

The Gwinnett Report

The Dollars and Sense of Development Patterns

December 2013



Gwinnett County

Building the center and finding the peaks.

The pattern of a community's development is often a visual story of the community itself and the prevailing forces of historical and technological development. This pattern, in turn, has a profound impact on the way it functions today through government revenue and property taxes. For Gwinnett County, this pattern was dominated by its role in metropolitan Atlanta and by its maturity in the age of the automobile. The County's identity is reflected not only in its pattern of development but in its very name in that the county is commonly referred to as simply "Gwinnett". This acknowledges the broader region as a unit, but the regional scale makes it more difficult for the towns within to cultivate their individual identity. The scope of growth in Gwinnett has been primarily in the unincorporated areas in the county, and less focused as municipal growth in cities and towns. A County is by definition broad in scale and refers to an area rather than a focal point, and the analysis reinforces this.

Gwinnett County has been a poly-centric place with no clearly dominant focal point. Development has instead clustered along the transportation corridors in a loose orbit around the regional core. Many of its budding small towns grew along the rail lines to Atlanta and much of the subsequent development occurred along Interstate 85. To some extent, the County's relationship with Atlanta has caused I-85 to become the focal point rather than any individual municipal area. The many small communities that comprise Gwinnett County are traditionally residential areas that were inundated by regional growth. With this growth has come tremendous prosperity but most of these communities did not develop and expand their cores to complement

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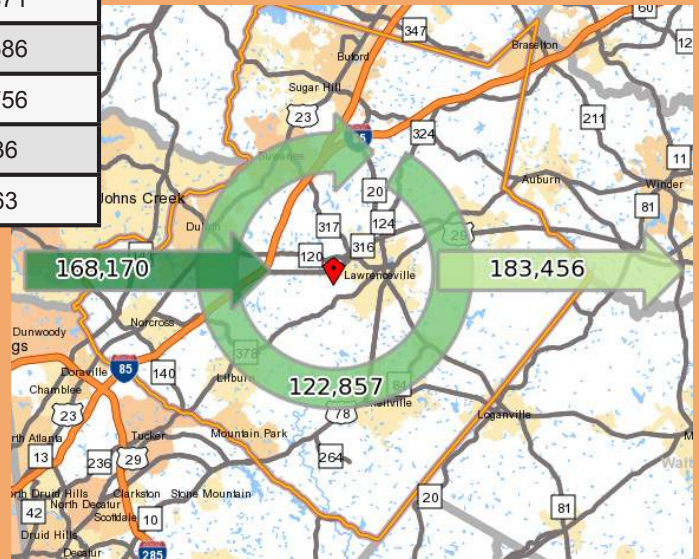
Urban3

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Bedroom Community or Urban Center?

County	Population	Area (square miles)	Density (People/Sq. mile)
Gwinnett, GA	805,321	430	1,871
DeKalb, GA	691,893	268	2,586
Mecklenburg, NC	919,628	524	1,756
Orange, NC	133,801	398	336
Buncombe, NC	238,318	657	363

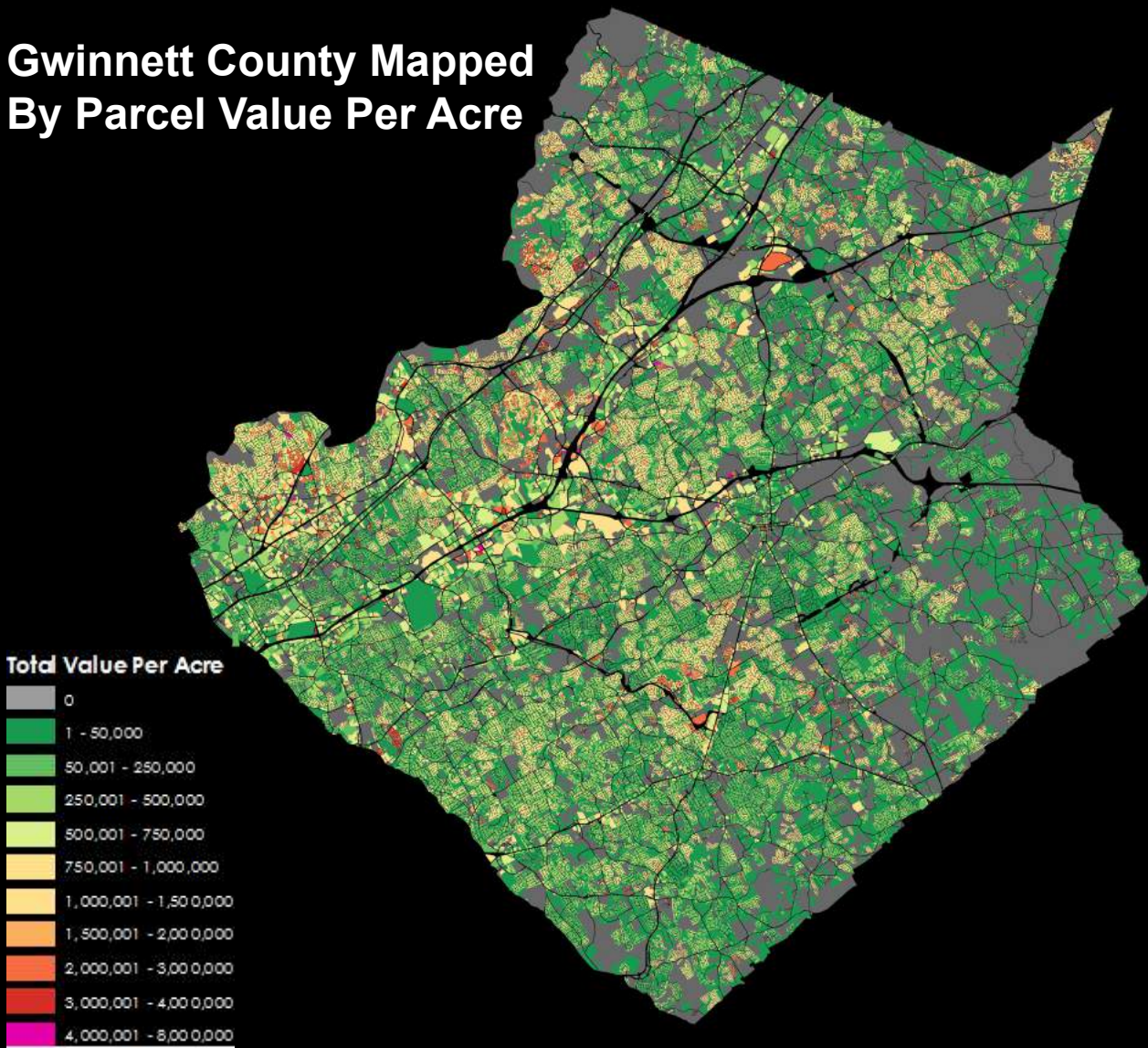
Right: The U.S. Census employment dataset demonstrates the transition Gwinnett County has performed. While over 183,000 residents are employed outside of Gwinnett, Almost 123,000 residents stay within the county for their employment. Still another 168,000 employees are imported into Gwinnett. In addition to the employment data, the residential/spatial data (above) was also telling. Urban3 utilized data from past studies to gauge relative densities. Though perception in Gwinnett County may be that it is low-density, it is actually more dense than Charlotte, NC and more than five times the density of Asheville or Chapel Hill.



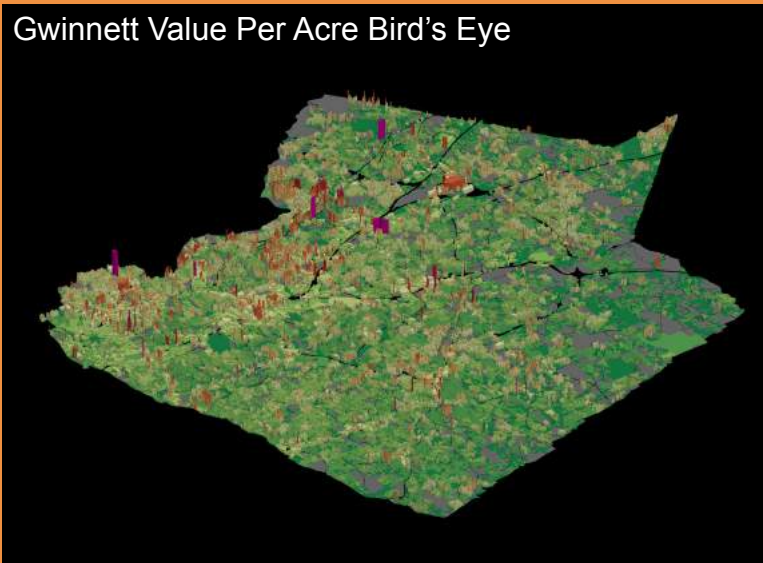
the lower-density patterns. After a long period of outward growth without proportional upward growth, the many centers of Gwinnett County are beginning to flourish. To do this, they will need a concerted political and economic effort. There is considerable benefit to doing this, but Gwinnett's town cores have some proverbial catching up to do.

City and County Governments are the entities we rely on to provide important public services such as police and fire protection, education, infrastructure, and utilities. The quality and continuity of these services depend on the community's ability to generate revenue. For cities and counties this primarily refers to property taxes. In communities where the cost of services or maintenance costs have outpaced revenue they have faced the hard choice between cutting services or raising tax rates. At the core of this issue is the question of how well equipped is your community to pay for itself and for future needs? Urban3 specializes in answering this question by calculating and explaining the value per acre of land development pattern. What distinguishes the Value Per Acre analysis from value alone is that it adjusts tax production to account for the amount of land needed to produce it. Just as a farmer has finite land on which to grow, Gwinnett County has only so much space to develop. To generate the greatest return both must pay attention to how efficiently their decisions produce wealth. To use another efficiency analogy, when we chose an automobile we pay attention to its efficiency in terms of miles per gallon rather than how many gallons it can hold. The finite commodity becomes the least common denominator, and for cities and counties, land is all they have.

Gwinnett County Mapped By Parcel Value Per Acre



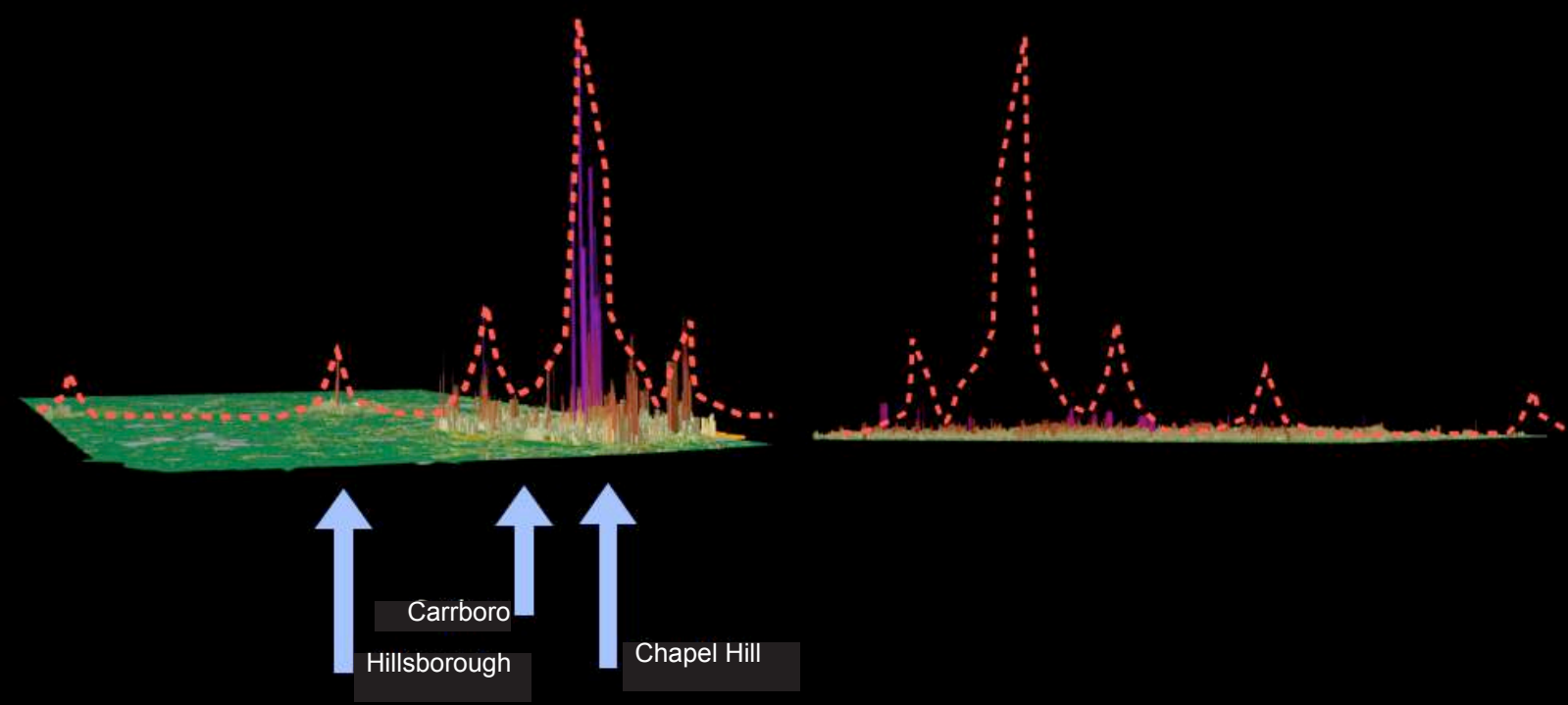
Gwinnett Value Per Acre Bird's Eye



Gwinnett Value Per Acre Side view



Urban3 mapped the "Value Per Acre" as a method of understanding revenue density in Gwinnett, and with it, property tax production. In the main map, (top) it is clear that there isn't any one particular center of value that is typical of a county-wide study. This is more obvious when the relative values are extruded into a 3D styled model (left). For this image, the model was tilted at a 20 degree angle "bird's eye" perspective looking from the south to the north. The purple spikes on the model are, in most cases, historic main street buildings in Lawrenceville, Buford, Norcross, and Duluth. Tilting the model flat (bottom image), this offers a side view of the model looking from the south to the north. The eastern part of the county would be on the right of the image. The residential pattern of development is clear from the model in that a large amount of the model is in the middle scale of value.



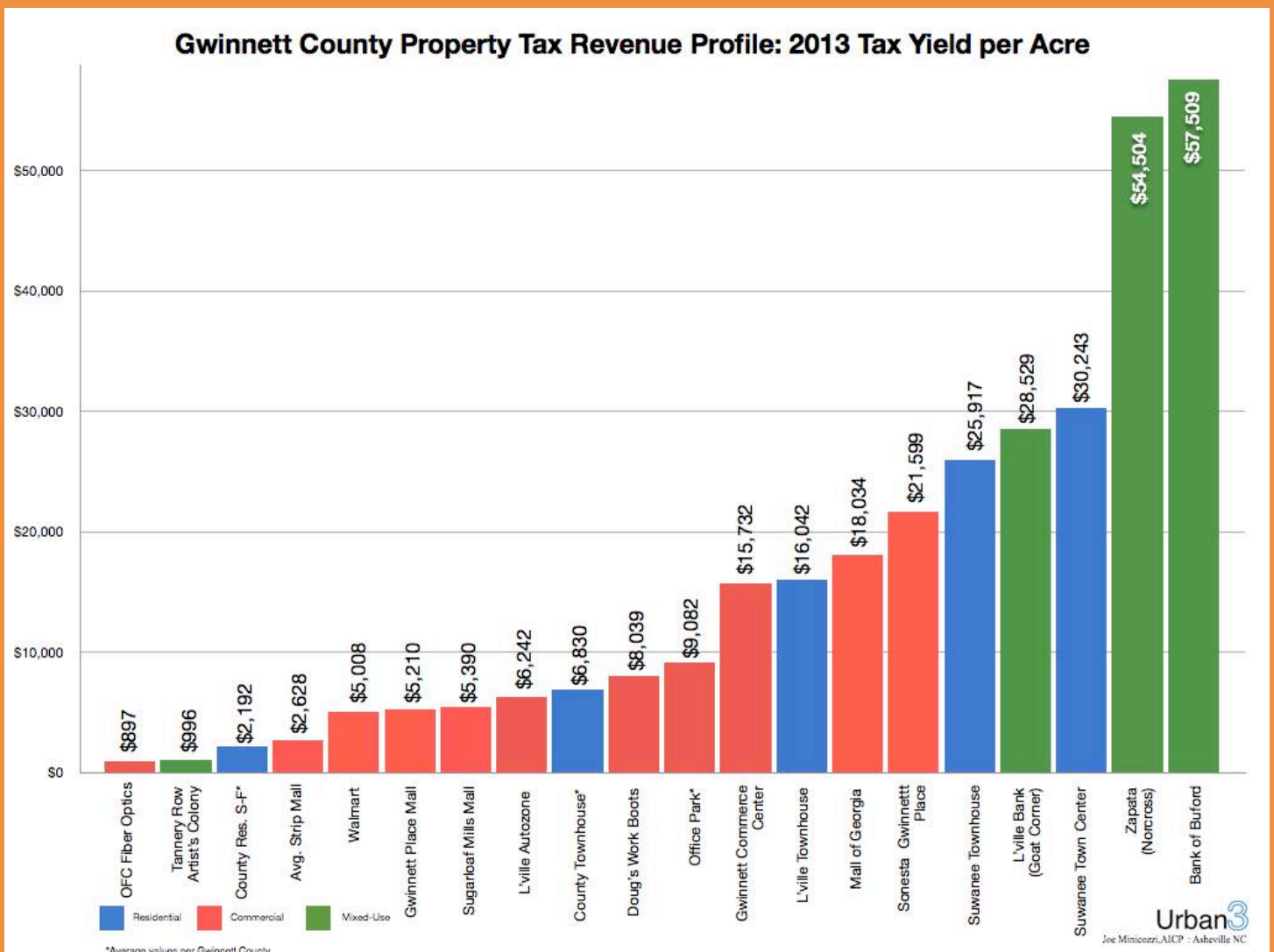
Value per acre maps Orange County, NC (left) and Gwinnett County, GA (right) at nearly the same scale and angle. The graphic was created to underscore the growth pattern differences of the two counties. Orange County reflects a more typical county pattern where the towns are the focus of growth. It is notable how the value intensifies in the cores of the towns, and that range of value (noted by the red dashed line) creates a clear hierarchy, but also tremendously productive cores. By putting that same range value over Gwinnett, (right) one can see the pattern that could emerge from redevelopment opportunity.

Locating Value:

Gwinnett County cannot accurately be described as a bedroom community or undifferentiated suburb. Nearly as many people drive into Gwinnett County to work as drive out of it and a sizable proportion both live and work within it. With over 800,000 citizens Gwinnett County has more people than all but 64 U.S. Counties and is actually more dense than many major urban counties. The County also has an impressive inventory of industrial, retail, and office development including a major mall and several Fortune 500 companies. In short, Gwinnett County has all of the building blocks of a thriving urban center and yet its property tax production efficiency falls noticeable behind much more modestly developed places. For instance, the less populated Orange County, NC, home of Chapel Hill, is able to generate much greater returns on its development by investing in a compact and dense format. As noted in the graphic (above) one can see how the performance of revenue density is directly related to its priorities of land use pattern development. Even with about one-eighth the population, Orange County achieves revenue densities many times over Gwinnett's highest value. Additionally, this should help visualize opportunities that Gwinnett may be missing. In solving this disparity we must turn to the configuration and format of this development.

Results:

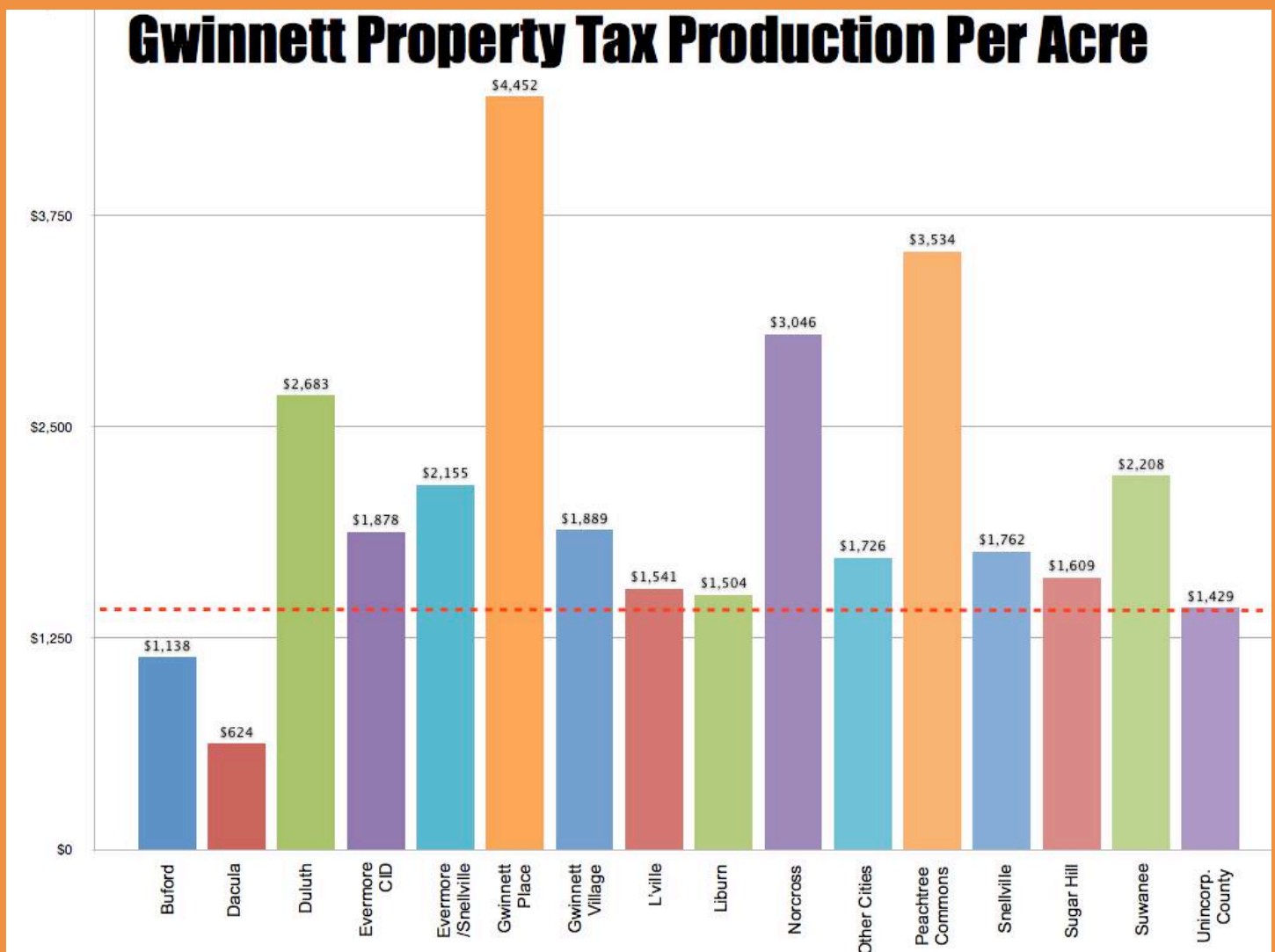
Gwinnett County draws its revenue from a relatively large geographic area with a few intense clusters of value density. The value/acre model demonstrates a ‘thick carpet’ of low to moderately efficient development is a result of the dominance of single family homes (55% of the County by both value and land area) and large lot retail development. Small clusters of higher value exist around the historic cores such as Buford and Lawrenceville and westward towards Atlanta. What was notable in the model is the lack of primacy of any one town in the county, which is the typical pattern of most studies. Urban3 used other county data as a comparable benchmark for development patterns to better analyze Gwinnett. Orange County, NC served as an interesting comp because the county is the same relative size as Gwinnett (at about 400 square miles) but Orange County has enacted policy to grow the towns rather than the unincorporated areas. The Orange County model (page 5) serves as an excellent demonstration of hierarchy of towns within the county, as well as pattern development within the towns. Chapel Hill is clearly dominant with Carrboro and Hillsborough visibly second and third respectively. What is also clear from the model, is that even the casual observer of the data could get a general sense of where the



downtowns of each community was in the models, and their proportional relationship to their residential districts. Gwinnett is clearly missing the spikes that come from those densities often found on Main Streets, in downtowns, but the scale relationship between towns. This is the pattern one would see if the Improvement Districts and town centers had more robust densities. Lawrenceville and Suwanee do show signs of this, achieving some “purple” values on the value per acre map (page 4).

Below: The previous page demonstrates the County’s property tax production from various buildings in the county, the chart below pulls the average of each Improvement District. There are districts that are clearly more developed, and productive, than others. Though the overall group is averaging around \$1,400 in county property taxes per acre. This is less than the per acre production of the residential average and highlights room for cultivating growth within this sector.

This analysis serves as a guide for understanding how different formats of development contribute to the financial well-being of the community. Commercial strip malls produce only a little more property tax per acre than single family homes on average. Other large lot automobile based commercial properties such as indoor malls and big box stores perform slightly better than at around \$5,000 per acre in County property taxes. High profile commercial properties such as the Mall of Georgia and Gwinnett Commerce Center produce exponentially more tax revenue per acre but have a limited market. There can be only one mall that size in the metro area, and even with that, it has an ability to undermine existing retail areas. The most efficient property types in the County are mixed-use buildings in the core of small towns. This includes both older



Reconsidering Value



Bank of Buford
\$7,771,429/Acre Value

Just **10.5** acres of the Bank of Buford Building would equal the property taxes produced by the **113** acre Sugarloaf Mills Mall. Every square foot of the Bank of Buford property is **10 times** more valuable as its Sugarloaf counterpart.



Sugarloaf Mills Mall
\$728,324/Acre Value

historic properties and infill city center projects. In studying the land-use productivity of property types, the multi-story/mixed-use structures provided higher yields in property taxes than any other land-use type. The reason is quite simple, as every story produces a layer of taxes, so the more stories, the more levels of taxation. These structures are also of a higher architectural quality, which also returns more taxable basis to a community.

Lessons Learned:

Prioritize Historic Rehabilitation

The historic cores of Gwinnett County’s small towns and activity centers are the first and most important priority for growing wealth. Gwinnett has recognized this, as most of these areas are developing “Improvement Districts” to catch up to growth in the areas that the market is demanding, and in some cases, build activity centers from scratch. These old centers offer two valuable assets. They are already the historic and natural focal points of efficient tax production. Most of the identifiable clusters of efficient development are around these cores. The physical composition of the historic areas are also a major opportunity. By rehabilitating historic structures and focusing new growth towards infill within activity centers and downtown areas, Gwinnett County can achieve the missing “peaks” of highly efficient tax production that are demonstrated in the Orange County model. In the case of activity centers and downtowns, “more begets more” as a vital aspect of urban growth is proximity of density. For these areas, a ‘park once’ strategy should be complemented by a high quality pedestrian environment that makes walking a pleasurable experience, but also rewards the trip between buildings. Finally, even though most of these areas are within existing activity centers or CID districts, the County still realizes far greater revenue returns than in less dense, traditional residential areas. So, what is good for Main Street and activity centers is great for the town, but incredible for the County.

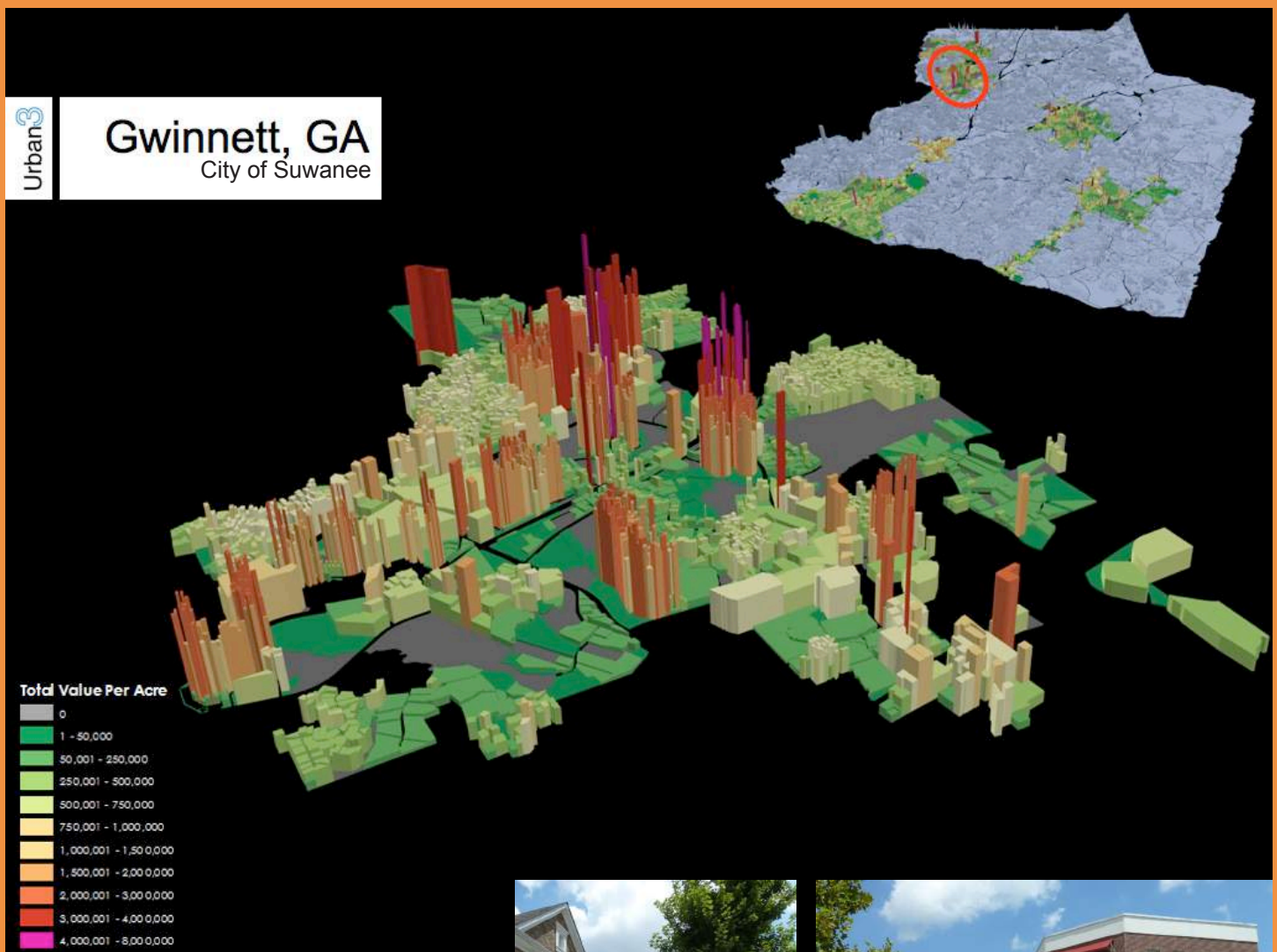
“What is good for Main Street and activity centers is great for the town, but it is incredible for the County.”

Joe Minicozzi
Principal
Urban3

Lessons Learned:

City Center Development Pays Off

The Town Center projects and downtown revitalization projects are paying off for communities such as Suwanee and Duluth. Suwanee presents an excellent example of how managing and focusing growth can exponentially enhance the financial efficiency of development. Suwanee is an important example because its development addressed the major growth challenge in Gwinnett County: establishing and nurturing the core of a community. Communities such as Suwanee experienced growth without any historic core to expand. In addition to its overall tax efficiency, within the Suwanee Town Center development the denser retail portions outperform the single family homes.



Suwanee has demonstrated the viability of walkable, higher-density development patterns. Not only are these desirable within the market, but the value potency is quite clear in the 3D model above. The town center area is clearly visible in reds and purples; averaging \$3-5M respectively. Typical townhouse development (right) is averaging \$3.5M/acre in value and the Town Center (far right) is just over \$4M/acre in assessed value.



Lessons Learned:

Filling in the Blanks.

The clear lesson from this analysis is that development and mass alone are not sufficient to generate the missing “peaks”. The list of Gwinnett County’s most efficient properties is dominated by rehabilitated historic buildings and New Urban infill. In either case limited surface parking and downtown location boost the production of property taxes. Gwinnett County’s ability to produce tax revenue is hampered by the volume of underutilized space on and between properties. This pushes buildings further and further apart, with makes it difficult to walk between structures, but more importantly, it creates a greater demand in horizontal infrastructure to connect these structures. That cost of service is carried by the community. The initial costs may not be as burdensome as the first maintenance cycle of rehabilitation, as by that time, much of the first wave of development has deteriorated as well, and thus produces even lower levels of municipal revenue. As an example, the Sonesta, the tallest building in the County, is buffered by parking lots, storm water mitigation features, and wooded space. This dilutes the overall productivity of the site to the point where it is producing \$21,599/acre while the modest Zapata Restaurant in Norcross is producing \$54,504/acre in County taxes. On a larger scale one can take the example of Gwinnett Place CID. Although nearly all of the CID is paved and considered developed a mere 16% of the CID area is revenue generating structures. It is difficult to cultivate the benefits of an urbanized area, when so much space exists between buildings. But this challenge, is also an opportunity in disguise. Gwinnett County has a tremendous amount of technically, “developed area”, that could be further redeveloped and utilized for infill projects. Future growth should be focused on this type of project and should seek to minimize the wasted space between buildings.



To demonstrate density, Urban3 mapped all the buildings in Gwinnett Place in grey (left), and then remapped them as one solid mass (right). This “solid to void” mapping method is a simple technique to understand opportunity cost of land pattern development, and the potential for redevelopment within Gwinnett Place.

