



Rising Tides, Rising Revenues

Evaluating the Fiscal Impact of Growth in Capitol Riverfront and Southwest



The Capitol Riverfront and Southwest Business Improvement Districts (“BIDs”) encompass a rapidly growing portion of the District of Columbia. From The Yards to The Wharf, recent development in Capitol Riverfront and Southwest has created new destinations to live, work, and play, as contemporary buildings have delivered atop formerly vacant or underutilized land. In addition to yielding numerous benefits to residents of the region, this development has also played a key role in supporting the economic and fiscal wellbeing of the District.

The following report examines the past, present, and future fiscal contributions of the Capitol Riverfront and Southwest communities. At a time when neighborhoods across the District are facing challenges in the wake of the COVID-19 pandemic, Capitol Riverfront and Southwest are projected to generate \$849 million in revenues to the District during fiscal year (“FY”) 2024, representing an increase of more than \$282 million from FY 2019. Importantly, the revenue creation is far from complete. By FY 2040, Capitol Riverfront and Southwest are projected to generate 78% more annual revenues to the District than they will during FY 2024, following continued development, investment, and growth within two communities. The magnitude of this increase highlights the role Capitol Riverfront and Southwest are likely to play in supporting the long-term fiscal health of the District.

However, the success of these neighborhoods is not guaranteed, nor are the revenues they generate. Continued guidance and support are necessary to ensure Capitol Riverfront and Southwest remain attractive to residents, employees, and visitors—and that the two neighborhoods can continue their new, combined role as an important economic engine for the District.



Study Objectives & Methodology

The following report highlights how Capitol Riverfront and Southwest contribute fiscally to the District by analyzing their individual and combined net fiscal impacts, defined as the annual local fund revenues the neighborhoods generate each year, less the local fund expenditures and transfers that are necessary to serve them each year. The objectives of this report were to:

- » Estimate the revenues generated by properties and economic activity in Capitol Riverfront and Southwest for FYs 2019 through 2024.
- » Estimate the expenditures necessary to serve Capitol Riverfront and Southwest for FYs 2019 through 2024.
- » Calculate the projected net fiscal impact to the District of Columbia during this time.
- » Do the same for Capitol Riverfront and Southwest for FYs 2025 through 2040, to estimate the forward-looking revenues, expenditures, and net fiscal impacts in the neighborhoods.

The analysis starts with an estimate of gross General Fund revenues, including real property taxes, personal property taxes, retail sales taxes, meals taxes, hotel taxes, resident income taxes, business franchise taxes, deed transfer and recordation taxes, estate taxes, and miscellaneous revenues, such as economic interest and gross receipts. The analysis then deducts dedicated revenues, such as parking taxes that go toward WMATA, to arrive at local fund revenues. The purpose of this approach is to ensure a direct comparison to local fund expenditures and transfers when determining net fiscal impact.

Historical revenue estimates (FYs 2019 through 2022) are based on actual property values and revenue streams included in the District's Annual Comprehensive Financial Report and the FY 2024 Approved Budget and Financial Plan. In particular, these estimates utilize parcel-by-parcel information on historical property values and land uses in Capitol Riverfront and Southwest.

Future revenue estimates for FYs 2023 and 2024 utilize projected FY 2023 and 2024 property values from the Office of Tax and Revenue, revenue projections from the FY 2024 Approved Budget and Financial Plan, and other assumptions regarding the local economies and expected development pipelines from each BID. Further down the line, revenue and expenditure estimates for FYs 2025 through 2040 assume average annual escalations of 2.0% to 2.5% for most types of revenues and expenditures, from the levels projected for FY 2024. These long-term revenue and expenditure estimates also consider the future development pipelines of Capitol Riverfront and Southwest, as well as the impact of new development, residents, and employees on the revenues the neighborhoods are likely to generate and expenditures they are likely to require.

For the purpose of developing a forward-looking projection, the analysis assumes the underlying tax rates and structure of the District will remain the same in FY 2025 and beyond as they were during FY 2024. Any comparisons to District revenues and expenditures are based on FY 2019 actual values, FY 2020 actual values, FY 2021 actual values, FY 2022 actual values, FY 2023 estimated values, and FY 2024 estimated values, as outlined in various approved budgets and financial plans.



Summary of Net Fiscal Impact

Capitol Riverfront & Southwest | FY 2019 to FY 2040

	Six-Year Trend FY 2019 to 2024						Long-Term Projected FY 2025 to 2040	
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	Avg. Annual	Cumulative
Total (In Millions, Real Dollars)								
Local Fund Revenues	\$567	\$571	\$618	\$695	\$779	\$849	\$1,296	\$20,736
Local Fund Expenditures and Transfers	\$355	\$389	\$443	\$521	\$657	\$636	\$941	\$15,055
Net Fiscal Impact	\$212	\$182	\$175	\$174	\$122	\$213	\$355	\$5,680
Change from FY 2019		(\$29)	(\$37)	(\$38)	(\$90)	\$1		
As% Of District Of Columbia								
Revenues as % of District of Columbia	6.8%	7.0%	7.1%	7.0%	8.0%	8.8%		
Expenditures and Transfers as % of District of Columbia	4.5%	4.7%	5.1%	5.5%	5.8%	6.0%		

Source: RCLCO



Key Headlines

1

Capitol Riverfront and Southwest are major players in the D.C. economy, driving a substantial portion of its recent growth. In FY 2024, the neighborhoods are **projected to generate 50% more local fund revenues** to the District of Columbia than they did in FY 2019, far outpacing the 17% growth in these revenues expected for the District as a whole over this six-year period. In total, Capitol Riverfront and Southwest are projected to bring in **more than \$4 billion in revenues** to the District over this period.

2

Capitol Riverfront and Southwest represent a growing portion of the revenues that fund important services for District residents. In FY 2024, Capitol Riverfront and Southwest are projected to account for **9% of local fund revenues**, up from 7% in FY 2019. Meanwhile, the neighborhoods represent just 4% of population and 2% of land in the District, highlighting their outsized fiscal contributions.

3

The expenditures needed to serve Capitol Riverfront and Southwest have also risen—from \$355 million in FY 2019 to \$636 million in FY 2024. This increase stems from the unique growth that new development has unlocked and the rising costs that come with supporting the resulting population and workforce expansion. This growth amplifies the rising costs of city services per person that is driving up expenditures across the entire District.

4

Revenue creation is exceeding expenditure growth in Capitol Riverfront and Southwest, which are projected to generate a combined **net fiscal impact of \$213 million** in FY 2024. This total represents an increase from the pre-pandemic net fiscal impact of \$212 million in FY 2019. Although moderate in size, this increase is noteworthy for the District at present time, considering the extent to which some of its revenue streams have plateaued—or even declined—in the wake of the pandemic.

5

Development in Capitol Riverfront and Southwest has been central to supporting revenue growth in the District. From FYs 2019 to 2024, the neighborhoods added 12,000 new housing units, doubling the size of their household base. Likewise, the neighborhoods added 1.9 million square feet of commercial space over the same period, attracting new employees that enabled them to more than offset the pandemic-related job losses seen in other employment cores in the region and across the country. **An additional 11,000 housing units and 2.0 million square feet of commercial space are poised to deliver** in Capitol Riverfront and Southwest over the long term, helping to support **further revenue creation** moving forward.



6

In total, **Capitol Riverfront and Southwest are projected to generate more than \$20 billion in revenues from FYs 2025 to 2040**, with annual revenues increasing every year. Starting in FY 2026, the neighborhoods are **poised to generate more than \$1 billion in annual local fund revenues**—a significant amount considering recent budgets have anticipated less than \$10 billion in these revenues across the entire District each year.

7

While property taxes have historically been the largest revenue generator in Capitol Riverfront and Southwest, income taxes have since emerged as the single-largest revenue stream. **Given the considerable number of new households, income tax revenue in Capitol Riverfront and Southwest is expected to nearly double from FYs 2019 to 2024**, growing from \$157 million to \$303 million. By 2040, annual income tax revenue is expected to reach \$464 million following continued household and income growth.

8

Still, property taxes remain an important—and the second largest—source of revenues in Capitol Riverfront and Southwest. After moderating in recent years due to declining office valuations, **annual property taxes in the neighborhoods are poised to surpass pre-pandemic levels in FY 2025**, as the assessed values of new deliveries help to buoy value declines at certain existing properties. **Revenues from residential properties are key drivers of this recovery**, with residential property taxes set to quadruple from FYs 2019 to 2040.

9

Sales taxes are the third-largest revenue stream in Capitol Riverfront and Southwest. Despite a temporary shock at the start of the pandemic, the neighborhoods are projected to generate \$237 million in sales taxes in FY 2024, representing a 41% increase from FY 2019. This increase represents a key strength of Capitol Riverfront and Southwest, where **the unique combination of sports, entertainment, and new residential development has helped to fortify the retail and hospitality markets** at a time when the loss of office workers has dampened the vitality of other neighborhoods.

10

Increasingly, Capitol Riverfront and Southwest are emerging as key economic engines for the District. By FY 2040, Capitol Riverfront and Southwest are projected to generate 167% more annual revenues than they did in FY 2019 and 78% more annual revenues than they will during FY 2024, following continued momentum within the two communities. However, this momentum is not guaranteed, nor are the revenues associated with it. As Capitol Riverfront and Southwest play larger roles in supporting the overall District budget, continued guidance, investment, and support is needed to preserve and enhance the appeal of these neighborhoods for future residents, employees, and visitors. With the necessary attention, Capitol Riverfront and Southwest are more than well-positioned to fulfill their potential.

Final Results

Summary of Net Fiscal Impact			
	FY 2019	FY 2020	FY 2021
Local Fund Revenues	\$566,511,505	\$571,252,588	\$618,319,388
Local Fund Expenditures and Transfers	\$354,737,103	\$388,838,198	\$443,092,901
Net Fiscal Impact	\$211,774,402	\$182,414,390	\$175,226,487
Revenues as % of District of Columbia	6.8%	7.0%	7.1%
Expenditures and Transfers as % of District of Columbia	4.5%	4.7%	5.1%
Gross Local Revenue			
1 Property Taxes	\$217,077,318	\$237,090,945	\$234,724,236
A Real Property Taxes	\$206,695,839	\$226,376,088	\$222,865,352
I Commercial	\$171,802,176	\$187,379,751	\$175,063,442
II Residential	\$37,418,511	\$43,243,037	\$53,376,340
B Personal Property	\$5,811,572	\$5,917,944	\$6,535,628
C Public Space Rental	\$4,569,907	\$4,796,913	\$5,323,256
2 Sales Taxes	\$167,100,855	\$85,747,918	\$110,176,286
A General Sales	\$162,569,330	\$81,520,882	\$104,875,116
I 6% General Sales and Tax Revenue	\$53,696,605	\$28,210,159	\$43,037,536
II 10% Food Service Sales Tax Revenue	\$65,330,526	\$29,213,279	\$44,040,540
III 10.25% Sales Tax Revenue	\$233,569	\$238,959	\$246,146
IV 14.98% Hotel Sales Tax Revenue	\$30,085,627	\$15,721,253	\$12,721,102
V 18% Parking Sales Tax Revenue	\$13,223,002	\$8,137,232	\$4,829,791
B Alcohol	\$386,600	\$354,169	\$401,378
C Cigarette	\$1,567,152	\$1,469,605	\$1,436,916
D Motor Vehicle	\$1,277,735	\$1,317,726	\$2,179,292
E Motor Fuel	\$1,533,608	\$1,324,495	\$1,529,731
3 Income Taxes	\$157,248,469	\$182,983,262	\$229,004,174
A Individual	\$81,320,911	\$94,972,093	\$122,341,690
B Corporate Franchise	\$60,007,907	\$69,621,391	\$82,834,077
C Unincorporated Business	\$15,919,650	\$18,389,778	\$23,828,407
4 Deed Transfer Taxes	\$14,857,376	\$30,830,866	\$19,645,205
5 Deed Recordation Taxes	\$14,857,376	\$30,830,866	\$19,645,205
6 Other	\$75,601,066	\$68,163,950	\$72,332,218
7 Lottery	\$1,252,082	\$1,231,859	\$1,904,927
Gross Local Revenues	\$646,742,462	\$635,647,807	\$685,527,324
Less Revenue Dedicated to Other Funds	(\$80,230,957)	(\$64,395,219)	(\$67,207,936)
Total Local Fund Revenues	\$566,511,505	\$571,252,588	\$618,319,388
Local Fund Expenditures and Transfers			
1 Operating Expenditures	\$346,120,014	\$382,321,800	\$434,364,373
2 Other Expenditures	\$8,617,089	\$6,516,398	\$8,728,529
Total Local Fund Expenditures and Transfers	\$354,737,103	\$388,838,198	\$443,092,901

Source: RCLCO

Six-Year Trend: FY 2019 to FY 2024

FY 2025 to FY 2040

FY 2022	FY 2023	FY 2024	Avg. Annual	Cumulative
\$694,895,479	\$778,711,649	\$848,620,556	\$1,295,974,010	\$20,735,584,154
\$520,952,467	\$656,725,631	\$635,999,254	\$940,957,076	\$15,055,313,209
\$173,943,012	\$121,986,018	\$212,621,303	\$355,016,934	\$5,680,270,945
7.0%	8.0%	8.8%		
5.5%	5.8%	6.0%		
\$228,291,421	\$231,775,795	\$234,329,335	\$360,754,702	\$5,772,075,230
\$216,840,173	\$220,251,628	\$222,288,737	\$342,476,990	\$5,479,631,832
\$160,427,411	\$163,896,668	\$164,336,412	\$227,812,671	\$3,645,002,728
\$62,512,580	\$62,171,238	\$63,265,297	\$121,320,390	\$1,941,126,243
\$6,614,761	\$6,239,711	\$6,771,236	\$11,280,469	\$180,487,511
\$4,836,487	\$5,284,457	\$5,269,362	\$6,997,243	\$111,955,887
\$167,886,291	\$214,125,479	\$236,872,488	\$311,354,982	\$4,981,679,719
\$162,088,361	\$208,591,097	\$230,990,398	\$301,975,759	\$4,831,612,138
\$59,126,899	\$79,537,015	\$85,823,665	\$106,515,743	\$1,704,251,891
\$62,632,637	\$78,059,542	\$85,828,615	\$117,198,130	\$1,875,170,078
\$251,536	\$256,926	\$268,723	\$350,464	\$5,607,432
\$30,661,141	\$40,187,159	\$46,140,973	\$60,445,570	\$967,129,117
\$9,416,148	\$10,550,454	\$12,928,422	\$17,465,851	\$279,453,620
\$465,004	\$480,527	\$508,102	\$762,298	\$12,196,768
\$1,509,803	\$1,292,868	\$1,311,853	\$1,968,153	\$31,490,456
\$2,533,739	\$2,460,031	\$2,713,009	\$4,572,003	\$73,152,055
\$1,540,920	\$1,557,883	\$1,617,848	\$2,427,233	\$38,835,734
\$275,691,582	\$296,471,690	\$303,026,006	\$410,338,265	\$6,565,412,241
\$152,944,120	\$177,054,480	\$190,210,810	\$260,529,729	\$4,168,475,665
\$90,146,866	\$95,029,624	\$89,338,662	\$118,633,789	\$1,898,140,630
\$32,600,596	\$24,387,587	\$23,476,534	\$31,174,747	\$498,795,946
\$9,269,054	\$26,259,516	\$54,105,094	\$122,855,655	\$1,965,690,481
\$9,269,054	\$26,259,516	\$55,051,881	\$125,497,630	\$2,007,962,073
\$88,517,880	\$87,849,194	\$85,466,835	\$123,448,461	\$1,975,175,380
\$1,746,503	\$1,955,993	\$2,147,697	\$3,619,331	\$3,695,912
\$778,925,282	\$882,741,190	\$968,851,639	\$1,454,249,695	\$1,476,272,294
(\$84,029,803)	(\$104,029,541)	(\$120,231,083)	(\$158,275,686)	(\$159,656,709)
\$694,895,479	\$778,711,649	\$848,620,556	\$1,295,974,010	\$1,316,615,584
\$504,819,408	\$633,799,163	\$619,106,414	\$917,954,502	\$932,575,748
\$16,133,059	\$22,926,468	\$16,892,839	\$23,002,574	\$23,328,053
\$520,952,467	\$656,725,631	\$635,999,254	\$940,957,076	\$955,903,801



Overview of Capitol Riverfront

Capitol Riverfront is a regional destination that houses nearly 20,000 residents and provides jobs for roughly 36,000 people. Once lined with parking lots and underutilized industrial and federal land, Capitol Riverfront now contains 14,000 housing units, 7.1 million square feet of office space, 1,400 hotel rooms, 88 restaurants, 10 acres of public parks, and two major sports stadiums (Nationals Park and Audi Field). A product of public investment and economic development efforts, this development has attracted residents, employees, and visitors from across the region, creating a modern, mixed-use neighborhood in the process. Already, this success allowed the District to break even on its investment in Capitol Riverfront within 10 years of the BID's formation, according to RCLCO's 2018 fiscal impact analysis (Riverfront Recaptured). With more development on the horizon, Capitol Riverfront is set to become an even greater economic force in the District moving forward.

The rapid expansion of Capitol Riverfront has unlocked a significant amount of tax revenue for the District. From FY 2019 to FY 2024, local fund revenues in Capitol Riverfront are projected to grow from \$239 million to \$471 million, representing a 97% increase. Unlike other neighborhoods that more heavily felt the effects of the pandemic, Capitol Riverfront saw its revenues increase across all major categories, including property taxes, sales taxes, income taxes, transfer taxes, and recordation taxes. Notably, income taxes and sales taxes have recently unseated property taxes to become the largest sources of revenues within Capitol Riverfront, demonstrating the benefits of the increased number of residents and visitors in the neighborhood.

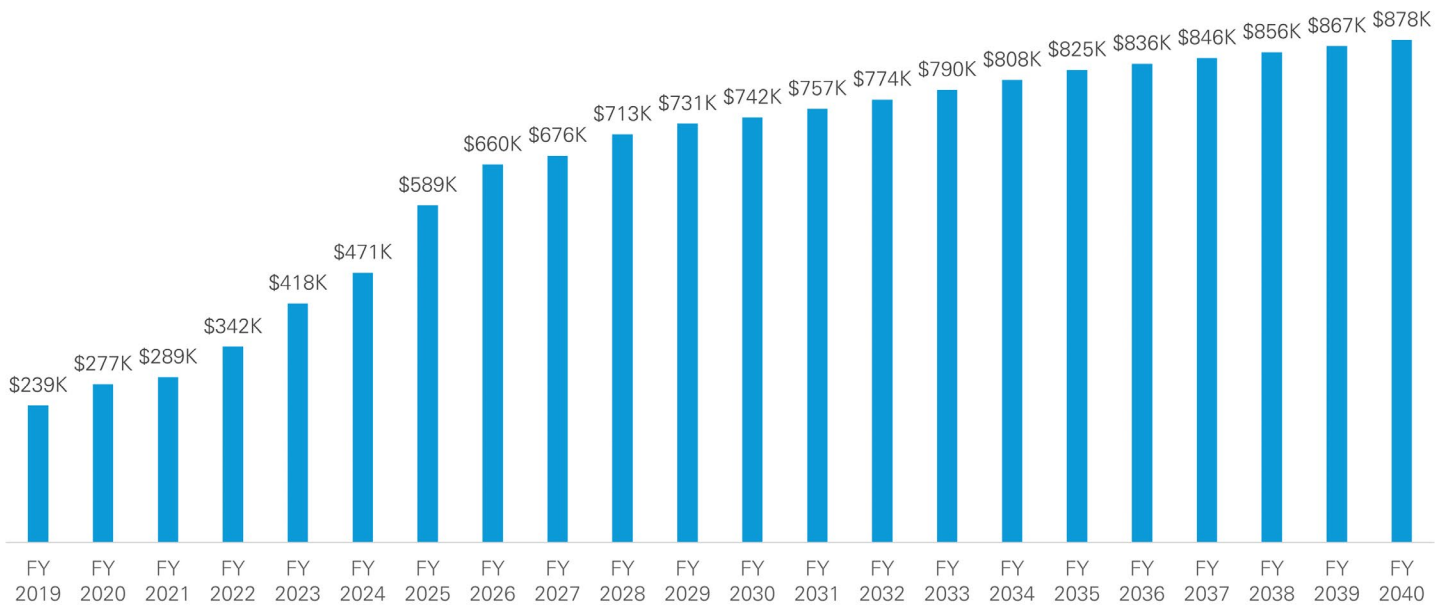
From FYs 2019 to 2024, Capitol Riverfront is expected to add more than 12,000 new housing units. Today, Capitol Riverfront accounts for 7.4% of all apartment units in the District, including 25.9% of its deliveries since 2020, highlighting the rapid pace at which it is growing. Many new residents have moved to the area to be close to the sport stadiums, where they can enjoy sports and attend concerts. The sport stadiums are well underway in recovering from the pandemic; in 2022, Nationals Park and Audi Field reached 2.3 million ticket sales—about 90% of what they were in 2019—and current visitation patterns suggest crowds are likely to reach pre-pandemic levels this year. This rebound in visitors, along with the influx of residents, has enabled Capitol Riverfront to weather the pandemic and ensuing remote work trends better than many other commercial and mixed-use neighborhoods in the District.

While the increased number of users in Capitol Riverfront has generated additional revenues to the District, they also necessitate higher levels of expenditures. However, revenue growth is expected to exceed expenditure growth, yielding a positive net fiscal impact of \$148 million in FY 2024—a \$63 million increase from FY 2019. Future revenues in Capitol Riverfront are projected to grow even further, leading its net fiscal impact to reach \$300 million by FY 2035. This increase is poised to create new ways for the District to provide services for its residents, coming at a critical time when several of its other revenue streams—such as property taxes from commercial office buildings—are flattening or declining. For this reason, continued growth in Capitol Riverfront will become all the more important to the District moving forward.



Historical & Projected Annual Revenues

Capitol Riverfront | FY 2019 to FY 2040



Source: RCLCO

Capitol Riverfront Final Results

Summary of Net Fiscal Impact | Capitol Riverfront BID

	FY 2019	FY 2020	FY 2021
Local Fund Revenues	\$239,337,901	\$276,606,221	\$288,814,223
Local Fund Expenditures and Transfers	\$154,504,516	\$169,924,787	\$201,241,741
Net Fiscal Impact	\$84,833,385	\$106,681,434	\$87,572,483
Revenues as % of District of Columbia	2.9%	3.4%	3.3%
Expenditures and Transfers as % of District of Columbia	1.9%	2.1%	2.3%
Gross Local Revenue			
1 Property Taxes	\$78,740,410	\$86,732,674	\$87,235,690
A Real Property Taxes	\$74,961,222	\$82,666,456	\$82,749,703
I Commercial	\$55,587,521	\$60,866,370	\$53,680,058
II Residential	\$21,898,548	\$26,046,788	\$34,644,075
B Personal Property	\$2,100,200	\$2,344,603	\$2,616,310
C Public Space Rental	\$1,678,988	\$1,721,614	\$1,869,676
2 Sales Taxes	\$89,192,060	\$46,784,679	\$65,593,245
A General Sales	\$87,071,900	\$44,767,666	\$62,799,212
I 6% General Sales and Tax Revenue	\$38,318,604	\$20,137,861	\$31,928,006
II 10% Food Service Sales Tax Revenue	\$36,963,486	\$17,197,548	\$25,600,348
III 10.25% Sales Tax Revenue	\$138,125	\$141,313	\$145,563
IV 14.98% Hotel Sales Tax Revenue	\$7,757,947	\$4,894,797	\$3,703,082
V 18% Parking Sales Tax Revenue	\$3,893,738	\$2,396,146	\$1,422,214
B Alcohol	\$169,703	\$157,027	\$187,975
C Cigarette	\$687,922	\$651,575	\$672,944
D Motor Vehicle	\$727,462	\$762,487	\$1,362,264
E Motor Fuel	\$673,198	\$587,238	\$716,412
3 Income Taxes	\$63,339,207	\$89,562,863	\$114,294,794
A Individual	\$35,443,344	\$57,975,613	\$76,831,952
B Corporate Franchise	\$22,046,967	\$24,987,150	\$29,093,640
C Unincorporated Business	\$5,848,896	\$6,600,100	\$8,369,202
4 Deed Transfer Taxes	\$7,013,340	\$28,060,758	\$11,510,177
5 Deed Recordation Taxes	\$7,013,340	\$28,060,758	\$11,510,177
6 Other	\$31,020,328	\$28,173,225	\$30,846,827
7 Lottery	\$712,857	\$712,800	\$1,190,760
Gross Local Revenues	\$276,318,684	\$307,374,956	\$320,990,910
Less Revenue Dedicated to Other Funds	(\$36,980,783)	(\$30,768,735)	(\$32,176,686)
Total Local Fund Revenues	\$239,337,901	\$276,606,221	\$288,814,223
Local Fund Expenditures and Transfers			
1 Operating Expenditures	\$151,037,597	\$167,299,911	\$197,637,577
2 Other Expenditures	\$3,466,919	\$2,624,876	\$3,604,164
Total Local Fund Expenditures and Transfers	\$154,504,516	\$169,924,787	\$201,241,741

Source: RCLCO

FY 2019 to FY 2024			FY 2025 to FY 2040	
FY 2022	FY 2023	FY 2024	Avg. Annual	Cumulative
\$341,819,519	\$417,769,435	\$471,202,810	\$771,844,709	\$12,349,515,336
\$255,065,828	\$330,209,144	\$323,234,282	\$489,968,849	\$7,839,501,592
\$86,753,690	\$87,560,292	\$147,968,527	\$281,875,859	\$4,510,013,745
3.5%	4.3%	4.9%		
2.7%	2.9%	3.0%		
\$93,496,909	\$93,661,818	\$93,565,986	\$161,167,730	\$2,578,683,682
\$88,728,489	\$88,537,381	\$88,044,267	\$152,231,295	\$2,435,700,726
\$51,614,168	\$51,769,314	\$49,832,034	\$83,864,431	\$1,341,830,892
\$43,214,141	\$42,584,345	\$43,525,206	\$75,022,936	\$1,200,366,972
\$2,927,896	\$3,093,548	\$3,490,828	\$5,970,827	\$95,533,229
\$1,840,524	\$2,030,890	\$2,030,890	\$2,965,608	\$47,449,727
\$96,976,585	\$129,837,227	\$144,892,693	\$185,514,438	\$2,968,231,010
\$93,736,604	\$126,702,647	\$141,504,678	\$180,265,227	\$2,884,243,630
\$44,975,605	\$63,483,726	\$68,562,651	\$84,730,714	\$1,355,691,430
\$36,313,248	\$46,834,003	\$52,584,257	\$69,756,036	\$1,116,096,582
\$148,750	\$151,938	\$156,188	\$193,914	\$3,102,623
\$9,695,992	\$13,215,617	\$16,363,701	\$20,316,282	\$325,060,515
\$2,603,010	\$3,017,363	\$3,837,881	\$5,268,280	\$84,292,480
\$231,995	\$243,392	\$261,637	\$397,066	\$6,353,054
\$753,256	\$654,851	\$675,512	\$1,025,172	\$16,402,753
\$1,634,699	\$1,599,190	\$1,773,977	\$2,756,590	\$44,105,433
\$768,780	\$789,084	\$833,077	\$1,264,298	\$20,228,762
\$144,846,050	\$170,563,764	\$178,097,512	\$235,893,774	\$3,774,300,386
\$98,134,542	\$124,670,078	\$134,616,862	\$172,401,140	\$2,758,418,240
\$34,305,361	\$36,521,199	\$34,432,445	\$50,279,991	\$804,479,850
\$12,406,147	\$9,372,487	\$9,048,204	\$13,212,644	\$211,402,296
\$3,044,460	\$19,405,601	\$40,138,728	\$108,858,432	\$1,741,734,919
\$3,044,460	\$19,405,601	\$41,085,515	\$111,500,407	\$1,784,006,511
\$40,656,022	\$41,062,192	\$40,420,785	\$60,730,838	\$971,693,404
\$1,126,796	\$1,271,530	\$1,404,332	\$2,182,197	\$2,217,333
\$382,064,485	\$473,936,203	\$538,201,218	\$863,665,619	\$876,550,646
(\$40,244,967)	(\$56,166,767)	(\$66,998,409)	(\$91,820,911)	(\$92,515,375)
\$341,819,519	\$417,769,435	\$471,202,810	\$771,844,709	\$784,035,271
\$247,928,834	\$319,928,674	\$315,547,120	\$478,925,315	\$485,819,866
\$7,136,995	\$10,280,470	\$7,687,162	\$11,043,535	\$11,204,976
\$255,065,828	\$330,209,144	\$323,234,282	\$489,968,849	\$497,024,842



Overview of Southwest

Located south of the National Mall, along the Washington Channel, and around I-395, the Southwest BID (“Southwest”) is a uniquely located neighborhood with distinct subareas. At its north, Southwest is filled with federal offices, civic spaces, and museums. At its south, the neighborhood is home to a growing amount of mixed-use development along the Washington Channel and around the Waterfront Metro station. One of those developments, The Wharf, opened in 2017, bringing new housing, hotels, restaurants, and a concert venue to the neighborhood—all along a waterfront promenade. The Wharf has swiftly become one of the most popular destinations in the District of Columbia, serving as a destination for local, regional, national, and international guests. Whilst the area to the north also receives tourism due to its many museums, including the Holocaust Memorial Museum and Spy Museum, it is more known for its sizable employment base.

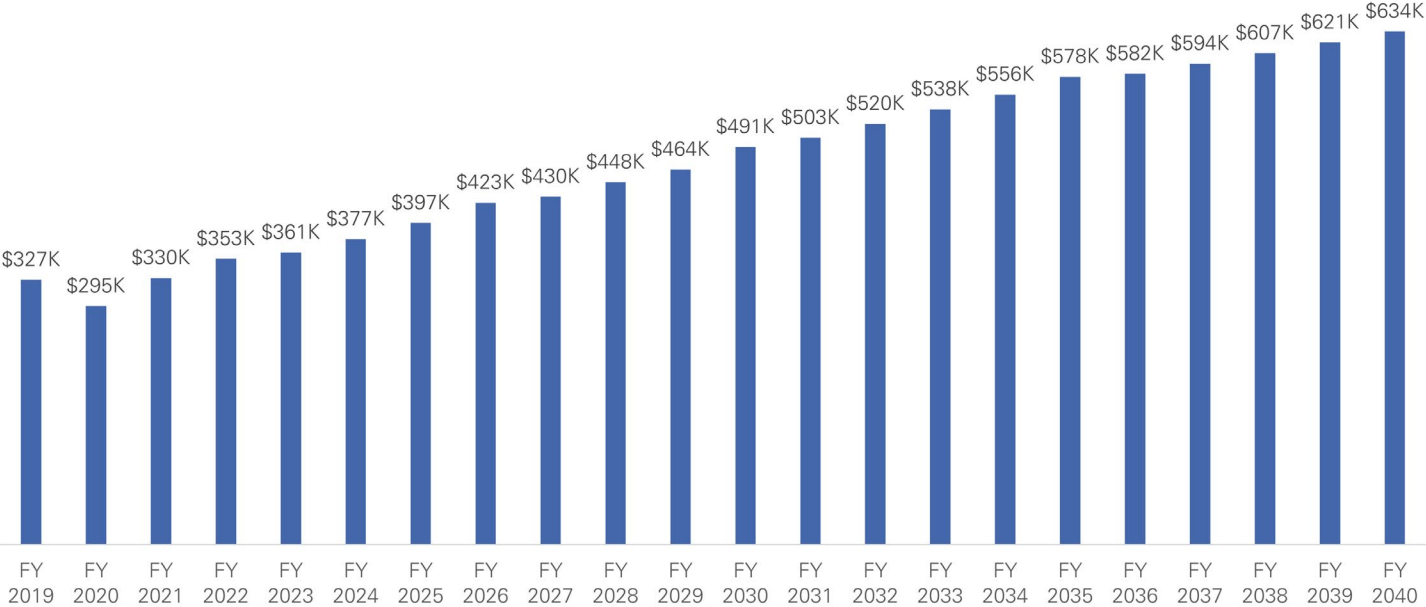
Recent studies estimate Southwest employs nearly 60,000 people, equivalent to 8% of the overall workforce in the District. Of that workforce, approximately 40,000 are federal employees, suggesting roughly one in five federal employees in the District works in Southwest. This concentration of government workers can be attributed to the presence of several federal offices, including the Department of Energy (“DOE”), the U.S. Department of Education (“ED”), the Federal Emergency Management Agency (“FEMA”), the National Aeronautics and Space Administration (“NASA”), and the Department of Health and Human Services (“HHS”). The large amount of federal office space could present an opportunity should the federal government determine it no longer requires as much space as it currently occupies; while the District does not receive any property taxes on federal office buildings, it could potentially expand its property tax base if these buildings were to be redeveloped.

Though Southwest has historically contained less developable and re-developable land than the adjacent Capitol Riverfront, there is still a significant amount of development taking place. From FY 2019 to 2024, Southwest added more than 2,500 housing units and 600,000 square feet of commercial space, and the current pipeline includes an additional 6,400 housing units and 190,000 square feet of commercial space. This development has helped increase revenue generation within the neighborhood, and is poised to continue to do so moving forward. Already, revenues are up \$50 million from FY 2019 to FY 2024, from \$327 million to \$377 million. While expenditures have grown at a faster pace than revenues since the start of the pandemic, this trend stems from increased spending on residents and employees across the District—and not from a lack of activity in Southwest. The net fiscal impact of Southwest is set to grow once again moving forward, as revenues increase from \$377 million in FY 2024 to \$634 million in FY 2040. Over the same time period, Southwest is expected to contribute far more in resources than it uses, and it will continue to be a needed partner for the District as other neighborhoods find their footing.



Historical & Projected Annual Revenues

Southwest | FY 2019 to FY 2040



Source: RCLCO

Southwest Final Results

Summary of Net Fiscal Impact | Southwest BID

	FY 2019	FY 2020	FY 2021
Local Fund Revenues	\$327,173,604	\$294,646,367	\$329,505,164
Local Fund Expenditures and Transfers	\$200,232,587	\$218,913,412	\$241,851,161
Net Fiscal Impact	\$126,941,017	\$75,732,955	\$87,654,004
Revenues as % of District of Columbia	3.9%	3.6%	3.8%
Expenditures and Transfers as % of District of Columbia	2.5%	2.6%	2.8%
Gross Local Revenue			
1 Property Taxes	\$138,336,909	\$150,358,271	\$147,488,547
A Real Property Taxes	\$131,734,617	\$143,709,631	\$140,115,649
I Commercial	\$116,214,655	\$126,513,381	\$121,383,384
II Residential	\$15,519,963	\$17,196,250	\$18,732,265
B Personal Property	\$3,711,373	\$3,573,341	\$3,919,318
C Public Space Rental	\$2,890,918	\$3,075,298	\$3,453,580
2 Sales Taxes	\$77,908,795	\$38,963,239	\$44,583,041
A General Sales	\$75,497,430	\$36,753,216	\$42,075,903
I 6% General Sales and Tax Revenue	\$15,378,002	\$8,072,298	\$11,109,530
II 10% Food Service Sales Tax Revenue	\$28,367,040	\$12,015,731	\$18,440,192
III 10.25% Sales Tax Revenue	\$95,444	\$97,647	\$100,584
IV 14.98% Hotel Sales Tax Revenue	\$22,327,680	\$10,826,456	\$9,018,020
V 18% Parking Sales Tax Revenue	\$9,329,264	\$5,741,086	\$3,407,577
B Alcohol	\$216,897	\$197,142	\$213,402
C Cigarette	\$879,229	\$818,030	\$763,972
D Motor Vehicle	\$550,273	\$555,240	\$817,028
E Motor Fuel	\$860,410	\$737,257	\$813,319
3 Income Taxes	\$93,909,262	\$93,420,399	\$114,709,380
A Individual	\$45,877,568	\$36,996,480	\$45,509,738
B Corporate Franchise	\$37,960,940	\$44,634,241	\$53,740,437
C Unincorporated Business	\$10,070,754	\$11,789,678	\$15,459,205
4 Deed Transfer Taxes	\$7,844,037	\$2,770,109	\$8,135,028
5 Deed Recordation Taxes	\$7,844,037	\$2,770,109	\$8,135,028
6 Other	\$44,580,739	\$39,990,725	\$41,485,391
7 Lottery	\$539,225	\$519,058	\$714,167
Gross Local Revenues	\$370,423,778	\$328,272,851	\$364,536,414
Less Revenue Dedicated to Other Funds	(\$43,250,174)	(\$33,626,484)	(\$35,031,250)
Total Local Fund Revenues	\$327,173,604	\$294,646,367	\$329,505,164
Local Fund Expenditures and Transfers			
1 Operating Expenditures	\$195,082,416	\$215,021,889	\$236,726,796
2 Other Expenditures	\$5,150,171	\$3,891,523	\$5,124,365
Total Local Fund Expenditures and Transfers	\$200,232,587	\$218,913,412	\$241,851,161

Source: RCLCO

FY 2019 to FY 2024			FY 2025 to FY 2040	
FY 2022	FY 2023	FY 2024	Avg. Annual	Cumulative
\$353,075,960	\$360,942,214	\$377,417,746	\$524,129,301	\$8,386,068,817
\$265,886,638	\$326,516,487	\$312,764,971	\$450,988,226	\$7,215,811,617
\$87,189,322	\$34,425,726	\$64,652,775	\$73,141,075	\$1,170,257,200
3.6%	3.7%	3.9%		
2.8%	2.9%	2.9%		
\$134,794,512	\$138,113,977	\$140,763,349	\$199,586,972	\$3,193,391,548
\$128,111,683	\$131,714,247	\$134,244,470	\$190,245,694	\$3,043,931,107
\$108,813,244	\$112,127,354	\$114,504,378	\$143,948,240	\$2,303,171,836
\$19,298,439	\$19,586,893	\$19,740,091	\$46,297,454	\$740,759,270
\$3,686,865	\$3,146,163	\$3,280,408	\$5,309,643	\$84,954,282
\$2,995,963	\$3,253,567	\$3,238,471	\$4,031,635	\$64,506,160
\$70,909,706	\$84,288,252	\$91,979,796	\$125,840,544	\$2,013,448,710
\$68,351,757	\$81,888,450	\$89,485,721	\$121,710,532	\$1,947,368,508
\$14,151,295	\$16,053,289	\$17,261,014	\$21,785,029	\$348,560,461
\$26,319,389	\$31,225,539	\$33,244,358	\$47,442,093	\$759,073,495
\$102,786	\$104,989	\$112,535	\$156,551	\$2,504,809
\$20,965,149	\$26,971,542	\$29,777,272	\$40,129,288	\$642,068,602
\$6,813,137	\$7,533,091	\$9,090,542	\$12,197,571	\$195,161,140
\$233,009	\$237,135	\$246,466	\$365,232	\$5,843,714
\$756,547	\$638,016	\$636,342	\$942,981	\$15,087,703
\$899,040	\$860,841	\$939,032	\$1,815,414	\$29,046,623
\$772,139	\$768,798	\$784,771	\$1,162,936	\$18,606,971
\$130,845,532	\$125,907,926	\$124,928,494	\$174,444,491	\$2,791,111,855
\$54,809,578	\$52,384,402	\$55,593,948	\$88,128,589	\$1,410,057,425
\$55,841,505	\$58,508,425	\$54,906,217	\$68,353,799	\$1,093,660,780
\$20,194,450	\$15,015,100	\$14,428,330	\$17,962,103	\$287,393,650
\$6,224,594	\$6,853,915	\$13,966,366	\$13,997,223	\$223,955,563
\$6,224,594	\$6,853,915	\$13,966,366	\$13,997,223	\$223,955,563
\$47,861,858	\$46,787,003	\$45,046,049	\$62,717,623	\$1,003,481,976
\$619,707	\$684,463	\$743,365	\$1,437,135	\$1,478,578
\$396,860,797	\$408,804,988	\$430,650,421	\$590,584,076	\$599,721,648
(\$43,784,836)	(\$47,862,774)	(\$53,232,674)	(\$66,454,775)	(\$67,141,334)
\$353,075,960	\$360,942,214	\$377,417,746	\$524,129,301	\$532,580,314
\$256,890,575	\$313,870,489	\$303,559,294	\$439,029,187	\$446,755,882
\$8,996,064	\$12,645,999	\$9,205,677	\$11,959,039	\$12,123,076
\$265,886,638	\$326,516,487	\$312,764,971	\$450,988,226	\$458,878,959

