

Industrial Development Authority of the City of Lexington, Virginia

Tuesday, August 13, 2024 at 5:30 p.m.

City Hall, Second Floor Meeting Room

300 East Washington Street

1. Call to Order – Camille Miller, IDA Chair
2. Approval of Minutes
 - a. IDA meeting, Monday, April 8, 2024*
3. Review of IDA Handbook
4. Discussion on the Purpose of the IDA
5. Adjourn

Minutes
Industrial Development Authority (IDA)
Of the City of Lexington, VA
Monday, April 8, 2024, 5:30 p.m.

IDA Present: Dennis Ayers, Felicia Bush, George Graves, Camille Miller, and Liz Ramsey

IDA Absent: None

Staff Present: Jennifer Bell, Treasurer, and Jim Halasz, Secretary

The Industrial Development Authority (IDA) met on April 8, 2024, in the Second Floor Meeting Room of City Hall. Chair Camille Miller called the meeting to order at 5:30 p.m. and led the annual election of IDA Officers.

Annual Election of IDA Officers

Start Time: 5:30 p.m. (DropBox Audio: 0:02)

Dennis Ayers nominated Camille Miller as Chair. George Graves seconded the nomination.

George Graves nominated Felicia Bush as Vice-Chair. Dennis Ayers seconded the nomination.

The nomination carried unanimously (5/0):

AYES: Ayers, Bush, Graves, Miller, Ramsey

NAYS: None

ABSTAINED: None

Approval of the IDA Minutes

Start Time: 5:31 p.m. (DropBox Audio: 1:30)

Liz Ramsey moved to approve the April 26, 2023, Industrial Development Authority Minutes. Felicia Bush seconded. The IDA minutes were approved (5/0).

Review of IDA Financials

Start Time: 5:31 p.m. (DropBox Audio: 1:48)

Finance Director Bell provided an overview of the IDA financials.

Discussion: None.

Consideration of Support for a Contribution to a General Aviation Airport Feasibility Study

Start Time: 5:32 p.m. (DropBox Audio: 2:49)

City Manager Halasz provided the following background:

“As you are aware, Rockbridge County had requested a letter of support from City Council for a grant to conduct a study to determine the feasibility of a regional general aviation airport and a financial contribution for the study itself. At the March 21st City Council meeting, Council approved both a formal letter of support and a contribution of no more than \$8,606 to be applied to the cost of the study.

The funding that was approved by City Council is a fraction of the actual cost of the study, which is believed to be in the range of \$200,000. The local share would then be \$40,000 and Rockbridge County (through their EDA) would pay \$23,731, we would pay \$8,606 and Buena Vista would pay \$7,662.

When discussing and approving the support for the study, City Council did not specify or request that funding for this purpose come from the Lexington IDA. However, the primary role of any IDA is to support activities that create economic development resulting in an increased tax base, additional employment opportunities and general improvements to the economic well-being of the community. As you have seen in the report from the IDA Treasurer, Jennifer Bell, the IDA does have a significant cash balance and could therefore easily pay the City share of the study, as approved by City Council.”

City Manager Halasz recommended that the IDA authorize a grant of \$8,606 to the County of Rockbridge, through the Rockbridge County EDA, for the sole purpose of funding a portion of the local share of a proposed general aviation airport feasibility study.

Discussion: The Industrial Development Authority discussed-

- clarification on the motion City Manager Halasz is requesting
- will the City fund the request if the IDA doesn't vote to fund the request

Comments: C. Miller, D. Ayers, F. Bush, G. Graves, L. Ramsey

Felicia Bush moved that the IDA commit to the \$8,606 funding request. Liz Ramsey seconded. The motion carried unanimously (5/0):

AYES: Ayers, Bush, Graves, Miller, Ramsey

NAYS: None

ABSTAINED: None

Review of a Request from Echelon Resources for a Real Estate Tax Abatement for Tax Parcel 29-1-31, 406 Spotswood Drive

Start Time: 5:36 p.m. (DropBox Audio: 6:22)

City Manager Halasz provided a request from Mr. Edwin Gaskin for a partial tax abatement for the Spotswood parcel at 406 Spotswood Drive. As noted in his request, Mr. Gaskin has determined that current construction costs and higher interest rates have greatly reduced the opportunity to develop the site in the current economic climate. However, through conversation with Virginia Housing he has identified an alternative source of funding that may permit him to move forward with the project in the immediate future.

This low interest financing through VA Housing does have requirements, however. First, and to our advantage, it requires that 20% of the 62 units be set aside for tenants at the 80% Average Median Income

(AMI) level or less. While this does not meet the needs of all individuals in Lexington with medium or low incomes, it is a start. Second, the VA Housing loan requirements and current economic conditions create a need for local financial participation. Thus, the request from Mr. Gaskin for a 15-year, 50% real estate tax abatement.

In order to move forward in any fashion and pursue the VA Housing financing, City Council needs to approve this tax abatement request so that Mr. Gaskin can further explore the potential for qualifying for financing from VA Housing. With the tax abatement and subsequent financing from VA Housing, Mr. Gaskin believes he can be ready to start construction in roughly a year from now. I have met virtually with a representative of Virginia Housing and while there is no guarantee that financing will be extended, this is a very real opportunity to move forward with this project today.

“Based on City Council’s long-standing desire to develop this site, the opportunity to develop it today should not be discounted. While future revenues from the development would not be 100% of what would otherwise be anticipated – some revenues would still come to the City and today we know the property generates no return. Based on the attached Cost Benefit Analysis City staff believes that over the course of 20 years there would be a \$2,083,000 return to the City.

Another goal of City Council is to increase housing in Lexington. With the possibility of financing through VA Housing, the City has not only the potential for additional available housing within the City, but also housing available for individuals with lower incomes. Of course, we have all seen that while additional housing within the City has always been something strongly desired, the recent shortage of housing nationwide (and in Lexington), makes this an even greater area of concern.

Therefore, based on City Council’s goal to have this parcel produce income and the increasing need for housing today, I would recommend that City Council approve this real estate “tax abatement” for development of the Spotswood parcel by Echelon Resources. As a note, City Council should remember that technically the “tax abatement” would actually be in the form of an incentive through the IDA to reimburse Mr. Gaskin for 50% of the real estate tax that he must first pay to the City.”

Discussion: The Industrial Development Authority discussed-

- informational item, no action needed at this time
- explanation of what Virginia Housing is and what role they play in this request
- how long the 20% of the 62 units will be set aside for tenants at the 80% AMI
- if Virginia Housing is part of the Virginia Department of Housing and Community Development
- median income for Lexington
- if Echelon has asked for a tax abatement previously
- if the affordable housing component would have worked if the other developer-built units for sale instead of rent
- any opportunity for adjusting the terms if the market becomes favorable within the next three to four years

- if the financing changes, can it be written into the agreement that the developer is still committed to the 20% dedicated to workforce housing
- any other options for developers
- there is a need for affordable housing in Lexington
- if the property is sold to someone else, will the abatement transfer to the new owner
- there are so many other needs aside from housing that are funded by tax dollars
- timeframe for a response from City Council
- print spreadsheets on a larger scale

Comments: G. Graves, C. Miller, F. Bush, D. Ayers, L. Ramsey

Discussion of IDA/EDA Retreat

Start Time: 6:04 p.m. (DropBox Audio: 34:41)

City Manager Halasz provided the following background:

The Joint Industrial Development Authority/Economic Development Authority Retreat will be on May 29, 2024, and May 30, 2024, from 1:00 p.m. to 5:30 p.m. at Natural Bridge State Park. More details will be provided as we get closer to the date.

Potential items to be covered include:

- Setting the Stage for Economic Development
- The Role of Economic Development Authorities
- Case Studies and Lessons Learned
- The currency of Economic Development
- EDA Tools & Best Practices

Discussion: The Industrial Development Authority discussed-

- materials ready ahead of the retreat

Comments: F. Bush, C. Miller, L. Ramsey

Adjournment

Board members gave their parting words of encouragement and appreciation to City Manager Halasz ahead of his retirement and board member Liz Ramsey as her term on the IDA comes to an end.

Chair Miller adjourned the meeting at 6:13 p.m.

Camille Miller, IDA Chair

James M. Halasz, Secretary