Yorktown Green
Proposed Development versus By-Right Scenario

Fiscal Impact in York County, Virginia

April 2006

Prepared for:

Mid-Atlantic Communities, LLC

Prepared by:

The Wessex Group, Ltd.
479 McLaws Circle, Suite 1
Williamsburg, Virginia 23185
Telephone: (757) 253-5606
Facsimile: (757) 253-2565
E-mail: wessexgroup@wessexgroup.com
Web site: www.wessexgroup.com

RECEIVED
JUN 2 2006
YORK COUNTY
PLANNING DIVISION

Yorktown Green
Proposed Development versus By-Right Scenario

Fiscal Impact in York County, Virginia

EXECUTIVE SUMMARY

As part of a rezoning application by **Mid-Atlantic Communities, LLC**, ***The Wessex Group, Ltd.*** (TWG) conducted a community impact analysis on a planned-unit development (PUD) called Yorktown Green and prepared a report of the findings titled *Yorktown Green; Community Impact Assessment in York County, Virginia (March 2006).* York County also has requested a fiscal impact analysis be conducted on the by-right zoning of the site which is currently zoned R20 and GB (Medium Density Residential and General Business). The site consists of approximately 12 acres and is located at 113 Battle Road in York County, Virginia.

This report presents the development plans, employment projections, revenues, expenditures and net fiscal impact of the proposed development Yorktown Green and the by-right scenario. Details on the analysis of Yorktown Green can be found in the report referenced above as this report mainly focuses on the details of the by-right scenario. As provided by the developer, the development plans for the by-right scenario are presented below in Table A.

Table A
Development Plans - By-Right Scenario

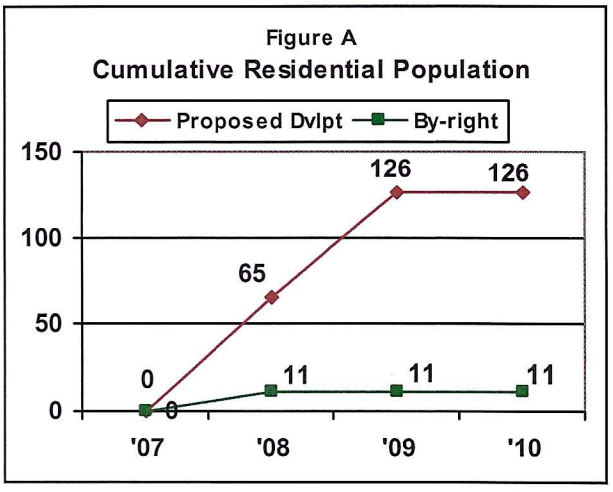
Development Components	Number of Homes and Square Feet	Construction Costs	Average Market Value
Single-family homes	4 homes averaging 2,500 square feet	$300,000	$400,000
Variety of retail space	72,000 square feet	$7,200,000	n/a
Off-site improvements	Turn lane	$50,000	n/a

Development Schedule and Construction Investment: The construction of the by-right development will begin in 2007 and end in 2009 with buildout in 2010. Cumulative residential construction investment is estimated at $1.2 million, $7.2 million in retail development, and $50,000 in off-site improvements. Cumulative construction investment for the by-right scenario will be approximately $8.5 million compared to $18.4 for Yorktown Green. Details of the development schedule and construction investment for both scenarios are presented on the following page in Table B.

Table B
Development Schedule and Construction Investment – Yorktown Green and By-Right Scenario

	Yorktown Green			By-Right Scenario			
Development Components	**2007**	**2008**	**Buildout**	**2007**	**2008**	**2009**	**Buildout**
Cumulative Residential Units	38	74	74	4	4	4	4
Cumulative Residential Population	0	65	126	0	11	11	11
Cumulative retail sq. ft.	8,000	16,000	16,000	36,000	36,000	72,000	72,000
Cumulative office sq. ft.	4,000	8,000	8,000	0	0	0	0
Construction Investment							
Off-site improvements/amenities	$150,000	$0	$0	$50,000	0	0	0
Residential	8,145,000	7,740,000	0	1,200,000	0	0	0
Retail sq. ft.	800,000	800,000	0	3,600,000	0	3,600,000	0
Office sq. ft.	400,000	400,000	0	0	0	0	0
Total Construction Investment ($Millions)	**$9.5**	**$8.9**	**$0.0**	**$4.9**	**$0.0**	**$3.6**	**$0.0**
Cumulative Construction Investment ($Millions)	**$9.5**	**$18.4**	**$18.4**	**$4.9**	**$4.9**	**$8.5**	**$8.5**

Residential Population: Under the by-right scenario, total population is expected to be 11 once all four homes are occupied. To arrive at this estimate, the county household average size of 2.78 persons has been used (source: U.S. Census Bureau). Figure A displays the population estimates for the by-right development and the Yorktown Green proposed development.



Estimated Employees and Payroll: Table C contains employment and payroll estimates for Yorktown Green and the by-right scenario. Assuming that payroll is 40% of construction costs and that construction workers earn an average of $38,592 (source: Virginia Employment Commission), the construction efforts in the by-right scenario will provide jobs for an average of approximately 44 employees per year during construction. It has been assumed that 50% of construction workers are full-time and 50% part-time.

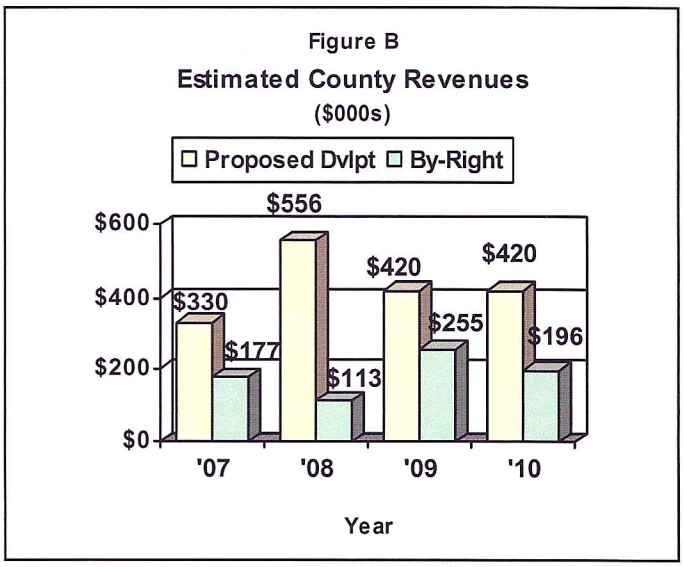
Approximately 63 permanent jobs also will be generated directly by the development and operations of this by-right development once buildout occurs. In this analysis, it is assumed that 50% of the retail employment is net new to the county versus being shifted from one part of the county to another.

On a Full Time Equivalent (FTE) basis, the construction employment estimate starts off at 70 positions and permanent employment will total about 40 annual positions once construction ends. Annual payroll is expected to average $1.4 million during construction of the by-right scenario, and about $359,000 at buildout and beyond for the retail jobs.

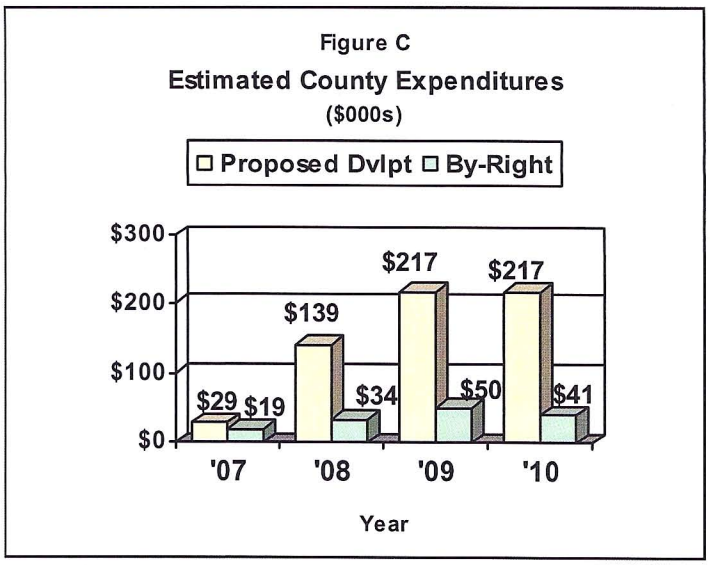
Table C
Employment Estimates – Yorktown Green and By-Right Scenario

	Yorktown Green			By-Right Scenario			
	2007	2008	Buildout	2007	2008	2009	Buildout
Average Annual Full-Time Jobs	49	46	0	25	0	19	0
Average Annual Part-Time Jobs	98	93	0	50	0	37	0
Average Annual Total Construction Jobs	**148**	**139**	**0**	**75**	**0**	**56**	**0**
Average Annual Full-Time Jobs	12	24	24	8	8	16	16
Average Annual Part-Time Jobs	11	22	22	24	24	48	48
Average Annual Total Permanent Jobs	**23**	**46**	**46**	**32**	**32**	**63**	**63**
Average Annual FTE Employment	**116**	**128**	**35**	**70**	**20**	**77**	**40**
Average Annual Payroll ($Thousands)	**$4,223**	**$4,426**	**$850**	**$2,119**	**$179**	**$1,799**	**$359**

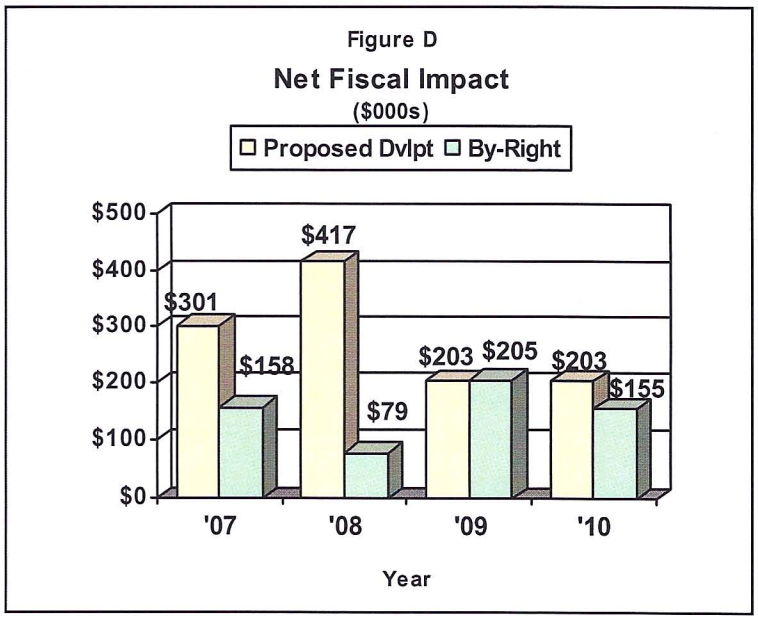
Estimated Fiscal Revenues: Residential developments in York County generate several types of revenues just as the non-residential development. These revenues include real estate tax, personal property tax, retail sales tax and miscellaneous revenues. Figure B illustrates the annual government revenues generated by Yorktown Green and the by-right development. At buildout and beyond, the by-right scenario is expected to generate about $196,000 in revenues versus $420,000 by the proposed community Yorktown Green.



Estimated Fiscal Expenditures: In turn, the services that York County will provide to this community include general government administration, public works, police protection, and fire protection. As shown in Figure C, the by-right scenario expenditures are estimated at $41,000 once construction ends compared to $217,000 in the Yorktown Green scenario.



Net Fiscal Impact: The net fiscal impact is calculated by subtracting estimated expenditures from estimated revenues. Figure D shows that the annual net cash flows are positive during development, at buildout and thereafter in both scenarios. Once buildout occurs, the county can expect a lower net fiscal impact from the by-right development ($155,000) than Yorktown Green ($203,000) as shown in Figure D.



Projected Cumulative Fiscal Impact: In an effort to illustrate the net fiscal benefit or cost of both scenarios, ***The Wessex Group*** has calculated the net present value based only on the ongoing revenues and expenditures of each development starting at buildout. Beginning this calculation at buildout excludes the short term revenues and expenditures incurred by the construction activity of the development such as building permit fees and BPOL taxes collected from developers based on the value of the construction. Carried over a 20-year period and discounted at 5%, the net present value of the by-right development is estimated at $2.6 million versus $3.3 in the Yorktown Green scenario.

The Wessex Group, Ltd.
479 McLaws Circle, Suite 1
Williamsburg, VA 23185
757-253-5606 (Voice)
757-253-5606 (Fax)
don.messmer@wessexgroup.com

Memo

To: **Lamont Myers, Mid-Atlantic Communities, LLC**

From: **Don Messmer, *The Wessex Group, Ltd.***

CC:

Date: July 12, 2006

Re: **Yorktown Green, Town Home Only Analysis of Fiscal Impact**

The purpose of this memorandum is to present the fiscal impact of **Yorktown Green** under the unlikely and unplanned scenario that the only portion of the proposed plan actually developed were to be the 49 Town Home units. Two previous analyses for this development were prepared by ***The Wessex Group*** and submitted to the county in March of 2006 titled ***Yorktown Green, Community Impact Assessment in York County, Virginia, March 2006*** and .a subsequent analysis of an amendment to the development plan that called for a reduction in the number of condominium units from 25 to 19 and an increase in the office square footage from 8,000 to 18,500. The later study was submitted on July 6, 2006 in a memorandum form.

Table 1 below presents a hypothetical assessment of a development schedule for Yorktown Green that reflects the development of **only** the 49 town homes with no condominiums or office space included in the analysis. The development is assumed to be built over a two-year period with buildout occurring in year three. Under this scenario, the cumulative residential population is estimated at 83 persons. Total construction investment is estimated at nearly $12.0 million including $150,000 in off-site improvements and community amenities.

Table 1
Yorktown Green Development Schedule and Construction Investment

Development Components	**Year 1**	**Year 2**	**Buildout**
Cumulative Town homes	25	49	49
Cumulative Condos	0	0	0
Cumulative Retail Sq. Ft.	0	0	0
Cumulative Commercial Sq. Ft.	0	0	0
Construction Investment			
Off-site Improvements/Amenities	$ 150,000	$ 0	$ 0
Residential	6,000,000	5,760,000	0
Retail Sq. Ft.	0	0	0
Commercial Sq. Ft.	0	0	0
Total Annual Construction Investment	**$ 6,150,000**	**$ 5,760,000**	**0**
Cumulative Construction Investment	**$ 6,150,000**	**$ 11,910,000**	**0**

RECEIVED
York County
AUG 2 - 2006
Planning Division

The estimated revenues generated by the construction schedule and investment shown in Table 1 above, the expenditures and the net fiscal impact created from this investment are shown in Table 2 below. In this analysis and the previous to analyses, an estimated 1.7 persons per household has been assumed (source: other comparable communities in the study area). At buildout, Yorktown Green (under the Town Home only scenario) is expected to create nearly $233,900 in new revenues for the county. In turn, the county can expect an estimated $136,000 in new annual expenditures by providing services to the residents and businesses. Once buildout occurs, it is estimated that this community will create a net fiscal impact to the county of approximately $97,600 per year.

Table 2
Yorktown Green Net Fiscal Impact

Cash Inflow and Outflow	Year 1	Year 2	Buildout
Annual Revenues	$193,900	$325,600	$233,900
Annual Expenditures	14,400	83,100	136,300
Net Fiscal Impact	**$179,500**	**$242,500**	**$ 97,600**
Net Present Value (2006 -'26)			**$1.6 million**

The purpose of this scenario is not to suggest that the above benefits are those that York County might expect but instead to show, that even under the extreme scenario when only the town home units are developed, the net fiscal impact is positive and the net present value of the positive cash flows for the potential life of the project is $1.6 million.

RECEIVED
York County
AUG 3 - 2006
Planning Division

RECEIVED
York County

AUG - 7 2006

Planning Division

The Wessex Group, Ltd.
479 McLaws Circle, Suite 1
Williamsburg, VA 23185
Tel: 757-253-5606
Fax: 757-253-2565
E-mail: stephanie@wessexgroup.com
Web site: www.wessexgroup.com

Memo

To: **Amy Parker, Senior Planner; Timothy Cross, Principal Planner**

From: **Stephanie Harper, *The Wessex Group, Ltd.***

CC: **Lamont Myers, Mid-Atlantic Communities, LLC**

Date: August 7, 2006

Re: **Yorktown Green, Fiscal Impact Study in York County, Virginia**

The purpose of this memorandum is to present the fiscal results of reducing the number of condominium units from 25 to 19 and increasing the office square footage from 8,000 to 18,500 for the proposed development **Yorktown Green**. The previous analysis for this development was conducted by ***The Wessex Group*** and submitted to the county in March of 2006 titled *Yorktown Green, Community Impact Assessment in York County, Virginia, March 2006.* It should be noted that the real estate tax rate was recently lowered from $0.8175 to $0.6975 per hundred dollars of assessed value, and the new tax rate has been applied in this analysis.

As suggested by the developer, Table 1 below presents the revised development schedule for Yorktown Green. A total of 49 town homes, 19 condominiums, 16,000 square feet of retail space, and 18,500 square feet of office space are included in this analysis. The development is assumed to be built over a two-year period with buildout occurring in year three. Under this scenario, the cumulative residential population is estimated at 116 persons (a reduction of 10 residents). Total construction investment is estimated at nearly $18.5 million including $150,000 in off-site improvements and community amenities.

Table 1
Yorktown Green Development Schedule and Construction Investment

Development Components	**Year 1**	**Year 2**	**Buildout**
Cumulative Town homes	25	49	49
Cumulative Condos	10	19	19
Cumulative Retail Sq. Ft.	8,000	16,000	16,000
Cumulative Commercial Sq. Ft.	9,250	18,500	18,500
Construction Investment			
Off-site Improvements/Amenities	$150,000	$0	$0
Residential	7,650,000	7,245,000	0
Retail Sq. Ft.	800,000	800,000	0
Commercial Sq. Ft.	925,000	925,000	0
Total Annual Construction Investment	**9,525,000**	**8,970,000**	**0**
Cumulative Construction Investment	**9,525,000**	**18,495,000**	**0**

Provided below in Table 2 are the estimated revenues, expenditures and net fiscal impact created by this development. In both this analysis and the previous, an estimated 1.7 persons per household has been assumed (source: other comparable communities in the study area). By buildout, Yorktown Green is expected to create nearly $400,000 in new revenues for the county. In turn, the county can expect an estimated $212,000 in new annual expenditures by providing services to the residents and businesses. Once buildout occurs, it is estimated that this community will create a net fiscal impact to the county of approximately $187,500 per year. The net fiscal impact of the original development plan for Yorktown Green using the revised real estate tax rate is estimated at $170,000 at buildout and beyond.

Table 2
Yorktown Green Net Fiscal Impact

Cash Inflow and Outflow	**Year 1**	**Year 2**	**Buildout**
Annual Revenues	$316,200	$531,000	$399,900
Annual Expenditures	35,100	142,800	212,400
Net Fiscal Impact	**$281,100**	**$388,200**	**$187,500**
Net Present Value			**$3.1 million**

To illustrate the net fiscal benefit of this development, ***The Wessex Group*** has calculated the net present value (NPV) based only on the ongoing revenues and expenditures starting at buildout. Beginning this calculation at buildout excludes the short term revenues and expenditures incurred by the construction activity such as building permit fees and BPOL taxes collected from developers based on the value of construction. Using this approach, the NPV of Yorktown Green carried over a twenty-year period is $3.1 million when discounted at 5%. The NPV of the original development plan would be $2.8 million.

RECEIVED
York County

AUG - 7 2006

Planning Division