

6 | ECONOMIC DEVELOPMENT

Economic Development Policies

The primary purpose behind economic development is to achieve new gains in the economic growth of the community. This most often means creating business activity and jobs that reduce unemployment and increase the earnings of residents which will, in turn, be reinvested in the community.

Any community dependent on a single industry or source of revenue for its sustainability will experience highly volatile economic cycles of growth and decline. Diversification of a community's economic base through the attraction of primary industries, expansion of revenue-generating industries and public support of its economic development "infrastructure" is essential for its long-term health and viability. These principles have been established to provide community leaders with criteria for making important decisions on future economic development initiatives in Lancaster.

POLICY 1: Emphasize new business attraction that has high employment and tax value per acre.

POLICY 2: Attract companies that provide "value added" to the companies and industries that are already here.

POLICY 3: Build a strong, diverse economic base.

POLICY 4: Support local businesses and entrepreneurs.

Introduction

The Economic Development Chapter, a new component not included in the 2002 Comprehensive Plan, is one of many important tools for identifying a path forward for the City that takes advantage of regional economic growth, preserves community quality of life and ensures a diverse economic development infrastructure. This direction was established through stakeholder interviews, community meetings, and a series of strategy meetings with the Comprehensive Plan Advisory Committee, the Lancaster Planning and Zoning Commission and Lancaster City Council. This consensus-based document will help City leaders make important decisions regarding economic development initiatives for the community, which will impact the City's infrastructure, municipal services and economic resiliency.

As the Metroplex continues to be among the fastest growing regions in the U.S., Lancaster will face increased competition from other DFW communities. Regional transportation improvements in the southern portion of the Metroplex, such as Interstates 20, 35 and 45, are shaping future employment growth, and providing attractive environments for business and commerce. Lancaster's strategic location between all three of these major transportation corridors should continue to give it a strong locational advantage for economic growth. The City's foremost economic challenge over the next 20 years will be to diversify its employment base to maintain a balanced community, from both a market and a fiscal perspective.

- 1 Economic development infrastructure = people + infrastructure + sites and buildings + incentives + business climate + quality of life

Current Economic Development Efforts

Currently, the responsibility for economic development efforts in the City rests with the Lancaster Economic Development Corporation (LEDC), with support from the Lancaster Chamber of Commerce. Each of these organizations is described briefly below.

Lancaster Economic Development Corporation

The LEDC is a “Type A” economic development organization and is funded by a .25 cent sales tax. The LEDC board “. . . administers funds and is commissioned to review applications for incentives and make recommendations to City Council for approval”. The mission of the LEDC, serving as the City’s Department of Economic Development, is “. . . to create favorable site selection or expansion decisions for new and existing business and industry through aggressive sales and marketing programs that are designed to create a growing tax base for the community of Lancaster through new business development, existing business retention, and job creation and by ensuring a financially sustainable city government and enhancing the overall quality of life for the citizens of Lancaster”. The action plan for the LEDC consists of the following:

- Assist in the development and implementation of a seamless process associated with the city’s development procedures
- Create and recommend to the City Council new policies and formulas for determining the feasibility and financial return from incentives associated with potential development projects in Lancaster
- Create new collateral materials necessary to showcase all development opportunities in Lancaster
- Develop action-oriented sales and marketing programs that create an interest in Lancaster by commercial, industrial, and retail operations
- Develop and implement a program directed at manufacturers located in Asia that solicits their utilization of Lancaster as a destination point for the shipment of their products
- Identify foreign sources of financial investment in Lancaster
- Implement an aggressive sales-calling program on the commercial development and real estate brokerage communities
- Implement programs that identify the growth and expansion needs of existing industries in Lancaster
- Work with the board of the Lancaster Economic Development Corporation and respond to incentive requests made by projects that are considering locating in Lancaster

Lancaster Chamber of Commerce

Chamber members are committed to doing business in the City of Lancaster and the Best Southwest Area by providing quality products, merchandise and services. Membership luncheons are held each month with informative and educational programs and the Chamber hosts NetConnect after 5 (NCA5) evening events giving local businesses networking opportunities. The Chamber holds quarterly meetings of the Manufacturers and Logistics Roundtable and monthly meetings of the Small Business Council. Each year, the Chamber hosts the annual State of the City address by the Mayor of Lancaster, as well as candidate forums.

LEDG’s marketing of the City highlights numerous advantages for business that create an environment conducive for expansion and relocation:

- Access to a large and varied labor pool
- Available land and diverse business community
- Competitive utility rate schedules
- Educational and workforce training resources
- Equitable tax structure and incentives
- Strategic location within an excellent transportation network
- Available incentive funds for building construction, infrastructure, fee reimbursements
- Triple Freeport Exemption

Area	Year (as of December)		
	2005	2010	2015
Lancaster			
Labor Force	15,893	17,597	18,322
Employment	14,757	15,750	17,413
Unemployment	1,142	1,847	909
Unemployment Rate	7.2%	10.5%	5.0%
Dallas County			
Labor Force	1,158,300	1,206,255	1,285,242
Employment	1,096,873	1,107,633	1,236,333
Unemployment	61,427	98,622	48,909
Unemployment Rate	5.3%	8.2%	3.8%

Of particular value to new and expanding businesses is the excellent pool of workers available to fill an array of occupational careers - from professional, highly skilled trades to semi-skilled, assembly-type workers. In addition, Lancaster’s location within the Metroplex provides ready access to a multi-county labor pool numbering in excess of 2 million.

Local educational resources (Cedar Valley College, UNT-Dallas, and the Lancaster Independent School District’s STEM program) serve to support and train both new and existing employees, providing stability to the local labor pool.

Table 6.01 - Lancaster Labor Force Characteristics

Source: Texas Work Force Commission and Ricker | Cunningham

Other amenities which support Lancaster’s economic development efforts include: the Lancaster Regional Airport; Scenic View Municipal Golf Course; the 155 year-old historic Town Square; and the Lancaster Community Park, with a recreation center and public library.

Market Opportunities

An analysis of current and future market trends for various land uses was completed to provide both a baseline for the planning process and a roadmap for identifying future opportunities. The purpose of the market context analysis was to:

- Assess current and future market conditions in the south DFW Metroplex
- Evaluate the City of Lancaster's current and future attractiveness for various land use types within the DFW Metroplex
- Ensure planning and investment decisions for the City are grounded in market and economic reality and
- Provide an independent, third-party story to tell potential developer and investor audiences

Industry Trends

The Urban Land Institute (ULI), the lead membership organization representing real estate professionals nationally and internationally, issues an annual report based on input from its member developers, lenders and investors regarding prospects and product changes in the coming year. The following trends will have impacts on new development, not only nationwide, but in North Texas specifically.

- Industrial replacing apartments as best development and investment opportunity in short-term
- Redevelopment of existing office space rather than development of new, unless build-to-suit or significant preleasing commitment and designed for flexibility
- Flex office / industrial with high finishes and lower rate structure
- Less individual office space (100 sf per employee), but more collaboration space
- Urban retail formats
- Growth of Generation Y and their impact on all real estate sectors – more urban and less suburban housing environments, close to work or easy access, close-in warehousing to ensure same-day delivery from online retailers
- Smaller multi-family units, but larger common areas and stronger connections

Market Implications

The findings of the market analysis suggest several strategies for Lancaster's future.

Residential

- There is an opportunity to diversify the City's housing stock—higher-density, low-maintenance products appealing to more demographic segments.
- A high-quality image should be maintained while addressing new market niches.
- Market pressure from expanding high-mobility groups can be accommodated in more urbanized mixed-use, live/work areas and held to a higher standard of quality and uniqueness.

Retail

- Interstate frontages (20 and 35) will attract attention from larger retailers, but caution should be used when considering requests by users of large format spaces.
- The challenge will be to concentrate retail near existing and new neighborhoods while still accommodating regional retail at key intersections (e.g., I-35 and I-20).
- There is an opportunity to “prune” under utilized retail in select areas where the market has moved on (e.g., Pleasant Run Road).
- High levels of community character should be created in order to attract higher-end retail product types.

Office

- There are opportunities for sustainable product types designed with evolving workforce trends and user values in mind (green construction, smaller work spaces, larger community spaces) within or proximate to existing employment centers.
- Higher-end and more sustainable office products can help protect against value deterioration.
- Industrial
- Emerging opportunities for warehousing and logistics space will continue along I-20.
- Flex products will continue to blur the line between office and industrial and those with high finishes and lower rate structures will be the preference of entrepreneurs and start-ups.
- Investment and development prospects for R&D are expected to improve, fueled by growth in medical and technology.

Economic Strategies

The strategy described in this plan addresses the City Council’s Goals and Objectives related to Quality Development and Financially Sound Government and builds upon Lancaster’s established position as the economic hub of the south DFW Metroplex. It advocates that the City continue to monitor opportunities for expansion and diversification of the local economy that will present themselves in the future. This diversification will help Lancaster maintain economic viability during fluctuating economic cycles and will allow the City to be selective as to the type and quality of future development opportunities.

A key component in building a community’s economic development infrastructure is the provision of a wide range of housing choices to address the needs and desires of a variety of socioeconomic groups. These housing types can range from workforce housing for an expanding service employment base to executive housing for professional and management employees. Efforts to diversify housing must, therefore, be in lockstep with efforts to diversify the local employment base.

In association with job growth and housing diversity, creating interesting and appealing workplace environments will promote a strong connection between residents and employees and help to attract highly-skilled, high-income workers.

Finally, by offering a broad array of retail and service activities within the community, the need for residents, employees and visitors to leave Lancaster to purchase goods and services elsewhere will be reduced, and the City’s revenue base will be enhanced.

Economic Development Implementation Strategies

The following Economic Implementation strategies are derived from the Economic Development Policies and are designed to help guide the development/redevelopment of land uses in a market-supportive and fiscally responsible manner. More detail on these strategies can be found in the Implementation Chapter and Appendix 1 of this document.

- Carry out a public education program to inform the community about the differences in truck-related, logistics, distribution and other uses.
- Conduct a market analysis and feasibility study for hotels in Lancaster -- along I-35 or I-20, in Campus District, and in/near Town Center.
- Depending on results of market analysis, establish marketing and incentives programs for hotels.
- Conduct a study of Lancaster's existing housing supply (type and size of units and lots, price range, etc.) and use this to track efforts to expand and diversify Lancaster's housing stock to provide a broad range of housing alternatives to employees, employers and residents transitioning to various lifestyle stages.
- Continue to partner with the Chamber to hold meetings with employers in targeted industries, to understand what they need to locate, remain or expand in Lancaster.
- Create a partnership with LISD, CVC & UNT-D to provide training and skills programs in Lancaster that train Lancaster residents for jobs needed by Lancaster businesses.
- Develop a targeted marketing and recruitment strategy for aviation-related businesses.
- Develop collaborations to fill gaps in the capital market that fund business start-ups, retention and expansions.
- Establish a fiscal impact analysis process for new development and redevelopment, so decision-makers can consider the costs and benefits to the City and the community when they make decisions on proposed projects.
- Evaluate the City's Economic Development Strategy and update it to effectively implement this plan. Include particular focus on medical, logistics, entertainment, aviation and information technology sectors.
- Partner with the Chamber to develop or enhance initiatives to support entrepreneurs and small businesses in Lancaster.
- Provide internships at Lancaster's logistics companies for students in the STEM programs at local high schools, colleges and universities.
- Develop and Strengthen the relationship between the Lancaster Economic Development Corporation and the Chamber of Commerce
- Benchmark Lancaster's economic success on a periodic basis (e.g., annually) using a range of market and economic variables that could be compared to other cities of similar size (either locally or regionally).
- Promote higher-density, mixed-use development in order to create vibrant live-work-play activity centers in targeted areas as depicted on the Future Land Use Plan.
- Create a quality working environment through the beautification of major transportation corridors and the provision of trails, open lands, and alternative transportation choices to all business areas.
- Encourage a full-service array of retail and service opportunities, thus limiting the necessity by residents and employees to leave the community to purchase goods and services.