FAIRFAX COUNTY
VIRGINIA

Economic Revitalization Zones/ Local Green Development Zones

Revitalization Committee
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Economic Revitalization Zones (ERZs)

- HB1970 provides for counties to create ERZs
- Cities were enabled previously to create such zones – Manassas is the only one who has
- Purpose - provide incentives to the private sector to assemble property for economic development purposes
- Incentives and regulatory flexibility may include, but is not limited to:
  - reduction of permit fees
  - reduction of user fees
  - reduction of gross receipts tax(es)
  - waiver of tax liens to facilitate the sale of property.

Economic Revitalization Zones

- The incentives may extend for a period of 10 years from the date of the initial establishment of the ERZ.
- The regulatory flexibility may include:
  - special zoning for the ERZ
  - use of the special permit process
  - exemption from certain ordinances, excluding the Chesapeake Bay Ordinance, the Erosion and Sediment Control Law and the Virginia Stormwater Management Act
  - other incentives for a period of up to 10 years.

Local Green Development Zones

- HB1565 provides for counties to create Local Green Development Zones (GDZ)
- Provisions very similar to those of the ERZs

Staff Evaluation

Inter-departmental staff team

- Reviewed previous Tax Abatement Program
- Addressed issues related to legislation as set forth in the March 7, 2018, Memo to the Board

ERZs – Potential Benefits

- Could incentivize development in certain areas of the county through land assembly spurred by monetary savings on taxes and/or fees and reduced time to market
- Could be a tool to foster consolidation of hard to assemble properties
- Lasts for only 10 years, so the monetary costs to the county would be limited to only those years
- Can strategically focus on problem areas where multiple ownership (targeted program) has been a barrier to revitalization and economic development.
- Can encourage businesses to grow or locate to an area, but only if the developer passes the incentives on to the businesses

ERZs – Potential Limitations

- If not narrowly focused, could divert a significant amount of money away from the General Fund
- Lasts only 10 years from the date of the establishment of the District which may limit the overall value of the incentives
- May be hard to target areas where this might potentially incentivize redevelopment/revitalization and for us to remain current in whether an area needs/no longer needs the incentives.
- Will be more beneficial to developers than the businesses we are trying to attract to occupy the spaces

ERZs – Potential Limitations

- May have unintended consequences if not done strategically, as was the case with the previous Tax Abatement Program.
- Unclear if Tax abatements, by themselves, are enough of an incentive to spur revitalization. A Tax Abatement incentive may speed up the process, but the revenue loss to the County for may nullify any tax gain from the slightly earlier renovation time frame
- Unclear what the term “not commonly owned” means in terms of fostering the consolidation of parcels. If it means totally unrelated entities, that could be beneficial to foster consolidation, but of it could be circumvented by, for example, family members owning the various parcels who would have consolidated anyway, it would not foster consolidation that would not otherwise occur

GRZs - Evaluation

- Legislation appears to apply only to buildings
- County has been able to gain commitments for green buildings, as such are the norm in the market and are needed for market competitiveness
- Legislation would be more useful to the county if it was broader to include the ability to create a zone where incentives could be provided for the provision of green techniques such as daylighting streams in urbanizing areas, as is being recommended in the Embark study for the Hybla Valley area of the Richmond Highway Corridor

Questions and Discussion