Commercial Vacancy Working Group
Recommendations to Arlington County
Adopted by the Economic Development Commission – October 10, 2023

To the Arlington County Board,

Arlington County faces a crisis with office vacancy. As of the second quarter of 2023, Arlington's office vacancy rate stood at 21.3%, exceeding its high point of 20.1% in 2015 following the departure of several Department of Defense offices as part of the Base Realignment and Closure process. Compounding the challenge is that mid-week peak occupancy in the Metropolitan Washington region is still only about 50%, according to Kastle Systems, so the actual occupancy of Arlington's offices is considerably lower than the 78.7% of space that is currently leased. The US Government Accountability Office is focusing on federal agencies' underutilization of office space; private sector businesses are doing so as well. Moreover, many leased spaces, perhaps as much as 4% of the total inventory, are being marketed for sublease or as future availabilities. These data combine to portend a further increase in vacancy when businesses reduce their leased footprint to match actual use when their leases come up for renewal.

Office vacancies have direct consequences for Arlington County's tax revenues, which derive from the value of commercial properties. Metropolitan Washington office asset values have fallen by approximately 40% since the start of the pandemic, as estimated by Green Street Advisors, a decline which recent asset sales in Arlington corroborate. Arlington Economic Development estimates that a typical half-occupied building generates 58% of the total local tax revenue, and a completely vacant building yields less than a quarter of the tax revenue that their fully occupied equivalents provide. This forgone revenue limits Arlington County's capacity to provide critical public services including human services, recreation, public safety, and education.

The Commercial Vacancy Working Group has leveraged insights drawn from our experience and relationships to recommend actions for Arlington County to sustain occupancy and to activate Arlington's office market, and where necessary, to reposition nonperforming assets. We have grouped the recommendations into three, thematic sections, each comprising several recommendations:

Aligning Arlington's Real Estate to New Market Realities (page 4)

- **Expedited Conversion Process for Existing Buildings**
  Allowing the redevelopment process to proceed more efficiently would help return underperforming assets to full productivity. Conversions of existing site plan buildings will be assessed by staff and presented directly to the County Board for approval, rather than going through the complete site plan review process. This expedited approach would only apply if the building were being repurposed or undergoing a limited amount of renovation.
- **Building Repositioning Incentive**
  Consolidating vacancies will allow completely vacated buildings to be redeveloped. To encourage existing tenants in buildings that are less than 40% leased to relocate in Arlington, the receiving building will receive a cash grant based on a portion of real estate tax paid based on the terms offered to the relocating tenant. Arlington County must approve the sending and receiving

buildings for participation and grants will only be paid once the sending building has achieved 100% vacancy.

- **Community Benefits Tax Impact**
  Arlington County stands to receive a positive net tax take from replacing an underperforming office building with a residential building. The community benefit contribution for a new residential building will be reduced by the difference between the present discounted values of its expected tax stream and that for the underperforming office building it replaces. Community benefits necessary for site function would not be eligible for reduction under this program.

Maintaining and Maximizing Currently Occupied Offices (page 7)

- **Low Interest Loan Program For Tenant Improvements**
  Localities and markets are seeking levers to be more competitive in an environment of limited liquidity. Arlington County will make available, or facilitate, a low-interest loan to help cover the costs of tenant improvements for all new and renewed office leases signed at existing office buildings in Arlington. The loan program will help Arlington to be more competitive as property managers are offering continued increases in tenant improvement.
- **Middle Market Tenant Attraction and Retention Incentive Plan**
  Retaining occupancy during the period of market change sustains Arlington's real estate tax base. Property owners will receive a cash grant based on a portion of real estate tax paid based on the terms of the signed new and renewal office leases and the free rent credit they offer. This proposal applies equally to new and renewal leases because retaining occupancy that would otherwise be lost and receiving new occupancy previously not present have the same impact on Arlington County's tax receipts.
- **Coworking Small-Medium Enterprise Catalyst Exploration**
  Many small and medium sized businesses that will be candidates for future office leases start in coworking spaces. Arlington Economic Development will convene a facilitated workshop with coworking space providers to explore ways that Arlington County can support the coworking spaces to become more dynamic engines of small-medium enterprise start-ups and growth. This exploration could occur under the Arlington Innovation Fund or as a stand-alone effort.

Encouraging Arlington's Workforce Back into the Office (page 10)

- **Including Work Hour Flexibility in Traffic Demand Management (TDM) Programs**
  Employees become more receptive to return-to-office policies if they don't have to commute at high traffic times. Work hour flexibility can provide this benefit and meet the TDM goal of reducing congestion. Work hour flexibility will be included as a mechanism of meeting the TDM component for any new or existing site plan or use permit. An appropriate rate of exchange between existing TDM options and work hour flexibility will be determined.
- **Support for Housing Creation and Affordable Housing Programs in Arlington**
  Distance to work is a key contributing factor to commute length. If Arlington's employees live at

great distance to their offices, they are likely to pressure their employers to continue teleworking policies, or to seek jobs that are closer to their homes. This group thus endorses Arlington County's efforts to increase housing supply and affordable housing so that more employees will not have to endure long commutes to work in Arlington.

- **Consideration of Office Occupancy as a Policy Goal**
  A thriving office sector serves Arlington County's overall well-being directly as a source of property taxes and indirectly as an anchor for a vibrant community that benefits Arlington residents. There is a nexus between occupied offices and many of Arlington County's activities. We encourage Arlington County to consider promoting office occupancy as a core goal in guiding County activities, prioritization decisions, and implementation strategies.

More complete descriptions of these recommendations follow in this document. The Working Group presents these recommendations as a cohesive whole. We believe that the office vacancy challenge is multifaceted, each proposal herein addresses a particular aspect, and adopting them together allows for their mutual reinforcement. Moreover, no individual proposal will solve the problem on its own. That said, the proposals do not depend on each other, such that a decision not to adopt one proposal should not prejudice the adoption or capacity for success of the others. We further believe that these recommendations will complement other initiatives to support the commercial market in Arlington, including proposals which the County Manager may bring forward to the Board for consideration.

We recognize that it may be reasonable to limit the capacity of a single property to receive multiple financial incentives by establishing a maximum total financial incentive that any property can receive from the recommendations herein or by making receipt of two specific financial incentives mutually exclusive. However, we believe that the process improvements and financial incentives contained in these recommendations are complementary, and we thus strongly encourage that access to improved processes not be conditioned on not having received a financial incentive, and vice versa.

Additionally, we offer several proposals that would require specific, numerical components (*e.g.*, terms and limits for cash grants). Throughout these recommendations, we provide *examples* of what such figures could be to help the reader to envision how the proposals could work in practice. Whilst we have endeavored to use our experience to present figures that we believe to be reasonable to achieve the recommendations' objectives, we recognize that the adopted figures will be the result of further analysis on the part of Arlington County staff and the County Board. As such, we encourage readers to focus on the proposals' concepts, rather than the specific amounts in our examples.

We thank you for your consideration of these recommendations. We encourage their adoption and offer our support and counsel in response to any questions that you have or for the further development of strategies to support Arlington's office market.

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Aligning Arlington's Real Estate to New Market Realities

Arlington has many existing buildings that are no longer performing in their originally planned and entitled used. They served a valuable role for our community, but that role is no longer needed or is being met better by other properties. As of the second quarter of 2023, Arlington's office vacancy rate stood at 21.3%. This rate exceeds its high point of 20.1% in 2015 following the departure of several Department of Defense offices from Arlington as part of the Base Realignment and Closure process. Moreover, 10 buildings are less than 40% occupied, and another 10 buildings are between 40%-50% occupied, as tenants reduce their footprints or depart for more attractive space.

It is important that Arlington County recognize the change in the marketplace and, in turn, change policies that anchor these properties to the past realities. Furthermore, Arlington County can incentivize the transition, making an investment for the tax receipts and other community benefits that these transformed properties will yield.

Expedited Conversion Process for Existing Buildings

The site plan process's length and variability are amongst the biggest impediments to redevelopment. Allowing the redevelopment process to proceed more efficiently would help return underperforming assets to full productivity. Since the process deals chiefly with the form of buildings, cases where the existing building form will remain substantially intact are good candidates for a more efficient approach.

Conversions of existing site plan buildings would be assessed by staff and presented directly to the County Board for approval, rather than going through the complete site plan review process. This expedited approach would only apply if the building were being repurposed – or undergoing a limited amount of renovation, up to a limit which the County Board could establish. Sites to be torn down and rebuilt would still require completing the site plan process.

We recommend that this process be available to all existing site plan buildings in Arlington. We further recommend that this process include all forms of repositioning and conversion – office to residential and office to office – to make repositioning simpler. The expedited process would increase the speed to market by allowing immediate changes.

As these buildings already exist, all that will change is the building's use. Streamlining the process for these use changes is consistent with the thinking behind the updates to usage tables that have been approved recently as part of the Commercial Market Resiliency Initiative.

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Building Repositioning Incentive

The Building Repositioning Incentive encourages existing office or retail tenants in office buildings of which less than a set percentage is leased (*e.g.*, less than 40%; exact percentage to be determined by Arlington County) to relocate to another building in Arlington. The goal of the program is to consolidate occupancy and vacancies so that completely vacant buildings can be redeveloped. To ensure that the incentive is advancing toward its goal, participants must relocate from a building that Arlington County staff have approved for participation in the program as a suitable candidate for redevelopment and must relocate to a building that is not also participating in the program.

The receiving building will receive a cash grant based on a portion of real estate tax paid worth up to a set percentage of a tenant allowance offered to the tenant who has moved from a participating building. The exact amount of the grant will depend on the overall allowance offered and the term of the lease (see table below for an example ranging from 0% to 22.5%). Grants will only be paid once the sending building has achieved 100% vacancy, and Arlington County will set a maximum grant for any receiving building under this program (*e.g.*, no more than 50% of the annual real estate tax for the building). We recommend that the program be adopted with a 60-month sunset.

POTENTIAL ARLINGTON REPOSITIONING SUBSIDY

		Lease Term (Months)		
		< 60 Months	**60 - 120 Months**	**> 120 Months**
Landlord TI Offered ($ PSF)	**<$25psf**	0.0%	0.0%	0.0%
	$25-50psf	0.0%	10.0%	15.0%
	$51-75psf	0.0%	12.5%	17.5%
	$76-100psf	0.0%	15.0%	20.0%
	$100psf+	0.0%	17.5%	22.5%

While we believe that a cash grant based on a portion of real estate tax paid is the most effective and efficient tool for delivering this incentive, other alternative structures are available for consideration. As an alternative to a cash grant based on a portion of real estate tax paid to the receiving building, the County could also offer a tenant improvement allowance for the relocating tenant for the equivalent dollar amount. As an alternative to an outright allowance or cash grant, a low-interest loan for tenant improvement could be offered to the relocating tenant.

Partially occupied buildings are an impediment to repositioning or redevelopment because incumbent tenants require continued service, which could be provided in another, heretofore also partially occupied, building. The financial incentive for consolidation helps vacated sites to become candidates for repositioning or redevelopment. The proposal includes guardrails to ensure that funds support good candidates for repositioning and that the aims of 100% vacancy in those buildings are achieved.

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Community Benefits Tax Impact

The Community Benefits Tax Impact recognizes that Arlington County stands to receive a positive net tax take from replacing an underperforming office building with a residential building, via either conversion or demolition and reconstruction. The proposal incentivizes these future tax benefits by allowing for an offsetting reduction of current community benefits.

The current office valuation and associated tax stream will be projected forward for a set period from project completion (we suggest 10 years), as well as an agreed upon tax stream associated with a residential project based on a competitive set of properties in Arlington. The two tax streams would be discounted back to a net present value at the same discount rate. The figures for specific projects can be taken from the fiscal impact studies that accompany development proposals.

The community benefit contribution for the new project will be reduced by the difference between the present discounted values of the tax streams for the new project and the existing building. Community benefits necessary for site function, such as transport, utility, and pedestrian improvements, would not be eligible for reduction under this program.

The incentive provides the residential builder with a needed immediate financial benefit without an outlay of County funds. The County is repaid for the forgone community benefits over time, with interest on that amount matching the discount rate. The benefit of converting the building from vacant or obsolete office is embedded in the increased tax payments, the activation of the block, the baseline improvements to the site, and the additional residents and visitors supporting local businesses.

An *example* calculation, including County tax burden estimate and base/bonus density calculations:

Building Square Footage	100,000	sf	3.8	FAR					OFFICE VALUE/TAX ANALYSIS		
Building Value/SF	$ 200		26,316	Site Area							
Obsolete Office Value	$ 20,000,000		100,000	Base Density							
Tax Rate (varies)	$1.03	/$100									
Tax Increase/Decrease %	0%	0%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	
Tax Stream Year	1	2	3	4	5	6	7	8	9	10	Total
Tax Payment	$206,000.00	$206,000.00	$201,880.00	$197,842.40	$193,885.55	$190,007.84	$186,207.68	$182,483.53	$178,833.86	$175,257.18	$1,918,398.05
County Services Burden	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	
Net Tax Stream to County	$123,600.00	$123,600.00	$121,128.00	$118,705.44	$116,331.33	$114,004.70	$111,724.61	$109,490.12	$107,300.32	$105,154.31	
Discount Rate	3%										
Net Present Value	**$986,404**										
Building Square Footage	200,000		4.8	FAR	73,684	Bonus Density			RESIDENTIAL VALUE/TAX ANALYSIS		
Building Value/SF	$ 600		26,316	Site Area	$60	$/SF Cost					
Residential Value	$ 120,000,000		126,316	Base Density	**$4,421,053**	**Community Benefits Package**					
Tax Rate (varies)	$1.03	/$100									
Tax Increase/Decrease %	0%	0%	2%	2%	2%	2%	2%	2%	2%	2%	
Tax Stream Year	1	2	3	4	5	6	7	8	9	10	Total
Tax Payment	$1,236,000.00	$1,236,000.00	$1,260,720.00	$1,285,934.40	$1,311,653.09	$1,337,886.15	$1,364,643.87	$1,391,936.75	$1,419,775.49	$1,448,170.99	$13,292,720.74
County Services Burden	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	
Net Tax Stream to County	$309,000.00	$309,000.00	$315,180.00	$321,483.60	$327,913.27	$334,471.54	$341,160.97	$347,984.19	$354,943.87	$362,042.75	
Discount Rate	3%										
Net Present Value	**$2,821,832**										
NPV Tax Delta to County	**$1,835,428**	**= Community Benefits Reduction**									

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Maintaining and Maximizing Currently Occupied Offices

The office market remains in a transitional period, including changes that predate the pandemic, changes exacerbated by the pandemic, and changes introduced during the pandemic. The transition period may well last through the remainder of the 2020s, and so we do not have the luxury of waiting for its conclusion to act. Both the US Government Accountability Office and many private businesses are focusing on their underutilization of office space, raising questions about their willingness to renew leases when they expire. Additionally, many leased spaces, perhaps as much as 4% of the total inventory, are being marketed for sublease or as future availabilities, which would only compound downward pressure on the market.

These vacancies, potential vacancies, and downward pressures on office rents have direct consequences for Arlington County's tax revenues, which derive from the value of commercial properties. As such, we benefit from maintaining as much of our market as possible through this transitional period to preserve income and to position ourselves for rapid growth after it concludes. There is no "silver bullet" solution, but there are several ways in which we can be proactive to support existing occupancy.

Low Interest Loan Program For Tenant Improvements

For the 24 months following the program adoption, Arlington County will make available, or facilitate, a low-interest loan to help cover the costs of tenant improvements, amortized over the life of the term, for all new and renewed office leases signed at existing office buildings in Arlington. Arlington County, or a third-party loan provider, could set a limit on the total funds available through this program or a cap per building or tenant. The loan program will help Arlington to be more competitive in an environment of limited liquidity and continually increasing costs for tenant improvements.

This Tenant Improvement loan structure could also be used as an alternative incentive delivery mechanism for proposals in these recommendations fashioned as direct cash incentives (*i.e.*, as an alternative to the cash grant based on a portion of real estate tax paid for the Building Repositioning Incentive or the Middle Market Tenant Attraction and Retention Incentive Plan).

Middle Market Tenant Attraction and Retention Incentive Plan

The Middle Market Tenant Attraction and Retention Incentive is designed to provide tenants with an additional financial incentive to lease or to renew office space in Arlington for at least five years. It provides a cash grant based on a portion of real estate tax paid worth 1-5 months of free rent credit for all new and renewal leases signed in the 24 months following adoption. The amount of the grant will depend on the term of the signed lease and the number of months of free rent credit offered by the landlord (see table for an example). As a fiscal control for the County, the landlord will be eligible for a grant up to a certain percentage (*e.g.*, 50%) of the annual real estate tax for their building.

The fiscal impact for each incentive will vary depending on: (i) the size of the tenant, (ii) whether the landlord has hit the cap on the grant being offered, (iii) the length the lease term, and (iv) the free rent being offered by the landlord. The incentive can be sized by setting the various eligibility requirements to achieve the desired outcome. Examples:

- For a 5,000-square foot tenant and assuming $50 per square foot market rents, one month of free rent would equate to a $20,833 grant.
- For a 250,000-square foot building and assuming real estate taxes of $5.50 per square foot, the maximum grant a landlord would be eligible to receive for the entire building would be $687,500.

POTENTIAL ARLINGTON COUNTY FREE RENT SUBSIDY

		Lease Term (Months)		
		< 60 Months	**60 - 120 Months**	**> 120 Months**
Landlord Free Rent Offered (Months)	**0**	0.0 Months	0.0 Months	0.0 Months
	3	0.0 Months	0.0 Months	0.5 Months
	6	0.0 Months	0.5 Months	1.5 Months
	9	0.0 Months	1.5 Months	2.5 Months
	12	0.0 Months	2.5 Months	3.5 Months
	15+	0.0 Months	3.5 Months	5.0 Months

While we believe that a cash grant based on a portion of real estate tax paid is the most effective and efficient tool for delivering this incentive, other alternative structures are available for consideration. As an alternative to a cash grant based on a portion of real estate tax paid, the County could also offer a tenant improvement allowance for the leasing/renewing tenant for the equivalent dollar amount. As an alternative to an outright allowance or cash grant, a low-interest loan for tenant improvement could be offered to the tenant.

This proposal applies equally to new and renewal leases because retaining occupancy that would otherwise be lost and receiving new occupancy previously not present have the same impact on Arlington County's tax receipts. We appreciate that many people perceive avoiding loss differently from a gain. However, in a period with considerable office market flux and many pre-pandemic leases due to expire, retention becomes a higher priority to avoid further occupancy losses exacerbating the tax revenue decline from existing vacancy.

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Coworking Small-Medium Enterprise Catalyst Exploration

There are several coworking space providers in Arlington, including Industrious, Venture X, Carr, WeWork, Regus, and Life Time Work. Coworking has been growing as a space provider for small-to-mid sized businesses. It benefits Arlington County for these enterprises to grow and to be anchored in Arlington, so that they eventually take on leases in Arlington's office buildings when their businesses grow to warrant leasing their own office space. The Coworking Small-Medium Enterprise Catalyst Exploration seeks to develop opportunities for Arlington County to catalyze a dynamic where coworking space providers are better able to attract, retain, and foster the growth of small-medium sized businesses, *i.e.*, to build coworking spaces into incubators with County assistance.

Arlington Economic Development will convene a facilitated workshop with coworking space providers currently operating in Arlington to explore ways that Arlington County can support the coworking spaces to become a more dynamic engine of small-medium enterprise start-ups and growth, including:

- A better understanding of how coworking space providers are currently faring and of trends related to small-medium enterprises at coworking spaces,
- Ideas about ways Arlington County and coworking space providers could work together to drive small-medium enterprise start-ups and growth, and
- A better understanding about the expected impacts for Arlington County of supporting coworking spaces in Arlington.

This exploration could occur under the auspices of the Arlington Innovation Fund's activities or as a stand-alone effort.

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Encouraging Arlington's Workforce Back into the Office

A key factor in encouraging Arlington's offices to be *leased* is for that space actually to be *occupied*. Employers and employees still struggle to determine how and how often to work in the office, and mid-week peak occupancy in the Metropolitan Washington region is still only about 50%, according to Kastle Systems. Additionally, having employees present also benefits local businesses, and Arlington County's tax revenues from those businesses. Active daytime life in our commercial areas also contributes to a positive sense of place and a positively reinforcing cycle of attendance.

Arlington County lacks the authority to require private employers to force their employees into the office, but we can be attentive to the reasons that employees may be resistant to returning and to help to encourage them back. We know, for example, that scheduling inflexibility and burdensome commutes are barriers to returning to the office. Arlington County has several programs that can help to mitigate these challenges, and we should pursue them with a lens of encouraging active use of our office space, amongst the other goals that they already, and will still, serve.

Including Work Hour Flexibility in Traffic Demand Management (TDM) Programs

The impact of commuting to Arlington is a barrier to working in Arlington, but work hour flexibility could help employees avoid high traffic times. Employees are better equipped to deal with stress when they can meet many obligations outside of work; flexible scheduling can also contribute to better mental health (decreased stress), increased work-life balance, reduced congestion, and less crowing on public transport.

We believe that employees may be more receptive to return-to-office policies if they are not tied to specific times. Arlington County cannot mandate private employers' schedules, but we can still find alternatives that incentivize work hour flexibility on the part of Arlington's employers. One tool is the inclusion of Traffic Demand Management (TDM) requirements in many office building site plans. The original goal of TDM was to reduce congestion on area roads, and schedule flexibility is a tool that would be consistent with that goal.

Work Hour Flexibility will be included as a mechanism of meeting the TDM component for any existing site plan or use permit and new plans that will come (as applicable). Additionally, Arlington Transportation Partners (ATP) will update its Champions program goals to give points to companies that provide flexible scheduling to allow workers to create their own schedules without time constraints. ATP will also promote flexible scheduling during its Transportation events for Employers, Best Places to Work for Commuters support, and in Office Relocation Services. Language will also be added in the Transportation Brochures that encourages flexible scheduling.

Ideally, the Arlington County Board could take a single action to include work hour flexibility as an option for meeting the TDM requirements of all existing site plans with TDM requirements, and then to continue including it henceforth in new site plan approvals. We encourage Arlington County to survey property managers for the actual uptake of existing TDM options to determine an appropriate rate to exchange existing options for flexibility (*e.g.*, allowing *x* employees to have time flexibility counts as the equivalent of *y* dollars in transit subsidy).

Support for Housing Creation and Affordable Housing Programs in Arlington

Distance to work is a key contributing factor to commute length. If Arlington's employees live at great distance, they are likely to pressure their employers to continue teleworking policies, or to seek jobs that are closer to their homes. Arlington faces increasing competition from suburban and exurban jurisdictions in Northern Virginia, and even from other regions – such as Richmond – which through their lower costs of living are attracting the workforce for which Arlington heretofore has been known.

This group thus endorses Arlington County's efforts to increase housing supply and affordable housing so that more employees will not have to endure long commutes from a home that they can afford. We do not wish to duplicate efforts occurring elsewhere in Arlington County government. As such, we are not proposing new housing initiatives, but we note their impact on supporting Arlington's office portfolio. We encourage Arlington County to look creatively into all means of increasing and preserving housing, including and especially affordable housing.

Consideration of Office Occupancy as a Policy Goal

A thriving office sector serves Arlington County's overall well-being directly as a source of property taxes and indirectly as an anchor for a vibrant community that benefits Arlington residents. As we noted above with housing, there is a nexus between many activities that Arlington County considers on their own merits and the outcome of promoting office occupancy. We thus encourage Arlington County to consider the policy goal of promoting office occupancy as a core goal in guiding County activities, and as a consideration in prioritization decisions and implementation strategies.

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Economic Development Commission Commercial Vacancy Working Group

The Economic Development Commission convened the Commercial Vacancy Working Group in March 2023 to develop strategic recommendations to the County Board that lead to increased commercial occupancy and active use of commercial space by employees and customers of businesses located in Arlington. The Working Group includes both members of the Economic Development Commission and subject matter experts with relevant experience and interest.

Working Group members[1]

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Eric Derks, Riverain Collaborations

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Syeed Mansur, Sentrana

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Frank Poli, BCN Homes

Andy VanHorn, Dweck Properties

Kevin Yam, Iron Point Partners

Gratitude

We thank the Arlington Economic Development staff, particularly Marc McCauley, Brandon Bedford, Troy Palma, and Marian Marquez, for their support of and active participation with the Working Group.

[1] NB: Professional affiliations shown for information, only. These recommendations are presented on behalf of the Working Group and not its members' employers.

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Commercial Vacancy Working Group Charge & Work Program

Purpose:
Develop strategic recommendations to the County Board that lead to increased commercial occupancy and active use of commercial space by employees and customers of businesses located in Arlington. This effort directly addresses Goal One in the Framework for Prosperity 2.0 and will leverage ongoing work underway in AED and other County departments as it relates to commercial market resiliency.

Scope:
The Working Group's work product shall reflect the following elements:
1. Developing a consolidated and comprehensive understanding of the state and direction of the commercial real estate market in Arlington and the region, including developments since 2020 and likely further changes to the use of and market for commercial real estate.
2. Recommending actions to the Arlington County Board to maintain and to increase occupancy of existing commercial real estate in Arlington through business retention, growth, and recruitment.
3. Recommending actions to the Arlington County Board to reposition nonperforming commercial real estate, including, *inter alia*, removing land use restrictions and streamlining and shortening processes for property development.
4. Recommending strategies and tactics for Arlington County, public-private partnerships, and the private sector to support commercial real estate owners/managers and tenants in activating the commercial space they occupy (*e.g.*, encouraging employees to want to be present in their offices in Arlington and encouraging customers to want to patronize Arlington businesses).
5. Leveraging relationships in the private sector to inform the Working Group's understanding of market conditions and recommendations to Arlington County.

Membership:
The Working Group shall be composed of 7 members of the Economic Development Commission and will be chaired by Scott E. Pedowitz. Participation and contributions from subject matter experts with relevant experience and interest will be welcome.

Staffing Resources:
Staff support for the Working Group will be coordinated by the EDC Staff Liaison.

Schedule:
The Task Force will begin meeting in March 2023. Meetings will be held monthly.

Deliverables:
The Working Group's final product will be a report outlining proposed recommendations to the EDC.

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Economic Development Commission

The Economic Development Commission's primary responsibility is to advise and assist the Arlington County Board and Arlington Economic Development in carrying out Arlington's economic development strategy, as articulated in the Strategic Plan entitled "Arlington's Framework for Prosperity," and on such other issues and goals as may be deemed important and relevant by the County Board. This Mission is based on the following vision and objectives:

Vision:

Economic Development will not only sustain, but accelerate, the Arlington economy to add wealth, employment, and quality to the community.

Objectives:

1. Position Arlington as a regional, national, and international world-class business and visitor location, and execute meaningful marketing activities.
2. Create leading-edge urban districts with abundant private investment opportunities.
3. Coordinate and provide support and resources to new and existing businesses, small and large.
4. Develop private sector partnerships at all levels to maximize economic development value.

Economic Development Commission members

Bill Dunn, Chair
Kevin Yam, Vice Chair
Tommy Amal
Kate Bates
Ryaan Boyd
Janetta Brewer
Steve Cooper
Stephen Fedorchak
Nick Gregorios
Catherine Lynch
Sid Mansur
Brad Mason
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