

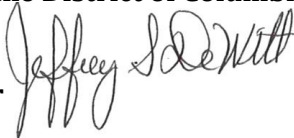
Government of the District of Columbia  
Office of the Chief Financial Officer



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 – South Dakota Avenue Riggs Road Excess  
Property Disposition Approval Resolution of 2016

**REFERENCE:** Proposed Resolution 21-905, 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.

When the District disposes of the property approved by this resolution, the city will receive approximately \$2 million. The Deputy Mayor for Planning and Economic Development (DMPED) expects the transaction to close in the first quarter of fiscal year 2019.<sup>1</sup> The revenue will be booked at the closing. The disposition will also reduce District assets by approximately \$5.8 million, but assets are not included in the District's budget and financial plan and their transfer is not a fiscal impact.

**Background**

The proposed resolution disposes of approximately 97,000 square feet of District-owned land located at the southeast corner of South Dakota Avenue, N.E. and Riggs Road, N.E.<sup>2</sup> to FT Associates LLC. The developer will combine this land with adjacent property it owns at 5543-5575 South Dakota Avenue, N.E.<sup>3</sup> and build a mixed use residential and retail development. The development will have approximately 180 residential units and over 25,000 square feet of retail. The District will

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<sup>1</sup> The development agreement sets a minimum price of \$2 million, but the actual payment will be determined once DMPED and the developer finalize construction plans.

<sup>2</sup> The disposed land is a portion of the parcel known for tax assessment purposes as Parcel 125-30, including a closed roadway between Parcel 125-30 and Lot 22 in Square 3760.

<sup>3</sup> Known for tax assessment purposes as Square 3760, Lot 22.

The Honorable Phil Mendelson

FIS: Proposed Resolution 21-905, "South Dakota Avenue Riggs Road Excess Property Disposition Approval Resolution of 2016," Draft Committee Print as shared with the Office of Revenue Analysis on December 14, 2016

calculate the purchase price once it knows the square feet of retail and residential space included in the project's final construction drawings and allocates that space to the District's share of the land. The purchase price will not be less than \$2 million according to the development agreement.

The developer will benefit from the disposition of District property and therefore must meet various affordable housing requirements.<sup>4</sup> The proportion of District land included in the project is approximately 57 percent or 102 of the proposed units. The developer will include 31 affordable units to meet the 30 percent affordability requirement. The development agreement includes a minimum of at least 29 affordable units in the event anything changes with the development plans.

The developer must sign a First Source Agreement with the District<sup>5</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>6</sup>

The South Dakota Avenue Riggs Road Excess Property Surplus Declaration Approval Resolution of 2016 will declare the 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 proposed resolution. The development agreement details the calculation of the purchase price due at closing to the District. The calculation allocates the retail and residential square footage to the share of the land sold by the District relative to the total land of the project<sup>7</sup> and multiplies it by a pricing factor. The payment will be the greater of that calculation or \$2 million. Based on the project characteristics in the development agreement, the payment will be approximately \$2 million that will be deposited into the Deputy Mayor for Planning and Economic Development's special purpose revenue fund.<sup>8</sup>

The disposition will also reduce District assets by approximately \$5.8 million, but assets are not included in the District's budget and financial plan.

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<sup>4</sup> Disposition of District Land for Affordable Housing Amendment Act of 2013, effective November 27, 2014 (D.C. Law 20-193; D.C. Official Code § 10-801(a-3)).

<sup>5</sup> Pursuant to D.C. Official Code § 2-219.03.

<sup>6</sup> Pursuant to D.C. Official Code § 2-218.49a.

<sup>7</sup> The total land of the project is approximately 170,000 square feet.

<sup>8</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).