

CASE STUDY

CARY

**WAIT FOR GREAT?  
NO.  
MAKE IT GREAT!**

The Partnership that Built Fenton

2023



## EXECUTIVE SUMMARY

The state of North Carolina owned 92 acres of undeveloped land at a major gateway into Cary and decided to sell. At the time, this noteworthy location was one of the largest remaining undeveloped pieces of land in Cary, a municipality experiencing dwindling greenfield opportunities for development as it moved into a new era of growth.

The state-owned property increased Cary's focus on the importance of proactively planning the remaining greenfield tract to spark high-quality development in the community since it was located in one of the older parts of Cary at a time when talk of redevelopment began.

But when a prospective developer came forward to buy the property in 2012, their vision wasn't what the Council had in mind for the area known as the Eastern Cary Gateway. However, Council had yet to put that vision down on paper.

That would soon change with the adoption of the Imagine Cary Community Plan and the entrance of a new developer into the equation. While Cary and the developer faced many challenges, they shared a vision for a project.

That shared vision is how Cary pivoted from a failed rezoning request in 2012 to the first vertically integrated mixed use development in the history of Cary. Upon full buildout, the development known as Fenton would offer more than 2.5 million square feet of retail, office, restaurant, hotel, and multifamily.

"It's the start of the rejuvenation and redevelopment of the Eastern Cary Gateway," Assistant Development Services Director Rob Wilson said. "It's the first jewel in the crown of everything that could exist as you come into Cary off of I-40."

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## INTRODUCTION

The state of North Carolina owned 92 acres of undeveloped land at the northwest corner of I-40 and Cary Towne Boulevard and decided it wanted to sell this surplus property.

At the time, this noteworthy location was one of the largest remaining undeveloped pieces of land in Cary, a municipality experiencing dwindling greenfield opportunities for development as it moved into a new era of growth. The property was adjacent to WakeMed Soccer Park and only a mile from downtown. It was a large and vacant piece of land at Cary's eastern I-40 interchange; only one other interstate interchange in Cary remained undeveloped.

The state-owned property increased Cary's focus on the importance of proactively planning the remaining greenfield tract to spark high-quality development in the community. Just across the street from this green, forested area was a very different picture — a sea of parking encircling an aging indoor mall struggling to fill vacancies.

Cary Towne Center, built in 1979, depicted a different era of growth for Cary, one when its population skyrocketed from under 10,000 to over 180,000 in just a few decades. Much of the area surrounding the mall originally developed around the same time, so it wasn't only the mall site that needed a shot in the arm.

While the state-owned property and Cary Towne Center differed in many ways, both represented an opportunity to guide the evolution of this area. The Cary Council knew that the state-owned property would set the stage for how the area would redevelop in the coming years.

But when a prospective developer came forward to buy the property in 2012, their vision wasn't what the Council had in mind. However, Council had yet to put that vision down on paper.

So what changed between 2012 and 2022 that took a failed rezoning request to the first vertically integrated mixed use development in the history of Cary?





## **BACKGROUND: 2012 REZONING**

The state of North Carolina put the property up for sale in 2012. The state applied to rezone this 92-acre site from an Office and Institutional Use to a Mixed Use District on behalf of a large homebuilder that sought to purchase the land. The company wanted to build “The Boulevard” with 400 single-family homes and townhomes with 15 acres developed for retail, office, and/or hotel use with possible upper-story residential.

Councilmembers opposed to the request stated they believed the best use of the land was mixed use rather than primarily residential.

Those in support of the rezoning shared the premise that rooftops follow retail and an influx of new homes could spur the redevelopment of Cary Towne Center. There was also a fear that denying the request would result in the state taking the property off the market and building office and institutional uses that would not add to Cary’s tax base.

In May 2013, the Cary Council voted 4-3 to deny the request, which strained Cary’s relationship with the state.



**TED BOYD**

*Director of Economic  
Development*

It was truly the “wait for great’ mindset where we’re just going to say “no,” and we’re not going to do anything proactively to make the proposal better.

## **THE IMAGINE CARY COMMUNITY PLAN**

During the mid-2010s, Cary pursued the creation of its long-term vision, called the Imagine Cary Community Plan, to direct growth through 2040. This multiyear endeavor included dozens of meetings and workshops with community members to craft this vision.

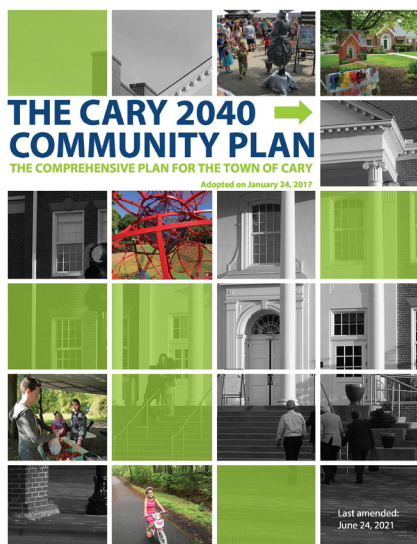


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Cary's shift from a growing community to a maturing one was a major driver behind this visioning effort. Much of Cary had been built out, and only 18% of its land remained undeveloped. This shift meant an increasing focus away from greenfield development toward infill and redevelopment.



Imagine Cary gave Council a way to illustrate its vision to prospective developers. Cary was well into this planning when, in 2015, Columbia Development Group, a Columbia, S.C.-based real estate development company, presented a second proposal for the state-owned property within the area coined the Eastern Cary Gateway.

In response to the major development interest in the area, the Cary Council expedited the adoption of the Eastern Gateway portion of the plan to provide a clearer vision of this area to the developer. The Council adopted the Eastern Cary Gateway Special Planning area in late 2016 with the remainder of Imagine Cary approved on Jan. 24, 2017.

At the time, the Eastern Cary Gateway Special Planning Area was described as about 800 acres, including a wide variety of uses that were generally fragmented and disconnected. Nearly 50% of commuters entering and leaving Cary each day for work traveled through the area. The area plan focused heavily on the revitalization

of the mall, development of an employment-focused mixed-use center on the state-owned property, and better connectivity between uses.

## OUR JOB TO INSPIRE

A couple years later, the state of North Carolina put the land up for sale again. That's when Columbia Development Group first proposed building on the property. The proposed project was in line with many previous Cary developments – a traditional shopping center with surface parking and big-box tenants, including Wegmans and IKEA. Columbia's portfolio also included several other grocery-anchored retail projects.

In conjunction with Imagine Cary, Cary's culture was in the process of evolving. The organization began to place more of an intentional emphasis on breaking down silos to ensure more collaboration between departments and external partners, including developers. It shifted away from believing that it was the Town's responsibility to respond to developer requests that come forward to, alternatively, being an active partner to make those requests better before they reached the Council table, particularly for properties that significantly shaped the future of Cary.

"This is a community-defining project" Town Manager Sean R. Stegall said.

In line with that culture and the vision laid out in Imagine Cary, staff sought to encourage Columbia to shift away from a traditional shopping center toward a unique project that better used the prime real estate by creating a gateway destination center with greater intensity and a vertical mix of uses.

"At that point, our town manager said, 'We need to get involved. We need to inspire them to do something more, and that's one of Sean's themes,'" Chief Strategy Officer Susan Moran said.



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But this insistence on striving for better was initially frustrating for the developer who felt like their project would never be approved.

"I thought the Town didn't want the project until I started talking with staff and began to understand their vision," Columbia Development Group's Abbitt Goodwin said.

Led by Deputy Town Manager Russ Overton, staff knew that to achieve their goal they needed to build better relationships with the developer and the state property office.

"It took a lot of in person meetings to improve our relationship, have a better understanding of one another, and build trust that we all wanted a better outcome," Overton said. "Any party could have walked away, but thankfully no one did."

In addition to building relationships, Cary staff from across the organization worked collaboratively to provide detailed feedback to Columbia in order to take the project up a notch and turn it into something greater for Council to approve.



**SEAN STEGALL**

*Town Manager*

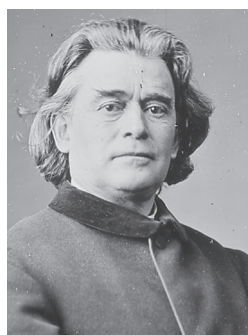
**We just kept expecting more of the developer and kept helping them come up with a bigger, more ambitious dream. It wouldn't have happened without our culture. There were so many different voices in the room, and they were empowered to utilize their skill set and their expertise to push the project higher.**

Assistant Development Services Director Rob Wilson recalled one such discussion with Columbia about retaining walls. There was significant grading needed on the property, and Cary did not have an ordinance limiting wall height, meaning Columbia could put in 20- or 30-foot retaining walls.

"We didn't feel like that was the outcome that we wanted to see, that Council would want to see, or that it was best for the community," Wilson said. "So we were encouraging them to offer a maximum height condition."

Cary staff first suggested a maximum of 8-foot retaining walls, and Columbia responded with an offer of 12. The parties asked questions, discussed reasonings behind each offer, and came up with solutions to make their goals possible, eventually agreeing on a maximum height of 10 feet.

"You need the relationship to bridge those gaps, and you need that mutual commitment toward success," Wilson said. "Then you need to respect that we may not always agree on what success is."



During the course of this collaboration, Columbia landed on a name for the project — Fenton — after Cary's namesake: Samuel Fenton Cary, a prohibition leader from Ohio.

## AVALON

While Cary laid out the general concept for the property in Imagine Cary, the picture of what it would actually look and feel like lacked specificity, particularly since it was a totally new concept for the municipality, with Council and staff still getting comfortable with the idea of that level of intensity in a previously suburban area.

The lack of a clear picture sometimes made it difficult for the Town and the developer to compromise in order to create such a community-defining project. It seemed both parties needed a little more inspiration to get the project ready for Council. Columbia Development Group needed to be sure they understood what the Town wanted, and Cary staff needed to be sure Columbia could deliver on their promise.

Cue Avalon.

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In 2014, the first phase of Avalon, a mixed-use development in Alpharetta, Ga., opened. Columbia believed that something similar fit Cary's vision for its Eastern Cary Gateway Special Planning Area.

Stegall decided it would be most impactful if Council and staff toured the site in person. They took this trip with Columbia in August 2017 to see if it would inspire the next destination center in Cary.

"I think touring a place like Avalon is what helped put flesh and bones to a concept," Boyd said.

There were several takeaways from Avalon that Cary wanted to apply to Fenton, such as the quality of architecture and landscaping. But Cary needed a way to ensure that what was promised was what would actually be delivered.

Courtesy of a visit with the planning director for Alpharetta, Georgia, the concept of a design guidebook as a zoning condition was born. The purpose of the design guidebook was to ensure Fenton developed with a higher level of quality and design than would be required by Cary's architectural standards.

Overall, the trip to Georgia helped to build relationships between Cary and the developer, generated excitement around the project, garnered buy in, and ultimately inspired the vision for what Fenton could become.

"Our approach to development in the past had always been, 'Bring us what you want to do, and we'll tell you yes or no,'" Moran said. "Avalon was the start of thinking differently. We saw that Fenton could be something great if we helped to make it great."

## THE MAKING OF FENTON

By the time Columbia Development Group presented its rezoning request to Cary Council for its first public hearing on Nov. 2, 2017, the reimaged proposal committed to a vertical mix of uses and a higher level of architectural design and landscape features that exceeded Cary standards.

The request included dozens of conditions to ensure the end result looked as envisioned. This included the first design guidebook ever proposed as a zoning condition in Cary, as well as the creation of the first development agreement of this scale in Cary's history.

Columbia created the Community Design Guidebook to help facilitate Fenton's development as a high-quality, high-density urban mixed-use development similar to Avalon; Santana Row in San Jose, Calif.; Kierland Commons in Scottsdale, Ariz.; and Atlantic Station in Atlanta, Ga.

"I think Cary's ready for this, and I think people are excited about it," resident Becca Smith said during a public hearing. "It's a new attraction to bring families to Cary. It's not another strip mall. It's dynamic. It's unique, and it's exactly what Cary needs."

The preliminary development plan included vertically mixed uses designed around an "L-shaped" main street with residential and/or office uses located on top of ground-floor retail tenants. The plan also included:

- Eight parking decks with many of the buildings wrapped to screen the decks.
- Integrated public art.
- Six community gathering areas.



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- The utilization of small retail “jewel box” tenant spaces incorporated into the medians along the main street.

Other zoning conditions offered by Columbia included:

- Phasing conditions to ensure that the initial development of any retail use will also incorporate vertically integrated mixed use.
- Square footage minimums and maximums for each type of use.
- Requirement that a development agreement to support and enhance the zoning conditions be in place before a development plan submittal.
- Road improvements at 13 intersections.

Thirty-two months after Columbia first proposed its plan, Cary’s Council approved the rezoning from Office-Institutional (OI) to Mixed Use District (MXD) on Jan. 25, 2018, to allow for the construction of Fenton.

“It’s a lot more than a grocery store,” Councilmember Don Frantz said in reference to the original proposal. “It’s a lot more than retail. It’s a lot more than residential. It’s a lot more than office. It’s a lot more than hotels. It’s an experience.”

To satisfy one of the zoning conditions, Cary and the developer worked together to prepare a development agreement, along the way facing similar challenges regarding collaboration and compromise.



**SUSAN MORAN**

*Chief Strategy Officer*

*It’s “Leadership on the Line,” inspiring and pushing them when you don’t know the limit of their capacity, not knowing where the line is.*

The development agreement focused heavily on what Columbia would be responsible for and Cary’s financial contribution for public infrastructure. Some of the major takeaways were:

- The inclusion of phasing to make sure public facilities, such as roads, utilities, and greenways, were in place before Fenton generated substantial increased demand on existing facilities.







- Columbia would bear all upfront costs to construct public facilities to be reimbursed by Cary after reaching development milestones.
- Office space designed to achieve an Energy Star score of 75 or greater; Cary would pay certain development-related fees for the initial phases in recognition of this contribution to energy consumption reduction.
- Columbia would financially participate in future traffic studies and funding of future transportation improvements as more office space was developed at Fenton.

Cary staff knew that Fenton was a significant project for the Eastern Cary Gateway and the community as a whole. Therefore, Cary needed to pitch in to make the vision come to life while still making the project financially feasible for the developer.

While working on the agreement, Columbia requested Cary provide financial support to the tune of \$30 million to offset public facilities.

To make this decision, Cary needed to determine if the property tax revenue from Fenton would pay for the investment. Staff, including people from Planning, Finance, and Development Services, modeled a scenario to determine the land use, what it would likely be valued, and other considerations. Cary determined that, when built out, Fenton was expected to add \$1 billion to Cary's tax base, generating over \$3 million in property tax revenue per year.

Cary agreed to reimburse the developer up to \$22 million for construction of public infrastructure. Citizens approved these dollars as part of the Shaping Cary's Tomorrow bond referendum in 2019. These dollars were set aside for numerous traffic improvements made to the area within and surrounding Fenton, including improving the I-40 interchange, adding turn lanes and adjusting signal timing at off-site intersections, constructing and signaling multiple intersections, and widening Cary Towne Boulevard along the site's frontage.

While finalizing the development agreement, Columbia announced its partnership with Hines, an internationally-recognized real estate company, to develop Fenton. Cary Council adopted the agreement on Oct. 25, 2018.



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"Anything is possible if you're willing to ask for it and you're willing to believe that it can happen," Wilson said.

## BRINGING IT TO LIFE

A Phase I construction plan, including infrastructure and almost a million square feet of floor area, was approved on April 29, 2020. Since the original rezoning, Council approved two additional rezonings and a revised development agreement to address changes during design and to better align with the goals and objectives in the Imagine Cary Community Plan.

On Aug. 20, 2020, Council approved several changes to Fenton's zoning to provide additional flexibility to better accommodate tenant needs.

Then Wegmans decided to pause building at Fenton after opening several locations in quick succession in the region, including one in western Cary, within a few years. A new rezoning became necessary to create an alternative plan for the Wegmans site without taking away the first option, since the company was still paying its lease.

On May 12, 2022, Council amended the zoning conditions to create that second development option for the Wegmans pad and provide additional flexibility for signage.

Columbia-Hines started construction in December 2020 and held a grand opening on June 3, 2022. By the end of 2022, Fenton included a total of 7 restaurants, 20 retail tenants, 1 office tenant and a movie theater. The Allison at Fenton began renting apartments and welcomed its first residents in late January 2023.

"Topping out at Fenton represents the culmination of over six years of hard work by project partners and stakeholders, the Town of Cary and the community to bring this project to life," Hines Director Paul Zarian said. "Our vision has always been to cultivate a memorable, walkable and welcoming community where people can play, gather, relax and celebrate. As Fenton rises, we're delivering on this promise by curating the right

retail mix that features the best in apparel, entertainment and chef talent, along with thoughtfully designed office and multifamily offerings in a dynamic, mixed-use environment."



Upon full buildout, Fenton is expected to offer more than 2.5 million square feet of retail, office, restaurant, hotel and multifamily.

"It's the start of the rejuvenation and redevelopment of the Eastern Cary Gateway," Wilson said. "It's the first jewel in the crown of everything that could exist as you come into Cary off of I-40."

It was the Imagine Cary Community Plan, Cary's culture, countless employees, and 32 months of collaboration over more than 100 meetings that made Fenton what it is today.



**TED BOYD**

*Director of Economic  
Development*

"Wait for great," is a great buzzword, but it was a lot of very deliberate actions because of a mentality of a greater opportunity.

## RESOURCES

### Cary Staff



**SEAN R. STEGALL**  
Town Manager



**RUSS OVERTON**  
Deputy Town Manager and  
Chief Operating Officer



**SUSAN MORAN**  
Chief Strategy Officer



**TED BOYD**  
Director of Economic  
Development



**ROB WILSON**  
Assistant Development  
Services Director

### Timeline

#### 2013

- Feb. 18 —The Boulevard Rezoning Case Presented to the Planning & Zoning Board
- March 28 — Council Holds Public Hearing for The Boulevard Rezoning Case
- May 9 — Council Denies Request to Rezone for The Boulevard Case

#### 2015

- July — Initial Concept and Discussion with Columbia Development Group
- December — Development Review Committee Preapplication Meeting



## **2016**

- Nov. 10 — Adoption of Eastern Cary Gateway Special Planning Area

## **2017**

- Jan. 24 — Adoption of Imagine Cary Community Plan
- April 27 — Submittal of 17-REZ-14 Request
- July 12 — Neighborhood Meeting
- Aug. 17 — Avalon Site Visit
- Aug. 22 — Council Meet to Recap, Discuss Priorities and Guidance
- Nov. 2 — Council Holds a Public Hearing for 17-REZ-14
- Nov. 16 — Continuation of Council Public Hearing
- Dec. 5 — Council Work Session
- Dec. 18 — Planning & Zoning Board Holds Public Hearing and Makes Recommendation

## **2018**

- Jan. 25 — Council Approves 17-REZ-14
- Oct. 25 — Council Adopts Development Agreement

## **2019**

- April 1 — Columbia Development Group Purchases Property from State of NC

## **2020**

- Jan. 28 — Columbia Development Group Submits 20-REZ-01
- March 4 — Neighborhood Meeting
- April 29 — Phase I Development Plan Approved
- June 25 — Council Public Hearing

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- July 27 — Planning & Zoning Board Considers 20-REZ-01
- Aug. 20 — Council Approves 20-REZ-01 Rezoning and Amended Development Agreement
- December — Construction Begins at Fenton

**2021**

- March 8 — Wegmans Pauses Construction Plans for Fenton Location
- Dec. 10 — Columbia Development Group Submits 21-REZ-21

**2022**

- Jan. 12 — Neighborhood Meeting
- March 10 — Council Holds Public Hearing for 21-REZ-21
- March 28 — Planning & Zoning Board Considers 21-REZ-21
- May 12 — Council Approves 21-REZ-21
- June 3 — Fenton Grand Opening