

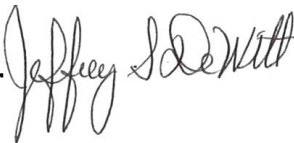
Government of the District of Columbia  
Office of the Chief Financial Officer



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:** December 19, 2016

**SUBJECT:** Fiscal Impact Statement – Capitol Vista Disposition Approval  
Resolution of 2016

**REFERENCE:** Proposed Resolution 21-907, Draft Committee Print as shared with the  
Office of Revenue Analysis on December 14, 2016

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**Conclusion**

Funds are sufficient in the fiscal year 2017 through fiscal year 2020 budget and financial plan to implement the proposed resolution.

The District will receive \$1,850,000 when the disposition of the property closes in addition to annual lease payments after project construction is complete.

Disposition of the property will reduce District assets by approximately \$4.3 million, but assets are not a part of the District's budget and financial plan, and their loss is not a fiscal impact.

**Background**

The proposed resolution approves the disposition of the property located at 113 H Street, N.W.<sup>1</sup> to Capitol Vista Community Partners LLC (developer). A private developer currently uses the property as a parking lot and pays the District approximately \$10,700 per month.<sup>2</sup>

The District plans to dispose of the property through a 99-year ground lease that includes a \$1,850,000 payment at closing plus lease payments beginning in the second calendar year following the project's construction. The developer will construct a mixed use residential and retail building

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<sup>1</sup> Known for taxation and assessment purposes as Lots 2, 3, 4, 5, 6, 800, 801, 802, 803, 804, and 805 in Square 563N.

<sup>2</sup> The developer also manages a second parking lot on District property at 2<sup>nd</sup> and H Street, N.W. that is covered by this monthly payment.

The Honorable Phil Mendelson

FIS: Proposed Resolution 21-907, "Capitol Vista Disposition Approval Resolution of 2016," Draft Committee Print as shared with the Office of Revenue Analysis on December 14, 2016

with approximately 100 residential units. The rent for all of the units will be deemed affordable to at least 60 percent of the Area Median Income.

The developer must sign a First Source Agreement with the District<sup>3</sup> 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.<sup>4</sup>

The accompanying Capitol Vista Surplus Declaration and Approval Resolution of 2016 declares this property as surplus.

### **Financial Plan Impact**

Funds are sufficient in the fiscal year 2017 through fiscal year 2020 budget and financial plan to implement the resolution. The District will receive \$1,850,000 when the developer closes on the property, which is expected in fiscal year 2019, and then annual lease payments beginning in the second year following construction completion. The lease payments are the greater of \$5,750 or 0.5 percent of the project's effective gross income in the first two years. The rent will be adjusted annually thereafter in accordance with the terms of the agreement. These revenues will be allocated between the Deputy Mayor for Planning and Economic Development's special purpose revenue fund<sup>5</sup> and the Community Development Block Grant<sup>6</sup> managed by the Department of Housing and Community Development.<sup>7</sup>

The disposition will reduce District assets by approximately \$4.3 million, but those assets are not part of the budget and financial plan.

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<sup>3</sup> Pursuant to D.C. Official Code § 2-219.03.

<sup>4</sup> Pursuant to D.C. Official Code § 2-218.49a.

<sup>5</sup> National Capital Revitalization Corporation and Anacostia Waterfront Corporation Reorganization Act of 2008, effective March 26, 2008 (D.C. Law 17-138; D.C. Official Code § 2-1225.21).

<sup>6</sup> This is a grant fund separate from the District's General Fund.

<sup>7</sup> The funds will be allocated as outlined in a Memorandum of Agreement between the Department of Housing and Community Development and the Deputy Mayor for Planning and Economic Development executed in 2008.