



Davidson, North Carolina

	Davidson
Population (2000)	7,140
Municipal budget (2006)	\$7 million ¹²²
Per capita income (2000)	\$31,570
Median household income (2000)	\$78,370
Poverty rate (2000)	6%
Minority population (2000)	12%
Proximity to urban center	20 miles to Charlotte, N.C.
Proximity to interstate highway	1 mile
Strategic approach	Industrial development Smartgrowth Partnership development
Time frame	1995-2007

Davidson preserves its small town character and community assets in the face of explosive development pressure from nearby Charlotte. Adherence to smart growth principles and regional collaboration on industrial development projects are Davidson's strategies for upholding its community's high standards.

Over the last decade, Davidson has become known as the town that sprawl forgot.¹²³ Located approximately 20 miles north of Charlotte, Davidson is earning a national reputation for its commitment to new urbanist and smart growth principles. In 2004, Davidson won a National Award for Smart Growth Achievement from the U.S. Environmental Protection Agency. With a strategy of managed growth and regional industrial development, Davidson is charting territory into which few other small towns have ventured. As the announcement of the EPA award said: "A small community, Davidson is setting the standard for creating healthy and vibrant neighborhoods in a historic setting. The town is revitalizing its existing buildings, and its new neighborhoods incorporate a variety of lot sizes and housing types, including affordable housing, and neighborhood parks within a five-minute walk."¹²⁴

The community and its history

Situated 20 miles from Charlotte (North Carolina's largest city), Davidson is a suburban community on the eastern edge of Lake Norman. For the past 25 years, Davidson has fought hard to resist development pressure from the rapidly expanding Charlotte metropolitan area. The perception among neighboring communities and private developers is that Davidson is anti-growth and anti-business. Others see Davidson as a

¹²² Interview with Randy Kincaid, mayor, April 24, 2007.

¹²³ *Nation's Cities Weekly*, Sept. 12, 2005.

¹²⁴ EPA website: www.epa.gov/dced/sg_awards_publication_2004.htm. Accessed on April 15, 2007.

progressive community with a global and long-term perspective on development. The drive into town makes one thing clear: Davidson is something different. The town's historic Main Street is lined on one side by restaurants, coffee shops, book stores and a variety of professional services. The other side of Main Street is an expansive downtown green, which frames the entrance to the public library.

According to several local residents, one of the community's core values is ensuring the presence of open spaces where neighbors can gather together. Public parks and green spaces stretch through every part of Davidson. The town's namesake, Davidson College, a liberal arts college with 1,700 students, abuts the northern edge of Main Street. The campus is an oasis for students and locals alike – with wide open spaces shaded by 100-year-old oak trees. Davidson's two-lane streets, wide sidewalks and greenways provide access to open spaces and emphasize walking and biking over cars.

Development in Davidson is a slow, deliberative and community-inclusive process. "Davidson's culture is all about public input and direction," said Kate MacIntyre, executive director of Downtown Davidson. One direct result is that Davidson's exit on Interstate 77 (traveling north from Charlotte) long remained the only undeveloped exit in Mecklenburg County. In 2006, however, the town, in partnership with several private developers, broke ground on a new urbanist development with a variety of residential and commercial spaces, situated just off I-77. This development, like all others in Davidson, emphasizes walkability as a crucial element of the design. Even today, Davidson maintains a special small town character.

Davidson has a unique history among the small towns of Mecklenburg County. Whereas its closest neighbors of Matthews, Huntersville and Cornelius began as railroad stops or mill towns, Davidson owes its existence to Davidson College. Presbyterians established the college in 1835 to provide higher education to Presbyterian residents of North Carolina's western Piedmont. Soon local merchants started offering services to the faculty and students, and a retail core developed along Main Street. In 1874, the railroad reached Davidson and with it came industrial development. Linden Mill opened in 1890, followed by the Delburg Mill in 1908.¹²⁵ By the 1920s, Davidson had a thriving industrial and retail economy, which was energized by the college at the center of town.

In modern-day Davidson, most of the local economy is based on residential development and services. The community's somewhat limited economic diversity comes from Ingersoll-Rand, a manufacturer of air compressors with 1,200 employees, which for 30 years has been the industrial anchor for Davidson. In addition to being the town's largest employer and taxpayer, Ingersoll-Rand supports several nonprofits in town, including the Eda Jenkins Community

¹²⁵ "A Look at Davidson's Past." *The Town Message*, Fall 2006.

Center, which offers education, health care and human services to low-wealth residents of Davidson.

In the mid-1990s, Davidson faced two major development challenges. First, growth from the Charlotte metro area threatened the small town character. Between 1990 to 2000, the population of some of Davidson's closest neighbors more than quadrupled. Davidson, with a mere 76 percent increase, had resisted Charlotte's influence but was under pressure. A community planning exercise in 1993 demonstrated that residents of Davidson wanted to preserve the small town qualities of their town. The community needed ways to manage growth on its own terms.

Town	Population (1990)	Population (2000)	% change
Davidson	4,046	7,139	76
Cornelius	2,581	11,969	464
Huntersville	3,014	24,960	728

A second and closely related challenge had to do with the type of development that was driving growth in northern Mecklenburg County; it was almost all residential, which places a heavy demand on public services. In the mid 1990s, more than 75 percent of Davidson's tax base was residential. "Residential development costs \$1.50 in government services for every \$1 added to the tax base," said Kris Krider, Davidson's planning director. "On the other hand, industrial development costs 30 cents in services for every dollar added." Davidson was fortunate that most of the residential development in town was on the high end, mitigating the public cost and making it possible to maintain adequate levels of public services without raising taxes. Nonetheless, the growing pressure on local government services made economic diversification a priority.

The strategy

Davidson aims to manage growth, allowing development on the town's own terms, which include facilitating the development of retail and service amenities for residents and partnering with neighboring communities to create industrial jobs that benefit the entire region.

Smart Growth: managed growth with economic diversification

Davidson's strategy for managing growth begins with a vision – a set of principles that a cross-section of the community agreed represented the values of their town. Initially drafted as the Davidson land plan in 1995, Davidson's Eight Planning Principles of Smart Growth are: (1) preserve Davidson's status as a small town, (2) preserve and enhance Davidson's unique downtown, (3) ensure that growth is sustainable, (4) preserve substantial amounts of open space, (5) re-establish the town's historic diversity of people, (6) develop no faster than the

town can provide public facilities, (7) adhere to importance of both private property rights and the health of the community as a whole, and (8) ensure that architecture and planning enhance the quality of life.¹²⁶

Throughout the late 1990s, the town council, the planning staff and community leaders developed a zoning ordinance to transform Davidson's vision for managed growth into actionable policy and practice. The zoning ordinance, adopted by the town council in 2001, is several hundred pages long and is designed to hold the town's general growth pattern – as well as individual residential and commercial developments – to the highest of planning and zoning standards. For example, it requires that pedestrian, bicycle and street circulation plans be submitted for all new developments. Residential subdivisions are prohibited from having gates, must have a variety of lot sizes and must preserve 40 percent of the development for open space. City streets are designed to discourage cars from speeding, making it easier for residents to walk and bicycle around the town. To further encourage walking, the town requires narrow, tree-lined streets with on-street parking and sidewalks on both sides of the street. The ordinance does not permit drive-through windows and requires new buildings within the town's main corridor to be two stories, discouraging the proliferation of big box retailers.

Even with these tight restrictions, developers are innovating and working with Davidson to meet the community's standards. The new CVS Drug Store on Main Street in Davidson – with no drive through windows and with offices on the second floor – has become a major success for the company and for the town. CVS recently moved its regional office staff into the upstairs space, and sales at the location have outpaced those at their company's more traditional suburban locations. In the next few months, Davidson will become one of the few communities that can claim a two-story gas station complex, which will include loft living above the downstairs retail outlet.

The planning ordinance includes two particularly innovative tools for managing local growth. The first is the adequate public facilities ordinance (APFO) designed to soften the impact of booming residential development. The second is the intensive (and inclusive) process by which development projects are approved.

Davidson's APFO, which applies to any residential development with more than 20 units, was written and designed to ensure that residential development did not outpace the community's capacity to provide services. The ordinance requires developers to pay for streets as well as other infrastructure associated with any new development. Davidson's APFO covers fire protection, law enforcement, intersection capacity, community parks and greenways. For example, public parks must be provided at a ratio of one to every 500 dwelling units.

¹²⁶ "From the "General Principles" section of Davidson's Planning Ordinance. Available at www.ci.davidson.nc.us/units/planning/ordinance/default.asp.

In addition, Davidson's APFO is the first in the country to include affordable housing. Within every residential development, one in eight units (12.5 percent) must be affordable, defined as "housing available for occupancy or ownership by a target household at mortgage or rental payments not exceeding thirty percent (30 percent) of the base, unadjusted income limits."¹²⁷ This regulation is intended to ensure that Davidson does not become a heterogeneously wealthy community and maintains its historic diversity. The APFO is Davidson's pressure valve for regulating both the manner and speed at which residential development happens in town.

Second is an innovative process for reviewing new developments, which evolved over time in Davidson. The process is rife with opportunities for Davidsonians to have input into the development of their community. Any project, residential or commercial, begins with a meeting between the town planning staff and the developer. At this meeting, the basic concept of the development is discussed and the planning staff reacts to the developer's idea. Next, the developer is required to invite every neighbor within a quarter mile of the development to a charette which, according to the planning staff in Davidson, "is extremely important to ensure that the residents and all the relevant stakeholders have meaningful input into the development of their community."¹²⁸ In some cases, charettes in Davidson can last up to five days. In most cases, the developer begins making detailed plans for a development *only after* meeting with the community in a charette.

After collecting information from local planning staff and community residents, and after creating an in-depth development plan, the developer meets with Davidson's planning board in a strictly informational meeting. The planning staff then reconvenes to review the plans. Once the planning staff confirms that a plan meets the standards established in Davidson's ordinance, the plan goes before the town planning board. The board votes and makes a recommendation to the town board. Then, the developer must present the plan to the whole town board, which gives final approval or disapproval of all new developments. "This whole process can take anywhere from six to nine months, with a good number of projects taking more than one year to clear Davidson's permitting process," said Bill McCoy, a member of Davidson's planning board.

Industrial development through partnerships with neighboring communities

The second part of Davidson's strategy is a direct response to the town's need for a broader tax base. In 2002, widespread concern that northern Mecklenburg County was becoming one big bedroom community led the Lake Norman Chamber of Commerce to commission a study on options for economic diversification. The study recommended that Huntersville, Cornelius and Davidson cooperate on economic development through a new nonprofit organization.¹²⁹

¹²⁷ Davidson's Adequate Public Facilities Ordinance.

¹²⁸ A charette is an intensive planning session where citizens, designers and others collaborate on a vision for development.

¹²⁹ North Mecklenburg County Economic Development Strategy. Prepared by Leak-Goforth Co. and Urbanomics Inc. November 2002.

From this study, the Lake Norman Regional Economic Development Corp. (EDC) was born. Shortly after its formation, the new EDC brought together town managers and elected officials from Huntersville, Cornelius and Davidson to create a new industrial park in Huntersville. “Our study showed that Huntersville had the land, Cornelius had dollars, and Davidson had a little bit of both,” said Bill McCoy, a member of Davidson’s planning board. “But importantly, each town had a pressing need to broaden their commercial tax base and a willingness to work together.”

The first step in creating the North Mecklenburg Industrial Park was to negotiate and draft an interlocal agreement spelling out how each municipality would share construction costs and revenues from the new park. They agreed to share the \$4 million construction cost based on each town’s population. Huntersville would pay 60 percent, Cornelius 25 percent and Davidson 15 percent. When the park produced property tax revenues, the towns agreed to share them according to the same formula. The interlocal agreement carries a 40-year term for revenue sharing among the towns. The agreement also created a seven-person team to manage the park, including the three mayors, three town managers and the executive director of the EDC.

The North Mecklenburg Industrial Park is one of the first examples in North Carolina in which several municipalities have agreed to share the costs and tax revenues for an economic development project. “This is a wonderful example of cooperation among four governments,” said Davidson’s Mayor Kincaid. “I believe that it will serve as a model for all future economic development in northern Mecklenburg County.”

In 2005, the park welcomed its first tenant, a plastics manufacturer with 242 jobs and \$48 million to invest in the region.

The outcomes

Outcomes that can be attributed to Davidson’s economic development strategy include:

- Through Davidson’s planning ordinance, the town is preserving open space, creating a walkable community, encouraging affordable housing development and facilitating development on its own terms.
- In 2001, with the adoption of the adequate public facilities ordinance, Davidson became the first community in North Carolina to enact an inclusionary zoning ordinance, which requires a given share of new construction be affordable to people with low to moderate incomes.
- In 2002, Davidson’s The Bungalows complex won Fannie Mae’s Maxwell Award for Excellence in Affordable Housing.
- In 2002, Davidson helped to create a regional economic development collaborative that

added to the capacity of the region to invest in and benefit from economic development.

- In 2005, the North Mecklenburg Industrial Park welcomed Prairie Packaging Inc. (242 jobs and \$48 million investment over five years).

How and why the strategy is working

Given Davidson's apparent success with its approach to small town economic development, the question then becomes: How and why has this small town in Mecklenburg County been so successful? First, there is little doubt that demand for access to Davidson's market is substantial. Investors are willing to endure extra hurdles in exchange for access to the local market. On the other side of the coin, however, leaders are willing to assume risk to maintain the small town character. Local leaders have a strong political will in the face of tremendous development pressures. In addition, the town has an almost continuous stream of newcomers with new ideas and energy, and local leaders have managed to embrace the concept of regionalism in their town's broader economic development efforts.

Strong demand for access to the Davidson market. Local market conditions in Davidson are key factors in the relative success of the town's approach to growth management. Even with the town's reputation for being difficult, developers are lined up at Davidson's doorstep and are willing to work within the town's guidelines because the local market makes the extra investment worth it. "Developers are reluctantly investing in the area and are willing to endure the headaches," one prominent developer said. It would be misleading, though, to imply that every small town has the resources, time and political to shape development to the extent that Davidson has managed. In general, Davidson is a wealthy, highly educated and progressive community with the means to resist external development pressures.

Willingness to take risks. "One of the reasons that we've been as successful as we have, in terms of managing growth, is because we've had an attorney that let us take risks," Mayor Kincaid said. When it comes to growth management and economic development, the implementation and use of any new or innovative strategy comes with the inherent risk of legal challenge. The legality of Davidson's adequate public facilities ordinance (as well as other areas of its planning ordinance) falls into a gray zone. Without assuming the risk of legal challenge, Davidson may have developed in a way that erased the characteristics that make it special.

Strong political will from the local government. According to Bill McCoy, the most important element to Davidson's success with managing growth has been elected officials willing to stand by the community's preferences in the face of development pressures. Everyday, and in every meeting, there is an opportunity to compromise on the town's vision and values. In most cases, it would probably be easier to give a little here and there when it comes to long, protracted and tense negotiations with developers and their teams of lawyers. The mayor,

town commissioners and planning board, however, are vigilant when it comes to Davidson's values.

Population turnover brings new ideas and fresh energy. Davidson College alumni – those either retiring or moving back to start a second career – provide a constant source of new volunteer energy and innovative thinking into the community. The town staff and elected officials reflect the value of this energy, as they represent a diverse range of backgrounds, experience and local tenure. The mayor, a Davidson alumna, moved to town from Florida in the 1970s. The town manager, a native of the area, has been in Davidson “forever.” The town's press officer moved to town last year. The varying tenure of local officials and leaders is one reason that Davidson manages to maintain its energy.

Real partnerships with neighboring communities. The willingness and ability of leaders in Davidson to come together with Cornelius and Huntersville on the North Mecklenburg Industrial Park is an indication that Davidson has embraced regionalism. Taking a regional approach to economic development, and recognizing that costs and revenues from regional projects ought to be shared, is a critical ingredient in Davidson's success. Even though the up-front cost on the industrial park was a risk, Davidson invested, and the revenues from this project are helping the town to broaden its economic base.

What are the lessons from this story?

“Are we moving in a direction that our children will be proud of?” According to Mayor Kincaid, public officials in Davidson ask this question before every decision. In Davidson, the external pressure to make decisions based on the town's short-term interests is tremendous. For example, during the search for a location for the North Mecklenburg Industrial Park, one of the early options was a site on the outskirts of Davidson's town limits. The town, however, already had decided to save that particular plot of land for the next generation of Davidsonians to develop. Even though the short-term tax benefits of developing the industrial park in Davidson would have been a huge for the community, officials supported a site in Huntersville. The mayor and town council have maintained a futurist approach to local development. Further, the APFO and the process that Davidson put in place for permitting development are practical tools that help the community keep a balanced perspective on short- versus long-term outcomes. “Long-range planning is very important in sort of getting in front of the curve and making sure the vision is embraced as new development comes along,” said Krider, the planning director.

“Kincaid's Law”: According to the mayor, the most controversial thing in small town government is asphalt: who gets it; how much of it goes where; who pays for it; and where does it end? In Davidson, the lesson is to understand the long-term impacts of asphalt. Creating a

four-lane road through town affects the walkability of a community and creates incentives to drive. On the other hand, narrow, curving streets with roundabouts encourage walking and create disincentives to car traffic.

Know your market. In Davidson, developers – not local government – pay for almost every penny of road and infrastructure to serve new developments. Not every community will have the leverage to force a developer’s hand on this issue. Davidson demonstrates that when the market conditions are right, developers will pay their share. The basis for negotiating with developers should be rooted in an assumption that developers ought to be responsible for providing adequate infrastructure for their development, not that the local government is entirely responsible. Communities need to understand their local market conditions and be prepared to take tough stands on issues of infrastructure provision.

Smart growth and economic development are complimentary approaches to advancing a community’s vision. The perception, whether warranted or not, is that smart growth principles constrain economic development. Davidson demonstrates that embracing smart growth principles as part of an economic development strategy can be a means of taking local control of economic development. Davidsonians – not forces outside the community – decide what their community will become. When done thoughtfully, and as part of a widely shared community vision, smart growth and economic development are complementary forces.

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