



CHAPTER 4

Diverse Economy

Vision: Richmond is home to a variety of businesses and industries that offer opportunities for quality employment and capital investment.

Richmond is a first choice location for businesses and investment because the city's transportation, housing, cultural, outdoor, commercial, and institutional amenities create a vibrant city. Richmonders of all income levels have opportunities for life-long learning and skill-building.

Goals, Objectives, and Strategies

Goal 11: Businesses & Jobs



Foster an environment that supports the growth of existing and new small, medium, and large businesses, focusing on Nodes, major corridors, and industrial centers.

Existing Context

Richmond does not live in a bubble.

Cities and counties across the country compete to attract businesses to their locality, oftentimes “poaching” companies from one place to another. Localities offer incentives and tax structures that help attract businesses. A strong economic development approach can help the City of Richmond remain competitive while also implementing economic opportunities to benefit all Richmonders. DED is developing an Economic Development Strategic Plan to equitably guide the growth of Richmond’s economy while positioning Richmond to be competitive.

Job growth in Richmond lags population growth.

While Richmond’s population growth rate from 2010 to 2019 was higher than the surrounding counties, job growth has not kept pace. Total employment in Richmond has grown modestly since 2010, but the number of jobs in 2019 is still below that of 2001 (171,000 jobs in 2019 compared with 184,000 in 2001).

Richmond’s job growth has not kept pace with the suburbs.

Job growth in Henrico, Chesterfield, and Hanover has outpaced Richmond’s job growth over the past two decades. Richmond lost nearly 10,000 jobs from 2001 to 2018 but the surrounding counties added 66,000 jobs. In 2018 and 2019, several companies announced new office locations in Richmond’s urban core suggesting that companies are starting to move into more urban locations in order to attract talent; however, the onset of the COVID-19 pandemic, may have impacts on commercial office markets that are unknown.

Downtown is the job center for the City with 77,465 jobs, more than 53% of city-wide jobs. Downtown has many public sector jobs but private jobs growth was strong between 2010-2017. Private jobs have increased by 28%, or 11,105 positions in Downtown since 2010.

Racial inequities persist in the local and regional labor market.

Blacks are employed predominantly in low-wage occupations. White workers in the Richmond region are about three times as likely as Black workers to be employed in management occupations, which earn on average \$128,000, the highest-paying job occupations (14.5% of white workers are in management position compared with 5.8% Black

workers). Moreover, Black workers are more likely to be employed in the lowest-paying occupations, which pay on average below \$27,000. Reducing segregation and expanding opportunity for low-income earners and Blacks can expand economic opportunity for all of Richmond.

Federal, state, and local policies, and private industry practices have segregated Richmond over the past 100+ years.

These include everything from Urban Renewal to practices like redlining,¹ deed restrictions,² exclusionary zoning,³ and sub-prime lending. These practices are not unique to Richmond and have happened across the nation. A study of segregation in Chicago found that if the city were less segregated, the City would see "\$4.4 billion in additional income each year, a 30 percent lower homicide rate and 83,000 more bachelor's degrees."⁴ The cost of segregation is high for all income earners. The City of Richmond, along with several non-profits, is intentionally seeking to reduce the concentration of poverty and expand economic opportunity. The strategies outlined in Goal 11 of this Plan seek to make Richmond more competitive in the regional and national marketplace and increase equity and opportunity for all Richmonders, but specifically low-income earners and Blacks.

¹ Redlining is a discriminatory practice by which insurance companies, banks, and others denied services to residents based on the racial or ethnic composition of their neighborhoods.

² Deed restrictions, which prohibited the sale of homes to buyers from certain racial and ethnic groups, primarily Blacks and Jews.

³ Exclusionary zoning is the practice of using the Zoning Ordinance to intentionally exclude certain types of land uses from a given community. For example, an upper class community may use zoning to exclude multifamily housing in their neighborhood.

⁴ The Cost of Segregation, Metropolitan Planning Council.

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\$84M = \$1M

In 2020, \$84 million of assessed land value yields \$1 million in tax revenue for the City

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Objective 11.1

Increase the areas of appropriately zoned land near various transportation modes and housing **to retain, create, and attract employers.**

- a. Support rezonings in alignment with the Future Land Use Plan (see Goal 1).
- b. Strategically acquire land for economic development within Nodes, specifically focusing on land banking near Priority Growth Nodes (see Goal 2). For example, Chesterfield and Henrico Counties acquired privately held land to spur the redevelopment of Regency Square, Virginia Center Commons, and Clover Leaf Mall.
- c. Develop a Site-Readiness Program to identify and implement public and private investments to advance the redevelopment speed and attractiveness of these strategic properties near/within Nodes to attract target industries: 1) corporate headquarters and professional services, 2) life sciences and education, 3) financial services, 4) transportation and logistics, and 5) specialty beverages and foods.
- d. Encourage the development of a variety of quality housing types to house employees across the economic spectrum (see Goal 14).
- e. Support infrastructure projects with transportation options to move individuals from their homes to their jobs and also create job opportunities near where people live, specifically focused on low-income areas, low car-ownership areas, and areas along the high-injury network (see Goals 6-10).
- f. Evaluate how existing economic development tools (Opportunity Zones, Enterprise Zones, CARE districts) align with Nodes, major corridors, and industrial centers, and make adjustments to those tools and/or create new ones to drive economic development, as shown in Figure 32.
- g. Evaluate revisions to the City's Redevelopment and Conservation Areas and Rehabilitation Districts to facilitate expanded use of the City's Partial Tax Exemption Program, which was implemented to reduce or eliminate concentrations of blight, stimulate investment and encourage new construction and improvement of real property in areas designated by the City.
- h. Implement Technology Zones in the study areas along Route 1, Hull Street, Belt Boulevard, Midlothian Turnpike, and other areas of the city, as applicable.

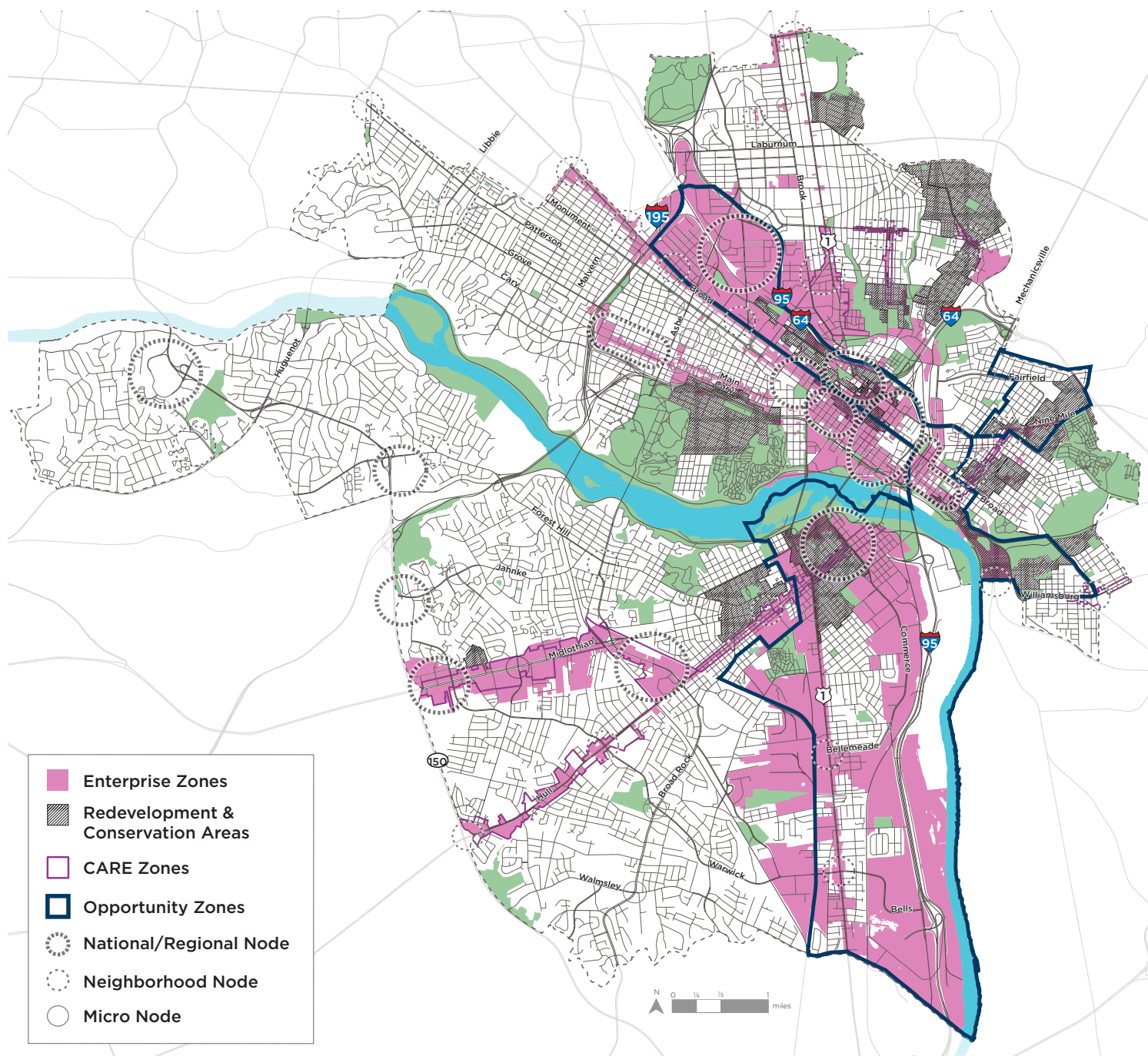


FIGURE 32 // Economic Development Programs and Nodes

Objective 11.2

Implement **equitable economic development strategies** to expand inclusivity and opportunity.

- a. Develop equity scorecard to evaluate public-private development projects, including items such as ensuring residents within a community are first hired/considered for development projects.
- b. Support the expansion of broadband internet so that all Richmonders have access to high-speed internet (see Goal 2).
- c. For projects using economic development incentives, develop community benefit agreements, which could include items such as creating jobs, utilizing local workforce development agencies to assist with hiring local, creating public open space, supporting local businesses, meeting minority business hiring goals, creating low-income housing, and more.
- d. Encourage a range of employment opportunities that provide on-the-job training and facilitate upward mobility through investment in workforce development initiatives and collaboration with employers to create a pipeline of employees for existing and future positions.



A start-up business in Church Hill in an adaptive reuse structure.

Objective 11.3

Increase the number and support the growth of **small businesses, start-ups, and women-owned and minority-owned businesses.**

- a. Create a business guide to help new and small businesses navigate City incentive programs and permitting, building code, zoning, and licensing processes.
- b. Institute policies and practices that facilitate business formation in the city.
- c. Explore the creation of a small business program within DED dedicated to supporting the development, growth, and retention of small businesses, prioritizing business development by people of color, women, and those with low incomes.
- d. Encourage the creation of new businesses and growth of small businesses by promoting and identifying smaller spaces (typically found along historic commercial corridors) for small businesses to start and grow.
- e. Assist long-term businesses in redeveloping areas by providing them rehabilitation grants and/or loans, and tax relief as property taxes increase.
- f. Partner with the Virginia Department of Small Business and Supplier Diversity to reduce barriers to obtaining the “Small, Woman- and Minority-Owned Business” certification by offering support services and creating phased entry into the program based on years of operation.
- g. Support the minority business development efforts managed by the Metropolitan Business League, Central Virginia African American Chamber of Commerce, Virginia Hispanic Chamber of Commerce, Kinfolk Community Empowerment Center, and other organizations focused on minority business growth in Richmond.

Objective 11.4

Determine the acres of land needed and locations for **future industrial users**.

- a. Examine zoning, parking ratios, and height limits for industrial zones to be accommodating to current needs, given that the needs of industrial users are shifting.
- b. Develop industrial park design standards to ensure industrial areas have trees, green space, sidewalks, and other urban design elements.
- c. Implement strategies to support the Richmond Marine Terminal and freight rail as economic development engines for the City.
 - Ensure truck access to the Richmond Marine Terminal is in alignment with Vision Zero objectives (see Goal 7).
 - Engage with the Commerce Road improvements projects, making sure that truck access is improved while also making sure pedestrians, cyclists, and transit-users are not forgotten, particularly to ensure workers have multiple transportation options to access industrial jobs (see Goal 8).
- d. Capitalize on fiber-optic speed internet infrastructure being developed along I-95/I-64 by identifying land that could be used for data centers and identifying locations for tech businesses and jobs.
- e. Provide environmental remediation programs and funding for industrial site assemblage to create development-ready sites.

Objective 11.5

Increase the number of jobs in Nodes by **branding and marketing the Nodes**.

- a. Continue to support Venture Richmond as the Downtown Business Improvement District.
- b. Create new Business Improvement Districts to help market Nodes.
- c. Support existing and help establish new business associations in Nodes.
- d. Develop marketing materials for Nodes that highlight the uniqueness of each Node, the forthcoming zoning and infrastructure improvements, and information on economic development incentives that are available in the area.
- e. Develop marketing materials to attract target industries: 1) corporate headquarters and professional services, 2) life sciences and education, 3) financial services, 4) transportation and logistics, and 5) specialty beverages and foods.

Goal 12: Tourism



Develop tourism and attractions to further elevate Richmond's image and to continue to delight existing and future residents, employees, and visitors.

While you weren't looking,
Richmond got cool.

– Frommer's

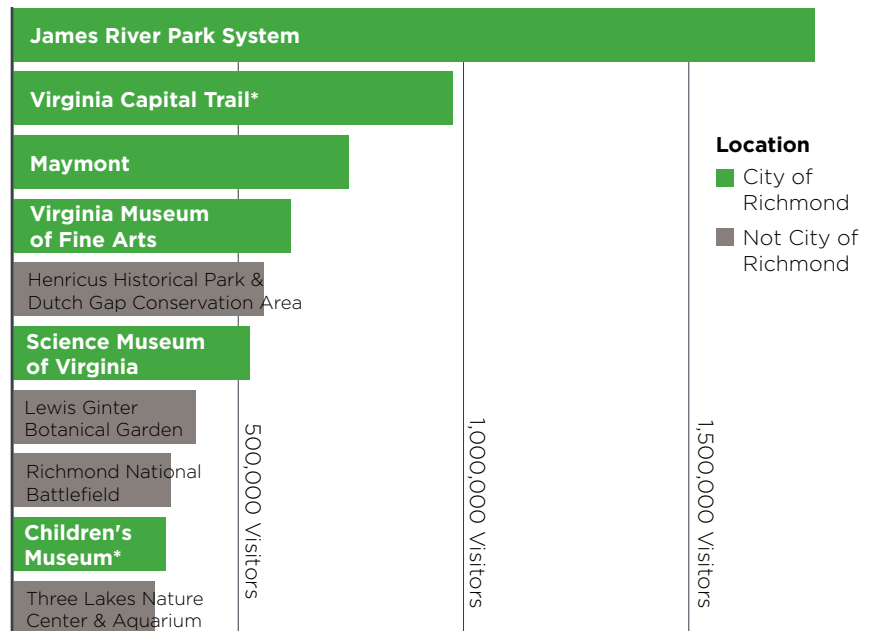
Existing Context

"While you weren't looking, Richmond got cool." – Frommer's

Richmond is a food and beer destination. Since the passage of SB 604 in 2012, which allowed breweries to serve beer without serving food, the Richmond Region has gone from two breweries to over 30. Richmond restaurants and bakeries have received national acclaim. While Richmond's 11% population growth since 2010 has created a larger market for local food establishments, the growth of the tourism industry in Richmond is bringing Richmond's "coolness" to a national stage. Richmond is routinely listed on national lists, most recently, #7 of Trip Advisor's Ten Top Destinations on the Rise in the U.S. and #7 on the Lonely Planet's 2018 Best in the U.S.

Richmond's attracts and diverse festivals attract millions of visitors.

Six of the top ten attractions in the Richmond Region are found in Richmond, as shown in Figure 33. The natural splendor and recreation opportunities on the James River makes it, by far, the most visited attraction in the Region. From flying dogs and paddleboards at Dominion River Rock to jazz at Maymont or food at the Second Street festival, there is an event for everyone in Richmond. The Folk Festival alone attracts over 200,000 people annually and Richmond hosts a variety of outdoor cultural events that add to the boom of tourism in the region.



* Virginia Capital Trail runs from Williamsburg to Richmond. The Children's Museum of Richmond has locations in Richmond, Chesterfield, and Henrico.

FIGURE 33 // Top Ten Attraction Attendance, FY 2018-19

Source: Richmond Region Tourism: Impact of Tourism, 2018-19

Objective 12.1

Maintain, grow, and market **Richmond's tourism attractions.**

- a. Fully implement the Riverfront Plan and the James River Park System Master Plan (see Goals 4 and 17).
- b. Support heritage tourism and expand the number of tourism sites that tell stories that have not yet been shared.
- c. Develop Nodes as destinations through creative place making and branding (see Goal 4).
- d. Preserve and enhance Richmond's beauty and unique community character; natural, historic, and cultural resources; and public art (see Goals 3 and 4).

Objective 12.2

Host regional, national, and international events.

- a. Implement the Richmond Region Tourism Master Plan.
- b. Promote performance venues of varying sizes to attract acts and visitors.
- c. Promote the region as a location for sports events, such as the Union Cycliste Internationale (UCI) Bike Race and the Monument Avenue 10K.

Objective 12.3

Increase the **availability and options for lodging** in the city.

- a. Encourage the development of hotel rooms in Nodes.

Objective 12.4

Improve **hospitality and visitor facilities and services.**

- a. Expand wayfinding signage throughout the city connecting more of the city to visitors to Richmond.
- b. Include accessible public restrooms throughout the city, including at City facilities and parks.
- c. Support the increase of the multi-modal transportation network to ensure tourists and visitors can easily move around the city (see strategies in Equitable Transportation).

Goal 13: Anchor Institutions



Leverage institutions to strengthen job sectors and collaborate on land planning.

Existing Context

Six of Richmond's top 10 largest employers are government entities, as shown in Table 4.

As the Capital of the Commonwealth of Virginia and home to VCU, Richmond is home to many local, state, and federal entities that employ tens of thousands of people who live throughout the region.

Richmond's universities are major attractions for students, faculty, research, and culture.

VCU, the largest university in Richmond, is ranked as the #1 public institution for fine arts in the country. According to the State Council of Higher

Education for Virginia, in the 2017-2018 academic year, 85% of post-secondary students in Richmond were VCU students. As shown in Figure 34, VCU's student population increased by 29% (6,970 students) from '00-'01 to '17-'18 and on-campus students nearly doubled from 2,602 to 5,061. During that same period, the University of Richmond's student population decreased by 7% (302 students) and Virginia Union University's student population increased by 9% (131 students).

TABLE 4 // Top 10 Largest Employers

	Employer
1	Virginia Commonwealth University
2	VCU Health
3	Richmond Public Schools
4	City of Richmond
5	U.S. Dept. of Veterans Affairs
6	HCA Virginia Health System
7	University of Richmond
8	Federal Reserve Bank, Richmond
9	Philip Morris U.S.A., Inc.
10	MCV Physicians

Source: Virginia Employment Commission, Economic Information & Analytics, Quarterly Census of Employment and Wages (QCEW), 4th Quarter (October, November, December) 2017



Richmond is the Capital of the Commonwealth of Virginia.

30% of the City's land is not taxable.

Real estate taxes are only collected on 70% of the City's total land area because 30% is owned by entities who do not pay property tax, such as government institutions and some non-profits. Furthermore, the City does not have land use authority over state-owned parcels, meaning the Commonwealth of Virginia does not have to follow the City's land use plan and Zoning Ordinance when developing state-owned parcels. Cities across the nation, like Boston, have payment-in-lieu-of-tax (PILOT) programs where large non-profit institutions, such as universities, give a payment to the City to cover some or all of the property taxes that institution would be paying if it were a for-profit entity.

In 2017, real estate tax income accounted for 33% of the City's total budget.

Property tax is the single largest source of income for the City. These revenues are critical in providing vital services to city residents, such as public safety, infrastructure, and public education.

Richmond's anchor institutions provide stability and foster innovation.

VCU's investment in programs that spark innovation, like the da vinci Center and the Brandcenter, have built upon and expanded the entrepreneurial and artistic spirit of Richmond. UofR has programs, like the Bonner Center for Civic Engagement,

which actively fosters life-long learning and civic engagement. VUU has established partnerships with RPS and the City to provide academic scholarships to 8th grade students. Beyond specific programs, anchor institutions employ thousand of people that support households across the city and educate the future business owners, thinkers, and leaders of the City.

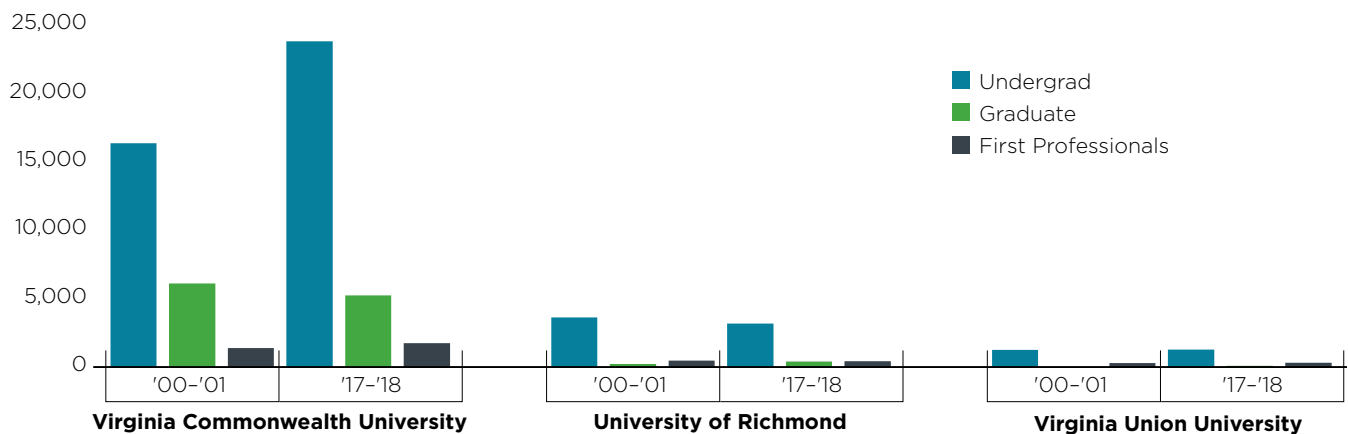


FIGURE 34 // University Enrollment, '00-'01, '17-'18

Source: State Council of Higher Education for Virginia. 2000-2001, 2017-2018

Objective 13.1

Create new and support existing **cooperative relationships between institutions and neighborhoods.**

- a. Encourage higher education institutions to create neighborhood partnerships for the improvement of K-12 schools, public safety, neighborhood amenities, housing, and mentorship/apprentice programs.
- b. Adapt the educational and skill training offered by local institutions to match the current and future needs of local companies.

Objective 13.2

Encourage institutional development and expansion through policy and **careful consideration of land resources.**

- a. Work collaboratively with institutions to ensure that master plans for their campuses are presented to the Planning Commission for review.
- b. Explore creation of a payment-in-lieu-of-taxes (PILOT) for institutions.



Richmond is home to three universities: Virginia Commonwealth University [top], Virginia Union University [middle], and University of Richmond [bottom].