


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: November 16, 2010

SUBJECT: Fiscal Impact Statement - "1113-1117 H Street Disposition Approval Resolution of 2010"

REFERENCE: Draft Legislation - No Bill Number

Conclusion

Funds are sufficient in the FY 2011 through FY 2014 budget and financial plan to implement the proposed resolution. The proposed disposition of this property would reduce District real property assets by approximately \$682,000.¹ Since assets are not included in the budget and financial plan, the disposition of the property will have no direct fiscal impact on the District's budget and financial plan.

Any payments received for the property would be a positive impact on the general fund. The District is expected to receive approximately \$100,000 as initial payment at the time of the disposition, but neither the timing nor the amount of the full payment is known at this time.

Background

The proposed resolution would authorize the Mayor to sell the District-owned property located at 1113-1117 H Street, N.E., legally known as Square 982, Lot 819. The property is approximately 5,456 square feet of vacant, unimproved land. The Mayor intends to sell the property in fee simple to 1115 H Street Partners, LLC, ("Developer") a District of Columbia limited liability company.

The property will be redeveloped into a mixed-use development that will include residential units and ground floor retail. Currently, the development program includes 16 residential units, four of

¹ FY 2011 Proposed Tax Assessed Value according to OTR's Real Property Tax Database, accessed November 10, 2010. <https://www.taxpayerservicecenter.com>

which would be priced as affordable for households at 80 percent and below of Area Median Income. It also includes a minimum of 1,995 square feet of ground floor retail that must be leased to businesses engaged in retail sales of general merchandise, apparel, furnishings, or other retail goods, and not the sale of food and beverages.

The sales price of the property will be the fair market value as-is of the land as determined by an appraisal. On the closing date, the Developer will pay 15 percent of the fair market value of the land as-is or \$100,000 to the District, whichever is greater. The remainder of the Developer's payment plus interest must be made within six and a half years after the closing date to the District.

The Developer is required to enter into an agreement with the Mayor to contract with Certified Business Enterprises (CBEs) for at least 35 percent of the contract dollar volume of the project, and to require at least 20 percent equity and 20 percent development participation of CBEs. Additionally, the Developer is required to enter into a "First Source Agreement" with the District requiring it to hire certain levels of District residents for new jobs created as a result of construction on the property.

Financial Plan Impact

Funds are sufficient in the proposed FY 2011 through FY 2014 budget and financial plan to implement the proposed resolution. The proposed disposition would result in a reduction of District real property assets of approximately \$682,000, but because assets are not included in the budget and financial plan, the proposed resolution does not have a direct fiscal impact on the District's budget and financial plan.

Any payments received for the property would have a positive impact on the general fund. The District is expected to receive approximately \$100,000 as initial payment at the time of the disposition, but neither the timing nor the amount of the full payment is known at this time.