

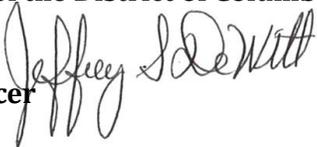
Government of the District of Columbia
Office of the Chief Financial Officer



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: December 9, 2014

SUBJECT: Fiscal Impact Statement – “Fifth Street, N.W. and I Street, N.W.
Disposition Approval Resolution of 2014”

REFERENCE: Proposed Resolution 20-1136, as Introduced

Conclusion

Funds are sufficient in the FY 2015 through FY 2018 budget and financial plan to implement the resolution.

The disposition of this property will reduce District real property assets by approximately \$17,773,560.¹ However, this does not have a fiscal impact because assets are not included in the District’s budget and financial plan.

The District will receive \$28 million for the property, which will increase General Fund revenue.

Background

The resolution approves the disposition of the District-owned property located at 901 5th Street, N.W., and known for tax and assessment purposes as Lot 59 in Square 516 (“Property”). Under the terms of the proposed Land Disposition Agreement (“Agreement”),² the Property will be sold to TPC 5th & I Partners, LLC (“Developer”) for \$28 million, for mixed-use residential, commercial, and retail development. The project will include a hotel with approximately 200 rooms, 60 condominiums, 132 underground parking spaces, and 7,600 square feet of retail space. The

¹ FY 2015 Proposed Taxable Assessed Value according to the Office of Tax and Revenue’s Real Property Tax Database, accessed December 4, 2014. <https://www.taxpayerservicecenter.com>.

² As outlined in the Term Sheet dated November 12, 2014, which is signed by the Developer and the District.

The Honorable Phil Mendelson

FIS: "Fifth Street, N.W. and I Street, N.W. Disposition Approval Resolution of 2014," Proposed Resolution 20-1136, as Introduced.

Developer will also renovate the nearby Milian and Seaton Parks,³ which are owned by the National Park Service.

A second developer, MLK DC AH Developer, LLC, ("Affordable Housing Developer") will construct a new residential building on property it owns at 2100 Martin Luther King, Jr. Avenue, S.E. with approximately 61 units of affordable housing, reserved for households at or below 60 percent of the average median income.

The resolution requires both developers to contract with Certified Business Enterprises (CBEs) for at least 35 percent of the contract dollar volume of the project, and to include participation of CBEs in the ongoing operation of the project once constructed. Additionally, the developers are required to enter into a "First Source Agreement" with the District outlining the developers' obligations regarding job creation and employment generated as a result of the construction on the Property and at the affordable housing site.

Financial Plan Impact

Funds are sufficient in the FY 2015 through FY 2018 budget and financial plan to implement the resolution.

The disposition of the Property will reduce District real property assets by approximately \$17,773,560. However, this does not have a fiscal impact because assets are not included in the District's budget and financial plan.

The District will receive \$28 million for the Property, which will increase General Fund revenue.

Both of the properties to be developed under the Agreement will be owned by the developers, and under the current proposal, will have no ongoing cost obligations for the District. Additionally, once the Property is disposed of, it will generate tax revenue. The parks being renovated under the Agreement are expected to continue to be owned and maintained by the National Park Service under the agreement. However, it is important to note that renovation details are not final, so any changes to the park maintenance arrangement would need to be evaluated for potential cost to the District.

³ Milian Park is located along Massachusetts Avenue, N.W., to the immediate south of the Property and Seaton Park is located across Massachusetts Avenue, N.W. to the west of the Property.