



North Carolina
Main Street

BUSINESS AND DEVELOPMENT PLAN

FOR

DOWNTOWN BENSON, NC



November 2, 2009

Prepared For:

Town of Benson

Prepared By:

NC Main Street Program , Office of Urban Development &
DCA Central Regional Planning Offices
NC Department of Commerce
Division of Community Assistance

With Assistance of:

Benson Small Town Main Street Committee

DISCLAIMER

This report was prepared by the North Carolina Main Street Program, and the DCA Central Regional Planning Offices. Information contained in this report is gathered from various sources. Every effort is made to ensure that the information contained herein is accurate; however, no warranty is made about the accuracy of this report by DCA or its sources.

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Hampton Whittington, chair
William Massengill, Mayor
Doug Oglesby, Town Council
Keith Langdon, Town Manager
Dr. Parker
Mary Honeycutt
Rosa Andrews
Brent Honeycutt
Gloria Johnson
Brian Stewart
Penny Pritchard
Scott Tart
Becky Best
John Karshner
Kay Wood
Ken Tart
Betsy Whittington
Suzanne Cook
Curtis Tatum
Chancie Snipes
Ron Wood
Richard Davis
Loretta Byrd
Bob Todd
Elaine Todd
Helen Smith
Deborah Davis
John Bonner
Leon Tart
John Tracy
Lori Stocker
Lisa Sullivan
Brooks Lester-Murphrey
Ben Murphrey

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THE SIX ECONOMIC FACTORS IN DOWNTOWN DEVELOPMENT

The Definition of Economic Development/Restructuring

The most basic definition of the word "economic" is "profitable". Although all "four points" of the Main Street approach are necessary in a successful downtown revitalization program, very little will be accomplished unless economic (profitable) activity occurs; for the ultimate goal of revitalization is the creation of economic value (profit) for the downtown and its investors; public and private.

And even though "profit" can come from improvements to the physical environment and quality of life, economic development is essentially "adding value", (creating profit) in the form of jobs, sales, taxes, and property value.

Economic restructuring is simply adapting economic activity to the current realities of the market place.

The Six Economic Factors

There are six basic factors that should be considered when undertaking economic activities. Without an understanding of these factors, it will be impossible to determine the direction that economic activity must take in order to bring about a successful effort. These factors are as follows:

FACTOR 1. MARKET CONDITIONS AND BUSINESS CLIMATE

Assessing this factor helps determine the status of the retail, residential and office markets and their potential in your downtown. Information gathered related to retail sales, occupancies and rents is used to develop recruitment materials for attracting new businesses to downtown.

FACTOR 2. RETAIL MIX

A market assessment and merchants' survey can provide information related to the number and types of businesses currently in the downtown area. From this information, the potential for success of additional or different retail businesses can be determined. Additionally, a personal observation should be made to determine the physical location of retail businesses by type, in order to determine the best locations to site additional businesses.

FACTOR 3. REAL ESTATE AVAILABILITY AND CONDITION

This factor addresses the ability to recruit development and business. If there are no available buildings or if they are overpriced or in poor condition, then it will be difficult to carry out the revitalization effort.

FACTOR 4. PHYSICAL ENVIRONMENT AND AMENITIES

The physical environment in which a business must function is critical to its' success. Even the best businesses will not be successful if the surrounding environment is run down, has few amenities and is difficult to access.

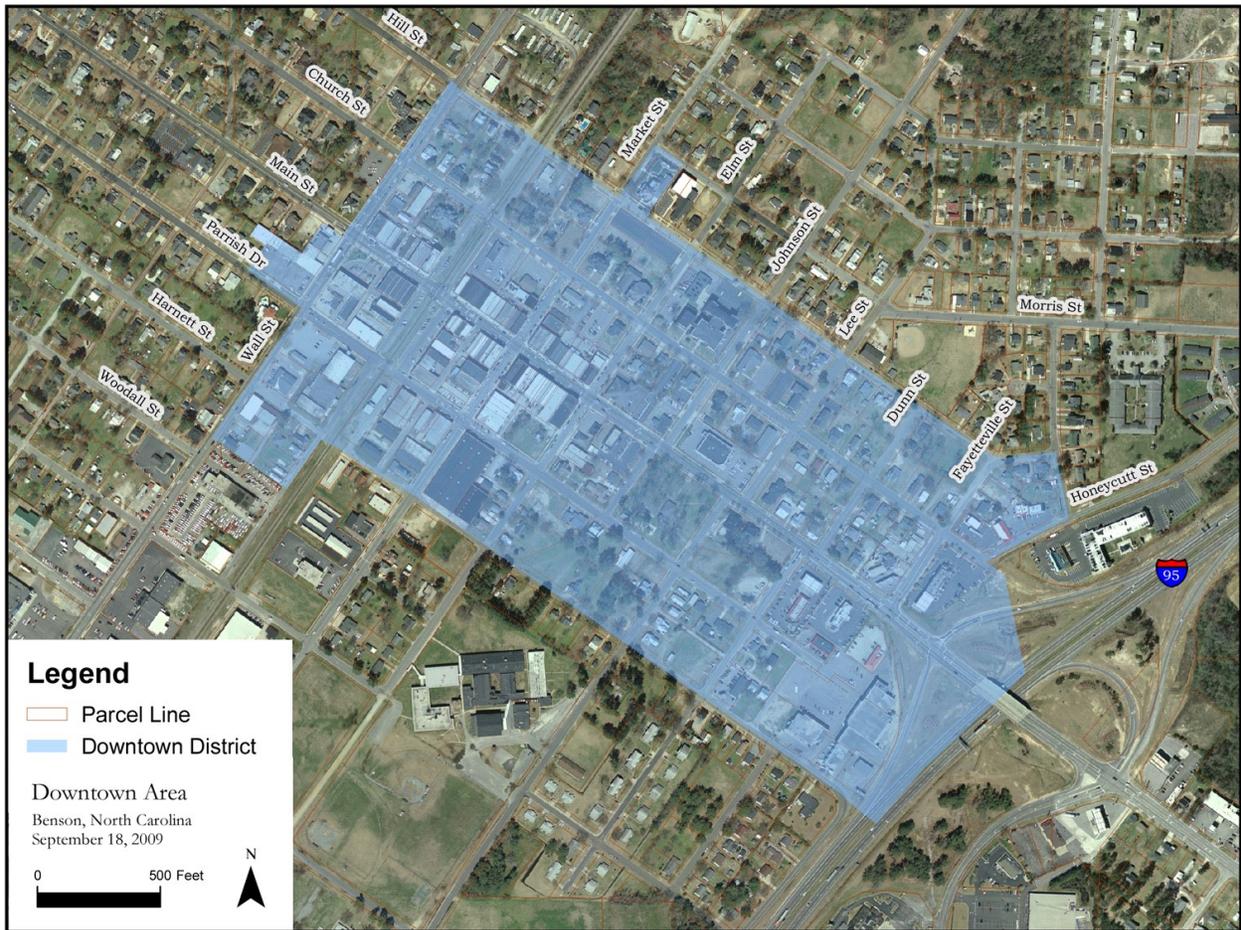
FACTOR 5. AVAILABILITY OF CAPITAL/FINANCING

It is critical that adequate investment capital and attractive financing be available for downtown projects. In addition to public financing tools, local financial institutions must be actively involved and supportive of development and business downtown.

FACTOR 6. BUSINESS AND DEVELOPMENT ASSISTANCE

Business and investment decisions must be made based on complete and factual information. One of the most important services that can be offered to potential investors is the provision of professional business and development assistance, along with a coordinated promotional effort.

BENSON DOWNTOWN STUDY AREA



1. MARKET CONDITIONS/BUSINESS CLIMATE

1.1 RETAIL

1.1.1 Observations

Benson, North Carolina is an incorporated town in Johnston County, with a 2008 estimated population of 3,581. Benson's population grew by 588 or 19.65% between 2000 and 2008. The town is situated approximately 7 miles northeast of Dunn, 16 miles southwest of Smithfield, 31 miles northeast of Fayetteville, and 32 miles southeast of Raleigh, NC. Benson is located at the interchange of Interstate 95, the major north-south route of the Eastern United States, and Interstate 40, a major east-west route from coast to coast. Other major highways serving the town are U.S. 301, N.C. 242, N.C. 27 and N.C. 50. Per capita income within a five-mile radius of downtown Benson is approximately \$19,502 annually.

Benson Per Capita Income	\$14,350
5-mile Radius Around Downtown Core Per Capita Income	\$19,502
Johnston County Per Capita Income	\$18,788
NC Per Capita Income	\$20,307

Sources 2000 Census & ESRIBIS©)

There are several small strip shopping centers and other free-standing retail establishments within a five-mile radius of the downtown core. Additional commercial development is occurring within a seven-mile radius, primarily in Dunn. The Town of Benson captures approximately \$133 million in retail sales but experiences retail "leakage" (lost sales) in a number of retail categories.

Downtown Benson is positioned to serve some of the retail needs of the local market but competes with other shopping areas within a seven-mile radius, particularly with Dunn, as well as considerable shopping opportunities in Smithfield, Raleigh and Fayetteville. Our assessment of the market conditions in Benson based on available information from several sources, indicates that the downtown commercial district provides goods and services to a primary trade area of approximately five miles with a secondary trade area of ten miles.

Limited merchant and consumer surveys indicate that the downtown primarily serves a local market with most shopping occurring outside the downtown area and/or in surrounding towns. Local information indicates that the typical downtown retail business produces sales of approximately \$121 per square foot of occupied space. The downtown business district loses a substantial amount of retail trade to other communities, including Dunn and Smithfield, and to some degree Raleigh and Fayetteville, which are larger metropolitan areas with more shopping choices.

Like many downtowns, Benson's downtown business district functions much like a Community Shopping Center, providing general and specialty merchandise and services to the local Benson market. However, Benson's few retail stores provide little shopping diversity for local residents and, outside of Interstate traffic that stops for food and gas, draw few outside shoppers to the community.

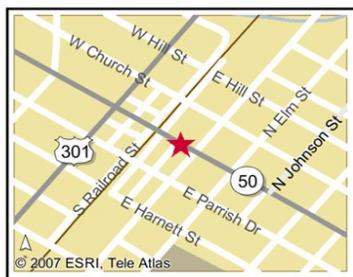
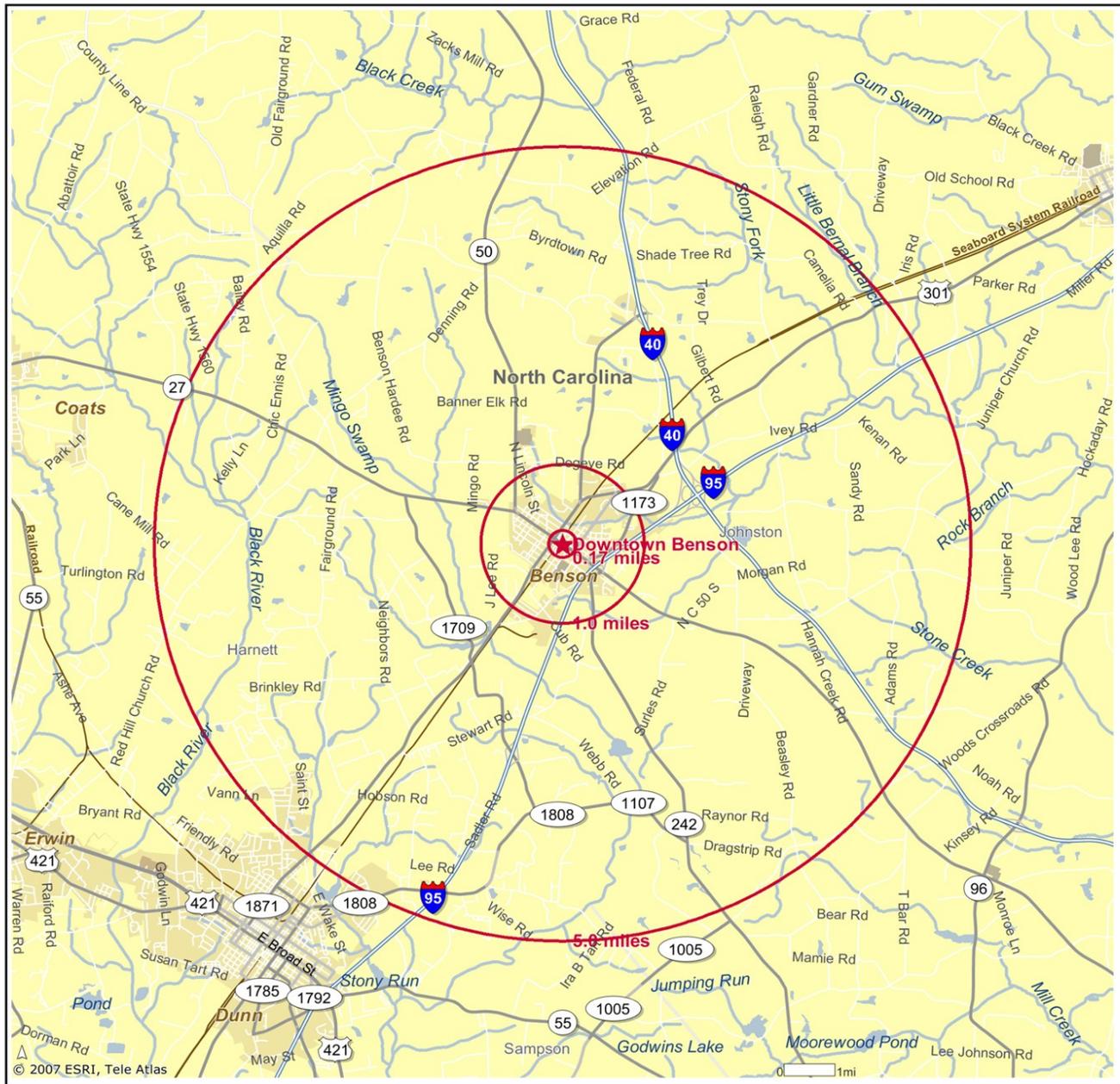
Downtown Benson currently captures about \$56 million or about 42% of the \$133 million in non-automobile retail sales within a five-mile radius of the downtown area (ESRIBIS©). Downtown sales are concentrated in Gasoline, Food and Beverage (groceries), Food Services (restaurants), General Merchandise, Health and Personal Care (drug store), and Building, Lawn and Garden supplies. After adjusting for local competition there is an additional \$19.8 million in potential non-automobile retail sales within five miles to be captured in several categories, notably in the categories of Clothing and Clothing Accessories Stores \$5.5 million, Food Services/Drinking Places \$5 million, General Merchandise (Department and Variety Stores) \$3.9 million, Furniture/Home Furnishings/Electronics and Appliances \$4.2 million, Books/music \$770,000 and Miscellaneous Retailers \$441,000. Assuming the ability to capture 10-20% of these potential sales or \$1.9 to \$3.9 million, the downtown area could possibly support an additional 15,000—32,000 square feet of retail space. (see retail leakage, downtown potential chart on page 8)

SITE MAP

Downtown Benson
 123 E Main St
 Benson, NC 27504

Site Map
Town of Benson
 September 26, 2008

Latitude: 35.380986
 Longitude: -78.547177



RETAIL LEAKAGE/DOWNTOWN POTENTIAL

Retail Leakage/Downtown Potential					Population	14,812	
Sep-08					Per Capita Income	\$ 19,502	
AREA/MILES/RADIUS				5.00			
Benson, NC		DOWNTOWN POTENTIAL					
NAICS	BUSINESS TYPE	DEMAND	SUPPLY	LEAKAGE	Est Capture	Est	Supportable
		(retail potential)	(retail sales)		15%	Sales/SF	SF
4413	Auto Parts/Access/Tires	\$1,458,840	\$1,269,562	\$189,278	\$28,392	\$121	234
442	Furniture/Home Furnishings	\$3,075,260	\$1,329,655	\$1,745,605	\$261,841	\$121	2163
4431	Electronics/Appliances	\$2,866,892	\$364,957	\$2,501,935	\$375,290	\$121	3101
4451	Building Materials/Supplies	\$4,082,477	\$3,498,152	\$584,325	\$87,649	\$121	724
4452	Specialty Foods	\$126,575	\$90,590	\$35,985	\$5,398	\$121	44
4481	Clothing Stores	\$4,503,402	\$33,767	\$4,469,635	\$670,445	\$121	5540
4483	Shoe Stores	\$837,500	\$17,151	\$820,349	\$123,052	\$121	1106
4511	Jewelry/Luggage/Leather	\$493,906	\$221,963	\$271,943	\$40,791	\$121	337
4511	Sporting Goods/Hobby/Musical Instruments	\$337,181	\$83,734	\$253,447	\$38,017	\$121	314
4512	Books/Periodicals/Music	\$516,313	\$0	\$516,313	\$77,447	\$121	640
4521	General Merchandise/Department Stores	\$6,779,165	\$56,049	\$6,723,116	\$1,008,467	\$121	8334
4532	Office Supplies/Stationery/Gifts	\$730,730	\$87,283	\$643,447	\$96,517	\$121	797
4539	Other Miscellaneous Stores	\$1,018,619	\$153,865	\$864,754	\$129,713	\$121	1072
7221	Full Service Restaurants	\$3,843,813	\$2,279,720	\$1,564,093	\$234,614	\$121	1938
7223	Limited Service Eating Places	\$9,161,894	\$5,300,831	\$3,861,063	\$579,159	\$121	4786
4533	Drinking Places/Alcohol	\$758,440	\$511,338	\$247,102	\$37,065	\$121	306
	TOTAL	\$40,591,007	\$15,298,617	\$25,292,390	\$3,793,859		31,436

Demand = Potential retail dollars available in the community.

Supply = Estimated sales in the trade area

Leakage = Retail sales being made outside the trade area

Surplus = Goods being purchased by consumers from outside the trade area. Indicates a potential "destination" for these type of goods.

Estimated Capture = An estimated percentage of the sales leakage that could be "captured" in downtown Column at far right indicates potential for new retail space in square feet for each type of business.

* Note—chart shows ALL leakage. Figures used throughout the report that total \$19.8 million are identified as the greatest opportunities to capture additional retail sales dollars.

1.1 RETAIL

1.1.2 Recommendations

The downtown business district should attempt to capture a portion of the \$19.8 million is potential sales within a five-mile radius of downtown with a goal of increasing downtown sales by \$225,000-\$400,000 annually over the next 3-5 years. This can best be accomplished by increasing the availability and/or marketing of the identified retail opportunities including Clothing and Clothing Accessories Stores, Food Services/Drinking Places, General Merchandise (Department and Variety Stores), Furniture/Home Furnishings/Electronics and Appliances, Books/music and Miscellaneous Retailers; by expanding the offerings of existing businesses; and by adding stores offering these products.

Downtown businesses should understand their markets and focus their promotional efforts on the markets they are most likely to attract. Most downtown retail areas function in an "inside-out" manner, with much of the retail trade bring available from nearby neighborhoods and employees. The identified markets in Benson are:

- 1) Nearby residents
- 2) Citizens within a five-mile radius of downtown
- 3) Downtown employees
- 4) Visitors to other downtown businesses and downtown's magnets (Town Hall, Library, Post Office, etc.)
- 5) Other/outside/visitors, etc.

1.2 RESIDENTIAL

1.2.1 Observations

There was approximately 19.65 % growth in the population within the city limits of Benson between 2000 (2,993 persons) and 2008 (3,581 persons). Some of the growth factor is attributable in part to annexations, as Benson increased its land area by 0.186 square miles, or about 9 percent, during that period. Growth in Johnston County overall was 33 percent over the same period (with nearby Smithfield growing at 20 percent). Much of the growth in Johnston County occurred in the northwestern half of the county (closer to the Raleigh metro area). Neighboring Harnett County grew by 17 percent (with nearby municipality Dunn growing at 11 percent).

Median new home prices in the general area are approximately \$67 per square foot (all houses) or about \$87-95 per square foot (new houses only). The median house value in Benson (all homes) was \$146,000 in August 2009, which is in the middle range of housing values in Johnston County generally. The median sales price in the Benson area (for all homes) was \$127,000. The median price for new houses in the Benson area is about \$152,500.

Only one new house was found on the market for sale in Benson proper as of September 2009. In contrast, more new houses are offered in outlying subdivisions two to ten miles from town. This is an interesting circumstance which suggests that the position of in-town housing could be strengthened.

Three new subdivisions exist in the vicinity of Benson. Dalton Woods is a couple of miles from town on Benson-Hardee Road, Treyburn is located on Highway 50, and Willa Chase on Highway 301 North about 2 miles north of Benson. Houses in Dalton Woods are offered at \$149,000 to \$165,000, and houses in Willa Chase are offered at \$150,000 to \$176,000.

Benson is unusual in that there is not much outlying suburban residential development adjacent to the town. Rather, Benson has a grid of streets containing substantial numbers of residences surrounding all sides of the central business district. Because the integrity of the historical street grid is intact and there is not much sprawl, most residences in town limits are within easy or reasonable walking distance of downtown. The walkability of these neighborhoods to downtown is further enhanced by short block lengths and interconnected streets, and most residential blocks are served by sidewalks.

The zoning of the neighborhoods surrounding and within downtown is partly O&R, partly R-6, and partly B-2. The O&R district allows some institutional uses, clubs, apartments, and offices. The R-6 district allows some institutional uses, clubs, and apartments. The B-2 district allows gas stations, convenience stores, self-storage, neighborhood retail, restaurants, and office uses. It also allows upper-story residential uses, but does not allow single-family detached houses, making any existing houses in this district nonconforming.

The most recent figures available for Benson proper show a rental share of 52% of the total housing market in 2000. More recent data for Johnston County as a whole shows a 25.8% rental share in 2005-2007.

There are very few rental apartments and no townhouses in and around Benson; most rental dwellings are single-family houses. Rentals information that is available shows the average annualized rent of about \$6 per square foot. Data is limited from census and other official sources, but a review of real estate advertising shows rent in the \$700-800 range for 1,100-1300 square foot dwellings. A modest two-bedroom, one-bath rental house in the middle of town was \$510.

The lack of housing alternatives to single-family detached houses suggests that alternative housing types might do well. There is likely unmet demand (that is, persons currently living in single-family houses due to lack of any other available housing product). Because of the small population in the area, the total number of persons who might want such alternatives is not large; however, a small number of upper-floor residences might do well, even in a limited market, simply because there is no competition. There are a number of vacant upper-floor development opportunities in existing buildings since many buildings in the downtown are two stories. Currently there are no upper-floor apartments in Benson.

Mixed-use (commercial with residential) development with street levels reserved for commercial uses is a key to a successful downtown. Mixed-use development offers the potential for "full-building" renovation, since finding uses for upper floors in multi-story buildings is often difficult. Downtown loft style apartments typically demand higher rents with the market.

Experience of other small cities with successful residential development downtown, indicates that there is an increased chance of success for residential development in a commercial area if there is a "real" residential neighborhood nearby, which is the case in Benson. The downtown business district in Benson needs the additional residents that these neighborhoods provide in order to support the downtown businesses as well as create this sense of neighborhood that is so important to upper floor housing downtown.

1.2.2 Recommendations

The residential areas adjacent to downtown are in reasonably good condition in many places, but some parts of them have been affected by poor development practices allowed by the current zoning. The O&R, R-6, and B-2 zoning of Benson's historic neighborhoods allow some uses that have the potential, if not properly managed, to depress the neighborhoods as desirable residential districts. This circumstance tends to depress demand for houses near downtown when compared to outlying neighborhoods that have protection from these impacts. It also pushes up the proportion of houses that are offered as rentals, because would-be owner-occupants are put off from buying into areas that could be impacted by side effects from adjacent incompatible development. The town should consider zoning text and map amendments to manage the effects of these potentially harmful uses. This will help encourage the maintenance and renovation of these houses for residential use, especially by owner-occupants.

Owners of houses in the Benson Historic District that qualify as contributing buildings can take advantage of the 30% state historic tax credit. The downtown business district is also in the National Register district, and so downtown property owners with vacant upper floor space should be identified and encouraged to develop upper floor housing utilizing the 20% federal and 20% state historic tax credits. The quality and management of residential projects are key ingredients to attracting a quality tenant target market.

The easy walking distance to downtown from the surrounding neighborhoods is an asset and contributes to Benson's small town identity. As well as abundant existing single-family houses, within the neighborhoods are a number of vacant lots which could provide opportunities for infill development of single-family residences. Zoning adjustments should be made that enhance the value of these lots as desirable building locations.

Recommended changes include giving the highest single-family protections (equal to the protection given suburban housing developments) from encroachment by incompatible uses and the visual impact of adjacent developments. Also, zoning should include a few simple site layout standards that ensure new houses contribute to the small-town look and feel of existing historic neighborhoods. (DCA can provide further guidance on recommended adjustments.) Finally, zoning should make existing single-family houses a conforming use in the B-2 zoning district so that owners can expand and add to their houses; if owners can't reinvest in their houses, neighborhood decline begins.

These changes will enhance the market position of in-town neighborhoods. Strengthening the identity and brand of these neighborhoods will promote reinvestment by owner-occupants and new construction in them. In turn, a strongly branded neighborhood around the downtown will tend to provide additional customers and enhance the downtown commercial brand. The presence of a good, desirable neighborhood around the downtown will also strengthen the market for upper-floor residential conversions. Thus, for maximum gain, strategies for all three of these components of the downtown residential and commercial market should support each other.

1.3 OFFICE/OTHER

1.3.1 Observations

Office

There is some office occupancy in the downtown district and much of it occurs at street level along the primary retail street and in the best retail block fronts (the 100 and 200 blocks of East Main Street). It appears that there is an adequate market for professional offices and services that can be attracted to downtown if adequate support services (parking, eating places, etc.) are available.

Service

There are presently several service businesses in downtown Benson, including five hair salons, two small fitness centers, a tanning salon, and a cleaner. The personal service sector is an important component in every small downtown. These customer-oriented businesses provide employment for locals with special skills and a variety of necessary services for local citizens. They also produce frequent traffic for retail businesses in downtown.

1.3.2 Recommendations

Office

As additional retail tenants are identified and the retail market improves, offices now located at street level should be encouraged (and assisted as necessary) to move to upper floors and side streets in order to free up this valuable retail space for its appropriate use. This should in no way be interpreted to mean that offices are not valuable and contributory to downtown. They are, in that office employees are often retail customers.

However, the prime retail frontage of Main Street is strengthened for all businesses when it is occupied by retail uses, with offices occupying locations that are not essential for retail (such as side streets and upper floors). Currently, some of the best retail locations are occupied by offices. Since offices can succeed in less-than-prime space that retail cannot

Service

It will be important to identify available spaces suitable for small service businesses that are also located where they can provide the opportunity for cross-shopping with retailers. These will be spaces located near but not necessarily on the primary retail street, and containing smaller floor areas. *(Is it possible that the side frontages along Railroad Street would be a good place for service businesses? Advantages: The rents are likely to be lower as these spaces are modest and not on the primary retail street, yet these spaces still have the advantage of a central downtown location. Also, there is a double row of angled parking along the railroad which could be a great convenience for short-frequent customer visits to service businesses such as salons. Having some more service-oriented storefronts there seems like a good way to populate this space, which has a bit of a no-man's-land feel to it right now – helping to bridge the gap that it cuts through Main Street.)*

2. RETAIL MIX

2.1 Observations

The downtown business district contains approximately 45 retail businesses and is fortunate to have several established retailers. As with any small town, the relatively small total number of retail businesses impacts the ability to draw a sizable number of customers to downtown for shopping.

2.2 Recommendations

New businesses and products of the types identified in this report should be added to the supply. There is room for some additional businesses of the same type, as well as those that carry complementary merchandise and different merchandise. "Cross-shopping" between stores should be encouraged by businesses simply REFERRING customers to other downtown businesses, whether a competitor or not. A downtown sale, even to your competitor, is better than a sale lost to another shopping area.

A successful business mix will contain businesses that are:

Market driven

- Provide products and services that meet local needs

Financially feasible

- Have sufficient investment and financing
- Business plan based on local market data

Located appropriately

- In or near a "*comparable cluster*" of businesses
 - Same customer base-different products
Example: High income; low income; retirees
- In or near a "*complementary cluster*" of businesses
 - Goods and services used in conjunction with each other
Example: Women's clothing/accessories; Convenience Items-groceries/drugs; Furniture/appliances
- In or near a "*comparative cluster*" of businesses
 - Same or similar products
Example: furniture stores; jewelry stores; antique stores
- Part of a "*critical mass*" of businesses
 - Sufficient number of businesses and business types to provide a destination for shopping

Successful business retention, expansion and recruitment:

Retention/expansion

- A successful plan keeps the existing quality businesses in the community.
 - Success of existing businesses helps in recruiting new businesses.
 - Visits with owners of existing businesses may identify problems, weaknesses that may need to be addressed by the recruitment committee.
 - Identify business opportunities that can be met by existing business expansions.
 - Identify new businesses that are complementary and will attract customers for existing businesses as well.

Recruitment

- Identify and solicit new business "suspects" that are likely to succeed in your community.
- Conduct a community assessment.

- Survey local citizens about what products or services they must go outside the downtown or community to purchase.
 - Ask why they may prefer going outside the community, even if those goods and services are available.
- Identify market potential for goods and services in order to add or expand the availability.
- Determine business feasibility for businesses identified.
 - Prepare business plans for each business type.
 - Review with local bankers and business development professionals.
- Prepare a list of similar businesses located in the suburbs, in nearby communities.
- Develop a recruitment package including the information gathered from the community assessment, market data, and business plans.
- Conduct recruitment effort:
 - Letters with market information on:
 - available buildings
 - sources of assistance
 - financing options
 - market information
 - Follow-up phone calls/emails
 - Personal visits to the prospect by committee
 - Invitations for prospects to visit the community
 - Maintain contact until decision made
 - Assist in establishing the business until open
 - Regular contact to retain

3. REAL ESTATE AVAILABILITY AND CONDITION

3.1 Observations

There are 20 vacant buildings with 77,637 square feet of floor space in the downtown area, accounting for approximately 12 percent of the total floor area in downtown. Vacant buildings range in size between 800 to 19,000 square feet but most were between 1,400 to 6,000 square feet. In addition to vacant buildings, some occupied buildings had second floors that were vacant or being underutilized for uses such as storage. With high vacancy and underutilization of existing floor space there is potential for growth in the business district, both ground floor and upper floor development.

The cost to lease or purchase available properties appears to be reasonable based on average market conditions in the area. Vacant buildings available for lease had an average annual-rent of \$1.28 per square foot. Vacant buildings available for sale had an average price of \$28 per square foot. Overall, the average market rent in Benson ranged between \$5 and \$6 per square foot, depending on the use; and the average market value of buildings was estimated at \$85 per square foot.

Because downtown is mostly built-out, there will be limited opportunities for new infill construction on vacant and underutilized parcels. The average cost of acquiring land in Benson is estimated at \$5000 per acre. The average cost of new construction is estimated at \$125 per square foot for retail, \$90 per square foot for office, and \$74 per square foot for new residential. Most of the lots in the downtown area have an existing building or otherwise being utilized.

Generally, buildings in the downtown area are in fair to good condition. Some vacant buildings and vacant upper floors that are in poor condition should be renovated. Older or historic downtown buildings may need to be retrofitted or rehabilitated to accommodate development. The average cost per square feet to renovate is estimated at \$70 for retail floor area and \$50 for office floor area.

Development projects based on the above building and renovation costs, market rents and other known local conditions indicate limited but reasonable feasibility, particularly if historic tax credits are used. (see *pro forma* below) It should be realized that many variables affect the outcome of a successful development: market strength, site location, renovation costs and property management.

SAMPLE HISTORIC TAX CREDIT PROJECT	
(Assumes full occupancy/no debt)	
Acquisition / SF	\$ 85.00
Renovation / SF	\$ 70.00
Investment / SF	\$155.00
Gross Income/SF (rent)	\$ 5.00
Less Operating Expenses, typical / SF	\$ 1.50
Net Income / SF	\$ 3.50
Return on Investment	2.25 % / yr
Historic Tax Credits / SF	\$ 3.00/sf (over 10 yrs)
Adjusted Net Income	\$6.50
Return on Investment (w/ tax credit)	4.2 % /yr over 10 yrs

3.2 Recommendations

The downtown committee should actively work to identify qualified potential tenants and /or buyers and match them with suitable available properties. It will be important to educate property owners and tenants on the relationship between retail sales and rent, and if rents become too high in relation to sales, businesses will struggle to remain viable and property vacancy will rise.

A number of zoning tools are available to promote downtown development. Buildings in the Benson Historic District are subject to the town's historic preservation ordinance. Adaptive reuse provisions would allow older buildings or vacant upper floors to be redeveloped for economically viable uses such as new office space or housing units. The NC Rehab Code should be used to assist with renovating older buildings wherever appropriate. Mixed-use zoning options should explore to encourage a desirable mix of uses in downtown and calibrate zoning restrictions to the needs of the central business district.

Properties in the Benson Historic District may be eligible for federal and state historic tax credits if they or listed on the National Register. The committee should educate property owners and potential developers of possible historic tax credits and other incentives that will help reduce the net renovation costs and make redevelopment and reuse of those properties economically feasible. As retail occupancy grows and existing buildings are renovated, property values will increase and buildings will become more valuable as retail spaces.

The potential for growth in the core business district lies mostly in the development of vacant ground floor and upper floors in existing buildings. As vacancies are reduced, infill development on available vacant or underutilized parcels should be considered. However, these opportunities are limited given that downtown is nearly built-out. New construction beyond the downtown area should be assessed in relation to its economic impact on the core business district and availability of existing public infrastructure. Design guidelines to ensure new construction is compatible with the historic character of downtown and integrated with adjacent residential areas should be considered.

4. PHYSICAL ENVIRONMENT AND AMENITIES

4.1 Observations

The physical environment in which a business must function is critical to downtown's success. Streetscape and other physical improvements will be needed if downtown Benson is to offer an attractive business environment with adequate support facilities. Improvements to streets, sidewalks, and parking areas may be needed to improve downtown circulation, safety, and aesthetics. The aesthetic appeal of downtown's physical environment can help capture customers who may not otherwise visit downtown businesses. The design issues relating to this factor will need to be addressed in a separate report.

Parks and Public Spaces

Parks and other public spaces provide settings for cultural and social activities and enhance experience of patrons and visitors of downtown. Benson Singing Grove Park located at the intersection of Main and Johnston Street provides public space for social and cultural events downtown. The pocket park located in the municipal parking lot at the intersection of Main and Wall Streets provides opportunities for socializing.

Parking

The downtown area has approximately 1,577 parking spaces, with 344 of those being public on-street parking spaces and 1,231 off-street parking spaces. Businesses in the secondary and tertiary downtown district rely on private on-site spaces to meet their parking needs. Most businesses in the primary district must rely on the on-street parking or municipal parking lots to meet their individual parking needs. Our assessment is that parking appears to be sufficient for the current level of activity.

Traffic and Circulation

Main Street runs through the heart of downtown and is the principle arterial that connects travelers from various points in Benson to I-95. The street layout in the downtown area is a traditional grid pattern with two-way traffic allowed on most streets. NCDOT 2008 traffic counts indicates that 8,600 vehicles travel this part of Main Street daily, providing opportunities to capture customers for downtown retailers. (See NCDOT Traffic Count Map on page 17) Traffic lights, on-street parking, and crosswalks at appropriate locations help improve traffic flow and pedestrian safety in the downtown district.

Pedestrian Circulation and Safety

Pedestrian traffic is key to the economic vitality of downtown. Foot traffic helps attract retail customers to downtown businesses. An aesthetically pleasing downtown can attract residents and visitors. Proximity of downtown to nearby neighborhoods provides opportunities to attract residents. A safe and attractive pedestrian link can encourage those residents to visit downtown businesses. Internal and external circulation patterns of downtown should make reducing pedestrian conflicts a priority.

The railroad crossing along Railroad Street neighborhoods impedes pedestrian safety and access. Many of the streets in residential areas adjacent to downtown lack sidewalks, which impedes pedestrian access to the downtown district. Sidewalks in the downtown generally have sufficient clearance, but may require physical improvements to increase pedestrian safety and accessibility.

4.2 Recommendations

Attention should be given to improving pedestrian safety and circulation and increasing aesthetics from public spaces, parking areas, between downtown businesses, and to nearby neighborhoods. This will help generate foot traffic that is important for retail businesses in downtown. Traffic improvements must take into account the impact on the pedestrian environment. A comprehensive downtown improvement study would provide a detailed inventory and analysis of downtown improvement needs, and allow the town to develop a coordinated plan to address those needs.

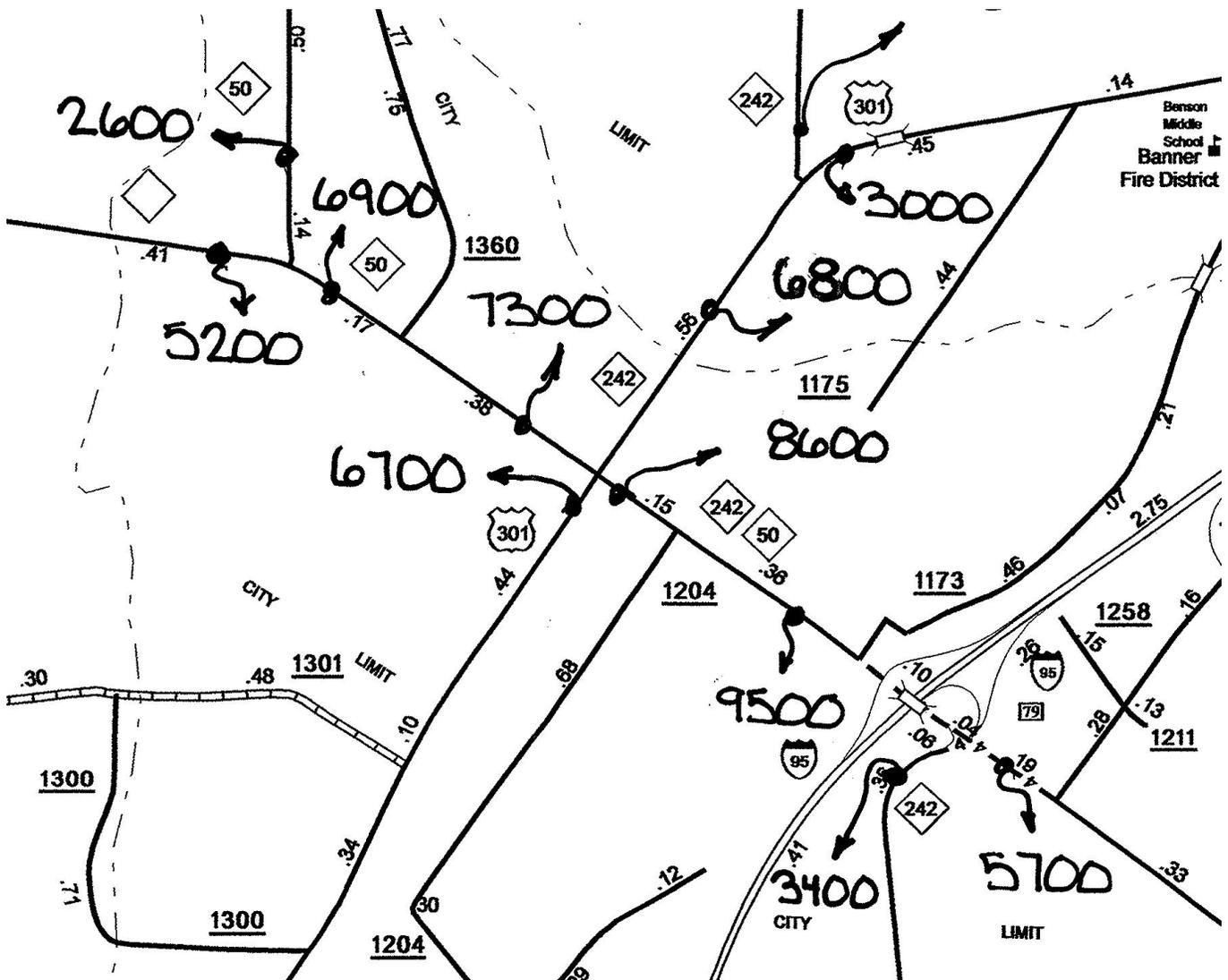
As in any downtown, it is critical that valuable on-street parking spaces be reserved for short-term (2 hours or less)

parking for customers and visitors to downtown. Long-term users such as employees should use off-street parking facilities, including municipal parking lots. Information related to off-street parking availability for downtown employees should be made available to each employer, and each employer should see that employees do not park in on-street spaces which are critical to the success of downtown businesses.

As the level of activity increases, more parking spaces, particularly long-term parking, may be needed. Arrangements can be made with institutions or other uses to provide long-term or overflow short-term parking when not open for business. For example, churches can provide weekday parking and banks may provide parking after 5:00 p.m. or on Saturdays.

The town should consider creating pocket parks along existing sidewalks and on open land where more economically viable uses are not practical. This can be done by installing streetscape improvements such as landscaping, street furniture, and pedestrian facilities. These improvements should be made in a manner that would not impede traffic and pedestrian safety.

BENSON TRAFFIC COUNTS



Source: NCDOT (2008)

5. AVAILABILITY OF CAPITAL AND FINANCING

5.1 Observations

5.1.1 Economic Development Incentives

The Town of Benson adopted a package of economic development incentives in 2009 to assist with downtown improvement. The incentives consist of several kinds of assistance, as follows:

- For **building façade improvements**, any property owner or business owner in the greater downtown area is eligible to apply for a \$500 grant award, paired with a 1:1 dollar match for approved façade projects, up to a ceiling amount of \$1,500. Up to \$7,500 is available each year in this program. Work done must meet certain standards for historic rehabilitation and design; assistance with this requirement is available from NC Main Street staff.
- For **commercial redevelopment and for upper-floor residential / mixed use redevelopment**, the Downtown Benson Redevelopment Incentive Grant is available. Any owner of a commercial building and/or vacant property may apply. The grant consists of reimbursement of a percentage of the increased tax value resulting from the improvement. The reimbursement to the property owner occurs over a period of 5 years.
- For **business development**, the Downtown Benson Business Loan Fund, with an annual total available amount of \$70,000, is available for three types of projects:

Building rehab loan: For rehabilitation of historic buildings to be used for commercial and/or upper-floor residential or office space: The Town offers loans at a fixed interest rate of $\frac{3}{4}$ prime for a period of 20 to 40 years. The low interest rate and longer period reduce the owner's monthly debt service to enable lower leasing rates which allows a greater variety of uses to be profitable in the leased space.

Retail or commercial upfit loan: For leaseholders or owners who are upfitting their space for small business use, a loan of 100% of the cost of the project (up to \$10,000) is available.

Operating loan: For new businesses, a loan is available for inventory, furniture, fixtures, signage and equipment, up to \$5,000.

5.1.2 Other Business Incentive Programs of the Town

Other business incentives available in Benson are targeted at new business startups:

- A Public Utility Grant is available for 25% of each month's utility bill.
- A New Business Start-Up Incentive Grant allows for \$1,500 matching grants for start-up costs associated with new businesses.
- A Rental Assistance Grant allows for 25% of the first 12 months of a lease term 2 years or more, up to \$300 per month.

Priority for these grants goes to new businesses of the types identified in Section 1 of this report.

5.1.2 Historic Rehab Tax Credits

The entire downtown business district and several blocks of surrounding residential neighborhoods are a National Register Historic District (the Benson Historic District). Property owners of "contributing" properties who carry out renovation projects certified by the National Park Service are eligible for a 20% federal tax credit and a 20% state tax credit.

5.1.3 Deferring Capital Gains Taxes Through Owner Financing

Some owners may have little or no existing debt on their properties, and can realize a benefit from providing owner financing to buyers over a term of years, which can defer some capital gains taxes. This is an excellent benefit for both buyers and sellers, and should be aggressively pursued as an option.

5.2 Recommendations

A downtown loan program should be established supported by local banks. The program does not need to be significantly different from those currently being offered to the entire community, but applicants for downtown projects should receive special consideration by lending officers, a longer amortization term should be offered, and the program should be actively promoted as a downtown loan program. The Main Street Coordinator can offer encouragement to banks to establish this program and promote it, starting with providing information to banks about the Main Street program and the Town's commitment to downtown success.

The Town governing board has taken an important and significant step by providing a full package of business and building rehab incentives. In future budget years, the Town board should continue to fund these programs and, based on outcomes, consider adding to them.

6. BUSINESS AND DEVELOPMENT ASSISTANCE

6.1 Observations

Business decisions must be based on complete and factual information. The Town and the Small Town Main Street Committee are very supportive of downtown businesses. They are charged with downtown revitalization, but at present there is incomplete information on the downtown market available and no one source offers a “one-stop” approach to the needs of either the business or development sector.

6.2 Recommendations

Downtown organizations are formed for the purpose of providing for the needs of the downtown area in their communities. Although they must thoroughly understand and appreciate the economic conditions of the area at large, by the narrowness of their purpose they are not distracted by the need to provide economic development activities and other services to those areas. The NC Small Town Main Street Program helps provide the information and serves as the source for assistance in participating communities, and will provide that assistance in Benson during the first two to three years.

In the long run, it will be important to establish the downtown committee as a cost-effective community-based organization that fills the gap between services offered by other agencies with a broader mandate and those that need to be targeted specifically to downtown.

In the shorter term, the information contained in this report should be provided to current and prospective business and development prospects in order to assist them with decision-making.

Additionally, a unified marketing effort that pools the resources of many businesses will be necessary in order to create the desired impact and bring new customers to downtown.

APPENDIX

B

SIX FACTORS OF ECONOMIC RESTRUCTURING			DOWNTOWN MARKET ASSESSMENT		(SEE INSTRUCTIONS)	
CITY	STATE		ZIP CODE		BY:	
© 2007	Used Only By Permission	DATE:	RADIUS		SOURCES	
(1) Available Downtown Property Inventory			(Use separate form for each available property)			Totals
a	Address		Owner		Listed By	Vac. Bldgs
b	No. Floors				Phone	Vac. SF
c	Size/SF	1st Floor	2nd Floor		3rd Floor +	Vac. %
d	Occupied SF	1st Floor	2nd Floor		3rd Floor +	
e	Use (Ret, Off, Res, M)	1st Floor	2nd Floor		3rd Floor +	
f	Tax Parcel Number		Tax Value	Tax Rate	City	County
g	Availability (circle)	Sale	Lease	Unk		
h	Sale Price					
i	Lease Price/SF	1st Floor	2nd Floor		3rd Floor +	
j	Condition (E, G, F, P)	1st Floor	2nd Floor		3rd Floor +	
(2) Average Sale Price per SF (from local realtor, etc.)			Downtown	Suburban		
k	Building and Land		\$85	\$85		
l	Land Only		N/A	5,000 per acre		
(3) Average Rent per SF (from local realtor, owner)			Downtown	Suburban		
m	Retail		\$5	\$5		
n	Office		\$5	\$5		
o	Residential		\$6	\$6		
p	Other		N/A	N/A		
(4) Renovation Cost per SF (from local contractor)			Downtown	Suburban		
q	Retail		\$70	\$70		
r	Office		\$50	\$50		
s	Residential		\$42	\$42		
(5) New Construction Cost per SF (from local contractor)			Downtown	Suburban		
t	Retail		\$125	\$125		
u	Office		\$90	\$90		
v	Residential		\$74	\$74		
(6) Market	By Use (Downtown Only)	Number	Total SF	Sales/SF	Employees/residents	
w	Retail*	45	189,896	x	x	*total from section 7 below
x	Office (pvt)	39	125,916	x	x	
y	Gov't/Institutional	1	71,496	x	x	
z	Residential	0	0	x	x	
aa	Service	21	60,370	x	x	
bb	Other	23	126,947	x	x	
cc	Vacant	20	77,637	x	x	
dd	TOTAL	149	652,262	x	x	
(7) Market by Retail NAICS (Downtown only)		Number	Total SF	Sales/SF	Employees/residents	
ee	441 Motor Vehicle and Parts Dealers	2	10,264.00	x	x	
ff	442 Furniture and Home Furnishings	0	0.00	x	x	
gg	443 Electronics and Appliances	2	8,900.00	x	x	
hh	444 Bldg Materials, Garden Equip	2	11,800.00	x	x	
ii	445 Food and Beverage/Groceries	4	38,206.00	x	x	
jj	446 Health, Drug and Personal Care	3	14,623.00	x	x	
kk	447 Gasoline Stations/Conv. Stores	3	7,798.00	x	x	
ll	448 Clothing and Accessories	1	2,070.00	x	x	
mm	451 Sporting Goods, Books, Music	1	7,750.00	x	x	
nn	452 Gen. Merchandise/Dept. Stores	3	15,470.00	x	x	
oo	453 Florists/Off. Supply/Gifts/Used/Mis	12	42,582.00	x	x	
pp	454 Non-Store Retailers	1	1,520.00	x	x	
qq	722 Food Services/Drinking Places	11	27,917.00	x	x	
(8) Market Demographics (By Main Street)		CBD		1 Mile	5 Miles	Zip Code County
rr	Retail Sales					
ss	Retail Potential					
tt	Population					
uu	Per Capita Income					
(9) Physical Environment (Downtown Only)		Number/type	(Describe in space beside blank)			
vv	Parking/on-street (No. Spaces)	344	Public			
ww	Parking/off-street (No. Spaces)	1231	Public and Private			
xx	Public Space/parks (No.)	2	Describe			
yy	Pub/Street/SW Improvements (No.)	0	Describe			
zz	1-way Streets	Yes	No			
aaa	Downtown (Business) Historic District	Yes	No			
(10) Available Financing		Type	Source	Interest	Amortization/term	Other LTV
bbb	Conventional/Banks, etc.	SBA	SBA	Variable	Variable	
ccc	Special					
(11) Business Assistance		Yes	No	Type	Grant/Loan	Provided By: Town of Benson



Retail MarketPlace Profile

Town of Benson

Downtown Benson
123 E Main St
Benson, NC 27504

Site Type: Radius

Latitude: 35.380986
 Longitude: -78.547177
 Radius: 5.0 miles

Summary Demographics

2008 Population	14,812
2008 Households	5,800
2008 Median Disposable Income	\$32,247
2008 Per Capita Income	\$19,502

Industry Summary

	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Leakage/Surplus Factor	Number of Businesses
Total Retail Trade and Food & Drink (NAICS 44-45, 722)	\$120,327,297	\$133,960,986	\$-13,633,689	-5.4	103
Total Retail Trade (NAICS 44-45)	\$105,717,117	\$124,397,380	\$-18,680,263	-8.1	79
Total Food & Drink (NAICS 722)	\$14,610,180	\$9,563,606	\$5,046,574	20.9	24

Industry Group	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Leakage/Surplus Factor	Number of Businesses
Motor Vehicle & Parts Dealers (NAICS 441)	\$27,116,612	\$23,209,056	\$3,907,556	7.8	19
Automobile Dealers (NAICS 4411)	\$22,674,069	\$20,564,241	\$2,109,828	4.9	11
Other Motor Vehicle Dealers (NAICS 4412)	\$2,983,703	\$1,375,253	\$1,608,450	36.9	2
Auto Parts, Accessories, and Tire Stores (NAICS 4413)	\$1,458,840	\$1,269,562	\$189,278	6.9	6
Furniture & Home Furnishings Stores (NAICS 442)	\$3,075,260	\$1,329,655	\$1,745,605	39.6	4
Furniture Stores (NAICS 4421)	\$2,065,233	\$1,037,753	\$1,027,480	33.1	2
Home Furnishings Stores (NAICS 4422)	\$1,010,027	\$291,902	\$718,125	55.2	2
Electronics & Appliance Stores (NAICS 443/NAICS 4431)	\$2,866,892	\$364,957	\$2,501,935	77.4	2
Bldg Materials, Garden Equip. & Supply Stores (NAICS 444)	\$4,755,512	\$5,142,550	\$-387,038	-3.9	10
Building Material and Supplies Dealers (NAICS 4441)	\$4,082,477	\$3,498,152	\$584,325	7.7	8
Lawn and Garden Equipment and Supplies Stores (NAICS 4442)	\$673,035	\$1,644,398	\$-971,363	-41.9	2
Food & Beverage Stores (NAICS 445)	\$20,617,080	\$23,197,212	\$-2,580,132	-5.9	11
Grocery Stores (NAICS 4451)	\$20,280,400	\$22,738,790	\$-2,458,390	-5.7	9
Specialty Food Stores (NAICS 4452)	\$126,575	\$90,590	\$35,985	16.6	1
Beer, Wine, and Liquor Stores (NAICS 4453)	\$210,105	\$367,832	\$-157,727	-27.3	1
Health & Personal Care Stores (NAICS 446/NAICS 4461)	\$4,876,500	\$6,312,668	\$-1,436,168	-12.8	4
Gasoline Stations (NAICS 447/4471)	\$19,544,060	\$54,057,433	\$-34,513,373	-46.9	11
Clothing and Clothing Accessories Stores (NAICS 448)	\$5,834,808	\$272,881	\$5,561,927	91.1	1
Clothing Stores (NAICS 4481)	\$4,503,402	\$33,767	\$4,469,635	98.5	0
Shoe Stores (NAICS 4482)	\$837,500	\$17,151	\$820,349	96.0	0
Jewelry, Luggage, and Leather Goods Stores (NAICS 4483)	\$493,906	\$221,963	\$271,943	38.0	1
Sporting Goods, Hobby, Book, and Music Stores (NAICS 451)	\$853,494	\$83,734	\$769,760	82.1	1
Sporting Goods/Hobby/Musical Instrument Stores (NAICS 4511)	\$337,181	\$83,734	\$253,447	60.2	1
Book, Periodical, and Music Stores (NAICS 4512)	\$516,313	\$0	\$516,313	100.0	0

Data Note: Supply (retail sales) estimates sales to consumers by establishments. Sales to businesses are excluded. Demand (retail potential) estimates the expected amount spent by consumers at retail establishments. Supply and demand estimates are in current dollars. The Leakage/Surplus Factor presents a snapshot of retail opportunity. This is a measure of the relationship between supply and demand that ranges from +100 (total leakage) to -100 (total surplus). A positive value represents 'leakage' of retail opportunity outside the trade area. A negative value represents a surplus of retail sales, a market where customers are drawn in from outside the trade area. The Retail Gap represents the difference between Retail Potential and Retail Sales. ESRI uses the North American Industry Classification System (NAICS) to classify businesses by their primary type of economic activity. Retail establishments are classified into 27 industry groups in the Retail Trade sector, as well as four industry groups within the Food Services & Drinking Establishments subsector.

Source: ESRI and infoUSA®



Retail MarketPlace Profile

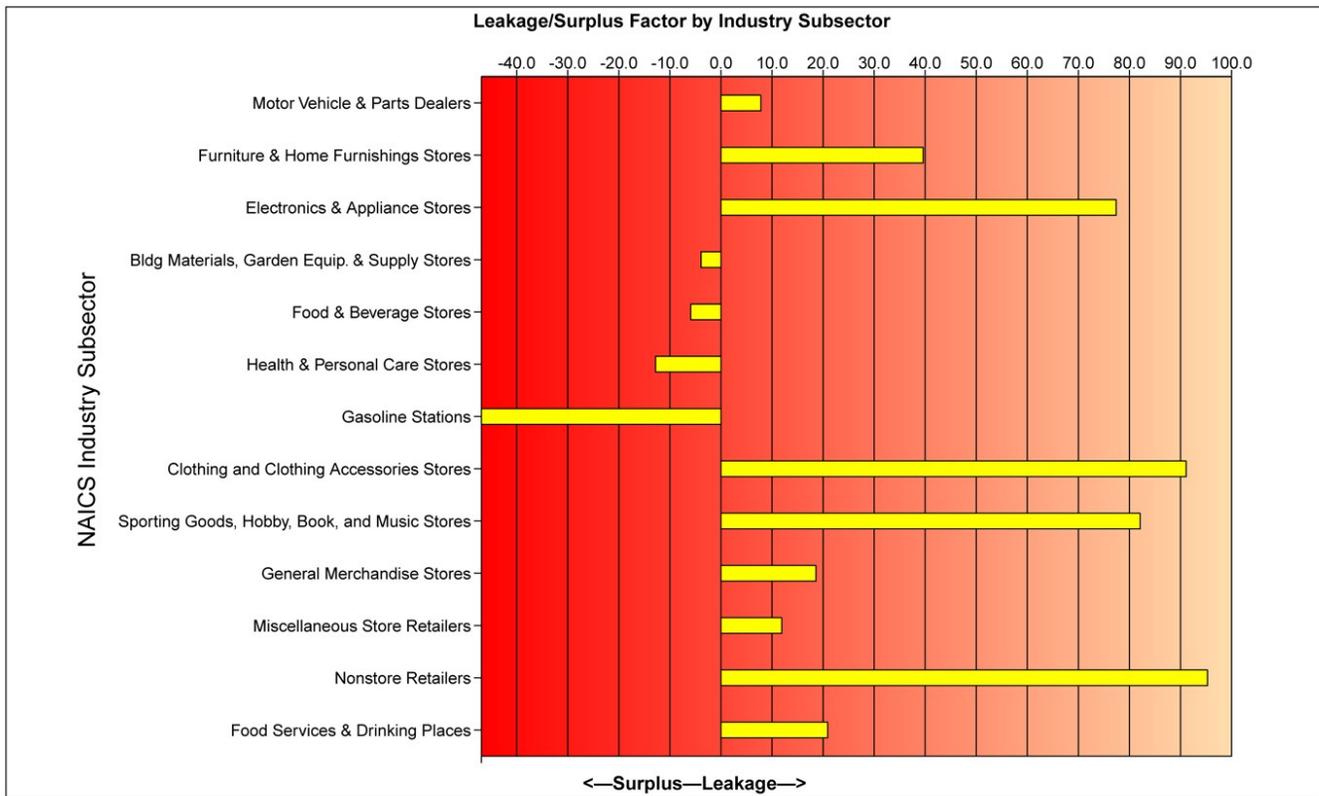
Town of Benson

Downtown Benson
 123 E Main St
 Benson, NC 27504

Latitude: 35.380986
 Longitude: -78.547177
 Radius: 5.0 miles

Site Type: Radius

Industry Group	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Leakage/Surplus Factor	Number of Businesses
General Merchandise Stores (NAICS 452)	\$12,755,769	\$8,759,922	\$3,995,847	18.6	3
Department Stores Excluding Leased Depts.(NAICS 4521)	\$6,779,165	\$56,049	\$6,723,116	98.4	0
Other General Merchandise Stores (NAICS 4529)	\$5,976,604	\$8,703,873	\$-2,727,269	-18.6	3
Miscellaneous Store Retailers (NAICS 453)	\$2,076,098	\$1,634,952	\$441,146	11.9	13
Florists (NAICS 4531)	\$210,285	\$254,073	\$-43,788	-9.4	4
Office Supplies, Stationery, and Gift Stores (NAICS 4532)	\$730,730	\$87,283	\$643,447	78.7	1
Used Merchandise Stores (NAICS 4533)	\$116,464	\$1,139,731	\$-1,023,267	-81.5	6
Other Miscellaneous Store Retailers (NAICS 4539)	\$1,018,619	\$153,865	\$864,754	73.8	2
Nonstore Retailers (NAICS 454)	\$1,345,032	\$32,360	\$1,312,672	95.3	0
Electronic Shopping and Mail-Order Houses (NAICS 4541)	\$0	\$0	\$0	0.0	0
Vending Machine Operators (NAICS 4542)	\$559,611	\$0	\$559,611	100.0	0
Direct Selling Establishments (NAICS 4543)	\$785,421	\$32,360	\$753,061	92.1	0
Food Services & Drinking Places (NAICS 722)	\$14,610,180	\$9,563,606	\$5,046,574	20.9	24
Full-Service Restaurants (NAICS 7221)	\$3,843,813	\$2,279,720	\$1,564,093	25.5	11
Limited-Service Eating Places (NAICS 7222)	\$9,161,894	\$5,300,831	\$3,861,063	26.7	6
Special Food Services (NAICS 7223)	\$846,033	\$1,471,717	\$-625,684	-27.0	3
Drinking Places - Alcoholic Beverages (NAICS 7224)	\$758,440	\$511,338	\$247,102	19.5	4



Source: ESRI and infoUSA®



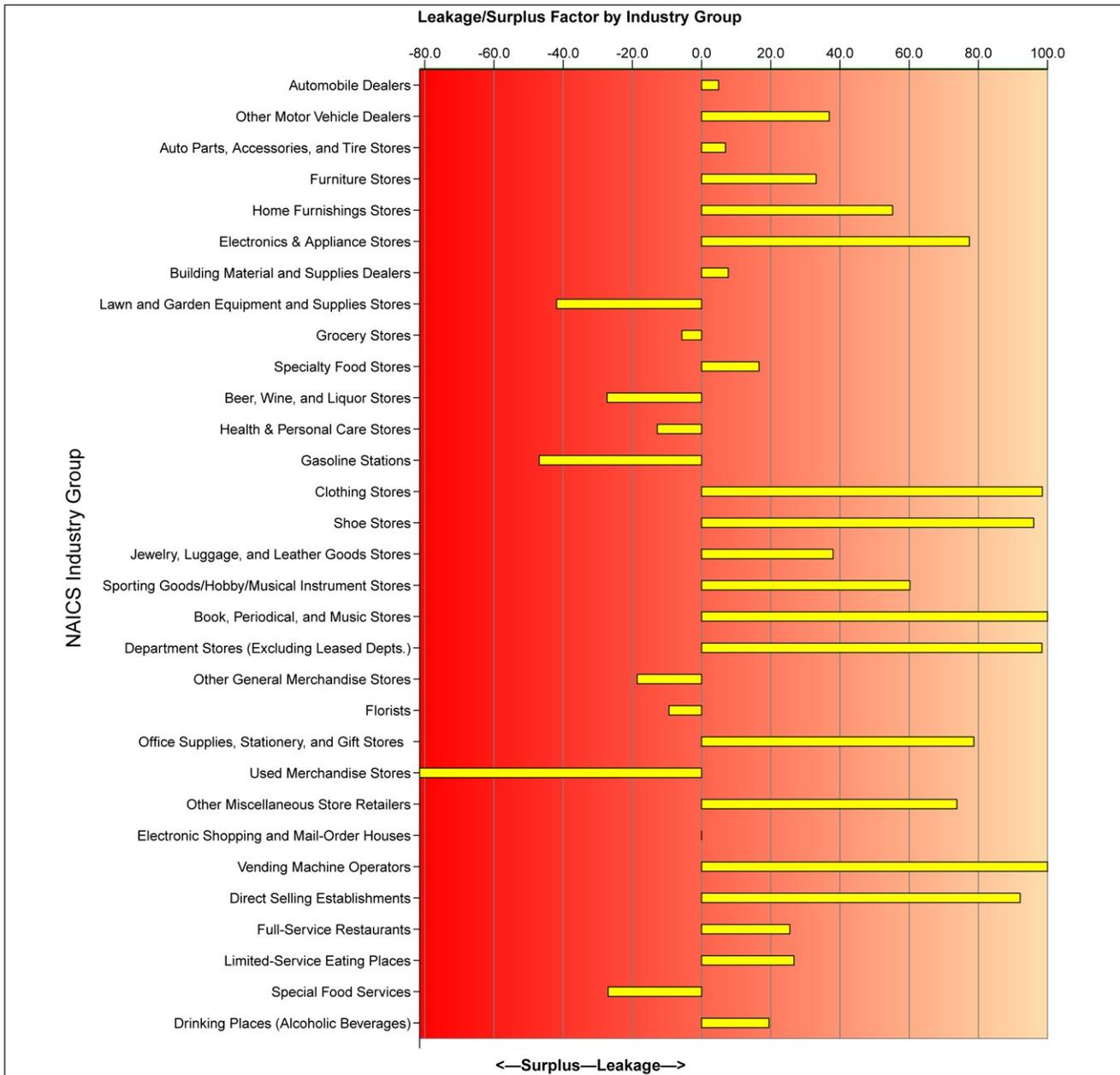
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