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**RE: Columbia Place (Square 369), Washington, DC  
Economic Impact Overview (\$2014)**

Bolan Smart Associates has been asked to provide an overview of the economic impact to the District of Columbia of constructing the approximate 543,000 sf hotel and residential Columbia Place redevelopment.

**A. Direct Annual District Tax Revenue (\$2014)** The principal direct tax revenues to the District of Columbia resulting from the completion of this project total approximately \$14.60 million per year (calculated in \$2014). The primary components, as summarized in Table 1, are estimated to include:

- 1) \$4.92 million per year in real estate taxes (See Tables 3-5);
- 2) \$6.02 million in hotel use related taxes, derived from \$24.58 million in room revenues and \$2.78 in limited food & beverage service and other revenues associated with the combined 501 room (377 room Courtyard and 124 room Residence Inn) hotels (See Table 3);
- 3) \$1.70 million in hotel guest retail related taxes attributable to \$17.37 million in annual off-site taxable retail sales (See Table 3);
- 4) \$0.38 million in parking taxes from a 161 space commercial parking component (See Table 3);
- 5) \$0.03 million in non-project hotel guest or resident related retail taxes attributable to \$0.73 million in on-site taxable retail sales derived from 1,626 sf of general retail space (See Table 4);
- 6) \$0.03 million per year in hotel and retail employment related sales tax revenues, attributable to \$0.43 million in employee generated annual taxable sales (\$50 per week in retail expenditures per employee) (See Tables 3-4).
- 7) \$1.12 million per year in DC resident income taxes derived from the development of 199 residential units (See Table 5);
- 8) \$0.29 million per year in DC resident retail sales tax revenues, attributable to \$7.68 million in DC based taxable sales (See Table 5); and
- 9) \$0.12 million in DC resident related use taxes and fees (residential building operations, resident DMV fees, utility and telecommunications fees, etc.) (See Table 5).

**B. Employment and Economic Activity Benefits** As summarized in Table 2, a total of 170 full time equivalent jobs are estimated to be located at the subject development, including 150 hotel jobs, 6 retail related jobs, plus a number of parking support jobs. This level of employment is responsible for approximately \$7.00 million (average \$40,000+ annual income) in annual District based payroll. Assuming that District residents hold 35% of the jobs, totaling 60 DC resident jobs, the annual direct payroll going to District residents is over \$2.40 million, responsible for approximately \$0.14 million in annual District of Columbia income and other DC employed resident related taxes.

**C. One-time Development Related Revenues** The combination of permits and recordation fees associated with the proposed development are projected to generate approximately \$3.50 million of direct District of Columbia tax revenues consequent from the initial development effort. Combined with \$1.12 million in estimated total construction period DC resident taxes and over \$2.65 million in estimated sales tax collected by the District on construction materials, this produces a total one-time tax District project direct revenue impact in excess of \$7.0 million.

**One-time District Fees (2015 to 2017)**

building permits / inspections / other fees	\$400,000
deed recordation (1)	<u>\$3,100,000</u>
total District one-time fees	\$3,500,000

(1) initial land transfer and mortgage recordation

**Construction Employment and Related DC Resident Tax Revenue** (*See Table 2*)

Approximately 450 full time construction (hard cost) jobs are projected to be created as part of a 24 month construction period. Assuming that District residents hold at least 25% of all construction related jobs, totaling approximately 113 DC resident jobs, the annual direct payroll going to District residents during the project development period would be in the range of \$14.00 million, responsible for over \$1.12 million in total construction period District of Columbia income and other DC employed resident related taxes.

**Construction Materials Sales Tax Revenue**

\$140,000,000 construction cost x 55% materials cost x 60% DC taxed at 5.75% sales tax rate, realizing \$2,650,000 in one-time construction materials DC sales tax. (Note 5% of construction cost is allocated to fund employer paid labor benefits.)

**D. Other Impacts** In addition to the enhanced urban place and neighborhood environment benefits of completing the subject project at this major infill development location, substantial off-site economic impacts can also be anticipated. In particular, the completion of Columbia Place will directly complement the success of the new DC Convention Center Hotel, the Convention Center, and other nearby recent DC ventures, including the CityCenterDC redevelopment.

**Table 1 - Combined Land Uses - Columbia Place  
ECONOMIC IMPACT SUMMARY - \$2014**

**Direct Annual District Tax Revenue**

	<u>see Tables</u>		<u>taxable value</u>	<u>square feet</u>	<u>DC RE tax</u>	<u>total</u>
1) Real Estate Tax	T3: # 6-10	hotel	\$225,450,000	329,630	\$4,158,825	
	T4: # 6-10	retail	\$813,000	1,626	\$15,041	
	T5: # 6-10	rental apartments	<u>\$87,635,514</u>	<u>212,000</u>	<u>\$744,902</u>	
		total	\$313,898,514	543,256		\$4,918,767
2) Hotel Related Tax Revenue	<u>see Tables</u>		<u>taxable sales</u>		<u>DC related tax</u>	
	T3: # 15	room tax	\$24,576,253		\$4,760,593	
	T3: # 16-17	other guest direct expenses	\$2,779,548		\$222,364	
	T3: # 18-21	corporate / other taxes			<u>\$1,035,278</u>	
			\$27,355,801			\$6,018,235
3) Hotel Guest Retail Expenditures	<u>see Table</u>		<u>total potential taxable sales</u>		<u>DC retail related tax</u>	
	T3: # 24-28	restaurant / other retail	<u>\$17,372,175</u>		\$1,698,130	
		total	\$17,372,175			\$1,698,130
4) Parking Tax	<u>see Table</u>		<u>taxable revenues</u>		<u>DC parking tax</u>	
	T3: # 29-31	hotel	<u>\$2,115,540</u>		\$380,797	
		total	\$2,115,540			\$380,797
5) Retail Space Direct Tax (non-real estate)	<u>see Table</u>		<u>taxable sales</u>		<u>DC retail related tax</u>	
	T4: # 12-20	general retail	<u>\$731,700</u>		\$26,316	
		total	\$731,700			\$26,316
6) Employee Related Sales Tax Revenue	<u>see Tables</u>		<u>taxable sales</u>		<u>DC retail related tax</u>	
	T3: # 32-33	hotel	\$411,710		\$32,937	
	T4: # 21-22	retail	<u>\$15,373</u>		\$1,230	
		total	\$427,083			\$34,167
7) DC Resident Income Tax	<u>see Table</u>		<u>total potential</u>		<u>DC income tax</u>	
	T5: # 11-19	rental apartments	<u>\$1,476,250</u>		\$1,121,950	
		total	\$1,476,250			\$1,121,950
8) DC Resident Retail Expenditures	<u>see Table</u>		<u>total potential taxable sales</u>		<u>DC retail related tax</u>	
	T5: # 20-22	rental apartments	<u>\$7,678,012</u>		\$287,925	
		total	\$7,678,012			\$287,925
9) Other DC Resident Related Taxes / Fees	<u>see Table</u>				<u>DC related tax</u>	
	T5: # 23	rental apartments			\$115,170	
		total				\$115,170
<b>Total Direct Annual DC Tax Revenue</b>						\$14,601,458
10) Total Direct Annual Tax Revenue By Use	<u>see Tables</u>				<u>DC taxes</u>	
	T3: # 34	hotel			\$12,288,924	
	T4: # 23	retail			\$42,586	
	T5: # 26	rental apartments			<u>\$2,269,948</u>	
		<b>Total Direct Annual DC Tax Revenue</b>				\$14,601,458

**Table 2 - Combined Land Uses - Columbia Place  
ECONOMIC IMPACT SUMMARY - \$2014**

*See Tables 3-5, lines 6-10*

1)	<b>Project Related Residents</b>	<u>total</u>	<u>DC residents</u>							
	rental apartments	<u>306</u>	80%	<u>244</u>						
	total	<b>306</b>		<b>244</b>						

  

2)	<b>Project Employment (FTE jobs)</b>	<u>DC jobs</u>	<u>DC residents</u>	<u>income</u>	<u>total income</u>	<u>avg. total tax (a)</u>	<u>off-site</u>	<u>total DC tax</u>		
	hotel	150	35%	53	\$40,000	\$2,104,200	6.0%	\$2,400	98%	\$123,727
	retail	6	35%	2	\$40,000	\$82,778	6.0%	\$2,400	98%	\$4,867
	parking	8	35%	3	\$40,000	\$112,700	6.0%	\$2,400	98%	\$6,627
	Residential (one job / 35 units)	<u>6</u>	35%	<u>2</u>	<u>\$60,000</u>	<u>\$120,600</u>	<u>8.0%</u>	<u>\$4,800</u>	98%	<u>\$9,455</u>
	<b>Total Permanent FTE Jobs</b>	<b>170</b>		<b>60</b>	\$40,676	\$2,420,278	6.0%	\$2,431		<b>\$144,676</b>
	Temporary Construction FTE Jobs (b)	<u>452</u>	25%	<u>113</u>	\$62,000	\$14,003,000	8.0%	\$4,960	100%	<b>\$1,120,240</b>
	<b>Total FTE Jobs</b>	<b>622</b>		<b>172</b>		(over 2.0 yrs)		(per job/yr)		(over 2.0 yrs)

(a) Combined income and other DC taxes paid by local residents, including real property taxes on residences, local sales taxes and fees.

(b) Construction employment: \$140,000,000 construction cost x 40% direct labor divided by \$62,000 average annual income, equalling 903 person years divided by 24 months for project completion, realizing an annual average of 452 full time equivalent construction jobs.

**Table 3 - Hotels**  
**Columbia Place**  
**ANNUAL DIRECT DC TAX REVENUE NET OF MULTIPLIERS - \$2014**

**Project Description**

- 1) Hotel Rooms 377 rooms (Courtyard)
- 2) 124 rooms (Residence Inn)
- 3) 501 total rooms
- 4) Parking 161 spaces
- 5)

**Direct Project Full Time Employment (a)**

- 0.30 jobs / room 150 jobs  
20 spaces / job 8 jobs  
158 total jobs

**Real Estate Tax**

- 6) General Real Estate Value (combined hotels)
- 7) Parking (included above)
- 8) Total Taxable Real Estate Value (assessment)
- 9) Real Estate Taxes (1.65% rate on first \$3.0M of value x2)
- 10) **Total Real Estate Tax Revenue**

**Hotel Direct Tax Revenues**

- 11) Room Nights
- 12) Room Revenue (Courtyard)
- 13) Room Revenue (Residence Inn)
- 14) Total Room Revenue
- 15) Transient Accommodations Tax
- 16) Other Hotel Expenditures (limited service food & beverage, etc.)
- 17) Other Hotel Guest Sales Tax
- 18) DC Corporate Tax
- 19) Business Personal Property
- 20) Business Personal Property Tax
- 21) Other Operating Taxes and Fees (b)
- 22) Total Direct Use Related Taxes (lines 15,17,18,20,21)
- 23) **Hotel DC Tax Capture**

**Restaurant / Other Retail Guest Tax Revenues**

- 24) Taxable DC Sales Outside of Subject Hotels
- 25) DC Average Applicable Sales Tax
- 26) Other Retail Related Taxes and Fees (c)
- 27) Total Restaurant / Other Retail Related Taxes (lines 25,26)
- 28) **Restaurant / Other Retail DC Tax Capture**

**Parking**

- 29) Parking Income
- 30)
- 31) **DC Parking Revenue Tax**

**Employee Related Sales Tax Revenue**

- 32) FTE Employee Retail Expenditures Subject to Sales Tax
- 33) **Employee Related Sales Tax**

**Total Direct Annual Tax Revenue**

34)

Building / Parking		
	one room	total rooms
	\$450,000	\$225,450,000
		NA
100.00% of value	\$450,000	\$225,450,000
1.85% commercial tax rate	\$33,539	\$4,158,825
	\$33,539	\$4,158,825
	one room	total rooms
76.0% occupancy	277	138,977
\$235 average daily rate	\$65,189	\$24,576,253
\$240 average daily rate	\$66,576	\$8,255,424
		\$32,831,677
14.50% incl. 4.45% conv center rate	\$9,502	\$4,760,593
\$20 per occupied room night	\$5,548	\$2,779,548
8.0% tax rate (mostly food & bev)	\$444	\$222,364
9.975% on 4% profit on gross	\$284	\$142,089
\$20,000 FF&E per room	\$20,000	\$10,020,000
\$3.40 per \$100 value > \$50Kx2	\$673	\$337,280
\$4.00 per room night	\$1,110	\$555,910
	\$12,012	\$6,018,235
100.0% not exempt	\$12,012	\$6,018,235
	one room	total rooms
\$125 per occupied room night	\$34,675	\$17,372,175
8.5% (mostly food & beverage)	\$2,947	\$1,476,635
15.0% of sales tax	\$442	\$221,495
	\$3,389	\$1,698,130
100.0% not exempt	\$3,389	\$1,698,130
	one space	total spaces
\$36.00 per space per day		
\$13,140 per space per year	\$13,140	\$2,115,540
18.0% of gross revenue	\$2,365	\$380,797
	one job	total jobs
\$50.00 per FTE per week	\$2,600	\$411,710
8.0% (mostly meals)	\$266	\$32,937
	one room	total rooms
	\$24,529	\$12,288,924

Notes:

- (a) FTE is full time equivalent employee, assumed at 40 hours per week.
- (b) Hotel operations purchases, utility and telecommunications fees, other business license fees and charges.
- (c) DC corporate tax, business personal property tax, other business purchase and license fees and charges.

**Table 4 - Retail** (outleased in hotel component)  
**Columbia Place**  
**ANNUAL DIRECT DC TAX REVENUE NET OF MULTIPLIERS - \$2014**

**Project Description**

1) General Retail	1,626 sf
2) Restaurant	0 sf
3) Total Retail	1,626 sf (gla)
4) Parking	0 spaces
5)	

**Direct Project Full Time Employment (a)**

275 sf / job	6 jobs
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**Real Estate Tax**

6) General Retail Real Estate Value	
8) Parking (included in hotel)	
9) Total Taxable Real Estate Value (assessment)	
10) Real Estate Tax Revenue	
11) <b>Total Real Estate Tax Revenue</b>	

**General Retail Direct Tax Revenues**

12) Taxable Sales (adjusted for 0% vacancy)	
13) DC Average Applicable Sales Tax	
14) Sales Tax	
15) DC Corporate Tax	
16) Business Personal Property	
17) Business Personal Property Tax (b)	
18) Other Operating Taxes and Fees (c)	
19) Total General Retail Related Taxes (lines 14,15,17,18)	
20) <b>General Retail Related DC Tax Capture</b>	

**Employee Related Sales Tax Revenue**

21) FTE Employee Retail Expenditures Subject to Sales Tax	
22) <b>Employee Related Sales Tax</b>	

**Total Direct Annual Tax Revenue**

23)

Building / Parking		
	one sf	total sf
	\$500.00	\$813,000
		NA
100.00% of assessment	\$500.00	\$813,000
1.85% commercial tax rate	\$9.25	\$15,041
	\$9.25	\$15,041
	one sf	total sf
\$450 per sf	\$450.00	\$731,700
6.00%	\$27.00	\$43,902
50.0% net of on-site consumers	\$13.50	\$21,951
9.975% on 4% profit on gross	\$1.80	\$2,919
\$70.00 FF&E per sf	\$70.00	\$113,820
\$3.40 per \$100 > \$50Kx2	\$0.29	\$470
\$0.60 per sf	\$0.60	\$976
	\$16.18	\$26,316
100.0% net DC sales	\$16.18	\$26,316
	one job	total jobs
\$50.00 per FTE per week	\$2,600	\$15,373
8.0% (mostly meals)	\$208	\$1,230
	one sf	total sf
	\$26.19	\$42,586

Notes:

- (a) FTE is full time equivalent employee, assumed at 40 hours per week.
- (b) \$50k exemption per business.
- (c) Operations purchases, utility and telecommunications fees, other business license fees and charges.

**Table 5 - Rental Apartments**  
**Columbia Place**  
**ANNUAL DIRECT DC TAX REVENUE NET OF MULTIPLIERS - \$2014**

**Project Description**

1) Total Apartments	201 units
2) Market Rate Component	100%
3) Market Rate Apartments	201 units
4) Average Apartment Size	<u>876</u> sf (net rentable area)
5) Apartment RSF	176,081 sf      212,000 gsf

**Project Related DC Residents**

1.6 persons / unit
<u>191</u> occupied units
306 total residents
<u>100.0%</u> net residents
306 DC residents

**Real Estate Tax**

6) Apartment Real Estate Value
7) Parking (included above)
8) Real Estate Assessment
9) Residential Real Estate Tax
10) <b>Total Real Estate Tax Revenue</b>

Building / Parking		
	one sf	total sf
	\$553.00	\$97,372,793
		<u>NA</u>
90.0% of value	\$498.00	\$87,635,514
0.85% residential tax rate	\$4.23	<u>\$744,902</u>
		<b>\$744,902</b>
	one unit	total units
\$3.75 per sf	\$3,285	\$660,304
300.0% multiple of rent	\$118,263	\$23,770,935
85.0% of gross	\$100,524	\$20,205,295
\$40,000 of initial taxable income	\$2,200	\$442,200
8.5% DC tax rate over initial	<u>\$5,145</u>	<u>\$1,034,050</u>
	\$7,345	\$1,476,250
95.0% occupancy	\$6,977	\$1,402,438
80.0% of residents pay income taxes	<u>\$5,582</u>	<u>\$1,121,950</u>
100.0% residents	\$5,582	\$1,121,950
40.0% of taxable income	\$38,199	\$7,678,012
50.0% of expenditures	<u>\$19,100</u>	<u>\$3,839,006</u>
7.5% blend of categories	\$1,432	\$287,925
0.6% of taxable income	\$573	\$115,170
		<u>NA</u>
	\$7,587	<b>\$1,525,046</b>
	one unit	total units
	\$11,293	<b>\$2,269,948</b>

**Residential Direct Tax Revenues**

11) Monthly Rent (including parking)
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 Residents
19) Income Tax Revenue Adjusted for Resident Status
20) New Resident Retail Expenditures Subject to Sales Tax
21) District of Columbia Resident Sales Capture
22) DC Average Applicable Sales Tax(a)
23) Other Resident Related Use Taxes and Fees (b)
24) Personal Property Tax (not applicable)
25) <b>Total Residential Direct Tax Revenues</b> (lines 19,22,23)

**Parking** (tax not applicable on residential parking)

**Total Direct Annual Tax Revenue**

26)

Notes:

- (a) Based on blend of sales tax on general goods and services and DC retained sales tax on restaurant related sales.
- (b) Building operations purchases, resident DMV fees, utility and telecommunications fees, other licensing fees and charges.