

**VIRGINIA  
IS FOR  
LOVERS®**

**TDFP  
Tourism Zones**



# TOURISM DEVELOPMENT FINANCING PROGRAM





✓ Areas with **High** Visitor Demand



✗ Areas with **Med** Visitor Demand



✗ Areas with **Low** Visitor Demand

## Commonwealth of Virginia Tourism Development Financing Program

– Is there a sector of local tourism activity in your area which has reached such high demand, that current tourism product cannot meet?

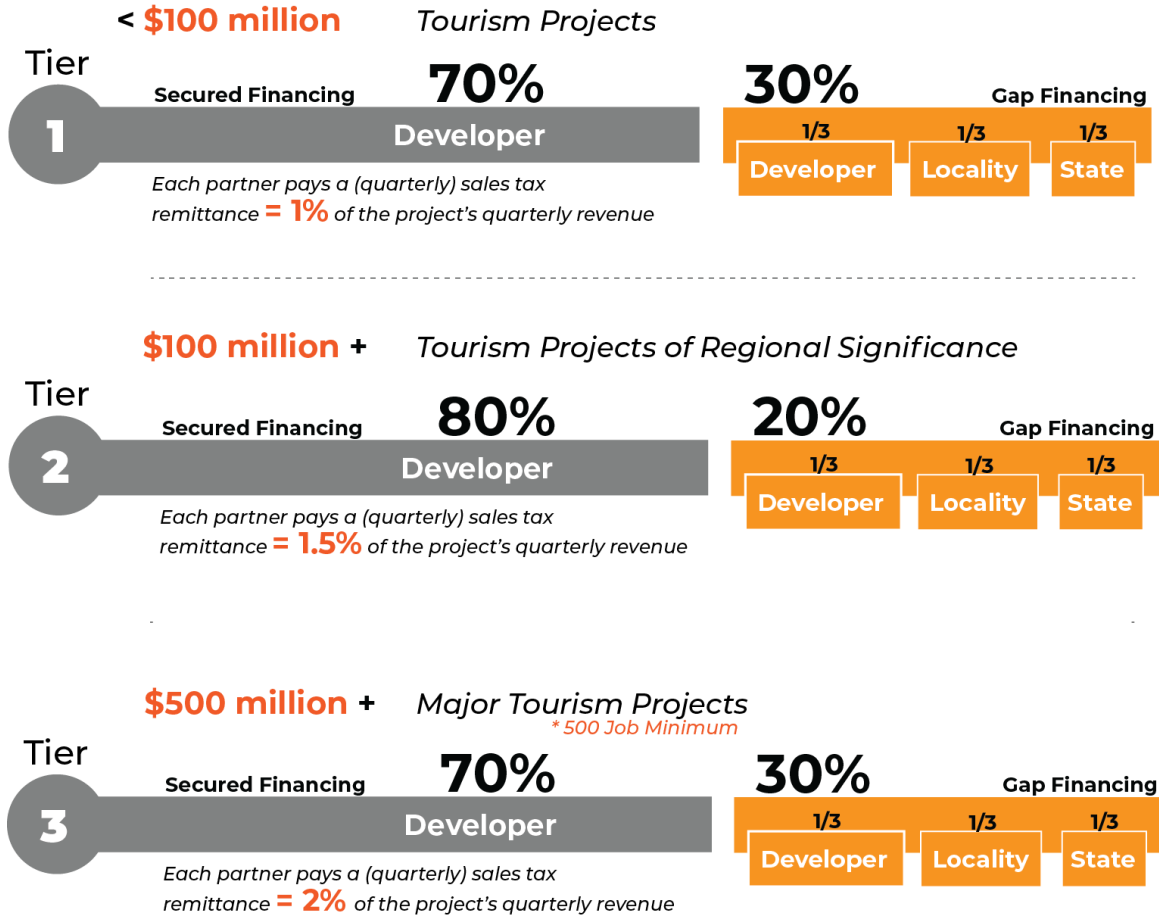
– Does your current, updated *Community Comprehensive Plan* identify and address these demands?

– Do your current, updated *Tourism Development Plan* and *Tourism Marketing Plan* identify, benchmark and track traveler visitation, activity and visitor spending?

– Do potential Developer partners have a current Market / Feasibility Study with research and data proving their project can fill that local Deficiency?

– If you've answered "Yes" to these key tenants of tourism development and marketing, then the Commonwealth's Tourism Development Financing Program (TDFP) may be a consideration for your community.

### (3) Tiers of Financing



# Example of Quarterly Payments

Tier

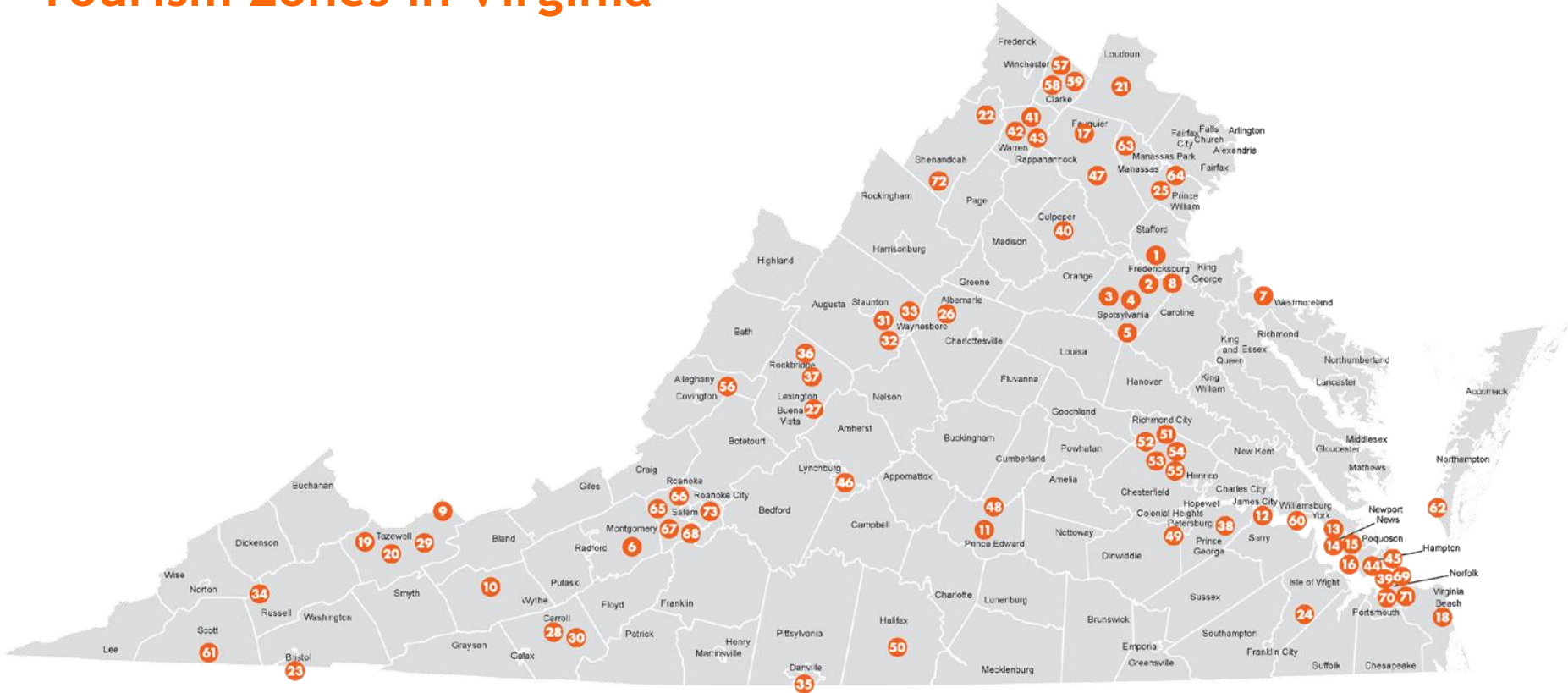
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*EXAMPLE: Quarterly Example*

	Quarterly Hotel Revenue	1%	Quarterly Payment
1st Quarter	\$ 1,000,000	= \$ 10,000 X 3	\$ 30,000
2nd Quarter	\$ 1,500,000	= \$ 15,000 X 3	\$ 45,000
3rd Quarter	\$ 750,000	= \$ 7,500 X 3	\$ 22,500
4th Quarter	\$ 1,000,000	= \$ 10,000 X 3	\$ 30,000
<hr/>			
Yearly	\$ 4,250,000	= \$ 42,500	\$ 127,000

\* Three partners' annual, combined debt service

# Tourism Zones in Virginia



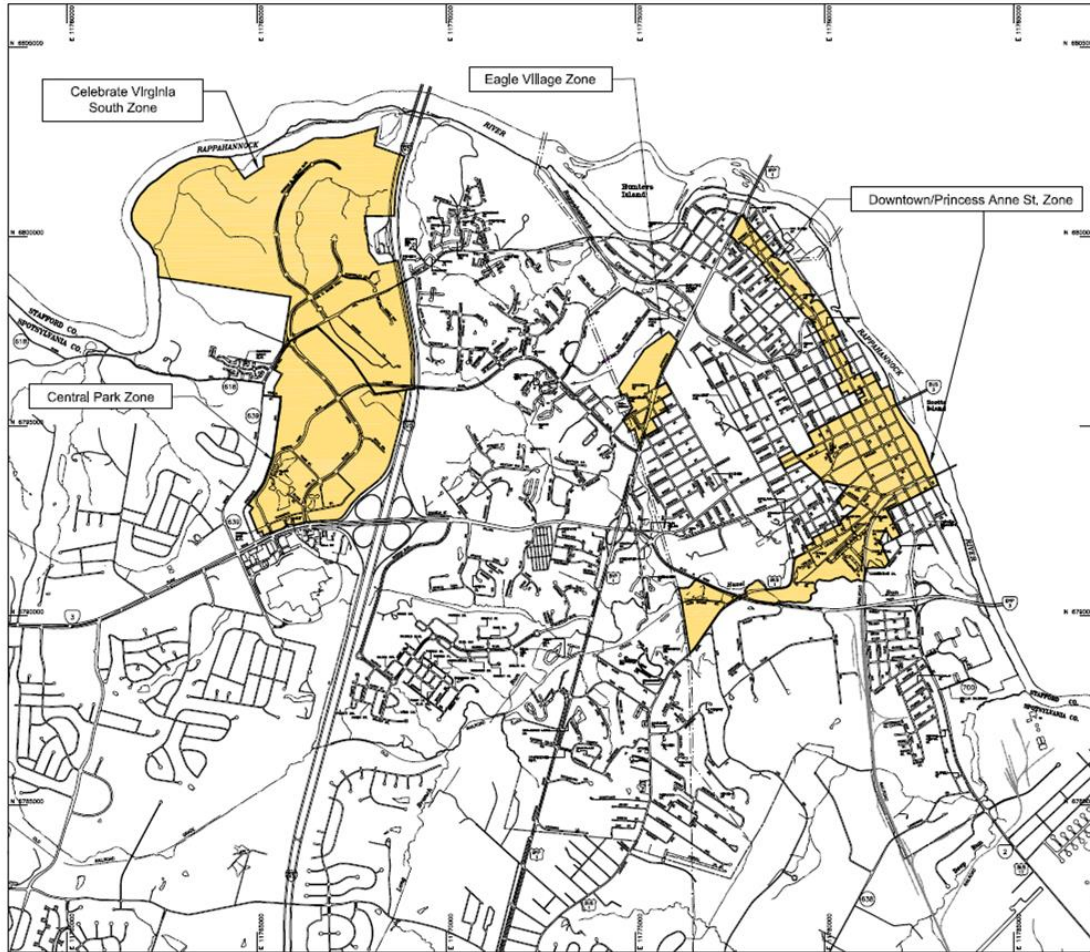
VATC.org/[tourismzones](https://vatc.org/tourismzones)



## THE PROCESS

- Below is a brief outline for an *Applicant / Locality* to apply for TDFP | Gap Financing certification
- These (10) steps must be completed in order
- An application is only complete once Steps 1 - 7 have been completed, in order

Local Government	1	LOCAL TOURISM INVESTMENT + SUBSTANTIATE DEFICIENCY	<ul style="list-style-type: none"> <li>Share Locality's current tourism investment in staff, infrastructure, development &amp; marketing</li> <li>The Locality (Applicant) submits local Comprehensive Community Plans, Community Development Plans &amp; Market Studies explicitly identifying &amp; substantiating a tourism Deficiency in their local, tourism economy</li> <li>The Locality identifies a Developer partner and Project which fills this Deficiency</li> </ul>
	2	1. IDENTIFY PROJECT + SUBMIT TOURISM DEVELOPMENT PLAN 2. DEVELOPER SUBMITS A LETTER OF NEED	<ul style="list-style-type: none"> <li>The Locality completes the Tourism Development Plan supplied by VTC</li> <li>The Developer submits a Letter of Need stating that but for the TDFP, the project cannot proceed with its current funding</li> </ul>
	3	DEFICIENCY & PROJECT REVIEW	<ul style="list-style-type: none"> <li>Initial review of data and research collected with (3) outcomes:                             <ol style="list-style-type: none"> <li>The Deficiency is not met, and not eligible for TDFP</li> <li>There are areas of improvement before reviewing again</li> <li>Deficiency is met, and the project can proceed with applying</li> </ol> </li> <li>Work with Virginia Resources Authority to verify committed financing, debt structuring &amp; gap reimbursement</li> </ul>
	4	VERIFY FINANCING + FINALIZE PERFORMANCE AGREEMENT	<ul style="list-style-type: none"> <li>The Developer is sole owner of all debt with Lenders and secures all financing, including the gap financing, prior to applying for TDFP gap financing</li> </ul>
	5	CREATE & VERIFY TOURISM ZONE ORDINANCE	<ul style="list-style-type: none"> <li>Pass a Local Ordinance creating a "Tourism Zone" in which the project's footprint must be located</li> <li>Must be completed AFTER Steps 1 through 4 are completed and reviewed by VTC</li> </ul>
	6	ADOPT A PROJECT ORDINANCE	<ul style="list-style-type: none"> <li>Pass a Local Ordinance adopting Steps 1 through 5 including the specific development project by name &amp; commitment to financing</li> <li>The Final Application is the documentation from the completed, previous steps</li> </ul>
	7	PAY APPLICATION FEE	<ul style="list-style-type: none"> <li>Submit \$500 application &amp; processing fee paid by either Developer or Locality</li> </ul>
	8	APPLICATION REVIEW BY STATE COMPTROLLER	<ul style="list-style-type: none"> <li>Only when Steps (1) through (6) are deemed complete by VTC is the Application completed</li> <li>The State Comptroller reviews Final Application</li> <li>Review period, including possible requests for more data</li> <li>Sends Certification Letter if certification is approved</li> </ul>
	9	ANNOUNCE TDFP CERTIFICATION	<ul style="list-style-type: none"> <li>VTC coordinates with Locality a Media Release from the Governor's + Announcement Event if requested</li> </ul>
	10	DEBT SERVICE > After business opening	<ul style="list-style-type: none"> <li>VTC provides Locality with VA Dept. of Tax Contact to arrange partner payments for duration of financing debt</li> </ul>



**CITY OF  
FREDERICKSBURG  
VIRGINIA**

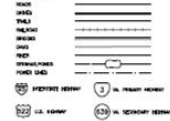
**Map Of  
Tourism Zones**

**LEGEND:**

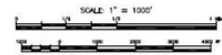
■ Tourism Zones

**NOTES:**  
Tourism Zones Approved by City Council Ordinance  
Nos. 10-31, 10-32, 10-33 (October 26, 2010)

**LEGEND:**



Original Base Created June 1996 (MRAG Data Consultants)  
Streets Revised May 2009 (City Graphics Department)







# TOURISM DEVELOPMENT FINANCING PROGRAM



2022

Certified Projects	% Gap Used	Capital Investment	Local Tax Revenue (annually)	Jobs   FTE (1 <sup>st</sup> yr.)
Hyatt Place Hotel – Fredericksburg	7.7%	14,900,000	\$327,000	40
City Center at Oyster Point – Newport News	17.3%	22,000,000	2,200,000	250
Cavalier Hotel & Oceanfront Resorts – VA Beach	9.9%	247,500,000	3,600,000	350
The MAIN   Hilton Hotel – Norfolk	9.4%	77,700,000	2,000,000	250
Hotel Weyanoke – Farmville	22.5%	12,200,000	\$516,280	76
Element Hotel – Hampton	10.5%	17,000,000	\$234,025	22
Tru Hotel – Manassas	10.8%	13,900,000	\$369,000	35
Sessions Hotel – Bristol	19.8%	20,345,667	\$556,019	75
Boutique Hotel – NOVA <i>*announced at grand opening</i>	9.0%	69,600,000	\$451,506	111
<b>Results</b>		<b>495,145,667</b>	<b>\$10,253,830</b>	<b>1,209</b>
		<b>\$495 million</b>	<b>\$10.2 million</b>	<b>1,209</b>



# DEFICIENCY

- *Comprehensive Plan*
- *Tourism Development Plan*
- *Tourism Marketing Plan*
- *Current Market Study*
- *Tourism Zone*



*Much like*

## **Tax Increment Financing**

Municipality and State divert and contribute future sales tax revenues towards the Developer's debt with the Lender

# CONTACTS



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