Revitalization and Redevelopment Economic Incentive Program

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Board Economic Initiatives Committee
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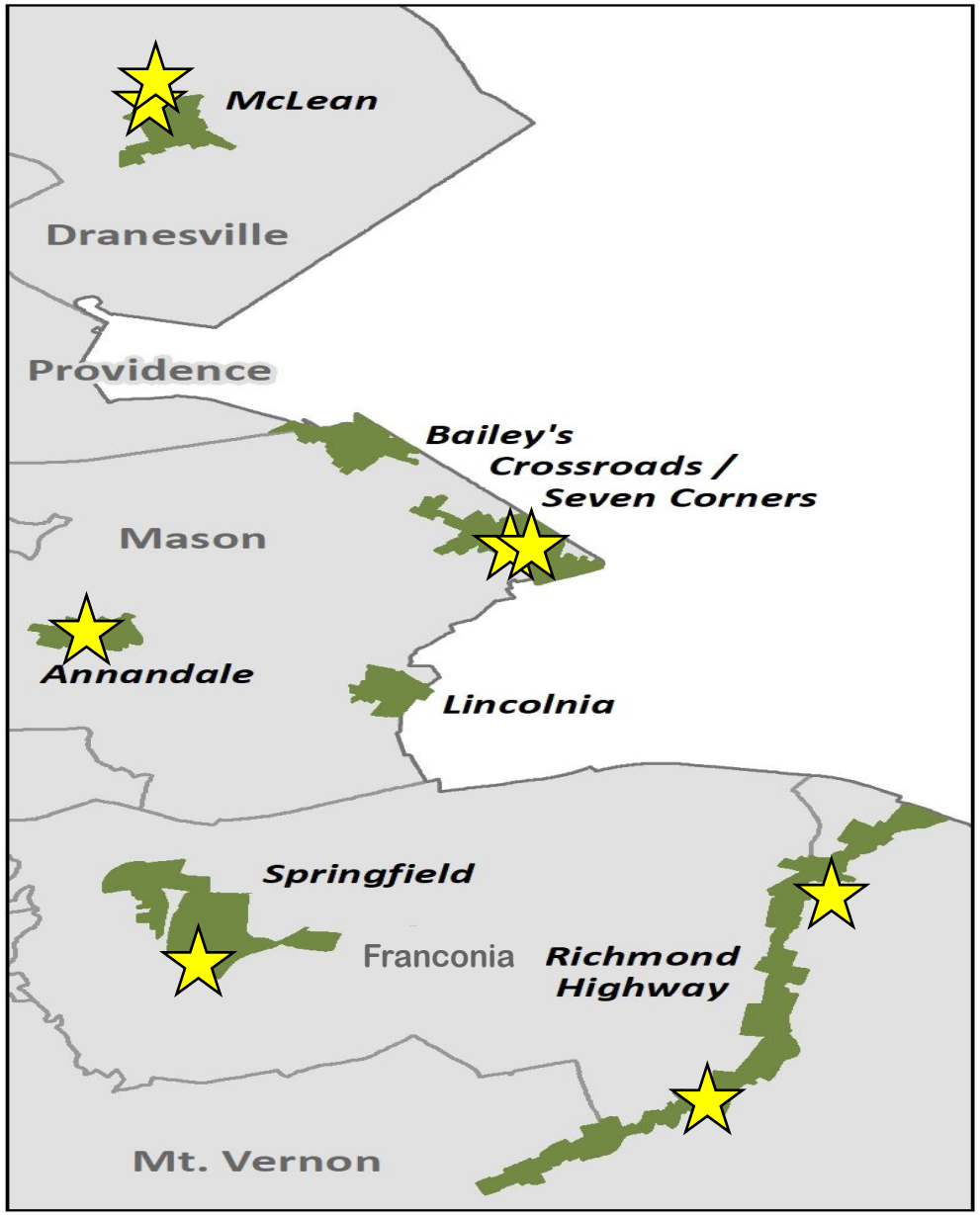
History of Economic Incentive Program (EIP)

- 2017 General Assembly legislation allowed jurisdictions to provide incentives for economic development
- Staff developed a program that the Board of Supervisors adopted on September 15, 2020, called the Economic Incentive Program or EIP
- Six geographical areas were designated as EIP areas and each had effective dates when the financial incentives were available to eligible applicants (total of 10 years)
- The effective date establishes the 10-year real estate tax abatement period

Economic Incentive Areas (EIAs) - Effective Dates



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 $815,981 per year until 2032, for an estimated total of **$6,935,838**
- Skyline Buildings 2 and 3 achieved substantial completion in 2024, and receive tax abatement beginning in 2025 of $1,434,503, per year until 2032, for an estimated total of $10,758,772

Why changes to EIP are desirable

- Existing program is structured to provide 10-year incentive periods (real estate tax abatement) by geographical areas (EIP Areas)
- The program experienced an initial burst of enthusiasm and activity with eight applications approved in the first few years, with one or more project in each area
- As of 2025, any new projects coming in will not be able to achieve the full 10-year tax abatement given the effective dates
- As incentive time periods count down, fewer developers will be inclined to apply for the program, thus slowing the pace of redevelopment in these areas

New Revitalization and Redevelopment Economic Incentive Program (RREIP) Features

- RREIP Is targeted to designate specific zones within designated areas (RREIAs)
- Each zone gets its own 10-year time period
- Each approved application results in a separate ordinance and establishes a separate Economic Revitalization Zone (ERZ), which can be used by applicants to target individual projects
- There is a set time-period for applicant to complete entitlements and build their development before the incentive period begins
- Sunset clause to 2046
- New areas have been added and/or expanded

Alternative Time period for Pre-development Window

Alternative 1:

A three (3) year time period for applicant to complete entitlements and build to substantial completion before the incentive period begins

Alternative 2:

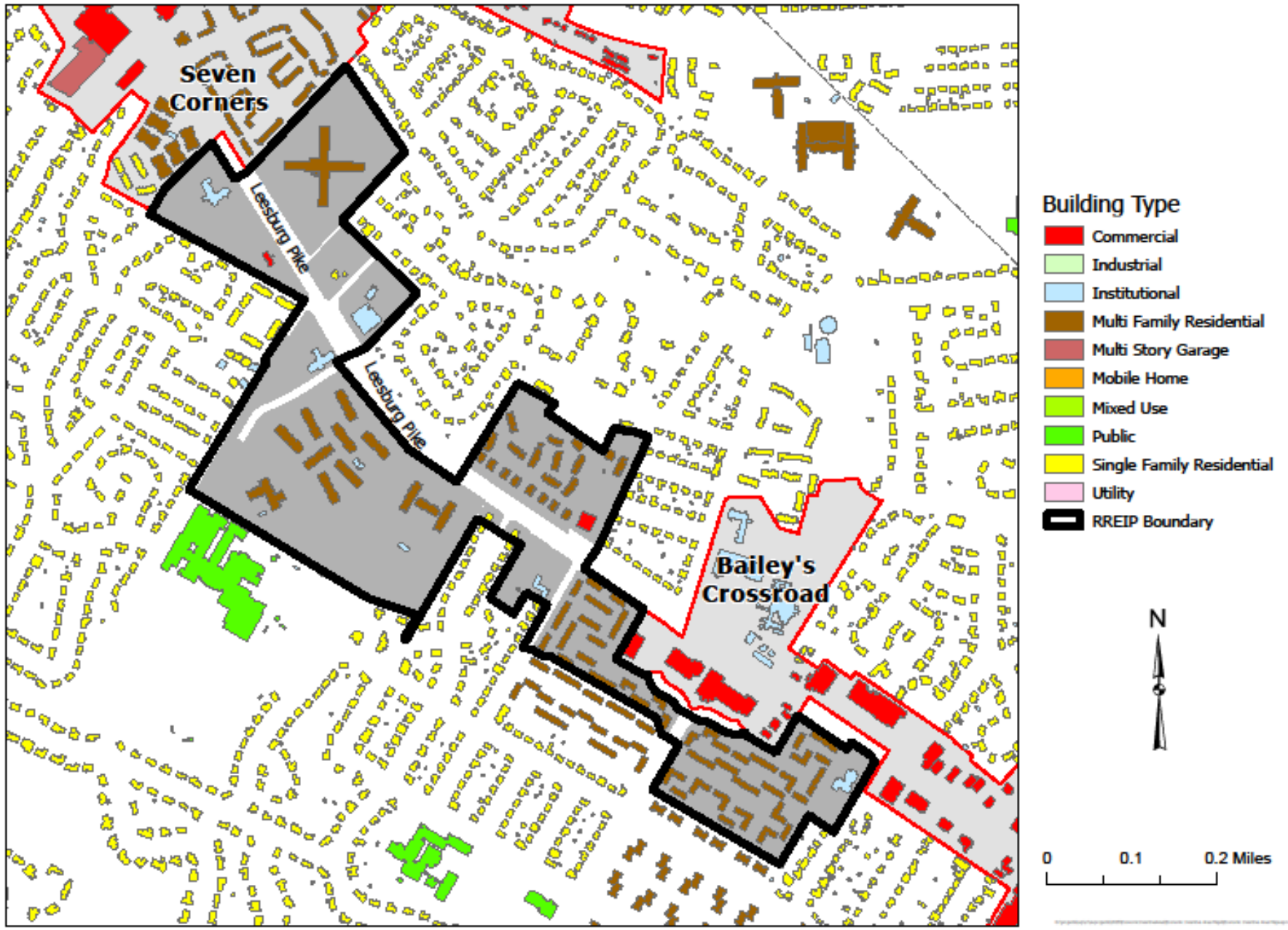
A three(3) year time period for applicant to complete entitlements and substantial completion, unless the board grants **up to an additional one-year extension**

* Note: Board sets the date when the ERZ ordinance is adopted

New Area - CULMORE

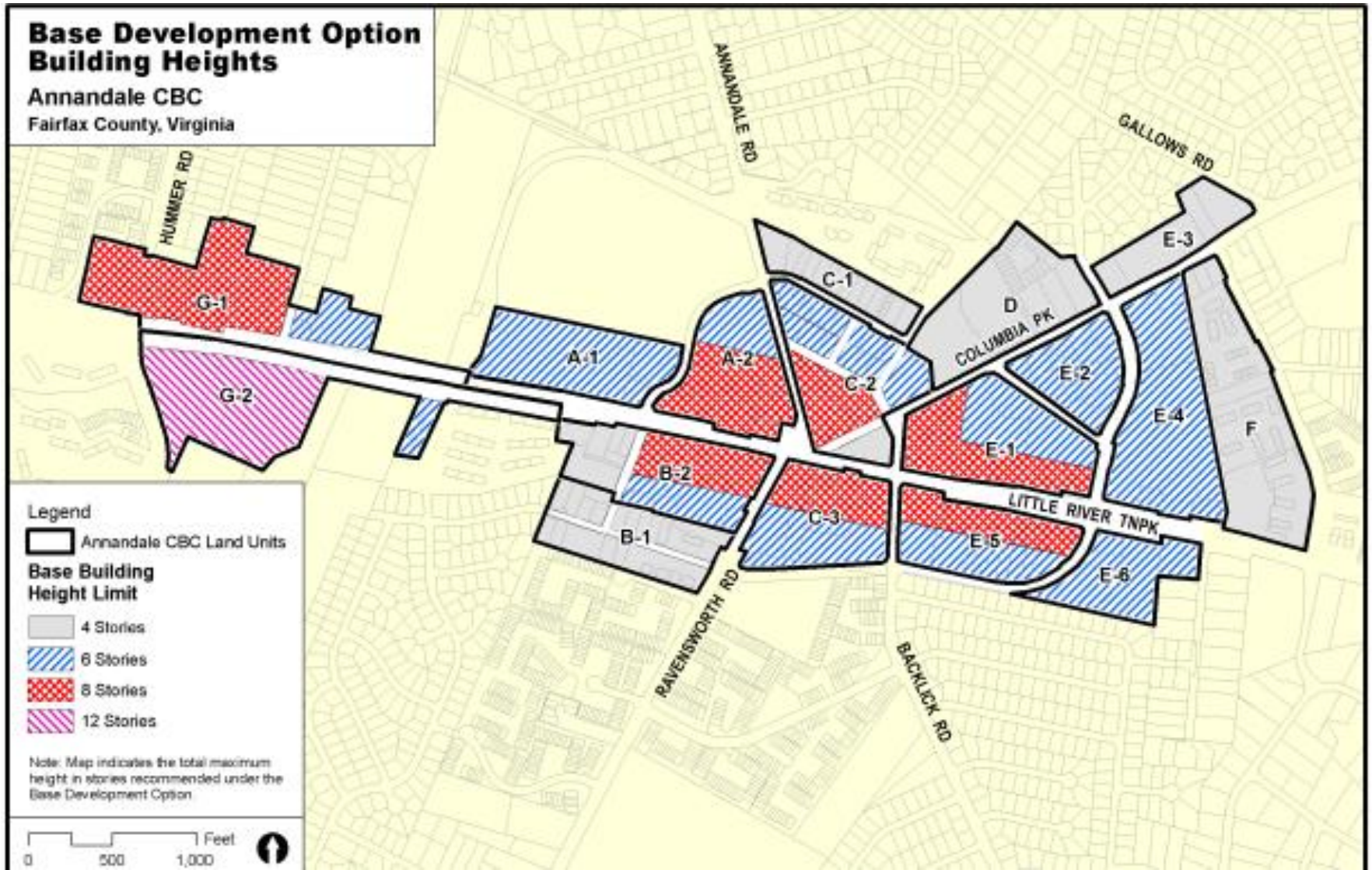
- New Plan amendments being proposed within the Culmore area that would result in significant intensification

- Logical extension of Baileys/Seven Corners CBD



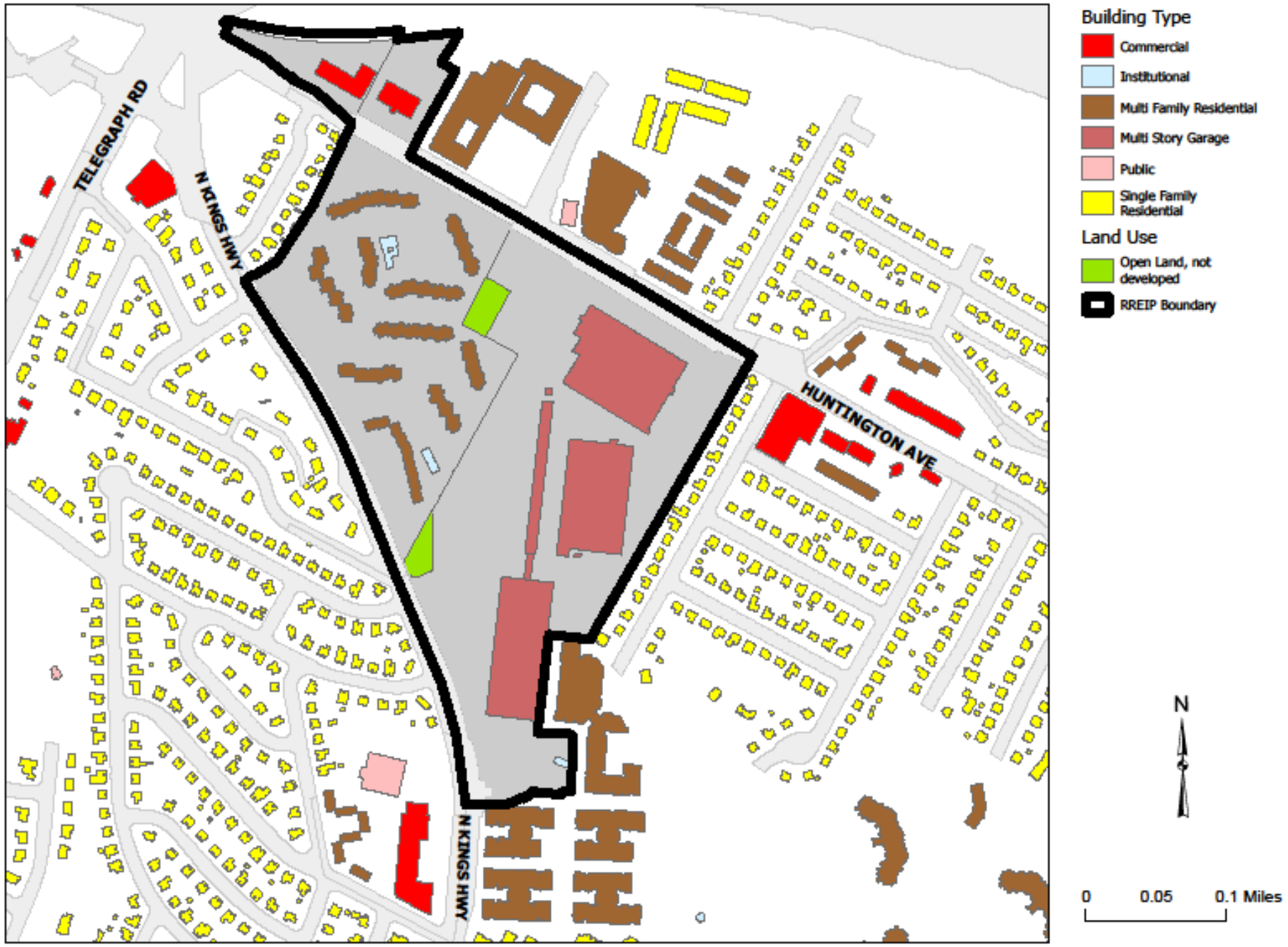
Case for Expanded Annandale RREIP Area

- New Plan amendments being proposed within the CBC
- Additional height & redevelopment potential in CBC
- Redevelopment challenged by multiple small property owners



New Area - HUNTINGTON

Huntington Revitalization and Redevelopment Economic Incentive Area



Case for Huntington RREIP

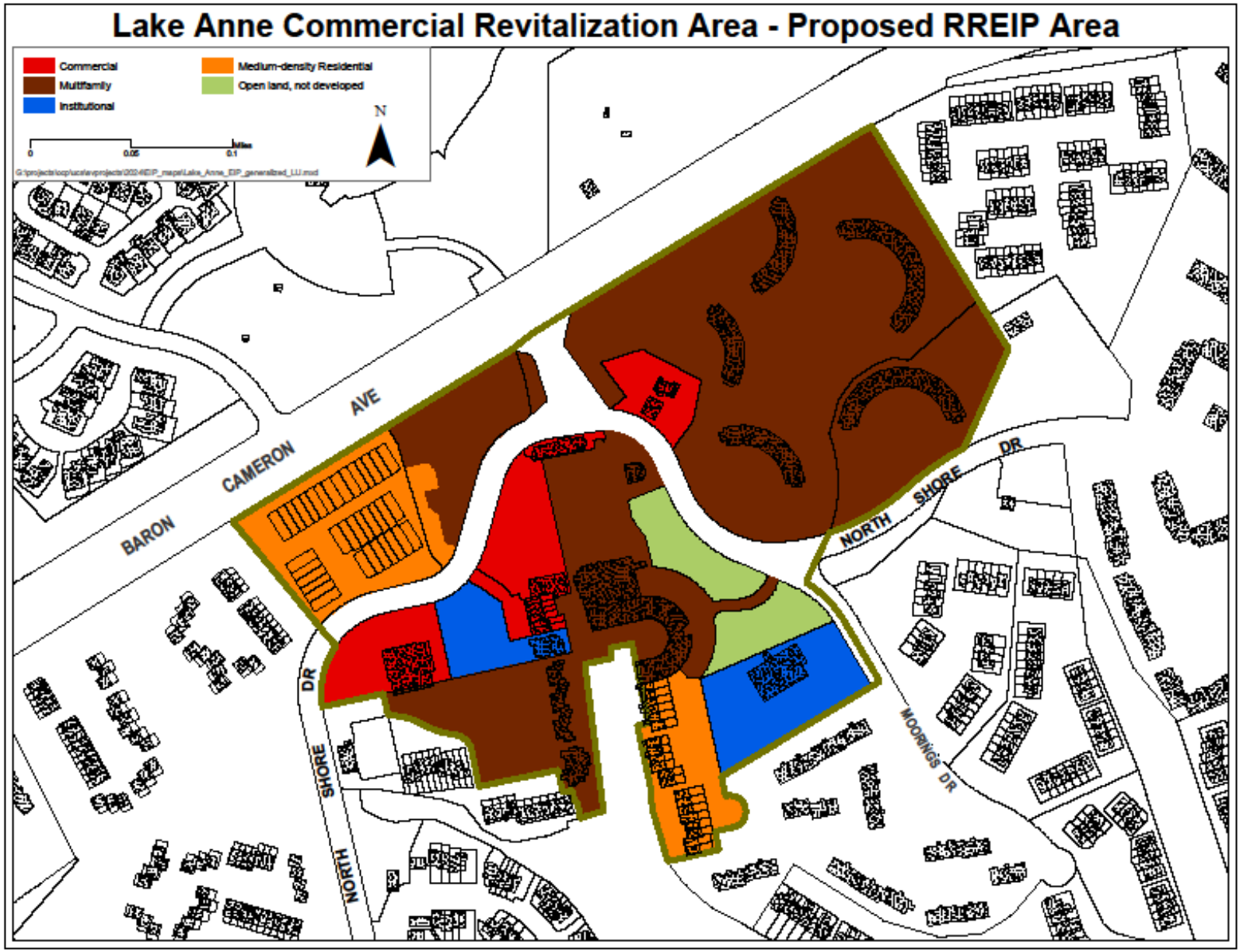
- Need to catalyze Metro station development
- Recent failure of the Huntington Club Condominium redevelopment project
- Redevelopment challenged by topography and soils
- Necessary to encourage important parcel consolidations for economic development



VIEW OF SOUTH STATION AREA



New Area - Lake Anne Commercial Revitalization Area



Case for Lake Anne RREIP

- Need to foster economically sustainable future
- Lake Anne Economic Visioning Study completed in 2024
- Need for County to reinvest in affordable housing
- Redevelopment challenged by multiple small property owners and condominium ownership structure



Eligibility Requirements Unchanged under RREIP

- Commercial, industrial, multifamily or mixed-use development
- Minimum consolidation of two parcels and two acres*
- Existing development may be retained or repurposed
- Project must be located in a designated area - a Revitalization and Redevelopment Economic Incentive Area (RREIA)
- Same areas as before plus new or expanded areas under the RREIP

*Exceptions may be made by the Board

Summary – RREIP

- Addresses problem of expiring 10-year effective dates by area
- Provides needed flexibility
- Greater likelihood that each applicant can achieve the full 10-year real estate tax abatement
- Adds or expands eligibility areas or RREIAs from six to nine and includes an expanded Annandale area from the CRD to the CBC
- Puts program into effect for next 20 years with ability for the Board of Supervisors to extend if so desired
- All applications approved under the existing Economic Incentive Program would continue under that program

PLANNING & DEVELOPMENT

Q & A