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ORDINANCE NO. _____

AN ORDINANCE to amend and reordain Title 3 (FINANCE, TAXATION AND PROCUREMENT), Chapter 2 (TAXATION), Article M (LEVY AND COLLECTION OF PROPERTY TAXES), Division 1 (REAL ESTATE), of The Code of the City of Alexandria, Virginia, 1981, as amended.

THE CITY COUNCIL OF ALEXANDRIA HEREBY ORDAINS:

Section 1. That Title 3, Chapter 2, Article M, Division 1, Section 3-2-190, of the Code of the City of Alexandria, Virginia, 1981, as amended, be, and the same hereby is, amended and reordained to read as follows:

Sec. 3-2-190 – Eisenhower Avenue Science Redevelopment District

(a) The Eisenhower Avenue Science Redevelopment District (the “District”) is hereby created as set forth herein with the boundaries coterminous with that of City of Alexandria assigned real estate parcel 072.04-03-14 located at 2401 Eisenhower Avenue (the “Property”).

(b) The effective date of the start of the partial property tax exemption in the District, as set forth in this article is the first January 1 after the first certificate of occupancy for the National Science Foundation (“NSF”) is granted for the office building to be constructed in the District and leased by the federal government’s General Services Administration for occupancy by NSF. In the event that the performance standard described in clause (f) below is achieved in the first year following the issuance of the first certificate of occupancy, the abatement shall apply to the entire calendar year as though the performance standard was achieved on January 1 of such year.

(c) The Property tax exemption in the District shall be in effect for a fifteen-year period from the effective date of the start of the partial property tax exemption until December 31 of the fifteenth year of the property tax exemption. The property tax exemption shall partially exempt real estate taxes due during the 15 years of the initial NSF lease occupancy as defined herein. The partial exemption shall apply only to improvements constructed in the District including but not limited to the office building occupied by NSF. The annual assessed value of the land component in the District, reflecting any increases or decreases in assessed value of said land component, shall remain fully taxable. The annual assessed value of the land component shall also reflect that of a finished developed lot.

(d) The annual portion of real estate taxes that will be exempt on the improvements constructed in the District during the 15 years of the initial NSF lease of the Property shall follow

1 the following schedule:
2

3	Year 1	100%	Year 9	90%
4	Year 2	100%	Year 10	80%
5	Year 3	100%	Year 11	70%
6	Year 4	100%	Year 12	60%
7	Year 5	100%	Year 13	50%
8	Year 6	100%	Year 14	40%
9	Year 7	100%	Year 15	30%
10	Year 8	100%	Year 16 and beyond	0%

11
12 (e) The real estate assessments for all land and buildings within the District shall be
13 determined by the director of real estate assessments, and shall be established at fair full market
14 value using the same principles, procedures, and timing of real estate assessments as that
15 established for other similar taxable real estate in the City. The owner of land and improvements
16 within the District shall have the same rights and limitations of appeal of the City's annual real
17 estate assessment as that applicable to other taxable real estate in the City.
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19 (f) The tax exemption detailed in this Article shall be dependent on the NSF fully
20 meeting a required performance standard as of the time period set forth in 3-2-190(f)(1) below.
21

22 (1) The NSF required performance standard shall be defined as NSF leasing, directly or
23 indirectly through the federal General Services Administration, and achieving an
24 occupancy level of at least 80% of the net leasable floor area of the office building in the
25 District. If the NSF does not lease its portion of the building and achieve the minimum
26 80% occupancy level of this office building within one (1) year from the issuance of the
27 last certificate of occupancy with respect to NSF's portion of the building, then no tax
28 exemption shall apply, with the City then fully taxing all land, office building and other
29 improvements in the District.
30

31 (2) For the purposes of determining whether or not the NSF 80% occupancy threshold has
32 been met, space leased for or by NSF not able to be occupied by NSF due to incidents
33 such as fires, earthquakes, hurricanes, or other acts of god shall be considered leased and
34 occupied space by NSF in the calculation of the 80% occupancy threshold.
35

36 (3) Within 60 days of NSF meeting the performance standard as defined in 3-2-190(f)(1),
37 the owner of 2401 Eisenhower Avenue is responsible for notifying the City's director of
38 finance of the occupancy level by NSF on a form designated by the director of finance.
39 Upon receipt and review of this occupancy information, the City shall determine if this
40 performance standard has been met, and the City Manager shall notify the owner in
41 writing of the City's determination of performance standard satisfaction. If no decision or
42 response from the City is received within 30 days after the submission by the owner, then
43 the required performance standard shall be deemed to have been achieved, provided NSF
44 met the 80% occupancy threshold as certified by the owner.
45

46 (g) The partial exemption of real property in the District, including the qualifications and

1 exceptions and the declining percentage value of the exemption as detailed in this Article O shall
2 be considered a covenant that shall run with the land record of real estate parcel 072.04-03-14.
3 Within ninety days of the passage of this ordinance, the City shall record a covenant in the land
4 records of the City to such effect which shall reflect the partial property tax exemption as defined
5 in this Article. These terms, conditions and limitations shall not be revoked during the 15 year
6 period of the partial property tax exemption and shall control the real estate taxes with respect to
7 this property irrespective of any change in the applicable City Code.
8

9 (h) In the event that the Property is sold to the federal government or a federal
10 government related entity prior to 20 years after the effective starting date of the property tax
11 exemption as defined in 3-2-2, then the net present value of the foregone real property taxes
12 which would otherwise have been due to the City between the date of the sale of the Property to
13 the federal government or a federal government related entity, and the 20 years after the effective
14 starting date of the property tax exemption on the Property, would be due to the City at the time
15 of the sale between the owner of the Property and the federal government or a federal
16 government related entity.
17

18 (i): For the purposes of calculating the net present value of forgone real estate taxes
19 prescribed in 3-2-190(h) above:
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- 21 (1) the discount rate utilized in that calculation shall reflect the City's estimated cost of
22 funds utilizing Thomson Municipal Market Data (MMD) for 10-year AAA rated tax
23 exempt general obligation bonds as of either January 1 or July 1 of the calendar year
24 of the sale of the property, and if this MMD information is not available an equivalent
25 measure shall be substituted,
26
- 27 (2) the real estate tax assessment used in the net present value calculation shall reflect the
28 real estate tax assessment as of January 1 of the calendar year of the sale of the
29 Property, and
30
- 31 (3) the real estate tax rate used shall reflect the adopted real estate tax rate for the calendar
32 year of the sale of the Property, or if the real estate tax rate of the calendar year of the
33 sale has not yet been adopted, then the adopted real estate tax rate for the calendar
34 year prior to the sale of the property shall be used.
35

36 (j) Nothing in this Article or any covenant recorded in the applicable land records shall be
37 construed as limiting the City's power to increase or decrease the City's real property tax rate, or
38 to levy other taxes, fees or charges in the District.
39

40 Section 2. That this ordinance shall become effective upon the date and at the
41 time of its final passage.
42

43 WILLIAM D. EUILLE
44 Mayor
45

46 Introduction:
47 First Reading:

Publication:

- 1 Public Hearing:
- 2 Second Reading:
- 3 Final Passage: