# Tourism Development Financing Program

Finance and Economic Development Committee Meeting October 15, 2025



#### **Tourism Development Financing Program (TDFP)**

- TDFP is a state program that provides gap financing to tourism projects that fill a market deficiency, for example not having sufficient hotel product to meet market demand
- TDFP leverages a portion of net new revenue generated from the project and does not rely on existing city or state tax revenue
- Projects must be in a Designated Tourism Zone as authorized by the Virginia Assembly and designated by Localities (Code of Virginia, § 58.1-3851).
- In 2016, the City of Richmond designated **Scott's Addition** as one of five tourism zones in the City to help drive tourism-related developments. (Ord. No. 2016-144)
- To apply for the program, the Commonwealth requires a locality and a developer to partner to complete a rigorous application process, which includes passing a project ordinance and a performance agreement

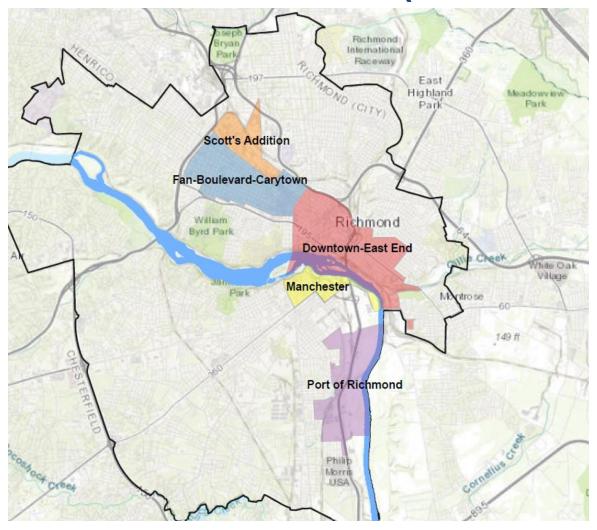
#### **TDFP Process** Qualifying tourism project identified Third-party market study to demonstrate tourism deficiency Tourism development plan completed Developer plan of finance reviewed and verified by Virginia Resource Authority Letters of support collected Municipality approves project ordinance and performance agreement

Application reviewed and certified by VA

State Comptroller



#### Council Adopted Tourism Zones (Ord. No. 2016-144)





#### **TDFP Financing Structure**

- Depending on project tier, the developer must secure at least 70% or 80% of the financing from other sources.
- The developer must prove a "But For" need for the TDFP gap financing (i.e., the proposed hotel development would not be financially feasible without the gap financing).
- To pay the gap financing, the developer, state, and city contribute a portion of the new revenue derived by the project. Per the performance agreements, the developer is paying a required share plus an additional share.\*





\*Both proposed TDFP projects include an additional payments from the developer. This is allowed, but not required, in state statute.

#### **Example TDFP Quarterly Calculation**

Example: If a hotel generates \$1,000,000 in revenue in a quarter...

Tier 1 < \$100 M

Quarterly payments are equal to **1%** of the project's quarterly revenue

Tier 2
\$100 M +

Quarterly payments are equal to **1.5%** of the project's quarterly revenue

	Tier 1	<b>Quarterly Contribution</b>
City	1%	\$ 10,000
State	1%	\$ 10,000
Developer (Statutory)	1%	\$ 10,000
Developer (Additional)*	1%	\$ 10,000
<b>Total Quarterly Payment</b>		\$40,000

	Tier 2	Quarterly Contribution
City	1.5%	\$ 15,000
State	1.5%	\$ 15,000
Developer (Statutory)	1.5%	\$ 15,000
Developer (Additional)*	1.5%	\$ 15,000
Total Quarterly Payment		\$60,000

This simple example shows that through the TDFP program in Tier 1 and Tier 2 projects, for every \$1 the City contributes, the developer and state collectively match \$3 to service the TDFP Gap debt.



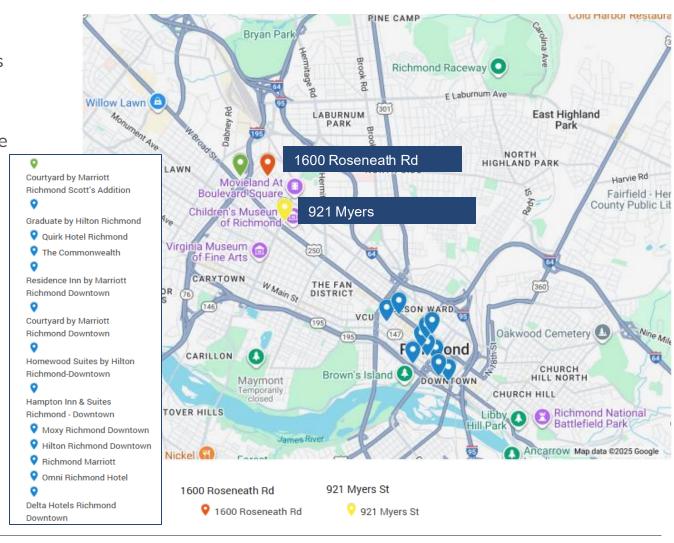
#### **Market Demand**

- Over the past decade, the greater Scott's Addition area has had considerable residential and commercial growth, but there is limited availability of hotel product.
- External market studies indicate that the new hotels will be absorbed into market –the increase in supply of hotel product and conference space will have a proportional increase in demand for rooms and conference space.
- Unique product types of both projects will appeal to unserved customers.

#### **Proximity to Tourism Assets**

- Children's Museum of Richmond
- Science Museum of Virginia
- Virginia Museum of Fine Arts
- Diamond District
- Access to Scott's Addition, Museum

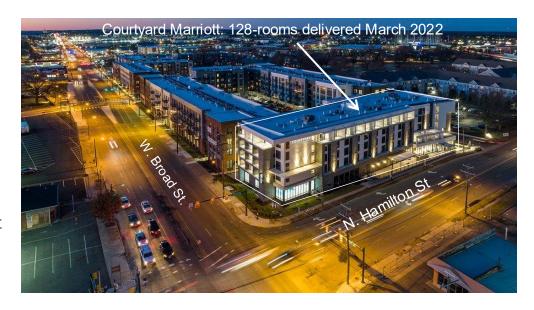
District, Carytown, and Fan District neighborhoods





#### **Market Demand Continued**

- Over the past decade, the greater Scott's Addition area has rapidly changed from an industrial area to a vibrant mixed-use community, with more than 2,600 residential units delivered in that timeframe and another 1,000+ in the pipeline.
- In that same time, more than 14 new restaurants and 10 breweries have set up shop in Scott's Addition.
- The profound surge in commercial and residential demand in the area accompanied by neighboring diamond and museum districts, along with nearby major employer operations make the case for increased hospitality supply.
- Over the past decade, only one similar scale hotel project has been delivered in a 2-mile radius, The 128-room Courtyard by Marriott adjacent to The Ella.
- Both proposed projects add much needed hotel supply, while also diversifying product type (lifestyle and extended-stay) to attract different subsets of demand concurrently serving a pedestrian-oriented experience.
- Along with losing tax revenue because of this deficiency, it's possible the City of Richmond is also missing out on corporate headquarters opportunities in Scott's Addition because of the lack of hotel product.







## **1600 Roseneath Rd – Existing Site Conditions**





- 2.17-acre site located in the Greater Scotts Addition Area
- Corner of Roseneath Road and W. Moore Street (Parcel ID Numbers N0001791004 & N0001791005)
- Formerly Dairy Bar and Tang & Biscuit establishments



# 1600 Roseneath Rd – Planned Development



	Highlights			
	Capital Investment	\$40 M		
	Description	Fully furnished apartment hotel for nightly, weekly, and monthly stays within new mixed-use development		
The state of the s	Amenities	<ul> <li>7-story, mixed-use development</li> <li>8,000 sf retail space</li> <li>Pool</li> <li>Outdoor courtyard</li> <li>Fitness center</li> <li>Structured parking garage</li> </ul>		
79.	Hotel Keys	95		
	Est. Local Revenue (after TDFP payment) over 20-yr term	\$20M*  * Revenue from hotel only and does not include residential and retail components. Includes incremental real estate tax; local sales tax; meals tax; transient occupancy tax; tourism improvement district fee		



#### 1600 Roseneath Rd – TDFP Gap Financing

Capital Investment \$40 M Secured Funding – 85%

Developer

State City Developer
Statutory & Additional\*

TDFP Gap

Financing 15%

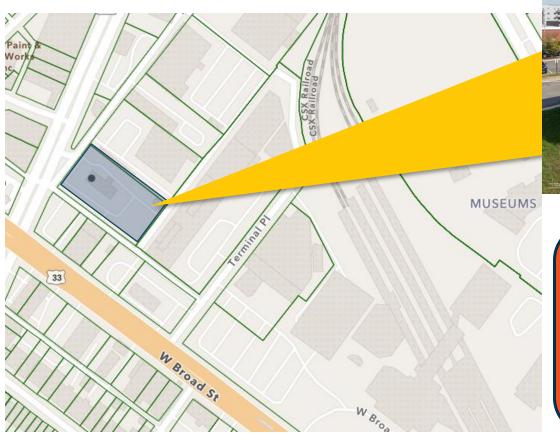
- 1600 Roseneath Rd qualifies as a Tier 1 TDFP Project
- Tier 1 projects require the developer to have at least 70% of financing secured; developer has surpassed this requirement with 85% secured
- Quarterly, each stakeholder pays an amount equal to 1% of the project's quarterly revenue. The developer provides an additional negotiated developer contribution.

TDFP quarterly payments are an amount equal to **1** % of the project's quarterly revenue

State	1%	
City	1%	
Developer (Statutory)	1%	20
Developer (Additional)	1%	



#### 921 Myers Street – Existing Site Conditions





- 1.25-acre site located in the Greater Scotts Addition Area
- Corner of W Broad St and N Arthur Ashe Blvd (Parcel ID Number N0001481031)
- Formerly a Hardee's establishment



# 921 Myers Street – Planned Development



Project Highlights						
Capital Investment	\$109 M					
Description	Dual-branded Marriot (AC Hotel & Residents Inn)					
Amenities	<ul> <li>Rooftop restaurant/bar</li> <li>Ground-floor indoor/outdoor bar 14,000 sf of ballroom meeting space</li> <li>Pocket park</li> <li>253-space parking garage</li> </ul>					
Hotel Keys	253					
Est. Local Revenue (after TDFP payments) over 20- yr term	\$60M* (*incremental real estate tax; local sales tax; meals tax; transient occupancy tax; tourism improvement district fee)					



## 921 Myers Street – TDFP Gap Financing

Capital Investment \$109.9 M

Secured Funding – 87%

Developer



TDFP Gap

Financing 13%



- Tier 2 projects require the developer to have at least 80% of financing secured; developer has surpassed this requirement with 87% secured
- Quarterly, each stakeholder pays an amount equal to 1.5% of the project's quarterly revenue. The developer provides an additional negotiated developer contribution.

Quarterly payments are an amount equal to 1.5 % of the project's quarterly revenue

State	1.5%	
City	1.5%	
Developer (Statutory)	1.5%	20%
Developer (Additional)	1.5%	370



#### **TDFP Net Tax Revenues to City Breakdown**

- This table reflects annual tax revenue projections for both projects, respectively, including incremental real estate tax, occupancy tax, TID, meals and sales tax, with cumulative totals every 5 years.
- The assumptions used to calculate these figures were conservative, with a 2.5% annual escalation factor applied to all tax revenue categories.
- All numbers have been rounded for ease of seeing the net benefit to the City over the term of the program (20 years).

	16	1600 Roseneath Net 921 Myers Net		921 Myers Net City
Year		City Revenues		Revenues
1	\$	731,934	\$	2,190,554
2	\$	771,047	\$	2,366,426
3	\$	806,473	\$	2,547,959
4	\$	836,274	\$	2,683,073
5	\$	855,580	\$	2,765,174
Years 1-5 Total	\$	4,001,308	\$	12,553,186
6	\$	886,588	\$	2,848,585
7	\$	906,900	\$	2,895,898
8	\$	939,166	\$	2,982,190
9	\$	960,537	\$	3,032,176
10	\$	982,403	\$	3,083,486
Years 6-10 Total	\$	4,675,594	\$	14,842,335
11	\$	1,016,604	\$	3,193,549
12	\$	1,039,616	\$	3,253,776
13	\$	1,063,167	\$	3,315,450
14	\$	1,099,440	\$	3,418,070
15	\$	1,125,735	\$	3,483,050
Years 11-15 Total	\$	5,344,562	\$	16,663,895
16	\$	1,261,530	\$	3,549,608
17	\$	1,303,336	\$	4,150,120
18	\$	1,331,889	\$	4,254,024
19	\$	1,361,119	\$	4,333,474
20	\$	1,391,047	\$	4,414,855
Years 16-20 Total	\$	6,648,921	\$	20,702,081
20 Year Total	\$	20,670,385	\$	64,761,497



#### **Tourism Development Financing Program (TDFP) – Certified Examples**



v	Locality	Certified	Capital	Gap	% Gap	Local Tax	Jobs   FTE
Year	EDA	Projects	Investment	Financed	Used	Revenue	(1 <sup>st</sup> yr.)
						* Annual	
2012	Fredericksburg	Hyatt Place Hotel	\$14,940,000	\$1,150,000	7.7%	\$327,000	40
2012	Newport News	City Center at Oyster Point (4 Restaurants)	\$22,000,000	\$4,300,000	19.5%	\$2,200,000	250
		<ol> <li>Historic Cavalier Hotel and Beach Club</li> </ol>					
2014	Virginia Beach	2. Marriott Virginia Beach Oceanfront Resort	\$247,500,000	\$24,500,000	9.9%	\$612,000	350
		3. Embassy Suites Virginia Beach Oceanfront Resort					
2015	Norfolk	The MAIN   Hilton Hotel	\$77,744,474	\$7,285,248	9.0%	\$2,000,000	250
2016	Farmville	Hotel Weyanoke	\$12,200,000	\$2,750,000	22.5%	\$516,280	76
2018	Hampton	Element Hotel	\$17,305,729	\$1,815,729	10.5%	\$2,340,246	22
2019	Manassas	Tru Hotel	\$13,948,300	\$1,500,000	10.8%	\$369,000	35
2019	Bristol	Sessions Hotel	\$23,000,000	\$4,021,000	19.8%	\$556,019	75
2022	Alexandria	Hotel Heron   Old Town Alexandria	\$69,600,000	\$6,073,000	9.0%	\$395,537	111
2023	Spotsylvania County	Kalahari Resorts & Conventions	\$885,000,000	\$221,250,000	25.0%	\$6,840,000	805
2024	Shenandoah County	Simply Shenandoah   Nature & Wellness Resort	\$201,500,000	\$15,000,000	7.5%	\$1,000,000	225
2024	Petersburg	Hotel Petersburg   Hilton Tapestry Collection	\$23,138,000	\$2,200,000	9.5%	\$421,000	40
	Results		\$1,607,876,503	\$291,844,977	100	\$17,577,082	2,279
			\$1.6 Billion	\$291 Million		\$17.5 Million	2,279



#### **Letters of Support**





























