



**CEDA NOMINATION FORM**

**INTRODUCTION**

The 2012 VEDA Community Economic Development Awards (CEDA) will be presented during VEDA's Spring Conference in Williamsburg, March 22-23, 2012. One winner can be selected from each of the 5 population categories. These selections will be based on the most significant contributions to economic and community development in the nominees' respective communities.

**AWARD CATEGORIES**

The CEDA may be given to one community from each of the following five population categories: (population will be based on the most recent published decennial census)

- I. Population less than 5,000
- II. Population of 5,001 to 15,000
- III. Population of 15,001 to 40,000
- IV. Population of 40,001 to 100,000
- V. Population of over 100,000

For the purpose of this award, a "community" shall be defined as any unincorporated town or city, incorporated town or city, county/parish, formally established multi-jurisdictional region, metropolitan statistical area, or state. The "community" should reflect work responsibility of the VEDA member submitting the entry.

A maximum of five awards will be given, one in each of the population categories listed above. Each project has to fall under one or more of the four areas mention in this document under "Purpose."

**NOMINATION**

NAME OF COMMUNITY CITY OF WILLIAMSBURG

CHIEF OPERATING OFFICER ( CITY MANAGER OR MAYOR) CITY MANAGER JACKSON C. TUTTLE, II

ADDRESS 401 LAFAYETTE ST, WILLIAMSBURG, VA 23185

CITY, STATE, ZIP WILLIAMSBURG, VA 23185

PHONE 757-220-6100 FAX 757-220-6107

WEBSITE WWW.WILLIAMSBURGVA.GOV EMAIL JCTUTTLE@WILLIAMSBURGVA.GOV

COMMUNITY POPULATION 12,330

APPLICATION SUBMITTED BY MICHELE MIXNER DEWITT

TITLE ECONOMIC DEVELOPMENT DIRECTOR

PHONE 757-220-6120 EMAIL MDEWITT@WILLIAMSBURGVA.GOV

**SUBMITTED FOR: (CHECK BELOW ALL THAT APPLY)**

- Business Retention/Expansion
- Community Development
- Business Attraction
- Community Involvement

## SUMMARY REVIEW

Please attach a brief description of the economic development efforts and accomplishments (projects and programs). Within this description, address the awards criteria of innovativeness, transferability, community commitment, measured objectives and secondary benefits. The nomination can be no longer than four conventionally formatted 8.5" x 11" pages. Also please submit up to 5 digital photographs related to the community program/project to [veda@associationbuilders.com](mailto:veda@associationbuilders.com). These photos need not be a part of the nomination form.

The Virginia CEDA winner(s) will be announced and recognized during the CEDA luncheon at the VEDA Spring Conference in Williamsburg, March 22-23, 2012. The 2012 Virginia CEDA winners' nomination(s) will also be sent to SEDC by Virginia's SEDC State Director to compete with other southern states' winners. SEDC winners will be recognized later in 2012.

VEDA Member Submitting Form \_\_\_\_\_

Name \_\_Michele Mixner DeWitt\_\_

Address \_401 Lafayette Street\_

City, State, Zip \_\_Williamsburg, VA 23185\_\_

Phone \_\_757-220-6120\_\_ Fax \_\_757-259-8046\_\_

Email \_\_mdewitt@williamsburgva.gov\_\_

### **Submit to:**

VIRGINIA ECONOMIC DEVELOPERS ASSOCIATION

**1340 North Great Neck Road, #1272-128**

**Virginia Beach, Virginia 23454**

**757-412-2664 Fax: 866-873-3690**

**[veda@associationbuilders.com](mailto:veda@associationbuilders.com)**

***All Nominations Must Be Received By February 10, 2012***

## **City of Williamsburg Economic Development Authority (EDA) Redevelopment Program CEDA Application 2012**

**Description of the Project.** The City of Williamsburg consists of nine square miles with very few greenfield properties left for development. The City's commercial areas are visible indicators of the social and economic health of the community, and economic development success for the City relies on redevelopment projects as business and consumer needs alter over time. While many commercial districts of the City are economically viable and physically attractive, the City Goals and Initiatives, Comprehensive Plan, and Economic Development Strategic Plan identify a few commercial areas as having underused commercial properties with redevelopment potential. Redevelopment projects often encounter financing and environmental obstacles, so the Williamsburg Economic Development Authority developed a Demolition Loan Program to jumpstart redevelopment projects in the City. The Demolition Program provides capital to demolish underutilized buildings to allow for redevelopment projects to take their places. This infusion of cash allows a property owner to prepare a brownfield property for the redevelopment market. Specifically, \$20,000 per qualified property parcel is available to demolish existing buildings. The funds are issued to the property owner as a zero-interest, ten-year loan, which is forgiven based on the amount of increased real property taxes paid on the property after it is redeveloped.

**Goal.** The goal of the Williamsburg Redevelopment Program is to provide tools to encourage enhancements in commercial areas of the City. The program encourages private redevelopment of underused commercial properties in order to improve the economic vitality of commercial areas from functional and aesthetic perspectives.

**Factors that contribute to program's success.** The Demolition Program provides cash to encourage the private sector to undertake redevelopment projects. By providing the cash at the beginning of a project, the private market is encouraged to consider tackling obstacles of a redevelopment project instead of simply investing in greenfield developments outside of the City. With staff input from the negotiation table, the EDA has remained flexible in its implementation of the program. This flexibility has kept redevelopment prospects at the negotiation table when financial obstacles threatened to send prospects to a competing locality with greenfield opportunities.

### **INNOVATIVENESS**

The main innovation of the program is its direct and clear linkage of return on investment of the public funds used for the project. City Council appropriated funds to the EDA for this program, and this was the first economic development incentive program the City of Williamsburg has undertaken. With limited public resources, the EDA and staff designed the program to illustrate this direct return on investment to justify its request for public funds. While economic development programs have direct and indirect benefits, in order to launch an incentive program in a City that had never provided incentives to economic development projects, the direct benefits were key. The forgivable loan structure is based on the new real property taxes collected on a project after it is redeveloped. This clearly shows a direct return on investment, which provided political and public support for the program.

### **TRANSFERABILITY**

Other localities have been interested in our program, particularly because we equate return on investment so clearly to the public investment. The Town of Ashland has implemented a

program modeled after this one. We have readily shared program details and consulted with communities interested in replicating this program.

### **COMMUNITY COMMITMENT AND LEVERAGE**

**Participants.** The Demolition Program is administered by the **Williamsburg Economic Development Authority (EDA)**. **City Economic Development staff** use the program as a tool to recruit new businesses and assist existing business. **Chesapeake Bank** has provided letters of credit for two of the projects that opted to secure the loan with letters of credit instead of recorded deeds of trust. **Four property owners** have participated in the program:

**Diros Inc.** A blighted, vacant former motel structure was demolished to allow for construction of commercial retail and office space. This building was an eyesore with property maintenance violations and a public safety concern with police calls for illegal activities. The elimination of the vacant building has erased the eyesore and ended the public safety calls on a commercial corridor leading to the College of William and Mary and the Colonial Williamsburg historic area. The construction of the new structures has not begun.

**Prometheus Investments, LLC.** A blighted complex of vacant and underutilized buildings (seven 1945 era retail buildings, two of which housed a pawn shop and a fortune teller, and one cinder block 1920s vacant motel building) were demolished and redeveloped into a 39,827 sf green designed mixed use development. This redevelopment economically and aesthetically enhanced a pedestrian and vehicular corridor that links the College of William and Mary and the Colonial Williamsburg historic area with the City's main shopping center area. The retail structure houses Qdoba, Domino's, Extraordinary Cupcakes, and a Boutique.

**Chipotle Mexican Grill.** An underutilized 11,000 sf motel was demolished for the construction of a 2,547 sf Chipotle Mexican Grill restaurant. This new development anchors a heavily travelled vehicular commercial corridor of the City, responds to the College of William and Mary's requests for more student oriented restaurants in the City, and prevented an underutilized property from becoming a public safety concern.

**College of William and Mary Real Estate Foundation.** Three buildings across the street from the historic campus of the College of William and Mary were demolished for this project. Two of the buildings were vacant and one building housed College staff. The redevelopment project provides four student oriented restaurants (Pita Pit, The Crust, Subway Café, and Mooyahs) on the first floor and two additional floors of student housing. This redevelopment is key to downtown vibrancy and addresses two other issues:

1. The City and the College have sought student oriented retail opportunities in order to maintain the appeal of William and Mary to prospective students. To meet the needs of college students, these restaurant establishments are required by their leases to remain open until 2am and to always allow underage students access to the restaurants. For ease of controlling illegal underage drinking, existing late night restaurant establishments near the College prohibit anyone younger than 21 to enter their facilities after 10pm. Seventy-five percent of the College's undergraduate population is younger than 21, so this eliminated late night options for most students.
2. The increasing demand for student housing has encroached into neighborhoods surrounding the College, causing strain on town-gown relations. The housing

portion of this redevelopment relieves some of this strain by providing safe and much needed student housing for fifty-six students.

**Leverage.** This program provides immediate cash infusion into a project, so it has been critical during prospect negotiations with new businesses and with private developers. In two cases, the cash offering literally kept prospects and developers at the negotiation table when they would have given up on the project without this cash.

Ultimately, the project impacts illustrate the tremendous private investment that has been leveraged with this program – \$69.58 private funds for every \$1 loaned by EDA.

**Creative Deal Packaging.** One of the projects required a creative deal package because of the unique structure of the participating corporation. With the support of the volunteers who serve on the City’s EDA, staff was able to negotiate a rebate payment for the real estate taxes instead of the program’s typical forgivable loan structure. The deal amounts to the same amount of cash commitment from the EDA, but it is paid to the business as a rebate, instead of a cash grant.

**MEASURED OBJECTIVES**

**Project’s Impact.**

Project	EDA Loan Amount	Private Capital Investment*	Square Footage of New Construction	Permanent Jobs	Total Increased Local Real Property Tax Receipts on Improvements** Collected to Date	Total Local Sales and Meals Tax Receipts*** Collected to Date
Diros Inc	\$10,000	Pending Redevelopment				
Prometheus Investments LLC	\$40,000	\$3,229,424	39,827 sf	11	\$65,528 (Annual tax of \$32,764)	\$70,000 (Annual taxes of \$36,000)
Chipotle Mexican Grill	\$55,000	\$1,450,000	2,547 sf	10	\$3,840 (Annual tax of \$1,920)	\$168,000 (Annual taxes of \$84,000)
College of William and Mary Real Estate Foundation	\$33,198	\$4,936,808	36,761 sf	28	\$1575 (Annual tax of \$9,450)	\$70,000 (Annual taxes of \$100,000)
<b>Totals</b>	<b>\$138,198</b>	<b>\$9,616,232</b>	<b>79,135 sf</b>	<b>49</b>	<b>\$70,943</b>	<b>\$308,000</b>
			<b>Total Annual Tax Revenue</b>		<b>\$44,134</b>	<b>\$220,000</b>

\*Based on City Building Permit Applications

\*\*Based on FY11 and FY12 City Tax Assessment and does not include the value of the land

\*\*\*Estimated local sales and meals tax collections

Highlights:

- Leveraged \$69.58 of private funds for every \$1 loaned by EDA
- Total new direct local tax receipts of \$378,943
- Annual new direct local tax receipts of \$264,134, which is an 191% annual rate of return on investment before one of the four projects is completed.
- Small cash infusions have encouraged redevelopment projects, which benefit the City’s tax base and enhance its commercial corridors and economic viability.

To date, the program has created forty-nine jobs and leveraged \$9,616,232 of private investment in the City. The program has addressed its community development issue by encouraging private redevelopment in a landlocked City. This redevelopment has eliminated unsightly buildings and increased the City's tax base with new, thriving businesses. The program has created \$264,134 of total new direct local tax receipts.

## **SECONDARY BENEFITS**

The key secondary benefits of the program involve the College of William and Mary, which is the second largest employer in the City, and the general vitality of the City as it competes with growth in the surrounding counties.

**Reducing Consumer Leakage.** All of the businesses that occupy the new buildings meet the increasing college student demand for dining options the students consider relevant. College students are one-half of the City's population, so meeting their direct consumer needs prevents economic leakage of their expenditures. Additionally, normal town-gown strain is lessened when the students witness the City's participation in recruiting student-oriented restaurants. It should be noted that the other half of the City's population (non-students) also are pleased with the increased restaurant selections. As mentioned above, four of the new restaurants provide access to all students until 2am every evening, which was formerly an unmet need of students under the legal drinking age.

**Enhancing Competitiveness of an Existing Industry.** The College becomes more competitive to prospective students when the surrounding City environment offers student-oriented dining and shopping options. The more competitive the College is to attracting prospective students, the higher it ranks nationally. This enhances the College's competitiveness across the board, in areas including faculty recruitment, grant receipts, research opportunities, fundraising efforts, and alumni relations.

**Easing Town-Gown Strains.** College students living in nonstudent single-family neighborhoods had become a source of town-gown stress in the City because of different living styles and patterns, especially during the evenings and early morning hours. The housing element of one of the projects, which provides safe housing for fifty-six college students, eased town-gown strains by providing additional safe housing options for students. This decreases the student demand to live in single-family homes next to nonstudent families and homeowners.

**Keeping City Relevant and Competitive.** Beyond the new businesses' appeal to College students, they appeal to citizens of the region and heighten the attractiveness of the City as a place to shop and dine. Like most cities, for many years Williamsburg's downtown enjoyed a monopoly on shopping and dining because it lacked competition. Since the 1990s, the City's neighboring counties have grown, providing retail and dining options to which the City has lost significant market share. While the City will never again be the only retail and dining option for the region, redevelopment projects like these help it remain relevant and one of the options for the community by keeping the City physically attractive with modern businesses offering products that are in demand.