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:	**September 25, 2018**
SUBJECT:	**Fiscal Impact Statement – Parcel 42 Surplus Property Declaration and Disposition Approval Act of 2018**
REFERENCE:	**Bill 22-598, Draft Committee Print as shared with the Office of Revenue Analysis on September 19, 2018**

Conclusion

Funds are sufficient in the fiscal year 2019 through fiscal year 2022 budget and financial plan to implement the bill.

The developer will purchase the properties for $500,000.

Background

The bill declares as surplus property and approves the disposition of District-owned properties located at the intersection of 7th Street, N.W., R Street, N.W., and Rhode Island Avenue, N.W.[1] The properties are vacant land and are no longer needed for public purposes. The District will dispose of the properties to Ditto Residential, LLC[2] who will construct a 126-unit residential project that includes approximately 7,800 square feet of retail space and publicly-accessible open space. Since the developer is benefiting from the disposition of District properties, it must comply with the District's affordable housing requirements.[3] Under those requirements, 30 percent of the units will be affordable. The developer will purchase the property in a fee-simple sale, paying the District $500,000 at closing. The bill requires the Mayor to dispose of the property within three years of this bill's passage.

[1] Known for tax assessment purposes as Square 442, Lots 106 and 803.
[2] Ditto Residential, LLC, leads the development team and will form a joint venture with Group 360 Real Estate Advisors, LLC, and Irving Development, LLC.
[3] 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).

The developer must sign a First Source Agreement[4] 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.[5]

Financial Plan Impact

Funds are sufficient in the fiscal year 2019 through fiscal year 2022 budget and financial plan to implement the bill. The developer will pay the District $500,000 at closing, which is expected to occur in the first half of fiscal year 2021. The property was originally controlled by the National Capital Revitalization Corporation,[6] so the closing payment will be deposited into the Economic Development Special Account.[7] There are no costs associated with the surplus property declaration.

The disposition will reduce District capital assets by approximately $199,000,[8] but assets are not included in the budget and financial plan and their loss does not have a fiscal impact.

[4] First Source Employment Agreement Act of 1984, effective June 29, 1985 (D.C. Law 5-93; D.C. Official Code § 2-219.03).
[5] 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).
[6] NCRC assets were transferred to the District effective October 1, 2007 by the National Capital Revitalization Corporation and Anacostia Waterfront Corporation Reorganization Act of 2008, effective March 26, 2008 (D.C. Law 17-138; D.C. Official Code § 2-1225.11).
[7] D.C. Official Code § 2-1225.21.
[8] Square 442, Lot 106 is valued at $189,002 and Square 442, Lot 803 is valued at $9,700.