

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: February 13, 2019

SUBJECT: Fiscal Impact Statement – Randall School Museum and Housing
Development Real Property Tax Abatement Act of 2019

REFERENCE: Bill 23-21 Committee Print provided to the Office of Revenue Analysis
on February 11, 2019



Conclusion

Funds are sufficient in the fiscal year 2019 through fiscal year 2022 budget and financial plan to implement the bill. The proposed bill extends an existing abatement for the Corcoran Gallery of Art to the developer of the property. The bill also provides for a new abatement available after the developer receives a certificate of occupancy but in no case prior to fiscal year 2024, which is outside the four-year financial plan. As fiscal year 2024 comes into the financial plan, revenues will be lowered.

Background

The Randall School Museum and Housing project is a \$170 million development project that will convert the former Randall Junior High School and surrounding property at 820 Half St, S.W.¹ into an art museum and 489-unit apartment building. Approximately 20 percent of the units will be affordable at 80 percent of area median income.

Current law² exempts the site from real property taxes until the current owner, the Corcoran Gallery of Art, transfers ownership or receives a certificate of occupancy for the project. The bill amends the law to continue the exemption even if Corcoran transfers ownership to a qualified

¹ Located at Lot 801 in Square 643-S.

² D.C. Official Code § 47-4626 exempts the property from real property tax provided the Trustees of the Corcoran Gallery of Art own the real property and that the exemption shall cease once a certificate of occupancy issues for any part of the Randall School development project.

The Honorable Phil Mendelson

FIS: "Randall School Museum and Housing Development Real Property Tax Abatement Act of 2019", Bill 23-21, Committee Print provided to the Office of Revenue Analysis on February 11, 2019.

successor.³ Additionally, the bill provides a real property tax abatement for the project in an amount up to \$1.7 million per year for 20 years beginning in FY 2024, provided the property continues to house an art museum and provide 20 percent affordable units.

Financial Plan Impact

Funds are sufficient in the fiscal year 2019 through fiscal year 2022 budget and financial plan to implement the bill. The proposed annual abatement of up to \$1.7 million for the property upon its receipt of a certificate of occupancy would not begin until fiscal year 2024, which is outside the four-year financial plan. As fiscal year 2024 comes into the financial plan, revenues will be lowered.

The Corcoran's existing exemption for the construction phase has already been incorporated into the District's budget and financial plan so extending it to successor owners to Corcoran does not have a cost. Under current law however, the property would be taxed following transfer of ownership, which would increase revenues at that time.

³ A qualified successor is defined as one that develops the property pursuant to the Randall School project abatement being established by the bill under D.C. Official Code § 47-4626.01.