

# Center Gateway Overlay Fiscal Impact Analysis Warrant Committee February 11, 2026

## Executive Summary

On March 4, 2026, Belmont Town Meeting will consider proposed zoning changes outside Belmont Center, in the Center Gateway Overlay District, with a goal of permitting hotel development along Concord Avenue. The Warrant Committee evaluated the potential fiscal impact of one hotel development, with a focus on projected revenues, municipal costs, and sources of uncertainty. Other potential uses of the district would be permitted, but these are not the focus of this report.

**The Warrant Committee concludes that a hotel development in the Center Gateway Overlay District is likely to generate a positive annual net fiscal impact that ranges from \$150,000 for the smallest permitted hotel to \$530,000 for a mid-range hotel, to \$780,000 for the largest permitted hotel. The size of the fiscal impact depends on assumptions regarding the size of development, occupancy rates, room pricing, assessed valuation, and long-term market conditions.**

Unlike residential development, hotels generate direct revenue through room occupancy and meal taxes while generating comparatively limited demand for education and residential municipal services. Combined with substantial commercial property assessments, building permits, and other fees, the revenues generated can be significant. Beyond that, hotel guests and staff spend money locally at restaurants, shops, and service providers, bringing sustained new business activity and jobs.

Under modeled assumptions, projected annual revenue from a 100-room hotel could exceed estimated incremental municipal costs by a substantial margin. Larger hotel scenarios would proportionately increase both revenue and cost exposure. However, full buildout and sustained operating performance cannot be guaranteed, and outcomes would depend on regional hospitality market conditions.

As with our analysis of the Belmont Center Overlay District, the Warrant Committee notes that zoning for hotel development is about what is **permitted**, not what **will** be built, and it's impossible to predict the type, amount, and timing of actual development.

## Revenue and Municipal Cost Analysis

The revenue and cost analysis for the two permitted hotel classes (Boutique Hotels and Business Class Hotels) is calculated in this section for a single hotel development with the minimum and maximum rooms for each class. To provide a range of potential fiscal impacts, the Warrant Committee calculated room tax revenues, net property tax revenues, and municipal (per employee) costs. Net property tax revenues for the range of room counts were calculated using the new property revenues (based on the number of rooms) minus the FY25 property tax collected for the minimum parcel needed to accommodate a hotel of this size.

Without taking into account other potential revenue sources, the fiscal impact of a hotel ranges from a minimum net annual increase of **\$150,000 for a 26-room boutique hotel to \$530,000 for a 100-room boutique hotel to \$780,000 for a 150-room business class hotel**. The calculations used to determine this range are attached to the end of this report. See the Analysis of Scale section later in this report for more information on recent hotel developments in our area.

<b>Revenue</b>				
<b>Class</b>	<b>Rooms</b>	<b>Room Tax Revenue Potential</b>	<b>Net Property Tax Revenue<sup>1</sup></b>	<b>Other Potential Revenue</b>
Boutique Hotels	26 - 100	\$96,069 - \$369,497	\$50,936 - \$166,602	• Retail, restaurant
Business Class Hotels	101 - 150	\$373,192 - \$554,245	\$169,051 - \$232,949	• Restaurant, meeting facilities
<b>Cost</b>				
<b>Class</b>	<b>Rooms</b>	<b>Hotel Employees (Range)</b>	<b>Projected Municipal Expenditure</b>	
Boutique Hotels	26 - 100	6 - 60	\$424 - \$4,500	
Business Class Hotels	101 - 150	22 - 90	\$1,647 - \$6,750	
<b>Assumptions</b>				
Average Occupancy	74%			
Average Daily Room Rate	\$228			
Average Building Value Per Room	\$215,000			
FY25 Property Tax Rate	\$11.39			
Municipal Cost Per Incremental Hotel Employee	\$75			
Employees Per Room (Low)	0.22			
Employees Per Room (High)	0.6			

The local option room tax rate of 6% is set by the state but there has been some discussion recently about potentially increasing this limit.

<sup>1</sup> Net property tax revenue represents the new property tax that would be collected for a hotel of this size minus the FY25 property tax collected for the minimum parcel(s) that would be needed to accommodate a hotel development of this size.

## Assumptions

Most of the assumptions used above come from RKG's fiscal analysis, which the Warrant Committee confirmed as follows.

RKG's projected occupancy of 74% is supported by 2024 industry performance in greater Boston.<sup>2</sup> The average room rate of \$228, also from RKG, is less than other sources.

Estimating the assessed value of the building is hugely complex but RKG's estimate of the assessed value per room (derived from comparable local properties) is conservatively in line with a decades-old industry rule of thumb (room rate × \$1,000).<sup>3</sup>

RKG used an estimate of \$75 in municipal cost per incremental commercial employee, which the Warrant Committee also uses here. Estimates of employees per room vary widely, so the report includes a generous range to illustrate that none of these estimates change the fiscal picture. The analysis of municipal costs evaluates only General Fund expenses, which are supported by local tax revenue. Other municipal expenses, such as water and sewer, are likely to be offset by proportionate increased fees.

## Analysis of Scale

The Warrant Committee has analyzed the fiscal impact of a single hotel development, using a variety of potential sizes. RKG observed potential demand in Belmont for up to 200 rooms across one or more hotels.

This estimate is in line with the size of recent projects in neighboring cities and towns. Smaller hotels are also permitted in the proposed overlay and zoning changes. **Any scale of hotel project improves the town's fiscal position.**

## Recent Projects

In keeping with the very local nature of hotel business and to provide background information for Town Meeting members, the Warrant Committee focused on cities and towns within about 10 miles that are either immediately adjacent or share similar density and economic development profiles. That list included Watertown, Waltham, Lexington, Winchester, Arlington, Newton, Wellesley, and Melrose. The hotel projects shown on the table on the next page were built or proposed since 2015 in these cities and towns.

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<sup>2</sup>

<https://nerej.com/boston-cambridge-lodging-market-year-end-review-and-2025-outlook-by-rachel-roginsky>

<sup>3</sup> <https://www.hvs.com/Content/1100.pdf>

The smallest *completed* project in this set is 138 rooms.

Town	Property	Year	Rooms	Gross sq. ft.	Parking
Watertown	<b>Completed:</b> Residence Inn, ~Watertown Mall	Opened 2016	150	108K	On-site paid parking
Watertown	<b>Completed:</b> Hampton Inn, Arsenal Yards	Opened 2020	146 (originally planned as 79 unit residential)	113K	Shared with AY garages; \$35/day
Waltham	<b>Completed:</b> Residence Inn and Fairfield Inn, 250 Second Ave	Opened 2018	192	117K	On-site paid self-parking
Waltham	<b>Completed:</b> Hampton Inn, 135 Second Ave	Opened 2018	138		On-site free self-parking
Arlington	<b>Approved:</b> Hotel Lexington, 1207–1211 Mass Ave	Special permit approved 2020; extended to 2025	~50	23K	Required parking reduction approval; Valet + ~24 spaces shared with restaurant
Newton (Auburndale)	<b>Closed:</b> Hotel Indigo, 399 Grove St	Closed for demo 2021 (for Riverside redevelopment)	191		Former garage and surface parking
Newton (Auburndale)	<b>Approved:</b> Riverside redevelopment hotel	Special permit approved; extended to 2025	~150		Project-wide redevelopment parking 1,971 garage and 42 surface

To provide additional information on the approval process used in nearby municipalities for these hotel developments, the Warrant Committee gathered further information, which is provided in an appendix at the end of this report.

## Potential Risks

The Warrant Committee recognizes that there are some potential fiscal risks for proceeding with a hotel project in Belmont. These financial risks are associated with scenarios where a hotel is built and subsequently closes:

- The loss of revenue from a large single source
- The problem of a vacant structure that presents adaptive reuse challenges

## Conclusion

The Warrant Committee finds that the overall fiscal impact of a hotel development built under the proposed Center Gateway Overlay District is likely to be positive under the scenarios the committee explored. The extent of that positive fiscal impact would depend on the size and scope of a hotel development and its success.

## Appendix

The table below shows the calculations used to determine net fiscal impact for a range of hotel classes and room counts.

Rooms	26	100	101	150
<b>Projected Room Tax Revenue</b>	\$96,069	\$369,497	\$373,192	\$554,245
<b>Gross Property Tax Revenue</b>	\$63,670	\$244,885	\$247,334	\$367,328
<b>Minimum Parcel</b>	365 Concord	385 Concord	385 Concord	375 + 385 Concord
<b>FY25 Property Tax</b>	\$12,734	\$78,283	\$78,283	\$134,379
<b>Net Property Tax Revenue</b>	\$50,936	\$166,602	\$169,051	\$232,949
<b>Hotel Employees (0.22 employees per room)</b>	6	22	22	33
<b>Hotel Employees (0.6 employees per room)</b>	16	60	61	90
<b>Projected Municipal Expenditure (0.22 employees)</b>	\$424	\$1,630	\$1,647	\$2,446
<b>Projected Municipal Expenditure (0.6 employees)</b>	\$1,170	\$4,500	\$4,545	\$6,750
	<b>Parcel sqft</b>	<b>FY25 Total Value</b>		
<b>365 Concord</b>	14,951	\$1,118,000		
<b>375 Concord</b>	39,037	\$4,925,000		
<b>385 Concord</b>	33,176	\$6,873,000		
<b>Fiscal Impact</b>				
Min	\$145,835.00			
Max boutique	\$531,599.00			
Max	\$780,444.00			

The table below shows the approval process used in a variety of recent hotel developments in nearby municipalities.

<b>Town</b>	<b>Property</b>	<b>Approval process</b>
Watertown	Residence Inn, ~Watertown Mall	Watertown hotels of this scale go through Site Plan Review and often Special Permit (not by-right). Media coverage at the time suggested concerns about how a hotel would perform in this location, and it has done very well.
Watertown	Hampton Inn, Arsenal Yards	Permit required: Planning Board modification to the AY master plan to add hotel. Debate mostly centered on architectural style.
Waltham	Residence Inn and Fairfield Inn, 250 Second Ave	Permit required: Waltham City Council is SPGA for hotel/intensity; hotels proceed via Special Permit.
Waltham	Hampton Inn, 135 Second Ave	Permit required: hotel use via City Council Special Permit.
Arlington	Hotel Lexington, 1207–1211 Mass Ave	Special permit required due to reducing parking requirements. Unique project because it will involve acquiring a town-owned parcel.
Newton (Auburndale)	Hotel Indigo, 399 Grove St	N/A
Newton (Auburndale)	Riverside redevelopment hotel	City Council Special Permit #27-20 and subsequent amendments. Part of much larger redevelopment effort.