



Overview of Economic Growth Incentive Program & Ordinance

Board Revitalization Committee

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Enabling Legislation for New County Ordinance

- HB1970 adopted by the Virginia General Assembly in 2017 allows counties to offer regulatory and financial incentives to the private sector to assemble, revitalize and redevelop property for economic development purposes
- Incentives may extend for a period of up to 10 years from date of establishment
- Propose to amend Chapter 4 of County Code to create a new Article 29 entitled “Incentives to Encourage Economic Growth” to establish an Economic Growth Incentive Program (EGIP)

Proposed Economic Growth Incentive Program

- Where should it apply – locational criteria?
- What should the incentives be?
- How should it be administered and monitored?

CRDs and CRAs Defined

- Fairfax County has recognized the designation of commercial revitalization areas in its Comprehensive Plan since the mid-1980s
- In 1998, the Board adopted zoning overlay districts for 5 of the 7 established commercial revitalization areas (Annandale, Baileys Crossroads/Seven Corners, McLean, Richmond Highway, and Springfield) designating these as Commercial Revitalization Districts or CRDs because of their predominantly retail commercial zoning (C-5 through C-8)
- The CRDs were established to address the unique problems and conditions found in older commercial areas by modifying zoning regulations in a way that would encourage investment in, or expansion of, existing structures, as well as redevelopment
- In a CRD there are additional flexibilities for development and redevelopment, allowable parking reductions for non-residential development, and concurrent processing of Plan amendments/site plans and zoning applications, priority filing and processing of zoning applications, and expedited scheduling of zoning applications

CRDs and CRAs Defined (cont'd)

- The remaining 2 areas (Lake Anne Village Center and Merrifield) continued to be known as Commercial Revitalization Areas or CRAs
- The CRAs enjoy some of the benefits of the CRDs, principally the changes to the development and Comprehensive Plan processes
- Lincolnia was established as a CRA in March 2018

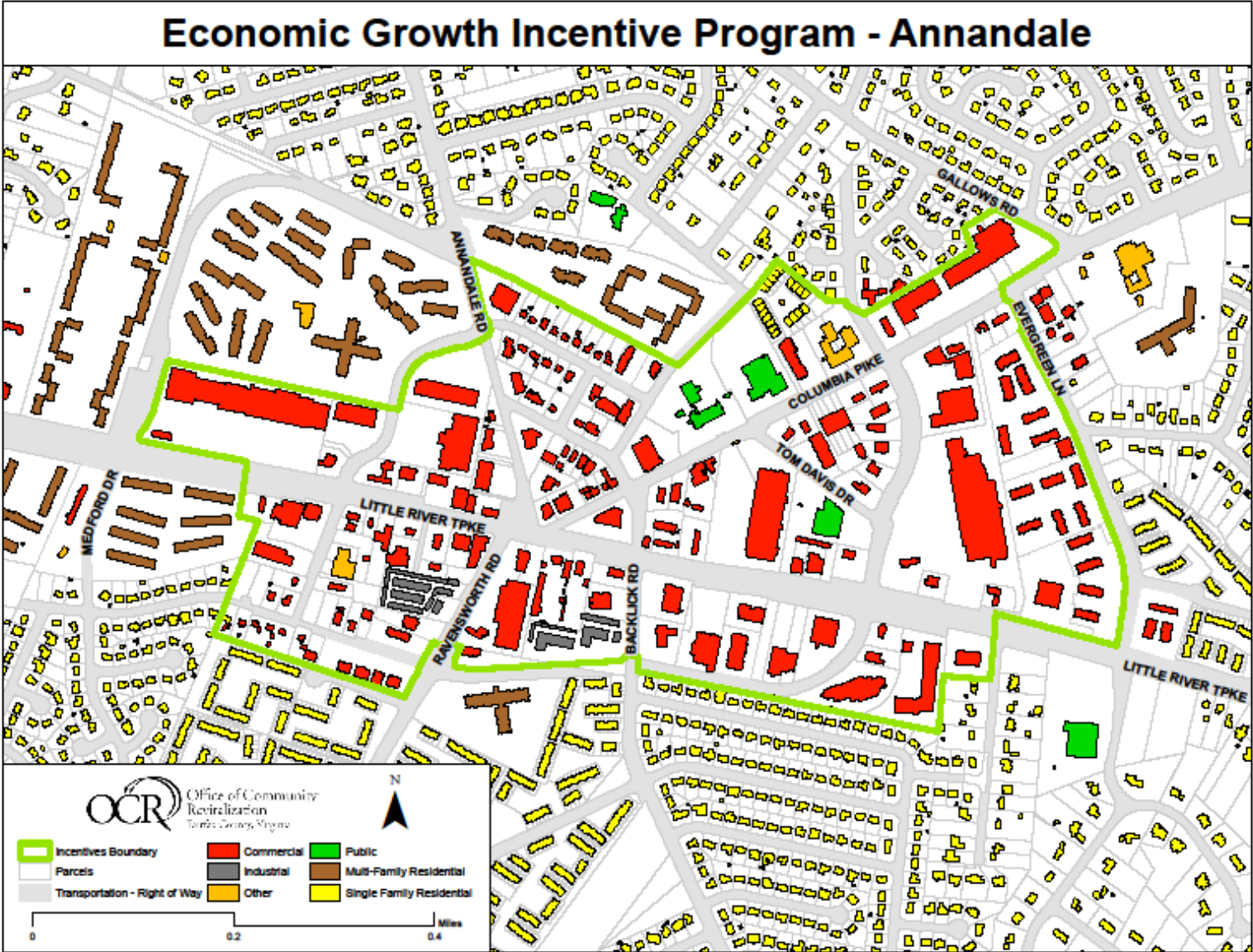
Revitalization Challenges

- The County has long-standing policy of supporting revitalization in older, commercial areas not experiencing reinvestment
- In the past ten years, all CRD/CRAs have been replanned or are now undergoing replanning to encourage redevelopment and reinvestment, with mixed or as yet unproven results
- Achieving planned potential in revitalization areas generally necessitates parcel consolidation
- Financial Incentives for parcel consolidation per the proposed program will facilitate redevelopment in these areas in the nearer term

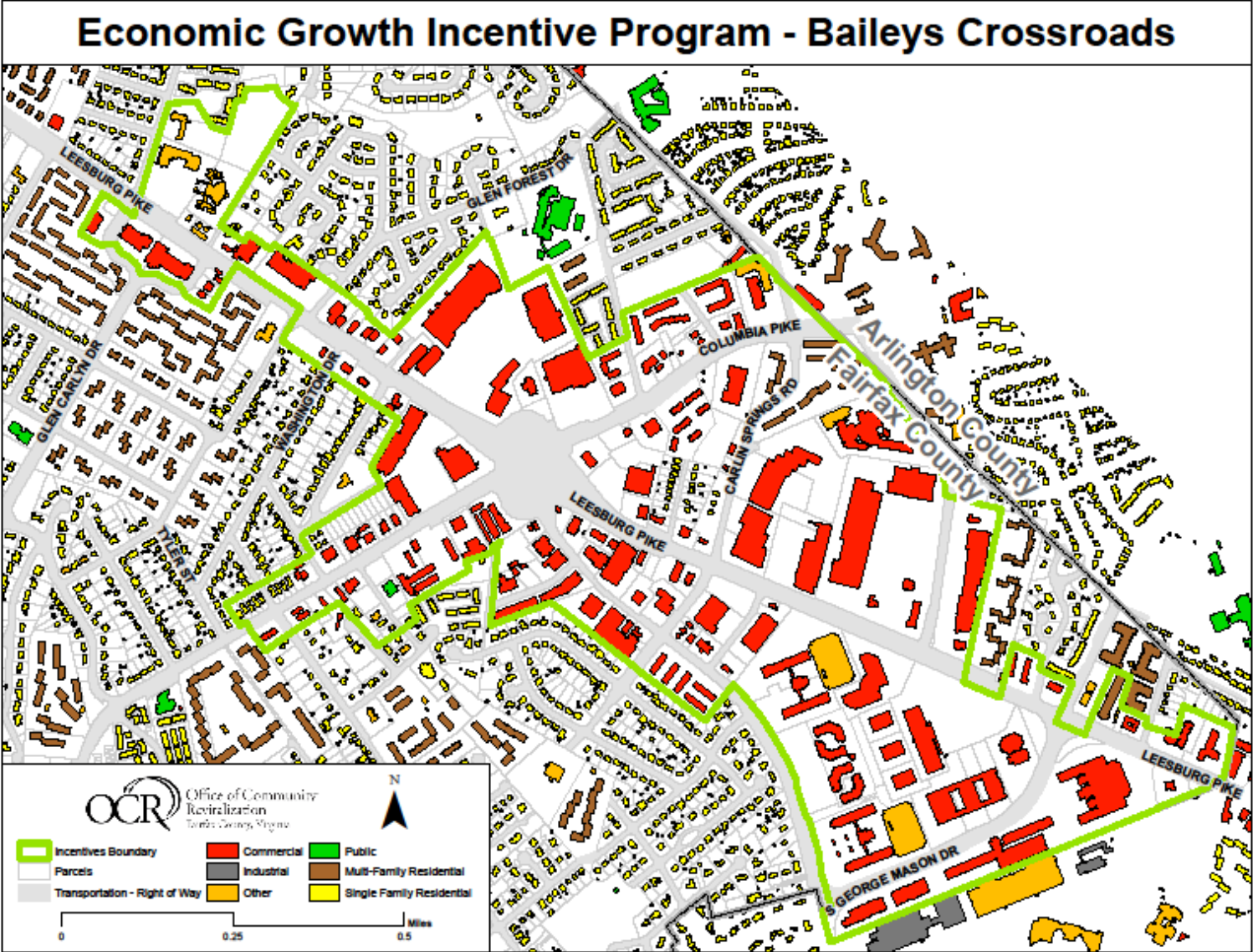
Locational Criteria - CRDS/CRAAs

- The legislation specifically targets incentivizing property assemblage
- The CRDs/CRAAs are generally characterized by smaller, more irregularly shaped parcels, with multiple owners, putting them at a disadvantage when it comes to redevelopment
- The CRDs/CRAAs are established Activity Centers in the Comprehensive Plan that are targeted for future growth and investment
- Suggested locations
 - CRDs/CRAAs that have not experienced significant reinvestment: Annandale, Baileys Crossroads/Seven Corners (minus portion in the Providence District), Lake Anne Village Center, Lincolnia, McLean, Richmond Highway, Springfield

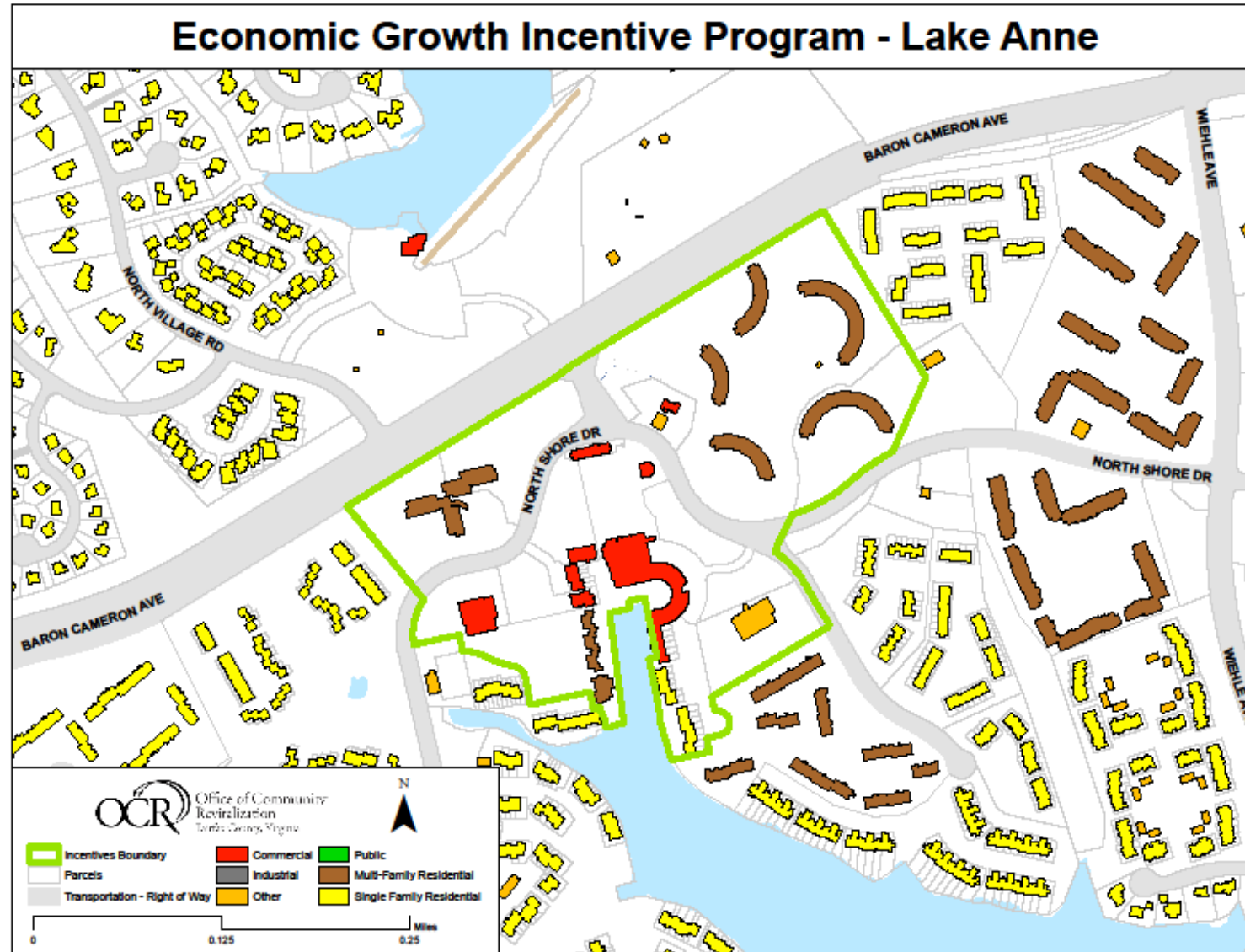
Economic Growth Incentive Program - Annandale



Economic Growth Incentive Program - Baileys Crossroads



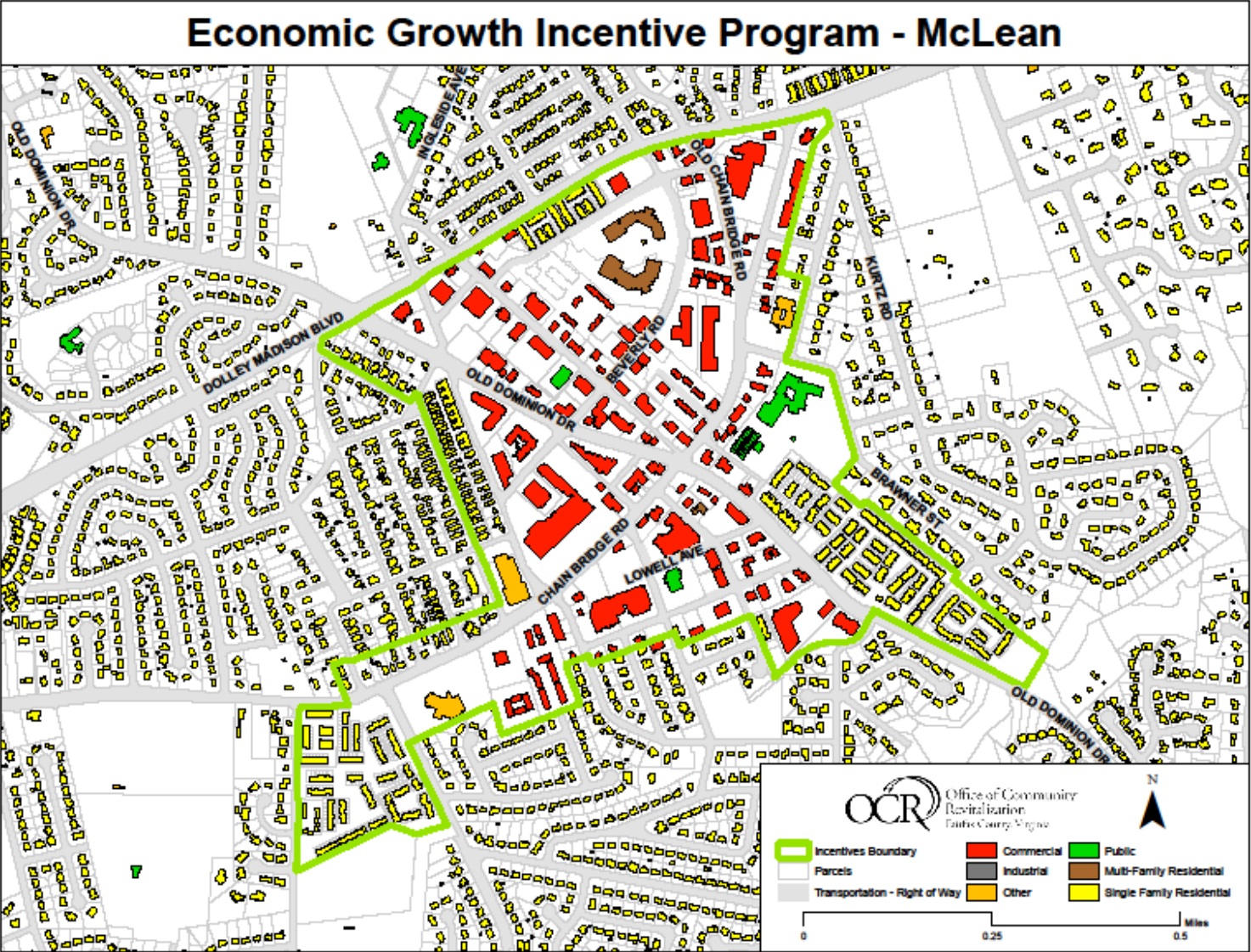
Economic Growth Incentive Program – Lake Anne



Economic Growth Incentive Program - Lincolnia



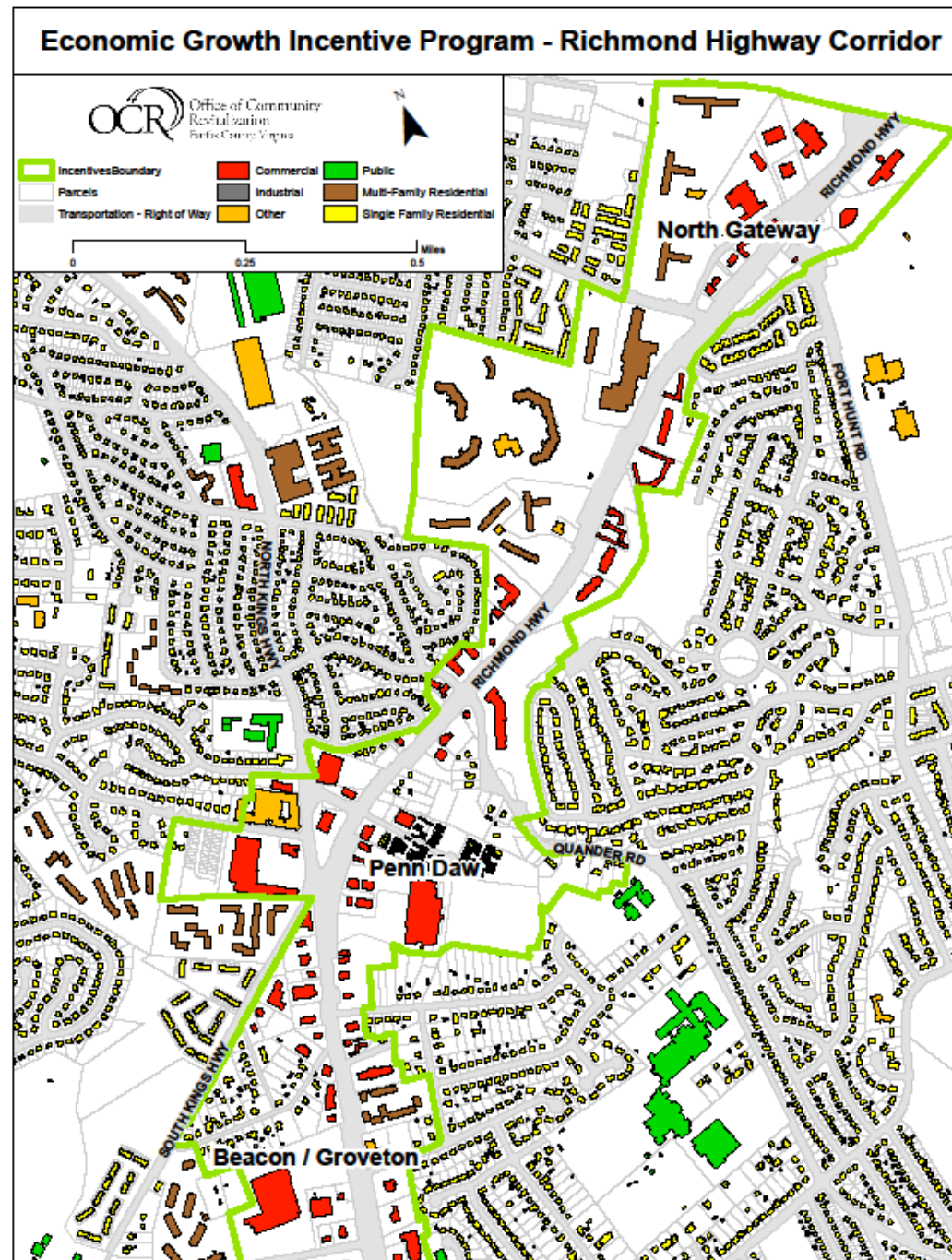
Economic Growth Incentive Program - McLean



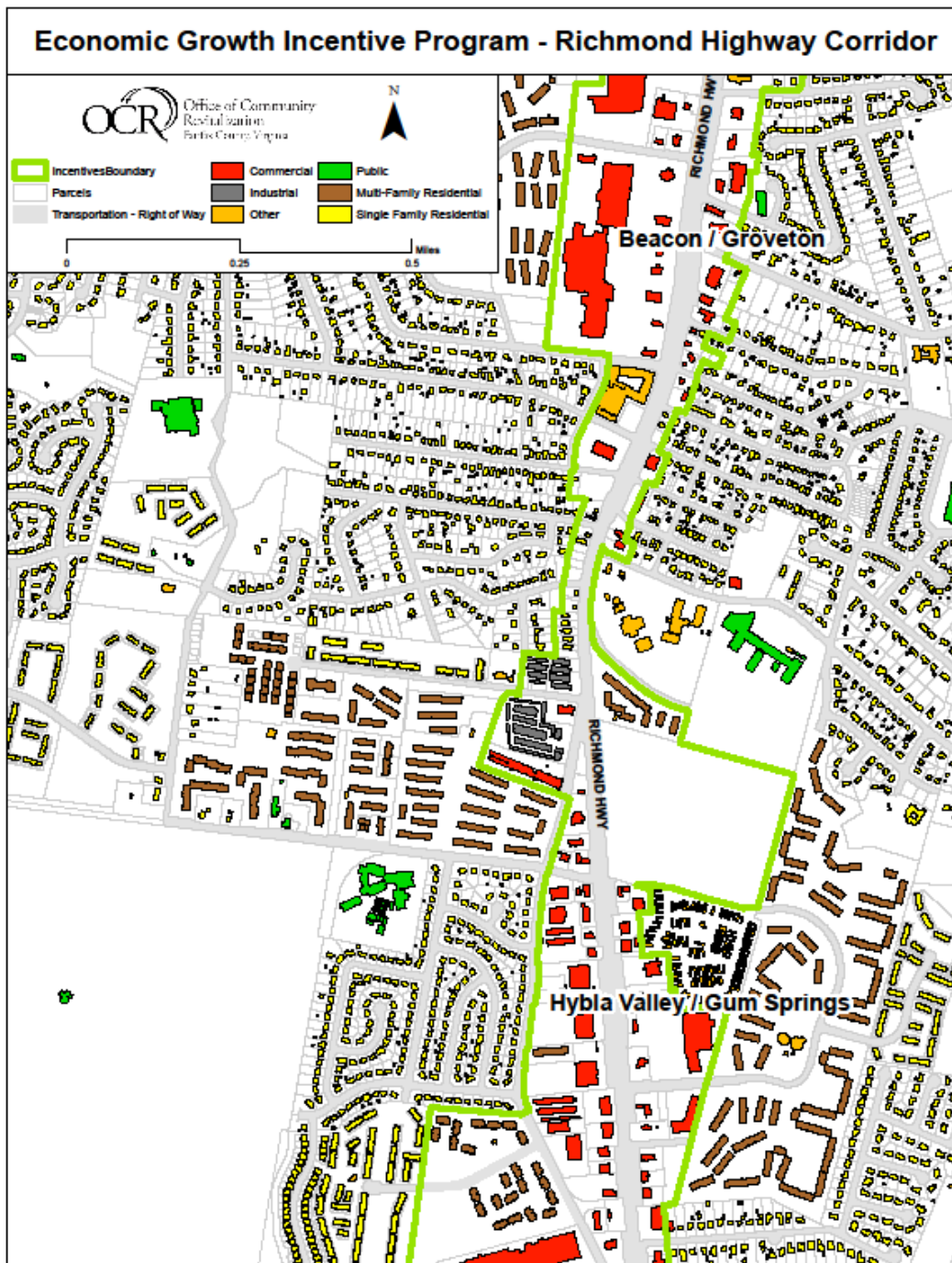
Locational Criteria Beyond Established CRDs/CRAAs – Richmond Highway

- Logical extensions of CRD
- Richmond Highway is viewed as a continuous corridor and so the area was expanded beyond the CRDs to encompass the Suburban Neighborhood Areas and Land Units R & Q of the Huntington Transit Station Area (TSA)
- Comparison of Assessed Values per Acre and by GFA/DUs
- Undergoing extensive transportation/transit public infrastructure investment

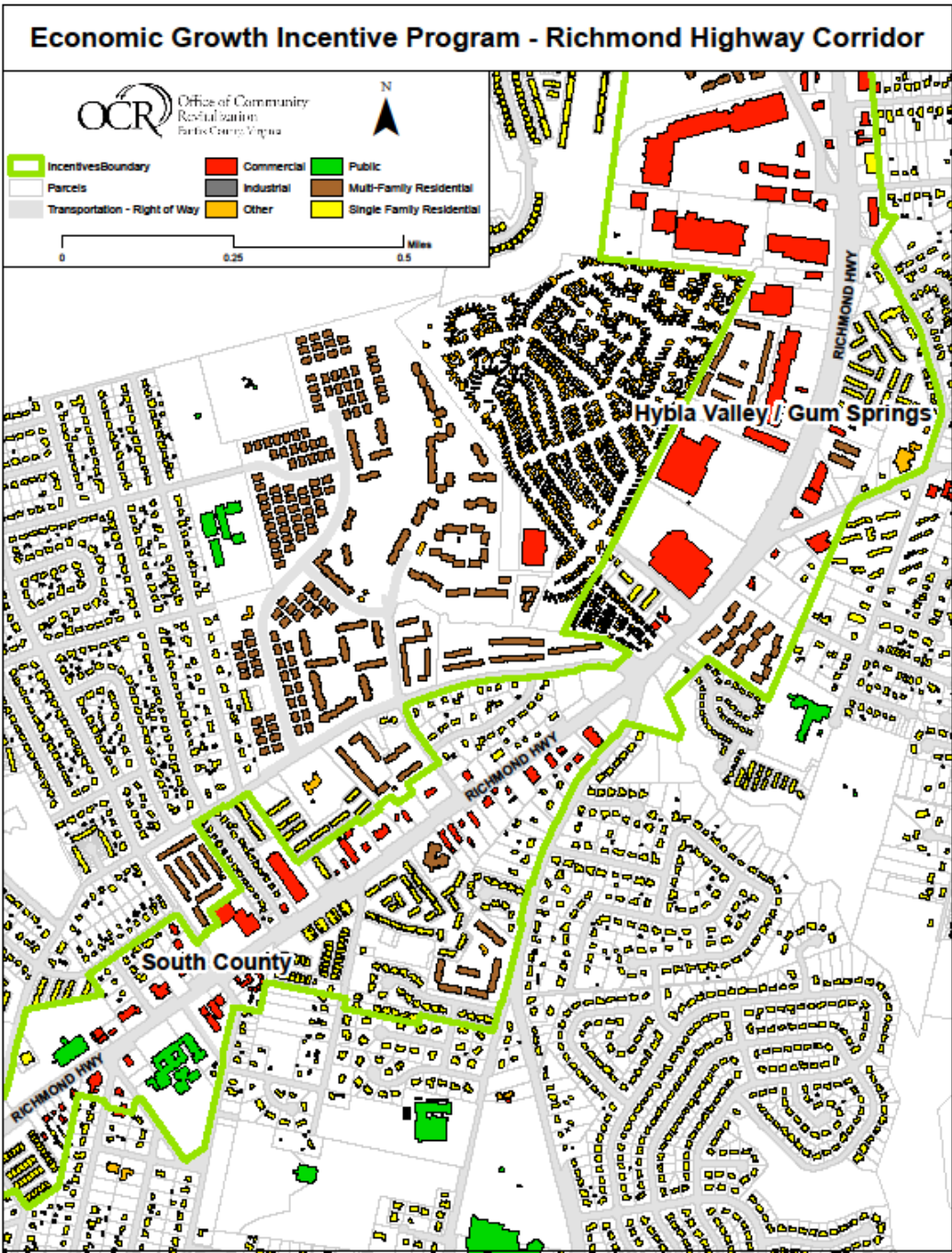
Economic Growth Incentive Program – R. Hwy Corridor



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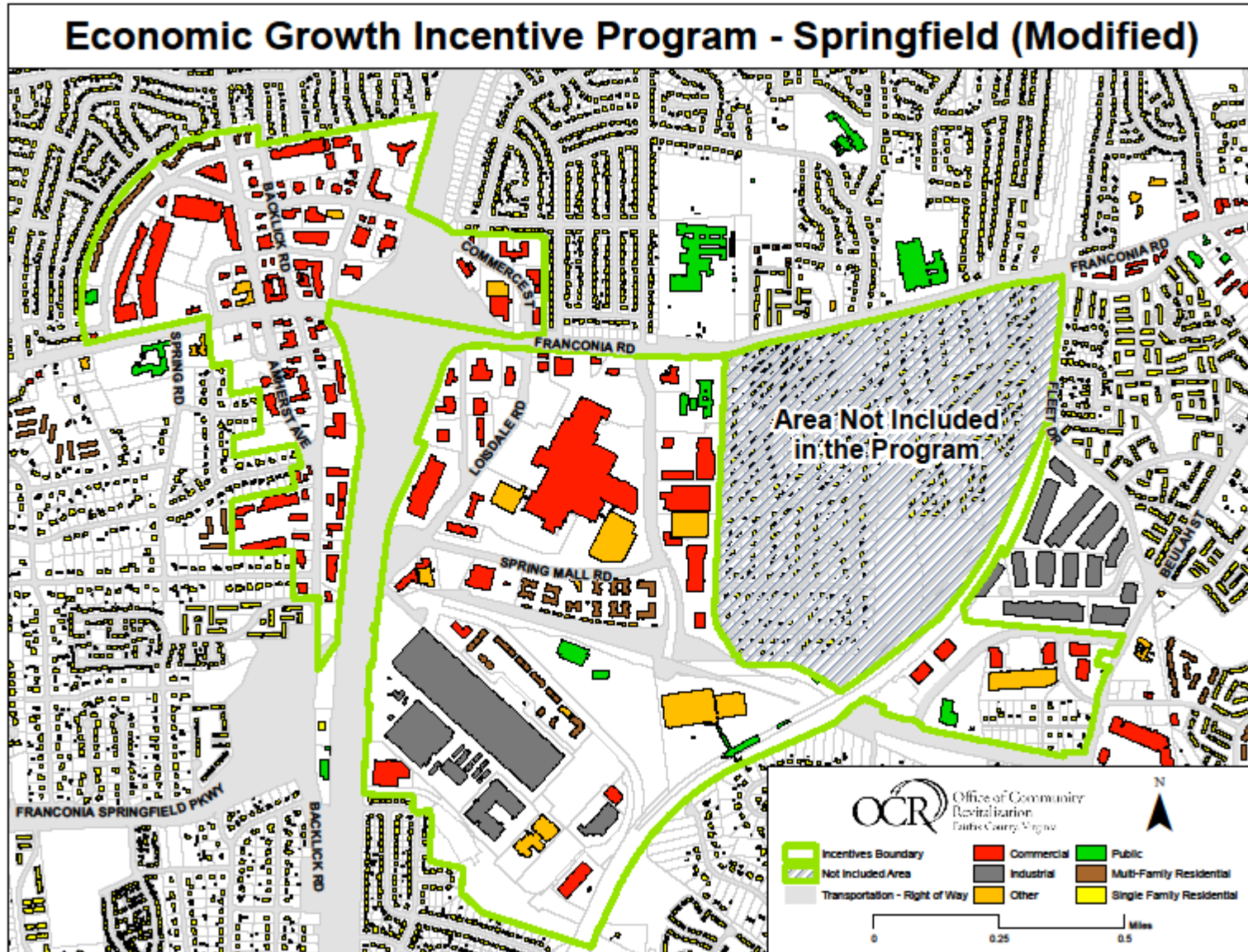
Economic Growth Incentive Program – R. Hwy Corridor



Locational Criteria Beyond Established CRDs/CRAAs - Springfield

- The Springfield CRD is intertwined with the TSA of Springfield and collectively is called the Greater Springfield Area; however, the single-family portion of the TSA is not planned for redevelopment, so the single-family neighborhoods are NOT included
- Comparison of Assessed Values per Acre and by GFA/DUs
- Undergoing extensive transportation/transit public infrastructure investment

Economic Growth Incentive Program - Springfield



Comparison of Assessed Values per Acre and by Average Value Per GFA and DU

Growth Incentive Parcels*	Total 2019 Assessment	Total 2019 Acreage	Mean 2019 Assessed Value per Acre**	Mean Office Value per SF of Gross Floor Area	Mean Retail Value per SF of Gross Floor Area	Mean Apartment Value per Unit
Annandale	\$441,755,310	139.64	\$ 3,163,423	\$127	\$212	NA
Baileys Crossroads	\$2,071,757,290	318.80	\$ 6,498,611	\$105	\$199	\$158,138
Lake Anne Village Center	\$107,758,380	33.05	\$ 3,260,682	\$182	NA	\$172,015
Lincolnia	\$527,516,740	151.05	\$ 3,492,424	\$162	\$172	\$202,650
McLean	\$1,142,517,800	161.81	\$ 7,060,773	\$226	\$356	\$289,638
Richmond Highway/TSA Land Units R & Q	\$2,433,577,520	917.50	\$ 2,652,410	\$164	\$197	\$156,773
Seven Corners	\$643,900,850	159.99	\$ 4,024,758	\$113	\$174	\$128,573
Springfield/Franconia-Springfield TSA	<u>\$2,286,344,670</u>	<u>613.65</u>	\$ 3,725,843	\$178	\$274	\$213,052
Totals - Growth Incentive Parcels	\$9,655,128,560	2,495.48	\$ 3,869,051	\$153	\$216	\$171,894
Non-Growth Incentive Parcels: Averages	NA	NA	NA	\$ 209	\$ 276	\$ 209,180

Proposed Economic Growth Incentive Program (EGIP)

- Amends the County Code to add a new Article 29 – Incentives to Encourage Economic Growth
- The Board has discretion to approve or reject each project, should an application be deemed unfavorable to the county
- The Board can hold a public hearing to rescind the program for any or all of the areas at any time for any reason
- The Board has the ability to add new areas pending a public hearing

Eligibility Requirements

- Development must be commercial, industrial and/or multifamily and be located within one of the designated areas
- Development must be a newly proposed assemblage, not previously submitted for rezoning or site plan approval
- Minimum parcel consolidation of two parcels that collectively total at least two acres in size*
- Conformance with any Comprehensive Plan recommendations regarding consolidation and use
- Up to 20% of existing development may be retained and/or repurposed*

*Exceptions may apply

Regulatory Incentives

- Expedited processing of zoning applications and any associated Comprehensive Plan amendments
- Inclusion in the LDS Project Management Program
- Expedite site review processing to 45 days for 1st review and 28 days for 2nd review, presuming that the project is in the ESI program
- Priority processing through building plan review (for best results it is recommended that applicant pays for inclusion in the EPR program)

Financial Incentives

- Reduction of Site Plan Fees by 10%
- Grant a Real Estate Tax Abatement on the difference in value between the Base Value (pre-redevelopment) and the Fair Market Value (post-redevelopment)
 - At the end of abatement period, the assessment would revert to full market value
 - The abatement would be applied beginning January 1st of the next tax year following the abatement trigger
 - Abatement for up to 10 years or the number of years left in the program
 - The abatement runs with the land

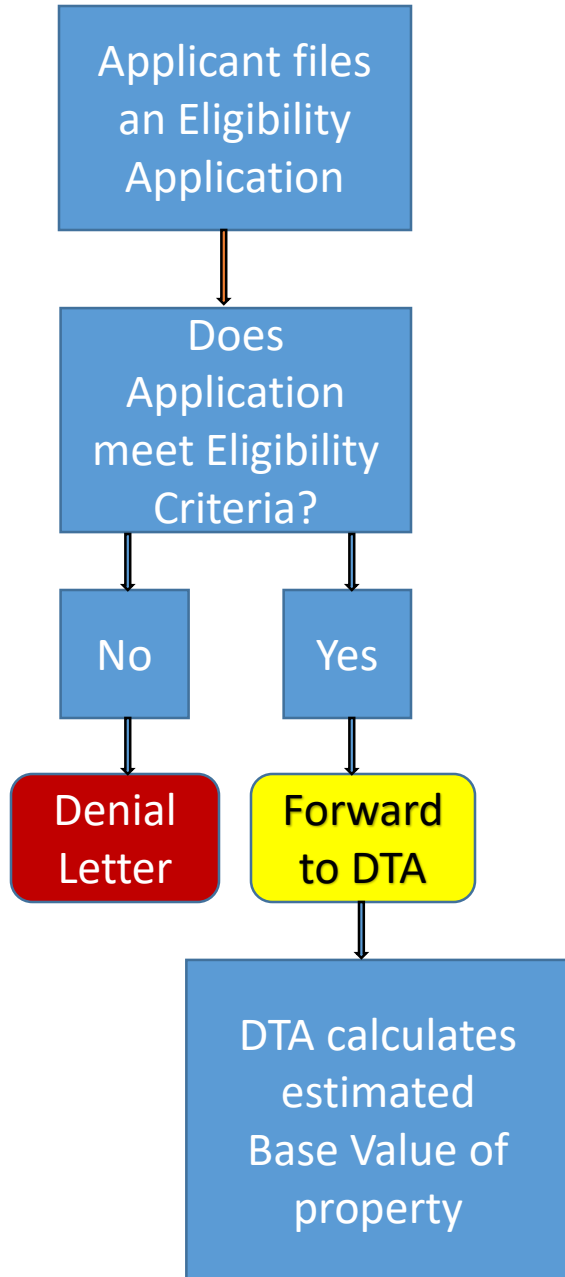
Prototypical Example – Tax Abatement

- Base Assessed Value - \$5 million – real estate tax amount = \$57,500 per year
- Post Development Assessed value - \$120 million
- Increment - \$115 million
- Five Year Abatement - @1.15 per \$100 = \$1,322,500 x 5 years = \$6,612,500 (Total abatement assuming no appreciation);
year 6 Real Estate tax = \$1,380,000
- Ten Year Abatement - @1.15 per \$100 = \$1,322,500 x 10 years = \$13,225,000 (Total abatement assuming no appreciation);
year 11 Real Estate tax = \$1,380,000

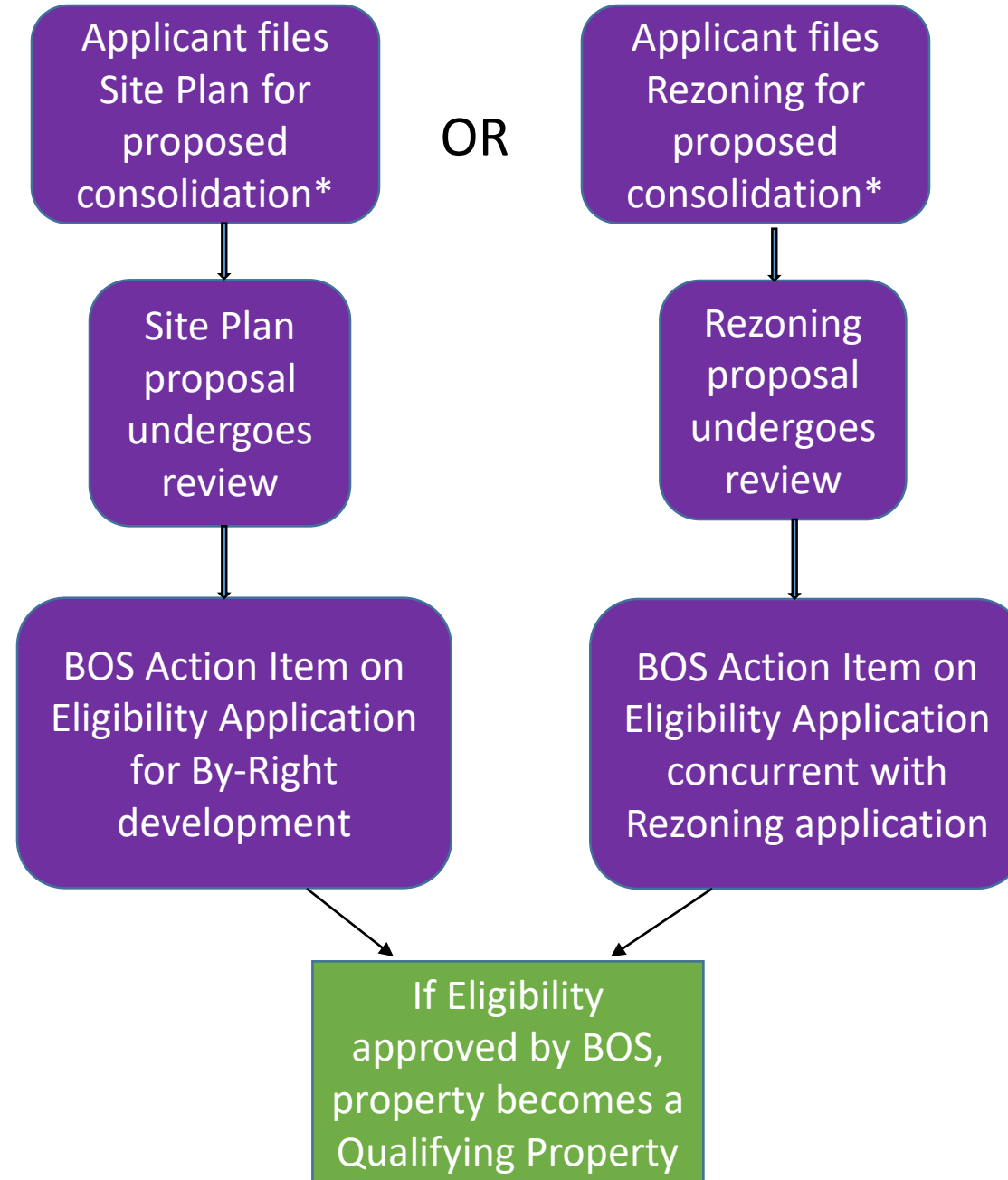
Eligibility Process

- Applicant submits application to County requesting determination of eligibility in the program
- The applicant could be one or more of the property owners or a third-party developer; all owners would have to concur
- The request will be reviewed by staff to determine if all eligibility criteria are met
- Staff will issue a provisional approval or rejection letter regarding eligibility
- Proposals would be discussed at an intervening BOS Committee meeting to provide initial feedback on the proposal from the Board
- Final approval of eligibility rests with the Board of Supervisors, who have the discretion to deny applications that are not favorable to the county

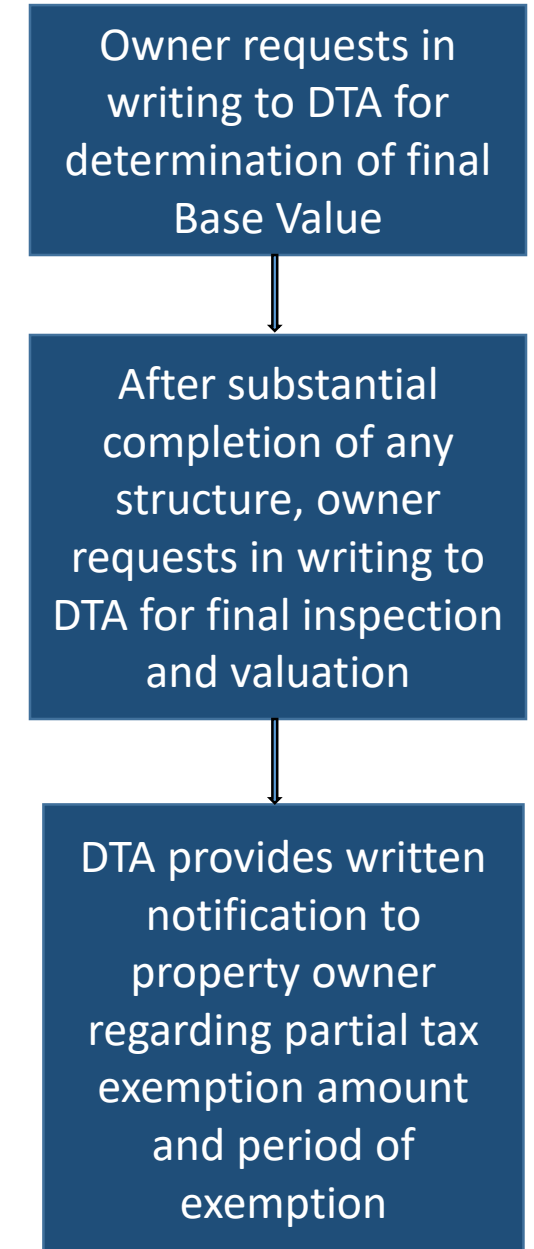
Step 1A



Step 1B



Step 2



* All structures must be fully contained within its parcel lot lines before approval of an application; therefore, a subdivision may be required.

Private Development Commitments

- All development proposals will continue to be evaluated in a manner consistent with all other applications, including how they offset development impacts associated with their developments to roadways, parks, schools and other county public facilities
- On-site commitments would be expected to be met for any conceptual grid of streets, green buildings, stormwater management, urban park space, affordable housing, streetscape, transportation demand management, environmental policies, and others

Impact Assessment and Annual Reporting

- Each project to come before the Board will have an estimated fiscal impact regarding the potential tax abatement
- A projects will still be expected to mitigate and address impacts generated by the project
- Staff will estimate major road projects and public facility requirements associated with the Comp. Plan for eligible areas, which can be used to gauge the potential impacts of projects
- Staff will report to the Board annually on program statistics, including number of project requests, projects approved to date, status of approved projects, and tax abatement data

Next Steps and Timeline

- Board authorizes public hearing to consider establishment of the program on June 25, 2019
- Board holds public hearing on July 30, 2019, to establish the program with a delayed effective date of January 1, 2020
- Staff conduct extensive outreach and education to residents and the business community about the new program – fall 2019
- Staff prepares application forms and procedures and conducts internal training - fall of 2019
- Staff meets with potential applicants to discuss potential projects - August 2019 going forward
- Staff develops a tracking system – fall 2019

Questions and Discussion