

# CRAFT BEVERAGE LED REVITALIZATION

## RESOURCES & CASE STUDIES

VMS DOWNTOWN INTERSECTIONS –  
Staunton – July 13, 2016

### AGENDA

- Stephen Versen – AFID
- Jordan Snelling – IRF / EZ
- Dave McCormack – Trapezium  
Brewing Co.

## Dramatic Growth in Virginia's Craft Beverage Industry

- Over 200 wineries and cideries
- Over 30 distilleries
- Virginia Craft Breweries: since SB604 was enacted – explosive growth in the craft beer industry.
  - 2011: 32 breweries, 2012: twice that
  - Now: 157 craft breweries in VA; at least 30 more in planning
  - In 2015, craft beer sales grew nationally 18.8% in volume; dollar sales grew 23.4% to more than \$2.9 billion

## The implications for downtown

- The booming Craft Beverage Industry is an unprecedented opportunity to create important new draws for downtowns
- Their appeal often aligns with the what draws people to downtowns: authenticity, uniqueness and community
- A consistent draw for tourists and locals alike
- Unique development opportunity for challenging buildings
- Numerous programs to assist in their development

## **AFID:** Governor's Agriculture & Forestry Industries Development Fund

### *New economic development tool just for agribusiness*

#### □ *Background:*

- *Grew from a discussion about how existing economic development incentives weren't working for ag and forestry – the State's largest industry*
- *Central question – how to use a small pot of funding to have the greatest impact possible on ag and forestry?*
- *In November 2011, Secretary assembled stakeholders to develop plan, legislation passes in 2012, \$2 million in 2013-14 budget for program*

## **AFID:** Governor's Agriculture & Forestry Industries Development Fund

### *Created Two Programs*

#### □ **AFID Facility Grants**

- *Traditional economic development incentive program based on jobs, investment AND purchase of Virginia Grown products*

#### □ **AFID Planning Grants**

- *Unique and flexible program to encourage local Ag- & Forestry-Focused planning and projects*

## **AFID:** Governor's Agriculture & Forestry Industries Development Fund

### □ *AFID Facility Grants Eligibility:*

- *Application made by local government to benefit new/expanding business*
- *Benefiting business must be facility that adds value to ag/forest products*
- *Minimum 30% of ag/forest products used must be Virginia grown*
- *Requires dollar-for-dollar local match (cash/in-kind)*

## **AFID:** Governor's Agriculture & Forestry Industries Development Fund

### □ *AFID Facility Grant Amount & Conditions:*

- *Max. grant: \$250,000 or 25% of qualified capital investment (the lesser)*
- *Requires performance agreement with clawback provisions*
- *Grant amount determined by Governor based on a return-on-investment analysis, impacts on agricultural producers and other factors*

## AFID Grant Awards (Mar. '16)

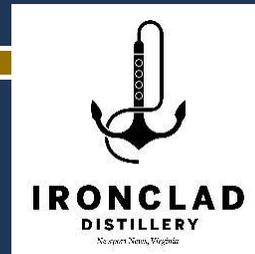


Since Inception

<b>1,536</b> New Jobs	<b>78%</b> VA Grown Sourcing	<b>\$459,920,955</b> VA Grown Commitment
<b>\$326,233,122</b> Capital Investment	<b>25 localities • 33 projects</b>	
<b>\$2,665,700</b> AFID Grants		

## Examples of AFID Supported Craft Beverage Programs

**Ironclad Distillery**



**Blue Bee Cider**

**Copper Fox Distillery**



<b>Ironclad Distillery (announced July 2015) New small-batch bourbon distillery</b>	
<b>Location</b>	City of Newport News
<b>AFID Award How these funds will be used</b>	\$12,000 AFID Funds – building renovation
<b>Other funds from the political subdivision and their use</b>	\$12,000 local cash grant – any lawful purposes
<b>New jobs</b>	Eight (8) FTEs
<b>New investment</b>	\$100,000
<b>Minimum purchase Virginia-grown products</b>	\$126,000 or 675,000 pound of Virginia-grown corn, wheat and rye
<b>Projected impact on agricultural and forestal producers</b>	Project creates new market for specialty grain producers and highlights role of Virginia agriculture products in craft spirits.
<b>Timetable for project completion</b>	2015 - 2018

## Ironclad Distillery – Newport News



- ❑ Located across from City Hall in historic downtown, near site of Monitor-Merrimack engagement
- ❑ Part of a row of underutilized historic warehouses
- ❑ Will be only distillery of its kind in region when opens in Fall 2016
- ❑ Will offer tasting room, remote ABC store, and distillery tours

<b>Copper Fox Distillery (announced December 2014) New production facility for craft distiller</b>	
<b>Location</b>	City of Williamsburg
<b>AFID Award How these funds will be used</b>	<ul style="list-style-type: none"> <li>• \$50,000 AFID Funds – building renovations</li> <li>• \$19,600 (estimated) VJIP – job training</li> </ul>
<b>Other funds from the political subdivision and their use</b>	\$204,000 – reduced priced sales of City-owned site and repair work done to site
<b>New jobs</b>	Twenty-five (25) new jobs and three (3) FTEs
<b>New investment</b>	\$2 million
<b>Minimum purchase Virginia-grown products</b>	\$457,710 or 1,087 tons of Virginia grain
<b>Projected impact on agricultural and forestal producers</b>	Project creates new market for specialty grain producers and highlights role of Virginia agriculture products in craft spirits.
<b>Timetable for project completion</b>	2015 - 2018

## Copper Fox Distillery - Williamsburg



- ❑ Renovating abandoned 1955 Lord Paget Motor Inn on blighted thoroughfare City working to revitalize
- ❑ Leasing unused space to complementary businesses
- ❑ Becoming important tourism destination
- ❑ City owned property since 2011 foreclosure, waiting for the right business to be “game changer” for area

<b>Blue Bee Cider (announced February 2016) Relocation and expansion of urban cider</b>	
<b>Location</b>	City of Richmond
<b>AFID Award</b>	\$50,000 AFID – building improvements
<b>How these funds will be used</b>	\$100,000 Enterprise Zone Real Property Investment Grant – building improvements
<b>Other funds from the political subdivision and their use</b>	\$50,000 Local Enterprise Zone benefits and real estate tax rebates – building improvements
<b>New jobs</b>	Four (4) FTEs
<b>New investment</b>	\$1.1 million
<b>Minimum purchase Virginia-grown products</b>	\$257,700 or \$21,821 bushels of Virginia grown apples and berries
<b>Projected impact on agricultural and forestal producers</b>	Expanded market for Virginia producers of specialty hard cider apple varieties.
<b>Timetable for project completion</b>	2016 - 2019

## Blue Bee Cider - Richmond



- ❑ **Renovating largely abandoned, 1940 City Stables property – previously storage for public works**
- ❑ **Creating vibrant, green Virginia farm cidery facility in heart of urban industrial Scotts Addition neighborhood**
- ❑ **City able to use existing Enterprise Zone and Tax Abatement to generate required local match**

## Changing Perceptions about Craft Beverage Industry and Revitalization



## AFID PLANNING GRANTS

Developed in 2012 to encourage local and regional governments to think strategically about how they can better support and integrate agriculture and forestry-based industries into their community's overall economic development efforts.



## AFID PLANNING GRANTS

- *Grants to Cities and Counties to better integrate Ag & Forestry into their economic development efforts*
- *Matching grants up to \$20,000 per locality (or \$35,000 for multi-jurisdictional applications)*
- *Dollar-for-dollar local match required, in-kind match (such as staff time) can be up to half of local match*
- *Requires the active participation of a local Ag and/or Forestry board, committee or working group*
- *Applications accepted on rolling basis*

19

## AFID PLANNING GRANTS

### *Allowable use of grant funds:*

- *Develop a **strategic plan** for ag and/or forestry economic development.*
- *Develop **local policies and ordinances** that better support agriculture and/or forestry based business, agritourism, and other rural enterprises.*
- *Create new programs for the **preservation of working lands**.*
- *Fund **feasibility studies** and other predevelopment work for projects with a significant, positive impact on the local agriculture and/or forestry sector.*
- *Develop and/or implement **local initiatives supporting agriculture-** and/or forestry-based businesses.*
- ***Other projects** that advance the interests of agriculture and/or forestry in the locality.*

20

## Example AFID Planning Grants

- ❑ Central Shenandoah PDC – Fields of Gold Program
- ❑ Staunton – Feasibility Study of a Commercial and Shared-Use Kitchen
- ❑ Halifax County – Meat Processor Feasibility Study
- ❑ Region 2000 – Ag & Forestry Strategic Plan
- ❑ Albemarle County – Wine Center Feasibility Study
- ❑ Orange County – Assessing Opportunities for Agriculture and Agritourism at Montpelier

21

### -VDACS - Agriculture and Forestry Development Services Unit

**Michelle Poe**  
AFID Fund Coordinator

Ph: (804) 371-6094  
Cell: (804) 840-9449  
Fax: (804) 371-2945

[Michelle.Poe@vdacs.virginia.gov](mailto:Michelle.Poe@vdacs.virginia.gov)

**Stephen Versen**  
AFID Fund Coordinator

Ph: (804) 786-6911  
Cell: (804) 382-4023  
Fax: (804) 371-2945

[Stephen.Versen@vdacs.virginia.gov](mailto:Stephen.Versen@vdacs.virginia.gov)

<http://www.vdacs.virginia.gov/marketing-agriculture-and-forestry-development.shtml>



**VIRGINIA  
DHCD**

**VIRGINIA DEPARTMENT OF HOUSING  
AND COMMUNITY DEVELOPMENT**  
*Partners for Better Communities*  
[www.dhcd.virginia.gov](http://www.dhcd.virginia.gov)

Virginia Department of Housing and Community Development



**Industrial Revitalization Fund (IRF)**  
*Presented by Jordan Snelling*



*1908 Schoolhouse  
Marion, VA*



*Wayne Henderson  
School of Appalachian  
Arts*

Virginia Department of Housing and Community Development

## Industrial Revitalization Fund

---

- **WHAT:** Funding for the rehabilitation of large-scale derelict structures no longer suited for their original purpose
- **WHY:** To catalyze revitalization by eliminating blight through market-driven redevelopment
- **HOW:** Grants or Loans of up to \$600,000
- **WHEN:** Awarded Annually (Spring Deadline)
- **WHO:** Local Govt & Non-Profit (G), or For-Profit (L)

Virginia Department of Housing and Community Development

# QUALIFYING PROJECTS

VIRGINIA DEPARTMENT OF HOUSING  
AND COMMUNITY DEVELOPMENT

*Partners for Better Communities*  
[www.dhcd.virginia.gov](http://www.dhcd.virginia.gov)



## Eligible Properties

**Not only "Industrial" properties. Any vacant or deteriorated properties!**

- Industrial
- Commercial
- Large-Scale Non-Residential
- Mixed-Use Projects
  - At Least 30% Commercial



*1894 Leigh Street Armory  
Richmond, VA*

Virginia Department of Housing and Community Development



## Examples of Former Uses

### Eligible

- Manufacturing
- Warehousing
- Mining
- Transportation
- Shopping Centers
- Department Stores
- Theaters
- Hotels
- Schools

### Ineligible

- Scattered Site Projects
- Undeveloped/Vacant Land



*Black History and Culture  
Museum Rendering  
Richmond, VA*

Virginia Department of Housing and Community Development



## Eligible Use of Funds

### Hard-Construction Activities

- Rehabilitation, Repair, Expansion
- Demolition, Removal

### Acquisition for Redevelopment

- Fair Market Value

*Shouldn't be solely  
acquisition or  
demolition!*



*Black History and Culture  
Museum  
Richmond, VA*

Virginia Department of Housing and Community Development



## Local Match

- **A 100% match is required (1:1, IRF:Match)**
  - Cash or documented costs directly related to the IRF project.
    - Public or private investment may be included.
  - Project funds already invested may count toward match, but are not reimbursable, IF the investment was within the last fiscal year.

Virginia Department of Housing and Community Development



## Strong Projects

---

- **Can't be finished without the injection of IRF funds;**
- **Contribute to local and regional strategies;**
- **Eliminate blight instead of prevent blight;**
- **Site has negative impact on surroundings;**
- **Developers and Tenants Under Agreement, funding secured ("shovel ready");**
- **Commercial end-uses with job creation;**
- **No long-term liability for Locality.**

Virginia Department of Housing and Community Development

**PREVIOUSLY  
AWARDED  
PROJECTS**

Partners for Better Communities  
[www.dhcd.virginia.gov](http://www.dhcd.virginia.gov)



*George Wythe Hotel*

**Wytheville, VA**



*Bolling-Wilson Hotel*

Virginia Department of Housing and Community Development



*Colonial Hotel*

**Wise, VA**



*Inn at Wise*

Virginia Department of Housing and Community Development



## 2015 Funding Round

- **Funding: \$2.3 Million**
- **Number of Applications: 10**
- **Successful applicants:**
  - **Town of Ashland:** Ashland Theatre Rehabilitation, \$500,000 Grant
  - **City of Petersburg:** Petersburg Ice and Coal Building Redevelopment (Trapezium Brewing), \$600,000 Loan
  - **City of Roanoke:** Gill Memorial Technology Accelerator, \$600,000 Grant
  - **City of Waynesboro:** Virginia Metalcrafters Facility Redevelopment (Basic City Beer), \$600,000 Loan

Virginia Department of Housing and Community Development



*Virginia Metalcrafters Building*

**Waynesboro, VA**



*Basic City Beer Company*

Virginia Department of Housing and Community Development



## 2016 Funding Round

- **Funding: \$2 Million**
- **Number of Applications: 13**
- **Successful applicants:**
  - **Bedford County:** Woolen Mill Building, \$600,000 Grant
  - **Town of Boones Mill:** Boones Mill Industrial Park Revitalization, \$600,000 Grant
  - **City of Lynchburg:** Academy of Music Theatre Redevelopment Project , \$186,000 Grant
  - **Town of Warrenton:** Wort Hog Brewery Development, \$600,000 Loan

Virginia Department of Housing and Community Development



**Warrenton, VA**



*Wort Hog Brewing Company*

Virginia Department of Housing and Community Development



## 2017 IRF Funding Cycle

- **Total Allocation:**  
**\$2 million**
- **12 Applications**  
**Received**



*Petersburg Ice and Coal  
Building  
Petersburg, VA*

Virginia Department of Housing and Community Development



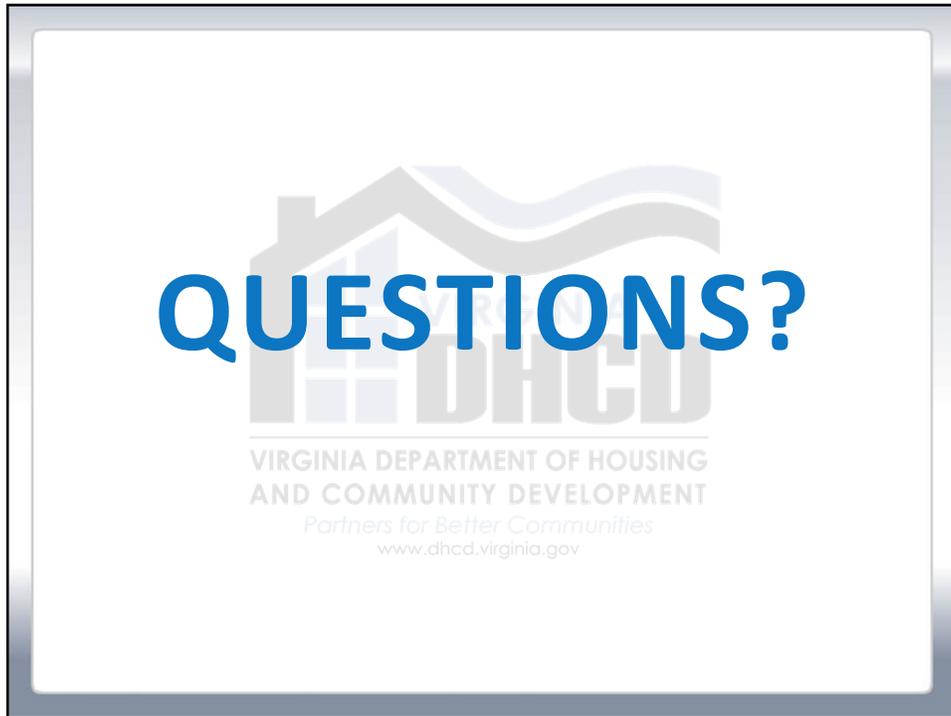
## 2018 IRF Funding Cycle

- **Total Allocation:**  
**\$2 million**
- **Applications Due:**  
**Early Spring 2017**



*Trapezium Brewing Company  
Petersburg, VA*

Virginia Department of Housing and Community Development



## Contacts

---

**Jeff Sadler, Associate Director**

[Jeff.Sadler@dhcd.virginia.gov](mailto:Jeff.Sadler@dhcd.virginia.gov)

804-371-7069

**Jordan Snelling**

[Jordan.Snelling@dhcd.virginia.gov](mailto:Jordan.Snelling@dhcd.virginia.gov)

804-371-7121

**Joy Rumley**

[Joy.Rumley@dhcd.virginia.gov](mailto:Joy.Rumley@dhcd.virginia.gov)

276-676-5471 ext. 7

**Tory McGowan**

[Tory.McGowan@dhcd.virginia.gov](mailto:Tory.McGowan@dhcd.virginia.gov)

804-371-7066

[www.dhcd.virginia.gov/IRF](http://www.dhcd.virginia.gov/IRF)

Virginia Department of Housing and Community Development

# TRAPEZIUM BREWING COMPANY

WAUKESHAW DEVELOPMENT INC  
JOHN D MCCORMACK

## Many Years in the Making

The project was conceived in 2007.

Halted by the downturn, picked back up in 2013, the project financing and equity included:

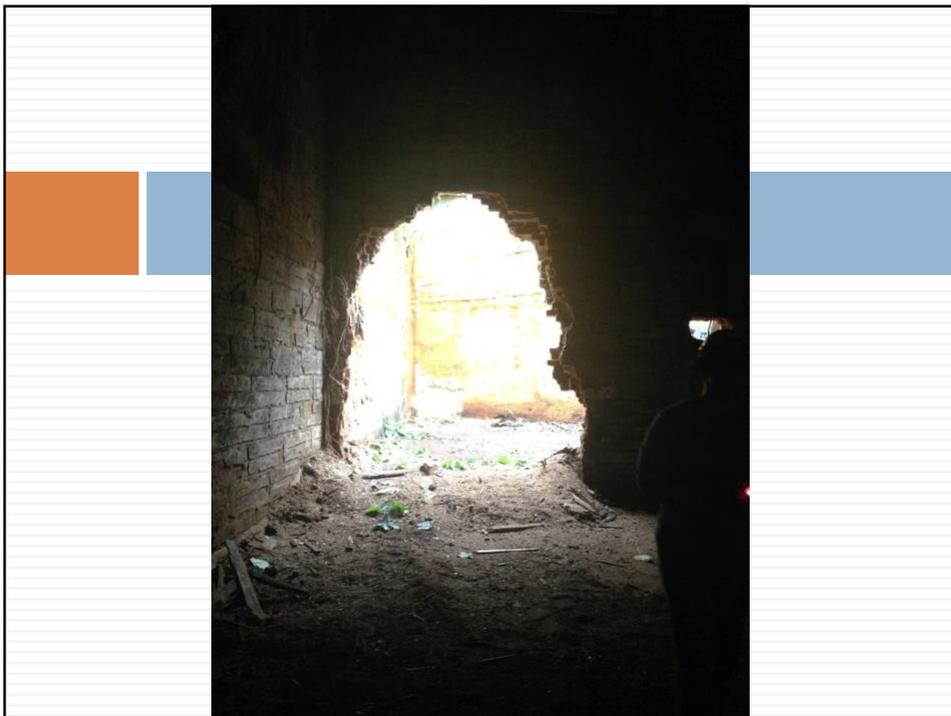
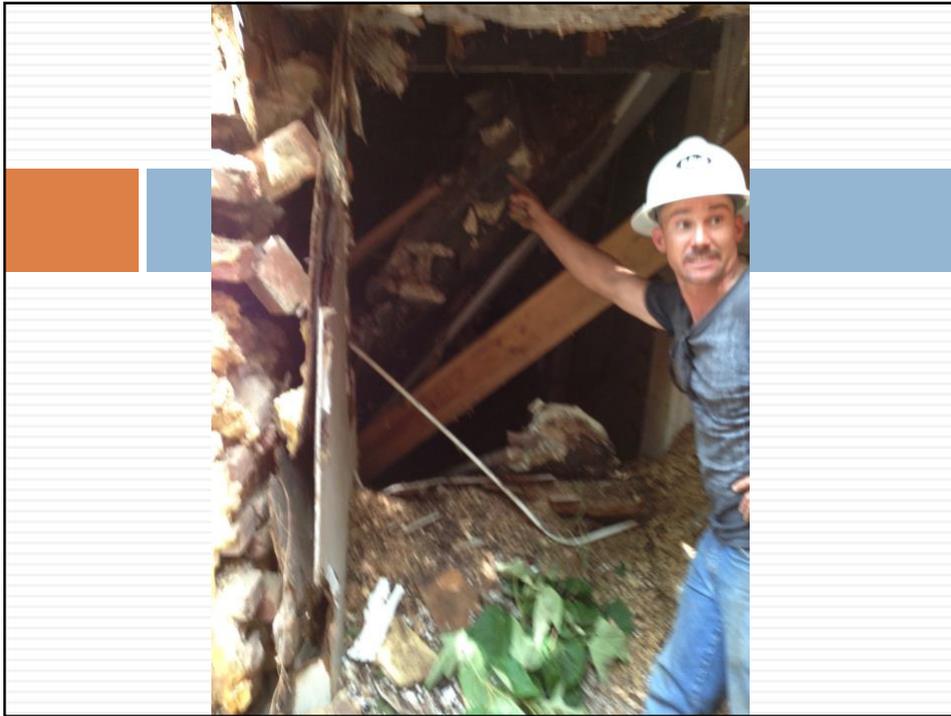
- Primary Financing – First Capital Bank
- State and Federal Historic Tax Credits
- DHCD's IRF Grant (as a low-interest loan)
- VCC bridge/conduit financing
- Enterprize Zone Grant
- Local incentives, abatements, grants

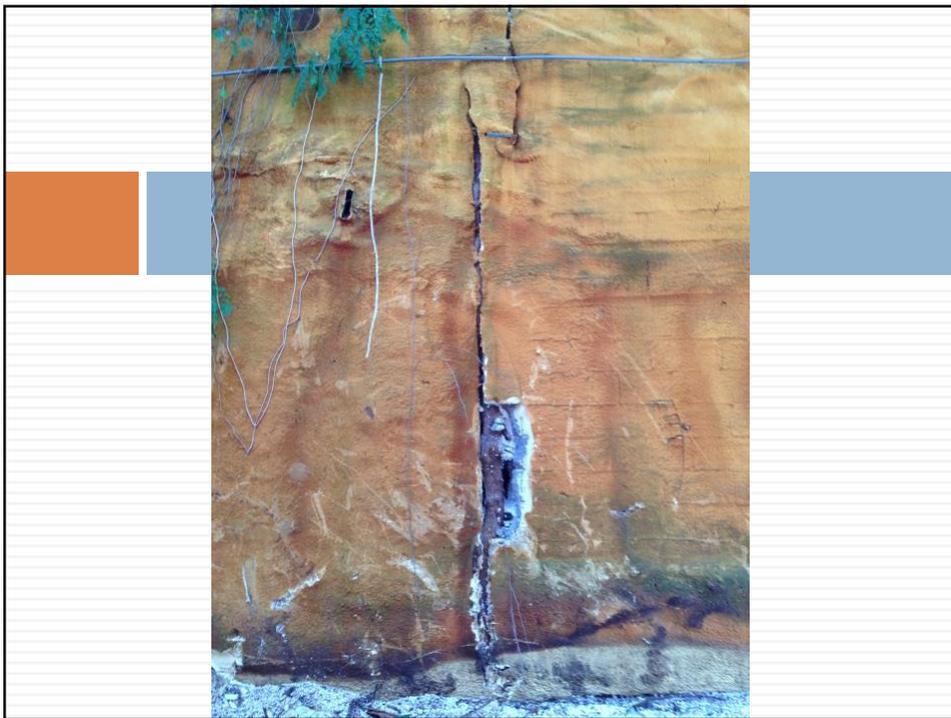
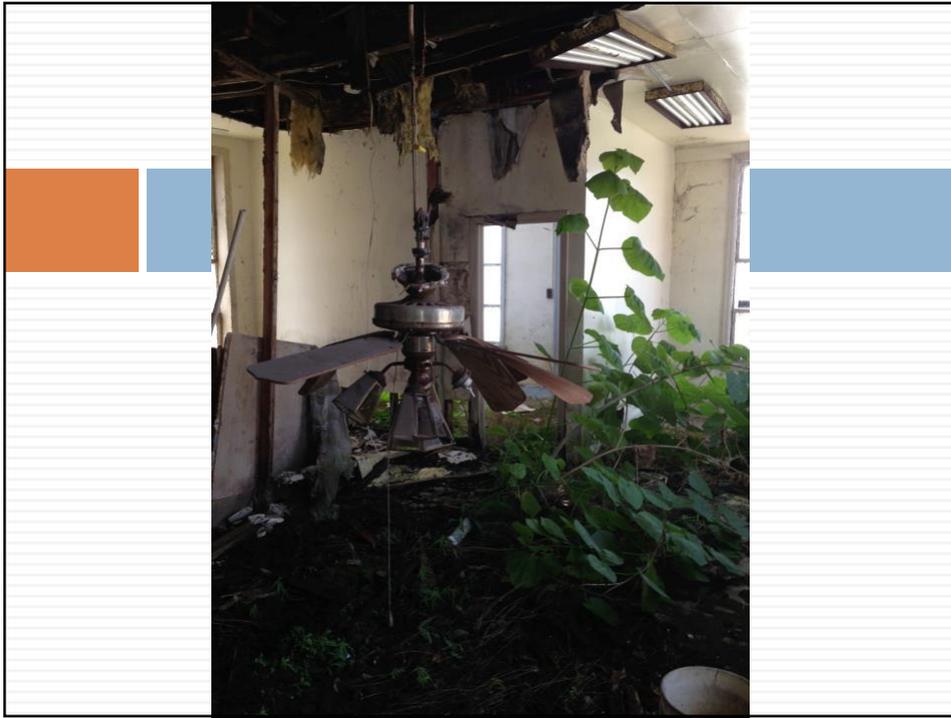
THE ICE HOUSE –  
PETERSBURG VA



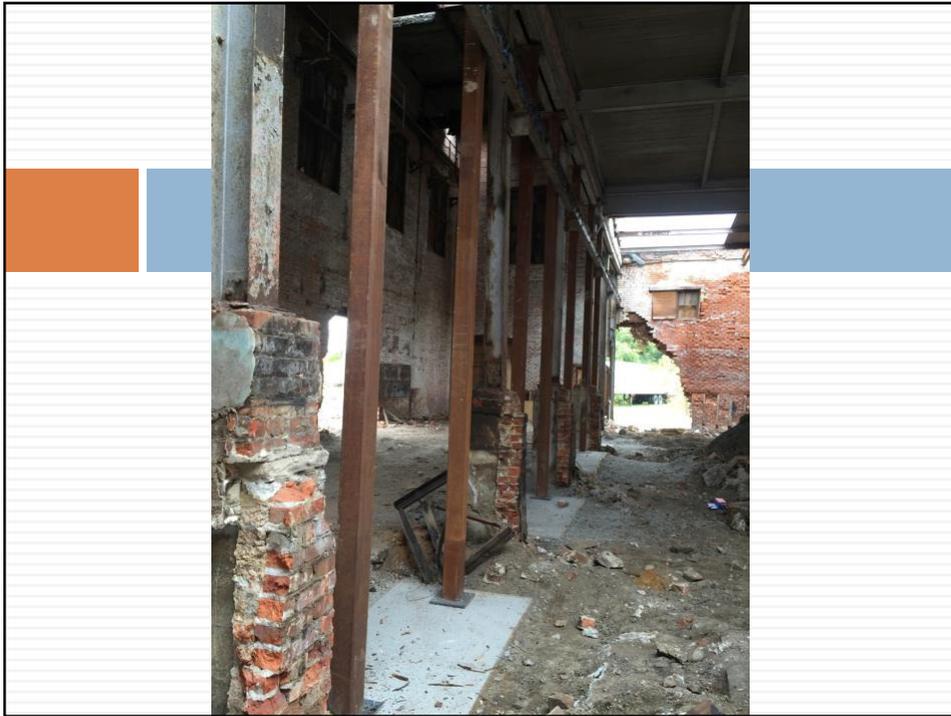






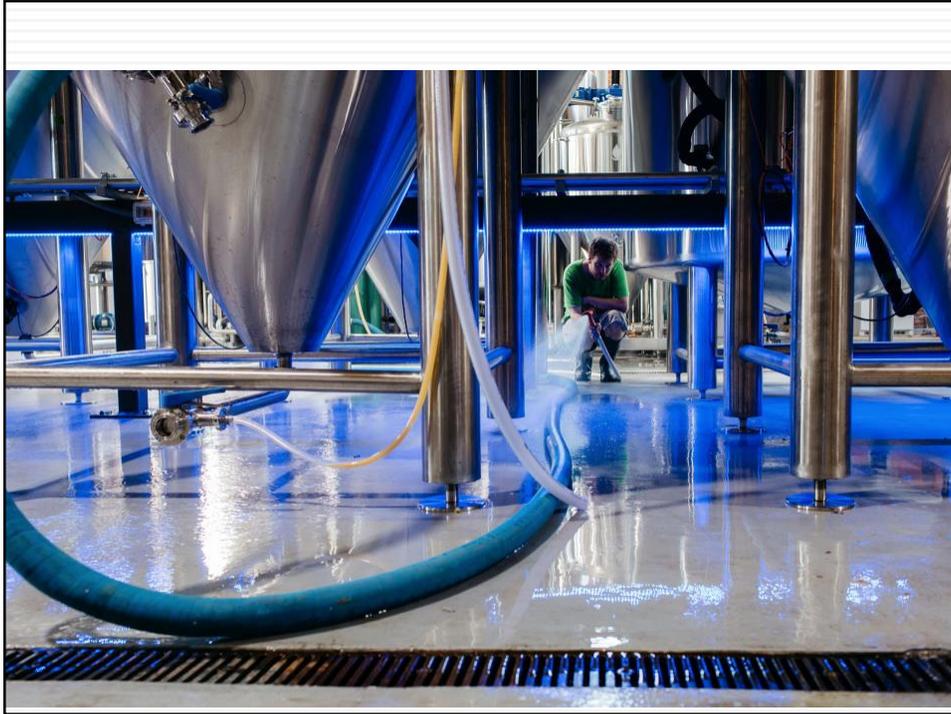


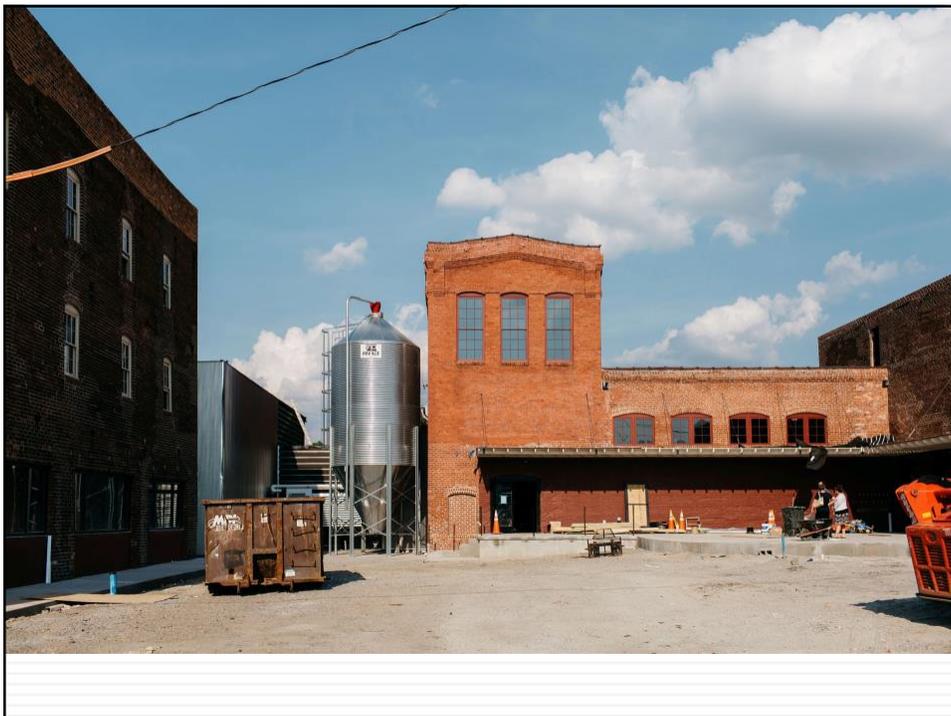
















## TRAPEZIUM BREWING

\$5.5M TOTAL COST

30 bbl Brewhouse (among largest in state)

40,000+ BBLs total capacity

35+ jobs in brewery and taproom

OPENED JUNE 18 2016

## Challenges

- Syndication partners (investors) for Fed Credit at low amounts
- Speculative nature of deal
- Lots of breweries, competitive market
- Unproven market in Petersburg, small towns
- Lack of non-recourse financing, exit plan
- Undercapitalized end users
- High cost of tight am, despite low rate