

Economic Development Performance Grant Update

Richmond City Council

Finance and Economic Development Standing Committee

February 15, 2024



DEPARTMENT OF
**ECONOMIC
DEVELOPMENT**

Real Results: FY 2020 – FY 2024 YTD

\$3.61 Billion
Announced Capital Investment

4,481 Jobs
Announced New Jobs



HALLEON



Economic Development Performance Grants

- Used to secure a business attraction or expansion project or to induce a critical redevelopment project
- Tailored to the specific project needs and a project's positive economic impact in Richmond
- Often used to match state incentives, most commonly the Commonwealth's Development Opportunity Fund
 - The City prioritizes leveraging in-kind matches and existing economic development programs (CARE, Enterprise Zone, BPOL Exemption, etc.)
- Each project has a performance agreement approved by City Council and the Economic Development Authority
- A company does not receive funds until it has met certain milestones and performance targets



FY 2020 – FY 2024 YTD

Between FY 2020 and FY 2024 year-to-date, capital investment to local performance grant expenditures had a 36:1 ratio.

Local Performance Grants Paid ¹	\$1.8 M
Capital Investment ²	\$63.8 M

(1) Total payments FY 2020 – FY 2024 year to date.

(2) Reflects the capital investment realized in FY 2020 – FY 2024 YTD for performance grant projects that were active during FY 2020 –FY 2024 YTD. If the capital investment for an active project occurred before FY 2020, it was not included in the total.

Performance Grants Current Status

The following projects were active at some point during FY 2020 – FY 2024.

Status Descriptions

Anticipated – Project was publicly announced, and performance agreements will be introduced to City Council.

Active – Project is within its performance period, and staff is monitoring performance targets and managing reporting and payments.

Close out in process – Project's final administrative processes are underway.

Closed out – Performance period finished, and all reporting and payments complete.

Canceled – Performance agreement was canceled.

Project Name	Status
PPD/Thermo Fisher	Anticipated (introduction in Q3 FY 2024)
CoStar	Anticipated (introduction in Q3 FY 2024)
Richmond Amphitheater	Active
Alacer Corp./Haleon	Active
RVA Street Foodies*	Active
River City Cider*	Active
400 Hull Street/Lynx Ventures	Active
Gateway Plaza/Clayco/CRG	Active
7000 Carnation	Active (affordable housing)
Afton Avenue Apartments	Active (affordable housing)
Bainbridge Street Senior Apartments	Active (affordable housing)
700 West 44th Apartments	Active (affordable housing)
The View at Belle Isle Apartments	Active (affordable housing)
Oak Grove	Active (affordable housing)
Walmsley Gardens	Active (affordable housing)
Stone Brewing	Close out in process
Pfizer/GSK	Close out in process
Blue Bee Cider*	Close out in process
Thomson Reuters*	Closed out, FY 2021
Owens & Minor Medical	Closed out, FY 2020
Aditxt Therapeutics*	Canceled, FY 2024
CarLotz	Canceled, FY 2023
Vytal Studios	Canceled, FY 2023

*Did not include a City-funded performance grant. Local matching funds provided through other programs.



Looking Ahead

MANAGE

Create best-in-class incentive management program

- New return on investment (ROI) model to better estimate the economic impact of projects
- Dedicated staff resources for grant management
- Technology to increase efficiency and long-term tracking of projects

EXECUTE

Solidify major announcements with performance agreements

- Thermo Fisher / PPD
 - Business attraction project
 - \$4.7 M capital investment
 - 48 new jobs
- CoStar
 - Business expansion project
 - \$460.5 M capital investment
 - 1,984 new jobs

INNOVATE

Stimulate new business investment and job growth

- Ensure the incentive toolbox remains competitive and aligned with target industries and redevelopment goals
- Continue to use incentives as a mechanism to create opportunities for minority businesses, high-wage jobs, and investments in underserved areas
- Leverage performance grants in new ways
 - Affordable Housing Performance Grants: 7 approved projects that will create 1,231 new units of affordable housing

Thank You



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