


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



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Vincent C. Gray
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi 
Chief Financial Officer

DATE: May 27, 2009

SUBJECT: Fiscal Impact Statement: "Howard Theatre Disposition Approval Resolution of 2009"

REFERENCE: Draft Legislation - No Bill Number

Conclusion

Funds are sufficient in the FY 2009 budget and the proposed FY 2010 through FY 2013 budget and financial plan to implement the proposed resolution. The proposed disposition of a District property would result in a reduction of District real property assets of approximately \$1,885,720¹. However, District assets are not included in the budget and financial plan and therefore the disposition of this land would not have a fiscal impact.

Background

The proposed resolution authorizes the Mayor to dispose of District-owned property located at 1830 Wiltberger Street, N.W., known as Lot 807 in Square 441. The Mayor intends to lease the property for a term of 75 years to the Howard Theater Development Group, LLC. The lease of 1830 Wiltberger Street, N.W. is an amendment to Howard Theater Development Group's current lease² of the adjacent property at 620 T Street, N.W. from the District. The disposition of this property is not an outright sale, but a long-term lease which grants possessory interest to the lessee.

The FY 2010 tax assessed value of the property is \$1,885,720. According to the resolution, the combined lease payment for both 1830 Wiltberger Street, N.W. and 620 T Street, N.W. is \$25,000 per year, with an annual increase of at least 3 percent. Because District assets are not

¹ Source: Office of Tax and Revenue's Assessment Database

² Lease between Howard Theater Development Group, LLC and the District of Columbia, dated October 1, 2008.

included in the District's budget, the proposed disposition has no fiscal impact on the current budget or financial plan. The lease payments to the District have been previously accounted for, so implementation of this resolution has no fiscal impact.

The property located at 1830 Wiltberger Street, N.W. was purchased by the District in 2008. The deed between the District and 1830 Wiltberger, LLC was recorded on October 14, 2008 as Instrument 2008106855; the deed conveyed Lot 807 and Lot 59 in Square 441 for the purchase price of \$2,012,500.

Fiscal Impact

Funds are sufficient in the FY 2009 budget and the proposed FY 2010 through FY 2013 financial plan to implement the proposed resolution. The proposed resolution would approve the disposition of real property currently owned by the District. The 2010 assessed value of the real property is \$1,885,720. If the District disposes of the property for less than the fair market value, there would be a negative impact on the value of the total assets held by the District. However, since assets are not included in the District's budget and financial plan, a reduction in the value of District assets would have no direct fiscal impact on the District's budget and financial plan.