

Fiscal Impact Analysis of Broad & Washington City of Falls Church, Virginia

Prepared for Insight Property Group LLC | October 11, 2017



INSIGHT PROPERTY GROUP LLC

TABLE OF CONTENTS

STUDY OBJECTIVE AND KEY FINDINGS 1

ASSUMPTIONS AND METHODOLOGY 3

 Revenues 3

 Real Property Tax Revenues 3

 Personal Property Tax Revenues 3

 Sales and Meals Taxes 3

 BPOL Tax 4

 Other Licenses and Permits 4

 Miscellaneous Revenues 4

 Expenditures 4

 Operating Expenditures 4

 Student Generation Rates 5

GENERAL LIMITING CONDITIONS 6

CRITICAL ASSUMPTIONS 7

APPENDIX: SUPPORTING EXHIBITS

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STUDY OBJECTIVE AND KEY FINDINGS

Insight Property Group LLC (“Client”) engaged RCLCO (Robert Charles Lesser & Co.), a national real estate advisory firm based in Bethesda, Maryland, to analyze the fiscal impact on the City of Falls Church, Virginia, of its proposed development, Broad & Washington. Assuming the property is rezoned according to the Client’s application, the development program would consist of 295 rental apartments; 21,300 square feet of in-line retail consisting of 7,800 square feet of sit-down restaurants, 6,000 square feet of other food uses, a 6,000 square foot local specialty market, and 1,500 square feet of other retail; 66,700 square feet of office space; and a 5,000 square foot theater. RCLCO revised its March 16, 2017, analysis of the fiscal impact of development of the site under the proposed rezoning, taking account of the revised development program. We have not included the impact of the theater in our analysis, or updated the other inputs into the analysis.

Between 2017 and 2036, the typical 20-year time period for which RCLCO conducts fiscal impact analyses, RCLCO estimates that the property will generate tax revenues of approximately \$58.4 million against operating expenditures of \$22.7 million, resulting in a positive net fiscal operating impact of \$35.7 million. (See Figure 1 and Exhibit 1.) Exhibit 2 shows the total revenues and expenditures and net fiscal impact by year, as well as the cumulative net fiscal impact. Exhibit 3 graphs the cumulative net fiscal impact.

Without taking account of inflation or the fiscal benefits from construction, the annual gross fiscal impact after stabilization of the development will be \$2,681,000 and the annual net fiscal impact will be \$1,620,000.

Development on the site will result in approximately 311 permanent jobs.

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Summary of Fiscal Impact Analysis
Broad & Washington, 2017-2036

Figure 1

City of Falls Church		
ESTIMATED REVENUES		DISTRIBUTION
Real Property Tax	\$30,445,000	52%
Personal Property Tax	\$3,557,000	6%
Sales Tax	\$3,322,000	6%
Meals Tax	\$7,513,000	13%
BPOL Tax	\$1,708,000	3%
Licenses and Permits	\$540,000	1%
Miscellaneous Revenues	\$10,978,000	19%
Total	\$58,063,000	100%
ESTIMATED EXPENDITURES		
Total Expenditures	\$26,644,000	
Net Fiscal Impact	\$31,419,000	

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ASSUMPTIONS AND METHODOLOGY

All of the assumptions are shown on Exhibit 4 and discussed below.

Revenues

Real Property Tax Revenues

RCLCO determined the site's land value from the City of Falls Church Property Assessment database. RCLCO estimated the assessed values for the various types of development planned for the site based on the city's fiscal impact model. The current assessed value of the land is included until the development is assumed to be completed, but no credit has been taken for other taxes on the existing development. The city's tax rate of \$1.315 per \$100 in assessed value was applied to the estimated assessed value to estimate the real property tax in each year. The proposed development was assumed to come on line by 2021.

Personal Property Tax Revenues

RCLCO estimated that each household in the city pays, on average, \$323 per person per year in personal property tax. RCLCO also estimated that businesses pay, on average, \$105 per employee in personal property tax. Annual tax revenues were calculated by multiplying the annual estimated population and employment by the appropriate factors, which were assumed to increase by 2.5% annually.

Sales and Meals Taxes

RCLCO estimated the generation of sales taxes from two sources: retail spending by residents, and on-site retail spending. RCLCO determined annual household retail spending from the BLS Consumer Expenditure Survey, with 25% of retail spending and 20% of restaurant spending estimated to be in the city (not including retail spending at on-site retail). RCLCO assumed that the on-site retail would generate sales of \$643 per square foot at the restaurants, and \$435 per square foot at the other retail other than the local specialty market, based on information provided by the Client's retail broker. Sales at the local specialty market were assumed to be \$375 per square foot, based on the assumption in the city's model; RCLCO estimated that 10% of specialty market sales would be subject to meals tax. The estimates of annual taxable retail sales in the city were multiplied by the city sales tax rate of 1% to determine the actual sales tax receipts, and the restaurant sales were multiplied by the 4% meals tax rate. Retail sales were assumed to increase at the 2.5% rate of inflation every year.

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BPOL Tax

RCLCO assumed BPOL tax generation from four sources. The first is receipts of contractors involved in the construction of the project. RCLCO estimated construction costs based on data from the developer. The BPOL tax rate of \$0.16 per \$100 of gross receipts was applied to the estimate of construction costs. The second source is retail sales receipts in the city generated by residents and the on-site retail. The total receipts amount is assumed to equal the amount estimated for purposes of the sales tax calculation described above. The BPOL tax rate of \$0.19 per \$100 in gross receipts was applied to these receipts. Finally, the property owner must pay a BPOL tax of \$0.38 per \$100 in gross receipts for residential rental income and \$0.52 per \$100 in gross receipts for commercial rental revenue. For this purpose, RCLCO assumed rental rates provided by the Client.

Other Licenses and Permits

Anticipated licenses and permit payments other than BPOL were provided by the Client.

Miscellaneous Revenues

To forecast miscellaneous revenues, which include a variety of revenue items, such as utility taxes, cigarette taxes, charges for services, and fines and forfeitures, RCLCO typically identifies the total amount collected in a given year and estimates the portion of those revenues that are likely attributable to employees in the city and the portion attributable to residents. On that basis, an average amount of miscellaneous revenue per resident and employee can be calculated. RCLCO followed a similar approach for this report. Details are shown on Exhibit 6. RCLCO relied on the city fiscal impact model for assumptions regarding residents per rental apartment. Miscellaneous revenues were assumed to increase by 2.5% per year.

Expenditures

Operating Expenditures

The estimation of operating expenditures follows a similar methodology to that of miscellaneous revenues. The total city general fund expenditures, as shown in the FY 2017 budget, that were judged to vary with new development were divided among the estimated number of residents, employees, and students in the city to arrive at average expenditure estimates per resident, per employee, and per student. Details are shown on Exhibit 7. RCLCO relied on the city fiscal impact model for assumptions regarding residents per rental apartment. RCLCO estimated the number of students per unit as discussed in the following section. Average operating expenditures per resident, per employee, and per student were assumed to increase by 2.5% per year.

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Student Generation Rates

RCLCO applied student generation rates by number of bedrooms (including accounting for dens), based on the newer rental apartment developments in the city, as shown in Exhibit 8. Data on West Broad was included as of January 2017. Using these rates and the unit mix planned for Broad & Washington, the pupil generation rate at Broad & Washington will be 0.155, or 46 students.

* * * * *

This engagement was conducted by Leonard Bogorad, Managing Director. If you have any questions regarding the conclusions and recommendations included herein, or wish to learn about other RCLCO advisory services, please call (240) 644-1300.

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GENERAL LIMITING CONDITIONS

Reasonable efforts have been made to ensure that the data contained in this study reflect accurate and timely information and are believed to be reliable. This study is based on estimates, assumptions, and other information developed by RCLCO from its independent research effort, general knowledge of the industry, and consultations with the client and its representatives. No responsibility is assumed for inaccuracies in reporting by the client, its agent, and representatives or in any other data source used in preparing or presenting this study. This report is based on information that to our knowledge was current as of the date of this report, and RCLCO has not undertaken any update of its research effort since such date.

Our report may contain prospective financial information, estimates, or opinions that represent our view of reasonable expectations at a particular time, but such information, estimates, or opinions are not offered as predictions or assurances that a particular level of income or profit will be achieved, that particular events will occur, or that a particular price will be offered or accepted. Actual results achieved during the period covered by our prospective financial analysis may vary from those described in our report, and the variations may be material. Therefore, no warranty or representation is made by RCLCO that any of the projected values or results contained in this study will be achieved.

Possession of this study does not carry with it the right of publication thereof or to use the name of "Robert Charles Lesser & Co." or "RCLCO" in any manner without first obtaining the prior written consent of RCLCO. No abstracting, excerpting, or summarization of this study may be made without first obtaining the prior written consent of RCLCO. This report is not to be used in conjunction with any public or private offering of securities or other similar purpose where it may be relied upon to any degree by any person other than the client without first obtaining the prior written consent of RCLCO. This study may not be used for any purpose other than that for which it is prepared or for which prior written consent has first been obtained from RCLCO.

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CRITICAL ASSUMPTIONS

Our conclusions are based on our analysis of the information available from our own sources and from the client as of the date of this report. We assume that the information is correct, complete, and reliable.

We made certain assumptions about the future performance of the global, national, and local economy and real estate market, and on other factors similarly outside either our control or that of the client. We analyzed trends and the information available to us in drawing these conclusions. However, given the fluid and dynamic nature of the economy and real estate markets, as well as the uncertainty surrounding particularly the near-term future, it is critical to monitor the economy and markets continuously and to revisit the aforementioned conclusions periodically to ensure that they are reflective of changing market conditions.

We assume that the economy and real estate markets will grow at a stable and moderate rate to 2020 and beyond. However, stable and moderate growth patterns are historically not sustainable over extended periods of time, the economy is cyclical, and real estate markets are typically highly sensitive to business cycles. Further, it is very difficult to predict when an economic and real estate upturn will end.

With the above in mind, we assume that the long term average absorption rates and price changes will be as projected, realizing that most of the time performance will be either above or below said average rates.

Our analysis does not consider the potential impact of future economic shocks on the national and/or local economy, and does not consider the potential benefits from major "booms" that may occur. Similarly, the analysis does not reflect the residual impact on the real estate market and the competitive environment of such a shock or boom. Also, it is important to note that it is difficult to predict changing consumer and market psychology.

As such, we recommend the close monitoring of the economy and the marketplace, and updating this analysis as appropriate.

Further, the project and investment economics should be "stress tested" to ensure that potential fluctuations in revenue and cost assumptions resulting from alternative scenarios regarding the economy and real estate market conditions will not cause failure.

In addition, we assume that the following will occur in accordance with current expectations:

- Economic, employment, and household growth.
- Other forecasts of trends and demographic and economic patterns, including consumer confidence levels.
- The cost of development and construction.
- Tax laws (i.e., property and income tax rates, deductibility of mortgage interest, and so forth).
- Availability and cost of capital and mortgage financing for real estate developers, owners and buyers.
- Competitive projects will be developed as planned (active and future) and that a reasonable stream of supply offerings will satisfy real estate demand.
- Major public works projects occur and are completed as planned.

Should any of the above change, this analysis should be updated, with the conclusions reviewed accordingly (and possibly revised).

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APPENDIX: SUPPORTING EXHIBITS

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LIST OF EXHIBITS

- | | |
|------------------|--|
| <i>Exhibit 1</i> | Net Fiscal Impact Summary; Broad & Washington; 2017-2036 |
| <i>Exhibit 2</i> | Total Revenues and Expenditures by Year; Broad & Washington; 2017-2036 |
| <i>Exhibit 3</i> | Cumulative Net Fiscal Impact; Broad & Washington; 2017-2036 |
| <i>Exhibit 4</i> | Assumptions; Falls Church, Virginia; 2016 |
| <i>Exhibit 5</i> | Fiscal Impact Analysis - Broad & Washington; City of Falls Church; 2015-2034 |
| <i>Exhibit 6</i> | Allocation of City Revenues - General Fund; Falls Church, Virginia |
| <i>Exhibit 7</i> | Allocation of City Expenditures; Falls Church, Virginia |
| <i>Exhibit 8</i> | Calculation of Student Generation Rates |

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Exhibit 1

**NET FISCAL IMPACT SUMMARY
BROAD & WASHINGTON
2017-2036**

City of Falls Church		
ESTIMATED REVENUES		DISTRIBUTION
Real Property Tax	\$31,236,000	53%
Personal Property Tax	\$3,508,000	6%
Sales Tax	\$2,786,000	5%
Meals Tax	\$8,164,000	14%
BPOL Tax	\$1,568,000	3%
Licenses and Permits	\$540,000	1%
Miscellaneous Revenues	\$10,587,000	18%
Total	\$58,388,000	100%
ESTIMATED EXPENDITURES		
Total Expenditures	\$22,718,000	
Net Fiscal Impact	\$35,670,000	

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Exhibit 2

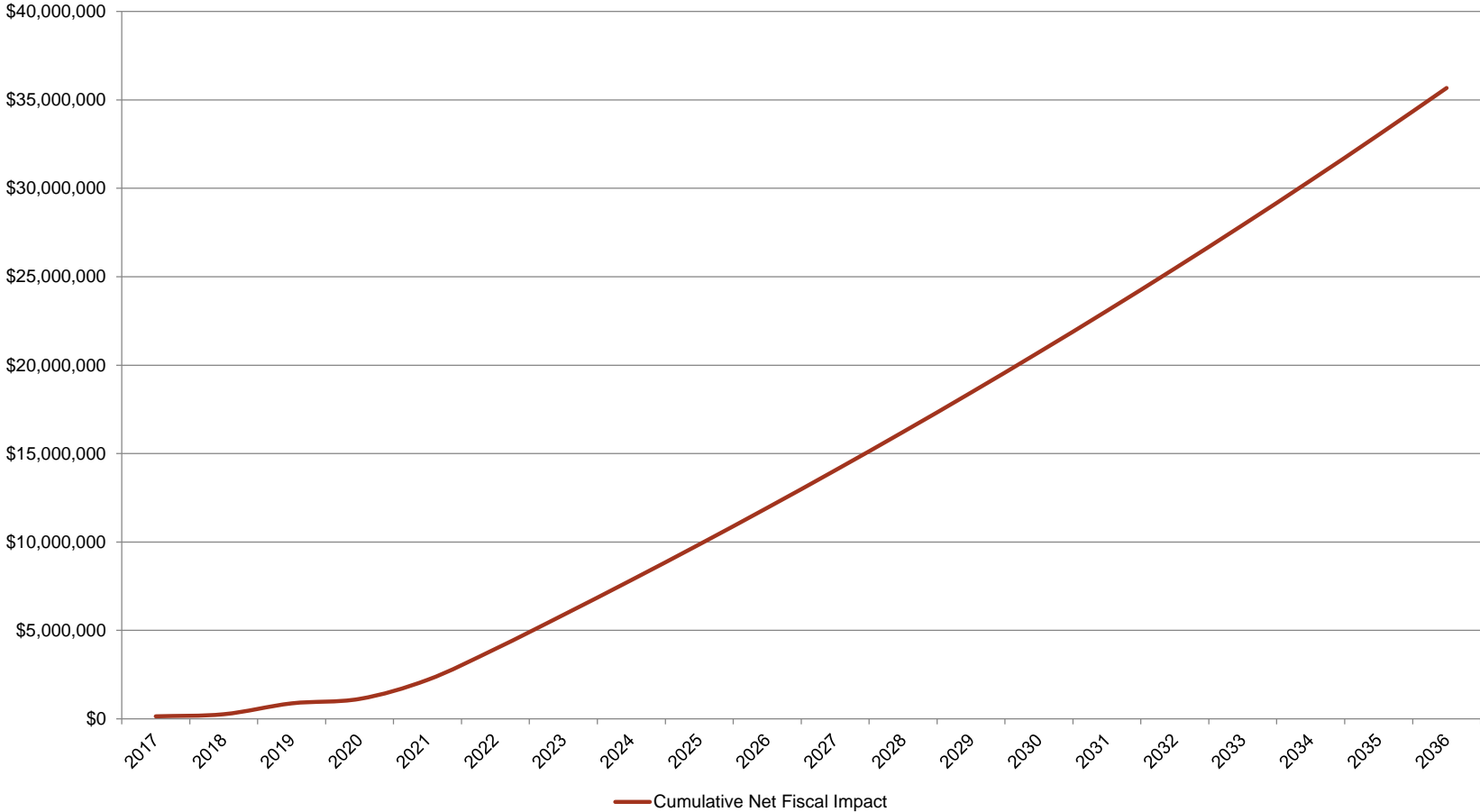
TOTAL REVENUES AND EXPENDITURES BY YEAR BROAD & WASHINGTON 2017-2036

	Total Revenues	Total Expenditures	Net Fiscal Impact	Cumulative Net Fiscal Impact
2017	\$144,000	\$0	\$144,000	\$144,000
2018	\$117,000	\$0	\$117,000	\$262,000
2019	\$615,000	\$0	\$615,000	\$877,000
2020	\$252,000	\$0	\$252,000	\$1,129,000
2021	\$1,731,000	\$654,000	\$1,077,000	\$2,206,000
2022	\$2,985,000	\$1,230,000	\$1,755,000	\$3,960,000
2023	\$3,181,000	\$1,261,000	\$1,920,000	\$5,880,000
2024	\$3,260,000	\$1,293,000	\$1,967,000	\$7,848,000
2025	\$3,342,000	\$1,325,000	\$2,017,000	\$9,864,000
2026	\$3,425,000	\$1,358,000	\$2,067,000	\$11,932,000
2027	\$3,511,000	\$1,392,000	\$2,119,000	\$14,051,000
2028	\$3,599,000	\$1,427,000	\$2,172,000	\$16,223,000
2029	\$3,689,000	\$1,463,000	\$2,226,000	\$18,449,000
2030	\$3,781,000	\$1,499,000	\$2,282,000	\$20,731,000
2031	\$3,875,000	\$1,537,000	\$2,338,000	\$23,069,000
2032	\$3,972,000	\$1,575,000	\$2,397,000	\$25,467,000
2033	\$4,072,000	\$1,614,000	\$2,458,000	\$27,924,000
2034	\$4,173,000	\$1,655,000	\$2,518,000	\$30,442,000
2035	\$4,278,000	\$1,696,000	\$2,582,000	\$33,024,000
2036	\$4,385,000	\$1,739,000	\$2,646,000	\$35,670,000
TOTAL	\$58,388,000	\$22,718,000	\$35,670,000	

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Exhibit 3

CUMULATIVE NET FISCAL IMPACT BROAD & WASHINGTON 2017-2036



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Exhibit 5

FISCAL IMPACT ANALYSIS - BROAD & WASHINGTON CITY OF FALLS CHURCH 2017-2036

Year	Assumption	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Inflation	2.50%	1.000	1.025	1.051	1.077	1.104	1.131	1.160	1.189	1.218	1.249
Undeveloped Site Value	\$8,121,300	\$8,121,300	\$8,324,333	\$8,532,441	\$8,745,752	\$8,964,396	\$0	\$0	\$0	\$0	\$0
Average Value per Residential Unit	\$264,500	\$264,500	\$271,113	\$277,890	\$284,838	\$291,959	\$299,257	\$306,739	\$314,407	\$322,268	\$330,324
Average Value per Retail SF	\$614	\$614	\$630	\$646	\$662	\$678	\$695	\$713	\$730	\$749	\$767
Average Value per Office SF	\$275	\$275	\$282	\$289	\$296	\$304	\$311	\$319	\$327	\$335	\$343
New Apartments	295	0	0	0	0	0	97	198	0	0	0
Cumulative Apartments	295	0	0	0	0	0	97	295	295	295	295
Apartment Occupancy	Stabilized Occupancy 95%						95%	95%	95%	95%	95%
Occupied Apartments		0	0	0	0	0	92	280	280	280	280
New Specialty Market	Square Feet 6,000	0	0	0	0	0	6,000	0	0	0	0
Cumulative Grocery		0	0	0	0	0	6,000	6,000	6,000	6,000	6,000
New Restaurant	13,800	0	0	0	0	0	13,800	0	0	0	0
Cumulative New Restaurant		0	0	0	0	0	13,800	13,800	13,800	13,800	13,800
New Other Retail	1,500	0	0	0	0	0	1,500	0	0	0	0
Cumulative Other Retail	1,500	0	0	0	0	0	1,500	1,500	1,500	1,500	1,500
New Office	66,700	0	0	0	0	0	66,700	0	0	0	0
Cumulative New Office	66,700	0	0	0	0	0	66,700	66,700	66,700	66,700	66,700
Real Property Tax											
Total Assessed Real Property Value		\$8,121,300	\$8,324,333	\$8,532,441	\$8,745,752	\$8,964,396	\$64,588,474	\$126,937,490	\$130,110,927	\$133,363,701	\$136,697,793
Real Property Tax Revenue	\$1.315 per \$100 AV	\$106,795	\$109,465	\$112,202	\$115,007	\$117,882	\$849,338	\$1,669,228	\$1,710,959	\$1,753,733	\$1,797,576
Personal Property Tax											
Non-Resid. Personal Property Tax	\$72	\$0	\$0	\$0	\$0	\$0	\$25,309	\$25,942	\$26,590	\$27,255	\$27,937
Residential Personal Property Tax	\$323 per Resident	\$0	\$0	\$0	\$0	\$0	\$58,178	\$181,358	\$185,892	\$190,539	\$195,303
Total Personal Property Tax		\$0	\$0	\$0	\$0	\$0	\$83,487	\$207,300	\$212,482	\$217,794	\$217,794
Sales and Meals Tax											
Est. Avg. HH Income of Residents	\$105,000	\$105,000	\$107,625	\$110,316	\$113,074	\$115,900	\$118,798	\$121,768	\$124,812	\$127,932	\$131,131
Res. Retail Spending as % of Income	16.3%	\$17,165	\$17,594	\$18,034	\$18,485	\$18,947	\$19,420	\$19,906	\$20,403	\$20,914	\$21,436
Total Retail Spending by Residents		\$0	\$0	\$0	\$0	\$0	\$1,789,584	\$5,578,613	\$5,718,079	\$5,861,031	\$6,007,556
Spending Off-site and in Falls Church	20%	\$0	\$0	\$0	\$0	\$0	\$357,917	\$1,115,723	\$1,143,616	\$1,172,206	\$1,201,511
Res. Restaurant Spending as % of Income	3.7%	\$3,872	\$3,969	\$4,068	\$4,169	\$4,274	\$4,381	\$4,490	\$4,602	\$4,717	\$4,835
Total Res. Restaurant Spending		\$0	\$0	\$0	\$0	\$0	\$403,667	\$1,258,338	\$1,289,796	\$1,322,041	\$1,355,092
Restaurant Spending in Falls Church	20%	\$0	\$0	\$0	\$0	\$0	\$80,733	\$251,668	\$257,959	\$264,408	\$271,018
Restaurant Tax Revenue	4%	\$0	\$0	\$0	\$0	\$0	\$3,229	\$10,067	\$10,318	\$10,576	\$10,841
Specialty Market Sales per SF	\$375	\$375	\$384	\$394	\$404	\$414	\$424	\$435	\$446	\$457	\$468
Grocery Sales		\$0	\$0	\$0	\$0	\$0	\$2,545,668	\$2,609,310	\$2,674,543	\$2,741,407	\$2,809,942
Other Retail Sales per SF	\$435	\$435	\$446	\$457	\$468	\$480	\$492	\$504	\$517	\$530	\$543
Retail Sales		\$0	\$0	\$0	\$0	\$0	\$738,244	\$756,700	\$775,617	\$795,008	\$814,883
Restaurant Sales per SF	\$643	\$643	\$659	\$676	\$692	\$710	\$727	\$746	\$764	\$783	\$803
Restaurant Sales		\$0	\$0	\$0	\$0	\$0	\$10,039,438	\$10,290,424	\$10,547,684	\$10,811,376	\$11,081,661
Total Taxable Retail Sales		\$0	\$0	\$0	\$0	\$0	\$13,681,267	\$14,772,156	\$15,141,460	\$15,519,997	\$15,907,997
Total Taxable Restaurant Sales Incl. Groc@	10%	\$0	\$0	\$0	\$0	\$0	\$10,374,738	\$10,803,022	\$11,073,098	\$11,349,925	\$11,633,673
Total Sales Tax Revenue	Sales Tax Rate 1.00%	\$0	\$0	\$0	\$0	\$0	\$136,813	\$147,722	\$151,415	\$155,200	\$159,080
Total Meals Tax Revenue	4.00%	\$0	\$0	\$0	\$0	\$0	\$414,990	\$432,121	\$442,924	\$453,997	\$465,347

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Exhibit 5

FISCAL IMPACT ANALYSIS - BROAD & WASHINGTON CITY OF FALLS CHURCH 2017-2036

Year	Assumption	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
BPOL Tax											
Average Rental Rate per Unit	\$2,187	\$2,187	\$2,242	\$2,298	\$2,355	\$2,414	\$2,474	\$2,536	\$2,600	\$2,665	\$2,731
Total Revenue (Gross Receipts)		\$0	\$0	\$0	\$0	\$0	\$2,736,180	\$8,529,407	\$8,742,642	\$8,961,208	\$9,185,239
BPOL Rate on Apartment Rental	\$0.38 per \$100 Gross Receipts	\$0	\$0	\$0	\$0	\$0	\$10,397	\$32,412	\$33,222	\$34,053	\$34,904
Grocery Rental Rate	\$27 per SF	\$27	\$27	\$27	\$27	\$27	\$27	\$27	\$27	\$27	\$27
Restaurant/Other Retail Rental Rate	\$45 per SF	\$45	\$46	\$47	\$48	\$50	\$51	\$52	\$53	\$55	\$56
Office Rental Rate	\$29 per SF	\$29	\$30	\$30	\$31	\$32	\$33	\$34	\$34	\$35	\$36
Total Rental Revenue		\$0	\$0	\$0	\$0	\$0	\$3,129,457	\$3,203,644	\$3,279,685	\$3,357,627	\$3,437,518
BPOL Rate on Commercial Landlord Revenue	\$0.52 per \$100 Gross Receipts	\$0	\$0	\$0	\$0	\$0	\$16,273	\$16,659	\$17,054	\$17,460	\$17,875
Retail Spending in Falls Church		\$0	\$0	\$0	\$0	\$0	\$13,681,267	\$14,772,156	\$15,141,460	\$15,519,997	\$15,907,997
BPOL Rate on Retail Gross Receipts	\$0.19 per \$100 Gross Receipts	\$0	\$0	\$0	\$0	\$0	\$25,994	\$28,067	\$28,769	\$29,488	\$30,225
Construction Cost	\$84,000,000	\$0	\$0	\$0	\$0	\$84,000,000	\$0	\$0	\$0	\$0	\$0
BPOL Rate on Building/Development	\$0.16 per \$100 Gross Receipts	\$0	\$0	\$0	\$0	\$134,400	\$0	\$0	\$0	\$0	\$0
Total BPOL Revenue	\$1,567,824	\$0	\$0	\$0	\$0	\$134,400	\$52,665	\$77,138	\$79,045	\$81,000	\$83,004
Licenses and Permits			\$35,000	\$5,000	\$500,000	\$0	\$0	\$0	\$0	\$0	\$0
Miscellaneous Revenues											
Per Resident	\$772	\$772	\$792	\$811	\$832	\$852	\$874	\$896	\$918	\$941	\$964
Per Employee	\$392	\$392	\$402	\$412	\$422	\$433	\$444	\$455	\$466	\$478	\$490
Residents	1.64 per Unit	0	0	0	0	0	159	484	484	484	484
Employees	311	0	0	0	0	0	311	311	311	311	311
Total Miscellaneous Revenues		\$0	\$0	\$0	\$0	\$0	\$277,167	\$574,918	\$589,291	\$604,024	\$619,124
Total Revenues by Source (2017-2036)											
Real Property Tax	\$31,236,367	\$106,795	\$109,465	\$112,202	\$115,007	\$117,882	\$849,338	\$1,669,228	\$1,710,959	\$1,753,733	\$1,797,576
Personal Property Tax	\$3,507,861	\$0	\$0	\$0	\$0	\$0	\$0	\$83,488	\$207,300	\$212,482	\$217,794
Sales Tax	\$2,785,745	\$0	\$0	\$0	\$0	\$0	\$136,813	\$147,722	\$151,415	\$155,200	\$159,080
Meals Tax	\$8,163,750	\$0	\$0	\$0	\$0	\$0	\$414,990	\$432,121	\$442,924	\$453,997	\$465,347
BPOL Tax	\$1,567,824	\$0	\$0	\$0	\$0	\$134,400	\$52,665	\$77,138	\$79,045	\$81,000	\$83,004
Licenses and Permits	\$540,000	\$0	\$35,000	\$5,000	\$500,000	\$0	\$0	\$0	\$0	\$0	\$0
Miscellaneous Revenues	\$10,586,562	\$0	\$0	\$0	\$0	\$0	\$277,167	\$574,918	\$589,291	\$604,024	\$619,124
Total Revenues	\$58,388,110	\$106,795	\$144,465	\$117,202	\$615,007	\$252,282	\$1,730,973	\$2,984,614	\$3,180,933	\$3,260,436	\$3,341,926
Expenditures											
Operating Expenditures per Resident	\$340	\$340	\$348	\$357	\$366	\$375	\$384	\$394	\$404	\$414	\$424
Operating Expenditures per Employee	\$1,096	\$1,096	\$1,124	\$1,152	\$1,181	\$1,210	\$1,241	\$1,272	\$1,303	\$1,336	\$1,369
Total Non-Educational Operating Expenditures		\$0	\$0	\$0	\$0	\$0	\$447,482	\$566,582	\$601,246	\$616,277	\$631,684
Avg. Students per Total Apartments	0.155 per Unit	0	0	0	0	0	15	46	46	46	46
Educational Expenditures per Student	\$12,170	\$0	\$0	\$0	\$0	\$0	\$206,544	\$643,853	\$659,949	\$676,448	\$693,359
Total Operating Expenditures	\$22,718,089	\$0	\$0	\$0	\$0	\$0	\$654,026	\$1,230,435	\$1,261,195	\$1,292,725	\$1,325,043
Net Fiscal Impact	\$35,670,021	\$106,795	\$144,465	\$117,202	\$615,007	\$252,282	\$1,076,946	\$1,754,180	\$1,919,738	\$1,967,710	\$2,016,882

INSIGHT PROPERTY GROUP LLC

Exhibit 5

FISCAL IMPACT ANALYSIS - BROAD & WASHINGTON CITY OF FALLS CHURCH 2017-2036

Year	Assumption	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Inflation	2.50%	1.280	1.312	1.345	1.379	1.413	1.448	1.485	1.522	1.560	1.599	1.639
Undeveloped Site Value	\$8,121,300	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Average Value per Residential Unit	\$264,500	\$338,582	\$347,047	\$355,723	\$364,616	\$373,732	\$383,075	\$392,652	\$402,468	\$412,530	\$422,843	\$433,414
Average Value per Retail SF	\$614	\$787	\$806	\$826	\$847	\$868	\$890	\$912	\$935	\$958	\$982	\$1,007
Average Value per Office SF	\$275	\$352	\$361	\$370	\$379	\$389	\$398	\$408	\$418	\$429	\$440	\$451
New Apartments	295	0	0	0	0	0	0	0	0	0	0	0
Cumulative Apartments	295	295	295	295	295	295	295	295	295	295	295	295
Apartment Occupancy	Stabilized Occupancy 95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Occupied Apartments		280	280	280	280	280	280	280	280	280	280	280
New Specialty Market	Square Feet 6,000	0	0	0	0	0	0	0	0	0	0	0
Cumulative Grocery		6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
New Restaurant	13,800	0	0	0	0	0	0	0	0	0	0	0
Cumulative New Restaurant		13,800	13,800	13,800	13,800	13,800	13,800	13,800	13,800	13,800	13,800	13,800
New Other Retail	1,500	0	0	0	0	0	0	0	0	0	0	0
Cumulative Other Retail		1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
New Office	66,700	0	0	0	0	0	0	0	0	0	0	0
Cumulative New Office		66,700	66,700	66,700	66,700	66,700	66,700	66,700	66,700	66,700	66,700	66,700
Real Property Tax												
Total Assessed Real Property Value		\$140,115,238	\$143,618,119	\$147,208,572	\$150,888,786	\$154,661,006	\$158,527,531	\$162,490,719	\$166,552,987	\$170,716,812	\$174,984,732	\$179,359,351
Real Property Tax Revenue	\$1.315 per \$100 AV	\$1,842,515	\$1,888,578	\$1,935,793	\$1,984,188	\$2,033,792	\$2,084,637	\$2,136,753	\$2,190,172	\$2,244,926	\$2,301,049	\$2,358,575
Personal Property Tax												
Non-Resid. Personal Property Tax	\$72	\$28,635	\$29,351	\$30,085	\$30,837	\$31,608	\$32,398	\$33,208	\$34,038	\$34,889	\$35,761	\$36,655
Residential Personal Property Tax	\$323 per Resident	\$200,185	\$205,190	\$210,319	\$215,577	\$220,967	\$226,491	\$232,153	\$237,957	\$243,906	\$250,004	\$256,254
Total Personal Property Tax		\$228,239	\$228,820	\$234,541	\$240,404	\$246,414	\$252,575	\$258,889	\$265,361	\$271,995	\$278,795	\$285,765
Sales and Meals Tax												
Est. Avg. HH Income of Residents	\$105,000	\$134,409	\$137,769	\$141,213	\$144,744	\$148,362	\$152,071	\$155,873	\$159,770	\$163,764	\$167,858	\$172,055
Res. Retail Spending as % of Income	16.3%	\$21,972	\$22,522	\$23,085	\$23,662	\$24,253	\$24,860	\$25,481	\$26,118	\$26,771	\$27,440	\$28,126
Total Retail Spending by Residents		\$6,157,745	\$6,311,689	\$6,469,481	\$6,631,218	\$6,796,999	\$6,966,924	\$7,141,097	\$7,319,624	\$7,502,615	\$7,690,180	\$7,882,435
Spending Off-site and in Falls Church	20%	\$1,231,549	\$1,262,338	\$1,293,896	\$1,326,244	\$1,359,400	\$1,393,385	\$1,428,219	\$1,463,925	\$1,500,523	\$1,538,036	\$1,576,487
Res. Restaurant Spending as % of Income	3.7%	\$4,956	\$5,080	\$5,207	\$5,337	\$5,471	\$5,607	\$5,748	\$5,891	\$6,039	\$6,190	\$6,344
Total Res. Restaurant Spending		\$1,388,969	\$1,423,694	\$1,459,286	\$1,495,768	\$1,533,162	\$1,571,491	\$1,610,779	\$1,651,048	\$1,692,324	\$1,734,632	\$1,777,998
Restaurant Spending in Falls Church	20%	\$277,794	\$284,739	\$291,857	\$299,154	\$306,632	\$314,298	\$322,156	\$330,210	\$338,465	\$346,926	\$355,600
Restaurant Tax Revenue	4%	\$11,112	\$11,390	\$11,674	\$11,966	\$12,265	\$12,572	\$12,886	\$13,208	\$13,539	\$13,877	\$14,224
Specialty Market Sales per SF	\$375	\$480	\$492	\$504	\$517	\$530	\$543	\$557	\$571	\$585	\$599	\$614
Grocery Sales		\$2,880,190	\$2,952,195	\$3,026,000	\$3,101,650	\$3,179,191	\$3,258,671	\$3,340,138	\$3,423,641	\$3,509,232	\$3,596,963	\$3,686,887
Other Retail Sales per SF	\$435	\$557	\$571	\$585	\$600	\$615	\$630	\$646	\$662	\$678	\$695	\$713
Retail Sales		\$835,255	\$856,137	\$877,540	\$899,478	\$921,965	\$945,015	\$968,640	\$992,856	\$1,017,677	\$1,043,119	\$1,069,197
Restaurant Sales per SF	\$643	\$823	\$844	\$865	\$886	\$909	\$931	\$955	\$978	\$1,003	\$1,028	\$1,054
Restaurant Sales		\$11,358,702	\$11,642,670	\$11,933,736	\$12,232,080	\$12,537,882	\$12,851,329	\$13,172,612	\$13,501,927	\$13,839,476	\$14,185,463	\$14,540,099
Total Taxable Retail Sales		\$16,305,697	\$16,713,339	\$17,131,173	\$17,559,452	\$17,998,438	\$18,448,399	\$18,909,609	\$19,382,349	\$19,866,908	\$20,363,581	\$20,872,670
Total Taxable Restaurant Sales Incl. Groc	10%	\$1,192,451	\$1,222,628	\$1,252,194	\$1,281,399	\$1,310,433	\$1,340,494	\$1,371,582	\$1,403,208	\$1,435,374	\$1,468,081	\$1,501,328
Total Sales Tax Revenue	Sales Tax Rate	\$163,057	\$167,133	\$171,312	\$175,595	\$179,984	\$184,484	\$189,096	\$193,823	\$198,669	\$203,636	\$208,727
Total Meals Tax Revenue	1.00%	\$476,981	\$488,905	\$501,128	\$513,656	\$526,497	\$539,660	\$553,151	\$566,980	\$581,155	\$595,683	\$610,575
	4.00%											

INSIGHT PROPERTY GROUP LLC

Exhibit 5

FISCAL IMPACT ANALYSIS - BROAD & WASHINGTON CITY OF FALLS CHURCH 2017-2036

Year	Assumption	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
BPOL Tax												
Average Rental Rate per Unit	\$2,187	\$2,800	\$2,870	\$2,941	\$3,015	\$3,090	\$3,167	\$3,247	\$3,328	\$3,411	\$3,496	\$3,584
Total Revenue (Gross Receipts)		\$9,414,869	\$9,650,241	\$9,891,497	\$10,138,785	\$10,392,254	\$10,652,061	\$10,918,362	\$11,191,321	\$11,471,104	\$11,757,882	\$12,051,829
BPOL Rate on Apartment Rental	\$0.38 per \$100 Gross Receipts	\$35,777	\$36,671	\$37,588	\$38,527	\$39,491	\$40,478	\$41,490	\$42,527	\$43,590	\$44,680	\$45,797
Grocery Rental Rate												
Grocery Rental Rate	\$27 per SF	\$27	\$27	\$27	\$27	\$27	\$27	\$27	\$27	\$27	\$27	\$27
Restaurant/Other Retail Rental Rate												
Restaurant/Other Retail Rental Rate	\$45 per SF	\$58	\$59	\$61	\$62	\$64	\$65	\$67	\$68	\$70	\$72	\$74
Office Rental Rate												
Office Rental Rate	\$29 per SF	\$37	\$38	\$39	\$40	\$41	\$42	\$43	\$44	\$45	\$46	\$48
Total Rental Revenue		\$3,519,406	\$3,603,341	\$3,689,374	\$3,777,559	\$3,867,948	\$3,960,596	\$4,055,561	\$4,152,900	\$4,252,673	\$4,354,940	\$4,459,763
BPOL Rate on Commercial Landlord Revenue	\$0.52 per \$100 Gross Receipts	\$18,301	\$18,737	\$19,185	\$19,643	\$20,113	\$20,595	\$21,089	\$21,595	\$22,114	\$22,646	\$23,191
Retail Spending in Falls Church												
Retail Spending in Falls Church		\$16,305,697	\$16,713,339	\$17,131,173	\$17,559,452	\$17,998,438	\$18,448,399	\$18,909,609	\$19,382,349	\$19,866,908	\$20,363,581	\$20,872,670
BPOL Rate on Retail Gross Receipts	\$0.19 per \$100 Gross Receipts	\$30,981	\$31,755	\$32,549	\$33,363	\$34,197	\$35,052	\$35,928	\$36,826	\$37,747	\$38,691	\$39,658
Construction Cost												
Construction Cost	\$84,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
BPOL Rate on Building/Development	\$0.16 per \$100 Gross Receipts	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total BPOL Revenue	\$1,567,824	\$85,058	\$87,164	\$89,322	\$91,534	\$93,801	\$96,125	\$98,507	\$100,949	\$103,451	\$106,016	\$108,646
Licenses and Permits												
Licenses and Permits		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Miscellaneous Revenues												
Per Resident	\$772	\$989	\$1,013	\$1,039	\$1,065	\$1,091	\$1,118	\$1,146	\$1,175	\$1,204	\$1,235	\$1,265
Per Employee	\$392	\$502	\$515	\$527	\$541	\$554	\$568	\$582	\$597	\$612	\$627	\$643
Residents	1.64 per Unit	484	484	484	484	484	484	484	484	484	484	484
Employees	311	311	311	311	311	311	311	311	311	311	311	311
Total Miscellaneous Revenues		\$634,602	\$650,467	\$666,729	\$683,397	\$700,482	\$717,994	\$735,944	\$754,343	\$773,201	\$792,531	\$812,345
Total Revenues by Source (2017-2036)												
Real Property Tax	\$31,236,367	\$1,842,515	\$1,888,578	\$1,935,793	\$1,984,188	\$2,033,792	\$2,084,637	\$2,136,753	\$2,190,172	\$2,244,926	\$2,301,049	\$2,358,575
Personal Property Tax	\$3,507,861	\$223,239	\$228,820	\$234,541	\$240,404	\$246,414	\$252,575	\$258,889	\$265,361	\$271,995	\$278,795	\$285,765
Sales Tax	\$2,785,745	\$163,057	\$167,133	\$171,312	\$175,595	\$179,984	\$184,484	\$189,096	\$193,823	\$198,669	\$203,636	\$208,727
Meals Tax	\$8,163,750	\$476,981	\$488,905	\$501,128	\$513,656	\$526,497	\$539,660	\$553,151	\$566,980	\$581,155	\$595,683	\$610,575
BPOL Tax	\$1,567,824	\$85,058	\$87,164	\$89,322	\$91,534	\$93,801	\$96,125	\$98,507	\$100,949	\$103,451	\$106,016	\$108,646
Licenses and Permits	\$540,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Miscellaneous Revenues	\$10,586,562	\$634,602	\$650,467	\$666,729	\$683,397	\$700,482	\$717,994	\$735,944	\$754,343	\$773,201	\$792,531	\$812,345
Total Revenues	\$58,388,110	\$3,425,453	\$3,511,068	\$3,598,824	\$3,688,773	\$3,780,971	\$3,875,475	\$3,972,340	\$4,071,628	\$4,173,397	\$4,277,711	\$4,384,633
Expenditures												
Operating Expenditures per Resident	\$340	\$435	\$446	\$457	\$468	\$480	\$492	\$504	\$517	\$530	\$543	\$557
Operating Expenditures per Employee	\$1,096	\$1,404	\$1,439	\$1,475	\$1,512	\$1,549	\$1,588	\$1,628	\$1,668	\$1,710	\$1,753	\$1,797
Total Non-Educational Operating Expenditures		\$647,477	\$663,663	\$680,255	\$697,261	\$714,693	\$732,560	\$750,874	\$769,646	\$788,887	\$808,609	\$828,825
Avg. Students per Total Apartments	0.155 per Unit	46	46	46	46	46	46	46	46	46	46	46
Educational Expenditures per Student	\$12,170	\$710,693	\$728,460	\$746,672	\$765,339	\$784,472	\$804,084	\$824,186	\$844,791	\$865,910	\$887,558	\$909,747
Total Operating Expenditures	\$22,718,089	\$1,358,170	\$1,392,124	\$1,426,927	\$1,462,600	\$1,499,165	\$1,536,644	\$1,575,060	\$1,614,437	\$1,654,798	\$1,696,168	\$1,738,572
Net Fiscal Impact	\$35,670,021	\$2,067,283	\$2,118,944	\$2,171,897	\$2,226,173	\$2,281,806	\$2,338,830	\$2,397,280	\$2,457,191	\$2,518,600	\$2,581,544	\$2,646,061

INSIGHT PROPERTY GROUP LLC

Exhibit 6

ALLOCATION OF CITY REVENUES - GENERAL FUND FALLS CHURCH, VIRGINIA

Population:	13,208	51.2%	Esri 2016
Employment:	12,608	48.8%	Esri 2016
Total	25,816	100.0%	

Department	FY 2017 Approved Revenues	Percentage Allocation			Budget Allocation		Revenue/ Employee	Revenue/ Resident
		Unallocated	Employment	Residents	Employment	Residents		
Property Taxes (incl. Personal Property)	\$51,941,464	100.0%	0.0%	0.0%	\$0	\$0	\$0	\$0
Personal Property Taxes	\$5,175,000	0.0%	17.5%	82.5%	\$905,625	\$4,269,375	\$72	\$323
Non-Assessed Property Taxes	\$350,000	100.0%	0.0%	0.0%	\$0	\$0	\$0	\$0
Local Sales and Use Taxes	\$4,649,000	100.0%	0.0%	0.0%	\$0	\$0	\$0	\$0
Utility Tax	\$2,250,000	0.0%	48.8%	51.2%	\$1,098,853	\$1,151,147	\$87	\$87
Cigarette Tax	\$340,000	20.0%	39.1%	40.9%	\$132,839	\$139,161	\$11	\$11
Meals Tax	\$2,948,000	100.0%	0.0%	0.0%	\$0	\$0	\$0	\$0
Other Sales and Use Taxes	\$529,000	0.0%	48.8%	51.2%	\$258,353	\$270,647	\$20	\$20
Gross Receipts Business Taxes	\$4,200,000	100.0%	0.0%	0.0%	\$0	\$0	\$0	\$0
Other Taxes	\$1,100,000	60.0%	30.0%	10.0%	\$330,000	\$110,000	\$26	\$8
Total Taxes	\$73,482,464						\$216	\$450
Building and Inspection Fees	\$1,490,000	100.0%	0.0%	0.0%	\$0	\$0	\$0	\$0
Other Licenses, Fees, and Permits	\$240,100	100.0%	0.0%	0.0%	\$0	\$0	\$0	\$0
Federal, State, and Developer Contributions	\$4,416,083	100.0%	0.0%	0.0%	\$0	\$0	\$0	\$0
Charges for Services	\$3,317,977	25.0%	10.0%	65.0%	\$331,798	\$2,156,685	\$26	\$163
Fines and Forfeitures	\$665,100	25.0%	10.0%	65.0%	\$66,510	\$432,315	\$5	\$33
Use of Property and Money (Rental Income)	\$283,260	100.0%	0.0%	0.0%	\$0	\$0	\$0	\$0
Miscellaneous	\$59,000	100.0%	0.0%	0.0%	\$0	\$0	\$0	\$0
Use of Fund Balance	\$1,700,310	100.0%	0.0%	0.0%	\$0	\$0	\$0	\$0
Debt Proceeds	\$649,000	100.0%	0.0%	0.0%	\$0	\$0	\$0	\$0
Total General Fund Revenues Incl. Personal Property	\$86,303,294						\$464	\$1,096
Total Excl Personal Property							\$392	\$772

SOURCE: City of Falls Church FY 2017 Budget

INSIGHT PROPERTY GROUP LLC

Exhibit 7

ALLOCATION OF CITY EXPENDITURES FALLS CHURCH, VIRGINIA

Population:	13,208	51.2%	Students:	2,685	FCPS 9/30/16
Employment:	12,608	48.8%			
Total	25,816	100.0%			

Department	FY 2017			Percentage Allocation			Budget Allocation			Expenditure/	Expenditure/	Expenditure/
	Budgeted Expenditures	Unallocated		Employment	Residents	Students	Employment	Residents	Students	Employee	Resident	Student
Legislative	\$1,103,120	75%		12%	13%	0%	\$134,685	\$141,095	\$0	\$11	\$11	\$0
Executive	\$3,660,752	65%		10%	25%	0%	\$366,075	\$915,188	\$0	\$29	\$69	\$0
Finance	\$1,470,454	65%		10%	25%	0%	\$147,045	\$367,614	\$0	\$12	\$28	\$0
Commissioner of the Revenue	\$797,876	87%		3%	10%	0%	\$23,936	\$79,788	\$0	\$2	\$6	\$0
Treasurer	\$768,307	87%		3%	10%	0%	\$23,049	\$76,831	\$0	\$2	\$6	\$0
Registrar	\$302,087	87%		3%	10%	0%	\$9,063	\$30,209	\$0	\$1	\$2	\$0
Sheriff	\$1,479,843	78%		2%	20%	0%	\$29,597	\$295,969	\$0	\$2	\$22	\$0
Clerk of the Court	\$42,919	30%		0%	70%	0%	\$0	\$30,043	\$0	\$0	\$2	\$0
Public Safety	\$9,515,603	45%		20%	35%	0%	\$1,903,121	\$3,330,461	\$0	\$151	\$252	\$0
Public Works	\$5,955,304	40%		24%	36%	0%	\$1,429,273	\$2,143,909	\$0	\$113	\$162	\$0
Human Services	\$3,761,763	20%		0%	80%	0%	\$0	\$3,009,410	\$0	\$0	\$228	\$0
Recreation and Parks	\$3,229,715	35%		0%	65%	0%	\$0	\$2,099,315	\$0	\$0	\$159	\$0
Library	\$2,018,921	35%		0%	65%	0%	\$0	\$1,312,299	\$0	\$0	\$99	\$0
Development Services	\$2,167,427	60%		10%	30%	0%	\$216,743	\$650,228	\$0	\$17	\$49	\$0
Education and Transfers to Schools	\$39,848,512	18%		0%	0%	82%	\$0	\$0	\$32,675,780	\$0	\$0	\$12,170
Non-Departmental	\$10,181,817	100%		0%	0%	0%	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$86,304,420									\$340	\$1,096	\$12,170

SOURCE: City of Falls Church FY 2017 Budget

INSIGHT PROPERTY GROUP LLC

Exhibit 8

CALCULATION OF STUDENT GENERATION RATES

	UNIT DISTRIBUTION							STUDENTS							STUDENTS PER UNIT							
	Total	Studio	1BR	1BR Den	2BR	2BR Den	3BR	Total	Studio	1BR	1BR Den	2BR	2BR Den	3BR	Total	Studio	1BR	1BR Den	2BR	2BR Den	3BR	
Recent Falls Church Rental Apartment Developments																						
Pearson Square	230	0	16	48	58	83	25	127	0	0	10	22	62	33	0.552		0.000	0.208	0.379	0.747	1.320	
Read Building	26	9	13	0	4	0	0	1	0	1	0	0	0	0	0.038		0.077		0.000			
West Broad units occupied 1/25/17	223	2	135	20	66	0	0	24	2	2	20				0.108		0.015	0.100	0.303			
Northgate	104	1	47	4	37	15	0	25	0	1	0	16	8	0	0.240	0	0.021	0.000	0.432	0.533		
TOTAL	583	12	211	72	165	98	25	177	0	4	12	58	70	33	0.304	0	0.019	0.167	0.352	0.714	1.320	
Broad & Washington @ Weighted Average	295	33	145	20	82	15	0	45.6	0.0	2.7	3.3	28.8	10.7	0.0	0.155	0	0.019	0.167	0.352	0.714	1.320	

SOURCE: Falls Church Public Schools and Economic Development; RCLCO