GREEN DOOR
ADVISORS

McMillan Redevelopment
Fiscal & Economic Impact Analysis

Vision McMillan Partners| July 2010

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Executive Summary

Project Overview

Green Door Advisors (GDA) was retained by Vision McMillan Partners (VMP) to conduct a fiscal and economic impact analysis of the proposed redevelopment of the historic McMillan Reservoir. Vision McMillan Partners is a joint venture development team including Trammell Crow Company (TCC), Jair Lynch Companies, and EYA. The proposed project is located in Northwest DC along Michigan Avenue NW between First Street NW and North Capitol Street. The 25-acre site is a historic landmark, and some of the historic resources of the site will be maintained as the site is redeveloped. The site is also located proximate to a number of key institutional assets, including the Armed Forces Retirement Homes (AFRH Washington DC), the VA Hospital, Washington Hospital Center, Children's Medical Center, and Howard University. As proposed, the redevelopment will include townhomes, condominiums, market rate and affordable rental apartments, market rate and affordable senior apartments, retail, restaurants, grocery, medical office, a hotel, and a substantial amount of open space.

GDA analyzed the fiscal and economic benefits of the proposed redevelopment plan to the District of Columbia over a 30-year period, from 2012 to 2041. This analysis took account of all relevant categories of District of Columbia revenues and expenditures expected to be received and incurred as a result of the redevelopment. These revenues and expenditures were incorporated into a detailed model to provide the overall net fiscal impact of the development over the 30-year period. The assumptions used for the fiscal impact analysis were based on inputs from the District of Columbia FY 2010 Budget, as well as assumptions from the District of Columbia Office of Tax and Revenue, Claritas, 2000 U.S. Census, Bureau of Labor Statistics (BLS), independent third-party market studies, and VMP (see Exhibit 7).

Development Program

The proposed development program includes 760 residential units, of which 138 are affordable, 440,000 square feet of medical office space, a hotel, grocery store, and 20,000 square feet of retail and restaurants. The detailed development program is included in Exhibit 6 and the following table.

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Proposed Development Program for McMillan Reservoir Redevelopment - VMP

Phase	Phase 1	Phase 2	Phase 3	
Program Delivery (GSF, Units, Keys)	2014	2017	2019	TOTAL
For-Rent Residential				
Apartments - Market Rate	0	161	112	**273**
Apartments - ADU	0	18	13	**31**
Senior Affordable	0	79	0	**79**
Senior Market Rate Apt	0	100	0	**100**
For-Sale Residential				
Townhomes - Market Rate	87	20	77	**184**
Townhomes - ADU	10	2	9	**21**
Condo - Market Rate	0	0	65	**65**
Condo - ADU	0	0	7	**7**
Commercial				
Office	140,000	150,000	150,000	**440,000**
Retail - Pads 1 & 2, Non-Restaurant	17,000	0	0	**17,000**
Restaurants - Pads 1 & 2	3,000	0	0	**3,000**
Retail [Grocery]	0	63,000	0	**63,000**
Hotel	175	0	0	**175**
Total Residential Units	**97**	**380**	**283**	**760**
Total Commercial GSF	**160,000**	**213,000**	**150,000**	**523,000**
Total Hotel Keys	**175**	**0**	**0**	**175**

Summary of Fiscal Impact Analysis Results

The results from our detailed model show that the redevelopment of the McMillan Reservoir site will have a positive fiscal impact on the District of Columbia. The total net fiscal impact of the proposed redevelopment for the 30-year period 2012-2041 will be $513.0 million for the District of Columbia (see table below and Exhibits 1 and 2).

Based on this analysis and assumptions, the redevelopment program will generate $756.6 million in revenues and $243.5 million in expenditures over the 30-year period (2012-2041) for The District of Columbia. The favorable net fiscal impact of the proposed redevelopment is primarily due to revenue generated by personal income taxes, real property taxes, and miscellaneous revenues.

Summary of Fiscal Impact Analysis Results, 2012 – 2041

GENERAL FUND	$	%
REVENUES		
Real Property Tax	$214,845,100	28%
Personal Property Tax	$21,515,600	3%
Sales Tax	$57,921,600	8%
Meals Tax	$12,352,800	2%
Hotel Tax	$43,934,500	6%
Deed Recordation/Transfer Tax	$14,747,600	2%
Income Tax	$274,368,700	36%
Miscellaneous Revenues	$116,867,400	15%
TOTAL	$756,553,300	100%
EXPENDITURES		
Misc./Non-Educational Operating Expenditures	$100,030,800	41%
Capital Expenditures	$73,220,000	30%
Educational Expenditures	$70,270,100	29%
TOTAL	$243,520,900	100%
TOTAL NET FISCAL IMPACT	**$513,032,400**	

The results of the analysis are described in this report and can be found in Exhibits 1 through 5. Exhibits 6 through 8 show all of the assumptions and estimates used in the fiscal impact analysis.

Revenues

Real Property Tax

Real property tax is a significant source of revenue generated by the proposed McMillan redevelopment. The site is currently owned by the District, and therefore is generating no real property tax revenue for the District. The transfer of the site to private ownership and the development of active uses will create a large influx of tax revenue for the District.

GDA estimated the assessed value of each land use to determine the real property tax revenues generated by the project. The estimated assessed values were determined based on methodology utilized by the District of Columbia Office of Tax and Revenue, therefore providing a realistic estimate of how the property will be valued and taxed during construction and after development is complete. When the unimproved land is transferred from public to private ownership at the onset of the development process, the unimproved land will begin to generate to revenue for the District. The value of the unimproved land used in this analysis is based on a third-party appraisal conducted for the site. When 60% of construction is complete for each land use, the assessed value for that land use will be modified to reflect the portion of the development budget that has been completed. For example, when construction is 80% complete, the assessed value would be 80% of the total development budget for that land use. The development budgets used for valuation in this analysis were provided by VMP and were modified to reflect the escalation of costs over time.

Once construction is complete, the assessed values are calculated using the income approach. The assessed value of for-sale residential properties was informed by the weighted average sale prices, according to the third-party market study recommendations provided by VMP. These assessed values were inflated at 3% per year and include the value of a parking spot in the sale price. The Homestead Exemption of $67,500 per condo and townhome unit was deducted from the assessed values before the property tax rate was applied. The assessed values of rental apartments, office, retail, restaurants, and the hotel land uses were calculated based on the anticipated net operating income for each land use. A cap rate was then applied to the net operating income to derive the value of each land use, on a per square foot, unit, or hotel room basis.

Real property tax revenues were then calculated by applying current District tax rates to the projected assessed values.

Personal Property Tax

Personal property values were estimated as a percentage of the improvement value for both residential and commercial uses. Improvement values are estimated at 40% of the total land use value, and personal property is estimated to be 10% of the improvement value. The personal property tax rate was then applied to the inferred value of personal property. Of the total personal property tax collected, 17.4% is directed to the Neighborhood Investment Fund (NIF) and the remaining is collected by the General Fund.

Sales Tax

Sales taxes generated by the McMillan redevelopment include retail expenditures in the District during the construction process, on-site retail sales, on-site alcohol sales, and future McMillan resident retail and alcohol expenditures off-site within the District.

A. Construction Expenditures: Retail sales tax revenue will be generated by the purchase of materials for the McMillan project construction. Construction costs for each land use were based on the costs of construction provided by VMP, and GDA made assumptions regarding the portion of construction expenditures that would result in retail sales tax revenues. GDA assumed that 45% of the commercial construction materials and 30% of residential construction materials will be purchased within the District.

B. On-Site Retail Sales: With the proposed redevelopment scenario, sales taxes revenues are generated by purchases made (including purchases made by residents and non-residents) at the proposed retail uses. The estimated average spending per gross square foot was based on actual sales for similar store types in this market. Almost all of the retail sales in the 17,000 square feet of traditional retail space will be taxable at the retail sales tax rate, while only 5% of sales at the grocery store are non-food items taxable at this rate.

C. Alcohol Sales: The on-site alcohol sales, estimated as a portion of the grocery store revenues, are taxed at a higher rate of 9%. This analysis accounts for these alcohol sales tax revenues generated on-site as well as the revenues generated as future McMillan residents purchase alcohol off-site and elsewhere in the District. The estimated alcohol sales are based on BLS data regarding consumer spending patterns and the portion of income spent on alcohol consumed off of the premises where purchased.

D. Resident Expenditures Off-Site: A portion of the McMillan residents' household consumer expenditures will be made within off-site retail located within the District, therefore contributing to the District's retail sales tax revenues. The retail sales taxes generated by future residents of the McMillan redevelopment have been estimated based on household consumer expenditures as a percent of household income, as provided by the BLS and Claritas. The resident household incomes used for this analysis are based on the annual household incomes correlating to the rental rate and sales prices provided in the third-party market studies for McMillan's proposed residential uses.

Meals Tax

Meals taxes will be generated by the proposed on-site restaurants at the McMillan redevelopment as well as by McMillan households eating at restaurants off-site within the District. Of the 10% meals tax rate in the District, 90% is directed to the General Fund and 10% is directed to the Convention Center Fund.

A. On-Site Restaurant Sales: With the proposed redevelopment scenario, meal tax revenues are generated by restaurant sales (including residents' and non-residents' meals) at the proposed 3,000 square feet of restaurant space. The projected revenues per square foot of restaurant space is based on average restaurant sales within the market and based on known industry standards for revenues per square foot.

B. Resident Expenditures Off-Site: A portion of the household restaurant expenditures of residents at the development will be made within off-site restaurants located within the District. Meals taxes generated by residents of the McMillan redevelopment project have been estimated based on household expenditures spent on meals as a percent of household income, as provided by the BLS and Claritas.

Hotel Tax

The District of Columbia collects a hotel tax charged on nightly hotel room reservations. The proposed hotel nightly rates and revenues were provided by VMP, as were the occupancy assumptions for calculating the hotel tax. The hotel tax rate of 15% is split between two funds, with the rate of 10.05% applied to revenues that are directed to the General Fund, and the rate of 4.45% applied to revenues that are collected and directed to the Convention Center Fund.

Deed Recordation and Deed Transfer Tax

The District collects a deed recordation and transfer tax upon the transfer of real property. The rates for properties valued under $400,000 are 1.10% for deed recordation and a deed transfer tax of 1.10%, with an effective recordation and transfer tax rate of 2.20%. For properties valued over $400,000, the deed recordation and transfer tax rates are each 1.45%, with an effective rate of 2.9%. Recordation taxes were calculated for the initial sale of the proposed McMillan residential units, as well as subsequent transfers, based on homeowner turnover rates for for-sale residential housing in the District. The deed recordation and transfer tax was also calculated for the initial transfer of land from public to private ownership. The value for this transfer was based on the value provided in the independent third-party appraisal.

Income Tax

Personal income tax is collected from residents of the proposed McMillan residential units and from the permanent full-time employees of the commercial uses on-site, as well as from the construction employees during the development process.

A. Commercial: GDA estimated average taxable income of construction, medical office, hotel, retail, and restaurant employees at the proposed redevelopment that are expected to live in the District based on the Bureau of Labor Statistics average annual industry-specific wages for employees. We assumed that 35% of the medical office employees are District residents, that 85% of the retail, restaurant, and grocery employees, 40% of construction employees, and 75% of hotel employees are District residents. The income tax rate was then applied to these employee incomes to determine the total income tax revenue collected by the District from McMillan employees.

B. Residential: GDA calculated residential income of each housing type offered based on the approximate income needed to rent or purchase a unit at the prices recommended by the independent third-party residential market studies of the McMillan redevelopment. The average income required to rent apartments at the recommended pricing was weighted by the number of units at each price point and size, for both the standard market rate and for the affordable units. For the for-sale residential units, GDA used the average income required to purchase condominiums and townhomes at the recommended pricing, weighted by the number of units at each price, for both market-rate and affordable units.

Miscellaneous Revenues

Miscellaneous revenues include such items as public utilities, insurance premiums, development related permits and licenses, fines & forfeits, and other items of revenue that are not calculated directly in the fiscal impact model. Using the District of Columbia FY 2010 Budget, GDA estimated the portion of each type of miscellaneous revenues that is attributable to residential and commercial uses, and calculated the average miscellaneous revenues per resident and per employee. The resulting revenue of $1,011 per employee and

$640 per resident is then multiplied by the number of residents and employees projected to be located at the McMillan redevelopment. The detailed allocation of miscellaneous District revenues can be found in Exhibit 9.

Expenditures

Operating Expenditures (Non-Educational)

District operating expenditures include budget categories such as public safety, government direction and support, human support services, and public works, and exclude education costs. GDA estimated the portion of each type of operating expenditures that would increase as a result of the development, and the proportion of added expenditures that are attributable to residential and commercial uses. This calculated the average operating costs per resident and per employee. The resulting non-educational operating cost is $476 per employee and $986 per resident for the District. The detailed allocation of non-educational operating expenditures can be found in Exhibit 9.

Educational Expenditures

The proposed McMillan residential development will result in educational expenditures for school-aged children. The educational expenditures were calculated based the 2010-2011 budget for the District's public schools, and are $10,752 per pupil. This educational cost per pupil was applied to the anticipated number of school children living in the proposed McMillan residential units using a pupil generation rate. The pupil generation rates used in this analysis are based on an Urban Institute study identifying student generation rates for new development in the District, and based on the development team's experience with developments within the District. Based on these pupil generation rates, the proposed redevelopment program is projected to generate 146 pupils, most of which are projected to reside in the townhomes and apartments.

Capital Expenditures

The anticipated capital expenditures incurred by the District are for the land development and infrastructure needs prior to the construction process. The fiscal model assumes that the District will issue a 20-year bond at an interest rate of 5% to finance these land development and infrastructure costs. The annual payment on this bond is then considered the annual cost of the capital expenditures until the bond is paid off after 20 years.

Other Funds

In addition to the net fiscal benefit of over $513 million to the General Fund, the proposed McMillan redevelopment also provides revenues to the Convention Center Fund and the Neighborhood Investment Fund. The Convention Center Fund receives revenues from the hotel and meals taxes, and the Neighborhood Investment Fund is funded through a portion of personal property taxes. The proposed McMillan redevelopment program results in $17.8 million to the Neighborhood Investment Fund over the 30-year period, and $20.1 million to the Convention Center Fund.

Indirect/Induced Benefits

The analysis also took account of indirect and induced economic benefits from redeveloping the McMillan reservoir not accounted for in the direct fiscal impact of the development. The indirect and induced economic benefits are generated by McMillan's on-site businesses and residents purchasing goods and services from other District businesses. These additional dollars spent in the District are calculated using multipliers from IMPLAN, a national economic analysis and impact modeling firm. The multipliers estimate the amount of additional sales in economic spin-off that will take place in the District, the additional employment created from this economic spin-off, and the labor income generated through additional employment. The fiscal impact model then provides a projection of the additional sales and income tax revenues generated by this indirect and induced economic activity.

The proposed McMillan redevelopment is projected to generate an additional $519.3 million of indirect and induced gross output in the District over the 30-year period, resulting in over $31.1 million in additional sales tax revenues to the District. The estimated 528 new jobs created in the District from this indirect and induced economic activity is projected to create $70.6 million in additional income tax revenues for the District. These indirect and induced benefits demonstrate the significant positive indirect and induced impacts of the proposed McMillan redevelopment to the District.

Job Creation

The redevelopment of the McMillan Reservoir will also have a positive economic impact in the form of new job creation in the District of Columbia. GDA estimates that at project build-out, approximately 1,584 new permanent jobs will be created as a consequence of the on-site commercial development. Of the 1,584 total new employees, 69 are hotel employees, 195 are retail, restaurant and grocery employees, and 1,320 are medical office employees. In addition to these new full-time jobs, the project development will also create 1,812 construction jobs created during the construction phase of the project. The following chart shows the estimated average income of future McMillan employees, based on the Bureau of Labor Statistics average annual industry-specific wages for employees in the District.

Estimated Jobs Created through McMillan Redevelopment

Land Use	Number of Jobs	Estimated Average Income	% DC Residents
Retail & Restaurant	195	$30,000	85%
Medical Office	1,320	$76,000	35%
Hotel	69	$43,000	75%
Construction	1,812	$70,000	40%

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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 Green Door Advisors (GDA) 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 GDA 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 Green Door Advisors 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 "GDA" or "Green Door Advisors" in any manner without first obtaining the prior written consent of GDA. No abstracting, excerpting, or summarization of this study may be made without first obtaining the prior written consent of GDA. 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 GDA. 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 GDA.

Exhibit 1

FISCAL IMPACT ANALYSIS
MCMILLAN REDEVELOPMENT
30 Years (2012 - 2041)

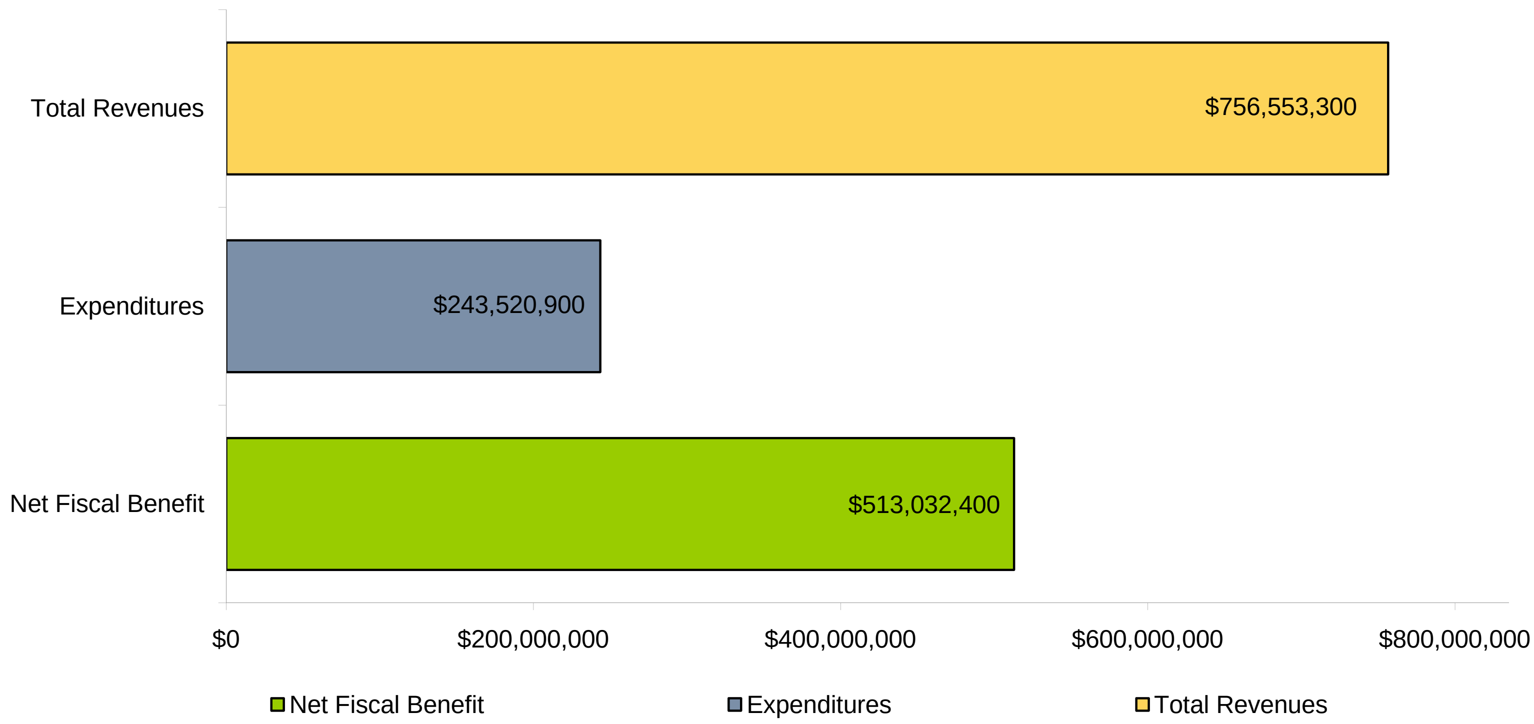

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Exhibit 2

SUMMARY OF FISCAL IMPACT ANALYSIS
MCMILLAN REDEVELOPMENT
WASHINGTON, D.C.
30 Years (2012 - 2041)

GENERAL FUND		$	%
REVENUES			
	Real Property Tax	$214,845,100	28%
	Personal Property Tax	$21,515,600	3%
	Sales Tax	$57,921,600	8%
	Meals Tax	$12,352,800	2%
	Hotel Tax	$43,934,500	6%
	Deed Recordation/Transfer Tax	$14,747,600	2%
	Income Tax	$274,368,700	36%
	Miscellaneous Revenues	$116,867,400	15%
	TOTAL	$756,553,300	100%
EXPENDITURES			
	Misc./Non-Educational Operating Expenditures	$100,030,800	41%
	Capital Expenditures	$73,220,000	30%
	Educational Expenditures	$70,270,100	29%
	TOTAL	$243,520,900	100%
TOTAL NET FISCAL IMPACT		**$513,032,400**	
ADDITIONAL REVENUE DEDICATED TO OTHER FUNDS			
NEIGHBORHOOD INVESTMENT FUND			
	Personal Property Tax	$17,772,000	100%
	TOTAL	$17,772,000	100%
CONVENTION CENTER FUND			
	Meals Tax	$666,000	3%
	Hotel Tax	$19,454,000	97%
	TOTAL	$20,120,000	100%
TOTAL ADDITIONAL REVENUE		**$37,892,000**	
INDIRECT/INDUCED IMPACTS			
TOTAL ESTIMATED INDIRECT SALES TAX REVENUES		**$31,158,000**	31%
TOTAL ESTIMATED INDIRECT/INDUCED INCOME TAX REVENUE		**$70,607,000**	69%
INDIRECT/INDUCED NET FISCAL IMPACT		**$101,765,000**	
PERMANENT JOBS CREATED			
NEW FULL-TIME JOBS CREATED (DIRECT)		**1,584**	
NEW FULL-TIME JOBS CREATED (INDIRECT)		**528**	
CONSTRUCTION JOBS CREATED			
NEW FTE CONSTRUCTION JOBS (DIRECT)		**1,812**	

Exhibit 3

CUMULATIVE NET FISCAL IMPACT
MCMILLAN REDEVELOPMENT
30 Years (2012 - 2041)

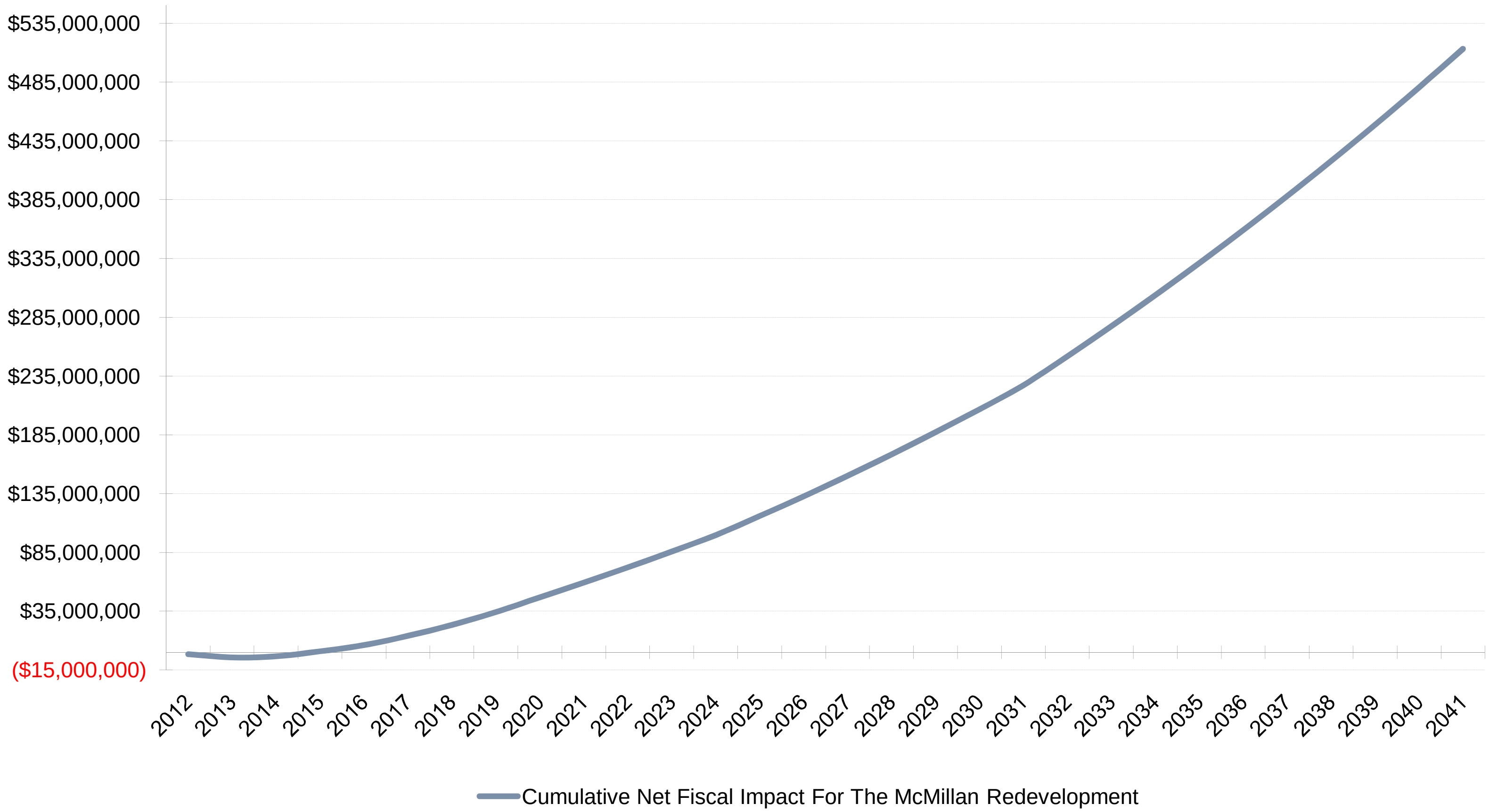

Exhibit 4

ANNUAL SUMMARY OF NET FISCAL IMPACT
MCMILLAN REDEVELOPMENT
30 Years (2012 - 2041)

YEAR	ANNUAL REVENUES	CUMULATIVE REVENUES	ANNUAL EXPENDITURES	NET FISCAL IMPACT (NFI)	CUMULATIVE NFI
2012	$2,210,700	$2,269,200	$3,866,700	($1,656,000)	($1,603,500)
2013	$986,800	$3,256,000	$3,763,000	($2,776,200)	($4,379,700)
2014	$5,428,400	$8,684,400	$4,402,000	$1,026,400	($3,353,300)
2015	$9,195,200	$17,879,600	$4,986,900	$4,208,300	$855,000
2016	$10,615,000	$28,494,600	$5,362,700	$5,252,300	$6,107,300
2017	$14,240,600	$42,735,200	$6,352,400	$7,888,200	$13,995,500
2018	$16,702,800	$59,438,000	$7,412,400	$9,290,400	$23,285,900
2019	$18,843,700	$78,281,700	$7,976,300	$10,867,400	$34,153,300
2020	$21,299,800	$99,581,500	$8,648,500	$12,651,300	$46,804,600
2021	$21,256,300	$120,837,800	$8,841,000	$12,415,300	$59,219,900
2022	$21,965,700	$142,803,500	$9,028,800	$12,936,900	$72,156,800
2023	$22,785,100	$165,588,600	$9,232,200	$13,552,900	$85,709,700
2024	$23,337,100	$188,925,700	$9,399,300	$13,937,800	$99,647,500
2025	$25,736,600	$214,662,300	$9,571,500	$16,165,100	$115,812,600
2026	$26,554,900	$241,217,200	$9,748,800	$16,806,100	$132,618,700
2027	$27,397,900	$268,615,100	$9,931,500	$17,466,400	$150,085,100
2028	$28,267,800	$296,882,900	$10,119,600	$18,148,200	$168,233,300
2029	$29,164,000	$326,046,900	$10,313,300	$18,850,700	$187,084,000
2030	$30,086,600	$356,133,500	$10,512,900	$19,573,700	$206,657,700
2031	$31,037,400	$387,170,900	$10,718,400	$20,319,000	$226,976,700
2032	$32,016,800	$419,187,700	$7,269,200	$24,747,600	$251,724,300
2033	$33,027,000	$452,214,700	$7,487,300	$25,539,700	$277,264,000
2034	$34,066,900	$486,281,600	$7,711,800	$26,355,100	$303,619,100
2035	$35,138,100	$521,419,700	$7,943,200	$27,194,900	$330,814,000
2036	$36,241,200	$557,660,900	$8,181,500	$28,059,700	$358,873,700
2037	$37,377,600	$595,038,500	$8,427,000	$28,950,600	$387,824,300
2038	$38,548,200	$633,586,700	$8,679,700	$29,868,500	$417,692,800
2039	$39,754,000	$673,340,700	$8,940,100	$30,813,900	$448,506,700
2040	$40,995,900	$714,336,600	$9,208,300	$31,787,600	$480,294,300
2041	$42,275,200	$756,611,800	$9,484,600	$32,790,600	$513,084,900

Exhibit 5

ANNUAL EXPENDITURES
MCMILLAN REDEVELOPMENT
30 Years (2012 - 2041)

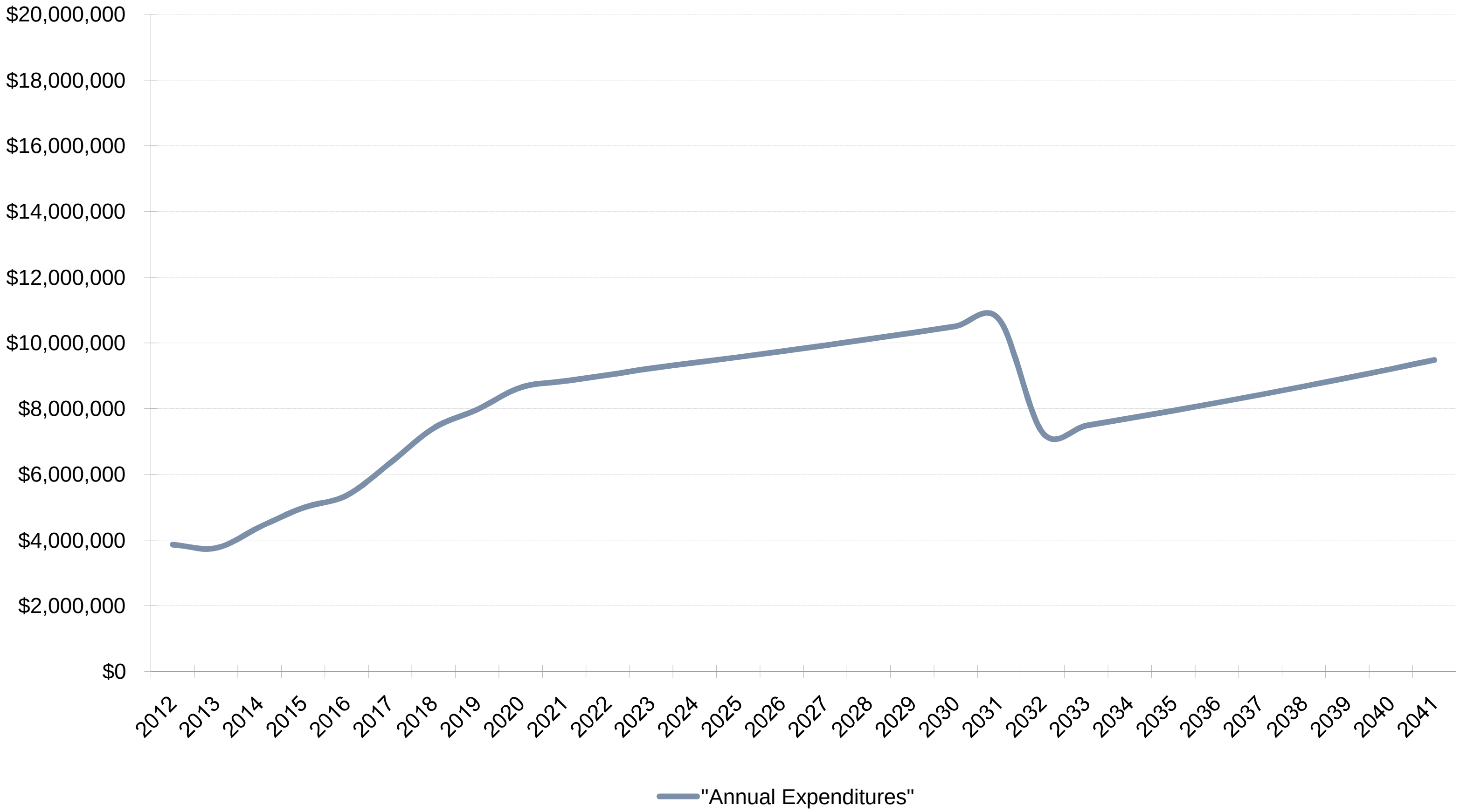

Exhibit 6

ESTIMATED INITIAL YEAR OF FULL OPERATION
MCMILLAN REDEVELOPMENT
JULY 2010

Land Uses/Product	Year 1 2012	Year 2 2013	Year 3 2014	Year 4 2015	Year 5 2016	Year 6 2017	Year 7 2018	Year 8 2019	Year 9 2020	Year 10 2021	Year 11 2022	Year 12 2023	TOTAL
McMillan Development Program (Units/GSF/Hotel Keys)													
For-Rent Residential													
Apartments - Market Rate	0	0	0	0	0	24	137	24	88	0	0	0	**273**
Apartments - ADU	0	0	0	0	0	18	0	13	0	0	0	0	**31**
Senior Affordable	0	0	0	0	0	24	55	0	0	0	0	0	**79**
Senior Market Rate Apt	0	0	0	0	0	24	76	0	0	0	0	0	**100**
For-Sale Residential													
Townhomes - Market Rate	0	9	43	43	43	43	3	0	0	0	0	0	**184**
Townhomes - ADU	0	1	5	5	5	5	0	0	0	0	0	0	**21**
Condo - Market Rate	0	0	0	0	0	0	6	12	12	12	12	11	**65**
Condo - ADU	0	0	0	0	0	0	6	1	0	0	0	0	**7**
Commercial													
Office	0	0	140,000	0	0	150,000	0	150,000	0	0	0	0	**440,000**
Retail - Pads 1 & 2, Non-Restaurant	0	0	17,000	0	0	0	0	0	0	0	0	0	**17,000**
Restaurants - Pads 1 & 2	0	0	3,000	0	0	0	0	0	0	0	0	0	**3,000**
Retail [Grocery]	0	0	0	0	0	63,000	0	0	0	0	0	0	**63,000**
Hotel	0	0	175	0	0	0	0	0	0	0	0	0	**175**
Total Residential Units	**0**	**10**	**48**	**48**	**48**	**138**	**283**	**50**	**100**	**12**	**12**	**11**	**760**
Total Commercial GSF	**0**	**0**	**160,000**	**0**	**0**	**213,000**	**0**	**150,000**	**0**	**0**	**0**	**0**	**523,000**
Total Hotel Keys	**0**	**0**	**175**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**175**
Land Area Taken Down (Acres)	0.0	10.0	0.0	0.0	6.0	0.0	4.5	0.0	0.0	0.0	0.0	0.0	**20.5**
Cumulative Development of Unimp. Acres	0.0	7.0	8.5	10.0	10.0	13.0	16.0	16.0	20.5	20.5	20.5	20.5	**20.5**

SOURCE: Vision McMillan Partners; Green Door Advisors

Exhibit 7

FISCAL IMPACT MODEL ASSUMPTIONS
WASHINGTON, D.C.
2010

ESCALATION AND FINANCING RATES	
Revenues	3.0% per yr
Expenditures	3.0% per yr
Interest Rate on 20-yr Bond	5.0% per yr

VALUE BY LAND USE	VALUE (2010$)							RENTS, REVENUE, AND OTHER ASSUMPTIONS					
Type	Land Area (Acres)	Resident/ Employee Household Income	Construction Value per SF, Unit, or Hotel Key [1]	Average Sales Price [2]	Estimated NOI per GSF, Unit, or Hotel Key [3]	Cap Rate	Assessed Value per GSF, Unit, or Hotel Key	Sales/GSF	GSF/Hotel Key per Employee	Occupancy	Retail Taxable Sales	Prepared Foods Sales	Sales from Alcohol
Unimproved Land	20.5	N/A	N/A	N/A	N/A	N/A	$899,366 per Acre	N/A	N/A	N/A			
Residential													
Apartments - Market Rate	N/A	$80,066	$241,102 /Unit	N/A	$18,012 /Unit	7.5%	$240,156 /Unit	N/A	N/A	95%			
Apartments - ADU	N/A	$52,269	$232,456 /Unit	N/A	$12,186 /Unit	7.5%	$162,482 /Unit	N/A	N/A	98%			
Senior Affordable	N/A	$46,300	$282,483 /Unit	N/A	$10,919 /Unit	7.5%	$145,589 /Unit	N/A	N/A	95%			
Senior Market Rate Apt	N/A	$63,800	$210,203 /Unit	N/A	$14,598 /Unit	7.5%	$194,640 /Unit	N/A	N/A	98%			
Townhomes - Market Rate	N/A	$115,913	$253,268 /Unit	$483,333 /Unit	N/A	N/A	$483,333 /Unit	N/A	N/A	N/A			
Townhomes - ADU	N/A	$59,955	$207,768 /Unit	$250,000 /Unit	N/A	N/A	$250,000 /Unit	N/A	N/A	N/A			
Condo - Market Rate	N/A	$91,733	$255,403 /Unit	$382,508 /Unit	N/A	N/A	$382,508 /Unit	N/A	N/A	N/A			
Condo - ADU	N/A	$49,034	$291,982 /Unit	$204,462 /Unit	N/A	N/A	$204,462 /Unit	N/A	N/A	N/A			
Commercial													
Office	N/A	$76,100	$191 /GSF	N/A	$34 /GSF	8.5%	$400 per GSF	N/A	300 SF/Emp	90%			
Retail - Pads 1 & 2, Non-Restaurant	N/A	$26,400	$276 /GSF	N/A	$32 /GSF	9.0%	$356 per GSF	$350 /GSF	350 SF/Emp	90%	95%	0%	0%
Restaurants - Pads 1 & 2	N/A	$22,800	$276 /GSF	N/A	$32 /GSF	9.0%	$356 per GSF	$400 /GSF	250 SF/Emp	90%	100%	0%	N/A
Retail [Grocery]	N/A	$30,800	$276 /GSF	N/A	$20 /GSF	9.0%	$222 per GSF	$500 /GSF	450 SF/Emp	100%	5%	5%	5%
Hotel	N/A	$42,700	$206,761 /Key	N/A	$13,168 /Key	8.0%	$164,605 /Key	N/A	2 Key/Emp	79%			

Demographics		Source
Population	596,300	FY 2010 Budget
Households	258,700	FY 2010 Budget
Household Size, Avg.	2.30	FY 2010 Budget
Condominiums	1.90	US Census
Rental Apartments	1.90	US Census
Townhome	2.64	US Census
Active Adult	1.50	US Census
At-Place Employment	702,500	FY 2010 Budget
Owner Turnover	7% turnover/yr	US Census
Owner Turnover - ADU	3% turnover/yr	GDA
Total Relevant School Expenditures	$563,538,346	DC Public Schools FY 2011 Budget
Total Students	52,413	DC Public Schools FY 2011 Budget
School expenditures per pupil	$10,752	DC Public Schools FY 2011 Budget
Pupil Generation Rates per Household [4]		
Apartments - Market Rate	0.24	Urban Institute
Apartments - ADU	0.24	Urban Institute
Senior Affordable	0.00	Urban Institute
Senior Market Rate Apt	0.00	Urban Institute
Townhomes - Market Rate	0.35	Urban Institute, VMP
Townhomes - ADU	0.35	Urban Institute, VMP
Condo - Market Rate	0.07	Urban Institute
Condo - ADU	0.07	Urban Institute

[1] The construction costs per SF include the construction costs for vertical development and the appropriate share of land development costs

[2] The sales price for condo units includes the cost of a parking space.

[3] The NOI calculations for all rental apartments includes the value of residential parking.

[4] Based on the Urban Institute Study Housing in the Nation's Capital (2006) and VMP assumptions

SOURCE: FY 2010 Budget for Washington D.C.; Claritas; U.S. Census; Bureau of Labor Statistics; Green Door Advisors; Washington, DC Public Schools, Urban Institute

Exhibit 8

FISCAL IMPACT MODEL TAX RATES
WASHINGTON, D.C.
2010

Taxes	Tax Rates	Other Funds	Source	Comments
Real Property Tax - Class I	$0.850 per $100 AV		FY 2010 Budget	
Real Property Tax - Class II	$1.850 per $100 AV		FY 2010 Budget	For Value Over $3million
Real Property Tax - Class II	$1.650 per $100 AV		FY 2010 Budget	For Value Under $3million
Real Property Tax - Class III	$5.000 per $100 AV		FY 2011 Budget Support Act	
Homestead Exemption	$67,500		FY 2010 Budget	
Personal Property Tax	$3.400 per $100 AV	17.4%	FY 2010 Budget	17.4% Dedicated to Neighborhood Investment Fund
Sales Tax	6.00%		FY 2010 Budget	
Alcohol Tax - Consumption Off Premises	9.00%		FY 2010 Budget	
Meals Tax	9.00%	1.00%	FY 2010 Budget	1% Dedicated to Convention Center Fund
Hotel Tax	10.05%	4.45%	FY 2010 Budget	4.45% Dedicated to Convention Center Fund
Parking Tax	12.00%		FY 2010 Budget	Parking in commercial lots
Individual Income Tax			FY 2010 Budget	
Income $0 - $10,000	4.00%		FY 2010 Budget	
Income $10,000 - $39,999	6.00%		FY 2010 Budget	
Income $40,000 and up	8.50%		FY 2010 Budget	
Blended Individual Income Tax Rate	6.00%		GDA	Used for Indirect and Induced Labor Income Revenue
Transfer & Recordation Tax, Effective Rate	2.20%		FY 2010 Budget	
Deed Transfer Tax - Under $400,000 Value	1.10%		FY 2010 Budget	
Deed Recordation Tax - Under $400,000 Value	1.10%		FY 2010 Budget	
Transfer & Recordation Tax, Effective Rate	2.90%			
Deed Transfer Tax - Over $400,000 Value	1.45%			
Deed Recordation Tax - Over $400,000 Value	1.45%			

SOURCE: FY 2010 Budget for Washington D.C., 2011 Budget Support Act

Exhibit 9

ALLOCATION OF DISTRICT REVENUES AND EXPENDITURES
WASHINGTON, D.C.
FY 2010

POPULATION	596,300	45.9%
EMPLOYMENT	702,500	54.1%
TOTAL	1,298,800	100.0%

REVENUE (GENERAL FUND - Net of Transfer to Other Funds)		PERCENTAGE ALLOCATION			BUDGET ALLOCATION		REVENUE PER	
DEPARTMENTS/CATEGORIES	GENERAL FUND	UNALL.	EMP.	RES.	EMPLOYEE	RESIDENT	EMPLOYEE	RESIDENT
Real Property [1]	$1,738,471,000	100.0%	0.0%	0.0%	$0	$0	$0.00	$0.00
Personal Property [1]	$46,216,000	100.0%	0.0%	0.0%	$0	$0	$0.00	$0.00
Sales Tax (including Meals Tax) [2]	$811,178,000	94.4%	1.0%	4.6%	$8,111,780	$37,340,183	$11.55	$62.62
Income Tax [1]	$1,445,877,000	74.0%	26.0%	0.0%	$376,516,000	$0	$535.97	$0.00
Gross Receipts: Public Utility/Toll Telecom/Insurance Premiums	$261,070,000	0.0%	50.0%	50.0%	$130,535,000	$130,535,000	$185.81	$218.91
Other Taxes	$175,524,000	57.8%	8.0%	34.2%	$14,091,000	$60,000,000	$20.06	$100.62
Non-Tax Revenue: Permits and Licenses	$60,034,000	0.0%	54.1%	45.9%	$32,471,424	$27,562,576	$46.22	$46.22
Non-Tax Revenue: Fines & Forfeits/Charges for Service/Miscellaneous	$275,144,000	0.0%	54.1%	45.9%	$148,820,958	$126,323,042	$211.84	$211.84
Lottery/Interfund Transfer	$65,775,000	100.0%	0.0%	0.0%	$0	$0	$0.00	$0.00
Dedicated Tax Revenue & Special Purpose Fund Revenue	$875,885,000							
TOTAL	**$5,755,174,000**						**$1,011.45**	**$640.22**

OPERATING EXPENDITURES (GENERAL FUND)		PERCENTAGE ALLOCATION			BUDGET ALLOCATION		EXPENDITURES PER	
DEPARTMENTS/CATEGORIES	GENERAL FUND	UNALL.	EMP.	RES.	EMPLOYEE	RESIDENT	EMPLOYEE	RESIDENT
Government Direction & Support	$311,154,000	100.0%	0.0%	0.0%	$0	$0	$0.00	$0.00
Economic Development & Regulation	$164,633,000	100.0%	0.0%	0.0%	$0	$0	$0.00	$0.00
Public Safety & Justice	$931,795,000	78.4%	11.7%	9.9%	$108,955,110	$92,483,890	$155.10	$155.10
Public Education System	$1,359,696,000	100.0%	0.0%	0.0%	$0	$0	$0.00	$0.00
Human Support Services	$1,378,216,000	80.4%	0.0%	19.6%	$0	$270,085,000	$0.00	$452.93
Public Works	$413,602,000	91.7%	0.0%	8.3%	$0	$34,210,000	$0.00	$57.37
Financing and Other	$904,805,000	54.0%	24.9%	21.1%	$225,195,927	$191,152,073	$320.56	$320.56
Enterprise & Other Funds	$172,971,000	100.0%	0.0%	0.0%	$0	$0	$0.00	$0.00
TOTAL	**$5,636,872,000**						**$475.66**	**$985.97**

[1] Real Property, Personal Property & Income Tax revenues from the proposed development are allocated directly in the model; For Income Tax: Corporate Franchise Tax and Unincorporated Business Franchise Tax are allocated here.

[2] General Sales, Meals, and Alcohol tax allocated directly in the model. Other key items including Motor Fuel, and Cigarettes are allocated in this line.

SOURCE: FY 2010 Budget for Washington D.C.; Claritas; U.S. Census; Bureau of Labor Statistics; Green Door Advisors