


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



Jeffrey S. DeWitt
Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Jeffrey S. DeWitt
Chief Financial Officer 

DATE: March 20, 2018

SUBJECT: Fiscal Impact Statement – 1125 Spring Road, N.W., Disposition
Approval Resolution of 2018

REFERENCE: Proposed Resolution 22-717, Draft Committee Print as shared with the
Office of Revenue Analysis on March 9, 2018

Conclusion

Funds are sufficient in the fiscal year 2018 budget and the proposed fiscal year 2019 through fiscal year 2022 budget and financial plan to implement the proposed resolution. The property to be disposed will be divided into three parcels: a residential building for seniors; a multifamily residential building; and a row of townhomes. The developer will lease the senior and multifamily properties under two 99-year ground leases for nominal rents of \$1 annually. The townhome property will be sold to the developer in a fee-simple transaction for \$1.

Background

The proposed resolution approves the disposition of District-owned land located at 1125 Spring Road, N.W.¹ to Spring Flats MD LLC.² The property includes the former Hebrew Home for the Aged, the Paul Robeson School building, a parking lot, and a utility/chiller building. The development will encompass three residential projects that include approximately eight for-sale townhomes,³ eighty-eight rental units for seniors in the Hebrew Home building, and a new multifamily building⁴ that includes approximately ninety-one rental units. The District will dispose of the land for the senior and multi-family residential buildings through two 99-year leases that will each pay the District \$1

¹ Known for tax assessment purposes as Square 2902, Lots 804 and 807.

² Spring Flats MD LLC is comprised of Victory Housing, Inc., Brinshore Development L.L.C., and Bank of America Community Development Corporation.

³ The townhomes will be located along Spring Road, N.W. to the east of the Hebrew Home.

⁴ The multi-family building will be constructed along 10th Street, N.W.

The Honorable Phil Mendelson

FIS: Proposed Resolution 22-717, "1125 Spring Road, N.W., Disposition Approval Resolution of 2018," Draft Committee Print as shared with the Office of Revenue Analysis on March 9, 2018

annually. The District will sell approximately 6,000 square feet of the property for the townhomes parcel in a fee-simple transaction to the developer for \$1 at closing.

The disposition also includes an approximately one-block stretch of 10th Street, N.W. that runs from Spring Road, N.W. to the alley behind the homes on Quebec Street, N.W.⁵ The developer will continue to provide pedestrian and vehicular access to this portion of 10th Street, N.W., unless and until it needs to close the road for construction staging activities. The developer will eventually reconstruct the street and work with the District to rededicate it as a public street, thus removing it from the developer's private control as authorized by this disposition.

Since the developer is benefiting from the disposition of District-owned property, it must comply with the District's affordable housing requirements.⁶ The developer plans to make 80 percent of the residential units affordable, including all of the senior units, sixty of the multifamily units, and two of the townhomes deemed affordable to various household income levels.

The developer must sign a First Source Agreement⁷ with the District and use Certified Business Enterprises for at least 35 percent of the contract dollar volume of the project, 20 percent of the project's equity financing, and 20 percent of the dollar volume of non-construction development activities.⁸

The District will declare the property as surplus property through the accompanying 1125 Spring Road, N.W., Surplus Declaration and Approval Resolution of 2018.

Financial Plan Impact

Funds are sufficient in the fiscal year 2018 budget and the proposed fiscal year 2019 through fiscal year 2022 budget and financial plan to implement the proposed resolution. The developer will pay a nominal rent of \$1 annually on both the senior residential building lease and the multifamily residential building lease. The developer will pay \$1 at closing for the townhome property, which will be a fee-simple transaction. These transactions are expected to close in the middle of fiscal year 2020.

⁵ This stretch of 10th Street, N.W. is part of Lot 807.

⁶ Disposition of District Land for Affordable Housing Amendment Act of 2014, effective March 10, 2015 (D.C. Law 20-193; D.C. Official Code § 10-801).

⁷ First Source Employment Agreement Act of 1984, effective June 29, 1985 (D.C. Law 5-93; D.C. Official Code § 2-219.03).

⁸ Small, Local and Disadvantaged Business Enterprise Development and Assistance Act of 2005, effective October 20, 2005 (D.C. Law 16-33; D.C. Official Code § 2-218.49a).