


**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: NOV 28 2008

SUBJECT: Fiscal Impact Statement: "525 9th Street, N.E., and 1341 Maryland Avenue, N.E., Disposition Approval Resolution of 2008"

REFERENCE: Draft Resolution – No Bill Number

Conclusion

Funds are sufficient in the FY 2009 through FY 2012 budget and financial plan to implement the proposed legislation. The proposed disposition of a District parcel would result in a reduction in District assets of approximately \$1.9 million. However, the value of assets is not included in the budget and financial plan.

Background

The proposed legislation would approve the disposition of land located at 525 Ninth Street, NE and 1341 Maryland Avenue, NE. The property located on Maryland Avenue, also known as Engine House 10, is 114 years old and has been designated a historic landmark. The development team of Argos, Hamel Builders and Architrave was selected via an RFP issued in January 2008. The resolution would approve the disposition of real property currently owned by the District for \$260,000. The FY 2009 assessed value of the properties is \$1,932,710. As such, the District is disposing of the parcel for \$1,672,710 less than the fair market value. In exchange, the property developers will renovate two historic structures and will build four affordable housing units.

The development team will renovate two historic buildings and plans to construct four condominium units in each building, for a total of eight condominium units. Half, or four, of

the units will be reserved as affordable to households earning less than 60 percent of the area median income. The developers will also execute an agreement with the Mayor requiring it to contract with certified business enterprises for at least 50 percent of the contract dollar volume of the project and achieve at least 25 percent LSDBE participation.

If the District disposes of a parcel for less than the fair market value, there would be a negative impact on the value of the total assets held by the District. However, because assets are not included in the District's budget and financial plan, a reduction in the value of District assets would have no fiscal impact on the budget and financial plan. The sale of this property will result in a loss of approximately \$1.9 million in assets to the District.

Financial Plan Impact

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

The proposed resolution would approve the disposition of real property currently owned by the District for \$260,000. The FY 2009 assessed value of the properties is \$1,932,710. As such, the District is disposing of the parcel for \$1,672,710 less than the fair market value. Because assets are not included in the District's budget and financial plan, a reduction in the value of District assets has no direct fiscal impact on the District's budget and financial plan.