

**FOR THE EXCLUSIVE USE OF EMILY.METZLER@MUNICAP.COM**

From the Washington Business Journal:

<https://www.bizjournals.com/washington/news/2023/07/20/loudoun-rivana-tax-increment-financing-tif.html>

SUBSCRIBER CONTENT:

**Government & Regulations**

# Loudoun supervisors approve public financing structure to kickstart massive Rivana project



Image: Timberline Real Estate Partners / Origami Capital Partners

A huge development recently approved for eastern Loudoun County should get a boost from the county's decision to pay for infrastructure upgrades.

TIMBERLINE REAL ESTATE PARTNERS / ORIGAMI CAPITAL PARTNERS



By **Dan Brendel** – Staff Reporter, Washington Business Journal

Jul 20, 2023 **Updated** Jul 20, 2023 3:37pm EDT

Loudoun County lawmakers approved a public financing mechanism to facilitate the **recently approved development of Rivana**, concluding that without public help, the gargantuan, mixed-use project would die on the vine and deprive the county of hundreds of millions of dollars in new tax revenue.

At its July 18 meeting, the county's Board of Supervisors voted unanimously to green light a new independent authority and legal framework to issue bonds to finance infrastructure upgrades, following a petition to do so from Rivana's landowner, a partnership between Timberline Real Estate Partners and Origami Capital Partners LLC.

The bonds would pay for about \$204 million in public infrastructure, with total debt service rising to about \$410 million over 40 years, according to an analysis published by the county. But it's estimated that Rivana would generate far more in new property taxes and other revenues, such that, when all new public monies and expenditures relating to Rivana are taken into account, the county could net some \$605 million over the same period.

Rivana represents perhaps Loudoun's single most ambitious placemaking effort, aiming to capitalize on Metro's recently expanded Silver Line. County supervisors in May approved the project's rezoning, laying the regulatory groundwork for more than 6 million square feet of new multifamily, hotel, retail and office bordering Fairfax County. If envisioned development on the Fairfax side also happens, the intermeshed projects could weigh in at closer to 10 million square feet, extending westward from Innovation Center Metro station.

All that could, in turn, form a gateway to further development around a potential **new stadium for the Washington Commanders**. The team has already once tried once to land a quarry site to Rivana's north and county officials are hopeful it could still end up there.

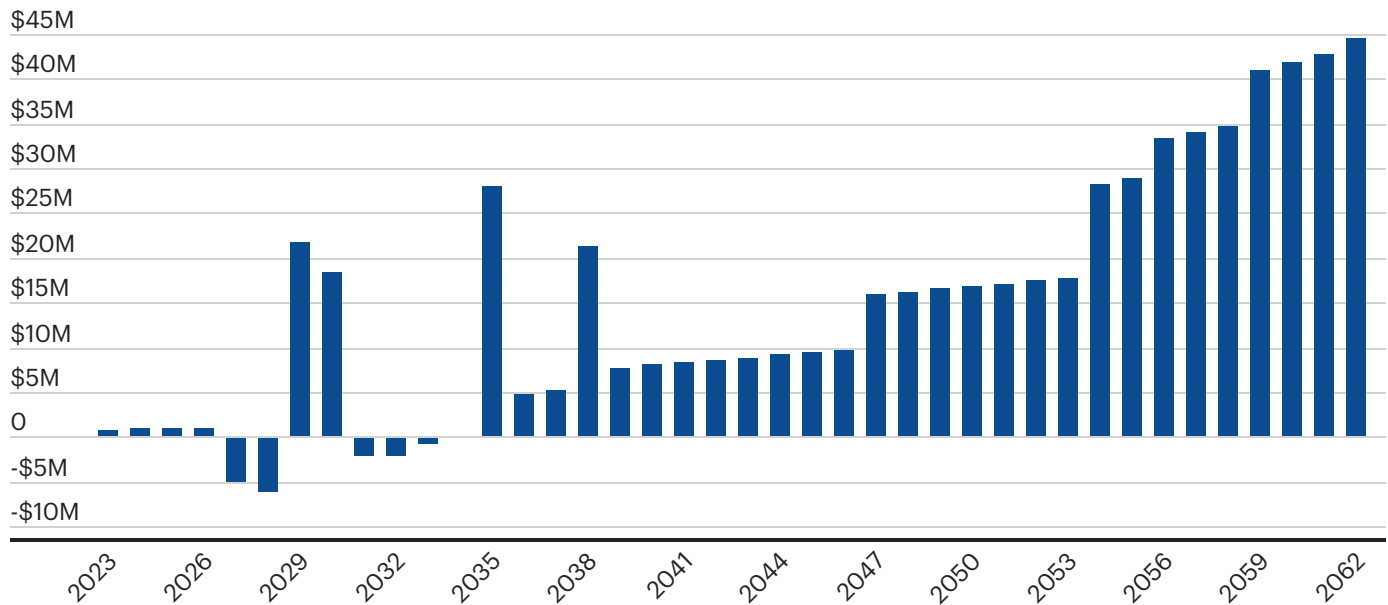
But "without public financing to support public infrastructure, Rivana as currently planned and envisioned would not be financially attainable for the developer," per a county staff report. Absent public help to fund utilities, roads, public parking, open space and so forth, the developer might opt to build something smaller, the report concluded.

The staff report asserts the county is home to other, unnamed "sites that should have supported significantly more density" and thus a more robust tax base, but didn't because of the "costs associated with public infrastructure in an urban development and the cash flow challenges that can plague a project over time."

Under the approved arrangement, within seven years of the development's start, Rivana is estimated to generate net positive fiscal benefits for the county, which thereafter "will continue to be overall positive and increasingly so into the future," according to the staff report.

## RIVANA'S NET FISCAL IMPACT FOR LOUDOUN COUNTY

Including estimated surplus real estate tax and other revenues, less associated public expenditures



Source: fiscal impacts analysis by MuniCap Inc.

The method of borrowing against future property taxes boosted by new development, in order to get big projects over the costly hump of early-stage infrastructure in the first place, is called tax increment financing, or TIF. It's not something governments do every day, but nor is it terribly uncommon. Per the staff report, "Most of the **urban developments** in the Northern Virginia/DC region, such as the Mosaic District, Reston Town Center, the Capitol Riverfront and the Navy Yard, have been supported by public financing similar to the structure proposed for Rivana." Loudoun did something similar in the late 1990s for Dulles Town Center, with most of the debt for that project since repaid.

Tuesday's vote established the legal framework for a new quasi-governmental entity called the Rivana at Innovation Station Community Development Authority, which will, among other things, manage the bonds for Rivana's infrastructure. The authority would repay those

bonds mainly through TIF revenues, together with a special tax rate of 15 cents per \$100 of assessed value levied on Rivana's landowner by the county, at the authority's request.

The bonds would not be backed by the county government's full faith and credit, meaning taxpayers at large can't be left holding the bag if the whole plan falls apart. As a contingency, the county could impose, and the new authority would administer, an additional special assessment on Rivana's landowners. In the absolute worst-case scenario, bondholders could foreclose on the Rivana property.

A board of five members, appointed by the county supervisors and serving staggered terms, will govern the Innovation Station Community Development Authority. The first five board members, appointed Tuesday, are: Stan Nix and Andrew Marshall, Timberline's CEO and managing director, respectively; Buddy Rizer, who heads the county government's economic development department; County Supervisor Koran Saines, D-Sterling, whose district includes Rivana; and Deputy County Administrator Erin McLellan.

The county hired MuniCap Inc., PFM Financial Advisors LLC and Hunton Andrews Kurth LLP to provide fiscal, bond and legal analysis leading up to Tuesday's vote.