

Urban Land Institute
Atlanta District Council

Technical Assistance Panel (TAP)
For:
INNER HARBOUR



Panel Summary
September 20, 2006

SITUATION SUMMARY

Inner Harbour, which offers multi-level psychiatric services for children and adolescents at its campuses in Douglasville and Rockmart, Georgia, asked the Urban Land Institute's (ULI) Technical Assistance Panel (TAP) Program Committee to organize a panel of experts to provide guidance and direction in developing a long term strategic land use plan for their Douglasville campus.

Inner Harbour's primary goal is to determine how to best leverage their 1,100+ acre Douglasville property and gain value from their existing land holdings, given their long term utilization requirement of only 300 to 350 acres. With no cash endowment, and land holdings being their most valuable asset, Inner Harbour's primary intent for the property is to generate revenue (through development or sale) for capital expenditures so that they can continue to provide quality programs to the children and adolescents they serve.

On September 20, 2006, ULI's TAP Committee convened a panel of experts in the areas of market analysis, brokerage, land planning, zoning, engineering, and development to provide Inner Harbour guidance and direction in developing a strategic plan for its Douglasville campus. The panel discussion focused on opportunities to enhance both the value and yield of Inner Harbour's land holdings, as well as likely challenges and hurdles.

PANEL RECOMMENDATIONS

In order for Inner Harbour to maintain maximum control over the land they currently own, drive the quality development they are seeking, and maximize the value and yield of their existing land holdings, the panel recommended the following steps:

1. **Determine existing and long term needs** – Develop a general plan for the property based on those needs (5, 10, 25+ years out).
2. **Conduct market analysis and create a development vision** – Conduct a market study to quantify demand for appropriate product (i.e. residential, commercial, recreational, etc.) and determine likely users/buyers, then create a vision for the master plan consistent with the results of the study.
3. **Conduct the master planning process** – Engage a qualified individual or firm (should run concurrent with market analysis). Develop a conceptual plan with alternatives and timelines.
4. **Educate stakeholders and communicate vision** – Involve Douglas County government and surrounding neighbors in the master planning process to gain support, partnership alliances, and participation. If necessary, assemble team to assist with vision.

IMPLEMENTATION

The first step for Inner Harbour needs to be determining a clear direction, for the future of their organization and the property, before proceeding with any development or master planning. An important consideration in this process will be the short and long term financial needs of Inner Harbour, given the pressing need to generate revenue due to shifts in the Medicaid reimbursement process that could potentially affect 80% of the children and adolescents served. The impending sale of the northern parcel to a local church will help with these immediate financial needs. Yet, due to changes in their work environment, Inner Harbour is not interested in waiting for demand that may not materialize for 5 to 10 years. Instead, they need to focus on what immediate demand is in the marketplace and seize any opportunities that may exist.

The general consensus of the panel was that the immediate demand in the area is primarily for residential use. Given the location, accessibility, and other factors, the development of an employment center is not likely in the near term. Therefore, Inner Harbour would want to retain the land as long as possible if it planned to generate revenue from commercial uses.

According to the panel, this is the time to conduct feasibility studies and research. Inner Harbour needs to:

- Quantify demand
- Develop a partnership with Douglas County
- Consult surrounding neighbors

As part of the research process, Inner Harbour would likely need to consult with a professional land planner to develop a conceptual plan to aid in marketing the property with several viable alternatives. This process would also include a timeline for possible phasing and development. Concurrently with this process, a master planning exercise will be necessary going forward, and would keep Inner Harbour involved in the development process longer.

Only after the master planning is complete would it make sense for Inner Harbour to seek out developers or take on a capital partner for seed money. The market for this type of development (i.e. large scale residential) is in a lull at the moment and will make this process difficult. However, in the time it will take to complete feasibility studies and master planning, the market may have stabilized more and created a better environment for the type of development Inner Harbour is seeking. The possibility of hiring a fee developer, with no economic interest in the deal, to represent Inner Harbour throughout the planning, marketing, and structuring of the deal is an idea that warrants further exploration.

Once the master planning process is complete, ongoing education and communication needs to take place with the County and the surrounding neighbors. Inner Harbour's participation in the development process is essential to community support, given its reputation as a "good neighbor" and steward of the land, and their driving any development plan will be essential to winning the hearts and minds of the community.

Finally, it was recommended by the panel that Inner Harbour hold off on selling any additional parcels (particularly parcels H, I and J as discussed) until the master plan is developed. This will help maintain control over what is and can be developed around the property. These parcels may be the most marketable pieces, due to road access, and would likely impact the overall plan for the land.

BACKGROUND

Inner Harbour, the largest facility of its kind in the state of Georgia and one of the largest employers in Douglas County with over 650 employees, has always taken seriously its responsibility of being good stewards of its land assets. They are interested in creating and maintaining a community atmosphere with residential and commercial development, as well as creating a unique and special area for Douglas County and its residents. One of Inner Harbour's ideas for the property long term includes the possibility of creating a medical services campus centered around the Inner Harbour facilities, possibly through a partnership with Children's Healthcare of Atlanta or a similar organization.

Given Inner Harbour's objectives, ULI's Technical Assistance Panel was tasked with providing general recommendations for the property and specific action items for Inner Harbour's next steps. The 6-person panel consisted of the following professionals:

**Inner Harbour
Technical Assistance Panel
September 20, 2006**

Market Analysis:

Sarah Kirsch
Robert Charles Lesser & Co.
999 Peachtree Street
Suite 2690
Atlanta, GA 30309
404.365.9501
skirsch@rclco.com

Brokerage:

Mike Dvorscak
William B. Hare Company
3200 Cobb Galleria Parkway
Suite 255
Atlanta, GA 30339
678.444.0101
mdvorscak@wbhare.com

Engineering:

Rodney Blackley
SeCivil, LLC
561 Thornton Road
Suite B
Lithia Springs, GA 30122
678.945.4646
blackley@secivil.com

Land Planning:

Fredalyn Frasier
EDAW
The Biltmore
817 West Peachtree Street
Suite 770
Atlanta, GA 30308
404.870.5339
fredalyn.frasier@edaw.com

Legal/Zoning:

Laurel David
Dillard and Galloway
3500 Lenox Road
Suite 760
Atlanta, GA 30326
404.965.3669
laurel@dandglaw.com

Development:

Rick Milder
Tributary at New Manchester
1800 Riverside Parkway
Douglasville, GA 30135
678.391.0025
mildner@tributaryGA.com
Inner Harbour Board Member



Inner Harbour TAP Panelists and Stakeholders

MARKET CHARACTERISTICS

The panel discussed the strengths, weaknesses, opportunities and threats of the general location of the subject property and its surrounding market. What makes this area valuable and

attractive? What are some of the challenges of the property’s location? The panel’s discussion was summarized as follows:

**Market Characteristics
SWOT Analysis**

<p><u>Strengths</u></p> <ul style="list-style-type: none"> • Beauty of surrounding area, green space • Proximity to metro Atlanta • Accessibility to I-20 and eventual completion of expansion of highway 92 will add to attractiveness 	<p><u>Weaknesses</u></p> <ul style="list-style-type: none"> • Marketing issue with the location – little/negative perception of Douglas County • Accessibility – congestion in the area • Quality jobs are remote, need support services and amenities in the area • Douglas County lacks a major population draw (i.e. Galleria, amphitheater, etc.) • Lack of “rooftops” in immediate area to support retail and other commercial uses
<p><u>Opportunities</u></p> <ul style="list-style-type: none"> • Future of regional transportation plan will help move accessibility E/W • Opportunity to develop and grow in a way that appeals to the target market (Gen-X) 	<p><u>Threats</u></p> <ul style="list-style-type: none"> • Potential competition from similar parcels ready for development in the area (i.e. Wolf Creek, Richards property, etc.)

Tributary at New Manchester

The lessons learned and research gained from the recent development of Tributary, located relatively close to the Inner Harbour property, provide some valuable insight into the type of market characteristics Inner Harbour might encounter in the development of its property. Research found there was little or no perception of Douglas County in the market. Some subjects didn’t know where it was. In the recent past, Douglas County has been largely overlooked by developers in favor of the “Golden Triangle” of north metro Atlanta.

Although Douglas County has pockets of quality development, it is not consistently distributed throughout the county. The County also has pockets of high income, well-educated residents moving in, but it is not pervasive. For the most part, the zoning environment in Douglas County is considered favorable.

Research found the typical person moving to Tributary is a “Gen Xer” between the ages of 25 and 40. These people are mostly college educated and work downtown, at the airport, or in the Galleria area of Cobb County. The racial makeup of new Douglas County residents is similar to that of the Atlanta metro area. Tributary illustrates that well executed appropriate housing product can attract relatively affluent homebuyers to a Douglas County location.

Douglas County Lifestyle Issues

Douglas County is largely a commuter county as there is not a concentration of high quality jobs to keep residents in the county. The target market for the county doesn't want a long commute to work. In general, they desire walkable communities, with ample amenities such as good schools, recreational facilities/opportunities, and community activities.

The development of the subject property has the opportunity to meet these attitudinal shifts of the target market, encompassing:

- Green space, nature, conservation
- Experiential living
- Recreational environment

SUBJECT PROPERTY CHARACTERISTICS

The panel discussed strengths, weaknesses, opportunities, and threats of the subject property, and evaluated its advantages and disadvantages. The panel's discussion was summarized as follows:

**Subject Property Characteristics
SWOT Analysis**

<p><u>Strengths</u></p> <ul style="list-style-type: none"> • Beauty of green space – topography • Natural amenities (i.e. lakes, hills, etc.) • Main water/sewer trunk line runs through the middle of the property • Infrastructure in excellent shape • Size of the tract – can master plan or break up as necessary • Existing amenities (i.e. walking trails, sidewalks, equestrian facilities, etc.) 	<p><u>Weaknesses/Challenges</u></p> <ul style="list-style-type: none"> • Countywide water/sewer nearing capacity – improvements are in planning stages • General Douglas County location • Lack of residential density in area to support certain types of development in area • Reputation and perception of Douglas County as a business location will affect the type of development possible here • Expensive property to develop – topographic limitations on what can be built here, no industrial, limited for office • Zoning process may be lengthy
<p><u>Opportunities</u></p> <ul style="list-style-type: none"> • Ability to master plan – early in development process • Leverage employees of Inner Harbour to bring related development and amenities – create the employment center needed 	<p><u>Threats</u></p> <ul style="list-style-type: none"> • Presence of Inner Harbour – need for buffer from other development • Need to educate involved parties on quality growth and the impact on the area (i.e. local officials,

<ul style="list-style-type: none"> • Leverage users of Inner Harbour services and their families to enhance development options (i.e. medical services campus, etc.) • Make maximum use of the recreational amenities (i.e. lakes, rivers, green space) that exist and build that into master plan • Ability to use current recreational facilities (or future ones) for community use to generate revenues • Opportunity to develop conservation easements 	<p>surrounding neighborhoods, metro area)</p>
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Topography

The entire tract has a large drainage basin running through it. This lends itself to the making of smaller parcels. The topography of the land is well suited to develop the way target market wants to live, including ample green space, walking trails, and recreational amenities.

Inner Harbour's Facilities and Needs

Inner Harbour also owns property in Rockmart, Georgia. Consideration has been given to the future consolidation of that operation onto the subject property. Inner Harbour currently has amenities such as sports fields, nature trails, and an equine facility that could be used as community amenities in a larger development. Opportunities exist to enhance and/or expand these facilities for community use, and also to leverage existing educational facilities for broader use.

Surrounding Areas

The vast majority of adjacent land use is residential. Currently, the area does not have adequate residential concentration/density to support certain larger scale services such as nursing homes, hospitals etc. Any future development of the subject property should include a master plan for the entire property, and appropriate zoning for targeted uses. This will help the county to allow higher density development on parts of the land in order to preserve more green space, which typically enhances value. In addition to planning and zoning, Inner Harbour will need to educate surrounding neighbors, county commissioners, planning/zoning, and citizens on the type of quality growth they are planning here and the positive impact it will have on the area if properly controlled.

Possible Revenue Generating Opportunities

The panel discussed a number of possible uses that could be included in a master planned community, some of which are more viable than others. Possible uses are summarized as follows:

**Subject Property
Possible Uses to be incorporated into a Master Plan**

- Amphitheater
- Reservoir
- "Student" housing
- Nature preserve

- Sports complex
- Employee housing/family housing
- Equine center or community
- Park
- Health village
- Assisted living facility

MARKETABILITY OF SUBJECT PROPERTY PARCELS

During the panel discussion, it was noted by Inner Harbour that the parcel map included in the briefing packet is not necessarily how the land will or should be divided. However it takes into account the natural boundaries and possible parcels. Inner Harbour's core of current facilities are located in parcel A and part of parcel C. All of this land may not be needed for Inner Harbour's future plans. Other facilities are spread out in other tracts and could be consolidated onto Inner Harbour's retained property to make room for development. Parcel G is currently being sold to a local church for an initial cash infusion that is to be used for Inner Harbour operations and to pay off old debt.

The topography is basically consistent on all tracts (hills, rock outcrops, trees). Parcel F is the only tract without direct, major road access. This parcel is accessed via a neighborhood road. Parcel B has limited access to major roads and would need a creek crossing. Dorset Shoals Road runs through Parcels H, I and J. Although not currently being considered, these parcels could be sold for needed revenues down the road, still leaving over 1,000 acres for a master planned development.