

**Economic Initiatives Committee (EIC)
Meeting Summary
June 16, 2020**

Supervisor John Foust opened the meeting and noted that this was first meeting of the Economic Initiatives Committee (EIC) under its new name. Supervisor Foust noted that the EIC is distinguished from the Economic Advisory Commission (EAC); and gives board members an expanded opportunity to focus on critical challenges of rebuilding local economy and recovery. At the recommendation of Chairman McKay, the EIC consolidated with the Revitalization Committee.

FAIRFAX RISE GRANT - Scott Sizer, Program Manager, Department of Economic Initiatives

- Reviewed the purpose and scope of the \$25 million grant program, eligibility guidelines and timelines
- Acknowledged partners including Community Business Partnership, George Mason University and Community Foundation for Northern Virginia
- Town of Vienna Council may add \$1 million in grant funds to support businesses in Vienna bringing total funding to \$26 million
- Outreach - 30,000 postcards mailed; 4000 subscribed to RISE mailing list, used business networks such as chambers, EDA and BOS for outreach
- Highlighted applicant statistics (infographic) - 6,281 businesses applied for grant. Of these, 95% identified as businesses; 325 were nonprofits. Other: 83% identified having 1-5 employees; 88% reported operating at less than normal capacity, half operating at limited capacity.
- 69% identified as either a minority-owned, woman-owned or veteran-owned business.

Scott noted that applicants were asked to self-certify their eligibility during Phase I and that the process was designed to be a minimal burden. He reviewed process for determining eligibility, including verifying location through GIS software. During Phase 2, applicants will verify their status by providing required documentation to the grant administrator. The RISE grant is currently oversubscribed. Applicants will be randomly assigned a number to determine the order in which they will be considered for grant award. An estimated 38% of total applicants will receive RISE grants by July/August. DEI will provide the Board with regular updates.

EIC Discussion

- Noted importance of geolocation to verify business addresses, particularly in Mason district
- Discussed how quickly funds will be disbursed and if additional funds are needed
- Discussed eligibility for pool clubs and youth groups for RISE funds
- 76% of county businesses have 10 or fewer employees; RISE applicant pool is similar

ECONOMIC RECOVERY FRAMEWORK AND ACTION PLAN - Rebecca Moudry, Director, Department of Economic Initiatives

Recovery Action Plan goals: Retain Fairfax County businesses, ensure employment and position County for a just and just and equitable recovery; the plan offers an analytical approach to recovery strategies

- Assess pre COVID-19 economic conditions

- Identify COVID impacts on business, particularly small, women, minority and veteran-owned businesses
- Align with the Chairman’s Task Force on Equity and Opportunity goals and findings
- Conducted as joint effort DEI and EDA
- Consultant being secured to conduct study

DEI will seek BOS recommendations for businesses to be included as part of stakeholder engagement; multiple methods will be used for obtaining feedback from diverse businesses in Fairfax County (size, geographic location, sector)

EIC follow-up discussion focused on the type of businesses that will be engaged being as well as opportunities for the Board to review the of study findings.

ECONOMIC INCENTIVES PROGRAM - Elizabeth Hagg, Section Director, Department of Planning and Development

Background: Supervisor Foust directed staff to develop guidance regarding an ordinance to spur community development

Rationale: The Economic Incentives program seeks to stem disinvestment and encourage redevelopment in commercial revitalization districts and areas, consistent with the Comprehensive Plan

- Outdated land development patterns and architectural design
- Experience lack of competitiveness
- Limited development activity in these areas

Framework: VA General Assembly adopted H. 1970 – allowed counties to offer financial incentives to redevelop properties for economic development purposes, incentives can exist for up to 10 years from date of program establishment

Ordinance of Chapter 4 of County Code – New article 29, Incentives to Encourage Growth offers:

- Site plan fee reduction of 10 percent
- Partial abatement of real estate taxes on difference on base value and post-development value
- At end of abatement period, assessment would revert to full market value

Eligibility: Must be commercial, industrial, multi-family or mixed-use development or mix of uses, utilize at least 2 acres; up to 20% of existing development may be retained or repurposed

Must be located in one of the following commercial districts: Annandale CRD, Bailey’s Crossroads/Seven Corners CRD; Lake Anne Village CRA, Lincolnia CRA, McLean CRD, Richmond Highway CRD/SNAs Huntington TSA and Springfield CRD, TSA (non-single family portion)

There has been limited development in these areas; only 70 development cases have been entitled, and only 48 have been built. Much of building type in these areas is older (40-60 years old). These factors contributed to these areas being selected for program. A goal is to encourage consolidation of smaller parcels, which are common in these areas.

Provided an example of tax abatement scenario – in example, it is estimated that will take 7 years to recoup tax revenue or break even.

Staff will provide updates to BOS on number of requests, projects approved to date, and the amount of tax abatement

Request Board approval for implementation:

- July 28 - Authorize public hearing
- September 15 - Public Hearing
- January 2021 – proposed program initiation date, date may be modified after stakeholder engagement

EIC Discussion

- How program may impact number of affordable housing development units and need to coordinate with HCD – which is happening through a Task Force on Preservation
- Length of incentive program and if should be extended, request from VA General Assembly
- Need to proceed as soon as possible to maximize benefit and evaluate program impacts
- Need to notify and work with developers so they can prepare to participate
- Need to create sense of urgency
- Low vacancy rate in Richmond Highway for office space
- Need for county staff training and language translation of program materials
- How program differed from previous abatement program
- Opportunities to apply program beyond eligible district boundaries

Supervisor Foust asked for clarification about how the properties would be taxed. Elizabeth Hagg indicated that properties will be taxed at the base value; the abatement would be on the increment of added value to property. The Board will support the authorization of a public hearing on the proposed ordinance on July 28. The meeting was adjourned.