

MEMORANDUM

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

FROM: Natwar M. Gandhi
Chief Financial Officer

DATE: June 15, 2010

SUBJECT: Fiscal Impact Statement – “4800 Block Nannie Helen Burroughs
Disposition Approval Resolution of 2010”

REFERENCE: Draft Resolution as shared with the OCFO on June 5, 2010– No
Number Available

Conclusion

Funds are sufficient in the proposed FY 2011 through FY 2014 budget and financial plan to implement the proposed legislation. The proposed disposition of property would result in a reduction of District real property assets of approximately \$525,520. Since assets are not included in the budget and financial plan, the disposition of the property through a sale fee simple will have no direct fiscal impact on the District’s budget and financial plan.

Background

The proposed legislation would authorize the Mayor to dispose of District-owned property located at 4808-4826 Nannie Helen Burroughs Ave, N.E., Lots 0008-0014 and 0818 in Square 5148. The Mayor intends to sell the property to Charliemay, LLC, (the purchaser) for the purpose of redeveloping the property primarily as affordable housing. The project also includes approximately 3,000 square feet of retail, 6,000 square feet of office space, and parking.

The proposed legislation would require that the 70 residential units built on the property are affordable – 23 units would be affordable to households earning 30 percent or less of the area median income and 47 units would be affordable to households earning 60 percent or less of the area median income. This project is part of Phase I of the Lincoln Heights/Richardson Dwellings New Communities Revitalization Plan implementation.

In FY 2011, the District will issue Housing Production Trust Fund (HPTF) bonds not to exceed \$6.4 million for the project. Based on the terms of the agreement, 80% of the public funds will be released during construction of the project, 10% will be release when a Certificate of Occupancy is issued, and 10% will be released upon Stabilization.¹ Because the project is part of the Lincoln Heights/Richardson Dwellings New Communities Revitalization Plan which has previously been budgeted, issuing HPTF bonds has no impact on the budget or financial plan.

According to DMPED, the purchaser will pay a negotiated sale price of \$1 for the property, which is based on the fair market value of the property less the value of the public benefits provided by the purchaser. The purchaser was chosen through a competitive bid process initiated by the Deputy Mayor for Planning and Economic Development (DMPED) in late 2007. The appraised value of the property is \$525,520.²

Finally, according to documentation provided by DMPED, the project has a total cost of approximately \$23 million and a financing gap of approximately \$275,000 that the Developer will to cover through public or private financing. The negotiated Land Disposition Agreement (LDA), however, would not require the District to finance the gap and pursuant to Federal and District anti-deficiency laws³ District officers and employees are prohibited from exceeding agency appropriations in any fiscal year.

Financial Plan Impact

Funds are sufficient in proposed FY 2011 through FY 2014 budget and financial plan to implement the provisions of the proposed resolution. The proposed resolution would result in a reduction of District assets of approximately \$525,520. Since assets are not included in the budget and financial plan, the disposition of the property through a long-term lease will have no direct fiscal impact on the District's budget and financial plan.

¹ Information from the "Land Disposition Agreement", draft dated June 9, 2010. The Land Disposition Agreement (LDA) is still under negotiation and cannot be final, as the LDA cannot be signed until the land disposition is approved by the Council. Therefore, the LDA is subject to change.

² Based on the appraisal completed on May 20, 2010.

³ 31 U.S.C. § 1341 (2007) and D.C. Official Code § 47-355.01 *et seq.* (2001).