

Environmental Analysis

Social Environment – Economic Effects

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OVERVIEW

The analysis of a project's effects on the social environment will include the potential for economic effects. The level of documentation will vary by the type of proposed transportation improvements and the project location. Typically, economic effects discussions are detailed within the National Environmental Policy Act (NEPA) documents for federal-aid projects requiring an Environmental Assessment (EA) or an Environmental Impact Statement (EIS). Although a detailed discussion of economic effects is not generally required for federal-aid projects requiring a Categorical Exclusion (CE), it could be applicable if the proposed project has the potential to affect major local employers, commute routes, or local tax revenue base. In those cases, specific scope for the CE should be confirmed with GDOT and FHWA. While separate documentation of economic effects is not required for state-funded projects, background research and descriptions could be necessary to support special studies where economic effects including induced development could be reasonably foreseeable.

BACKGROUND RESEARCH

An effective starting point for economic research is an online review of local planning or forecast documents. Potential sources of relevant economic data include the following, all of which can be accessed online:

- > **Local Comprehensive Plans:** Within the municipality and county of the project area, periodic updates of a comprehensive plan are published (typically at five-year intervals). The Georgia Department of Community Affairs (DCA) is responsible for guiding the planning process statewide, including its database of all plans at the municipal, county, and regional commission levels. Comprehensive plans typically

include descriptions of economic characteristics, trends, and goals as part of the Economic Development Element. This element is required by DCA within municipalities and counties that have distressed economic conditions and approved for tax credits known as Tier 1. Based on the 2020 tax credit tier map, 71 counties were identified as Tier 1 counties.

Most of the qualifying counties are located south of metro Atlanta. Go to the following page for information about the Jobs Tax Credit and a map of the current tax credit tier map:

Georgia Jobs Tax Credit,
Georgia Department of Community Affairs

- > *Regional Plan and Forecasts:* The applicable Regional Commission (one of the 12 regions divided by the DCA) also will have a comprehensive plan and updates. In addition to or as part of this process, each region develops forecasts of population, employment, and other indicators of regional economic growth. The employment forecasts typically appear by county and for the region as a whole with a baseline and future year. Those years and any limitations on data should be noted to help explain why some data may appear in the NEPA document with differing existing or future years.
- > *Developments of Regional Impact (DRI):* As the name implies, DRIs are proposed developments (typically involving residential, commercial, industrial, or institutional uses in some combination) that likely have some impact beyond their local government jurisdiction. While DRI's may be used in the project's analysis of land use effects, the DRI report often defines economic goals or projections such as new jobs created.
- > *Census Bureau.* The typical online databases by the US Census Bureau can provide quick insights into a local economy through its *American Community Survey (ACS)*. Compiling data annually, the ACS can provide indicators at different geographies around the project area such as employment status, commute to work, income, and industries.

This combined background research provides a good understanding of the local conditions prior to determining the follow-up research needed. The research and analysis steps for economic effects are described in the following sections. These steps are appropriate for most EA level projects. For an EIS, the scoping process should inform and refine scope for economic analysis based on available modeling tools, any project-specific forecasts, and the scale of likely effects on major employment centers adjacent to the project footprint. Confirming scope expectations and limitations on any data are important first steps so that the eventual documentation of findings will effectively support the EA or EIS. At the same

time, a less complex project may warrant a more simplified approach. The key is to apply readily available data in meaningful ways that are appropriate to the project conditions.

EVALUATION

Most GDOT projects will require only an overview of economic conditions and an assessment of whether the project is likely to have any substantial impacts on the local economy. The Environmental Analyst will use the employment and other economic data along with inputs from the analysis of relocations and community impacts to consider how the local economy would be affected by the conversion of adjacent properties and businesses through displacements and right-of-way acquisition. To supplement the background research, the Environmental Analyst should identify specific businesses including tenants within commercial buildings that could be affected. Online research may provide background on the nature, longevity, customer base, and community role of a particular business that is potentially impacted. The analysis of economic effects should be adapted to the nature of the proposed design and the presence of adjacent businesses. Among the potential effects are the following:

- > *Displacement*—A business may be identified through the Conceptual Stage Study (CSS) as a displacement. Depending on the nature, timing, and proximity of other viable business properties, GDOT may be able to assist with relocating the business with federal assistance. An important distinction must be made between the property displacement and the business or businesses that may be operating within the property. In some cases, a single commercial building may have business suites for many separate businesses. Fair market value would apply for the acquisition from the property owner. The relocation process, as with residences, would be completed in accordance with the Uniform Relocation Assistance and Real Properties Acquisition Act of 1970 as well as State and Federal Regulations.
- > *Uneconomic remnant / NEPA displacement*—In some cases, the CSS will not necessarily identify all business impacts if the primary structure is not located within the required ROW. Further coordination and analysis may determine that the business cannot operate with the reduced parcel size or if its internal access and circulation are impacted.
- > *Tax base reduction*—For any commercial buildings or other properties acquired by GDOT, annual tax revenues are typically collected by the local governments (except for any specific institutions with approved non-profit status or other government property). The tax base includes the real estate value, business “operating” property value, and the annual revenue. If a business (or multiple businesses) can be relocated within the local jurisdiction, the net effect on the tax base may be neutral. However, if a major commercial or industrial property is removed with the local economy, each of these tax sources would be removed. The standard approach for this analysis is to rely on the CSS for property value estimates then calculate the total value of real property at the local tax (millage) rate to estimate the amount and

percentage of the total local government's annual budget.

- > *Access effects*—A business may avoid displacement/relocation with no land encroachment yet experience substantial impacts if the project changes local traffic access. For example, widening a highway and limiting access to a reduce number of median breaks could affect the ability for local customers to reach a business. This kind of impact should be considered by designers before finalizing median breaks, including informal coordination with the local business stakeholders. The Environmental Analyst may need to coordinate or assist stakeholder meetings for individual businesses so that access, parking, or other concerns can be discussed. These types of changes also can be associated with encroachment alternation effects under effects analysis, where unintended consequences of a traffic improvement project may include reduced access for adjacent parcels.
- > *Employment effects*—With the displacement of businesses, an estimated number of employees could lose jobs depending on the potential to relocate within reasonable commuting distance, the potential closure of the business without relocating. In addition to number of displaced jobs as a whole, considerations should include whether the affected employees include a concentrated number of underserved populations such as minority, low-income, elderly, disabled, or US veterans. The CSS will estimate some of these potential characteristics and number of employees, while additional research on the specific business(es) may be required.

Most GDOT projects will have minimal impact on the local or regional economy, while some may bring a net benefit. In the rare cases where substantial adverse conditions could occur for one or more businesses, GDOT and FHWA will consider appropriate mitigation measures. These concerns are interrelated with the community impacts (described in the *Social Environment—Communities* guidebook) when the business(es) may be owned by minority or low-income populations; be one of a specialized nature with a specific role in the local community that would be difficult to replace; or include concentrations of employees who are among the previously listed underserved or vulnerable populations. As with other resource impacts, the NEPA document should disclose the anticipated impacts (even if estimated based on data limitations) and any mitigation measures considered.

DOCUMENTATION

The documentation for economic effects will vary by project type, location, and urbanization in the project area. As an introduction, one to two paragraphs and summary tables should highlight existing and forecast employment, primary employers, commercial/industrial growth trends, and local economic development goals. The overview should identify any employment center or industry that is connected closely with the project's identified need and purpose or larger scale transportation access in the project area. The economic section generally will range in length from one to five pages. Where detailed tables or relevant discussion would exceed this range or specific NEPA page length goals, an appendix could be beneficial. The primary discussion would refer to the

local economy, available local/county/regional business forecasts, any business displacements or impacts, affected employees, and measures to assist impacted businesses.

Guidebook Revision History

Revision Description	Relevant Sections	Revision Date
Initial Publication	All	6/30/2021