

Economic Incentive Program Update and Proposed New EIP Areas

Economic Initiatives Committee

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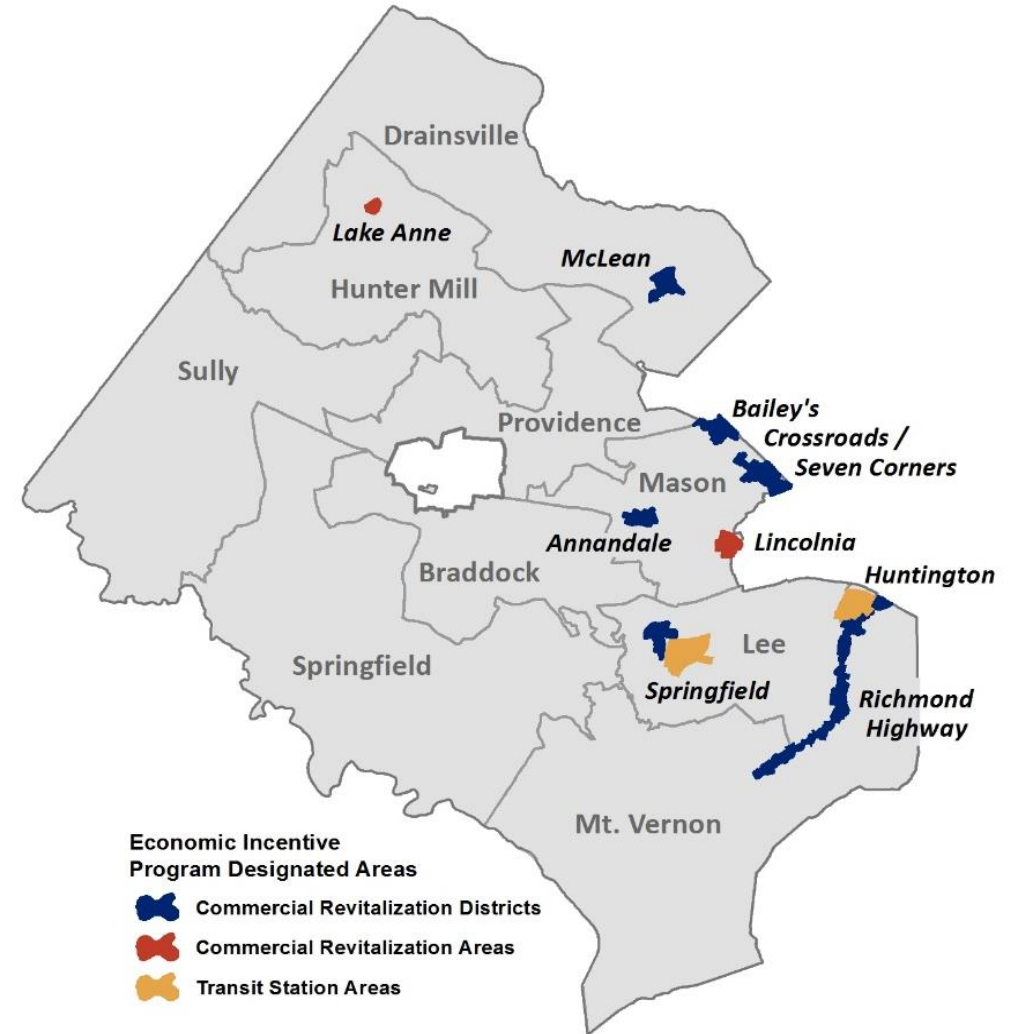


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Why an Economic Incentive Program (EIP)

- **Targets areas with:**
 - Limited development activity relative to Comp Plan potential
 - Declining competitiveness
 - Outdated land development and architectural designs
- **Initiatives already in place:**
 - Updated Comprehensive Plans
 - Regulatory incentives
- **Need for financial incentive**



Program and Financial Incentives

- State law permits a 10-year program
- Links tax incentive to parcel consolidation
- Incentives
 - Reduces Site Plan Fees by 10%
 - Real Estate Tax Abatement:
 - Difference in value between Base Value & Post-Development Value
 - Good for up to 10 years or number of years left in the program



Prototypical Example - Tax Abatement

1. Base Assessed Value

- \$5 million
- Real estate tax amount = \$56,250/year

2. Post Development Assessed Value

- \$120 million

3. Increment

- \$115 million

4. Ten Year Abatement (on Increment)

- \$1.125 per \$100 = \$1,293,750 x 10 years = \$12,937,500 *

- Note: Does not take into account any increase or decrease in post-development assessed value.

Economic Incentive Areas (EIAs) - Effective Dates

July 1,
2022

Baileys Crossroads/Seven Corners

June 30,
2032

July 1,
2024

Richmond Highway and Springfield
EIAs

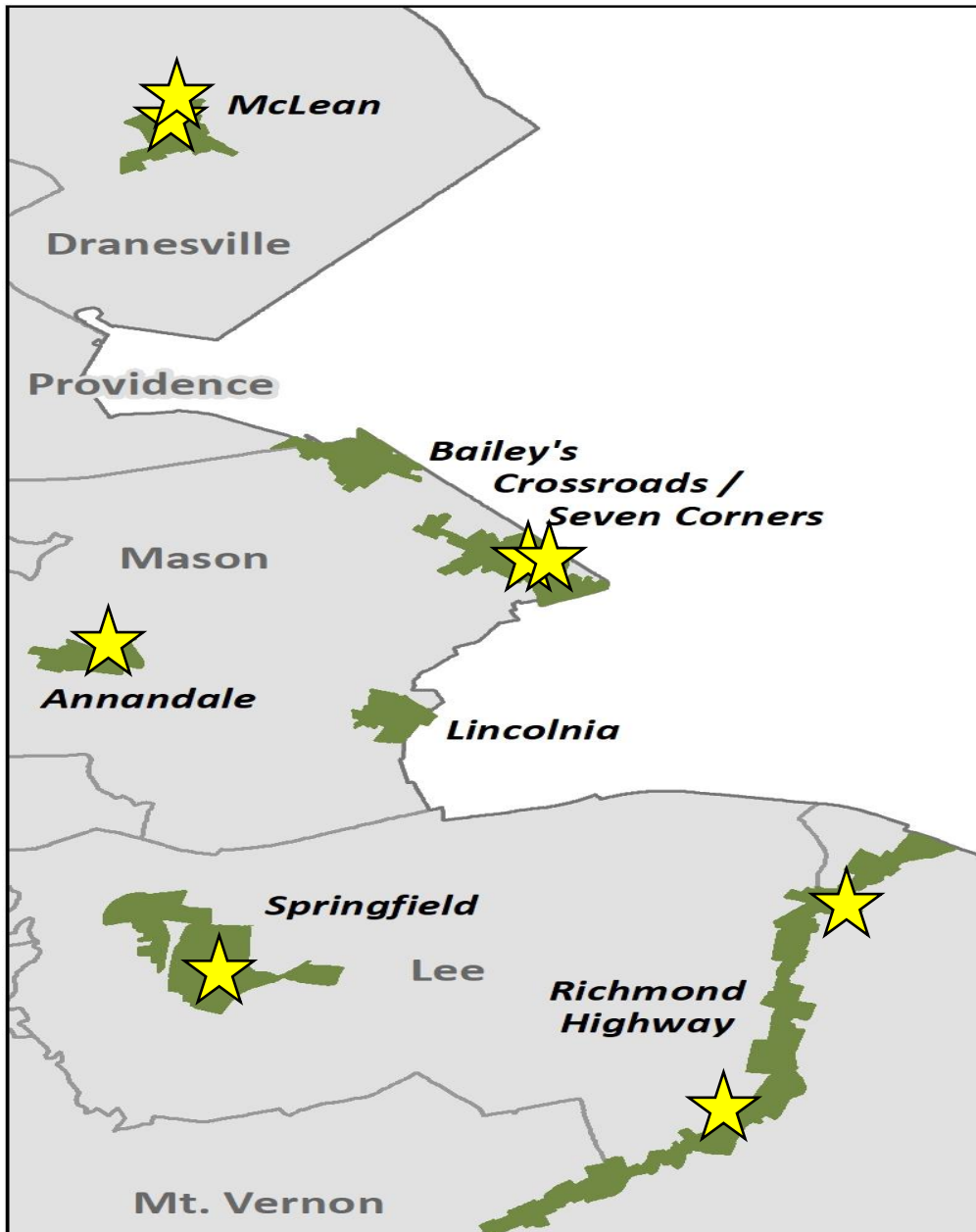
June 30,
2034

January 1,
2025

Annandale, Lincolnia and McLean
EIAs

December
31, 2034

Economic Incentive Program Activity-to-Date



- **Eight** applications approved since program inception of September 2020
- Skyline Building 1 first to reach substantial completion (2023)
- Actual tax abatement to begin in 2024 estimated at \$823,234 per year until 2032, for an estimated total of **\$6,585,872**
- Skyline Buildings 2 and 3 projected to achieve substantial completion in 2024, and receive tax abatement beginning in 2025; total tax abatement estimated to be $\$823,234 \times 7(\text{yrs.}) \times 2 = \mathbf{\$11,525,276}$

Success of the Program

“Fairfax county’s Economic Incentive Program is an invaluable tool for jump starting development projects that might not otherwise move forward. The EIP program was a key component in the residential development that is now under construction by Hanover at the Springfield Town Center.” **Eric Christensen, General Manager**

“The EIP is a powerful tool that can help to overcome the high cost of redevelopment. Whether it is upgrading aging infrastructure, mitigating environmental impacts or offsetting high interest rates, EIP can make the difference to get a project started sooner rather than later.” **Jack Perkins, VP Development, Elm Street Communities**

Case for Huntington EIP

- Need to catalyze Metro station development
- Recent collapse of Huntington Club Condominium redevelopment project
- Redevelopment challenged by topography and soils
- Necessary to encourage important parcel consolidations for economic development



VIEW OF SOUTH STATION AREA



Proposed Huntington Economic Incentive Program Area

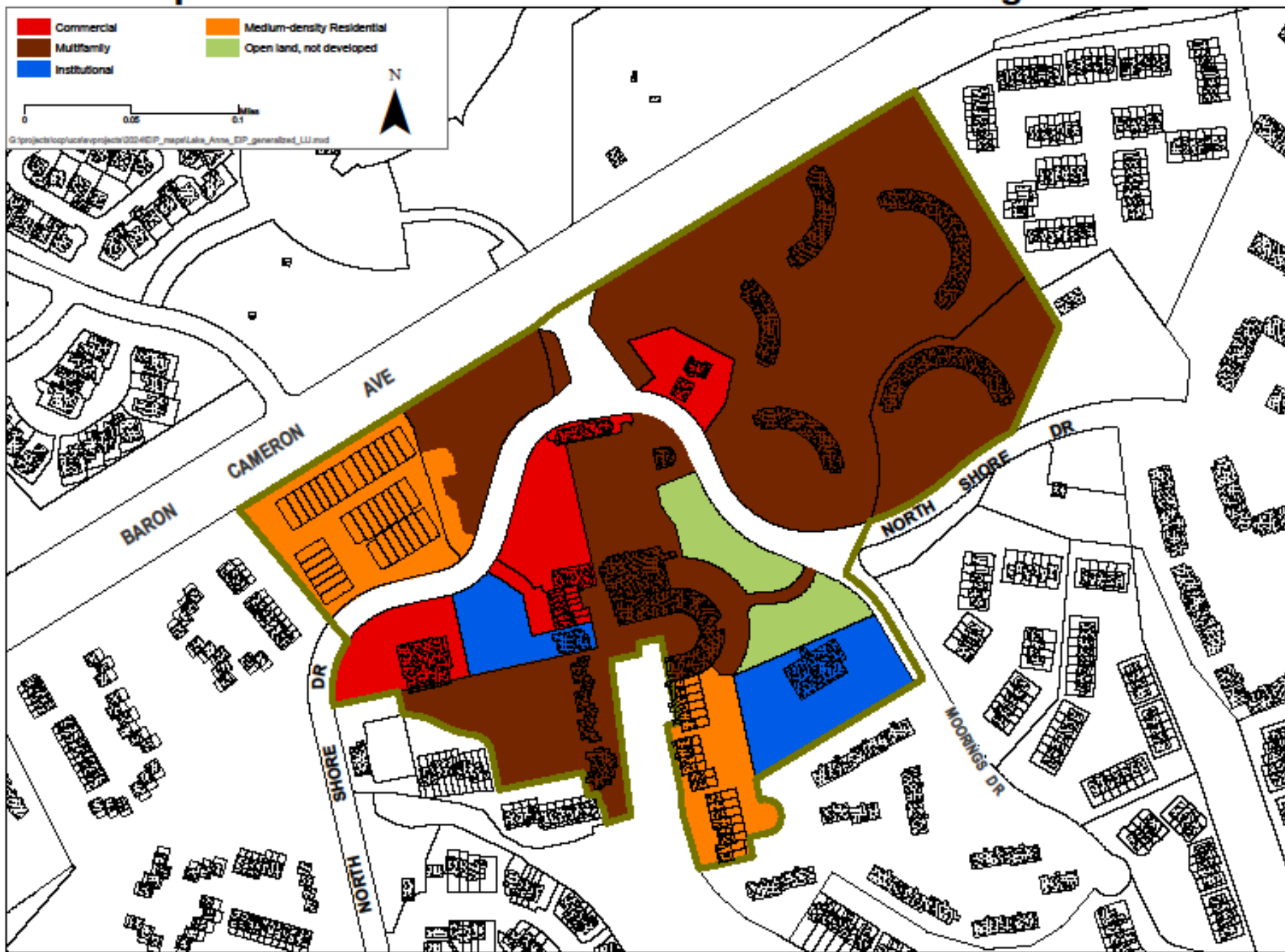


Case for Lake Anne EIP

- Need to foster economically sustainable future
- Lake Anne Economic Visioning Study in progress
- Need for County to reinvest in affordable housing
- Redevelopment challenged by multiple small property owners and condominium ownership structure



Proposed Lake Anne CRA Economic Incentive Program Area



Eligibility Requirements Unchanged for New Areas

- Commercial, industrial, multifamily or mixed-use development
- Minimum consolidation of two parcels and two acres*
- Existing development may be retained or repurposed
- **Must be located within one of these areas:**
 - Annandale CRD
 - Baileys Crossroads/Seven Corners CRD
 - Lincolnia CRA
 - McLean CRD
 - Richmond Highway CRD/SNAs, Huntington TSA (Land Units R & Q)
 - Springfield CRD, TSA (except single-family portion)
 - **Huntington Area**
 - **Lake Anne CRA**

*Exceptions may be made by the Board

Suggested Effective Dates & Timeframes

HUNTINGTON EIP

- January 1, 2030 to December 31, 2039

LAKE ANNE EIP

- January 1, 2030 to December 31, 2039



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For more information go to:
www.fcrevite.org/economic-incentive-program



Q & A