

DEVELOPMENT POTENTIAL OF THE SR 365 CORRIDOR IN HALL COUNTY, GEORGIA:

External Viewpoints on the Marketability

Prepared for

The Hall County Board of Commissioners

Prepared by

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OVERVIEW

The Georgia Tech EDI team conducted one-on-one interviews with 11 statewide and regional economic development partners, as well as three real estate developers with diverse perspectives on economic development issues in Hall County. The partners and developers were among those recommended by the Greater Hall County Chamber of Commerce. Statewide and regional organizations represented included the Georgia Department of Industry, Trade and Tourism (now the Georgia Department of Economic Development -- DEcD), Georgia Power Company, Georgia Electric Membership Corporation (EMC), Bell South, and Atlanta Gas Light. The interviews were conducted to gauge the partners' and developers' viewpoints about Hall County's economic development potential, their perspectives about the community overall, and their general outlook for the marketability of the SR 365 Corridor.

PARTNER VIEWPOINTS

Image of Hall County

The partners were asked what came to their mind first when they think of Hall County. Four of the 11 thought first of the poultry industry; three others mentioned industry in general. Other areas stated were Lake Lanier, northeast Georgia, Kit Dunlap, quality of life, and Gainesville.

Economic Development Efforts

The partners have been involved with Hall County's economic development program in a variety of efforts. They have brought prospects to the county, assisted with expansions of existing industry, worked with the county on local incentives, and participated on the Red Carpet Tour, among other initiatives. The overall experiences as related by the partners were positive. They mentioned that the chamber was "plugged in," that it could put together good incentive packages but would also note upfront if the prospect was not the desired type of industry. There were comments that Hall County shows well to international companies, especially German-owned facilities; that it shows well on paper; that it can relate personally to a prospect; and that Hall already has several foreign-based firms among its existing industry. The Red Carpet Tour experience gave the partners an opportunity to see Hall County from the prospects' point of view; the Hall County program was well-received, and the company participants commented favorably on the community.

One person's comments seemed to summarize the partners' perspective in working with Hall County on new facilities and expansions: "In every case, what I found working with the Gainesville people is that they understand what they need to do and how they need to do it. They are an enlightened group." It was evident that Hall County's economic development efforts are often related in terms of Gainesville.

When asked to rate the economic development efforts within Hall County on a scale of 1 to 5, the composite score was 4.5 (with 5 meaning "very well"). This high score indicates the general positive impression that partners outside the community have of the local Hall County efforts. Following are some of the positive comments explaining the score.

- "It is the best program around."
- "The city does it right."
- "The chamber does an excellent job."
- "There are great tech schools in the area."
- "The leadership is proactive."

There were challenges in the process, however, as indicated by the following comments.

- "The marketing side keeps the process too closed [from others in the county]."
- "Hall County doesn't have a lot of property."
- "The county still needs to develop."

- “The land there is expensive.”
- “Residential property is too close to industrial properties.”
- “Construction firms and brokers do a lot of the marketing.”
- “The leadership is not as hungry as it was seven to eight years ago.”
- “The county and community agendas are not always in sync.”
- “They are not as aggressive on local incentives as others.”

Advantages and Disadvantages

The partners were asked to identify the top three advantages and top three disadvantages for economic development in Hall County. One interesting point is that “proximity to Atlanta” topped the list for each of these categories. While proximity to Atlanta is a benefit to companies located in Gainesville for transportation and access to resources, this proximity also creates more competition, and the traffic within metro Atlanta can be a barrier. The advantages and disadvantages are listed below, with the actual number of responses in parentheses.

Advantages for Economic Development in Hall County

- Location/Proximity to Atlanta (10)
- Livability/ Quality of Life (5)
- Labor Pool/ Workforce (4)
- Economic Development Program (4)
- Strong Manufacturing Base (2)
- Leadership (2)
- Other: Cultural Diversity, Past Growth/Success, Cost of Living, Spec Buildings, Transportation, Cost of Land/Taxes (6)

Disadvantages for Economic Development in Hall County

- Proximity to Atlanta (4)
- Leadership Not Working Together (3)
- Tight Labor Pool (3)
- Leadership Changes (3)
- Lack of Sewer (2)
- Expensive Land (2)
- Poultry Industry (2)
- Transportation (2)
- Other: Past Reputation (difficult to work with), Economic Development Not Pulling in Right People, Public Relations, Housing, Non-Attainment Area, Limited Sites, Growth (7)

Economic Development Factors

Forty-five economic development factors were rated by the partners comparing Hall County's assets to those of Georgia as a whole. These factors are often considered by prospective companies when they evaluate communities for expansion and relocation. Overall, the partners were positive in their ratings for Hall County. On a scale of 1 to 5, with 5 being the most favorable, only two factors were given an average rating below 2.0. For two of these factors, more than half of the partners stated that they didn't know enough about the factor in Hall County to provide a rating: child care and crime prevention. The average ratings for all of the remaining factors are provided below.

Natural amenities and recreational activities received the highest ratings, with most partners citing Lake Lanier and other natural resources. Electric utilities were also rated high, signaling that the partners think Hall County has quality electric service available.

Several other factors received fairly high ratings (4.0 to 4.5). For example, training facilities for employees received positive markings, denoting the importance of Lanier Technical College. Of great importance is the feedback that there is good leadership support for economic development. Residential real estate services also received a positive average rating. Such services are key factors for supporting executive and managerial relocation needs. Gas utilities were rated favorably, indicating that, as with the electric utilities, quality services are available. Even though Hall County is not considered part of metro Atlanta, the partners considered its proximity to major markets as fairly attractive. Support services for existing business and industry received high rankings, reflecting the quality of programs available through organizations such as the chamber of commerce and Lake Lanier Technology Alliance.

Fourteen factors received average ratings in the mid-range, indicating that they were neither excellent nor poor. Some of these factors are key economic development aspects for the recruitment of the type of new businesses and industries indicated in the stakeholder interviews. Issues such as business regulations and taxes, existing workforce, sewer/wastewater utilities, and telecommunications utilities are often the baseline requirements for business and industries considering new locations. Because these were rated only in the mid-range, Hall County needs to identify opportunities to raise the effectiveness of these areas. Other issues--such as arts and cultural opportunities, retail services, and support services for tourist/visitors and entrepreneurs--are the amenities that some corporate location experts consider as providing the appropriate quality of life for company executives.

Among the lowest ratings were access to deepwater ports and proximity to raw materials, which cannot directly be overcome by the community but will limit its attractiveness to certain industries. The remaining categories need to be addressed by the community to determine which efforts will have a significant impact on their economic development and are ones they can influence: available buildings, available sites, cost of living, education/school systems, and public transportation. Air services also received a relatively low rating, in comparison with other factors, mainly due to Hall County's distance from the Hartsfield-Jackson Atlanta International Airport.

Highest Rating: > 4.5

- Natural Amenities (4.9)
- Recreational Opportunities (4.7)
- Electric Utilities (4.6)

High Rating: 4.0-4.5

- Training Facilities for Employees (4.5)
- Leadership Support for Economic Development (4.4)
- Residential Real Estate Services (4.4)
- Gas Utilities (4.3)

- Proximity to Markets (4.3)
- Support Services for Existing Business and Industry (4.3)
- Community Activities/Events (4.2)
- Green Space/ Open Spaces/ Public Spaces (4.2)
- Hospitality Services (4.2)
- Interstate Access (4.2)
- Marketing and Recruitment Program (4.2)
- Water Utilities (4.2)
- Air Quality (4.1)
- Commercial Real Estate Services (4.1)
- Community Vision (4.1)
- Health Care / Medical Facilities (4.1)
- Housing (4.1)
- Tourism Attractions (4.1)

Mid-Range Rating 3.5 - 4.0

- Business Regulations and Taxes (4.0)
- Citizen Support for Economic Development (4.0)
- Existing Workforce (4.0)
- Road and Highway Maintenance (4.0)
- Support Services for Tourists/Visitors (4.0)
- Financing for Economic Development (3.9)
- Sewer/ Wastewater Utilities (3.9)
- Telecommunications Utilities (3.9)
- Land Use Plan (3.8)
- Rail Services (3.8)
- Support Services for Entrepreneurs (3.8)
- Arts and Cultural Opportunities (3.7)
- Cost of Doing Business (3.7)
- Retail Services (3.6)

Low Ratings < 3.5

- Air Services (3.5)
- Available Buildings (3.5)
- Available Sites (3.5)
- Cost of Living (3.5)
- Education/School Systems (3.4)
- Proximity to Raw Materials (3.4)
- Public Transportation (2.9)
- Deepwater Ports (2.3)

Competition

Seven places were named by more than one partner as communities that directly compete with Hall County for prospects or investments. Of these communities, three are adjacent counties and the one is in northeast Georgia. Actual response numbers are provided in parentheses. The identified competing communities are:

- Cartersville (5)
- LaGrange (4)
- Jackson County (4)
- Athens (3)
- Forsyth County (3)
- Muscogee County (3)
- Gwinnett County (2)
- Others: Peachtree City, Atlanta, Griffin-Spalding, Savannah, Augusta, Out-of-State (6)

Within Hall County, the stakeholders recognized the competition from the surrounding communities of Jackson County, Athens-Clarke County, Forsyth County, and Gwinnett County. The other communities (Cartersville, LaGrange, and Muscogee County) identified most often by the economic development professionals all are easily accessible via interstate systems to Atlanta. Their access to the metro Atlanta area is similar to the access from Hall County to metro Atlanta.

Marketability of Hall County

The partners were asked to rate the marketability of Hall County relating to four aspects of economic development. Prospect recruitment received the highest average rating. Below are these ratings for each of the categories:

- Prospect Recruitment (4.5)
- Business Retention/Expansion (4.2)
- Tourist Attraction (4.2)
- Entrepreneur Development (3.9)*

* In terms of entrepreneur development, some of the partners were unfamiliar with any specific activities or programs for entrepreneurs, so they declined to provide a rating.

Marketability of the SR 365 Corridor

Barriers

Partners identified specific community barriers for developing the northern Hall County area. Two issues came up most often: lack of water/sewer infrastructure and lack of community unity. Regarding the former, the partners commented that the type (pressure level and pipe size) should depend on the type of anticipated development. Following are some of the specific comments relating to community unity.

- “There is a ‘Not in My Backyard Attitude’”
- “There are different viewpoints. Finding a common vision and leader to put it together is crucial.”
- “There are a number of people with a lot of different agendas.”
- “I suspect that they have people who are not interested in growth and people who are.”

Other issues discussed included: implementation of impact fees, overcoming the poultry industry perception, and/or zoning and the misuse of land planning.

Recommendations to Increase Competitiveness

When asked what Hall County can do to increase its competitiveness, seven of the 11 said to install or expand infrastructure, specifically sewer. Other key recommendations included an assessment of the SR 365 transportation needs and crossroads improvements such as state highways 51 and 53. Two partners stated that city and county leadership needed to agree on and develop a plan for implementation.

Other comments included:

- “Developing this corridor is a no-brainer.”
- “Develop a marketing plan.”
- “Diversity -- look for industries other than poultry.”
- “Joint Development Authority with Banks or Habersham.”
- “Secure sufficient land at a reasonable price.”

Businesses and Industries Marketable to Northern Hall County

Partners were asked to identify the industries they felt would be attracted to the northern Hall area, then to identify those that would not be attracted to the area. One industry, distribution, was identified in both categories. Lastly, they were asked to rate the marketability of a pre-determined list of development types. This list was based on the preferences identified by the community stakeholders. A summary of the feedback provided by the partners is presented below.

Industries Potentially Attracted to Northern Hall County

- Automotive Suppliers
- Biotech
- Distribution
- Light Assembly
- Medical-related Industries
- Small and Mid-size Industries
- Technology Companies

Industries Not Attracted to Northern Hall County

- Corporate Headquarters (Regional would be okay)
- Distribution
- Heavy Industries
- Heavy Water Users
- Large Industries
- Poultry
- Science and Telecommunications

Marketability Ratings of Selected Development Types

The average ratings are provided in parentheses.

- General Mixed Use (4)
- Residential (4)
- Light Industrial Operations (3.7)
- Research and Development (3.6)
- Health Care Facilities (3.4)
- Professional, Science, Technology (3.3)
- Computer-related (3.2)
- Major Lodging and Convention (3.2)
- Headquarters Operations (2.8)
- Heavy Industrial Operations (2.5)

Marketing Program

Partners were asked to provide suggestions for the marketing program of the SR 365 Corridor. The suggestions made had three major themes:

Be Focused and Targeted

- Target three to four industry types. A general, broad-stroke approach will not work. Target the marketing directly to consultants.
- Look at rail service sites. Keep them that way; use them as industrial sites. There are only limited sites such as these.
- Identify a particular area to begin with. It is a long corridor, so address one piece at a time.
- Determine if it is a public or private development effort or a combination.
- Acquire county-owned land to market and obtain the necessary right-of-ways.
- Emphasize access to Atlanta and quality of life.
- Minimize poultry.
- Don't market to residential as much. Residential will come without marketing to it.

Be Proactive

- The Southern Hall area is reactive; this area should be proactive. Identify sites, plan for the targeted industries, then execute.
- Get a true marketing program [in place for the corridor]. Be proactive. Don't wait for statewide partners to bring prospects.

Create Teamwork

- Get the message out to the statewide partners.
- Continue to work through the chamber. Don't separate the efforts, coordinate them. The chamber, city, and county should approach statewide experts together.

Underutilized Resources

When asked if there were any resources that the county is not using that could help in its economic development efforts, eight of the 11 partners did not identify any. Three of the partners had comments. One recognized what a great asset the Georgia Mountain Regional Development Center (GMRDC) is for the community and stated that the county already uses the GMRDC. Another partner recommended that the county work more closely with the surrounding counties and maybe partner with Habersham County. And one partner commented that the county needs to coordinate and work together more as a team.

Recommendations for the Most Important “Next Step”

For progress to occur in the marketability of the SR 365 Corridor, it is critical to have a starting point. The partners recommended several “next steps” that the county should consider.

- “Petition the Georgia Department of Transportation to extend to light at Lula, maybe to county line. Needs to be thoroughfare to move traffic. Not for local traffic. Or, limit breaks in median. Not a 316, three lights.”
- “Have access to more sites.”
- “Convene a retreat of the economic development leadership [elected leaders and economic development professionals] in Hall County, Banks County, and Habersham County and roll out where they are and the plans. Leave with some agreements on general direction.”
- “Create a sense of regionalism with the group [of cities and counties]. Lots of different agendas--getting them together and in agreement is imperative.”
- “Gain better access to I-85.”
- “Connect to water/sewer infrastructure. Buy [land] a lot cheaper without water and sewer as price will go up dramatically. Need [to do] land acquisition [before sewer improvements] [to enable] community controlled land.”
- “[Need] property acquisitions before prices get out of control. Once acquired and covenants in place, then put together glossies and plans and get out to brokerage community, GDEcD and [offer] electronically.”
- “This corridor is going to develop one way or the other. Are [they] going to allow it to develop haphazard, or are [they] going to take control and shape the development the way we want it?”
- “Come up with conceptual design and plan. What is the vision?”
- “Based on proposed land use plan, move zoning there to fit what they want.”
- “Hire a professional (either in chamber or Hall County). Don’t just depend on local resources.”

DEVELOPER VIEWPOINTS

Three real estate developers were interviewed to obtain their views on Hall County's development efforts and their perspective on the opportunities for northern Hall County. Overall, they rated the business climate in Hall County as "fair" or "very good" for commercial/business/high-end residential but "unfavorable" for starter-home developments. The developers appeared to have little familiarity with the SR 365 Corridor, or with northern Hall County.

Advantages and Disadvantages

Developers identified several advantages and disadvantages of Hall County that affect the investment plans of developers. Some relate to the county as a whole; some relate specifically to the SR 365 Corridor.

Advantages

- Proactive Business Community
- Strong Leadership
- Highway Access
- Plans for Future Infrastructure Development
- Basic Infrastructure
- Gainesville Has a Downtown with Vitality
- Lake Lanier Access
- Proximity to Atlanta
- Labor Market

Disadvantages

- Difficult Topography for Development
- High Cost of Land
- Distance from Atlanta for Industrial and Distribution
- Access to I-75 and I-85
- Strong Competition from Cartersville, Henry County
- Development Objectives for Corridor Are Not Well-defined
- Indecision by Local Government Leaders
- Too Many Government Units Involved; Unorganized and Confusing Efforts
- Local "Quirky Blue Laws"
- Need Good Incentive Package, Including Freeport Exemptions

There are striking similarities between the advantages identified by the statewide stakeholders and by the real estate developers. Both groups recognized leadership, proximity to Atlanta, and labor pool or workforce as advantages for marketing Hall County. The statewide economic developers noted the area's quality of life while the real estate developers pointed to Gainesville's vital downtown and the Lake Lanier access as key advantages.

There were also some similarities between the disadvantages identified by the two groups. Proximity to Atlanta was an advantage and disadvantage listed by both. The developers specifically mentioned that the distance of the corridor may be too far from Atlanta or interstate access for distribution or industrial facilities. Both groups identified issues with the local government or leaders as

disadvantages. The statewide stakeholders described the leadership issues as: (1) leadership not working together, (2) leadership changes, and (3) past reputation of being difficult to work with. The real estate developers saw the leadership issues as: (1) indecision by local government leaders and (2) too many government units involved, resulting in unorganized and confusing efforts.

There were five significant disadvantages noted by the developers that were not recognized by the statewide stakeholders: (1) difficult topography for development, (2) high cost of land, (3) strong competition from Cartersville and Henry County, (4) local “quirky blue laws,” and (5) the need for a good incentive package that included freeport exemptions.

Marketability of SR 365

Positive factors that will create potential for future development of the SR 365 Corridor are the attractive countryside and the growth of Gainesville and its amenities. However, the developers expect the progress of this corridor to be slow.

Competition from other communities, many with current infrastructure, was seen as a major barrier to the area’s future development by each developer. Communities identified included Jackson County, Athens, Cartersville, Canton, Henry County, Griffin, Covington, and Gwinnett County.

The statewide and regional partners also identified five of these communities as competitive with Hall County for investment -- Jackson County, Athens, Cartersville, Griffin, and Gwinnett County. These communities are all easily accessible via interstate systems to Atlanta. Their distance to metro Atlanta is similar to the distance from Hall County to Atlanta.

Transportation issues were also viewed as key barriers to development. It was pointed out that the corridor does not lead to a major destination. Although there is some degree of access to I-85, it was noted that the distance and travel time to Atlanta are difficult. Other issues mentioned were limited labor force for industry and high-tech jobs, topography of the area, and incentive packages available.

When asked about the value of rail service in marketing the area, all three developers pointed out that rail service is a limited asset in that only about 5 percent of all prospects want rail service. They viewed the area as not suitable for “big-box” distribution, but should be targeted to small manufacturing, industrial services, existing industry expansions, and entrepreneurial start-ups. This coincides with the preferences expressed by community stakeholders during interviews conducted in March 2004.¹ Commercial entities serving local and regional markets would be appropriate.

The real estate developers did not have significant opinions on the viability of tourism-related businesses, retirement community development, or mixed-used developments, nor were they familiar with developments in Habersham County locating on the corridor. In terms of residential development potential, the developers recognized Hall County’s lack of interest in mid-range and starter-home developments. There were mixed comments on the potential for high-end developments, but the developers could see them potentially located off the corridor near mountain or lake areas.

Development Types Attracted to the Area

- Howard Road to White Sulphur Road: Small industrial, commercial, light industry, industrial service firms
- White Sulphur Road to Cagle Road: Light industrial, small commercial, convenience retail, low-density residential

¹ For more details, see companion report “Development Potential of the SR 365 in Hall County, Georgia: Summary of Interviews with Community Stakeholders.”

- Lula Area--Cagle Road to Belton Bridge Road: The developers were not familiar with the area. Concern was expressed that further confusion could be caused if additional governments are involved without coordination.
- Belton Bridge Road to Habersham County Line: The developers were not familiar with the area.

Hall County Role

The real estate developers noted that business prospects have been slow over the last few years, but they expect that as activity increases, Hall County will get its share of opportunities. However, they qualified their expectation by saying that growth along the SR 365 Corridor will not be rapid because of infrastructure limitations and competition from other nearby areas. The developers also noted that the north side of Gainesville is farther from metro Atlanta, and the county will especially need to guard against low-quality developments. They confirmed the notion that the corridor development may take 20 to 40 years, and that Hall County will play a significant role only if government provides infrastructure and insists upon building and development restrictions in the area. The developers advocated that Hall needs to have cooperation among all the government entities and the major landholders, and recommended that they start early and pursue public-private partnerships to provide services to the area. They also advocated that the incentives developed need to be appropriate for high-quality developments, using infrastructure as leverage. In sum, after determination of the type(s) of development desired, the developers recommended the implementation of appropriate zoning, incentives, and infrastructure to set the standards to ensure success.