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STRATEGIC PLAN FOR EQUITABLE ECONOMIC DEVELOPMENT (SPEED)

THE CITY OF RICHMOND, VIRGINIA

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EXECUTIVE SUMMARY

The future of Richmond’s economy depends on the very people who have been left behind. Richmond must not only position itself for economic recovery; it must address long-standing inequities. What is more, it must do so within an increasingly competitive environment for companies and talent. This plan aims to chart that path.

The City of Richmond (the City) and TIP Strategies, Inc. (TIP), began work on the City’s strategic plan for equitable economic development (SPEED) on October 1, 2019. On March 14, 2020, as the first full draft of the strategic plan was being prepared for review, the State of Virginia reported its first COVID-19 death. In April 2020 the unemployment rate in Richmond jumped to 14.2 percent. After 23 months of disruption, uncertainty, and economic recovery, Richmond’s unemployment rate was 4.1 percent of February 2022, while Virginia’s rate was 2.9 percent and the United States’ rate was 4.1 percent. The authorized use of newly developed vaccines allowed people to start returning to their pre-pandemic routines. However, current vaccination rates, combined with the spread of new variants of the virus, have renewed anxiety about the long-term economic and social impact of COVID-19.

Strategic plans are meant to be forward looking. If prepared properly, they also address resiliency. Recent events, however, go beyond what anyone might have anticipated. Natural disasters—floods, hurricanes, earthquakes—are discrete events. They typically play out in hours, or days and weeks at their worst. Outside relief is assured and rapid. Businesses impacted by the event can relocate; shops can re-open as soon as debris is cleared.

The pandemic, however, is different. The impact is more severe, and the effects are being felt throughout the entire country. In fact, the implications are global and affect both supply and demand. More troublingly, the crisis may have long-term effects on specific industries. Tourism, for example, may be permanently altered. The hospitality industry bore the brunt of layoffs during the early days of the pandemic. Now, business owners in the hospitality industry are having significant challenges filling job vacancies.

In light of the shock to the national economy, every aspect of this plan has been revisited. The consulting team reviewed each previous recommendation and assessed its viability from a short- to mid-term perspective. Naturally, as the world faces uncertainty on multiple fronts, the revision process involved a fair number of educated assumptions about how economic trends would unfold in coming months. Many of the methods used to inform earlier recommendations—data assessment, benchmarking, community input, trend analysis, scenario modeling—no longer reflect current realities.

Nonetheless, many of the research findings remain relevant. For example, the racial disparities uncovered in the data assessment by the Virginia Commonwealth University (VCU) Center for Urban and Regional Analysis (CURA) take on a

FIGURE 1. PERCENT OF ADULTS 25+ WITH BACHELOR’S DEGREE OR HIGHER BY RACE, 2020

CITY	AFRICAN AMERICAN	WHITE	GAP
Richmond, VA	14.4%	65.2%	451%
Minneapolis, MN	16.6%	62.5%	377%
Baltimore, MD	17.6%	57.7%	328%
Washington, DC	29.1%	89.8%	309%
Boston, MA	23.2%	67.3%	290%
Charleston, SC	21.9%	62.8%	287%
Atlanta, GA	27.9%	78.9%	283%
Kansas City, MO	16.7%	44.1%	263%
Pittsburgh, PA	20.1%	50.8%	253%
Portland, OR	23.9%	54.9%	230%
Columbus, OH	19.4%	43.0%	222%
Raleigh, NC	31.3%	63.0%	201%
Louisville, KY	17.3%	33.9%	195%
Charlotte, NC	29.8%	57.0%	191%
Austin, TX	29.9%	56.9%	190%
Nashville, TN	28.0%	48.8%	174%
Oklahoma City, OK	23.6%	34.1%	145%

Source: US Census Bureau, American Community Survey, 2020 5-Year Estimates, Chmura. Data are for the relevant U.S. Census Place associated with city borders

higher level of importance as society comes to grips with a virus that has caused even greater harm to African Americans than to the US as a whole. One of the more shocking insights into Richmond's racial disparities is the finding that white residents (age 25 and up) in Richmond are more than four times as likely as African American residents to hold a bachelor's degree, an educational attainment disparity that is worse than the 16 benchmark cities studied (see Figure 1, page 1). The persistent inequalities facing communities across the country have social and economic consequences for African Americans ranging from unjust police treatment to underrepresentation in job categories with higher earnings potential.

A top priority of this plan is to make meaningful progress toward erasing the long-standing racial disparities in education, poverty, housing, and health. The most direct path for achieving these aims is to make the City more competitive for investment and jobs. More specifically, the plan calls for prioritizing investment and job creation in neighborhoods that historically have not experienced comparable economic opportunity. Each of the plan's initiatives are designed to build a more equitable, inclusive, and sustainable economy for Richmond.

The longer the pandemic lasts, the more it exacerbates long-standing racial inequities. The introduction of vaccines has benefitted the economy, but it is unlikely to alter the growing disparity revealed by the pandemic. The uneven effects of the health crisis are starkly visible. While overall unemployment has improved, racial disparities in new hiring are likely to accelerate. National unemployment data from February 2022 show that for white workers, the unemployment rate is 3.3 percent, compared to 6.6 percent for African Americans. Even for those workers who have not lost their incomes, racial inequities have worsened. African American and Hispanic workers are more likely than white workers to be employed on the frontlines in essential occupations, without the option of working remotely. They are also more likely to be exposed to infection.

The City of Richmond's leadership deserves recognition for undertaking this plan and following through on the commitment to complete both the SPEED and Richmond 300 plan. Despite the unforeseen obstacles that presented themselves in the final stretch of the planning process, the City has been highly responsive. As the damaging effects of the virus were first being felt, the consulting team was challenged by Leonard Sledge (the City's Director of Economic Development) to help position the community for recovery and to focus Richmond on accelerating out of the economic crisis. The plan is designed to meet that challenge through a forward-looking assessment of existing trends. Specifically, the consulting team sought to determine which of the trends that have influenced the City will be accelerated and which might be disrupted, or even permanently altered. This approach now guides the plan.

THE NEED FOR A NEW PERSPECTIVE

The onset of COVID-19 created uncertainty for the ability of local governments to generate revenue due to the restrictions that significantly impacted segments of the business community and created economic hardship for many households. Federal government aid from the Coronavirus Aid, Relief, and Economic Security (CARES) Act in 2020 allowed local governments to provide key services and resources for residents and businesses while also recouping a portion of lost revenues. In addition, the American Rescue Plan Act (ARPA) of 2021 is providing additional federal funding that local governments can use to advance their recovery. Richmond has benefited from both CARES Act and ARPA funding.

To the City's credit, at the onset of the pandemic it launched several new programs using CARES Act funding to minimize the negative impacts on businesses and on individuals. Examples include forgivable loans to small businesses, grants to small businesses and non-profit organizations, purchasing meals from local restaurants for public safety/first responders, financially supporting the relaunch of the region's Small Business Development Center, and funding to address housing needs including eviction diversion.

In order to both anticipate and respond to the unprecedented crises facing the broader community, this plan calls for bold action and a clear vision for Richmond, by action and acknowledgement, to be among the top 10 cities in the US for equitable economic development. According to [research on inclusion in US cities from the Urban Institute](#) based on data covering economic, racial, and overall inclusion across four decades from 1980 to 2016, Richmond ranked number 262 out of 274 of the largest US cities for overall inclusion. While this is only one ranking, it highlights the urgent need for Richmond to prioritize equitable growth as it continues to recover in a post-COVID economy. The crisis also creates the opportunity for Richmond to increase its focus on leveraging its publicly owned and underutilized real estate for redevelopment and significant new revenue generation.

FIVE-YEAR SMART GOALS

To help focus the City's efforts, five SMART goals have been established to leverage the SPEED as a business plan to realize needed revenue increases for Richmond's General Fund and to provide opportunities for economic mobility for Richmond residents. These SMART goals will be integrated with other goals and objectives identified in the strategic plan for fiscal years 2022 through 2026.



1. Economic development projects announced totaling \$3 billion of capital investment.
2. Creation of 3,000 announced new jobs with annual salaries at or above \$52,000 (110 percent of the City's median household income).
3. A reduction in the poverty rate by 5 percentage points.
4. Public and private sector real estate development activities that generates \$25 million in annual real estate tax revenue by the end of fiscal year 2026.
5. Award of 2,500 postsecondary credentials to Richmond residents.

THE PATH FORWARD

In order to meet the unprecedented challenges facing the City, TIP recommends more engagement with stakeholders to develop a recommendation on the organizational model for economic development that is best suited for Richmond. Such model may include the Richmond Economic Development Authority (EDA) having a broadened scope to include leading the City's economic development, redevelopment, small business development, minority business development, and workforce development efforts.

Determining the optimal organizational model will ensure that the City's efforts for equitable economic development are combined under the appropriate leadership structure with an actionable focus on social and economic equity. Regardless of the final organizational model decided on, it is recommended that the functions of the Richmond EDA include the disposition of City-owned properties in order to streamline the redevelopment process and provide greater certainty to the real estate development community. While the work of the EDA will be led by the City's Economic Development Director, who by City Code is also the EDA's Executive Director, there will be greater coordination and alignment of equitable economic development goals and objectives with the City's

Planning and Economic Development portfolio. This portfolio includes the Planning and Development Review Department (which includes the divisions of Code Enforcement, Permits and Inspections, and Equitable Development) as well as the Department of Housing and Community Development.

It is also recommended that the final agreed upon economic development organizational model have the following reconstituted mission and primary objectives:

MISSION: *Drive equitable economic growth through the alignment of job training and workforce development with the attraction and creation of quality jobs, the development of commercial and industrial properties, and attraction and creation of private sector investment in the City of Richmond.*

GUIDING PRINCIPLES: Guiding principles reflect the values and core beliefs that will serve as foundations for the Richmond’s economic development organization. They are a set of value statements that guide how the Richmond’s lead economic development organization operates. A clear set of guiding principles provides touchstones for the organization as it seeks to provide value to the residents of Richmond. Guiding principles also provide a strong framework for the strategic plan, as all the initiatives should reflect the principles.

	Equity. Enhance the long-term economic vitality, mobility, and opportunity of lower income residents, under-served neighborhoods, and minority and small and emerging businesses in Richmond through socially responsible investments and initiatives.
	Growth. Accelerate Richmond’s job creation and private sector investment by strengthening the City’s competitive position on the national stage for attracting and developing high-growth businesses, innovative industries, and real estate development projects that benefit minority and small emerging local businesses.

PRIMARY OBJECTIVES: The Richmond economic development organization staff and resources will be focused on the following organizational objectives.

	Reposition City-owned real estate identified in the biennial real estate strategy to maximize job creation, private sector investment, and economic opportunities for Richmond residents.
	Drive public-private redevelopment projects in Priority Growth Nodes on City-owned properties and in partnership with privately held real estate to create new jobs and private sector investment and economic development opportunities for minority-owned businesses.
	Incentivize equitable investments through public finance, loans, and other City incentives that spur job creation, revitalize disinvested areas, and build community-wide capacity in local businesses and residents.
	Create opportunities and provide job development training for Richmond residents to be employable for jobs created in the City.
	Support a thriving entrepreneurial ecosystem by supporting the work of existing organizations and proposing improvements to facilitate the growth of local, small businesses.

A restructuring of economic development efforts requires not only a consensus among all stakeholders, but also a clear sense of purpose. It must address the question, “what can a reimagined economic development organization do that is not being done now?” The answer lies in the data that show growing economic disparities along racial and ethnic lines, fragmented efforts to recruit and grow new businesses, and a significant disconnect between workforce and talent development. Any recommendation to change is not a critique of dedicated staff and concerned community leaders—it is recognition of a disconnect between resources and results, and between efforts and outcomes. Restructuring the City’s economic development organization also provides an opportunity to clearly identify the goals to be achieved surrounding equity.

YEAR ONE ACTION PLAN

Persistent inequalities exist in Richmond along racial and ethnic lines. More robust and more targeted economic growth and job creation is needed. This plan provides a comprehensive roadmap for how Richmond’s economic development program can build a local economy that achieves **greater equity and more economic growth** over a five-year period from fiscal years 2022 through 2026. The Year One Action Plan is the starting point.

A commitment to work on the following items will kick-start the City’s efforts to make real progress in the first year of the SPEED. Some items on this agenda have already been started by the City. Some items on this agenda will be completed in less than a year, while others will be launched in year one and completed in subsequent years of the plan. Each of these items was chosen because of its level of importance to the overall success of the plan or because of its timeliness and urgency. They are presented roughly in the order they appear in the plan, under the three broad categories of Community, Innovation, and Industry.

OBJECTIVE 1. COMMUNITY: YEAR ONE ACTIONS

- **CITY EQUITY AGENDA.** *Advance implementation of the City’s Equity Agenda to improve equity across City departments and economic development outcomes.* The creation of this initiative acknowledges that the challenge of equitable growth is everyone’s responsibility within the City government. No single department or entity is solely responsible for achieving economic equity (see Initiative 1.1).
- **UNIVERSAL BROADBAND INTERNET.** *Embark on a full-scale broadband initiative—the Richmond Public Telecommunications Infrastructure Initiative (RPTI)—that ensures internet access to every residence in the City of Richmond.* The provision of broadband internet is every bit as essential as access to electricity and water. Equitable growth cannot be achieved unless everyone has the basic infrastructure and access that enables them to work from home, learn from home, and conduct the business of daily life using reliable, high-speed internet at home. This action also provides the necessary infrastructure to support another year one action listed under Objective 2. Innovation, the creation of the RemoteRVA remote worker attraction and retention initiative (Initiative 2.5). In addition to the citywide expansion of broadband access, accelerate the rapid deployment of 5G mobile technology throughout Richmond (see Initiative 1.2 and Action 2.4.2).
- **CAPITAL FOR MINORITY BUSINESS GROWTH.** *Launch capital funds for minority entrepreneurs and small business owners to support the growth of high-impact startups and local businesses.* Research from Goldman Sachs 10,000 Small Businesses program presented in its recent report: *Running a Business While Black: Analyzing the Obstacles of Black Entrepreneurship*, shows that African American entrepreneurs systematically receive less funding from traditional capital sources such as banks. Research from the National Venture Capital Association shows that similar structural disparities exist in the availability of risk capital sources such as venture and angel investment funds. Providing greater financial and business-related resources for minority business

development is a critical strategy to advance the plan’s guiding principles of equity and growth (see Actions 1.4.5 and 2.3.6).

- **ONLINE PERMITTING ONE-STOP-SHOP.** *Create a public-facing digital “front door” for small business licensing, permitting, and other services designed from the customer point-of-view, not from the perspective of City staff or current processes.* Local businesses of all sizes and all property owners in Richmond would benefit from a more transparent, efficient, and customer-focused permitting process. This was a consistent message heard in the various input sessions conducted as part of the strategic planning process (see Action 1.5.3).
- **PUBLIC-PRIVATE DEVELOPMENT OF CITY-OWNED PROPERTIES WITH COMMUNITY BENEFIT AGREEMENTS.** *Aggressively pursue public-private development of strategic City-owned properties identified in the biennial real estate strategy and in Richmond’s Priority Growth Nodes, including available properties that could be acquired by the City for redevelopment.* Using the tools and resources available to the EDA, move swiftly to conduct planning, design, and engineering work along with market research (in collaboration with the commercial real estate community) to identify development options and potential private sector development partners for key sites starting with the “Diamond Site” on Arthur Ashe Boulevard and other sites that emphasize equitable economic growth (see Actions 1.5.4 and 1.5.7).

OBJECTIVE 2. INNOVATION: YEAR ONE ACTIONS

- **LIFE SCIENCES CLUSTER DEVELOPMENT.** *Rapidly move toward the goal of establishing Richmond as a nationally recognized life sciences cluster through innovation, R&D, and business recruitment and expansion.* Richmond made a commitment in 1992 to build an innovation economy focused on life sciences when it founded the VA Bio+Tech Park in downtown Richmond, adjacent to the VCU Medical Center. The City has made strides in developing a cluster of life sciences companies, but more can be done. According to JLL’s 2019 US Life Sciences Outlook, 7 of the top 16 life sciences clusters in the US are in the Boston-Washington corridor. With an effort to accelerate life sciences innovation, Richmond can become the eighth life sciences cluster in the region, extending the corridor south from Washington, DC (see Initiative 2.1).
- **REMOTE WORKER ATTRACTION & RETENTION.** *Launch a remote worker attraction and retention initiative—RemoteRVA—to make Richmond a destination of choice for remote workers in the Eastern US.* The share of remote workers was growing rapidly before COVID-19. This trend has been accelerated by the pandemic, with millions of additional remote workers becoming a permanent fixture of the labor market. Richmond is uniquely positioned to benefit from the shift to remote work thanks to its emergence as a destination for young professionals, its increasing urban vitality and amenities, and its proximity to Northern Virginia (one of the nation’s top technology hubs). However, there are racial and ethnic disparities in remote work. African American and Hispanic workers are disproportionately less likely than white workers to work in remote jobs. Efforts must be prioritized to address the barriers to remote work, specifically, and high-wage employment, generally, for this initiative to improve growth *and* equity in Richmond (see Initiative 2.5). A greater emphasis on education, workforce training, and skills development for existing residents will be vital.

OBJECTIVE 3. INDUSTRY: YEAR ONE ACTIONS

- **DATA-DRIVEN VIRTUAL AND ON-SITE BUSINESS VISITATION.** *Establish a sustainable, data-driven virtual and on-site business visitation program to respond to the needs of existing employers and industries.* In a target-rich environment, such as the growing Richmond region, business recruitment and entrepreneurship must be top priorities for any successful city economic development program. However, this should not come at the expense of existing employers, including small businesses. Richmond benefits from a strong base of established

large employers and a much larger group of small, independently owned businesses, including many minority-owned firms. The City must embrace technology and data-driven processes to help existing businesses navigate challenges and thrive in the community. With a commitment to data collection and analysis, a continually enhanced database of local businesses, and a sustainable mechanism for virtual and on-site business visits, the City can strengthen its business retention and expansion program (see Initiative 3.1). Moreover, this can provide valuable data, storytelling, and marketing material to support other year one actions in Goal 3. Industry such as the creation of a new website (see Action 3.4.1) and recruitment of target industries (see Initiative 3.5).

- **TECHNOLOGY ZONES IN PRIORITY GROWTH NODES.** *Establish Technology Zones in each of Richmond's Priority Growth Nodes to incentivize business recruitment and expansion projects, commercial real estate development, and employment growth.* The essence of economic development can be summed up as a nationwide competition among cities for talent and industry. Richmond's growth is predicated on winning the battle for employers and skilled workers. Cities like Nashville, Charlotte, Austin, and Atlanta are every bit as hungry for growing businesses and creative individuals as Richmond, and they use incentives as part of their winning strategy to attract jobs and investment. To be a successful player in the competition, Richmond needs a strong set of incentives to help existing companies grow and to attract new investment. However, creating a better incentive program than other cities is not itself the desired outcome. Incentives are nothing more than tools in the service of specific goals. Richmond's incentives must be organized and marshalled to move the City closer to its vision of creating a more equitable, inclusive economy that lifts the fortunes of all residents. The responsible use of incentives channels private investment and job growth into desired growth areas. In Richmond, the Richmond 300 comprehensive plan calls for a convergence of jobs and population, along with an alignment of public policies and strategic investments in a handful of special areas designated as Priority Growth Nodes. These are the districts that offer the greatest potential for new jobs, investment, housing development, and business growth (see Actions 3.3.2 and 1.5.7).
- **BRAND IDENTITY AND NEW STATE-OF-THE-ART ECONOMIC DEVELOPMENT WEBSITE.** *Design, develop, and deploy a Richmond economic development brand identity and website to generate interest and inquiry among target audiences of business executives, real estate decision makers, entrepreneurs, and other key stakeholder groups.* How a city is perceived—by the public, by visitors, by the media, by corporations, and by site selectors—is crucial to its economic health. This perception can be heavily influenced by marketing programs. The most effective city marketing efforts build on a community's existing brand and tell authentic stories that highlight local assets. Richmond is fortunate to have a multitude of positive stories about economic development in the region, along with numerous existing websites and related marketing efforts that amplify those messages. The *BLK RVA* and *Out RVA* marketing initiatives of Richmond Region Tourism are great examples of the positive image being projected to a variety of internal and external audiences. However, the City does not have a strong, unified, up-to-date message online. Richmond needs a modern brand identity and website that serves as the foundation for a well-defined and executed marketing effort to compete for prospects, potential workers, and visitors (see Action 3.4.1).
- **AGGRESSIVE RECRUITMENT OF CORPORATE HQs AND TECHNOLOGY FIRMS.** *Launch new business recruitment efforts aimed at corporate HQs, professional services, and technology firms.* The Richmond region has experienced significant growth of corporate HQs, professional services, and a variety of technology-oriented companies (including financial services and data centers). Much of this growth has occurred outside the city, but with a focused recruitment effort and a commitment to increase the availability of sites and buildings with office space for these firms, Richmond can become a magnet for recruitment projects in the coming years (see Actions 3.5.1 and 3.5.2).

INTRODUCTION

Growth in the City's population is stronger than at any point in the last 100 years. The City has gained national attention for its growing arts, food, and craft beer scene; its vibrant African American culture; its outdoor recreation opportunities; and its vibrant downtown and distinct neighborhoods with a strong sense of place. Richmond is now a viable contender for major business recruitment projects. It is also a dynamic hub for entrepreneurial companies and high-growth tech firms.

Yet recent growth has not been equitable. The City ranks among the least equitable cities in the US in key metrics such as the educational attainment disparities between African American and white workers. Poverty levels in many of Richmond's predominantly African American neighborhoods exceed 50 percent. And the recent economic recession caused by COVID-19 has only exacerbated the economic struggles of low-income residents. It has become all too clear that recent economic growth has done little to change long-standing inequities.

To complicate matters, **Richmond does not live in a bubble.** The City cannot correct inequities and achieve economic growth with an inward focus that only considers what happens in Richmond's 62.5 square miles. Economic development functions like a high-stakes competitive sport. Cities across the US and internationally compete with each other for companies, talent, and investment. The landscape for business development remains highly competitive in the wake of COVID-19, which has accelerated existing trends such as e-commerce and remote work, further intensifying the rush to recruit talent and investment.

The question is not whether additional growth is possible. The challenge ahead for Richmond is to achieve greater **equity** and accelerate **growth** to create more opportunities for all of the City's residents.

PURPOSE AND SCOPE

In March 2016, the Richmond City Council introduced an ordinance—Ord. No. 2016-090—requiring the creation of a Comprehensive Economic Development Plan for the City of Richmond. The plan would set out the City's major economic development goals and priorities for the next five years. The ordinance also called for an Economic Development Implementation Strategy to achieve economic growth for the first year of the five-year plan including measurable objectives and performance measures.

As a precursor to the economic development plan, City leaders decided to first initiate a new citywide Master Plan with extensive community engagement to plan for and guide Richmond's future growth. In 2017, the City began creating [Richmond 300: A Guide for Growth](#), the first comprehensive update to the City's Master Plan in nearly two decades. The updated Master Plan was designed to incorporate broad-based community input and provide tools for guiding the future growth of the City and for ensuring that new development aligns with citywide goals. Richmond 300 provides a framework for the City, the development community, business owners, and residents to shape the growth of Richmond.

In 2019, with the Richmond 300 planning process well underway, the City was ready to move forward with the creation of an economic development plan. The City solicited proposals from qualified consulting teams to assist the Department of Economic Development in producing a strategic plan for economic development consistent with the development of Richmond 300 and the areas of economic growth identified in the updated Master Plan. In the fall of 2019, the City engaged TIP Strategies (TIP), an Austin-based economic development consulting firm, to lead a multidisciplinary team in the preparation of a five-year roadmap to guide Richmond's economic development efforts.

The Master Plan's Chapter 4: Diverse Economy—and more specifically, Chapter 11: Businesses & Jobs—is where the closest alignment exists between Richmond 300 and the economic development strategic plan.

The TIP consulting team included the CURA, The M Companies, and Hugh Helen LLC. Each member of the team supported the City and contributed to the strategic plan. CURA conducted a comprehensive economic assessment that analyzed factors affecting Richmond's overall economic competitiveness including demographics, labor market and workforce data, employment trends, business and industry characteristics, and a statistical benchmarking analysis comparing Richmond's economic performance with 16 cities identified by the City as direct competitors or as communities viewed as aspirational benchmarks. The M Companies reviewed the City's minority business programs, facilitated minority business outreach, and provided input on real estate development strategies. Hugh Helen LLC provided strategic guidance on social equity issues, contributed to the creation of the year one action plan, and assisted with the development of performance metrics.

The global health and financial impacts of the COVID-19 pandemic and the widespread civil unrest in the wake of the death of George Floyd further highlighted the need for an economic development strategic plan that can be swiftly implemented to advance equitable and robust economic growth in Richmond. The City did not sit idle waiting for the completion of the plan to begin implementing tools and strategies to create a more economically vibrant community. From the outset of the strategic planning process in the fall of 2019 until late 2021 as the revised plan was nearing completion, City leaders continued engagement with the community, reviewed best practices from benchmark cities across the US, and facilitated conversations with local and regional economic development partners. This ongoing engagement and activity focused on economic development led to numerous positive outcomes:

- Creating the Mayor's Equity Agenda
- Creating the Office of Equitable Development
- Revising incentive programs to ensure affordable housing units are developed
- Funding a disparity study to determine whether a significant statistical disparity exists between the number of minority business enterprises (MBEs) that are qualified, willing, and able to perform and the number of such MBEs actually engaged by the City or its prime contractors
- Creating a set of baseline community benefits to consider when negotiating development agreements for city-owned property
- Planning in preparation for a Request for Interest (RFI) to solicit creative development responses from capable and experienced development teams interested in redeveloping 66.7 acres of under-developed, publicly owned property known as the "Diamond District" along Arthur Ashe Boulevard near I-95
- Approval of a \$325 million project to redevelop the City's Public Safety Building to make way for a 20-story, VCU Health-anchored tower and mixed-use office complex

In recognition of the velocity that Richmond must maintain in order to achieve its desired economic development outcomes, this plan was renamed: ***Strategic Plan for Equitable Economic Development (SPEED)***.

PROJECT APPROACH

The first step in the planning process was to establish a common understanding of Richmond’s assets and challenges from an economic development perspective. During the project’s “Discovery Phase,” the consulting team met with more than 200 community and business leaders through roundtable discussions, employer interviews, individual meetings with City Council members, and other meetings with key stakeholders including joint sessions with the Richmond 300 Advisory Council and Economic Development Working Group. Input was also solicited through an online community survey that received more than 800 unique responses. The project Steering Committee provided their expertise over the course of several meetings in 2019 and 2020, which contributed significantly to the plan. The consulting team and the City Department of Economic Development worked closely with the Richmond 300 project team and the City Department of Planning and Development Review to coordinate efforts throughout the life of the planning process.

In addition to the extensive stakeholder input, the consulting team also analyzed a wide range of demographic and economic data for Richmond to shed light on potential focus areas for the plan. The economic assessment, conducted by CURA, was published under separate cover as Strategic Plan Background. Another body of background research—the Competitiveness Review—was conducted by TIP and included an analysis of the City’s role in economic development within the regional network of partners, a peer benchmarking assessment compared Richmond’s economic development staff, budget, and marketing efforts to 16 competitor and aspirational peer cities, and a target industry analysis that presented key findings and analysis for five target sectors that should be the focus of the City’s recruitment efforts: life sciences, corporate HQs and professional services, financial services, transportation and logistics, and specialty beverages and foods. Each of these qualitative and quantitative sources of input were critical in shaping the strategies and actions presented in the strategic plan.

THE CHALLENGE

As this document is being finalized, new questions have arisen about the impact of COVID-19 infection rates even with multiple FDA-approved vaccines currently available, thousands of job vacancies, and social justice in the dawn of Confederate monuments being removed from their pedestals in Richmond. Unemployment filings that during 2020 rivaled levels comparable to the Great Depression have leveled off. At the same time, global supply chains continue to face major disruptions and there is broad uncertainty in real estate markets, especially commercial office space, as companies reconsider their space needs in response to hybrid and remote working options. In the midst of this economic uncertainty, the pandemic has raised social justice issues that will require Richmond to rethink the way government defines itself in terms of both words and actions.

It is important to stress that, while social equity issues have garnered fresh headlines, the underlying conditions are hardly new. In fact, recent events shine a bright light on any plan seeking to address economic development. Systemic racial inequities are not likely to recede into the background. In many ways, this fact makes the challenge ahead very clear.

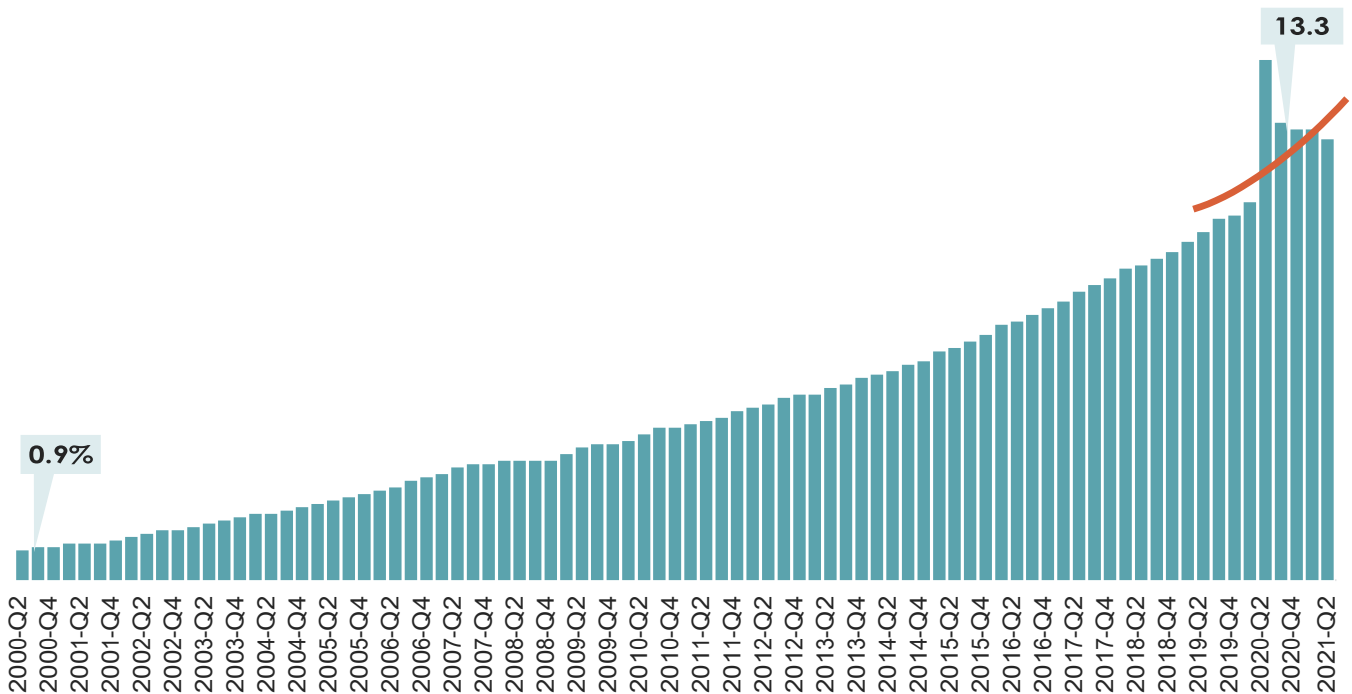
KEY FINDINGS

The consulting team’s assessment of Richmond’s economic potential was based on an extensive quantitative review of economic, demographic, industry, and workforce factors conducted by CURA, as well as a target industry analysis conducted by TIP. This quantitative analysis was augmented by qualitative input from stakeholder interviews, site visits, input from the project Steering Committee, guidance from City staff and elected officials, workshops conducted in collaboration with Richmond 300, and an online stakeholder survey with more than 800 responses. In addition to these formal input sessions, the consulting team sought out and incorporated on-the-ground insights from a diverse set of stakeholders including Council Member Andreas Addison’s Economic Vitality Advisory Committee, Venture Richmond’s Economic Development Committee, and a series of interviews with African American community and business leaders. The results of this broad-based analysis are presented in separate deliverables (the Competitiveness Review, CURA’s Economic Assessment, and a stakeholder survey summary). The objective of this “Key Findings” section is to filter the myriad issues that influence Richmond’s competitive position to highlight the most important factors that inform the recommendations in the strategic plan.

COVID-19 HAS ACCELERATED EXISTING TRENDS.

The COVID-19 epidemic has dramatically altered the economic landscape of the entire country. Yet most of the major changes happening in the US economy—the forces shaping a transition from the 20th Century model of mass production to a 21st Century economy built on technology and global trade—were already well underway before COVID-19. Most of these economic trends were *accelerated*, not created, by the pandemic. Some of the most prominent trends that will affect the future economic development potential of Richmond are highlighted below.

FIGURE 2. US ONLINE SALES AS A PERCENT OF TOTAL RETAIL SALES, 1999(Q4)-2021(Q2).



Source: US Census Bureau; TIP Strategies.

WHILE THE 2020 BLIP IS PAST, ON-LINE RETAIL'S TRAJECTORY IS STILL UPWARD.

It is no surprise that the COVID-19 pandemic shifted sales from brick-and-mortar establishments to e-commerce. In Q4 of 2019, the US Census Bureau estimated that online sales represented less than 12 percent of total US retail sales. Just two quarters later in Q2 of 2020, online sales represented more than 16 percent of US retail sales, a level that would have taken several years without the disruption caused by COVID-19 (see Figure 2, page 11). The pandemic-induced spike in e-commerce activity has levelled off into 2021, but the long-term trend line is one of continued rapid growth. The ongoing shift in sales from brick-and-mortar establishments to e-commerce will accelerate the decline of traditional retail outlets including malls, big-box chain stores, and small “mom and pop” retailers. At the same time, it creates many new economic development opportunities for the entire supply chain that supports e-commerce including the physical support systems (distribution, warehousing, and transportation) and technology support systems (data centers, software, and financial technologies).

GROWING ACCEPTANCE OF REMOTE WORK HAS IMPLICATIONS FOR COMMERCIAL REAL ESTATE.

Over the past two decades, the options for working in a nontraditional environment have increased steadily, but that trend was pushed to the limits at the onset of the COVID-19 pandemic when, in a matter of weeks, tens of millions of workers in the US began to work from home. Now, the question remains: is more widespread remote work here to stay? While some workers may continue to work from home indefinitely, a return to the office in some form is the most likely future scenario. An April 2021 survey of 275 executives conducted by Deloitte found that 64 percent of executives plan to return to the office to some degree during 2021. Yet, 68 percent of executives also said they would continue to operate with a hybrid model. This has major implications on commercial real estate. At the same time, more workers than ever before have the freedom and flexibility to choose where they live in a remote work environment. This will create new patterns of domestic migration that could benefit attractive, affordable locations like Richmond.

VIRTUAL COMMUNICATIONS PLATFORMS GAINED TRACTION IN BUSINESS AND PERSONAL USE.

In an important sense, the coronavirus has set the stage for a national “beta test” of new communications platforms. Zoom and other tools are now widespread. Their use will further increase the potential not only of “working from home,” but will also influence public meetings, trials and hearings, on-line collaboration, and a host of other interactions.

THE PANDEMIC PLACED A SPOTLIGHT ON SUPPLY CHAIN VULNERABILITIES.

The global supply chain was already experiencing slow growth due to trade policy and immigration restrictions in place before the onset of COVID-19. Yet, the pandemic compounded these issues, particularly the use of Chinese suppliers and offshore sourcing in general. While many supply chains have operated less expensively in overseas locations in the past, the pandemic has underlined the societal risks of leaving this production offshore. With that, reshoring has come to the forefront. Reshoring can be beneficial by potentially reducing the total cost of products, improving balance sheets, and making product innovations more effective. In addition to reshoring of production, the reshoring of professional and back-office functions is another significant opportunity for economic development in the short- to mid-term.

TELEMEDICINE PRESENTS TREMENDOUS OPPORTUNITY WHILE ALSO RISKING FURTHER INEQUITY.

While still in its infancy, telemedicine was already on an upward trajectory. Greater reliance on virtual medical services can be expected, especially for diagnostic appointments that do not require the physical presence of patients. While this trend is welcome in many respects, it also raises the specter of further inequities. Access to

health insurance and quality health care was already a barrier for many low-income households in Richmond, but now it could be exacerbated by the lack of access to broadband internet service.

LABOR SHORTAGES MAY BOOST THE ALREADY-EXPANDING USE OF ARTIFICIAL INTELLIGENCE.

Artificial intelligence (AI) was always more than an isolated trend affecting the tech sector. For many analysts, AI represents the potential for a major shift in manufacturing, medicine, communications, and entertainment. With the deployment of 5G and a major expansion of virtual reality platforms, every sector has the potential to undergo disruptions. A downside risk is that many lower-skilled jobs will give way to automation as AI becomes more widespread. On the other hand, new higher-skilled jobs will be created as a result. COVID-19 will add urgency to this movement, especially as many lower-wage and lower-skill jobs go unfilled.

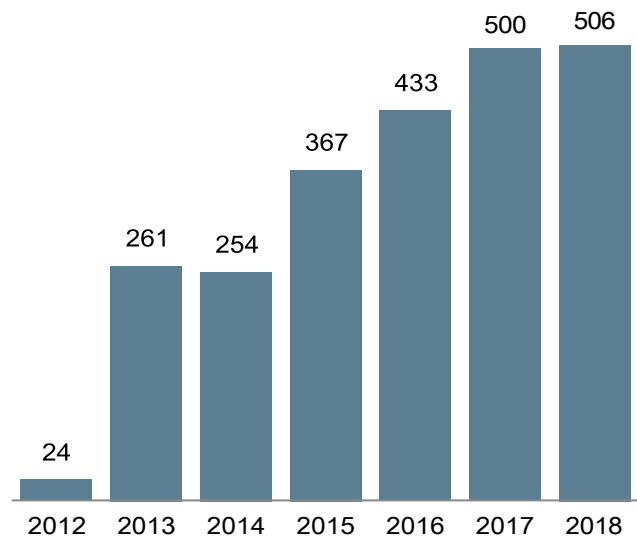
RICHMOND HAS ARRIVED.

While it is still unclear what effect long-term effects the pandemic will have on urban migration patterns, Richmond’s appeal to Millennials has been well-established. A steady in-migration of younger residents has raised the profile of Richmond, not only along the Eastern Seaboard, but nationally as well. While other communities struggle to retain workers, Richmond is becoming a magnet for talented workers from the DC area and beyond.

Among the factors influencing this trend are high housing costs in New York and Washington, DC, the diversity of housing options in the city of Richmond, a robust regional job market, and a host of amenities rivaling those of much larger cities. Continued net in-migration from Washington, DC and Northern Virginia is likely. In addition, recent data indicating significant out-migration from New York City (including a significant increase in rental housing vacancies and declines in home values in the city) present an opportunity for talent attraction to Richmond.

Richmond’s emergence onto the national stage as a destination for talent and business growth is a major finding that influences strategies ranging from target industry recruitment and entrepreneurship to talent attraction. This finding illustrates Richmond’s unique strengths and its ability to recover quickly from the pandemic economic downturn, a necessary pre-condition for properly addressing the two subsequent key findings which highlight the city’s most urgent economic challenges: addressing social equity and improving its competitiveness. Balancing the City’s desire for economic growth with the very real pressures it creates—including rising housing costs and increased fears of gentrification—is a struggle facing cities across the nation.

FIGURE 3. NET MIGRATION TO CITY OF RICHMOND FROM WASHINGTON, DC MSA, 2012-2018



Source: US Internal Revenue Service, CURA
MSA = metropolitan statistical area

RICHMOND'S URBAN VITALITY—FROM DOWNTOWN TO SCOTT'S ADDITION TO MANCHESTER—HAS IMPROVED DRAMATICALLY.

The revitalization of old buildings, construction of new urban residential units, and influx of restaurants has given new life to an old city. This commitment to quality of place is apparent in a strong brand identity that is diverse and inclusive, combining elements of foodie experiences, African American culture, craft beer, and outdoor recreation in a livable urban environment. While the complex issue of displacement of communities of color remains, the Richmond 300 plan is helping to create vital neighborhoods that can resist “gentrification.”

THE GROWTH OF CORPORATE AND REGIONAL HEADQUARTERS THROUGHOUT THE RICHMOND REGION IS SIGNIFICANT.

Notably, this growth is not restricted to the surrounding counties. Recent examples of business recruitment and expansion projects into Richmond include CoStar's expansion in Downtown Richmond, CarLotz's headquarters expansion in Scott's Addition, Aditxt's Immune Monitoring Center in the VA Bio+Tech Park, Intact Technology announcing a new operation in the city, and CarMax's new facility in the Sauer Center development.

RICHMOND'S VIBRANT ART SCENE IS ATTRACTING NATIONAL ATTENTION.

Kehinde Wiley's *Rumors of War* statue has brought many new visitors to the Virginia Museum of Fine Arts. It is but one example of a growing tourism interest that draws on the city's fraught relationship with slavery and the Civil War and recasts the historical narrative. Shockoe Bottom, long appreciated by residents, is now a must-visit area for out-of-towners. The growing vibrancy of Richmond's art scene is one key factor contributing to the City's overall appeal as a place to live. Richmond was recently [ranked 27th among the top 100 best places to live in 2021 Livability](#) (a data-driven ranking of the most desirable cities), a jump from its 46th place ranking in 2019.

ENTREPRENEURS ARE GROWING IN RICHMOND

The entrepreneurial spirit is thriving in Richmond. Companies like Sassy Jones and Dominion Payroll who are included in the Inc. 5000 list of fastest-growing private companies in the US. Grenova is growing due to the surge in demand for a sustainable solution for plastic consumables for laboratory testing. The opening of the Shift Retail Lab at VCU provides a space for innovation and product testing. New concepts like the Hatch Local food hall provides space in a marquee mixed-use redevelopment project to incubate restaurants.

GROWTH HAS NOT BEEN EQUITABLE.

Richmond's growing prominence, along with new industries and new amenities, has failed to benefit its African American and Latino residents. Several counter forces must be addressed to create more equitable growth.

Of all the findings, this inequity requires the greatest attention. A restructured economy in the wake of COVID-19 is likely to have proportionately fewer jobs for workers with lower levels of educational attainment and a higher number of jobs requiring technical skills and at least some educational attainment beyond a high school diploma. Numerous studies and reports have shown how COVID-19 has had disparate impacts on different socioeconomic and demographic groups, so much so that experts refer to it as a K-shaped recovery. This is a continuation of a trend that's more than a decade old. An examination of the impacts of the Great Recession on employment show that those with a bachelor's degree or higher have gained 15 million jobs since December 2007, while those with some college experience have lost 1.3 million jobs, and those with only a high school degree or less have lost

8 million jobs. All workers were hit hard by the pandemic, causing significant job losses in the spring of 2020, but those with a bachelor's degree or higher have already gained back virtually all lost jobs, while the other populations have not. If Richmond wants to foster an equitable recovery, residents with lower educational attainment and predominantly working in lower-wage occupations such as hospitality, retail, and restaurant sectors need to be a primary focus. This challenge will rank high among the City's priorities and will require both short-term action and long-term commitment to education and skills training.

RICHMOND CONTINUES TO COMBAT ONE OF THE NATION'S HIGHEST EVICTION RATES.

The basic human need for shelter is a challenge for thousands of Richmonders, even among those with full-time employment, if working in low-wage jobs. This inequity has been exposed to national audiences, most recently in a PBS News Hour segment featuring a home health worker who was evicted from her home, along with her elementary school-aged daughter. VCU's RVA Eviction Lab has found that racial composition of neighborhoods plays a significant role in eviction rates. Neighborhoods with higher shares of African American population have higher eviction rates, even after controlling for income, property value, and other relevant characteristics.

Nationwide, the level of evictions is at risk of increasing to unprecedented levels in 2022. This is due to a combination of unemployment, lost income, rising housing costs, a lack of systemic solutions for renters, and expiring eviction moratoriums that are set to remove protections for renter households. Calculations from Moody's Analytics estimate that as of the end of August 2021, approximately seven million households were behind on their rent, collectively owing \$21 billion in back rent, utilities, and late fees. Fortunately, the federal government has appropriated more than \$46.5 billion to cover the back rent and utilities of renter households at or below 80 percent of the area median income who have suffered financial hardship due to the pandemic. As of the end of August 2021, Moody's estimates that \$6.2 billion of these funds had been distributed, helping approximately 1.4 million distressed renters. However, the race to save renters from eviction continues across the country and in Richmond. The situation in Richmond is proportionately more severe given the City's history of higher eviction rates and disproportionately high poverty levels, especially among its African American population. While the City has made great strides, including enacting an eviction moratorium for residential tenants, dedicating CARES Act funding to help keep residents in their home and establishing the first Eviction Diversion Program in the Commonwealth that has prevented over 1,100 evictions (October 2019 to December 2021), the issue remains a serious concern.

RICHMOND IS INCREASINGLY UNAFFORDABLE FOR LOW-INCOME WORKERS.

The growing number of young professionals moving to Richmond from DC, New York, and Boston find the city affordable, but housing costs in Richmond are quickly becoming unsustainable for long-time residents. This is especially difficult for low- and moderate-income African Americans living in historic neighborhoods experiencing significant new investment, which drives up housing prices and property taxes, affecting renters and homeowners. The City's median household income of \$47,000 (from the most recent 2019 US Census Bureau, American Community Survey 5-Year Estimates) ranks lowest among a group of 16 peer cities ranging from Louisville and Pittsburgh to Nashville and Austin, yet the City's median home value of \$230,000 ranks in the middle of the pack. With a median home value ratio to median household income ratio of 4.9, only the much more expensive cities of Boston, DC, and Portland are less affordable than Richmond. Efforts like the Family Crisis Fund—an initiative made possible by the Robins Foundation and other partners and localities that has delivered \$500 payments to nearly 2,500 families in the Richmond area and the Richmond Resilience Initiative that provides \$500 per month to 18 working families that do not qualify for benefits assistance and do not make a living wage—provide an essential stop-gap measure. However, addressing the disconnect between housing costs and wage rates will be critical to maintaining the region's ability to attract and retain talent.

STARK RACIAL INEQUITIES PERSIST IN THE LOCAL AND REGIONAL LABOR MARKET.

As a result of systematic disinvestment in African American communities, businesses, workers, employment for African Americans is predominantly in low-wage occupations. White workers in the City of Richmond are about two times as likely as African American workers to be employed in management occupations. This is the highest-paying job category, with average wages of \$134,800. While 7.2 percent of white workers are in these management occupations, only 3.7 percent of African American workers are. In addition, African American workers are much more likely to be employed in the region’s three lowest-paying occupations—food preparation and serving, building and grounds cleaning and maintenance, and healthcare support—all with median annual earnings below \$31,300.

FIGURE 4. SHARE OF OCCUPATIONS IN CITY OF RICHMOND BY RACE AMONG TOP 5 HIGHEST-PAYING AND BOTTOM 5 LOWEST-PAYING OCCUPATIONS, 2021

OCCUPATION	AVG. ANNUAL WAGE	AFRICAN AMERICAN SHARE	WHITE SHARE	AFRICAN AMERICAN OVER/UNDER REPRESENTATION
Management	\$134,800	3.7%	7.2%	0.52
Legal	\$111,000	1.0%	2.0%	0.50
Computer & mathematical	\$98,100	2.6%	4.9%	0.52
Architecture & engineering	\$91,400	0.6%	2.1%	0.30
Healthcare practitioners & technical	\$90,300	5.9%	6.9%	0.85
↑ TOP 5 HIGHEST-PAYING OCCUPATIONS & ↓ BOTTOM 5 LOWEST-PAYING OCCUPATIONS				
Transportation & material moving	\$40,100	11.0%	4.4%	2.49
Personal care & service	\$31,900	2.7%	2.1%	1.26
Healthcare support	\$31,300	6.6%	2.3%	2.85
Building & grounds cleaning & maintenance	\$29,300	4.8%	3.0%	1.62
Food preparation & serving related	\$27,200	8.7%	6.0%	1.46

Sources: JobsEQ® by Chmura. Wage and occupation share data are for Richmond City, data as of 2021Q4.

DISPARITIES IN RICHMOND’S EDUCATIONAL ATTAINMENT LEVELS EXACERBATE THE ECONOMIC OPPORTUNITY GAP BETWEEN AFRICAN AMERICAN AND WHITE RESIDENTS.

Decades of under-investment in Richmond’s African American youth have created a wide racial disparity in educational attainment levels by race. Richmond has a relatively high level of educational attainment overall, with 39.6 percent of adults over age 25 holding a bachelor’s degree or higher compared to 32.1 percent for the US as a whole (from the most recent 2019 US Census Bureau, American Community Survey 5-Year Estimates). Educational attainment levels for African Americans in Richmond are more than four times lower than white residents (15.5 percent of African American Richmonders hold a bachelor’s or higher compared to 65.5 percent of white residents). Richmond’s African American residents have significantly lower educational attainment levels than the national average (21.6 percent of African Americans in the US have a bachelor’s degree or higher) and benchmark cities including Atlanta, Charlotte, and Nashville.

RICHMOND DOES NOT LIVE IN A BUBBLE.

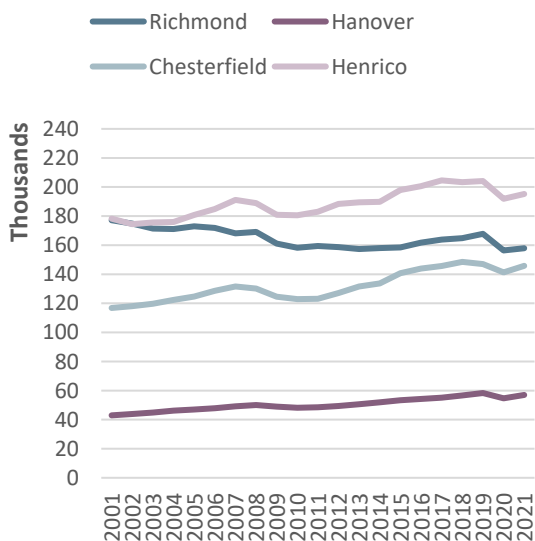
The hunt for talent, the relentless efforts of cities across the country to “poach” businesses, and the acceleration of investment in high quality amenities is a permanent part of the economic development landscape. In short, economic development is an intensely competitive game. In light of the ongoing economic recovery and widespread labor shortages, the fierceness of the competition among communities will be even greater.

In short, Richmond must commit to improving its competitive standing across a range of factors that influence economic growth. These factors include educational attainment levels of workers across all racial and ethnic groups, a robust telecommunications and transportation infrastructure, increasing entrepreneurial opportunity, and flourishing neighborhoods with diverse amenities. Enhancing Richmond’s overall competitiveness is not only about topline economic growth; it is essential to allow for more equitable growth so that all communities can benefit.

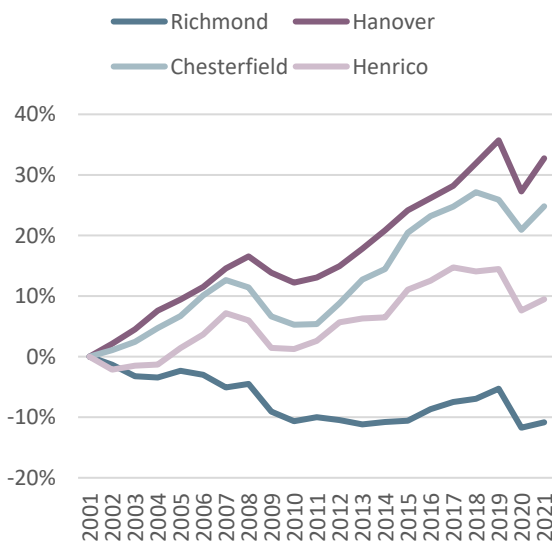
RICHMOND HAS CONSISTENTLY UNDERPERFORMED JOB GROWTH IN THE SURROUNDING REGION.

Job growth in Richmond’s surrounding suburban counties—Henrico, Chesterfield and Hanover—has far outpaced job growth in Richmond over the last two decades. In total, Richmond lost nearly 11% of its jobs between 2001 and 2021, while the three surrounding counties individually gained between 9% and 28% more jobs. In 2001, Richmond and Henrico County had nearly the same number of jobs (Richmond – 177,163 / Henrico – 178,301). In 2021, Henrico County’s total employment had risen to 195,167 while Richmond’s total employment declined to approximately 157,955. The stronger job-creation performance of Richmond’s suburbs further amplifies racial inequities since all three suburban counties have a larger share of white residents and a smaller African American population than the central city.

FIGURE 5. EMPLOYMENT TRENDS, 2001-2021
TOTAL EMPLOYMENT



PERCENT CHANGE IN EMPLOYMENT



Source: JobsEQ® by Chmura

JOB GROWTH IN RICHMOND LAGS POPULATION GROWTH.

Richmond's population has made a remarkable comeback after dropping below 200,000 residents in the year 2000 for the first time since 1940. After decades of population declines, Richmond gained 6,500 residents between 2000 and 2010. Population growth picked up speed after 2010, with the city gaining more than 25,000 residents, with a 2019 estimated population of more than 230,000. However, job growth has not kept pace. Total employment in Richmond has grown modestly since 2010, but current employment levels are still below those of 2001.

The factors that influence suburban job growth in the Richmond region mirror those in many urban areas across the country. Foremost among these are performance levels of the school system. Younger, more affluent families inevitably seek out the highest achieving schools and buy property within those districts. Unsurprisingly, many businesses establish operations outside urban settings to meet worker needs. This historical trend has been countered by some communities, including Austin and Seattle. It is worth noting, however, that two iconic companies associated with those cities (Dell and Microsoft) flourish in a traditional suburban environment. The conclusion to be reached—and reflected in this plan—is that Richmond must take a far more aggressive posture in attracting businesses into the city and working to create equitable pathways so that all residents can benefit. Since 2017 Richmond has built three new schools and increased funding to Richmond Public Schools by 33% with the intent of these investments helping to lead to improved educational outcomes for students in the school division – and with the improved educational outcomes companies and employees being attracted to the city. While the school system cannot be improved overnight, tax and business costs can be changed, and a vibrant work environment is well within reach.

THE FIERCE COMPETITION FOR JOBS AMONG MAJOR METROS IS LIKELY TO CONTINUE.

Where will job growth be most robust post-COVID-19? Or, to put this question differently, which regions are best positioned to rebound most rapidly? Answering this question requires a better understanding of what the global economy will look like beyond 2021 than is currently available. Specifically, regarding international trade, will the restructuring of the supply chains mean a resurgence of US manufacturing? And if so, which US regions have the greatest likelihood of drawing upon a strong manufacturing employment base? In addition, can tech-dependent sectors be expected to rebound rapidly, regardless of export-driven demand?

The life sciences industry—encompassing the research, development, tech transfer, and commercialization aspects of biotechnology, pharmaceuticals, and related medical technologies—has long been regarded as an important sector for economic development. Increased levels of investment into life sciences R&D continue in dozens of metro areas across the US, partly as a result of the pandemic. Richmond is well-positioned to leverage its institutional partners to play a larger role in the life sciences industry. The involvement of VCU in existing areas of biomedical research can be accelerated, and new opportunities will open up in telemedicine. Richmond's future status as one of the premier life sciences hubs is far from guaranteed. Nevertheless, a focused effort by the City and partners like Activation Capital can raise Richmond's profile as a top-tier cluster for innovation in this high- impact sector.

THE IMPACT OF THE NAVY HILL DECISION AFFECTS FUTURE LARGE-SCALE PROJECTS IN RICHMOND.

Any time a lengthy and highly public process regarding a major public-private development project ends in a “no” vote from local elected officials, it sends a message to the private sector—locally and nationally—that the community's leadership is skeptical of the benefits that accrue from large-scale real estate development. This is not a

criticism of the reasons behind the decision. It is an acknowledgment that private capital operates in a competitive landscape. To the City's credit, it was able to later advance one part of the Navy Hill project: the sale and redevelopment of the Public Safety Building. The process and outcome of that successful project has become a template for the City to replicate and improve on to redevelop other City-owned underutilized real estate assets. For Richmond to position itself for growth over the next five years and beyond will require building on effective approaches and exploring other innovative models. Positioning major sites for redevelopment in the future will require the City to reevaluate its economic tools and resources.

The City needs to continue working on large-scale projects, but with a more collaborative approach that includes not only major corporations, anchor institutions, and local and national real estate developers, but also includes local residents, small business owners, and community organizations. This expanded model of public-private partnerships that also invites the participation of residents and neighborhoods can help Richmond be better prepared for successful implementation of large-scale projects. Strategies for mitigating displacement of existing residents and locally owned businesses must be a part of every significant public-private project in Richmond. This approach is necessary, because small-scale "organic" development alone is not sufficient to provide the new investment, job creation, and revenue generation for the City required to build a sustainable and inclusive economy.

STRATEGIC PLAN FOR EQUITABLE ECONOMIC DEVELOPMENT (SPEED)

Richmond has arrived on the national scene. That national awareness must now be acknowledged and reflected by the City itself. ***Richmond must rise to the challenge.*** That is the vision described by Richmond restaurant owner Shane Roberts-Thomas. Over a dinner at her Jackson Ward restaurant, Southern Kitchen, in late January 2020, she shared her views on prosperity in Richmond with the SPEED consulting team:

- "Never forget the past, but keep moving forward."
- "Inclusion means everyone feels they are a part of the plan."
- "Everyone is recognized."

These ideas match the plan's guiding principles of **equity and growth** and can be viewed as an enduring set of beliefs about how economic development must be addressed in Richmond. With these thoughts in mind, the SPEED is designed to deliver greater prosperity, economic mobility, equity, and inclusion for Richmond residents. This approach includes a mix of projects, programs, and policies that the City—and the broader community—can undertake. The goal is straightforward: provide greater opportunities for **all** of Richmond's residents.

This goal requires the City to devote more attention and greater resources to those that have been left behind. Those who have always had opportunities will continue to have opportunities. Expanding economic opportunities for all of Richmond's residents will depend on a more explicit focus on investments in communities that historically have **not** had access.

While the plan moves from objectives, to initiatives, to individual strategies and actions, the overall approach calls for a more broad-based approach to economic development. Many of the recommendations move beyond the current scope of the Economic Development Department. Implementation will rely on coordination among internal partners—especially with implementation of the Richmond 300 plan—as well as with external allies such as the Greater Richmond Partnership and VCU in particular.

OBJECTIVE 1. COMMUNITY

Broadly speaking, this objective speaks directly to the needs of the community that is Richmond: its people, its neighborhoods, and the small businesses that serve local residents. It speaks to the character of the city, including its heritage. In economic development terms, it looks less at high-wage, high-growth industries and more at strengthening the fabric of the community: its people and its places.

INITIATIVE 1.1. ECONOMIC EQUITY & COMMUNITY ENGAGEMENT

Advance implementation of the City's Equity Agenda to improve equity across City departments and economic development program.

The City of Richmond has numerous programs and activities that address the needs of low-income workers generally, and more specifically, for its African American community members that have experienced systematic disinvestment for decades. What Richmond does not have is a clear understanding of what is effective and what is not. This plan calls for a comprehensive review of *all* City activities related to economic development and economic equity.

As recently as February 2020, life was good in Richmond if you were a young professional with a college education and a decent job. Housing prices are more expensive than they were 20 years ago, but that's only because the city's housing values have risen to roughly the same level as the metro area as a whole, which remain far more affordable than larger markets like Washington, DC or New York. The city has made a remarkable turnaround in the last 20 years in terms of population growth. The vibrancy of Richmond's downtown, its neighborhoods, and its growing array of urban amenities have made the city attractive to talented individuals and dynamic businesses. The city's craft food and beverage scene now rivals the top visitor destinations in the Eastern US, helping to attract young college-educated professionals not only as tourists, but increasingly, as residents.

On the other hand, life was far less good in Richmond if you were a low-income hourly wage-earner without an education beyond high school. The challenges facing Richmond's less fortunate included the constant risk of housing evictions, blighted neighborhoods with more crime and less fresh food options than the rest of the city, and the lowest-performing K-12 schools in the one of Virginia's lowest-performing school districts according to assessment data from the Virginia Department of Education. A generation of economic growth in Richmond hadn't helped a generation of the city's residents. In fact, many residents were being left behind in a city that was rising on the national stage despite failing to live up to the notion that "a rising tide lifts all boats." The most urgent priority for the SPEED, as it was under development in February 2020, was to enact a set of new strategies to improve economic conditions for Richmond's low-income workers and African American community members that have not had the same access to economic opportunities as other groups.

All of this was before the COVID-19 pandemic. Starting in March 2020, life suddenly became much more difficult for just about everybody in Richmond, but the economic prospects for the city's most vulnerable residents became even more troubling than they were in early 2020. The challenge now is to reduce risks for low-income residents, while pursuing strategies that position them and the entire city for a more prosperous future.

1.1.1. Support the launch of the City's new Office of Equity and Inclusion to help coordinate economic and social equity work across City departments and improve related outcomes.

- Coordinate with all City Departments to report annually on how their staff, programs, spending, and operations affect economic equity for Richmond residents.
- Use the findings of this reporting to recommend strategic changes to City programs and investments that eliminate barriers for low-income residents and improve opportunities for economic mobility for all residents.

BEST PRACTICE: CITY OF SAN ANTONIO OFFICE OF EQUITY.

The Office of Equity is a citywide office focused on advancing social equity and dismantling racism within City Government, to help reduce and ultimately eliminate disparities experienced by the most marginalized San Antonio residents. The Office supports City Departments in normalizing concepts of equity, organizing staff to work together for transformational change, and operationalize new practices, policies and procedures that are equity oriented. The Office has a full-time staff of five professionals that provide technical assistance and training to City Departments. It is also responsible for the development and maintenance of tools such as the [Equity Rapid Response Tool](#), the [Racial Equity Indicators Report](#), and the [Equity Atlas and Matrix](#).

1.1.2. Work with local organizations and community leaders to engage neighborhoods, low-income workers, and other groups that have not had opportunities to voice their economic needs.

- Leverage the city’s newly created Office of Public Information and Engagement to evaluate community engagement options that would provide a sustainable mechanism for residents to communicate their needs and challenges related to economic opportunity.
- Evaluate options for formal neighborhood engagement between neighborhood and civic groups and City leadership, including working through the City’s Office of Public Information and Engagement, existing community centers, libraries, and fire and police precincts.
- Establish new procedures to work with organizations the City government may not be used to engaging on a regular basis. These would include religious institutions, libraries, schools, and similar community gathering places.

1.1.3. Compile and present data disaggregated by race, ethnicity, income, and geography whenever possible. Having a clear understanding of current conditions regarding equity will permit the City and its partners to design effective programs that address real needs. Data points to consider include the following:

- broadband access by neighborhood (see Initiative 1.2 below).
- eviction rates.
- household composition by educational attainment.
- transfer payment recipients.
- employment in occupations paying a living wage or that are at-risk for exposure due to COVID-19.
- better understanding of specific needs, such as childcare.

1.1.4. Create a collaborative group of local and regional partners to address the needs of Richmond residents at risk of losing employment, income, or stable housing. This should include the needs identified based on community input (see Action 1.1.1) as well as the needs that arise from the data analysis (see Action 1.1.3).

1.1.5. Leverage public sector funds (including state and federal dollars), foundations, and other sources to advance this initiative.

Once there is a more robust community engagement mechanism in place and a better knowledge base to work from, efforts that link social service programs with economic opportunity can be more effective. This plan acknowledges the reality that traditional economic development strategies focused on job creation and business attraction cannot adequately bridge the wide gap to Richmond’s low-income residents that often lack access to basic needs such as broadband internet, safe and affordable housing, and childcare.

INITIATIVE 1.2. BROADBAND INTERNET FOR EVERY RESIDENT

Embark on a full-scale broadband initiative—the Richmond Public Telecommunications Infrastructure Initiative (RPTI)—that ensures internet access to every residence in the city of Richmond.

The Key Findings section referenced trends accelerated by COVID-19. Several of those trends figure prominently in the following recommendation. The first is the growth of telecommuting. What up until now was a slow, but steady acceptance of “work from home” policies has proven itself to be a wholly viable and broadly scalable business

strategy. It is as if the entire nation had participated in a beta-test of remote working potential. In a matter of weeks, businesses and workers largely met the challenge and proved that productivity is possible without being physically present at the workplace. Obviously, this assertion is not true for all sectors, but it holds true for millions of workers.

The second trend relates to all forms of on-line learning and training. The third trend is specific to telemedicine. And the fourth trend is centered on e-commerce and on-line retail sales. What connects these trends is that they are possible only through high-speed access to the internet. The broadband capacity of the city as a whole, but also for every individual household, is essential. In addition, it is worth reiterating that remote work is not an option for many workers (even if they had access to broadband) and that racial and ethnic disparities exist in remote work and in broadband access. African Americans are disproportionately less likely than white workers to be employed in remote work occupations and less likely to have access to broadband internet at home. According to data from the US Census Bureau's 2019 American Community Survey, in the US labor market, white workers represent 62 percent of all jobs and 72 percent of remote jobs, compared with African American workers which represent 12 percent of all jobs and only 8 percent of remote jobs.

The strategy outlined below seeks to provide meaningful action by the City. It requires bold action from elected officials and from the various departments within the City. It also requires a determined public outreach effort, coordination with regional partners, and a collaborative response from other public institutions and the private sector. Finally, it must also leverage the resources of the federal government through its various funding programs.

The Richmond Public Telecommunications Infrastructure Initiative (RPTI), properly executed, will provide jobs, benefit low-income neighborhoods, and deliver much needed infrastructure improvements throughout the community. In short, it will help position Richmond for recovery while also providing short-term relief for unemployed residents.

- 1.2.1.** Work with private internet and broadband providers to determine those areas of the city of Richmond not served—or underserved—with regard to internet access.
- 1.2.2.** In partnership with telecommunications companies, determine what internet providers are able to provide both with cable and wireless (5G) service.
- 1.2.3.** Negotiate cost structures that allow for the laying of fiber and universal 5G coverage.
- 1.2.4.** Collaborate with external entities, including providers, institutional partners, foundations, and federal agencies to map out a rapid response for ensuring that the project move quickly towards completion. Work with Planning and Development Review to ensure no permits are issued for new developments without high-speed internet access. Partner with Richmond Public Schools (RPS) and the Greater Richmond Transit Company to deploy short-term solutions like school buses and transit vehicles with Wi-Fi hotspots parked in areas without broadband access. *RPS has done this, using hotspots donated by local telecommunications providers.*
- 1.2.5.** Test and verify the rapid deployment of the system. Ensure that every home and every apartment complex will have routers, Wi-Fi, and uninterrupted high-speed internet access.
- 1.2.6.** Market the project actively. A plan as bold as this would garner national recognition. It would signal that Richmond is determined to engage all of its residents and would open the door to the recruitment of tech-based companies looking for a large, tech-savvy workforce.

At the core of this recommendation is the recognition that cities—through their purchasing and procurement processes and their infrastructure investments—are themselves major economic engines. When a city constructs roads and bridges, lays water and sewer lines, buys emergency vehicles and equipment, or even enacts building codes that influence the types of windows and building materials required for construction, it assumes a role akin to that of a private company. In other words, it employs people, engages suppliers, and procures products and services. A city is an economic agent whose decisions have economic development benefits.

Purchasing decisions are not typically made with an eye towards their indirect benefits. In a time of fiscal uncertainty, however, this opportunity should be considered. Additional benefits from this approach will come from access to federal funds for projects that can be directed towards low- and moderate-income neighborhoods. The US Department of Commerce, Economic Development Administration is a source of those dollars and has recently seen significant increases in allotted funds. A targeted approach for underserved portions of Richmond, specific to telecommunications and broadband access would yield immediate results while also addressing deeper systemic issues. These include:

- Access to educational services.
- Health and telemedicine.
- Work-from-home opportunities related to tech companies (such as IT and technical support).
- Entrepreneurial ventures, including on-line sales.
- Social media connectivity encompassing entertainment and neighborhood interaction (built on platforms similar to Nextdoor).

As indicated in the outline above, extending fiber and Wi-Fi throughout the city is a multi-stage process. It requires a detailed mapping of who does—and does not—have access. In some cases, the fiber is available, but residents do not have the in-house equipment to access it or the financial resources to pay for it. This should be part of the analysis. The physical construction required must also be taken into account, from the extension of fiber optic cables to new Wi-Fi capable of handling 5G networks.

It is obvious from the outset that this strategy will need to be advanced as a public-private partnership (P3). The P3 model recognizes that broadband access is an infrastructure provision that is every bit as essential as water, wastewater, and electricity. In those cases, the provider may be public or private, or a combination of the two. No one, however, questions the social necessity of providing those services. And not only must the service be available; it must meet high standards of quality and reliability. When these basic services are lacking (as was the case when the drinking water source in Flint, Michigan, was found to be contaminated with dangerous levels of lead) the City becomes legally liable. Broadband internet should be seen in the same way. In an economy increasingly reliant on internet access, it is essential to the City's economic health. Without it, growth and equity are both deeply compromised.

INITIATIVE 1.3. SKILLS & EDUCATION

Enhance the skills and education of Richmond's youth and adult population to access higher-wage employment opportunities.

Employers across the country are experiencing severe challenges accessing skilled workers. Competition for workers is fierce and remains at the top of the list of factors for business success. To fully address these labor market challenges, Richmond must address the issue on all fronts including education and workforce development, talent attraction, and talent retention. This initiative is focused on the critical focus area of developing the City's existing

workforce to build a strong talent base that meet the current and future needs of the job market and provides upward mobility for Richmond residents.

- 1.3.1.** Advance the development of a joint career and technical center in collaboration with RPS, Reynolds Community College, and the Community College Workforce Alliance to provide education and skills training to prepare Richmond residents (children and adults) for in-demand career opportunities and additional postsecondary educational opportunities.
- 1.3.2.** Work with existing employers in the city and region (including anchor institutions such as hospitals and centers of higher education) to create more economic opportunities for Richmond residents through internships, part-time work opportunities, 1099 “gig economy” work, and other types of work arrangements with low barriers to entry that can give residents an initial footing in the workforce.
- 1.3.3.** Encourage collaboration among all City departments to expand workforce training and skills development programs.
 - Host an internal City department head workshop to discuss ways that each City department can contribute to the development of a more skilled and educated local population.
- 1.3.4.** Partner with Reynolds Community College, the Community College Workforce Alliance, and other workforce/education partners to substantially increase on-line training and skills acquisition for Richmond residents.
 - Engage with other partners such as the Capital Region Collaborative to increase efforts to enhance the skills and career-readiness of “opportunity youth”, young people between the ages of 16 and 24 who are neither enrolled in school nor participating in the labor market.
- 1.3.5.** Support RPS in its efforts to implement its *Dreams4RPS* 2018-2023 strategic plan.
 - Work with RPS to increase private sector engagement, bringing partners such as the Greater Richmond Partnership (GRP) and ChamberRVA to act as conveners to engage Richmond’s business leaders in addressing K-12 challenges.
 - Continually educate local business and government leaders about the link between economic development and education, emphasizing that a better educated population and a dynamic economy are two closely related aspects of successful cities. A greater emphasis on one priority does come at the expense of the other. Instead, they should be viewed as two sides of the same coin by local leaders.
 - Encourage continued collaboration between RPS and Reynolds Community College to expand access to dual enrollment opportunities for high school students so that more students graduate with industry credentials and college credits.
 - Encourage VCU, Virginia Union University, and the University of Richmond to continue to explore and implement innovative programs to remove financial barriers for graduates of RPS to earn an undergraduate degree.

INITIATIVE 1.4. MINORITY BUSINESS DEVELOPMENT

Support minority businesses by aligning partners, making more capital available for minority business enterprises (developers, contractors, entrepreneurs, and small businesses), and launching creative new business models.

If Richmond is to lead the way in economic recovery, it must become a national leader in minority business development. Creating a fertile environment in Richmond for minority business growth will require an omni-channel approach: 1) More effective work must be done within existing minority business support programs and resources, with better collaboration and partner alignment; 2) A hard, honest, detailed review of existing procurement programs—both those with MBE participation goals/requirements and those without any MBE goals—is needed, with the goal of applying best practices citywide across every large entity with significant procurement to achieve much greater results; 3) A comprehensive understanding of available capital at all levels for small businesses, including a comparison of any disparities in access for minority-owned firms is another essential foundation; 4) an aggressive effort that brings to bear the full suite of state, federal, and philanthropic resources available for minority business development in Richmond can yield substantial results; 5) and creative approaches with entirely new business models can help create greater opportunities in minority populations for business ownership and wealth creation.

1.4.1. Work with the Office of Minority Business Development (OMBD) to make improvements to the City’s MBE programs.

- Work with City Departments that purchase goods and solicit services to create a minority business procurement plans, developed and evaluated on a quarterly basis, in conjunction with the OMBD.
- Clarify and communicate minority procurement policies in the City’s Department of Procurement Services Policies and Procedures Agency Manual. This should involve a greater emphasis on compliance with the City’s minority solicitation requirements in its training materials and processes for City staff.
- Hold quarterly work sessions led by OMBD with minority business support organizations (such as the Metropolitan Business League, the Central Virginia African American Chamber of Commerce, the Virginia Hispanic Chamber of Commerce, and the Minority Business Enterprise Advisory Board) to identify mechanisms for increasing cooperation between City departments and other partners on minority procurement oversight, review, certification, selection, and registration.
- Continually update, improve, and better publicize the City’s publicly accessible consolidated online database of local MBE firms. Use the database to increase opportunities of minority-owned businesses to compete for City business and to track minority participation in contract procurement processes.
- Collaborate with state agencies that certify or register minority-owned firms—such as the Virginia Department of Small Business and Supplier Diversity, the Virginia Department of Transportation, and the Virginia Department of General Services—to coordinate their activities and programs. While the minority-related goals of these different agencies differ somewhat, the creation of a common database with appropriate functional identifiers would not be difficult, would benefit all agencies, and would facilitate accurate finding and reporting of MBE participation data.
- Increase minority vendor training to provide greater knowledge among minority-owned firms in Richmond of the City’s procurement process and methods of doing business with the City.

1.4.2. Conduct a detailed review all MBE programs operating in Richmond and encourage City-affiliated agencies (such as RPS) and large partner institutions (such as VCU) to undergo a review of their MBE programs to evaluate their effectiveness at building capacity in the minority business community.

- As a critical part of this review, use the City disparity study underway as a key first step to determine whether there are any disparities between the percentage of City procurement dollars spent with minority businesses in Richmond compared with the percentage of procurement dollars that minority businesses would be expected to receive based on their availability to perform the needed City contracts. Coordinate the analysis and recommendations of the City disparity study with the Commonwealth of Virginia disparity study.
- Make recommendations to change MBE programs at the City and with other large organizations based on this review.
- Apply best practices from effective programs citywide across all organizations with significant procurement budgets.
- Host an annual Richmond minority business support awards event (such as a dinner, luncheon, or cocktail/happy hour party) that recognizes organizations that have demonstrated a commitment to the success of minority business enterprises. This should be done virtually as well, leveraging the digital marketing and social media platforms of City departments, ChamberRVA, Metropolitan Business League, Central Virginia African American Chamber of Commerce, Virginia Hispanic Chamber of Commerce, and other organizations that are committed to building capacity in the minority business community.
- Include Community Benefits Agreements in all purchase, sale, and development agreements that require minority business participation goals.

1.4.3. Work with local, regional, state, and national partners to leverage the full suite of available capital and nonfinancial support resources for minority business development in Richmond.

- Launch a minority business resource task force that includes local and state organizations focused on minority entrepreneurship and small business growth, community development financial institutions (CDFIs), as well as larger institutions such as the Federal Reserve Bank of Richmond, Local Initiatives Support Corporation (LISC), and major philanthropic foundations with national reach.
- Task this group with an initial project to identify and communicate all the different post-COVID-19 resources available for minority businesses. This includes the federal stimulus programs, state programs, and a growing list of private funds from foundations, major corporations, technology firms, and high-net-worth individuals aimed at providing needed resources to minority business owners.
- Increase the City's capacity to offer more technical assistance and funding to assist minority businesses with functions such as strategic planning and redesigning existing services.
- Develop programs to help traditional service-oriented entrepreneurs and businesses transition to a virtual business model.

1.4.4. Create new business ownership models for full-time workers employed in low-wage occupations.

- One example of a creative approach would be to launch a “Richmond Home Health Guild” where home health care workers could organize themselves as an employee-owned company. The City could work with local partners to provide legal, accounting, marketing/advertising, and other business support to launch this as a viable business enterprise. This could result in better wages (perhaps as much as double the current \$10-12 hourly wage), a path to financial independence, and an opportunity for long-term wealth creation for a group of full-time workers currently living under the near-constant threat of evictions, food insecurity, and other severe challenges facing low-income residents.
- This type of worker-owned collective model for business ownership could be applied to a number of other occupations that have been traditionally challenged with low earnings (construction and landscaping, building maintenance and repair, delivery and distribution, food preparation and serving, and many personal care/service occupations).

1.4.5. Launch new financial resources (such as the city’s Triple A Business Assistance Program established with funds from the American Rescue Plan Act) aimed at minority business development, both for locally focused small businesses as well as for high-growth entrepreneurship.

- Develop a comprehensive understanding of capital availability in Richmond for small business development, including minority businesses. Promote and publicize the findings of this review, including any financial institutions that are effective (or ineffective) at providing equitable access to minority business owners.
- 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.
- Engage Richmond area financial institutions, foundations, and major employers to think outside of the traditional underwriting criteria for business lending and create a minority business capital investment fund to provide significant resources (including bonding and insurance) for minority entrepreneurs seeking to scale up their companies to achieve significant growth. This should include grant programs to help smaller businesses scale up.
- Model such a fund after other similar funds in other regions. The Grand Rapids, Michigan, example (below) or the [Equity League](#) investment network focused on Black and LatinX founders launched by Microsoft, the Green Bay Packers, the Milwaukee Bucks, and the Milwaukee Brewers are examples.

BEST PRACTICE: NEW COMMUNITY TRANSITION FUND (GRAND RAPIDS, MICHIGAN).

The Right Place, Inc. (the Grand Rapids region’s economic development organization) teamed with Bank of America and the Consumers Energy Foundation to form a capital investment fund aimed at creating greater ethnic and racial diversity in business ownership across West Michigan. Bank of America and the Consumers Energy Foundation each gave \$200,000 in seed funding to initiate the fund, with the goal of raising up to \$25 million in capital from investors to support historically disadvantaged groups.

Learn more: <https://www.rightplace.org/news/bank-of-america-the-consumers-energy-foundation-and-the-right-place-inc-announce-development-of-new-venture-fund>

1.4.6. Provide metrics on the growth of minority businesses in Richmond.

- Create a set of metrics and a database to monitor the economic growth of minority businesses.
- Include data on revenue, profitability, number of employees, industry type, and other relevant information.

INITIATIVE 1.5. REAL ESTATE DEVELOPMENT

Position Richmond for quality redevelopment citywide and aggressively pursue new commercial, industrial, and mixed-use development in Priority Growth Nodes and in corridors that have not attracted transformational redevelopment.

As the COVID-19 pandemic challenges leaders to reexamine and rethink every aspect of the real estate development industry and many of the assumptions of the past, some people have called into question the idea that urban places have a future. While there will certainly be permanent changes to cities because of the crisis, there is no reason to believe that this will end population density. Nor will this be the end of cities. It is difficult to anticipate exactly how cities will change, but local leaders can expect a range of counterforces that can be described as *push-and-pull factors*, according to Richard Florida (author of *The Rise of the Creative Class* and one of the leading urban studies theorists in North America). Some forces will pull people into urban areas, encouraging further clustering of talent, innovation, and capital into urban districts. Other forces will push people farther from city centers, out to exurbs and rural areas. Understanding these different forces and how they will likely affect cities is essential for Richmond’s future prosperity.

The best long-term use of land in downtown Richmond, Manchester, Scott’s Addition, Shockoe Bottom, and other urban parts of the City is some form of high-density, mixed-use development. In other portions of the City, the development of industrial properties with flex space, warehousing/distribution facilities, and light manufacturing operations offers significant potential for generating job growth and business investment. The City’s future growth will require a combination of small-scale “organic” development along with strategic large-scale “master-planned” redevelopment of major sites including the Coliseum Area Framework Plan and the Greater Scott’s Addition Framework Plan. Additional emphasis will also be required to drive continued private investment in other well-traveled commercial corridors/districts throughout Richmond including Southside Plaza, Midlothian Turnpike, and Brookland Park Boulevard.

The City must also ensure that the displacement of existing residents and businesses by large-scale projects can be mitigated. An example of such a measure is the City of Austin’s 2020 tax rate election (which passed by a 58 percent to 42 percent margin) for the Project Connect transit plan that includes \$300 million for transit-supportive anti-displacement housing strategies as part of the overall \$7.1 billion plan for the creation of a high-capacity light rail, commuter rail, and bus rapid transit network. This type of anti-displacement approach also has to occur with small-scale “organic” development in Richmond’s revitalizing districts where existing populations—including renters, homeowners, and even small businesses—are at-risk of being priced out.

CITYWIDE REAL ESTATE DEVELOPMENT STRATEGIES

1.5.1. Build on the Richmond 300 plan to identify opportunities for land banking, land acquisition, and planning for future neighborhood-scale and large-scale public-private development projects.

- Pursue these opportunities with the intention of positioning the City to plan and design future large-scale projects.

- Use the EDA as the entity to acquire strategic properties for future public-private development projects.

1.5.2. Design all future projects—large-scale projects especially—with built-in diversity, equity, and inclusion mandates from the outset.

- Create a standard community benefits agreement with community input and approval by City Council that can be scalable for all redevelopment projects to eliminate uncertainty for developers and clearly establish the community’s expectations upfront, creating a more effective, efficient, and equitable process for all parties involved.
- For complex, large-scale redevelopment projects, work with community groups, business owners, and property owners in the immediate area and in adjacent neighborhoods to create a customized community benefits agreement that starts with the standard agreement and incorporates additional factors to adequately address specific community needs and development challenges based on the project’s size and scope.
- For all development projects involving City-owned property, establish a more rigorous process to engage existing residents and business owners from the start of the process so that the project unfolds in a way that also meets the needs of those that currently live and work in the project area.

BEST PRACTICE: INVEST ATLANTA COMMUNITY BENEFITS AGREEMENT

When the Atlanta Falcons announced plans for a new stadium to be built on Atlanta’s predominantly African American Westside—an area where 50 percent of the population lives in poverty—residents viewed the development with cautious optimism. This was in part because past efforts to revitalize the area had not succeeded. A new, more collaborative approach to revitalization began in 2013, led by Invest Atlanta (the City’s community and economic development entity), and resulted in the creation of a Community Benefits Plan with recommendations from local residents on specific initiatives that were critical to neighborhood revitalization. Instead of a more traditional approach that focused on the benefits of new construction, investment, and job creation associated with the redevelopment, the plan provided a framework to guide the administration of a new Community Improvement Fund and Neighborhood Prosperity Fund focused on 14 areas ranging from workforce development and entrepreneurship to youth programs and urban agriculture.

Learn more: www.investatlanta.com/assets/cbp_committee_meeting_final_presentation_jan_2017_qN9LjDo.pdf and www.investatlanta.com/assets/community-benefits-plan_38X9BMP.pdf

1.5.3. Work with other City departments to evaluate and improve development review and permitting processes to ensure a higher level of efficiency and consistency in the decision-making process for business owners and property owners making investments in real estate and facilities.

- Invite local real estate and construction professionals, business owners, and property owners to review and suggest enhancements to the City’s Online Permit Portal (OPP) map-based GIS system to track development review projects so that it is effective, easy to use, and helps small and large companies successfully navigate permitting processes.
- Provide a regular report with detailed information from the OPP system to City staff, local business owners, and real estate/construction professionals.

- Each quarter, create a publicly available map-based report (with supporting details) that highlights all major real estate development projects in the city, including major renovations of existing commercial, industrial, and mixed-use buildings.
- For complex or unusual development projects, continue to offer pre-development meetings in which all City departments involved in the development review process attend a meeting with a Richmond business owner or landowner who is moving forward with a new real estate development project (including major renovation projects of existing buildings).
 - Create a two-pronged “Should I attend a pre-development meeting?” checklist to help business owners, property owners, and developers understand the purpose of pre-development meetings and whether they should attend. Post this checklist on the virtual business center webpage.
 - Standardize pre-development meetings so that they take place once a week at the same time with the same designated team of City staff from relevant departments. Ensure each department has a primary staff member that regularly attends pre-development meetings, in addition to a designated backup staff person.

1.5.4. Use public-private partnership (P3) development offerings to disposition City-owned properties more swiftly for market-driven redevelopment.

- Conduct a comprehensive review of the City’s unsolicited proposal process for disposition of City-owned sites to clarify and delineate between redevelopment projects where unsolicited proposals can be accepted and projects that require a request for offers (RFO) to move forward to development.
- Identify the sites, buildings, and development districts available (identified in the biennial real estate strategy and in alignment with Richmond 300’s growth areas) and engage in public-private collaboration to prepare them for development.
- Align infrastructure investments in the City’s Capital Improvement Plan (CIP) with other major infrastructure investments from internal and external partners to set the stage for economic development in specific growth areas in the city.
- Promote specific sites through requests for expressions of interest (RFEI), marketed to the local and national real estate development community (including minority business enterprises).
 - Move to an RFO, from a shortlist of qualified developers that requires a more detailed development scenario including conceptual site plans and pro formas for capital costs and operating costs.
 - Select a developer as a partner in a P3 to jointly develop the most promising sites for an agreed-upon mix of uses that activate underutilized properties with job creation potential, space for new and expanding companies, and revenue-generating capital investment for the City.
 - Include ambitious requirements for participation of Richmond-based minority developers and contractors.

1.5.5. Partner with a range of internal and external partners—Housing and Community Development, Planning and Development Review, Richmond Redevelopment and Housing Authority (RRHA), the Better Housing

Coalition, Local Initiatives Support Corporation (LISC), and local and national housing developers—to increase the availability of quality housing options for low-income residents.

- Support the RRHA in its efforts to redevelop its properties into modern, mixed-income communities without displacing existing residents. The first priority, based on need and market viability, is to redevelop the Gilpin Court housing complex.
- Support the implementation of housing strategies in Chapter 5: Inclusive Housing of Richmond 300.
- Update the City’s tax abatement program to incentivize the development of more affordable and mixed-income housing.

1.5.6. Host a Richmond “fam tour” (familiarization tour) for real estate developers, brokers, investors, and site location consultants. Host a small group of 10 to 15 real estate professionals in the City for a half-day or day-long event.

- Focus on inviting developers based in the Washington, DC area and other major markets in the Eastern US (such as New York and Atlanta) with a high concentration of real estate developers, investors, brokers, and site selectors.
- Use the event as an opportunity to expand networking for smaller, local developers based in Richmond—including minority businesses—so that they can build relationships that lead to work in outside markets.
- Ensure that the tour is focused on specific business opportunities and potential real estate development projects for the real estate professionals to provide input on (such as the Diamond City-owned site in Greater Scott’s Addition, redevelopment of Southside Plaza, redevelopment of Stony Point Fashion Park, or development of properties near the Port of Richmond).

PRIORITY GROWTH NODE & KEY COMMERCIAL CORRIDOR REAL ESTATE DEVELOPMENT STRATEGIES

The consulting team worked with the City and the Richmond 300 team to identify the most promising Priority Growth Nodes for evaluation as potential focus areas for new public and private investment, based on factors including available/planned infrastructure, neighboring land uses, and redevelopment potential. The consulting team conducted site visits to each Priority Growth Node and other key commercial corridors, discussed land uses and redevelopment opportunities with City staff and Richmond 300 team members, and solicited input on each area from real estate developers and brokers. Strategies and actions for each activity center are presented.

One of the most urgent needs expressed in stakeholder interviews and roundtables during the project’s Discovery phase was the recognition that Richmond needs more commercial office space development in order to attract and retain a higher number of office-using employers. While there is a heightened level of uncertainty affecting the US commercial office market (largely driven by uncertainty on the demand side with most major corporations continuing to operate and plan for a “hybrid” model of remote and in-person work for their professional workforce, along with a wave of expiring leases that could further skew the office market) that theme uncovered in late 2019 and early 2020 remains valid. Richmond needs to develop more commercial office space—especially in the Priority Growth Nodes of the Downtown Core, Manchester, and Greater Scott’s Addition—to accommodate significant business expansion, private sector investment, and higher-wage job growth over the next five years and beyond.

1.5.7. Pursue focused development and redevelopment of commercial, industrial, and mixed-use districts. Within each Priority Growth Node and key commercial corridor, the EDA should play a leading role (with private sector involvement) in catalyzing real estate development projects that enhance growth and equity outcomes. In practice, this will require a significant increase in private sector investment in new commercial real estate space and job creation, along with a stronger commitment to anti-displacement strategies for low- and moderate-income residents (including the development of diverse new housing options in or adjacent to Priority Growth Nodes). Area-specific strategies and actions include the following:

- **DOWNTOWN CORE.** Partner with Venture Richmond to raise downtown Richmond’s profile as one of the premier central business districts (CBD) in the Eastern US.
 - Attract major corporate headquarters into existing and new downtown office buildings.
 - Partner with major existing downtown employers to retain and expand their existing downtown presence in collaboration with owners of underutilized downtown properties and real estate developers to redevelop sites with additional office space that existing employers could use for future expansion, along with providing new space for business recruitment projects.
 - Support the future growth of the VA Bio+Tech Park as the region’s epicenter of life sciences innovation (see Initiative 2.1).
 - Continue working with local and national real estate developers to redevelop City-owned properties in the Coliseum area to provide new downtown housing, office, retail/restaurant, and entertainment venues.
 - Work with Venture Richmond to activate the Riverfront Canal Walk with new entertainment destinations and amenities.
- **MANCHESTER.** Support the continued urbanization of Manchester so that it becomes a seamless extension of downtown Richmond, further solidifying the City’s CBD as the most prominent employment center in Central Virginia.
 - Continue to encourage new mixed-income, high-rise urban residential development in the district.
 - As the district continues to densify and redevelop, work to retain and protect existing affordable housing in the area, including the many low-income housing tax credit (LIHTC) units.
 - Provide more office space in Manchester to offer another downtown option for companies seeking an urban location.
- **GREATER SCOTT’S ADDITION.** Accelerate the transition of Greater Scott’s Addition from a low-density warehouse district into a high-density urban destination, with a significant increase of employment opportunities.
 - Provide more office space in Scott’s Addition with future redevelopment projects to include a mix of residential and office space on upper floors, with ground floor retail/restaurant/commercial space. For the 60-acre Diamond site owned by the City, conduct a development offering.

- **SOUTHSIDE PLAZA.** Redevelop Southside Plaza as a much denser, livelier business district with mixed-use development including new mixed-income housing, employment, amenities, and a full-service grocery store to serve South Richmond.
 - Conduct a master plan for the Southside Plaza area, focused on the vacant parcels and large underutilized surface parking lots to provide a framework for transitioning the area into a mixed-use district.
 - Evaluate options to acquire portions of the site (working through the EDA) and/or partner with a private real estate developer to acquire the site.
 - Attract a full-service grocery store to South Richmond by identifying potential development sites, marketing to prospective grocery stores, and using incentives to reverse the area’s current food desert status.

BEST PRACTICE: ELECTRIC DEPOT REDEVELOPMENT PROJECT (BATON ROUGE, LA)

The former 6.1-acre Entergy power plant, maintenance yard, and office site on the other side of the Interstate Highway from downtown Baton Rouge sat vacant on Government Street for many years. In 2013, Entergy Gulf States Louisiana donated the long-abandoned property to Build Baton Rouge (then known as the East Baton Rouge Redevelopment Authority). After analyzing the site and surrounding neighborhood in collaboration with urban planning and design firms, the redevelopment authority launched a development offering process to pursue public/private redevelopment options. The flexible offering, conducted as a Request for Expressions of Interest (RFEI) in 2016 in collaboration with Fregonese Associates—an urban planning firm based in Portland, Oregon—included key contents and selection criteria that gauged demand and tested ideas from local and national developers for potential redevelopment options of the site. After negotiating a successful offering with a consortium, construction began in 2018 on the Electric Depot entertainment district with a 33,000 square feet entertainment venue inside the 100-year-old building with a large gathering area, bars/restaurants, and retail space. The site also includes new construction for urban residential units, and an outdoor green space for live entertainment, a beer garden, and games including a giant-sized Jenga.

- **SHOCKOE.** Promote Shockoe Bottom and Shockoe Slip as one of the premier historic and cultural tourism districts in the entire Eastern US.
 - Work with local architecture and design professionals to adaptively reuse portions of Main Street Station as a co-working and upscale retail/restaurant/entertainment venue.
 - Work with local organizations to create a nationally recognized cultural tourism destination centered on the historic *Devil’s Half-Acre* site.
- **SOUTH RICHMOND (ROUTE 1 AND AREA NEAR RICHMOND MARINE TERMINAL).** Position South Richmond as a modern, high-value industrial corridor.
 - Incorporate the recommendations from the Task Force on the Revitalization of South Richmond into the City’s economic development efforts and other planning and real estate development initiatives (see Action 3.5.4).

- Work with the area real estate community to develop sites in South Richmond to accommodate new industrial flex, light manufacturing, and warehousing/distribution space.
- Make investments along Commerce Road to make it a more appealing corridor.
- Partner with GRP, the Virginia Economic Development Partnership (VEDP), and the Port of Virginia to pursue reshoring of manufacturing where industrial sites have capacity along Commerce Road, IH-95, and near the Richmond Marine Terminal.
- **STONY POINT FASHION PARK.** Re-envision Stony Point Fashion Park as a more walkable, livable entertainment and shopping district.
 - Partner with the property owner and local and national housing developers to redevelop portions of the large surface parking lots surrounding Stony Point Fashion Park with mixed-income and mixed-use urban residential at different price points to provide a diverse range of housing options.
 - Ensure new residential buildings include portions of ground-floor space for amenities, bars/restaurants, and office space.
 - Incorporate green spaces with bike paths, trails, and other amenities linking sites within the shopping area to each other and to surrounding sites such as the VCU Health facilities on the other side of Stony Point Parkway and the medical and office facilities on the other side of Chippenham Parkway from the mall.
- **KEY COMMERCIAL CORRIDORS.** Pursue ambitious public-private redevelopment projects that drive new private sector investment and job growth in key commercial corridors outside of the Priority Growth Nodes that have not attracted transformational redevelopment.
 - Support redevelopment efforts of aging big-box retail and shopping centers along Midlothian Turnpike, Hull Street, Brookland Park Boulevard, and other key commercial corridors to attract new private sector investment that aligns with market opportunities.
 - Work with City departments, landowners, and the real estate community to identify promising sites along key commercial corridors to incentivize mixed-use development projects with ground-floor space for bars/restaurants, office space, and hospitality/entertainment functions along with upper-floor residential units at different price points to provide diverse housing options.
 - For strategic properties located at key intersections along commercial corridors, conduct a master plan for redevelopment and revitalization of the properties. As part of the master plan, evaluate all options for future investment including land banking led by the EDA, public-private partnerships for redevelopment, anchor institutions such as higher education or healthcare, or mixed-income and mixed-use housing development.
 - Provide public green spaces with bike paths, trails, and similar amenities connecting strategic sites within commercial corridors to each other and with surrounding sites on adjacent corridors and neighborhoods.

OBJECTIVE 2. INNOVATION

It is already becoming clear that the most resilient industries post-COVID-19 will be tech-driven. The more rapidly Richmond can embrace that trend, the more successful it will be in re-positioning itself. High-growth entrepreneurship and R&D will play a major role. In addition, Richmond has an immediate opportunity to embrace “smart city” initiatives.

INITIATIVE 2.1. LIFE SCIENCES INNOVATION

Establish the goal of making Richmond a “top 20 Life Sciences Cluster” by 2026.

Life sciences, including both downstream medical services and upstream innovation, have long been regarded as a critical component of any thriving economy. Within the economic development profession, life sciences have been recognized for their importance as sources of employment, investment, and as important amenities to support talent attraction and retention. In 2021, with a global pandemic still unfolding, there is little question that life sciences are *the most important industry* for the health of cities, regions, and the entire human population.

Fortunately, Richmond made a commitment in 1992 to build an innovation economy focused on life sciences when it founded the VA Bio+Tech Park in downtown Richmond, adjacent to the VCU Medical Center. Richmond has made significant progress toward leveraging the Bio+Tech Park to develop a cluster of life sciences companies, but more needs to be done.

Rankings of the top life sciences industry clusters from major commercial real estate data companies provide a useful barometer of the geographic distribution of life sciences innovation in the US. JLL’s 2019 Life Sciences Outlook report ranks the top 16 clusters in the US. Nearly half (7 of the 16) are metro areas in the Boston-New York-Washington, DC corridor. CBRE’s 2019 US Life Sciences Clusters report identifies a top tier of 10 life sciences clusters and an emerging set of 9 additional metros. Half (5 of the top 10) are in the DC to Boston corridor. Richmond is not currently in any of these rankings, but with a more aggressive effort to leverage the city’s existing biotech park and other life sciences assets, Richmond can become a recognized life sciences innovation cluster as an extension of the Boston-New York-DC-Richmond corridor.

2.1.1. Support Activation Capital, VCU, VCU’s Da Vinci Center, and VCU Health in their efforts to build a strong life sciences cluster in Richmond, centered on the VA Bio+Tech Park in downtown Richmond.

- Conduct a series of study missions to review similar life sciences and medical innovation districts under development in Philadelphia (University City District in West Philadelphia centered on the University of Pennsylvania), Austin (Capital City Innovation collaboration between the Dell Medical School and the University of Texas at Austin), Fort Worth (a partnership between the City of Fort Worth, several major hospitals, and a new Texas Christian University and University of North Texas Health Science Center School of Medicine), and Tampa (the University of South Florida Health Morsani College of Medicine and the Taneja College of Pharmacy and Heart Institute in Tampa’s Water Street District) to learn about their funding sources, organizational structures, land use regulations, redevelopment projects, and other lessons and best practices that could be relevant in Richmond. These could be done virtually and would involve a small group of Richmond stakeholders involved in life sciences innovation and the development of the VA Bio+Tech Park.

- Support Activation Capital’s recently announced regional cluster accelerator focused on fast-track development of advanced pharmaceutical manufacturing in the Greater Richmond and Greater Petersburg region.
- 2.1.2.** Support the future growth of Phlow Corp. with its recently announced \$354 million, four-year pharmaceutical reshoring contract with the US government, with an option to extend to a 10-year, \$812 million contract.
- Partner with VCU, J. Sergeant Reynolds Community College, Virginia Union University, the University of Richmond, and RPS to develop a pipeline of future workers to support Phlow Corp.’s expansion and the overall life sciences industry.
 - Initiate conversations with Phlow Corp. about supply chain opportunities that could be developed locally or recruited to Richmond that would support the company’s future growth.
 - Collaborate on the development of a rapid prototype lab facility for life sciences and pharmaceutical development.
 - Support the development of additional laboratory space in the Bio+Tech Park.
- 2.1.3.** Expand R&D in telemedicine, in collaboration with academic institutions and major hospital systems such as Bon Secours and VCU Health.
- 2.1.4.** Identify redevelopment opportunities within and surrounding the Bio+Tech Park to inject additional private sector investment and energy into the district. This includes mixed-use, mixed-income residential development, new life sciences and medical space, and amenities.
- 2.1.5.** Engage regional hospital systems in conversations about future expansion potential of the Children’s Hospital of Richmond at VCU to incorporate other hospital systems operating in the Richmond region in a larger regional children’s hospital complex in downtown Richmond. This would be an additional expansion—beyond the current expansion project already underway—that involves other healthcare systems to create an even more robust destination for children’s medical services in the downtown.

INITIATIVE 2.2. INNOVATION WITHIN TARGET INDUSTRIES

Leverage R&D efforts of existing employers to stimulate spinoff business growth, entrepreneurial activity, and creative solutions for new products and services that enhance the city’s major industry clusters.

Dynamic economies are built on innovation, creativity, and the development of new technologies. This is just as true for cities and regions as it is for states and countries. Entrepreneurial activity is an important part of the creative energy, but large corporations and anchor institutions can also be sources of innovation.

What constitutes innovation? An innovative economy is one in which intellectual property is essential to its business community. It is an economy driven by R&D, by patents, by investment in new equipment and production lines, and by a high concentration of skilled and educated workers. It is the source of ideas and creativity. It is where change happens. The ecosystem that supports innovation includes universities, centers of excellence, and the emergence of cutting edge (and commercializable) products and processes.

2.2.1. Pursue innovation and creativity in each of Richmond’s five target industries (detailed in the Competitiveness Review, delivered as a separate document):

- Life Sciences and Education (see Initiative 2.1 and Action 3.5.1).
- Corporate Headquarters and Professional Services (see Action 3.5.2).
- Financial Services (see Action 3.5.3).
- Transportation and Logistics (see Action 3.5.4).
- Specialty Beverages and Foods (see Action 3.5.5).

2.2.2. Position Richmond as a preferred location for the creation of cutting-edge technologies and new products/services within existing industries.

- Partner with the region’s financial services companies and VCU to expand artificial intelligence (AI) within financial services.

2.2.3. Focus on local business opportunities that leverage local talent while reaching a national audience.

- Support creative solutions such as “cloud kitchens”—commercial facilities purpose-built to produce food specifically for delivery—as a promising growth opportunity within Specialty Beverages and Foods.
- Partner with Reynolds Community College, the Community College Workforce Alliance, RPS, and other workforce/education partners to create equitable and inclusive talent pipelines for all of Richmond’s target industries.

INITIATIVE 2.3. ENTREPRENEURIAL COMPANIES & SMALL BUSINESSES

Cultivate a strong environment of support networks, creative talent, capital access, and physical spaces for entrepreneurial activities and small business growth.

There is an important distinction between entrepreneurial companies and small businesses generally. Entrepreneurial companies are defined by four distinct characteristics: 1) an export-oriented market focus; 2) higher levels of capital investment; 3) dependence on intellectual property (IP); and 4) high growth potential. Small businesses, on the other hand, primarily serve local markets, have much lower needs for capital investment and IP, and have modest growth expectations. Small businesses will be essential for an equitable and sustainable economic recovery in Richmond. They provide opportunities for employment, wealth creation, and neighborhood improvement. Entrepreneurial companies and innovation within larger companies and institutions will help Richmond develop resilient industry clusters that drive long-term growth and create broader opportunities for higher-paying careers.

2.3.1. Increase support for small businesses across industry sectors.

- Add staff capacity to lead all small business initiatives for the City and to provide technical assistance for small businesses.
- Review existing loan and grant programs for revision as necessary to provide financial resources for small businesses.
- Provide funding to the Small Business Development Center as a resource to support the growth of small businesses.

- 2.3.2.** Support Activation Capital, Jackson Ward Collective, 1717 Innovation Center, Startup Virginia, Lighthouse Labs, and other entrepreneurial support groups in Richmond in their efforts to build a more robust startup environment in the City and the region.
- Highlight and promote Richmond’s entrepreneurial companies and the support organizations in the City’s economic development marketing efforts and in target industry recruitment activities.
 - Enhance the effectiveness of entrepreneurial networking and events by prominently incorporating an online calendar of startup/entrepreneur/investor events on the new Richmond economic development website (see Action 3.4.1).
 - Look for ways to connect Richmond’s large employers with startups, emerging high-growth companies, and entrepreneurs.
- 2.3.3.** Focus talent development and talent attraction/retention efforts on creative individuals that support the City’s existing employers in target industries.
- Align the City’s workforce development programs under a new economic development organizational model that focuses on talent development and skills training to meet the workforce needs of employers in Richmond.
 - Partner with GRP, ChamberRVA, and Richmond Region Tourism to leverage the region’s talent efforts—especially authentic campaigns such as BLK RVA and Out RVA—for talent attraction and retention.
 - Work with regional higher education and workforce/education partners to build a larger pipeline of entrepreneurial talent and skilled workers to support Richmond’s growing pool of startup, tech, and entrepreneurial companies.
- 2.3.4.** Partner with GRP and VEDP to position Richmond as a desirable landing spot for emerging high-growth firms and larger, established companies in the Boston-New York-Washington corridor seeking a more affordable location, as well as international companies expanding in the US.
- Target Inc. 5000 firms (a ranking of the nation’s fastest-growing private firms ranked by revenue growth, similar to the Fortune 500, which ranks publicly traded companies based on total revenues) and other high-growth companies from major Eastern US business hubs (such as the Washington, DC area, New York, and Boston).
 - Engage consultants that specialize in foreign direct investment (FDI) to develop prospects from foreign countries for capital investment and job creation in the city.
- 2.3.5.** Partner with existing coworking space providers and property owners seeking to convert traditional office space into a more collaborative, shared work setting to increase the amount of creative office space in Richmond.
- 2.3.6.** Expand the availability of venture and angel capital in Richmond, working with established venture capital funds such as New Richmond Ventures, angel investors, and high-net-worth individuals interested in contributing to the next crop of local entrepreneurs.
- Research from Goldman Sachs 10,000 Small Businesses program presented in its recent report: [Running a Business While Black: Analyzing the Obstacles of Black Entrepreneurship](#), shows that African American entrepreneurs systematically receive less funding from traditional capital sources such as banks. Research*

from the National Venture Capital Association shows that similar structural disparities exist in the availability of risk capital sources such as venture and angel investment funds.

- Efforts to increase the availability of capital for local entrepreneurs should not only aim to provide greater resources for all entrepreneurs but should focus on strategies for creating greater access to funding for minority entrepreneurs (see Action 1.4.5).
- Work with local investor networks, incubators/accelerators, and other entrepreneurial support groups to sponsor a conference—Capital Connect—to link entrepreneurs with investors. This can be a virtual event in the near-term. The City could help fund, launch, and expand the event after an initial pilot program.

2.3.7. Create a physical and virtual integrated Richmond business center that serves as a “one-stop-shop” with resources to help start or expand a business in the City, renovate an existing building, or redevelop a property.

BEST PRACTICE: SIMPLIFIED PERMITTING PROCESS (DETROIT, MI).

In response to the lengthy permitting process and timeline of between 60 to 160 days to obtain building permits in the City of Detroit, the Buildings, Safety Engineering and Environmental Department (BSEED) launched a partnership with the Quicken Loans Community Fund to improve the process for local business owners. BSEED worked with the Fund’s Rocket Mortgage Detroit Demo Day (a pitch competition that invests in Detroit-based firms) to design a new, simplified permitting process. Improvements that came out of the new process include simplified forms, a BSEED Quick Start Guide (a roadmap to completing the permit process), Open Counter (an online platform that prepares applicants with cost estimates beforehand), and new color-coded wayfinding signage (based on studies of behavioral science) directing customers to the proper location in the City’s business Resource Center. Most important, timelines for obtaining building permits have been reduced significantly, to as little as one month.

Learn more: <https://detroitmi.gov/departments/buildings-safety-engineering-and-environmental-department/bseed-divisions/development-resource-center/quick-start-guide>

- Develop a one-page *Richmond business growth guide* summary document as a resource for new and expanding companies in Richmond.
- Include in the virtual business center and in the summary document answers to basic questions, such as “Whom do I need to contact from the City?” for anyone starting or expanding a company, or redeveloping a property, in Richmond.
- Using the summary document as a starting point, create a more comprehensive webpage for all development questions, processes, and contacts (see Action 3.4.1 for a detailed set of economic development website recommendations).

2.3.8. Partner with the Retail Merchants Association, Venture Richmond, ChamberRVA, the Metropolitan Business League, the Central Virginia African American Chamber of Commerce, the Virginia Chamber of Commerce, the Jackson Ward Collective, and other local small business support organizations to evaluate the effectiveness of small business support mechanisms available in Richmond.

- Evaluate key functions for small businesses including financial support, real estate space, technology needs, business planning and marketing, hiring and workforce training, and legal/regulatory needs.
- Identify ways in which the City can enhance and augment existing small business support organizations in their efforts to create a thriving local business community.

INITIATIVE 2.4. EQUITABLE SMART CITY INFRASTRUCTURE

Invest in new technologies that make the City of Richmond a national leader in equitable “smart city” infrastructure, in collaboration with Dominion Energy, VCU, RPS, and other large institutions in the city.

Technology companies and tech-driven industries are positioned to lead the economic recovery. But this does not mean that technology and innovation are confined to the private sector. Cities themselves can be major drivers of innovation. Richmond can become a national leader in this.

There is also an immense need to make Richmond more equitable and inclusive. As discussed in the Key Findings section, the disparities between the city’s low-income population and the more well-off residents have not disappeared as a result of COVID-19. In fact, they’ve intensified if anything. Strategies to advance smart city innovation need not be at odds with the imperative to make Richmond a more equitable community (see Initiative 1.2). The City can direct new technologies and investments to solve inequities and disparities.

- 2.4.1.** Explore options to provide free public Wi-Fi in strategic portions of the city, especially in downtown Richmond and in traditionally under-served neighborhoods.

BEST PRACTICE: KANSAS CITY PUBLIC WI-FI

Kansas City is a leader in telecommunications access. Google Fiber paved the way in 2011 when Kansas City was selected for the pilot project. Then, in 2016, Kansas City was one of the first cities in the US to launch a Smart City plan and by the end of that year, in partnership with Sprint and Cisco, 54 blocks of downtown had free public Wi-Fi along the KC Streetcar line. The Wi-Fi system has bolstered streetcar ridership, prepared the city for the adoption of autonomous vehicles (AVs), and made the area more user friendly for tourists and visitors. The city is now exploring ways to extend the free Wi-Fi service to traditionally underserved neighborhoods on the city’s east side.

Learn more: <https://www.kcmo.gov/programs-initiatives/emerging-technology>

- 2.4.2.** Work with broadband providers to facilitate rapid deployment of 5G mobile network technology across the city, starting with Priority Growth Nodes, and quickly moving to deploy access in commercial areas and neighborhoods throughout the community.

- Create a set of Richmond 5G policy guidelines to encourage equitable deployment of 5G technologies to local residents and businesses.
- Review other local and state 5G policies to speed up the process of providing access in Richmond.

The Connecticut 5G Council is an example of a recent public sector-led effort to engage the private sector in 5G technology development and deployment.

- Engage in discussions with Henrico, Chesterfield, and Hanover Counties about regional 5G guidelines, with the City taking the lead as the primary urban center of the region.

2.4.3. Explore partnerships with VCU Engineering’s Center for Analytics and Smart Technologies (VCAST).

2.4.4. Encourage GRTC to evaluate how the region’s transit system will need to evolve in a post-COVID-19 operating environment.

- Encourage GRTC to test and adopt new technologies and service models that provide better access between employment zones and low-income residential areas and improve efficiencies.
- Initiate conversations with GRTC, VCU, and other partners about turning the Pulse Corridor BRT line (or future BRT routes) into a “smart corridor.” This could involve demonstration projects and pilot projects that test smart city technologies in a defined corridor (see example below of how the City of Atlanta is testing innovative technologies in collaboration with the Georgia Institute of Technology).

BEST PRACTICE: ATLANTA NORTH AVENUE SMART CORRIDOR

The City of Atlanta and the Georgia Institute of Technology are partnering on a pilot initiative to create a smart transportation corridor within the city. North Avenue Smart Corridor is a \$3 million public demonstration project that will serve as a “living lab” for incorporating technologies such as Internet of Things (IoT) deployment, data collection and analytics, and connected and autonomous vehicles into a key traffic arterial in the city. The goal is for the North Avenue Smart Corridor to be a testbed for how the city can fundamentally transform the way it plans, designs, constructs, and manages its transportation infrastructure. Phase 1 of the project will include the installation and use of over 100 IoT sensors at 18 signalized intersections, an adaptive signal timing system, and vehicle-to-infrastructure communications. A planned phase 2 will promote the use of autonomous vehicles in the corridor.

Learn more: www.atlantaga.gov/Home/Components/News/News/7155 and renewatlantabond.com/project/north-avenue-smart-corridor

2.4.5. Expand the use of smart city technologies beyond the realm of broadband and infrastructure to address needs related to civic engagement.

- Launch a task force (possibly in collaboration with a group of Richmond 300 stakeholders) to identify civic engagement needs that could be advanced through smart city innovation (see example below of how Austin is using smart city innovation to address community needs).

BEST PRACTICE: AUSTIN SMART CITY ALLIANCE–TECHNOLOGY FOR URBAN PROGRESS

Austin Smart City Alliance (formerly CityUP) is a collaboration among businesses, government, individuals, nonprofits, and other organizations to improve Austin’s health, mobility, safety, housing, workforce development, environment, energy and sustainability, city services, community resources, business development, and access to schools, education, entertainment, and culture through the comprehensive, integrated, and inclusive application of smart city technologies and infrastructure.

Learn more: <https://www.austinsmartcity.org/>

INITIATIVE 2.5. REMOTE WORKERS

Launch a remote worker attraction and retention initiative—RemoteRVA—to make Richmond a destination of choice for remote workers in the Eastern US.

As discussed in the Key Findings, the share of remote workers (full-time employees working primarily from home) was growing rapidly before COVID-19. This is one of the trends that has been accelerated by the pandemic. The work-from-home segment of the US workforce will remain much larger than it was before, with millions of additional remote workers. Recent surveys of company executives and workers indicate this change is likely to become permanent.

Why are remote workers important? In an economy that allows more people to work anywhere, the places they choose to work is an indication of what they view as thriving communities. The relative number of remote workers in an area can be viewed as a proxy for quality of place. Remote workers choose where they live not based on the location of their office, but instead on attractions and amenities that allow them to thrive beyond work. In a post-COVID-19 world, the places where remote workers spend the majority of their time—the neighborhoods and communities where they live and work—will become more important. However, it is also important to mention once again the disparities in remote work occupations that are defined primarily by high-wage, high-skill jobs. African American and Hispanic workers are far less likely than white workers to be employed in remote work professions. Strategies to increase the number of remote workers in Richmond should not only rely on the attraction of remote workers from other areas. This approach should also emphasize the need to provide greater opportunities for remote work to existing residents, especially low-income workers.

Richmond is uniquely positioned to benefit from this trend toward remote work. The city has become a talent magnet for college-educated workers in the last decade. The city's blend of urban amenities, available job opportunities, and relative affordability have helped it attract an increasing number of professionals (many of whom are now working remotely) from the Washington, DC area, New York, and other larger, more expensive cities. The growth of Amazon's HQ2 facility in Arlington, along with the recent announcement of Microsoft's planned 1,500-job expansion into Fairfax County, will create additional workforce pressures in Northern Virginia. The emergence of Northern Virginia as one of the leading technology regions in the US will drive thousands of tech workers and other professionals with the ability to work remotely (either some or all of the time) to consider moving to Richmond.

2.5.1. Partner with ChamberRVA, Richmond Region Tourism, and GRP to launch a remote worker talent attraction initiative—RemoteRVA—to pitch Richmond as an ideal location for remote workers to live and thrive.

- Focus this effort on several target audiences rather than a nationwide remote worker attraction effort, like the Tulsa Remote program and the Vermont Remote Worker Grant Program. These target audiences are listed in order of priority:
 - Existing remote workers in the Richmond region
 - Potential remote workers in the Richmond region (employed workers living in the region that are not currently working remotely, but could continue their existing occupation in a virtual setting, and if so, could potentially relocate to another city)
 - Remote workers currently residing in the Washington, DC area

- Remote workers currently residing in the Boston-New York-Washington corridor and in the Atlanta-Charlotte-Raleigh/Durham corridor
- Remote workers in other parts of the US that are either Richmond natives or graduates of VCU, Virginia Union University, or the University of Richmond and would consider moving back to the city and working remotely.

2.5.2. Work with existing employers in the city and the Richmond region to support their remote workforce needs, including workers that lived and worked remotely for area employers prior to COVID-19 and those that plan to remain in a work-from-home setting in the future.

2.5.3. Initiate conversations with economic development organizations in Northern Virginia (such as Arlington Economic Development and the Fairfax County Economic Development Authority), VEDP, and large employers in Northern Virginia with growing tech workforces about how Richmond could be part of their workforce solution through part-time or full-time remote workers.

OBJECTIVE 3. INDUSTRY

This goal encompasses traditional economic development approaches in the pursuit of major business expansion. Business retention, business attraction (including incentives), and marketing all fall into this category.

INITIATIVE 3.1. BUSINESS RETENTION & EXPANSION

Expand the City's business retention and expansion program.

A more robust business retention and expansion (BRE) program, along with a new set of strategies to leverage anchor institutions will be critical to position Richmond for a stronger recovery and add new jobs and capital investment. In addition, an active BRE program protects against company exits to surrounding suburban counties or to other competitor metro areas. Without a strong foundation that properly engages and supports the City's existing employers, other approaches aimed at bringing in outside investment, companies, and talent will be less effective. Richmond's overall economic development program—not just the Economic Development Department, but including other City departments, and local and regional partners—must be redesigned to better address the needs of existing companies.

- 3.1.1.** Establish a sustainable, data-driven virtual business visitation program to respond to the needs of existing employers and industries.
- Work with all business organizations and associations to maintain and grow a database of existing businesses in Richmond with ongoing data collection and analysis mechanisms to keep a pulse on the vitality of local businesses.
 - Structure business visits (including virtual and on-site visits) to develop a strong understanding of the overall needs of local businesses, their challenges to operating successfully, and their potential to remain and/or expand in Richmond.
 - Collect answers to a standard series of questions to shed light on challenges facing companies.
 - Work intensively to understand companies targeted for BRE visits through various sources (beyond direct relationships with key leadership at each target company). This would include relevant professional

- Service providers with a different understanding of the company’s unique needs and challenges such as accounting firms, marketing/PR firms, legal firms, and commercial real estate professionals.

3.1.2. Extend the BRE program to include regular visitations to the City’s top taxpaying entities—whether or not they are one of the largest employers in the community based on headcount—to maintain strong relationships with the most important sources of City revenue.

3.1.3. As part of the expanded BRE program, cultivate relationships with executive leadership (including CEOs, CTOs, CFOs, HR directors, and global real estate directors) of Richmond’s major employers whose HQs are located elsewhere.

3.1.4. Increase efforts to reach out to women-owned firms and minority-owned firms.

- Use recent City grant and loan funding applications as a source of up-to-date business intelligence to target programs and supports to the local companies with the greatest needs.

INITIATIVE 3.2. ANCHOR INSTITUTIONS

Support Richmond’s anchor institutions and partner with them to support smaller local businesses.

Target sectors reflect which industries are important to a local economy, now as well as in the future. Reasonable predictions can be made about which sectors will be most relevant to Richmond’s future growth based in large part on an understanding of the role of anchor institutions. What are “anchor” institutions? These are existing employers with well-established roots in the community. Examples include educational institutions, healthcare facilities, and other public or community-focused institutions. For example, it is safe to assume the continued functioning of VCU in Richmond as a major economic engine as well as a source of talent. Academic programs will change in response to student demand and industry requirements, research focus areas will change, enrollment may rise and fall based on external factors. But the campus is not going to disappear; it’s an anchor for Richmond. In addition to VCU, local institutions that could be leveraged as part of an anchor-based strategy include VCU Health System, Virginia Union University, Reynolds Community College, the University of Richmond, Bon Secours Health System, and the Federal Reserve Bank of Richmond.

Partnering with anchor institutions to increase local procurement (with a focus on increasing minority business participation) and hiring is a nontraditional economic development strategy that holds significant potential for creating a more inclusive economy in Richmond. Though the strategy is relatively new and is still being tested and refined in many cities, engaging Richmond’s many anchors to fill their human resource needs with local talent and their procurement needs with local suppliers can be an effective way to create new jobs for Richmond residents seeking to enhance their earning potential and economic opportunities.

3.2.1. Encourage anchor institutions to engage in more aggressive subcontracting that seeks out minority and women-owned businesses and includes the development of mentor/protégé programs, procurement set-asides, establishing and reporting minority participation goals, and establishing financial funding pools to support the growth of local businesses.

3.2.2. Work with anchor institutions and workforce/education providers to expand and create workforce training programs that hire local residents.

- Initiate conversations with leadership at VCU, Virginia Union University, Reynolds Community College, and other partners to identify short-term and longer-term workforce training programs that can provide upskilling, education, and employment opportunities for unemployed residents and low-income workers.

3.2.3. Assist anchor institutions with launching homebuyer assistance programs that encourage employees to become local homeowners in the surrounding neighborhoods near their place of employment.

3.2.4. Encourage anchors to lead by example through proactively hiring and appointing diverse leadership and board representation.

INITIATIVE 3.3. INCENTIVES

Activate the City's suite of existing incentives and business finance tools within the EDA, RRHA, and City departments (and explore creating new incentives) to stimulate new business investment and job growth.

One of the Key Findings is worth repeating here: *Richmond does not live in a bubble.* The reality of economic development is that it is a nationwide competition among cities for talent and industry. Richmond's growth is predicated on winning the battle for employers and skilled workers. Cities like Nashville, Charlotte, Austin, and Atlanta are every bit as hungry for growing businesses and creative individuals as Richmond, and they use incentives as part of their winning strategy to attract jobs and investment. To be a successful player in the competition, Richmond needs a strong set of incentives to help existing companies grow and to attract new investment. However, creating a better incentive program than other cities is not itself the desired outcome. Incentives are nothing more than tools in the service of specific goals. Richmond's incentives must be organized and marshalled to move the city closer to its vision of creating a more equitable, inclusive economy that lifts the fortunes of all residents.

3.3.1. As part of the City's reorganization of economic development efforts (described in more detail in the Implementation section of the plan), conduct a comprehensive review of City incentive programs to evaluate their effectiveness.

- Focus the evaluation on three key aspects of effectiveness:
 - The long-term financial viability of incentives provided to businesses, as determined by the return on investment (ROI) to the City over the life of the incentive agreement.
 - The economic development outcomes of the agreement, as measured by capital investment, new jobs, and new or renovated commercial or industrial real estate.
 - The equity and economic opportunity outcomes of the agreement, as determined by the increased income for minority owned businesses, increased wages for minority workers, greater education and training opportunities for minority residents, and increased income and wealth for minority property owners.
- Make changes to the City's incentive programs based on this review that advance the financial sustainability of the City government, strengthen the local economy, and improve equity and economic opportunity for residents.
 - Changes to incentives could involve revisions to existing programs, elimination of programs, or the creation of new programs.

- Link all City incentives to equity, sustainability, and resiliency outcomes.

3.3.2. Establish technology zones (a Virginia tax incentive program available for localities to grant tax incentives and regulatory flexibility with the goal of attracting target industries) in each of Richmond’s Priority Growth Nodes (see Action 1.5.7).

3.3.3. Create an incentive program to stimulate the development of new commercial office buildings and renovation of existing office buildings.

INITIATIVE 3.4. MARKETING & IMAGE

Launch new City-specific marketing initiatives focused on internal and external audiences including existing businesses, talent, entrepreneurs, investors, corporate executives, and the real estate community.

How a city is perceived—by the public, by visitors, by the media, by corporations, and by site selectors—is crucial to its economic health. This perception can be heavily influenced by marketing programs. The most effective city marketing efforts build on a community’s existing brand and tell authentic stories that highlight local assets. A brand defines what you stand for, a promise you make, and the personality you convey. The most recognizable brands are often those of respected companies and products—Apple and its unique combination of design and technology or Whole Foods Market and the healthy lifestyle choice it represents—but what about places? Cities have brands too, and like companies, the brand of a place matters to the current and prospective “customers” of the community: skilled workers, visitors, business executives, investors, and real estate developers. A well-defined and executed marketing effort for Richmond is critical for helping the City compete for prospects, potential workers, and visitors.

In the Competitiveness Review (delivered separately), TIP conducted a regional marketing audit that addressed the question: *What image is Richmond projecting?* Based on this work and discussions with City staff and partner organizations, the consulting team has determined that a bold new marketing effort is warranted. Richmond is fortunate to have a multitude of positive stories about economic development in the region, along with numerous existing websites and related marketing efforts that amplify those messages. The *BLK RVA* and *Out RVA* marketing initiatives of Richmond Region Tourism are great examples of the positive image being projected to a variety of internal and external audiences. However, the City does not have a strong, unified, up-to-date message online. The City economic development website—yesrichmondva.com—was once a robust platform, but it has not been maintained. It has since transitioned to rva.gov/economic-development. And the existence of a separate Richmond EDA website creates confusion about the City’s role. Richmond needs a modern website that serves as the foundation for marketing efforts focused on the City, in coordination with regional partners.

3.4.1. Create and launch a new economic development website for Richmond—consolidating the content and messaging currently on the two separate websites of rva.gov/economic-development and richmondeda.org—to serve as the central hub for all of the City’s economic development marketing efforts. Ensure the new website has the following components:

- Authenticity of place branding and messaging.
- Clarity of navigation and use of search engine optimization (SEO) approaches.

- Depth and quality of content, including industry-specific marketing materials that highlight specific strengths Richmond offers for businesses in each target industry, using data and testimonials to underscore messages.
- Use of email marketing, news sections, and social media.
- Use of maps and geographic information systems (GIS) technology.
- Frequent performance tracking.

3.4.2. Conduct a series of email and social media campaigns to educate and update company decision makers, site selectors, and real estate professionals in Virginia, the Eastern US, and internationally.

3.4.3. Continue using social media and other online platforms to actively manage and positively influence Richmond’s image as a place to live, work, and do business.

- Ensure that the information being communicated from official City channels (including the EDA and the Department of Economic Development, but also other departments) is positive, consistent, and accurate.
- Continually review non-official sources as well—such as Richmond’s page on Wikipedia—to ensure accurate information is portrayed and to maintain emphasis on the City’s positive characteristics.

INITIATIVE 3.5. TARGET INDUSTRY RECRUITMENT

Focus recruitment efforts on Richmond’s target industries, including international business development.

Shoring up the City’s existing employers and reducing risks for residents and workers are the most urgent priorities in the near future as the local economy continues its recovery from the pandemic. However, this does not mean the City should abandon all recruitment efforts. Richmond has proven its ability to recruit major expansion projects in recent years. The City and the region as a whole are well-positioned to compete for new jobs and investment.

3.5.1. LIFE SCIENCES AND EDUCATION. In addition to the innovation-focused strategies aimed at making Richmond one of the nation’s top 20 life sciences clusters (see Initiative 2.1), pursue strategic business recruitment projects to strengthen and diversify the City’s life sciences and education industry.

- Recruit pharmaceutical companies out of New York, New Jersey, Pennsylvania, Massachusetts, California, and internationally.

3.5.2. CORPORATE HEADQUARTERS AND PROFESSIONAL SERVICES. Elevate the City’s status as a major hub for corporate headquarters and professional services firms.

- Partner with GRP and VEDP to initiate conversations with CEOs, corporate real estate executives, and site location consultants representing corporate HQs and large professional services firms based in New York, Boston, Philadelphia, Charlotte, Atlanta, and other larger and/or more costly locations.
 - Encourage these business executives to consider opening a small satellite office or regional/divisional HQ in Richmond, possibly even a virtual office in the near-term.

- Use these efforts as foot-in-the-door strategies, with the goal of eventually convincing company leaders to expand into Richmond with a larger expansion or relocation project.
- Explore collaboration with economic development organizations in Northern Virginia (Fairfax County, Arlington, Alexandria, Loudoun County, and Prince William County) to create a dual corporate campus environment for companies headquartered in Northern Virginia, with a sister office in Richmond.
- Use Capital One as the model for this approach (with the McLean HQ in Fairfax County and the Henrico campus). Large corporations have increasingly employed the dual campus model; in some cases, the two corporate offices are across the country (Amazon’s HQ2 in Northern Virginia), in nearby metros (the CoStar HQ in DC and the operations center in Richmond), or in different parts of the same metro area (Vrbo’s downtown Austin and far north Austin campuses).

3.5.3. FINANCIAL SERVICES. Re-establish Richmond as one of the nation’s leading centers of financial services, with a focus on “fintech” (financial technologies).

- Set a goal for Richmond to rival Charlotte within a 5–10-year time horizon to once again vie for the title of “banking capital of the South.”
- Initiate conversations with Bank of America to encourage its expansion projects associated with technology and AI to take place in Richmond, not only at its Henrico campus.
- Target financial services firms in Boston, New York, and Philadelphia seeking a lower-cost location along the Eastern seaboard.
- Partner with VCU and local tech companies to launch new initiatives in AI, blockchain, and cyber security that serve the financial services industry.

3.5.4. TRANSPORTATION AND LOGISTICS. Pursue strategic investments in new transportation and logistics projects that fit in Richmond’s limited industrial zones.

- Work with the Task Force on the Revitalization of South Richmond to ensure recommendations for infrastructure improvements, zoning modifications, site development, and other strategies are aligned with the City’s overall planning and infrastructure investment efforts to provide adequate locations for business expansion and recruitment projects in the transportation and logistics industry.
- Identify and advance the development of new industrial parks and sites for transportation and logistics projects in the City, especially in South Richmond.
- Partner with the Port of Virginia, GRP, and VEDP to recruit new high-value transportation, e-commerce, logistics, and warehousing/distribution facilities into South Richmond along IH-95, Commerce Road, and near the Richmond Marine Terminal.
- Partner with the Port of Virginia (including the major port and maritime industry in the Hampton Roads region) to pilot new technologies such as blockchain to provide innovative solutions to transportation challenges.

The use of blockchain is not limited to the tech and banking industries. On July 2, 2019, the Wall Street Journal reported on a new blockchain initiative for seaborne cargo, aimed at cutting costs and

improving tracking, that is underway with involvement from five of the world's six largest container shipping operations. The initiative, called TradeLens, is a blockchain-based platform launched by A.P. Moller-Maersk and IBM. It allows participants to use blockchain technology to share information on goods moving through maritime supply chains and could significantly reduce the cost of paperwork. Maersk, the world's largest shipping operator, says the required documentation to process and administer goods shipped each year makes up roughly 20 percent of transportation costs. Using blockchain can potentially reduce those costs and create more efficient supply chains for global trade.

3.5.5. SPECIALTY BEVERAGES AND FOODS. Promote Richmond as an emerging craft food and beverage hub.

- Initiate conversations among local and regional business, economic development, and tourism/cultural organizations to identify and pursue strategies that link the unique tourism/cultural experience in Richmond with business development opportunities.
- Provide support to the Virginia Black Restaurant Experience (formerly Richmond Black Restaurant Week) as a hallmark initiative that highlights Richmond's rich food culture.
- Support the growth of Richmond's craft breweries, craft distilleries, and craft cideries by strategically recruiting supply chain companies such as fermentation labs, bottling firms, and other companies that serve the broader craft beverage sector.

IMPLEMENTATION

Objectives 1, 2, and 3—and the initiatives and strategies within them—describe what Richmond’s new economic development activities will entail. This section addresses the question “How does all this get done?” The discussion of organizational approaches to economic development is a starting point for addressing issues related to reorganizing Richmond’s economic development capacity and resources.

ORGANIZATIONAL ASSESSMENT

Reorganization is never easy and should not be taken lightly. Recognizing that the boldest approach may also be the most politically fraught, it is important to evaluate alternatives for ensuring that the City have the capacity to deliver on the goals of the plan.

As part of the SPEED planning process, TIP conducted an organizational assessment which included an economic development network inventory, a review of the City’s economic development programs and capacity, and a regional gap analysis of all major economic development program areas in the Richmond region. The results of this analysis are summarized in the Competitiveness Review, and included the following components:

- Identification of all departments and agencies within the City that impact economic development. This included a determination of whether economic development is a) central to the department’s mission; b) constitutes a major portion of their work; or c) impacts them less directly but is part of their decision-making process.
- An in-depth review of other organizations, institutions, and associations within Richmond who have a major responsibility for economic development.
- Cataloging and evaluating other organizations in the region with primary economic development functions.

In addition to the work completed to review organizational capacity and resources in the City of Richmond, there are useful examples of cities and counties consolidating economic development in other regions. In the State of Virginia, the EDA model at the city/county level is common. Outside of Virginia, models used in other cities and states for the delivery of economic development offer aspects that might be a fit for Richmond. Organizational models reviewed by TIP from a subset of the peer cities benchmarked against Richmond as part of the Competitiveness Review include:

- Invest Atlanta
- Prosper Portland (formerly the Portland Development Commission)
- Boston Planning & Development Agency (formerly the Boston Redevelopment Authority)
- Charleston County Economic Development
- City of Austin Economic Development Department (and the newly created Austin Economic Development Corporation)

A more robust national benchmarking of organizations that can serve as case studies for Richmond would provide useful information for the City on funding, organizational structure and board participation, staffing, programs, financial incentives, and other relevant factors as Richmond undertakes a reorganization.

Based on the organizational assessment and a review of models from other cities and counties in Virginia and nationally, **three options were assessed for reorganizing economic development in Richmond. TIP recommends more engagement with stakeholders to develop a recommendation on the model that is best suited for Richmond. This is an additional task that the City should undertake during the first year of implementation of the SPEED. The three options are:**

1. Create a new entity which would bring the resources of both City economic development functions *and* those of other organizations within the City (such as the EDA) under a single umbrella. *This is the most bold and aggressive among the three options.*
2. Consolidate a number of City economic development functions under the existing EDA structure. *This is the second-most aggressive of the options.*
3. Restructure the economic development functions of the City and strengthen the Richmond Department of Economic Development by staff and budget realignment. *This is the least aggressive of the options, but still calls for a substantially larger and better resourced economic development program.*

PERFORMANCE METRICS

A critical component of a strategic plan is the set of metrics by which the plan's successful implementation can be tracked. The delta against the US economy must be incorporated into any metrics reflecting economic outcomes related to employment, income levels, and capital investment. It will take years, not months, to regain the lost jobs due to the COVID-19 economic downturn. As a reference point, the Great Recession began in December 2007 and lasted until June 2009 (according to gross domestic product growth as measured by the National Bureau of Economic Research), but it took a total of 78 months until May 2014 to "regain" the jobs lost during the downturn. It would be a mistake to commit the City to specific growth targets that depend on the growth of the broader US and global economies (as this plan would likely have called for prior to COVID-19). Instead, the plan recommends setting benchmark goals for Richmond to out-perform the state and national economies. This approach to metrics will allow the City to maintain a more realistic view of progress, especially in light of the current economic recovery. If goals cannot be met due to external economic conditions, the City should not be held to unrealistic expectations. With those caveats in mind, the SPEED recommends the following metrics—organized into three categories—be used to track progress toward implementation:

1. **ECONOMIC GROWTH OUTCOMES:** These are the traditional metrics used to track economic development outcomes. These metrics should be disaggregated by race, ethnicity, and geography (at the ZIP code or Census Tract level). *If current data collection techniques do not allow for disaggregation, efforts must be made to change data reporting protocols.*
 - a. New job creation
 - b. Capital investment (citywide and on publicly owned properties)
 - c. Retention and expansion of existing companies
 - d. Average wages of new jobs created
 - e. Share of new jobs created that pay living wages
 - f. Hotel occupancy and average rates
 - g. Retail and restaurant sales
 - h. Number of affordable housing units developed across the affordability spectrum

- i. Amount of new office space added to the City’s office market (vacancy rates and median rental rates for existing office inventory)
 - j. Amount of new industrial space added to the City’s industrial market (vacancy rates and median rental rates for existing industrial inventory)
 - k. Amount of new retail/restaurant space added to the City’s retail market (vacancy rates and median rental rates for existing retail/restaurant inventory)
- 2. SOCIAL EQUITY & ECONOMIC OPPORTUNITY OUTCOMES:** These are the set of broader community-focused outcomes that reflect Richmond’s progress toward a more inclusive and equitable economy. These metrics should also be disaggregated by race, ethnicity, and geography (at the ZIP Code or Census Tract level).
- a. Broadband internet connectivity for residents
 - b. Share of workers who work from home
 - c. Share of workers who bike, walk, and take transit to work
 - d. Educational attainment levels of residents
 - e. Enrolled college and university students (overall and in STEM degree programs)
 - f. Employment, unemployment, and labor force participation rates of working age (16-64) residents
 - g. Average wages by occupation
 - h. Median household income
 - i. Share of population in poverty
 - j. Homeownership and household wealth
 - k. Housing affordability (including cost-burdened households spending more than 30 percent of their income on rent or mortgage payments)
 - l. Business revenues
 - m. MBE participation (percent and dollar amount paid to MBE firms for City expenses)
- 3. CITY REVENUE OUTCOMES:** For every \$84 million of taxable assessed real estate property value in the City of Richmond, the City generates \$1 million of General Fund revenue. That revenue is what pays for the lion’s share of funding for Richmond Public Schools and funding for essential services for citizens.
- a. Real property tax base
 - b. Retail sales tax
 - c. Prepared food tax
 - d. Business licenses tax
 - e. Lodging tax
 - f. Utility tax
 - g. Other local taxes