

## City Council – Action Request Form

**Date:** October 10, 2023

**To:** Mayor, Mayor Pro Tempore, and Members of the City Council

**From:** Ben Rowe, Assistant City Manager  
Ken Millett, Economic Development Director

**Council Action Requested:**

Resolution Approving Modifications to Eligibility Criteria for Financial Assistance Under the Revitalizing Commercial Areas (RCA) Program

**Strategic Focus Area:** Economic Vitality and Diversity

**Strategic Objective:** N/A

**Strategic Plan Action Item:** No

**Key Work Item:** No



This item was presented to Finance Committee on September 12, 2023.

In the 2002 Strategic Plan, City Council recognized the impact that declining commercial areas had on the health of the city and its neighborhoods. Council noted that underutilized, unutilized, and blighted properties were in need of assistance to halt and reverse the disinvestment trend. In 2006 the Revitalizing Urban Commercial Areas (RUCA) program was established as a means of reinvigorating commercial areas in a state of decline.

As part of the 2018 Bond Referendum, the Commercial Revitalization of Blighted Areas (CRBA) program (the subsequent name to RUCA) was allocated \$2 million dollars to be administered similar to the RUCA program. Approximately \$1.6 million of the CRBA funds remain available.

During its consideration of a recent request, City Council noted that the concentrations of commercial blight have evolved in the years since the initial evaluation took place. At the request of City Council, Planning and Development Services staff conducted a new analysis of commercial areas in Winston-Salem.

As a result of discussions between the Office of Business Inclusion and Advancement and Planning staff, a decision was made to expand the analyzed activity centers from those in Growth Management Area (GMA) 2 (Urban Neighborhoods) to include those in GMA 3 (Suburban Neighborhoods) as well. A total of 46 activity centers were analyzed by BIA and Planning staff. In order to better reflect the geography of these eligible areas and the purpose of this initiative, staff is recommending changing the program name from CRBA to *Revitalizing Commercial Areas* (RCA).

Staff reviewed the activity centers using evaluation factors similar to those used in the initial analysis of RUCA sites. Individual site conditions were evaluated based on recent visits by Planning staff, and activity centers were holistically evaluated and ranked based on the following factors:

- Access
- Presence of Alternative Transportation Facilities
- Site Condition

- Building Condition
- Vacancy

Other considerations were included in determining the overall rating included area plan recommendations, existing zoning and land use, crime levels, and investment.

As an information item at Finance Committee in late 2022, BIA staff recommended that activity centers in Tier 1, 2, and 3 Condition Ratings: *Most In Need*, *In Need*, and *Average*) be eligible for funding, representing a total of 25 areas. By making Tier 3 activity centers eligible, the possibility of such centers falling into a deteriorated state may be slowed or eliminated. The attached map, *Winston-Salem Revitalizing Commercial Areas*, shows the locations of these activity centers and their respective tiers.

Subsequent meetings were held with individual Council Members who had expressed interest in providing additional feedback on activity centers in their wards. The most frequent comment from these Council Members involved the possibility of offering RCA funding to Tier 4 or 5 (Condition Ratings: *Above Average* and *Least In Need*) activity centers, if some of the properties in these areas have similar needs to other funded RCA areas. The City Attorney's Office advised that because the authorization for the RCA program is based on North Carolina's community development statute (N.C.G.S. 160D-1311)—specifically its blight reduction provisions—areas designated as Tier 4 or 5 should not be included, as they do not meet the definition of “blight” established in the statutes.

It was also asked if the boundaries for eligible areas could be expanded to include adjacent/nearby properties. In response, staff recommends that approved Tiers include a 250 ft. buffer zone extending from the boundaries of the activity center. This buffer zone would allow the program to reach adjacent commercial properties serving as transitional areas, where evidence of blight might exist in pockets. Blight reduction in these areas would also benefit the core of the activity center.

Based on another Council concern, staff recommends that property owners must be in good standing with the City in order to apply for RCA assistance. For example, they must be current with their City property tax bill. The owner must also not be delinquent or in default on the repayment of any other City financial assistance, such as a previous RUCA/CRBA loan, small business loan, or building rehabilitation loan.

There was also Council interest in utilizing RCA funds for improvements in public rights-of-way, such as upgrades to sidewalks/crosswalks, lighting, vegetation, and screening. Staff recommends that 10% of the remaining funds (approximately \$160,000) be designated for improvements within public rights-of-way within eligible RCAs.

In summary, staff recommends that:

- Commercial properties located in RCAs rated as Tier 1, 2, or 3 be eligible for future City funding.
- Commercial properties within 250 ft. of the boundary of eligible RCAs be eligible for funding.
- Property owners be in good standing with the City in order for their RCA application to be accepted.
- Ten percent of remaining RCA funds (\$160,000) be designated for public infrastructure improvements in eligible areas.

Any specific requests for RCA funding must be approved by City Council. If approved, BIA staff will work with Marketing and Communications staff to develop an outreach plan geared towards eligible property owners.

Staff plans to bring recommendations for expanding eligibility for the Small Business Loan Program and Building Rehabilitation Program to Finance Committee in November.

**Committee Action:**

<b>Committee</b>	FC – 10/10/2023	<b>Action</b>	Approval
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<b>For</b>	Unanimous	<b>Against</b>	
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<b>Remarks:</b>			
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