

CHAPTER 4: **ECONOMIC DEVELOPMENT**

I. INTRODUCTION

Economic development is one of the cornerstones of the Fairfield Comprehensive Plan because it is a central factor in a community's ability to sustain itself. A strong and diverse economy provides employment and a tax base that supports public services and a livable community. Although most economic activity is in the private sector, local government's role is to establish parameters for private markets, provide necessary services, and participate in economic development in some circumstances. This chapter describes Fairfield's current economy and establishes the direction of the City's future economic development.

A good economic development plan provides local governments with an opportunity to inventory and assess the community's economic base, labor force characteristics, and local economic development opportunities and resources; to determine economic needs and goals; and to merge this information with information about population trends and characteristics, natural resources, community facilities and services, housing and land use so that a strategy for the economic well-being of the community can be developed.

This chapter, therefore, seeks to do the following:

- Identify the economic conditions and trends in the community.
- Assess the trends to identify the community's strengths, weaknesses and resources.
- Develop economic development goals and objectives to guide the City into the future.

II. CURRENT CONDITIONS

1.0 Land Resources

Approximately 29% of land in Fairfield, representing 3,905 acres, is zoned for commercial or industrial development. Of this, an estimated 3,000 acres have been developed, leaving approximately 1,000 acres undeveloped. There are few remaining large tracts (30+ acres) available for immediate development. This restricts the City's ability to compete for large-scale economic development projects that require large land sites.

As developable land sites in the City become scarce, the City has responded by implementing three major strategies. One, it has vigorously enforced zoning regulations protecting commercial and industrial properties from re-zoning to other non-business uses. Two, it changed its approach to tax incentives so as to encourage the utilization of land for higher job-producing development projects. The City no longer offers incentives

for large speculative warehouse projects that use a lot of acreage without the promise of an associated high job count. Conversely, the City lowered the threshold for incentives for renovation and expansion projects. The concept behind this incentive policy is to encourage businesses to stay and grow in place and more fully utilize the land already owned.

The third strategy pursued by the City is the identification of other job-producing and tax-generating opportunities. One such opportunity that is available to the City is the ability to form mutually beneficial partnerships with other surrounding communities in the form of Joint Economic Development Districts (JEDDs).

Typically, a JEDD is formed between a municipality and a township in order to encourage economic development. Both parties agree to provide some sort of negotiated contribution or service to the project, and, in exchange, the JEDD is able to levy an income tax on a defined area of township land. The City administers the income tax services, and the revenues collected are distributed to both local governments in the negotiated percentages.

As of the date of this Plan, the City has entered into one JEDD agreement, which is with West Chester Township. Additional JEDD opportunities exist, as the City is surrounded by neighboring townships with vacant land and new economic development activity.

2.0 Building Resources

Fairfield continues to see healthy investment in new buildings and renovations of existing buildings. As vacant land becomes scarce and the building stock in the City continues to age, the percentage of investment in building renovations will likely increase as compared to investment in new construction. Table 4.1 summarizes building investment, as seen in commercial permit valuation, over the previous five years.

Year	Commercial Permit Valuation
2004	\$28,039,452
2005	\$45,152,931
2006	\$68,682,460
2007	\$31,323,193
2008	\$40,943,892

Table 4.1

3.0 Business Retention and Expansion

Retention and expansion of existing businesses is a major focus of the City's economic development efforts. The City of Fairfield is home to approximately 1,500

business locations, employing an estimated 30,000 workers. A majority of the commercial building construction valuation found in Table 4.1 comes from existing Fairfield businesses renovating and/or expanding their facilities. As vacant acreage in the City becomes scarce, retention and expansion of existing businesses will take on greater importance.

Table 4.2 depicts Fairfield’s top ten employers, based on 2008 reports.

Rank	Company	Estimated Employees
1	Cincinnati Financial Corporation	2,900
2	Mercy Hospital Fairfield	1,200
3	Fairfield City School District	1,100
4	Ohio Casualty Group	975
5	Medco Health Solutions	800
6	Pacific Industries	750
7	M. Bohlke Veneer	550
8	Tri-County Extended Care	500
9	Koch Foods	450
10	City of Fairfield	400

Table 4.2

4.0 Primary Business Areas

There are four primary business areas within the City - the Route 4 business district, the industrial areas east of Route 4, the Mack/South Gilmore district, and the Town Center area.

4.1 Route 4 Business District

The Route 4 business district is the major commercial corridor in Fairfield. It is home to approximately 260 commercial structures containing more than 420 commercial locations. The corridor represents an estimated 20% of the City’s income tax revenue. A 2006 Miami University study found that the vacancy rate for the corridor was 8.0%, which compares favorably to other similar commercial thoroughfares in the region. Additionally, the Route 4 corridor is the most frequently visited area for visitors, which helps establish Fairfield’s regional reputation. There are few remaining undeveloped sites within the corridor, representing less than 30 total acres. As a result, incoming businesses are forced to consider existing building inventory or redevelopment rather than building to suit. Many older properties are showing visible signs of disinvestment.

Recent years have seen several large-scale improvement projects, both public and private, along the Route 4 corridor. Public infrastructure improvements include both

transportation roadway projects (widening, turn lanes, etc...) and streetscape-type projects (landscaping, signage, etc...). Additional public improvements are planned, particularly at the northern and southern ends of the corridor. Recent private improvements include select demolition/rebuild projects and major facade upgrades.

4.2 Industrial Area

Although Fairfield is fortunate to have several large office employers, it is better known regionally for the strength of its manufacturing sector. Fairfield is part of the Tri-County industrial sub-market, which is generally recognized as the strongest industrial sub-market in the greater Cincinnati region in terms of occupancy rates and rents. This is due to the strong and plentiful workforce, available industrial land sites, and good access to both the Cincinnati and Dayton markets via I-75.

Fairfield has made several strategic investments in recent years in its industrial area, including roadway improvements and utility expansions, and has several other planned projects. Several hundred acres, particularly in the northern Seward Road area, remain available for development. Due to the lack of direct interstate access, this land is best suited for small and mid-sized build-to-suits, not for large floor plan speculative warehouse projects.

The older industrial areas just off of Route 4 (including Hicks Boulevard, Factory Drive, Industry Drive, Donald Drive, Production Drive, Homeward Way and others) present different opportunities and challenges for Fairfield. These areas are characterized by older and smaller industrial lots and buildings. Combined, these properties provide inexpensive space for smaller manufacturers and are home to hundreds of jobs. But many of these properties lack the size, appearance or modern amenities sought by expanding or relocating businesses. Lack of owner investment in these properties may lead to chronic vacancies or under-utilization.

4.3 Mack/S. Gilmore

The Mack/South Gilmore corridor represents Fairfield's best opportunity for large-scale, high-quality economic development. The corridor is home to Fairfield's two largest employers, Cincinnati Financial Corporation and Mercy Hospital Fairfield. Both of these growing businesses are home to high-skilled and high-wage professional jobs. The Cincinnati Financial Corporation campus is home to three Class A office towers that house nearly 3,000 workers. The third tower was completed in 2008 at an estimated cost of more than \$100 million. The company's master site plan was designed to accommodate up to three additional office towers, so there is room for more growth. Likewise, Mercy Hospital Fairfield has invested millions of dollars in building expansions and upgrades over the past ten years.

The corridor is located just north of Exit 39 off of I-275. Plans are being prepared for the \$25 million reconfiguration of the exit and associated arterial roads to make it easier and safer to travel to and from the corridor.

The corridor, both in Fairfield and in neighboring Forest Park, is home to a significant amount of local and national retailers. Cincinnati Mall, formerly known as Cincinnati Mills and Forest Fair Mall, is located in the corridor. Approximately one-fourth of the 1.5 million square foot Mall is located in Fairfield, with the rest in Forest Park. The Mall is at least 50 percent vacant. Between the Mall property and other undeveloped or under-utilized properties, there are numerous locations for new retail development in the corridor.

Two large tracts of undeveloped land are available for professional office, medical, high technology, and research & development uses in the corridor. The larger property at the southwest corner of the intersection of Mack Road and South Gilmore, known as the Heine Property, is approximately 110 acres and is zoned Planned Unit Development (PUD). The smaller property at the northeast corner, known as the Benzing Property, is approximately 27 acres and is zoned B-1. The vision of high-end professional uses are appropriate for these sites, due to the existing comparable businesses in the area and the ease of interstate access.

4.4 Town Center

A strategic focus of City investment over the past decade has been the investment in new public buildings in the Town Center area. Fairfield has invested approximately \$30 million in recent years for a new Library, Community Arts Center, Village Green Park and Justice Center. This public investment has leveraged significant private investment in the surrounding area, including new office, retail, and housing construction. Most of this investment has been located in the southern quadrants of the Town Center, south of Nilles Road.

It is anticipated that more investment will occur in the northern quadrants of the Town Center. While no new public buildings are planned, in 2008, the City created the North Town Center Tax Increment Financing (TIF) District to help fund new public infrastructure projects in the areas north of Nilles Road. It is expected that planned public infrastructure projects will leverage significant private mixed-use development, particularly in the Patterson Drive area.

5.0 *Measuring Success*

An important measure Fairfield uses to track economic development is income tax collections. The City collects a 1.5% income tax on all employee wages and corporate profits. If tax collections are increasing, it indicates that more people are working, and/or wages are increasing, and/or corporate profits are increasing. Over the previous six years, Fairfield has seen an average annual increase in income tax collections of 4.1%. Table 4.3 summarizes recent income tax collections.

Year	Income Tax Collections	Percent Increase
2002	\$13,613,373	
2003	\$14,323,319	5.22%
2004	\$15,268,560	6.60%
2005	\$16,077,087	5.30%
2006	\$16,835,490	4.72%
2007	\$18,435,779	9.51%
2008	\$17,956,300	-2.60%
Avg.		4.10%

Table 4.3

III. EMERGING TRENDS

Several trends are emerging that will have an impact on Fairfield’s continued economic development success. The first is the aging of the building stock. Continued reinvestment and/or redevelopment of these older structures, particularly in the Route 4 business district and the older industrial areas, is critical to long-term success.

Second, as mentioned above, available acreage for new build-to-suit development is becoming scarce. Maximum utilization of the available land is critical, as is the creation of new land options via selective demolition and redevelopment.

Third, Fairfield’s demographics are becoming more diverse, particularly in terms of age, ethnicity and income levels. The business community will evolve in response to this increased diversity. One example is the increased number of ethnic restaurants found in the Route 4 business district. Another example is the increase in housing options marketed toward Fairfield’s increasing senior population. Business opportunities that recognize and serve this emerging diversity will be available.

IV. GOALS, OBJECTIVES AND POLICIES

The following goals, objectives and policies provide a basic framework for all economic development decisions.

- 1.0 Goal: Support sustainable commercial, industrial and retail development so as to strengthen and diversify Fairfield’s economic base, create high quality jobs and economic opportunities, and maintain a high quality of life and sense of community.**

Objectives and Policies for Economic Development

- Objective 1:** Cultivate a diverse and balanced economy.

Policy 1: Develop and implement effective economic development marketing and attraction efforts to promote the City.

Policy 2: Develop incentives and public assistance programs to facilitate development and redevelopment projects.

Policy 3: Maximize utilization of land zoned for business use through more intensive new building construction and redevelopment and intensification of existing sites.

Policy 4: Encourage additional office, medical, high technology, and research and development projects.

Policy 5: Maintain a range of retail and service businesses that meet the needs of local residents and visitors.

Objective 2: Encourage the retention and expansion of existing businesses.

Policy 1: Maintain low tax rates and high quality municipal services so as to maintain existing businesses.

Policy 2: Encourage existing businesses to expand, redevelop and modernize their physical plants.

Policy 3: Implement infrastructure improvement projects to benefit existing businesses.

Policy 4: Streamline City permitting and approval processes.

Objective 3: Advance targeted redevelopment and revitalization efforts.

Policy 1: Utilize public resources efficiently to leverage economic development.

Policy 2: Facilitate continued redevelopment of the Town Center area.

Policy 3: Encourage a thriving Route 4 business district.

Policy 4: Encourage high-quality professional office and medical development in the Mack/S. Gilmore corridor.

Objective 4: Facilitate strategic partnerships to advance the City's economic development efforts.

Policy 1: Investigate the formation of Joint Economic Development Districts with neighboring communities.

Policy 2: Partner with other regional governments and non-profit economic development entities for national and international business attraction efforts.

Policy 3: Partner with regional entities to promote workforce development efforts.

Policy 4: Develop and maintain good relationships with private sector development, real estate companies and financial institutions.