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Fairfax County Board of Supervisors Economic Initiatives Committee, Tuesday, December 10, 2024

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[00:00:05] Good morning, folks. You have the benefit or the detriment of my voice, which is the good news is I won't be speaking much. The bad news is hopefully you can hear me. Chairman McKay and I spent some time this morning.

[00:00:22] I'm going to let him talk about that because I think it was a positive for all that we do. But I'm going to go ahead and get the meeting started. We need to make a motion. Oh, that's right. You have it. I just wanted to make sure we didn't forget to. Why don't we?

[00:00:37] Okay. And Kathy is not here, so if you don't mind just vice chairing for a moment, because I do have a motion to allow Supervisor Walkinshaw to participate remotely. And to do that, first, Supervisor Walkinshaw, can you please state your name and general location for the record?

[00:00:57] James Walkinshaw. I'm at my home in Annandale, Virginia. Thank you very much. I move that the Economic Initiatives Committee certify for the record that Supervisor Walkinshaw's voice can be adequately heard by all persons assembled here at the Government Center.

[00:01:13] And I further move that this committee approves Supervisor Walkinshaw's remote participation as it fully conforms to the Fairfax County Board of Supervisors policy for remote participation in meetings. We have a motion and second by President Palachuk. Any discussion?

[00:01:29] If not, all those in favor of the motion, signify by saying aye. Aye. Opposed? Abstentions, so carried. Thank you. And we'll go right to the meeting. Excuse me. I'm going to save this part for later, but we did have our notes in the last meeting.

[00:01:48] Were there any objections or concerns about the notes? If not, we'll accept them as read. And I'm going to immediately turn to Scott Sizer to get us started. Scott. Thank you, Chairman Stork and members of the board.

[00:02:04] I'm Scott Sizer, the Deputy Director for the Department of Economic Initiatives. I'm very happy today to talk about really sort of the 10-year evolution of the Economic Opportunity Reserve that the board established, and that's really the core focus. I want to talk about why that was created a decade ago, some of the history of the Economic Opportunity Reserve and its predecessor, the Economic Development Support Fund, and then provide an overview of the 17 different investments that the board has made through that fund to date.

[00:02:34] We do have a more detailed package, a 2024 project summary, which has a summary for each of those 17 projects, but I want to touch on sort of the high-level elements that we have seen to date, as well as hear really from the board about how those EUR objectives have been met, or maybe considerations to adapt the program. Again, these were adopted about 10 years ago, and so a lot has changed in the county's economic development landscape since then. So as I mentioned, the Economic Opportunity Reserve and the Economic Development Support Fund really came into being

[00:03:09] uh, with the board's adoption, a revision of your 10 principles of sound financial management back in April of 2015. At that point, the board adopted your reserve policy or made changes to your reserve policy. The primary being an increase in the total amount of general fund reserves from a 5% reserve goal to a 10% reserve goal. And that, uh, prior to April of 2015, the board had two primary general fund reserves, the managed reserve and the revenue stabilization fund,

[00:03:44] totaling 5%. And so with that increase to 10%, those two existing funds were increased to a total of 9% of the general fund disbursements. And then there was this new economic opportunity reserve created for that additional 1%. And that was to be funded sort of in a waterfall flow after those first two funds were funded, then that economic opportunity reserve would be created.

[00:04:07] And again, the board's reserve policy states that each of these reserves should be fully replenished each fiscal year. So while that was created in the fiscal year 2016, the board also wanted to start moving on some of these projects and really kind of pilot what this economic opportunity reserve would be.

[00:04:24] So as part of your FY 2016 carryover, seeded a \$5 million investment in what was termed the Economic Development Support Fund. And this was really, again, a pilot fund to figure out what are the kinds of policies that we would like to have around the Economic Opportunity Reserve, what is the practice, trying to really figure out what that would be used for to meet those board goals.

[00:04:47] So that was built upon in 2017 as the board adopted your eight principles of investment for economic opportunities, creating three types of projects and the outcomes and the goals for those, as well as a process to evaluate those investments. Sort of colloquially, we talk about that as that three-step process for investing in those projects.

[00:05:07] Again, moving forward, the board started making awards in 2017, replenished an additional \$2 million to the Economic Development Support Fund as part of your FY18 carryover. And then at the end of fiscal year 2019, those first two reserve funds had been fully funded, and so the board was able to now create that actual Economic Opportunity Reserve, that Economic Development Support Fund, any remaining funds were moved into that economic opportunity so that EDSF went away. Hopefully today might be the last time I have to talk about the EDSF. And now we were fully in sort of the Economic Opportunity Reserve Fund going forward.

[00:05:45] The last major change was in 2020. In April of 2020, this board amended your eight principles of investment to add impacts that the fund could be used to mitigate impacts of COVID-19 and COVID-19 mitigation measures on our small businesses, really leading in that effort. And I'll talk more about the program that was funded through there. So again, just to wrap it up on the history, bringing it up to today as part of your carryover, the total funding for the Economic Opportunity Reserve is about \$56.5 million, about 1% of that general fund disbursements. So once it was created

[00:06:24] in 2017, project approvals started occurring. We've averaged about two a year. There's been 17 total projects approved in the nine years that it's been functioning a total of 12 and a half million dollars have been approved to date although I would just caveat the largest component of that there's a 6.2 million dollar project which is the single largest project that this board has funded that project is the downtown Herndon project which no funding has been allocated to that yet and so there's a significant amount of funding that has not been expended out of that amount

[00:06:59] half. So as part of your policies, we created four investment categories, and here's how they've been used to date. The largest, in terms of total capital or total approvals identified, as well as the total number of projects, have been these capital development projects. These are projects that invest to meet economic development or equitable growth strategies, generally consistent with a comprehensive plan. Again, nine projects have been approved to date, but only \$1.8 million dollars have been appropriated. Again, the largest amount of that has been that one project in Herndon.

[00:07:37] So there's programming support. Seven projects have been approved. Many of these were early on in the economic development support fund days. We're really funded pilot programs to support strategic efforts supporting economic growth going forward. There was one COVID-19 program, which I'll speak on in a little bit more. But again, the board was very early in adapting to find ways to help our small businesses to mitigate the impacts of COVID-19. And then property acquisition. This is one of the other core elements that was identified to invest in tactical investments in real property or assets to facilitate economic growth. But to date, no

[00:08:16] projects have been approved from the Economic Opportunity Reserve for that category. So what makes successful investments? There are a number of principles that the board adopted. Primarily, these are looking for economic benefits to the county or the region. It can be qualitative or quantitative in terms of tax revenues or other types of benefits to the county. I want to evaluate each of these on a 10-year return of investment. And again, very similar to the board's policy on use of carryover dollars, these are limited to one-time funding allocations. The Economic

[00:08:52] Opportunity Reserve was not intended to fund ongoing program. It funded one-time pilot programs that, if successful, maybe were funded from another source. And so there's a variety of different

outcomes. Again, you have in your packet provided today a detailed summary sheet of each of the projects that have been approved.

[00:09:11] The McLean Project for the Arts downtown project is the most recent project approved, and so that's the image that you see up here. So it was very insightful looking back at really nine years of investments from the board and the different kinds of projects that have been approved.

[00:09:27] And you can really see, reflecting on all of those, how those projects continue to guide economic development programs and key investments the board is still making today. I would say they're sort of grouped into four different themes across these pilot programs.

[00:09:43] And so those are listed here, and I just wanted to touch on those briefly. Small business support. I'd say a decade ago, there wasn't as much individual small business support programs as the board has established today. Key one of those was that COVID-19 microloan fund.

[00:10:01] This was the only project that the board has adopted for mitigating the impacts of COVID-19. It was a very early adopter. This program was set up in April of 2020 prior to any additional funding to help support the economic impacts of COVID on small businesses.

[00:10:19] That program was set up, helped 64 small businesses. It continues to help businesses in terms of the investment the board made in that microloan fund. is now being used by our partner at Community Business Partnerships to fund a revolving fund, helping small businesses continue to get loans.

[00:10:35] But it was really a critical pilot program that when the federal government came forward with additional funds through CARES or ARPA, that allowed the Department of Economic Initiatives to use what we had learned on that microloan funding program to help with the rise and the thrive business programs, which were much more substantial and helped many more businesses than the initial one.

[00:10:54] And then small business incentive programs also started through a couple of different investments to date. We've partnered with the Commonwealth of Virginia on three different investments in small businesses around agriculturally based companies. And then the Fairfax Founders Fund, which I'll come back to, has been a key program that the board has established recently to help with support and early stage capital for those sort of high growth startup innovation companies.

[00:11:23] Another theme that really covers a lot of the projects that the board has invested in to date is around placemat economic development. The very first project that was funded from the Economic Development Support Fund at that time was called the Annadale Civic Space. It's now the Eileen Garnett Civic Space, but it really allowed county agencies and the community to partner in a whole variety of efforts around community planning, taking underutilized board property to activate, program that space, which is now a central community hub and actually now you know really the first location for the paint at fairfax program which has also been kind of an outgrowth of some of these early pilot programs that the county had

[00:12:01] funded through the economic opportunity reserve so again other programs uh mentioned the mclean project for the arts downtown project and the downtown herndon project investing in these capital projects that help to bring vibrancy to some of these places and again another key investment that the board had made early on were around investigating place management organizations at that time the tyson's partnership and then helping to fund sort of that transition of that tyson's partnership to a new

model the tyson's community alliance and how that model could be used at other places today places like springfield and then the springfield branding partnership

[00:12:38] program was another key early investment from the economic opportunity reserve that helped to bring the community together around how to brand and celebrate downtown Springfield as a community business district, adding signs, refreshing.

[00:12:53] And now there's the large sign that was funded as part of the new pedestrian walkway right in downtown as well. So leveraging regional projects was kind of amazing to remember. Ten years ago, there was not a lot of regional economic development collaboration.

[00:13:11] I think it was seen a little bit more as a zero-sum game between some of our local jurisdictions. and so one of the key first projects that was funded was this go virginia grant around a tech talent pipeline it was starting to emerge that we were having a gap between new technology jobs that were being created and being able to attract and retain employees for those and so the region did get together partnering with the state of virginia and virginia tech to identify this tech talent pipeline project that really again helped to address some of those early problems but really defined what a huge issue it was. And so I would say that pilot program led to now the board

[00:13:49] creating a new line of business within the Fairfax County Economic Development Authority to really focus and attract on talent attraction and talent retention within the area. And it also helped to lead to the creation of the Northern Virginia Economic Development Alliance, which is still going strong today. I would mention that we did help to fund the town of Vienna and their economic development plan, a modest investment. I think it was \$50,000 from the county and \$50,000 matched by the town, but then that also led now to the town creating their own economic development authority to support their businesses, their small retailers, which has continued to be annually funded by the town and helped to grow.

[00:14:26] So that's another example of that pilot project growing and proving its validity and then continuing to get assistance from other jurisdictions going forward. And then finally, the innovation sector development has been a real core focus that the board has used the Economic Opportunity Reserve for early programs that were under the economic success strategic plan program support, initial funding that was set aside, really provided seed businesses for pilot pitch opportunities, spotlighted emerging sectors such as automated vehicles, helped to fund the relay shuttle at Mosaic District.

[00:15:02] And this really grown into now the Accelerate Breakfast Series funded through here, and then the Fairfax Founders Fund helping to provide support and that early-stage capital for those tech companies. In addition, the Innovation Hub Initiative was funded, partnering with a nonprofit operator to provide mentoring space, now in Tyson's, for those high-growth companies, which has led to some great partnerships, not only with companies in Fairfax County, but also working with Fairfax County Economic Development Authority and their launchpad programs to help house new companies or emerging international companies who want to move into our market and have partnered with that hub as well.

[00:15:37] So, again, there are 17 different programs, but I think as you look at those trends, you can see the early funds were used from the Economic Development Support Fund and the EOR to really set the stage for what became our economic opportunity section of the countywide strategic plan.

[00:15:54] Again, 10 years ago, we did not have that countywide strategic plan, and you can see a lot of those same themes and goals have now moved into the economic opportunity section. A decade ago, we

did not have a Department of Economic Initiatives. And I guess since the county executive is not here, I'll give him credit.

[00:16:11] I think he came and saw that there were a number of programs and goals that the boards were starting to fund through the EOR and wanted to give that a more sustainable footprint. So created that Economic Initiatives Department, which is really where a lot of those kinds of programming functions now are funded today or continue to be supported.

[00:16:30] In addition, mentioned the lines of business that have been added to Fairfax County Economic Development Authority. Department of Planning and Development, and other agencies as well. And so you can see these pilot programs and these initial tests have really grown into either ongoing programs or efforts that have impacted the communities.

[00:16:47] The last thing I would just mention, looking, kind of reflecting on all of those, is we do see that there's been a lower number of investment in either these capital construction projects or land acquisition. Again, land acquisition was identified as one of those key first ones. There hasn't been a project that's been approved for land acquisition in those areas.

[00:17:05] that capital construction it is the largest single project we have 6.2 million dollars set aside for downtown herndon although that project has continued to sort of take longer to come to fruition and actually there's some some key meetings happening i think later today uh talking about sort of the next steps with that project as well so um we've seen less dollars for those flow from the eor to date so with that i think that provides kind of that high level overview and i'm happy to take any questions or thoughts on how it's been used today thank you scott and And just a couple points to make on that is Thrive, Rise, we've done so many initiatives.

[00:17:42] In particular, I wanted to highlight the Fairfax Founders Fund, 13 recipients, which is just, I think, a month or so ago. We met with them at Bunnymen Brewery, another kind of innovation and development that we've had. And the awardees were chosen for their innovative technology solutions and their commitment to grow their business in Fairfax County.

[00:18:03] So that up to \$50,000 is a way of kind of helping those organizations, and it provides a little bit different kind of investment. I know EOR is kind of one kind. This is another kind. We have obviously lots of different opportunities and options for doing that, and I want to particularly thank Rebecca and Wendy for their work and initiative and efforts to do that.

[00:18:23] And obviously, we have our breakfast, our accelerator, and again, I think we're doing a lot of different things to try to create that energy and synergy. The new CEO, our new Committee on Economic Opportunities, is another example of trying to bring folks in to connect and hopefully share with us opportunities that we need to be more aware of or invest in or look to do something different with.

[00:18:47] So again, thank you for all your work on that. And with that, I'm going to turn to the chairman. Thank you very much. Excellent job, Scott. I want to thank you and the team for the work that you've done. And I do appreciate you mentioning the county executive, even though he's not here, because I can remember right after he got here, having early conversations with him way before COVID hit about the need for the very things that are being presented here and having the vision for that even before the pandemic hit.

[00:19:16] And we know how vital you and your team was in helping so many of our businesses get through the pandemic. I mean, many of the things that we did during that period of time from the direct grants to just some of the ordinance decisions that we made, you all played a huge role.

[00:19:33] And so I want to thank you for that. I think the biggest takeaway from this presentation is the tremendous wide variety of things that are in here. Some things that we've invested in that are hard infrastructure, some that are ongoing, some that are initiatives, some that undoubtedly grew jobs.

[00:19:52] just the wide array of different opportunities that are in here. And I think probably all of us had forgotten some of the ones that we had funded over time. And when you see them in this report in their totality, you can see the balance that's there, both geographically, but also in terms of the things that we have funded along the way. And I think probably the most important thing as we move forward is to look at this list and to continue to track these investments because they've met our strategic plan. They've met our core values.

[00:20:25] You can see the numbers and the metrics that are on the sheets in terms of what we invested. But I think moving forward, help us understand when you have this wide array, you know, what were the things that moved the needle the most? What were the things that were nice to do, but in a difficult economic time might not be as vital as the things that are in here that really significantly move the needle.

[00:20:49] And I understand that there's an imperfect science to that from a certain standpoint because how do you measure community excitement over something versus how many number of jobs were created by a specific investment? So I know that's a difficult thing to do, but I think what would be helpful to the board is to get an understanding of how these things rank in terms of return on investment, especially the ones that are in here that are recurring.

[00:21:17] Because we know that, you know, in the future, the economic development initiatives that are in here are going to be more important than ever to the county, especially if we go through difficult economic times. But we also know that resources post-COVID are different than they were when we had federal dollars funding, when we had other opportunities.

[00:21:37] And so we're going to need to weigh, you know, as we move forward where we put every dollar with an increased sense of urgency but also an increased sense of scrutiny in terms of these investments. And so I think in the longer term, and it's probably too early to see some of the data on these, but I think in the longer term, helping us with that I think would be particularly helpful to the board as we make decisions moving forward.

[00:22:00] But excellent report, excellent work for the team. And I, for one, think I can speak for all of us and say, know how much work is behind each one of these things. And I hope the public and other who are watching are seeing how flexible and how responsive county government is to industry and trying to grow our economy every step of the way.

[00:22:23] Because we've never seen anything like this robust in Fairfax County before. And I think it's a tribute to a lot of good vision, but also really a lot of good staff work. So thank you. Thank you, Mr. Chairman. Supervisor Lesk.

[00:22:40] Thank you very much, Mr. Chairman. I'll just concur with the comments from the chair as well. I appreciate the diversity of items that are included in this report and also appreciate the detail. I might just want to drill on a couple of items.

[00:22:56] And the first one is on the Innovation Hub initiative. Just looking at the summary points here, I found it quite compelling on the project milestones, \$1.56 billion in capital raised by members and alumni.

[00:23:15] That's pretty compelling. The one thing I might ask is, does that include funding that was received after the investment by the county, or was this all of their funding received through refraction?

[00:23:32] I believe it's primarily funding received by those businesses either since we funded refraction or since they had left refraction as well. So it does include businesses that had moved on from refraction but continue to receive capital. And that's perfectly fine. I think that makes sense because they were supported and they grew at refraction, which led them to be able to do some additional things.

[00:23:55] For me personally, it might help if we could add some additional metrics maybe in the next time you do this, Be helpful to know jobs that were created as a result of the initiative here. Also square footage in office that was generated by those who graduated and moved into their own space.

[00:24:16] And then last, if there's any additional information on capital investment that was made by the companies as they grew and expanded. Because I think that could be helpful for us to know. And it gets back to the point that the chairman made about return on investment. clearly shows what that return on investment was.

[00:24:33] So, but just real excited about that number. It just kind of washed over me when I read it. Second, I wanted to ask about the COVID-19 recovery microloan program. And I know you've identified that we placed \$1.2 million in loans out to the community.

[00:24:55] What you noted here was \$325,000 that appears to have been revolved from that 1.2. So just help me understand, how are the funds coming back? What's kind of the evergreening of this actual microloan program?

[00:25:12] Sure, and happy to follow up with more on sort of that revolving loan program and the performance of those loans as well. The initial COVID microloan program was set up to be a zero-interest loan for small businesses. So the initial principal, the \$1.2 million that we put into that, was primarily just the principal.

[00:25:31] So the revolving loan has been some companies just returned the principal pretty quickly. Again, some companies who had received the microloan from us when they got some of the other federal programs sort of returned our microloan dollars. So we've had the revolving is basically the return of that initial principal, either in part or folks who are paying it off is returned.

[00:25:53] and then that principal is now being used in that revolving loan fund to support new low-interest loans to small businesses. And again, the principal return from those loans as well as the interest on that loan is also going back to the revolving fund. So that should be built up over time because we are not making any more of those new COVID-19 loans. So any repayment we get from those loans as well as the new are going into that revolving fund. Okay. No, that's great. I just appreciated the point that we are able to take the money back in and deploy it right back out. So that's important. And then last, I just wanted to acknowledge, I've gone to

[00:26:32] three of the Accelerate Breakfast Conference programs and just really excited to see the energy and the growth of that. It looks like it's pretty much oversubscribed to each of their events. So 120

attendees, at least five presenting companies, and I think it's doing exactly what we intended, giving some exposure to those companies, to investors, and allowing some of them to receive investment.

[00:26:56] So I look forward to seeing kind of an update on where those companies are going as it relates to investment and jobs created, same points I made earlier on refractor for them as well. And last thing I'll say on the sign for Springfield, I was at the Winterfest this weekend, and several people came up to me and said they really appreciate seeing that sign designating Springfield here in the community.

[00:27:26] So I just wanted to establish that as well. Thank you very much, Mr. Chairman. Thank you, Professor Lusk, and Supervisor Herdy on that. Yeah, I just wanted to echo on the Accelerate. I was late because I was on the sponsor call, but that is they are moving through on the mission of converting this from a government program to a privately funded, and it's going really well.

[00:27:44] And kudos to you. Prince William came on board. I don't know if you know. So that's nice, but the private sector is starting to invest in that, which is a real good thing. Thank you. Supervisor Palczyk. Thank you, Mr. Chairman, adding to all the kudos.

[00:28:00] And then one specific follow-up question to what Supervisor Lusk was asking related to the Microloan Loan Fund, which I love that is a fund that's continuing to work and with community business partnership. I was trying to, I know they provide all different kinds of support.

[00:28:16] I guess I was wondering if you have a sense of report of the businesses we have provided the loans to once they graduate, what kind of avenues and other opportunities they've been able to access. So I know we have results in terms of the businesses that we've invested in, sort of the sectors that were supported, as well as the performance of the repayments of the loans.

[00:28:40] I have not, and we don't have information currently on how those businesses have performed in terms of gross revenues and have they grown or how have they performed or added jobs since the loan. But we could follow up with community business partners to see if a survey or something like that could be done to see the condition of those.

[00:28:58] Yeah, no, that would be lovely, especially as we mentioned originally that was, you know, so it's a small portion, but as the other funds have kind of finished, I think this is a great thing to understand how it's working and are there, you know, different or additional investments based on what we're seeing that would help our small businesses.

[00:29:16] Thank you. Very excited about that partnership. Thank you. And my other colleagues, I have maybe a broader question. I mean, the core of the Economic Opportunity Reserve we recognized was to really leverage the opportunities that we know are in Fairfax County.

[00:29:35] Part of it was also address the reserve issues that we have and need. And I know that we need to probably take a deeper look at whether or not we should still consider that a reserve or we should have some other mechanism. I mean, I know it's part of our reserve, but I also don't want to limit us to making those kinds of investments if appropriate and what that impact might be on our reserves themselves.

[00:30:03] So I don't know how we address it, but I wanted to at least raise it publicly and make sure that we include that with our future discussions about it. And then the second thing was, I was on the board when we talked about setting and actually approved setting this up, but I don't recall the context that we,

I'm sure, looked at when we did that, which is there are other organizations, other entities, other public jurisdictions, et cetera, that might have established something like this.

[00:30:34] And do we know how we, in terms of what now our last six to eight years of experience, how that measures up or tracks with what other jurisdictions may or may not have done with this kind of organization and should there be something else I mean another just for me I'm looking for best practices and looking for the folks who are who have put together things that maybe add to what we already do or maybe things that we and they subtracted from what they initially did because it was more effective or less effective?

[00:31:09] Any sense of how we could and should go about looking at that? So I think broadly, we haven't seen a lot of other jurisdictions.

[00:31:27] When we've looked at programs, I would say, we sort of look at programs and best practices for those efforts in other jurisdictions. So there's been a lot of work, particularly in the Department of Planning and Development and the Planning Commission around placemaking, sort of those kinds of activities and functions and how those contribute to other places.

[00:31:44] Land acquisition programs and sort of joint development projects, again, are models that we've done. There are not as many jurisdictions that we've seen, or at least it doesn't appear on paper, that sort of have sort of a funding pool for as broad of a number of projects that have been funded through here.

[00:32:02] One area that we've looked at but it doesn't exactly map correctly on is around incentives. And so there are other jurisdictions that have pools of incentives that are set up to help award to companies or businesses. You know, we don't have those cash incentives here, and we haven't really used these outside of the existing programs like at the Commonwealth of Virginia for those.

[00:32:24] But those can be – so we end up sort of looking at it on a program basis versus that overall kind of funding pool basis, I would say. And I'll just add Rebecca Mowdry, Department of Economic Initiatives. It is not common for a jurisdiction to use a reserve for economic development projects.

[00:32:45] So this is kind of the mechanism that has been established here, I think, just given kind of history and the creation of a very robust, very important reserve that supports our, you know, kind of fiscal backbone.

[00:33:01] But in terms of, like, comparison to other jurisdictions, this is not a system that is used. There's usually a reserve and then economic development program funding. And I think that's an important question in part because, as Scott mentioned, all of these programs are intended to be funded one time right there.

[00:33:25] And these have been great programs. They've been pilots. They've led to other things. the idea is for them to be kind of we learn from them we analyze them we maybe spin them off into something else but these are not this is not ongoing economic development program funding well thank you i know you'll keep an eye on how do we make sure we're we're being in the front edge of the forward edge if you will of how do we support and develop a small business in in our obviously our business community in general and and the last point i would ask or make is

[00:34:02] we know one of our major strengths is our schools and the quality of the minds that are in here in Fairfax County and particularly part of that is keeping attracting and keeping younger minds because

they then tend to be the folks who develop and create other opportunities and that can theoretically be here so I think part of that is also to look at how do we support our youngest minds that are here whether it's with tj or george mason and and really the overall

[00:34:41] sense of we're here to help them stay in fairfax county and develop their ideas and concepts and and move them forward for all of us so thank you with that we can move to our next top so the next item is retail land use trends and we all have gotten some i guess at least for me I've gotten a notebook of stuff that that Adam analysis and other

[00:35:18] Other areas other sectors if you will that were also identified as part of the trends report This one in particular is on retail, but we have one for industrial and office as well But we're going to start with retail and I'm sure we'll have Discussions with the other sectors as well as we move forward with that Rebecca, I'm going to turn it to you and then see how you want to introduce the Yes, thank you, Supervisor Stork, Chairman Stork. So Rebecca Mowdry, Department of Economic Initiatives. So this is really a presentation led by the planning team. They commissioned this study

[00:35:57] and so it's great to work together as we do on so many things. So I'm actually, I think we're going to start with Kelly and then I'll jump in. Okay, so why don't I start? So you have the agenda. I'm going to provide a very quick overview of kind of our retail market, and one of the reasons actually we are excited to present this is because, you know, back in July at the Economic Initiatives Committee meeting, together with the planning team and the Economic Development Authority, we provided an update on the office market, and we were asked to,

[00:36:37] you know, take a look, also come back and talk about the retail market. So thank you for this opportunity to do that, and it's great timing with the Department of Planning and Development's focus on land use and their policy plan and looking at next steps for the comprehensive plan policy plan amendment.

[00:36:56] And we'll have plenty of time for discussion as well. So very brief, a snapshot on our retail market. Our local retail market has been doing quite well and is quite strong and doing well now.

[00:37:13] A couple of data points for you. According to census data, there are about 2,500 retail trade firms that employ about 50,000 workers in our county. When we add in accommodation and food services, so restaurants are typically considered kind of part of the retail market. So when we add accommodation and food services into that number, it jumps up to about 5,000 firms and about employing about 91,500 workers. So a substantial

[00:37:48] amount of people in that market. A lot of our retail in Fairfax County is in shopping centers, a wide array and size and location of shopping centers. Per our count, we have more than 230 shopping centers across the county. And the DTA, Department of Tax Administration, calculates that we have about 45 to 50 million square feet of retail in the county. And the vacancy rate, according to CoStar, is 3.5%. And Kelly's actually going to talk a little bit about

[00:38:20] national and regional retail vacancy comparisons. And again, looking at census data, If we add together sectors that we typically think of in retail, which includes retail itself, arts and entertainment, accommodation and food services, these industries together account for about 15% of our total county employment.

[00:38:47] And we call these types of companies locally serving industries because they largely serve the local market. And what they produce is consumed locally by local consumers. These are critical components of our economy because of the quality of life aspect that they bring to bear, as well as the creation of vibrant places.

[00:39:17] And like all markets, the retail market is very, very dynamic. There are many retail firms that are entering the market and are exiting the market all the time. So I just wanted to kind of quickly talk about some of the business supports or how a retailer may go about starting up a business here and finding a space.

[00:39:41] And one of the most important partners for a retail business or a restaurant or a personal services company is really a local real estate agent or broker to help them find the right space. And this is, of course, critical right now because space is very, very tight.

[00:39:58] So those continue to be very important partners. Other partners include the shopping center manager or property managers. They are really working to create both fill space, create the right mix of space in a shopping center, and are working with tenants directly.

[00:40:16] We have other partners, especially kind of in our county downtowns, right? Vienna and Herndon have a local economic development organization that is working kind of directly in those places on more of a Main Street aspect. And the county is well served by local chambers.

[00:40:37] Most locations have one or two or more chambers that are working directly with local businesses, including many, many retailers on networking, connections, education, and more. And then through our recently launched Fairfax Core site, there's a lot of information about starting a business, business guides, as well as finding space and navigating the startup process.

[00:41:03] And through our collective activities, we are all working to create great retail spaces, creating safe places, walkable, and vibrant commercial areas. So with that, I'm going to turn it over to Kelly to dig in a little bit more to other trends and information.

[00:41:23] Great. Thanks, Rebecca. So nationally, our retail vacancy rates are in a decline, and despite the COVID-19 pandemic, vacancy rates are at their lowest level in two decades as of Q2 of 2024. However, there is a contrast in health between retail types.

[00:41:41] Nationally, our neighborhood and community retail, which is typically our smaller format retail uses, has the highest vacancy rate among all types of retail, while power and regional centers have the lowest vacancy rates. As Rebecca mentioned, DPD retained Clarion to complete a review of retail land use trends, and this is part of our ongoing work as part of Plan Forward, the update to our comprehensive plan policy plan.

[00:42:08] So we asked Clarion to examine national and regional trends in retail use and conversion and looked at common retail building types, considering the desirability of retention versus potential opportunities and impediments to conversion to other uses. And based on their findings, they noted, based on their research, they noted two findings.

[00:42:29] The first, that growth has been significantly tied to specific types of retail, and that the lack of new retail construction has created market constraints for new retail establishments. In Virginia, our

retail vacancy rates are actually beating the national average slightly at 3.8% versus 4.1 for the national average.

[00:42:52] National vacancy rates have been estimated even higher at over 5% for open air shopping centers or for retailers whose access is not enclosed. And then interestingly, when comparing vacancy rates among types of retails within the Commonwealth, small and neighborhood retail shows a significantly lower vacancy rate than big box retail.

[00:43:13] And then if we take an even closer look at the Northern Virginia region, the report notes an even lower vacancy rate than both the national and state averages at 3.5%. So some of the key considerations from the Clarion report is that retail trends evolve faster than building lifespans, leading to higher vacancy rates in some sectors, despite the overall vacancy numbers remaining low, particularly here in Northern Virginia.

[00:43:40] And some of the factors identified in the report as impacting retail vacancy include the pandemic, which accelerated the shift to online retail, leading to temporary closures and increased vacancy, especially for those retailers who are already struggling.

[00:43:57] Ground floor retail space in our urban areas, particularly those tied to office, continue to experience high vacancies and are expected to remain under pressure until the office vacancy stabilize. over building of highway commercial strips, and retail construction has also slowed since the pandemic, with new starts at historic lows, resulting in supply shortages. Where construction has occurred, it is in power centers such as the Fair Lake Shopping Center and small lifestyle spaces, including the Mosaic District. Traditional enclosed malls, standalone big box stores,

[00:44:34] and non-power center strip malls are in decline. Aging structures make reinvestment challenging. One exception to that is both the Tyson's Corner Shopping Center and the Tyson's Galleria, and that's particularly because they do draw from a regional market. Clarion's report also emphasized the importance of repurposing distressed retail structures and highlighted some of the current practices already in place here in the county.

[00:45:02] So the report talked about underutilized portions of parking lots, strip shopping centers, and shopping malls that could be used for additional housing. And some of the examples of where this has been done in the county include the Grand Park Plaza, the Springfield Town Center, and the Tyson's Corner Mall redevelopments, as well as plan amendments for the Pan Am Shopping Center, as well as the Fair Oaks Mall. Additionally, the flexibility provided by ZMOD has allowed for the repurposing of large retail spaces for uses like light industrial or other experiential uses, such as food halls like the block in Annandale and various indoor commercial recreation uses and fitness centers.

[00:45:40] And while we do have a relatively low vacancy rate and have policies and regulations in place to respond to the retail market, the report did provide some additional recommendations for consideration with the policy plan amendment. So Clarion's recommendations focus primarily on vacant or underutilized retail spaces and opportunities to leverage their potential for alternative uses while minimizing impacts.

[00:46:08] First, the county could consider policies, development agreements, and or incentives to discourage the displacement of existing viable retail enterprises when there is a proposal for

redevelopment. This could allow for both the replacement of outmoded retail development and the preservation of retail that remains.

[00:46:29] Potential policy and programmatic considerations could include policies to prevent or minimize displacement, right of return, community benefits agreements or relocation assistance or other county programs and incentives. Second, the county could clarify locations for ground floor retail as part of the policy plan and area plans. While Clarion was not able to provide a specific amount of retail the county needs, they did identify considerations for where ground floor retail should be located to include location along major streets or transit corridors with good pedestrian and

[00:47:04] non-motorized access, being near a critical mass of residents or office workers, and proximity to other ground floor retail to create a retail corridor. The use of market studies could also help inform key areas for retail based on demographics and income. The other two items listed, expanding allowable uses for struggling commercial areas and encouraging retail conversions with expanded criteria, were identified in the report with a recognition that the county already has policies and regulations in place to support this, particularly related to adding housing

[00:47:42] to commercially zoned areas and using Appendix 13 of the policy plan to support conversions of retail into other uses. Clarion did recommend additional criteria to review these requests absent a plan amendment. And that concludes our presentation, and we're happy to answer any questions.

[00:48:01] Thank you, Kelly. I'll turn first to the chairman. Thank you very much. Thank you for the presentation. it's timely. Supervisor Stork and I this morning were at a meeting with NAOP focused on the Richmond Highway Corridor, and we were on a panel, and the panel was made up of some of the leaders in the retail world in Northern Virginia, and they were crowing, frankly, about the success of retail, particularly in the Route 1 corridor, which I think is indicative countywide of what we're seeing, And I think that's a really positive thing for the county.

[00:48:39] I appreciate your mention of ZMOD because those of us who were strong supporters of ZMOD know exactly how this translated into some of the success that the third-party Clarion report has pointed to because it was very important for us to modernize our zoning ordinance.

[00:48:57] I can remember in the early days of the Springfield Town Center, which is a shocking success story in every measure, but in the early days when Dave and Buster's wanted to come into the mall and we ran into a problem with our ordinance that said it couldn't until we had to figure out a way around that to allow a tenant like that to come into a regional retail strip shopping center.

[00:49:22] Those were the real-time challenges that we had with our old zoning ordinance that were hard to overcome, and clearly ZMOD has put us in a better place where any of us common-sense people would say that's an absurd restriction to have in place. And I think what it speaks to is the timeliness of being able to have our ordinance and our policy plan, and I appreciate the reference to the policy plan, be flexible enough to be responsive to what's actually happening in the market, not years after, but while it's happening in the market.

[00:49:57] And it's not a, you know, a challenge that staff created, it's a challenge that all of us created with antiquated language and trying to figure out ways to solve for that. And thankfully, we're on a much better path moving forward to be more spry, more responsive to those opportunities.

[00:50:14] And clearly, that's what this Clarion report shows, is we're doing well, but we have to be cognizant of the fact that flexibility is going to be needed as we move forward. And I think some of the retail uses that we see common in Fairfax County today, 15, 20 years ago, didn't even exist.

[00:50:34] And we know 15, 20 years from now, maybe even just a few years from now, there's going to be retail uses that don't exist today. And the question is whether we're going to be ready to accommodate those and to make sure that our retail centers remain vital to our economic success, but also important to the community around them. The last thing I'll say, and the reason why this focus on retail is so important, is I think all of us remember the report we had on some of the the local shopping centers in Fairfax County that, for lack of a better term,

[00:51:07] were concerned about losing their luster and not being able to be quickly renovated, remodeled to meet today's needs. And the reason that's so important is not it is because of the shopping center, but the bigger important thing, I think, to all of us is the community around these shopping centers where you have a center that is struggling or that seems outdated behind the times has an effect on the residential communities around them. A literal effect in value probably, but it has an effect in terms of community pride, spirit, and where people are seeing investment in the county

[00:51:46] happening. And so this is not just important for our retail communities and success, but it is really important to the future success of our residential, and in some areas it makes sense to look at ground floor retail, but there are other areas of the county that have great shopping centers embedded in communities that are walkable that need revitalization and attention, and so we need to be continuing to focus on those as well, and that's where flexibility in the policy plan, consistent with what we did in ZMOD, I think will be important to take advantage of those of those opportunities, but a great report. It is very good always to have a third party

[00:52:24] Confirm that we are absolutely on the right track Beating national trends and also to point us in the direction of things we can do Continue to do moving forward to to continue that success. So thank you. Thank you. Mr. Chairman And I'll start with Supervisor Lesk and then Supervisor Palczyk. Thank you very much. Mr. Chairman two quick questions One is on the slide that talks about trends in retail, and you've got the Northern Virginia percentage there at 3.4, and we know ours is roughly 3.5.

[00:52:55] Is there any way that we could get disaggregated data by a magisterial district? Will we be able to see what is happening in our respective districts as it relates to retail? So I'd be interested in maybe taking a look at that personally.

[00:53:12] One? Yes, I think that we can get that. We actually, really quick on that 3.4 number for Northern Virginia. The Clarion report was completed a number of months ago. Our retail vacancy rate was 3.4 in the county.

[00:53:28] It's just ticked up to 3.5. I'm guessing that they're probably on par, just to note that. And we can work with our colleagues at the EDA to get disaggregated, magisterial disaggregations. Perfect. I appreciate that, Supervisor Lusk, on that point.

[00:53:45] When we get that data back, it would also be, I think, helpful for us to see where we've had growth in square footage in commercial in the county because we know some districts in the county are doing really well with commercial growth. We all talk about commercial growth, and then we have other districts that aren't doing well at all with commercial growth.

[00:54:04] And so I think it would be helpful for us to see the net increase in square footage, if we could, too, with that. And that's just new, not repurposed for retail, yeah. Okay, and then the second question, just trying to get a sense of did the clearing report talk about kind of the headwinds as it relates to Amazon and home deliveries in terms of the impact on retail?

[00:54:29] Any data for us as it relates to that? Yeah, I mean, they did talk about how that has, you know, for some types of retail exacerbated the vacancy.

[00:54:44] It's come up in the sense, too, when we get into the industrial report about needing some of the last-mile distribution centers using, you know, perhaps, you know, shopping, vacant shopping malls might be a good use for something like that.

[00:55:00] So that's really kind of where it's gone, and we, over the years, have seen various proposals come in to repurpose larger retail into these last-mile goods distribution centers to respond to that. I appreciate that. Thank you, Mr. Chairman.

[00:55:17] Thank you, Mr. Chairman. Thank you so much, Kelly. Kelly, Tracy, and your team. Yeah, and following on this is extremely helpful, and I think there were so many areas to look at, including the repurposing.

[00:55:33] My question is maybe related to, and I don't know if there's information, as we're looking at some of the new developments that we're asking, right, to incorporate some either community or retail use and knowing that we hear the challenges, right, with adding the retail and trying to understand.

[00:55:53] We have one coming in that says that I think they will, you know, supplement and provide free retail space because they know how important it is, but that's not going to happen everywhere, right? So as we look at different projects, but in addition to repurposing new builds, is there additional information to really help us understand how to support and help program right they want to make sure that they'll be able to fill the spaces especially if they're going to be a different kind of use or that community serving use yeah that's a great question and that's one of the questions we specifically asked Clarion to give us some guidance on was

[00:56:31] the issue of ground floor retail because we have had plan amendments over the year that have specifically encouraged ground floor retail and you know whether it's been based on these market studies or on additional criteria we asked them to give us some criteria to consider with these plan amendments so that we are being very intentional and thoughtful where we are putting retail so that it is successful and those are some of the recommendations that they've provided related to putting it on main streets and near transit and near other retail because retail needs other retail to be successful but it's you know it's it's certainly one of those

[00:57:05] things that as we have do a plan amendments that we are actively looking at considering making the plan language flexible so that it could be for a variety of non-residential uses whether it's community center space retail or some other sort of non-residential commercial type use and it's something that you know as as developments coming in and we have various land use mixes that the plan is encouraging that we're really keeping an eye on what those land use mixes are as a follow I think I saw in here something about looking at potential ways to help incentivize or support bringing in that retail.

[00:57:41] I don't know if you've looked at those areas, whether that's a combination of incentives, because it's probably under both categories. Yeah, I mean, for us, it kind of came up in the context of

displacement. You know, we are concerned about, you know, as we start to redevelop some of our underutilized parking lots, potential rents increasing and what that does to some of the existing retail tenants.

[00:58:02] And so that's where the partnership with us and Economic Initiatives comes into play with some of the programs that they've talked about that they have in place to help support to minimize displacement. Yeah, I guess the next level of displacement, but also just attracting and helping the builders feel confident that they'll be able to get.

[00:58:24] Yeah, I mean, I would just say there are definitely strategies and many well-documented programs that support businesses from displacement, particularly when we think about, like, legacy businesses.

[00:58:41] You know, this can be really, really important to community and create and preserving that community feel and services. Right now in the county, we actually have very limited programs.

[00:58:57] I mean, just to be completely honest, we've funded many fantastic programs using ARPA dollars over the last several years. Those dollars, of course, have come to an end. And so I think now we're at the point where we're, you know, this is a great time to look to the future and really what are our priorities, what are our needs, and what are the steps that we need to take.

[00:59:20] So that's something we're happy to work on and look at, and we are doing that and considering that, but there's not necessarily an existing, you know, program fund to support those sorts of businesses.

[00:59:35] There are a lot of program partners that I talked a little bit about that are available to help, you know, retailers with supporting their startup or their growth. Okay. Yeah, that might be a future area for us to continue to look at, especially with our, I love that you all are partnering across agencies to help understand that. Thank you. Thank you, Mr. Chairman.

[01:00:02] And Stephen Tardidi is here. Steve, why don't you raise your hand. So he's provided a lot of data and support, and we did the office repurposing and the analysis that we did earlier was a lot of the work that they have and data that they still have and use and it's available.

[01:00:18] And I also wanted to highlight that Phil Nijelski-Eichner, the chair of the planning commission, is here as well, and appreciate both of them being here and listening and engaging. And if they have something to add, they're more than welcome to come to the table and add that. We would welcome your involvement and appreciate it as well.

[01:00:37] With that, Supervisor Alcorn. Thank you, Mr. Chair. So to follow up on Supervisor Palchuk's questions and comments, I guess on possible incentives for – I think for me it's a question of there are definitely community groups that need space.

[01:00:55] There may be some more nontraditional retail uses, I would say, that we are seeing in our communities, and the current retail stock is not always amenable to that. And then on the other hand, we're also seeing, or at least I'm seeing in some of the retailers that I've talked to and community groups I've talked to, space that's available maybe not for a long period of time, but pop-up space that really has, I think we've seen in some specific situations, that pop-up space be used for, say, just a few months even,

[01:01:32] which has really helped bring in activity and help incentivize other activities in the immediate area. So I guess when we're thinking about incentives, is that something that we also could look at in terms

of how to incentivize use of space, even on a very short-term basis, maybe for more community-focused or nontraditional retailers?

[01:01:56] And, you know, our startup community, you know, our startup retailers that aren't the, you know, the traditional chain retail establishments that need a place to go. And in many of our growing areas, it's – there's just not a lot available.

[01:02:14] So, I don't know, I would encourage you staff to talk to the Planning Commission, you know, talk to consultants about, talk to each other amongst, on how we might be able to help close that gap. That would be super helpful.

[01:02:30] Hi, Tracy Strunk, Department of Planning and Development. I think the good news on that is our zoning ordinance does not stand in the way people always say, well, why can't you put a short-term retail in there? Well, you can. It's zoned. It's approved for retail. You can do that. It's a big management issue. And I would also say our partners in LDS are looking at some of the permitting for shorter term and pop-up and smaller things.

[01:02:53] So I think there's some other things that are going on in the area that are definitely moving in that right direction. That's great. And if I could just follow up, I mean, we, in kind of a weird way, at least for restaurants, we have food trucks, you know, that provide some of that bridge, you know, between, you know, becoming a business and being an established retail location. And I think that's great. But there may be some other things that we might want to incentivize or encourage, you know, so that we can really, you know, be as inclusive as possible in our retail strategy. So thank you.

[01:03:32] Thank you, Supervisor Alcorn. I have a couple questions. I'm going to throw a little roll of grenade here in the middle of the floor. I remember distinctly the most three to five years ago when a number of people were saying, you know, retail were over-retailed by far, more than 50 percent.

[01:03:56] And that there's a huge kind of a huge impact coming our way, a huge tsunami, if you will, of oversupply of retail space and obviously less success for retailers themselves. I know in particular, Street Sense and Bruce Leonard, they had done a number of studies around that.

[01:04:20] And different parts of the county had different concerns or impacts. And this report, to be honest, was a real surprise to me. And maybe even more importantly, maybe the facts on the ground or even more of a surprise is that the vacancy rates are so low.

[01:04:35] So does anybody have a good sense of what happened? I mean, is it like in this morning, Chairman McKay and I had a conversation about, you know, the latest version of that is office, you know, office elevators and how, you know, it's changing and who knows when it will come back and so on and so forth.

[01:04:56] any sense of that as to what happened and why things are different? I mean, we know Amazon hadn't gotten smaller, nor has really the online shopping generally. I'm sure there are others in this room that probably have a better response than I do. But I'll just start by saying, I mean, overall, I mean, companies and the private sector is very good at adapting. And that is exactly what has happened. I mean, I remember reports of the mall is dead. No one's ever going to go back.

[01:05:34] Everyone's going to shop online. And I mean, certainly there has been a huge increase in online shopping. There has also been a huge modification in how companies do business. And just for an

example, we're operating right now our Thrive Small Business Technical Assistance grant. And so we are, and the whole purpose of that, of that program is to help our small local companies connect with experts so that they can adapt to a changing business environment. And the most popular, we offered many different options that could, you know, any, anything you need,

[01:06:11] you know, we, we have a consultant for you more or less. And by and large, most are looking for marketing, online sales, and digital engagement. And so firms have adapted, I would say. That's one thing. And I don't think that we can underestimate, and we saw this clearly through COVID, we cannot underestimate the power of community and coming together. And that is why I think retail has continued to do well, is because we still want to go out to the community

[01:06:45] and have interactions and have unique experiences and shop at our favorite local place. And that is just kind of a human experience that it has kind of bore out to some extent.

[01:07:01] The other piece is actually, I think, unique to our local market, to Fairfax County. we do have a regional draw for retail. And that has, I think, largely sustained through this period. And so we are definitely not under retail. That's for sure. But we still have folks from outside the region or outside communities coming into different locations.

[01:07:29] And there are many different factors for that could be convenience. It could be unique local products. And I think that speaks to the diversity of our population and the community. So often people may move away, but they still want to come back to the place that they know and they like to shop or they like to go to eat. So there's a couple of different factors that I'm aware of, or I believe kind of contribute to, I guess, the fact that that prediction did not come to bear.

[01:07:59] Well, and on that point, yes, sir. Yeah, I was just going to say on that point, I think you're seeing all kinds of different things go in. You've got a NOVA going in and taking, so there's a lot of medical going into retail now that didn't used to. You've got a lot of sports and recreational opportunities that go. I think people want to stay local, too.

[01:08:16] I think we still have some challenges with certain retail, but by and large, retail has been doing really good for the last year and a half, two years. On that end, we were talking about office elevator. We had a lot of conversation about different classes and ages of buildings and which are likely to, which should be torn down in some ways and which are going to fill up.

[01:08:40] do we are we seeing because i didn't i didn't really see anything specific in in the report and maybe i missed it because i read it fairly quickly but um have we seen any similar kind of here's high quality retail that that they're 100 full and then here's quote unquote less quality retail for a better word and it it's not full i mean and is it location or is it the quality of the buildings or i mean is there any kind of elements of that that we're seeing and need to

[01:09:10] understand for ourselves and in turn work with with developers and property owners about yeah i think it's a little bit of both i think it's um some of the aging more you know strip car centric developments have been struggling a little bit whereas you have you know the the rest in town centers the mosaics um springfield town center with its influx of new of new restaurants has been a large drive the lego experience which is really great um so i think this has kind of been this drive, this flight similar to the office, this flight to quality, being in these mixed

[01:09:46] use developments. You know, you've seen stores leave the mall and go to some of these lifestyle centers like Mosaic because of, you know, the marketing, the quality, the mixed use, the variety of different experiences there. I'll add to that. Oh, sorry. Go ahead.

[01:10:03] Well, I was just going to say, I mean, honestly, that question is consistent with the report. I mean we know that some of the big boxes are a struggle that's clear in here and so it's really important to have things like zmod in place that allow flexibility for reuse of those spaces because we know that and what you just described those experimental type places hands-on type activity centers that for the longest time didn't really have a place in our zoning ordinance to be allowed have now become a driver of traffic to our malls. And so I think the huge takeaway here

[01:10:42] is where I started, which is the future for retail is going to be, in my mind, based on our ability from a regulatory standpoint to be responsive to what's happening in the real world. And the real world is changing, the nature of retail changing constantly. And I think a concern we should all have are some of these big boxes that exist that are the anchor for a lot of our community-based shopping centers. And if you remove that anchor, what happens to the smaller businesses that are in those strip centers that rely on that type of traffic coming in? And that's where creativity,

[01:11:19] I think, is going to be the key as we move forward, is how do you repurpose those spaces to be things that still drive traffic into those centers, even if the traffic is coming there for a little bit different reason. And so I think a lot that's in this report has confirmed some of the things that we've already known in terms of the challenges ahead and pointed us back to that overused word, but important word, which is flexibility and how we address this. So I think this has been really instructive and in a lot of ways has confirmed a lot of things that are obvious that are out there, but the jurisdictions that get ahead of this are going to be the ones that

[01:11:59] have success in this area, not the ones that dwell on the old, everyone will get in their car and drive to the grocery store. And while they're there, they might visit one other retailer in the center. I mean, times and people have changed and we have to change with them. I was just going to note as well, we did a few analysis and we reported about our place-led economic development analysis a few earlier this year, I believe, which actually dug down into a couple of shopping districts to learn more about what's happening on the ground.

[01:12:35] And one of the most interesting things for me is one of the markets that we looked at was Bailey's Crossroads Seven Corners. And that area is doing very well. It probably has an older building stock, but it's just because of its placement, its draw, in terms of retail and visitors, that area continues to do very well. So it can sometimes be a case-by-case basis.

[01:13:05] Thank you. And I think the numbers that we were asking about earlier, I think, would help us all to better understand where those soft spots are and where the hot spots are. And I guess for each of us, again, a way to support or look for ways to make a difference in that particular development or that particular retail space.

[01:13:26] Any other questions from anyone else here? All right. With that, I thank everybody for being here, Kelly, Rebecca, your staff, all of the folks for being here, and with that, this meeting is adjourned.



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