


**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 15, 2009

SUBJECT: Fiscal Impact Statement: "Minnesota-Benning Phase 2
Redevelopment 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, based on certain assumptions about the terms of the lease and land disposition agreements, which continue to be negotiated. The proposed disposition of a District property would result in a reduction of District real property assets of approximately \$13.2 million. However, District assets are not included in the budget and financial plan so the disposition of this land would not have a fiscal impact.

Background

The proposed legislation authorizes the Mayor to dispose of 4.85 acres of District-owned property located in the Deanwood neighborhood: Lots 4, 6, 7, 9, 10, 11, 800, 804, and 806 in Square 5052; Parcels 176/19, 176/23, 176/44, 176/60, 176/68, 176/70, 176/72, 176/73, 176/78, and 176/83; an adjacent alley; and the air rights over Minnesota Avenue, N.E., between Benning Road, N.E., and Foote Place, N.E. . The Mayor intends to sell the property to DB Residential Partners, LLC for the purpose of redeveloping the property as housing and retail space. The legislation requires that 30 percent of the housing to be built on this property be affordable.

According to the resolution, the purchase price will be based on the fair market value of the property less the value of the public benefits provided by purchaser, including the affordable housing and retail construction requirements. The appraised value of the property is

\$13,176,000¹. The OCFO has not received any information about the value of the public benefits. However, according to the draft Land Disposition Agreement², the negotiated sale price of the property will be \$10.

Fiscal Impact

Funds are sufficient in the FY 2009 budget and proposed FY 2010 through FY 2013 financial plan to implement the proposed resolution. The resolution would result in a reduction of District assets of approximately \$13.2 million. However, since assets are not included in the budget and financial plan, there is no direct fiscal impact on the District's budget and financial plan.

¹ Prepared by Morris E. James & Associates, April 23, 2009.

² Draft Land Disposition Agreement between the District of Columbia and DB Residential Partners, LLC, dated 5/4/2009.