

6 SITE ASSESSMENT

A. INTRODUCTION

While opportunities for meaningful economic development exist in every corner of Shenandoah County, some high-potential properties stand to play a larger role in the county's economic growth than others. Proximity to highways and major roads, appropriate zoning, accessible infrastructure, and a property's size and scale are just a few of the factors that can make one parcel more potentially catalytic than another. Identifying these important, high-potential properties can play a key role in directing the County's limited economic development resources to the places where they can have the largest positive effect.

This chapter presents the results of an analysis of every Shenandoah County parcel's economic development potential, based upon a number of variables. In addition to hard factors like a given parcel's distance from highways and its access to water, sewer, and other infrastructure, the analysis accounts for certain owners' stated interest in developing their respective properties, according to County staff and local real estate professionals.

B. METHODOLOGY

Staff conducted a review of Shenandoah County's parcels within ESRI ArcGIS, a geospatial analysis software, coupled with assessment data from the County's Commissioner of Revenue. Each parcel was evaluated against five criteria: its zoning, size, proximity to major highways, access to water and sewer, and County knowledge of its owner's willingness to engage in economic development activity. This last criterion is not comprehensive of *all* of the county's properties; many property owners would surely welcome development opportunities, despite not having engaged County officials to express an interest. Still, local knowledge of key parcels with interested and involved owners helped to identify those parcels about which conversations are already underway.

Each property was assigned a point value between zero and five points for each of the five criteria (with opportunities for bonus points), summing to a total score of up to 28 points. Those with scores over 20 are considered to be the county's most development-ready, high-potential sites (Map 6-1 and Section C of this chapter).

Zoning

While residential and other land uses have an important role to play in a community's economic development, this analysis awards points to parcels that are currently zoned for commercial or industrial development. Parcels that do not require rezoning or use variances are less likely to face the uncertainty and delays that often accompany these processes. These factors can increase development costs and deter investment. Parcel scores for zoning were awarded on a binary basis, with those zoned for commercial and industrial uses receiving five points, and those zoned for other uses receiving zero.

Parcel Size

A property's size is a key factor in any development proposal's financial feasibility. Small acreage sites can be difficult to develop, especially in areas with low-density zoning. In line with the County's stated goals for economic growth and job creation, this analysis awards two points

to any parcel greater than one acre, and five points to those larger than five acres. Parcels smaller than one acre, while still able to play a role in Shenandoah County's economic development, are not awarded any points due to the low likelihood of supporting large-scale, catalytic development. It should be noted that the Commonwealth has placed an emphasis on developing sites over 25 acres. For this reason, state funding will only be available to develop sites over 25 acres in size.

Proximity to Major Highways

Given the rural nature of much of Shenandoah County, proximity to the area's two major highways is a major determinant of a parcel's economic potential. Interstate 81 and the adjacent Route 11 are the county's main arterials for the delivery of goods and materials. Easy access to these critical pieces of infrastructure is likely among the first qualifications a prospective firm would check when evaluating parcels in Shenandoah County. Parcels within one mile of either Route 11 or I-81 received five points in this analysis, with an additional five points awarded to the most immediately adjacent parcels, located within a quarter mile.

Access to Water and Sewer Services

Parcels located within one of Shenandoah County's towns or within the Maurertown-Toms Brook Sanitary District have an inherent advantage in that they are provided with sewer and water infrastructure by the towns themselves. Properties in unincorporated sections of the county must arrange for their own water and sewer treatment services on site. To account for this advantage, parcels located within a municipality were awarded three points.

Ownership

Conversations with County staff and local real estate professionals revealed a number of parcels that had either been involved in active discussions regarding economic development opportunities, or that had been identified by staff as likely candidates for future development. This criterion also accounted for sites that feature multiple parcels owned by the same owner, which can ease the development process and add to the potential scale (and therefore financial feasibility) of certain prospective projects.

The awarding of points to account for this local knowledge ranged from zero to five, with scores of five reflecting those sites that County staff helped identify as the most likely to host catalytic economic development.

After identifying a number of high-potential properties, analysis of the existing conditions on each parcel was used to determine the very best, "Primary" and "Secondary" opportunity sites. Vacancies, existing structures, geographic and topographical encumbrances, and other factors were examined to filter out those parcels least likely to host new development. While the selected Primary sites meet most if not all relevant criteria, the Secondary sites may require additional steps to become development-ready.

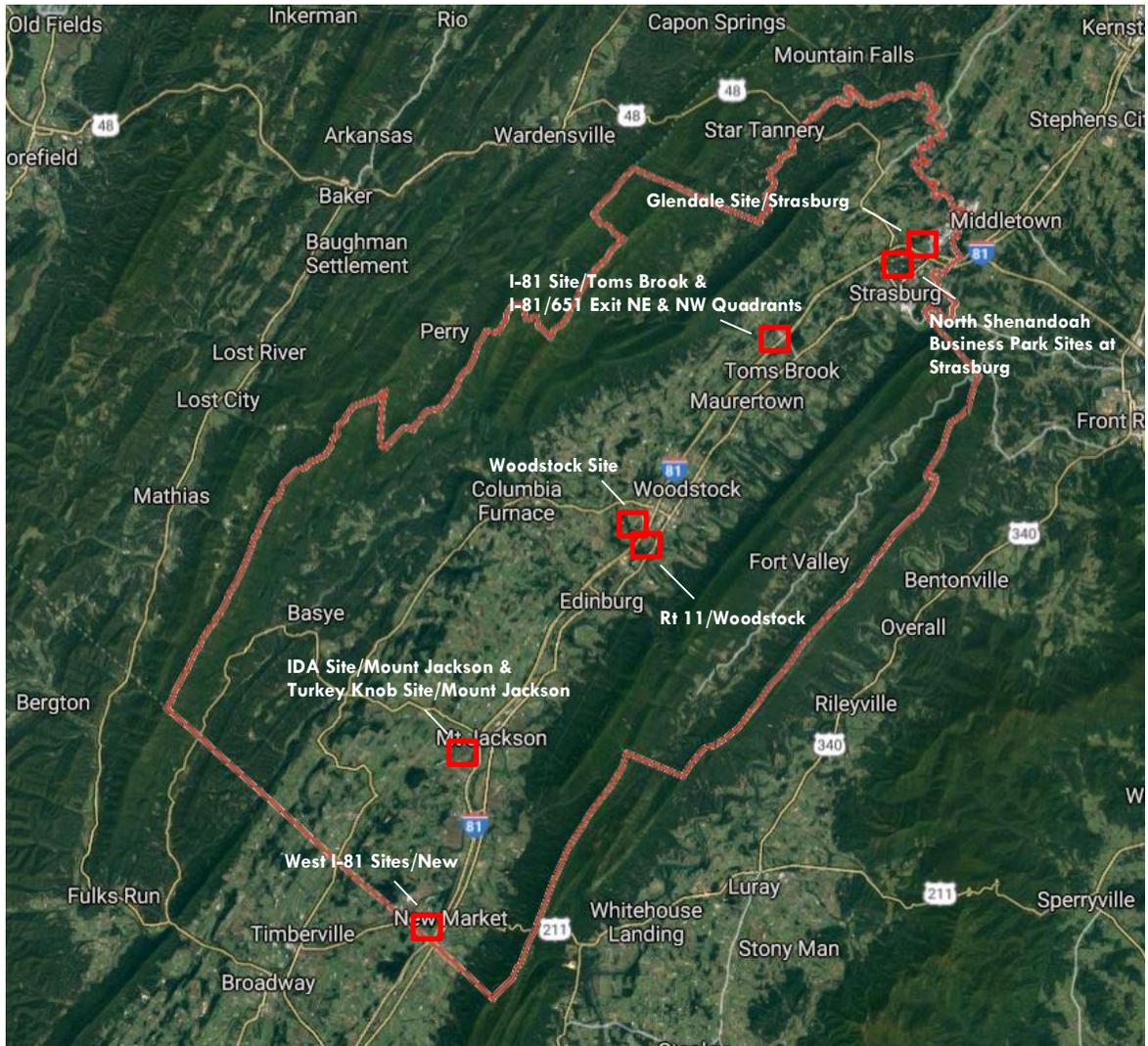
Some of these sites may qualify for State incentives, including The Commonwealth's Development Opportunity Fund, The Economic Development Access (EDA) program, Commercial and Industrial Sales and Use Tax Exemptions, the Major Business Facility Job Tax Credit, and The Virginia Jobs Investment Program (VJIP). These programs may help to reduce development costs for prospective investors and should be considered as part of any more detailed feasibility studies. However, it should also be noted that many of these programs are based on job creation, wages and total investment in order to qualify.

C. OPPORTUNITY SITES

1. Primary Opportunity Sites

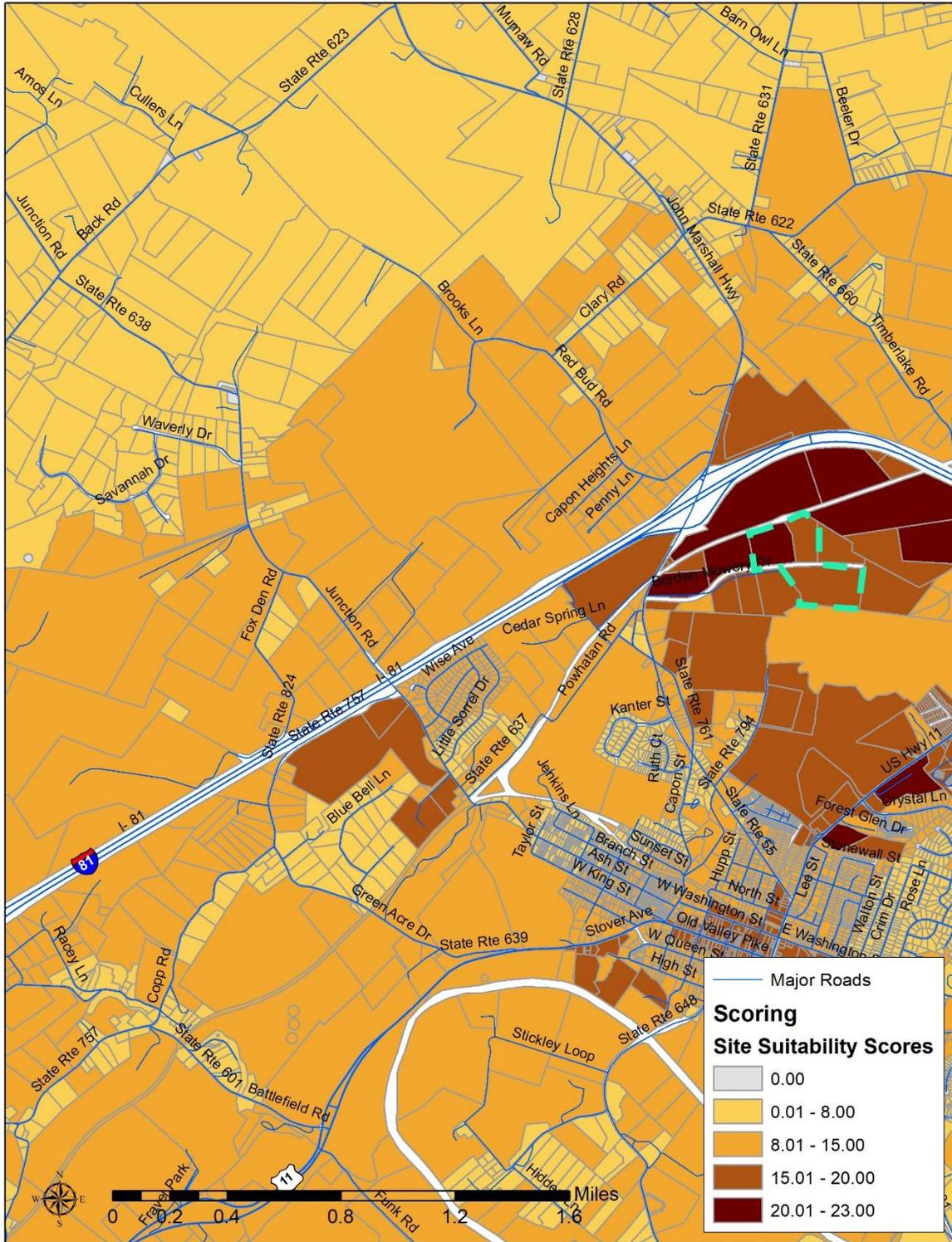
Five sites have been identified as the Shenandoah County's Primary Opportunity Sites. Each received high suitability scores, driven in part by their existing commercial or industrial zoning and ownership groups that have expressed interest in exploring development options. These may be considered the county's "lowest-hanging fruit" for site selection opportunities related to economic development and job creation (Map 6-1).

Map 6-1 – Primary Opportunity Sites



Source: RKG Associates, Inc., 2019

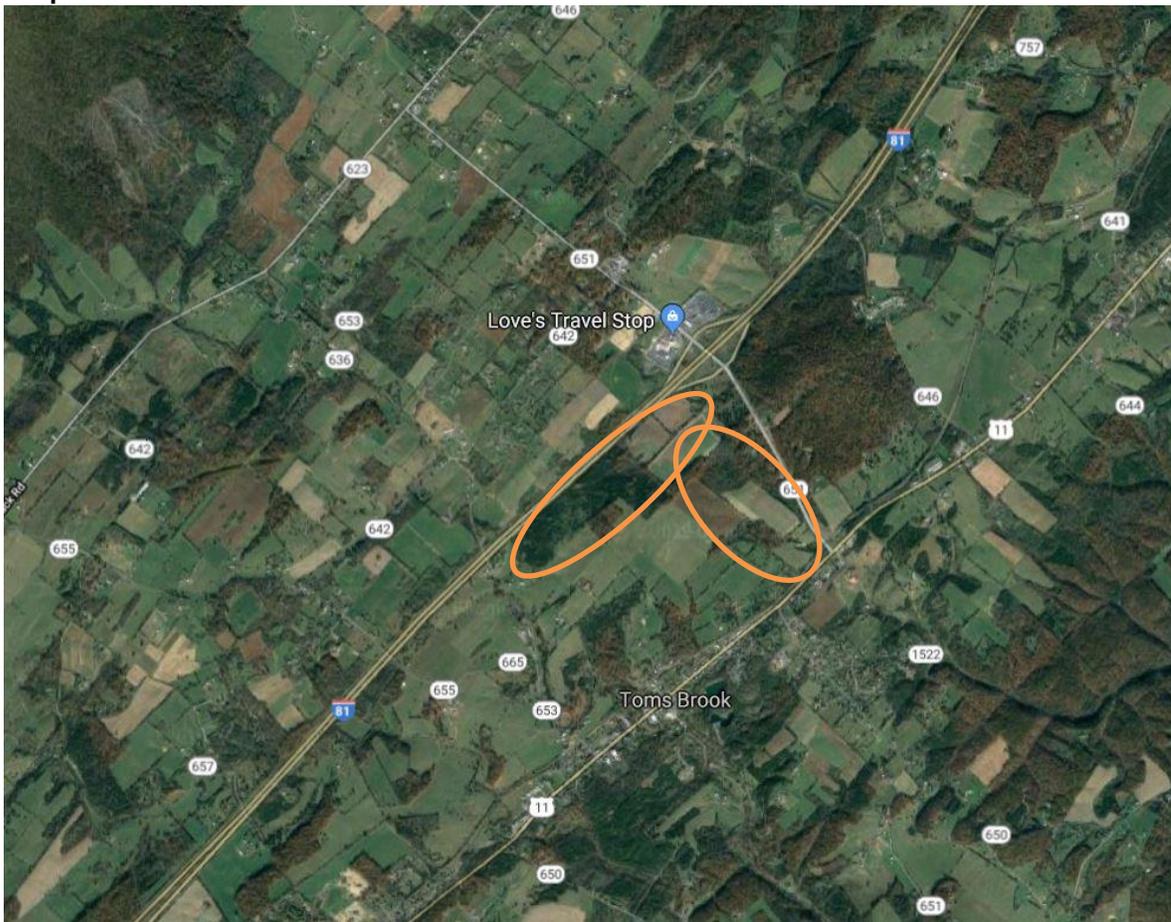
Map 6-3 – North Shenandoah Business Park Sites at Strasburg Parcels



1.2 I-81 at Toms Brook: Southeast Quadrant

A collection of several high-score parcels is located adjacent to I-81 at the Route 651/Mt. Olive Road exit near the Town of Toms Brook (Map 6-4). Under the ownership of one individual, six undeveloped parcels (Map 6-5) are considered as one contiguous Primary Opportunity Site. Each is currently being marketed for industrial uses, and together they have a combined size of around 230 acres. The owner, 7K Investments LLC, has reportedly expressed interest in developing the property, which enjoys frontage on Mount Olive Road and extends roughly a mile south, nearly to Brook Creek Road and southeast to Route 11.

Map 6-4 – I-81 Toms Brook Site Aerial

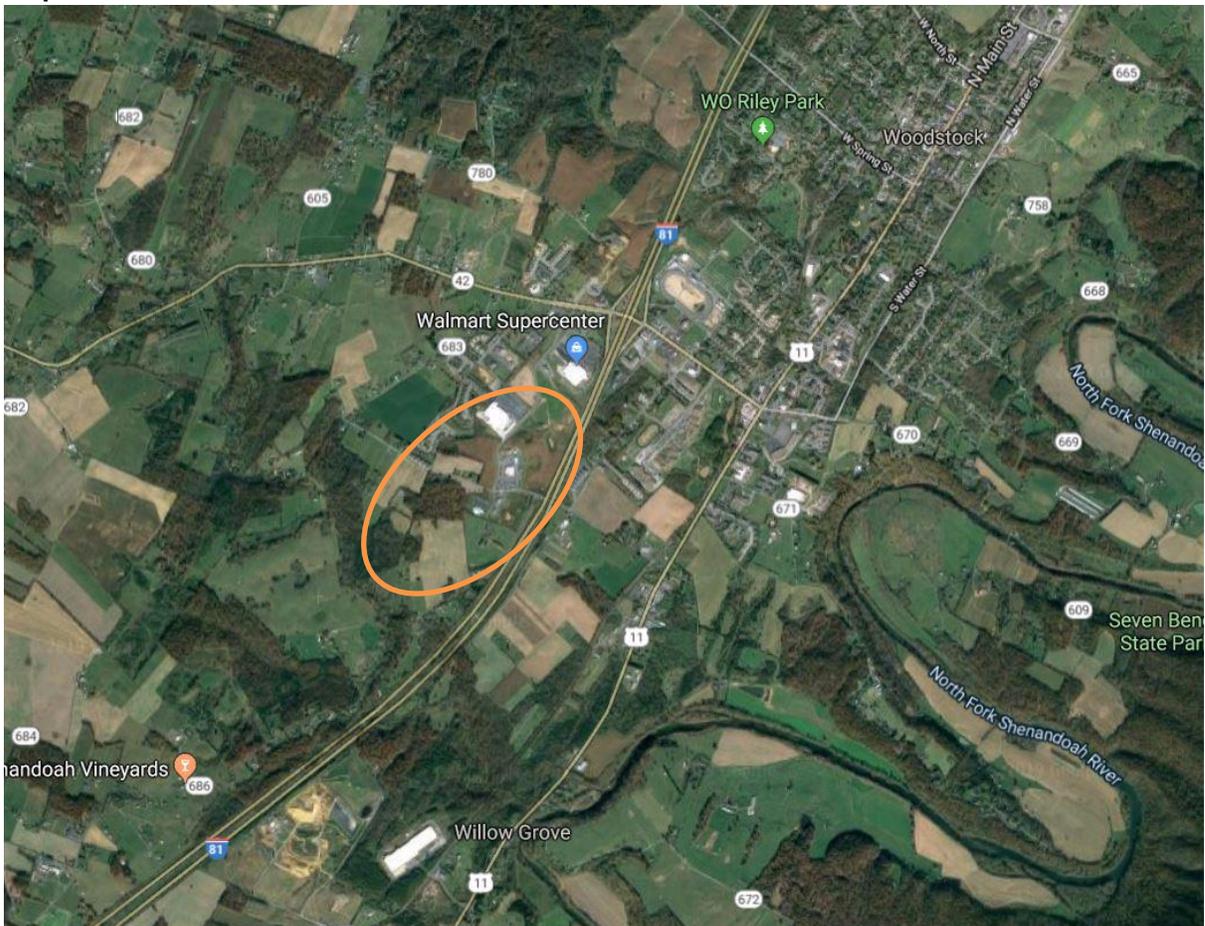


Source: Google Maps & RKG Associates, Inc., 2019

1.3 Woodstock Henry Ford Drive Site

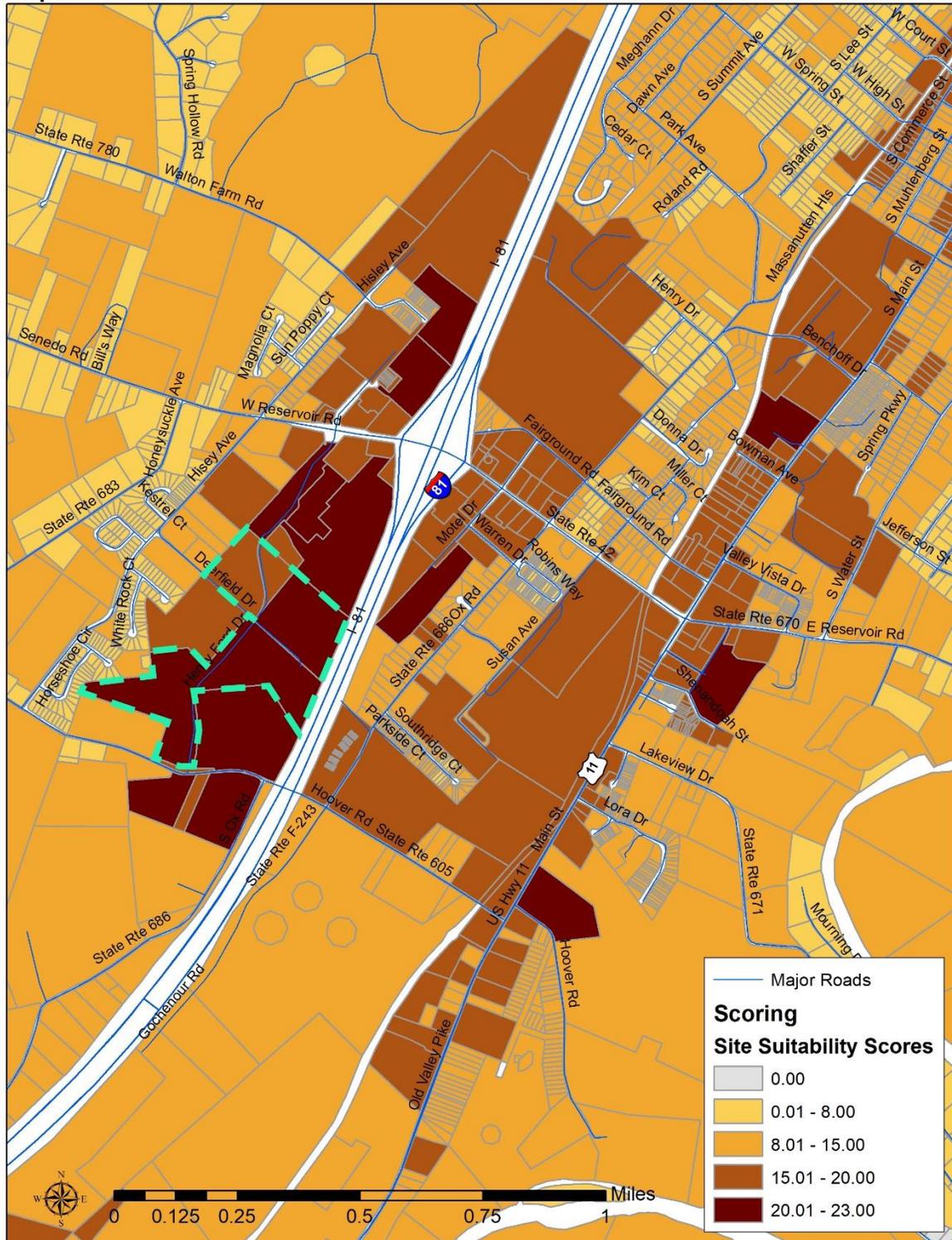
Woodstock, the County seat, is one of Shenandoah County's more developed towns, and is home to many established businesses. However, large, undeveloped parcels still exist in highly-connected spaces near the town's population center. Four contiguous commercial parcels on Henry Ford Drive are identified as a Primary Opportunity Site (Map 6-7). Owned by Interstate Investment Property LLC, the parcels are completely undeveloped, zoned for commercial use, and received bonus points for being located within a quarter mile of the I-81 Woodstock exit at Reservoir Road (Exit 283). Water and sewer services are provided by the Town of Woodstock. The site is directly adjacent to a Walmart Supercenter and a Lowe's Home Improvement big box outlet.

Map 6-6 – Woodstock Site Aerial



Source: Shenandoah County Property Assessment Data & RKG Associates, Inc., 2019

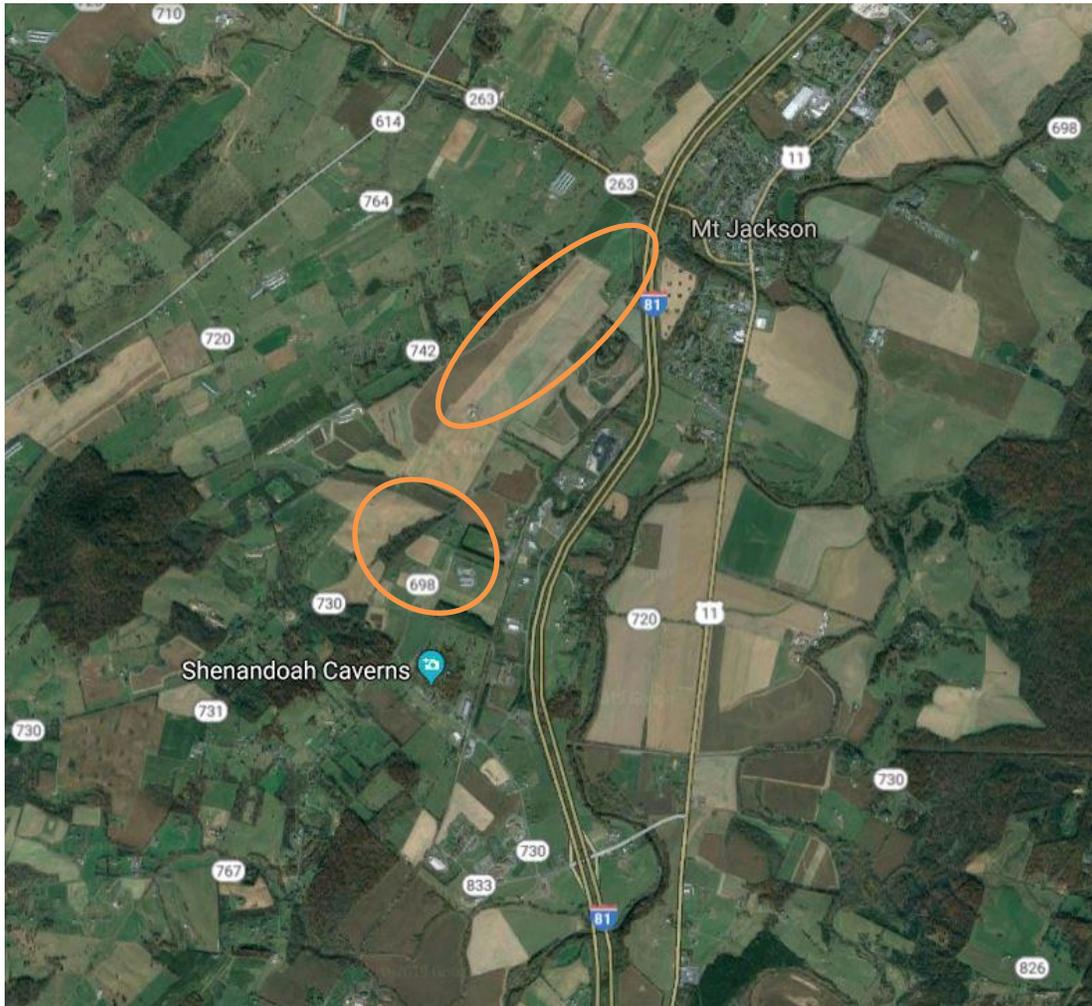
Map 6-7 – Woodstock Site Parcels



1.5 Turkey Knob Site/Mount Jackson

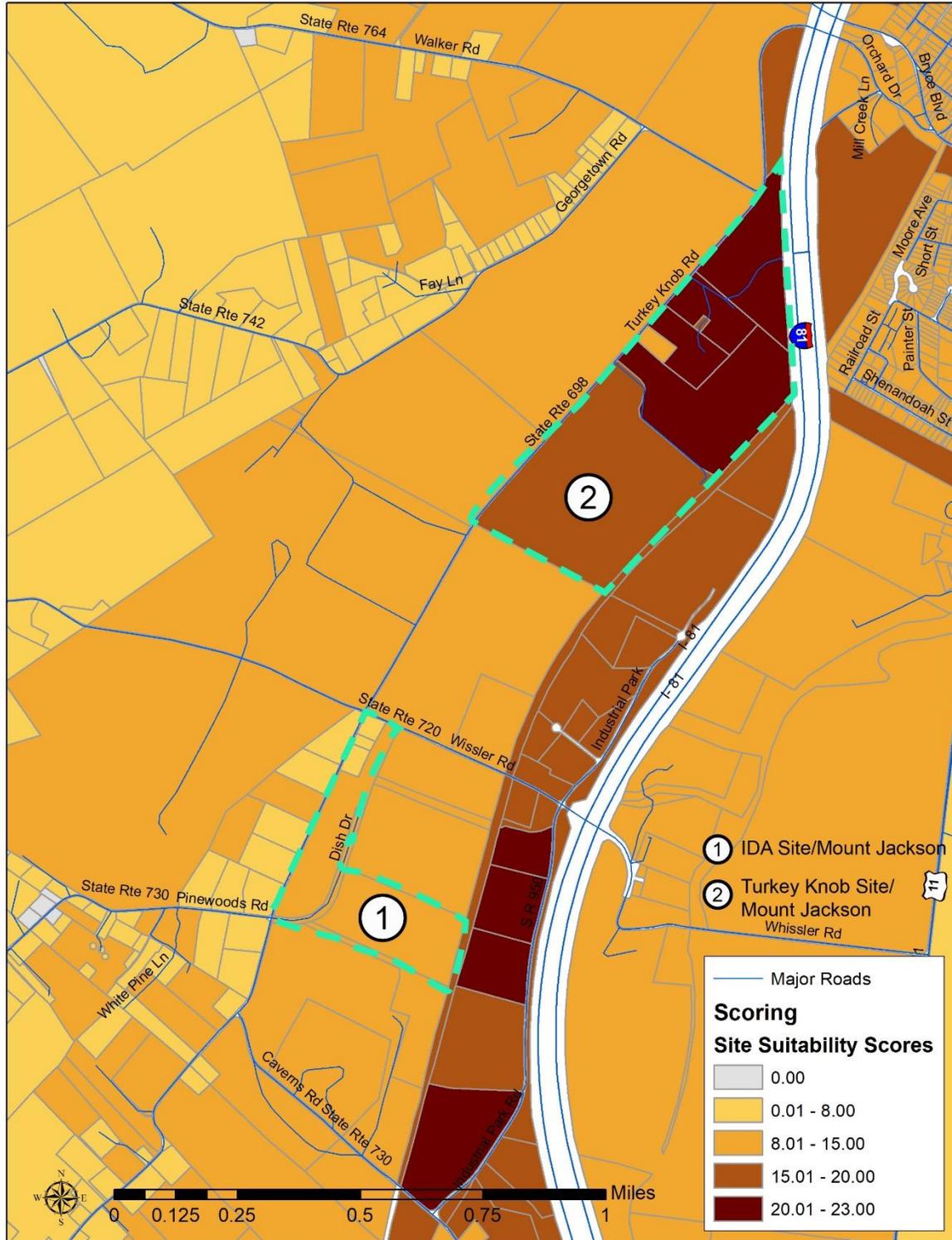
Just north of the IDA-owned parcels, a collection of undeveloped parcels along Turkey Knob Road (labeled as “2” on Map 6-9) form another Primary economic development site. These parcels are zoned as commercial lands and are mostly flat, with an area of over 136 acres combined. The site, like the IDA-owned site, is certified by the VEDP for its Virginia Business Ready Sites Program. Four of the five parcels included in the Opportunity Zone are owned by Whitehurst Development LLC. The other, 3126 Turkey Knob Road, is home to a single-family residential structure.

Map 6-8 – IDA Site/Mount Jackson and Turkey Knob Site/Mount Jackson Aerial



Source: Shenandoah County Property Assessment Data & RKG Associates, Inc., 2019

Map 6-9 – IDA Site/Mount Jackson and Turkey Knob Site/Mount Jackson Parcels



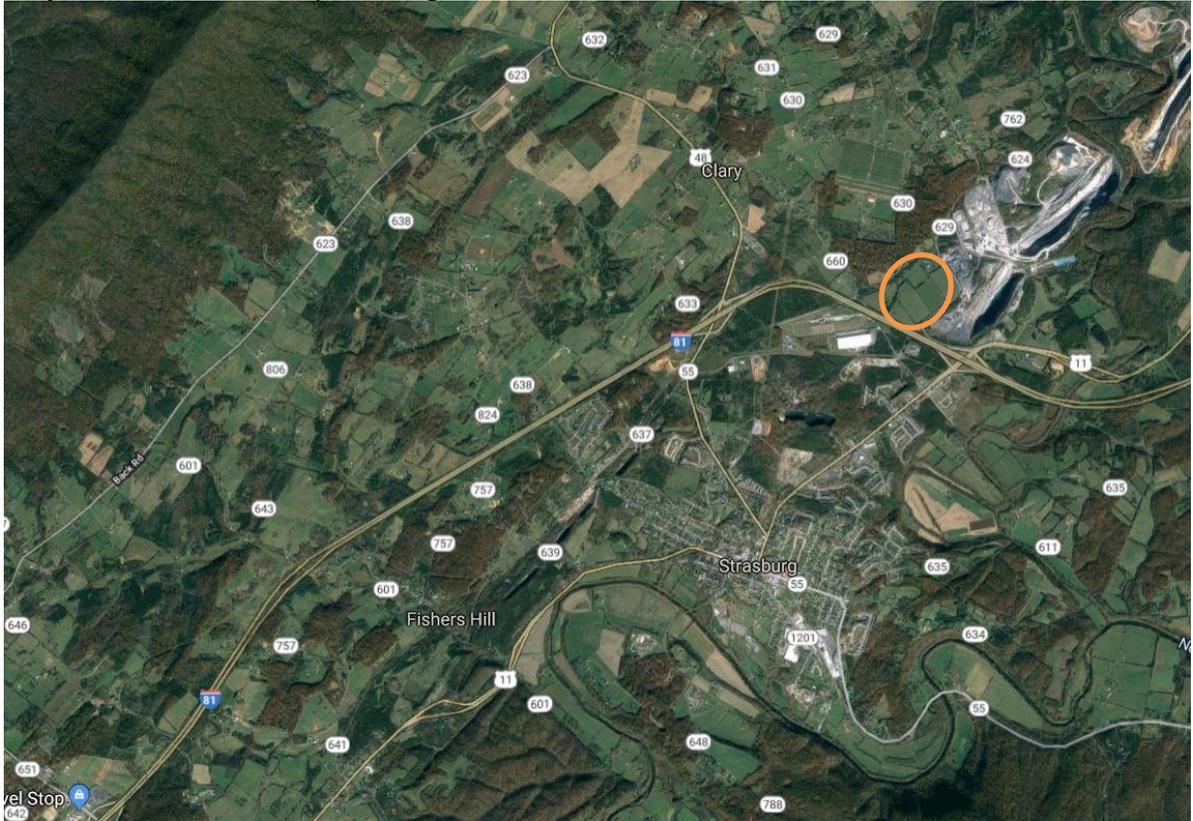
2. Secondary Opportunity Sites

Four additional locations were identified as Secondary Opportunity Sites. These meet most of the evaluation criteria, except that their current owners have not expressed development interest, and some of them require zoning changes. While these sites are potential future destinations for new economic development activities, additional steps will be needed to ensure their development-readiness.

2.1 Glendale Site/Strasburg

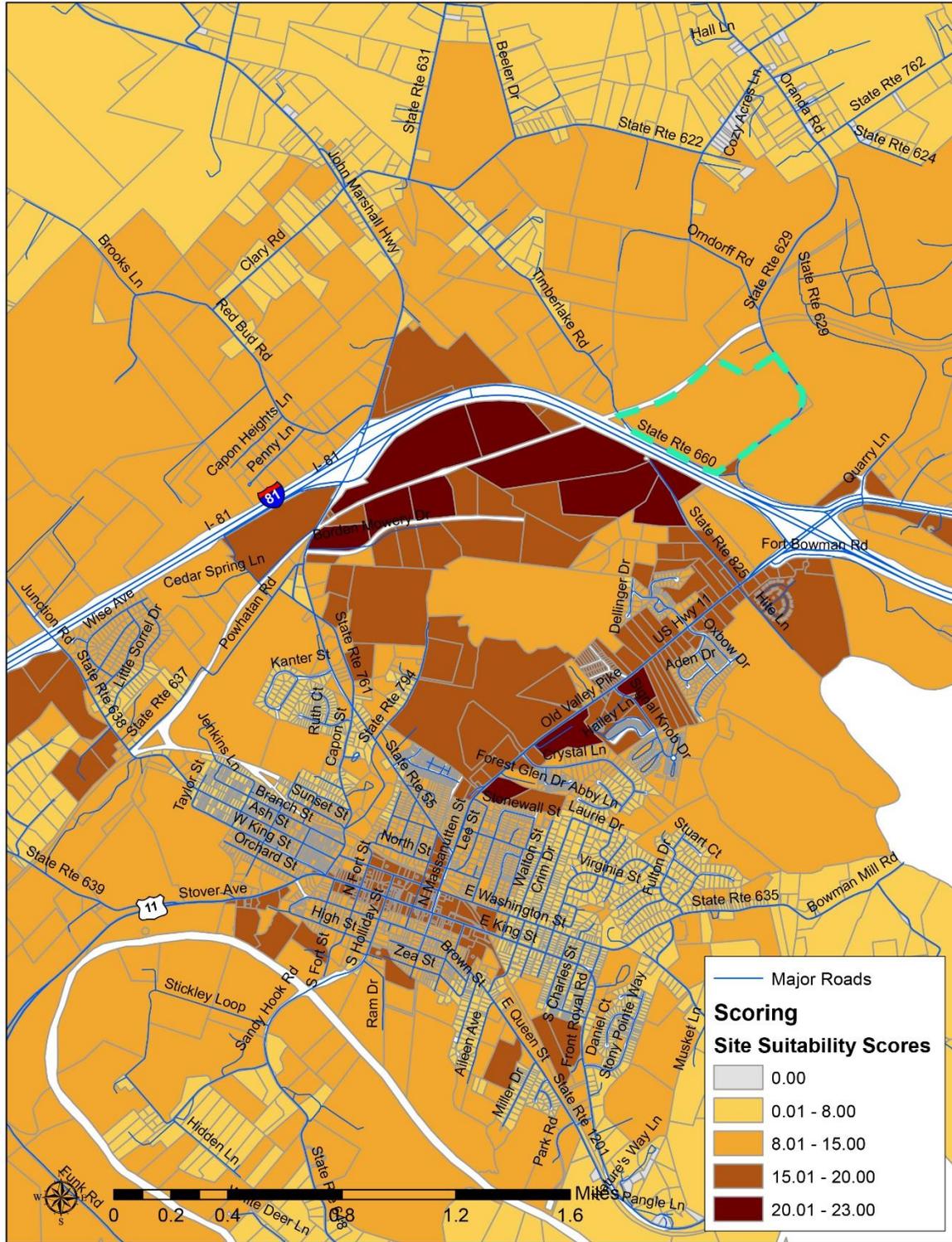
A 90 acre parcel exists along Oranda Road just north of I-81 and The Town of Strasburg off I-81 exit 298 (Map 6-10 and Map 6-11). The owner has expressed an interest in development and the Town and County have discussed possible annexation as the property is not currently served by public water and sewer and would need to be brought into town limits to do so.

Map 6-10 – Glendale Site/Strasburg Aerial



Source: Google Maps & RKG Associates, Inc., 2019

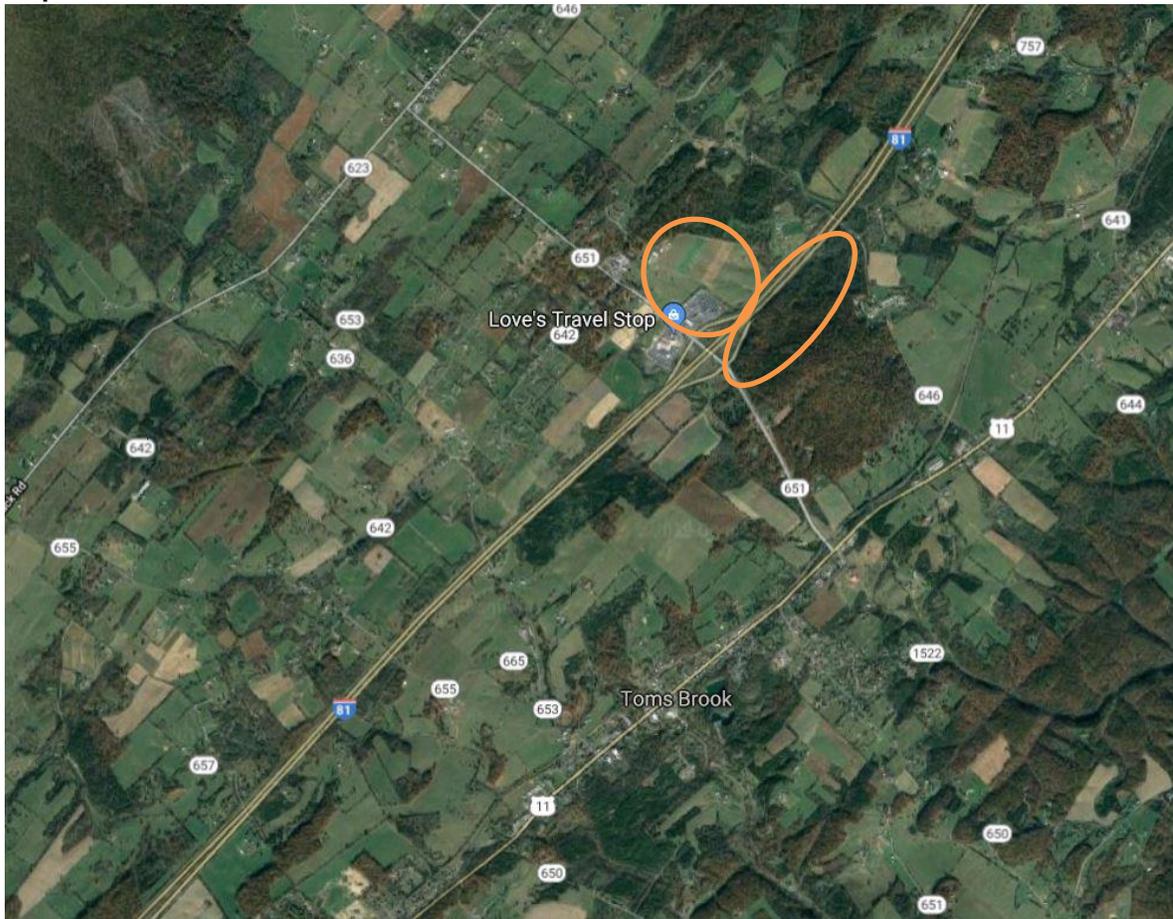
Map 6-11 – Glendale Site/Strasburg Parcels



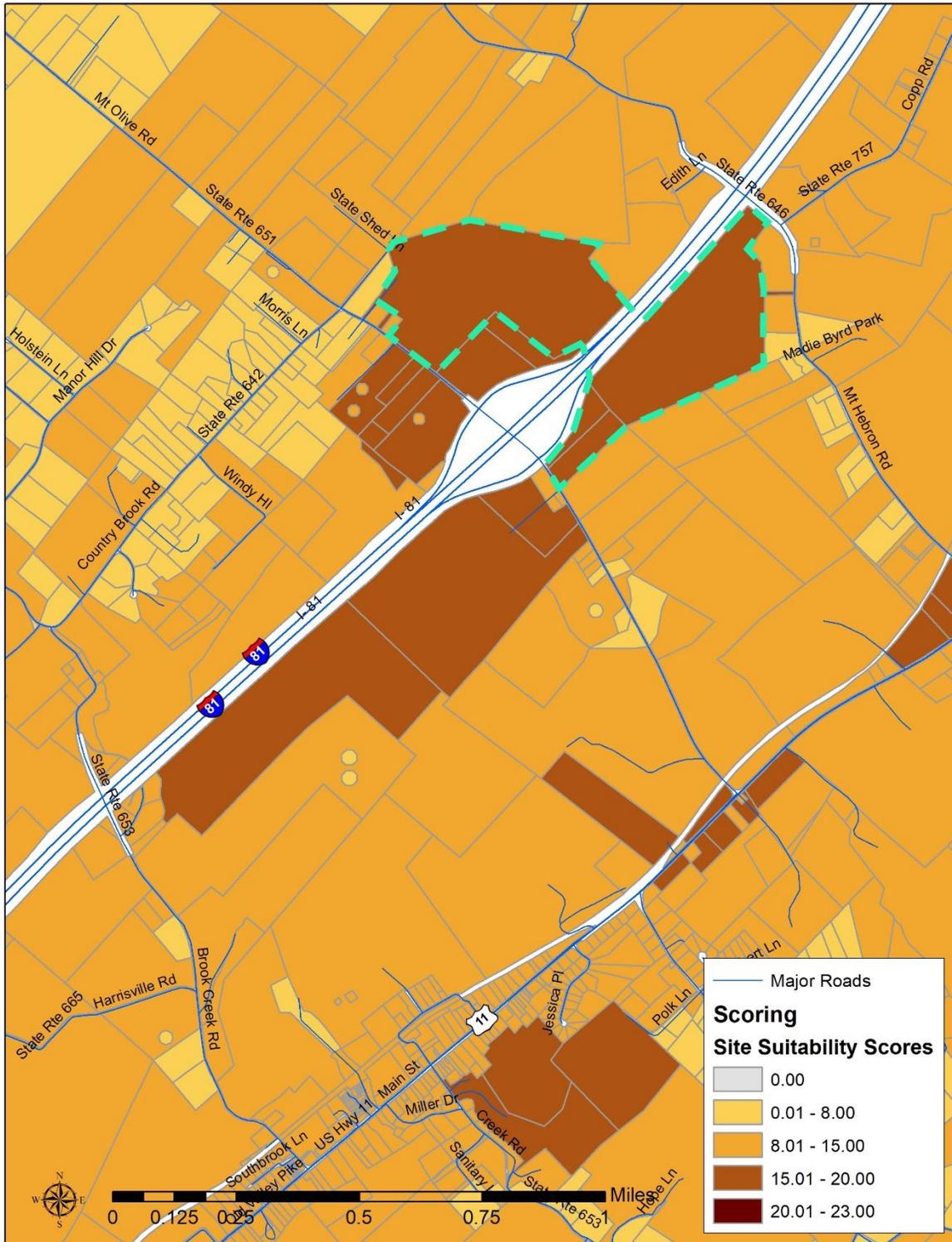
2.2 I-81 at Toms Brook: Northeast and Northwest Quadrants

Near the Primary Opportunity Site at Toms Brook, two additional areas are together identified as a Secondary Opportunity Site (Map 6-12). Comprising over 120 developable acres, the sites are the northeast and northwest quadrants of the I-81 interchange with State Route 651/Mt. Olive Road (Map 6-13). The parcels to the west of I-81 currently house a working farm, and the portion east of the highway is mostly wooded, undeveloped land owned by a private company. These two large parcels enjoy direct access to I-81, but as their owners have not expressed interest in development/redevelopment, they are classified as only a Secondary Opportunity Site.

Map 6-12 – I-81 at Toms Brook: Northeast and Northwest Quadrants Aerial



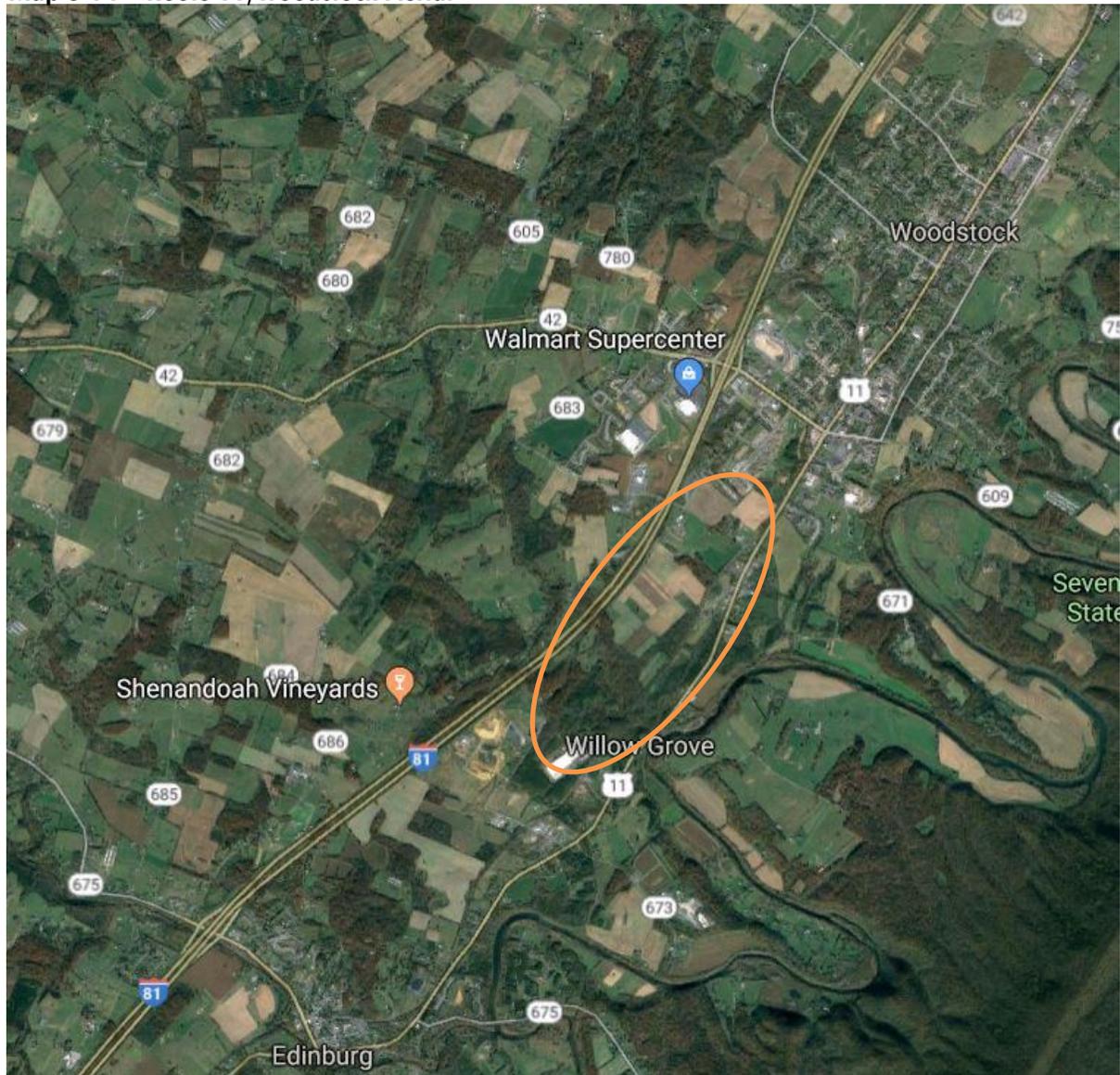
Source: Google Maps & RKG Associates, Inc., 2019



2.3 Route 11/Woodstock

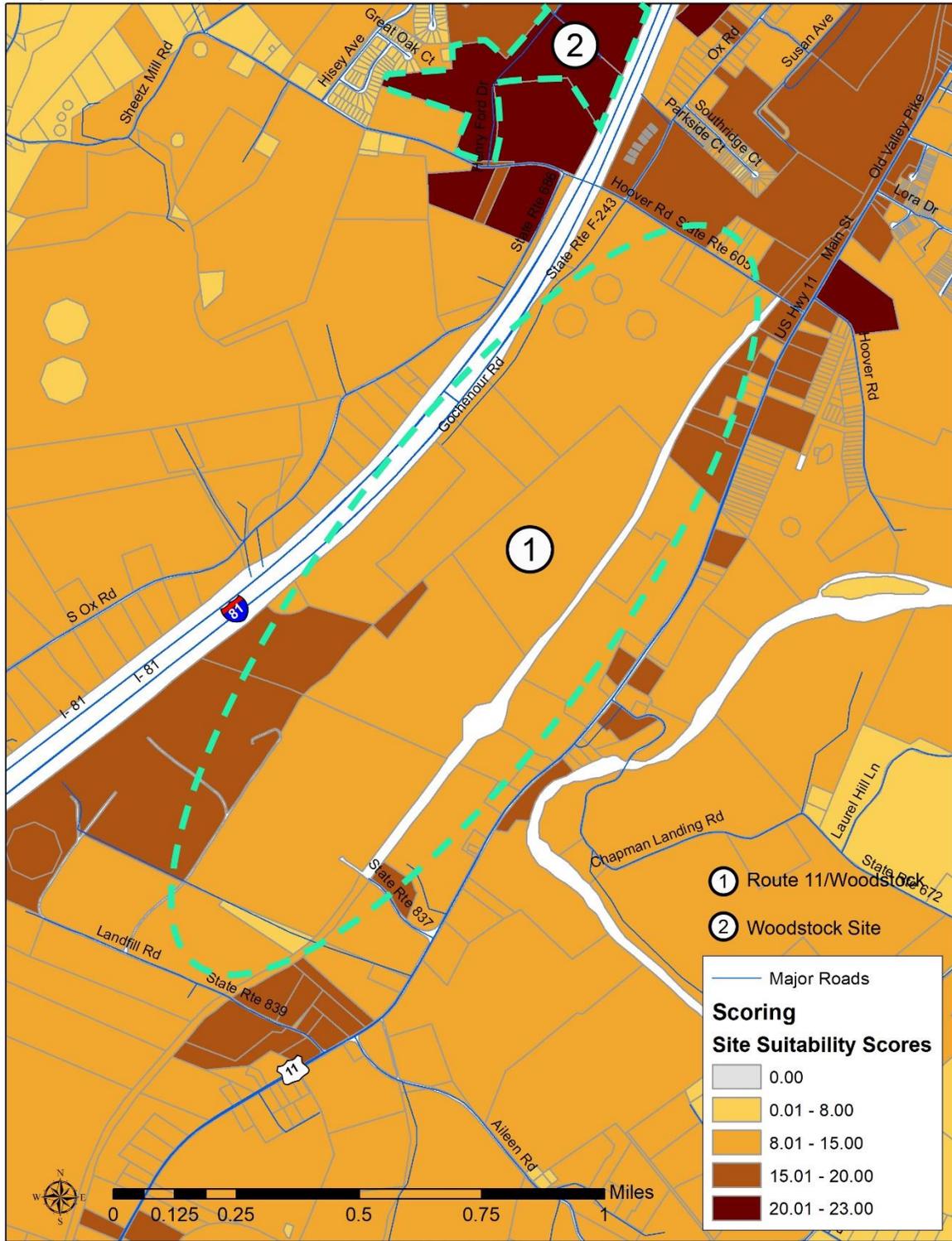
Several hundred acres of developable land immediately south of the Town of Woodstock represent a significant opportunity to locate employers near one of the county's population centers. Parcels located between I-81 and Route 11 present especially significant opportunities (labeled as "1" on Map 6-15). Despite being comprised of over a dozen parcels with disparate ownership and varied zoning, the area offers the scale, accessibility, and proximity to workers that could enable the small-scale, production-based businesses the County seeks. As planned by County officials, relocating existing production businesses to these parcels could allow for the repurposing of other spaces for higher-value development. This process would, however, likely be a long-term one given the zoning changes and parcel consolidation that would be necessary. For these reasons, the site is classified as a Secondary Opportunity Site.

Map 6-14 – Route 11/Woodstock Aerial



Source: Google Maps & RKG Associates, Inc., 2019

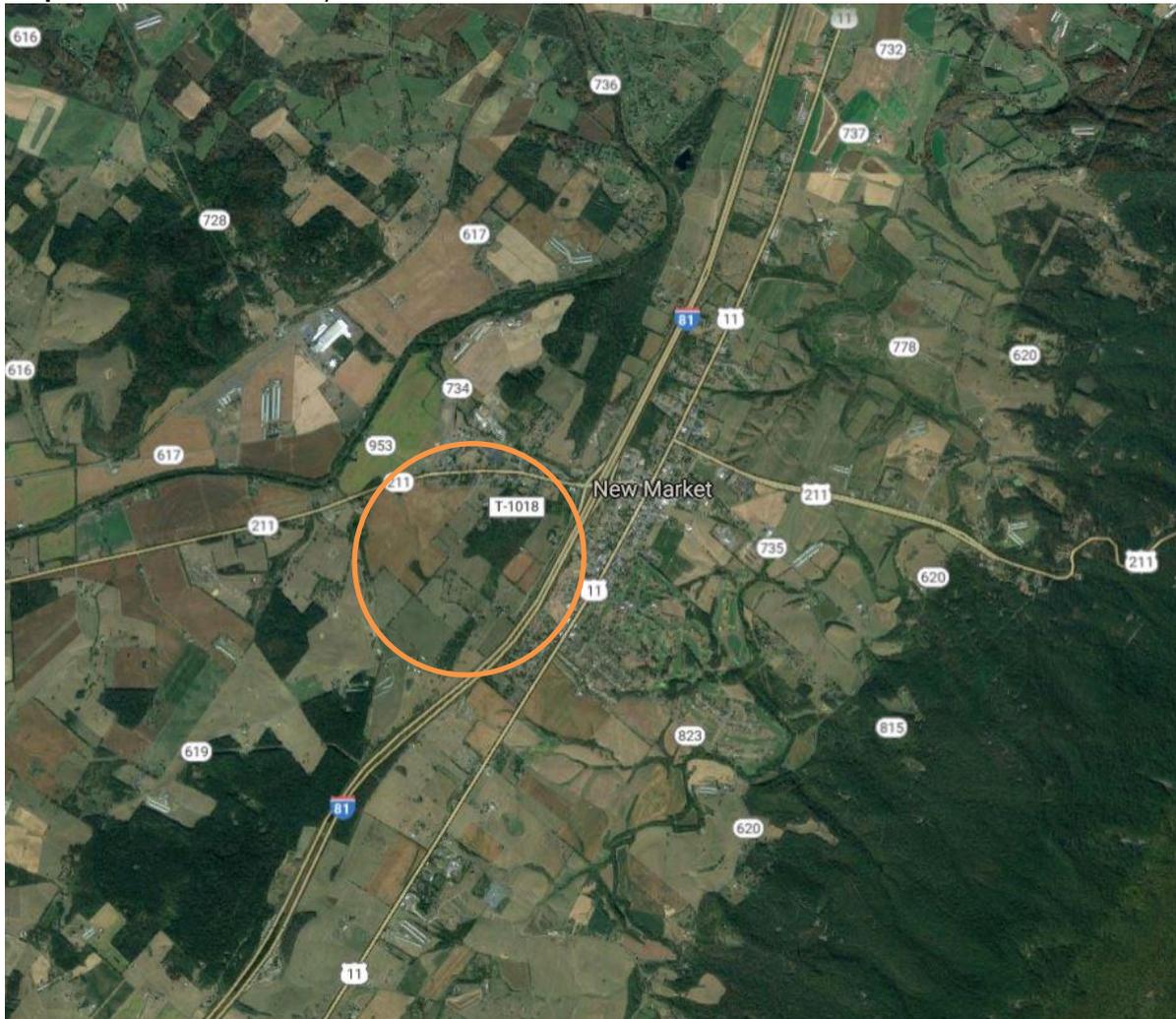
Map 6-15 – Route 11/Woodstock Parcels



2.4 West I-81 Sites/New Market

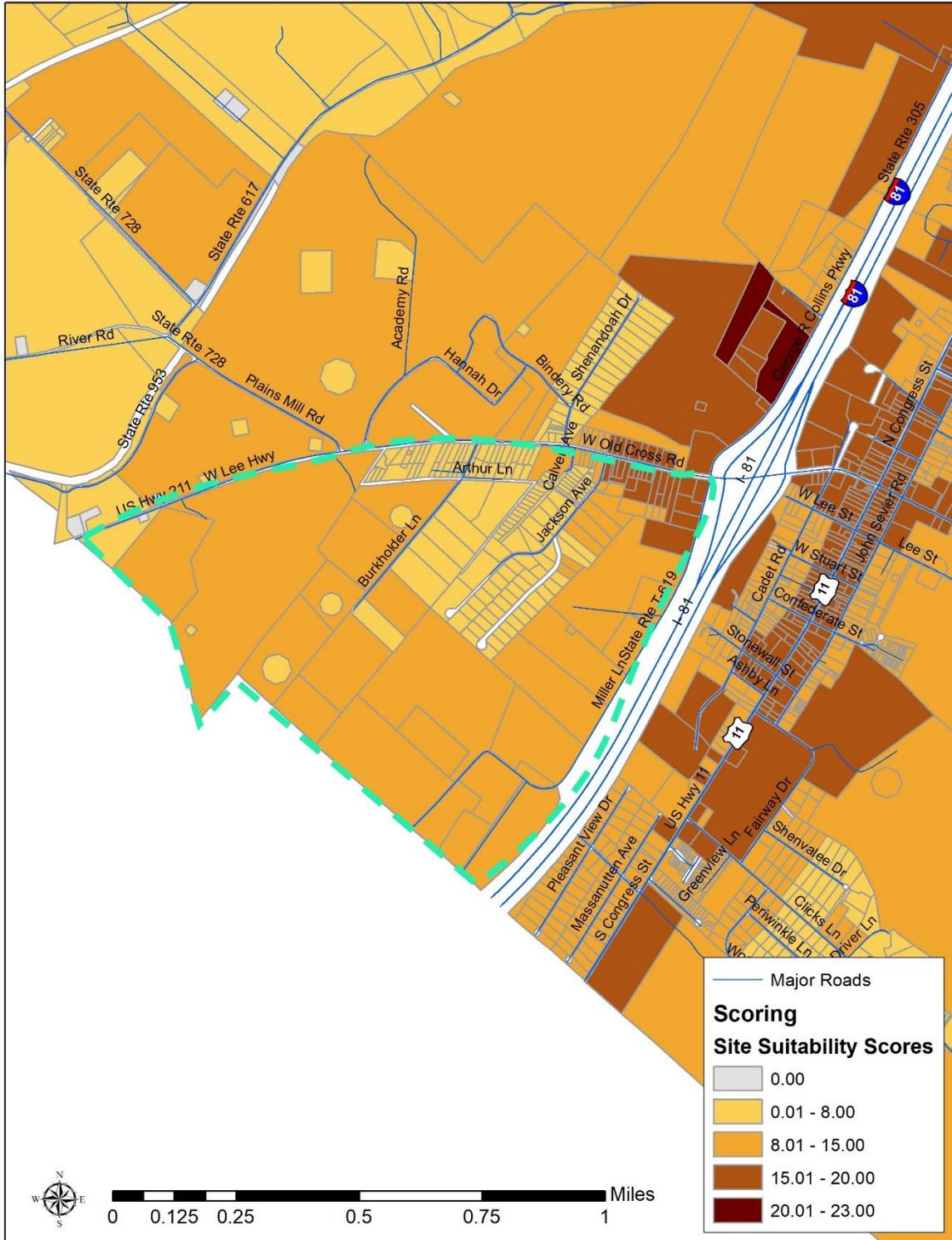
At Shenandoah County's southern edge, a collection of farm and undeveloped parcels just outside the Town of New Market present another economic development opportunity (Map 6-16). The properties boast nearly 300 acres combined, and enjoy not only direct highway access but also close proximity to the existing businesses and residents in New Market (Map 6-17). The parcels are not currently zoned for commercial or industrial uses, despite their immediate adjacency to I-81's Exit 264. Similar to other Secondary Opportunity Sites, any medium- or large-scale development on the site would require County involvement to ensure that zoning changes and any needed parcel assemblage are made as quickly and seamlessly as possible.

Map 6-16 – West I-81 Sites/New Market Aerial



Source: Google Maps & RKG Associates, Inc., 2019

Map 6-17 – West I-81 Sites/New Market Parcels



D. OBSERVATIONS

The following section provides observations from RKG Associates about both the Primary and Secondary economic development opportunity sites. These observations combine our professional judgement and experience with information provided by local real estate brokers, regional and state economic development professionals, and local property owners. The information presented here directly influenced the recommendations presented in the Implementation Strategy section later in this report.

Site-readiness should be a priority. The Virginia Economic Development Partnership has a site certification process called the Virginia Business Ready Sites Program (VBRSP). This program lets prospective businesses know the current development state of large economic development sites throughout the Commonwealth, scoring them from Tier 1 (marketed, but little to no due diligence has been done) to Tier 5 (all permits are in place and ready for site disturbance). Naturally, sites that achieve a higher score, in general, are going to be more desirable as the time needed to begin construction will be much less than those on the lower end of the scoring scale. The County commissioned a study by Draper Aden Associates that completed in May 2018 to assess several of the Primary Opportunity Sites identified above. The study concluded that none of the Shenandoah County sites would qualify above a Tier 2 level in the VBRSP program. Since that time, the IDA has invested in the due diligence work necessary to bring its three properties within the Northern Shenandoah Business Park to a Tier 3 level.

This finding does not mean these sites are non-competitive, but rather they are less competitive because of the time that would be necessary to prepare them for new development. Further, many of the Secondary Opportunity Sites are not zoned for commercial or industrial development, making them more challenging to attract interest since nonresidential development would require a rezoning process. Thus, the County should consider a site readiness program to partner with the towns and land owners to enhance the readiness of these sites for economic development purposes.

Collaborate with the towns to set policy/regulation. Building upon the previous point, almost all these Opportunity Sites are located within town municipal boundaries. Further, any development on parcels outside the towns will require access to their water and sewer service or that of the County's sanitary districts. Coordination and collaboration with the towns on the economic development potential of the identified sites (and any other sites to be considered in the future) should be a short-term action. Simply put, the respective town leadership needs to share in the County's vision for these sites and establish the policies and regulations to enable economic development activity to occur. This process may require a public engagement effort, particularly for those Opportunity Sites that will require a rezoning.

Property owner engagement should be immediate and frequent. In parallel with the township engagement, the County's economic development team should be engaging with the property owners of the Primary and Secondary Opportunity Sites. At a base level, the County should eliminate any sites that do not want to be marketed for economic development. RKG did not outreach to every property owner on behalf of the County as part of this effort. Thus, some of these sites may not have willing owner participants. More strategically, property owner outreach is essential to understand short- and long-term investment strategy, identify priorities or preferences of the owner, enable the economic development team to discuss competitive pricing levels, and gauge the potential for public-private partnership opportunities. Ultimately, it may take several inquiries over years to get some property owners willing to even engage with the County's economic development team. The town and owner engagements efforts will refine this Opportunity Site list based on the interest and willingness of these partners to enhance site readiness and market these (or other) sites.

Consider joint investment/revenue strategies. As mentioned, the engagement efforts should help identify the potential for the County, towns, and property owners to enter into public-private partnerships (PPP) to enhance site readiness. There are examples nationwide where property owners and public bodies enter into a cost-revenue sharing agreement to perform site preparation and

infrastructure development to enhance economic development efforts. Fundamentally, the County leadership must first determine its economic development priorities and define its investment parameters so that the economic development team can negotiate agreements that will garner official support. Discussion points should include risk/reward thresholds and expectations, formulaic policies on repayment of public investment based on performance of the new business (i.e. job creation, capital investment...).

Continually review opportunity sites. This analysis was a point-in-time assessment based on current development patterns, market climate, and knowledge of the local real estate professionals. Individual property owner's investment strategies change, markets change, and economic development priorities change. The County's economic development team should be reassessing this list annually or biannually to ensure its marketing efforts reflect the best opportunity sites in the County, within context of current vision, property owner interest, and community support.

Encourage the redevelopment of obsolete building stock. None of the Primary or Secondary Opportunity Sites include any of the existing vacant industrial or commercial buildings. Based on RKG Associates' assessment, many of these buildings are non-competitive based several factors, not the least of which being location, condition, and physical dimensions. Simply put, most of County's existing vacant building stock has similar challenges as its raw land inventory... being less desirable than available supply elsewhere in the Shenandoah Valley. The County's economic development team should engage with these property owners to determine their investment strategies, and work with those actively seeking to attract investment/business. In certain instances, existing vacant commercial and industrial building sites are better suited for use outside of business retention, expansion, and attraction.

Plan for "the long haul." Economic development is a process. Success oftentimes takes years and not months or weeks. The County and individual town elected leadership should be prepared that any economic development investment—particularly in land development—may take a long time to materialize in a new business or capital investment. The implementation strategy provides several recommendations on outreach and education to both elected leaders as well as the public. Awareness and understanding of the risks involved in PPPs should be disclosed immediately. Making uninformed decisions in the short-term could cripple the County's economic development efforts in the long-term if community support for business retention, expansion, and attraction wanes due to concerns over public investment. From a strategic standpoint, it is better to not invest and accept the impacts of having less competitive assets than investing with unrealistic (or uninformed) expectations.