FAAC Opinion

On Thursday, November 12, 2015, Michelle Cowan and Marc McCauley spoke to the Fiscal Affairs Advisory Commission (FAAC) about plans for the Ballston Mall redevelopment. Specifically, they presented on the Letter of Intent (LOI) between Arlington County and Forest City, the owner of the mall, that the County Board will consider on Tuesday, November 17, 2015. During the presentation, FAAC had the opportunity to ask questions about the LOI, the redevelopment project in general, the expected and potential costs to the County, and the risks to taxpayers.

FAAC members expressed the following opinions on the Ballston Mall redevelopment:

1. Ballston Mall has been struggling for several years and its decline is projected to continue. Thus, inaction on this property is not in the best financial interest of the County.

2. During its time in Arlington County, Forest City has been a valuable partner. The LOI would provide for a continued, meaningful partnership in the form of a low-risk loan combined with a capital expenditure by the County on improvements that will directly benefit the community.

3. FAAC members are encouraged by Forest City’s role as both long-time owner/manager and prospective developer of the Ballston Mall property. The company’s established relationships with existing tenants and its general strategy of pursuing new, specialty ones appears to hold promise for rejuvenating the economic viability of the property.

4. FAAC understands that the residential buildings planned for the redevelopment will receive a rating of silver from the U.S. Green Building Council’s Leadership in Energy and Environmental Design (LEED) program.

5. FAAC understands that Forest City has chosen to make a lump sum payment to the Arlington Affordable Housing Investment Fund to meet its affordable housing obligations.

6. It is the sense of FAAC members that the amount of capital funds required from Arlington County is appropriate. The County money requested by Forest City to support the project will fund specific necessary improvements for the County. For example, the project includes garage improvements, street improvements along Wilson Blvd, and new streetscapes.

7. The project is expected to attract new tenants to the neighborhood in and around the mall, boosting local tax dollars from a number of sources.

8. A FAAC member expressed concern about whether the proposed new business model would successfully stem the “death spiral” of the American shopping mall and worried about competition
from the booming strip of shopping and dining on 14th St in D.C. This concern was alleviated since the new model has proven successful across the country, and Forest City’s investors are to assume much of the risk in the project.

9. It is the sense of FAAC members that the process for County review of the project, up until now and moving forward, seems reasonable and appropriate. FAAC suggests that, in the future, it could play a role in providing input to the County Board on similar kinds of projects at an earlier point in the review process.

### FAAC Recommendation #1

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**Future Considerations**

As the process proceeds, FAAC is eager to learn the answers to the following questions:

1. How will project overages be handled in the partnership?
2. What is the guaranteed maximum investment that could be required of the county?
3. How may the TIF area change with this project?

FAAC looks forward to seeing the development agreement in February/March 2016.