



Economic Development 101: Back to Basics

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November 19, 2025



Virginia Housing

2025 Governor's Housing Conference

Chris McNamara

**Housing is a
fundamental building
block for communities**

Intersections with:

Health outcomes

Education attainment

Wealth-building

Economic competitiveness

Quality of life

Why are we here today?

Goals:

1. Understand how economic development is done in Virginia
2. Emphasis on Collaboration
3. Changes in how Economic Development looks at housing
4. How can you impact this work locally, regionally and statewide

ECONOMIC DEVELOPMENT 101: BACK TO THE BASICS

November 19, 2025

AGENDA

Traditional economic development

Shifting focus: from jobs to people

Tools for housing professionals

WHAT IS ECONOMIC DEVELOPMENT?

Economic development is the process by which a place steadily improves people's well-being by growing and advancing its economy, attracting and growing businesses, and building the skills, infrastructure, and institutions that make broad, lasting prosperity possible.

Key pillars of economic development:

- Business attraction & retention
- Entrepreneurship, small business development, innovation
- International trade / export promotion
- Workforce development / talent attraction & retention
- Infrastructure development
- Community development & placemaking
- Tourism
- Governance & policy (regulatory env, taxes, etc.)

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- Governance & policy (regulatory env, taxes, etc.)



VEDP'S STRUCTURE PROVIDES THE FOUNDATION FOR A NON-PARTISAN, LONG-TERM APPROACH TO ECONOMIC DEVELOPMENT

Virginia chose an innovative new model for economic development in 1995 with the creation of VEDP as the principal state economic development organization:

- **Legal status:** Independent public authority
- **Governance:** 17-member governing board that provides continuity across gubernatorial terms
- **Staff:** Approximately 220 full-time positions
- **International reach:** offices in Germany, Japan, South Korea, and Taiwan





OUR PURPOSE

Enriching **lives, communities**, and
the **Commonwealth** through
economic development excellence

ENRICHING VIRGINIANS' LIVES



Civica Inc., Petersburg, rendering

Civica is creating over **200 high-paying jobs** in a historically **marginalized community** while addressing **drug shortages** and **high costs** and helping to catalyze a **biopharma cluster** in Central Virginia

ENRICHING OUR COMMUNITIES



Beanstalk Farms, Fairfax County



TECHLAB Inc., Montgomery County



Cadence Inc., Staunton

\$7.7 million

Nominal value of tax dollars to a locality over 20 years for an average manufacturing project*

*Based on average VEDP-assisted project size in FY24 (168 jobs, \$85M capex), using a locality with tax rates in line with the statewide average. Assumes local incentives of \$1.7M.



The LEGO Group, Chesterfield County



Norris Built Fabrication, Norton County

ENRICHING THE COMMONWEALTH

Economic development is a net contributor to the general fund

\$7:1

Estimated Return on Investment in state tax revenue per dollar invested over five years¹

~90%

of General Fund Revenues are driven by economic development (Individual & Corporate Income, SUT)

¹VEDP ROI analysis based on announced jobs and investment in FY20-FY24, taking into account operational and administrative budget, project incentives, and the cost of new in-migrants to fill jobs, assuming ramp up of employment over three years. While impacts continue to accrue over time, a conservative five-year period was used.

Source: Virginia Department of Planning and Budget; VEDP analysis



Virginia State Capitol, Richmond

FY25-29 TRANSFORMATIONAL GOALS FOR THE COMMONWEALTH

1 Robust State Growth

Position Virginia to achieve a growth rate among that of the top 10 states in the U.S.

2 Every Region Wins

Ensure that every region participates in the growth of the Commonwealth

3 Best State Business Climate

Cultivating a leading business climate and sector-specific ecosystems

4 Top State for Talent

Establish Virginia as a top state for talent retention, attraction, development, and alignment

5 Most Innovative, Collaborative, and Effective State EDO

Solidify VEDP's position as one of America's top state EDOs through an innovative strategy, collaborative approach, and effective outcomes

ECONOMIC DEVELOPMENT: POLICIES AND PROGRAMS DESIGNED TO ENCOURAGE GROWTH IN JOBS, WAGES, AND INVESTMENT

VEDP accomplishes this through:



Encouraging **coordination** of economic development efforts among local, regional, and state partners



Collaborating with localities to develop **project-ready sites** for manufacturing and supply chain projects



Administering **performance-based incentives** that encourage job creation and capital investment



Providing **grants or custom workforce solutions** to address recruitment and training needs, and **analysis and insight** on education and labor market alignment



Developing recommended **economic development policies and strategies** to position Virginia and its regions for growth



Encouraging and assisting the **retention and expansion** of existing Virginia firms



Assisting Virginia companies to establish and/or expand international sales (i.e., **trade development**)



Conducting **research** to understand and effectively present Virginia's competitive advantages



Marketing Virginia to raise awareness of the Commonwealth's advantages for business and cultivate new leads



Recruiting out-of-state firms to select Virginia for new job-creating projects

LIKE ALL OTHER STATES, VIRGINIA’S ECONOMY IS COMPRISED OF TRADED AND NON-TRADED INDUSTRY SECTORS

Traded sector: Businesses that generate most of their sales from out-of-state customers, resulting in new jobs, wages, and tax revenues for the Commonwealth



Corporate HQs



Manufacturing



Technology¹



Business Process Services



Supply Chain

Non-traded sector: Businesses that primarily serve local (i.e., in-state) customers, typically competing with other non-traded sector businesses for in-state sales



Retail



Restaurant



Hospital



Entertainment



Local Services

Job breakdown
by sector

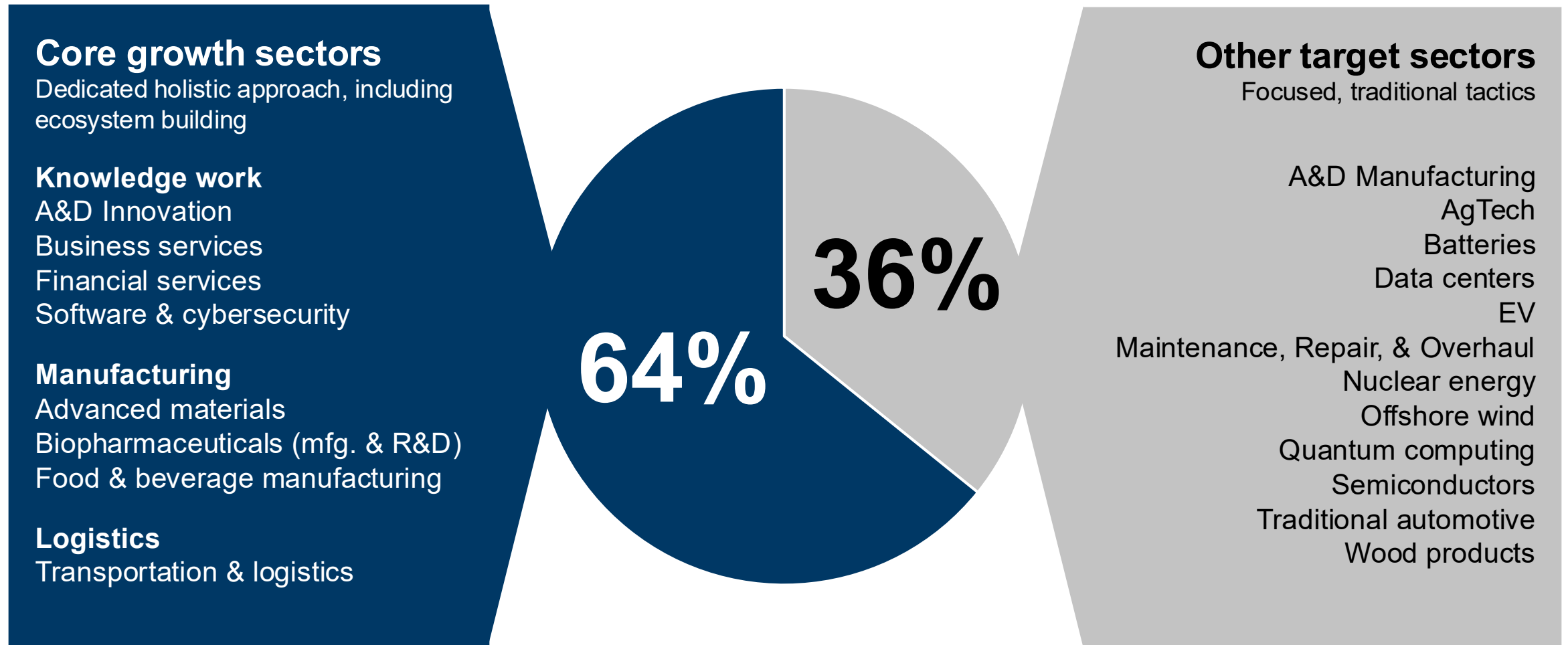
1/3
of Virginia
employment is
in **traded
sector** jobs

2/3
of Virginia
employment is
in **non-traded
sector** jobs

¹For example: Data Centers, Software Development, Cloud Computing, Cybersecurity

WE ARE MOST FOCUSED ON THE GREATEST OPPORTUNITIES FOR IMPACT

Share of traded sector growth in Virginia (2022 – 2030)



ECONOMIC DEVELOPMENT PROJECT LIFE-CYCLE

Marketing & Communications	Brand management; <i>Virginia Economic Review</i> ; social media; event marketing; public relations; value proposition/collateral
Lead Generation / Relationship Cultivation	Strategy development; business development activities; site selection activities; foreign direct investment; site selector engagement
Project Management	Client mgmt & communication (RFI/RFP); delivering VA's value proposition; site rec./visits; sector insight; partner coordination/collab.; CRM/data mgmt
Due Diligence / Financial Proposal	Company due diligence; risk assessment; incentive strategy; PRACC/MEI review
Announcement	Press release development; media event coordination; media inquiries/responses
Debrief / Lessons Learned	Post-mortem; understanding key decision factors; identifying opportunities to enhance Virginia's competitiveness
Incentives Management / Reporting	Project compliance; reporting; clawback management
Existing Business Support	Business outreach to identify expansion opportunities; talent solutions; corporate intelligence; export programs/assistance

PRIMARY AND SECONDARY SELECTION FACTORS FOR SITE-SELECTION COMPETITIONS

Primary selection factors*

- Quality, availability, and cost of target workforce
- Proximity to key customers and suppliers
- Availability of target real-estate solution (size, cost, control, water/sewer/rail connectivity, etc.)
- Tax and regulatory climate
- Transportation infrastructure
- Operating costs (electricity, insurance, workers comp, etc.)
- Quality-of-life factors (public K-12 options, regional amenities, crime rate, etc.)
- Accurate and thorough RFI, RFP, and proposal requests

Secondary selection factors**

- Availability and quality of customized recruitment and training solutions
- Customized (discretionary) incentives
- By-right financial incentives
- Level of state-and-community support (e.g., fast-track permitting)
- Personal preferences of executives involved in decision process (e.g., affinity for a particular place)
- Strong business retention program to assist with corporate intelligence and after care
- Creative and innovative solutions to key project decision factors

*Priority of selection factors varies from project to project; however, quality and availability of workforce almost always is one of the top three considerations

**Typically these factors come into play when multiple locations offer relatively comparable characteristics relative to primary site-selection criteria; however, a large incentive package can represent a primary selection factor

Source: VEDP CEO experience with hundreds of site-selection projects; Site Selection (January 2018); VEDP analysis

HOW VIRGINIA THINKS ABOUT INCENTIVES...

- ✓ Virginia wins by leading with its total value proposition, not just incentives
- ✓ Close deals in competitive situations
- ✓ Address project-specific needs (site/utility infrastructure, recruitment/training, cost)
- ✓ Leverage other state and local resources and assets
- ✓ Same standards utilized for existing firms as new-to-Virginia firms
- ✓ HQ2 Incentive Model (i.e., modest company incentives, targeted competitiveness investments into community assets like TTIP or infrastructure)
- ✓ Performance-based (paid after performance vs. up front to reduce risk)
- ✓ Robust enforcement of callbacks, where applicable
- ✓ Transparent public reporting of post-announcement performance

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Tools for housing professionals

THE INCREASING IMPORTANCE OF TALENT IN LOCATION DECISIONS LED TO A NEW TRANSFORMATIONAL GOAL FOR THE COMMONWEALTH

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4 Top State for Talent

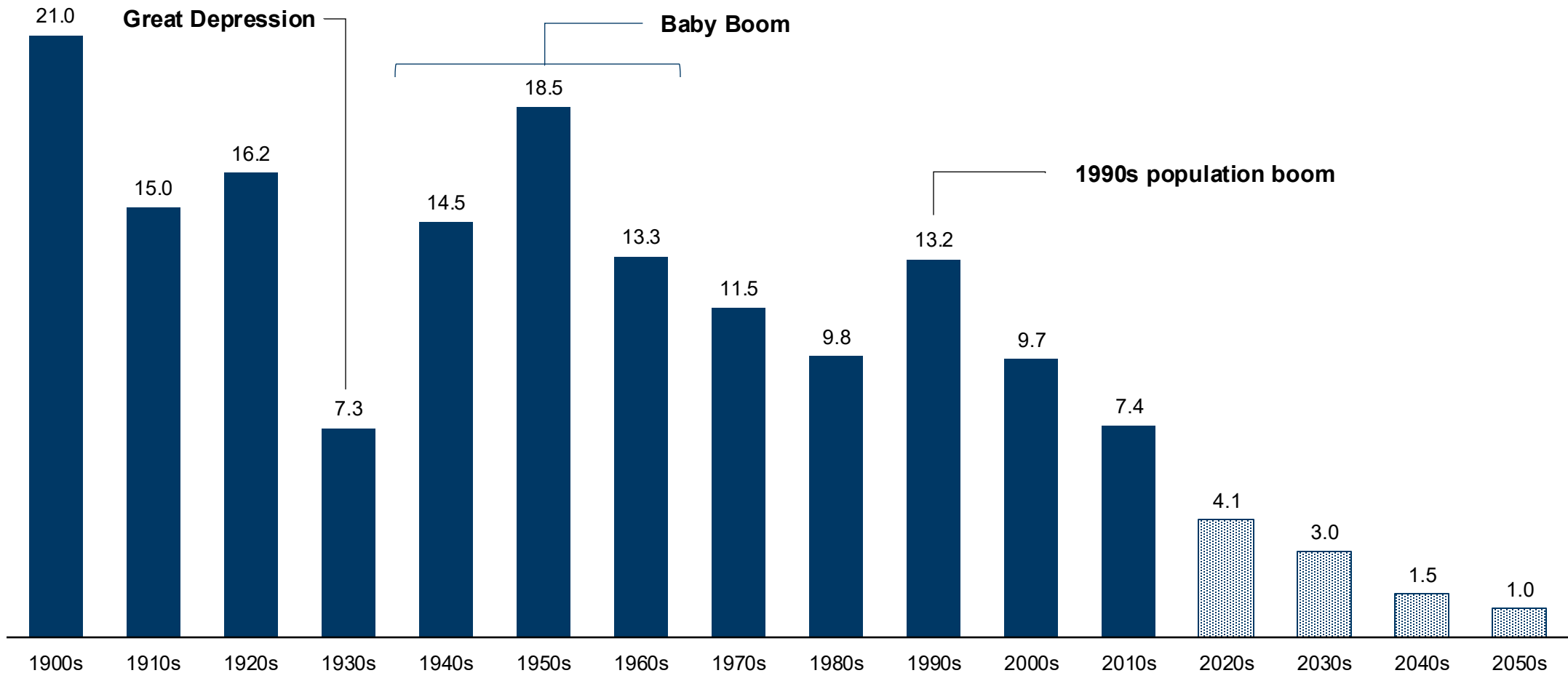
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AS POPULATION GROWTH DECELERATES, DEMOGRAPHIC PRESSURES ARE POISED TO INTENSIFY

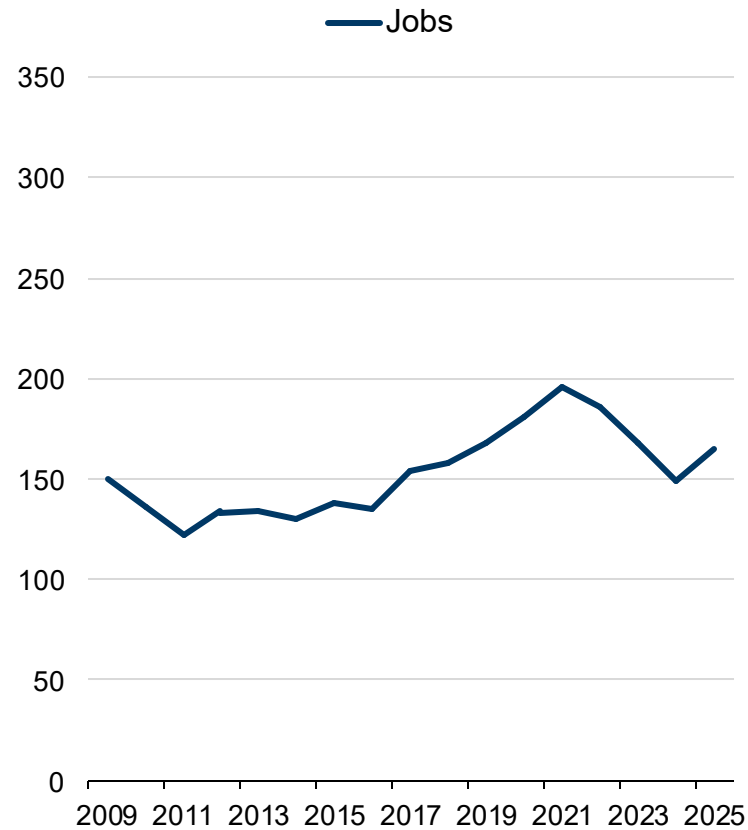
U.S. resident population growth between decennial census
%, (1900-2050, forecast)



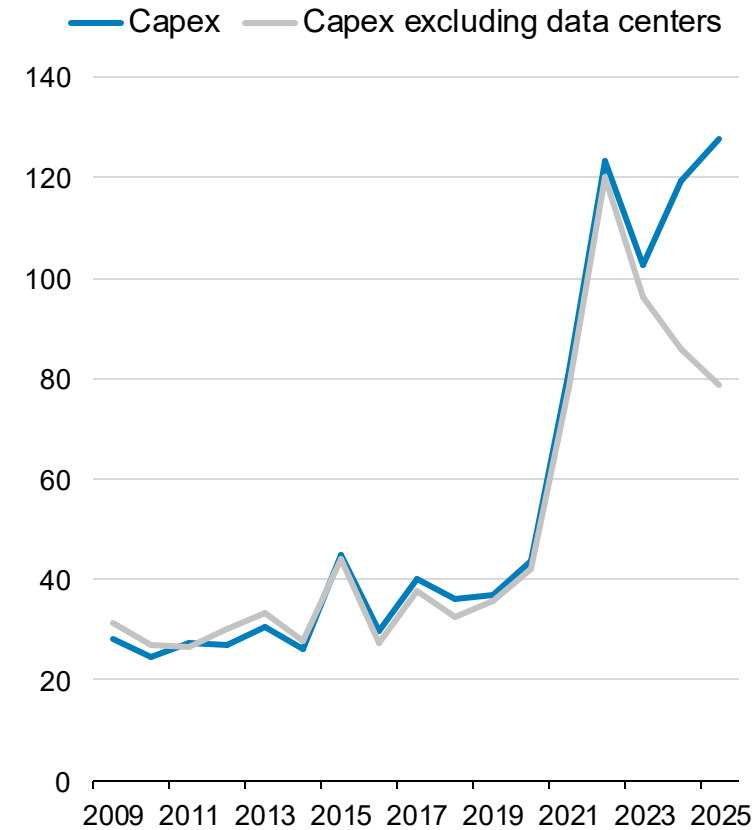
Source: Census Bureau Population Estimas Program, National Population Projections

TECHNOLOGICAL INNOVATION IS CHANGING THE FACE OF ECONOMIC DEVELOPMENT PROJECTS

Nationwide average announced jobs per project

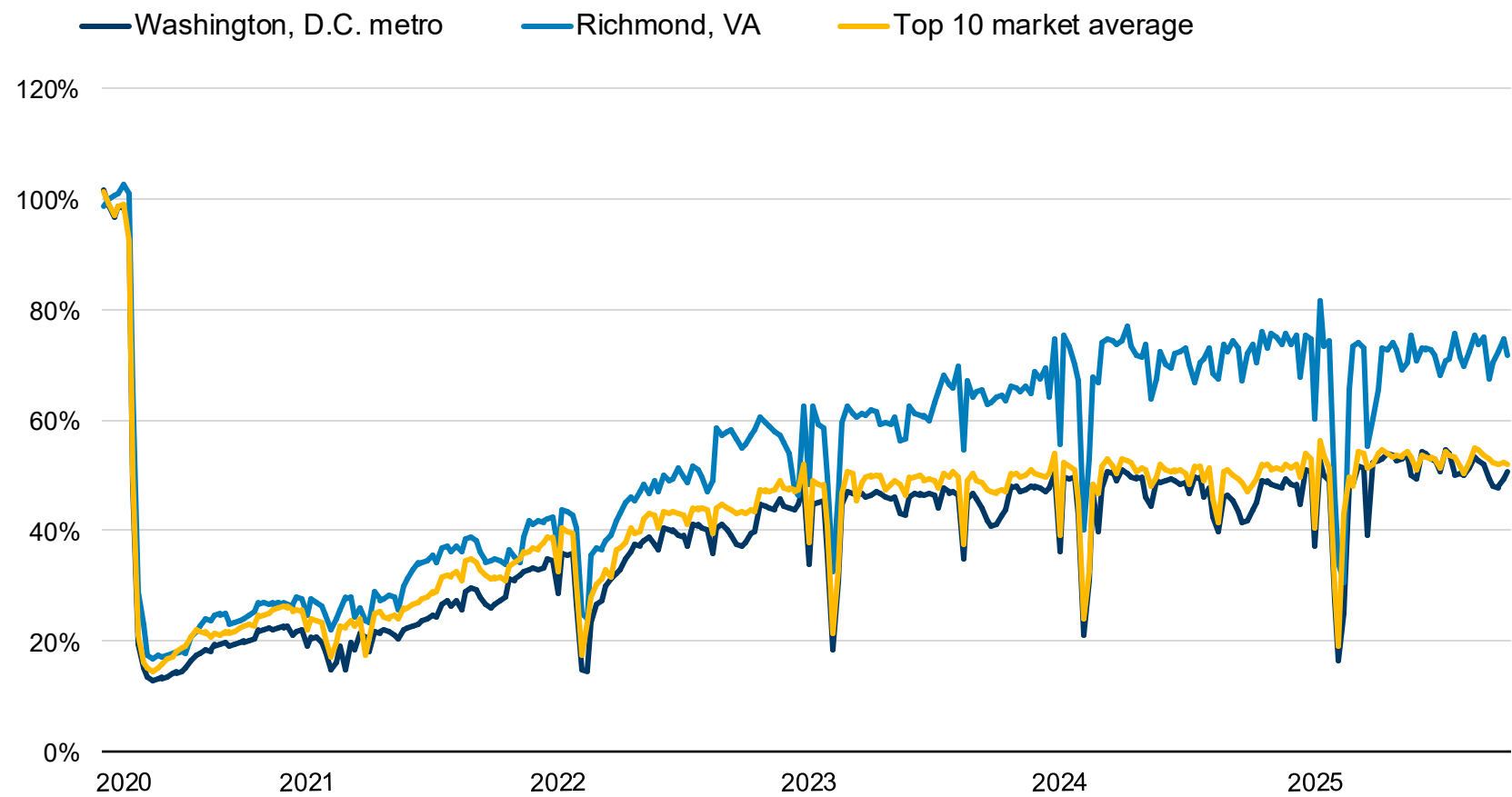


Nationwide average announced capex per project (\$M)



TECHNOLOGY AND CULTURAL SHIFTS HAVE CHANGED WHITE-COLLAR WORKING HABITS PERMANENTLY

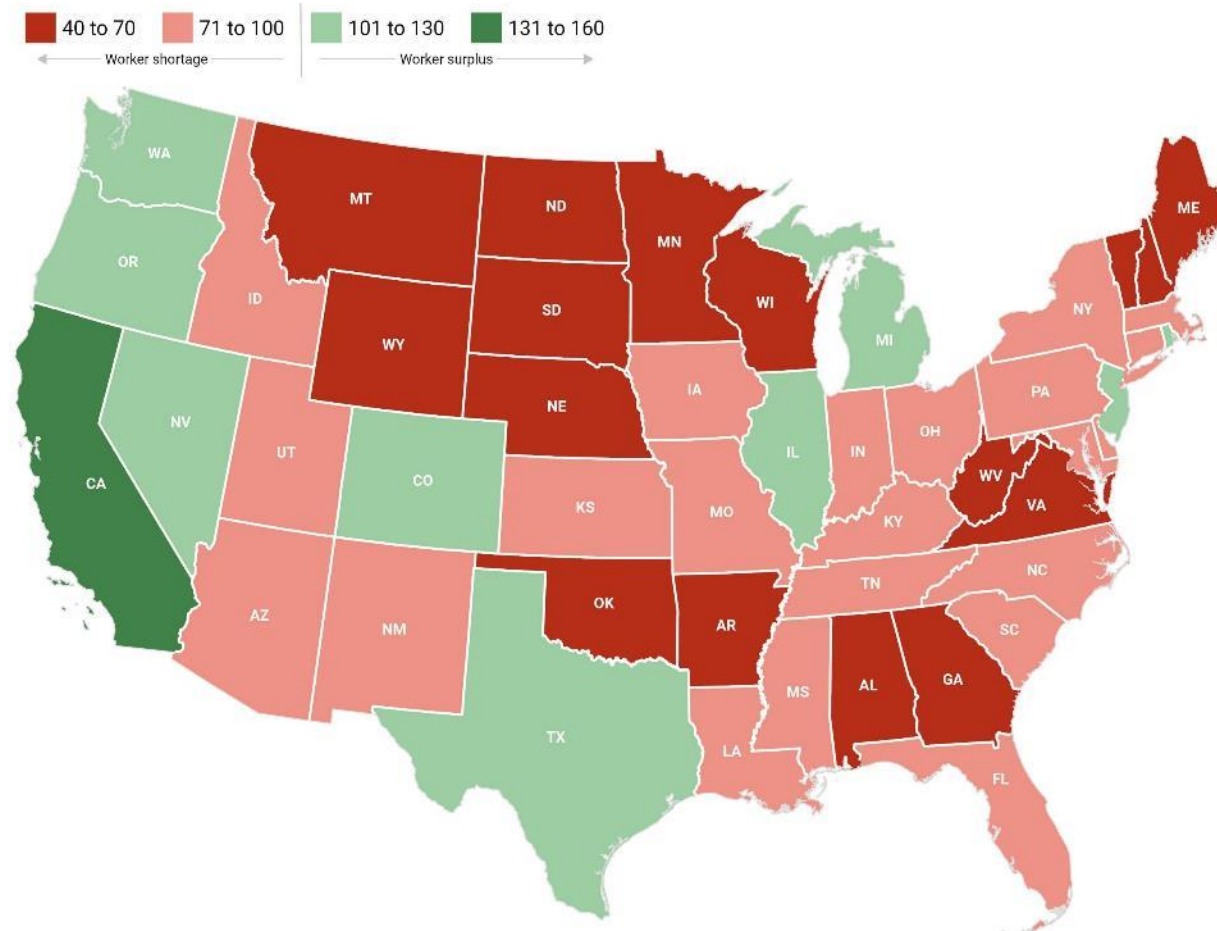
Unique cardholder activity in Kastle buildings by MSA
%, pre-COVID baseline* (February 2020-September 2025)



* Percentage calculations are based on the average card holder activity between February 3-13, 2020
Source: Kastle Weekly Occupancy Report, September 1, 2025

THE U.S. CHAMBER OF COMMERCE RANKS VIRGINIA'S WORKFORCE SHORTAGE AS "MORE SEVERE"

Available workers for every 100 open jobs
Available worker ratio (Sept. 2024 - Aug. 2025)



ACQUIRING AND RETAINING TALENT IS A CRITICAL CONCERN FOR FIRMS AS THEY CONSIDER WHERE TO EXPAND

Percentage viewing as ‘important’ or ‘very important’,
Top corporate categories (2024)

Talent-related categories

Corporate Executives Site Selection Consultants



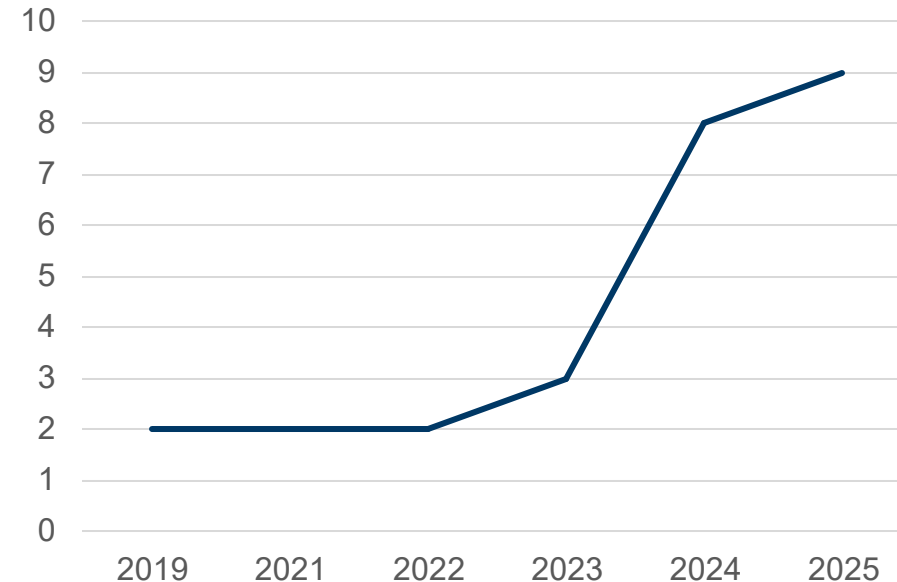
*Workforce; Life, Health, and Inclusion; Education; Cost of Living; and optionally Technology and Innovation
Source: Area Development Corporate and Consultants Surveys 2025

HOUSING HAS COME TO THE FOREFRONT IN BUSINESS LOCATION DECISIONS & NATIONAL BUSINESS CLIMATE RANKINGS

CNBC: Nation's most prominent national business ranking increasingly prioritizes housing

- Since 2022, CNBC has increased the number of estimated housing metrics from two to ten, reflecting the growing importance of housing to business location decisions
- 2025 CNBC housing-related metrics include:
 - Real estate market health
 - Property taxes
 - Housing inventory
 - Cost of Living Index
 - Cost to insure median-priced home
 - Mortgage delinquencies
 - Equity
 - Housing costs (homeownership)
 - Housing costs (rental)
- The CNBC metrics focus on the state as a whole, not on individual metros or markets

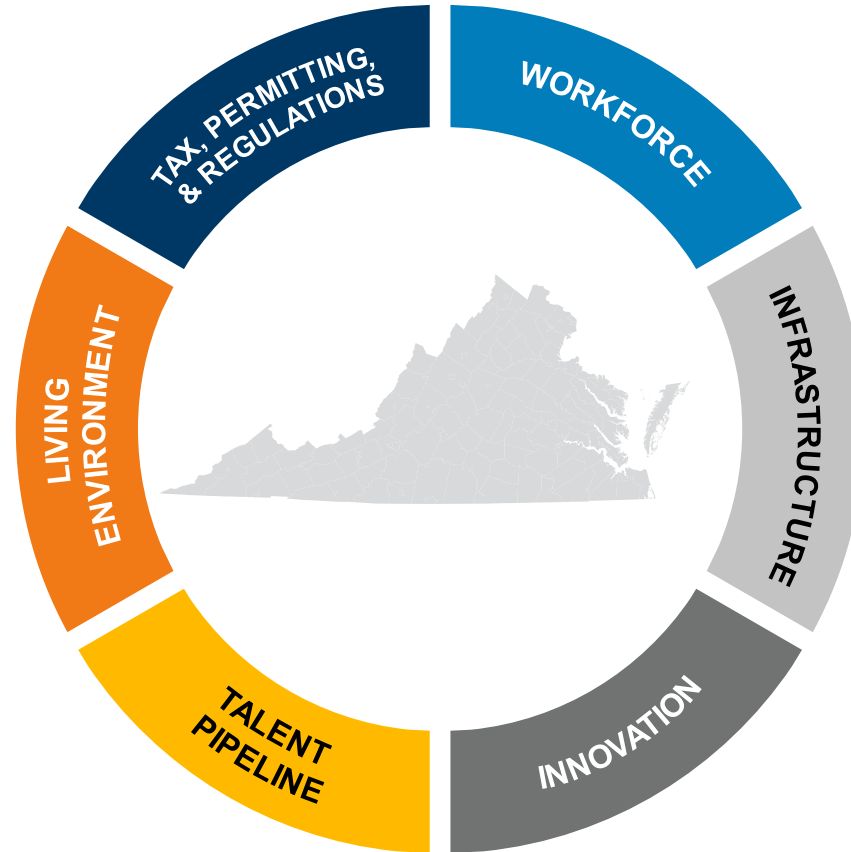
CNBC Top State for Business Rankings
Number of Housing-Related Metrics (2019-2025)*



Source: CNBC Top State for Business Rankings

*Ranking not released in 2020 due to COVID-19 pandemic

**A robust ecosystem
combines the
factors that a
business needs to
grow within a
geographic area**



WE ARE POSITIONING VIRGINIA AS AMERICA'S TOP STATE FOR TALENT, ADDRESSING SHIFTING PRIORITIES IN ECONOMIC DEVELOPMENT

- ✓ We developed VA's **Top State for Talent Strategy** as part of our strategic plan for economic development
- ✓ We launched a **dedicated team** to work across Virginia's talent and workforce ecosystem
- ✓ VEDP took on **Internships VA** to connect businesses with students, promoting talent retention and alignment
- ✓ We are more directly addressing systemic **talent pipeline needs on major projects**
- ✓ We are promoting our **rank as a top state for education** with strong colleges/universities, high attainment rates, etc.
- ✓ We are **tightening alignment with current & future workforce needs** via VA Office of Education Economics



James Madison University

HOW IS VEDP COLLABORATING WITH THE HOUSING COMMUNITY TO INTEGRATE HOUSING INTO OUR WORK?

Economic development project support

- Building capabilities to estimate housing demand generated by a project's future investment in a community
- Identify current and future housing inventory to support a project
- Identify and explore potential solutions to address project-related housing deficiencies

Aligning industrial site development efforts with housing

- Linking housing supply to industrial site development to inform future residential needs by potential news jobs
 - Estimating housing demand for a site's targeted industry
 - Cross-agency collaboration through site development taskforce, integrating housing expertise
 - Integrating housing expertise into the Virginia Business Ready Sites Program

Data and resource sharing among agencies

- Ad hoc analytical collaboration with housing agencies to assess housing challenges and opportunities related to economic development



Housing in Arlington, VA

THANK YOU!



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Housing is Economic Development

Collaboration

- **VEDP/DHCD/Virginia Housing**
- **Community Foundations, PDCs, Tobacco Commission, Chamber of Commerce**
- **Virginia Economic Developers Association- Housing Forum**
- **EDAs/IDAs exploring housing**
- **Workforce Housing Investment Program**

Examples

- Housing Summits
- Redevelopment of old industrial buildings/sites
- Site Development
- Financing

Virginia Housing and EDAs/IDAs

Land Studies

- Halifax
- Page
- Altavista
- Bath
- Wise
- New Kent



Altavista



Halifax IDA



Figure 1. East Front Facade

Wythe IDA



Figure 3. West

Adaptive Reuse

- Wythe
- Danville
- Brunswick County
- Henrico
- Shenandoah

How to initiate collaboration

Know your economic development team!

Local and Regional

Workforce Development

Review economic development plans and identify opportunities for collaboration

Incorporate housing into economic development plans (and economic development into housing plans)

Include housing development into site development

Share success stories and challenges

Making sure economic development team knows the full story

Explore new ways of using existing tools

EDA/IDAs have existing tools that can be used

Open Discussion

- **What barriers have you encountered in linking housing and economic development locally?**
- **How can we improve collaboration across these disciplines in your region?**
- **What information or tools from the state level would help you most?**

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