

CHAPTER 9 - ECONOMIC DEVELOPMENT

Introduction

Economic development is a term that describes concerted actions taken for economic progress. In a comprehensive planning context, economic development can be defined as actions employed by the public sector (e.g., land-use and tax policies, business programs, and capital projects) that facilitate private-sector investments. As pointed out in the Caroline County Five-Year Strategic Plan for Economic Development Fiscal Years 2022 – 2027, the topic of "economic development" means different things to different people. For businesses, economic development is about opportunities for site selection or infrastructure support and access to the workforce, the market, and capital. For elected and other public bodies, economic development is about collaboration for workforce development and supporting the development of new facilities. Finally, economic development relates to the quality of life for the average citizen – their ability to earn a decent living and provide for their needs.

The directions set by the goals, objectives, policies, and recommendations of Denton's Comprehensive Plan reflect these perspectives and the goal of generating and sustaining wealth utilizing the community's unique assets to attract and support employers and investment. A community focused on the quality of life for its people must be economically healthy, with a broad mix of employment opportunities. Livability and economic development are permanently linked - neither can progress without the other. Therefore, economic development is an integral part of the planning process because sustaining a healthy economy is essential to the quality-of-life objectives embodied in this Plan.

A strong economy is diverse enough to absorb the inevitable market changes and business fluctuations. In addition, a diverse economy provides a wide variety of job opportunities suited to the skill levels in the workforce. Ensuring adequate employment opportunities for all residents, thereby reducing unemployment, helps reduce the social stresses of crime, mental illness, suicide, and domestic violence.

Any efforts on the part of Denton to maintain and enhance the quality of life for its residents will depend on a collective ability to strengthen the regional economy. Recognizing they are not alone in this effort, the Town supports County, State, and regional economic development programs through thoughtful consideration for policies and activities affecting land use, community amenities, infrastructure, and regulations as part of the framework for economic development.

The primary goal of economic development is a robust and sustainable economy, a goal directly affected by policies and strategies concerning land use and public facilities and services. The fiscal result of positive economic growth is to strengthen the Town's tax base, enabling it to support a higher quality of life through the types, quantity, and quality of the community services and amenities it provides.

Goals and Objectives

Goal

- Improve the material living standards by raising the absolute per capita incomes.

Objectives

- Provide the land use and infrastructure framework for attracting new economic activity and retaining existing establishments.
- Work cooperatively with government and nonprofit organizations with common objectives.
- Encourage diversified employment growth.

Caroline County Five-Year Strategic Plan for Economic Development

The recommendations of the Comprehensive Plan intersect with the objectives, action strategies, and focus areas for creating jobs and expanding the revenue base outlined in the Caroline County Five-Year Strategic Plan for Economic Development FY 2022-2027 (Strategic Plan). The Strategic Plan supports Denton's commercial and industrial land-use policies to increase property value, revenue base, and job opportunities. This effort relies on the Town to provide information on vacant commercial and industrial sites and as partners in attracting new enterprises, both goods-producing and knowledge-based. Denton supports the Strategic Plan's strategic initiatives by:

- continuing to identify vacant commercial and industrial properties and make inventories available to County and State economic development agencies.
- expand the inventory of commercial and industrial land as needed.
- through feedback from Caroline County Economic Development, identify potential issues affecting sales and address them, and
- ensure potential commercial or industrial land, including planned annexation areas, are identified in planning documents that may affect financing or permits.

Denton enjoys location advantages few other municipalities in Caroline County can match. These assets include access to a major highway, housing options, commercial offerings, and infrastructure capacity. Therefore, Denton's location assets are a valid reason to ensure the Strategic Plan's strategy to attract data centers includes Denton as a prime location.

Like Denton, the Strategic Plan recognizes the vital role of small business entrepreneurs and home-grown businesses in achieving its goals and objectives. Efforts to encourage and support entrepreneurship and small business development, a form of economic "gardening," akin to

tending to a seedbed as compared to industrial recruiting, the hunt for a trophy animal. Community benefits of entrepreneurship and small business development include:

- Create jobs.
- Spark innovation.
- Provide opportunities for many people, including women and minorities, to achieve financial success and independence.
- Bring new dollars into the economy.
- Attract new people to the community.

"Locally owned and managed businesses have a unique place in a community's economy. They are less likely to relocate as the business grows and changes. Revenues are more likely to be reinvested locally. Employment opportunities for young people add dynamism that can help sustain a community. The sense of community tends to be stronger, enhancing charitable causes and civic investments. They provide stability and community spirit that becomes infused in other public organizations and businesses, leading to a more robust quality of life.

In addition, expanding research is being carried out examining the contributions of entrepreneurs, proprietors, and small businesses to communities. These studies provide strong evidence that such businesses positively impact the civic vitality of communities, especially in smaller populated communities. For example, they increase the involvement of business owners in local community improvement activities, and they help reduce the number of people living in poverty (since these firms are more likely to hire local people for job openings). They are also more likely to mentor young people who want to work alongside local entrepreneurs. All in all, entrepreneurs can be an essential asset to many communities."¹⁴

"The pandemic triggered a surge of entrepreneurship, much of it quietly taking place at home, conducted from kitchen tables and garages. As early as 1992, over half of all firms operated exclusively out of the home. The practice has only boomed since, with millions of Americans running everything from salons to eBay stores to computer repair out of homes and apartments. By one estimate, home-based businesses currently collectively generate nearly \$500 billion a year in revenue."¹⁵

Zoning standards for home-based and cottage industries affect the climate for entrepreneurs, home-grown businesses, and the small business ecosystem. Rules regulating essential health, environmental, and safety standards make sense. However, overregulating home-based businesses results in them going underground, unable to grow, and forever at risk of code enforcement. Overlay restrictive code provisions especially disfavor the women and people of color, who — often excluded from traditional labor markets and access to capital — disproportionately run home-based businesses.

¹⁴ <https://community-planning.extension.org/what-are-the-economic-benefits-of-entrepreneurship/>

¹⁵ <https://www.bloomberg.com/news/articles/2022-01-31/zoning-rules-shouldn-t-hurt-home-based-businesses#:~:text=Many%20entrepreneurs%20starting%20companies%20in,have%20boomed%20during%20the%20pandemic.>

Home-based businesses are an essential segment of the local economy to cultivate. The internet has evolved how small businesses operate and allowed home occupations to become an incubating force for new businesses that capitalize on creative talent in the community. These nontraditional enterprises do not begin by putting up a sign at a storefront and posting ads in the local newspaper. Instead, they are those creative entrepreneurs who start by taking advantage of the internet's many tools, smartphones, tablets, computers, etc. In addition, the Internet allows small businesses to expand their geographic limits. For example, a small business working out of a home in Denton with the internet could have customers worldwide and capitalize on the opportunity to grow and increase revenue through technology-enabled commerce.

Downtown Denton Main Street, Inc.

Developing and maintaining networks of organizations that support small businesses is another action item outlined in the Strategic Plan, for which the Downtown Denton Main Street program plays an important role. Downtown Denton Main Street, Inc. (DDMS) was created in 1999 to implement a downtown revitalization program created by the Maryland Department of Community Development (DHCD). The program "strives to strengthen the economic potential of Maryland's traditional main streets and neighborhoods." It focuses on promotion, organization, economic development, and design, emphasizing small business success and creating a place where people want to go and visit, following its guiding principles:

- Comprehensive: Simultaneous, comprehensive strategy focusing on all aspects (Design, Promotion, Economic Restructuring, and Organization).
- Incremental: Start with simple activities and build to more complex, ambitious projects.
- Self-Help: Mobilize local investment of time and money to benefit the community.
- Partnerships: Both private and public sectors have a vital interest in the commercial district.
- Assets: Capitalize on unique assets to give people a sense of belonging and pride.
- Quality: A high standard must be set for every aspect of the commercial district.
- Change: Bring about an essential change in attitude and practice to improve downtown's use, purpose, and future.
- Implementation: Make a difference TODAY by creating visible change and activity NOW.

In addition to assisting with the small business loan program administered by the Town and providing low-cost co-working space downtown, DDMS periodically commissions studies to identify market characteristics and potential opportunities for local merchants to capture increased sales. The information gleaned in these studies provides data about market characteristics that

enable small businesses to tailor goods and service offerings most appealing to households within the trade area.

The first study, A Retail Market Study and Branding Strategy for Denton, Maryland,¹⁶ was completed in December 2009. Market Update 10 Years Later¹⁷, completed in 2019, revisited the original study's findings. Market definition in both studies was based on zip code surveys of customers. In the 2009 study, eleven retail businesses generated information on 990 individual customer visits. In the 2019 update, six participating businesses with 357 customers were surveyed.

The 2009 study concluded that within the trade area defined by the zip-code survey, the primary market for downtown Denton was the Denton area zip code 21629 (see Map 9-1). Over sixty-five percent of survey results came from the Denton, Greensboro, Ridgely, and Goldsboro zip codes, with Greensboro, Ridgely, and Goldsboro described as the secondary market. Over seventy percent of market activity was generated by customers from Caroline County and nearly all from Maryland locations.

Over half of all customers reported this as their resident location. Within the 21629-zip code, the percentage of in- and out-of-town customers was nearly even, 22.7 percent out of Town versus 28.5 percent in Town in the 2009 results. Similar results were found in the 2019 survey. However, the 2009 study found that when visits per 1,000 population are examined, there is a sharp drop within the Denton zip code, with town residents constituting a much more substantial customer base than unincorporated residents. Therefore, the total customer visits for the Denton zip code are not as robust, and Denton has an opportunity to cultivate more customer loyalty from its residents.

Demographic conclusions from the 2009 study were as follows:

- Denton's downtown shops cater to a solid local population base, with 51% of the traffic from the 21629 zip code and nearly 75% from Caroline County.
- Visits per 1,000 dropped sharply within the Denton zip code, with town residents constituting a much more substantial customer base than unincorporated residents. The total customer visits for the Denton zip code are not as robust as they could be, and Denton has an opportunity to cultivate more customer loyalty from its residents.
- Denton also has an opportunity to cultivate a more substantial customer base from nearby geographies, including Cordova, Federalsburg, Henderson, Preston, and even Easton, particularly for specialty-type retailers.
- Specialty-type retail will also be attractive to the visitor market, which makes up one in ten customers for several downtown businesses.

¹⁶ A Retail Market Study and Branding Strategy for Denton, Maryland, December 4, 2009, Arnett Muldrow and Associates

¹⁷ Market Update 10 Years Later, Denton, Maryland, 2019, Arnett Muldrow and Associates

- Denton's market demographics are quite strong despite some people's opinions that the community is economically distressed. The demographic analysis and the market segmentation figures show a robustly growing market with solid income characteristics.
- A growing and relatively affluent market is fundamental for the success of any community, and Denton is fortunate to have this situation.
- Denton's market must continue cultivating the "bread and butter" local market while growing regional and visitor traffic.

Compared to benchmarks, the 2019 study results indicate these conclusions remain valid.

The 2019 study indicates that in the ensuing ten years, retail gain reached \$78,796,734. In addition, the consultants identified trade area retail opportunities in furniture and home furnishings, food and beverage, clothing and clothing accessories, and food services and drinking establishments based on trade area demographics. This list differs somewhat from the 2009 study, which included general merchandise and building materials supply establishments.

Recommendations

Economic development recommendations primarily fall within two overlapping categories. One category is programmatic and involves supporting the efforts of local and State groups and organizations focused on improving economic conditions for residents. The other category is planning and regulatory and involves facilitating the expansion of Denton's economic base through responsive capital programming and land use development regulations. Category one recommendations are to support Downtown Denton Main Street, Inc. and maintain cooperative relationships with Caroline County Economic Development, Caroline County Tourism, the Caroline Chamber of Commerce, and the many downtown stakeholders. Category two recommendations include seeking continuous feedback from merchants and landowners on ways to streamline development review in the downtown when required to adjust to changing economic conditions.

The Economic Development chapter of the 2010 Comprehensive Plan reiterated the findings and recommendations of the 2009 Retail Market Study and Branding Strategy for Denton, Maryland, including the conclusion Denton was positioned to grow as a retail destination in many different categories based simply on the local demand for retail. However, to capitalize on this growth, Denton would need to augment its catalyst plans for growth with a series of marketing and recruitment strategies to retain local customers, create incentives for new retail, and expand the retail appeal of the community to capture a larger market share.

The 2009 study compiled recommendations under three broad initiatives for Denton designed to organize the tasks around corresponding goals for downtown. These initiatives were:

- Creating the Denton Brand: A **MARKETING STRATEGY**
- Fostering Investment: A **RETAIL RECRUITMENT AND RETENTION STRATEGY**
- Welcoming Business: An **ORGANIZATIONAL STRATEGY**

Most of these recommendations have been implemented, and those requiring an ongoing effort continue to be pursued. An internet search on Denton and its economic development partners, Denton Downtown Main Street, Carline County Economic Development, Caroline County Tourism, Caroline Chamber of Commerce, and others, reflects coordinated marketing. From these points of departure, one can learn about the County's and Denton's many life-quality offerings or gain help with starting or growing a business.

Category two addresses the role of the Land Use Plan and zoning regulations as components of any economic development strategy. As Denton grows, its importance as a regional commercial center will increase. In addition to the market potential of being located on MD 404, a heavily traveled route to Atlantic beaches, expected population, and income growth would reinforce local shopping and create demand for more and a wider variety of commercial goods and services.

The Land Use Plan anticipates this need by identifying land areas for various commercial land uses, each appropriate to the commercial activity's anticipated scale and intensity. In addition to the traditional Central Business Commercial (CBC) area, the Land Use Plan provides for regional, larger scale, highway-oriented commercial uses, general commercial uses at in-town locations, limited commercial in transitional areas within reasonable proximity to MD 404, the specialized commercial where clustering of related commercial and services uses can occur, and neighborhood commercial in appropriate locations as part of a mixed-use, planned neighborhood development.

An essential objective for any community is to achieve the best possible job/housing balance. In simple terms, job/housing balance means having jobs close (e.g., 3 to 5 miles) to where workers live. In addition, the distribution of industrial and commercial land supports opportunities to locate jobs closer to residents, considered an essential aspect of the overall quality of life for County and Town residents. Denton has the capacity, both in terms of land available for commercial and industrial enterprises and existing or planned housing stock, well within the 3-to-5-mile criteria cited.

However, many residents of Denton currently travel much further than five miles to their places of employment. For example, in 2019, the Census Bureau estimated nearly 80 percent of all workers in Denton traveled over 10 miles to their place of work, and nearly 30 percent traveled over 50 miles. It was also reported that of the 2,623 people employed in the Town, 87.3 percent lived in but were employed outside the Town.

Additional GC General Commercial zoning may be required to support available goods and services within a comfortable walking or short commuting distance within neighborhoods.

Increasing opportunities for more neighborhood-serving establishments is particularly critical if recent increases in commuting costs, average gasoline prices approaching five dollars per gallon, and working from home (telecommuting) become the norm.

Development regulations must be flexible enough to adjust to changing economic development requirements. For example, there is a movement to co-locate data centers with greenhouses to provide an energy-sharing system. Data centers produce heat that can be captured and rerouted to greenhouses. Denton should ensure that zoning regulations permit these cooperative uses in commercial and industrial districts.