


**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:** June 14, 2010

**SUBJECT:** Fiscal Impact Statement – “4800 Block Nannie Helen Burroughs  
Disposition Approval Resolution of 2010”

**REFERENCE:** Draft Resolution as shared with the OCFO on June 5, 2010– No  
Number Available

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**Conclusion**

Funds are sufficient in the proposed FY 2011 through FY 2014 budget and financial plan to implement the proposed legislation, based on the terms of the draft lease and land disposition agreements, which continue to be negotiated. The proposed disposition of property would result in a reduction of District real property assets of approximately \$525,520. Since assets are not included in the budget and financial plan, the disposition of the property through a sale fee simple will have no direct fiscal impact on the District’s budget and financial plan.

**Background**

The proposed legislation would authorize the Mayor to dispose of District-owned property located at 4808 through 4826 Nannie Helen Burroughs Avenue, N.E., Lots 8 through 14 and 818 in Square 5148. The Mayor intends to sell the property to Charliemay, LLC, (“Developer”) for the purpose of redeveloping the property primarily as affordable housing. The project also includes approximately 3,000 square feet of retail, 6,000 square feet of office space, and parking.

The proposed legislation would require that the 70 residential units built on the property are affordable – 23 units would be affordable to households earning 30 percent or less of the Area Median Income and 47 units would be affordable to households earning 60 percent or less of the Area Median Income. This project is part of Phase I of the Lincoln Heights/Richardson Dwellings New Communities Revitalization Plan implementation.

In FY 2011, the District will issue Housing Production Trust Fund (HPTF) bonds not to exceed \$6.4 million for the project. Based on the terms of the agreement, 80 percent of the public funds will be released during construction of the project, 10 percent will be released when a Certificate of Occupancy is issued, and 10 percent will be released upon Stabilization.<sup>1</sup> Because the project is part of the Lincoln Heights/Richardson Dwellings New Communities Revitalization Plan which has previously been budgeted, issuing HPTF bonds has no impact on the budget or financial plan.

According to DMPED, the purchaser will pay a negotiated sale price of \$1 for the property, which is based on the fair market value of the property less the value of the public benefits provided by the purchaser. The purchaser was chosen through a competitive bid process initiated by the Office of the Deputy Mayor for Planning and Economic Development (DMPED) in late 2007. The appraised value of the property is \$525,520.<sup>2</sup>

Finally, according to documentation provided by DMPED, the project has a total cost of approximately \$23 million and a financing gap of approximately \$275,000 that the Developer will cover through public or private financing. The negotiated Land Disposition Agreement, however, would not require the District to finance the gap and pursuant to Federal and District anti-deficiency laws<sup>3</sup> District officers and employees are prohibited from exceeding agency appropriations in any fiscal year.

### **Financial Plan Impact**

Funds are sufficient in proposed FY 2011 through FY 2014 budget and financial plan to implement the provisions of the proposed resolution. The proposed resolution would result in a reduction of District assets of approximately \$525,520. Since assets are not included in the budget and financial plan, the disposition of the property through a long-term lease will have no direct fiscal impact on the District's budget and financial plan.

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<sup>1</sup> Information from the "Land Disposition Agreement", draft dated June 9, 2010. The Land Disposition Agreement (LDA) is still under negotiation and cannot be finalized, as the LDA cannot be signed until the land disposition is approved by the Council. Therefore, the LDA is subject to change.

<sup>2</sup> Based on the appraisal completed on May 20, 2010.

<sup>3</sup> 31 U.S.C. § 1341 (2007) and D.C. Official Code § 47-355.01 *et seq.* (2001).