

Main Street Guide for Economic Development



Summer 2023 Edition



WASHINGTON STATE
MAIN STREET
PROGRAM

Contents

INTRODUCTION.2

 What is Economic Development?.2

 How to Use This Guide2

SECTION 1: WHO’S ON YOUR TEAM? 4

SECTION 2: THE TOOLBOX.7

 Overview of Funding Tools7

 Tax Increment Financing10

 Case Study: Terminal One, Vancouver.11

 Housing and Urban Development Section 108 Loans 12

 Case Study: Mount Vernon Floodwall and Waterfront Revitalization 13

 Opportunity Zones 14

 Case Study: Hotel Stevenson 15

 Business Improvement District 16

 Case Study: Downtown Yakima. 17

 Collective Ownership and Investment 18

 Case Study: LaCrosse Community Pride. 19

**APPENDIX: OTHER ECONOMIC DEVELOPMENT TOOLS AND
FUNDING SOURCES. 20**

▶ **Welcome From the Washington State
Main Street Program Director**

The Main Street movement was born out of the belief that local community members could stem the tide of economic trends threatening historic downtown neighborhoods. At the time, that threat was malls, which were drawing anchor businesses away from downtown districts. Over the last four decades, Main Street districts across the nation have withstood economic downturns, natural disasters, the rise of online shopping, and a pandemic. We believe that downtowns are so resilient because they are—at least when they are adequately cared for and have supportive resources—living ecosystems that are able to adapt to change thanks to their inherent diversity.

The Main Street Approach is a framework that is meant to empower a local community to take the reins, determine their own future, and build resiliency. Change will happen to your downtown district no matter what. Our hope is that your Main Street organization will be able to leverage baseline knowledge of economic development tools (that’s where this guide comes into play!) and strong community partnerships to plan for an economic future that builds community wealth and creates ample opportunities for all residents to thrive in the place they call home.

*Breanne Durham, Director of Washington Main Street
Washington Trust for Historic Preservation*



Opposite: Farmers market in downtown Everett. Photo by Jake Campbell, courtesy of Downtown Everett Association.

Introduction

What is Economic Development?

Economic development can mean a lot of different things and has a unique meaning for every Main Street organization. The mission statement of Main Street America (which has been leading the Main Street movement at the national level since 1980) states that Main Street is about “strengthening communities through preservation-based economic development,” so by dint of working in Main Street, we are already engaged in economic development. This makes our work exciting but also daunting, as we can easily become overwhelmed with the unlimited potential of this term.

Economic development, in simple terms, is “growth with intention.” The Cambridge Dictionary defines economic development as “the process in which an economy grows or changes and becomes more advanced, especially when both economic and social conditions are improved.” Often people confuse growth with economic development. The truth is, growth may occur with or without economic development and may or may not improve social conditions. Community

development, on the other hand, is about balancing a variety of interests to ensure that neighborhoods and districts enjoy a high quality of life. Growth may occur as part of that endeavor, but it is not the focus. As Main Street leaders, you may be balancing economic development opportunities alongside community development objectives within a context that also leverages historic preservation. Dizzy yet? These approaches can and do work together, though each comes with its own unique toolkit.

How to Use This Guide

This guide was created to be used alongside [The Washington State Main Street Program's Historic Property Resource Guide](#), which focuses predominantly on the tools and incentives used to redevelop individual historic properties. As such, this guide will only cover those tools briefly and is focused on the toolkit used to finance public improvements and the use of incentives to revitalize an entire district instead of an individual property. We hope to answer these common questions: What is Main Street’s role in a community’s economic development ecosystem? How do communities find funding for “growth with intention”? Which partners does a Main Street organization need to engage with to access these funds? How is the public engaged? What role does the private sector play?

Below: Boon Boona Coffee in downtown Renton. Photo by Christain Jones, courtesy of Renton Downtown Partnership.



Below: Biking down Main Street in downtown Sumner. Photo by Atsumi Sullivan, courtesy of Sumner Main Street.



SECTIONS:

This guide is organized into three section:

- ♦ **Who’s On Your Team:** The first section focuses on the economic development ecosystem, to understand the many organizations that are involved in economic development in your community.
- ♦ **The Toolbox:** This section starts with a table of different programs and funding available from private sources (like foundations, businesses, and other nonprofits); local, state, and national sources of public funding (like municipal governments or other government organizations); and tax credit programs that provide incentives for local development. (Many of these are in the Historic Property Resource Guide as well). Each section of the table features specific financing sources or tools available at each level.

The second half of this section focuses in greater detail on some of the tools that have been used to fund catalytic projects in Main Street districts and includes a case study of how the funding was applied. This section also includes information on who is eligible to apply for these sources of funding.

- ♦ **Appendix:** In addition to the sources outlined in the sections, the appendix includes more detail about other available funding sources and financing tools. While it is far from exhaustive, this guide provides both at-a-glance information on a variety of funding opportunities and incentives, as well as more in-depth examples of how some of these opportunities were used to provide funding to make public and private development occur that might not have been possible without the use of these tools.

CREATING A VISION AND COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY

Before we jump into specific tools, we need to zoom out. Prior to engaging in economic development activities, the community needs a clear vision. Many communities draft that vision into a plan, known as a Comprehensive Economic Development Strategy ([CEDS](#)). A CEDS is a formal document, usually adopted or endorsed by counties and cities, that the Economic Development Administration (EDA) uses to determine eligibility and competitiveness for a variety of grant and loan programs. It is a prerequisite for designation as an [Economic Development District \(EDD\)](#). An EDD helps lead the locally based, regionally driven economic development planning process that leverages the involvement of the public, private, and nonprofit sectors.

This makes the CEDS an attractive vehicle for Main Street organizations to use when forming a vision for a specific area. The more alignment a program or initiative has with their regional CEDS, the more competitive it will be for outside funding. Additionally, understanding the area’s CEDS can help a Main Street organization understand and attract partners to join in efforts that can help multiple economic development organizations reach their goals. There are only [nine Economic Development Districts](#) in Washington (Clark and Skamania Counties are currently part of the Greater Portland Economic Development District). Main Street directors should know whether their community has a CEDS and who they should contact to engage in the update process. You can, of course, create a community vision without a CEDS, but a CEDS is a good place to start and comes with a lot of advantages.

Who's On Your Team?

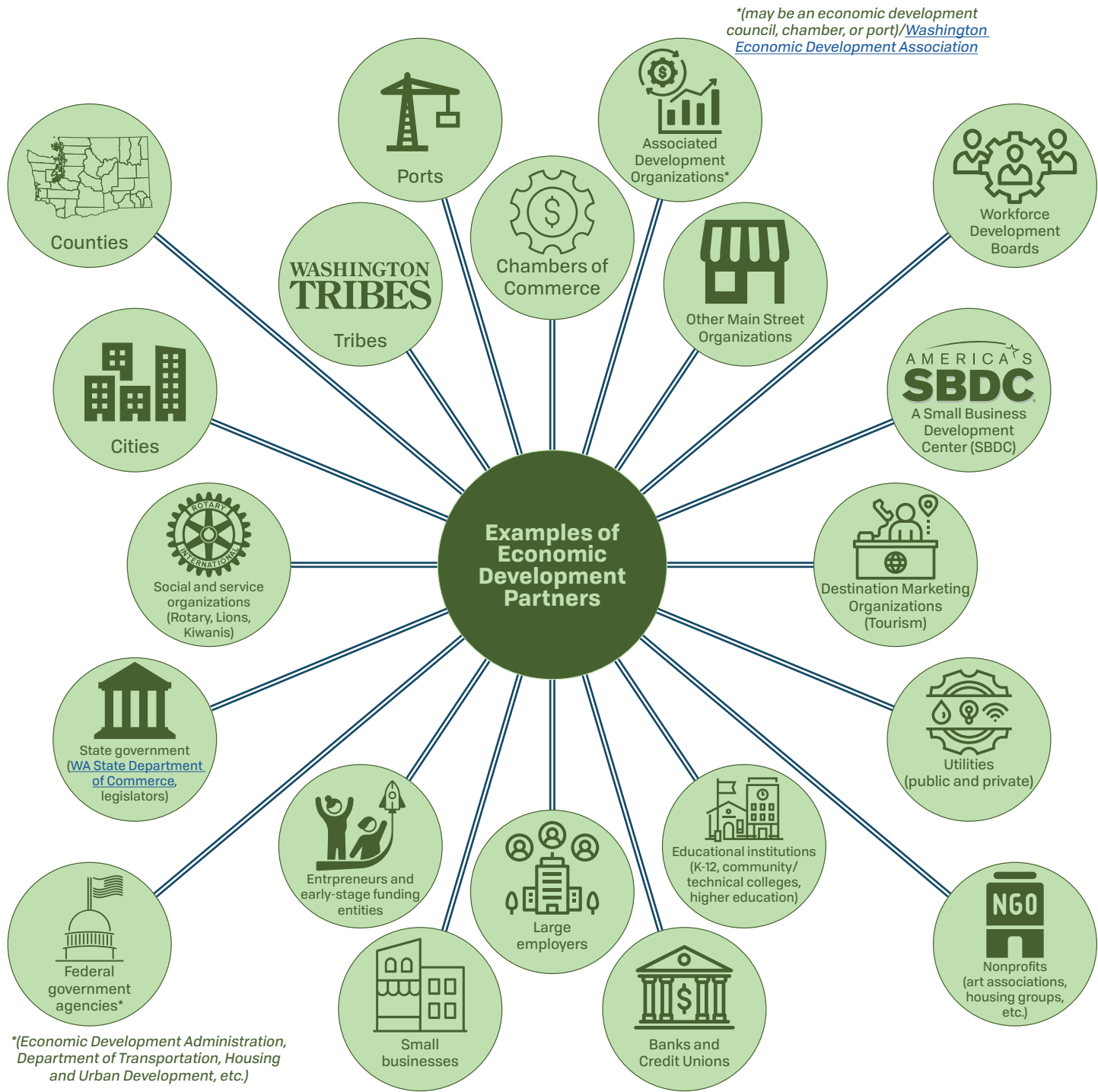
Economic development is a team sport. There's no way around it. Fostering growth with intention requires a lot of players coming together and melding their individual or organizational interests with what is best for the community. Doing so requires both a strong understanding of your community and an approach that will build trust and lasting relationships. Most economic development efforts succeed or fail based on the project's ability to leverage the strengths of partners and develop trust in each other's competency within their respective roles. The partners needed for each project will differ, and each community has its own unique makeup of doers and decisionmakers. The job of a Main Street organization is to know what partners you need today and in the future to meet your goals.

Additionally, the Main Street Approach includes an economic vitality committee, which should be a tool that the local Main Street organization uses to connect to the economic development ecosystem. The economic vitality committee is like a miniature version of your larger economic development ecosystem focused on your local district and will likely have a lot of shared goals with your local economic development partners. A quality Main Street district is a key amenity in improving the quality of life for people in your place, so your work is crucial in helping attract a quality workforce to your community or region. People from the organizations listed below can make great contributors to your economic vitality committee. For more information about developing an economic vitality committee, see the [Getting Started guide from Main Street America](#).

Below: Ace Hardware in downtown Chelan. Photo by Elijah Larson, courtesy of Historic Downtown Chelan Association.



Some examples of economic development partners include:



Another important and increasing focus of economic developers is equity. It is a moral imperative to ensure that public dollars are used in a way that provides everyone in a community with the opportunity to engage in and benefit from economic development. Beyond that, an equitable approach to economic development makes for stronger and more sustainable growth. Factors like changing demographics, an aging population, and new technology are key considerations to ensure that stakeholders aren't limited in access and opportunities as a result of their age, gender, race, ability, or other factors.

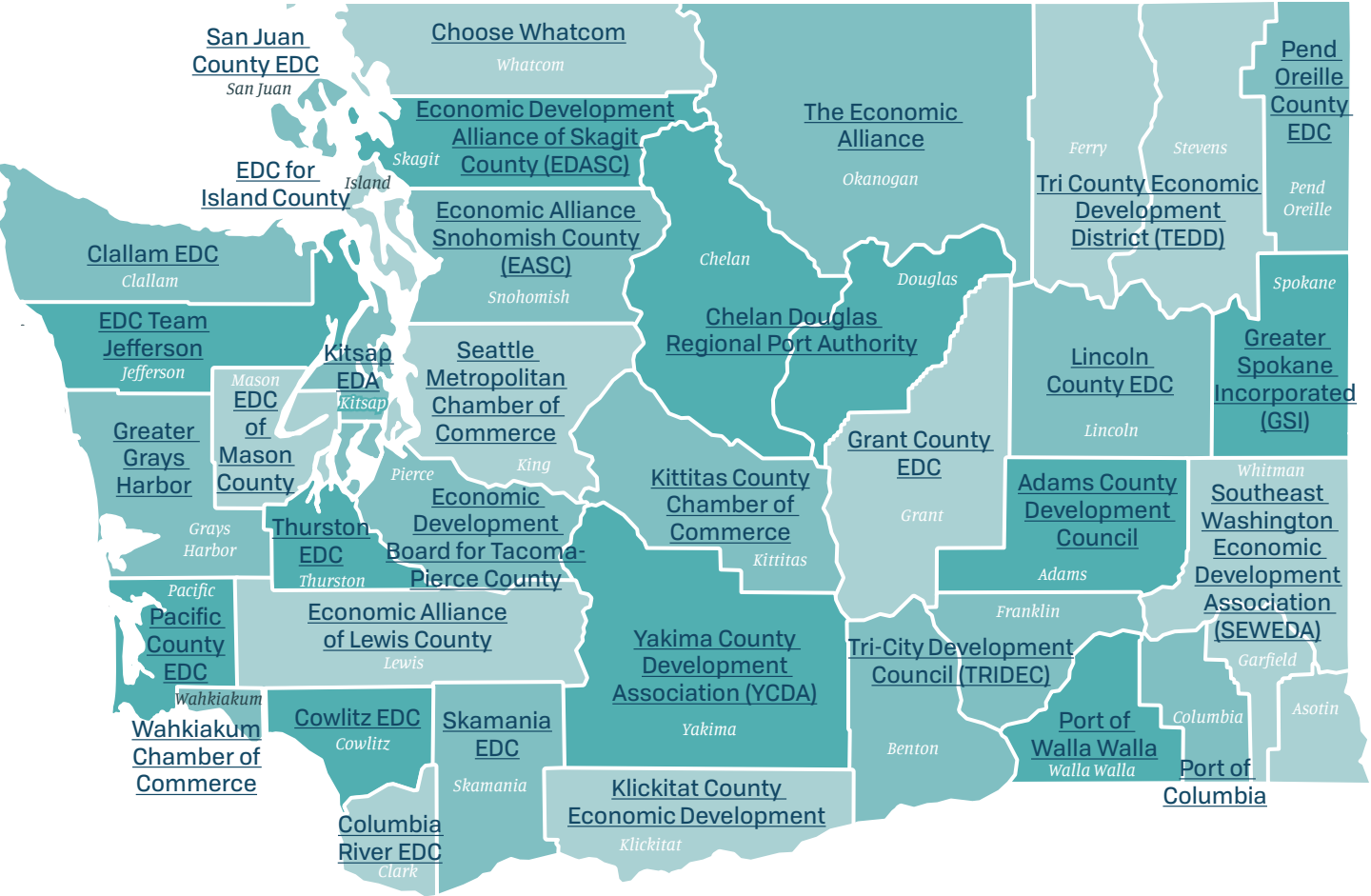
THE ECOSYSTEM

The economic development system in Washington State is primarily funded through the Associate Development Organization (ADO) system. There are 34 ADOs in Washington, covering all 39 counties. ADOs are officially designated by their respective county and can be an

economic development council, chamber of commerce, port, or other entity capable of objectively carrying out the duties required by a funding contract with the Washington State Department of Commerce.

The direct work of ADOs with businesses is called BRRE, or Business Retention, Recruitment, and Expansion. In addition to these activities, ADOs often work with microenterprises and entrepreneurs, helping them find funding partners, business resources, and educational opportunities. ADOs are often brought in to speak in public forums to inform policymakers on opportunities and the potential impact of policy and funding decisions. The type and intensity of advocacy work varies greatly among the ADO community. ADOs are required to leverage state funding with private and local public contributions to their organization. As mentioned above, ADOs must partner with a variety of organizations in order to meet the goals of their respective CEDS, including Main Street organizations.

Associated Development Organizations in Washington State



Note: EDC = Economic Development Council; EDA = Economic Development Alliance
Click on organization name to visit the website for each Associated Development Organization.

The Toolbox

In addition to strong partnerships, economic development often requires using tools and programs. Main Street organizations in Washington State have a small set of tools directly available to them, with many others requiring an economic development partner like a city, port, or ADO to utilize. Here's an overview of some of the key tools available:

Overview of Funding Tools

PRIVATE FUNDING

FOUNDATIONS AND NONPROFIT ORGANIZATIONS

Many communities in Washington State have a local community foundation and groups of local foundations and nonprofit organizations who provide funding and support for local revitalization efforts.

COLLECTIVE OWNERSHIP AND LOCAL INVESTMENT NETWORKS

This category includes community land trusts and locally funded private loan programs to steward local land and to provide local financing for community businesses and nonprofits.

MAIN STREET TAX CREDIT INCENTIVE PROGRAM (MSTCIP)

The MSTCIP offers a 75% tax credit toward either a business's business and occupation (B&O) tax or public utility tax for donations made to a designated Washington Main Street Community. These funds can be leveraged for certain economic development initiatives that align with the Main Street organization's mission and goals.

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS (CDFIs)

This category provides access to capital and local economic growth in urban and rural low-income communities across the nation, including nonprofits to promote inclusion for marginalized communities. Funding is allocated through monetary awards and tax credits.

LOCAL PROGRAMS

TAX INCREMENT FINANCING

Tax increment financing (TIF) is a financing tool that local governments in Washington State—defined as cities, towns, counties, port districts, or any combination thereof—can use to fund public infrastructure in targeted areas to encourage private development and investment (chapter 39.114 RCW).

LODGING AND TOURISM PROMOTION FUNDS

Local lodging tax funds are often administered by a local Lodging Tax Advisory Committee (LTAC) and can be requested with an application. Use of funds generally needs to promote increased tourism to the area.

BUSINESS IMPROVEMENT DISTRICT (BID)/PARKING AND BUSINESS IMPROVEMENT AREAS (PBIs)

This is a special assessment district that can be established by petition to the local government. Doing so requires signatures from at least 60% of the businesses and multi-family mixed residential/mixed-use properties in the area.

LOCAL IMPROVEMENT DISTRICTS (LIDs)

Counties in Washington State can utilize LIDs for water, sewer, and storm sewer system improvements through the creation of a special assessment district. There are often matching funds available to use to make improvements on the alley or street above while repairing old sewer and water lines below ground level.

STATE PROGRAMS
<u>COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM (CDBG) FOR RURAL TOWNS/CITIES</u>
Small, rural cities/towns and counties that are not eligible to receive CDBG funds directly from the U.S. Department of Housing and Urban Development (HUD) can apply to the Washington State Department of Commerce for a state CDBG grant.
<u>CAPITAL FACILITIES PLANNING GRANT PROGRAM</u>
This funding from the Washington State Department of Commerce supports jurisdictions in planning to maximize the resources and take advantage of other funding opportunities. The grant program helps forecast capital facility needs, identify funding sources, and assess land use needs.
<u>BUILDING COMMUNITIES FUND</u>
This program is a reimbursement-style grant for capital construction projects only. Organizational operating costs are ineligible. The Building Communities Fund is underwritten through the sale of state bonds. Awardees are selected through a competitive grant application process conducted every two years by the Washington State Department of Commerce. Projects must be in a “distressed community” or serve a substantial number of low-income or disadvantaged persons.
<u>BUILDING FOR THE ARTS (BFA)</u>
The Building for the Arts program awards state grants to nonprofit community-based organizations to buy, build, or renovate arts and cultural facilities. The program is managed by the Washington State Department of Commerce. Capital project grants can cover up to 33% of the total costs for construction.
<u>TRANSPORTATION IMPROVEMENT BOARD</u>
The board fosters state investment in quality local transportation projects by distributing funding through a number of grant programs, including the Urban Arterial Program, Arterial Preservation Program, Small City Preservation Program, Sidewalk Program, Small City Arterial Program, and Road Transfer Program.
<u>COMMUNITY ECONOMIC REVITALIZATION BOARD (CERB)</u>
The CERB provides funding to local governments and federally recognized Tribes for public infrastructure projects that support private business growth and expansion. Eligible projects include domestic and industrial water, storm water, wastewater, public buildings, telecommunications, and port facilities.

NATIONAL PROGRAMS
<u>HOUSING AND URBAN DEVELOPMENT (HUD) LOANS, ESPECIALLY SECTION 108 LOAN</u>
The Section 108 Loan Guarantee Program (Section 108) provides communities with a source of low-cost, long-term financing for economic and community development projects. Section 108 financing provides an avenue for communities to undertake larger, more costly projects where they may have limited resources to invest upfront.
<u>ECONOMIC DEVELOPMENT ADMINISTRATION (EDA)</u>
The EDA has funding opportunities on an ongoing basis to fund economic development priorities. EDA grants help to fulfill regional economic development strategies designed to accelerate innovation and entrepreneurship; advance regional competitiveness; create higher-skill, living-wage jobs; generate private investment; and fortify and grow industry clusters.

TAX CREDIT PROGRAMS AND LOANS TO INCENTIVIZE PRIVATE SECTOR DEVELOPMENT
<u>OPPORTUNITY ZONES</u>
Opportunity Zones, designated on April 9, 2018, are an economic development tool that allows people to invest in distressed areas in the United States. Investors enjoy deferred and potentially reduced tax liability on the gains realized. Taxpayers can invest in these zones through Qualified Opportunity Funds. Here’s a map of Opportunity Zones in Washington State . Note: This program has a sunset and realizes diminished benefits between now and December 31, 2026.
<u>ENTERPRISE/EMPOWERMENT ZONES</u>
Enterprise zones are geographic regions that are granted special status by a government to encourage development and economic growth. The zones may be granted favorable tax rates, regulatory exemptions, or other incentives to encourage businesses to stay in the area or locate in it.
<u>INNOVATION PARTNERSHIP ZONES</u>
Collaboration and innovation are the dual roads that lead to success in the marketplace. Recognizing the power of partnering with likeminded companies and individuals, Washington has launched Innovation Partnership Zones (IPZ) around the state. Note: These programs do not receive funding from the state but can be useful for location marketing, sector analysis, and strengthening grant applications.
<u>HUBZONES</u>
The HUBZone program fuels small business growth in historically underutilized business zones with a goal of awarding at least 3% of federal contract dollars to HUBZone-certified companies each year. The program can incentivize businesses receiving federal contracts to locate in your Main Street district.
<u>THE FEDERAL HISTORIC TAX CREDIT (HTC) PROGRAM</u>
The HTC provides a tax credit incentive to owners of properties listed on the National Register of Historic Places investing in substantial renovation. Note: The HTC is only available to nonprofits and public agencies in certain circumstances.
<u>NEW MARKET TAX CREDITS</u>
This tax credit is available for investors who provide financing to a Community Development Entity (CDE); CDEs in turn provide grants and loans to businesses or investors operating in low-income communities.
<u>AFFORDABLE/LOW-INCOME HOUSING TAX CREDITS</u>
This tax incentive is provided to investors and administered to nonprofits by the Washington State Housing Finance Commission to fund affordable housing projects.
<u>TAX INCENTIVE PROGRAMS THROUGH THE WASHINGTON STATE DEPARTMENT OF REVENUE</u>
See above link for a list of additional, industry-specific tax credit incentive programs that are available here in Washington State.
<u>SBA 504 LOANS</u>
These loans provide long-term, fixed-rate financing on existing buildings, land, new facilities, machinery, and equipment.

Now that you’re aware of the tools available, the following section dives deeper into several of the tools that have been used in Main Street districts and includes a brief case study of both the tool and the community that has employed it to develop a transformative community project or initiative.

Tax Increment Financing (TIF)

What is It?

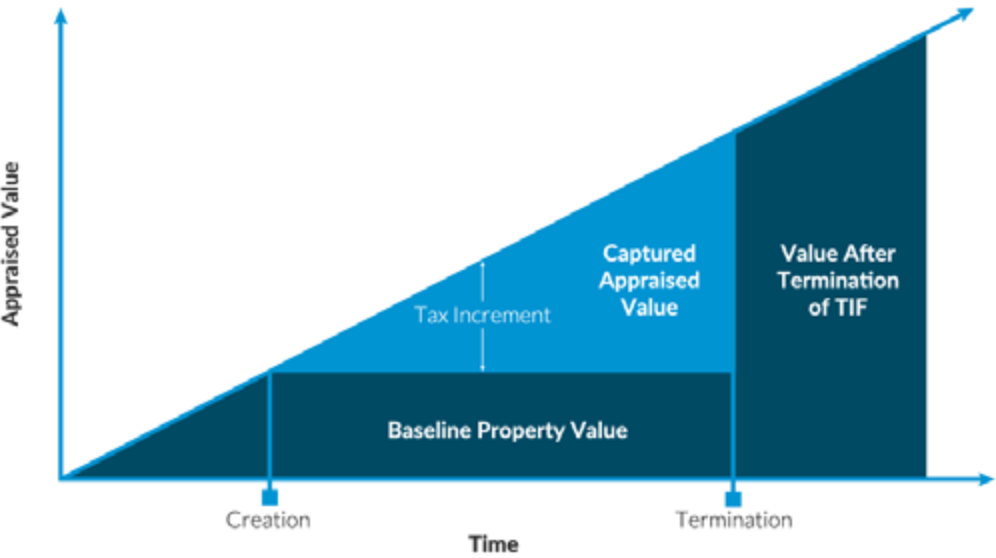
In general, Washington State's Tax Increment Financing (TIF) is a financing option that allows a public agency (city, county, or port) to fund publicly owned infrastructure projects determined necessary to encourage the envisioned private development within a Tax Increment Area (TIA) designated by the public agency. As private development occurs (as a result of the public agency's investment in the identified public improvements), property values rise, and the public agency uses the increased property tax generated

by that development to pay for the public improvement projects. After the project costs are paid, the public agency retires the TIA. This Tax Increment Financing model has been a key tool for many Main Street districts in their revitalization.

Are Main Street Projects or Organizations Eligible?

Main Street organizations are unable to use Tax Increment Financing directly. The TIA must be created by a local city, county, or port district. Each of those entities are limited to two active Tax Increment Areas at a time. To create a TIA, the local government must prepare a [project analysis](#).

Figure 1: Diagram of a Conceptual Tax Increment Financing Plan



Washington State's Tax Increment Financing law requires its local government sponsor to make the following findings:

1. The public improvements proposed to be paid or financed with tax allocation revenues are expected to encourage private development within the TIA and to increase the assessed value of real property within the TIA;
2. Private development that is anticipated to occur within the TIA as a result of the proposed public improvements will be permitted consistent with the permitting jurisdiction's applicable zoning and development standards;
3. The private development would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future without the proposed public improvements; and
4. The increased assessed value within the TIA that could reasonably be expected to occur *without* the proposed public improvements would be less than the increase

in the assessed value estimated to result from the development *with* the proposed public improvements.

These findings (specifically sections 1, 2, and 4) are commonly referred to as the "But-For Requirement." The project must meet these four findings to be eligible.

How Can My Community Apply?

To create a TIA and receive Tax Increment Financing, a community must do the following:

1. Prepare a project analysis.
2. Hold at least two public briefings.
3. Submit a copy of the project analysis to the State Treasurer.
4. Adopt an ordinance creating the Tax Increment Area.

For more detailed information, visit the [Tax Increment Financing page on the Municipal Research and Services Center \(MRSC\) website](#).

Case Study: Terminal One, Vancouver

History

On Vancouver's historic waterfront, just outside of the Main Street district, the Port of Vancouver has been working on redevelopment of a former industrial site into a community asset with hotels, offices, and other mixed-use property developments. In the process of raising funds for the necessary infrastructure to attract that development, the Port of Vancouver turned to the tool of Tax Increment Financing.

Benefit

While the new growth would generate a lot of new tax revenue, without using TIF, the port risked not being able to fully fund the necessary infrastructure to realize the project's vision. Now, the newly formed Tax Increment Area is providing financing for some of the improvements outlined in the project vision, including trails, a dock, a plaza, and other amenities.





Above: Main Street in downtown Colfax at night. Photo by Mirror Up Imagery, courtesy of Downtown Colfax Association.

Housing and Urban Development Section 108 Loans

What is It?

The Section 108 Loan Guarantee Program through the U.S. Department of Housing and Urban Development (HUD) provides states and local governments access to low-interest financing for a variety of projects, including: affordable housing developments, public infrastructure improvements and facilities, and commercial/industrial development. Generally, the costs of these projects exceed available local government resources, including HUD funds available through the Community Development Block Grant (CDBG) program. In all cases, however, these projects are well suited to the financing assistance available through the Section 108 Loan Guarantee Program. Section 108's unique flexibility and range of applications makes it one of the most potent and important public investment tools that HUD offers to state and local governments.

Are Main Street Projects or Organizations Eligible?

Main Street organizations are unable to apply for and use Section 108 funding directly. To be eligible, a community

must be a recipient of CDBG funds and can borrow up to five times the amount of their most recent CDBG grant allocation. Non-entitlement communities (communities that don't receive CDBG directly) can apply with state support. Refer to the [Washington State Department of Commerce's list of local governments served by the state CDBG program](#) to see if you need state support to apply for a Section 108 loan. Loans can be used to access low-cost, flexible financing for economic development, housing, public facility, and infrastructure projects. Communities can use Section 108 guaranteed loans to either finance specific projects or to launch loan funds to finance multiple projects over several years.

How Can My Community Apply?

If you are an entitlement city (a city that receives CDBG funding), you can check the availability of financing on the HUD website for [your community here](#) (click to download Excel file). If your city does not receive CDBG funding, check with the [Washington State Department of Commerce's CDBG program](#). If your city is eligible for CDBG funding, check out the [HUD webpage on Section 108 financing](#). More in-depth instructions and an application toolkit are available on the HUD webpage as well.

Case Study: Mount Vernon Floodwall and Waterfront Revitalization

History

Mount Vernon has struggled with flooding for years. Each time the water in the Skagit River rose to a certain level, citizens drop everything and help build a sandbag dike to prevent flooding in the downtown and surrounding areas. Starting in 2007, the city approved the purchase of a mobile flood wall that cut the time and number of volunteers needed significantly.

Benefit

The City of Mount Vernon was on the lookout for financing to help cover the cost of a 100-year flood protection wall to protect their city and downtown area from flooding. The project also features a river promenade, trail system, and public riverfront park right on the edge of downtown. [Section 108 funding provided \\$1.7 million](#) as part of the funding mix to help underwrite the \$12.9 million public improvement project. The result was the removal of most of the downtown from the flood plain and the implementation of infrastructure that is crucial to preserving downtown and supporting its continued development. For more information on this project, check out this video: youtu.be/6sgLiBuv2f4.



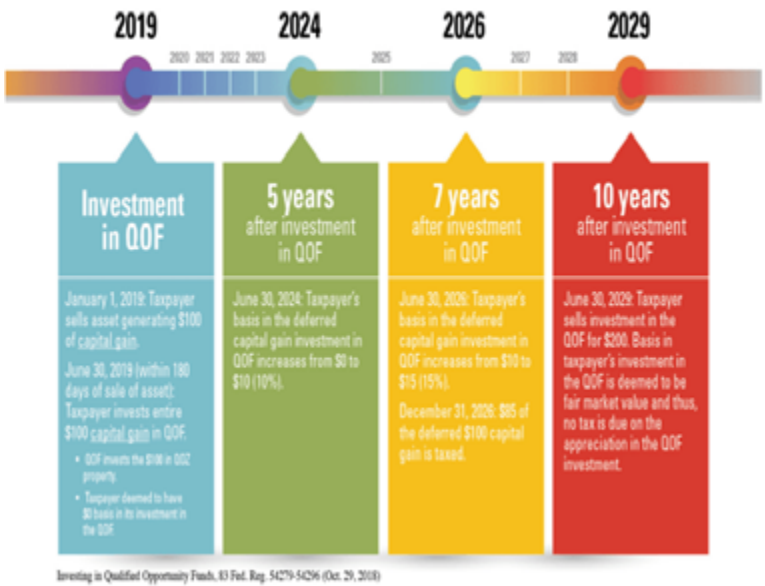
Opportunity Zones

How Do Opportunity Zones Work?

Opportunity Zones, designated on April 9, 2018, are an economic development tool that allows people to invest in distressed areas in the United States. Investors enjoy deferred and potentially reduced tax liability on the gains realized. Taxpayers can invest in these zones through Qualified Opportunity Funds. Here's a map of [Opportunity Zones in Washington State](#). Note: This program has a sunset and realizes diminished benefits between now and December 31, 2026.

Here's a look at how an Opportunity Zone works:

Here's an example of how an Opportunity Zone benefits an investor/taxpayer:



In the example, the investment was made in 2019. Please keep in mind that Opportunity Zone benefits continue to diminish annually until the program is scheduled to sunset at the end of 2026 unless it is extended.

How Does Being in an Opportunity Zone Benefit Our Organization?

Properties in an Opportunity Zone are attractive to certain types of investors who are looking to defer or reduce their taxable gains from the sale of another property. This gives Main Street organizations in an Opportunity Zone a tax advantage when courting downtown investors or developers until the program sunsets. (Efforts are currently underway to extend the legislation from 2026 through 2028.)

Case Study: Hotel Stevenson

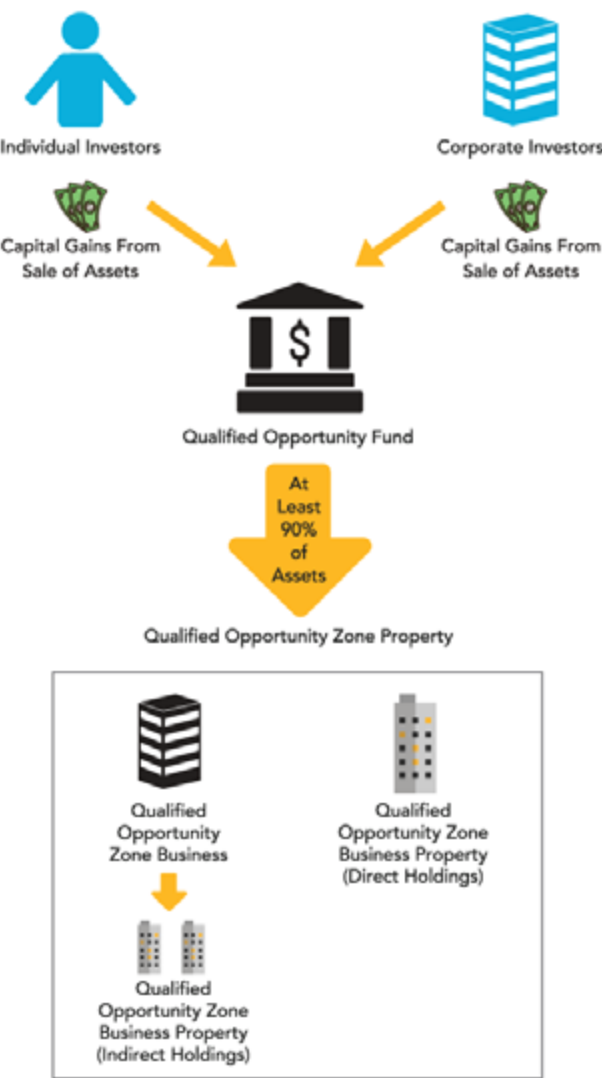
History

Dave and Terri Sauer bought the Camas Hotel in downtown Camas in 2016 and decided to sell it in 2019. With the funds from the sale, they chose to invest in downtown Stevenson, purchasing a historic building in the downtown core in April 2020 and converting it to a 12-room hotel with a restaurant and bar.

Benefit

Downtown Stevenson is part of an Opportunity Zone, which made it possible for the Sauers to invest their gains from the sale of the Camas Hotel and defer the taxes they owed to the IRS. If they hold onto the Stevenson property for five years, that tax rate is reduced by 10%; if they hold onto it for seven years, the tax rate is reduced by 15%. If they hold onto the property for at least 10 years, any capital gains from the sale of Hotel Stevenson will be permanently forgiven, while the deferred taxes from the Camas Hotel will come due either at the end of December 2026 or when they sell Hotel Stevenson.

How Opportunity Zone Investments Work



Above: Graphic courtesy of California Policy & Budget Center.





Above: Drone view of downtown Chehalis. Photo by Jesse Smith, courtesy of Experience Chehalis.

Business Improvement District

What is It?

A business improvement district (BID) is designed to aid general economic development and to facilitate merchant and business cooperation. It is a local self-help funding mechanism that allows business owners within a defined area to establish a special assessment district. Funds raised can be used to provide management, services, facilities, and programs to the district. In Washington, BIDs (also sometimes called Parking and Business Improvement Areas or PBIAs) are authorized by statute.

Activities in a BID or PBIA are financed through a special assessment that is imposed on businesses, multi-family residential developments, and mixed-use developments located within the geographic boundaries of the area. The assessments can be used to finance construction, acquisition, or maintenance of parking facilities; decoration of public areas; promotion of public events; furnishing of music in public places; provision of maintenance and security of common public areas; or management, planning, and promotion of the area, including the promotion of retail trade activities.

How is a BID/PBIA Formed, and What is a Main Street's Role?

A BID or PBIA may be established either when the owners of businesses in the proposed area submit an initiation petition to the local government (usually the city council) or when the local government passes an initiation resolution to create the BID/PBIA.

The resolution must include boundaries of the area, proposal for use of the funds, the total cost of the projects or services, an estimated levy rate, and a petition signed by owners responsible for 60% of assessment area value (usually property taxes). Without that level of support, the BID/PBIA cannot be created. Main Street organizations often take on the role of collecting signatures, especially if the funds are intended to fund Main Street activities.

Following the resolution, a public hearing must occur with at least 15 days' notice. Following the hearing, the local government (often the city council) will vote to establish the proposed BID/BPIA.

Case Study: Downtown Yakima

History

Several Washington State Main Street Program Communities have BID/PBIAs, including Aberdeen, Everett, Olympia, Wenatchee, and Yakima, among others. Yakima instituted their PBIA in 2008, as part of an effort to revitalize the downtown after a previous BID was allowed to sunset. The current Downtown Yakima Business Improvement District (DYBID) has a five-member advisory board of elected business owners from the assessment district that make recommendations to the city council on issues impacting the downtown.

Benefit

The funds from the PBIA were used to fund the startup costs for the Downtown Association of Yakima and to underwrite staff positions at the organization to provide cleanup services and other support to the downtown business community.





Above: Restored Rock Bunkhouses in LaCrosse. Photo courtesy of LaCrosse Community Pride.

Collective Ownership and Investment

What is It?

Collective ownership and local investment networks are tools of what is normally referred to as the [solidarity economy](#), which includes many other examples of shared community resource management. Some prevalent examples are land trusts, consumer cooperatives, credit unions, community supported agriculture, and community gardens. Local investment networks are also an emerging example of the solidarity economy and have been established in several communities across Washington State.

How Can My Community Leverage the Power of Collective Ownership or Investment?

Collective ownership often starts with a dedicated group of people wanting to accomplish something in their community. Some of the simplest ways to leverage the power of collective ownership are through methods like Kickstarter, a crowdfunding dinner where the community raises money to invest in a small business, or a dedicated group of people pooling their funds together to save a historic landmark.

Case Study: LaCrosse Community Pride

History

The only grocery store in LaCrosse closed in 2009, and a year later, the town's only bank closed as well. Many were concerned that the community would become a ghost town. LaCrosse Community Pride, the local Main Street organization, was formed in 2010 to help fill in the gap.

Benefit

Members of the LaCrosse community pooled their funds together to collectively own their town. They were able to leverage that capital to get a loan to redevelop several downtown buildings. With that support, they were able to recruit a bank and grocer tenants, add a library, and save several endangered rock houses in their community, in partnership with other outside funding entities.



Appendix: Other Economic Development Tools and Funding Sources

Environmental Factors/Mitigation

Emergency Management Baseline Assessment Grant Program

Description: The Emergency Management Baseline Assessment Grant (EMBAG) Program provides non-disaster funding to support developing, maintaining, and revising voluntary national-level standards and peer-review assessment processes for emergency management.

Administrator(s): FEMA (Federal Emergency Management Agency)

Eligible Organizations: Institutions of higher education and other eligible nonprofits that demonstrate competence in emergency management program accreditation.

Contact: <https://www.fema.gov/grants/preparedness/emergency-management-baseline-assessment>

Disaster Relief—Public Assistance Grant Funding

Description: When an area has received a Presidential declaration of an emergency or major disaster, then its state, Tribal, territorial, and local governments—and certain types of private nonprofits—may be eligible to apply for public assistance.

Administrator(s): FEMA (Federal Emergency Management Agency)

Eligible Organizations: State, territory, Tribe, local government, or certain type of private nonprofit organization.

Contact: See this website for more information on the process of application for public assistance following a disaster: <https://www.fema.gov/assistance/public/process>

Environmental Cleanup & Brownfields

Description: Cleanup of a toxic site may be necessary as a precursor to economic development. A site must first be listed with the Washington State Department of Ecology. [Visit this link to see the sites listed in your downtown.](#) Funding for cleanup includes a mix of tools, including Independent Remedial Action Grants (IRAGs) as part of the Voluntary Cleanup Program. To do remediation/cleanup of a historic dry-cleaning establishment, an additional course of action is to pursue a historic insurance claim.

Administrator(s): Washington State Department of Ecology

Eligible Organizations: Local governments that have: Completed an independent cleanup through the Voluntary Cleanup Program & Received a determination of No Further Action from Ecology.

IRAG applicants who apply to the Voluntary Cleanup Program are required to complete a cultural resources consultation during cleanup to be eligible.

Contact: (360) 890-0059; <https://ecology.wa.gov/Spills-Cleanup/Contamination-cleanup>

Additional Funding Sources

HISTORIC THEATER CAPITAL GRANT PROGRAM

Description: Funding is provided for grants to restore and rehabilitate historic theaters statewide.

Administrator(s): Washington State Department of Archaeology and Historic Preservation, managed by Washington Trust for Historic Preservation

Eligible organizations: Non- profit and privately owned properties both eligible, but would need a public benefit element and easement.

Eligible projects: Historic theaters listed (or eligible and listed by the end of the project) on the Washington Heritage Register or National Register of Historic Places (usually over 50 years old). Property must be an operating theater or the project restores theater back into operation. Property must be originally built as a theater (not building later turned into theater).

Contact: 360-870-6383; marivic.quintanilla@dahp.wa.gov; <https://ofm.wa.gov/budget/state-budgets/gov-inslees-proposed-2021-23-budgets/2021-31-capital-plan/agency-capital-project-detail/355>

MULTIFAMILY 80/20 HOUSING BONDS

Description: Tax-exempt bonds, also known as private activity bonds, are bonds where the interest earned by the bondholder(s) is exempt from federal taxation. These bonds are used by for-profit developers to borrow funds for construction and other costs of developing affordable housing. Because the interest is tax exempt, the debt has lower interest rates than traditional financing. In return, the developer must set aside a certain percentage of units for low-income residents. If more than 50% of a project is financed with tax-exempt Multifamily Bonds, the project may access the 4% Low Income Housing Tax Credit (LIHTC) without competing for an allocation of these tax credits.

Administrator(s): Washington State Housing Finance Commission

Eligible organizations: Private owners or development LLCs

Eligible projects: Multifamily rental housing, assisted living with full living facilities, and single-room occupancy housing

Ineligible projects: Hotels or motels, dormitories, nursing homes, and manufactured homes (in most cases)

Contact: 206-287-4415; dan.schilling@wshfc.org; <https://www.wshfc.org>

RURAL DEVELOPMENT LOAN ASSISTANCE PROGRAM

Description: This program provides loan guarantees to eligible lenders to develop essential community facilities in rural areas. An essential community facility is defined as a public improvement, operated on a non-profit basis.

Administrator(s): US Department of Agriculture

Eligible organizations: Public entities, Nonprofits, and Federally-recognized Tribes

Where: Rural areas (cities and towns, including Federally-recognized Tribes) with fewer than 50,000 residents.

Eligible projects: Direct loan funds may be used to construct, enlarge, or otherwise improve community facilities for healthcare, public safety, public services, community support services, educational services. Funds can be used to purchase, construct, and/or improve essential community facilities, purchase equipment, and pay related project expenses.

Ineligible projects: Commercial enterprises, facilities used primarily for recreational purposes

Contact: <https://www.rd.usda.gov/programs-services/community-facilities-direct-loan-grant-program>; Washington State Office: 360-704-7740

VALERIE SIVINSKI FUND

Description: The Valerie Sivinski Fund is an annual grant program that provides grants up to \$2,000 to organizations and community groups engaged in historic preservation around our state. The grant program embodies the mission of the Washington Trust by supporting historic preservation where it really happens: at the community level.

Administrator(s): Washington Trust for Historic Preservation

Eligible organizations: 501c3 organizations, unincorporated advocacy groups, public agencies

Eligible projects: Direct preservation costs; design, documentation, or planning fees; interpretive material or advocacy costs.

Ineligible projects: New construction, general operating expenses

Contact: 206-462-9449; grants@preservewa.org;
<https://www.preservewa.org/programs/valerie-sivinski-fund/how-to-apply/>

CONTRIBUTORS:

This Report was prepared by Luke Hallowell for the Washington State Main Street Program.

Many people contributed their expertise and energy to this report. We’d like to thank:

- Tamsin Bell
- Mike Bomar
- Stephanie Button
- Todd Cutts
- Suzanne Dale Estey
- Michael Morales
- Terri Sauer
- Michael Walker
- Dave Zabell



About Washington Main Street

Washington Main Street helps communities revitalize the economy, appearance, and image of their downtown districts using the successful Main Street Approach™, a comprehensive revitalization strategy built around a community's unique heritage and attributes. Washington Main Street is a program of the Department of Archaeology & Historic Preservation, managed under contract by the Washington Trust for Historic Preservation.

Contact Us

206-624-9449

preservewa.org/mainstreet