


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: July 12, 2016

SUBJECT: Fiscal Impact Statement – Omnibus Sursum Corda Development Act of 2016

REFERENCE: Bill 21-672, Draft Committee Print as shared with the Office of Revenue Analysis on June 30, 2016

Conclusion

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

The street closures, street dedication, and land dispositions will generate approximately \$11,800 of additional real property tax revenue annually. The bill also reduces District assets by approximately \$1.5 million, but those assets are not included in the District's budget.

Background

The bill approves road closures and land dispositions connected to a planned unit development¹ located at the Sursum Corda housing development along 1st Street, N.W., M Street, N.W., North Capitol Street, N.W., and L Street, N.W.² Sursum Corda Cooperative Association, Inc. will redevelop the 6.7 acres into five residential and mixed use buildings. The residential portion encompasses nearly 1.3 million square feet of residential use, including 1,131 housing units of which 199 are considered affordable.³

¹ Zoning Commission Order No. 15-20.

² For tax purposes, the properties are identified as Lots 248, 249, 250, 893, 894, and 895 in Square 620.

³ The affordability limits will vary, but the 199 units deemed affordable will have a blended affordability limit of 60% of the area median income.

The Honorable Phil Mendelson

FIS: Bill 21-325, "Land Disposition Transparency and Clarification Amendment Act of 2016," Draft Committee Print as shared with the Office of Revenue Analysis on June 20, 2016

The bill approves the closure of the adjacent roads: First Terrace, N.W., a portion of L Place, N.W., and a portion of First Place, N.W.⁴ The bill also accepts the dedication of new roadway that extends the current First Place, N.W. south to L Street, N.W.

The bill also declares that two District-owned properties located⁵ along M. Street, N.W. no longer have any public use and disposes of them to Sursum Corda Cooperative Association, Inc., so long as the planned unit development is approved by the District's Zoning Commission. The bill waives various requirements that the District must meet and that the District requires of a developer when disposing District-owned property.⁶

Financial Plan Impact

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

Once the streets are closed, the land will revert to the adjoining property owners and will be partially taxable. Three segments will revert to non-taxable entities unaffiliated with the development project – the federal government located at 1140 North Capitol Street, N.W.,⁷ Mount Airy Baptist Church located at 1100 North Capitol Street, N.W.,⁸ and the District of Columbia.⁹ A small segment of First Terrace, N.W. will revert to one of the District-owned parcels designated for surplus and disposition in this bill and will be taxable under the new development. 50,285 square feet of the closed roadway will be taxable and will generate approximately \$10,500 in revenue. Conversely, the extension of First Place, N.W. to L Street, N.W. will reduce tax revenues by approximately \$2,700. This also results in a net reduction of approximately \$1.04 million in District assets, but assets are not included in the District's budget.

The District Department of Transportation (DDOT) approved the road closures with certain conditions. DDOT required and the developer agreed to pay \$18,025¹⁰ to remove DDOT assets along with other non-monetary conditions. DC Water, Verizon, and Washington Gas initially objected to the closures due to the location of each utility's assets in the area. However, the developer agreed to each of their conditions, including an executed easement with DC Water, and all utilities withdrew their objections.

The two District-owned properties will be disposed without any compensation for the District, but they will be subject to ongoing real property taxation. This will generate approximately \$4,000 annually. This will also reduce District assets by approximately \$466,480, but assets are not included in the District's budget.

⁴ The total roadway closures are approximately 59,255 square feet.

⁵ These properties are known for tax purposes as Square 620, Lots 894 and 895.

⁶ An Act Authorizing the sale of certain real estate in the District of Columbia no longer required for public purposes, approved August 5, 1939 (53 Stat. 1211; D.C. Official Code 10-801 et seq.).

⁷ Approximately 4,095 square feet.

⁸ Approximately 2,925 square feet.

⁹ Approximately 1,950 square feet located adjacent to Lot 896.

¹⁰ Payment was made in fiscal year 2016.