

Harrisonburg, Va OPPORTUNITY ZONE PROSPECTUS



Prepared by:



HARRISONBURG | VA
ECONOMIC DEVELOPMENT

SUCCESS IS SECOND NATURE

February 2019

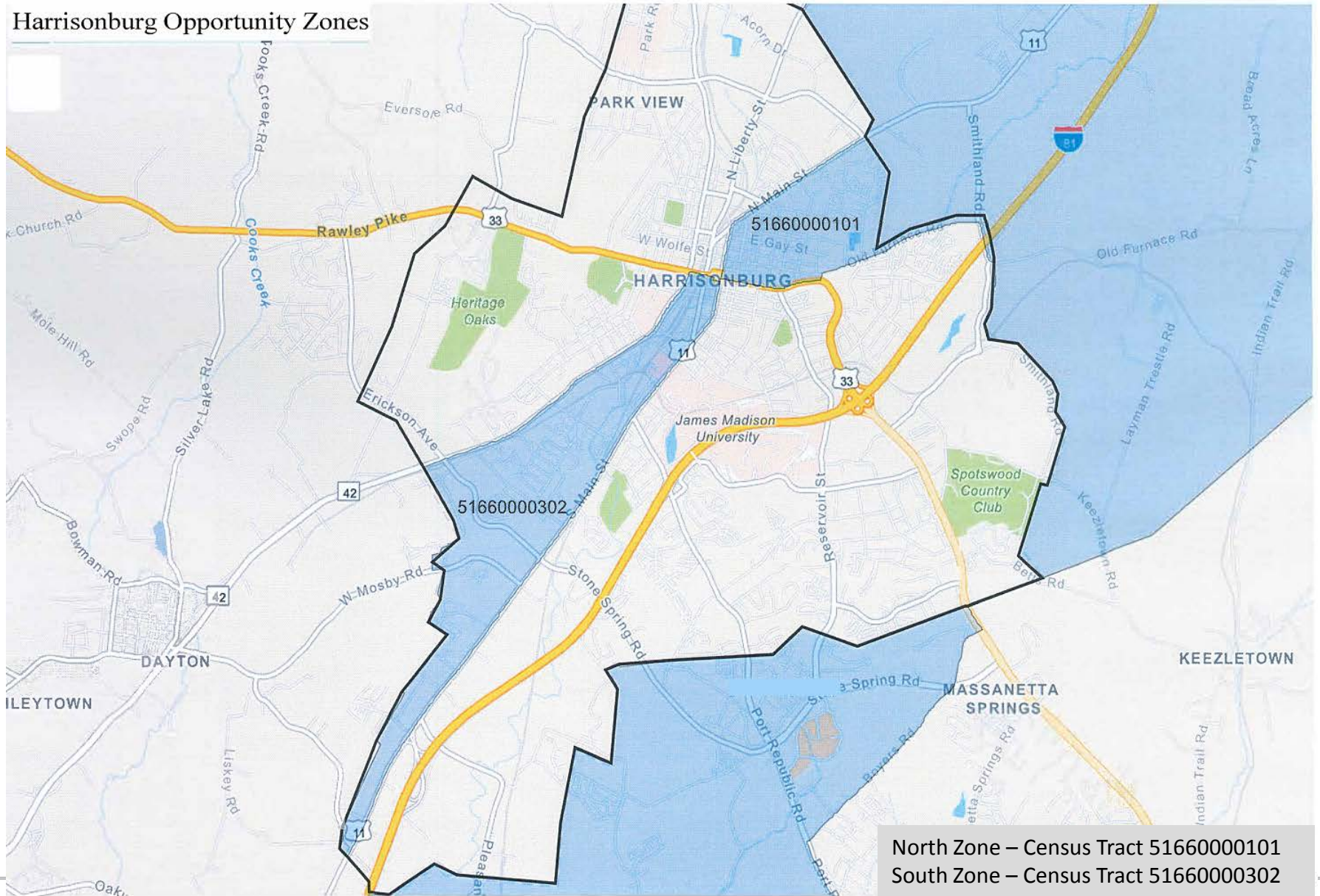
www.harrisonburgdevelopment.com

EXECUTIVE SUMMARY

- Harrisonburg is an inclusive, growing, entrepreneurial city of 54,000 people.
- 53 languages are represented by students in Harrisonburg City Public Schools.
- Harrisonburg is the home of James Madison University and Eastern Mennonite University.
- Harrisonburg enjoys a diverse economy, built on educational institutions, business services, manufacturing, healthcare, logistics, and a growing technology sector.
- The city has strong partnerships in education and workforce development.
- Harrisonburg's Opportunity Zones were intentionally chosen to maximize impact and investment opportunities within these zones.
- Harrisonburg has 2 Opportunity Zones, both stretching out from Court Square, the center of the city. The north zone provides close proximity to a booming downtown. The south zone provides opportunity for large parcel redevelopment.

HARRISONBURG OPPORTUNITY ZONES

Harrisonburg Opportunity Zones

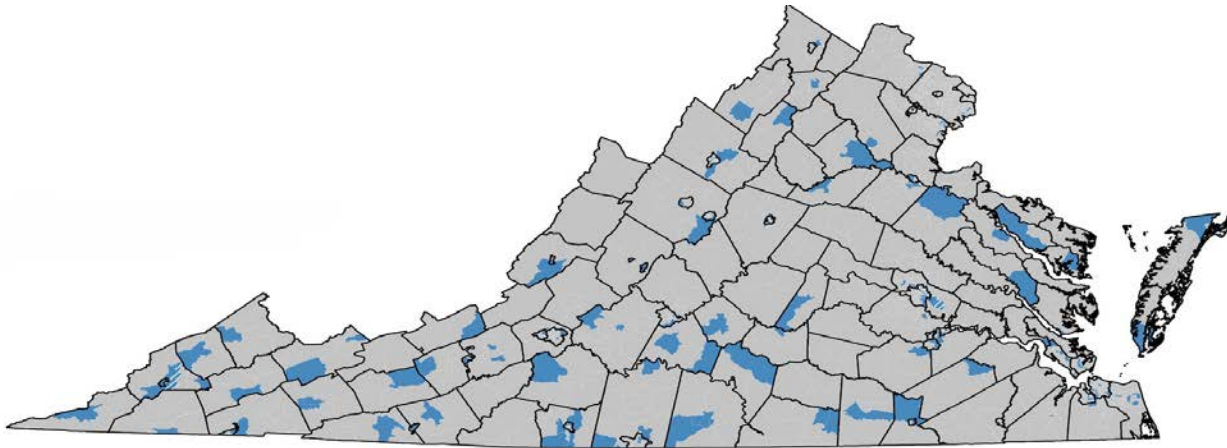


North Zone – Census Tract 51660000101
South Zone – Census Tract 51660000302

Opportunity Zones Fact Sheet

What are Qualified Opportunity Zones?

Qualified Opportunity Zones are low-income census tracts [IRC Section 45D(e)] that were nominated by the governor of Virginia and certified by the U.S. Treasury where new investments may be eligible for preferential tax treatment if they meet certain qualifications. A low-income census tract is defined as having an individual poverty rate of at least 20% or a median family income no greater than 80% of the area median income. According to the 2015 and 2016 U.S. Census data, Virginia had 901 eligible census tracts, and per the Tax and Jobs Act, Virginia was able to nominate 25% or 212 tracts. The designations are permanent until Dec. 31, 2028.



What are Qualified Opportunity Funds?

- Private-sector investment vehicles that invest at least 90% of their capital in Opportunity Zones.
- Must be set up as a partnership or LLC.
- A taxpayer must self-certify on their tax return by completing a form to create an Opportunity Fund. A draft form has been released by the [U.S. Treasury](#).
- Equity investment derived from an investor's capital gains from a prior investment.

Opportunity Zones Fact Sheet

What are the benefits from investing in a Qualified Opportunity Zone Business or Property?

- Temporary tax deferral of capital gains reinvested into a Qualified Opportunity Zone Fund. The deferred gain must be recognized on the earlier of the disposition of the investment or Dec. 31, 2026.
- Step-up in basis, where the initial basis in a Qualified Opportunity Zone investment starts at zero. The basis increases by 10% with a holding period of five years, and by an additional 5% if held for at least seven years, excluding up to 15% of the original gain from taxation.
- Permanent exclusion from taxable income of capital gains from the sale or exchange of an investment in an Opportunity Fund if the investment is held for at least 10 years. The basis of investment at the time of sale is increased to the fair market value.

What types of initiatives can Opportunity Funds be used for?

- Qualified opportunity zone stock acquired after Dec. 31, 2017
- Capital or profits interest in a domestic partnership acquired after Dec. 31, 2017
- Qualified opportunity zone business property acquired after Dec. 31, 2017
- Qualified opportunity zone business



OPPORTUNITY ZONE TAX INCENTIVES

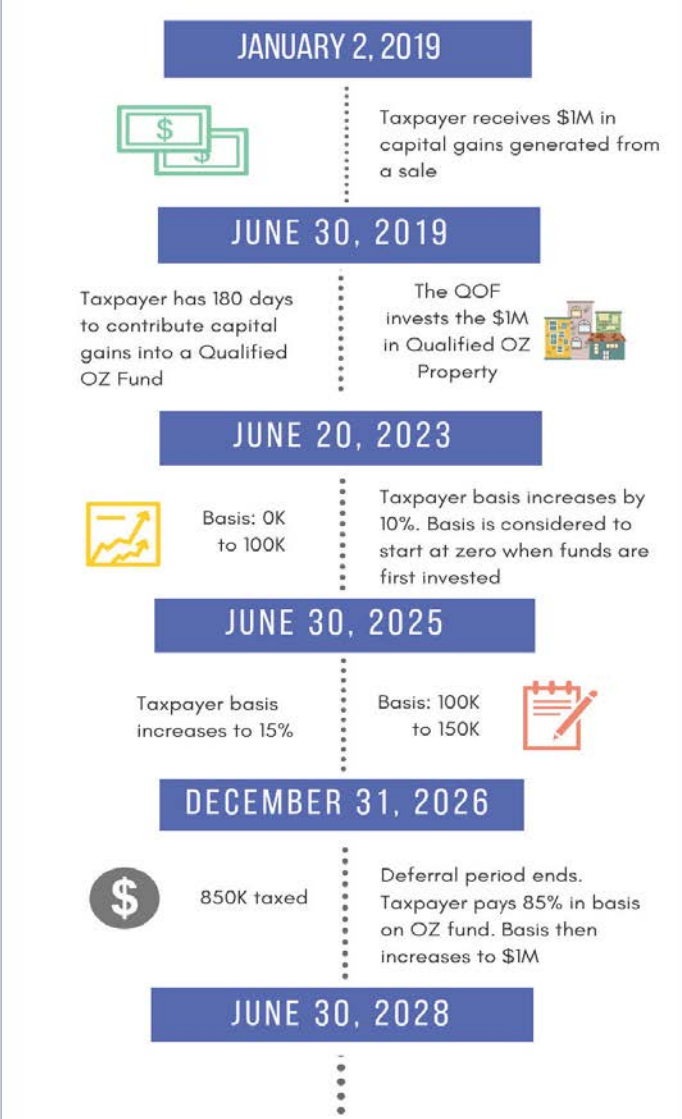
Four Parties:



Different Than Other Tax Credits:

- ✓ More market-oriented
- ✓ Residential, commercial real estate, and business investments
- ✓ No benefit cap

SAMPLE OPPORTUNITY ZONE INVESTMENT

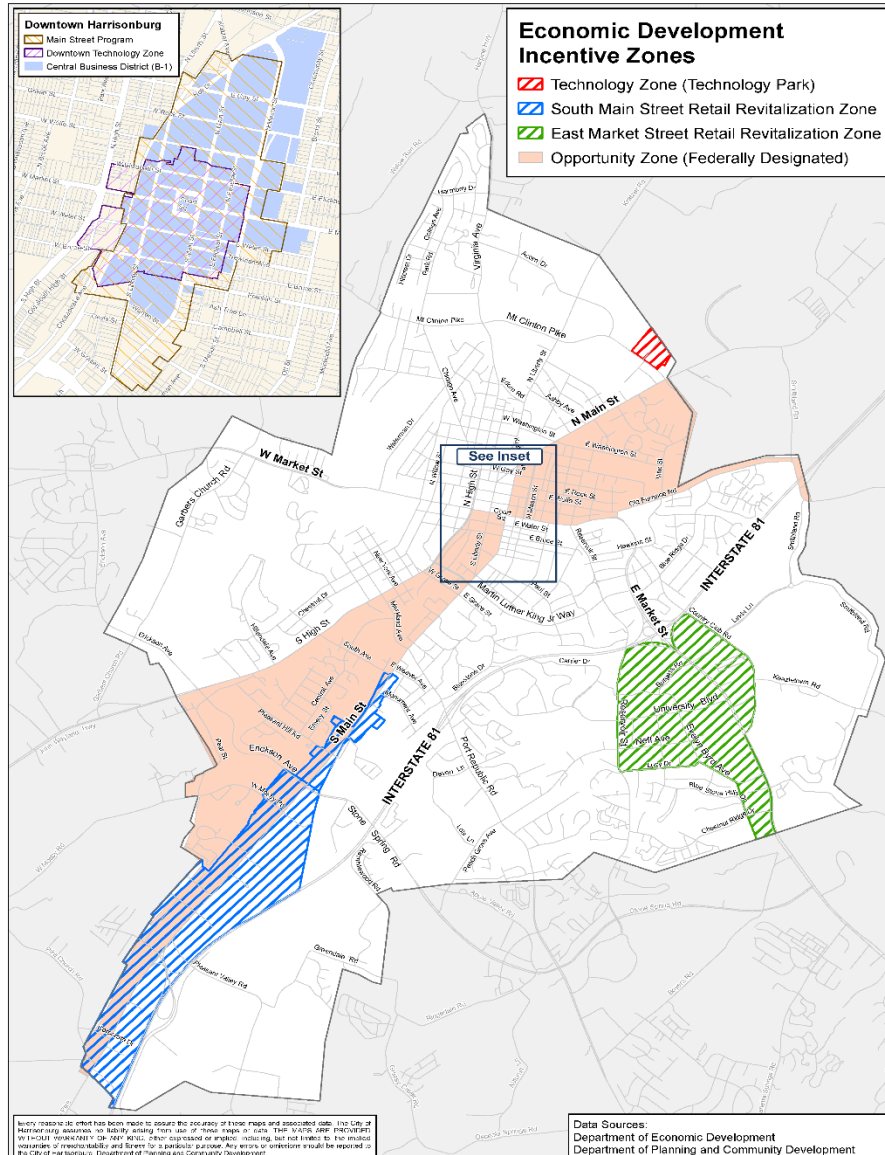


Basis is Fair Market Value. Taxpayer sells investment for \$3M. Taxpayer does not owe tax on appreciation of investment.



INCENTIVE ZONES IN HARRISONBURG

ADDITIONAL INCENTIVE ZONES



ADDITIONAL INCENTIVE ZONES

Technology Zones

- Three-year business, professional, and occupational license tax/fee exemption.
- Water and sewer connection fee exemption. Partial exemption for certain rehabilitations, renovations, or replacements of structures no less than twenty-five (25) years of age.

Retail Revitalization Zones

New construction projects in these zones that exceed \$1 million in capital investment are eligible for a real property tax exemption. The real estate property tax exemption is based upon the level of investment:

- Capital investment between \$1 million and \$10 million = 5 year exemption
- Capital investment between \$10 million and \$20 million = 8 year exemption
- Capital investment of \$20 million or more = 10 year exemption

Economic Revitalization Zone

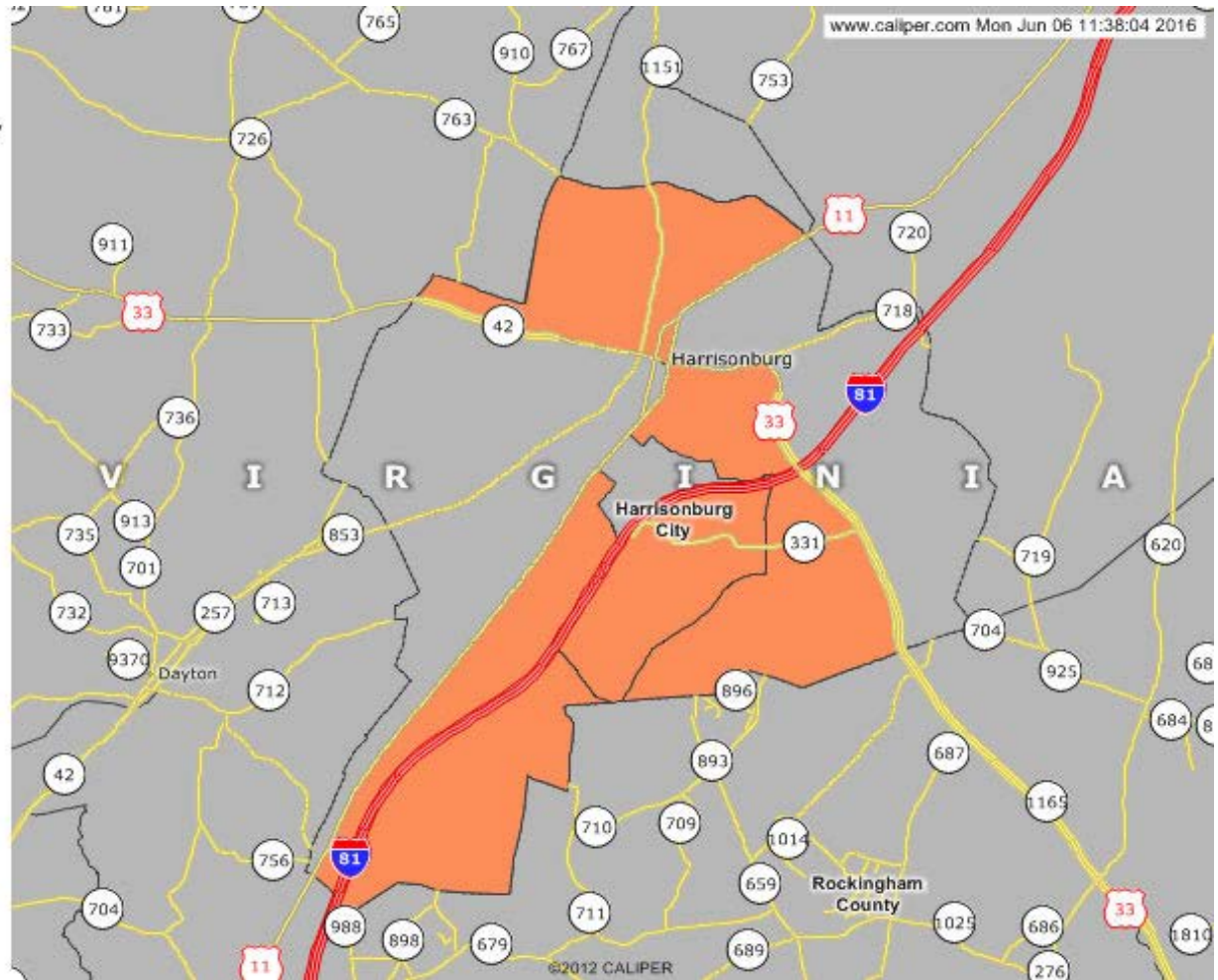
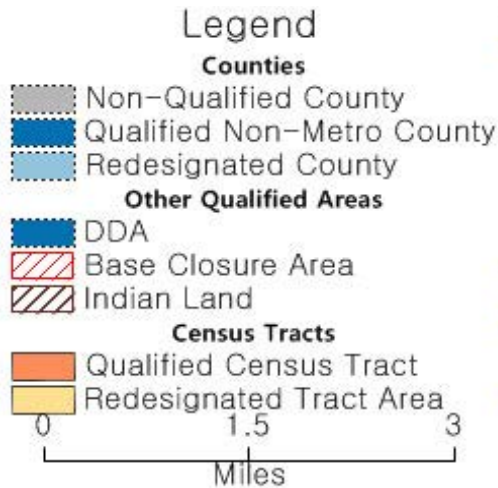
The Zone offers a real property tax exemption for new construction in the downtown B-1 Central Business District. The real estate exemption is based on the level of capital investment:

- Capital investment between \$1 million and \$10 million = 5 year exemption
- Capital investment between \$10 million and \$20 million = 8 year exemption
- Capital investment of \$20 million or more = 10 year exemption

Arts and Cultural District

- Includes the downtown B-1 Central Business District plus some adjacent properties (see map)
- 3-year exemption from BPOL tax
- 5-year exemption from Admissions tax

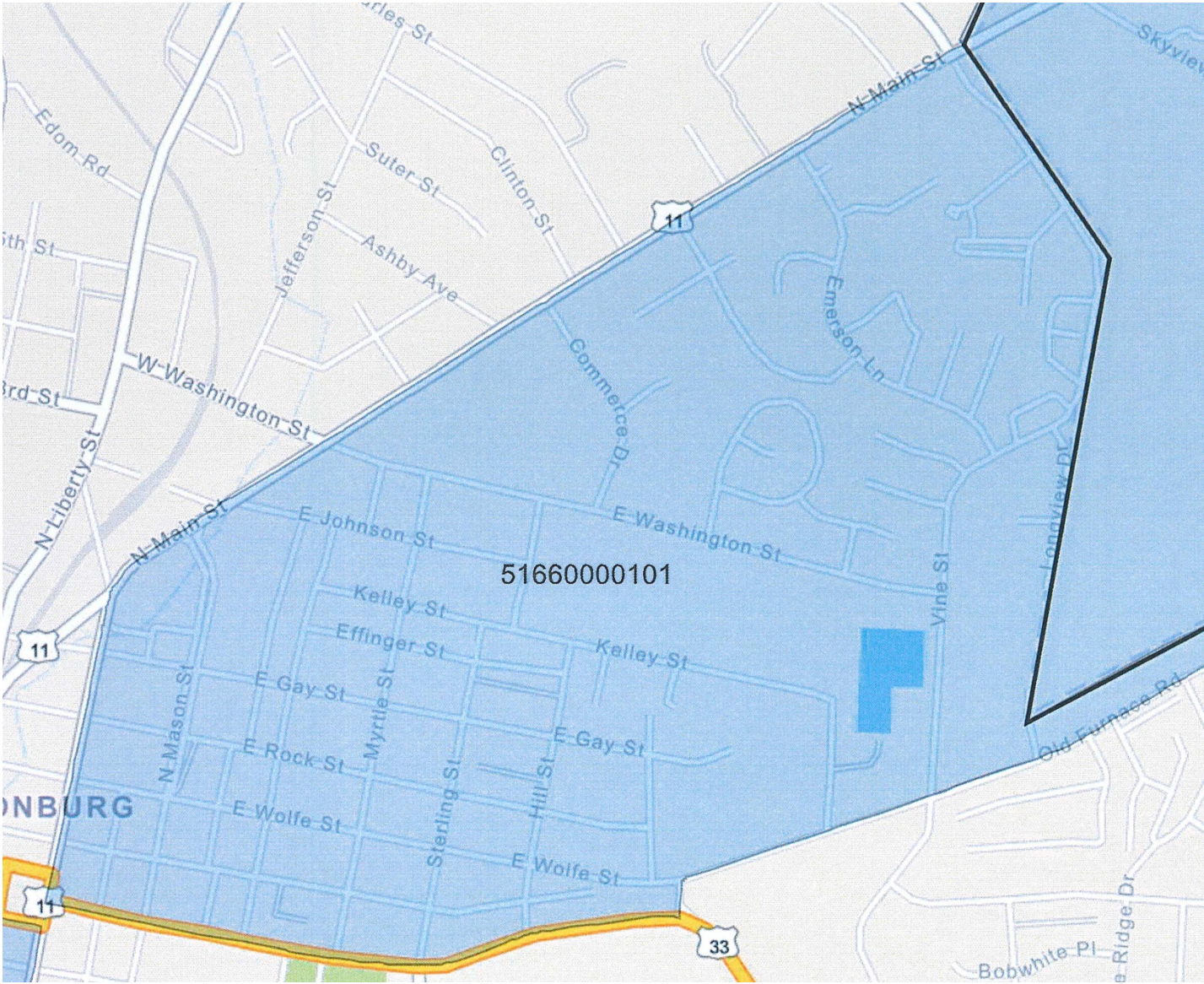
HUB ZONES



Harrisonburg is home to two Historically Underutilized Business (HUB) Zones. The HUB Zone program helps small businesses gain preferential access to federal procurement opportunities.

HARRISONBURG OPPORTUNITY ZONES DATA

NORTH OPPORTUNITY ZONE



NORTH OPPORTUNITY ZONE

The eclectic North Opportunity Zone touches the northeast corner of Court Square and stretches along Main Street (State Route 11) until reaching the Rockingham County border. The zone includes north downtown, as well as retail, office, residential and industrial uses.

Recognizable uses include:

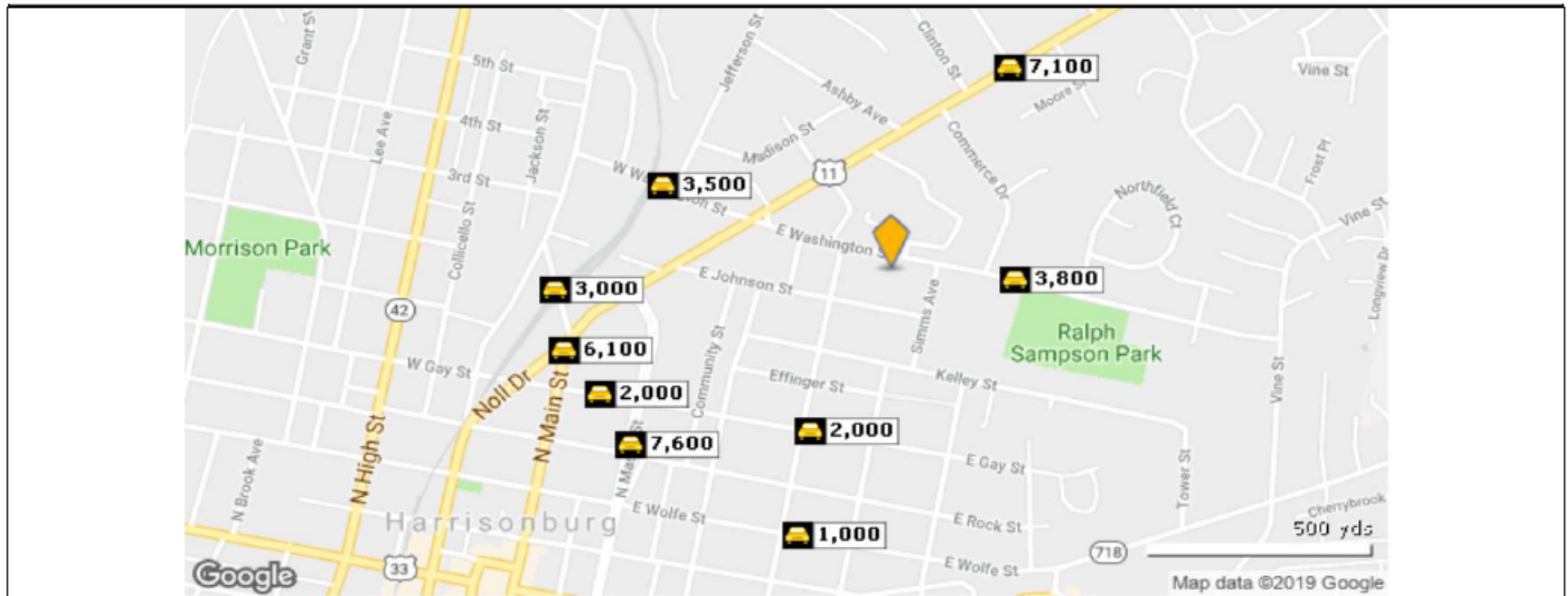
- WHSV-TV3
- Friendly City Food Co-op
- U.S. Postal Service
- U.S. District Court
- U.S. Social Security Administration
- Valley Plaza Shopping Center
- Brother's Craft Brewing
- Rockingham County Government Administrative Offices
- Montebello Packaging
- Lenhart Pettit Law

NORTH OPPORTUNITY ZONE DEMOGRAPHICS

Radius	1 Mile	3 Mile	5 Mile
Population			
2023 Projection	14,203	57,316	74,001
2018 Estimate	13,724	55,378	71,253
2010 Census	12,304	49,797	63,903
Growth 2018 - 2023	3.49%	3.50%	3.86%
Growth 2010 - 2018	11.54%	11.21%	11.50%
Households			
2023 Projection	5,521	19,125	25,406
2018 Estimate	5,317	18,393	24,355
2010 Census	4,735	16,314	21,585
Growth 2018 - 2023	3.84%	3.98%	4.32%
Growth 2010 - 2018	12.29%	12.74%	12.83%
Owner Occupied	1,985 37.33%	6,954 37.81%	11,359 46.64%
Renter Occupied	3,332 62.67%	11,439 62.19%	12,996 53.36%
2018 Avg Household Income	\$61,290	\$58,279	\$65,692
2018 Med Household Income	\$43,511	\$41,855	\$45,356
Median Age	31.70	27.60	29.00
2010 Housing Units	5,362	18,315	24,450
2018 Median Home Value	\$168,808	\$213,018	\$236,892

Source: CoStar, 2019

NORTH OPPORTUNITY ZONE TRAFFIC COUNTS



Street	Cross Street	Cross Str Dist	Count Year	Avg Daily Volume	Volume Type	Miles from Subject Prop
1 E Washington St	Commerce Dr	0.04 W	2017	3,800	MPSI	.16
2 E Gay St	Myrtle St	0.01 W	2017	2,000	MPSI	.24
3 W Washington St	Jefferson St	0.01 SE	2017	3,500	MPSI	.32
4 N Main St	Emerson Ln	0.22 NE	2016	8,200	MPSI	.32
5 Charles St	N Main St	0.00	2017	7,100	MPSI	.32
6 E Wolfe St	Myrtle St	0.02 W	2017	1,000	MPSI	.38
7 N Mason St	E Rock St	0.02 S	2017	7,600	MPSI	.41
8 E Gay St	N Mason St	0.05 E	2017	2,000	MPSI	.41
9 Kratzer Ave	N Main St	0.07 S	2017	3,000	MPSI	.43
10 N Main St	Noll Dr	0.02 N	2017	6,100	MPSI	.43

Source: CoStar, 2019

SNAPSHOT OF PROPERTIES FOR SALE



1370 N Main St - Harrisonburg, VA 22802

2,100 SF Retail Auto Dealership Building Built in 1990

For Sale at \$899,000 (\$428.10/SF) - Active

Cottonwood Commercial: Keith May (540) 437-3560, Butch Strawderman (540) 437-3542



75 N Mason St - Harrisonburg, VA 22802

17,298 SF Retail Bank Building Built in 1966

For Sale individually at \$1,380,000 - Active; also for sale as part of a portfolio of 28 properties

- Active Triangle Realtors: Peter Wray (540) 885-5181 X1#

No Spaces Currently Available



0 Moore St - Harrisonburg, VA 22801

Land of 6.34 AC

For Sale at \$1,500,000 (\$5.43/SF) - Active

Old Dominion Realty: Durwood Michael (540) 820-7550



107-137 Vine St - Harrisonburg, VA 22802

Land of 2.25 AC

For Sale at \$378,000 (\$3.86/SF) - Active

Cottonwood Commercial: Keith May (540) 437-3560, Butch Strawderman (540) 437-3542

Source: CoStar, 2019

SNAPSHOT OF PROPERTIES FOR SALE



245 E Washington St - Harrisonburg, VA 22802

28,780 SF Class C Industrial Building Built in 1950

For Sale at \$995,000 (\$34.57/SF) - Active

Lee & Associates Commercial Real Estate: Jeffrey M. Robb (540) 437-3728



685 E Wolfe St - Harrisonburg, VA 22802

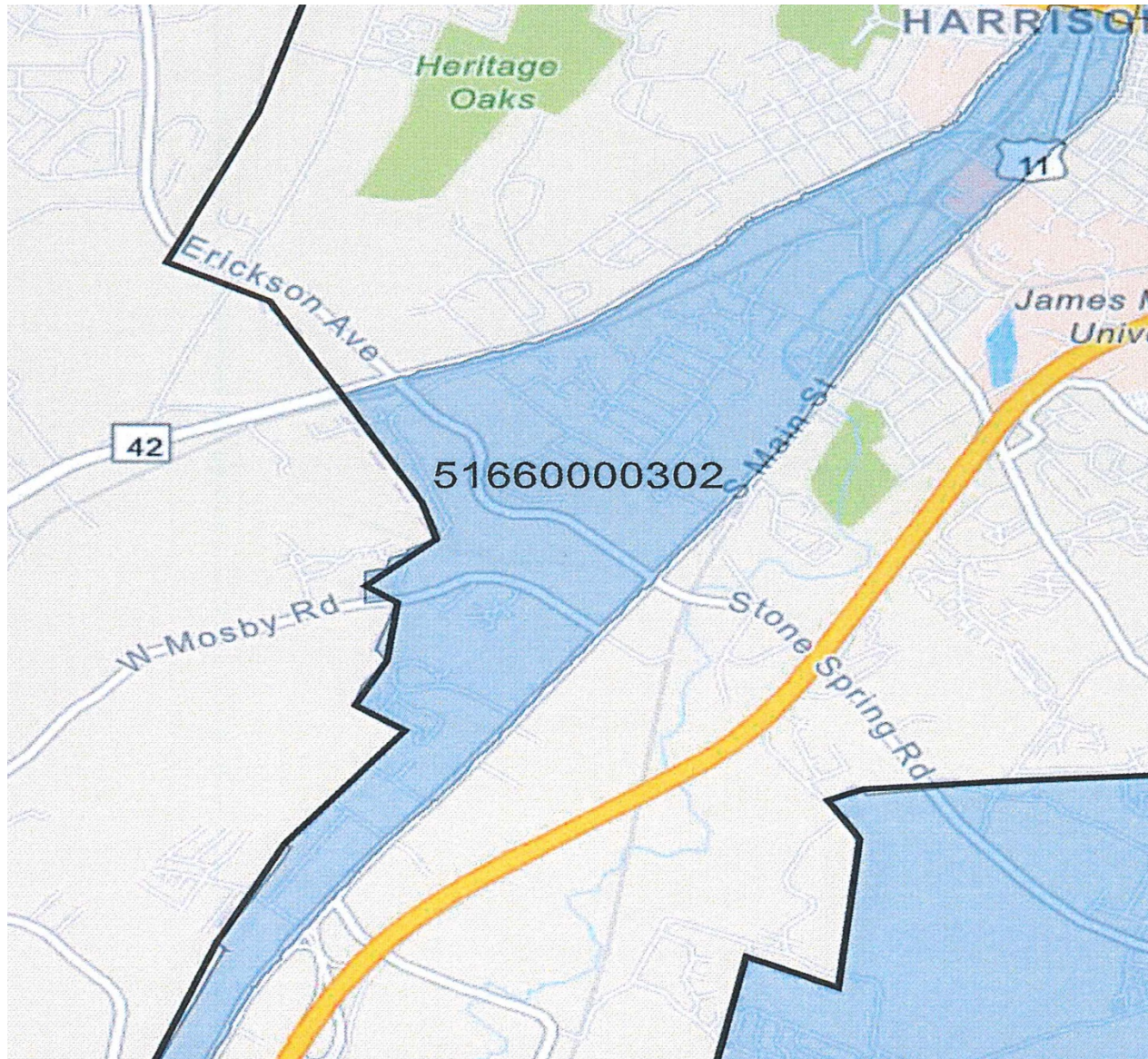
Hilltop Car Wash

8,250 SF Retail Service Station Building Built in 1950

For Sale at \$129,500 (\$15.70/SF) - Active

Lee & Associates Commercial Real Estate: Jeffrey M. Robb (540) 437-3728

SOUTH OPPORTUNITY ZONE



SOUTH OPPORTUNITY ZONE

The South Opportunity Zone touches the southwest corner of Court Square and continues south between Main Street (State Route 11) and South High Street (State Route 42) until reaching the Rockingham County border. The zone includes the core of downtown, as well as retail, office, and residential uses. The south zone offers larger parcels than the north zone and includes the city's motor mile area of vehicle dealerships.

Recognizable uses include:

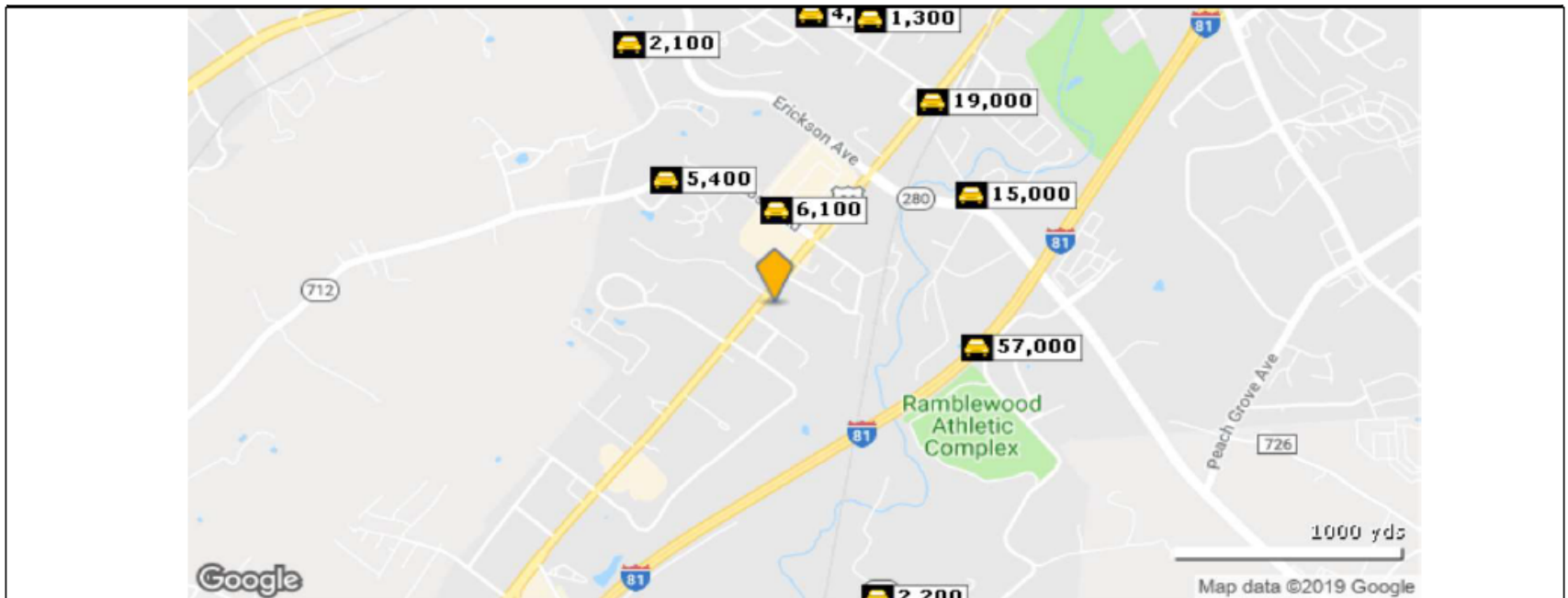
- James Madison University
- Rockingham Cooperative
- Dukes Plaza
- CarMax
- Dealerships for Chrysler, Dodge, Ford, Honda, Hyundai, Subaru and Toyota
- Virginia Division of Motor Vehicles
- Hampton Inn
- Country Inn & Suites
- Holiday Inn Express
- Harrisonburg Travel Center Truck Stop
- U.S. Postal Service

SOUTH OPPORTUNITY ZONE DEMOGRAPHICS

Radius	1 Mile		3 Mile		5 Mile	
Population						
2023 Projection	3,976		48,995		81,177	
2018 Estimate	3,772		46,588		77,388	
2010 Census	3,373		41,654		70,099	
Growth 2018 - 2023	5.41%		5.17%		4.90%	
Growth 2010 - 2018	11.83%		11.85%		10.40%	
Households						
2023 Projection	1,447		15,791		28,010	
2018 Estimate	1,368		14,903		26,580	
2010 Census	1,217		13,018		23,866	
Growth 2018 - 2023	5.77%		5.96%		5.38%	
Growth 2010 - 2018	12.41%		14.48%		11.37%	
Owner Occupied	566	41.37%	6,370	42.74%	12,804	48.17%
Renter Occupied	801	58.55%	8,533	57.26%	13,776	51.83%
2018 Avg Household Income	\$55,323		\$60,931		\$67,419	
2018 Med Household Income	\$42,661		\$41,185		\$46,875	
Median Age	28.80		27.50		29.40	
2010 Housing Units	1,386		15,044		27,057	
2018 Median Home Value	\$233,976		\$241,042		\$241,305	

Source: CoStar, 2019

SOUTH OPPORTUNITY ZONE TRAFFIC COUNTS



Street	Cross Street	Cross Str Dist	Count Year	Avg Daily Volume	Volume Type	Miles from Subject Prop
1 W Mosby Rd	Mosby Ct	0.13 NW	2017	6,100	MPSI	.27
2 W Mosby Rd	Millwood Loop	0.04 NE	2017	5,400	MPSI	.44
3 I- 81	Stone Spring Rd	0.24 NE	2017	57,000	MPSI	.53
4 Stone Spring Rd	Beery Rd	0.03 SE	2017	15,000	MPSI	.59
5 S Main St	Pleasant Hill Rd	0.02 NE	2017	21,000	MPSI	.70
6 S Main St	Huffman St	0.11 SW	2016	19,000	MPSI	.70
7 Pear St	Russel Dr	0.19 NW	2017	2,100	MPSI	.81
8 Pleasant Hill Rd	Willow Hill Dr	0.08 NW	2017	4,200	MPSI	.81
9 Central Ave	Middlebrook St	0.00 SW	2017	1,300	MPSI	.83
10 Greendale Rd	Horseshoe Ln	0.02 SW	2017	2,200	MPSI	.84

Source: CoStar, 2019

SNAPSHOT OF PROPERTIES FOR SALE



40 Baxter Dr - Harrisonburg, VA 22801
1.25 Acres - Ready to Build! - Baxter Drive Business Park

Land of 1.25 AC

For Sale at \$325,000 (\$5.97/SF) - Active
Lee & Associates Commercial Real Estate: Jeffrey M. Robb (540) 437-3728



50 Baxter Dr - Harrisonburg, VA 22801
Vacant Land

Land of 1.25 AC

For Sale at \$249,000 (\$4.57/SF) - Active
Lee & Associates Commercial Real Estate: Jeffrey M. Robb (540) 437-3728



Emmaus Rd - Harrisonburg, VA 22801
1 ACRE CORNER LOT AVAILABLE

Land of 1 AC

For Sale at \$330,000 (\$7.58/SF) - Under Contract
Cottonwood Commercial: Keith May (540) 437-3560, Jason Song (540) 383-6692



3320-3322 Emmaus Rd - Harrisonburg, VA 22801

14,188 SF Class B Office Building Built in 2002
For Sale at \$1,100,000 (\$77.53/SF) - Under Contract
Cottonwood Commercial: Keith May (540) 437-3560, Jason Song (540) 383-6692

Source: CoStar, 2019

SNAPSHOT OF PROPERTIES FOR SALE



3340-3344 Emmaus Rd - Harrisonburg, VA 22801

15,008 SF Class B Office Building Built in 2002

For Sale at \$1,100,000 (\$73.29/SF) - Under Contract

Cottonwood Commercial: Keith May (540) 437-3560, Jason Song (540) 383-6692



3015 S Main St - Harrisonburg, VA 22801

2,500 SF Retail Building Built in 1988

For Sale at \$300,000 (\$120.00/SF) - Active

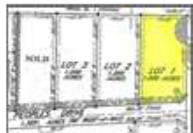
Old Dominion Realty: Durwood Michael (540) 820-7550



257 Old South High St - Harrisonburg, VA 22801

1,854 SF Residential Income Building Renovated in 2013 Built in 1910 For Sale at \$298,000 (\$160.73/SF) - Active

Research in Progress: Research In Progress



3171 Peoples Dr - Harrisonburg, VA 22801

Lot 1 - Hammond Professional Park

Land of 1.06 AC

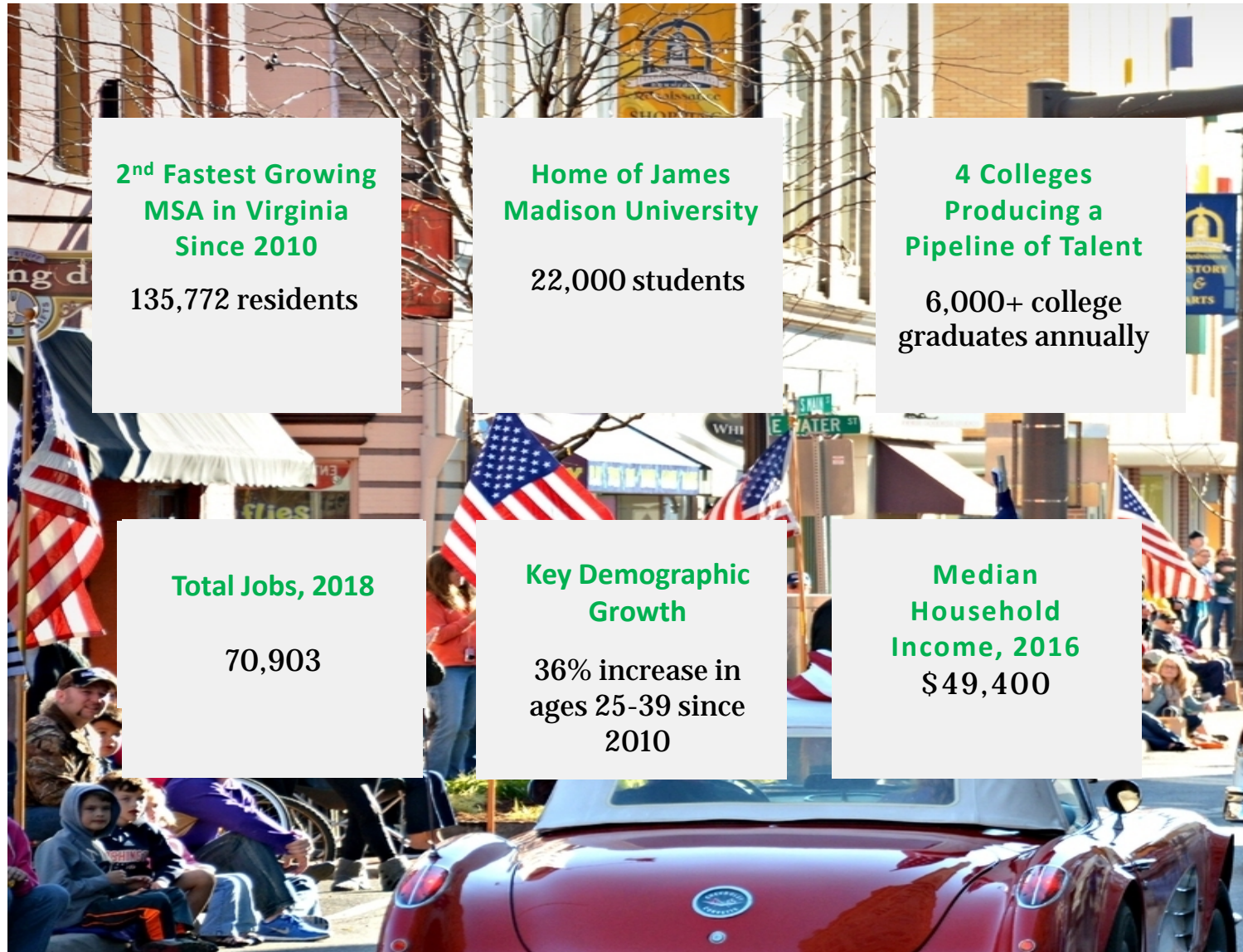
For Sale at \$395,000 (\$8.56/SF) - Active

Lee & Associates Commercial Real Estate: Jeffrey M. Robb (540) 437-3728

Source: CoStar, 2019

HARRISONBURG DATA

HARRISONBURG MSA BY THE NUMBERS



**2nd Fastest Growing
MSA in Virginia
Since 2010**

135,772 residents

**Home of James
Madison University**

22,000 students

**4 Colleges
Producing a
Pipeline of Talent**

6,000+ college
graduates annually

Total Jobs, 2018

70,903

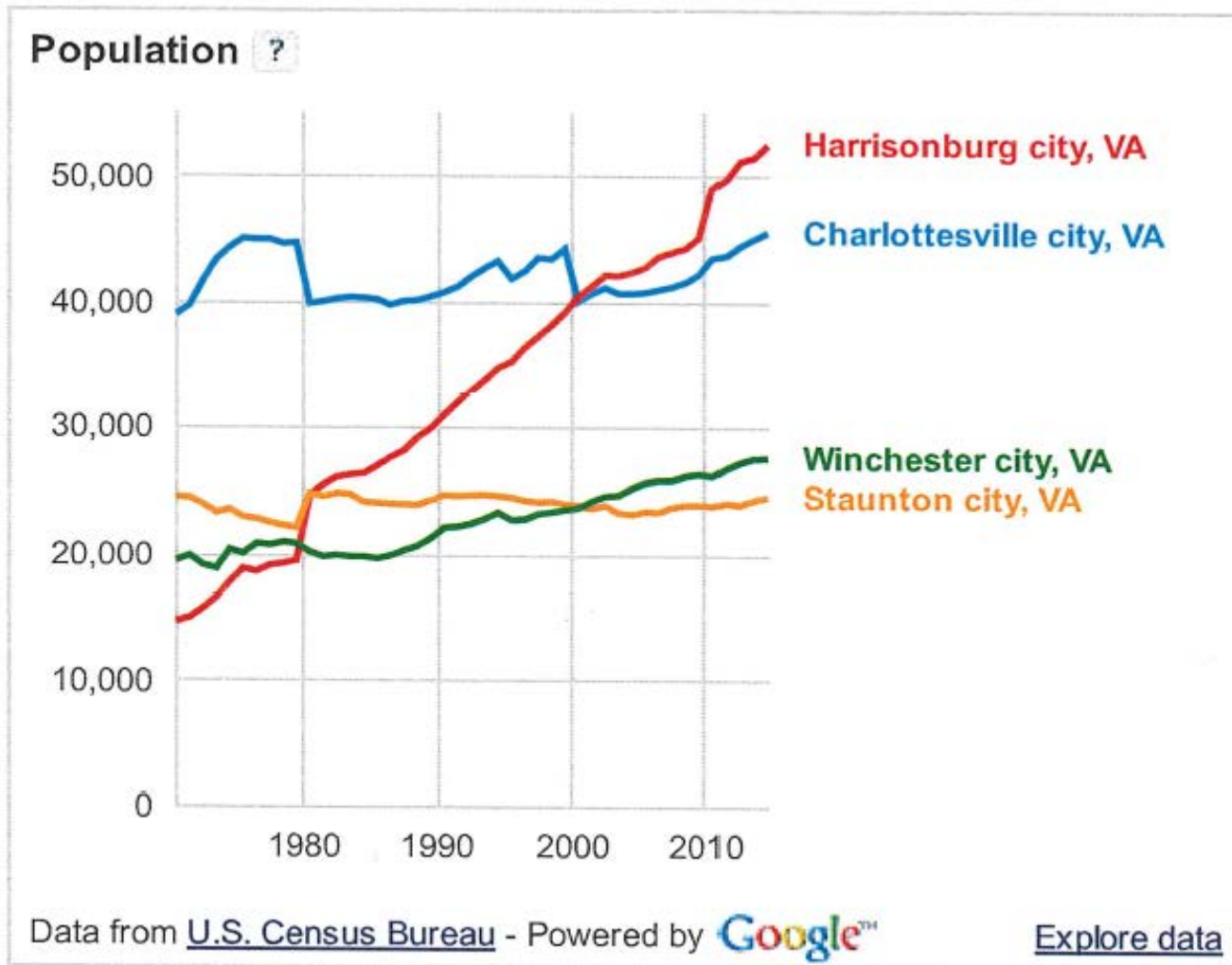
**Key Demographic
Growth**

36% increase in
ages 25-39 since
2010

**Median
Household
Income, 2016**

\$49,400

HARRISONBURG GROWTH OUTPACING THE REGION



POPULATION PROJECTIONS

Locality	2017 Estimate	2020 Projection	2030 Projection	Percent change 2017-2030
Harrisonburg City	54,224	58,687	67,154	23.8%
Rockingham County	79,735	81,624	88,609	11.1%
Charlottesville City	49,071	52,839	54,563	11.2%
Albemarle County	105,715	110,669	126,988	20.1%
Roanoke City	99,644	101,951	104,398	4.7%
Winchester City	27,531	28,705	31,107	12.9%

Source: Weldon Cooper Center for Public Service

HARRISONBURG MSA EMPLOYMENT PROFILE

Sector	Jobs, 3 rd Quarter, 2018	% of Total
Government and Public Education	10,366	16.2%
Manufacturing	10,286	16.1%
Accommodation and Food Services	7,602	11.9%
Healthcare and Social Assistance	7,441	11.6%
Retail Trade	6,892	10.8%
Construction	3,745	5.9%
Transportation and Warehousing	3,636	5.7%
Wholesale Trade	2,227	3.5%
Professional, Scientific and Technical Services	1,828	2.9%

Source: Virginia Economic Development Partnership

CITY OF HARRISONBURG EMPLOYERS

50 Largest Employers

1. James Madison University
2. Harrisonburg City Public Schools
3. City of Harrisonburg
4. Tenneco Automotive Operations
5. Aramark Campus LLC
6. Sentara Healthcare
7. George's Foods
8. Eastern Mennonite University
9. Virginia Mennonite Retirement
10. Shenandoah Valley Organic LLC
11. Fairfield and Sons, LTD
12. Wal Mart
13. Tenneco Packaging
14. Owens Brockway Plastic Products
15. Rockingham County Community Services Board
16. Food Lion
17. Cargill Turkey Production
18. Gretna Health Care Center
19. Costco
20. Lowes' Home Centers, Inc.
21. McDonalds
22. LSC Communications US, LLC
23. Martin's Food Market
24. Montebello Packaging Inc
25. Target Corp
26. Red Lobster & The Olive Garden
27. Nexus Services Inc.
28. Truck Enterprises, Inc.
29. Special Fleet Service
30. Texas Roadhouse
31. Chick-fil-A at Harrisonburg
32. The Home Depot
33. Comsonics Inc.
34. Kawneer Company
35. Cracker Barrel Old Country Store
36. Harrisonburg Community He
37. Harrisonburg Honda
38. Pleasant View Home for the Handicapped
39. Blauch Brothers, Inc.
40. Nielsen Builders, Inc.
41. Curis At Harrisonburg Opco LLC
42. Postal Service
43. George's Family Farms LLC
44. Western Sizzlins Wood Grill Bu
45. Christian Light Pub Inc
46. Glass And Metals Inc
47. LD&B Insurance and Financial Services
48. Select Genetics, Llc, Agribusiness
49. Steven Toyota
50. Manheim Remarketing Inc

Source: Virginia Employment Commission, Economic Information & Analytics, Quarterly Census of Employment and Wages (QCEW), 3rd Quarter (July, August, September) 2018.

HARRISONBURG MSA LARGEST EMPLOYERS

Major Employers	
Manufacturing	
Company	Product/Service
Ariake USA	Food processing - stocks and broths
Cargill Meat Solutions Corp.	Feed mill & hatchery
ComSonics, Inc.	Telecommunications equipment
Georges, Inc.	Poultry processing
Graham Packaging Co.	Plastic bottles
LSC Communications	Book printing
Merck & Company Inc.	Pharmaceuticals
MillerCoors Shenandoah Brewery	Malt beverages
Packaging Corporation of America	Packaging - full line plant
Perdue Farms, Inc.	Poultry processing
Pilgrim's Pride Corporation	Poultry processing
Shenandoah Valley Organics	organic chicken processing
Tenneco Automotive Inc.	Motor vehicle parts
NonManufacturing	
Company	Product/Service
James Madison University	Higher education
Jenzabar	software development
Marshalls	Retail distribution
Rosetta Stone	Language Learning Software
Sentara/Rockingham Memorial Hospital	Health care
Serco	Patent Classification - Sciences
Wal Mart	Retail distribution

Source: Virginia Economic Development Partnership

BUSINESS TAXES

- **State Corporate Income Tax:** 6%
- **Real Estate Tax:** .85 per \$100 of assessed property value
- **Business Tangible Personal Property Tax:** \$2.12 per \$100 of assessed value on tangible personal property employed in a trade or business (furniture, fixtures, equipment, machinery, tools, etc.)
- **Business and Professional License Fee:** Harrisonburg employs a tier system for gross receipts \$50,000 and less:
 - \$10,000 or under in gross receipts = \$0 (However, a license IS still required, even though there is no fee)
 - \$10,001 – \$25,000 = \$25 fee
 - \$25,001 – \$50,000 = \$50 fee
- If, however, the estimate is greater than \$50,000, a tax rate will be applied to your estimate. There are different rates for different types of businesses as follows:
 - Contractors – 16¢ per \$100 gross receipts
 - Retail – 20¢ per \$100 gross receipts
 - Repair, Personal and Business Services – 20¢ per \$100 gross receipts
 - Financial, Real Estate and Professional Services – 58¢ per \$100 gross receipts
 - Wholesale business \$30 for first \$1000 plus 17¢ per \$100 gross receipts above \$1000 (\$50,000 threshold does not apply)

ACCOLADES

- ✓ **Ranked #3 for Lowest Cost of Business in Best Small Cities for Business – *Forbes, 2017***
- ✓ **Ranked #1 in 50 Most Popular Mid-Size Cities People Are Moving To – *moveBuddha.com, 2018***
- ✓ **Ranked #6 in America’s Favorite Towns – *Travel & Leisure, 2016***
- ✓ **Named one of America’s Top 10 Mountain Bike Towns – *National Geographic Society, 2017***
- ✓ **Ranked #1 in the Top Cities for Starting a Business in the U.S. – *PennyGeeks.com, 2018***
- ✓ **Named one of the 25 Best Places to Retire in the U.S. – *Forbes, 2017***

HARRISONBURG ASSETS

DOWNTOWN RENAISSANCE



2004-2017

\$87.4 million in private investments



\$18.3 million in public investments

Housing Growth 586 Units



150 Units



2003

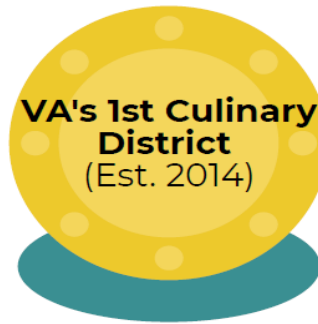


2018



DOWNTOWN RENAISSANCE

37 Restaurants



12 in 2004

5 Craft Breweries



Named Best Beer Town



Blue Ridge Outdoors Magazine 2013



MAJOR JAMES MADISON UNIVERSITY PROJECTS



Atlantic Union Bank Center – An \$86.7 million, 10,000 person capacity basketball arena. Opening Fall 2020



College of Business Expansion – A \$71.2 million expansion of 210,000 SF. Opening in 2021

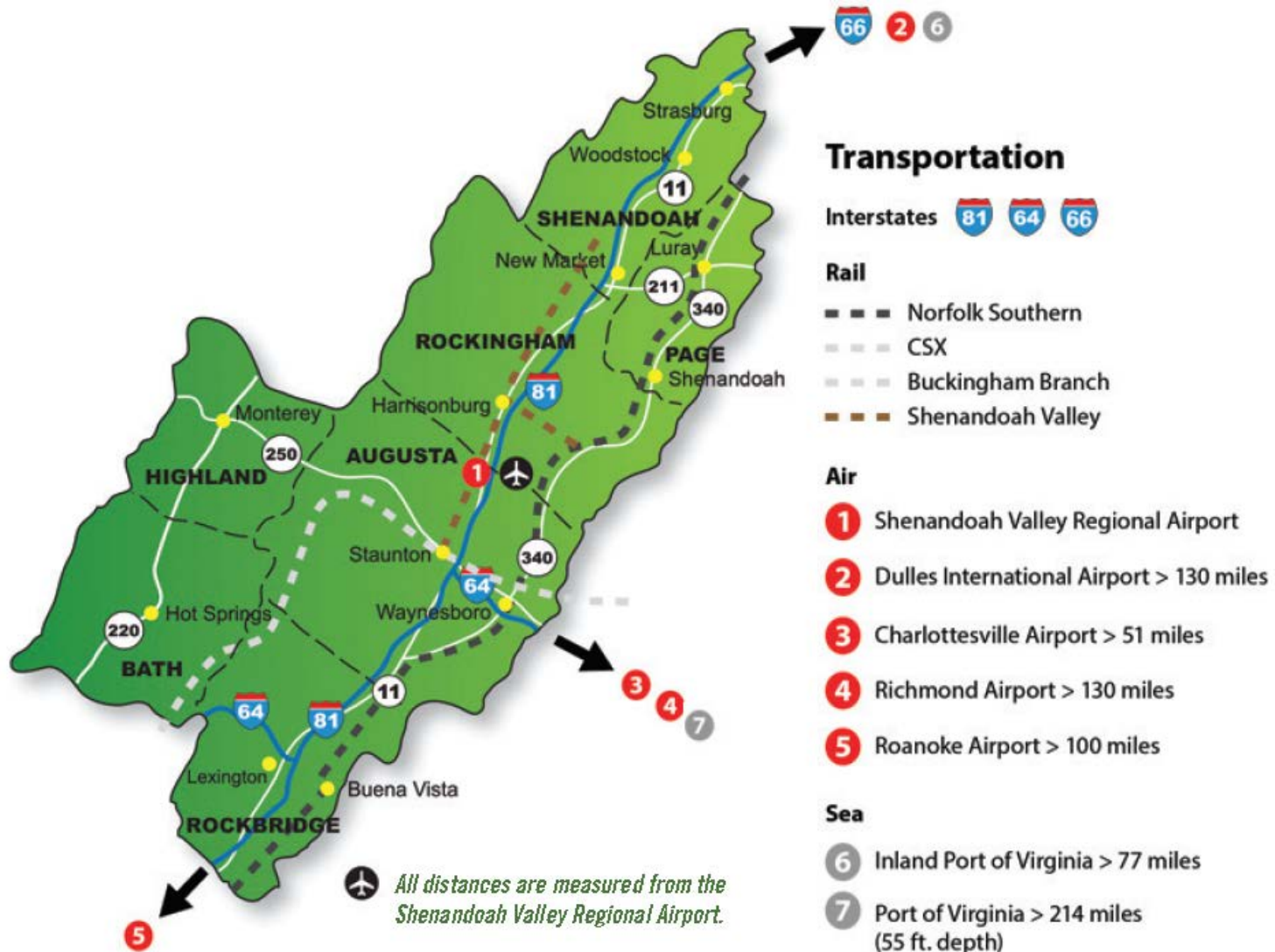


New Residence Hall – A \$47.8 million investment to accommodate 500 residents. Opening Fall 2019



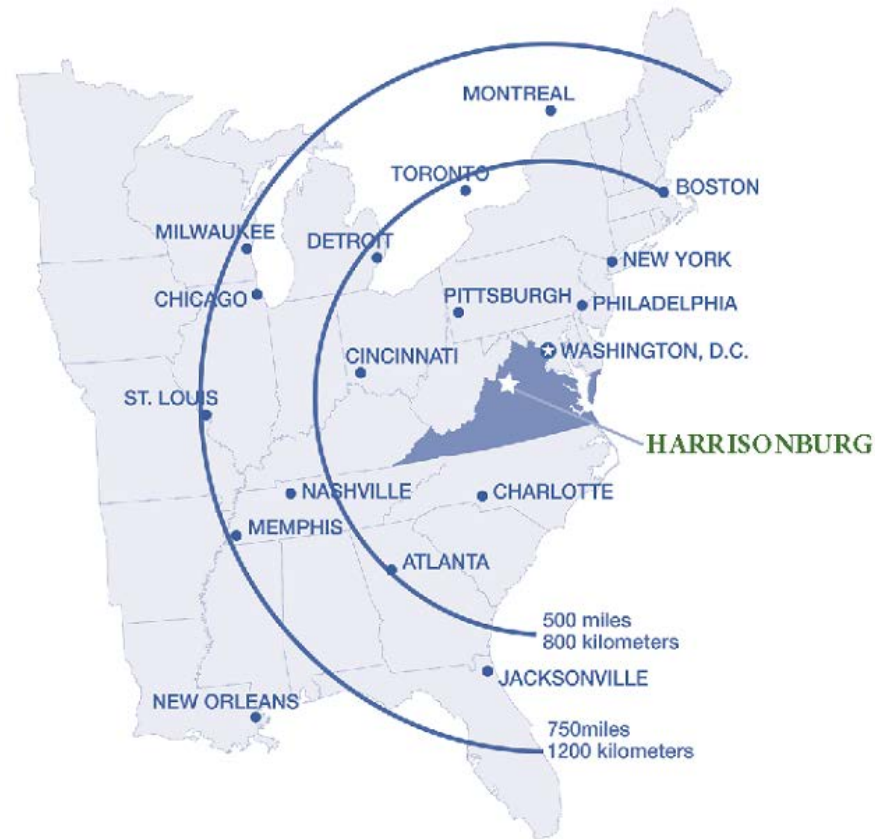
Chesapeake Avenue Parking Deck – An \$11.6 million garage with proximity to downtown. Completed Fall 2018

PROXIMITY TO MARKETS



Source: Shenandoah Valley Partnership

PROXIMITY TO MARKETS



**1
DAY
TRUCK TO**

Chicago	700
Detroit	500
Boston	500
Atlanta	500
Nashville	600
Indianapolis	500

Source: Shenandoah Valley Partnership



HARRISONBURG | VA ECONOMIC DEVELOPMENT

SUCCESS IS SECOND NATURE

**HARRISONBURG, VA – A great *opportunity*
for your next investment.**

Harrisonburg Economic Development Website:

www.harrisonburgdevelopment.com

Harrisonburg Economic Development Contacts:

Brian Shull, Director

brian.shull@harrisonburgva.gov

(540) 432-7701

Peirce Macgill, Assistant Director

peirce.macgill@harrisonburgva.gov

(540) 432-7749