ECONOMIC DEVELOPMENT PLANNING
Economic Development Planning

Purpose

“Development and redevelopment should expand/diversify employment opportunities, provide a wide range of quality housing options, and reduce retail leakage for all industries in Madison County.”
Need to Expand/Diversify Employment Opportunities

Madison County lost its largest employer and manufacturing base during the Great Recession of 2006-2008 when General Motors (GM) ceased its operations. The county has struggled to change over from a manufacturing-based economy to a service or technology-based economy as a result. The county lost 27,000 jobs when GM left Madison County in 2006. Only 30% (9,000) of the lost jobs have been replaced by relocation or expansion of other businesses since then. Furthermore, people in rural areas do not have equal access to new employment opportunities available for service or technology-based jobs. All of these factors contribute to a lacking quality of life that deters both skilled workers and new businesses from Madison County.

Economic issues facing Madison County stem from its over-reliance on a single industry sector for most of its employment. While the county is slowly recovering by adding new businesses, the lack of employment diversity persists. Before the Great Recession, the automobile manufacturing industry accounted for 23.06% of the total jobs in Madison County. Now, an estimated 24.38% of the total jobs in the county are provided by the educational and healthcare services industries.

Need to Provide a Wide Range of Housing Options

The county experienced a significant decrease in new housing starts between 2000 and 2018, but Madison County is projected to need an additional 5,718 new housing units by 2038. According to available permitting data from the Madison County Planning Department, only 331 new housing units were permitted in 2018. In addition, according to the recent housing market study conducted by Metropolitan Indianapolis Board of Realtors (MIBOR), the major concern for the county’s housing is the inverse relationship between new home construction prices and the income needed to support them across the region. In other words, Madison County residents cannot afford the homes currently being constructed.

The homes currently being constructed are geared towards large single-family households of the 1950s, but this type of family only represents 20% of the current market as opposed to 43% of the 1950s market. The families who can afford to move into the homes currently being constructed are often those who do not work for businesses in the county.
Need to Reduce Retail Leakage

An accurate snapshot of the current economic conditions in Madison County is crucial for making strategic development decisions that target the county’s economic deficiencies. Supply and demand are the two methods for measuring economic activity in the local economy. Analyzing consumer spending habits can reveal market demand or potential for economic expansion, while analyzing total business revenues can reveal markets’ supplies. Combining both consumer spending habits and business revenues paints an accurate picture of how a community economic ecosystem can be formed. Measuring the differences between these two factors reveals economic leakage or surplus factors. Surplus factors expose industries that are either oversaturated or underserved within a geographic area.

Leakage in any individual North American Industry Classification System (NAICS) code represents a condition where a market’s supply is less than the demand, so the demand is “leaking” out of the trade area. When demand “leaks” out of a trade area, households travel beyond an identified geographic area to fulfill their demands for retail products provided by certain industries.

A surplus in any individual NAICS code represents a condition where supply exceeds an identified geographic areas’ household demand, and surplus indicates that retailers are attracting households from outside an identified geographic area.

Environmental Systems Research Institute (ESRI) introduced the economic data analytical product Business Analyst in 2002 that includes information broken down into NAICS codes for both supply and demand for retail expenditures. Business Analyst captures household-based retail potential profiles and market supply estimates for business sales to households. Market supply estimates are presented in nominal terms and derived by analyzing the net of sales taxes, refunds, and returns from businesses engaged in merchandise retailing.
Reduce Retail Leakage Cont.

Business Analyst includes the latest market statistics for Retail Trade as well as Food Service & Drinking Places. Retail supply and demand conditions from the previous year are estimated in dollars and presented by NAICS code. The datasets contain information for 27 industry groups in the Retail Trade sector (NAICS codes 44 - 45) as well as the three industry groups in the Food Services and Drinking Places subsector (NAICS code 722). Industry-specific estimates of retail potential include information from the 2012 Census of Retail Trade (CRT) and information from the Bureau of Labor Statistics' 2014 and 2015 Consumer Expenditure Surveys (CEX).

The business analytics firm Infogroup offers business sale estimates based on data from 15 million businesses in the United States. The database is always updated with current geographic inventories, business boundary definitions, and household boundary definitions.

The CEX provides consumer spending estimates and information about goods and services by households. Tapestry Segmentation also contributes information to the consumer spending model. The combination of these data sources creates improved differentiation of spending by households and allows for greater accuracy, especially for smaller markets where distinctions can be difficult to measure.

Madison County households spent an estimated $1,371,559,217 in retail industries in 2017. An estimated $1,056,916,490 of retail sales occurred in 27 industries in Madison County in 2017. Meaning, there is a net leakage of $314,642,727 to businesses outside of Madison County. Township supply and demand analyses reveal that households in Van Buren, Jackson, Stony Creek, Duck Creek, Richland, and Green satisfy their demand in a township other than the one they reside in for both retail goods and food services. The economic sectors with the most leakage are:

- Food & Beverage Stores
- Motor Vehicle & Parts Dealers
- General Merchandise & Department Stores
- Clothing & Accessories Stores
- Furniture & Home Furnishings Stores

(See Figure 97)

Recapturing these lost retail sales with new or expanded local businesses would significantly impact the local economy. There are other induced and indirect economic multipliers that could benefit the county beyond the direct impact of businesses capturing an additional $300 million annually.
Reduce Retail Leakage Cont.

The induced (0.82 industry standard) multipliers estimate ripple effects caused by household spending, the economic activity generated by employees spending their wages as consumers. The indirect (0.67 industry standard) multipliers estimate ripple effects caused by the supply chain, the economic activity generated by suppliers of goods and services dispensing to certain industries.

Recapturing all retail leakage would induce an economic impact of approximately $258 million. This additional economic impact would mostly remain in the county, because induced economic impact estimates employee spending and economic activities that surround the spending of increased wages in the local economy. Recapturing all retail leakage would indirectly cause an economic impact of approximately $213 million. This money would not necessarily remain in the county, because indirect economic benefits supplied are chain-related.

<table>
<thead>
<tr>
<th>Industry Group</th>
<th>Retail Gap (in $)</th>
<th>Number of Businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food &amp; Beverage Stores</td>
<td>$163,905,672</td>
<td>52</td>
</tr>
<tr>
<td>Motor Vehical &amp; Parts Dealer</td>
<td>$62,422,919</td>
<td>72</td>
</tr>
<tr>
<td>General Merchandise &amp; Department Stores</td>
<td>$43,247,388</td>
<td>38</td>
</tr>
<tr>
<td>Clothing &amp; Accessories Stores</td>
<td>$30,854,188</td>
<td>24</td>
</tr>
<tr>
<td>Furniture &amp; Home Furnishings Stores</td>
<td>$20,722,364</td>
<td>24</td>
</tr>
</tbody>
</table>

Gross Retail Leakage

Figure 96
Geographic Information Systems Database Review

Geographic Information Systems (GIS) is a powerful computer software that allows for gathering, mapping, analyzing, and visualizing of data as a map. Any information can be given a spatial location, be organized into layers, and be displayed as the user sees fit, which allows the user to gain a deeper understanding of trends and relationships between disparate sets of data. Giving economic development professionals access to this tool would allow them to evaluate potential project sites’ suitableness and capacities. In addition, professionals would be able to estimate potential impacts and offer decision makers a data-driven perspective on economic development. After meeting with economic leaders in Madison County as well as in the Corporation for Economic Development (CED), the following items have been identified as GIS needs.

Access to ArcGIS Pro & a License for Arc Viewer

ArcGIS Pro is a software published by ESRI that requires an annual license fee of which Arc Viewer is the lowest access tier.

Access to the MCCOG Cadastral Database

MCCOG maintains a database with the locations of every property parcel and any of their associated information.

Access to ESRI’s Business Analyst Data Products

Business Analyst is a separate data analyst tool from ArcGIS Pro that allows its users a data-driven approach to validate economic assumptions about locations. Business Analyst combines proprietary data on locations and property costs with data about prospective customers, clients, or patients. Users can make accurate predictions using current-year data and five-year projections with this tool.

Access to the Current Building Footprint Information

The Madison County Planning Department maintains a database containing locations of Madison County’s existing buildings and their two-dimensional footprints.

Access to the Assessor’s Office Property Card Database

The Madison County Assessor’s Office maintains a database with recent property assessments and taxing information.

Access to the MIBOR Real Estate Listings Database

MIBOR maintains a database with property listings and other real estate information that is updated daily.
Potential Economic Development Projects

Alexandria Industrial Park

The CED worked alongside Norfolk Southern to write a proposal for an industrial park in the City of Alexandria at the corner of SR-28 and County Road 100 E in June 2018. The resulting report recommended an industrial park like any other standard park in the nation. The proposed development of the site contained 2.55 million sq. ft of building space, connections to the Norfolk Southern freight rail line, and major arterial connections to the surrounding road network. MCCOG created an alternative site proposal for the same industrial park at CED’s request, and the resulting conceptual plan was guided by the following core principles:

- Reduce the cost of construction.
- Allow for compact industrial development.
- Allow for shared infrastructure across the site.
- Incorporate natural preservation into the site design.

The proposal’s goal was to show that it’s possible to satisfy the desired built area requirements while developing it in an environmental sensitive and sustainable manner. The alternative concept that MCCOG produced allowed for 2.94 million sq. ft of building area, which equates to 390,000 more square feet than the initial Norfolk Southern proposal. Grade changes are kept to a minimum by incorporating natural preservation into the site design, which allows for faster development of the site at reduced construction costs than the original proposal. The proposed site allows for retaining all runoff water on site.

This economic development project would accomplish the following goals and objectives of the Forward Madison County 2035 Comprehensive Plan:

**Housing**

- Goal 2, Objective 1: p. 247
- Goal 2, Objective 2: p. 248

**Utilities & Infrastructure**

- Goal 2, Objective 1: p. 229

**Sustainability & Energy**

- Goal 1, Objective 1: p. 260
- Goal 1, Objective 4: p. 261
- Goal 2, Objective 1: p. 262
- Goal 2, Objective 2: p. 262
**White River Greenway**

The White River and its riverfront are highly underutilized assets that have the potential to revitalize Madison County’s major urban core. Past urban development patterns treated urban rivers as burdens or barriers that were only engaged with for industrial needs. Urban rivers were often used as direct access to a water source, a waste disposal solution, or a power source. Communities across the nation have recently been embracing their riverfronts as assets. Redeveloping rivers has enabled previously dilapidated urban cores to transform into vibrant and walkable places. The White River is directly connected to downtown Anderson via 8th and 9th streets, so it can provide the city with access to a natural amenity that communities across the nation would covet possessing. Adding a few amenities would make this region an area where people desire to live, work, visit, and play in. In October of 2019, the City of Anderson announced that it has begun examining its riverfront and is considering redeveloping the “Athletic Park” into a community asset along the riverfront.

This economic development project would accomplish the following goals and objectives of the *Forward Madison County 2035 Comprehensive Plan*:

**Utilities & Infrastructure**
- Goal 1, Objective 1: p. 225

**Arts & Culture**
- Goal 3, Objective 1: p. 197

**Recent Economic Development Projects**

On January 9th, 2020 the Town of Pendleton approved an incentive package that includes the donation of 25 acres of land valued at $750,000, a town contribution of $1 million toward construction costs, and another $1.45 million paid in monthly installments. This incentive package paves the way for developing a new 10,000 SqFt facility operated that will include wellness programs, classes, fitness activities, and sports programs.

This economic development project would accomplish the following goals and objectives of the *Forward Madison County 2035 Comprehensive Plan*:

**Wellness**

Goal 3, Objective 7: p. 211
Economic Development Goals & Objectives

The goals and objectives relating to expanding and diversifying employment opportunities are found in the Strengthening Economic Prosperity subsection of this document and can be found starting on p. 267. See below for objectives specific to needs outlined in this section.

Expand/Diversify Employment Opportunities

Goal 2: Coordinate economic development efforts between communities throughout Madison County to enable a Regional Economic Development Strategy. Objectives 3 and 4 on p. 271.

Goal 3: Remove existing barriers that discourage or prevent small business startups. Objectives 1-7 on p. 274-277.

Provide a Wide Range of Housing Options

Goal 1: Provide quality housing stock to attract new businesses, build the county workforce, and retain existing employees. Objectives 1 and 2 on p. 269.

Reduce Retail Leakage

Goal 2: Coordinate economic development efforts between communities throughout Madison County to enable a Regional Economic Development Strategy. Objective 7 on p. 273.