

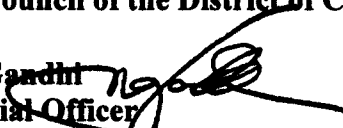
**Government of the District of Columbia  
Office of the Chief Financial Officer**



**Natwar M. Gandhi**  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Vincent C. Gray  
Chairman, Council of the District of Columbia

**FROM:** Natwar M. Gandhi   
Chief Financial Officer

**DATE:** July 17, 2008

**SUBJECT:** Fiscal Impact Statement: Revised<sup>1</sup> "Gales School Disposition  
Emergency Approval Resolution of 2008"

**REFERENCE:** Resolution Number Not Available

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**Conclusion**

Funds are sufficient in the FY 2008 budget and the proposed FY 2009 through FY 2012 budget and financial plan to implement the proposed legislation.

**Background**

The proposed legislation would allow for the transfer of the real property located at 65 Massachusetts Avenue, NW, known as the "Gales School", to Central Union Mission, a non-profit organization, for the specific purpose of operating a homeless shelter. The property, Lot 0806 of Square 0625, has a current assessed tax value of \$8.93 million (with a corresponding tax value of \$165,216), but is currently tax exempt because it is owned by the District of Columbia. According to a nonbinding term sheet entered into by Central Union Mission and the District of Columbia, Central Union Mission would be required to operate a homeless shelter on the site for a minimum of 40 years.

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<sup>1</sup> Fiscal impact statements were issued on June 26, 2008 and July 15, 2008. The fiscal impact statement is further revised to refer to the Mayor's proposed resolution transmitted July 16, 2008.

In return, the District of Columbia will receive the following properties from Central Union Mission located on or near Georgia Avenue NW with a combined assessed property value of approximately \$2.68 million:

<b>Address</b>	<b>Lot, Square</b>	<b>2008 Assessed Value</b>	<b>2008 Real Property Tax</b>
3510 Georgia Ave NW	Lot 0825, Square 2895	\$1,139,990	\$57,000
3506 Georgia Ave NW	Lot 0826, Square 2895	\$532,980	\$9,860
3512 Georgia Ave NW	Lot 0830, Square 2895	\$490,870	\$9,081
714 Newton Place NW	Lot 0831, Square 2895	\$514,240	\$25,712
<b>Total</b>		<b>\$2,678,080</b>	<b>\$101,653</b>

The District would be required to use the property to provide mixed income and permanent supportive housing for a minimum of 20 years. The properties owned by Central Union Mission do not currently have tax exemption status, but have exemption applications pending. Because the properties are currently taxable, real property taxes of \$101,653 and \$141,332 are owed for FY 2008 and FY 2009, respectively.

Once the Georgia Avenue properties are transferred to the District, they will become tax exempt, resulting in a loss to the District of a portion of the \$101,653 owed in FY 2008 and the \$141,332 owed in FY 2009. However, the Gales School will become taxable until Central Union Mission receives approval for tax exemption. As a result, Central Union Mission will owe a portion of the \$165,216 from FY 2008 and the \$165,216 in FY 2009. Since the taxes owed on the Gales School site will be greater than the taxes owed on the Georgia Avenue properties, there is no fiscal impact expected from the swap.

The Gales School property has an assessed value approximately \$6.25 greater than the combined value of the Georgia Avenue properties Central Union Mission will transfer to the District in return. The land swap will result in a loss of approximately \$6.25 million in assets to the District. However, the value of District assets is not a component of the budget and financial plan.

The term sheet also requires the District to provide Central Union Mission with \$5 million to aid in the renovation of the Gales School. In addition, the District is required to spend \$2 million on the stabilization of the Gales School. It is our understanding that the \$7 million in funds will come from previously allocated but unspent capital funds designated for the Shelter and Transitional Housing Pool. Because this money was previously budgeted in FY 2008, these provisions have no fiscal impact on the FY 2008 budget or the proposed FY 2009 through FY 2012 budget and financial plan.

### **Financial Plan Impact**

Funds are sufficient in the FY 2008 budget and the proposed FY 2009 through FY 2012 budget and financial plan to implement the proposed legislation because there is no net reduction in taxes owed, the value of assets is not included in the budget and financial plan, and capital budget authority exists for planned expenditures.