WHITE FLINT SECTOR PLAN

FINANCIAL ANALYSIS
ECONOMIC BENEFITS
& INFRASTRUCTURE FINANCING

November 19, 2008

Development Collaborative Sponsors:
Federal Realty Investment Trust
The JBG Companies
Lerner Enterprises
The Tower Companies
Combined Properties
The Holladay Corporation

Introduction

This Economic Analysis has been prepared to address transportation infrastructure financing challenges and opportunities for the White Flint Sector Plan area. It describes transportation infrastructure necessary to transform the White Flint Sector Plan area to a more urban, walkable, and transit accessible community. To achieve the construction of this infrastructure on a timely basis, this report proposes the creation of a development district in White Flint to finance these improvements through a public/private partnership. It concludes that a viable plan for public/private financing is available to fund the requisite transportation infrastructure necessary to achieve the mobility goals proposed by the White Flint Sector Plan.

If the White Flint Sector Plan is successful, Montgomery County will benefit from an increase in annual tax revenue by 2028 of approximately **$143 million**. This is on top of various public benefits that accompany individual developments such as affordable housing, school impact taxes, public open space, and the purchase of BLT's in the agricultural reserve. In addition, through a public private partnership and private investment, the White Flint area would see over $490 million in infrastructure investment specifically targeted towards managing traffic and congestion as the area redevelops. The intangible benefits to Montgomery County are numerous. The County can call itself home to one of the first truly green smart growth communities in America and Rockville Pike, long a symbol of dysfunction in the County, can be reborn as the grand boulevard and heart of the White Flint community.

The authors of this report are a collaborative group of commercial property owners in White Flint, ("The Collaborative") and a nationally recognized financial feasibility study consultant, W-ZHA, LLC. The Collaborative is comprised of Federal Realty Investment Trust, The JBG Companies, Holladay Corporation, White Flint Mall (Lerner Enterprises/The Tower Companies), and Combined Properties. Together, these property owners control a large percentage of the commercial property proposed for redevelopment in the White Flint Sector Plan area. They have operated jointly since 2007 to fund and promote numerous strategic initiatives in support of the sector plan process in collaboration with the White Flint Sector Plan Advisory Group and the Staff of the Maryland-National Capital Park & Planning Commission. Transportation Engineers, Glatting Jackson Kercher Englin and Kimley-Horn & Associates, Inc advised The Collaborative on off-site and on-site infrastructure improvements that would be needed to support the additional development in White Flint. Clark Construction provided cost estimates for funding these improvements. W-ZHA, LLC. prepared the analysis attached as exhibits 11 and 12 to this report, proposing a particular financing model and demonstrating its feasibility. W-ZHA's work has involved periodic professional consultation and information sharing with the Research Division Staff of the Planning Board.

Opportunity

Creating viable economics for redevelopment is the key to successful implementation of the White Flint Sector Plan. This will be achieved by focusing on solutions for two issues:

1. **Public-private financing strategies; and**

2. **A balance between the numerous community-wide benefits sought from developers by the County and the corresponding density necessary to help provide real risk adjusted financial returns necessary to incentivize new investment.**

If these issues are addressed appropriately, White Flint will become the walkable, transit-oriented destination that is envisioned by the community. Absent that balance, White Flint may well look much the same ten to fifteen years from now as it does today. To bring further light to these important choices, we have analyzed the following three issues:

1. **Economic Benefits of Development within the White Flint Sector Plan Area to Montgomery County**

2. **Public-Private Financing strategy for Critical Transportation Improvements**

3. **Economic Viability of development in the context of the TMX-Zone and White Flint Sector Plan Requirements**

The charts distributed throughout this Memorandum are summaries of detailed financial analyses contained in the exhibits to this document.

Existing Context

White Flint is currently developed in large suburban tracts with low density commercial and industrial uses. Existing development is predominantly parked with a mix of surface lots and above grade parking structures. An unprecedented opportunity exists to increase density around a Metro Station while supplementing the existing infrastructure to create a new revenue generator for the County. In-place development, while not built to the highest and best use, largely consists of efficient, well-leased, income producing assets that have an underlying value derived from their current income streams. Investment returns from new development must be sufficient to, at a minimum, compensate existing land owners for the underlying land value of their asset or redevelopment will not occur. When structured properly, the Sector Plan will allow a network of new streets, improvements to the existing roads, and enhancements to public transit to be implemented through a combination of public and private investment in order to create transportation capacity to support increased development density.

1. Economic Benefits to Montgomery County

The creation of a mixed use community within the White Flint sector plan area will create a new economic engine for Montgomery County. Projected County tax revenue growth utilizing future build out projections and absorption models generated by MNCPPC staff and land owners is summarized below. By 2028, we project a $143 million annual increase in tax revenue for Montgomery County directly from new development within the White Flint Sector Plan area. Refer to Exhibits 11 and 12, for the Economic Analysis from W-ZHA which details the proposed development program assumptions and the Tax Increment Implications.

TABLE 1: INCREMENTAL TAX REVENUE TO MONTGOMERY COUNTY					
YEAR	**Total Floor Area (SF)**	**Total Property Value (000's)**	**Property Tax Revenue (000's)[1]**	**Increase in Revenue over 2010 (000's)**	**Percentage Increase over 2010**
2010	8,200,000[2]	$ 1,729,000	$ 12,800		
2015	15,465,404	$ 5,615,000	$ 28,800	$ 16,000	125%
2020	25,992,924	$13,820,000	$ 89,500	$ 76,700	599%
2025	33,614,478	$19234,000	$129,500	$116,700	912%
2028	33,614,478	$21,024,000	$142,800	$130,000	1,016%

The incremental tax revenue growth assumes that the sector plan entitles a range of 2.5 to 4.0 FAR allocated to properties likely to redevelop. The resulting incremental revenue growth will significantly enhance the County's long term fiscal stability and enable the County to fund the public portion of the necessary infrastructure improvements by issuing tax increment financing bonds.

2. Public/Private Financing for Transportation Improvements

Increased transportation capacity must be created in conjunction with new development within the White Flint sector. A combined investment by the County, existing land-owners, and future development that is well planned and coordinated to match the demands of new growth will ensure that appropriate transportation improvements are constructed in a timely fashion.

Creation of a development district ("District") with the following sources of funding will generate sufficient capital to implement the necessary transportation improvements.

1. Commercial Special Assessment. All commercial property owners within the District shall be assessed an additional 10% special tax to fund debt service for bonds issued by the County to pay for specified transportation improvements. This Special Assessment shall have a limited life of approximately 20 years and will be in lieu of commercial transportation impact fees in the sector plan area.
2. Residential Transportation Impact Fees. New residential development excluding MPDU's and WFHU's will pay the transportation impact fees required by the AGP for Metro Station Policy Areas. Revenue from those fees will be used within the District to fund specified transportation improvements
3. Bonding of Commercial Special Assessment. In Phases 1b, 2 and 3 of infrastructure construction, the Commercial Special Assessment described above in item 1, shall be used to fund debt service for bonds issued by the County to pay for specified transportation improvements within the district.
4. Public Sector Financing. Up to 10% of the tax increment created by new development within the District shall be allocated by the County to fund debt service for bonds issued by the County to pay for specified transportation improvements within the district.

The critical improvements necessary to create future transportation capacity have been broken down into three phases ("Phases"). The following chart shows the infrastructure improvement

[1] Applied to real property tax for "County General Fund", rate is $0.74 per $100
[2] From 9/11/08 MNCPPC Staff presentation to the Planning Board

costs in 2008 dollars and after they have been inflated[3] to the year the funds are required. These costs include ROW acquisition for the modification to the Old Georgetown Road and Executive Boulevard intersection. It is assumed that Rockville Pike ROW will be acquired through dedication form land owners. **Refer to Exhibit 1 for a detailed breakdown of the specific projected infrastructure costs funded in each phase.** Note that the proposed timing will enable the State Highway Administration to complete the Montrose Parkway/Rockville Pike interchange prior to beginning proposed infrastructure improvements.

TABLE 2: INFRASTRUCTURE COSTS AND PHASING			
	2008 $'s	**Year Required**	**Future $'s**
Phase Ia (Design of Phase I)	$ 2,800,000	2011	$ 2,970,000
Phase Ib (Construction of Phase I)	$46,200,000	2013	$ 58,964,000
Phase II	$60,000,000	2018	$ 97,734,000
Phase III	$63,000,000	2023	$130,972,000
TOTAL	$173,000,000		$290,640,000

Sources of funds for each Phase are summarized below. Refer to Exhibit 12 for the detailed funding analysis report by W-ZHA, LLC.

TABLE 3A: PHASE Ia (2011/2012 INFRASTRUCTURE FUNDING)			
Phase Ia Cost		**($ 2,970,000)**	
1. Special Tax Assessments Collected 2010-2012		$ 2,970,000	100%
2. Residential Impact Taxes		$ 0	0%
3. Bonding of Commercial Assessment		$ 0	0%
2. Public Funding		$ 0	0%
Total Sources of Funds		**$ 2,970,000**	**100.0%**

TABLE 3B: PHASE Ib (2013 INFRASTRUCTURE FUNDING)			
Phase Ib Cost		**($ 58,964,200)**	
1. Special Tax Assessments Collected 2010-2012		$ 2,065,000	3.5%
2. Residential Impact Taxes collected 2011-2012		$ 9,072,000	15.4%
2013 Commercial Assessment Bonding 3. Financed @ 5% over 20 years	$2,793,300	$ 34,800,000	59.0%
Public Funding – 5% of 2013 Increment 4. Financed @ 5% over 20 years	$1,045,300	$ 13,027,200	22.1%
Total Sources of Funds		**$ 58,964,200**	**100.0%**

TABLE 3C: PHASE II (2018 INFRASTRUCTURE FUNDING)			
Phase II Cost		**($ 97,733,700)**	
1. Special Tax Assessments Collected 2012-2016[4]		$ 5,209,600	5.3%
2. Residential Impact Taxes collected 2013-2017		$ 23,636,800	24.2%
2017 Net Commercial Assessment Bonding 3. Financed @ 5% over 20 years[5]	$2,746,200	$ 34,200,000	35.0%
Public Funding – 6% of 2018 Increment 4. Financed @ 5% over 20 years[6]	$2,783,400	$ 34,687,300	35.5%
Total Sources of Funds		**$ 97,733,700**	**100.0%**

[3] Assumed 5% annual inflation on costs
[4] Assessments are in excess of debt service for Phase I financing
[5] Net Assessment Revenue over debt service payment required for Phase I financed at 5% interest over 10 years
[6] County Increment is net of Phase I debt service obligations

TABLE 3D: PHASE III (2023 INFRASTRUCTURE FUNDING)			
Phase III Cost		**($ 130,972,000)**	
1. Special Tax Assessments Collected 2017-2022[7]		$ 8,059,300	6.2%
2. Residential Impact Taxes collected 2018-2023		$ 26,375.500	20.1%
2022 Net Commercial Assessment Bonding 3. Financed @ 5% over 20 years[8]	$2,958,500	$ 36,900,000	28.2%
Public Funding – 5% of 2023 Increment 4. Financed @ 5% over 20 years[9]	$4,785,500	$ 59,637,700	45.5%
Total Sources of Funds		**$ 130,972,000**	**100.0%**

Funding Strategy Summary
Private Sector vs Public Sector Share of Infrastructure Costs
White Flint Sector Plan Area

	Cost Current $'s	Share of Cost: Private	Share of Cost: Public
Phase Ia /1	$2,970,520	100%	0%
Phase Ib /2	$58,964,208	78%	22%
Phase II /2	$97,733,678	65%	35%
Phase III /2	$130,972,475	54%	46%

1. Planning and design cost escalation at 3% per year.
2. Construction cost escalation at 5% per year.

Source: WFSPA Consortium; W-ZHA

The total capital required in future dollars per table 2 above is projected to be $290.6 million with 63% of the funds provided by the private sector and 37% of the funds, (approximately $107 Million) provided by the public sector. The private sector's contribution is in addition to the provision of transportation improvements built and dedicated for public purposes within the property boundaries of redeveloped sites within the District. The estimated costs of these additional infrastructure improvements provided by the private sector is approximately $200 million including an estimated construction cost inflation factor of 5% per year. This brings the total infrastructure cost to $490 million and adjusts the percentage of infrastructure costs, exclusive of other community benefits, to 78% from the private sector and 22% provided by the public sector.

3. Economic Viability of Redevelopment

In order to create the incremental tax revenue to drive the infrastructure improvements, the White Flint Sector Plan and TMX zone must be designed to provide proper incentives for redevelopment. The decision to redevelop is an economic one. First the developer needs to derive the value of the existing property. Second, they must calculate the property's value if redeveloped. The scenario with the highest value should be the preferred approach.

[7] Assessments are in excess of debt service for Phase I and II financing
[8] Net Assessment Revenue over debt service payment required for Phase I and II
[9] County Increment percentage is net of Phase I and II debt service obligations

We use the word should in this instance purposefully because other factors such as existing tenant lease expiration dates, availability of financing, estate planning and tax issues, and appetite for entering a public entitlement process all have a large role in this decision process as well. In addition, each land owner has their own risk profile and profit calculation so land values vary from land owner to land owner.

Below are three examples of actual land values per buildable square foot ("FAR sf") for properties within the White Flint Sector Plan Area. The first two are operating retail centers and the third is from a recent property sale within the Sector Plan Area. The value of the real estate is a fixed number therefore, the greater the FAR allowed by zoning the lower the value per FAR square foot. Refer to Exhibit 4, Land Value Calculations for more detailed information and calculation methodology.

TABLE 4: EXISTING LAND VALUES TODAY ($/FAR sf)

	Operating Retail Center	Operating Retail Center	Recently Acquired Stabilized Office	Average Values
2.0 FAR	$ 65.00	$ 79.00	$106.00	**$ 83.00**
3.0 FAR	$ 44.00	$ 53.00	$ 71.00	**$ 56.00**
4.0 FAR	$ 33.00	$ 40.00	$ 53.00	**$ 42.00**

The second part of the analysis, determining the value of the property if redeveloped, is detailed below. To determine this value, we performed a financial analysis on a fictitious 4 acre parcel of land. We tested the following nine development scenarios;

- a rental residential building with retail on the first floor at a 2.0, 3.0 and 4.0 FAR
- a for-sale residential building with retail on the first floor at a 2.0, 3.0 and 4.0 FAR
- and, an office building with retail on the first floor at a 2.0, 3.0 and 4.0 FAR

The residual land value is the value of the piece of property after taking into account all development costs plus a reasonable return to the developer ("development yield"). The development costs below do not include impact fees, costs associated with providing community-wide benefits (including MPDU's, WFHU's, BLT's, Green Buildings, or Open Space) or substantial below grade parking. Refer to Exhibits 5, 6 and 7 for the detailed development proformas and the calculation methodology.

TABLE 5: REDEVELOPMENT LAND VALUE IN WHITE FLINT

DENSITY:	2.0 FAR	3.0 FAR	4.0 FAR
Residential/Retail Mix	$65.86 / FAR sf	$60.56 / FAR sf	$59.26 / FAR sf
Condo/Retail Mix	$78.94 / FAR sf	$71.48 / FAR sf	$74.97 / FAR sf
Office/Retail Mix	$60.57 / FAR sf	$58.38 / FAR sf	$60.99 / FAR sf

NOTE: Values do not include the costs associated with County impact fees, other community oriented exactions, and/or substantial below grade parking. Inlcuding these costs would reduce the residual land value per FAR/sf

Once the underlying existing land value and the residual land value have been determined, a developer can compare the two and make investment decisions. For example table 4 above shows that at a 2.0 FAR the value of the underlying land is $83.00/FARsf. If the land owner would like to develop an office building at a 2.0 FAR, the residual land value after redevelopment is approximately $60.57/FARsf as per table 5 above. Since the redevelopment land value is less than the existing land value the land owner would likely choose not to redevelop.

A rental residential development at a 3.0 FAR however, yields a redevelopment residual land value of $60.56/FARsf compared to an existing land value of $56.00/FARsf. In this case, the land owner would likely redevelop in order to harvest the additional value of their land.

Table 6, below, shows the likelihood of redevelopment under any of the 9 scenarios that we tested. At a 3.0 to 4.0 FAR, prior to taking into account the costs of impact fees, community benefits, and/or substantial below grade parking, there is sufficient incentive to redevelop.

TABLE 6: LAND VALUE COMPARISON
EXISTING LAND VALUE VS. REDEVELOPMENT LAND VALUE

DENSITY:	2.0 FAR	3.0 FAR	4.0 FAR
Existing Land Values	$83.00 / FAR sf	$56.00 / FAR sf	$42.00 / FAR sf
Redevelopment Scenarios			
Residential/Retail Mix	$65.86 / FAR sf	$60.56 / FAR sf	$59.26 / FAR sf
Condo/Retail Mix	$78.94 / FAR sf	$71.48 / FAR sf	$74.97 / FAR sf
Office/Retail Mix	$60.57 / FAR sf	$58.38 / FAR sf	$60.99 / FAR sf
Redevelopment Decision			
Residential/Retail Mix	**NO**	**YES**	**YES**
Condo/Retail Mix	**NO**	**YES**	**YES**
Office/Retail Mix	**NO**	**YES**	**YES**

NOTE: Values do not include the costs associated with County impact fees, other community oriented exactions, and/or substantial below grade parking. Inlcuding these costs would reduce the residual land value per FAR/sf

As we noted above, the scenario analyses were completed without including the costs of impact fees or community benefits that are mandated as part of the zone or sector plan. The cost per square foot of FAR to provide community-wide benefits is summarized in table 7, below. For rental residential the public benefit costs are approximately $80.00/FARsf and for office development the costs are approximately $21.00/FARsf. These costs have a significant impact on a developer's willingness to redevelop their property. Refer to Exhibits 8, 9 and 10 for a detailed breakdown of the Cost of Community Benefits.

TABLE 7: COST OF COMMUNITY BENEFITS ($/GROSS SQUARE FOOT (GSF))	RESIDENTIAL/RETAIL SCENARIOS			CONDO/RETAIL SCENARIOS			OFFICE/RETAIL SCENARIOS		
	2.0 FAR	3.0 FAR	4.0 FAR	2.0 FAR	3.0 FAR	4.0 FAR	2.0 FAR	3.0 FAR	4.0 FAR
Scenario:	*1*	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*
On-Site Transportation Infrastructure	$2.86	$1.90	$1.43	$2.86	$1.90	$1.43	$2.86	$1.90	$1.43
Transportation Impact Fee (Retail)	$0.84	$0.56	$0.42	$0.84	$0.56	$0.42	$0.84	$0.56	$0.42
Transportation Impact Fee (Residential)	$2.48	$2.60	$2.66	$2.35	$2.47	$2.53	$0.00	$0.00	$0.00
Transportation Impact Fee (Office)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$6.33	$6.64	$6.80
TMD Fee	$0.19	$0.13	$0.10	$0.19	$0.13	$0.10	$1.44	$1.43	$1.43
School Impact Fees	$3.21	$3.37	$3.45	$3.05	$3.20	$3.28	$0.00	$0.00	$0.00
Building Lot Termination Fees	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$2.86	$3.05	$3.15
Moderately Priced Dwelling Units	$29.18	$35.87	$36.71	$18.61	$20.63	$21.68	$0.00	$0.00	$0.00
Work Force Housing	$21.95	$28.29	$28.95	$14.89	$16.50	$17.34	$0.00	$0.00	$0.00
Public Open Space & Amenities	$3.48	$2.32	$1.74	$3.48	$2.32	$1.74	$3.48	$2.32	$1.74
Underground Utilities	$3.43	$2.29	$1.72	$3.43	$2.29	$1.72	$3.43	$2.29	$1.72
Green Building	$3.39	$3.36	$3.32	$3.90	$3.98	$3.95	$3.64	$3.52	$3.38
TOTAL COMMUNITY BENEFITS	($71.01)	($80.69)	($80.49)	($53.60)	($53.98)	($54.17)	($24.88)	($21.72)	($20.07)
Below Grade Parking	($21.51)	($13.30)	($12.64)	($20.81)	($15.13)	($14.51)	($45.21)	($25.33)	($22.17)
TOTAL BENEFITS INCLUDING PARKING	**($92.52)**	**($93.99)**	**($93.13)**	**($74.41)**	**($69.11)**	**($68.68)**	**($70.08)**	**($47.05)**	**($42.24)**

Table 8, below summarizes the impact that community benefit exactions (excluding below grade parking requirements) have on residual land value and redevelopment potential. As you can see in the last three columns, likelihood of redevelopment at a 3.0 and 4.0 FAR goes from YES to NO for all three project types that we analyzed.

TABLE 8: LAND VALUE COMPARISON EXISTING LAND VALUE VS. REDEVELOPMENT LAND VALUE INCLUDING COMMUNITY BENEFIT COSTS	Land Value / FARsf			Community Benefits $/FARsf			Land Value / FARsf NET of Community Benefits		
	2.0 FAR	3.0 FAR	4.0 FAR	2.0 FAR	3.0 FAR	4.0 FAR	2.0 FAR	3.0 FAR	4.0 FAR
Existing Condition	$ 83.00	$ 56.00	$ 42.00	$ -	$ -	$ -	$ 83.00	$ 56.00	$ 42.00
Redevelopment Scenarios									
Residential/Retail Mix	$ 65.86	$ 60.56	$ 59.26	$ (71.01)	$ (80.69)	$ (80.49)	$ (5.15)	$ (20.13)	$ (21.23)
Condo/Retail Mix	$ 78.94	$ 71.48	$ 74.97	$ (53.60)	$ (53.98)	$ (54.17)	$ 25.34	$ 17.50	$ 20.79
Office/Retail Mix	$ 60.57	$ 58.38	$ 60.99	$ (24.88)	$ (21.72)	$ (20.07)	$ 35.69	$ 36.66	$ 40.92
Redevelopment Decision									
Residential/Retail Mix	**NO**	**YES**	**YES**				**NO**	**NO**	**NO**
Condo/Retail Mix	**NO**	**YES**	**YES**				**NO**	**NO**	**NO**
Office/Retail Mix	**NO**	**YES**	**YES**				**NO**	**NO**	**NO**

NOTE: Community benefit cost excludes substantial below grade parking requirements.

Redevelopment economics will be even more problematic if the Sector Plan effectively mandates below grade parking through highly restrictive design guidelines. Table 7 shows the additional cost to place a significant percentage of new parking in below grade garages. These costs range from $12.00/FARsf to $25.00/FARsf on top of the costs of above grade structured parking already included in the base pro-forma. Parking requirements have already been adjusted down from the County standard to meet actual demands in mixed use environments. We assumed 3.5 parking spaces per 1,000sf of retail, 2 parking spaces per 1,000sf of office space and 1 or 1.25 spaces per residential unit depending upon whether the building is rental or condominium. If we were to use the current Montgomery County parking standards to calculate the costs of structured parking, the additional parking costs would range from $17.00/FARsf to $38.00/FARsf. For a detailed explanation of parking assumptions see Exhibit 2 attached.

The following is a list of some potential changes to the community-wide benefit requirements which would help land owners to achieve residual land values which incentivize new development:

- Eliminate LATR and PAMR tests in lieu of a cordon line district wide traffic model. This will enable development to occur on a more predictable schedule while infrastructure improvements are funded and implemented through a public/private venture. Model must reflect that development does not occur in a straight line and may not at all times be in balance with infrastructure construction.
- Provide an offset mechanism that credits the cost to construct and dedicate on-site public transportation improvements provided by the development against other fees and contributions sought by the County (e.g. BLT, Open Space Fund, Work Force Housing, etc.)
- Allow for a more flexible split between residential and commercial development within the district with a range from 40% to 60% of either product. This flexibility will allow the development community to respond to market conditions and provide the best incentive for redevelopment at any given moment in the future.
- Streamline approval process to minimize consultant's fees and land carry cost. The entire process from submission of Project Plan to receipt of building permit should be no longer than 1 year.
- Eliminate the payment of Transportation Impact Fees for Workforce Housing units
- Reduce or eliminate parking requirement for MPDU and Workforce Housing units.
- Eliminate requirement for Workforce Housing Units within the Sector Plan Area.
- Allow for the consolidation of the MPDU requirement into a single mixed income structure vs. distributing them evenly throughout a multi-building planned development. This would enable developers to access federal low income housing tax credits for buildings that are 20% affordable. As an alternate approach, consider a payment in lieu of placing affordable units on site.
- Raise the threshold standard method base for the purchase of BLTs from 0.5 FAR to 1.0 and decrease the percentage from 12.5% to 10%
- Mandate that public utilities on public streets be buried in the street or sidewalk of the ROW without any increase to the ROW width required by the Montgomery County road code. There should be no Public Utility Easements in addition to the required ROW.
- Allow private parking to occur below public ROW where possible
- Create a County parking district similar to Bethesda or Silver Spring. Public parking is more reliable for shared-use by multiple owners and will reduce the total number of parking spaces required to be built within the district.
- Allow for above grade parking structures subject to reasonable design guidelines so that it remains cost effective relative to below grade parking. In some locations free standing garage structures such as the public garage in the center of Bethesda Row are appropriate.
- Dramatically decrease parking requirements for retail and restaurants: 25 spaces per 1,000 square feet for restaurants, 15 spaces per 1,000 square feet of outdoor dining, and 5 spaces per 1,000 square feet of retail are all suburban standards and thus excessive in the urban context of White Flint. Total retail parking should be no more than 3.5 spaces per 1,000 sf.
- Eliminate parking minimums.
- Provide density bonuses for excellence in environmentally sensitive design and green building.
- Provide a market rate density bonus to offset the costs of providing Workforce Housing
- The transfer density proposal described in the staff draft to the planning board dated November 20th, 2008, does NOT provide an additional development incentive to land owners. The land owner has to pay market rate to transfer density in order to increase FAR on their site from a 3.5 FAR to a 4.0 FAR. The scenarios described above DO NOT reflect the additional costs associated with this land transfer. At a market rate of $50.00/FARsf, the added cost is $4.3 Million or $6.50 per square foot on top of the costs described in the tables above. This "benefit" actually adds an additional burden on the developer as opposed to an added incentive.

Conclusion

In conclusion, this analysis demonstrates that land owners, citizens, and Montgomery County elected officials and staff have to work closely together to craft the White Flint Sector Plan in a way that effectively accomplishes both public and private objectives. While no one questions the overarching goal of making White Flint a more walkable, pedestrian oriented, and desirable urban destination, the challenge is how best to achieve that goal. As the first part of this analysis shows, a balance must be struck between the cost of community benefits and the resulting residual land value for the land owner. If this can be achieved, redevelopment is likely to occur. At the same time, the latter part of the analysis makes clear that necessary transportation infrastructure improvements can be funded through a mix of public and private initiatives.

In the days and weeks ahead, we propose an open dialogue between Park and Planning staff, landowners, citizens, and other interested parties within the Sector Plan Area to reach agreement on this economic analysis and its underlying assumptions. This model can then form the basis for a more informed conversation about the path to redevelopment in White Flint and an equitable cost-sharing basis between the public and private sectors for both transportation and other desired community wide benefits.

Exhibit 1

EXHIBIT 1
WHITE FLINT INFRASTRUCTURE IMPROVEMENTS

PHASE Ia			
■ P-6 Rockville Pike Partial Conversion to 6-8 Lane Blvd. (M6)			
Planning, Design, Permitting @		**$**	**2,800,000**
PHASE Ib			
■ P3 (B-7/M-4) Realignment of Old Georgetown Road/Executive Blvd: 4 lanes and intersection, 3 new roads, abandonment of Executive Blvd., existing utility relocations		$	14,016,000
Planning, Design, Permitting @	8%	$	1,121,280
Construction Admin @	6%	$	840,960
Contingency/Escalation @	15%	$	2,102,400
		$	18,080,640
■ Public Portion of East/West Main Street (B-10)		$	10,000,000
Planning, Design, Permitting @	6%	$	600,000
Construction Admin @	6%	$	600,000
Contingency/Escalation @	15%	$	1,500,000
		$	12,700,000
■ ROW Acquisition for Portions of East/West Main St (B-10) and B-15 (see plat exhibit)	8%	$	5,430,000
■ Partial Burying of Utilities for Portions pf Rockville Pike (M6)		$	10,000,000
Total for Phase I Road Improvements	=	**$**	**46,210,640**
PHASE II			
■ Circulator Bus Infrastructure (Design, Easement Acquisition, Shelter, Power, etc.) @ 50K per stop @ 25 stops		$	1,250,000
■ P-6 Rockville Pike Partial Conversion to 6-8 Lane Blvd. (M6)		$	35,000,000
Permitting @	4%	$	1,400,000
Construction Admin @	6%	$	2,100,000
Contingency/Escalation @	15%	$	5,250,000
		$	43,750,000
■ Burying of Utilities for Portions of Rockville Pike (M-6)		$	15,000,000
Total for Phase II	=	**$**	**60,000,000**
PHASE III			
■ Construct 2nd Entrance to Metro		$	25,000,000
Design & Permitting @	8%	$	2,000,000
Construction Admin @	6%	$	1,500,000
Contingency/Escalation @	15%	$	3,750,000
		$	32,250,000
■ P6 Rockville Pike Conversion to 6-8 Lane Blvd. (M-6)		$	16,000,000
Undergrounding of Utilities		$	10,000,000
Design, Permitting @	8%	$	1,280,000
Construction Admin @	6%	$	960,000
Contingency/Escalation @	15%	$	2,400,000
		$	30,640,000
Total for Phase III	=	**$**	**62,890,000**

NOTE: Construction cost estimate provided by Clark Construction

Exhibit 2

EXHIBIT 2
GENERAL DEVELOPMENT ASSUMPTIONS

Retail

Building Shell - Hard Cost ($/SF)	$ 100.00		
Tenant Allowance ($/SF)	$ 60.00		
Average Market Rent ($/SF/YR)	$ 45.00		
Vacancy/Bad Debt	5.00%		
Capitalization Rate	6.75%		
Development Yield	8.75%		

Office

Building Shell - Hard Cost ($/SF)	$ 125.00		
Tenant Allowance ($/SF)	$ 50.00		
Average Market Rent ($/SF/YR)	$ 42.50		
Parking Revenue/Space	$ 50.00	$ 100.00	$ 100.00
Expenses ($/SF/YR)	$ (10.50)		
Vacancy/Bad Debt	5.00%		
Capitalization Rate	7.00%		
Development Yield	8.75%		

Residential Rental

	2.0 FAR	3.0 FAR	4.0 FAR
Building - Hard Cost ($/GSF)	$ 140.00	$ 140.00	$ 140.00
Gross Monthly Rent ($/NSF/Month)	$ 2.75	$ 2.75	$ 2.75
Gross Monthly Parking Income ($/Space/Month)	$ 50.00	$ 100.00	$ 100.00
Gross Monthly Other Income ($/unit/Month)	$ 40.00	$ 40.00	$ 40.00

Efficiency Factor of Building	85%
Average Unit Size (GSF/Unit)	950 sf
Operating Expense Ratio	30%
Vacancy	5%
Capitalization Rate	6.25%
Development Yield	7.00%

Residential Condominium

	2.0 FAR	3.0 FAR	4.0 FAR
Building - Hard Cost ($/GSF)	$ 170.00	$ 170.00	$ 170.00
Sales Price $/NSF	$ 515.00	$ 515.00	$ 515.00
Sales Price $/GSF	$ 437.75	$ 437.75	$ 437.75

Efficiency Factor of Building	85%
Average Unit Size (GSF/Unit)	1000 sf
Parking Space Sales	$ 30,000
Closing Costs	7.5%
Development Profit Margin	18%

Parking

	Cost/Space	2.0 FAR	3.0 FAR	4.0 FAR
% Surface	$ 3,000	15%	5%	5%
% Above Grade	$ 18,000	85%	70%	70%
% Below Grade	$ 35,000	0	25%	25%
Retail Parking Ratio		4.0/1,000 sf	3.5/1,000 sf	3.5/1,000 sf
Office Parking Ratio		3.0/1,000 sf	2.0/1,000 sf	1.75/1,000 sf
Residential Rental Parking Ratio		1.25/unit	1.00/unit	1.00/unit
Residential Condo Parking Ratio		1.25/unit	1.25/unit	1.25/unit
Free Condo Parking Ratio		1.25/unit	0.75/unit	0.50/unit
Note: Parking rates shown reflect reduction to County standard				

General

Site Preparation ($/Acre)	$ 300,000
Hard Cost Contingency	5%
Soft Cost as % of Hard Cost	25%
Construction Loan Interest Rate	7.50%
Loan to Value	70%

NOTE: Certain assumptions represent future projections given the current turmoil in the economy.

Exhibit 3

EXHIBIT 3
COMMUNITY BENEFIT ASSUMPTIONS

On-Site Transportation Infrastructure Costs		
Cost per acre	$	250,000
Transportation Impact Fees:		
Office - MSPA Alternative Procedure ($/SF)	$	7.27
Residential - MSPA Alternative Procedure ($/Unit)	$	3,630
Retail - MSPA Alternative Procedure ($/SF)	$	6.50
Transportation Mgmt District (TMD) Fee:		
Commercial ($/SF/Year)	$	0.10
MPDU		
Required % Total Units		12.5%
MPDU Rent ($/SF/Month)	$	1.25
MPDU Sales ($/SF)	$	250
Workforce		
Required % of Market Units		10.0%
WFH Rent ($/SF/Month)	$	1.75
WFH Sales ($/SF)	$	250
School		
School Impact Tax ($/Residential Unit)	$	4,120
BLT		
FAR Threshold for BLT requirement		0.5
% of Commercial above threshold		12.5%
Commercial Gross Area Per BLT (SF)		7,500
BLT Cost ($/BLT)	$	200,000

DESIGN GUIDELINE ASSUMPTIONS

Public Open Space		
% Provided On-site		15%
% Provided Off-site		5%
Cost per sf	$	35.00
Off-site Contribution Fee ($/SF)	$	35.00
Undergound Utilities		
Cost per pole	$	150,000
Avg Poles/Acre (NIC Rockville Pike)		2
Green Building: Silver Certification		
Additional Cost as a % of Con Cost		2.0%
Percent Below Grade Parking		
Low Density		75%
Medium Density		80%
High Density		80%

Exhibit 4

EXHIBIT 4
LAND VALUE CALCULATION: Three Case Studies

	Operating Retail Center A		Operating Retail Center B		Recently Acquired Development Site C	Average Values
PROGRAM						
Site Area (acres)		20.0		4.6	3.9	
Existing GLA (sf)						
Anchor % of GLA	80%		0%			
Small Shop % of GLA	20%		100%			
Retail GLA	300,000		65,000			
Total Existing GLA		300,000		65,000		
Existing FAR		0.3		0.3		
NET OPERATING INCOME (NOI)						
RETAIL NOI						
Anchor (NNN)	$ 20.00	$ 4,800,000		$ -		
Small Shop (NNN)	$ 55.00	$ 3,300,000	$ 35.00	$ 2,275,000		
Vacancy/Bad Debt	5%	$ (405,000)	5%	$ (113,750)		
TOTAL RETAIL NOI		$ 7,695,000		$ 2,161,250		
EXISTING VALUE						
RETAIL						
Total NOI		$ 7,695,000		$ 2,161,250		
Capitalization Rate		6.75%		6.75%		
RETAIL VALUE		$ 114,000,000		$ 32,018,519		
TOTAL EXISTING VALUE		**$ 114,000,000**		**$ 32,018,519**	**$ 35,900,000**	
VALUE per ACRE		**$ 5,700,000**		**$ 6,915,447**	**$ 9,276,486**	**$ 7,297,311**
VALUE per SF of FAR						
	Operating Retail Center A		Operating Retail Center B		Recently Acquired Development Site C	Average Values
2.0 FAR		$ 65.00		$ 79.00	$ 106.00	**$ 83.00**
3.0 FAR		$ 44.00		$ 53.00	$ 71.00	**$ 56.00**
4.0 FAR		$ 33.00		$ 40.00	$ 53.00	**$ 42.00**

Exhibit 5

EXHIBIT 5
RESIDENTIAL/RETAIL PROFORMA (NET OF EXTRACTIONS)

	2.0 FAR Density		3.0 FAR Density		4.0 FAR Density	
PROGRAM						
Site Area (acres)	4.0		4.0		4.0	
Construction Schedule	30 mo.		36 mo.		36 mo.	
Gross Area						
Retail	45,000		45,000		45,000	
Residential Rental	305,000	273 units	480,000	429 units	654,240	585 units
Total Gross Area	350,000		525,000		699,240	
FAR	2.0		3.0		4.0	
RETAIL						
DEVELOPMENT COST						
Site Preparation	$ 154,286	$ 3.43	$ 102,857	$ 2.29	$ 77,227	$ 1.72
Building Shell	$ 4,500,000	$ 100.00	$ 4,500,000	$ 100.00	$ 4,500,000	$ 100.00
Tenant Allowance	$ 2,700,000	$ 60.00	$ 2,700,000	$ 60.00	$ 2,700,000	$ 60.00
Parking						
Surface	$ 81,000	$ 1.80	$ 23,625	$ 0.53	$ 23,625	$ 0.53
Above-Grade	$ 2,754,000	$ 61.20	$ 1,984,500	$ 44.10	$ 1,984,500	$ 44.10
Below Grade	$ -	$ -	$ 1,378,125	$ 30.63	$ 1,378,125	$ 30.63
Sub-Total Hard Cost	$ 10,189,286	$ 226.43	$ 10,689,107	$ 237.54	$ 10,663,477	$ 236.97
Hard Cost Contingency	$ 509,464	$ 11.32	$ 534,455	$ 11.88	$ 533,174	$ 11.85
Soft Costs	$ 2,547,321	$ 56.61	$ 2,672,277	$ 59.38	$ 2,665,869	$ 59.24
Financing	$ 1,043,128	$ 23.18	$ 1,313,157	$ 29.18	$ 1,310,008	$ 29.11
SUB-TOTAL RETAIL COST	**$ 14,289,200**	**$ 318**	**$ 15,208,996**	**$ 338**	**$ 15,172,528**	**$ 337**
NET OPERATING INCOME (NOI)						
Average Rent (NNN)	$ 2,025,000	$ 45.00	$ 2,025,000	$ 45.00	$ 2,025,000	$ 45.00
Vacancy/Bad Debt	$ (101,250)	$ (2.25)	$ (101,250)	$ (2.25)	$ (101,250)	$ (2.25)
TOTAL RETAIL NOI	**$ 1,923,750**	**$ 42.75**	**$ 1,923,750**	**$ 42.75**	**$ 1,923,750**	**$ 42.75**
RESIDUAL LAND VALUE						
Development Yield	8.75%		8.75%		8.75%	
Stabilized Retail Value	$ 21,985,714	$ 488.57	$ 21,985,714	$ 488.57	$ 21,985,714	$ 488.57
RESIDUAL LAND VALUE	**$ 7,696,515**	**$ 171.03**	**$ 6,776,718**	**$ 150.59**	**$ 6,813,186**	**$ 151.40**
RESIDENTIAL RENTAL						
DEVELOPMENT COST						
Site Preparation	$ 1,045,714	$ 3.43	$ 1,097,143	$ 2.29	$ 1,122,773	$ 1.72
Building Cost	$ 42,700,000	$ 140.00	$ 67,200,000	$ 140.00	$ 91,593,600	$ 140.00
Parking (Low & Med.)						
Surface	$ 153,503	$ 0.50	$ 64,421	$ 0.13	$ 87,806	$ 0.13
Above-Grade	$ 5,219,112	$ 17.11	$ 5,411,368	$ 11.27	$ 7,375,695	$ 11.27
Below Grade	$ -	$ -	$ 3,757,895	$ 7.83	$ 5,122,011	$ 7.83
Sub-Total Hard Cost	$ 49,118,329	$ 161.04	$ 77,530,827	$ 161.52	$ 105,301,885	$ 160.95
Hard Cost Contingency	$ 2,455,916	$ 8.05	$ 3,876,541	$ 8.08	$ 5,265,094	$ 8.05
Soft Costs	$ 12,279,582	$ 40.26	$ 19,382,707	$ 40.38	$ 26,325,471	$ 40.24
Financing	$ 5,028,489	$ 16.49	$ 9,524,662	$ 19.84	$ 12,936,337	$ 19.77
SUB-TOTAL RESIDENTIAL COST	**$ 68,882,317**	**$ 225.84**	**$ 110,314,737**	**$ 229.82**	**$ 149,828,787**	**$ 229.01**
NET OPERATING INCOME (NOI)						
Rental Revenue	$ 8,555,250	$ 28.05	$ 13,464,000	$ 28.05	$ 18,351,432	$ 28.05
Parking Revenue	$ 204,671	$ 0.67	$ 515,368	$ 1.07	$ 702,447	$ 1.07
Other Revenue	$ 130,989	$ 0.43	$ 206,147	$ 0.43	$ 280,979	$ 0.43
Expenses	$ (2,566,575)	$ (8.42)	$ (4,039,200)	$ (8.42)	$ (5,505,430)	$ (8.42)
Vacancy/Bad Debt	$ (427,763)	$ (1.40)	$ (673,200)	$ (1.40)	$ (917,572)	$ (1.40)
TOTAL RESIDENTIAL RENTAL NOI	**$ 5,896,573**	**$ 19.33**	**$ 9,473,116**	**$ 19.74**	**$ 12,911,857**	**$ 19.74**
RESIDUAL LAND VALUE						
Development Yield	7.00%		7.00%		7.00%	
Stabilized Residual Value	$ 84,236,758	$ 276.19	$ 135,330,226	$ 281.94	$ 184,455,097	$ 281.94
RESIDUAL LAND VALUE	**$ 15,354,440**	**$ 50.34**	**$ 25,015,488**	**$ 52.12**	**$ 34,626,311**	**$ 52.93**
COMBINED RESIDUAL LAND VALUE	**$ 23,050,955**	**$ 65.86**	**$ 31,792,206**	**$ 60.56**	**$ 41,439,497**	**$ 59.26**
UNDERLYING LAND VALUE	**$ 29,050,000**	**$ 83.00**	**$ 29,400,000**	**$ 56.00**	**$ 29,368,080**	**$ 42.00**
$'S AVAILABLE FOR PUBLIC BENEFITS	**$ (5,999,045)**	**$ (17.14)**	**$ 2,392,206**	**$ 4.56**	**$ 12,071,417**	**$ 17.26**

Exhibit 6

EXHIBIT 6
OFFICE/RETAIL PROFORMA (NET OF EXTRACTIONS)

	2.0 FAR Density		3.0 FAR Density		4.0 FAR Density	
PROGRAM						
Site Area (acres)	4.0		4.0		4.0	
Construction Schedule	28 mo.		32 mo.		36 mo.	
Gross Area						
Retail	45,000		45,000		45,000	
Office	305,000		480,000		654,240	
Total Gross Area	350,000		525,000		699,240	
FAR	2.0		3.0		4.0	
RETAIL						
DEVELOPMENT COST						
Site Preparation	$ 154,286	$ 3.43	$ 102,857	$ 2.29	$ 77,227	$ 1.72
Building Shell	$ 4,500,000	$ 100.00	$ 4,500,000	$ 100.00	$ 4,500,000	$ 100.00
Tenant Allowance	$ 2,700,000	$ 60.00	$ 2,700,000	$ 60.00	$ 2,700,000	$ 60.00
Parking						
Surface	$ 81,000	$ 1.80	$ 23,625	$ 0.53	$ 23,625	$ 0.53
Above-Grade	$ 2,754,000	$ 61.20	$ 1,984,500	$ 44.10	$ 1,984,500	$ 44.10
Below Grade	$ -	$ -	$ 1,378,125	$ 30.63	$ 1,378,125	$ 30.63
Sub-Total Hard Cost	$ 10,189,286	$ 226.43	$ 10,689,107	$ 237.54	$ 10,663,477	$ 236.97
Hard Cost Contingency	$ 509,464	$ 11.32	$ 534,455	$ 11.88	$ 533,174	$ 11.85
Soft Costs	$ 2,547,321	$ 56.61	$ 2,672,277	$ 59.38	$ 2,665,869	$ 59.24
Financing	$ 973,586	$ 21.64	$ 1,167,251	$ 25.94	$ 1,310,008	$ 29.11
SUB-TOTAL RETAIL COST	**$ 14,219,658**	**$ 316**	**$ 15,063,090**	**$ 335**	**$ 15,172,528**	**$ 337**
NET OPERATING INCOME (NOI)						
Average Rent (NNN)	$ 2,025,000	$ 45.00	$ 2,025,000	$ 45.00	$ 2,025,000	$ 45.00
Vacancy/Bad Debt	$ (101,250)	$ (2.25)	$ (101,250)	$ (2.25)	$ (101,250)	$ (2.25)
TOTAL RETAIL NOI	**$ 1,923,750**	**$ 42.75**	**$ 1,923,750**	**$ 42.75**	**$ 1,923,750**	**$ 42.75**
RESIDUAL LAND VALUE						
Development Yield	8.75%		8.75%		8.75%	
Stabilized Retail Value	$ 21,985,714	$ 488.57	$ 21,985,714	$ 488.57	$ 21,985,714	$ 488.57
RESIDUAL LAND VALUE	**$ 7,766,057**	**$ 172.58**	**$ 6,922,625**	**$ 153.84**	**$ 6,813,186**	**$ 151.40**
OFFICE						
DEVELOPMENT COST						
Site Preparation	$ 1,045,714	$ 3.43	$ 1,097,143	$ 2.29	$ 1,122,773	$ 1.72
Building Cost	$ 38,125,000	$ 125.00	$ 60,000,000	$ 125.00	$ 81,780,000	$ 125.00
Parking						
Surface	$ 411,750	$ 1.35	$ 144,000	$ 0.30	$ 171,738	$ 0.26
Above-Grade	$ 13,999,500	$ 45.90	$ 12,096,000	$ 25.20	$ 14,425,992	$ 22.05
Below Grade	$ -	$ -	$ 8,400,000	$ 17.50	$ 10,018,050	$ 15.31
Sub-Total Hard Cost	$ 53,581,964	$ 175.68	$ 81,737,143	$ 170.29	$ 107,518,553	$ 164.34
Hard Cost Contingency	$ 2,679,098	$ 8.78	$ 4,086,857	$ 8.51	$ 5,375,928	$ 8.22
Tenant Improvements	$ 15,250,000	$ 50.00	$ 24,000,000	$ 50.00	$ 32,712,000	$ 50.00
Soft Costs	$ 13,395,491	$ 43.92	$ 20,434,286	$ 42.57	$ 26,879,638	$ 41.09
Financing	$ 6,240,632	$ 20.46	$ 10,941,696	$ 22.80	$ 16,299,938	$ 24.91
SUB-TOTAL OFFICE COST	**$ 91,147,185**	**$ 298.84**	**$ 141,199,982**	**$ 294.17**	**$ 188,786,058**	**$ 288.56**
NET OPERATING INCOME (NOI)						
Gross Revenue	$ 12,962,500	$ 42.50	$ 20,400,000	$ 42.50	$ 27,805,200	$ 42.50
Parking Revenue	$ 38,888	$ 0.13	$ 91,200	$ 0.19	$ 108,767	$ 0.17
Expenses	$ (3,202,500)	$ (10.50)	$ (5,040,000)	$ (10.50)	$ (6,869,520)	$ (10.50)
Vacancy/Bad Debt	$ (648,125)	$ (2.13)	$ (1,020,000)	$ (2.13)	$ (1,390,260)	$ (2.13)
TOTAL OFFICE RENTAL NOI	**$ 9,150,763**	**$ 30.00**	**$ 14,431,200**	**$ 30.07**	**$ 19,654,187**	**$ 30.04**
RESIDUAL LAND VALUE						
Development Yield	8.75%		8.75%		8.75%	
Stabilized Residual Value	$ 104,580,143	$ 342.89	$ 164,928,000	$ 343.60	$ 224,619,285	$ 343.33
RESIDUAL LAND VALUE	**$ 13,432,958**	**$ 44.04**	**$ 23,728,018**	**$ 49.43**	**$ 35,833,227**	**$ 54.77**
COMBINED RESIDUAL LAND VALUE	**$ 21,199,014**	**$ 60.57**	**$ 30,650,643**	**$ 58.38**	**$ 42,646,413**	**$ 60.99**
UNDERLYING LAND VALUE	**$ 29,050,000**	**$ 83.00**	**$ 29,400,000**	**$ 56.00**	**$ 29,368,080**	**$ 42.00**
$'S AVAILABLE FOR PUBLIC BENEFITS	**$ (7,850,986)**	**$ (22.43)**	**$ 1,250,643**	**$ 2.38**	**$ 13,278,333**	**$ 18.99**

Exhibit 7

EXHIBIT 7
CONDO/RETAIL PROFORMA (NET OF EXTRACTIONS)

	2.0 FAR Density		3.0 FAR Density		4.0 FAR Density	
PROGRAM						
Site Area (acres)	4.0		4.0		4.0	
Construction Schedule	30 mo.		36 mo.		36 mo.	
Gross Area						
Retail	45,000		45,000		45,000	
Residential Condo	305,000	259 units	480,000	408 units	654,240	556 units
Total Gross Area	350,000		525,000		699,240	
FAR	2.0		3.0		4.0	
RETAIL						
DEVELOPMENT COST						
Site Preparation	$ 154,286	$ 3.43	$ 102,857	$ 2.29	$ 77,227	$ 1.72
Building Shell	$ 4,500,000	$ 100.00	$ 4,500,000	$ 100.00	$ 4,500,000	$ 100.00
Tenant Allowance	$ 2,700,000	$ 60.00	$ 2,700,000	$ 60.00	$ 2,700,000	$ 60.00
Parking						
Surface	$ 81,000	$ 1.80	$ 23,625	$ 0.53	$ 23,625	$ 0.53
Above-Grade	$ 2,754,000	$ 61.20	$ 1,984,500	$ 44.10	$ 1,984,500	$ 44.10
Below Grade	$ -	$ -	$ 1,378,125	$ 30.63	$ 1,378,125	$ 30.63
Sub-Total Hard Cost	$ 10,189,286	$ 226.43	$ 10,689,107	$ 237.54	$ 10,663,477	$ 236.97
Hard Cost Contingency	$ 509,464	$ 11.32	$ 534,455	$ 11.88	$ 533,174	$ 11.85
Soft Costs	$ 2,547,321	$ 56.61	$ 2,672,277	$ 59.38	$ 2,665,869	$ 59.24
Financing	$ 1,043,128	$ 23.18	$ 1,313,157	$ 29.18	$ 1,310,008	$ 29.11
SUB-TOTAL RETAIL COST	**$ 14,289,200**	**$ 318**	**$ 15,208,996**	**$ 338**	**$ 15,172,528**	**$ 337**
NET OPERATING INCOME (NOI)						
Average Rent (NNN)	$ 2,025,000	$ 45.00	$ 2,025,000	$ 45.00	$ 2,025,000	$ 45.00
Vacancy/Bad Debt	$ (101,250)	$ (2.25)	$ (101,250)	$ (2.25)	$ (101,250)	$ (2.25)
TOTAL RETAIL NOI	**$ 1,923,750**	**$ 42.75**	**$ 1,923,750**	**$ 42.75**	**$ 1,923,750**	**$ 42.75**
RESIDUAL LAND VALUE						
Development Yield	8.75%		8.75%		8.75%	
Stabilized Retail Value	$ 21,985,714	$ 488.57	$ 21,985,714	$ 488.57	$ 21,985,714	$ 488.57
RESIDUAL LAND VALUE	**$ 7,696,515**	**$ 171.03**	**$ 6,776,718**	**$ 150.59**	**$ 6,813,186**	**$ 151.40**
RESIDENTIAL CONDO						
DEVELOPMENT COST						
Site Preparation	$ 1,045,714	$ 3.43	$ 1,097,143	$ 2.29	$ 1,122,773	$ 1.72
Building Cost	$ 51,850,000	$ 170.00	$ 81,600,000	$ 170.00	$ 111,220,800	$ 170.00
Parking (Low & Med.)						
Surface	$ 145,828	$ 0.48	$ 76,500	$ 0.16	$ 104,270	$ 0.16
Above-Grade	$ 4,958,156	$ 16.26	$ 6,426,000	$ 13.39	$ 8,758,638	$ 13.39
Below Grade	$ -	$ -	$ 4,462,500	$ 9.30	$ 6,082,388	$ 9.30
Sub-Total Hard Cost	$ 57,999,699	$ 190.16	$ 93,662,143	$ 195.13	$ 127,288,868	$ 194.56
Hard Cost Contingency	$ 2,899,985	$ 9.51	$ 4,683,107	$ 9.76	$ 6,364,443	$ 9.73
Soft Costs	$ 14,499,925	$ 47.54	$ 23,415,536	$ 48.78	$ 31,822,217	$ 48.64
Financing	$ 5,937,719	$ 19.47	$ 11,506,394	$ 23.97	$ 15,637,437	$ 23.90
SUB-TOTAL RESIDENTIAL COST	**$ 81,337,327**	**$ 266.68**	**$ 133,267,180**	**$ 277.64**	**$ 181,112,966**	**$ 276.83**
SALES INCOME						
Unit Sales	$ 133,513,750	$ 437.75	$ 210,120,000	$ 437.75	$ 286,393,560	$ 437.75
Parking Sales	$ -	$ -	$ 6,120,000	$ 12.75	$ 12,512,340	$ 19.13
Sales / Closing Costs	$ (10,013,531)	$ (32.83)	$ (16,218,000)	$ (33.79)	$ (22,417,943)	$ (34.27)
TOTAL RESIDENTIAL CONDO SALES	**$ 123,500,219**	**$ 404.92**	**$ 200,022,000**	**$ 416.71**	**$ 276,487,958**	**$ 422.61**
RESIDUAL LAND VALUE						
Required Development PM	18%		18%		18%	
Developer's Profit	$ 22,230,039	$ 72.89	$ 36,003,960	$ 75.01	$ 49,767,832	$ 76.07
RESIDUAL LAND VALUE	**$ 19,932,852**	**$ 65.35**	**$ 30,750,860**	**$ 64.06**	**$ 45,607,159**	**$ 69.71**
COMBINED RESIDUAL LAND VALUE	**$ 27,629,367**	**$ 78.94**	**$ 37,527,578**	**$ 71.48**	**$ 52,420,345**	**$ 74.97**
UNDERLYING LAND VALUE	**$ 29,050,000**	**$ 83.00**	**$ 29,400,000**	**$ 56.00**	**$ 29,368,080**	**$ 42.00**
$'S AVAILABLE FOR PUBLIC BENEFITS	**$ (1,420,633)**	**$ (4.06)**	**$ 8,127,578**	**$ 15.48**	**$ 23,052,265**	**$ 32.97**

Exhibit 8

EXHIBIT 8
COST OF COMMUNITY BENEFITS (RESIDENTIAL & RETAIL DEVELOPMENT)

	2.0 FAR Density		3.0 FAR Density		4.0 FAR Density	
Site Area (acres)	4.0		4.0		4.0	
FAR	2.0		3.0		4.0	
RESIDUAL LAND VALUE per SF of FAR	**$23,050,955**	**$ 65.86**	**$31,792,206**	**$ 60.56**	**$41,439,497**	**$ 59.26**
Gross Area						
Retail	45,000 sf		45,000 sf		45,000 sf	
Residential	305,000 sf		480,000 sf		654,240 sf	
Total Gross Area	350,000 sf		525,000 sf		699,240 sf	
Residential Units	273 units		429 units		585 units	

TRANSPORTATION	%	COST ($)	COST ($/SF)	COST ($)	COST ($/SF)	COST ($)	COST ($/SF)
On-Site Transportation Infrastructure							
Cost per acre		$250,000		$250,000		$250,000	
Acres		4.00		4.00		4.00	
TOTAL ON-SITE INFRASTRUCTURE COST		$1,000,000	$2.86	$1,000,000	$1.90	$1,000,000	$1.43
Transportation Impact Fee							
Retail Impact Fee/SF		$6.50		$6.50		$6.50	
Retail SF		45,000		45,000		45,000	
TOTAL RETAIL IMPACT FEE		$292,613	$0.84	$292,613	$0.56	$292,613	$0.42
Residential Impact Fee/Unit		$3,630		$3,630		$3,630	
Residential Units (Market and Work Force)		239		376		512	
TOTAL RESIDENTIAL IMPACT FEE		$866,782	$2.48	$1,364,116	$2.60	$1,859,290	$2.66
TMD Fee							
TMD Fee ($/SF/Year)		$0.10		$0.10		$0.10	
Retail SF		45,000 sf		45,000 sf		45,000 sf	
TMD Annual Fee		$4,500		$4,500		$4,500	
Retail Capitalization Rate		6.75%		6.75%		6.75%	
LIFETIME TOTAL COST OF FEE TO RETAIL		$66,667	$0.19	$66,667	$0.13	$66,667	$0.10
TOTAL TRANSPORTATION FEES		**$2,226,061**	**$6.36**	**$2,723,395**	**$5.19**	**$3,218,569**	**$4.60**

SCHOOL FEES	%	COST ($)	COST ($/SF)	%	COST ($)	COST ($/SF)	%	COST ($)	COST ($/SF)
School Impact Tax: Residential									
School Impact Tax ($/Residential Unit)		$4,120			$4,120			$4,120	
Market Rate Residential Unit Count		273			429			585	
TOTAL COST RESIDENTIAL SCHOOL FEES		**$1,124,326**	**$3.21**		**$1,769,432**	**$3.37**		**$2,411,735**	**$3.45**

EXHIBIT 8
COST OF COMMUNITY BENEFITS (RESIDENTIAL & RETAIL DEVELOPMENT)

	2.0 FAR Density			3.0 FAR Density			4.0 FAR Density		
BUILDING LOT TERMINATIONS (BLT'S)	%	COST ($)	COST ($/SF)		COST ($)	COST ($/SF)		COST ($)	COST ($/SF)
Commercial BLT's									
Total Commercial SF		45,000 sf			45,000 sf			45,000 sf	
Standard Method FAR Limit (FAR)		0.50			0.50			0.50	
Standard Method FAR Limit (SF)		87,120 sf			87,120 sf			87,120 sf	
% of Commercial SF Subject to BLT		12.50%			12.50%			12.50%	
Commercial SF Subject to BLT		0,000 sf			0,000 sf			0,000 sf	
SF Commercial Space Per BLT		7,500 sf			7,500 sf			7,500 sf	
Total BLT's Required		-			-			-	
Cost Per BLT		$200,000			$200,000			$200,000	
TOTAL COST OF BLT REQUIREMENT		**$0**	**$0.00**		**$0**	**$0.00**		**$0**	**$0.00**

MPDU	%	COST ($)	COST ($/SF)	%	COST ($)	COST ($/SF)	%	COST ($)	COST ($/SF)
Market Rate Gross Rent		$28.05			$28.05			$28.05	
Market Rate Units as a Percent of Total (%)		87.50%			87.50%			87.50%	
MPDU Gross Rent		$12.75			$12.75			$12.75	
MPDU Units as a Percent of Total (%)		12.50%			12.50%			12.50%	
Blended Gross Rent		$26.14			$26.14			$26.14	
Expenses (% and $/SF)	30.00%	($7.84)		30.00%	($7.84)		30.00%	($7.84)	
Vacancy (% and $/SF)	5.00%	($1.31)		5.00%	($1.31)		5.00%	($1.31)	
Blended NOI		$16.99			$16.99			$16.99	
Residential Development Yield		7.00%			7.00%			7.00%	
Stabilized Blended Value ($/SF)		$242.71			$242.71			$242.71	
Residential Cost of Construction		$225.84			$ 229.82			$ 229.01	
Residual Land Value INCLUDING MPDU's		$16.86			$12.88			$13.69	
Market Rate Residual Land Value		$50.34			$ 52.12			$ 52.93	
Total MPDU Cost ($/Residential SF)		$33.48			$39.23			$39.23	
TOTAL MPDU COST		**$10,211,624**	**$29.18**		**$18,831,654**	**$35.87**		**$25,667,545**	**$36.71**

WORKFORCE HOUSING	%	COST ($)	COST ($/SF)	%	COST ($)	COST ($/SF)	%	COST ($)	COST ($/SF)
Market Rate Gross Rent		$28.05			$28.05			$28.05	
Market Rate Units as a Percent of Total (%)		90%			90%			90%	
WFH Gross Rent		$17.85			$17.85			$17.85	
WFH Units as a Percent of Total (%)		10%			10%			10%	
Blended Gross Rent		$27.03			$27.03			$27.03	
Expenses (% and $/SF)	30.00%	($8.11)		30.00%	($8.11)		30.00%	($8.11)	
Vacancy (% and $/SF)	5.00%	($1.35)		5.00%	($1.35)		5.00%	($1.35)	
Blended NOI		$17.57			$17.57			$17.57	
Residential Development Yield		7.00%			7.00%			7.00%	
Stabilized Blended Value ($/SF)		$250.99			$250.99			$250.99	
Residential Cost of Construction		$225.84			$229.82			$229.01	
Residual Land Value INCLUDING WFHU's		$25.15			$21.17			$21.98	
Market Rate Residual Land Value		$50.34			$52.12			$52.93	
Total WFH Cost ($/Residential SF)		$25.19			$30.95			$30.95	
TOTAL WFH COST		**$7,683,936**	**$21.95**		**$14,853,654**	**$28.29**		**$20,245,531**	**$28.95**

EXHIBIT 8
COST OF COMMUNITY BENEFITS (RESIDENTIAL & RETAIL DEVELOPMENT)

DESIGN GUIDELINES	2.0 FAR Density %	2.0 FAR COST ($)	2.0 FAR COST ($/SF)	3.0 FAR Density %	3.0 FAR COST ($)	3.0 FAR COST ($/SF)	4.0 FAR Density %	4.0 FAR COST ($)	4.0 FAR COST ($/SF)
Public Open Space & Amenities									
Site Area (SF)		174,240			174,240			174,240	
Open Space Located On-Site (% and $/SF)	15%	$35.00		15%	$35.00		15%	$35.00	
TOTAL COST ON-SITE OPEN SPACE		914,760	$2.61		914,760	$1.74		914,760	$1.31
Off-Site Open Space Fund Payment (% and $/SF)	5%	$35.00		5%	$35.00		5%	$35.00	
TOTAL COST OFF-SITE OPEN SPACE FUND		304,920	$0.87		304,920	$0.58		304,920	$0.44
Underground Utilities (Not Including Rockville Pike)									
Approximate Utility Poles Per Acre		2			2			2	
Total Utility Poles Located On-Site		8			8			8	
Average Cost to Underground Utility Pole		$150,000			$150,000			$150,000	
TOTAL COST TO UNDERGROUND UTILITIES		$1,200,000	$3.43		$1,200,000	$2.29		$1,200,000	$1.72
Green Building									
Approximate Cost Increase for Green Bldg (%)		2%			2%			2%	
Total Hard Construction Costs		$59,307,615			$88,219,934			$115,965,362	
TOTAL GREEN BUILDING COST		$1,186,152	$3.39		$1,764,399	$3.36		$2,319,307	$3.32
TOTAL DESIGN GUIDELINES COST		**$3,605,832**	**$10.30**		**$4,184,079**	**$7.97**		**$4,738,987**	**$6.78**
TOTAL COST OF COMMUNITY WIDE BENEFITS		**$24,851,779**	$71.01		**$42,362,213**	$80.69		**$56,282,367**	$80.49

FINANCIAL IMPACT OF COMMUNITY BENEFITS	2.0 FAR Density		3.0 FAR Density		4.0 FAR Density	
RESIDUAL LAND VALUE BEFORE COMM. BENEFITS	$ 23,050,955	$ 65.86	$ 31,792,206	$ 60.56	$ 41,439,497	$ 59.26
TOTAL COST OF COMMUNITY WIDE BENEFITS	$ (24,851,779)	$ (71.01)	$ (42,362,213)	$ (80.69)	$ (56,282,367)	$ (80.49)
RESIDUAL LAND VALUE AFTER COMM. BENEFITS	$ (1,800,824)	$ (5.15)	$ (10,570,007)	$ (20.13)	$ (14,842,870)	$ (21.23)
EXISTING LAND VALUE	$ 29,050,000	$ 83.00	$ 29,400,000	$ 56.00	$ 29,368,080	$ 42.00
SPREAD BETWEEN EXISTING VALUE & RESIDUAL	$ (30,850,824)	($88.15)	$ (39,970,007)	$ (76.13)	$ (44,210,950)	$ (63.23)
LAND OWNER DECISION: GO OR NO GO?		NO GO		NO GO		NO GO

BELOW GRADE PARKING	2.0 FAR %	2.0 FAR COST ($)	2.0 FAR COST ($/SF)	3.0 FAR %	3.0 FAR COST ($)	3.0 FAR COST ($/SF)	4.0 FAR %	4.0 FAR COST ($)	4.0 FAR COST ($/SF)
Below Grade Parking Cost Premium									
Number of Non Surface Parking Spaces		443			411			520	
Above Grade Parking Cost ($/Space)		$18,000			$18,000			$18,000	
Below Grade Parking Cost ($/Space)		$35,000			$35,000			$35,000	
Below Grade Parking Cost Premium ($/Space)		$17,000			$17,000			$17,000	
TOTAL BELOW GRADE PARKING COST PREMIUM		**($7,530,161)**	**($21.51)**		**($6,984,987)**	**($13.30)**		**($8,840,184)**	**($12.64)**
TOTAL COST OF BENEFITS INC PARKING BELOW GRADE		$ (32,381,941)	$ (92.52)		$ (49,347,200)	$ (93.99)		$ (65,122,551)	$ (93.13)
SPREAD BETWEEN EXISTING VALUE & RESIDUAL		$ (38,380,986)	($109.66)		$ (46,954,994)	($89.44)		$ (53,051,134)	($75.87)
LAND OWNER DECISION: GO OR NO GO?			NO GO			NO GO			NO GO

Exhibit 9

EXHIBIT 9
COST OF COMMUNITY BENEFITS (OFFICE & RETAIL DEVELOPMENT)

	2.0 FAR Density		3.0 FAR Density		4.0 FAR Density	
Site Area (acres)	4.0		4.0		4.0	
FAR	2.0		3.0		4.0	
RESIDUAL LAND VALUE per SF of FAR	**$21,199,014**	**$ 60.57**	**$30,650,643**	**$ 58.38**	**$42,646,413**	**$ 60.99**
Gross Area						
Retail	45,000 sf		45,000 sf		45,000 sf	
Office	305,000 sf		480,000 sf		654,240 sf	
Total Gross Area	350,000 sf		525,000 sf		699,240 sf	

TRANSPORTATION	%	COST ($)	COST ($/SF)	COST ($)	COST ($/SF)	COST ($)	COST ($/SF)
On-Site Transportation Infrastructure							
Cost per acre		$250,000		$250,000		$250,000	
Acres		4.00		4.00		4.00	
TOTAL ON-SITE INFRASTRUCTURE COST		$1,000,000	$2.86	$1,000,000	$1.90	$1,000,000	$1.43
Transportation Impact Fee							
Retail Impact Fee/SF		$6.50		$6.50		$6.50	
Retail SF		45,000		45,000		45,000	
TOTAL RETAIL IMPACT FEE		$292,613	$0.84	$292,613	$0.56	$292,613	$0.42
Office Impact Fee/Unit		$ 7.27		$ 7.27		$ 7.27	
Office SF		305,000		480,000		654,240	
TOTAL OFFICE IMPACT FEE		$2,216,588	$6.33	$3,488,400	$6.64	$4,754,689	$6.80
TMD Fee							
TMD Fee ($/SF/Year)		$0.10		$0.10		$0.10	
Commercial SF		350,000 sf		525,000 sf		699,240 sf	
TMD Annual Fee		$35,000		$52,500		$69,924	
Commercial Capitalization Rate		6.97%		6.98%		6.98%	
LIFETIME TOTAL COST OF FEE TO RETAIL		$502,307	$1.44	$752,303	$1.43	$1,001,215	$1.43
TOTAL TRANSPORTATION FEES		**$4,011,507**	**$11.46**	**$5,533,315**	**$10.54**	**$7,048,517**	**$10.08**

BUILDING LOT TERMINATIONS (BLT'S)	%	COST ($)	COST ($/SF)	COST ($)	COST ($/SF)	COST ($)	COST ($/SF)
Commercial BLT's							
Total Commercial SF		350,000 sf		525,000 sf		699,240 sf	
Standard Method FAR Limit (FAR)		0.50		0.50		0.50	
Standard Method FAR Limit (SF)		87,120 sf		87,120 sf		87,120 sf	
% of Commercial SF Subject to BLT		12.50%		12.50%		12.50%	
Commercial SF Subject to BLT		32,860 sf		54,735 sf		76,515 sf	
SF Commercial Space Per BLT		7,500 sf		7,500 sf		7,500 sf	
Total BLT's Required		5.0		8.0		11.0	
Cost Per BLT		$200,000		$200,000		$200,000	
TOTAL COST OF BLT REQUIREMENT		**$1,000,000**	**$2.86**	**$1,600,000**	**$3.05**	**$2,200,000**	**$3.15**

EXHIBIT 9
COST OF COMMUNITY BENEFITS (OFFICE & RETAIL DEVELOPMENT)

	2.0 FAR Density			3.0 FAR Density			4.0 FAR Density		
DESIGN GUIDELINES	%	COST ($)	COST ($/SF)	%	COST ($)	COST ($/SF)	%	COST ($)	COST ($/SF)
Public Open Space & Amenities									
Site Area (SF)		174,240			174,240			174,240	
Open Space Located On-Site (% and $/SF)	15%	$35.00		15%	$35.00		15%	$35.00	
TOTAL COST ON-SITE OPEN SPACE		914,760	$2.61		914,760	$1.74		914,760	$1.31
Off-Site Open Space Fund Payment (% and $/SF)	5%	$35.00		5%	$35.00		5%	$35.00	
TOTAL COST OFF-SITE OPEN SPACE FUND		304,920	$0.87		304,920	$0.58		304,920	$0.44
Underground Utilities (Not Including Rockville Pike)									
Approximate Utility Poles Per Acre		2			2			2	
Total Utility Poles Located On-Site		8			8			8	
Average Cost to Underground Utility Pole		$150,000			$150,000			$150,000	
TOTAL COST TO UNDERGROUND UTILITIES		$1,200,000	$3.43		$1,200,000	$2.29		$1,200,000	$1.72
Green Building									
Approximate Cost Increase for Green Bldg (%)		2%			2%			2%	
Total Hard Construction Costs		$63,771,250			$92,426,250			$118,182,030	
TOTAL GREEN BUILDING COST		$1,275,425	$3.64		$1,848,525	$3.52		$2,363,641	$3.38
TOTAL DESIGN GUIDELINES COST		**$3,695,105**	**$10.56**		**$4,268,205**	**$8.13**		**$4,783,321**	**$6.84**
TOTAL COST OF COMMUNITY WIDE BENEFITS		**$8,706,612**	$24.88		**$11,401,520**	$21.72		**$14,031,838**	$20.07

FINANCIAL IMPACT OF COMMUNITY BENEFITS	2.0 FAR Density		3.0 FAR Density		4.0 FAR Density	
RESIDUAL LAND VALUE BEFORE COMM. BENEFITS	**$21,199,014**	**$ 60.57**	**$ 30,650,643**	**$ 58.38**	**$ 42,646,413**	**$ 60.99**
TOTAL COST OF COMMUNITY WIDE BENEFITS	**($8,706,612)**	**($24.88)**	**($11,401,520)**	**($21.72)**	**($14,031,838)**	**($20.07)**
RESIDUAL LAND VALUE AFTER COMM. BENEFITS	**$12,492,403**	**$35.69**	**$19,249,122**	**$36.66**	**$28,614,576**	**$40.92**
EXISTING LAND VALUE	**$29,050,000**	**$83.00**	**$ 29,400,000**	**$ 56.00**	**$ 29,368,080**	**$ 42.00**
SPREAD BETWEEN EXISTING VALUE & RESIDUAL	**$ (16,557,597)**	**($47.31)**	**$ (10,150,878)**	**$ (19.34)**	**$ (753,504)**	**$ (1.08)**
LAND OWNER DECISION: GO OR NO GO?		NO GO		NO GO		NO GO

BELOW GRADE PARKING	%	COST ($)	COST ($/SF)	%	COST ($)	COST ($/SF)	%	COST ($)	COST ($/SF)
Below Grade Parking Cost Premium									
Number of Non Surface Parking Spaces		931			782			912	
Above Grade Parking Cost ($/Space)		$18,000			$18,000			$18,000	
Below Grade Parking Cost ($/Space)		$35,000			$35,000			$35,000	
Below Grade Parking Cost Premium ($/Space)		$17,000			$17,000			$17,000	
TOTAL BELOW GRADE PARKING COST PREMIUM		**($15,822,750)**	**($45.21)**		**($13,298,250)**	**($25.33)**		**($15,498,798)**	**($22.17)**
TOTAL COST OF BENEFITS INC PARKING BELOW GRADE		**($24,529,362)**	($70.08)		**($24,699,770)**	($47.05)		**($29,530,636)**	($42.23)
RESIDUAL LAND VALUE AFTER BENEFITS & PARKING		**($3,330,347)**	($9.52)		**$5,950,872**	$11.33		**$13,115,778**	$18.76
SPREAD BETWEEN EXISTING VALUE & RESIDUAL		**$ (32,380,347)**	**($92.52)**		**$ (23,449,128) $**	**(44.67)**		**$ (16,252,302) $**	**(23.24)**
LAND OWNER DECISION: GO OR NO GO?			NO GO			NO GO			NO GO

Exhibit 10

EXHIBIT 10
COST OF COMMUNITY BENEFITS (RESIDENTIAL CONDO & RETAIL DEVELOPMENT)

	2.0 FAR Density		3.0 FAR Density		4.0 FAR Density	
Site Area (acres)	4.0		4.0		4.0	
FAR	2.0		3.0		4.0	
RESIDUAL LAND VALUE per SF of FAR	**$27,629,367**	**$ 78.94**	**$37,527,578**	**$ 71.48**	**$52,420,345**	**$ 74.97**
Gross Area						
Retail	45,000 sf		45,000 sf		45,000 sf	
Residential Condo	305,000 sf		480,000 sf		654,240 sf	
Total Gross Area	350,000 sf		525,000 sf		699,240 sf	
Residential Units	259 units		408 units		556 units	

TRANSPORTATION	%	COST ($)	COST ($/SF)	COST ($)	COST ($/SF)	COST ($)	COST ($/SF)
On-Site Transportation Infrastructure							
Cost per acre		$250,000		$250,000		$250,000	
Acres		4.00		4.00		4.00	
TOTAL ON-SITE INFRASTRUCTURE COST		$1,000,000	$2.86	$1,000,000	$1.90	$1,000,000	$1.43
Transportation Impact Fee							
Retail Impact Fee/SF		$6.50		$6.50		$6.50	
Retail SF		45,000		45,000		45,000	
TOTAL RETAIL IMPACT FEE		$292,613	$0.84	$292,613	$0.56	$292,613	$0.42
Residential Impact Fee/Unit		$3,630		$3,630		$3,630	
Residential Units (Market and Work Force)		227		357		487	
TOTAL RESIDENTIAL IMPACT FEE		$823,443	$2.35	$1,295,910	$2.47	$1,766,325	$2.53
TMD Fee							
TMD Fee ($/SF/Year)		$0.10		$0.10		$0.10	
Retail SF		45,000 sf		45,000 sf		45,000 sf	
TMD Annual Fee		$4,500		$4,500		$4,500	
Retail Capitalization Rate		6.75%		6.75%		6.75%	
LIFETIME TOTAL COST OF FEE TO RETAIL		$66,667	$0.19	$66,667	$0.13	$66,667	$0.10
TOTAL TRANSPORTATION FEES		**$2,182,722**	**$6.24**	**$2,655,189**	**$5.06**	**$3,125,604**	**$4.47**

SCHOOL FEES	%	COST ($)	COST ($/SF)	%	COST ($)	COST ($/SF)	%	COST ($)	COST ($/SF)
School Impact Tax: Residential									
School Impact Tax ($/Residential Unit)		$4,120			$4,120			$4,120	
Market Rate Residential Unit Count		259			408			556	
TOTAL COST RESIDENTIAL SCHOOL FEES		**$1,068,110**	**$3.05**		**$1,680,960**	**$3.20**		**$2,291,148**	**$3.28**

EXHIBIT 10
COST OF COMMUNITY BENEFITS (RESIDENTIAL CONDO & RETAIL DEVELOPMENT)

	2.0 FAR Density			3.0 FAR Density			4.0 FAR Density		
BUILDING LOT TERMINATIONS (BLT'S)	%	COST ($)	COST ($/SF)		COST ($)	COST ($/SF)		COST ($)	COST ($/SF)
Commercial BLT's									
Total Commercial SF		45,000 sf			45,000 sf			45,000 sf	
Standard Method FAR Limit (FAR)		0.50			0.50			0.50	
Standard Method FAR Limit (SF)		87,120 sf			87,120 sf			87,120 sf	
% of Commercial SF Subject to BLT		12.50%			12.50%			12.50%	
Commercial SF Subject to BLT		0,000 sf			0,000 sf			0,000 sf	
SF Commercial Space Per BLT		7,500 sf			7,500 sf			7,500 sf	
Total BLT's Required		-			-			-	
Cost Per BLT		$200,000			$200,000			$200,000	
TOTAL COST OF BLT REQUIREMENT		**$0**	**$0.00**		**$0**	**$0.00**		**$0**	**$0.00**

MPDU	%	COST ($)	COST ($/SF)	%	COST ($)	COST ($/SF)	%	COST ($)	COST ($/SF)
Market Rate Gross Sales		$ 437.75			$ 450.50			$ 456.88	
Market Rate Units as a Percent of Total (%)		87.50%			87.50%			87.50%	
MPDU Gross Sales		$ 212.50			$ 212.50			$ 212.50	
MPDU Units as a Percent of Total (%)		12.50%			12.50%			12.50%	
Blended Gross Sales		$409.59			$420.75			$426.33	
Closing Costs	7.50%	($30.72)		7.50%	($31.56)		7.50%	($31.97)	
Blended Sales		$378.87			$389.19			$394.35	
Residential Development Profit %		18.00%			18.00%			18.00%	
Residential Development Profit		$68.20			$70.05			$70.98	
Residential Cost of Construction		$ 266.68			$ 277.64			$ 276.83	
Residual Land Value INCLUDING MPDU's		$44.00			$41.50			$46.54	
Market Rate Residual Land Value		$ 65.35			$ 64.06			$ 69.71	
Total MPDU Cost ($/Residential SF)		$21.36			$22.57			$23.17	
TOTAL MPDU COST		**$6,513,737**	**$18.61**		**$10,831,380**	**$20.63**		**$15,158,613**	**$21.68**

WORKFORCE HOUSING	%	COST ($)	COST ($/SF)	%	COST ($)	COST ($/SF)	%	COST ($)	COST ($/SF)
Market Rate Gross Sales		$ 437.75			$ 450.50			$ 456.88	
Market Rate Units as a Percent of Total (%)		90%			90%			90%	
WFH Gross Sales		$ 212.50			$ 212.50			$ 212.50	
WFH Units as a Percent of Total (%)		10%			10%			10%	
Blended Gross Rent		$415.23			$426.70			$432.44	
Closing Costs	7.50%	($31.14)		7.50%	($32.00)		7.50%	($32.43)	
Blended NOI		$384.08			$394.70			$400.00	
Residential Development Profit %		18.00%			18.00%			18.00%	
Residential Development Profit		$69.13			$71.05			$72.00	
Residential Cost of Construction		$266.68			$277.64			$276.83	
Residual Land Value INCLUDING WFHU's		$48.27			$46.01			$51.17	
Market Rate Residual Land Value		$65.35			$64.06			$69.71	
Total WFH Cost ($/Residential SF)		$17.09			$18.05			$18.54	
TOTAL WFH COST		**$5,210,990**	**$14.89**		**$8,665,104**	**$16.50**		**$12,126,890**	**$17.34**

EXHIBIT 10
COST OF COMMUNITY BENEFITS (RESIDENTIAL CONDO & RETAIL DEVELOPMENT)

DESIGN GUIDELINES	2.0 FAR Density %	2.0 FAR COST ($)	2.0 FAR COST ($/SF)	3.0 FAR Density %	3.0 FAR COST ($)	3.0 FAR COST ($/SF)	4.0 FAR Density %	4.0 FAR COST ($)	4.0 FAR COST ($/SF)
Public Open Space & Amenities									
Site Area (SF)		174,240			174,240			174,240	
Open Space Located On-Site (% and $/SF)	15%	$35.00		15%	$35.00		15%	$35.00	
TOTAL COST ON-SITE OPEN SPACE		914,760	$2.61		914,760	$1.74		914,760	$1.31
Off-Site Open Space Fund Payment (% and $/SF)	5%	$35.00		5%	$35.00		5%	$35.00	
TOTAL COST OFF-SITE OPEN SPACE FUND		304,920	$0.87		304,920	$0.58		304,920	$0.44
Underground Utilities (Not Including Rockville Pike)									
Approximate Utility Poles Per Acre		2			2			2	
Total Utility Poles Located On-Site		8			8			8	
Average Cost to Underground Utility Pole		$150,000			$150,000			$150,000	
TOTAL COST TO UNDERGROUND UTILITIES		$1,200,000	$3.43		$1,200,000	$2.29		$1,200,000	$1.72
Green Building									
Approximate Cost Increase for Green Bldg (%)		2%			2%			2%	
Total Hard Construction Costs		$68,188,984			$104,351,250			$137,952,345	
TOTAL GREEN BUILDING COST		$1,363,780	$3.90		$2,087,025	$3.98		$2,759,047	$3.95
TOTAL DESIGN GUIDELINES COST		**$3,783,460**	**$10.81**		**$4,506,705**	**$8.58**		**$5,178,727**	**$7.41**
TOTAL COST OF COMMUNITY WIDE BENEFITS		**$18,759,019**	$53.60		**$28,339,338**	$53.98		**$37,880,983**	$54.17

FINANCIAL IMPACT OF COMMUNITY BENEFITS	2.0 FAR Density		3.0 FAR Density		4.0 FAR Density	
RESIDUAL LAND VALUE BEFORE COMM. BENEFITS	$ 27,629,367	$ 78.94	$ 37,527,578	$ 71.48	$ 52,420,345	$ 74.97
TOTAL COST OF COMMUNITY WIDE BENEFITS	$ (18,759,019)	($53.60)	$ (28,339,338)	($53.98)	$ (37,880,983)	($54.17)
RESIDUAL LAND VALUE AFTER COMM. BENEFITS	$ 8,870,348	$ 25.34	$ 9,188,240	$ 17.50	$ 14,539,362	$ 20.79
EXISTING LAND VALUE	$ 29,050,000	$ 83.00	$ 29,400,000	$ 56.00	$ 29,368,080	$ 42.00
SPREAD BETWEEN EXISTING VALUE & RESIDUAL	$ (20,179,652)	($57.66)	$ (20,211,760)	$ (38.50)	$ (14,828,718)	$ (21.21)
LAND OWNER DECISION: GO OR NO GO?		NO GO		NO GO		NO GO

BELOW GRADE PARKING	2.0 FAR %	2.0 FAR COST ($)	2.0 FAR COST ($/SF)	3.0 FAR %	3.0 FAR COST ($)	3.0 FAR COST ($/SF)	4.0 FAR %	4.0 FAR COST ($)	4.0 FAR COST ($/SF)
Below Grade Parking Cost Premium									
Number of Non Surface Parking Spaces		428			467			597	
Above Grade Parking Cost ($/Space)		$18,000			$18,000			$18,000	
Below Grade Parking Cost ($/Space)		$35,000			$35,000			$35,000	
Below Grade Parking Cost Premium ($/Space)		$17,000			$17,000			$17,000	
TOTAL BELOW GRADE PARKING COST PREMIUM		**($7,283,703)**	**($20.81)**		**($7,943,250)**	**($15.13)**		**($10,146,297)**	**($14.51)**
TOTAL COST OF BENEFITS INC PARKING BELOW GRADE		**$ (26,042,722)**	($74.41)		**$ (36,282,588)**	($69.11)		**$ (48,027,280)**	($68.68)
SPREAD BETWEEN EXISTING VALUE & RESIDUAL		**$ (27,463,355)**	**($78.47)**		**$ (28,155,010)**	**($53.63)**		**$ (24,975,015)**	**($35.72)**
LAND OWNER DECISION: GO OR NO GO?			NO GO			NO GO			NO GO

Exhibit 11

EXHIBIT 11:
DEVELOPMENT PROJECTIONS & ECONOMIC BENEFIT TO MONTGOMERY COUNTY

W-ZHA, LLC

INTRODUCTION

W-ZHA, LLC is the sole successor organization of ZHA, Inc., a national development advisory firm established in 1975. The firm specializes in market and financial feasibility analysis, public/private development deal structuring, innovative public financing strategies, and urban revitalization. W-ZHA's staff has conducted development-related assignments throughout the United States for hundreds of public and private clients.

W-ZHA, Inc. was retained by a group of commercial property owners in the White Flint Sector Plan Area to analyze the tax revenue implications of redevelopment within the Sector Plan. The White Flint Sector Plan Area Collaborative (the Collaborative) is comprised of Federal Realty Investment Trust, JBG Company, Holladay Corp., White Flint Mall (Lerner Enterprises/The Tower Companies), and Combined Properties. Together these property owners control the majority of the commercial property ripe for redevelopment in the White Flint Sector Plan Area (WFSPA).

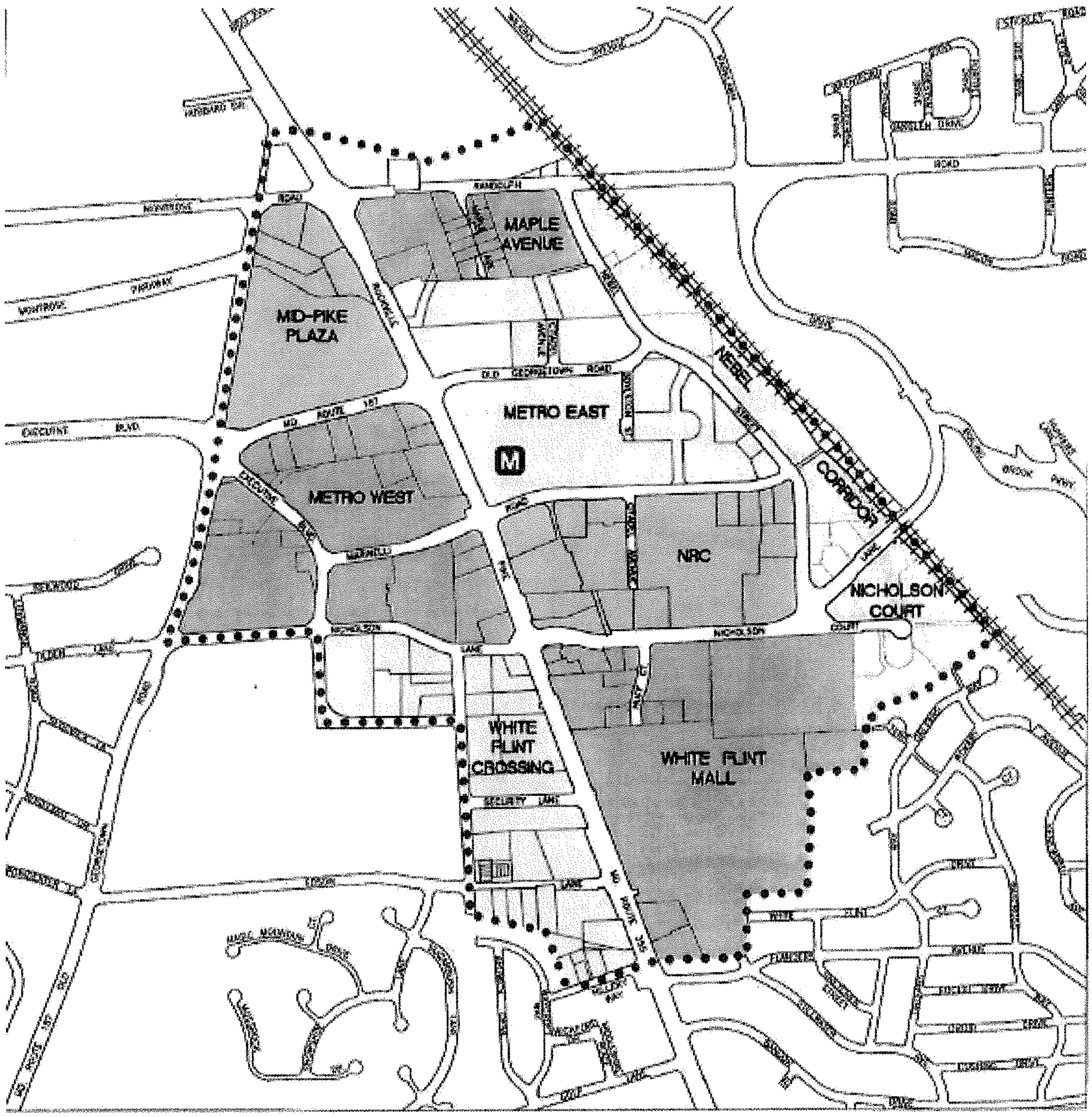
W-ZHA initially worked with the County's property assessment database to understand existing conditions with regard to WFSPA's land use, assessed property value and fiscal impact on Montgomery County. This analysis served as the baseline upon which projected development impacts could be calculated.

The Collaborative provided W-ZHA with development projections for each parcel within the White Flint Sector Plan Area broken down per the Planning Districts determined by MNCPPC staff (see the map on the following page for Planning District boundaries). Development projections for parcels not owned by the Collaborative were in almost all cases developed in consultation with the parcel owner or their representatives. Development was projected over three phases: Phase I: 2010-1015; Phase II: 2016-2020; and, Phase III: 2021-2025.

Net new County property tax revenues were calculated given development cost and market value assumptions. W-ZHA assumed that a redeveloped property would be assessed on the basis of its development cost in its initial three years of operation. In the fourth year, it was assumed that the property would be assessed on its market value. Assumptions with regard to property tax rates, development costs and value by land use are detailed herein.

W-ZHA, LLC

Planning Districts
White Flint Sector Plan Area



W-ZHA, LLC

EXISTING CONDITIONS

Existing Land uses and Assessed Values

The WFSPA is divided nine Planning Districts. Using the County assessor's database (September, 2007), existing commercial land uses within the WFSPA have approximately $1.14 billion of assessed value.

Existing Conditions
Taxable Commercial Properties
White Flint Planning Area

District	Existing Commercial SF	Land	Improvement	Total
Metro West		$33,667,200	$56,821,500	$90,488,700
White Flint Crossing		$110,000,600	$204,710,200	$314,710,800
White Flint Mall		$85,200,000	$202,513,700	$287,713,700
NRC		$101,385,000	$55,046,700	$156,431,700
Bebel Corridor		$15,593,300	$32,985,200	$48,578,500
Metro East		$1,576,100	$4,236,500	$5,812,600
Maple Avenue		$20,118,000	$73,067,600	$93,185,600
Mid Pike		$21,823,500	$82,302,400	$104,125,900
Nicholson Court		$10,063,100	$32,080,400	$42,143,500
Total	5,500,000	$399,426,800	$743,764,200	$1,143,191,000

Source: MNCPPC Planning Staff presentation to Board, Sept. 11, 2008; Montgomery County Tax Assessor Database; W-ZHA

Existing residential uses in the WFSPA amount to $502 million in assessed value.

Existing Conditions
Taxable Residential Property
White Flint Planning Area

District	Existing Residential SF	Land	Improvement	Total
Metro West		$52,229,470	$188,045,120	$240,274,590
White Flint Crossing		$32,067,500	$74,803,750	$106,871,250
White Flint Mall		$2,092,200	$4,886,600	$6,978,800
NRC		$5,299,500	$12,365,500	$17,665,000
Nebel Corridor		$0	$0	$0
Metro East		$38,215,100	$67,369,100	$105,584,200
Maple Avenue		$0	$0	$0
Mid Pike		$0	$0	$0
Nicholson Court		$7,410,000	$17,298,500	$24,708,500
Total	2,700,000	$137,313,770	$364,768,570	$502,082,340

Source: Montgomery County; W-ZHA

The total assessed value of property in the White Flint Sector Plan Area was approximately $1.645 billion in September 2007. For purposes of this analysis, this assessed value has been applied in 2008.

Existing Conditions Commercial and Residential Land Uses
Assessed Values
White Flint Planning Area

District	Commercial	Residential	Total
Metro West	$90,488,700	$240,274,600	$330,763,300
White Flint Crossing	$314,710,800	$106,871,300	$421,582,100
White Flint Mall	$287,713,700	$6,978,800	$294,692,500
NRC	$156,431,700	$17,665,000	$174,096,700
Bebel Corridor	$48,578,500	$0	$48,578,500
Metro East	$5,812,600	$105,584,200	$111,396,800
Maple Avenue	$93,185,600	$0	$93,185,600
Mid Pike	$104,125,900	$0	$104,125,900
Nicholson Court	$42,143,500	$24,708,500	$66,852,000
Total	$1,143,191,000	$502,082,300	$1,645,273,300
Square Feet	5,500,000	2,700,000	8,200,000

Source: MNCPPC Planning Staff presentation to Board, Sept. 11, 2008; Montgomery County Tax Assessor Database (Sept. 2007); W-ZHA

Montgomery County's Fiscal Year 2009 tax rates are $0.978 per $100 of assessed value. Of this property tax rate, $0.74 per $100 in assessed value is the General County tax. (The remainder of the property tax goes to special service areas). The General County tax goes to the County's general fund. Given $1.645 billion of assessed value, today the WFSPA contributes approximately $12 million in property tax revenues to the County's general fund per year.

Development Projections

The following table summarizes the build-out of WFSPA given development projections provided by the Collaborative. These projections were determined in consultation with many of the various land owners or their representatives. The Collaborative projects that the WFSPA will contain 33.6 million square feet by 2028, 80 percent of which will be new development.

2028 Build-Out
White Flint Sector Plan Area
Square Feet

District	Land Area	Total Residential	Units [1]	Total Commercial/ Industrial	Grand Total	FAR
Metro West	2,336,420	2,680,400	2,553	2,348,800	5,029,100	2.15
White Flint Crossing	1,813,790	1,788,900	1,704	1,885,900	3,674,800	2.03
White Flint Mall	3,172,690	5,117,500	4,875	4,153,000	9,270,500	2.92
NRC	1,690,430	1,176,700	1,121	1,700,700	2,877,400	1.70
Nebel Corridor	993,940	336,100	320	1,651,100	1,987,300	2.00
Metro East	2,207,140	3,696,200	3,520	2,287,300	5,983,500	2.71
Maple Avenue	967,740	826,500	788	826,500	1,653,000	1.71
Mid Pike	1,295,690	1,405,700	1,339	1,405,700	2,811,300	2.17
Nicholson Court	721,190	0	0	327,600	327,600	0.45
Total	**15,199,030**	17,028,000	16,220	16,586,600	33,614,500	2.21

1. The average gross square feet per unit is assumed to be 1,000 square feet. This assumption differs from MNCPPC's assumption of 1,200 gross square feet per unit.

Source: WFSPA Coalition; MNCPPC; W-ZHA

W-ZHA, LLC

Phase I: Development Assumptions

The Collaborative projected likely development in the WFSPA between 2010 and 2015. The following table summarizes projected development by Planning District.

Phase I New Development
MNCPPC Planning Districts
White Flint Sector Plan Area

			Phase I New Development										
			New Residential		New Commercial								
District	Land Area	Existing, Not To Be Demolished	New Residential SF	New Residential Units	Office	Retail	Hotel	Industrial/ Other	Total New Commercial	Phase Total	Cumulative Total	FAR
Metro West	2,336,418	1,321,000	400,000	381	600,000	20,000	93,000	0	713,000	1,113,000	2,434,000	1.04
White Flint Crossing	1,813,794	1,785,857	400,000	381	162,517	245,902	250,000	0	658,419	1,058,419	2,844,276	1.57
White Flint Mall	3,172,690	1,392,400	769,500	733	476,000	383,200	364,000	0	1,223,200	1,992,700	3,385,100	1.07
NRC	1,690,430	1,108,287	0	0	300,000	0	0	0	300,000	300,000	*1,408,287*	*0.83*
Nebel Corridor	993,941	0	0	0	0	0	0	0	0	0	0	0.00
Metro East	2,207,138	1,598,722	1,080,000	1,029	698,000	161,600	220,000	0	1,079,600	2,159,600	3,758,322	1.70
Maple Avenue	967,741	0	0	0	0	0	0	0	0	0	*0*	*0.00*
Mid Pike	1,295,692	0	653,930	623	403,930	250,000	0	0	653,930	1,307,860	1,307,860	1.01
Nicholson Court	721,194	327,559	0	0	0	0	0	0	0	0	*327,559*	*0.45*
Total	15,199,038	7,533,825	3,303,430	3,147	2,640,447	1,060,702	927,000	0	4,628,149	7,931,579	15,465,404	1.02

Source: Developers; MNCPPC; W-ZHA

Phase II: Development Assumptions

Phase II generally covers the period from 2016 to 2020. This Phase's projected development is detailed in the table below by Planning District.

Phase II: 2016-2020
MNCPPC Planning Districts
White Flint Sector Plan Area

		Phase II New Development										
		New Residential		New Commercial								
District	Land Area SF	New Residential SF	New Residential Units	Office	Retail	Hotel	Industrial/ Other	Total New Commercial	Phase Total	Cumulative Total	FAR
Metro West	2,336,418	978,287	646	596,972	413,315	0	0	1,010,287	1,988,573	4,422,573	1.89
White Flint Crossing	1,813,794	675,000	643	0	35,000	0	0	35,000	710,000	3,554,276	1.96
White Flint Mall	3,172,690	1,886,469	1,797	770,052	255,468	3,500	4,500	1,033,519	2,919,988	6,305,088	1.99
NRC	1,690,430	678,148	646	155,187	110,125	0	0	265,312	943,460	2,351,747	1.39
Nebel Corridor	993,941	168,071	160	85,063	385,458	0	355,050	825,571	993,642	993,642	1.00
Metro East	2,207,138	320,755	305	249,503	53,402	0	18,250	321,155	641,910	4,400,232	1.99
Maple Avenue	967,741	413,238	394	330,590	82,648	0	0	413,238	826,475	826,475	0.85
Mid Pike	1,295,692	751,736	716	501,736	250,000	0	0	751,736	1,503,472	2,811,332	2.17
Nicholson Court	721,194	0	0	0	0	0	0	0	0	327,559	0.45
Total	15,199,038	5,871,703	5,307	2,689,103	1,585,414	3,500	377,800	4,655,817	10,527,520	25,992,924	1.71

Source: Developers; MNCPPC; W-ZHA

W-ZHA, LLC

Phase III: Development Assumptions

The period from 2021 to 2025 constitutes the third phase. This Phase's projected development is detailed in the table below by Planning District.

Phase III: 2021-2025
MNCPPC Planning Districts
White Flint Sector Plan Area

District	Land Area SF	Phase III New Development: New Residential — New Residential SF	Units	New Commercial: Office	Retail	Hotel	Industrial/ Other	Total New Commercial	Phase Total	Cumulative Total	FAR
Metro West	2,336,418	478,287	456	46,972	81,315	0	0	128,287	606,573	5,029,146	2.15
White Flint Crossing	1,813,794	65,478	62	49,119	5,934	0	0	55,053	120,531	3,674,807	2.03
White Flint Mall	3,172,690	2,461,521	2,345	280,452	215,468	3,500	4,500	503,919	2,965,440	9,270,528	2.92
NRC	1,690,430	300,312	286	155,187	70,125	0	0	225,312	525,624	2,877,370	1.70
Nebel Corridor	993,941	168,071	160	85,063	385,458	0	355,050	825,571	993,642	1,987,284	2.00
Metro East	2,207,138	939,811	895	612,207	13,002	0	18,250	643,459	1,583,270	5,983,502	2.71
Maple Avenue	967,741	413,238	394	330,590	82,648	0	0	413,238	826,475	1,652,950	1.71
Mid Pike	1,295,692	0	0	0	0	0	0	0	0	2,811,332	2.17
Nicholson Court	721,194	0	0	0	0	0	0	0	0	327,559	0.45
Total	15,199,038	4,826,717	4,598	1,559,590	853,948	3,500	377,800	2,794,838	7,621,555	33,614,478	2.21

Source: Developers; MNCPPC; W-ZHA

DEVELOPMENT COST AND MARKET VALUE ASSUMPTIONS

The following table summarizes the development cost and market value assumptions for new land use development on a per square foot basis. These assumptions were used to determine the value of new development. Tax revenues to Montgomery County were calculated on these values. This economic analysis assumes that a new project is taxed on its development cost in the first three years of operation. After this period the property is assumed to be taxed on its market value.

Development Cost and Market Value Assumptions
White Flint Sector Plan
2008

	Per Gross Square Foot: Development Cost	Market Value
Retail	$350	$600
Hotel	$340	$450
Office	$320	$430
Residential	$285	$400

Source: WFSPA Collaborative

The price point for residential in the above chart reflects a mix of for-sale and rental residential product.

W-ZHA, LLC

MONTGOMERY COUNTY GENERAL FUND TAX REVENUE IMPLICATIONS

The FY09 County General Fund property tax rate is $0.74 per $100 of assessed value. The following table demonstrates the impact that projected new development and inflation will have on the County's General Fund (assuming the FY09 tax rate). A 2.5 percent annual inflation rate is applied to property value each year.

Montgomery County General Fund Revenue Implications
Tax Revenues from New Development and 2.5% Inflation
White Flint Sector Plan Area

Year	Assessed Value	General Fund Tax Revenues	Cumulative General Fund Property Tax Revenues
2008	*$1,645,273,000*	@ $0.74 per $100 Assessed Value	
2009	*$1,686,405,000*		
2010 [1]	$1,728,565,000	$12,791,000	$12,791,000
2011	$1,948,740,000	$14,421,000	$27,212,000
2012	$3,967,246,000	$29,358,000	$56,570,000
2013	$4,404,720,000	$32,595,000	$89,165,000
2014	$4,627,038,000	$34,240,000	$123,405,000
2015	$5,615,414,000	$41,554,000	$164,959,000
2016	$7,298,735,000	$54,011,000	$218,970,000
2017	$9,566,403,000	$70,791,000	$289,761,000
2018	$10,024,458,000	$74,181,000	$363,942,000
2019	$11,334,197,000	$83,873,000	$447,815,000
2020	$13,820,299,000	$102,270,000	$550,085,000
2021	$15,348,839,000	$113,581,000	$663,666,000
2022	$16,176,912,000	$119,709,000	$783,375,000
2023	$17,517,423,000	$129,629,000	$913,004,000
2024	$18,475,875,000	$136,721,000	$1,049,725,000
2025	$19,233,788,000	$142,330,000	$1,192,055,000
2026	$19,919,961,000	$147,408,000	$1,339,463,000
2027	$20,417,960,000	$151,093,000	$1,490,556,000
2028	$21,024,268,000	$155,580,000	$1,646,136,000

1. 2010 assessed value is September 2007 Tax Assessor's assessed value (shown in 2008) increased by an annual inflation rate of 2.5 percent.

Source: Montgomery County Property Assessor's database; WFSPA Collaborative; W-ZHA

The table below assumes a base year of 2010 to determine the incremental increase in property tax revenues generated by the development program. A 2.5 percent annual inflation rate is applied to property value each year.

Montgomery County General Fund Revenue Implications
Incremental Increase In Tax Revenues (2010 Base Year)
White Flint Sector Plan Area

Year	Assessed Value	Incremental Increase In Assessed Value 2010 Base Year	Annual Increase In Property Tax Revenues From 2010	Cumulative New General Fund Property Tax Revenues
			@ $0.74 per $100 Assessed Value	
2008	*$1,645,273,000*			
2009	*$1,686,405,000*			
2010	$1,728,565,000			
2011	$1,948,740,000	$220,175,000	$1,629,000	$1,629,000
2012	$3,967,246,000	$2,238,681,000	$16,566,000	$18,195,000
2013	$4,404,720,000	$2,676,155,000	$19,804,000	$37,999,000
2014	$4,627,038,000	$2,898,473,000	$21,449,000	$59,448,000
2015	$5,615,414,000	$3,886,849,000	$28,763,000	$88,211,000
2016	$7,298,735,000	$5,570,170,000	$41,219,000	$129,430,000
2017	$9,566,403,000	$7,837,838,000	$58,000,000	$187,430,000
2018	$10,024,458,000	$8,295,893,000	$61,390,000	$248,820,000
2019	$11,334,197,000	$9,605,632,000	$71,082,000	$319,902,000
2020	$13,820,299,000	$12,091,734,000	$89,479,000	$409,381,000
2021	$15,348,839,000	$13,620,274,000	$100,790,000	$510,171,000
2022	$16,176,912,000	$14,448,347,000	$106,918,000	$617,089,000
2023	$17,517,423,000	$15,788,858,000	$116,838,000	$733,927,000
2024	$18,475,875,000	$16,747,310,000	$123,930,000	$857,857,000
2025	$19,233,788,000	$17,505,223,000	$129,539,000	$987,396,000
2026	$19,919,961,000	$18,191,396,000	$134,616,000	$1,122,012,000
2027	$20,417,960,000	$18,689,395,000	$138,302,000	$1,260,314,000
2028	$21,024,268,000	$19,295,703,000	$142,788,000	$1,403,102,000

Source: Montgomery County Property Assessor's database; WFSPA Collaborative; W-ZHA

Redevelopment within the White Flint Sector Plan Area will have a significant impact on County General Fund revenues. Development projections suggest that within 20 years the assessed value of property within the Plan Area will be over 10 times what it is today. The WFSPA has the potential to generate 142.8 million per year of additional tax revenue by 2028 and $1.4 billion in additional tax revenue over the next twenty years for Montgomery County.

Exhibit 12

EXHIBIT 12:
FUNDING STRATEGY FOR INFRASTRUCTURE IMPROVEMENTS

W-ZHA, LLC

INTRODUCTION

W-ZHA, Inc. was retained by a group of commercial property owners in the White Flint Sector Plan Area (the "Collaborative" or the "WFSPA Collaborative") to develop a funding strategy to pay for the infrastructure necessary to implement the White Flint Sector Plan Vision. The funding strategy is designed to support near and longer term infrastructure improvements and it involves a mix of private and public financing.

FUNDING STRATEGY GENERAL ASSUMPTIONS

Funding for infrastructure improvements in the White Flint Sector Plan Area (WFSPA) is assumed to come from four sources: (1) cash from an annual special tax assessment imposed on commercial property owners, (2) revenue bonds secured by the special assessments , (3) special impact fees imposed on the developers of NEW housing units, and (4) public sector funding. Existing residential uses/owners will NOT be required to invest into the transportation improvement fund.

Existing Montgomery County Tax Rates

Montgomery County's Fiscal Year 2009 tax rates are $0.978 per $100 of assessed value. Of this property tax rate, $0.74 per $100 in assessed value is the General County tax. (The remainder of the property tax goes to special service areas). The General County tax goes to the County's general fund.

Special Tax Assessment Rate (Funding Source 1 and 2)

The funding strategy assumes that commercial property owners will pay an additional tax equal to 10 percent of Montgomery County's FY09 property tax rate (.978 per $100 of assessed value). The special tax is, thus, equal to .0978 per $100 of assessed value. The funding strategy assumes that the revenues from the special tax will be devoted exclusively to infrastructure improvements to support the White Flint Sector Plan Area.

The funding strategy assumes that the special assessment revenue can be used to secure tax exempt bonds.

Residential Impact Fees on New Development (Funding Source 3)

The funding strategy assumes that Residential Impact Fees on new residential development will be used to fund infrastructure improvements within the WFSPA. The one-time impact feee is $3,630 per newly constructued residential unit. This fee is the equivalent to the fee charged today per unit for new development in a Metro Station Policy Area that proceeds under the Alternative Review Procedure.

W-ZHA, LLC

Public Sector Funding (Funding Source 4)

Public sector funding is assumed to come from the incremental increase in County property tax revenues resulting from new development in the WFSPA. The funding strategy assumes that the County will require that 90 percent of the incremental increase in general fund tax revenues resulting from WFSPA redevelopment be devoted to general County obligations. Thus, the funding strategy assumes that only the remaining 10 percent of the net new tax revenue derived from WFSPA redevelopment is eligible to help fund infrastructure improvements in the Plan Area.

As demonstrated in Exhibit 11, the redevelopment of the White Flint Sector Plan Area generates significant net new property tax revenue to the County. Tax increment is only applied to that portion of the real property tax that is for the "County General Fund".

Infrastructure Improvements

For purposes of this analysis, an infrastructure improvement cost of $172 million (2008 dollars) has been assumed. This investment is assumed to occur in the following phases:

- Phase I Construction 2013: $49,000,000
  - Phase Ia Planning and Design (2011 & 2012): $2,800,000
  - Phase Ib Construction (2013): $46,200,000
- Phase II Construction (2018): $60,000,000
- Phase III Construction (2023): $63,000,000

The following table summarizes infrastructure costs in current dollars. A 5 percent per annum cost escalation factor was applied.

Infrastructure Cost Current Dollars

	2008 $'s	Year	Current $'s
Phase Ia /1	$2,800,000	2011	$2,970,500
Phase Ib /2	$46,200,000	2013	$58,964,200
Phase II /2	$60,000,000	2018	$97,733,700
Phase III /2	$63,000,000	2023	$130,972,500
Total	$172,000,000		

1. Planning and design cost escalation at 3% per year.
2. Construction cost escalation at 5% per year.

Source: WFSPA Collaborative; W-ZHA

W-ZHA, LLC

DEVELOPMENT PROJECTIONS AND TAX BASE IMPLICATIONS

Detailed development projections by Planning District are contained in Exhibit 11. The following table summarizes projected development over time by phase and general land use. The WFSPA Collaborative determined the development projections within the district in consultation with the majority of property owners or their representatives.

Development Projection
Square Feet

		New Construction					
Phase	Existing, Not To Be Demolished	Total Residential	Units [1]	Total Commercial/ Industrial	Total Phase	Cumulative Total	FAR
I: 2010-15	7,533,900	3,303,400	3,147	4,628,100	7,931,600	15,465,500	1.02
II: 2016-20		5,871,700	5,307	4,655,800	10,527,600	25,992,900	1.71
III: 2021-25		4,826,700	4,598	2,794,900	7,621,500	33,614,500	2.21
Total	7,533,900	14,001,800	13,051	12,078,800	26,080,700	33,614,600	2.21

1. The average gross square feet per unit is assumed to be 1,000 square feet. This assumption differs from MNCPPC's assumption of 1,200 gross square feet per unit.

Source: WFSPA Coalition; MNCPPC; W-ZHA

COMMERCIAL ASSESSMENT REVENUE AND RESIDENTIAL IMPACT FEES

New commercial development will increase special assessment revenue. The funding strategy assumes a special tax assessment equal to 10 percent of Montgomery County's property tax rate (.00978) -- .000978 (Funding Source 1). This special assessment is assumed to be collected from existing and new commercial developments. Residential uses are not subject to the special tax assessment.

New residential development will generate impact fee revenue (Funding Source 3). The funding strategy assumes that the developers of new residential product will have to pay a fee into the WFSPA infrastructure fund. These fees will be used to pay for infrastructure improvements. The funding strategy assumes a residential fee of $3,630 per newly constructed unit.

The table below utilizes a 2.5 percent annual inflation rate to property value each year and includes projected development.

Commercial Assessment and Fee Revenue

	Commercial Tax Base Inflated @	Assessment Revenue @	Residential Fee	Assessment & Fee Revenue
	2.5%	0.000978	$3,630	
2008	$1,143,191,000	na	na	na
2009	$1,171,771,000	na	na	na
2010	$1,201,065,000	$1,174,600	$0	$1,174,600
2011	$1,285,286,000	$1,257,000	$1,489,232	$2,746,232
2012	$2,662,123,000	$2,603,600	$7,582,422	$10,186,022
2013	$2,856,108,000	$2,793,300	$2,557,775	$5,351,075
2014	$2,986,365,000	$2,920,700	$0	$2,920,700
2015	$3,662,104,000	$3,581,500	$0	$3,581,500
2016	$4,438,727,000	$4,341,100	$9,296,780	$13,637,880
2017	$5,664,078,000	$5,539,500	$11,782,273	$17,321,773
2018	$5,805,680,000	$5,678,000	$2,653,231	$8,331,231
2019	$6,452,626,000	$6,310,700	$2,719,562	$9,030,262
2020	$7,476,480,000	$7,312,000	$11,140,656	$18,452,656
2021	$8,354,243,000	$8,170,400	$4,818,861	$12,989,261
2022	$8,689,207,000	$8,498,000	$2,677,444	$11,175,444
2023	$9,248,676,000	$9,045,200	$2,365,795	$11,410,995
2024	$9,827,871,000	$9,611,700	$0	$9,611,700
2025	$10,100,196,000	$9,878,000	$2,104,398	$11,982,398
2026	$10,473,386,000	$10,243,000	$0	$10,243,000
2027	$10,735,221,000	$10,499,000	$0	$10,499,000
2028	$11,024,084,000	$10,781,600	$0	$10,781,600
Assessment and fee revenue collected 2010 - 2012		$5,035,200	$9,071,654	

Source: W-ZHA

W-ZHA, LLC

The table below assumes a base year of 2010 to determine the incremental increase in property tax revenues generated by the development program from both commercial and residential property. This incremental tax revenue serves as the basis for the public funding component of the strategy (Funding Source 4). The County can issue bonds to pay for infrastructure costs and the debt service on those bonds will be paid by a portion of the increased property taxes resulting from new development in the WFSPA.

County General Fund Tax Revenue Implications
WFSPA Development
Base Year 2010

Year	Commercial	Residential	Total Assessed Value of District	Annual Incremental Increase In Assessed Value	Annual Incremental Increase In General Fund Property Tax Revenues /1
				Base Year 2010	
2008	$1,143,191,000	$502,082,000	$1,645,273,000		
2009	$1,171,771,000	$514,634,000	$1,686,405,000		
2010	$1,201,065,000	$527,500,000	$1,728,565,000		
2011	$1,285,287,000	$663,453,000	$1,948,740,000	$220,175,000	$1,629,000
2012	$2,662,122,000	$1,305,123,000	$3,967,245,000	$2,238,680,000	$16,566,000
2013	$2,856,108,000	$1,548,612,000	$4,404,720,000	$2,676,155,000	$19,804,000
2014	$2,986,365,000	$1,640,673,000	$4,627,038,000	$2,898,473,000	$21,449,000
2015	$3,662,104,000	$1,953,311,000	$5,615,415,000	$3,886,850,000	$28,763,000
2016	$4,438,728,000	$2,860,008,000	$7,298,736,000	$5,570,171,000	$41,219,000
2017	$5,664,078,000	$3,902,325,000	$9,566,403,000	$7,837,838,000	$58,000,000
2018	$5,805,680,000	$4,218,777,000	$10,024,457,000	$8,295,892,000	$61,390,000
2019	$6,452,626,000	$4,881,571,000	$11,334,197,000	$9,605,632,000	$71,082,000
2020	$7,476,480,000	$6,343,819,000	$13,820,299,000	$12,091,734,000	$89,479,000
2021	$8,354,242,000	$6,994,596,000	$15,348,838,000	$13,620,273,000	$100,790,000
2022	$8,689,206,000	$7,487,706,000	$16,176,912,000	$14,448,347,000	$106,918,000
2023	$9,248,676,000	$8,268,747,000	$17,517,423,000	$15,788,858,000	$116,838,000
2024	$9,827,870,000	$8,648,004,000	$18,475,874,000	$16,747,309,000	$123,930,000
2025	$10,100,196,000	$9,133,592,000	$19,233,788,000	$17,505,223,000	$129,539,000
2026	$10,473,385,000	$9,446,576,000	$19,919,961,000	$18,191,396,000	$134,616,000
2027	$10,735,220,000	$9,682,740,000	$20,417,960,000	$18,689,395,000	$138,302,000
2028	$11,024,083,000	$10,000,185,000	$21,024,268,000	$19,295,703,000	$142,788,000

1. Increment is based on General Fund County tax alone ($0.74 per $100 value)

Source: Montgomery County Property Assessor's database; W-ZHA

PAYING FOR INFRASTRUCTURE

Phase Ia: Planning and Design of Phase I Infrastructure Improvements 2011 and 2012

Commercial assessment collections in years 2010 through 2012 are sufficient to cover the cost of Phase I infrastructure planning and design. No public funds will be required to fund these activities.

Phase Ia Infrastructure Funding: Planning and Design

		2011/12
Phase Ia Infrastructure Planning and Design		$2,970,500
Special Assessments Collected 2010-2012		($5,035,200)
Net Phase Ia Infrastructure Cost		($2,065,000)
Gap to be Funded by the County	**0%**	**$0**

Source: W-ZHA

Phase Ib: Phase I Infrastructure Construction

Phase 1b infrastructure improvements will cost approximately $59 million. Remaining special assessment collections from 2010 to 2012 can contribute $2 million. Residential impact fee collections from development projecting to occur in 2011 and 2012 can contribute $9 million in cash.

In 2013, the annual revenue from the special tax is projected to be $2.8 million. The funding strategy assumes that this annual revenue is leveraged to support a tax exempt bond. Assuming a bond with an interest rate of 5 percent and a term of 20 years, the annual special assessment can support a $34.8 million bond. The funding strategy assumes that the County will guarantee the revenue bond, thus no debt coverage ratio is applied.

Phase Ib Infrastructure Funding

		2013
Phase Ib Infrastructure Cost		$58,964,200
Less: Excess Commercial Assessment 2010-2012		($2,065,000)
Less: Residential Fees Collected 2010-2012		($9,072,000)
Net Phase Ib Infrastructure Cost		$47,827,200
2013 Commercial Assessment	$2,793,300	
Assessment Bond Value @ 5% over 20 years		($34,800,000)
Gap to be Funded by the County	**22%**	**$13,027,200**

Source: W-ZHA

The County's obligation with regard to Phase Ib infrastructure improvements amounts to $13 million – approximately one-fifth of the total Phase 1b cost.

As depicted in the table below, by the end of 2012 development in the White Flint Sector Plan Area has generated $16 million in net new County General Fund property tax revenues. The funding strategy assumes that 10 percent of the net new property tax revenues can be applied to support infrastructure improvements in the Plan Area. By the end of 2012, 10 percent of the annual increase in property tax revenue amounts to $1.6 million.

10% of Property Tax Revenue Increment In 2012

	Increment 2.5% Inflation			
Year	Assessed Value of District	Incremental Increase In Assessed Value	Incremental Increase In Property Tax Revenues	10% of Increment
2008	$1,645,273,000			
2009	$1,686,405,000	$0	$0	
2010	$1,728,565,000	$0	$0	
2011	$1,948,740,000	$220,175,000	$1,629,000	
2012	$3,967,246,000	$2,238,681,000	$16,566,000	$1,656,600
2013	$4,404,720,000	$2,676,155,000	$19,804,000	
2014	$4,627,038,000	$2,898,473,000	$21,449,000	
2015	$5,615,414,000	$3,886,849,000	$28,763,000	
2016	$7,298,735,000	$5,570,170,000	$41,219,000	
2017	$9,566,403,000	$7,837,838,000	$58,000,000	
2018	$10,024,458,000	$8,295,893,000	$61,390,000	
2019	$11,334,197,000	$9,605,632,000	$71,082,000	
2020	$13,820,299,000	$12,091,734,000	$89,479,000	
2021	$15,348,839,000	$13,620,274,000	$100,790,000	
2022	$16,176,912,000	$14,448,347,000	$106,918,000	
2023	$17,517,423,000	$15,788,858,000	$116,838,000	
2024	$18,475,875,000	$16,747,310,000	$123,930,000	
2025	$19,233,788,000	$17,505,223,000	$129,539,000	
2026	$19,919,961,000	$18,191,396,000	$134,616,000	
2027	$20,417,960,000	$18,689,395,000	$138,302,000	
2028	$21,024,268,000	$19,295,703,000	$142,788,000	

Source: Montgomery County Property Assessor's database; W-ZHA

W-ZHA, LLC

As the table on below demonstrates, less than 10 percent of the incremental increase in property taxes in year 2012 will need to be applied to cover the County's share of infrastructure investment. Six percent of the incremental increase in property tax revenues derived from property in the WFSPA will need to be pledged to infrastructure improvements.

Phase Ib Infrastructure Funding: Public Sector Financing

			2013
Gap to be Funded by the County			$13,027,200
10% of 2012 Incremental Tax Revenue		$1,656,600	
Potential Increment Bond Value @ 5% over 20 years		$20,600,000	
2012 Increment Required	$1,045,300 - *6% of 2012 increment*		
County Funding			**($13,027,200)**

Source: W-ZHA

Phase II Infrastructure Construction

In 2018, approximately $98 million will be required to fund Phase II infrastructure improvements. Cash from special assessment collections in excess of Phase Ib bond debt service can be applied to Phase II costs. Residential impact fee collections between 2013 and 2017 can also be used to pay for Phase II infrastructure improvements. The rest will have to be funded through a bond secured by special assessments and/or a bond secured by net new County taxes.

In 2017, annual special assessment collections will amount to $5.5 million. Approximately $2.8 million of the annual special assessment revenue will be dedicated to the Phase 1b debt service payment. This leaves approximately $2.75 million to fund Phase II infrastructure improvements. Leveraged this $2.75 million annual assessment can support a $34 million bond. This leaves $34.7 million to be funded by the public sector.

Phase II Infrastructure Funding

		2018
Phase II Infrastructure Cost		$97,733,700
Less: Excess Assessment Revenue 2012-2016 /1		($5,209,600)
Less: Residential Fees Collected 2013-2017		($23,636,800)
Net Phase II Infrastructure Cost		$68,887,300
Net Assessment Revenue in 2017	$2,746,200	
Assessment Bond Value @ 5% over 20 years		($34,200,000)
Gap to be Funded by the County	**35%**	**$34,687,300**

1. After debt service from Phase 1b financing.

Source: W-ZHA

Assuming 10 percent of the tax increment can be committed to funding infrastructure improvements in the WFSPA, there will be approximately $4.75 million available to fund additional infrastructure investment (net of Phase Ib obligations).

Phase II Infrastructure Funding: Available Incremental Revenues

Year	Incremental Increase In Property Tax Revenues	10% of Incremental Increase In Tax Revenues	Already Pledged to Debt Service	Remainder Available for Public Financing
2008				
2009	$0	$0	$0	$0
2010	$0	$0	$0	$0
2011	$1,629,295	$162,930	$0	$162,930
2012	$16,566,239	$1,656,624	($1,045,300)	$611,324
2013	$19,803,547	$1,980,355	($1,045,300)	$935,055
2014	$21,448,700	$2,144,870	($1,045,300)	$1,099,570
2015	$28,762,683	$2,876,268	($1,045,300)	$1,830,968
2016	$41,219,258	$4,121,926	($1,045,300)	$3,076,626
2017	$58,000,001	$5,800,000	($1,045,300)	$4,754,700
2018	$61,389,608	$6,138,961	($1,045,300)	$5,093,661
2019	$71,081,677	$7,108,168	($1,045,300)	$6,062,868
2020	$89,478,832	$8,947,883	($1,045,300)	$7,902,583
2021	$100,790,028	$10,079,003	($1,045,300)	$9,033,703
2022	$106,917,768	$10,691,777	($1,045,300)	$9,646,477
2023	$116,837,549	$11,683,755	($1,045,300)	$10,638,455
2024	$123,930,094	$12,393,009	($1,045,300)	$11,347,709
2025	$129,538,650	$12,953,865	($1,045,300)	$11,908,565
2026	$134,616,330	$13,461,633	($1,045,300)	$12,416,333
2027	$138,301,523	$13,830,152	($1,045,300)	$12,784,852
2028	$142,788,202	$14,278,820	($1,045,300)	$13,233,520

Source: Montgomery County Property Assessor's database; W-ZHA

Phase II infrastructure will not require that all of this increment be bonded. Only $2.78 million of the $4.75 million available increment will need to be bonded to cover the funding gap.

Phase II Infrastructure Funding: Public Sector Financing

			2018
Gap to be Funded by the County			$34,687,300
10% of 2017 Incremental Tax Revenues (Net of Phase Ib Debt Service)		$4,754,700	
Potential Increment Bond Capacity @ 5% over 20 years		$59,300,000	
2017 Increment Required	$2,783,400 -	5% *of 2017 increment*	
County Funding			($34,687,300)

Source: W-ZHA

Phase III Infrastructure Construction

In 2023, approximately $131 million will be required to fund Phase III infrastructure improvements. Cash from special assessment collections in excess of Phase Ib and Phase II bond debt service can be applied to Phase III costs. Residential impact fee collections between 2018 and 2023 can also be used to pay for Phase III infrastructure improvements. The rest will have to be funded through a bond secured by special assessments and/or a bond secured by net new County taxes in the WFSPA.

In 2022, annual special assessment collections will amount to $8.5 million. Approximately $5.5 million of the annual special assessment revenue will be dedicated to the Phase 1b and Phase II debt service. This leaves approximately $3 million in annual special assessments to fund Phase III infrastructure improvements. Leveraged this $3 million annual assessment can support a $36.9 million bond.

Phase III Infrastructure Funding

		2023
Phase III Infrastructure Cost		$130,972,500
Less: Excess Assessment Revenue 2017-2022 /1		($8,059,300)
Less: Residential Fees Collected 2018-2023		($26,375,500)
Net Infrastructure Cost		$96,537,700
Net Assessment Revenue in 2022 /1	$2,958,500	
Assessment Bond Value @ 5% over 20 years		($36,900,000)
Gap to be Funded by the County	**46%**	**$59,637,700**

Source: W-ZHA

Special assessments and residential fees will cover more than half of the Phase III infrastructure costs. Approximately $60 million will have to be funded by tax increment or other public funding sources.

W-ZHA, LLC

Assuming only 10 percent of the tax increment can be committed to funding infrastructure in the WFSPA; there will be approximately $6.9 million available increment (net of Phase I and Phase II obligations) to fund additional infrastructure investment.

Phase III Infrastructure Funding: Available Incremental Revenues
Tax Increment Implications

Year	Incremental Increase In Property Tax Revenues	10% of Incremental Increase In Tax Revenues	Pledged to Debt Service	Remainder Available for Public Financing
2008				
2009	$0	$0	$0	$0
2010	$0	$0	$0	$0
2011	$1,629,295	$162,930	$0	$162,930
2012	$16,566,239	$1,656,624	$1,045,300	$611,324
2013	$19,803,547	$1,980,355	$1,045,300	$935,055
2014	$21,448,700	$2,144,870	$1,045,300	$1,099,570
2015	$28,762,683	$2,876,268	$1,045,300	$1,830,968
2016	$41,219,258	$4,121,926	$1,045,300	$3,076,626
2017	$58,000,001	$5,800,000	$3,828,700	$1,971,300
2018	$61,389,608	$6,138,961	$3,828,700	$2,310,261
2019	$71,081,677	$7,108,168	$3,828,700	$3,279,468
2020	$89,478,832	$8,947,883	$3,828,700	$5,119,183
2021	$100,790,028	$10,079,003	$3,828,700	$6,250,303
2022	$106,917,768	$10,691,777	$3,828,700	**$6,863,077**
2023	$116,837,549	$11,683,755	$3,828,700	$7,855,055
2024	$123,930,094	$12,393,009	$3,828,700	$8,564,309
2025	$129,538,650	$12,953,865	$3,828,700	$9,125,165
2026	$134,616,330	$13,461,633	$3,828,700	$9,632,933
2027	$138,301,523	$13,830,152	$3,828,700	$10,001,452
2028	$142,788,202	$14,278,820	$3,828,700	$10,450,120

Source: Montgomery County Property Assessor's database; W-ZHA

W-ZHA, LLC

There is sufficient increment to pay for the public sector's share of the Phase III infrastructure improvements.

Phase III Infrastructure Funding: Public Sector Financing

			2023
Gap to be Funded by the County			$59,637,700
10% of 2022 Incremental Tax Revenues (Net of Phase Ib/II Debt Service)		$6,863,077	
Potential Increment Bond Capacity @ 5% over 20 years		$85,500,000	
2022 Increment Required	$4,785,500 -	4% *of 2022 increment*	
County Funding			($59,637,700)

Source: W-ZHA

SUMMARY

A mix of public and private financing can pay for the infrastructure improvements necessary to make the White Flint Sector Plan Vision a reality. The funding strategy presented herein results in the private sector paying for 63 percentof the infrastructure cost obligations. This does not include the costs for public infrastructure improvements which will be constructed on private landowner property and funded by the private sector. In 2023 when the last phase of infrastructure is complete and paid for, the County's annual funding obligation will amount to 8 percent of net new property taxes generated in the Planning Area. The remaining 92 percent of the new County General Fund tax revenues will be available to support other Countywide initiatives.

Funding Strategy Summary
Private Sector vs Public Sector Share of Infrastructure Costs

		Share of Cost	
	Cost Current $'s	Private	Public
Phase Ia /1	$2,970,500	100%	0%
Phase Ib /2	$58,964,200	78%	22%
Phase II /2	$97,733,700	65%	35%
Phase III /2	$130,972,500	54%	46%
Total		**63%**	**37%**

1. Planning and design cost escalation at 3% per year.
2. Construction cost escalation at 5% per year.

Source: WFSPA Consortium; W-ZHA