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RESIDENT REQUESTS

Restaurant & Retail Recruitment Explained

One of the more frequent suggestions we receive from Pelham residents is, “We need more restaurants.” Everyone has a favorite place to eat, and there’s never a lack of friendly debate about which restaurants should put down roots in Pelham. We wanted to provide some information to residents about the process for recruiting restaurants and retail to Pelham, so we asked Economic Development Director Michael Simon.

“Attracting a new restaurant or retail is not as easy as it might seem. Even though members of the community have a list of restaurants or retailers they want to locate here, the decision makers for these businesses have a much larger list of criteria that the prospective community must meet before investing resources and funding into the expansion,” Simon explained. He went on to say that most well-known restaurant and retail entities use the “franchising model” as the sole means of development or expansion. “If a community wants one of these, then there must be an area or territory located within their expansion or servicing area, and most importantly, there must be an individual or corporate entity willing to invest as a ‘franchisee.’ In the vast number of companies on our community’s wish list, one of the items on the franchisee’s criteria list is to have between \$800,000 and \$2 million in liquid assets in place and available solely for use in the new franchise location. But finances are only one piece of the puzzle. A franchisee must meet very specific site criteria, franchisee resume of experience and interview, qualifying market demographics, and other financial requirements before the franchisee can begin their development process.”

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Other factors include whether a restaurant or retailer is in an expansion mode or whether the community's demographics meet their requirements, such as a suitable location and an available workforce to staff their store. Simon continues, "Many developers look at existing businesses. How are they doing in sales? Are they doing well or barely hanging on? Are their competitors opening new locations in the community? If not, why?"

The population of the city plays a significant role in these decisions. "According to Auburn University's Government & Economic Development Institute's Know Your Community tool, the population of Pelham is just under 25,062 people, which some commercial developers consider a small number," said Simon. It's a fact that many residents have said they don't want to see new housing developments because of traffic concerns and overcrowding. The truth is we need more rooftops in Pelham to make the city attractive to the kinds of restaurants our residents seem to want. "Prospective business owners need an adequate population to service their stores. Small populations generally don't have larger cities' sales volumes because they have fewer shoppers. There's a saying in development, 'Retail follows rooftops.' Traffic counts, new schools, and new residential communities are positive things that attract companies to the community."

City leaders are listening to the community's cry for additional eateries and are getting more competitive to attract restaurants, such as offering economic development incentives to new businesses and commercial investors. "Campus 124 and the Canopy developments are excellent examples of the City's successful use of special economic development incentives to promote growth within Pelham. Such incentives include sales tax revenue sharing agreements, supporting specific land use and zoning changes, and when city-owned land is involved, selling the property for less than fair market value are all strategies to bring developers to Pelham. In certain cases, the City may offer to pay for utility infrastructure and roadway improvements, without which, the project would be too expensive to be successful."

At its second meeting in December, the City Council approved an agreement with HCI Pelham Central, LLC, to bring a new upscale mixed-use development to the property in front of the Pelham Public Library. Edgar's Bakery, Waldos Chicken and Beer, and Ellianos Coffee have been announced as anchor tenants of the development. Construction is expected to start in the spring of 2024. At that same meeting, the Council approved a Letter of Intent from Jack's Family Restaurant, which plans to build a new restaurant east of I-65 at exit 242 near Tractor Supply. The company plans to use its new design prototype, featuring an outdoor patio with seating, rocking chairs, and a stone fireplace.

With the potential for this new restaurant, recruitment of a hotel underway, and construction beginning soon on the Ascension St. Vincent's Freestanding Emergency Room, the City plans to fund a traffic study east of I-65 to ensure good traffic flow as that part of the city grows. Another positive impact on traffic flow is the widening of CR-52 West in the next five years. That work is a portion of the larger CR-52 Railroad Elimination project that the City received \$41.7 million in federal grant funding to construct.

