

New Urban Suburbia

Revitalizing Gwinnett Through Redevelopment Strategy

By Mark Farmer, Research Manager

HISTORY TELLS US Gwinnett ranked as one of the fastest-growing counties in the country for many years. But, a look around tells us that much of the growth tilted toward suburban development: car-oriented transit, big box stores, and strip malls with perhaps less-than-ideal facades. And residential, lots of residential. Now, much of it is showing its age and obsolescence.

But new ways of thinking are afoot. Future Gwinnettians may someday point to this time as the era when development turned in a new direction and ushered in countywide revitalization, as well as pockets of urbanism among the burbs. With an innovative and award-winning Unified Plan as a blueprint, efforts emerging in quarters all around the County suggest that Gwinnett has no intentions of growing old gracefully, but intends to reinvent itself.

"For years we've looked to suburban solutions to solve the urban problems associated with growth," said Chuck Warbington, executive director of the Gwinnett Village Community Improvement District. "Gwinnett has grown into much more than a suburb and it's time to look for urban solutions."

The 2030 Unified Plan, which sets policy for growth, was adopted last February. Already having won the Georgia Planning Association's 2009 "Best Plan-

ning Document for a Large Community," the strategem is also in the running for a national award from the American Planning Association.

The strategy boasts a number of key differences with other community plans, among them an organizational structure based on five basic themes:

1. Maintain Economic Development and Fiscal Health
2. Foster Redevelopment
3. Maintain Mobility and Accessibility
4. Provide More Housing Choices
5. Keep Gwinnett a 'Preferred Place'

Its redevelopment theme pays particular attention to the "emergent, footloose, information workers who crave more than the suburban lifestyle." That demographic, which is increasingly vital to community prosperity in the age of globalization, demands more urbanized living. Parks, transit options, nightlife, and urban housing choices are all part of the mix needed

to attract those workers, and by extension, the companies who hire them.

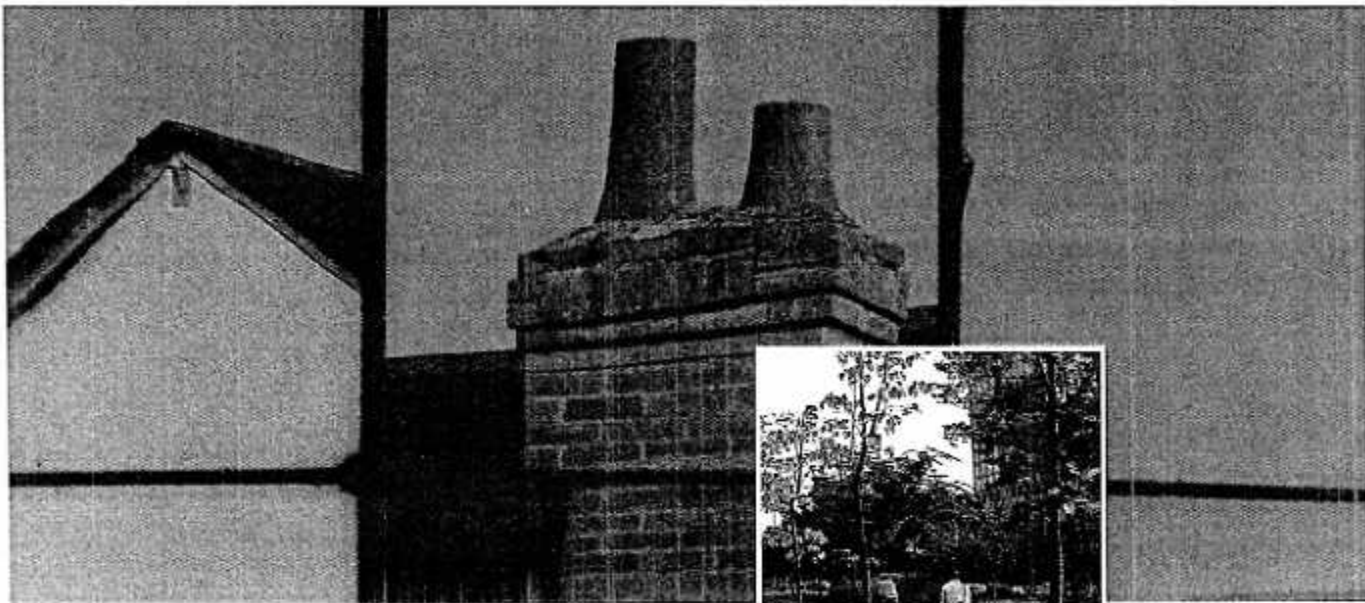
There is, of course, a small matter of the global economic meltdown to contend with. Beyond question, the crisis has put

negative pressure on every community's redevelopment. With credit restricted and budgets tight, it's no surprise that projects aren't springing out of the ground. All the more reason redevelopment tools are important to establish now, both because of the economy's downturn and its eventual rebound.

The economic malaise notwithstanding, Gwinnett's activities recently captured the attention of USA Today. A story titled "Suburbs get urban makeover" appeared in the publication acknowledging Gwinnett as a national leader in capitalizing on new urbanism. The article also discusses the

role that the Asian population plays, namely in its demand for a different kind of living space. In addition

Glenn Stephens, Gwinnett County Administrator, said, "Gwinnett's new comprehensive plan takes into consideration the trends and statistics of the last 10 years and creates an aggressive, yet achievable, strategy for its future. Aligning with our goals for business development and economic prosperity, it provides a solid path of positive growth for our community."



to the Unified Plan, what are the changes under way in Gwinnett? A roundup of the highlights includes the following:

Community Improvement Districts

You might say the CIDs are the vanguard of redevelopment because they have been around for years. During that time, Gwinnett's three existing Community Improvement Districts have implemented a number of road improvement projects, as well as safety and beautification improvements, all designed to relieve congestion, please the eye, and foster a climate of business growth. Gwinnett Place, Gwinnett Village, and Evermore may soon be joined by a fourth District. A Lilburn CID is in the process of forming.

Tax Allocation Districts

TADs have traveled a bumpy road in Georgia, with challenges to their constitutionality and a host of misinformation campaigns. But with the recent adoption by the County and the School System of five Tax Allocation Districts, Gwinnett has put in place some powerful resources for spurring pockets of redevelopment. The stage is now set for those five TADs, all located in CIDs, to accept redevelopment projects. Other TADs around the County reside in Suwanee (the Gateway at I-85), two in Norcross (I-85 and downtown),

and one in Lilburn that includes Main Street and the City's commercial corridors.

Opportunity Zones

The Opportunity Zone program, implemented by the Georgia Department of Community Affairs (DCA), is designed to induce businesses to create jobs in certain areas. According to the DCA, if an area qualifies and is approved, employers can realize tax credits as follows:

- the maximum Job Tax Credit allowed under law — \$3,500 per job created
- the lowest job creation threshold of any job tax credit program — 2 jobs
- use of Job Tax Credits against 100 percent of income tax liability and withholding
- expansion of the definition of "business enterprise" to include all businesses of any nature

Thus far, several areas around the County have qualified, and an OZ in Norcross received approval. While not necessarily a direct redevelopment tool, OZs should inject more prosperity into lagging areas, and subsequently more vitality.

Recovery Zone Bonds

Under the program, the U.S. Treasury provides a direct payment equal to a

45% interest subsidy to the issuer. The borrower's interest rate would be reduced by 150 to 200 basis points resulting in

a 1 1/2 - 2% decrease in interest rates. Two types of bonds have been created: Economic Development Bonds cover County infrastructure projects (\$41 million), while Private Facility Bonds (\$62 million) target eligible private development activities. Bonds must be used by the end of 2010. To learn more about the program, including what types of projects qualify, those interested should contact Alan Durham, Gwinnett County's Economic Development Manager at (678) 518-6219. (One important note: this program is not a grant; financing recipients must have already collaborated with a lender that will underwrite the bonds. Gwinnett County does not finance or guarantee Recovery Zone Bonds, and the full faith and credit of the County government will not be pledged through the bond underwriting process.)

Redevelopment Forum

Partnership Gwinnett is lending a hand to help foster redevelopment as well. This past summer, PG organized a Redevelopment Forum, in conjunction

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Have We Hit Bottom?

By Alfie Meek

This is the one question I get asked more than any other... "have we hit bottom?" Other variations include "is the recession over?" or "when will recovery begin?" Every week there is some piece of economic data released that appears to show improvement in the national economy. Then shortly thereafter, another piece of data comes out that sends the opposite message. So, which is it? And, more specifically, how do things look for us here in Gwinnett in 2010?

Our local leading indicators, which are designed to predict the direction of the economy 6-9 months out, are currently moving in a flat, horizontal direction suggesting that the decline may not continue into 2010. However, while not showing decline, the index isn't showing growth either. According to our local data, we MAY have found a bottom, but 6-9 months from now we may still be at that bottom and moving along in a flat, no-growth scenario.

Unfortunately, that is consistent with what we see nationally in 2010 as well. Most of the adjustable rate option mortgages in the U.S. are scheduled to reset in 2010 and given declines in home prices, most of those mortgages are upside-down. This fact, combined with continued pressure on household balance sheets from falling incomes, rising health and energy costs, and the

continuing threat of layoffs, paints a picture of a weak housing market and consumer sector in 2010.

Further, an anemic consumer sector will have further deleterious impacts on commercial real estate values, which I believe will be the second "wave" of this economic storm. Household employment in Gwinnett is down 6.7 percent from a year ago, pushing the unemployment rate from 6.4% to 9.4% in just 12 months. Fewer employees means more vacant office space and less personal income translates into high vacancy rates for retail space—rates that in many areas are already approaching or have exceeded 50 percent. Without a doubt, the sharp declines in commercial real estate will dominate the 2010 economic landscape much as residential real estate did for the past two years.

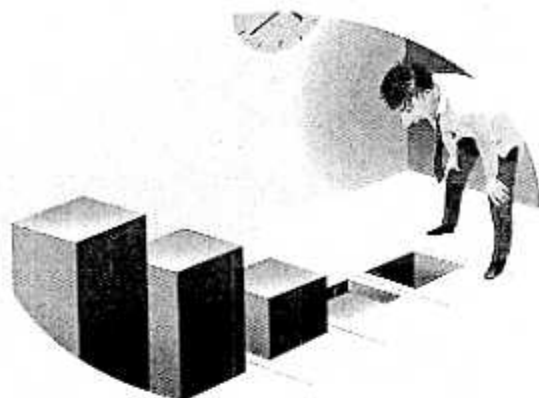
However, while employment continued to decline across the board in 2009, those declines masked the relative strength in certain local high-tech sectors including bio-tech. Relative to the rest of the country, I expect Gwinnett to do well in these sectors, due in no small part to the herculean efforts of Partnership Gwinnett and the community partners that support that strategic vision. Venture capitalists are looking for opportunities to invest in bio-tech and pharmaceutical and Gwinnett will

be a player in that sector. Further, the Atlanta Metro Area has a solid business foundation as well as demographic and geographic features that will keep it a leading business recruitment region. Obvious examples of this are the recent announcement of Sony Ericsson to relocate its North American headquarters in Atlanta, and closer to home, the relocation of NCR's world headquarters to Gwinnett.

So, have we hit bottom? The indicators say "maybe." The household spending and commercial real estate sectors say "not yet." Given Gwinnett's reliance on residential and commercial development, we will be in recession longer than the rest of the nation. However, once the imbalances in the real estate and employment markets work themselves out, Gwinnett is strategically focused and positioned to capitalize on emerging growth sectors, and once again become a driver of Georgia's economic growth.



Alfie Meek serves as Economic Analysis Director for Gwinnett County.



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with the Council for Quality Growth. The event, held at the Gwinnett Braves Stadium, brought together developers, brokers, CID representatives, and others to talk about the challenges of revitalization in the County. The Redevelopment Task Force, part of the PG Economic Development Council, had prepared a list of the top ten

redevelopment sites in the County. The document was distributed at the Forum and is available from Partnership Gwinnett for any parties interested in redevelopment opportunities.

"This forum laid the groundwork for communicating Gwinnett's redevelopment opportunities to an extremely broad audience," said Lauren Salas, PG

business development manager and organizer of the Forum. "Having developers attend from not just metro Atlanta and Georgia, but also from around the Southeast is unprecedented for us. The word is out now about our locations, our incentives, and our progressive County leadership."