

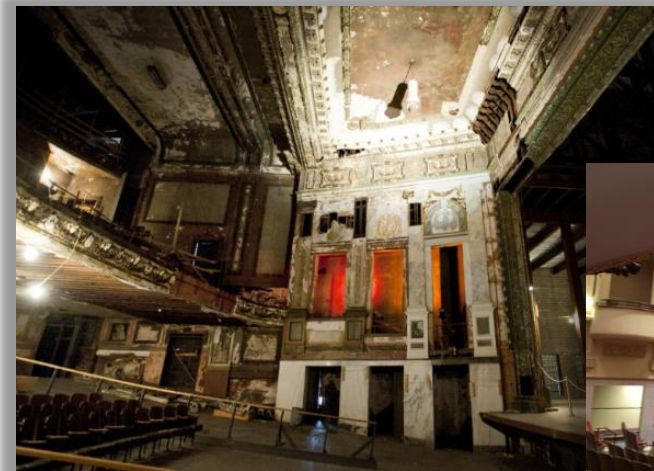
Industrial Revitalization Fund

WHAT: Funding for rehabilitation of large-scale blighted structure (can be industrial, commercial, large-scale non-residential, or mixed-use*)

**30% of end use must be commercial*



Former Leigh Street Armory, now Black History Museum and Cultural Center of Virginia (Richmond)



Former Academy Center of the Arts, now Academy of Music Theatre (Lynchburg)

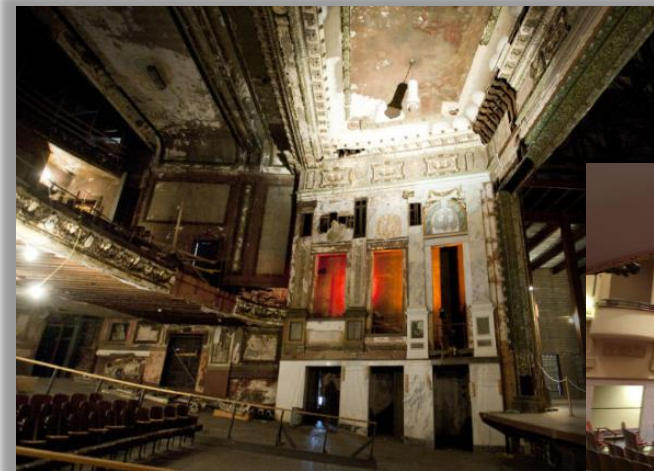


Industrial Revitalization Fund

WHY: Catalyze revitalization through market-driven redevelopment, remove blight, reverse disinvestment, and create jobs



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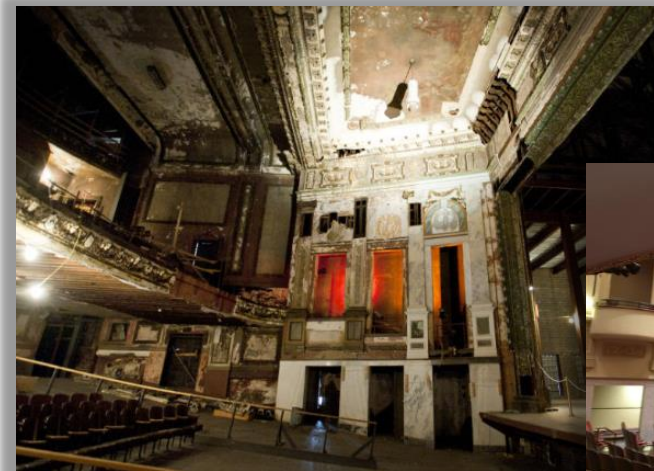


Industrial Revitalization Fund

HOW: Grants or Loans of up to \$600,000 (1:1 match requirement). Eligible uses include hard-construction activities and/or acquisition for redevelopment. **Cannot be solely acquisition or demolition.*



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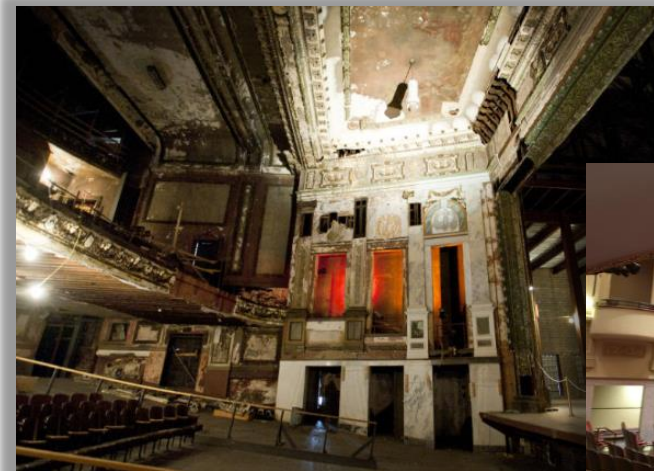
Industrial Revitalization Fund

Applications scored based on:

- Relation to Economic Development Strategy
- Project Readiness
- Catalytic Impact
- Distress
- Project End Use
- Match



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Community Business Launch

Results to date (2015-2018):

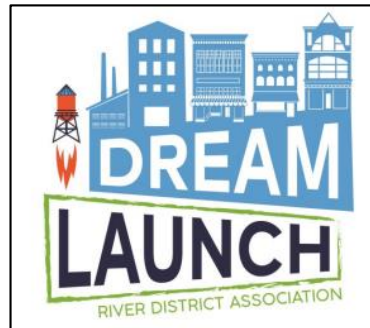
- 100+ businesses created/expanded
- 150+ jobs created/retained
- 60+ buildings leased/rented
- \$1.2 M in CBL grants to 24 communities
- \$1.1 M in private investment
- \$500k in local (public) investment
- 400+ entrepreneur participants



Governor's ribbon cutting for new CBL business, Make it Sew (Lexington)



Petersburg



Danville



Staunton

Community Business Launch

WHAT: Funding for 6-8 week business course, pitch night, awards ceremony, and business grants to assist communities in finding and fostering entrepreneurship based on their unique vision for the future



Governor's ribbon cutting for new CBL business, Make it Sew (Lexington)



Petersburg



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Staunton

Community Business Launch

WHY: Create excitement and local support for entrepreneurs, cultivate a “cluster” of business activity downtown, fill vacant store fronts, and create jobs



Governor's ribbon cutting for new CBL business, Make it Sew (Lexington)



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Staunton

Community Business Launch

HOW: Grants of up to \$45,000 (25% match requirement). 50% of CBL funding must be used for business awards*

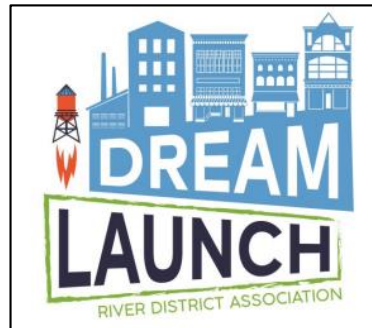
**Awards to businesses are reimbursable grants*



Governor's ribbon cutting for new CBL business, Make it Sew (Lexington)



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Virginia Main Street

Virginia Main Street (VMS) Program is a grass-roots, preservation-based economic and community development program that offers a range of technical services to communities interested in revitalizing their historic commercial districts.



*Downtown Mall,
Winchester*



*White Mill Building,
Danville*



*Fredericksburg
Branding Initiative*

Virginia Main Street

For Designated Main Street Communities

Downtown Investment Grant:

- Up to \$25,000, 1:1 Match Requirement for Design Projects
- For Economic Vitality & Design Projects
- Eligible projects include (but not limited to) revolving loan funds, façade improvement grants, pocket parks, murals, and branding



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Winchester*



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*Fredericksburg
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Virginia Main Street

For Designated Main Street Communities

Financial Feasibility Grant:

- Up to \$25,000, no match requirement
- For feasibility study on building in community where redevelopment supports economic and community revitalization goals



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Virginia Main Street

For Commercial District Affiliates

Commercial District Affiliate Grant:

- Not to exceed \$7,000; no match requirement for consultant services, 1:1 match for projects
- Eligible projects include organizational development, vision/mission development, market studies, etc..



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Virginia Main Street

Cumulative Program Statistics:

- Businesses created/retained: 6,722
- Jobs created/retained: 22,195
- Rehabilitation projects: 2,034
- \$1.08 Billion in private investment
- Value of Volunteer time: \$30 M



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Opportunity Zones

- Another tool in toolbox for investment and revitalization in your community
- Taxpayers can get capital gains tax deferral for making timely investments in Opportunity Funds and Opportunity Zone properties
- Opportunity Fund vehicle could reduce transactional friction and connect investors to overlooked, but credit-worthy, investment opportunities

Opportunity Zones Tax Benefits

- Temporary Tax Deferral
 - Recognized at exit of fund or December 31, 2026, whichever is earlier
- Step up in basis
 - 5 year = 10% reduction in tax liability of original capital gain
 - 7 year = 15% reduction in tax liability of original capital gain
- 10 year holding period: permanent exclusion of tax on any gains made in the fund

SAMPLE INVESTMENT OPPORTUNITY ZONES

JANUARY 2, 2019



Taxpayer receives \$1M in capital gains generated from a sale

JUNE 30, 2019

Taxpayer has 180 days to contribute capital gains into a Qualified OZ Fund

The QOF invests the \$1M in Qualified OZ Property



JUNE 20, 2023



Basis: 0K to 100K

Taxpayer basis increases by 10%. Basis is considered to start at zero when funds are first invested

JUNE 30, 2025

Taxpayer basis increases to 15%

Basis: 100K to 150K



DECEMBER 31, 2026



850K taxed

Deferral period ends. Taxpayer pays 85% in basis on OZ fund. Basis then increases to \$1M

JUNE 30, 2028

Basis is Fair Market Value. Taxpayer sells investment for \$3M. Taxpayer does not owe tax on appreciation of investment.

Opportunity Zones-Layering Incentives

- Can be layered with other programs
 - DHCD Industrial Revitalization fund
 - Low Income Housing Tax Credit
 - Historic Tax Credit
- OZ capital will probably only account for 5-30% of capital needed for a project
- Many OZ projects are focusing on real estate but can also be used for businesses and can be used in conjunction with DHCD Community Business Launch grants for new businesses

Opportunity Zones-Layering Incentives

- Oz capital can be used to help with Main Street Projects such as revitalization of facades of a new business or rental property downtown