



Economic Revitalization Zones

Board Revitalization Committee

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October 2, 2018

Economic Revitalization Zones (ERZs)

- HB1970 provides for counties to create ERZs
- 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.

Community Outreach

- zMOD Citizen Advisory Group
- zMOD Land Use Attorney Group
- Representatives of Revitalization Districts/Areas (G-7)
- Representatives – Chambers of Commerce
- Developers/Builders

Proposed Locations

- The Commercial Revitalization Districts (CRDs) of Annandale, Baileys Crossroads/Seven Corners and McLean
- The Richmond Highway CRD as well as associated Suburban Neighborhood Areas (SNAs)
- The CRD and Transit Station Area (TSA) of Springfield
- The Commercial Revitalization Areas (CRA) of Lake Anne and Lincolnia
- The Merrifield CRA was not included as it was viewed as not in need of special inducements to foster redevelopment

Parcel Consolidation Requirements

- Minimum parcel consolidation of two parcels that collectively total at least two acres in size, provided that there is conformance with any Comprehensive Plan recommendations regarding parcel consolidation
- Smaller acreages may be considered in specific circumstances to eliminate blight or to facilitate redevelopment of properties that include environmental clean-up
- Properties previously assembled and entitled prior to the date of establishment of the ERZ would not be eligible

Redevelopment Requirements

As the legislation is targeted to redevelopment, any proposal that seeks to take advantage of the benefits of the program would need to:

- provide an economic development opportunity that is consistent with the vision contained in the Comprehensive Plan and that does not impeded implementation of the optional or redevelopment land use recommendations of the Comprehensive Plan, and
- propose to redevelop the assembled property, with no more than 20% of the existing development being retained/repurposed

Regulatory Incentives

Applicable to all land uses

- 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)

Fee Reduction Incentives

Applicable to all land uses

- Rezoning Fees – reduce applicable fees by 50%
- Site Plan Fees – reduce applicable fees by 50%
- Building Permit Fees– reduce applicable fees by 50%
- Sewer Tap Fees – reduce applicable fees by 15%

Tax Abatement Incentive

- Legislation limits incentives to the initial developers who purchase and assemble parcels, rather than allow these incentives to be inherited by successor property owners
- In situations where an initial investor purchases and assembles parcels, then passes the property on to a successor developer (within a short period of time) who then develops the property for the purpose of economic development, the incentives could be passed on to the successor on a one-time basis

Real Estate Tax Abatement

- Applicable to commercial, industrial, mixed use developments in which a majority of the uses are non-residential uses, residential apartment developments that contain retail, office or other secondary uses, and single use residential apartment projects

Staff evaluated extending the benefits to single family detached homes, townhomes and condominiums (residential or commercial/industrial). This is not recommended based on the logistical concerns and relatively limited economic development value add

Tax Abatement Program

- Forgiveness for the real estate tax increment between the base value (pre-development) and the post-development value (like a TIF)
- Abatement for the greater of five years or the number of years left in the program (*some stakeholders suggested a 10 year period; see pro-forma at the end for impacts*)
- 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, which would be the issuance of a non-RUP/RUP

Process

- Board conducts public hearing to establish zones with a delayed effective date of a year (?) to allow the program to be advertised and for applications to be primed to take maximum advantage of time limits of the program
- Board approves a pot of money from the EDSF to be used to offset costs associated with the reduction in the sewer tap fees
- Applicant submits form prepared by the County requesting inclusion 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 team (DPZ, OCR, DTA, LDS) to determine if all criteria are met

Process (cont'd)

- The Department of Tax Administration conducts a site visit and verify the “base” real estate assessment
- Staff will issue a provisional approval or rejection letter
- Applicant pursues zoning application (if required) and site and building plans – applicant pays full fees, which will be reimbursed per the amounts permitted by the program if project comes to fruition
- Tax Abatement will become effective upon first occupancy permit, since that is the time when the full tax assessment would come into play and the most benefit would accrue to the developer

Prototypical Example – Fee Reductions 400 Unit Apartment Building

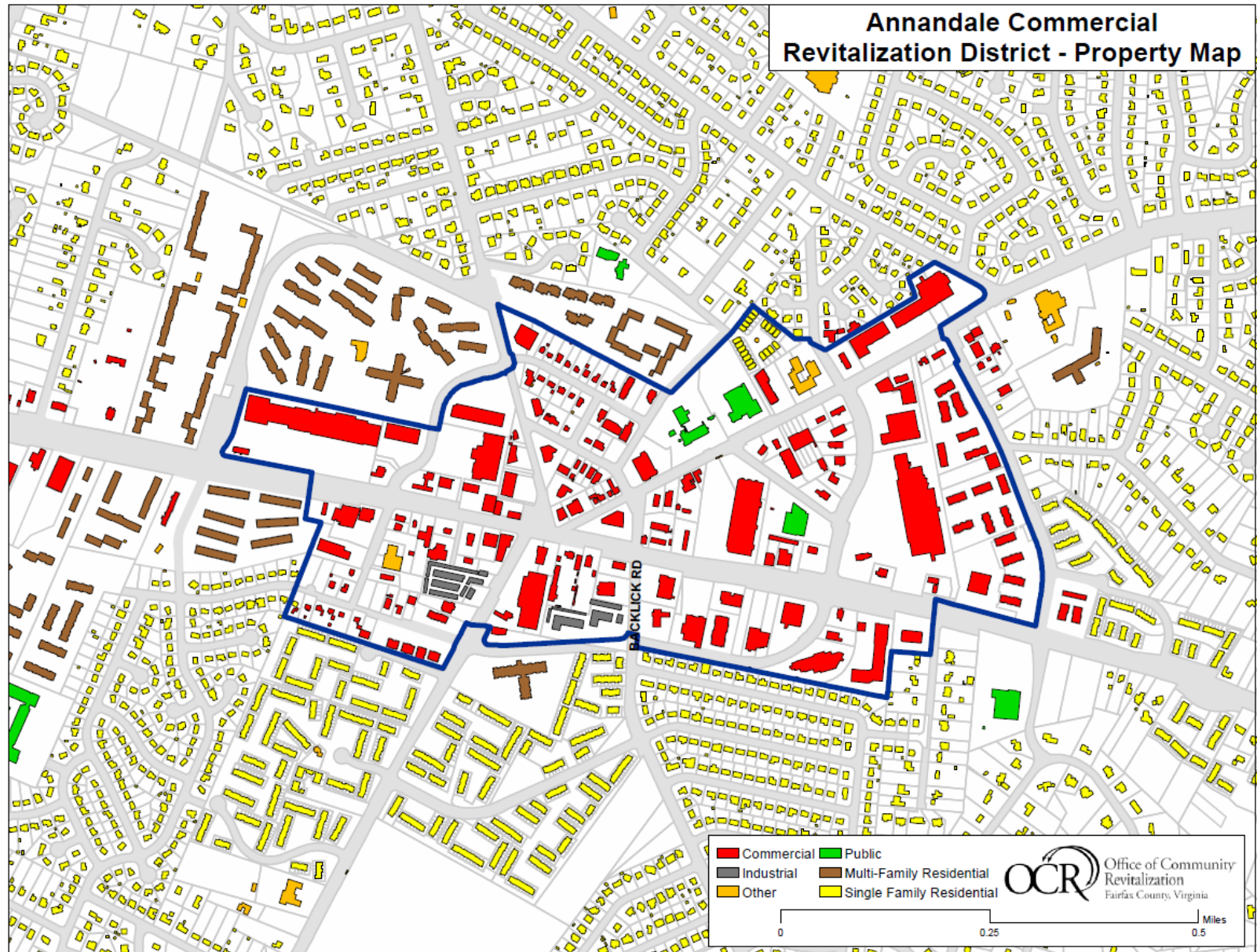
- Rezoning: cost for a 1-5 acre rezoning to a “P” District = +/- \$30,000 x 50% = \$15,000
- Site Plan: based on 7 major site plans for smaller residential mixed use developments in revitalization areas = \$25,600 per project x 50% = \$12,800
- Building Permit: based on 7 projects correlating with site plans = \$9,600 per project x 50% = \$4,800
- Sewer Tap Fee: availability fee = \$6,480 per unit x 400 units = \$2,592,000 x 15% = \$388,800
- Total fees and permit reductions = \$421,400

Prototypical Example – Tax Abatement

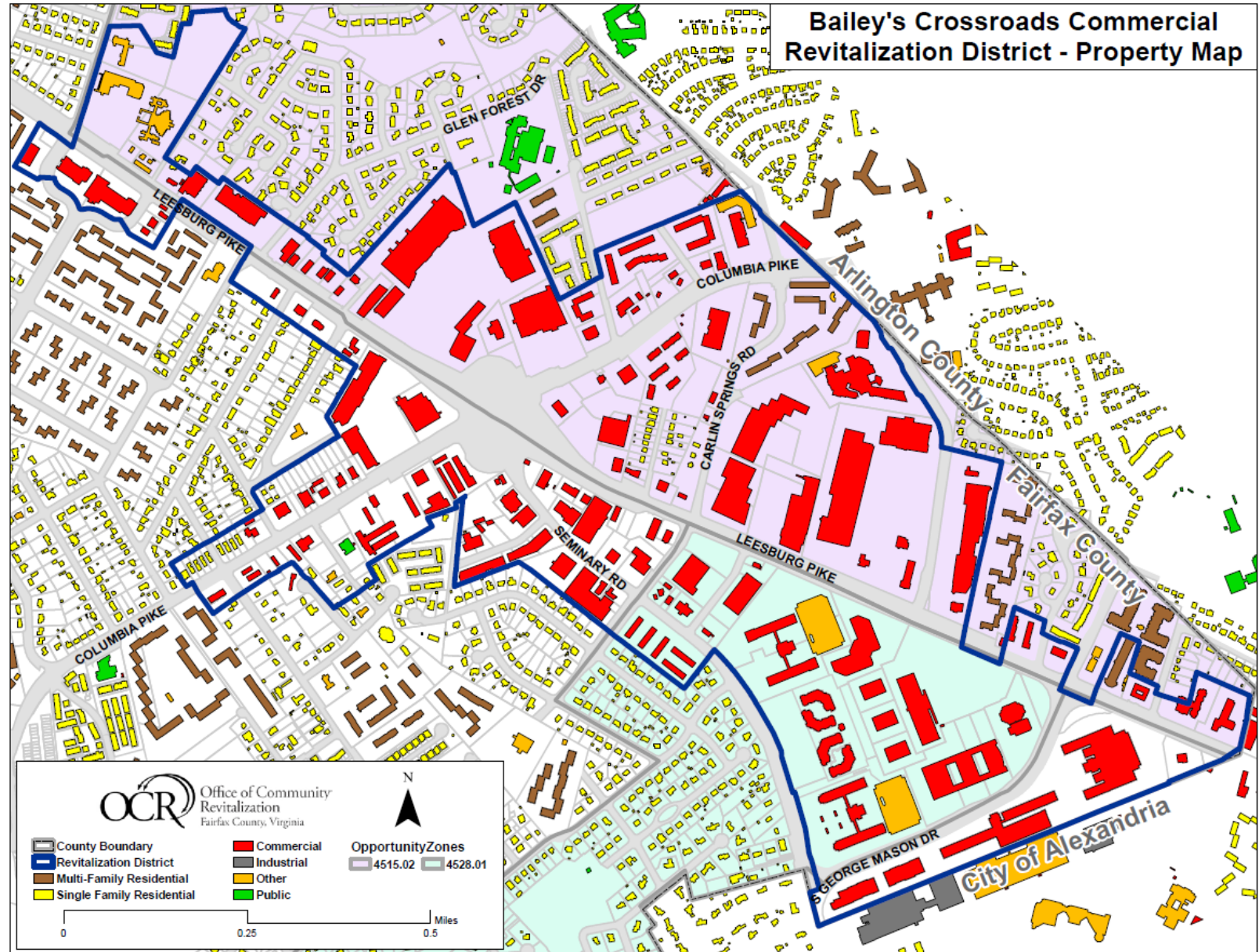
- Base Assessed Value - \$5 million – real estate tax amount = \$57,500 per year
- Post Development Assessed value - \$120 million
- Increment - \$115 million
- Five Year Abatement - @1.15 per \$100 = \$1,322,500 x 5 years = \$6,612,500 (Total abatement assuming no appreciation);
year 6 Real Estate tax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

Questions and Discussion

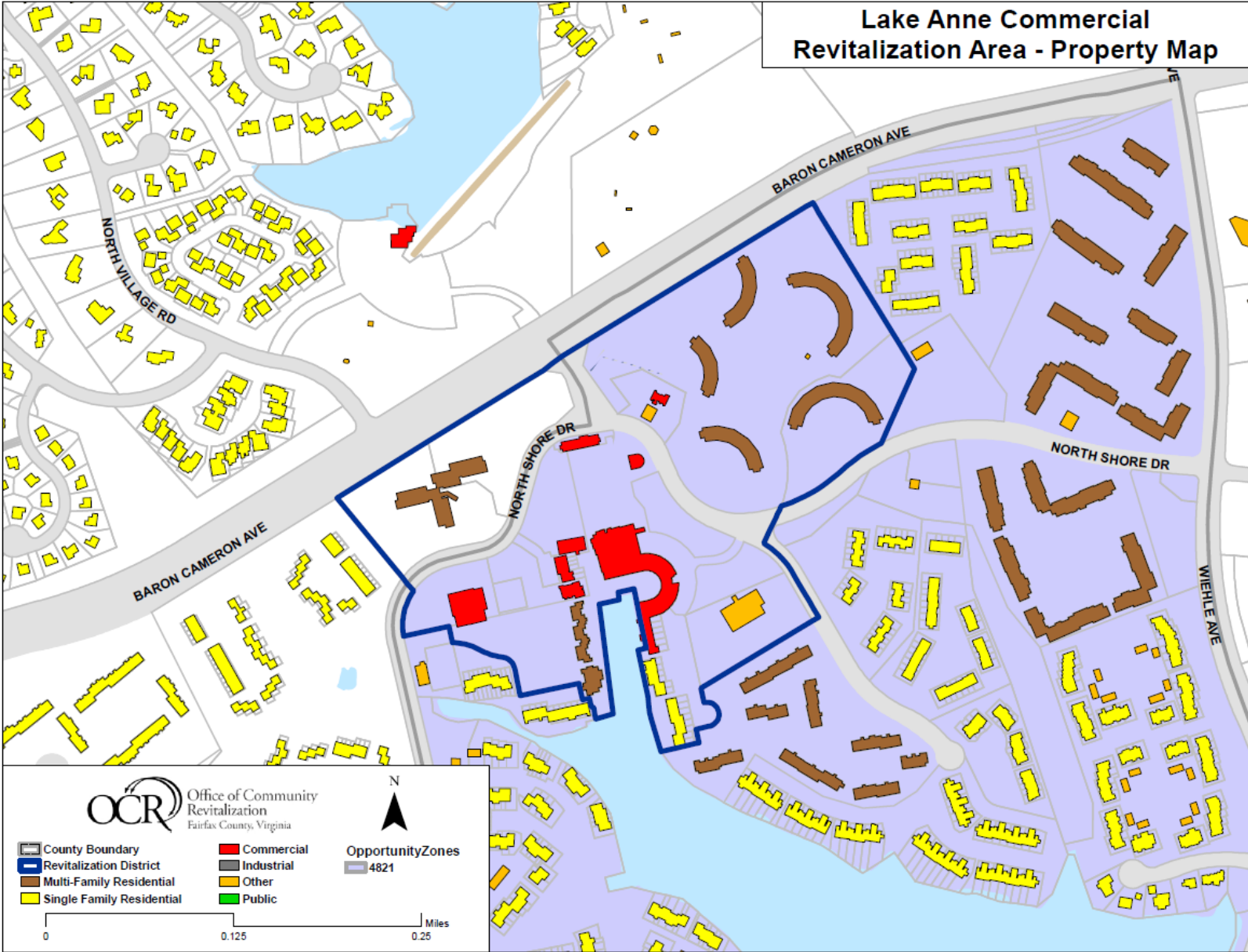
Annandale



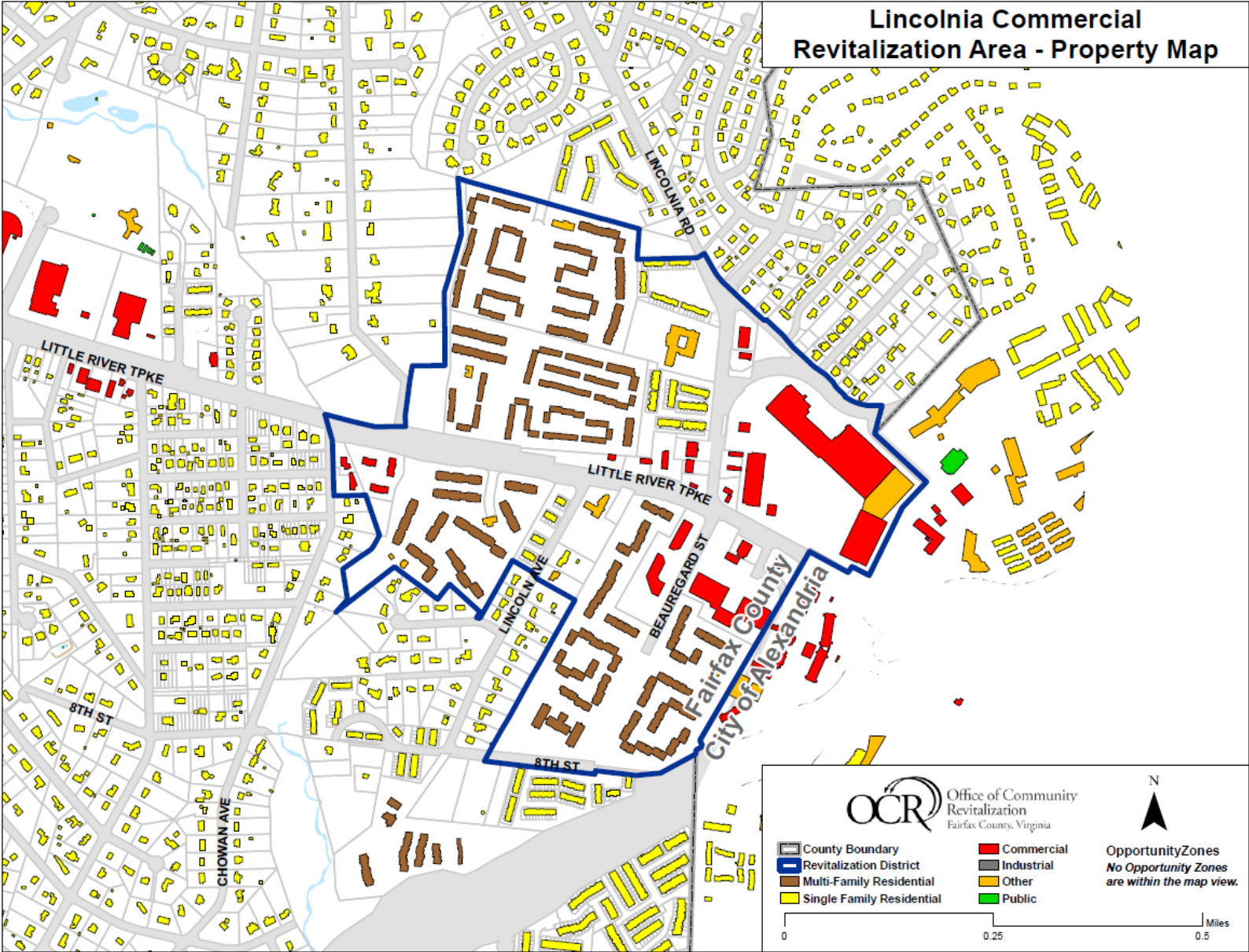
Bailey's Crossroads



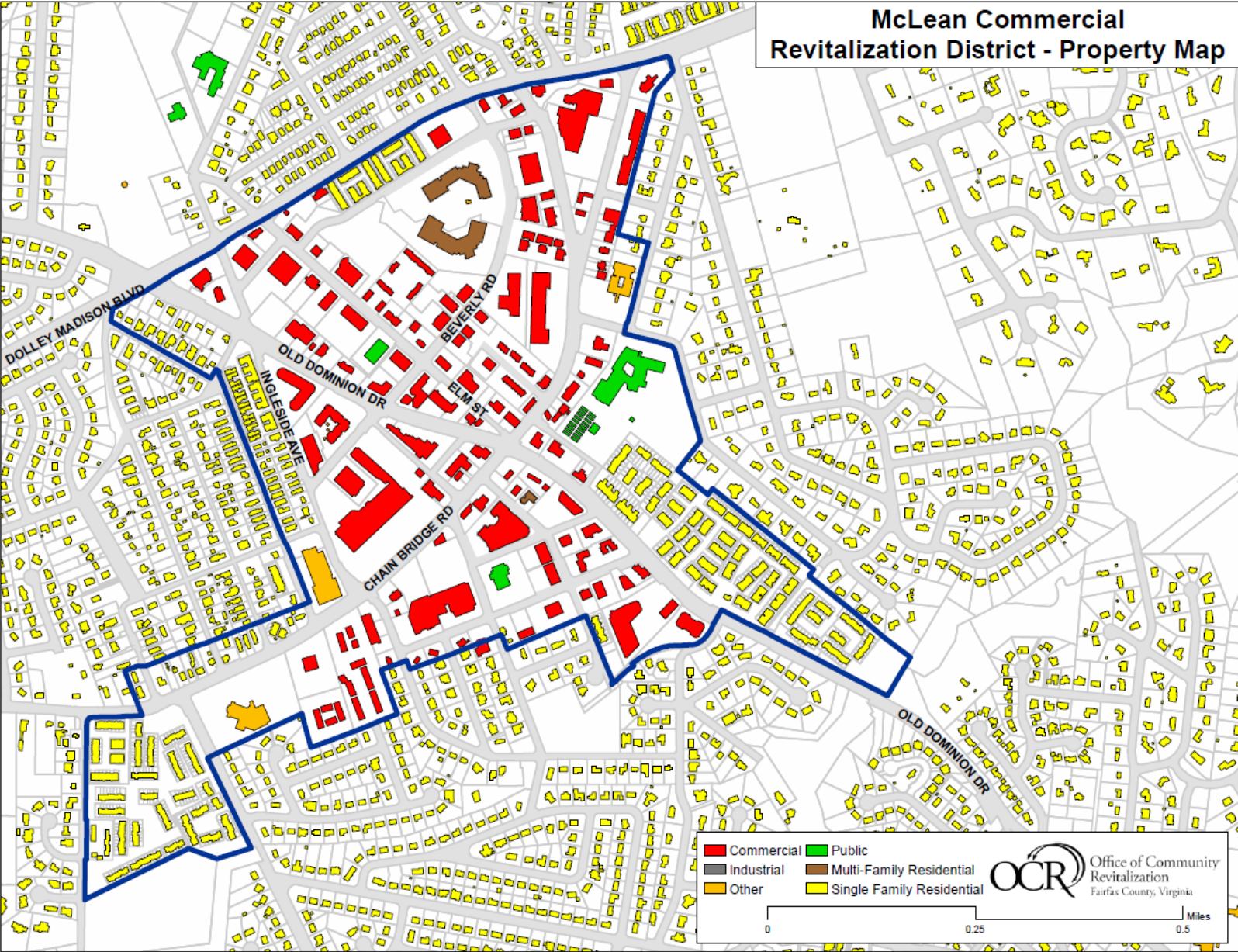
Lake Anne



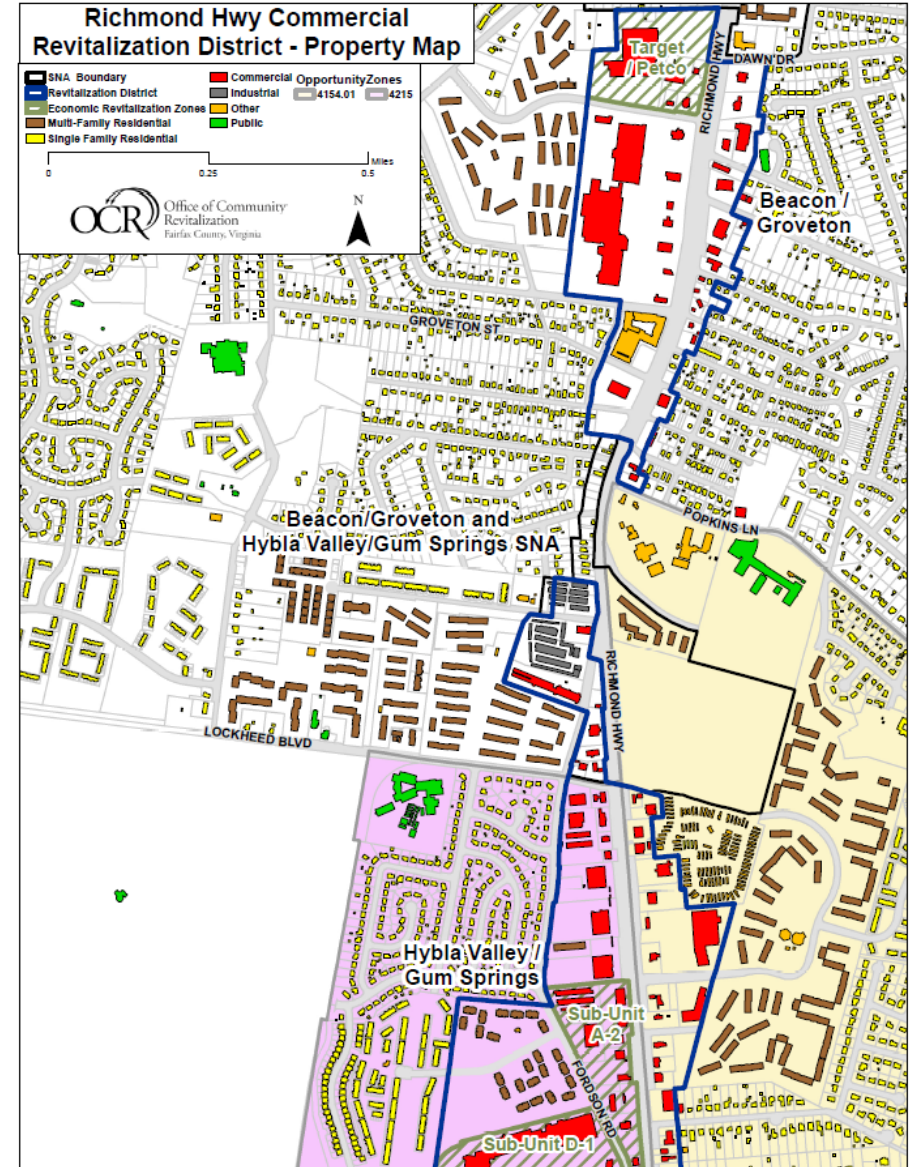
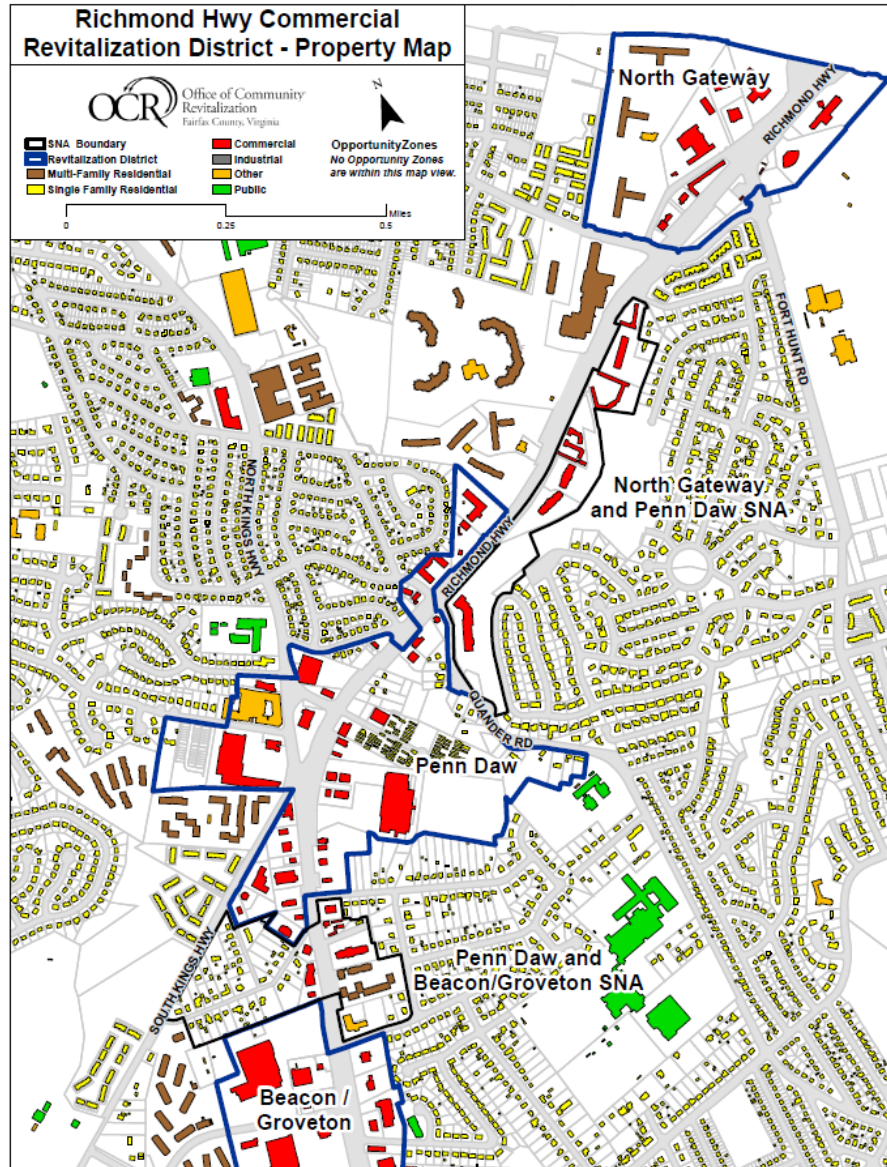
Lincolnia



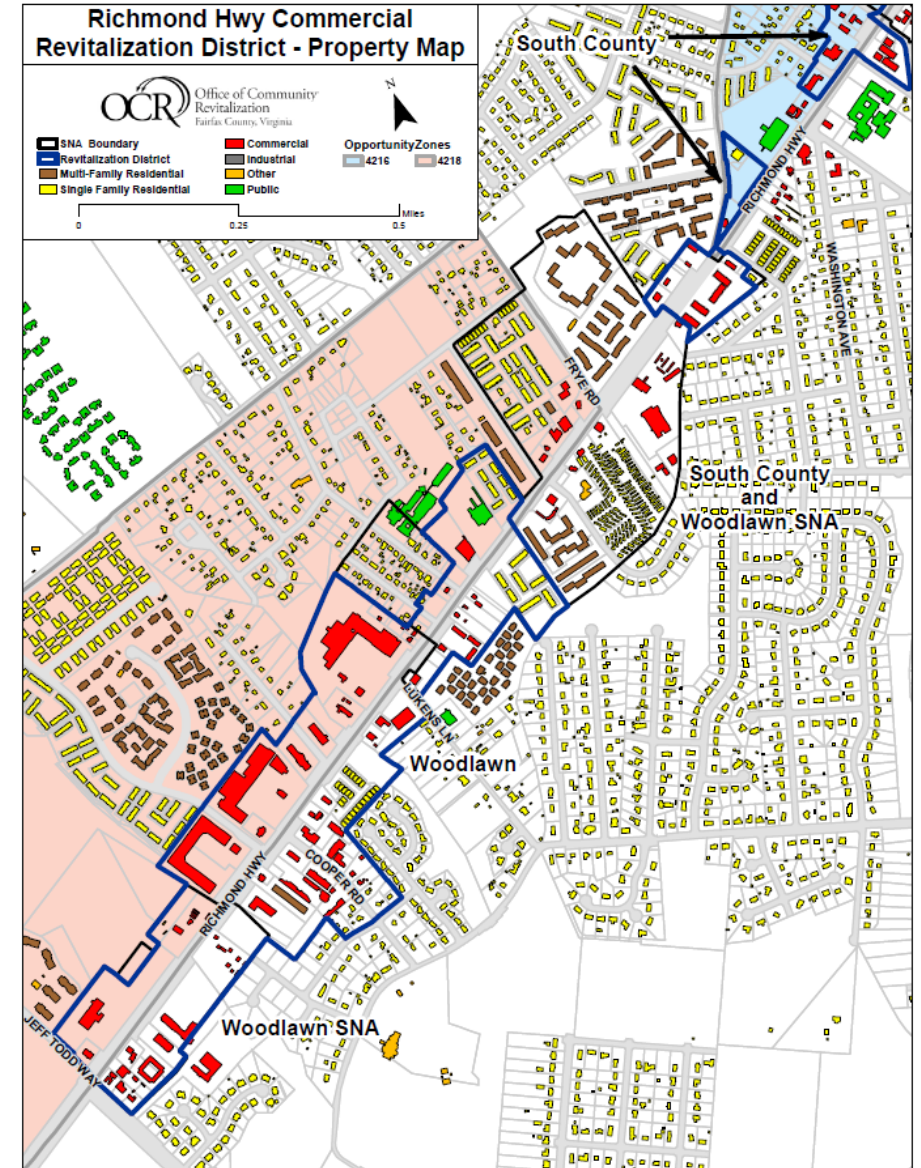
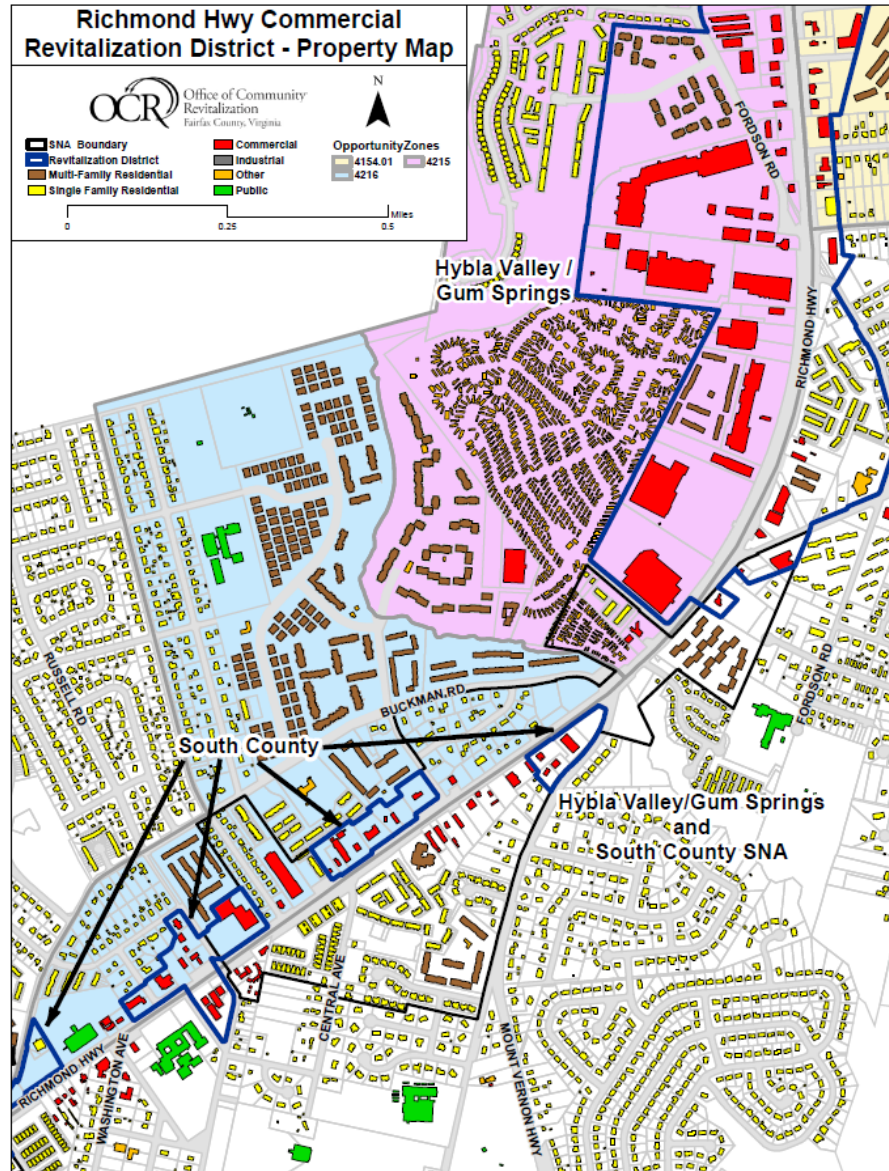
McLean



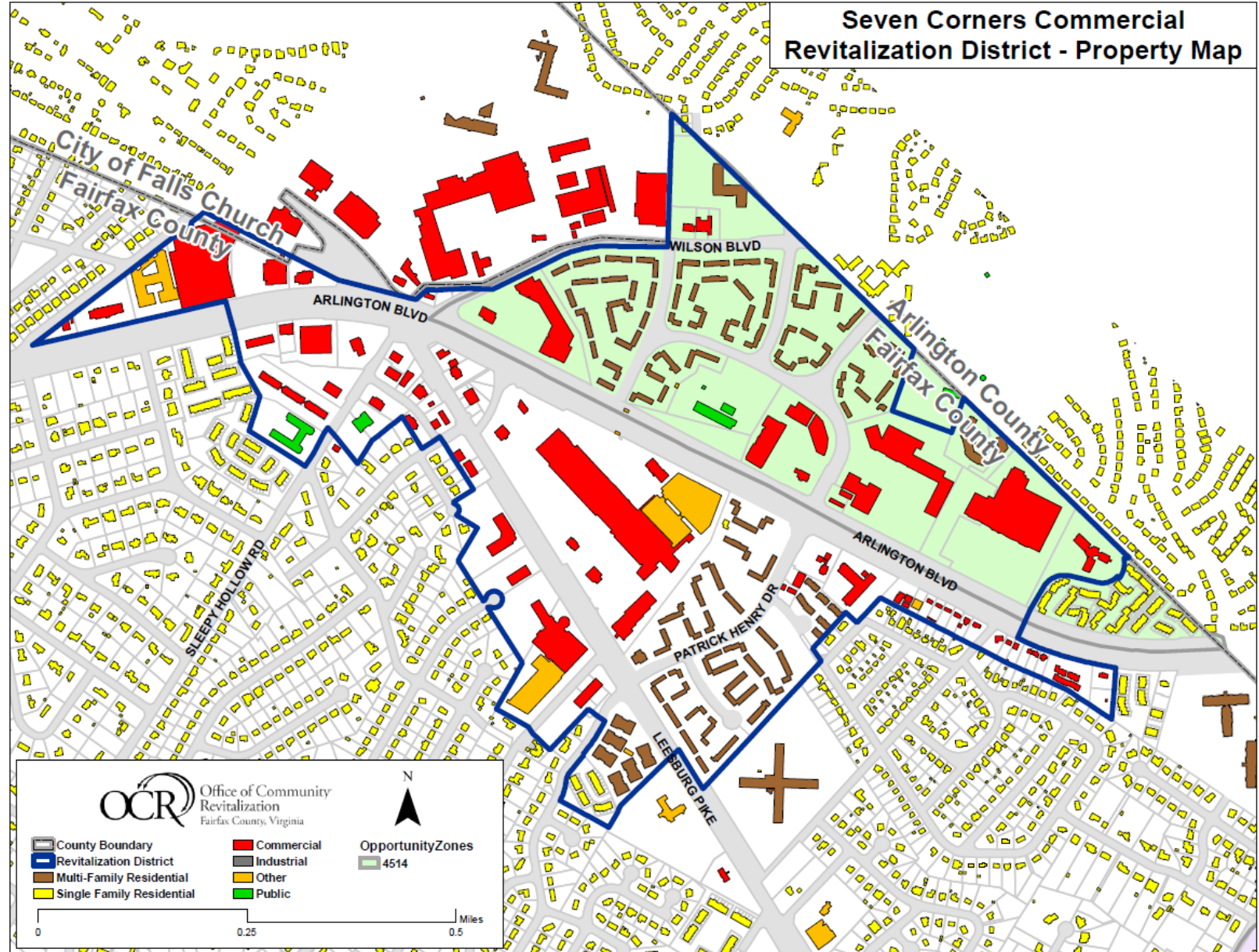
Richmond Hwy



Richmond Hwy



Seven Corners



Springfield

