

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**Office of the Chief Financial Officer**

Natwar M. Gandhi  
Chief Financial Officer



**MEMORANDUM**

**TO:** The Honorable Linda W. Cropp  
Chairman, Council of the District of Columbia

**FROM:** Natwar M. Gandhi  
Chief Financial Officer

**DATE:** July 7, 2003

**SUBJECT:** Fiscal Impact Statement: "Tax Increment Revenue Bonds NJA Development Partners, LP Project Approval Resolution of 2003"

**REFERENCE:** Resolution 15-268 as Introduced

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**Conclusion**

Funds are sufficient in the FY 2004 through FY 2007 proposed budget and financial plan to implement the "Tax Increment Revenue Bonds NJA Development Partners, LP Project Approval Resolution of 2003." **The proposed legislation has no net fiscal impact.**

**Background**

NJA Development Partners LP (NJA) is the sponsor of a proposed mixed-use project to be known as Capitol Hill Towers. The project includes a Courtyard by Marriott hotel, rental housing, including market rate and affordable units, underground parking, and limited retail space. NJA applied for assistance through the Tax Increment Finance program. On June 9, 2003, the Chief Financial Officer certified the project for up to \$11.5 million in financial support. On June 16, 2003, the Mayor transmitted Resolution 15-268 to the Council for consideration.

It is anticipated that NJA will finalize financing during summer 2003 and will commence construction in the fall of this year. The construction will take approximately two years to complete. It is expected that there will be sufficient incremental sales and real property tax from the project footprint (the proposed TIF area) to pay debt service on the bonds and that all incremental revenue will be used for that purpose.

Tax increment finance bonds are special limited obligations of the District. As of the end of FY 2002, the District had outstanding liabilities of approximately \$126.5 million associated with the Gallery Place, Mandarin, and Spy Museum TIFs. If the Capitol Hill Towers project is approved and bonds are sold this fiscal year, the total outstanding long-term debt associated with the TIFs will stand at about \$138 million at the end of FY 2003, less the amount of principal repaid out of the Spy Museum TIF area.

### **Financial Plan Impact**

Incremental sales tax and property tax revenue from the project footprint is expected to be sufficient to cover debt service on the bonds. Therefore, the proposed resolution has no net fiscal impact.