

Preservation Virginia



30 Years of Impact

How the Main Street Program Has Revitalized Virginia Communities

July 3, 2015



CURA@VCU
Center for Urban and Regional Analysis
L. Douglas Wilder School of Government and Public Affairs



Cover Photos

Clockwise from upper left:

Exterior of Far Göhn Brewing Company, Culpeper. Photo: Preservation Virginia

Mural Art Project in South Boston. Photo: Destination Downtown South Boston, Inc.

Streetscape in the Town of Orange. Photo: VA Department of Housing and Community Development

The Prizery, South Boston. Photo: Preservation Virginia

Center Picture: Fire Hydrants Art Project in South Boston. Photo: Preservation Virginia

**30 Years of Impact:
How the Main Street Program
Has Revitalized Virginia Communities**

Prepared for

Preservation Virginia

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Finally, we thank the 70 focus-group participants who took the time to help us understand how their Main Street organizations work, how they address the many challenges facing historic Main Street communities, and how they have achieved the successes and impacts documented in this report.

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EXECUTIVE SUMMARY

This report, which was commissioned by Preservation Virginia and funded by the Virginia Department of Housing and Community Development, documents the economic impacts of the Virginia Main Street Program, an approach to downtown revitalization that pursues economic development within the context of historic preservation. The Virginia Main Street Program is one of 39 statewide Main Street coordinating programs in operation as of 2015, serving over 1,000 local Main Street communities in the United States.¹

The Main Street Approach® to downtown revitalization began in 1977 when the National Trust for Historic Preservation initiated a pilot program to revitalize historic downtowns that had declined in the 1950s, '60s and '70s. Since then, this approach has proven itself in towns and cities throughout the United States. It works very well because it operates through a strict set of rules that Main Street Communities must follow. In doing so, the local Main Street organizations function as private, non-profit downtown developers; like a shopping mall developer, but in a very different context. Whereas the shopping mall developer builds new retail spaces on greenfield sites, the Main Street organization must use existing spaces, built in another era and for other purposes, to recreate a vibrant downtown. Fortunately, these historic buildings and streetscapes are also downtown's primary physical assets. Once renovated, they are aesthetically pleasing and they attract businesses, residents and shoppers. Thus, the Main Street Program builds upon the community's historic, physical, cultural, social and economic assets to create economically vibrant downtowns.²

The Main Street rules, which are based on time-tested principles of commercial district success in both the private and public sectors, are codified as the Main Street *Four Point Approach*®. Each local Main Street organization must have a standing committee to address each point in a strategic, ongoing manner:

¹ In addition to the statewide coordinating programs, there are four citywide Main Street Programs and two regional coordinating programs. Over 1,600 communities have participated in the Main Street Program for some length of time. National Main Street Center: *Types of Coordinating Programs*. http://www.preservation.org/main-street/about-main-street/the-programs/coordinating-program-types.html#VXHxW8LD_IU, National Trust for Historic Preservation, 2015.

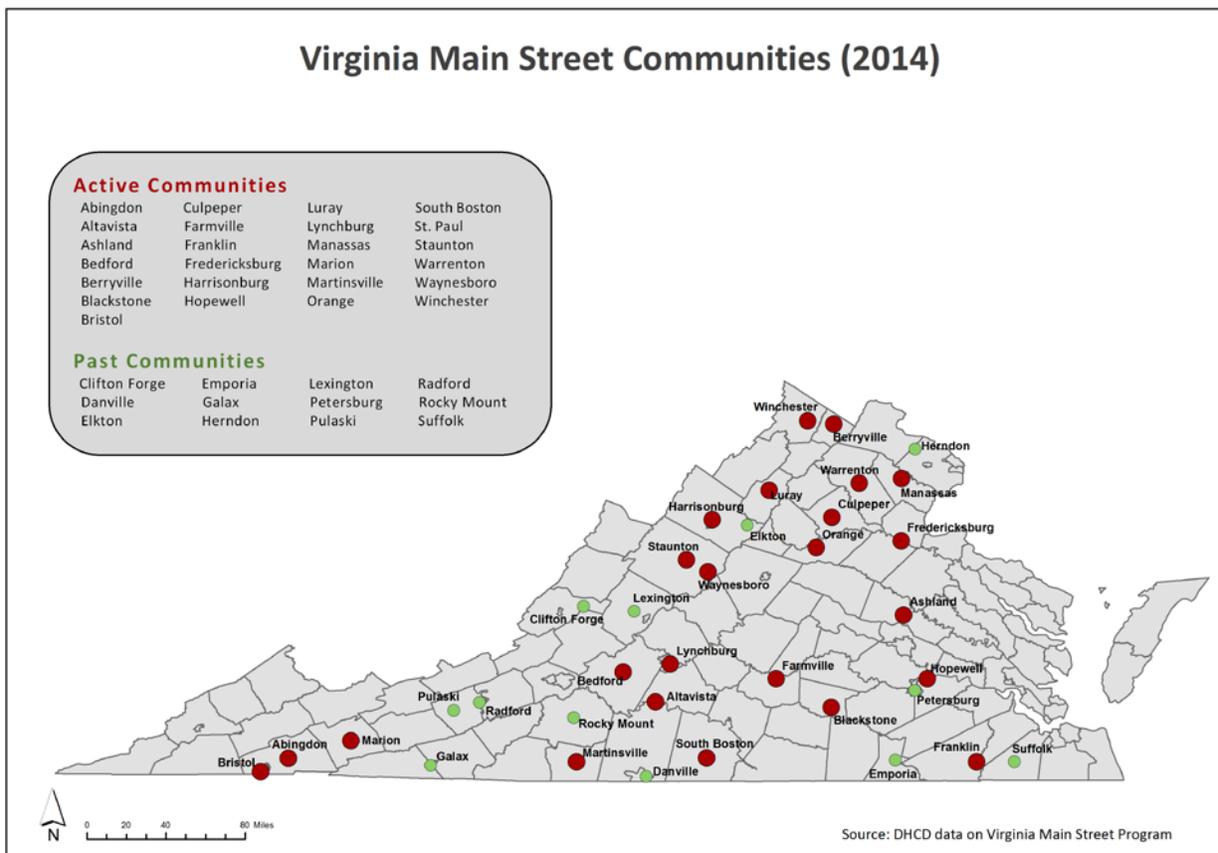
² National Main Street Center: *Economic Development Philosophy and Downtown Development Plan Philosophy*, undated. <http://www.preservationnation.org/main-street/special-content/Main-Street-Economic-Development-Philosophy-2013.pdf> National Trust for Historic Preservation.

Design committee: develops Main Street’s spaces by strengthening and leveraging the district’s built history – its buildings, storefronts and streetscape – and other local assets.

Promotion committee: identifies, targets and develops markets by strengthening and leveraging the community’s cultural history and helping its local businesses position themselves to attract these markets.

Economic Restructuring committee: develops businesses by strengthening and leveraging entrepreneurs and other related local assets.

Organization committee: develops partners by strengthening and leveraging an engaged public and other related local assets.³



Virginia adopted the *Main Street Four-Point Approach*[®] in 1985, seeking to breathe new economic life into its historic downtowns. Thirty years later, Main Street has exceeded expectations, revitalizing 37

³ Ibid.

communities, achieving positive economic impacts, and recreating a strong sense of place in downtowns across the Commonwealth. The numbers are impressive:

Direct Economic Effects across Virginia Main Streets (1985 – 2014)

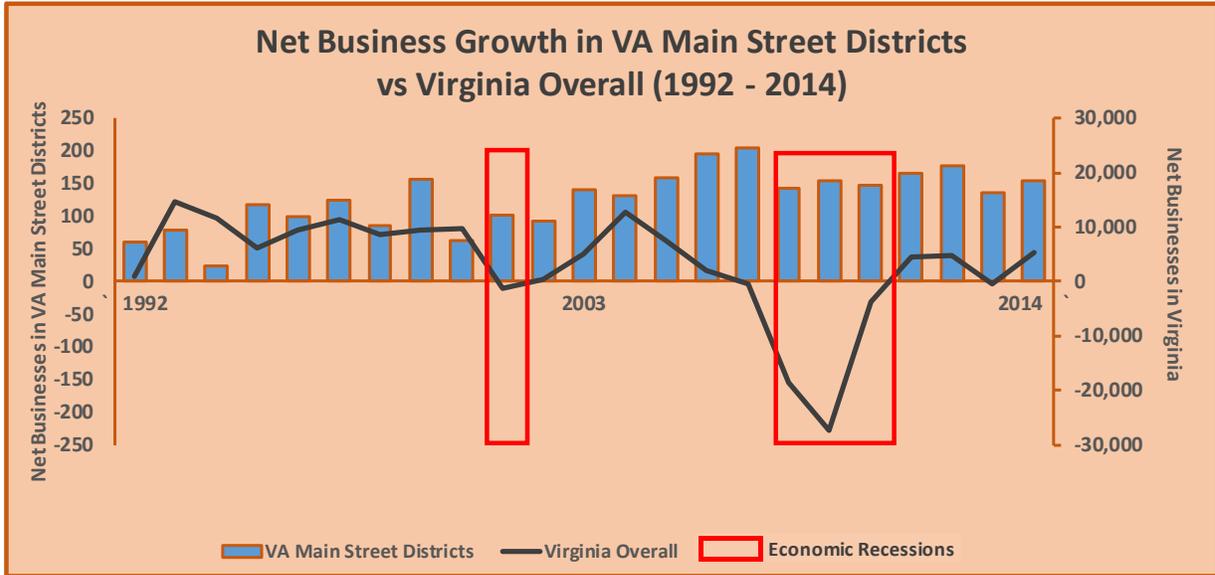
- Since 1985, 3,365 net new businesses⁴ have been created in Main Street districts. Main Street businesses are primarily independent entrepreneurs in a variety of fields – retail, food, personal and professional services, artisanal manufacturing, and high-tech services.
- 11,908 net new jobs⁵ have been created by Main Street businesses.
- Virginia’s Main Street districts appear to weather business cycle downturns better than does the economy overall. This finding is consistent with Main Street economic impact analyses conducted in other states.⁶ The blue bars in the charts below show net new businesses and jobs in Virginia Main Street districts. The black lines in the charts show net new businesses and jobs elsewhere in Virginia -- note that they dip below zero during recessions (see red boxes), whereas the blue bars never dip below zero.

However, possible reporting errors – which are discussed in detail on pages 14-16, suggest that the blue bars, i.e. the numbers of Main Street businesses and jobs, be treated as estimates, rather than as absolutes. Nevertheless, even if, due to reporting errors, the blue bars shown here were to be *twice as high* as the real numbers they are meant to represent (a very unlikely scenario), Main Streets would still be shown to perform better than the economy overall during recessions.

⁴ The number of new businesses created or retained when about to close or leave minus the number of businesses lost due to closure or outmigration.

⁵ The number of new jobs created or retained when a business is about to leave or close minus the number of jobs lost due to downsizing or business closure/outmigration.

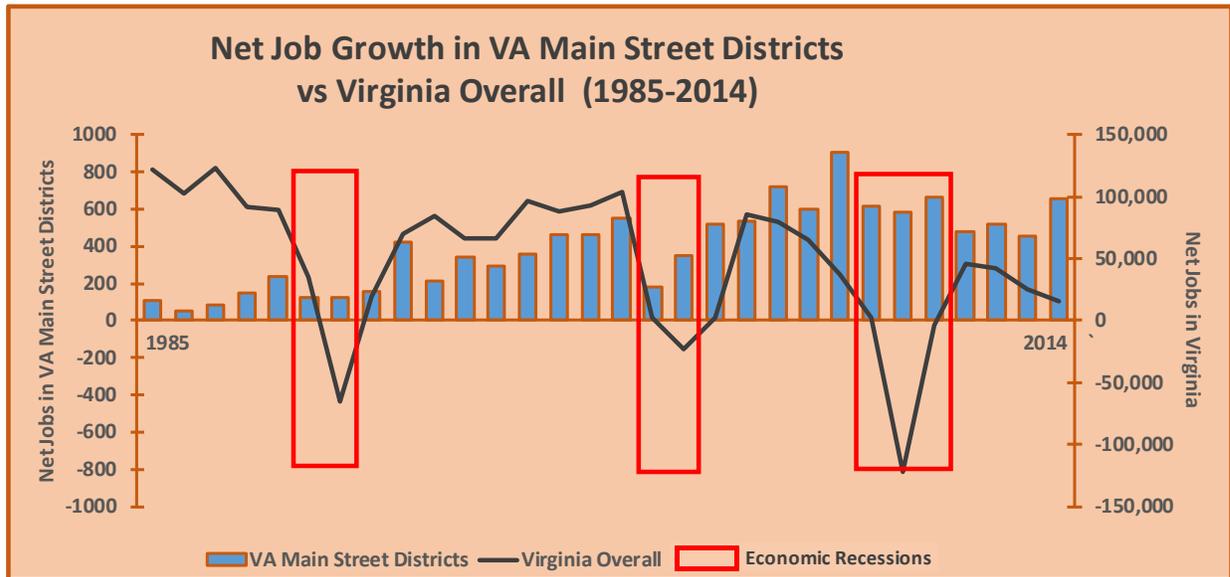
⁶ PlaceEconomics: *North Carolina Main Street: Decades of Success, The Economic Impact of Main Street in North Carolina*. Prepared for the North Carolina Department of Commerce & North Carolina Main Street Communities, February 2014; PlaceEconomics: *In the New Mexico Tradition: The Impacts of Mainstreet, 1985-2013*. Prepared for New Mexico Mainstreet, New Mexico Economic Development Department, February 2014; PlaceEconomics: *Ten Years of Excellence: The Economic Impacts of Main Street in Michigan*. Prepared for the Michigan Main Street Center and the Michigan State Housing Development Authority, May 2014; PlaceEconomics: *Getting Results: The Economic Impact of Main Street Iowa, 1986-2012*. Prepared for Main Street Iowa and Iowa Economic Development Authority, May 2013.



Source : DHCD data on Main Street Program, and Bureau of Labor Statistics

Note: Net Business Growth is calculated by subtracting business closings and contractions from business openings, retentions and expansions. Retention occurs when a business expresses a serious intention to leave the district, and is convinced to remain through the intervention of the local Main Street organization.

Business data at State level was available only from 1992.

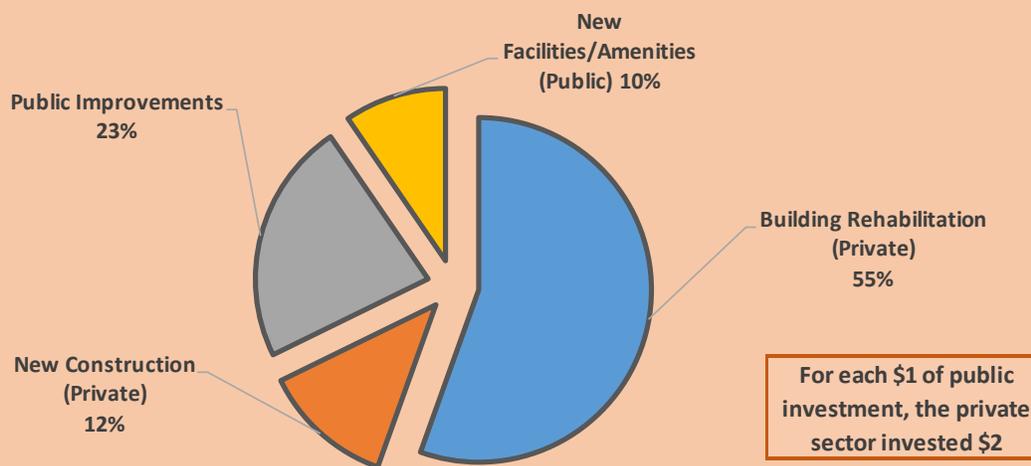


Source : DHCD data on Main Street Program, and Bureau of Labor Statistics

Note: Net Job Growth is calculated by subtracting job loss from job creation and retention. Retention occurs when a business expresses a serious intention to leave the district, and is convinced to remain through the intervention of the local Main Street organization.

- \$1.2 billion has been invested in Main Street districts, 71% of that by the private sector. Public investments include utilities, streetscapes, new facilities and amenities; private investments include building purchase, rehabilitation, and new construction, as shown in the pie chart below.

Public and Private Capital Investment in Virginia Main Street Districts (1996 - 2014)



Source : DHCD data on Main Street Program

Note : All values have been adjusted to 2014 Dollars

- Almost 1 million hours have been invested by volunteers to organize and promote Main Street organizations and events between 1997 and 2014; the market value of volunteer time is over \$21 million.

Ripple Effects throughout the Virginia Economy

Main Street investment, business operations and employment generate economic impacts that ripple through the regional and statewide economy:

- Over 16,000 total jobs have been created statewide as result of Main Street economic activity.
- Almost \$2 billion in total economic impact has been generated, including \$870 million in employee paychecks.
- \$164 million in federal taxes and \$75 million in state and local taxes have been paid.

In fact, the ripple effects are considerably greater than \$2 billion because data limitations do not permit analysis of the impacts of daily operations of the businesses on Main Street, including their purchases of supplies and equipment, the wages of their employees, or the money they pay in sales, meals, real estate, and other taxes.

Community Impacts

Beyond the numbers, Main Street has helped Virginians embrace the cultural history, the sense of community, and the quality of life that a flourishing historic downtown can provide. Virginia Main Streets attract both residents and tourists to their shops and eateries, and they also attract artisanal and high-tech businesses.

Residents, shoppers, government officials and staff, business owners and merchants, and Main Street staff and volunteers in Culpeper, Harrisonburg and South Boston shared their perspectives on the condition of their downtowns before and after the Main Street Program arrived:

Culpeper

- *When I arrived in 1991 I thought: 'What a mess!'*
- *Everything started to change [for the better] after CRI [the Main Street organization] came in.*
- *CRI provided an identity for Downtown, a cohesive identity, a brand.*
- *CRI played a big role in working with property owners and citizens. They helped move the process forward. They also made the Town staff aware of what was needed.*
- *Everything on Davis and Main Street is about quality. We did not have this in the past. If you want something of good quality, you go Downtown.*
- *People now recognize Culpeper as an active center, where a lot of things happen.*

Harrisonburg

- *Downtown was pretty dead. In the mid '90s streets were empty.*
- *Historic district designation was obtained in 2005 and that had a big impact, especially for tourism.*
- *HDR [the Main Street organization] has done a lot for my business – they showed us around, showing properties. They were holding our hands during the process.*
- *My restaurant would not be here without [the Main Street Program].*
- *The nearby ski resorts are another attraction that brings people here. They look for a good place to eat, or a nice downtown. These are people looking for an experience, not a mall.*
- *The sense of community. The shopkeepers know you. People know our dog by name. We like the local shops. People sell you stuff that they are passionate about.*

- *There's a community spirit here. People are proud of Downtown.*

South Boston

- *As a youngster, I remember the Downtown was very vibrant. On Friday nights you were dressing up to go Downtown. You were not going out if you were underdressed.*
- *The big boxes – Lowe's, Wal-Mart – moved in in the early '90s. ... There were a lot of empty buildings.*
- *The [Main Street] Four Points Approach gave us structure; it organized us. Without that we never would have been able to get people together to revitalize Downtown.*
- *The restoration of the Downtown feeling is what I like! I love seeing stuff come back.*
- *The program itself, the Four Points, is the key to all of this.*

Like its counterparts across the United States, the Virginia Main Street Program has demonstrated that with the right tools and long-term commitment, historic downtowns can be re-purposed to generate vibrant economic activity in the 21st century, featuring small, entrepreneurial businesses and walkable areas with desirable amenities. The public investment pays for itself in jobs and tax revenues because it stimulates, facilitates and complements market forces. But without public investment to jump-start the process, and without the intelligent organization of the *Main Street Four-Point Approach*[®], market forces would not take root and grow. This is a public-private partnership in which everyone wins.

Introduction

In 2014 Preservation Virginia celebrated 125 years of accomplishments in preserving and revitalizing Virginia’s cultural, architectural, and historic heritage. To mark this anniversary and to underscore the important role that public policy plays in historic preservation, Preservation Virginia commissioned three studies from the Center for Urban and Regional Analysis (CURA) at Virginia Commonwealth University to document the positive impacts of preservation-related policies on the Virginia economy. This report, which describes the economic impacts of the Virginia Main Street Program, is the second of those studies.⁷

Part I provides a brief description of the origin of the Main Street Approach® and the features that are common to all Main Street Programs in the United States (45 state, regional and citywide coordinating programs in 39 states). Part II describes the Virginia program and provides basic statistics about its performance over time. It also presents an analysis of the impacts of the program on the Virginia state economy. Part III takes a deeper dive, with case studies of the Main Street Program in three Virginia communities – Culpeper, Harrisonburg and South Boston. In each community, we describe the program’s operation and major achievements, and we present the economic impacts of the program on the regional economy.

The report uses a combination of quantitative and qualitative methodologies. We used the IMPLAN Pro™ analytical model to conduct quantitative analyses of the economic impacts of the Main Street Program on the Virginia economy and, for the three case studies, on the regional economy of each of the three communities. For these calculations, we used program data collected over the past 30 years by the Virginia Department of Housing and Community Development, which administers the Main Street Program, as well as other quantitative data mentioned in this report.

We also used qualitative analysis for the three case studies. Specifically, we conducted five hour-long focus-group discussions in each of the three communities with a total of 70 persons to understand the history, structure and operations, and accomplishments of each of the three local Main Street Programs. The focus-group protocol is included in the Appendix to this document. In addition, we studied documents supplied by each of the three local programs and supplemented this information with materials on each locality’s history and vital statistics.

⁷ This report is supported by a grant from the Virginia Department of Housing and Community Development.

The first report: *Economic Impact of Historic Rehabilitation Tax Credit Programs in Virginia*, was completed in January 2014. The third report, to be undertaken in fall 2015, will examine the economic impact of heritage tourism in Virginia.

Part I. The Main Street Approach[®]

The latter half of the 20th century witnessed the dramatic decline of traditional downtowns throughout the United States. Several factors were responsible: Manufacturing departed, agriculture restructured, governments constructed highways that circumvented cities and towns, population migrated from cities and towns to suburbs, and strip malls and big-box shopping centers appeared on the new highways and corridors leading away from downtowns.

By the 1970s, many had witnessed the effects of these trends on traditional downtowns – the loss of economic activity, the rise of property vacancy and the deterioration of historic buildings, declines in property value and tax revenues and, especially, the loss of the sense of community and rootedness in a traditional place that the historic downtowns had provided.

In 1977 the National Trust for Historic Preservation responded by piloting the Main Street Program in three traditional downtowns. The purpose of the project was not to turn back the hands of time, but to work out how traditional, historic downtowns can be re-purposed to meet the needs of the contemporary economy, while recapturing the sense of community for which many people yearn. By 2013, 45 statewide, regional and citywide Main Street coordinating programs had been established and over 1,600 traditional downtowns and cities had participated for some length of time.⁸

The Main Street Program works very well because it operates through a strict set of rules that Main Street Communities must follow. In doing so, the local Main Street organizations function as private, non-profit downtown developers; like a shopping mall developer, but in a very different context. Whereas the shopping mall developer builds new retail spaces on greenfield sites, the Main Street organization must use existing spaces, built in another era and for other purposes, to recreate a vibrant downtown. Fortunately, these historic buildings and streetscapes are also downtown's primary physical assets. Once renovated, they are aesthetically pleasing and they are close together, which creates a strong sense of community that is attractive to businesses, residents and shoppers. Thus, the Main

⁸ Today the number of actively participating localities is over 1,000. National Main Street Center: *Types of Coordinating Programs*. http://www.preservation.org/main-street/about-main-street/the-programs/coordinating-program-types.html#.VXHxW8LD_IU, National Trust for Historic Preservation, 2015.

Street Program builds upon the community's historic, physical, cultural, social and economic assets to recreate economically vibrant downtowns.⁹

The Main Street rules, which are time-tested requirements for commercial district success in both the private and public sectors, are codified as the *Main Street Four-Point Approach*[®]. Each local Main Street organization must have a standing committee to address each point in a strategic, ongoing manner:

Design committee: develops Main Street's spaces by strengthening and leveraging the district's built history – its buildings, storefronts and streetscape – and other local assets.

Promotion committee: identifies, targets and develops markets by strengthening and leveraging the community's cultural history and by helping its local businesses position themselves to attract these markets.

Economic Restructuring committee: develops businesses by recruiting, strengthening and leveraging entrepreneurs.

Organization committee: develops partners by strengthening and leveraging an engaged public.¹⁰

In addition to the Four Points, Eight Principles describe the ways that Main Street communities must work to achieve their goals within each of the Four Points areas:

- *Comprehensive* – all four points must be engaged simultaneously and continuously.
- *Incremental* – make small, but continuous improvements, not big, but short-lived attempts.
- *Self-help* – Local leaders, business and property owners, and residents must do the work.
- *Partnerships* – Private and public sector stakeholders must work together.
- *Build on* the community's unique, physical, historical, locational and cultural *assets*.
- Emphasize *quality* in all aspects of Main Street work.
- *Change* in public *perceptions* about Downtown takes time and sustained effort.
- *Implementation* – Action, especially follow-through on revitalization plans, is essential.¹¹

⁹ National Main Street Center: *Economic Development Philosophy and Downtown Development Plan Philosophy*, undated. <http://www.preservationnation.org/main-street/special-content/Main-Street-Economic-Development-Philosophy-2013.pdf> National Trust for Historic Preservation.

¹⁰ Ibid.

¹¹ National Main Street Center: *The Eight Principles*, undated. National Trust for Historic Preservation <http://www.preservation.org/main-street/about-main-street/the-approach/eight-principles.html>.

Accountability is built into the Main Street Program structure. Each quarter, the local Main Street Program must make a formal report to its statewide coordinating agency, describing the activities it has undertaken and the results. Detailed data on a range of program inputs and outputs are also collected and reported to the statewide agency.

The Main Street Approach[®] has succeeded throughout the United States because its relatively simple structure draws forth the capital of private investors and the commitment of merchants and community members who invest their time to help their Main Street district flourish. As part of the accountability system, communities must track private investment and volunteer hours each quarter.

This is an efficient use of public resources – a modest amount of government funds expended through the Main Street Program’s clear structure and accountability requirements generates a high return through investments of human energy and private capital. These investments yield (1) the re-purposing of historic physical assets to serve the requirements of new, 21st century businesses that create jobs and generate tax revenues, and (2) the reclamation of the strong *sense of place* that is important to the human psyche and to the health of our society.

Some of these results can be quantified. The National Main Street Center’s cumulative reinvestment statistics for all designated Main Street communities nationwide from 1980 to December 31, 2014, show the following:

Dollars reinvested (in physical improvements from public & private sources)	\$61.7 billion
Number of building renovations	251,838
Net gain in jobs	528,557
Net gain in businesses	120,510
Reinvestment ratio*	\$26.52 : \$1

*"The Reinvestment Ratio measures the amount of new investment that occurs, on average, for every dollar a participating community spends to support the operation of its Main Street Program, based on media[n] annual program costs reported to the National Main Street Center by its coordinating programs. This number is not cumulative and represents investment and organization budgets from January 1, 2013 to December 31, 2014."¹²

¹² National Main Street Center: *Main Street Reinvestment Statistics*, 2015 National Trust for Historic Preservation. <http://www.preservationnation.org/main-street/about-main-street/reinvestment-statistics-1.html#.VXXbEs9VhBe>

Part II. The Virginia Main Street Program

The year 2015 marks the 30th anniversary of the establishment of the Main Street Program in the Virginia Department of Housing and Community Development (DHCD). Since then, 37 cities and towns have participated in the program for some amount of time; today the number of Virginia Main Street Communities stands at 25. To become a *Main Street Community*, a locality must have a population of 75,000 or less and have at least 50 commercial enterprises and 70 commercial structures in a traditional Main Street district. (Communities that do not meet these guidelines may join the *Affiliate Program*, which provides access to the national network of Main Street communities and to some training opportunities.)¹³

The Virginia Main Street Program does not provide operating funds to Main Street Communities. (The program does offer two targeted grant opportunities to help leverage public and private investment. A new grant program established in 2012, called Building Entrepreneurial Economies, makes grants for entrepreneurship initiatives.) The primary program support is provided through the DHCD staff of 2.5 full-time-equivalent professionals, who provide or organize, through quarterly structured training sessions and one-on-one assistance in each community, a range of services to build and maintain the capacity of the local Main Street Communities to operate with minimal government support. These include training for staff and board members in organizational management and governance, as well as technical assistance and analyses of market opportunities, development financing and historic preservation techniques. Other services include information sharing through the Virginia Main Street Library and National Main Street network, as well as training and information sharing in marketing and public relations.¹⁴

1. The Evolution of Virginia Main Street Since 1985

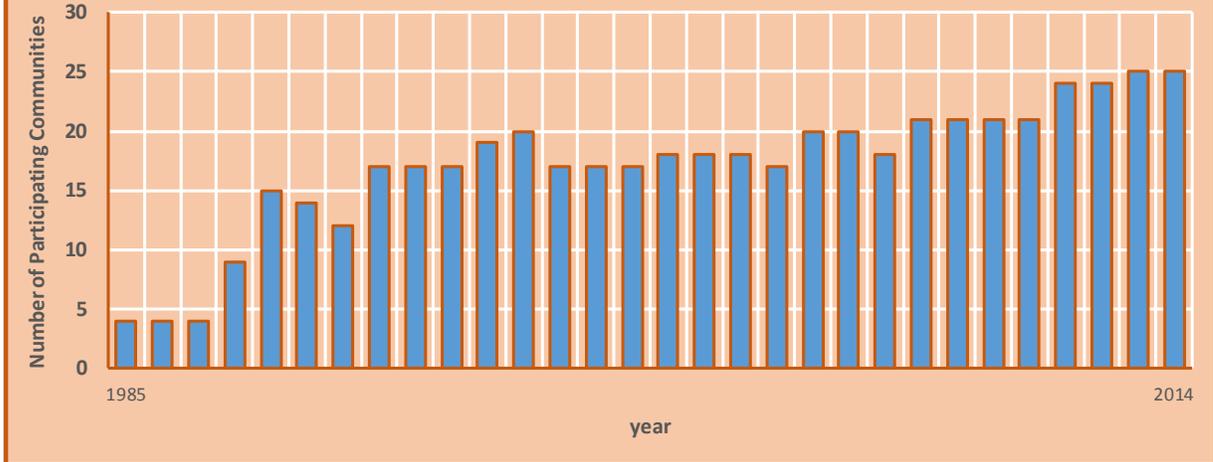
The Virginia Main Street Program has grown slowly but steadily over the past three decades to become a powerful community revitalization instrument. Figures 1 and 2 show its evolution, indicating the total number of communities each year and which communities joined or left the program each year.¹⁵ Map 1 shows the location of present and past Virginia Main Street communities.

¹³ Virginia Department of Housing and Community Development: *Virginia Main Street Program Guidelines*, May 2013.

¹⁴ *Ibid.*

¹⁵ Although most communities remain in the Main Street Program for many years, they operate with very small staffs on small budgets. A series of tight local budget years or a change in personnel may sometimes result in a community leaving the program.

Figure 1. Virginia Main Street - Participating Communities (1985-2014)



Source: DHCD data on Main Street Program

Map 1. Virginia Main Street Communities (2014)

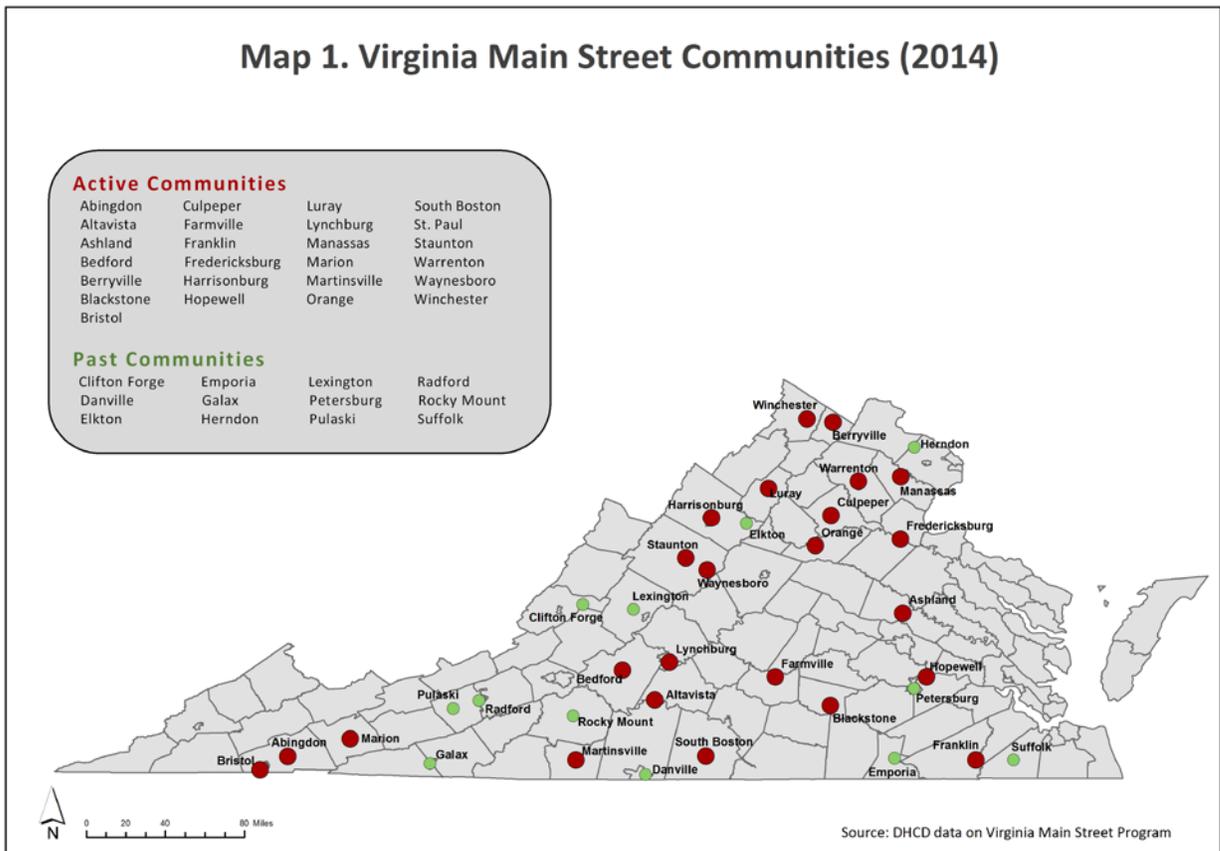


Figure 2. Virginia Main Street Program - Participating Communities

year	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
# of communities	4	4	4	9	15	14	12	17	17	17
	Original: Bedford, Franklin, Winchester, Petersburg			Enter: Culpeper, Manassas, Pulaski, Suffolk, Lexington	Enter: Fredricksburg, Warrenton, Herndon, Galax, Emporia, Radford	Exit: Fredricksburg	Exit: Herndon, Petersburg	Enter: Bristol, Berryville, Orange, Elkton, Clifton Forge		

year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
# of communities	19	20	17	17	17	18	18	18	17	20
	Enter: Marion, Martinsville, Staunton Exit: Galax	Enter: Rocky Mount	Exit: Bristol, Pulaski, Suffolk			Enter: Lynchburg, Waynesboro Exit: Elkton	Enter: Danville Exit: Emporia		Exit: Clifton Forge	Enter: Harrisonburg, Luray, South Boston

year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
# of communities	20	18	21	21	21	21	24	24	25	25
		Exit: Danville, Lexington	Enter: Abingdon, Altavista, Blackstone				Enter: Bristol, Farmville, Hopewell, St. Paul Exit: Rocky Mount		Enter: Ashland, Fredricksburg Exit: Radford	

Source: DHCD data on Main Street Program

Note: The accuracy of this table relies on the data available for each community; the year in which a community enters or exit the Main Street Program has been determined through the first and the last year for which data is available.

2. The Economics of the Main Street Revitalization Process

Although it takes commitment to a sustained effort, the Main Street revitalization process is straightforward. Public resources are invested through (1) a very small State operating budget, plus (2) some State capital investment (such as infrastructure improvement funding, often using Federal funds), plus (3) a small local community operating budget, plus (4) a small amount of local capital improvement funding for streetscapes, parking facilities, and similar improvements.

The public resources stimulate much larger amounts of private investment in the form of (1) capital investments to renovate existing buildings and, to a lesser extent, construct new ones and (2) investments in new business equipment and operations. The Main Street Program, through its Four Points structure, also stimulates the investment of a tremendous volume of (3) volunteer hours, whose work on strategic promotions, events and the governance of the Main Street organization further enhance the district and stimulate more private investment and business development.

The economic result within the Main Street district is restored buildings and streetscapes, new businesses and new jobs. The wider result in the community and region is increased economic activity and higher tax revenues for local, state and federal governments.

Figure 3. The Revitalization Process in Main Streets



3. Tilling the Soil: Investment

3.1 Public Operating Expenditures and Capital Investment

Table 1 shows estimated average annual public operating expenditures for the Main Street Program at the state and local levels. Expenditures at both levels have fluctuated over time, beginning with very small amounts in the 1980s when there were fewer Main Street communities and increasing, especially in the last three years. At the state level, operating expenditures consist of a small staff dedicated partly to the Main Street Program and partly to other programs. A reasonable estimate is 2.5 full-time-equivalent workers.

Table 1. Annual Average State and Communities Operating Budget	
State	\$468,137
Communities (Total for all communities)	\$1,716,742

Source: DHCD Data on Main Street Program

Note: Local communities' public portion estimated at 50% of total budget. State average is calculated over the period 2004-2014.

Communities average is calculated over the period 1996-2014.

All values are in 2014 Dollars

At the local level, public operating expenditures vary widely and also vary over time, ranging from 30% to 50% of total operating expenditures (the rest are financed by the private sector and by fund-raising activities). Table 1 shows a rough estimate.

Table 2 and Figure 4 show total public *capital* investment in Main Street districts from 1996 (when the Main

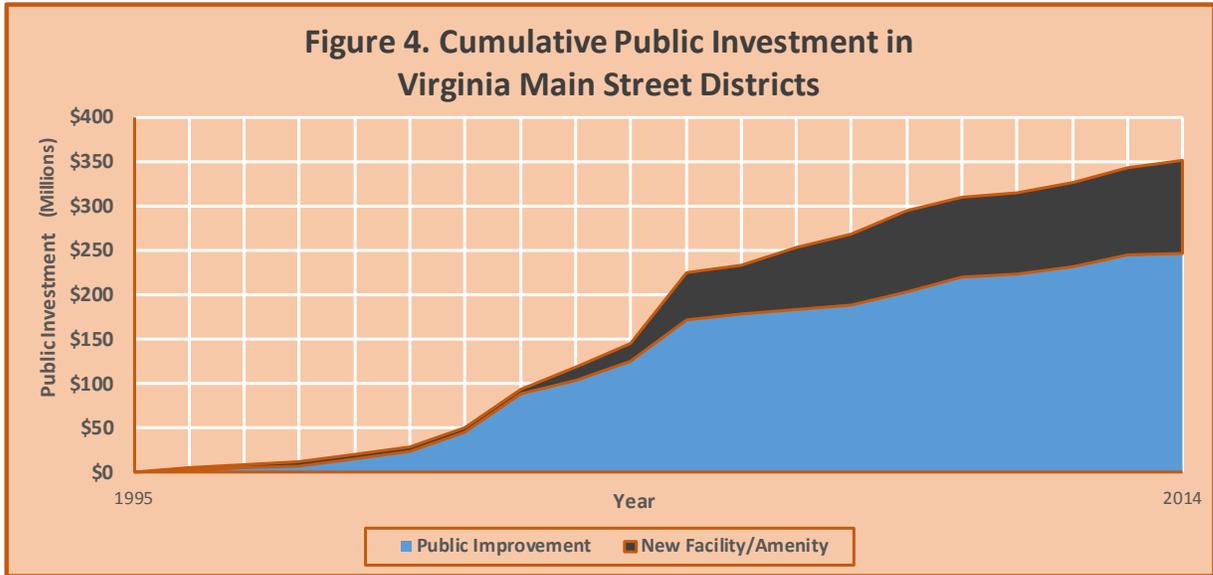
Street Program started maintaining records on public capital investment) through 2014. Over this period, public capital investment totaled over \$351 million, divided into two categories: Public Improvements, which consist of streetscape, signage and utilities improvements, and New Facilities/Amenities construction.

Table 2. Public Capital Investment in Virginia Main Street Districts			
Year	Public Improvements	New Facilities/ Amenities	Total Public Investment
TOTAL (1996 - 2014)	\$247,250,563	\$103,924,624	\$351,175,187

Source: DHCD Data on Main Street Program

Note: Data on Public Investment in Main Street Districts have been collected consistently starting in 1996. See table in the appendix for year by year data. All data are in 2014 Dollars

It should be noted that a good portion of these funds were not dedicated solely to Main Street districts; in many cases, they served broader community improvement needs that also happened to benefit Main Street districts. Nevertheless, in this report they are treated as Main Street capital expenditures.



Source : DHCD data on Main Street Program

Note : Public Investment data was available only from 1996. All values have been adjusted to 2014 Dollars

3.2 Public Capital Investment Leverages Private Capital Investment

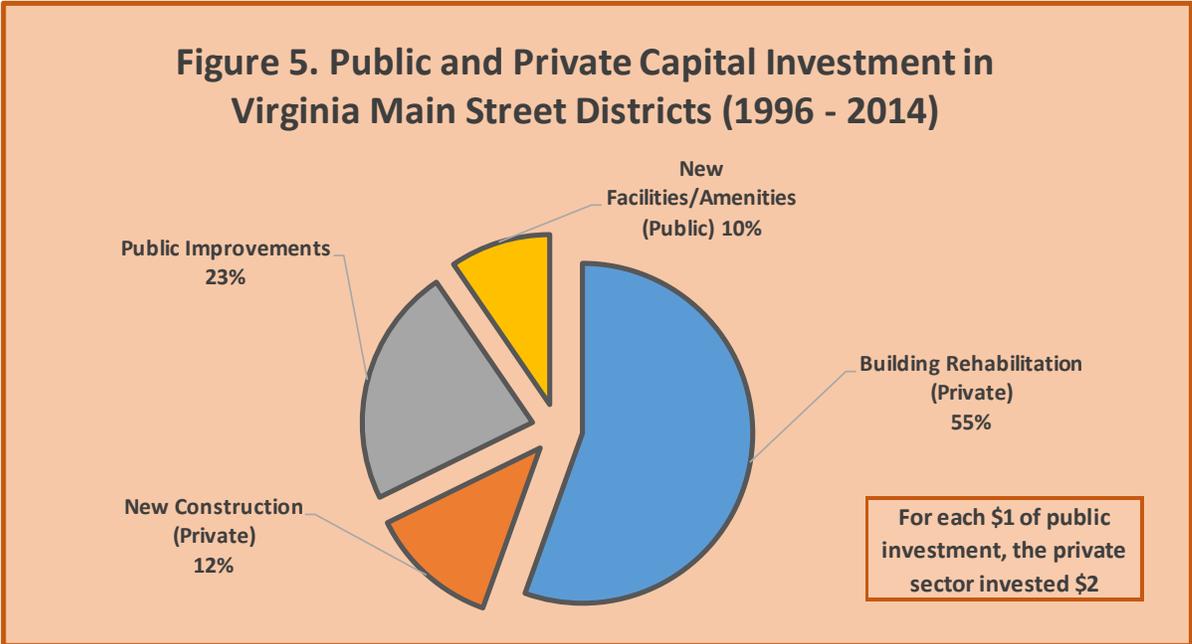
Table 3 shows the amount of private capital investment from 1985 through 2014 and from 1996 through 2014. This investment has taken the form of Building Rehabilitation and, to a lesser extent, New Construction.

Year	Building Rehabilitation	New Construction	Total Private Investment
TOTAL (1996 - 2014)	\$603,616,053	\$133,520,044	\$737,136,097
TOTAL (1985 - 2014)	\$718,396,642	\$134,654,015	\$853,050,658

Source : DHCD for Main Street data

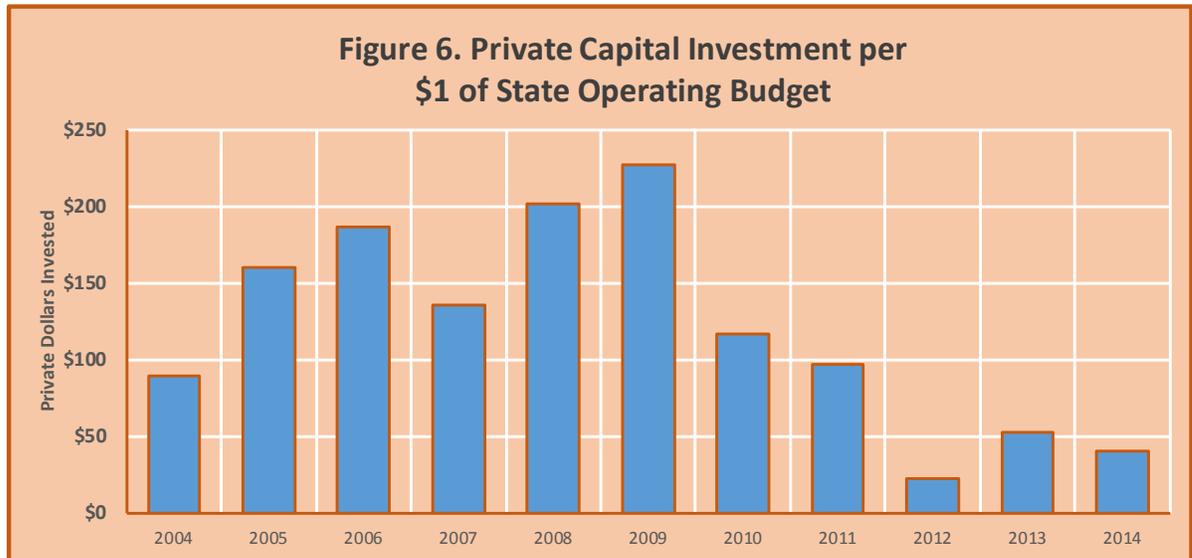
Note: See table in the appendix for year by year data. All values are in 2014 Dollars

As depicted in Figure 5, the total private capital investment of over \$737 million from 1996 to 2014 constitutes a better than 2 to 1 match of private to public spending. This understates the extent to which public capital spending leverages private capital spending, since, as noted above, public spending often includes areas and needs that are much broader than the Main Street district.



Source : DHCD data on Main Street Program
 Note : All values have been adjusted to 2014 Dollars

Figure 6 provides a corrective to the understatement of private to public investment leverage in Figure 5. Figure 6 calculates the amount of private capital investment in Main Street districts for every dollar of State program operating budget. This calculation provides an indicator of how a very small amount of State operating funds compares with a much larger amount of private capital spending in Main Street districts.



Source : DHCD data on Main Street Program
 Note : All values have been adjusted to 2014 Dollars

3.3 More Private Investment – Committed Volunteers

The modest public capital and operating expenditures devoted to the Main Street Program draw forth more than private sector capital investment; they stimulate engagement of volunteers – community residents and business owners – who are committed to their downtown and who wish to see it prosper. Except for the local program director, all members of Main Street’s standing committees are volunteers and each downtown promotion event is staffed by many more volunteers – sometimes more than 100 – as in the case of festivals and concerts.

Table 4. Total Volunteer Hours and Total Value of Volunteer Hours in Virginia Main Street Districts (1997-2014)		
	Volunteer Hours	Value of Volunteer Hours
TOTAL 1997-2014	942,596	\$21,037,728

Source: DHCD Data on Main Street Program

Notes: Data on volunteer hours have been collected only from 1997.

To calculate the value of volunteer hours, national hourly rates have been used from http://www.independentsector.org/volunteer_time.

Table 4 shows the total amount of volunteer hours in Virginia Main Street districts from 1997 (when Virginia Main Street started to collect data on volunteer hours), and its dollar value, calculated using national hourly rates.

In the past 18 years, Virginia Main Street leveraged almost 1 million

volunteer hours, with an estimated value of more than \$21 million. It is worth emphasizing that this \$21 million worth of labor power is experienced by the volunteers as an enjoyable use of their free time. It is the structure and focus of the Main Street Program that adds this \$21 million of value to Main Street districts.

4. Planting Seeds: Business Start-Up, Growth and Development

The Main Street Program, through its professional approach to downtown management – preserving and building upon physical assets, strategically marketing the community’s cultural assets and other competitive

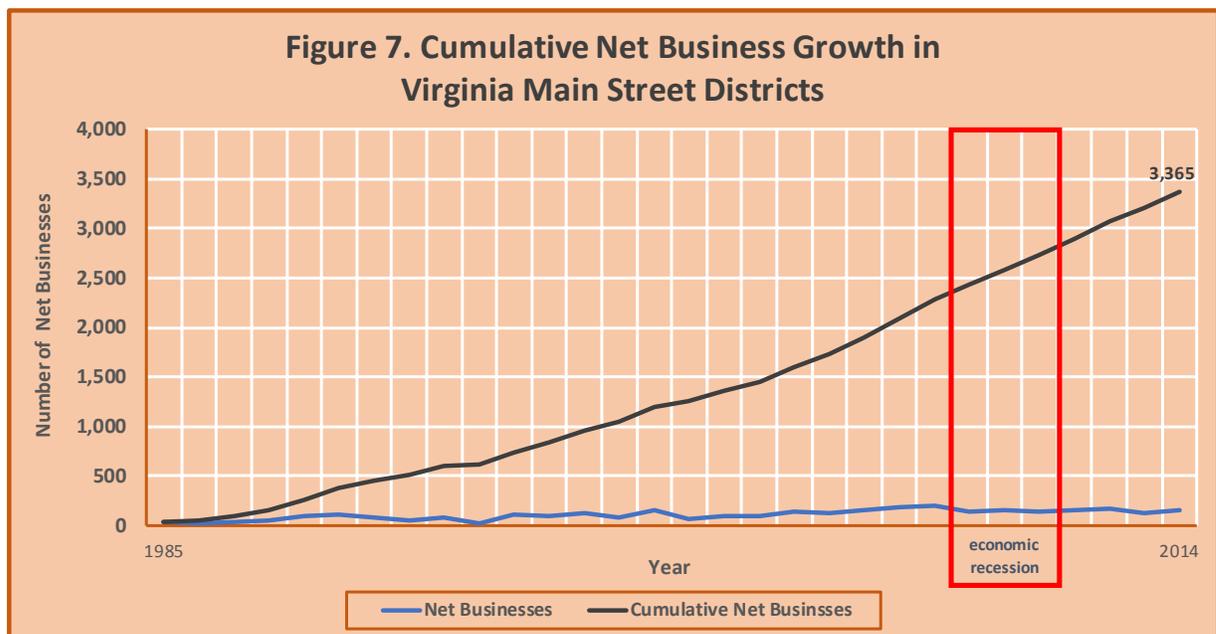
Table 5. Net Business Growth in Virginia Main Street Districts (1985-2014)			
Year	Businesses Opened, Expanded, or Retained	Businesses Closed	Net Business Growth
TOTAL 1985-2014	5,710	2,329	3,365

Source: DHCD Data on Main Street Program

Note: See table in the appendix for year by year data

niches to new and existing markets, and engaging with collaborative partners such as local government – creates a very fertile soil in which new businesses are seeded, grow and thrive. As Table 5 indicates, since 1985, 5,710 businesses have been established, expanded or retained, while only 2,329 businesses have closed, resulting in net business growth of 3,365 new businesses.¹⁶

Figure 7 shows both net businesses and cumulative net business growth in Virginia Main Street districts. As the figure indicates, Virginia Main Streets added businesses each year since 1985 – including during the “great recession” of 2008-2010 (outlined in the red box) – reaching a cumulative total in 2014 of 3,365 businesses. (See discussion of Main Street business data on pages 14-16.)



Source : DHCD data on Main Street Program

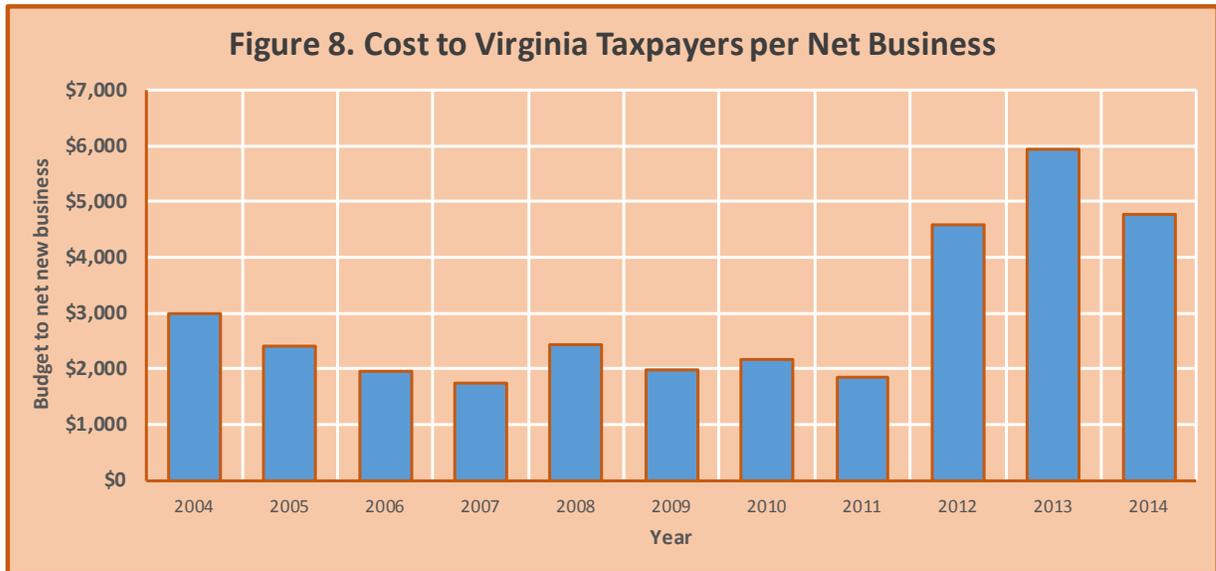
Note: Net Business Growth is calculated by subtracting business closings and contractions from business openings, retentions and expansions. Retention occurs when a business expresses a serious intention to leave the district, and is convinced to remain through the intervention of the local Main Street organization.

As indicated in Figure 8, the annual cost to Virginia taxpayers per net Main Street business is quite moderate – \$2,197 per business prior to 2012 and \$2,988 per business since the Main Street budget was increased in 2012.¹⁷ Virginia does not pay businesses (e.g., through incentives) to locate in Main Street

¹⁶ The Main Street Program defines a new business as one that has just started operations or which has just moved in to the Main Street district from another location. An expanded business has physically expanded its space, generally into an additional storefront, increasing operations and often hiring more employees. A retained business is one that during the previous reporting cycle was planning to leave the Main Street district for any number of reasons, but which was retained, generally through the efforts of the local Main Street Program.

¹⁷ In 2012, the Virginia Main Street budget was increased from an average of \$300,000 to an average of \$770,000. The primary purpose of this increase was to allow for program expansion, enhanced services, and the creation of the financial feasibility grant and the downtown investment grant. The increase in funds has also allowed Virginia Main Street to add three new communities to the program.

districts, but because it does pay to operate the Main Street Program, this calculation can be viewed as a rough return-on-investment estimate.



Source : DHCD data on Main Street Program

Note : State budget data was available only from 2004. All values have been adjusted to 2014 Dollars

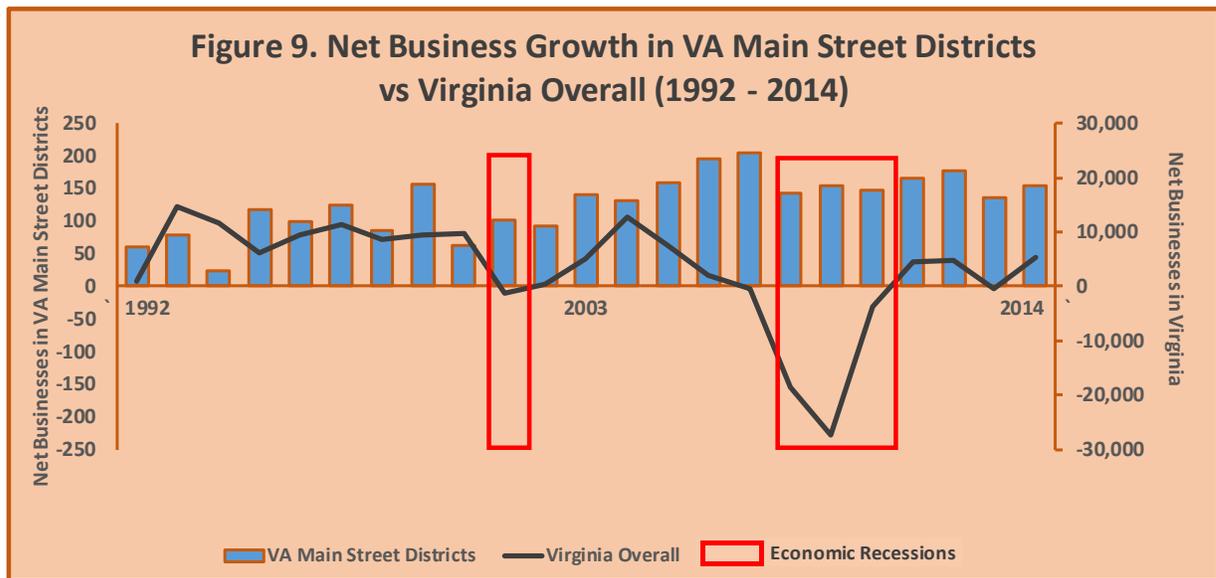
4.1 Entrepreneurship Lives Here

Figure 9 compares the rates of growth of new businesses in Virginia Main Street districts versus new business growth in Virginia overall for the period 1992-2014. Virginia Main Street districts appear to do well at adding new businesses and sustaining existing ones, even during recessions. This trend was particularly impressive during the recession of 2008-2010, when Virginia lost almost 50,000 businesses (and the U.S. as a whole lost almost 2.2 million businesses), while Virginia Main Street districts were adding 650 net, new companies. It should be noted that this performance is not unique to Virginia Main Streets. Other statewide Main Street impact studies have made similar findings.¹⁸ What explains this favorable result?

Before addressing that question, it should be noted that the data on business openings, closings, expansions and contractions is self-reported by Main Street businesses to the local Main Street

¹⁸ PlaceEconomics: *North Carolina Main Street: Decades of Success, The Economic Impact of Main Street in North Carolina*. Prepared for the North Carolina Department of Commerce & North Carolina Main Street Communities, February 2014; PlaceEconomics: *In the New Mexico Tradition: The Impacts of Mainstreet, 1985-2013*. Prepared for New Mexico Mainstreet, New Mexico Economic Development Department, February 2014; PlaceEconomics: *Ten Years of Excellence: The Economic Impacts of Main Street in Michigan*. Prepared for the Michigan Main Street Center and the Michigan State Housing Development Authority, May 2014; PlaceEconomics: *Getting Results: The Economic Impact of Main Street Iowa, 1986-2012*. Prepared for Main Street Iowa and Iowa Economic Development Authority, May 2013.

organizations, who then report it to the statewide coordinating agency (the Department of Housing and Community Development). Although the procedures for reporting data are fairly rigorous, the potential for inaccuracy may be greater here than with other data sources. Our conversations with several statewide coordinators and local directors indicate that some reporting inaccuracies may occur. Over the long term, over-counting of businesses and jobs tends to be balanced by under-counting, but in the short run, there is probably some under-counting of business contractions (employment reductions, not business closures).



Source : DHCD data on Main Street Program, and Bureau of Labor Statistics

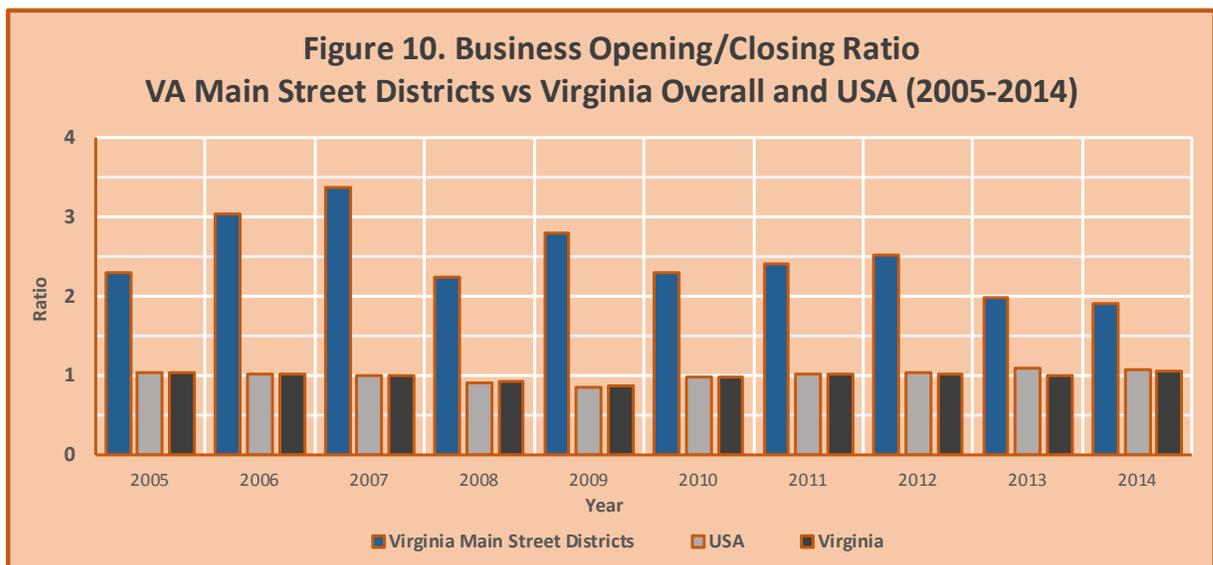
Note: Net Business Growth is calculated by subtracting business closings and contractions from business openings, retentions and expansions. Retention occurs when a business expresses a serious intention to leave the district, and is convinced to remain through the intervention of the local Main Street organization.

Business data at State level was available only from 1992.

This issue potentially affects Figure 13, which shows net job growth, more than it does Figure 9, which reports net business growth. Still, so as to avoid any possible overstatement of the positive effects of the Main Street Program, let us assume that during recessions, when layoffs and business closures are more likely, the blue bars in Figures 9 and 13 are only *one-half* the size depicted there – an unlikely scenario. In this case, the blue bars would show more cyclicity (sensitivity to business cycles) than the existing bars show, but they would still show net growth and they would still show that Main Street districts weather business cycle downturns somewhat better than does the overall economy. What explains this favorable result?

The most plausible explanation is that almost all Main Street businesses are owned and operated by independent entrepreneurs, some of whom are also artisanal producers. For these persons, running their own business is as much a vocation – a calling – as it is an investment. They may be more willing to tolerate periods of slack sales than are investor-owners. And although most of them operate with very small staffs, they may be more willing to retain workers on reduced hours than are corporate-owned chain stores. In addition, through the skillful merchandising and personal service offered by Main Street businesses, as well as the strategic marketing, promotions and downtown management work of the Main Street organization, Main Street businesses appear to be able to develop stronger customer loyalty than are chains and other investor-owned stores.¹⁹ This loyalty may help to sustain them during business-cycle downturns.

Figure 10 expresses the patterns in Figure 9 as the business opening-to-closing ratio, comparing Virginia Main Streets to Virginia overall and to the United States overall. A ratio of 1 indicates that the number of business openings is equal to the number of business closings. From 2004 to 2014, Virginia Main Street districts attained a ratio at or above 2 (twice as many openings as closings), while both the Commonwealth of Virginia and the U.S. averages were about 1, with ratios below 1 in the recession years of 2008 and 2009. As discussed above, even if the actual Main Street ratios were to be only one-half of those reported here during the recession years of 2008 and 2009, they would still be slightly higher than the United States and Virginia ratios.



Source : DHCD data on Main Street Program, and Bureau of Labor Statistics

Note: Net Business Growth is calculated by subtracting business closings and contractions from business openings, retentions and expansions. Retention occurs when a business expresses a serious intention to leave the district, and is convinced to remain through the intervention of the local Main Street organization.

¹⁹ The case studies of Culpeper, Harrisonburg and South Boston included in this report provide some evidence of this kind of customer loyalty.

5. Blossoms: Main Street Businesses Create Jobs

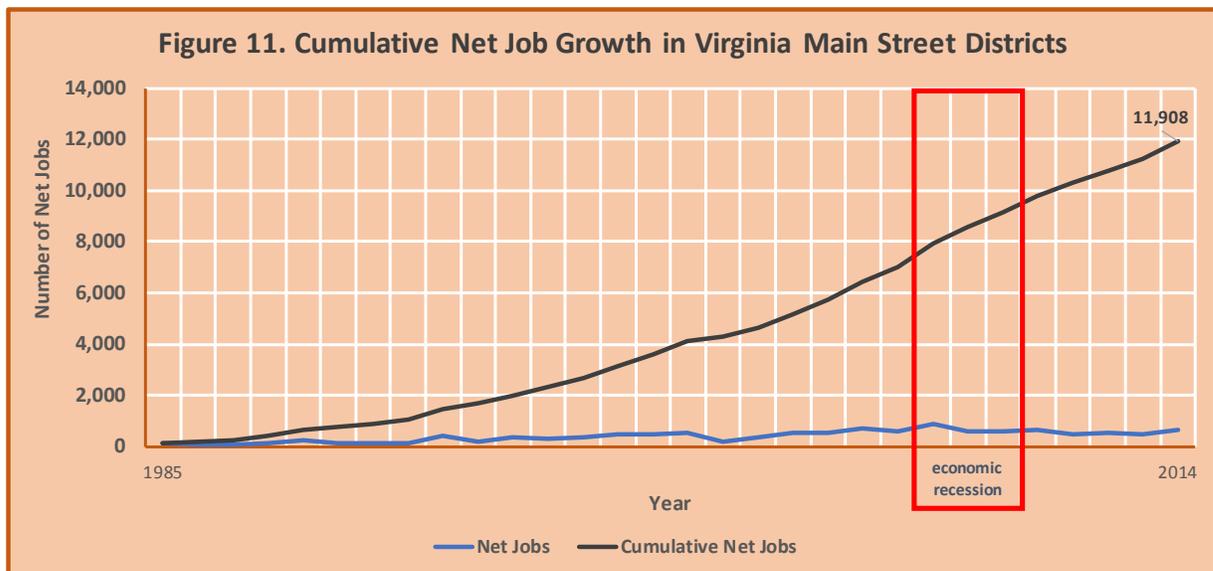
Table 6. Net Job Growth in VA Main Street Districts (1985-2014)			
Year	Jobs Created or Retained	Job Loss	Net Job Growth
TOTAL 1985-2014	18,969	7,006	11,908

Source: DHCD Data on Main Street Program

Note: See table in the appendix for year by year data

The businesses planted and nurtured in Main Street's fertile soil, although they are generally small, have nonetheless done an impressive job of creating jobs. Table 6 and Figure 11 show the total number of jobs created and retained in all Virginia Main Street

districts, as well as the jobs lost and the resulting net job growth. From 1985 through 2014, Virginia Main Street was responsible for creating 11,908 net, new jobs.²⁰ (See the discussion of Main Street business and job data on pages 14 to 16, above.)



Source: DHCD data on Main Street Program

Note: Net Job Growth is calculated by subtracting job loss from job creation and retention. Retention occurs when a business expresses a serious intention to leave the district, and is convinced to remain through the intervention of the local Main Street organization.

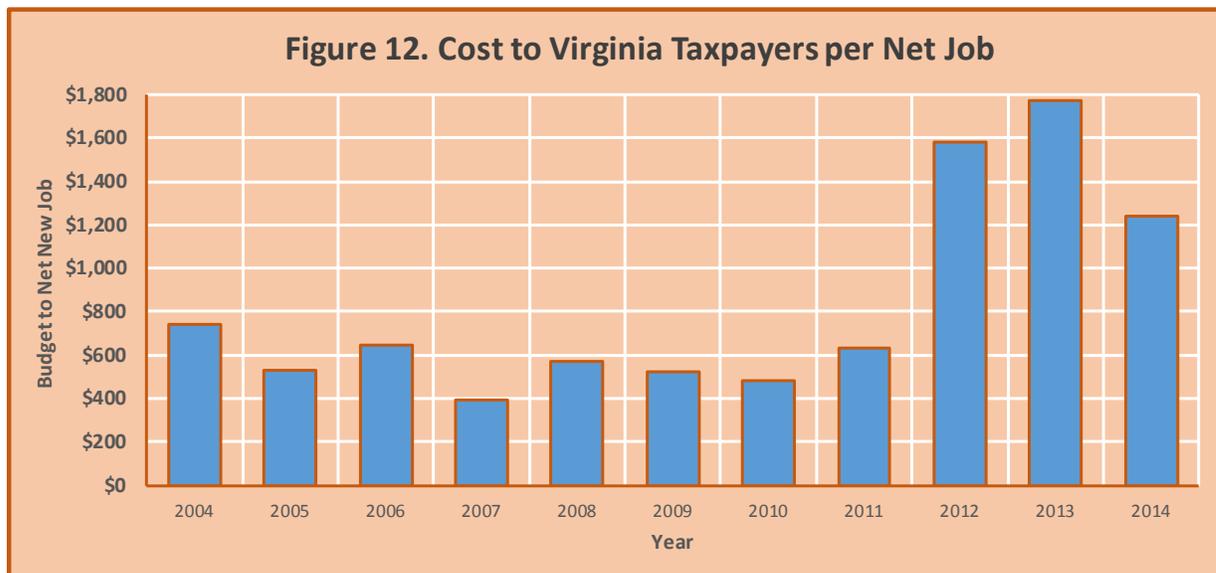
6. How Much Does a Job on Main Street Cost Virginia Taxpayers?

Main Street is not explicitly a job- or business-creation program. Unlike other publicly funded programs that are explicitly focused on economic development, neither the Virginia Main Street Program nor local

²⁰ Similar to the definitions in Note 7, jobs created are those that come with new businesses that either move from somewhere else or start up in the Main Street district. Jobs retained are those that would have been lost during the most recent reporting period, but which could ultimately be retained thanks to the intervention of the Main Street Program or by some other means.

Main Street Programs directly pay businesses to locate in the districts or to create jobs. Nevertheless, some public funds are expended to pay part of the expenses of operating Main Street and for physically revitalizing Main Street districts. So we can compare the amount of these expenditures with the number of jobs created, as one very rough return-on-investment indicator.²¹

Figure 12 shows the average annual cost in State funds of a net new job from 2004 through 2014. Until 2012, when the Main Street Program’s annual budget was increased significantly, the average annual cost of a new job was \$260 (in 2014 dollars). Taking into account the increased annual budget since 2012, the ten-year average annual cost is now \$565; still substantially below that of other economic-development programs. (As explained in Footnote 17, the primary purpose of the budget increase was to fund a new entrepreneurship program administered in tandem with the Main Street Program.)



Source : DHCD data on Main Street Program

Note : State budget data was available only from 2004. All values have been adjusted to 2014 Dollars

7. Main Street Performance during Recessions

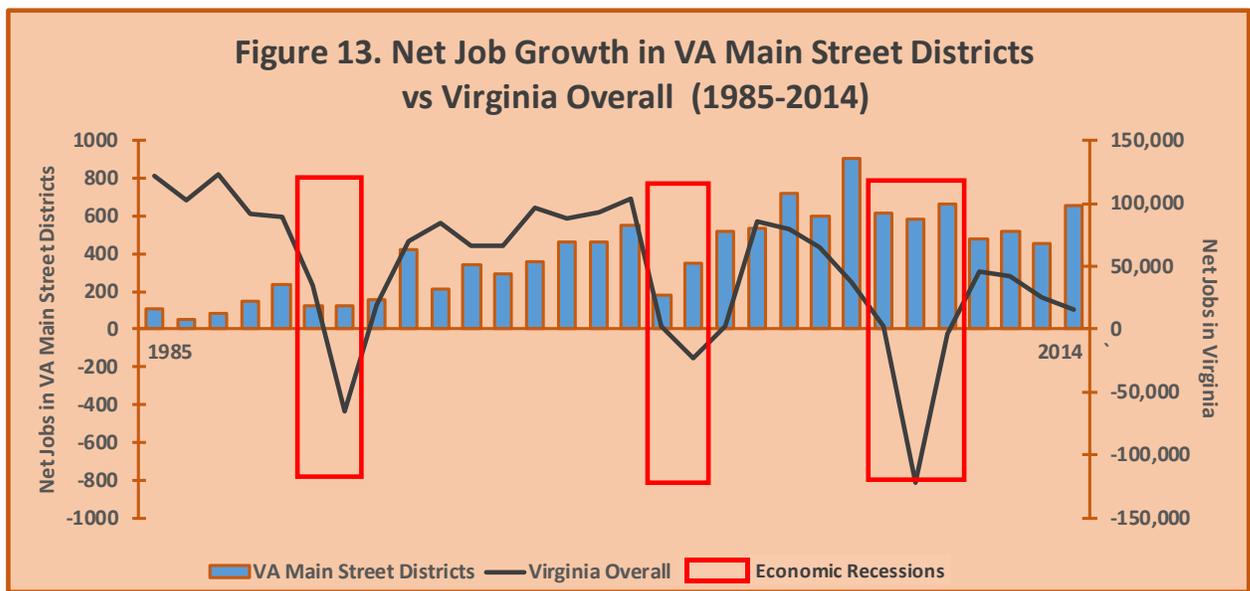
Main Streets tend to retain a higher percentage of their jobs during recessions than does the economy overall. Similar to Figure 9 above (which shows Virginia Main Streets’ net business growth over time), the blue bars in Figure 13 show net new jobs in Virginia Main Street districts each year from 1985 to 2014. In each year, net new jobs are positive. The black line shows net new jobs in the Virginia economy

²¹ Budget data provided by Virginia Department of Housing and Community Development include salaries for DHCD employees (estimated by CURA as 1.5 FTE), expenses for Design and other technical assistance provided by National Main Street or other consultants, marketing and publications, grants to Virginia Main Street communities, training for Main Street community directors, and scholarships to designated communities to attend conferences. State budget data are available since 1996. From 1996 to 2011, the annual budget averaged at \$300,000. Starting in 2012, the budget was increased to \$450,000-\$500,000 per year, mostly to fund a new entrepreneurship program. See Footnote 9.

overall. Of particular note are the three recession periods since 1985, which are outlined in red vertical boxes. In each of these periods, Virginia lost net jobs, as indicated by the black line dipping below zero. But in these same years, Virginia Main Street districts added net jobs.

Pages 14 to 16 above discuss the data on which these results are based, and potential undercounting of Main Street business contractions that may occur, especially during recessions. As noted in that discussion, even if we were to cut in *half* the size of the blue bars during the recession years in Figure 13 so as to compensate for any possible errors in the data, Main Streets would still be shown to outperform the overall economy on net business growth and net job growth during these years.

As noted on page 15, we attribute this strong performance to the fact that Main Street businesses are small, independent entrepreneurs for whom the business is as much a vocation as it is an investment. They may be more willing to tolerate business-cycle downturns than are investor-owners. Moreover, Main Street’s strong downtown management and aggressive local and regional marketing may generate stronger customer loyalty than is true of most retail districts.



Source: DHCD data on Main Street Program, and Bureau of Labor Statistics

Note: Net Job Growth is calculated by subtracting job loss from job creation and retention. Retention occurs when a business expresses a serious intention to leave the district, and is convinced to remain through the intervention of the local Main Street organization.

Table 7 summarizes key points and displays vital program statistics for each Virginia Main Street community. Each year, the average Virginia Main Street community stimulates more than \$2.7 million in combined public and private investment, creates 7 new businesses and 25 new jobs, and draws forth almost 3,000 volunteer hours, valued at \$65,000. (Again, note the data discussion on pages 14 to 16.)

Table 7. Ten-Year* Annual Average for Public and Private Investments, Net Business and Job Growth, and Volunteer Hours and Value in Current Virginia Main Street Districts

Locality	Years covered	Private Investment	Public Investment	Net Business Growth	Net Job Growth	Volunteer Hours	Volunteer Hour Value
Abingdon	2007-2014	\$843,430	\$196,179	4	14	834	\$19,050
Altavista	2007-2014	\$60,653	\$142,890	2	8	2,529	\$57,789
Ashland	2013-2014	\$228,338	\$11,351	3	2	1,504	\$33,915
Bedford	2005-2014	\$402,601	\$24,695	9	21	3,147	\$69,896
Berryville	2005-2014	\$1,683,360	\$1,003,690	5	13	1,970	\$44,707
Blackstone	2007-2014	\$576,441	\$74,570	3	11	1,023	\$23,340
Bristol	2011-2014	\$1,117,451	\$206,945	4	33	1,290	\$29,253
Culpeper	2005-2014	\$2,255,420	\$88,373	9	23	2,256	\$50,906
Farmville	2011-2014	\$163,694	\$750	5	21	3,082	\$70,049
Franklin	2005-2014	\$22,377	\$648,803	5	24	4,010	\$90,291
Fredricksburg	2013-2014	\$229,912	\$533,410	5	10	942	\$21,242
Harrisonburg	2005-2014	\$6,025,525	\$691,172	24	86	8,959	\$201,815
Hopewell	2011-2014	\$40,273	\$1,073,968	1	4	492	\$11,175
Luray	2005-2014	\$1,263,708	\$412,786	7	19	1,896	\$42,635
Lynchburg	2005-2014	\$9,952,640	\$3,215,226	5	32	6,559	\$149,505
Manassas	2005-2014	\$3,029,246	\$403,560	7	37	4,675	\$105,240
Marion	2005-2014	\$1,557,489	\$387,262	3	23	1,110	\$25,053
Martinsville	2005-2014	\$1,695,724	\$3,337,273	8	24	2,502	\$55,958
Orange	2005-2014	\$787,578	\$949,320	10	27	1,189	\$26,783
South Boston	2005-2014	\$3,270,819	\$171,127	9	17	2,018	\$45,499
St. Paul	2011-2014	\$129,893	\$76,215	3	4	2,463	\$56,097
Staunton	2005-2014	\$2,803,074	\$1,753,116	17	69	10,580	\$241,214
Warrenton	2005-2014	\$980,554	\$275,079	7	20	2,746	\$61,922
Waynesboro	2005-2014	\$546,354	\$172,718	6	19	2,313	\$52,488
Winchester	2005-2014	\$8,154,524	\$4,791,655	12	74	2,016	\$45,486
AVERAGE		\$1,912,843	\$825,685	7	25	2884	\$65,252

Source: DHCD Data on Main Street Program

*For those communities that have been designated less than 10 years ago, average values were calculated for the years that they have been in the program.

Note: To calculate the value of volunteer hours, national hourly rates for the past 10 years have been used from http://www.independentsector.org/volunteer_time. Since 2014 hourly rate was not available 2013 rate has been used for calculation. All values are in 2014 Dollars.

Part III. Economic Impact Analysis of Virginia Main Street Expenditures (1985 – 2014)

Here we present the results of our quantitative analysis of the impacts of Virginia Main Street districts' expenditures on the economy of the Commonwealth of Virginia. The economy of a region, state or nation can be likened to the nerve network of the human body – the entire network is connected in a very specific pattern. In an economy, this network consists of the industries that buy from other industries and make products or services that are sold to yet other industries, or to final consumers. When one industry increases (or decreases) production, it sends an impulse that is felt in other parts of the network. Economic impact models have information on how the network of industries is structured, so the effect of an increase in production in one industry can be estimated throughout the economy.

1. Methodology

To estimate the impact of Virginia Main Street Expenditures on the State economy, we used IMPLAN Pro™ software to prepare and customize an economic model for the Commonwealth of Virginia. IMPLAN is a regional input-output computer modeling system used by economists to estimate the effects of spending and policy actions. We used IMPLAN Pro™ to estimate the economic effects that take place as goods and services are purchased in connection with expenditures related to the Main Street Program in Virginia. We used data on expenditures provided by the Virginia Department of Housing and Community Development, which has collected monthly, quarterly and yearly data from Main Street communities since 1985.²²

Since the geographic area used for this analysis is the State of Virginia, only the money spent with businesses in the state generates economic activity for that region, and therefore has an impact on the state economy. Purchases that are made at establishments outside of the study area, as well as the cost of goods sold that are not produced in the state, have no impact on the state economy and therefore are not counted in the calculations of the state impact. This spending literally “leaks out” to other geographic areas. In general, the smaller the geographic/economic area that is analyzed, the greater is the leakage of spending outside its borders and the lower is the impact of the activity being studied.

²² Not all data that was used for this analysis covers the period 1985-2014 (e.g. public investment data was not collected until 1996). CURA used all data available that was provided by the Virginia Department of Housing and Community Development. For more information, contact CURA at jaccordi@vcu.edu.

The IMPLAN model divides economic activity into three components, direct, indirect, and induced effects, and then sums them to derive a total economic impact. (See Table 8)

Table 8. Definitions of IMPLAN Impact Terms	
Impact Term	Definitions
<i>Direct Impact</i>	The initial expenditures, or production, made by the industry experiencing the economic change
<i>Indirect Impact</i>	The effects on local inter-industry spending through backward linkages (which track industry purchases backward through the supply chain)
<i>Induced Impact</i>	The results of local spending of employee wages and salaries for both employees of the Directly affected industry, and the employees of the Indirectly affected industries

Source : Frances Day - "Principles of Impact Analysis & IMPLAN Applications"

Direct effects are expenditures made in relation to the Main Street Program. This spending includes materials, services (e.g. architectural services), and labor. This initial spending causes ripple effects (also known as “multiplier effects”) within the study area. These additional effects are called indirect and induced impacts.

Indirect effects are “supplier” effects. Businesses (such as contractors or professional services) that receive money from the original purchases must also buy additional goods and services to accommodate the new demand. As purchases are made from other firms, the economy is stimulated further.

Induced effects are generated by changes in household expenditures. When companies receive more business because of the direct and indirect effects, they meet the new demand by hiring additional workers or paying existing employees to work longer hours. As a result, these employees will have more money to spend for the goods and services that they buy within the study area.

The direct, indirect and induced effects are estimated for labor income, value added, economic impact, and employment impact. These components are defined below:

- **Labor Income:** the wages and salaries paid to local employees of firms, along with an estimate of the value of benefits earned by these workers. Labor income also includes payments received as income by freelance employees.
- **Value Added:** in addition to labor income, value added includes income from rents, dividends, profits, royalties, interest, and indirect business taxes paid by companies. Value added is the contribution of this economic activity to the regional Gross Domestic Product (GDP) – defined as the value of all final goods and services produced within the borders of a state.
- **Economic impact:** the overall economic effects on the region, which can be viewed as the total (additional) output generated by the project and which is equal to the value added plus intermediate expenditures. Another way to look at it is to consider the economic impact as the value of change in sales or the value of change in production.
- **Employment:** the number of total jobs in the study area, including both full-time and part-time employees, supported by the new economic activity.

2. Economic Impact of the Main Street Program on the Commonwealth of Virginia

Table 9. Virginia Main Street Expenditures Considered for the Economic Impact Analysis		
	Dollar Amount <i>(Constant 2014\$)</i>	Years covered
Private Investment	\$853,050,657	1985-2014
Public Investment	\$351,175,187	1996-2014
MS Communities budgets <i>(aggregated)</i>	\$65,236,193	1996-2014
State budget	\$5,149,511	2004-2014
TOTAL	<u>\$1,274,611,549</u>	

Source : DHCD data on Main Street Program

The data used for this analysis are: (1) private investment (both rehabilitation and new construction of buildings by private investors in the Main Street districts), (2) public investment (both public improvements, such as resurfaced streets and sidewalks) and construction of new facilities or amenities (such as parking garages, outdoor concert spaces), (3) local Main Street Community budgets, and (4) the Virginia Main

Street State budget. These data were aggregated at state level for each year of operation of the program. Table 9 shows the dollar amount and the years available for each of these categories.

After making adjustments for leakages of spending outside Virginia, as well as for the cost of goods sold²³ and for the portion of income (paid for activities related to the Main Street Program – e.g. the Main Street community coordinators’ salaries) that is saved and not spent²⁴, the IMPLAN model estimates that out of the \$1.27 billion public and private investment related to the Main Street Program, from 1985 to 2014, about \$1.12 billion generated impacts on the state economy.

The total economic impact on the Commonwealth of Virginia from spending related to the Virginia Main Street Program is almost \$2 billion. (See Table 10.) This value represents a ratio of 1.6 to 1 between expenditures and total economic impact. In short, each \$1 spent for or in relation to the Virginia Main Street Program adds \$1.6 to the state economy. Another way to look at this impact is that the \$1.27 billion spent for or in relation to the Virginia Main Street Program added an additional \$1.98 billion to the state economy.

The economic impact, however, does not end just with the value of change in production (the total economic impact). **Virginia Main Street Program expenditures also generated an additional 15,932 jobs, \$76 million in combined local and state taxes, and \$164 million in federal taxes from 1985 through 2014.**²⁵ (See table 10.) The employment impact can be seen as the increase in the demand for labor (for an additional 15,932 jobs) that is caused by the overall economic activity generated by the Virginia Main Street Program over the past 30 years. On the fiscal impact, at state and local levels it should be noted that most of the \$76 million is attributable to taxes on imports and production (mostly sales tax and property taxes), while \$164 million in federal taxes are mostly the result of taxes on Employee Compensation (social security taxes), and on Households income (personal income taxes).

²³ The cost of goods sold are the costs of the materials used in creating the good along with the direct labor costs used to produce the good.

²⁴ In contrast to our method of handling expenditures, where the leakages are determined by a Social Account Matrix (SAM - a double-entry book-keeping system capable of tracing monetary flows between industries, households, and institutions), for the salaries that are included in the Main Street Communities’ budgets, we assume that they are spent entirely in the Commonwealth of Virginia (the assumption is that Main Street Community employees reside in and do all of their shopping in the State). However, individuals tend not to spend their entire salary, since a portion of it is usually saved for future consumption.

²⁵ Tax impact values calculated by IMPLAN Pro show the amount of revenue generated for governments from Employee Compensation, Proprietor Income, Tax on Production and Imports, Households, and Corporations based on the modeled impact (i.e. the expenditures that have been considered and that took place in the study area).

Table 10. Estimated Impacts on the Commonwealth of Virginia from VA Main Street District Expenditures*				
	Direct	Indirect	Induced	Total
Labor income	\$534,201,952	\$157,768,719	\$178,039,460	\$870,010,131
Value added	\$549,601,682	\$226,175,691	\$317,519,069	\$1,093,296,441
Economic Impact	\$1,105,226,835	\$380,401,750	\$501,895,315	<u>\$1,987,523,899</u>
Employment Impact <i>(number of jobs)</i>	9,306	2,562	4,064	<u>15,932</u>
Tax Impact <i>State and local</i>				<u>\$75</u>
Tax Impact <i>Federal</i>				<u>\$164</u>

Source : Estimates developed on Virginia DCHD data by the Center for Urban and Regional Analysis at VCU, using IMPLANPro™. Inflation adjustments made using the U.S. Bureau of Labor Statistics' "Consumer Price Index for All Urban Consumers".

Note: All dollar values are in 2014 Dollars

* Expenditures include private and public investment, the Main Street Communities Budget (aggregated), and the State Budget.

Table 11 shows the total economic and employment impact by industry sector. Most of the new jobs and increased economic activity have appeared in the construction sector. Other sectors that were positively affected by the Virginia Main Street Program are trade and professional services: in the trade sector, industries with the greatest impact – both in terms of output and employment – are wholesale trade, motor vehicle parts, food and beverage products, and general merchandise. Among the professional services, legal, accounting and architectural services are those that have experienced the greatest economic impact. Other industrial sectors that have greatly benefited from the Virginia Main Street Program over the past three decades are real estate, health and family care, and food services, which account for another 10% to 15% of both the total occupational and economic impact.

Table 11. Estimated Economic and Employment Impact to the Commonwealth of Virginia from VA main Street Districts Expenditures, by Major Industry Sector					
Classification by output (Millions of Constant 2014 Dollars)			Classification by employment (Number of Jobs)		
Industry	Total Economic Impact	Percent of Total Impact	Industry	Total Employment	Percent of Total Employment
Construction	\$1,094	55%	Construction	9,227	58%
Professional services	\$176	9%	Professional Services	1,429	9%
Trade (wholesale and retail)	\$127	6%	Trade (wholesale and retail)	1,420	9%
Real estate	\$115	6%	Health care	800	5%
Health Care	\$77	4%	Food Services	615	4%
All Other Industries	\$399	20%	All Other Industries	2,441	15%
Total	\$1,988	100%	Total	15,932	100%

Source: Estimates developed on Virginia DCHD data by the Center for Urban and Regional Analysis at VCU, using IMPLANProTM. Inflation adjustments made using the U.S. Bureau of Labor Statistics' "Consumer Price Index for All Urban Consumers".

As large and significant as these economic and fiscal impacts are, they represent only a portion of the total economic and fiscal impacts of the Virginia Main Street Program. Not included in the analysis are the *economic impacts of Main Street business operations, such as:*

- Equipment (e.g., ovens, coolers, sinks, display cases, computers)
- Building maintenance and utilities
- Worker wages and business owner profits
- Supplies sourced within Virginia (e.g., food for preparation and sale at restaurants)
- Taxes, specifically meals, sales, real estate and BPOL taxes

These data were not available for this study and they are not readily available for impact studies in any state. Although it is impossible to estimate their magnitude with precision, it is safe to say that at least \$1 billion in *additional* economic and fiscal impacts is being generated through activities we could not include in our calculations.

3. Another Look at Impacts: The Cost of an Empty Building

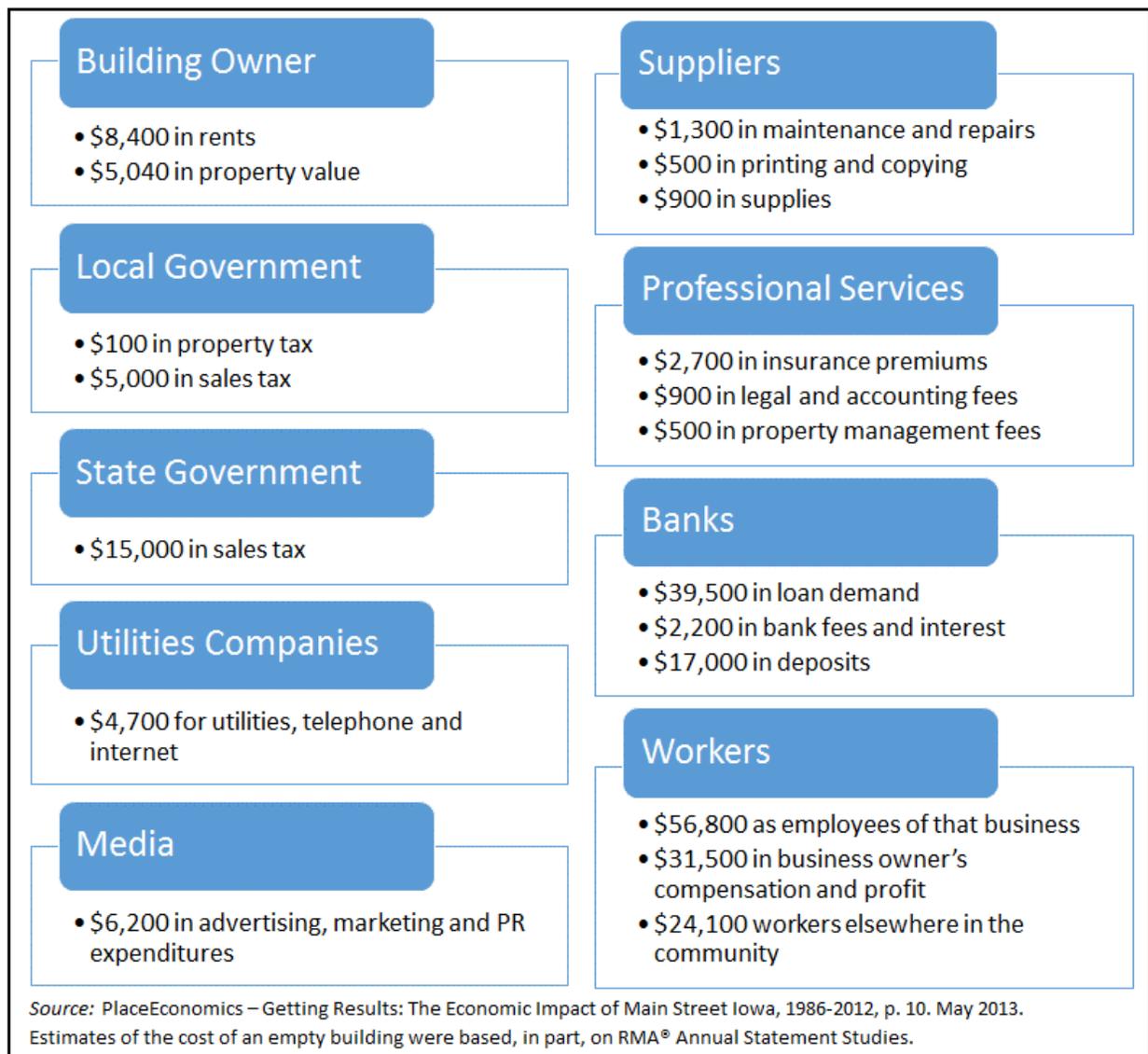
Main Street Programs do more than create positive economic benefits for communities and governments. They also erase negative effects, or costs, that drag communities down. One of these is the cost of a vacant building. A vacant building does more than take up space; it can also deter shoppers from strolling and exploring the district. And a concentration of more than a few vacant buildings may deter prospective businesses from locating in the district.

A vacant building also means less business for utility companies, banks, professional services and others who provide services to businesses that would otherwise occupy the building, and it means less pay to workers through wages and to business owners in profits. All of these dollar flows, of course, would have wider ripple effects in the economy. And all of the dollars, both direct and indirect, would produce tax revenues for local and state government. Using estimates developed by Place Economics, we can calculate these negative impacts, or costs, to a community.²⁶ If we assume that a mid-size business, if it occupied the building, would have sales of \$250,000 per year, the loss to service businesses and government of the building being vacant could amount to as much as \$222,340 per year. Figure 14 provides estimates of these dollar amounts, including both the direct effects and ripple effects.

By causing vacant buildings to be refurbished and reoccupied, the Main Street Program brings existing assets back into use and creates a strong impact on the economy.

²⁶ PlaceEconomics: *Getting Results: The Economic Impact of Main Street Iowa, 1986-2012*. Prepared for Main Street Iowa and Iowa Economic Development Authority, May 2013, p. 10.

Figure 14. Cost to the Community of an Empty Building



4. Living above the Store

As with vacant buildings, so too with unused upper stories -- by encouraging them to be reoccupied for housing or offices, the Main Street Program creates a strong impact on the local economy. In the 19th century it was common for someone, usually a district shopkeeper, to live on the second floor of the building in which his business was located. When America's Main Streets went into decline in the 1950s, '60s, '70s and '80s, their second-floor apartments emptied out almost completely.

Today, as Main Street districts revitalize, there is renewed interest in living downtown or above the store. In some communities, unfortunately, post-World War II zoning ordinances prohibit this. But in most instances, the stumbling block seems to be property owners who do not yet believe that the costs of refurbishing the second floors of their buildings will be repaid by renters. Instead they use these spaces for storage, or simply leave them vacant. But owners who have been willing to take a risk have often been rewarded with rents that more than offset the costs of renovation. In many cases, there is, indeed, a market for housing downtown and it is growing.

Downtown residents bring further benefits to the district through their spending, if Downtown has the businesses they need. Following the approach used by PlaceEconomics,²⁷ we estimated these impacts for a Main Street downtown economy in Virginia. As Table 12 indicates, the total annual economic benefit from renting an upper-floor housing unit is \$28,686.

Table 12. Annual Benefit to a Downtown Economy from a Rented Upper-Floor Housing Unit	
Food at Home	\$3,550
Food Away from Home	\$2,186
Rent	\$4,341
Other Housing Costs, Including Utilities, Maintenance, Insurance, and Upkeep	\$6,307
Furniture	\$281
Apparel and Services	\$1,366
Vehicular and Transportation Related	\$4,320
Health related	\$2,534
Entertainment	\$1,990
Personal service	\$237
Miscellaneous	\$1,574
Total Benefit	\$28,686

Source : Bureau of Labor statistics - Consumer Expenditure Survey

Note: Values calculated as a composite index of the unweighted averages for Renters, Households living in rural areas, and Households living in the South. All values are in 2014 Dollars.

²⁷ Ibid.

IV. CASE STUDIES – Culpeper, Harrisonburg and South Boston

The foregoing discussion “by the numbers” of the achievements of the Virginia Main Street Program since its inception in 1985 paints an impressive picture. But it does not capture two very important parts of the story. It does not describe the extent to which Virginia’s downtowns had deteriorated by the 1980s and the magnitude of the challenge of restoring them to health. Nor does it describe how the Four Points actually work to bring about revitalization. To understand why the *Main Street Four-Point Approach*[®] is such a powerful downtown revitalization tool, it is necessary to dive into specific communities and briefly recount how the Main Street Program brought them back from the brink of collapse. Here we recount the stories of the Main Street Program in Culpeper, Harrisonburg and South Boston.

The case studies use direct quotes from local residents, shoppers, business and property owners, local government officials and staff, and Main Street Program staff, board members and volunteers. These quotes are written in *italics*, but without quotation marks.

1. The Death and Renaissance of Downtown Culpeper

Culpeper is a town of 17,145 persons²⁸ situated in Northern Virginia at the intersection of state routes 29, 15, 522 and 3. It is also the seat of Culpeper County. For much of its 250-year history, Downtown Culpeper was an important center of commerce and trade, connected after 1854 to the nation through its train Depot. As late as the 1970s, residents remember, it was also the place where everyone



1. Historic Downtown Culpeper gate – Courtesy of Preservation Virginia

²⁸ This is according to the 2013 U.S. Census Bureau estimate. Note that this population constitutes an increase of 70% since 2010.

shopped. A dress shop and other fine clothiers, a hardware store, banks and convenience retailers graced its main thoroughfare, Davis Street. *Women were going there with white gloves for lunch*, one resident remembered.

Death

Construction of the Culpeper Bypass on Route 29 in 1973, followed by the development of shopping malls on the northern and southern ends of town, delivered a knock-out blow to the Downtown. Within a few years, Downtown deteriorated until only one block of Davis Street was deemed safe and desirable for shopping. The block near the train Depot became infested with crime; prostitution and drug dealing occurred in broad daylight. Even the police, residents now recall, seemed reluctant to venture into the area. Eventually the one good block of Davis Street lost its retailers, as Downtown's building vacancy rate soared to 80%. Residents changed their shopping and dining habits, traveling to Warrenton and to the malls just outside the town. As one person stated: *When I arrived in 1991 I thought: 'What a mess!'*

Rebirth Begins



2 Historic Building in downtown Culpeper - Courtesy of Preservation Virginia

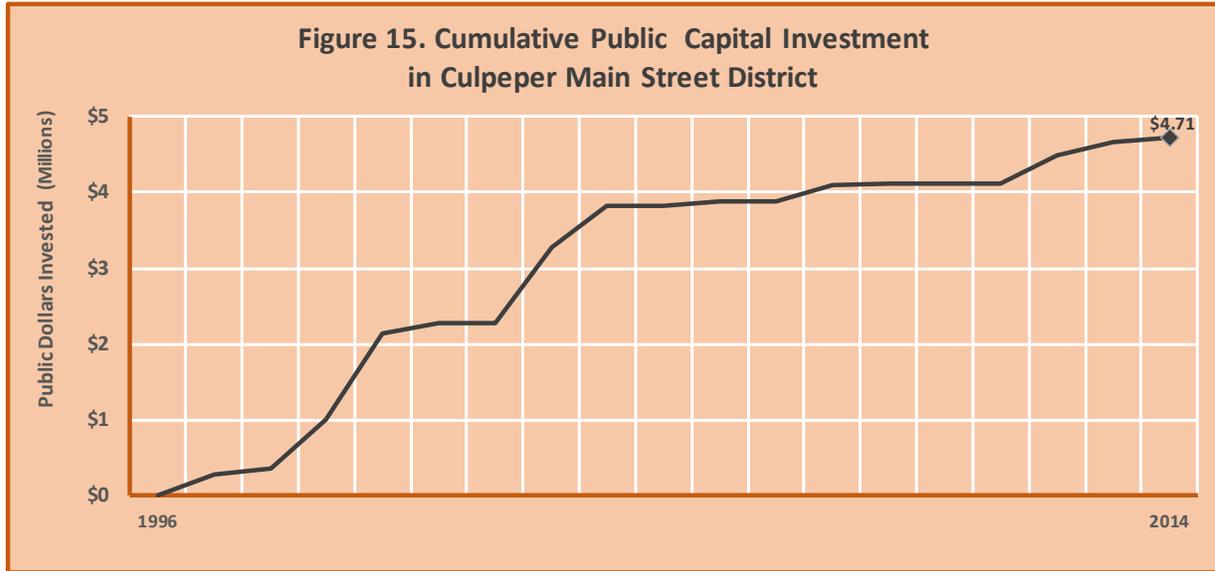
But the merchants, residents and political leaders who were left behind did not throw in the towel. When Norfolk Southern Railroad moved to demolish the Depot in 1987, the locals organized and took action. They formed Culpeper Renaissance, Inc., saved the Depot, established a historic district and placed Davis Street on the National Register of Historic Places. They then realized that the *Main Street Four-Point*

Approach[®] offered a structure that would help them achieve a true Downtown turnaround. They applied and were accepted into the program. As one person put it: *Everything started to change [for the better] after CRI [the Main Street organization] came in.*

Catalytic, Publicly Financed Projects

CRI and the Town of Culpeper set about transforming Downtown into the clean, safe, attractive and vibrant center it is today. They buried the power lines, built brick sidewalks and installed decorative

street lamps. The Depot was stabilized and, with a grant from the Virginia Department of Housing and Community Development in 1999, preserved and prepared to house the Culpeper history museum. Figure 15 shows cumulative public investment in Downtown Culpeper from 1996 to 2014, in constant dollars. Most of the \$4.71 million has taken the form of streetscape, signage, utilities, new facilities and amenities.²⁹



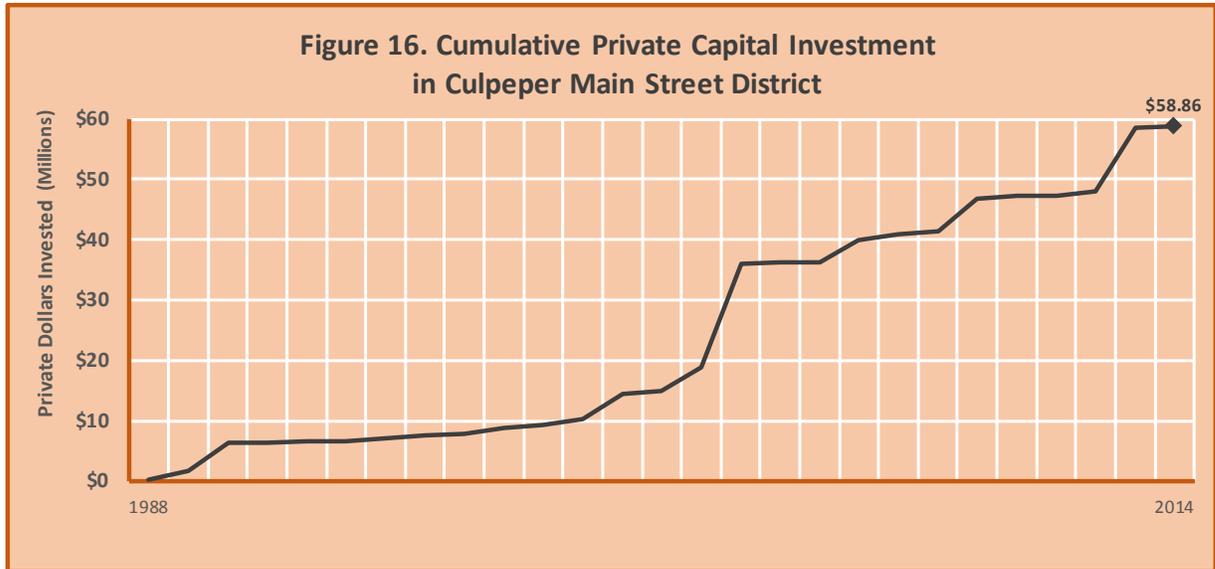
Source : DHCD data on Main Street Program

Note: All value have been adjusted to 2014 Dollars

The Private Sector Returns

These and other public capital investments convinced the private sector that Culpeper was serious about improving Downtown; investors responded by buying and refurbishing the Downtown’s beautiful historic buildings. Figure 16 depicts cumulative private capital investment in Downtown Culpeper of almost \$59 million over the 1998 – 2014 period – 12 times the amount of public capital investment during these years.

²⁹ Public investment began in Culpeper in 1988 but this aspect did not become part of the Main Street reporting system until 1996.



Source : DHCD data on Main Street Program
 Note: All value have been adjusted to 2014\$

Recruiting and Assisting Businesses

Working with property owners, Culpeper Renaissance Inc. recruited new businesses to the refurbished spaces, creating a 21st century Downtown in the historic center.

- *CRI provided an identity for Downtown, a cohesive identity, a brand.*
- *If it had not been for Culpeper Renaissance I would not be here, said one businesswoman. [Others] said they didn't have information on Downtown. So I came and talked to CRI. They gave me all the information I needed.*
- *CRI played a big role in working with property owners and citizens. They helped move the process forward. They also made the Town staff aware of what was needed.*

Culpeper Renaissance, Inc. works carefully with new and existing businesses and arranges for a number of services, including façade renovation and also the business management training offered by the Small Business Development Center at George Mason University.

- *CRI provides free education for merchants on topics such as best-business practices, theft prevention, how to open a business, financial planning, real estate, Facebook pages, and other things. ... When a new business opens CRI does a ribbon cutting, a press release, and a Facebook event page. ... CRI provides a small matching grant for signage or façade painting.*

Today, the first-floor vacancy rate in Downtown Culpeper is 0%:

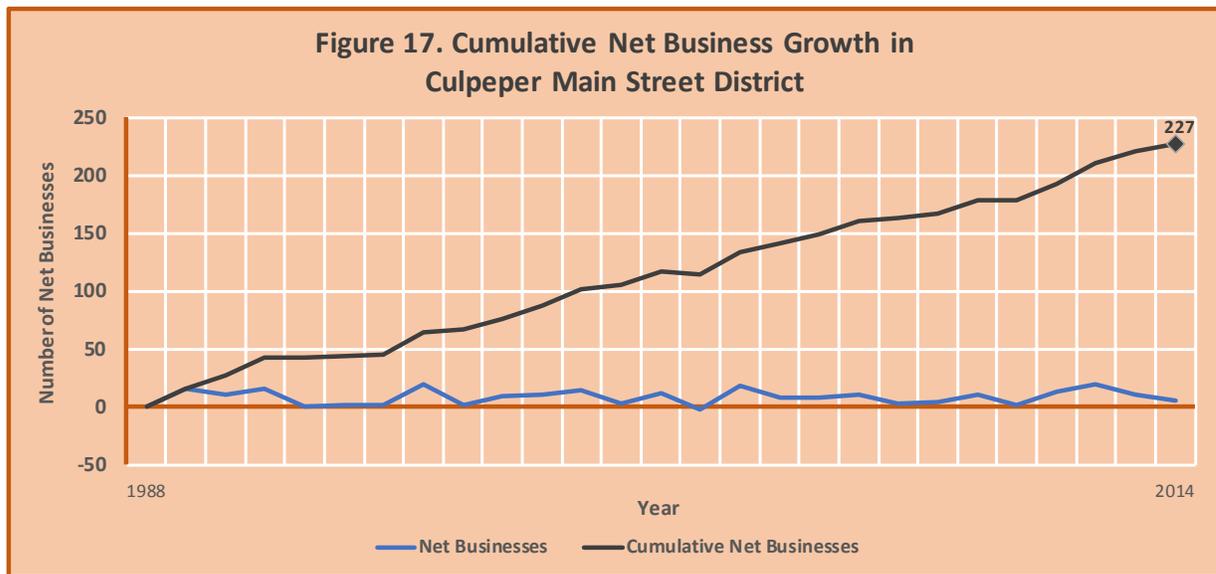
- *When a vacancy is open on Davis Street, it gets filled in a couple of days.*

CRI also helps merchants understand the importance of working together for the good of the district and this permeates all of their activities:

- *We collaborate. Customers notice that. For us, it's important to do so because we depend on each other. I call the other stores before ordering a new line to avoid unnecessary competition. This is pretty unique.*

Business and Job Growth

The public and private investments in Downtown Culpeper have produced impressive results, as depicted in Figures 17, 18, and 19. Figure 17, Cumulative Net Business Growth in the Culpeper Main Street District, shows annual net business growth from 1998 through 2014. The bottom, blue line in the chart shows that the district has experienced positive net business growth – more openings, retentions and expansions into an additional facility than departures or closures – almost every year since 1988. The black line shows that the total of these net additional businesses over the 26-year period is 227 businesses.

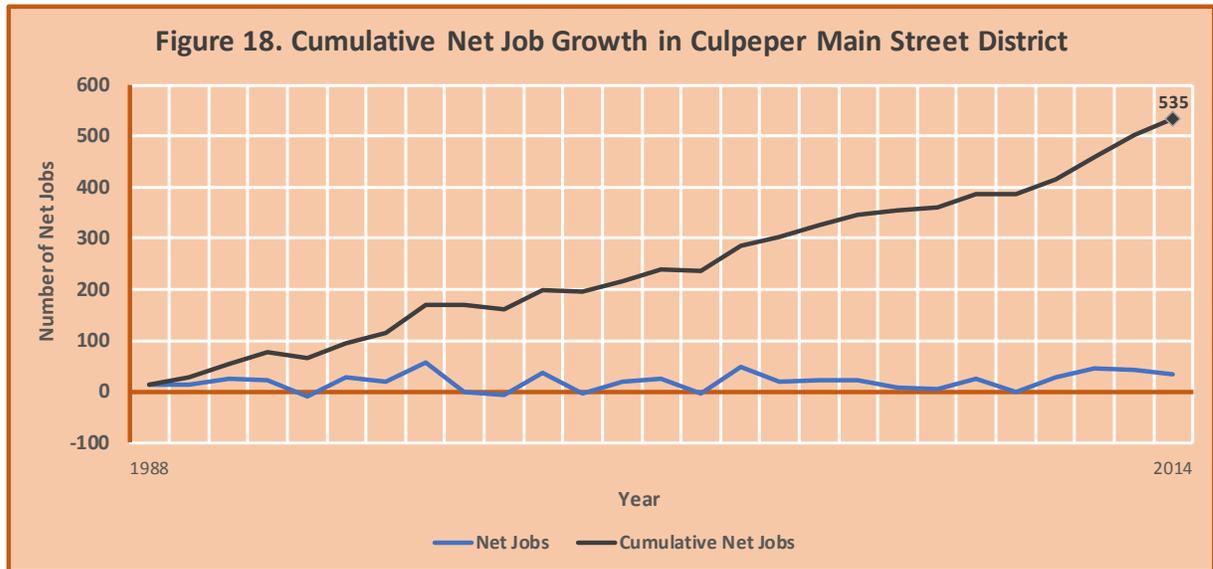


Source : DHCD data on Main Street Program

Note: Net Business Growth is calculated by subtracting business closings and contractions from business openings, retentions and expansions. Retention occurs when a business expresses a serious intention to leave the district, and is convinced to remain through the intervention of the local Main Street organization.

Figure 18, Cumulative Net Job Growth in the Culpeper Main Street District, is similar to Figure 18 but it shows jobs instead of businesses. The blue line shows that in most years, there have been more jobs added than lost and the black line shows the cumulative effect of these additions.

Over the ten-year period: 2004 – 2014, the Culpeper Downtown experienced net business growth (expansion or retention) of nine businesses each year, and average net employee growth of 23 employees per year.

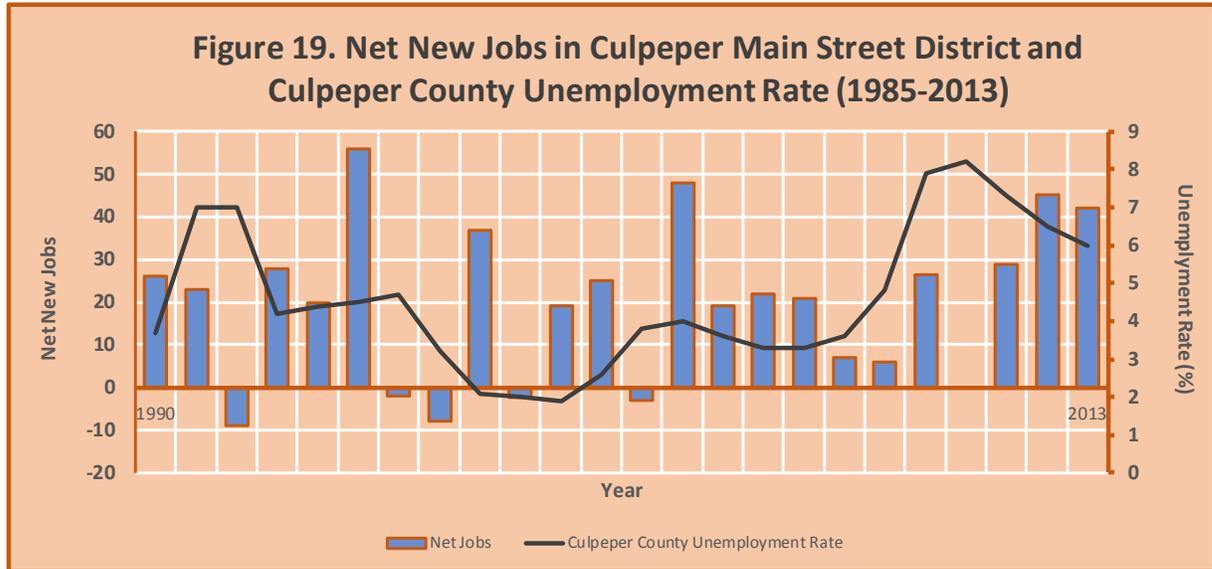


Source: DHCD data on Main Street Program

Note: Net Job Growth is calculated by subtracting job loss from job creation and retention. Retention occurs when a business expresses a serious intention to leave the istrict, and is convinced to remain through the intervention of the local Main Street organization.

Performance during Recessions

Similar to Main Street districts statewide, Downtown Culpeper appears to weather recessions better than does the overall economy. The black line in Figure 19 below shows the annual countywide unemployment rate from 1990 to 2013; the bars show net Downtown jobs for each of those years. In all but six years, net jobs were positive (more added than lost). During the most recent recession, for example, Downtown Culpeper appears to have performed better than the county economy overall, although job growth did drop. Moreover, in 2010, net job growth was flat. (See the discussion of data limitations on pages 14 to 16 above.)



Source: DHCD data on Main Street Program, and Bureau of Labor Statistics

Note: Net Job Growth is calculated by subtracting job loss from job creation and retention. Retention occurs when a business expresses a serious intention to leave the istrict, and is convinced to remain through the intervention of the local Main Street organization.

Unemployment data at county level is available only until 2013

A 21st Century Historic Downtown – Quality and Community

The new Downtown does not seek to compete with the big-box retailers on the highways at the edge of town. Rather, with its outstanding restaurants, coffee shops and diners, wine and cheese shops, boutiques, and professional services, it has staked out new markets, attracting several market segments. Staying true to Main Street’s eight principles, Downtown merchants focus on quality. Said a shopper and a merchant:

- *Everything on Davis and Main Street is about quality. We did not have this in the past. If you want something of good quality, you go Downtown. If we have people visiting us, we bring them Downtown.*
- *People are attracted by our amazing restaurants. And we are easy, just one street. We also have big boxes out of town, if they need them.*

The result is that Downtown is not just a place to shop; it is a place to enjoy. And that appears to be one key reason for its commercial success:

- *We love it. It’s homey.*
- *There is a sense of nostalgia that you won’t get in the shopping or street malls. Downtown attracts locals and tourists. Malls attract only locals. It’s also a different type of customer. Tourists come here*

to spend money. People now recognize Culpeper as an active center, where a lot of things happen. ... You cannot replicate what we have here.

- *It's a sense of community. The people I am buying from are also my friends.*
- *This is a town that still has a soul.*

Regional, national, and international tourists increasingly find their way to historic Downtown Culpeper.³⁰ National and international tourists, in particular, are drawn to the Civil War battlefields and to the Culpeper History Museum, as well as to the Library of Congress and the wineries, horse shows and other attractions nearby. Downtown Culpeper is the perfect stop along the way for them.

And slowly but surely, Downtown Culpeper is attracting residents and new, small high-tech firms that need to be close to Washington, DC, but which do not want to be inside the Beltway. This results in a healthy mix of uses and vibrant, active streets in the daytime, in the evenings, and on weekends.

Promotion

Like all well-run Main Street organizations, CRI strategically promotes the Downtown year-round through numerous activities, including the Downtown Carnival, the Gnarly Hops and Barley Fest, the Thursday Summer Concert Series, Downtown Restaurant Week, Halloween



Trick-or-Treating, the Holiday Open House, the 4th of July Car Show, Small Business Saturday, and a Saturday Farmers Market. These events serve to introduce and re-introduce Downtown to both local and regional visitors.

3. Fourth of July Car and Bike Show - Courtesy of Studio C. Photography

³⁰ Fredericksburg and Charlottesville are about one-hour's drive from Culpeper; Washington, DC is a 90-minute drive away.

Strength in Volunteers

A hallmark of all Main Street Programs is that promotional events, which are organized by the staff and by the volunteer board of directors of the Main Street organization, are carried out by volunteers. Culpeper provides an excellent example of how strong volunteerism makes the Main Street Approach® work.

- *There is a culture of involvement in Culpeper.*
- *Nothing that CRI has done would have been possible without volunteers. This is a very important component. We need volunteers. People enjoy the Downtown, so they are willing to volunteer.*
- *Culpeper has a small-town feel, so it feels like you are doing something for your town.*

Moreover, volunteerism plays a critical role in the development and governance of CRI itself:

- *We don't have [formal] membership as most Main Street communities do. Everybody is a member. Engagement happens through volunteering first, and then if they are engaged CRI asks them to join an event committee, then a Four-Point [standing] Committee, and eventually the board of directors.*

In fact, the spirit of volunteerism is so strong in Culpeper that when the Main Street organization recently found itself without an executive director for a period of time, volunteers stepped forward to take on activities that the director would normally handle and one even loaned money to finance an initiative. In 2014 CRI received a Virginia Main Street Milestone Achievement Award for the dedication of over 30,000 volunteer hours to the revitalization of Downtown.



4. Culpeper Renaissance, Inc.'s 3rd Thursday Concert @ The Depot - Courtesy of VA Department of Housing and Community Development

Between 1997 and 2014 Culpeper logged 35,868 volunteer hours, valued at \$799,100 – the amount CRI would have had to spend if they had purchased the time. But the fact is that CRI could not have purchased this much time with their limited resources. That is the magic of Main Street. It touches the

love of community and traditional downtowns that many people feel and thus draws forth volunteer investment that would otherwise never materialize.³¹

Town – Merchant Middleman

Main Street’s greatest service to the small businesses that occupy Downtown may be its interface with local government. CRI is an excellent communicator for the local government and for Downtown businesses, focusing merchant concerns for local government and also interpreting local government policies for the merchants. As government officials noted:

- *They play an important role in communication. When we communicate through CRI, we do not have a random merchant coming to us to complain.*
- *CRI is representative. When they report issues from Downtown to the Town, they usually bring very reasonable positions. They listen to the merchants and then they come to us.*
- *It is an extremely valuable contribution. It is a friendly voice for the merchants. And for us [in government] too. They work as a filter. This is why we fund them.*

In exchange for its annual contribution of \$150,000 – 45% of CRI’s budget – the Town of Culpeper gets a beautiful Downtown with increasing numbers of businesses and employees who generate healthy tax revenues, and an effective representative of the business community that enhances communication, saving the Town both time and money.

1.1 Economic Impacts of Downtown Culpeper on the Town and County of Culpeper

Actually, Main Street brings even greater benefits than a healthy Downtown to the town and surrounding county. Using the same economic impact methodology and IMPLAN model we employed to calculate the impact of the Main Street Program on the entire State of Virginia, we calculated the impact of the Culpeper Downtown Main Street on the economy of the town and county.



5. Culpeper Downtown Holiday Open House – Courtesy of Culpeper Renaissance, Inc.

³¹ To calculate the value of volunteer hours, national hourly rates for the past ten years were taken from http://www.independentsector.org/volunteer_time. Since 2014 hourly rate data were not available, the 2013 hourly rate was applied to 2014 hours. All dollars have been converted into 2014 dollars.

The total economic impact on Culpeper town and county from spending related to the Main Street Program from 1996 to 2014 is almost \$87 million. (See Table 13.) This value represents a ratio of 1.29 to 1 between expenditures and total economic impact, which means that each \$1 spent for or in relation to the Virginia Main Street Program adds another \$1.29 to the county economy. The total product (value added) generated by Main Street spending is approximately \$45 million, while the labor income (total value paid to workers within the county) is \$36 million. In addition to the monetary impact, the spending of the Main Street Program in Culpeper also generated an additional demand for labor equal to 826 new (full-time equivalent) jobs from 1996 to 2014. Note that this calculation does not include the impacts of Main Street business operations (equipment, supplies, wages) or the taxes they pay (sales, meals, real estate, BPOL), because these data are not available.

Table 13. Estimated Impacts to Culpeper County from Culpeper Main Street District Expenditures*				
	Direct	Indirect	Induced	Total
Labor income	\$26,334,226	\$4,399,168	\$5,266,650	\$36,000,044
Value added	\$27,159,645	\$7,178,621	\$10,623,217	\$44,961,483
Economic Impact	\$57,951,609	\$12,196,066	\$16,726,424	<u>\$86,874,099</u>
Employment Impact (number of jobs)	549	110	168	<u>826</u>

Source : Estimates developed on Virginia DCHD data by the Center for Urban and Regional Analysis at VCU, using IMPLANPro™. Inflation adjustments made using the U.S. Bureau of Labor Statistics' "Consumer Price Index for All Urban Consumers".

Note: All dollar values are in 2014 Dollars

* Expenditures include private and public investment, and the local Main Street Budget.

Table 14 shows a more detailed breakdown of the economic and employment impact results. Similar to what has been observed at the state level, the employment and the economic impact are driven by the construction sector, with a 66% share of the new added jobs and 67% of the increased output. Most of the new jobs and increased economic activity have taken place in the construction sector. Other sectors that were positively affected by the Virginia Main Street Program are trade and professional services. In the trade sector, industries with the greatest impact – both in output and employment – are wholesale trade, motor vehicle parts, food and beverages, and general merchandise; among the professional

services, legal, accounting and architectural services are those that have experienced the greatest economic impact. Other industrial sectors that have experienced a significant positive impact from the Main Street-related spending are trade (wholesale in particular), professional services (mostly architectural firms), real estate, health and family care, and food services.

Table 14. Estimated Economic and Employment Impact to Culpeper County from Culpeper Main Street District Expenditures, by Major Industry Sector					
Classification by output (Millions of Constant 2014 Dollars)			Classification by employment (Number of Jobs)		
Industry	Total Economic Impact	Percent of Total Impact	Industry	Total Employment	Percent of Total Employment
Construction	\$57.81	67%	Construction	547	66%
Trade (wholesale and retail)	\$5.25	6%	Trade	72	9%
Professional services	\$5.02	6%	Professional Services	65	8%
Real estate	\$4.86	6%	Health care	40	5%
Health Care	\$3.23	4%	Food Services	23	3%
All Other Industries	\$10.70	12%	All Other Industries	79	10%
Total	\$87	100%	Total	826	100%

Source: Estimates developed on Virginia DCHD data by the Center for Urban and Regional Analysis at VCU, using IMPLANProTM. Inflation adjustments made using the U.S. Bureau of Labor Statistics' "Consumer Price Index for All Urban Consumers".

Creative Place-making

CRI's major contribution has been to build and maintain Downtown Culpeper as a dynamic, 21st century place that is uniquely attractive to residents, investors, businesses and shoppers. By re-purposing the Downtown in this way, CRI has breathed new economic life into the infrastructure and buildings constructed during the past century so that the community can continue to receive a return on this investment, and so that citizens can continue to enjoy and feel connected to their community through its Downtown. In 2012 CRI received the National Main Street Center's highest honor in recognition of its achievements – the Great American Main Street Award.³²

³² National Main Street Center: *Culpeper Renaissance, Inc. Great American Main Street Award*. <http://www.preservationnation.org/main-street/awards/gamsa/2012-gamsa/culpeper-virginia.html>, accessed March 5, 2015.

2. Harrisonburg Downtown Renaissance – “The Best Use of Taxpayer Money!”

Harrisonburg is an independent city of 51,395³³ persons in the Northern Shenandoah Valley. It is also the county seat of Rockingham County and the home of James Madison University and Eastern Mennonite University. The area now known as Historic Downtown Harrisonburg was founded in 1779 and incorporated as a town and the capital of Rockingham County in 1780. It became an independent city in 1916.³⁴ A productive farming region since its earliest settlement, the area has long been known for its poultry industry. Although the region has a diversified economy today, its agricultural heritage is still evident in some structures on the edge of Downtown.³⁵



6. Historic Court Square - Courtesy of Harrisonburg Tourism, 2013

The Low Point

Until the 1980s Downtown Harrisonburg was the undisputed center of commerce for Rockingham County and surrounding areas, even though Urban Renewal in the 1960s and '70s took some of its most charming historic buildings. But the development of shopping malls near the Interstate after 1980 all but erased Downtown's retail and consumer services. As residents, city officials and business owners recalled:

- *Before the mall opened, this was the shopping hub. Then came the mall and annexation. Stores moved to the mall. Other stores just closed or moved out.*

³³ This estimate by the US Census Bureau calculated in 2013, marks an increase of 27% since 2000.

³⁴ Harrisonburg, Virginia, Wikipedia, http://en.wikipedia.org/wiki/Harrisonburg,_Virginia; Rockingham, Virginia. Wikipedia, http://en.wikipedia.org/wiki/Rockingham_County,_Virginia

³⁵ Rockingham County, Virginia, <http://www.rockinghamcountyva.gov/index.aspx?NID=120>

- *Downtown was very lively, until the strip malls came to town in the 1960s and 1970s. The Downtown died because of that. Before you were able to walk in the streets at night because there were people around.*
- *We lost a theater and they built a parking lot. In the late '60s during Urban Renewal, they just condemned block after block. They tore down buildings. We lost an identity in Downtown.*
- *Also, chain restaurants came Downtown and kicked out the local restaurants. It was cool to go to chain restaurants.*
- *Downtown was pretty dead. In the mid '90s streets were empty. There was not much activity; hardly any housing and very few retailers or restaurants.*

Person-to-Person

By the mid '90s City leaders were ready to try new initiatives to resuscitate Downtown commerce. Studies and debate about various proposals ensued, as did some initiatives. When a local newspaper columnist suggested a pedestrian zone as a way to revive the Downtown in 2002, conflict ensued. To mediate the conflict and help the community reach consensus on how to proceed, the City engaged Eddie Bumbaugh of Harrisonburg's Community Mediation Center (now the Fairfield Center). Bumbaugh, a lifetime Harrisonburg resident, established a structure for dialogue that all parties trusted. He also invited national experts on downtown revitalization, such as Kennedy Smith, formerly with the National Main Street Center, to address the community. As one board member recalled:

- *Kennedy Smith came to visit us at the very beginning. Very bright lady. She took us through the Four Points [of the Main Street model]. She was very adamant about getting people to live Downtown.*

From Mediating to Organizing

In 2003 the City decided to adopt the structured approach of the Main Street Program and established Harrisonburg Downtown Renaissance. They enlisted Bumbaugh to serve as executive director because his careful approach to resolving conflicting views about Downtown revitalization had won the trust of all sides, or almost all sides. As City Council was deciding if it should appropriate \$80,000 for the new program during a tight budget year, residents voted the expenditure the "Worst Use of Taxpayer Money." The label would not stick, however. In the 12 years since its establishment, Harrisonburg Downtown Renaissance (HDR) has won the "Best Use of Taxpayer Money" award six times.³⁶

³⁶ Daily News-Record: *Our Valley*, May 23, 2014.

How did this happen? Through the organizing work of HDR and the solid structure of the *Main Street Four-Point Approach*[®]. Building upon the momentum generated through the community mediation and consensus-building process, HDR developed a hardworking board of directors, an advisory board of community thought-leaders and decision makers, a staff of young, energetic workers eager to contribute to revitalizing the Downtown, a large and growing list of private donors, and a growing community of enthusiastic volunteers, who invested 94,614 hours between 2004 and 2014, with a market value of over \$2 million.³⁷

These relationships created “social capital” that has supported the formation of collaborative partnerships, one of which is with James Madison University. Prior to HDR, JMU had no presence Downtown, although its campus sits on the edge of it. Now, however, the partnership’s initiatives and developments bring students Downtown regularly. The initiatives include an annual “Block Party in the Burg” attended by 5,000 freshmen annually. The partnership is set to reach a new level with the location of a JMU facility Downtown as well.

The results of HDR’s organizing work are impressive. Although the City’s annual direct support for HDR has not changed in 12 years, Downtown Harrisonburg is experiencing a robust renaissance brought about through the work of HDR and its collaborators. Within the Main Street district, real estate property value doubled from 2002 to 2013, from \$256.8 million to \$502.8 million.³⁸ In 2003 there were no restaurants Downtown; now there are 30 – *an amazing*



7. Explore More Discovery Museum – Courtesy of Harrisonburg Downtown Renaissance

restaurant culture, as one City official put it. In 2003 there were 150 living units Downtown; now there are more than 500 with more coming on line.³⁹ Unlike most other historic downtowns, Harrisonburg has managed to develop a full-line grocery store. Although traditional Downtown retail (clothing, furniture) has given way to more “recreational retail,” Downtown still has the popular Massanutten Regional

³⁷ Harrisonburg Downtown Renaissance: [Annual Report, 2012-2013](#), Volunteer hours and market value source is VA Department of Housing and Community Development. Dollar amounts expressed in 2014 constant dollars.

³⁸ Numbers supplied by Eddie Bumbaugh, January 2015.

³⁹ Daily News-Record: *Our Valley*, May 23, 2014, p. 38 and HDR board member interviews, January 2015.

Library and the now expanded Explore More Museum, as well as arts & crafts shops, professional services, a bookstore, bike shops, an outdoor apparel store and other retailers.

Renovating Historic Buildings

The new businesses and residents would not have come if historic properties had not been tastefully renovated to house them and this would not have happened without the use of State and Federal historic tax credits. Said one business owner:

- *We had this sleeping giant. A lot of vacant buildings that were waiting to be occupied.*

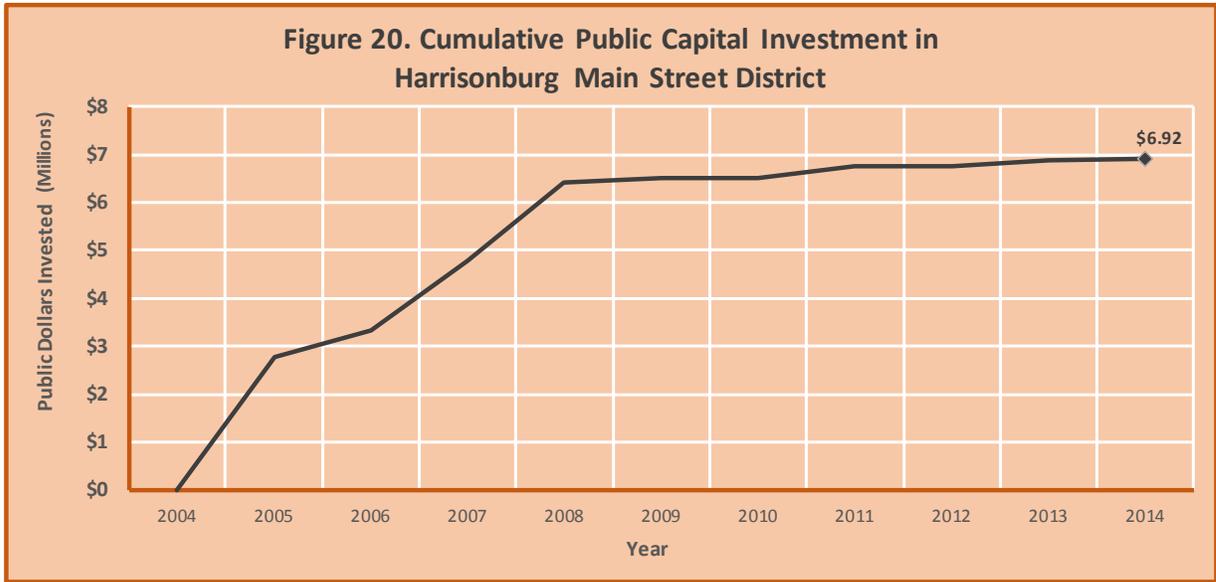
But there was a problem:

- [Prior to HDR] *the Virginia Department of Historic Resources came here [to tell property owners about the advantages of historic district designation and historic tax credits] and the property owners were not supporting the designation – they were scared [of the possible constraints that designation might bring].*
- *We treated the Department of Historic Resources people so bad that they never came back here. Then HDR pushed again on the designation. Eddie worked with Historic Resources to have their representative come back – they did not want to. Without the designation this revitalization would not have happened. But HDR convinced them. Then people had the possibility to use tax credits and that made a lot of projects – including restaurants – much more viable. Tax credits were vital.*
- *Historic district designation was obtained in 2005 and that had a big impact, especially for tourism. Once Downtown was designated as a historic place, it was easier to sell the city to tourists.*



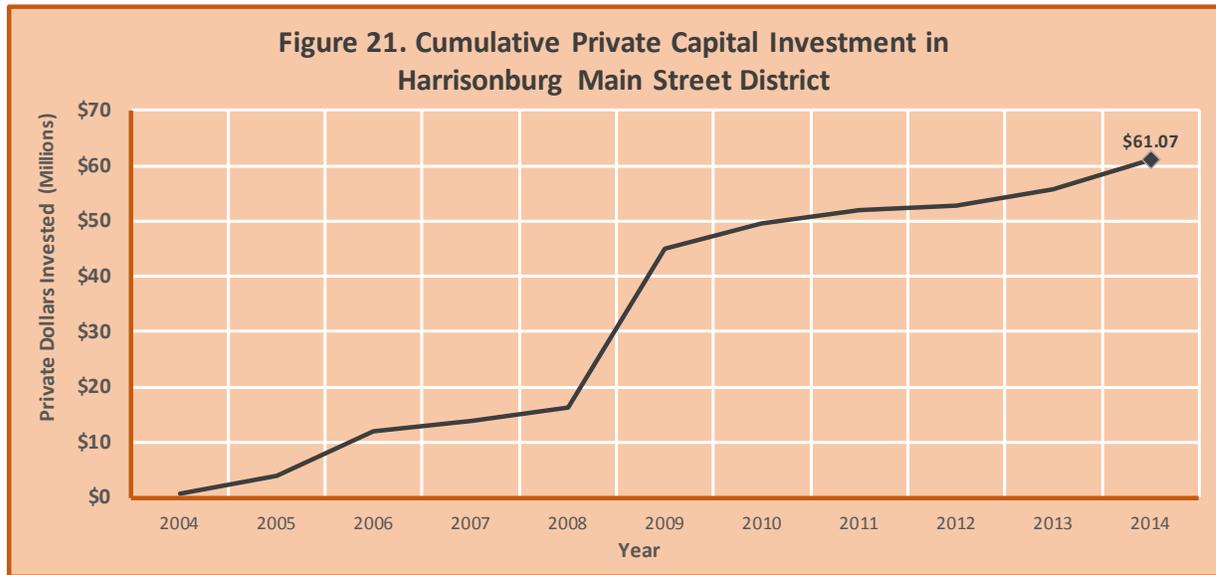
8. Downtown Living in Harrisonburg - Courtesy of Preservation Virginia

In addition to historic property renovation, HDR has also initiated and helped to organize support for public and streetscape improvements, a farmers' market pavilion, and a hotel and conference center. Figure 20 shows cumulative public investment in Downtown Harrisonburg from 2004 to 2014, in constant dollars. Most of the \$6.92 million has taken the form of streetscape, signage, utilities, new facilities and amenities.



Source : DHCD data on Main Street Program
 Note: All values have been adjusted to 2014 Dollars

Figure 21 depicts cumulative private investment in Downtown Harrisonburg of over \$61 million over the 2004-2014 period – over nine times the amount of public capital investment during these years.



Source : DHCD data on Main Street Program
 Note: All values have been adjusted to 2014 Dollars

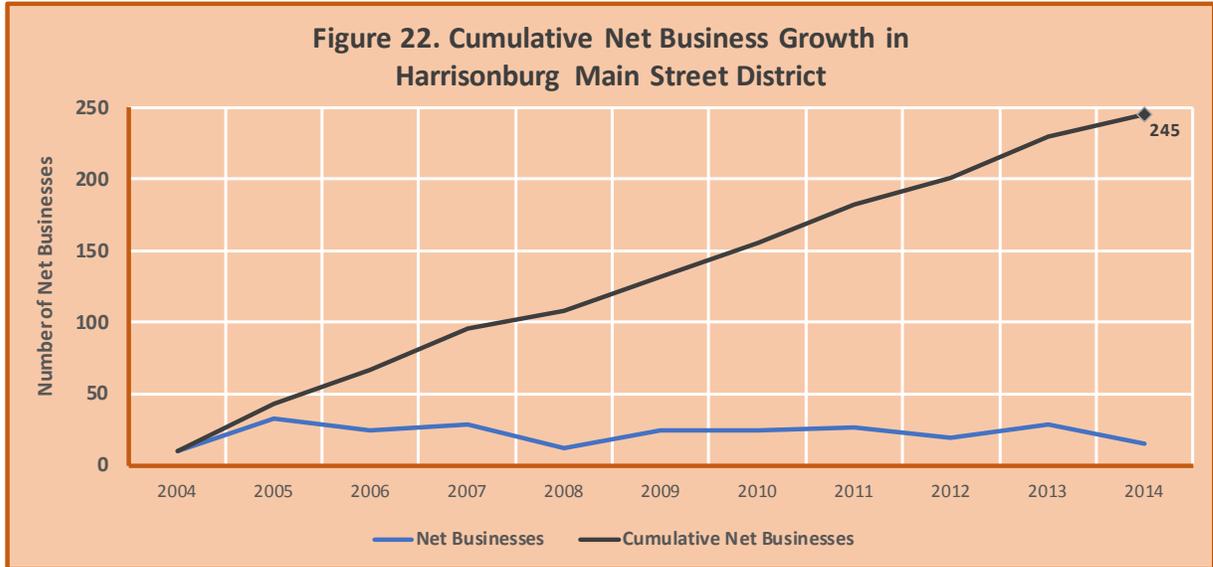
Recruiting and Promoting

HDR is also regarded as a very effective recruitment agent for the Downtown – prospective businesses and residents turn to HDR for information and find themselves choosing Downtown. They use HDR’s Business Recruitment Guide and a Business Resource Guide, but most importantly, they use the services provided by HDR:

- *HDR has done a lot for my business – they showed us around, showing properties. They were holding our hands during the process. We also accessed their façade grant to improve the building. And then advertising is another big piece.*
- *My restaurant would not be here without Eddie. He was with me during a frustrating time. And I would not be here without tax credits either.*
- *Eddie has the connection with the property owners. He operates as a middle man.*
- *HDR has created a package to help businesses get started. ... Also, many of the businesses that come here want to remain anonymous [while they are looking for space]. Real estate brokers don’t guarantee that. Eddie does. That has a big effect. He is very discrete.*

Business and Job Growth

The public and private investments in Downtown Harrisonburg have produced excellent results, as shown in Figures 22, 23, and 24. Figure 22, Cumulative Net Business Growth in Harrisonburg Main Street District, shows annual net business growth from 2004 through 2014. The bottom, blue line shows that the district has experienced positive net business growth – more openings, retentions or expansions into additional facilities than departures or closures – every year since 2004. The black line near the top shows that the total of these net annual additional businesses is an impressive 245 businesses.



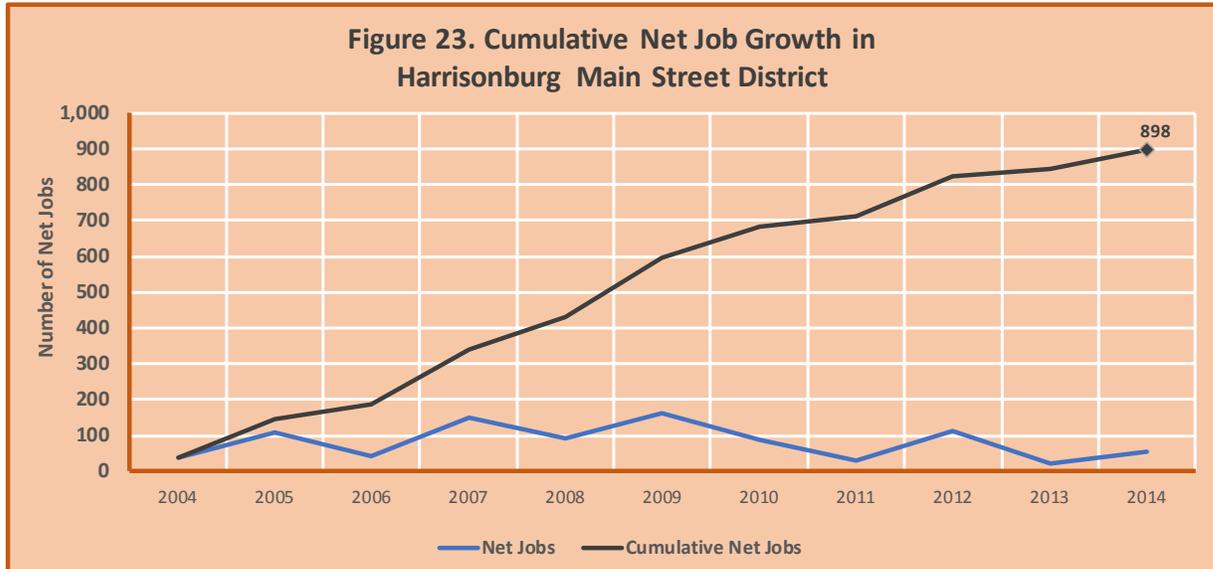
Source: DHCD data on Main Street Program

Note: Net Business Growth is calculated by subtracting business closings and contractions from business openings, retentions and expansions. Retention occurs when a business expresses a serious intention to leave the district, and is convinced to remain through the intervention of the local Main Street organization.

Figure 23, Cumulative Net Job Growth in Harrisonburg Main Street District, is similar to Figure 22, but it shows jobs rather than businesses. The blue line at the bottom shows that in every year since 2004 there have been more jobs added than lost; the black line at the top shows the cumulative effect of these annual net additions – 898 jobs.



9. Harrisonburg Downtown Retail Shop - Courtesy of Harrisonburg Downtown Renaissance

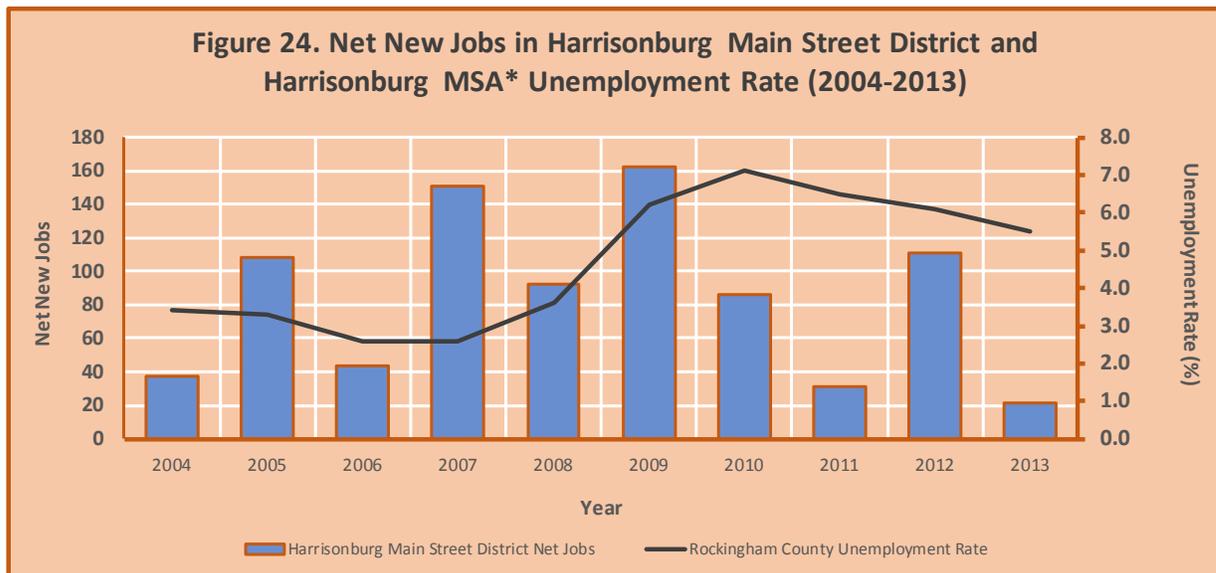


Source : DHCD data on Main Street Program

Note: Net Job Growth is calculated by subtracting job loss from job creation and retention. Retention occurs when a business expresses a serious intention to leave the istrict, and is convinced to remain through the intervention of the local Main Street organization.

Performance during Recessions

Figure 24 shows that Downtown Harrisonburg performed relatively well during the most recent recession. Even as the metro-wide unemployment rate reached 7%, Downtown Harrisonburg experienced net job growth. (See the discussion of Main Street business and job data limitations on pages 14 to 16.)



Source : DHCD data on Main Street Program, and Bureau of Labor Statistics

Note: Net Job Growth is calculated by subtracting job loss from job creation and retention. Retention occurs when a business expresses a serious intention to leave the istrict, and is convinced to remain through the intervention of the local Main Street organization. Unemployment data at MSA level is available only until 2013. Harrisonburg Msa is comprised of Rockingham County and the City of Harrisonburg.

Many of Downtown’s new residents also entered through HDR:

- *We were in Los Angeles trying to find an apartment in Harrisonburg and HDR was the only group that helped us. Their website has a list of apartments. From there we got into contact with the owner and I came here for three days to pick an apartment. We use HDR’s website a lot.*

Promotion

One of Main Street’s most powerful tools for attracting and retaining businesses and residents, as well as for sustaining momentum for continuous improvement, is promotion. Under HDR’s leadership, Harrisonburg now features numerous strategically focused events that help make Downtown an exciting, entertaining place for the entire community. Upwards of 20 major events are held annually, including First Fridays Art Walk, Taste of Downtown restaurant week, the MACROCK music festival with 100 bands and workshops, the Rocktown Beer and Music Festival, the historic Court and Market Days festival, Fridays on the Square live music, FundFest live music and beer garden, the Valley Fourth of July festival, the Alpine Loop Gran Fondo cycling weekend, the Rocktown Fall Beer Fest, the Farm-to-Table Breakfast, Halloween on the Square, a Veterans Day Recognition, Shop Local for the Holidays promotions, a Holiday Parade and Tree-Lighting event, Downtown Holiday Tour, and First Night Harrisonburg.⁴⁰



10. Beer and Music Festival - Courtesy of Brandy Somers

Tapping New Markets

HDR’s efforts have attracted both new and longtime Harrisonburg residents to the Downtown:

- *I’ve lived here for my entire life, except when I was at college. When I was young there were only two or three places Downtown, until the early 2000s. It started booming [then]. My family lives 15 minutes from Downtown, but I always came for the library. I’m a Downtown shopper now...sometimes I also come on Saturdays for entertainment.*

⁴⁰ Daily News-Record: *Our Valley*, May 23, 2014, p. 38 and HDR board member interviews, January 2015.

New users have also been attracted to Downtown's new restaurants, night life and events. Chief among these, perhaps, is the James Madison University (JMU) student market. With 20,000 students and a location on the edge of the Downtown, JMU would seem to be a natural market for Downtown. But until the arrival of HDR, students rarely found a reason to venture into the Downtown; when they left campus at all, it was to patronize an establishment in a strip mall. Students now bring their families to Downtown as well:

- *JMU families are an important part of the Downtown customer base now – 60,000 JMU family members visited in 2014.*
- *JMU is a really big component of Downtown customers [now]. Even before coming to school, when they visit colleges. Nowadays it matters more and more in what city or town the college is located.*



11. Harrisonburg Arts Scene – Larkin Arts – Courtesy of Katie Schmid

Downtown is attracting other new customers as well:

- *Tourism is becoming an important part of Downtown.*
- *The nearby ski resorts are another attraction that brings people here. They look for a good place to eat, or a nice downtown. These are people looking for an experience, not a mall. They can go to a TGI Friday's in their hometown.*
- *The Blue Ridge and the National Park bring people here – these are often recurring customers.*
- *Twenty-five percent of museum visitors come from outside Virginia. And these people want to eat at a restaurant when they come here.*
- *Tourists are looking for a cultural experience. And music, wine and beer attract people from all over the region. Then they come back because of the restaurants, and because these restaurants carry micro-brews.*

2.1 Economic Impact of Downtown Harrisonburg on the Harrisonburg and Rockingham Economy

The benefits of Main Street are experienced not just Downtown, but throughout the Harrisonburg-Rockingham metropolitan area. Using the same economic impact methodology and IMPLAN model we employed to calculate the impact of the Main Street Program on the entire State of Virginia, we calculated the impact of the Harrisonburg Downtown Main Street on the economy of the metropolitan area.

The total economic impact of the Harrisonburg Main Street district's spending from 2004 to 2014 is almost \$94 million, with a multiplier of 1.33. Put differently, the \$72 million in public and private capital investment, plus HDR's annual operating budget, generated an additional \$94 million in new economic activity within the Harrisonburg-Rockingham MSA. The value added in this case is equal to approximately \$44 million, while the labor income (i.e. salaries paid to workers within the county) is \$35.5 million. On the employment side, the Harrisonburg Main Street district generated, over the past ten years, additional activity to support 864 new full-time equivalent jobs (see table 15). Note that this calculation does not include daily operations of Downtown's businesses or the tax revenues they generate.

Table 15. Estimated Impacts to Rockingham County and the City of Harrisonburg from Harrisonburg Main Street District Expenditures*				
	Direct	Indirect	Induced	Total
Labor income	\$26,060,116	\$4,820,929	\$4,627,969	\$35,509,015
Value added	\$27,036,232	\$7,725,555	\$9,373,568	\$44,135,355
Economic Impact	\$64,681,604	\$13,850,334	\$15,176,646	<u>\$93,708,585</u>
Employment Impact (number of jobs)	616	116	131	<u>864</u>

Source : Estimates developed on Virginia DCHD data by the Center for Urban and Regional Analysis at VCU, using IMPLANPro™. Inflation adjustments made using the U.S. Bureau of Labor Statistics' "Consumer Price Index for All Urban Consumers".

Note: All dollar values are in 2014 Dollars

* Expenditures include private and public investment, and the local Main Street Budget.

In Harrisonburg’s economic impacts, the role of the construction sector is very significant. Table 16 shows that 69% of the total economic impact and 71% of the total employment impact is concentrated in this sector. Other sectors like trade, real estate, health services and professional services have also been positively affected, but with percentages of the total impact that range from 3% to 7% both for employment and overall economic impact.

Table 16. Estimated Economic and Employment Impact to Rockingham County and the City of Harrisonburg from Harrisonburg Main Street District Expenditures, by Major Industry Sector					
Classification by output (Millions of Constant 2014 Dollars)			Classification by employment (Number of Jobs)		
Industry	Total Economic Impact	Percent of Total Impact	Industry	Total Employment	Percent of Total Employment
Construction	\$64	69%	Construction	612	71%
Trade (wholesale and retail)	\$5	5%	Trade	60	7%
Professional services	\$5	5%	Professional Services	54	6%
Real estate	\$5	5%	Health care	30	3%
Health Care	\$3	3%	Real estate	22	3%
All Other Industries	\$12	13%	All Other Industries	85	10%
Total	\$94	100%	Total	864	100%

Source: Estimates developed on Virginia DCHD data by the Center for Urban and Regional Analysis at VCU, using IMPLANProTM. Inflation adjustments made using the U.S. Bureau of Labor Statistics' "Consumer Price Index for All Urban Consumers".

The Old Downtown is “No Longer Visible”

The result of the diligent and effective organizing, physical development, strategic promotions, new businesses and residences, is a new downtown. According to longtime residents and other community members:

- *Walkability. I know everybody in town. And I know if I’m spending a dollar here, most of it is going to the community. I like the density of everything, but I still like the fact that it’s not too big.*
- *The sense of community. The shop keepers know you. People know our dog by name. We like the local shops. People sell you stuff that they are passionate about.*

- *Every time you go to happy hour, it seems like you're going out with friends. There are no chain restaurants. ... Everything here is so unique.*
- *It is a particularly exciting time to be living here. The new hotel, the new streetscape on Main Street, new businesses coming to town. It feels like you're part of a movement.*
- *The focal point of Harrisonburg is now Downtown, not just as the home of James Madison University. There's been an identity shift, from being simply a historic place to a place with an amazing downtown with a great dining scene.*
- *There's a community spirit here. People are proud of Downtown.*

As expressed by Andrew Forward, HDR board member and developer, *"The downtown Harrisonburg of eleven years ago is no longer visible. It has been replaced by a new vibrant lifestyle of offices and retail during the day and restaurants at night."*⁴¹

The icing on the cake – In 2014, the National Main Street Center honored Harrisonburg as one of only three national winners that year of the Great American Main Street Award.

⁴¹ Harrisonburg Downtown Renaissance: *Annual Report, 2012-2013.*

3. Destination Downtown South Boston – Place-making in the New Southside Virginia

A Region in Transition

For many people, the name Southside Virginia conjures up images of tobacco farms and textile and furniture factories – farms that no longer cultivate tobacco and factories that have closed or gone offshore. Southside Virginia is a region suffering the effects of almost wholesale economic restructuring and job loss. This has resulted in population decline and the aging of the population, as many working-age persons have left for metro areas like Raleigh, Roanoke or Richmond to make their fortunes. Between 2000 and 2010 the population of the Southside region increased by only 1.4% (versus a 13% increase in the Commonwealth of Virginia overall), and 15 of its 22 jurisdictions suffered natural population decrease, as deaths outnumbered births.⁴²



A Distressed Downtown

South Boston has felt the impacts of these economic and demographic changes. Between 2000 and 2013, South Boston's population declined by 5.6% to 7,989 persons and the population of Halifax County, in which South Boston is located, declined by 5%. Over 20% of South Boston's population is aged 65 and over, as opposed to 12.2% in Virginia overall.⁴³ South Boston was an independent city until 1995, when it turned in its charter to Halifax County, being no longer able finance schools and other services that the County now provides. The negative effects on Downtown of regional economic change

⁴² Weldon Cooper Center for Public Service: Regional Profile: Southside Virginia. University of Virginia, Rebecca Tippett, Rebecca.tippett@virginia.edu

Census Viewer: Virginia Population, <http://censusviewer.com/state/VA>

⁴³ <http://www.census.gov/population/cencounts/va190090.txt> Virginia

Population of Counties by Decennial Census: 1900 to 1990, US Bureau of the Census

US Census Bureau: Quick Facts: South Boston (town), Virginia. <http://quickfacts.census.gov/qfd/states/51/5173712.html>. Also Wikipedia:

Halifax County, Virginia. http://en.wikipedia.org/wiki/Halifax_County,_Virginia and South Boston, Virginia.

<https://www.google.com/webhp?sourceid=chrome-instant&ion=1&espy=2&ie=UTF-8#q=south%20boston%20va%20population>

were exacerbated when automobile-oriented retail began to appear outside Downtown in the 1990s. According to longtime residents:

- *As a youngster, I remember the Downtown was very vibrant. On Friday nights you were dressing up to go Downtown. You were not going out if you were underdressed. ... Now population is declining, it is aging and it is on fixed incomes. ... Forty percent of our income is coming from entitlement programs.*
- *The big boxes – Lowe’s, Wal-Mart – moved in in the early ‘90s. We lost some stores, like Leggett’s, which moved to the shopping center two miles down the road in the ‘80s and then we lost their headquarters in ‘94. There were a lot of empty buildings.*
- *I saw Downtown South Boston going through the transition, from the place to shop to declining and a lot of businesses leaving, to where we are now, where businesses are coming back.*

Building Destination Downtown South Boston

By the late 1980s business owners began attempting to revitalize the Downtown to attract more businesses and shoppers. They wanted the structured Main Street Approach[®], but South Boston initially did not meet all of the requirements for membership.

- *Before the Main Street Program we had a small organization of merchants. We were doing solely promotion, but we were not doing anything to improve Downtown. The Four Points Approach gave us structure, it organized us. Without that we never would have been able to get people together to revitalize Downtown.*



12. Main Street banner - Courtesy of Destination Downtown South Boston

Because it was formed by the merger of a Downtown merchants’ association and a local-government initiative that existed during the 1990s, Destination Downtown South Boston (DDSB) has a different relationship with local government than do most Main Street communities. Local government directly pays the salaries of the director and a part-time events coordinator, it handles employee benefits and related issues and it provides office space. All other expenses are paid by DDSB itself through funds that it raises. Nevertheless, DDSB must still go before Town Council each year to justify the funding it receives.

Committed Volunteers

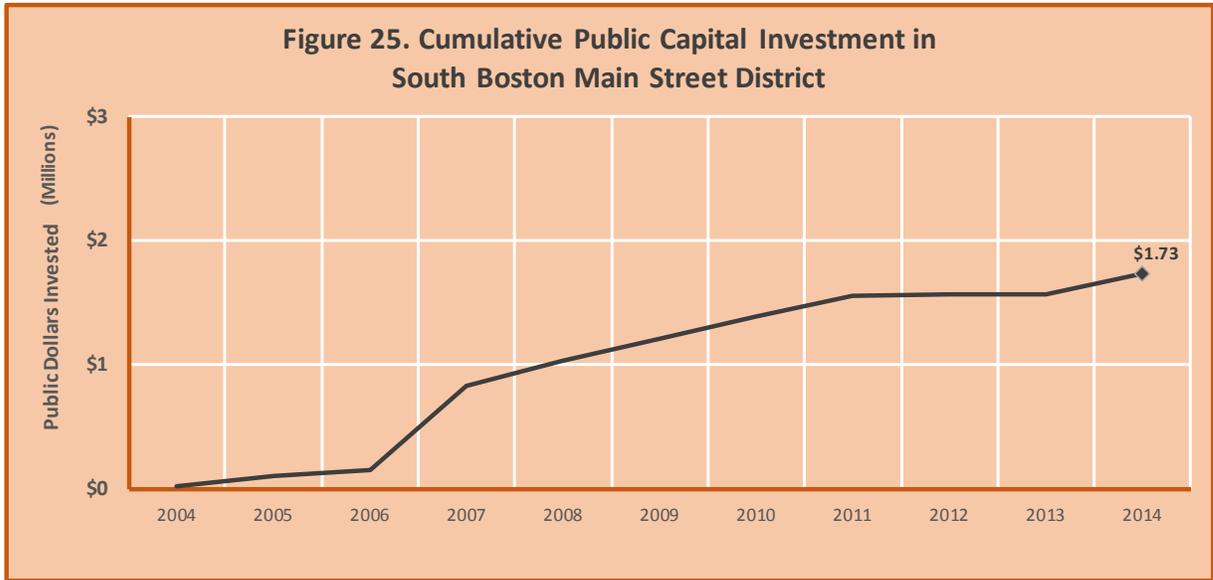
As in all Main Street communities, volunteers are essential to the work of the organization. Despite the demographic challenges it faces, DDSB has a growing community of volunteers who are excited about what they are achieving through the Four-Point Approach. In 2014 DDSB received a Milestone Award from Virginia Main Street for surpassing the 20,000 mark in volunteer hours invested since 2004. Between 2004 and 2014 DDSB logged 21,654 volunteer hours, with a market value of \$487,000.⁴⁴ Volunteers explained why they invest their time so willingly in DDSB:

- *I have a love of Downtown and I want to see it prosper. With this organization and its Four-Point program we can improve Downtown in many ways, by attracting businesses and people Downtown.*
- *I did my 6th grade paper on South Boston revitalization. I used to go to Downtown business association meetings with my dad. From that point forward, I've been interested in this issue. Finding more businesses that offer a more personal relationship to the customer is important because they are the ones that can stay Downtown.*
- *The restoration of the Downtown feeling is what I like! I love seeing stuff come back.*
- *When I came into town for the first time I looked around and I said Oh my God! Then over the next seven to eight years I saw changes and then I got involved with the Main Street organization. I wanted to be a part of what was happening, which was something good.*

Public and Private Investment

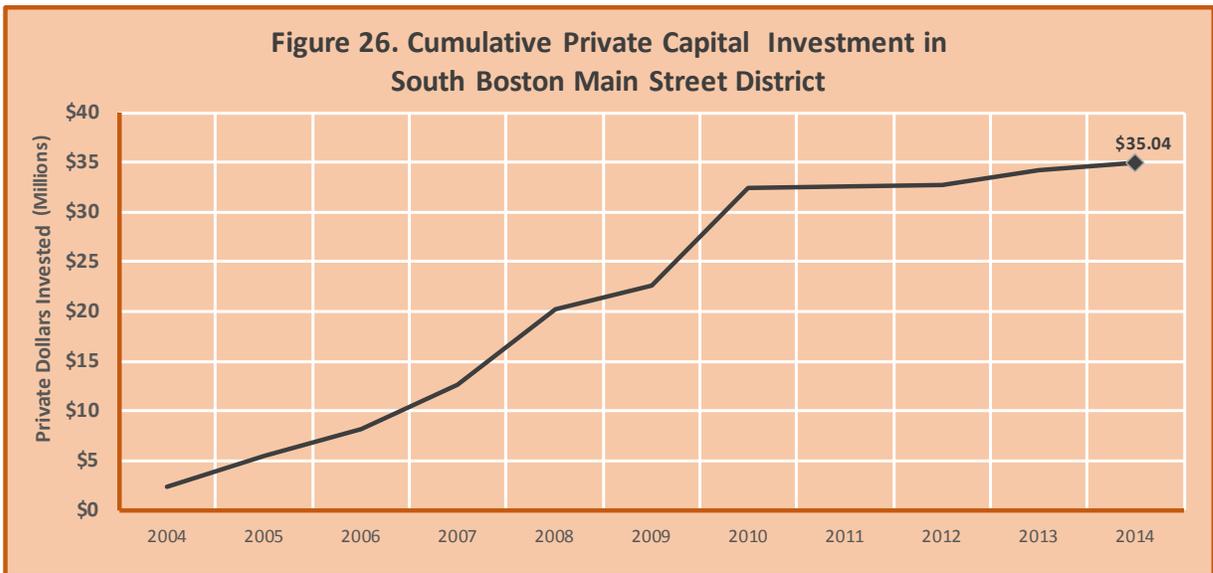
Figure 25 shows cumulative public investment in Downtown South Boston from 2004 to 2014, in constant (inflation-adjusted) dollars. The \$1.73 million has taken the form of streetscape improvements, signage, utilities, and amenities.

⁴⁴ VA Department of Housing and Community Development data, converted into constant, 2014 dollars.



Source : DHCD data on Main Street Program
 Note: All values have been adjusted to 2014 Dollars

Figure 26 depicts cumulative private investment in Downtown South Boston of over \$35 million over the 2004-2014 period – 17 times the amount of public capital investment during these years.



Source : DHCD data on Main Street Program
 Note: All values have been adjusted to 2014 Dollars

Strategic Promotion

DDSB takes a strategic approach to promotions and events. Some have a fundraising purpose, whereas others focus more on reacquainting residents with Downtown so they are more likely to consider shopping and dining there in the future. Annual events include a Christmas Parade, Small Business Saturday, a Harvest Festival, Summer Concerts, Movies on Main (Street), and a Christmas Open House. DDSB also collects food and clothing for charity between Thanksgiving and Christmas. DDSB



13. Downtown Enthusiasts in South Boston - Courtesy of Preservation Virginia

also organizes Downtown Mixers for business and property owners and employees after hours, a window decorating contest and an art walk. These events are helping to create a new buzz about Downtown and they contribute to the growth of confidence that Downtown is rebounding.

Doing Projects, Recruiting Businesses

But it is DDSB's project and business development work that are making Downtown South Boston a 21st Century place in the new Southside Virginia. Some of the most significant projects accomplished during the past ten years include the following:⁴⁵

The Prizery: a 38,000 square foot arts and cultural center created in a building where tobacco leaves were "prized," i.e., pressed into barrels for shipping from South Boston via the Dan River. The building, which is located in the South Boston Historic Tobacco Warehouse District, includes a performing arts theater, an art gallery, classrooms, and an exhibit commemorating the "Crossing of the Dan," a key event in



14. The Prizery Stage - Courtesy of Destination Downtown South Boston

⁴⁵ These project descriptions were taken from the Destination Downtown South Boston web site and linked pages: <http://www.downtownsobo.com/>

the American War of Independence. Under the leadership of Tamyra Vest, DDSB and its predecessor organization played an important role in organizing the restoration of this building.

Also located in the South Boston Historic Warehouse District is the Southern Virginia Higher Education Center. Founded in 1988 in an old high school annex nearby, the Higher Education Center makes up for the lack of a four-year higher education institution or community college in the vicinity through an array of courses, high-tech training, and related services for area residents. It was relocated to the warehouse district in 2001.

New Brick Tobacco Warehouse: Through the leadership of DDSB in collaboration with the Town of South Boston, this warehouse in the Main Street historic district was retrofitted into 27 market-rate apartments. The \$3 million project opened in March 2014 and all but two of the projects were rented by the end of 2014. The project received three awards in 2014 – a Special Achievement Award at the Virginia Main Street Milestone Awards Luncheon, a Virginia



15. New Brick Warehouse ribbon cutting – Courtesy of VA Department of Housing and Community Development

Downtown Development Association Award of Excellence, and Preservation Virginia’s 2014 Gabriella Page Preservation Award.

Carter Green Greenscape Project: In the first of what may be several Downtown parks and green spaces, in 2014 DDSB organized the creation of a pocket park in a vacant lot owned by Carter Bank & Trust and the South Boston Industrial Development Authority. The costs of development were donated or provided in kind by area construction companies.

Fire Hydrant Walking Tour: Working with the Halifax Historic Society, in 2014 DDSB arranged for local artists to paint likenesses of famous area personages on Downtown’s fire hydrants, creating unique and playful, yet tasteful and informative public art Downtown. Of course, DDSB also works to beautify the district in other ways, such as through colorful banners and façade improvement.

DDSB’s next big project – a boutique hotel. *People think we are nuts, but we are going to do it*, said a DDSB board member.



16. Yoga class in a downtown historic building - Courtesy of Preservation Virginia

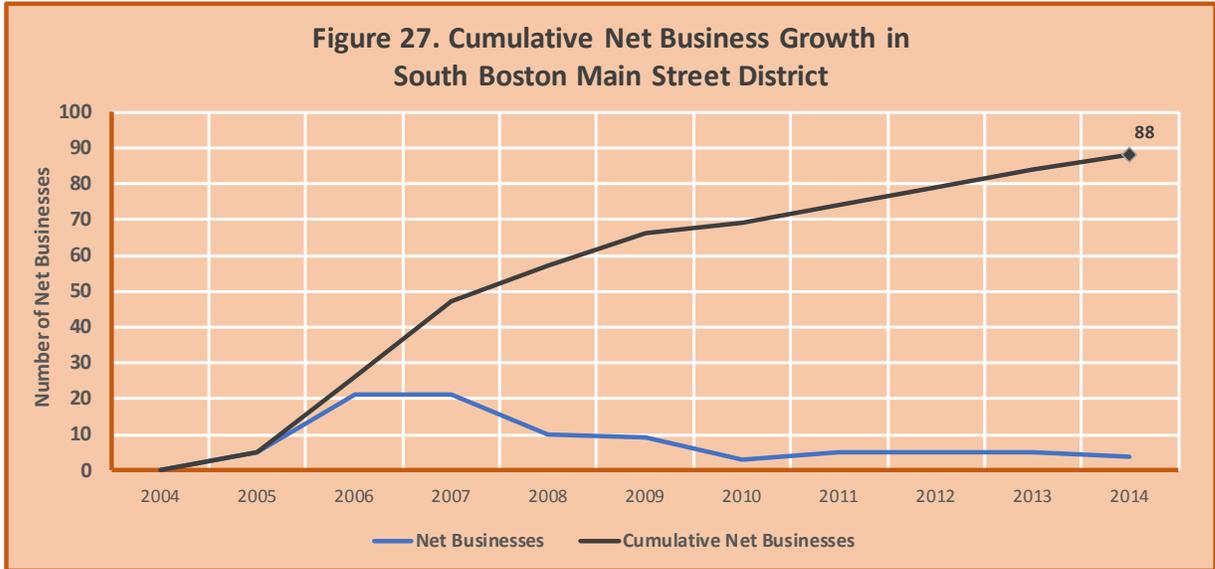
In addition to major development projects, DDSB aggressively recruits new property owners and businesses to the district. It utilizes an array of incentive tools to do this, including the Virginia Enterprise Zone program, Historic District Tax Credits, a Virginia-financed Façade Improvement Grant Program, the Virginia Housing Development Authority Mixed Use / Mixed Income Loan Program, financing from Virginia Community Capital, and other capital sources.⁴⁶

Once a prospective property owner or business shows interest in the Downtown, DDSB works carefully with the prospect, connecting the person with sources of technical assistance and funding. For example, DDSB works closely with Longwood University’s small-business development center, which provides an array of management-consulting services for entrepreneurs.

Business and Job Growth

The public and private investments in Downtown South Boston have produced excellent results, as shown in Figures 27, 28, and 29. Figure 27, Cumulative Net Business Growth in South Boston Main Street District, shows annual net business growth from 2004 through 2014. The bottom, blue line shows that the district has experienced positive net business growth – more openings, business retentions or expansions into additional facilities than departures, closures or contractions – every year since 2004. The black line near the top of the chart shows that the total of these annual net additional businesses is 88 businesses, which is impressive in a region that is losing businesses and jobs.

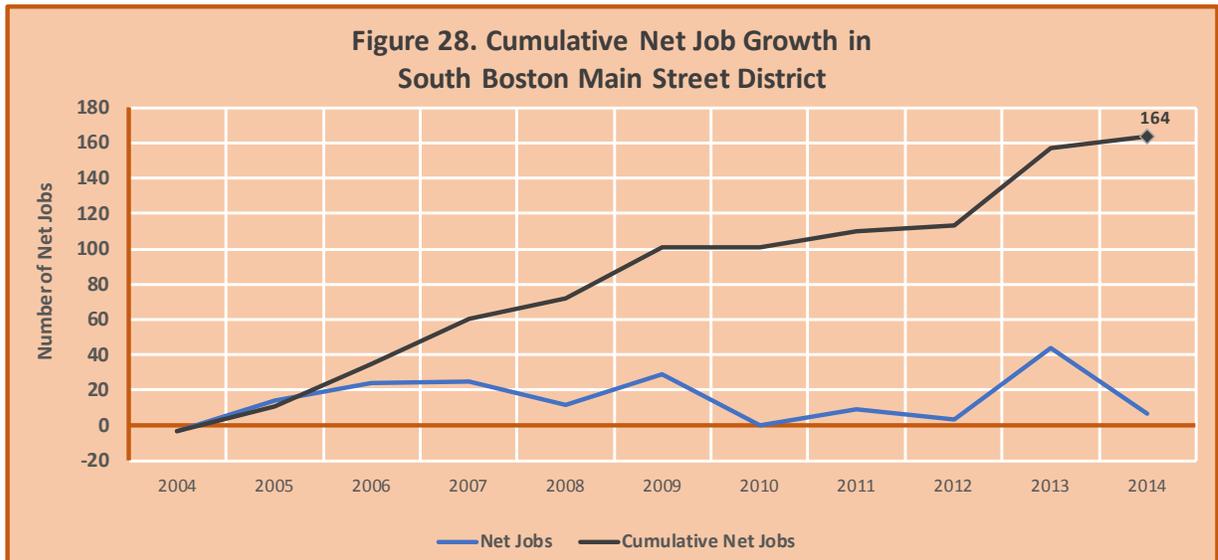
⁴⁶ Destination Downtown South Boston web site: <http://www.downtownsobo.com/>



Source : DHCD data on Main Street Program

Note: Net Business Growth is calculated by subtracting business closings and contractions from business openings, retentions and expansions. Retention occurs when a business expresses a serious intention to leave the district, and is convinced to remain through the intervention of the local Main Street organization.

Figure 28, Cumulative Net Job Growth in South Boston Main Street District, is similar to Figure 27, but it shows jobs rather than businesses. The blue line at the bottom shows that in all but one year since 2004, there have been more jobs added than lost; the black line at the top shows the cumulative effect of these annual net additions – 245 jobs.

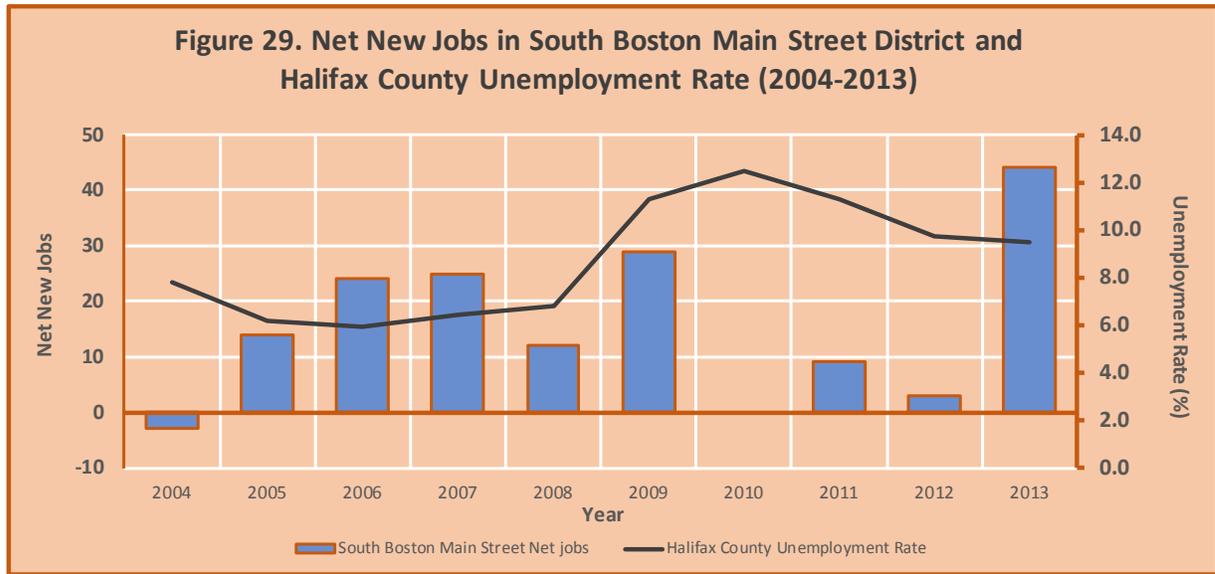


Source : DHCD data on Main Street Program

Note: Net Job Growth is calculated by subtracting job loss from job creation and retention. Retention occurs when a business expresses a serious intention to leave the istrict, and is convinced to remain through the intervention of the local Main Street organization.

Performance during Recessions

Figure 29 shows that Downtown South Boston performed better than the City of South Boston and Halifax County overall during the most recent recession. In 2010, for example, net job growth was flat in the Downtown, but the unemployment rate countywide rose to over 12%. (See the discussion of Main Street business and job data limitations on pages 14 to 16.)



Source : DHCD data on Main Street Program, and Bureau of Labor Statistics

Note: Net Job Growth is calculated by subtracting job loss from job creation and retention. Retention occurs when a business expresses a serious intention to leave the istrict, and is convinced to remain through the intervention of the local Main Street organization. Unemployment data at MSA level is available only until 2013.

3.1 Economic Impact of Downtown South Boston on the South Boston and Halifax Economy

Using the same economic impact methodology and IMPLAN model we employed to calculate the impact of the Main Street Program on the entire State of Virginia, we calculated the impact of the South Boston Main Street Program on the economy of the Halifax-South Boston area from 2004 through 2013.

The total economic impact of expenditures related to the South Boston Main Street district is equal to approximately \$33.5 million over the course of the past ten years. The ratio between expenditures and total economic impact is therefore 1 to 0.9, which means that for a \$1 spent in the district, an additional \$0.9 was being added to the Halifax County economy. In addition to the increase in overall economic activity, the South Boston Main Street district's expenditures generated an additional demand for labor equal to 344 new full-time equivalent jobs. (See table 17.) Note that this is only a partial accounting of Main Street's economic impact, because it does not include the impacts of the daily operations of businesses or the taxes they pay (meals, sales, real estate and BPOL).

Table 17. Estimated Impacts to Halifax County from South Boston Main Street District Expenditures*				
	Direct	Indirect	Induced	Total
Labor income	\$9,823,382	\$1,069,731	\$1,407,059	\$12,300,172
Value added	\$10,211,784	\$1,894,175	\$3,013,204	\$15,119,163
Economic Impact	\$25,165,667	\$3,485,520	\$4,810,119	<u>\$33,461,306</u>
Employment Impact (number of jobs)	268	33	43	<u>344</u>

Source: Estimates developed on Virginia DCHD data by the Center for Urban and Regional Analysis at VCU, using IMPLANPro™. Inflation adjustments made using the U.S. Bureau of Labor Statistics' "Consumer Price Index for All Urban Consumers".

Note: All dollar values are in 2014 Dollars

* Expenditures include private and public investment, and the local Main Street Budget.

The construction sector accounted for 75% of the overall economic impact and 78% of the additional jobs. (See table 18.)

Table 18. Estimated Economic and Employment Impact to Halifax County from South Boston Main Street District Expenditures, by Major Industry Sector					
Classification by output (Millions of Constant 2014 Dollars)			Classification by employment (Number of Jobs)		
Industry	Total Economic Impact	Percent of Total Impact	Industry	Total Employment	Percent of Total Employment
Construction	\$25	75%	Construction	268	78%
Trade (wholesale and retail)	\$1	4%	Trade	19	6%
Real estate	\$1	4%	Professional Services	12	4%
Professional services	\$1	3%	Health care	12	4%
Health Care	\$1	3%	Food Services	7	2%
All Other Industries	\$3	10%	All Other Industries	25	7%
Total	\$33	100%	Total	344	100%

Source: Estimates developed on Virginia DCHD data by the Center for Urban and Regional Analysis at VCU, using IMPLANPro™. Inflation adjustments made using the U.S. Bureau of Labor Statistics' "Consumer Price Index for All Urban Consumers".

A 21st Century Place

Transforming a 20th century historic Main Street in a region that, until recently, relied upon tobacco farming and manufacturing for its livelihood, is tough work. But Downtown South Boston has set a clear course for the future and it has already achieved significant success. Its higher education center, new



17. Movies on Main - Courtesy of Destination Downtown South Boston

apartments in a renovated historic warehouse, excellent restaurants, art galleries, community meeting facilities, historical interpretive center and new-economy companies nearby, nestled in a region of great natural beauty, show that South Boston is becoming, once again, a vibrant Downtown, attracting regional tourists and retirees, as well as entrepreneurs and artisanal businesses. Success is due to the hard work of DDSB and its strong networks of regional and state collaborators, and to the Main Street Approach[®]. As one board member put it:

- *The program itself, the Four Points, is the key to all of this.*

Conclusion

Today's suburban subdivisions and shopping malls have required significant public subsidies in the form of roads, highways and utilities, the home-mortgage interest income-tax write-off, and other public support to provide their considerable benefits to society. For but a tiny fraction of that amount, traditional Main Streets can be re-purposed to generate vibrant economic activity in the 21st century, featuring small, entrepreneurial businesses and walkable areas with desirable amenities. The public investment pays for itself in jobs and tax revenues because it stimulates, facilitates and complements natural market forces. But without the public investment to jump-start the process, and without the intelligent organization of the *Main Street Four-Point Approach*[®], market forces would not take root and grow. Indeed, in the three cases described in this report, and in downtowns throughout Virginia and across the country, the difference between sustained revitalization and prolonged deterioration and hopelessness is the Main Street Program.

Virginia Main Street is an outstanding exemplar of how the Four-Point Approach organizes public and private resources to breathe new economic life and a renewed sense of place into historic downtowns. This is a true public-private partnership in which everyone wins.

About the Authors



John Accordino, PhD, FAICP is Professor of Urban & Regional Planning and Director of CURA@VCU – the Center for Urban & Regional Analysis, housed in the L. Douglas Wilder School of Government and Public Affairs at Virginia Commonwealth University. His research and teaching focus on economic development policy and planning, neighborhood- and commercial-district revitalization, and urban and regional planning in Europe. He holds a PhD in Urban and Regional Planning from the Massachusetts Institute of Technology.

Since 1986, Accordino has completed or advised over 100 local economic development and revitalization plans and reports for communities in Virginia and beyond. He has participated in many local and state government planning and policymaking efforts and has published books and articles in leading planning and development journals.



Fabrizio Fasulo, PhD, is research economist at the Center for Urban and Regional Analysis (CURA@VCU). His work focuses on economic impact analysis and economic development strategy formulation. He holds a PhD in Economics and Institutions from the Universities of Messina and Rome, and a Master in Urban and Regional Planning from VCU, where he also received a post-baccalaureate certificate in Geographic Information Systems.

Previously, Fasulo worked as academic researcher at the University of Messina and at the London School of Economics and Political Science, and as a member of private consulting groups and regional development agencies in Europe and the United States. His completed research projects range from commercial revitalization to urban and regional planning, from regional economic development to European Union Cohesion Policy evaluation.

APPENDIX

Virginia

Virginia Main Street Program State and Communities Operating Budgets		
Year	State Budget	Communities Budgets (aggregate)
1996	n/a	\$1,776,617
1997	n/a	\$1,717,333
1998	n/a	\$1,833,805
1999	n/a	\$2,016,789
2000	n/a	\$2,434,031
2001	n/a	\$2,669,774
2002	n/a	\$3,158,216
2003	n/a	\$3,718,927
2004	\$395,556	\$4,331,254
2005	\$383,075	\$4,447,338
2006	\$383,069	\$4,336,359
2007	\$357,697	\$4,233,079
2008	\$351,896	\$4,503,532
2009	\$307,285	\$4,282,012
2010	\$319,142	\$3,969,611
2011	\$304,062	\$3,623,155
2012	\$813,252	\$3,983,860
2013	\$801,616	\$4,155,733
2014	\$732,863	\$4,044,768
TOTAL	\$5,149,511	\$65,236,193

Source: DHCD Data on Main Street Program
All values are in 2014 Dollars

Private Investment in Virginia Main Street Districts

Year	Building Rehabilitation	New Construction	Total Private Investment
1985	\$2,790,889	n/a	\$2,790,889
1986	\$2,673,102	n/a	\$2,673,102
1987	\$15,166,844	n/a	\$15,166,844
1988	\$6,684,952	n/a	\$6,684,952
1989	\$11,489,739	n/a	\$11,489,739
1990	\$24,433,269	n/a	\$24,433,269
1991	\$7,386,853	n/a	\$7,386,853
1992	\$8,598,677	n/a	\$8,598,677
1993	\$9,118,877	n/a	\$9,118,877
1994	\$15,606,707	n/a	\$15,606,707
1995	\$10,830,679	\$1,133,972	\$11,964,651
1996	\$16,520,032	n/a	\$16,520,032
1997	\$15,640,854	n/a	\$15,640,854
1998	\$16,395,337	\$94,404	\$16,489,741
1999	\$19,519,202	n/a	\$19,519,202
2000	\$48,224,611	n/a	\$48,224,611
2001	\$24,405,959	n/a	\$24,405,959
2002	\$29,091,305	\$440,837	\$29,532,142
2003	\$47,338,964	\$5,692,665	\$53,031,629
2004	\$26,300,573	\$8,961,253	\$35,261,826
2005	\$37,859,341	\$23,729,834	\$61,589,175
2006	\$51,267,489	\$20,140,201	\$71,407,690
2007	\$44,131,323	\$4,567,063	\$48,698,387
2008	\$54,703,163	\$16,360,808	\$71,063,971
2009	\$33,984,987	\$35,891,595	\$69,876,582
2010	\$35,606,153	\$1,740,172	\$37,346,325
2011	\$26,671,875	\$2,788,980	\$29,460,855
2012	\$15,549,584	\$2,401,889	\$17,951,473
2013	\$31,428,667	\$10,411,193	\$41,839,860
2014	\$28,976,634	\$299,150	\$29,275,784
TOTAL (1985 - 2014)	\$718,396,642	\$134,654,015	\$853,050,658

Source : DHCD for Main Street data

Note: All data are in 2014 Dollars

Public Investment in Virginia Main Street Districts

Year	Public Improvements	New Facilities/ Amenities	Total Public Investment
1996	\$2,076,134	\$4,048,201	\$6,124,335
1997	\$3,441,831	n/a	\$3,441,831
1998	\$2,472,077	n/a	\$2,472,077
1999	\$8,078,692	\$1,078,953	\$9,157,645
2000	\$7,640,502	n/a	\$7,640,502
2001	\$21,216,263	n/a	\$21,216,263
2002	\$43,030,687	n/a	\$43,030,687
2003	\$16,475,274	\$8,323,433	\$24,798,707
2004	\$20,390,586	\$7,554,796	\$27,945,381
2005	\$46,434,341	\$32,586,398	\$79,020,739
2006	\$6,741,737	\$1,658,091	\$8,399,828
2007	\$5,132,444	\$15,722,291	\$20,854,734
2008	\$4,948,580	\$9,235,967	\$14,184,547
2009	\$15,776,535	\$10,099,575	\$25,876,110
2010	\$15,470,066	\$661,781	\$16,131,847
2011	\$4,463,633	\$779,757	\$5,243,389
2012	\$8,445,991	\$1,686,691	\$10,132,682
2013	\$12,032,048	\$5,818,871	\$17,850,919
2014	\$2,798,401	\$4,669,819	\$7,468,220
TOTAL (1996 - 2014)	\$247,250,563	\$103,924,624	\$351,175,187

Source: DHCD Data on Main Street Program

**Total Volunteer Hours and Total Value of
Volunteer Hours in Virginia
Main Street Districts (1997-2014)**

	Volunteer Hours	Value of Volunteer Hours
1997	11,657	\$240,544
1998	20,122	\$425,504
1999	23,768	\$509,638
2000	31,166	\$672,257
2001	35,666	\$775,678
2002	35,991	\$792,823
2003	39,391	\$871,209
2004	56,353	\$1,239,437
2005	67,261	\$1,470,817
2006	75,056	\$1,654,335
2007	76,983	\$1,714,851
2008	69,719	\$1,552,342
2009	72,067	\$1,658,077
2010	64,808	\$1,502,875
2011	60,426	\$1,385,742
2012	67,650	\$1,544,360
2013	68,859	\$1,549,958
2014	65,657	\$1,477,283
TOTAL 1997-2014	942,596	\$21,037,728

Source: DHCD Data on Main Street Program

Notes: Data on volunteer hours have been collected only from 1997.
To calculate the value of volunteer hours, national hourly rates have been used from http://www.independentsector.org/volunteer_time.

Net Job and Business Growth in VA Main Street Districts (1985-2014)

Year	Businesses Opened, Expanded, or Retained	Businesses Closing	Net Business Growth	Jobs Created or Retained	Job Loss	Net Job Growth
1985	37	0	37	110	0	110
1986	40	2	22	110	3	52
1987	48	3	45	148	60	88
1988	76	16	60	184	36	148
1989	106	8	98	256	21	235
1990	131	12	119	208	85	123
1991	99	22	77	211	87	124
1992	80	20	60	369	211	158
1993	91	12	79	510	90	420
1994	43	20	23	415	204	211
1995	211	94	117	548	209	339
1996	219	119	100	599	304	295
1997	233	109	124	725	366	360
1998	184	99	85	635	174	461
1999	235	79	156	728	266	462
2000	212	150	62	1,294	745	549
2001	226	125	101	565	382	183
2002	187	94	93	528	178	350
2003	213	72	141	691	170	521
2004	241	109	132	792	257	535
2005	282	123	159	1,065	346	719
2006	291	96	195	833	237	596
2007	290	86	204	1,086	184	902
2008	260	116	144	947	333	614
2009	240	86	154	780	195	585
2010	261	114	147	1,001	339	662
2011	283	118	165	824	342	483
2012	294	117	177	844	329	515
2013	273	138	135	883	430	453
2014	324	170	154	1,087	427	660
TOTAL 1985-2014	5,710	2,329	3,365	18,969	7,006	11,908

Source: DHCD Data on Main Street Program

Note: See table in the appendix for year by year data

Culpeper

Private and Public Capital Investment in Culpeper Main Street District (1988-2014)		
Year	Private Investment	Public Investment
1988	\$205,970	n/a
1989	\$1,455,499	n/a
1990	\$4,670,613	n/a
1991	\$68,657	n/a
1992	\$79,409	n/a
1993	\$83,346	n/a
1994	\$411,753	n/a
1995	\$701,997	n/a
1996	\$112,728	\$6,035
1997	\$945,892	\$279,751
1998	\$561,516	\$70,579
1999	\$1,017,350	\$650,149
2000	\$4,227,878	\$1,126,875
2001	\$494,087	\$134,365
2002	\$3,883,313	\$4,869
2003	\$17,023,248	\$997,765
2004	\$363,588	\$559,695
2005	\$0	\$0
2006	\$3,718,376	\$41,837
2007	\$890,006	\$0
2008	\$554,172	\$223,758
2009	\$5,341,256	\$15,890
2010	\$446,764	\$7,600
2011	\$108,445	\$0
2012	\$605,334	\$364,315
2013	\$10,594,520	\$180,329
2014	\$295,325	\$50,000
TOTAL	\$58,861,040	\$4,713,812

Source : DHCD for Main Street data

Note: Data on Public Investment in Main Street Districts have been collected consistently starting in 1996. However, total values reflects also previous years. All data are in 2014 Dollars.

Total Volunteer Hours and Total Value of Volunteer Hours in Culpeper Main Street District (1997-2014)		
Year	Volunteer Hours	Value of Volunteer Hours
1997	272	\$5,613
1998	1,733	\$36,647
1999	1,005	\$21,550
2000	793	\$17,105
2001	1,269	\$27,599
2002	1,000	\$22,029
2003	2,065	\$45,671
2004	5,176	\$113,831
2005	1,388	\$30,352
2006	2,548	\$56,161
2007	3,267	\$72,775
2008	2,009	\$44,732
2009	1,760	\$40,493
2010	1,743	\$40,408
2011	1,242	\$28,471
2012	2,684	\$61,281
2013	2,697	\$61,792
2014	3,219	\$72,588
TOTAL	35,868	\$799,100

Source: DHCD Data on Main Street Program

Notes: Data on volunteer hours have been collected only from 1997. To calculate the value of volunteer hours, national hourly rates for the past 10 years have been used from http://www.independentsector.org/volunteer_time. Since 2014 hourly rate was not available, 2013 rate has been applied for 2014. All Data are in 2014 Dollars

Net Job and Business Growth in Culpeper Main Street District (1988-2014)						
Year	Businesses Opened, Expanded, or Retained	Businesses Closing	Net Business Growth	Jobs Created or Retained	Job Loss	Net Job Growth
1988	7	7	0	21	7	14
1989	17	1	16	17	4	13
1990	11	0	11	26	0	26
1991	20	4	16	28	5	23
1992	1	1	0	22	31	-9
1993	1	0	1	28	0	28
1994	1	0	1	20	0	20
1995	24	4	20	61	5	56
1996	5	3	2	6	8	-2
1997	16	7	9	60	68	-8
1998	20	9	11	51	14	37
1999	29	14	15	55	58	-3
2000	16	13	3	41	22	19
2001	18	6	12	38	13	25
2002	2	4	-2	8	11	-3
2003	19	1	18	49	1	48
2004	13	5	8	26	7	19
2005	9	1	8	24	2	22
2006	11	0	11	21	0	21
2007	8	5	3	19	12	7
2008	9	5	4	21	15	6
2009	17	6	11	37	11	27
2010	4	3	1	5	5	0
2011	13	0	13	29	0	29
2012	19	0	19	45	0	45
2013	16	6	10	55	13	42
2014	11	5	6	48	15	33
TOTAL	337	110	227	860	325	535

Source: DHCD Data on Main Street Program

Culpeper Main Street District Expenditures Considered for the Economic Impact Analysis		
	Dollar Amount (Constant 2014\$)	Years covered
Private Investment	\$58,861,040	1988-2014
Public Investment	\$4,713,811	1996-2014
Community budget	\$3,653,690	1996-2014
TOTAL	<u>\$67,228,541</u>	

Source : DHCD data on Main Street Program

Harrisonburg

Private and Public Investment in Harrisonburg Main Street District (2004-2014)		
Year	Private Investment	Public Investment
2004	\$817,798	\$4,386
2005	\$3,133,232	\$2,778,313
2006	\$8,013,785	\$535,228
2007	\$1,819,899	\$1,452,044
2008	\$2,410,169	\$1,654,417
2009	\$28,753,553	\$94,678
2010	\$4,487,098	\$4,131
2011	\$2,654,970	\$223,118
2012	\$655,692	\$6,187
2013	\$2,910,353	\$119,106
2014	\$5,416,500	\$44,500
TOTAL	\$61,073,049	\$6,916,109

Source: DHCD for Main Street data

Note: Data on Public Investment in Main Street Districts have been collected consistently starting in 1996. However, total values reflects also previous years. All data are in 2014 Dollars.

**Total Volunteer Hours and Total Value of
Volunteer Hours in Harrisonburg
Main Street District (2004-2014)**

Year	Volunteer Hours	Value of Volunteer Hours
2004	5,022	\$110,455
2005	11,839	\$258,889
2006	10,662	\$235,005
2007	11,213	\$249,779
2008	10,298	\$229,283
2009	9,719	\$223,609
2010	8,484	\$196,742
2011	6,228	\$142,825
2012	7,200	\$164,367
2013	8,465	\$193,982
2014	5,484	\$123,664
TOTAL	94,614	\$2,128,601

Source: DHCD Data on Main Street Program

Notes: To calculate the value of volunteer hours, national hourly rates for the past 10 years have been used from http://www.independentsector.org/volunteer_time. Since 2014 hourly rate was not available, 2013 rate has been applied for 2014.
All data are in 2014 Dollars

Net Job and Business Growth in Harrisonburg Main Street District (2004-2014)

Year	Businesses			Jobs		Net Job Growth
	Opened, Expanded, or Retained	Businesses Closing	Net Business Growth	Created or Retained	Job Loss	
2004	14	4	10	49	11	38
2005	36	3	33	131	23	108
2006	36	12	24	75	32	44
2007	35	6	29	174	23	151
2008	21	9	12	109	17	93
2009	30	6	24	186	24	163
2010	32	8	24	110	24	86
2011	32	6	26	75	44	31
2012	28	9	19	177	66	111
2013	35	6	29	132	111	21
2014	24	9	15	93	39	54
TOTAL	323	78	245	1309	411	898

Source: DHCD Data on Main Street Program

**Harrisonburg Main Street District
Expenditures Considered for the
Economic Impact Analysis**

	Dollar Amount <i>(Constant 2014\$)</i>	Years covered
Private Investment	\$61,073,050	2004-2014
Public Investment	\$6,916,109	2004-2014
Community budget	\$3,173,247	2004-2014
TOTAL	<u>\$71,162,406</u>	

Source : DHCD data on Main Street Program

South Boston

Private and Public Investment in South Boston Main Street District (2004-2014)		
Year	Private Investment	Public Investment
2004	\$2,327,612	\$17,420
2005	\$3,187,990	\$82,284
2006	\$2,608,490	\$57,107
2007	\$4,508,084	\$671,929
2008	\$7,575,571	\$206,237
2009	\$2,342,981	\$177,247
2010	\$9,859,218	\$175,699
2011	\$105,312	\$171,469
2012	\$146,727	\$11,319
2013	\$1,602,430	\$1,974
2014	\$771,386	\$156,000
TOTAL	\$35,035,802	\$1,728,685

Source: DHCD for Main Street data

Note: Data on Public Investment in Main Street Districts have been collected consistently starting in 1996. However, total values reflects also previous years. All data are in 2014 Dollars.

**Total Volunteer Hours and Total Value of
Volunteer Hours in South Boston
Main Street District (2004-2014)**

Year	Volunteer Hours	Value of Volunteer Hours
2004	1,476	\$32,464
2005	2,130	\$46,578
2006	2,382	\$52,502
2007	1,661	\$37,000
2008	3,427	\$76,305
2009	3,213	\$73,923
2010	1,954	\$45,313
2011	1,150	\$26,373
2012	1,619	\$36,948
2013	1,276	\$29,229
2014	1,367	\$30,815
TOTAL	21,654	\$487,449

Source: DHCD Data on Main Street Program

Notes: To calculate the value of volunteer hours, national hourly rates for the past 10 years have been used from http://www.independentsector.org/volunteer_time. Since 2014 hourly rate was not available, 2013 rate has been applied for 2014.
All data are in 2014 Dollars

Net Job and Business Growth in South Boston Main Street District (2004-2014)

Year	Businesses Opened, Expanded, or Retained	Businesses Closing	Net Business Growth	Jobs Created or Retained	Job Loss	Net Job Growth
2004	3	3	0	5	8	-3
2005	11	6	5	27	13	14
2006	25	4	21	37	13	24
2007	23	2	21	28	3	25
2008	12	2	10	16	4	12
2009	9	0	9	29	0	29
2010	4	1	3	5	5	0
2011	5	0	5	9	0	9
2012	6	1	5	4	1	3
2013	6	1	5	45	1	44
2014	6	2	4	9	2	7
TOTAL	110	22	88	214	50	164

Source: DHCD Data on Main Street Program

**South Boston Main Street District
Expenditures Considered for the
Economic Impact Analysis**

	Dollar Amount <i>(Constant 2014\$)</i>	Years covered
Private Investment	\$35,035,802	2004-2014
Public Investment	\$1,728,685	2004-2014
Community budget	\$1,303,422	2004-2014
TOTAL	<u>\$38,067,909</u>	

Source : DHCD data on Main Street Program

Focus Group Protocols

Doc 1. Interviewee Recruitment Email from local program directors in South Boston, Culpeper & Harrisonburg.

Dear _____,

South Boston/Culpeper/Harrisonburg is fortunate to have been chosen as one of three Main Street Communities to study the economic impacts of the Virginia Main Street Program conducted by VCU and Preservation Virginia. We were chosen because we have a stable, productive program and good record-keeping practices. The attached *Information Sheet for Participation in Research Study* includes more information about the study. As described in that *Sheet*, this is a confidential study – neither your name nor your job title will be mentioned in the report.

I would like to ask you to attend the Group Interview to be held on January ____ at the following time: _____, at the South Boston/Culpeper/Harrisonburg Downtown Main Street Program office: _____ (address). Please RSVP to me whether you can attend or not.

Purpose: The main purpose of the interview is to learn how the local Main Street Program has affected the downtown and community overall, and what events in the life of the program have had the biggest impacts. The purpose is *not* to evaluate program staff or others associated with the program.

Conducted by: Preservation Virginia and Virginia Commonwealth University

Invitees: People who know some of the history, from various perspectives -- resident, merchant, property owner, local government.

Agenda – interviews will be held at the following times. Please attend the time scheduled for your group, as noted above:

- _____ Interview with Downtown Businesses and Property Owners
- _____ Meeting with Downtown Main Street Executive Director & Board President
- _____ Meeting with Downtown Main Street Board Members or Volunteers who have some knowledge of the history of downtown and the Main Street Program
- _____ Meeting with Town Council members and Town Staff who have some knowledge of downtown development policy and the relationship of the Main Street Program to the local government
- _____ Interview with Customers of Long Standing
- _____ Interview with Nearby Residents

Doc 2. Information Sheet for Participation in Research Study

Principal Investigators:

- John Accordino, PhD, Wilder School of Government and Public Affairs, Center for Urban & Regional Analysis @ VCU
- Fabrizio Fasulo, PhD, Wilder School of Government and Public Affairs, Center for Urban & Regional Analysis @ VCU

Institution: Virginia Commonwealth University, Richmond, VA, USA

Collaborators: Preservation Virginia, Inc.

Preservation Virginia has commissioned VCU to determine what impacts, if any, the Main Street Program has had on the communities in which it has been implemented. The study includes interviews with persons in three communities – South Boston, Culpeper and Harrisonburg. These communities were chosen by Preservation Virginia, in consultation with the Virginia Department of Housing & Community Development, because the Main Street Program has existed there for a relatively long time, and because it is perceived to have been stable and well-managed over the course of its life there.

In each of the three communities, we are asking small groups of persons from each of the following groups to participate in interviews of 30-45 minutes: program staff, downtown property owners, downtown merchants, Main Street Program volunteers, city elected and appointed officials, nearby residents, customers of long standing – a total of 25 - 30 persons in each community.

Each group will be asked the same questions about their perceptions of how the program has affected the downtown. Because we will be interviewing different persons from different occupations, we expect the answers to differ somewhat and thereby to create a rich picture of the impacts that the program has had on the community.

The purpose of the study is NOT to evaluate the performance of program staff, or the local government or any other persons or groups.

Your participation is voluntary, which means you can choose not to participate. There will be no negative consequences if you decide not to participate or change your mind after you begin the study. You can withdraw your participation at any time. If you change your mind later during the interview, you may simply stop answering questions or leave the interview. At the conclusion of the interview, you may ask to have any of your responses revised or erased completely. Your name will not be mentioned in the published report and nothing that you say in the interview will be attributed to you or to your specific job title.

If you have questions, concerns, or complaints about this study or if you want to get additional information or provide input about this research, please contact John Accordino, via email at jaccordi@vcu.edu or via telephone at (804) 827-0525.

Doc 3. Interview Protocol – to be used for both individual and group interviews

1. Please explain how, in your view, downtown was doing prior to the Main Street Program. How might it be doing today if the program had not been implemented?
2. What are the chief milestones or major events in the success of the program to date?
3. What types of visitors (customers, tourists, etc.) does downtown attract today?
4. How have downtown's functions changed over the years? How has the Main Street Program affected that?
5. What important challenges has the program had to confront over time? How did it handle them? What are the program's biggest challenges today?
6. What would make the downtown stronger in the future?
7. What would make the Main Street Program stronger in the future?
8. Other comments that interviewees may want to share.

Additional questions to be posed to program staff and local government officials:

1. Please describe the basic structure and operation of the Main Street Program in this community:
 - a. Board of Directors: How is it constituted, how often does it meet, what are the main issues that it addresses.
 - b. Committees: What are they, how are they constituted, how often do they meet, what are their main tasks and achievements in recent years?
 - c. Events: What are the main promotional events that this Main Street community operates, how do they function, how do they contribute to the impact of Main Street in the community?
2. Please describe the Main Street Program's relationship to local government:
 - a. Financially
 - b. In community planning matters
 - c. In matters of public safety and other routine public services
 - d. What are the typical challenges that arise in the relationship and how are they handled?