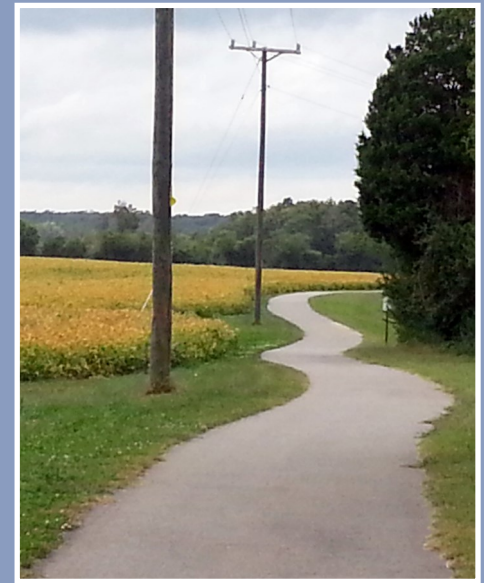




Richmond Regional Comprehensive Economic Development Strategy



2017 ANNUAL UPDATE





STRATEGY COMMITTEE

John Accordino,

Virginia Commonwealth University

Karen Aylward,

*Chesterfield County
Economic Development*

Ashley Hall,

Capital Region Collaborative

Ben Campbell,

Richmond Hill

Nicole Colomb Monk,

VCU Tech Transfer

Tim Davey,

Timmons Group

Sara Dunnigan,

Virginia Workforce Board

Susan Deusebio,

Hanover County

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and Community Development*

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Resource Workforce Investment Board

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Dominion Power

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Richmond Association of Realtors

Jamison Manion,

WES, Inc.

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*Community College
Workforce Alliance*

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Jason Smith,

Bridging Richmond

Gary Rhodes,

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Community College*

Matthew Ryan,

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Kim Scheeler,

*Greater Richmond
Chamber of Commerce*

Carrie Roth,

Virginia Biotech Research Park

Nora Amos,

*Town of Ashland
Economic Development*

Zach Trogdon,

Charles City County

March Altman,

Powhatan County

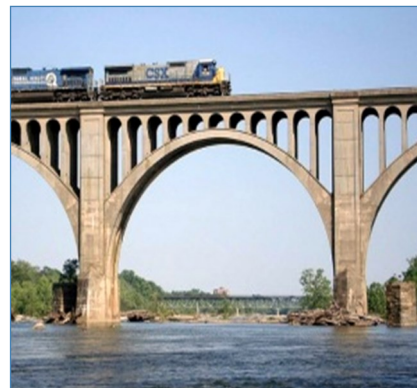
Thad Williamson,

*Office of Community Wealth Building,
City of Richmond*

Barry Matherly,

Greater Richmond Partnership





Introduction

The purpose of this 2017 Annual Report on the Richmond Regional Comprehensive Economic Development Strategy (RR-CEDS) is not only to begin to update key indicators toward addressing performance measures to show progress, but to report on activities and input from CEDS regional partners since the CEDS document was updated in July 2016. The base year RR-CEDS reflected a 2-year work effort of a 34-member CEDS strategy team that culminated with approval by the Economic Development Administration Regional Office in May 2014 and was officially accepted by the Richmond Regional Planning District Commission (RRPDC) board on July 8, 2014. The RR-CEDS represents a comprehensive approach to economic development within a five-goal framework:

Goal 1: Create Best-in-Class Pre-K to 12 Public Education System

Goal 2: Expand Productive Workforce Participation

Goal 3: Focus Capital Investments on Priority Economic Development Opportunities

Goal 4: Grow and Retain Jobs That Advance the Region

Goal 5: Expand Regional Choice in Housing and Transportation Access to Employment

These goals relate directly to the six goal areas of the EDA: Collaboration, Public/Private Partnership, Strategic Priorities, Globally Competitive, Sustainable, and Relieving Economic Distress. Key to RR-CEDS Partnership is the Capital Region Collaborative (CRC). The CRC was formed in 2009 by the RRPDC and the Chamber RVA with an Organizing Council made up of private and public sector representatives across the Richmond Region. Starting in 2016, the CRC started tracking key performance measures which were updated in first quarter of 2017. A web site reporting the findings from the Community Indicators was also launched in conjunction with the 2017 annual update <https://www.capitalregioncollaborative.com>. Not only do the indicators “assist community leaders, elected officials, and funders in making informed, strategic decision to drive change”, but they provide important input for the Annual RR-CEDS update. The comparative matrix below illustrates specific priority areas and how they relate to the five essential goals of the CEDS.

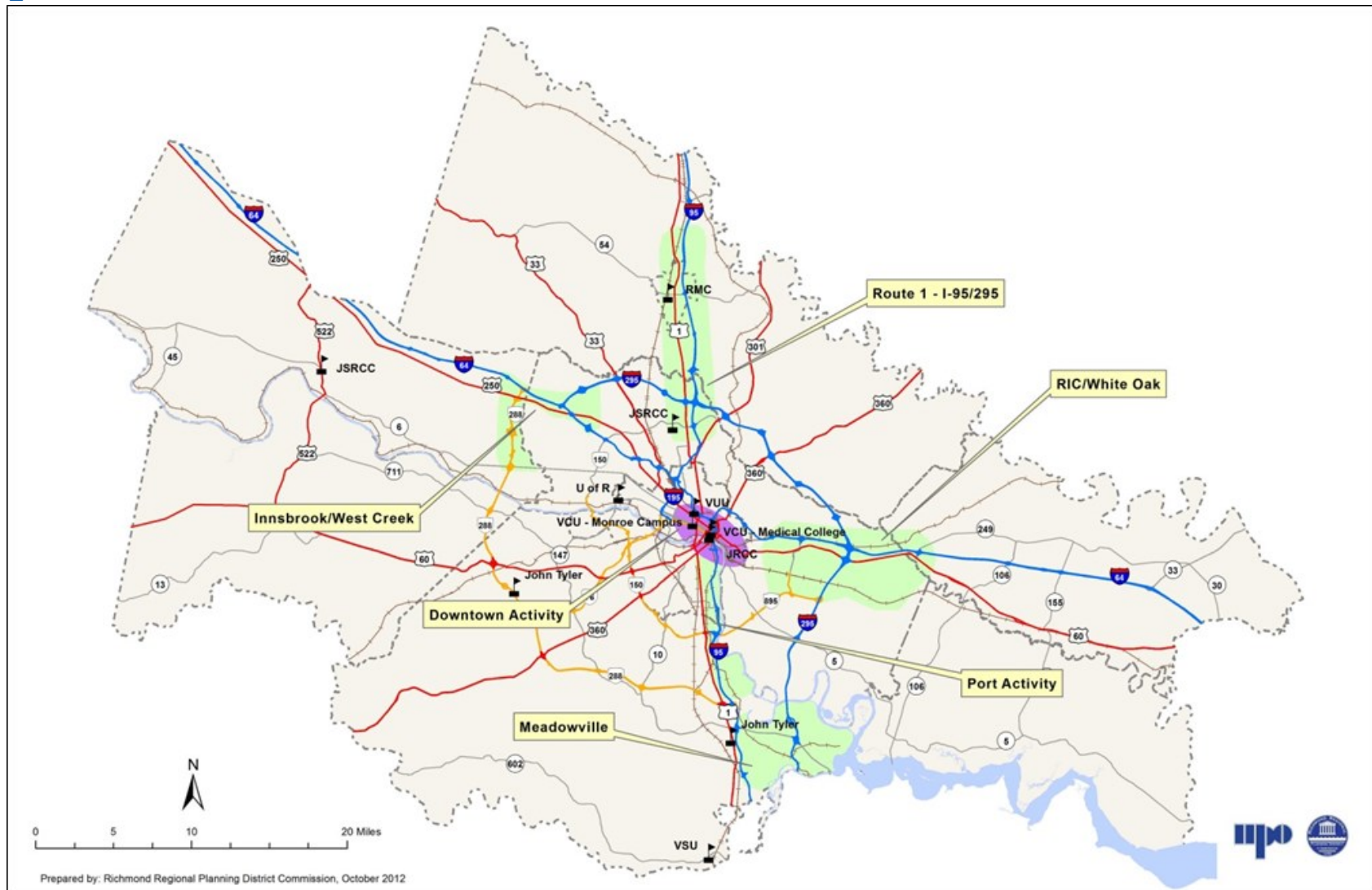




CRC PRIORITY AREAS	CEDS PRIORITY AREAS				
	k12	workforce	directed capital invest	growth in demand jobs	choice housing/transit
education	X				
workforce prep	X	X			
job creation			X	X	
social stability	X	X			X
healthy community	X			X	X
coordinated transportation					X
james river			X		
quality place-arts, culture	X	X		X	X
CEDS Performance Indicators					
Highlighted items - CRC indicators and/or action team in common	pre-school enrollment	% participation-distressed	funds leveraged by public \$	# new & retained jobs	HAI index change
	3rd grade reading	WIB participation	dev to underutilized areas	# new in target clusters	housing cost burden decline
	7th grade career coaches	program integration	tax revenue priority areas	# business start-ups	new housing med fam income
	CTE advancement	employer satisfaction		venture capital increase	public transit expansion
	HS grad rates & drop-out rates				
Only CRC Indicators:	% 24-65 with BA degree	per capita income		annual wages	commuters
		underemployment		unemployment rates	commuter delay
		STEM-H jobs		employment growth	commercial air tavel
Action Team	developmental math	opportunity youth		# major companies	transit coverage
		heart disease		employment in culture	poverty rate
		diabetes		air quality	household income
		employed in health care		crime rate	SNAP recipients
		fitness rankings			homeless
					cost burdened households

Statistical evidence of the strengths and opportunities along with weaknesses and challenges led to the creation of the RR-CEDS organizing goal framework. Strategies, actions and models both within the region and from other communities make up a tool-box of elements that can be drawn from to direct positive collective action. Further focus within five (5) geographic areas of greatest influence shown on the map below is also intended to direct resources where the biggest regional impacts would be realized relative to the performance indicators.





CEDS strategies outlined by the Goals, Objectives and Strategies Matrix (pp. 81-84) show how pulling together work elements from the tool-box can meet multiple objectives within key **geographic** areas of the Region. One example defines a workforce catchment area around the industrial/logistics center anchored by the Richmond Marine Terminal (see Port of Richmond –now the Richmond Marine Terminal as part of the Port of Virginia system) Activity Area Strategy, pp. 68-70) is highlighted as a key element of the 2017 Commerce Corridor Study draft implementation planning effort.

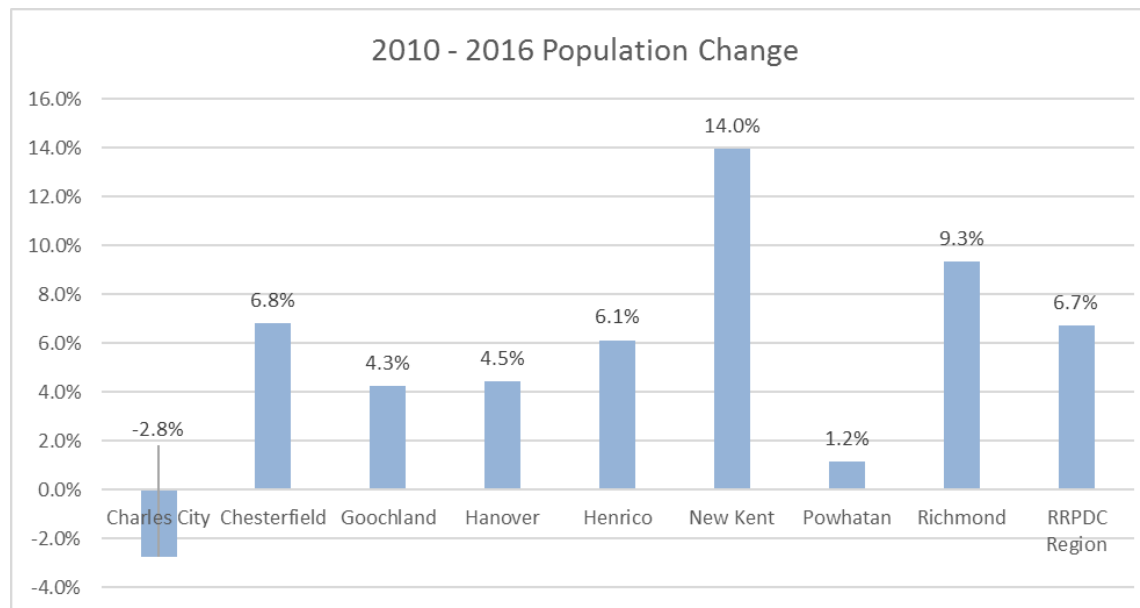


2016-2017 Economic Overview & Update on Key Findings

This annual update captures new data where possible to report on performance in moving key indicators; however, many of the measures are “lagging” indicators which will take several years to register progress. For example, the total jobs created in the region and the types of jobs over time may shift industry clusters and the location of these clusters which will impact how effective strategies in targeted areas such as the Richmond Marine Terminal (RMT) are or are not addressing unemployment, lower household incomes and specific job training needs to ready the workforce for the demand jobs. Therefore, this Annual Report summarizes a broad data review which is recognized to be the initial stage of gathering and reporting on data over a longer timeframe:

Population Growth

The 2016 regional population continues to increase at much the same annual rate experienced from 1980-2010, increasing to 1,072,401 or 6.7% since the 2010 decennial census (ACS July 1 annual estimates, 2010-2016). Only Charles City County has slightly declined in population both in absolute and percentage terms. Chesterfield County has shown the greatest increase in absolute terms (21,667), with the City of Richmond a close second with a 19,055 population increase in the last six (6) years. New Kent County has shown the strongest percentage rate of change. Provisional population projections of UVA’s Weldon Cooper Center show a healthy population growth for the region with 1.3 million projected for the 2040 population in the Region.



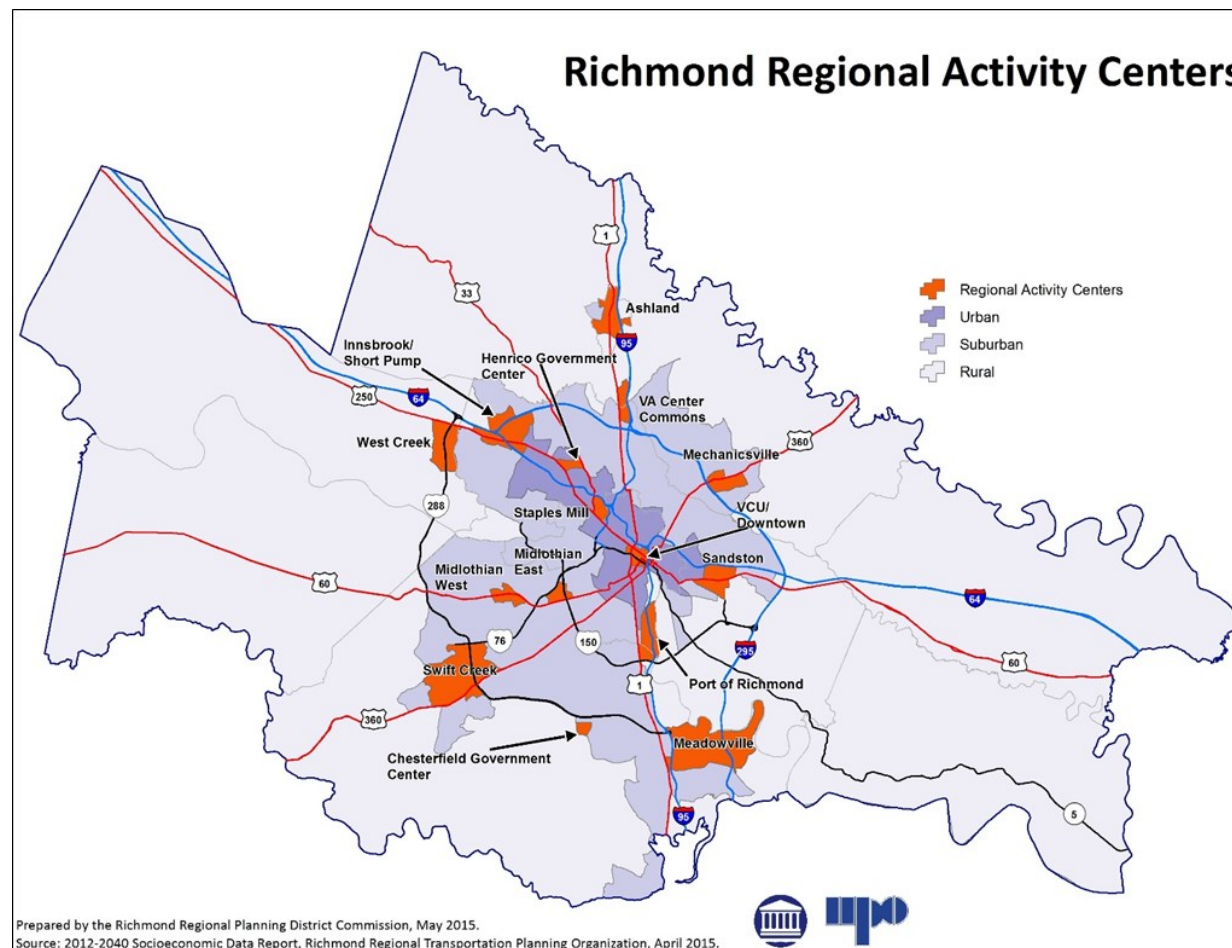
Source: U.S. Census Annual Population Estimates, July 1, 2010-2016

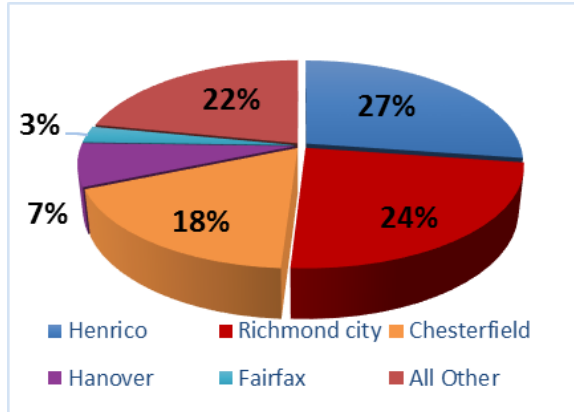




Population Distribution

Population distribution across the region is the focus of a separate Socioeconomic Analysis prepared by the RRPDC every four years for the primary purpose of the regional transportation planning, or Metropolitan Transportation Plan (MTP). The 2012-2040 update reviewed underlying trends to forecast population for the region and anticipate general patterns of growth, or concentrations of population and employment. The socioeconomic analysis combined with the target industry analysis, and the ongoing updated inventory of existing land use will provide valuable guidance for strategic decision making on priority projects, feasibility of impact, and infrastructure investments. Likewise, a longer view of trends showing changes in specific population characteristics such as age and racial composition both at a regional and sub-regional level will be used to fine-tune implementation objectives.





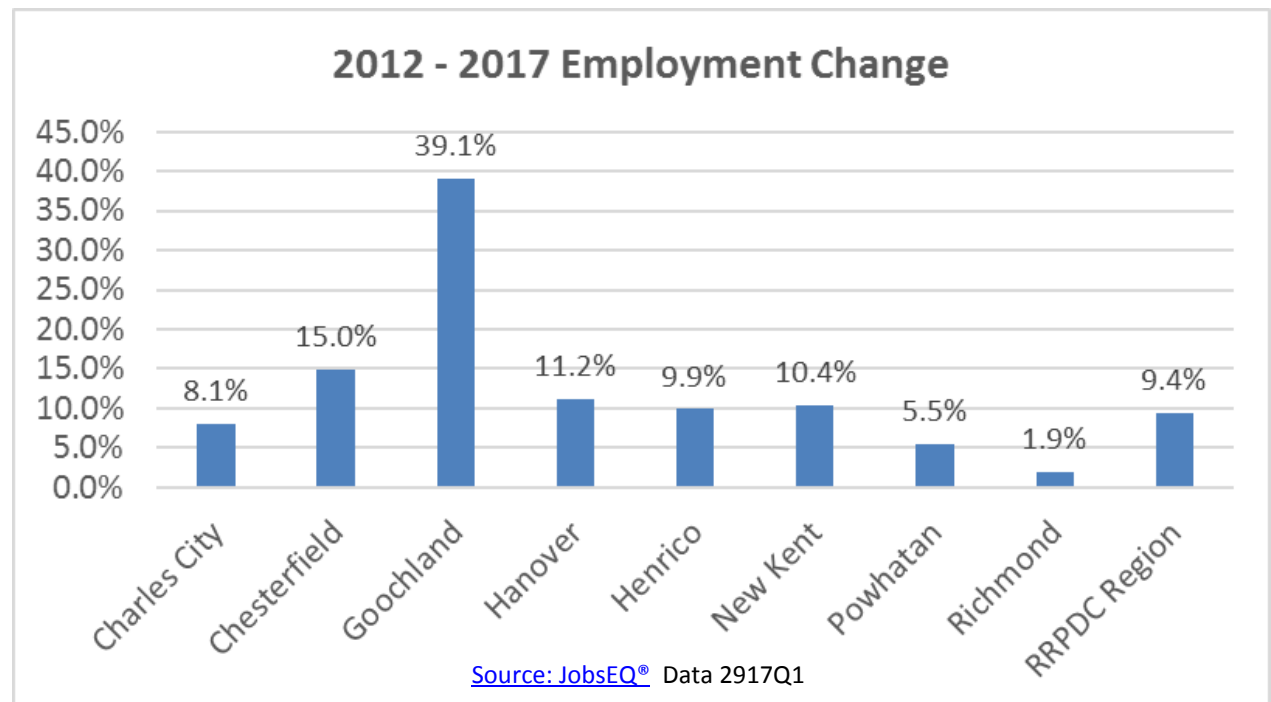
U.S. Census, LEHD 2014

Commuting Patterns

Commuting patterns showing changes across the region and beyond will make use of updated census data from LEHD over the next year along with the Socioeconomic Analysis to indicate any significant shift in the journey to work from home and vice versa. The general distribution of where employed residents of the Region work has essentially remained the same: Henrico (27%), Richmond (24%) and Chesterfield (18%) continue to be the largest centers for employment.

Employment Growth

Since 2012 (1stQtr) to 2017 (1stQtr), the Richmond Region has added a total of 50,984 jobs, slightly less than during the 2011-2016 reporting period. The strongest industries in terms of absolute growth were in administrative and support, health care and social assistance, and accommodation and food services. These employment changes have not resulted in a noticeable shift in the industry clusters or relative strength; such shifts would only be expected over a longer timeframe. Most notably for the Region, the City of Richmond showed a modest gain from the previous period with an increase in 3,808 jobs, or 1.9%. In absolute terms, Henrico and Chesterfield continue to have the greatest increases in employment, and Goochland experienced the greatest percentage increases. Powhatan and Charles City counties experienced slower employment growth from 2012-2017 than in the previous period.





Richmond Region Employment by Major Industry

NAICS	Industry	Employment	Average Annual Wages	Location Quotient	Total 5 Year Change	Annual Average 5 Year Change	Projected 10 Year Average Annual Change
11	Agriculture, Forestry, Fishing and Hunting	1,374	\$27,524	0.16	-25	-0.4%	-0.3%
21	Mining, Quarrying, and Oil and Gas Extraction	302	\$60,651	0.13	16	1.1%	0.2%
22	Utilities	2,250	\$82,072	0.71	359	3.5%	-0.4%
23	Construction	37,146	\$52,550	1.15	4,701	2.7%	1.4%
31	Manufacturing	26,246	\$62,563	0.54	1,279	1.0%	-0.8%
42	Wholesale Trade	22,649	\$67,998	0.99	705	0.6%	0.5%
44	Retail Trade	60,339	\$28,834	0.94	3,349	1.1%	0.5%
48	Transportation and Warehousing	22,746	\$43,456	0.93	6,326	6.7%	0.0%
51	Information	7,958	\$60,783	0.67	-1,219	-2.8%	-0.3%
52	Finance and Insurance	38,135	\$79,914	1.62	2,993	1.7%	0.8%
53	Real Estate and Rental and Leasing	9,428	\$54,474	0.94	1,421	3.3%	0.4%
54	Professional, Scientific, and Technical Services	41,060	\$79,471	1.05	2,570	1.3%	1.1%
55	Management of Companies and Enterprises	21,263	\$111,084	2.46	520	-0.1%	0.4%
56	Administrative & Support & Waste Management & Remediation Services	43,558	\$36,229	1.14	7,865	4.1%	1.0%
61	Educational Services	52,027	\$44,564	1.06	401	0.2%	0.7%
62	Health Care and Social Assistance	81,240	\$51,892	0.97	7,901	2.1%	1.9%
71	Arts, Entertainment, and Recreation	12,935	\$19,870	1.11	1,487	2.5%	0.8%
72	Accommodation and Food Services	45,928	\$17,919	0.87	6,774	3.2%	0.6%
81	Other Services (except Public Administration)	30,444	\$31,292	1.16	1,210	0.8%	0.4%
92	Public Administration	32,475	\$59,473	1.15	172	0.1%	-0.1%
99	Unclassified	1,153	\$47,642	0.97	1,150	226.7%	0.8%
	Total - All Industries	590,657	\$51,140	1.00	49,957	1.8%	0.8%

JobsEQ, preliminary estimates 2017Q1

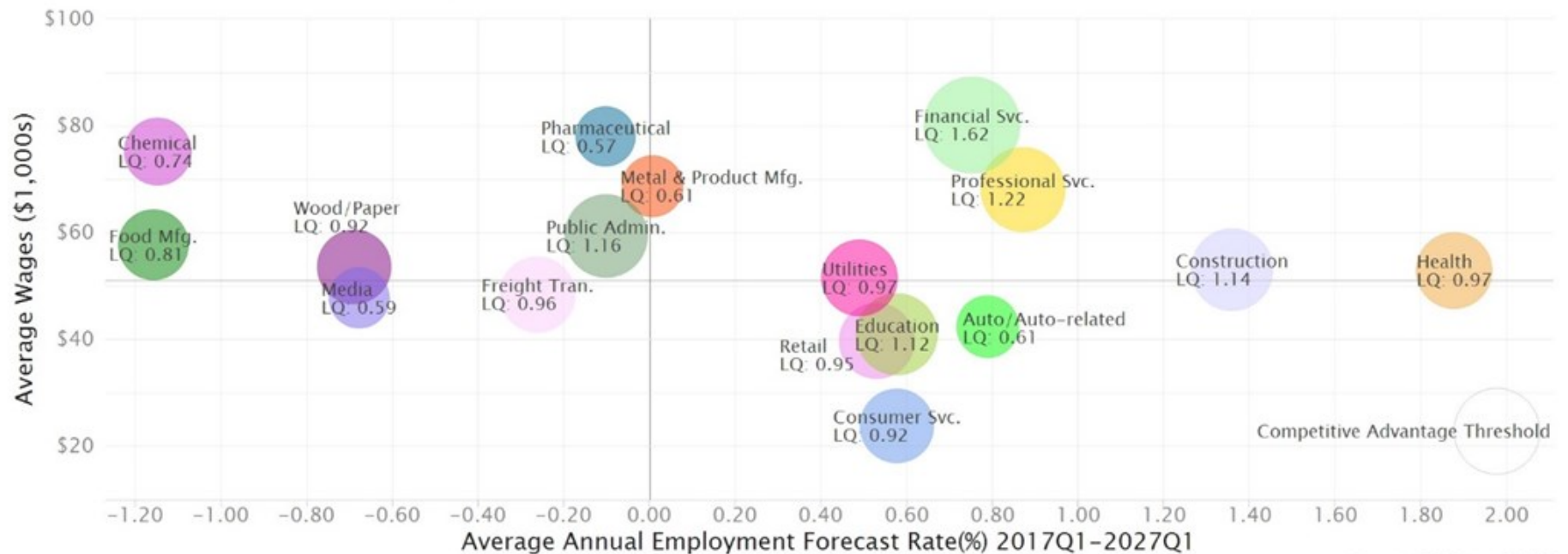




Industry Clusters

Industry clusters representing a geographic concentration of interrelated industries or occupations are depicted below as to their relative strength within the Richmond Region. A Location Quotient (LQ) of greater than 1.0 indicates a strong cluster. The industry cluster with the highest relative concentration continues to be Financial Services with a LQ of 1.62, also within the highest relative wage category. Professional Services and Construction are also relatively high. The relative strength of the clusters has not changed appreciably since the 2014 base year RR-CEDS.

Industry Clusters for Richmond Regional, VA PDC as of 2017Q1



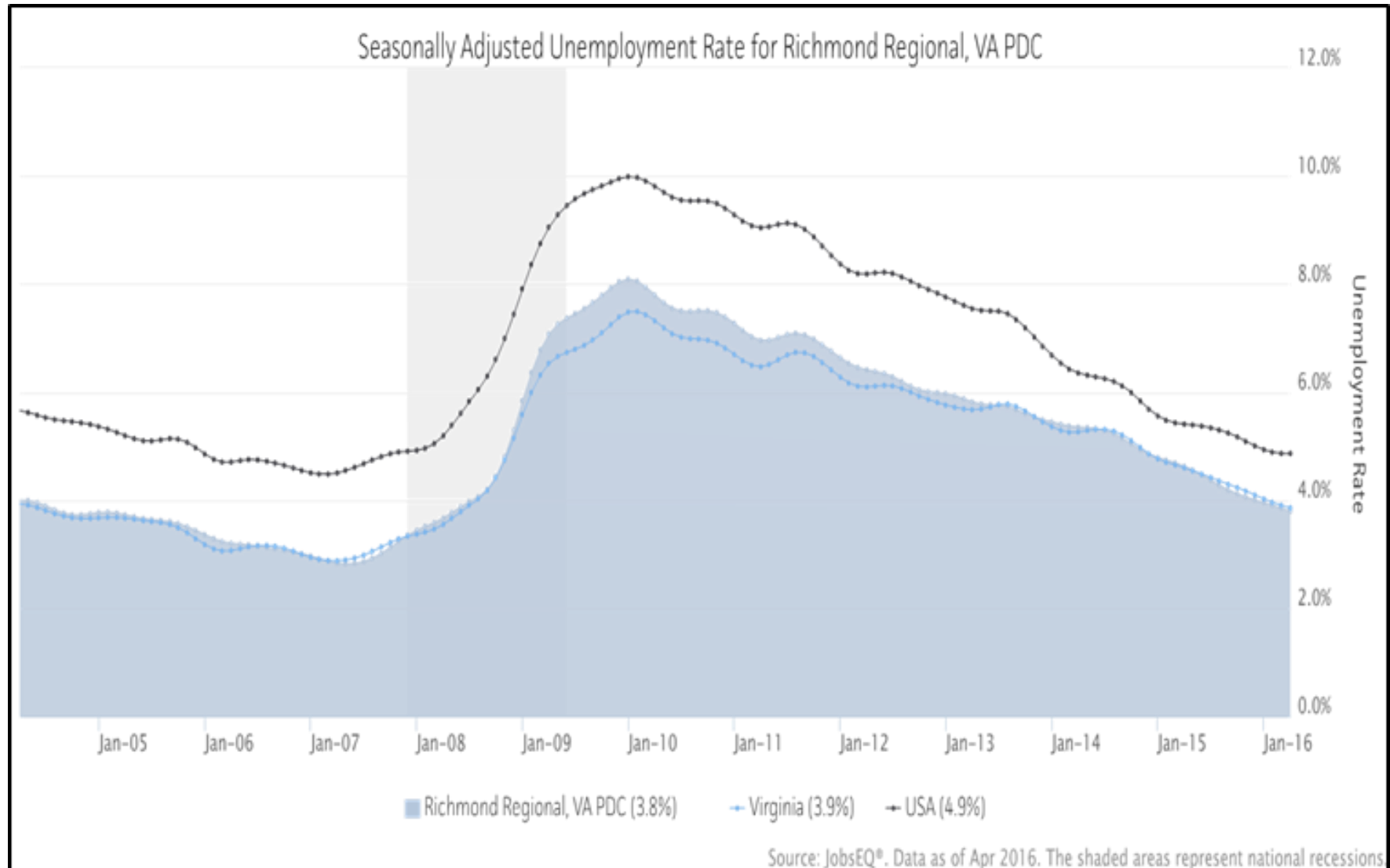
Source: JobsEQ®, Data as of 2017Q1





Unemployment

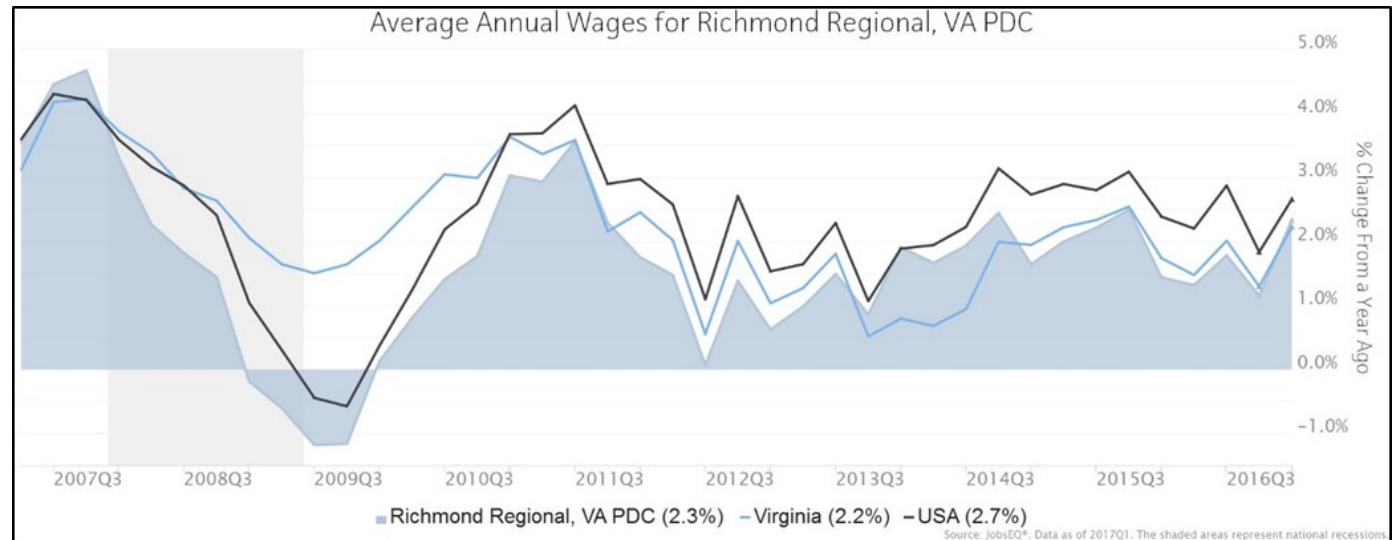
The seasonally adjusted unemployment rate in the Richmond Region has continued to decline to 3.8% as of April 2017, slightly lower than the Commonwealth and well below the national rate of 4.4%.





Wage Trends

Reflective of the types of industries that are growing in the Richmond Region, wages continue to lag somewhat behind the Commonwealth and the U.S.; the gap has narrowed since 2014. The average annual wage in the Richmond is \$51,140 as of 2017Q1, but increased by 2.3% in the region during the last four quarters.



Jurisdiction	Unemployed	Jobs Openings	Jobs Openings per Unemployed
Charles City		41	0.2191
Chesterfield	6,965	6,243	0.9
Goochland	401	229	0.6
Hanover	2,009	2,805	1.4
Henrico	6,986	8,588	1.2
New Kent	404	182	0.5
Powhatan	484	181	0.4
Richmond	5,294	25,868	4.9
RRPDC Region	22,734	44,137	1.9

Source: U.S. Bureau of Labor Statistics, March 2016. Virginia Workforce Connection,

Jobs vs. Unemployed

The number of openings posted through the Virginia Workforce Connection compared to those who are unemployed was better in March 2016 compared to the last report in 2014 showing that 1.9 openings (full and part time) are available for every unemployed person.





Workforce Skills Gap

The potential skills mis-match or jobs gap challenge has garnered much discussion and additional research in the past 18 months. A survey of human resource professionals conducted in May-June 2015 by the Southeast Institute of Research on behalf of the **Community College Workforce Alliance (CCWA)**, the Greater Richmond Society for Human Resource Managers and the Capital Region Collaborative (CRC) addressed the following questions:

- Is this ratio an accurate depiction of a jobs-skills mismatch?
- Are local employers tapped out when it comes to available, qualified local people? Do they have to look outside the region for talent to fill open positions?
- If local employers are not tapped out, what can be done to facilitate greater alignment between job seekers and job providers, to help get a greater number of the available workforce employed and grow local employers?

Key findings of the survey of primarily human resource managers in private, non-profit, governmental and non-governmental organizations as reported in June 2015 to the CRC indicated:

- Most of the responders prefer to hire local residents than recruit from outside the region.
- 57% of respondents reported that finding qualified workers is challenging, and particularly so for the larger (500 employees or more) for-profit businesses (71% responded affirmatively).
- Seven in ten respondents feel the jobs gap is primarily due to qualification issues. One-half of the respondents reported that job seekers lack the technical skills required. Companies are often not able to effectively identify a qualified candidate based on the skills required instead of a degree or credential.
- Soft skills are important to organizations today and impact the Richmond Region's jobs gap, and most respondents prefer to hire someone with adequate soft skills and teach the harder, technical skills.
- Part of the jobs gap is a result of job seekers not having adequate skills or connections to get in front of potential employers, and that a centralized job posting place may overcome this obstacle.
- The Region's positive reputation is commonly agreed to be a big contributor toward growing the regional qualified talent pool.

Recommendations of the SIR Survey included important steps as a starting point for the CRC Workforce Action Group. As the client of the SIR survey, the CCWA has taken several steps working more directly with the Resource Workforce Investment Board to help individual job seekers obtain the skills employers have identified as the most needed. Much of their focus has been to increase opportunities for obtaining credentials, i.e. for advancement of soft skills restructuring program modules to align with national retail customer service credentials that are more readily accepted by local employers, setting up a certified logistical technical and associate degree program in the community colleges, establishing a truck driving school with full-time director for commercial driver's license (CDL) training and awards, working with John Tyler Community College to set up a non-credit nurse assistant program. Using a grant through the Apprentice America program, CCWA also works with local industries to set up specific classes for entry level manufacturing technician positions.



Further understanding of the Richmond Region current skills gap challenges is the subject of a compendium of studies along with updated re-research to be released in August 2017 to the GoVirginia Region 4 Council representing the Richmond and Crater regions. Continued focus on workforce training in the construction trades has emphasized in conversations with workforce and locality partners. The 5-year trends indicate a demand for 3,825 in construction in the next five years, with an average 10-year increase of 1.5% annually. Escalating bid prices are indicative of much greater competition in the Richmond market.

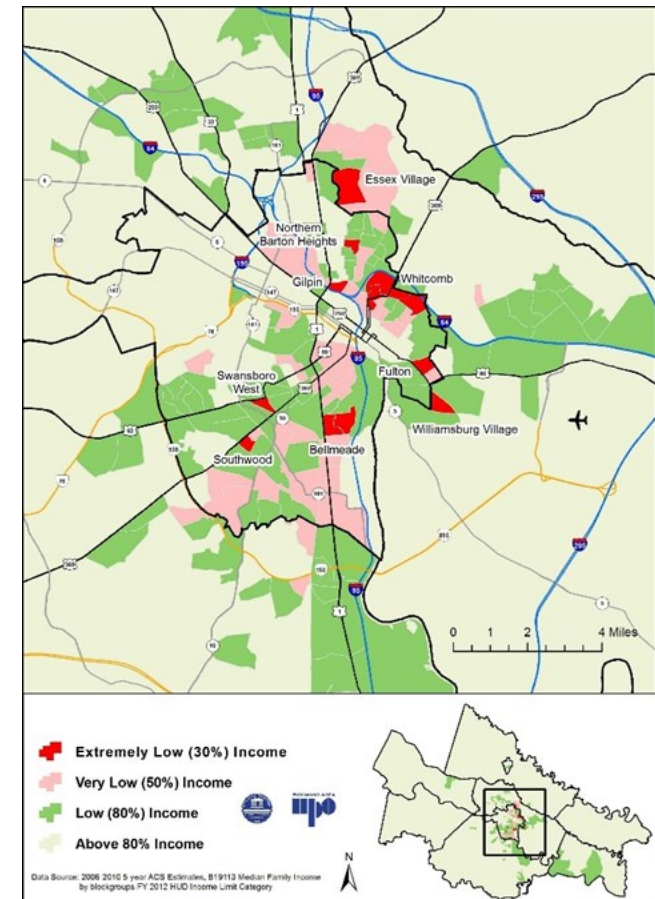
Unemployment in Distressed Neighborhoods

Unemployment in the most distressed areas of the region as shown below has not changed and it is still more than 4-times the regional unemployment rate.

Neighborhoods	Civilian Labor Force	Labor Force Participation Rate ¹	Unemployment Rate
Northern Barton Heights	153	48.0%	11.8%
Whitcomb	2,098	36.5%	21.8%
Gilpin	655	58.0%	40.8%
Fulton	367	59.5%	18.8%
Swansboro West	912	64.3%	26.5%
Southwood	830	77.4%	7.3%
Bellmeade	857	53.8%	22.8%
Essex Village	991	62.2%	24.5%
Williamsburg Village	264	48.4%	15.5%
Total	7,127	50.8%	22.4%

Source: U.S. Census, 2010-2014 5-Year American Community Survey, Table B23025

1. Percentage of civilian labor force compared to the total population over the age of 16.





CEDS Strategy Regional Partners

Much of the active work toward action and implementation of the RR-CEDS is being carried forward in partnership with the ongoing efforts of the local economic development offices, key partners of the CEDS in the areas of education, workforce, higher education, non-profits, and business and industry. Regional collaborative work efforts are principally accomplished through the RRPDC, the Greater Richmond Partnership (GRP), Commonwealth of Virginia initiatives such as GOVirginia and Virginia Economic Development Partnership (VEDP) Business Ready Sites, the Chamber RVA, and jointly between public and private sectors through the Capital Region Collaborative, with highlights summarized below:

Virginia Initiative for Growth & Opportunity (GO Virginia) is a joint initiative by the business community and the Commonwealth GO Virginia received \$28 million in the current year two-year budget of the Commonwealth to establish a grant funding program focused on regional collaboration to undertake projects in areas such as workforce development, business incubators and accelerators, joint site development and scale-up programs for small and large businesses. The legislation specifies that early efforts should be placed on addressing skills gaps identified in the workforce (this skills-gap analysis for Region 4 which makes up the Richmond and Crater Regions is due to be complete in July 2017). Funds awarded through GO Virginia are intended to leverage private and other public dollar investments and could be an excellent complement to EDA Public Works eligible projects.

Virginia Economic Development Partnership (VEDP) provides planning, preliminary engineering and infrastructure support to localities to attract, retain, and expand businesses. The Virginia Business Ready Sites Program was established in 2015 to increase the competitiveness of the localities, and thereby Virginia, by adopting minimum criteria for ready-sites and assisting in the development of those sites across the Commonwealth. Through this program a site classification system which rates sites from Tier 1 (willing seller/without property control) through Tier 5 (all permits secured/site ready for land disturbance permit) has been devised to indicate the readiness of each site to be developed. In the first round of funding, 28 projects were awarded initial grant funding in 2016 to identify marketable properties of greater than 100 contiguous acres and assess their readiness for development. In the Richmond Region, only one of the candidate sites, White Oak Technology Park in Henrico County has been identified that is classified at a Tier 3 level which means the site is zoned for commercial and industrial use, due diligence has been completed and cost estimates for development have been completed. The Commonwealth and the Richmond Region have a very limited number of large (~100 AC) sites which are classified as development ready.

Metro Richmond Exports Initiative (MREI) is a non-profit group and partnership between the Greater Richmond Partnership (GRP), Virginia's Gateway Region (VGR) and Virginia Commonwealth University's Center for Urban & Regional Analysis (CURA) which is providing educational and networking programs through grants and scholarships for export-related activities by connecting businesses with resources they need to go global.





Capital Region Collaborative (CRC) continues to serve as the primary vehicle for a collective strategy among the business community, the region's localities and the non-profits/foundations, making good progress this past year to drive action:

CRC Action Groups focus directed effort through the CRC Organizing Council so that more deliberate action plans, tasks and steps can be taken or directed by a small core group, and progress can be measured in improving the quality of life and economic prosperity of the Region. The Workforce Action Group made up of educational partners such as Bridging Richmond, Community College Workforce Alliance (CCWA), the Resource WIB, the Federal Reserve Bank of Richmond, and business and industry participants is focused reaching and building strategies to engage Opportunity Youth those 18-24 who are unemployed or not enrolled in school or training programs. (more than 17,000 youth in the region).

RVA Community Indicators/Dashboard annual update was presented in a large public forum with 200+ in attendance on March 10, 2017 which provided a broad Tier 1 overview of how the Richmond Region compares to six other peer regions within each of the eight (8) priority areas. This guidebook represents the culmination of many months of data verification and discussion among subject matter experts to verify these “lagging” indicators were relevant measures of economic prosperity and quality of life and could lead to further analysis within the Richmond Region (RVA) to the Tier 2 or “leading” indicators which will have greater consequence to those who are trying to impact real change. Additional foundation funding was awarded to develop and launch an interactive website www.capitalregioncollaborative.com to track the indicators.

Commerce Corridor-Transportation Connectivity, Accessibility and Economic Opportunity study is a collaborative planning effort of state, regional and local interests led by the Richmond Regional Transportation Planning Organization (RRTPO) with financial and consultant support provided by the Virginia Secretary of Transportation's Office of Intermodal Planning and Investment (OIPI). The Commerce Corridor study area is centered on the Richmond Marine Terminal (RMT) and the I-95 corridor from the James River crossing in the City of Richmond to Route 10 in Chesterfield County. The study represents a comprehensive analysis of existing and future transportation needs and prioritization of infrastructure investment needed to drive commerce in the study area. Given the Port of Virginia's 40-year lease with the City of Richmond to manage and operate the RMT, significant economic development and job creation is possible both inside and outside the port gates. More than 60+ potential short, medium and long term project solutions have been identified including a project summary, features, funding information and project development details which would be required to realize true economic re/development investments in the area. The Implementation Draft was released June 2017 providing a strong foundational element for bundling future projects with a variety of funding sources.





Capital Region Workforce Partnership Resource VA makes employment and training services available to job seekers and employers in the City of Richmond and seven surrounding counties in accordance with the Workforce Innovation and Opportunity Act of 2014. Three primary workforce centers are located in Chesterfield, Henrico and Richmond, with an affiliate site in downtown Richmond operated by the City's Office of Community Wealth Building (OCWB). Resource also partners with the Virginia Employment Commission, Adult Education, Community College Workforce Alliance, Virginia Department for Aging and Rehabilitative Services, Senior Connections and others to leverage resources and make workforce service delivery more efficient. In its most recent program year, the WDB served 1,920 jobseekers and over 747 employers and businesses. Sixty (60) percent of the employers are new, first-time users.

City of Richmond Office of Community Wealth Building (OCWB) was established in 2015 to strategically address and ameliorate the high degree of poverty in the City of Richmond. The Center for Workforce Innovation (CWI) is a strong and active arm of the OCWB and recently received a \$1.9 million grant from the Virginia Department of Social Services available to cities with high poverty rates. Several in-demand job training programs such as those in health care and logistics or supply chain management industries will be the focus of the CWI with the fund enhancement.

Established by the **Virginia Biotechnology Research Park (VBRP)**, **Activation Capital** is a “non-profit organization with the sole purpose of bringing great passions to life and fostering a vibrant creative culture in RVA.” Activation Capital is an active network of entrepreneurs, product developers, researchers, financiers, university, non-profits and corporate leaders who bring together the resources needed for start-ups, or idea launchers, product patents or scientific research. Activation Capital has tracked metrics of progress in the innovation ecosystem over the past two years offering suggestions as to gaps in resources, mentoring opportunities or capital investment that will best keep the technical and innovative employment sector vibrant and growing.

On the plus side: Investments by **NRV** (formerly New Richmond Ventures) and through VCU accelerator program are up by \$600,000 in each, an increase by 61 employed in supported companies or organizations, academic research expenditures up by \$9.9 million, and higher educational attainment increased overall in the Region. Challenges which remain or have become more acute include: funds raised by VBRP, Richmond-based companies or Lighthouse Labs Accelerator declined by \$66 million despite gains in other areas, knowledge assets or patents issued slightly declined and the number of career readiness certificates declined despite an increased level of completion in other areas such as high school graduation and 2-year and 4-year degrees. NRV is addressing the investment challenge with a newly created \$33 million investment fund geared to middle-stage entrepreneurial efforts. This metric measurement and the activities associated with the Activation Capital are an important indicator of the health of the innovation ecosystem of the Richmond Region combined with job growth and specifically targeted job training programs for the unemployed, under-employed or opportunity youth.





Local Government Partners

The **Town of Ashland** works closely with the Hanover County Office of Economic Development to build relationships, provide incentives, and market available product for commercial and industrial development within the Town. The Town is served for a 7-member Economic Development Authority which administers a loan, grant and bond program to support economic growth and vitality. Much of the Town's commitment is focused on the downtown Ashland Main Street area, but has also included positioning of several larger properties with greater access to I-95 and Route 1. The 286-acre Holland/Axelle parcel just north of the Route 54/Route 1 intersection is one such property now zoned for industrial use and added to the Route 1-I/95/295 focal area. The Ashland Town Council adopted a new comprehensive plan in December 2016 which calls for greater opportunities for industrial and distribution center development north of Town with direct access to Route 1. As the home of Randolph Macon College, much of the employment in Ashland is in the educational services industrial sector, followed by retail trade and accommodation and food services so opportunities to diversify employment in the basic industries would be a positive step to take with the County's assistance.

Charles City County remains a largely rural community based on a modest rural economy which is not growing. The median age of the resident population is 47 years old, almost 10 years older than the regional median age. The poverty rate is 13.2 percent compared to the regional percentage of 11.9 percent, and educational attainment rates are lower overall. A labor force participation rate of 59% (region at 68%) is reflected in these statistics. However, total employment increased 4.5% in the County over the past year compared to 0.5% rate in the region. In contrast, the rate of unemployment is higher in Charles City than in the region and wages are considerably lower coupled with a much lower cost of living. Manufacturing and educational services are the predominant industries although the very high location quotient of 4.5 in Farming, Fishing and Forestry occupations certainly reflect the agrarian nature of the County. Completion in 2015 of the Virginia Capital Trail (VCT), a 52-mile off-road hike/bike trail traversing the county along Route 5 from Richmond to Williamsburg offers tremendous potential to open the County to increased tourism. Ancillary support facilities and businesses have been emerging as a direct result of the increased exposure. Charles City County's economic development challenge in the near-term is to determine how best to position the County to derive benefit from the VCT, fully activate throughout the County the broadband infrastructure recently employed for the Roxbury Industrial Park, and respond to potential development opportunities along the Route 106 corridor in the western portion of the County. The County's 2015 Economic Development Strategy provides a solid understanding of the local economy in the context of the region recognizing very specific strengths/asset, weaknesses, opportunities, and threats. Building on the opportunities, the County should focus on:

- Diversifying tourism
- Leveraging the VCT
- Developing more retail in targeted areas
- Expanding small manufacturing
- Building a residential base in selected locations

The strategy identifies Route 106 as the key industrial corridor and the Charles City Courthouse as the commercial/residential hub.





Chesterfield County. Much activity in the Port Activity Area (south) has come about since the 2014 RR-CEDS which identified the 500+ acre James River Industrial Center (JRIC) as one of the largest developable properties in the Commonwealth. Tranlin Inc. (now Vastly) a Chinese manufacturer of specialty paper products using an environmentally-based process plans to develop the entirety of the JRIC investing an estimated \$2.0 billion and creating 2,000 jobs. As a result of this new development potential, the Willis Road/I-95 interchange area has been the subject of an extensive traffic study for replacement and upgrade of network improvements to serve not only the plant but existing industrial and potentially developable tracts in the area. The highway infrastructure projects in support this viable industrial-logistics and supply chain development area are outlined by the Commerce Corridor Study as medium-term project solutions, within a 10 to 20-year timeframe requiring significant investment from multiple sources and involving a multi-jurisdictional, public and private investments. The fact that the JRIC has been committed to a project highlights the need for positioning additional large acreage in the 100-250 acres range in the Richmond Region which are development ready.

Goochland County is challenged by growth opportunities which will require substantial infrastructure upgrades especially within the West Creek Business Park Focal Area (p. 73) and Route 288/Route 250 from the Henrico County line into Centerville. The area north of Route 250 was one focus of the 2035 County Comprehensive Plan update depicting a vision for an interconnecting highway network to serve the approximately 485 acres of prime economic development property. Recently announced destination retail and supporting commercial development in this area is driving much of the demand for infrastructure. This area is part of the Tuckahoe Creek Service District (TCSD) with more than adequate capacity to serve the acreage contained within the district—8500 total acres of which 3,500 acres are in West Creek. The 2015 County Utility Master Plan calls for evaluation of the timing, funding and priority for extending both trunk and distribution systems within high growth development areas to connect to developer-funded local systems and laterals.

Corresponding development pressures for residential development in areas extending south and west of West Creek place competing demands for infrastructure and public services. The need for more affordable housing alternatives for the growing workforce is becoming evident; the median house value in Goochland is \$318,400 or more than 40% higher than the rest of the Richmond Region and rental units represent only 13%—compared to 34% regionally—of the total housing stock.





Hanover County has a 2015-2020 Economic Development Strategic Plan and is in the process of updating the County Comprehensive Plan which will include an updated look at the economic development strategy. Identified as a key regional focal area in the RR-CEDS (pp. 64-65), the Route 1/I-95/295 corridor is considered a promising economic spine with mixed opportunities for infill and growth especially from the Virginia Center Commons area in Henrico through Hanover County and the Town of Ashland. Utility availability including water, sewer, road access, and broadband expansion are considered the greatest needs to adequately serve these infill sites. The County does not retain control of any major properties but works closely with developers of tracts well suited for industrial development in Northlake Business Park and surroundings. Another big need identified by the County are parcels/buildings that are capable of housing expanding businesses who want to remain in Hanover County. The County Air Park is a good example of “incubator” space for light industrial/office-service uses but without additional space for the second stage of growth for many of the tenants. Diversity in living (19% of occupied housing in Hanover is rental vs. 34% in the region), types of jobs (retail trade predominates), and a greater variety of quality employment opportunities which pay higher wages are primary goals for Hanover County. Hanover participates actively with Greater Richmond Partnership to attract and retain/expand business, and provide opportunities for workforce skills training.

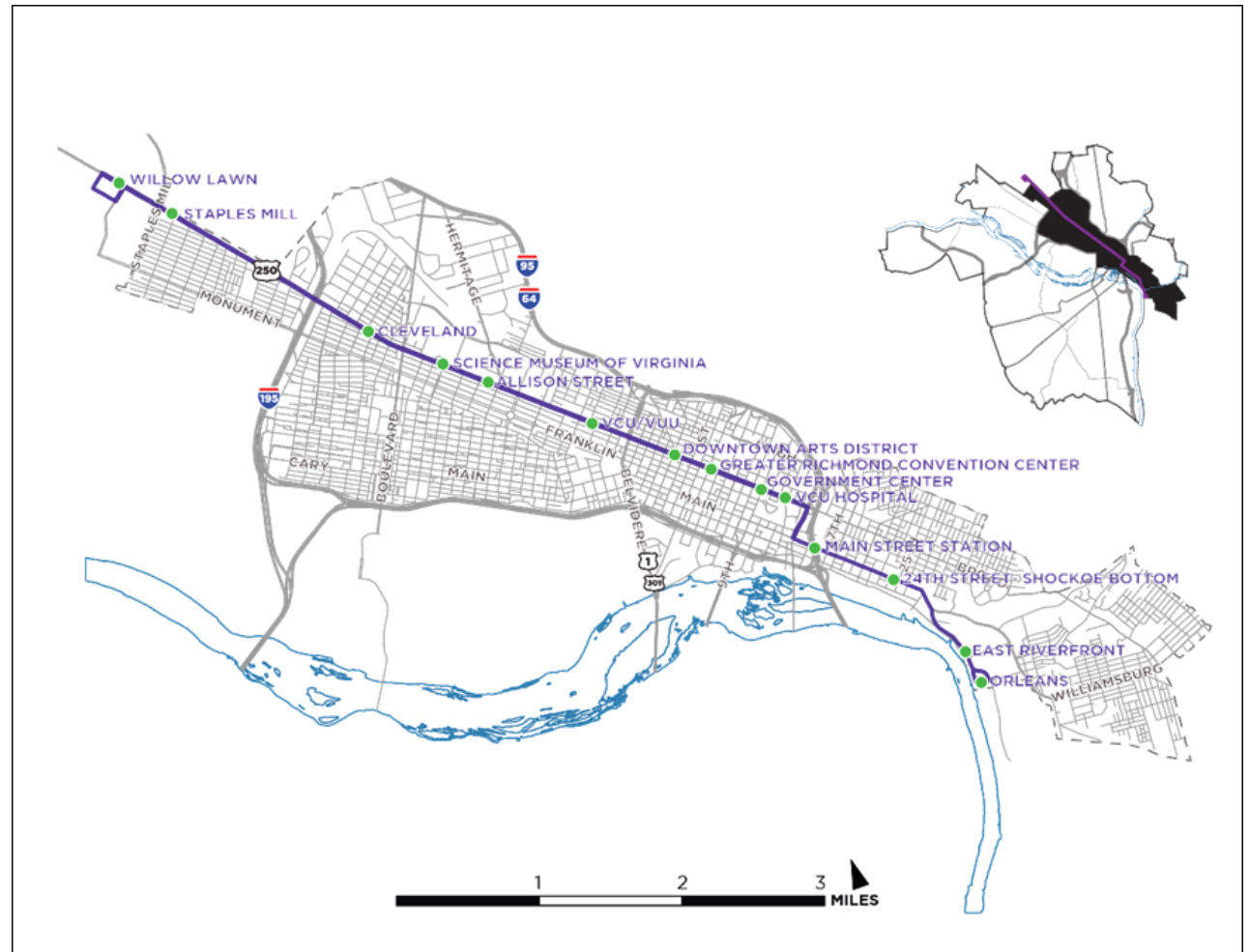
Henrico County continues to be the employment center for the Richmond Region, and the demographics essentially mirror that of the region with similar population growth, rates of poverty, and median housing values. The County has available the largest developable--1,316 net acres master planned with 12 contiguous parcels ranging from 12 to 224 acres--in the Region at the White Oak Technology Park. White Oak is classified at a Tier 3 level, meaning Phase 1 environmental assessments and costs of development have been completed to provide a guaranteed developed cost per acre price. White Oak is primarily slated for advanced manufacturing, technology and data centers. Additional parcels within the Laburnum corridor in the vicinity White Oak with easy access to the Richmond International Airport offer infill and pad-ready industrial development potential much of which is not yet developed and actively marketed.

To the west, Innsbrook Corporate Center is being re-envisioned for more corporate office build-out, retail and mixed-use, making use of the Urban-Mixed Use (UMU) flexible zoning tool. The Innsbrook NEXT Master Plan sets the framework for new infill development with an urban street grid, adding structured parking and open space to foster a 24-hour lifestyle. With a Class A office vacancy rate down to 3-4% and developable land prices in the Route 250 corridor approaching \$1.0 million an acre, infill and redevelopment of mixed-use product within the 1300 acre Innsbrook Corporate Center is becoming a practical reality.





Expanding broader workforce access to this fast-growing area is one of the challenges which will be a continued focus as the ***The Pulse***, the first bus-rapid transit of the Region extending from the eastern area of Henrico at Rocketts Landing to Willow Lawn on Broad Street (Route 250) to the west, becomes operational by June 2018. The ***Pulse Corridor Plan*** was adopted by the **City** of Richmond in July 2017 with the goal of expanding the BRT spine's reach and focus on a deliberate strategy to ensure the GRTC *Pulse* is used as an effective transformative tool. This plan's approach is to foster transit-oriented development (TOD), a development pattern that encourages most trips to be made by foot, bike, and transit. The defined study area is home to one-fourth of the population and two-thirds of the jobs in the City; more than one-half of the population is 18-34 years old; and two-thirds of the households have one or fewer cars. The opportunity to foster a successful, well-used transit system that offers potential to create a system that offers public transit choice to the largest concentration of the residential population and employment in the Region.





New Kent County has experienced a 2.4% average annual population growth rate from 2005 to 2015, second only to Loudoun County in northern Virginia. In contrast, total employment in the County declined by 2.2% over the last year. Compared to the other jurisdictions in the Richmond Region, employment growth and contraction since the 2008-09 recession has been sharper. Like Charles City County, much of the challenge for non-residential economic growth is related to utilities and highway access. Interstate 64 bisects the County offering four major centers of economic opportunity at each interchange. The largest opportunity site of 1600 contiguous acres, New Kent Center, is located immediate south of I-64 at Route 106. Site readiness seed funding through the VEDP Business Ready Sites program has helped the County start to position the property from a Tier 1 to Tier 2 with wetlands confirmation complete. The site has been in the final running for several large distribution centers, but significant investment to extend utilities and road into the site are required. Taking the next step to finalize engineering and full development costs would provide an invaluable large, development-ready site to the Richmond Region. Fulfillment of workforce needs from within the residential population is also challenged by the need for public school facilities, especially at the elementary level, to keep pace with the relatively rapid rate of population growth. Cooperative programs such as Bridging Communities Regional Career & Technical Center (BCRTC) with adjacent localities, including Charles City County, in high school, provide innovative workforce training in the trades including diesel technology, HVAC, nursing, pre-engineering, culinary arts, criminal justice, and web and game design. Also located in New Kent County, Rappahannock Community College offers dual enrollment in EMS, web and game design, general engineering technology, and HVAC. Construction and Extraction occupations currently have the largest location quotient, and health care the greatest future demand for workforce.

Powhatan County has many of the same characteristics as the other smaller jurisdictions in the Richmond Region, serving primarily as a single-family residential community with smaller industrial/commercial employment base. Wages and cost of living in Powhatan is lower than the regional averages, and the labor force participation rate is lower. Median house value is higher, and housing type choices are primarily owner-occupied with only 13% in rental occupied housing. Employment over the last year has increased significantly by 3.1% compared to only 0.5% for the region, and the unemployment rate is lower at 3.4%. The County is at an important crossroads, rebuilding their economic development partnership internally with a focus on three important components: 1) business retention, 2) brand development, and 3) instituting learning opportunities for the business community to enhance their own abilities to thrive. The Route 60, Anderson Highway, corridor serves as the major spine for non-residential growth with several activity nodes which could best support industrial if provided upgraded water and sewer utilities and broadband service. One existing industrial park, Oakbridge, located in the easternmost sector of Route 60 has potential for 100+acres of infill and expansion if upgraded sewer service is provided.



As the Region's center of culture and capital of the Commonwealth, the **City of Richmond** is once again growing from a population standpoint. Employment has only moderately increased over the last 4 quarters, slightly ahead of the regional growth. Average wage increases have also been modest still tracking behind the state and U.S. rate of growth. The City has the largest percentage of population (25.5%) of population living in poverty especially compared to the 11.9% regional average; median household income is about 50% of the region's, and house value is 15% below the regional median. Coupled with meeting the needs of a growing population the City is conscious of the need to ameliorate poverty, deconcentrate public housing, enhance training and expand the workforce pipeline to be better capable of meeting the demands of expanding business and industry. Physical opportunities for reinvestment in job producing economic development have been promising, particularly along the Broad Street corridor, arising from greater market interest in areas like Scott's Addition, a vibrant building program by Virginia Commonwealth University on both campuses and the promise offered by the Pulse Bus Rapid Transit that lays the groundwork for better connectivity between jobs and residential concentrations. The primary industrial corridor extending south from the City along I-95 is also showing active interest with several of the sites originally identified in the Port Activity Focal Area (p. 68) being placed under contract for redevelopment.

Conclusion

For the RR-CEDS to serve as a useful resource in guiding more strategic thinking and action, it is important re-focus on the *human element*—through workforce preparation, starting with steps to strengthen the family, putting concerted energy into pre-school and k12 education systems all the way through training in the trades and higher education.

The aspirational vision put forth by the RR-CEDS: “Strategic investment in human capital and physical infrastructure will lead to a more dynamic Richmond Region” is a broad sweep that should frequently be refined or redefined to truly describe deliberative regional collaboration. “Dynamic” implies *resiliency* which is the all-encompassing catchword of the day, but also depicts a sustaining, healthy dynamic as a thread that ties all plans, strategies and actions together. Demographic trends of population and employment growth are in the Richmond Region's favor, disparities in access to quality education, housing, and transit for many of the region's families not only prevent those families' positive progress, but strain the region. Public investments in infrastructure which are capable of incentivizing or underpinning private market forces while at the same time considering the needs the labor force require confident leadership and willingness to work toward common goals of inclusivity and resiliency.

Brookings Institute recently released their Metro Monitor 2017 Dashboard <https://www.brookings.edu/interactives/metro-monitor-2017-dashboard/> which provides an inclusivity composite metric for the 100 largest metropolitan areas. By their definition “inclusion indicators measure how the benefits of growth and prosperity in a metropolitan economy—specifically changes in employment and income—are distributed among individuals. Inclusive growth enable more people to invest in their skills and to purchase more goods and services. Thus, inclusive growth can increase human capital and raise aggregate demand, boosting prosperity and growth. Ensuring that all people can contribute to and benefit from growth and prosperity also helps sustain widespread support for the policies on which growth and property depend.” The Richmond Metro Area (MSA) is ranked 62nd out of 100 with a positive increase in employment and reduction in relative poverty.



A decline in median wage did not positively impact the inclusivity score. Those metro regions which achieved growth and prosperity while improving overall inclusion include a small number of metropolitan areas—Albany, NY, Austin, TX, Charleston, SC, Denver, CO-- we may draw from over the next year as we add to the Richmond Region's toolbox.

The strategy premise first expressed on p. 75 of the RR-CEDS which called for the renewal of new models of collaborating *at the metropolitan or regional level* is even truer today:

- Measure what matters
- Dare to be different
- See the world (for best practice models)
- Think long-term, act near-term
- Find leaders that reflect who you are now, not who you were 50 years ago

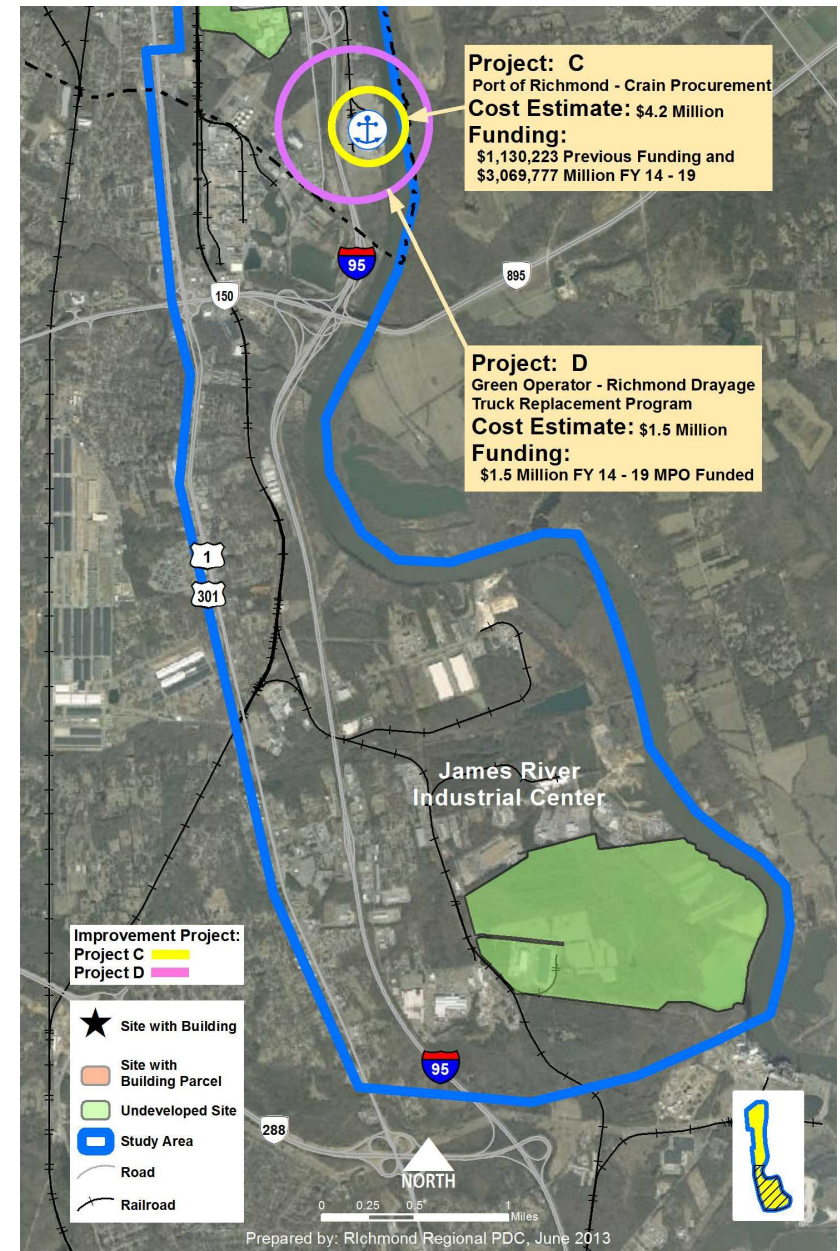
In summary, the need to regain a vibrant Virginia economy post-recession has been a concerted call to action by the Commonwealth in response to an economy which has been over-reliant on the Federal government. As pointed out by the RR-CEDS, the Richmond Region is not as dependent in comparison to other regions of the Commonwealth; an estimated 2 percent of the Richmond region's GRP compared to 18 percent in NOVA and 13.4 percent in Hampton Roads are derived from Federal contracting. New opportunities to integrate planning and action efforts through regional collaboration have emerged with a focus on resiliency in many related sectors, most importantly, emergency management, hazard mitigation, transportation planning, and economic development. The RRPDC worked closely with the Crater Planning District Commission on a comprehensive update of the combined region Hazard Mitigation Plan, and have joined together as Region 4 for GoVirginia initiatives. The Central Virginia Emergency Management Alliance is an active partnership of 25 local jurisdictions and three military bases which establishes a forum of local emergency managers, public safety officials, federal, state, regional, private sectors, higher education and non-profit partners to collaborate, coordinate and enhance emergency management and preparedness in Central Virginia. Building on the success of larger regional partnerships such as this will enable better economic resiliency as well.



Next Steps

CEDS Project Champions-Beginning in May 2016 and continuing this year, RRPDC has followed up with specific project ideas for possible Champion Projects which meet the goals and objectives of the RR-CEDS and the EDA Public Works program. A number of projects have been identified which are in different phases of development, have leveraged support from both public and private sector partners, and/or are located in existing areas of distress which could benefit directly from the jobs which result for the public-private investment.

- The 286-acre Holland Tract in **Ashland/Hanover County** was rezoned for Industrial (M-1), served by rail and well situated to primary highways within one mile of Interstate 95, and in proximity to an already emerging logistics hub to the north. Public water and sewer is available to the site which can support 2.0 million square feet. The Town and County are participating in the Virginia Business-Ready Sites Program of the Virginia Economic Development Partnership to take site readiness a step further, and was recently awarded a second phase grant of \$29,500 to complete a geotechnical study, land survey (ALTA boundary and 1-foot contour), cultural resources and threatened and endangered species summaries.
- In **Chesterfield County**, a large multi-parcel project is anchored by a significant investment of \$2.0 billion private investment by Vastly (formerly Tralin Inc.) a large paper converting facility that will employ 2,000 people. Development of the project at the James River Industrial Center (see opposite) along with the adjacent parcels could be greatly enhanced by upgrade or replacement of the Willis Road interchange on I-95 and other network and utility improvements. Alternative transportation improvements have been studied. \$5.3 million in public funds has already been committed, but an estimated \$38 million gap in public funding has been identified.

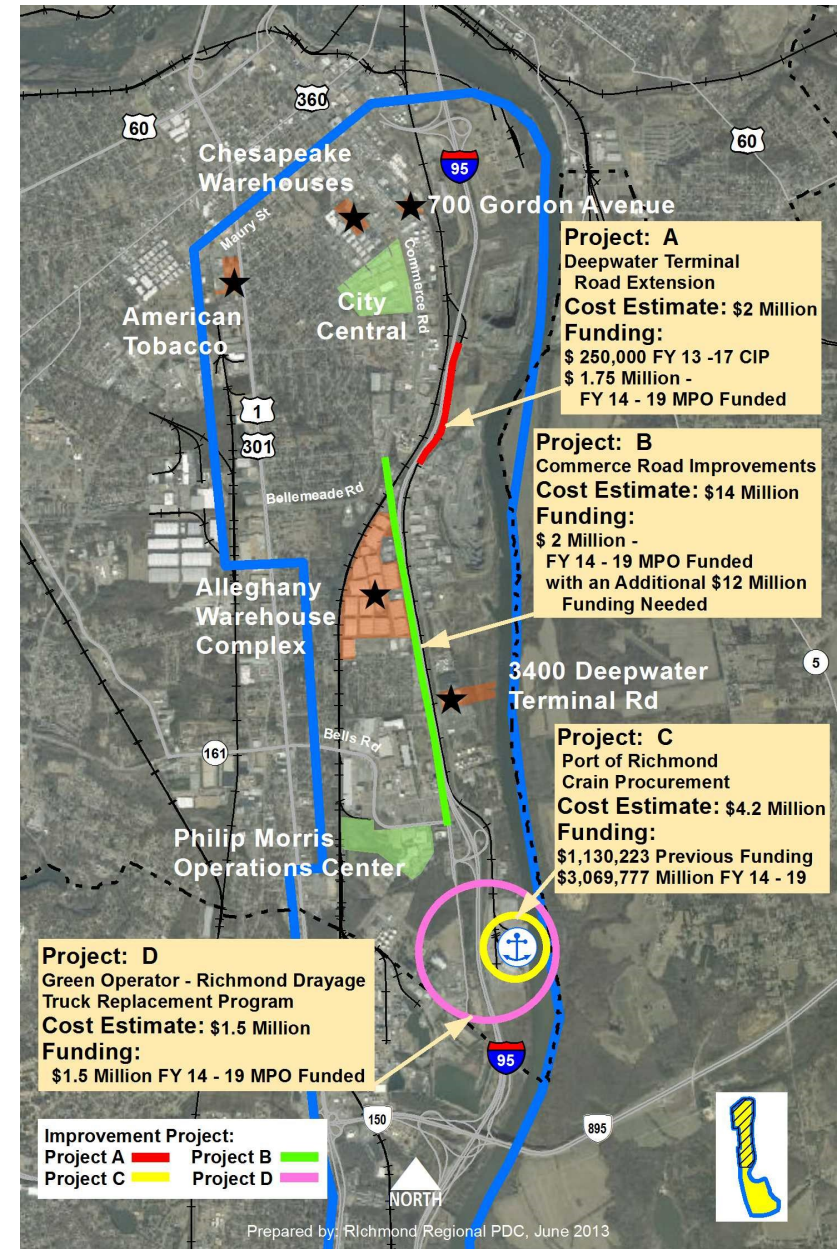




- The Oakbridge Business park located in **Powhatan County** is strategically located as one of the County's most prime opportunities for economic development. Located just minutes from Route 288, giving it access to the entire Richmond region. The park has parcels zoned both commercial and industrial, as well as an internal road network, stormwater facilities in place and is served by public water. The park features both existing buildings, pad sites and undeveloped land. Fully buffered from neighboring development, it is a prime location for light manufacturing and office uses. However, the lack of access to the public sewer system has, and will continue to hinder development in the park. The park's reliance on individual private septic systems severely limits the ability to attract new development, as well as limits the redevelopment potential of existing buildings. Constructing a pump station to connect the park to the public sewer system would open up this prime development land whose true potential has not been realized, as well as mitigate the environmental impacts of the individual septic systems.
- **New Kent County** was also assisted with two large site-readiness projects through the VEDP initial project phase, both of which are located near two different I-64 interchanges: 1) 1600 AC New Kent City Center site at Bottoms Bridge and 2) the 800 AC Kinney site at Route 33. Public utilities and road access into the sites are the primary public works need to respond to substantial commitments by both property owners to develop the sites achieve greater market exposure. The New Kent City Center site has been in the final running for several different distribution center projects.
- **Charles City County** Route 106 Corridor-Route 106 (Roxbury Road) is one of the primary north-south corridors extending through Charles City County from New Kent south to the Benjamin Harrison bridge crossing the James River into Prince George County. A number of large sites in the northern portion of the corridor above Chambers Road in the vicinity of the existing Roxbury Industrial Park are identified by the County's 2015 Economic Development Strategic Plan to be reserved for future industrial use. The biggest competitive challenge is the relatively low level of site readiness, namely provision of public utilities and environmental constraints. The Roxbury Industrial Park and the Courthouse areas are served by public wells and package treatment facilities, but the County is not equipped to handle a high water/sewer user without major investment in infrastructure. One advantage these potential sites offer for future funding consideration is their location within a defined area of distress in the region.

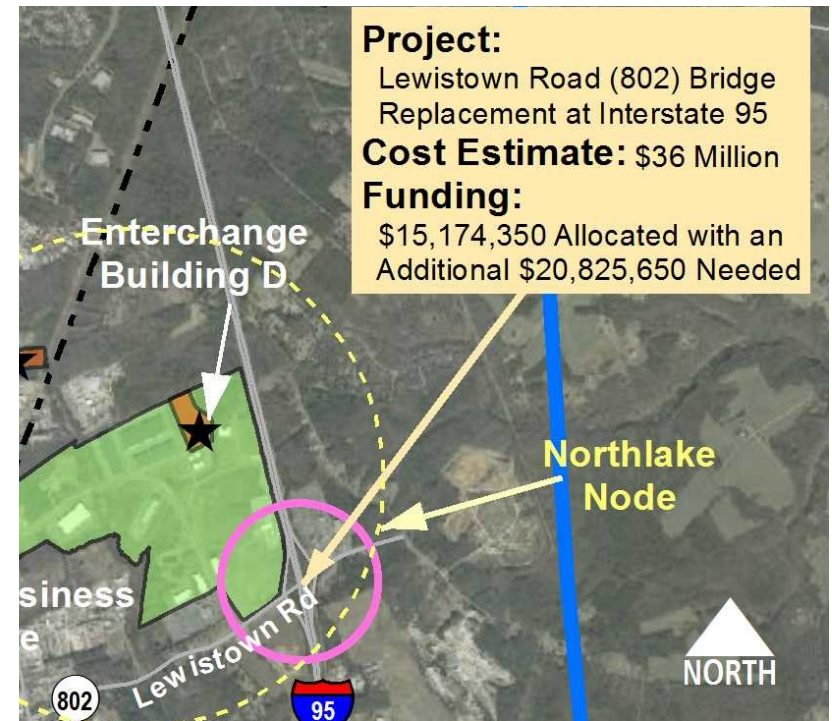


- **The City of Richmond** continues to work toward making priority site redevelopment a reality within the critical Richmond Marine Terminal area. The Alleghany warehouse complex of 1.2 million square feet on 110 acres is under a new contract for speculative industrial use. The 62-acre Philip Morris Operations site has been purchased to be redeveloped as an up to 1.0million square foot state-of-the-art distribution center. Details for each of these projects will address infrastructure and matching workforce needs at these two planning facilities with opportunities for the surrounding areas, particularly the distressed neighborhoods identified along the Commerce and Route 1 corridors.



Hanover County represents several priority site development opportunities all zoned for industrial development which are served by public utilities, natural gas and communications and poised for development due to their proximity to I-95 and I-295 are considered the highest priority for manufacturing:

- Holland/Cedar Lane—Zoned M-2 allowing a variety of light manufacturing, fabricating, processing, wholesale and warehouse uses, 118 AC within one-mile of I-95 and within a key area for redevelopment on the Route 1 corridor identified as predominantly low-to-moderate income in the immediate surrounding
- Airpark Associates—217 AC, with perimeter public water and sewer service; access from Sliding Hill Road which has been committed for upgrade by 2022 (as catalyst), this site provides growth opportunities for expanding businesses currently located in the adjacent of the Hanover County Municipal Airport/Air Park which is typically at capacity and serves as a natural incubator at lower rents for smaller manufacturers or distributors
- Northlake Business Park is an existing industrial park located at the recently improved Lewistown Interchange on I-95 and offers several sites, higher price, all utilities but lacking broadband (which has turned two prospects away from considering)





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Richmond Regional Comprehensive Economic Development Strategy



July, 2017

