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**RE: St. Martin's Apartments, Washington, DC
District of Columbia Economic Impact Overview**

Bolan Smart Associates has been asked to provide an overview of the economic impact to the District of Columbia of constructing a \$28.0 million residential development comprising 184 rental apartments (51 units intended for low income households and the other 133 units designated for moderate income households earning 60% of the metropolitan area medium income). This development represents expanded economic use of the site through the provision of an increased supply of new and affordable housing for an estimated 370 District of Columbia residents.

Based on evaluating a 100% completed project, our findings are summarized as follows:

1. **Direct Annual District Tax Revenue:** The principal direct tax revenues to the District of Columbia resulting from the completion of this project – calculated in \$2005 – total \$607,000 per year in terms of gross tax revenue generated. The primary components of the project generated taxes, as summarized in Tables 2 to 3, are estimated to be comprised of:
 - 1) \$120,000 per year in real estate taxes. (This compares with no real estate taxes as currently owned and operated);
 - 2) \$340,000 per year in DC resident income taxes derived from the development of 184 rental apartments. (See Tables 2 and 3);
 - 3) \$110,000 per year in DC resident retail sales tax revenues, attributable to \$2.25 million in DC based taxable sales (@ 65% to 70% DC capture of DC resident retail sales). (See Tables 2 and 3); and
 - 4) \$34,000 in DC resident related use taxes and fees (residential building operation's, resident DMV fees, utility and telecommunications fees, etc.). (See Tables 2 and 3);

2. **Construction Related Benefits:** The combination of initial recordation fees, development processing fees and permits are estimated to generate well in excess of \$800,000 of direct District of Columbia revenues. In addition, the purchase of \$13.0 million of construction materials – while not explicitly quantified as part of this report – will obviously benefit the District.

3. **Direct Employment Opportunities:** Approximately 6 residential related jobs and project support jobs are estimated to be created. This job generation is in addition to the 109 construction related jobs estimated to be created spanning each month of the project's 18-month construction period.

4. **Provision of a Mix of Housing for DC Residents:** Per a broad-based District goal, the planned construction of 184 residential living units will provide needed homes for a range of households that are currently under housed or otherwise priced out of the marketplace. Adding the proposed housing will promote the productive health of the resident families, help offset the price pressures associated with neighborhood gentrification, and assist in retaining a middle income workforce within the District of Columbia. Moreover, creating an additional supply of new units at this location will free up needed inventory for other prospective DC residents.

**Table 1 - St. Martin's Apartments, Washington, DC
ECONOMIC IMPACT SUMMARY - \$2005**

Direct Annual District Tax Revenues

Net District Tax Revenue

		<u>taxable value</u>	<u>tax value per sf</u>	<u>RE tax</u>	<u>total</u>
1) Real Estate Tax see Tables 2-3	low income rental	\$0	\$0	\$0	
	moderate income rental	<u>\$13,001,544</u>	<u>\$104</u>	<u>\$119,614</u>	
	total	\$13,001,544		\$119,614	\$119,614
2) DC Resident Income Tax see Tables 2-3		<u>total potential</u>		<u>net DC income tax</u>	
	low income rental	\$45,453	90.0%	\$40,907	
	moderate income rental	<u>\$335,202</u>	90.0%	<u>\$301,682</u>	
	total	\$380,654		\$342,589	\$342,589
3) DC Resident Retail Expenditures see Tables 2-3		<u>total potential taxable sales</u>	<u>capture</u>	<u>DC sales tax</u>	
	low income rental	\$372,945	70.0%	\$19,580	
	moderate income rental	<u>\$1,871,046</u>	65.0%	<u>\$91,214</u>	
	total	\$2,243,991		\$110,793	\$110,793
4) Other DC Resident Related Fees see Tables 2-3	low income rental			\$5,594	
	moderate income rental			<u>\$28,066</u>	
	total			\$33,660	\$33,660
Total Direct Annual DC Tax Revenue		\$606,656			\$606,656
5) Total Direct Annual Tax Revenue By Use see Tables 2-3		<u>gross DC taxes</u>		<u>net DC taxes</u>	
	low income rental	\$66,081	100.0%	\$66,081	
	moderate income rental	<u>\$540,575</u>	100.0%	<u>\$540,575</u>	
Total Direct Annual DC Tax Revenue		\$606,656			\$606,656

One-time District Revenue

Deed Recordation and Development Fees	\$800,000+
Construction Related Sales Tax	not considered

		<u>total residents</u>		<u>net DC residents</u>
Additional Project Related Residents see Tables 2-3	low income rental	53	100.0%	53
	moderate income rental	<u>316</u>	100.0%	<u>316</u>
	total	369		369

		<u>DC jobs</u>		<u>DC residents</u>
Direct Project Full Time Employment (FTE jobs)	Residential (one job / 30 units)	6	35.0%	2
	Total Permanent FTE Jobs	6		2
	Temporary Construction FTE Jobs (a)	<u>109</u>	35.0%	<u>38</u>
	Total FTE Jobs	115		40

Indirect Employment, Economic and Tax Multipliers not considered

(a) Construction employment: \$22,000,000 construction cost x 40% direct labor divided by \$54,000 average annual income, equaling 163 person years divided by 18 months for project completion, realizing 109 construction full time equivalent jobs.

Table 2 - Rental Apartments (low income)
St. Martin's Apartments, Washington, DC
ANNUAL DIRECT DC TAX REVENUE NET OF MULTIPLIERS - \$2005

Project Description

1) Total Apartments	184 units
2) Low Income Component	27.7%
3) Market Rate Apartments	51.0 units
4) Average Apartment Size	<u>566</u> sf (net rentable area)
5) Apartment RSF	28,866 sf

Project Related DC Residents

1.1 persons / unit
<u>48</u> occupied units
53 total residents
<u>100.0%</u> net residents
53 DC residents

Real Estate Tax

6) Apartment Real Estate Assessment (unit income based) (a)	
7) Parking (included above)	
8) Real Estate Value	100.0% of assessment
9) Residential Real Estate Tax (as DC proposed)	0.92% residential tax rate
10) Total Real Estate Tax Revenue	

Building / Parking		
	one sf	total sf
	\$0.00	\$0
		<u>NA</u>
	\$0.00	\$0
	\$0.00	\$0.00
	\$0.00	\$0
	one unit	total units
	\$0.85 per sf	\$481
	\$19,244	\$24,536
	\$12,508	\$981,434
	\$0	\$637,932
	\$0	\$0
	<u>\$938</u>	<u>\$47,845</u>
	\$938	\$47,845
	\$891	\$45,453
	<u>\$802</u>	<u>\$40,907</u>
	\$802	\$40,907
	\$7,313	\$372,945
	<u>\$5,119</u>	<u>\$261,061</u>
	\$384	\$19,580
	\$110	\$5,594
		<u>NA</u>
	\$1,296	<u>\$66,081</u>
	gross	\$2.29
	net	\$2.29
		<u>\$66,081</u>

Residential Direct Tax Revenues

11) Monthly Rent	\$0.85 per sf
12) Minimum Required Gross Household Income	333.3% multiple of rent
13) Taxable Income	65.0% of gross
14) Initial DC Income Tax	\$0 of initial taxable income
15) Additional DC Income Tax	7.5% DC tax rate over initial
16) Total Potential DC Income Taxes	
17) Income Taxes Adjusted for Average Occupancy	95.0% occupancy
18) Potential DC Tax Paying Residents	90.0% of residents pay taxes
19) Income Tax Revenue Adjusted for Resident Status	
20) Resident Retail Expenditures Subject to Sales Tax	40.0% of gross income
21) District of Columbia Resident Sales Capture	70.0% of expenditures
22) DC Average Applicable Sales Tax (b)	7.5% blend of categories
23) Other Resident Related Use Taxes and Fees (c)	0.6% of gross income
24) Personal Property Tax (not applicable) (d)	
25) Total Residential Direct Tax Revenues	

Parking (tax not applicable on residential parking)

Total Direct Annual Tax Revenue

26)

Notes:

- (a) Income based real property assessment = annual gross revenue minus operating costs capitalized at 7.5%.
- (b) Based on blend of sales tax on general goods and services and DC retained sales tax on restaurant related sales.
- (c) Building operations purchases, resident DMV fees, utility and telecommunications fees, other licensing fees and charges.
- (d) Fixtures, etc. included in real property value; residents assumed not to exceed \$50,000 personal property exemption.

**Table 3 - Moderately Priced Rental Apartments
St. Martin's Apartments, Washington, DC
ANNUAL DIRECT DC TAX REVENUE NET OF MULTIPLIERS - \$2005**

Project Description

1) Total Apartments	184 units
2) Moderate Priced Component	72.3%
3) Moderate Priced Apartments	133 units
4) Average Apartment Size	<u>941</u> rsf
5) Apartment RSF	125,153 rsf

Project Related DC Residents

2.5 persons / unit
<u>126</u> occupied units
316 total residents
<u>100.0%</u> net residents
316 DC residents

Real Estate Tax

6) Apartment Real Estate Assessment (unit income based) (a)
7) Parking (included above)
8) Real Estate Value
9) Residential Real Estate Tax (as DC proposed)
10) Total Real Estate Tax Revenue

Building / Parking		
	one sf	total sf
	\$103.89	\$13,001,544
		NA
100.0% of assessment	\$103.89	\$13,001,544
0.92% residential tax rate	\$0.96	\$119,614.21
	\$0.96	<u>\$119,614</u>

Residential Direct Tax Revenues

11) Monthly Rent
12) Minimum Required Gross Household Income
13) Taxable Income
14) Initial DC Income Tax
15) Additional DC Income Tax
16) Total Potential DC Income Taxes
17) Income Taxes Adjusted for Average Occupancy
18) Potential DC Tax Paying Residents
19) Income Tax Revenue Adjusted for Resident Status
20) Resident Retail Expenditures Subject to Sales Tax
21) District of Columbia Resident Sales Capture
22) DC Average Applicable Sales Tax (b)
23) Other Resident Related Use Taxes and Fees (c)
24) Personal Property Tax (not applicable) (d)
25) Total Residential Direct Tax Revenues

	one unit	total units
\$1.16 per sf	\$1,089	\$144,832
333.3% multiple of rent	\$43,554	\$5,792,713
85.0% of gross	\$37,021	\$4,923,806
\$30,000 of initial taxable income	\$2,000	\$266,000
9.3% DC tax rate over initial	<u>\$653</u>	<u>\$86,844</u>
	\$2,653	\$352,844
95.0% occupancy	\$2,520	\$335,202
90.0% of residents pay taxes	<u>\$2,268</u>	<u>\$301,682</u>
	\$2,268	\$301,682
40.0% of taxable income	\$14,068	\$1,871,046
65.0% of expenditures	<u>\$9,144</u>	<u>\$1,216,180</u>
7.5% blend of categories	\$686	\$91,214
0.6% of taxable income	\$211	<u>\$28,066</u>
		NA
	\$3,165	<u>\$420,961</u>
	gross	\$4.32
	net	\$4.32
		\$540,575
		<u>\$540,575</u>

Parking (tax not applicable on residential parking)

Total Direct Annual Tax Revenue

28)

Notes:

- (a) Income based real property assessment = annual gross revenue minus operating costs and real estate taxes capitalized at 7.5%.
- (b) Based on blend of sales tax on general goods and services and DC retained sales tax on restaurant related sales.
- (c) Building operations purchases, resident DMV fees, utility and telecommunications fees, other licensing fees and charges.
- (d) Fixtures, etc. included in real property value; residents assumed not to exceed \$50,000 personal property exemption.