

**Fairfax County Board of Supervisors
Economic Initiatives Committee (EIC)
J. Hamilton Lambert Conference Center (Room 11)
February 10, 2026**

Meeting Summary

Board Members present: EIC Chairman Supervisor Daniel G. Storck, Board of Supervisors Chairman Jeffrey C. McKay, Supervisor Kathy L. Smith, Supervisor Rachna Sizemore Heizer, Supervisor James N. Bierman, Supervisor Rodney L. Lusk, Supervisor Walter L. Alcorn, Supervisor Andres F. Jimenez

Board Members absent: Supervisor Pat Herrity

EIC Chair Storck called the meeting to order. He welcomed everyone and commented about the successful Mount Vernon Town Hall meeting and walk for peace by the Buddhist monks. Chairman McKay added that the walk was a tremendous event and thanked the Mount Vernon District police for operational support.

EIC Chair Storck presented the minutes of the November 25 meeting, and they were approved without comment.

Opening Remarks

EIC Chair Storck introduced the first meeting topic, Economic Indicators and Trends, which came about through a Board Matter on economic competitiveness. It includes the impacts on federal workforce reductions, growth patterns by sector, and emerging opportunities. Fairfax County continues to be resilient even though it has faced many challenges recently. The analysis presented is a first step in developing strategic recommendations for the county's continued economic growth. He continued by saying that there will be brief overview of worker and business resources by DEI Director Moudry if time permits.

EIC Chair Storck also introduced the second meeting topic, the expansion of the Fairfax County Revitalization and Redevelopment Economic Incentive Program. He stressed BOS members to consider partnership opportunities during that presentation, especially those involving the Commonwealth. He then introduced Deputy County Executive Miller and Mr. Stephen Tarditi, Director of Market Intelligence at the Fairfax County Economic Development Authority, for the first presentation. DCEX Miller shared a timeline which starts with today's presentation and culminates at the May 12 EIC meeting. A plan addressing the Economic Competitiveness Board Matter will be developed and shared with Board Members in late April and presented at the EIC meeting on May 12, 2026 .

Economic Indicators and Trends

Mr. Tarditi pointed out that the presentation provides an overview of the current trends and indicators in the local economy to inform the strategies and plan for the board matter on economic competitiveness. The indicators include changes in workforce and office space.

Federal government employment reductions led to a 1.1% increase in the unemployment rate in Fairfax County. There was an uptick in employment in December as a result of the increase in seasonal hires. However, the impact of the federal government workforce reductions in Northern Virginia was significant with a 13,000 or 14% decrease, compared to a 10% decrease on a national level. In comparison to other jurisdictions, Fairfax County's unemployment rate falls in the middle with some jurisdictions having higher and lower rates.

In terms of a historical employment perspective, the current employment reduction is similar to the Dot Com bubble in early 2000s and the Great Financial Crisis in 2008. It took three years for employment to recover from the Dot Com bubble as compared to two years to recover from the Great Financial Crisis.

Fairfax County has the largest concentration of employees in the professional services sector than anywhere else in the country. That sector comprises about 25% of Fairfax County's total employment base. There has been a plateau of employment growth and even a dip in the employment rate during the past five years. One encouraging sign for future growth is the AI tech talent pool, in which the D.C. region is the nation's leader. Other growth sectors include computing infrastructure providers, scientific research and development, satellite telecommunications, and management of companies.

A stable probusiness environment, access to talent, and quality of life will continue to be important for these sectors to grow. Fairfax County has shown an increase in net domestic migration with a decrease in international migration. Our economy continues to be resilient as there was a 2.9% growth rate in 2024 and comprises 25.5% of the DMV's GDP and 24.6% of Virginia's GDP.

In terms of federal procurement, there was an increase in federal funding between 2024 and 2025 while the DC metro region declined. Venture capital dollars are projected to have a slight increase in 2025 primarily due to increased activity in the artificial intelligence and defense startups during the 4th quarter. It will be the fifth year in a row of venture capital growth. Compared to other regions the DMV has a relatively small startup ecosystem but there are more opportunities for growth as venture capital opportunities increase.

On the consumer side, there has been little impact on local taxable sales except during the first quarter of 2025. Office vacancy rates have dropped for the first time in five years during 2025. The obsolete inventory has decreased with trophy space almost at capacity. There were almost 7 million square feet of office space removed from the market for repurposing or demolition. In general, the office market is bifurcated with the trophy space absorption increasing while Class A and Class B/C experiencing higher vacancies. Site selectors look for transparent site evaluation, clear pathways for success, speed to market with good infrastructure, and knowing the strengths and weaknesses of the community.

In his summary, Mr. Tarditi stressed the importance of analyzing competitive positioning, developing findings for the EC Task Force recommendations, and collaborative and targeted strategic actions as next steps.

Discussion

EIC Chair Storck asked if there were any surprises from the data collected for the study. Mr. Tarditi pointed out the growth in the computing infrastructure not just through the growth of data centers but also in the growth of AI companies. Those AI firms are building out the office spaces in Fairfax County needed to sustain and grow the infrastructure.

Chairman McKay's inquired if Fairfax County was disproportionately impacted compared to the other DC region jurisdictions. Mr Tarditi did not believe that Fairfax County was as impacted as other localities. He is waiting to get more data from the industry sectors to get a better picture of the impact on the county. Fairfax continues to be a leader in defense contract dollars in the United States so it will be a key sector to analyze.

Supervisor Lusk commented on the successful effort to get venture capital above \$1 billion. He asked what portion goes to early-stage growth versus established business growth. Mr. Tarditi responded that most of the funds are going to large established businesses, but there was an increase in funding, specifically to clean tech and health tech startups. Supervisor Lusk also asked for a comparison of prospects a year ago versus those now in terms of square footage being requested for office space. Ms. Anna Nissinen, Senior Vice President for FCEDA, responded that last year was a large contraction of office space while this year there has been modest growth with most request being 50,000 square feet or less. There has been a lot of activity with international business and federal defense procurement dollars, which is keeping Fairfax County competitive compared to the rest of the country. In terms of state support, there has been great support for the projects that FCEDA proposes with state incentives. They will be reviewed by the EC Task Force for analysis and recommendations.

Supervisor Palchik asked how Fairfax County diversifies to attract new businesses while developing long term strategies to retain existing ones and their workforce. She also asked about areas to focus on for redevelopment. Ms. Nissinen responded that businesses are looking for more quality space and less quantity as the inventory of Trophy and Class A space is very limited. FCEDA is working closely with the EC Task Force on how to redevelop other spaces to attract businesses. Regarding prioritizing locations, Mr. Tarditi stated that spaces along a Metro station (Tysons, Reston) would be considered more important to attract talent. Chairman McKay will offer an addendum to the Board Matter for staff to work with FCEDA to be more proactive and go to property owners with vacant spaces/buildings and present options on how to redevelop their aging properties.

Supervisor Smith said that Sully District should also be considered as an area for new office space or redevelopment of old office space. Supervisor Sizemore Heizer followed by seeking consideration of a more holistic approach to new and redeveloped office space so all parts of the county benefit. She proposed looking at walkable placemaking spaces in other districts that would also have modern office spaces. She also asked for clarification on the increase in employment at the end of 2025.

Supervisor Alcorn mentioned that Board's policy plan takes new transit ready communities into account for economic development. The next phase of the plan will include areas that need revitalization. He asked if product-based companies are being measured for venture capital

opportunities. FCEDA will analyze the companies to determine which types (service-based versus product-based) are receiving funding.

Worker & Business Resources

DEI Director Rebecca Moudry began by introducing business support resources such as the Accelerate Series, Fairfax Founders Fund, Fairfax CORE and Business Resilience Assistance. The Accelerate Series is a quarterly event to assist high tech growth startups that make pitches to an audience of investors. The Fairfax Founders Fund provides capital and technical assistance to accelerate early-stage Fairfax County startups' growth, with a focus on those that are product based. Fairfax CORE connects business owners and entrepreneurs with over 120 resource partners who provide tailored assistance and training guides. Participants also receive an events calendar and monthly newsletter. The Fairfax County EDA provides customized business resilience assistance for those businesses that have had a disruption or transition.

Director Moudry continued with the impact of the resources available. The thirteen awardees of the Fairfax Founders Fund grants have raised an additional \$7.7 million to accelerate their growth. The five winners in the third cohort will be announced very soon. The Accelerate Breakfast Series startup winners have secured an additional \$27.4 million over the past 18 months. Fairfax CORE had 1,200 direct business engagements in FY25 and added nearly 16,000 new users during the same year. Fairfax EDA supported over 1,000 businesses and entrepreneurs with resilience assistance during disruptions in FY25.

With respect to worker support services, there are one-stop employment centers that are no cost to the jobseeker and can connect the person virtually or by appointment. The specialized workforce development programs, such as paid work-based learning, industry-specific training, and post-employment support, help workers at all stages of employment. There are also career fairs, workshops and other hiring events that connect workers with employers. The total number of jobseekers supported through the centers was approximately 12,000 (2,500 of which were displaced federal workers) during last fiscal year.

Resources available to both employers and workers include TalentCapital.ai, The Pivot, and Talent Up NOVA. These resources resulted in over 80,000 individuals with upskilling and reskilling opportunities, over 30 job fairs and entrepreneurship events, and 179 internships through the TalentUp program in FY25. TalentUp is receiving a national award that will be announced tomorrow. She asked all BOS Members to share the resources with their residents.

Fairfax County Revitalization and Redevelopment Economic Incentive Program (RREIP) Expansion Proposal

EIC Chair Storck introduced Elizabeth Hagg, Director, Community Revitalization Section, Department of Planning and Development to discuss expanding the current RREIP. The original Economic Incentive Program, adopted by the Board in September 2020, identified six geographic areas (Baileys Crossroads, Seven Corners, McLean, Richmond Highway, Springfield, Annandale, Lincolnia) to provide economic incentives in the form of real estate tax abatements for a period of 10 years. The effective date of the areas was determined by when the planning processes commenced.

Ms. Hagg remarked that 8 applications have been approved since the inception of the program. The first applications were for the redevelopment of Skyline buildings 1,2 and 3. All buildings were completed in 2023 and 2024 and will receive tax abatements totaling over \$17.7 million through 2032. Since there have been no new applications in the past two years, developers are reluctant to apply for the program since they will not receive the full ten years of benefit. There are also fewer projects in the identified areas for consideration.

Ms. Hagg introduced the new RREIP proposal, which features a separate Economic Incentive Zone within each area established by a new ordinance. Each zone will have a 10-year incentive period and will allow individual projects to have set time periods to complete entitlements and build before the incentive period starts. The program will sunset in 2046 but will still give any project started after 2036 a full ten years of incentives. It is also proposed that the program will expand beyond the original 6 geographic areas.

Two alternatives were presented for the pre-development window, so developers had more time for planning, obtaining entitlements and completing most of the construction. The first is a three-year time period before the incentives begin. The second allowed for a fourth year in the event of a specific factor delaying the process. Ms. Hagg also presented new areas in Culmore, since it connects both the Seven Corners and Baileys Crossroads areas, Annandale, including areas within the Central Business District not in the current designated area, Huntington, which has struggled with redevelopment for various reasons, and Lake Anne, which was included as a result of a study showing the positive impacts of redevelopment with incentives.

The eligibility requirements for developers would remain the same as in the current program. The Board could, however, consider proposals for projects totally less than two acres depending on the situation. In addition, the projects can only be considered if they are submitted for new zoning applications. Ms. Hagg concluded that this new program addresses the current expiring 10-year dates for each of the six current areas. It also allows for more flexibility and includes several important areas that need redevelopment.

Discussion

Supervisor Palchik agreed that the program needed updating and that other areas of the county, such as the border areas of the cities of Falls Church and Fairfax, should be looked at.

Supervisor Smith expressed concern that some parts of the county, including Sully District, have not been considered and questioned whether the Fairfax County EDA and other agencies are involved with identifying areas for redevelopment, especially since most of them involve housing.

Supervisor Lusk thanked staff for the work on the program as he has seen positive impacts on development projects in the Springfield area. He also stated his support for Alternative 2 to give the developers more flexibility in the pre-development process. Supervisor Jimenez followed by thanking staff for including Culmore and parts of Annandale to the new areas and expressed support for Alternative 2.

Supervisor Bierman asked how an application consolidating less than two acres would come before the Board. Although there have been no such applications in the program to date, Ms.

Hagg explained that any application with the rezoning that contains less than two acres would automatically be presented during a public hearing at a Board meeting. Supervisor Alcorn expressed support for Alternative 2. Supervisor Sizemore-Heizer asked that a holistic approach be taken for the entire county and that each area be looked at uniquely for how redevelopment would occur.

Impact of Small Business Pandemic Relief Grant Programs

EIC Chair Storck reintroduced DEI Director Rebecca Moudry for some brief remarks on the impact that the pandemic relief programs had on small businesses. An impact assessment of the RISE and PIVOT programs was recently completed by DEI and George Mason University. The programs supported over 5,300 businesses in Fairfax County, most of which were small businesses with 4-5 employees.

The study indicated that the goals were met as the programs stabilized businesses, helped their survivability, supported economic activity, and contributed to job retention. Director Moudry also pointed out that the study reinforced Fairfax County's reputation as an attractive location for business investment.

Chairman McKay stressed that all BOS Members share the information and celebrate the successes that came out of the pandemic. He commented that no other jurisdiction put as much federal funding to support its small businesses. He emphasized how important it was to have DEI in place before the pandemic to address the loss of business activity and to do it so quickly. He thanked DEI for the outstanding effort.

EIC Storck thanked Director Moudry for the update. The information will be sent to BOS Members in a format that can be shared with their residents.

EIC Chair Storck adjourned the meeting.