

Introduction

- The Tysons Partnership, Inc.
- Tysons Corner - the Economic Engine within Fairfax County
- The Private Sector in Tysons Corner
- Fairfax County in Tysons Corner
- Alternatives

Tyson's Partnership, Inc.

The Tyson's Partnership, Inc. is a private, non-profit organization composed of business and community leaders who are committed to advancing and sustaining the “vision of Tyson's Corner” as the vibrant, economically successful, diverse, urban core of Fairfax County and to enriching the quality of life for those who work, live, shop and play here. The Tyson's Partnership is **the** vehicle for Tyson's Stakeholders to actively participate in this revitalization.

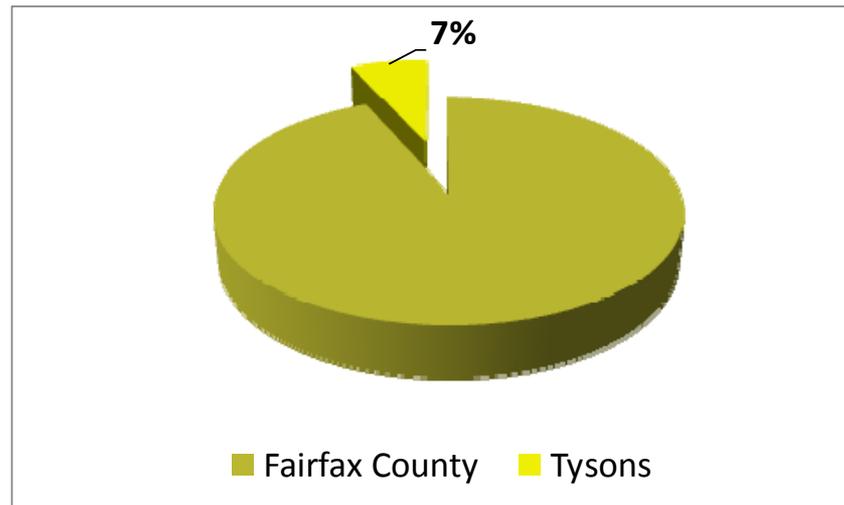
Tysons Partnership, Inc.

A Diversity of Interests:

- AvalonBay Communities
- Beacon Capital Partners
- B.F. Saul
- Booz Allen Hamilton
- Capital One
- Cityline Partners
- Dweck Properties
- Fairfax County Chamber
- Fairfax County
- Federal Realty Investment Trust
- FREDDIE MAC
- General Growth Properties
- Georgelas Cos.
- Hilton
- Holland & Knight
- JBG Companies
- Lerner Companies
- Macerich
- McGuire Woods
- McLean Citizens Association
- MITRE Corp
- MRP Realty
- NV Commercial
- PS Business Parks
- Rotunda Condominium
- SAIC
- Town of Vienna
- ViennaTysons Regional Chamber
- VIKA

Tyson's Corner Real Estate Taxes

Total Property Tax Levy



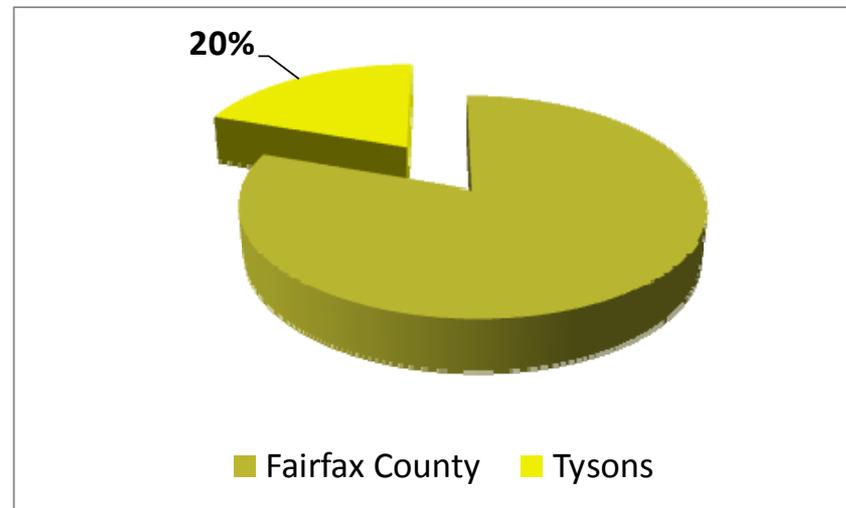
Tyson's FY 2012 Real Estate Levy
\$144 Million.

Note: Tyson's is < 1% of County land area.

* The Public Service Corporation assessments are not included in the figures for either County or Tyson's.

Tyson's Corner Real Estate Taxes

Commercial & Industrial Property Tax for Transportation



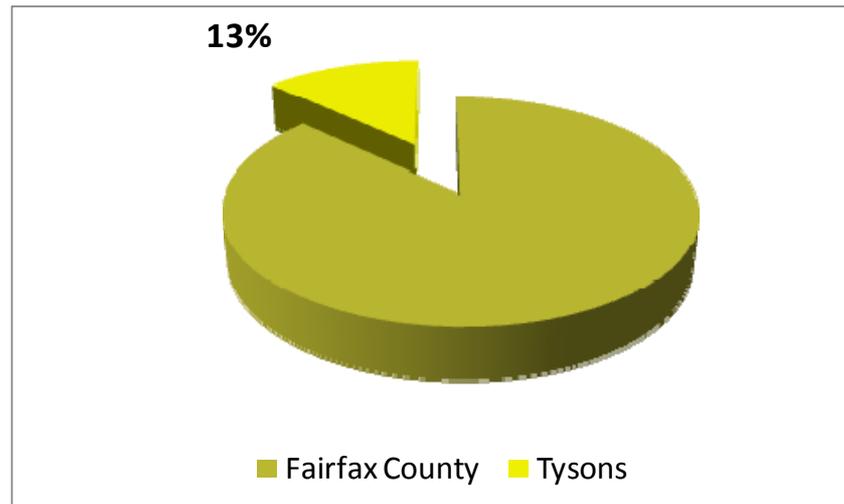
Tyson's FY 2012 Transportation Fund Levy
\$8 Million.

Note: Tysons is < 1% of County land area.

* The Public Service Corporation assessments are not included in the figures for either County or Tysons.

Tyson's Corner Sales & BPOL Taxes

BPOL, Local Sales Tax, & Transfer of Title



Tyson's FY 2012 BPOL, Sales & TOT Taxes
\$41 Million.

Note: Tyson's is < 1% of County land area.

Role of the Private Sector

- Tysons Corner has been and always will be driven by the Private Sector.
- The Tysons Partnership is supportive of a Private Sector share of road improvements – new development will obviously impact the road network.
- However, the Private Sector is being burdened by many proffers in addition to transportation.

Burden on the Private Sector

Proposed Private Sector (Transportation Only) Contribution 2010-2030

- Includes the \$400 Million for Dulles Rail Phase I Tax District

20-Year Cost Estimate and Funding Proposal

	County		Private		Total
Dulles Metro Comprehensive Plan	\$0	0%	\$400,000,000	100%	\$400,000,000
Grid of Streets	\$0	0%	\$443,000,000	100%	\$443,000,000
Tysons-Wide Road Improvements	\$547,000,000	68%	\$263,000,000	32%	\$810,000,000
Transit Service Enhancement	\$374,000,000	100%	\$0	0%	\$374,000,000
Neighborhood Access/Improvements	\$70,000,000	100%	\$0	0%	\$70,000,000
Sub-Total	\$991,000,000	58%	\$706,000,000	42%	\$1,697,000,000
Grand Total	\$991,000,000	47%	\$1,106,000,000	53%	\$2,097,000,000

Source: Fairfax County

Burden on the Private Sector

Proposed Private Sector Contributions 2010-2030 (Per Comp Plan)

Transportation Improvements

Grid of Streets	\$443,000,000
Tysons-Wide Road Improvements	\$263,000,000
Transit Service Enhancement	\$0
Neighborhood Access/Improvements	\$0
Sub-Total Transportation	<u>\$706,000,000</u>

County Proposed Proffers (20-Year Development Level)

Affordable Housing	\$104,000,000
Urban Park Space	\$142,400,000
Public Facilities	<u>\$137,500,000</u>
Sub-Total Proffers	\$383,900,000

Total Proposed Developer Contribution	\$1,089,900,000
Cost /Square Foot	\$27.95

Note: This compares to an expected Proffer Cost of \$10 - \$15 psf under the old comp plan and excludes the impact of Dulles Rail Phase I at \$0.22 / \$100

Source: Fairfax County; Tysons Partnership

Tysons Partnership, Inc.

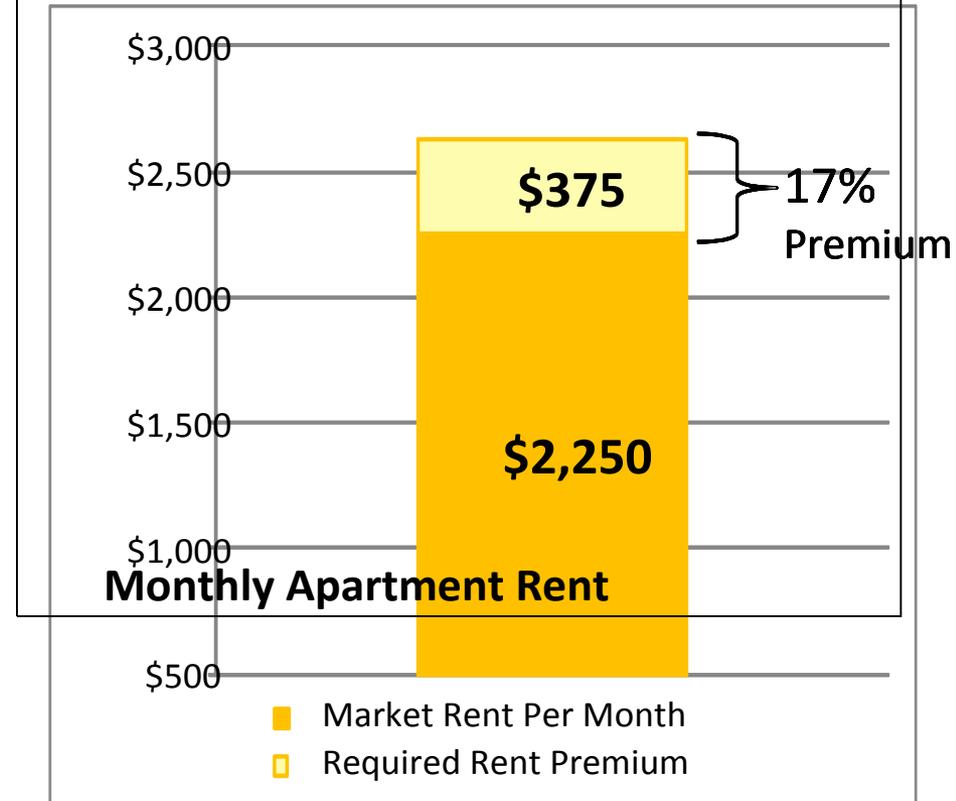
Burden on the Private Sector

Impact on Rents

For a Rental Apartment the Additional \$27.95 per s.f. cost equates to an additional \$375 per month in rent^{/1}:

- Required Rent/Mo: \$2,625
- Projected Market Rent/Mo with Metro: \$2,250

- A 17% Premium
- A Comparative Disadvantage
- *Note: Dulles Rail Phase I Tax increases taxes on a per unit basis by \$660^{/2}*



1 To realize an 8% Return.

2 $1,000 \text{ sf} * \$300 * 0.0022 = \660 additional tax

Source: Tysons Partnership

Burden on the Private Sector

Other Burdens

- The Current Tax Rate in Tysons Corner:

Use	Rate /\$100 Assessed Value	Share of Tax
General Fund	1.07	76%
Pest Infestation	0.001	0%
Stormwater	0.015	1%
Dulles Rail	0.22	16%
Transportation	0.11	8%
Total	1.416	100%

- “Old Density” (older properties razed and rebuilt) is treated the same as any “New Density” by the Comp Plan and will have to bear the burden of the New Proffers and Table 7 Improvements at \$27.95 per s.f.
- New Density is supposed to be a windfall for the Private Sector and enable the property owner to pay for this added burden but New Density went up by 48% and the Proffers and Table 7 Improvements went up around 100%.

Benefit to the Private Sector

Increased Density

- New Comp Plan allows for **a 48% increase in development potential**
 - but Proffer and Table 7 Costs went up ~100%.
- The Private Sector **must invest** to Realize these Development Levels:
 - In 20 years **approximately \$10 billion** ^{/1} **in new RE investment** .
 - *(Note: This is more than **all** of the Assessed Value in Tysons today).*
 - Over the next 20 years **another \$7 billion** ^{/1} **in RE investment** by the Private Sector.

Development Levels in Comprehensive Plan

	Year	Square Feet	Cumulative New
20-Yr Development Level	2010	45,000,000	
	2020	60,000,000	15,000,000
	2030	84,000,000	39,000,000
	2040	96,000,000	51,000,000
	2050	113,000,000	68,000,000

Source: Fairfax County

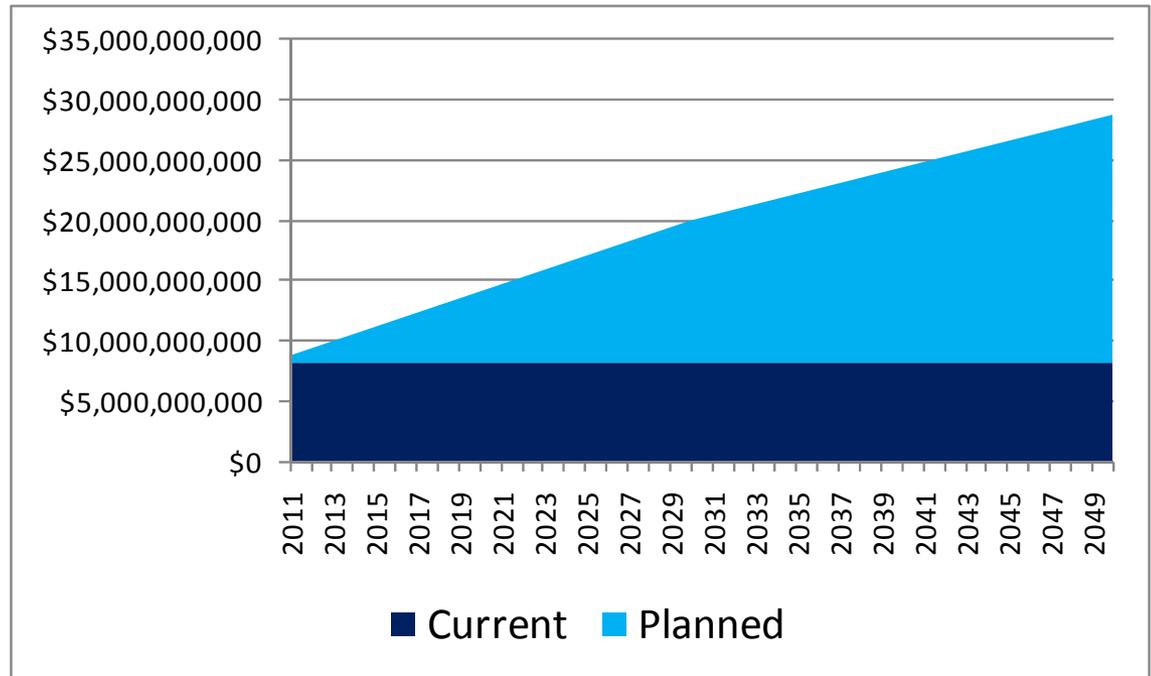
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¹ Assumes average development cost is \$250 per square foot. Numbers are in constant \$'s.

Benefit to the County

Potential Growth in Assessed Values 2011 - 2050 (2011 Dollars)

- Tysons Corner Comprehensive Plan translates into approximately \$12 Billion of new real estate value by 2030
- An additional \$9 Billion of new value by 2050. ^{/1}

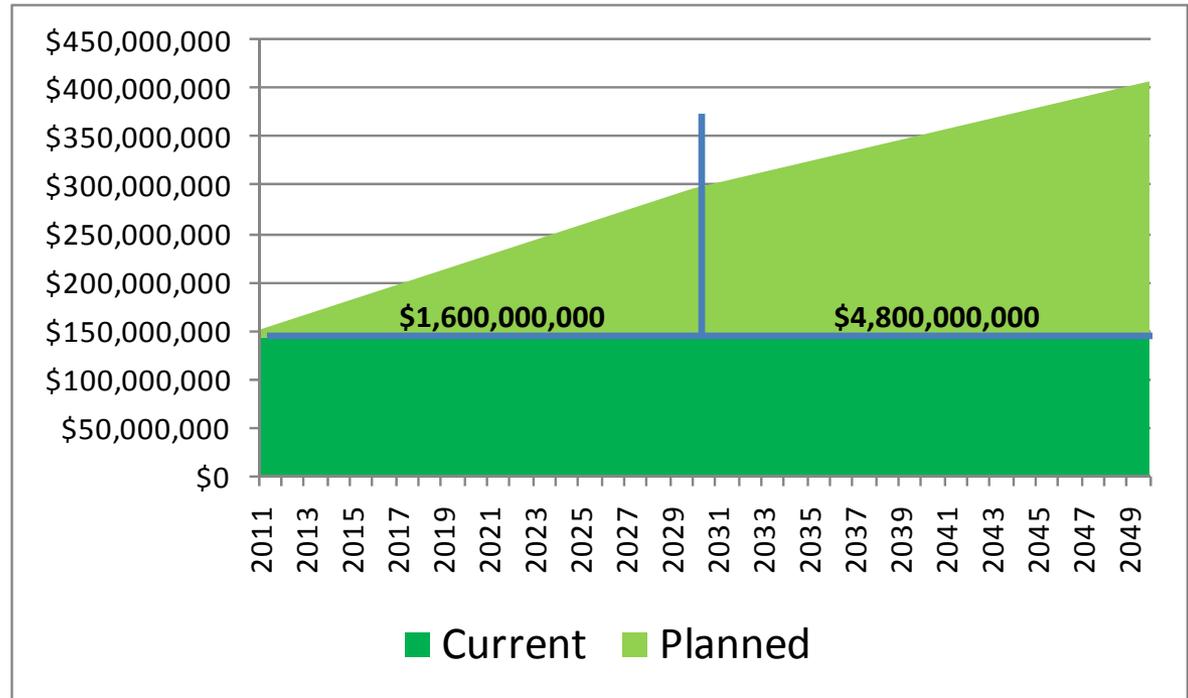


¹ Assumes average development value is \$300 per square foot. Numbers are in constant \$'s.

Benefit to the County

Potential Property Tax Levy / Revenues 2011-2050 (2011 Dollars)

- **\$1.6 Billion** in New Property Tax Revenues to County between 2011-2030
- **\$4.8 Billion** in 2030-2050
- **Additionally (not shown):**
- **\$100 Million** in New C & I Tax Revenues for Transportation by 2030 and **\$260 Million** in 2030 – 2050
- Plus increases in BPOL, Sales and TOT Taxes



Source: Fairfax County; Tysons Partnership

Burden on the County

Proposed Public Sector Transportation Contribution 2010-2030

- Totals \$991 Million - Covered by \$1.6 Billion in New Tax Revenue by 2030
 - Will benefit other areas of Fairfax County
- Timing will require Fairfax County to be funding costs well ahead of significant tax revenues

20-Year Cost Estimate and Funding Proposal

	County		Private		Total
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Comprehensive Plan					
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Note: Does not include ongoing operating costs for County improvements.

Source: Fairfax County

Tysons Partnership, Inc.

The Problems

- **Development comes in spurts and starts** – it does not happen smoothly.
- **Fairfax County will have to spend infrastructure dollars up front** before the tax revenues are here to pay for them.
- **The Proffer System** – extracting County-desired improvements as new developments are approved and constructed - **will not provide enough funds** timely enough to build road improvements (needed because of existing conditions) in addition to all of the other requirements under the New Tysons Corner Comprehensive Plan.
- **The Private Sector is already paying for Metro** via the Dulles Phase I Rail Tax District – why would someone who has no intention of redeveloping their property – be willing to tax themselves further?

Potential Solutions

Investigating Alternative Funding Mechanisms

- Tysons-Wide Special Tax District (Fairfax County Staff Proposal)
- Tysons-Wide Special Tax District + Small Area Tax Districts
- Tax Increment Financing or Set Aside Provisions for New Taxes
- C&I Tax + Proffers
- Others?

Fairfax County Staff Proposal

Tysons-Wide Special Tax District

Split total cost of Table 7 Improvements - \$810 Million (2008 Dollars):

- Private Sector – 32% or \$263 Million
- Fairfax County – 68% or \$547 Million

Private Sector approves a Special Tax District set at \$0.29 / \$100 of Assessed Valuation but only pays the amount in excess of the Dulles Rail Phase I Tax District (currently at \$0.22/\$100) therefore an additional tax of \$0.07/\$100.

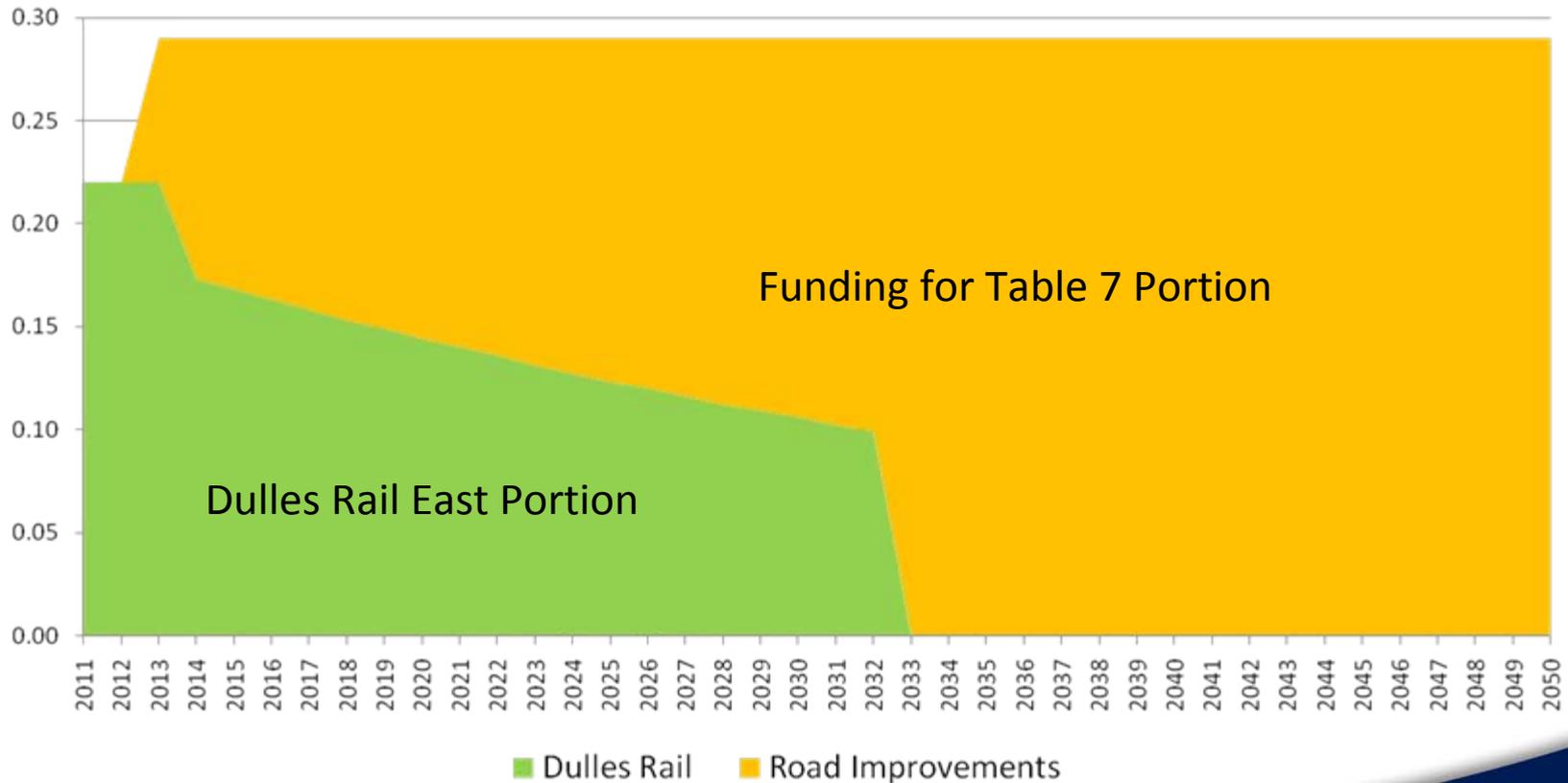
Premise: The \$0.29/\$100 should be acceptable to the property owners because they agreed to that ceiling on the Dulles Rail Phase I Tax District MOU.

- As the Dulles Rail Phase I Tax Rate reduces as projected, this Special Tax District rate will increase until it hits the ceiling of \$0.29/\$100.
- Term is currently undefined because the actual cost is undefined.

Fairfax County Staff Proposal

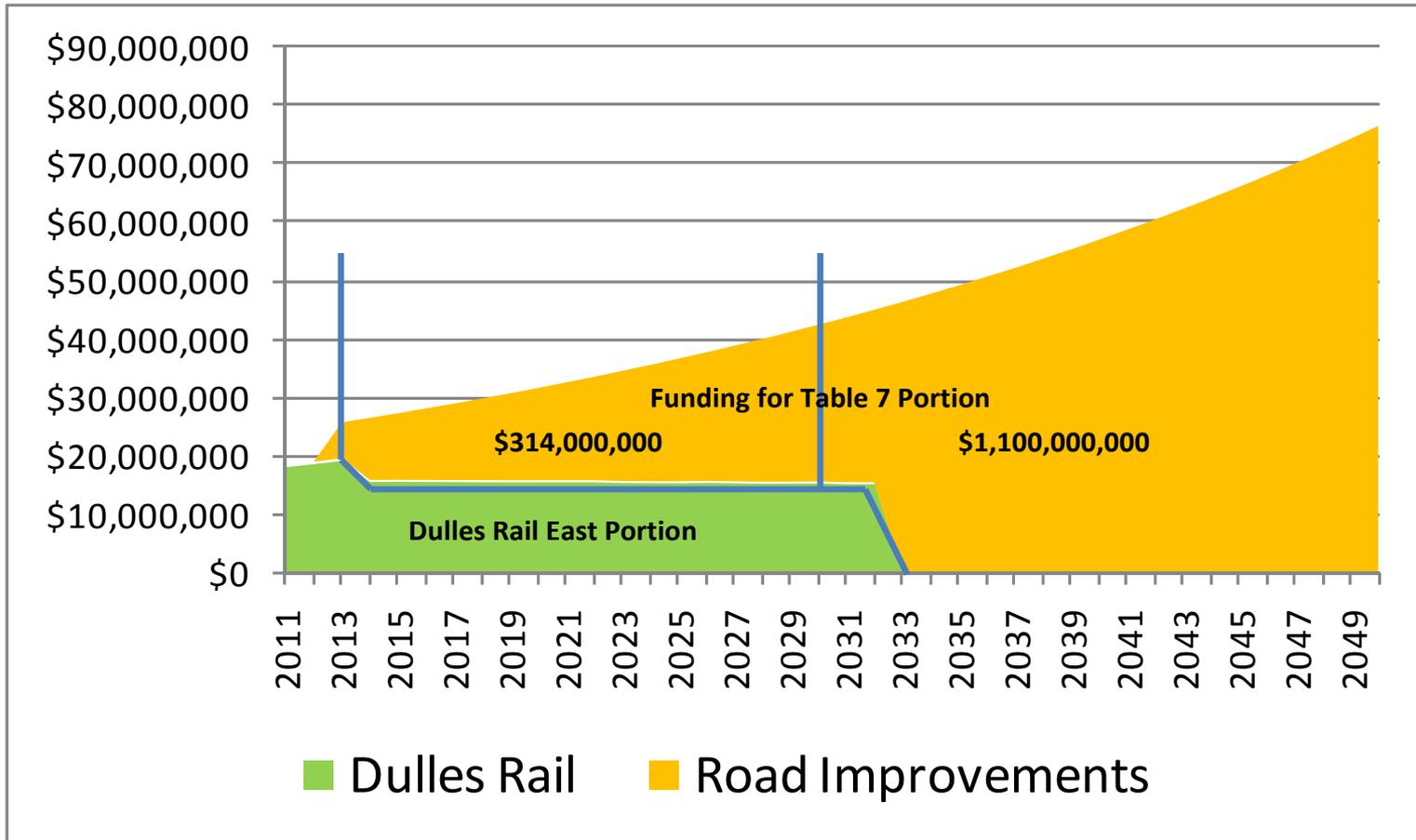
Tysons-Wide Special Tax District

\$0.29 / \$100 AV - Tax Rate Distribution Over Time



Fairfax County Staff Proposal

Tysons-Wide Special Tax District



Note: Tax Revenues Over Time @ \$.0029 ceiling @ 3% Avg Annual Growth Rate of Assessed Value

Fairfax County Staff Proposal

Tysons-Wide Special Tax District

We are concerned about the viability of this proposal because:

- Majority of property owners recognized value of Metro and agreed to Dulles Rail Phase I Tax District to Fund **Metro** - not additional transportation improvements.
- If property owners do not intend to redevelop within this timeframe they will not be competitive with properties elsewhere in the County.
- There are significant landowners with approved densities under the prior comp plan – these landowners have little incentive to work with the provisions of the New Comp Plan.

Conclusion

Tyson's Partnership

- We are willing to pay our fair share.
- There is a solution and we are ready and able to work with County Staff to determine one that works for all.
- It will take a coordinated effort in Richmond as well as with our fellow Tyson's stakeholders to achieve any solution.
- It will take a long term approach to achieve the vision of Tyson's Corner.