



Downtown Market & Real Estate Redevelopment Study

2022

Table of Contents

Project Overview 2

Waynesboro Planned Developments 2

Property Assessment Summary 3

Market Assessment Summary 6

Redevelopment Opportunities 8

Supporting Redevelopment 9

Marketing Available Properties 10

Study Sponsor & Consultant 13

Attachments 14

Project Overview

With generous support from the Virginia Department of Housing and Community Development (DHCD) and an Industrial Revitalization Fund Planning Grant, the Waynesboro Economic Development Authority (EDA), following standard Virginia Procurement Policy, contracted with Creative Economic Development Consulting to research and prepare a downtown market and real estate redevelopment study. The study will assist the EDA and downtown property owners in developing a marketing campaign to attract new business and in developing a reuse plan for five identified derelict buildings. This analysis will provide the EDA with an opportunity to apply for a DHCD IRF grant in the summer of 2022. Engineers, architects, and other companies provided additional technical information.

Using the DHCD definition of derelict or blighted buildings, five properties along a three-block section of W. Main Street were originally identified (320, 322, 540, 600, and 620). In the time period between the IRF Planning Grant application and its award, 320 W. Main Street was declared structurally unsound, and demolition was approved for early summer 2022. For this study, 320 W. Main was replaced with 411 W. Main Street.

The Department of Housing and Community Development partners with state, federal, local and nonprofit housing and community and economic development initiatives. DHCD programs strive to maintain the vibrancy of communities throughout the Commonwealth and include providing universal broadband access, investing in economic development initiatives, promulgating the statewide building and fire regulations, preserving the affordability and efficiency of Virginia's homes and buildings, addressing homelessness, reducing eviction rates across the state and fostering innovative solutions to create affordable housing.

Waynesboro Planned Developments

The most significant new development coming to Waynesboro will be the construction of the Waynesboro campus of the popular Virginia Museum of Natural History. The approximate 27,000 SF natural science interpretation facility expects to attract 65,000 visitors, including approximately 40,000 tourists from Skyline Drive and the Blue Ridge Parkway. According to a 2013 study by Chmura Economics & Analytics, the museum is projected to boost visitor spending by \$1.8 million and local tax revenue by \$23,608 a year. The museum itself will have approximately 10 jobs and will generate another 20 jobs from visitor spending. Downtown will see significant positive economic impact from the new museum.



Adjacent to the new museum, the current redesign of Constitution Park will emerge as the South River Preserve (SRP), a signature 26-acre park along the banks of the South River. In addition to this park, the former landfill, Sunset Park, is being converted into 4.5 miles of biking and hiking trails.

Along with these public investments, there are several private investments underway in Waynesboro. The former Leggett building is slated for redevelopment starting this year. The former department store will contain retail space on the first floor and residential space on the second floor. The building is located near the museum/preserve area – a perfect location to attract visitors. New retail businesses have been opening during the pandemic, including City

Foxes set to open this summer. Several of the business owners interviewed for this study, both retail and restaurants, are planning future expansions.

With few available buildings in downtown Waynesboro, it is important for the five properties in this study and the former Leggett's site to be placed in active use to capture the opportunities resulting from these public and private planned and future developments. The museum, preserve, and new shops and restaurants will draw more people to Waynesboro, support more business start-ups and expansions, and encourage more redevelopment across the city.

Property Assessment Summary

The consulting team reviewed five vacant properties in downtown Waynesboro. A GIS review was done to gather basic information such as size, construction information, zoning, and value. GIS was also used to initially review the location within downtown. Each property was visited with city staff to view condition, curb appeal, features, accessibility, and adjacent property condition. When available, the consultant and city staff met with the property owner.

All of the properties are Central Business zoning, in the Technology and Downtown Enterprise Zones, and outside the flood zone. For each, the land value is greater than the building value. All five properties are in some stage of disrepair. 322 and 411 W Main Street need the least repair; whereas, 544, 600, and 620 W Main Street are in need of significant repair.

Downtown Waynesboro has only a few vacant buildings in addition to these five properties. If redeveloped, these properties would appeal to existing businesses looking to expand, or new businesses desiring a downtown location. They are in a prime location for retail and restaurants.

There is a City of Waynesboro property information sheet for each property attached to this report.

322 West Main Street

322 West Main Street is a one-story, 9,690 SF building on the south side of West Main Street. It is adjacent to the former Leggett building, which is slated to start redevelopment this year. The Leggett building will have first floor retail and upper floor residential when renovated. 322 West Main Street is owned by David Hatmi (trustee) and has a tax value of \$147,900.

322 West Main has been previously used as a grocery store and pharmacy. Built in 1940, It has been vacant since the 1990s. Parking is on West Main Street. The layout is one open space

not impeded with features except structural columns. The owner is interested in redevelopment and has explored both retail and residential options. Developing residential would require building up by adding additional floors.



411 West Main Street

411 West Main Street is a two-story, 7,326 SF building on the north side of West Main Street. It is adjacent to retail and a restaurant. It is nearby to a popular restaurant in downtown, The Green Leaf Grill. The property is owned by Urbane Ventures, LLC, and has a tax value of \$236,400.

411 West Main was built in 1959 and has been used as a department store and mini-mall. The basement was most recently used by a cabinet making business. It has been vacant since approximately 2010. Parking is on West Main Street. The layout is mainly one open space with a few small rooms in the rear. The basement is also one open space.



The owner is interested in redeveloping and is currently exploring a mix of retail and entertainment uses. An immediate need is roof repair to prevent water damage.

544 West Main Street

544 West Main Street is a Waynesboro landmark. Built in 1940, at one time it was home to a movie theater then a local newspaper. The building has an interesting printing press room where people could view the paper being printed through a large window.

The building is two-stories and 21,568 SF. It is located on the south side of West Main Street near The Wayne Theatre and two other properties in this study, 600 and 620 West Main Street.

544 West Main Street has been vacant since approximately 2005. Parking is on West Main Street. The layout is two large spaces on the main floor. It has an area in the rear that could be used as outdoor dining or event space. The property is owned by Jamaticar LLC and has a tax value of \$364,200.



600 West Main Street

600 West Main Street also has an interesting history. It originally was a log house with the existing structure later built around it. The building was the home of a doctor's medical practice and living quarters for his family. Later it was turned into a travel lodge and extra bathrooms were added to accommodate the guests. At one time there was a row of cabins across the back parking lot that could also be rented. When the Shenandoah Valley Art Center took over the property, individuals and businesses contributed funds for electric and plumbing repairs, painting, cleaning, etc.



Built in 1920, the building is 4,842 SF and two stories. It is located on the south side of West Main Street near The Wayne Theatre and two other properties in this study, 544 and 620 West Main Street. It has been vacant since approximately 2007. There is parking at the rear of the building. The layout is typical for a former home turned into a travel lodge with bedrooms, living rooms, and bathrooms. Etter Funeral Home Inc. owns the property. It has a tax value of \$231,000.

620 West Main Street

620 West Main Street was built as a hotel. The main hotel faced West Main Street. An addition in the rear was later built. Along with being used as a hotel, it has a history as a residential building. It is currently owned by Fishburne-Hudgins Education Foundation, affiliated with Fishburne Military School. The property has tax value of \$374,000. The property has interest from a developer to redevelop the space for office use.



Built in 1938, the building is 34,541 SF and four stories. It is located on the south side of West Main Street

near The Wayne Theatre and two other properties in this study, 544 and 600 West Main Street. It has been vacant since approximately 1996. There is parking at the rear of the building. The layout is typical for a former hotel and residential property with individual rooms and bathrooms.

Market Assessment Summary

The Waynesboro retail market has been growing. Downtown has little vacancy and there have been new commercial developments outside of downtown. The planned museum, preserve, private developments, and other amenities will draw even more people to shop, dine, and experience Waynesboro, thereby expanding commercial development opportunities.

Taxable Sales

Taxable Sales have been increasing in Waynesboro. Like many small towns, Waynesboro’s retail sales did well during the pandemic. People flocked to small towns during the pandemic to escape the density of cities. Thus, most small towns saw significant increases in retail sales. In 2020, Waynesboro had 4% growth in taxable sales. In 2021 the city saw 11% growth. It is unclear in the data whether the increase in sales can be attributed to large commercial retailers or downtown. Anecdotally, some small businesses in downtown reported struggling during the pandemic, while others reported significant year over year increases.



Source: Virginia Department of Taxation

Regional Retail Leakage

We researched Waynesboro data as well as data from the three-locality region of Augusta and Nelson Counties. These counties were selected based on drive time and the ability of Waynesboro to pull in consumers from these areas. The region and Waynesboro have leakage in several categories. Noted below are the categories which most closely align with opportunities for redevelopment in downtown Waynesboro. Specialty retail and food services are categories that will appeal to visitors as well as residents of the region. The full retail leakage report is attached.

Retail Category	Leakage
General Merchandise Stores	\$74M
Food Services & Drinking Places	\$25M
Health & Personal Care Stores	\$22M
Furniture & Home Furnishings Stores	\$18M
Clothing & Clothing Accessories Stores	\$15M
Sporting Goods, Hobby, Book & Music Stores	\$4M
Specialty Food Stores	\$3M

Source: ESRI Retail MarketPlace Profile

Business Owner Perspectives

A small group of business owners was interviewed for this project. Retail, restaurant, and service businesses have seen a steady increase in business over the last few years, even during or coming out of the pandemic. Some have expansion plans. All agree that the museum will draw more people to downtown. The customer profile of downtown Waynesboro is diverse. Business owners report a mix of ages, demographics, and reasons why customers come to downtown (services, shopping, dining, etc.).

We asked interviewees what types of businesses are needed in downtown. They talked about businesses associated with outdoor recreation (bike rental, camping gear), more restaurants and retail, and entertainment. There is interest in trendy, niche retail, and restaurants that will attract young people and young families.

Business owners also commented on any hurdles they faced when starting up in downtown. Two that stood out were the lack of advertising of vacant buildings and the lack of clear communication in the regulatory process including a backlog in zoning. The backlog perception may be the result of misaligned expectations as the city has been working to reduce the regulatory timeline.

Redevelopment Opportunities

After reviewing the features of each property, market opportunities, and planned future developments in downtown, the consulting team identified a highest and best re-use for each property. There is retail expansion opportunity in the categories identified in the retail leakage analysis, and there will be new retail opportunities as the museum draws in more visitors. The recommendation for a new restaurant and bed & breakfast is based on existing demand and projected future demand, as a projected 65,000 more people visit the area. Designating one of the buildings for office space aligns with future growth of professional services and the vision of the developer of that property.

Property	Recommended Re-Use
322 W Main	Retail
411 W Main	Retail
544 W Main	Restaurant/Event Venue
600 W Main	Bed & Breakfast
620 W Main	Office

322 W Main & 411 W Main

These two properties are in the heart of the central business district and are surrounded by other commercial businesses. They are the closest to the new museum development, allowing them to capture more foot traffic. Both have layouts conducive to retail uses – large, open floor plans. Based on the retail leakage analysis, these properties would be ideal for specialty foods, sporting goods, books and music, clothing and clothing accessories, and health products. This recommendation also aligns with the interests of the owners of these properties. Target retailers are local retail entrepreneurs interested in another venture and retailers in neighboring localities who want a second location.

The owner of 322 W Main Street also has interest in upper floor residential. The city recently completed a housing study. This analysis indicates Waynesboro will have demand for 190 rental units over the next three years. After considering units under construction, there is demand for more than 115 additional units in Waynesboro. The report says, “Furthermore, the lack of contemporary, modern rental units indicates there is likely pent-up demand for rental units in Waynesboro.”

544 W Main

This property is near The Wayne Theatre and service businesses. It is ideal for a restaurant and event venue. The layout breaks up the floor space, creating spaces for dining and private events. There is a space in the rear that could be used for outside events. A restaurant and event venue would attract people coming to the theater and people working in nearby offices, including the planned office development in the former hotel property. Its location is close enough to the museum for people to walk to the restaurant. A target tenant for this building is a local restaurant owner or a restaurant owner in a neighboring locality ready for a second location.

600 W Main

This building could be a quaint bed and breakfast/inn. Its location near The Wayne Theatre would be an advantage, as theatergoers would have walkable lodging. It is also within walking distance to downtown restaurants and shops.

The building is laid out well for a small inn and has architectural features that make it attractive for such a use. It is located within the tourism development zone and could qualify for Virginia Tourism Corporation financing programs.

620 W Main

There is a private developer currently exploring renovating this building into office space. This area of downtown is home to more professional services, making office use a nice fit for this property. It has ample parking and easy ingress/egress. Tenants in the office building could walk to nearby restaurants for dining. Converting some of this space to cowork or a small incubator should be explored.

Supporting Redevelopment

Public-private partnerships are often needed for downtown redevelopment, especially in small and rural communities like Waynesboro. The private sector must be motivated and have access to capital. The public sector must be willing to make public investments and support the development through the regulatory process. Below are a set of recommendations for the public and private sectors to partner in redeveloping the five properties studied.

Planning

- The Economic Development Authority has offered to help pay for engineering assistance to the five buildings. Assessments of structural integrity and repair needs are needed in order to apply for loan and grant funds.
- Explore paying for part of the cost for individual financial studies of each property. Such studies will estimate revenue from sales or rent, operating cost, and help owners determine if a restaurant, music store, or office rents will provide a return on the investment in redevelopment. Virginia may have something similar to the UNC Development Finance Initiative, a program of UNC Chapel Hill. It is a group of developers, designers, and experts in the fields of development, finance, law, planning, and public engagement that works across the state of North Carolina to create win-win partnerships between local governments and private developers.
- Connect property owners to business planning resources, such as the Small Business Development Center, for general business planning advisory services.
- Gather a consortium of business service providers who are willing to offer a certain number of pro-bono hours of advice to property owners (e.g., one hour a month). The consortium could be bankers, lawyers, web designers, engineers, etc.
- A specific example of city planning support would be to seek funding for a cowork or incubator feasibility study for office space in 620 W Main Street.
- Another example of specific support is to ask the consultants who recently completed the housing study to advise on the potential for upper floor residential at 322 W Main Street.

Investment

Continued city investments in public amenities will not only support the redevelopment of these five properties, but all of Waynesboro. Expanding parks, greenways, trails, and recreation facilities; enhancements in streetscape and beautification; improvements in transportation and parking; and funding of cultural arts programs and facilities will draw more people to the city.

Committing to implementing the long-range strategy to develop a regional visitor center recommended in the Gateway Redevelopment Plan of 2019 will show developers and prospective tenants the city's commitment to market and promote the area for tourism.

- Meet one-on-one with property owners to go over, in depth, all of the loan and grant programs that may be applicable to their development: Enterprise Zone, Opportunity Zone, Tourism Development Zone, Revolving Loan Fund, Façade Grant, Sidewalk and Landscaping Grant, Historic Tax Credits, etc.
- Apply to the Industrial Revitalization Fund to help fund building repairs. The program is targeted toward vacant non-residential structures whose poor condition creates physical and economic blight in the surrounding area where the structure is located. Waynesboro intends to submit two applications, the maximum allowed, for a total of \$5 million in August. Privately owned properties are awarded loan funds. Publicly owned or optioned properties and nonprofit owned properties can be awarded grants.
- Consider increasing the loan amount, extending the term, and maintaining a low interest rate for the city's revolving loan fund for borrowers in downtown. Some cities have districts that have better loan terms to facilitate development in a specific area.
- Commit to renting a small amount of office space in the redeveloped 620 W Main Street property to help get the project off the ground. The space could be for a city office, or it could be for cowork or incubator space.
- Guarantee a small number of rooms rented at a redeveloped bed and breakfast at 600 W Main Street. The lodging could be used for vendors doing business with the city, economic development prospects visiting the city, contractors working on the museum, and state officials visiting the city for the museum or other business.
- Add a vacant building grant program to the city's tools for economic development. Danville, VA has a grant program like this that is up to 5% of qualifying expenses. Other cities offer a flat amount up to 50% of redevelopment cost, while others offer a grant equal to a percent of net new tax revenue generated by the development.
- Consider a pedestrian-oriented rent subsidy incentive program. The program would subsidize the rent of pedestrian-oriented businesses for six months to one year. The subsidy could be a set amount, such as \$500 a month, or 50% of rent. The subsidy program could apply to any of the properties that try to attract a renter. Wilson, NC used a grant program like this to jump start redevelopment in their downtown.

Marketing Available Properties

Owners are willing to invest in building repairs and upfit for quality tenants; however, in most cases, the property owners of these five properties are interested in finding a tenant business, not directly running a business on this site. The city can play a role in marketing the business opportunities to potential tenants.

Target Sectors & Key Messages

The recommended target sectors for the five downtown properties are retailers (specialty foods, sporting goods, books and music, clothing and clothing accessories, and health products), restaurants, lodging, and professional services. Below are a few competitive advantages that can be used in marketing messages.

Retail

- Growing retail market, 11% growth in 2021
- 65,000 visitors expected to the new museum
- New museum will boost visitor spending by \$1.8 million
- 1.7 million visitors to nearby Shenandoah National Park
- Retail leakage/market opportunity
 - General Merchandise Stores, \$74M
 - Health and Personal Care Stores, \$22M

- Current regional spending on personal care products: \$33M
- Clothing and Clothing Accessories Stores, \$15M
 - Current regional spending on apparel and services: \$78M
- Sporting Goods, Hobby, Book and Music Stores, \$4M
 - Current regional spending on entertainment and recreation: \$127M
- Specialty Food Stores, \$3M

Restaurant

- \$25 million total retail leakage in food and drink in the region
- \$22 million in restaurant spending leakage in the region
- 65,000 visitors expected to the new museum
- New museum will boost visitor spending by \$1.8 million
- 1.7 million visitors to nearby Shenandoah National Park
- \$140 million in regional spending on food away from home

Lodging

- 65,000 visitors expected to the new museum
- 11 lodging establishments in Waynesboro
- Growth in lodging sales 2019 - 2021
- \$11M in accommodation spending in Waynesboro in 2021
- May 2022 occupancy rates approaching May 2019 (pre-COVID) rates

Professional Services

- Approximately 1,000 professional service workers in 75 businesses in Waynesboro with an average annual wage \$68,000
- 12% growth in the number of professional service establishments in Waynesboro 2011-2021
- Professional, Scientific, and Technical Services projected to have second fastest growth in Virginia 2021-2026
- 3 of 5 fastest growing occupations in Virginia are in professional services - software developers, management analysts, and accountants and auditors

Marketing Strategy

A target for marketing downtown properties are local entrepreneurs already invested in the community. An example is a restaurant owner interested in starting a second restaurant. Another key target are business owners in the immediate region that may open a second location. An example is a specialty gift retailer in a neighboring locality. Be sure to include these target audiences in marketing outreach.

Digital Outreach

- Add a page to the website under Site Selection called Downtown Properties. List available downtown properties, links to the one-page summary developed for this project, and links to city incentive and financing programs.
- Develop a social media campaign (LinkedIn and Facebook) focused on development opportunities in downtown Waynesboro.
 - Use the key messages above.
 - Feature available downtown properties.

- Use the “this could be...” theme with available properties.
- Make short video tours of the properties to use on social media.
- Conduct regular eblasts to developers, realtors, and existing businesses.
 - Include local serial entrepreneurs and businesses in neighboring jurisdictions who may be considering a second location in the database.
 - Use key messages and one-page property summaries developed for this project.

Direct Outreach & Events

- Conduct a familiarization tour of the buildings for local elected and business leadership so they can be ambassadors.
- Install store-front displays in 322, 411, and 544 W Main Street with the theme “this could be...”. An example is an outdoor themed display. The display materials and equipment could be used by the city as buildings become available in the future.
- Similar to the above, the city can install downtown storefront art projects in unused storefronts.
- When the properties are cleaned up and structurally sound, hold pop-up events to showcase the opportunity. An example is a “record collectors fair” at 322 W Main Street.
- Organize a familiarization tour of the five properties for real estate developers and realtors. Invite local and regional commercial realtors, developers, and business owners from neighboring jurisdictions who may open a second location. The tour should include “open house” tours at each building/site and follow up. Include a package of information on incentive and public investment planned for downtown.

Budget

Digital outreach can be done with in-house resources or contracted out. If done in-house, the expense will be staff time. Contracted digital marketing services could range \$2,500-\$5,000 a year. There will be cost associated with special events such as tours. We recommend budgeting \$2,500 for tours. Creating displays in vacant storefronts can be \$1,000+, depending upon the materials and equipment used. The displays can be reused in other properties. Pop-up events could be sponsored by the city in partnership with the owner or a nonprofit organization using it as a fundraiser. An example is an arts organization having a pop-up art market or dining experience in one of the buildings.

We recommend the city commit \$30,000 to the marketing campaign for these buildings to be used for tours and events, storefront displays/art, and support for city staff in digital marketing.

Study Sponsor & Consultant



This report has been made possible by the generous support of the Commonwealth of Virginia's Department of Housing and Community Development (DHCD) and an Industrial Revitalization Fund Planning Grant. DHCD partners with state, federal, local, and nonprofit housing and community and economic development initiatives. DHCD programs strive to maintain the vibrancy of communities throughout the Commonwealth and include providing universal broadband access, investing in economic development initiatives, promulgating the statewide

building and fire regulations, preserving the affordability and efficiency of Virginia's homes and buildings, addressing homelessness, reducing eviction rates across the state, and fostering innovative solutions to create affordable housing.



Whether you are looking to start, locate, or expand your business, host your state or regional conference, or simply plan your summer vacation, the professional staff at the Waynesboro, Virginia, Office of Economic Development and Tourism is available help. The office provides information, contacts, and assistance. It works with realtors, developers, large industries, and local businesses to make projects a success through up-to-date demographic data, location

assistance, and access to state and local financing options. waynesborobusiness.com



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Attachments

Property Marketing Sheets

- 322 West Main Street
- 411 West Main Street
- 544 West Main Street
- 600 West Main Street
- 620 West Main Street

Property Information Sheets

- 322 West Main Street
- 411 West Main Street
- 544 West Main Street
- 600 West Main Street
- 620 West Main Street

ESRI Market Reports

- Market Profile - Waynesboro 1-3-5-mile Radius, Region
- RetailMarket Place Profile - Waynesboro 1-3-5-mile Radius, Region
- Restaurant Potential - Waynesboro 1-3-5-mile Radius, Region
- Recreation Expenditures - Waynesboro 1-3-5-mile Radius, Region