# white flint sector plan


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# outline

context

costs

revenues

implementation strategy

model results

issues

steering committee

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# implementation context

zoning

staging plan

c.i.p.

administration

**financing**

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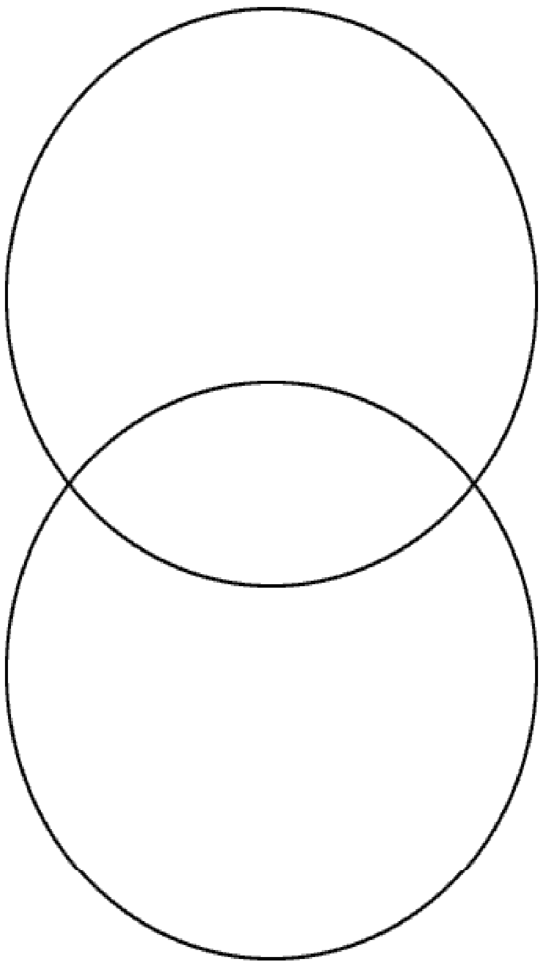
# implementation costs



public costs

district costs

private costs

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# implementation costs

| Transportation Infrastructure Costs, by stage | | | | | |
|---|---|---|---|---|---|
| | State | Local | Private | District | TOTAL |
| **Total Transportation Network Elements** | | | | | |
| Stage One | $47,200,000 | $20,100,000 | $7,500,000 | $54,000,000 | $128,800,000 |
| Stage Two | $20,000,000 | $0 | $43,750,000 | $35,750,000 | $99,500,000 |
| Stage Three | $0 | $0 | $9,250,000 | $81,500,000 | $90,750,000 |
| TOTAL | $67,200,000 | $20,100,000 | $60,500,000 | **$171,250,000** | $319,050,000 |

# district infrastructure

rockville pike $66M

streets $61.25M

metro station $25M

marc station $13 M

circulator $5 M

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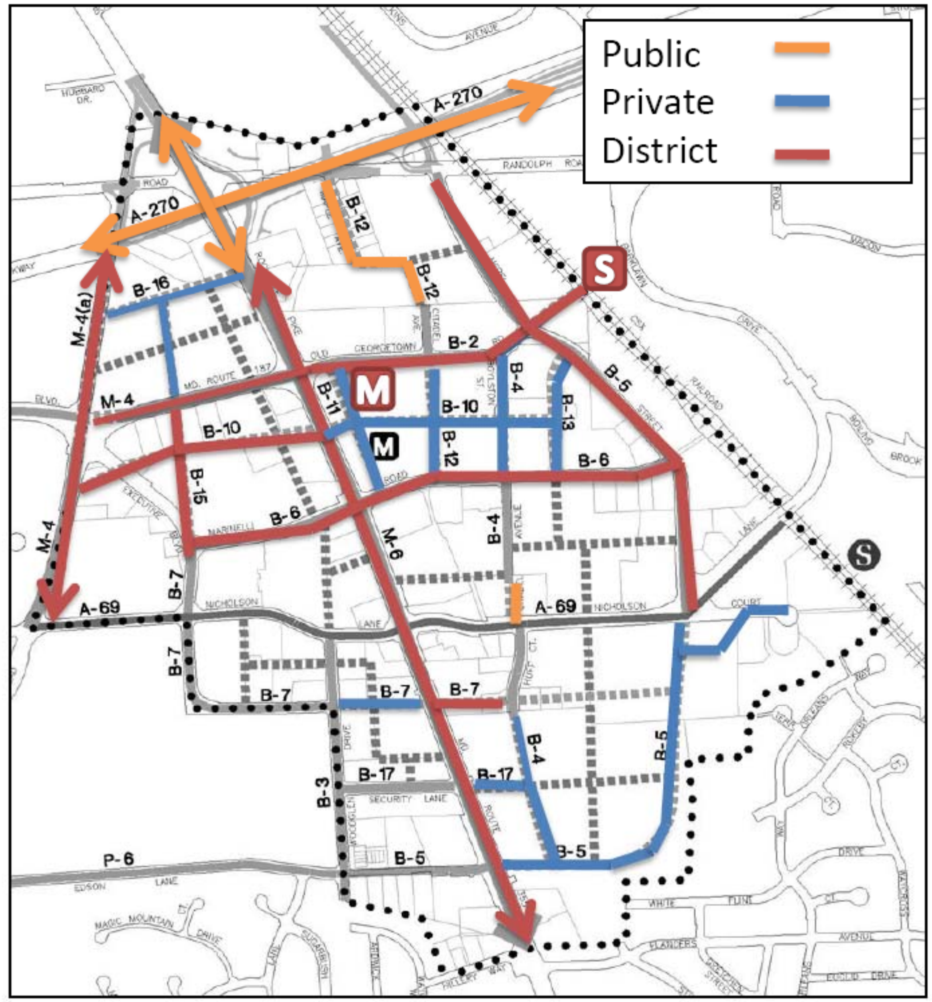
# district infrastructure



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# build-out density

| Amount of Development | | | | |
|---|---|---|---|---|
| | Existing | Pipeline (Approved/ Under Construction) | Recommendation | Totals |
| Dwelling Units | 2,259 dus | 2,220 dus | 9,800 dus * | 14,279 dus |
| Residential Square Feet | 2.7M | 2.6 M | 11.7 M* | 17 M |
| Non-Residential Square Feet | 5.5M | 1.79 M | 5.69 M | 12.98 M |
| *Average dwelling unit size is 1, 200 sq.ft<br>* Does not include MPDU and WF bonus densities | | | | |

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# build-out assumptions

illustrative

conservative

not a projection

not staging mandates

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# build-out assumptions

pipeline development in years 1 to 5

new development in years 6 to 30

redevelopment of existing commercial square footage evenly over 30 years

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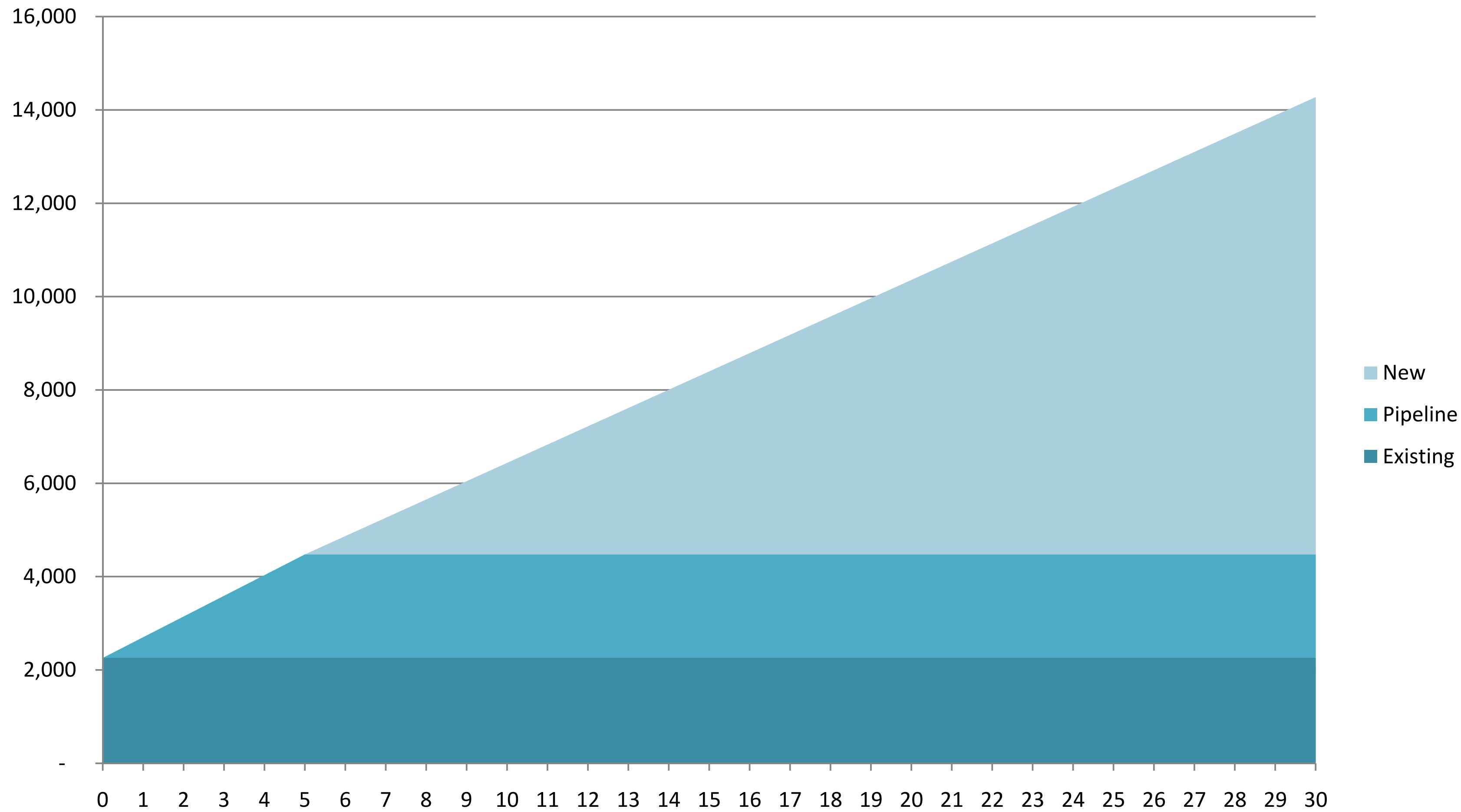
# residential build-out



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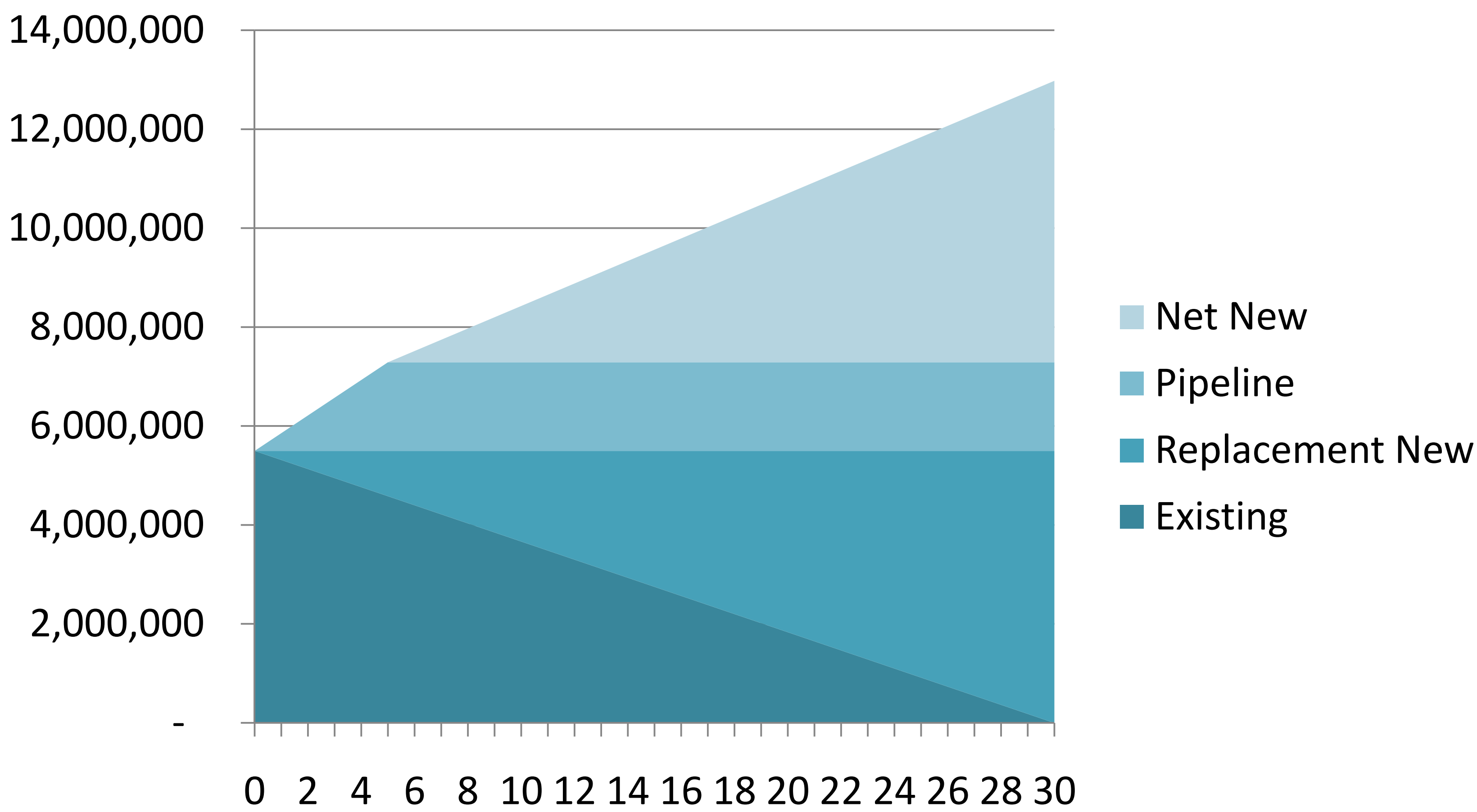
# commercial build-out



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# assessment assumptions

| Market Value Assessment, By Use | |
|---|---|
| | Market Value |
| Residential | $500.00 |
| Office | $425.00 |
| Retail | $400.00 |
| Industrial | $150.00 |
| Hotel | $425.00 |

- these figures are improvements only
- development collaborative's analysis has higher numbers, which include land

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# new assessed value

residential $7.21 B
commercial $3.64 B

total $10.85 B

# revenue assumptions

overall tax rate of $0.978 per $100
general fund rate of $0.74 per $100

# revenue from new assessments

**annual gf revenues at build out**

residential $53 M

commercial $27 M

total $80 M

**cumulative gf tax increment at 30-year build out**

$1.1 B

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# implementation strategy

<u>expand m.s.p.a. (district)</u>

<u>financing mechanism</u>

impact tax capture

special tax/assessment

gap finance (g.o. or t.i.f.)

# implementation strategy

## impact tax capture

from residential

equivalent payment (no crediting)

| Total Transportation Impact Tax Revenue Potential | | | |
|---|---|---|---|
| Use | D/U or Square Feet | Impact Tax Rate | Impact Tax Revenue |
| Dwelling Units | 9,800 | $2,420 | **$23,716,000** |
| Office | 2,831,746 | $4.85 | $13,733,966 |
| Retail | 1,887,830 | $4.34 | $8,193,184 |
| Industrial | 317,058 | $2.43 | $770,451 |
| Other | 0 | | $0 |
| Hotel | 653,366 | $2.43 | $1,587,680 |
| *Total* | | | *$48,001,281* |

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# implementation strategy

impact tax capture mechanics

pace is not reliable

stage 1 and 2 impact taxes accumulate

applied to reduce borrowing in next stage

stage 3 residential impact taxes return to county

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# implementation strategy

<u>special tax/assessment</u>

commercial uses only

applies to new and existing

10% on top of property tax

# implementation strategy

special tax/assessment mechanics

begin in year 1

excess accumulates to prepay next stage

always 10%

borrow off last year’s revenues

# implementation strategy

<u>gap finance</u>

tif concept, but not a tif

constant portion of gf increment (10%)

# implementation strategy

## gap finance mechanics

how did we get to 10%?

excess accumulates

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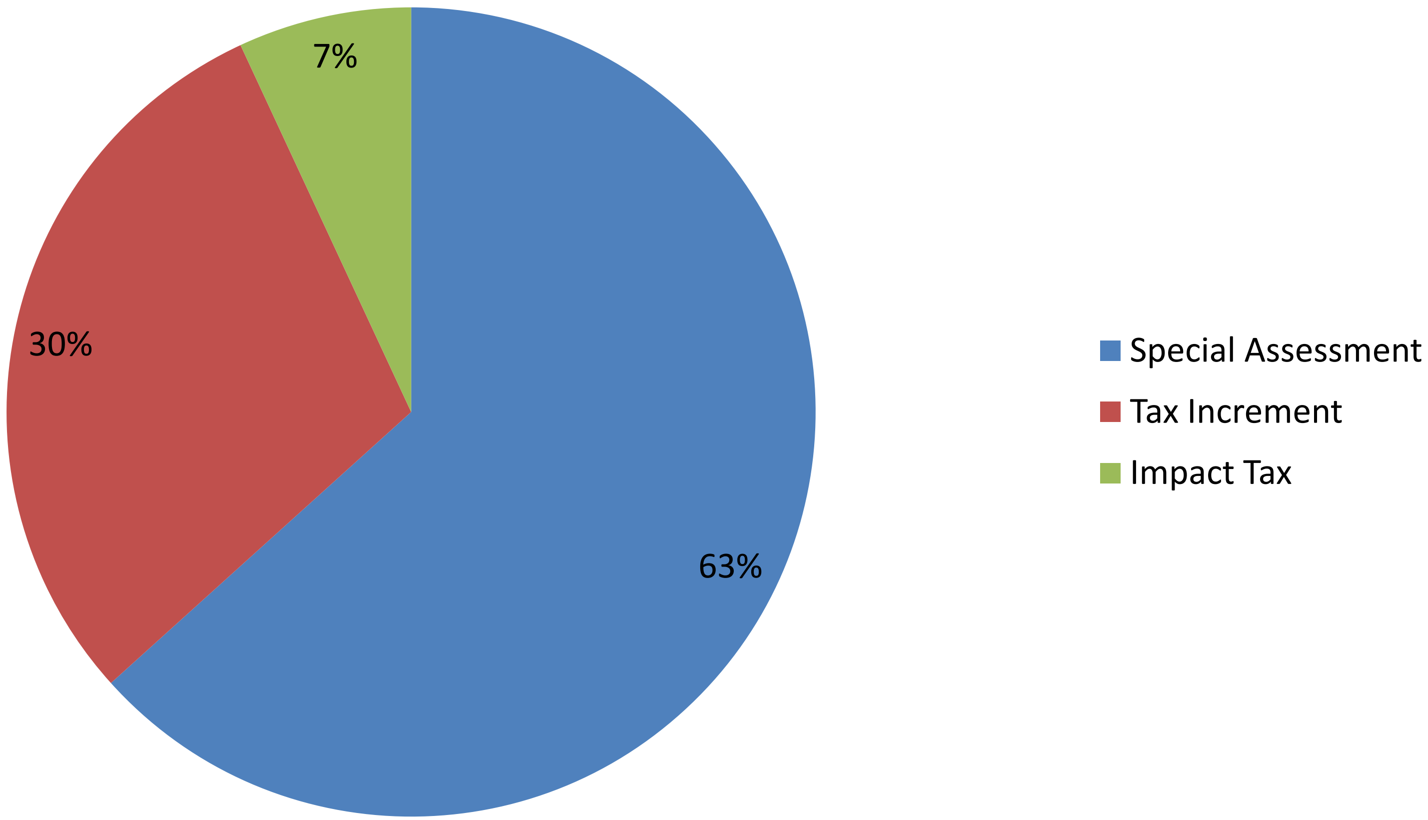
# model of financing mechanism



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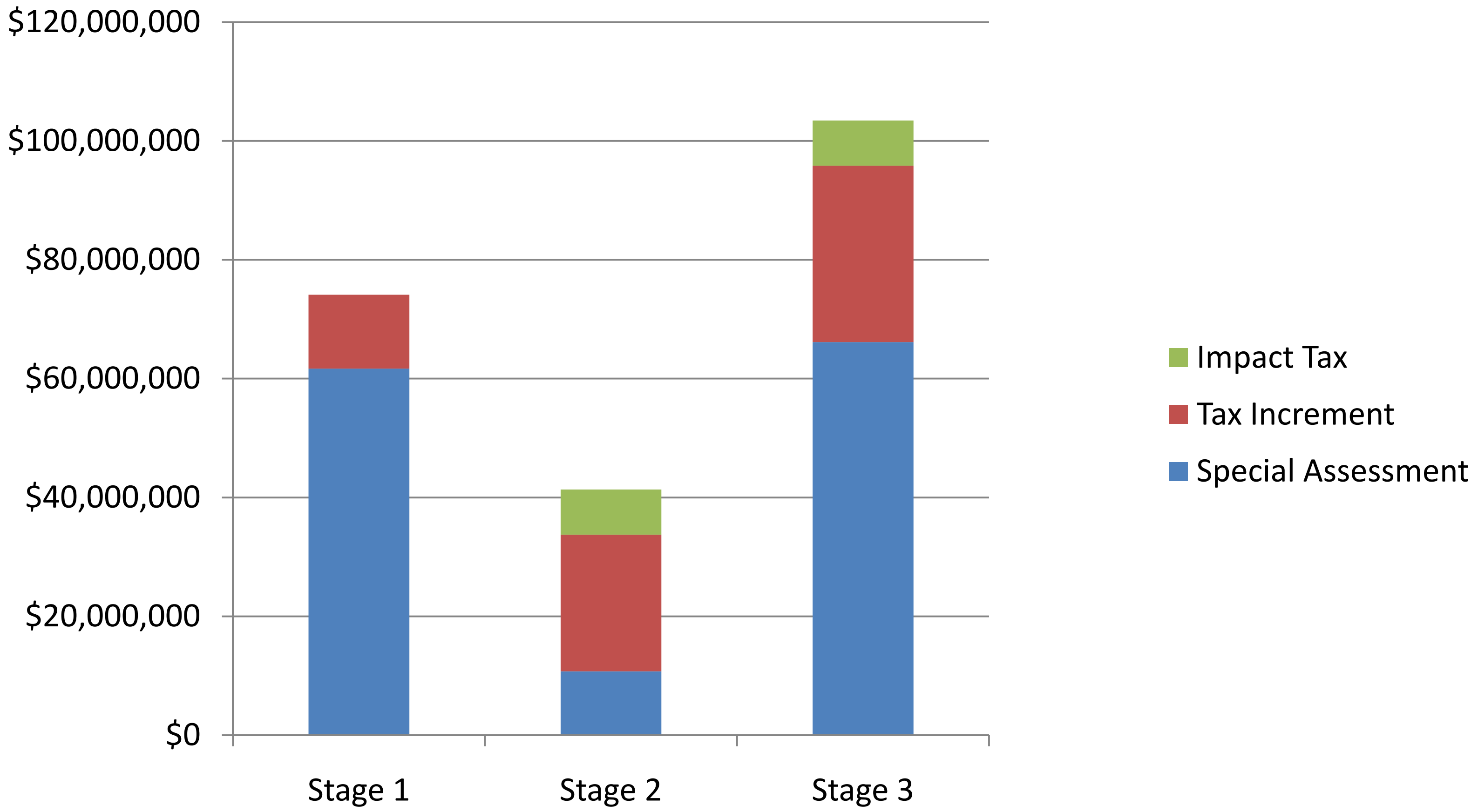
# model of financing mechanism



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# model of financing mechanism

| Infrastructure Financing, by Stage and by Source | | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | **Total** |
| Impact Tax | $0 | $7,589,120 | $7,589,120 | **$15,178,240** |
| Accumulated 10% Special Assessment | $11,427,169 | $1,818,132 | $2,257,111 | |
| Special Assessment for Bond Payment | $50,264,124 | $8,934,155 | $10,031,603 | |
| Accumulated Special Assessment Repayment Adjustment | $0 | $0 | $53,855,979 | |
| Total Special Assessment | $61,691,292 | $10,752,287 | $66,144,692 | **$138,588,271** |
| Accumulated 10% Tax Increment | $4,249,614 | $15,702,201 | $29,877,423 | |
| Tax Increment for Bond Payment | $8,178,783 | $7,292,680 | $53,677,326 | |
| Tax Increment Repayment Adjustment | $0 | $0 | -$53,855,979 | |
| Total Tax Increment | $12,428,397 | $22,994,880 | $29,698,770 | **$65,122,048** |
| **Total** | **$74,119,689** | **$41,336,287** | **$103,432,582** | **$218,888,559** |

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# issue #1

***Should new residential development make a payment to the District that is equivalent to the current transportation impact tax for residential development?***

***Yes.***

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# issue #1

***Should new residential development make a payment to the District** that is equivalent to the current transportation impact tax for residential development? Yes.*

- equality of burden
  - residential vs. commercial
  - new vs. existing
- reduces risk for stage 2 and 3 borrowing
- without it the gap would increase from $65M to $88M

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# issue #1

*Should new residential development make a payment to the District that **is equivalent to the current transportation impact tax for residential development?** Yes.*

- "equivalent" necessary because of crediting
- assume current rate of $2420 per high-rise MF unit in MSPA
- Development Collaborative assumes $3630—this is unlikely because there is little incentive to use Alternative Review Procedure because we recommend no PAMR/LATR here

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# issue #2

***Should the current transportation impact tax (or equivalent) payment by new commercial development be eliminated or reduced for the White Flint Sector Plan?***

***Yes.***

# issue #2

***Should the current transportation impact tax (or equivalent) payment by new commercial development be eliminated or reduced for the White Flint Sector Plan? Yes.***

- private portion of financing mechanism should incentivize, not disincentivize new development
- doubt that stakeholders would accept paying for special tax/assessment on top of current impact tax payments
- $138 M in special tax/assessment vs. $24.3 M in potential impact tax

# issue #3

***Should the private portion of District financing come from a special tax/assessment on all new and existing infrastructure?***

***Yes.***

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# issue #3

***Should the private portion of District financing come from a special tax/assessment on all new and existing infrastructure?***

**Yes.**

- benefit of recurring revenues rather than inconstant one-time payments
- special tax/assessment capable of generating substantial revenue
- benefit of applying the special tax/assessment to existing revenues is that it pays for much of the stage 1 infrastructure

# issue #4

***Should the special tax/assessment on all new and existing commercial uses be established at a rate equal to 10% above and beyond the current ad valorem real property tax bill?***

***Yes, though alternatives that generate similar revenues might be acceptable.***

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# issue #4

*Should the special tax/assessment on all new and existing commercial uses be established at a rate **equal to 10%** above and beyond the current ad valorem real property tax bill?*

- If we reduce the rate then the gap increases.
- Money needs to come from somewhere.
- If it comes from the private sector it will slow development, and slow the advancing staging plan.

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# issue #4

*Should the special tax/assessment on all new and existing commercial uses be established at a rate equal to 10% **above and beyond the current ad valorem real property tax bill**?*

- Charter limit issues.

- There may be other ways to structure this that raise an equal amount of revenue (e.g. a development district in combination with an excise tax) that do not run afoul of the charter limit.

- Alternatives assessment structures would need to be fair, simple, and consistent with the Sector Plan goals and objectives.

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# issue #5

***Should incremental public sector revenues be used to fill the financing gap?***

***Yes.***

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# issue #5

*Should incremental public sector revenues be used to fill the financing gap?*

*Yes.*

- What are the alternatives?
  - Eliminate CIP items
  - Scale back scope of Rockville Pike project
  - Increase burden on private sector

- If all burden is placed on private sector, that will lead to a slower pace of development. A slower pace of development translates into a longer time before improvements to Pike occur.

# the end