

## *chapter 4*

# ECONOMIC SUSTAINABILITY



# 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. The city's recent economic trends are not sustainable and jeopardize its historic role as commercial hub. 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 2008.

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, and balance of small town feel within commuting distance of the big city. Among the listed Weaknesses and Threats were: aging city infrastructure, lack of affordable housing, lower than average educational levels, concern about the city becoming a magnet for dependent populations, relatively low income, cost of commuting, county development pulling business away from the city, unclear competitive niche, income inequality among residents, and concern about the university and medical center being non-taxable.

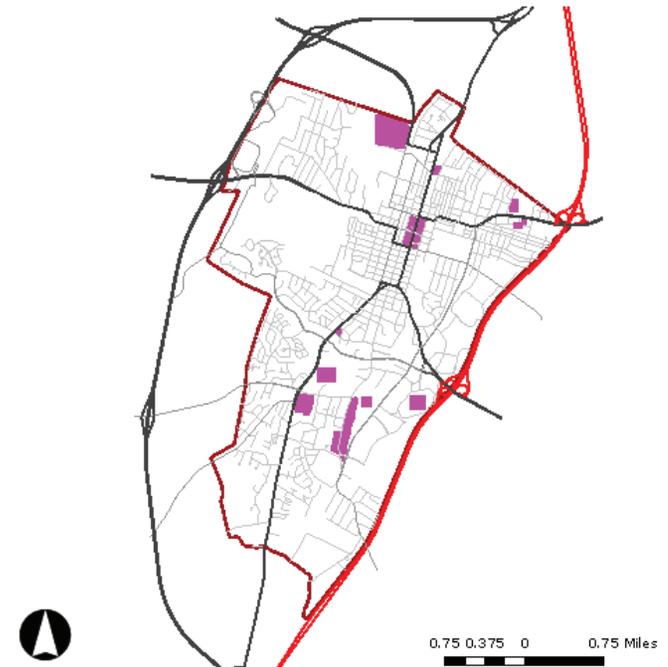
Participants agreed on many economic issues, including the need for revitalization and redevelopment of older, underused commercial and industrial sites like Ward Plaza and Zero Pack. Citizens found consensus on the need for continued historic preservation and rehabilitation work, especially in the downtown 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 educational levels in the local labor force, and the need to find a competitive niche for commercial and industrial growth.

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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 to preserve and others to change, add or improve. Among the key sites called out to change, improve or add were the following, shown in this map:

- Ward Plaza
- National Fruit
- Apple Valley Square (Former Martin’s Store) site
- Papermill Road corridor
- Old Town
- Coca-cola plant
- O’Sullivan’s
- Apple Blossom Mall
- Eastgate Plaza (former Nichols)
- Federal Mogul (Abex)
- Zero Pak (including the railroad land)



## CITIZEN SURVEY FINDINGS

In 2008, the City of Winchester undertook a [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 those services. Appendix 3 explains the survey in more detail, and the table on the right summarizes key results.

While the city’s current living and working conditions and overall quality of life received a strong endorsement, citizens felt less confident about the future. Only a slim majority of those surveyed believed to city to be moving in the right direction. This finding supports the need for long range, comprehensive planning and changes in the city’s trajectory.

<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	19	12
Place to live	81	13	7
Quality of life	79	15	6
Moving in the right direction	52	28	20

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

- Use of Land
- Character & Condition of Existing Development
- Trends of Growth or Change
- Employment & Economic Factors and Needs

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 2009, the Census estimated Winchester’s population at 25,977. Of these, 21,019 were over age 16. However, the city labor force was 14,592: over 6,000 chose not to work due to retirement, disability, continuing education, or some other reason. 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 on the right show how Winchester is transitioning away from its historically notable industrial past into a twenty-first century service economy. The table shows the sectors in which Winchester’s residents work, not the sources of employment within the city. Almost all of the agricultural and mining workers, for instance, go outside the city limits to work. Construction has fallen from over 10 percent of the workforce in early 2008 to less than 8 percent today; it is not clear how many of those jobs will return. The city maintains a reduced core of manufacturing jobs, but healthcare, finance, IT, and professional services employ more people, though not necessarily at higher wages. This Plan seeks to facilitate the natural economic change and bring jobs to the city while relieving the hardship of families hurt by flux.

<b>Employment of Winchester’s Workers</b>			
<b>Sector</b>	<b>Example</b>	<b>Workers</b>	<b>Percentage</b> (and trend since 2005)
Education, healthcare, social assistance	Public schoolteacher	2,695	19.7 ↗
Retail Trade	Clerk at Wal-Mart	1,773	12.9 ↗
Arts, food service, hospitality	Cook at Snow White	1,488	10.9 ↗
Agriculture, forestry, mining	County quarry workers	1,427	10.4 ↘
Management, administrative, professional	Lawyer	1,305	9.5 ↗
Manufacturing	O’Sullivan Films	1,146	8.4 ↘
Public Administration	City planner	549	4.0 ↘
Other: construction, finance, IT, wholesale and shipping	BB&T banker	3,323	24.2 ↗
Unemployed (5-year average)		886	6.0 ↗

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## COMMUTING PATTERNS

Winchester's population increases during the workday. According to the 2000 Census, Winchester had more people commuting into the city to work than residents commuting out. Slightly more than 6,000 persons both lived and worked in the city. The number of City residents commuting to jobs outside of the city was a little less than 5,900 persons. However, over 16,000 workers commuted into the city, nearly two-thirds of them from surrounding Frederick County. The net incommuting was over 10,200 workers.

According to the more recent 2005-9 American Community Survey, the average commute for workers residing in Winchester is 20.4 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 16 percent 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 8-9 percent of the workers residing in the Northwest, North Central, and East Central areas of the city.

## WAGE AND INCOME ANALYSIS

According to the Virginia Employment Commission's 1st Quarter 2010 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 \$1,682 for Federal workers down to \$268 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 (\$710), Healthcare and Social Assistance (\$961) Retail Sector (\$421), and Construction (\$714). Figures were suppressed for Agriculture, Forestry & Mining. Among the highest paying sectors, below Federal government, the next three highest sectors were: Management (\$1,296), Manufacturing (\$1,153), and Finance and Insurance (\$1,075).

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## 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 \$22,162 is impoverished. For a single parent with one child, the threshold is \$15,063. According to the U.S. Census Bureau's Small Area Income and Poverty Estimates prepared in December of 2010, Winchester had an overall poverty rate of 16.3 percent in 2009. It was 12 percent in 2007. By comparison, surrounding Frederick County had an overall poverty rate of 9.2 percent in 2009, up from 6.6 percent in 2007. 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.

## 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 educational rate estimates as included in the 2005-2009 American Community Survey indicate that about 80 percent of the adult population are high school graduates, but only 28% 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 2009 on-time graduation rate for all students was 82.9%. Adding in the 15 students who received a GED or other certificate of completion, the rate increase to 87.5%. This compares with a Virginia rate of 83.2% which increase to 87.2% when GED or other certificate of completion figures are added in. On-time graduation rates for Winchester students of Hispanic origin was 53.7% as compared to a statewide figure of 72.3% for that cohort. Also notably lower than the overall average was the on-time graduation rate for students with limited English proficiency which was 48.6% for Winchester and 68.8% statewide.

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

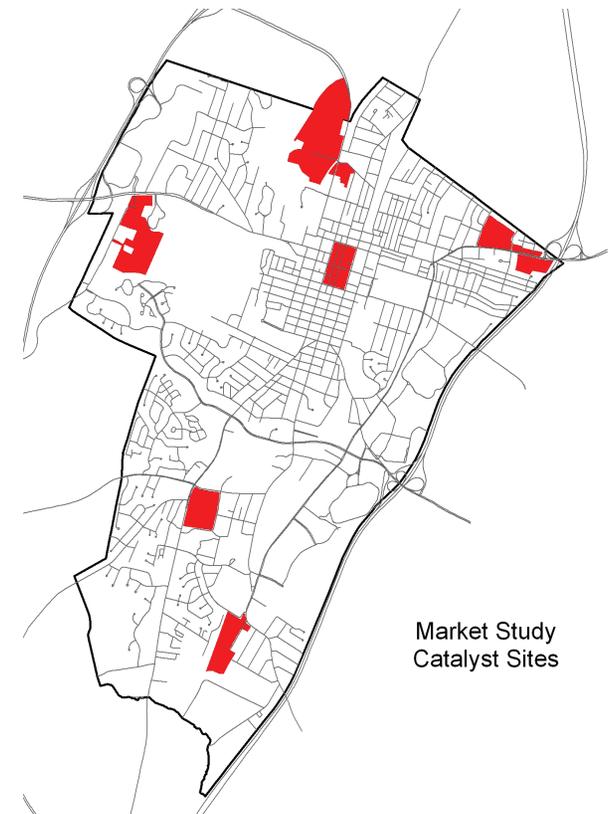
While Shenandoah University reports that 237 of 408 admitted freshmen are from Virginia high schools, there is not a documented count of how many are from Winchester and to what extent SU is really a local education resource. Likewise there is not good data on how many SU graduates settle and work in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

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## ECONOMIC DEVELOPMENT MASTER PLAN

The Winchester Economic Development Authority engaged the Comprehensive Plan consultant together with S. Patz & Associates, Inc., a real estate consulting firm, to prepare an Economic Development Master Plan. This closely related effort entailed the undertaking of a market analysis for various types of economic development including commercial retail, hotel, office, assisted living, and multifamily residential development in the Winchester-Frederick County market. The Study examined six potential Catalyst Sites in the City. Shown in red on the map on the right, the catalyst sites largely overlap those identified by citizens during the initial outreach efforts. The sites are examined more closely from a Comprehensive Plan perspective in Chapter 11 which focuses in on key redevelopment sites within each of the ten geographic planning areas. The six key redevelopment sites that were identified as catalyst sites in the Market Study were:

- 1) The Downtown Area
- 2) Meadow Branch Avenue
- 3) National Fruit Area
- 4) Berryville Avenue Area
- 5) Ward Plaza Area
- 6) S. Pleasant Valley Road Extended Area



## REVITALIZATION PRINCIPLES

The Economic Market Study and Master Plan noted 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. Through working directly with property owners, construction of public improvements, and an array of regulatory incentives, private property owners need to 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 flexibility in a changing market outlook, mixed-use development proposals should be encouraged over developments that consist of only residential or only nonresidential use.

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Incentives beyond investments in public infrastructure make sense when a project yields clear and direct positive cash on cash return 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 the actions that the City can to transform the character of the areas around each site. Directing resources to support the maintenance and upgrade of existing facilities helps to maintain the value of investments made by the private sector and to better position the City 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 and private implementation approach
- Develop a marketing and branding strategy for City revitalization and integrate catalyst site redevelopment with the overall marketing strategy;
- Revise the zoning ordinance (see specific recommendations below) to align with the City's revitalization objectives and the concepts for the catalyst sites

## Medium Term (2-5 years):

- Develop selected pedestrian improvements along portions of Valley Avenue and Pleasant Valley Road near the catalyst sites (crosswalks, planters, sidewalk improvements);

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- Potential condemnation of Ward Plaza site to connect Taft Avenue to Middle Road (Potential to solicit private developers through a RFP for a public private partnership that would use CDA financing and tax increment financing for most of the infrastructure including the parking along with a partial rebate of up to 20% of the business taxes including 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;
- Develop 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;
- Look for opportunities to create a Community Events Center in or near one of the catalyst sites
- Develop more 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. Directly funding public improvements is necessary for those large-scale projects that cannot be accomplished otherwise. Thirdly, 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.

(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.

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(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 LEED certifications. 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 shops, 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 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:

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*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.
- 2) Increase Median Household Income of City residents.
- 3) Raise the average salary of jobs 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 options available.
- 9) Proactively redevelop property where needed to achieve maximum sustainable potential.
- 10) Preserve the vitality of the downtown as a major economic center.
- 11) Increase income levels of all employable citizens in order to facilitate improved prosperity and quality of life.

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.