

***Our Mission: To utilize strategic public investments in a private development project that benefits the community as a whole and results in a net positive fiscal impact to the County.***

In July 2016, the County Board approved the Ballston Quarter Community Development Authority (CDA), the first CDA to be created in Arlington. This was the first step in creating a public-private partnership with the intent to transform the Ballston Common Mall into Ballston Quarter, a mixed-use urban retail center in the heart of the Ballston neighborhood. Creation of the CDA gives the County a financing mechanism to fund certain public infrastructure costs associated with the Ballston Quarter public-private redevelopment. The CDA boundaries include the parcels of the Ballston Common Mall owned by Forest City Realty Trust, Inc.

The Ballston Quarter CDA issued its \$59.87 million Series 2016A and Series 2016B Revenue bonds on November 17, 2016. The bonds funded \$43.4 million of public infrastructure improvements, as well as a debt service reserve fund, capitalized interest through project stabilization, and certain costs of issuance.

To fund these bonds issued for public infrastructure improvements, the Ballston Quarter Development and Financing Agreement created the Ballston Quarter Tax Increment Financing (TIF) district. TIF funding of up to 65 percent of the incremental real property, sales and use, and meals tax revenues generated within the TIF district boundaries is pledged, in each year following the base year set as of January 1, 2015 and until the earlier of the final maturity of the bonds, March 1, 2046, or the date on which all of the bonds have been paid in full.

### **SIGNIFICANT BUDGET CHANGES**

The FY 2022 proposed expenditure budget for the Ballston Quarter Tax Increment Financing Area is \$1,928,165. The funds will be transferred to the trustee for the Ballston Quarter CDA to fund the project stabilization fund and to pay debt service as part of the Ballston Quarter CDA Series 2016A and Series 2016B bond issuance. The FY 2022 budget reflects:

- ↓ Revenue decreases based on lower CY 2021 real estate assessments generating less real estate tax revenue partially offset by higher projected meals tax revenue as the impact of COVID-19 subsides.
- ↓ Expenditures decrease due to the requirement to transfer all collected TIF revenues to the Ballston Quarter CDA to pay debt service.

## BALLSTON QUARTER TAX INCREMENT FINANCING AREA FUND SUMMARY

### PROGRAM FINANCIAL SUMMARY

|                               | FY 2020<br>Actual | FY 2021<br>Adopted | FY 2022<br>Proposed | % Change<br>'21 to '22 |
|-------------------------------|-------------------|--------------------|---------------------|------------------------|
| Debt Service                  | \$1,974,215       | \$2,018,464        | \$1,928,165         | -4%                    |
| Total Expenditures            | 1,974,215         | 2,018,464          | 1,928,165           | -4%                    |
| <br>                          |                   |                    |                     |                        |
| Total Revenues                | 2,745,120         | \$2,018,464        | \$1,928,165         | -4%                    |
| <br>                          |                   |                    |                     |                        |
| <b>Change in Fund Balance</b> | \$770,905         | -                  | -                   | -                      |

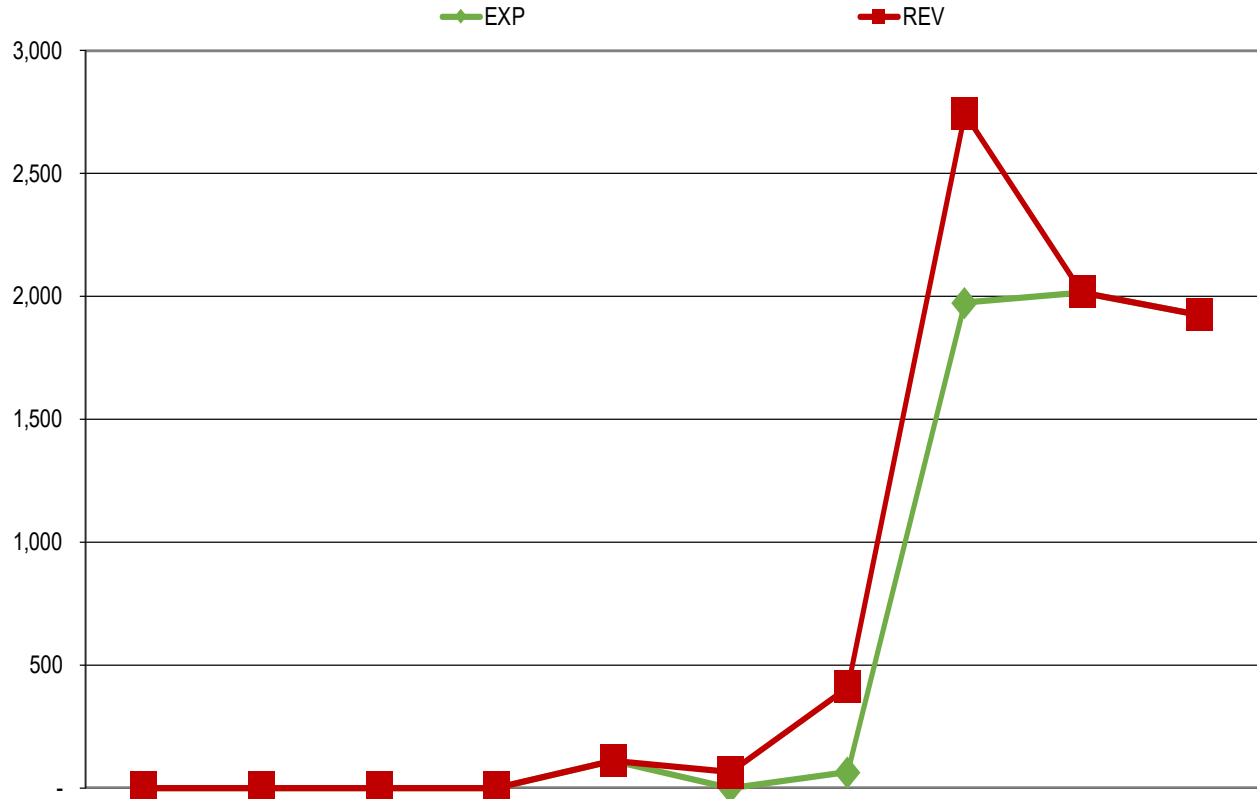
**BALLSTON QUARTER TAX INCREMENT FINANCING AREA  
FUND STATEMENT**

|                                   | FY 2020<br>ACTUAL  | FY 2021<br>ADOPTED | FY 2021<br>RE-ESTIMATE | FY 2022<br>PROPOSED |
|-----------------------------------|--------------------|--------------------|------------------------|---------------------|
| <b>BALANCE, JULY 1</b>            | \$410,059          | -                  | \$1,180,964            | -                   |
| <b>REVENUES</b>                   |                    |                    |                        |                     |
| Real Estate Tax                   | 1,250,410          | 1,811,540          | 1,449,614              | 1,408,690           |
| Sales Tax                         | 73,299             | -                  | -                      | -                   |
| Meals Tax                         | 344,218            | 206,924            | -                      | 519,475             |
| Special Assessment                | 1,077,193          | -                  | 359,678                | -                   |
| <b>TOTAL REVENUES</b>             | 2,745,120          | 2,018,464          | 1,809,292              | 1,928,165           |
| <b>TOTAL BALANCE AND REVENUES</b> | 3,155,179          | 2,018,464          | 2,990,256              | 1,928,165           |
| <b>EXPENSES</b>                   |                    |                    |                        |                     |
| Transfer to Ballston Quarter CDA  | -                  | -                  | -                      | -                   |
| Trustee                           | 1,974,215          | 2,018,464          | 2,990,256              | 1,928,165           |
| <b>TOTAL EXPENSES</b>             | 1,974,215          | \$2,018,464        | \$2,990,256            | \$1,928,165         |
| <b>BALANCE, JUNE 30</b>           | <b>\$1,180,964</b> | -                  | -                      | -                   |

The FY 2021 re-estimate column reflects lower projected real estate tax revenues of \$1,449,614 due to lower property assessments. These funds will be transferred, along with special assessment revenues of \$359,678, and \$1,180,964 of revenues collected in FY 2020 but disbursed in FY 2021, to the Ballston Quarter CDA Trustee to fund debt service.

**BALLSTON QUARTER TAX INCREMENT FINANCING AREA**  
TEN-YEAR HISTORY

**EXPENDITURE, REVENUE AND FULL-TIME EQUIVALENT TRENDS**



|            | FY 2013<br>Actual | FY 2014<br>Actual | FY 2015<br>Actual | FY 2016<br>Actual | FY 2017<br>Actual | FY 2018<br>Actual | FY 2019<br>Actual | FY 2020<br>Actual | FY 2021<br>Adopted<br>Budget | FY 2022<br>Proposed<br>Budget |
|------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------------------|-------------------------------|
| <b>EXP</b> | -                 | -                 | -                 | -                 | \$112             | -                 | \$65              | \$1,974           | \$2,018                      | \$1,928                       |
| <b>REV</b> | -                 | -                 | -                 | -                 | \$112             | \$65              | \$410             | \$2,745           | \$2,018                      | \$1,928                       |

|                               |   |   |   |   |   |      |       |       |   |   |
|-------------------------------|---|---|---|---|---|------|-------|-------|---|---|
| <b>Change in Fund Balance</b> | - | - | - | - | - | \$65 | \$345 | \$771 | - | - |
|-------------------------------|---|---|---|---|---|------|-------|-------|---|---|

**BALLSTON QUARTER TAX INCREMENT FINANCING AREA**  
TEN-YEAR HISTORY

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| <b>Fiscal Year</b> | <b>Description</b>   | <b>FTEs</b> |
|--------------------|--|-------------|
| FY 2017            | ▪ The Ballston Quarter CDA was created in July 2016, setting aside 65 percent of incremental real estate tax, sales tax, and meals taxes generated within the TIF district. A baseline value for these three taxes was set as of January 1, 2015. Expenditures increased based on increases in real estate assessments in the TIF district in FY 2016 compared to CY 2015. |             |
| FY 2018            | ▪ Revenue projections in the tax district decreased due to decreases in real estate tax assessments in CY 2017 compared to CY 2016.  |             |
| FY 2019            | ▪ Revenue projections in the tax district increased due to increases in real estate tax assessments in CY 2018 compared to CY 2017.  |             |
| FY 2020            | ▪ Revenue projections increased in the tax district increased due to increases in real estate assessments, the County Board adopted real estate tax rate increase in CY 2019 and increases to the sales and meals taxes generated in the TIF district in FY 2020.  |             |
| FY 2021            | ▪ Revenue increases based on higher CY 2020 real estate assessments generating additional real estate taxes offset by lower projected sales and meals tax revenues due to the impact of COVID-19.  |             |