

**Economic Advisory Commission
Meeting Summary
conducted via Zoom
February 16, 2021**

The February 16 Economic Advisory Commission (EAC) meeting was held virtually via Zoom because of the COVID-19 pandemic. EAC Chairman Foust began the meeting explaining that as such the meeting had to follow certain procedures due to FOIA and Fairfax County's Emergency Ordinance. The first requirement was that all EAC members could hear the proceedings from their individual locations. Those who could not were asked to raise hands or send a message through the chat box. EAC members were also requested to send their general location through the chat feature or send a message to Vance Zavela at Vance.Zavela@fairfaxcounty.gov.

Chairman Foust then handed over the gavel to EAC Vice Chair Storck to preside over the following motions that address the need for an electronic meeting and dispensing with normal FOIA procedures for continuity of operations during the pandemic:

- 1) Moved that "the State of Emergency caused by the COVID-19 pandemic makes it unsafe for this Commission and the public to physically attend this meeting in person, and the usual procedures cannot be implemented safely or practically. As a result, I further move that the Economic Advisory Commission conduct this meeting electronically through a dedicated video- and audio-conferencing line, and that the public may access this meeting by calling 602 333 0032 and entering access code 167352." It was approved unanimously.
- 2) Moved that "the Economic Advisory Commission certify that the matters on its agenda today relate to the COVID-19 emergency itself, are necessary for continuity in Fairfax County government, and/or are statutorily required or necessary to continue operations and the discharge of the Commission's lawful purposes, duties, and responsibilities." It was approved unanimously.

Supervisor Foust recognized Chase Suddith from the Department of Economic Initiatives to go over procedures on how to participate in the meeting. Afterwards, the October 13 meeting summary was accepted with no changes.

In his introductory remarks, Supervisor Foust provided an update on the Economic Recovery Framework, which was presented at the October EAC meeting. The document is now in final draft and will be discussed by the Board of Supervisors at the March 16 Economic Initiatives Committee (EIC). He mentioned that the Board of Supervisors directed staff to work with the Economic Development Authority to make recommendations on targeted grants and other programs to provide relief for those businesses and nonprofits disproportionately impacted by the pandemic. Between \$10-15 million could be made available through the Economic Opportunity Reserve for these programs. He encouraged all EAC members to listen in on the discussions at the March 16 EIC meeting.

BOS Chairman McKay followed by saying that Fairfax County is getting through the pandemic better than anywhere else in the country. As a result, we will build back better while also addressing the inequities in our communities. He also expressed his great interest in the Richmond Highway Market Study presentation both as a native of the area and as a member of the Board of Supervisors. He added that there is a great opportunity for the Richmond Highway corridor to recover and grow considering the over \$1 billion in investments being made in transportation and infrastructure projects such as the Bus

Rapid Transit (BRT), METRO extension, pedestrian, historic preservation, and environmental projects. He also highlighted Fort Belvoir as the largest employer in Fairfax County and the tremendous opportunities for partnerships to foster economic growth. Finally, he thanked the Economic Development Authority, Supervisor Storck and Supervisor Lusk for their work over the years on this effort.

Richmond Highway Market Assessment Study Presentation

- ***Introduction by Supervisor Dan Storck and Supervisor Rodney Lusk***

Supervisor Storck gave a brief history of the key initiatives in the corridor, including the Embark Comprehensive Plan changes in 2018 as well as the Department of Rail and Transportation (DPRT) study that identified the need for mass transit (BRT) and future METRO extension. A strategic economic development team (FCEDA, area chambers of commerce, county staff) was formed to focus specifically on economic growth in the corridor, with the market assessment study as one of the steps taken in the process to improve the key economic components - Fort Belvoir, hospitality and tourism, and retail.

Supervisor Lusk thanked FCEDA and Partnership for Economic Solutions for their work on the study. He concurred with the findings and expressed disappointment over the lack of interest by the defense industry and high technology companies to relocate to the corridor due to the lack of Class A office space (about 8% of total office space inventory). He discussed his experience both as a Planning Commission member and as a FCEDA staff member to bring projects like those in the Groveton and Hybla Valley areas to fruition. The recommendations he specifically supports are: 1) changing and creating a sense of place (starting with our public building); 2) providing technical support for small, women, minority, and veteran owned businesses (including financial assistance); and 3) identifying and activating open spaces for each central business district (CBC) to create a unique identity. He is committed to helping the Hybla Valley communities (with lowest AMI in the corridor of \$51,270) by a) developing an employment and training center (with trades and maker space) at the old Mount Vernon Tennis and Athletic Club; b) identifying specific entry level trades and technology jobs with competitive wages and include certifications; and c) identifying emerging technologies (e.g., drones, sensors) that could benefit Fort Belvoir and its partner agencies.

- ***Presentation by Anita Morrison and Abigail Ferretti, Founding Principals, Partners for Economic Solutions***

The primary focus of the Richmond Highway Market Study was to look at ways to leverage private investment (in retail, hospitality, and office space) with the new transit and infrastructure being committed to the corridor. The study included an assessment of the existing conditions, development of a market analysis, reporting findings, opportunities, and market themes, as well as putting together a toolkit (lessons learned) for next steps in the short and long term. The market assessment included residential projections, retail, hotel, and office in the 7 CBCs along the corridor. She pointed out that there was no distinction in the projections between North Gateway and Huntington, so they were merged.

In terms of future household growth, the projection is that units will increase by 50% or 17,600 by 2035. New households will include multi-family units such as apartments, condominiums, and townhouses. The BRT will make it more attractive for development. With respect to retail, there are currently 3.9 million square feet. The study showed it to be relatively healthy compared to other jurisdictions around the country. The success of the RISE grant program during the pandemic made a big difference in stabilizing the sector. The hotel sector, with 1,124 competitive rooms and three independent hotels with 204 rooms, had been doing very well until the pandemic. Finally, the office

space in the corridor is about 1.2 million square feet was considered competitive though it had a lack of Class A space.

- Key conclusions
 - ❖ Retail
 - Overall demand of new space is projected to be between 447,000 square feet and 493,000 square feet between 2020 and 2030.
 - Greatest growth will be in Hybla Valley/Gum Springs and Beacon/Groveton areas.
 - Old and obsolete spaces will be replaced with newer mixed-use developments which will lead to higher rents.
 - ❖ Hotel
 - Competition in the northern cluster of hotels near the corridor have been impacting development of hotels in the southern section of the corridor even without the pandemic.
 - The competition in the northern sector of the corridor could support a hotel in the Huntington Metro area in the short term (4-5 years) following the pandemic.
 - The southern cluster of hotels is be affected by Fort Belvoir itself with its own hotel and lodging on the installation.
 - In the long term the southern sector of the corridor could support a boutique hotel once tourism begins in earnest again. The cross marketing and packaging being developed in that part of the corridor will also contribute to the success of this type of hotel.
 - ❖ Office
 - There will be demand between 180,000 and 380,000 square feet, mainly in the North Gateway/Huntington area.
 - The demand is constrained by the vast amount of vacant office space in the region. As a result, developers will shift the focus to residential development for the next 5-10 years.
 - Long term demand for office space will continue to focus on small neighborhood offices, though there is great potential for innovation and maker space in former shopping centers or at old Mount Vernon High School.

The three major market themes identified in the corridor are auto-oriented suburbia, loss of legacy businesses and Route 1 Anywhere USA. Responses to those themes include shifting to urbanity (densification for more pedestrian traffic, streetscapes), technical/financial support to preserve small affordable spaces, and placemaking and branding. The framework to guide development along the corridor include: 1) Physical (creation of place); 2) Infrastructure (sidewalks, bike trails); 3) Technical Assistance (Department of Economic Initiatives, Community Business Partnership, Small Business Development Center); 4) Community Programs; and 5) Investor/Lender Relations.(Opportunity Zones).

The lessons learned from examining the corridor and comparing to other jurisdictions include major public investment to support private redevelopment, enhancing pedestrian experience, placemaking, shift to urbanity, corridor transformation from strip shopping centers, introduction of mass transit (BRT), and forceful leadership. The other jurisdictions highlighted were Rochester, MN and Shoreline, WA. Technical assistance played a key role in those redevelopment efforts. Community branding examples in Massachusetts (Battle Road Scenic Highway), Kansas City, MO, and

Montgomery County, MD were highlighted to show how each Richmond Highway corridor CBC can maintain its own identity but be included in one major brand. Finally, space activation in Brazil, New Zealand, and San Francisco brought in more customers to shop and dine.

- ***Next Steps by FCEDA President Victor Hoskins***

Investments have already begun through the RISE program, which granted over \$52 million to support small, minority, women, and veteran-owned businesses in the corridor. He thanked County Executive Hill for his leadership in creating DEI and aligning it with FCEDA and County leadership to attract investments in Richmond Highway. He and Hill have begun holding meetings with Fortune 500 companies and other private investors looking to develop multifamily units. It is critical to align the government, private investors, and the community to best identify the needs in the corridor.

Through his experiences with revitalization efforts around the United States, there are three steps that are needed: 1) gathering information; 2) developing a strategy; and 3) engaging with investors. The Economic Incentive Program is attracting attention from private investors. The biggest challenge in the corridor will be vacant retail, but public investment there will make a difference.

- **Discussion**

- The establishment of the brand will be important to have so developers will not build the same way as they do elsewhere. It will provide an opportunity to create something to fit with the vision of the community. Public art will also play a key role in the identity of the community and could be on private property.
- Allowing for temporary spaces with flexible regulations will help preserve legacy businesses and foster placemaking.
- Since the Richmond Highway corridor is characterized mainly by the neighborhood style office space, it will be more stable once the pandemic is over compared to other areas since they have much larger office buildings that may not be filled. A potential shift to satellite office space may benefit the corridor.

Holistic Equitable Real Estate Development Presentation by Dr. Leon Caldwell, Founder, Ujima Developers, LLC

Dr. Caldwell began by defining holistic equitable real estate development as the strategic investments in acquisition and programming that promote economic mobility, health, and wellbeing for residents historically disadvantaged and marginalized. It looks at the specific disproportionate impact of the pandemic on those communities. In addition, it uses both social impact ROI and Community ROI (CROI), which is not used often. The CROI will involve discussions with developers to identify those characteristics that also benefit those disadvantaged communities.

Ujima's brand is data driven, community informed and solution focused. It includes a braided alignment that looks at inclusiveness and sustainability. The data capture cultural nuances at the neighborhood level. These data will be shared with developers for them to see the community more holistically to promote economic mobility. Speaking in terms of economic mobility is more attractive as a brand to developers than saying poverty reduction.

Ujima has created the **STEAM²IE** Workspace (stands for **STEM** plus **Arts** plus **Innovation** and **Entrepreneurship** with **M²** representing math and manufacturing), a makerspace model for urban neighborhood centered economic mobility. It cultivates talent in tech-oriented fields and targets those residents who have not been included in such opportunities. The COVID-19 pandemic has shown that many of the tech-oriented jobs available only require post-secondary training and not a college degree.

Dr. Caldwell pointed out the importance of a jurisdiction's transportation policy and how it provides a sense of freedom to work, live and play in one's community. The mitigation of transportation costs and time is critical to the mobility of those with fewer resources.

He provided an example of a redevelopment project in West Philadelphia, which includes investments in affordable (age-friendly) housing, and a mixed-use building with a food retail establishment, 18 apartment units and telemedicine/telehealth floor, commercial kitchens for entrepreneurs, and a vertical farm. The STEAM²IE Workspace in the area will focus as a maker space and a urban agri-tech center to teach vertical farming and the business of microfarming. It will also include tech-oriented training such as welding, 3-D printing, cybersecurity, and textiles. Finally, it will include incubator space for businesses. The entire neighborhood is a 10-minute walk from home to work.

Like Philadelphia, it will be a matter of political will to understand gaps that exist in the neighborhoods in the Richmond Highway corridor and to develop a real estate strategy that is equitable.

- **Discussion**

- Access to capital has been in part a structural racism issue. However, public partnerships and private philanthropy can play a key role in supporting small businesses. The STEAM²IE Workspace got started through a \$200,000 grant from the Fels Foundation of Philadelphia but has since received over \$1 million in funding through the state of Pennsylvania. He is looking into EDA, USDA and DoD grants. Government can also provide credit enhancements, seed funding and public pressure on large financial institutions.
- A question came up regarding whether the Class C landlords are looking to hold out for a redevelopment deal or are they going to stay and be relevant in the newly redeveloped area. It was referred to Abigail Ferretti who said it was both.
- Esther Lee mentioned that Refraction is planning some pitch events on access to capital. It will include sources from outside of the region. She remarked that there could be federal funding available for the innovation hubs such as STEAM²IE Workspace. Finally, she invited all EAC members to view this Thursday's Smart Cites Challenge finale and awards.
- A question about new food stores and vertical farming along the corridor was raised. Ferretti said the study found no increased demand for new food stores, but vertical farming is an option to introduce. However, the smaller cultural markets, like Bestway, could be beneficial if they are educated on healthy food options.

Meeting was adjourned.

EAC MEETING ATTENDANCE LIST 2/16/2021 (with locations)

PRESENT: Hon. Walter Alcorn (Hunter Mill District), David Baker (Alexandria), Barry Biggar (Fairfax), Dominic Bonaiuto (Lee District), Janice Brangman (Fairfax), Mark Carrier (Reston), Anthony Chang (Falls Church), Taylor Chess (Fairfax), Dr. Terry Clower (Stafford), Clayton Medford for Julie Coons (Woodbridge), Angelica Delboy (Fairfax), Hon. Pradip Dhakal (Herndon), Sheila Dixon (Tysons), William Drohan (Great Falls), Hon. John Foust (Dranesville District), Paul Gilbert (Fairfax Station), Sol Glasner (Tysons), Hon. Penelope Gross (Mason District), Luanne Gutermuth (Annandale), Hon. Patrick Herrity (Springfield District), Bryan Hill (Fairfax), Victor Hoskins (Baltimore County), Todd House (Dranesville), Mark Ingrao (Chantilly), Evan Kaufman (Richmond, VA), Stephen Keat (Mount Vernon District), Edythe Kelleher (Fairfax), Esther Lee (McLean), Hon. Rodney Lusk (Lee District), Sean Mallon (Hybla Valley/Mt. Vernon), John McGranahan (Tysons), Hon. Jeffrey McKay (Fairfax), Kevin McNulty (Mount Vernon District), Phillip Niedzielski-Eichner (Providence District), Hon. Dalia Palchik (Providence District), James Quigley (Vienna), TJ Radtke (Reston), Kevin Reynolds (Fairfax), Todd Rowley (Fairfax), Brian Schoeneman (Centreville), Hon. Kathy Smith (Sully District), Hon. Dan Storck (Mount Vernon District), Julie Strandlie (Alexandria/Mason District), Linda Sullivan (Falls Church/Mason District), James Tholen (Dranesville District), Tom Weithman, Carol Welti (Vienna), Brian Winterhalter (Washington, D.C.), Clifford Yee (Fairfax), Hillary Zahm (Chicago, IL)

NOT PRESENT: Dr. Scott Brabrand, Kelly Pride Hebron, Hon. William Hollaway, Thomas Dana Kauffman, Robert Makheja, Shelton Rhodes, Mohammed Siddique Sheikh, Sharon Steele, Keil Stone, John Thillman, Hon. James Walkinshaw, Niki Zimmerman