

FUNDING TYSONS INFRASTRUCTURE:
A TAXPAYER’S GUIDE

1. The Basic Facts

On June 22, 2010, Fairfax County’s Board of Supervisors approved a Comprehensive Plan Amendment for the Tysons area that:

- Permits unlimited density within ¼ mile of the four new Metro stations in Tysons Corner and increases density elsewhere in Tysons;
- Anticipates a 71% increase in jobs in Tysons (from 113,000 to 193,000)) by 2050, with most of the increase by 2030;
- Anticipates more than a 500% increase in residents (from 18,500 to 103,000) by 2050, with most of the residential (and housing) increase after 2030; and
- Requires the needed infrastructure, including public facilities (parks, playing fields, library), services (schools, police and fire services, water and sewer), and transportation improvements to support this new urbanization.

The Plan requires that the development in Tysons not grow faster than the infrastructure to support the area.

2. What Is Tysons Infrastructure Going to Cost?

In 2010, County staff estimated that the required transportation improvements will cost \$1.6 Billion through 2030. Earlier, in January 2008, County staff estimated the capital costs – not including land acquisition or rental – for a 1700 square foot library at \$11.8 million and between \$11-12 million for a rescue and fire station. No other cost data has been provided for parks, schools, sewage and water, or for public safety and other public facilities.

3. How Are We Doing on Linking Infrastructure with Development?

The short answer is that it’s too early to know.

We have not been informed of the extent to which infrastructure requirements are being considered in the County staff’s evaluation of development proposals.

According to handouts distributed at an early December 2010 Tysons Open House_ meeting, six developers already have proposed redeveloping roughly 112 acres of the 1700 buildable acres within Tysons by constructing roughly 16 million square feet of mixed use development. More developer proposals are likely in the future.

If the County’s Board of Supervisors does not establish a cost allocation formula that fixes a percentage of the total infrastructure costs to the developers and a percentage

of the cost to the taxpayers before it begins approving development plans, we taxpayers very well may find ourselves saddled with ever-growing costs. Keep in mind what happened with the Metro-to-Dulles funding: taxes for businesses along the route were capped at a fixed dollar amount while the public is faced with ever increasing tolls on the Dulles Toll Road to pay for the difference.

4. What is the Strategy for Infrastructure Funding?

County staff has recommended an approach that seems to leave County taxpayers paying the bulk of the bills.

Instead of this “public-pays-the-most” approach, we support using the same Route 28 transportation infrastructure cost sharing formula of 75% developer-25% public contribution to pay for the entire required infrastructure – public facilities, services, and transportation improvements. This would be wholly consistent with the County framework for making Tysons a success. And, it would encourage developers to make in-kind contributions, e.g., of land for a playing field or school, as well as financial contributions since they would be credited with the former as well as the latter.

5. What Is the Proposed Funding Formula For Transportation Costs?

The County staff proposal is that the developers pay just 42% of the \$1.6 Billion tab for transportation improvements and the taxpayers throughout the County pay 58%.

The staff approach is not fair to the public. It ignores completely the fact that the enormous increases in the work force and the residential population in Tysons are driving the magnitude of required road and transit improvements. If there is to be a funding formula only for transportation improvements, a more equitable arrangement would be for the landowners to pick up the tab for all transportation improvements that are required because of their development.

6. What Is the County Approach to Funding Other Infrastructure Requirements?

Prior to adoption of the Plan, County staff had identified a number of possible approaches to acquiring the other necessary capital improvements to the Tysons infrastructure – including outright purchase, rental, and proffers from developers. County staff also had identified a number of possible funding sources – including taxes, bonds, and proffers from developers. A plan for funding for these other infrastructure requirements – parks and playing fields, schools, fire, police, emergency services, and water and sewer – remains to be determined. But, the public portion of the costs would be borne by all the taxpayers in the county, not just those in the Tysons area.

7. What About the Proposition That Taxes from Tysons Commercial Development Will Result in Reduced Residential Taxes Over Time?

The County staff approach assumes that increased commercial development ultimately will result in reduced residential taxes. However, this does not appear always to be the case in Fairfax County.

A recent in-depth analysis of Fairfax County data since 2000 by Dr. Fred Costello, Land Use Committee Chairman of the Fairfax County Federation of Citizens Associations, showed that residential real estate taxes increased at a far faster rate than non-residential gross floor area over the past decade. Furthermore, this trend, which Dr. Costello projects will continue over the coming decade, implies that increased commercial development – at least in Fairfax County – does not necessarily reduce the residential tax burden. Look at your own real estate taxes.

8. How is the County Planning to Fund the Public Portion of Tysons Infrastructure Costs and What Will This Mean for the Residential Tax Rate?

The County Staff has presented a cafeteria-style list of possible taxes and funding sources. On the tax side, these include increases to the property tax rate and/or user fees, such as a meals tax. Also under consideration is borrowing funds through the bond market. Any bonds issued would be backed by the County's general revenues, which in turn are derived from our taxes, and/or by revenues from services provided. State and federal funding would also be sought. However, the extent of funding from these sources remains very uncertain.

CONCLUSION

Any increased costs or tax rates to create the needed infrastructure to support an urbanized Tysons Corner will apply to everyone in Fairfax County. It, therefore, is essential that the Board of Supervisors establish a fair cost-sharing formula between the private sector and the public for all infrastructure support at Tysons as soon as possible, and definitely before any zoning changes are approved for the area.

ABOUT THIS GUIDE

This guide was prepared by members of the Greater Tysons Citizens Coalition (with representatives from the McLean Citizens Association, Town of Vienna, Providence District Council, Greater Tysons Green Civic Association and Hunter Mill Defense League). It has been endorsed by the following individuals and organizations in Fairfax County:

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