

## Selma, North Carolina



*Selma is using an innovative tax grant tool to revitalize a blighted section of its downtown. The program is designed to bridge the downtown shopping district and the town's revitalized train depot.*

	Selma
Population (2000)	5,914
Municipal budget (2006)	\$14.5 million
Per capita income (2000)	\$12,100
Median household income (2000)	\$23,870
Poverty rate (2000)	30%
Minority population (2000)	53%
Proximity to urban center	31 miles to Raleigh, N.C.
Proximity to interstate highway	1 mile
Strategic approach	Downtown revitalization Economic development finance
Time frame	2006-2007

Selma created and implemented an innovative economic development finance tool to revitalize a depressed portion of its downtown. After a concerted effort to update its dilapidated downtown in the mid-1990s, Selma's main intersection is now thriving with antique shops and restaurants. At the edge of downtown is another marker of Selma's revitalization success, the Selma Union Depot, now a bustling Amtrak stop. The four blocks of town between the depot and Selma's thriving retail shops, however, have remained depressed. In fact, town leaders found that the depressed stretch was a barrier in terms of luring tourist dollars from the Amtrak station into Selma's downtown corridor. In response, Selma created an innovative finance tool to spur economic development in the four-block Anderson Street area.

The community and its history

Selma is an old railroad town located just a mile from Interstate 95. Founded in 1867, Selma is one of only two towns in North Carolina with both east-west and north-south rail lines. Like many small towns, Selma's downtown became depressed after its textile mills closed. Former Town Manager Bruce Radford led a revitalization effort in the mid-1990s to bring Selma's central business district back into prominence. After the revitalization, a number of antique stores located in downtown storefronts. Today, Selma has more than 100,000 square feet of antique retail shops.

<sup>94</sup> Interview with Nancy Flemming, Rio Dell town manager, June 18, 2007.

In addition to revitalizing downtown, local officials targeted the Union Depot train station just four blocks east of the main downtown intersection. With help from federal, state and local resources, the Union Depot was rehabilitated and reopened in 2002 to serve Amtrak's *Carolinian* and *Palmetto* lines, which run from New York to Charlotte and New York to Savannah, respectively. With so much new traffic in town, community leaders and business owners were eager to capitalize on these new tourist dollars.

By 2006, however, officials recognized that Amtrak riders were staying at the Depot rather than venturing into Selma's downtown corridor. "We were hoping riders would come up to our revitalized downtown but no one would come," said Stan Farmer, the current town manager. "The depressed stretch on Anderson Street was a deterrent. So we started thinking, 'Maybe if we could get some shops in the four block area, people would come downtown.'"

### The strategy

Selma's strategy is to use a tax grant tool as an incentive for a "redevelopment bridge" between the Union Depot and downtown Selma. Soon after Farmer identified the depressed, four-block portion of Anderson Street as the issue, he was approached with an idea by Chris Johnson, executive director of Downtown Smithfield, a neighboring city's downtown development group. Johnson proposed using the tax grant tool, already in effect in Smithfield, to encourage property and business owners to improve blighted buildings along Anderson Street. He hoped the two municipalities could build momentum for a countywide revitalization grant program.

In February 2007, Selma's Town Council passed the East Anderson Revitalization Program, establishing the tax grant as a permanent ordinance. Under the ordinance, owners of property in the carefully defined East Anderson Revitalization District pay their property taxes as usual. If they improve a structure in the district, however, they receive a cash grant of 49 cents per \$100 of the difference in the tax value before and after the improvement. The grant is awarded each year for five years. At the end of five years, property owners continue to pay taxes for the full value of the improved property. "Essentially the grant works to give a bit more encouragement for businesses to locate in the problem area," Johnson said. "While it's not a ton of money, it is one more reason for people to develop along East Anderson."

While Selma's grant ordinance is new, it already has generated some interest. As of May 2007, a print shop owner in Selma is considering moving to an Anderson Street location to expand his business and take advantage of the tax grants. In time, the Anderson Street corridor may fill with new shops, giving travelers a reason to leave Union Depot and see all that downtown Selma has to offer.

## What are the lessons from this story?

*Creative use of local policy tools, such as property tax incentives, can encourage targeted economic development investment.* Given the blighted condition of the four-block Anderson Street area, Johnson and Farmer concluded that they needed a policy tool with a more powerful incentive than one might find with traditional downtown revitalization strategies, such as facade grants. “These were buildings in need of repair, not just general maintenance,” Farmer said. The town needed to be creative in devising a strategy that would encourage development in the blighted area, but not at the expense of property owners in other parts of Selma, to encourage targeted investment without using other taxpayer dollars to do so.

*Taking a comprehensive approach to community economic development is important to overall success.* Selma had made significant investments in revitalizing both the downtown area and the train depot, but lack of consideration of a four-block area between the two limited the positive impacts. By viewing redevelopment in a more comprehensive way, the town identified a barrier to continued revitalization and a means of overcoming the barrier.

### Contact information

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