



Waynesboro City Council Agenda Briefing

Meeting Date:	August 8, 2022	Staff/Council Member(s): Mike Hamp, City Manager/Greg Hitchin, Director of Economic Development and Tourism
Agenda Item #	9	
Resolution#		
Department:	City Manager's Office /Economic Development Department	
Subject:	Resolutions of support for Industrial Revitalization Fund grant applications for 320 and 411 W. Main Street	

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 IRF program is administered by the Commonwealth's Department of Housing and Community Development (DHCD).

According to DHCD, "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. Remnants of past economic vibrancy and local economies in transition, whose 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."

For the 2023 program, jurisdictions can apply for a maximum of \$5,000,000 for up to two different projects. Only local government (city, county, or town) or regional or local economic or industrial development authorities may apply for the funds.

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, via the EDA, must make the IRF application on behalf of the developers, it requires no financial commitment on the part of the City. If successful, the grant is provided to the EDA who intern, provides a up to 20-year low interest loan to the developer. Terms of the loan must follow guidelines established by DHCD and agreed to by DHCD. The developer must provide a minimum 1:1 match equal to the loan amount.

Staff has been working with developers and is preparing two applications totaling \$5M:

- 320 W. Main Street, former Leggett's' Department Store, \$4.6M
- 411 W. Main Street, former Hymans Department Store, \$400,000

The former Leggett's Department Store buildings at 320 West Main Street is a major commercial development and the most visible eyesore 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 Planning Commission agreed to the owner's request for demolition on February 22, 2022. The owners are ready to commit significant private funding to construct a multi-story commercial / residential building in its place, but need this low-interest financing to close the gap and make it a reality. As a demonstration of the city's commitment to the project, the cost of relocating the storm sewer (that is currently under the Leggett's building) is included in the application.

The former Hymans Department Store at 411 West Main Street, sits mid-block in the CBD. It has seen a number of uses over the years and has been vacant since 2010. The building was purchased in 2020 and the new owners have a keen interest in redeveloping the space into a vibrant retail / commercial space and make a distinct contribution to the flavor of downtown. They have already made significant investments in the building but need this low-interest financing to close the gap to make some critical infrastructural improvements before being able to use the space.

City Manager's Recommendation: The City Manager supports this initiative and applications because:

(1) it redevelops blighted buildings 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 resolutions of support

Attachments: Resolution in support of the IRF application for 320 W. Main Street and resolution in support of the IRF application for 411 W. Main Street