Economic Development Strategies to Address the Gentrification of Bailey's Crossroads

Prepared for the Fairfax County Department Of Economic Initiatives

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UVA | FRANK BATTEN SCHOOL of LEADERSHIP and PUBLIC POLICY

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Disclaimer

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Executive Summary

Fairfax County, Virginia has plans to undergo significant revitalization efforts in Bailey's Crossroads, emphasizing the redevelopment of its older commercial areas that are beginning to deteriorate (Fairfax County Government, 2022a). While revitalizing areas to improve their appearance and vibrancy is a reasonable goal, Bailey's Crossroads is currently one of the poorest parts of Fairfax County, having a much higher poverty rate and substantially lower median incomes than Fairfax County as a whole (U.S. Census Bureau, 2023). Because of this, Bailey's Crossroads is potentially vulnerable to gentrification, where revitalization efforts attract inflows of wealthier residents and alter the cultural and financial landscape of the area (U.S. Department of Housing and Urban Development, 2018).

Without deliberate attention to the existing community, the plans to revitalize Bailey's Crossroads could gentrify the area, reducing the ability of its low-income residents and businesses to stay there. If gentrification brings about the displacement of residents and businesses, Bailey's Crossroads could lose its diversity and culture, which could increase social tensions and sustain racial stereotypes in the community.

Within the scope of economic development initiatives, a wide variety of solutions to address gentrification exist, including encouraging private investment into communities, directly supporting businesses, and changing plans for development. Based on the evidence on the problem and solutions, four courses of action are considered:

1. Maintaining the status quo
2. Modifying the development plans to de-emphasize transformational revitalization
3. Establishing a Community Development Financial Institution to stimulate private investment into the community
4. Establishing a Legacy Business Program designed to protect businesses that are meaningful to the community

These alternatives are evaluated along four criteria: how they contribute to general economic growth of the area, how they reduce the risk of residential and commercial displacement, how much they cost, and how feasible they are to be implemented and supported by the government.

After evaluating the alternatives, I recommend that Fairfax County establish a Legacy Business Program in Bailey's Crossroads. This program would leverage community participation to help identify businesses that meaningfully serve the existing community. It would award these businesses with financial assistance as well as promotional activities in order to help protect these businesses from being displaced. Existing residents at risk of displacement would benefit from the preservation of businesses that serve them well, potentially mitigating their displacement as well.

To successfully implement the Legacy Business Program, the Fairfax County Government must work to determine which businesses should be protected, what benefits they should receive, and how the community can play a role in identifying these businesses. Engagement from businesses and residents is critical for this program to identify the most important businesses in the community.

Introduction

In development planning, a major purpose of revitalization efforts is to improve the economic vitality and quality of life in communities (Fairfax County Government, 2018). While these efforts can be beneficial and desirable, there is also concern that they might harm communities by attracting new types of people and businesses that change the landscape of the community, a concept known as gentrification.

This report describes the potential threat of gentrification in Bailey's Crossroads, Virginia that emerges from future development plans for the area. It begins by motivating the problem, describing characteristics of Bailey's Crossroads, the plans and projects to redevelop the area, and why those plans and projects could potentially harm existing residents and businesses of Bailey's Crossroads. It then discusses research on potential solutions that could help mitigate gentrification, specifically from an economic development perspective. The report specifies four potential solutions that are evaluated along several criteria. A final recommendation is made based on these criteria, and steps for implementation of this recommendation are discussed.

Problem Statement

Bailey's Crossroads, Virginia has visions to undergo significant revitalization efforts, emphasizing the redevelopment of its older commercial areas in order to "sustain the economic vitality and quality of life" in these areas (Fairfax County Government, 2018). While transforming Bailey's Crossroads into a more attractive, economically prosperous place is a noble goal, Bailey's Crossroads is currently one of the poorest areas in Fairfax County, having over three times the county average poverty rate and incomes 44% below the county average (U.S. Census Bureau, 2023). Without careful consideration of this, the visions to revitalize Bailey's Crossroads could inadvertently gentrify the area and threaten the ability of its low-income residents to be able to continue living there. Additionally, with the risk of significant change in the demographics of Bailey's Crossroads and the rising rental costs as a result of revitalization, existing businesses in Bailey's Crossroads may be at risk of being replaced by ones catering to wealthier individuals.

Client Overview

The Fairfax County Department of Economic Initiatives (DEI) is part of the Fairfax County Government, and its primary function is to use county resources and make policy recommendations about economic development in the county (Fairfax County Government, 2022b). The DEI focuses on solutions that create a positive environment for businesses to thrive, use public-private partnerships that help meet county goals and maximize value, and create an entrepreneurial and innovative ecosystem that builds on the county's economic strengths (Fairfax County Government, 2022b). Their work is often collaborative with other county departments as well as businesses as is done "through an equity lens" that prioritizes economic mobility (Fairfax County Government, 2022b). They have a general mission to "foster economic development and position Fairfax to be an economically competitive and prosperous community" (Fairfax County Department of Economic Initiatives, n.d.-b).

With the Fairfax County DEI emphasizing the importance of enhancing economic mobility and creating prosperous communities, the potential gentrification of Bailey's Crossroads is a major concern for them. Special attention should be given to the outcomes of the businesses and low-income residents in this potentially gentrifying area to ensure the existing community is able to experience a higher quality of life.

It is important for the Fairfax County DEI to act now on this issue. While the plan for Bailey's Crossroads is to revitalize the commercial areas to make it a more attractive and prosperous place, most major redevelopment efforts have yet to be made. However, a few transformative redevelopment efforts are underway, and they do not appear to cater towards the existing low-income residents and businesses. The DEI has an opportunity to guide economic development initiatives in ways that benefit low-income residents and the businesses that serve them before the majority of the plans to revitalize the area are realized.

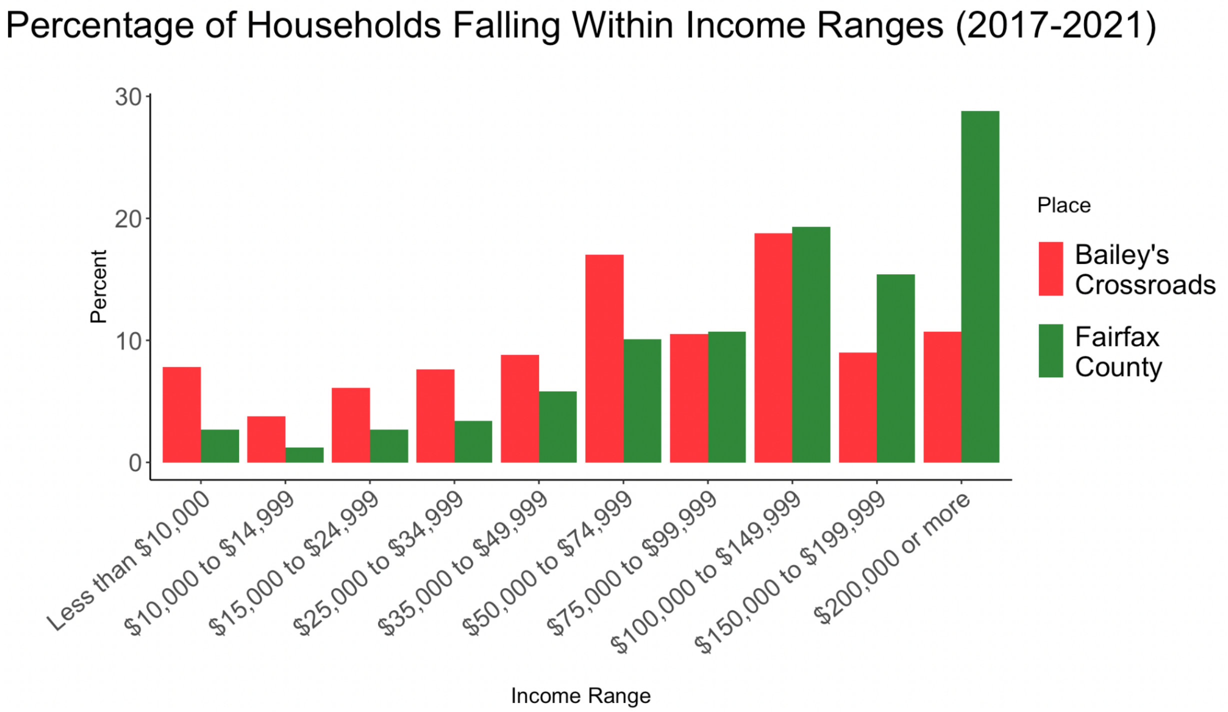
Background

Characteristics of Bailey's Crossroads, Virginia

Bailey's Crossroads is a small Census-Designated Place with a population of about 24,000 (U.S. Census Bureau, 2023). It is one of the poorest parts of Fairfax County. Median incomes in Bailey's Crossroads from 2017-2021 were $73,738, slightly above the U.S. average but 44% lower than the Fairfax County median income of $133,974 (U.S. Census Bureau, 2023). Figure 1 shows that Bailey's Crossroads has a higher share of households at lower ends of the income distribution compared to Fairfax County overall, having considerably more households below $75,000 and considerably fewer households above $150,000. Poverty rates are especially high in this area. Bailey's Crossroads has a poverty rate of 23%, much larger than the county rate of 7% and the U.S. average of 11% (U.S. Census Bureau, 2023). Looking at Figure 2, Bailey's Crossroads has consistently had one of the highest poverty rates in Fairfax County in recent years, and few parts of the county even come close to their poverty rate. Bailey's Crossroads and some neighboring areas are listed as "Very High" on Fairfax County's "Vulnerability Index," a composite measure that factors in income levels, educational attainment, English speaking ability, having health insurance, severely cost-burdened renters, and more (Fairfax County Government, 2022c). The index ranges from "Low" to "Very High," and only 10% of areas in Fairfax County have a "Very High" vulnerability index (Fairfax County Government, 2022c).

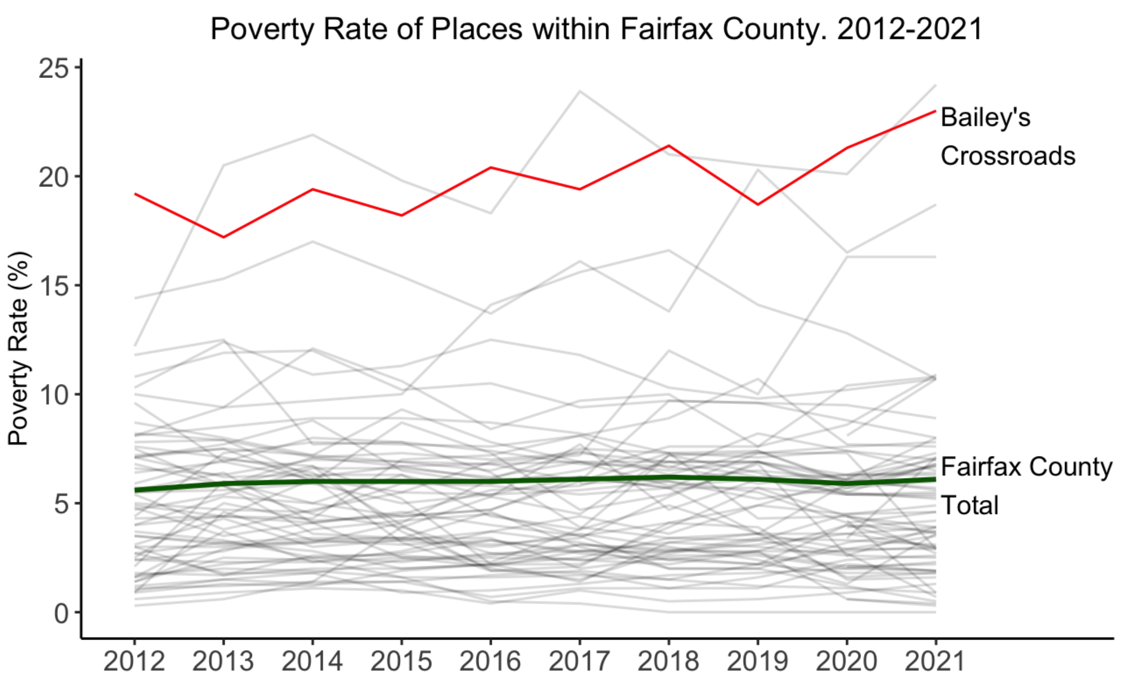
Bailey's Crossroads is relatively diverse and has higher shares of minority residents than the rest of the county (U.S. Census Bureau, 2023). Business owners in Bailey's Crossroads are also more diverse, having slightly more minority business owners than nonminority business owners, whereas in Fairfax County overall, nonminority business owners outnumber minority owners by over 50% (U.S. Census Bureau, 2023).

Figure 1 - Income Distribution in Bailey's Crossroads and Fairfax County



Source: Census 5-Year ACS 2021 retrieved from U.S. Census Bureau (n.d.)

Figure 2 - Poverty Rates in Fairfax County



Source: Census 5-Year ACS 2012-2021 retrieved from U.S. Census Bureau (n.d.)
Note: Each faint line represents each place in Fairfax County other than Bailey's Crossroads.

Visions for the Revitalization of Bailey's Crossroads

Fairfax County develops Comprehensive Plans for all parts of the county. These plans are made to ensure excellent quality of life and make sure that communities are attractive, safe, and prosperous (Fairfax County Department of Planning and Development, n.d.-a). The primary focus of these Comprehensive Plans is to determine how land should be used, but the plans do not provide a schedule of when any changes would occur (Fairfax County Department of Planning and Development, n.d.-a).

Bailey's Crossroads is part of the "Bailey's Planning District" comprehensive plan (hereafter referred to as "the plan"). The plan focuses on the commercial area of Bailey's Crossroads and characterizes it as "older" and "showing some signs of deterioration" (Fairfax County Government, 2022a).[1] The main objectives of the plan are to revitalize the commercial area to be more attractive and functional, encouraging a "mixed-use" design where people can live, work, shop, and relax. It also emphasizes easy pedestrian access to these places. Figure 3 shows visuals from the plan that depict how Fairfax County plans to improve the area.

The consideration of the low-income residents of Bailey's Crossroads is sparsely mentioned in the plan. Residential areas are mentioned in the plan, but only in reference to the development of commercial areas to make the point that commercial areas should not encroach into residential areas. Recommendations for minimum amounts of affordable housing in the area are discussed in the plan, and it states that affordable housing should be used to maintain the current population diversity of the area. While this is a good start, the plan fails to mention how low-income and impoverished the area is.

Additionally, the plan emphasizes the transformation of commercial areas into more attractive places, but not the preservation of existing business or the attraction of businesses that align with the existing residents. It does mention that the plan should not interfere with existing land and building uses, but it also encourages new land uses and the replacement and expansion of existing buildings. These two goals seem to contradict each other, and the overall sentiment of the plan leans towards the latter goal. The plan also mentions the identification and preservation of "heritage resources," but it is unclear if businesses count in this category.

As a whole, the goals of the plan seem less concerned about the well-being of the low-income residents and businesses in Bailey's Crossroads, and more concerned about making areas more attractive and desirable destinations.

There are some potential reasons why the plan has mostly ignored income and poverty issues of Bailey's Crossroads. First, the nature of the plan is to determine how land should be used, rather than how people or businesses should be treated. Second, goals of revitalization and redevelopment, which primarily involve economic growth, might run counter to addressing income and poverty issues. For example, large affordable housing

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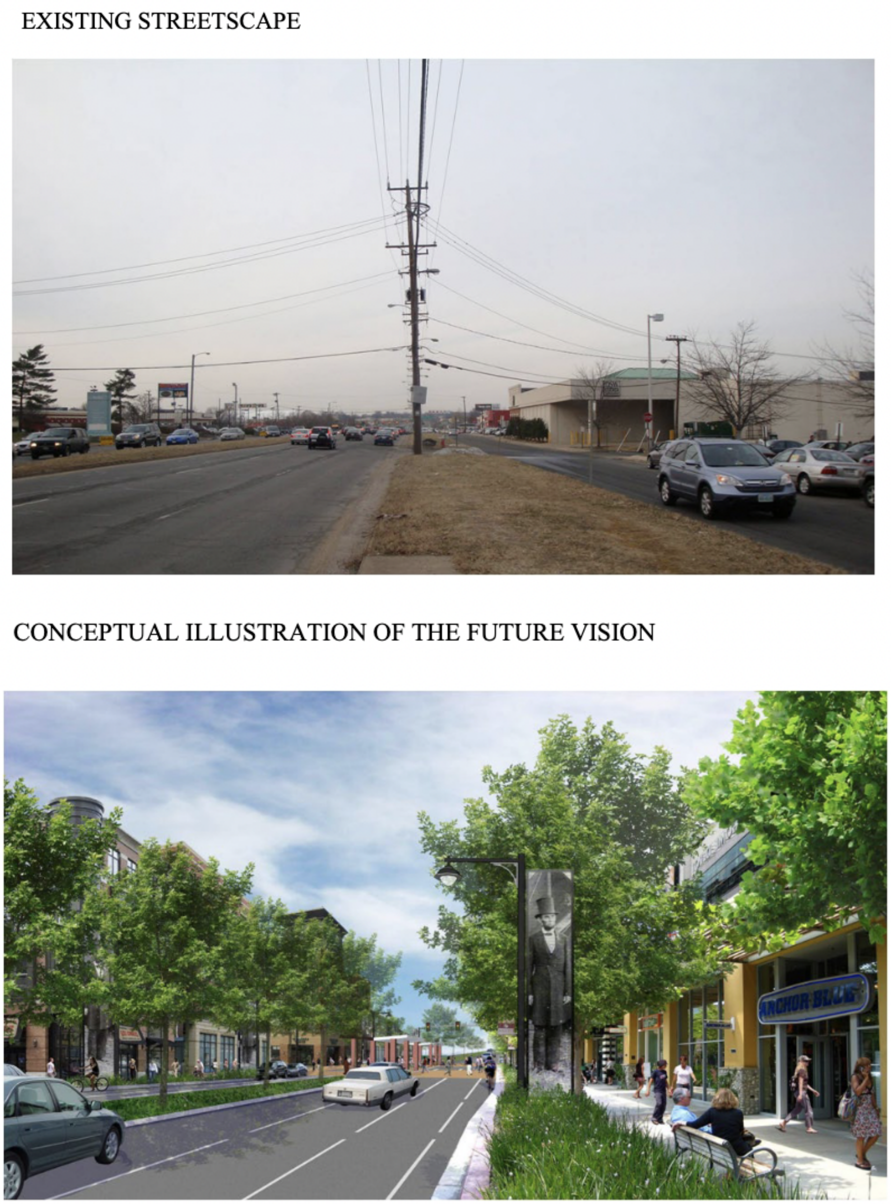
[1] For the rest of the background section, any mention of "the plan" is referring to Fairfax County Government (2022a).

projects have been found to depress property values (NYU Furman Center, n.d.). Lastly, Fairfax County as a whole is relatively well-off, having median incomes almost double that of the whole United States (U.S. Census Bureau, 2023). With most people being well-off, Fairfax County planners might cater more to the needs and desires of these people rather than its low-income residents.

Figure 3.a – Visual Concept of Streetscapes in the Comprehensive Plan



Source: Fairfax County Government (2022a)

Figure 3.b - – Visual Concept of Commercial Centers in the Comprehensive Plan

EXISTING SHOPPING CENTER

CONCEPTUAL ILLUSTRATION OF THE FUTURE VISION
FOR A MIXED-USE DEVELOPMENT

Source: Fairfax County Government (2022a)

Current Projects and Policies for the Revitalization of Bailey's Crossroads

Some policies and projects have recently been implemented in Bailey's Crossroads that indicate plans for revitalization are beginning to be realized.

First, Fairfax County has implemented an Economic Incentive Program that is designed to incentivize developers to "purchase, assemble, revitalize and redevelop property for economic development purposes" (Fairfax County Community Revitalization, n.d.-a). This program is limited to six areas of the county, one of which is Bailey's Crossroads, and by no means covers all or even a majority of the county (Fairfax County Community Revitalization, n.d.-a). The benefits include both financial incentives that reduce fees and real estate taxes, as well as regulatory incentives that expedite certain zoning processes (Fairfax County Community Revitalization, n.d.-a). The incentive program is in effect for a 10 year period, which for the Bailey's Crossroads area started in July of 2022 (Fairfax County Community Revitalization, n.d.-a).

In addition to the Economic Incentive Program, multiple development projects are moving forward that reflect the visions set out in the plan. One is the Skyline Project, which is transforming three vacant office buildings into mixed-use complexes featuring residential, office, and retail spaces (Skyline Falls Church, n.d.). The development is already under construction and is expected to be finished this June (Annandale Today, 2021). Another project very similar to the Skyline Project recently got approved to receive funding from the Economic Incentive Program (Waseem, 2023).

Causes of Gentrification and Applicability to Bailey's Crossroads

The main concern of these revitalization efforts is gentrification. One definition for gentrification is "a form of neighborhood change that occurs when higher-income groups move into low-income areas, potentially altering the cultural and financial landscape of the original neighborhood" (U.S. Department of Housing and Urban Development [HUD], 2018). A commonly cited concern about gentrification is the displacement of residents (National Low Income Housing Coalition, 2019). Gentrification can also affect businesses, bringing about the departure of small businesses particularly among owners of color (Lung-Amam, 2021). Glaeser et al. (2020) finds that gentrifying areas see higher rates of business closures, and Meltzer (2016) finds that while small businesses in gentrifying areas aren't more likely to be displaced than those in non-gentrifying areas, gentrifying areas attract new types of services and more chain businesses.

One cause of gentrification is public and private redevelopment efforts, which bring about new amenities to a community that attract new types of people (HUD, 2018). Another related cause is the rise in housing costs. Gentrification is likely to occur when there is cheap land, creating a chance for large profits when influxes of wealthier people occur (National Low Income Housing Coalition, 2019). With rising housing costs overall, people might be forced to consider a broader set of areas to live in, making it more likely that low-income areas become inhabited by new types of residents (HUD, 2018).

These causes of gentrification are concerning for Bailey's Crossroads. As seen in the previous sections, there are plans for redeveloping Bailey's Crossroads to be a more attractive area. Additionally, Fairfax County has seen rising housing costs. The market value of owned housing in the county rose 36% in nominal terms from 2011-2021, higher than national price inflation over this period of about 19% (Fairfax County Department of Management and Budget, 2023; U.S. Bureau of Labor Statistics, n.d.). With the high poverty rate and high number of minority owned businesses in Bailey's Crossroads, the existing residents and businesses in the community might be particularly susceptible to the displacement effects of gentrification.

Just because there are concerns of gentrification does not mean that revitalization efforts should not occur. Revitalization would help spur investment that can help areas prosper. If that prosperity can be achieved while maintaining the current composition of residents and businesses, the existing community would stand to benefit from the efforts. In addressing this potential threat of gentrification, the goal is to promote revitalization efforts that mitigate gentrification. Revitalization without gentrification is characterized by development processes that encourage community participation, incorporate community values, and prioritize not just economic activity, but also culture, health, and human development (National Low Income Housing Coalition, 2019).

Consequences of Gentrification

Displacement of residents and businesses causes Fairfax County to lose diversity and culture

If low-income residents in Bailey's Crossroads are forced to move out of Fairfax County as a result of gentrification, it could make the county less diverse in terms of socioeconomic status. It could also make it less diverse in other dimensions such as race and age, as those in poverty are younger, more black, and more Hispanic relative to their share of the U.S. population (Shrider et al., 2021).

Diversity in communities is important for increasing interactions between white and minority groups, contributing to greater tolerance, open-mindedness, and less racial and ethnic prejudice (Turner & Rawlings, 2009). The costs of losing diversity can be thought of along several dimensions, such as lowered property values and tax revenues, higher costs of delivering public services, undermining the competitiveness of the workforce, and sustaining racial stereotypes (Turner & Rawlings, 2009).

The loss in diversity could lead to losses in culture. Staley (2018) argues that one of the often overlooked components of gentrification is the loss of culture and "theft of pride" that occurs in the areas. Hyra (2016) notes that cultural displacement is a consequence of gentrification, which limits interactions and increases tensions between new and existing residents.

The loss of culture could also be brought about by the displacement of businesses in Bailey's Crossroads as a result of gentrification. Businesses are at least partial determinants of a community's culture, and when the mix of businesses change, so does the culture of the community (HUD, 2018; Lung-Amam, 2021; National Association for Latino Community Asset Builders, n.d.). The change in the composition of businesses in a community is likely to change the overall "feel" of an area if those businesses do not align well with existing businesses.

Quality of Life of Displaced Residents Declines

The displacement of residents that might occur doesn't just harm the gentrifying community, it also harms those who leave. Evidence exists that when experiencing gentrification, lower-income renters are more likely to exit a neighborhood, move to neighborhoods with lower school quality, higher crime rates, and will be more likely to receive lower incomes (Qiang et al., 2021). People who end up exiting because of gentrification tend to move to areas that are worse off in terms of home values, unemployment rates, median incomes, and school performance (HUD, 2018).

One study done for Los Angeles County residents estimated that the costs of displacement related expenses range from $7,000 to $11,000, in addition to the costs of psychological trauma of being displaced (Inclusive Action for the City, 2020). These costs don't include losses in income, employment, or community amenities that also might occur.

Evidence on Potential Solutions

This section discusses the evidence on solutions that curb the harmful effects of gentrification and improve the well-being of existing residents and businesses, specifically related to business-oriented economic development initiatives. Three categories of solutions are discussed. The first involves policies that try to attract private investment into low-income communities. The second involves policies that help protect businesses through direct government funding. The third involves policies designed to emphasize gentrification concerns in development plans.

Attracting private investment into communities

Some policies addressing low-income communities aim to stimulate private investment into these communities. A frequently mentioned way of doing this is through Community Development Financial Institutions (CDFIs). CDFIs are private financial institutions that exist to provide loans to low-income communities and focus on economic growth at the community level (Thompson, 2021). They serve to boost economic growth in various ways, such as helping finance small businesses, affordable housing, volunteer organizations, and other services (Thompson, 2021). If granted approved CDFI status by the Federal government, CDFIs are eligible to receive government funding (U.S. Department of the Treasury, n.d.).

The Opportunity Finance Network, containing over 350 CDFIs across the nation, have provided $91.2 billion in loans, which have helped create or maintain 2.2 million jobs and start or expand over 500,000 businesses (Opportunity Finance Network, n.d.-b). The CDFI Fund, which gives financial awards to CDFIs, helped create 63,249 jobs from 2003-2012 across 333 CDFIs and financed 13,300 businesses in 2016 (Balboni & Travers, 2017). These numbers, however, are mainly descriptive statistics that do not attempt to evaluate whether or not these loans, jobs, and businesses would have existed in absence of CDFIs. While it is unclear who these jobs are being created for or what businesses are being established, it is probable that many of them are geared toward low-income populations, as CDFIs exist to serve low-income communities. Additionally, Swack et al. (2015) find that CDFIs are delivering a majority of their loans to low-income and minority groups, and that CDFIs concentrate lending towards high poverty and high unemployment areas relative to conventional lenders. However, they do not find evidence that this increased investment leads to improved community conditions, though they acknowledge their data is limited. In general, research on CDFIs impact on improving community outcomes is limited.

Other investment policies haven't shown to be beneficial. The Tax Cuts and Jobs Act of 2017 created "Opportunity Zones," which are defined as "economically-distressed communities where new investments, under certain conditions, may be eligible for preferential tax treatment" (Simon, 2019). The intention of these zones is to incentivize private and public investment in underserved communities (HUD, n.d.-b). While well intended, research suggests that they do not serve their mission. Because of lenient provisions, much of the investment into opportunity zones goes to the zones that are relatively high in educational attainment, incomes, and housing values (Kennedy and

Wheeler, 2021). Additionally, tax incentives are structured to favor high return investments rather than investments with the greatest social impact (Theodos, 2021).

These initiatives indicate that government policies can successfully encourage private investment into low-income communities. However, if these initiatives are not appropriately structured and targeted, they may fail to address the needs of the community or altogether miss the neediest communities.

Helping businesses through direct government support

Other policies involve direct government assistance to businesses, typically in the form of grant funding. One such way of doing this is through Legacy Business Programs. Legacy Businesses are a special designation for businesses in a community. The exact structure of the designation varies, but it is generally given to businesses that are long-standing and that contribute to the historical culture of the community (Small Business Anti-Displacement Network, n.d.). Grants are often given out to businesses as well as landlords of businesses, and these programs often also provide technical assistance and marketing and branding services to businesses (Small Business Anti-Displacement Network, n.d.). By identifying culturally significant businesses and providing them with assistance, Legacy Business Programs aim to protect these businesses from being displaced.

Legacy Business Programs have emerged in several areas around the country. However, evidence on their impact is limited. The best evidence comes from San Francisco's program. Since it began in 2015 and up to 2020, the San Francisco program has identified 239 Legacy Businesses and has paid these businesses a total of $2.7 million dollars through its Business Assistance Grant (San Francisco Office of Small Business [SFOSB], n.d.). Businesses used 29% of their grant funds to help pay rent and 20% of funds for tenant improvements in fiscal year 2018-2019 (SFOSB, n.d.). Additionally, the program's Rent Stabilization Grant, which is given to landlords if they enter long term leases with Legacy Businesses, has paid landlords of 31 Legacy Businesses a total of $1.3 million (SFOSB, n.d.).[2] The San Francisco Office of Small Business asserts that the rent stabilization grant "has been an effective strategy in stabilizing longstanding businesses of all sizes in San Francisco" (SFOSB, n.d.). While this evidence seems to suggest that the grants were used in ways that helped enable businesses to pay rent and encouraged landlords to keep these businesses as tenants, the evidence is not causal and does not inform us as to how these businesses would have fared in the absence of the grants.

Other evidence suggests that grants help stabilize businesses. Evidence from a U.S. grant program during the COVID-19 Pandemic called the Restaurant Relief Fund found that grant recipients did not see different changes in foot traffic than non-recipients, a positive finding given that grant recipients were likely to be less secure establishments (Patel & Devaraj, 2021). Testimonies from business grant recipients in Arlington, Virginia during COVID-19 suggest that the grants helped keep them in business and pay rents (Arlington Economic

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[2] This total and the Business Assistance Grant total is the sum of nominal payments made each year. Therefore they are not expressed in constant dollars.

Development, n.d.). While these grant programs were in the context of COVID-19, the general notion that grants helped businesses in times of hardship can help inform how grants might help businesses susceptible to being displaced.

Emphasizing gentrification in development planning

Governments can modify their development plans in ways that emphasize concerns about gentrification, potentially altering the course of development in ways that will mitigate negative impacts on residents and businesses. One example of this is from Charlotte, North Carolina. The "Charlotte Future 2040 Plan" acknowledges that many of its goals can potentially lead to gentrification, and subsequently emphasizes a need to protect residents and support local businesses (City of Charlotte, n.d.-a). Specifically, it includes a goal to retain the identity and charm of neighborhoods, with objectives to reduce the number of residents experiencing displacement and to provide assistance to businesses at risk of displacement (City of Charlotte, n.d.-b). Similarly, Portland, Oregon's 2035 Comprehensive Plan specifically addresses gentrification and displacement, emphasizing the preservation of affordable housing and local businesses and increasing household and business assets to help them stay in the area (City of Portland Government, 2020).

Direct evidence on how emphasizing gentrification in development plans would affect the displacement of residents and businesses does not exist. However, if emphasizing protection of residents and businesses results in certain developments being blocked, evidence on how new development affects the prevalence of gentrification can provide insight.

In one study looking at how San Francisco market-rate housing developments impacted residential displacement, new market-rate housing development resulted in increased "constrained moving," or moving to lower quality areas, especially for those with low socioeconomic status (Chapple et al., 2022). However, another study also looking at San Francisco and studying effects of new housing construction on displacement found that new construction *reduced* the tendency for nearby residents to move to poorer zip codes, but it did increase the share of wealthier residents in the area and business turnover (Pennington, 2021). This study did not look at how residential displacement effects varied by socioeconomic status, unlike Chapple et al. (2022).

This would suggest that preventing certain developments could reduce gentrification through reducing displacement of low-income residents, reducing the inflow of wealthier residents, or reducing business turnover. This could indicate positive effects of emphasizing gentrification in planning, but there are significant applicability issues. First, comprehensive plans are not law and cannot determine what development can and cannot occur. Thus the link between altering a plan to be more focused on gentrification and preventing new gentrifying developments may not be strong. Second, these studies examined housing developments but not commercial developments, which are major parts of the revitalization plans for Bailey's Crossroads. It is unclear based on this evidence how preventing certain commercial developments would affect the displacement of residents and businesses.

Alternatives

In order to mitigate harmful consequences of gentrification, revitalization and economic development initiatives should focus on policies that will bring economic prosperity to the current residents and businesses of Bailey's Crossroads, particularly the most disadvantaged residents and the businesses that serve them and contribute to the community culture. Doing so will help ensure that the existing community is more resilient to the transformations that take place and can benefit from them. Based on the evidence on the problem and solutions, four courses of action, or alternatives, will be considered.

1. **Maintain the status quo**

Maintaining the status quo means to not change any course of action in the future plans for Bailey's Crossroads. Specifically, maintaining the status quo would keep the current plans for the economic development and revitalization of Bailey's Crossroads as it currently is laid out in the Fairfax County Comprehensive Plan. Maintaining the status quo does not mean there are no plans for redevelopment.

2. **Scale back plans for revitalization**

Scaling back plans for revitalization would involve changing the Fairfax County Comprehensive Plan to deemphasize the plans to transform the older commercial areas into new mixed-use places that are more attractive. Instead, plans for redevelopment would be less transformative, and would explicitly describe its plans for revitalization as making only minor structural improvements that are designed to preserve and enhance the existing businesses occupying the commercial areas. Additionally, it would address concerns about gentrification and prioritize reducing the displacement of its businesses and low-income residents.

The Fairfax County Government creates the Comprehensive Plan, and would be the one who modifies it. This modification would be made one year from now, after the Fairfax County Government works to determine exactly what the new components of the Comprehensive Plan should be. Importantly, the Comprehensive Plan is not law. Therefore, emphasizing revitalization that preserves business does not actually guarantee businesses will be preserved. The purpose of altering the Comprehensive Plan is to inform future policy on what goals Bailey's Crossroads is trying to achieve when redeveloping.

3. **Establish a Community Development Financial Institution in Bailey's Crossroads**

This alternative would establish a CDFI in Bailey's Crossroads, with a goal to increase financing opportunities for small businesses and disadvantaged residents.

The Fairfax County Government can help establish a CDFI in Bailey's Crossroads by providing incentives to private financial institutions to become CDFIs. These incentives are often in the form of tax breaks, and the Fairfax County Government could provide relief on local property taxes in exchange for a private institution establishing a CDFI. This would either involve an existing financial institution in Bailey's Crossroads becoming a CDFI, or a new financial institution coming into Bailey's Crossroads and becoming a CDFI. These tax breaks would be given for each year an institution retains its CDFI status, up to a limit of five to 10 years, in order to incentivize the persistence of CDFIs.

The timing of when the Fairfax County Government could implement these CDFI tax breaks would depend on how quickly the details of the tax break could be laid out, and how quickly it could be incorporated into their budget. Since these are planned out in advance, it is likely not possible to have the tax break go into effect before the next fiscal year.

4. **Establish a Legacy Business Program**

Creating a Legacy Business Program in Bailey's Crossroads would identify businesses that serve the Bailey's Crossroads community well and would entitle them to certain benefits and protections.

The Fairfax County government can play a direct role in creating this designation and providing benefits. First, the government can determine exactly what constitutes a legacy business, based on parameters such as time in business, sales, type of goods/services provided, size of the business, and community impact. These parameters would be set in a way that identifies businesses that meaningfully serve the low-income residents of Bailey's Crossroads. Additionally, the government can determine exactly what benefits to provide, setting grant amounts and supporting promotional activities. If businesses are renting their space, landlords can be incentivized to keep these legacy businesses as their tenants with grants as well. The government could allow any business in Bailey's Crossroads to receive the designation, provided that they apply for the designation and get approved. Because there are several steps that need to be taken to fully define this program, this alternative would likely not go into effect for another year.

Criteria

The alternatives are evaluated along four criteria that are relevant to the goals of the Fairfax County DEI. Appendix A shows a more detailed description of how each criterion is measured than what is described here.

1. **Economic Growth of Bailey's Crossroads**

Alternatives should promote general economic growth in Bailey's Crossroads, as measured by how the alternatives would increase the projected growth in total property value, including both residential and commercial.

2. **Equity for Vulnerable Residents and Businesses**

Alternatives should promote equitable economic growth that allows for existing residents and businesses to enjoy the benefits of revitalization. This will be measured as the extent to which alternatives can reduce the likelihood that low-income residents are displaced and can reduce the likelihood that businesses are forced to close or relocate out of Bailey's Crossroads.

3. **Cost to the Fairfax County Government**

Alternatives should be reasonable in their cost to the government and how it impacts the county budget. Costs include costs of providing financial benefits for certain alternatives, as well as administrative costs incurred to develop and implement alternatives.

4. **General Feasibility**

Alternatives should be feasible. General feasibility encompasses two types of feasibility. Implementation feasibility considers the amount of control the government has in implementing the alternative, and political feasibility considers the likelihood of political support for the alternative by the different parts of the Fairfax County Government. Whichever type of feasibility is more likely to hinder each alternative's success is considered.

Scoring Alternatives

Alternatives are scored on each criterion on a one to five scale, with five being the most desirable score for each criterion and one being the least desirable. For example, a score of five in each criterion means the alternative promotes the most economic growth, the most equity, is the least costly, and the most feasible. The criteria are weighted as follows:[3]

Growth	12.5%
Equity	37.5%
Cost	25%
General Feasibility	25%

Scores for each criterion are multiplied by these weights and then summed together, for a range of total scores between one and five. Because the equity criterion is difficult to precisely measure, a sensitivity analysis that lowers the weight on equity and changes equity scores for alternatives is done when evaluating the alternatives.

Evaluation of Alternatives

The proposed alternatives are evaluated on each criterion as follows.

1. Maintain the status quo

Economic Growth - Score: 5

By maintaining the status quo, all plans for transformative revitalization as outlined in the Comprehensive Plan will be preserved.

The various development projects that are underway in Bailey's Crossroads show that maintaining the status quo will likely lead to significant investment into Bailey's Crossroads that will lead to strong economic growth. As described in Appendix A, previous economic growth in Bailey's Crossroads has been low compared to growth in Fairfax County overall, both in terms of median housing property values and commercial growth. Because of the significant new investment that would occur in Bailey's Crossroads, I assume that average property value growth in Fairfax County serves as a reasonable lower bound on future growth in Bailey's Crossroads. Thus, maintaining the status quo is likely to increase nominal property values in Bailey's Crossroads by at least 35% over the next 10 years. Therefore, maintaining the status quo gets a score of five on growth.

[3] See Appendix B for the rationale to add weight to equity and remove weight from growth.

Equity - Score: 1

Maintaining the status quo puts no emphasis on the severe inequities in Bailey's Crossroads. The Comprehensive Plan largely ignores the current state of poverty and income inequality in Bailey's Crossroads, and policies and upcoming development projects appear to ignore them as well. For instance, the Economic Incentive Program does not target incentives towards development aiding existing businesses or poor residents specifically, it only requires that developments are made in accordance with the Comprehensive Plan (Fairfax County Community Revitalization, n.d.-a).

Additionally, some features of recent development projects seem unlikely to help impoverished residents. The Skyline Project is described as being similar to another project by the same developer in which almost all tenants work from home, which likely indicates these are higher income tenants (Annandale Today, 2021). Additionally, the project involves several nonessential amenities, including a bowling alley and a virtual gaming room, which are likely to drive up rental costs and attract new types of residents to the area (Annandale Today, 2021). Fairfax County touted the most recently approved development project as helping provide "crucial affordable housing for families earning from 60 to 80% of the area median income" (Waseem, 2023). However, the median household income in Fairfax County was $133,974 in 2021, and 60-80% of this value is $80-$107k (U.S. Census Bureau, 2023). For reference, the 2022 Federal Poverty Level for a family of four is $27,750 (U.S. Centers for Medicare & Medicaid Services, n.d.).

Thus it does not appear that maintaining the status quo puts any emphasis on serving impoverished residents or the businesses that serve them at all. For these reasons, maintaining the status quo gets a score of one on equity.

Cost - Score: 5

Because this criterion is measuring additional costs incurred by the government that result from the implementation of new programs, the status quo by definition has zero cost. It is therefore a highly attractive option in terms of cost, and therefore has a score of five.

General Feasibility - Score: 5

Maintaining the status quo requires no change in existing policies. Because existing policies have already been approved by the government, it is likely that the government will continue to support these policies. This is especially true given that there does not appear to be public pressure to address the potential gentrification of Bailey's Crossroads or to help impoverished residents there. Therefore, maintaining the status quo is a highly feasible alternative and gets a score of five.

2. Scale back plans for revitalization

Economic Growth - Score: 4

While de-emphasizing transformational revitalization in the comprehensive plan does not prohibit it from happening, it could discourage some projects from taking place. Fairfax County notes that the Comprehensive Plan is an "advisory document" that guides decision-making (Fairfax County Department of Planning and Development, n.d.-a). To the extent the government adheres to the Comprehensive Plan, modifying it would likely block some proposals that would significantly change existing structures and the existing composition of businesses and residents in them. However, it likely would not block some of the ongoing projects that developed on vacant office buildings. Because of this, it is likely that transformational development could still occur in select parts of Bailey's Crossroads. Economic growth is likely to be lower than under the status quo, but likely higher than past growth of Bailey's Crossroads because it enables some transformational developments. Given this, the increase in property values over the next 10 years is likely to be between 24-34%. This alternative gets a score of four for growth.

Equity - Score: 3

If changing the Comprehensive Plan blocks some transformational development efforts, evidence suggests a potential for reduced displacement among low-income residents and businesses. However, changing the plan cannot guarantee this, and evidence on how plans affect new development is nonexistent. Additionally, the transformational projects described earlier would likely still occur, as they are developing on vacant properties. The overall effect is uncertain, because residents and businesses would potentially be protected from seeing their own structures revitalized, but other transformational developments elsewhere may still alter the composition of residents and businesses in Bailey's Crossroads. Because of these opposing forces, the equity effects are unclear, and this alternative gets a score of three for equity.

Cost - Score: 5

Changing the Comprehensive Plan would not entail any new costs because the plan is already required to be reviewed at least once every five years, and it is often amended more frequently (Fairfax County Department of Planning and Development, n.d.-a). Implementing this alternative would likely only require an amendment process that the government is already capable of handling. If changing the Comprehensive Plan did require additional labor, the costs of hiring additional labor would likely be negligible compared to overall annual spending on community development of $171 million (Fairfax County Department of Management and Budget, 2022). Additionally, these costs would likely only be incurred for a year or two, as changing the comprehensive plan likely would not take longer than this. Thus the average per-year cost over ten years would be very small and would barely change the cost score. Therefore, this alternative gets a score of five for cost.

General Feasibility - Score: 2

Changes to the comprehensive plan are primarily the responsibility of the Department of Planning and Development (Fairfax County Department of Planning and Development, n.d.-b). Within this department is the Community Revitalization Section, whose mission is to facilitate investment opportunities into commercial areas to “improve the economic vitality, appearance and function of those areas” (Fairfax County Community Revitalization, n.d.-c). Given this pro-revitalization mission, along with the fact that the Economic Incentive program is part of this department, this department is unlikely to support a policy that de-emphasizes revitalization in favor of preserving existing structures and businesses. Without the support of this section and department, it will be difficult to get enough political support to amend the Comprehensive Plan. However, the policy may receive support from the Department of Housing and Community Development and the Department of Human Rights and Equity Programs, to the extent they are concerned with gentrification effects of revitalization. But because of the unlikely support from a key department, this alternative gets a score of two for feasibility.

3. Establish a Community Development Financial Institution in Bailey’s Crossroads

Economic Growth - Score: 5

Establishing a CDFI in Bailey’s Crossroads will not impose any restrictions on development in the area, which means the plans for transformational revitalization can continue as planned. CDFIs may also help promote growth to an even greater extent, as evidence suggests that across the nation, the CDFI fund helped create over 60,000 jobs over a 10 year period and financed over 13,000 businesses in 2016 (Balboni & Travers, 2017). However, this evidence is descriptive and not causal, and it is unclear how these jobs and businesses would have fared in the absence of CDFI funding. Because of CDFIs’ limited interference in revitalization efforts, plus suggestive evidence on its ability to create economic growth, I will assume this alternative fares as well as the status quo in promoting economic growth, and thus will increase property values by 35% over the next 10 years. This alternative gets a score of five for growth.

Equity - Score: 3

Evidence on how CDFIs benefit low-income residents and businesses is mixed. Descriptive evidence is suggestive of positive job creation and business financing effects, but it isn’t clear if the residents and businesses are those most in need. Other evidence finds that CDFIs deliver a majority of their loans to low-income and minority groups, but that communities receiving these loans do not have improved community conditions relative to similar communities who don’t receive CDFI funds (Swack et al., 2015). Additional qualitative evidence from the Opportunity Zone program, which similarly attempts to attract new investment into low-income communities, suggests the investments are unlikely to promote small business growth and equitable growth (Theodos, 2021). This could suggest that incentivizing and subsidizing private investment through CDFIs may not turn out to benefit existing businesses and low-income residents, and thus would not help them remain in the area. Because of the mix of evidence, this alternative gets a score of three for equity.

Cost - Score: 4.9

Appendix C outlines the process and assumptions made to calculate costs of this alternative. The property value of a bank is assumed to be about $2.3 million. Fairfax County's real estate tax rate is 1.25% of property value (Fairfax County Economic Development Authority, 2022). Assuming the financial incentive is full relief from real estate taxes, the average per year tax break is equal to $30,245. Providing a full real estate tax break to one or two CDFIs into Bailey's Crossroads over a 10 year period, beginning one year from now, has a present value cost of about $250-500k. At a per-year cost of about $30-60k, this cost is a very small percent (<0.1%) of the annual spending on community development of $171 million. This cost is very small, but is costlier than zero cost alternatives. Therefore this cost translates to a score of 4.9.

General Feasibility - Score: 2

CDFIs are private institutions, and successful implementation of this policy requires that banks are persuaded to become a CDFI. Providing tax incentives will likely increase the probability of a bank being persuaded, but there is no way to guarantee that financial incentives will be enough to establish a CDFI.

The uncertainty around whether or not banks will be incentivized to become CDFIs is especially concerning given the low prevalence of CDFIs currently in the area. In Washington, D.C., there are eight CDFIs, but in Fairfax County, there is just one (Opportunity Finance Network, n.d.-a). This may indicate that Fairfax County is, for whatever reason, not an area well-suited for CDFIs. If so, financial incentives are likely only a small factor in the ability to establish a CDFI and may be insufficient on its own. Therefore, this alternative gets a score of two for feasibility.

4. Establish a Legacy Business Program

Economic Growth - Score: 4

The introduction of the Legacy Business program would not alter anything about the plans to revitalize Bailey's Crossroads, and thus it would not impose any restrictions on transformational developments. However, there is reason to believe that if the program incentivizes the preservation of older businesses that stay in their properties, it is less likely that these properties would undergo significant change that may attract high growth development. If these businesses are replaced by larger chains, this may have a positive impact on growth, as evidence shows larger businesses create more job and output growth (Martin et al., 2017). However, this development is not guaranteed, and evidence shows that when businesses leave a gentrifying neighborhood, the space they occupied sits vacant for longer than in non-gentrifying neighborhoods (Meltzer, 2016).

Legacy businesses may slow down transformational development that would help growth, but higher business turnover without the program might increase vacancies that would harm growth. Given the current state of policies and projects encouraging new development, the effect of vacancies is likely smaller than the effect of new development. Growth is likely to be somewhat lower under this alternative than under the status quo, and so I estimate this alternative would lead to a 24-34% increase in property values over the next 10 years. This alternative gets a score of four for growth.

Equity - Score: 4

The Legacy Business Program would directly provide financial benefits to the businesses of Bailey's Crossroads that are identified as worthy of preserving. Evidence from the San Francisco Legacy Business Program, as well as general evidence on the impacts of grants on businesses show suggestive evidence that businesses receiving the grants are likely to benefit from income support and improved business traffic.

Because the program would operate under an application process that encourages community testimonies as a way to assess community impact, existing residents are likely to benefit from the program by identifying businesses that serve them well. If businesses are able to stay in the area, it would curb the cultural change that often accompanies gentrification and in turn may help residents stay in the area. Though not using data, Lung-Amam (2021) describes the mechanisms in which the displacement of small businesses makes it more likely that established residents will leave. Additionally, the Legacy Business Program may help serve low-income residents in particular. One of San Francisco's Legacy Businesses is a local produce store that caters to working class residents and offers affordable prices (San Francisco Office of Small Business, n.d.). It is likely that compared to the other alternatives, the Legacy Business Program would serve existing residents the best by protecting their most important businesses. However, overall there is limited evidence on how Legacy Business programs help residents, which makes it unclear exactly how much the program will help existing residents stay in the area. Because of the likely benefits to businesses, but the less clear benefits to residents, this alternative gets a score of four on equity.

Cost - Score: 4.2

Appendix D outlines the process and assumptions made to calculate costs of this alternative. Providing $15,000 annual grants to eligible older business over a 10 year period starting one year from now, along with hiring five new staff members to help operate the program at an annual cost of about $90,000 per staff member, has a present value cost of $10.3 million if the grants are limited to 50 businesses per year and $28.6 million if the grants are given to all 193 estimated eligible businesses each year. Thus, the total cost ranges from $10.3-28.6 million. Additionally, Appendix D shows that limiting the program to 50 businesses and increasing the grant amount to $50,000 has a present value cost within this range. At a per-year cost of $1.1-3.4 million, this cost is about 0.7-2% of the annual spending on community development of $171 million. While this is relatively expensive compared to other alternatives, it is still much smaller than the per-year cost of the PIVOT grant program, which was $16.8 million, or about 10% of spending on community development (Fairfax County Department of Economic Initiatives, n.d.-c). Based on the definition of scores outlined in Appendix A, the per-year cost of $3.4 million translates to a cost score of 4.2.[4]

General Feasibility - Score: 4

Political feasibility is likely to be a bigger concern for the success of this policy because of its high cost relative to the other alternatives. However, for several other reasons, the Legacy Business Program is likely to be politically desirable. First, Fairfax County has previously provided large grants to small businesses during the COVID-19 Pandemic with the RISE Grant providing $52 million to 4,800 businesses and the PIVOT Grant providing $16 million to 1,000 businesses (Fairfax County Department of Economic Initiatives, n.d.-a; Fairfax County Department of Economic Initiatives, n.d.-c). Second, small businesses are prevalent in Fairfax County, as 98% percent of establishments in the county had fewer than 250 employees in 2020 (U.S. Census Bureau, n.d.). Third, public opinion on small businesses is very high, with 92% of Americans holding favorable views of small business in 2015 (Public Affairs Council, 2018). This suggests that aside from the high cost, the government is likely to support this program because it aligns with previous programs, it supports types of businesses that make up a large part of the county's economy, and the public would likely support the policy. Therefore, this alternative gets a score of four for feasibility.

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[4] A score of four is associated with a cost of $4 million, and a score of five is associated with zero cost. 3.4 / 4 = 0.825, and thus the score is calculated as 5 – 0.85 = 4.15 ≅ 4.2.

Outcomes Matrix

Alternatives: / Criteria:	**Status Quo**	**Changing the Comprehensive Plan**	**Establishing a CDFI**	**Legacy Business Program**
Economic Growth (12.5%)	35+% **(5)**	24-34% **(4)**	35+% **(5)**	24-34% **(4)**
Equity (37.5%)	Low **(1)**	Medium **(3)**	Medium **(3)**	Medium-High **(4)**
Cost to Government (25%)	$0 **(5)**	$0 **(5)**	$250-500k **(4.9)**	$7-26 million **(4.2)**
General Feasibility (25%)	High **(5)**	Low **(2)**	Low **(2)**	Medium-High **(4)**
Score	0.625 + 0.375 + 1.25 + 1.25 = **3.5**	0.5 + 1.125 + 1.25 + 0.5 = **3.375**	0.625 + 1.125 + 1.225 + 0.5 = **3.475**	0.5 + 1.5 + 1.05 + 1 = **4.05**

Recommendation

After scoring each alternative on each criterion, the Legacy Business Program has the highest score and is the recommended policy to pursue. Despite its high cost relative to other alternatives, this alternative performs better on equity than any other alternative. Because the equity criterion is key to mitigating gentrification effects, alternatives that better address equity are a top priority. Despite the alternative's relatively low ability to promote general economic growth, general economic growth is a low priority criterion because of its potential to exacerbate gentrification. While the next highest scoring alternative, the status quo, ranks higher than the Legacy Business Program on three of the four criteria, it does far worse on the most important criterion, meaning it is unlikely to address the key aspect of the problem.

Additionally, the sensitivity analysis shown in Appendix F shows that the Legacy Business Program still scores highest when lowering the equity criterion weight to 30% and increasing the growth criterion weight to 20%, and it also scores highest even when giving the Comprehensive Plan and CDFI alternatives an equity score equal to the equity score of the Legacy Business Program. The two scenarios where another alternative scores higher are less likely to reflect an accurate assessment of the alternatives.

Implementation Considerations for the Legacy Business Program

Relevant Stakeholders

Getting the Legacy Business Program running will require a few different parts of the Fairfax County government. First, the Department of Economic Initiatives (DEI) will need to be tasked with multiple parts of implementation using various levels of staff. Higher level staff will be responsible for developing the specific eligibility requirements for the program to determine which businesses should be given benefits. They will also need to determine the size of grants to businesses and landlords, marketing strategies to promote Legacy Businesses, and the term length of benefits and recertification processes. Lower level staff, likely from newly created positions, will be responsible for reviewing applications, distributing grants, executing promotional campaigns, and more generally being a point of contact for businesses as they interact with the program.

The Legacy Business Program may also require involvement from the Board of Supervisors. Several Legacy Business programs elsewhere incorporate local government heads at some point of the approval process. Boston's program uses City Council members for inviting businesses to apply to the program and uses the Mayor for final approval (Boston Office of Economic Opportunity and Inclusion, 2022). San Francisco's program uses its Board of Supervisors to nominate businesses, which enables businesses to apply to the program (San Francisco Government, 2023). Washington, D.C.'s 2019 Legacy Business Grant made final funding decisions to applicants in part based on "the Mayor's budget priorities" (Government of the District of Columbia, 2019). The Board of Supervisors could potentially play a role in the process of selecting or approving businesses for the program.[5]

Additionally, businesses and community members are relevant stakeholders for implementation. The provision of benefits to businesses requires that businesses apply to the program. Success of the program requires that businesses are aware of the program, know how to apply, and are motivated to apply. Community members will play a key role in determining which businesses should get accepted into the program. Without their input, the program will fail to identify businesses that the community values.

Steps for Implementation

The first step for implementing the program is to have the DEI determine the criteria for eligibility, the benefits that businesses will receive, the capacity of the program, and how long the benefits last. This will start out vague, first determining what is meant by being a "Legacy Business" and what these businesses need, and later will specify the precise business characteristics and benefits of the program. This step will also identify budgetary needs to carry out the program. This step should be accomplished in the first three months of the adoption of the program.

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[5] Involvement by the Board of Supervisors could also help make the program more politically feasible if the Board is more receptive to programs where they have more control over decisions. If Board involvement is necessary for getting the policy adopted, the Board's role needs to be considered in implementation.

Once the eligibility criteria and benefits are identified, the next step would be to develop the application process. Legacy Business programs elsewhere have different application processes. For example, San Francisco's program requires businesses to be nominated by a member of its Board of Supervisors (San Francisco Government, 2023), but Boston's program allows residents to nominate businesses (Boston Office of Economic Opportunity and Inclusion, 2022). This is an important step for understanding how eligible businesses actually become Legacy Businesses. This step will also shape the roles of the relevant stakeholders, specifying how businesses apply, how community members participate, and how the government approves applicants. Another part of this step is to determine how businesses reapply or recertify their status once their benefits are ending. This step should be accomplished in the following three months.

The next step is to determine staff needs. Additional staff is likely to be needed to handle applications, advertise the program, and promote Legacy Businesses. Determining staff needs and hiring new staff should be accomplished in the following three to five months, depending on how many new hires are needed.

Following this step, the DEI should begin advertising the program to businesses and community members. Awareness of the program and its benefits is necessary to motivate participation. This step should be accomplished in two to three months.

Once these steps are completed and funding is allocated in the county budget, the program will be ready to go into effect and can start accepting applications. The timing of these steps is intended to have the program ready to go one year after adoption. Figure 4 below shows a visual depicting these steps.

Figure 4: One year implementation plan of the Legacy Business Program

One year plan to launch the Legacy Business Program

Months 1-3

- DEI creates legacy business definition, defining eligibility, benefits, term length
- Budget needs determined

Months 4-6

- DEI develops application process
- Roles of various stakeholders in the application process identified

Months 7-9

- Staffing needs for applications, advertising program, promoting legacy businesses identified
- Staffing needs filled

Months 10-12

- DEI begins advertising campaign to raise awareness of the program to businesses and community members in Bailey's Crossroads
- Funding allocated in budget for upcoming fiscal year

End of Month 12

- Program is ready to accept applications

Potential Implementation Risks

During implementation, two potential unintended outcomes could pose a risk to the goals of the program.

First, accepted businesses might be ones that serve wealthier residents, particularly if wealthier residents participate in advocating for businesses more than low-income residents. This would reduce the program's ability to protect businesses that serve low-income residents and are at risk of displacement. This could be addressed by collecting demographic information on residents that are part of a business's application, giving preference to applications that obtain support from low-income residents.

Second, since the program will require businesses to apply, open slots and available funding would likely operate under a "first come, first served" basis. This could mean deserving businesses that apply later might not be accepted, but less deserving businesses who applied earlier would. One way to address this is to shorten the term length of benefits so that businesses will be reconsidered after a shorter period of time, giving more chances for deserving businesses to enter the program. Another option is to make the eligibility criteria more strict such that all eligible businesses are relatively highly deserving.

Conclusion

Bailey's Crossroads is one of the poorest areas in Fairfax County, and the desire to revitalize the area reflects a reasonable sentiment that something must be done to improve this area. However, in its current state, the plans to revitalize Bailey's Crossroads will likely harm the low-income residents and current businesses of the area. Plans to improve Bailey's Crossroads must be mindful of the characteristics of the community and ensure their needs are protected. The Legacy Business Program provides a way for Bailey's Crossroads to continue with revitalization efforts while protecting and promoting the current businesses that the existing community values the most.

The Legacy Business Program can help ensure that Bailey's Crossroads becomes a more prosperous place that the existing community can enjoy. However, it likely isn't sufficient on its own. This report studied business-focused economic development solutions that mitigate gentrification. Residential-focused economic development solutions, such as affordable housing, were not the focus of this report, but they would likely be a necessary complement to the Legacy Business Program in order to more holistically address gentrification in Bailey's Crossroads.

Appendices

Appendix A: Detailed description of evaluative criteria

1. Economic Growth of Bailey's Crossroads

The most important measure of economic growth to the Fairfax County DEI is the increase in total property value. This is because it directly affects Fairfax County's tax revenue. Because of its importance to the Fairfax County government, and because the measure is something Fairfax County already keeps track of, this criterion is measured by the change in total property value across all of Bailey's Crossroads' residential and commercial properties. This criterion is measured in percentage increases in nominal property values and uses a 10 year time horizon for which to consider economic growth.

The increases in property values are then scored on a scale of one to five based on the potential for each alternative to raise property values, with one being lowest potential and five being highest potential.

First, a score of one represents alternatives that decrease or do not increase property values at all over the 10 year period. A five represents alternatives that increase property values by 35% or more. This number is informed by two different measures of growth in Fairfax County. First, it is informed by the growth in total taxable assessed property value (which includes residential and commercial property) in Fairfax County over three periods: 2010-2020, 2011-2021, and 2012-2022. [6] Growth in these three periods averaged 35% in nominal terms (Fairfax County Department of Finance, 2019; Fairfax County Department of Finance, 2022). Second, it is informed by the growth in median nominal housing property values in Fairfax County over three ten year periods: 2010-2020, 2011-2021, and 2012-2022.[7] The average growth across these three periods was 40% (Fairfax County Department of Management and Budget, 2023).

These numbers are considered "high growth" for a few reasons. First, it is much higher than the median housing value growth from 2011-2021 for Bailey's Crossroads (12%), the Washington-Arlington-Alexandria Metropolitan Statistical Area (13%), and Virginia (15%) (U.S. Census Bureau, n.d.).[8] It is also considerably higher than commercial property growth in Bailey's Crossroads from 2010-2020, which was less than 1% in nominal terms (Fairfax County Community Revitalization, n.d.-c). By contrast, commercial growth in all of Fairfax County from 2010-2020 (which is part of the 35% total property growth number) was 22%

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[6] Growth numbers are averaged over the three most recent 10 year periods in an attempt to smooth out abnormalities in growth in any one period.

[7] Growth numbers are averaged over the three most recent 10 year periods in an attempt to smooth out abnormalities in growth in any one period.

[8] These growth numbers come from the Census ACS 5-Year estimates in 2011 and 2021. These 5-year estimates collect data beginning four years prior to the survey year, and so the 2011 ACS represents data from 2007-2011, and the 2021 ACS represents data from 2017-2021. No averaging of multiple 10 year periods is done because the data in these surveys includes data from multiple years.

(Fairfax County Department of Finance, 2019; Fairfax County Department of Finance, 2022). Second, creating growth in Bailey's Crossroads that is equal to the growth in the rest of the county would likely be considered a success. This is because the reason Bailey's Crossroads is part of the Economic Incentive Program is because it is one of only a few areas in the county considered to have limited development activity relative to its potential (Fairfax County Community Revitalization, 2021). This implies that the majority of the county that is not part of the program is up to county standards in terms of development potential, which might suggest that overall county growth is an ideal benchmark for these areas in the program.

Given these scores at the extremes, a score of three represents alternatives that increase property values by about 18%. This is halfway between no growth and 35% growth, but there is additional motivation for why this represents "medium growth". First, 18% growth is near the property value growth rate of Virginia and somewhat near the rate for the Washington-Arlington-Alexandria area, which would indicate an alternative supports growth that is as good as typical growth in the broader surrounding area. Second, CPI inflation from 2011-2021 was 19% (U.S. Bureau of Labor Statistics, n.d.), indicating that nominal growth of 18% keeps real property values roughly equal over time. Growth lower than this would cause real property values to decline, and growth higher than this would cause real property values to increase.

Because it is difficult to precisely estimate how each alternative affects growth, scores are tied to ranges of growth based on the definitions of scores:

Score	**Growth Range**
1	0% or below
2	1-12%
3	13-23%
4	24-34%
5	35% or above

Scores of one and five follow their definitions. A score of three is a 10 percentage point range centered around 18%. Scores of two and four fill in the gaps in ranges between scores of one, three, and five.

2. Equity for Vulnerable Residents and Businesses

Looking at equity for residents, this criterion is defined as the ability for current residents living in poverty to be able to continue living in Bailey's Crossroads. It assesses the extent to which an alternative reduces the likelihood of an impoverished resident being displaced within the next 10 years. Multiple types of evidence factor into this measurement and generally includes any evidence on what types of people the alternative benefits.

Looking at equity for businesses, this criterion will be measured by survival rates of all existing businesses in Bailey's Crossroads over the next 10 years. It assesses the extent to which an alternative reduces the likelihood that businesses will be displaced within the next 10 years. Because survival rates can only fall over time, and the criterion will evaluate how different alternatives change the magnitude in which the survival rate falls. Any evidence on how the alternative affects businesses factor into this measurement.

Because the evidence for both parts of this criterion are broad and combine multiple different measurements and findings, precise estimates of this criterion are not possible. Instead it is evaluated on a one to five scale, with one meaning business survival rates fall the most or residential displacement rises the most, and five meaning business survival rates fall the least or residential displacement rises the least. More specifically, a score of one (five) indicates there is strong evidence that an alternative will worsen (improve) business and residential outcomes, whereas a score of two (four) indicates there is only suggestive evidence that an alternative will worsen (improve) these outcomes. Minimal or conflicting evidence is given a middle score of three. The total score factors in evidence on both businesses and residents.

3. Cost to the Fairfax County Government

This criterion is measured as the amount of money the Fairfax County Government would need to allocate in its budget to fund and implement the alternative. This includes both the allocation of financial benefits to businesses, if applicable, as well as any administrative costs of bringing the alternative to action, such as increased labor needs. To measure total government costs associated with each alternative over a fixed time period, costs are expressed as the present value of total budgetary costs over the next 10 years. However, for the purposes of ranking an alternative on cost, cost is measured as average undiscounted per-year costs. The reason for using this measurement is to express costs in a way that is more readily comparable to annual budgets.[9] It is then given a score on a one to five scale based on this per-year cost measure.

To understand if a certain cost number is "high" or "low," it is compared to Fairfax County's spending on Community Development, which in 2024 is projected to be $171.88 million

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[9] Future costs are not discounted because discounting would understate how a cost factors into annual budgets. For example, an alternative with a constant cost of $1,000 over 10 years would have an average per-year cost under 1,000 when discounting by an positive rate. However, this average would be misleading in terms of how the alternative factors into each year's budget because it would understate what the alternative costs in any one year.

(Fairfax County Department of Management and Budget, 2022). A "high" cost that would score a one is defined as having average per-year costs as costly as Fairfax County's PIVOT grant program, which cost $16.8 million in 2021 (Fairfax County Department of Economic Initiatives, n.d.-c). This is roughly 10% of spending on Community Development.[10] A score of five is given to alternatives that have zero cost.

By rounding down the $16.8 million cost number that scores a one to $16 million, the scoring follows a simple proportional relationship to costs:

Score	Per-Year Cost
1	$16+ million
2	$12 million
3	$8 million
4	$4 million
5	$0

Costs in between scores are given fractional scores. For example, a cost of $6 million would be given a score of 3.5. Fractional scores are rounded to the nearest tenth, except in the case that rounding to the nearest tenth leads to a score of five, in which case the score is rounded down to 4.9. This is to be able to distinguish between small costs and zero costs.

Where cost estimates of alternatives provide a range of costs, the highest cost of the range will be used to score the alternative.

4. General Feasibility

This criterion is measured either by how politically feasible the alternative is or how implementable the alternative is. It is ranked on a scale of one to five, with one being the least feasible and five being the most feasible. More specifically, a score of five (one) indicates there is a strong reason to believe that an alternative would be highly feasible (infeasible), with minimal reasons to believe otherwise. A score four (two) indicates there are both reasons to believe an alternative would be highly feasible or infeasible, but there are relatively more (less) reasons to believe it would be highly feasible. A score of three indicates alternatives with equal reasons for both high feasibility and infeasibility, or alternatives with uncertain feasibility.

Political feasibility involves the degree to which the alternative is likely to be supported by the Fairfax County Government. This includes the Board of Supervisors, who are

[10] Though it is not clear if PIVOT funds were drawn from Community Development spending, funding for the alternatives likely would be drawn from it. Thus costs are being compared to their funding source and to a related economic development program.

responsible for passing laws, as well as other county government agencies who have a stake in the issue, such as the Department of Planning and Development and the Department of Housing and Community Development. It also incorporates the degree to which the alternative requires significant change to existing county laws, which may be related to government support for the alternative.

Implementation feasibility considers the degree to which the government has control over the alternative. For some of these alternatives, much of their success depends on the actions of private businesses and residents. For example, CDFIs are private institutions, and the government's role is to attract a financial institution to become a CDFI.

This criterion evaluates general feasibility on one of these two dimensions of feasibility, depending on which one imposes a larger barrier to realizing the desired outcome of the alternative (i.e. which dimension would score lower on the one to five scale).

Appendix B: Rationale for criteria weights

The criteria weights prioritize equity and de-emphasize growth. The rationale for this is that the equity criteria is measuring the ability of businesses and low-income residents to stay in Bailey's Crossroads. These are indicators that an area is not gentrifying, which is the essence of curbing the problem. The growth criteria, on the other hand, is measuring economic growth more generally and without regard to what is driving that growth and who benefits. General economic growth could actually exacerbate gentrification problems because it may attract the influx of wealthier residents and businesses that cater to them. Despite this, the Fairfax County DEI's primary goal is to promote economic growth, and policies that focus too much on protecting certain businesses and residents may sacrifice economic growth. The weighting that de-emphasizes growth and emphasizes equity is designed to address the problem statement foremost while also acknowledging the DEI's main goals.

Appendix C: Cost calculations for CDFI alternative

The cost calculations for the CDFI alternative rely on a few assumptions. First, the financial incentive is assumed to be full relief from the county's real estate tax. The tax rate is 1.25% of property value (Fairfax County Economic Development Authority, 2022). To estimate the amount of money this would be, I estimate property values of banks using data on properties from Fairfax County's Geospatial Data (Fairfax County Government, n.d.). I estimate the property value of a bank in Bailey's Crossroads by taking the median total assessed value of properties in the dataset that have a land use description of "Finance, insurance, real estate services" and that have a positive assessed building value. [11] Properties that have zero building value only have land value, likely indicating there is no

[11] These criteria lead to a total of 61 properties. This is certainly less than the total number of banks or financial institutions in Fairfax County. This is likely because many banks are attached to larger properties that contain multiple types of businesses and thus are not categorized under "Finance, insurance, real estate services." Nevertheless, these properties help estimate the value of a bank's property in Fairfax County.

physical building on the property, which is not applicable for estimating the property value of a CDFI. The median value is $2,284,580. Because the CDFI alternative is projected to grow property values over time, I assume this median property value will be the property value in year one, and in subsequent years it will grow according to projected growth. Projected growth over the next 10 years is 35% in nominal terms, which is equal to 13% in real terms when factoring in assumed inflation of 19%.[12] This inflation rate is the CPI inflation rate from 2011-2021 (U.S. Bureau of Labor Statistics, n.d.), which I assume will be the inflation rate over the next 10 years. 13% real growth in property values over 10 years translates to yearly growth of 1.27%, so I increase property values by 1.27% each year after year one.[13] The estimated real estate tax is calculated by multiplying yearly property values by the tax rate of 1.25%, which is $28,557 in year one and $31,991 in year 10. I then calculate the present value of receiving this tax break for 10 years, the proposed life of the program, beginning one year from now. I use a discount rate of 3%, which is informed by Federal conventions for real discount rates in cost-benefit analysis (Council of Economic Advisors, 2017).

The present value cost per CDFI is calculated as:

$$\text{PV} = \frac{28{,}557}{1.03} + \frac{28{,}557 * 1.0127}{1.03^2} + \frac{28{,}557 * 1.0127^2}{1.03^3} + \ldots + \frac{28{,}557 * 1.0127^9}{1.03^{10}} = \$257{,}205$$

I assume that this policy would look to attract one or two CDFIs, so I multiply this number by two to get the present value of incentivizing two CDFI developments, which is $514,411.

The cost per year, per CDFI, is calculated by taking the average undiscounted annual tax break over the 10 years, which is $30,245. The cost per year for two CDFIs is twice this amount, which is $60,490.

A table summarizing important numbers going into the cost calculation is shown in Figure C1 below. Importantly, many percentage values described earlier were rounded. The actual calculations are done using unrounded percentages.

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[12] Real growth is calculated as: $Real\ Growth = \frac{1 + 0.35}{1 + 0.19} - 1 = 0.13$

[13] Per-year growth is calculated as: $Per\ Year\ Growth = (1.13)^{1/10} = 1.0127$
Note that the actual calculation does not use the rounded numbers expressed here.

Figure C1 - Cost Calculations Table for CDFI Alternative

		Median Property Value from Data	$2,284,580	**Property Tax Rate in Fairfax County**	1.25%		
		Assumed nominal growth in property values over 10 years	35%	**Assumed Inflation over 10 years**	19%		
		Real growth in property values over 10 years	13.45%	= (1.35 / 1.19) - 1			
		Per year real growth in property value	1.27%	= 1.13 ^ (1 / 10) - 1			
				Real Discount Rate	3%		
	Property Value		Annual Property Tax		Discount Factor	PV	
Year 1	$2,284,580	= median value above	$28,557	= $2,284,580 X 0.0125	1.03	$27,725	
Year 2	$2,313,583	= $2,284,580 X 1.035	$28,920		1.06	$27,260	
Year 3	$2,342,954		$29,287		1.09	$26,802	
Year 4	$2,372,698		$29,659		1.13	$26,351	
Year 5	$2,402,819		$30,035		1.16	$25,909	
Year 6	$2,433,323		$30,417		1.19	$25,473	
Year 7	$2,464,214		$30,803		1.23	$25,045	
Year 8	$2,495,497		$31,194		1.27	$24,625	
Year 9	$2,527,178		$31,590		1.30	$24,211	
Year 10	$2,559,261		$31,991		1.34	$23,804	
		Average cost over 10 years	$30,245		**PV of Full Tax Abatement for 10 years for one CDFI**	$257,205	= sum of the PV column
		For two CDFIs	$60,490	= $30,245 X 2	**For two CDFIs**	$514,411	= $257,205 X 2

Appendix D: Cost calculations for Legacy Business alternative

The cost calculations for the Legacy Business program rely on several assumptions. First, a grant amount of $15,000 is assumed by referencing the average grant amounts from two previous Fairfax County grant programs, the RISE grant and the PIVOT grant. The RISE grant paid $52,570,000 to 4,803 businesses, which is an average grant amount of $10,945 (Fairfax County Department of Economic Initiatives, n.d.-a). The PIVOT grant paid $16,836,300 to 1,016 businesses, which is an average grant amount of $16,571 (Fairfax County Department of Economic Initiatives, n.d.-c). I opted to make the grant amount closer to the PIVOT grant because property owners would also receive grant funding, which warrants a relatively large grant on a per-business basis if that grant is also being shared by property owners in cases where businesses do not own their space.

Second, assumptions are made about the number of eligible businesses for the grant. I make the business age cutoff 10 years after reviewing cutoffs for other legacy business programs. I use Census data to estimate the number of businesses in Bailey's Crossroads that are 10 years or older.[14] Census data provides information on how many business owners in Bailey's Crossroads acquired their business across different ranges of years. Since the data is from 2017, I assume any business that was acquired by the owner prior to 2007 is a business that has existed for 10 or more years., and any business that was acquired by the owner after 2007 is not a business that has existed for 10 or more years.

When Census estimates are considered to be too unreliable, the Census does not report them, and so the data is missing the number of businesses acquired from before 1980 and from 2000 to 2007. To fill in these numbers, I rely on the same data set for all of Fairfax County, which does not have any missing data. I estimate the number of businesses acquired before 1980 in Bailey's Crossroads by taking the ratio of businesses acquired before 1980 to businesses acquired between 1980 and 1989 in Fairfax County and multiplying this ratio by the number of businesses in Bailey's Crossroads acquired between 1980 and 1989. This leads to the assumed value of 19 businesses. I use a similar process to estimate the number of businesses acquired from 2000 to 2007, but I instead calculate the number twice, once using the ratio between 2000-2007 businesses and 1990-1999 businesses and once using the ratio between 2000-2007 businesses and 2008-2012 businesses, and take the midpoint of these two calculations. This leads to the assumed value of 78 businesses. I sum up the actual and assumed values of Bailey's Crossroads businesses that were acquired before 2007 to get the total number of 10+ year businesses, which is 193. This is an estimate of the total number of businesses potentially eligible for the Legacy Business Program.

Once the number of 10+ year businesses is estimated, I calculate the total grant amount per year under three scenarios: assuming all eligible businesses get the grant, assuming half of all eligible businesses get the grant, and assuming 50 businesses get the grant. I multiply the grant amount of $15,000 by the number of businesses under each scenario to get the per-year grant costs, which range from $750k-2.9 million. I then calculate the present value

[14] Census Data comes from the 2017 Annual Business Survey, retrieved from U.S. Census Bureau (n.d.)

of providing this grant amount for 10 years, which is the proposed life of the program. I use the same 3% discount rate as used for cost calculations for the CDFI alternative, and I assume costs beginning one year from now. This leads to present values of grant costs ranging from $6.4-24.7 million.

I also assume that the Legacy Business Program will require the hiring of five additional government employees to review applications and oversee grant payments. I assume these employees would be paid the median salary for Fairfax County Government employees, which in 2018 was $70,531 (GovSalaries, n.d.). I also assume employees receive fringe benefits valued at 30% of their salary. Adding fringe benefits to the salary and multiplying by five leads to a total per-year cost of staffing of $458,452. Using the 3% discount rate and assuming costs start one year from now, the present value of hiring five employees for 10 years is about $3.9 million. I add this number to each of the three grant scenarios, which leads to total program costs ranging from $10.3 million to $28.6 million. The present value of total program costs can be calculated using the general formula:

$$\text{PV} = \frac{Annual\ Grant\ and\ Staff\ Expenses}{1.03} + \frac{Annual\ Grant\ and\ Staff\ Expenses}{1.03^2} + \frac{Annual\ Grant\ and\ Staff\ Expenses}{1.03^3} + \ldots + \frac{Annual\ Grant\ and\ Staff\ Expenses}{1.03^{10}}$$

$$= \frac{Annual\ Grant\ and\ Staff\ Expenses}{0.03}\left(1 - \frac{1}{(1.03)^{10}}\right)$$

For the scenario where all eligible businesses get the grant, the total cost calculation is:

$$\text{PV} = \frac{458{,}452 + 2{,}900{,}000}{0.03}\left(1 - \frac{1}{(1.03)^{10}}\right) \approx \$28.6 \text{ million}$$

I also estimate costs for a Legacy Business Program that provides $50,000 grants to a limit of 50 businesses. This analysis was motivated by the fact that grants under San Francisco's Legacy Business Program can be as large as $50,000 (San Francisco Office of Small Business, n.d.). Under all of the same assumptions about discount rates, duration and timing of benefits, and employee costs, the present value of providing this larger grant to 50 businesses is about $25.2 million.

Putting these costs in per-year terms is helpful when comparing its size relative to the county budget. I calculate total per-year costs simply by adding the per-year grant costs under each scenario to the annual salaries plus benefits of five employees, to get a range of per-year costs of $1.2-3.4 million. This per-year cost does not factor in discounting and is equivalent to the "Annual Grant and Staff Expenses" variable in the present value formula.

Tables for the data on number of businesses as well as the cost calculation numbers are shown in Figures D1 and D2 below.

Figure D1 – Number of Businesses by Year Acquired in Bailey's Crossroads

Bailey's Crossroads		Estimate	Assumed Value
Before 1980	2017	S	19
1980 to 1989	2017	52	
1990 to 1999	2017	44	
2000 to 2007	2017	S	78
2008 to 2012	2017	70	
2013	2017	26	
2014	2017	S	
2015	2017	S	
Don't know	2017	65	
Total reporting	2017	301	

Source: Census Annual Business Survey

Fairfax County		Estimate
Before 1980	2017	489
1980 to 1989	2017	1363
1990 to 1999	2017	3314
2000 to 2007	2017	5024
2008 to 2012	2017	3902
2013	2017	810
2014	2017	969
2015	2017	841
2016	2017	827
2017	2017	324
Don't know	2017	2030
Total reporting	2017	19893

Figure D2 - Cost Calculation Table for Legacy Business Program

10+ year firms	193		Median Fairfax County Government Employee Salary	$70,531.00		
Tax Credit Amount	15000		Value of Fringe Benefits (30% of Salary)	$21,159.30		
Discount Rate	3%		Total per year, per employee cost	$91,690.30		
			Number of employees hired	5		
Total Annual Grant, all firms	$2,895,000		Total per year staffing costs	$458,451.50		
PV of grant for 10 years, all firms	$24,694,937		**PV of hiring five employees for 10 years**	$3,910,684.29		
1/2 of total firms	96.5		**Total Cost of Program to All 10+ Firms in Bailey's**	$28,605,621	*Per Year Total Cost*	$3,353,452
Total Annual Grant	$1,447,500		**Total Cost of Program to Half of All 10+ Firms**	$16,258,153	*Per Year Total Cost*	$1,905,952
PV of grant for 10 years, half of all firms	$12,347,469		**Total Cost of Program to 50 10+ Firms**	$10,308,336	*Per Year Total Cost*	$1,208,452
50 firms total grant	$750,000					
PV of grant for 10 years, 50 firms	$6,397,652					

Alternative Grant Amount	$50,000					
50 firms total grant	$2,500,000					
PV of $50,000 grant for 10 years, 50 firms	$21,325,507		**Total Cost of $50,000 grant program to 50 Firms**	$25,236,191	*Per Year Total Cost*	$2,958,452

Appendix E: Sensitivity Analysis of Evaluation of Alternatives

Because the equity criterion is difficult to precisely measure, it is important to analyze how these alternatives rank under different weights for equity and growth, as well as for different equity scores. The figures below provide four different alternative outcomes matrices. Figure E1 keeps all scores the same as the main outcomes matrix, but raises the growth criterion weight to 20% and lowers the equity criterion weight to 30%. Under these new weights, the Legacy Business Program continues to be the highest scoring alternative, though the status quo is now closer to it.

Figure E2 keeps the same weights as the main outcomes matrix, but raises the equity score for the status quo to two and lowers the equity score for the Legacy Business Program to three. The rationale behind this is that the equity criterion is difficult to measure, and scores closer to three represent more conservative scores. Under these new scores, the status quo is the highest scoring alternative with the Legacy Business Program in second. Importantly, the score on the status quo is now a 3.875, which is still lower than the Legacy Business Program score from the main matrix, which is 4.05. Therefore the status quo does not score highest if its equity score gets bumped up one but the Legacy Business Program's equity score stays the same.

Figure E3 increases equity scores for changing the Comprehensive Plan and establishing CDFIs to four, and leaves everything else the same as the main matrix. Under this scoring, the Legacy Business Program is still the highest scoring alternative, but now establishing CDFIs is the second highest scoring alternative.

Figure E4 is the same as Figure E3, but lowers the equity score for the Legacy Business Program to three. This makes establishing CDFIs the highest scoring alternative and changing the Comprehensive Plan the second highest.

These alternative matrices show that changing the weights so that equity is only slightly prioritized and growth is only slightly de-emphasized is unlikely to alter rankings. However, changing equity scores, under the original weights, can significantly alter which recommendation ranks highest. Though this is true, these alternative scores are less likely to be accurate than the main scores. The status quo shows little is being done in revitalization and development efforts to protect existing businesses and low-income residents, while activities that could stimulate gentrification are being promoted and implemented. CDFIs and changing the comprehensive plan are also unlikely to be more effective than the Legacy Business Program, particularly for protecting businesses.

Figure E1 - Changing Growth and Equity Weights

Alternatives: / Criteria:	**Status Quo**	**Changing the Comprehensive Plan**	**Establishing a CDFI**	**Legacy Business Program**
Economic Growth (20%)	35+% **(5)**	24-34% **(4)**	35+% **(5)**	24-34% **(4)**
Equity (30%)	Low **(1)**	Medium **(3)**	Medium **(3)**	Medium-High **(4)**
Cost to Government (25%)	$0 **(5)**	$0 **(5)**	$250-500k **(4.9)**	$7-26 million **(4.2)**
General Feasibility (25%)	High **(5)**	Low **(2)**	Low **(2)**	Medium-High **(4)**
Score	1 + 0.3 + 1.25 + 1.25 = **3.8**	0.8 + 0.9 + 1.25 + 0.5 = **3.45**	1 + 0.9 + 1.225 + 0.5 = **3.625**	0.8 + 1.2 + 1.05 + 1 = **4.05**

Figure E2 - Increasing equity score for Status Quo, decreasing equity score for Legacy Business Program

Alternatives: / Criteria:	**Status Quo**	**Changing the Comprehensive Plan**	**Establishing a CDFI**	**Legacy Business Program**
Economic Growth (12.5%)	35+% **(5)**	24-34% **(4)**	35+% **(5)**	24-34% **(4)**
Equity (37.5%)	Low-Medium **(2)**	Medium **(3)**	Medium **(3)**	Medium **(3)**
Cost to Government (25%)	$0 **(5)**	$0 **(5)**	$250-500k **(4.9)**	$7-26 million **(4.2)**
General Feasibility (25%)	High **(5)**	Low **(2)**	Low **(2)**	Medium-High **(4)**
Score	0.625 + 0.75 + 1.25 + 1.25 = **3.875**	0.5 + 1.125 + 1.25 + 0.5 = **3.375**	0.625 + 1.125 + 1.225 + 0.5 = **3.475**	0.5 + 1.125 + 1.05 + 1 = **3.675**

Figure E3 - Increasing equity score for Changing Comprehensive Plan and CDFI

Alternatives: / Criteria:	**Status Quo**	**Changing the Comprehensive Plan**	**Establishing a CDFI**	**Legacy Business Program**
Economic Growth (12.5%)	35+% **(5)**	24-34% **(4)**	35+% **(5)**	24-34% **(4)**
Equity (37.5%)	Low **(1)**	Medium-High **(4)**	Medium-High **(4)**	Medium-High **(4)**
Cost to Government (25%)	$0 **(5)**	$0 **(5)**	$250-500k **(4.9)**	$7-26 million **(4.2)**
General Feasibility (25%)	High **(5)**	Low **(2)**	Low **(2)**	Medium-High **(4)**
Score	0.625 + 0.375 + 1.25 + 1.25 = **3.5**	0.5 + 1.5 + 1.25 + 0.5 = **3.75**	0.625 + 1.5 + 1.225 + 0.5 = **3.85**	0.5 + 1.5 + 1.05 + 1 = **4.05**

Figure E4 - Increasing equity score for Changing Comprehensive Plan and CDFI and lowering equity score for Legacy Business Program

Alternatives: / Criteria:	**Status Quo**	**Changing the Comprehensive Plan**	**Establishing a CDFI**	**Legacy Business Program**
Economic Growth (12.5%)	35+% **(5)**	24-34% **(4)**	35+% **(5)**	24-34% **(4)**
Equity (37.5%)	Low **(1)**	Medium-High **(4)**	Medium-High **(4)**	Medium **(3)**
Cost to Government (25%)	$0 **(5)**	$0 **(5)**	$250-500k **(4.9)**	$7-26 million **(4.2)**
General Feasibility (25%)	High **(5)**	Low **(2)**	Low **(2)**	Medium-High **(4)**
Score	0.625 + 0.375 + 1.25 + 1.25 = **3.5**	0.5 + 1.5 + 1.25 + 0.5 = **3.75**	0.625 + 1.5 + 1.225 + 0.5 = **3.85**	0.5 + 1.125 + 1.05 + 1 = **3.675**

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