

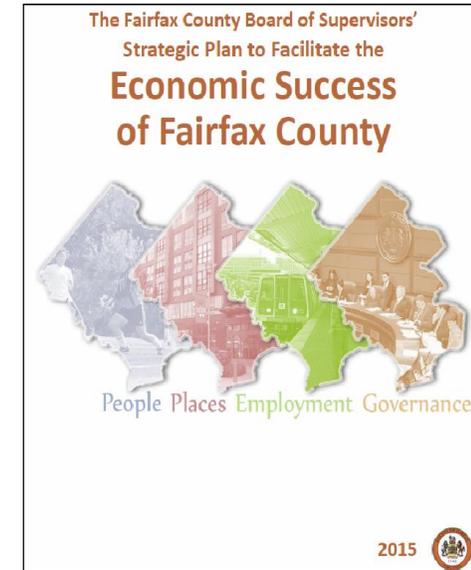
Building Repositioning/Repurposing
Supervisor John W. Cook
Economic Advisory Commission
March 21, 2017

Economic Success Strategic Plan

Recommendation 2.8 of the Strategic Plan to Facilitate the Economic Success of Fairfax County states:

“Study and implement ways to repurpose empty or obsolete commercial space for residential uses; urban schools or other public facilities; art and cultural purposes; live/work/manufacture uses; and/or start-up companies. Engage stakeholders in research and recommendations.

- a. Consider implementation tools such as land use and regulatory changes, innovative tax policies, and the use of public seed money or equity participation to spur or support redevelopment and infill, revitalization, and partnership opportunities for repurposing.



Building Repositioning Workgroup

The Fairfax County Building Repositioning Workgroup

- Private and public sector stakeholders
- Evaluated:
 - Changing office market conditions within region
 - How buildings are changed over time to improve value
 - Potential process, policy and regulatory changes the County should consider to address these challenges and opportunities
- Informed by local case studies, research on trends and best practices from other jurisdictions

Building Repositioning

Improve viability through investment in existing structure to make current use more competitive

For example:

- Façade and system improvements
- Addition of in-building amenities
- Changes to floor layout and leasing models



Building Repositioning

Improve viability through change in building use, for example:

- Office to Residential
- Office to Institutional (e.g., school or church)

Driven by changes in office market/forces outside of owner control



Office to Residential Conversion (e-Lofts) – Alexandria, VA

Office to School Conversion - Seven Corners, VA



Emerging Trends & Technologies: Case Studies

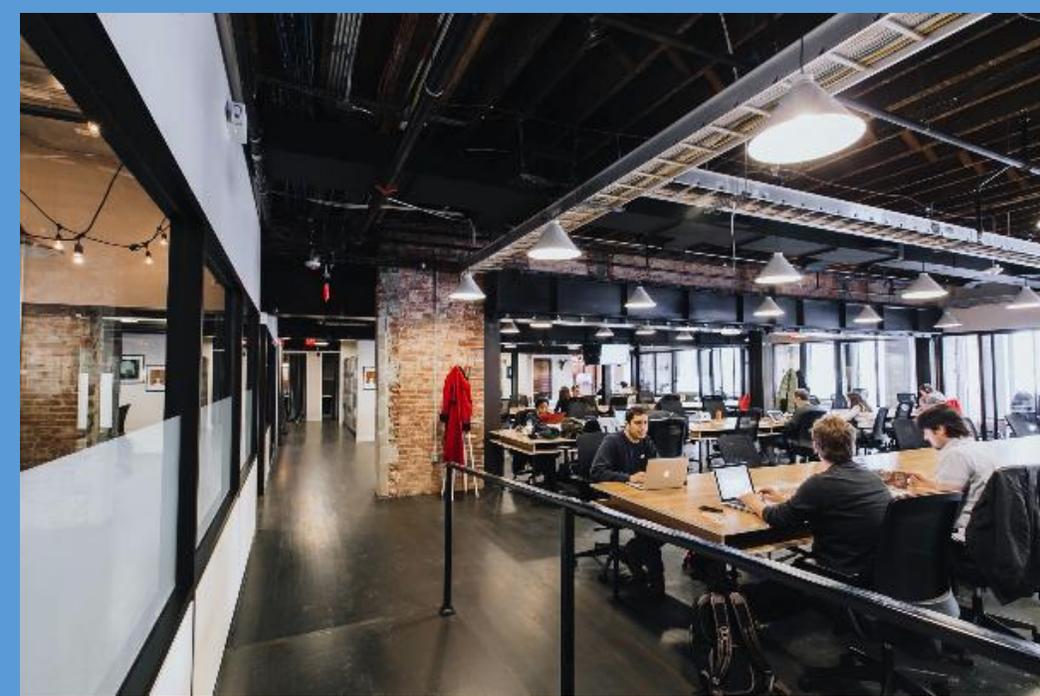
Initial items identified as emerging trends and technologies for owners seeking to reposition or repurpose buildings:

- Co-Working
- Co-Living & Flexible Live/Work
- Makerspaces
- Food Incubator
- Urban Farming & Vertical Farming

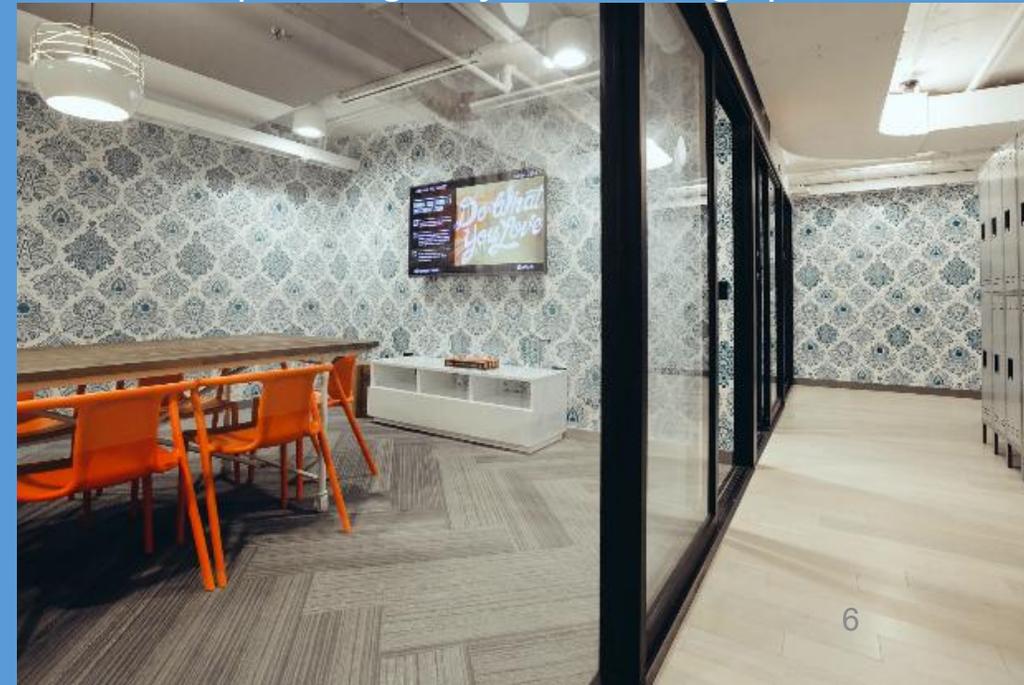
Emerging Trends & Technologies

Co-Working

- Office space re-imagined
- An office or other working environment that is shared by people who often do not work for the same employer
- Lowers the financial entry point for those who are self-employed or start-ups, while free from typical lease constraints or commitments



Example Images of Co-Working Spaces



Emerging Trends & Technologies

Co-Living

- A communal living concept akin to “dorms for adults”



Example Images of WeLive – Crystal City/Arlington, VA



Emerging Trends & Technologies

Flexible Live/Work Units (e-Lofts)

- Unit may be used for living, for working, or for live/work purposes
- Standard size, configuration and finishes regardless of end user choice
- No segregation of units by use (e.g., by floor)



Example Renderings of e-Lofts (Flexible Live/Work Units) – Alexandria, VA

Emerging Trends & Technologies

Makerspaces

- Community workshop facilities that integrate multiple uses at a single site (e.g. commercial, industrial and educational uses)

Food Incubator

- Offer shared commercial kitchen space and business coaching for food business entrepreneurs



NOVA Labs – Reston, VA



Frontier Kitchen – Lorton, VA

Emerging Trends & Technologies

Urban Farming

- The production and distribution of food in a heavily populated community. Often used interchangeably with urban agriculture or urban gardening, and sometimes associated with vertical farming

Vertical Farming

- Hydroponic food production within buildings - multi-story greenhouse
- Generally more futuristic/large scale



Harding Street Project, Urban Ag/ Indoor Farm – Petersburg, VA (above and below)



Sky Greens, Vertical Farming – Singapore

Repositioning Recommendations

Changes to processes and Zoning Ordinance to facilitate repositioning

- Add flexibility under Minor Modification provisions
- Permit minor increases in maximum allowable sq. ft.
- Provide greater flexibility for proffer interpretations
- Create a simplified Proffered Condition Amendment process for repositioning properties

Improve information sharing on repositioning

- Outreach on State of Virginia Rehabilitation Code
- Advertise new processes and potential to building owners and broker associations

Repositioning Recommendations

Changes to land use planning policy

- Amend Comprehensive Plan Policy Plan to provide guidance for repurposing commercial buildings
- Participate in repurposing demonstration project
- Consider repurposing commercial buildings as part of public facility planning
- Consider a Special Exception process for designated area(s) permitting change in use without change to Comprehensive Plan or a rezoning
- Consider Board's Own Motion rezoning for selected buildings to position them for repurposing

Repositioning Recommendations

Improve information sharing

- Create a solutions database to address common issues and resolutions
- Establish and document process for ‘temporary’ and ‘pop-up’ uses
- Utilize Economic Development Authority as a matchmaker between existing building owners and potential users

Emerging Trend Recommendations

- Establish inter-disciplinary staff group to identify, monitor, and track emerging land use trends and how to accommodate them within the Zoning Ordinance
- Continue to use Building Repositioning Workgroup to vet ideas and regional land use trends
- Evaluate need for additional flexibility to accommodate multiple uses within a single space
- Monitor programs used in other jurisdictions to support fostering emerging trends
- Create a 'Repositioning Coordinator' position to facilitate the management of building repositioning and repurposing efforts

Next Steps

Final Phase 1 Workgroup Report Published

Initial implementation focus on:

- Addition of a section to the Policy Plan on Repositioning/Repurposing
- Identification of potential area(s) for flexibility through Special Exception process

Move forward with implementation of recommendations through existing work plans:

- Zoning Ordinance Amendment Work Program
- Economic Success Strategic Plan initiatives
- Fairfax First

Phase 2 of Workgroup to address similar issues in existing industrial and retail sites

GREATER WASHINGTON METRO EXPORT PLAN

Global Cities Initiative

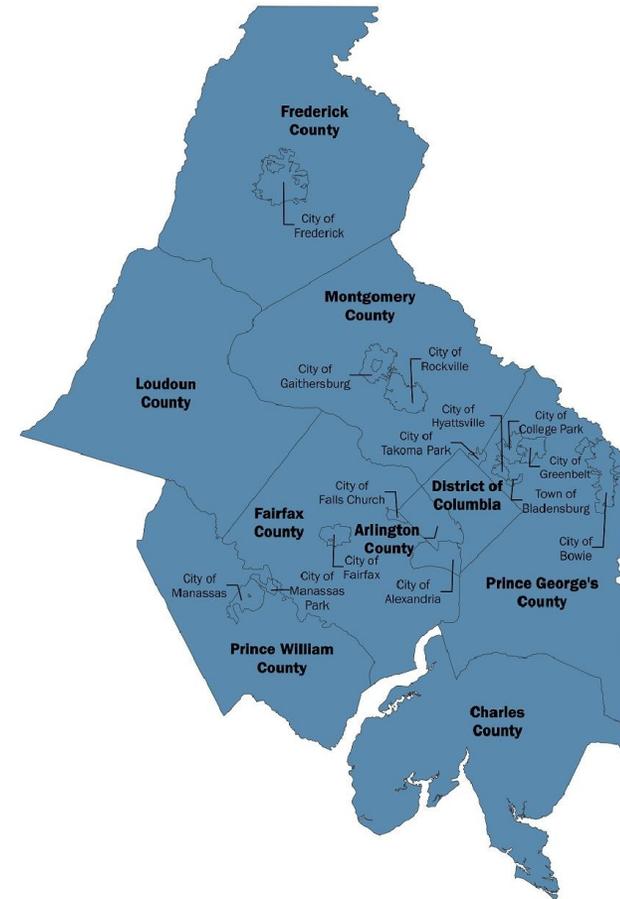
Chuck Bean
COG Executive Director

Bob Sweeney
COG Global Cities Initiative Managing Director

Presentation to the Fairfax County Economic Advisory Commission
March 21, 2017

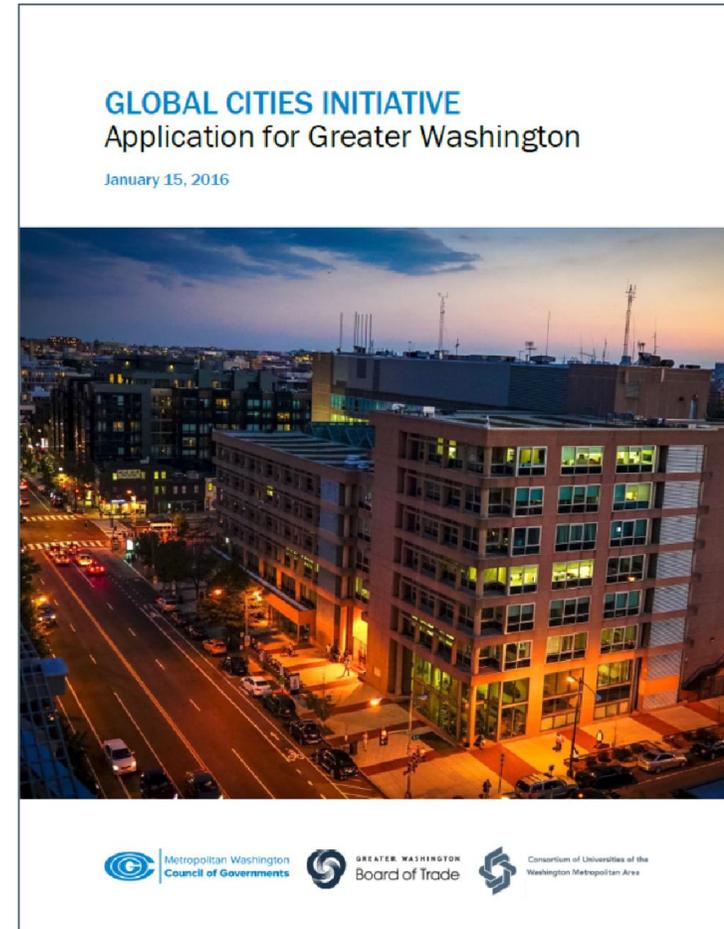
About COG

- An independent, nonprofit association
- Brings area leaders together to address key regional challenges.
- Membership comprised of 300 elected officials from 23 local governments, the Maryland and Virginia state legislatures, and U.S. Congress



Global Cities Initiative (GCI)

- Joint project of the Brookings Institution and JP Morgan Chase
- 29 Cities
- Economic Development
- GCI Greater Washington kicked off early last year, coordinated by COG, Greater Washington Board of Trade, and Consortium of Universities
- GCI Steering Committee



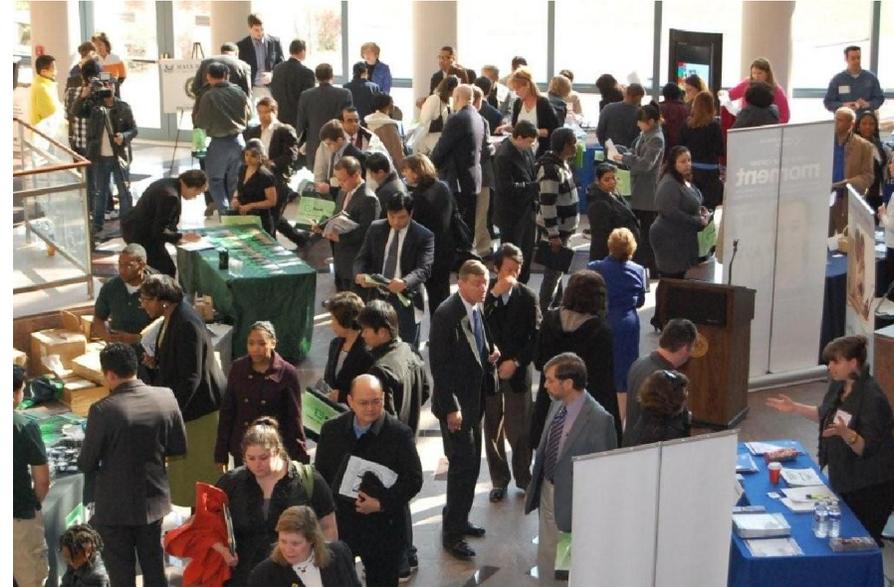
GCI Steering Committee



Metropolitan Washington's Economy

We have many assets.

- Home to 15 Fortune 500 companies.
- Half of region's population aged 25+ has a bachelor's degree or higher.
- Labor force participation higher than the national average.

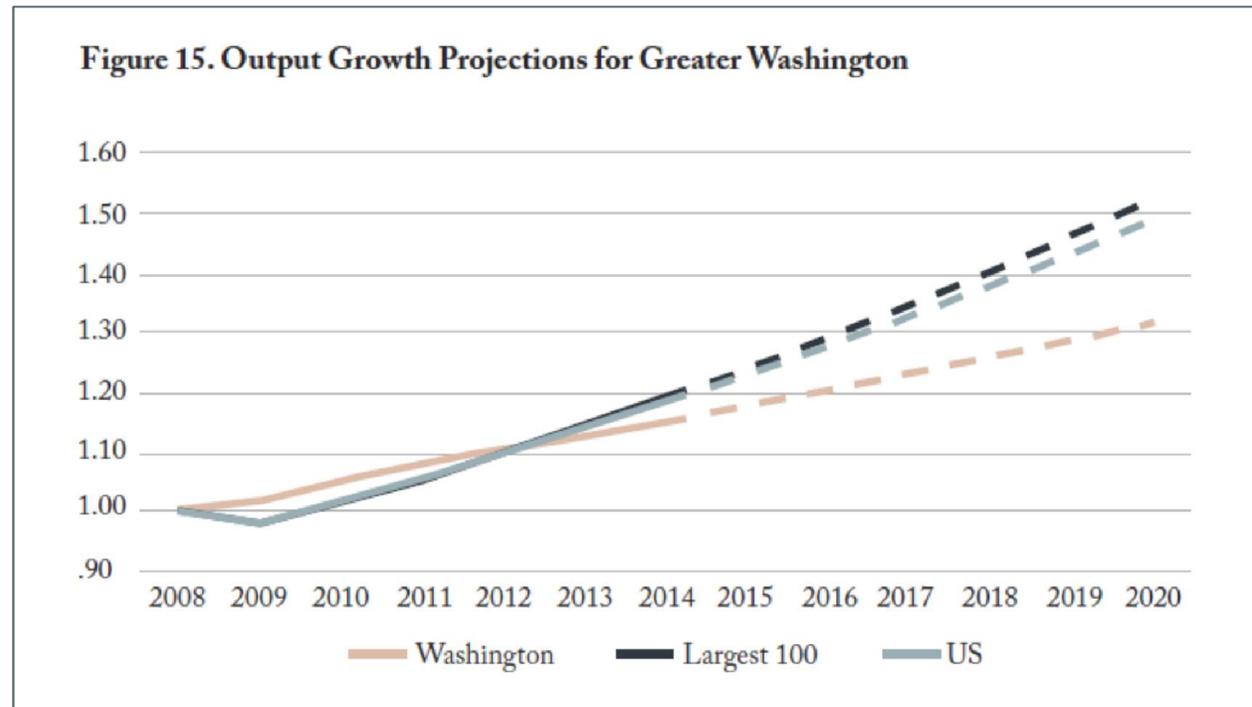


(Fairfax County/[Flickr](#))

But, there's no question that the structure of the regional economy is **changing**.

Slowing Regional GDP Growth

- Regional Gross Domestic Product (GDP) lagged since 2010—federal “recession-proofing” wore off and sequestration cuts kicked in.
- From 2010-2014, we ranked 93rd of 100 largest U.S. metro areas.

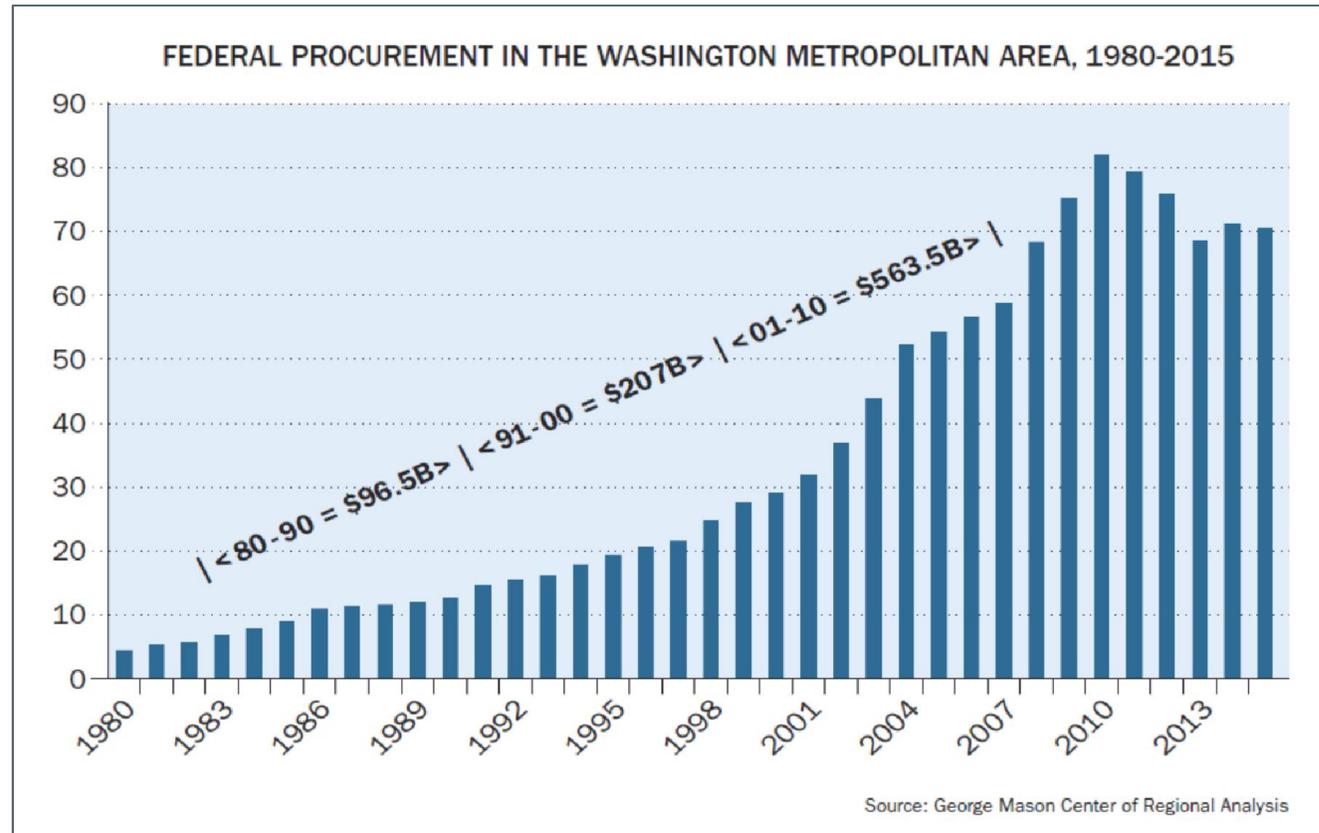


Source: Brookings, “Benchmarking Greater Washington’s Global Reach, The National Capital Region in the Global Economy.”



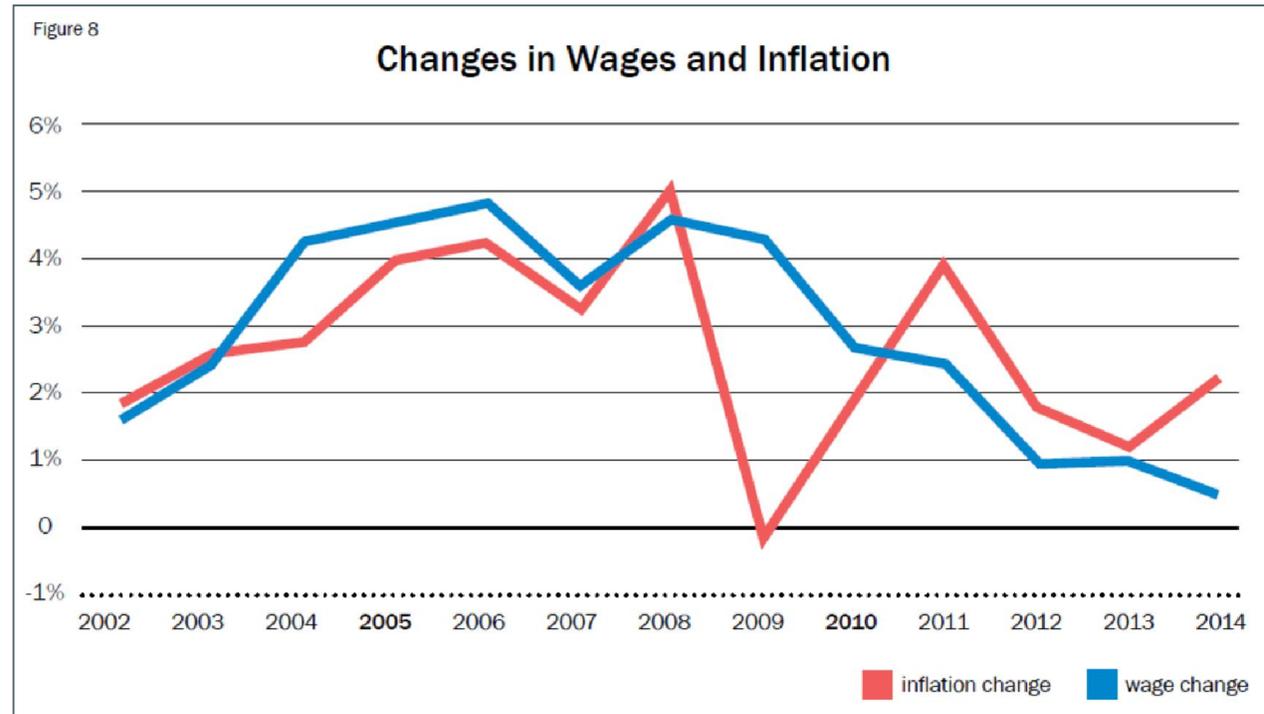
Declining Federal Procurement

- ~\$10 billion hole in region's economy due to shift in federal spending.



Stagnating Job and Wage Growth

- Job growth idled at 0.4 percent per year between 2008 & 2014 (Brookings).
- Since 2011, growth in inflation has outpaced median wage growth.



Source: BLS



Lagging Export Intensity

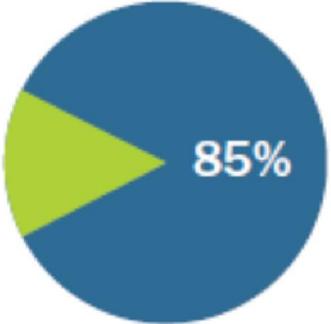
- Exports account for 6.1% of region's economy, second smallest among peer regions.

Table 6. Peer Rankings of Export Share of GDP

Metro	Real Exports (bn.), 2014	Export Share of GDP (%), 2014	Change in Export Share of GDP (%), 2003-2014	Annualized Export Growth, 2008-2014	Annualized GDP Growth, 2008-2014
Seattle	51.9	19.1%	7.9%	6.3%	2.0%
San Francisco	38.8	11.4%	3.7%	2.0%	1.1%
Boston	38.9	10.8%	1.4%	1.9%	1.7%
Raleigh	6.5	10.1%	2.5%	2.4%	2.0%
San Diego	20.7	10.0%	3.2%	3.5%	1.2%
Austin	10.0	9.2%	-0.7%	2.6%	3.7%
Philadelphia	31.7	9.1%	2.3%	0.1%	0.6%
Baltimore	12.0	6.9%	1.8%	2.7%	1.8%
Washington	26.7	6.1%	2.1%	2.9%	0.9%
Sacramento	6.9	5.7%	2.0%	1.8%	0.0%

Source: Brookings Export Monitor 2015

Why Export?



Share Of Global Economic Growth Occurring Outside the U.S.
85%
from 2013-2018¹

Exporting helps the bottom line.¹

From 2005-2009 U.S. manufacturers that exported saw revenues grow by
37%
Those that did not export saw revenues fall by 7%

Workers in export-intensive industries earn
18-20%
higher salaries.¹

Looking for Customers Beyond Our Borders
Despite the market opportunities abroad, only **5%** of U.S. firms export.
58% of those only sell to one market.
60% of middle market firms do not export at all.

Source: U.S. Census Bureau, "A Profile of U.S. Exporting and Importing Companies, 2010-2011," 2013

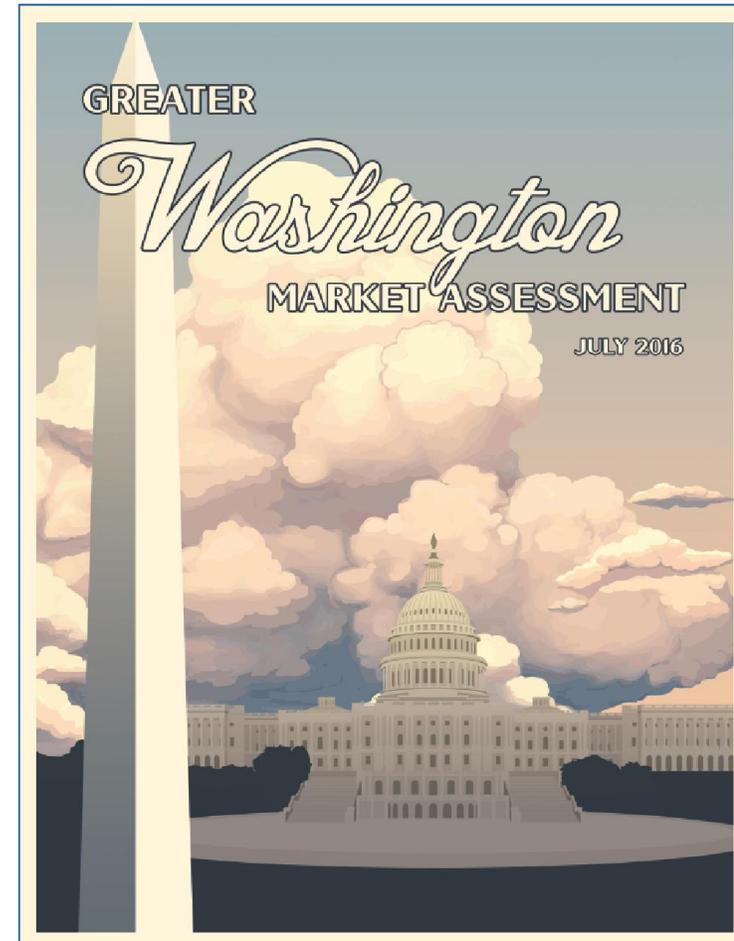
Every **\$1 Billion** in exports supports **5,210** jobs.¹

¹ Michael Spence, "The Evolving Structure of the American Economy and the Employment Challenge," Council on Foreign Relations, 2011; World Economic Outlook, IMF, 2013

Market Assessment - July 2016

Key Findings

- Fragmented export assistance programs
- International activity accounts for small share of region's overall economy
- Declining federal spending
- Economic clusters in Greater Washington – go global
- Great tourism and universities to leverage



Joe Fluet, MAG Aerospace CEO

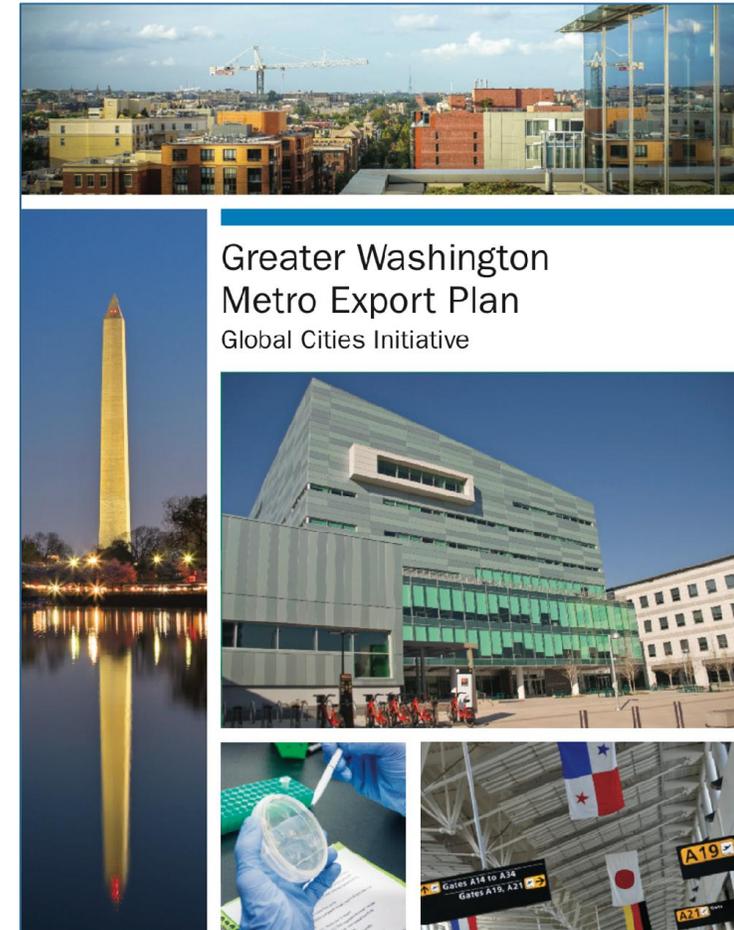
- Had approx. 100+ employees.
- Sequestration hit, resulting in layoffs and revenue losses.
- “Stumbled over” export assistance and started exporting (e.g., Canada).
- Three years later he has about 1,500 employees.



Greater Washington Metro Export Plan

Key Strategies

1. Strengthen global engagement of mid-sized firms.
2. Promote and market global advantages to grow exports and attract investment.
3. Streamline and enhance export assistance ecosystem.
4. Drive more exports.



From Planning to Action

- Exporters' Council
- Export Services Ecosystem (Baseline)
- World Trade Center (that serves as a *true* regional hub)
 - Feasibility and Design Study

Feasibility and Design Study

World Trade Center

- (Leverage) Ronald Reagan International Trade Center
- Place-based and services-based approach
- New entity that excels in trade services
- One stop shop to help companies export and find the help they need
- City/county leadership essential to next steps



Ronald Reagan Building (Wally Gobetz/Flickr)

Chuck Bean

COG Executive Director
cbean@mwcog.org

Bob Sweeney

COG Global Cities Initiative Managing Director
bsweeney@mwcog.org

mwcog.org

777 North Capitol Street NE, Suite 300
Washington, DC 20002



Metropolitan Washington
Council of Governments



Ryan Ross

Program Director, Halcyon Incubator

INCUBATOR | ARTS LAB | STAGE | DIALOGUE | AWARDS



Halcyon: Overview and Mission

Mission: to catalyze emerging creatives striving for a better world



Dr. Sachiko Kuno
Board Chair

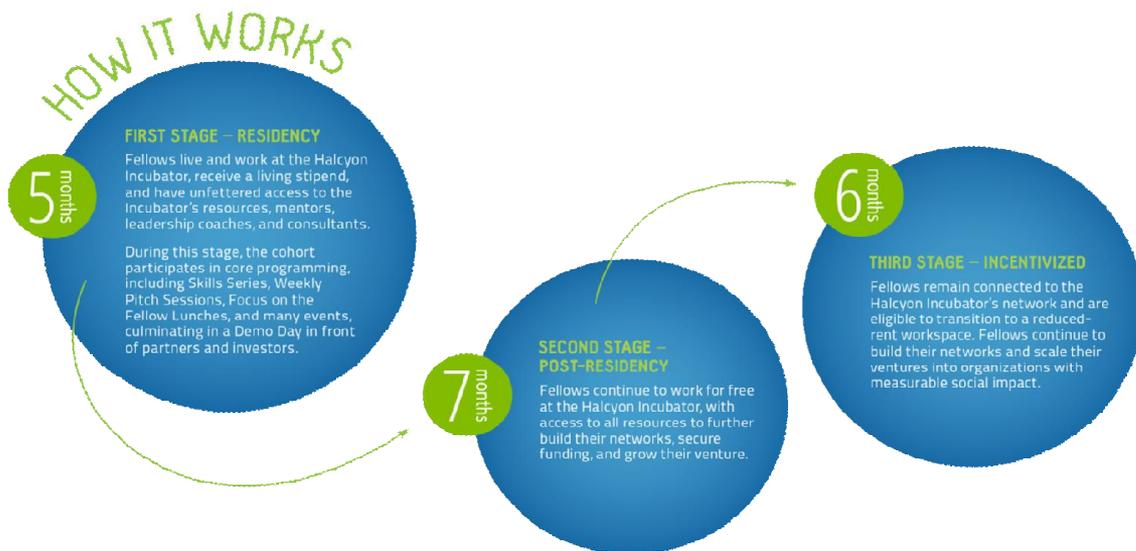


Kate Goodall
CEO

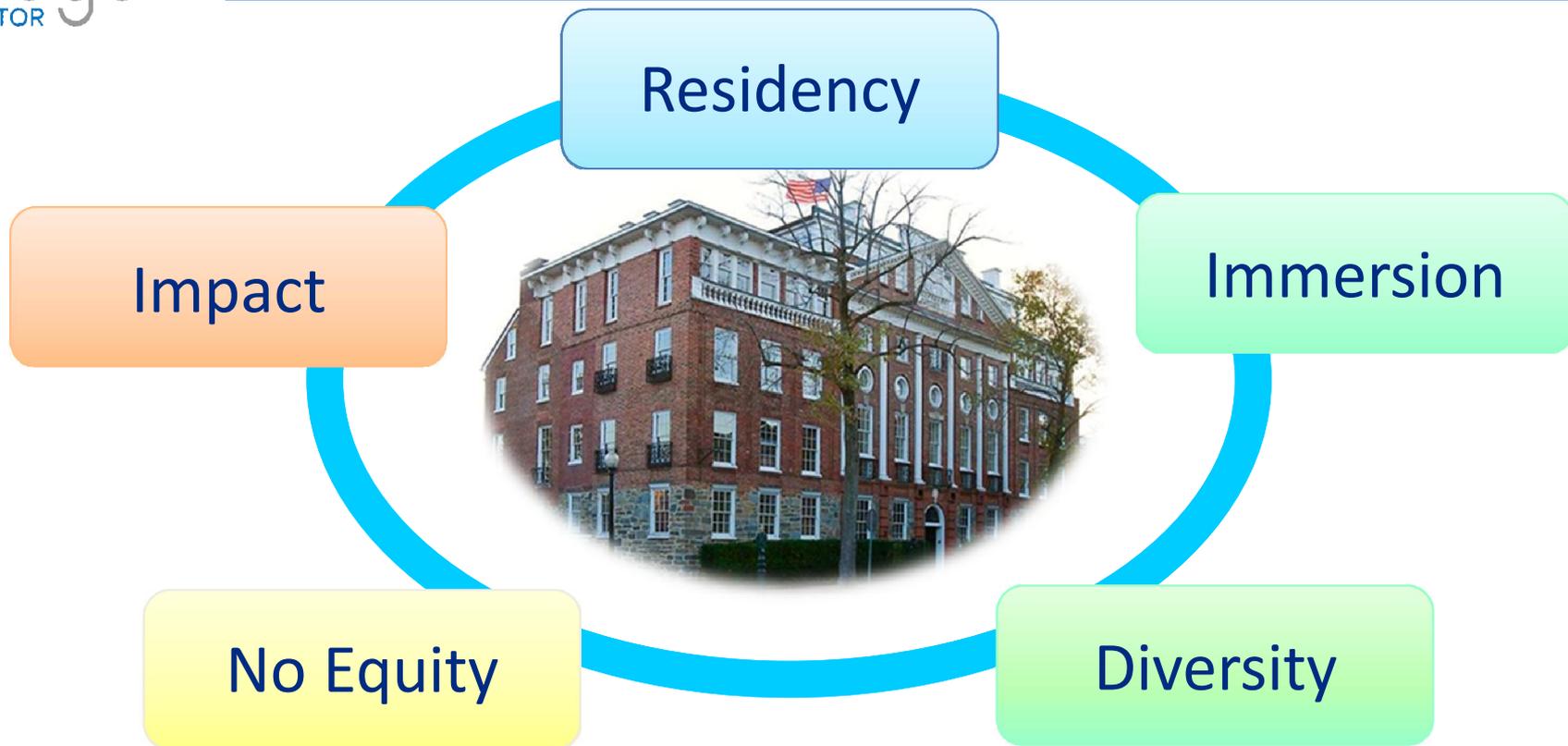
What is Social Enterprise?

A venture prioritizing **intentional social impact**,
and transparently **measuring outcomes**
towards this goal

Halcyon Incubator: Overview and Mission



What makes us unique?



Our Partners and Sponsors

Legal, business, technology, and communications organizations focused on social impact

Deloitte.

ARNOLD & PORTER LLP

 **SUCAMPO**
The Science of Innovation

 **amazon**
web services

 **Capital One**

 **SAGE**
COMMUNICATIONS

SBA
U.S. Small Business Administration

 **TANDEM**

 **KPMG**

The **HR** Sage

 **ITOCHU**

wework

Emanuel J. Friedman Philanthropies

Our Goals

To support...



talented social entrepreneurs by transforming their audacious ideas into scalable ventures

To move...



the needle on critical 21st century challenges

To catalyze...



The DC region as a hub for social entrepreneurship

Our Vision

To be the **BEST** Program for Early-Stage Social Entrepreneurs in the World!

||

Great Partnerships



Fellow Community



Activated Investors



Our Metrics

Fellows have collectively raised

\$16,603,491



Fellow ventures employ

218
people



Ventures have served

291,870
people



Lessons from Halcyon Incubator

Importance of
community, health, and mentorship



(Impact) Investment
relationships



The **talent** is there!

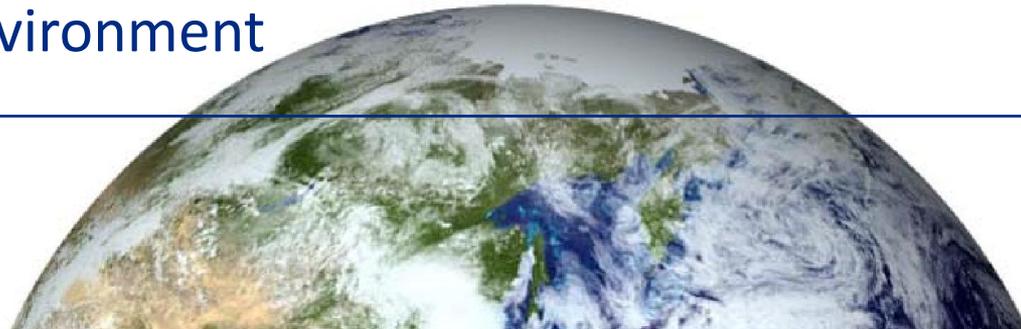


Our Approach to the Social Enterprise Ecosystem

Conclusions from our research on the social enterprise ecosystem
landscape

Four Key Factors of a Social Enterprise Ecosystem

1. Funding
2. Human Capital
3. Quality of Life
4. Business Environment



Conclusion



**Big ideas
Big impact!**

New model for philanthropy

**Power of networks
for game-changing ideas!**

Networks to success for early-stage enterprises

Thank you and Questions



<http://halcyonincubator.org/>
Twitter: @HalcyonIncubate

INCUBATOR | ARTS LAB | STAGE | DIALOGUE | AWARDS

FAIRFAX COUNTY

ECONOMIC DEVELOPMENT AUTHORITY

Curtis Hoffman

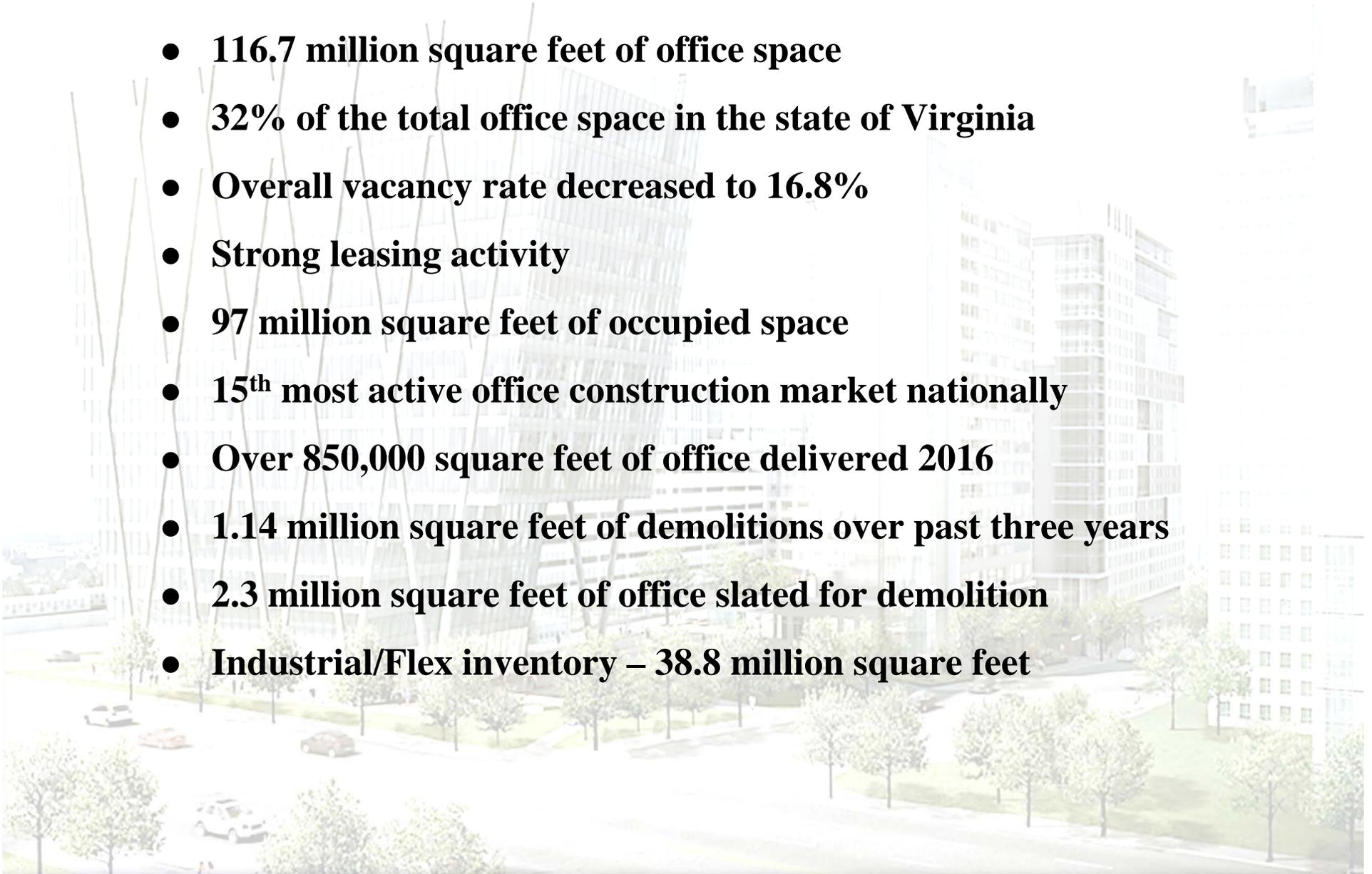
Director, Commercial Real Estate Services

March 21, 2017



Fairfax County Real Estate Profile

- **116.7 million square feet of office space**
- **32% of the total office space in the state of Virginia**
- **Overall vacancy rate decreased to 16.8%**
- **Strong leasing activity**
- **97 million square feet of occupied space**
- **15th most active office construction market nationally**
- **Over 850,000 square feet of office delivered 2016**
- **1.14 million square feet of demolitions over past three years**
- **2.3 million square feet of office slated for demolition**
- **Industrial/Flex inventory – 38.8 million square feet**



The Boro



Capital One Headquarters



Reston Station

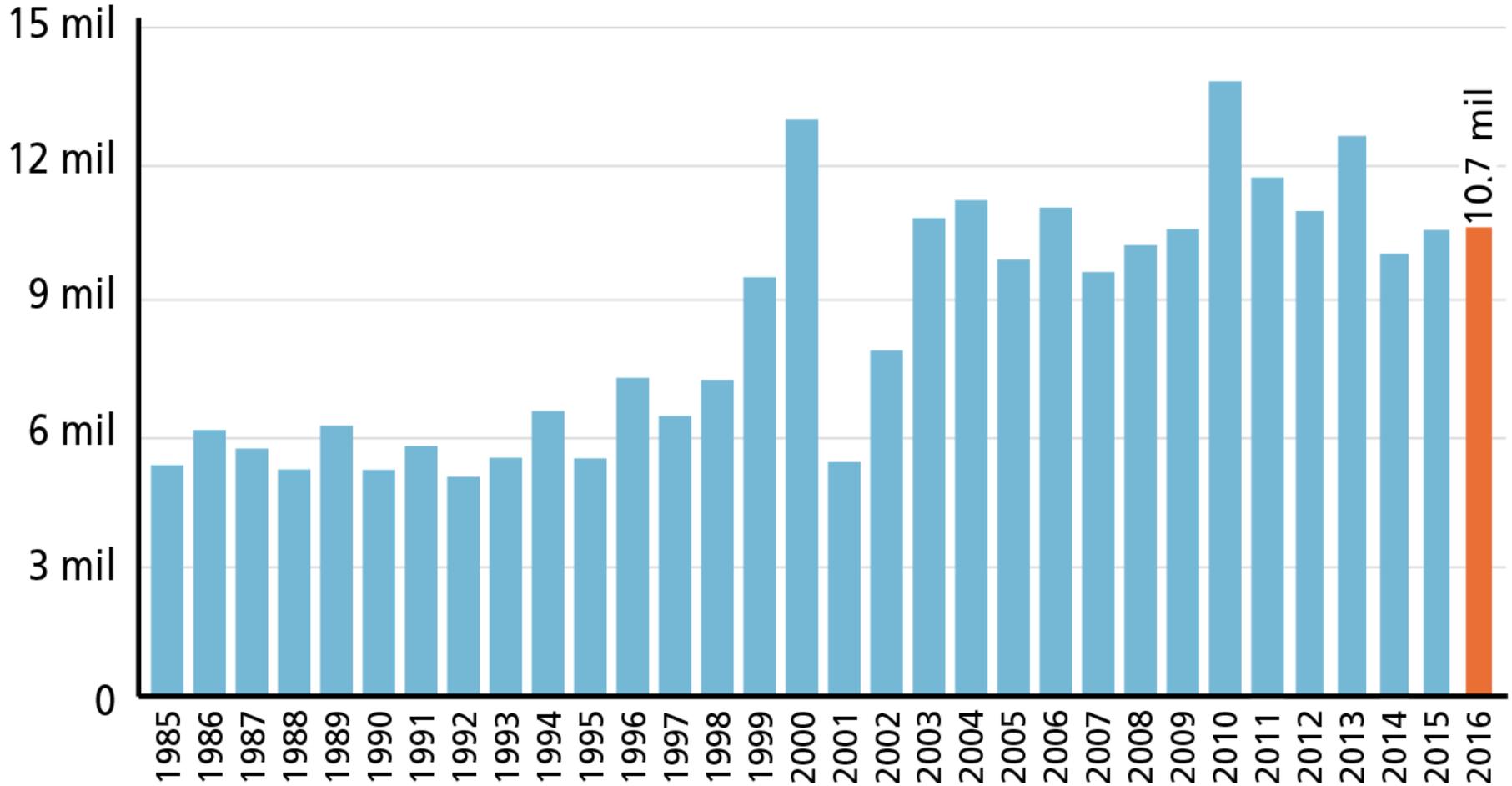


Navy Federal Credit Union Headquarters



Gross Office Leasing

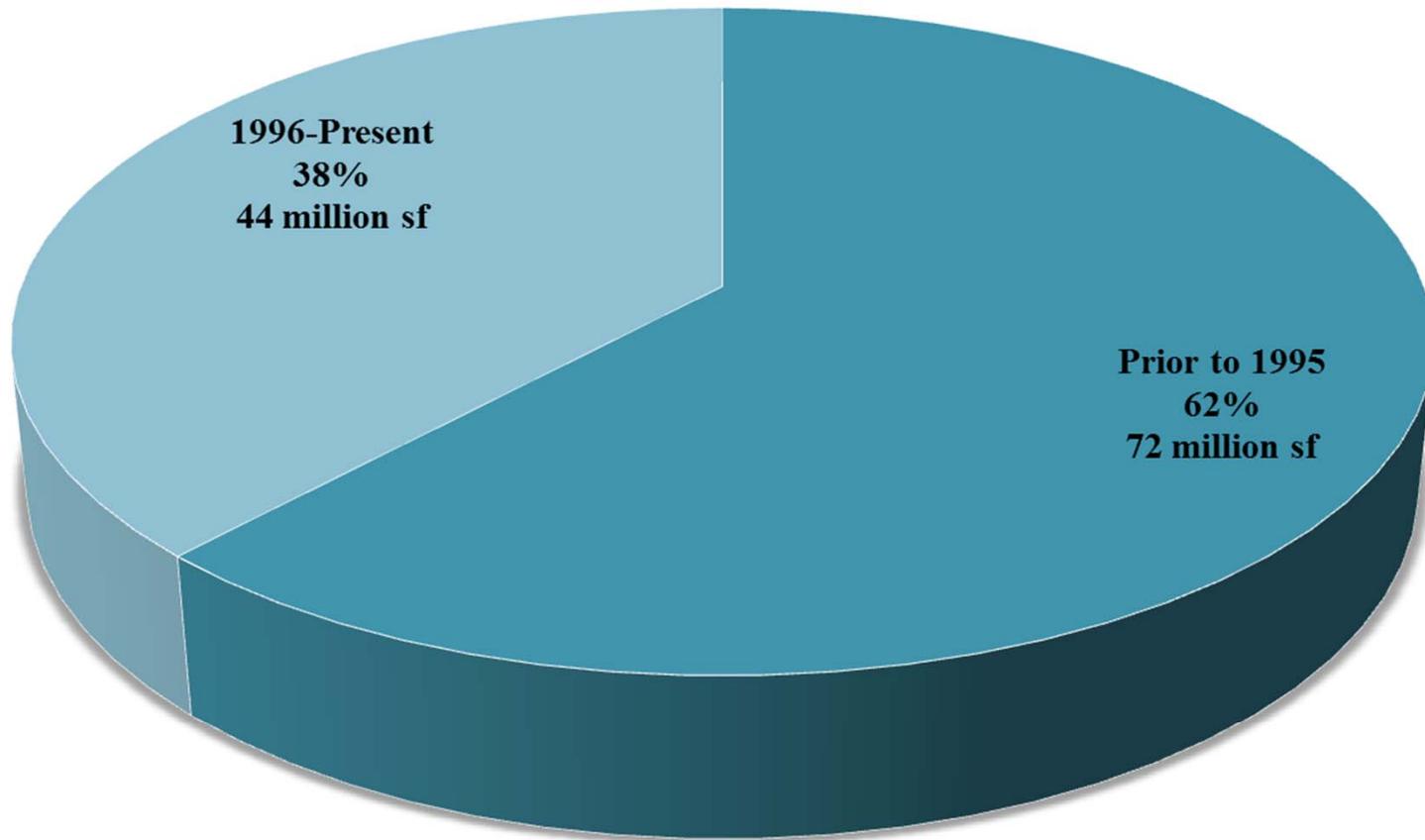
Square Feet



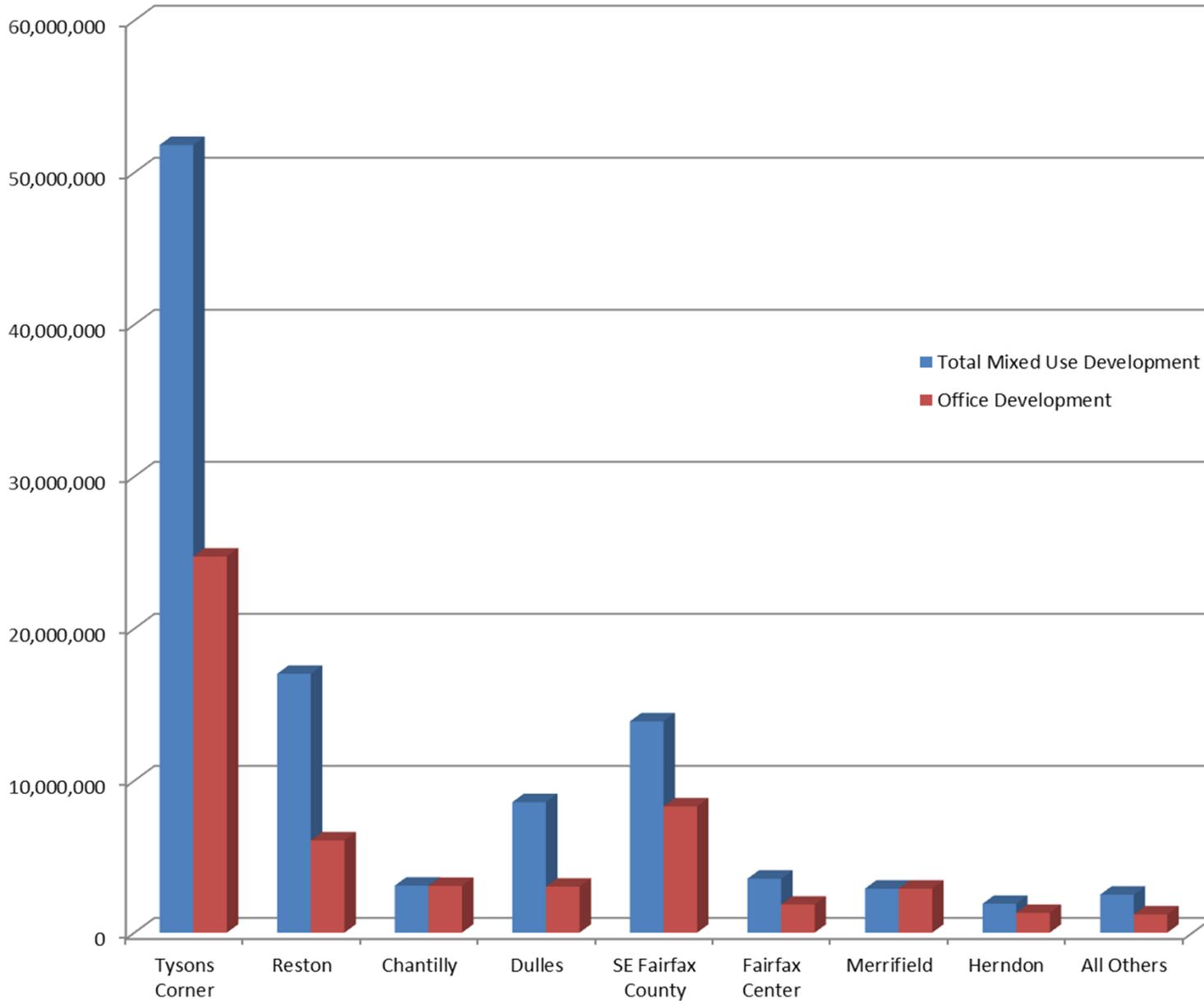
Top Ten Office Leases of 2016

- **Boeing Satellite Systems – Herndon (168,000 sf)**
- **Wells Fargo – Tysons Corner (157,000 sf)**
- **GSA – Customs and Border Patrol – Tysons Corner (106,000 sf)**
- **iDirect – Reston (98,000 sf)**
- **Ellucian - Reston (97,000 sf)**
- **GSA – Federal Bureau of Investigation – Chantilly (96,000 sf)**
- **Inova Health System – Merrifield (94,000 sf)**
- **WeWork – Tysons Corner (92,000 sf)**
- **M.C. Dean – Tysons Corner (86,000 sf)**
- **General Dynamics – Chantilly (84,652 sf)**

Age of Office Inventory



Development Pipeline (S.F.)



Trends in the Market

- **Demand for office expected to increase**
- **Increasing efficiencies in office space**
- **Vacancy rates are expected to remain stagnant**
- **“Flight to Quality”**
- **Demolition of older office properties**
- **The unknowns...**
 - **Federal direct employment and contracting**
 - **New accounting standards**
 - **National and global economy**

FAIRFAX COUNTY

ECONOMIC DEVELOPMENT AUTHORITY

<http://fairfaxcountyeda.org>

Fairfax County: "One of the great economic success stories of our time" -- Time Magazine