



SUBSIDIZED HOUSING IN TYSONS TO COST \$500 MILLION

A good transportation network is essential to the health of Tysons. Absent a good transportation network, developers may not be willing to take the risk of developing and the potential of Tysons may not be reached. This is why the \$500 million in developer contributions must be used to fund transportation improvements, not subsidize housing for those making \$70,000 to \$120,000 per year.

Two years ago the Board of Supervisors approved the largest density increase in the County's history – the Tysons Corner Comprehensive Plan. The Plan requires developer contributions for everything from green roofs, to Transportation Demand Management plans (promises not to drive), to subsidizing housing for those making \$70,000 to \$120,000 per year. These developer contributions are estimated to total over \$2.2 billion by 2050. The requirement for subsidized housing alone is \$500 million.

Two years after the Plan's adoption and we still have \$1.6 billion in unfunded Tysons transportation requirements by 2050. We need to relook at the Plan and focus developer contributions on our priorities. This starts with shifting the \$500 million subsidy from housing for those making \$70,000 to \$120,000 per year to meeting Tysons' unfunded transportation requirements.

If we do not make this change, the County will look at taxpayers, as well as those who sit on congested Tysons roads, to fund the transportation improvements. The future success of Tysons Corner as one of the most successful office parks in the country will pay the price.

From 1976 to 1987 developer and business contributions were focused on our priorities – transportation, education, public safety and parks. During this time more funding was provided by businesses and developers for transportation improvements in the County than by federal, state and local funding sources **combined**. Those making \$70,000 to \$120,000 per year have housing options in Fairfax County and subsidizing their housing in Tysons is not a priority, much less a need.

We need to focus these resources on our priorities. This starts with a basic understanding of where the developers' contributions are going. One potential developer in Tysons estimated it would cost over \$27.00 per square foot to comply with the workforce housing, TDM, environmental and other requirements of the Tysons Plan - Tysons wide that computes to \$2.2 billion dollars in developer

contributions. I have asked County staff for an analysis of what this money will be spent on. At this time I have received no response.

In addition, over the years the County's transportation proffer approach has shifted from requiring new capacity to requiring Transportation Demand Programs (TDM's) or promises not to drive. While some TDMs have proven effective, I believe most are an inefficient use of resources and fall short of expectations- including one requiring an [empty bus to drive to and from a Metro station every day](#). The County continues to require TDMs without ever having performed an analysis of the success or failures of current TDM programs. I have asked County staff for an analysis of the effectiveness of TDMs and hope to get a response soon. That information is essential to ensure taxpayers' dollars are being spent wisely.

The Health of Tysons Corner: Tysons Corner is one of the most successful commercial office markets in the country if not the world. It is the economic engine of the County and the Commonwealth of Virginia. I believe it was successful because the developers built what people wanted not what was dictated by the County. It has its problems – lack of residential options and traffic – and redevelopment is needed. My fear is that the County has dictated a utopia that the market cannot afford while failing to provide for the basic transportation infrastructure.

Commercial properties in Tysons already contribute to the rail tax district and the Tysons Road Fund in addition to the C & I transportation tax that commercial properties throughout the county pay. Because of the revised Comprehensive Plan requirements, the cost to develop in Tysons is \$27 per square foot higher than the actual cost of the building. In addition they face an as yet undefined tax, fee, or contribution to fund the \$1.6 billion in needed transportation improvements (and the taxpayers County-wide will be asked to pay the difference).

The future success of Tysons Corner is not guaranteed and we need to be careful we do not price it out of existence. Other than the single Capital One commercial building that may be approved later this year, I am not aware of a single project under the new Tysons Comprehensive Plan that has been able to obtain financing. Granted this is a difficult market but all of the construction currently in Tysons is by right development approved before the Comprehensive Plan. The \$27 per square foot requirement and the unknown additional cost of transportation are the two reasons most often cited for lack of financing.

A good transportation network is essential to the health of Tysons. Rail will carry a small fraction of the total trips in and out of Tysons. Absent a good transportation network, developers may not be willing to take the risk of developing and the future potential of Tysons may not be reached. This is why proffer dollars must be used to fund transportation improvements not subsidize housing for those making \$70,000 to \$120,000 per year.

Affordable Housing vs. Workforce Housing: I support the County subsidizing housing for the mentally and physically disabled and those truly in need but the County should not be requiring subsidies for persons making up to \$120,000 per year that have other housing options. The income levels slated for Tysons per the approved Comprehensive Plan (page 34) are as follows:

Income Tiers for Workforce Dwelling Units

- 101-120% of AMI 5% of total units
- 81-100% of AMI 5% of total units
- 71-80% of AMI 5% of total units
- 61-70% of AMI 3% of total units
- < 50-60% of AMI 2% of total units

The Area Medium Income (AMI) is approximately \$100,000 for a family of four. According to the Tysons requirements 75% of all units in the program will go to those making between \$70,000 and \$120,000 per year and only 10% to those under \$60,000 per year. According to a recent Commonwealth Institute for Fiscal Analysis report "For a family of four, a minimal standard of living, without relying on public assistance, required an income of \$63,000 in 2010 (assumes one preschool age and one school age child)". Those making \$70,000 to \$120,000 have housing options and the tax payers should not be subsidizing their housing just so we can have a mix of incomes in Tysons Corner.

There is No Free Lunch: Some of my colleagues will claim that the workforce units would not be there if there was no density increase. Our leaders in the 70's and 80's held to the principle that no transportation funding then no density increase. I cannot justify the spending of developer dollars from density increases on subsidizing housing for people making up to \$120,000 instead of transportation improvements and then turning around and taxing our citizens for the transportation improvements because the developer contributions went to subsidize housing.

Another argument in favor of this subsidy is that there is a transportation benefit of having the workforce in this salary range live and work in Tysons. The reality is that even with all the projected new residential units in Tysons over 70% of the projected workforce will still come from outside of Tysons. When I was a young professional fresh out of college living in West Springfield on a small salary I did not expect the County to subsidize a move to McLean so I could be close to my job in Tysons and we should not be subsidizing housing for people at these income levels that already have good housing options.

The Calculations: I have repeatedly asked for an analysis of what the subsidized housing requirement would cost developers and businesses; staff's response is that they are unable to provide it. Based on cost estimates from an applicant's testimony before the Board of Supervisors combined with County provided estimates for growth in Tysons Corner, the investment required to comply with the workforce housing requirements alone is almost \$500 million by 2050. This excludes the \$70 million plus ongoing cost in loss of tax base from workforce units that have capped tax values. This investment is primarily going to subsidize housing for people making \$70,000 to \$120,000 per year. I support the County subsidizing housing for the mentally and physically disabled and those truly in need but the County should not be requiring subsidies for persons making up to \$120,000 per year that have housing options in Fairfax County. Below are the calculations I used to compute the cost of the subsidized housing requirement in Tysons Corner. These calculations are conservative as they exclude inflation.

Tysons Corner Residential Property 20% Affordable Housing Requirement Calculation Process

- Cost of affordable housing component as testified to on 9/27/11 4:30 (<http://www.fairfaxcounty.gov/government/board/meetings/2011/sept-27.htm>) into the afternoon session: **\$3.5 million per building**
- Number of buildings: **5**
- Total cost of affordable housing component: **\$17.5 million** (5 buildings X \$3.5 million per building)
- Total residential square feet in the 5 buildings ([email from Department of Planning and Zoning on 4/27/12](#)): **2,150,000**
- Affordable housing cost per square foot: **\$8.14** (\$17.5 million ÷ 2,150,000)
- Total residential square feet in Tysons Corner by 2050 under the comprehensive plan ([email from Department of Planning and Zoning on 5/9/12](#)): **47,248,846**

- Total cost of affordable housing by 2030 for residential real estate: **\$384,605,606.40** (\$8.14/sq.f. multiplied by 47,248,846 sq.f.)

Tysons Corner Commercial & Industrial Property 20% Affordable Housing Contribution Requirement Calculation

- Total Commercial & Industrial square feet in Tysons Corner by 2050 ([email from Department of Planning of Zoning](#) on 5/9/12): **34,164,792**
- Minimum contribution for every square foot of Commercial and Industrial property for the purposes of affordable housing (<http://www.fairfaxcounty.gov/tysons/housing/> **\$3** (adjusted annually based on CPI).
- Total cost for affordable housing on non-residential property: **\$102,494,376** (\$3 multiplied by 34,164,792)

Lost Tax Receipts From Diminished Value of Workforce Housing Units in Tysons to 2030

- Diminished value of buildings due to workforce housing requirement from above: **\$384,605,606.40**
- Current Tax Rate: **\$1.075 per \$100** of assessed value.
- One Year's Tax on the Diminished Value of Buildings : **\$4,134,510.00** (\$384,605,606.40 divided by \$100 multiplied by \$1.075)
- Assume development from 2015 to 2050: **35 years**
- Divide value by 2 assuming development occurs evenly over the 35 years (\$0 at 2015 and \$384,605,606.40 at 2050): **\$192,302,803.20**
- Lost Tax Receipts on the Diminished Value of Buildings if Development Occurs Evenly From 2015 to 2050: **\$72,353,925** (\$4,134,510 times 35 years divided by 2 - even growth assumption)

Total Cost for Affordable in Tysons Corner by 2050

- Total Cost for Affordable in Tysons Corner by 2050: **\$559,453,907.44** (Residential Cost: **\$384,605,606.40** plus Commercial and Industrial Cost: **\$102,494,376** plus Lost Tax Receipts: **\$72,353,925**)