

## SECTION 4



### Appendix

Essential Tools for Success

Implementation Strategies for Economic Growth

Innovative Implementation Strategy Demonstrations

SECTION 4.1



Appendix

Essential Tools for Success

The following tables describe a variety of tools that the Greater Hattiesburg area may need to implement the best practices and specific opportunities described in this report:

Table 1: Zoning Strategies

“Alternatives to Zoning” section in the table.

Table 2: Exemplary Jurisdictions

The following table identifies exemplary examples of a variety of zoning and development regulations that the Hattiesburg area should adopt or revise. Many of these ordinances are applicable for areas with zoning, but many others can be implemented in areas without zoning. In particular, areas without zoning should begin with the website for the Georgia Department of Community Affairs’ (DCA) model code "Alternatives to Conventional Zoning". The code was originally designed to be particularly useful to Georgia's small and rural communities. This type of model ordinance should be reviewed in light of the Mississippi State Statutes, as each state has different enabling law for planning and zoning.

Table 3: Infrastructure Planning and Control

**Table 1: Zoning Strategies**

Type	Description	Use
Incentive zoning	Offers a developer an increased benefit (additional allowable floor area, design variances, etc.) in return for some needed public amenity such as public facilities, open space or affordable housing.	To preserve community character and ensure adequate public services.
Cluster zoning	Maintains high levels of development by "clustering" buildings and infrastructure on a concentrated area of the site instead of spreading development evenly over the site.	Preserve open space and make more efficient use of infrastructure.
Overlay zoning	Imposes a set of requirements over and above those laid out by standard zoning regulations.	Historic, residential or environmental preservation
Planned Unit Development (PUD)	Allows a developer flexibility, creativity, and variety in master planning development within an overlay zone or rezoned district.	Flexible and creative planning.
Floating zone	Established for a use that is allowable in the zoning ordinance, but the zone is not located on a specific site on the zoning map. The designation usually requires special review procedures.	Reserving land for future regional development need.
Performance zoning	Permits uses based on a particular set of standards (such as smoke, noise, and odor) rather than on types of use. It provides flexibility in development so long as the requirements are adhered to.	Attract industry for future regional development need.
Purchase of development rights and conservation easements	Government agencies or private land trusts pay land owners for the development rights of a parcel to preserve it from future development.	Preservation of farmland, open space or unique habitat.
Transfer of development rights	Separates the value of potential development of land from the value of the current use of that parcel and "transfers" that development value to another site.	Preservation of open space and vulnerable land parcels and historic preservation.

## Table 2: Exemplary Jurisdiction

Type	Exemplary Jurisdictions and hyperlinks
Model Code	Mississippi's Model Form-Based Code
	<a href="http://www.mississippirenewal.com/documents/Rep_MSModelCode.pdf">http://www.mississippirenewal.com/documents/Rep_MSModelCode.pdf</a>
	Model Code form the American Planning Association
Alternatives to Zoning	<a href="http://www.planning.org/APAStore/Search/Default.aspx?p=1812">http://www.planning.org/APAStore/Search/Default.aspx?p=1812</a>
	Georgia Department of Community Affairs' Alternatives to Conventional Zoning
	<a href="http://www.dca.state.ga.us/development/PlanningQualityGrowth/programs/modelcode.asp">http://www.dca.state.ga.us/development/PlanningQualityGrowth/programs/modelcode.asp</a>
Complete Codes	City of Nashville, TN
	<a href="http://www.nashville.org/mpc/urban.htm">http://www.nashville.org/mpc/urban.htm</a>
	City of Oxford, MS
	<a href="http://www.oxfordms.net/docs/LandDevelopmentCode.pdf">http://www.oxfordms.net/docs/LandDevelopmentCode.pdf</a>
	City of Davidson, MC
	<a href="http://www.ci.davidson.nc.us/units/planning/ordinance/default.asp">http://www.ci.davidson.nc.us/units/planning/ordinance/default.asp</a>
	City of Cornelius, NC
	<a href="http://planning.sitewizard.biz/page2.html">http://planning.sitewizard.biz/page2.html</a>
	City of Huntington, NC
	<a href="http://www.huntersville.org/planning_3.asp">http://www.huntersville.org/planning_3.asp</a>
	City of Fairhope, AL
	<a href="http://www.cofairhope.com/plan_bldg.html">http://www.cofairhope.com/plan_bldg.html</a>
Overlay Districts	Fort Collins, CO
	<a href="http://www.colocode.com/ftcollins/landuse/begin.htm#top">http://www.colocode.com/ftcollins/landuse/begin.htm#top</a>
	City of Frederick, MD
	<a href="http://www.cityoffrederick.com/carrollcreek/">www.cityoffrederick.com/carrollcreek/</a>
Design Guidelines	SR 211 Overlay District, Town of Braselton, GA
	<a href="http://braselton.net/development/ARTICLEXIIISR211.pdf">http://braselton.net/development/ARTICLEXIIISR211.pdf</a>
	City of Nashville, TN
	<a href="http://www.nashville.org/mpc/urban.htm">http://www.nashville.org/mpc/urban.htm</a>
Mixed-Use	Section 210-2, Salem Road Corridor, Rockdale County, GA
	<a href="http://www.rockdalecounty.org/docs/o200632UDOFinal.pdf">http://www.rockdalecounty.org/docs/o200632UDOFinal.pdf</a>
	Model Mixed-Use Code from American Planning Association
	<a href="http://www.planning.org/smartgrowthcodes/pdf/section41.pdf">http://www.planning.org/smartgrowthcodes/pdf/section41.pdf</a>
Neighborhood Center	Athens-Clarke County
	<a href="http://www.municode.com/resources/gateway.asp?sid=10&amp;pid=12400">http://www.municode.com/resources/gateway.asp?sid=10&amp;pid=12400</a>
	Charlotte, Upston Mixed-Use Development District (Chapter 9, Part 9)
	<a href="http://www.chameck.org/Departments/Planning/Rezoning/City%20Rezoning%20Ordinance.htm">http://www.chameck.org/Departments/Planning/Rezoning/City%20Rezoning%20Ordinance.htm</a>
Neighborhood Center	Austin, TX
	<a href="http://www.ci.austin.tx.us/planning/tod/interim_regulations.htm">http://www.ci.austin.tx.us/planning/tod/interim_regulations.htm</a>
	Chapter 58, Part 2, Orlando, FL
	<a href="http://www.municode.com/resources/gateway.asp?pid=13349&amp;sid=9">http://www.municode.com/resources/gateway.asp?pid=13349&amp;sid=9</a>
Neighborhood Center	Article 3.2.5, Huntersville, NC
	<a href="http://www.huntersville.org/interactive%20ordinance/Zord10-5-06.pdf">http://www.huntersville.org/interactive%20ordinance/Zord10-5-06.pdf</a>

Table 2: Exemplary Jurisdiction, CONT.

Type	Exemplary Jurisdictions and hyperlinks
Conservation Subdivision	South Fulton County, GA has two exemplary ordinance
	<a href="http://www.fultonecd.org/planning/conserv-sub-05-04.pdf">http://www.fultonecd.org/planning/conserv-sub-05-04.pdf</a>
	<a href="http://www.fultonecd.org/zoning%20resolution/zoning%20resolution%20for%20website/art12-j.pdf">http://www.fultonecd.org/zoning%20resolution/zoning%20resolution%20for%20website/art12-j.pdf</a>
Traditional Neighborhood Development (TND)	TND District, Town of Braselton, GA
	<a href="http://www.braselton.net/development/ARTICLEXIVTND.pdf">http://www.braselton.net/development/ARTICLEXIVTND.pdf</a>
	Austin, TX
Infill Development	<a href="http://www.ci.austin.tx.us/tnd/">http://www.ci.austin.tx.us/tnd/</a>
	Model Infill Development Ordinance, MD
	<a href="http://www.mdp.state.md.us/planningact/download/infill.pdf">http://www.mdp.state.md.us/planningact/download/infill.pdf</a>
Historic Preservation	Decatur, GA
	<a href="http://decaturga.com/cgs_citysvcs_dev_infillguidelines.aspx">http://decaturga.com/cgs_citysvcs_dev_infillguidelines.aspx</a>
	Historic Preservation Ordinance, City of Oxford, MS
Tree Protection	<a href="http://www.oxfordms.net/docs/HPOrdinance.pdf">http://www.oxfordms.net/docs/HPOrdinance.pdf</a>
	Section 3.2, City of Alpharetta, GA
	<a href="http://www.alpharetta.ga.us/files/docs/pdfs/UDC/Article%203%20.pdf">http://www.alpharetta.ga.us/files/docs/pdfs/UDC/Article%203%20.pdf</a>
Landscape Ordinance	Chapter 6, Article 4, Hilton Head, SC
	<a href="http://www.municode.com/resources/gateway.asp?pid=14271&amp;sid=40">http://www.municode.com/resources/gateway.asp?pid=14271&amp;sid=40</a>
	Chapter 8-7, Athens-Clarke County
Lighting	<a href="http://www.municode.com/resources/gateway.asp?sid=10&amp;pid=12400">http://www.municode.com/resources/gateway.asp?sid=10&amp;pid=12400</a>
	Gwinnett County
	<a href="http://www.co.gwinnett.ga.us/departments/planning/pdf/blt.pdf">http://www.co.gwinnett.ga.us/departments/planning/pdf/blt.pdf</a>
Street Connectivity	Fairfax County, VA
	<a href="http://www.fairfaxcounty.gov/dpz/zoningordinance/articles/art13.pdf">http://www.fairfaxcounty.gov/dpz/zoningordinance/articles/art13.pdf</a>
	Section 8.1.10 of Mandeville, LA Code
Impact Fees	<a href="http://www.ci.mandeville.la.us">http://www.ci.mandeville.la.us</a>
	Cherokee County, GA
	<a href="http://www.darksky.org/ordsregs/bystate/ga/georgia/cheropas.pdf">http://www.darksky.org/ordsregs/bystate/ga/georgia/cheropas.pdf</a>
Section 3.6.3 of Fort Collins, CO Land Use Code	
	<a href="http://www.colocode.com/ftcollins/landuse/begin.htm#top">http://www.colocode.com/ftcollins/landuse/begin.htm#top</a>

Table 3: Infrastructure Planning and Control

Type	Description	Use
Adequate Public Facilities	Requirements that prohibit development in areas without the minimum required levels of service for water, sewer, drainage and traffic flow.	Allow local officials to influence the timing and location of new development
Priority Funding Areas	Incentives to help make infill development and land recycling more appealing to developers.	Target growth to make efficient use of a city's infrastructure investments.
Sidewalk and Bicycle Retrofitting Programs	Incentives to make existing roadways more pedestrian and bicycle friendly.	To enhance opportunities for multi-modal transportation, mixed uses and compact design.
Tax Increment Financing (TIFs)	Allows municipalities to float tax increment bonds to improve a designated "district."	Allows municipalities to finance capital improvements from the revenue stream generated by a project
Impact Fees	Flat compensation paid by a developer to the city for providing infrastructure to a development	Defrays the costs of offsite impacts from development such as the need for new services, roads, schools, etc.

## SECTION 4.2

### Appendix

#### Implementation Strategies for Economic Growth

##### A. Overview

As we have been discussing, the Hattiesburg Metropolitan area has experienced rapid growth over the past several years, and is now poised to focus this growth into sustainable, economically viable development nodes. Community goals include enhanced livability and quality of life, creation of a range of housing options to accommodate the region's growing population, and revitalization of existing commercial nodes.

At the regional level, the Area Development Partnership has asked this study to develop a menu of implementation strategies that will achieve economic development in the Cities of Hattiesburg and Petal as well as Forrest and Lamar Counties. We believe that the development of an economic development "toolkit" for these communities will help the Hattiesburg region stay competitive with peer cities and counties.

Based on Best Practices research at the national level, we have compiled a listing of implementation strategies that have served Counties and Cities well in achieving economic development and downtown revitalization. These strategies can generally be grouped into eight broad approaches:

1. Regulations and Land Use Planning;
2. Direct Financial Incentives;
3. Indirect Financial Incentives;
4. Technical Assistance and Small Business Assistance;
5. Infrastructure Investments and Physical Enhancements;
6. Site Assemblage;
7. Marketing/Promotion; and
8. Organizational Initiatives.

Overview descriptions of these broad approaches, including brief listing of applicable implementation strategies, are as follows. These approaches may be used in the Hattiesburg metro area as a framework for action.

##### 1. Regulations and Land Use Planning

If implemented zoning and other regulations—as well as planning

efforts—can facilitate economic growth and sustainable development patterns. Regulatory and planning efforts are generally designed to:

- Permit a mix of uses (e.g. residential, retail, and office) within concentrated, compact developments;
- Promote compatible infill development in historic areas;
- Enliven commercial streets with active ground floor uses and streetscape elements; and
- Improve the pedestrian experience.

Regulatory and planning strategies include:

1. Mixed use zoning categories;
2. Design guidelines;
3. Form based codes; and
4. Parking management plans.

## **2. Direct Financial Incentives**

Direct financial incentives are typically implemented to:

- Facilitate private development or redevelopment in designated growth nodes or corridors;
- Encourage development of a particular use or pattern of development;
- Attract new businesses or target a specific type of employer or industry; and
- Improve the physical appearance of existing development and infrastructure to enhance livability and quality of life.

Direct financial incentives include:

1. Grants and loans;
2. Tax increment financing;
3. Tax exemptions and fees-in-lieu of taxes;
4. Tax credits; and
5. Tax-exempt bond financing.

## **3. Indirect Financial Incentives**

In addition to direct financial incentives, many communities offer indirect financial incentives. These indirect incentives are generally used to advance the same goals addressed through direct

financial incentives, including facilitation of private development/redevelopment, encouragement of the development of targeted uses, attraction of new businesses, and improvements in physical appearance.

Indirect financial incentives include:

1. Expedited development review; and
2. Reduced regulatory requirements (e.g. parking requirement reductions, by-right building height increases, minimum front-yard and landscaping reductions, and open space requirement waivers).

#### **4. Technical Assistance and Small Business Assistance**

Technical and small business assistance programs are generally utilized to:

- Expand the capacity of existing businesses and aid in business retention;
- Encourage prospective business owners to open businesses in targeted areas (e.g. downtown areas, commercial corridors, and other areas designated for growth); and
- Increase the skills and knowledge of area residents to build an attractive workforce.

Implementation strategies related to technical and small business assistance include:

1. Identification of business needs; and
2. Individual and group consulting sessions.

#### **5. Infrastructure Investments and Physical Enhancements**

Capital infrastructure investments and enhancements to the physical environment are commonly used to:

- Increase the attractiveness of an area to attract development and redevelopment;
- Improve the pedestrian experience;
- Leverage private investment with public enhancements; and
- Enhance quality of life and livability through aesthetic improve-



ments.

Infrastructure investment and physical enhancement techniques include:

1. Code enforcement;
2. Streetscape improvements; and
3. Transportation improvements (e.g. parking structures, signage/wayfinding programs, shuttles).

## **6. Site Assemblage**

Assemblage of parcels and disposition of publicly owned land are techniques implemented to:

- Facilitate private sector development and redevelopment (particularly in built-out areas with few large, contiguous parcels remaining for development); and
- Guarantee uses and amenities desired by the community are built (through requirements associated with the disposition of publicly-owned land).

Strategies related to site assemblage include facilitation of land acquisition/consolidation for mixed use redevelopment through public incentives for private sector consolidation, public sector contact with property owners, disposition of publicly-owned properties, and public-sector acquisition through tax increment financing.

## **7. Marketing/Promotion** (see Best Practices Section 2.2 b-1)

Marketing and promotion activities are generally designed to:

- Assess the local and regional markets for retail, residential, office and industrial uses, including identification of target market segments, retail trade areas, and potential retail niches;
- Recruit and retain employers and businesses, including targeting of stores fitting desired retail niches;
- Realize opportunities to attract more customers from the regional market area to retail nodes; and
- Attract new residents and visitors to designated growth areas.

Strategies generally include:

1. Market Analyses of the Retail, Residential, Office and Industrial Markets;

## 8. Organizational Initiatives

Organizational Initiatives often seek to:

- Ensure stakeholder participation;
- Coordinate complementary efforts;
- Leverage the talents of volunteers and resources of the private sector; and
- Take advantage of unique funding mechanisms available through specific organizational structures.

Organizational strategies include:

1. County Offices of Revitalization;
2. Main Street Programs; and
3. Business Improvement Districts.

The following table summarizes the eight broad economic development approaches and associated strategies.

Economic Development Implementation Strategies Eight Approaches	
Approach	Strategies
Regulations and Land Use Planning	<ul style="list-style-type: none"><li>• Mixed use zoning categories</li><li>• Design standards</li><li>• Form based codes</li><li>• Parking management plans</li></ul>
Direct Financial Incentives	<ul style="list-style-type: none"><li>• Grants and loans</li><li>• Tax increment financing</li><li>• Tax exemptions and fees-in-lieu of taxes</li><li>• Tax credits</li><li>• Tax-exempt bond financing</li></ul>
Indirect Financial Incentives	<ul style="list-style-type: none"><li>• Expedited development review</li><li>• Reduced regulatory requirements (e.g. parking requirement reductions, by-right building height increases, minimum front-yard and landscaping reductions, and open space requirement waivers)</li></ul>
Technical and Small Business Assistance	<ul style="list-style-type: none"><li>• Identification of business needs</li><li>• Individual and group consulting sessions</li></ul>

Economic Development Implementation Strategies Eight Approaches CONT.	
Approach	Strategies
Infrastructure Investments and Physical Enhancements	<ul style="list-style-type: none"> <li>• Code enforcement</li> <li>• Streetscape improvements</li> <li>• Transportation improvements (e.g. parking structures, signage/wayfinding programs, shuttles)</li> </ul>
Site Assemblage	<ul style="list-style-type: none"> <li>• Facilitation of land acquisition/consolidation for mixed use redevelopment</li> </ul>
Marketing/Promotion	<ul style="list-style-type: none"> <li>• Market Analyses of the Retail, Residential, Office and Industrial Markets</li> <li>• Retail Niche Recruitment Programs</li> <li>• Special Events Programming</li> <li>• Development of Marketing Materials</li> </ul>
Organizational Initiatives	<ul style="list-style-type: none"> <li>• County Offices of Revitalization</li> <li>• Main Street Programs</li> <li>• Business Improvement Districts</li> </ul>

## *B. Economic Development Strategies in Detail*

An implementation package combining the strategies outlined under each broad economic development approach should be utilized in the Hattiesburg region to advance mixed-use development, encourage commercial expansion/retention, and enhance quality of life. These strategies are described in more detail below.

### **Regulations and Land Use Planning**

Changes to current regulations and planning are necessary to create compact, walkable mixed use development and compatible downtown infill redevelopment in the Hattiesburg region.

#### **1. Mixed use zoning categories**

Jurisdictions are beginning to add a new zoning category to their zoning ordinance that allows for mixed use development and mandates specific provisions associated with mixed use developments. Communities in the Hattiesburg region could apply this new zone to all areas where mixed use development is desired.

In crafting new tools to accommodate mixed use develop-

ment, specific definitions for mixed use development should be established by each Hattiesburg area community adopting this zoning category. This definition will be used to create zoning tools that encourage the types of mixed use development desired by each community. Specific definitions should address the following issues:

- Minimum number of uses;
- Minimum percentage of development dedicated to each use;
- Minimum/maximum square footage, density, and height;
- Acceptability of live/work units;
- Requirements that uses be mutually/self supporting;
- Physical/function integration, such as requirements for pedestrian connections, open space, and parking management/shared parking (e.g. residential and office uses require parking at different times of day, and may share parking if developed adjacent to one another);
- Need for mix to be market supported (in accordance with market analysis findings, as described under the market analysis strategy described under the marketing/promotion best practice); and
- Need to conduct parking/traffic studies to demonstrate how proposed best approach development impacts parking and traffic.

## **2. Design guidelines** (see Best Practices Section 2.2, 13)

Design guidelines encourage the use of materials and signage consistent with the design vision for designated development/redevelopment areas. They are most frequently developed to provide recommendations for materials, signage, façade design, and landscaping. Development guidelines are optional. The purpose of these design guidelines is not to prescribe the design and function of development projects that occur in these areas, but rather to provide a framework for developers to propose ideas. Clear expectations will allow developers to create concepts that have a high likelihood of acceptance by the local jurisdiction's planning commission.

## **3. Form based codes**

Form based codes establish an optional overlay of requirements for building form. The codes mandate specific development standards for parcels in which the property owners choose to apply the code. They provide requirements not only for materials, signage, façade design, and landscaping but

often also for building heights, massing, and setbacks. The requirements are often tied to incentives (e.g. residential applications, greater building heights, and more efficient site utilizations).

The codes are tied to a regulating plan that links building form to specific street edges. The building forms are flexible enough to allow for all typical uses except for those that require large open parking facilities directly adjacent to the street (open air automobile sales and service, drive through facilities, etc.). The codes are highly varied to accommodate community desires.

These codes can be established through a community workshop process and eventually used by landowners to develop 'by right,' which means in accordance with the existing zone and without needing special use permits or waivers. 'By right' development proposals typically move through the governmental approval process at a much faster pace than proposals requiring special use permits/waivers.

The codes are written and graphically described for easy use by developers, contractors and homeowners (if applicable). As a result of the community vetting process, the form based codes represent a development vision that the local community has already approved, which also speeds up the development process.

Form based codes are implemented as development standards that overlay existing zoning. By choosing to follow the code's requirements the community can offer more important project incentives than would be permitted under the existing zoning. Communities that have implemented form based codes found that owners and developers choose to follow the code (versus the underlying traditional zoning) due to the clarity of the intent, pre-established community support, and approval speed.

4. **Parking management plans** (see Best Practices Section 2.3, h)

Mixed use environments permit a variety of parking demand management techniques that may be described in parking management plans and codified in regulations. These strategies include:

*Shared Parking* – mixed use environments offer the potential for shared parking strategies. Differences in peak parking periods in mixed use developments make shared parking possible. Shared parking is typically defined as “publicly and/or privately-owned parking that is used by two or more individual land uses without conflict.” Combining land uses with different peak parking demands results in a demand for parking that is less than the demand generated by free-standing developments of similar size and character, allowing more land to be used for other purposes. For example, an office building with a high daytime demand could share parking with a cinema complex (or similar retail venue) with higher evening demand.

There are many versions of shared parking strategies. The shared parking strategy developed for Columbia Pike in Arlington, Virginia, sets a maximum quantity of reserved and a minimum of shared (open to all users) parking permissible by right. If a developer desires more reserved parking, he will need to provide a corresponding quantity of shared parking on his site or pay into a fund for the development of a public facility within a certain distance from the project’s front entrance. Shared parking in these soon-to-be pedestrian oriented neighborhoods can allow for the requirement of fewer spaces per building area than is currently required in suburban areas.

Another version of shared parking involves arrangements between the local jurisdiction or private entity and owners of existing private parking spaces. The local jurisdiction or private entity rents parking spaces from churches, movie theaters, or other private owners who use their parking spaces on a limited basis.

*Parking Districts and In-Lieu Fees* – Parking districts are the large scale application of shared parking, and are frequently implemented in urban commercial and retail areas utilizing multiple parking facilities. Such strategies would be applicable for downtown areas within the Hattiesburg region. Parking districts allow businesses to work together and address issues such as lighting, maintenance and future parking needs and are generally established by local business associations working in partnership with local government. This type of parking district can be particularly beneficial to new development as it can significantly reduce the marginal costs of new construction. For example, many districts allow developers to contribute cash “in lieu” (i.e. instead) of providing

parking. The system individualizes the cost of providing parking and creates incentives to economize. In-lieu fees are most often a fixed dollar amount multiplied by the number of parking spaces that normally would have been required for the given land use. The district then uses the accumulated funds to construct parking structures or lots that can serve multiple purposes (e.g. shared parking). This option gives developers additional flexibility, and parking can usually be developed within a convenient distance and at less cost.

*Transportation Demand Management (TDM)* – There are numerous TDM techniques to reduce trip making and parking demand. Some of the most relevant include satellite parking, carpool parking, and transit pass programs. Satellite parking is a strategy where employers or a transportation management association (TMA) provides dedicated off-site parking for employees, which is then served by specialized transportation (e.g. direct shuttle van service) or public transportation. Carpool parking is where employers or TMAs convert a large amount of single occupant vehicle parking to high occupancy vehicle parking. While the effectiveness of this model is likely to be modest, the potential for carpooling increases if a critical mass of employers can coordinate to offer ridesharing services. Transit pass programs offer a good opportunity to attract individuals to use transit, and in general encourage others to change their transportation habit.

### **Combining strategies**

Communities in the Hattiesburg region may combine regulatory and planning strategies to facilitate desired mixed use development and redevelopment. Potential combinations include:

#### *Option #1*

- Adopt optional design guidelines for landscaping, building materials, façade design, and signage;
- Adopt form based codes for height, scale, massing, building setbacks, and ground floor uses; and
- Create a new mixed use zoning category that includes a community-specific mixed use development definition.

#### *Option #2*

- Adopt optional design guidelines for landscaping,

- building materials, façade design, and signage; and
- Create a new mixed use zoning category that includes a community-specific mixed use development definition and also deals with building height, scale, massing, and setbacks.

#### *Option #3*

- Adopt optional design guidelines for landscaping, building materials, façade design, and signage; and
- Adopt form based codes to encourage (using incentives), rather than require, the submission of proposals with desired height, scale, massing, setbacks, ground floor uses, building materials, façade design, and signage.

### **Direct financial incentives**

#### **1. Grants and Loans**

Redevelopment projects may benefit from public-sector (or non-profit) provided grants and loans. Façade grants and/or loan programs are a popular example of this type of incentive. Local jurisdictions provide low-to-no interest loans to property owners and tenants for façade improvement investments. The investments may be structural or cosmetic, and the loans typically range between \$5,000 and \$50,000. In many areas, only businesses within specific districts, such as a downtown commercial district, are eligible to apply for the grant or loan, and the grant/loan is not approved until the applicant submits his final plans for the investment to the appropriate commission or review board.

Businesses in Forrest and Lamar counties may take advantage of business loans offered through Southeast Mississippi Community Investment Corporation (SEMCIC). This non-profit corporation helps provide gap financing to minority- and micro-enterprises, expanding businesses, and start-up businesses. SEMCIC finances loan terms between 3 and 15 years dependent on uses of funds. Eligible activities include purchase or lease of land, building, equipment, inventory, working capital, fixed assets, start-up-costs, interest expense during construction, and professional fees. Loan amounts: to minority enterprises must not exceed \$250,000 or 25 percent of the project cost, and to micro-enterprises can not exceed \$35,000.

#### **2. Tax increment financing**



In Mississippi, the governing body of any municipality or county may adopt tax increment financing (TIF) as a means to pay for a portion of the development costs of private development of residential and commercial uses that are in the public interest. Municipalities may issue tax increment bonds to finance all or a portion of the cost of redevelopment project. Development projects must occur within areas in which:

- There is a significant amount of buildings or improvements that have experienced blight or decay detrimental to the public interest;
- There is a significant amount of infrastructure issues (e.g. defective or inadequate street layout, faulty lot layout, unsafe conditions, etc.) that substantially impair growth of the community; and/or
- There are buildings of historical significance (as designated by the Mississippi Department of Archives and History).

TIF may fund the following redevelopment project work undertaken by a municipality:

- Acquisition of project areas or portions necessary for redevelopment;
- Demolition of existing buildings or improvements and installation/reconstruction of infrastructure improvements (e.g. streets, utilities, etc.), which may be accomplished through an agreement with a private developer; and
- Sale or lease of property acquired by a municipality at fair market value in accordance with a redevelopment plan.

A tax increment financing plan must be put into place in order for a municipality to issue tax increment financing bonds. The plan must contain: 1) a statement of redevelopment objectives of the municipality; 2) a statement of need for redevelopment; 3) a statement containing cost estimates of the redevelopment project and projected sources of revenue; 4) a list of real property to be included in the tax increment financing plan; 5) the term of the tax increment financing plan's existence (e.g. 30 years); 6) a statement of the estimated impact of the tax increment financing plan on jurisdictional revenues; and 7) a statement mandating that a separate fund be established to receive tax revenues and proceeds of any other assistance. The municipality must hold a public hearing to allow public comment on the tax increment financing plan.

### **3. Tax exemptions and fees-in-lieu of taxes**

Communities within the Hattiesburg region may grant property tax exemptions for up to ten years and/or levy fees-in-lieu of taxes for projects totaling over \$100 million. These tax exemptions are available for eligible enterprises, including: warehouse and/or distribution centers, manufacturers, processors, refineries, research facilities, certain telecommunications and data processing companies (tax exemption only), regional and national headquarters, movie industry studios (tax exemption only), air transportation and maintenance facilities, and regional shopping malls (fees-in-lieu of taxes only).

### **4. Tax credits**

The State of Mississippi offers a 13 percent tax credit (increased from 10 percent as part of the Gulf Opportunity Zone Act of 2005) for qualified expenditures associated with rehabilitation of buildings constructed prior to 1936. A 26 percent credit is provided for rehabilitation of certified historic structures (increased from 20 percent). Expenditures must occur before December 31, 2008 to be eligible for the increased credit amounts. Public sector entities in Hattiesburg may develop programs for assisting property owners with obtaining these credits and meeting requirements set forth by the Mississippi Department of Archives and History.

### **5. Tax-exempt bond financing**

Under the Gulf Opportunity Zone Act of 2005, the State of Mississippi received enhanced bonding authority to issue a special class of tax-exempt private activity bonds called GO Zone Bonds. These bonds, which will be offered through December 31, 2010, may finance acquisition, construction, and renovation of commercial or residential (rental only) property at an interest rate savings of up to 2 percent. Public sector entities in Hattiesburg may assist private sector entities through the application process for this financing.

## **Indirect financial incentives**

### **1. Expedited development review**

One of the incentive programs with the smallest financial burden on local jurisdictions is a streamlined approval system for select development proposals. As in all local jurisdictions, de-

velopers in Hattiesburg area communities must receive various approvals from a range of County or City departments at multiple stages in the development process.

The creation of a streamlined development process can boost developer perception that Hattiesburg communities are business-friendly destinations. Preliminary recommended actions to streamline the development process include:

- Designation of a staff person within one of the municipal or county departments to fulfill the role of a “point person” for developers who are shepherding their proposals through the municipal/county development process. This staff person should work with developers to explain the development process, fine tune initial proposals (site plan, architectural design, requests for public sector participation), and serve as a liaison with other government departments. In general, this staff person should serve as a developer advocate within the government and keep projects moving either toward final approval and construction or resubmission as a workable project.
- Establishments of fast track zones – locations within municipal/county boundaries in which development proposals will receive expedited review. The City of Virginia Beach, Virginia offers a fast track construction program to encourage redevelopment in designated areas.

## **2. Reduced regulatory requirements**

Streamlined regulatory requirements also offer an indirect financial incentive to developers by reducing the bottom-line cost of development. Parking requirement reductions (as permitted through a parking management plan), by-right building height increases, minimum front-yard and landscaping reductions, and open space waivers may all lessen the total cost of development and redevelopment projects.

## **Technical and small business assistance**

### **1. Identification of business needs**

In order to develop effective technical assistance programs, local organizations in the Hattiesburg region should survey the training and assistance needs of business owners.

These needs may include, but are not limited to, the following examples:

- Internet usage for web-based advertising, sales, market research, and website development;
- Opportunities to conduct small-scale reinvestments, expansions, and other business improvements;
- Independent marketing and advertising efforts;
- Product placement, inventory management, and front window displays;
- Market research;
- Strategies to deal with real and/or perceived lack of parking;
- Customer service training;
- Developing/updating business plans;
- Accounting and record keeping;
- Compliance with local, state and federal regulations;
- Personnel management and training;
- Financial incentives;
- Local code enforcement and public policy; and
- Identifying and capturing new markets and planning for business expansion.

## **2. Individual and group consulting sessions**

Consulting sessions with staff of small business development programs or economic development programs may help address questions and concerns held by business owners and private developers. Individual consulting sessions can assist business owners and developers in understanding local permitting processes, in identifying sources of funding/financing, and in completing applications for funding/financing. Staff may also offer referrals and networking advice to business owners and developers.

Group training/consulting sessions bring together groups of business owners or developers to explore topics that may enhance their business or development plans. Topics for business owners may include: ways to use the Internet for web-based advertising, sales, and market research; independent marketing and advertising; and product placement, inventory management, and front window displays. Developer forums can bring area developers together to learn about development/redevelopment opportunities in designated growth areas or techniques for funding/financing projects.

## **Infrastructure investment and physical enhancement techniques**

Communities in the Hattiesburg region may stimulate private investment by providing for infrastructure improvements, such as parking garages, street and sewer extensions, or new streetlights and sidewalk paving. These infrastructure improvements may be funded through tax increment financing or general obligation bonds. The City of Norfolk has established a policy in which businesses who make a \$500,000 minimum investment in the zone may receive City-funded supportive public improvements in the immediate area. This is an option for establishing criteria under which a local jurisdiction considers contributing financially to a development project. Improvements made within specific designated growth areas could be another criteria in considering public investment in development project infrastructure.

### **1. Code enforcement**

Enhanced code enforcement offers an opportunity to ramp up existing city/county efforts to reduce blight and make areas more attractive for development/redevelopment. Improved code enforcement can also increase pedestrian appeal and perceptions of safety through small changes, such as fixing broken windows.

Gwinnett County, Georgia, a suburban county of Atlanta, utilized enhanced code enforcement as an economic development strategy in its “Operation Fixing Broken Windows” initiative. This strategy emerged from recommendations made by a County revitalization task force. The concept behind the initiative was that fixing small problems would prevent their escalation into major problems and reduce crime. Operated by the Gwinnett County Police Department’s “Quality of Life Unit,” in partnership with code enforcement officers from the Planning and Development Department, Operation Fixing Broken Windows resulted in neighborhood sweeps for illegal storage, junk cars, excessive trash, and other code violations. Officers issued notices of violation followed by court citations to those property owners that did not correct these problems.

Over the course of a few months of operation (November 2005 through February 2006), this program resulted in:

- Contact with 1,900 property owners;
- 1,678 violations noted;
- 684 citations issued;
- 15 arrest warrants;
- 276 cars towed;
- 1,300 illegal signs removed; and
- Significant visible improvement in quality of neighborhoods.

## **2. Streetscape improvements**

Streetscape enhancements can improve the pedestrian appeal of commercial districts and mixed-use environments, increasing potential customer visitation and attracting potential residents. Common improvements include sidewalk replacement, brick treatment on street corners, street trees, flower plantings, trash receptacles, and burial of power lines.

## **3. Transportation improvements**

Improvements in transportation resources and access to and within commercial/mixed use development areas can improve livability and enhance visitation in these areas. Wayfinding programs are commonly used to introduce better signage that directs visitors to these areas, and helps them navigate area parking resources and destinations. Construction of transportation facilities, including parking garages and bus/shuttle terminals/shelters, can reduce demand for on-street and surface parking and automobile trips.

## **Site Assemblage**

### **1. Facilitation of land acquisition/consolidation for mixed use redevelopment**

Redevelopment projects in already built areas may require assemblage of parcels into a site sized large enough to make projects feasible. In some cases, land costs prohibit the private sector from assembling sites without public sector intervention and assistance. Public sector entities (e.g. regional economic development agencies, County/City economic development offices, etc.) may facilitate land acquisition and consolidation through a variety of techniques. These techniques include:

- a. Public incentives in exchange for private sector consolidation.* The City of Fredericksburg, Virginia, as part of its Jumpstart Fredericksburg, initiative is considering offering incentives to developers that consolidate parcels into a designated minimum site size for select development proposals.

Along various City corridors, the City has identified preliminary development concepts for designated redevelopment sites. The incentives would be a mechanism to facilitate the type of redevelopment projects the City has envisioned for these sites. Private developers would acquire and/or assemble parcels through a variety of approaches, which include:

- i. Purchasing and assembling required parcels as rapidly and quietly as possible, working with local brokers to contact property owners and acquire key parcels first;
- ii. Purchasing properties gradually as they are made available;
- iii. Working with owners as equity investors in the project through a joint venture. In this arrangement, the property owner contributes his/her land or sells to the developer at a reduced price in exchange for ownership interest in the project;
- iv. Leasing of properties to assemble land without acquisition. Private developers enter into ground leases, which can provide for the property owner (often a local government) a minimum base payment plus a percentage of income generated by the project. With this arrangement, the developer realizes an improved net return on his investment because his equity outlay for land acquisition is lower, and the property owner shares in the income if the project does well. Furthermore, the lease can be worded so that if the project fails the property owner can recoup the land.

- b. Public sector contact with property owners.* In addition to offering incentives for assembly of designated redevelopment sites, public sector entities may facilitate the site assembly process by conducting interviews with property owners to determine their interests. Questions include: 1) plans they may have to expand, improve, or sell their property; 2) conditions required for them to act



on these plans; 3) the level of participation they would like to have in a redevelopment project affecting their property; 4) their interest in working with other property owners within the area to make improvements; 5) their vision for the area surrounding their property; and 6) obstacles/challenges they foresee in assembling property. The property owners' interest in participating in the redevelopment process would be evaluated during interviews with the owners and preliminary discussions about land acquisition. Although their interest will be informed by their commitment to area economic development goals, their willingness to participate will often vary to a large extent with the compensation that they are offered for their land and what they believe their land is worth.

- c. *Disposition of publicly-owned properties.* If designated redevelopment/ development sites include publicly-owned parcels, these properties may be disposed of to the private sector. The public sector may distribute requests for expressions of interest (RFEI), requests for qualifications, and/or requests for proposals to ascertain developer interest, credentials, and proposed development concepts. Such processes allow the public sector to tie sale of the property to the developer's ability to meet community goals, which may include provision of certain uses, design features, or public amenities.
- d. *Public-sector acquisition through TIF.* In areas meeting the requirements set forth by the Statutes of the State of Mississippi, tax increment financing (TIF) may be utilized by municipalities to directly acquire properties for redevelopment.

## **Marketing/Promotion** (see Best Practices Section 2.2,a)

### **1. Market Analyses of the Retail, Residential, Office and Industrial Markets**

Market Analyses provide detailed information and analysis of supply and demand trends related to retail, residential, office, and/or industrial markets. These analyses study current and projected economic (e.g. labor force occupations and skills, employment by industry) and demographic (e.g. population, households, household income, age) trends, supply of space/units, and demand drivers to identify opportunities for expansion. Retail market analyses also include analysis of retail expenditures, shopping habits, and interests of customers (residents, employees,



and visitors) in retail trade areas.

Market analyses often result in recommendations for development programs (square footage by use type) and may identify underutilized sites to accommodate new development.

## **2. Retail Niche Recruitment Programs**

Market analysis provides insight into existing or untapped retail niches – retail store types that offer merchandise unique to designated retail nodes that meet the retail interests of residents within the local market area. Analysis of sales leakage (or outflow) can identify underrepresented or underserved retail store categories, which offer opportunities for expansion.

Market analysis of retail offerings in Ghent, Virginia, revealed three existing clusters (groupings of retail stores offering complementary merchandise) that provide a retail niche for Ghent. These clusters include a restaurant cluster, apparel cluster, and home furnishing/furniture cluster. Analysis of retail nodes within the Hattiesburg region would identify existing retail clusters, and upon identification, promotional activities may be undertaken to attract additional customers to the retail areas. Such activities could include:

- Branding of the clusters with distinct logos and names that may be used on marketing materials and even signage. The City of Frederick, Maryland has added signage to its downtown district that identifies the antique cluster along “Antique Way;”
- Creation of color-coded brochures for each cluster that list existing businesses, which are distributed via stores, restaurants, and visitor facilities within the retail district;
- Development of a line of coordinated print advertisements, each with a focus on one or more of the identified retail clusters (e.g. one promoting dining options, another describing home furnishings, etc.) to be placed in media serving the local and regional market;
- Recruitment of new stores to locate or existing stores to relocate within cluster by store type through individual consulting/outreach sessions;
- Events that exploit cluster attributes, such as wine tasting that take advantage of food and beverage and dining clusters.

To achieve implementation, these activities require a lead or-

ganizational entity (such as the Ghent Business Association in Ghent) to coordinate and lead efforts, as well as funding sources. Potential organizational structures and associated funding sources are described under the organizational approach section.

### **3. Marketing of Redevelopment Opportunity Sites**

Public entities may engage in marketing of sites identified as candidates for redevelopment or development. Often informed by the results of market analyses and community visioning exercises, marketing materials may be developed that identify redevelopment and development concepts for targeted sites, as well as the market support for designated uses.

These materials should identify desired development goals, detailed project concept descriptions, potential public sector participation, and the strengths and advantages of the opportunity sites from a physical layout, marketing, and financing perspective. Based on the public sector's adoption of local incentives and project participation options, a portfolio of federal, state, and local incentives for site specific redevelopment projects should be prepared for distribution to potential developers.

Additional details to include in an opportunity site 'one-pager' are site specific market analysis, analysis of physical opportunities and constraints, and illustrative financial sources and uses information. This information will help to market the action areas by providing additional insight into the expectations that developers should have for the sites.

### **4. Special Events Programming**

Promotional events can be implemented to enhance quality of life, promote spending in retail shops and restaurants, and introduce visitors to mixed use environments (such as downtown areas) and their associated residential and employment options.

The Ghent Business Association in Ghent, a retail district within the City of Norfolk, Virginia, sponsors a number of promotional events designed to celebrate community and attract visitors to the district. These events include the "Greening of Ghent," (a St. Patrick's Day festival), the Stockley Gardens Art Festival, "Masquerade in Ghent" (a Halloween festival), and a December holiday festival. "First Fridays in Ghent" is a recently created event series that started in June 2006.

The Ghent Business Association is considering a variety of strategies to expand the special events lineup. Downtown and other retail districts within the Hattiesburg region can utilize these strategies to attract new customers and visitors. Strategies include partnerships between the local business association and individual store owners, or groups of store owners selling related merchandise, to organize and promote events within the stores. Examples of events that could be organized by individual merchants and promoted by the local business association include:

- Wine tasting at wine and beverage stores, local restaurants, and/or other establishments;
- Photography/art contests at camera shops and art galleries;
- Used game and book sales/swaps at gaming, video and book stores;
- Home improvement demonstrations at home maintenance and décor shops; and
- Book readings and literary presentations in book stores and coffee houses.

## **5. Development of Marketing Materials**

Unique commercial nodes within the Hattiesburg region should be highlighted through a variety of marketing materials developed by local organizations. Media include websites, newsletters, email blasts through email distribution lists, postcards, brochures, and business inventory maps; information conveyed in marketing materials should include business listings, special event programming, and area attractions.

### **Organizational structures**

A strong organizational structure is required to implement and fund many of the strategies described for use in the Hattiesburg region, in which partnerships are made between City/County departments, individual property and business owners, and local business associations. A coordinating entity is necessary to lead economic development activities in commercial and mixed-use districts. Potential lead organizations include:

- 1. County/City Offices of Economic Development/Revitalization;**
- 2. Main Street Programs; and**
- 3. Business Improvement Districts.**

County and City Offices of Economic Development or Revitalization may serve as lead organizers of redevelopment/development and business recruitment activity. However, in some districts, particularly those in downtown settings, non-profit organizations such as Main Street organizations and Business Improvement Districts may take the lead in focusing on revitalization and business enhancement.

*Main Street organizations* typically follow the National Trust Main Street Center's Four-Point Approach™, a comprehensive approach that includes revitalization work in four key areas:

- **Design** – Revitalization efforts include actions to enhance appearance and image. Tools may include façade improvement programs, streetscape improvements, design guidelines, way-finding/signage systems, and other activities;
- **Economic restructuring** – Revitalization efforts include actions to build the economic base. Techniques may include business recruitment, retention and expansion efforts;
- **Organization** – Revitalization efforts include actions to cultivate leaders, partnerships, teams and volunteers. Tools may include volunteer outreach efforts, staff training, and coordination between organizations involved in revitalization; and
- **Promotion** – Revitalization efforts include actions to market the area as a destination. Activities may include development of marketing materials (websites, press releases, postcards, flyers, brochures) as well as staff consultations that market an area to business owners, developers or others interested in the revitalization area.

Main Street paid staff is typically limited to an Executive Director, and in some cases a Marketing/Promotions manager. Volunteers play a key support role to paid personnel by serving on committees and manning special events. A Board of Directors comprised of volunteers usually govern the organization. Funding sources for the Main Street organization may include grants from state, federal, and local government agencies, sponsorships and donations from area businesses and individuals, and proceeds from special events.

*Business Improvement Districts* utilize special tax assessments from defined geographic areas to offer management services, operation, maintenance, and minor capital improvements. Busi-

ness and/or property owners within these districts agree to pay higher assessments in exchange for services above and beyond those supplied by local government agencies. By paying this assessment, the owners have direct control over how and when their contributions are spent. BIDs usually provide paid staff devoted to improving the business district, and are governed by a Board of Directors.

Downtown Norfolk has adopted this strategy to accomplish revitalization goals. Managed by the Downtown Norfolk Council, the BID is a 48-block geographic area in which property owners pay for supplemental services. These services include: hospitality and security initiatives, such as a Public Safety Ambassador Program and bicycle patrols; cleaning and visual enhancements, such as the Clean Team Ambassadors (CTAs) who are responsible for the daily cleaning of sidewalks and graffiti removal; and marketing efforts, including advertising campaigns and a downtown guide.

In addition to public safety, marketing, and clean up/maintenance, BIDs provide other common services. The full range of services provided by BIDs includes the following:

- *Enhanced maintenance and beautification of public spaces.* BIDs often provide graffiti removal, street cleaning, flower planting, seasonal lighting, and other services to improve the cleanliness and visual appeal of downtown business districts. Local governments usually retain control over trash collection and general lighting. Some BIDs also offer façade improvement grants to allow merchants or property owners to improve storefronts.
- *Security.* Some BIDs provide enhanced patrol services to improve the safety of the business district through hiring off-duty police officers or contracting with private security companies.
- *Promotions/Special Events.* In many localities BIDs plan and execute festivals, late night shopping promotions, and other special events.
- *Coordinated Marketing.* BIDs develop marketing materials, including print and radio advertisements, press releases, postcards, brochures and signage advertising shopping and dining opportunities and special events.

- *Business Recruitment and Retention.* BIDs assist new merchants in locating retail space and retain existing merchants through retention visits.
- *Way finding.* BIDs often develop maps and business directories that may be installed as “kiosks” in business districts and distributed in paper form to customers via merchants. BIDs often help improve directional signage to business districts.
- *Information Resource/Point of Contact.* BIDs offer a single point of contact for merchants, residents and others to offer positive and negative feedback regarding the business district. These organizations also can disseminate information throughout the community via email updates and flyers.
- *Advocacy.* BIDs can offer suggestions to local government agencies on behalf of merchants regarding issues such as parking, crime, and other concerns about the health of the business district.

## SECTION 4.3

### Appendix

#### Innovative Implementation Strategy Demonstrations

##### Tax Increment Financing, Special Assessments, and Shared Parking

The conceptual projects for Hattiesburg include a variety of proposed public enhancements and opportunity for reduced parking provisions. Use of innovative financing/funding and parking strategies, including tax increment financing, special (community) assessments, and shared parking, can help bring these conceptual projects to fruition.

The following scenarios and associated charts illustrate potential use of these innovative strategies, targeted to specific conceptual project types. Scenarios and associated strategies include:

- **Infill Downtown Campus Development** – Tax Increment Financing from residential and office real property tax revenues to fund public improvements;
- **Conservation Subdivision** – Special Assessment on residential property to fund public improvements;
- **Gateway Development** – Tax Increment Financing from retail real property tax and sales tax revenues to fund public improvements; and
- **Grayfield Development** – Shared Parking to reduce total amount of parking spaces provided while accommodating demand from office, retail, hotel and residential uses, and Tax Increment Financing to fund parking creation.

Key findings include:

- **Commercial Development Lends itself to TIF** – Mississippi code permits communities to allocate real property tax revenues to TIF; with higher tax rates, commercial uses (e.g. office, retail, hotel) in the Hattiesburg region can serve as key ingredients in projects utilizing tax increment financing.
- **Special Assessments Fund a Wide Range of Improvements in Residential Communities** – Mississippi code defines a broad range of public improvements that may be funded through special assessments (also known as community benefit assessments), including public parking, parks, and recreational facilities that are particularly desirable in new residential developments.
- **Shared Parking Reduces Parking Need in Mixed Use Projects** – According to the Urban Land Institute, shared parking arrangements may reduce total parking supply needed by 30 percent or more. These arrangements work best for uses with different peak demand periods, such as office (daytime peak demand) and entertainment (evening and weekend peak demand).



## Scenario 1: Infill Downtown Campus Development, 2007 Dollars

An infill downtown campus development containing 80 private residential apartment/dorm units, 37,000 square feet of new office space, and 74,000 square feet of renovated office space generates an estimated \$83,037 in annual real property tax revenue.

Under Mississippi code, all of this tax revenue is eligible for tax increment financing (TIF); assuming a 1.25 debt service coverage ratio, 6% interest rate, 20 year term, and 8.72% debt service constant, these TIF eligible revenues could support \$761,809 in debt.

If potential public improvements cost an estimated \$4.4 million (including \$2.5 million in parking costs), the TIF eligible revenues would fund approximately 17 percent of the estimated public improvement costs. The TIF eligible revenues could fund the sidewalk improvements (\$420,000), event lawn (\$60,000) and trails (\$75,000) in their entirety, and 40 percent of the urban park (with the remainder potentially funded by the private sector). This public investment could entice the private sector to fund the remaining expenses associated with parking, tennis courts, and basketball courts.

### Development Program & Real Property Tax Impacts Annual Operations (At Build-Out)

Development Type	GBA/ Units	Est. Market Value per SF/Unit (1/)	Est. Market Value (2/)	Est. Taxable Value	Millage Rate (3/)	Est. Annual Realized Taxes
Residential Apartments/Dorm Units	80	\$65,520	\$5,241,600	\$5,241,600	33	\$25,946
Class A Office, New Construction	37,000	\$104	\$3,844,531	\$3,844,531	33	\$19,030
Class A Office, Factory Rehab.	74,000	\$104	\$7,689,063	\$7,689,063	33	\$83,037
			<b>\$16,775,194</b>	<b>\$16,775,194</b>		<b>\$83,037</b>

### Potential Public Sector Costs

Development Type	Cost
Parking Spaces	
160	\$272,000
111	\$188,700
540	\$918,000
685	\$1,164,500
Greenspace	
Urban Park-0.7 Acres	\$500,000
Trails-2800 Linear Feet	\$75,000
Event Lawn-3 Acres	\$60,000
Tennis Courts-8	\$480,000
Basketball Courts-8	\$320,000
Sidewalk Improvements	\$420,000
<b>Total Potential Public Sector Development Costs</b>	<b>\$4,398,2000</b>

### Funding Analysis

Revenue	
Total Annual TIF Eligible Taxes	\$83,037
Public Costs	
Amount Funded	\$4,398,200
TIF Funding	
Debt Service Coverage Ratio	1.25
Annual TIF Revenues to Support	\$66,430
<b>Supportable Debt (6%, 20 Years, 8.72% Debt Service Constant)</b>	<b>\$761,809</b>

### Source Notes

1/ Based on income approach to valuation  
2/ All Capitalization rates from IRR Viewpoint Real Estate Trends, 2007 and Loopnet commercial listing service  
Residential/Dorm value based on annual rent of \$670 times number of units less 30% expenses and 10% vacancy-capitalized at 7.50%  
Class A Office value based on \$12.50 lease less 30% expense and 5% vacancy-capitalized at 8%  
3/ Rates are for fiscal year 2007 for Forrest County, as reported by the Mississippi State Tax Commission

Sources: Basile Baumann Prost & Associates



## Scenario 2: Conservation Subdivision, 2007 Dollars

A conservation subdivision containing 128 private residential single-family dwellings generates an estimated \$84,480 in annual real property tax revenue (\$55 per unit per month).

Under Mississippi code, an additional special assessment tax may be levied on each residence (with the permission of property owners). Assuming a \$447 annual special assessment per residential unit (\$37.25 per unit per month), the conservation subdivision generates an annual \$57,216 in special assessment revenues. The monthly special assessment represents approximately 3.5% of estimated monthly housing expenses (mortgage, real property taxes, and special assessment taxes) estimated at approximately \$1,052 per month.

This small monthly addition to housing expenses would support an estimated \$596,497 in public sector improvement expenses (assuming a 1.10 debt service coverage ratio, 6% interest rate, 20 year-term, and 8.72% debt service constant). The special assessment revenue would fund in the entirety 15 parking spaces, a 17,000 square foot pool, two tennis courts, and a 3.6 acre park, which together cost an estimated \$595,500.

### Development Program & Real Property Tax Impacts Annual Operations (At Build-Out)

Development Type	GBA/ Units	Est. Market Value per SF/Unit (1/)	Est. Market Value (2/)	Est. Taxable Value	Millage Rate (3/)	Est. Annual Realized Taxes	Annual Special Assessment/ Unit	Annual Special Assessment Total
Residential Single-Family	128	\$200,000	\$25,600,000	\$25,600,000	33	\$84,480	\$447	\$57,216

			Funding Analysis	
Potential Public Sector Costs			Revenue	
Development Type	Cost		Total Annual Special Assessment Taxes	\$7,216
Parking	15 Spaces	\$25,500	Public Costs	
			Amount Funded	\$595,500
Greenspace and Recreation	Pool-17,000 SF	\$150,000	Revenue Bonds Funding (Paid by Special Assessment)	
			Debt Service Coverage Ratio	1.10
			Annual Assessment Revenues to Support	\$52,015
			Supportable Debt (6%, 20 Years, 8.72% Debt Service Constant)	\$596,497
	Tennis Courts-2	\$120,000		
	Park-3.6 acres	\$300,000		
Total Public Sector Costs	\$595,500			

#### Source Notes

1/ Based on market sales price approach to valuation

2/ Market rate per unit based on average value of a single-family residence in Hattiesburg, reported in the ACCR Cost of Living report

3/ Rates for the fiscal year 2007 for Forrest County, as reported by the Mississippi State Tax Commission

Sources: Basile Baumann Prost & Associates

### Scenario 3: Gateway Development, 2007 Dollars

A gateway development containing a 143,000 square foot retail shopping center and 61,100 square feet of freestanding retail buildings generates an estimated \$98,201 in annual real property tax revenue, all of which is eligible for tax increment financing. Assuming a 1.25 debt service coverage ratio, 6% interest rate, 20 year term, and 8.72% debt service constant, these TIF eligible revenues could support \$900,924 in debt.

Potential public improvements associated with the gateway development cost an estimated \$1.7 million. The TIF eligible revenues could fund the parking (\$773,500) and gateway sign (\$60,000) in the entirety, as well as the majority of the walking path expenses (\$75,000). This public investment could entice the private sector to fund the remaining streetscape expenses.

#### Development Program & Real Property & Retail Sales Tax Impacts Annual Operations (At Build-Out)

Development Type	GBA/ Units	Est. Market Value per SF/Unit (1/)	Est. Market Value (2/)	Est. Taxable Value	Millage Rate (3/)	Est. Annual Realized Taxes
Retail Shopping Center	143,000	\$97	\$13,899,600	\$13,899,600	33	\$68,803
Retail-Freestanding 4,700 SF Buildings	61,100	\$97	\$5,938,920	\$5,938,920	33	\$29,398
<b>\$19,838,520</b>						<b>\$98,201</b>

#### Potential Public Sector Costs

Development Type	Cost
Parking Spaces	
430	\$731,000
25	\$42,500
Signage	
Gateway Sign	\$60,000
Streetscape and Landscaping	
Landscaping	\$100,000
Walking Path	\$75,000
Picnic Pavillions	\$15,000
Sidewalk-8300 LF	\$145,250
Lighting Fixtures-85	\$500,000
Street Trees	\$75,000
	<b>\$1,743,750</b>

#### Funding Analysis

##### Revenue

Total Annual TIF Eligible Taxes	\$98,201
---------------------------------	----------

##### Public Costs

Amount Funded	\$1,743,750
---------------	-------------

##### TIF Funding

Debt Service Coverage Ratio	1.25
Annual TIF Revenues to Support	\$78,561
<b>Supportable Debt (6%, 20 Years, 8.72% Debt Service Constant)</b>	<b>\$900,924</b>

#### Source Notes

1/ Based on income approach to valuation utilizing capitalization rates  
2/ All Capitalization rates from IRR Viewpoint Real Estate Trends, 2007 and Loopnet commercial listing service  
Retail Shopping Center value based on \$9.00 Net Lease less 10% expenses and 10% vacancy-Capitalized at 7.50%  
Retail-Freestanding 4,700 SF Buildings value based on same assumptions as listed for Shopping Center  
3/ Rates are for fiscal year 2007 for Forrest County, as reported by the Mississippi State Tax Commission

Sources: Basile Baumann Prost & Associates

## Scenario 4: Grayfield Development

A mixed-use grayfield development containing a renovated 400,000 square foot retail shopping center, 50 residential lofts (apartments), 67,000 square feet of Class A office space, a 207,000 square foot retail neighborhood center, and 91,500 square foot hotel would need an estimated 3,311 parking spaces if separate parking were built for each use (based on conventional parking standards per use provided by the Institute of Transportation Engineers).

However, the mix of uses lends itself to a shared parking strategy, in which total parking supply is based on time of peak use (e.g. office – daytime, retail – evenings and weekends). Shared parking, as evidenced by developments in other communities, can reduce total parking supply needed by 30 percent or more, reducing the mixed-use grayfield development parking supply needed to 2,318 spaces.

### Redevelopment Program & Associated Parking Parking Provided Separately for Each Use

Development Type	GBA/ Units	Est. Parking Demand per 1,000 SF/Unit (1/)	Est. Total Parking Demand
Retail Shopping Center- Renovation of Existing	400,000	5.0	2,000
Residential Lofts	50	2.0	100
Office	67,000	3.0	201
Retail-Neighborhood Center	207,000	4.0	828
Hotel	91,5000	2.0	182
			<b>3,311</b>

### Shared Parking Analysis Peak Demand Use

	WDay	WNight	WEnd
Office	X		
Retail		X	X
Hotel		X	X
Residential		X	X

### Discounted Parking Demand Estimates Shared Parking Strategy Utilized

Development Type	GBA/ Units	Est. Parking Demand per 1,000 SF/Unit (2/)	Est. Total Parking Demand
Retail Shopping Center- Renovation of Existing	400,000	3.5	1,400
Residential Lofts	50	1.4	70
Office	67,000	2.1	141
Retail-Neighborhood Cen- ter	207,000	2.8	580
Hotel	91,5000	1.4	127
			<b>2,318</b>
		Net Parking Space Demand Reduction	<b>993</b>

#### Source Notes

1/ Based on parking demand data from the Institute of Transportation Engineers (ITE)  
2/ Based on reduction in parking demand of 30 percent to account for off-peak reduction in demand, in accordance with shared parking standards provided by the Urban Land Institute for mixed use projects

Sources: Basile Baumann Prost & Associates

Assuming a parking cost of \$1,700 per space, the 2,318 spaces would cost approximately \$3.94 million to create. The mixed-use grayfield development generates \$414,651 in annual real property tax revenues, all of which are eligible for tax increment financing. Assuming a 1.25 debt coverage ratio, 6% interest rate, 20 year term, and 8.72% debt service constant, these TIF eligible revenues could support \$3.8 million in debt to support the 2,318 parking spaces. The remaining shortfall could be covered by pay-as-you-go fees or private sector contributions.

Development Program & Real Property Tax Impacts Annual Operations (At Build-Out)						
Development Type	GBA/ Units	Est. Market Value per SF/Unit (1/)	Est. Market Value (2/)	Est. Taxable Value	Millage Rate (3/)	Est. Annual Realized Taxes
Retail Shopping Center-Renovation	400,000	\$91	\$36,450,000	\$36,450,000	33	\$180,428
Residential Lofts	50	\$65,520	\$3,276,000	\$3,276,000	33	\$16,216
Class A Office, New Construction	67,000	\$104	\$6,961,719	\$6,961,719	33	\$34,461
Retail-Neighborhood Center-New Construction	207,000	\$97	\$20,120,400	\$20,120,400	33	\$99,596
Hotel	183	\$92,677	\$16,959,858	\$16,959,858	33	\$83,951
			<b>\$83,767,976</b>	<b>\$83,767,976</b>		<b>\$414,651</b>

Potential Public Sector Costs	
Development Type	Cost
Parking Spaces	
	2,318 \$3,940,090

Funding Analysis	
<b>Revenue</b>	
Total Annual TIF Eligible Taxes	\$414,651
<b>Public Costs</b>	
Amount Funded	\$3,940,090
<b>TIF Funding</b>	
Debt Service Coverage Ratio	1.25
Annual TIF Revenues to Support	\$331,721
<b>Supportable Debt (6%, 20 Years, 8.72% Debt Service Constant)</b>	<b>\$3,804,142</b>

#### Source Notes

1/ Based on income approach to valuation

2/ All Capitalization rates from IRR Viewpoint Real Estate Trends, 2007 and Loopnet commercial listing service, and Smith Travel Research Residential lofts value based on annual rent (\$670) times number of units less 30% expenses and 10% vacancy-Capitalized at 7.50%

Class A Office value based on \$12.50 lease less 30% expense and 5% vacancy-Capitalized at 8%

Retail Shopping Center value based on \$9.00 Net Lease less 10% expenses and 10% vacancy-Capitalized at 7.50%

Retail-Neighborhood Center value based on \$9.00 Net Lease less 10% expenses and 10% vacancy-Capitalized at 7.50%

3/ Rates are for fiscal year 2007 for Forrest County, as reported by the Mississippi State Tax Commission

Sources: Basile Baumann Prost & Associates