



August 5, 2005

MIDTOWN LYNCHBURG

implementation

6

The community vision for Midtown Lynchburg has been documented in the preceding chapters of this report through plans, illustrations, and text. This chapter identifies the necessary steps for realizing the place depicted in the imagery, transforming the community vision into a built reality. The following steps address policy recommendations, regulatory changes, public-private partnerships, neighborhood revitalization mechanisms, economic development goals, and business recruitment and retention strategies.

## **POLICY AND REGULATORY CHANGES**

### **1. APPLICATION OF THE MASTER PLAN.**

The Midtown Plan is a supplement to or amendment to the City's 2002 - 2020 Comprehensive Plan. This plan sends an important message to property owners and residents that the City Council and community support the initiative and that the City intends to implement its principles. City staff and members of the Planning Commission have a clear direction to instruct applicants to meet the goals of the Plan.

### **2. AMEND MIDTOWN ZONING AND CREATE A FORM BASED CODE**

The review of existing zoning regulations and site analysis indicated that in many cases the zoning in Midtown does not match either the existing use or the goals of the community. Appropriate zoning encourages development by providing certainty. A zoning process that requires additional hearings and variances increases the risk of time and money to developers. By establishing clear zoning that supports the City's vision and provides a visual guide to design criteria, investors can be sufficiently certain that their project will be approved. Neighbors can be assured that what will develop will be desirable, not harmful, to the existing Midtown neighborhoods. The City should rewrite the land development regulations to include a Form Based Code for Midtown.

A Form Based Code is a land development regulatory tool that places primary emphasis on the physical form of the built environment with the end goal of producing a specific type of "place". Conventional zoning strictly controls land-use, through abstract regulatory statistics, which can result in very different physical environments. The base principle of form-based coding is that design is more important than use. Simple and clear graphic prescriptions for building height, how a building is placed on site, and

building elements (such as location of windows, doors, etc) are used to control development. Land-use is not ignored, but regulated using broad parameters that can better respond to market economics, while also prohibiting undesirable uses.

The Form Based Code would allow by-right development of property in congruence with standards set forth in the code. The Form Based Code would streamline the process of getting projects approved because of the investment in public process and consensus that the Midtown Plan incorporates. The City's Zoning Ordinance should be amended to include a Form Based Code for Midtown.

### **3. REZONING REQUESTS**

The City should wield its power to rezone property very selectively, to maintain stability and in particular to direct retail into clustered environments for better performance and a less auto-oriented configuration. The City should work to quickly revise the existing zoning to a Form Based Code to reduce the uncertainty associated with zoning and rezoning requests. The City must work to uphold and maintain high standards for Midtown and should not let short-term benefits outweigh long-term effects.

### **4. APPOINT A DEVELOPMENT COORDINATOR**

The City should create a Development Coordinator staff position to begin the implementation of the Midtown Plan. This person should have a full understanding of the principles and intent of the plan. One of the first steps of action for the Development Coordinator should be the creation of a Form Based Code for Midtown.

### **5. AMEND THE MANUAL OF SPECIFICATIONS AND STANDARDS DETAILS**

Amend the Manual of Specifications and Standards Details (Public Works Department, Engineering Division) to include the proposed street sections found in the Midtown Plan.

### **6. PROMOTE THE MIDTOWN PLAN**

Continuing to spread the word about this plan and successful initial projects is vital for implementation. A variety of media should be used: brochures, Internet, or TV are some common methods. Promote the plan so it will start to take on a life of its own and continue to work for Midtown for years to come.

## FUNDING MECHANISMS

To achieve the goals of the Midtown Plan, funding will be necessary. Public funding mechanisms for redevelopment include allocating City funds in the General Fund and Capital Improvement Program, grants from public and private sources, general obligation bonds approved by the public, donations, and general fund expenditures. Funding assistance for private development and economic development includes New Market Tax Credits, Historic Tax Credits, Low-Income Housing Tax Credits, Federal Loan Guarantees to financial institutions, federal matching funds for Small Business Investment Corporations, federal funding to assist local Community Development Corporations, revolving loan funds set up by local financing institutions for redevelopment and business, and, last but by no means least, standard financing for market rate development.

### 7. GRANTS

There are a number of federal grants available for redevelopment and community service purposes as well as grants for infrastructure. Federal grants require the City to have a Consolidated Plan in order to receive Community Development Block Grants. Lynchburg does have a Consolidated Plan and is eligible for funding. The Federal Department of Transportation also has grants for infrastructure, including funding for roads and highways and innovative transportation grants for research and implementation of alternative transportation. A list of federal funding programs has been included in Appendix F.

Private grants from foundations are available through application by the City, community development corporations and other community oriented non-profit organizations. They are rarely given to private for-profit businesses. Finding grants can be daunting as there are literally thousands of foundations and grant givers; most organizations that rely upon such funding hire what is termed a "development specialist" to research the grants and write proposals.

It is suggested that the City train a staff member in grants research and writing, and to research and apply for private foundation opportunities as well. The City has already been successful in obtaining grants from agencies such as the Virginia Department of Transportation, U.S. Department of Housing and Urban Development, the Department of Environmental Quality, the Department of Forestry, and the Department of Conservation and Recreation.

### 8. TAX CREDITS

Tax credits can be very powerful funding incentives for private development. There are three basic credits available now that have application in redevelopment: New Market Tax Credits; Federal and State Historic Rehabilitation Tax Credits; and Low-Income Housing Tax Credits. Several property owners in the city have taken advantage of these programs for their properties in the downtown and center city neighborhoods. In the Midtown area E.C. Glass High School is utilizing historic tax credits for its renovation. The rules for tax credit investment are laid out in the U.S. Internal Revenue Code. Tax credits allow a dollar for dollar reduction in tax (not income) and thus are of use to anyone with a need for tax reduction. Tax credits are often sold (securitized) to investors, allowing non-profits and project owners unable to use them to gain funding for construction and other allowable project costs.

**New Market Tax Credits** permits taxpayers to receive a credit against Federal income taxes for making qualified equity investments in designated Community Development Entities (CDEs). The Lynchburg Community Loan Fund (an affiliate of Lynchburg Neighborhood Development Foundation) is a certified CDE. In addition there are other organizations, i.e. Wachovia Bank and the National Trust for Historic Preservation that are certified CDEs. Lynchburg could apply for New Market Tax Credits through these various entities. For example, Bluff Walk Center has successfully applied to Wachovia Bank to benefit from their New Market Tax Credits. The New Market Credit was authorized by Congressional House Bill 12392, which outlines the availability and terms of use for the tax credit (more information can be found at [www.cdfifund.gov](http://www.cdfifund.gov)).

**State Historic Rehabilitation Tax Credits** require that the property be listed on the Virginia Landmarks Registry. The Rehabilitation Tax Credits are dollar-for-dollar reductions in income tax liability for taxpayers who rehabilitate historic buildings. Credits are available from both the federal government and the State of Virginia. The amount of the credit is based on total rehabilitation costs. The state credit is 25% of eligible rehabilitation expenses. In some cases, taxpayers can qualify under both programs, allowing them to claim credits of 45% of their eligible rehabilitation expenses. The City's Historic Preservation Commission (HPC) should commission an inventory of buildings in Midtown neighborhoods and apply to have certified structures listed on the Virginia Landmarks Register.

**Federal Historic Rehabilitation Tax Credits** require that the project be in a historic district as a contributing structure or that the structure is listed on the National Register of Historic Places. Rehabilitation tax credits can be applied to 20% of eligible project costs. The City's Historic Preservation Commission (HPC) should commission an inventory of buildings in Midtown neighborhoods and designate appropriate buildings as historic to be included in a Midtown Historic District. Such buildings in the district should be listed on the National Register of Historic Places. The HPC should also agree upon a designation of non-contributing but significant structures in Midtown that could be upgraded to contributing status; by doing so, the potential for the use of tax credits would increase and more structures would be rehabilitated and preserved. Owners of historic buildings Downtown and other historically designated properties have extensively used these tax credits, estimated in the millions of dollars as an investment in the revitalization of Lynchburg.

**Low-Income Housing Tax Credits** (LIHTC's) can be used for providing housing to households at or below 60 percent of median income and provide either four percent or eight percent credits. Areas with 60 percent of median household income by household size are calculated every year by the U.S. Department of Housing and Urban Development. It is not necessary for all units in a building to be affordable to receive the tax credit; the credit applies only to those units that are eligible. To receive the credit, the units must be kept affordable for fifteen years to receive ten years of tax credits. Non-profit developers, such as Lynchburg Neighborhood Development Foundation (LNDF) and Regency Development have successfully revitalized blighted housing in College Hill, Tinbridge Hill, and White Rock Hill.

Historic rehabilitation tax credits and LIHTC's can be applied on the same project. This means that for affordable housing units in Midtown, a credit from 45 to 48 percent could be achieved in redevelopment.

An information program to familiarize developers and property owners with tax credit opportunities should be undertaken by the City. This could be performed effectively as an addition to the City web site, which is already an excellent resource. Elements would include explanations of the credits, links to credit websites, and downloadable information and application forms. Pro forma templates for calculating tax credits would also be useful for those not familiar with credits.

## **9. SMALL BUSINESS INVESTMENT CORPORATIONS**

Small Business Investment Corporations (SBIC's) are business development venture funds for business creation and development that are regulated by the Small Business Administration. The federal government will match local funding at a three to one ratio. What this means is that if local investors, banks and others form a SBIC with \$1 million in start-up funding, it may be possible to get grants of up to \$3 million to match. Since the Midtown Plan calls for new businesses to provide the services that are desired by residents, the formation and operation of a Midtown or Lynchburg SBIC could be a means for creating and retaining business in the midtown area. SBIC's are allowed to use funds for investment in small business and to act as an advisory resource. This means that the SBIC employees could fund and advise businesses on issues such as effective use of information technology, effective retailing practices, financial management, employee management, efficient use of resources, etc. The Economic Development Department and the Lynchburg Regional Chamber of Commerce should institute a committee to research the feasibility of setting up an SBIC and work with local and state financial institutions to fund it initially.

## **10. BUSINESS IMPROVEMENT DISTRICT**

A Business Improvement District (BID) is a special taxing district created with the consent of its property owners that allows the City to levy a tax to pay for specific services and improvements agreed upon by the City and property owners. BID's are used to pay for such things as street cleaning and maintenance of special features, programs such as planters and street furnishings, maintenance of parking areas, etc. The formation of a Midtown Business Organization associated with the BID could work directly with the Community Planning and Development Department to implement the Midtown Plan and represent the interests of the business community.

# ECONOMIC DEVELOPMENT STRATEGIES

## 11. MARKET RESEARCH

To identify the most likely prospects for people choosing Midtown for their entertainment, restaurant and shopping needs, annual market research should be conducted, as follows.

Use information from sales tax receipts and the GIS system to correlate sales by category with building square feet, resulting in aggregate sales and sales per square foot by category. Subscribe to a data service such as ESRI Business information services to compare actual sales per square foot by category with the available consumer spending for each category. Make the non-confidential aggregate results available to retailers and prospective businesses.

## 12. PROMOTE RETAIL, BUT NOT EVERYWHERE

It is anticipated that the revitalization of Midtown will require a destination retail center as well as new residential uses. Retail is not a primary generator of local income, but it is an indicator of the performance of the local economy. Because it is a visible indicator, those who come from outside the area looking for opportunities to locate or start a business often interpret retail as a proxy for the vitality of the local economy. The Midtown Plan outlines different areas for retail and commercial centers. It is important to reach consensus on the composition of these areas and adhere to the planning. For example, retail isolated between civic uses and distant from the core loses some of its ability to draw people based upon the liveliness of the district and simultaneously detracts from the concentration of uses within the designated districts. Retailers move to an area in the expectation of support in the form of nearby shops and the foot traffic they generate. The Midtown Plan identifies Village Centers where retail should be concentrated. These Village Centers are located along Memorial Avenue, Lakeside Drive, and Langhorne Road. The Midtown Plan should be used as a guide for the location of retail in Midtown.

## 13. TECHNICAL BUSINESS AND RETAIL ASSISTANCE

Small startup retail businesses typically need expert assistance in areas such as store layout, lighting design, inventory controls and information systems for understanding consumer preferences. Programs could also include assistance with design and permitting to redevelop property in accordance with the proposed Form Based Code.

Business assistance is a task to be undertaken through a Small Business

Investment Corporation, BID, or the Chamber of Commerce. It is suggested that the City, Chamber, and local business collaborate in formation of an SBIC to handle this function. Because of its ability to leverage federal funding, an SBIC could potentially have a greater effect for the same amount of local funding.

## 14. ESTABLISH A PARCEL ASSEMBLY PROGRAM

The Lynchburg Redevelopment and Housing Authority (LRHA), through the City's power of eminent domain, has the ability to consolidate parcels of land for the purposes of redevelopment; the City Council should grant authority to consolidate parcels for economic development, as well.

One strategy for creating new development is the identification of opportunity sites and the consolidation of parcels to allow development at a scale feasible for the type of use desired. Similarly, the City should establish a land bank under the (LRHA), which uses revolving funds to acquire and assemble key sites and solicit preferred development alternatives. The identification of sites for redevelopment can be accomplished through the use of the City's Geographic Information System (GIS) and analysis of the factors required for development.

A new BID and the City collaborate on the formation of a land bank to acquire key opportunity parcels to preserve them for appropriate and supportive development.

## 15. CONDUCT ANNUAL INVENTORIES OF LAND USES

An annual inventory of land use allows prospective developers and businesses to understand the supply and thus the need or demand for various land uses. The inventories should include housing, retail, office, industrial, and warehouse uses, among others. The inventories would show opportunities in the market as well as trends of current redevelopment. The City should conduct annual inventories of its land use using the City's GIS system, and make the results available on the City's website.

## NEIGHBORHOOD REVITALIZATION

### 16. ESTABLISH A PILOT PROJECT PROGRAM

To further stimulate revitalization of Midtown, the City should challenge private developers to submit proposals for infill development or redevelopment projects to become selected as a "pilot project". A pilot project would be one that exemplifies the goals and vision of the Midtown Plan, serving as a model example of appropriate development for the area. One or more City-selected pilot projects would receive a property tax abatement for a ten year period and a property tax freeze for another two years commencing at the conclusion of the ten year abatement period. The pilot project would also receive design assistance from City staff, including architecture and planning expertise, and the final design must follow traditional urban planning principles (i.e. Wyndhurst Design Guidelines) and meet City approval. The pilot project program should be promoted by the City as a way to raise awareness about Midtown, demonstrate the City's support for private investment, and expedite the revitalization of Midtown.

### 17. DEVELOP AN INFILL STRATEGY

A strategy should be developed to target vacant, underutilized or "soft" properties that detract from the quality of Midtown. Vacant land and derelict buildings offer opportunities for change and redevelopment. In order to seize these opportunities it is necessary to inventory and map the locations of vacant land and derelict buildings and then target new users and promote the inventoried opportunities to new investors. The city has begun a similar effort for economic development, and a similar strategy should be used for targeting opportunities for new housing and neighborhood services. The City can use its extensive GIS system to begin to identify a list of properties that might benefit from infill. This can be done as a part of the annual inventory of land use recommended above.

### 18. ACQUIRE GREEN SPACE

The City should actively work to acquire properties for green space to further complete the green network through Midtown. Approximately 60 to 100 acres of additional land has been illustrated as green space in the Midtown Plan. The City should allocate money in its general fund and seek private sources to acquire land noted in the Midtown Plan for additional trails, greens, and park space.

### 19. PROMOTE A REHABILITATION/ ADAPTIVE RE-USE STRATEGY

Associated with an infill strategy, this strategy should provide policy and guidelines for the adaptive reuse of buildings that have become functionally or economically obsolete and facilitate the permitting process. Midtown property owners should apply for the City's Real Estate Rehabilitation Program (for more information, please contact the City Assessor Department).

### 20. CITYWIDE HOUSING STRATEGY

In order to address the issues inherent in redevelopment, a citywide housing strategy is necessary, as discussed in the City's 2002 - 2020 Comprehensive Plan. The strategy should evaluate how and where to increase housing and the types of housing needed to accommodate the current and future housing market. Such a strategy should provide market-feasible locations for a mix and range of types that will attract a diverse range of residents and help to stabilize neighborhoods.

### 21. INSTITUTE HOUSING PROGRAMS

As part of neighborhood revitalization, many communities offer assistance for homeowners. As part of continued neighborhood revitalization in Lynchburg, the City may want to consider new programs successful in other municipalities. The cities of Elgin, and Waukegan, Illinois offer \$10,000 to \$15,000 per unit to return divided houses to single-family homes. Other strategies include assistance and education for homeowner maintenance with tax exemptions for the improvement value of renovations. Fargo, North Dakota offers down payment assistance as part of a first time buyers program; other cities commonly assist with securing low interest mortgages for first time buyers. In addition to local initiatives, there are several federal programs available to homeowners.

**First-time homebuyer program** - Funding is available from the U.S. Department of Housing and Urban Development for first time homebuyers.

**Mortgage guarantee programs** - The federal government has a series of grants for guaranteeing mortgages on single-family and multi-family housing in order to reduce local lender risk.