

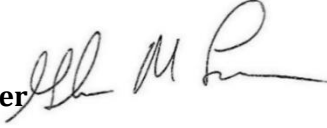
Government of the District of Columbia
Office of the Chief Financial Officer



Glen Lee
Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Glen Lee
Chief Financial Officer 

DATE: September 22, 2026

SUBJECT: Fiscal Impact Statement – Reservoir District Tax Exemption
Amendment Act of 2026

REFERENCE: Bill 26-700, Draft Committee Print as provided to the Office of Revenue
Analysis on August 31, 2026

Conclusion

Funds are sufficient in the revised fiscal year 2026 budget and the fiscal year 2027 through fiscal year 2030 budget and financial plan to implement the bill.

Background

In the Fiscal Year 2026 Budget Support Act of 2025¹, the District approved a tax exemption for properties developed by affiliates of Jair Lynch Real Estate Partners for Parcel 2 and Parcel 4 of the Reservoir District², a redevelopment project on the site of the former McMillan Reservoir Sand Filtration Site. The tax exemption begins on October 1, 2029 and is subject to certain conditions, including that one-third of the units would be set aside as affordable at 80% of Area Median Income. More information on the authorized tax exemption can be found in the OCFO's tax abatement financial analysis.³

In order to align the exemption with the project's financing, the bill updates the definition for the affordability provision to be the "80 Percent Income Limit Category of the Multifamily Tax Subsidy

¹ Reservoir District Tax Exemption Amendment Act of 2025, effective December 6, 2025 (D.C. Law 26-55; 73 DCR 1).

² Specifically, the lots known for tax and assessment purposes as Lots 814 and 815 in Square 3128, and Lots 809 and 810 in Square 3128

³ [Reservoir District TAFA.pdf](#)

The Honorable Phil Mendelson

FIS: Bill 26-700, "Reservoir District Tax Exemption Amendment Act of 2026," Draft Committee Print as provided to the Office of Revenue Analysis on August 31, 2026

Project Income Limits for the Washington-Arlington-Alexandria, DC-VA-MD HUD Metro Fair Market Rent Area as reported annually by the US Department of Housing and Urban Development."

Financial Plan Impact

Funds are sufficient in the proposed revised fiscal year 2026 budget and proposed fiscal year 2027 through fiscal year 2030 budget and financial plan to implement the bill. There is no cost to changing the definition of the allowable affordability standard for the project to qualify for the previously authorized tax exemption. The tax exemption will be available to the project, provided all conditions are met, beginning in fiscal year 2030.