

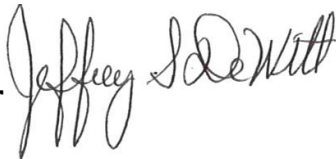
Government of the District of Columbia  
Office of the Chief Financial Officer



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:** October 21, 2019

**SUBJECT:** Fiscal Impact Statement – St. Elizabeths East Parcel 15 Disposition  
Approval Resolution of 2019

**REFERENCE:** Proposed Resolution 23-423, Draft Committee Print as shared with the  
Office of Revenue Analysis on October 18, 2019

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**Conclusion**

Funds are sufficient in the fiscal year 2020 through fiscal year 2023 budget and financial plan to implement the proposed resolution.

The developer will be responsible for a nominal rent of \$1 annually under a 99-year ground lease that will be paid in a lump-sum amount of \$99 when the transaction closes.

**Background**

The St. Elizabeths campus is a National Historic Landmark located in Southeast, Washington, D.C. and is comprised of a West and East campus. In 1987, the federal government transferred ownership of the East campus to the District. The St. Elizabeths East redevelopment framework plan<sup>1</sup> and the subsequent St. Elizabeths East Master Plan and Design Guidelines established the vision, scope, and details of how the District would revitalize the East campus. More recently, the District approved the

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<sup>1</sup> Saint Elizabeths East Redevelopment Framework Plan Approval Resolution of 2008, approved December 16, 2008 (Resolution 17-899; 56 DCR 516).

The Honorable Phil Mendelson

FIS: Proposed Resolution 22-423, "St. Elizabeths East Parcel 15 Disposition Approval Resolution of 2019,"  
Draft Committee Print as shared with the Office of Revenue Analysis on October 18, 2019

disposition of four parcels on the campus for private development<sup>2</sup> and redeveloped a fifth parcel as the Entertainment and Sports Arena.<sup>3</sup>

The proposed resolution approves the District's disposition of Parcel 15<sup>4</sup> of the St. Elizabeths East campus to STE 15 LLC.<sup>5</sup> The developer will construct a mixed-use development across two phases on the property which is roughly bounded by Oak Street, S.E. on the east, Sycamore Drive, S.E. on the south and west, and the Entertainment and Sports Arena on the north. The developer will build an office building, a hotel, and a residential building in the first phase and an additional residential building in the second phase. The District will dispose of the land through a 99-year ground lease for rent of \$1 annually.

Because the developer is benefitting from the disposition of public property, it must comply with the District's affordable housing requirements.<sup>6</sup> The developer will make approximately 150 of the 288 residential units affordable to various levels of the Median Family Income.

The developer must sign a First Source Agreement<sup>7</sup> 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.

The District will declare the property as surplus property through the accompanying St. Elizabeths East Parcel 15 Surplus Declaration and Approval Resolution of 2019.

### **Financial Plan Impact**

Funds are sufficient in the fiscal year 2020 through fiscal year 2023 budget and financial plan to implement the proposed resolution. The developer will lease the property under a 99-year ground lease for \$1 annually but will pay the full rent of \$99 at closing on the transaction. This will be deposited in the District's Local Fund. The District has two years from this resolution's effective date to dispose of Parcel 15.

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<sup>2</sup> St. Elizabeths East Campus – Phase I Disposition Approval Resolution of 2015, effective March 1, 2016 (Resolution 21-416; 63 DCR 9325).

<sup>3</sup> <http://eventsdc.com/Venues/Entertainment-and-Sports-Arena.aspx>

<sup>4</sup> Known for assessment and tax purposes as Square S-5868, Lot 810.

<sup>5</sup> STE 15 LLC is a joint venture between Redbrick LMD LLC and Gragg Cardona Partners LLC.

<sup>6</sup> 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).

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