

**AN ORDINANCE ADOPTING
ARTICLE 29 OF CHAPTER 4 OF THE FAIRFAX COUNTY CODE, RELATING TO
INCENTIVES to ENCOURAGE ECONOMIC GROWTH**

AN ORDINANCE to amend the Fairfax County Code by adopting Article 29 to Chapter 4 relating to incentives to private entities to encourage economic growth.

Be it ordained by the Board of Supervisors of Fairfax County:

- 1. That Chapter 4, Article 29 of the Fairfax County Code is adopted, as follows:**

ARTICLE 29. – Incentives to Encourage Economic Growth.

Section 4-29-1. Title.

This ordinance shall hereafter be known, cited and referred to as the “Economic Incentive Program Ordinance” of Fairfax County.

Section 4-29-2. Purpose and Intent.

Fairfax County seeks to provide economic revitalization and redevelopment opportunities, in accordance with §§ 15.2-1232.2 and 58.1-3219.4 of the Code of Virginia, by offering regulatory and financial incentives, including partial real estate tax exemptions as set forth below, to encourage the private sector to purchase, assemble, revitalize, and redevelop real property suitable for economic development that is consistent with the vision contained in the Comprehensive Plan adopted by Fairfax County.

Section 4-29-3. Definitions.

- (a) Application means the form provided by the Director to be filed by an applicant seeking approval of the redevelopment of an assemblage of parcels and the granting of economic and regulatory incentives pursuant to the terms of this Article.
- (b) Assemblage means the combination of adjoining parcels, with different owners, into a single development in accordance with this Article.
- (c) Commercial and industrial properties include all real property, excluding commercial condominiums, used for or zoned to permit commercial or industrial uses that are approved and designed for retail or wholesale trade, hotel, restaurant, offices, clinics,

warehouses, light manufacturing, and other such uses. Such classification of real property excludes all residential uses.

- (d) Director means the Director of the Department of Planning and Development, or the designated agent of that Director.
- (e) The Economic Incentive Program includes designated Economic Incentive Areas listed in Section 4-29-4 that operate for the purpose of economic revitalization as provided for in Va. Code § 15.2-1232.2 and for redevelopment pursuant to Va. Code § 58.1-3219.4.
- (f) Multifamily residential development includes apartments or any building containing more than four residential units, including live/work or senior housing units. Such classification of real property excludes single-family detached and attached residential units, cooperatives, and residential condominiums.
- (g) Proposed development means the proposed site design and uses submitted by the applicant(s) for approval under this Article.
- (h) Qualifying property means any assemblage approved by the Board of Supervisors under the criteria of this Article.

Section 4-29-4. Economic Incentive Areas.

The following areas are hereby established as individual Economic Incentive Areas included in the Economic Incentive Program:

- (a) Annandale Incentive Area: the Annandale Commercial Revitalization District as established in Appendix 7 of the Fairfax County Zoning Ordinance.
- (b) Bailey's Crossroads/Seven Corners Incentive Area: the Bailey's Crossroad/Seven Corners Commercial Revitalization District as established in Appendix 7 of the Fairfax County Zoning Ordinance.
- (c) Lincolnia Incentive Area: the Lincolnia Commercial Revitalization Area (per the Comprehensive Plan, 2017 Edition, amended through July 16, 2019; Lincolnia Community Business Center, Pg. 19, Figure 10).
- (d) McLean Incentive Area: the McLean Commercial Revitalization District as established in Appendix 7 of the Fairfax County Zoning Ordinance.

- (e) Richmond Highway Incentive Area: The Richmond Highway Commercial Revitalization District as established in Appendix 7 of the Fairfax County Zoning Ordinance and the following within the Richmond Highway Corridor per the Comprehensive Plan, 2017 Edition, amended May 1, 2018:
- (1) Suburban Neighborhood Area (SNA) between North Gateway and Penn Daw Community Business Centers (CBCs) (Pg. 167, Figure 67).
 - (2) SNA between Penn Daw and Beacon/Groveton CBCs (Pg. 169, Figure 68).
 - (3) SNA between Beacon/Groveton and Hybla Valley/Gum Springs CBCs (Pg. 170, Figure 69).
 - (4) SNA between Hybla Valley/Gum Springs and South County Center CBCs (Pg. 173, Figure 70).
 - (5) SNA between South County Center and Woodlawn CBCs (Pg. 179, Figure 71).
 - (6) SNA adjacent to Woodlawn CBC (Pg. 182, Figure 72).
 - (7) Land Units R and Q of the Huntington Transit Station Area (per the Comprehensive Plan, 2017 Edition, amended through October 16, 2018; Pg. 25, Figure 9).
 - (8) The areas located between a Richmond Highway CRD and a Richmond Highway SNA that abut Richmond Highway, as depicted on the attached maps 1-4.
- (f) Springfield Incentive Area: the Springfield Commercial Revitalization District as established in Appendix 7 of the Fairfax County Zoning Ordinance and the Franconia-Springfield Transit Station Area, except for those areas planned for single-family residential development, i.e. sub-units Q and R and the portion of sub-unit N north of the Springfield-Franconia Parkway) (per the Comprehensive Plan, 2017 Edition, amended through March 19, 2019; Franconia-Springfield Area Land Unit Map Pg. 37, Figure 7).

Section 4-29-5. Application and Review of Eligibility.

- (a) The Director will determine and publish the procedure for submitting an application. Owners of property located within an Economic Incentive Areas designated in Section 4-29-4, may submit an application to the Director.
- (b) Such application must be submitted on forms provided by the Director and must include a plan for development as well as any additional schedules, plans, specifications, and an estimated fair market value of the proposed development that the Director requires.

- (c) Every owner of any parcel included in the application must be a party to the application. However, an individual who is the owner of an undivided interest in a parcel may apply on behalf of himself and the other owners of the parcel upon submitting an affidavit that the other owners either: (1) affirm the application, (2) are minors, or (3) after a diligent search, cannot be located.
- (d) Upon receipt of an application, the Director will determine whether the application meets the eligibility criteria under this Article, the Comprehensive Plan, and all laws and policies related to the provision and preservation of affordable housing. If the application is found eligible, the Director will forward it to the Department of Tax Administration for calculation of an estimated base fair market value based upon the initial proposed development. Any application failing to meet the eligibility criteria will be denied and will be reconsidered only after all missing criteria are met.
- (e) The Director will submit an eligible application to the Board of Supervisors for approval either in conjunction with a concurrent rezoning application or separately for a by-right development proposal.
- (f) The application must meet both general and specific eligibility requirements as set forth in Section 4-29-6, as well as Virginia and local law, before being considered for approval by the Board of Supervisors.

Section 4-29-6. Eligibility.

- (a) The proposed development must be a commercial, industrial, and/or multifamily residential development within the territorial limits of an Economic Incentive Area as described in Section 4-29-4.
- (b) An application must contain a newly proposed assemblage, not previously approved for a rezoning or site plan by the County, of at least two contiguous parcels that collectively total a minimum of two acres. The application must conform to all laws and policies related to the provision and preservation of affordable housing and the use and consolidation recommendations in the Comprehensive Plan. Smaller acreages may be considered by the Board for good cause shown, such as to facilitate redevelopment of parcels. A single parcel may contain multiple structures, but all structures must be fully contained within its parcel lot lines before approval of the application.
- (c) A minimum of two acres of the assemblage, unless modified by the Board as set forth in paragraph 4-29-6(b), must be located within an Economic Incentive Area for the entire assemblage to qualify. Some small acreage of the assemblage may lie outside of the

delineated boundary of the Economic Incentive Area but the area outside of the boundary cannot be counted toward the 2-acre minimum requirement.

- (d) Applicants are responsible for obtaining any necessary zoning and site plan approvals in accordance with the Zoning Ordinance and state and local law before receiving incentives in Section 4-29-8(c)(2).
- (e) No improvements made to real property are eligible for real estate tax incentives pursuant to the Article unless approved by the Board of Supervisors.

Section 4-29-7. Calculation of Partial Real Estate Tax Exemption.

A qualifying property shall receive a partial tax exemption to the general real property tax in an amount that is equal to the difference between (i) the Base Value and (ii) the fair market value of the parcel including all new structures or other improvements at the time of the final inspection and valuation. The partial exemption shall also include any increase or decrease in the fair market value of the tax-exempt portion of the qualifying property as annually assessed by the Department of Tax Administration.

- (a) Following Board approval of the application and upon written request from the applicant, the Department of Tax Administration will determine a final base fair market value ("Base Value") for the qualifying property. The Base Value shall be the fair market value of the qualifying property at the time of determination plus the first \$1,000 in assessed value on the structure(s) planned to be built or repurposed on the assemblage.
- (b) Applicant shall submit a written request for final inspection and valuation by the Department of Tax Administration at any time after construction of any structure is substantially complete ("substantially complete" meaning the point where the physical shell is completed and basic components of the building are installed and improved including complete installation of elevators, electrical, HVAC, and fire prevention sprinkler systems). If the proposed development contains multiple buildings to be constructed or repurposed in multiple stages, the tax exemption shall be recalculated for each lot upon substantial completion and a final inspection and written valuation request from the applicant.
- (c) The Department of Tax Administration shall provide written notification to the property owner of the amount of the assessment of the property that will be exempt from real property taxation and the period of such exemption.
- (d) The partial tax exemption shall run with the land, and, except as otherwise provided in this Article, the owner of such property during each year of the partial exemption shall be

entitled to receive a partial tax exemption in the amount specified by the Department of Tax Administration.

Section 4-29-8. Economic Incentives.

- (a) Incentives shall be administered by the Director and the Department of Tax Administration in accordance with to the general provisions of this Article.
- (b) Regulatory incentives become effective upon a determination of eligibility by the Director and include:
 - (1) Expedited scheduling of zoning applications.
 - (2) Concurrent processing of a Comprehensive Plan amendment with an associated zoning application.
 - (3) Concurrent processing of a site plan and a zoning application.
 - (4) Inclusion in the Land Development Services Project Management Program.
 - (5) A lower project value to qualify for Fairfax County Land Development Services' Modified Processing Program.
- (c) Financial incentives include:
 - (1) A 10 percent reduction in the site plan fee submitted at the time of application.
 - (2) Partial real estate tax incentives.

Section 4-29-9. Timing or Effective Rate of Incentives.

Each Economic Incentive Area shall extend for a period of up to 10 years from the date of the initial establishment of the area as set forth below:

- (a) Annandale Incentive Area: This area shall take effect on January 1, 2025, and expire on December 31, 2034.
- (b) Bailey's Crossroads/Seven Corners Incentive Area: This area shall take effect on July 1, 2022, and expire on June 30, 2032.
- (c) Lincolnia Incentive Area: This area shall take effect on January 1, 2025, and expire on December 31, 2034.
- (d) McLean Incentive Area: This area shall take effect on July 1, 2024, and expire on June 30, 2034.

- (e) Richmond Highway Incentive Area: This area shall take effect on July 1, 2024, and expire on June 30, 2034.
- (f) Springfield Incentive Area: This area shall take effect on July 1, 2024, and expire on June 30, 2034.

The timeframes enumerated above constitutes the incentive period for each Economic Incentive Area. Real estate tax incentives as set forth in Section 4-29-8(c)(2) shall be effective between January 1 of the tax year next succeeding the year following substantial completion and the end of the incentive period, at which time, the real estate assessment on the subject parcels will revert to full market value. All incentives shall terminate no later than the expiration date for each Economic Incentive Area listed above.

Section 4-29-10. Failure to pay real estate taxes in a timely manner.

The incentives provided for in Section 4-29-8 shall be suspended if the real estate tax on the qualifying property has not been paid on or before July 28 and December 5 of any year, as required by Sections 4-10-1 and 4-10-2. Failure to pay the real estate tax on or before the day on which the real estate tax is due shall result in the forfeiture of any incentives in that year, and in such cases, the taxpayer shall be liable for the annual real estate tax that otherwise would have been assessed on the full fair market value of the improved real property. Late payment of the real estate tax on the qualifying property shall be subject to late payment penalties and interest in accordance with Sections 4-10-1 and 4-10-2. However, the Director of the Department of Tax Administration may waive any penalty and interest and reinstate the real estate tax exemption if the failure to pay the real estate tax was not in any way the fault of the taxpayer.

2. That the provisions of this ordinance shall take effect on September 15, 2020.

GIVEN under my hand this 15th day of September, 2020.



Jill G. Cooper

Clerk to the Board of Supervisors
Department of Clerk Services