4. BUSINESS/INDUSTRIAL PARKS AND SITES

4.1 What are Industrial Parks and Sites?

Both business/industrial parks and sites are a component of the same local economic development strategy, that is, the attraction of new business and industry into the community. Without these assets in a community’s economic development portfolio, success in luring new industry or business to an area is not likely. A community cannot “sell from an empty wagon”—it must have something of value to market to potential customers. The community must also be aware of what constitutes a marketable, readily developed site or park from the company’s perspective within the needed time frame and strive to provide this if it wants to be competitive in attracting business/industry to its sites.

Business/industrial parks and sites are tracts of land specifically set aside for the potential location of more than one business or manufacturing firm. Business and industrial parks and sites provide an opportunity for a community to control and sell, on its own terms, a sizable tract of land to business and industry. They enable communities to prevent the use of industrial land in ways that are in conflict or are inconsistent with local community values and goals. Parks and sites also provide the opportunity for planned development in an organized and sequential manner.

Some parks and sites are for general business and industry use, while others may be targeted to a certain type of activity. To be successful, targeted parks or sites must have certain attributes or amenities that are necessary or desirable for the specific type of business activity to be targeted.

Industry/business parks and sites should help a community reach its economic development goals. Examples of potential community goals include:

- Creating more jobs and increasing local population
- Providing better jobs for people already in the community
- Replacing lost jobs
- Replacing lost sources of income
- Producing a greater variety of jobs and economic activity
- Building and diversifying the local economic base


Parks and sites should have, at a minimum, preliminary engineering plans for the location of utilities and infrastructure, a site plan showing the size and configuration of individual parcels within the property (which can be modified to suit an individual company’s needs), preliminary environmental and historical assessments, and stated general conditions related to the sale or lease and use of the property. This last item, the statement of general conditions, is known as a covenant. Covenants specify what a tenant can and cannot do in the park or on the site, including possibly the exclusion of certain types of businesses and not permitting certain types of structures to be constructed on the site. These covenants are attached to the deed and place legal restrictions on the property in perpetuity.

For communities without zoning, covenants can be used as an imperfect substitute, although they will not remove conflicts between the geographical park area and the surrounding area. For example, a park or site with covenants but no zoning and surrounded by residential homes may still have complaints from the surrounding residents. With no zoning, companies may be reluctant to locate in the park or on the site for fear of conflicts with residential neighbors over noise, dust or other perceived nuisances.

The primary difference between a park and a site is size. Parks are usually of greater acreage and can accommodate a number of businesses. Sites may be appropriate for only one user. A general rule of thumb of parks is that in order to be economically feasible a park should have at least 25 acres in size. The up-front costs of preliminary engineering and environmental assessments and, in some cases, the construction of utilities and other infrastructure are more justifiable if allocated over a larger site with
potential for a greater number of end users. A private or public developer of a park will want to carefully analyze the development within a cost-benefit framework to determine whether the return on its investment is sufficient.

Both parks and sites can be privately or publicly owned or controlled. Collaborative agreements among private and public entities, in which each takes the lead on a particular aspect of the development and marketing of the property, have become more commonplace over the past few decades. Some parks have ongoing management and developer involvement, while others are independent once all of the properties have been sold.

Parks and sites can include a wide range of amenities such as access to a park-owned rail spur, on-site employee training centers, nearby airports, or even recreational opportunities. Or, they may simply entail contiguous sites where companies locate. In the latter case, although they are expected to follow whatever restrictions have been placed on occupants of the park or site, they are on their own once the property changes hands.

The type and extent of amenities are often determined by the kind of customer that is being recruited to the park or site. For instance, back-office operations and call centers will typically require an excellent telecommunications infrastructure while parks or sites devoted to heavy manufacturing may require access to a rail line. Parks or sites designed to attract corporate headquarters may include golf courses or health clubs, on-site services such as automatic teller machines and dry-cleaner drops, and adjacent executive housing. In the intensely competitive world of business/industry attraction, amenities can serve to position the park or site to specific targets once basic needs for infrastructure, available labor resources, transportation networks and location have been met.

The current trend in site selection is for businesses to look for communities having parks or sites with more stringent performance standards, which are the guidelines to which the residents of the site are expected to adhere. Higher standards help protect an individual business’s financial investment in buildings and site improvements by requiring that their neighbors in a park or on a site meet and maintain the same expected standards.

Levels of performance standards can range from "none" to "advanced." The final positioning of a park or site will still be determined by community goals, market determinations, and future trends for the area, and establishing standards will help to provide controls consistent with the anticipated quality of development. Communities in desirable locations and with parks or sites that are positioned to attract high-tech or corporate tenants can use higher performance standards to attract those tenants that will provide substantial benefits to the community. These benefits include higher assessed property values, lower depreciation, and employers paying higher wage rates.

The following provides examples of levels of performance standards:

**No Performance Standards:** Heavy industrial and contractor uses with no covenants or standards. Such parks often lack paved roads or one or more basic utilities. Unscreened outdoor storage is allowed; no on-site landscaping or paving standards exist.

**Basic Performance Standards:** Park accepts heavy and medium industry. Roads are paved; basic utilities are available. Truck and rail access is provided. Most buildings are metal.

**Moderate Performance Standards:** Medium to light industry allowed, no heavy industry. Mixed-use park with setback requirements, buffers or limited landscaping requirements, and sign controls. Outdoor storage must be screened. Parking lots and driveways are paved. All parking is off-street, and truck-loading space is provided. Rail service may be available. Metal buildings are permitted, but facades have architectural criteria. Permanent park entrance signs and ongoing management of the park are provided for.
**Advanced Performance Standards:** Strictest performance standards apply, with an emphasis on aesthetics. Zoning permits offices with light versions of manufacturing, warehousing, or distribution operations. Architectural standards are high. Landscaping is required for the entire site, and outdoor storage is not permitted. Utilities are underground and density is low; the grounds are parklike. Many newer parks are being developed as "business parks" rather than "industrial parks." A "business" or "corporate" park designation generally implies an environment sometimes called a "corporate campus" (Mooney 1997).

One of the major issues with sites and parks, especially those in more sparsely populated rural areas where fully served vacant land is often not available, is the property's marketability. In other words, from the business/industry's perspective, how acceptable and ready for development is a particular site? Sometimes a community, in its desire to attract business or industry, identifies a local property that is available for sale as an industrial site and begins to promote it to potential customers. In the intensely competitive arena of industry/business attraction, the mere existence of a piece of land does not gain a community entree into the game of locating new investment. The community must first be aware of what industry's needs and motivators are. In general, as mentioned above, manufacturers need to be in production within 90 to 120 days from the time that they commit to locate in a community. This is important for a number of reasons. It may be that the company's major customer requires product shipment by a certain date. Also, the cost of interim financing during construction is typically more expensive than permanent financing, which begins once the project is completed. Finally, companies are financially stressed until they are finally in operation and cash flow becomes positive.