



Waynesboro City Council Agenda Briefing

Meeting Date:	February 11, 2019	Staff/Council Member(s): Mike Hamp, City Manager Greg Hitchin, Director of Economic Development Luke Juday, Director of Planning
Agenda Item #	6	
Resolution#		
Department:	City Manager's Office/Planning Department/Economic Development Department	
Subject:	Resolution of support for the Leggett's Complex application for an Industrial Revitalization Fund loan	

Background: The Industrial Revitalization Fund (IRF) was developed to leverage local and private resources to achieve market-driven redevelopment of vacant and deteriorated industrial and commercial properties.

The program is targeted toward vacant non-residential structures whose poor condition creates physical and economic blight to the surrounding area in which the structure is located. Eligible properties shall include those formerly used for manufacturing, warehousing, mining, transportation and power production, as well as large-scale white elephant structures, such as department stores, theaters, hotels, and shopping centers. Structures whose original intended use was solely residential are not eligible.

Remnants of past economic vibrancy and local economies in transition, these structures are no longer suited for their former purpose, and in their current deteriorated condition, stand as a significant deterrent to future economic opportunity in the surrounding area and region. The maximum level of funding is \$600,000. Only local government (city, county, or town) or regional or local economic or industrial development authorities may apply for the funds. (VA DHCD)

The former Leggett's Department Store buildings at 320 West Main Street is a major commercial development and the most visible object as visitors enter the downtown. The main building's current vacant state is a hindrance to continued improvement of the downtown area. Previous redevelopment plans, including a proposal to use historic tax credits to create residential units in the structure, have proven to be too costly or not feasible.

The current owner of the former Leggett's Complex is River City Collective, LLC, a locally-owned company that is interested in participating in the IRF program. River City Collective, LLC, has engaged a professional design and construction team to develop a plan to repair and renovate the structure into a mixed commercial building with common space and flexible leasing options for small tenants. The building is currently in a state of severe persistent vacancy and is plagued by numerous physical deterrents to occupancy or redevelopment. The owners are ready to commit significant private funding to

make the project happen, but could close the gap with the type of additional low-interest financing that the IRF program provides.

Although unsuccessful last year, the City has had great success securing IRF grants in the past. An IRF loan allowed the Basic City Brewery to open in the former Virginia Metalcrafters Building. Another successful IRF application for a redevelopment of the Cassco Cold Storage facility was returned after the owner did not proceed with the project.

Although the City must make the IRF application on behalf of River City Collective, LLC, it requires no financial commitment on the part of the City. If successful, the \$600,000 in IRF funds will be made available in the form of a low-interest loan to the developer through the Economic Development Authority. The developer must provide a match equal to the loan amount.

City Manager's Recommendation: The City Manager supports this initiative and application because: (1) it redevelops a blighted building that negatively impacts the Downtown and surrounding neighborhoods; (2) redevelopment of large, vacant buildings is critical to the long-term success of the City's core commercial areas; and, (3) reinvestment in the building will increase the City's tax base.

Suggested Motion(s): City Council is requested to move and vote for adoption of the attached resolution of support.

Attachments: Resolution

CITY COUNCIL OF WAYNESBORO, VIRGINIA



RESOLUTION OF SUPPORT

**BY THE CITY COUNCIL OF WAYNESBORO, VIRGINIA
FOR A JOINT CITY/ RIVER CITY COLLECTIVE LLC,
APPLICATION FOR AN INDUSTRIAL REVITALIZATION FUND LOAN**

WHEREAS, the Waynesboro City Council supports a joint application between the City and River City Collective LLC, for an Industrial Revitalization Fund loan in recognition of the desire and need to revitalize the highly visible and blighted former Leggett's Department Store at 320 West Main Street into a mixed use project which will spearhead the redevelopment of this and other properties in the central business district and will advance the City's overall economic revitalization goals; and,

WHEREAS, the Waynesboro City Council recognizes that market forces and the current banking finance environment creates certain fiscal barriers to redevelopment of this property which can be overcome more readily through a private/ public partnership and with the assistance of the Industrial Revitalization Fund in the form a loan that will be made to the developer, using matching funds which will be provided by the developer.

NOW, THEREFORE, BE IT RESOLVED that the Waynesboro City Council supports the redevelopment of the former Leggett's Department Store and the application for a \$600,000 Industrial Revitalization Fund loan; and,

BE IT FURTHER RESOLVED that the Waynesboro City Council acknowledges that the City's role is to act as the sponsor for the former Leggett's Department Store Redevelopment project and that matching funds will be provided by River City Collective, LLC, the developer of the former Leggett's Department Store Redevelopment project; and,

BE IT FURTHER RESOLVED that the Waynesboro City Council is in full support of the joint City/ River City Collective, LLC, application for an Industrial Revitalization Fund loan with the Virginia Department of Housing and Community Development this 11th day of February, 2019.

Signed: _____ Mayor,
Waynesboro City Council

Attest: _____, Clerk,
Waynesboro City Council

[SEAL]