

Chapter 7: Economic Development

Chapter Overview

Economic development is an essential activity of local governments. They act to make local markets work more efficiently; they supply infrastructure, such as roads, water, and sewer; they collect taxes; and they regulate use of the land, buildings, and activities that take place on the land. Economic development involves public sector collaboration with private entities to promote and improve local economies. Successful economic development requires cooperation among government, business, educational institutions, and civic organizations.

Communities also compete with each other, both regionally and in an increasingly global marketplace. When business and industry have so many choices of places to locate—now that most of them are no longer required to locate near natural resources—to attract those businesses a city must capitalize on local assets, such as a skilled workforce; quality transportation resources; comprehensive telecommunications services; good climate; proximity to cultural, educational, natural, and recreational resources; and availability of attractive housing and retail opportunities, among others. Many of these assets are interconnected. For example, a quality public educational system is an essential prerequisite for a skilled workforce. The importance of Lynchburg Public Schools and Central Virginia Community College cannot be understated as a means of maintaining a skilled workforce. A city whose economic development objectives complement those of the surrounding localities will have a stronger base to attract new business and retain existing businesses.

The goals of an economic development program include a combination of: job creation, job retention, tax-base creation, increase in property values, retention of wealth, reduction of poverty, economic stability, and economic self-sufficiency.

Economic development is one of Lynchburg's priorities. Closely related priorities are the Downtown Fifth Street and Midtown Development/Redevelopment efforts and the enhancement of real estate value throughout the City. In an older city like Lynchburg with limited vacant land and significant topographical constraints, redevelopment of previously developed sites and underutilized or vacant buildings is an important part of economic development.

Context

In several respects, Lynchburg is an economically favored city. From its auspicious beginnings at the site of the safest place in the area to cross the James River, to the decision around 1800 to process tobacco locally rather than send it to Richmond, Lynchburg became the commercial and social center of the region. The James River & Kanawha Canal came to the City in the mid-1800s, as did the railroad, after citizens voted to finance it themselves. State lawmakers then agreed to provide half the funds for the railroad.



Because it did not suffer the devastation during the Civil War that affected many other parts of the state, the City was able to get back to business shortly afterwards. Tobacco was again the major product. But, by late in the 1800s, North Carolina tobacco became more desirable for the new machine-made cigarettes. So, Lynchburg turned from heavy reliance on that industry to others, including pharmaceuticals, shoes, textiles, and foundries. These industries continued to be the economic backbone of the area until the end of World War II. After the war, the City experienced commercial growth, but began to struggle with competition from foreign imports during the 1950s. The closing of some of these older industrial employers was, fortunately, offset by the relocation to Lynchburg of new industries, such as General Electric and Babcock & Wilcox. Ever since, Lynchburg has pursued a multi-industry approach to economic development. This diversified approach has served the City well and continues to be its goal.

Current economic development efforts are focused on retention and expansion of existing businesses throughout the City, along with redevelopment of the Downtown, Midtown and the Fifth Street Corridor. More information about these areas is included in the plan summaries in Chapter 3.

Partners in economic development efforts continue to be the major industry sectors in the City, as well as our smaller businesses, and Virginia's Region 2000 Partnership, the Greater Lynchburg Chamber of Commerce, Lynch's Landing, and City government, especially the Office of Economic Development and the Lynchburg Economic Development Authority. In addition to coordinating with economic development entities throughout the region, the City emphasizes the importance of coordinating economic development with the City's long-range planning and community development efforts.

Lynchburg's MSA includes: the town of Bedford, and Amherst, Bedford, Appomattox and Campbell counties. Focusing on the MSA rather than just the City incorporates the regional impacts of growth and development and is a more accurate reflection of commercial, retail, office, and industrial markets. It recognizes the fact that people who live in one of the surrounding counties may work and shop in Lynchburg, and conversely Lynchburg should continue to be the region's retail and commercial hub, while coordinating its economic development efforts with those of the surrounding counties and the town of Bedford.

The City places a strong emphasis on understanding the fiscal impacts of economic development initiatives. When a proposed program of development for a site, the City evaluates following potential economic impacts:

- Construction investment
- Temporary construction income/state income taxes during construction
- Permanent new jobs/new annual state income taxes
- Net new annual City property taxes
- New annual retail sales taxes
- New residents
- Retail and restaurant space supported by new employees and residents

Challenges

Lynchburg, now a city of 50 square miles, has a limited amount of vacant land remaining. One reason is the topography; many sites are sloped (some steeply) or crossed by one of the City's many streams. Sites for buildings requiring large floorplates or large, flat parking areas are the most limited. There are many more sites available for smaller businesses.

A number of sites have vacant buildings of varying sizes and conditions. Future users of these sites face either renovation of the buildings or demolition and new construction. The added cost of dealing with these existing buildings must be factored into a company's expansion/relocation calculations. The City should look into additional incentives to encourage businesses to reuse previously developed sites. Reuse would both lessen demand for "greenfield" sites, some of which would be outside the City, and preserve the City's remaining vacant sites for those users that required them.

The Plan Framework Map included in Chapter 6 identifies several areas in which the City would like to focus new businesses. Concentrating businesses, rather than scattering them throughout the City, means business users are more likely to meet their needs in the same area. Less travel will be necessary, thereby lessening traffic congestion, and businesses in the same area can market their proximity. These focus areas are along major corridors, such as Lakeside Drive (the future Crosstown Connector), Old Forest Road, and Wards Road, among others. Other areas are the City's three major business/technology and employment areas: Lynchpin Industrial Center, Lynchburg Center for Industry and surrounding properties and First Lynchburg Industrial Park. Great care needs to be taken by the City during planning for these areas to encourage the most appropriate uses, based on type of business and space needs.

Development, particularly retail, has followed a pattern that reflects nationwide trends. From its founding as a City, the downtown area was the major retail location. Then, in 1960, the Plaza Shopping Center was built at the intersection of Lakeside Drive and Memorial Avenue. Many retailers moved from downtown to the Plaza, beginning the downtown's decline. In the 1980s, many of these same retailers joined others to move to the River Ridge Mall. Most recently in the late 1990s, new "big box" retail development has focused on Ward's Crossing, the new "power center," and the immediately surrounding area. As noted on the Future Land Use Map, the City has three levels of retail, based on market served: neighborhood, community, and regional. The smallest businesses are neighborhood serving ones where most of the patrons will either walk from the surrounding neighborhood or drive a short distance. Community commercial will feature those businesses that will attract customers from throughout the City; a customer might drive across town. The largest retailers are those which will attract customers from throughout the region, well beyond the City limits. Retailers in Ward's Crossing are examples of regional commercial.

The City, along with Lynch's Landing, is partners with developers to revitalize the downtown by encouraging "mixed use" to renovate existing buildings. The Office of Economic Development works to attract unique retailers and other commercial businesses to create or expand a business in these distinctive spaces, which celebrate the City's past while embracing

the future. There are a number of incentives available to facilitate this process. The City is also providing infrastructure improvements to support the revitalization process.

The City faces a number of issues. First, the City will work to persuade businesses to locate in the City. If an appropriate City site is not available, then the business will be referred to other sites in the region. As the number of vacant sites, especially large ones, in the City decreases, large parcels just outside the City limits will become increasingly attractive to retail developers. Because of the separation of cities and counties in Virginia, loss of a business to a location just outside the City limits in one of the surrounding counties means that the City will lose sales tax and possibly other revenues.

In order to make the best use of limited land resources and to identify possible incentives for location and expansion of business in the City, the Office of Economic Development has prepared an Economic Development Strategic Plan. Along with the goals, objectives, and strategies in Chapter 3, the Economic Development Strategic Plan will serve as the basis for sound economic planning in Lynchburg.