

Chapter 6. Economic Development

The City of Colonial Heights' economic prosperity goals, objectives and policies will help shape how the City will perform in the future. Economic prosperity policies determine where governmental funds will be spent and where development will be encouraged, as well as provide avenues for employment and revenue generation for its residents and a tax base for local government.

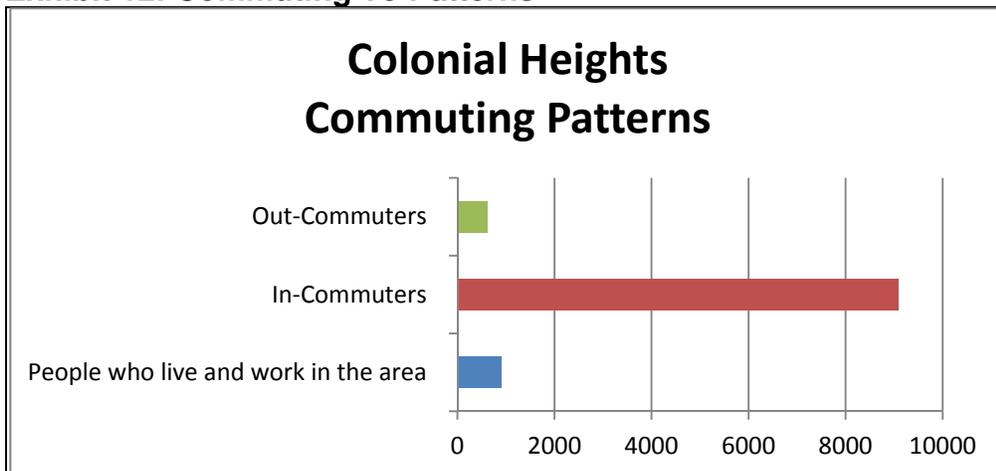
Current Economic Conditions

While the City's economy is strong by national standards, being prepared for the changes in economic markets is vital to long-term prosperity. Integrating community development activities with job training programs will assist in eradicating poverty and ensuring that all residents benefit from the City's strong economy. Understanding the existing economy and future trends is the first step in preparing for the future.

Commuting Patterns

According to the Virginia Employment Commission, a majority of residents commute to another locality to work. Of these residents, a majority commute to Chesterfield County, followed by Henrico County and the City of Richmond.

Exhibit 12: Commuting To Patterns



Source: Virginia Employment Commission via the U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics, 2011

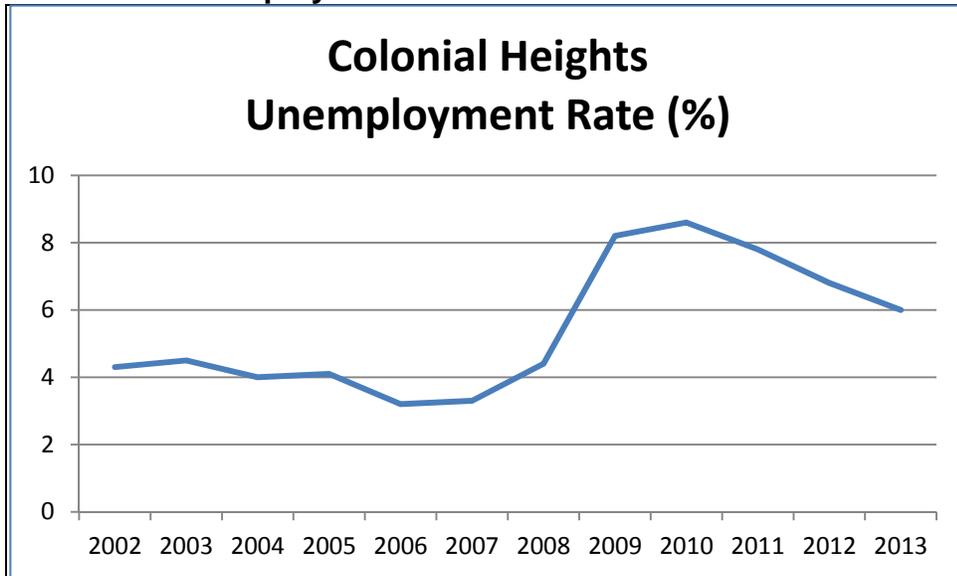
Characteristics of the Insured Unemployed

According to the Virginia Employment Commission, unemployment insurance is a program for the accumulation of funds paid by employers to be used for the payment of unemployment insurance to workers during periods of unemployment which are beyond the worker's control. Unemployment insurance replaces a part of the worker's wage of loss if he becomes eligible for payments. The data collected provides insight to who is most affected by job loss.

Unemployment Rate

The unemployment rate is defined as the number of unemployed people as a percentage of the labor force. According to the Virginia Employment Commission, in August 2013, the City's unemployment rate was 6.0 %, only slightly higher than the state average of 5.6% and lower than the national rate of 7.3%. This is down from its highest in the past decade at 8.6% in 2010.

Exhibit 13: Unemployment Rate

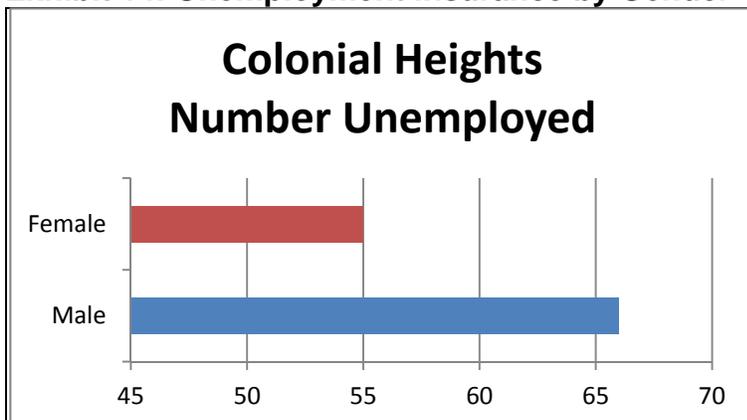


Source: Virginia Employment Commission, Local Area Unemployment Statistics.

Unemployed by Gender

According to the Virginia Employment Commission, Characteristics of the Insured Unemployed, January 2014 report, more men (66) than women (55) have collected unemployment insurance; this is consistent with state and national trends.

Exhibit 14: Unemployment Insurance by Gender

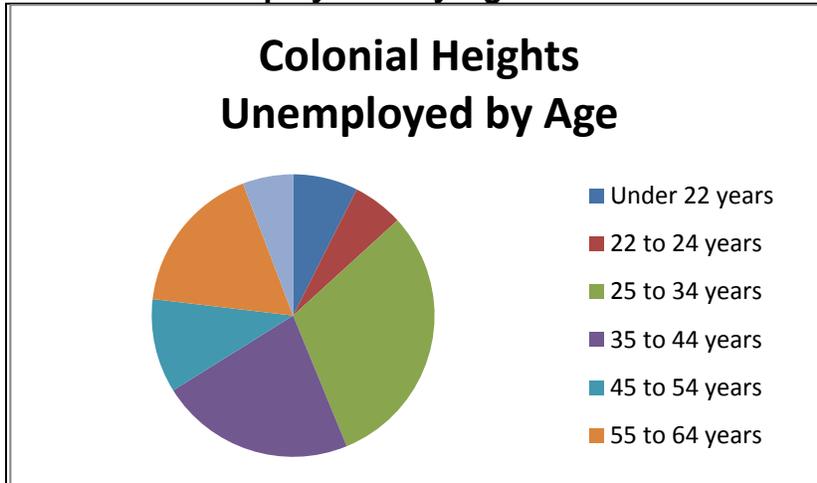


Source: Virginia Employment Commission, Local Area Unemployment Statistics

Unemployed by Age

Of those individuals unemployed, a majority are between the ages of 25 and 34; the next largest age group collecting unemployment insurance are people between the ages of 35 and 44 years old followed by people between the age 55 and 64 years old.

Exhibit 15: Unemployment by Age Distribution



Source: Virginia Employment Commission, Local Area Unemployment Statistics

According to the Virginia Employment Commission, Characteristics of the Insured Unemployed January 2014 report, the top industries with the largest amount of claimants in Colonial Heights include construction, administrative support, waste management and retail trade.

Profile of Industries

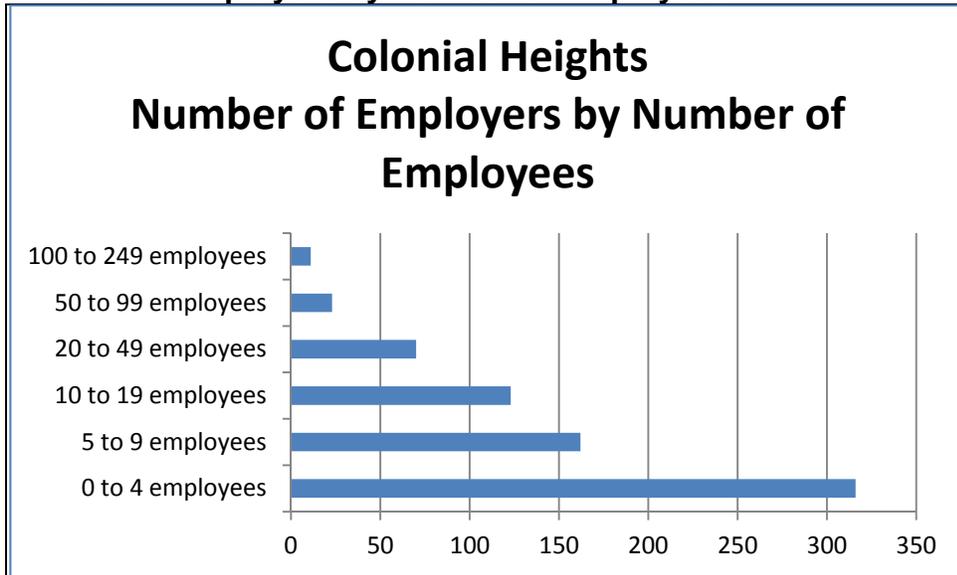
Exhibit 16: Top 20 Employers

1. Wal Mart	11. Richmond Fitness Inc
2. Colonial Heights School Board	12. The Home Depot
3. Randstad Us L P	13. Target Corp
4. City of Colonial Heights	14. Texas Roadhouse
5. VDOT	15. The Dunlop House
6. Colonial Heights Healthcare and Rehab Center	16. Sears Roebuck & Company, Inc.
7. Red Lobster and the Olive Garden	17. McDonald's
8. Martin's Food Market	18. Colonial Orthopedics
9. J.C. Penney Corporation, Inc.	19. May Department Stores Company
10. Care Advantage	20. Family Care Home Health LLC

Source: Virginia Employment Commission, Quarterly Census of Employment and Wages (QCEW), 1st Quarter (January, February, March) 2013.

According to the Virginia Employment Commission, the top 11 of these employers in the City have between 100 to 240 employees, those remaining in the top 20 have between 50 to 99 employees. It should be noted that despite the large number of national companies located in the City, a majority of employers in the city have 19 or fewer employees.

Exhibit 17: Employers by Number of Employees



Source: Virginia Employment Commission, Quarterly Census of Employment and Wages (QCEW), 1st Quarter (January, February, March) 2013.

Employment by Industry

Of the 11,562 people employed in the City of Colonial Heights, Retail Trade is the top employment industry with 28% of workers, followed by Accommodations and Food Service at 17% with Health Care and Social Assistance coming in third with 13 percent.

Regional Occupation Projections

According to the VEC, between 2010 and 2020, there will be 3,009 new Health Care and Social Assistance jobs in the Crater District (cities of Colonial Heights, Emporia, Hopewell and Petersburg and the counties of Charles City, Chesterfield, Dinwiddie, Greensville, Prince George, Surry and Sussex). This industry shows the highest projected growth followed by Retail Trade with 1,146 new jobs for that same time period. Therefore, it is no surprise that of the top 10 occupations expected to grow in the Crater District between 2010 and 2020, eight are related to the medical health field.

Existing Commercial Areas

Southpark Mall Area

Over the last 30 years, the business/commercial environment in the City has grown from providing for the basic needs of a small city to providing for the needs of the region. The Southpark Mall area has developed into a regional commercial and

business center. Nearly half of the City's top 20 employers are located in the Southpark Mall area.

Boulevard (U. S. Route 1/301)

The Boulevard developed in a linear fashion. Although there are some national chain restaurants along the Boulevard, most of the businesses are locally owned. Services include restaurant, retail and numerous professional services such as doctors and insurance offices.

This type of linear growth along the City's major thoroughfare perpetuates traffic congestion, an excessive amount of curb cuts, parking limitations, the visual effect of business sign clutter, and the encroachment of residential neighborhoods.

The fear of businesses abandoning the Boulevard because of Southpark Mall has not materialized. Although some businesses have closed along the Boulevard, new businesses have taken their place. The Boulevard is not plagued with numerous vacancies; rather, the evolution of old to new businesses is occurring. A new type of development that is taking place along the Boulevard is the office condominium, a cluster of business offices that share a common building and parking lot.

Small lots along the Boulevard pose a challenge for business owners who want to expand their businesses or provide additional parking for their customers. Small lots also provide a challenge in attracting new businesses. Some areas along the Boulevard may be appropriate for expansion, but in past instances, property was purchased in the adjoining neighborhoods to provide for parking, storage and other business uses. As a result, there is often a conflict of uses having a negative impact on the neighborhood. To avoid this occurring in a piecemeal fashion, a comprehensive approach should be taken when identifying where expansion is appropriate and where it is not.

The Pickwick Avenue commercial area is a small collection of neighborhood serving retail shops and services. The commercial area is included in the Chesterfield Highland Historic District and is included in the Boulevard Strategy Area.

Ellerslie

There is a small node of businesses located along Ellerslie Avenue near Dunlop Farms. A strip center was developed in the 1980s that contains a grocery store, restaurants and various business services. There is some opportunity for business growth in the form of outparcels along Ellerslie Avenue.

Home Based Businesses

The City's zoning ordinance allows certain small-scaled commercial activities within residential dwellings. There are limitations on the amount of floor area used for the

business as well as restrictions on altering the building. The business should not increase the volume of traffic in the neighborhood and, with the exception of limited signage, there should not be any visual indication that a business located in the home.

Commercial Rehabilitation Program

The City of Colonial Heights allows partial exemption from real estate taxes (tax relief) for qualifying commercial structures that have been rehabilitated, renovated or replaced. For those properties that qualify, the initial increase in real estate taxes caused by rehabilitation, renovation or replacement will be excused for five (5) years.

Requirements to Classify a Commercial Structure as Rehabilitated, Renovated or Replaced

- Shall be located in one of two (2) designated districts
- The commercial structure must be at least twenty (20) years old
- Application and a processing fee of fifty dollars (\$50) must be paid before proceeding with the process
- The Assessor must inspect the property prior to any rehabilitation, renovation or replacement of the structure
- Any and all delinquent or past due real estate taxes, penalties and interest must be paid prior to the property being accepted into the program. The partial exemption for each tax year shall be conditioned upon payment of the non-exempt amount of real estate taxes on or before May 15 or November 15 of each tax year. Failure to pay taxes due on or before the established dates will result in forfeit of the remaining exemption period and cancellation of the credit issued for that year.
- No improvements made upon previously vacant land shall be eligible
- Rehabilitated, renovated or replaced structures must meet zoning requirements, plans for project must be approved by City of Colonial Heights Engineering Department, and all permits for work must have been acquired prior to applying for this program.

Districts and Program Stipulations

Boulevard District

The "Boulevard District", as depicted on an exhibit maintained by the Assessor, shall consist of all commercial structures fronting on the Boulevard (Route 1) within the Colonial Heights City limits or contained within the Boulevard Overlay District as provided in Chapter 286 of this Code.

Any commercial structure at least twenty years old within the Boulevard District whose base assessed value is increased by at least twenty-five percent due to rehabilitation, renovation, or replacement shall be eligible for an exemption from real estate tax equal to the increase in assessed value attributable to the rehabilitation, renovation, or

replacement. Such exemption shall commence on January 1 of the year following completion of the rehabilitation, renovation, or replacement, and shall run with the real state for five years.

Southpark District

The “Southpark District”, shall consist of all commercial structures within the geographic boundaries depicted on an exhibit maintained by the Assessor, entitled “The Southpark Commercial Structure Tax Exemption District”.

Payment of the real estate tax attributable to any structure at least twenty years old within the Southpark District may be exempted by an amount up to fifty percent of the cost of the structure’s rehabilitation, renovation, or replacement as long as such cost is at least \$100,000. Such exemption shall commence on January 1 of the year following completion of the rehabilitation, renovation, or replacement, and shall run with the real estate for five years.

Economic Development Opportunity Areas

As previously mentioned, because of the lack of vacant, buildable land, the City has limited economic development prospects. The following provide economic development opportunities within the constraints our city. These Economic Development Opportunity Areas are depicted on Map 5.

Boulevard Commercial Strategy Area

The intent of a Boulevard Commercial Strategy Area is to provide the community with convenient commercial uses and services in well-designed, safe, and attractive settings and to create a shopping and service district that makes positive contributions to the City's image and economy.

The intent is to focus and concentrate retail, commercial, and service activity within a clearly distinguishable area. It is also intended to prevent negative commercial encroachment into residential neighborhoods.

In developing this district, an emphasis should be put on having a strong pedestrian orientation, buildings that front on the street with minimal setbacks and limited off-street parking. Complete street concepts such as landscaping, sidewalks and pedestrian level lighting should be incorporated to help create a sense of place.

The biggest challenge to enhancing this district is that there are multiple stores and services that are not managed by a single entity and building ownership is held separately. Therefore, there is a need for incentives to create a change. The Commercial Strategy Area runs along the Boulevard south from Westover to the City limits and includes the Pickwick Avenue shopping area. The location of the Boulevard Commercial Strategy Area is depicted on the Economic Opportunities Map (Map 5).

Mall Area Mixed Use Center

By most accounts, the Southpark Mall and surrounding area is stable. Vacancies and turnovers are relatively low considering the recent recession that stifled the economy, impacting the retail and service industries. However, as consumer shopping habits change from buying directly from a store to shopping on line, long-term viability of the Mall should be examined. Cities across the country are revisiting traditional mall land use and adopting mixed use concepts for both new and redeveloped shopping areas. This area provides an opportunity for alternative housing for seniors and young adults.

As many Colonial Heights' Baby Boomers reach retirement age and look for alternative housing, there is little opportunity for them to stay in the City. Providing senior-friendly apartments in the Mall area would provide an opportunity for residents to stay in the City and be close to shopping and medical services.

The co-location of services, jobs and nightlife create a type of urban village. The idea of an urban village is attractive for young adults because it allows them to live work and play in one area. Attracting this population could benefit the City in the future because these young people may choose to stay, purchase homes and start families in Colonial Heights.

Conduit at Westover Mixed Use Center

As the needs for housing change, new, higher density residential is recommended by this plan to attract new residents and house the aging population. The intention is to provide alternative housing at the corner of Conduit Road and Westover Avenue; as well as an opportunity for new neighborhood convenience services. Offices and specialty markets could serve the needs of area residents without requiring a lot of parking or causing an increase of traffic.

The mixed use designation for this area is to ensure that the development is done as part of a plan for the entire property.

Appomattox River Corridor Vision Plan

The Appomattox River Corridor Study area is located in the City of Colonial Heights between the Appomattox River and Charles Dimmock Parkway/East Roslyn Road; from Temple Avenue to Interstate 95. The study area is approximately 175 acres.

The land is composed of a mix of private and City-owned lands. Private land uses include former automobile dealerships, other retail uses, and several vacant parcels. City lands include a park, a vacant former landfill site that has been remediated, and other public uses.

The goal of the study was to outline development potential of the corridor. In particular, the City of Colonial Heights was interested in determining the highest and best use for

the study area considering regional market potential, neighborhood development goals, amenities and land values.

The result of the study was a two alternative development scenarios; both containing a mixed use or multiple-use environment that created access to community amenities, provided economically-productive land uses, and improved transportation and infrastructure.

Strategic Plan and Market Analysis

Specific details of a strategic plan can be developed through a planning process; however, it should concentrate on four elements:

- Business Recruitment
- Business Retention and Expansion
- Revitalization
- The City's Business Image

Business Recruitment

Details of the business recruitment process can be worked out through a strategic planning process, but it should include creating a recruitment team made up of City staff, business owners, local real estate professionals, property owners, lenders, members of the Chamber of Commerce and elected officials. This team should have a clear and realistic understanding of the current market, have skills in economic development and real estate along with connections to local decision-makers, and have the ability to follow through.

Business Retention and Expansion

Much of a community's job growth and capital investment comes from companies already located there. It is necessary for the City to build relationships with the existing business owners in order to identify companies with plans to expand and companies at risk of leaving or downsizing. Through a strategic planning process the City should find ways to provide assistance to these businesses in order to prevent them from leaving the City and to encourage them to continue to invest in their businesses.

Commercial Revitalization

Although there has been an increase in infill development, most of the City's commercial areas are over 30 years old. As these commercial areas age, existing properties are becoming obsolete and less attractive for the current retail store or professional service providers. To prevent new businesses from locating outside the City and existing businesses from moving out, building renovation and modernization must occur.

In addition to utilizing traditional revitalization tools such as property maintenance, code enforcement and crime prevention, redevelopment of underutilized sections of these commercial areas may be necessary to accommodate modern retail needs. An example of where redevelopment may be necessary is along the Boulevard where lot

sizes are an issue for new businesses. The smaller lot sizes make it difficult to accommodate new construction and parking. Another example for possible redevelopment is the Mall area; as some big box retailers turn to on line sales, stores may close. As these stores become vacant, it may be necessary to redevelop the property for the modern retail store or possibly change the land use all together. .

Future economic planning should include evaluating each of the existing commercial areas in the city and identifying revitalization needs and redevelopment possibilities within each area.

City's Business Image

The City has a bit of a business identity crisis. On one hand, there is a desire for the City to maintain its small town feel. This can be done by fostering small businesses along the City's Boulevard commercial corridor; but at the same time, the City is home to a large regional mall that must stay viable to maintain the City's economic health. It will be important for the City to accommodate the needs of and attract both small and large businesses. In order to create a business friendly image, this can only be achieved by recognizing the different needs of both types of businesses.

Market Analysis

It is hard to predict the City's draw without current market data. A market analysis studies the attractiveness and the dynamics within an industry. These analyses can help identify the strengths, weaknesses; opportunities and threats (SWOT) of the current economic environment. SWOT analysis can help define retention and recruitment strategies. Market data should be updated regularly in order to have the most current data possible.

Economic Development Strategy

An economic development strategy is a five year plan for promoting job creation and economic growth. The following steps should be included in the development of a strategy for the City.

1. Perform a market analysis to address sales-leakage and identify future recruitment targets as a means to diversify short-term and long-term growth sectors
 - Develop and carry out a survey of existing businesses
 - Secure funding and carry out a detailed market analysis
2. Develop an existing business retention program that would help maintain, protect, diversify and improve the City's commercial base
 - Create a local business committee to assist in defining and carrying out the program
 - Conduct research and use focus groups to help define community needs and opportunities
3. Raise the profile of the City as a destination for both living and doing business

- Obtain and research national, regional and local trends to clarify the economic development vision for the City
 - Develop a branding /marketing campaign based on documented research
4. Create a targeted business recruitment program
 - Utilize information from other work elements to establish business targets and methodology to carry out the program
 5. Define long term economic development implementation program objectives and methodology for achieving them
 - Document and define resource needs to carry out recommendations
 - Create first year operating budget

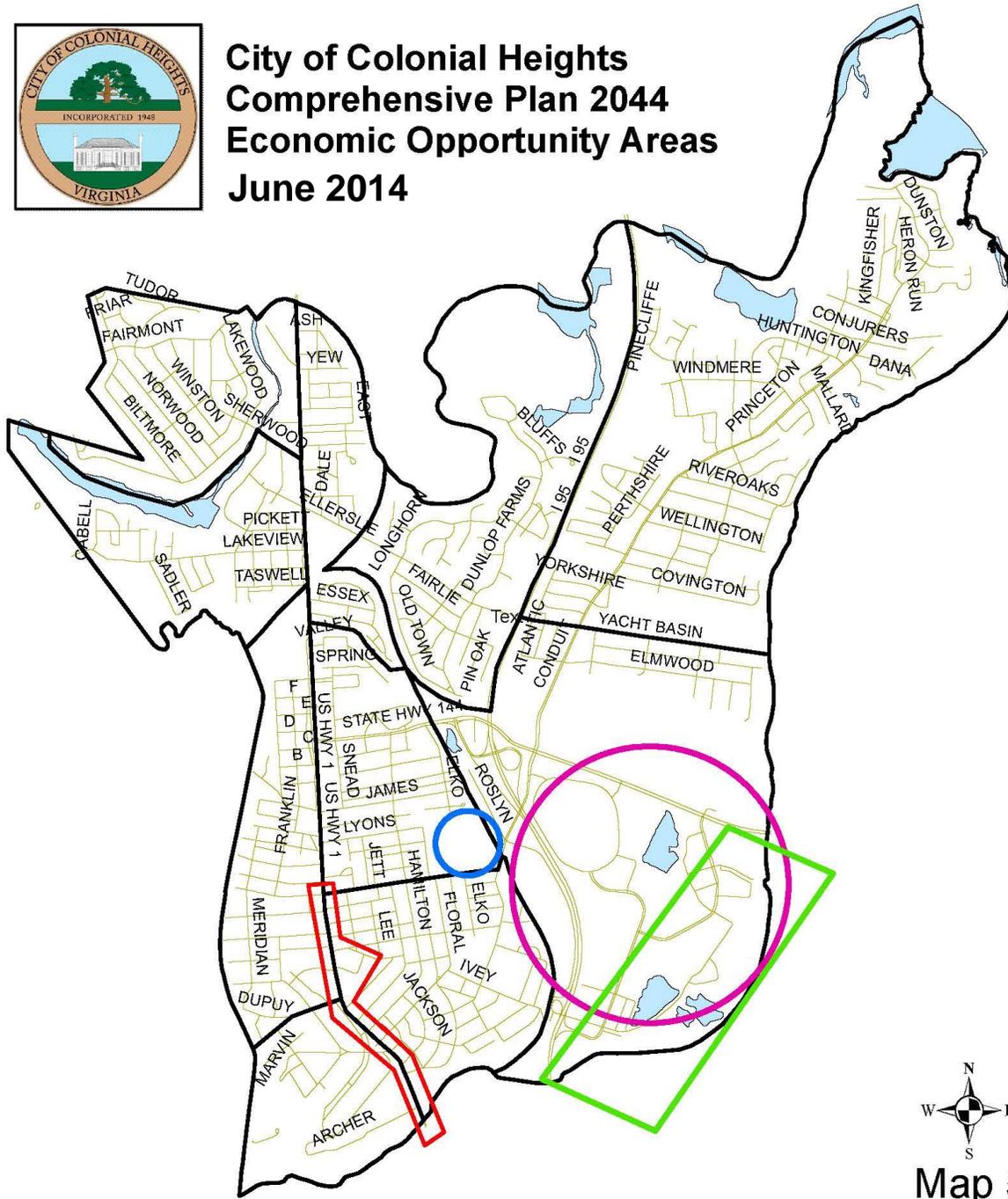
The following Economic Development Policies correspond to a specific goal and objective found in Chapter 2. The goal and policy number are abbreviated within the parenthesis.

- Create a five year strategy plan to identify the immediate economic needs of the City. Special consideration should be considered for medical complexes or other new and growing industries. (EP-6, EP-1, SD-2)
- Create a one-stop-shop for businesses to get permits and learn about all programs within the City to create a friendly environment to encourage businesses to locate in the City. (QL-6)
- Provide tax credits for businesses so they can reinvest in their business to modernize or expand. (EP-4)
- Create a City program designed to attract new business and retain existing in the Boulevard Commercial Strategy Area as identified on the Economic Opportunity Areas Plan (Map 5). (EP-1, SD-2)
- Partnering with Colonial Heights Public Schools, develop a taskforce made up of the private and public sector leadership to work to mentor young people interested in business to create new local businesses. (EP-1, EP-2)
- With school leadership, create a working coalition of educators and medical personnel to attract more of the City's students into health care and occupations directed at the elderly. A well-trained population will attract more medical offices and jobs. (EP-1, EP-2)
- Encourage new local businesses by working with the Colonial Heights Chamber of Commerce (or Crater District Planning Commission, Virginia State University or the Small Business Administration) to start a small business incubator. (EP-4)

- Ensure citizen input in the policy development and decision-making process on publicly-funded economic development projects and activities. (QL-6)
- Form a task force of Southpark Mall area business owners/managers, including Mall management and City staff to identify ways to improve and redevelop the commercial area to include new land use options, such as mixed use, senior housing and offices for areas around, and including, Southpark Mall. This area is identified on the Economic Opportunity Areas Plan (Map 5). (EP-5)
- Study the Boulevard Corridor to identify areas where it may be appropriate to allow expansion into the adjacent neighborhood to make the Boulevard sites more attractive for redevelopment and new businesses. Expansion should be done in accordance with a plan or strategy and not piecemeal. (EP-1)
- Establish an open line of communications between the development and business communities, City administration and elected officials.
- Economic and environmental goals need to be viewed as compatible concepts during development.
- Promote compatibility of development with surrounding neighborhoods. (QL-4, SD-1)



City of Colonial Heights Comprehensive Plan 2044 Economic Opportunity Areas June 2014



- Boulevard Commercial Strategy Area
- Appomattox River Corridor Vision Plan
- Mall Area Mixed Use Center
- Conduit at Westover Mixed Use Center