

FAIRFAX COUNTY
ECONOMIC DEVELOPMENT SUPPORT FUND
PROJECT PROPOSAL



Town of Vienna
Economic Development Strategy and Market
Study
January, 2019

TABLE OF CONTENTS

I.	SUMMARY	1
II.	INTRODUCTION	1
III.	DOCUMENTED NEED	1
IV.	PROJECT GOAL	2
V.	SCOPE OF WORK.....	2
VI.	BUDGET	5
VII.	KEY PERSONNEL	5
VIII.	EVALUATION.....	5
IX.	BOARD OF SUPERVISOR OBJECTIVES.....	6
X.	PAY-BACK PERIOD.....	6

1. Summary

The Town of Vienna is requesting \$50,000 from Fairfax County's Economic Development Support Fund (EDSF), or half the total cost of \$100,000 to retain a consultant or consultants to assist us in developing an economic development strategy, and perform a market study. We want to conduct a comprehensive real estate market analysis of the Town's commercial districts and other areas of Town designated as mixed use, office, and industrial employment centers on the Town's Comprehensive Plan - Future Land Use Map. We estimate the total cost to perform these studies will be \$100,000, to begin in fiscal year 2020. The Town will set aside its portion in their 2020 budget. This project meets the requirements of a "programming support" type of project.

2. Introduction

The Town of Vienna is an incorporated town located in the northeastern portion of Fairfax County. It encompasses 4.4 square miles and, according to the 2015 estimate,¹ has a population of 16,522. The median household income, in 2016 dollars, is \$143,276.² Vienna is located in close proximity to several regional employment centers, with Tysons situated immediately to its east, Fairfax County's Mosaic district to the south and Oakton and Reston to the west and north. Residential uses make up a majority of land uses (71%), not including rights-of-way; commercial and industrial uses only account for 10% of land uses in the Town. Additionally, assessed real estate values break down to 81% residential and 19% commercial as of January 1, 2018.

Roughly 60% of the 3.5 million square feet of commercial and industrial uses are comprised of professional and office space, 30% is retail space with the remaining 10% being industrial uses. Office buildings are primarily concentrated in the western half of Maple Avenue and in the CMP (Industrial Park) zoning district along Follin Lane and Electric Avenue. Retail uses are scattered along Maple Avenue and Church Street, as well as parts of Dominion Road and Mill Street, NE, and at the corner of Cedar Lane and Park Street.

3. Documented Need

Twenty years ago, the Town completed a vision project for the Church Street corridor, adjacent to Maple Avenue (Route 123), the main commercial corridor in Vienna. The

¹ U.S. Census Bureau

¹ Ibid.

guidelines adopted drove development of new, attractive restaurants and businesses. Located one block to the north of Maple Avenue, with the W&OD trail running across the district, retail and restaurants locations have been established and are succeeding.

To further the goals of the Town's comprehensive plan, the Town passed a voluntary zoning ordinance for Maple Avenue in 2014. Maple Avenue retail largely consists of 1950's and 1960's era strip shopping centers, which are not representative of modern retail concepts and discourage the walkable town we want to promote. The length of the corridor and the busy, 5-lane (including the middle turn lane) arterial roadway that serves it adds to the difficulties of revitalizing the area. The Maple Avenue Corridor (MAC) voluntary zoning ordinance increases building height, allows a fourth story to buildings and requires a number of beautification features, such as setbacks, building details, open space, green space, protection of existing neighborhoods and wide, landscaped sidewalks to attract pedestrian traffic.

As of October, 2018 there were 68 vacant properties ranging from office suites to retail sites on Maple Avenue. In total there were 138 vacant spaces for the commercial and industrial properties in Town, approximately a 13% vacancy rate. During the Town's 2018-19 Strategic Plan development, economic development was identified as an area that requires further attention and which may help address commercial and office vacancies. However, the first step is to determine our needs. Creation of an economic development strategy would give the Town direction to utilize its resources to help revitalize Maple Avenue and other areas with office, commercial and industrial space. A market study would help us target what types of businesses would fill unmet needs and would allow us to aid utilization for vacant properties.

4. Project Goal

The goal of the project is for the Town to understand how to assist businesses in locating and thriving in Vienna, to assist and support existing local businesses, to fill vacant properties, and to improve the "place" that is the town of Vienna. This can be achieved by the creation of an economic development strategy and a marketing study. Since the Town staff does not have the expertise to perform this study, a consultant will need to be hired.

5. Scope of Work

The Town of Vienna is requesting grant support to retain a consultant to develop an overarching economic development strategy. As a part of this strategy, we will need a comprehensive market study of the commercial corridor and other areas of Town designated as mixed use, office, industrial and employment centers on the Town's Comprehensive Plan - Future Land Use Map.

1. ECONOMIC DEVELOPMENT STRATEGY

Economic Development Strategy will include the following elements:

- Create a situational analysis including opportunities and challenges based on the environment that currently exists within the Town.
- Review and analyze existing demographic and socio-economic data, labor force characteristics and other key economic data.
- Undertake a Business Retention and Expansion study to assist existing small businesses.
- Undertake a Business Investment and Attraction study to understand what new businesses are available and / or desirable.
- Prepare key demographic trends and forecasts, social factors, economic factors and financial indicators.
- Identify the Town's assets and competitive advantages, with proposed activities and programs. This task should include a strengths, weaknesses, opportunities and threats (SWOT) analysis of the Town.
- Review and analyze local policies, processes and regulations to provide recommendation on making adjustments, where necessary and appropriate, to support sustainable economic growth and diversification.

Economic Development Strategy Final Report will include the following deliverables:

- Executive summary.
- Understanding of the dynamics of the trade area, including its customers and competition.
- Address specific relevant issues such as business mix, vacancies, intense competition from nearby communities, etc.
- Demonstrate and respond to the economic importance of the Town to the County's economy.
- Strategies to support business expansion and recruitment efforts.
- Strategies to support and assist existing small businesses.
- Identify grants or other programs that could assist the Town to develop the strategy.
- Identify niche markets.
- Fiscal analysis of potential Town and County tax revenue impacts of improvements.
- Define components of catalyst projects.
- Determine location of potential commercial catalyst projects.
- Contain an action plan to implement objectives and goals set forth in the Strategy as well as performance measures with timelines to evaluate whether, and to what extent, plan goals and objectives have been or are being met.

2. MARKET STUDY

Market Study, which is a component of the economic development strategy will include the following elements:

- Assessment of the Town's current economic market and climate.
- Review and analysis of existing business inventory addressing retail, dining, entertainment, personal and professional services, offices and tourism (i.e., supply).
- Identification of key industries, types of services, amenities, and/or leasing space that is lacking in Town to service the demographic profile.
- Projection of the Town's future development potential to include square footage by sector/type (i.e., retail, professional, commercial, industrial, etc.) that the Town could absorb within the next five to ten years (i.e., demand).
- Identification of alternatives for reasonably expected changes in market conditions.
- Identification of housing types as a component of mixed-use projects. The analysis should include a projected number of owner-occupied versus rental, achievable rents and/or price per square foot, and identification of target users (i.e., demand).
- Location requirements and/or preferences for the targeted market.
- Districting and place-making strategies.
- Action plan for implementation of the report findings, including identification of potential sources of funding.

Market Study Final Report will include the following deliverables:

- Executive summary.
- Location analysis.
- Supply and demand analysis.
- Districting and placemaking strategy.
- Action plan for implementation of report findings, including identification of potential sources of funding.

The processes for both studies should involve:

- Scoping with Town staff, including an in-person tour of the Town.
- Outreach to elected officials, staff and other stakeholders including developers, business owners and other interested civic groups.

Proposed timeline:

- Secure funding: April, 2019
- Procurement process to hire consultant: May – June, 2019
- Estimated six to nine month time frame to complete economic development study and market study: July – December 2019/March 2020.

6. Budget

The following is the proposed breakdown of shared \$100,000 budget and sources of funding.

Town of Vienna		Fairfax County Economic Development Support Fund
FY 2020	\$50,000	\$50,000
TOTAL PROJECT COST		\$100,000

7. Key Personnel

The following are the key personnel who will be responsible for completion of the project, as well as other personnel involved in the project.

Project Client	Mercury Payton, Town Manager, Town of Vienna
Sponsor	Supervisor Cathy Hudgins, Fairfax County Board of Supervisors, Hunter Mill District
Project Manager	Mercury Payton, Town Manager, Town of Vienna, assisted by Marion Serfass, Director of Finance and Cindy Petkac, Director of Planning and Zoning
Project Team	Staff from Departments of Planning and Zoning, Finance and Public Information Office
Consultant	

8. Evaluation

As stated earlier, as of October, 2018 there were 138 vacant properties ranging from office suites to retail sites in Town. An economic development strategy, along with a market study, will help the Town better deal with these vacancies and any potential downturns in the office and commercial areas. The Town will be able to better attract the types of businesses it desires and create more robust commercial corridors. An additional end product would be methods to assist existing small businesses, which are an integral part of the Town's development.

9. Meet Objectives of Fairfax County Board of Supervisors

This project will satisfy the following objectives expressed by the Fairfax County Board of Supervisors:

- **Create places where people want to be.** An effective economic development strategy and market study will direct the Town to help revitalize the commercial areas. Vienna is uniquely located – close to Washington, DC, metro, the W&OD trail, so that the possibility of vibrant redevelopment is well within reason.
- **Achieve economic success.** Revitalized commercial areas with a vision and roadmap will lead to increase commercial real estate values for both the Town and the County, helping to diversify the economy and increase both the Town's and County's tax base.

10. Expected Pay-Back Period

Commercial redevelopment generating an increased assessed value of approximately \$4.3 million at the current County real estate tax rate would cover the County's investment of \$50,000 for this project. This would be a less than a 0.5% increase in the Town's current commercial assessed value, which is generally less than one year's increase in assessed value.

The project length for the economic development strategy is approximately 6 months, projected to begin in May, 2019. The project length for the market study is also 6 months, to begin in FY 2020 after the completion of the economic development strategy.

The County could expect a full pay back of its investment plus more in one to two years after the completion of the project.