

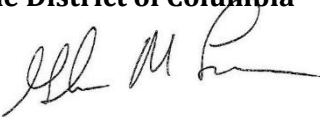
Government of the District of Columbia
Office of the Chief Financial Officer



Glen Lee
Chief Financial Officer

MEMORANDUM

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

FROM: Glen Lee
Chief Financial Officer 

DATE: November 14, 2022

SUBJECT: Fiscal Impact Statement – Hill East Phase II Bundle 1 Surplus
Declaration and Disposition Approval Act of 2022

REFERENCE: Bill 24-997, Draft Committee Print as provided to the Office of Revenue
Analysis on November 3, 2022

Conclusion

Funds are sufficient in the fiscal year 2023 through fiscal year 2026 budget and financial plan to implement the bill.

The bill approves the disposition of five District-owned parcels for private development. The developer will pay the District \$1.00 in a fee-simple transaction for one of the parcels and will lease the other four parcels for \$1.00 annually under a 99-year ground lease.

Background

The bill declares as surplus and disposes for private development five parcels located in the Hill East development at 1900 Massachusetts Avenue, S.E. The approximately 222,0000 square feet area of land, known as parcels A, B-1, B-2, F-2, and G-2, is currently vacant and is not needed for public purposes. The District will dispose of the parcels to Hill East Bundle 1, LLC¹ (Developer). The Developer plans to construct approximately 620 residential condominium and apartment units across parcels A, B-1, and G-2. The Developer will construct mixed-use buildings on parcels B-2 and F-2 that will include approximately 448 residential units and 25,000 square feet of retail space

¹ Hill East Bundle 1, LLC is a joint venture between Donatelli Development and Blue Skye Development, LLC.

The Honorable Phil Mendelson

FIS: Bill 24-997, "Hill East Phase II Bundle 1 Surplus Declaration and Disposition Approval Act of 2022," Draft Committee Print as provided to the Office of Revenue Analysis on November 3, 2022

combined. The Developer currently plans for approximately 712 of the units across all five parcels to be made available as affordable units.²

The District will dispose of parcel A to the Developer through a fee simple transaction where the Developer will pay the District \$1.00 at closing. The Developer will lease the remaining four parcels from the District under a 99-year ground lease at a rate of \$1.00 annually.

The Developer must sign a First Source Agreement³ 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 2023 through fiscal year 2026 budget and financial plan to implement the bill. There are no costs associated with the surplus property declaration or the disposition agreement.

The Developer will pay the District \$1.00 in a fee simple transaction for parcel A; while the Developer will lease the remaining four parcels for \$1.00 annually under a 99-year ground lease. The proceeds from these transactions will be deposited in the Deputy Mayor for Planning and Economic Development's Economic Development Special Account.⁴

² Because the Developer is benefiting from the disposition of public property, it must comply with the 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).

³ First Source Employment Agreement Act of 1984, effective June 29, 1985 (D.C. Law 5-93; D.C. Official Code § 2-219.03).

⁴ 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).