Garland Economic Development Strategic Plan

March Council Session

GARLAND

TEXAS MADE HERE

Acknowledgements

City Council

Scott LeMay, Mayor
Jeff Bass, District 1
Deborah Morris, District 2, Mayor Pro Tem
Ed Moore, District 3
B. J. Williams, District 4
Margaret Lucht, District 5
Robert Vera, District 6
Dylan Hedrick, District 7
Robert John Smith, District 8, Deputy Mayor Pro Tem

City of Garland

Bryan Bradford, City Manager Emeritus
Judson Rex, City Manager
City Manager's Office
Economic Development Department
Community Development Department
Planning & Development Department
Building Inspection Department
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Community Partners

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KEY FINDINGS

FINDING:
Garland Is More Than A Manufacturing City

Garland's image has been one of being a manufacturing city. Manufacturing remains an important contributor to the city' tax base but most Garland residents do not work in the city's manufacturing base. Moreover, the occupational skills sets of Garland residents mirror Dallas County overall. This has led to over 88,000 residents seeking employment throughout the Dallas region.

FINDING:
Despite Being "Built - out" Garland Has Physical Development Capacity

Of the 29,000 acres about 10% of the land is vacant, although some of this land is in the floodplain. Another 1000 acres could potentially be added across various parts of the city through rezoning or allowing increased density in certain areas.

FINDING:
Revenue Generation For Garland Needs To Consider Changes In State Law And Development Potential

With state's property tax cap and no viable options for growth through annexation, the city needs to maximize its existing property tax base and find options to generate additional sales tax revenues.

FINDING:
Continued Focus Needed On Neighborhoods & Housing

The transformation of the Dallas regional economy toward more tech - based manufacturing and digital services means a different mix of potential residents and workers who have choices on where they live. Moreover, rising housing prices in Garland is gradually transforming the income levels of the resident base which create a new set of opportunities for amenities and neighborhood improvement.

FINDING:
Need Focused Development Effort

There has been little agreement on the purpose and focus for economic development in Garland across city leadership. Financial resources are not as deep as many cities in the metroplex. Organizationally, roles are split across different departments and stakeholders with at times, unclear responsibility. To become competitive in the DFW marketplace, the city needs a more place-based focus on its development efforts. At this time, no single department or position is in charge of "place," which hampers these efforts.

SUMMARY OF GARLAND IN CONTEXT OF DALLAS COUNTY

Garland has:

- **4%** of the **total private jobs** in Dallas County - the **same percentage** as a decade ago
- **9%** of the **total employed labor pool** in Dallas County - compared to **11%** a decade ago
- **Added jobs** since 2009 at **1/2 the rate** of Dallas County overall - **22%** to **10%**
- **9.2%** of the **manufacturing jobs** in Dallas County - up from **8%** in 2009
- **13%** of the **manufacturing workforce** in Dallas County - the **same percentage** since 2009
- **higher levels** of **educational attainment** than the city employment base - **33%** have **high school or less**
- Jobs require **lower** **education attainment** - **37%** **high school or less** versus **32%** across the county
- Has an aging **employment base**, almost **24%** are over the age of **55** - compared to **21%** for the county

03 Existing Conditions and Trends

03 Existing Conditions and Trends:

Some caveats on the economic data:

Texas doesn't report employment or establishment data at city level. Assessment of a city level economy requires use of alternative sources like OntheMap (OTM) and County Business Patterns (CBP) zip code data which lag by 2 to 3 years. This data is also regularly updated and therefore subject to change.

City's GIS and Dallas County Assessment District (DCAD) land use and property classification data does not easily translate back and forth to each other. For example, DCAD files have a number of unexplainable classifications of property.

Key Data Abbreviations
OTM = OntheMap
CBP = County Business Patterns
DCAD = Dallas County Assessment District
ACS = American Community Survey
BPP = Business personal property
MF = Multi-family housing
AMI – area median income

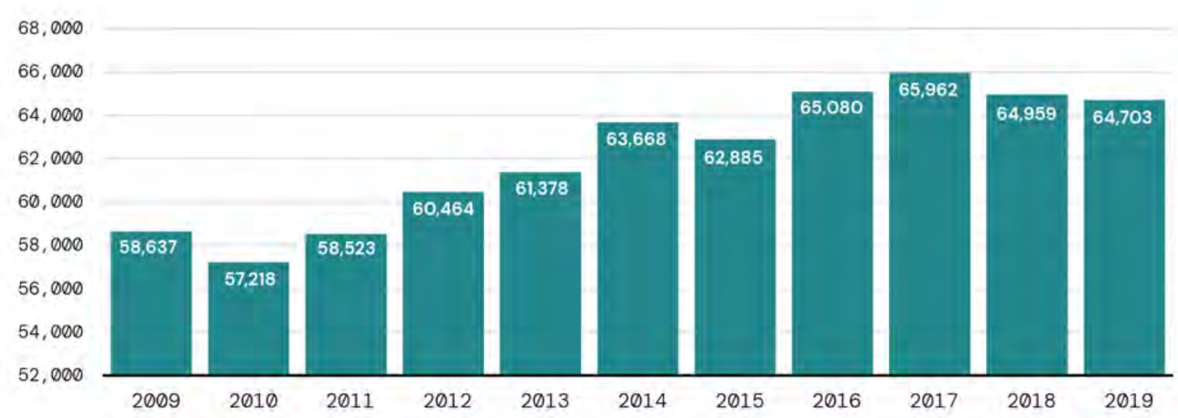
03 Existing Conditions and Trends:

Garland Economic Context

GARLAND PRIVATE EMPLOYMENT BASE AND TREND

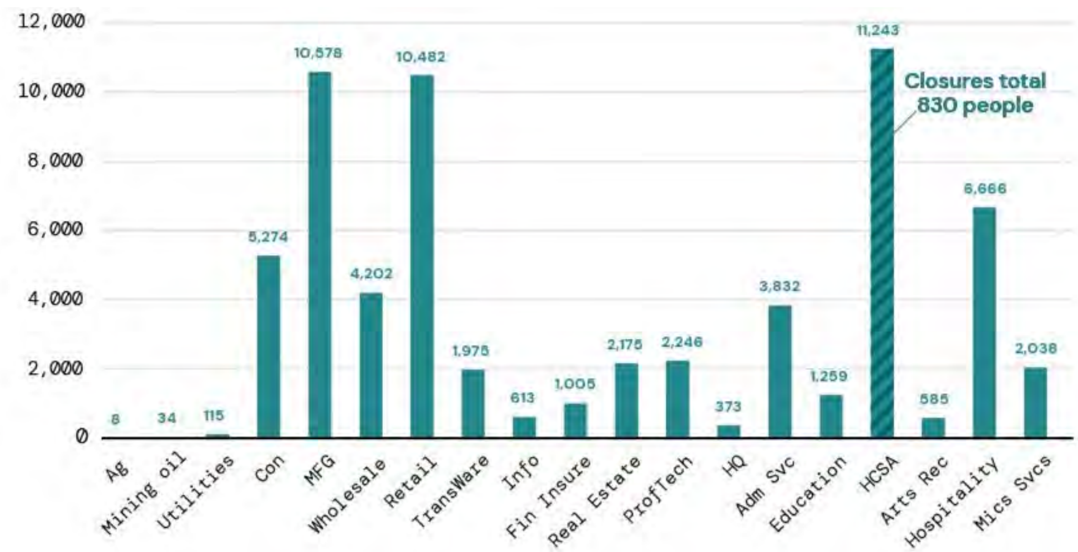
With ~65,000 payroll jobs, Garland private employment has been essentially flat since 2016. There is an estimated 4k to 5k self employed residents in Garland.

Private payroll employment



Despite the closure of the Baylor Scott and White Hospital, healthcare and social assistance enterprises are the largest sector in the city employing over 11,000. Manufacturing is the 2nd largest sector employing more than 10,000. Close behind is retail. These 3 sectors represent 50% of Garland's job base.

2019 payroll jobs



Source: NP analysis OnTheMap Census data
Self Employed estimated from American Community Survey (ACS) Public Use Microdata (PUMS)

SMALL BUSINESS ACTIVITY

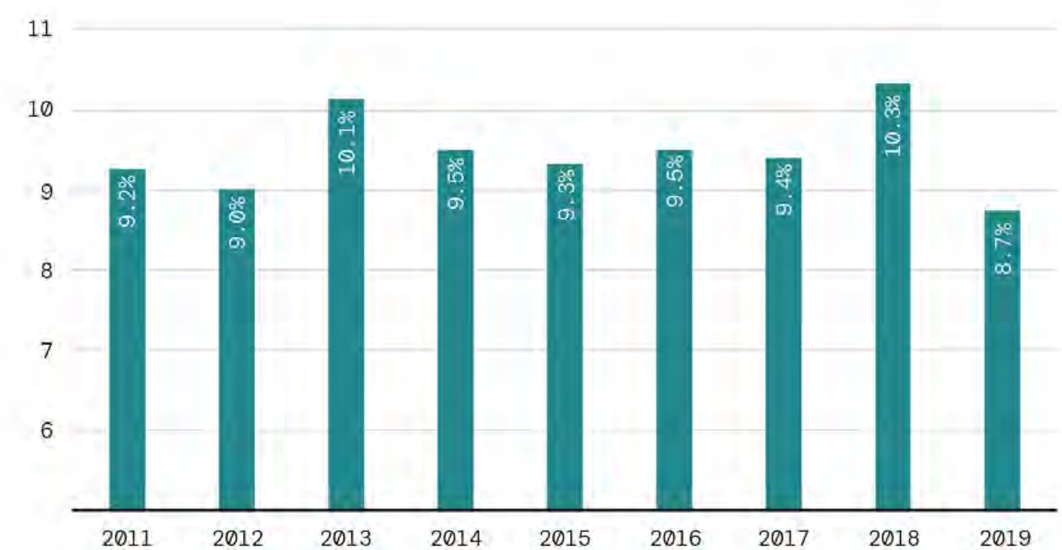
Small business is an important part of the Garland job base.

Between 2009-2019, there has been a small shift in employment size, with an increase in mid-sized employers. In contrast Richardson and Dallas County are much more dependent on very large employers, which represent 62% of their workforce.

New business formation has fallen as a % of employment versus the historic trend. However, Garland on average has approximately 50% more new business activity than Richardson or Dallas County which runs at 6-7% annually.

Employment by firm size in Garland

% Employment by firm age in Garland

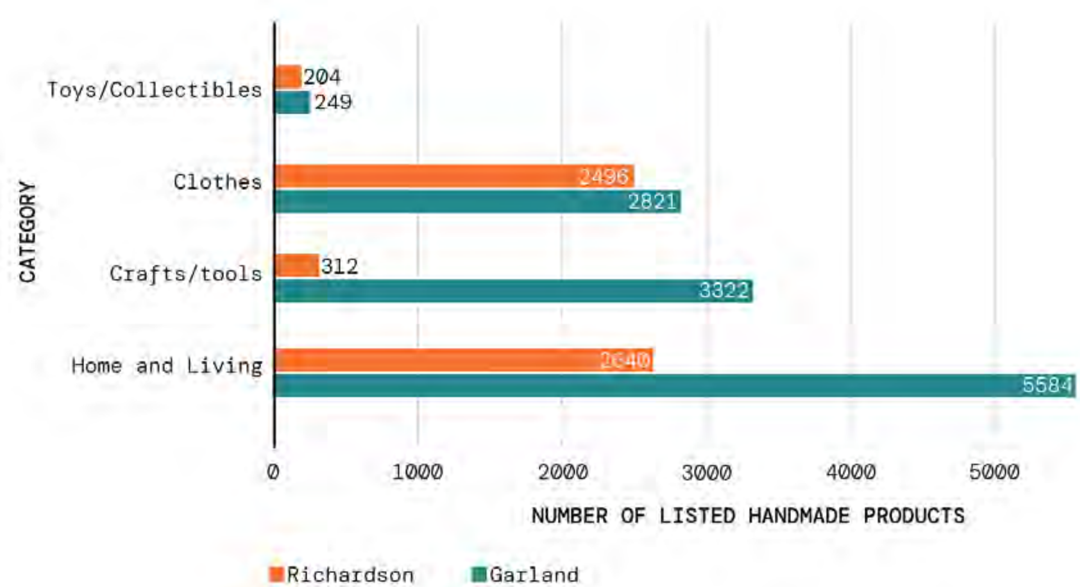


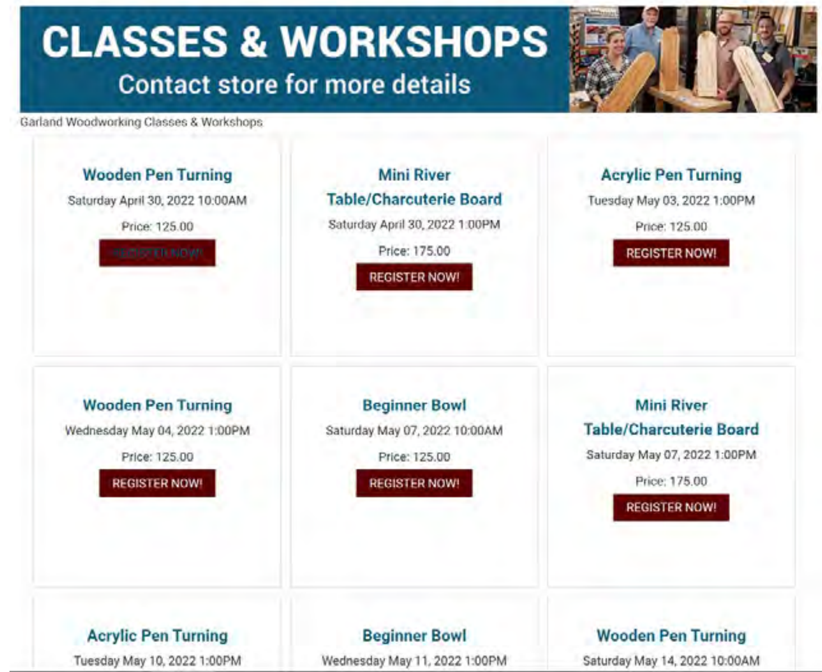
Source: NP analysis OTM Census data

MAKER ECONOMY INDICATOR

Garland is known as a city of makers given its manufacturing heritage. ETSY was used as an indicator to understand the size and scope of a local “maker” economy as identified by the shipper address or “store” identification. Based on this indicator Garland has an active maker community. This maker community has also generated several educational workshop programs to support this emerging activity.

ETSY indicator (number of listed handmade products)





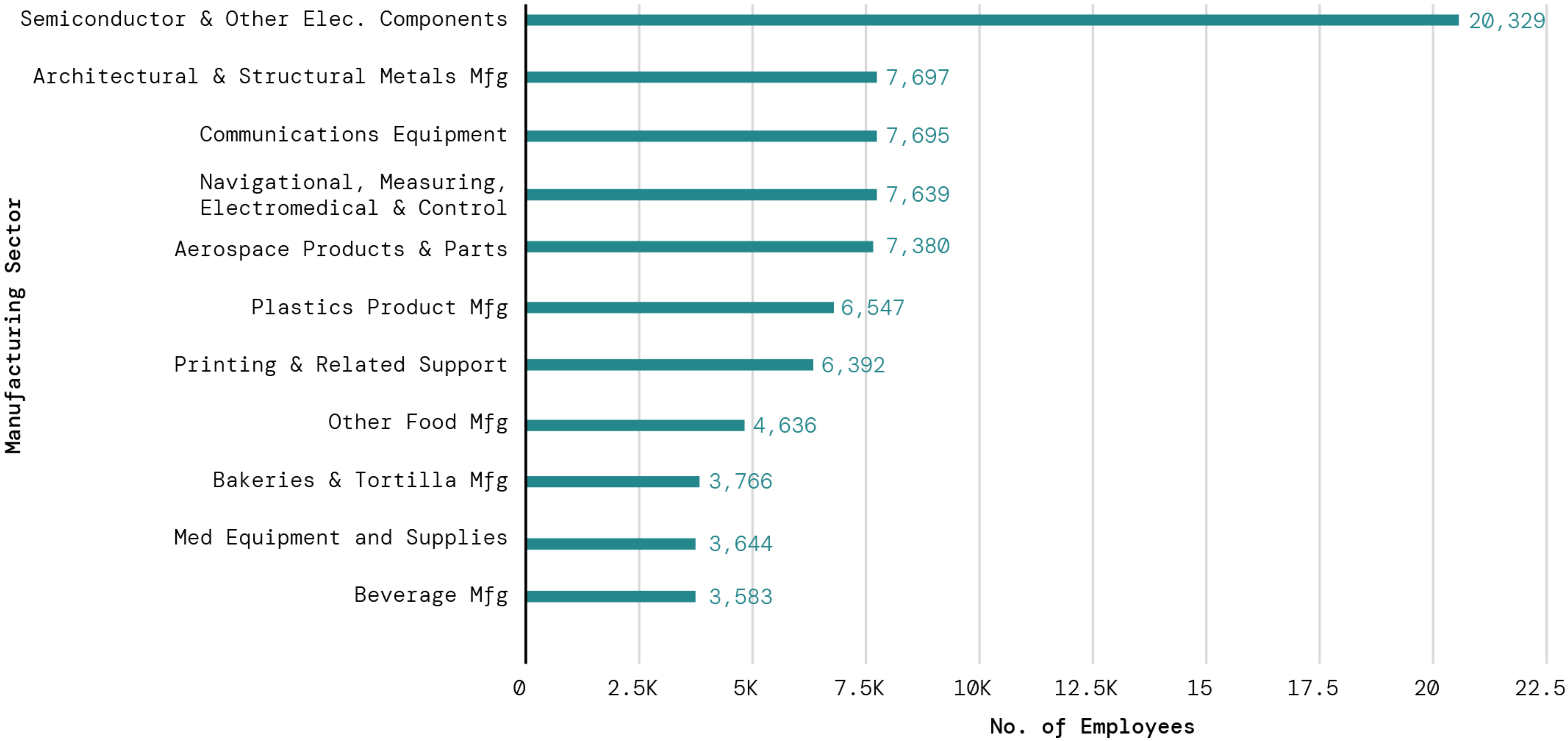
Source: Rockler

03 Existing Conditions and Trends:

Target Industries

DALLAS AND COLLIN COUNTY IS A MIX OF INDUSTRIAL SECTORS

10 largest manufacturing sectors by employment



Source: NP calculations based on Texas LMI for Collin and Dallas Counties

DALLAS AND COLLIN COUNTY GROWTH SECTORS

Food and beverage, "tech" manufacturing, and materials industries have been adding firms and jobs. Food and beverage is a very strong fit with Garland.

Digital-based technologies are a significant driver of growth. These sectors include computer systems design, electronic shopping, software publishers, data processing.

Advanced "tech" manufacturing is clearly a growth area for the region. Does Garland have the right sized locations, parcels and buildings for it?

Consumer goods manufacturing, particularly food, is also a growth area – it appears to be aligned to specialty foods / small batch companies – potentially a good fit for Garland.

Digital-based services are a key employment sector in DFW and a growing sector – its workforce has choices (including work from home). Does Garland have the type of community that can appeal to them?

Manufacturing sector

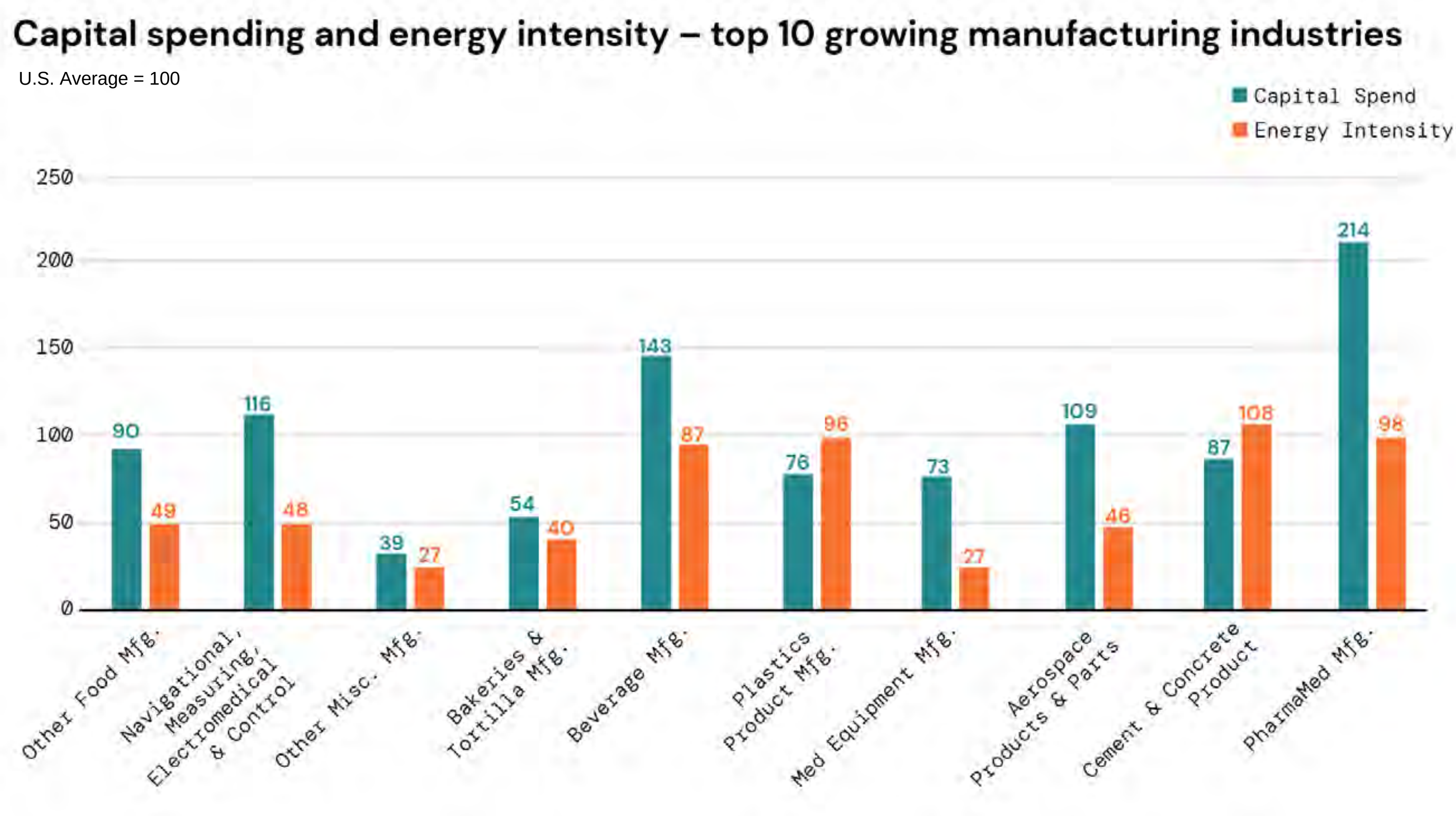
NAICS	Industry	Firm Change 2015-20	%Firms Change	Tot Firms 2020	Employ Change 2015-20	Tot Employ 2020
3119	Other Food Mfg	38	75%	89	2377	4636
3345	Navigational, Measuring, Electromedical, a	31	44%	101	1621	7639
3399	Other Miscellaneous Mfg	28	14%	229	520	3038
3118	Bakeries and Tortilla Mfg	27	20%	162	-170	3766
3121	Beverage Mfg	25	48%	77	1077	3583
3261	Plastics Product Mfg	23	28%	105	1267	6547
3391	Med Equipment and Supplies	13	10%	139	110	3644
3364	Aerospace Product and Parts	10	42%	34	1053	7380

Service sector

NAICS	Industry	Firm Change 2015-20	%Firms Change	Tot Firms 2020	Employ Change 2015-20	Tot Employ 2020
5415	Computer Systems Design and Related Services	1050	25%	5222	12970	69044
5416	Management, Scientific, and Technical Consulting Ser	662	19%	4067	12273	44783
5312	Offices of Real Estate Agents and Brokers	523	48%	1606	1370	6443
5313	Activities Related to Real Estate	282	28%	1286	1561	17715
5239	Other Financial Investment Activities	265	22%	1479	2202	11329
5412	Accounting, Tax Preparation, Bookkeeping, and Payro	249	16%	1778	1615	22388
4541	Electronic Shopping and Mail-Order Houses	231	73%	546	5912	10413
5411	Legal Services	217	8%	2790	1589	22055
5511	Management of Companies and Enterprises	191	36%	721	6666	45890
5242	Agencies, Brokerages, and Other Insurance Related A	186	10%	2017	8211	33035
5112	Software Publishers	122	70%	297	990	9021
5413	Architectural, Engineering, and Related Services	119	8%	1557	1752	24435
5182	Data Processing, Hosting, and Related Services	111	57%	305	-951	11660
5414	Specialized Design Services	109	21%	621	-60	2792

SEVERAL OF THESE INDUSTRIES ARE POTENTIAL HIGH BPP GENERATORS AND ELECTRICITY USERS

These industries can help Garland's fiscal profile.



Source: NP analysis, Annual Survey of Manufacturers, 2019

03 Existing Conditions and Trends:

Garland Workforce Context

GARLAND HAS ~35K MORE WORKERS THAN JOBS

53,000 workers flow into Garland to fill jobs in the city. 88,000 Garland residents leave the city for work elsewhere. Relatively few residents work in Garland, about 10%. For comparison, in Richardson it is 5.8%, Mesquite is 13%, and Plano is 14%.

This is in part because **2x more Garland residents work in office-based jobs than are available in the city.** Garland's employment base is approximately 20% manufacturing and logistics but only 14% of residents work in these sectors. 27% of Garland residents (27,000) work in office-based jobs.

Moreover, 80% of Garland residents who work in the goods producing sector (a proxy for manufacturing that also includes construction, mining, oil and gas) leave the city with 50% working in Dallas, Plano and Richardson. Based on job profiles from Indeed.com – wages in those cities appear to be 5% higher.

Garland resident jobs by industry – Garland jobs by industry

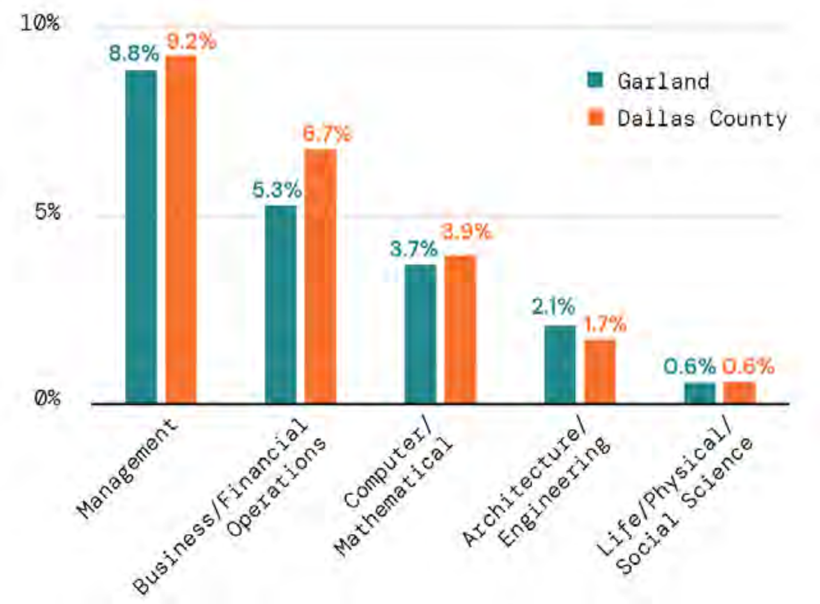
Source: NP analysis OTM Census data

WHY? IN PART, BECAUSE MORE RESIDENTS ARE WORKING IN OFFICE BASED JOBS THAN ARE AVAILABLE IN GARLAND

Garland residents mirror Dallas County in terms of professional occupations. Management and computer occupations are essentially the same percentage as the county and Garland has a slightly higher percentage of architectural and engineering occupations *Note: nationally 3.3% of the workforce is in computer and mathematical occupations.*

37% of Garland's jobs require a high school education or less. Across Dallas County 32% of jobs require high school or less.

Occupations



Source: NP analysis ACS occupational data, OTM geodata

03 Existing Conditions and Trends:

Garland Housing Context

GARLAND REMAINS ONE OF THE LESS EXPENSIVE CITIES ON THE EASTERN SIDE OF THE METROPLEX

Despite higher interest rates prices continue to increase.

Single family housing market benchmarks

Garland Single Family Housing Market Snapshot 4/26/2022

- **Garland: 380 homes: $295k median / $161sqft up 18% yr/yr**
- Richardson: 153 homes: $400k median / $185sqft up 11% yr/yr (residents work here)
- Dallas: 2898 homes: $525k median / $235sqft up 33% (residents work here)
- Plano: 465 homes: $475k median / $177sqft up 16% (residents work here)
- Rowlett: 217 homes: $370k median / $150sqft up 21%
- Mesquite: 355 homes: $265k median / $161sqft up 21%
- Sunnyvale: 37 homes: $509k median / $149sqft down 7.3%
- Sachse: 131 homes: $423k median / $164sqft up 13%

Source: Realtor.com various years

Garland Single Family Housing Market Snapshot 2/8/2023

- **Garland: 285 homes: $325k median / $188sqft up 9.7% yr/yr**
- Richardson: 188 homes: $474k median / $224sqft up 18.5% yr/yr (residents work here)
- Dallas: 3917 homes: $425k median / $237sqft up 7.6% (residents work here)
- Plano: 424 homes: $530k median / $215sqft up 14% (residents work here)
- Rowlett: 257 homes: $405k median / $188sqft up 3.9%
- Mesquite: 435 homes: $299k median / $180sqft up 8.8%
- Sunnyvale: 75 homes: $736k median / $216sqft up 13.2%
- Sachse: 163 homes: $450k median / $200sqft up 4.6%

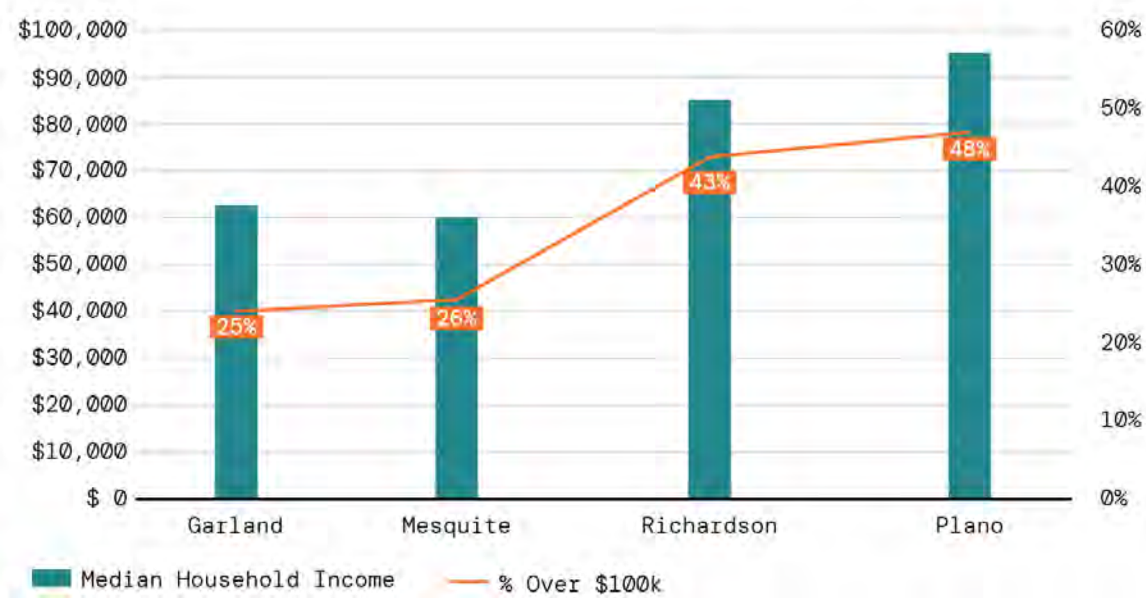
COULD HOUSING MARKET DRIVE INCOMES HIGHER IN GARLAND?

Income levels influence types of development and formula retail options developers can attract to a city.

In 2021 (most recent available data) Garland substantially lagged Richardson and Plano in median household income. In addition to lower incomes another consideration is the concentration of higher incomes in the city. 25% of Garland's population make over $100,000 versus 43% in Richardson and 48% in Plano.

Garland could be in for a gradual socioeconomic transformation due to rising home prices. **Garland's for sale housing prices require at least 52% higher incomes than the current median household income.**

Income comparison



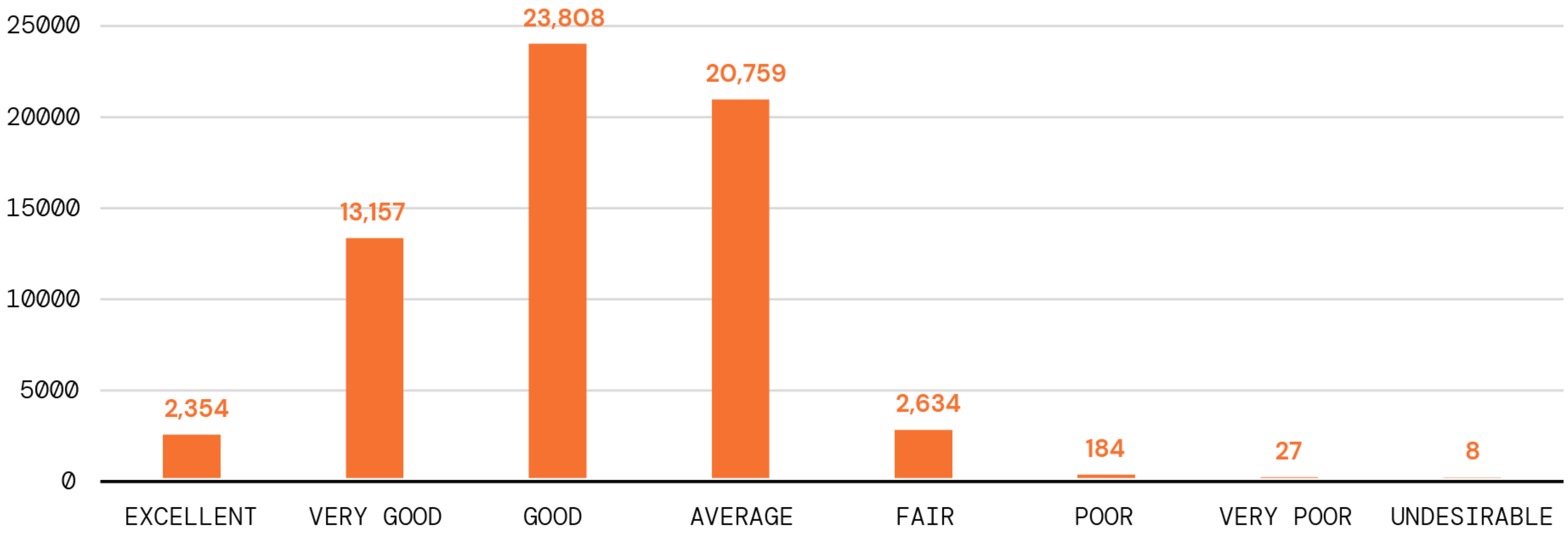
Source: ACS 5 year 2017 - 2021, NP calculations

The median home price in 2022 required at least $96k in household income at 5% interest or $103k at 6% interest. ($103k is 120% of AMI for a 4-person household, the top edge of "missing middle"). By comparison Richardson requires $121k-$130k in income depending on rates, which is 26% higher.

THE VAST MAJORITY OF GARLAND'S HOUSING STOCK IS RATED GOOD OR ABOVE

The Dallas County Appraisal District generates a housing desirability rating that represents the perspective of condition of the housing. It is determined through the assessment process. 62% of homes are rated good or better. Less than 3,000 houses are rated fair or lower.

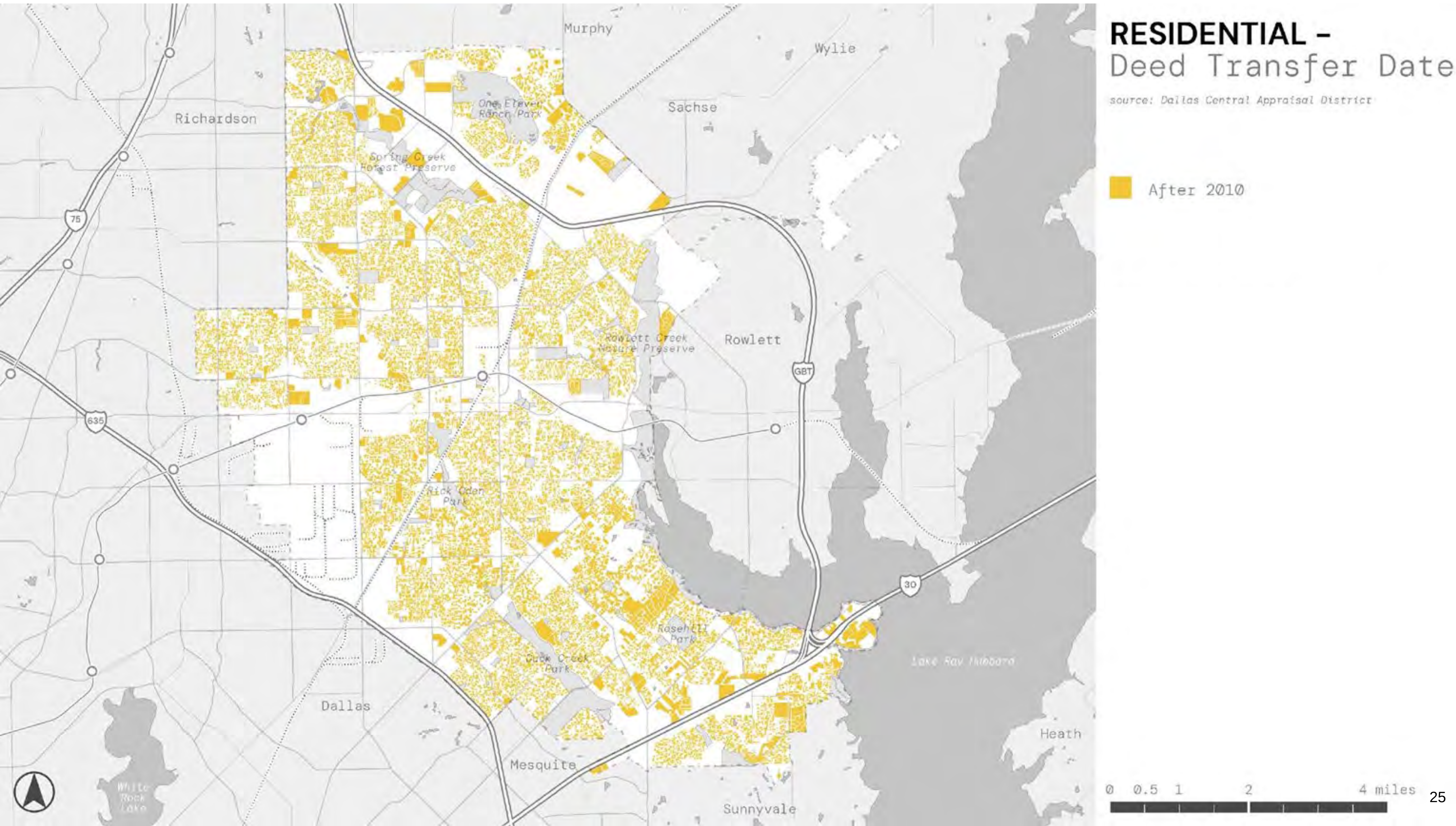
Housing classification "desirability"



Source: NP analysis of DCAD

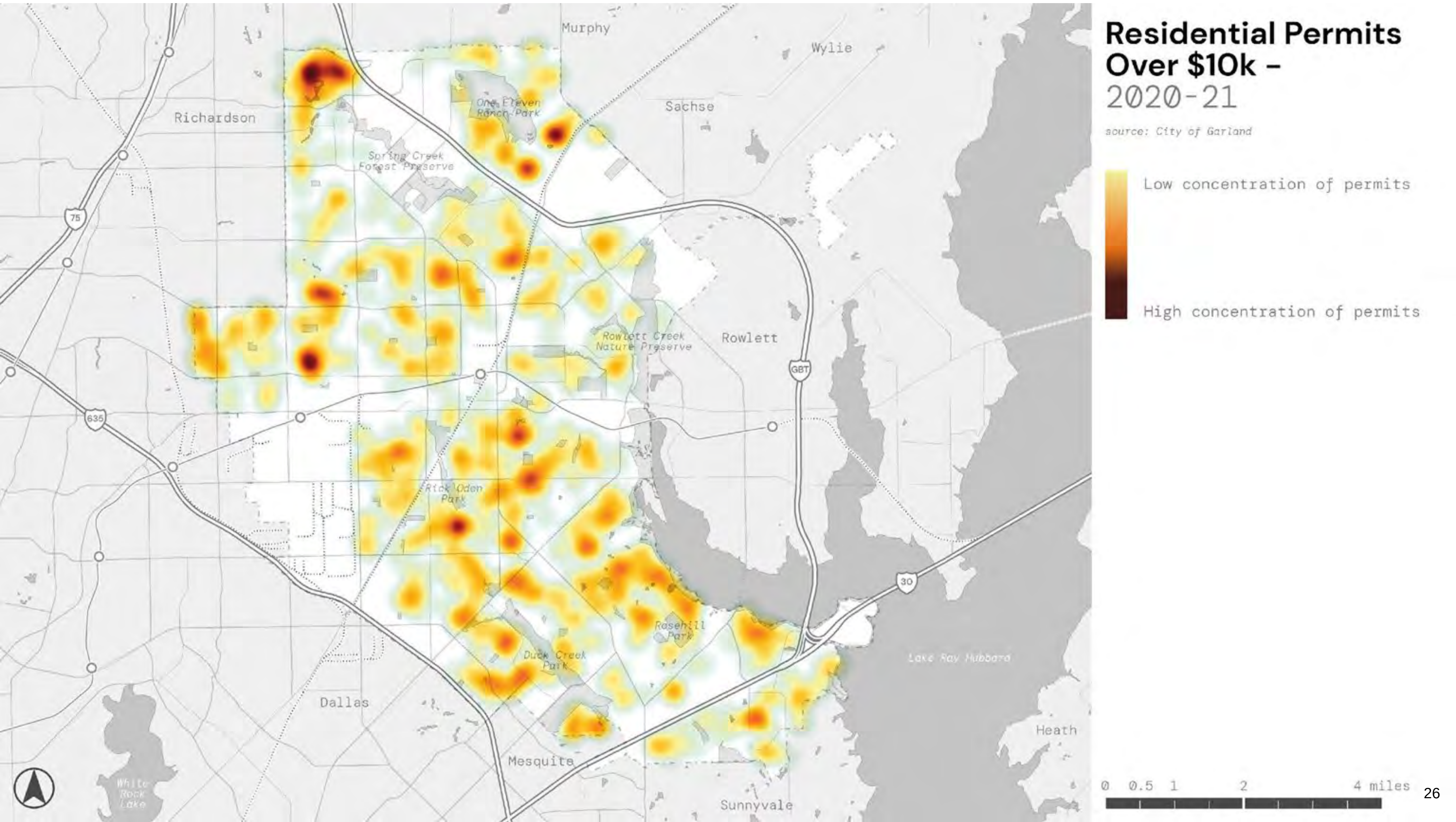
GARLAND'S RESIDENTIAL MARKET HAS BEEN ACTIVE

Sales since 2010 account for **51% of all the residential parcels** in Garland (33,760 of 65,982 parcels) and **55% of all the residential land** (12,086 acres of 22, 028 acres).



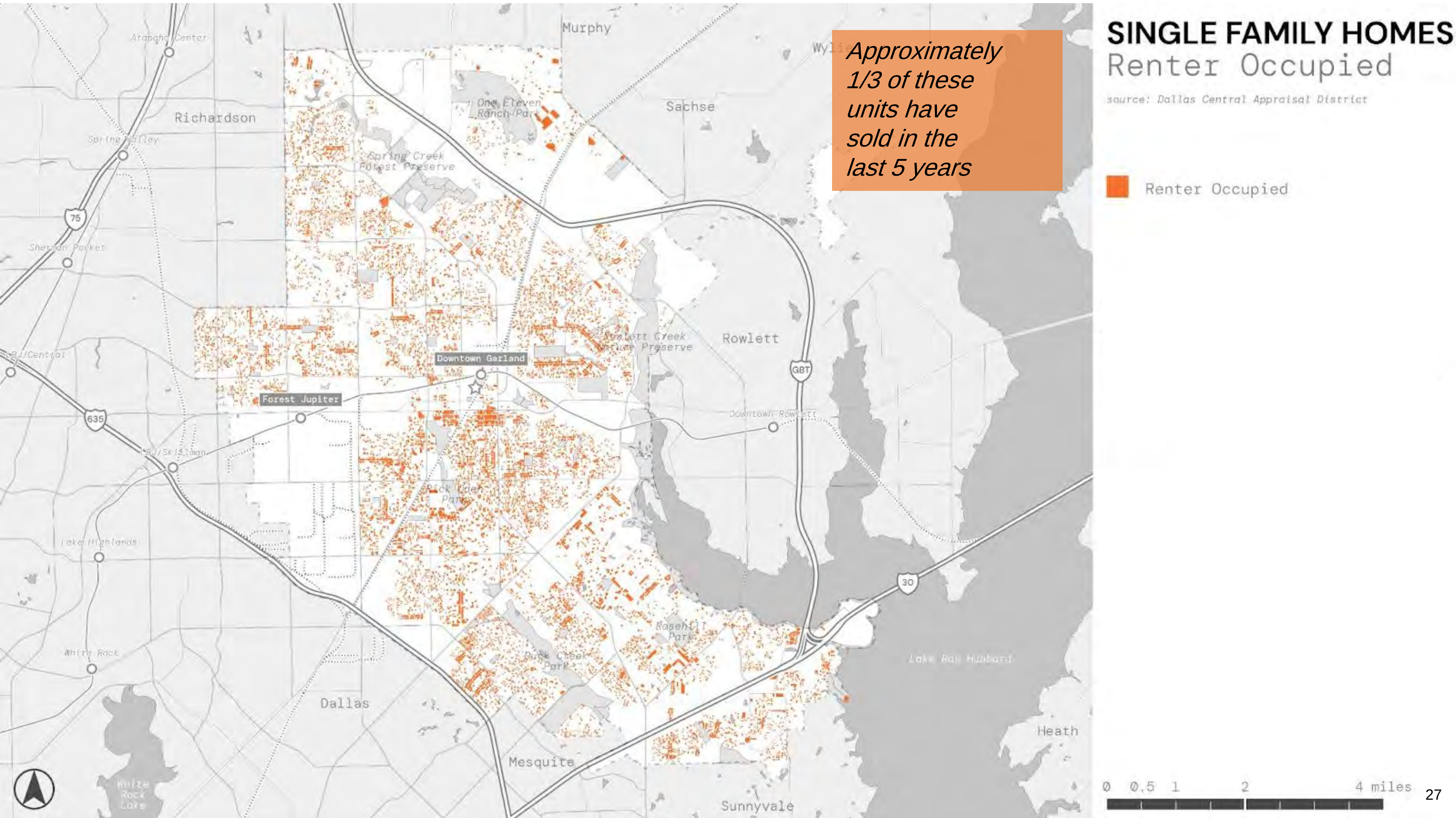
REINVESTMENT IS OCCURING ACROSS GARLAND, INCLUDING IN HISTORICALLY UNDERINVESTED PARTS OF THE CITY

Creating a heat map of residential reinvestment using residential permits provides a look at “rehab density” throughout the city without identifying specific properties. More than 1,000 units received at least $10,000 in reinvestment.



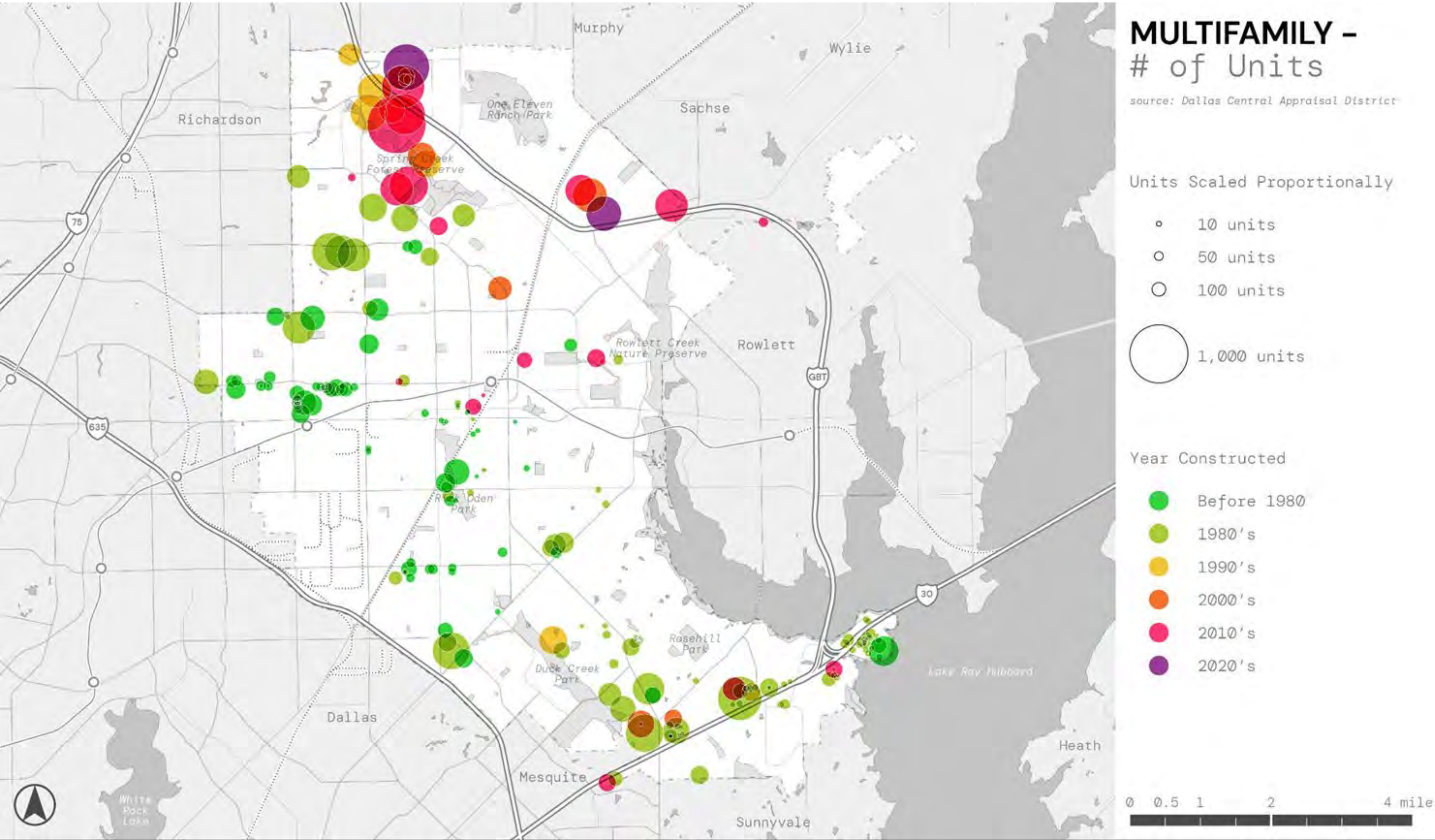
GARLAND'S SINGLE-FAMILY RENTAL % IS IN LINE WITH THE AREA

This analysis was performed in two ways. First was using property tax records based on mailing address of property tax bills: 14,247 units were identified as potentially renter occupied through this method – 23% of 61k total single-family units (14,247). Second through the ACS Housing Survey which identified 17% of 55k units (9,489 units), however, the survey has a margin of error of several thousand units. This suggests that approximately 20% of single-family homes are rental. This compares to 15% in Richardson, 22% in Mesquite and 17% in Dallas County based on the ACS Housing Survey.



MULTIFAMILY DENSITY IS SHIFTING GEOGRAPHIES BUT KEY REDEVELOPMENT AREAS HOST THE OLDEST PROPERTIES

There is substantially more multi - family housing density in northern Garland along the PGBT than in other parts of Garland. However, this is the newest set of apartment complexes. Older units pre - dating 1980 are spread throughout the city. These units tend to be two stories, lower density, and do not retain value as well.

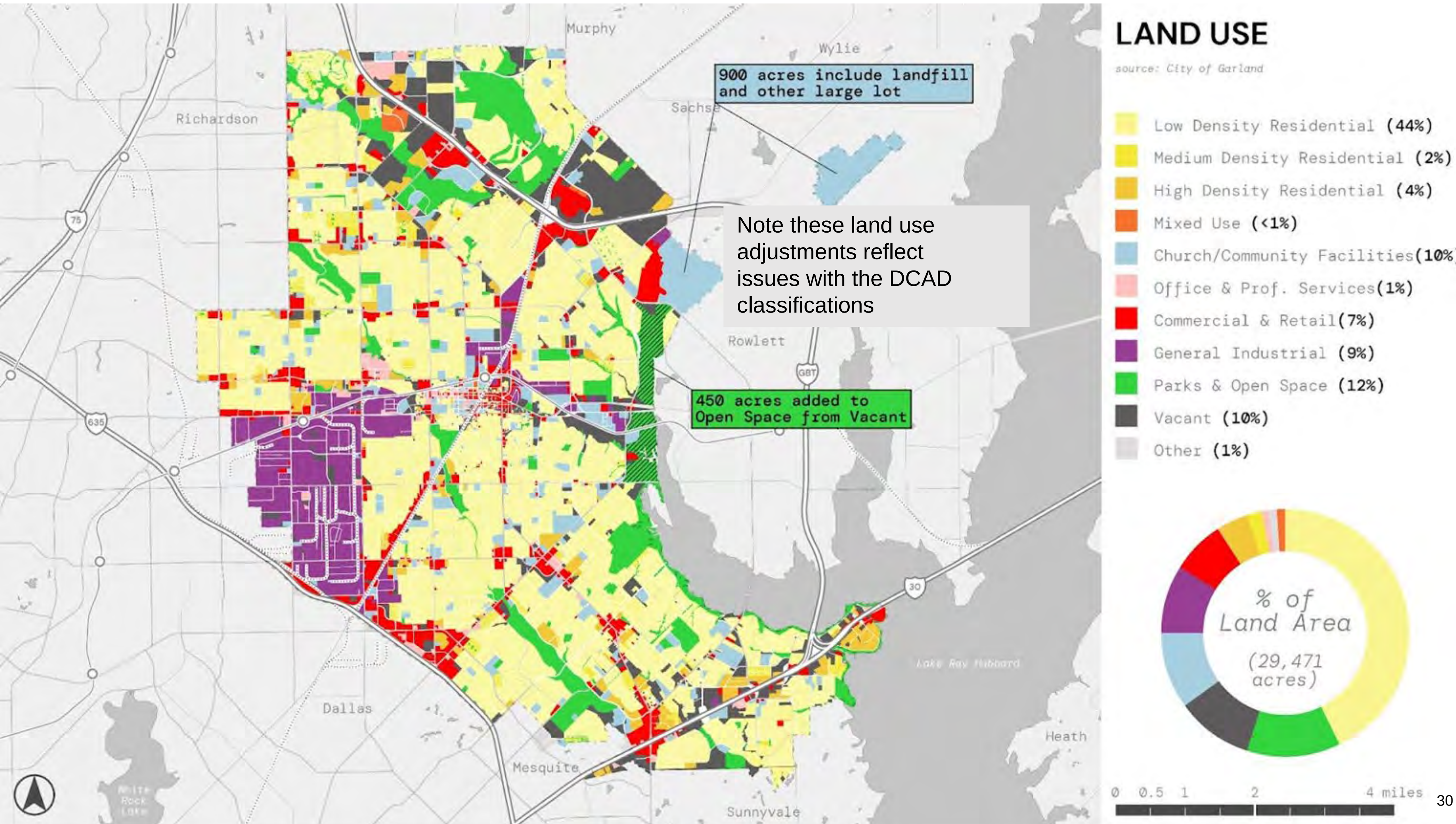


03 Existing Conditions and Trends:

Garland Land Context

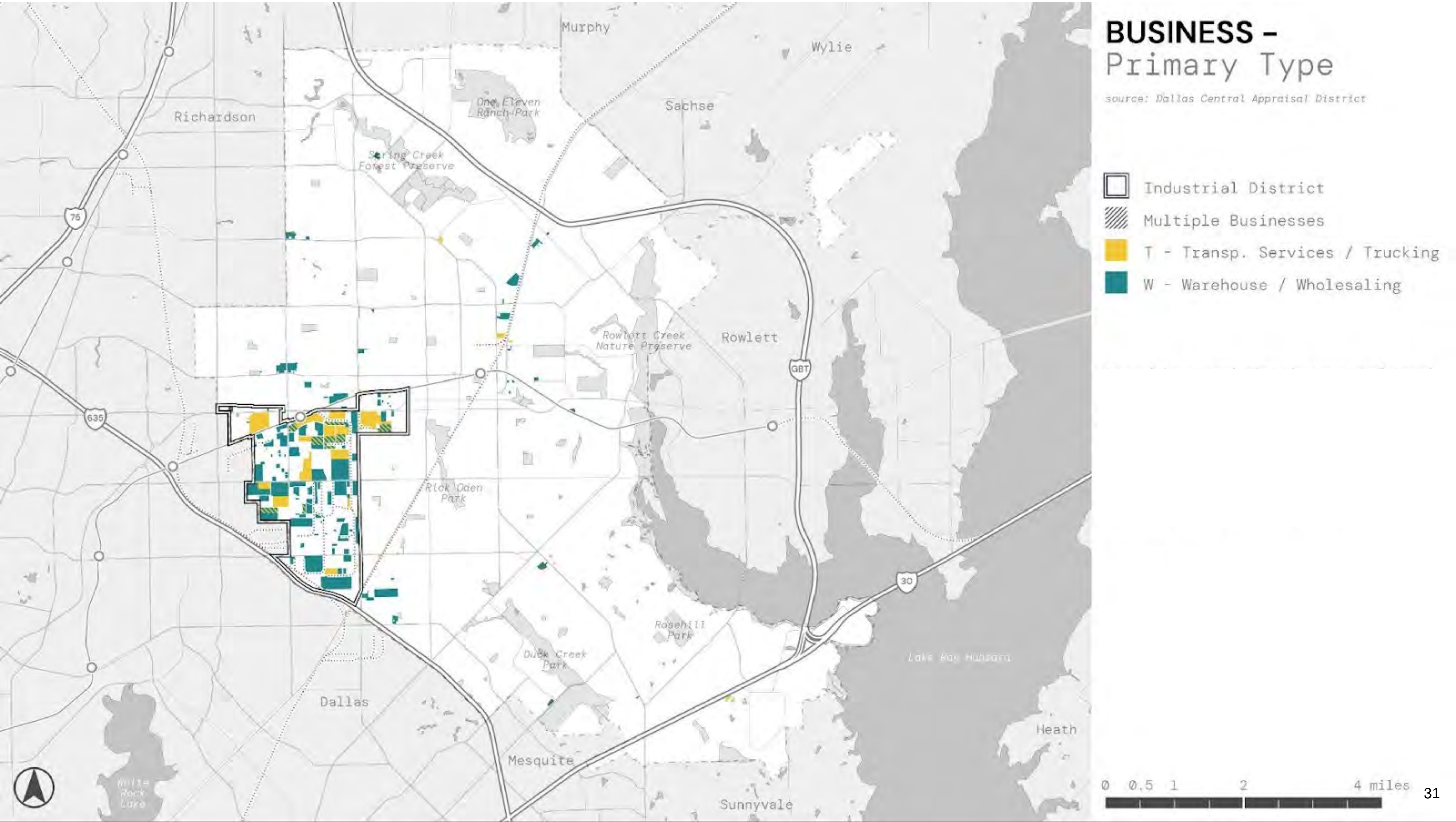
LOW DENSITY RESIDENTIAL IS THE DOMINANT LAND USE IN GARLAND

Of the city's more than 29,000 acres, 44% of the land area is low density single family residential. Multi - family represents only 4%. 17% of the land area consists of office and professional services, commercial and retail uses, and general industrial uses. These are key categories for revenue generation in Garland. An estimated 10% of land area is vacant.



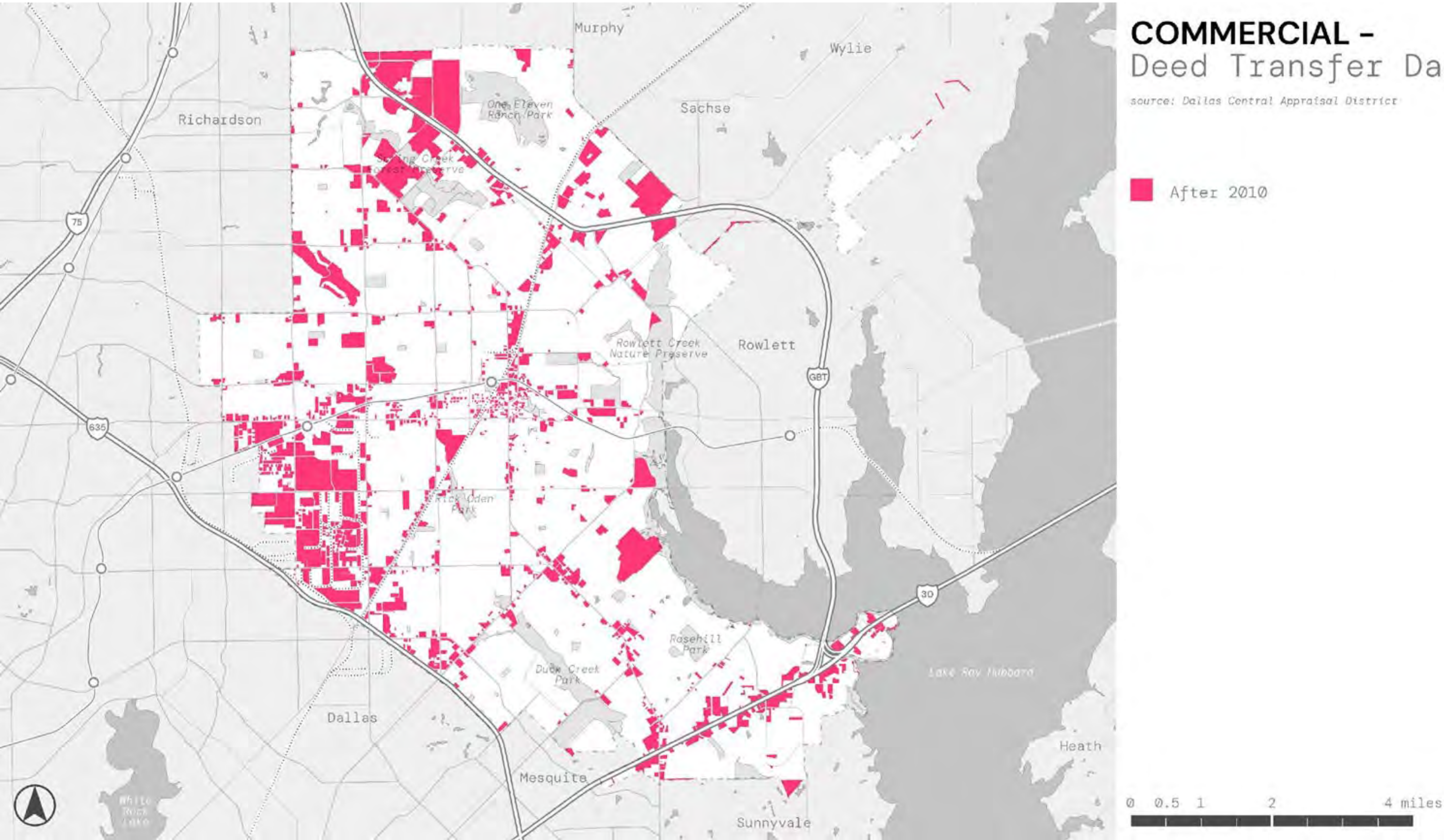
EFFECTIVELY AN "INLAND PORT" EXISTS IN GARLAND'S MAIN INDUSTRIAL DISTRICT

44% of the acreage is identified as either trucking or warehousing, accounting for 1,014 of the 2,301 acres in the main industrial district. Moreover, several of the major manufacturers in the area also have major shipping operations. This combination of uses have important implications for the amount of trucking activity taking place. The road network in the area reflects a different era of industrial development with lower trucking demand.



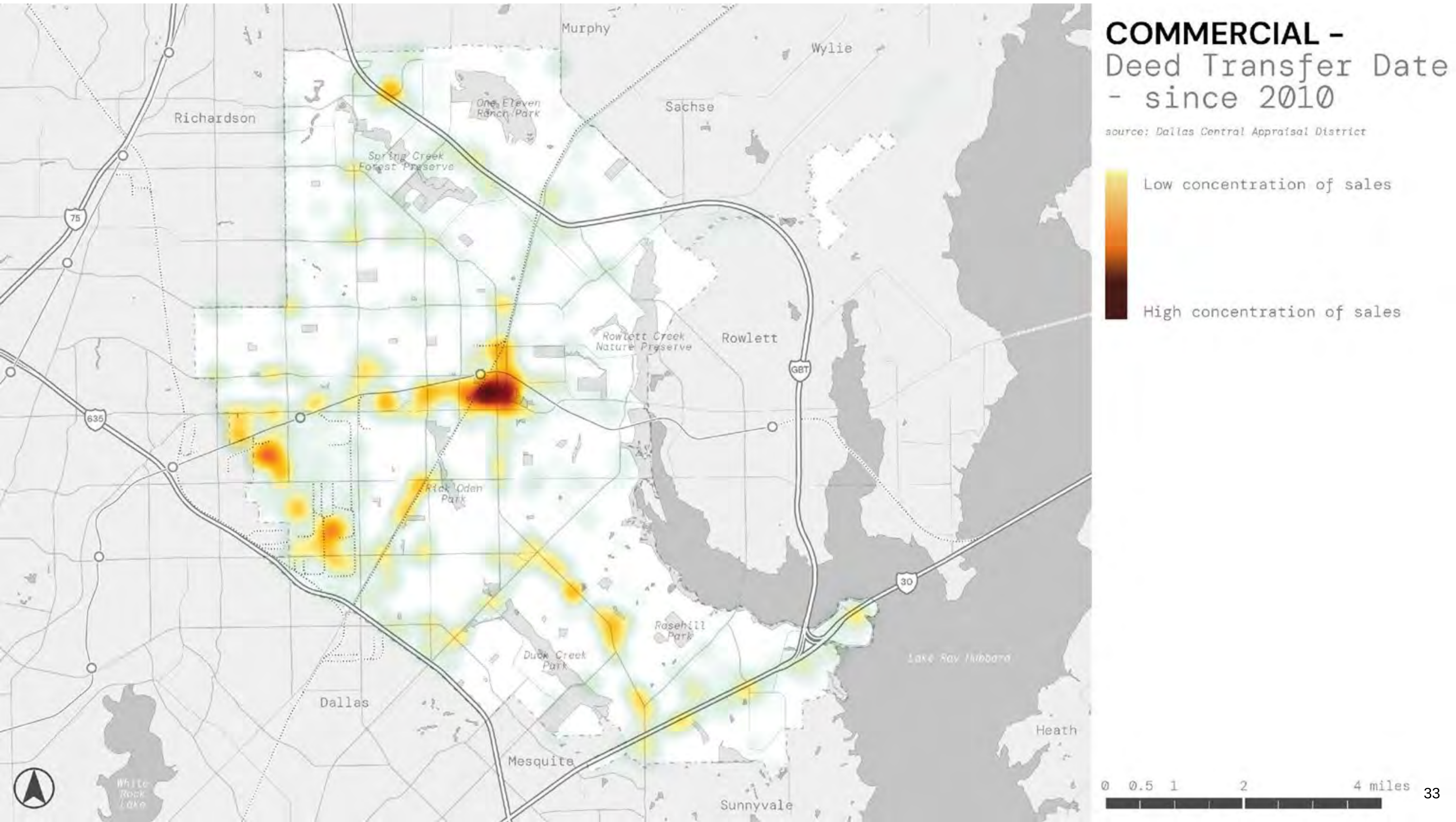
THE COMMERCIAL MARKET IS HOT

Almost half the parcels and 40% of the acreage has sold or transferred ownership at least once in the last 10 years, amounting to 2,119 of 4,573 parcels and 5,468 acres of 15,2578 acres since 2010.



DOWNTOWN HAS SEEN A SIGNIFICANT AMOUNT OF ACTIVITY

This amount of private investment activity suggests that physical improvements made to downtown have spurred renewed interest in downtown as an investment opportunity.

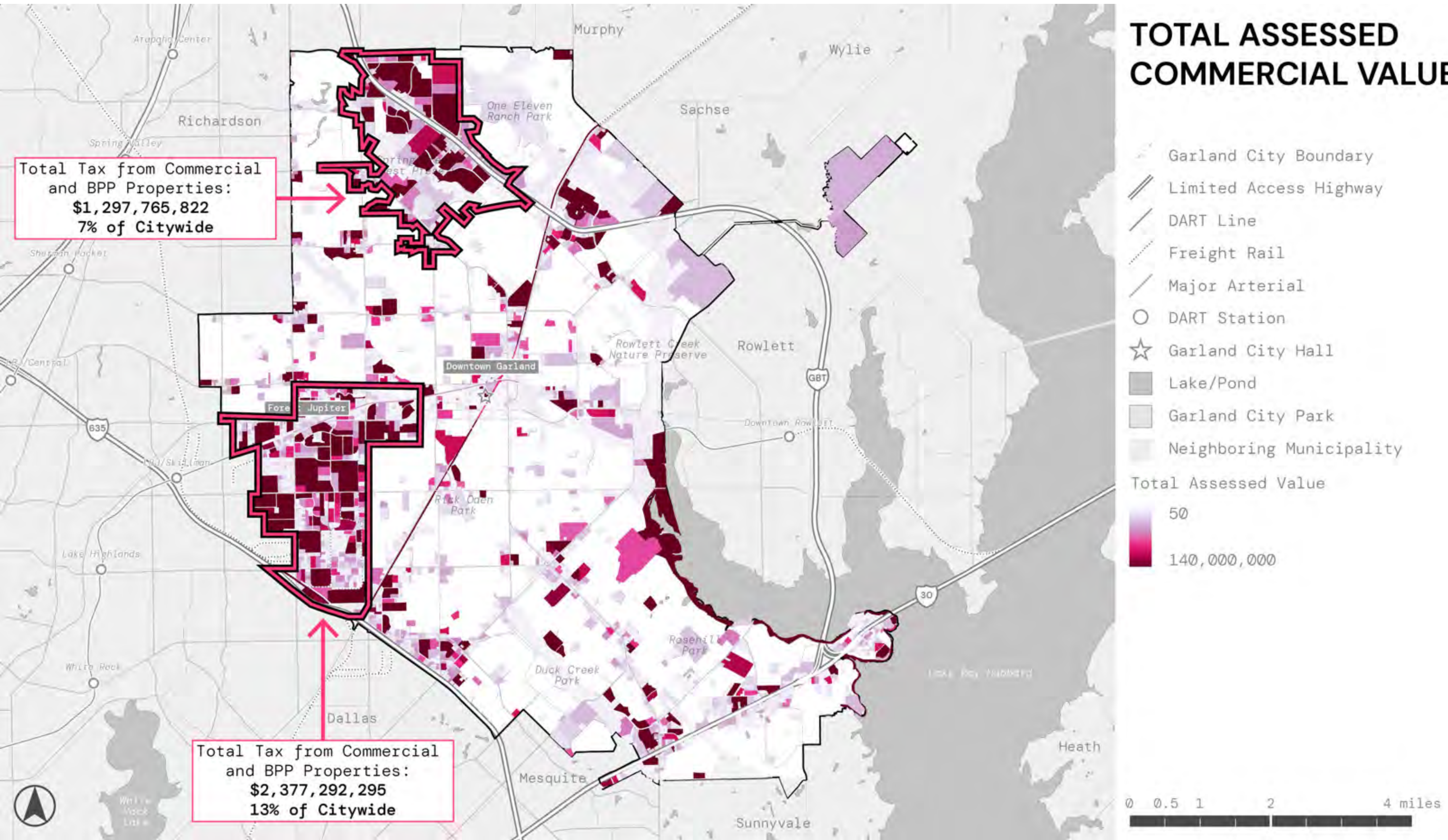


03 Existing Conditions and Trends:

Garland Fiscal / Development Insights

PROPERTY TAX GENERATION IS GEOGRAPHY CONCENTRATED

These two major concentrations represent 20% of the total property base of the city.

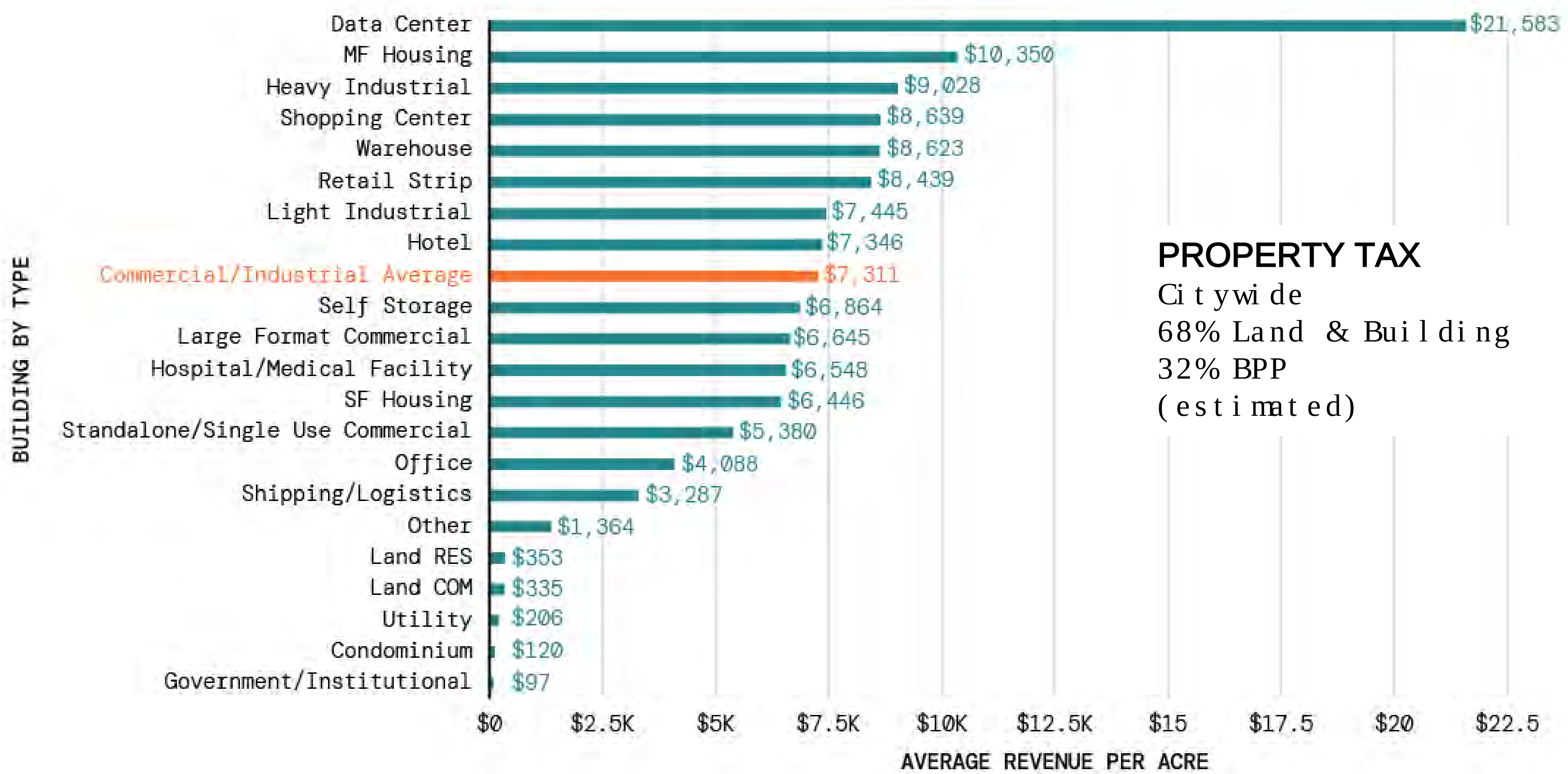


BUILDING TYPOLOGIES AND THE NATURE OF THE BUSINESS MATTERS ON REVENUE GENERATION

Parcel size can be a misleading indicator of property value (see appendix). To understand the financial contribution of different building typologies to Garland's tax base, development was converted to a per acre basis. The city commercial/industrial average is $7,311/acre. This is higher than self - storage, large format commercial, and office.

Data centers generate the most revenue per acre. The next highest category is multi - family housing. However, MF housing age impacts valuations. Manufacturing is heavily influenced by the amount of Business Personal Property tax inside the building. The level of capital investment is an important driver of manufacturing property tax value. The following 5 pages provide additional breakdown by building type.

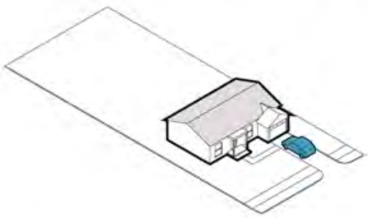
Revenue per acre by building type



Property tax generation - residential

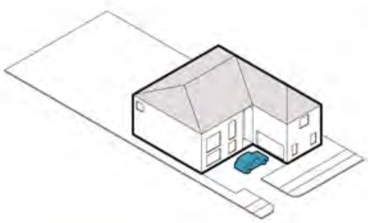
Single Family - Small

* single family homes scaled up 3x for visual clarity

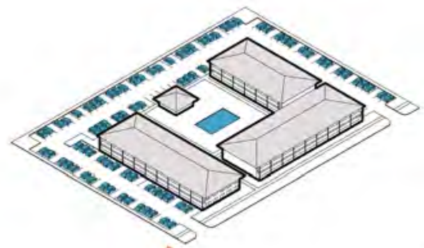


Single Family - Large

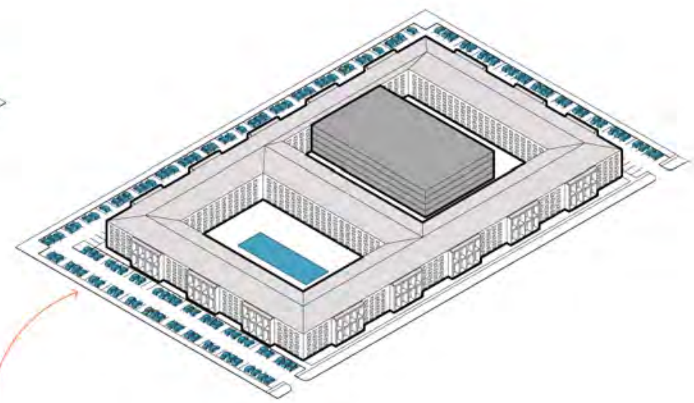
* single family homes scaled up 3x for visual clarity



Multi Family - Small



Multi Family - Large

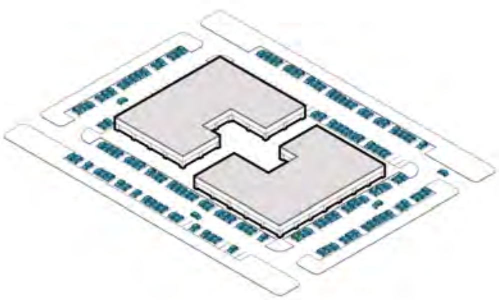


Total Acres: **12,859 acres**
Total Revenue: **$82,715,630**
Revenue per Acre - All: **$6,433**
Revenue per Acre - Pre 1980: **$5,444**
Revenue per Acre - 1980-2000: **$7,770**
Revenue per Acre - Post 2000: **$10,632**

Total Acres: **1,163 acres**
Total Revenue: **$13,843,310**
Revenue per Acre - All: **$11,905**
Revenue per Acre - Pre 1980: **$9,116**
Revenue per Acre - 1980-2000: **$10,541**
Revenue per Acre - Post 2000: **$15,404**

Property tax generation - production/employment

Office

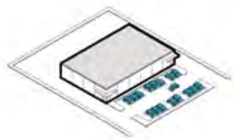


Types:

medical office building, office building

Total Acres: **451 acres**
Total Revenue: **$1,843,426**
Revenue per Acre: **$4,088**

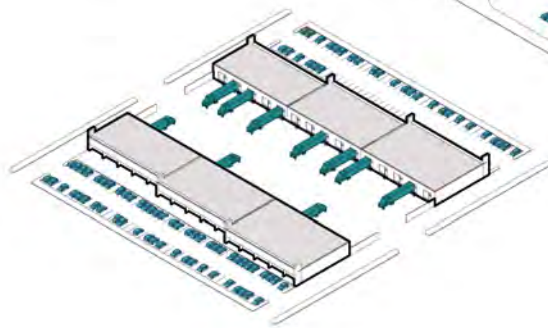
Light Industrial



Types:

light industrial, office/showroom, technical building, storage warehouse

Office / Showroom

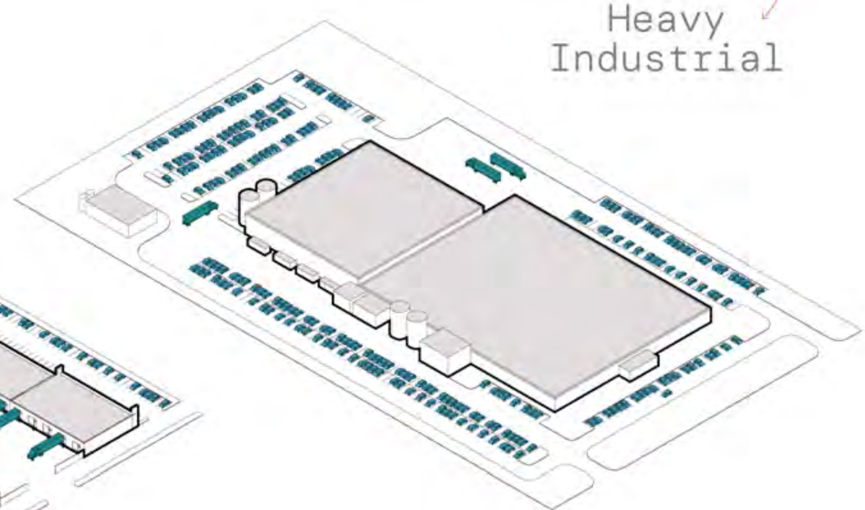


Types:

light industrial, office/showroom, storage warehouse

Total Acres: **576 acres**
Total Revenue: **$4,288,821**
Revenue per Acre: **$7,445**

Heavy Industrial



Total Acres: **389 acres**
Total Revenue: **$3,512,003**
Revenue per Acre: **$9,028**

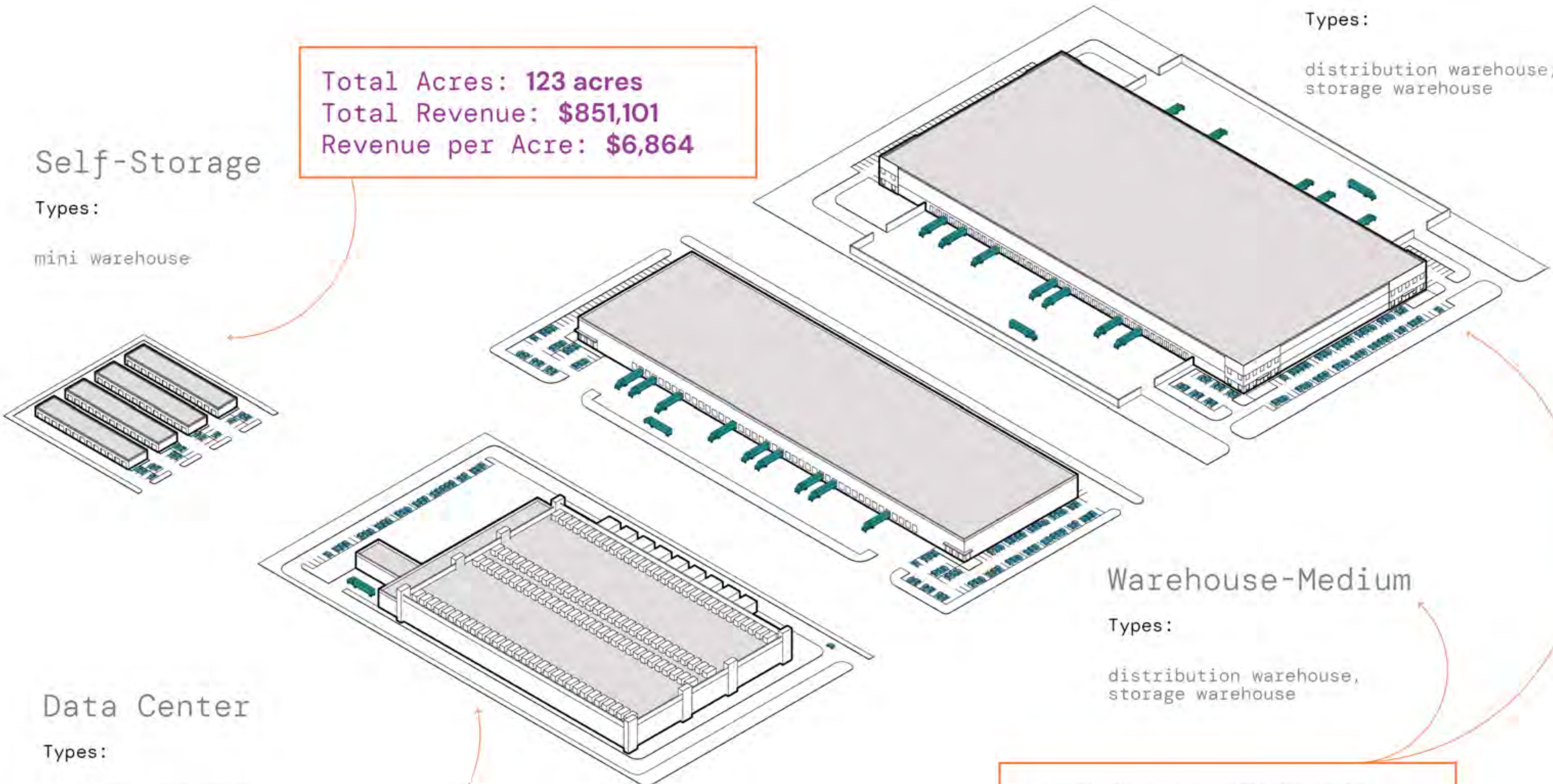
HEAVY INDUSTRY HAS A WIDE VARIATION IN REVENUE PER ACRE

The biggest difference of property tax revenue for manufacturing space is BPP. Processes that are capital intensive can generate revenue per acres values over $20k, rivaling Data Centers.

Garland heavy industry revenue per acre

Source: NP calculations based on DCAD data

Property tax generation - storage/warehouse



Self-Storage

Types:

mini warehouse

Total Acres: **123 acres**
Total Revenue: **$851,101**
Revenue per Acre: **$6,864**

Warehouse-Large

Types:

distribution warehouse,
storage warehouse

Warehouse-Medium

Types:

distribution warehouse,
storage warehouse

Total Acres: **1,409 acres**
Total Revenue: **$12,150,962**
Revenue per Acre: **$8,623**

Data Center

Types:

computer data center

Total Acres: **60 acres**
Total Revenue: **$1,306,460**
Revenue per Acre: **$21,583**

Property tax generation - retail

Stand Alone Comercial

Total Acres: **994 acres**
Total Revenue: **$5,346,690**
Revenue per Acre: **$5,380**

Types:

automatic car washes, automotive auto display, auto service, bank, barber shop, cafateria, cold storage, convenience store, converted service station, converted residence, day nursery, fast food restaurant, free standing retail store, laundromat, mini lubes, gas service station, restaurant, sales office, service station

Retail Strip

Types:

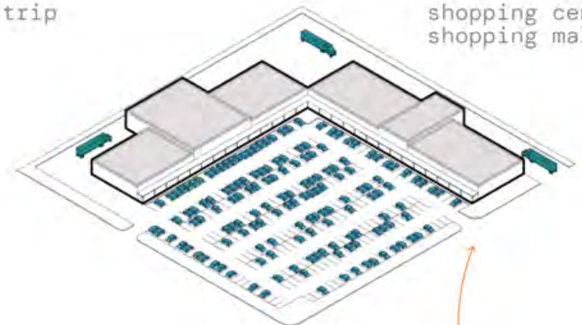
retail strip

Total Acres: **304 acres**
Total Revenue: **$2,570,875**
Revenue per Acre: **$8,439**

Shopping Center

Types:

shopping center, shopping mall

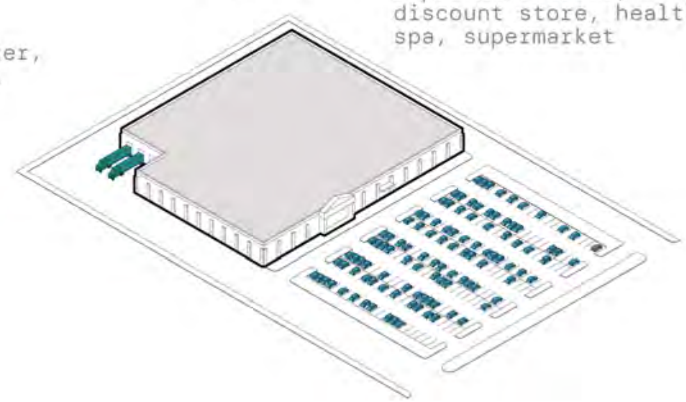


Total Acres: **251 acres**
Total Revenue: **$2,173,009**
Revenue per Acre: **$8,638**

Large Format

Types:

department store, discount store, health spa, supermarket

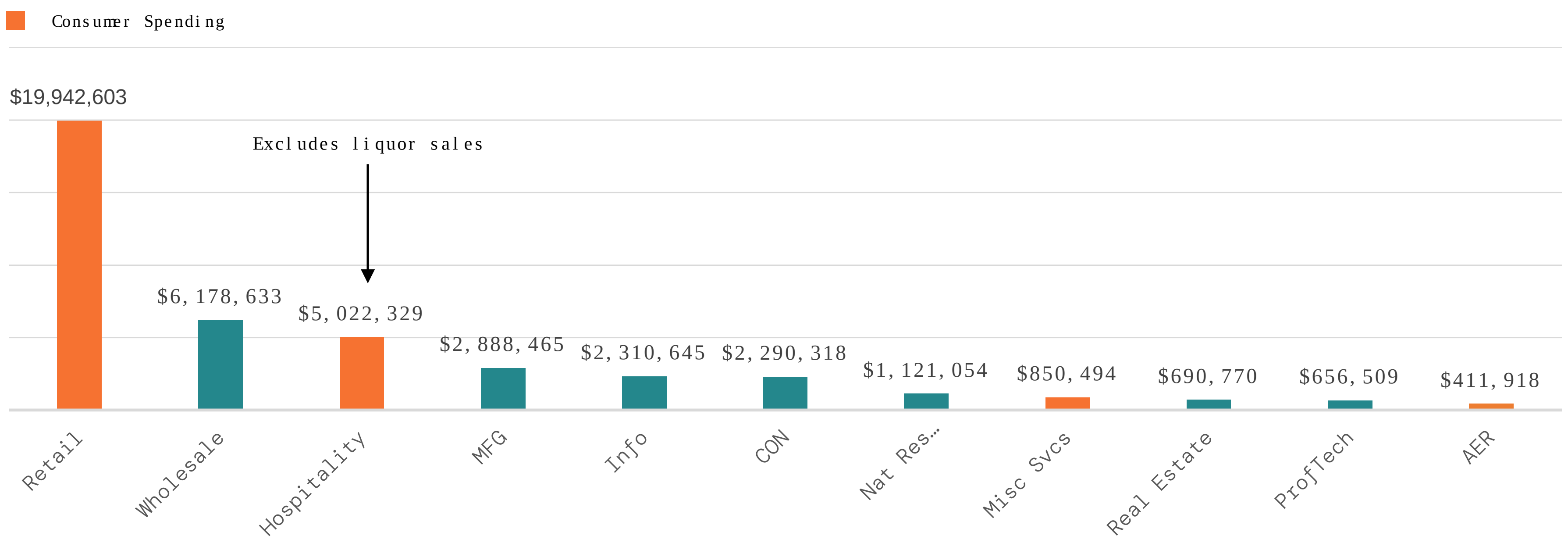


Total Acres: **313 acres**
Total Revenue: **$2,078,507**
Revenue per Acre: **$6,645**

NOT ALL SALES TAX IS CONSUMER SPENDING DRIVEN

Sales tax is typically associated with retail spending. In Garland, consumer spending generated sales tax is 62% of total which means that 38% is generated by business - to - business activity. This excludes raw materials for manufacturing, as that is sales tax exempt; however, a significant amount of revenue is generated through business expenditures. The $19m in retail tax in Garland suggests the retail market size is $1.9b ($19m / 1% tax rate). At least 10% of retail is online but may be as high as 20%. A monthly analysis (not shown here) shows sales tax is not subject to large seasonal swings.

2021 Sales tax collections by category



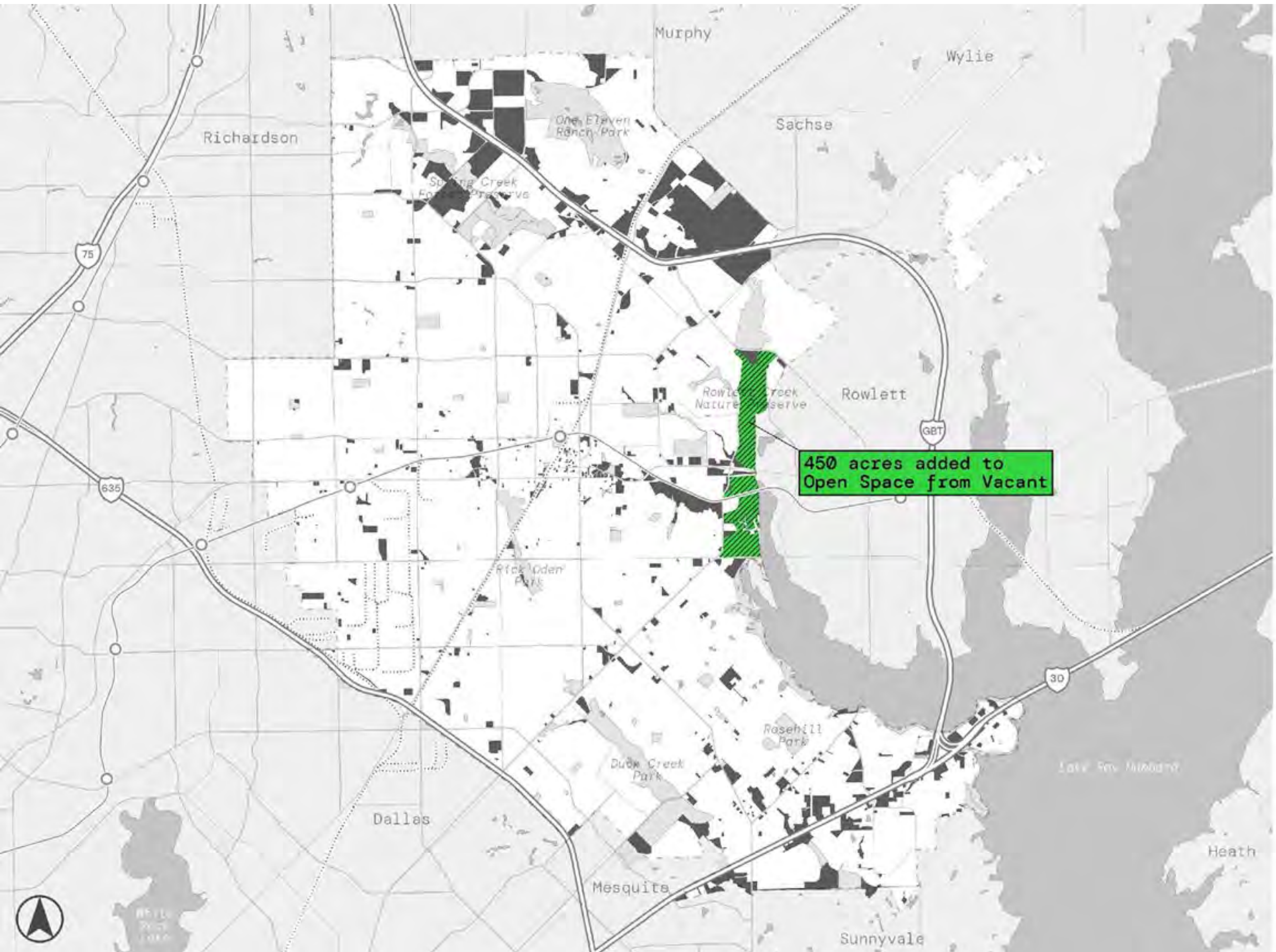
Source: City Finance Office

03 Existing Conditions and Trends:

Physical Development Potential

ABOUT 10% OF THE TOTAL LAND AREA IS VACANT

156 parcels exist that are more than 10 acres. These are primarily along the Turnpike. There also appears to be some opportunities along I - 30 but this will depend on how traffic patterns are ultimately realigned.



LAND USE - Vacant

source: City of Garland

Vacant

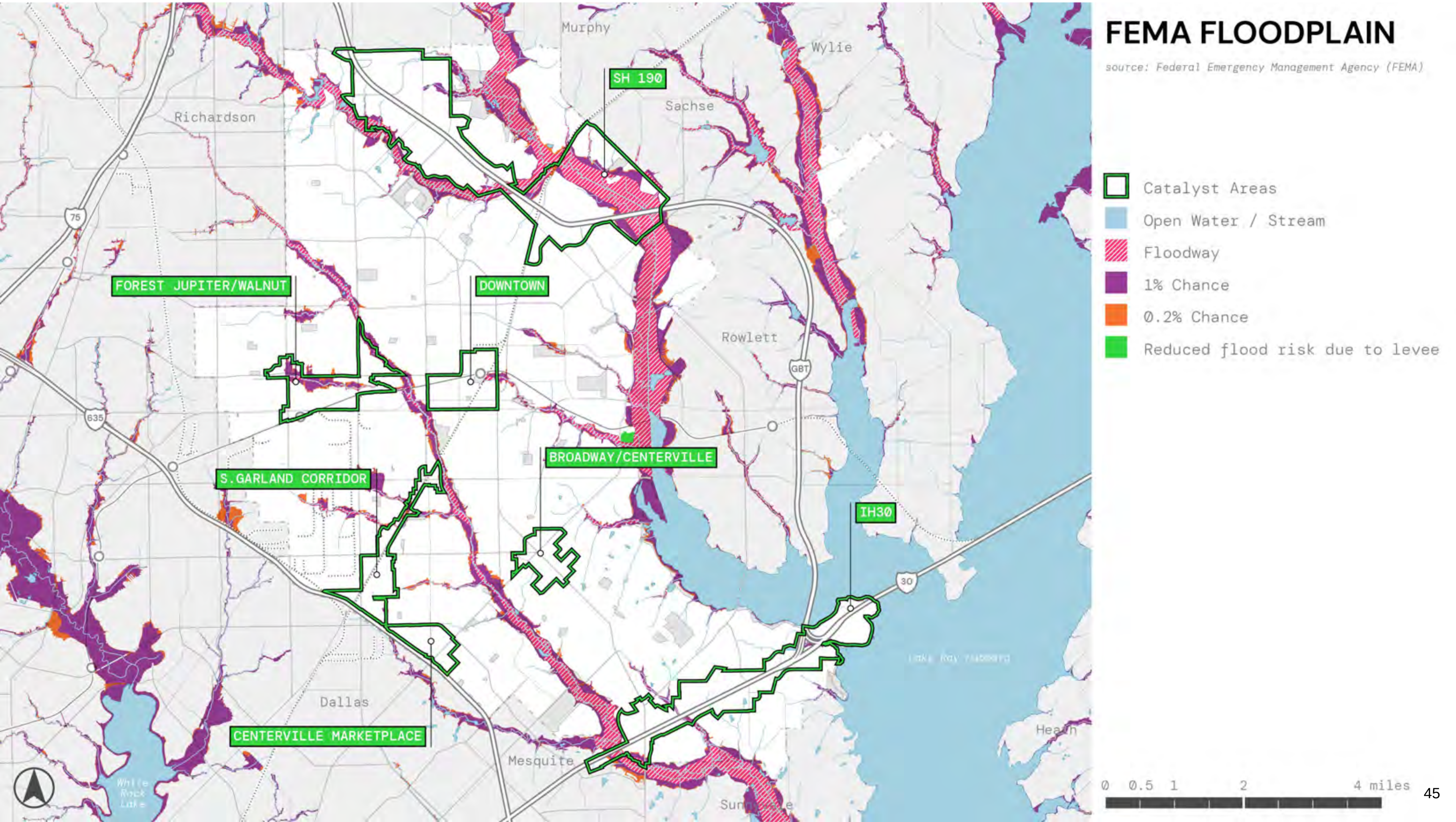
3,034
Acres of Vacant Land

Vacant Area	No. of Parcels
Under 1 acre	507
1 - 5 acres	236
5 - 10 acres	60
Over 10 acres	156

0 0.5 1 2 4 miles

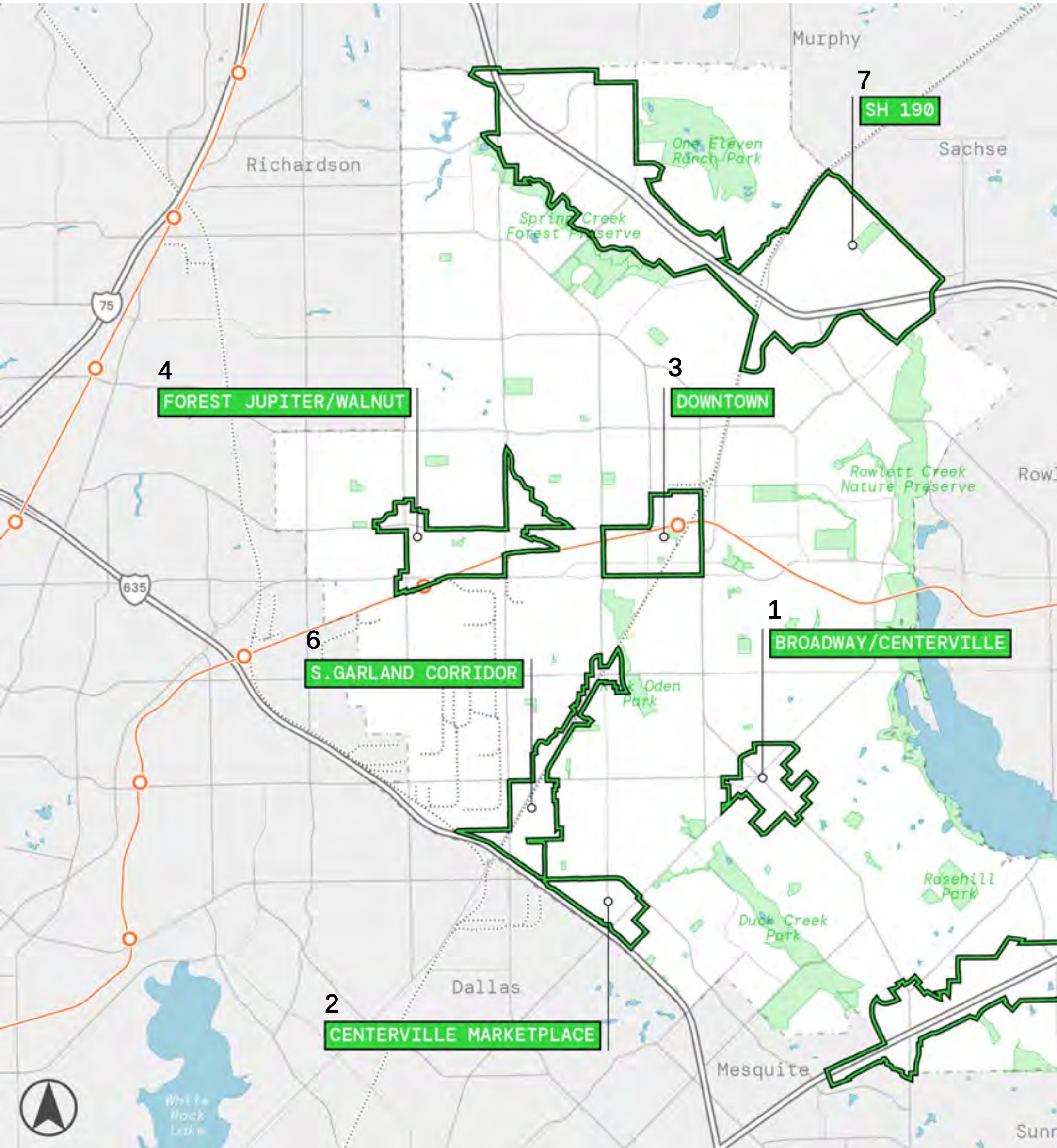
SOME OF THE CATALYST AREAS CONTAIN PARCELS IN THE FLOODPLAIN

This is a key issue along the SH190 Catalyst Area.



AN OPPORTUNITY EXISTS TO ADD TO GARLAND'S PHYSICAL DEVELOPMENT POTENTIAL

Although Garland is "built-out" there are opportunities for redevelopment at various levels of complexity based on environmental conditions, parcel assembly requirements, and zoning that allows for more density on underdeveloped parcels.



CATALYST AREAS REDEVELOPMENT POTENTIAL

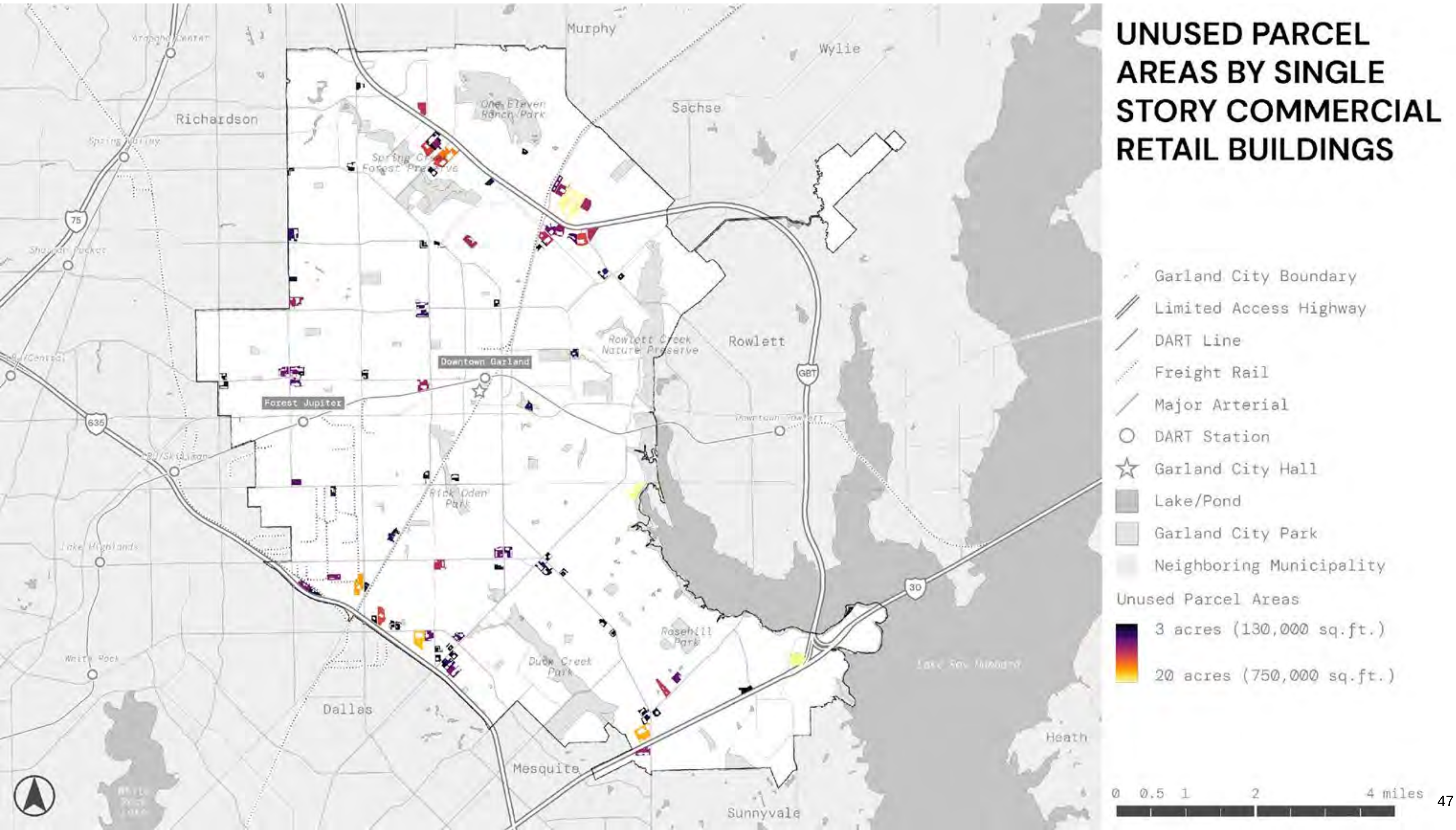
In total **436.09** acres can be developed

1	All parcel area	: 260.94
	Underdeveloped commercial area	: 17.19 (7%)
	Auto businesses	: 0.86 (0%)
	Vacant - no flood	: 43.09 (17%)
	Vacant - flood	: 0 (0%)
2	All parcel area	: 211.97
	Underdeveloped commercial area	: 58.25 (27%)
	Auto businesses	: 4.25 (2%)
	Vacant - no flood	: 19.28 (9%)
	Vacant - flood	: 0 (0%)
3	All parcel area	: 328.52
	Underdeveloped commercial area	: 0.00 (0%)
	Auto businesses	: 16.91 (5%)
	Vacant - no flood	: 15.89 (5%)
	Vacant - flood	: 0 (0%)
4	All parcel area	: 546.36
	Underdeveloped commercial area	: 31.46 (6%)
	Auto businesses	: 26.39 (5%)
	Vacant - no flood	: 11.74 (2%)
	Vacant - flood	: 9.91 (2%)
5	All parcel area	: 1,016.61
	Underdeveloped commercial area	: 71.95 (7%)
	Auto businesses	: 12.91 (1%)
	Vacant - no flood	: 226.16 (22%)
	Vacant - flood	: 85.72 (8%)
6	All parcel area	: 388.43
	Underdeveloped commercial area	: 33.55 (9%)
	Auto businesses	: 43.89 (11%)
	Vacant - no flood	: 23.74 (6%)
	Vacant - flood	: 15.88 (4%)
7	All parcel area	: 2560.97
	Underdeveloped commercial area	: 223.69 (9%)
	Auto businesses	: 5.00 (0%)
	Vacant - no flood	: 432.04 (17%)
	Vacant - flood	: 889.64 (35%)

OPPORTUNITIES TO ADD DENSITY ON EXISTING COMMERCIAL PARCELS

All single - story commercial properties were identified on the basis of SPTD codes and Num_Story columns in the DCAD dataset. For properties with 30% or less land utilization the building footprints for these properties were subtracted from the parcels to generate the Unused Parcel Areas.

Property Size	No. of Parcels
3 - 6 acres	62
6 - 11.5 acres	45
11.5 - 17 acres	19
Over 17 acres	7

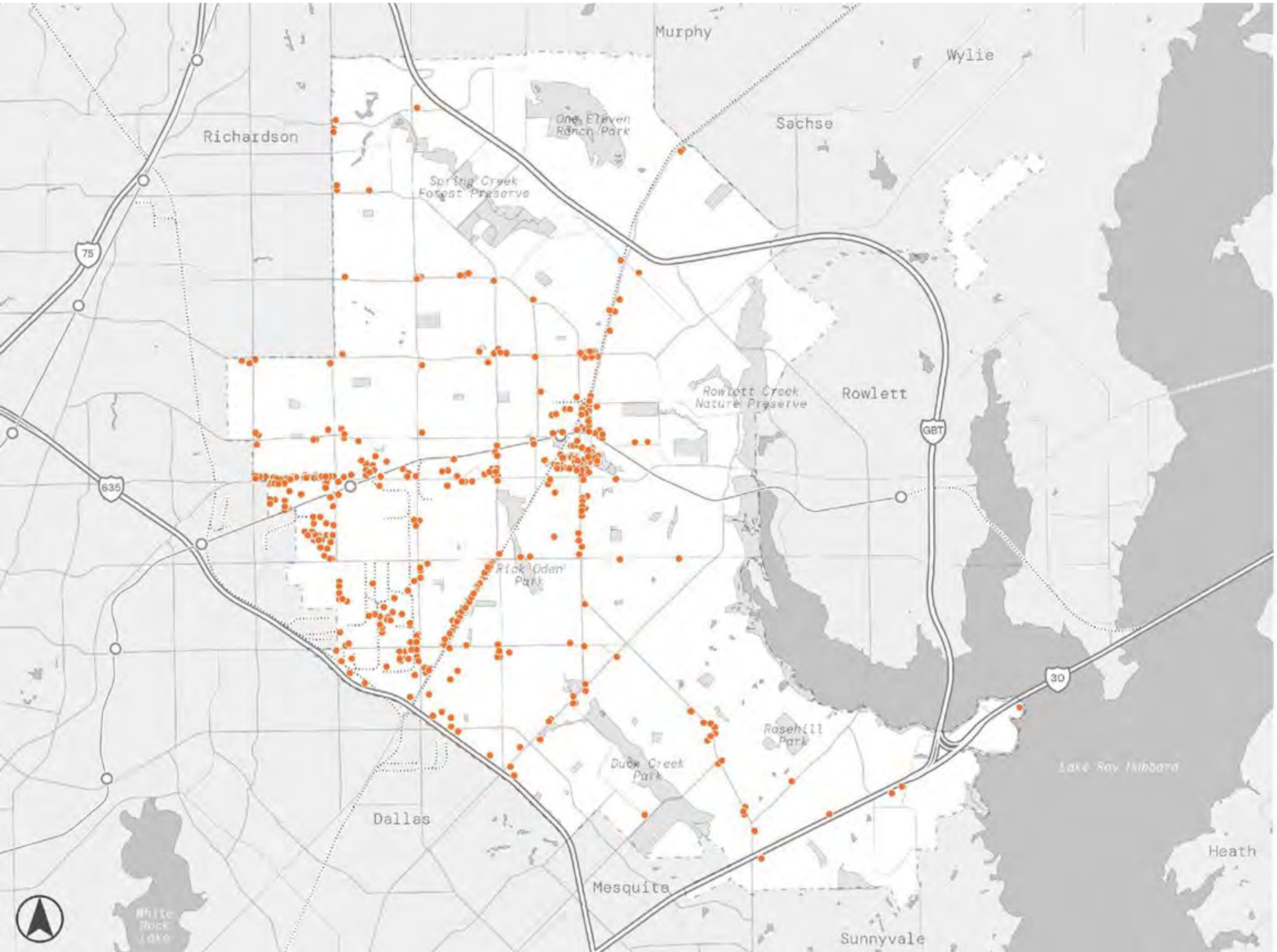


POTENTIAL LAND ASSEMBLY OPPORTUNITIES

953 acres of land are used for auto - related businesses. More than half is under ½ acre. However, given their location pattern there could be opportunities to assemble these into larger parcels.

There are also several large concentrations of auto businesses along key development corridors and areas.

Property Size	Number (parcels)	Total Area (acre)
Under 0.5 acres	286	87
0.5 - 1 acres	220	157
1 - 5 acres	180	378
Over 5 acres	29	333



BUSINESS –
Auto Businesses

source: Dallas Central Appraisal District

one dot = one auto related business

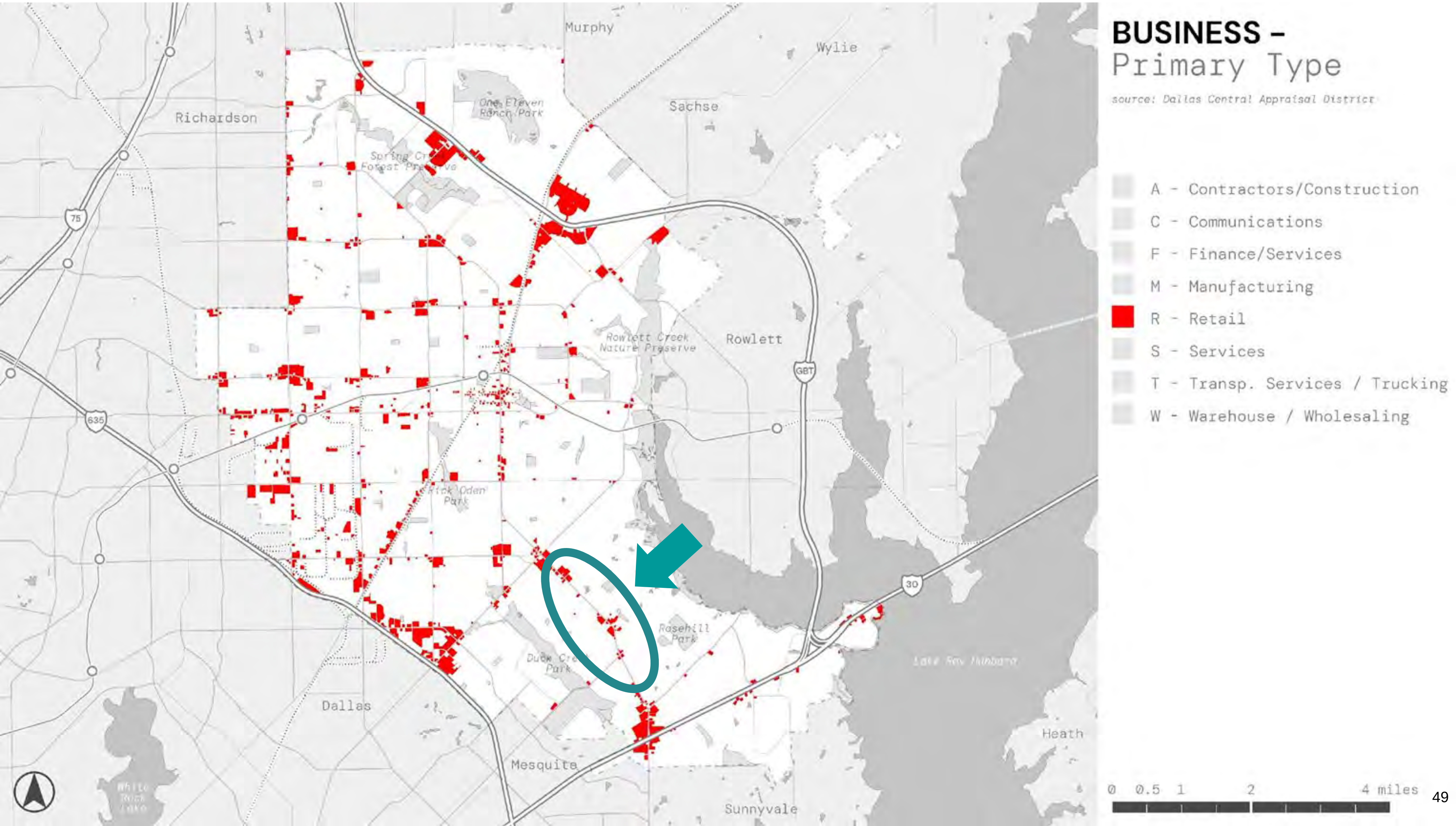
Includes:
- auto battery dealers
- auto parts
- auto salvage dealer
- auto/motorcycle dealer
- tire & rubber
- auto body paint
- auto quick service
- auto rental
- auto/truck repair
- car wash
- tire repair
- truck rental
- vehicle parts

953
Acres of Land

0 0.5 1 2 4 miles

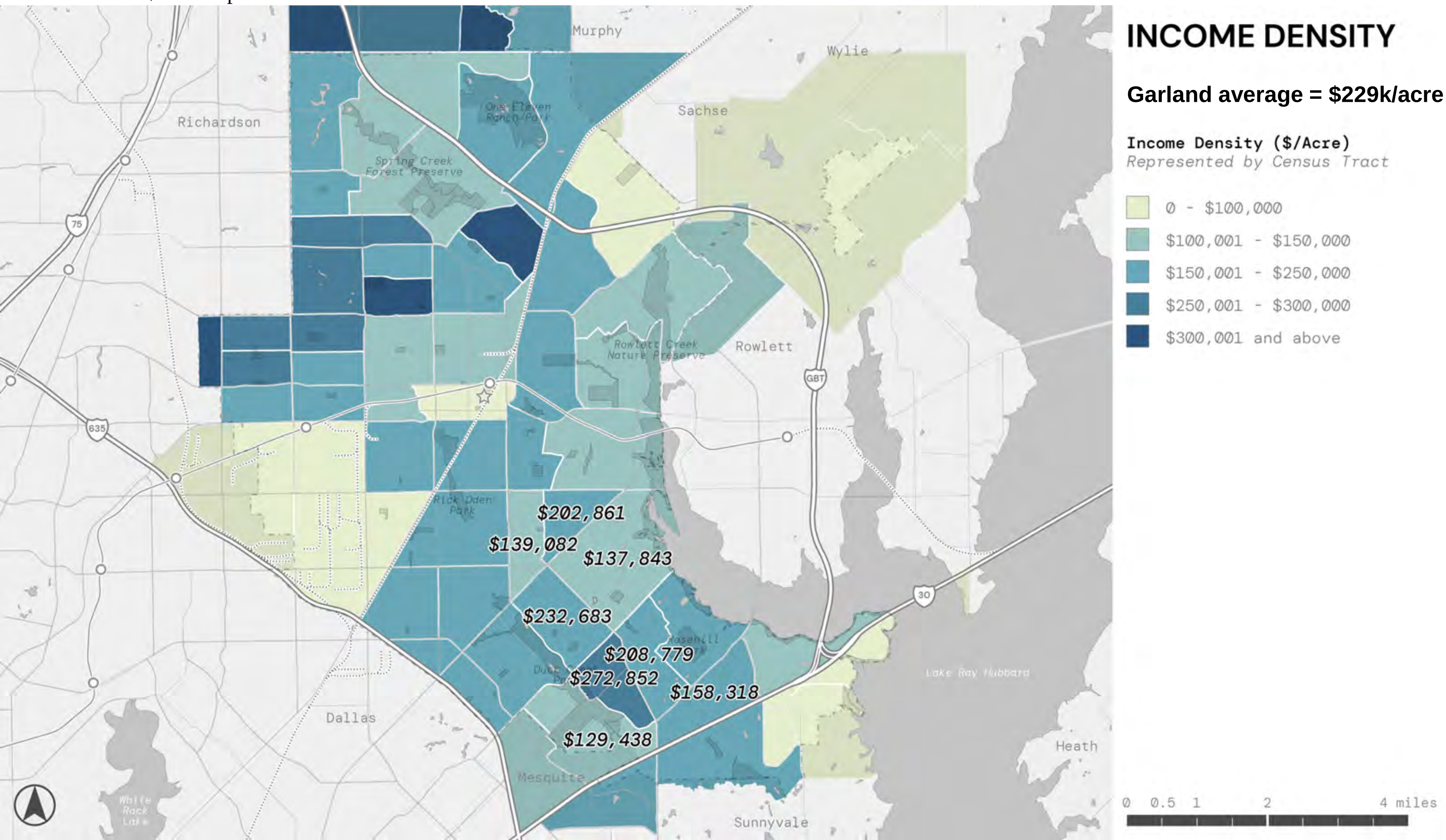
POTENTIAL NEIGHBORHOOD HUBS

In addition to the Catalyst areas there are several potential locations for neighborhood hubs based on their location, neighborhood accessibility, and surrounding housing. These are intended to provide neighborhood level services, retail and food amenities. The area circled in green presents an example of an opportunity.



“INCOME DENSITY” EXISTS IN SOME NEIGHBORHOODS

Income density measures the amount of income that exists within a given geography. Some retail developers use income density as a way to consider locations that don’t fit conventional metrics. What an income density map of Garland shows are areas across the city with many people having moderate incomes and a few scattered areas of higher incomes. Looking at the area around the identified example on the previous page, several of these census tracts have densities higher than $200k per acre.

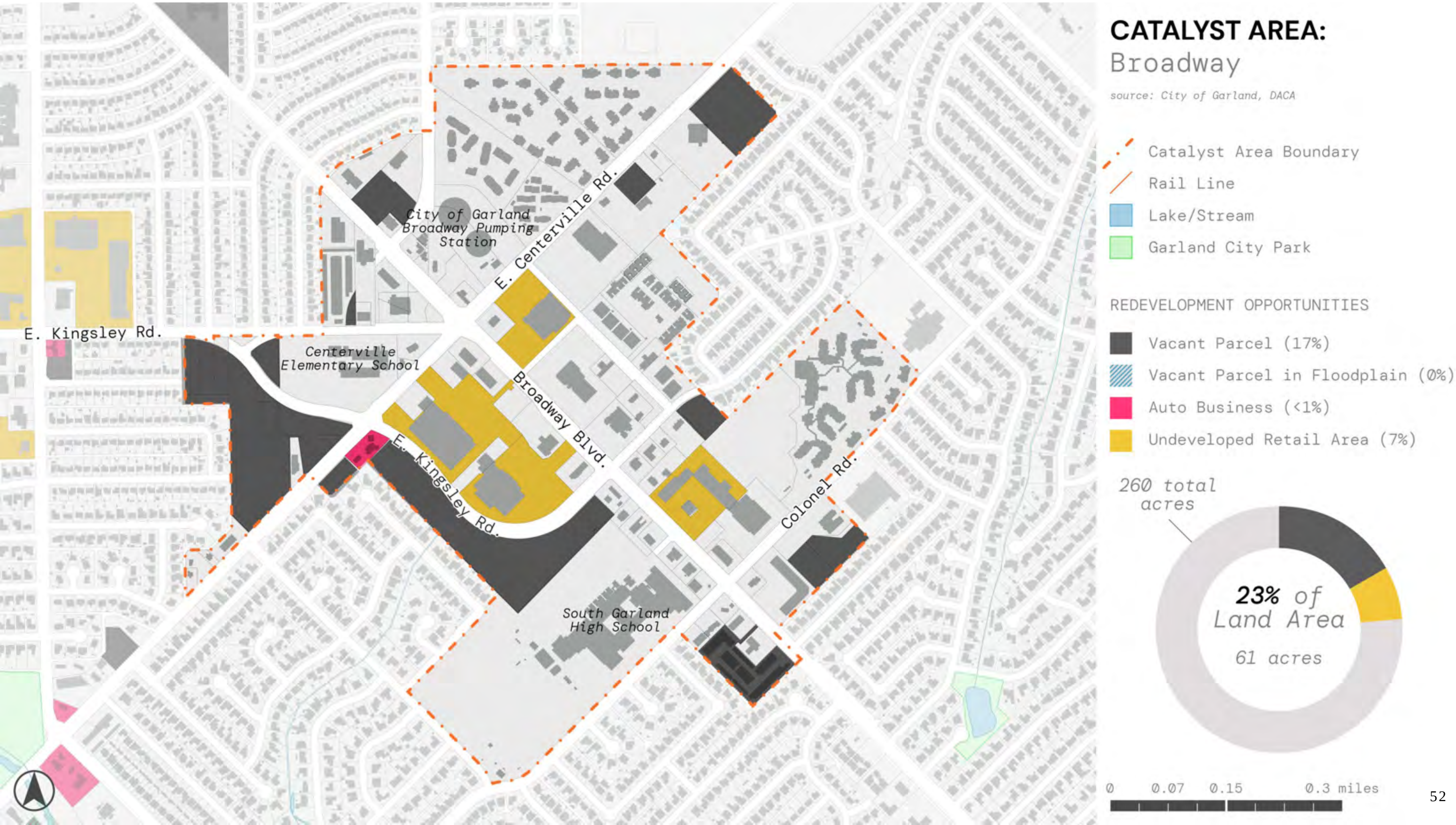


03 Existing Conditions and Trends:

Catalyst Areas

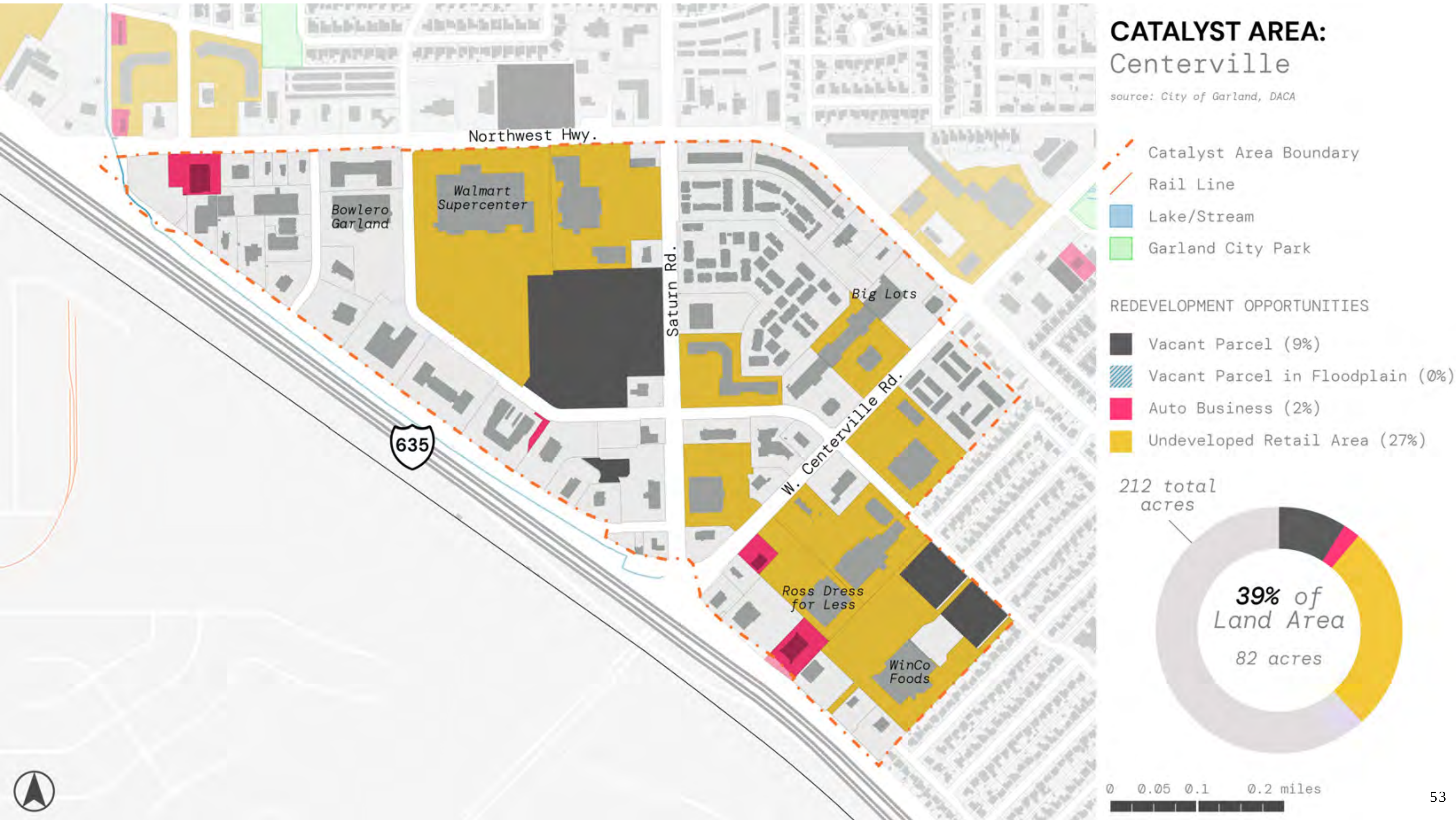
BROADWAY

23% or 61 acres of the catalyst area is made up of vacant parcels and undeveloped retail areas. A high concentration of developable parcels exist along E. Kingsley Road.



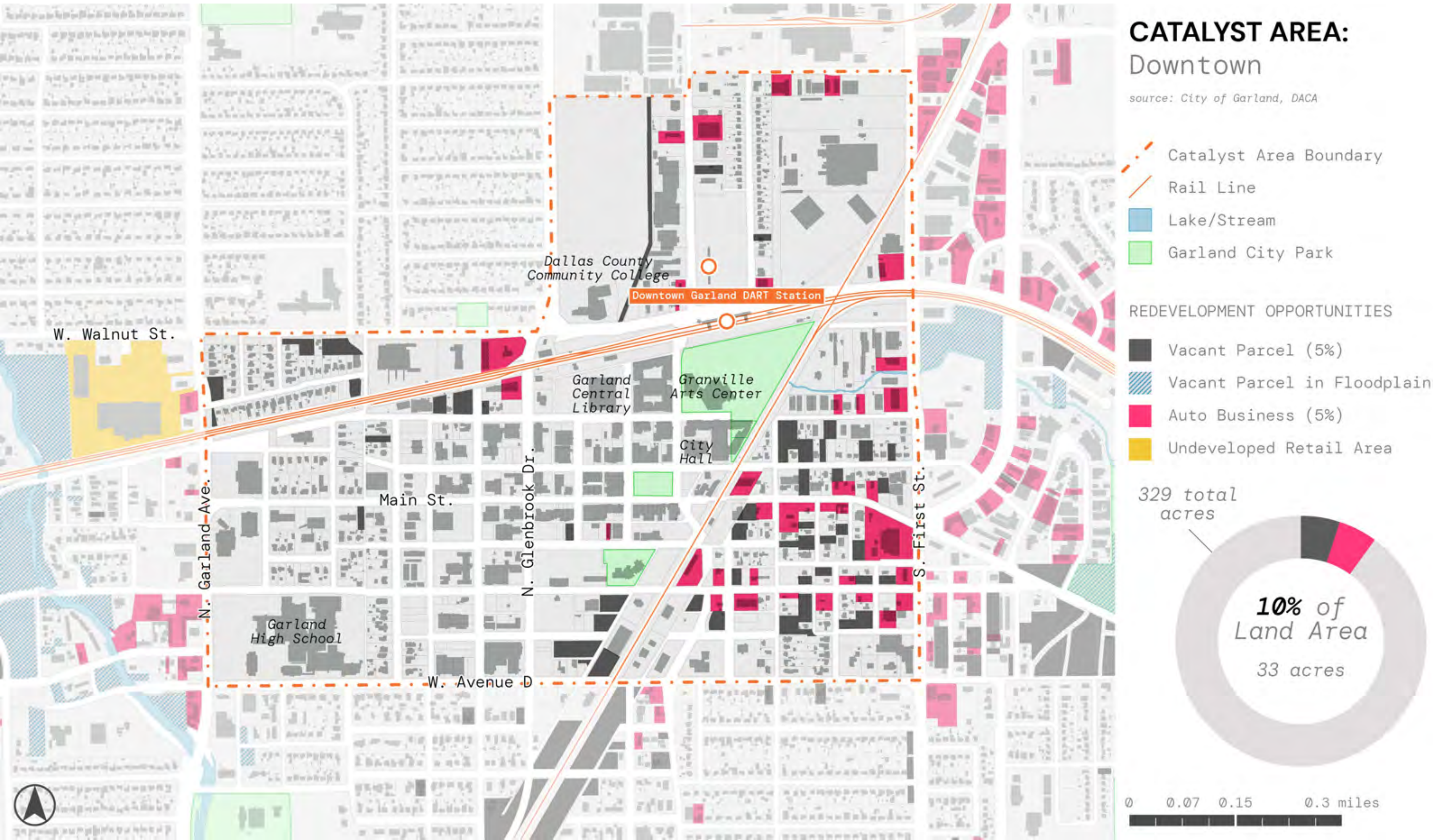
CENTERVILLE

39% or 82 acres of the catalyst area is made up of vacant parcels, undeveloped retail areas and auto - oriented businesses. The large parking lots and vacant parcels are prime development opportunities.



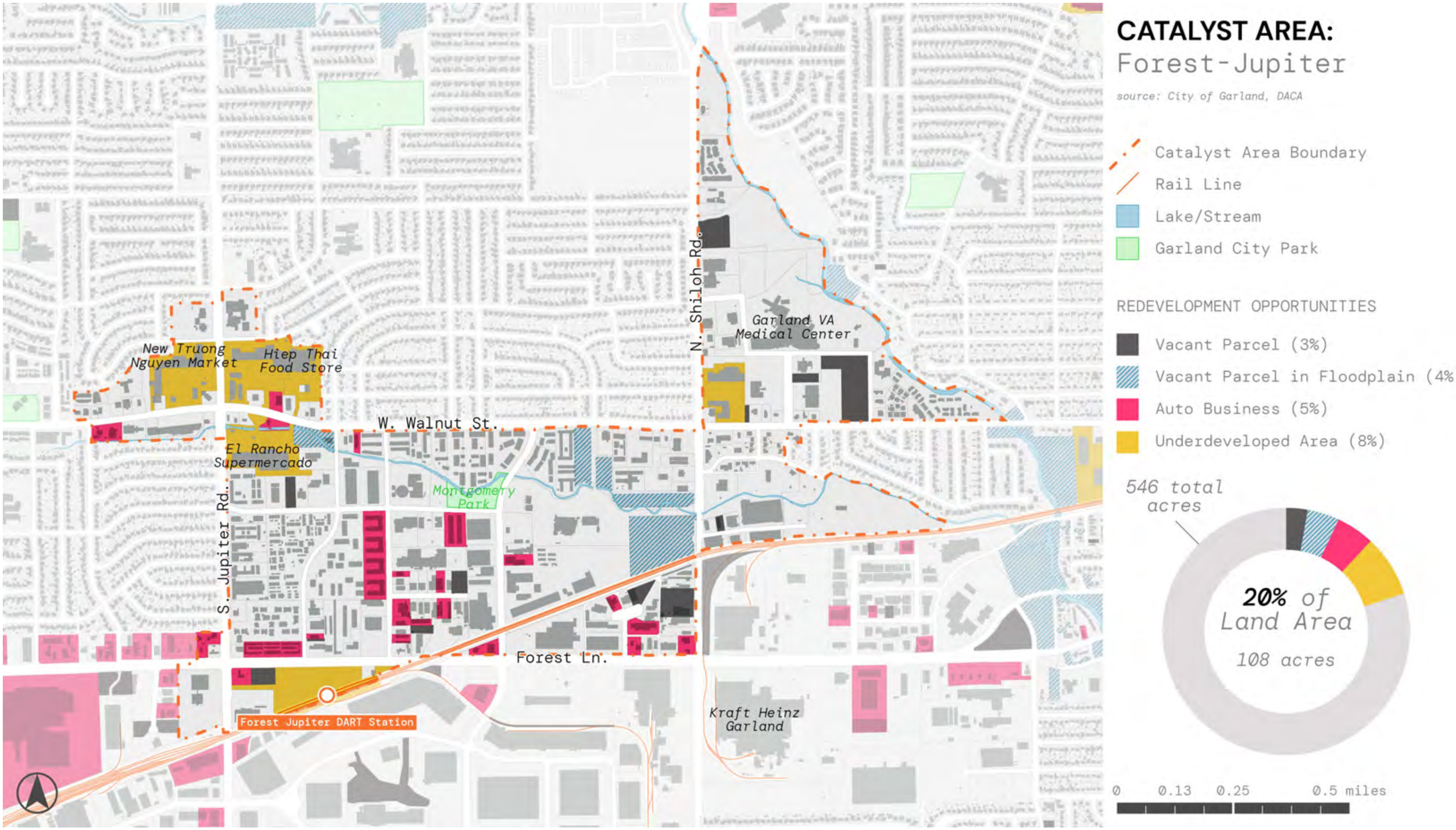
DOWNTOWN

10% or 33 acres of the redevelopment area is made up of vacant parcels and auto - oriented businesses. There is potential to redevelop the area east of the rail tracks, creating a singular downtown district.



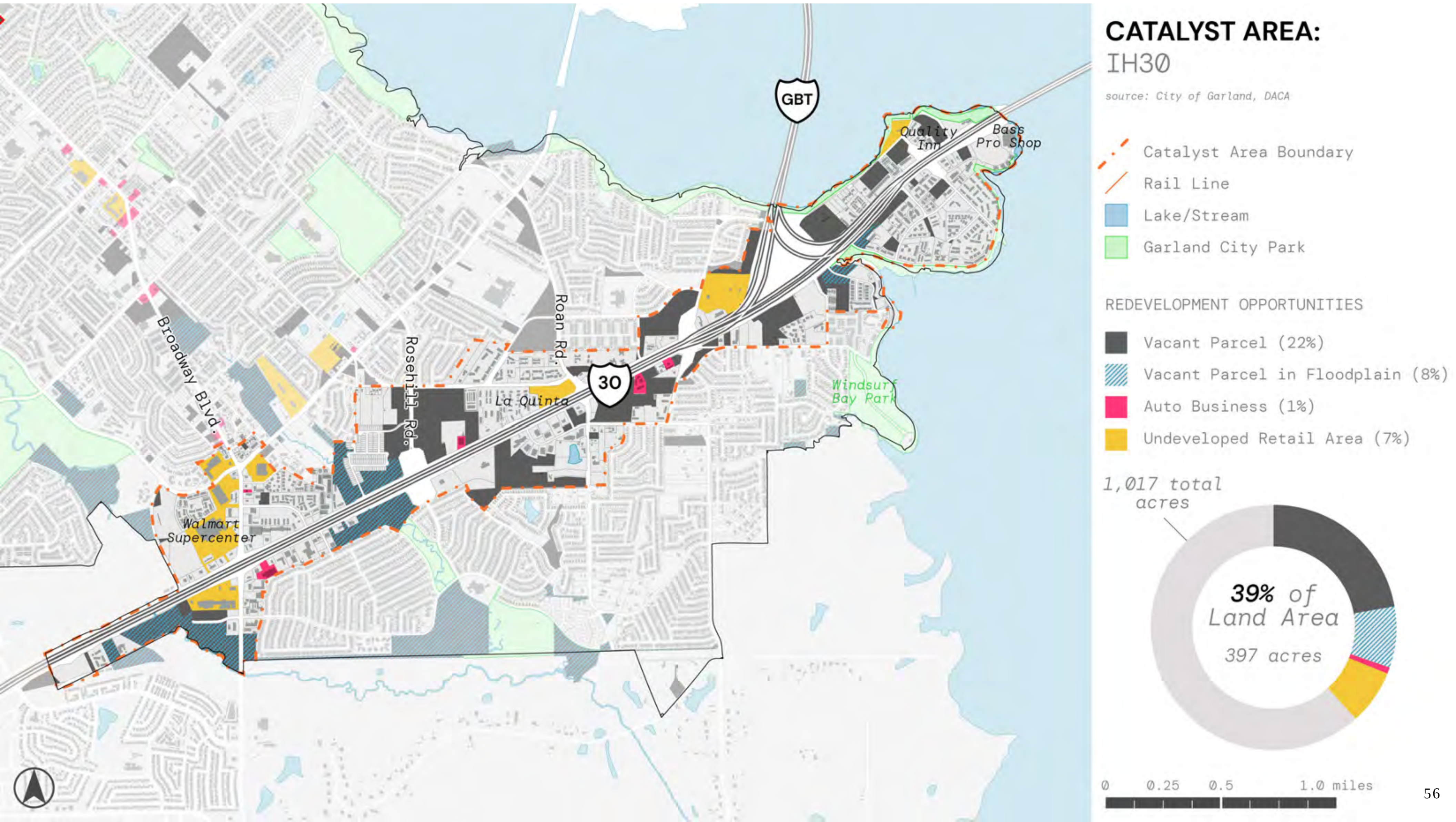
FOREST-JUPITER

20% or 108 acres of the redevelopment area is made up of vacant parcels, undeveloped retail areas, and auto-oriented businesses. There is potential to redevelop the area with land uses that benefit from transit proximity.



IH- 30

39% or 397 acres of the redevelopment area is made up of vacant parcels, undeveloped retail areas, and auto - oriented businesses. The large highway adjacent vacant parcels are prime commercial development opportunities.



04 Perspectives on Economic Development Issues Facing Garland

STAKEHOLDER INPUT HIGHLIGHTS

As part of this process, discussion groups with stakeholders were held. These included large manufacturers, major employers, small businesses, women and minority owned businesses. Additionally, each member of the city council participated in one-on-one interviews. Key members of the city staff were also engaged through a series of interviews and workshops. The following are highlights from these discussions:

- **Various opinions about what is economic development** – no consensus on what economic development is: jobs vs tax base vs amenities (retail) vs small business.
- **"Platypus problem"** – hybrid businesses that don't neatly fit into a use table and regulatory approach.
- **"Built out"** – redevelopment capacity, role of city, types of incentives and approaches, getting the expertise.
- **Industrial district** – appearance, trucking management, infrastructure upgrades, role of the smaller buildings, availability of space for expansion, space for new businesses, declining affordability.
- **Workforce** – commuting issues, availability, skill sets (primarily soft skills), nearby housing options for employees.
- **Focus area opportunities** – waterfront, Bush area, 30 interchange/corridor.
- **Ideas raised** – convention / meeting space, Dallas College campus, Maker Village, more development around downtown station.
- **Concerns** – lack of quality retail amenities in parts of the city, right scale of development downtown (future of the housing), what are real options for Forest Jupiter station?

ORGANIZATION AND RESOURCES ISSUES

Organizational:
No department is in charge of “place” or amenities; roles are scattered. Expertise in managing programs is also dispersed which makes better staff leverage more difficult. Small business efforts are under - resourced and need to consider new types of programming.

Resources:
Garland, for a city of its size and complexity, lags in economic development funding. Some of this differential is the availability of 4A and 4B funding.

Plano has an additional $10.3m for incentives funded by 2 cents of the residential property tax.

Richardson has the most Ch380 agreements in Texas with 288; Plano is 5th with 96. Garland ranks 22nd with 32.

Comparative general fund economic development operating budgets

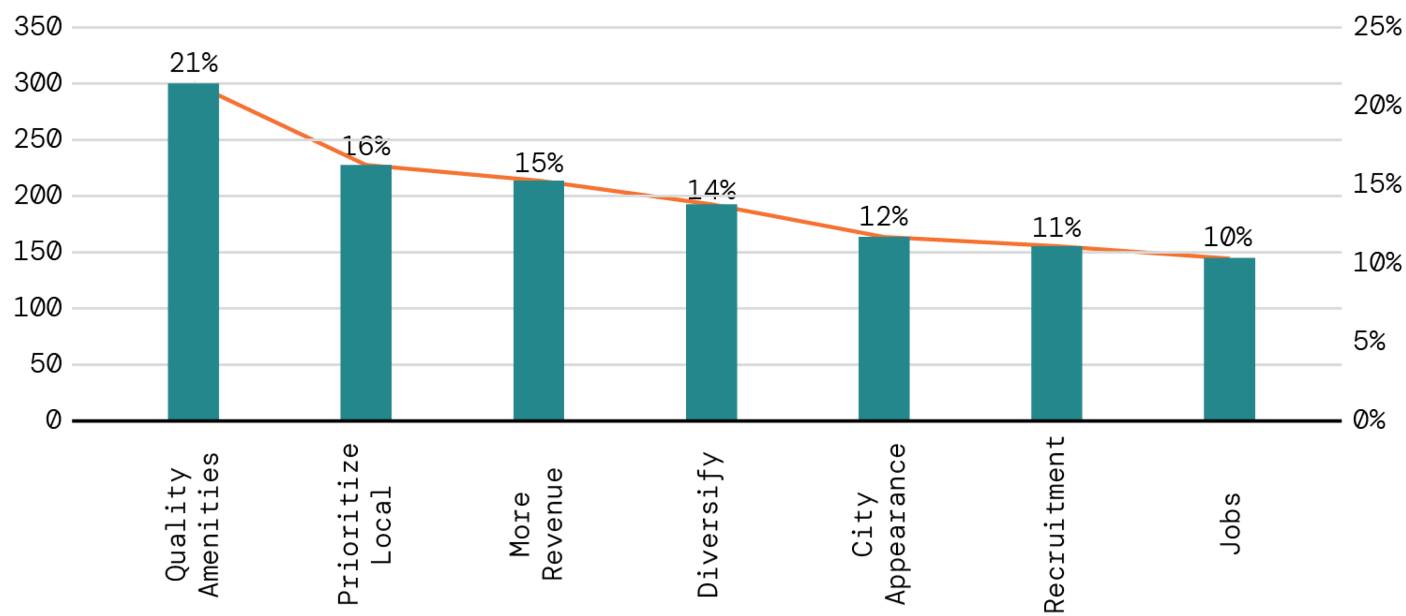
City Name	Population	ED Budget	Median household Income	Type
Arlington	394,266	$12.3 Mllion	$59,889	City Department and Type 4B Corporation
Plano	285,494	$1.55 Mllion	$95,002	City Department and Chamber
Irving	256,684	$4.18 Mllion	$70,340	City Department and Chamber Partnership
Garland	246,018	$1.08 Million	$61,607	City Department and Chamber Partnership
Frisco	200,509	$49.3 Million	$130,118	Type 4A and Type 4B ED Corporation
McKinney	195,308	$20.8 Million	$98,317	Type 4A and Type 4B ED Corporation
Mesquite	150,108	$13.4 Million	$60,957	City Department and Type 4B Corporation
Richardson	119,469	$1.4 Million	$85,580	City Department and Chamber

CITY ECONOMIC DEVELOPMENT PRIORITIES

During the stakeholder engagement process it became evident that there was no clear consensus among stakeholders, city staff and city council. A one question survey was sent to staff and council to ask them to identify economic development priorities.

Survey Question:
Imagine that you have $100 to spend on economic development in the city of Garland. How much would you spend on each of the potential priority topics ? (Note that you can break up your $100 any way you want...but all the responses must add to $100)

Council / staff survey



Survey Definitions

Quality amenities = Improve quality of life amenities such as more retail, more restaurants, more things to do across the neighborhoods

Prioritize local = Prioritize local owned small business growth from all types of small business whether its locally owned shops, to small "makers" that sell on ETSY, to contractors

More revenue = Increasing city revenue potential through property tax base growth, sales tax growth and more utility revenues

Diversify = Diversify the Garland economy with more tourism, more tech - based businesses

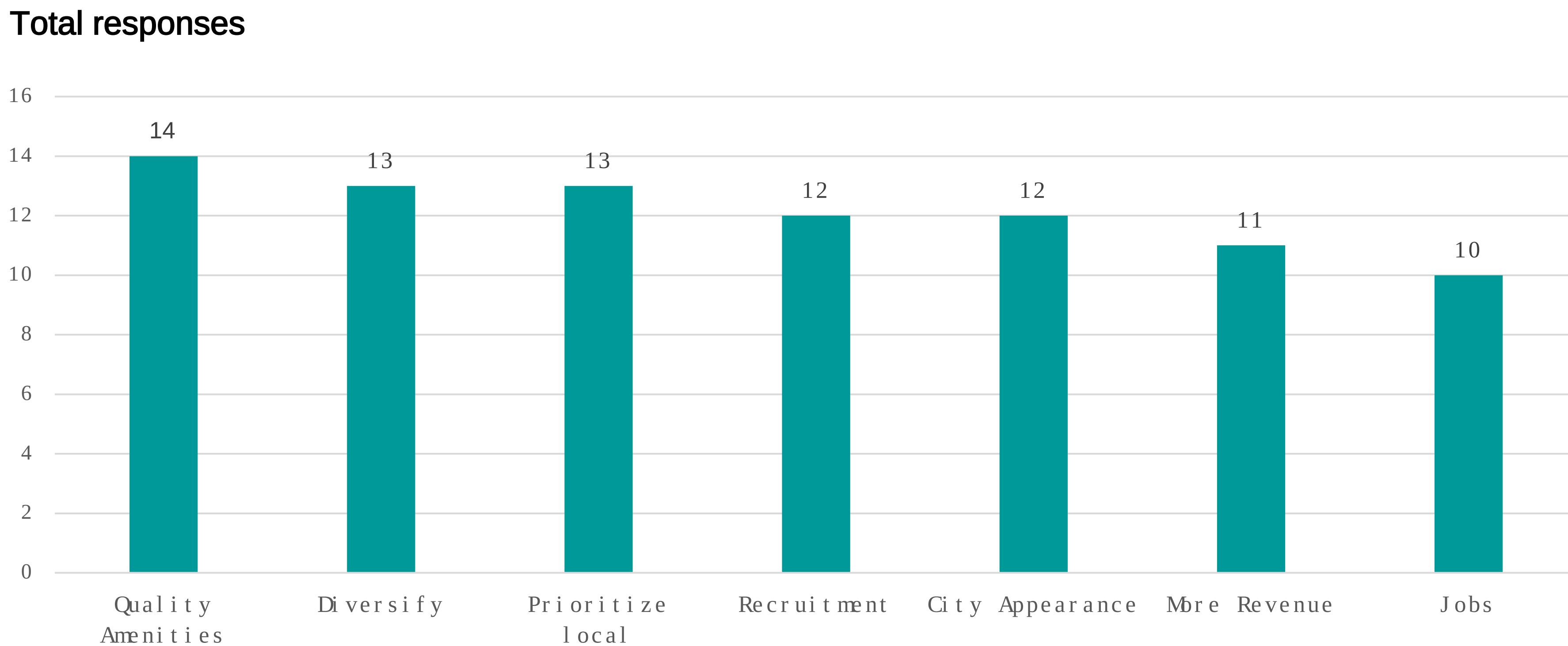
City Appearance = Improve the city's appearance with more landscaping, better gateways into the city, blight reduction

Recruitment = More recruitment, retention and attraction of industrial businesses, office developers

Jobs = Helping Garland residents get higher paying jobs through workforce & skill training, and more educational opportunities

CITY ECONOMIC DEVELOPMENT PRIORITIES

Quality amenities received an allocation from all respondents (14). Jobs and jobs training received the lowest number of responses – 10 of a potential 14 allocations.



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04 Focus Areas and Recommendations

Recommendation development process

IF...

You believe the conditions and trends are influencing the approach to economic development

THEN...

What can we do about it broadly - economic strategy focus areas

WHAT...

Economic strategy recommendations

WHO & HOW...

Implementing the economic strategy

Key Factors Influencing the Approach to Economic Development

IF…

- Garland is largely built out
- Property tax growth as a key source of revenue for the city will be impacted by state law
- Dallas region is increasingly being driven by tech companies and advanced manufacturing needing a different talent mix
- Garland has a mixed image based on its industrial mix and physical appearance
- Garland's primary value proposition for attracting new residents has been housing affordability
- Garland's demographics impact the perception of its ability to support certain types of retail and amenity development

Economic Strategy Focus Areas

THEN…

- Drive more **sales taxes** by creating and support amenities *(both public and private -- including restaurants, entertainment, activities, and public spaces)* that promote Garland as a destination during daytime and nighttime, weekdays and weekends.
- Support retention and expansion of the city's key high value **property tax** base
- Promote and encourage across the city **redevelopment** of underutilized and low value parcels
- Improve the **image** and alter the perception of the city
- Build on city's entrepreneurial energy and diversity with an enhanced **small business** program
- Improve the **livability** of city with high value for money housing options and high QoL neighborhoods
- Provide **opportunities** for Garland's residents to gain the skills necessary to compete in the evolving regional economy

Economic Strategy Focus Area:

Drive more sales taxes by creating and supporting amenities * that promote Garland as a destination during daytime and nighttime, weekdays and weekends

* both public and private - including restaurants, entertainment, activities, and public spaces

Economic Strategy Recommendations:

Create a "destination" so Garland can capture more nonlocal sales tax

- Evaluate options such as a(n) sports stadium, major meeting space, indoor waterpark, or E - Sports Arena
- Utilize land assemblage, existing developments, and redevelopment options to create districts anchored by these 'destinations'
- Examples of opportunities
  - Harbor Point
  - Firewheel Area
  - S. Garland/Shiloh and I-30 corridor
  - Downtown

Expand lodging options

- Encourage more high-quality hotels along highway corridors; boutique hotel downtown; fewer low-cost motels

Next Steps:

- Build on existing efforts such as the downtown and Hypermarket site begin process of reviewing new areas of the city for assemblage opportunities, present zoning, existing incentives available
- Continue support for existing incentives oriented toward "destination" tenants

Economic Strategy Focus Area:

Build on the city's entrepreneurial energy and diversity with an enhanced small business program

Economic Strategy Recommendations:

Explore options to provide a mixed space for entrepreneurs

- Spaces supportive of makers and food entrepreneurs
- Pop up / Event activations that provide lower risk launch options for retail opportunities
- Provide co-working / third spaces at libraries (South Garland, downtown) for professionals

Provide use flexibility in the zoning code to accommodate hybrid business models in selected business districts

Develop an education and networking program specific to industry types (food, tech, creative, maker, etc..) that includes a range of programming including skill development e.g., social media marketing; entrepreneur stories, and product / idea pitch sessions

Consider cooperative marketing support (advertising buying bank, geographically shared CRMs, etc..)

Next Steps:

- Review current process for hybrid businesses
- Support base tenant interior improvements or major infrastructure enhancements such as fire suppression, grease traps, "black pipe", ADA compliance
- Clarify responsibilities and activities between Chamber and city regarding development of small business programming

Economic Strategy Focus Area:

Support retention and expansion of the city's key high value industrial and commercial property tax base

Economic Strategy Recommendations:

Make industrial district improvements

- Add amenities in industrial district; Beautify the industrial district
- Evaluate and move on potential options for truck staging / parking
- Evaluate options for stormwater / flood management including district solutions
- Create special district to help manage and maintain improvements

Develop brownfields program / policy

- Develop new programs/initiatives to offset costs associated with environmental remediation and explore potential fee structures to be used to fund such initiatives
- Work with TCEQ and EPA when appropriate to garner additional grant funding for environmental remediation.

Create a top 100 business outreach program

Develop targeted sector marketing

- Identify key industry resources at the Dallas Regional Chamber and major brokerage firms to market Garland as an option for smaller firms in key sectors such as food, tech services, and advanced manufacturing
- Identify high growth industrial markets with low to mid - sized space requirements to develop new niches such as hydroponics or biotechnology solutions

Align incentives to match sector needs

Economic Strategy Focus Area:

Support retention and expansion of the city's key high value industrial and commercial property tax base

Next Steps:

- Create an industrial district improvement plan
- Create a formal brownfields policy / program

Economic Strategy Focus Area:

Promote and encourage across the city redevelopment of underutilized and low value parcels

Economic Strategy Recommendations:

Use comp plan revision process to determine areas for increased density

- Joint Planning and Economic Development effort

Continue support and expansion of city land assembly / land prep program for large scale projects that protect or increase the baseline property values of the City.

Identify and market specific properties in need of redevelopment to interested parties in order to revitalize specific districts.

Be selective about the development requests Garland approves: if a use doesn't support the needs in the strategic plan, why approve variances, rezoning, or SUPs

Target and encourage walkable mixed-use development with emphasis on underutilized shopping centers across the city, the downtown district, and key corridors

- Prioritize incentives for these activities to support the different development costs

Next Steps:

- Ensure that reuse and land underutilization is a major item for the Comprehensive Plan update.
- Begin quiet identification of key parcels in Catalyst zones.

Economic Strategy Focus Area:

Improve the image and alter the perception of the city

Economic Strategy Recommendations:

Physical Improvements / “Curb Appeal”

Continue to improve the physical appearance of Garland’s major gateways and corridors

- Focus on high traffic corridors for beautification efforts, façade improvements, use limitations (car and storage), and redevelopment efforts
- Link with CIP

Increase visibility and access to our natural assets (creeks, lakes, trails) from major developments and corridors by taking down barriers to visibility or building better connectors/entry features to draw their visibility/access out onto the major corridors;

Continue coordinating Neighborhood Vitality revitalization efforts (such as WTHI) with ED façade improvement program,

Create a business - based beautification campaign /program with a recognition program

Increase public art investment

Engage in additional development focused PR efforts to highlight redevelopment potential in the development community, inviting higher quality property developers to new opportunities.

Next Steps:

- Form an internal neighborhood team that has representation across departments to coordinate capital investments into neighborhoods to create transformative impact.

Economic Strategy Focus Area:

Improve the image and alter the perception of the city (cont'd)

Economic Strategy Recommendations:

Image Promotion

Update Image Initiative research in order to confirm/adjust Garland's brand messaging and image campaign. Coordinate Garland's updated Image Initiative efforts with the Economic Development Strategic Plan goals.

Expand outreach campaign to key influencers and decision - makers

- Traditional and social media influencers (bloggers, critics, affinity groups, etc..)
- Leverage "moments"
- Provide "This is Garland" information packages (housing, amenities, etc.) to prospective employees at the city's largest employers and tech companies
- Identify project typologies / designs across the DFW that have a "cool" factor and meet with those developers
- Include all outreach to a range of languages and ethnic business leadership groups
- Realtor campaign

Next Steps:

- Fund the Image update.
- Coordinate with Chamber, Communications an outreach campaign
  - Identify key influencers and sector organization leadership

Economic Strategy Focus Area:

Strengthen relationships between local educational institutions and the city

Economic Strategy Recommendations:

Strengthen GISD partnership

Expand Dallas College programming and profile in Garland

- Increase programming at center
- Investigate options to get better utilization of the center with potential transformation to a campus

Maintain resources to link Garland businesses & workforce issues

Next Steps:

- Clarify with Chamber expectations around workforce partnerships and activity.
- Organize a charette or planning session with Dallas College on the future of the Garland campus.

Economic Strategy Focus Area:

Improve the livability of the city with high value for money housing options and high quality of life neighborhoods

Economic Strategy Recommendations:

Complete the housing analysis to understand Garland's housing challenge and potential actions to address housing issues

Identify specific redevelopment sites near amenities appropriate for a range of housing types

Develop a strategy to acquire low quality MFH housing complexes

- Begin with smaller scale, older properties

Continue to support park maintenance and upgrades

Continue to support trail development in the city

- Partner to identify grant opportunities to drive more money towards connectivity and natural amenities

Create "neighborhood amenities" redevelopment program for interior corridors of Garland

- Incorporate several of the programs identified in EDS to support redevelopment
- Prioritize South Garland

Next Steps:

- Understand potential tools through code enforcement related to low quality MFH and potential options.
- See Neighborhood team concept from earlier.

Economic Strategy Focus Area:

Create more organizational capacity

Economic Strategy Recommendations:

Create a department or position in charge of Place and amenity development

Realign some existing functions to get better leverage from existing expertise

- Downtown as part of Economic Development

Consider creating special districts to assist in managing and maintaining key development areas

- Downtown
- Industrial District

Clarify and clearly delineate roles of the Chamber, Economic Development, and Tourism particularly in areas of retention, attraction, local business support, networking, and image

Next Steps:

- Begin education process on special districts involving key stakeholders from industrial district as a start location.
- Evaluate reorganization options that bring creating "place" into city management structure.

Move to appendix

BUT WE'RE A MANUFACTURING TOWN?
GOODS PRODUCING WORK EMPLOYMENT FLOW

Goods producing employment is a proxy for manufacturing workers. It also includes construction, agriculture, mining, oil and gas.

Garland *is* a manufacturing town: there is a lot of employment and there are residents who work in manufacturing *but* many of the jobs are outside of Garland.

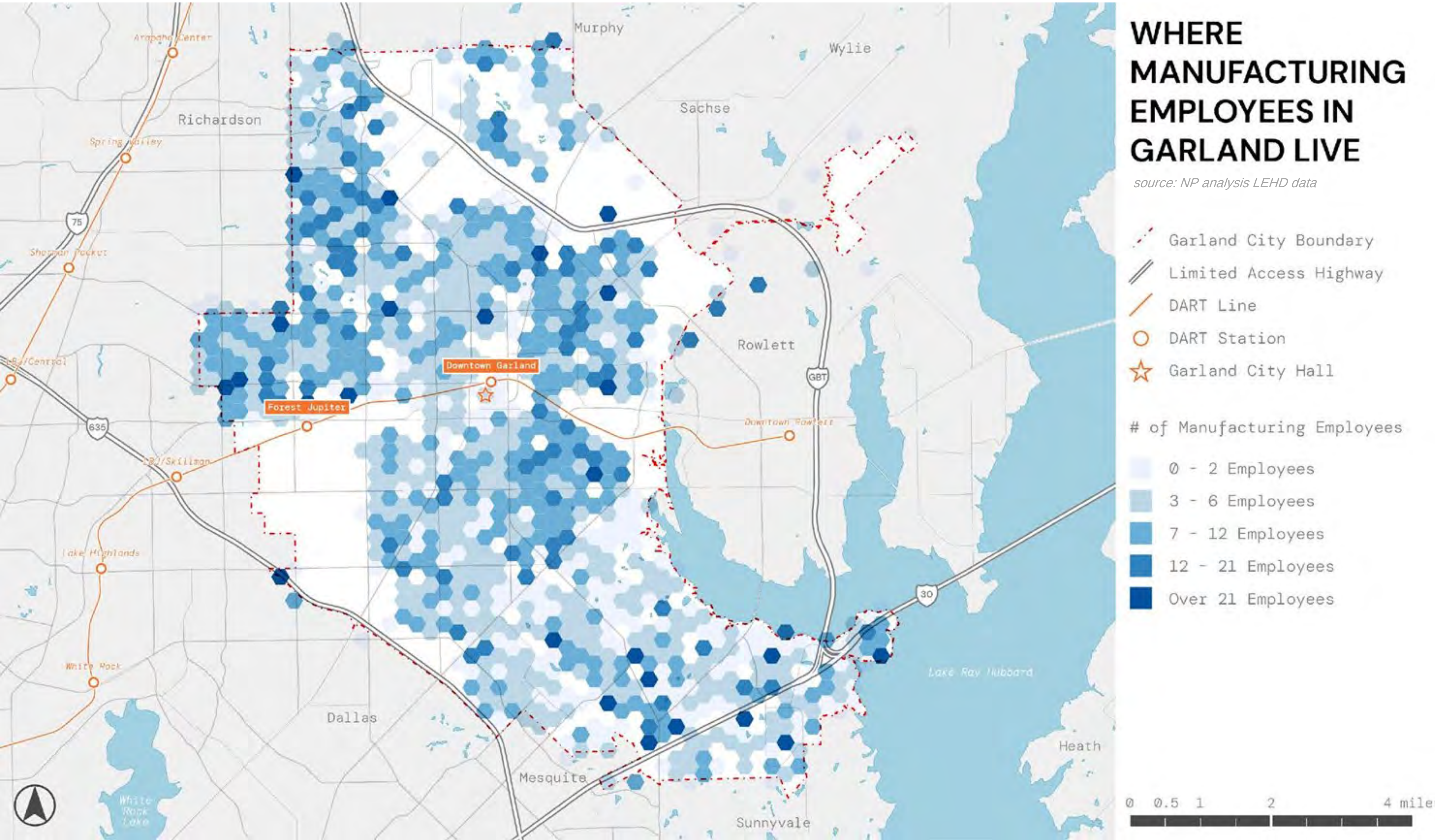
Dallas, Richardson, Plano are 50% of the total

Wages appear to be about 5% higher based on Indeed.com

Source: NP analysis OTM Census data

50% OF THE TOTAL MANUFACTURING JOBS GARLAND RESIDENTS COMMUTE TO ARE IN DALLAS, RICHARDSON AND PLANO

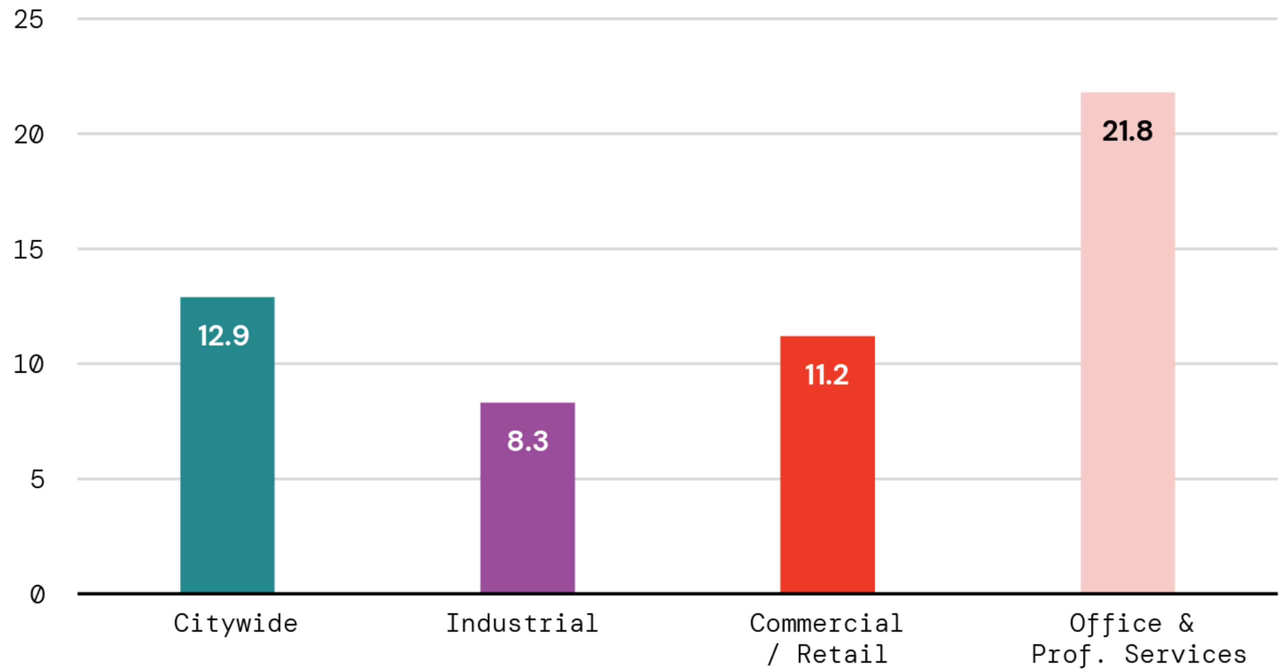
This explains in part where Garland manufacturing employees live.



SHOULD JOB DENSITY MATTER FOR GARLAND?

Given Garland's limited development options one issue to consider when evaluating potential development projects is job density per acre. If Garland wants more of its resident working in Garland, then utilization of land as it relates to jobs is an important consideration.

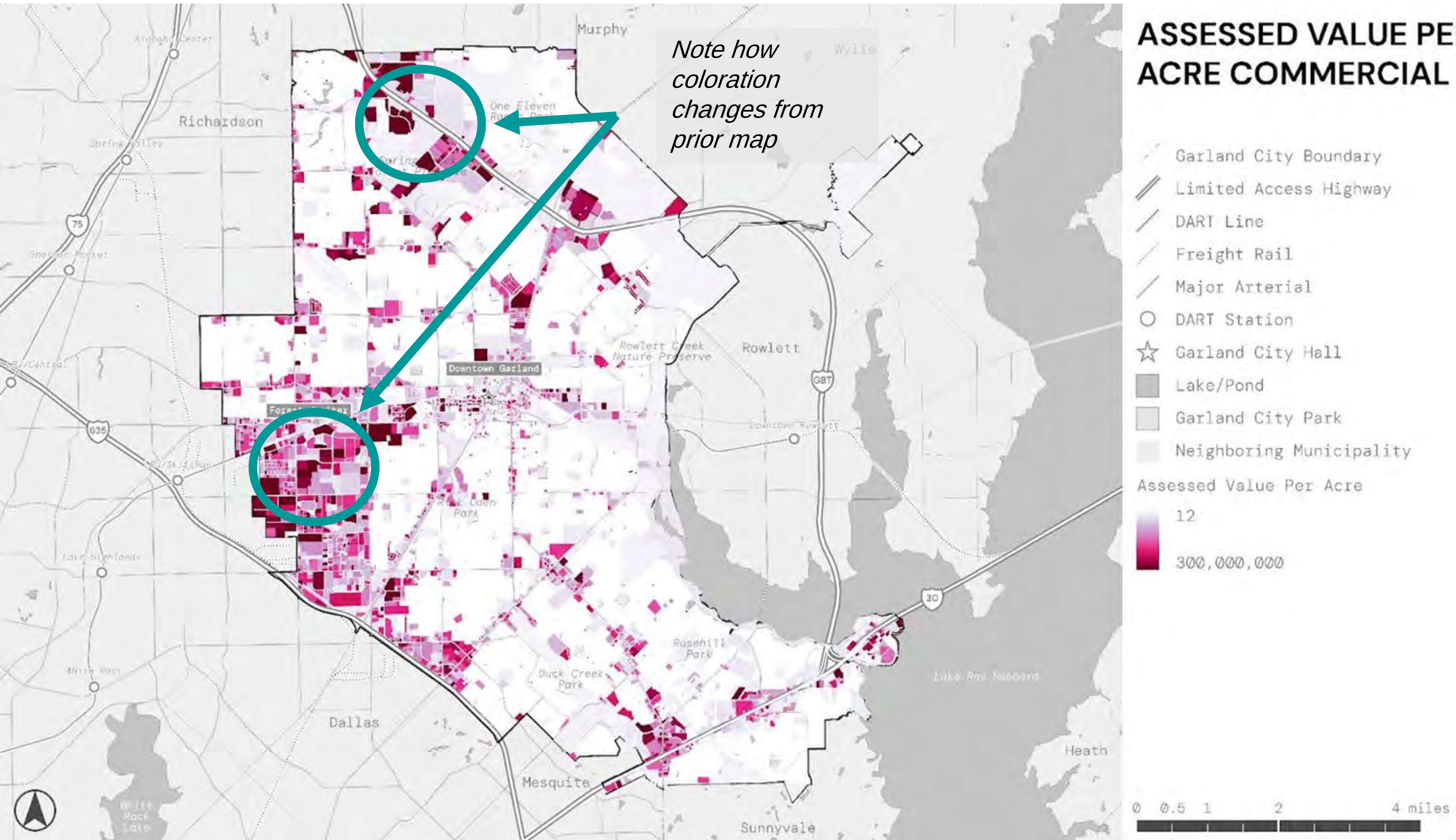
Jobs per acre by types of land use 2019



Source: NP calculations based on city GIS Land Use and OTM job calculations

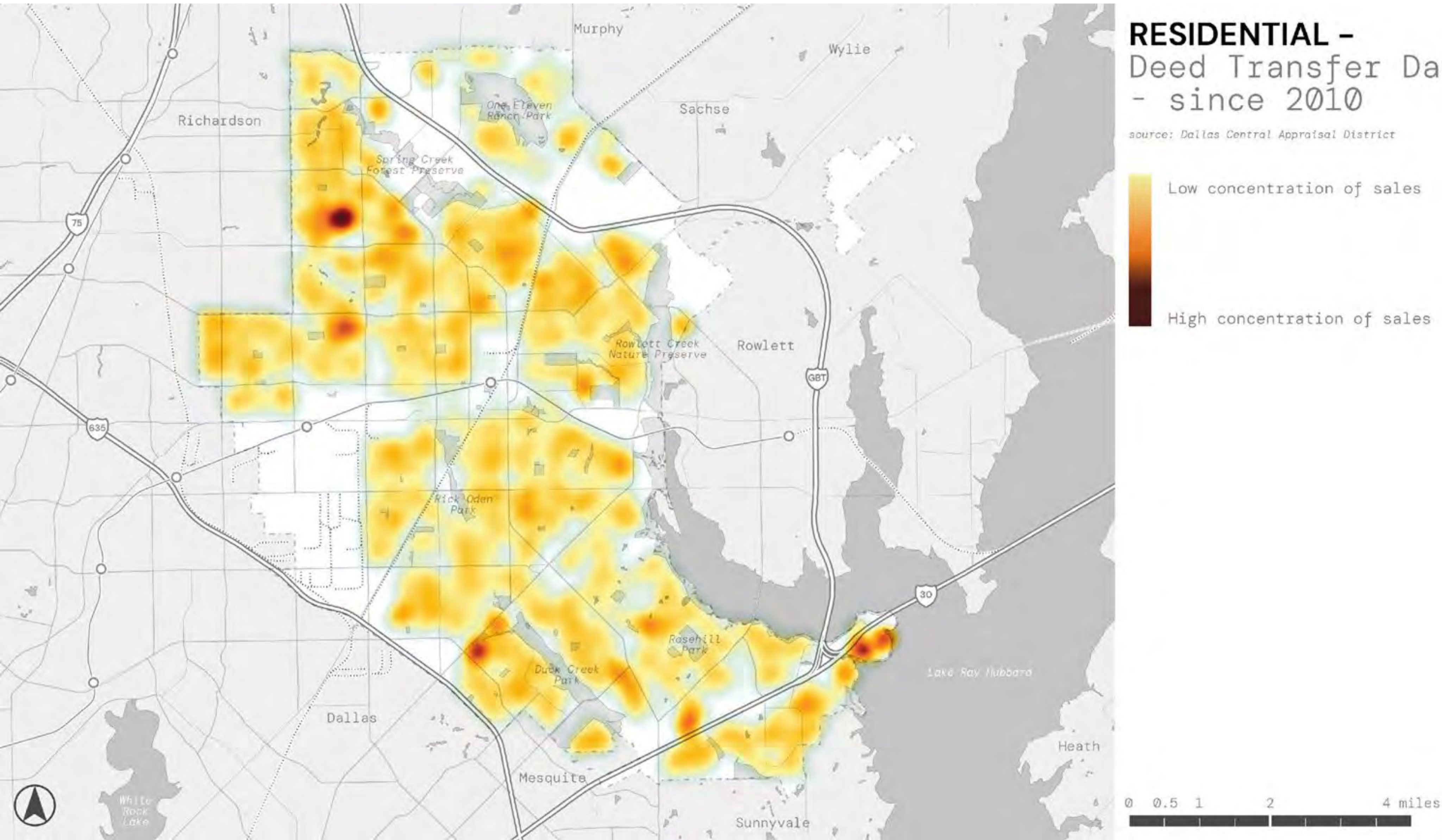
PROPERTY TAX GENERATION IS GEOGRAPHY CONCENTRATED

But when value is normalized to acres, that is not necessarily the case.



RESIDENTIAL MARKET “SALES DENSITY”

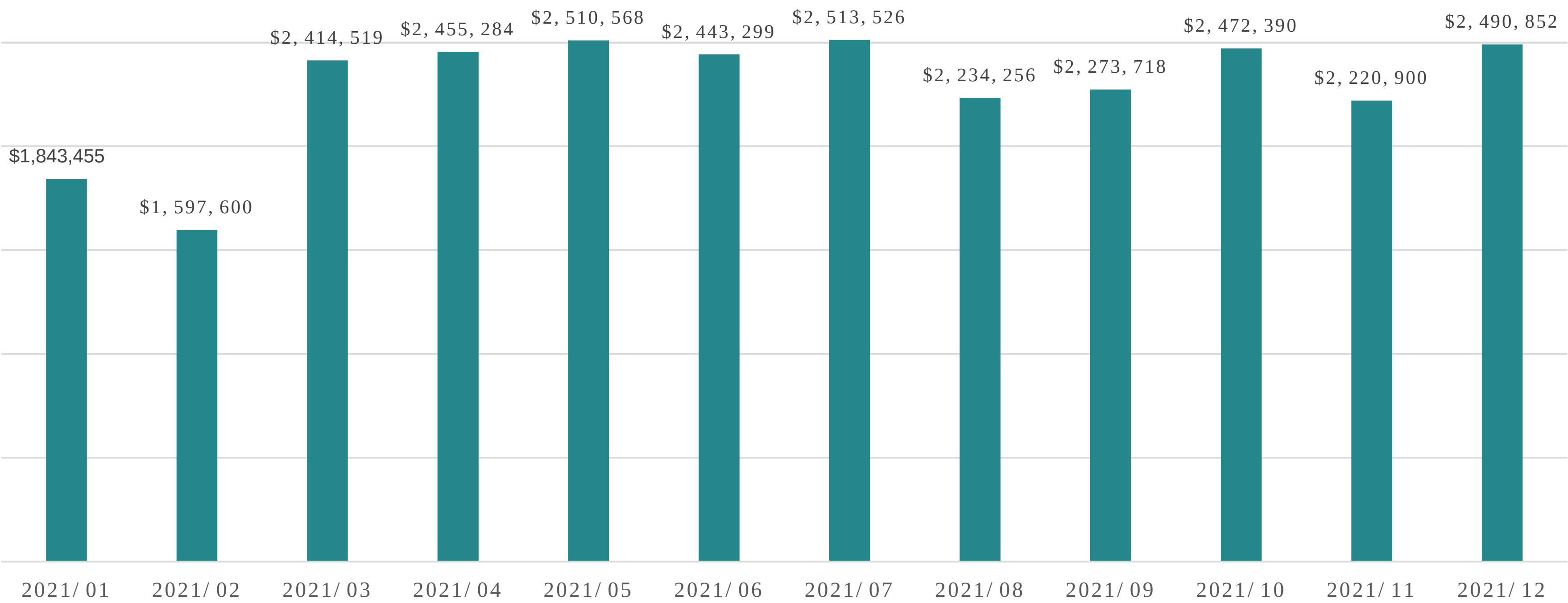
A high concentration of sales since 2010 is located near the Richardson border.



SALES TAX- HOSPITALITY AND SEASONALITY

Sales tax was up over 2019 despite fewer licenses. Other than January and February there are not clear patterns of seasonality. $317m in liquor sales is implied.

State liquor tax receipts, Garland license holders (restaurants, venues, clubs)

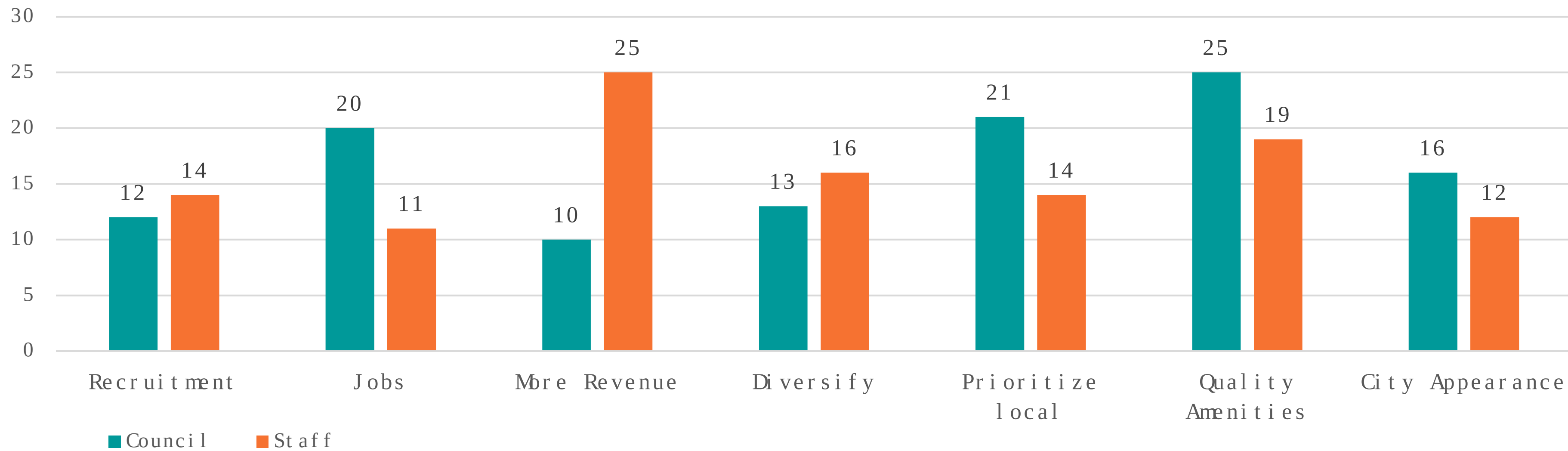


Source: NP calculations based on BarMart report and Texas Open Data Portal Mixed Beverage License sale summary

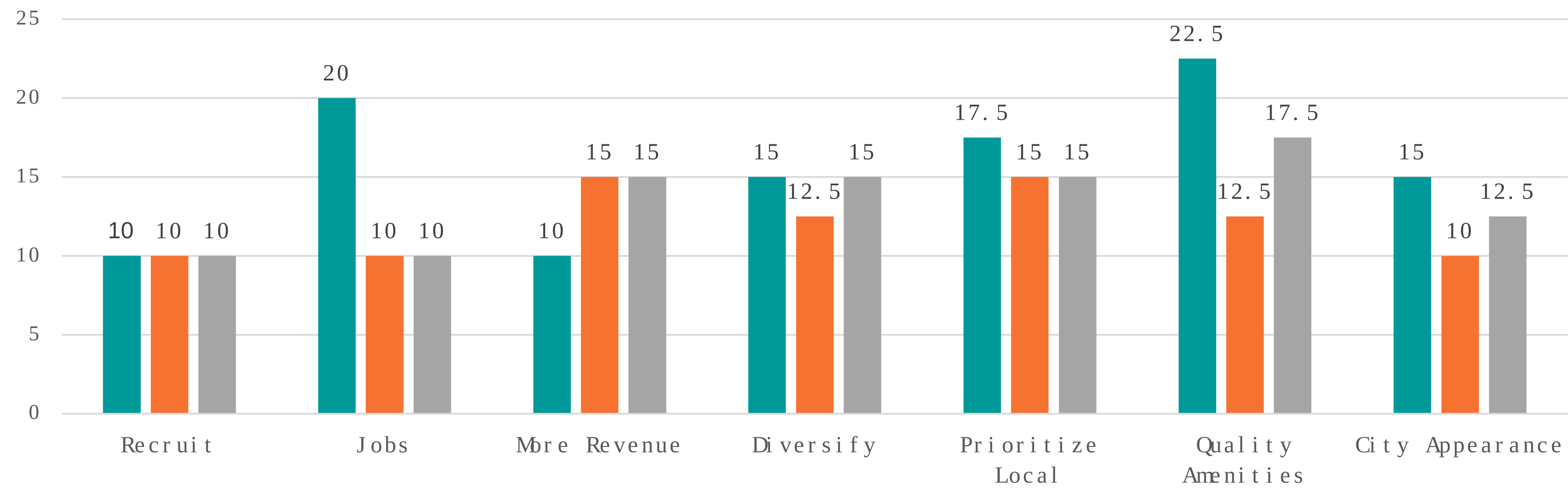
CITY ECONOMIC DEVELOPMENT PRIORITIES

Analysis of Council and staff responses

Average score



Median scores



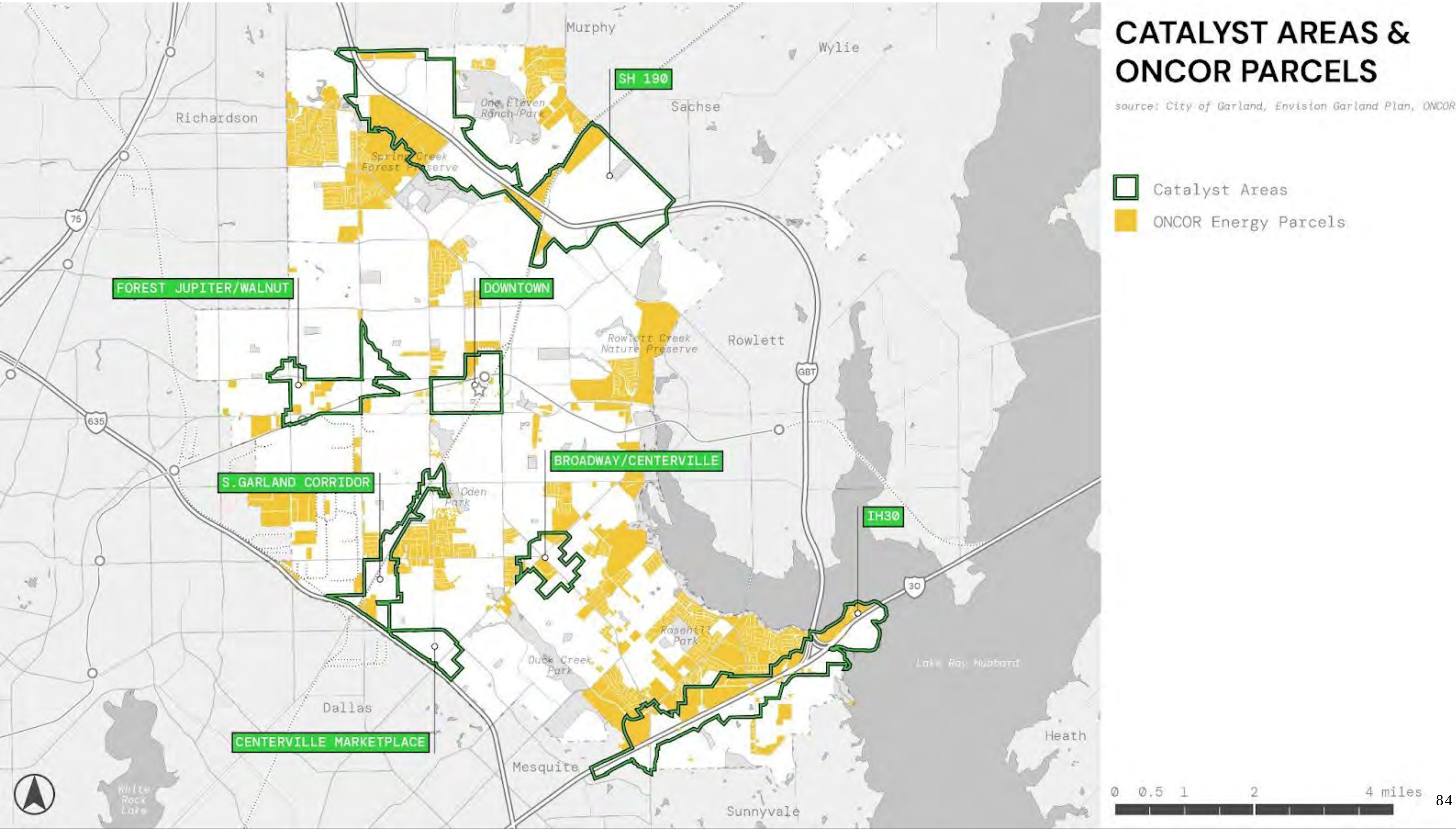
Median C = Council, Median S = Staff, Median All = Total Sample

03 Existing Conditions and Trends:

Land Use and Infrastructure Capacity Considerations

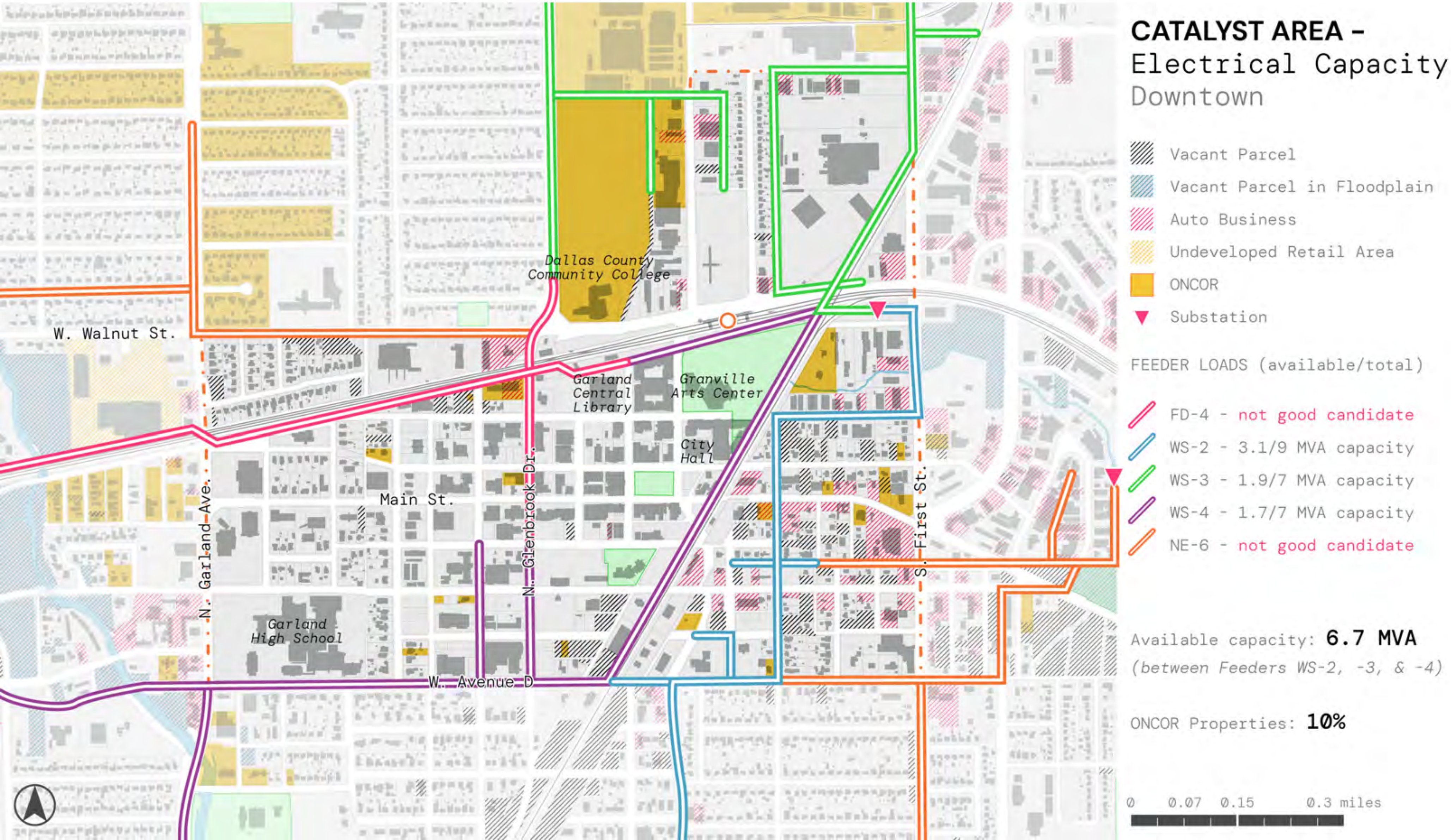
CATALYST AREAS AND ENERGY PROVIDERS

Catalyst Areas are serviced by both Garland Power & Light and ONCOR Energy



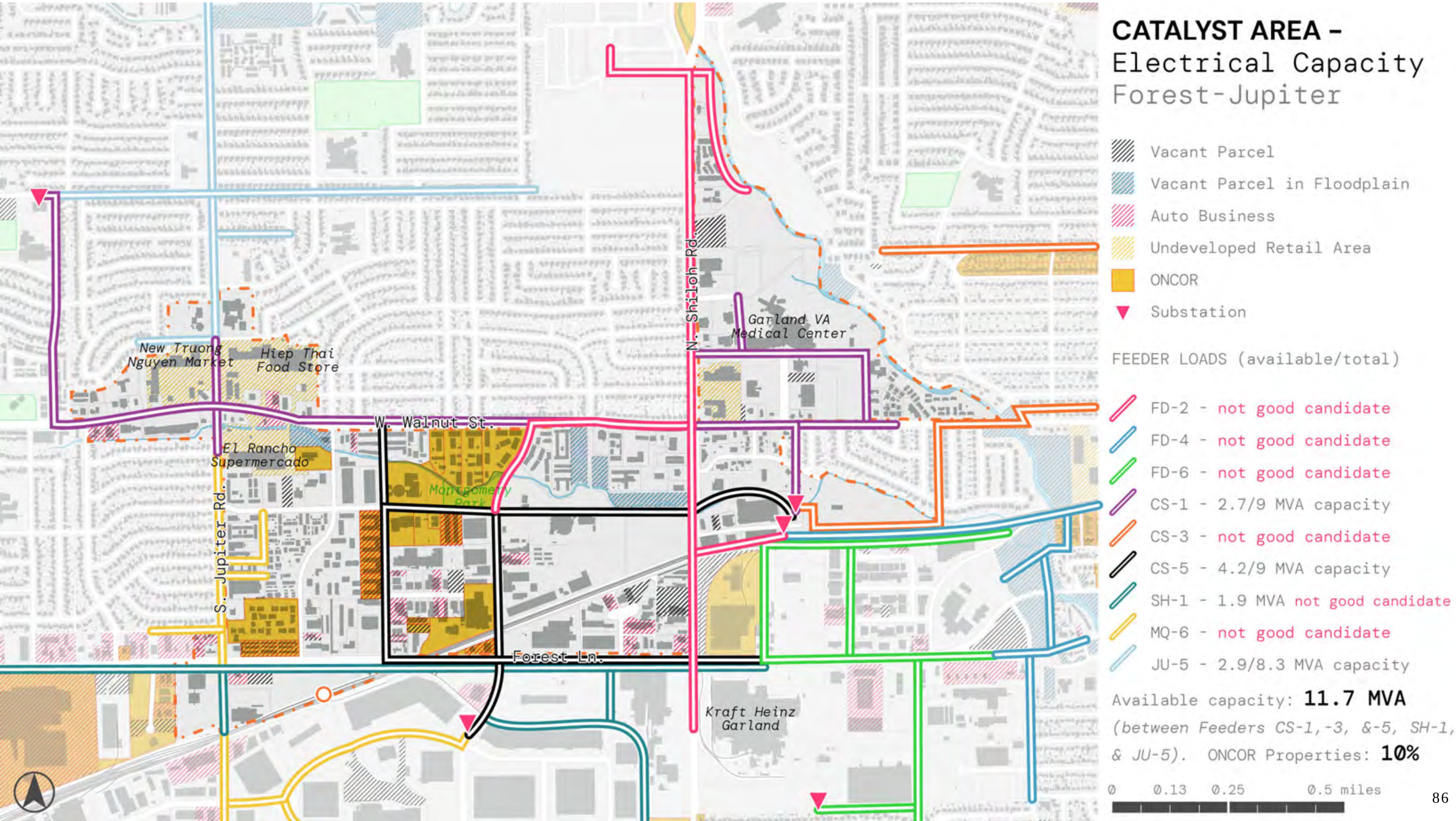
DOWNTOWN

The available capacity for the Downtown Catalyst Area is **6.7 MVA** between Feeders WS - 2, - 3, & - 4. **10%** of this area is singly certified to Oncor.



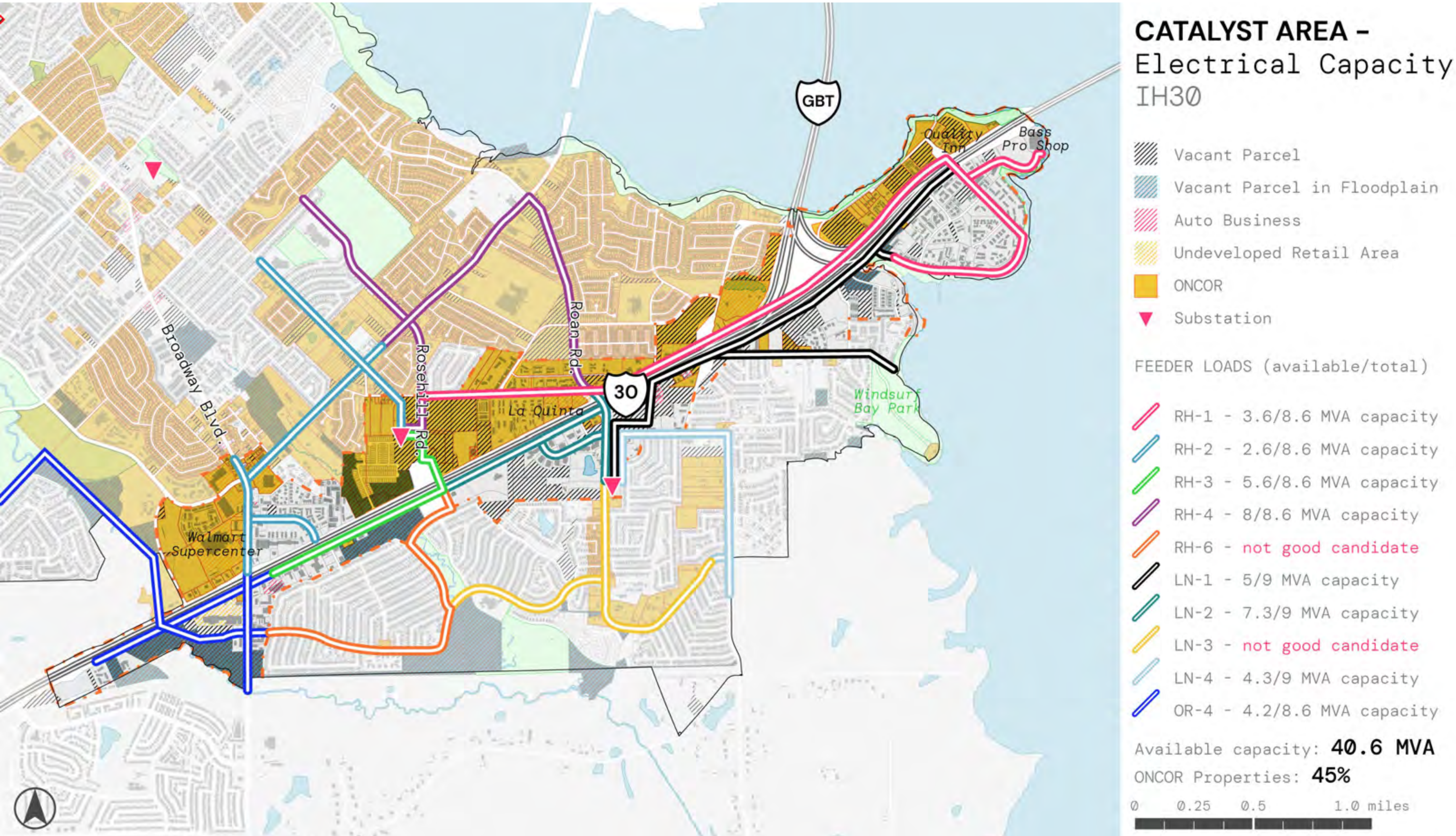
FOREST-JUPITER

The total available capacity for the Forest-Jupiter Catalyst Area is **11.7 MVA** between feeders CS-1, -3, -5, SH-1, & JU-5. **10%** of this area is singly certified to Oncor.



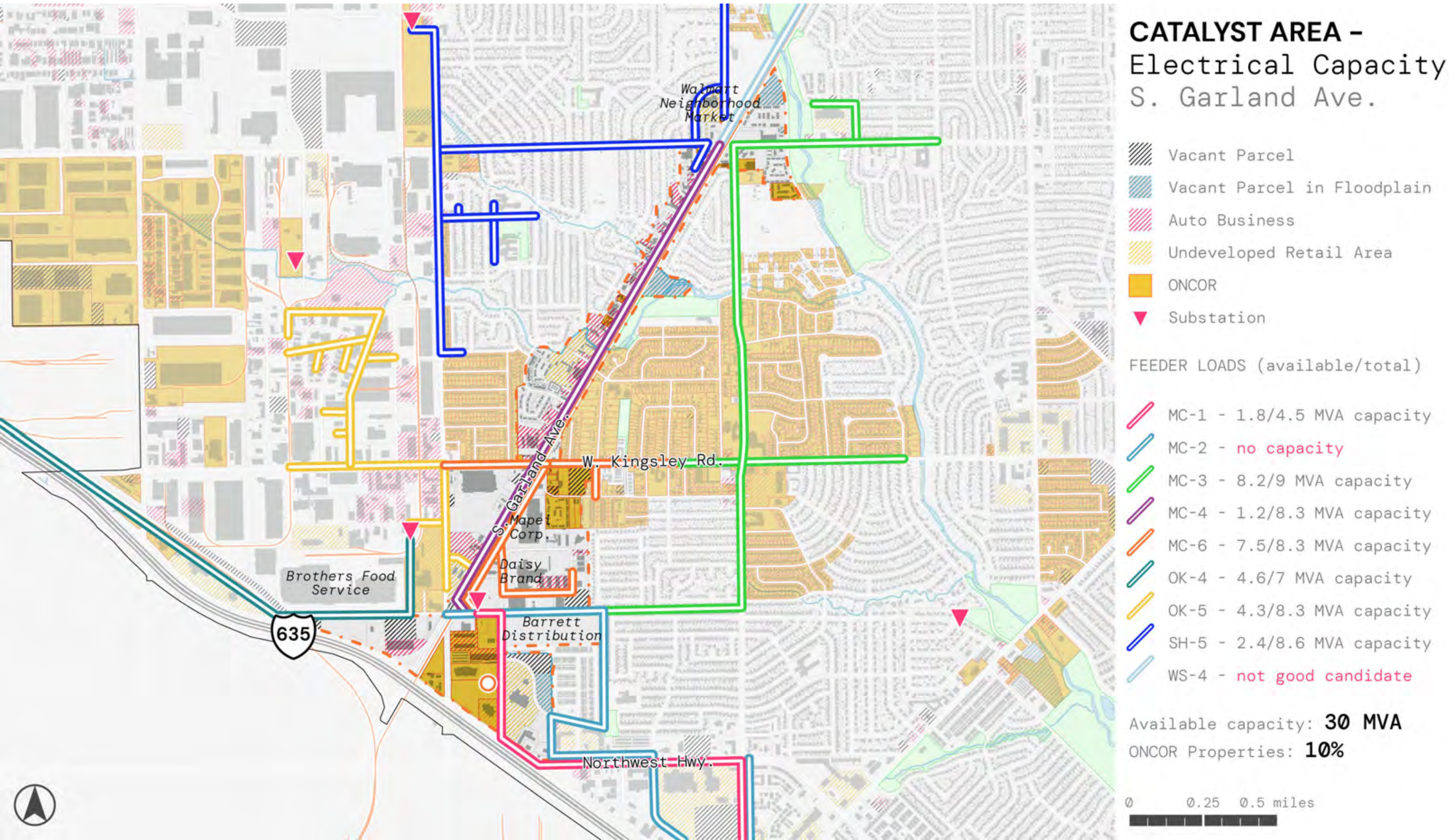
IH- 30

The available capacity for the IH-30 Catalyst Area is **40.6 MVA** among feeders RH-1,m RH-2, RH-3, RH-4, LN-1, LN-2, LN-4, & OR-4. **45%** of this area is singly certified to Oncor.



S. GARLAND AVE.

The available capacity for the S. Garland Catalyst Area is **30 MVA** among feeders MC - 1, MC - 3, MC - 4, MG 6, OK - 4, OK - 5, & SH - 5. **10%** of this area is singly certified to Oncor.



SH 190

The available capacity for the SH-190 Catalyst Area is **24.6 MVA** among feeders FW-1, FW-2, BR-3, BR-4, BD-3, NA-1, NA-3, CR-3 & CR-4. There will be additional capacity in the area with the planned substation. **20%** of this area is singly certified to Oncor.