

**Government of the District of Columbia  
Office of the Chief Financial Officer**



**Natwar M. Gandhi**  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Vincent C. Gray  
Chairman, Council of the District of Columbia

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

**DATE:** NOV 14 2008

**SUBJECT:** Fiscal Impact Statement: "Fifth and I Streets, N.W., Disposition Approval Resolution of 2008"

**REFERENCE:** Draft Resolution – No Bill Number

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**Conclusion**

Funds are sufficient in the FY 2009 budget and the FY 2009 through FY 2012 budget and financial plan to implement the proposed legislation.

The proposed resolution would approve the disposition of real property currently owned by the District. If the District disposes of the parcel for less than the fair market value, there would be a negative impact on the value of the total assets held by the District. But, because assets are not included in the District's budget and financial plan, a reduction in the value of District assets would have no direct fiscal impact on the District's budget and financial plan.

**Background**

The proposed legislation would approve the disposition of a parcel of land located at 5<sup>th</sup> and I Streets, NW, also known as Lot 59 in Square 516 in Mount Vernon Triangle. The development team of the Donohoe Company, Holland Development Group, Harris Development and Spectrum Management plans to construct a 260-room hotel, jazz club, neighborhood retail, restaurants, and 166 apartments called "Arts at 5th and I." A total of fifty of the residential units will be reserved as affordable to households earning less than 30 percent and less than 60 percent of the area median income. The developer will also execute an agreement with the Mayor

requiring it to contract with certified business enterprises for at least 40 percent of the contract dollar volume of the project and achieve at least 20 percent LSDBE participation.

The 2009 assessed value of the parcel is \$17,255,880. The proposed legislation states that the price paid by the developer will be based on the present value of a 99-year ground lease less any deductions in land value attributed to affordable housing requirements and retail rent subsidies. The final price is yet to be negotiated. If the District disposes of the parcel for less than the fair market value, there would be a negative impact on the value of the total assets held by the District. Because assets are not included in the District's budget and financial plan, a reduction in the value of District assets has no direct fiscal impact on the budget and financial plan.

### **Financial Plan Impact**

Funds are sufficient in the FY 2009 budget and the FY 2009 through FY 2012 budget and financial plan to implement the proposed legislation. The proposed resolution would approve the disposition of real property currently owned by the District. If the District disposes of the parcel for less than the fair market value, there would be a negative impact on the value of the total assets held by the District. Because assets are not included in the District's budget and financial plan, a reduction in the value of District assets would have no direct fiscal impact on the District's budget and financial plan.