

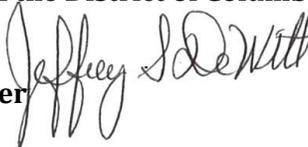
Government of the District of Columbia  
Office of the Chief Financial Officer



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 10, 2014

**SUBJECT:** Fiscal Impact Statement – “Hill East Redevelopment Phase 1: Parcels F-1 and G-1 Disposition Approval Resolution of 2014”

**REFERENCE:** Proposed Resolution 20-1153, as Introduced

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**Conclusion**

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

**Background**

If approved, this resolution will allow the District to sell the property located at the northeast corner of 19<sup>th</sup> Street, S.E., and Massachusetts Avenue, S.E.<sup>1</sup> to DB Residential Hill East, LLC (“Developer”) for ten dollars. According to the draft Land Disposition Agreement between the District and the Developer,<sup>2</sup> the Developer will build on it mixed-use buildings with ground floor retail, rental apartment units, and parking. At present, the property has 140 parking spaces on it, used by several District agencies and a federal agency<sup>3</sup> which leases 60 parking spaces.

The property is within the Anacostia Waterfront Development Zone; and District laws require that 30 percent new housing units in this Zone be affordable.<sup>4</sup> The Developer must abide by this requirement, and set aside at least half the affordable units for households earning up to 30 percent of the area median income (“AMI”) and the remaining affordable units for households earning up to 60 percent of the AMI. This means rental rates for these units will be capped.

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<sup>1</sup> The property includes Parcels F-1 and G-1 of Lot 800 in Square E-1112.

<sup>2</sup> The District and the Developer signed a Term Sheet on November 24, 2014.

<sup>3</sup> Court Services and Offender Supervision Agency

<sup>4</sup> Affordable units are those that comply with requirements in an “Affordability Covenant” between the District and the Developer.

The Honorable Phil Mendelson

FIS: "The Hill East Redevelopment Phase 1 Parcels F-1 and G-1 Disposition Approval Resolution of 2014,"  
Proposed Resolution 20-1153, as Introduced.

The Developer must also work with Certified Business Enterprises (CBEs) for at least 35 percent of the contract dollar volume of the project, and continue to involve CBEs in the ongoing operation of the development once construction is complete. Additionally, the Developer will sign a "First Source Agreement" with the District committing to hire D.C. residents for the construction.

### **Financial Plan Impact**

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

The property's appraised value is \$2,851,000, and once the District disposes it, District's assets will be reduced by the same amount. However, since assets are not used to balance the District's budget, this loss of assets does not affect the District's budget and financial plan.

Once the District transfers the property to the Developer, the District will no longer have an obligation to maintain it. However, the District must find new parking spaces for the Federal agency that is leasing parking spaces, or amend the current lease before it can transfer the property. The District plans to offer this entity and other District agencies using the property other parking spaces on the DC General campus, but no specific plans exist just yet.