

IMPLEMENTATION

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A. Overview

The Plan is a 30 year vision for Beauregard, which will enable the City to coordinate the existing and planned growth. While new development will generate a variety of local public revenues (property taxes, sales taxes, real estate transfer taxes, etc.), additional investments in dedicated affordable and workforce housing, transit, a fire station and open space —beyond what can be provided through these local General Fund revenue sources—are required to implement the vision of the Plan. Developer contributions are necessary to fund on-site and off-site improvements not normally required as part of a development review process. The developer contributions (Table 7) will be required as part of any rezoning(s) for the designated redevelopment sites (Figure 8).

B. Zoning

The City's Zoning Ordinance is the primary regulatory tool, and is used to direct the size, character, use, and location of development throughout the City. As part of a future rezoning(s), the Plan recommends new Coordinated Development District zoning for the designated redevelopment sites. The proposed increase in allowable development from approximately 10,000,000 sq. ft. to approximately 12,400,000 sq. ft. The increase in the maximum amount of development generates value for

the landowners. The Plan recommends that a significant portion of the added value be required as developer cash and in-kind contributions of real estate to implement the Plan.

C. Funding Public Benefits

As described in the previous chapters of this Plan, there are many needed public benefits necessary to increase the livability for those residing and/or working in the Plan area, in the adjacent neighborhoods, as well as those in the Alexandria community at large. Beyond the on-site developer provided amenities and public infrastructure (streets, sidewalks, utilities, parks and plazas, etc.), the desired public benefits described in this Plan document that go above and beyond what is customary for a developer to be required to provide and pay for include:

- New Fire and EMS station at North Beauregard and Sanger;
- Ellipse to replace the Seminary and North Beauregard intersection;
- High Capacity Rapid Transitway on North Beauregard;
- Enhanced landscaping on North Beauregard;
- Various street, bike and pedestrian improvements;
- New athletic field at Ramsay with artificial turf and lights;
- Other parks and recreation improvements in or near the Plan area; and
- Replacement Affordable and Workforce Housing
- Enhanced Tree Canopy

The cost of the above public benefits has been calculated at a planning level basis and more detailed cost estimates based on engineered plans will come at a later date. These costs include substantial contingency funds in order to provide protection for the City until the actual costs become known. If these contingencies are not needed they will be able to be reallocated first to other public benefit infrastructure and facility elements, and if not needed in those categories would be able to be allocated to producing more affordable and workforce housing units than the 800 units that the Plan contemplates. The Plan requires, and the developers have agreed, to pay for the public amenities in the Table 7 that totals \$153.8 million in value in 2011 dollars. This includes \$121.5 million in cash contributions and \$32.3 million in land and apartment building contributions. An annual adjustment for inflation (CPI-U) will be added so that the real buying power of these contributions does not diminish during the life of the Plan. Using a 3% estimated annual inflation change this would nominally increase the \$121.5 million in developer cash contributions (in 2011 dollars) increases to \$192.9 million by the year 2042.

Table 7: Developer Contributions

PUBLIC BENEFITS	DEVELOPER CONTRIBUTIONS
A. Transportation Improvements	
1. Ellipse ⁴	\$ 27,310,704
2. Transitway for BRT	\$ 22,500,000
3. Other Transportation Improvements	\$ 501,600
Transportation Subtotal	\$ 50,312,304
B. Fire Station Facility #211	\$ 9,256,025
C. Enhanced Landscaping and Streetscape for North Beauregard Street	\$ 3,000,000
D. Enhanced Tree Canopy	\$1,000,000
E. Athletic Field/ Recreation Enhancements	\$ 8,150,500
F. Affordable and Workforce Housing	
1. Public Amenity Contribution	\$ 23,926,504
2. Voluntary Formula Contribution Housing	\$ 25,817,136
3. 56 Hillwood Units	\$ 8,000,000 ³
4. 44 Lynbrook Units	\$ 6,300,000
Housing Subtotal	\$ 64,043,640
G. Right-of-way Dedication for Transportation and Fire Station Land	\$ 18,046,718 ³
Total	\$ 153,809,187 ^{1,2}

Notes:

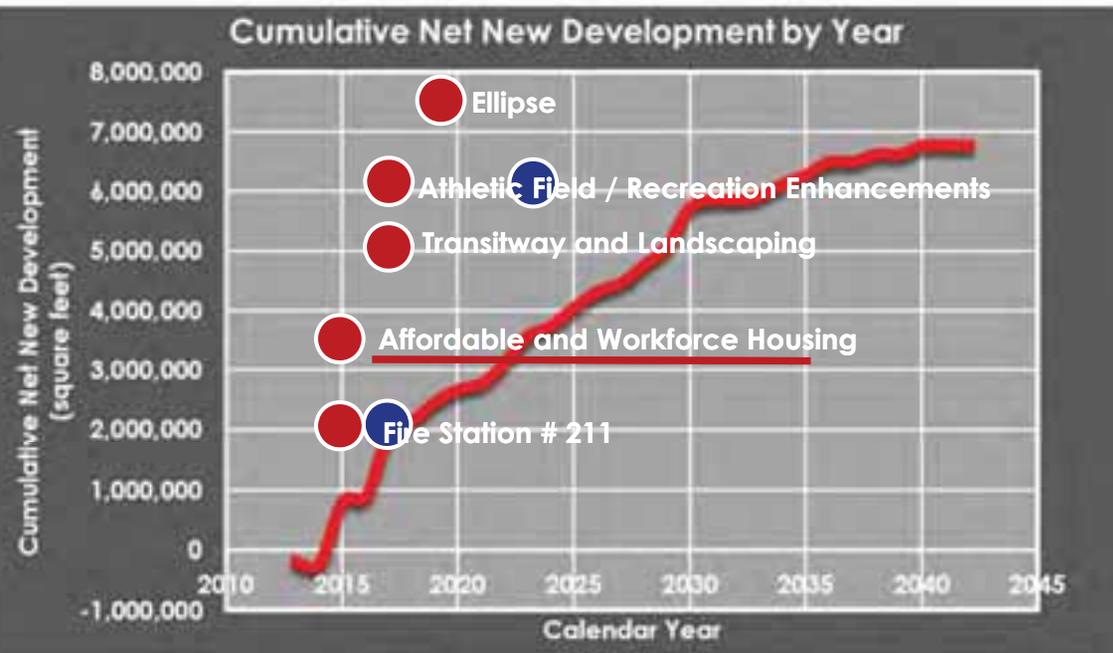
1. All costs in 2011 Dollars
2. Excludes develop-paid sanitary sewer tap and building permit fees as well as with development site public infrastructure
3. Represents in-kind non-cash contribution
4. Includes a contingency of \$9 million dollars; Design base features for Ellipse included so as to provides standard construction elements.

Because of the large complex, urban infill redevelopment efforts contemplated in the Plan, and due to real estate demand driven market absorption rates which will set practical limits as to how much new development can occur each year, this Plan will likely take about 30 years to fully implement as depicted in the Figure 55. Real estate development cycles and market demand will determine the actual rate of build out.

The three-decade build out schedule will mean that the timing of the implementation of the infrastructure will have to occur over time as each phase of the new development comes on line. This is because each phase

of development will need to have a total cost to the developer that is in line with the resultant value (i.e., future income stream) that each phase of development creates. The fact that there are multiple property owners with different ownership structures, timelines and financial resources also adds a complicating factor. As a result, as has been the case with other small area plans in the City, the payment for public benefits will occur when each building of a project is completed and its certificate of occupancy is issued. For this Plan, this will mean that the developer contribution to the public benefits will occur over about a 30-year period. The consequences are that the public benefits listed on the prior page, if reliant on solely on developer contributions, also would need to be released and then scheduled and implemented over about a 30-year period.

Figure 55: 30-year Implementation Projection



Because this near 30-year developer payment schedule for the public benefits would significantly delay when the community could begin to gain the benefits of this Plan, it is proposed that a portion of the incremental real estate tax revenues generated by the real estate value growth in this Plan area be earmarked and set aside by the City to advance fund (using new Plan area real estate tax revenues derived from new Plan area construction) and front load the desired public benefits so that the public benefits can be implemented earlier than would otherwise be the case. For this value capture tax increment financing earmarking, the City would then be reimbursed when future development occurs for having provided up front the incremental real estate tax revenues through

receipt of developer contributions in the following 16 years of the projected development build out schedule. This would be a pay-as-you-go financing plan that would not require the use of any current City General Fund revenues nor would it require the City to issue any debt. It does assume, however, that the development build out would occur. The City would apply some \$4.0 million in Housing Trust Funds and other housing monies to this Plan in its early years to facilitate buy down of some committed units prior to demolition.

It is estimated that the Plan and the resultant development schedule will generate from the developers some \$121.5 million in 2011 dollars in cash, which due to inflation would equal to \$192.9 million dollars in developer contributions over the next 30 years, as well as, significant new added real estate tax revenues from the first delivery of new development product in 2016. In addition, after 2025, most new development real estate tax revenues generated by this Plan (estimated at \$16.9 million in 2026 dollars, rising to \$46.0 annually in 2042 dollars) will be able to flow to the City's General Fund, as will some of the \$112.6 million in remaining developer contributions projected to be paid in the 2026 to 2042 time period. Most of the developers contributions during this time period will be expended on affordable and workforce housing.

Given the fact that the payment of developer contributions would be made over about a 30-year period and given the implementation of the public benefits would normally occur over a 12 year period, it is necessary to adjust for inflation in both what the developers would pay and for likely inflationary cost increases in the public benefit projects. As a result, the developer's contribution of \$121.5 million in pay-as-you-develop cash (which amounts to \$12.55 per square foot in 2011 dollars) would be adjusted annually by the change in the Consumer Price Index (CPI-U). Using an estimated 3% inflationary adjustment this \$12.55 per square foot contribution rate would increase to \$14.54 per square foot by the time it is paid in 2016, \$19.55 by 2026 and \$29.56 by 2042. The actual amounts will be determined by the actual rate of annual CPI-U change. It is also necessary to add an inflationary adjustment to the public benefits cost side as well, which at a projected 3% annual CPI-U rate adjustment, increases (excluding donated land and the 100 apartment units) from \$185.1 million to \$258 million (\$91 million in infrastructure and public facilities and \$167 million for affordable and workforce housing).

Because of the need to schedule the public benefits over a multi-decade year period, it is necessary to prioritize the public benefits. The proposed prioritization is displayed in Table 8. This is not a simple task as all the public benefits are important. It is proposed to make the public safety benefits (fire station) the first priority, as the need

for the fire station now exists, and then the second priority would be transportation public benefits (Ellipse, Rapid Transitway, etc.) as the community has continually expressed transportation as a very high priority. In addition, the Ellipse needs to be put in place by the time net new construction reaches about 2.4 million square feet around 2020. parks, tree canopy enhancements, and recreation amenities then follow. two Hillwood apartment buildings containing a total of 56 units are proposed to be donated by JBG in about 2020. Two Lynbrook apartment buildings containing 44 units are proposed by JBG for donation in about 2028.

Scheduling the affordable and workforce housing replacement housing to start in 2014 is enabled in part because the projected demolition schedule of the existing rental housing is drawn out over 30 years and therefore there will only be a 18% reduction in the existing 5,500 unit rental housing in the Plan area in the first ten years of redevelopment. The demolition plan leaves 82% of existing rental housing (which equates to 4,473 units) in place by 2020 and therefore it lessens to some degree the immediate criticality of new, replacement affordable and workforce housing in the short term. Starting in the year 2020, funding of the replacement affordable and workforce housing begins and then continues annually until all of the 800 affordable and workforce housing units are in place by 2042.

The funding proposal for the implementation of this Plan proposes the dedication of a portion of new real estate tax revenues generated in the Plan area. For the first twelve years of the Plan nearly all of these new real estate tax revenues, or just over \$81 million, generated in the Plan area during that time period will be needed to provide the cash flow to implement the public benefits projects and to initiate the affordable and workforce housing program. In particular in order to implement public benefits such as the fire station, the rapid transitway and the ellipse in the near term, and then be able to start implementing the affordable and workforce housing program in 2014, it is necessary to infuse into this Plan these incremental real estate tax revenues. About one-third of that \$81 million in City tax increment revenues will be reimbursed by developer contributions over the last two decades of the Plan as the developers complete the new development contemplated by the Plan. The balance of these City tax funds not reimbursed represents the City's contribution to the 800-unit affordable and workforce housing replacement program. In about 2023, the City's General Fund will start to receive net new Plan real estate tax revenues to utilize for general City tax rate and budget setting purposes. This amount starts at \$1.0 million in 2023 and continues to increase annually after that until it exceeds \$24 million in 2030 and then grows to over \$51 million annually by 2042.

The proposed schedule and funding plan for the public benefits that the Plan contemplates is detailed on the following chart:

Table 8: Beaugard Plan Public Benefit Funding (\$ in Millions)

PUBLIC BENEFITS	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026 to 2030	2031 to 2035	2036 to 2042	GRAND TOTAL
Fire Station			1.1	5.0	5.1											11.2
Ellipse					3.4	15.6	16.0									35.0
Rapid Transitway			2.6	12.1	12.5											27.2
Landscaping Beaugard				1.8	1.8											3.6
Tree Canopy			0.2					0.3					0.3	0.4	0.4	1.6
Other Roads				0.2	0.2	0.1	0.1									0.6
Ramsay Field/ Other								0.6	2.9	3.6	0.9					8.0
Other Parks										0.4	1.7	1.7				3.8
A/W Housing	2.0	2.0				5.1	in-kind	14.4	9.0	15.8	15.3	15.7	in-kind 30.3	33.2	24.2	167.0
Total	2.0	2.0	3.9	19.1	23.0	20.8	16.1	15.3	11.9	19.8	17.9	17.4	30.6	33.6	24.6	258.0
FUNDING SOURCES:																
Developer Contributions			19.1	1.1	19.5	3.1	6.6	7.7	1.7	8.1		4.6	37.5	38.5	36.6	192.9
RE Tax Revenues			2.8	3.1	6.3	7.1	8.3	9.5	10.2	9.8		12.8	(10.9)	(4.9)	(12.0)	53.1
City Housing Trust Fund/Other	2.0	2.0					4.0						4.0			12.0
Total	2.0	2.0	21.9	4.2	25.8	10.2	18.9	17.2	11.9	17.9		17.4	30.6	33.6	24.6	258.0

Table 9: Bearegard Plan Affordable and Workforce Housing

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026 to 2030	2031 to 2035	2036 to 2042	GRAND TOTAL
Set-aside Affordable and Workforce Housing Units	47	46				58	56	62	38	60	60	60	150	100	63	800
Cumulative Set-aside Affordable and Workforce Housing Units	47	93	93	93	93	151	207	269	307	367	427	487	637	737	800	

In addition to the developer contributions, each redevelopment site will be subject to elements and recommendations as part of the development review process, which generally include elements such as the following:

- Street and related improvements such as sidewalks, street right-of-way- necessary to serve the needs of the site;
- Applicable utilities such as sanitary and storm sewers, utilities such as water, electric, natural gas, and telecommunications;
- Public art under any Voluntary Art Contribution policy that is adopted by the City in the future;
- High quality architecture and high quality streetscape;
- Underground parking; and
- Design and programming of parks and public spaces

Finally, agreements between the City and each of the five developers will be needed to affirm and to implement the funding plan and schedule detailed in this Implementation section. These agreements would come forward for Planning Commission and City Council review and authorization to execute as part of the rezoning.

IMPLEMENTATION REQUIREMENTS

- 9.1 In order to provide oversight and to ensure the plan is implemented carefully and thoughtfully, the City will create a citizen advisory group to monitor and provide guidance to the Planning Commission, City Council and City staff on all aspects of this small area plan. The group will include a broad cross section of community stakeholders and will be appointed by the City Council prior to rezoning.
- 9.2 In order to carefully manage the various financing approaches called for in this Plan, the City shall prepare for Council a regular (annual or as appropriate) update on the financial projections and costs associated with the Plan.

