



# MONITOR

## TECHNICAL BRIEF

Winter 2007

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The Virginia Department of Housing and Community Development's Main Street Program provides downtown revitalization technical assistance to Virginia communities, using the National Main Street Center's Four Point Approach™ (Organization, Promotion, Design & Economic Restructuring) to comprehensive preservation-based revitalization of historic commercial districts.



Virginia Department of Housing and Community Development

www.dhcd.virginia.gov

## The Virginia Enterprise Zone Program: A Powerful Tool for Downtown Revitalization

By Marwa El-Messidi

Have you ever felt overwhelmed by the prospect of "economic restructuring" in your community? Wondering how you can spur job creation and private investment? Seeking a tool to help with the redevelopment of that white elephant building downtown?

Spurring business activity in your downtown can be a daunting task, but for communities with an enterprise zone, special state and local incentives can

help. The Virginia Enterprise Zone (VEZ) program is a performance-based grant program designed to encourage economic development and revitalization in distressed areas of the state.

First established in 1982 by the General Assembly, the program represents a partnership between state and local governments to stimulate job creation and private investment within designated areas, called enterprise zones. Like the Virginia Main Street (VMS) program, the VEZ is administered by the Virginia Department of Housing and Community Development (DHCD). And, like Main Street designation, enterprise zone designation is a competitive process. Currently, there are 57 enterprise zones throughout the state.

The concept of enterprise zones was first introduced in the United Kingdom in 1978. Since then, this type of program

has become popular in the U.S. and been implemented in more than 40 states. While each program differs in terms of its approach to encouraging economic development, all of them share the mission of creating more favorable conditions in a particular, distressed area

to attract and retain businesses.

### State Incentives

One of the ways Virginia's Enterprise Zone program works to stimulate development is through the state's performance-based grants. These grants "reward" investors and businesses that have invested in real property and/or created new jobs located within their community's enterprise zone. Although the VEZ is more than 20 years old, these grants did not come into effect until 2005 through the Enterprise Zone Grant Act. This new statute replaced the tax credit incentives previously offered through the program with two new grants, the Real Property Investment Grant and the Job Creation Grant.



Gene Haulk, owner of the Vintner's Cellar in downtown South Boston, took advantage of state and local enterprise zone incentives when rehabbing his building.

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The **Real Property Investment Grant** offers a financial incentive for individuals or entities that rehabilitate, expand, or build new real property within an enterprise zone.

Up to 30 percent of one's real property investment (i.e. hard construction costs) made to an industrial, commercial, or mixed-use building is available in grant funds. For example, if a business owner spends \$100,000 on a rehabilitation project for their building, they could conceivably receive up to \$30,000 from the Real Property Investment Grant. This grant is capped based on the cumulative level of investment at \$125,000 or \$250,000 within a five-year term.

The second grant available through the Enterprise Zone Program, the **Job Creation Grant**, rewards businesses that create quality jobs within the community's designated enterprise zone. In order to qualify, businesses located within the zone must first create at least four new permanent full-time positions.

Every new position over the four-job threshold that meets wage requirements and provides health benefits is then eligible for the grant. Retail, food and beverage, and personal service positions are excluded from this grant. The Job Creation Grant is available for a five-consecutive year term. Qualified businesses firms receive a grant of \$500 for jobs paying 175 percent of the Federal Minimum Wage or \$800 per new position for jobs that pay twice the Federal Minimum Wage that are in addition to the four-job threshold.

For example, if a firm expands or locates in an enterprise zone and creates 10 new, full-time positions there, and if at least six of these jobs have health benefits and pay at least twice the Federal Minimum Wage, the business could receive

\$800 per position, per year, for up to five years. As long as the firm at least maintains this new level of employment, it could receive a total of \$24,000 in Job Creation Grants.

goals of each zone. "This flexibility to be able to meet local needs with local resources is one of the enterprise zone program's greatest strengths," said Williamson.

### Common Local Enterprise Zone Incentives

#### Land/Infrastructure Development

- Property purchase discounts
- Rehabilitated real estate tax exemption
- Permit fee waivers\*
- Fast track processing
- Utility connection and rate discount\*

#### Business Development

- Temporary office space/business incubator
- Business professional and occupational license fee waiver\*
- Machinery and tools tax grants\*
- Façade improvement grants/loans
- Business loans
- Business counseling
- Design assistance

#### Community Development

- Job training/retention programs
- Crime prevention assistance

*\* These incentives require special authorization. All incentives must be constitutional and not conflict with state or Federal law. Therefore it is best to consult the local government's attorney when crafting new incentives.*

Targeted local incentives can be an important ally to a community's downtown revitalization effort. So much so, that even communities that don't have or aren't eligible for the VEZ should consider creating local incentives for their downtown to help overcome challenges particular to their community.

The most popular local enterprise zone incentive in VMS communities is a façade improvement program, which targets a common issue in downtown, the physical appearance of its buildings. However, local incentives can be developed to tackle more unique issues facing downtown such as promoting tourism-based business. For example, DHCD Commercial District Affiliate Saltville offers a tourism marketing grant which reimburses up to

\$1,000 of marketing expenses for tourism-related businesses located in their enterprise zone.

### Local Incentives

In addition to the incentives available from the state, each locality offers its own unique package of benefits for businesses locating in the enterprise zone. Common local incentives are shown in the box above.

Meghan Williamson, economic development director for Waynesboro, attests that state and local incentives often work hand-in-hand to "fill the funding gap for redevelopment projects."

While VEZ provides powerful incentives for locating new jobs and new investment in the zone, local incentives are equally important as they are tailored to meet the specific needs and economic development

### Implementation

How do localities with VMS programs and VEZ program administer both programs? Well, actual implementation differs within each locality.

According to Anne Moore, local zone administrator for the City of Danville, "The city handles the day-to-day tasks of administrating the enterprise zone, and the Downtown Danville Association helps market the incentives available to downtown businesses."

This is a common system for communities that have both programs. It allows for Virginia Main Street programs or localities or designees to leverage their one-on-one interaction with current and prospective downtown businesses and property owners to effectively market and promote the available incentives.

“The enterprise zone program really gives Main Street something to talk about and promote when meeting with businesses. It allows them to bring clear and accessible incentives to the table” added Williamson.

In Waynesboro, the façade grant program was originally created as a local incentive under the enterprise zone program. Once Waynesboro Downtown Development Inc. (WDDI) was formed, they began handling all the design work associated with the façade grant program. This allows property owners working with WDDI to take advantage of the design services offered by Virginia Main Street to its designated communities.

“Allowing our Main Street group to review and approve the local façade grants ensures a high return on investment for the city, while providing an opportunity for Main Street to play a more active role in downtown design,” said Williamson.

### The Possibilities are Endless

The City of Danville has six historic districts within their downtown—four out of the six are within their downtown enterprise zone. For these sections of town, businesses and developers can benefit from state and Federal Historic Tax Credits, local and state enterprise zone incentives, as well as incentives offered by the Downtown Danville Association.

“When one starts layering the incentives, the area becomes very attractive to developers to locate within the downtown versus somewhere else,” said Moore.

Moore adds that the city has made a lot of progress over the past four years and attributes this success to having been “very aggressive” in the marketing of these incentives. She advises other communities with enterprise zones to consider getting involved with Main Street to, among other things, further leverage the benefits that come from having an enterprise zone.

Together, both programs have been a major catalyst for growth in Danville’s downtown. Businesses are able to put together an attractive package of incentives: a city-funded façade improvement program with a dollar for dollar match up to \$30,000, a 15-year real estate tax exemption on the increased property value resulting from rehabilitation projects, federal and state historic tax credits (20 and 25 percent, respectively), and a cash grant through the state enterprise zone program for real property investments made to a building or facility.

This means that a developer doing a building rehabilitation project could get up to 75 cents of each investment dollar back in tax credits and grants, \$30,000 in equity from the city, the support of a Main Street organization dedicated to bringing life and businesses to downtown, and then not have to pay any new property taxes for 15 years - truly, an irresistible package.

Such packages have had an integral role in major projects throughout the state. For example, in 2005, the Stonewall Jackson Hotel and Conference Center opened in downtown Staunton. This project involved the rehabilitation of an existing, historic hotel building and the addition of a conference center and lodging tower connected to the historic building.

The director of Staunton’s Economic Development Department, Bill Hamilton, says that such a large-scale project would not have been possible without the multiple state designations, which helped “focus attention on downtown.”

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## Communities with Enterprise Zones Using the Main Street Approach

The Virginia Enterprise Zone program is committed to encouraging economic growth and revitalization throughout the Commonwealth by supporting businesses and investors. Communities with VMS programs and those that are DHCD Commercial District Affiliates are no exception. Many of these communities have been able to incorporate almost all of their downtown commercial districts into their enterprise zone. Doing this further leverages the efforts of each community’s downtown revitalization organization to encourage business development and building reinvestment. The ten communities with designated Virginia Main Street programs and 17 DHCD Commercial District Affiliates with enterprise zones in their downtowns are:

### VMS Communities

- Bedford
- Danville
- Lynchburg
- Marion
- Martinsville
- Orange
- Rocky Mount
- South Boston
- Staunton
- Waynesboro

### DHCD Commercial District Affiliates

- Cape Charles
- Chatham
- Chincoteague
- Clifton Forge
- Exmore
- Halifax
- Hillsville
- Kenbridge
- Kilmarnock
- La Crosse
- Onancock
- Pennington Gap
- Pulaski
- South Hill
- Stuart
- Suffolk
- Wise

continued from page 3



*The beautifully restored lobby of the Stonewall Jackson Hotel Building in downtown Staunton. This project was possible only through the layering of incentives including state and Federal historic tax credits, as well as local and state enterprise zone incentives.*

The Virginia Enterprise Zone program offers an opportunity to forge stronger partnerships between state and local governments as they pursue economic development of downtown and elsewhere.

“The enterprise zone sends a powerful message to businesses and investors that both the state and the locality are serious about partnering for success in these important parts of the community,” said Amanda Huffman of Staunton’s Economic Development Department.

“It provides local downtown organizations with another tool for

their tool box and helps communities offer appealing packages to retain and attract new businesses,” said Huffman.

Don’t have an enterprise zone? In late 2007 DHCD will be offering workshops for locality’s interested in applying for enterprise zone designation. Three zone designations will be available. Enterprise zone designation is targeted to distressed communities. The competitive application

process considers a community’s economic distress, capacity for implementation and potential for impact. Enterprise zone designations are available for a 10-year period with two possible five-year renewal periods.

*Marwa El-Messidi is the Enterprise Zone Program Administrator. She has a background in community and economic development. For more information, contact Marwa at (804) 371-7111 or [marwa.el-messidi@dhcd.virginia.gov](mailto:marwa.el-messidi@dhcd.virginia.gov).*

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## Local Technology Zones

In 1996, the state legislature created Section 58.1-3850 of the *Code of Virginia* which allows any city, county or town to establish, by ordinance, one or more technology zones. This enables localities to offer any type of business (technology-based or not) located in a technology zone the same local incentives allowed under the enterprise zone legislation, namely: permit and user fee waivers, local tax incentives, special zoning treatment and exemption from certain local ordinances for up to a ten year period.

Like enterprise zones, technology zones are designed to give localities the flexibility to create the incentives that make the most sense for them so that they can cultivate a pro-business environment in their downtown and community. Technology zones can be a good option for communities that don’t have or aren’t eligible for designation as a Virginia Enterprise Zone.

Designated Virginia Main Street communities with local technology zones are: Harrisonburg, Lynchburg and Winchester. Contact communities directly to learn more about the incentives available, marketing strategies and their experience with technology zones.

# Making the Most of Mass Mailings

By Lisa Ha

Bulk mail, or mass mail, is an important tool for staying in touch with downtown stakeholders and is an essential part of most membership campaigns. Although costs are relatively low, mass mailings require a great deal of staff time and effort. Due to the energy involved, it pays to plan ahead and optimize your mailings to increase the response rate on your letters. Many of us have a personal opinion of what the “perfect” mailing looks like, but one Main Street organization is taking a more scientific approach to determine what works best.

In October, Harrisonburg Downtown Renaissance (HDR) conducted a study comparing different mass mail techniques. The group was inspired by Kim Walsh of Inside Out Consulting, a featured presenter at the Virginia Main Street training offered in South Boston in July, 2006.

“We always leave these VMS conferences with great ideas, and most of them are forgotten when we’re faced with the reality of our daily routine,” said Eddie Bumbaugh, executive director of the four-year-old Harrisonburg program. “We were determined not to let this one slip by.”

HDR put an intern to the task of printing, stuffing, and hand addressing more than 900 mailings to households in HDR’s database. According to Meredith Harris, a James Madison University student pursuing a minor in Non-Profit Studies, the results were well worth the effort.

“Our goal was to pay for the stamps and stationery we used to mail the letters,” said Harris. “We’ve done that five times over already, and half the donations came from brand new members.”

The method HDR used to determine what made the most effective mailer was simple: the text of each appeal letter remained the same, but each group of the mailings incorporated different techniques designed to improve the response rate. Techniques that were tested included different text formatting, stamping the reply envelope, and adding special enclosures to the mailing. Below are the strategies HDR found most successful:

- Stamp your pre-addressed reply envelopes. Members of the group that received stamped reply envelopes were 50 percent more likely to follow up with a donation. This group also had the largest number of previous donors renew their memberships.

“This technique works because people feel guilty,” says Kim Walsh. “They don’t want to waste a stamp.”

Although adding a stamp to your reply envelope effectively doubles your postage expense, the costs should be offset by the increased response rate.

- Highlight the text you want the potential member to notice. Out of 150 letters mailed, HDR received only two responses from the group with “plain, boring font,” according to Harris. Charitably-minded people will scan your letter and decide either to continue reading in-depth or pass you over for another, more “worthy” organization. Special text formatting such as bolded words, underlined passages and bulleted lists help attract a potential member’s eye to the most important parts of your letter—who you are and how you’ll use their money.
- Don’t spend extra money on enclosures. For one test group, HDR included copies of their high gloss, full color, four page annual report. Another group only received an abridged list of their recent accomplishments embedded in the body of the appeal letter. Surprisingly, there was no significant difference in the response rate of the two groups. At approximately \$1 per annual report plus additional postage, this should come as welcome news to any Main Street organization that has splurged on expensive enclosures in the past.
- Hand address your envelopes. You will need to enlist the help of volunteers and interns for this strategy. The personal touch added by hand addressing, however, helps ensure most people will at least open your envelope, and that’s half the battle.

Harrisonburg Downtown Renaissance plans to continue updating and expanding their contact database over the next year. They hope to repeat the study next fall in pursuit of the “perfect” mass mailing.



For more information, contact Lisa N. Ha, Program Manager for Harrisonburg Downtown Renaissance at (540) 432.8922 or [lisah@ci.harrisonburg.va.us](mailto:lisah@ci.harrisonburg.va.us).

# Signage for Fun, Influence, and More Business

By Rick Segel

One of the biggest issues I deal with in working with the independent retailer, and one that has the biggest influence on a store's sales, is the issue of signage. Signage is a form of service. Signage is brand building. Its image creation and it can create an emotional attachment to a business.

The most important advertising a plumber, landscaper, or any tradesman can have is the lettering and signage on the trucks. The most important thing a retailer can do is to create exterior signs that invite customers in their store. Good interior signage can turn a store around almost instantly. It has a great impact on the independent retailer who traditionally undersigns their stores. Maybe it's because they don't have the sign making abilities that a larger store might have, or they just lack understanding of how powerful signage can be. But whatever the reason, small stores can experience big sales increases with the right signs.

On the other hand, the larger retailer has, in many cases, gone overboard with signage. Manufacturers love to give the large stores signs about their products that smaller businesses aren't offered. The bottom line is large stores have too many and small stores don't have enough signs. Signage makes it easier to shop a store. It can educate the consumer. It can say the things a sales clerk would love to say but doesn't always get the opportunity to say. A good sign can set a mood and even have the customer buy more. We have all become visual learners because of the increase in computer use. A sign lets the customer feel in control and eliminates some of the frustration in shopping.

## There are three basic categories of signage, and many times they can be combined:

- 1. Informative signage** – where departments are, rest rooms, items, etc.
- 2. Selling signage** – these contain a sell word or phrase, such as "New Arrival," "Reduced to Sell," "Soft-Feeling Sheets." This category also includes any price propositions such as 20% Off, 2 for 1, Second One Half Price, etc.
- 3. Entertainment signage** - ranges from a cute expression such as, "Oops we goofed," to a picture of the product in use. Pictures are good, but this is where humor and fun rule.

If you are still not sure what to sign, then I suggest you just listen to the people who answer the customer's questions. They will tell you what signs to use. Whatever you do, have some fun with them. Fun signs get fun responses and

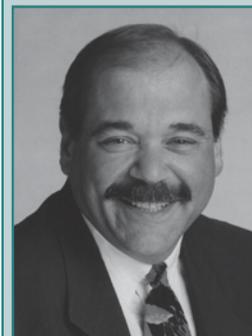
make for fun places to shop. Boring signs are boring. Let's not forget our challenge will be how to keep customers coming back to our stores after they have shopped online. Signage is one of those tools that can help to bring back the fun in shopping in a "brick and mortar" store.

## Sign Rules

- 1 Tell them where it is:** Obvious but customers appreciate it.
- 2 Tell them what's new:** New is a sell-word because people want to know what's new and different. "New Arrivals" works, but is overused.
- 3 Remind people what else they need:** Customers appreciate this sell-sign because it might save them a trip back to the store. An example is a sign in a paint department reminding people that they need brushes and a drop cloth.
- 4 Make pricing easy to understand:** Customers don't have time to play silly games with a sign that says savings up to 50 percent off when the majority of the rack is only 20 percent off. You just turn people off.
- 5 Add romance:** Sell the sizzle. It's not just a leather chair. It's fine Corinthian Leather with that soft supple feel. It's not a necklace; it's a show piece statement.
- 6 Explain what isn't obvious:** Sometimes the advantages aren't obvious, and we have to tell our customers. Examples include: Guaranteed for two full years. Impossible to scratch. Lasts a lifetime.

## Inform the customer what they will save:

Money • Time • Aggravation  
• The Planet - its good for our environment



*Called by retail industry journalists "the leading retail speaker in the country," Rick Segel has more than 25 years experience in retailing and consulting. More can be found at: [www.ricksegel.com](http://www.ricksegel.com).*

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**VMS Communities Earn Awards of Excellence**

At the 2006 Virginia Downtown Development Association Annual Conference, held this past October in **Suffolk**, several VMS communities were honored. An Award of Excellence in the Organization category was bestowed upon **Culpeper** for their Downtown Vision Plan. Downtown **Danville** won in the Commercial Revitalization Plans and Streetscapes category for their gateway project, which included a vivid mural of the Old 97 Train wreck. In the Building Development and Improvements category, **South Boston's** Prizery Community Art Center earned an Award of Merit, while Awards of Excellence went to downtown **Marion's** General Francis Marion Hotel and to Frazier Associates for their work on The Old Y Lofts project in downtown **Staunton**.



*The award winning mural "Wreck of the Old 97" in downtown Danville, was painted by Wes Hardin, a nationally known mural artist and illustrator.*

**The National Trust Main Street Center Debuts ShopMainStreet.org**

The National Trust for Historic Preservation's National Main Street Center (NMSC) recently launched ShopMainStreet.org, a national portal to Main Street retail businesses that have an online retail component. The site will allow visitors throughout the country to shop online at the

unique shops that make Main Streets great. This opportunity to list your community's businesses online is open to all downtown revitalization



organizations that are members of the NMSC. Once logged into the system, you will be able to enter and edit business information or use the automated invite feature to let your businesses enter their information themselves. As an added incentive for businesses to edit their own information, they will be able to add a "featured product" listing – including an image – to be highlighted throughout the site.

In order to qualify for ShopMainStreet.org, retail businesses must be located in a "Main Street" or other traditional commercial district and must have e-commerce capabilities. This can be either a full-fledged shopping cart system or simply a product listing with

clearly marked prices and ordering information.

*To learn more, contact the NMSC at [mainstreet@nthp.org](mailto:mainstreet@nthp.org).*

**People**

The Virginia Main Street program has hired **Kyle Meyer** as a community development administrator. Meyer brings to VMS experience with historic preservation and planning. Prior to coming to VMS, Meyer worked for the Virginia Department of Historic

Resources as their tax act specialist, facilitating the Rehabilitation Tax Credit Programs. Meyer earned a Masters of Urban and Regional Planning from Virginia Commonwealth University and is originally from the Richmond area.

**David Merrick** has been hired by the Downtown **Franklin** Association as their new director. Merrick previously worked for the North Carolina Community College System, most recently serving as director for Small Business and Economic Development. Merrick has also owned a Priority Management Systems Training franchise in Raleigh, N.C., as well as served as vice-president and controller for Dynamic Graphics, Inc. in Peoria, Ill. Merrick holds a Masters in Business Administration from the University of Illinois and a Bachelors of Business Administration in Accounting/Economics from Ohio University.

The **Orange** Downtown Alliance has recently hired **Stuart Andreason** as its new executive director. A graduate of the University of Virginia, where he majored in Urban and Environmental Planning, he most recently worked in Greene County for the Stanardsville Area Revitalization Program, an affiliate of the Virginia Main Street Program. He grew up in Kensington, Md., where he was part of two Maryland Private School State Championships in basketball at The Newport School.

The entire Virginia Main Street community is saddened by the recent passing of **Nanci Carol Nooney Drake**, who died suddenly on Dec. 2 at her home in **Bedford**. Before coming to Bedford, she served as Main Street Director in **Franklin**, and was one of the driving forces behind the revitalization of that city prior to and after the flood of 1999, and the very successful waterfront development, "Barrett's Landing." Nanci was the director of Bedford City and County Office of Tourism, where she realized her vision for the creation and development of the award winning Bedford Area Welcome Center.



VIRGINIA DEPARTMENT OF  
HOUSING AND  
COMMUNITY DEVELOPMENT

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Richmond, Virginia 23219

## March

# DOWNTOWN DEVELOPMENT CALENDAR

- 8 *Request for Applications: Smart Growth Implementation Assistance*  
Environmental Protection Agency, [www.epa.gov/smartgrowth/sgia.htm](http://www.epa.gov/smartgrowth/sgia.htm)
- 16 **Virginia Main Street Milestone Awards, The Jefferson Hotel, Richmond, Va.**
- 25 *National Main Streets Conference: Building a Sustainable Future*, Seattle, Wash.  
National Main Street Center, <http://www.conference.mainstreet.org> or (202) 588-6050

## April

- 14-18 *National Planning Conference*, Philadelphia, Pa.  
American Planning Association, <http://www.planning.org/2007conference> or (312) 334-1250
- 20 **Virginia Main Street Designation Application Deadline**
- 21-28 *Historic Garden Week in Virginia*, Statewide [www.vagardenweek.org](http://www.vagardenweek.org) or (804) 644-7776
- 23-25 *Tourism Summit*, Bedford, Va.  
Virginia Association of Convention and Visitors Bureaus, [www.vacvb.com](http://www.vacvb.com) or (434) 386-9686
- 24-25 *Decision making for Cultural and Natural Resources in the Legal Environment*,  
Washington, D.C. National Preservation Institute, [www.npi.org](http://www.npi.org) or (703) 765-0100

## May

- 11-13 *America's 400th Anniversary Weekend*, Jamestown, Va.  
[www.americas400thanniversary.com](http://www.americas400thanniversary.com) or (800) HISTORY
- 13-19 *Business Appreciation Week*, Statewide Virginia Department of Business Assistance,  
[www.dba.virginia.gov](http://www.dba.virginia.gov) or (804) 371-0058