# PROJECTED FISCAL IMPACT
# OF
# PROPOSED LANDMARK/VAN DORN SMALL AREA PLAN
# INCLUDING
# CALCULATIONS OF CAPITAL FINANCING

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- At full maximum build out of 13.5 million square feet of development, the LVD area will produce some $27.2 million in net new real estate tax revenues, and approximately $7.4 million in other net new local tax revenues for a total net new tax generation of $34.6 million annually.[1] Setting aside one-third for service expenditures, then the fiscal impact or net new tax generation to the City would be $23.2 million annually at full build out.

- Other local taxes are primarily local taxes generated by retail, hotel and other commercial uses.

- The above calculations do not deduct any to-be-determined public participation by the City (tax increment financing, direct capital investment, etc.) in any public infrastructure or facility in the LVD area, including Landmark Mall. Any such financing would reduce the positive net fiscal impact to the City to a lower dollar amount.

- While the net new tax generation is significant, the increase in tax revenue will occur gradually and likely over several decades depending on the economy, market conditions and other factors, such as when Landmark Mall redevelops.

- If one assumes a 20-year buildout with $1/20^{th}$ of the proposed development constructed in each of the 20 years of that time frame, then the total new tax revenues generated annually would be $1.73 million (i.e., growing to $17.3 million in 10 years and $34.6 million in 20 years), less the cost to the City of providing services over that time period. This impact would be less to the degree that the net tax revenues are allocated towards financing infrastructure (such as roads, BRT, bridges, a school, public facilities, etc.) in the LVD area.

- The net new revenues after deducting City services and School costs would be $1.1 million annually, or $11.0 million in 10 years.

- If 20% of the $23.2 million in net new tax revenues, which total $4.64 million per year, were allocated towards capital financing such as infrastructure for the LVD area, then there would be approximately $93 million (in 2008 dollars) available for capital investments on a cash pay-as-you-go basis over the next twenty years.

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[1] A less aggressive maximum build out to 11.1 million square feet would scale back the $34.6 million in annual new tax generation to $28.3 million.

- If that same $4.64 million was utilized to issue bonds and repay those bonds (principal and interest) over a 20-year period, then the amount that could be bonded would be $81.6 million.[2,3] Bonding would allow capital investments to be front loaded as major elements as redevelopment occurs rather than spread out over a 20-year period.

- Any bonds considered for issuance or any cash capital investment made using existing or new tax revenues need to be considered within the context of the City's overall debt policies and debt ratios, as well as within the context of the economic and City budget environment at the time these capital financing considerations are undertaken.

City of Alexandria
December 11, 2008

[2] Source: Davenport & Co., LLC AAA/Aaa debt service calculations reflecting December 1, 2008, bond market conditions. (True Interest Cost @ 4.4%)
[3] Assumes 20% of 2008 net tax revenues of $4.64 million inflates at 3% per year for 20 years.