

# Economy

## Goals

### *The City will:*

- Retain the existing businesses and attract new businesses, with a focus on industries that maintain or raise the income level of residents, expand the tax base and enhance the quality of life.
- Pro-actively facilitate compatible, clean future economic development opportunities.
- Enhance the City's economic base through the expansion of progressive business initiatives such as history, nature and recreation-based tourism industries and telecommuting options.
- Maintain a moderate and reasonable tax rate to support an optimum level of city services.
- Capitalize on water-related commerce and the yachting market by providing or encouraging support services.
- Maintain and enhance the strength of the local agricultural industry.



## Overview

The City of Chesapeake has experienced considerable success in its economic development efforts. It is now facing, however, increasing competition for economic growth and sustainability from localities around the world, as well as within the Hampton Roads region. If the City is to continue this success, it must remain cognizant of internal and external challenges to its long range competitiveness and fiscal health.

While the Economic Development Department maintains a strategic plan to guide its operations, the City needs to take certain actions at the macro level to create an environment that recognizes its fiscal needs, its responsibilities to the business community, and its ability to support the generation and sustainability of revenue sources.

## **Issue One: Increasing the Inventory of Commercial Properties**

While Chesapeake's land area of 353 square miles is significant, the City's existing inventory of developable commercial land (office, industrial and retail) is limited by several factors:

- The success of attracting businesses to existing business parks has limited the availability of product for new and expanding companies

- Local, state and federal environmental restrictions (approximately forty-four percent of the City's land area is comprised of wetlands, and thirty percent is protected as conservation areas)
- Competition for large tracts of land among various municipal activities (schools, public safety, parks and recreation)

Opportunities for infill and redevelopment exist throughout the City, but they cannot meet current or anticipated market demands for business development. The City's last Comprehensive Plan had identified approximately 1,500 acres of land in the Bowers Hill area for future industrial park development, but changes in the state and federal wetlands policies removed that property from the City's inventory, with no replacement identified.

Based on the 2004 Old Dominion University Center for Real Estate Market Survey, commercial vacancy rates in Chesapeake continue to fall, and remain below the regional average:

#### **INDUSTRIAL VACANCY RATE**

	<b><u>2003</u></b>	<b><u>2004</u></b>
- Greenbrier Area	4%	1.49%
- Bainbridge Blvd	3%	3.15%
- Cavalier Area	9%	5.5%
- Hampton Roads	8%	6.0%

#### **OFFICE VACANCY RATE**

	<b><u>2003</u></b>	<b><u>2004</u></b>
- Chesapeake/Greenbrier	14.40%	9.80%
- Hampton Roads	14.3%	13.1%

#### **RETAIL VACANCY RATE**

	<b><u>2003</u></b>	<b><u>2004</u></b>
- Greenbrier/Battlefield	10.90%	7.75%
- Chesapeake Square	13.22%	11.96%
- Great Bridge	11.28%	8.59%
- Campostella Square	3.38%	2.69%
- Hampton Roads	11.64%	11.19%

The City can confidently anticipate several trends in commercial development to continue:

- Mixed use developments that combine business functions (office, industrial and research), retail, entertainment, educational and residential components in one development
- Office demand will be mixed among campus and high density users, mid- and large-scale research facilities, and smaller professional services providers; parking decks will most likely be necessary in higher density office environments
- Demand for logistics centers will continue to expand to accommodate spin-off activities from the growth of the region's port activities
- Continued growth of small businesses will maintain demand for industrial park properties in the 1 to 5 acre range, supporting buildings of 10,000 to 50,000 square feet and their associated outdoor storage needs

**The City will identify opportunities to expand its inventory of commercially-zoned property.**

**Strategies:**

- The City will proactively work with the private development community to create new office, industrial and logistics parks, as well as mixed-use developments. The City will place high priority on identifying opportunities for the creation of large business and/or mixed use developments. The City will also work closely with the private sector to ensure these opportunities are maximized to maintain an adequate inventory of available commercial property.
- The City will proactively support appropriate redevelopment and infill development opportunities.
- The City will identify ways to creatively overcome environmental obstacles to the development and redevelopment of commercial properties.
- The City will promote the creation of necessary infrastructure support systems for new and existing business developments.
- The South Norfolk Enterprise Zone program will be continued beyond initial enabling legislation and the Zone will be encouraged for full use by eligible businesses.
- Opportunities for additional Enterprise Zone designations will be sought.
- The Economic Development Department and the Chesapeake Redevelopment and Housing Authority will work cooperatively to identify innovative ways to maximize redevelopment opportunities in the City.

**Issue Two: Providing Infrastructure Support for Commercial Development**

In order to maintain the City's global competitiveness for attracting and retaining companies, its infrastructure plans and policies must be flexible enough to accommodate the creation of new business and mixed use developments (infrastructure includes roads, water, sewer and telecommunications).

**The City will identify opportunities to meet the technology needs of its businesses and citizens.**

**Strategies:**

- Chesapeake will promote and build technology transfer opportunities for the local business community.
- The City will actively partner with regional technology organizations to expand the area's technology-intensive and innovative business base.
- The City will partner with local, regional and national medical service and research facilities to expand local medical technology capabilities.

- The City will promote the creation of a wireless communications system for its business districts and residential neighborhoods.

### **Issue Three: Maintaining a Qualified and Available Workforce**

One of the most critical elements to maintaining a successful economy is having an available, talented workforce. Even though the unemployment rates for Chesapeake and Hampton Roads are consistently below the state and national averages, the City has been able to meet this challenge in the past by coupling sustainable residential growth with a steady supply of exiting military members and the area's high concentration of college students. Since the late 1990's, Chesapeake is no longer one of the fastest growing localities in the United States and the unemployment rates for the City and region remain below state and national averages. Changes to the nation's military force structure have a major impact on the local area and its labor force. If Chesapeake is to continue attracting and retaining quality businesses, a qualified workforce must always be available. It is vital that sufficient residential growth occur, at least meeting the City's target annual growth rate, in order to provide this workforce, and to protect the City's important retail base against increasing competition from neighboring localities.

**The City will strive to provide an available and qualified workforce for its businesses.**

#### **Strategies:**

- Public and higher education systems will be integrated into business and workforce development activities
- The City will partner with local educational institutions and workforce development organizations to expand educational and training opportunities to meet the needs of the business community and the City's residents.
- The City will strive to maintain an adequately sized workforce, both locally and regionally, to meet the employment needs of its businesses. It will also strive to ensure that the workforce can effectively commute between work and home.



## **Issue Four: The Attraction of New Companies to the City**

New companies that diversify the current economic base have the potential for many benefits to the City and region. These benefits include an elevated image and quality of life; spin-off growth; creating diverse job opportunities; and the long range fiscal health of the City.

### **The City will continue to expand the diversity of its economic base.**

#### **Strategies:**

- An aggressive marketing and business attraction strategy will continue to be used to augment state and regional economic development organization efforts.
- The City of Chesapeake will continue to create a business environment that is attractive to the global business community.
- The City will continue to support and encourage the growth of businesses owned and operated by women and minorities.
- The City will partner with the business community to create and maintain safe working and living environments.
- The City will promote the creation of innovative business assistance programs for new and existing companies.
- The City will continue to support the growth of its small business community.
- Opportunities for retail trade will be increased within the city for residents, business employees, and visitors by creating major regional destination centers in Chesapeake (entertainment, retail, and/or recreational) that increase the retail and entertainment dollars spent in the City by residents, employees, and visitors.
- Tourism opportunities will be identified and promoted within the City as a means to support Chesapeake's retail sector.



## **Issue Five: Creating Opportunities for Businesses to Grow**

The success of existing businesses of all sizes is crucial to the City's long range fiscal stability. They account for approximately eighty percent of Chesapeake's annual business growth, and play a vital role in the City's attractiveness to potential new companies. Existing businesses also provide crucial support to a wide variety of community activities, including recreation, education, arts, and charities.

**The City will create and implement a proactive business retention program.**

**Strategies:**

- The image of Chesapeake as a business friendly city will be promoted by advocating the continuous review and improvement of the City's development review process.
- The City will commit to strengthening its image as a dynamic, progressive home for businesses.
- The City will integrate the needs and realities of the business market into its lifestyle enhancement, development review and environmental conservation decision-making processes.
- The City will identify and maximize opportunities to partner with its business community in elevating Chesapeake's status as a great place to live, learn, work, and play.
- Partnerships among the City, its businesses and the community will continue to be encouraged.

**Issue Six: Promoting Unique Economic Development Opportunities**

Notwithstanding other goals and strategies contained within this chapter for promoting overall economic development, it is recognized that in light of increasing competition for economic growth, the City will benefit from identifying and strategically promoting unique economic development opportunities that may be available throughout Chesapeake. To help ensure the successful accommodation of unique economic development opportunities, it is vital to identify criteria to recognize, define and assist these unique uses in locating to the City.

**The City will recognize and promote unique economic development opportunities.**

**Strategies:**

- The location of a unique economic development use should be prohibited in the NSA Northwest Annex ROTHREMI Prohibited Clear Zone and Prohibited Zone and should be discouraged within the 5-mile ROTHREMI Military Influence Area/Region of Influence, as identified on the Navy's official maps.
- When a proposed unique economic development use is located within any of the Noise Zones and/or Accident Potential Zones as shown on the U.S. Navy's official JLUS/AICUZ map, the proposed use should be carefully evaluated as to its conformance with Table 1 of the map entitled "Land Use Compatibility Within Noise Zones and APZs," as well as the provisions of Section 12-400 of the City's Zoning Ordinance entitled "Fentress Airfield Overlay District."



- The location of a unique economic development use should be consistent with the provisions of the Northwest River Watershed Protection District, when said use is located within the area covered by this district, as shown on the City's office maps.
- The location of a unique economic development use shall not be dependent on a commitment by the City to provide public utilities to the subject site; furthermore, the entity's provisions for sewerage facilities should be carefully evaluated for conformity with the Comprehensive Plan and the requirements of the Chesapeake Health Department or Department of Environmental Quality.
- The location of a unique economic development use should be compatible with present uses and documented future plans for adjacent conservation lands such as the Great Dismal Swamp Wildlife Refuge, Virginia Department of Conservation and Recreation Cavalier Tract, Nature Conservancy holdings, U.S. Army Corps of Engineers jurisdictional wetlands, and similar resources.
- A "unique economic development opportunity" would be defined as a commercial or industrial use that has not typically occurred in Chesapeake, preferably a high-technology enterprise operated by a single entity that would not include residential uses. A unique economic development use should also be capable of generating a significantly positive fiscal impact when evaluated by the City's fiscal impact analysis model. Furthermore, there would be an expectation that a unique economic development use will generate major economic benefits that have citywide impact through investment and creation of new employment opportunities that result from locating significant headquarters, administrative or service sector operations in Chesapeake.
- Recognizing the potential diversity of options for the minimum size and geographic location of land tracts needed to accommodate unique economic development opportunities, it is recommended that the criteria contained in the Zoning Ordinance for locating planned unit industrial park districts (PUD-IP) be used as a comparable benchmark, preferably on tracts of land ranging in size from a minimum of 15 acres upwards, generally contained within 5 or fewer contiguous parcels.
- Areas and/or sites identified for a unique economic development use should be consistent with the Comprehensive Plan and accompanying Land Use Plan and Master Transportation Plan. Notwithstanding this policy or any other applicable City policy or ordinance, consideration may be given for a unique economic development use to occur outside the Public Utilities Franchise Area, if public utilities are not necessary.
- The unique economic development opportunity would be required to follow existing development review processes where applicable, including any needed Public Utility Franchise Area expansions, rezoning, and subdivision or site plan review.