

# **FINANCING ISSUES FOR THE LANDMARK VAN DORN PLAN**

LANDMARK VAN DORN PLAN ADVISORY GROUP

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- A. What needs to be financed to implement redevelopment?
  - a. Private sector properties
  - b. Public infrastructure and services
    - i. Transit, roads, bridges
    - ii. Streetscape, utility undergrounding
    - iii. Sanitary and storm sewers
    - iv. Open space
    - v. Parking
    - vi. Public facilities
  
- B. How financed?
  - a. Private sector investment
  - b. Land use incentives
  - c. Tax and regulatory incentives
  - d. Public sector investment
  
- C. Public Finance
  - a. General municipal coffers
  - b. Bonded or cash financed
  - c. Targeted levies and fees
    - i. Commercial transportation tax
    - ii. Sanitary sewer fees
    - iii. Special district levies
  - d. Tax revenues generated from redevelopment
  
- D. Tax Increment Financing (TIF)
  - a. Project-based economic development tool
  - b. Originated in California in 1951
  - c. In place in 49 states and D.C.
  - d. Utilized in situations where market economics would not result in desired redevelopment (i.e., rate on investment negative, or below market expectations)
  - e. Tool for retail redevelopment, given competitiveness, low retailer margins coupled with sales tax generation for municipality
  - f. Allows access to tax-exempt bond financing's advantaged interest rates
  - g. Bond rating and debt burden implications to municipality

- h. “But for” and “Show me” tests
  - i. Private sector funding at multiples of public funding
  - j. Typically uses future project-related incremental tax revenues
  - k. Entails use of current tax structure and/or special tax levies
  - l. Typically involves municipal bonding for upfront investment
  - m. Typically used for significant (re)development that has major economic development potential for municipality
- E. Virginia-laws and practices
- a. TIF
  - b. Community Development Authority (CDA)
  - c. Special Tax Districts
  - d. General municipal coffers
  - e. Virginia Examples: TIF, CDA, and other financing methods
    - i. Virginia Beach Town Center (\$85 million)
    - ii. York County (\$33 million)
    - iii. Hampton (\$93 million)
    - iv. Hanover County (\$38 million)
    - v. Henrico County (\$25 million)
    - vi. City of Chesapeake (\$325 million)
    - vii. Loudoun County-Dulles Town Center (\$37 million)
    - viii. Fairfax County and Loudoun County – Route 28 (\$139 million)
    - ix. Fairfax County-Springfield (under discussion)
    - x. Arlington-Ballston Common Mall, Pentagon City Mall
  - f. A Few Other Examples:
    - i. Houston, TX - Transit (\$324 million)
    - ii. Holladay, UT -Cottonwood Mall
    - iii. Indianapolis, IN – Circle Centre Mall (\$187 million)
    - iv. Minneapolis, MN – Nicollet Mall (\$62 million)
    - v. California since 1951 – 400 projects (\$3 billion+)
    - vi. Washington, D.C. – 10 projects (\$168 million)
      - 1. DC USA retail (\$42 million)
    - vii. Arlington Heights, IL – Downtown redevelopment (\$27 million)
    - viii. Montgomery County, MD- Downtown Silver Spring
    - ix. Madison, WI (\$68 million)
- F. Conclusion

