



(DRAFT)
**DOWNTOWN FISCAL
IMPACT**

RESEARCH SUMMARY
DOWNTOWN D.C.

Prepared for DowntownDC BID and Golden Triangle BID
August 15, 2023

KEY TAKEAWAYS

- ▶ **Downtown D.C. is an essential part of the District tax base.** In FY 2023, Downtown D.C. is projected to bring in \$2.3 billion in local fund revenues, equivalent to approximately \$1.00 in every \$4.00 that the District of Columbia collects.
- ▶ **Downtown D.C. generates far more revenues than expenses.** Despite representing \$2.3 billion in local fund revenues, Downtown D.C. is estimated to require just \$1.4 billion in District expenditures during FY 2023.
- ▶ **Downtown creates a positive net fiscal impact.** In FY 2023, this impact is more the \$900 million. The positive impact is driven by its large inventory of commercial spaces and low share of the District of Columbia household base.
- ▶ **Downtown is facing increasing pressures that are reducing its fiscal impact.** Historically, Downtown D.C. has generated roughly \$2.00 in revenues for every \$1.00 in expenditures; however, rising expenditures across the District and reduced property values in its central business district are threatening the fiscal contributions of Downtown D.C.
- ▶ **In FY 2024, Downtown D.C.'s net fiscal impact is estimated to be 25% less than it was in FY 2019, which is \$319 million not available to support other D.C. priorities.** This decrease is driven by the fact that revenues are expected to be just 3% higher than they were five years ago, even as expenditures are expected to be 39% higher.
- ▶ **Revenue growth is hampered by lower property assessments leading to lower property taxes, particularly in the employment-centric DowntownDC and Golden Triangle BIDs.** Commercial property taxes in these areas are projected to fall by 12% and 5%, respectively, driven by lower taxes from office buildings that are facing lower occupancy due to work trends.
- ▶ **Areas within Downtown D.C. with a diverse visitor bases—residents and tourists in addition to employees—are proving more resilient.** Sales taxes in Downtown D.C. have fully recovered and surpassed pre-pandemic levels, with areas that are less reliant on employee visits benefitting from stronger sales tax growth, since non-employees have returned to Downtown D.C. at a faster pace than employees.

SUMMARY OF FISCAL IMPACT

THE NET FISCAL IMPACT OF DOWNTOWN IS POISED TO DECREASE IN THE NEAR TERM AS COSTS EXCEED REVENUE GROWTH

Summary of Net Fiscal Impact Downtown D.C.; Fiscal Year 2019 to 2024

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
DOWNTOWNDC BID						
Local Fund Revenues (in Millions)	\$1,308.0	\$1,167.4	\$1,162.9	\$1,280.5	\$1,300.7	\$1,292.1
Local Fund Expenditures and Transfers (in Millions)	\$533.8	\$539.8	\$575.5	\$610.9	\$747.6	\$706.8
Net Fiscal Impact (in Millions)	\$774.2	\$627.7	\$587.4	\$669.6	\$553.1	\$585.3
Change From FY 2019 (in Millions)		-\$146.5	-\$186.8	-\$104.6	-\$221.1	-\$188.9
Local Fund Revenues as % of District of Columbia	15.7%	14.3%	13.3%	13.0%	13.4%	13.3%
Local Fund Expenditures and Transfers as % of District of Columbia	6.4%	6.6%	6.6%	6.2%	7.7%	7.3%
GOLDEN TRIANGLE BID						
Local Fund Revenues (in Millions)	\$603.1	\$541.8	\$619.3	\$619.8	\$617.9	\$597.2
Local Fund Expenditures and Transfers (in Millions)	\$239.3	\$241.5	\$274.9	\$292.2	\$353.1	\$334.8
Net Fiscal Impact (in Millions)	\$363.8	\$300.4	\$344.4	\$327.6	\$264.8	\$262.4
Change From FY 2019 (in Millions)		-\$63.4	-\$19.4	-\$36.2	-\$99.0	-\$101.4
Local Fund Revenues as % of District of Columbia	7.3%	6.6%	7.1%	6.3%	6.4%	6.2%
Local Fund Expenditures and Transfers as % of District of Columbia	2.9%	3.0%	3.2%	3.0%	3.6%	3.5%
REST OF DOWNTOWN						
Local Fund Revenues (in Millions)	\$355.9	\$328.4	\$400.6	\$433.9	\$435.3	\$437.4
Local Fund Expenditures and Transfers (in Millions)	\$206.1	\$209.3	\$263.7	\$266.8	\$335.2	\$316.6
Net Fiscal Impact (in Millions)	\$149.8	\$119.1	\$136.9	\$167.1	\$100.1	\$120.8
Change From FY 2019 (in Millions)		-\$30.7	-\$12.9	\$17.3	-\$49.7	-\$29.0
Local Fund Revenues as % of District of Columbia	4.3%	4.0%	4.6%	4.4%	4.5%	4.5%
Local Fund Expenditures and Transfers as % of District of Columbia	2.5%	2.6%	3.0%	2.7%	3.5%	3.3%
ALL OF DOWNTOWN DC						
Local Fund Revenues (in Millions)	\$2,267.0	\$2,037.6	\$2,182.8	\$2,334.3	\$2,353.9	\$2,326.7
Local Fund Expenditures and Transfers (in Millions)	\$979.2	\$990.5	\$1,114.1	\$1,170.0	\$1,435.9	\$1,358.2
Net Fiscal Impact (in Millions)	\$1,287.7	\$1,047.1	\$1,068.7	\$1,164.3	\$918.0	\$968.5
Change From FY 2019 (in Millions)		-\$240.7	-\$219.1	-\$123.4	-\$369.7	-\$319.2
Local Fund Revenues as % of District of Columbia	27.3%	25.0%	25.0%	23.6%	24.2%	24.0%
Local Fund Expenditures and Transfers as % of District of Columbia	11.8%	12.2%	12.8%	11.8%	14.8%	14.0%

Note: For more information on revenues and expenditures, refer to Exhibits I-1 through I-4.

Source: RCLCO

DOWNTOWN FISCAL IMPACT

DECLINING PROPERTY TAXES ARE A MAIN CONTRIBUTOR TO SLOWER GROWING REVENUES, PARTICULARLY IN OFFICE PROPERTIES, WHICH COULD CONTINUE TO THREATEN DOWNTOWN IN THE NEAR TERM

Summary of Net Fiscal Impact
Downtown D.C.; Fiscal Year 2019 to 2024

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
REVENUES						
Property Taxes	\$1,191,929,033	\$1,209,614,813	\$1,294,379,836	\$1,150,586,405	\$1,154,008,756	\$1,131,001,596
Sales Taxes	\$595,943,471	\$303,270,993	\$207,844,877	\$469,031,945	\$598,637,410	\$654,729,064
Income Taxes	\$380,246,735	\$422,385,747	\$500,969,774	\$547,337,134	\$531,592,938	\$511,827,998
Deed Transfer Taxes	\$72,844,826	\$37,178,576	\$51,166,697	\$77,770,904	\$49,126,459	\$45,551,570
Deed Recordation Taxes	\$72,844,826	\$37,178,576	\$51,166,697	\$77,770,904	\$49,126,459	\$45,551,570
Other	\$233,045,689	\$196,186,111	\$208,025,527	\$231,581,266	\$226,145,739	\$215,758,268
Lottery	\$1,401,126	\$1,108,986	\$1,502,717	\$1,262,768	\$1,355,388	\$1,427,750
Gross Local Revenues	\$2,546,854,580	\$2,205,814,816	\$2,313,553,407	\$2,554,078,559	\$2,608,637,759	\$2,604,420,065
<i>Less Revenue Dedicated to Other Funds</i>	<i>(\$280,059,460)</i>	<i>(\$168,386,692)</i>	<i>(\$130,927,373)</i>	<i>(\$219,987,370)</i>	<i>(\$254,904,367)</i>	<i>(\$277,848,349)</i>
Total Local Fund Resources	\$2,266,795,121	\$2,037,428,124	\$2,182,626,034	\$2,334,091,189	\$2,353,733,392	\$2,326,571,716
EXPENSES						
Operating Expenditures	\$951,820,702	\$970,952,058	\$1,087,787,843	\$1,124,989,006	\$1,372,388,045	\$1,312,467,111
Other Expenditures	\$27,412,444	\$19,574,144	\$26,345,064	\$44,986,749	\$63,506,625	\$45,751,027
Total Local Fund Expenditures and Transfers	\$979,233,146	\$990,526,202	\$1,114,132,907	\$1,169,975,755	\$1,435,894,670	\$1,358,218,138
NET FISCAL IMPACT						
Total Net Fiscal Impact	\$1,287,561,974	\$1,046,901,922	\$1,068,493,128	\$1,164,115,434	\$917,838,721	\$968,353,578

Note: For more information on revenues and expenditures, refer to Exhibits I-1 through I-4.

Source: RCLCO

DOWNTOWNDC BID FISCAL IMPACT

IN THE DOWNTOWNDC BID, A DIVERSE VISITOR BASE HAS SUPPORTED RECOVERING SALES TAX, PARTIALLY OFFSETTING DECLINING PROPERTY TAXES FROM LOWER OFFICE BUILDING VALUATIONS

Summary of Net Fiscal Impact
DowntownDC BID; Fiscal Year 2019 to 2024

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
REVENUES						
Property Taxes	\$668,441,649	\$675,354,806	\$682,538,798	\$603,264,161	\$603,626,050	\$593,921,849
Sales Taxes	\$385,171,065	\$197,874,170	\$126,229,883	\$298,114,390	\$393,834,794	\$430,384,793
Income Taxes	\$210,927,680	\$234,996,401	\$264,524,780	\$293,365,457	\$281,725,770	\$270,907,819
Deed Transfer Taxes	\$44,089,975	\$28,186,847	\$27,467,749	\$47,906,135	\$30,811,898	\$28,412,178
Deed Recordation Taxes	\$44,089,975	\$28,186,847	\$27,467,749	\$47,906,135	\$30,811,898	\$28,412,178
Other	\$129,406,114	\$109,090,060	\$109,626,915	\$123,484,205	\$120,046,151	\$114,582,036
Lottery	\$663,657	\$490,053	\$666,537	\$561,218	\$602,382	\$641,025
Gross Local Revenues	\$1,482,126,458	\$1,273,689,131	\$1,237,855,874	\$1,414,040,484	\$1,460,856,562	\$1,466,620,853
<i>Less Revenue Dedicated to Other Funds</i>	<i>(\$174,244,353)</i>	<i>(\$106,383,898)</i>	<i>(\$75,005,402)</i>	<i>(\$133,635,147)</i>	<i>(\$160,208,229)</i>	<i>(\$174,581,129)</i>
Total Local Fund Resources	\$1,307,882,105	\$1,167,305,233	\$1,162,850,472	\$1,280,405,337	\$1,300,648,333	\$1,292,039,724
EXPENSES						
Operating Expenditures	\$518,552,042	\$528,823,643	\$561,609,267	\$586,852,406	\$713,773,777	\$682,443,163
Other Expenditures	\$15,261,165	\$10,926,834	\$13,922,695	\$24,082,163	\$33,854,392	\$24,387,981
Total Local Fund Expenditures and Transfers	\$533,813,207	\$539,750,477	\$575,531,962	\$610,934,569	\$747,628,169	\$706,831,144
NET FISCAL IMPACT						
Total Net Fiscal Impact	\$774,068,898	\$627,554,756	\$587,318,510	\$669,470,768	\$553,020,163	\$585,208,580

Note: For more information on revenues and expenditures, refer to Exhibits I-1 through I-4.

Source: RCLCO

GOLDEN TRIANGLE BID FISCAL IMPACT

THE GOLDEN TRIANGLE BID IS EXPECTED TO GENERATE LESS REVENUES IN FY 2024 THAN IT DID IN FY 2023, AS A SLOW RETURN TO OFFICE IMPACTS BOTH THE PROPERTY TAX AND SALES TAX BASES

Summary of Net Fiscal Impact
Golden Triangle; Fiscal Year 2019 to 2024

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
REVENUES						
Property Taxes	\$367,329,510	\$375,319,609	\$407,409,563	\$361,592,222	\$363,366,101	\$349,377,731
Sales Taxes	\$124,557,897	\$61,114,952	\$49,260,473	\$97,426,946	\$111,997,405	\$119,935,857
Income Taxes	\$75,003,647	\$83,949,883	\$111,379,119	\$121,516,989	\$116,711,739	\$110,084,017
Deed Transfer Taxes	\$19,732,521	\$4,402,478	\$14,909,259	\$12,928,280	\$9,502,626	\$8,708,079
Deed Recordation Taxes	\$19,732,521	\$4,402,478	\$14,909,259	\$12,928,280	\$9,502,626	\$8,708,079
Other	\$58,693,847	\$48,830,124	\$54,712,473	\$61,490,450	\$58,936,108	\$56,335,970
Lottery	\$3,616	\$3,034	\$4,099	\$3,439	\$3,692	\$20,000
Gross Local Revenues	\$665,049,944	\$578,019,525	\$652,580,145	\$667,883,167	\$670,016,604	\$653,149,734
<i>Less Revenue Dedicated to Other Funds</i>	<i>(\$61,970,862)</i>	<i>(\$36,219,784)</i>	<i>(\$33,336,192)</i>	<i>(\$48,099,343)</i>	<i>(\$52,155,943)</i>	<i>(\$56,003,667)</i>
Total Local Fund Resources	\$603,079,081	\$541,799,741	\$619,243,953	\$619,783,824	\$617,860,661	\$597,146,067
EXPENSES						
Operating Expenditures	\$232,312,770	\$236,519,833	\$267,886,880	\$279,998,632	\$336,109,816	\$322,555,044
Other Expenditures	\$7,024,681	\$4,963,703	\$7,051,164	\$12,224,022	\$16,976,857	\$12,220,227
Total Local Fund Expenditures and Transfers	\$239,337,450	\$241,483,536	\$274,938,044	\$292,222,655	\$353,086,673	\$334,775,271
NET FISCAL IMPACT						
Total Net Fiscal Impact	\$363,741,631	\$300,316,205	\$344,305,909	\$327,561,170	\$264,773,987	\$262,370,796

Note: For more information on revenues and expenditures, refer to Exhibits I-1 through I-4.

Source: RCLCO

REST OF DOWNTOWN FISCAL IMPACT

THE REST OF DOWNTOWN IS EXPECTED TO SEE POSITIVE REVENUE GROWTH, WITH THE RESIDENTIAL BASE OF THE AREA SUPPORTING GENERALLY HEALTHY PROPERTY, SALES, AND INCOME TAXES; HOWEVER, GROWING EXPENDITURES STILL POSE A THREAT TO THE OVERALL NET FISCAL IMPACT

Summary of Net Fiscal Impact
Rest of Downtown; Fiscal Year 2019 to 2024

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
REVENUES						
Property Taxes	\$156,157,874	\$158,940,398	\$204,431,475	\$185,730,023	\$187,016,605	\$187,702,015
Sales Taxes	\$86,214,509	\$44,281,870	\$32,354,522	\$73,490,609	\$92,805,211	\$104,408,414
Income Taxes	\$94,315,408	\$103,439,463	\$125,065,875	\$132,454,687	\$133,155,429	\$130,836,162
Deed Transfer Taxes	\$9,022,330	\$4,589,251	\$8,789,689	\$16,936,489	\$8,811,934	\$8,431,312
Deed Recordation Taxes	\$9,022,330	\$4,589,251	\$8,789,689	\$16,936,489	\$8,811,934	\$8,431,312
Other	\$44,945,728	\$38,265,927	\$43,686,139	\$46,606,611	\$47,163,480	\$44,840,263
Lottery	\$733,854	\$615,899	\$832,081	\$698,111	\$749,315	\$766,725
Gross Local Revenues	\$399,678,179	\$354,106,160	\$423,117,388	\$472,154,908	\$477,764,593	\$484,649,478
<i>Less Revenue Dedicated to Other Funds</i>	<i>(\$43,844,244)</i>	<i>(\$25,783,010)</i>	<i>(\$22,585,779)</i>	<i>(\$38,252,881)</i>	<i>(\$42,540,195)</i>	<i>(\$47,263,554)</i>
Total Local Fund Resources	\$355,833,935	\$328,323,150	\$400,531,609	\$433,902,027	\$435,224,398	\$437,385,924
EXPENSES						
Operating Expenditures	\$200,955,890	\$205,608,583	\$258,291,696	\$258,137,967	\$322,504,452	\$307,468,904
Other Expenditures	\$5,126,599	\$3,683,606	\$5,371,205	\$8,680,564	\$12,675,375	\$9,142,818
Total Local Fund Expenditures and Transfers	\$206,082,489	\$209,292,189	\$263,662,901	\$266,818,531	\$335,179,828	\$316,611,722
NET FISCAL IMPACT						
Total Net Fiscal Impact	\$149,751,446	\$119,030,961	\$136,868,708	\$167,083,496	\$100,044,571	\$120,774,202

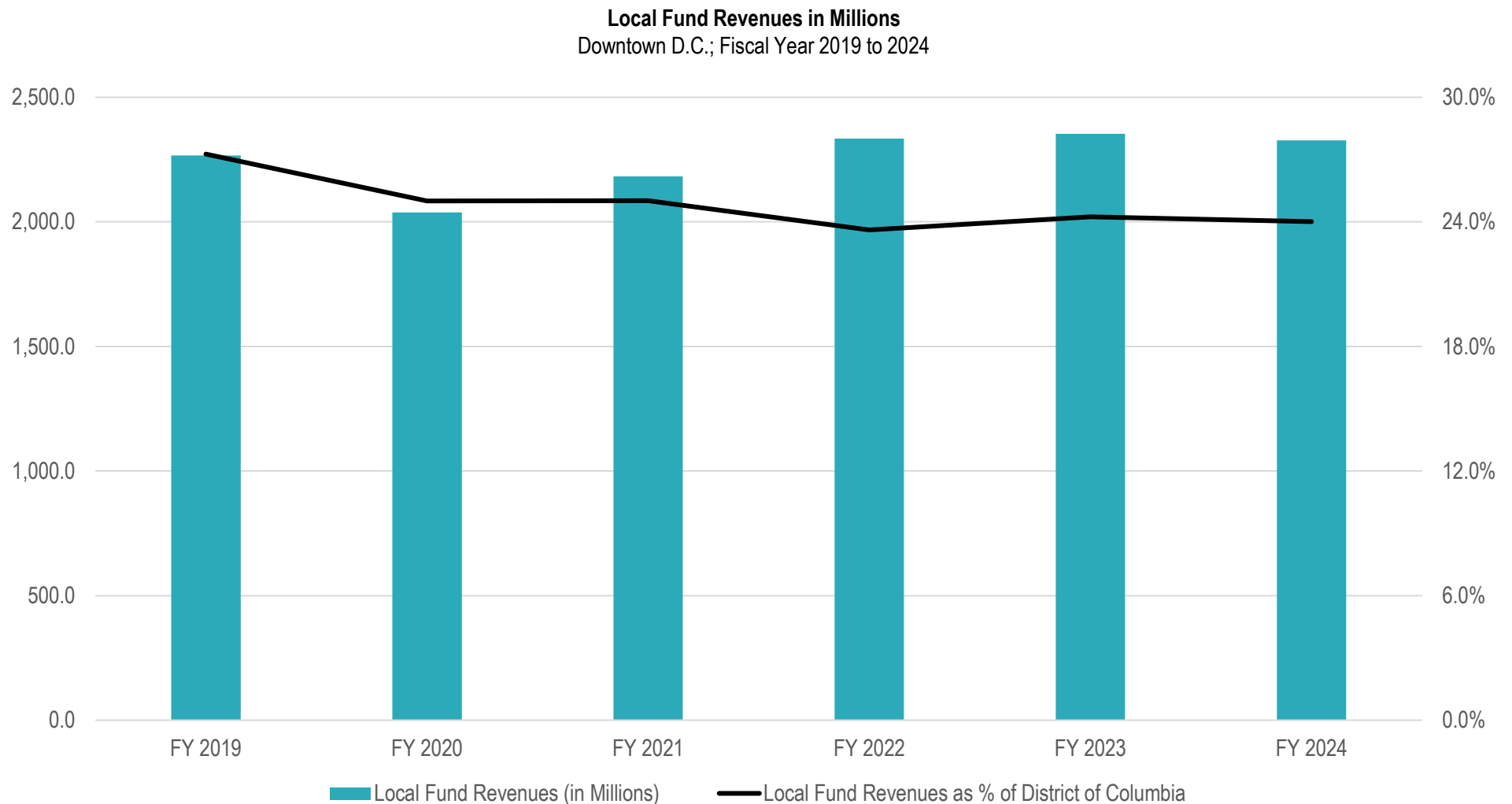
Note: For more information on revenues and expenditures, refer to Exhibits I-1 through I-4.

Source: RCLCO

FISCAL ANALYSIS

REVENUE TRENDS

IN FY 2023, DOWNTOWN D.C. IS PROJECTED TO GENERATE \$2.3 BILLION IN TAX REVENUES, EQUIVALENT TO NEARLY \$1 IN EVERY \$4 IN LOCAL FUND REVENUES THE DISTRICT EXPECTS TO COLLECT



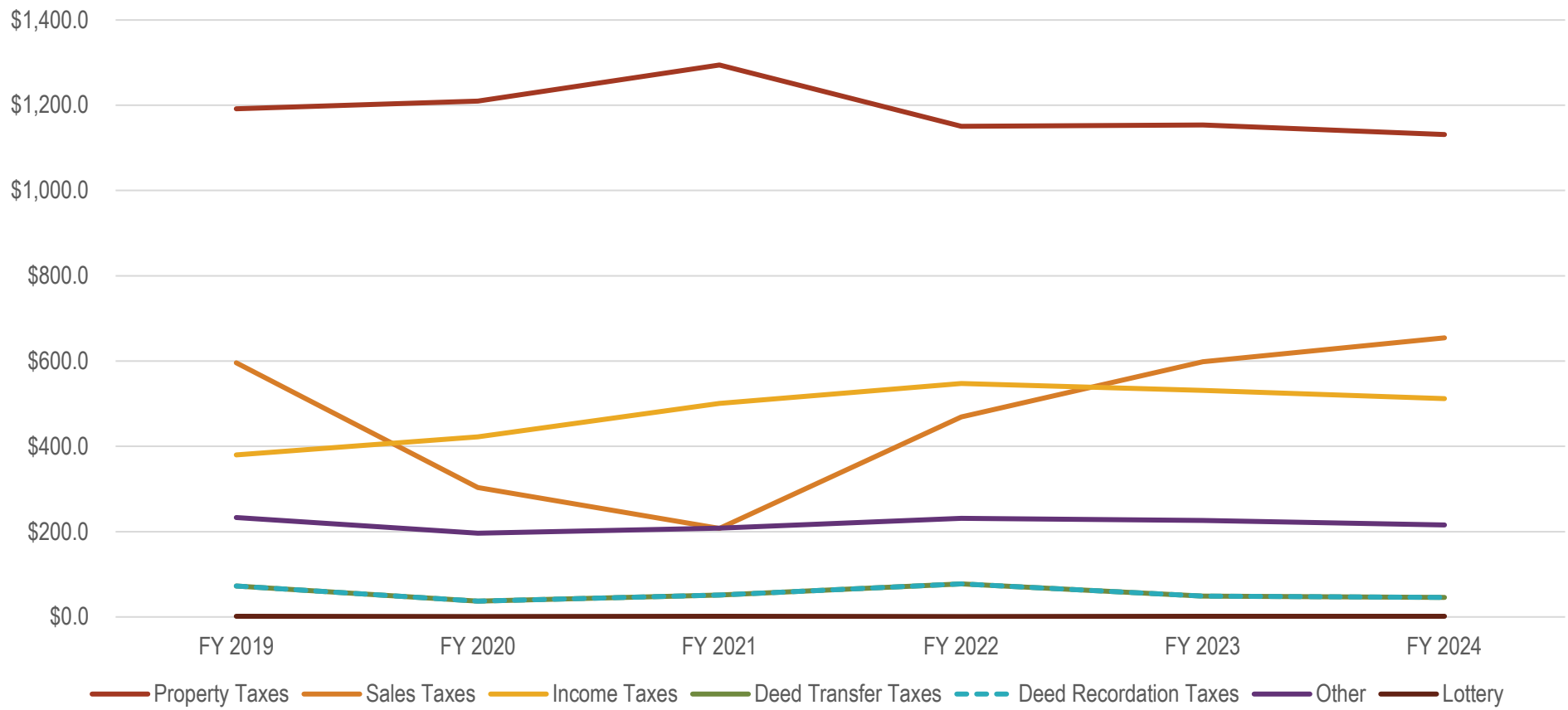
Source: RCLCO

REVENUE SOURCES

PROPERTY TAXES ARE THE LARGEST SOURCE OF REVENUES, FOLLOWED BY SALES TAXES AND INCOME TAXES

- Commercial real estate accounts for the majority of property tax revenue, with a 95% share. Taxes from office buildings are the main contributor to these revenues. However, as work patterns continue to shift, property taxes from office buildings are likely to decline as lower building occupancy rates drive down property valuations. Compared to FY 2019, property taxes from office buildings in Downtown are expected to decline by \$44 million dollars, with the potential to decline further given a pessimistic office market forecast.

Local Fund Revenues Sources in Millions
Downtown D.C.; Fiscal Year 2019 to 2024

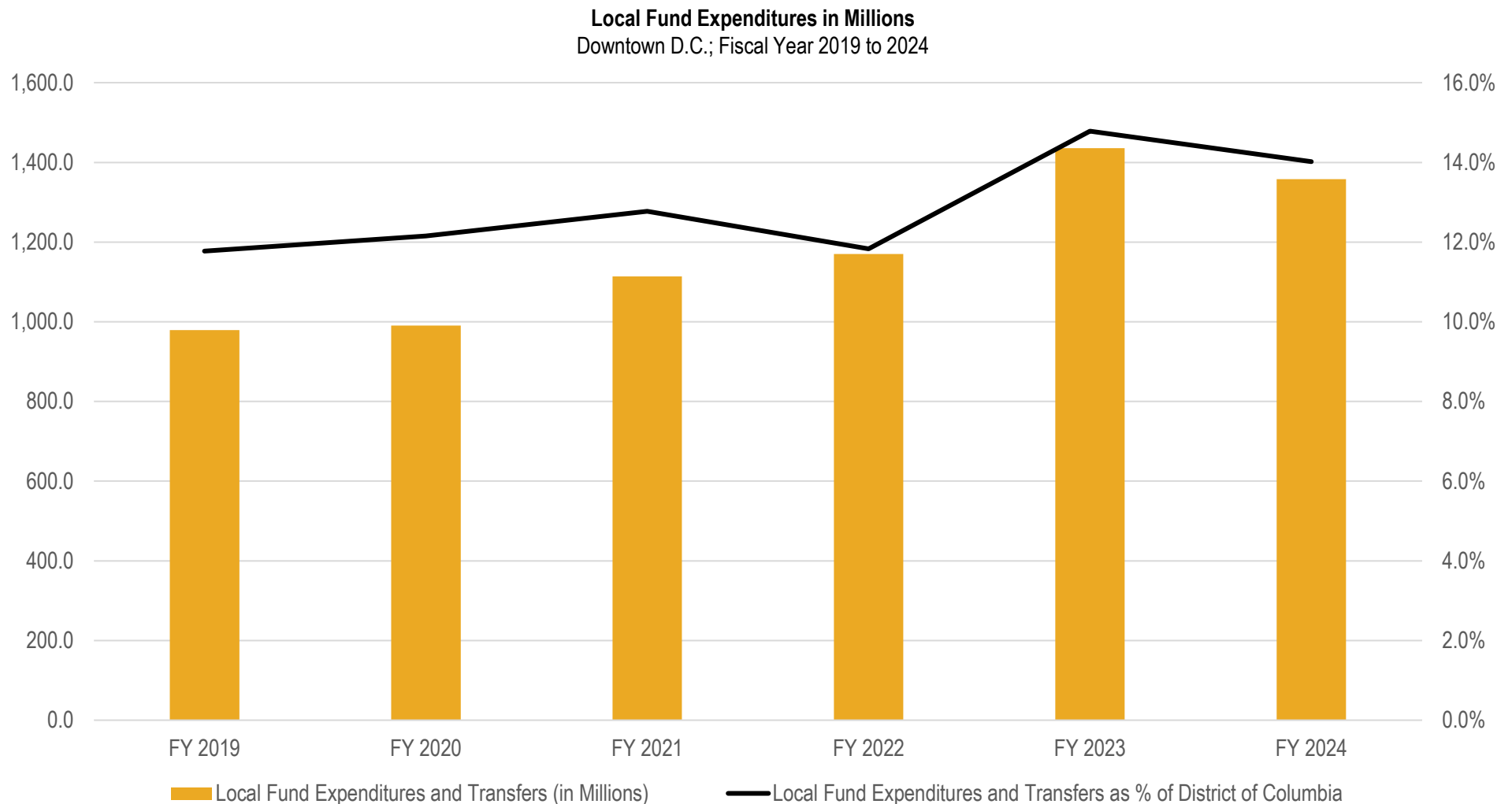


Note: Income taxes include taxes from Individuals, Corporate Franchises, and Unincorporated Businesses

Source: RCLCO

EXPENDITURE TRENDS

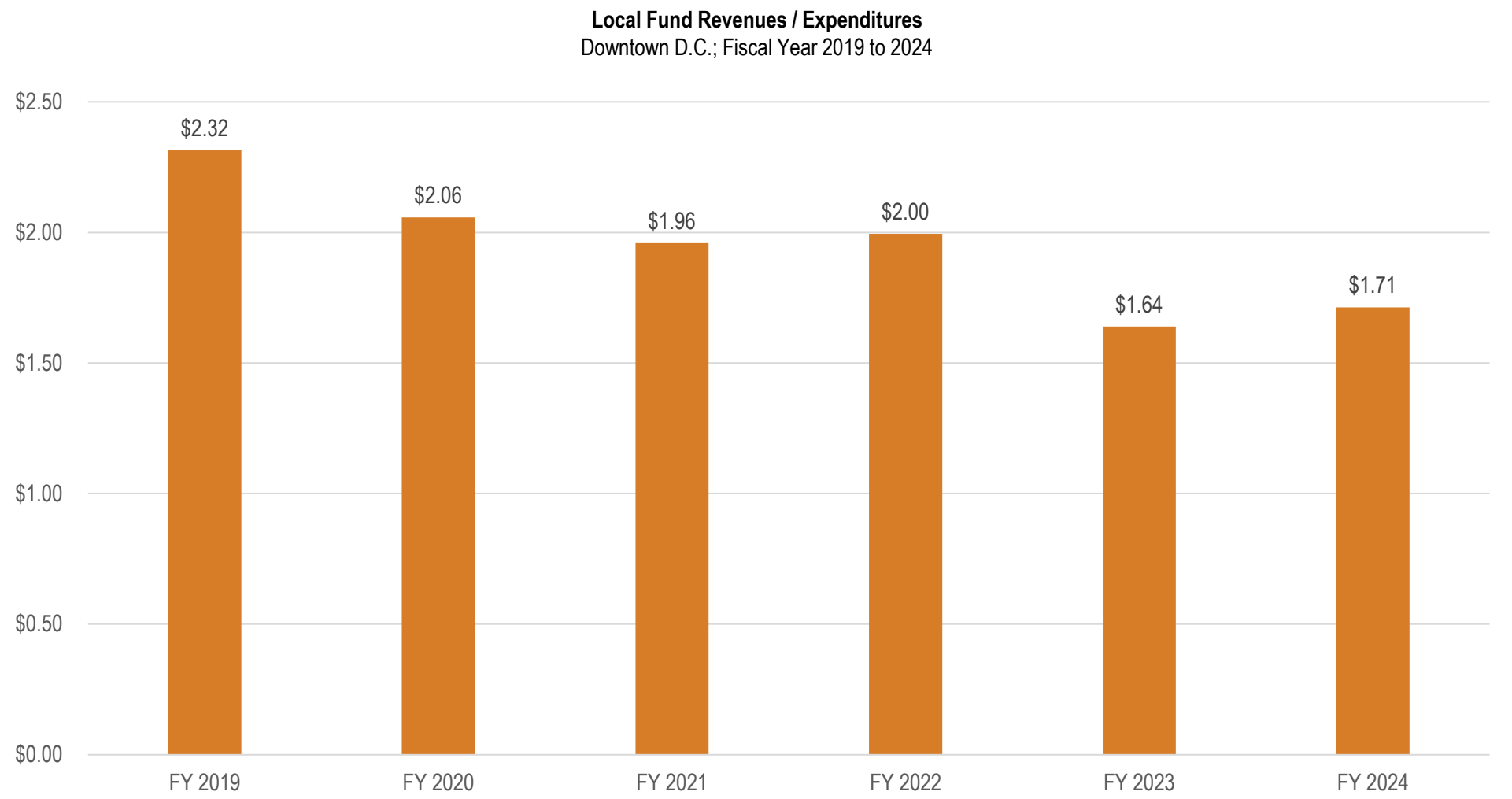
MEANWHILE, EXPENDITURES IN FY 2023 ARE EXPECTED TO TOTAL \$1.4 BILLION, ROUGHLY 15% OF THE EXPENDITURES IN THE DISTRICT AS A WHOLE



Source: RCLCO

RELATIONSHIP BETWEEN REVENUES & EXPENDITURES

FOR EVERY \$1 IN EXPENDITURES, DOWNTOWN D.C. HAS HISTORICALLY GENERATED ROUGHLY \$2 IN REVENUES; HOWEVER, THIS RATIO HAS BEGUN TO DECLINE IN RECENT YEARS

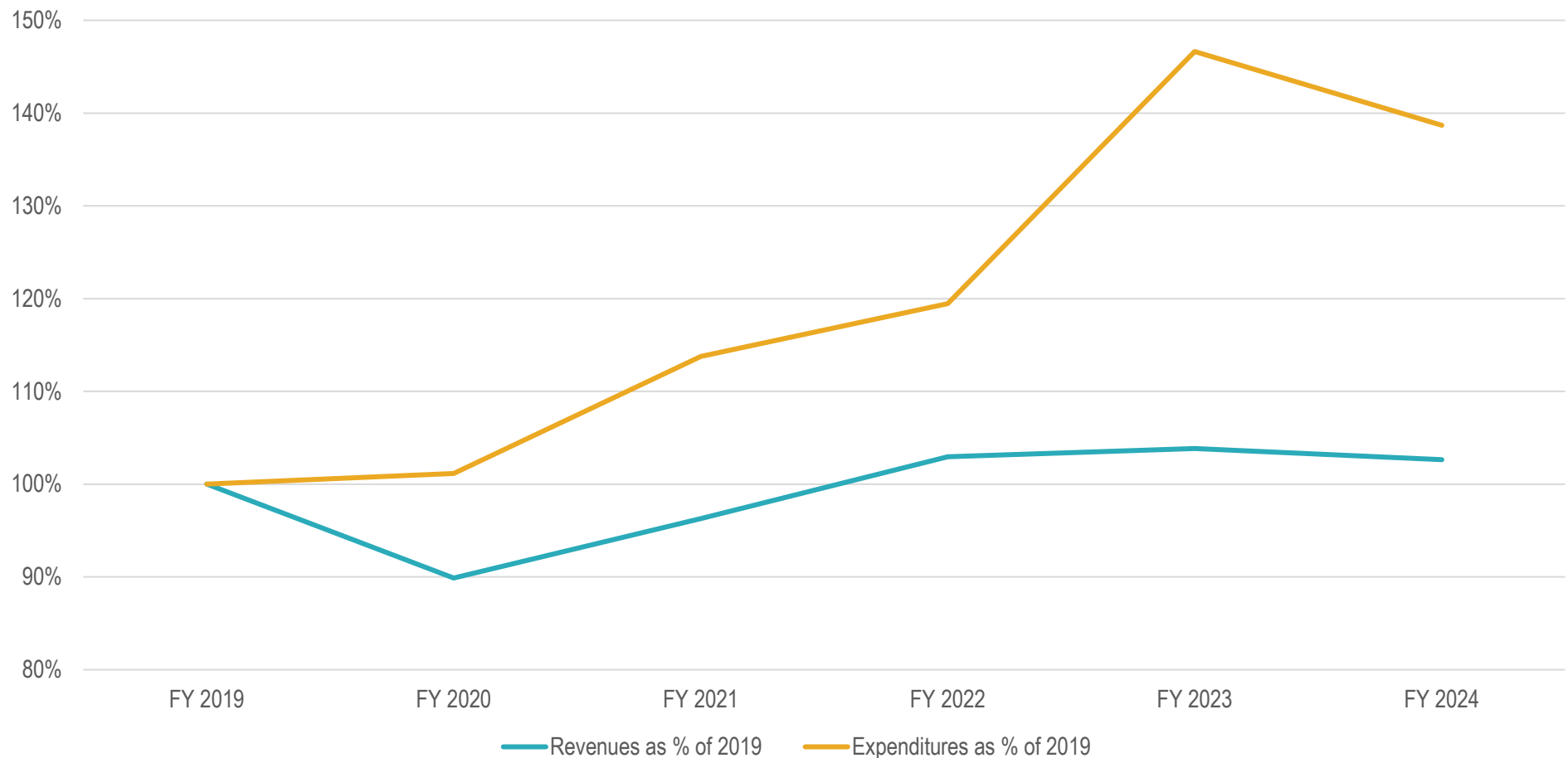


Source: RCLCO

GROWTH IN REVENUES & EXPENDITURES

RAPIDLY RISING EXPENDITURES ACROSS THE DISTRICT HAVE SIGNIFICANTLY OUTPACED THE GROWTH IN REVENUES

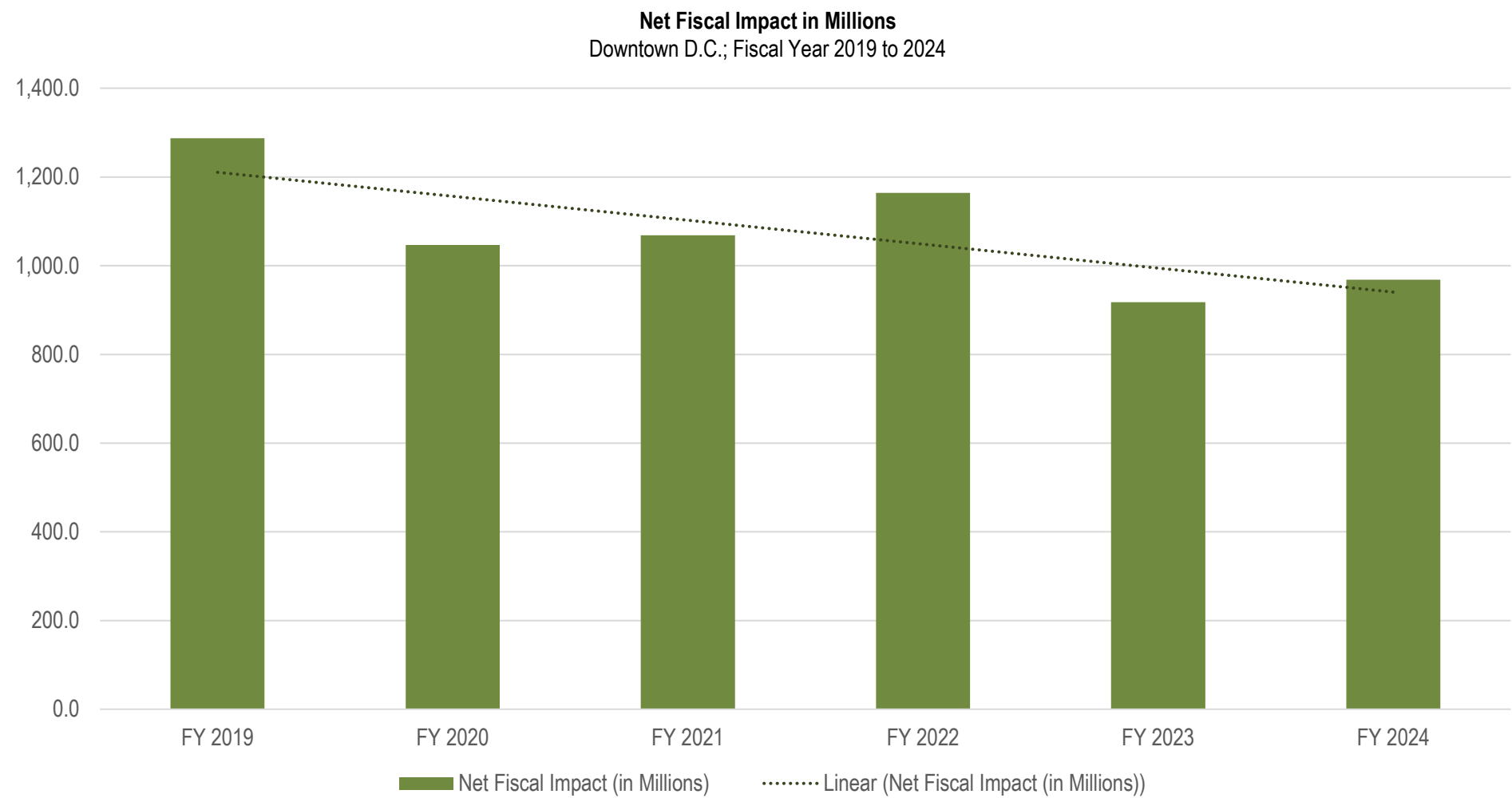
Revenues and Expenditures Compared to 2019 Levels
Downtown D.C.; Fiscal Year 2019 to 2024



Source: RCLCO

NET FISCAL IMPACT

AS A RESULT, THE NET FISCAL IMPACT OF DOWNTOWN D.C. IS PROJECTED TO SHRINK IN THE NEAR TERM

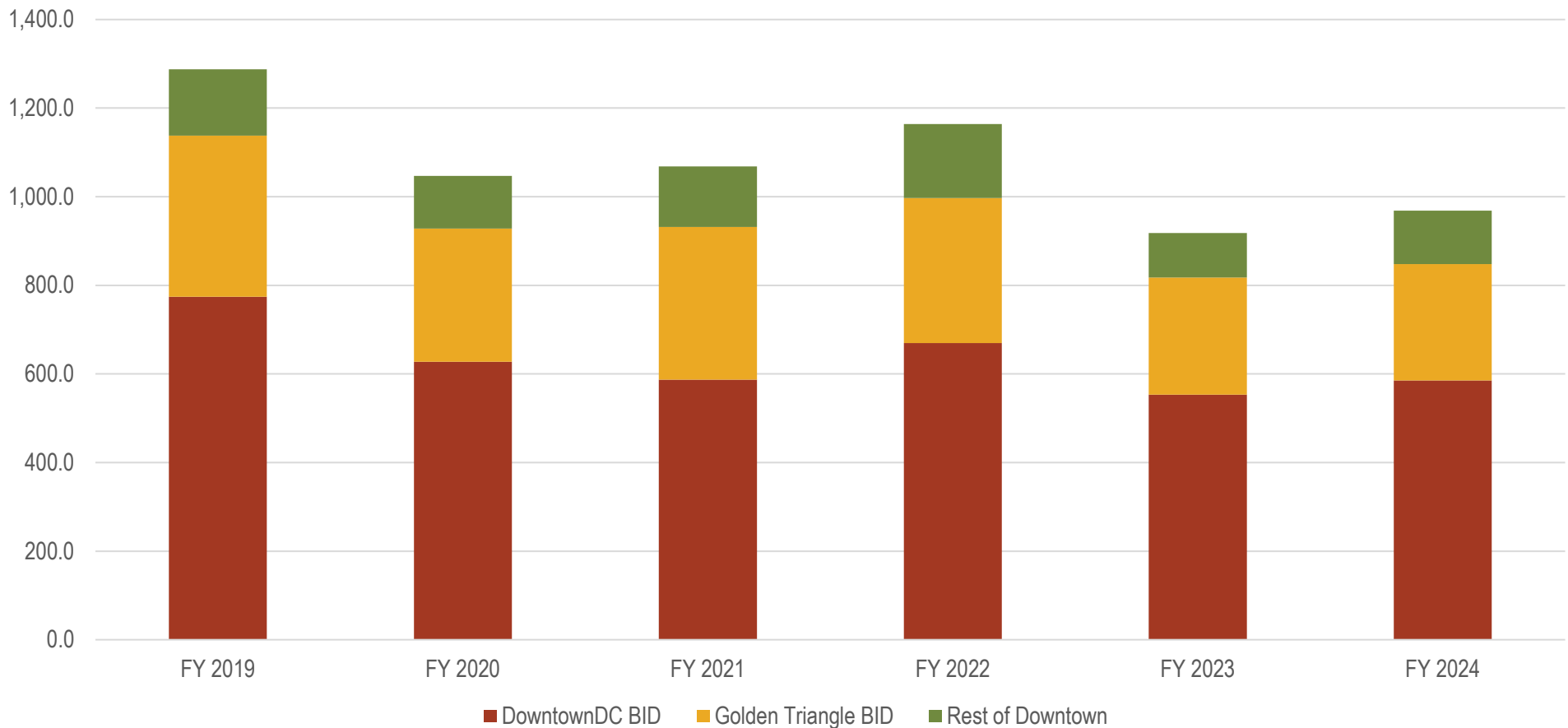


Note: Net fiscal impact is the difference between revenues and expenditures
Source: RCLCO

NET FISCAL IMPACT BY AREA

DOWNTOWN D.C. REVENUES AND EXPENDITURES COME FROM THREE AREAS: DOWNTOWNDC BID, GOLDEN TRIANGLE BID, AND THE REST OF DOWNTOWN

Net Fiscal Impact by Area
Downtown D.C.; Fiscal Year 2019 to 2024



Note: Net fiscal impact is the difference between revenues and expenditures

Source: RCLCO

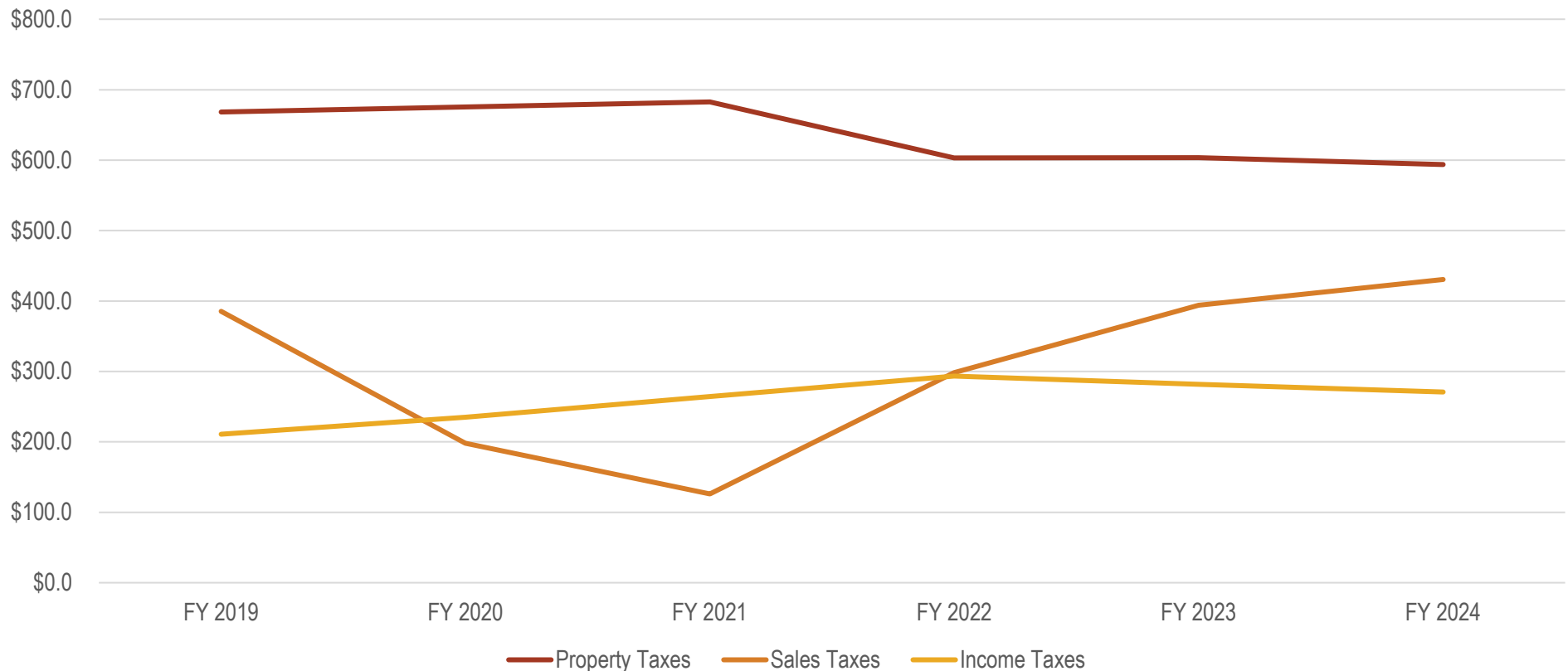
DOWNTOWN DCBID REVENUES

IN FY 2023, DOWNTOWN DCBID BROUGHT IN MORE THAN \$1.3 BILLION IN REVENUES WITH STRONG GROWTH IN SALES TAXES COUNTERACTING WEAKER PROPERTY TAX GENERATION

- Sales tax revenues in the DowntownDC BID have fully recovered from the pandemic and have even exceeded pre-pandemic levels. In FY 2024, sales tax revenue is projected to be \$46 million higher than it was during FY 2019, representing an increase of 12.3%. The healthy recovery in sales taxes is likely supported by the DowntownDC BID's diverse visitor base, which includes tourists and residents in addition to employees. While foot traffic from employees has struggled to recover, foot traffic from residents and employees has compensated for this loss and enabled the DowntownDC BID to have less exposure to risks related to the office market.

Gross Local Revenues by Source

DowntownDC BID; Fiscal Year 2019 to 2023



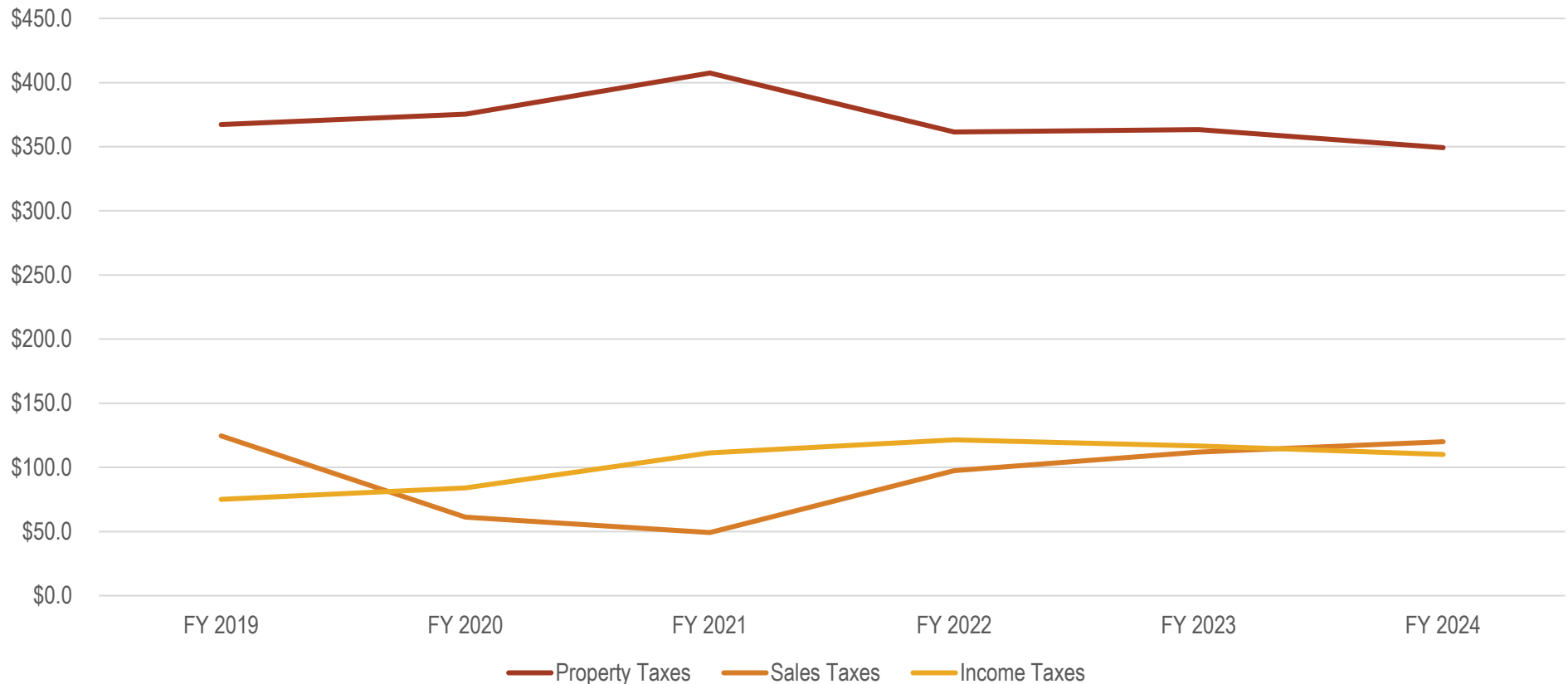
Source: RCLCO

GOLDEN TRIANGLE BID REVENUES

RELATIVE TO THE DOWNTOWNDC BID, THE GOLDEN TRIANGLE BID HAS SEEN A LESS PRONOUNCED RECOVERY IN SALES TAX REVENUE, LIKELY DUE TO ITS MORE EMPLOYMENT-CENTRIC NATURE

- In FY 2024, sales taxes in the Golden Triangle BID are expected to generate \$118 million to the District, just \$4 million shy of pre-pandemic levels. A high concentration of office buildings, fewer residents, and less space dedicated to retail or hospitality has made the Golden Triangle BID more sensitive to trends in the office market. As employees have been slow to return to offices, the recovery in sales taxes has also been slow. Additionally, an anticipated decline in office property assessments as a result of lower occupancy is expected to impact property taxes in the near term.

Gross Local Revenues by Source
Golden Triangle BID; Fiscal Year 2019 to 2023



Source: RCLCO

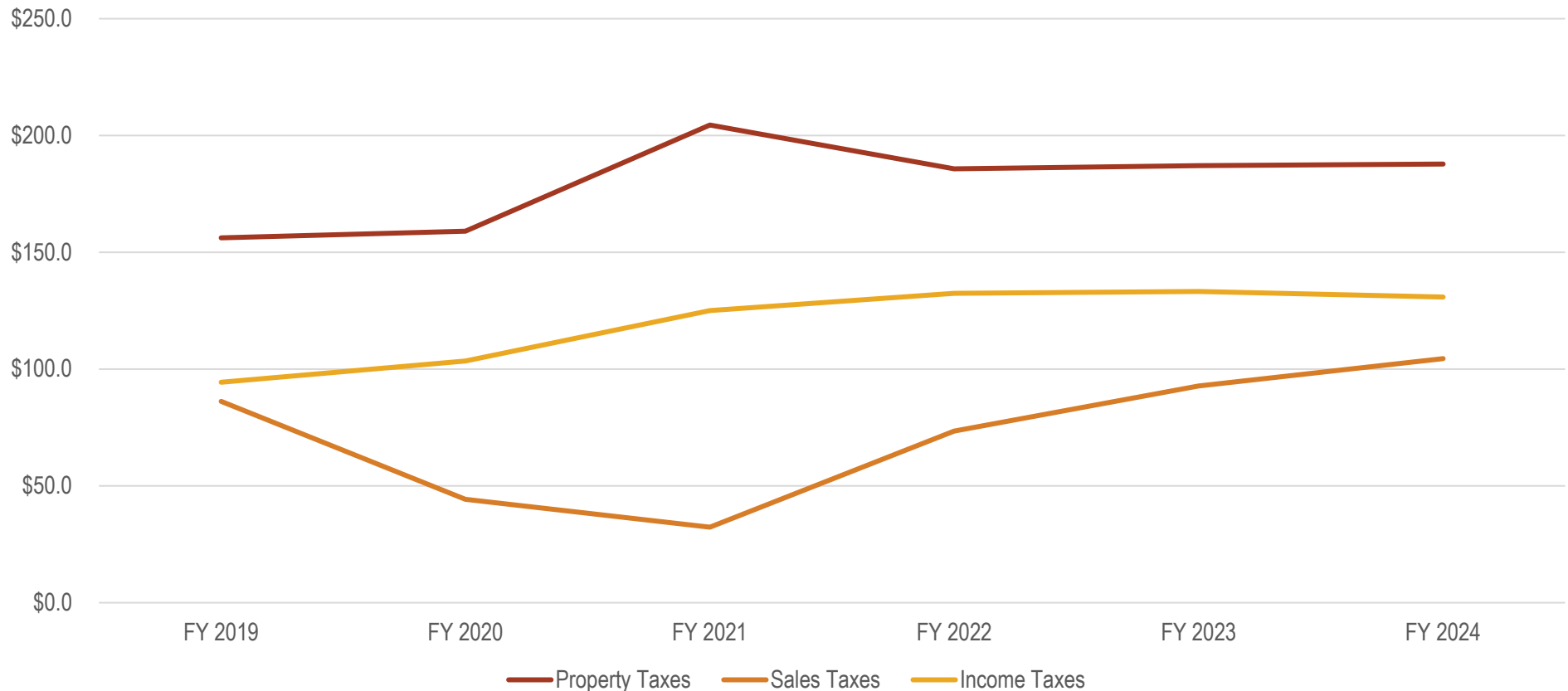
REST OF DOWNTOWN REVENUES

IN CONTRAST TO THE BIDS, THE REST OF THE DOWNTOWN IS PROJECTED TO HAVE INCREASED REVENUES ACROSS ALL ITS MAIN REVENUE SOURCES, GIVEN ITS HIGHER SHARE OF RESIDENTIAL PROPERTIES

- Unlike the Golden Triangle BID or the DowntownDC BID, the Rest of Downtown receives approximately 20% of its property taxes from housing, highlighting the greater importance of residents in this area. The relatively higher number of residents—paired with a smaller and less concentrated retail environment—is likely why income taxes are the second largest source of revenues as well. Nevertheless, the consistent resident base is also likely key to supporting sales tax revenues that exceed pre-pandemic levels.

Gross Local Revenues by Source

Rest of Downtown; Fiscal Year 2019 to 2023



Source: RCLCO

DISCLAIMERS

CRITICAL ASSUMPTIONS

Our conclusions are based on our analysis of the information available from our own sources and from the client as of the date of this report. We assume that the information is correct, complete, and reliable.

We made certain assumptions about the future performance of the global, national, and local economy and real estate market, and on other factors similarly outside either our control or that of the client. We analyzed trends and the information available to us in drawing these conclusions. However, given the fluid and dynamic nature of the economy and real estate markets, as well as the uncertainty surrounding particularly the near-term future, it is critical to monitor the economy and markets continuously and to revisit the aforementioned conclusions periodically to ensure that they are reflective of changing market conditions.

We assume that the economy and real estate markets will experience a period of slower growth in the next 12 to 24 months, and then return to a stable and moderate rate in 2025 and beyond. However, stable and moderate growth patterns are historically not sustainable over extended periods of time, the economy is cyclical, and real estate markets are typically highly sensitive to business cycles. Further, it is very difficult to predict when inflection points in economic and real cycles will occur.

With the above in mind, we assume that the long-term average absorption rates and price changes will be as projected, realizing that most of the time performance will be either above or below said average rates.

Our analysis does not consider the potential impact of future economic shocks on the national and/or local economy, and does not consider the potential benefits from major "booms" that may occur. Similarly, the analysis does not reflect the residual impact on the real estate market and the competitive environment of such a shock or boom. Also, it is important to note that it is difficult to predict changing consumer and market psychology.

As such, we recommend the close monitoring of the economy and the marketplace, and updating this analysis as appropriate.

Further, the project and investment economics should be "stress tested" to ensure that potential fluctuations in revenue and cost assumptions resulting from alternative scenarios regarding the economy and real estate market conditions will not cause failure.

In addition, we assume that the following will occur in accordance with current expectations:

- ▶ Economic, employment, and household growth
- ▶ Other forecasts of trends and demographic and economic patterns, including consumer confidence levels
- ▶ The cost of development and construction
- ▶ Tax laws (i.e., property and income tax rates, deductibility of mortgage interest, and so forth)
- ▶ Availability and cost of capital and mortgage financing for real estate developers, owners and buyers
- ▶ Competitive projects will be developed as planned (active and future) and that a reasonable stream of supply offerings will satisfy real estate demand
- ▶ Major public works projects occur and are completed as planned

Should any of the above change, this analysis should be updated, with the conclusions reviewed accordingly (and possibly revised).

GENERAL LIMITING CONDITIONS

Reasonable efforts have been made to ensure that the data contained in this study reflect accurate and timely information and are 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 in any other data source used in preparing or presenting this study. This report is based on information that to our knowledge was current as of the date of this report, 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 time, but such information, estimates, or opinions are not offered as predictions or assurances that a particular level of income or profit will be achieved, that particular 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 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.



APPENDIX: SUPPORTING EXHIBITS

LIST OF EXHIBITS

I. FISCAL ANALYSIS

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Exhibit I-1	Summary of Net Fiscal Impact; Downtown D.C.; FY 2019 to FY 2024
Exhibit I-2	Summary of Net Fiscal Impact; DowntownDC BID; FY 2019 to FY 2024
Exhibit I-3	Summary of Net Fiscal Impact; Golden Triangle BID; FY 2019 to FY 2024
Exhibit I-4	Summary of Net Fiscal Impact; Rest of Downtown; FY 2019 to FY 2024



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