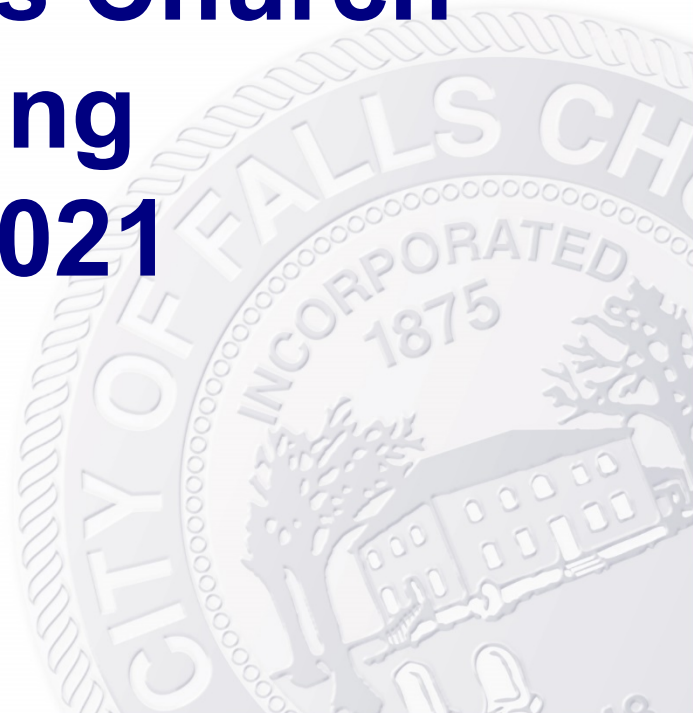


**2020 Net Annual Fiscal Impact
Report on Mixed Use Projects
in the City of Falls Church
EDC Meeting
March 25, 2021**



Mixed Use Development Fiscal Impact Report - 2020

Development Project	2020 Net Fiscal Impact Per Year (\$1.355 tax rate)	Original NET Estimated Fiscal Impact per Year (Date & Tax Rate)	2020 GROSS Tax Revenue from All Sources (including model)	Annual GROSS Tax Revenue from Pre-Devel. Uses	2019 FCCPS Pupils (pre-pandemic)	Original Estimate of Total Pupils	Land (sf and acres) & Development Total FAR	Commercial SF Occupied, Owned, or Committed by Lease as of March 2021	Commercial FAR, Comm./Total SF, % Commercial Space	Primary Voluntary Concessions	2020 Assessed Real Estate Value
Broadway 502 W. Broad St. (80 condos, 14,593 sf commercial)	\$684,987/ \$433,536 per acre	Fiscal impact model not available at time of project approval	\$963,854/ \$610,034 per acre	\$19,800 (Adcom Building) \$13,000/acre	7	12	68,825 sf 1.58 acres 2.74 FAR	13,140 sf (90%)	0.21 FAR 14,593/188,329 sf 7.7%	4 ADUs	\$60.2 million
Byron 513 W. Broad St. (90 condos, 22,555 sf commercial)	\$719,291/ \$359,645 per acre	\$306,436 (2003, \$1.13)	\$1,063,951/ \$531,976 per acre	\$209,380 (Red Lobster) \$105,000/acre	10	14	87,120 sf 2.00 acres 1.76 FAR	16,143 sf (71%)	0.26 FAR 22,555/153,422 sf 14.7%	\$447,762 school capital contribution; 4 ADUs + \$50,000; utility undergrounding	\$67.7 million
Pearson Sq. 400/500 S. Maple (230 apts., 105,123 sf commercial)	(\$406,221)/ (\$86,430) per acre	\$684,196 (early 2004, \$1.13)	\$2,236,233/ \$475,794 per acre	\$75,000 (light industrial) \$16,000/acre	122*	35*	204,732 sf 4.70 acres 2.10 FAR	105,123 sf (100%)	0.50 FAR 105,123/434,000 sf 24.2%	\$1,111,980 schools; \$688,000 arts space cash & reduced rent; 15 ADUs; utility undergrounding	\$113.6 million
Read Bldg. 402 W. Broad St. (26 apts., 11,800 sf commercial)	\$186,677/ \$274,525 per acre	\$52,690 (2005, \$1.03)	\$231,372/ \$340,252 per acre	\$15,780 (auto service) \$23,000/acre	0	4	30,000 sf 0.68 acres 1.18 FAR	1,259 sf (10%)	0.40 FAR 11,800/35,350 sf 33.4%	\$107,100 schools; 9 workforce units; green roof	\$9.9 million
Spectrum 444 W. Broad St. (189 condos, 64k sf commercial)	\$1,150,256/ \$274,525 per acre	\$721,307 (early 2004, \$1.13)	\$2,011,308/ \$628,534 per acre	\$43,600 (parking & vacant lots) \$14,000/acre	22	29	139,392 sf 3.20 acres 2.54 FAR	62,499 sf (98%)	0.46 FAR 64,000/355,000 sf 18.4%	\$936,132 schools; 8 ADUs + \$150,000; green roof; utility undergrounding	\$102.9 million
Northgate 472 N. Washington (104 apts., 37,075 sf commercial)	\$103,975/ \$67,957 per acre	\$195,753 (2007, \$1.01)	\$780,877/ \$510,377 per acre	\$31,823 (vacant funeral home & rental property) \$21,000/acre	23	19	66,647 sf 1.53 acres 2.42 FAR	37,075 sf (100%)	0.44 FAR 37,075/161,000 sf 23.0%	\$820,638 schools; \$1 million streetscape & utility undergrounding; 7 ADUs; green roof	\$41.9 million
301 West Broad 301 W. Broad St. (285 apts.; 70,522 sf commercial)	\$1,190,738/ \$452,752 per acre	\$957,962-\$1,323,982 and \$364,000-\$503,000/acre (2013, \$1.305)	\$2,133,643/ \$811,271 per acre	\$97,000 (post office, restaurant & vacant lot) \$36,882/acre	17	35-61	114,563 sf 2.63 acres 3.25 FAR	70,522 sf (100%)	0.62 FAR 70,522/372,838 sf 18.9%	\$2,035,481 schools; 17 ADUs; LEED Silver	\$94.4 million
Lincoln at Tinner Hill 455 S. Maple (224 apts.; 43,490 sf commercial)	\$457,149/ \$208,743 per acre	\$604,245-\$1,196,219 and \$276,000-\$546,000/acre (2013, \$1.305)	\$1,414,653/ \$645,959 per acre	\$79,000 (auto dealership & parts store) \$36,073/acre	28	26-45	95,396 sf 2.19 acres 2.98 FAR	40,801 sf (93%)	0.46 FAR 43,940/284,528 sf 15.3%	\$1,577,310 schools; 14 ADUs; \$1.2 million utility undergrounding; LEED Silver	\$76.89 million
GRAND TOTALS Completed Projects	\$4,086,853		\$10,835,889	\$571,383 \$30,869/acre	229	174-219*	806,675 sf 18.51 acres 2.46 FAR	346,562 sf (93%)	0.46 FAR 369,608/1,984,467 sf 18.6%	\$7,036,403 schools; 69 ADUs & 9 workforce units	\$567,689,700

NOTES for MXD Fiscal Impact Model for Year 2020:

- * Fiscal impact results reflect actual business tax revenues and other model generated revenues, like utility taxes, as those actual revenues cannot be determined per building.
- * Expenses were all generated by the City fiscal impact model, based on the exact number of pupils per building and other projected City expenses such as for police, public works and other City government costs
- * The original pupil population of Pearson Square was projected based on condo housing status in 2004. Building later converted to large rental apartments with heavy mix of multi-bedroom units.
- * Pearson Square data used includes the Tax Analysts building, as they were both part of one approval.
- * Actual pupil numbers based on November 2019 (pre-pandemic) FCCPS data
- * Annual pupil cost of \$16,276 was used
- * Real estate tax rate of \$1.355 was used

MXD fiscal impact, 2020
Updated, 03/23/21

March 24, 2021

General Notes for Fiscal Model Inputs

- Analysis includes these eight buildings: **Byron, Spectrum, Broadway, Read Building, 301 W. Broad, Lincoln and Northgate, Pearson Square/Tax Analysts**
- **Covers year in which we had COVID for 8-9 months**
- **Actual real estate and business tax revenues provided by assessor and Commissioner of Revenue and are kept confidential, and are for the 2020 calendar year**
- **Model generated “other” revenues** (utility, other taxes, permits, licenses, charges fines and forfeitures ...) as actual revenues of these types cannot be calculated per building
- Pupil expenses based on November 2019 (pre-pandemic) ratio at a cost of **\$16,276 per pupil**
- Only businesses that were **open 8 months or more out of the 2020 calendar year** were included for revenue and expenses purposes
- **Used 2020 real estate tax rate of \$1.355**

Notes on Model Expenses

- Staff used the model generated by fiscal, economic, and planning consultants TishlerBise to estimate costs to the City (model updated in 2018; soon to be updated again)
- **The model can overstate actual costs to the City**, as city staffing and operating expenses have held tight to levels of tax base growth and have not spiked due to increased population or other service demands by these projects, so these expenses are not actualized in future City budgets (example on following slide)
- So, it is important to look at both net revenue and gross revenue from these projects

Model Generated Expense Projection Example

Gross Annual Operating Expenditures for 301 W Broad

Legislative	\$18,742
Constitutional Offices [1]	\$22,679
Executive [2]	\$24,322
Finance [3]	\$9,912
Community Services: Health and Human Services	\$92,468
Community Services: Parks, Rec, Library	\$119,685
Development Services	\$45,308
Public Works	\$103,161
Public Safety: Police	\$141,968
Public Safety: Fire	\$80,451
Public Safety: Adult Corrections	\$5,174
Clerk of the Court	\$1,053
Education (Non-FCPS) [4]	\$1,287
Schools (FCCPS) Operating Expenditures (All Funds) [5]	\$276,692
Non-departmental [6]	\$0
-	-
Gross Operating Expenditures	\$942,904

Conclusions for all buildings

- In 2020, MXD projects generated **\$4,086,853** million in net revenue to the City
 - Gross revenue from these projects was \$10.8 million
- Commercial vacancies are generally low, at 6.2% (23,000 SF) of the total 370,000 SF of commercial space in these buildings
- The total 2021 assessed real estate value is **\$567.6 million**

Additional Information ...

- **The mean floor area ratio (FAR) of the eight projects is 2.46**
- **Developers contributed over \$7 million to the public school capital fund, and provided 69 affordable dwelling units, nine workforce units**
- **The MXD projects delivered 370,000 square feet (SF) of new commercial space, or the equivalent of 8.5 acres of space for office and retail uses,
= commercial FAR of 0.46 on sites that were previously vacant or had FAR levels of 0.10 or less.**

Net Annual Fiscal Impact:

	By total:
301 W. Broad	\$1,190,738
Spectrum	\$1,150,256
Byron	\$719,291
Broadway	\$684,987
Lincoln at Tinner Hill	\$457,149
Read	\$186,677
Northgate	\$103,975
Pearson	-\$406,221
Total	\$4,086,853
	Per Acre:
301 W. Broad	\$452,752
Broadway	\$433,536
Byron	\$359,645
Spectrum	\$359,455
Read	\$274,525
Lincoln at Tinner Hill	\$208,743
Northgate	\$67,957
Pearson	-\$86,430



Some Notes Behind the Numbers

- **Pearson Square/Tax Analysts** generates a disproportionate share of expenses compared to other City mixed use projects (while producing highest gross revenues)
 - Based on pupil ratios from November 2019, 122 out of a total of 229 pupils were from Pearson Square
 - = Pearson Square accounts for 53% of all of the pupil expenses over all eight mixed use buildings
 - 70% - 2 bedroom or greater LARGE units (per original intention to deliver as condos)
 - In 2020, Pearson Square/Tax Analysts reflected a negative net fiscal impact of -\$406,221
- Newer projects—**301 W. Broad and the Lincoln**—have lower pupil ratios than older projects. These newer projects help the City better predict future project pupil ratios/expenses, assuming they have similar unit mixes