



# Economic Development STRATEGIC PLAN



Hanover County Department of Economic Development

Adopted May 13, 2009



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The Board of Supervisors adopted the following County Economic Development Mission Statement:

**“To encourage and support the growth of existing and future businesses in Hanover County in a manner that recognizes the strengths and unique qualities of our County, complements our residential needs, preserves the character and history of our communities, contributes to our financial security, and is closely coordinated with the economic health of both Central Virginia and the Commonwealth.**

**In addition, we commit ourselves to ensuring sound and efficient government with citizen and business involvement to be encouraged through a strong County commitment to communication, continuing development of a highly trained and educated workforce, and providing for a safe, economically strong County.”**

This Economic Development Strategic Plan is intended to guide the direction and focus of Hanover County’s economic development program. The goals, objectives, and policies outlined in the Plan provide the foundation for the work program of the Department of Economic Development. Moreover, these policies provide a framework for guiding other County-sponsored activities that may affect the economic environment but do not fall within the scope of responsibility of the Department of Economic Development, such as the Comprehensive Plan. The Board of Supervisors will review the results of this plan annually and make revisions as necessary. In addition to the goals, objectives, and policies, the Department of Economic Development has developed a set of benchmarks, which should be evaluated at least annually, to determine if the Strategic Plan is meeting its goals. These benchmarks are typically provided as part of the Department’s annual report to the Board of Supervisors.

The underlying theme of this Strategic Plan is that Hanover County recognizes the importance of creating a solid economic base to ensure the economic viability and sustainability of Hanover County’s unique quality of life. Hanover County must embrace its business sector as a vital component of a balanced community and commit to policies that reinforce the County’s positive business climate.

The Strategic Plan is comprised of two elements:

1. Goals, Objectives, and Policies
2. Background Analysis

The Goals, Objectives, and Policies element establishes the County’s future economic development direction. The Plan includes four major goals:

- Expansion of the tax base
- Economic stability
- Job retention
- Job creation

The Plan establishes four major objectives designed to achieve the goals above. The objectives include:

- New Business Attraction
- Business Retention and Expansion
- Agriculture and Forestry
- Tourist and Convention Services

New Business Attraction targets include:

- Advanced Manufacturing
- Life Sciences, including Healthcare
- Information Technologies
- Finance, Insurance, and Securities
- Creative and Knowledge-Based Services
- Logistics and Supply Chain
- Agricultural and Forestryrelated Industries
- Tourist and Convention Services

Finally, the Plan establishes policies designed to achieve the goals and objectives. These include policies for:

- Land Use
- Economic Development Zones
- Infrastructure
- Incentives
- Tax Structure and Utility Fees
- Customer Service
- Retail Development
- Workforce Development
- Entrepreneurship

The Background Analysis provides an overview of current economic trends in Hanover County. This analysis identifies the major themes, which the goals, objectives, and policies address. Six major themes emerged from the background analysis:

- The County should facilitate the retention and expansion of its existing businesses.
- The County should continue to diversify its economic base.
- The County should encourage development of sufficient business and office parks for both new and existing business development.
- The County should ensure timely approvals from appropriate permitting authorities to meet project deadlines for both new and existing businesses.
- The County should maintain quality development standards without being overly burdensome to business development.
- The County should continue its strategy for competitive business incentives.

The Background Analysis is included as an appendix to the Plan so that it can be revised as demographics change without affecting the goals, objectives, and policies of the Plan.

The appendix includes information about:

- Population Growth
- Labor Force Growth
- Commuting Patterns
- Employment Distribution
- Income
- Taxable Sales Growth
- Tax Rates
- Enterprise Zones
- Commercial and Industrial Space Availability
- Economic Development Plan Update Process



## Goals

The goals of the Economic Development Strategic Plan are:

- Expansion of the tax base
- Economic stability
- Job retention
- Job creation

### Expansion of the Tax Base

The creation of additional quality tax base is important to Hanover County because it helps fund the cost of government services used by County residents. Capital-intensive businesses help create a higher tax base for the County. Businesses generate real estate, personal property, and machinery and tools investment that add substantially to local tax revenues. Retail businesses contribute significant sales tax revenue, in addition to real estate and personal property tax revenue. This higher tax base helps pay for the costs of schools and other public services needed by County residents.

### Economic Stability

Achieving economic stability is another important objective of the County's economic development strategy. Small, early stage businesses are particularly affected in a cyclical economy because they need about six years of successful operation before they reach stability. Existing businesses may fail and new start-up businesses may never begin if the local economy experiences exaggerated effects of national economic cycles. A diverse economy in Hanover County will help mitigate the affects of economic cycles and will help maintain local employment and revenue streams during difficult economic periods.

### Job Retention

Job retention is another important component of Hanover's economic development strategy. Each job retained in Hanover County benefits the community as much as each new job created. Job retention, however, is more difficult to measure because the threat of a firm leaving the County or ceasing its operations is difficult to assess. Hanover County has established the Business First program which interviews approximately 100 existing businesses each year. This program allows the Department of Economic Development to monitor issues important to the existing business community.

## Job Creation

Job creation is also an important objective of Hanover's economic development strategy. In Hanover County, job creation is important but should focus on key occupations and industries that provide quality jobs for County residents. The businesses that Hanover recruits should match the labor skills that are readily available in the community or skills that can be developed in a timely manner and the new jobs created should assist in increasing household wealth; Hanover County currently has a mismatch between the types of jobs offered by County businesses and the skills of the County's labor force. Currently, Hanover has a net out-commute of about 9,000 residents to jobs at other locations in the region. Hanover County is seeking to achieve a jobs:labor force ratio of 1:1 so that County residents might have the option of both living and working in the County. Both job retention and job creation help the County achieve this benchmark.



## Objectives

### New Business Attraction Targets

1. Establish business recruitment targets that further diversify Hanover County's economic base, add wealth to the community by providing wages and salaries above the countywide average, and maximize local revenues.
2. Seek business development that is environmentally compatible with neighboring land uses, while adhering to the future vision for Hanover County's development as reflected in the adopted Comprehensive Plan.
3. Seek businesses that best support, sustain, and complement anticipated residential growth, by providing employment opportunities commensurate with education, skill levels, and abilities of local residents.
4. Determine the feasibility of developing a business incubator (either physical or virtual) within Hanover County. Business incubation is a business support process that accelerates the successful development of start-up and fledgling companies by providing entrepreneurs with an array of targeted resources and services. A business incubator's main goal is to produce successful firms that will leave the program financially viable and freestanding.
5. Seek food processing, agricultural, and forest products companies as recruitment targets to effectively capitalize on the agricultural interests that exist in Hanover County.
6. Capitalize on biotechnology companies engaged in research and early stage production at the Virginia Biotechnology Research Park in Richmond.

The industry sectors outlined below are those in which above average growth is anticipated over the next five years. These sectors are also compatible with those being targeted by the marketing efforts of the Greater Richmond Partnership and the Commonwealth of Virginia's economic development initiatives for the "Golden Crescent." Salary levels, on average, are increasing for these sectors and thus, can add wealth to the community. Success in recruiting these industries will also depend on a supportive Comprehensive Plan, which provides a variety of appropriate business locations and housing options. These target industries include, but are not limited to, the following:

#### **Advanced Manufacturing**

- Electronics and microelectronics
- Aerospace and Defense
- Paper and Specialty Packaging
- Alternative Energy





### Life Sciences

- Healthcare
- Medical Devices
- Pharmaceuticals
- Biotechnology, including Agricultural Biotechnology



### Information Technologies

- Telecommunications
- Data Centers
- Publishing
- Software Development
- Cyber Security



### Finance, Insurance, and Securities

### Creative and Knowledge-Based Services

- Advertising and Public Relations
- Engineering and Architecture
- Scientific and Technical Consulting



### Logistics and Supply Chain

- Wholesale Distribution
- Warehousing
- Transportation



Hanover's success in these sectors will, to a substantial degree, depend on the ability of the region and the state to effectively market Greater Richmond's assets. These assets include the Virginia Commonwealth University (VCU) School of Engineering, the emergence of the high technology microelectronics industry the Virginia Biotechnology Research Park, and the existing pharmaceutical and life sciences cluster.

### Agriculture and Forestry Related Industries

Hanover County is historically strong in agricultural and forestry industries. According to the 2002 Census of Agriculture, Hanover has 679 farms containing 100,537 acres of farmland. The total market value for agricultural products was \$31.8 million, which represents an average of \$46,627 per farm. This compares with 598 farms in 1997 with a total market value for agricultural products of \$30.5 million, representing an average of \$ 51,054 per farm. Hanover should continue to assist its rural economy by targeting the following types of businesses.

- Food products
- Food processing
- Wood products
- Paper products
- Mineral extraction
- Biofuels



### Tourist and Convention Services

- Individual travel
- Group tours
- Destination retail



### Business Retention and Expansion

1. Strengthen support for existing businesses in Hanover County through programs and activities designed to boost their competitiveness in the market and encourage expansion activities.
  - The Business Assistance Coordinator provides existing business assistance within the Department of Economic Development. The Business Assistance Coordinator maintains an ongoing existing business intelligence program and provides rapid, meaningful response to identified issues of concern.
  - Publicize the services offered by the Business Assistance Coordinator through the Economic Development web site, the department newsletter, and other business outlets.
  - Increase support for the small business community and entrepreneurs through closer coordination of existing resources among County, regional, state, and federal assistance providers, including the Small Business Development Center, Virginia Department of Business Assistance, the Small Business Administration, and SCORE small business counselors.
  - Develop and maintain a partnership among the County, the School Board, the community college system, and other higher education institutions to promote workforce education and training.
2. The Department of Economic Development, in cooperation with the Greater Richmond Partnership, will continue to manage the Business First program.
  - Operate the Business First program year-round.



- Achieve a minimum of 100 interviews annually.
  - Assess problems and concerns of the existing business community to determine broad issues and business-specific concerns affecting the business climate in Hanover County.
  - Publish and deliver to the Hanover County Board of Supervisors an annual Business First report providing comprehensive data on interview results, issues of concern, problem areas, follow-up, and success stories about existing businesses.
  - Identify areas for appropriate County follow-up and assistance to existing businesses.
  - Facilitate assistance for businesses from other resources as appropriate.
  - Identify and assist with potential business expansion opportunities.
  - Increase outreach efforts through targeted communications with the real estate brokerage community
3. Foster and encourage participation in the economic development process by all Hanover County business organizations, including the Hanover Business Council, the Hanover Association of Businesses and Chamber of Commerce, and the Hanover Industrial Airpark Business Association.
- Conduct periodic roundtable events for key business leaders in the County to foster communication and dialogue on common areas of business interest and concern.
  - Publish a regular newsletter highlighting activities of the Department of Economic Development with special emphasis on items important to the existing business community (for example, new companies, new policies, and seminars).
  - Encourage greater interaction and dialogue among the various existing business organizations within Hanover County.
  - Continue providing business seminars/roundtables on topics of special interest to the business community.

### **Agriculture and Forestry**

1. Promote efforts to maintain and improve the viability of Hanover County's traditional agricultural and forestry related industries.
- Work with the Virginia Department of Agriculture, the local Virginia Cooperative Extension Office, the Hanover-Caroline Soil and Water Conservation District, the

Virginia Department of Forestry, and the Natural Resources Conservation Service to develop increased markets for locally produced agricultural and forestry products, and to introduce new and profitable agricultural products where feasible.

- Work with the Virginia Department of Agriculture to retain and recruit agriculturally-related businesses to Hanover County.
- Work with the Virginia Cooperative Extension Office to conduct a Hanover Farm Tour as a means of demonstrating the value and significance of agriculture in Hanover County.
- Conduct a review of the Agricultural Zoning Districts to ensure that appropriate commercial activities are allowed to maintain profitable farm operations.
- Support the creation and operation of local farmer's markets.
- Establish an Agricultural Industry Council consisting of community leaders in agriculture that would advise the Board of Supervisors about agricultural issues and facilitate an annual agricultural summit.

### Tourist and Convention Services

1. Strengthen travel promotion activities in Hanover County, in concert with the Richmond Metropolitan Convention & Visitors Bureau, the Town of Ashland, the Hanover Association of Businesses and Chamber of Commerce, Kings Dominion, Bass Pro Shops, and the Hanover Historical Commission.



- Initiate cooperative funding from Hanover County and the Town of Ashland to help implement a travel marketing program that focuses on both the individual traveler and group tour market.
  - Capitalize on Hanover County's excellent central location along Interstate 95 and Interstate 295 and its proximity to major East Coast attractions and destinations.
  - Ensure that historic and tourist attractions in the County are included in appropriate regional and local marketing and promotional materials.
  - Ensure that area travel marketing and promotional materials are evaluated periodically for effectiveness.
2. Continue regional cooperative tourism efforts such as financial support for the Richmond Metropolitan Convention & Visitors Bureau.

3. Continue to develop and promote Hanover’s historical geography and significance by participating in and supporting driving tours including the Civil War Trails, Road to Revolution, Historic Route 1, and Washington-Rochambeau Revolutionary War Route.
4. Promote the Civil War battlefields in Hanover County as tourist sites.
5. Market Hanover County as a family destination with Kings Dominion, destination retail (including outdoor sporting goods), and park and recreational opportunities as the focal points of the County’s efforts.
6. Capitalize on destination retail visitors by establishing a Visitor’s Center near the Lewiston Road/I-95 Interchange.
7. Encourage the creation of a regional effort to recognize the 150<sup>th</sup> anniversary of the Civil War and ensure proper promotion of this event.
8. Encourage events at historical sites in the County and utilize the Historic Commission to promote these activities.

## Policies

### Land Use Policies

Lack of business “product”, both sites and buildings, is one of Hanover County’s primary economic development challenges. In today’s market place, companies are looking for existing buildings that meet specific requirements or sites that are “shovel ready”. Hanover County is challenged by a lack of infrastructure and smaller sites, which cannot accommodate larger, higher value advanced manufacturing projects. In addition, Hanover has a wealth of educated, highly skilled residents, but lacks the office space needed by creative knowledge, financial service, and technology companies. This contributes to a net out-commute of about 9,000 Hanover residents, who must travel to other jurisdictions for these types of jobs. Also, the regional office market is concentrated in the western part of the region, at Innsbrook and Westcreek, while Hanover’s water and sewer system is more fully-developed in Mechanicsville to the east. While the most recent Comprehensive Plan update designates significant areas for business park use in the Route 33/Hylas area, lack of utility and road infrastructure is a major obstacle to achieving economic diversity in Hanover. Water and sewer extensions are planned for the Route 33 corridor, with availability expected by late 2012 or 2013. This will begin the process of making Hanover more competitive in these sectors.

1. Identify and designate future business areas in the Comprehensive Plan to reduce land use conflicts, while fully utilizing the County’s key strategic assets.

Interstates 95 and 295 provide the framework for business locations in Hanover County. The interchanges along these two routes should be protected for business use and developed according to the land use guidelines contained in the Comprehensive Plan. The County strategy is to encourage development along the interstates as a technique to preserve the rural character of the community in other areas. The Board of Supervisors has designated six Economic Development Zones (EDZs) centered on interstate interchanges along I-95 and I-295. Each EDZ is described below in greater detail.

#### A. **Lewistown Economic Development Zone**

- The Lewistown EDZ provides one of the best economic development opportunities for Hanover County, particularly the west side of Interstate 95. The County has collaborated with two developers representing over 500 acres of new business and destination retail uses. Northlake Business Park and Winding Brook Retail Center anchor the development at this interchange. The completion of the Lakeridge Parkway extension from Route 1 to Sliding Hill Road provides a significant development corridor for retail, destination retail, and business uses and allows Hanover County to take better advantage of the growth opportunities along the I-95 corridor. The County should support plans to expand the Northlake Business Park to the west of Route 1, in order to create additional areas for business development.



#### B. **Sliding Hill Economic Development Zone**

- The Sliding Hill EDZ has become an important economic development asset with the completion of the upgraded Atlee/Elmont interchange. This area is becoming a prime location for major retail, office, and light industrial uses, including the North Cross Retail Center and Crescent Business Center. The Sliding Hill EDZ also contains the Hanover Industrial Air Park, which provides a location for over 400 small- and medium-sized businesses. The Air Park was one of Hanover's first industrial parks and provides a wide range of business opportunities, ranging from legal offices and artist's studios to heavier industrial uses. Lakeridge Industrial Park is another strong anchor within the



EDZ and has benefited from the completion of the Lakeridge Parkway connection between Lewistown Road and Sliding Hill Road.

### C. Chamberlayne Economic Development Zone

- The Chamberlayne EDZ includes Hanover's most upscale business park, Atlee Station. Atlee Station is home to the Richmond Times-Dispatch production facility, the Owens & Minor Home Office, Federal Express, and Infinity Medical. This site has the potential to attract quality companies to the County given the superior development standards adopted by Atlee Station's owner, Media General. Owens & Minor, a Fortune 500 Company, has recently purchased an additional 50 acres adjacent to its 160,000 square-foot home office bringing its total holdings to 75 acres. It intends to use the additional acreage for future expansion and other complementary development opportunities. Another major element of this EDZ is Rutland, a mixed use development, which will ultimately contain 495 dwelling units, a 110,000 square-foot grocery-anchored retail center, and 160,000 square feet of professional office condominiums. SuperValu, a Fortune 500 food distribution company, has its Eastern Regional Headquarters in the Chamberlayne EDZ, with over 1.3 million square feet of space and over 1,000 employees. In addition, SuperValu intends to develop an 81-acre rail-served business park on surplus land adjacent to its distribution center.



### D. Pole Green - Meadowbridge Economic Development Zone

- The Pole Green - Meadowbridge EDZ represents a strategic area for business development. Adoption of the Meadowbridge Small Area Plan by the Board of Supervisors in 1998 reserved a significant portion of this area for future office and other business uses. The EDZ is anchored by Bon Secours Memorial

Regional Medical Center (MRMC), which has recently completed a \$30.7 million expansion. MRMC has exceeded its growth projections each year since it was opened in 1998 and has significant expansion plans programmed over the next three to five years. The Bell Creek Business Park provides 170 acres of retail and business uses located east of Interstate 295. Bell Creek is part of a mixed use development with 550 dwelling units, a grocery-anchored retail center, and medical and other office uses. Future potential development in this EDZ could include several mixed use projects, which would contain significant office and retail components.

#### E. Creighton Economic Development Zone

- The County rezoned the Brooks Site at the northeast quadrant of the I-295/Creighton Road interchange to M-1, limited industrial in 1995. Adjacent parcels, not included in the original rezoning of this property, appear to have development potential and efforts should be made to include them in the same zoning district as the original property. Parcels on the west side of the I-295/Creighton Road interchange contain a mixture of zoning, with the parcel fronting on Creighton Road zoned A-1. Measures should be initiated to encourage rezoning the entire area for industrial/commercial use in conformance with the Comprehensive Plan so that the parcels can be effectively marketed. The Department of Public Utilities is in the process of designing the sewer extension to this area as part of the County's capital improvements program. The County may elect to delay construction of this sewer line based on the level of development activity in this area.

#### F. Old Ridge Economic Development Zone

- The Board of Supervisors designated the Old Ridge EDZ as part of the 2007 Comprehensive Plan update. The Old Ridge area extends from the south side of Old Ridge Road to Interstate 95 and the Town of Ashland on the west and south. A potential new interchange location is shown in the EDZ, somewhere between Old Ridge Road and Hickory Hill



Road. The Old Ridge EDZ includes some of Hanover County's largest industrial businesses such as Bear Island Paper and the DLP peak power generating facility. The area south of Old Ridge Road is designated for Business Park use in the Comprehensive Plan and includes several intact parcels of land in excess of 500 acres. These sites are unique to the County and should be preserved for future business development given their strategic location along Interstate 95.



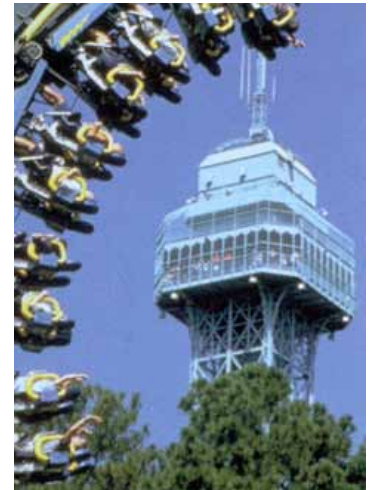
Other key interstate interchange areas in Hanover include:

#### G. I-295/Route 33 Interchange

- The I-295/Route 33 Interchange area represents another key economic development asset that is included in the Suburban Services Area of the Comprehensive Plan. Substantial undeveloped land holdings should be preserved for future office and light industrial use consistent with recent development activity in nearby Henrico County. Utility service to this corridor is a top priority for the Board of Supervisors and work has already begun on this project. Both water and sewer service are expected to be available in this area by 2012 or 2013. The Comprehensive Plan designates much of this area for Business Park use. Care should be taken when developing this area to respect the existing Tyson Food Plant, which has been part of Hanover County's agribusiness community for over 50 years.

#### H. I-95/Route 30 Interchange

- The I-95/Route 30 Interchange area serves Kings Dominion and the surrounding industrial uses such as Bear Island Paper and Doswell Limited Partnership's peak power generating facility. This area is designated for industrial use and destination retail in the Comprehensive Plan and is served by excellent interstate highway and rail access. The Virginia State Fair is opening its new location at Meadow Farm in Caroline County in September 2009. This interchange provides primary access to the State Fair property and most of the State Fair traffic is expected to pass through Hanover County. This will provide an opportunity for Hanover to capture some of the retail and hospitality uses which may wish to locate near to the State Fair and Kings Dominion. A constraint to development at this interchange is the limited treatment capacity of the Doswell Waste Water Treatment Plant.



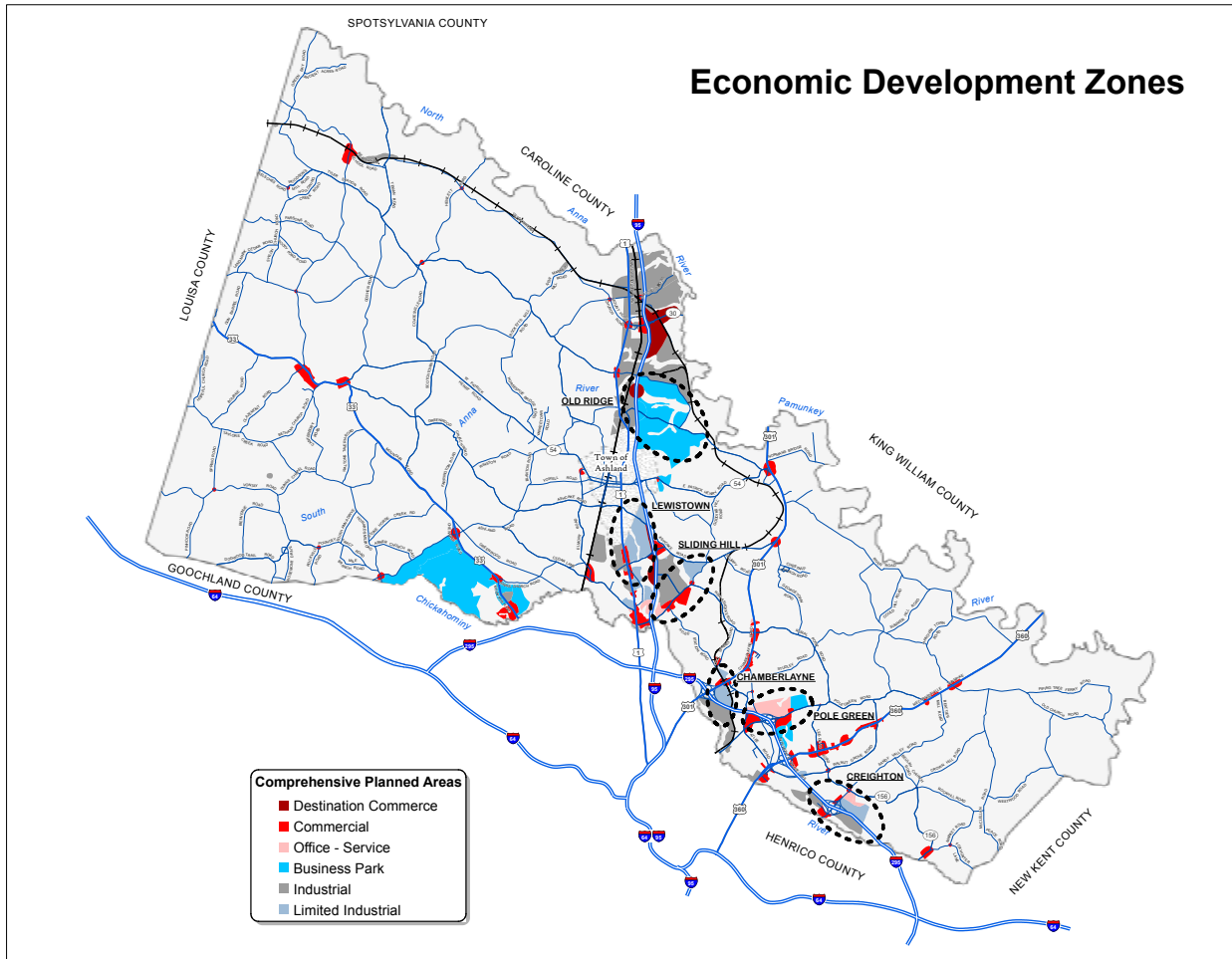
#### I. General

- Future Comprehensive Plan Amendments and rezoning cases involving interstate interchanges should provide sufficient acreage for economic development opportunities, even if a specific use is not known at the time the cases are considered. The County should continue to extend infrastructure into areas designated for business development to insure a sufficient supply of sites are available for economic development projects.

## J. Mixed Use Development

- Mixed use is a key element of Hanover County's Comprehensive Plan strategy for development in the Suburban Service Area. Mixed use development is appropriate throughout much of the Suburban Service Area and provides opportunities for housing, commerce, employment, and recreation in an integrated manner. Mixed use communities are an important part of the County's economic development strategy as well, helping to attract office and creative knowledge industries to Hanover County and providing additional options for business locations.
2. Continue the current Commercial Rezoning Road Proffer guidelines to help encourage the location of business projects in Hanover County.
    - Encourage business projects to construct road improvements associated with the project and its access requirements.
    - Use cash road proffers for road improvements necessitated by a business rezoning on or near the subject property in cases where construction of improvements is not possible.
    - Maintain sufficient flexibility in proffer guidelines to allow the County discretion when considering cases involving a significant, competitive economic development prospect.
  3. Continue implementation of a Customer Service Improvement Program, in consultation with the business community, as a method for continuous improvement in the County permitting processes.
    - Review the performance of the Customer Service Initiative on an annual basis to make sure that Hanover is meeting the objectives as endorsed by the Board of Supervisors.
    - Continue regular quarterly planning meetings with the development community to highlight areas of concern and suggestions for improvement.
    - Continue to use available technology to encourage and facilitate the use of electronic filing, routing, and review of plans and permits. Continue to post the County development tracking system on the Internet so that property owners and engineering consultants can monitor project review progress.
    - Communicate "success" stories to the business community and general public.
    - Review annually internal and external benchmarks for the development review process to help the County determine whether or not it is performing adequately and to make required improvements that will keep Hanover competitive.

4. Revise the industrial zoning districts to reflect more closely the operations of modern businesses and industry sectors including, but not limited to, advanced manufacturing, information-based businesses, biotechnology, and bio-information. Add a provision to the industrial and office zoning districts to classify uses that are not specifically identified in the ordinance based on the performance of the business rather than the type of business. Examples of performance standards include visible smoke, noise, vibration, odors, disposal of liquid waste, and electrical disturbance or interference.
5. Maintain the grandfathering provisions of the zoning ordinance, so that only new construction is required to meet the current zoning requirements. Existing site improvements do not need to be brought into compliance with current ordinance requirements, so long as the improvements complied with the requirements in effect at the time they were constructed. These provisions have improved the ability of existing businesses to expand, particularly in areas such as the Hanover Industrial Airpark, which presents development challenges for individual businesses.
6. Review County development regulations to ensure they provide the necessary level of protection with the minimal level of regulation needed to achieve their purpose.
7. Ensure that development regulations are applied consistently during the review process.



## Economic Development Zone Policies

1. Create and maintain a limited number of Economic Development Zones (EDZs).
  - Consider linking existing and proposed commercial and industrial areas.
  - Encourage the use of the fast-track and expedited development review processes for significant and important projects located in EDZs.
  - Inventory, assess, and/or provide infrastructure in anticipation of development needs.
  - Support the development of new industrial and business parks and buildings by the private sector in EDZs, consistent with the County's Comprehensive Plan.
  - Encourage the private sector to establish business and industrial sites and/or parks in EDZs through public/private partnerships to help finance infrastructure necessary to create land and/or buildings that are "ready to go."

- Develop joint ventures between Hanover County and the private sector to construct and market speculative commercial/industrial buildings in EDZs or for targeted industries that will allow the County to compete more effectively for projects with immediate occupancy requirements.

### Infrastructure Policies

1. Provide adequate utility capacity to compete for new business development and existing business expansion and relocation.
2. Extend utilities into the South Anna/Hylas Community Planning Area designated for the 2007-2017 phased utility expansion in the Comprehensive Plan. The first phase of this extension, to Route 33, is currently underway and expected to be completed by 2013. Extension to the Cauthorne Road area should be considered upon completion of the first phase.
3. Maximize funding of road improvement projects to expand the road network and increase road capacity. Continue the priority use of State Revenue Sharing funds for the extension and expansion of roads within the EDZs.
4. Continue to include the upgrading of the Lewistown Interchange Bridge as one of the County's top road improvement priorities. Seek funding from local, state, and federal sources to replace the existing bridge with an improved structure that will increase capacity at this critical interchange.
5. Facilitate the availability of and access to utilities and road improvements within designated Economic Development Zones.
6. Study the feasibility of providing public transportation to major employment centers in Hanover County.
7. Use Community Development Authorities to help the private sector finance needed public infrastructure for important economic development projects.
8. Work with telecommunication suppliers to provide ready, affordable access to a first-rate telecommunications and broadband infrastructure, both wired and wireless for both business and residential areas of the County.

Support continued development of the Hanover County airport under the adopted master plan and encourage its use as an economic development catalyst.



## Incentives Policies

1. Continue the use of economic development incentives that are fiscally responsible and help position the County to compete effectively and consistently for desirable, compatible economic development projects.
  - Hanover County's economic development incentive program should continue to be based on its cost/benefit model, which establishes internal guidelines for the nature and use of local economic development incentives by County staff and the Board of Supervisors.
  - Generally, Hanover County will use a three-to-five-year payback period when calculating the return on investment for competitive project incentives. County incentive performance agreements will be used to define performance measurements and/or claw back provisions where appropriate.
  - Final negotiating authority for incentives lies with the County Administrator, based upon recommendations from the Director of Economic Development and subject to final approval by the Board of Supervisors and/or Economic Development Authority.
  
2. Periodically review areas of the County that may meet the criteria for designation as a Virginia Enterprise Zone and determine whether these are or could be marketable as industrial properties.
  - The Virginia Department of Housing and Community Development administers the Enterprise Zone Program and has three current zones, which are reserved for designation by the Governor for use in securing competitive projects for Virginia. Hanover County, if prepared, could conceivably benefit from the use of a zone in closing a deal if it has considered sites and local incentives that may be suitable and could effectively compete with other jurisdictions.
  
3. Consider areas that may be suitable for designation as Technology Zones by the Hanover County Board of Supervisors. Technology Zones can be used to reduce permit fees, user fees, and other taxes. In addition, the Zones can also receive special zoning, permit process reform, and exemption from ordinances.
  - Review and evaluate Atlee Station and Atlee Commerce Center as potential Technology Zones.
  - Evaluate which incentives, as authorized by the Code of Virginia, may be appropriate



to consider as Technology Zone incentives.

4. Continue the Economic Development Improvement Program to promote public/private partnerships that will construct needed road and utility improvements in EDZs or for targeted industries.
  - Allocate money from existing VDOT revenues, VDOT Revenue Sharing, road proffers, and general fund contributions along with potential utility fund assets to capitalize this fund.
5. Monitor and manage the Hanover County Economic Development Incentive Fund to provide a matching source for the Governor's Opportunity Fund and other state/federal grants, and to provide local incentives to existing and new businesses when appropriate.
  - Maintain a fund balance of at least \$500,000.
  - Consider potential uses of deal closing funds to include, but not be limited to, site preparation, land acquisition, utility extensions, connection fee payments to the utility fund, special engineering services, and/or road construction.
6. Continue use of the fast-track and expedited development processes for significant economic development projects, particularly those located within one of the EDZs.

### **Tax Structure and Utility Fee Policies**

1. Periodically, review the County tax structure for pollution control equipment, computer equipment, aircraft, and merchant's capital to determine competitiveness with other jurisdictions in the region to provide an incentive for business retention and new business location.
2. Utility user fees and capacity charges (connection fees) are reviewed every five years as part of the County's overall rate study. Commercial and industrial fees were reduced in 2002 and the meter sizing policy was amended to add greater flexibility. The County Economic Development Incentive fund should be considered to reduce capacity charges as an incentive for new business locations or existing business expansions where appropriate.
3. Annually review the County's tax rates, utility fees, and capacity charges and compare them with other competitive jurisdictions in the region.

### **Customer Service Policies**

1. Maintain the present organizational structure of the Department of Economic Development as a separate operating department reporting to the County Administrator.

- The County Administrator, in consultation with the Director of Economic Development, should determine the priority for economic development projects, based on the criteria contained in the Economic Development Strategic Plan.
  - The Director of Economic Development will manage economic development priority projects through the development departments such as Planning, Public Utilities, Public Works, and Building Inspections with the assistance of the Project Manager.
2. Convey the importance of Hanover County's Economic Development Strategic Plan and the progress made toward accomplishing its goals to all County departments and the public.
    - Ensure all departments understand the County's priority for implementing the Economic Development Strategic Plan.
    - Emphasize the customer service training program for County personnel who have contact with the business community on a regular basis.
    - Provide regular opportunities for County departments to review progress toward achieving the County's Economic Development goals and objectives.
    - Monitor the County's business climate on a regular basis using, among other techniques, the Business First – Hanover program.
    - Communicate the County's customer service initiatives to the business community and general public through the County and Economic Development Department web sites and newsletters and seek customer feedback on a regular basis.
  3. Establish within the Hanover County Board of Supervisors a structure to monitor and champion priority economic development projects.
  4. Maintain the close working relationship and cooperation between the Economic Development Director and the Deputy Planning Director for subdivision and site plan review for fast response to new economic development projects and existing business expansions and relocations.
  5. Enhance the County's capability to develop new sites and buildings and support economic development activity by continuing to use the Economic Development Authority (EDA).
    - The EDA can issue tax-exempt bonds for governmental facilities and qualified private activities, develop business parks and industrial shell buildings, acquire land for economic development purposes, and act as a conduit for infrastructure financing and other government incentives.



6. Continue regional cooperative marketing efforts through membership and participation in the Greater Richmond Partnership.
7. Continue the County's economic development partnership with the Town of Ashland.

### Retail Business Policies

Basile Bauman Prost Cole & Associates prepared a retail strategy for Hanover County that was accepted by the Board of Supervisors in April 2008. The study included an analysis of Hanover County's retail trade areas, their capture rate, future retail potential, and opportunities to increase retail business development in the County. The retail strategy is incorporated as part of the Economic Development Strategic Plan. Please consult the complete report for a detailed overview of retail activity in the County.

The major recommendations of the Retail Strategy are listed below:

1. Increase capture rates among households in Sliding Hill/Atlee.
2. Encourage renovation/revitalization of older shopping centers in the Town of Ashland.
3. Open up land for development along Route 1 and encourage additional retail development by:

- Working with property owners and developers. Engaging in a discussion with property owners and developers on mutually beneficial redevelopment or disposition opportunities will be helpful to creating the desired retail environment.
- Creating retail overlay districts. Retail overlay districts enable flexibility to discuss or modify issues related to retail development such as design, massing, and store type by creating guidelines to make them consistent with the long term goals of the County and Comprehensive Plan. Overlay Districts can be incorporated into the Comprehensive Plan.
- Facilitating private land acquisition. This can include assembling smaller parcels for larger scale development, as well as expediting the approval process for development. This may include taking public actions such as pre-approving development for targeted sites, assistance in environmental assessments and remediation, and having an expedited development review process.



4. Encourage development of convenience oriented retail to increase capture rate.
5. Capitalize on the opportunity to attract large format retail development besides General Merchandise and Building Materials.
6. Maintain additional, open land zoned for commercial/retail use to allow for a smooth real estate market. It is a general “rule of thumb” to keep 2-3 times as much vacant land zoned for commercial/retail use than land currently being used for retail.
7. Monitor retail development so that supply and demand are in balance.
8. Prepare long term strategies for reuse of retail space and land.
9. Provide incentives for retail use on a case-by-case basis rather than on a prescriptive basis.
10. Promote clustered/planned and mixed use development to accommodate new retail.
11. Locate destination retail on Interstate 95 or Route 1.


### **Workforce Development Policies**

Workforce development is a key component of any successful economic development strategy. A well-educated and trained workforce is essential to business retention and expansion, business attraction, and entrepreneurship. Hanover County must continue to develop a wide-range of partnerships with workforce organizations throughout the region as well as work with K-12, two-year, and four-year institutions.

1. Match workforce skills to business needs by:
  - Developing partnerships with the business community, community colleges (CCWA), and Hanover schools.
  - Assessing both the present and future skill sets needed by employers. Include questions in the Business First survey about skill set needs.
  - Advertising career track of non-professional jobs, including average wages provided by category.
  - Educating parents, teachers, and students through public relations campaigns and company tours.
2. Continue to partner with regional workforce development organizations including:

- The Virginia Jobs Investment Program
  - The Greater Richmond Partnership
  - The Greater Richmond Chamber of Commerce
  - The Capital Region Workforce Partnership
  - The Virginia Employment Commission
3. Continue to support the Hanover Center for Trades and Technology and work to expand adult and business use of the facility.

### Entrepreneurship Policies

1. Explore the possibility of creating a Hanover Entrepreneurial Center which would include the following elements:
- Management guidance, technical assistance, and consulting tailored to young, growing companies
  - Access to rental space and flexible leases
  - Shared basic business services and equipment
  - Technology support services
  - Financing, including raising of startup capital
2. Explore the possibility of creating a Hanover Business Leadership Institute that would include the following elements:
- Provide business leadership training
  - Target existing business owners
  - Teach excellence in business leadership and strategic thinking
- 
3. Conduct an annual seminar on business succession planning, including personal financial management.
4. Recognize the importance of home-based businesses and telecommuters and ensure

that zoning and other County regulations reasonably accommodate the needs of residents pursuing these options.

## Population Growth

Hanover County has experienced a moderate rate of population growth between 2000 and 2007, with an average annual increase of 1.85 percent, which is just above the regional average of 1.40 percent. During this time, the County's population increased from 87,023 to 98,946. By comparison, Henrico County grew by 26,621 or 1.39 percent average annually and Chesterfield County grew by 38,748 or 2.00 percent average annually during this same period. Approximately 26 percent of Hanover's growth comes from natural increase; the balance is the result of migration into the County.

**TABLE 1**  
POPULATION GROWTH  
2000-2007

Location	2000	2007	Percent Change	Average Annual Percent Change
Hanover County	87,023	98,946	13.7%	1.85%
Richmond MSA	1,100,089	1,212,977	10.3%	1.40%
Virginia	7,078,515	7,712,091	9.0%	1.23%

Source: Virginia Employment Commission

Clearly, the attractive lifestyle, quality schools, and excellent transportation system have led to population growth in Hanover County. This growth has led to the creation of desirable residential communities across the County while it has also increased the need for the County to provide additional public services for its new citizens. **Tax collections from the residential sector do not support the service costs associated with this sector's growth and additional sources of revenue from the commercial/industrial sector is necessary to achieve balanced growth.**



## Labor Force Growth

**TABLE 2**  
LABOR FORCE GROWTH  
2000-2007

Civilian Labor Force	2000	2007	Percent Change	Average Annual Percent Change
Hanover County	47,202	55,836	18.3%	2.39%
Richmond MSA	564,832	641,655	13.6%	1.89%
Virginia	3,584,037	4,054,199	13.1%	1.76%

Source: Virginia Employment Commission

Labor force growth in Hanover County exceeded population growth from 2000-2007. In a period of relative prosperity and record low levels of unemployment, the fact that both Hanover County and the Richmond Region have exhibited strong labor force growth, is a positive factor in the community's future competitiveness.

## Commuting Patterns

Analysis of 2000 Census Bureau commuting data (the most recent data available) shows there are 44,460 workers who originate their commute in Hanover County. Of this total, 15,676 (35.3 percent) actually work in the County. The remainder of these workers (28,784 or 64.7 percent) commutes to places outside the County, with Henrico County and the City of Richmond being the top two employment destinations. Compared with the region, Hanover County is lowest in the percentage of residents working in the County at 35 percent, below Richmond at 57 percent, Henrico at 55 percent and Chesterfield at 46 percent. Hanover County is third in the percentage of its jobs that are filled by County residents at 41 percent, below Chesterfield at 57 percent and Henrico at 46 percent. Finally, Hanover has a jobs/ labor force ratio of 81 percent, third in the region below the City of Richmond at 163 percent and Henrico at 111 percent. In addition, Goochland County has emerged as a strong economic competitor, with its jobs/labor force ratio of 96 percent in 2007, as compared with 72 percent in 2000. The actual number of jobs in Goochland County increased by 66 percent between 2000 and 2007, growing from 6,363 to 10,582. This reflects the growing influence of West Creek and the relocation of several major firms, including Capital One and Carmax, to the West Creek campus. A jobs/labor force ratio of 100 percent is desirable as an indicator of a fiscally-balanced community.

Finally, 22,284 workers commute into Hanover County; thus, the data indicates 6,025 more workers coming into the County than remain in the County for employment opportunities. This underscores the dynamic affects of the regional labor market on Hanover's business climate and the critical importance of the County's transportation network, especially Interstates 95 and 295. Additionally, it suggests that future employment centers planned for Hanover County need to be well located with respect to highway access and interchanges to maximize the County's ability to draw on regional labor resources in the years ahead.

## Employment Distribution

**TABLE 3**  
CHANGE IN EMPLOYMENT BY INDUSTRY GROUP  
2001-2007

Industry	Hanover County			Richmond MSA			Virginia		
	2001	2007	Percent Change	2001	2007	Percent Change	2001	2007	Percent Change
Agriculture, Forestry, Fishing & Hunting	204	267	30.88%	1529	1374	-10.14%	14007	12295	-12.22%
Mining	81	109	34.57%	697	583	-16.36%	9284	8807	-5.14%
Utilities	83	69	-16.87%	3544	3444	-2.82%	18621	18679	0.31%
Construction	5920	6884	16.28%	40864	47106	15.28%	229704	248184	8.05%
Manufacturing	4013	3720	-7.30%	52840	41971	-20.57%	339916	284017	-16.44%
Wholesale Trade	3525	3958	12.28%	23518	25859	9.95%	114032	121644	6.68%
Retail Trade	4875	6214	27.47%	69407	71227	2.62%	427350	448057	4.85%
Transportation and Warehousing	1158	1263	9.07%	21577	21715	0.64%	132992	131540	-1.09%
Information	832	707	-15.02%	13264	12399	-6.52%	117974	96079	-18.56%
Finance and Insurance	744	788	5.91%	36581	36125	-1.25%	123203	130203	5.68%
Real Estate and Rental and Leasing	519	662	27.55%	8022	8011	-0.14%	54479	58383	7.17%
Professional and Technical Services	1440	1635	13.54%	28363	34367	21.17%	290935	371848	27.81%
Management of COS	552	564	2.17%	23177	24446	5.48%	71277	76218	6.93%
Administrative and Waste Services	1605	2148	33.83%	36079	38456	6.59%	204637	221321	8.15%
Educational Services	3610	4209	16.59%	46610	53034	13.78%	304479	351707	15.51%
Health Care and Social Assistance	3239	4605	42.17%	60826	77070	26.71%	337498	400737	18.74%
Arts, Entertainment, and Recreation	870	1213	39.43%	8410	9748	15.91%	52053	57993	11.41%
Accommodation and Food Services	2525	3143	24.48%	36617	43205	17.99%	257398	298924	16.13%
Other Services, Ex. Public Admin	1312	1723	31.33%	19985	21039	5.27%	123239	130927	6.24%
Public Administration	1192	1290	8.22%	39372	39402	0.08%	209427	225849	7.84%
Unclassified							3677	3629	-1.31%

Source: Virginia Employment Commission

Table 3 illustrates the change in employment in Hanover County compared to the Richmond MSA and the State between 2001 and 2007. Total employment in Hanover County grew by about 18 percent, increasing from 38,299 to 45,171 according to the Virginia Employment Commission. The three fastest growing sectors were Health Care and Social Assistance at 46 percent; Arts, Entertainment, and Recreation at 39 percent; and Mining at 35 percent. Although the Mining sector experienced a large percentage growth, the absolute growth in this sector was small, representing only 28 new jobs. The next largest sector in terms of percentage growth was Administrative and Waste Services, which grew by 34 percent or 538 jobs. The largest absolute growth occurred in Health Care and Social Assistance, followed by Retail Trade, and Construction. The increase in Health Care employment is not surprising given the rapid growth of Memorial Regional Medical Center. Retail trade has grown as a result of additional retail development along Route 360, in the Atlee/Elmont area, and in the Town of Ashland. While the growth of Construction jobs is not surprising given the concentration of construction businesses in the County, this creates a challenge for the County as it seeks to further diversify the local economy.

Three categories experienced a decrease in employment: Utilities, with a 17 percent decrease, Information, with a 15 percent decrease, and Manufacturing, with a 7 percent decrease. The largest absolute decrease was in Manufacturing, with a loss of 293 jobs, followed by Information with a loss of 125 jobs. The loss of jobs in manufacturing is predictable, given national trends and Hanover has done well to outperform both the Region and State in this sector, a fact which adds to Hanover's economic diversity. The lower decrease in Hanover can be attributed to the number of niche manufacturing firms that have located in the County during this period, and while the number of jobs is lower, capital investment has increased, so that manufacturing remains an important part of Hanover's economy. The loss of Information jobs is more problematic because this is a targeted industry for Hanover and because Hanover's losses exceeded those experienced in the Region.



**TABLE 4**  
**EMPLOYMENT DISTRIBUTION PERCENTAGE**  
**BY INDUSTRY GROUP**  
**2001 & 2007**

Industry	Hanover County		Richmond MSA		Virginia	
	2001	2007	2001	2007	2001	2007
Agriculture, Forestry, Fishing & Hunting	0.53%	0.59%	0.27%	0.23%	0.41%	0.33%
Mining	0.21%	0.24%	0.12%	0.10%	0.27%	0.24%
Utilities	0.22%	0.15%	0.62%	0.56%	0.54%	0.51%
Construction	15.46%	15.24%	7.15%	7.71%	6.68%	6.71%
Manufacturing	10.48%	8.24%	9.25%	6.87%	9.89%	7.68%
Wholesale Trade	9.21%	8.76%	4.12%	4.24%	3.32%	3.29%
Retail Trade	12.73%	13.76%	12.15%	11.67%	12.44%	12.12%
Transportation and Warehousing	3.02%	2.80%	3.78%	3.56%	3.87%	3.56%
Information	2.17%	1.57%	2.32%	2.03%	3.43%	2.60%
Finance and Insurance	1.94%	1.74%	6.40%	5.92%	3.59%	3.52%
Real Estate and Rental and Leasing	1.36%	1.47%	1.40%	1.31%	1.59%	1.58%
Professional and Technical Services	3.76%	3.62%	4.96%	5.63%	8.47%	10.06%
Management of Companies and Enterprises	1.44%	1.25%	4.06%	4.00%	2.07%	2.06%
Administrative and Waste Services	4.19%	4.76%	6.32%	6.30%	5.96%	5.99%
Educational Services	9.43%	9.32%	8.16%	8.69%	8.86%	9.51%
Health Care and Social Assistance	8.46%	10.19%	10.65%	12.62%	9.82%	10.84%
Arts, Entertainment, and Recreation	2.27%	2.69%	1.47%	1.60%	1.51%	1.57%
Accommodation and Food Services	6.59%	6.96%	6.41%	7.08%	7.49%	8.09%
Other Services, Ex. Public Admin	3.43%	3.81%	3.50%	3.45%	3.59%	3.54%
Public Administration	3.11%	2.86%	6.89%	6.45%	6.09%	6.11%
Unclassified					0.11%	0.10%

Source: Virginia Employment Commission

Table 4, above, indicates continued overrepresentation in the Construction sector. Hanover County currently is about two times the regional average in construction employment and almost 2.25 times the state average. This imbalance can create local vulnerability during cyclical swings in the economy and from monetary policies that affect the overall interest rate environment. This fact has been highlighted in the past by the bond rating agencies as an item needing attention.

The Wholesale and Retail Trade sector maintains a solid presence in Hanover County. While Retail Trade is largely driven by population growth and the requisite trade brought on by this growth, Wholesale Trade had been driven by the growth of SuperValu and other logistics operations in the County. Logistics is one of the industries that was identified as a cluster for Hanover County in a 2005 Cluster Industry Study prepared for the Greater Richmond Partnership by Market Street Services.

The Finance and Insurance and Real Estate sectors have both grown in Hanover County between 2000 and 2007. Finance and Insurance increased by 44 jobs during this period, while Real Estate



jobs increased by 143. The Finance and Insurance sector represents 1.74 percent of employment in Hanover County compared with 5.92 percent for the region and 3.52 percent for the State. The Real Estate sector represents about 1.47 percent of County employment as compared to 1.31 percent for the Region and 1.58 percent for the State. While Hanover County benchmarks well in the Real Estate sector, employment in the Finance and Insurance sector still represents a very small portion of total regional employment, with Hanover containing just 2 percent of the Region's jobs in this sector. Despite the growth of Capital One, Genworth, and other financial services and insurance firms in the region, Hanover County has yet to enjoy much of this growth, except in an indirect way.

Hanover County continues to lag both the Region and State in some of the more critical service sectors, such as Professional and Technical Services, Management of Companies and Enterprises, and Administrative and Waste Services. The County does exceed the Region in Educational Services as a percentage of its workforce and is almost at par with the State as a whole. Health Care and Social Assistance is a fast-growing sector, partly as a result of the rapid growth of Memorial Regional Medical Center and the attendant development it has attracted. The County also exceeds both the Region and State in percentage of workers employed in Arts, Entertainment, and Recreation, largely as a result of King's Dominion. Traditionally, Service sector growth follows residential growth and this sector can be expected to increase in the coming years. One factor tending to inhibit the Professional Service sector's growth in Hanover County is the lack of suitable, available office space in which to locate this type of activity. A 2008 CoStar Group real estate analysis shows that Hanover County has 209,690 square feet of Class A office space as of August 2008 or approximately 1 percent of the total Class A office space in the Richmond Region. Hanover's Class A vacancy rate is just 2 percent, which represents 4,000 square feet of space. The region contains a total of 17,850,526 of Class A office space with a vacancy rate of 11 percent or 1,914,312 square feet. Efforts to increase the amount of this type of "product" provided by the development community would significantly assist in efforts to further diversify the local economy and attract higher paying professional jobs to Hanover County.

The employment distribution figures also highlight a relative small proportion of government employment in the County when compared to state and regional averages. Clearly, much of the difference can be traced to the location of government offices in Richmond as the state capital. Moreover, the figures include public educational workers, which encompass community college and public university employees, a segment that is not represented in Hanover County.



**TABLE 5**  
**CHANGE IN AVERAGE WEEKLY WAGE**  
**2001-2007**

Industry	Hanover County			Richmond MSA			Virginia		
	2001	2007	Percent Change	2001	2007	Percent Change	2001	2007	Percent Change
Agriculture, Forestry, Fishing & Hunting	\$537	\$651	21.2%	\$501	\$621	23.95%	\$438	\$554	26.48%
Mining	\$887	\$954	7.6%	\$875	\$1,019	16.46%	\$907	\$1,083	19.40%
Utilities	\$794	\$1,182	48.9%	\$1,265	\$1,446	14.31%	\$1,083	\$1,331	22.90%
Construction	\$718	\$891	24.1%	\$746	\$942	26.27%	\$749	\$934	24.70%
Manufacturing	\$693	\$807	16.5%	\$910	\$1,106	21.54%	\$790	\$956	21.01%
Wholesale Trade	\$821	\$1,027	25.1%	\$938	\$1,151	22.71%	\$1,035	\$1,280	23.67%
Retail Trade	\$441	\$545	23.6%	\$420	\$484	15.24%	\$423	\$485	14.66%
Transportation WHSE	\$662	\$798	20.5%	\$689	\$825	19.74%	\$737	\$871	18.18%
Information	\$588	\$615	4.6%	\$847	\$1,051	24.09%	\$1,284	\$1,366	6.39%
Finance and Insurance	\$820	\$946	15.4%	\$1,096	\$1,335	21.81%	\$1,060	\$1,291	21.79%
Real Estate and Rental	\$1,188	\$814	-31.5%	\$665	\$820	23.31%	\$679	\$891	31.22%
Professional and Technical Services	\$781	\$1,157	48.1%	\$1,129	\$1,473	30.47%	\$1,311	\$1,739	32.65%
Management of COS	\$1,176	\$1,521	29.3%	\$1,139	\$1,756	54.17%	\$1,231	\$1,720	39.72%
Administrative and Waste Services	\$542	\$597	10.1%	\$444	\$588	32.43%	\$479	\$625	30.48%
Educational Services	\$508	\$643	26.6%	\$585	\$708	21.03%	\$613	\$757	23.49%
Health Care and Social Assistance	\$603	\$890	47.6%	\$673	\$864	28.38%	\$687	\$859	25.04%
Arts, Entertainment, and Recreation	\$345	\$405	17.4%	\$363	\$400	10.19%	\$401	\$516	28.68%
Accommodations and Food Services	\$233	\$262	12.4%	\$236	\$280	18.64%	\$255	\$311	21.96%
Other Services	\$476	\$545	14.5%	\$467	\$598	28.05%	\$553	\$695	25.68%
Public Administration	\$631	\$871	38.0%	\$777	\$971	24.97%	\$945	\$1,244	31.64%
Unclassified							\$894	\$745	-16.67%

Source: Virginia Employment Commission

The average weekly wage in Hanover County as of the 4<sup>th</sup> quarter of 2007 was \$750.00. Table 5 shows that Management of Companies and Enterprises pays the highest weekly wage, averaging \$1,521 in 2007. Utilities at \$1,182 and Professional and Technical Services at \$1,157 are the second and third highest industry sectors. Wages are growing fastest in the Utilities, Professional and Technical Services, and Health Care sectors, increasing by about 48 percent between 2001 and 2007. Health Care, therefore, is both one of the fastest growing sectors in Hanover County and has one of the highest rates of wage growth as well. Hanover is well positioned to capture additional job growth in this sector because of future expansion plans at Memorial Regional Medical Center.

**TABLE 6**  
**REGIONAL COMPARISON OF EMPLOYMENT**  
**BY INDUSTRY GROUP DISTRIBUTION AND SALARY CHANGE**

Industry	2007 Percentage of Total Employment		2007 Wages	
	Hanover vs. Richmond MSA	Hanover vs. Virginia	Hanover vs. Richmond MSA	Hanover vs. Virginia
Agriculture, Forestry, Fishing & Hunting	2.63	1.78	1.05	1.18
Mining	2.53	1.01	0.94	0.88
Utilities	0.27	0.30	0.82	0.89
Construction	1.98	2.27	0.95	0.95
Manufacturing	1.20	1.07	0.73	0.84
Wholesale Trade	2.07	2.66	0.89	0.80
Retail Trade	1.18	1.14	1.13	1.12
Transportation and Warehousing	0.79	0.79	0.97	0.92
Information	0.77	0.60	0.59	0.45
Finance and Insurance	0.29	0.50	0.71	0.73
Real Estate and Rental and Leasing	1.12	0.93	0.99	0.91
Professional and Technical Services	0.64	0.36	0.79	0.67
Management of Companies and Enterprises	0.31	0.61	0.87	0.88
Administrative and Waste Services	0.76	0.79	1.02	0.96
Educational Services	1.07	0.98	0.91	0.85
Health Care and Social Assistance	0.81	0.94	1.03	1.04
Arts, Entertainment, and Recreation	1.68	1.71	1.01	0.78
Accommodation and Food Services	0.98	0.86	0.94	0.84
Other Services, Ex. Public Admin	1.11	1.08	0.91	0.78
Public Administration	0.44	0.47	0.90	0.70
Unclassified		0.00		0.00

Source: Virginia Employment Commission

## Income

Hanover County's per capita income has risen from \$31,460 in 2000 to \$38,708 in 2006, representing an increase of 23 percent. Hanover County's per capita income growth, while significant, has not kept pace with the rise in per capita income for Virginia as a whole, which has increased 27 percent over this same period or the Richmond MSA, which has increased by 25 percent. In fact, in 2000 Hanover's income figure was \$377 greater than the state average; however, by 2007, this figure had slipped to \$832 below the state average. Hanover County has the 17<sup>th</sup> highest per capita income in Virginia, the same ranking it enjoyed in 2000. Hanover's per capita income was \$917 above the Richmond MSA in 2000 and \$475 above the Richmond MSA per capita income level in 2006; however, Hanover's per capita income trailed Henrico and Chesterfield counties and the City of Richmond in 2006.

**TABLE 7**  
PER CAPITA INCOME  
2000-2006

Location	2000	2006	Percent Change
Hanover County	\$31,460	\$38,708	23.0%
Richmond MSA	\$30,543	\$38,233	25.2%
Virginia	\$31,083	\$39,540	27.2%

Source: Bureau of Economic Analysis, Survey of Current Business

Another measure of income strength is the Married Couple Median Adjusted Gross Income shown in Table 8. The latest data available for Virginia (2005) shows Hanover County ranks 9<sup>th</sup> highest in the state, a decrease of two positions since 2000 when the County ranked 7<sup>th</sup>. Hanover's Married Couple Median AGI is 17 percent higher than the Virginia average, and 13 percent higher than the Richmond MSA average. While Hanover's Median Married Couple income has been growing faster than the MSA since 2000, the gap with the Statewide Median has been reduced from 16 to 14 percent. The top six localities in Virginia were in the highly prosperous Northern Virginia region, demonstrating that Hanover County is well positioned from an income standpoint. However, Goochland County, which was 8<sup>th</sup> in 2000 and York County, which was 11<sup>th</sup> in 2000 now exceed Hanover. In addition, Hanover County is the 14<sup>th</sup> **least** fiscally stressed community in Virginia, according to the Commission on Local Government. This compares to Chesterfield at 37 and Henrico at 41.

**TABLE 8**  
Married Couple Median Adjusted Gross Income  
2000-2005

Location	2000	2005	Percent Change
Hanover County	\$67,484	\$78,554	16.4%
Richmond MSA	\$62,626	\$69,654	11.2%
Virginia	\$56,530	\$67,150	18.8%

Source: Weldon Cooper Center for Public Services

## Taxable Sales Growth

Taxable sales growth in Hanover County has significantly outpaced the rate of growth in both the Richmond MSA and Virginia from 2000-2007, as well as outpacing the rate of residential population growth over this same period. Hanover County represented 10 percent of the Region's taxable sales in 2000 and increased to 13 percent by 2007. This pace of sales is consistent with those in growing communities and reflects the increased availability of retail locations in the community. The location of new national retailers such as Home Depot, BJ's Warehouse, Best Buy, Target, and Kroger, and new shopping centers, such as Rutland, have led the way in this sector of activity.

**TABLE 9**  
Taxable Sales Growth (Dollars)  
2000-2007

Hanover County		
2000 Sales	2007 Sales	Percent Change
\$990,244,094	\$1,677,157,316	69%
Richmond MSA		
2000 Sales	2007 Sales	Percent Change
\$9,633,432,484	\$12,822,110,280	33%
Virginia		
2000 Sales	2007 Sales	Percent Change
\$68,661,581,258	\$92,043,248,946	34%

Source: Virginia Department of Taxation

## Tax Rates

Hanover County has managed to keep pace with the service needs of its growing residential base without sacrificing the current tax advantage it enjoys within the Richmond Region. This has positive implications for both the residential cost of living and business operating costs. Hanover County has the lowest real estate tax rate (\$.81/\$100) in the Greater Richmond Region.

Hanover's machinery and tools tax on manufacturing equipment is also very competitive within the region. Only Chesterfield County within Greater Richmond has a lower initial rate than does Hanover County. Henrico County's effective rate does not dip below Hanover's rate until the sixth year of operation.

Business, Professional, and Occupational License taxes are imposed in Chesterfield County, Henrico County, and the City of Richmond, but are not assessed in Hanover County. The Town of Ashland does impose this tax on businesses within its corporate limits. The lack of this tax, which is assessed based on a business's gross receipts, provides a significant competitive advantage

for Hanover County, even considering Hanover's modest Merchants Capital Tax; however, the relative lack of Class A office space in the County has prevented Hanover from fully capitalizing on this tax advantage.

## Enterprise Zones

Three communities in the region, the City of Richmond, Henrico County, and Chesterfield County, have designated Virginia Enterprise Zones. These zones were set up to provide substantial credits (80 percent in year 1; 60 percent in years 2-10) against Virginia's corporate income tax, and companies operating in these zones could qualify for state-funded grant programs based on property improvements, job creation, and zone resident employment. In addition, these state incentives have been coupled with significant local incentives. The Chesterfield County, Henrico County, and Richmond zones raise a competitive concern because they provide product that competes with Hanover County with incentives that are difficult to match locally.

Chesterfield has two zones, one along the Jefferson Davis Highway and the second in southern Chesterfield, along I-95 in the Walthall area. The second zone is largely zoned for industrial use with utilities in place, which makes for formidable competition even without the added complement of financial incentives. Henrico also has two zones, one along Nine Mile Road, and the other along Broad Street, near Glenside and I-64, which is a joint zone with the City of Richmond. That zone was developed as an incentive to attract the recently-relocated Phillip Morris headquarters. Some of the local Enterprise Zone incentives include a grant paid back to the qualified business based on machinery and tools investment and taxes generated by that investment (in essence, a 5-year payment equal to taxes collected), waivers of site plan fees, utility connection fees, and building permit fees. These zones, coupled with prepared sites, make an attractive package for consideration by prospects and need to be factored into a competitive strategy for Hanover County.

While still a source of significant competition for new investment and business retention, recent state budget cuts have created challenges in the state-funded grants for the Enterprise Zone. Officials from the Virginia Economic Development Partnership have stated that many of the state grants are being filled at \$.60 on the dollar, or are only being funded at 60%. In addition, the Virginia General Assembly has considered adding criteria that makes qualifying for zone status potentially more difficult. Some of the zones that were developed in the early 90's may come up for sunset soon. There is some concern that a few of the existing zones may not keep their zone status, but the localities are lobbying with their elected legislators to protect their local status. The local incentives of rebates on taxes and waivers of fees are still intact and will not likely change despite the issues at the state level.

The Enterprise Zone, even with its state budget challenges, will continue to create a competitive disadvantage for Hanover County. The program is administered by the Virginia Department of Housing and Community Development, and staff has met with Zone administrators to determine if Hanover County would likely meet the criteria for zone status. Based on Hanover's resident income and historically lower vacancy rates, the county will not qualify under the current program. In addition, there are a limited number of zone designations available, and the Governor has

the opportunity to use the few designations left as a “silver bullet” to close a major investment project, new or expanding. Enterprise Zone qualifying criteria typically includes lower income requirements, high vacancy rates in industrial properties, and the number of residents on the school lunch program.

### **Commercial and Industrial Space Availability**

Hanover County competes for projects within the Richmond Region. An understanding of the different markets in the region is critical to assessing Hanover’s competitive position.

The Class A vacancy rate for the region decreased from 16.4 percent in 2002 to 10.4 percent at the end of 2007. The lowest vacancy rate in the region was in the Northwest quadrant, which had a vacancy rate just under 9 percent. Class A office development in the region will continue to be concentrated in established office parks such as Innsbrook, Glen Forest, Boulders, and West Creek, although new developments such as Reynolds Crossing will provide competition in the future. Much of the growth in the office market during 2007 occurred in the northwest quadrant of the region, specifically in the Glenside/Broad Street area.

Hanover County has 210,000 square feet of Class A office space, with a vacancy rate of 2 percent, which represents 4,000 available square feet. In addition, Hanover has a total 1.48 million square feet of Class B and C office space, with approximately 98,000 square feet currently available. The largest contiguous space available for lease is about 14,000 square feet located in Doswell at the Berry Plastics facility near Route 1. By way of comparison, Henrico County has almost 9 million square feet of Class A office space and a vacancy rate of 11 percent, while Chesterfield County has about 2.8 million square feet of Class A office space and a vacancy rate of 19 percent, largely the result of Land America moving to Henrico County in 2007.

Industrial vacancy rates in the Richmond Region have declined steadily since 2002, dropping from 14.4 percent to 6.8 percent as of the 2<sup>nd</sup> quarter of 2008. The region has experienced net positive absorption of industrial space in each quarter since the 1<sup>st</sup> quarter of 2007. Industrial development has been strongest in the Airport area, with new deliveries of 279,997 square feet during 2008. Hanover County’s industrial vacancy rate stands at 9 percent, down from 12 percent in the 2<sup>nd</sup> quarter of 2006. Hanover County currently has 513,000 square feet of available industrial space, with the vast majority available in two buildings, the AMF Reese building on AMF Drive in Mechanicsville, and the Old Best Products building on Route 1, north of Ashland. Hanover’s industrial vacancy rate compares with Chesterfield County at 7 percent and Henrico County at 6 percent.

Flex vacancy rates in the region have remained about the same between 2002 and mid-year 2008, decreasing by only 0.1 percent from 10.6 percent to 10.5 percent. Flex development is distributed evenly throughout the region. Net absorption for all flex space in the region was slightly positive at 29,350 square feet through mid-year 2008. Hanover County’s flex market contains about 1.5 million square feet with a current vacancy rate slightly above the regional average at 13.7 percent. Hanover’s vacancy rate has increased since the 3<sup>rd</sup> quarter of 2006, moving from a low of 5 percent to the current 13.7 percent. The current vacancy rate for flex space in Hanover reflects

the fact that this type of space is typically occupied by small and medium sized businesses. These businesses have been disproportionately affected by the recent economic slowdown, which has resulted in consolidations, downsizing of physical space, and business closures. By way of comparison, Henrico County has a flex vacancy rate of 8 percent and Chesterfield County has a flex vacancy rate of 11 percent. The flex product at Hanover projects such as Ashland Business Park, Hanover Business Center, Northlake Business Park, Crescent Business Center, and Atlee Commerce Center contribute to the County's presence in this market. Despite the current vacancy rate, the flex sector has been the most active market segment in Hanover County between 2002 and 2008.

### Economic Development Plan Update Process

The Board of Supervisors identified the update of the Economic Development Strategic Plan as one of its top ten objectives for Fiscal Year 2008-2009.

The County reached out to a broad spectrum of the public to seek its opinions about updating the goals and strategies of the Economic Development Strategic Plan. Hanover conducted a Public Roundtable discussion on the Economic Development Plan on August 13, 2008 at the Richmond Newspapers, Inc. production facility in Atlee Station. Direct invitations to the forum were mailed to active business organizations in the County. Specific business organizations invited and represented at the forum included the Hanover Association of Businesses and Chamber of Commerce, the Hanover Business Council, and the Hanover Industrial Air Park Business Association. Additionally, notices of the event were published in the local newspapers as well as announced on local radio and television.

Seventy-two participants registered for the event and attendance included representatives of both citizen and business interests. The event began with an overview of State and Regional economic development activities and a discussion of current demographic and economic trends affecting Hanover County's competitive position.

This overview was followed by a number of breakout sessions to review the economic development goals, objectives and policies of the Strategic Plan. The groups were organized around the following issue areas: Business Attraction, Target Industries, and Business Climate; Land Development and Infrastructure Issues; Business Retention, Expansion, and Business Climate; Workforce Development; Tourism; and Agriculture. To help stimulate discussion in these topic areas, a series of "Prompting Questions" were distributed to each group. Outside experts from State and Regional Economic Development organizations acted as facilitators for each group.





After individual groups met and discussed the issues, a full group session was reconvened in the Training Room, and reporters from each group summarized the thoughts and key points raised in each respective group. Attendees were encouraged to follow-up this meeting by sending additional suggestions to the County's Department of Economic Development. Local newspaper coverage of the event added public exposure to the process and assisted in broadening community awareness of the planning process and the desire to be broadly inclusive of citizen input.

The Economic Development staff then revised the Strategic Plan based on the results of the Public Roundtable discussion. The Economic Development Authority (EDA) reviewed the draft Plan at its February 24, 2009 meeting and then held a public comment session on March 23, 2009 to receive comments from the public. The public comments were incorporated into the draft Plan where appropriate and the EDA recommended the draft Plan to the Board of Supervisors at its April 15, 2009 meeting.



In general, Hanover County is in a relatively strong economic position, with record employment levels, low unemployment, a growing workforce, and a diversifying economy. The County is not in a crisis situation and does not exhibit any negative economic indicators. Just as a business has to continually monitor its economic performance, the County must undertake the same discipline and make adjustments as appropriate. Fine-tuning of an economic strategy can be seen as a means of making mid-course corrections to mitigate any underlying weaknesses or vulnerabilities in the economic base of the community.

The data shown in Appendix A indicates the County is over represented by employment in the construction sector compared with other jurisdictions in the Richmond MSA and Virginia as a whole. This subjects the County to potential vulnerability to fluctuations in the business cycle because this sector is typically sensitive to interest rate changes. This indicates a need to stimulate growth in other industry sectors.

**The following main themes emerged from this analysis of Hanover County's competitive position:**

- The County should encourage the retention and expansion of its existing businesses.
- The County should further diversify its economic base.
- The County should encourage development of sufficient industrial/office parks available for both new and existing businesses.
- The County should ensure timely approvals from appropriate permitting authorities to meet project deadlines for both new and existing businesses.
- The County should maintain quality development standards without being overly burdensome to existing businesses.
- The County should maintain its policy for providing competitive business incentives.



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