# URBAN PUBLIC PRIVATE PARTNERSHIP REDEVELOPMENT FUND

## FACING A LONG-TERM ECONOMIC REALIGNMENT

The last decade has seen a transformation in how and where people work, leaving Fairfax County - the second-largest suburban office market in the nation - with fiscal challenges that impact the entire Commonwealth. While office vacancy rates remain elevated, particularly for certain office types and geographies, there is a great opportunity to transform underutilized office space into productive assets. Other urban localities face economic distress, but from different sources. In all these circumstances, the scale of transformation needed exceeds local capacity. Strategic state investment can address multiple needs and turn a real estate challenge into an economic development catalyst.

### In Fairfax County

- Nearly 1-in-every-4 dollars of the non-residential tax base are from Office Elevator Properties (mid-and-high rise).
- Assessments have fallen for six consecutive years.
- 3.7 million square feet of office space across 28 buildings have 1/3 of unleased, vacant space.

Localities face:

- falling commercial real estate assessments;
- decreased new investment and stagnant development; and
- reduced foot traffic to small businesses surrounding vacant office space.

## TACKLING PRESSING CHALLENGES FOR THE STATE AND LOCALITIES

Underutilized and obsolete office sites put extraordinary pressure on local economies and local budgets. Revitalizing these sites requires new innovative public-private strategies to bring partners together and trigger redevelopment, transitioning them back to a fiscally productive state in support of local and state revenues.

## PROVIDING CRITICAL SUPPORT TO LOCALITIES

The General Assembly (GA) should pass legislation to:

- Fund the Urban Public-Private Partnership Redevelopment Fund for the first time since its establishment by the GA.
- Expand the Urban Public-Private Partnership Redevelopment Fund to include high office vacancy rates as a qualifier for Fund dollars; and
- Add housing partners to the qualified recipients to help address the housing crisis;

The fund should support the revitalization of urban localities for new and needed economic projects - including the transformation of underutilized and obsolete commercial properties, with grants or loans to local governments for the purposes of converting, repositioning, and redeveloping sites. To address the significant decrease in localities' commercial real estate assessments and substantial costs of redevelopment across the Commonwealth, the GA should remove the local monetary match and remove the grant cap from the previous legislation.

By investing in this fund, the state will incentivize job creation, enhance local economies, and support community vitality.

**FOR ADDITIONAL INFORMATION CONTACT LEGISLATIVETEAM@FAIRFAXCOUNTY.GOV**

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