



ROBERT CHARLES LESSER & CO., LLC

**FISCAL IMPACT ANALYSIS FOR THE VILLAGES OF
GLOUCESTER DEVELOPMENT IN GLOUCESTER COUNTY,
VIRGINIA
*DRAFT***

Prepared for:
THE VILLAGES OF GLOUCESTER, LTD

June 7, 2006

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EXECUTIVE SUMMARY

Robert Charles Lesser & Co., LLC (RCLCo), a national independent real estate consulting and economic analysis firm, was retained by The Villages of Gloucester, Ltd to analyze the fiscal impact of a proposed rezoning of the Villages of Gloucester development in Gloucester County, Virginia. RCLCo analyzed all County revenues received as a result of development and activities at the project, evaluated County expenditures expected to be necessary to service the new development (based upon the County Fiscal Year 2006 adopted budget), and incorporated these findings into a detailed model. The analysis also includes County revenues from proffers to be paid by the developer and capital expenditures expected to be incurred by the project, according to the preliminary anticipated proffers as provided by the developer.

The development as currently conceived will consist of 933 single-family detached units, 237 condominium units, 151,500 square feet of office space, and 151,500 square feet of retail space. According to the Gloucester County future land use map only 653 single-family detached homes would be built.

The residential development is expected to be delivered between 2008 and 2019, and the office and retail development is expected to be delivered between 2008 and 2012. The 933 single-family detached homes on the site are expected to be offered in a price range from \$400,000 to \$700,000 (average price in 2006 dollars, including options). The 237 condominium units are expected to range in price from \$299,000 to \$425,000 (average price in 2006 dollars, including options). It is expected that the average single-family detached home developed under the County future land use map would be offered at a price of \$325,000.

The results from our model show that the proposed rezoning of the Villages of Gloucester will have a significant positive fiscal impact on Gloucester County. The total net fiscal impact for the 20-year period of 2006-2025 will be \$81.2 million for the County (see Exhibit 1). Under the Gloucester County future land use map scenario the net fiscal impact for the same period is only \$11.2 million. This total impact is shown by category of revenue and expenditure in Exhibit 2. Under the proposed zoning, the annual net fiscal impact on the County will be approximately \$4,017,000 in 2015 and \$5,170,000 in 2020, as shown in Exhibit 4. Exhibit 4-B indicates the annual net fiscal impact for the development allowed according to the Gloucester County future land use map. The net fiscal impact of the Gloucester County future land use map development scenario will only be approximately \$515,000 in 2015 and \$805,000 in 2020.



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As shown in Exhibit 2, County revenues under the proposed zoning scenario will total \$210.3 million over the 20-year period. Real property taxes (\$74.8 million) will account for over one third (35.6%) of the revenue over the 20-year study period. Other major sources of revenue include educational revenues (25.0%), sales tax (8.1%), and personal property tax (7.1%). Annual revenues will be approximately \$10.7 million in 2015.

Under the proposed zoning scenario, County expenditures required to serve the project will total \$129 million over the 20-year study period.

We have applied a 3% annual inflation rate to all revenues and expenditures, based upon our estimate of future inflation.

The full results and all assumptions used in this fiscal impact analysis are in Exhibits 1 through 6 and Appendices 1 through 4-B.



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REVENUES

Real Property Tax Revenues – Assumptions and Conclusion

Assumptions: The model includes projected real property tax revenues to the County from 2006 through 2025.

Assessed values for the various types of homes were based upon anticipated sales prices in 2006 dollars provided by The Villages of Gloucester, Ltd and inflated at 4% per year. This is a conservative assumption because historically home prices have increased at least two percentage points faster than inflation.

The assessed value of unimproved residential real property was very conservatively estimated at 6% of the anticipated sales price of the respective residential unit, also increased at 4% per year.

Gloucester County reassesses real property every two years. According to the proposed budget for fiscal year 2006-2007, we applied the new real property tax rate of \$0.57 per \$100 of assessed value for this study.

Real property taxes were calculated by applying the County tax rate (\$0.57 per \$100) to the projected assessed values. They total \$74.8 million over the 20-year study period under the proposed zoning scenario and \$27.3 million under the Gloucester County future land use map development scenario.

Personal Property Tax Revenues

RCLCo used the following methodology to estimate the County's revenues from residential and employee generated personal property. We first calculated the average personal property tax payment per household and average personal property tax payment per employee in the County. Since the average personal property tax revenue per household reflects the tax revenue per household for households with



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the median income of households residing in the County, this figure was then adjusted based on the U.S. Bureau of Labor Statistics (BLS) data for various income brackets. Based on projected home prices, residents of the proposed development are anticipated to have household incomes that exceed the median household income in the County. As a result, it is anticipated that the value of vehicles residents are likely to own will also exceed the County average, resulting in higher than average personal property taxes.

The proposed new development generates \$14.9 million in personal property taxes over the 20-year study period under the proposed zoning. Under the development scenario indicated by the Gloucester County future land use map, total personal property tax revenues equal \$8.3 million.

Sales Tax Revenues

Sales taxes generated by residents of the proposed development have been estimated based on household consumer expenditures as provided by the BLS. Sales tax generated by new retail space has been estimated by applying a rate of \$300 in sales generated per square foot to the number of square feet of retail proposed for the site. This sales-per-square-foot rate is common for convenience oriented retail in non-metropolitan areas of Virginia. The rate is also inflated by 3% per year to account for inflation.

The development is expected to generate three categories of sales tax revenue:

- A. RESIDENT EXPENDITURES: A portion of the household consumer expenditures of residents at the proposed development, as rezoned, will be made within off-site retail located in Gloucester County.
- B. CONSTRUCTION EXPENDITURES: Additional sales tax revenue will be generated by the purchase of materials for construction of new homes and commercial spaces.
- C. RETAIL SALES: Sales tax revenue will also be generated by sales occurring at new retail space constructed on the site.



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Using the proposed zoning scenario, the subject development will generate \$17.1 million in sales tax revenues over the 20-year study period. Under the Gloucester County future land use map development scenario, sales tax revenues will total \$6.1 million.

Meals Taxes

The County collects a meals tax of 4% of food purchased at eating establishments. The additional residents generated by the project will contribute to this pool of revenue. This tax was calculated by taking the portion of total residential sales revenue spent on food away from home, according to the BLS Consumer Survey Data, and then adjusting for the approximate amount of meals eaten in the locality. The meals tax rate is then applied to this figure to determine total meals tax revenue.

Additionally, according to the developer, approximately 25% of the proposed retail space can be categorized as restaurant, and thus 25% of all retail sales on-site are also taxed at 4% to reflect the meals tax.

Meals tax revenues total \$14.1 million over the 20-year study period under the proposed zoning scenario. Meals tax revenues will total \$3.9 million over the study period using the Gloucester County future land use map development scenario.

Business License Taxes

The proposed development generates two types of business license tax revenue: direct revenue from retailers, professional services, builder and developer construction costs, etc., and indirect revenue from purchases made at local retail establishments by new residents.

DIRECT

Office Revenues: These revenues are generated from the office space created on-site and would be taxed at the rate of \$0.12 per \$100 under the "Professional Services" category.



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Retail Revenues: Retail revenues are taxed at \$0.10 per \$100 under \$100,000 total gross receipts, and at \$0.20 per \$100 over \$200,000 in gross receipts. The planned development will likely exceed \$200,000 per year in gross receipts. Therefore, the rate of \$0.20 per \$100 applies to these revenues.

Builder/Developer Construction Costs: This category of revenue refers to the value of the new construction on the subject property. These improvements are taxed at \$0.10 per \$100.

INDIRECT

Resident Off-Site Retail Expenditures: We estimate that 50% of all retail purchases made by the residents of the project will occur outside of the subject site retail but in Gloucester County. These purchases are taxed at \$0.20 per \$100.

Total business license tax revenue (both direct and indirect) is approximately \$5.6 million over the 20-year study period under the proposed rezoning. Business license tax revenue will total \$1.5 million under the Gloucester County future land use map development scenario.

Recordation Taxes

The County collects an effective recordation tax of 0.20% of the total sale upon the transfer of real property. Recordation taxes were calculated for the initial sale of residential units, as well as subsequent transfers, and were based on homeowner turnover rates of 9% as indicated by the Census.

Under the proposed zoning, recordation tax revenues total \$3.9 million over the 20-year study period. Using the development scenario indicated by the Gloucester County future land use map, recordation tax revenues will total \$1.4 million.

Utility Tax Revenues

The County levies a tax on consumer utility purchases, such as natural gas, electricity, cable, and telecommunication service. RCLCo estimated that the County receives \$95.69 per household per year, and \$37.58 in utility taxes per employee per year, and then applied these factors to the number of

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occupied households and employees generated by the project. These factors are based on the FY 2006 Adopted County Budget using FY 2006 tax revenue projected by the County, and were inflated by 3% per year. Commercial utility tax was calculated using total utility tax revenue minus projected utility tax revenue allocated to residential uses and divided by the total number of 2005 employees. We then multiplied the resulting utility tax revenue by the number of households and employees, respectively.

The total amount of utility taxes collected over the 20-year study period is \$2.6 million under the proposed zoning scenario. Following the Gloucester County future land use map, the development will generate \$1.2 million in utility tax revenue.

Other Sources of Revenue

RCLCo estimated the portion of each type of miscellaneous revenue that is attributable to residential and non-residential uses, and calculated the average per resident and per employee. Miscellaneous revenues include such items as permits, fees, licenses, and recreation fees, as well as County charges for services and various types of State aid that are related to population. The resulting revenue is \$98 per employee and \$179 per resident for the County (see Appendix 1). Based on County budget and permitting data, RCLCo estimated the resulting fee revenue from development related permits and privilege fees at \$1,174 per residential unit and \$0.16 per non-residential square foot, described further in Exhibit 5. Allocation of County revenues can be found in Appendix 1.

Miscellaneous revenues total \$12.6 million over the 20-year study period under the proposed zoning. Under the development scenario indicated by the Gloucester County future land use map miscellaneous revenues only total \$7.1 million over the study period.

Proffers

The developer has proposed specific proffers to be provided to the County as part of the rezoning application, in accordance with the Proffer Policy Statement as provided by the developer. The proffers will be \$5,000 per residential unit developed.



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In addition to these residential proffers the developer will be making cash contributions towards road improvements to Route 614 and 615 that will total \$1.5 million (in 2006 dollars). The timing of these improvements has not been determined yet, but for the purposes of this study RCLCo estimates that they will occur in 2012. The developer is also planning to make cash contributions towards a water tower, water tower site and 16-inch water main. These water improvements will total \$1.8 million (in 2006 dollars) and will occur in 2014. Both of these project values are in addition to any required County contribution, will benefit the public, and can be considered revenue for the County.

Proffer revenues total \$12.2 million over the 20-year study period using the proposed zoning. Under the Gloucester County future land use map development scenario proffer revenue would be \$0.

In addition to the total proffer revenue listed above, the developer is proposing to contribute money or dedicate land to several capital improvements that will partially or wholly benefit the public. The contributions and dedications below are additional benefits that are not included in this fiscal impact analysis:

Other community-related improvements and dedications:

- Dedicate a small site in the Village Center area that can accommodate a 2,500 square foot County office building, valued at approximately \$250,000;
- Dedicate 13.5 acres for a Fox Mill Preserve public park;
- Dedicate 10 home sites to Habitat for Humanity valued at \$600,000 total;
- Construct a \$10,000,000 golf course and facility that would benefit the community's ability to attract industrial and commercial development; and finally,
- Contribute \$500,000 to the Gloucester-Mathews Humane Society.

Educational Revenues

Based on County figures for intergovernmental revenues (State and Federal aid to the County) allocated by the State and Federal governments on a per-student basis, the County will receive \$5,481 per pupil in State and Federal aid and sales tax for education.

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Educational revenues total \$52.5 million over the 20-year study period using the proposed zoning. Educational revenues will only total \$33.7 million using the existing development scenario indicated by the Gloucester County future land use map.

Note on Student Generation Rate Methodology: The most recent student generation rates issued by the County are based on the Gloucester County Schools Demographic Study conducted by consultants from Virginia Tech in 2003. The rates are based on the number of building permits issued from 1999 to 2003 by permit value and the number of students generated from these homes. The rate indicates students generated per home by home value and shows that homes valued at \$300,000 (2003 dollars) or more will generate zero students. We understand that Gloucester County Public Schools is currently reviewing this methodology but has yet to issue a revised set of rates.

Most of the homes proposed in the Villages of Gloucester project are priced higher than the \$300,000 (even if adjusted to 2006 dollars), so if we used this rate the subject property would not generate any new children, and we find it unlikely that this will be the case. For these reasons we calculated our own student generation rates by grade and housing unit type based on Census Bureau data. We used the Public-Use Microdata Samples (PUMS) from the 2000 Census to identify the rate of children generated by home type (single-family detached, townhome, and condominium) for each grade. These rates reflect the patterns of student generation from the 51070 Super PUMA area which includes the following counties: Gloucester, Mathews, York, and James, as well as the following cities: Hampton, Newport News, Poquoson, and Williamsburg. Throughout, the underlying pupil generation assumptions represent a conservative approach. Therefore, it is likely that the Village of Gloucester development will generate even greater fiscal benefits for the County than are shown in this analysis.



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EXPENDITURES

Non-Educational Operating Expenditures and Pro Rata Share of Debt and Other Capital Improvement Project Expenditures

RCLCo estimated the portion of each type of non-educational operating expenditure that is attributable to residential and non-residential uses, and calculated the average per resident and per employee. This average cost methodology is approved and used by many local governments. The resulting non-educational operating cost is \$380 per employee and \$646 per resident for the County. Appendix 1 details the allocation. This is a conservative approach, as it assumes that new development is responsible for a share of all County expenditures, even though, in reality, some expenditures are fixed and will not increase as a result of that development.

Expenditures for capital improvements are based upon capital costs as indicated by the Proffer Policy Statement as proposed by the developer. Capital expenditures are assumed to be bonded over a 20-year period at a 5.0% interest rate. We have assumed that the per unit capital expenditure will be identical under both proposed and by-right scenario.

Total non-educational operating expenditures and other capital improvement expenditures using the proposed zoning are \$46.7 million over the 20-year study period. The development allowed according to the Gloucester County future land use map yields \$26.4 million in non-educational operating expenditures over the study period.

Education Operating Expenditures

Education operating expenditures were calculated based on school expenditures on a per-student basis. County education operating expenditures are estimated based on the FY 2006 Gloucester County budget

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of \$8,587 spending per pupil. (Please see the "Educational Revenues" section for additional details on pupil generation rate assumptions used for this study.)

Educational operating expenditures total \$82.3 million over the 20-year study period using the proposed zoning scenario. Under the Gloucester County future land use map, educational operating expenditures total \$52.7 million.



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OTHER INFORMATION

Job Creation

The development of the Villages of Gloucester mixed-use community will have a positive economic impact in the form of new job creation in Gloucester County. RCLCo estimates that a total of approximately 670 new permanent jobs will be created from the onsite office and retail space upon build out.¹ In addition to permanent jobs, there will also be a number of non-permanent construction related jobs generated by the development of residential homes. RCLCo estimates that there will be an annual average of 210 construction jobs created during the 12 year residential development period from 2008 to 2019.²

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RCLCo is the nation's leading independent real estate advisory firm, providing market, financial and impact analysis, and strategic planning for a broad spectrum of clients. RCLCo has unsurpassed experience in market, feasibility, and fiscal impact analysis. Our client base includes developers, major investors, lenders, and government agencies. Our fiscal impact clients include Loudoun County, the City of Charlottesville, Toll Brothers, Lansdowne, Lennar, K. Hovnanian, Pulte Homes, Andrews Community Investment Corporation, and The Peterson Companies.

¹ The total number of new jobs generated by office space is based on the following assumptions located in Exhibit 5: 385 gross square feet per employee, 8% efficiency factor, and a 5% vacancy rate. The total number of new jobs generated by retail space is based on the following assumptions located in Exhibit 5: 400 gross square feet per employee, 5.7% efficiency factor, and 8% vacancy rate.

² The total number of non-permanent construction jobs is based on the estimated value of hard cost construction, the proportion of total construction value attributed to labor, the number of hours worked per \$1,000 of adjusted construction value, and the typical number of hours worked by one construction employee during a year.

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This engagement was conducted by Leonard Bogorad, Managing Director; Amy Pan, Senior Consultant; and Michelle Loutoo, Associate. If you have any questions regarding the conclusions and recommendations included herein, or wish to learn about other RCLCo advisory services, please call (301) 907-6600.

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GENERAL LIMITING CONDITIONS

Every reasonable effort has been made to insure that the data contained in this study reflect the most accurate and timely information possible and it is believed to be reliable. This study is based on estimates, assumptions and other information developed by RCLCo from its independent research effort, general knowledge of the industry and consultations with the Client and its representatives. No responsibility is assumed for inaccuracies in reporting by the Client, its agent and representatives or any other data source used in preparing or presenting this study. This report is based on information that was current as of February 2006, and RCLCo has not undertaken any update of its research effort since such date.

Our report may contain prospective financial information, estimates or opinions that represent our view of reasonable expectations at a particular point in time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, that events will occur or that a particular price will be offered or accepted. Actual results achieved during the period covered by our prospective financial analysis may vary from those described in our report and the variations may be material. Therefore, no warranty or representation is made by RCLCo that any of the projected values or results contained in this study will actually be achieved.

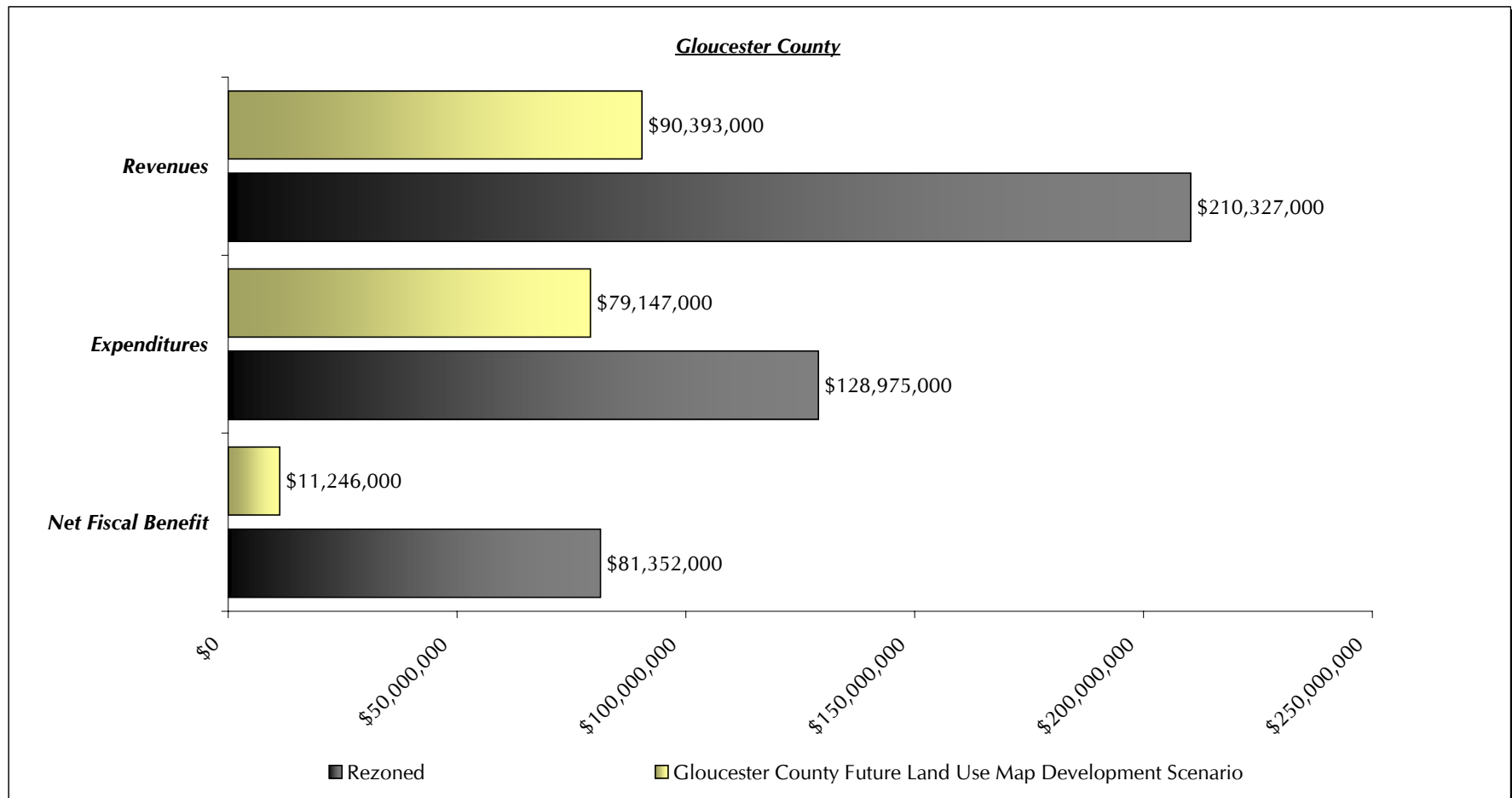
Possession of this study does not carry with it the right of publication thereof or to use the name of "Robert Charles Lesser & Co." or "RCLCo" in any manner without first obtaining the prior written consent of RCLCo. No abstracting, excerpting or summarization of this study may be made without first obtaining the prior written consent of RCLCo. This report is not to be used in conjunction with any public or private offering of securities or other similar purpose where it may be relied upon to any degree by any person other than the Client without first obtaining the prior written consent of RCLCo. This study may not be used for any purpose other than that for which it is prepared or for which prior written consent has first been obtained from RCLCo.



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Exhibit 1

NET FISCAL IMPACT ANALYSIS VILLAGES OF GLOUCESTER MIXED-USE DEVELOPMENT 20 YEARS (2006 - 2025)



SOURCE: RCLCo

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Exhibit 2

SUMMARY OF FISCAL IMPACT ANALYSIS VILLAGES OF GLOUCESTER MIXED-USE PROJECT GLOUCESTER COUNTY

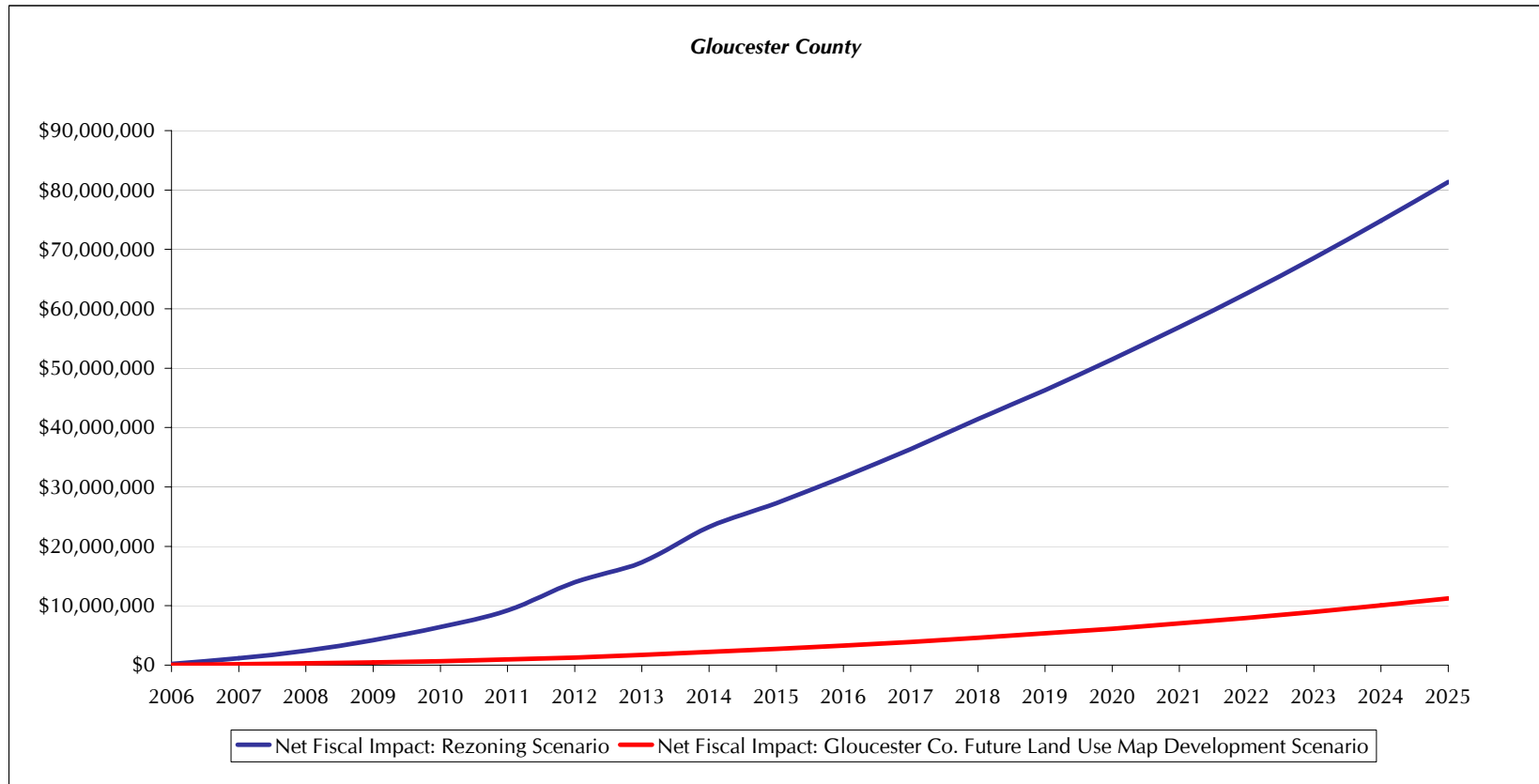
20 Years (2006 - 2025)

CATEGORY	REZONED TOTAL		GLOUCESTER CO. FUTURE LAND USE MAP DEVELOPMENT SCENARIO TOTAL	
	\$	%	\$	%
REVENUES				
Real Property Tax	\$74,782,000	35.6%	\$27,283,000	30.2%
Personal Property Tax	\$14,884,000	7.1%	\$8,327,000	9.2%
Sales Tax	\$17,073,000	8.1%	\$6,063,000	6.7%
Meals Tax	\$14,109,000	6.7%	\$3,870,000	4.3%
Business License Tax	\$5,615,000	2.7%	\$1,468,000	1.6%
Recordation Tax	\$3,920,000	1.9%	\$1,428,000	1.6%
Utility Tax	\$2,599,000	1.2%	\$1,227,000	1.4%
Miscellaneous Revenues	\$12,625,000	6.0%	\$7,063,000	7.8%
Proffer Revenues	\$12,186,000	5.8%	\$0	0.0%
Educational Revenues	\$52,534,000	25.0%	\$33,664,000	37.2%
TOTAL	\$210,327,000	100.0%	\$90,393,000	100.0%
EXPENDITURES				
Non-Educational Operating Expenditures & Pro Rata Share of Debt and Other Capital Expenditures				
Non- Educational Op. & Capital Expenditures	\$46,669,000	36.2%	\$26,405,000	33.4%
Educational Op. Expenditures	\$82,305,000	63.8%	\$52,742,000	66.6%
TOTAL	\$128,974,000	100.0%	\$79,147,000	100.0%
NET FISCAL IMPACT	\$81,353,000		\$11,246,000	

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Exhibit 3

NET FISCAL IMPACT VILLAGES OF GLOUCESTER MIXED-USE PROJECT 20 Years (2006 - 2025)



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Exhibit 4A

**ANNUAL NET FISCAL IMPACT: REZONING SCENARIO
VILLAGES OF GLOUCESTER MIXED-USE PROJECT
GLOUCESTER COUNTY**

YEAR	REVENUES	EXPENDITURES	NET FISCAL IMPACT (NFI)	CUMULATIVE NFI
2006	\$204,000	\$0	\$204,000	\$204,000
2007	\$940,000	\$0	\$940,000	\$1,144,000
2008	\$2,134,000	\$832,000	\$1,302,000	\$2,446,000
2009	\$3,442,000	\$1,683,000	\$1,759,000	\$4,205,000
2010	\$4,811,000	\$2,582,000	\$2,229,000	\$6,434,000
2011	\$6,271,000	\$3,522,000	\$2,749,000	\$9,183,000
2012	\$9,291,000	\$4,501,000	\$4,790,000	\$13,973,000
2013	\$8,521,000	\$5,182,000	\$3,339,000	\$17,312,000
2014	\$11,856,000	\$5,899,000	\$5,957,000	\$23,269,000
2015	\$10,671,000	\$6,654,000	\$4,017,000	\$27,286,000
2016	\$11,786,000	\$7,417,000	\$4,369,000	\$31,655,000
2017	\$12,904,000	\$8,188,000	\$4,716,000	\$36,371,000
2018	\$13,983,000	\$8,941,000	\$5,042,000	\$41,413,000
2019	\$14,544,000	\$9,647,000	\$4,897,000	\$46,310,000
2020	\$15,091,000	\$9,921,000	\$5,170,000	\$51,480,000
2021	\$15,626,000	\$10,202,000	\$5,424,000	\$56,904,000
2022	\$16,180,000	\$10,493,000	\$5,687,000	\$62,591,000
2023	\$16,755,000	\$10,792,000	\$5,963,000	\$68,554,000
2024	\$17,350,000	\$11,100,000	\$6,250,000	\$74,804,000
2025	\$17,967,000	\$11,417,000	\$6,550,000	\$81,354,000

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Exhibit 4B

**ANNUAL NET FISCAL IMPACT: GLOUCESTER CO. FUTURE LAND USE MAP DEVELOPMENT SCENARIO
VILLAGES OF GLOUCESTER MIXED-USE PROJECT
GLOUCESTER COUNTY**

YEAR	REVENUES	EXPENDITURES	NET FISCAL IMPACT (NFI)	CUMULATIVE NFI
2006	\$70,000	\$0	\$70,000	\$70,000
2007	\$73,000	\$0	\$73,000	\$143,000
2008	\$714,000	\$575,000	\$139,000	\$282,000
2009	\$1,347,000	\$1,172,000	\$175,000	\$457,000
2010	\$2,020,000	\$1,802,000	\$218,000	\$675,000
2011	\$2,743,000	\$2,468,000	\$275,000	\$950,000
2012	\$3,511,000	\$3,171,000	\$340,000	\$1,290,000
2013	\$4,332,000	\$3,914,000	\$418,000	\$1,708,000
2014	\$5,205,000	\$4,697,000	\$508,000	\$2,216,000
2015	\$5,344,000	\$4,829,000	\$515,000	\$2,731,000
2016	\$5,533,000	\$4,966,000	\$567,000	\$3,298,000
2017	\$5,728,000	\$5,106,000	\$622,000	\$3,920,000
2018	\$5,931,000	\$5,251,000	\$680,000	\$4,600,000
2019	\$6,141,000	\$5,400,000	\$741,000	\$5,341,000
2020	\$6,359,000	\$5,554,000	\$805,000	\$6,146,000
2021	\$6,584,000	\$5,712,000	\$872,000	\$7,018,000
2022	\$6,818,000	\$5,875,000	\$943,000	\$7,961,000
2023	\$7,060,000	\$6,043,000	\$1,017,000	\$8,978,000
2024	\$7,311,000	\$6,216,000	\$1,095,000	\$10,073,000
2025	\$7,571,000	\$6,394,000	\$1,177,000	\$11,250,000

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Exhibit 5

ASSUMPTIONS GLOUCESTER COUNTY, VIRGINIA 2006

DEMOGRAPHIC SECTION	2006	SOURCE
Population	36,057	Weldon Cooper Center for Public Service at the University of Virginia: Provisional statistic for 2005, grown by assumed 1% population growth rate
Households	14,161	Claritas Inc. (Statistic for total households in 2005 with assumed 1% growth rate for 2006 figure)
Household Size, Avg.	2.62	Generated from Census 2000 household sizes and population by structure type
Single-Family Detached	2.69	
Townhome	2.39	
Condominiums	1.82	
Rental Apartments	1.80	
Active Adult	1.70	
Employment	9,925	Virginia Economic Labor Market Access, 3rd Quarter 2005 data, grown by 1% for 2006 figure
Total Population and Employment	45,982	
Student Population	6,017	Gloucester County School 2005 School Enrollment, from 2006-2007 Proposed County Budget Appendix; based on historical evidence and conversation
Owner Turnover	9% turnover/yr	with Superintendent of Schools, enrollment has steadily declined by approximately 1% per year, this figure is a 2006 estimate and reflects assumed 1% decline from 2005 student enrollment

RESIDENT AND EMPLOYEE RATIOS		
General Office (GSF per Employee)	385	Based upon other Virginia jurisdictions
General Office Efficiency Factor	8.0%	
General Office Vacancy Rate	5.0%	(For all years except 1st year online which is 25%)
Retail (GSF per Employee)	400	
Retail Efficiency Factor	5.7%	
Retail Vacancy Rate	8.0%	
Single-Family Detached Vacancy Rate	8.7%	Based on Census 2000 occupancy rates and adjusted based on similar Northern Virginia growing Counties.
Single-Family Attached Vacancy Rate	8.0%	
Condominium/Multifamily Vacancy Rate	5.5%	

ESCALATION AND FINANCING RATES		
Revenues	3.0% per yr	
Commercial	3.0% per yr	
Residential	4.0% per yr	
Expenditures	3.0% per yr	
Interest Rate on 20-Yr Bond	5.0% per yr	

VALUE AND RENTS BY LAND USE (2006\$)	VALUE				Source	RENTS, REVENUE, AND OTHER ASSUMPTIONS				
	Land-Unimproved	Land-Improved	Improvements	Construction Cost		Rents (NNN)	Sales/SF	Eff.	Occupancy	Emp Per SF/Rm
Type										
Residential	See Development Program									
Office										
General Office	\$41 /FAR SF	\$10 /FAR SF	\$100 /FAR SF	\$90 /FAR SF	- Construction Costs based on anecdotal knowledge of construction costs in Eastern Virginia Region.	\$15 /FAR SF		8%	75% Yr 1 95% Yr 2+	385 /FAR SF
Retail										
Retail	\$41 /FAR SF	\$10 /FAR SF	\$75 /FAR SF	\$65 /FAR SF	- Office & retail improvements value based on International Code Council's February 2006 Building Valuation Data based on approximate construction types at subject site. - Office & retail land-improved value based on recently built retail centers in Gloucester County. - Unimproved land is allocated proportionally to current subject site assessments.	\$19 /FAR SF	\$300 /FAR SF	6%	85%	400 /FAR SF
Gross Receipts per Employee										
General Office	\$150,000									
Retail	\$150,000									

VILLAGES OF GLOUCESTER, LTD

Exhibit 5

ASSUMPTIONS GLOUCESTER COUNTY, VIRGINIA 2006

LOCAL TAXES	RATES/REVENUE			COMMENTS
Real Property Tax, Adjusted	\$0.57 per \$100 AV			Total Personal Property Tax generated from County Approved Budget for FY 2005-2006
Current Personal Property Tax (includes business personal property)	\$2.20 per \$100 AV	\$4,365,855 FY 2006 Adopted	\$95 /Employee \$438 /HH	\$175,000 Current Mobile Home Personal Property \$2,600,000 Personal Property Tax State Reimbursement \$0 Other Property Tax Revenue: Heavy Equipment/Machinery & Tools (No such categories in Gloucester County) The total adopted amount is distributed between households and employees according to the proportion of households to employees in the County. These figures above are used to calculate how much personal property is attributed to HH vs. employees. Mobile Home personal property and the personal property tax state reimbursement are included in the per household calculation, while the heavy equipment/machinery & tools is included in the per employee calculation for the most accurate per household and per employee amount.
Business License Taxes				
Class CO - Contractors	\$0.10 per \$100 Gross Receipts			
Class PS - Professional Services	\$0.12 per \$100 Gross Receipts			
Class RM - Retail < \$200,000 gross receipts	\$0.20 per \$100 Gross Receipts	for all gross receipts over \$200,000		
STATE/SHARED TAX	RATES (LOCAL)	LOCALITY SHARE	COMMENTS	
Income Tax	0.0%		Not Applicable in VA	
Sales Tax	5.0%	1.0%		
Meals Tax	4.0%			
Transient and Occupancy Tax	4.0%			
Recordation Tax: Deeds	0.13%			
Recordation Tax: Mortgages	0.08%			
Recordation Tax, Effective Rate	0.20%			
Average Down Payment	20%			
OTHER TAXES AND REVENUES	PER EMPLOYEE	PER HH	COMMENTS	
Utility Tax				
Residential		\$95.69	\$1,728,000 Based on FY 2006 Adopted Budget, allocated proportionally based on employees/resident ratio. Resident figure is then adjusted to reflect a per household figure.	
Commercial	\$37.58			
Permits and Development Fees	\$0.16	\$1,174		
		\$322,561	Based on FY 2004 Actual Revenue - grown by 3% each yr. Only development related revenues from the "Permits and Licenses" revenue header are attributed to new development. (6.55% of this is attributed to commercial development and 93.5% is attributed to new residential development.) These numbers are then divided by number of projected new commercial	
		257	FY 2004 Permitting Rev.	
		129,000	FY 2004 Res. Permits	
			FY 2004 Com. SF Permitted	
			SF (permitted in 2004-provided by the Gloucester County Building Department and Codes and Compliance Department) and residential units permits.)	

VILLAGES OF GLOUCESTER, LTD

Exhibit 5

ASSUMPTIONS GLOUCESTER COUNTY, VIRGINIA 2006

SCHOOL BUDGET	TOTAL	PER PUPIL	COMMENTS				
Expenditures	\$51,670,981	\$8,587	FY 2005-2006 Adopted School Board Budget				
Federal Education Aid	\$3,405,156	\$566					
State Education Aid	\$29,576,008	\$4,915					
Local Spending	\$18,689,817	\$3,106					

STUDENT GENERATION RATES	CHILD/UNIT	ELEMENTARY	MIDDLE	HIGH SCHOOL	PROFFER/UNIT (2006\$)	POP./HH	COMMENTS
Single-Family Detached	0.48	0.16	0.17	0.15	\$5,000	2.69	Proffer (CIF) based on client's preliminary assessment of proffers per unit
Townhomes/Villas	0.48	0.25	0.15	0.08	\$5,000	2.39	
Multifamily	0.37	0.19	0.08	0.10	\$5,000	1.82	Student generation rates calculated based on 2000 Census data for the 150701 Super PUMA area (includes Gloucester, Mathews, York, and Hampton Counties as well as James, Newport News, Poquoson and Williamsburg Cities) and looked at the number of children enrolled in public school by grade type and by housing unit.
Active Adult	n/a	n/a	n/a	n/a		1.70	

OTHER PROFFER PAYMENTS	(2006 \$)	
Road Improvements	\$1,500,000	To be built in 2012
Water Tower, Water Tower Site, 16" Water Main	\$1,800,000	To be built in 2014

Please see the "Proffer" section in the accompanying report for additional details regarding developer contributions.

SOURCE: RCLCo; The Villages of Gloucester, Ltd; Gloucester County Annual Budget; Gloucester County Public Schools

VILLAGES OF GLOUCESTER, LTD

Exhibit 6

SUMMARY DEVELOPMENT PROGRAM GLOUCESTER COUNTY, VIRGINIA 2006

Land Uses/Product	Avg. Sales Price	FISCAL ANALYSIS PERIOD (2006-2025)																		TOTAL	
		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023		2024
MARKET RATE RESIDENTIAL																					
	(2006\$)																				
Single-Family Detached 1	\$400,000			12	10	10	10	10	10	10	10	10	6								98
Single-Family Detached 2	\$475,000			10	10	10	10	10	10	10	10	10	9								109
Single-Family Detached 3	\$525,000			24	24	24	24	24	24	24	24	20	20	19							271
Single-Family Detached 4	\$575,000			18	18	18	18	16	15	15	15	15	15	15							193
Single-Family Detached 5	\$700,000			26	24	24	24	24	20	20	20	20	20	20							262
Condominium 1	\$299,000			13	12	12	12	12													61
Condominium 2	\$339,000			12	12	12	12	12													60
Condominium 3	\$375,000			12	12	12	10	12													58
Condominium 4	\$425,000			12	12	12	12	10													58
TOTAL		0	0	139	134	134	132	130	79	79	79	75	71	64	54	0	0	0	0	0	1,170
NON RESIDENTIAL																					
Office																					
General Office				30,300	30,300	30,300	30,300	30,300													151,500
TOTAL		0	0	30,300	30,300	30,300	30,300	30,300	0	0	0	0	0	0	0	0	0	0	0	0	151,500
Retail																					
Retail				30,300	30,300	30,300	30,300	30,300													151,500
TOTAL		0	0	30,300	30,300	30,300	30,300	30,300	0	0	0	0	0	0	0	0	0	0	0	0	151,500
ALLOWABLE DEVELOPMENT UNDER THE GLOUCESTER COUNTY FUTURE LAND USE MAP																					
Single-Family Detached	\$325,000			95	93	93	93	93	93	93											653
TOTAL		0	0	95	93	93	93	93	93	93	0	0	0	0	0	0	0	0	0	0	653

SOURCE: The Villages of Gloucester, Ltd