

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



Fitzroy Lee
Interim Chief Financial Officer

MEMORANDUM

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

FROM: Fitzroy Lee
Interim Chief Financial Officer 

DATE: September 14, 2021

SUBJECT: Fiscal Impact Statement – St. Elizabeths East Parcel 13 Surplus and Disposition Approval Act of 2021

REFERENCE: Draft Bill as provided to the Office of Revenue Analysis on August 18, 2021

Conclusion

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

The developer will be responsible for a nominal rent of \$1 annually under a 99-year ground lease that will be paid in a lump-sum amount of \$99 when the transaction closes.

Background

The St. Elizabeths campus is a National Historic Landmark located in Southeast Washington, D.C. and is comprised of a West and East campus. In 1987, the federal government transferred ownership of the East campus to the District. The St. Elizabeths East redevelopment framework plan¹ and the subsequent St. Elizabeths East Master Plan and Design Guidelines established the vision, scope, and details of how the District would revitalize the East campus. Most recently, the District approved the disposition of Parcel 15 of the St. Elizabeths East campus.²

¹ Saint Elizabeths East Redevelopment Framework Plan Approval Resolution of 2008, approved December 16, 2008 (Resolution 17-899; 56 DCR 516).

² St. Elizabeths East Parcel 15 Disposition Approval Resolution of 2019, effective November 5, 2019 (Resolution 23-254; 66 DCR 15191).

The Honorable Phil Mendelson

FIS: "St. Elizabeths East Parcel 13 Surplus and Disposition Approval Act of 2021," Draft Committee Print as provided to the Office of Revenue Analysis on August 18, 2021

The bill declares as surplus, and disposes for private development, an additional parcel of the St. Elizabeths East campus known as Parcel 13. Parcel 13 is approximately 138,162 square feet of vacant land located at 1100 Alabama Avenue, S.E.³ Parcel 13 is no longer needed for public purposes.

The bill disposes Parcel 13 to Neighborhood Development Company, L.L.C. The developer plans to construct approximately 21,000 square feet of retail and commercial space and approximately 421 residential units. Because the developer is benefitting from the disposition of public property, it must ensure that 30 percent of the residential units are dedicated as affordable housing.⁴ The District will dispose of the land through a 99-year ground lease for rent of \$1 annually, payable in advance. The bill sunsets the District's authority to dispose of Parcel 13 two years from the bill's effective date.

The developer must sign a First Source Agreement⁵ with the District 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.

Financial Plan Impact

Funds are sufficient in the fiscal year 2022 through fiscal year 2025 budget and financial plan to implement the bill. The developer will lease the property under a 99-year ground lease for \$1 annually, but it will pay the full rent of \$99 at closing on the transaction. The District will deposit the rent payment into the Local Fund. The District has two years from the bill's effective date to dispose of Parcel 13.

³ Known for assessment and tax purposes as Square S-5868, Lot 850.

⁴ Disposition of District Land for Affordable Housing Amendment Act of 2014, effective March 10, 2015 (D.C. Law 20-193; D.C. Official Code § 10-801).

⁵ First Source Employment Agreement Act of 1984, effective June 29, 1985 (D.C. Law 5-93; D.C. Official Code § 2-219.03).