FINANCING ISSUES
FOR THE
LANDMARK VAN DORN PLAN

LANDMARK VAN DORN PLAN ADVISORY GROUP

March 17, 2008

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

City of Alexandria
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