

# WINCHESTER COMPREHENSIVE PLAN 2022

## CHAPTER FOUR

### ECONOMIC SUSTAINABILITY

Sustainability means continuing into the future without decay or collapse, meeting today's needs without sacrificing those of the future. Winchester should be economically, socially, and environmentally sustainable. This chapter focuses on Economic sustainability. For Winchester to become a community of choice then it is important that the City take deliberate affirmative actions to achieve this objective.

#### **SWOT Analysis**

While there are numerous rankings of cities and places nationwide which blend statistical data with subjective indices to arrive at scored lists of the best places to live, some of the best data comes from residents themselves. To better understand the perception that Winchester residents had of their own community, one of the first major steps in the City's Comprehensive Plan update process was to conduct a Strengths-Weaknesses-Opportunities-&-Threats (SWOT) Analysis during input sessions in 2019.

Some common themes pertaining to economic sustainability emerged during the SWOT exercises. Among the listed Strengths and Opportunities were location, major institutions, public facilities, people, diversity of the city and balance of small town feel within commuting distance of the big city. Among the listed Weaknesses and Threats were lack of grocery stores, large homeless population, aging city infrastructure, lack of affordable housing, lower than average educational levels, relatively low income, county development pulling business away from the city, income inequality among residents, historical & architectural partnerships, and the city's size limitations.

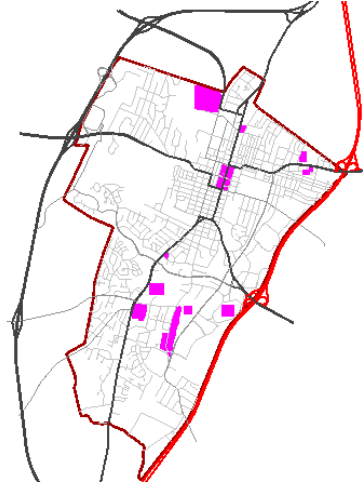
Participants agreed on many economic issues, including the need for revitalization and redevelopment of older, vacant, underused commercial and industrial sites like Ward Plaza, Federal Mogul and Zero Pak. Citizens found consensus on the need for continued historic preservation and rehabilitation work, especially in the downtown area, which could benefit from new uses, mixed uses, and greater residential density.

Citizens felt positively about growth and revitalization, and supported New Urbanist principles of mixed-use, pedestrian-friendly development. They shared concerns about rising fuel costs, growth in the county that could compete or conflict with the city's efforts to attract jobs, the need for higher education levels in the local labor force, and competition with wealthier communities closer to Washington D.C. for quality teachers.

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Along with the SWOT Analysis, public input was solicited in the form of a mapping exercises in which citizens marked up base maps to identify features worth preserving and others to change, add, or improve upon. Among the key sites called out to change, improve, or add to be the following, shown in this map:

- Ward Plaza
- Berryville Avenue corridor
- N. End of Fairmont Avenue
- Papermill Road corridor
- Old Town
- Apple Blossom Mall
- Eastgate Plaza
- Federal Mogul (Abex)
- Zero Pak (including the railroad land)



### Citizen Survey Findings

In 2017, the City of Winchester undertook a fourth Citizen Satisfaction Survey. It allowed residents to provide feedback to the City on the importance of certain public services and the public’s level of satisfaction with said services. Appendix 3 explains the survey and data in greater detail, summarizing key results.

<b>Winchester Citizen Satisfaction Survey Results</b>			
<b>Survey Question</b>	<b>Excellent or Good</b>	<b>Average</b>	<b>Fair or Poor</b>
Place to work	69%	17%	14%
Place to live	82%	13%	6%
Quality of life	80%	14%	7%
Moving in the right direction	62%	23%	16%
City’s Growth Management	48%	30%	22%
Place to raise children	77%	16%	8%

While quality of live, living and working conditions, and family appeal, and direction of the city received a strong endorsement, citizens were less confident about the management of future growth. This finding supports the need for long range, comprehensive planning, and changes in the city’s trajectory.

The Virginia State Code requires that certain surveys and studies related to economic sustainability be made when preparing a Comprehensive Plan including the following:

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- Use of Land
- Character & Condition of Existing Development
- Trends of Growth or Change
- Employment & Economic Factors and Needs
- Urban Development Area (UDA)

Chapter Two of this Plan provides a comprehensive overview of planning studies, including those pertaining to economic sustainability. A few major trends and statistics bear repeating in this chapter.

### **Employment**

In 2018, the American Community Survey run by the Census Department estimated Winchester’s population to be 27,789. Of these, 21,421 were over the age of 18. However, the city labor force was only 14,281. This can be attributed to Winchester’s gradually aging population and its attractive character to retirees. The labor force participation rate, then, was 69 percent, and 56 percent of the overall population works. The female labor force participation rate was lower, with 60 percent of those over age 16 working.

The figures in the table below show how Winchester is transitioning away from its historically notable industrial base into a twenty-first century service economy. The table shows the sectors in which Winchester’s residents work, though not the sources of employment within the city. Almost all of the City’s agricultural and mining workers, for instance, go outside the limits to work.

The city maintains a reduced core of manufacturing jobs, however healthcare, finance, IT, and professional services employ more people, though not necessarily at higher wages. This Plan seeks to facilitate the natural economic change from industrial to service and bring jobs to the city while relieving the hardship of families hurt by this flux.

<b>Employment of Winchester’s Workers</b>			
<b>Sector</b>	<b>Example</b>	<b>Workers</b>	<b>Percentage (and trend since 2005)</b>
Education, healthcare, social	Public schoolteacher	3,284	24.9 ↗
Retail Trade	Clerk at Wal-Mart	1,466	11.1 ↗
Arts, food service, hospitality	Cook at Snow White	1,904	14.5 ↗
Agriculture, forestry, mining	County quarry workers	252	1.9 ↘
Management, administrative, professional	Lawyer	1,342	10.2 ↗
Manufacturing	Continental	1,019	7.7 ↘
Public Administration	City planner	697	5.3 ↘
Other: construction, finance, IT, wholesale, and shipping	BB&T banker	2,469	18.78 ↗
(American Community Survey 2013-2017, Industry by Sex and Median Earnings)			

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## **Commuting Patterns**

Winchester's population increases during the workday. According to the Virginia Employment Commission 2014 Profile report, Winchester had more people commuting into the city to work than residents commuting out. Barely more than 4,000 persons both lived and worked in the city, down from the 2000 Census. The number of City residents commuting to jobs outside of the city was more than 8,200 persons. However, over 22,400 workers commuted into the city, nearly half of them from surrounding Frederick County. The net in commuting was over 14,281 workers, an increase from the 2000 Census.

According to the latest ACS five-year estimate, the average commute for workers residing in Winchester is 23.1 minutes. Commuting times have gradually increased over the last decade, though whether this is due to more people working farther away or to greater traffic congestion is not clear. There are some anomalies with commuting patterns when viewed at the Planning Area level in Winchester. About 18% of the workers residing in the Old Town/North Central area, where there is the highest concentration of opportunity for 'live-work' arrangements and the greatest concentration of walking and transit facilities, nonetheless commuted 45 minutes or longer to work. That compares with only 2% of the workers residing in the Northwest, and 8.1% in the East Central area.

## **Wage and Income Analysis**

According to the Virginia Employment Commission's 1st Quarter 2019 Census of Employment and Wages, the average weekly wage in Winchester was \$750. Broken down by industry, there are huge disparities. These range from a figure of \$1,858 for Federal workers down to \$338 for those working in Accommodation and Food Services.

Among the industries most prevalent in Winchester, the average weekly salaries for those sectors were as follows: Education (\$965), Healthcare and Social Assistance (\$1,135) Retail Sector (\$532), and Construction (\$814). Figures were suppressed for Agriculture, Forestry & Mining. Among the highest paying sectors, below Federal government, the next three highest sectors were: Management (\$1,434), and Healthcare and Social Assistance (\$1,135).

## **Poverty Status**

The official definition of poverty compares a household's income to a figure three times the cost of adequate food for that family. A family of four with two children and annual income less than \$25,750 is impoverished. For a single parent with one child, the threshold is \$17,308. The relationship of poverty rates between Winchester and Frederick County is similar to that of other Virginia cities and their surrounding counties. Rates of child poverty are notably higher than the rates for total poverty and especially among larger families with a female head of household where no husband is present.

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Approximately 26% of the region's ALICE (Asset-Limited, Income-Constrained, Employed), a category used to denote households that are not impoverished, but who lack considerable expendable income, reside in Winchester. See Table for more detail.

According to the 2014-2018 American Community Survey, the median household income in Winchester is \$53,797. The mean household income is \$75,613. Family income is higher, with the median income at \$66,557, and the mean at \$90,327. There are just under 5000 children under the age of 17 who are currently living at or below the poverty line, the majority are under the age of 12.

### **Educational Attainment**

While the employment distribution noted above clearly shows Winchester transitioning away from an industrial center, the education levels of adults (those 25 years of age or older) does not support significant expansion of high-paying service sector jobs. For this reason, improved adult education is identified as a key component of the City's economic sustainability strategy. Adult education rate estimates as included in the 2014-2018 American Community Survey indicate that about 80 83.1% of the adult population are high school graduates, only 33.9% of which have a bachelor's degree or higher.

With regard to on-time graduation rates at John Handley High School, the only public high school serving the City of Winchester, the 2019 on-time graduation rate for all students was 89.2% a 7-point increase from 2009. This compares with a Virginia rate of 91.50% which increase to 92.8% when GED or other certificate of completion figures are added in. On-time graduation rates for Winchester students of Hispanic origin was 85.5% as compared to a statewide figure of 80% for that cohort. Also, notably lower than the overall average was the on-time graduation rate for students with limited English proficiency which was 85.5% for Winchester and 71.1% statewide.

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City schools do not track how many students graduating from the local school system return home to live or work.

While Shenandoah University reports that 237 of 408 admitted freshmen are from Virginia high schools, there is not a documented count of how many are from Winchester and to what extent SU is really a local education resource. Likewise, there is not good data on how many SU graduates choose to settle and work in the city.

The City's construction of the new Shihadeh Innovation Center will provide opportunities in Health Sciences, Advanced Technologies, and Professional Skills to residents, without the need to attend a university. The building facilities will include medical, anatomy, physical therapy, cyber security programs, computer tech and welding labs, and a cybersecurity room. This in addition to the trade programs, which are facilitated and run by Laurel Ridge Community College (LRCC) (formerly Lord Fairfax Community College (LFCC)). Both Shenandoah University (SU) and LFCC provide opportunities for varying fields of medical research as well.

### **Economic Development Master Plan**

The Economic Development Master Plan has two listed objectives, which pertain to Winchester's economic development:

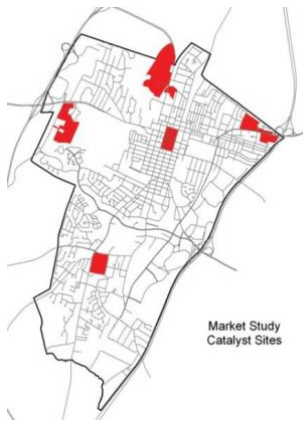
1. Encourage sustainable growth and partnerships through business and workforce development,
  - a. Increase the effectiveness of workforce development efforts by building on existing collaborative partnerships between the City and local organizations.
  - b. Increase the effectiveness of business retention, attraction, and expansion efforts.
  - c. Support local businesses through destination branding and marketing to visitors.
2. Promote and accelerate revitalization of catalyst and other areas throughout the city.
  - a. Continue to promote redevelopment/development of previously identified catalyst sites.
  - b. Identify additional targeted areas and promote redevelopment or development of areas not previously identified as catalyst sites.

Shown in red on the map below are Winchester's five "catalyst sites," parts of the city which have been deemed most in need of major development or redevelopment. These spots largely overlap with those identified by citizens during initial outreach efforts, namely 2019's SWOT analysis. The sites are examined more closely in Chapter 11, which focuses in on key redevelopment sites within each of the ten geographic planning

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areas. The five key redevelopment sites that were identified as catalyst sites in the analysis were:

- 1) The Downtown Area
- 2) Meadow Branch Avenue
- 3) National Fruit Area
- 4) Berryville Avenue Area
- 5) Ward Plaza Area



In 2019, city officials released the “Shaping Winchester” survey, which covered a range of subjects, including economic development. In response to the question “*What would you like Winchester to look like in twenty years?*” 77 responses involved businesses. A number of responses to questions regarding the multiple Corridor Enhancement Districts also emphasized a desire for greater economic development, specifically along the Valley Avenue and Berryville Avenue Corridors. These responses primarily included a desire for an increase in the number and quality of businesses along Berryville Avenue, and the redevelopment of Ward Plaza in Valley Avenue.

### **Revitalization Principles**

The Economic Development Master Plan notes that implementation of the catalyst site conceptual development plans should be multi-pronged. Action is needed simultaneously on a number of fronts. Partnerships between city and other governmental bodies and private property owners are critical to success. Approaches to implementation can be categorized as follows.

*Encourage Private Investment-* Private Investment in the catalyst sites needs to be encouraged. By working directly with property owners, construction of public improvements, and an array of regulatory incentives, private property owners can be attracted to invest in revitalization in ways that are consistent with the City’s principles and guidelines. The City can articulate, through design guidelines and policy statements, the actions that it wishes private property owners to consider. In order to provide greater

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flexibility in a changing market outlook, mixed-use development proposals should be encouraged over developments that consist of only residential or only nonresidential use.

Incentives beyond investments in public infrastructure make sense when a project yields clear and direct positive cash on cash returns on public investment. The City should publicize the various incentive programs available. Below is a list of a wide variety of potential incentives for developers and property owners:

- Dedicated bond issues
- Direct grants or loans through tax increment finance districts or from special assessments
- Tax abatements, credits, or waivers
- Below market gap financing
- Density bonuses or other zoning waivers
- Expedited permitting
- Grants of publicly owned land or property
- Collaborative public/private partnerships through Community Development Authorities

*Public Investment and Operational Changes-* The most direct way to encourage a physical change within the Catalyst sites is to use public resources to directly fund improvements and take what actions that the city can to transform the character of the areas around each site. Directing resources to support the maintenance and improvement of existing facilities helps to maintain the value of investments made by the private sector and puts the City in a better position to attract private investment in new construction and rehabilitation in the catalyst sites. For example, extending a street into an undeveloped area increases accessibility and opens this underutilized property for development.

Examples of specific recommendations for public sector improvements are listed in the Market Study. Not all can be pursued at once, and priorities need to be established for consideration as resources allow. Projects are categorized below by level of effort and expenditure required.

### Short Term (1-2 years):

- Work with individual property owners of all the catalyst sites to establish mutual objectives for revitalization or redevelopment and develop agreed-upon concept plans to pursue a public-private implementation approach
- Develop a marketing and branding strategy for City revitalization and integrate catalyst site redevelopment with the overall marketing strategy.
- Evaluate the possibility of further revisions to, or a complete rewrite of, the City's zoning ordinances.

### Medium Term (2-5 years):



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- Develop selected pedestrian improvements along portions of Valley Avenue and Pleasant Valley Road near the catalyst sites (crosswalks, planters, sidewalk improvements).
- Acquisition of Ward Plaza site to connect Taft Avenue to Middle Road (Potential to solicit private developers through an RFP for a public private partnership that would use and tax increment financing for most of the infrastructure. This will improve parking along with a partial rebate of up to 20% of the business taxes along with the local portion of sales tax).
- Improve pedestrian crosswalks and connections between key sites, the downtown and the City-wide trail system.
- Establish trolley service to connect select areas with downtown.
- Replace light fixtures and street furniture with a more historic character.

### Long Term (5-10 years):

- Develop a shared-use trail for bicyclists and pedestrians along selected railroad rights-of-way if they become vacant.
- Finish the Green Circle trail segments and tie into a sidewalk/trail system that links all the catalyst sites to each other and the downtown.
- Create civic open space in association with trails and redevelopment areas along Valley Avenue and Pleasant Valley Road.
- Place additional emphasis on grant writing to secure additional resources. Possibilities can include use of Community Development Block Grant 108 loan funds, more aggressive advocacy of tax credit programs related to historic properties, and funding from VDOT and the MPO for specific projects that improve the safety and character of individual development nodes along key corridors.

*Zoning Ordinance Rewrite-* Encouraging private investment is a good economic development strategy, however directly funding public improvements is necessary for those large-scale projects that cannot be accomplished otherwise. It is also necessary to adjust the City's current zoning regulations to remove obsolete barriers to investment, ensure the provision of needed public improvements, and guide the form of new private development consistent with other city goals.

There are three types of zoning adjustments that should be considered:

1. Market-based adjustments to allow activity that meets the City's revitalization objectives.
2. Requirements that prescribe standards and procedures to upgrade the overall character of new development.
3. Incentives to encourage activity of a type that cannot be required.

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(1) Market-based Regulatory Adjustments: Zoning regulations should not get in the way of property owners whose development goals are consistent with the City's own objectives. Revisions that would expand property rights while advancing the goals of this plan include permitting residential uses in commercial districts, allowing small-scale commercial uses in residential districts, allowing accessory apartments in dwelling units in or close to downtown, and allowing existing downtown uses to expand without triggering additional parking requirements.

(2) Regulatory Requirements: Zoning regulations can also be adjusted in a manner that requires new development (or redevelopment) to meet more rigorous standards, and/or to provide public infrastructure that will be needed as a result of the development. Examples include requirements for off-site improvements and expanded landscaping requirements, or to mitigate traffic impacts through contribution to the development of the greenway network or off-site road improvements.

(3) Regulatory Incentives: Zoning regulations can be adjusted in a manner that provides incentives for property owners to take actions that are in the public interest. The Zoning Ordinance can prescribe a structure and process for the use of the incentives described above. Formulas and rules clarify the expectations of developers and prevent the arbitrary use of subsidies. For example, a rule might permit greater residential density if a structure meets higher-level LEED certifications (silver, gold, or platinum). Or a project previously studied by special working groups might be exempted from some of the normal review processes.

In pursuit of these ideas to amend zoning regulations, the approach could take one of three potential routes:

- Amendments to the base zoning districts covering the catalyst sites
- Creation of one or more new overlay zoning districts for the sites and surrounding areas
- Modification of current PUD requirements to allow more flexibility to develop urban mixed-use projects as anticipated in the concept plans.

*Implementing a process to expedite plan and permit approval for catalyst sites-* The Master Plan emphasizes that prompt, thorough review of catalyst projects and the timely issuance of permits can reduce the holding cost of land for developers, which can make these projects more attractive. One stop shop, developer liaisons, priority review, and review deadlines are just a few ways the City can focus review resources on priority projects. The City should also encourage regulatory agencies to work together to make catalyst sites a high priority. Gaining political support from various review agencies can be done through behind the scenes networking or through a visible, institutionalized action.

In summary, the Economic Development Master Plan calls for catalyzing redevelopment in the City and identifying specific catalyst sites. Success will rely on the pursuit of all of

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the above actions, including Encouraging private investment, funding public improvements, making operational changes, and adjusting zoning regulations.

### **Citywide Economic Development Goal and Related Objectives**

Chapter 3 outlined the citywide goal and related objectives for Economic Development. In Chapter 11 identifies specific objectives and actions at the neighborhood level, within each of ten geographic Planning Areas. On a citywide basis, the adopted Economic goal is:

***Facilitate proactive and sustainable economic development that maximizes economic partnerships to improve the quality of life through increased earned income and prosperity for our citizens.***

The Citywide Economic objectives are:

- 1) Increase sales tax revenue accruing to the City and taxable land use.
- 2) Increase Median Household Income of City residents and increase income levels of all employable citizens.
- 3) Raise the average income of employees in Winchester.

*NOTE: These first three objectives were established by City Council during the 2009 Council Retreat and reiterated at the 2011 Council Retreat.*

- 4) Inventory buildings, properties, and areas of the city with underutilized potential.
- 5) Identify and facilitate new infrastructure development to enhance and stimulate commercial development.
- 6) Work with owners and investors interested in developing properties in the city.
- 7) Solicit interest in the community by prospective new businesses.
- 8) Make property owners, developers, and prospective new businesses aware of financing and incentive options available.
- 9) Proactively redevelop properties where needed to achieve maximum sustainable potential.
- 10) Preserve the vitality of the downtown area as a major economic center.

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Economic sustainability is enmeshed with environmental and social sustainability, which upcoming chapters of this Plan address. Likewise, public, and private investments in housing, mobility, and community facilities should all be evaluated with multiple lenses to determine the consistency of those investments or actions in relationship to the vision of the City and the major goals established by City Council.