments are typical of the traditional “Main Street”-style building façade. **Partial Points:** 2/3 points will be given for approximately 50’ divisions. 1/3 points will be given for minimum 50’ along 75% of street-side façades.

2. **B. Variety of treatment and human scale details.** Full points will be given for the treatment of façade increments separately and provision of at least three human scale details at the ground level. Human scale detailing is the treatment of elements of a building façade at a scale based on human vision, proportion, height and rate of movement to add interest and comfort to the pedestrian. **Partial Points:** 2/3 points will for provision of human scale details at the ground level without a variety of treatment of the façade increments.

3. **C. 50% or more of façade in glass at the street level.** Full points will be given to projects that have a minimum of 50% of the ground floor street-level façade in glass. Glass allows the pedestrian to view into and people inside to view out of the building, adding interest and safety. **No partial points given.**

4. **D. Well defined entrances approximately every 50’ on street frontages.** Full points will be given for multiple building entrances at least every 50’ on street frontages that are clearly defined as public entrances by architectural treatment. **Partial Points:** 1/3 points will be given for provision of entrances at least every 75’ on street frontages.

2. **Compatibility with Surrounding Area**
   - **A. Appropriate or Compatible Massing.** Full points will be given to projects with massing that is compatible with existing adjacent buildings or are appropriate to the future characteristics of the area in which the project is located. For example, a 10 story building occupying a full block is not compatible with surrounding two- three story buildings occupying one half block each. But a 10 story building that steps down to 4 stories at the street might be appropriate in an area where higher densities are planned. **No partial points given.**

   - **B. Integration of height with abutting façades.** Full points will be given to projects where the building design takes into consideration the treatment and height of abutting façades. This may be accomplished by limiting the building height, establishing consistent cornice lines between buildings, stair-stepping the building height, or similar measures. **No partial points given.**

   - **C. Rear building treatment.** Treatment of the rear façade consistent with the primary building façade, especially when the rear of the building faces residential uses. Rear architectural treatment does not require the same level of detail as the primary façade. **No partial points given.**

   - **D. Mechanical equipment screened where visible.** Mechanical equipment visible from adjacent property, the street, a greenbelt or another building must be screened. This item includes equipment located on the roof and visible from an adjacent building. **No partial points given.**
3. Provision of Accessible Public Outdoor Space

Open space, plaza or green that is accessible to the public at their leisure. Perimeter sidewalks up to 12’ in width downtown, or 6’ in width outside of downtown may not be counted as public outdoor space. Open space should not be greater than 18 above or below adjacent street level. **Partial Points:** 2/3 points will be given for open space with entrances that total a minimum of 30’ in width and are level with street side sidewalks but the level of the space is greater than 18 above street level.

**A. Area greater than 500 square feet.** Open space area as defined above greater than 500 square feet, not including public sidewalks up to 12’ in width downtown, or 6’ in width outside of downtown. Average overall width or length shall not be less than 10’. **No partial points given.**

**B. Provides tables and chairs.** Open space area includes a minimum 3 sets of tables and chairs or benches. **No partial points given.**

**C. Landscape including trees.** A minimum 20% of the open space area is in landscape beds and a minimum 1 shade tree per 500 square feet of area is provided. **No partial points given.**

**D. Pedestrian scale lighting.** Provision of street lighting in addition to standard City of Austin street standards that is smaller scaled, more detailed, and enjoyable from the pedestrian’s point of view. **No partial points given.**

**E. Located adjacent to greenway or street.** A minimum of one side of the open space area should be located adjacent to a greenway or street. **No partial points given.**

**F. Provision of outdoor public art.** One large piece of art or more than three small pieces of art displayed within the accessible outdoor public open space, the streetscape, the transit plaza, or the greenway, which can be used and enjoyed by the public at their leisure. **No partial points.**

**Multi-modal Transportation (134 Points)**

**1. Transit Coordination**

**A. Includes Capital Metro Transit Authority participation.** Project includes coordination / participation of Capital Metro leading to a dedicated stop on bus route, developer investment in transit stop, park & ride lot facilities at site, and/or similar improvements.

**B. Provides Facilities Associated with Bus to Rail Transfers.** Not currently available.

**2. Building Location on Site**

**A. Oriented to Pedestrian Network.** 100% of street-side and park-side building faces align with the direction of the public system of sidewalks, off-road paths, and intersection crossings that allows pedestrian to move through the city safely. **Partial Points:** 50% of building façades that face public streets and greenways are oriented to the network.
3. Streetscape Treatment for Maximum Pedestrian Comfort

B. No Drive-Through Facilities. The project must not provide any drive through facilities.

C. Buildings built to the street. 75% of streetside building façades are built to the minimum front yard setback line. Public open space or wide sidewalks, as defined in this application, may be excluded from this requirement. Partial Points: 50% of streetside building façades built to the minimum front setback will receive 2/3 of the points.

D. Parking in rear of lot, behind building. No off street parking may be located on street frontages and buildings should screen all rear parking from street with the exception of driveways. Partial Points: Parking lots may be located on a maximum of 25% of the street frontages when frontage exceeds 600 feet.

A. Street trees, minimum 4” caliper, 30’ on center along all street frontages. The maximum number of street trees to be provided at 30’ on center along 100% of street frontages to shade pedestrians. Points may also be awarded for preservation of existing trees that shade the public right of way or public open space. Partial Points: Street trees at 30’ on center along 75% of street frontages will receive partial points.

B. Use of smaller scale pavement (i.e. pavers or scoring) 100% of street-side sidewalk to be small size (less than 3’ x 3’) paver units, scored concrete at dimensions less than 3’ x 3’, or a combination of the two. Partial Points: A minimum of 50% of the street-side sidewalk using smaller scale pavement.

C. Rain protection. Rain protection extending along 75% of entire street frontage or publicly accessible open space with a minimum walking width of 6 feet. Awnings, balconies, canopies, arcades are acceptable. Partial Points: A minimum of 50% of the entire street frontage to have rain protection.

D. Maintain or extend walkable street grid and alley plan. Maintaining traffic flow, pedestrian access, and public right of way of existing street or alleys, or establishing a similar network in a new development with walkable (approximately 300’ square) blocks defined by streets and/or alleys. Note: new networks may be on-site driveways detailed as streets or alleys. Partial Points: Dividing up approximately 50% of a large parcel into a walkable street grid.

E. First floor level at street level or within 18” above street level. Elevation of the first floor on 100% of the street side of a building to be within 18” of the elevation of the adjacent street. Partial Points: Elevation of the first floor along 50% of the street side frontage of a building within 18” of adjacent street elevation.

F. On Street parking along street frontages. Maintaining or adding parallel parking along at least 50% of the street frontages of the site to buffer pedestrians from vehicular traffic on adjacent street and to decrease the need for additional on site parking. Partial Points: Given for maintaining or adding parking along 25% of street frontage.
### Streetscape Treatment for Maximum Pedestrian Comfort

*(continued)*

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<td><strong>G. Minimum 12” wide clear sidewalk along all street frontages.</strong> Provision of a minimum of 12” wide sidewalk along 100% of downtown or Smart Growth Corridor street frontages or 8” wide sidewalk along 100% of all other street frontages clear of any vertical obstruction including benches, tree trunks, signage. <strong>Partial Points:</strong> As above, but the sidewalk along the street frontage reduced by 2’ width will receive 1/3 points.</td>
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<td><strong>H. Provision of pedestrian scaled lighting.</strong> Provision of building mounted street lighting in addition to standard City of Austin street standards that is smaller scaled, more detailed, and enjoyable from the pedestrian’s point of view along 100% of the street frontage, maximum 50’ on center. Light standards, bollards, or wall sconces, not more than 16’ above the sidewalk, that provide additional light on the sidewalk as well as at a height visible to the pedestrian. <strong>Partial Points:</strong> A minimum of 50% of the entire street frontage to have pedestrian-scaled lighting.</td>
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<td><strong>I. Continuation of existing sidewalk networks.</strong> Extensions of any public sidewalk that exist adjacent to the site, as well as, connection to any public or private sidewalks or trails that run adjacent to the site. <strong>No Partial Points Given.</strong></td>
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<td><strong>J. Crossing Treatment at street corners (bulb outs, crossings).</strong> Provision of, and Public Works approval of, any detailed crossing treatment adjacent to the site that would provide safer pedestrian crossings at all major and/or minor street intersections. Examples include reducing down the intersection neck by providing “bulb outs” at the street corners in lanes originally provided for on street parking, or providing pavers at crosswalk location in street to provide a visual as well as sound signal to vehicles. <strong>Partial Points:</strong> Provision of crossing treatment at only one intersection adjacent to the site.</td>
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<td><strong>A. Greenways.</strong></td>
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<td><strong>1. Access to and no interruption of greenbelt trails.</strong> Available only to sites adjacent to greenbelts. Provision of at least one point of ramped public bicycle and pedestrian access to greenbelt trails, linking the site, streetscape sidewalks, and any bicycle lanes to the trails. No interruption of existing trail traffic is allowed. Visible efforts at reducing amounts of retaining walls and other forms of “hard construction”. <strong>No partial points given.</strong></td>
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<td><strong>2. Office, retail, or residential uses facing greenbelt.</strong> 100% of greenbelt frontages must be office, retail, or residential on all floors. Warehouse, parking or industrial uses may not be uses adjacent to greenbelts, in an effort to maintain a friendly pedestrian environment. Loading docks or other “alley-type” uses should also be buffered by building from greenbelt. <strong>Partial Points:</strong> First floor only office, retail, or residential with parking structure above will receive partial points.</td>
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<td><strong>B. Internal Sidewalk Network</strong></td>
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<td><strong>1. Pedestrian network linking buildings on site.</strong> Provision of sidewalks that link multiple buildings on the site to each other and the streetside sidewalk, especially through parking areas. A pedestrian should be able to walk safely along a network of sidewalks that connects all public building entrances to the streetside sidewalk as well as to parking. Sidewalks that traverse parking lots shall be separated from the vehicular traffic.</td>
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5. Bicycle Friendly

A. Bike Racks (1:10), Bike Lockers (1:50) available. Full points will be awarded for projects that provide 1 bicycle rack per every 10 vehicular parking spaces and 1 bicycle locker per every 50 vehicular parking spaces. Location of Bike racks and lockers is in an area visible from bike route. Partial Points: 2/3 points will be given for provision of bike racks at 1:10 or lockers at 1:50 shall be located in an area accessible from bike route.

B. Locker Room Facilities, Showers and Dressing Room. Provision of one facility to include at least one shower available to all commercial and office building tenants. No Partial Points given.

C. Bicycle Linkages. Continuation of bicycle transportation network (consisting of bike lanes and off-road paths) into site by providing safe bicycle crossings and entrances. Location of Bike racks and lockers is in an area visible from bike route. No Partial Points Given.

Parking (36 points)

1. Structured Parking

A. Structured and/or underground parking. Full points will be awarded for projects that provide 100% of on-site parking underground or where all floors of structured parking facades are detailed to resemble a building facade. Partial Points: 75% of on-site parking is located in structured and/or underground parking.

B. Ground floor retail in Parking Garage. A minimum of 75% of ground floor of structured parking along the street to be pedestrian oriented uses (i.e. retail or walk-in office uses—see definition in the Land Use section, page 3.) Partial Points: 50% of ground floor of street frontage to be retail.

C. Provides for Shared Parking for adjacent businesses. A shared parking agreement has been signed between all appropriate business owners and approved by the City. Partial Points: Additional parking is provided in excess of LDC requirements or the structure is available for after hour’s use.

D. Division of façade into 30’ increments. Vertical divisions at approximately of 30’ on center on all visible façades of the parking structure. Division of the façade adds variety and interest, and increases the comfort of the pedestrian passerby. 30-feet is a traditionally “Main Street” style building width. In addition, treatment of the façade with additional detailing to match the adjacent building is required. Partial Points: Division of the street fronting façades with additional detailing will receive partial points.

2. Driveway

A. Minimizes curb cuts. Projects that have no more than one curb cut on the front side of the property and no more than two curb cuts per block will receive the full points. Driveways into the project should be at 90 degree angles to the street and should have the minimum allowable width and curb radii. Partial Points: Projects with no more than two curb cuts per block face will receive partial points.
**Housing (40 points)**

1. **Reasonably Priced Housing**
   - **A. 20% of units for 80% (4 person) AMFI households.** 20% of the project’s total housing units can be purchased or rented by a 4 person household with 80% of Adjusted Median Family Income, as determined by the US Department of Housing and Urban Development. **Partial Points** will be given for projects that provide 10% of housing units as reasonably priced.
   - **B. 20% of units for 60% (4 person) AMFI households.** 20% of the project’s total housing units can be purchased or rented by a 4 person household with 60% of the Adjusted Median Family Income, as determined by the US Department of Housing and Urban Development. **Partial Points** will be given for projects that provide 10% of housing units as reasonably priced.

**Local Economy (48 points)**

1. **Neighborhood Stabilization**
   - **A. Traditional neighborhood retail uses.** Provision of space and tenant for neighborhood oriented “daily need” retail uses, including grocery stores, dry cleaners, Laundromats, video stores, delicatessens or similar uses. **No Partial Points.**
   - **B. Neighborhood supported uses.** Uses that fulfill an identified area need as attested by written statement or in neighborhood plan of surrounding neighborhood associations. **No Partial Points.**

2. **Promote Local Business**
   - **A. Provision of space for, or retention of, locally owned Business.** Points will be awarded based on written commitment to provide space for new, or retain near their current location, existing locally owned businesses. **No Partial Points.**
   - **B. Project supports or builds local film or music industry.** Full points will be awarded for projects that provide facilities or services that support or strengthen the local film and music industries. **No Partial Points.**
   - **C. Use of local contractors, architects.** Use of locally based general contractors, architects and engineers will receive full points. The use of local services promotes support for the local economy. **Partial Points:** Partial points will be given for use of local general and contractors or for the use of local architect and engineers.

**Sustainable Building Practices (35 points)**

1. **Building Construction and Environmental Design**
   - **(Choose A or B)**
     - **A. Green Building Program Certification.** Points will be awarded on a sliding scale for projects that meet City of Austin Green Building Standards (one through five star ratings).
     - **B. Leadership In Energy and Environmental Design (LEED).** Points will be awarded on a sliding scale for projects that meet the LEED certified or silver rating.
     - **C. Green Choice.** Full points will be given for projects that are certified participants in the Austin Energy Green Choice Renewable Energy Program. **No Partial Points Given.**