

Harrisville City

Initial Planning and Development Strategy

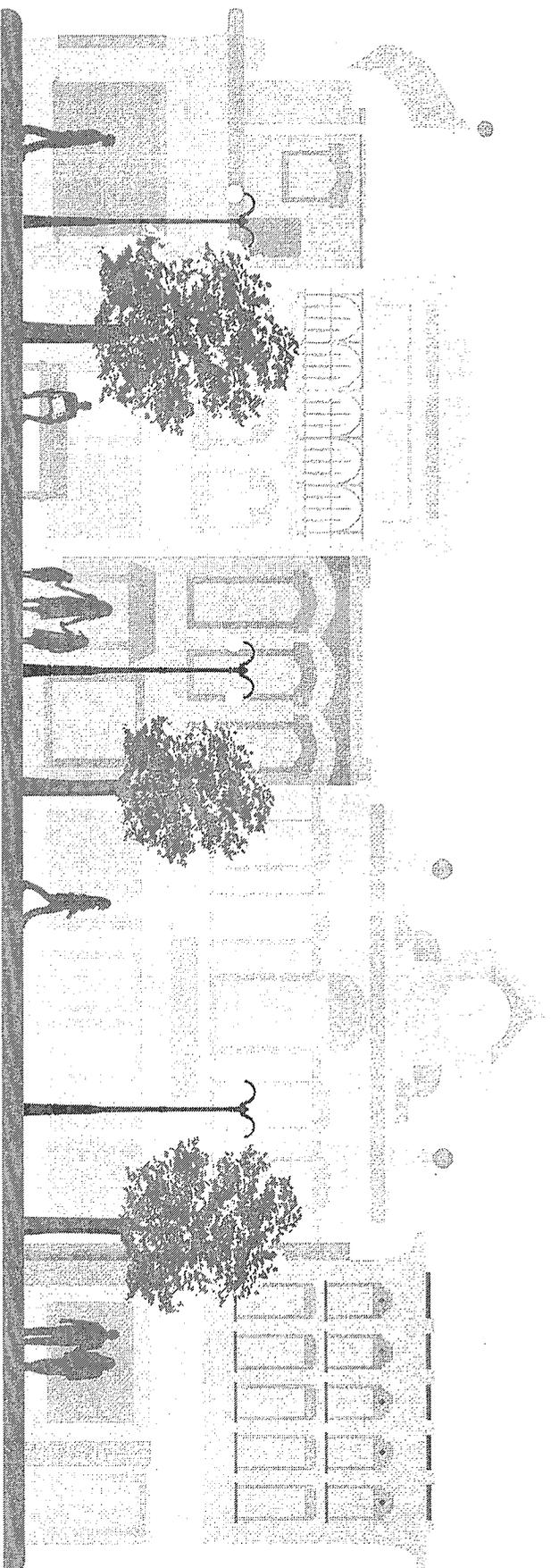


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EXECUTIVE SUMMARY

Introduction

The Initial Planning and Development Strategy (the "Report") is designed to provide a high level roadmap of some of the most viable opportunities for economic development and community development that are available to the City of Harrisville (the "City"). As such, this report will not include a comprehensive analysis of the City, but will only consider the summary from stakeholder interviews and market trends that are considered most relevant to the present opportunities. It will also consider private sector investment needs to drive additional tax revenue given calculations for long-term City revenue demands.

Demographic Profile

The demographic profile of the City is addressed here only in the amount necessary to understand what opportunities may be available. The local population has been growing rapidly, exceeding county, state and national averages. It's also a young demographic with the highest percentage under 18 and the lowest over 65 when compared against the county, state and nation.

Ninety-four percent of Harrisville residents have graduated from high school, which is an impressive number. Surprisingly, only 19% of residents have a bachelors degree or higher. This very low number indicates a community of blue collar, skilled trade workforce that values education.

It's a homogenous community with 94% of the population self-identifying as "white". The City enjoys a very high homeowner-ship rate of 84% and good stability in neighborhoods, having just under 13% that have been in their home less than a year.

Strengths, Assets, and Liabilities

The City's key strengths that can be leveraged for future economic development include high growth of a demographic that will be attractive to investors, high traffic corridors that create easy access as well as exposure and an existing big-box retail center.

Factors that will negatively impact future development include lack of identity, unclear vision for future development, lack of unique assets and main corridors that are in need of redevelopment. The City is also not financially viable without significant private sector investment in the coming years to broaden the tax base.

Key Recommendations

Key recommendations include: 1.) Create a clear plan for the development and redevelopment of Harrisville that includes a description of what success looks like; 2.) Focus on redevelopment projects in the main corridors that include mixed-use projects with highly attractive architecture, especially around the city boundaries; 3.) Support existing neighborhoods with enhanced quality of life assets; and 4.) Aggressively recruit development to fill in existing commercial space.

DEMOGRAPHIC PROFILE

The demographic profile of a community is a significant factor in the ability to undertake economic development as any new investment will rely on existing economic demand. In some instances, new development may be geared toward nonresidents, but the size and scope of a potential project will still be impacted by the strength of local demand.

While several data sources are available that provide elements of the information utilized in the demographic profile analysis, the US Census was relied upon primarily because it is the most recent dataset that includes information at the City level. Other sources, including the Bureau of Labor Statistics, the Bureau of Economic Analysis, and the Utah Department of Workforce Services. Because each of these reporting agencies uses different methodologies, comparing them against reported City data and accounting for the variations due to differences in methodology is a lengthy process and often doesn't provide a great deal of value for a rural community.

Additionally, demographic trends typically change relatively slowly over time, and therefore the 2014 Census data is considered to still be relevant in terms of providing insight into overall trends and a snapshot of the City's demographic profile.

Overall, historical data is a "rearview mirror" that provides important context, but forward thinking and forward looking analysis should supersede historical artifacts. The City's approach should be to understand historical trends only to the level that they will impact future decisions, and therefore this report is not

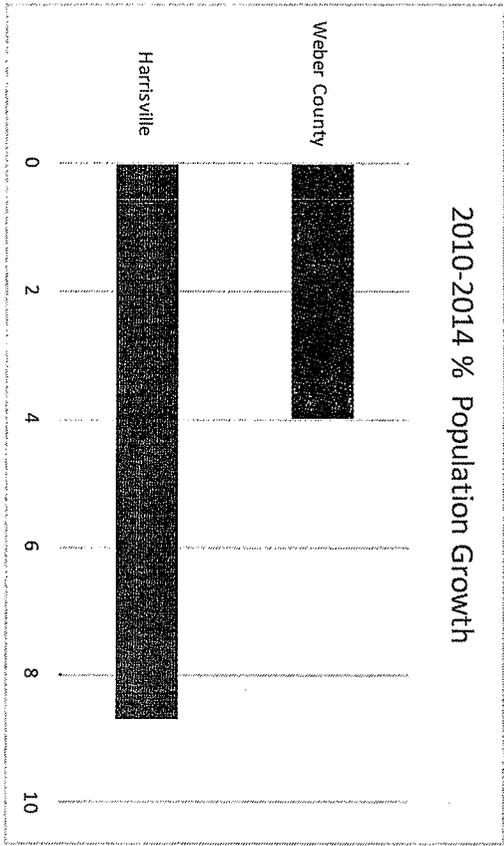
intended to provide a comprehensive view of every potential demographic data point, but will address those issues that will affect the City's ability to attract new development.

In addition to reported data, this report also includes and considers insights gathered from a stakeholder interview process. Over a dozen local stakeholders were interviewed. These interviews were conducted to gather insights into the local economy and to determine the goals and desires of the community in terms of economic and community development.

Only the major themes and recurring trends of those interviews will be discussed within this report. When used in conjunction with reported data, interview results provide insights into the qualitative "pulse" of the community in addition to the quantitative results provided through the data analysis.

POPULATION

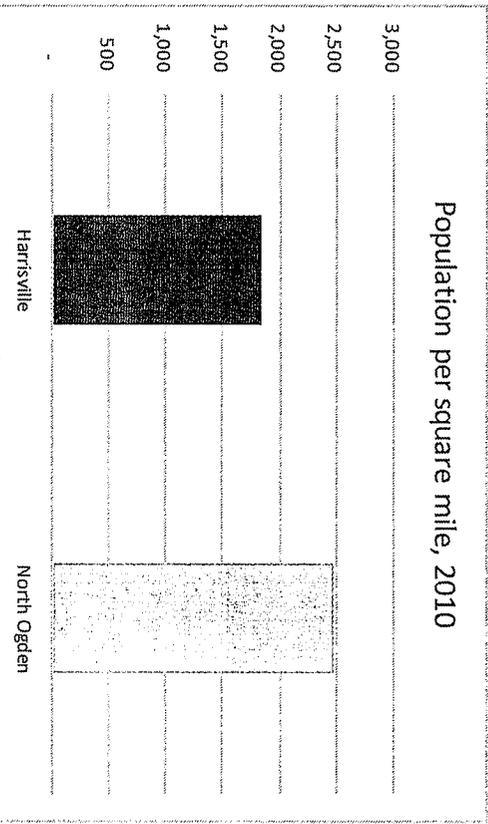
The population for the City has been growing at a rate more than double that of the County (see Figure 1).



Source: US Census

Figure 1: City and County Population, 2010-2014

Harrisville appears to be poised for continued growth as can be observed by the population density of the City as compared to others in the region, such as North Ogden (see Figure 2). The lower number indicates substantial vacant land yet to be developed.



Source: US Census¹

Figure 2: Population Density, 2010

Current aerial photography in Figure 3 corroborates the data that substantial development opportunity still exists within City boundaries. This creates opportunity for the community to be proactive in their role of how this area should develop in order to meet community goals and objectives.

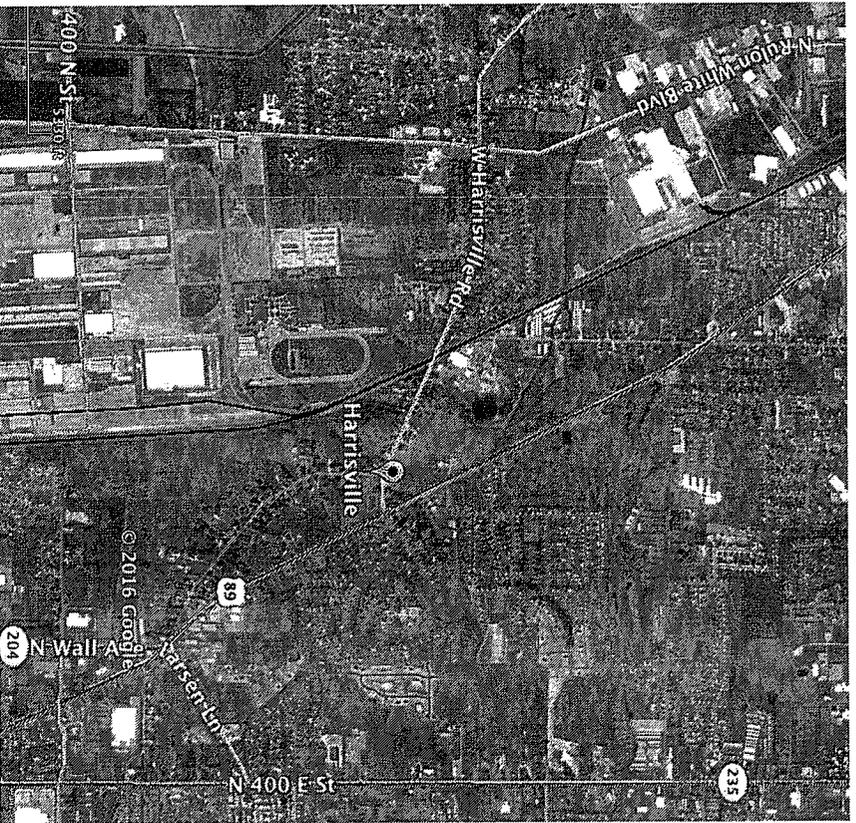


Figure 3: Harrisville aerial photograph

EDUCATIONAL ATTAINMENT

Education	U.S.	Utah	Weber County	Harrisville
High school graduate or higher (% of 25 years +)	86%	91%	89%	94%
Bachelor's degree or higher (% of 25 years +)	29%	31%	23%	19%

Source: US Census²

Figure 4: Educational Attainment

Harrisville has very strong numbers in terms of “high school graduate” and “some college” persons. Surprisingly, despite elevated high school graduation statistics the number of residents who attained a bachelor’s degree or higher plummets to levels lower than county, state or national averages.

These numbers indicate a commitment to education within the City profile and a strong middle-class community with far fewer professional workers than surrounding areas. Trade skills and vocational employment can be assumed to be the dominant worker base.

These figures quantify anecdotal observations of interviewees which was that once people progressed economically in life, receiving advanced degrees or promotions, residents tended to relocate to Pleasant View or Farr West.

HOUSING

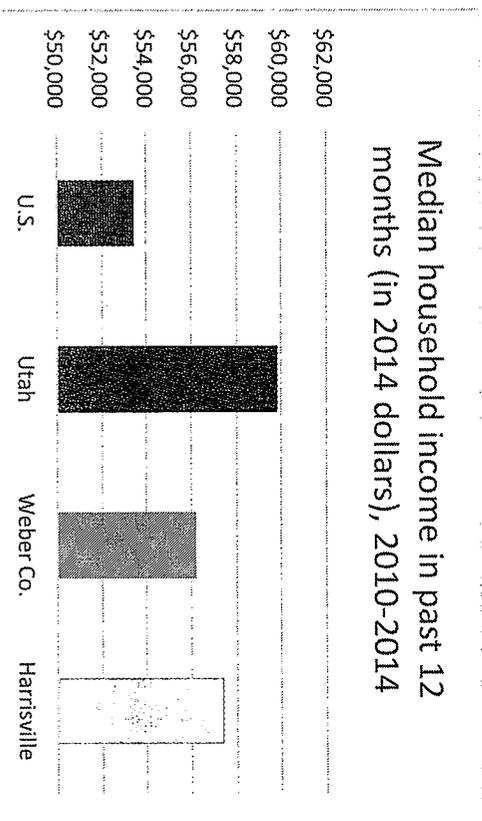
The majority of Harrisville's housing stock is more than 30 years old and is moderate in size and price. Lot sizes are typically 10,000-12,000 square feet and are found in typical suburban subdivisions. Ramblers and split-level homes are mostly the construction style in sizes that are 2,000-2,500 feet with attached garages. The median home value is \$167,500 as of the end of 2014 (housing has been on a steady increase for the past 12 months so they can be presumed to be higher today).

Harrisville enjoys a homeownership rate that is higher than State or County average with nearly 84% owning their residence. The few rental units that exist within Harrisville are expensive, averaging \$914 per unit—a figure that is also higher than County and State averages.

EMPLOYMENT AND WAGES

There aren't any major employers that are listed with Harrisville. Most employment that sustains the community is found within what is an average commute time for Utah of under 22 minutes. This indicates most employers are found within adjacent counties.

Harrisville does surprisingly well with household income given the educational attainment of the area. Even though Harrisville has 18% few college graduates than Weber County their household income is 2% higher. The City has just 3.1% living below the poverty line.



Source: US Census³

Figure 5: Median Household Income

STRENGTHS, ASSETS AND LIABILITIES

The potential for development and redevelopment is heavily reliant upon existing strengths and assets of the City. Economic development is most effective if it leverages a truly unique asset, vs. assets that can be duplicated anywhere. This section of the report will explore the key strengths, assets, and liabilities of the City in terms of their potential impact on development or redevelopment. This section of the report relies heavily upon information gathered through the stakeholder interview process.

DEMOGRAPHIC PROFILE ADVANTAGES

Harrisville has many things going for it. They have virtually no poverty and a very solid middle class. There is strong, consistent growth in the community and residents appear to be happy living there, as evidenced by the high homeownership rates and low transiency.

Quality of life appears to be high with low commute times and adjacent amenities such as some parks and shopping, although those interviewed pined for more restaurants, shopping and unique amenities.

COMMERCIAL DEVELOPMENT

There has been substantial investment by the private sector into commercial development in the past ten years. This seems to have slowed down recently, even with the improved local and macro economic conditions. Land adjacent to Wal-Mart has sat fallow since initial development with reportedly little interest. Some of the adjacent strip retail has struggled to keep tenancy.

There are large gaps between some of the retail nodes, despite long-term zoning that allows such development or redevelopment to occur. This indicates a lack of interest from the private sector due to economic impediments for such redevelopment.

STAKEHOLDER INTERVIEWS

Stakeholder interviews were conducted with elected officials, community and business leaders. There was strong sentiment among those interviewed that action is needed. Ubiquitous recognition of the lack of quality private sector investment into Harrisville was expressed. There is a strong desire for additional commercial development which was typically identified as "more retail and restaurants".

There was also common interest in improving the major corridors. The general sentiment was that there were many areas that are unattractive and that the existing buildings are not appropriate for gateways to Harrisville. The majority expressed a desire to see redevelopment occur along Highway 89, Harrisville Road and Wall Avenue.

Those interviewed also coalesced around the belief that surrounding communities had an unfavorable perception of Harrisville. Both anecdotal and factual comments were made regarding the "poor and aged housing stock". It's believed that the community is seen as a place for starting a family but that as families attain more economic success they tend to migrate to those surrounding communities for their larger, permanent homes.

Juxtaposed to the concerns about perception is the belief that there is high quality of life for Harrisville residents. People appear to like like their neighborhoods, parks and rural lifestyle. It's believed to be a safe community with quality people living there.

When asked what kind of housing they would like to see more and less of there was broad agreement that more senior housing was needed and less apartments, even though in actuality there is very little of this product within city limits.

NEEDED DEVELOPMENT

Interviewers asked what kinds of development was needed and desired in Harrisville. There was near unanimity that more housing, specifically for seniors was needed. As was previously mentioned, there is also a strong desire for more commercial but there were nearly as many interpretations of what that meant as there were interviewees.

The Boyer Wal-Mart development is viewed generally in a favorable fashion, but it feels incomplete. A strong preference for more restaurants and mid- to big-box retail were the usual suggestions. No one desired more apartments and there was a split for more townhomes and condominiums. There was general agreement that more single family was needed but was expressed with disinterest, indicating a desire to see something more than that.

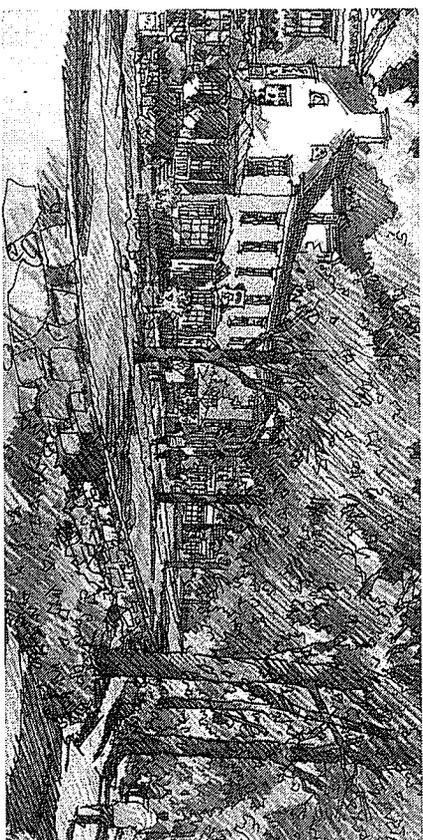


Figure 6: *Mixed-Use 1*

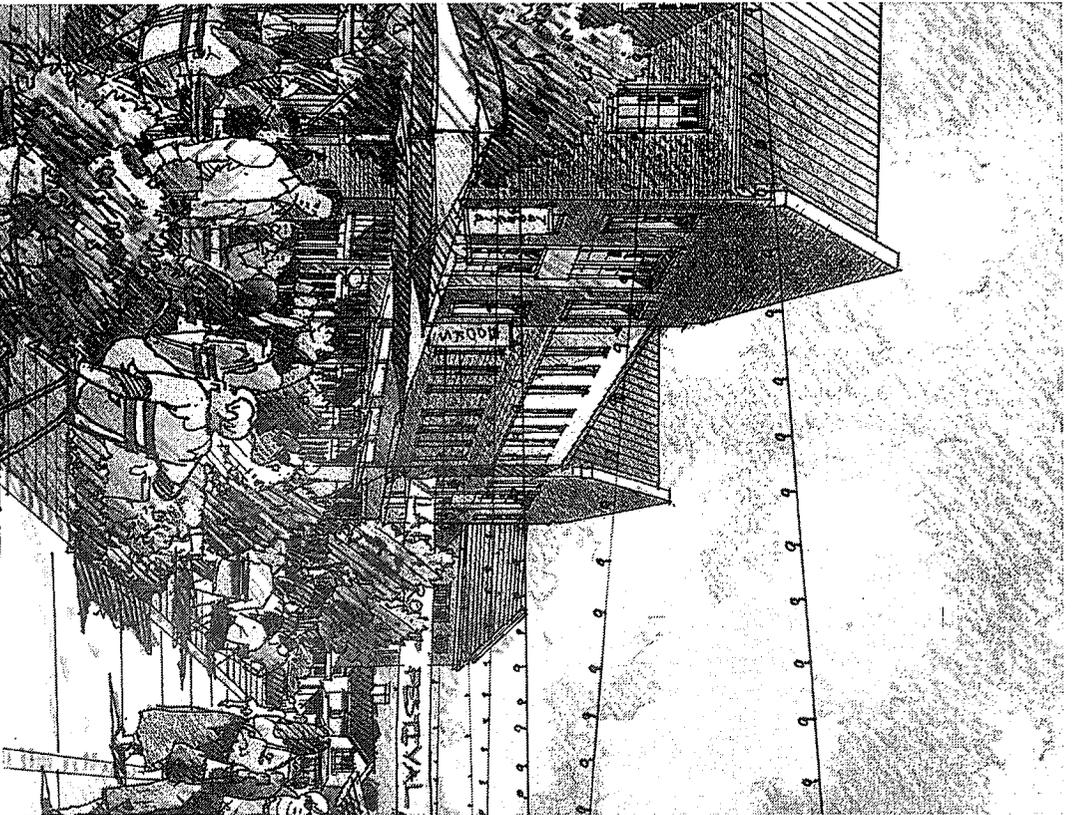


Figure 7: Mixed-Use 2

Mixed Use

All participants were shown four depictions of various development which are included as Figures 6 through 9. They are intended to depict various development types that are not found in Harrisville to see if there was interest in seeing different development products and higher architectural themes in the community. Surprisingly, this was another area of near unanimous support.

There was strong support for a mixed-use product type that incorporated housing or potentially office space with some retail/commercial. A few expressed concern about the viability of that product type in Harrisville but the vast majority would like to see something like that in the community. Ironically, most realized that this development type would require housing product types that they had previously stated they were against. When asked if they thought additional lease or condo housing would be acceptable in a mixed-use format responses were generally favorable.

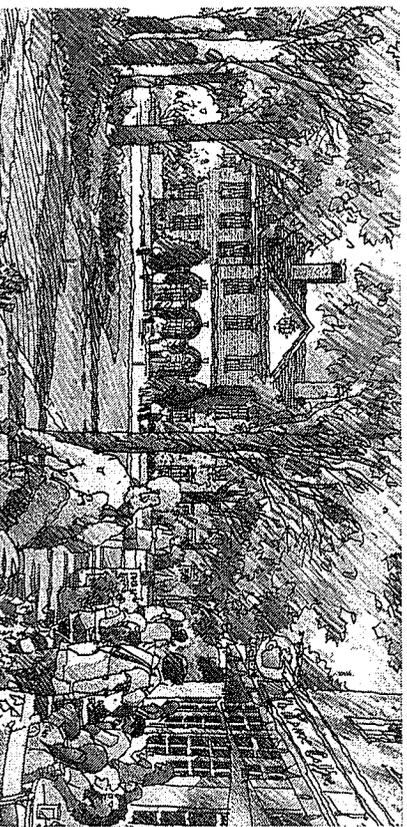


Figure 8: Mixed-Use 3

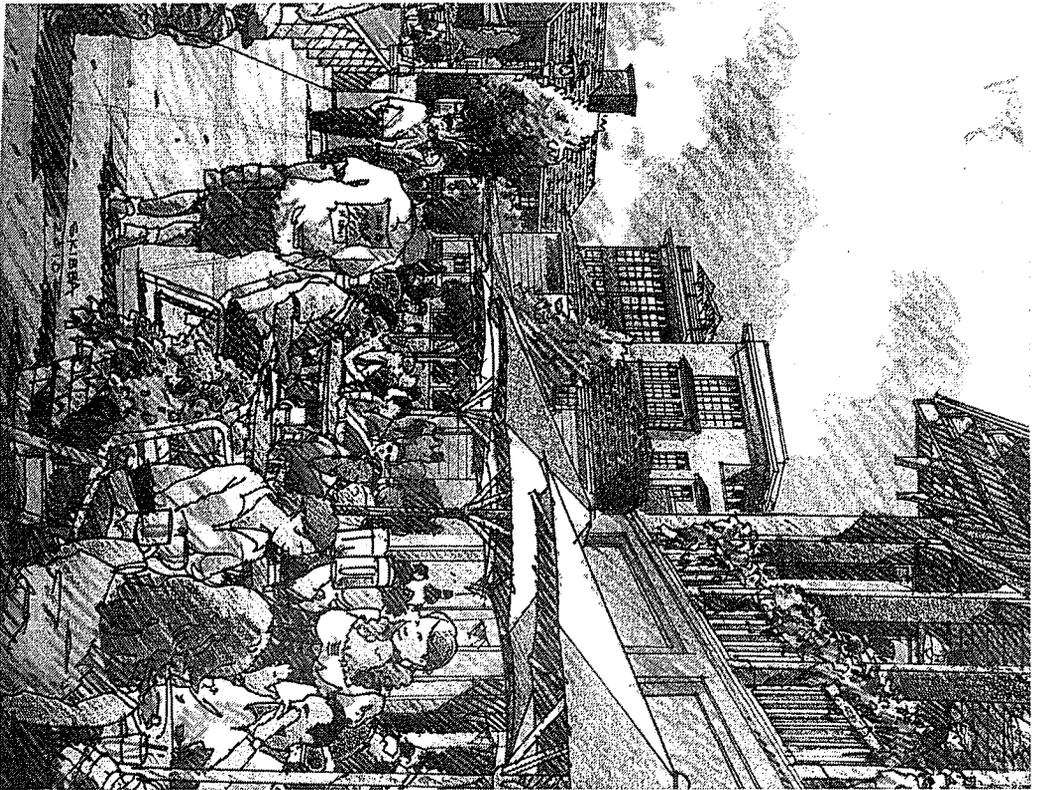


Figure 9: Mixed-Use 4

Better City

Recreational Assets

Recreational opportunities were not seen as a strength of the area. Those assets, such as the City Park, cabin and splash pad were viewed as being very popular with citizens and important assets but there was little passion surrounding the value of additional recreational amenities.

Jobs

Participants in the interview were asked if they saw the need to recruit more jobs to Harrisville and most did not see that as the appropriate mission for the City. Nearly all agreed that it would be a positive thing if it occurred but that it seems to be a better fit for surrounding communities.

Brand and Identity

Interviewees wanted to see a stronger Harrisville identity or brand. Almost none interviewed thought that Harrisville had strong landmarks or “curb appeal” that helped distinguish it from anyplace else. There seemed to be interest in exploring that concept further.

Economic Viability

Lastly, all interviewed expressed concern about the economic viability of the community moving forward. There was agreement that Wal-Mart had provide a big economic boost but the fact that there really hadn’t been a lot of follow-on development leaves the tax base suspect in terms of being able to cover future municipal services demand. That appeared to be a strong driving force for

those being interviewed desiring further retail development within the City.

Better City undertook an analysis of current trends for City finances to see if there was sufficient native budget growth to cover current expenses. To accomplish this, Certified Annual Financial Reports (CAFR) for the past 15 years were analyzed.

The results are that at current rates there will be insufficient revenue to meet expenditures. The financial gap is projected to grow for the foreseeable future until there are annual deficits that approach \$430,000 per year.

Financial Forecast	Projected				
	2017	2018	2019	2020	2021
General Fund	2,666,926	2,690,461	2,714,204	2,738,156	2,762,320
General Fund w/Inflation	2,742,399	2,805,474	2,870,000	2,936,010	3,003,538
Deficit	(75,473)	(115,013)	(155,796)	(197,854)	(241,218)
Cummulative Deficit	(112,619)	(227,632)	(383,428)	(581,281)	(822,499)

Figure 10: Financial Forecast

Financial Forecast	Projected				
	2021	2022	2023	2024	2025
General Fund	2,762,320	2,786,697	2,811,290	2,836,099	2,861,127
General Fund w/Inflation	3,003,538	3,072,620	3,143,290	3,215,585	3,289,544
Deficit	(241,218)	(285,922)	(332,000)	(379,487)	(428,417)
Cummulative Deficit	(822,499)	(1,108,422)	(1,440,422)	(1,819,908)	(2,248,325)

Figure 11: Financial Forecast



There are three approaches to deal with the shortfall: 1) Reduce services to citizens 2) Increase taxes 3) Increase the tax base with new development/revenue.

Given the limited available land in Harrisville, this report considers the ability to close the gap with both redevelopment and greenfield development. A recent analysis was used to compare two different use types for a community that is within this economic region for purposes of showing the revenue per acre that can be obtained through different developments.

The site that was analyzed was about 13 acres in size and currently has a dealership. With a potential for the current user to move to a different site this analysis was performed to see what would happen if the site were developed as a mixed-use project instead of continuing the uses as a dealership. The mixed use project included 150 market rate apartments, 4 quick service restaurants (QRS's) and a hotel. The results are surprising to many.

Proposed Mixed Use	
City Property Tax	\$66,220
City Sales Tax	\$39,750
City TRT	\$22,484
Total	\$128,454
Current Dealership	
Current Prop. Tax	\$7,786
Current Sales Tax	\$106,791
Total	\$114,577

Figure 12: Mixed-use Financial Analysis

As these numbers demonstrate, the mixed-use project generates more income ~~than~~ a dealership. Moreover, the type of revenue it generates is also beneficial because it's more heavily weighted on property tax, which is a much more stable revenue source than sales tax, which ebbs and flows with economic conditions. The other income factor that was not considered is that sales tax for a community is based half on point of sale and half on population. With these market rate housing units will come a proportional sales tax allocation that was not accounted for in this study.

The reason for pointing this out is to demonstrate the ability to develop and redevelop Harrisville in a variety of ways that can also create a more interesting community from a "place-making" standpoint. Quality design, materials and architecture is the key.

OBSERVATIONS AND RECOMMENDATIONS

Harrisville needs to be more proactive in economic development. It's clear that developers and the market in general are not finding their way to Harrisville. The City should identify key projects in key areas that will help improve the face of the town and can generate additional tax revenue. The City needs to determine the cost of these projects and compare those costs to the market returns that can be expected to determine what financial gap exists and then use existing economic development tools to close the gap.

Harrisville should develop a few defining projects that have great visibility and architectural appeal to set a new standard for development and drive attention to the area. Mixed-use development should be considered. The General Plan and ordinances should be

changed to accommodate these types of development and to raise the standard for commercial development in the community.

While there was great reluctance from interviewees regarding multi-family housing product, there was also ubiquitous support for more senior housing. One option that should be considered is a mixed-use project that focuses on senior living.

Harrisville has great access and strong transportation corridors but those assets have largely been ignored. Strategic development needs to occur along those corridors to take advantage of the traffic and visibility afforded the community while building their base. These elements need to be incorporated into the General Plan and should include design standards which help create iconic new building that help define the community.

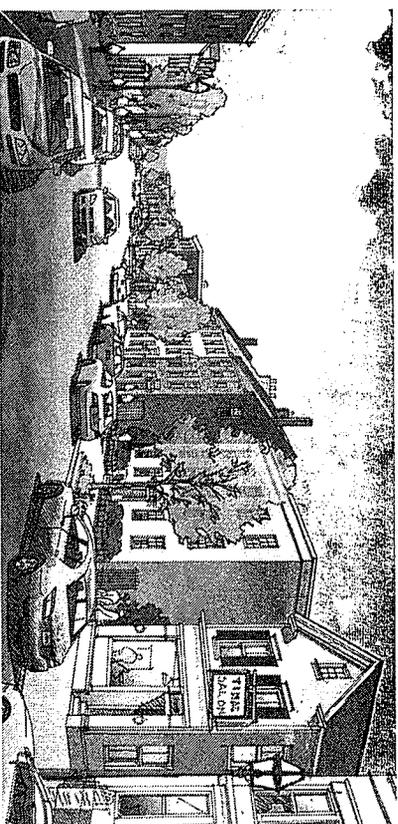


Figure 13: Examples of redevelopment

Harrisville should meet with the Weber County School District to discuss some of the latent commercial land that has been undeveloped for decades and determine their willingness to work with the City to establish financial tools such as Community Reinvestment Project Areas to help close the financial gaps that are certain to exist in these areas before redevelopment can occur. A fact based discussion regarding the condition of these areas and need to see more investment and tax revenues in these corridors is warranted.

The City should consider developing more iconic development and venues that will improve quality of life and make Harrisville unique. The City has a great park, but it operates in isolation. Additional public assets with a focus on families and recreation will help preserve the affection residents have for their community. Development that can incorporate such assets should be prioritized.

In order to eliminate the forecasted deficit, the City will need to recruit at least \$70 million in development projects over the next ten years. This seems like a formidable task but can be met with an aggressive, proactive approach to development and redevelopment. The corners of the main corridors should be the focus.

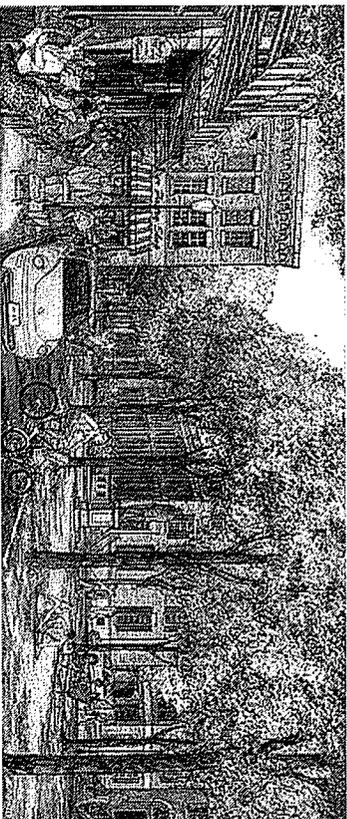


Figure 14: *Mixed-use Example*