


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



Fitzroy Lee
Acting Chief Financial Officer

MEMORANDUM

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

FROM: Fitzroy Lee
Acting Chief Financial Officer 

DATE: November 18, 2021

SUBJECT: Fiscal Impact Statement – Shaed School Disposition Extension Act of 2021 (and accompanying emergency and temporary versions)

REFERENCE: Draft Introduction as provided to the Office of Revenue Analysis on November 9, 2021

Conclusion

Funds are sufficient in the fiscal year 2022 through fiscal year 2025 budget and financial plan to implement the bill.

Background

In May of 2014, the District entered into a twenty-year lease with Shaed School LLC (Shaed) to allow Shaed's exclusive use of the property commonly known as the Shaed School.¹ Shaed is comprised of the Charter School Incubator Initiative and the Inspired Teaching Demonstration Public Charter School, the latter of which is Shaed's subtenant, operating its pre-K through 8th grade public charter school on the site. The bill authorizes the Mayor to amend the lease by extending the lease term until 2046 as well as providing for a renewal, at the tenant's option, of another 25 years. Shaed has spent at least \$17.5 million on construction improvements to the property, and the lease extension is needed to allow Shaed to refinance the initial construction loan.

Financial Plan Impact

Funds are sufficient in the fiscal year 2022 through fiscal year 2025 budget and financial plan to implement the bill. The bill has no impact on the budget or financial plan.

¹ 200 Douglas Street, NE, known for tax and assessment purposes as Square 3552, Lot 0816

The Honorable Phil Mendelson

FIS: "Shaed School Disposition Extension Act of 2021" (and accompanying emergency and temporary versions)," Draft Introduction as provided to the Office of Revenue Analysis on November 9, 2021

The bill will allow the Mayor to extend the initial term of the lease from 2034 until 2046 and provide a renewal option for an additional 25 years. The District is currently not receiving any net rent payments under the lease because the lease provides Shaed with rent abatements that will eventually offset Shaed's construction costs at the property. The lease extension will not change these rent provisions, but it will provide that rent due for the optional renewal period will be based on fair market rent pursuant to an appraisal.