



Technical Assistance for Sustainable Communities: Building Blocks

Technical Assistance Tool: Fiscal and Economic Health

City of Fairfax, Virginia

To: Brooke Hardin, City of Fairfax Department of Community Development & Planning

From: Bill Fulton and Geoff Anderson, Smart Growth America

Date: July 17, 2013

Re: Suggested Next Steps for City of Fairfax

Background

In signing the Memorandum of Understanding for our technical assistance award with the City of Fairfax, Smart Growth America committed to delivering a final report summarizing the workshop on fiscal and economic health and recommending specific strategies for the revitalization of the Fairfax Boulevard corridor. The June 6th presentation was widely attended by both city officials and members of the public. The June 7th workshop was well attended by elected officials including the mayor and councilmembers, economic development authority members, planning commissioners, members of the local smart growth citizens group, and representatives from city staff and George Mason University.

The workshop presented in Fairfax, “Fiscal and Economic Health,” provides an overview of demographic and market shifts affecting preferences in housing and commerce and the fiscal and economic development impacts of different development patterns, focusing on the differences between disconnected, low density patterns and more compact “smart growth” patterns. The workshop’s presentations placed the City’s Fairfax Boulevard revitalization effort in a broader context.

The intent of the workshop was neither for Smart Growth America to create a plan nor bind the community to any particular course of action, but rather to facilitate a discussion within the community about how best to revitalize Fairfax Boulevard.

Purpose of this Memo

The workshop was designed as an opportunity to further the discussions on how the City might most effectively revitalize Fairfax Boulevard given changing market conditions, concern about declining retail development along the corridor, and the fact that the Fairfax Boulevard Master Plan is several years old and has not been adopted by the City. The purpose of this memo is to summarize Smart Growth America’s recommendations on what action steps the City might take to facilitate revitalization of Fairfax Boulevard.

Smart growth and fiscal and economic health

Communities around the nation are always concerned about their fiscal and economic health. By *fiscal* health, we mean a local government's bottom line: Does the life-cycle cost of new development – upfront infrastructure, ongoing service provision and eventual repair and maintenance – cost more to the town than it brings in in tax revenue? By *economic* health, we mean the general economic well-being of the community: How does new growth and development add to or detract from the creation of jobs, wealth, retail sales, etc.?

In approaching these questions in Fairfax and elsewhere, it is important to bear three trends in mind:

1. Our nation's demographics are changing in a way that is profoundly affecting the housing market.

Demographic trends are moving the housing market strongly away from traditional suburban housing. The two biggest demographic groups in the nation – retiring Baby Boomers and so-called Millennials (18-30-year-olds) are both expressing a strong preference for a more walkable, urban/village lifestyle. Indeed, a large percentage of Millennials prefer to live without cars altogether. The vast majority of net new households being formed have no children at home, and most of them are one- and two-person households – which are much more likely to prefer a walking lifestyle.

2. The formula for economic growth is changing

Business growth used to be driven by large corporations that operated in a fashion that was both private and linear. New research breakthroughs occurred in sealed research laboratories controlled by the companies. Manufacturing and other business processes occurred in assembly-line situations. These conditions led to cities and communities that featured large, sealed-off campuses (such as North Carolina's Research Triangle) and tended to be linear in their arrangements.

Today, business growth is driven by collaboration among many types of entities – private companies, research institutions, universities, and others – that must interact frequently and work together creatively. This trend requires cities and communities that encourage interaction and collaboration – the opposite of the model described above.

3. Suburban development patterns are making it more difficult for local governments to balance their budgets.

Suburban development patterns require extensive investments in capital infrastructure and ongoing service delivery. Low-density development requires more infrastructure to serve fewer people and requires service providers such as firefighters and school buses to travel farther. More compact development patterns reduce both life-cycle infrastructure costs and operating costs.

A recent study by Smart Growth America, *Building Better Budgets: A National Examination of the Fiscal Benefits of Smart Growth Development*, concluded that, compared to conventional suburban

development, smart growth patterns can save up to one-third in upfront infrastructure cost and 10% in ongoing operating expenses, and can generate approximately 10 times as much revenue on a per-acre basis.

Not all of these trends will be completely relevant in every situation. But it is important to bear all three in mind in considering the fiscal and economic health of any community.

Local Issues

The City of Fairfax is a small community (approximately 6 square miles and 23,000 people) located in the central portion of Fairfax County, a major residential and job center in the Washington, D.C., metropolitan area which has a population of more than 1 million people.

Although the City has a distinctive downtown and serves as the gateway to George Mason University to the south, the City's major thoroughfares are the east-west Fairfax Boulevard (U.S. 29/50) and the north-south Chain Bridge Road (Virginia 123), as well as Main Street (Virginia 236), which intersects Fairfax Boulevard near the western end of the city. Fairfax Boulevard is a significant commuting route that serves as a reliever for Interstate 66, while Chain Bridge Road serves as a major connection to I-66, which is located less than one mile north of Fairfax Boulevard. As a result, both are severely congested at rush hour.

Fairfax Boulevard is a well-established retail location that has long served as a critical component in the City's tax base. It is likely, however, that the boulevard's retail base will begin to decline in the coming years, as some of the retail space becomes obsolete and consumer preferences change. Already, some older retail space has been converted to office-type uses such as tax preparers.

The Fairfax Boulevard corridor within the city is more than three and a half miles long. The City has long considered the possibility of mixed-use development, including housing, along Fairfax Boulevard and for many years has considered focusing this development on three nodes: Fairfax Circle on the eastern end of the city (one mile from the Vienna/Fairfax-GMU Metro Station); Northfax (the intersection of Fairfax Boulevard and Chain Bridge Road); and Kamp Washington on the western end of the city.

In 2007, a Master Plan was prepared for Fairfax Boulevard, which called for mixed-use development all along the boulevard and special walkable centers at each of the three nodes, supported by structured parking and significant public investments such as a major transportation improvement to Fairfax Circle. The Master Plan has not been adopted and market conditions have changed dramatically, making it unlikely that the level of development required to support the proposed infrastructure investments will occur at the corridor level in the foreseeable future. Nevertheless, the draft Master Plan remains a major influence on the City's thinking about the boulevard.

The local community discourse regarding walkable, mixed-use development also waned somewhat amid the unstable market conditions in the years since the preparation of the Master Plan. Fortunately, the

recently established Fairfax City Citizens for Smarter Growth can now assume a prominent role in ongoing consensus-building and public education on these matters.

The City is currently pursuing a major transportation improvement in the Northfax area that will help to address traffic volume issues at the Fairfax Boulevard and Chain Bridge Road intersection and also improve storm drainage within the overall area. In addition, at least two multistory mixed-use development projects have been proposed, one at Fairfax Circle and one at Kamp Washington. Both are predominantly rental apartment projects with ground-floor retail. The Fairfax Circle project includes a supermarket.

All of these factors – changing market conditions and their impact on the City’s fiscal health, concern about the future of retail along the boulevard, and the proposed mixed-use projects – led the City to seek Smart Growth America’s assistance in devising a short-term action plan for the boulevard.

Action Steps

In the workshop on June 7th, Smart Growth America worked with the participants – including the mayor, city council members, other elected officials, members of various city commissions, staff members, and citizens – to identify two major action areas: first, a focus on public investment and City incentives in the nodes targeted for development; and second, an approach to reviewing the pending mixed-use development projects in light of the City’s goals.

1. Targeting of Public Investment and Incentives At Selected Nodes

Because the Fairfax Boulevard corridor is more than three and a half miles long, the City runs the risk of seeing new mixed-used development scattered along the corridor, thus adding density without creating truly walkable places that would create new energy and vitality in certain locations.

Therefore, the City should focus on the nodes. In our view, however, even three nodes is too many to focus on effectively. The City should focus on one or two nodes in order to concentrate its efforts. Focusing on one or two nodes, while still resource intensive in terms of capital and staff, would allow the City to get started on redeveloping Fairfax Boulevard in a more manageable way.

By focusing on nodes, we do not mean to suggest that the City should prohibit or discourage development in other locations. The City should accept new investment along the corridor wherever the market demands it, which is why we are also proposing criteria to review new projects (#2 below). Rather, we mean the City should target its own public investment in the selected nodes and create special incentives for developers to build projects in those nodes rather than in other locations along the corridor.

In this memo, we are not recommending *which* node or nodes should be selected for special focus. We are simply recommending that one or possibly two be selected. There is a good argument to select any of the three nodes.

- Fairfax Circle is located closest to the Vienna Metro Station and also features the Fairfax traffic circle, which the draft Master Plan identified as potentially iconic if it is given a facelift.

- Northfax is most centrally located, has the largest amount of available land for reuse, and will benefit from the transportation project with drainage improvements.
- Kamp Washington is located at the western edge of the city, adjacent to substantial development in unincorporated Fairfax County, and currently has one mixed-use development proposal pending.

Once the target node or nodes have been selected after further feasibility considerations, the City should put into place a set of special incentives to encourage developers to engage in development activity in these nodes and, especially, to assemble larger parcels of land. Among the incentives the City could provide are:

1. **Priority deployment of capital improvement funds from the City.** Although significant capital dollars are currently flowing to some nodes, most notably Northfax, the City should place priority on funding all identified capital improvements in the selected node(s).
2. **Funds for land assembly.** The City should create a pool of funds to assist private landowners with voluntary land assembly and identify sources of revenue for those funds. The use of “value capture” dollars – capturing increases in private land value because of public investments – is one possible approach.
3. **Density bonuses.** The City could provide density bonuses or other zoning incentives to developers who build projects in the target node(s) as opposed to other locations along Fairfax Boulevard.
4. **Fast-tracking approvals and disapprovals.** The City could expedite decisions—both approvals and disapprovals—of projects in the targeted node(s).
5. **Enhanced transportation access.** Using the CUE bus and other mechanisms, the City could provide increased transportation alternatives to the designated node(s). For example, if Fairfax Circle were selected, CUE bus service to Vienna Metro could be increased by reducing headways and adding express service.

2. Review of Pending Development Projects

In addition to focusing public investment and incentives in the targeted node(s), the City will also have to assess development projects that are proposed for areas along the corridor outside of the nodes. As stated above, the City should not discourage or block development outside the target node(s). But such projects must be assessed in the context of the City’s overall goals for Fairfax Boulevard, including how that development may impact the success of the selected node(s).

Although the Fairfax Boulevard Master Plan has not been adopted by the City, the six “Big Moves” identified in the plan have been incorporated into the City’s Comprehensive Plan. These “Big Moves”

should form the basis of the City's criteria in reviewing pending projects. One of the "Big Moves" – revised regulation – is beyond the scope of any individual project, but may be accomplished through comprehensive or targeted amendments to the zoning provisions. The others do suggest the need for public as well as private investments, but the private developer contribution to these "Big Moves" (e.g. proffers) can be used as the basis for a set of review criteria. These review criteria should be detailed and clearly articulated through an adopted policy or amendments to the City's Comprehensive Plan. These five "Big Moves" are:

1. ***A connected street network.*** In order to create walkable neighborhoods and districts along Fairfax Boulevard, a new set of connected streets will have to be created on what is currently private property, as generally depicted in the Fairfax Boulevard Master Plan. The City cannot easily create this street network without private developer participation, so each private development should contribute to a connected street network along the lines of that depicted in the Master Plan.
2. ***Street trees and sidewalks.*** Creating walkable settings will require not just additional streets but also streetscape improvements that create a pleasant public realm. Individual development projects should contribute to this environment by adding streetscape improvements that will contribute to the desired "whole."
3. ***Special intersections.*** The Master Plan calls for attention and improvement for "special intersections" such as Fairfax Circle. By and large, these improvements will require public investment, but each private development project must be viewed in the context of whether it contributes to or detracts from these special intersections. For example, in Fairfax Circle, if it is the City's intent to improve the Circle and make it a focal point, then each project should be assessed on the question of whether it enhances the Circle as a public space or detracts from it.
4. ***Town blocks.*** Walkable neighborhoods require short blocks in order for pedestrians to feel comfortable. In providing additional streets, new private development projects should create short "town blocks," rather than long suburban blocks to enhance the pedestrian environment.
5. ***New public spaces.*** Fairfax Boulevard currently has few public spaces. If it is to be a walkable neighborhood, it will need more. Each private project should provide public spaces within its project or, through the proffer system, provide a cash contribution toward the public spaces to be created or enhanced by the City.

Conclusion

Fairfax Boulevard is one of the City of Fairfax's greatest assets and it is at risk because of diffused development and the possibility of retail decline. The City has an emerging vision for Fairfax Boulevard, but must take affirmative, realistic steps to make that vision a reality. The City may yet adopt all or part of the Fairfax Boulevard Master Plan, but in the meantime, a pro-active approach toward investments and incentives in targeted node(s) and a consistent set of criteria against which to review pending development projects will move the boulevard's vision forward in significant ways.